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March 3, 2017

TO: BOARD OF DIRECTORS

THROUGH: PHILLIP A. WASHINGTON *PAW*
CHIEF EXECUTIVE OFFICER

FROM: PAULETTA TONILAS *P.T.*
CHIEF COMMUNICATIONS OFFICER

SUBJECT: 2017 EMPLOYER ANNUAL PASS PROGRAM RENEWALS

ISSUE

As part of the agency's initiatives to increase ridership, the Metro Commute Services (MCS) team continues to grow the Employer Annual Pass Program (EAPP). Earlier this year, staff completed EAPP renewals for 2017. MCS staff achieved a record renewal rate this year, by reenrolling 91% of existing accounts. In addition, MCS staff conducted an 11-year growth analysis of the EAPP programs, and found that the programs had an average annual growth rate of 38%.

DISCUSSION

In February 2003, the Metro Board approved the Employer Annual Pass Program (EAPP) to "develop stronger partnerships with L.A. County businesses to promote use of transit" and to "generate new revenue to support MTA initiatives." The EAPP programs include the Annual Transit Access Pass (ATAP), which is a full fare 12-month pass, and the Business Transit Access Pass (BTAP), which is a discounted marketing program aimed at growing ridership.

EAPP contracts are renewed annually with participating companies. The program currently includes 550 active businesses in Los Angeles County with over 20,000 individual TAP cardholders.

The program goal is a 3% revenue growth each year. For FY16, the program generated over \$6.37 million in revenue. For FY17 staff has already secured over \$5.5 million which is 84% of the \$6.56 million goal for FY17. Staffing costs that support EAPP, U-Pass, the Youth on the Move (YOTM) foster youth pass and the Juror pass are approximately \$2.56 million, with an annual net revenue margin over \$4 million.

The detailed results of the 11-year growth analysis are as follows:

- From FY06 – FY16 revenue increased 417% from \$315,000 to \$6.37 million with an average annual growth rate of 38%.
- Number of accounts increased 625% from 22 to 601 with an average annual growth rate of 57%.
- TAP card holders increased 418% from 1,557 to 20,209 with an average annual growth rate of 38%.

In March 2015, MCS staff conducted a Customer Satisfaction Survey of EAPP clients. In those findings:

- 98% would recommend the program to other employers
- 92.2% said their number one reason for enrolling was because it is a great benefit for their employees
- 86% said that their employees began taking public transit because of the program

An updated Customer Survey conducted in February 2017 found that the most important factors of renewal are convenience and price, and the most important benefits that employers receive from the program are boosting sustainability and employee morale.

The EAPP program is exceeding its goals of increasing transit ridership and generating new revenue. This program serves as the model for all future Metro ridership marketing initiatives to be outlined in Metro's Strategic Marketing Plan. The marketing goals of increasing ridership and revenue from ridership will continue to be achieved by targeting rider behaviors that generate the greatest lifetime customer value for the agency.

NEXT STEPS

1. Continue to utilize the three-month Promotional Employer Program (PEP) that launched in May 2016 to generate new EAPP participants
2. Establish partnership with Big Blue Bus to grow business partnerships along the Expo Line
3. Update program name and marketing materials to enhance interest and participation