



Board Report

File #: 2018-0051, File Type: Policy

Agenda Number: 5.

**FINANCE, BUDGET AND AUDIT COMMITTEE
MARCH 14, 2018
AD HOC CUSTOMER EXPERIENCE COMMITTEE
MARCH 15, 2018**

**SUBJECT: TRANSFER ON 2ND BOARDING CUSTOMER
READINESS EFFORTS**

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to:

- A. REPLACE Day Pass sales onboard bus with ability to purchase Stored Value and Metro base fare onboard bus;
- B. ELIMINATE tokens and transition to TAP;
- C. IMPLEMENT a consistent \$2 fee for TAP cards system-wide; and
- D. FIND that the proposed change in adding Stored Value sales aboard buses results in a Disparate Impact (See Attachment D) but there is substantial legitimate justification for the proposed change and there are no alternatives that would have a less disparate impact on minority riders.

ISSUE

Onboard bus TAP Day Pass purchases have declined by over 85% since October, 2011. In comparison, Stored Value fare payments are growing and are expected to increase significantly once Transfer on 2nd Boarding is implemented. With approval, onboard Day Pass sales will be replaced with the ability to purchase or reload TAP cards with either Stored Value or base fare at the farebox. This change will align internal efforts with customer demand and make it easier for customers to purchase fare and travel throughout LA County. Day Pass sales will continue to be available online at taptogo.net, by calling 866.TAPTOGO, at Metro Customer Centers, at TAP vending machines located at Metro rail, Silver Line and Orange Line stations, at El Monte Transit Center, at Patsaouras Bus Plaza, and at over 400 TAP vendor locations.

Title VI Analysis for Adding Stored Value Sales onboard Bus

According to the Title VI analysis for adding Stored Value sales aboard bus (See Attachment D), this fare change confers a benefit on a group that is less minority than all riders and that creates a disparate impact. There is no financial barrier to prevent other users from joining the ranks of Stored Value bus riders, and it is expected that this disparate impact will correct itself very quickly due to benefits that are available. There is no other fare structure or media change that could create this benefit and maintain current revenues. In order to proceed with the proposed action, the Board of Directors must pass a motion that there is a substantial legitimate justification for the proposed action, and that no other action having a lesser disparate impact would accomplish the objectives of the proposed action.

The popularity and added security of TAP cards and the elimination of the discounted fare for Metro tokens has caused tokens to become obsolete. At one time, a token was good for one ride at a discounted rate but now a token is worth the same as the regular base fare of \$1.75. Transitioning token customers to TAP will provide customers with faster and safer boardings. Customers will no longer have to search for tokens but will quickly touch their TAP cards to the farebox to board. Registered TAP cards can be replaced if lost or stolen.

The price of TAP cards vary depending on the purchase method. The TAP card cost is \$2 when purchased online, by phone, at a Metro Customer Center or at a retail vendor and \$1 if purchased at a TAP vending machine or on a Metro bus. The actual cost of a TAP card is about \$2 per card and includes producing the TAP card, and its handling and distribution. The discounted rate was introduced at a time to encourage the use of TAP and is no longer recommended. Making this cost to customers consistent across all point of sale locations will rectify inequities, improve customer understanding and encourage customers to retain and reuse their cards.

DISCUSSION

Transfer on 2nd Boarding was approved by the Board in June, 2015 (see Attachment A for Transfer on 2nd boarding Board Report) and is set to be implemented Spring 2018.

Transfer on 2nd Boarding refers to the approved regional interagency transfer policy that eliminates the need for paper transfers for customers transferring between agencies. Transfer fare will be automatically paid with a TAP card when boarding a second transit agency within 2.5 hours from the first boarding. Customers will benefit from faster boardings and will no longer need to carry exact change. TAP cards will be provided to support this improved method of interagency transfers.

1 Million Free TAP card Distribution

The Board approved 1 million free TAP card distribution will prepare customers for Transfer on 2nd Boarding. Additionally, it will also help customers during the transition of tokens to TAP as well as the

implementation of consistent \$2 TAP card cost. TAP staff is working on a distribution plan to ensure these free TAP cards are distributed strategically and efficiently. Distribution recipients include, 24 TAP partner agencies, over 400 TAP retail vendors, Social Service Agencies, Veterans Outreach groups, Metro Customer Relations and Community Relations staff, as well as a variety of Metro Service Planning projects that require TAP cards.

Replace Day Pass Purchases with Stored Value Onboard the Bus

Staff recommends replacing Day Pass sales onboard bus with Stored Value and base fare, (see ATTACHMENT B for onboard Day Pass sales). The findings from the Title VI analysis (see ATTACHMENT C for Title VI analysis for removing Day Pass sales onboard bus) conclude that there is no disparate impact on customers. The findings from the Title VI analysis on adding Stored Value does have a disparate impact because the group of riders who would benefit from the increased convenience of being able to add value to their TAP cards on buses is a significantly less minority when compared to Metro's overall ridership (see ATTACHMENT D for Title VI analysis for adding Stored Value on bus). Day Pass sales will continue to be available online at taptogo.net, by calling 866.TAPTOGO, at Metro Customer Centers, at TAP vending machines located at Metro rail, Silver Line and Orange Line stations, at El Monte Transit Center, at Patsaouras Bus Plaza, and at over 400 TAP vendor locations.

Token Transition to TAP

Staff recommends eliminating Metro tokens as a payment option because they are obsolete due to TAP technology. As token use continues to decline (see ATTACHMENT E for token sale analysis) the TAP card is proven to be a viable, cost effective replacement that enables simpler, safer and automatic farebox collection. A Title VI evaluation of the proposed action found no Disparate Impact as the minority share of token users is not significantly different from the minority share of TAP card users (see ATTACHMENT F for Title VI evaluation for the discontinuation of tokens). Additionally, tokens are no longer cheaper than the base fare, so there is no customer benefit to this method of fare payment. The proposed efforts help to ensure broad availability of TAP media in lieu of tokens, and the de minimis cost due to its 10 year lifespan of the TAP card substantially mitigates this impact.

The implementation plan for phasing out Metro tokens will take place over 18 months. The first 2 months will be dedicated to a customer friendly campaign notifying patrons of final token sale and use dates, and how to transition to TAP. During the third month, Metro token sales will end. However, tokens will be accepted for at least one year. This length of time ensures that customers can utilize their existing tokens and obtain a TAP card. Prior to termination of token sales, TAP will begin distribution of (Board approved) 1 million free TAP cards. Additionally, a special token replacement plan will be implemented for social service agencies and other heavily token-reliant programs.

TAP Card Price Consistency (\$2 everywhere)

Staff recommends that the cost of TAP cards be consistent by making them \$2 across all purchasing platforms (see TABLE 1). There will be an increase of \$1 to customers who purchase TAP cards

onboard the bus and at TAP vending machines located at rail and some bus stations. The extra cost of the TAP card is amortized over its life of about 10 years making the card cost de minimis (see ATTACHMENT G for Title VI evaluation for equalizing TAP card costs). If approved, this card cost consistency will be implemented no later than Summer 2018 following a six week customer facing campaign.

Table 1

	Taptogo.net	866.TAPTOGO	Metro Customer Center	TAP Vendors	TAP Vending Machines	Metro Bus
Current	\$2	\$2	\$2	\$2	\$1	\$1
Proposed	\$2	\$2	\$2	\$2	\$2	\$2

Notice of Public Hearing

Pursuant to Metro’s Administrative Code Section 2-50-025, the notice for this public hearing was provided to the general public as follows:

- Via Metro’s website, metro.net, on a rotating banner
- Via the public hearing landing page, information on proposed recommendations including the notice of public hearing (See Attachment H) and frequently asked questions (See Attachment I)
- Via social media (Facebook and Twitter posts)
- Via posts on The Source discussing proposed recommendations
- Via e-blasts to Metro general information and key stakeholders e-mail lists
- Via printed legal notice of public hearing, published 30 days before the hearing in the following periodicals:

Asian Journal (LA), CA
 Daily News Los Angeles, CA
 LA Opinion, CA
 Panorama, CA
 Rafu Shimpo, CA
 The Korea Times, CA
 World Journal (Chinese Daily News), CA

- Via Metro Briefs as an ad item
- Via a “Take One” brochure onboard Metro buses and trains in 10 Title VI languages
- Messages on hold on 323.GOMETRO

Additional outreach included presentations to the following groups:

- Community Relations All Staff Meeting- 9/22/2017
- Citizen's Advisory Council- 10/25/2017
- Bus Operator Subcommittee- 12/5/2017
- Regional Service Council- 12/13/2017

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

Additional Efforts

Efforts are in progress to increase TAP card accessibility and to ensure TAP operator readiness for implementation of Transfer on 2nd boarding. TAP vendor recruitment efforts have resulted in over 400 vendor locations including 35 Los Angeles County Library locations. TAP plans to install an additional 52 Los Angeles County Library locations within the next year along with a 16 vendor pilot with 7-Eleven. Other efforts include distributing (Board-approved) 1 million free TAP cards and providing technical, and customer communications support to 24 TAP partner agencies.

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DETERMINATION OF SAFETY IMPACT

Reducing the use of cash and increasing TAP use will enhance safety by speeding up boardings. TAP also provides registered cardholders with the benefit of Balance Protection to safeguard their TAP purchase against loss or theft.

FINANCIAL IMPACT

The proposed recommendations are within the limits of FY18 adopted budget. No additional funds are required.

ALTERNATIVES CONSIDERED

The Board could choose not to approve any of the aforementioned recommendations, however this action would not be recommended or consistent with the Board approved Transfer on 2nd Boarding mitigation strategies.

NEXT STEPS

Upon Board approval, staff will execute the following internal and external customer readiness efforts to support seamless implementation of Transfer on 2nd Boarding and fare collection efficiencies (see Attachment K for implementation timeline). Additionally, staff will work with appropriate Metro departments to implement incentives and rewards for customers who pay fare using a TAP card.

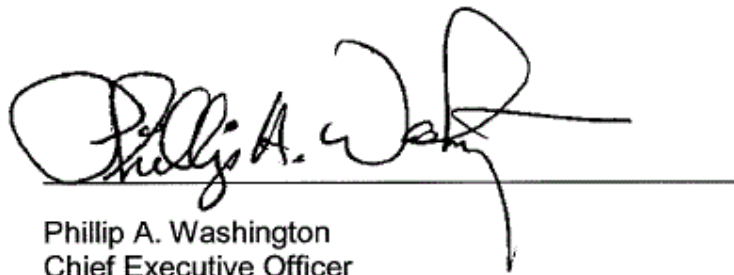
ATTACHMENTS

Attachment A - Transfer on 2nd Boarding Board Report

Attachment B - Decline of Onboard Day Pass Sales
Attachment C - Title VI analysis for removing Day Pass sales onboard bus
Attachment D - Title VI analysis for adding Stored Value on bus
Attachment E - Token sale analysis
Attachment F - Title VI Evaluation of Discontinued Tokens
Attachment G - Title VI Evaluation for \$2 TAP card pricing
Attachment H - Notice of Public Hearing
Attachment I - Frequently Asked Questions
Attachment J - Results of Public Hearing Summary
Attachment K - Implementation Timeline

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