



Los Angeles County Metropolitan Area Transportation Authority Fare Policy Peer Review

**Provided by the American Public
Transportation Association**

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Peer Review Scope Objectives

1. Review re-structured fare policies
2. Review proposals to increase the efficiency and productivity of service and operations
3. Review of alternative revenue source options

Peer Review Panel Members

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Opening Comments

- Deficit projections and future funding shortfalls will require Metro to reduce expenditures, increase revenues or some combination of the two. Future funding shortfalls will be compounded by the waxing costs of:
 1. **State of Good repair of an aging infrastructure**
 2. **Long-term and growing debt service burden**
 3. **Capital expansion program that will demand ongoing maintenance funding**
- Metro staff have been very diligent in applying service planning and operational practices that are in line with **effective transit industry practices**
- **Clear guiding philosophy** about fare policies are essential for large systems with diverse service offerings and substantial numbers of low-income riders.
- Proposed fare restructuring is comprehensive addressing the three principal aspects of fare policy: (1) fare levels, (2) fare structure, and (3) the **process by which future fare changes will occur.**
- Panel supports and encourages **Metro to achieve 33% farebox recovery goal.**



Objective 1: Re-structured Fare Policies

	Observations	Recommendations
Phase 2 and 3 Fare Increase	<ul style="list-style-type: none">Proposed fare re-structuring is consistent with the practices and financial planning trends of peer agencies nationwide	<ul style="list-style-type: none">Implement Phase 2 and 3 as proposedImplement regular CPI-based adjustments as proposed
Student Fares	<ul style="list-style-type: none">Freezing student fares increased subsidy	<ul style="list-style-type: none">Increase student fares as proposedEngage colleges and employers to subsidize transit
Low Income Riders	<ul style="list-style-type: none">Rider Relief (RRTP) is limited and complexSystem solvency and efficient operations best serve low income riders	<ul style="list-style-type: none">Create trip-based discount vs. time-basedConsider creating a single discounted fare level for all fare typesUse RRTP to leverage funds from institutions to expand the program



Objective 1: Re-structured Fare Policies

	Observations	Recommendations
Discounted Fares	<ul style="list-style-type: none">• Majority of Metro's ridership is low income, so less rationale for deep discounts to particular groups	<ul style="list-style-type: none">• Consider equalizing fare per boarding across all time-based passes• Focus partnerships on employment sectors employing a large proportion of Metro riders
Tourism	<ul style="list-style-type: none">• Metro should take advantage of LA's status as a global tourist destination	<ul style="list-style-type: none">• Increase sales of 1 day and 7 day passes working with local tourism bureaus.• Consider partnering with group discount outlets such as Groupon to allow tourists to buy passes at a discounted rate



Objective 2: Service & Operations Efficiencies and Productivity

	Observations	Recommendations
Impact of Fares on Travel Decisions	<ul style="list-style-type: none">• Cost of carrying passengers over Metro's large multi-modal system varies far more than do fares• Two-hour transfer is a significant benefit to transferring riders, but reduces revenues to Metro	<ul style="list-style-type: none">• Minimize duplicative service, encourage transfers, and promote deployment of lower cost modes• More frequent service on a more sparse network with wider stop spacing can reduce wait/transfer times and increase ridership• Continue to realign services to complement the two hour transfer policy and attract new riders and revenues• Continue to explore new and refined methods for measuring fare evasion to develop effective policies to reduce it



Objective 2: Service & Operations Efficiencies and Productivity

	Observations	Recommendations
Increase Efficiency and Productivity	<ul style="list-style-type: none">• Metro service guidelines are reasonable with respect to service design, typology, and frequency• Load factor guidelines are below those of comparable major transit systems, which increases costs by requiring more fleet and service• In spite of ongoing Metro service adjustments, some overlap and duplication with muni operator services exist	<ul style="list-style-type: none">• <u>Rationalize Service:</u><ul style="list-style-type: none">› Adjust bus load standard from 1.3 to 1.4, and consider increasing to 1.5 a year later or move to an area-based standard› Consider implementing a bus stop consolidation program to increase speeds and reduce headways• Initiate a comprehensive program to improve on-time performance systemwide• Follow a rigorous program of redeployment of resources from chronically underperforming routes or route segments to higher performing locations and times



Objective 2: Service & Operations Efficiencies and Productivity

	Observations	Recommendations
Promote Underused Services	<ul style="list-style-type: none">• There are time periods when Metro's rail system has unused capacity	<ul style="list-style-type: none">• Consider fare policies and other initiatives to encourage utilization of services operating below peak capacity, such as midday, evening, and weekend services



Objective 3: Alternative Revenue Sources

	Observations	Recommendations
Parking Fees	<ul style="list-style-type: none">• Station parking is expensive to build and maintain• Costs should be partially recovered to avoid giving park-and-ride customers the largest subsidies, to increase agency revenues, and to effectively manage parking supply	<ul style="list-style-type: none">• Continue with parking study currently underway• Consider adopting “performance pricing” that varies parking rates to manage parking demand (increase parking revenues and optimize utilization of parking assets)• Consider contracting out parking operations to private parking management firms to increase revenues.

Objective 3: Alternative Revenue Sources



	Observations	Recommendations
Other Potential Revenues	<ul style="list-style-type: none">• Metro is engaged in pursuing alternative revenue streams typically found at other transit agencies• Metro should consider all avenues to generate additional revenues that may also benefit riders in the transit system	<ul style="list-style-type: none">• Explore more placement of auto dispensing machines such as ATMs at rail stations, which has resulted in millions of dollars in rent payments to other major transit systems• Partner with other agencies or businesses where costs/revenues for new services might be shared• Expand “loyalty program” in conjunction with participating businesses whereby transit riders are eligible for discounts in exchange for the agency’s promotion of those businesses



Other Observations & Recommendations

- The panel noted that Metro has developed a very rigorous in-house program for the management and technical support of the TAP program that is enhancing fare equipment and media without relying heavily on higher cost support from the vendor. This is an industry leading initiative.
- Electrification of bus components (air conditioning, engine cooling, and power steering) to reduce parasitic load can save as much as 15% on fuel.
- Free energy audits can help identify ways to reduce utility bills, including the establishment of rate interruptible programs that can provide significant reduction in utility rates charged to the agency in exchange for using generators during peak hours.
- Consider installing solar panel canopy systems to park buses under for shade, savings on future energy costs, and reduced carbon footprint.