



Metropolitan  
Transportation  
Authority

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EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE  
FEBRUARY 20, 2003

**SUBJECT: METRO CONTRACTED PASS PROGRAMS**

**ACTION: APPROVE NEW CONTRACTED PASS PROGRAMS**

**RECOMMENDATION**

Adopt the Contracted Transit Pass Programs as described in Attachment A.

**ISSUE**

In May of 2002, the Board approved development of an MTA-operated rideshare program that integrates countywide rideshare offerings with transit programs. As part of this effort, staff is developing a line of contracted transit pass programs to form partnerships with businesses, institutions and major organizations within Los Angeles County as a means to improve access to the multi-modal transportation system. The MTA currently offers several fare media programs to the public, however, only two programs, Metro Mail and Consignment Sales, are made available to area businesses and organizations. As a result, a limited number of employers and organizations participate in pass programs to provide MTA fare media to their employees, members or associates. The Contracted Pass Programs are designed to improve business and institutional participation in MTA transit pass programs.

**POLICY IMPLICATIONS**

There are several purposes of offering contracted pass programs. First, it enables MTA to develop stronger partnerships with LA County businesses, institutions and major organizations to promote use of transit. Second, the programs will generate new revenue to support MTA initiatives. Third, these programs will provide businesses and organizations the opportunity to take advantage of federal income tax incentives that encourage use of transit. Finally, the programs will allow MTA to establish a well-defined test group for the Universal Fare System (UFS) smart card by providing contracted pass program members with UFS test cards instead of a conventional paper pass. Providing seamless fare payment options is a policy initiative within the adopted MTA Long Range Transportation Plan as a method for making transit more accessible to the public.

**OPTIONS**

The MTA Board could choose not to proceed with the Contracted Pass Programs. Staff does not recommend this option because the programs will generate a much-needed new revenue source for the MTA and strengthen the ties with the business

community. Transit agencies across the nation that have implemented similar programs have experienced successful results in generating additional revenue and stimulating participation among employers. The MTA Board could also choose to offer a fewer number of contracted pass types. Staff does not recommend this alternative because the proposed program attempts to offer a complete line of products that meet the needs a various transit user markets. Reducing the number of contracted passes offered will reduce the effectiveness of the overall program by excluding certain transit user groups.

### **FINANCIAL IMPACT**

The Contracted Pass Programs are designed to increase transit ridership and transit revenues without having a negative impact on MTA's average fare per boarding and overall budget. To maintain this "neutral" impact on fare per boarding, the price of the various contracted pass types will be adjusted as membership grows, fare structure is modified and service changes impacting ridership occur.

### **BACKGROUND**

During FY 02, a Board-directed study was conducted of MTA-funded rideshare efforts. The final report of the study recommended several new and innovative strategies to be considered for implementation by the MTA. Strategies included in these recommendations were special pass programs for employers and institutions.

In moving forward with this recommendation, the Board approved an MTA-operated rideshare program in May 2002, which included the development of expanded pass program offerings. During the development and research for the proposed Contracted Pass Programs, staff identified several different markets that were not being addressed by current contracted pass programs. Attachment A describes the various contracted pass products and the related transit user markets.

The programs will be closely monitored to maintain a neutral or positive financial impact on fare per boarding and to ensure high service quality. It is anticipated that the programs will encourage employer participation, increase ridership and mobility and nurture public/private partnerships with the MTA, communities and local businesses.

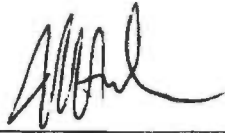
### **NEXT STEPS**

If approved, phased implementation of the Contracted Pass Programs will begin in April 2003. The Board will be updated quarterly on the number of organizations enrolled and participants involved in the programs.

### **ATTACHMENT**

#### **A. Contracted Pass Programs**

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## METRO CONTRACTED PASS PROGRAMS

The MTA Contracted Pass Programs provide employers, institutions and other organizations an opportunity to purchase fare media for their employees, members and participants. Five programs will be made available. The following provides brief descriptions for each of the Contracted Pass Programs.

**Annual Pass Program:** The Annual Pass Program provides an annual photo-ID pass good for one calendar year (or a portion thereof) to LA County employers. The pass is valid on all designated bus and rail service. The pass is offered to employers who choose to purchase passes only for those employees that currently take transit to work. The price of the pass is equal to the regular monthly pass price multiplied by twelve months.

**Employee Pass Program:** The Employee Pass Program provides an annual employee photo-ID pass good for one calendar year (or a portion thereof) to LA County employers. The pass is valid on all designated bus and rail service. This pass is offered to employers who choose to purchase passes for all their employees. Price is based on estimated employee transit usage and frequency of transit service to the employer worksite.

**Institutional Pass Program:** The Institutional Pass Program is a negotiated program offered to large organizations or groups such as colleges, universities, trade schools, government agencies and senior citizen centers that choose to enter into an agreement with the MTA. Agreements may include fare media arrangements, additional services and access to bus and rail service.

**Jury Pass Program:** The Jury Pass is a weekly pass offered to jurors reporting to jury duty in exchange for mileage reimbursements. Currently jurors in the court system are reimbursed for auto mileage. This program will provide jurors who wish to use public transportation an alternative to driving alone.

**Visitors Pass Program:** The Visitors Pass Program provides a semi-custom pass to area conventions, hotels, chambers, visitor bureaus, meeting planners, etc. to provide access to MTA bus and rail service. Passes will be made available in one-day increments for negotiated time periods.

All Contracted Pass Program agreements would be subject to authorization and approval by the Chief Executive Officer or his designee. With the possible exception of the Juror Pass, all Contracted Pass Programs will be priced to ensure no negative impact on total projected fare revenues. Service modifications made in conjunction with any of the above negotiated pass programs would comply with all MTA service implementation guidelines. The following sections provide further descriptions, the purpose and policy statements for each of the Contracted Pass Programs.

# ANNUAL PASS PROGRAM

## DESCRIPTION

The Annual Pass Program provides an annual photo-ID pass good for one calendar year (or a portion thereof) on all designated bus and rail service. This pass is offered to employers that would like to purchase a transit pass for their employees that currently ride transit. The pass is valid on all MTA bus and rail service. The price of the pass is equal to the regular monthly pass price multiplied by twelve months. Employers may purchase multiple quantities of the annual pass for their employees. Passes purchased within a calendar year will be prorated on a monthly basis. Discounts may be offered based on quantities and upon approval of the Chief Executive Officer. While the Chief Executive Officer is ultimately responsible for this policy, staff will draft guidelines and procedures and implement the Annual Pass Program.

## PURPOSE

The purpose of the Annual Pass Program is to provide an annual pass option to employers for their employees that use the MTA bus and rail system. The pass simplifies use of the system by reducing the number of times the employee is required to physically go and purchase passes during the year. The pass also provides employers an annual option for their employees that consistently ride transit to work. In addition, the program is intended to provide a mechanism for employers to take advantage of federal tax incentives for employee transit subsidy programs. Finally, the program is intended to foster goodwill between the MTA and LA County employers, and to demonstrate MTA's progressive commitment to multimodal transportation and a healthful environment.

## POLICY

1. All employers within Los Angeles County are eligible for the Annual Pass Program provided that they enter into a program participation agreement with the MTA. Once signed up for the program, employers can purchase an Annual Pass for each of their employees that ride transit.
2. The MTA will issue a pass specific to the Annual Pass Program.
3. The pass will cost the equivalent of a regular monthly transit pass price multiplied by twelve months. Chief Executive Officer may impose restrictions, rules, limitations, and exemptions on the pass, depending on implementation requirements.
4. Discounts may be offered based on quantities purchased and upon Chief Executive Officer Approval.
5. The passes may be used for the MTA's buses or rail systems, and they are valid throughout the MTA's service area on all local and limited-stop buses, Metro Rapid Transit, and Metrorail Services.
6. Paratransit and special services are excluded from this program.

7. Employers may purchase their passes from the Employer Programs Department. Employers purchasing multiple quantities of the Annual Pass must place orders thirty days prior to pass start date. MTA will not offer a sales commission to employers that purchase the Annual Pass. Employers may arrange with the Employer Programs Department for pick-up or delivery of their passes.

## **EMPLOYEE PASS PROGRAM**

### **DESCRIPTION**

The Employee Pass Program provides an annual employee photo-ID pass good for one calendar year (or a portion thereof) on all designated bus and rail service offered to area employers. This pass is offered to employers who choose to purchase passes for all their employees. Price is based on estimated employee transit usage and frequency of transit service to the employer worksite. The Employee Pass Program provides an alternative to the Annual Pass Program for employers that are interested in making it possible for all of their employees to ride transit. While the Chief Executive Officer is ultimately responsible for this policy, staff will draft guidelines and procedures and implement the Employee Pass Program.

### **PURPOSE**

The purpose of the Employee Pass Program is to provide employers a pass option that allows them to take advantage of federal tax incentives for employees that ride transit. It also simplifies the pass purchasing process and allows employers to offer transit as an alternative commute option for all their employees. In addition, the program is intended to provide a mechanism for employers to take advantage of federal tax incentives for employee transit subsidy programs. Finally, the program is intended to foster goodwill between the MTA and LA County employers, and to demonstrate MTA's progressive commitment to multimodal transportation and a healthful environment.

### **POLICY**

1. All employers within Los Angeles County are eligible for the Employee Pass Program provided that they enter into a program participation agreement with the MTA. Once signed up for the program, all employees of the participating employer are eligible to receive an Employee Pass.
2. The MTA will issue a pass specific to the Employee Pass Program which may be in the form of a decal affixed to an employer photo ID or a pass produced by the MTA.
3. The pass price is based on estimated employee transit usage and frequency of transit service to the employer worksite. Chief Executive Officer may impose restrictions, rules, limitations, and exemptions on the pass, depending on implementation requirements. Given the nature of the program pricing, contract minimums may be imposed.
4. The passes may be used for the MTA's buses or rail systems, and they are valid throughout the MTA's service area on all local and limited-stop buses, Metro Rapid Transit, and Metrorail Services.
5. Employers may purchase their passes from the Employer Programs Department. Employers must place their pass orders thirty days prior to pass start date. MTA will not offer a sales commission to employers that purchase the Employee Pass. Employers may arrange with the Employer Programs Department for processing of their passes.

6. Paratransit and special services are excluded from this program.
7. The Employer Programs Department will publish annually a cost schedule for the Employee Pass Program.



## **INSTITUTIONAL PASS PROGRAM**

### **DESCRIPTION**

The Institutional Pass Program is a negotiated program offered to large organizations or groups such as colleges, universities, trade schools, government agencies and senior citizen centers that choose to enter into an agreement with the MTA. Agreements may include fare media arrangements, additional services and access to bus and rail service. Contracts would be negotiated based upon the estimated number of transit users and the cost of the additional service to the MTA. While the Chief Executive Officer is ultimately responsible for this policy, staff will draft guidelines and procedures and implement the Institutional Pass Program.

### **PURPOSE**

The purpose of the Institutional Pass Program is to simplify the pass purchasing process for institutions wishing to promote the use of public transportation. The program is also intended to foster goodwill between the MTA and local institutions.

### **POLICY**

1. All large organizations or groups such as colleges, universities, trade schools, government agencies and senior citizen centers within Los Angeles County are eligible for the Institutional Pass Program provided that they enter into a program participation agreement with the MTA.
2. The MTA will issue a pass specific to the Institutional Pass Program which may be in the form of a decal affixed to a member photo ID or a pass produced by the MTA.
3. The pass price is based on the negotiated agreement between MTA and the institution. Chief Executive Officer may impose restrictions, rules, limitations, and exemptions on the pass, depending on implementation requirements.
4. The passes may be used for the MTA's buses or rail systems, and they are valid throughout the MTA's service area on all local and limited-stop buses, Metro Rapid Transit, and Metrorail Services.
5. Institutions may purchase their passes from the Employer Programs Department. Participating Institutions must place their pass orders thirty days prior to pass start date. MTA will not offer a sales commission to institutions that purchase the Institutional Pass. Institutions may arrange with the Employer Programs Department for pick-up or delivery of their passes.
6. Paratransit and special services are excluded from this program.
7. The Employer Programs Department will publish annually a agreement summaries for the Institutional Pass Program.

## **JURY PASS PROGRAM**

### **DESCRIPTION**

The Jury Pass is a weekly pass offered to jurors reporting to jury duty in exchange for mileage reimbursements. Currently jurors in the court system are reimbursed for auto mileage. This program will provide jurors public transportation as an alternative to driving. Given the varied duration of juror service, this program is not guaranteed to recover full value of the pass. While the Chief Executive Officer is ultimately responsible for this policy, staff will draft guidelines and procedures and implement the Jury Pass Program.

### **PURPOSE**

The purpose of the Jury Pass is to offer transit as an option to those serving jury duty. For those jurors that do not regularly ride transit, this program provides an opportunity for participants to use public transportation. The program is also intended to foster goodwill between the MTA, the court system and the general public.

### **POLICY**

1. All courts within Los Angeles County are eligible to offer the Jury Pass Program to their jurors provided that they enter into a program participation agreement with the MTA. Once signed up for the program, all jurors of that participating court are eligible to receive a Jury Pass.
2. The MTA may issue a pass specific to the Jury Pass Program or use the standard weekly passes.
3. The pass price is based on the amount the court reimburses jurors for travel mileage. This program is not guaranteed to recover full value of the pass given that jury service varies in duration. Chief Executive Officer may impose restrictions, rules, limitations, and exemptions on the pass, depending on implementation requirements.
4. The passes may be used for the MTA's bus or rail systems, and they are valid throughout the MTA's service area on all local and limited-stop buses, Metro Rapid Transit, and Metrorail Services.
5. The courts may purchase their passes from the Employer Programs Department. Participating courts must place their pass orders thirty days prior to pass start date. MTA will not offer a sales commission to institutions that purchase the Jury Pass. Participating courts may arrange with the Employer Programs Department for pick-up or delivery of their passes.
6. Paratransit and special services are excluded from this program.
7. The Employer Programs Department will publish annually a cost schedule for the Jury Pass Program.

## **VISITORS PASS PROGRAM**

### **DESCRIPTION**

The Visitors Pass Program provides a semi-custom pass to area conventions, hotels, chambers, visitor bureaus, meeting planners, etc. to provide purchased access to MTA bus and rail service. Passes will be made available in one-day increments for negotiated time periods. While the Chief Executive Officer is ultimately responsible for this policy, staff will draft guidelines and procedures and implement the Visitors Pass Program.

### **PURPOSE**

The purpose of the Visitors Pass Program is to provide convenient advance purchase opportunities to large groups of people who want to utilize transit services. It provides groups and visitors with an opportunity to experience and use public transportation. The program is also intended to foster goodwill between the MTA and area conventions, hotels, chambers, visitor bureaus, meeting planners as well as area visitors.

### **POLICY**

1. All convention centers, hotels, chambers of commerce, visitor bureaus, and meeting planners within Los Angeles County are eligible to purchase Visitors Passes provided that they enter into a program participation agreement with the MTA.
2. The MTA may issue any form of pass, but the Chief Executive Officer may impose restrictions, rules, limitations, and exemptions, depending on the type or duration of an event.
3. The passes may be used for the MTA's buses or rail systems, and they are valid throughout the MTA's service area on all local and limited-stop buses, Metro Rapid Transit, and Metrorail Services.
4. Group organizers may purchase their passes from the MTA Customer and Vendor Service Department. To be considered for a volume discount, organizers must place their pass orders thirty days prior to pass start date. MTA will not offer a sales commission to those organizations that purchase the Visitors Pass. Organizations may arrange with the Customer and Vendor Service Department for pick-up or delivery of their passes.
5. The MTA may request from large groups of 250 or more persons an itinerary so that service accommodations may be made.
6. Paratransit and special services are excluded from this program.
7. The MTA Customer and Vendor Services Department will publish annually a volume discount schedule.