Metro

Board Report

Los Angeles County
Metropolitan Transportation
Authority
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3rd Floor Board Room
Los Angeles, CA

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EXECUTIVE MANAGEMENT COMMITTEE
APRIL 16, 2026

SUBJECT: METRO CLIMATE CARD PILOT PROGRAM

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to create a Metro Climate Card (MCC) 3-year Pilot Program that meets California Environmental Quality Act (CEQA) requirements for Vehicle Miles Traveled (VMT) mitigation that would apply to new private construction development projects under Senate Bill (SB) 743.

ISSUE

A VMT Mitigation Program (VMP) is a framework that allows cities, counties, or regional agencies to offset or reduce the added driving that comes from new development projects, while also:

- Reducing transportation-related greenhouse-gas emissions
- Encouraging sustainable transportation (transit, walking, biking)
- Complying with state environmental laws (e.g., in California: CEQA with SB743)
- Reducing infrastructure costs by lowering long-term dependency on car travel
- Supporting smart growth and infill development

Local real estate developers have requested Metro's help in making VMP projects/programs available to offset project VMT reduction requirements that remain after other efforts have been exhausted. The creation of a Climate Card, a new multi-modal pass (Metro bus, rail, bike, and micro transit), for participating developers, to generate quantifiable VMT credits is an opportunity to address CEQA mitigation while generating revenue and promoting sustainability.

BACKGROUND

Research and practice from around the globe shows that incentivizing people to take transit, carpool, walk, or bike can meaningfully reduce driving trips - and that lower car ownership reduces both miles traveled and time spent in traffic. In 2013, SB743 changed the method of transportation mitigation required for new construction from Level of Service (LOS - traffic delay) to Vehicle Miles Traveled (VMT), but it took agencies a few years to act on the change. In 2018, Metro staff presented at a Southern California Association of Governments (SCAG) summit on SB743 implementation to show

how the bill could be applied to utilize mitigation from private developers to offset the cost of transit pass programs for students and employers. In 2019, Metro and LADOT submitted a joint application for a SCAG SB743 assistance grant, and in 2020, Metro and LADOT were chosen to implement a research project under this grant to show how a VMT Bank could be established using the U-Pass Program as an example. The final report on that research was published in June 2021 (<https://www.scag.ca.gov/sites/default/files/2024-12/ladot-vmt-mitigation-program-report.pdf>).

Metro launched the One Car Challenge Phase 1 in Santa Monica in 2023. Drawing on behavioral science research and a similar initiative in Seattle, the pilot explored how incentives could motivate residents to leave a motor vehicle at home and shift toward more sustainable modes of travel.

The pilot offered approximately 300 two-or-more-car households up to $120 per week - a total of $599 - plus a $50 TAP transit pass and 5 FREE rides on bike share if they agreed to keep their second car parked at home for five weeks. Outcomes were measured through weekly odometer readings for each household vehicle. Results showed statistically significant mode shift away from single-occupancy vehicles, with the highest shift to walking and micromobility modes, though the small sample size limited the statistical significance of the vehicle miles traveled (VMT) findings.

International Examples

Germany and Korea offer monthly unlimited passes for various modes. Specifically, Seoul Metro offers a Climate Card as a monthly/unlimited pass for public transportation within Seoul city limits, which includes subways, Seoul-licensed buses, and Seoul's public bike system (Ttareungi). The goal in the creation of this card is to encourage public transit use and reduce carbon emissions.
Seoul launched their pilot program in January 2024 and sold more than 62,000 cards on their official launch day, July 1, 2024. By September 2024, 11.8% of public transport users in Seoul used the Climate Card.

DISCUSSION

Metro's existing Vehicle Miles Traveled (VMT) Mitigation Program is an effort to help reduce vehicle miles created by highway projects in Los Angeles County. In line with SB 743 and CEQA, the program evaluates how Metro's highway projects may increase driving and develops strategies to offset those impacts.

To do this, Metro has chosen specific investments, such as expanded transit service, bike infrastructure, and affordable housing near rail, to reduce the need to drive for LA County residents. These strategies help Metro meet the CEQA requirements for highway projects while also supporting cleaner air, healthier communities, and more transportation choices for all.

Implementing a separate VMP program will generate additional revenue for Metro while also giving LA County residents more travel options and reducing vehicle trips to reduce traffic and improve the environment. It is important to note that per SB743, developer contributions cannot supplant funding/subsidies on existing programs (i.e. GoPass & U-Pass).

Metro's goal for the Metro Climate Card Pilot is to build on lessons from existing programs to develop a multi-modal transit pass that private developers can sponsor, enabling measurable VMT reductions that participating developers can apply toward meeting their CEQA mitigation and sustainability objectives. Sponsored passes could be provided at no cost to riders who agree to reduce their vehicle trips and track their progress. The sponsored passes will also generate additional revenue for Metro, which can be reinvested in other VMT-related projects needed to meet the total VMT credits required by participating developers to satisfy their mitigation. Individual projects included in the pilot program will be chosen based on the level of VMT-reduction required and the amount of developer funding available.

CEQA requires documentation of vehicle trip reduction for mitigation. In order to verify vehicle miles saved, distribution of the pass would be to participants who opt-in to share their before-and-after travel data to verify a change from driving to transit, or other VMT-reducing modes like telecommuting, biking, or walking, and to quantify the driving miles saved to be converted into credits. In order to satisfy developer mitigation, the total VMT savings from the MCC and other VMT-reducing programs (that are not already being used for Metro’s own highway mitigation) would need to match the total VMT credits purchased by developers.

Developers who are not able to meet their mitigation requirements in other ways are looking to be able to purchase VMT credits from Metro and other transportation agencies. If Metro is successful in working with developers to fund MCC and other VMT-saving programs, it would be one of the first public-private VMT exchange programs in the state and could lead to establishing a regional VMT bank, one of the outcomes studied in the 2021 SCAG VMT Mitigation Program Pilot Project report.

<u>Proposed Pricing</u>

For the Metro Climate Card, the proposed pricing would use current base fares to calculate the cost of a monthly pass for each mode of transportation (e.g., bus, rail, bikeshare, and micro transit). Currently, fare capping only applies to Bus and Rail. However, the MCC would include unlimited riders for all modes, including Bikeshare and Micro Transit ,at a higher monthly cost (an increase in the 40% to 50% price range).

This program is anticipated to incur additional administrative costs for Metro (including coordinating with developers, monitoring and reporting program usage, and marketing efforts). To cover these costs, a 10% administrative fee is recommended to be added on top of the overall cost to the developer for participating in the VMT mitigation program.

In addition to MCC, other VMT-reducing activities may need to be included to generate enough VMT credits to satisfy developer mitigation requirements, and Metro will need to provide detailed reporting for the participating developers to demonstrate compliance with CEQA requirements. The cost-per-VMT-reduced would need to be averaged across all VMT-reducing projects included in the pilot program. Payment amounts and options will be further studied during the implementation phase and will be brought back to the Board for approval before pilot launch.

A three-year pilot duration will allow Metro to evaluate program participation, verify VMT reduction methodology, test developer demand for VMT mitigation credits, and assess administrative and financial feasibility before determining whether the program should be expanded or made permanent.

DETERMINATION OF SAFETY IMPACT

The Metro Climate Card Pilot Program will improve safety on the Metro system as it will increase the number of riders present on the system.

FINANCIAL IMPACT

Adoption of the Metro Climate Card Pilot Program would promote additional revenue for the agency. The total revenue created will depend on the level of investment by participating developers.

No financial impact is anticipated in FY26. Since this is a multi-year program, the cost center manager and the Chief Customer Experience Officer will be accountable for budgeting the required administrative costs in future years.

Impact to Budget

The source of funding would be private developer funds, which are eligible for bus and rail operations.

EQUITY PLATFORM

Transit programs are Metro's investment in social mobility and an important tool to assist in the fight against income, health, and environmental inequalities. This pilot program will make Metro more accessible to riders, while also providing Metro with additional funding to support other programs that benefit riders.

VEHICLE MILES TRAVELED OUTCOME

VMT and VMT per capita in Los Angeles County are lower than national averages, the lowest in the Southern California Association of Governments (SCAG) region, and on the lower end of VMT per capita statewide, with these declining VMT trends due in part to Metro's significant investment in rail and bus transit.* Metro's Board-adopted VMT reduction targets align with California's statewide climate goals, including achieving carbon neutrality by 2045. To ensure continued progress, all Board items are assessed for their potential impact on VMT.

As part of these ongoing efforts, this item is expected to contribute to further reductions in VMT.

This item supports Metro's systemwide strategy to reduce VMT through customer support activities that will improve and further encourage transit ridership. Metro's Board-adopted VMT reduction targets were designed to build on the success of existing investments, and this item aligns with those objectives.

*Based on population estimates from the United States Census and VMT estimates from Caltrans' Highway Performance Monitoring System (HPMS) data between 2001-2019

IMPLEMENTATION OF STRATEGIC PLAN GOALS

These programs support Metro's Strategic Plan Goal 3) Enhance communities and lives through mobility and access to opportunity, and Goal 4) Transform LA County through collaboration and leadership. Metro will continue to work toward providing accessible and inclusive services for the residents of Los Angeles County.

ALTERNATIVES CONSIDERED

The Board could choose not to proceed with the recommended solution. However, that would eliminate a potential new revenue source, as well as additional VMT reductions resulting in climate and social benefits to the region.

NEXT STEPS

Upon Board approval, staff will finalize program design, including pricing, developer participation agreements, and the methodology for measuring and verifying VMT reductions. Staff will coordinate with local jurisdictions and developers to establish participation processes and prepare the Metro Climate Card pilot for launch.
Staff will report back to the Board prior to program launch with final implementation details and will return at the conclusion of the three-year pilot with an evaluation of program outcomes and recommendations on whether to continue or expand the program.

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Metro Climate Card (MCC) Pilot Program

EXECUTIVE MANAGEMENT COMMITTEE

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Objective

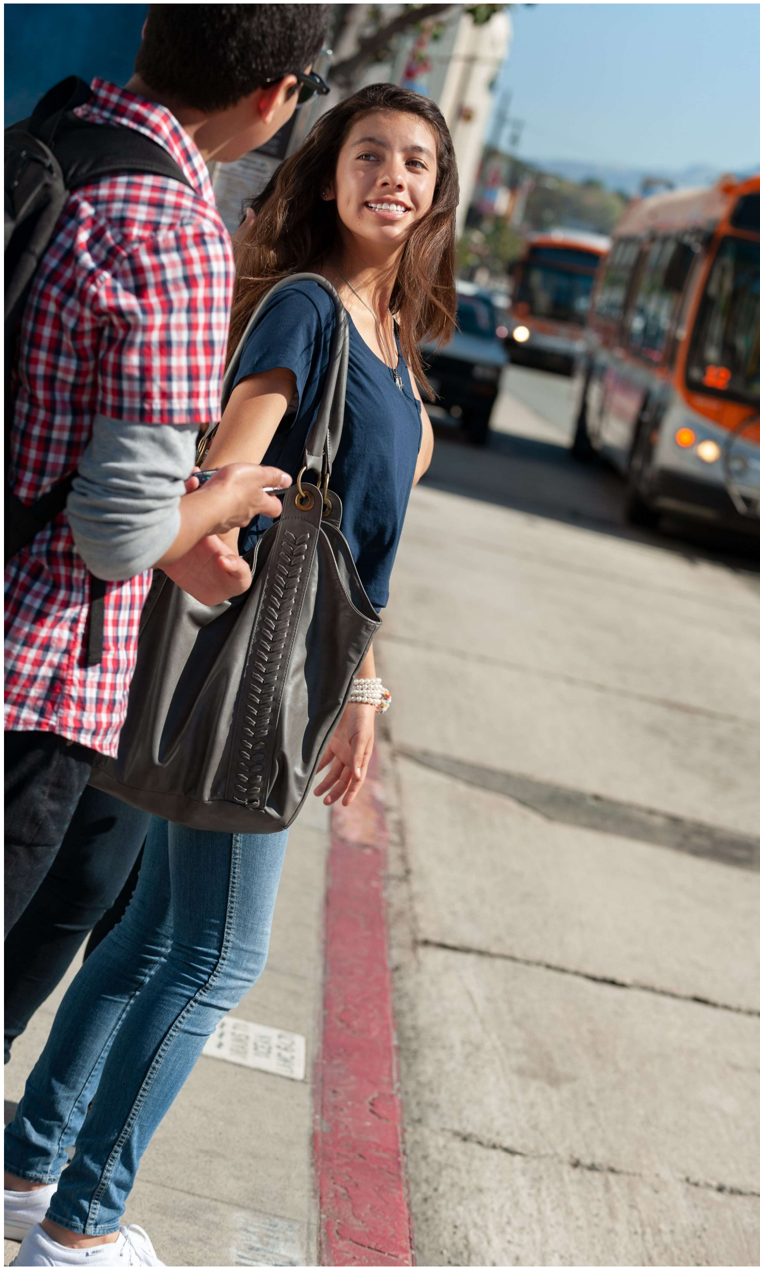
- Create a Metro Climate Card (MCC) 3-year Pilot Program that meets California Environmental Quality Act (CEQA) requirements for Vehicle Miles Traveled (VMT) mitigation that would apply to new private construction development projects under Senate Bill (SB) 743

Issue

- A VMT Mitigation Program (VMP) is a framework that allows cities, counties, or regional agencies to offset or reduce the added driving that comes from new development projects, while also:
    - Reducing transportation-related greenhouse-gas emissions
    - Encouraging sustainable transportation (transit, walking, biking)
    - Complying with state environmental laws (e.g., in California: CEQA with SB 743)
    - Reducing infrastructure costs by lowering long-term dependency on car travel
    - Supporting smart growth and infill development
- Local real estate developers have requested Metro's help in making VMP projects available to offset project VMT reduction requirements that remain after other efforts have been exhausted.

Background

- Research and practice from around the globe shows incentivizing people to take transit, carpool, walk, or bike can meaningfully reduce driving trips — and that lower car ownership reduces both miles traveled and time spent in traffic
- SB 743 (2013) changed transportation mitigation required for new construction from Level of Service (traffic delay) to Vehicle Miles Traveled (VMT).
- 2018 SCAG summit on SB743 implementation, Metro presented on how bill could be applied to offset the cost of transit pass programs for students and employer.
- In 2019 and 2020, Metro and LADOT applied for and were chosen to receive a SCAG SB743 Implementation Assistance Grant to show how a VMT Bank could be established using the U-Pass Program as an example.
- The final report was published in 2021.



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Background (Cont.)

- **LA Metro One Car Challenge**
  - Phase 1 offered 300 households up to $120 per week + $50 TAP transit pass and 5 free rides on bike share if they agreed to keep a car parked at home for five weeks.
  - Outcomes measured through weekly odometer readings for each household vehicle.
- **Seoul Climate Card (SCC)**
  - A monthly/unlimited pass for public transportation within Seoul city limits which includes subways, Seoul-licensed buses, and Seoul's public bike system (Ttareungi).
  - Seoul launched their pilot program in January 2024 and sold more than 62,000 cards on their official launch day, July 1, 2024. By September 2024, 11.8% of public transport riders used SCC.
  - Goal in the creation of this card is to encourage public transit use and reduce carbon emissions.
  - The city is also expanding discounts to make it more accessible to its residents.
- **Germany also offers a monthly unlimited passes for various modes.**

Discussion

- **Metro's Highway Vehicle Miles Traveled (VMT) Mitigation Program**
  - In line with SB 743 and CEQA, program evaluates how Metro's highway projects may increase driving and develops strategies to offset those impacts.
  - Metro has chosen specific cost-effective investments, such as expanded transit service, bike infrastructure, and affordable housing near rail, to reduce the need to drive.
  - Different programs would need to be chosen for investment under this new pilot.

- **Metro Climate Card (MCC) Pilot**
  - Develop a multi-modal transit pass that private developers can sponsor, enabling measurable VMT reductions that participating developers can apply toward meeting their CEQA mitigation and sustainability objectives.
  - Sponsored passes could be provided at no cost to riders who agree to reduce their vehicle trips and track their progress, and additional VMT savings could come from other VMT-reducing projects not already being used for Metro's highway mitigation.
  - Total VMT savings would need to match the total VMT credits purchased by developers.
  - If pilot is successful, it would be one of the first public-private VMT exchange programs in the state and could lead to establishing a regional VMT bank, one outcome studied in the 2021 SCAG report.

Pricing

- Would include unlimited rides for all modes – Bus, rail, bike, micro
- Rate would be 40-50% higher than existing (limited) fare
- Additional 10% fee to participating developers to cover Metro's program administration costs, including monitoring and reporting of VMT savings to meet CEQA compliance
- Other VMT-reducing activities may need to be included to generate enough VMT credits to satisfy developer mitigation requirements
- The cost-per-VMT-reduced would need to be averaged across all VMT-reducing projects included in the pilot program.
- Payment amounts and options will be further studied during the implementation phase and will be brought back to the Board for approval before pilot launch.

Next Steps

- Finalize program design, including pricing, developer participation agreements, and the methodology for measuring and verifying VMT reductions.
- Coordinate with local jurisdictions and developers to establish participation processes and prepare the Metro Climate Card pilot for launch.
- Report back to the Board prior to program launch with final implementation details
- Return at the end of the pilot with an evaluation of program outcomes and recommendations on whether to continue or expand the program.