

Proposed Fare Changes

March 3, 2014



Metro

Goals

- > Metro's goal is to provide quality transportation services
- > To do this, fares must be balanced with the cost of providing service
- > Doing so will allow us to continue to effectively serve our riders and be accountable to Los Angeles County taxpayers

Why do fares need to change now?

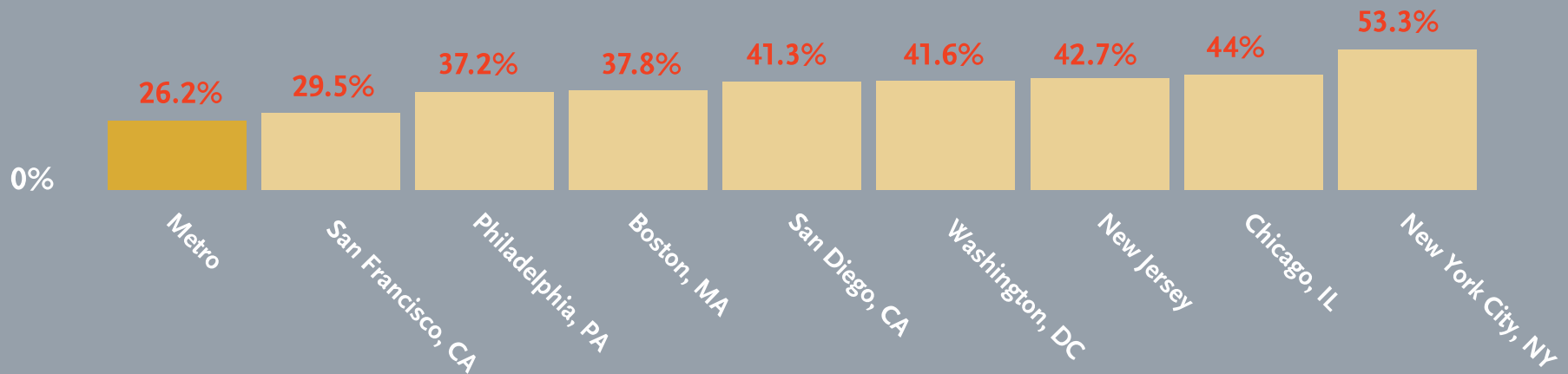
> Metro fares are among the lowest of any major US transit



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Why do fares need to change now?

> Metro fares cover roughly $\frac{1}{4}$ of operating costs – the lowest of any major US transit agency



Why do fares need to change now?

- > Fare increases have not kept up with inflation
- > As inflation rises, fares are covering less and less of operating costs
- > Facing an operating deficit of \$36 million in two years, growing to \$225 million in ten years

> This is what the numbers look like:



How can the deficit be addressed?

Can Metro move funding from other sources?

- > Two million voters approved Measure R in 2008 and designated money for *specific* projects
- > Measure R sales tax provides capital money to expand and improve service
- > Metro is prohibited from using capital money to fill the gap

How can the deficit be addressed?

Can Metro operate more efficiently?

- > Operations have been streamlined significantly since 2010
 - > Eliminated 116 full time employees
 - > No cost of living allowances for employees
 - > Programs to increase efficiency – solar panels, recycling, new technology

How can the deficit be addressed?

Can Metro cut service to balance the budget?

- > Service cuts are counter to Metro's mission
- > Customers do not want nor deserve service cuts
- > Better to create a structure that encourages customers to ride the system they fund

How can the deficit be addressed?

Would fare revenue increase enough if fare evasion was averted?

- > Metro is proactively addressing fare evasion
- > Eliminating fare evasion could not make up the deficit
- > Financial projections include expected revenue increases from gate latching efforts

How can the deficit be addressed?

How can changing fares help?

- > Changing fares will help balance them with the cost of operating reliable service
- > Fares now cover 26% of operating costs; need to cover 33% to be sustainable

Proposed fare changes

Two options consider customers by including:

- > Gradual increases over six years to allow riders to adjust
- > Free transfers for 90 minutes from boarding instead of charging double for transfers
- > Monthly pass expanded from Metro only to Metro plus 24 additional municipal bus systems in LA County

Proposed fare changes

| | Option 1 | Option 2 |
|--|----------|----------|
| Base fare includes free transfers within 90 minutes | X | X |
| Gradual increases over six years | X | X |
| After 2020, fares reviewed every two years | X | X |
| Monthly pass combined with EZ Pass in 2017 | X | X |
| Move toward a consistent fare for Express/Silver Line | X | X |
| Introduce reduced off-peak fares and higher peak fares | | X |

> Title VI analysis shows that neither option creates disparate impacts or disproportionate burdens on Metro's minority and low-income riders



Proposed fare changes

| OPTION 1 | Current (no transfers) | 2014 (90 mins of free transfers) | 2017 (90 mins of free transfers) | 2020 (90 mins of free transfers) |
|---------------------|----------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Base fare | \$1.50 | \$1.75 | \$2.00 | \$2.25 |
| Senior/ Disabled | Peak: 55¢ Off-Peak: 25¢ | Peak: 75¢ Off-Peak: 35¢ | Peak: 90¢ Off-Peak: 50¢ | Peak: \$1.10 Off-Peak: 70¢ |
| Student | \$1.00 | \$1.25 | \$1.50 | \$1.75 |
| Day Pass | \$5.00 | \$7.00 | \$8.00 | \$9.00 |
| Monthly Pass | \$75.00 | \$100.00 | \$120.00* | \$135.00* |



*EZ Pass combines with monthly pass in 2017

**See proposal handout for full details

Proposed fare changes

| OPTION 2 | Current (no transfers) | 2014 (90 mins of free transfers) | 2017 (90 mins of free transfers) | 2020 (90 mins of free transfers) |
|---------------------|----------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Base fare | \$1.50 | Peak: \$2.25 Off-Peak: \$1.50 | Peak: \$2.75 Off-Peak: \$1.75 | Peak: \$3.25 Off-Peak: \$2.00 |
| Senior/ Disabled | Peak: 55¢ Off-Peak: 25¢ | Peak: 90¢ Off-Peak: 50¢ | Peak: \$1.00 Off-Peak: 55¢ | Peak: \$1.10 Off-Peak: 60¢ |
| Student | \$1.00 | \$1.25 | \$1.50 | \$1.75 |
| Day Pass | \$5.00 | \$9.00 | \$11.00 | \$13.00 |
| Monthly Pass | \$75.00 | \$125.00 | \$150.00* | \$180.00* |



*EZ Pass combines with monthly pass in 2017

** See proposal handout for full details

Submit comments

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> Online comment form at *metro.net/newfares*

> Attend Fare Forums or the March 29 hearing



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