Los Angeles County
Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

213.922.2000 Tel
metro.net

Metro

5 1

REVISED
REGULAR BOARD
NOVEMBER 27, 2007

SUBJECT: FIVE-YEAR METRO RIDERSHIP PLAN

ACTION: ADOPT THE METRO RIDERSHIP PLAN

RECOMMENDATION

Adopt the five-year ~~Metro~~ Ridership Plan that incorporates TAP technology options contained in Attachment B.

ISSUE

In August 2006, the Board authorized development of a Metro Ridership Plan. The goal of the plan is to outline a path for growing ridership at a rate of 5% per year. In January 2007, a draft conceptual plan was presented to the Board. The draft plan contained over sixty concepts for increasing ridership. The Board directed staff to review the concepts with the Sector Governance Councils and bring back a more refined and prioritized plan. The plan was to highlight the impacts of marketing on generating ridership and to expand the concepts to include promoting system safety, the new Transit Access Pass (TAP) system, destinations and youth marketing.

In September 2007, the revised Plan was not taken up by the Executive Management and Audit Committee (EMAC) due to an amending motion to be introduced in the Operations Committee. The Committee Chair forwarded the report to Operations and directed that the item return to EMAC in October with the motion. Staff presented the Ridership Plan at September's Operations Committee, October's Executive Management and Audit Committee and ~~will be returning to EMAC and~~ to the full Board at the ~~in~~ October Board meeting. ~~with the report.~~ At the October Board meeting, the Board directed staff to amend the plan to: incorporate various TAP technology options; limit funding to Year 1 and to return annually with funding estimates for the following year; define an annual process for measuring program progress and to report progress to the Board on a quarterly basis. In addition, the Board directed staff to return in 90 days to report on: Metro Connections criteria for aligning service; implementation of the 15-minute peak headway strategy; a

detailed Metro Connections implememtation schedule, service duplication and additional needed investment in field supervision.   The attached revised plan incorporates these directives.

For the last three years, ridership grew 4% anually – more than twice Metro's budgeted target – and three times the national average. In July 2007, Metro restructured its fare system. The impact of the restructuring on ridership will not be known for several months. Once riderhsip stablilizes a new baseline will be established upon which, ridership, and this plan, will build.

POLICY IMPLICATIONS

The basic purpose of the plan is to grow transit ridership on the Metro system at a 5% rate. This plan provides the framework for how this goal will be achieved. The implementation of the plan requires coordination by multiple departments within the agency. This plan is also consistent with current agency policies.

ALTERNATIVES CONSIDERED

Staff considered two alternatives in developing this plan. The first alternative was to maintain the status quo. Metro has achieved much success in attracting new riders given its resource constraints and continuing on this path is not completely without merit. However, while ridership has increased, continuing this trend becomes more difficult over time. As service levels grow stagnant, fares increase and gas prices become less of a motivator, demand for Metro service may wane. The recommended alternative takes a more aggressive approach to growing ridership. Initially, 66 concepts were explored. At Board direction, the concepts were refined, prioritized and reviewed by the Service Sector Governance Councils. The recommended alternative reflects the input obtained through that effort and staff believes that the proposed plan contains the best mix of concepts with regard to feasibility, compatibility and goal attainment.

FINANCIAL IMPACT

Fourteen of the nineteen eighteen plan tactics are already planned within the budgets of the responsible departments. The remaining initiatives are either partially funded or have no funding at all. Funding for the proposed Plan initiatives will be approved during each annual budget adoption process. The FY09 estimated cost is $2.75 million including the addition of 6 full-time equivalent staff positions. The table contained in Attachment A provides estimated costs and potential fund sources for FY09each initiative. Staff expects that additional funding will be needed as a result of technology innovations and other cost factors in FY10 – FY13. Any funding increases would be brought before the Board for approval during the annual budget process. Since Plan initiatives are multi-year in nature, the lead departments will be responsible for budgeting costs during the appropriate fiscal year budget.

BACKGROUND

No single defining action drives ridership. Rather, it takes a combination of actions, improvements, innovations, market drivers, programs, services, perceptions, environmental conditions and people all working together to produce measurable ridership growth. Under the proposed Metro Ridership Plan, Communications, Operations and Countywide Planning and Development will partner to orchestrate these factors to optimize ridership growth potential. Successfully implementing this five-year ridership plan will require a commitment to aggressive tactics and improvements as well as additional resources (budget and FTEs); however, the plan could potentially increase annual revenues by as much as $7.9 million per year based on a comparison of FY06 actual versus budgeted fare revenues. The revenue generation will positively impact investment in Long Range Transportation Plan projects and our overall bottom line. To ensure successful continued implementation, a portion of these projected increased revenues would also need to be reinvested back into the system in the form of fleet maintenance, improved system signage and enhanced marketing.

The following sections provide a discussion of recent ridership growth, and a description of the process that staff undertook to develop the proposed plan contained in Attachment B.

Recent Ridership Growth

Metro provides a complete spectrum of service: from high frequency, high-speed marketable service – to low-frequency, low-speed lifeline services. The expansion of Metro Rapid, the opening of the Orange and Gold Lines as well as the improvements made to express service has positioned Metro to be more attractive to discretionary riders.

In addition, the complete rebranding of the agency has made marketing efforts more efficient and incredibly effective. Awareness and positive perception levels are at all time highs. The new award-winning fleet design has made Metro more acceptable and speaking with one voice has ridership outpacing service growth two to one.

These factors, working in concert, attracted thousands of new riders to Go Metro. There are few transportation agencies locally or nationally that have been more successful than Metro over the last few years at increasing ridership. For instance, Metro's ridership growth since 2004 is 3 times the national average (12% vs. 4%) even despite a January 2004 fare adjustment. Over the same period, many local municipal operators experienced ridership declines. According to published federal transit statistics, municipal operators experienced an average decrease in ridership of 5%.

The largest gains in ridership have stemmed from a 50% growth in the discretionary market, specifically in those households that do have a car available to use for travel. This growth is attributed to major service enhancements, successful marketing campaigns, and production and dissemination of consistent and enhanced customer information. Another key factor contributing to Metro's ability to attract new discretionary riders was the introduction of the extremely popular Day Pass.

The Day Pass has made it much easier to try Metro service. Customers don't have to pre-purchase passes or worry about transfers. The Day Pass eliminated huge barriers to trying the system and was a key reason Metro was able to move forward after experiencing a work stoppage and a fare increase with unprecedented growth.

The Draft Plan

In January 2007, staff presented a Draft Plan for Board consideration. The conceptual ridership plan outlined seven paths to increasing ridership and included 66 concepts. The seven paths are:

1. Realigning existing service for optimal productivity
2. Adding more customer-driven services
3. Investing more resources in marketing and advertising
4. Maintaining the best fleet on the street
5. Providing customer information anywhere, at any time
6. Improving the customer experience
7. Eliminating barriers to ridership

In response, the Board directed staff to secure input from the Sector Governance Councils and to narrow the focus of the plan. In order to secure Council input, staff prepared and distributed a survey instrument to all Governance Council members requesting their relative rankings of each of the 66 plan concepts (Attachment C). A summary of the survey responses is contained in Attachment D.

The Plan

Based on the survey results and Board member input, staff reformulated the plan. Specifically, the initial seven paths were collaped into three strategies and include:

1. Realign budgeted service hours to improve productivity of system
2. Continue to aggressively promote services and target high-ridership-return areas
3. Improve information exchange with customers and the public

Of the 66 concepts in the draft plan, 18 19 strategies were selected and categorized as tactics within the three strategies noted above. The attached plan outlines the steps within each of the above elements that would be taken to work towards the 5% growth target established by the Board as well as resources needed to implement the plan recommendations. In addition, staff will monitor transit lines to determine whether additional field supervision is needed to improve service quality and increase ridership. Staff will identify any funding available to support these additional needs and a method for securing the necessary resources such as reallocating budget from another activity.
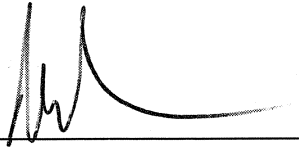
NEXT STEPS

Upon adoption of the plan, staff will begin planning for implementation in FY09. Staff will provide progress updates on ~~an annual~~ a quarterly basis to be included in the report from the chief communications officer.

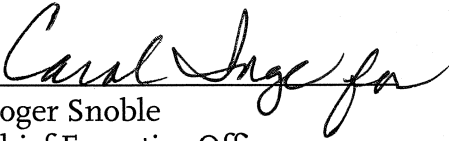**ATTACHMENTS**

    A. Proposed Funding Plan
    B. Metro Ridership Plan
    C. Governance Council Survey Instrument
    D. Governance Council Survey Results

Prepared by: Matt Raymond, Chief Communications Officer
               Cosette Stark, Director Research and Development

Matt Raymond
Chief Communications Officer

Roger Snoble
Chief Executive Officer

METRO RIDERSHIP PLAN FUNDING PLAN

ATTACHMENT A

STRATEGY	FTEs[1&3]	ADDED BUDGET BY YEAR Non-Labor Direct Costs ($1,000s)[2]					FUND SOURCE (PROPOSED)
		FY09[3]	FY10	FY11	FY12	FY13	
1a. Expand Metro Rapid	---	---	---	---	---	---	
1b. New Markets	---	---	---	---	---	---	
1c. Express Network	---	---	---	---	---	---	
1d. 15-min. Peak Headway	---	---	---	---	---	---	
1e. Route Simplification	---	---	---	---	---	---	
1f. Work w/Cities on Speed & Signals	---	---	---	---	---	---	
1g. Facility & Vehicle Maintenance	---	---	---	---	---	---	
2a. Expand Business Participation	2	---	---	---	---	---	Rideshare Grant
2b. Increase School Pass Enrollment	---	---	---	---	---	---	
2c. Expand New Resident Marketing	---	---	---	---	---	---	
2d. Target Discretionary Riders	---	$1,000	+$200	+$200	+$200	+$200	Eligible for TDA Planning
2e. EZ Day Pass	---	---	---	---	---	---	
2f. TAP Ridership Strategies	=	=	+$900	=	=	=	
3a. Improve/Keep Signage Current	2	$900	+$900	+$900	+$900	+$900	Proposed FY09 Bus Capital
3b. Implement Standards	---	---	---	---	---	---	
3c. 24-hr Trip Planning Capabilities	---	---	---	---	---	---	
3d. Next-Trip Information	---	---	---	---	---	---	
3e. Improve Operator/Cust. Service Training	---	---	---	---	---	---	
3f. Expand Internet Capabilities	2	$250	---	---	---	---	PA/PC Administration
TOTALS	6	$2,150	+$1,100	+$1,100	+$1,100	+$1,100	

1. Total est. FY09 FTE cost — $600,000; FTEs continue throughout life of plan
2. Non-labor costs are additive from year to year
2. Total est. FY09 FTE and non-labor costs — $2,750,000
3. It is anticipated that additional funding will be needed in FY10 – FY13

I.0   IMAGINE

- **A world-class transportation system for LA County**

Imagine the future. Picture a cutting-edge transit network where buses and trains are so frequent, customers don't need a timetable. Envision Metro Local connections so seamless that hundreds of bus lines are perfectly synchronized with an extensive rail system. Imagine a network of bright red Metro Rapid buses moving millions through free-flowing city streets.

Think of a paperless fare system, where riders easily TAP on and off their routes. Imagine route signs and directional markers that are clear and informative. Buses and trains that are graffiti-free, and stops that are clean, well lit and supplied with all the information a customer needs.

Imagine Park/Ride lots filled with cars, as riders happily board Metro Express buses that zip across town in HOV or bus lanes. Think of a booming economy, fueled by companies that provide transit passes for their workers as a basic employee benefit. Ponder a city filled with customers who can find any type of transit or traffic information, delivered to them when and where they want it. Imagine a place where everyone uses their transportation network to move more quickly and easily. What's more, they're proud to call it LA's own.

In LA County, imagination is moving closer to reality. With the strides made over the past several years, and aggressive plans for the future, Metro is creating the world-class transportation system Los Angeles deserves. And in the process, we're building a Metro that continues to attract new customers and grow ridership beyond expectations. Imagine that.

I.1 PURPOSE

- **Grow ridership**
- **Move Metro closer to becoming a world class transportation system**

The purpose of the Metro Ridership Plan is to outline steps for growing ridership 5% per year, over the next five years. This is an aggressive goal but given recent experience, this goal may not be too far off from reality. Growth in ridership not only helps keep the county moving, ensuring that the local economy remains robust and the quality of life is strong, but it also helps grow revenue which keeps the agency in good financial health.

In order to effectively implement the plan, many agency departments must work closely in a coordinated manner. Several of the plan strategies will require phased implementation due to funding challenges and the enormity of the proposed changes. Many of these strategies are new to the region and will require institutional modifications to make them happen. But, to bring Metro closer to that image of convenient, seamless world-class transportation, the effort will be well worth it.

I.2   GREAT STRIDES

- **Impressive history of growth**
- **Opportunity to increase ridership**

The start of a transformation of the transportation system can be seen in recent rider trends. For instance, Metro ridership is growing at a faster rate than most local and national transportation agencies. Gains have stemmed from an unprecedented 50% growth in discretionary ridership. These remarkable gains are attributed to significant service enhancements, marketing and the introduction of the popular Day Pass. While Metro carries a significant number of passengers daily, there remains a great deal of unused capacity on the system and, relative to auto use, a huge opportunity to capture market share. It is a distinct advantage that Metro offers a complete spectrum of transportation services. The expansion of Metro Rapid, the opening of the Orange and Gold Lines as well as the improvements made to bus service have positioned Metro to be more attractive to discretionary riders.

The current annual growth rate of Metro services is as follows:

|	
Rail	1%
Local	4%
Rapid	5%
Express	9%
Transitway	27%

Simultaneously, the complete rebranding of the agency has made marketing efforts highly efficient and incredibly effective. Ridership growth has outpaced service growth two to one; awareness and positive perception levels are at all time highs. This is attributed to extensive marketing and communications efforts, ranging from the new fleet design, which has made Metro's most visible product more attractive, to widespread advertising, which has entered the consciousness of Los Angeles County consumers.

In addition, the Day Pass, used by more than one third of Metro customers and over half of Metro's new riders, has made trying Metro a breeze. New customers don't have to pre-purchase passes or worry about transfers. The Day Pass eliminated huge barriers to trying the system and was a key reason Metro pulled out of a 2003 work stoppage and a 2004 fare increase with unprecedented growth.
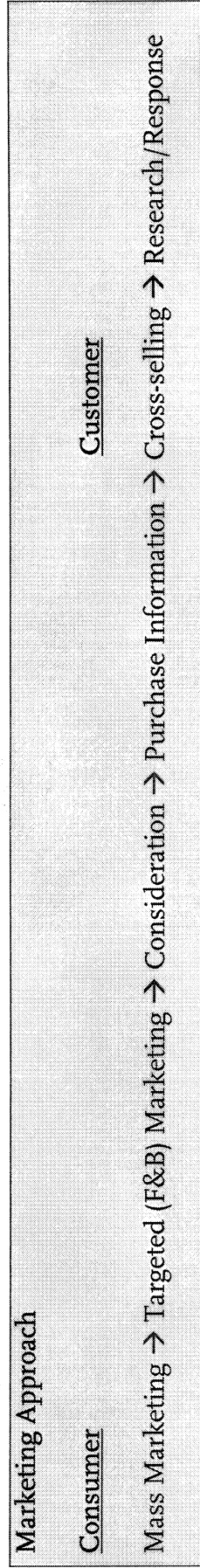
I.3 CREATING CUSTOMERS

- **The "consumer" to "customer" process**
- **A systematic approach**

The trick to increasing ridership is converting "consumers" into "customers". Metro's approach follows a targeted consumer model that outlines the conversion. For a person to become a Metro customer, they must: 1) be aware of the service; 2) have a positive perception; 3) consider the service as a viable option; 4) be able to find information about the service; and 5) have a good experience trying the service. Then (and only then) will they become a customer – who will perpetually be in a state of evaluation. Metro strategically aligns each step of the process (awareness, perception, etc.) with a specific corresponding marketing approach designed to move consumers along the customer process.

Consumer to Customer Process

Consumer

Awareness → Perception → Consideration → Investigation → Trial → Evaluation   Customer
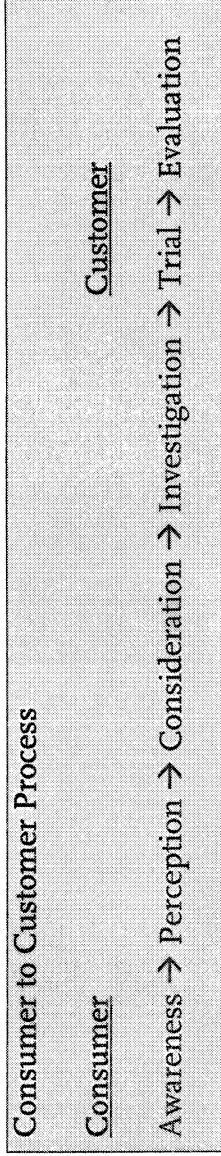
Metro communications has built unaided awareness levels to above the 80-percentile; improved positive perception to the 84% level and; have increased trial usage by 50%. Metro's systematic approach combines baseline communications (e.g. Metro Briefs; bus advertising; traffic radio) with strategic marketing campaigns (e.g. Day Pass, Orange Line, Metro Rapid) specifically designed to create awareness of its services, improve perception and build ridership.

Marketing Approach

Consumer

Mass Marketing → Targeted (F&B) Marketing → Consideration → Purchase Information → Cross-selling → Research/Response   Customer

I.4 CHALLENGES

- **Limited resources**
- **Impacts of changing fares**

The biggest challenge facing the agency today is resources: several new capital projects are needed to improve region-wide mobility, and resources are ever dwindling. Even though voters overwhelming approved transportation bonds in the November '07 election, state participation in major transportation improvement projects is in question. To address the challenge of resources and provide Metro the ability to operate future projects, a fare change was implemented July '07 and another is scheduled for December '09. Several planning studies are underway and a revised Long-Range Transportation Plan is being crafted. Over the next several months, Metro's path foreward will be determined as promising plans are matched against financial realities.

As with any change to a fare structure, comes customer unrest and a fluctuation in ridership patterns. Widely accepted economic elasticity models portend a reduction in ridership of approximately 3% for every 10% the fare was increased. In Metro's case, most passes went up 20% and the Day Pass increased 67%. Given Metro's growing demand over the last few years and that public transit is still a relative bargain, it is difficult to forecast the impacts of the fare change on Metro ridership. Staff is projecting a (hopefully) short-term 3% decline in ridership as a result of this fare change. Metro most likely will see some declines in customer categories (e.g. Day Pass users) and growth in other categories (e.g. off-peak riders). The scheduled FY09 fare change is forecasted to have similar impacts on ridership.

Even more difficult than projecting price elasticity of transit ridership, is making modifications to a system that has been in place for decades. Even the most infrequently used line maintains a loyal fan base that is willing and able to put up a fight against any change to their service. For Metro to make wholesale improvements it must carefully navigate through historic and cultural red tape, and create a service network that better reflects changing commute and travel patterns of the region.

Compensating for the fare changes, Metro will need to implement activities to ensure that ridership decreases do not persist. First the agency will concentrate on "stabilization" - gauging impacts of the fare change and making efforts to retain customers. Metro will closely monitor ridership during the first six months after the fare change and focus on getting riders who left the system to return. Given the relative value of transit, historically riders do return over time. The second focal point encompasses Metro's "infrastructure" – improving the system and making good on all proposed service plans, projects and promised programs. This includes everything from implementation of remaining Rapid lines and Metro Connections to enhanced security, improved signage, better customer amenities and TAP rollout – and eventually opening of two new rail lines. The final area of concentration relates to "growth" - bringing new customers to the system by converting good service into productive service through a combination of programs targeted to people who should be using the system. The Ridership Plan primarily focuses on the "infrastructure" and "growth" activities.

II.0 THE PLAN

- **Realign budgeted service hours to improve productivity of system**
- **Continue to aggressively target market high-ridership-return areas**
- **Improve information exchange with customers and public**

Much has transpired since the conceptual ridership plan was presented: the Board made several recommendations for further exploration of concepts; the governance councils rated each concept; and a new fare structure went into effect July 1, 2007. As a result the Metro Ridership plan recommends three major strategies to achieve ridership goals.

The first core strategy of the Metro Ridership Plan calls for a rethinking – a reevaluating – a realignment of Metro service. This strategy addresses two key goals: 1) it maximizes service that is placed onto the street and 2) it constrains itself to utilizing existing (budgeted) service hours to improve the Metro system.

The second core strategy mandates aggressive marketing to high-ridership-return areas. While much has been done to increase the awareness of service and improve Metro's image with the intent of attracting new customers, Metro remains in the infantile stages of truly becoming a "market-" or "customer-" driven organization.

The third core strategy focuses on our passenger environment and how we exchange information with potential and existing customers. The plan calls for Metro to make good on its delivery of wanted and needed information to use and enjoy the system. A person must become a "customer" before they can become a "satisfied customer" – and the provision of necessary information to make this transformation occur, is critical to growing ridership.

II.1 REALIGNMENT OF SERVICE

- **Realign budgeted service hours to improve productivity of system**

It is critical that the transit service provided by Metro and the municipal operators is maximized and structured to best meet the needs of Los Angeles County residents and employees. The purpose of this strategy is to ensure that service hours deployed on the street are as productive as possible, are effective in getting people where they want to go and therefore are cost effective. The other key to this strategy is to modify service in a manner that does not require additional service hours but continues to increase ridership. This will require tactics that reduce redundancy in service, eliminate unused capacity, simplify routes, improve fleet speed and increase system connectivity. In addition, staff will monitor transit service at the line level to determine whether it is operating as planned. If staff identifies additional resources are required to ensure effective service implementation such as increasing the number of field supervisors to correct uneven service deployment, budget can be transferred from other budgetary line items to support this activity as appropriate. During plan development, Operations staff indicated a need for approximately 25 additional field supervisors to ensure effective transit service operations. The plan recommends the following seven tactics under this strategy:

1A) Expand Metro Rapid beyond current plans
Rapid service has proven to attract discretionary riders. Metro's aggressive expansion plan to have 28 lines in operation by 2008 will further ridership growth. If service hours could be redeployed from less productive existing transit services, then additional Rapid corridors could be implemented along high volume routes not currently served by Rapid today and do so within existing service hours. Additional funds would need to be identified for related capital costs on new lines, including transponders, signal coordination and Metro Rapid bus shelters.

1B) Enter into new markets to accommodate the region's current travel patterns
Metro will look beyond its current line configurations and venture into new territory. To do this, the agency will look at current residential and business commute patterns and realign service to serve new corridors and diverse markets. As part of this effort, staff will examine data on the destinations most frequently requested by customers when calling to receive transit trip itineraries from the Metro customer information call center. Staff will also review original/destination data on Metro Commute Services employer clients. Finally, staff will work with business and developers to determine whether transit services are needed to serve new employment centers and whether other transportation options might be more attractive such as vanpooling, carpooling and subscription bus service.

1C) Expand an Express Service network that utilizes carpool, rail and bus lanes where possible

Ridership on Express service is growing at a rate three-times faster than all other service. On transitways like the Orange Line, El Monte and Harbor Freeway year-over-year ridership has increased as much as 29%. Additionally, success stories like the 450X will be duplicated. Each of these lines connects (or feeds) patrons to high frequency rail and bus hubs. Running true express service from major transit centers to major employment centers is a feasible way to attract discretionary riders. Staff will look at enhancing our current express service by reconfiguring routes to provide more "point-to-point" service. Municipal operators will also be contacted to determine whether partnerships in developing new express lines are feasible in areas currently not served. This tactic will speed up the transit system and improve connectivity.

1D) Only operate service with less than 15 minute headways in the peak

Metro boasts a multitude of high-frequency lines. In fact, customer surveys have found that riders that use service with 15-minute or less frequencies are consistently more satisfied with the service. The goal of this tactic is to establish a network of 15-minute service in the peak through reallocation of existing service. This will encourage "no-thought" transfers, thereby attracting new riders as a result of a more simplified and convenient system. The biggest challenge in this endeavor is resources. Under the current service model, staff projects the more realistic approach is a 20-minute peak headway. This tactic will be implemented gradually over the life of the plan.

1E) Make routes marketable to new customers -- i.e. simple, frequent, easy connections

This tactic aims to realign its service to accommodate the region's current travel patterns. The Metro Connections service plan will be implemented over the next five years, including upgrades to existing customer facilities, to improve connectivity and better serve the region. Routes will be simple, frequent and have easy connections in order to attract new riders.

1F) Work with municipalities to improve service, signalization and busways to improve fleet speed

Signal synchronization and routing of buses is critical to improving fleet speed. Metro will look at some of the slower segments of the transit system (such as downtown Los Angeles) to see if services could be better routed or capital improvements could be put into place to improve operating speeds. Critical to making this tactic a success is working closely with municipalities to ensure these improvements are implemented expeditiously and effectively. Metro must work with cities to implement improvements. Many of the recommended improvements, such as street widening and right-turn lanes, are included in the Bus Speed Improvement Plan.

1G) Operate a well-maintained fleet in clean and safe facilities

Metro's fleet is the most visible asset this agency possesses -- and the appearance and performance of the vehicles are critical to the agency's success. Investment will be made to maintain the fleet at current levels (or better) to optimize fleet appearance and minimize service disruptions. Additional mechanics have been budgeted to help maintain Metro's fleet.

II.2   AGGRESSIVE MARKETING

- **Continue to aggressively market and advertise services and target high-ridership-return areas**

There are certain travel markets and trip purposes that are relatively untapped currently and can be better served by Metro. The following tactics target these groups more aggressively therefore increasing ridership by making service more attractive, convenient and by eliminating barriers to utilizing the service:

2A) Expand business participation in transportation programs

With 80% of Metro's customers commuting to and from work, the employer segment is the most fertile ground for generating new customers. Greater investment will be made in expanding business-to-business sales efforts. Metro offers comprehensive line of transportation programs for employers that provide a range of commute alternatives for employees. This includes telephone and Internet carpool matching services, a vanpool subsidy program, and a number of transit pass programs and support programs such as Guaranteed Ride Home and Metro Rewards (incentive). By having multiple services and programs to offer employees, employers are more likely to work with Metro in helping to reduce congestion. And these programs will continue to evolve to meet business needs. For instance, staff will explore the possibility of expanding the employer annual transit pass product to include municipal operators through creation of an EZ business pass. Targeting worksites in this manner increases ridership by as much as 300% in a given company. In addition, staff will explore an initiative that will assist employers in meeting their air quality requirements by enrolling in Metro business transit pass programs in exchange for emission credits.

2B) Enroll more schools into student pass programs

Programs targeting local college campuses have generated ridership and provided additional pass revenues by attracting students who are looking for cost-effective alternatives to parking and gas costs. Metro has offered programs at six college campuses and has had over 17,000 passes in circulation. Additional resources will be dedicated to enrolling new campuses and investing in promotional strategies to attract more students. In addition, improvements to the Metro School Pool program will be made to offer assistance to elementary, middle and high schools in creating a student directory for possible carpool partners, and transit, walking and bicycling buddies.

2C) Directly market to new residents as they relocate to the county

Metro's New Resident direct mail program has proven to attract numerous new riders to the system. The program targets people at a time when they are establishing new commute patterns and more willing to consider using public transit. The current program has maintained an 8 - 10% response rate. This is considered a successful response since typical industry response for direct-mail campaigns is about a 1% response rate. This initiative will increase distribution of the new-resident

promotion to a monthly basis from a bi-monthly basis. Up to 25,000 new residents receive the promotion each month. This promotion will also promote the TAP product once the new fare system is in full implementation mode.

2D) Target discretionary riders in geographic corridors with frequent service

Marketing heavily utilized transit corridors is one of the most fruitful and efficient means of generating ridership. While Metro's 50% growth in discretionary ridership is unsurpassed by any major operator, it must continue this trend to attract more people who ride by choice. Marketing programs targeted to potential discretionary riders living near corridors that offer frequent service will be expanded under this tactic. Staff has identified several specific groups that will be targeted with specific strategies designed to encourage ridership. Each campaign will utilize a mixture of media and direct mail advertising.

2E) Expand EZ regional concept to offer Day Pass product

The $3 Day Pass significantly impacted customer fare purchase habits and led to increased ridership and farebox revenue. The pricing concept eliminated customer confusion, expanded Metro's distribution outlets (by 5-fold), eliminated customer reliance on tokens and lured thousands of new customers to the Metro system. Prior to the recent fare change, the $3 Day Pass generated the highest revenue per boarding, and was used by nearly 40% of Metro's customers. This initiative will make simple modifications to the existing EZ Transit fare media to include a Day Pass product. An EZ Day Pass will open new markets and generate new customers. The process for developing a new pass product will utilize the same process used to develop the EZ Transit fare media working with the municipal operators. Full implementation of TAP will facilitate the implementation of the EZ Day Pass. In addition, this could enable the elimination of Metro-only fare products and allow adoption of a regional system as our own.

2F) TAP Ridership Strategies

There are a number of TAP strategies that can be implemented to increase ridership. The purpose of this tactic is to provide TAP products targeted to specific markets as a way of attracting new riders. Examples of strategies and markets to be explored include: banking, parking, cell phone technology and retail business. Section III. 4 provides more detail on these initiatives to be explored.

II.3 INFORMATION EXCHANGE

- **Improve information exchange with customers and public**

Studies have shown that individuals that have greater awareness of the system are more likely to try riding transit in the future. The purpose of the following tactics is to effectively inform customers and the general public, and raise awareness of available services:

3A) Improve system signage at transit centers and bus stops

Signage is Metro's most prominent point-of-sale contact. Without clear, consistent, and customer friendly signage and information potential customers bypass facilities and services without consideration of use. The goals for Metro's signage system are for customers to be able to walk into any Metro facility and know what service is available, where it goes, how much it costs and how to use it. While vast improvements have been made to Metro's system signage, there is more work to be done. For example, New York MTA invests $3.4 million annually in their station signage capital program. This initiative will develop an ongoing capital program to upgrade system signage by replacing outdated information across the system. If implemented, signage at stops and stations will provide all information necessary to use the service that is available. Metro has fallen behind in street information and as the system grows, so does the need for information. This initiative will develop a unified bus stop and rail station database building onto the HASTUS system to connect multiple data sources so staff may better monitor signage and track outdated information. Metro will work to improve street signage in order to attract and inform new customers. Additional resources will be dedicated to maintaining this information. 18,000 stops allow for 18,000 opportunities to attract new customers. Consideration will be given to implement real-time information access from any of these stops. Examples of system signage include map cases at Metro Rail stations, information displays at park and ride lots, and testing of new customer amenities at bus stops such as solar lighting.

3B) Implement standards to provide consistent and reliable information

To attract new customers, Metro will make information as consistent as possible. As customers investigate service options, information will be simple and provide the same information in every format. This initiative will implement standards for referencing Metro service and ensure that lines are identified consistently across multiple media such as on timetables, marketing brochures, bus stop signs, vehicle headsigns and in the Trip Planner.

3C) Provide 24-hour trip planning capabilities

Technology has advanced to the point where Metro could now provide voice-automated 24-hour customer service. This type of system will be implemented in conjunction with 511 to expand Metro's customer service capabilities and allow public

access to trip planning capabilities 24 hours a day. Technologies that will be explored include instant messaging, telephone voice recognition systems and remote access of transit information via cell phone.

3D) Explore technology to offer next-trip information

Next trip information has been value-engineered out of many projects. However, technologies are advancing where this service may be provided at a much reduced cost. Metro will move to make next bus information that is integrated with the Trip Planner available in as many delivery systems as possible, including cell phones, PDAs, web and SMS messaging.

3E) Improve operator and customer service training

Metro will strive to have the best customer service available. Metro bus and rail operators are the first point of contact and the core component of our service offering. Maintaining positive relations with our workforce, providing customer service training and working with them to enhance the customer experience are key to increasing ridership.

3F) Expand Internet capabilities

Metro.net has expanded service capacity ten-fold. Customers can get trip itineraries, buy passes or virtually ride the Red Line right from their own home. Even with the advancements made, more upgrades will be done to accommodate a dramatically growing market of internet users. Metro will invest more in the internet in order to keep up with increasing demand.

II.4 STATUS, COSTS AND IMPACTS

- **Realign budgeted service hours to improve productivity of system**

The following provides a brief status of each tactic, whether additional funding is needed for tactic implementation and the impacts projected to be generated by each tactic.

1A) Metro Rapid

O&M funded if implemented within existing service hours. New capital funding required. Ridership Impact: Attracts new customers; growth rate 25% higher than local service.

1B) New Markets

Funded – Requires developing new routes and lines to serve new economic centers. Improvements may come from sectors. Would use existing service hours. Ridership Impact: Attracts new customers; growth dependent upon areas served.

1C) Express Service

Funded - Requires developing new routes and lines. Improvements may come from sectors. Would use existing service hours. Ridership Impact: Attracts new customers; growth rate 300% higher than local service.

1D) Frequent Service

Funded - Requires rethinking low-frequency lines. Should focus on peak. Improvements may come from sectors. Would use existing service hours. Ridership Impact: Attracts new customers; improves customer satisfaction by 20% (according to customer study).

1E) Simplify Routes

Funded - Requires rethinking current route structures. Service improvements may come from sectors. Would use existing service hours. Ridership Impact: Attracts new customers; growth dependent upon areas served.

1F) Fleet Speed

Study Pending - Requires additional technology (signal synchronization) and cooperation with cities. Study approved by board and will determine costs and fund sources Ridership Impact: Improves productivity; ridership growth stems from redistribution of service hours.

1G) Clean System

Funded – Board recently authorized midlife funding, new mechanics and new vehicles. Should continue to improve condition of system. Ridership Impact: Eliminates barrier to ridership.

2A) Business Programs

Partially Funded (by grants) – More aggressive marketing and pricing are needed. Should both increase ridership and revenue. New opportunities with TAP. Ridership Impact: Attracts new customers; 300% growth in ridership among participating companies.

2B) Youth Programs

Funded – Student and college pass programs have increased ridership. Ridership Impact: Eliminates barriers to ridership; Attracts new customers; ridership increases 40% among participating schools.

2C) New Resident

Funded – Operates six months out of year. 25,000 monthly direct mail recipients. 8-10% response rate. Ridership Impact: Attracts new customers; Estimated to generate 7,500 customers per year (15 million boardings); year-round program would double impact.

2D) Discretionary Riders

Minimally Funded – Key growth area. Experienced 50% growth in discretionary ridership (22% to 36%). Direct correlation between route marketing of best service and ridership. Targeting one-to-one ratio of discretionary to non-discretionary riders. Ridership Impact: growth dependent upon quality of service.

2E) Regional Fares

Funded (self sustaining) - Requires agreements among operators to expand EZ transit pass agreement. TAP may be incorporated. Existing processes will be used to develop product. Ridership Impact: eliminates barriers to system use.

2F) TAP Strategies

Partially Funded – This strategy is funded in FY09. It is anticipated that additional funding will be needed in FY10 – FY13.

3A) Signage

Minimally Funded – Grants have funded customer sign efforts. Requires additional resources and FTEs to design, install and maintain. Ridership Impact: eliminates barriers to ridership; improves customer satisfaction; attracts new riders through provision of point of purchase information.

3B) Standards

Funded – Support required for implementation. Ridership Impact: eliminates barriers to ridership; improves customer satisfaction; attracts new riders through provision of point of purchase information.

3C) 24-Hr Trip Planning

Funded – SAFE may implement 24-hour automated customer information system as part of the 511 program. Ridership Impact: eliminates barriers to ridership; improves customer satisfaction; attracts new riders through provision of point of purchase information.

3D) Next trip System

Funded - Requires additional technology. Several applications in development. Ridership Impact: eliminates barriers to ridership; improves customer satisfaction; attracts new riders through provision of point of purchase information.

3E) Training

Funded – New training program established. Ridership Impact: improves customer satisfaction.

3F) Web Functionality

Minimally Funded – Fastest growing information resource. Metro web resources, relative to other agencies, woefully under funded. Ridership Impact: attracts new riders through provision of point of purchase information.

Overall system ridership will be tracked on an ongoing basis. Other established research efforts will be tracked to determine whether ridership changes have been made in certain market segments such as through the annual Metro Customer Satisfaction study. The results of these monitoring efforts will be reported to the Board on a regular basis.

As noted, fourteen of the nineteen eighteen initiatives are planned within the budgets of the responsible departments. The remaining strategies either have no funding or are partially funded. The below table presents the estimated resource needs for each of the unfunded or partially funded initiatives.

METRO RIDERSHIP PLAN FUNDING PLAN

STRATEGY	FTEs[1&3]	ADDED BUDGET BY YEAR					
		Non-Labor Direct Costs ($1,000s)[2]					
		FY09[3]	FY10	FY11	FY12	FY13
2a. Expand Business Participation	2	----	----	----	----	----
2d. Target Discretionary Riders	----	$1,000	+$200	+$200	+$200	+$200
3a. Improve/Keep Signage Current	2	$900	+$900	+$900	+$900	+$900
3f. Expand Internet Capabilities	2	$250	----	----	----	----
TOTALS	6	$2,150	+$1,100	+$1,100	+$1,100	+$1,100

1. Total est. FY09 FTE cost = $600,000; FTEs continue throughout life of plan

2. Non-labor costs are additive from year to year

23. Total est. FY09 FTE & non-labor costs = $2,750,000

3. It is anticipated that additional funding will be needed in FY10 – FY13

II.5   PLAN MATRIX

- ### Implementation Schedule

The following table presents the schedule for plan development. Many of the strategies will require all fives years of the plan to complete because some improvements need to be phased in over time due to the magnitude of the change. It is assumed that these activities will continue into implementation once development is complete.

STRATEGY	PLAN DEVELOPMENT					LEAD DEPARTMENT
	FY08	FY09	FY10	FY11	FY12	
1a. Expand Metro Rapid	X	X	X	X		CP&D/Ops
1b. New Markets		X	X	X	X	CP&D/Comm/Ops
1c. Express Network					X	Ops
1d. 20-min. Peak Headways				X	X	Ops
1e. Route Simplification				X	X	Service Plng
1f. Work w/Cities on Speed & Signals	X	X	X	X	X	CP&D
1g. Facility & Vehicle Maintenance	X	X	X	X	X	Ops
2a. Expand Business Participation		X	X			Comm/CP&D
2b. Increase School Pass Prog. Enroll.		X				Comm.
2c. Expand New Resident Marketing	X	X				Comm.
2d. Target Discretionary Riders		X	X	X	X	Comm.
2e. EZ Day Pass			X	X		CP&D/Comm
2f. TAP Ridership Strategies	X	X	X	X	X	Ops/Comm
3a. Keep Signage/Bus Stops Current			X	X	X	Comm/Ops
3b. Implement Standards	X	X				Ops/Comm
3c. 24-hr Trip Planning Capabilities		X	X			Comm/Ops
3d. Improve Info. at Bus/Rail Stops		X	X	X		Comm/Ops
3e. Next-Trip Information	X	X				Comm
3f. Improve Operator/Cust. Service Training			X			Comm/Ops
3g. Expand Internet Capabilities		X	X			Comm

II.6   FUNDING THE PLAN

- **Reallocate unproductive service hours**
- **Reinvest in building ridership**

As stated previously, one of the major hurdles to growing ridership beyond current levels is lack of resources to dedicate toward ridership initiatives. Given the broad range of initiatives included in the plan several different fund sources will be needed. Potential sources have been identified and include the Enterprise fund, grants and capital improvement funding. During the budget approval process, staff will recommend plan initiatives and proposed fund sources on an annual basis.

A more significant funding source is a more efficient utilization of existing service hours. By rerouting buses in downtown, feeding existing rail lines, or making capacity adjustments can create tens of millions of dollars that could be redistributed to be more productive service, serve more areas and open up new geographic regions. However, given the predilection for keeping existing service in tact, this is much easier said than done. Finally, many of these initiatives are included in various proposed departmental multi-year workplans and will not require additional resources through the Ridership plan.

III.0 AREAS IMPACTING RIDERSHIP

- **Communications improving productivity**
- **Gas prices attracting new customers**
- **Customers expect clean, attractive and safe service**
- **TAP opens new opportunities to grow ridership**
- **Destinations showcase service**
- **Youth market shows great potential**

In developing the plan, the Board requested staff to report on specific issues impacting ridership. These items include general communications, gas prices, safety and security, youth opportunities, TAP and destination marketing. The following sections provide a discussion of each of these issues.

III.1 COMMUNICATIONS AND RIDERSHIP

- **Communications has become a profit center**
- **Ad revenues and positive media coverage have risen over last five years**

Before Metro Communications was formed each department set aside promotional funds for materials and consultants to independently market programs and services – in fact over $4.2 million was budgeted for promotional items alone and millions more were buried in consultant contacts and project budgets. Additionally, many of Metro's promotional resources, such as sign space, went unused or were given away. Today is a completely different story.

Since the formation of Communications, advertising expenditures have actually declined by 50% and staff, which was brought from other areas of the organization, was reduced by 27%. Also during that time, ridership has grown 14%, annual fare revenues have grown 27%, and, with the approval of the new advertising revenue contract, exterior advertising revenue will have jumped 60%. In FY03, advertising revenue was $13 million. In FY08 ad revenue is budgeted to be $22 million and in FY12 ad revenue is projected to climb as high as $32 million annually.

Today, every ad space is used to promote Metro services or generate additional revenue. Through efficient management of Metro resources, Communications has optimized its ability to get the word out – not only on ridership but other messages

(such as safety and security) as well. Metro now boasts one of the most successful marketing programs in the country. Awareness, perception, ridership, revenue – virtually every indicator has vastly improved since Metro established a centralized Communications department in 2002.

To complement paid advertising, Metro actively generates free positive publicity. The equivalent ad value of our publicity efforts this fiscal year has been averaging about $2 million a month. Press releases are continually issued to local media focusing on higher key Metro messages. Positive media coverage is at record levels. In fact Metro reversed a negative trend regarding positive media coverage on the agency's efforts. In FY02 only 30% of the general public was aware of positive media coverage compared to the 65% reported in the most recent public opinion survey

POSITIVE MEDIA RECALL
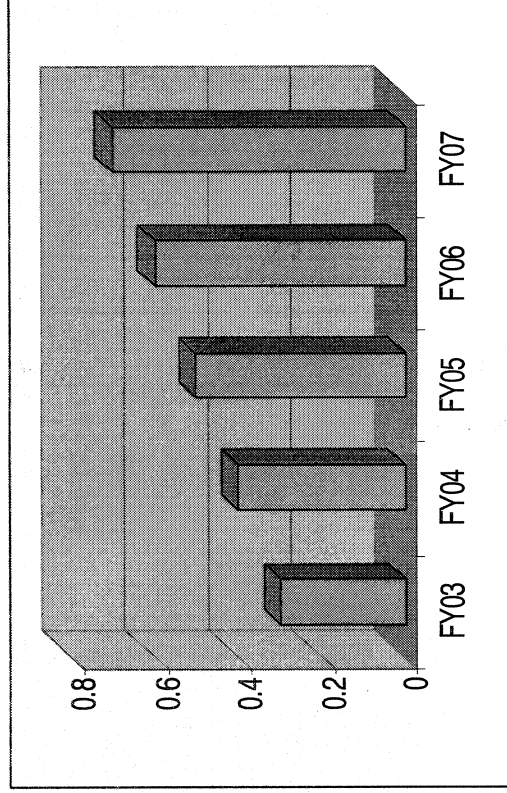
In addition to media relations' efforts, public service announcements, cable TV shows and joint promotions are also utilized to increase ridership. Finally, Communications utilizes all available space on the Metro system to market services and cross-sell to our customers

All of these efforts have made great impacts on ridership. No product or service will sell if people aren't aware of it, have a poor perception of it or don't know how to purchase it. Conversely, no amount of marketing will generate sustained sales if a product is bad. The fact is that no single variable drives ridership. It is a combination of actions, improvements, innovations, drivers, programs, services, perceptions, environmental conditions and people working in concert that drives ridership. Marketing's role is to orchestrate these factors into new customers and increased patronage. That is to: increase awareness, improve perception, aid investigation, initiate trial, facilitate sales and enhance the overall customer experience.

It's not uncommon or incorrect to credit gas prices, population growth or service improvements with growing ridership. So how does one gauge the effects of marketing? One simple method is to compare market performance to market variables. Over the last three years, Metro's ridership has grown 12%. If population were growing at the same rate, this type of result would be expected. However, Metro's ridership grew at a rate six times population growth. Another ridership driver is expansion of service - as new routes are introduced, ridership grows. In Metro's case it is a good news/good-news story: service hours increased by 2% but seat miles (thanks to larger capacity vehicles) grew by 6%. Ridership, however, achieved double the increase in capacity.
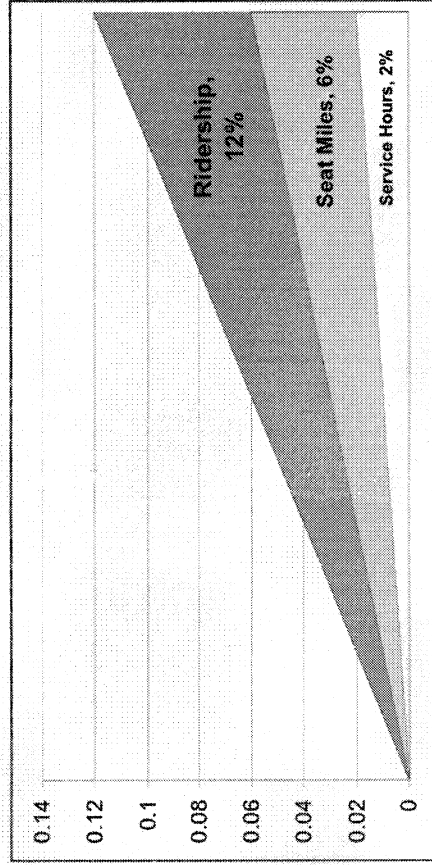
The value of advertising must never be underestimated. Advertising is used to penetrate markets and increase awareness. Since Metro has stepped up its advertising efforts, ridership growth has outpaced every known driver (as indicated in previous charts) and research has shown that people exposed to Metro's advertising are twice as likely to ride Metro in the future.

Impact of Advertising on Ridership
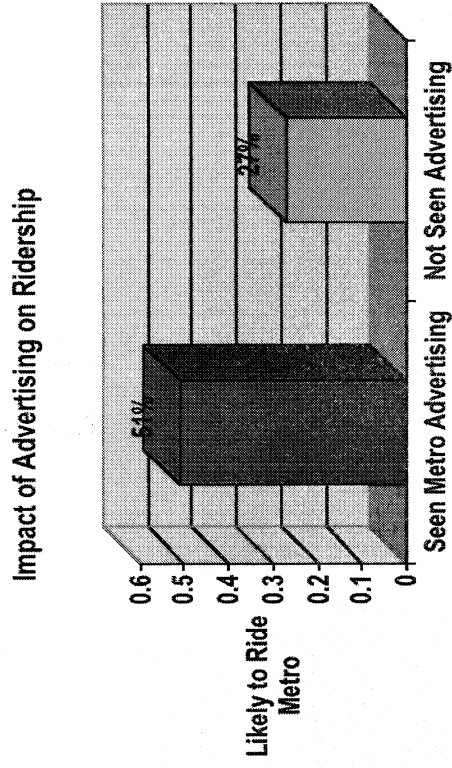
III.2 GAS PRICES AND RIDERSHIP

- **High gas prices raised awareness**
- **Gas prices leveraged into new riders**

Rising gas prices have been the reason of choice, as of late, for growing ridership. The question was asked: "what is the impact of marketing on ridership, holding neutral for rising gas prices?" The chart below demonstrates Metro's marketing was far more potent in generating ridership than rising gas prices. Specifically it shows that while Metro ridership grew 12%, other local operators' ridership actually declined by 5% over that same period of time.

Ridership Growth compared to Other Providers
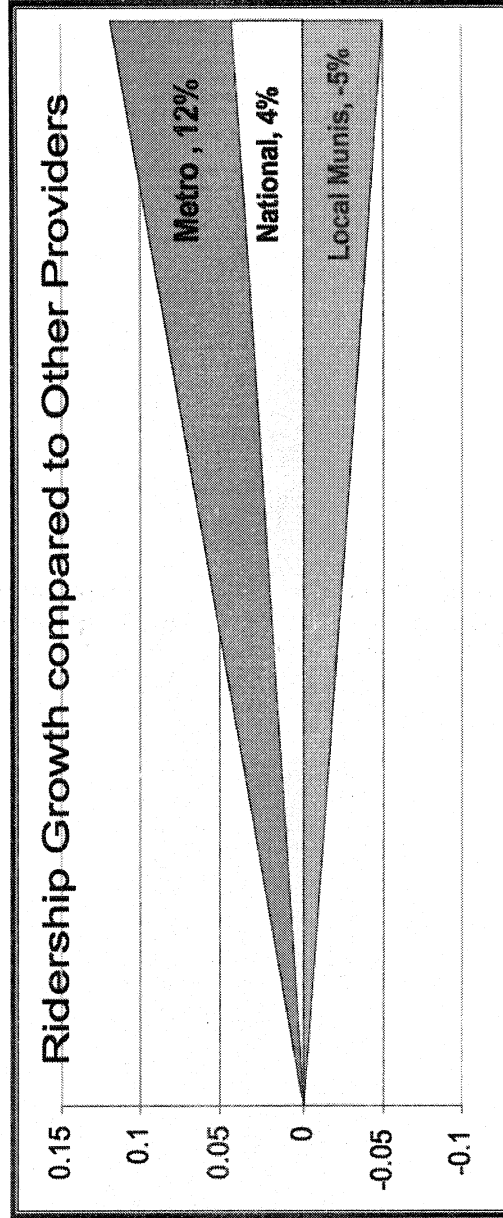
While high gas prices are definitely a catalyst for people to consider public transportation, the correlation between the price of gas and the creation of new riders is not as high as one might expect.

Two years ago a study showed that 38% of the population claimed they would switch to public transportation if gas prices went beyond $2.50 per gallon. As gas now hovers around $3.50 a gallon, this migration clearly has yet to occur and the public's romance with the automobile remains as strong as ever. In fact, recent reports claim that gas consumption is up 1.5% over last year. This does not, however, mean that Metro will not use gas prices to its fullest advantage. Metro is in its third year of seasonal gas price campaigns designed to attract new riders.

III.3 SAFETY, SECURITY AND RIDERSHIP

- **Plays a role in generating new ridership**
- **Riders feel safe on Metro service especially frequent or peak service**
- **Clean, well-lit facilities with law enforcement presence considered safer**

Everyone wants a safe and secure system and for the most part, Metro delivers. Recent surveys indicate that nine out of ten customers feel safe on our buses and trains, and at our stops and stations. Safety figures do decline in the off-peak and when frequency is limited. In terms of generating ridership, safety plays an important role. If people believe the system is unsafe they will not ride. Safety is a core expectation but not necessarily a driver of ridership. The biggest visual impacts on safety are clean, well-lit facilities and the visible presence of law enforcement officers. In a recent focus group, customers stated that specific lines lacked a security presence. Perception of an unsafe environment definitely impacts ridership. Word-of-mouth communications regarding unsafe lines will definitely hurt ridership.

The best way to leverage safety to increase ridership is promote exactly how safe our system is relative to alternatives and then to demonstrate its safety through visible law enforcement presence coupled with clean stations and vehicles.

III.4 TAP AND RIDERSHIP

- **TAP will expand reach to business and other new markets**
- ~~Increase potential for distance-based fares~~

~~TAP possesses several opportunities to increase ridership. The smart card technology gives Metro flexibility to implement multiple new programs designed to attract new customers. The obvious benefit of seamless transfers throughout the system makes transit a very attractive alternative for the discretionary rider. The opportunity is magnified when applied to the business segment which allows Metro to more effectively target commute travel. With TAP available, companies can now obtain customized transportation programs that integrate transit subsidies more easily into employee benefit programs. Another advantage of TAP is the potential to broaden fare structure options. For instance, distance-based fares would be made possible if customers were required to TAP as they enter and exit the system. Additionally, TAP provides data on rider travel patterns. This improved, and frequently updated information, enables staff to modify routes that better meet rider needs.~~

TAP Operations will explore incentives to ridership growth utilizing new smart card technology in conjunction with the basic vision and trends reflected in today's modern society. Additional TAP goals include energy efficiency, environmental consciousness, and self-sustainability of the TAP program.

TAP's overarching mission is to remove perceived and real barriers to the use of the Metro system for today's non-transit riders in order to encourage them to consider traveling on Metro. TAP and TAP-enabled alternatives, such as bank cards and cell phones, are attractive and convenient and thus can offer true incentives for increased ridership. Further, the TAP mission is to ensure that present and future public riders who depend on Metro's bus and rail service as a primary form of transportation are offered the benefits of modern technology to ensure seamless safe and expedient travel and travel connections within Metro's region of operations.

TAP is committed to increasing ridership over the next five years through exploration of four key areas of smart card technology that are available, or emerging, in the transit industry today:

1. Association with commercial banks and bank card acquirers and issuers such as VISA, MasterCard, American Express;
2. Implementing parking infrastructure compatible with TAP technology at Transit Oriented Development (TOD) locations and other Metro owned parking lots;
3. Piloting and implementing cell phone technology as a payment mechanism;
4. Implementing a non-transit network with commercial, retail businesses near, or at, TOD locations and Metro transit hubs.

These four areas of smart card TAP enhancements are intended to remove barriers and offer convenience to customers who currently do not ride public transit, or who are visitors, tourists and occasional riders who currently perceive public transit to be difficult, confusing and/or unfriendly due to unfamiliarity with traditional payment mechanisms and Metro's fare structure.

Banking

Domestically and internationally, commercial banks and acquirers - issuers of credit and debit cards - have been working with transit agencies with common goals and objectives in mind. Transit provides the banking community a major new market opportunity for additional banking services and expanded use and distribution of credit cards in conjunction with TAP usage. TAP-enabled bank cards offer transit agencies a payment medium that removes one of the major barriers to riding our service by providing a payment mechanism that is already used by the majority of the population. Bank cards also promote efficiencies in payment collection and administration as well as opportunities for recovery of administrative and other costs by providing those services as part of TAP-enabled credit card programs.

The Metro TAP program will encourage increased transit utilization in several areas including:

a. The occasional rider commuting for work activities during the day, who are not typically Metro riders

b. The occasional rider commuting for personal activities during the day, who are not typically Metro riders

c. The typical transit commuter residing in or around Metro's TODs that may prefer to reduce the number and variety of payment "cards" in their wallet

d. The banking customer and Metro patron attempting to derive loyalty benefits (e.g. earn free rides, earn "mileage points" or retail points, etc.)

By providing a business case for the basis of a banking relationship, Metro will be able to offer additional service and convenience to current and potential patrons and the community.

Metro has already initiated discussions with multiple credit card issuers, acquirers and banking institutions. While honoring the terms of our 'non-disclosure agreements' (NDA's), with banking and bank card entities, we are able to provide the following overviews of future bank card deployment at Metro that are being actively pursued and negotiated, all of which provide Metro co-branded opportunities, and each of which make use of existing TAP infrastructure:

- Credit/Debit Dual Application Bank Cards
- Credit/Debit Pure Co-Branded Bank Cards
- Reloadable Pre-Paid Bank Cards
- Gift Cards

Over the next five years, Metro plans to establish several such banking relationships and to provide TAP bank card availability to Los Angeles residents, visitors and tourists. This initiative to pursue opportunities with the banking community is a proven strategy to promote ridership growth and opportunities, as evidenced by multiple transit authorities who have already launched these programs. Such examples include:

- New York MTA – *payPass* MasterCard program launched in pilot on rail, now being further tested in bus
- WMATA (Washington, D.C.) – Chase bank card co-branded with WMATA
- BART (San Francisco) – Riders Reward MasterCard
- London Oyster Card co-branded with Barclay's Bank

During the next 12 months, Metro TAP staff will bring forward to the Board several options for card associations on the existing TAP systems at little or no up-front cost to Metro. Once such options become available to visitors and residents, a measurable benchmark to assess achieving true ridership growth can be developed.

Parking

One of the most under-utilized fare recovery strategies is the current land use of parking lots on Metro's existing properties. TOD and smart card technology are expected to promote and provide the infrastructure to capture additional revenue, and, additionally, to attract new riders by removing perceived barriers to riding public transit. Examples at peer transit agencies such as WMATA have proven clear evidence of new revenue generation utilizing parking with the smart card payment instrument to attract more riders.

Introducing TAP cards or TAP-enabled credit/debit bank cards will offer the average car owner entering Metro's parking lots the convenience of utilizing a single payment medium for both parking and transit ridership (as well as other ancillary uses such as retail purchases and bill payment).

As with many TOD projects nationwide and internationally, TOD parking encourages ridership growth by:

a. providing a convenient single fare media for discretionary riders (whereby driving can be limited to a much shorter segment of their travel) to park their vehicles and then take public transit to reach their ultimate destination(s). This alternative mimics the airline "hub and spoke" model, utilizing parking as the hub. Examples include parking personal cars at Metro headquarters or TOD lots to reach sporting and entertainment venues such as Universal Studios, the Pantages and Kodak theatres, Staples Center, etc.

b. an expanded paradigm to the above example enables those traveling from more remote destinations to park at a Metro TOD or Park 'n Ride lot, and utilize Metro for the remaining shorter segments of business and personal travel. Examples include visitors and the business community using Metro parking facilities in the San Fernando Valley, San Gabriel Valley, and South Bay and taking Metro Rail or Orange Line to downtown, or other business destinations. This eliminates driving into the most congested, traffic impacted arteries during normal business hours, relying on Metro service for professional and personal business during peak hours, and limiting the driving to only a designated parking facility outside of the main downtown business area.

Current "optional" transit riders who previously may have driven to multiple destinations will now have a more convenient (e.g. only drive to the station) and less expensive (e.g. price of gas) travel mechanism to reach their destinations and will have to negotiate fewer barriers to achieve this goal. Without worrying about multiple payment media, a TAP-enabled bank card or TAP card will ensure that even those who are occasional riders are encouraged by the convenience provided to use public transit. The current price of gasoline and the ever-increasing traffic congestion in the metropolitan area provides ample opportunity and encouragement for Metro ridership growth in the next five years.

TAP staff are currently working with the supplier of the TAP equipment to ensure that technology options to integrate smart card readers capable of reading either the TAP or bank cards are made available during the next 12 – 18 months, and to initiate trials of such options in at least one, if not multiple, TOD and Metro-owned parking facilities.

Cell Phone Technology

Cell phone technology has been tested and implemented in multiple locations across Asia, and is rapidly gaining momentum domestically in the United States. Several transit agencies, including BART and WMATA, have begun preliminary studies and pilots to explore the benefits of cell phone technology coupled with pre-existing smart card based infrastructures as fare payment options.

Cell phone technology addresses ridership growth through the following rationales:

- Cell phones can potentially address a market segment that may have a greater penetration of mobile devices than even banking relationships. It has been reported that more people world-wide have cell phones than credit/debit cards.
- Cell phones can potentially provide a payment mechanism that is simple and which is already in the customer's possession (no need to physically purchase a fare product at a TVM or retail outlet; or buy a special TAP card; or apply for a bank card, etc.) and retains the responsibility of ownership of the cell phone to the customer, thereby reducing risk and cost to Metro.

This technology is simply one further opportunity towards reducing perceptions of difficulty in riding Metro. The objective is to define a framework for building a business model over the next several years which will implement cell phone technology as part of the TAP fare media program. The considerations involved in implementing these programs include:

- Identifying potential transit market size
- Establishing business motivators for mobile phones and transit agencies
- Identifying primary transit-related applications and key business drivers by clarifying:
  - Participants and roles
  - Applicable business models
- Establishing evaluation criteria for ranking and selecting a specific model
- Development of an implementation strategy and business plan for moving forward

Important qualitative factors make transit agencies desirable for launching mobile phone applications, as evidenced by the initial examples by BART and WMATA who are currently studying the deployment of cell phone technology in transit. Such factors include affinities with adjacent infrastructures such as:

- AT&T Park and the Oakland Coliseum sports venues, and UC Berkeley; CSU Hayward and USF educational institutions in Bay Area
- MCI Center and Nationals Ball Park sports venues; and Georgetown, George Washington University and American University educational institutions in the Washington, D.C. area

The business case can be built around the delivery of three base applications to transit customers:

▲ Transit Information	▲ Schedules, fares, system maps
	▲ Real time operational issues, such as
	   – Delays
	   – Crowded trains
	▲ Parking lot status

▲ Discounts and Loyalty Benefits	▲ Discounts and benefits are delivered to transit customers through arrangements between transit agency and third party (such as existing ACS vendor) ▲ Or, discounts to phone customers using transit are arranged between transit and carrier
▲ Payment	Multiple payment mechanisms are available for both the agency and patron ▲ Transit payment application ▲ Contactless bank application ▲ Mobile cell payment application

Metro is exploring several revenue generations models to be considered, as illustrated in the following table:

Revenue Generation Model	Frequency of Occurrence	Examples in other industry
Per-Transaction Per-Click	▲ Fee collected for each usage or access	▲ ATM ▲ Website access
License	▲ Fee collected per application issued	▲ Software distribution
Advertising	▲ Advertising revenue to offset cost for the delivery of services	▲ Website banners ▲ Bill boards
Subscription	▲ Payment for access privileges for a period of time	▲ Web information services ▲ Computer games
Purchase	▲ Single one time charge	▲ Software ▲ Mobile phone ring tones

Over the next 5 years a business case will be developed, and the ability to attract new riders will demonstrated by, examples derived from those agencies that currently are ahead of Los Angeles in implementing this technology. Through collaboration with peer transit agencies, Metro will have opportunities to benefit from the data, expertise and experience gained by our peer agencies to firmly assess if, in fact, new riders are being attracted with use of cell phone technology. In our modern society where each successive generation of riders will expect Metro to keep up with new technology, it is a given that maintaining our numbers of riders in addition to growing our ridership, will largely depend on their perception of Metro's interest and ability to relate to newer and younger patrons relying on public transit in this region.

Retail Business

The "retail" or non-transit business community offers a new opportunity utilizing and benefiting from the smart card based TAP investment. Seeking affinities with retail and commercial entities will potentially open up an entirely new ridership market.

Examples include co-branding TAP - or simply accepting TAP at key commercial sites located in the TOD developments - attracting fast food restaurants, movie theatres, theme parks, or small independent retail stores to accept the TAP card at their venues. Such examples are most prevalent in Asia and Europe, where the transit card is universally used at retail outlets within the subway stations or at adjacent vendors and retails stores. The better current examples include:

- ▲ Hong Kong Oyster Card
- ▲ Tokyo SUICA
- ▲ Japan Felica
- ▲ Japan EDY

By enabling TAP card acceptance within a broad cross section of retail businesses associated geographically with Metro, new ridership growth can be incrementally achieved through the following joint retail programs:

a. Discount Programs – encouraging ridership on Metro by offering discounts at retailers such as Starbucks, movie theaters, etc., will create incentives, especially for younger population of the public, looking for convenience and cost savings.

By leveraging Metro's corporate priorities with social behavior Metro will be at the forefront of implementing environmental and energy conservation initiatives using fare technology to promote ridership growth. Appealing to constituents interested in global and domestic social issues such as environmental responsibility will offer new opportunities for ridership expansion.

b. Loyalty Programs – by encouraging ridership on Metro via loyalty programs that offer "free" rides after a predetermined use value of the TAP program, retail business and Metro can achieve mutual benefits. Attracting customers who have been "trained" to look for discounts or other incentives in other commercial spaces, Metro will develop loyal customers who appreciate and benefit from co-sponsored or co-branded retail programs.

c. Promotional Programs – working with commercial entities such as sporting and entertainment destinations, hotel and convention centers and tourism bureaus will help promote TAP usage and METRO ridership as well as potentially underwrite certain costs of TAP while attracting new riders. Advertising and marketing certain conventions and other events utilizing paper smart cards is one small example of potential future promotional programs that can be achieved with smart card technology. Conventioneers, who might normally take a taxi rather than ride Metro Rail or bus service, can be encouraged by Metro's promotional programs that market our service. When coupled with the usual "gridlock" surrounding the central business district in downtown, or viewing the traffic alerts for those attempting to travel on local freeways, such

Metro Ridership Plan

promotional TAP-enabled travel on trains and buses offer a relief for visitors and occasional riders while promoting new riders who otherwise may not have tried riding public transit at all.

Summary

The goal of TAP Operations to draw new riders, and enhance Metro transit service is based on a vision of promoting customer convenience while simultaneously attracting new and younger riders familiar with electronic technology of today's world. We envision removing significant barriers to regular or occasional riders who face inconveniences such as having to produce exact fares or the challenge of making a predetermination to purchase pre-paid fare media in order to utilize Metro service. People living in a modern society insist upon the flexibilities associated with spontaneity, choices and options.

Our culture has groomed a population looking for the "best buy" while concurrently seeking innovation and a "coolness factor" in lifestyle choices being made. TAP offers multiple opportunities to capture and encourage new riders with fresh alternatives and conveniences, made possible through a significant investment already made in smart card technology.

The new vision of Metro's TAP team is to "begin with the end in mind". That end strives to build on existing infrastructures and foundations while enabling growth and new business development in alignment with today's society. The TAP team also strives to ensure that with technology comes social responsibility to protect the environment and conserve energy through the promotion of public transit for the next millennium.

Funding Plan

The following are submitted, in accordance to the Board directive to identify funding needs for the next year:

Banking

- The use of bank cards will be initiated as a pilot project, and the commercial banking institutions and card issuers will support Metro trials without cost to Metro. Financial requirements for Metro are largely TAP Operations staff (paid from FY09 labor) and limited consultant/professional services providing technical oversight.
- Revenue generation is paramount in the business cases currently being pursued. This means programs that may be operated at little or no cost to Metro and/or those which will potentially produce new revenue for Metro.

Parking

- Utilization of TAP technology in connection with parking will require a form of card reader that will be a requirement for TOD developers. Over the next year, Metro staff will work with TAP oversight consultants to develop a technical specification and an external interface specification for such uses. Costs for such initiatives will be potentially engineered with gating requirements (if Board adopted), since bank cards and TAP cards will need to be accommodated universally by the current TAP supplier. TAP Operations staff will come from FY09 labor.

Cell Phone and Retail Businesses

- Both Cell Phone and Retail initiatives will be funded by "pilot" programs sponsored by external interests during the next year. The five year Ridership Plan as it relates to TAP initiatives will be updated annually to reflect new and emerging needs to fund specific programs beyond "pilot" models. However in the models currently being pursued by Metro, revenue generation is a primary interest in all business cases as are initiatives to reduce or eliminate cost, and to derive additional revenue from these technologies.

III.5 DESTINATIONS AND RIDERSHIP

- **Attracts discretionary riders**

Destination marketing is one of the most effective strategies for ridership generation. Typically the key factor for encouraging transit use to major destinations is whether the location is well served by transit. This makes promoting the surrounding lines all the more effective. Metro routinely markets destinations and the lines that serve them. In addition, cross-selling of services to existing customers helps make the public aware of destinations and the transit that serves it.

III.6 YOUTH RIDERSHIP

- **Youth programs very successful to date**
- **Greater opportunities exist**

Every effort to attract younger patrons to the system has resulted in success. When the student pass program was restructured and made more available to K-12 students, pass sales for students increased 57% in the first year. When the institutional pass was created that enabled colleges and technical schools to purchase passes for the entire student bodies, six schools enrolled and more than 15,000 semester passes were made available to students. While ongoing funding remains of the program remains a stumbling block for some schools, the popularity of the program continues to grow. The youth market shows great promise for growing ridership. In addition to a high potential for current use, training a future rider is critical to long-term growth of the Metro system.

Turning potential into ridership is the challenge with the youth market. Locked-in trips such as school trips have the greatest potential to attract regular daily riders.

III.7 2007 FARE CHANGE IMPACTS ON RIDERSHIP

- **Change has impacted ridership**
- **New baseline established**

In July, 2007 Metro raised most of its pass prices by approximately 20%. Additionally, the Day Pass was increased 67% and the EZ Transit Pass was increased 25%. While it is much too early to fully determine the impacts of the fare change, preliminary data indicates, as expected, a 3-5% decrease in boardings.

Reduced boardings may not necessarily mean fewer customers. The lower boarding figures may be a result of customers using the system differently – making fewer optional transfers, extending municipal operator trips, or limiting trips based on the fare media purchased.

The key impact the fare change has on boardings is that it establishes a new baseline of Metro ridership. As ridership numbers settle in (most likely by October, 2007), a new baseline will be established and the ridership plan will build from there.

IV.0 CONCLUSION

Metro has made great strides in improving the system and generating ridership over the past several years. Many lines have buses and trains that come so frequently, customers don't need a timetable. Service connections have become more seamless and bus lines are better synchronized rail and the Orange Line. Metro Rapid continues to progress and move millions on faster-flowing city streets. The TAP system is progressing with more than 10,000 cards in circulation. Signs and directional markers have become more prominent, clear and informative. Graffiti is being reported at a lower rate and advancements are being made toward cleaner stops with solar-powered lighting.

Park & Ride lots are being used more Express lines, that use HOV lanes are attracting new riders. More companies are providing transit passes for their workers as an employee benefit and schools are including passes as a standard offering. We are on the verge of providing transit and traffic information in a variety of formats and next-trip information is just around the corner. More people are going Metro and satisfaction is at an all-time high.

To maintain growth and achieve the aggressive goal of 5% annual increases in ridership will, however, require targeted resources, a rethinking of how service is provided and more strategic thinking in how we address resource issues, fare changes and longer range plans.

METRO RIDERSHIP PLAN SURVEY

Date	January 23, 2007
To	Sector General Managers Sector Governance Council Members
From	Matt Raymond Chief Communications Officer
Subject	Metro Ridership Plan Survey

A conceptual draft of Metro's ridership plan was presented to both the Operations Committee and the Executive Management and Audit Committee. At their direction we are seeking your input to 1) help prioritize the conceptual approaches and 2) identify any additional ridership concepts.

The plan was converted into a survey format so that we may capture individual thoughts and rankings.

No single action drives ridership. Realizing significant ridership gains requires a combination of improvements, innovations, market drivers, programs, services, perceptions, environmental conditions, reliable performance and people all working in concert. Your evaluation of these concepts will enable us to develop a working plan that gets to the heart of increasing ridership.

The plan was divided into seven paths:

1) Realign Existing Service for Optimal Productivity

2) Add More Customer-Driven Services

3) Invest More Resources in Marketing and Advertising

4) Maintain the Best Fleet on the Street

5) Provide Customer Information Anywhere, At Any Time

6) Improve the Customer Experience

7) Eliminate Barriers to Ridership

Each of these paths contains program concepts that specifically identify areas of exploration for improving ridership. Some concepts are new programs that require additional resources for implementation. Some concepts highlight efficiency or productivity improvements. Some concepts are expansion of or enhancements to programs or efforts that are already in place.

Please rank each concept in each path on a scale of 1 to 5 – with 1 being the most likely to increase ridership and 5 the least. At the end of this survey there is space for any additional ideas and/or suggestions you may have.

We will need to receive your completed survey by Monday, February 12th to meet our deadline. Thanks you for your help. Please call Anna Mercaldi at 213.922.2223 with any questions.

EXAMPLE

A) *1*   Metro Connections – Metro needs to realign its service to accommodate the region's current travel patterns. The Metro Connections service plan must be implemented over the next three years, including upgrades to existing customer facilities, to improve connectivity and better serve the region.

1) Realign Existing Service for Optimal Productivity
(On a scale of 1 to 5 – with 1 being the most likely to increase ridership please rank the following concepts)

A) _____ - Metro Connections – Metro needs to realign its service to accommodate the region's current travel patterns. The Metro Connections service plan must be implemented over the next three years, including upgrades to existing customer facilities, to improve connectivity and better serve the region.

B) _____ - Service Standard Adherence - Metro has established extensive service standards to maximize resources and ridership. While improvements have been made, many of our existing lines currently do not meet established standards. A combined effort focusing on standard adherence, schedule design and leveraging feedback received from Metro's continuous data systems would better allocate resources to increase ridership.

C) _____ - Feed Rail and Trunk Lines – Metro maintains several bus and rail corridors that serve as the spine of the region's transportation system. Metro Connections will improve connectivity to these major high-frequency lines and feed them with local services to maximize resources and improve convenience. Implementation of Metro Connections will increase ridership.

D) _____ - HOV Utilization – As Metro's network of HOV lanes expand – so too should the bus service operated on it. Touting "faster than driving alone" is a key competitive advantage that has proven to attract new riders. Metro should make it a priority to operate more service on HOV lanes.

E) _____ - <u>Transfer Mitigation</u> - Timed transfers with infrequent (greater than 15 minute headway) service have dramatic impacts on customer satisfaction (as much as 20% declines) and potential ridership. Steps should be taken to adhere to Metro service standards and mitigate the impact of these transfers on our customers.

F) _____ - <u>Zero-Redundancy Program</u> – Many of the region's bus and rail services compete for the same customers. This is an inefficient use of resources. Those redundant service hours could be converted into more productive service elsewhere. New markets could be opened or service could be made more frequent on other lines.

G) _____ - <u>True Express</u> – Many of Metro's 400-series bus lines, which are categorized as "express," spend more time on local streets than on freeways. Customers being charged a premium fare should receive a premium service. Metro's "express" lines need to either become truly "express" or truly "local" – and priced accordingly.

H) _____ - <u>Route Simplification</u> – Confusing lines are an extreme barrier to ridership. Many Metro services have evolved into routes that are difficult for new patrons to comprehend. These routes must be dissected and evaluated to see if productivity improvements can be made and if the route can become more marketable to new customers.

I) _____ - <u>On-Street Supervision</u> - On-time performance, bunching buses and over-crowding could be mitigated if Metro's supervisory presence on the street is expanded. On-street supervision is a key to service performance which has a direct impact on retaining existing, and attracting new, customers.

J) _____ - <u>Connectivity</u> – Improving connectivity between Metro bus services, Metro Rail, Metrolink, Amtrak, municipal operators, etc., would vastly improve ridership in the region. The goal of seamless transportation flowing between 19 regional activity centers is the goal of Metro Connections and would result in ridership growth.

K) _____ - <u>Seat Utilization</u> - Metro uses roughly 2,800 seats to carry 1,000 people. If Metro could improve its seat productivity by 10% (36% to 40%), it would result in approximately a 13% increase in bus ridership. Optimizing the schedules and the expanded use of large capacity vehicles would help improve our seat utilization ratios and free up service that could be better utilized elsewhere.

L) _____ - <u>Park & Rides</u> - Park & rides are a primary tool in attracting discretionary riders. With more than 100 park & rides in the county, Metro should focus on making sure they are fully utilized. Metro should look at expanding capacity where lots are full and opening new facilities where there is a potential to attract new riders. Metro needs to take a closer look at park & rider facilities to see how they can be better utilized.

M) _____ - <u>Municipal Partnerships</u> – The partnership Metro enjoys with its municipal operators should be expanded. Redundant services should be eliminated and regional planning of services should be embraced – as should better coordinated fare structures and promotions of service.

N) _____ - <u>Downtown Bypass</u> – Up to one-third of the running time for buses entering the downtown LA area is used navigating through downtown's congested streets. Given that the Red Line and DASH services are already in place, this expenditure of time and resources may be unwarranted. Metro should look at alternatives to operating buses in downtown Los Angeles and reallocate those resources elsewhere.

O) _____ - <u>Fleet Speed Improvement</u> – Signal synchronization and routing of buses is critical to improving fleet speed. Metro may want to look at some of the slower segments of the transit system (such as downtown Los Angeles) to see if services could be better routed or capital improvements could be put into place to improve operating speeds.

2) Add More Customer Driven Services
(On a scale of 1 to 5 – with 1 being the most likely to increase ridership please rank the following concepts)

A) _____ - <u>Service Expansion</u> – Metro must look beyond its current line configurations and venture into new territory. To do this, the agency could look at current residential and business commute patterns and realign service to serve new corridors and diverse markets.

B) _____ - <u>More Express</u> - Success stories like the 450X need to be duplicated. Running true express service from major transit centers to major employment centers is a feasible way to attract more discretionary riders.

C) _____ - <u>Rapid Implementation</u> – Rapid service has proven to attract discretionary riders. Metro's aggressive expansion plan to have 28 lines in operation by 2008 will further ridership growth. Metro should look at additional Rapid corridors (e.g. Sepulveda or Venice) as well as modifications to existing Rapid lines for improved productivity.

D) _____ - <u>Implement Rapid Express</u> - The concept of Rapid Express service is one that must be explored and implemented on key surface street corridors. Supplementing existing Rapid lines with Rapid Express service would attract more discretionary riders.

E) _____ - <u>Span of Service</u> – Monitoring Metro's span of service is critical to generating ridership. On some lines the span may need to be tightened to conserve resources – on other lines, the span of peak hour service may need to be extended.

F) _____ - <u>Innovative Services</u> – Metro needs to investigate more alternatives to the 40-foot (or larger) vehicle. In many low-density areas, 40-footers could be replaced with subsidized vanpools, dial-a-rides, car sharing programs or other low-cost alternatives.

G) _____ - <u>Economic Center Services</u> – New multiple retail developments (malls) are springing up across L.A. County within blocks of rail stations and major bus lines. Metro must more aggressively work with these developments to modify services to better meet the needs of these locations.

3) *Invest More Resources in Marketing and Advertising*
(On a scale of 1 to 5 – with 1 being the most likely to increase ridership please rank the following concepts)

A) _____ - <u>Metro on TV</u> – Television advertising is the most efficient means of reaching potential riders throughout the county. The investment required to be on TV is quite high. However, if attracting new riders is the goal, Metro needs the impact of TV advertising.

B) _____ - <u>Enhanced Advertising</u> - The benefit of advertising cannot be underestimated. Metro's advertising is a proven means for penetrating the market and increasing awareness. A recent public study showed that people who have seen Metro's advertising are twice as likely to try Metro as those who have not.

C) _____ - <u>Expanded New Resident Program</u> – Metro's New Resident direct mail program has proven to attract numerous new riders to the system. The current program has maintained a 10% response rate. Funding for the program must increase to offer the promotion year-round.

D) _____ - <u>Enhanced Employer Outreach</u> – With 80% of Metro's customers commuting to and from work, the employer segment is the most fertile ground for generating new customers. Greater investment must be made in expanding business-to-business sales efforts. Metro has a complete line of pass programs for employers and it could be expanded to include municipal operators through creation of an EZ pass for businesses. Targeting worksites in this manner increases ridership by as much as 300% in a given company.

E) _____ - <u>Leverage Market Conditions</u> – High gas prices, new services or environmental changes may all be leveraged to increase ridership. Metro can invest more resources into multi-media campaigns to help convince potential riders to consider Metro.

F) _____ - <u>Convenience Marketing</u> - Factors with the highest correlation to ridership are: availability of automobile; perceived convenience; and employment. Seventy percent of Metro's customers do not have a car available to them. Eighty percent use Metro service to commute to and from work; and ninety percent believe our service is convenient to use. Perceived convenience and relative value are critical to generating new ridership.

G) _____ - <u>Discretionary Ridership</u> - Metro must continue to attract new riders to the system. While Metro's 50% growth in discretionary ridership is unsurpassed by any major operator, it must continue this trend to attract more people who ride by choice. Marketing programs targeted to potential discretionary riders must be expanded.

H) _____ - <u>Maintain Metro Brand</u> – Consolidating all Metro offerings under one unified brand has created a consistently positive perception of Metro and its services. Awareness, positive perception, ridership and potential ridership are at all-time highs. Metro needs to maintain a strong positive presence in the public to attract new riders.

I) _____ - <u>Publicity</u> - To complement paid advertising, Metro actively generates free positive publicity. The equivalent ad value of our publicity efforts during FY06 has averaged about $2 million a month. Dedicating more resources to Metro's public relations efforts would generate more positive coverage and therefore more ridership.

J) _____ - <u>Promote Good Services</u> - The most compelling reason to Go Metro is good service. Metro has continually made improvements to it service over the last few years and promoting these enhancements aids awareness and usage of the system. These improvements greatly aid ridership marketing.

K) _____ - <u>Market Corridors</u> - Marketing heavily utilized transit corridors is one of the most fruitful and efficient means of generating ridership. Lines that provide superior service along a geographic corridor can utilize direct mail, outdoor and basic service visibility to increase ridership with an exceptional return on the marketing dollar.

L) _____ - <u>Enhanced New Employee Program</u> – Metro must continue to work with registered companies to give new employees a weekly pass to try out Metro service. We also offer a Guaranteed Ride Home programs to encourage sampling of transit.

M) _____ - <u>Enhanced Line Promotion</u> - Metro has promoted over eighty specific routes in recent years. While route promotions varied from newspaper advertisements to direct mail to outdoor, the results were pretty much the same – more ridership. Metro needs to expand line marketing and dedicate more resources to service promotions.

N) _____ - <u>Destination Marketing</u> - Currently, key destinations such as shopping centers and entertainment venues can bring new riders to the system. By marketing Metro services to these venues, as well as developing joint promotions with these venues and destinations, ridership can be increased.

O) _____ - <u>Residential Marketing</u> – Many of Metro's employer pass programs work equally well in residential areas. Approaching developers and residential associations with similar offerings is another means to increasing ridership.

4) Maintain the Best Fleet on the Street

(On a scale of 1 to 5 – with 1 being the most likely to increase ridership please rank the following concepts)

A) _____ - <u>Fleet Maintenance</u> – Metro's fleet is the most visible asset this agency possesses – and the appearance and performance of the vehicles are critical to the agency's success. Investment must be made into maintaining the fleet at current levels (or better) to optimize fleet appearance as well as minimize service disruptions.

B) _____ - <u>Accelerated Vehicle Painting</u> –The new paint scheme has significantly improved the visibility and perception of Metro services. Metro needs to complete these efforts and accelerate the repainting of the fleet so that all communities feel that they are receiving the highest quality service.

C) _____ - <u>Enhanced Graffiti Maintenance</u> - Resources must be made available to maintain the lowest possible levels of graffiti on the system. Great strides have been made by maintenance staff to eliminate graffiti on the system. Zero tolerance must be maintained to ensure the best experience for new and existing customers.

D) _____ - <u>Depreciation Expenditures</u> – Metro expends well below depreciation levels in fleet and facility improvements. Managing fleet age and facility requirements are critical to providing customers with the type of fleet they expect. Therefore, more resources need to be invested in maintaining Metro's fleet and facilities to reduce the gap between depreciation and maintenance expenditures.

E) _____ - <u>Capital Budget Utilization</u> – Metro's capital budget is never fully utilized. This impacts the bus and rail system in a variety of ways. Staff must work to budget operating capital more appropriately and take into account cash flow to maximize available resources.

5) Provide Customer Information Anywhere, At Any Time

(On a scale of 1 to 5 – with 1 being the most likely to increase ridership please rank the following concepts)

A) _____ - <u>System Signage & Information</u> – Signage is Metro's most prominent point-of-sale contact. Without clear, consistent, and customer friendly signage and information potential customers bypass facilities and services without consideration of use. The goals for Metro's signage system are for customers to be able to walk into any Metro facility and know what service is available, where it goes, how much it costs and how to use it. For example, New York MTA invests $3.4 million annually in their station signage capital program. While vast improvements have been made to Metro's system signage, there is more work to be done which can be accomplished if the agency develops and adopts an ongoing capital program to address signage upgrades and replacement needs.

B) _____ - 24-hour Customer Service – Technology has advanced to the point where Metro could now provide voice-automated 24-hour customer service. This type of system should be implemented in conjunction with 511 to expand Metro's customer service capabilities.

C) _____ - Metro.net Optimization – Metro's current website handles five times as many customer transactions as Metro's customer relations group. Over the past 5 years, website traffic has increased from 4.5 million to over 40 million monthly visitors. More resources must be allocated to improve this information tool as a means to generate more riders and provide interactive maps and personalized, real-time information to customers.

D) _____ - Bus Stop Information – Consistent, clear, and customer friendly information must be provided at Metro bus stops and more resources must be dedicated to maintaining this information. 18,000 stops allow for 18,000 opportunities to attract new customers. Consideration should be given to implement real-time information access from any of these stops.

E) _____ - Bus Stop Locations – Metro maintains more than 19,000 bus stops in the county. Many stops have very low utilization. Metro should analyze locations to see if stops can be eliminated therefore increasing bus speeds and operating efficiency.

F) _____ - Next-Bus Information – Next bus information has been value-engineered out of many projects – to the detriment of our customers. Technologies are advancing where this service may be provided at a much reduced cost. Metro should move to make next bus information available in as many delivery systems as possible, including cell phones, PDAs, web and SMS messaging.

6) *Improve the Customer Experience*
(On a scale of 1 to 5 – with 1 being the most likely to increase ridership please rank the following concepts)

A) _____ - Amenities – Resources are needed to improve facility amenities in order to attract discretionary riders and ensure an excellent customer experience. In recent years, investment in amenities and art has waned. An effort has been made to integrate amenities and art to create more functional facilities that benefit from superior design. Station and escalator canopies, seating and shelters should all be enhanced to provide both visually pleasing and functionally sound customer environments.

B) _____ - Bus Operator Interface – Metro bus operators are the first point of contact and the core component of our service offering. Maintaining positive relations with our workforce, providing customer service training and working with them to enhance the customer experience are key to increasing ridership.

C) _____ - Enhanced Customer Service – Metro should strive to have the best customer service available. More resources need to be added to improve operator training, reduce telephone wait times and upgrade Metro's website.

D) _____ - <u>Relaxed Rules</u> – Many systems across the country have more relaxed customer rules with regard to eating and drinking on vehicles. For express and longer rail trips, Metro may want to relax some of these rules. This change would have to be gauged against maintenance on the system.

E) _____ - <u>Friendlier Environment</u> – Enhanced lighting, better signage, more places to sit, read, etc. would all improve the customer environment. Metro should look at reasonable modifications that could be made to stations and transit centers to improve the look and feel.

F) _____ - <u>Vertical Movement</u> – Metro has many aerial and subterranean stations. Metro should do everything possible to maintain elevators and escalators to provide customers with a positive experience.

G) _____ - <u>Pedestrian Flow</u> – Customer movement within stations and in and out of rail cars are not the most organized of activities. Many systems across the country have implemented pedestrian flow systems that more orderly direct customers around facilities. Metro should investigate these types of systems – especially to coincide with Metro's new TAP Card fare system.

H) _____ - <u>Station Agents</u> – Station agents are used at a number of rail stations and transit centers across the country. To improve the customer experience and aid with system use, Metro may want to look into adding station agents to some of the major stations in the system.

7) *Eliminate Barriers to Ridership*

(On a scale of 1 to 5 – with 1 being the most likely to increase ridership please rank the following concepts)

A) _____ - <u>Day Pass Expansion</u> - The $3 Day Pass made the single greatest impact on increasing ridership and farebox revenue in this agency's history. The pricing concept eliminated pricing customer confusion, expanded Metro's distribution outlets (by 5-fold), eliminated customer reliance on tokens and lured thousands of new customers to the Metro system. The Day Pass, which generates the highest revenue per boarding, is used by nearly 40% of Metro's customers. Day Pass offerings should be expanded to include students, the EZ Transit Pass and Express services. Through simple modifications of the existing fare media, new markets could be opened and new customers generated.

B) _____ - <u>Regional Fare Structure</u> - With a multitude of transit operators in the region, it is difficult for potential customers to maneuver through a complex system of multiple fare structures. Every effort should be made to establish a regional fare structure to simplify using public transportation.

C) _____ - Expanded Internet Capabilities - Metro.net has expanded service capacity ten-fold. Customers can get trip itineraries, buy passes or virtually ride the Red Line right from their own home. Even with the advancements made, more upgrades must be done to accommodate a dramatically growing market of internet users. Metro must invest more in the internet in order to keep up with increasing demand.

D) _____ - Stops and Station Signage - Signage at stops and stations should provide all information necessary to use the service that is available. Metro has fallen behind in street information and as the system grows, so does the need for information. Metro should work to improve street signage in order to attract and inform new customers.

E) _____ - System Wayfinding – Vast strides have been made in system wayfinding. This trend must continue to provide transfer information as well as promote local attractions that may generate increased patronage.

F) _____ - Information Standardization - To attract new customers, Metro must make information as consistent as possible. As customers investigate service options, information should be simple and provide the same information in every format.

G) _____ - The "12-Minute" Concept – Metro boasts a multitude of high-frequency lines. This network of service, that provides "no-thought" transfers, offers a perfect opportunity to attract new riders to a simple and convenient system.

H) _____ - Better Station Visibility – Metro maintains numerous facilities that are not easy to locate or identify on the street. These less than visible customer facilities should be made more visible through architecture, as well as with street signage and "transit beacons" that would serve to beckon and welcome potential transit users. Where there is joint development, the developers should be required to provide high visibility to the transit system entrances through architecture and development design.

I) _____ - Promote System Safety – Metro maintains one of the safest systems in the country. Customers and the public continually have rated Metro high in terms of feeling safe on vehicles and at stops and stations. By promoting safety, Metro may be able to entice new riders who are looking to a safer alternative to driving.

J) _____ - Leveraging TAP – As TAP comes on line, several opportunities may be created to bring new riders to the system. Through special promotions, pricing strategies and use of convenient technology, new customers may be generated that previously may have been deterred by Metro's fare system.

Comments

What other idea or concepts do you have for increasing ridership?

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

Results of Governance Council Ridership Plan Survey

Introduction

In January 2007, staff presented the Draft Metro Ridership Plan to each of the five Sector Governance Councils and received feedback on the staff proposals. In addition, staff distributed a survey to all 40 Governance Council members at the end of January. The survey requested respondents to rank the 66 concepts grouped within the seven paths on a scale of 1-5 with 1 representing most likely to increase ridership and 5 representing least likely to increase ridership. Each concept was briefly described in the survey instrument. The survey yielded a 45% response rate, which is considered a strong result from a written survey. The following tables present the results of the concept rankings. The final section presents the responses to the open-ended question at the end of the survey that asked for additional comments.

Rankings

Each table contains the rankings of concepts within each path category. For instance, the first table presents the rankings of the strategies associated with the "Realign Existing Service for Optional Productivity." Concepts that ranked any figure below a 2 was considered to be highly ranked and used as the basis of the revised Metro Ridership Plan. the following lists the concepts that were most highly ranked by Council members for each path:

Category #1, Realign Existing Service for Optimal Productivity
- Implement Metro Connections
- Simplify Route Design
- Improve Connectivity
- Improve Fleet Speed

Category #2, Add More Customer Driven Services
- Expand Express Service
- Implement, Enhance & Expand Metro Rapid Service
- Match Span of Service with Demand

Category #3, Invest More Resources in Marketing and Advertising
- Enhance Employer Outreach
- Target Market to Increase Discretionary Ridership

Category #4, Maintain the Best Fleet on the Street
- Optimize Fleet Maintenance
- Enhance Graffiti Maintenance

Category #5, Provide Customer Information Anywhere, At Any Time
- Improve Effectiveness of System Signage & Information
- Implement 24-hour Customer Service
- Maintain & Upgrade Bus Stop Information
- Implement Next Bus Information in Various Formats

Category #6, Improve Customer Experience
- Improve Bus Operator Interface Through Training
- Enhance Customer Service

Category #7, Eliminate Barriers to Ridership
- Expand Day Pass Products
- Establish Regional Fare Structure
- Improve Information Provided on Stops/Station Signage
- Improve System Wayfinding
- Standardize Information in all Format

Qualitative Comments

Comments were submitted by some of the respondents. When taken together, the comments generally support the concept rankings but provide more emphasis on certain aspects of particular concepts.

For example, many comments emphasized the importance of analyzing cost-effectiveness of initiatives to increase ridership. Specifically, respondents expressed concerns over cost-effectiveness with the Zero Redundancy Program, seat utilization, various marketing campaigns, and new signage. Another theme was expanding incentives to increase ridership. Several respondents mentioned working with developers and municipalities to encourage transit-oriented residential and mixed use development, as well as legislative incentives such as an LA City bus tax reduction for employers who subsidize transit passes. Comments also emphasized schedule improvement, especially through reduced transfer times and the possibility of providing real-time information at transfer points, assuming this is cost-effective.

Conclusion

Based on the survey results, three general themes emerged as areas of emphasis to be considered for the revised plan. First is the need to continue maintaining, improving and expanding existing transit service to be more effective, cost efficient and productive. The second theme that appeared was the interest in targeting new markets through a variety of customer service enhancements, promotional tactics and technical applications. The third theme centered on improved customer information across a variety of mediums. Staff appreciates the thoughtful input provided by the Governance Council members and will incorporate these three themes in the revised plan.

Ridership Plan Survey Results

Category #1
Realign Existing Service for Optional Productivity

Item	Rating					Totals		Averages
	1	2	3	4	5			
Metro Connections	12	3	5			20	33	1.7
Service Standard	5	6	9			20	44	2.2
Feed Rail/Truck Lines	6	6	6	2		20	44	2.2
HOV Utilization	3	9	4	2	1	19	46	2.4
Transfer Mitigation	6	7	3	2		18	37	2.1
Zero Redundancy	5	3	7	3	1	19	49	2.6
True Express	5	8		4	1	18	42	2.3
Route Simplification	6	7	4			17	32	1.9
On-Street Supervision	7	1	10		1	19	44	2.3
Connectivity	11	6	2			19	29	1.5
Seat Utilization	1	9	4	3	1	18	48	2.7
Park & Rides	7	4	4	3		18	39	2.2
Municipal Partnerships	5	7	5			17	34	2.0
Downtown Bypass	3	5	1	6	3	18	55	3.1
Fleet Speed Improvement	7	8	1		1	17	31	1.8
Totals	89	89	65	25	9	277		

Category #2
Add More Customer Driven Services

Item	Rating					Totals		Averages
	1	2	3	4	5			
Service Expansion	9	5	1	2	3	20	45	2.3
More Express	8	5	4		1	18	35	1.9
Rapid Implementation	6	8	5			19	37	1.9
Implement Rapid Express	7	4	7	1	1	20	45	2.3
Span of Service	9	5	4	1		19	35	1.8
Innovative Services	5	4	4	5	1	19	50	2.6
Economic Center Service	5	9	6			20	41	2.1
Totals	49	40	31	9	6	135		

Ridership Plan Survey Results

Category #3
Invest More Resources in Marketing and Advertising

Item	Rating					Totals		Averages
	1	2	3	4	5	Totals		Averages
Metro on TV	6	3	7	2	2	20	51	2.6
Enhanced Adv.	6	7	4	1	1	19	41	2.2
Expanded New Resident	2	7	7	3		19	49	2.6
Enhanced Employer Outreach	7	12	1			20	34	1.7
Leverage Market Conditions.	5	5	6	1	1	18	42	2.3
Convenience Marketing	8	4	3	3	1	19	42	2.2
Discretionary Ridership	9	7	1			17	26	1.5
Maintain Metro Brand	5	9	1	2	1	18	39	2.2
Publicity	7	3	7	2		19	42	2.2
Promote Good Service	8	3	4	2	1	18	39	2.2
Market Corridors	7	4	5	1		17	34	2.0
Enhanced New Employee Program	6	6	4		2	18	40	2.2
Enhanced Line Promo.	4	9	3	2	1	19	44	2.3
Destination Marketing	2	6	5	2	2	17	47	2.8
Residential Marketing	4	3	7	3	1	18	48	2.7
Totals	86	88	65	24	13	276		

Category #4
Maintain the Best Fleet on the Street

Item	Rating					Totals		Averages
	1	2	3	4	5	Totals		Averages
Fleet Maintenance	15	1	2	2		20	31	1.6
Accelerated Vehicle Paint	4	5	6	2	2	19	50	2.6
Enhanced Graffiti Maintenance	12	7	1			20	29	1.5
Depreciation Expenditure	7	7	2	3	1	20	44	2.2
Cap Budget Utilization	5	7	5	1	1	19	43	2.3
Totals	43	27	16	8	4	98		

Category #5
Provide Customer Information Anywhere, At Any Time

Item		Rating				Totals		Averages
	1	2	3	4	5			
System Signage & Info.	10	7	2			19	30	1.6
24-hour Customer Service	11	4	4		1	20	36	1.8
Metro.net Optimization	6	7	5	1		19	39	2.1
Bus Stop Info.	9	9	2			20	33	1.7
Bus Stop Locations	4	7	5	1	2	19	47	2.5
Next Bus Info.	11	3	3	2		19	34	1.8
Totals	41	37	21	4	3	106		

Category #6
Improve the Customer Experience

Item		Rating				Totals		Averages
	1	2	3	4	5			
Amenities	4	5	6	1	2	18	46	2.6
Bus Operator Interface	12	2	1	1		16	23	1.4
Enhanced Customer Service	10	5	5			20	35	1.8
Relaxed Rules	2	4	6	1	5	18	57	3.2
Friendlier Environ	6	8	3	1	1	19	40	2.1
Vertical Movement	9	6	3	1	1	20	39	2.0
Pedestrian Flow	6	6	6	1	1	20	45	2.3
Station Agents	7	6	3	3		19	40	2.1
Totals	56	42	33	9	10	150		

Category #7
Eliminate Barriers to Ridership

Item	Rating					Totals		Averages
	1	2	3	4	5			
Day Pass Expansion	14	2	3	1		20	31	1.6
Regional Fare Structure	9	8	2		1	20	36	1.8
Expanded Internet	5	6	3	3	1	18	43	2.4
Stops/Station Signage	11	5	2	1	1	20	36	1.8
System Wayfinding	5	10	3			18	34	1.9
Info. Standardization	7	9	1	1	1	19	37	1.9
The "12-Minute" Concept	7	7	3		2	19	40	2.1
Better Station Visibility	6	5	6	2		19	42	2.2
Promote System Safety	7	5	4	1	2	19	43	2.3
Leveraging TAP	5	5	6	1	1	18	42	2.3
Totals	76	62	33	10	9	190		

Comments from governance councils

In addition to ranking each comment, council members were asked for suggestions to increase ridership:

1) Realign existing service for optimal productivity

Metro Connections - We must be careful not to make changes that will alienate existing patrons, though

Service Standard Adherence - Some lines are so long it is ineffective

HOV Utilization - Assuming HOV lanes are faster! An HOV Lane's existence is not necessarily a reason to operate service - witness 577x

Zero Redundancy Program - Redundancy/zero does not increase ridership. The $ saved, if spent wisely, might increase ridership. There are some corridors where duplication is required because of ridership patterns

True Express - Mitigate fare structures. Not reduced service. This depends on what the ridership patterns actually are. Some local/express combined routes would be less productive (and wave existing patrons away) if restructured as suggested

Route Simplification - Simplification can work if the ridership generators are all along a straight line, but care must be taken in simplifying routes where this is not the case.

On-Street Supervision - Supervisors need to be given more discretionary authority to solve these issues.

Seat Utilization - Again, seat utilization itself will not increase ridership. The dollars saved might.

If midday service productivity suffers as a result of improving peak-hour service, this will also alienate existing patrons.

Municipal Partnerships Coordinated fares are especially important, but there are some redundancies that need to be kept, such as Wilshire.

Downtown Bypass - Downtown is the destination. Could also impact in the negative given ridership, this may be necessary to continue.

2) Add more customer driven services

Service Expansion - Create different levels of service and fees to sustain them. Fix existing system first. Only if it can be done without major cuts in existing service.

More Express - Quality of experience key! Vehicle service quality, etc. Corridors must be chosen carefully: 450x is a success, 577x is not

Implement Rapid Express - Associated with unique, maybe luxury vehicles. The concept is too new and unproven to rate

Span of Service - This could expand or cause loss of ridership.

Innovative Services - Luxury services - riders pay premium
None of these alternatives boost Metro ridership.

Economic Center Services - Possibly work on infrastructure to integrate.

3) Invest more resources in marketing and advertising

Metro on TV - What about PSA's.

Enhanced Employer Outreach - What about legislative incentives? i.e., LA City bus tax reduction for employers who subsidize transit passes.

Convenience Marketing - Is only as good as the service is truly convenient.

Discretionary Ridership - Too expensive marketing programs AND SERVICES!

Publicity - $MM/Month is more than enough.

Enhanced Line Promotion - Some promotions are "too little too late," like this 50¢ fare week on lines targeted for cancellation

Residential Marketing - I think this has great potential. Working with developers and municipalities as they encourage transit oriented residential and mixed use development. Maybe a program with hotels around transit should also be considered.

4) Maintain the best fleet on the street

Accelerated Vehicle Painting - More effort needs to be made in having the "right" color vehicle for service

5) Provide customer Information anywhere, at any time

System Signage & Information - Signage itself does not attract new ridership. Signage should be designed as

informational, and any redesign must be cost effective, given the budget deficit.

Metro.net Optimization - Discretionary riders will use web. Make user directions easy for new discretionary riders.
The website is not as customer friendly as it should be.

Bus Stop Information - There is a trade-off here in cost-effectiveness, but real time info at transfer points would be a positive addition.

Bus Stop Locations - Low utilized stops are not a problem, because the bus is not delayed by them often

6) Improve the customer experience

Amenities - People do not ride "Art." Spend $$ on better service. Sound baffles on freeway are needed. Use joint development and private sector involvement to make key locations user friendly and fun.

Bus Operator Interface - Zero-tolerance for operator hostility toward patrons.

Relaxed Rules - Don't relax rules and keep strollers and rolling cases off of the aisle. Use signs customers can

read. Avoid small fonts and give time info. The best improvement would be allowing water bottles with sipper caps.

Station Agents - Cost may be higher than results possible Very helpful to new riders! (and attracting them)

7) Eliminate barriers to ridership

Stops and Station Signage - There is a trade-off here in cost-effectiveness, but real time info at transfer points would be a positive addition.

The "12-Minute" Concept - 15 minutes may be a more easily understood threshold.

Additional comments

I totally believe that word of mouth and first time experiences will bring people to ride our buses! Transfer times need to be improved, as this is the biggest drain on overall travel times.

EZ Day Pass and Annual Pass need to be implemented.

TAP validation machines need to be placed closer to pedestrian travel paths for ease of use.

Vehicle and facility maintenance need to be

improved to showcase our system.

Passenger amenities should include restrooms and refreshments (snacks, coffee, water, etc.).

More social marketing needs to be done to begin to change the mindset of our car-driven city.

As a regional provider resources need to be reallocated towards mass movements. Metro must get out of the local community based transit where municipal operators operate. Metro must balance its budget by providing only the number of revenue service hours it can afford to operate and fund lower cost agencies to provide the same services thus increasing regional mobility at a lower cost.

Metro should look at creating higher levels of service for additional fees.

We need to attract new discretionary riders who will only use services of higher quality.

I agree with the concept of a developer provided pass (1 yr) for new residential tenants. i.e., one pass/unit as an element of the trip reduction package.

Consider legislative incentives for employers and developers for provision of transit passes.

When HOV-Lane projects come through metro for approval and funding, on/off ramps for express bus service must be incorporated in a way that allows service to enter/exit without crossing mixed-flow traffic, otherwise HOV-corridor express service will not attract the same ridership levels.

Changes to bus stop signage must be made cost-effectively. A major program requiring replacement of all signage will come with a higher cost which will not likely be recovered quickly.

As we restructure service, use a "scalpel rather than chainsaw" approach to how existing service is cut or modified.

Non-productive service is a liability but connectivity has to be addressed as well.

Avoid situations where "The left hand doesn't know what the right hand is doing." Do not plan promotions without on-going consultation with the sector service development managers.

Make it as simple, safe, fast and user friendly as possible.

Market to the middle class.

Lots of good ideas in these pages.

Promote the phone number for directions and timetable. Not everyone has a computer!

In advertising use a "jingle" that the riders will remember and think about. "Leave it to Us, Ride the Bus!" "Save on Gas, Get a Metro Pass!"

Keep in mind that a one seat ride is preferred over transferring more than one time. Missed transfer connections add to a customers commute time.

When the SCRTD Greater Los Angeles System Improvement Plan was implemented in 1979, (the Grid System), actually 1976 through 1980, the public had the opportunity for input prior to implementation. This was accomplished region by region. Many maps were presented at numerous public forums until a final plan was implemented. Before Metro Connections is implemented, the public should be given the opportunity to discuss any service or route changes.