



Board Report

File #: 2022-0740, **File Type:** Fare / Tariff / Service Change

Agenda Number:

**REGULAR BOARD MEETING
DECEMBER 1, 2022**

SUBJECT: FARE CAPPING & FARE CHANGE

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. RECEIVING AND FILING comments from the public hearing conducted by the Board of Directors on Monday, November 14, 2022 (Attachment A & A1);
- B. ADOPTING Option 1 - a modified fare restructuring plan including fare capping, new fare pricing, and fare policy changes (Attachment B) (REQUIRES TWO-THIRDS VOTE OF THE BOARD);
- C. APPROVING the results of the fare equity analysis for the modified fare restructuring plan (Attachment C);
- D. ADOPTING resolution in accordance with the California Environmental Quality Act (CEQA) finding that the purpose of the modified fare restructuring plan is to pay operating expenses (Attachment D);
- E. APPROVING the finding that the proposed fare restructuring plan is statutorily exempt from CEQA under Sections 21080(b)(8);
- F. AUTHORIZING the Chief Executive Officer to file a CEQA Notice of Exemption (NOE) for the fare restructuring plan with the Los Angeles County Clerk; and
- G. AUTHORIZING the Chief Executive Officer to extend the sale of promotional passes at 50% of the cost of full price passes through June 30, 2023, as a continuation of Motion 36: Emergency Relief (Attachment E), or until fare capping is launched, whichever is earlier.

ISSUE

In May 2020, the Metro Board of Directors approved Motion 36, "Emergency Relief" by Directors Garcetti, Solis, Hahn, Kuehl, and Butts (Attachment A). The motion instructed staff to initiate

promotional pricing at 50% off full-price day passes, 7-day passes, and 30-day passes when fare collection resumed and to report back with recommendations for permanent reductions to the cost of full-price passes. Motion 36 also directed staff to report back with an implementation plan for a fare capping/best fare system that allows riders to take advantage of passes that promote affordability, with break-even points in line with industry standards. The modified fare restructuring recommendation (Attachment B) includes fare capping, fare pricing changes, and additional fare policy elements to simplify the fare structure and maximize the benefits of fare capping for Metro customers. The final staff recommendation is based on consideration of public input via mail, email, stakeholder outreach, and the public hearing. If these changes are adopted, the result will be a system where no rider ever overpays, and our most frequent riders pay less.

BACKGROUND

In September 2020, staff provided a report (File ID 2020-0565) on the evaluation of fare capping for Metro in response to Motion 36, "Emergency Relief: Full Price Passes," as part of a strategy to provide economic relief for customers during the COVID-19 crisis. Fare capping is a simpler system where no rider ever overpays.

In March 2021 (File ID 2022-0704), the Board of Directors approved moving forward with the fare capping pilot and delegated authority to the CEO to execute project-related contract awards, including contract modifications, to implement fare capping.

In June 2022, staff provided an update on the fare capping timeline (File ID 2022-0351).

In September 2022, an oral report, Fare Capping Update (File ID 2022-0664), was presented to the Board.

In compliance with federal public hearing requirements and Metro policy, the Board held a public hearing and received public testimony regarding the proposed fare changes. In addition, public comment was received at regular Metro Service Council meetings held in October and November, various stakeholder meetings open to the public as described in the body of this report, and at the Budget Telephone Town Hall held on October 18, 2022.

Transit Operations Overview

Preliminary Near-Term Forecast

The updated Preliminary Near-Term Forecast reveals Metro's financial position is improving, but there are challenges in the 3-year horizon. Revenues and resources are forecasted to be higher due to increased sales tax projections driven by economic recovery and inflation but offset by a multitude of increased expenses, specifically in the Metro Transit program. For Metro Transit, the electrification efforts escalating in the near term, the increasing labor costs, and the continuation of costs due to new lines opening and initiatives from FY23 will further increase expenses and capital outlay. The increased cost of operating new rail lines will require additional funding. There are other programs that are utilizing operations eligible funding, such as Metro Micro and Access Services, that further

stretch Metro's budget. Without new revenue sources, fare revenues are necessary to support transit operations. Metro's advocacy for fareless funding at the federal and state levels was unsuccessful over the last 18 months.

Starting last year, the CEO initiated the Equitable Zero Based Budgeting (EZBB) process that helped reveal issues and problems early and provided an opportunity for Metro to respond, which began the work of mitigating Metro's financial challenges. Along with the FY23 EZBB process, the CEO directed senior staff members to create Task Forces in areas of Bus/Rail Costs, Optimal Service Design, and Capital Cost Mitigation towards improving cost controls and creating a culture of fiscal discipline which should mitigate these challenges as we implement their recommendations in the near- and long-term horizons.

Local Sales Taxes

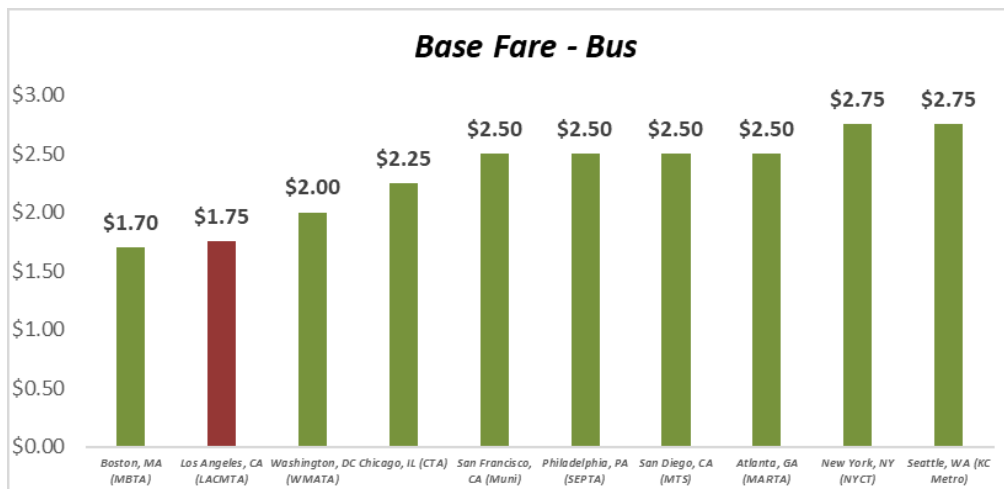
Sales taxes make up more than half of Metro's annual budget. These sales taxes are essential to the work that Metro does for LA County and have defined uses for these funds. About 33% of funding goes directly to the cities and transit operators throughout LA County. Another 34% goes to transit construction and multimodal projects to build out the transit network.

About 25.5% of sales taxes are dedicated to Metro transit operations. Any available flexible funding is also being used to fund Metro operations. Absent federal stimulus funding, local sales taxes funded about 50% of our transit operations budget. Prior to the pandemic, the fares covered about 18% of transit operating costs. Currently, fares cover only 5% of transit operating costs, but the federal stimulus funding has made up for the loss in fares. With the one-time federal stimulus funding now exhausted, revenues to support the transit operations are necessary.

The proposed fare change is projected to generate \$145 million in fare revenues, which is below the fare revenues collected pre-pandemic of \$250 million.

Lowest Fares in the Nation

Metro's base fare is \$1.75 and includes 2-hour transfers on TAP. As shown in the table below, Metro's fare is among the lowest in the nation.



Most of Metro's peer agencies across the country have a base fare of over \$2.00. While MBTA's bus fare is slightly lower than Metro's at \$1.70, their rail system charges a premium fare of \$2.40, significantly more than Metro's systemwide fare of \$1.75. In addition to the low base fare, Metro provides financial relief to low-income riders by offering subsidized passes and free trips to over 190,000 participants in the LIFE Program.

DISCUSSION

The overall goal of the fare capping and the fare change proposal is to expand mobility and increase access to opportunity through a simple, equitable, and forward-looking fare structure that supports a sustainable transit system. One key aspect of delivering on that vision is creating a fare structure that's easy to use, is equitable and sustainable. The staff recommendation improves economic relief for riders who need it most and simplifies the experience of using transit. The suite of changes proposed will deliver overall value for the citizens of L.A. County. Staff is recommending fare changes to ensure they are affordable, accessible, simple, and sustainable.

Current Fares

- Metro's current fare system is complex and confusing
- Metro's many pass types are confusing to customers
- Metro's discounted fares are not applied equitably, with some receiving disproportionately deeper discounts than others (specifically, monthly pass holders, business/employer issued)
- Metro's customer experience research confirms that riders want a simple system that doesn't require a significant upfront investment

Modified Fare Restructuring Benefits

- Helps our riders by creating a simple way of paying fares
- Helps our low-income riders, who ride frequently and depend on transit
- Helps our riders by making fares more affordable
- Helps ensure a sustainable, quality, and expanded transit system

-
- Helps all LA County riders by preparing for regional expansion of fare capping

Recommended Fare Policy Changes

The following proposal was developed to simplify Metro's current fares and increase fare equity on Metro bus and rail. See Figure 1 below and Attachment B for a comparison of current adopted fares vs. the proposed changes. If approved, the following policy changes (A-G) will be implemented in Summer 2023 or sooner. Policy changes in A-C respond to Motion 36, directing staff to provide recommendations for permanent reductions to the cost of full-price passes that promote affordability by making break-even points more in line with industry standards and a plan to allow riders to take advantage of pass products without having to put up money upfront.

A. Implementation of Fare Capping

- With fare capping, customers who pay with TAP would load Stored Value and pay per ride on Metro bus and rail. Paid rides will never exceed a daily and weekly dollar cap (Figure 1 below), after which the customer will ride free for the rest of that time period.
- Daily dollar cap will be set at 2-3 times the base fare, and weekly dollar cap will be set at 8-10 times the base fare.

B. Transition Metro Passes to Fare Capping

- With fare capping, Metro passes, such as the Metro 1-Day, 7-Day, and 30-Day, are no longer necessary. Instead, customers will load Stored Value and pay per ride. Customers will receive unlimited free rides once the daily or weekly dollar cap is met.
- Based upon public input, the weekly dollar cap will **not** be fixed to start on a certain day (from Monday through Friday, as originally proposed) but will float to follow the rider's travel pattern. For example: Rider A begins their work week on Friday, and by Monday, they have met their weekly cap and can now travel free through Thursday. Rider B starts their work week on Tuesday, and by Friday, they have met their weekly cap and can now ride free through Monday. The flexibility of the start date will significantly enhance the rider's experience and provide the same potential benefit to all riders based on their individual travel patterns.

C. Modified Fare Restructuring Recommendation

Based on public comments, Metro's final recommendation is to keep the base fare at \$1.75, to include the 2-hour transfers, and to lower the daily and weekly cap amounts to align with the recommended multipliers (daily cap at 2 to 3 times base fare, and weekly cap at 8 to 12 times base fare).

- Base fare for full fare riders will be \$1.75 and will include 2-hr, one directional transfers

on TAP stored value

- Base fare for all reduced fare groups (Senior/Disabled, Students K-12 and College/Vocational) will be \$0.75 and will include 2-hr, one directional transfers on TAP stored value
- Full fare riders using TAP will have a \$5 daily dollar cap and an \$18 weekly dollar cap
- Reduced fare riders using TAP (Seniors/Disabled, Students K-12 and College/Vocational) will have a \$2.50 daily dollar cap and \$6 weekly dollar cap.
- Off-peak pricing for Senior/Disabled Reduced Fare riders between 9 am and 3pm will be eliminated.

D. LIFE Program (Low-Income Fares is Easy Program)

To help lessen the financial burden of transit fares on low-income riders, Metro's strategy is to use direct subsidies targeted to riders with the greatest financial need. The program provides free rides to program participants and bases its eligibility on specified income level thresholds. Metro LIFE participants currently must choose between free 20 rides or a discount of passes. This proposal now allows Metro LIFE participants to receive the free 20 rides and participate in fare capping.

- Free 20 rides fare product will continue for all LIFE riders, and once the 20 rides are taken, Metro LIFE riders will pay per ride until they reach the daily or weekly dollar cap in their rider class. Metro LIFE riders will also participate in fare capping and will no longer pay upfront for a pass.

Since LIFE is a regional program, the free rides benefit not only Metro riders but also low-income riders on participating municipal and local operators throughout LA County.

E. Lower fares on Metro J Line (Silver) and Express Bus

- All zone upcharges will be eliminated. There will be one base fare across all Metro bus and rail services.

F. Increase the life of the TAP Card and Continue Free Cards for Reduced Fares, TAP app, and Apple Wallet

- The expiration on all new TAP cards will increase from 10 to 15 years. Free TAP cards will be available through the Reduced Fare and LIFE programs and through the TAP app and Apple Wallet.

G. Adopt a comprehensive fare policy that defines pricing and adjustments to lead to minor,

predictable, and transparent fare changes.

- Recalculate base fare every 4 years based on inflation (Consumer Price Index), rounded to the nearest \$0.25.
- Fare policy changes will be re-evaluated during the budget process, with public hearing or notification to be conducted during Metro’s budget process to inform the public about the proposed Automatic Inflater.

Figure 1: Proposed Fare Pricing Changes

Rider Category & Fare Product	Adopted Pricing	Public Hearing	Option 1: Same Base Fare (w/transfers)
Regular Fare			
Base Fare	\$1.75	\$2.00	\$1.75
Day Pass / Daily Cap	\$7.00	\$6.00	\$5.00
7-Day Pass / Weekly Cap	\$25.00	\$20.00	\$18.00
30-Day Pass	\$100.00	Not Offered	Not Offered
30-Day Pass Zone Upcharge	\$22.00	\$0.00	\$0.00
Senior/Disabled			
Base Fare	\$0.75 / \$0.35	\$1.00	\$0.75
Day Pass / Daily Cap	\$2.50	\$3.00	\$2.50
7-Day Pass / Weekly Cap	Not Offered	\$8.00	\$6.00
30-Day Pass	\$20.00	Not Offered	Not Offered
K-12 Student & College/Vocational			
K-12 Base Fare	\$1.00	\$1.00	\$0.75
College/Vocational Base Fare	\$1.75	\$1.00	\$0.75
Day Pass / Daily Cap	Not Offered	\$3.00	\$2.50
7-Day Pass / Weekly Cap	Not Offered	\$8.00	\$6.00
K-12 Student 30-Day Pass	\$24.00	Not Offered	Not Offered
College/Vocational 30-Day Pass	\$43.00		
LIFE FREE Trips	20 FREE	30 FREE	20 FREE
<i>Projected Revenues (\$ in millions)</i>		\$ 174.1	\$ 145.4
<i>Est. Projected Revenues @ full ridership (\$ in millions)</i>		\$ 217.6	\$ 181.8

California Environmental Quality Act (CEQA)

The California Environmental Quality Act (CEQA) does not apply to the restructuring of fares charged by public agencies, which the public agency finds are for the purpose of meeting operating expenses. Metro's proposed fare changes will be used solely to pay its operating expenses, including wages and fringe benefits, fuel costs, and insurance reserves. Therefore, the proposed fare restructuring plan falls within a statutory exemption and is not subject to CEQA. Before Metro adopts the proposal, CEQA requires that the Board make written findings to support the fact that the rate changes fall within the statutory exemption. If adopted by the Board, the Resolution (Attachment E) constitutes Metro's written findings.

Extend Sales of Half Price Promotional Passes

Motion 36, "Emergency Relief" by Directors Garcetti, Solis, Hahn, Kuehl, and Butts (Attachment A), instructed staff to initiate promotional pricing at 50% off full-price day passes, 7-day passes, and 30-day passes. In June 2022, the Board approved an extension of the sale of promotional 50% off pricing through December 2022.

To avoid a significant pass price increase to riders when the promotion expires, staff is requesting an extension of the 50% off pricing through June 30, 2023, or until fare capping is launched, whichever is sooner.

Stakeholder Outreach

The Fare Capping and Fare Change outreach began in October 2022. The landing page on metro.net provided information about the Fare Capping and Fare Change, Public Hearing Date, Regional Service Council meeting schedules, and subcommittee schedules and allowed the public to submit comments to simplefares@metro.net <mailto:simplefares@metro.net>. A Telephone Town Hall was conducted on October 18, 2022, to solicit additional comments from the public.

Staff provided a Fare Capping and Fare Change presentation at all five Metro Service Councils and other meetings for stakeholder groups, including but not limited to the Technical Advisory Committee, Policy Advisory Committee, Bus Operations Subcommittee, Local Transit Systems Subcommittee, Streets, Freeways Committee. In addition to the meetings listed above, staff was invited to present to Metro's Accessibility Advisory Committee and Slate-Z.

A summary of the stakeholder briefings conducted throughout the outreach process is included in Attachment F.

Public Outreach and Marketing

"Cash to TAP" campaign

A thorough marketing and public information campaign will be necessary to ensure customers understand fare changes and the benefits of fare capping. The communications strategy began Fall of 2022 with a regional preparation campaign, with the goal of first converting cash customers to TAP. This "Cash to TAP" campaign educates riders on the benefits of using TAP and highlights the many

locations in LA county where riders can buy TAP cards and load fare. This will ensure cash paying customers become familiar with TAP and enjoy existing benefits before implementing fare capping. The campaign is evergreen, and messaging will be updated periodically based on campaign effectiveness. This campaign is being promoted throughout traditional print and digital channels and will be available in English and Spanish. Additionally, digital ads are geo-targeted to riders near high cash paying bus lines and stops. As the campaign progresses and the messages are updated, key print pieces, such as rail posters, bus cards, and take ones, will also be available in Armenian, Chinese, Japanese, Korean, Russian, and Vietnamese. For a full list of campaign tactics, please refer to Attachment G. Staff will report back in March 2023 on the status of our efforts to convert cash paying customers to TAP and the results of our outreach and focus groups, the status of our fare capping marketing plan and messaging, and an evaluation of the benefits of working with the California Integrated Travel Project (Cal-ITP).

Cash riders - Focus Groups, surveys, and interviews

Additionally, a comprehensive research plan is in progress to learn why some riders pay with cash instead of TAP and what would incentivize these riders to use TAP. The plan includes a mix of focus groups, in-depth interviews, and multiple in-person and online surveys with cash- and TAP-paying, English- and Spanish-speaking Metro riders. The interviews and surveys include questions about ridership, how and when they use cash or TAP to pay their fare, and if they frequent TAP vendors. For a full list of market research efforts and timeline, please refer to Attachment H.

Fare Capping education

By Summer 2023, a fare capping marketing and information campaign will launch to officially introduce fare capping and approved fare changes to all riders and communicate the exact launch date. This final, formal message will be chosen after extensive testing with both English and Spanish speaking cash and TAP paying riders. This will ensure that the final message is understandable, clear, and effective. Additional messages will be rolled out based on the findings of the focus groups with speakers of languages other than English or Spanish.

Additionally, staff is developing targeted messages to market discount programs to Reduced Fare and LIFE riders and identifying new customer touchpoints at fare purchase points to streamline the application process, increase the opportunities to apply for reduced fares, and get Reduced Fare TAP cards into customers' hands faster.

The formal launch campaign message will be promoted through traditional print and digital channels, including important customer education tools, such as video tutorials and in-depth FAQs. Key materials will be available in English, Spanish, Armenian, Chinese, Japanese, Korean, Russian, and Vietnamese. For the initial plan, please see Attachment I.

Distribution of Free TAP cards

Free TAP cards will be distributed to customers before the fare capping implementation, which has proven to be a successful strategy for past campaigns. The distribution of these free TAP cards will target high cash paying bus stops, social service agencies, and community events.

Summary of Public Comments

Out of an estimated customer base of over 870k daily transit riders, over 700 comments were received on the fare proposal.

On Monday, November 14, 2022, a public hearing on fare capping and fare changes was held with a quorum of the Metro Board of Directors. The virtual public hearing had 102 people in attendance, where 77 people offered testimony, including 6 Spanish speakers.

In addition to the verbal testimony at the Public Hearing, 630 emails and other written comments were submitted into the public record on this subject. Collectively, 707 responses on the fare proposal were received by the close of the public record through midnight, November 14, 2022.

For a detailed summary of the public hearing results, see Attachment A.

DETERMINATION OF SAFETY IMPACT

This Board action would have no impact on safety standards for Metro.

FINANCIAL IMPACT

Adopting the fare restructuring plan would result in an estimated \$145 million in annual fare revenues, an increase of \$39 million over the FY23 Adopted Budget. Despite this increase, expected fare revenues of \$145 million are significantly less than pre-pandemic fare revenue of approximately \$250 million annually. If full ridership returned, projected revenues are estimated at \$181 million.

Impact to Budget

Fare capping is expected to launch in the Summer 2023 or sooner. There is no impact on the FY23 budget.

EQUITY PLATFORM

FTA guidelines require transit providers to complete a Fare Equity Analysis for all fare changes to evaluate effects on low-income and minority populations. The formal Fare Equity Analysis for the proposed fare changes has been completed and is included in this report as Attachment C.

The analysis found a disproportionate burden to low-income riders who would use the Senior/Disabled Weekly Cap. To mitigate this impact, Metro will:

- Implement fare capping, an equitable pay-as-you-go fare payment system that provides the benefits of an unlimited use pass without the need to pay upfront
- Increase outreach to low-income Senior/Disabled riders to ensure all who are eligible receive the monthly benefits of 20 free rides provided under the program.

For all other fares with proposed pricing changes, there is no disparate adverse impact on minorities,

nor a disproportionate burden on low-income passengers attributable to the proposed changes.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Adoption of the proposed fare changes would support the following:

- Strategic Plan Goal #1: Provide high quality mobility options that enable people to spend less time traveling as part of an effort to manage transportation demand through fair and equitable pricing structures
- Strategic Plan Goal #2: Deliver outstanding trip experiences for all users of the transportation system by improving legibility, ease of use, and trip information on the transit system

ALTERNATIVES CONSIDERED

The original proposal to replace internal transfers with fare capping was designed as part of the complete overhaul and simplification of the fare system. Currently, transfers are only good for travel in one direction for a period of up to 2 hours.

Fare capping is simple as it automatically calculates the number of trips necessary to reach unlimited free rides, whether for the day or the week. The intent was to make it simple for riders riding our system, tap 3x a day, and the rest of your rides are free as opposed to mixing transfers with fare capping and potentially creating customer confusion by not knowing exactly when a daily cap is earned. Additionally, as Metro plans to expand fare capping and move toward a regional fare that would allow for seamless travel in LA County across all operators, it was fundamental to keep the fares simple with the removal of internal and later interagency transfers.

Transfers

Based on the comments received at the public hearing, stakeholder meetings, and via mail/email, the fare change proposal released prior to the public hearing has been revised to maintain the free two-hour transfers for riders paying fare with a TAP card.

At the public hearing of November 14, 2022, an overwhelming majority of the comments requested that transfers remain. Many participants cited that their daily commute costs would increase to \$6 per day if transfers were eliminated. Although they would reach the day cap level at that point, they would spend at least \$3 more each day than they do now.

Increase Base Fare with continuation of Transfers

Because Metro's transit system and services depend on transfers, the fare structure should support the Metro transit services, and as such, transfers should continue to be included in the use of base fare on TAP. Maintaining transfers may become an issue when we expand fare capping and move toward a seamless regional fare system. With each operator having different fare pricing and transfer policies in place, the region will need to consider transfers, pricing, and policies across all operators.

Financial projections indicate that retaining the inclusion of transfers will result in a reduction of \$10-

12 million in projected annual fare revenues.

Increase base fare and Reduce caps in lieu of transfers

Based on public feedback, staff considered an alternative to reduce the daily cap to just two paid trips per day. A daily rider would reach their daily cap after two paid trips as opposed to three, significantly lowering their cost while earning unlimited rides faster. With just two paid trips per day, riders would be able to transfer as often as they want during that day with no time or direction restrictions. Under the public hearing proposal, riders' stated their daily commute (round-trip with transfers) would be \$6 (daily cap). Under this alternative, , their commute will be \$4, and they will now have free rides for the rest of the day, providing freedom of movement and unlimited transfers at a very low price.

This alternative not only reduces the daily cap but also reduces the weekly cap to eight paid rides a week, which will incentivize ridership and reward frequent riders of our system. This also maintains the simplicity of fare capping and allows for easier expansion of fare capping to all TAP operators and achieving seamless regional fares throughout the region.

Base Fare increase

The proposal to increase the base fare by \$0.25 was to help ensure that Metro could continue to provide a quality transit service now and for our expanding transit service. During the pandemic, transit agencies relied on the support of the federal relief packages to mitigate the loss in fares, to continue to provide transit service, to address covid related expenses, and to preserve jobs. FY23 represents the last year of this one-time funding, and the modest increase was intended to be reinvested into transit service. While the economy is improving and sales taxes may be exceeding budget projections, it does not replace the one-time federal relief funding that Metro will not have in the upcoming years.

The base fare increase was specifically designed to help the low-income riders in the LIFE program. Per Board direction, the LIFE program implemented many changes to make it more accessible and more affordable. Metro has doubled the number of participants in the LIFE program and continues to offer new enrollees free 90-day passes. The estimated cost to expand the LIFE program is about \$15 million. Metro has partnered with DPSS to make enrollment even easier for eligible riders. The increase was intended to make it even more affordable to those that need it the most, our low-income riders, by offering 10 more free trips, for a total of 30 free trips a month.

The base fare increase was also designed to help mitigate the loss in revenues from the GoPass program. Fare revenue collected from K-12 and College/Vocational students was \$28 million annually. Metro's cost sharing partnerships with schools and ARPA funding mitigated the loss in revenues, however with the loss in ARPA funding, the partnership with schools is not enough to cover the costs of the program, but fares can help to mitigate some. Metro's estimated cost of the program, net of the cost agreements with schools shared across participating operators, is \$25 million.

While the revenues generated by the modest \$0.25 increase do not bring Metro back to pre-pandemic fare revenues of \$250 million annually, these revenues will be reinvested into the transit

system. These revenues can be used to:

- *Add Bus Service:* Add 2% more revenue service hours on bus
- *Transit Ambassadors:* Metro has currently invested \$40 million in the Transit Ambassador Pilot program to improve the customer experience, and make sure our riders feel safe. These revenues could be used to support the existing pilot and any improvements identified as we assess the program.
- *Electric Bus:* Funding for 4 electric buses
- *Cleaning:* Increase cleaning throughout the system

Financial projections indicate that the base fare increase results in \$16.7 million in projected annual fare revenues. As ridership recovers and with the expansion of our transit system, fare revenues generated will not only increase but will be a critical source of funding to support Metro's transit system.

No Fare Policy Adoption

Metro's current 50% promotional pricing for full fare passes is temporary, and a Title VI Fare Equity Analysis must be completed prior to the adoption of permanent fares. The FTA provided Metro with a Title VI waiver for up to 18 months, which will expire on June 30, 2023. If the proposed fare changes are not approved, the following alternatives must be considered:

1. The Board can choose to extend the 50% promo for only another 6 months through June 30, 2023 but must adopt permanent fares before the end of the extension, or the fares will revert back to the adopted pricing. Full price daily, weekly, and 30-day passes would return to \$7, \$25, and \$100, respectively.
2. The Board can choose not to extend the 50% promotion, and the temporary reductions to full price passes would expire on December 31, 2022. Full price daily, weekly, and 30-day passes would return to \$7, \$25, and \$100, respectively.

..Next_Steps

NEXT STEPS

Upon Board approval, staff would complete the final testing of TAP software upgrades and launch the marketing and communications plan as described in this report. Fare capping and the new fare structure would launch by Summer 2023 following extensive outreach and marketing campaigns.

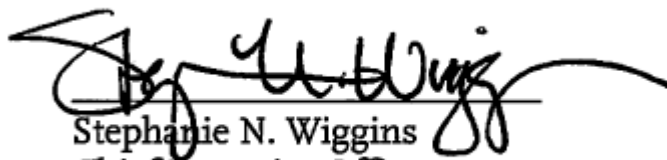
ATTACHMENTS

Attachment A - Public Comment Summary
Attachment A1 - Public Hearing
Attachment B - Fare Restructuring Proposal

Attachment C - Fare Equity Analysis
Attachment D - CEQA Statement
Attachment E - Motion 36: Emergency Relief
Attachment F - Alternatives Considered

Prepared by: David Sutton, Senior Executive Officer, Finance - TAP (213) 922-5633
Michelle Navarro, Senior Executive Officer, Finance (213) 922-3056
Koreyne Clarke, Senior Manager, Budget (213) 922-2801
Kyle Holland, Deputy Executive Officer, Finance - TAP (213) 922-2446

Reviewed by: Nalini Ahuja, Chief Financial Officer, (213) 922-3088
Nicole Englund, Chief of Staff, (213) 922-7950



Stephanie N. Wiggins
Chief Executive Officer