



Board Report

File #: 2017-0183, File Type: Policy

Agenda Number: 11

REVISED
FARE SUBSIDY PROGRAM PUBLIC HEARING
FINANCE, BUDGET AND AUDIT COMMITTEE
MAY 17, 2017
EXECUTIVE MANAGEMENT COMMITTEE
MAY 18, 2017

SUBJECT: NEW LOW INCOME FARE SUBSIDY PROGRAM**ACTION: APPROVE RECOMMENDATIONS****RECOMMENDATION**

APPROVE:

- A. a new low income fare subsidy program to replace the Rider Relief Transportation Program (RRTP) and Immediate Needs Transportation Program (INTP), with an estimated year one budget of \$14 million, and;
- B. the Title VI Analysis for the new program.

ISSUE

We are consolidating and expanding our existing fare subsidy programs to increase subsidies and transit benefits to our low-income riders who need it the most.

The new program will focus on low income riders in Los Angeles County and is the merger of current fare subsidy programs, RRTP (Rider Relief Transportation Program) and INTP (Immediate Needs Transportation Program). The new program will incorporate the benefits offered separately under each program into a unified subsidy program for low-income individuals, while preserving special transit and taxi benefits for specific trip purposes through an agency-centered element. The program will utilize funds from the existing programs and additional Measure M revenues to offer additional subsidies to program participants, with a total estimated FY18 budget of \$14 million - \$5 million from INTP, \$5 million from RRTP, and a ~~projected~~ potential \$4 million in new sales tax revenues from at least 25% of the 2% of the Measure M funds for discounts to seniors and students (subject to Board approval of Measure M guidelines and future Board action to program funds).

Future year budget will be adjusted based on Measure M revenues (current year receipts and any

unspent funds from prior year), as well as the \$10 million from the INTTP and RRTP.

All elements of the INTTP and RRTP operating guidelines including administration, cost and functions, as previously approved by the Board, will remain in effect until the new fare subsidy program is fully implemented and new third party administrators are in place.

The Title VI analysis performed for the new program found no disparate impact and no disproportionate burden. The full Title VI analysis is included in Attachment A.

BACKGROUND

The proposed program reflects the culmination of a multi-year effort to improve the RRTP and INTTP which are 10 years and 25 years old, respectively. Over their duration, minor changes have been made to the programs but they have generally not kept pace with technological or policy advancements in the Metro system. The new program reflects the feedback, both formal and informal, of our customers, participating agencies, third party administrators, third party pass sales vendors, municipal operators, and affected Metro departments as to the efficiency and effectiveness of the two current programs. Formal customer and agency surveys together with detailed analysis of token utilization and coupon distribution/redemption, and the input of customers gathered throughout the years by Metro staff and program administrators were critical to the formulation of the new program elements. Key deficiencies in the current programs, namely level of benefits, reliance on physical fare media (tokens and coupons), limited access to redemption locations, and no TAP integration have been addressed in the new program.

In FY2015, per Board Motion, an APTA peer review panel was convened to evaluate the agency's fare restructuring strategies. As part of their process, the panel also reviewed the RRTP fare subsidy programs and offered some recommendations for their improvement. The new program incorporates these recommendations.

DISCUSSION

The new program is built upon the successes and lessons learned of the current fare subsidy programs, INTTP and RRTP (please see Attachment B for program descriptions). The program will combine and increase benefits provided separately by each program today, while improving the customer's experience in applying for and utilizing program benefits. Projected efficiencies under the new program together with additional funds from Measure M will fund the expansion of subsidies to program participants, allowing Metro to provide more benefits to more low income riders. An estimated 50,000 individuals are served each month, receiving either tokens through the INTTP or pass discount coupons through the RRTP. The new program, at the \$14 million funding level, is projected to serve 66,000 customers each month.

Leveraging Measure M to Benefit Low Income Seniors and Students

In order to best utilize the Measure M monies available for senior and student discounts, these limited funds will be directed toward fare discounts or free rides to low income seniors and low income students. With the fare subsidy program described below, Metro is aiming to maximize the impact of the Measure M 2% program by providing fare subsidy benefits to the senior and student transit riders who need it most.

Current Program Benefits				
RRTP				
Pass Type	Pass Amount	Current Subsidy Amount per month	Subsidized Pass Price	% Off Pass Price
Regular Fare 30 Day	\$100	\$10	\$90	10%
Regular Fare 7 Day* once a month	\$25	\$10	\$15	40%
College/Vocational Pass 30 Day	\$43	\$6	\$36	14%
Student 30 Day Pass	\$24	\$6	\$18	25%
Senior/Disabled 30 Day Pass	\$20	\$6	\$14	30%
INTP				
<ul style="list-style-type: none"> Individual Benefits – Up to 20 tokens per month (average allocation is 10), or 2 taxi coupons (valued at \$11). Agency Benefits – Vouchers issued at agency discretion (value based on trip distance) 				
Total Budget	\$10 Million Annually			

Today, individuals must elect semi-annually in which program they wish to participate and, therefore, what subsidy they receive - pass discount or tokens. Additionally, any taxi coupon benefits they receive are deducted from their allowable token allotment for the month. Under the new program, there will not be a separate RRTP and INTP program. Low income individuals will be qualified annually and can choose a pass discount or ride benefit each month. Further, taxi allowances will be issued by approved agencies and will not impact an individual’s eligibility for transit assistance.

New Low Income Program Benefits <i>(to be phased in over the next 24 months)</i>				
Individual Benefits (Choice of one each month)				
Pass Type	Pass Amount	New Subsidy per Month	New Subsidized Pass Price	% Off Pass Price
Regular Fare 30 Day	\$100	\$24	\$76	24%
or	\$25	\$6	\$19	24%
Regular Fare 7 Day <i>(four weeks per month)</i>		<i>(four times per month)</i>		
College/Vocational Pass 30 Day	\$43	\$13	\$30	30%
Student 30 Day Pass	\$24	\$10	\$14	42%
Senior/Disabled 30 Day Pass	\$20	\$8	\$12	40%
20 Rides <i>(per month)</i>	<i>Option available as an alternative to pass purchase. Applicable to all rider categories</i>			
Agency Benefits				
<ul style="list-style-type: none"> • Taxi Coupons and/or Vouchers, not counted against individual benefits above. Some short term transit benefits are anticipated as well (e.g., day passes). 				
Total Budget	\$14 million in First Year			

Key features of the new program relative to the RRTP and INTP include...

- Consolidation of Transit Benefits for Individuals - RRTP provides a discount off a weekly or monthly pass while the INTP provides tokens for individual trips. Individuals may not participate in both programs so they must choose to register in one or the other, receiving either the pass discount or tokens. The revised program will allow participants to choose which benefit meets their needs each month. The first purchase made on the customer’s TAP card in each month will determine how the benefit will be used for that month - monthly pass, weekly passes, or 20 rides. Further, very few types of trips or trip purposes qualify for tokens under the INTP program. The revised program will no longer consider trip purpose, making all trips transit eligible.
- Increased Subsidy Amount - RRTP provides \$10 off a full-fare pass, and \$6 off a reduced fare

(senior/disabled, college/vocational, or student) pass. INTP provides an average of 10 tokens (rides) per person per month. Under the new program, customers may choose between a pass discount that will increase to \$24 for full-fare customers and \$13, \$9, or \$8 for reduced fare; or, a monthly ride benefit of 20 rides.

- Simplify Participant Eligibility Process - Customers are required to appear in person twice a year for RRTP coupon distribution, and monthly for INTP token allocation. Under the revised program, participant eligibility will be determined once per year at any time during the year to allow the customer to receive benefits for twelve consecutive months.
- Allow Benefit to be Applied to the U-Pass Program - The new program will include provisions to allow students to apply their program benefit toward their U-Pass purchased from their college or university when not subsidized by the school.
- TAP Integration - Today subsidies are provided in the form of paper coupons (RRTP) and tokens (INTP). When fully implemented, the new program will provide participant benefits through a customer's enrolled TAP card, streamlining and improving the experience for customers, agencies, vendors, and Metro staff.
- New TAP Ride-Based Option - Tying customer benefits to a TAP card allows for a new ride fare product to replace the tokens issued under the INTP today. Under the revised program, the customer can choose either a discounted pass product or the TAP rides each month. This enhancement will allow the customer no receive full benefit of the Metro two hour transfer that is not supportable with the tokens used today.
- Convenient Access to Program Benefits - Customers will be able to utilize taptogo.net as well as the entire TAP vendor network for redeeming their pass or ride benefits under the revised program.
- Agency Sponsored Trips for Immediate Needs Travel - A portion of the program will be dedicated to agency-specific benefits, and will retain a trip purpose requirement like the INTP today. This portion will provide access to taxi services and/or short term/immediate need transit (e.g., 2 rides or Day Pass) through approved agencies/organizations like hospitals and shelters to provide trips categorized by mobility or health limitations, urgency, or safety. A member's enrollment in the transit subsidy element of the new program will not prevent them from receiving these services initiated by an agency on their behalf. We will work with interested parties, including Access and community stakeholders, over the next two years to investigate additional service delivery models to address specialized transportation needs for disadvantaged individuals, including older adults and people with disabilities.
- Incorporating APTA Peer Review Recommendations - In FY2015, per Board Motion an APTA peer review panel was convened to evaluate the agency's fare restructuring strategies. As part of their process, the panel also reviewed the RRTP program and offered some recommendation for the improvement of the program. The new program incorporates these recommendations.

Implementation Timeline

The program will be phased in over the next two years, coinciding with the implementation of TAP enhancements to the regional vendor network. The first phase of the program will start with an increase in the subsidy value to be implemented during January 2018 coupon distribution. While monitoring the transit demand based on higher subsidy levels, we will modify the guidelines to correspond to the program revisions; evaluate and revise taxi service provisions; and work with the municipal operators participating in the RRTP. In FY19, we will also issue RFP for new administrators with a scope that is adapted to the functions and demands of the new program. Full implementation of the new program is contingent upon the completion of TAP enhancements and implementation of TAP vendor network improvements. Once completed, the vendor network will be capable of matching partial customer payments with the subsidy amount preloaded on their card and act upon their choice of fare instrument for the month. The current programs will continue their operation until the start of the new program.

DETERMINATION OF SAFETY IMPACT

There is no discernible safety impact.

FINANCIAL IMPACT

If the Board approves the program, FY18 funds for the Program will include \$10 million from INTP and RRTP and estimated \$4 million from Measure M 25% minimum of 2% for senior and student discounts (subject to Board approval of Measure M guidelines and future Board action to program funds). Since the \$4 million is an estimate, FY18 program budget will be adjusted based on actual proceeds of the Measure M revenues.

The FY18 proposed budget includes \$10 million, funded with Prop C 40%. Funding for the remaining \$4 million will be addressed once the Measure M funding guidelines have been approved.

Impact to Budget

The new program would be funded with Prop C 40% Discretionary funds, and pending approval of Measure M funding guideline and Board programming of Measure M 2% allocated to ADA paratransit and senior and student discounts. Any funds not spent in the fiscal year would be available for the following year's budget. Should program participation grow to a level that cannot be supported within the funding estimates, staff will return to the Board for additional guidance.

ALTERNATIVES CONSIDERED

The Board could elect not to approve these recommendations, and the additional Measure M funds could be channeled through either the existing RRTP or INTP programs to use the funds consistent

with the Measure M ordinance, or applied to another program/discount altogether. However, the benefits of the consolidated program with respect to higher benefit levels and an overall improved customer experience would not be realized.

NEXT STEPS

1. Prepare for coupon value increase affecting coupons distributed starting in December 2017 for use in January 2018 and following months.
2. Revise agreements with municipal operator partners.
3. Continue development of system infrastructure to support new administrative processes in coordination with TAP Operation.
4. Identify pilot vendor locations for TAP enhancements, and overall vendor rollout strategy in coordination with TAP Operation.
5. Rebrand and market the new program, including a comprehensive outreach campaign to raise awareness of available discounts.
6. Prepare training materials for participating agencies.
7. Discuss coordination opportunities with other jurisdictions, including the County of Los Angeles, that provide subsidized transit passes to their constituents.
8. Issue RFP for new third party administrators.

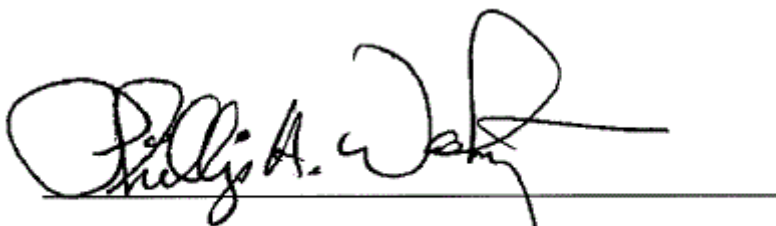
ATTACHMENTS

Attachment A - Title VI/Environmental Justice Evaluation

Attachment B - Description of Current Fare Subsidy Programs

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A handwritten signature in black ink, appearing to read "Phillip A. Washington", written over a horizontal line.

Phillip A. Washington
Chief Executive Officer