



Metro

FINANCE AND BUDGET COMMITTEE MAY 20, 2009

SUBJECT: UNIVERSAL FARE SYSTEM/TRANSIT ACCESS PASS/GATING

ACTION: RECEIVE AND FILE

RECOMMENDATION

Receive and file this report discussing the impact of the Universal Fare System, "UFS," Transit Access Pass, "TAP," and Gating projects and programs on the enterprise fund, "EF," structural deficit.

ISSUE

The Committee requested that we report the impact of UFS, TAP and Gating on the enterprise fund, "EF," structural deficit.

DISCUSSION

The Board first directed that we pursue a strategy to provide our customers with a regional, seamless fare collection experience in 1990. The Operations Committee receives monthly status reports on the programmatic aspects of these activities so they are not reiterated in this report.

The current amounts included in the FY09 and proposed FY10 EF budgets are:

Operating	<u>FY09</u>	<u>FY10</u>
TAP Operation	\$7.9 m	\$19.1 m
Capital Projects		<u>LOP (1)</u>
UFS		\$97.6 m
Regional Service Center and Clearing		20.1 m
Rail Station Gating		21.0 m

(1) Board approved life of project budget.

Further detail is shown in Attachment A.

Impact on Enterprise Fund Metro Bus and Rail Operating Budget

The EF accounts for all transit, bus and rail, operating and capital revenues and expenses. The EF also accounts for "regional" operating and capital expenditures.

Examples of regional costs include portions of 1-800-COMMUTE (customer information), Patsaouras Plaza maintenance, and TAP because these services and programs benefit users of other systems in addition to our own. Funding, Prop C 40%, for the regional costs is appropriated annually through the budget process. Regional costs are excluded from our cost/hour, cost/mile and cost/passenger computations that are used for comparison to other systems.

The Metro Bus budget, directly operated and contracted, is the majority of the EF and is funded by fares, formula subsidies, "FAP," and separately Board approved subsidies from time to time. When the Board approves the use of regional funds for Metro Bus, an FAP share is required to be allocated to the Muni bus operators. The Metro Rail budget is funded by fares, Prop A 35% Rail and through FY09, STA Population Share monies. Additional operating and capital funding is approved annually in the budget process.

As shown on Attachment A, the regional portion of the TAP Operation budget is paid directly from Prop C 40%. The major proposed increases in the regional budget for FY10 are for:

1.	Contract Services	\$2.8 million
2.	Professional & Tech Services	4.5 million
3.	Other Parts & Supplies	2.7 million

Further detail is shown on Attachment B.

Although some of these costs are non-recurring, they are shown in the regional operating budget because they do not result in Metro owned assets. The increase to the Metro Bus and Rail operating budget reflects the continuing increase in the use of TAP cards by our patrons. For context, Attachment C shows the proposed uses of Prop C 40% monies in the FY10 budget.

Virtually all of the funding for the UFS, Regional Service Center and Gating capital projects is from regional sources. No new funding for these capital projects is proposed in the FY10 budget.

Ridership, Revenue and TAP

The changes in system wide ridership and fare revenues as compared to year-to-date values from FY08 are shown on Attachment D. Generally, the cumulative percentage year-over-year increases in both ridership and fare revenue have been declining since last October when gasoline prices rose to nearly \$4.50 per gallon.

Attachment E shows the fare mix, cash, passes and tokens for FY07, FY08, and FY09 year-to-date. In FY07 cash was 56.4% of total revenue prior to the fare increase at the beginning of FY08. Cash includes day pass sales in all years. In FY09, the shift from cash has been offset by increases in passes, both TAP and paper. The most notable increase has been in the A, B and I TAP programs in FY09 that have more than doubled in revenue from FY08.

Attachment F shows the “reconciled” consignment sales data. Due to the consignment sales process for paper passes, final tallies of actual units sold cannot be made until all consignment returns and credits are processed more than one month later. TAP units plus paper unit sales are slightly down on a year-over-year basis. However, the A, B, and I TAP programs are more than double last year. It is not possible to determine if any part of the growth in these programs is a switch from monthly or weekly passes. Total cash processed was unchanged, 0.5% less than last year.

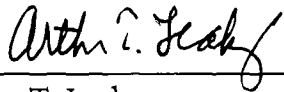
As a fare collection tool, TAP is not expected to have any impact on revenues or ridership. Based on the above analyses, TAP does not appear to have had any impacts on ridership, revenue or cash handling.

ATTACHMENTS

- A. TAP Program and Rail Gating Financial Status
- B. TAP Operation Major Changes in FY10.
- C. Uses of Prop 40%
- D. Ridership-Revenue Trends
- E. Comparative Fare Media Mix
- F. Impact of TAP on Fare Media Sales



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Chief Financial Services Officer and Treasurer



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TAP Program and Rail Gating Funding

	Operating (\$ in Millions)	FY09 Budget	FY10 Proposed Budget
1	300016 Regional TAP Operation Metro Bus & Rail Funds Regional Prop C40%	6.4 1.5	7.0 12.1
2	Total Operating	\$7.9	\$19.1

	Capital Projects (\$ in Millions)	Inception to Date Actual thru 12/31/08	Remaining FY09 Budget	FY10 Budget	LOP
3	200351 Regional Svc Ctr & Clearinghouse Funded with CMAQ, Federal 5307. All remaining funds Regional Prop C40%.	14.1	0.8	5.2	20.1
4	210094 MRL Rail Station Gating Funded 100% with Prop 1B.	3.7	4.9	12.4	21.0
5	200225 Universal Fare System Funded with CMAQ, Federal 5309 & 5307, STIP, TDA4, STA, SHA, Lease Revenues. All remaining funds Regional Prop C40%.	88.8	2.5	6.3	97.6
6	Total Capital	\$106.6	\$8.2	\$23.9	\$138.7



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TAP Operation Budget - FY10 Changes in Major Areas

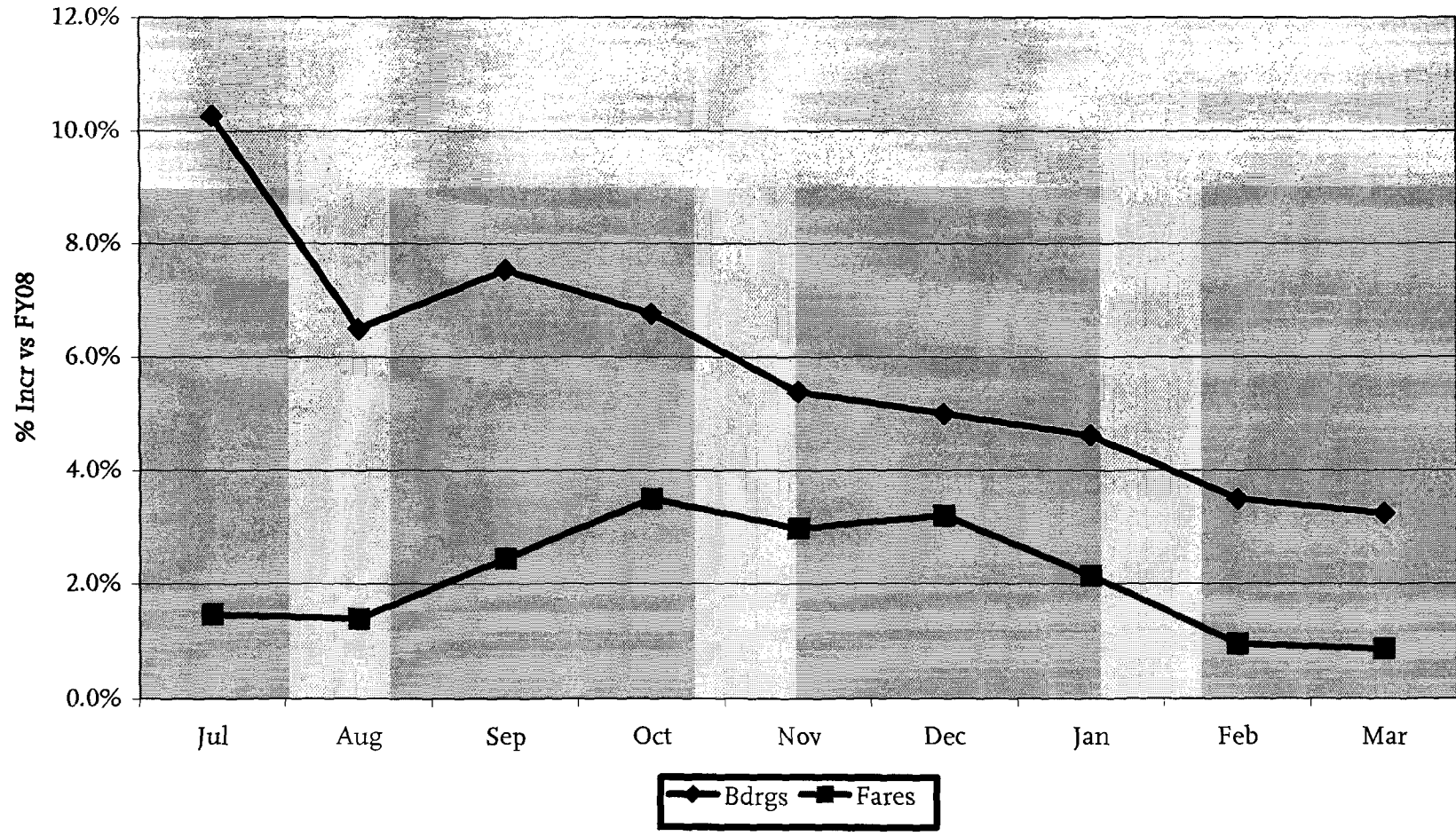
Account	FY09		FY10	\$M	Change
50320	Contract Services - ACS		Contract Services - ACS		
	Active cards in system limited to A, B, I TAP and phased in Metro Monthly & Weekly regular rider category	\$4.40	Active cards in system expand to A,B, I-TAP (also I-TAP Muni regional), Metro Monthly and Weekly, Senior Monthly/Weekly, College/Vocational, Disabled/LACTOA; K-12; Muni Stored Value for 10 Munis; Annual EZ (Regional); Foothill Monthly Rolling; Foothill Silver Streak; Muni IATs	\$7.20	\$2.80
	Supported Metro-only customer service issues		Support all Metro Bus + Muni Bus, + Metro Gating + Metrolink customers		
	Design/built and operated Metro-only Web site		Operate new enhanced Muni Regional + Metrolink TAP website		
			Financial Clearing & Settlement launch with stored value cards		
50316	Professional & Tech Services				
	Card procurement to support accelerated Day Pass conversionn to TAP	\$2	10 Munis + 20 LTSS + Metrolink need operational assistance and technical consulting for infrastructure changes, telecommunication/ITS issues. Congestion Pricing and Dual Hub require design oversight and integration support.	\$6.50	\$4.50
50499	Other Parts & Supplies				
	Misc parts for mobile carts to take to senior centers	\$0.29	Major card procurement to add Limited Use paper smart cards for Munis + Metro rail; replenish plastic TAP for roll-out of senior, disabled, college, K-12 and Metro mail accounts + support Muni roll-out of stored value and their pre-paid products	\$3.00	\$2.71
		\$6.69		\$16.70	\$10.01

FY10 Proposed
 Proposition C 40% Demand Chart
 Preliminary - Data as of April 22, 2009

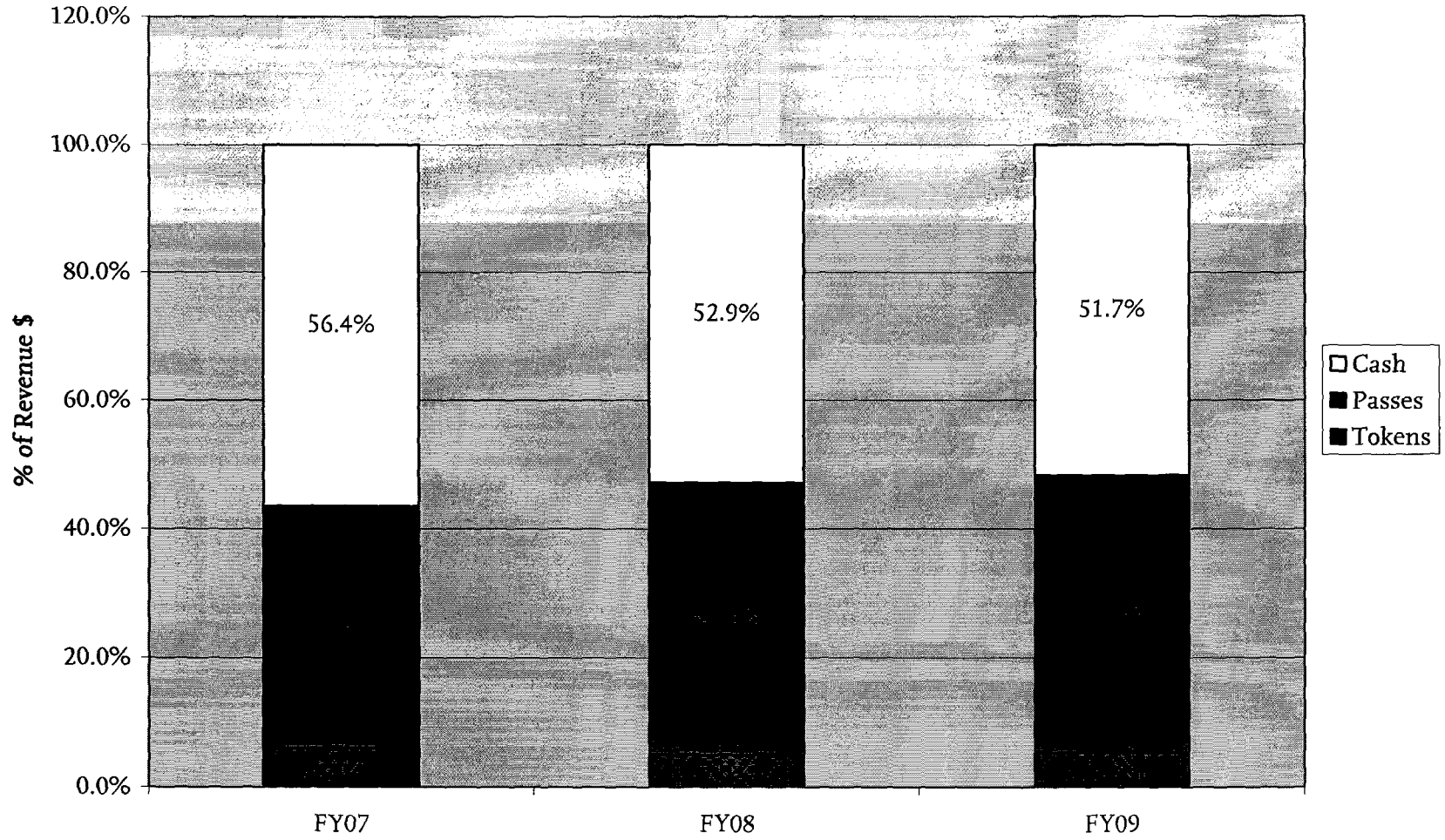
(Amounts in millions)	FY10 Proposed
1 June 30, 2009 - Estimated Ending Fund Bal*	\$ 247,729
2	
3 FY10 Sources	
4 Estimated New FY10 Revenues	243,053
5	
6 FY10 Demands	
7 Debt Service-Bonds	63,359
8 Access Service for ADA Compliance	34,179
9 Municipal Operators Discretionary MOUs	53,129
10 Prop A 40 Eligible Operator Subsidies Shortfall	7,055
11 Metro MOSIP	46,453
12 Less: Amount of Metro MOSIP reserved for future CRDP (see below)	(29,912)
13 Metro Bus-FH Mitigation/BSIP	18,960
14 Metro FY09 MOSIP Programmed to Enterprise Fund (FY10 Proposed Amendment)	8,238
15 Rail - Operating	100,471
16 BRT Row Maintenance	4,206
17 Regional Activities	2,214
18 Regional TAP Operations	12,122
19 Immediate Needs Tokens / Rider Relief	9,208
20 Universal Fare Collection System Capital Project	6,378
21 Regional Service Center Clearinghouse Capital Project	5,244
22 Gold Line East Extension (Construction projects 800088/800288)	15,539
23	
24 Total Demands - FY10	356,843
25	
26 June 30, 2010 - Estimated Ending Fund Balance	\$ 133,939
27 Reserves	
28 Unspent Muni Operator MOSIP Amounts	\$ 16,949
29 Unspent Muni Operator Prop 1B PTMISEA Bridge Funding	15,840
30 Unspent Muni Operator Prop 1B Security Bridge Funding	1,496
31 CRDP Projects in future years (Metro MOSIP swap)	29,912
32 Future Metro Bus Capital	20,665
33 Subtotal - Reserves	\$ 84,862
34	
35 Estimated Available PC40 Fund Bal at end of FY10	\$ 49,077

*Includes transfer of FY08 GOI for \$49.1 million.

Ridership-Revenue Trends Cumulative % Variance



Comparative Fare Media Mix



Impact of TAP on Fare Media Sales
YTD February 09 vs February 08

	Feb-09		Incr/(Decr) vs Feb-08		Notes
	Units	Revenue \$	Units	Revenue \$	
Metro					
Month	278,760	17,256,548	-160,266	-9,909,374	A
TAP Month	160,341	10,103,934	156,589	9,863,084	A
Weekly	905,403	15,391,851	-854,869	-14,532,773	B
TAP Weekly	772,203	13,127,451	770,344	13,095,848	B
TAP Day	8	40	8	40	C
S/D	638,966	8,843,044	-6,730	-144,836	
TAP S/D	8	112	8	112	C
College	85,813	3,066,300	20,593	311,870	
K-12	373,858	8,896,376	28,615	194,664	
Zones	8,718	234,846	4,256	-134,550	
		<u>76,920,502</u>		<u>-1,255,915</u>	
A,B,I TAP		4,346,522		2,491,451	D
Tokens*	9,715	12,143,750	918	277,500	
Cash		<u>114,767,100</u>		<u>-551,714</u>	E
Total		<u>208,177,873</u>		<u>961,321</u>	
EZ					
Regular	191,014	13,343,582	20,763	1,438,500	
Zones	30,263	1,483,650	5,860	228,708	
S/D	53,521	1,858,241	18,309	279,412	
Zones	8,556	<u>266,217</u>	3,268	<u>33,452</u>	
Total		<u>16,951,690</u>		<u>1,980,072</u>	

* In 000s

Units are based on reconciled consignment sales data.

- A. TAP units virtually offset loss in paper sales. Commensurate with slight declining trend.
- B. One additional week through Feb 08. Commensurate with slight declining trend.
- C. Early stage of transition to be completed Summer 2009.
- D. Program expansion more than doubles prior year revenues.
- E. Cash processed virtually unchanged.