

Attachment C

Minute Action

AGENDA ITEM:

Date: April 4, 2018

Subject:

San Bernardino Line Fare Discount Program & Allocation

Recommendation:

That the Board, acting as the San Bernardino County Transportation Authority:

- A. Allocate \$2 million of available Mobile Source Air Pollution Reduction Program grant funds and \$814,999 of Metrolink generated State Transit Assistance – Operator Share funds to a Metrolink San Bernardino Line Fare Discount Pilot Program.
- B. Authorize staff to develop a work plan and implement the 25% fare discount in partnership with the Los Angeles County Metropolitan Transportation Authority and the Southern California Regional Rail Authority which operates Metrolink.
- C. Authorize the Executive Director to execute an agreement between SBCTA, LA Metro, and SCRRA for the implementation of the 25% fare discount program, upon concurrence from General Counsel.

Background:

Historically, the San Bernardino Line (SBL) has been one of the most heavily used lines throughout the regional Metrolink system. However, over the past five (5) years, the line has experienced an average 11% drop in ridership, as well as an excess seating capacity of 68.6% during non-peak periods on weekdays and, 74.6% on weekends between July and December 2017. In addition to other factors such as increases in car ownership and low fuel costs, the timing of the drop in ridership correlates with a 2013 fare increase. While Metrolink retains a farebox recovery rate of approximately 41% to 44.4%, the resulting drop in revenue has had an impact to San Bernardino County Transportation Authority (SBCTA) and Los Angeles County Metropolitan Transportation Authority (LA Metro) subsidies. In an attempt to re-build ridership and to support Metrolink service, the LA Metro Board directed their staff to work with Southern California Regional Rail Authority (SCRRA) and SBCTA to develop a strategic plan to implement a SBL Fare Discount Pilot Program, and better understand the price elasticity of demand, as well as the potential for increasing ridership on the SBL moving forward. SBCTA provides an annual operating subsidy to SCRRA, with Local Transportation Funds (LTF) being the primary fund-source. The proposed Fiscal Year 2018/2019 operating subsidy requested by SCRRA consists of a 2.2% cost increase which is reasonable; however, when coupled with a drop in expected fare revenue, the cost increase results in a 5.5% net increase over the Fiscal Year 2017/2018 operating subsidy which is unsustainable. In addition, the Fund Administration Department recently completed an independent analysis of LTF projections by an outside consultant which indicated a need for more conservative revenue projections. As LTF is the primary fund-source for both SCRRA and Omnitrans operations, this impacts SBCTA's ability to sustainably fund San Bernardino County's share of Metrolink's cost on a long-term basis. While SBCTA staff continues to review funding alternatives, the decline in LTF sales tax revenue, combined with the reduction in fare revenue due to ridership decline, requires SBCTA to strategically review opportunities to grow ridership and thus reduce the long-term subsidy need. The availability of the Mobile Source Air Pollution Reduction Program (MSRCP) and State Transit Assistance Operator Share funding, in conjunction with LA Metro's desire to move forward with a SBL Fare Discount Program, provides the opportunity to mitigate the dropping fare revenue through implementation of a fare discount pilot program that ultimately grows ridership.

Entity: San Bernardino County Transportation Authority

The Metrolink regional rail system has implemented two (2) different discount programs along two (2) lines in recent years, both of which achieved an increase in ridership. In July 2015, LA Metro introduced a 25% discount along the Antelope Valley Line (AVL), and by Fiscal Year 2016/2017, ridership grew by 21% as compared to Fiscal Year 2014/2015. To date, the increase in ridership and associated fare revenues have resulted in a recovery of approximately 90% of funds allocated to the program. LA Metro projects the break-even point to be assumed in summer 2018. In December 2016, the Riverside County Transportation Commission (RCTC) funded a similar discount structure on the new Perris Valley Line (PVL) with the goal of stimulating ridership across the four (4) new stations along the 24-mile line extension. Although the PVL scenario differs from AVL in that it is a new extension that lacks a history of ridership numbers to serve as a base line, to date, RCTC has not had to increase operating subsidies.

Due to the success of the two fare discount pilot programs implemented in Los Angeles and Riverside Counties and in partnership with LA Metro, SBCTA is supportive of a similar program along the SBL. However, due to operating subsidy constraints, funding is needed to move forward with the program. SBCTA has identified \$2 million in grant funding from the MSRC Clean Transportation Funding that is available on a one-time basis with San Bernardino County being guaranteed a fair-share amount based on geographic equity. By using these funds, in addition to State Transit Assistance Operator Share monies for this purpose, SBCTA can provide San Bernardino County residents with a fare discount that is consistent with that of Los Angeles County, with the goal of increasing ridership and associated revenues in the future.

A cost and implementation analysis of the proposed SBL Fare Discount Pilot Program, which includes discount scenarios of 25%, 20%, 15%, and 10%, is provided in Attachment A, and serves as a basis for continued discussions with LA Metro and SCRRA. In accordance with the cost analysis, an allocation of \$2 million in MSRCP funds, with the remaining balance of \$814,999 funded by State Transit Assistance Operator Share, would sufficiently fund SBCTA's projected share of the "across the board" 25% discount scenario. Additionally, Metrolink Fare Policy indicates the existence of reciprocity between the Metrolink San Bernardino and Riverside lines due to the higher frequency of service along the San Bernardino Line. Reciprocity will be addressed during the development of a strategic work plan.

SBCTA staff would like to develop a work plan in partnership with LA Metro, who is to report back to their Board in April. The allocation of the \$2 million of MSRCP funds to the San Bernardino Line Fare Discount Program allows staff to move forward quickly with adequate funds for the program and in alignment with LA Metro. Additionally, the timely allocation of funds provides staff with sufficient amount of time to meet the MSRCP programming deadline of June 2018.

Financial Impact:

This item is consistent with SBCTA Fiscal Year 2017/2018 Budget.

Reviewed By:

This item was reviewed and unanimously recommended for approval by the Transit Committee on March 14, 2018.

Responsible Staff:

Carrie Schindler, Director of Transit and Rail Programs

Approved
Board of Directors
Date: April 4, 2018
Witnessed By: