



Board Report

File #: 2020-0386, **File Type:** Informational Report

Agenda Number: 19.

**OPERATIONS, SAFETY AND CUSTOMER EXPERIENCE COMMITTEE
EXECUTIVE MANAGEMENT COMMITTEE
JUNE 18, 2020**

SUBJECT: COMPREHENSIVE PRICING STUDY

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE status report on the recently initiated Comprehensive Pricing Study.

ISSUE

This is the first official communication to the Board regarding Metro's Comprehensive Pricing Study. The purpose is to report on progress to date and highlight key elements and expectations of the study.

BACKGROUND

Vision 2028 identifies pricing as an important lever towards achieving Metro's strategic goals, including the target of doubling the share of non-single-occupant vehicle trips. Vision 2028 directs staff to conduct a comprehensive transportation system pricing study to determine options for meeting goals of revenue, equity, security, ridership, and user experience, and to recommend pricing policies arising from the study to the Metro Board.

The Comprehensive Pricing Study is timely with the work of the COVID-19 Recovery Task Force and the recently approved Board Motion 2020-0355 (Emergency Relief: Full-Price Passes).

DISCUSSION

The pricing of Metro's suite of transportation services has been developed at different points in time to meet different service and policy objectives. With the adoption of Vision 2028, these pricing policies may no longer be optimally aligned to support Metro's strategic goals. A comprehensive review will identify opportunities for appropriate change.

Study Objectives

The study objectives are:

1. Review current pricing policies (including incentive and discount programs) for transportation services provided by Metro including the following:
 - Metro conventional bus and rail transit
 - Metro MicroTransit
 - Metro on-demand ridesharing (e.g. Mobility-on-Demand)
 - Metro Bike Share
 - Metro Vanpool
 - Transportation parking or access on or adjacent to Metro properties (e.g. personal motor vehicles, scooters, Metro Bike Hub, bike lockers)
 - Metro ExpressLanes
2. Develop a complete understanding of the capital and operating costs, and non-financial elements, associated with Metro's transit fare and user fee collection and enforcement systems for its transportation services.
3. Identify and evaluate pricing policy options relative to the goals of revenue, equity, security, ridership, and user experience. Additional considerations may include the environment/health, viability (e.g. technology, resource requirements) and governance (e.g. coordination and integration with municipal transportation services and pricing policies). Trade-offs will be identified.
4. Present pricing policy recommendations to the Metro Board of Directors.

The study team will coordinate with other concurrent Metro initiatives that have pricing, equity, and customer experience elements, including the COVID-19 Recovery Task Force, Traffic Reduction Study, NextGen Bus Plan, and Long Range Transportation Plan. Where appropriate, the study will identify relevant guidance for the pricing of non-Metro services, such as municipal transit and parking, and services partly funded by Metro in partnership with other agencies (e.g. Access Services paratransit and the Metro Freeway Service Patrol).

Study Principles

The conduct of the study is grounded in the following core principles:

- **Evidence-Based:** data, evidence, and robust deliberations will guide the development of appropriate pricing policies
- **Inclusive:** the study will create space for involvement by all affected departments at Metro as well as agency partners, and will create opportunities for meaningful dialogues and engagement with communities throughout Los Angeles County

- **Transparent:** the process and work will be undertaken in a manner that is visible to internal and external stakeholders
- **Traceable:** the process and work will be documented so that decision-points can be traced back to a key data point or deliberation
- **Consensus-Driven:** recognizing that pricing is a value-laden topic, the study will succeed only if there is broad-based consensus on potential new pricing policies.

Study Governance

Because pricing touches on nearly all aspects of Metro’s business, an ‘all-of-agency’ approach is required to identify and implement the appropriate pricing policies. Departments ranging from the Office of Management & Budget to System Security & Law Enforcement are key partners and their contributions will be fundamental to the success of this initiative. The following project advisory groups will be established:

| | Executive Steering Group | Technical Working Group |
|--------------------------|---|--|
| Role | Strategic oversight and coordination; review findings | Technical advice; data provision; review analysis and findings |
| Membership | Members or designates of the Senior Leadership Team | Staff nominated by Senior Leadership Team |
| Meeting Frequency | Key milestones | Weekly to Bi-Weekly |

Further, a communications and engagement framework will be prepared to ensure in-depth engagement with residents, workers, and employers in the county, with particular attention paid to Equity Focus Communities. Appropriate communications and engagement techniques will be identified in respect of the COVID-19 pandemic.

Study Timeline

The study consists of two phases. In Phase 1, pricing policies will be identified and evaluated. Recommendations on changes to pricing policies will be advanced to the Board for consideration. Phase 1 is anticipated to be completed in early 2021. Due to the COVID-19 pandemic, the timeline will evolve as circumstances warrant. The Board and relevant committees will receive progress updates at each milestone.

Phase 1: Pricing Policies

A. Project Definition and Start-Up (Jan - May 2020)

- Engage Senior Leadership Team
 - Establish project advisory groups
- B. Research and Engagement (June - Fall 2020)
- Research
 - User and community engagement (e.g. online surveys, virtual dialogues)
 - Develop Evaluation Framework and Performance Measures
- C. Generate Policy Options (Fall 2020 - Winter 2020)
- Engage Community on Policy Options Development
 - Engage Metro staff on Policy Options Development
- D. Policy Options Evaluation (Fall 2020)
- E. Recommendations to Board (Spring 2021)

Should the Board approve the recommendations, Phase 2 will involve the design, implementation, and monitoring of those recommendations. Pending directions from the Board, scoping for Phase 2 will begin upon completion of Phase 1.

Equity Goal

Depending on its design, transportation pricing can either help or hinder efforts to promote racial, social, and economic equity amongst Los Angeles County residents and workers. For this reason, equity is one of the topline goals in the study. The development of appropriate performance measures to evaluate policy options relative to the goal of equity will involve pivoting off Metro's Equity Platform, the "Understanding How Women Travel Study", user experience surveys, and dialogues with community stakeholders.

Staff have identified an initial list of equity-related performance measures. Further research, dialogue, and analysis will be undertaken to refine and expand on these and other performance measures, subject to the availability of reliable data and appropriate quantitative and qualitative methods. This work will be coordinated with the Executive Officer of Equity and Race.

Sample performance measures include:

- Annual out-of-pocket costs as % of household income for extremely-low and low-income households
- Cost of trip-chaining for extremely-low and low-income customers
- Access to opportunity (employment, education, health care, social) opportunities by race, gender, income, age, and household size
- Non-work trips in evenings and weekends by extremely-low and low-income customers
- Ease of understanding and complying with pricing policies (e.g. means-testing requirements) to access transportation services.

FINANCIAL IMPACT

Receiving and filing this report has no financial impact or impact to budget. Through the evaluation process, the cost and revenue impacts of policy options will be quantified and reported along with other performance measures.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The conduct of the Comprehensive Pricing Study is a direct implementation of Vision 2028 (Initiative 1.3.a: Develop simplified, sustainable, and comprehensive pricing policies to support the provision of equitable, affordable, and high-quality transportation services).

NEXT STEPS

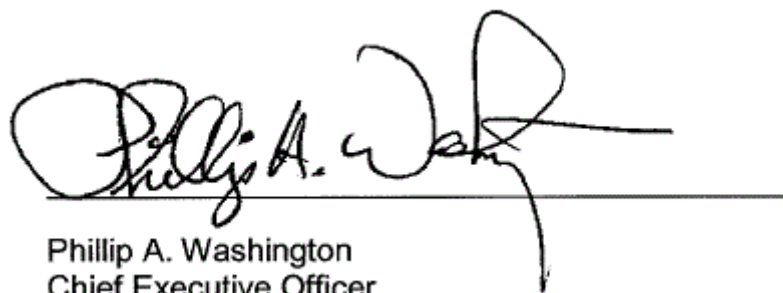
The Comprehensive Pricing Study will proceed as set out in this report. Staff will return to this committee and report on progress in early Fall 2020. Through this study, Metro is demonstrating its leadership in evidence-based policymaking to improve mobility and equitable access to opportunities, and in the creation of a transparent and collaborative planning process.

ATTACHMENTS

Prepared by: doreen Morrissey, Principal Transportation Planner, Office of Extraordinary Innovation
213.418.3421

Raymond Kan, Senior Manager, Office of Extraordinary Innovation 213.364.3048

Reviewed by: Joshua Schank, Chief Innovation Officer, Office of Extraordinary Innovation (213) 418-4435



Phillip A. Washington
Chief Executive Officer



Metro Comprehensive Pricing Study

Operations, Safety, and Customer Experience Committee
Executive Management Committee
#2020-0386



Metro

The need for a comprehensive study

Existing Metro Pricing - a sampling:

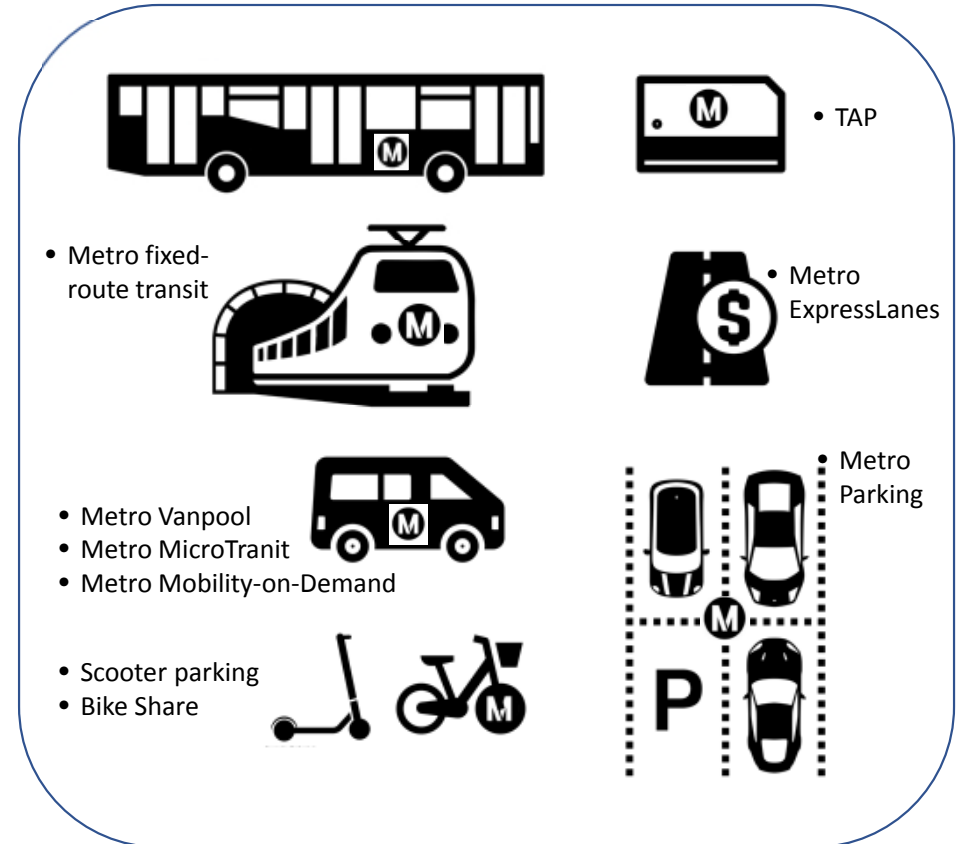
| | |
|--|---|
| LIFE income-based fare reductions with means-testing for transit | “free” Dodger Stadium Express shuttle |
| \$0.50 surcharge for transfer to non-Metro bus | “free” Mobility-on-Demand pilot |
| \$0.75 surcharge for Silver Line and Express Bus Lines | Parking fees at Metro park-and-ride |
| Free transit transfers for 2 hrs to complete a one-way trip (not roundtrips) | Vanpool subsidies |
| Transit and Bike Share pass products (1-, 7-, 30-day) | ExpressLanes discounts (differ from LIFE) |
| Free student fares? | MicroTransit – fare TBD |

Potential Pricing Concepts?



Study Objectives and Scope

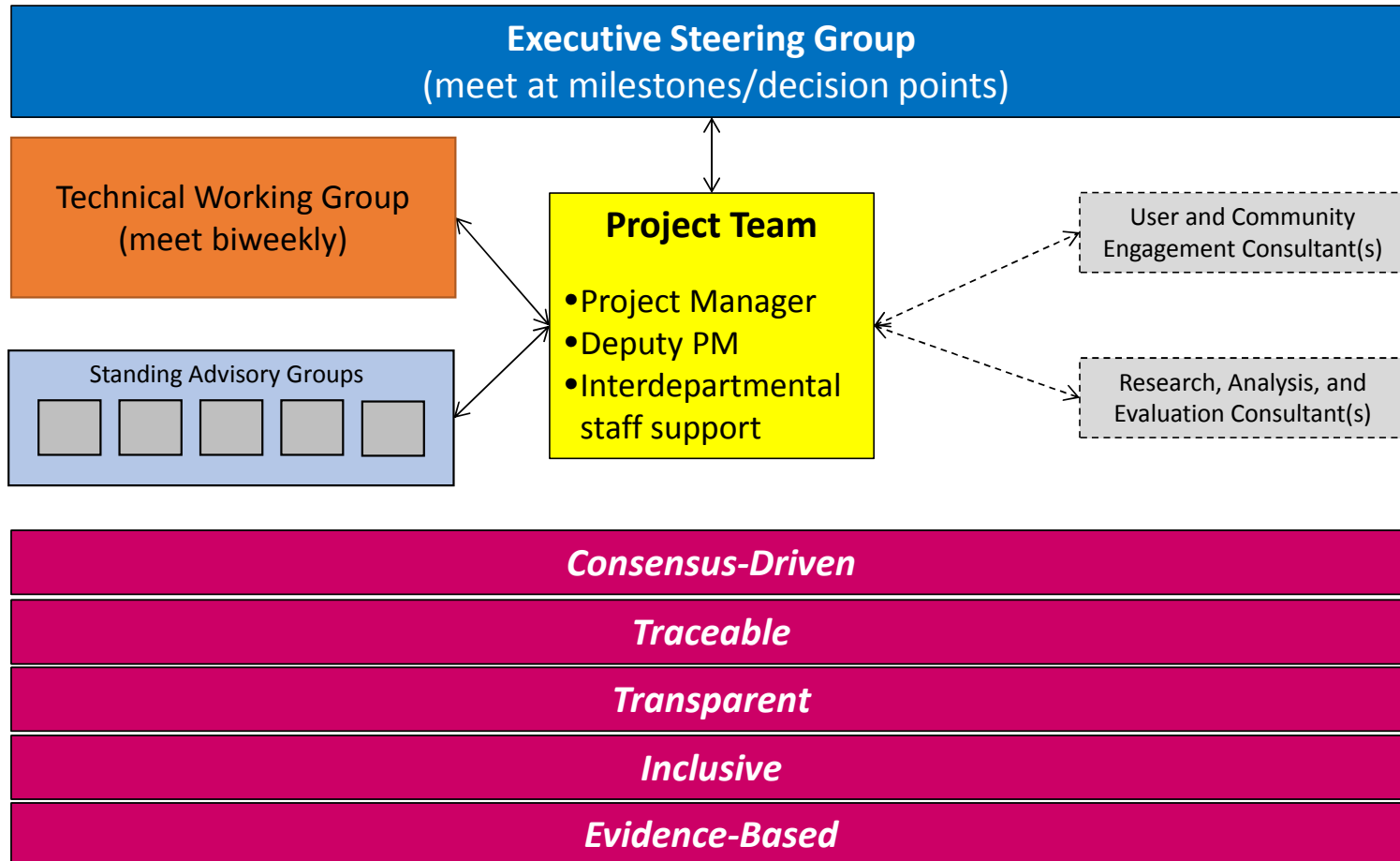
1. Review current pricing for Metro services
2. Understand financial and non-financial elements of collecting and enforcing fares and fees.
3. Identify better performing pricing policy options that align with the goals of **revenue, equity, security, ridership, and user experience.**
4. Make specific pricing policy recommendations to the Metro Board.



Work Plan (adapt and evolve)

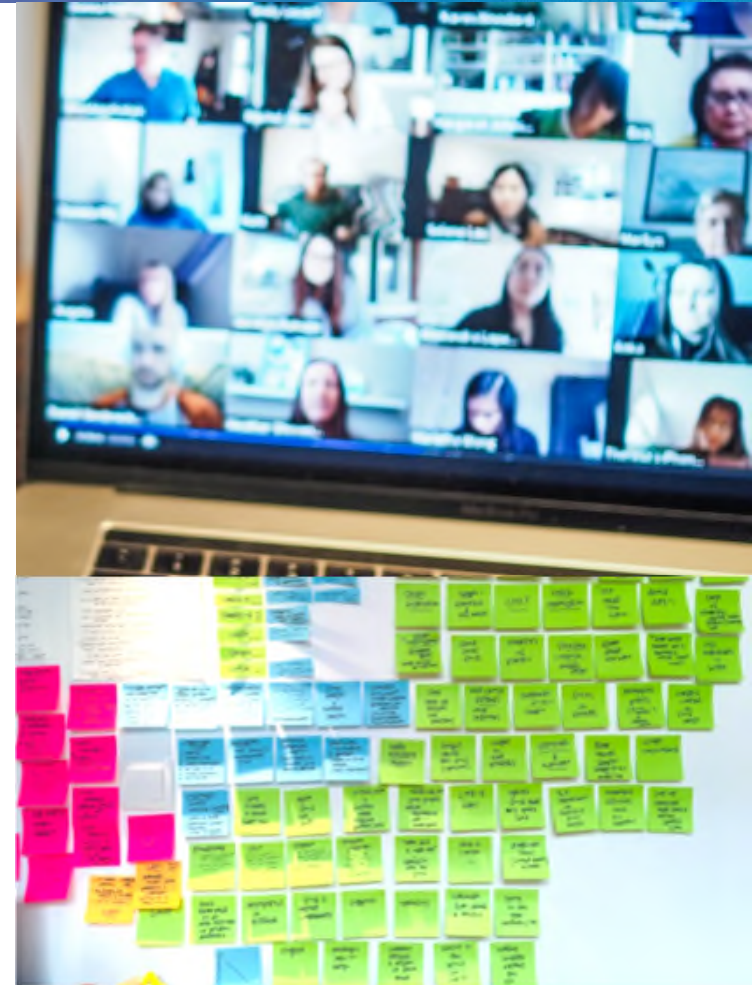
| Jan 2020 | Feb 2020 | Mar 2020 | Apr 2020 | May 2020 | Jun 2020 | Jul 2020 | Aug 2020 | Sep 2020 | Oct 2020 | Nov 2020 | Dec 2020 | Jan 2021 | Feb 2021 | Mar 2021 | Apr 2021 |
|---|----------|----------|----------|----------|--|----------|----------|--|----------|---|----------|---|---|---|------------------------|
| Activity 1. Project Definition <ul style="list-style-type: none"> Define study goals and scope Receive CEO go ahead Engage Senior Leadership Team Engage Board staff Identify resource requirements | | | | | Activity 2A. Foundational Research <ul style="list-style-type: none"> Review current practices, including cost of fee collection and enforcement Title VI preparation Evaluation framework | | | Activity 3. Policy Options and Evaluation <ul style="list-style-type: none"> Identify and evaluate pricing policy options/scenarios Title VI analysis | | | | | | | |
| | | | | | Activity 2B. 'Values and Directions' Engagement <ul style="list-style-type: none"> Communications framework Surveys Virtual meetings with community groups and stakeholders | | | Activity 4. Policy Options Engagement <ul style="list-style-type: none"> Focus groups Listening hubs Workshops | | | | | | | |
| Board Check-In | | | | |  | | |  | |  | |  |  |  | |
| | | | | | | | | | | | | | | | Recommendations |

Study Principles and Governance



Next Steps (3-4 months)

- A. Convene Executive Steering Group and Technical Working Group**
- B. 'Values and Directions' Engagement Preparation**
 - Communications framework
 - County-wide survey and Board Directors engagement
 - One-on-one dialogues
- C. Foundational Research**
 - Surveys
 - Metro policy and current practices in other jurisdictions
 - Cost of user fee collection/enforcement and discount programs
 - Evaluation framework and performance measures
 - Title VI analysis preparation



Thank you

Ray Kan

kanr@metro.net

Project Manager

OEI

doreen Morrissey

morrisseyd@metro.net

Deputy Project Manager

OEI