



**Metro**

Los Angeles County  
Metropolitan Transportation Authority

One Gateway Plaza  
Los Angeles, CA 90012-2952

213.922.2000 Tel  
metro.net

**AUGUST 17, 2020**

**TO: BOARD OF DIRECTORS**

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

**FROM: NALINI AHUJA**  
**CHIEF FINANCIAL OFFICER** *Nalini Ahuja*

**SUBJECT: RESPONSE TO MOTION 36.1 EMERGENCY RELIEF: FULL-PRICE PASSES**

## **ISSUE**

In Motion 36.1 “Emergency Relief: Full-Price Passes” (Attachment A) from the Executive Management Committee meeting on May 21, 2020, Director Solis requested staff to report back with recommendations to temporarily lower fares for all Metro-provided mobility services consistent with the reduced prices of all regular passes to support transit riders once regular boarding practices resume, as related to Directive A of Motion 36.

## **BACKGROUND**

In response to Motion 36, staff will implement the sale of half-priced regular 1-Day, 7-Day, and 30-Day passes for no less than six months when Metro resumes front-door boarding. Communications staff will implement a comprehensive marketing campaign to ensure riders are aware of and can benefit from the lower-price passes. Motion 36 also directs staff to develop recommendations for reducing the cost of Regional EZ Passes and prepare an implementation plan for a fare capping/best fare system that will allow riders to benefit from the same discounts without the up-front cash needed for a pass.

## **DISCUSSION**

Metro staff recognizes that the intent of this motion is to ensure that the most disadvantaged customers benefit from the same discounts offered to those who have the financial resources to purchase multi-ride passes. Chief among these challenges is that 38% of bus riders pay with cash.

Discounts are not readily available to those who do not have electronic fare media, such as a TAP card. Also, while Metro has some data on TAP card usage, there is little information available about our cash-paying customers, and it cannot be assumed that TAP will be the best option for those customers.

As a first step to exploring ways to offer discounts to cash-paying customers, staff will conduct surveys and/or focus groups to discover the barriers to entry for customers who either cannot use electronic fare media or choose to use cash, with specific attention to access, financial ability, and convenience. This research will advise both options for near term strategies as well as the Comprehensive Pricing Study, which is currently underway.

As an additional near-term strategy, Metro will boost the promotion of LIFE (Low Income Fare is Easy) discounts, as the discounts will also apply on top of the promotional pass prices directed by Motion 36. LIFE customers will continue to have the option to receive 20 free rides per month in lieu of the discounted pass.

Along with initiating the sale of promotional passes, the following are summaries and recommendations regarding temporarily lowering fares for Metro-provided mobility services, such as conventional bus and rail service, Mobility on Demand, and Metro Bike Share.

### **Bus and Rail Service**

Staff does not recommend changes to bus and rail base fares at this time. A reduction in base fare triggers a comprehensive evaluation of all fares, affecting Metro, Access Services, and potentially municipal operators. Pass prices should be based on multipliers of the base fare, and senior/disabled fares are governed by federal regulations. A change to the base fare would create a domino effect of changes across many entities and fare programs.

As mentioned above, the Comprehensive Pricing Study is currently underway and will look at the long-term pricing of services across Metro's entire portfolio. The Pricing study will provide recommendations to create a more equitable and sustainable pricing structure for all Metro transportation services.

### **Mobility on Demand**

Mobility on Demand in partnership with Via provides free rides to or from the Metro system. The program allows people without smartphones or bank accounts and people who use wheelchairs to experience the benefits of on-demand mobility and seamless access to Metro fixed route offerings. The program addresses inequity in new mobility options by providing access to people who would not otherwise be able to afford on-demand rideshare platforms like Uber and Lyft. When front door boarding resumes, Mobility on Demand will continue to serve customers who request rides using Via's mobile app or by calling Via's call center with a traditional phone. Because Mobility on Demand is currently a free service, discounts do not apply.

## Metro Bike Share

During COVID-19, Metro Bike Share (MBS) has continued to operate without any suspension and increased its cleaning protocol. Although MBS ridership declined due to LA County's Safer-At-Home Order, the decline in ridership is much less than compared to Metro bus and rail, approximately 36% decline for MBS systemwide, compared to an overall Metro decline of about 70%. Customers may view Metro Bike Share as a low-risk mode of transportation since they can maintain social distance while riding. Although MBS is part of Metro's transit system, its passes are priced significantly lower compared to Metro Bus and Rail passes. Table 1 below compares the two fare structures, along with the promotional reduced-price passes.

**Table 1: Comparison of Current Fares for Metro Bus/Rail, Promotional Passes and Metro Bike Share**

	<b>Metro Bus/Rail</b>	<b>Metro Bus/Rail Promotional Passes</b>	<b>Metro Bike Share (MBS)</b>
<b>1-Way/1-Ride</b>	\$1.75	Not applicable	\$1.75 for 30-minute ride <sup>1</sup> (Available for purchase on MBS kiosk or app)
<b>1-Day Pass</b>	\$7.00	\$3.50	\$5.00 for 24-hour pass (Available for purchase on MBS kiosk or app)
<b>7-Day Pass</b>	\$25.00	\$12.50	Not available for MBS
<b>30-Day Pass</b>	\$100.00	\$50.00	\$17.00 (Available for purchase on MBS kiosk or app)
<b>LIFE 30-Day Pass<sup>2</sup></b>	\$76.00 (Available on TAP only)	\$26.00 (Available on TAP only)	\$5.00 (Available on TAP only)
<b>Annual Pass</b>	Not available	Not available	\$150.00 (Available on TAP only)

<sup>1</sup> Additional fee for rides over 30 minutes

<sup>2</sup> For eligible participants only

In response to Motion 36.1, MBS has launched a series of promotional discounts for MBS riders. With this approach, discounts can be implemented with promotional themes and flexibility to both attract new users but retain repeat users. Promotions include, but are not limited to, free rides, 24-hour pass for \$1.00, monthly pass for \$10.00 (\$5.00 for eligible LIFE customers), and annual passes reduced to \$75.00. This is a significant savings for MBS riders. Another proposed promotion is to provide essential workers a free, one-month trial for first-time users.

### **MBS Cash Payment Solutions**

Bike share systems typically operate under a fleet rental configuration that requires collateral to mitigate theft. Bike share systems around the nation require customers to have a credit card on file or minimum cash value loaded to a transit card in order to check out a bicycle. However, to accommodate the underbanked and unbanked population, Metro Bike Share customers can use a prepaid Visa card to check out a bicycle at any MBS kiosk, providing an indirect option for customers who prefer to pay by cash. Although the option is still available, this payment option has created potential bike theft issue, since prepaid Visa cards are not required to be registered and are not traceable. Based on the system record, over 600 MBS rides were purchased through prepaid cards and 5% of them did not return to the system. Staff has and will continue to identify other cash payment solutions without the risk of jeopardizing the bicycle fleet.

### **Additional Efforts to Make Fare Purchasing Easier and More Convenient**

In addition to the solutions proposed in this report, various other improvements have been added to make fare payment easier and more convenient for customers. For example, customers can now find TAP cards hanging in kiosks at 7-Eleven and Walgreens. Up to 1,000 new locations will be added to the existing vendor network, which more than triples the number of stores where TAP is available. Customers can also choose to use TAP at over 450 standard TAP vendors, TAP Vending Machines, Metro Customer Centers, online at *taptogo.net*, or by phone at 866-TAPTOGO.

Another improvement that was made in response to COVID-19 was a TAP-enabled enhancement added for the LIFE (Low Income Fare is Easy) Program. Staff worked quickly to address social distancing concerns where countywide LIFE customers would have needed to queue up in LIFE enrollment centers to renew their subsidies. Staff enabled LIFE customers the benefit of automatic renewal, eliminating the need to appear in person at the LIFE enrollment centers.

Purchasing fares at the standard TAP fare vendors has also improved with the introduction of new TAP point-of-sale devices that are smaller and more functional. This cloud-based TAP solution enables LIFE reduced fare patrons to purchase their discounted fares without using paper coupons.

### **NEXT STEPS**

Staff will proceed with the survey and focus group efforts to discover the best options for offering discounts to cash-paying customers. In addition, staff will report back to the Board in September on the recommendations of Motion 36, including those for Regional EZ pass and fare capping/best fares.

### **ATTACHMENTS**

Attachment A – Item 36.1: “Emergency Relief: Full-Price Passes”



Metro

Los Angeles County  
Metropolitan Transportation  
Authority  
One Gateway Plaza  
3rd Floor Board Room  
Los Angeles, CA

## Board Report

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**File #:** 2020-0373, **File Type:** Motion / Motion Response

**Agenda Number:** 36.1.

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**EXECUTIVE MANAGEMENT COMMITTEE  
MAY 21, 2020**

**Amending Motion by:**

**DIRECTOR SOLIS**

Related to Item 36: Emergency Relief: Full-Price Passes

**SUBJECT: EMERGENCY RELIEF: FULL-PRICE PASSES**

**RECOMMENDATION**

APPROVE Amending Motion by Director Solis that the board direct the CEO to:

H. Report back to the Board in 30 days with recommendations to temporarily lower fares for all Metro-provided mobility services consistent with the reduced prices of passes in order to support riders once regular boarding practices resume. The report should consider recommendations to welcome back riders to Metro services as well as further adjustments as necessary to the price of promotional passes stated in Directive A in order to maintain high affordability.