



## Board Report

---

**File #:** 2020-0638, **File Type:** Motion / Motion Response

**Agenda Number:**

---

**REGULAR BOARD MEETING  
SEPTEMBER 24, 2020**

**Motion by:**

**DIRECTORS BUTTS AND BARGER**

Related to Item 31: Fare Capping

Metro staff is examining simultaneously for Board consideration of two policies: a Fareless System Initiative Policy and Fare Capping Program that could, if not coordinated, be mutually exclusive or become synergistic enabling policies.

The Fareless System program may eliminate fares in some or all cash and pass fare categories (cash, senior pass, student passes, low income passes, disabled passes, regular daily pass, regular weekly pass, regular monthly pass, etc.). The policy could be implemented incrementally or for all categories in a single board action. The action would also affect interagency transfers with the 26 municipal operators and Metrolink transfer reimbursements. If fares were eliminated for any or all fare categories, there may be no need to implement a fare capping strategy for that fare category. In contrast fare capping would create a technology to reduce fares incrementally with a potential result of a free fare for fare types that most need the reduced or free fare within Metro's annual budgetary constraints.

The Fare Capping proposal would create a "fair" fare in which Metro fare payments would be incrementally capped by TAP software to not exceed the cost of an applicable pass type for the incremental period of travel (daily, weekly, monthly). Fare capping would require a new TAP Card capability that would track boardings and automatically deduct an appropriate fare (regular, senior, disabled, student, low income, etc.) until the cumulative fare deductions reached the appropriate pass cost for the incremental travel period (end of the day, end of the week, end of the month), after which no fare would be deducted for the duration of the incremental travel period.

The software would calculate aggregate TAP deductions on a daily, weekly and monthly basis for the fare type embedded in each TAP card. This application could also work on TAP applications on smart phones and smart watches. Although the technology could enable elimination of cash, the proposed policy envisions continuation of acceptance of cash for those that do not purchase an appropriate TAP card.

Going forward, we believe that each potential policy should be examined from the perspective of how

---

they can become collaborative rather than competing in their policy objectives.

**SUBJECT: FARE CAPPING VS FARELESS SYSTEM POLICY QUESTIONS**

**RECOMMENDATION**

APPROVE Motion by Directors Butts and Barger that the Board direct the Chief Executive Officer to:

- A. Endorse the development of a budget and timeline for Fare Capping options that can be phased in over time and return with a status report in the same cycle as the Fareless System Initiative status report in the November-December Board cycle;
- B. In the same Board cycle(s), explore the financial ramifications of implementing a phased vs total Fareless System Initiative program
  - vis-a-vis a Fare Capping program with the Fareless System Initiative policy analysis being a factor in the preparation of the Fare Capping option report; and
- C. Answer the following questions when Metro staff return to the Board in the November-December cycle with both status reports on a Fareless System Initiative Policy recommendation:
  1. How much annual fare revenue is collected for each fare category?
  2. What is the capital cost for fare collection and enforcement equipment and how often must the equipment be replaced and rehabilitated?
  3. What is the estimated annual net operating cost of fare collection for each fare category (fare revenues minus (fare media printing and distribution, fare collection and enforcement, fare collection equipment maintenance and operations, fare enforcement)?
  4. What ridership growth could be anticipated from a free fare or from just capping fares respectively?
  5. What incremental service would be required to accommodate either fare policy under pre-COVID 19 bus load assumptions and long-term social distancing load assumptions?