



Board Report

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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.

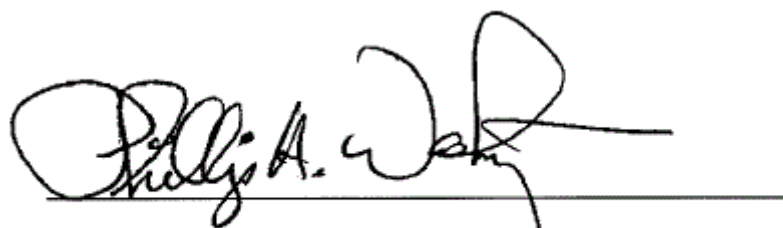
ATTACHMENTS

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

**TITLE VI / ENVIRONMENTAL JUSTICE EVALUATION
PROPOSED CONSOLIDATION OF RIDER RELIEF & IMMEDIATE NEEDS
PROGRAMS**

Introduction

Metro's Rider Relief program provides monthly transit subsidies to low income residents of cities and county unincorporated areas that do not offer such assistance to their residents. Coupons are provided to program participants that may be redeemed each month for a 30-Day Pass (EZ-Passes are also eligible) or a 7-Day Pass (if a Full Fare rider).

Metro's Immediate Needs program is administered directly to clients of several hundred social service agencies throughout the county. Metro contracts with FAME Assistance Corp. and International Institute of Los Angeles to manage and supervise these separate agencies. Assistance is provided on a pre-approved basis in the form of transit Tokens, taxi coupons, and taxi vouchers. Up to \$35 in transit Tokens may be provided to clients each month as well as provision of coupons or vouchers for taxi rides on a trip by trip basis.

Participants in both programs are subject to household income restrictions based upon the county's adopted poverty income guidelines, and cannot be otherwise eligible for Medical Assistance, City Ride, ASI, SHORE, or other General Relief transportation services.

Proposed Action

It is proposed to merge the transit benefits of both programs into a single, TAP-based program. The taxi benefits offered to some clients of the Immediate Needs program would be unaffected by this proposal. The transit benefits of both programs would be equalized, and may be broadened to include any county resident who meets the income guidelines, pending discussions with jurisdictions that offer similar benefits.

Because the new program would be TAP-based there would no longer be a need to maintain a Token program as the 20-ride alternative, which would be made available to everyone, could be implemented as a 20-ride credit to the TAP card. Furthermore, anyone choosing the 20-ride benefit would be able to take advantage of the free transfers afforded to any rider paying a single fare with a TAP card.

Additionally, the proposed program would offer increased subsidy benefits to anyone using the program to buy down the cost of a pass. For those choosing to apply the benefit to a 7-Day Pass, the proposed program would offer a subsidy toward four 7-Day

Passes within any month rather than the current program's limitation to one such pass in any month.

The existing transit benefits of both programs, and the proposed consolidated benefits of the proposed program, are depicted in Table 1.

TABLE 1

CURRENT AND PROPOSED PROGRAM BENEFITS RIDER RELIEF & IMMEDIATE NEEDS PROGRAMS		
Rider Category	Current Benefit	Proposed Benefit
Full Fare Adult (Rider Relief)	\$10 Coupon usable for: - 30-Day EZ-Pass, or - 30-Day Pass, or - One(1) 7-Day Pass per month	\$24 TAP Credit usable for: - 30-Day EZ-Pass, or - 30-Day Pass, or - Four(4) 7-Day Passes (\$6 credit toward each per month), or - 20-ride TAP credit (equiv. of \$35)
Full Fare Adult (Immediate Needs)	Up to \$35 in Tokens (20 tokens)	
Senior/Disabled/ Medicare (Rider Relief)	\$6 Coupon usable for: - 30-Day EZ-Pass, or - 30-Day Pass	\$8 Coupon usable for: - 30-Day EZ-Pass, or - 30-Day Pass, or - 20-ride TAP credit (equiv. of \$7 to \$17)
Senior/Disabled/ Medicare (Immediate Needs)	Up to \$35 in Tokens (20 tokens)	
Student (K-12) (Rider Relief)	\$6 Coupon usable for: - 30-Day EZ-Pass, or - 30-Day Pass	\$10 Coupon usable for: - 30-Day EZ-Pass, or - 30-Day Pass, or - 20-ride TAP credit (equiv. of \$20)
Student (K-12) (Immediate Needs)	Up to \$35 in Tokens (20 tokens)	
College/Vocational (Rider Relief)	\$6 Coupon usable for: - 30-Day EZ-Pass, or - 30-Day Pass	\$13 Coupon usable for: - 30-Day EZ-Pass, or - 30-Day Pass, or - 20-ride TAP credit (equiv. of \$35)
College/Vocational (Immediate Needs)	Up to \$35 in Tokens (20 tokens)	

Evaluation of Proposed Action

Since all of the participants in the Rider Relief and Immediate Needs programs will receive increased benefits under the proposed consolidated program, this evaluation will focus on any differences between program participants and other transit riders.

The demographics of Rider Relief and all Metro riders (System) are depicted in Table 2.

TABLE 2

RIDER RELIEF MINORITY & POVERTY PARTICIPATION				
	System	Program	Absolute % Diff.	Relative % Diff.
Minority Share	90.3%	94.3%	4.0%	4.4%
Poverty Share	59.1%	100.0%	40.9%	69.2%
Program Shares - FY2017 through Nov 2016				
System Shares from Spring 2016 Customer Satisfaction Survey				

Because Rider Relief participants have a higher minority participation than Metro's system there will be *no Disparate Impact* from providing added benefits to the group. Similarly, because all Rider Relief beneficiaries must have poverty level household incomes, the Poverty share of program beneficiaries is higher than the system share. Therefore, there will be *no Disproportionate Burden* imposed by the proposed program.

The demographics of Immediate Needs and all Metro riders (System) are depicted in Table 3.

TABLE 3

IMMEDIATE NEEDS MINORITY & POVERTY PARTICIPATION				
	System	Program	Absolute % Diff.	Relative % Diff.
Minority Share	90.3%	86.8%	-3.5%	-3.9%
Poverty Share	59.1%	100.0%	40.9%	69.2%
Program Shares - FY2017 through Jan 2017				
System Shares from Spring 2016 Customer Satisfaction Survey				

In this case, the Immediate Needs program has a lower minority participation than the Metro system. However, this difference is not considered significant because the absolute difference is less than 5% and the relative difference is less than 35% - the thresholds of significance adopted by the Metro Board for evaluating fare changes. Therefore, the proposed program will have *no Disparate Impact*. As was the case with the Rider Relief program, since all beneficiaries of these programs come from Poverty household there will be *no Disproportionate Burden* imposed by the proposed action.

Description of Current Fare Subsidy Programs

Rider Relief Transportation Program

The goal of establishing the RRTP was to help mitigate the impact of the fare adjustment on the neediest segment of the transit dependent population in Los Angeles County. The Program started its fare media distribution in April 2008, and in February 2009, the Board approved a motion to include the municipal operators who have raised their fares into the program. To date, ten operators have joined the program. Annually, \$5M is allocated for this program, the administrators of the program are FAME Assistance Corporation (FAC) and Human Services Association (HSA). Currently, the subsidies are \$10 for regular rider and \$6 for reduced fare riders (senior/disabled and students).

Immediate Needs Transportation Program

LACMTA established the INTP in May 1992 and has budgeted \$5 million annually for it since 1993. FAME Assistance Corporation (FAC) and the International Institute of Los Angeles (IILA) are the administrators of the program. In total, there are approximately 600 agencies in the program that distribute bus tokens and taxi vouchers to persons with limited transportation resources. The media is used for trips to medical, shelter, case management, job search/interviews, food and other essential destinations. The eligible participants receive up to 20 tokens and/or 2 taxi coupons (total subsidy not to exceed \$35 a month).