

CITY/RTD MONTHLY PASS

BUYDOWN PROGRAM

Marketing Department  
Revised: May 16, 1985

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## CITY PASS BUYDOWN PROGRAM

### BACKGROUND

The Los Angeles County Transportation Commission (LACTC) has allocated to Cities certain funds under Proposition A (Ordinance No. 16 of the LACTC dated August 20, 1980 and approved by the voters in November 1980).

The RTD monthly pass/stamp Proposition A resale program is an excellent opportunity for Cities to disburse Proposition A funds directly to their constituents by offering RTD passes and stamps at discounted rates.

The plan allows Cities to identify and help meet the needs of individuals or groups of individuals requiring public transportation assistance. The degree of monetary assistance is determined by each City.

### ADMINISTRATION

In order to provide a positive public transportation program for City residents, with a minimum of cost, detail and confusion, cities are asked to administer the pass buydown program on an individual City basis. The basic program outlined below demonstrates how relatively easy it is to implement and operate.

### HOW THE PROGRAM WORKS

- ° City elects to participate and executes monthly pass/stamp resale agreement with RTD (sample copy attached).
- ° District will deliver passes and stamps to City and retrieve unsold stock. Returned, unsold passes and stamps will be credited at face value.
- ° City will complete and mail to District a simple monthly sales report.

- ° City will sell (or distribute at no cost) passes and stamps through City designated locations. Consideration should be given to existing service agencies with good public identification and access. Suggestions are:
  - City Hall
  - Library
  - Multi purpose Senior Center
  - City operated utility office
  - City Chamber of Commerce
  
- ° City may choose to commission a local business to act as an agent, such as:
  - supermarket
  - bank
  - check cashing service
  - travel agency
  - school
  
- ° A public spirited business may be persuaded to act as distributor on a commission-free basis based on gaining:
  - goodwill
  - publicity
  - additional foot traffic

BENEFITS

Each City will benefit greatly from the self-administered program. Sales per City will be relatively small.

- ° City will determine all pass eligibility requirements and certify residents. To ensure that eligible residents may conveniently purchase subsequent monthly passes from any authorized City outlet, the following suggestion may apply.
  - issue resident I.D. card authorizing discount pass purchase.
  
- ° City will determine amount of monthly pass subsidy.

- City residents will readily identify the benefits of the program as coming from the City in which they reside.
- City will control all aspects of program.

The District would benefit by:

- not incurring additional administrative or material costs.
- no additional fare documents for operators to recognize.

RTD MONTHLY PASS/STAMP SALES AGREEMENT

This Agreement by and between the SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT, 425 South Main Street, Los Angeles, California 90013 (District), and \_\_\_\_\_ (City).

RECITALS

A. The Los Angeles County Transportation Commission (LACTC) has allocated to City certain tax funds under Proposition A (Ordinance No. 16 of the LACTC dated August 20, 1980 and approved by the voters in November, 1980).

B. City desires to utilize those funds to subsidize monthly pass fares for its \_\_\_\_\_ residents who utilize District bus service.

Therefore, in consideration of their mutual covenants the City and District agree as follows:

1. City may purchase \_\_\_\_\_ monthly bus passes/stamps from District, at face value, for resale at a discounted price.
2. City shall render reports of District business and return to District all unsold passes/stamps by the 15th day of each month. District will credit City for all returned passes/stamps at face value.
3. Upon completion of accounting for actual sales in each month, District will invoice City for actual sales at face value per pass/stamp sold. Invoices will be payable 30 days after receipt.
4. City shall be responsible for all passes and stamps delivered to it and will indemnify and save harmless the District from loss, whether occasioned by theft, forgery or other similar or dissimilar causes. All losses of passes and stamps shall be calculated based on the face value thereof.
5. City shall permit the authorized representative of District, during reasonable hours to examine as to amount, passes and stamps and other property of the District and to inspect and audit all records and accounts pertaining to business of District.
6. City may resell District passes and stamps through City operated locations or City may establish one or more commissioned or non-commissioned monthly pass sales outlets within its City

boundaries. The establishment of commissioned or non-commissioned outlets shall be subject to District review. City shall not use any established District sales outlets.

7. City shall sell only District issued RTD monthly passes and stamps and will not affix anything to or alter District forms, documents or materials in any manner.

8. Any refunds or adjustments of sales shall be made by District's Passenger Agent at 425 South Main Street, Los Angeles, California 90013.

9. City's authority is limited to the purposes and locations herein specified and City has no power to bind District by contract or otherwise, except as provided in this Agreement.

10. This Agreement may not be assigned or transferred by City without District's prior written consent.

11. No amendment of this Agreement shall be effective unless made in writing and signed by both parties.

12. This Agreement shall become effective \_\_\_\_\_ and shall continue until termination by either party upon 30 days written notice to the other. In addition, any default in the accounts or remittances of City or in any of the provisions of this Agreement shall be sufficient cause for District to terminate this Agreement immediately providing City has failed to cure any default within 15 days after written notice from District to cure the default.

13. The District shall incur no liability to City by reason of any rerouting, rescheduling, discontinuance, or other changes in the bus or other transit services operated by the District.

14. It is agreed that the City may resell District passes and stamps through the following locations:

CITY:

SOUTHERN CALIFORNIA  
RAPID TRANSIT DISTRICT

By: \_\_\_\_\_

By: \_\_\_\_\_

John A. Dyer  
General Manager

Title: \_\_\_\_\_

APPROVED AS TO FORM:

  
\_\_\_\_\_

Some Common Questions with Answers about the Pass Buydown Program

Q. How will this program impact City operations?

A. Impact on City operations will be minimal. Many cities have already expressed an interest in subsidizing various RTD monthly passes and stamps, especially for the Elderly and Handicapped. The procedures suggested by the RTD will help ensure the orderly administration of the program.

Q. How many monthly passes and stamps should each City expect to subsidize?

A. While the exact number for any given City will be difficult to predict, ridership surveys may assist you in the initial forecasting.

Q. How many discount passes are currently sold each month?

A. Approximate figures are:

	<u>Total</u>	<u>L.A. City Residents</u>
Elderly & Handicapped:	70,000	50,000
Student:	130,000	104,000
College/Vocational:	25,000	--

The above sales figures indicate that the balance of monthly passes sold to non-Los Angeles City residents is small and the projected per City activity will be similarly low. It is further predicted that some of the larger municipalities which operate their own bus systems will not participate, such as Long Beach, Torrance and Santa Monica.

Q. Is the subsidy program likely to increase ridership?

A. For the most part, subsidies will help to reduce the projected monthly pass purchase deflection which may result from the higher fare structure. It is unlikely that pass buydowns to current fare levels will significantly increase pass usage.

Q. Are discount monthly pass sales transactions very complex?

A. All RTD discount pass transactions are basically simple since eligible buyers have photo I.D. cards issued by the District. Affixing the monthly stamp to the card or issuing a pass takes about 15 seconds.

Q. How much will the program cost?

A. Each City will determine subsidy amounts and types of passes to be included.

- Q. Will the RTD pass through any administrative costs beyond the value of the buydown?
- A. No. administrative costs will be passed through at this time unless the District's involvement exceeds the proposed contractual agreement.
- Q. May Cities utilize Prop A funds to help offset administrative costs?
- A. A legal determination will have to be made, but it is likely that this will be acceptable.
- Q. How long does it take to implement the program?
- A. In most cases, City distribution of passes can commence within 30 days of execution of the Agreement.
- Q. Will the RTD assist Cities in the operation of the program?
- A. Yes. The District's Marketing Department will be available to consult with Cities regarding setup of sales outlets, training of clerical personnel and marketing information.
- Q. When are monthly passes sold?
- A. Monthly passes are sold from the 25th of the current month through the 10th of the following month. Passes are valid for an entire calendar month.
- Q. Must each City conform to the District's selling period requirements?
- A. No. Between the 25th and 10th, a shorter selling period may be established through mutual agreement.
- Q. What is the difference between a pass and a stamp?
- A. A monthly stamp is affixed to discount I.D. cards, such as senior, student and college/vocational cards. A Regular monthly pass or Reduced Fare (Handicapped) monthly pass requires no additional pass stamp. However, a Regular pass may require an incremental zone stamp for express service.