

# Attachment B



**METROLINK.**

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

[metrolinktrains.com/meeting](http://metrolinktrains.com/meeting)

---

**TRANSMITTAL DATE:** March 16, 2018

**MEETING DATE:** March 23, 2018 **ITEM 16**

**TO:** Board of Directors

**FROM:** Arthur T. Leahy *ATL*

**SUBJECT:** Antelope Valley Line Fare Reduction Program Evaluation

## Issue

In July 2015 the Antelope Valley Line (AVL) Fare Reduction Program was launched with the funding support from Los Angeles County Metropolitan Transportation Authority (Metro) to help increase ridership on AVL. This item provides the Board with an evaluation of the continued success of this program through December 2017.

## Recommendation

The Board may receive and file this report.

## Strategic Goal Alignment

This report aligns with the strategic goal to *retain and grow ridership*. Past experience has shown that fare reductions are one of several effective strategies to grow ridership and win market share.

## Background

Between FY2011-12 and FY2014-15, the AVL experienced a ridership decline of 13%, from 5,726 average weekday boardings to 4,978. In an effort to halt ridership losses, on April 10, 2015, the Board approved a pilot program with reduced fares for AVL riders to test how ridership on that line responded to lower fares.

Two successive pilot programs were implemented. The first pilot consisted of a 25% fare reduction and a \$2 one-way fare to the next station. It was funded through revenue shortfall funding provided by Metro in an amount of up to \$2.5 million during FY2015-16. Only trips with both origin and destination stations on the AVL, which includes the section that overlaps with the Ventura County Line (Los Angeles Union Station to Burbank-Downtown) were eligible for the reduced fares. Fares that included a transfer to another line were not discounted.

The second pilot launched in January 2016 and replaced the \$2 station fare with a \$3 station fare that was launched system-wide.<sup>1</sup>

### *Ridership Response*

Ridership analysis was conducted based on actual ticket sales for the Antelope Valley Line stations. This allows an accurate evaluation of ridership response to the fare reduction and helps account for ridership on the shared line segment between Los Angeles Union Station and Burbank which is served by Ventura County, AVL, and Burbank Airport Line trains.

Following up on prior Board reports with program updates on December 11, 2015 and February 26, 2016, the latest results show that ridership growth has continued into the third year of the program. December 2017, the latest month for which data are available, shows a 37% ridership increase over the same month in 2014 prior to the program launch. Comparing the six-month period July-December 2017 with the same period in 2014, ridership grew by 32.7% which reflects a compounded annual growth rate of 9.9% (Figure 1).

**Figure 1. Ridership Growth**

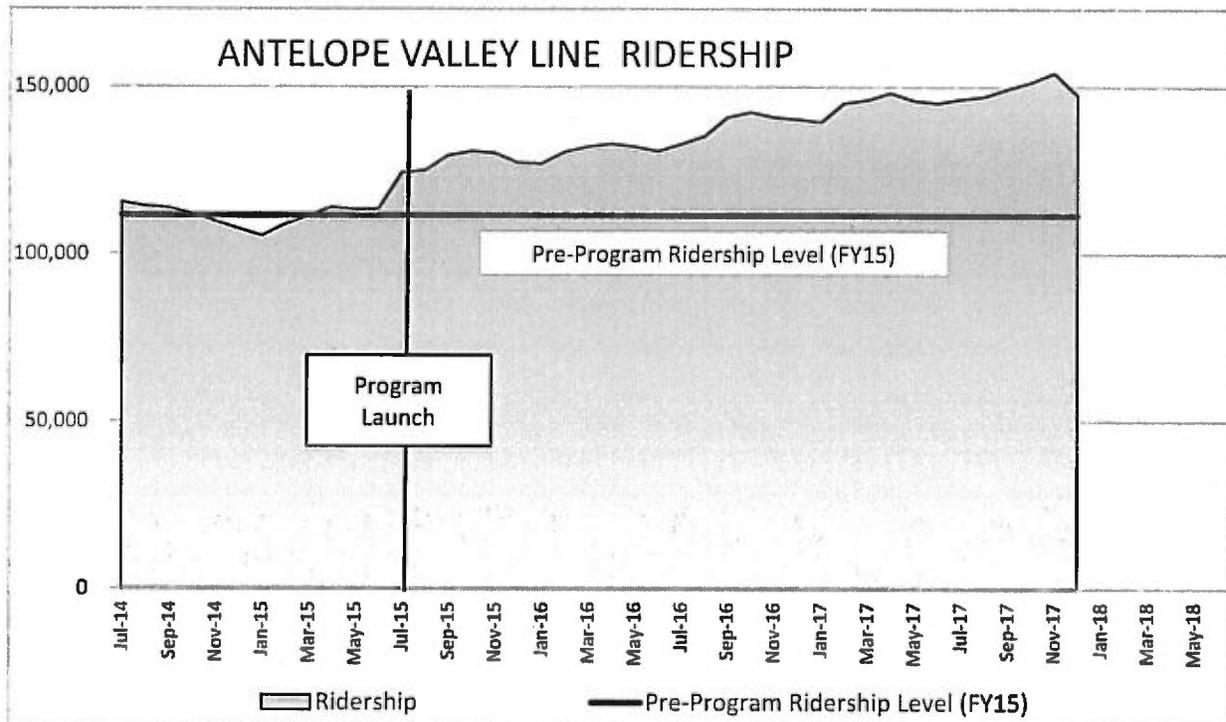
<b>Period</b>	<b>Ridership</b>
July-Dec 2014	671,938
July-Dec 2017	891,759
Compounded Annual Growth Rate	9.9%

As indicated above, when the AVL Fare Reduction Pilot was launched it had two program components: a 25% fare reduction and \$2 (later \$3) station fare. Whereas the station fare was available for one-way tickets only, the 25% fare discount was available on all ticket types (with the exception of already discounted Weekend Day Passes). Of the two promotional discounts, the 25% discount was the more effective one. A 2016 fare study by CH2M determined that the 25% fare discount accounted for 85% of the increase in ridership.

Since launch of the program the ridership response has exceeded expectations. Analysis of ticket sales show a strong ridership response during the first several months driven by increases in one-way and roundtrip ticket sales, followed by a flattening in the growth rate (Figure 2).

<sup>1</sup> The one-way station fare ticket was replaced July 1, 2016 with restructured short distance fares that reduced the cost of short distance travel for all ticket types throughout the system.

**Figure 2. Antelope Valley Line Ridership Trend**



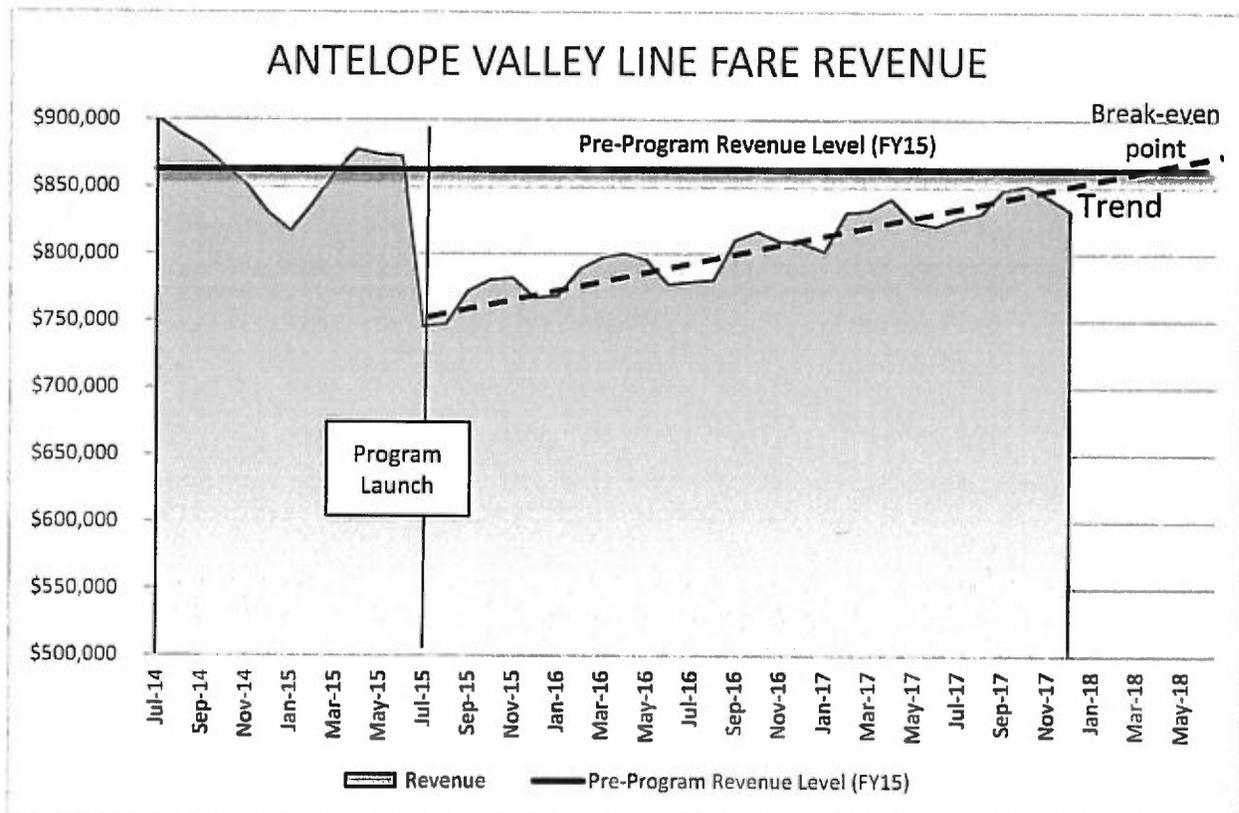
Ridership growth started to accelerate again into the second year and continues its upward momentum even in the absence of additional fare promotions. Several key findings have emerged:

- The strongest response to the lower fares came from infrequent riders: one-way and roundtrip ticket sales increased by 23% during the first year of the pilot.
- There is some evidence that many of the new riders that were attracted by the pilot have become regular commuters. In FY17 pass ridership grew by 5.9% over the prior year, exceeding the overall ridership growth on the Antelope Valley Line (5.4%) and also matching the rate of growth for one-way and roundtrip tickets (5.8%).
- Student and youth ridership continued to exhibit the fastest rate of growth in FY17 (up 17.8% from the prior year). That follows a 35% increase in FY16 when the student and youth fare discount was increased to 25%.
- The growth in short-distance ridership (trips of less than 20 miles one-way distance) reached 12% in FY17.

*Fare Revenue Impact*

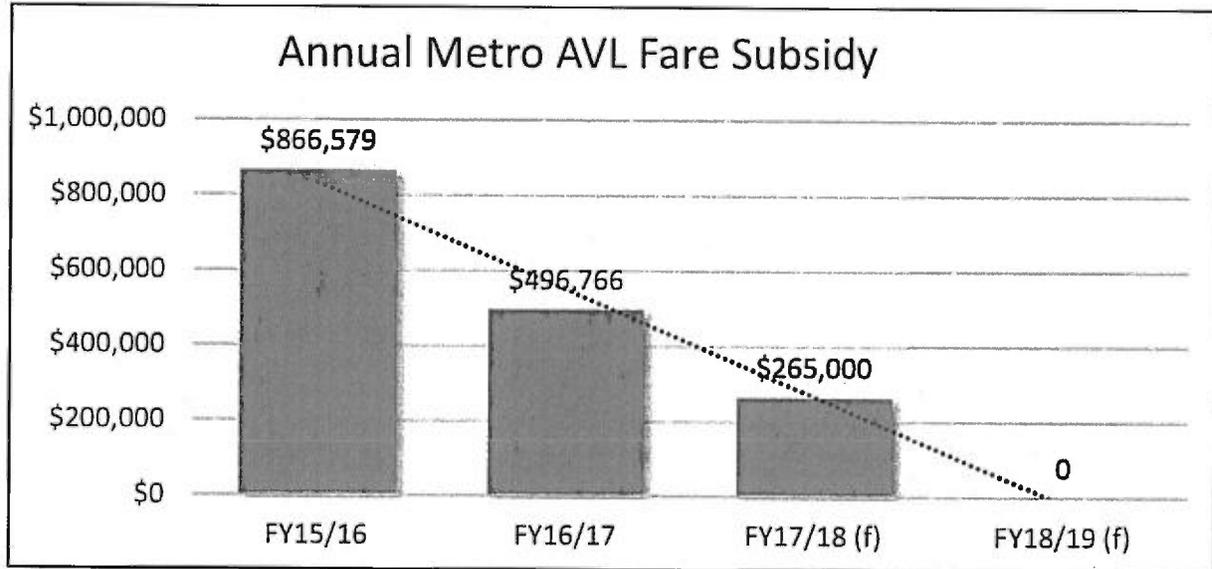
Changes to fares and the resulting ridership change directly impact fare revenue. Given the demand elasticity to changes in fares it was expected that the increase in ridership would not be sufficient to off-set the lower fares. Immediately following the fare reduction in July 2015, fare revenue fell by nearly 20%. But as ridership continued to grow during the following months fare revenue grew as well. Based on the current trend fare revenue is expected to reach the break-even point with pre-program fare revenue levels in Spring 2018 (Figure 3).

**Figure 3. Antelope Valley Line Fare Revenue Trend**



When the Board approved the fare reduction pilot in 2015 it also included up to \$2.5 million in revenue shortfall funding from Metro during FY2015-16. Only \$866,000 of that was actually required to offset the lower fare revenue on the AVL during the first year. During the following year as ridership continued to grow only \$497,000 in fare subsidy was required. In FY2017-18 the fare subsidy will further decline until no fare subsidy will be required anymore for FY2018-19 (Figure 4).

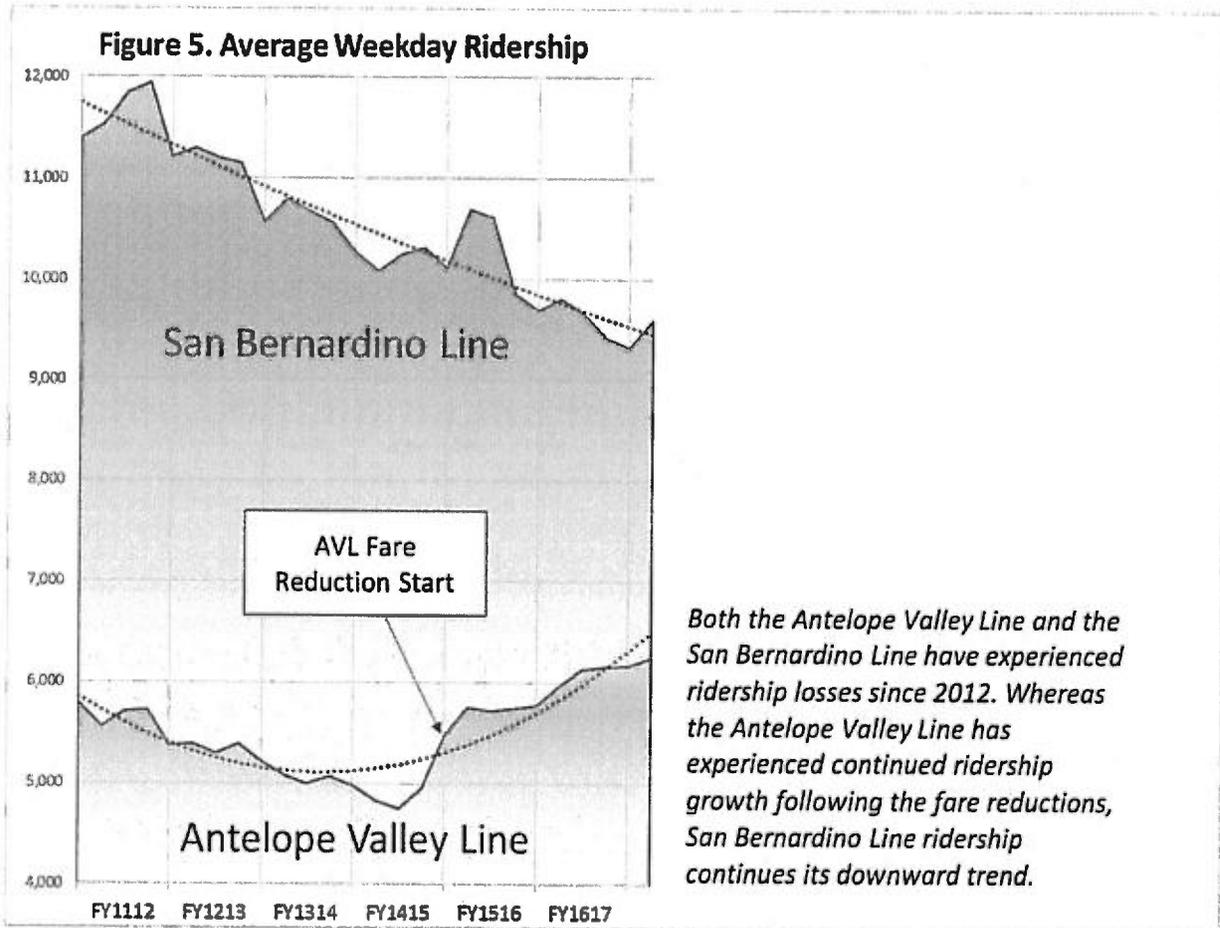
**Figure 4. Shrinking Fare Subsidy Requirement**



**Next Steps**

Staff is evaluating “lessons learned” from the AVL Fare Reduction Program and how they may be applied to other lines. Of particular interest is the San Bernardino Line which, like the AVL, has experienced ridership losses since FY2011-12. But whereas the AVL has seen continued ridership increases since the fare reduction, San Bernardino Line ridership continues to decline (Figure 5). Staff is considering a more customized ridership strategy for the San Bernardino Line that may consist of a multi-pronged approach with:

1. Fare reductions
2. Service enhancements
3. Improving the customer experience



**Budget Impact**

There is no budgetary impact as a result of this report.

Prepared by: Roderick Diaz, Director, Planning and Development  
Henning Eichler, Planning Manager II

Kimberly Yu  
Deputy Chief Operating Officer  
(Planning and Project Delivery)

Gary Lettengarver  
Chief Operating Officer