



**Metro**

Los Angeles County  
Metropolitan Transportation Authority

One Gateway Plaza  
Los Angeles, CA 90012-2952

21  
m...

**REVISED**  
**PLANNING AND PROGRAMMING COMMITTEE**  
**JULY 17, 2014**

**SUBJECT: SENIOR AND DISABLED FARES**

**ACTION: RECEIVE AND FILE – RESPONSE TO MOTION #55 B & MOTION #70**

**RECOMMENDATION**

Receive and file report in response to Motion #55 B, Motion #70 and additional information requested at the May 2014 Board meeting.

**DISCUSSION**

At the regular board meeting on May 22, 2014, the Board adopted a new fare structure. Prior to voting on the fare changes, the Board approved Motion #55 (see Attachment A). Part B of that motion directed staff to report back on the impact of freezing senior and disabled fares. An additional inquiry not included in the motion asked staff to assess how many senior and disabled riders qualify for the Rider Relief Transportation Program (RRTP) and how many currently participate.

During the June Board meeting, Motion #70 was approved to provide a report on when the full public relations campaign will launch and with a demonstration of what the promotions will look like.

**ISSUE**

Effective September 2014, the base fare will increase from \$1.50 to \$1.75, the senior/disabled peak fare will increase from \$0.55 to \$0.75, and the senior/disabled off-peak fare will increase from \$0.25 to \$0.35.

In 2008, Measure R froze senior/disabled and student fares for five years through June 30, 2013. Senior/disabled fares have remained frozen at \$0.55 since 2007, and a further reduced off-peak fare of \$0.25 was introduced in 2007. In 1988, senior/disabled fares were half of the regular fare at \$0.55, if fares increased by CPI since that time or over 26 years, senior disabled fares would be \$1.20.

## FTA Requirements and Industry Trends

FTA guidelines require that senior and disabled riders are offered a reduced fare at 50% of the regular base fare during off-peak hours. Industry trends are to offer senior/disabled fares at about 50% of the base fare at all times. Metro's fare structure offers much larger discounts to its senior/disabled riders. As shown in Attachment B (Chart 1), the adopted senior/disabled peak fare is 43% of the regular base fare, while the off-peak fare is only 20% of the regular base fare.

As shown in Attachment B (Chart 2), the Board approved fare changes to be implemented in September 2014 represent the first increase to senior/disabled single ride fares in 26 years since 1988, when the senior/disabled base fare was at the 50% threshold required by the FTA. From 1988 to 2013, the regular base fare increased by 36%, the senior/disabled fare during peak hours did not change, and the senior/disabled off-peak fare decreased by 55%.

FTA does not require transportation providers to offer discounted passes to senior/disabled riders. Under the current fare structure, senior/disabled monthly passes are priced very low at only 19% of the regular monthly pass. This discount has been maintained in the adopted fare structure, which will require senior/disabled riders to pay only 20% of the regular monthly pass price. See Attachment B (Chart 3).

## Rider Relief Transportation Program (RRTP)

The RRTP provides transportation assistance to the most economically vulnerable and transit dependent in Los Angeles County. Eligible participants are pass holders whose household income is below poverty level. The poverty level for a family of four is ~~\$37,000~~ \$40,750 annually (see Attachment F). Subsidies are provided by a network of nonprofit agencies via coupons valid for a discount to monthly passes. Senior and disabled customers eligible for the program receive \$6.00 off their monthly pass.

RRTP serves 55,000 participants annually, approximately 18,150 participants are senior/disabled. Based on ridership and demographics data, roughly 45,000 senior/disabled 30-day passholders qualify for fare assistance through RRTP and 40% of these riders are RRTP participants. See Attachment C.

However, riders not served through RRTP may be receiving assistance through subsidies offered by their local jurisdictions, which in some cases offer even greater discounts. See Attachment D.

## Marketing and Outreach Plan

RRTP marketing and outreach plan has been updated to address Motions #55 (May 2014) and #70 (June 2014) and will be implemented in early August 2014. The plan is listed below:

### A. Website Enhancements

Create a new page on metro.net that consolidates all fare assistance information and link to fare assistance programs and applications, including:

- Senior TAP card application
- Disabled TAP card application
- College/Vocational students TAP card application
- K-12 student TAP card application
- Rider Relief Transportation Program
- Immediate Needs Transportation Program (for agencies)

This page will be accessible directly from the main navigation bars on metro.net for greater visibility and promoted through rotating web banners on metro.net. A webpage is already up and additional links are being added throughout metro.net to ensure that it is easily accessible.

### B. Distribution of Printed Materials

Information on the program will also be distributed throughout Metro's system and in the community through existing Metro outreach programs.

System wide distribution includes the following:

- Brochures on board buses and rail cars (English and Spanish)
- Car cards (English, Spanish, Chinese and Korean)
- Rail posters
- Messages while on hold (English and Spanish)
- East portal ticker (English, Spanish)
- Metro insider item (English, Spanish)
- Metro information tower message
- TPIS advertisements (English, Spanish)
- TVM decal (English, Spanish)

Information on the program will also be distributed outside Metro's system via the following:

- Brochures distributed at community events (English and Spanish)
- Brochures distributed through senior outreach program (English and Spanish)
- Brochures distributed through college outreach program (English and Spanish)
- Metro Briefs ads in community newspapers (8 languages)
- Radio PSA on area stations (English and Spanish)

## **IMPACTS**

The Board approved fare changes included a provision to freeze student fares at current levels, resulting in \$1.4 million less revenues annually. Freezing senior/disabled fares would result in an additional \$6 million reduction annually from the projected increase in revenues. Original projections for the increase in fare revenues was \$30M annually, \$28.6M after freezing students (K-12), and \$22M if senior/disabled fares are frozen.

## **NEXT STEPS**

Staff will implement the fare increase in September 2014 as adopted at the May 22, 2014 board meeting. Staff will implement the marketing and outreach plan in early August 2014 and report back in September on other potential strategies to increase awareness of and use of the subsidy programs, with recommendation on how to make the application process easier and more accessible to the transit dependent.

## **ATTACHMENTS**

- A. Motion 55
- B. Senior/Disabled Charts
- C. Rider Relief Transportation Program
- D. Subsidies offered to Senior/Disabled
- E. Motion 77
- F. RRTP Eligibility

Prepared by:

Kelly Hines, Director of TAP Technical Systems, (213) 922-4569  
Armineh Saint, Program Manager (213) 922-2369  
Michelle Navarro, Director of Budget, (213) 922-3056  
Ana Vallianatos, Senior Marketing and Communications Officer, (213) 922-2248

*Nalini Ahuja*

---

Nalini Ahuja  
Executive Director Finance and Budget

*Arthur T. Leahy*

---

Arthur T. Leahy  
Chief Executive Officer

## ATTACHMENT A

### REVISED MOTION BY:

**SUPERVISOR MARK RIDLEY-THOMAS, MAYOR ERIC GARCETTI SUPERVISOR  
ZEV YAROSLAVSKY & SUPERVISOR DON KNABE as AMENDED  
BY BONIN**

Pursuing Opportunities for a Fair and Balanced Fare Structure

May 22, 2014

The Los Angeles County Metropolitan Transportation Authority (MTA) Board of Directors (the Board) is being asked to consider a series of fare increases for riders that use our bus and light rail system. The fare increases are proposed to mitigate what is projected to be a \$36.8 million operating deficit anticipated by 2016, which is expected to grow to \$225 million by 2024.

While MTA is in the midst of an unprecedented construction program to expand public transit and related amenities, fares currently only cover roughly a quarter of operating costs — the lowest of any major transit agency in the nation. This low fare recovery rate of 26.2% potentially jeopardizes MTA's ability to secure federal funding, as existing agreements with the Federal Transit Administration (FTA) are based on a 33% fare box recovery. **Metro's light rail network is expanding dramatically over the next 6 years; next year the Exposition Line and the Foothill/Gold Line Extension will open, the Crenshaw Line will follow in 2019, as will the Regional Connector in 2020. For the past few years, Metro has been able to balance its budget by drawing on reserves; however, those reserve sources have been depleted, and Metro will not be able to rely on them in future years.** If fares are not raised, services will very likely need to be cut, and planned capital projects would potentially need to be deferred in order to address this looming deficit.

As part of the public hearing process on the three-phased fare increase proposal, a variety of meaningful feedback was provided to the Board. Amongst the chief concerns identified include the impact of the fare increases on low-income riders and students, the criminalization of fare evasion amongst youth (under age 18) and general questions about the pricing structure.

Firstly, while MTA may have proportionately lower fares compared to other urban transportation systems, any proposed fare increase is bound to hurt the pocket books of Los Angeles County's working poor, a majority of which rely on the public transportation system. As the California Community Foundation notes in their 2013 Los Angeles Equity Atlas, 70% of transit commuters earn only \$25,000 annually. At a time when we must be building up the ridership base in order to reduce congestion, promote environmental stewardship and enhance the quality of life in the region, we must ensure fairness in our fare structure.

MTA currently invests over \$10.5 million annually in subsidy programs to buffer transit costs amongst the very low income. However, over the past few years, eligibility for participation continues to be based on the United States Department of Housing and Urban Development 2007 Poverty Guidelines. The guidelines should be updated to represent current year rates and adjusted annually. In addition, the program should be more aggressively marketed, including on Metro's website, so that low income riders are aware of the program.

It is also critical that students have safe, reliable and affordable ways to get to school. Students from low-income households are more likely than those from higher income households to rely on public transportation to get to school. However, the lack of affordable transportation is a frequently cited barrier to regular school attendance. It is critical that the Board make meaningful attempts to address this barrier as those who attend school regularly are more likely to graduate, and have lower rates of incarceration, teen pregnancy, substance abuse, and chronic disease.

Secondly, the criminalization of fare evasion amongst youth riders has also been a significant concern voiced during the hearing process. Fare evasion is the number one reason why youth are cited by the Los Angeles County Sheriff's Department, which can result in heavy fines or court appearances. A first-time court appearance during high school quadruples a student's dropping out rate. MTA currently offers an online educational diversion program to help youth who received a citation reduce fines and avoid court involvement. However, in 2012, less than 500 youth, out of the 9,966 cited for fare evasion, completed the program. Efforts should be made to expand the utilization of diversion programs so that youth are not criminalized for fare evasion and additional outreach should be done to ensure that students are aware of the variety of fare subsidies that are available.

Thirdly, this Board should be satisfied that a range of options, with quality analysis and modeling, have been evaluated to ensure that fare structures optimize ridership to raise revenue are recommended over the next decade. Moreover, in November 2016, voters may potentially approve another sales tax measure with increased funds for operations, which may be sufficient to cover MTA's growing operational requirements. Regardless, a number of additional questions and strategies should be evaluated to minimize the impacts to low income riders, including, but not limited to:

- Evaluating the efficacy of merging the 30-day pass with the EZ Pass;
- Modifying fare increases for the 7-day and 30-day pass in order to mitigate impacts on low income riders;
- Charging for parking at MTA stations;
- Evaluating opportunities to create additional operational cost savings and new revenue opportunities;
- Developing a multi-day passes to encourage tourists to use the public transit system; and
- Adjusting MTA fares annually consistent with the Consumer Price Index instead of stand-alone fare increases.

MTA could benefit from outside expertise on this issue. A Transit Ridership Best Practices Task Force, composed of transportation representatives from similar, large transit authorities, could provide guidance on other revenue generation strategies. There is precedence for this. In 2004, a team of high-ranking transit officials were asked to provide input on the Exposition Line's contracting procedures and provided significant insight and feedback. Additional ideas and input that incorporates best practices from similar agencies should be incorporated before the additional fare increases in 2017 and 2020 take effect. The American Public Transportation Association (APTA) would be well suited to provide support and input into this effort.

There should also be a Rider's Advocate positioned within the Inspector General's Office that could serve as an independent advocate tasked with monitoring and assessing customer service related issues and evaluating future fare structuring strategies recommended by the Chief Executive Officer.

### **I THEREFORE MOVE THAT THE BOARD OF DIRECTORS:**

A. Direct the Chief Executive Officer to take the following actions related to the Fare Subsidy Program:

1. Update the eligibility for participation based on the United States Department of Housing and Urban Development's 2014 Poverty Guidelines and adjust eligibility annually based on updates to the guidelines;
2. Report back to the Board in September 2014 with recommendations on how to expand outreach and enhance marketing for the program; including but not limited to: multi-lingual advertising on buses and trains, at transit stations, and at all points of sale for TAP cards and Metro passes; on TAP purchase kiosks; through partnerships with community based organizations, social service agencies, senior centers, schools, churches, and job training centers; through public service announcements on local media; and
3. Report back to the Board in ~~January~~ May 2015 with assessments regarding whether additional funding should to be allocated to meet growing demand.

B. Direct the Chief Executive Officer to temporarily freeze student fares at their current pricing levels until **July 2015 with such a freeze being subject to** further evaluation by the **APTA-coordinated** Transit Ridership Best Practices Task Force. Staff must come back to the board for authorization to unfreeze student fares. Report back at the next meeting on the costs associated with expanding the fare hike freeze to seniors and disabled passengers.

C. Direct the Chief Executive Officer to take the following steps in order to decriminalize youth fare evasion on Metro's system:

1. Report back to the Board in September 2014 on the **implementation of an enhanced establishment of a comprehensive diversion program, including investigating whether non-sworn or non-Sheriff personnel should check fares and cite fare evasion as part of the Metro Security Service procurement process, the** feasibility of requiring all youth that are cited for fare evasion to participate in a mandatory online educational diversion program and/or participate in community service in lieu of fines and court appearances and recommendations on any necessary changes to the California Penal Code; and
2. **Metro should also report quarterly at the Executive Management Committee on the demographic profile of those cited for fare violations.**

D. Postpone implementation consideration of the proposed 2017 and 2020 fare increases until after the Chief Executive Officer convenes a Transit Ridership Best Practices Task Force, in coordination with the American Public Transportation Association, to provide guidance on fare structuring strategies that optimize MTA's financial performance while minimizing the burden on the system's lowest income riders. The panel should be asked to consider alternative revenue generation strategies as well as provide recommendations on opportunities to expand ridership; and report back to the Board by July 2015 with their recommendations. **Formal adoption of the 2017 and 2020 increases should be contingent upon validation of the fare restructuring by the APTA-coordinated Transit Ridership Best Practices Task Force, no other potential revenue streams for bus and rail operations being identified, and a public hearing.**

E. Direct the Inspector General **to immediately research the establishment of within her office,** a Rider's Advocate that would serve as an independent advocate to monitor and assess customer service related issues and evaluate future fare structuring strategies. **Initial research should include consideration of the following questions, and report back to the Board in January 2015:**

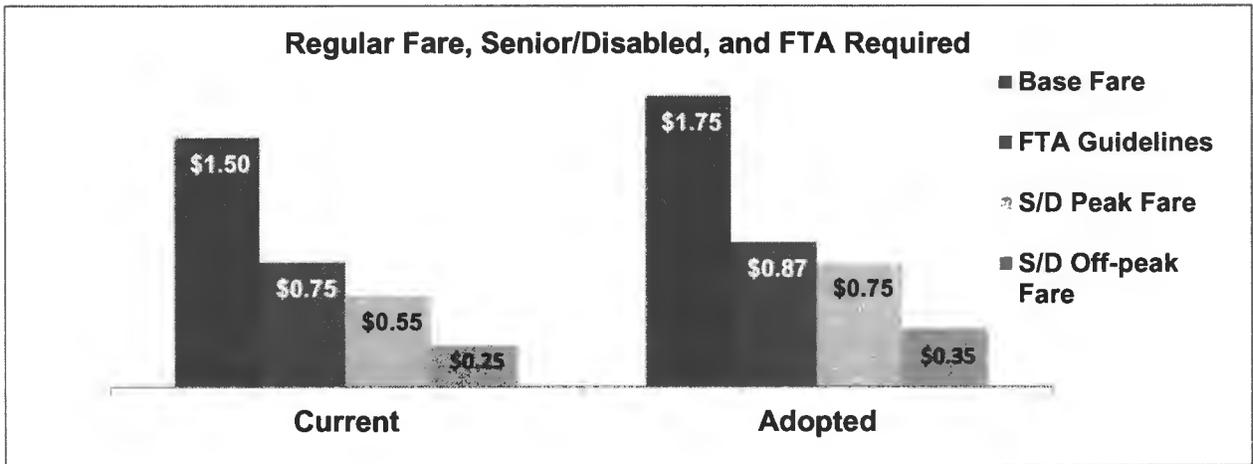
1. **Existing models presently utilized at other comparable transit authorities; Potential criteria and protocol for evaluating customer service issues**
2. **Potential criteria and protocol for evaluating customer service issues;**
3. **Metrics for evaluating customer service concerns and how they relate to fare structures;**

4. Potential governance models for the Rider's Advocate function within the MTA;
5. Reporting structure for this position through the Office of the Inspector General; and
6. Methodology for the Office of the Inspector General to review and make recommendations to the Metro Board of Directors.

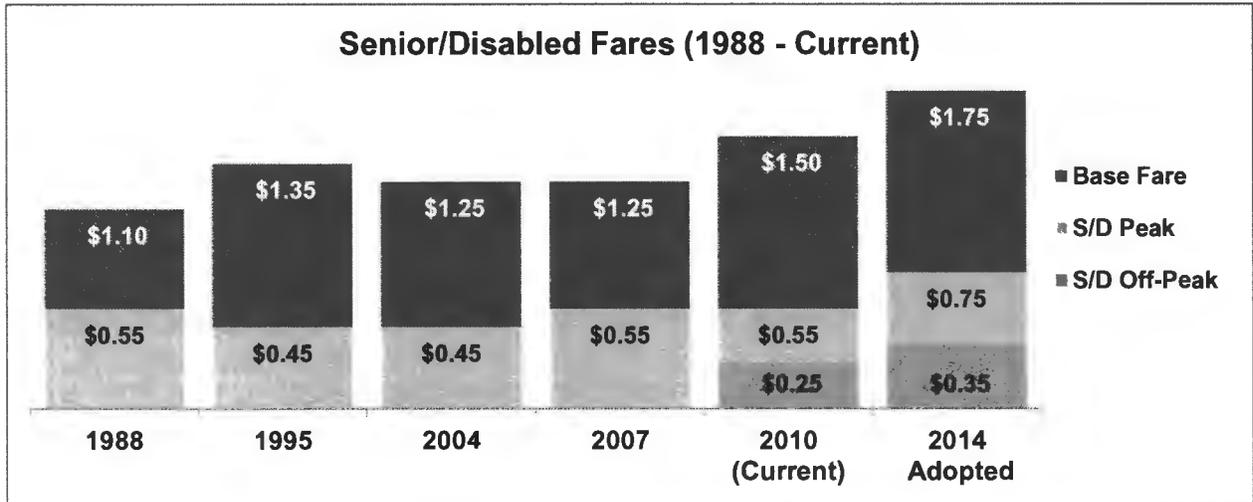
F. Require Metro not implement any fare hike until the 2-hour free transfer goes into effect, so that the fare hike and free transfer take effect simultaneously.

## ATTACHMENT B

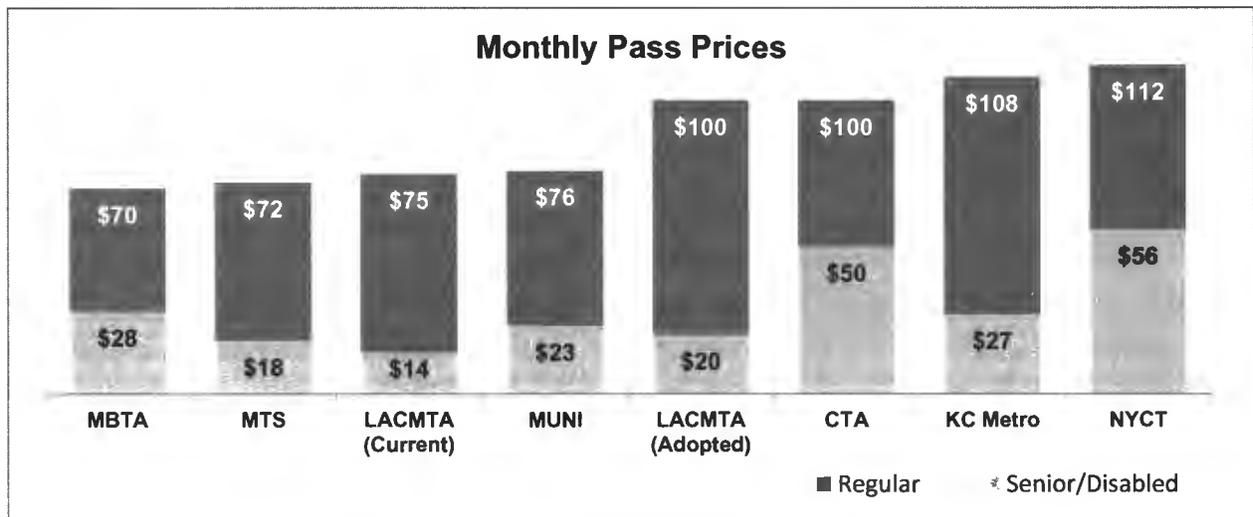
**Chart 1**



**Chart 2**



**Chart 3**



Note: SEPTA and WMATA do not offer Senior/Disabled monthly passes.

## ATTACHMENT C

### Senior/Disabled Participation in RRTP

Fare Type	Units Sold Monthly Average <sup>(1)</sup>	Fare Per Boarding <sup>(1)</sup>	Estimated Number of Low Income Users <sup>(2)</sup>	Fare Per Boarding of Subsidized Pass <sup>(3)</sup>
ELD/DIS PASS BRDGS	52,894	\$0.16	39,123	\$0.09
ELD/DIS REGIONAL PASS BRDGS	8,211	\$0.28	6,048	\$0.23
<b>Total Low Income S/D Passholders</b>			<b>45,170</b>	
<b>Annual Number of S/D Participants in RRTP (33% of RRTP Participants)</b>			<b>18,150</b>	
<b>% Low Income S/D Passholders Served by RRTP</b>			<b>40.2%</b>	
<i>Additionally, approximately \$3,000,000 in subsidized bus passes are available through City and County buydown programs for all rider types.</i>				

(1) From Fare Media Mix FY12

(2) Passholders times Low Income Percentage by Fare Type from Title VI Analysis from 2014 Fare Change Proposal. Low Income definition from Title VI analysis used as estimate for eligibility for RRTP. Number of weekly passes sold per month divided by two to as a conservative estimate of individual passholders.

(3) Average Fare per Boarding of Subsidized Pass Calculated Same as "Fare per Boarding" using Lower Pass Price

## ATTACHMENT D

### Senior/Disabled Subsidies Offered in Los Angeles County

City/Jurisdiction	Senior/Disabled Pass Subsidy
Alhambra	\$5.00
Bell	\$8.00
Bell Gardens	\$6.00
Beverly Hills	\$6.00
Burbank	\$4.00
Commerce	\$7.00
Compton	\$9.00
Covina	\$9.00
Cudahy	\$4.00
Diamond Bar	20%
El Segundo	\$10.00
El Monte	\$5.00
Hawaiian Gardens	50%
Hawthorne	\$5.00
Huntington Park	\$3.00
Inglewood	\$7.00
Los Angeles County	\$6.00
Lynwood	\$3.00
Manhattan Beach	\$7.25
Maywood	\$10.00
Monrovia	\$8.00
Monterey Park	\$3.00
Pasadena	\$3.50
Pico Rivera	\$7.00
Redondo Beach	\$7.00
Rosemead	\$8.00
San Fernando	\$7.00
San Gabriel	\$5.00
Signal Hill	\$8.75-\$11.25
South El Monte	50%
South Gate	\$4.00
South Pasadena	\$7.00
Temple City	\$3.00
West Hollywood	\$6.00
Whittier	\$7.00

## **ATTACHMENT E**

### **MOTION**

Director Bonin & Supervisor Gloria Molina  
June 18, 2014

At the May 22, 2014 meeting, the Metro Board of Directors approved a fare restructuring proposal that will raise base fares and the cost of Metro passes. To mitigate the sting and impact to the agency's predominantly low-income passengers, the Board directed Metro staff to make it significantly easier for low-income riders to find out about and apply for the agency's little-known and poorly-publicized fare subsidy programs.

Specifically, the Board directed the CEO and staff to "report back in September 2014 with recommendations on how to expand outreach and enhance marketing for the program; including but not limited to: multilingual advertising on buses and trains, at transit stations, and at all points of sale for TAP cards and Metro passes; on TAP purchase kiosks; through partnerships with community based organizations, social service agencies, senior centers, schools, churches, and job training centers; through public service announcements on local media."

Given that Metro is seeking to implement the fare hike in September, and given that 60% of Metro's riders earn \$15,000 a year or less, it is imperative to move even more swiftly to inform low-income riders about fare subsidies. The little-known programs can provide relief to qualified low-income riders who face wrenching choices between purchasing transit or food, or between buying bus fare or medicine.

Fortunately, Metro has easy access to its target audience for promoting these fare programs. Metro can easily promote fare subsidies on buses and trains, and at Metro stations and kiosks. Like Metro's other public service announcements, this promotion can be done widely, visibly, and in multiple languages.

I THEREFORE MOVE THAT THE BOARD OF DIRECTORS direct the CEO to launch in August 2014, a multi-lingual advertising campaign promoting fare subsidy programs on Metro buses, on Metro rail cars, and at Metro stations prior to the increase in Metro fares.

I FURTHER MOVE THAT THE BOARD OF DIRECTORS direct the CEO to report at the July 2014 Board with a status report on when the full public relations campaign will launch, and with a demonstration of what the promotions will look like.

I FURTHER MOVE THAT THE BOARD OF DIRECTORS direct the CEO to report back in September 2014, as previously directed, on other potential strategies to increase awareness of and use of the subsidy programs, and with recommendations on how to make the application process easier and more accessible to the transit-dependent.

## ATTACHMENT F

Pursuant to Board Motion #55 approved in May 2014, directed the CEO to update the eligibility for participation based on the U.S. Department of Housing and Urban Development's 2014 Poverty Guidelines. The table below shows the new eligibility income levels.

	<b>Persons in Household/Annual Income Per HUD Poverty Guidelines</b>					
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Previous</b>	<b>\$25,900</b>	<b>\$29,600</b>	<b>\$33,300</b>	<b>\$37,000</b>	<b>\$39,950</b>	<b>\$42,900</b>
<b>Revised</b> <i>Effective July 1, 2014</i>	<b>\$28,500</b>	<b>\$32,600</b>	<b>\$36,700</b>	<b>\$40,750</b>	<b>\$44,050</b>	<b>\$47,300</b>