



May 26, 1994

Los Angeles County
Metropolitan
Transportation
Authority

TO: BOARD OF DIRECTORS
THROUGH: FRANKLIN E. WHITE
FROM: ARTHUR T. LEAHY ATL
SUBJECT: FY 94-95 SERVICE REDUCTION PLAN

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Suite 300
Los Angeles, CA

Mailing Address:
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213.623-1194

RECOMMENDATION

Approve the proposed FY 94-95 service reduction plan. The plan (1) reduces overall bus and rail service levels in response to recent declines in ridership and to anticipated declines from the proposed fare schedule; (2) eliminates the highest subsidy bus services; and (3) increases service to the most heavily utilized corridors where the need is greatest. No owl or weekend service cuts are proposed.

This plan, summarized on Table 1, will enable the MTA to operate 6.5 million bus revenue hours during FY 94-95, five percent less than budgeted in FY 93-94. Table 1 also itemizes the specific services recommended for cancellation. Estimated net savings total \$21.4 million.

Action on the service reduction plan is needed concurrent with the consideration of potential fare adjustments and the FY 94-95 budget. After approval of this recommendation, an EIR must be certified prior to implementation of reductions planned for early October.

ALTERNATIVES CONSIDERED

1. Maintain service at current levels. This alternative is not possible in light of the Authority's difficult FY 94-95 fiscal situation, unless additional resources are identified.

Additionally, known ridership decreases and projected ridership loss from fare deflection indicate that service reductions are warranted within existing MTA service policy.

2. Implement different service reductions. Other reductions were examined and are possible, but will result in greater hardship on our riders.

IMPACT ON BUDGET DEFICIT AND OBJECTIVES

The proposed service reduction plan will reduce the operating deficit by approximately \$21.4 million in FY 94-95. These savings along with internal cost reduction efforts, revenue increases from a new fare structure, and other actions will provide a balanced budget for FY 94-95. Approximately \$16.6 million derives from FY 93-94 service adjustments to reflect FY 93-94 ridership loss and \$4.8 million will accrue from additional actions proposed herein.

SERVICE REDUCTION PLAN

The proposed service changes, explained below, are also summarized in attached Table 1.

Changes Due to FY 93-94 Ridership Decline

Ridership on the MTA bus system declined by about 4% during the past year. This recent decline in ridership, partly resulting from the lingering recession, has allowed the MTA to remove 40,000 annual revenue hours of service during FY 93-94 within existing policy. An additional 245,000 revenue hours of service will also be reduced (about 3.5%) during June 1994 pursuant to existing policy. Similarly, about 5,500 annual revenue train hours of service will be removed from the Metro Blue and Metro Red Line rail service (about 5% of the rail service hours). The planned service level reduction should keep average passenger loads within MTA policy.

Aggressive action was required to contain the deficit. These changes were authorized within existing policy. Later implementation would have required greater reductions during FY 94-95 to produce the same level of cost savings. These FY 93-94 service reductions will save approximately \$16.6 million.

Changes Due to Expected Ridership Deflection Due to Fare Increase

The proposed fare increase is projected to cause a 6.8 percent ridership deflection. The proposed reduction is only 2.5 percent, or 170,000 annual revenue hours. Assuming implementation in early October, the MTA can reduce another 127,000 service hours during FY 94-95 at a savings of \$6.9 million. Reducing revenue hours only 2.5 percent, despite an expected ridership loss of 6.8 percent, will provide the flexibility to adjust service levels on individual lines that may experience increased boarding times at high volume stops due to increased use of cash and tokens. Overall, the system should experience a general lowering of passenger loads that will improve service.

Planned Reinvestment

The MTA runs some of the most heavily utilized urban lines in the United States. These lines experience passenger load factors at the high end of acceptable levels. This plan redeploys \$5 million of the savings to these lines to relieve overcrowding. Over 90,000 service hours will be reinvested. This effort will improve service on these bus lines.

Changes to Services Not Meeting MTA Standards

The plan eliminates approximately 50,000 FY 94-95 revenue hours of services that do not meet MTA standards in terms of passenger utilization per service hour or mile. These services consist of 1) express lines (443,445,457) with subsidies per passenger mile greater than \$0.60, 2) local lines (208) with subsidy per passenger mile greater than \$2.50, 3) non-funded special event services, 4) route tails (94, 104, 152s, 225, 320) with less than 20 passengers per hour, and 5) services that duplicate the Red Line (320,322).

Deferred/Other Changes

The ability to trim our services due to ridership declines has reduced the necessity to implement more severe service reductions. Accordingly, no reductions are proposed in owl and weekend service.

Long term potential changes will be pursued fully to generate any possible savings. These changes may require altering institutional and contractual provisions. Other long term strategies require implementation of other systems such as the Metro Green Line and Harbor Transitway.

IMPACT ON RIDERS

Approximately 2.9 million annual bus passenger boardings would be lost as a result of these service reductions. The service removed represents about a 5.5% reduction in bus hours while the anticipated passenger loss would be about 0.7% of our patronage. The reductions save about 3.3% of the system's costs.

Reductions of service hours due to ridership declines are accomplished by adjustment of headways and not by cancellation of individual lines. Thus, the roughly 415,000 of service hours reduction, attributable to ridership decline, will have only minor impact on riders. The other 50,000 hours (express and high subsidy lines) will have more serious impacts but are among the most costly and lowest utilized elements of our service. The 90,000 hour service reinvestment will improve the service quality on the heaviest urban lines.

MOTION

Councilman Johnson
Motion. Sent to
Committee for review
5/22/94 MTA Board
Meeting.

The Los Angeles County Metropolitan Transportation Authority (LACMTA) held a public hearing on April 23, 1994, regarding proposed increases in bus fares and reduction and discontinuation of various bus services. Participants at the public hearing voiced their opposition to proposed increases in bus fares, and the proposed reduction and discontinuation of specific bus routes.

The LACMTA has projected a \$126 million bus and rail operating deficit for FY 94-95, and a similar annual amount is likely thereafter annually, without substantial effects to reduce costs or increase revenue. Some of the reasons for the deficit are: (1) the recession; (2) the resulting decline in sales tax revenue; (3) a reduction in patronage; and (4) continual cost increases.

However, attention should be given to other reasons for the high cost of operations such as, the enormous fleet size of LACMTA buses, the diseconomy of scale in such transit operations, and the inability to contract out inefficient routes.

Preliminary findings contained in the "Cost Reduction Study", prepared for the LACMTA by Deloitte & Touche (February 1994), underscore the need for the LACMTA to develop a strategy to competitively contract out at least the highly subsidized bus lines. More recent studies have similar conclusions. By competitively contracting out expensive express bus services, the LACMTA could save \$10-\$14 million in operating costs annually, without reducing services.

Contracting out services should be done directly by the LACMTA; however, it would require agreements from the Unions. Competitive contracting would not only result in lower cost for the LACMTA, but would also promote even greater cost-efficiencies within the organization.

Since the transit service and fare policy issues will not be fully resolved within the near term, it is critical for the LACMTA to initially explore all possibilities for reducing the unit cost of its bus services.

I THEREFORE MOVE that the Los Angeles County Metropolitan Transportation Authority (LACMTA) work cooperatively with all municipal bus operators, including the City and County of Los Angeles, in addressing the concerns of this Motion and the recommendations which follow, relative to proposals to increase the base bus fare, and reduce and discontinue specific bus services:

1. That LACMTA actively pursue arrangements which will enable them to directly contract out transit services to reduce costs and improve efficiencies. If the LACMTA cannot directly contract out services, an interim plan should be developed to allow other transit agencies to assume services, using regional funding, until this matter can be resolved.

Amendment 2a Insert

2. That the LACMTA conduct a detailed, line-by-line segment analysis including the Commuter Express lines currently in operation, as part of its restructuring of bus services.
3. That LACMTA work closely with other municipal operators, including the City of Los Angeles, in establishing the criteria and factors to be used in analyzing service cuts or reduced funding.
4. That the LACMTA establish a policy to allow two-hour bus headways, instead of eliminating bus services; and that the LACMTA reduce bus services only where warranted, and such reductions should be based upon data obtained from the line-by-line segment analysis.
5. That all computer files of the (former SCRTD and LACTC) be merged or purged into a new or compatible data processing system to allow better policy and management oversight.
6. That the LACMTA seek State legislation that would establish severe penalties for the illegal sale or purchase of bus passes and transfers.
7. That the LACMTA determine the feasibility of utilizing individuals assigned by the court system to perform "Community Service" work to remove or clean graffiti on buses.
8. That the LACMTA implement the recommendations contained in the final report of San Fernando Valley Restructuring Study.
9. That the LACMTA implement similar restructuring studies in other service areas.
10. That LACMTA successfully negotiate with labor work rules that are consistent with other municipal employers, that allow cost-effective operations of LACMTA bus and rail services.

I FURTHER MOVE that the LACMTA instruct its staff to report to the LACMTA Board in June 22, 1994, regarding the concerns and recommendations contained in the Motion.

PRESENTED BY

Hal Bernson

SECONDED BY _____

Amendment

#1 2 a. Direct staff to report back within 30 days after coordinating with the municipal operators a funding formula for sharing subsidies on proposed

LINES
to
be
discontinued
or
contracted
out

(Similar to what was approved with the Bus Service Continuation project in 1987 with the City and County of LA for 12 Lines)

SD

270

4/1/46

PROPOSAL AND COMMENTS ON CHANGES TO MTA BUS SYSTEM

1. Institute a fare of .75 for ALL cash riders for every boarding of a bus (NO exceptions). Those needing 2 buses to complete their trip will pay a total of \$1.50. A one-fare system will make things easier for both the passengers and drivers. This should both increase ridership and revenues. Some will pay more, some will pay less, but all cash riders will support the system equally based on their usage. The only way you will increase revenues is to **LOWER** prices (except for those who are already paying too little - seniors and disabled). You will NOT increase revenues under your current plan.

2. In conjunction with number 1, eliminate all transfers. Not only are they expensive to print and time consuming to use, there is fraud when people give or sell them to others, or otherwise misuse them.

3. Those desiring a reduced fare (including seniors and the disabled) must buy a monthly pass. Encouraging pass use makes the entire system more efficient and contributes to better on-time performance (and by extension, more riders). Occasional cash riders (including the above categories) should all contribute the same amount to support the system and not receive discounts of any kind. Also eliminate "discount" tokens.

4. Raise the freeway premium to .50 per zone. And, no extra charge for riding rail.

5. Make a minimal increase in the regular pass price to \$45.00. The higher the price, the less riders you will have (and the less revenue you will receive). Raise the disabled and senior fare to half the regular pass price. If these categories of riders want good service they must be willing to pay a higher price to support it. The current price is basically "free." Eliminate regular passes at your fiscal peril (and do you realize how slow the system will become if many more riders pay cash?). I and many others will abandon the MTA if passes are eliminated or priced too high. I have an insured, working vehicle, but don't use it much. (I have never ridden Metro Link because the rates are way too high). To combat pass fraud, the MTA police should conduct random pass inspections as people use them to board the bus. Arrest any person possessing or using a counterfeit pass (take them to jail). In addition, the higher the pass price, the more fraud will occur.

6. Change each schedule no more than ONCE A YEAR (unless twice a year is necessary, such as the 460). Constant changes confuse the rider and cost MTA money to update and print. If a change should be made for any reason, it MUST wait until at least a year has elapsed since it was last printed. Supplementary service can be added if necessary without printing a new schedule. Plan ahead! (This suggestion will probably enable you to reduce the size of the department that works on schedules.)

7. Instituting zones will reduce ridership, including me. The proposal for one-fare for boarding (suggestion # 1) will handle this idea very nicely.

8. If special service (Rose Bowl, Hollywood Bowl, school service) is not breaking even or turning a profit, it should be eliminated. Doing so will reduce costs and increase "regular" line ridership at little or no cost to you.

9. PLEASE, PLEASE, PLEASE DON'T CONTRACT OUT OR GIVE SERVICE TO OTHER TRANSIT OPERATORS. In my opinion, which is based on experience, Foothill Transit is the worst transit system in the area. I wish you would (or could) take their lines back again.

10. Don't eliminate or reduce schedules or frequency of service. It will also be a big mistake to eliminate over-night service. It is used by people who probably made the reverse trip during regular hours. If you continue to erode your service by doing such things, your ridership will continue to decrease. Remember, many riders of your most heavily used lines transfer to other less-used lines to reach their ultimate destination. Ridership on the entire system is based on the ability to get almost anywhere you want to go, when you want to go. Eliminating destinations and/or schedules will drive more and more people back to driving.

I have ridden many transit systems around the country, and the MTA ranks as one of the best. Keep it that way! Don't destroy it. Don't become like Foothill or Orange County Transit. (Revised June 10, 1994)

Municipal Operator
Bus Capital Funding

Recommendations

In June 1993 the MTA Board, in adopting the FY 1994-97 Call for Projects recommendations, allocated bus capital funding for FY 1994 only. Funding levels for FY 1995-1997 were to be determined based on discussions with transit operators and development of a capital funding distribution formula.

The sixteen municipal operators, in cooperation with the MTA Operations and Planning and Programming staffs have worked over the past year in response to this Board directive. In January 1994, the MTA Board adopted the bus Capital Allocation Procedure (CAP), which was derived from this effort. The CAP not only contains a formula procedure for distributing bus capital funding, but information to be used in establishing bus capital funding targets through FY 1999.

The current Call for Projects recertification process has not incorporated the basic premises of the CAP. This paper has been prepared to present the following recommendations regarding the allocation regional bus capital dollars as part of the Call for Projects recertification:

1. Increase the FY 1995 capital funding mark for bus transit \$116.4 million, as follows:
 - Allocate FY 1995 CMAQ and RSTP funding for bus capital at target levels established in the FY 1994-97 Call for Projects (\$35.4 million).
 - Allocate all Section 9 bus capital funding to regionally designated operators based on the MTA adopted CAP (\$81 million).
2. Request full disclosure of federal, state and local fund apportionments.
 - MTA staff should make annual funding estimates for all transportation fund sources available for technical review.

Municipal Operator
Bus Capital Funding

Summary of Issues

Issue #1 The level of bus capital funding is insufficient to meet existing bus capital replacement needs.

- A. Funding levels set at approximately \$78 million (\$59.7 + \$18.0) are far below the estimated FY 1995 projected capital need of \$335.8 million.
- B. Approximately \$137 million is needed in FY 1995 for vehicle replacements alone. Total replacement needs (vehicles and equipment) are estimated at over \$245 million (See attachment A).
- C. The funding levels proposed by MTA staff, which are approximately the same as FY 1994 funding levels are below what is needed to provide for a 12 year revenue vehicle replacement cycle.
- * Current funding levels would only provide for a 15 year replacement cycle. Increasing the bus replacement cycle will have a negative impact on bus operating costs, which will ultimately result in lower service quality and ridership loss.
- D. Over a five year period from FY 1995-1999, a \$934 million dollar capital shortfall is projected, based on current funding levels.

Issue #2 Increases in Section 9 capital funding in FY 1995 resulting in an additional \$56 million have been effectively redistributed to other modes, including rail, highways and new technology.

- A. Additional Section 9 capital funds are proposed to supplant CMAQ and RSTP funds allocated to bus operators in the FY 94-97 Call for Projects. These flexible funds are eligible bus capital fund sources; therefore, is no justification for reprogramming these dollars to other projects.
- B. Part of the additional Section 9 funding was carried over from FY 1994 (\$23.8 million), which should have been distributed this year as part of the FY 94 CAP, or through the annual mid-year adjustment process.
- C. MTA staff proposes to assign an additional \$3.3

million in Section 9 Capital to other modal categories through the recertification process.

- * Section 9 capital funding has always been for the exclusive use of designated regionally funded operators. The MTA Board adopted a formula process by which these dollars are to flow to participating transit agencies.
- D. Removing all CMAQ/RSTP funding from the bus capital funding pool would eliminate any capital funding for the Antelope Valley Transportation Authority.

Issue #3 The Call for Projects process has created a competitive environment among transportation modes over the utilization of flexible funding sources and limited disclosure of "color of money" issues.

- A. MTA staff no longer fully discloses funding apportionments by source. The funding targets set prior to initiating the Call for Projects do not necessarily represent total funding available.
- * This issue also exists for Proposition C dollars which are not included in the Call for Projects, but were always distributed in part to municipal operators as recessionary assistance until this year.
- B. HOV projects approved as part of the FY 93 and FY 94-97 Call for Projects were given multi-year funding approval in December 1993, which is inconsistent with the annual approval process established for all other competing projects. This multi-year approval action committed flexible local and federal fund sources through FY 1997, which could have been used for bus capital, as well as other modes.
- C. The Call for Projects process has not streamlined the capital programming process for bus operators, nor does it appear to operate any more efficiently for other transportation categories.
- D. Projects approved through MTA Board actions outside of the Call for Projects process do not compete for funding, making the Call for Projects concept useless.
- * Rail and other projects funded "off-the-top" through last year's MTA budget process are now

being funded "off-the-top" through the Call for Projects.

- * Additional funding for the Union Station Gateway project is proposed to be authorized through the Call for Projects recertification process, utilizing Section 9 Capital funding that should only be available for bus operations.

Los Angeles County
 Projected Capital Replacement Need
 (\$000s)

Project Description	FY 1995	FY 1996	FY 1997
<u>Municipal Operators</u>			
Bus Replacement	\$27,029.8	\$20,356.4	\$26,272.9
Replacement Maintenance	\$5,456.4	\$6,955.2	\$5,323.9
Facility Modifications	\$3,685.5	\$1,800.7	\$1,079.0
Office/Administration	<u>\$1,238.4</u>	<u>\$894.9</u>	<u>\$724.4</u>
Municipal Operator Capital Replacement Need	\$37,410.1	\$30,007.2	\$33,400.2
<u>MTA Operations</u>			
Bus Replacement	\$110,250.0	\$115,211.3	\$120,395.8
Replacement Maintenance	\$34,577.6	\$28,467.0	\$29,918.4
Facility Modifications	\$56,198.0	\$34,619.0	\$23,130.6
Office/Administration	<u>\$7,344.5</u>	<u>\$627.0</u>	<u>\$655.2</u>
MTA Operations Capital Replacement Need	\$208,370.1	\$178,924.3	\$174,100.0
<u>Total Regional Replacements</u>			
Bus Replacement	\$137,279.8	\$135,567.7	\$146,668.7
Replacement Maintenance	\$40,034.0	\$35,422.2	\$35,242.3
Facility Modifications	\$59,883.5	\$36,419.7	\$24,209.6
Office/Administration	<u>\$8,582.9</u>	<u>\$1,521.9</u>	<u>\$1,379.6</u>
Total Capital Replacement Need	\$245,780.2	\$208,931.5	\$207,500.2



May 26, 1994

TO: BOARD OF DIRECTORS

THROUGH: FRANKLIN E. WHITE

FROM: ^{DAW}for JUDITH A. WILSON

SUBJECT: PROPOSED CHANGES TO THE FARE STRUCTURE FOR
IMPLEMENTATION ON SEPTEMBER 1, 1994

PREAMBLE

Under separate cover, the Board has received the proposed FY 1995 MTA budget. That document details the methods by which the MTA will eliminate a \$126 million budget shortfall currently facing the Authority. The budget proposal identifies the need for \$40 million of the deficit to be offset by increased fare revenues, with implementation to occur September 1, 1994. The target date for implementation was selected to allow sufficient time to procure additional tokens. The reason for the added tokens will be explained below.

The recommended fare structure was developed after extensive review of the public comments received at an April public hearing, as well as a review of all other methods by which revenues could be raised. Every effort was made to minimize the impact on the public of a fare increase, and at the same time develop a proposal that was fair and equitable to all of our bus and rail riders. There is a perception that the current structure benefits some classes of riders to the detriment of others. This proposal seeks to provide equity to all persons using our services, and at the same time recognizes the economic needs of those most in need of transit.

The Board is asked to recognize that every month without adoption of a fare structure will result in a \$4.2 million loss of revenue. Such a loss would exacerbate the financial difficulties facing the MTA. The fare proposal below would generate \$40 million during next year, assuming implementation September 1, 1994. On an annual basis, the fare proposal would raise \$51.4 million. This proposal is made, therefore, to provide the MTA with a revenue source that, hopefully, would offset the need for fare increases in FY 1996, a result which would provide continuity and stability for our riders.

In reviewing the fare proposal, the Board is asked to recall that no fare increases have been instituted in the past six years, and that Los Angeles has fallen far behind other cities in the ratio of revenues raised from the farebox compared to subsidies.

Los Angeles County
Metropolitan
Transportation
Authority

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RECOMMENDATION

It is recommended that the Board of Directors adopt a new fare structure on June 22, 1994 to assist in balancing the budget for FY 1995. Nine votes of the principals are required to adopt a fare change. Specifically, the Board is being asked to:

1. Adopt a fare structure for the bus and rail system that emphasizes the use of cash and tokens. The proposed cash fare is \$1.35, tokens \$1.00, transfers \$0.25, and on express buses a distance-based zone surcharge of \$0.50. Elderly and disabled cash fares are proposed to be \$0.50 with elderly and disabled transfers of \$0.10. Also proposed is the elimination of the regular monthly pass and the college/vocational pass. The elderly and disabled (E&D) monthly pass is proposed to be \$12. The student (K-12) pass is proposed to be \$24, valid Monday through Friday. Both the S&D and the student passes would be valid for travel on express routes without payment of the zone surcharges. It is also recommended that in keeping with ADA requirements the blind be reclassified as disabled and pay the appropriate disabled fare, eliminating free rides for the blind;
2. Adopt a zone-based fare structure for the urban rail system that embraces the concept of premium fares for premium service. The proposed cash fares are the same as listed in #1 above including the \$0.50 zone surcharge. Passes would be eliminated except for the E&D and student passes, which would be valid for travel on the rail system without payment of any zone charges. Three fixed zones are proposed on the Blue Line with the Red Line MOS-1 included in the most northern Blue Line zone. The cash fare for trips exclusively on the Red Line is proposed to remain at \$0.25 until MOS-2 opens. Three fixed zones are proposed for the Green Line;
3. Authorize staff to exercise an option under the contract with Roger Williams Mint for five million additional tokens, and authorize negotiation of an emergency procurement of up to 20 million more tokens for a total cost for the 25 million tokens including shipping and miscellaneous one-time costs of approximately \$1.3 million;
4. Authorize those actions necessary to reprogram rail Ticket Vending Machines (TVMs) for conversion to a distance-based fare on the rail system; and,

The proposed fare structure, combined with service modifications, internal efficiencies, and labor contract savings, will allow the MTA to balance its FY 1995 budget if the new fare structure can be implemented by September 1, 1994. Any delay to the implementation date of September 1 will reduce fare revenue in FY 1995 by \$4.2 million per month.

Fare restructuring by a public agency for the purpose of meeting operating expenses does not require environmental review under the California Environmental Quality Act as stated in the Public Resources Code Section 21080 (b) (8).

ALTERNATIVES CONSIDERED

Staff considered the following alternatives:

- A. Make no changes to the fare structure. This is not recommended because the projected \$126 million operating budget deficit for FY 1995 would have to be balanced with additional service reductions, reallocation of revenues, or by securing new funding sources which are not available at this time.
- B. Retain the existing fare structure but increase fares proportionately. This is not recommended because existing inequities in fare payment methods are perpetuated.
- C. Adopt a peak/off-peak fare structure. This is not recommended because this type of fare structure would be too complex and difficult to implement.
- D. While we could have recommended consideration of future annual increases consistent with Consumer Price Index (CPI) growth, we have not done so in this proposal. Such an action is separate from the current need for additional farebox revenue to reduce the \$126 million operating deficit in FY 1995. Over the next year we will be identifying strategies for long term financial stability, and future fare adjustments should be considered in that context.

Additionally, staff analyzed the impacts of the all-cash/token fare structure at different price levels. These impacts are shown in Attachment A along with fares for sample trips. Should the Board desire to see impacts of selected price changes, a price sensitivity analysis is shown in Attachment D.

Staff analyzed the impacts of additional dwell time (time spent at bus stops for passengers to board and alight) and administrative costs that could result from an all-cash/token fare structure. Proposed service changes to demand-scheduled lines have been developed to accommodate schedule adherence problems should they arise from increased boarding times at high volume stops.

IMPACT ON BUDGET AND OBJECTIVES

The proposed fare structure will help balance the FY 1995 operating budget since it is expected to generate an additional \$4.2 million per month in revenue. This fare structure would yield \$51.4 million annually (excluding the Green Line.) For FY 1995, the costs to procure additional tokens, offset additional dwell time and administrative impacts, and provide for operation of the Metro Green Line in May and June of 1995, are projected to restrict net additional revenue to \$40 million. The ability of the MTA to meet its operating expenses is of the highest priority. The proposed fare structure also will improve fare equity between payment methods (pass and cash)

and will improve modal fare equity (between bus and rail). An analysis of the proposed fare structure's impact on various ethnic and demographic groups is included in Attachment G.

Impact on Operating and Capital Deficit

Along with internal cuts, reallocation of revenues and service delivery modifications, fare restructuring is a component of the MTA's strategy for balancing the FY 1995 operating budget and eliminating the \$126 million deficit.

BACKGROUND

Staff's recommendation is driven by the need to balance the FY 1995 budget. To that end, the proposed fare structure will contribute an estimated \$40 million if implemented by September 1, 1994.

Regular and college/vocational monthly passes are proposed to be eliminated as a means of improving the equity within the fare structure. As highlighted in Attachment E, the cost of the monthly pass is calculated at 38 uses per month. However, the average use is almost 100 times per month. This leads to the pass users making over 43% of the boardings annually, yet contributing only 29% of the fare revenue. This causes the cash fares to be artificially high to cover this cross-subsidy. To the extent that the poor are unable to afford a monthly pass, or choose to use cash or a token, they cross-subsidize those passengers that use a monthly pass. The monthly pass invites misuse as there is no limit on how often the pass may be used and no effective means of deterring its use by more than one individual.

With elimination of all monthly passes except the E&D and student monthly passes, tokens would become the only discounted fare media. Because of the anticipated significant use of tokens, the base fare would become \$1.00, with a cash surcharge of an additional \$0.35. In addition to the above differential in token and cash cost, the token will be used further as a means of providing additional discounts on a needs basis through programs such as Immediate Needs and SHORE which provide mobility to the disadvantaged through a network of agencies. During the next six months staff will be further reviewing the opportunities for additional needs based distribution of subsidy through a variety of health and human services oriented programs.

Today, the MTA has five million tokens. An option for another five million with the vendor, Roger Williams Mint, is available at a favorable price. Staff seeks authorization to exercise the option for five million tokens, and to expedite the emergency procurement of an additional 20 million tokens at a favorable price. The estimated cost to mint, deliver, secure, and begin circulation of each token is approximately 4.5 cents; one-time costs for upgrading the token processing equipment to handle the additional volume of tokens could be as much as \$100,000. The total cost to procure and begin distribution of 25 million tokens would be approximately \$1.3 million.

In addition to balancing the operating budget, the staff recommendation to implement a cash and token fare structure has been developed to address several concerns regarding the existing fare structure:

1. Deep discounts to many user groups.
2. Inequity between cash and pass payment.
3. Need for premium fare for premium service.
4. Goal of simplifying the fare system for user and operator.
5. The current base fare of \$1.10 has not been changed for six years, which when adjusted for inflation yields a current value of 83¢. If the fare had kept pace with inflation, today it would be \$1.37. This has been exacerbated by the fact that other revenues have also failed to keep pace with inflation.

These combined factors have resulted in the existing fare structure that returns significantly less revenue per boarding (as a percentage of base fare) compared to other large operators around the country (see Attachments C1 and C2). Background information on relationships between fares and subsidies is included in Attachment E. The \$1.35 cash fare is being proposed as this is comparable to transit fares in other large U.S. cities when differences in the cost of living are taken into account. The \$1.35 cash fare is the level that will provide the needed revenues to help meet the operating deficit in conjunction with the other cuts and modifications included in the MTA budget.

IMPROVING MODAL EQUITY

An integral part of improving system equity between bus and rail riders is implementation of zone-based fares on the rail system. The rail system and its fare collection machines were designed for a zone-based fare structure. Necessary changes could be made by September 1.

The proposed rail fare restructuring establishes fixed zones approximately seven miles in length. While these zones are longer than the current four mile zone length on the express bus system, the longer zone length is consistent with longer trips made on rail. The longer zone length will also minimize rail passenger deflection to the bus system. Keeping as many rail patrons as possible while improving system equity will allow for the most cost-efficient multi-modal transit system. The Red Line fare of \$0.25 is proposed to be retained for trips exclusively on the Red Line (MOS-1) until longer trip lengths become possible with the opening of MOS-2 in FY 1997.

Proposed zone boundaries for the two lines are:

- BLUE:** between Del Amo and Artesia Stations
 between Firestone and Florence Stations
- GREEN:** between Crenshaw and Vermont Stations
 between Long Beach and Lakewood Stations.

Board of Directors
May 26, 1994
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A map of the proposed rail fare zone boundaries is shown in Attachment B1. Also included in Attachment B2 are the patronage and revenue impacts of a zone-based fare. Elaboration on the mechanics of the zone fare system is included in Attachment F.

CONCLUSION

Staff has recommended a new fare structure that helps reduce the \$126 million FY 1995 operating deficit while eliminating inequities in the existing fare structure. Board approval is sought by June 22 so that the MTA can adopt a balanced budget.

Prepared by: Dana Woodbury
Deputy Executive Officer
Planning & Programming

Keith Killough
Deputy Executive Officer
Countywide Planning

Attachment A

Scenario:	<u>Existing</u>	<u>\$1.10 Cash</u> <u>\$0.90 Token</u>	<u>\$1.25 Cash</u> <u>\$1.00 Token</u>	<u>\$1.35 Cash</u> <u>\$1.00 Token</u>	<u>\$1.50 Cash</u> <u>\$1.00 Token</u>
(Staff Recommendation)					
Prices -					
Token:	\$0.90	\$0.90	\$1.00	\$1.00	\$1.00
Cash Surcharge:	\$0.20	\$0.20	\$0.25	\$0.35	\$0.50
Transfer:	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25
Express Surcharge:	\$0.40	\$0.50	\$0.50	\$0.50	\$0.50
E&D Cash:	\$0.45	\$0.45	\$0.50	\$0.50	\$0.50
Regular Pass:	\$42.00	-	-	-	-
Express Stamp:	\$12.00	-	-	-	-
E&D Pass:	\$10.00	\$12.00	\$12.00	\$12.00	\$12.00
Student Pass:	\$18.00	\$24.00 ¹	\$24.00 ¹	\$24.00 ¹	\$24.00 ¹
College Pass:	\$25.00	-	-	-	-

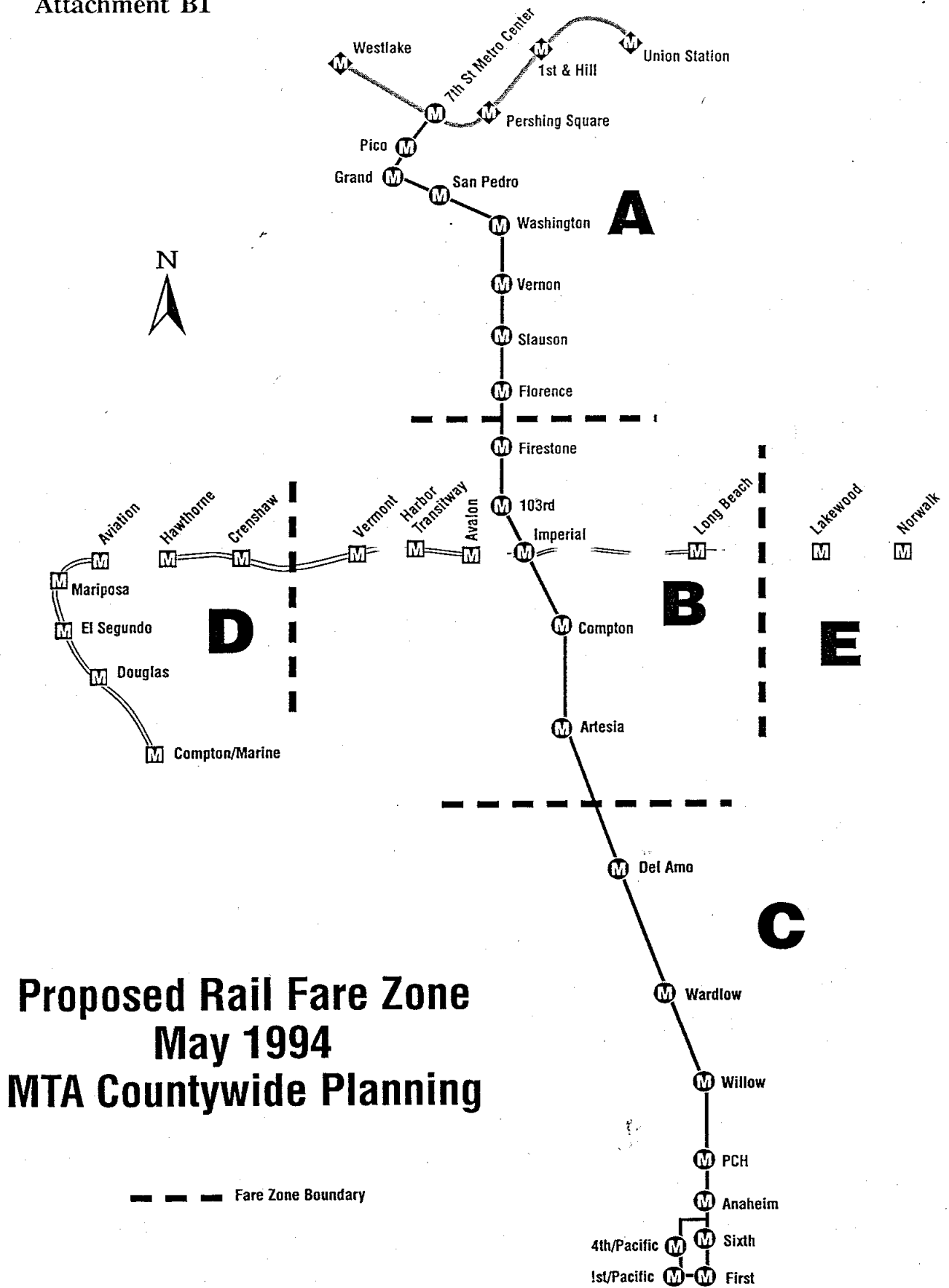
¹ Student Passes valid for weekdays only.

Revenue Increase: (\$millions)	-	\$20.2	\$36.8	\$47.8	\$63.9
Linked Trips	-	-3.4%	-5.5%	-6.9%	-8.6%

Sample Linked Trip Prices: Monthly rates assume a regular pass in "Existing" column and 42 linked trips a month in other columns - all columns assume token usage whenever possible.

1 local bus (44% of patrons):	\$0.90/\$42	\$0.90/\$38	\$1.00/\$42	\$1.00/\$42	\$1.00/\$42
2 local buses (44% of patrons):	\$1.15/\$42	\$1.15/\$48	\$1.25/\$53	\$1.25/\$53	\$1.25/\$53
1 express bus (4% of patrons):					
example: a 1-Zone trip	\$1.30/\$54	\$1.40/\$59	\$1.50/\$63	\$1.50/\$63	\$1.50/\$63
2 buses - one local and one express (3% of patrons):					
example: a 1-Zone trip	\$1.55/\$54	\$1.65/\$69	\$1.75/\$73	\$1.75/\$73	\$1.75/\$73
3 buses (5% of patrons):					
example: 3 local buses	\$1.40/\$42	\$1.40/\$59	\$1.50/\$63	\$1.50/\$63	\$1.50/\$63
example: locl/1-Zone exp/locl	\$1.80/\$54	\$1.90/\$80	\$2.00/\$84	\$2.00/\$84	\$2.00/\$84
Extreme Example:					
5-Zone exp/locl/4-Zone exp	\$5.00/\$102	\$5.90/\$248	\$6.00/\$252	\$6.00/\$252	\$6.00/\$252

Attachment B1



**Proposed Rail Fare Zone
May 1994
MTA Countywide Planning**

--- Fare Zone Boundary

METRO BLUE LINE IMPACTS OF DISTANCE-BASED, ALL CASH PRICING OPTIONS

CASH/TOKEN FARE STRUCTURE

	Existing <u>\$1.10 Fare</u>	<u>\$1.10/\$1.00</u> <u>\$0.40/Zone</u>	<u>\$1.25/\$1.00</u> <u>\$0.50/Zone</u>	<u>\$1.35/\$1.00</u> <u>\$0.50/Zone</u>	<u>\$1.50/\$1.00</u> <u>\$0.50/Zone</u>
Annual Boardings	11,800,000	10,000,000	9,400,000	9,300,000	9,200,000
Percent Change		-15.3%	-20.3%	-21.2%	-22.0%
No. Deflected		1,800,000	2,400,000	2,500,000	2,600,000
Annual Revenue	\$6,000,000	\$8,700,000	\$9,300,000	\$9,400,000	\$9,500,000
Percent Change		45.0%	55.0%	56.7%	58.3%
Amount of Increase		\$2,700,000	\$3,300,000	\$3,400,000	\$3,500,000

**COMPARISON OF MAJOR CITY FARE STRUCTURES
including BASE FARE EQUIVALENCIES**

	Atlanta MARTA	Baltimore MTA	Chicago CTA	Cleveland GCRTA	Los Angeles MTA	Miami Metro-Dade	New York NYCTA	Philadelphia SEPTA	Pittsburgh PAT	Wash., D.C. WMATA
<i>Effective Date</i>	<i>Jul 92</i>	<i>Jan 93</i>	<i>Jan 92</i>	<i>Feb 93</i>	<i>July 88</i>	<i>Jan 91</i>	<i>Jan 92</i>	<i>June 90</i>	<i>Jan 91</i>	<i>June 93</i>
Base Fare	\$1.25	\$1.25	1.50R, \$1.25B	\$1.25	\$1.10	\$1.25	\$1.25	\$1.50	\$1.25	\$1.00
Discount Token	\$1.20	\$1.20	\$1.25	\$1.19	\$0.90	\$1.00	no	\$1.05	\$1.13	\$0.90
Monthly Pass	\$43.00	\$42.00	\$72.00	\$45.00	\$42.00	\$60.00	no	\$58.00	\$40.00	varies
Transfer Bus/Rail	free	\$0.10	\$0.30	free	\$0.25	\$0.25	free*	\$0.40	\$0.25	free
FY95 Increase Planned	no	no	no	no	pending	In review	no	In review	no	E&D possible
Express Surcharge	no	no	\$0.25	\$0.25	\$0.40	\$0.25	no	no	no	\$0.50
Distance-based Charge	no	10¢-40¢	no	\$1.25	no	no	no	\$0.40	\$0.35	25¢-65¢
Peak Period Charge	no	no	25¢ B only	no	no	no	no	no	25¢/40¢ R	\$0.35
Discount Fares										
Seniors	\$0.60	45¢, \$14	60¢, \$33	\$0.50	45¢, \$10	60¢, \$30	\$0.60	free Off-pk	free Off-pk	30¢/50¢
Disabled	\$0.60	45¢, \$14	60¢, \$33	\$0.50	45¢, \$10	60¢, \$30	\$0.60	½ Fare Off-pk	½ Fare Off-pk	30¢/50¢
College/Vocational	no	no	no	no	\$25.00	\$45.00	no	no	no	no
K - 12 Student	\$9 wkly	\$0.85	60¢, \$33	\$1.00	\$18.00	60¢, \$30	see notes	free xfer	free	\$0.35
FY 92 Performance										
Avg Fare as % of Base Fare	33.6%	64.5%	57.4%	60.0%	50.0%	62.4%	82.4%	58.7%	72.0%	103.0%
Avg. Revenue/Boarding	\$0.42	\$0.71	\$0.72	\$0.60	\$0.55	\$0.78	\$1.03	\$0.88	\$0.90	\$1.03
Farebox Recovery Ratio	35.3%	45.7%	47.0%	25.8%	35.3%	35.6%	54.9%	55.7%	46.9%	50.1%
Cost of Living Index (COLI)										
Equivalent Base Fare	98.6	115.0	116.8	109.8	127.9	108.2	208.7	131.1	107.7	115.6
(Adjusted to L. A. COLI)	\$1.62	\$1.39	\$1.37	\$1.46	\$1.10	\$1.48	\$0.77	\$1.46	\$1.48	\$1.11

* Transfers within NYCTA rail system are free; transfers between bus & rail occur at only 2 locations and are free.
Cost-of-Living Index from U.S. Commerce Department, Bureau of Labor Statistics, 1st quarter 1993
See Attachment C-2 for additional information.

NOTES ON COMPARISON OF MAJOR CITY FARE STRUCTURES

Atlanta, MARTA

- Transfers issued free; few bus-to-bus transfers occur.
- Discounted student passes valid 6AM to 7PM school days only.

Baltimore, MTA

- Distance-based fare on local lines in 10¢ to 40¢ increments; maximum 5 zones.
- Schools issue tickets to K-12 students at no charge; honored 6AM - 4:30PM with student ID. School district reimburses MTA at full value.
- K-12 students also can pay 85¢ cash with student ID, from 6AM - 6:30PM Monday - Friday.

Chicago, CTA

- CTA issues ID cards to students permitting them to pay reduced fare: 75¢ peak fare for bus and rail (regularly \$1.50) and 60¢ off-peak for bus only (regularly 1.25).
- Student fare discount valid to and from school 5:30 AM to 8:00 PM school days only.

Cleveland, GCRTA

- Schools purchase \$1 tokens and sell them to students at various prices (some sold at no charge).
- Owl service surcharge of 25¢. Trains impose express surcharge at all times.
- Transfers issued free of charge. Misdemeanor in OH to sell transfers on the street: 6 mo jail/\$1000 fine.

Miami, MDTA

- College discount offered only to students of 4-year institutions; subsidized by colleges.
- Transfer only valid for one use. Three-vehicle riders pay full fare on 3rd vehicle.
- No specific fare proposals at this time.

New York, MTA-NYCT

- School board provides 100% subsidy to MTA to carry eligible students (state law). Eligibility based on distance of school to home. School board offers 50% subsidy to students not meeting state distance criterion. Passes are valid to and from school, 7AM - 7PM school days only.
- City of New York buys down senior & disabled fares during peak periods.

Philadelphia, SEPTA

- Srs & disabled pay full fare during peak hours; Srs ride free and disabled pay *half* fare all other times.
- School district buys \$1.05 tokens and sells to students at additional discount.
- Students within Philadelphia transfer *free*; subsidized fully by school district.
- Half of all riders make 2-vehicle trips; only 10% of all riders pay full base fare.
- Considering increases to token and pass prices for FY 95.

Pittsburgh, PAT

- Distance-based fare on local lines in 35¢ increments; up to 5 zones.
- "Radial" network of lines, few passenger transfers.
- School district buys passes at regular adult price and distributes to students at no charge (State law).
- Seniors pay full fare during peak periods; ride free all other times.
- The disabled pay full fare during peaks; pay *half-fare* all other times.
- Rail system peak surcharge of 25¢ (1 zone) or 40¢ (2 zones).

Washington, D.C., WMATA

- Many 2-week passes offered at various prices (e.g., \$20 no rail; \$35 "short trip" pass for short rail trips; \$50 FAST Pass valid unlimited rail; \$65 SuperPass unlimited bus and rail trips).
- Various other passes offered (e.g., \$5 One-Day "rail only" pass valid after 9:30AM M-F and all day on weekends; a \$100 28-consecutive day "rail only" pass valid at all times).
- Considering increase to Senior Citizen fares within the District of Columbia to 50¢, equal to fare paid by Seniors outside the District. (Seniors within the District now pay 30¢.)

Attachment D: Variations to Recommended Fare Structure

The following represent the impact any element of the proposed fare structure has on revenue if the element were to be modified.

Variation to Recommended Scenario:	40-multiple Regular Pass (\$54) & 15 Expr. Stamp	50-multiple Regular Pass (\$68) & \$19 Expr. Stamp	No Student Pass	\$1 Added to Student Pass	\$40 College Pass	Deep Discount 75¢ Token Sold To Schools
Revenue Increase: (\$millions)	-\$11.1	-\$1.8	+\$3.2	+\$0.7	+\$0.1	-\$2.6
Linked Trips:	+1.5%	+0.4%	-0.4%	-0.1%	0.0%	+0.4%

Variation to Recommended Scenario:	5¢ added to Base Fare	5¢ added to Token ¹	5¢ added to Transfer ¹	5¢ added to Express Zone ¹	\$1 added to E & D Pass
Revenue Increase: (\$millions)	+\$6.0	+\$2.0	+\$4.6	+\$0.4	+\$0.9
Linked Trips:	-0.7%	-0.3%	-0.5%	-0.1%	-0.4%

¹ The following results can be used for sensitivity analysis to obtain rough estimates of successive 5¢ increments; however, a 5¢ increase in token, transfer, and express zone fares may have somewhat different results than a 5¢ decrease. Federal regulations require Elderly and Disabled fares to be no more than ½ the price of the above fares. For example, an increase of 5¢ to a 25¢ transfer will result in a 15¢ E & D transfer fare while a 5¢ decrease would result in a 10¢ E & D transfer fare (the latter would represent no change from the current E & D fare).

ATTACHMENT E

RELATIONSHIPS BETWEEN FARES AND SUBSIDIES

The average fare per boarding paid on MTA buses in FY 93 was less than one-half of the \$1.10 base fare. This is not the case in most large cities. For example, the average revenue per boarding in New York is over 80% of the \$1.25 base fare. Washington D.C. achieves a whopping 103% ratio of average fare to base fare due to their numerous surcharges. Similarly, Santa Monica with a base fare of 50 cents has an average revenue per boarding of 36 cents (72% of the base fare). This higher return is able to be achieved because Santa Monica has neither unlimited use passes nor deep discounts for any user group.

SUBSIDIES AND COST

If one were to divide the total MTA bus operating budget by the number of boardings, the average fare to attain a balanced operating budget would be \$1.65. However, in reality the average revenue per boarding is \$0.55, leaving the remaining difference to be made up with subsidies. In general, the MTA has approximately \$300 million in subsidies it receives from federal, state and local sources. The farebox contributes about \$200 million. Currently, the \$126 million shortfall is the difference between the sum of revenues and subsidies and the projected operating budget. That budget can be balanced by increasing revenues, decreasing service or a combination of those two. If the average revenue per boarding were over 80% of the base fare as it is in New York, the operating shortfall would be completely eliminated and there would probably be a surplus of operating funds depending on service levels and passenger deflection.

USER DISCOUNTS

Every time a senior uses a monthly pass it generates approximately \$0.20 in revenue, requiring \$1.45 in subsidy. Since there are 70 million senior boardings a year, this equates to a subsidy of over \$100 million. The federal requirement for senior discounts is to offer a fare that is 50 percent of the cash fare during the off peak period. In analyzing the senior fares elsewhere around the country, it appeared that a number of properties have eliminated or never offered a senior pass and that only Baltimore (\$14), Miami (\$30), and Chicago (\$33) now offer a monthly senior pass. Historically in Los Angeles County the senior pass has been deeply discounted as it is today for \$10. The cost of the senior pass to the user is further reduced, often to \$4, through "buy-downs" by local jurisdictions using local return funds. This has also been true of fares for school children which have been further reduced by some local jurisdictions.

As part of the Fare Restructuring Committee assignments staff indicated to the committee that the subsidy for school children in New York, for example, is provided by the Board of Education. Staff would further support a concept where the transit fare is determined by the MTA on the basis of balancing the budget and using available subsidies. Further buydowns would then be funded by other sources.

FARE BASED ON ABILITY TO PAY

Staff also raised the concept of a fare based on the ability to pay to the Fare Restructuring Committee and, in fact, the MTA in conjunction with the LA County Department of Public Social Services has developed a pilot program to test this concept. Only those most needy recipients would receive a discount and the need would be identified by agencies like DPSS or SSI that already have mechanisms for receipt of funds based on need.

PASS VERSUS CASH

Within the MTA system, about one-half (approximately 52%) of the passengers transfer to complete their trips. Many of these passengers buy passes. The cost of the current monthly pass is calculated at 38 uses per month. However, the average use is almost 100 times per month so pass users on the average are getting over \$67 in value for \$42 (assuming the patron transfers to complete every trip.) Pass users make 43% of the boardings yet contribute only 29% of MTA fare revenue.

Those who pay cash on the other hand, generate \$1.35 for each linked trip consisting of a cash fare of \$1.10 plus a \$0.25 transfer. The obvious differential in cost has resulted in many discussions on the equity of the deep discount for pass users since many transit patrons cannot amass \$42 in order to purchase a pass and therefore must pay cash on a daily basis. There are several ways to address this situation. One would be to price the pass at the current use rate of at least \$67 per month. Another would be to eliminate the monthly pass.

There have also been considerable discussions in the past whether the availability of a pass, which has already been paid for, results in additional non-essential trips or in using the system instead of walking a short distance. Similarly, there have been discussions about transaction delays with cash and tokens compared to flashing a pass.

ATTACHMENT F

MECHANICS OF DISTANCE BASED PRICING ON RAIL

Today there are no zone based charges on the urban rail system. The existing fare structure only includes zone increments for buses that use the freeway. In general, a surcharge of \$0.40 is added for every four miles travelled on the freeway for a maximum of five zones. The MTA currently operates 29 express lines on 35 routes that charge freeway fares. Seventeen express lines operate all day (with some short-turns) while twelve operate only during peak commute periods. Of the express lines, ten are one zone, five are two zones, nine are three zones, three are four zones, and two are five zones. Local buses that do not use the freeways, even though they travel longer distances, do not have an added fare. Similarly, the current Blue Line fare is the same as a local bus.

The Fare Restructuring Committee received information from staff regarding premium fare options and zone based rail fares. Staff concurs with the concept of charging more for premium service to commuters or users of the rail system that travel longer distances.

ZONE BASED FARES ON THE RAIL SYSTEM

It is proposed that MTA implement zone-based fares on the rail system in order to:

- charge premium fares for premium service;
- increase fare revenues from the rail system and improve the fare recovery ratio of the rail system;
- make fares more equitable between bus and rail.

Zones of approximately 7 miles in length are proposed. The proposed rail fare zones are longer in length than the existing 4 mile zones on the express bus system. The longer zones proposed for the rail system will minimize passenger deflection.

The Blue Line is proposed to be divided into three zones with fixed boundaries between Del Amo and Artesia Stations, and between Florence and Firestone Stations. The Metro Red Line MOS-1 is proposed to be part of the northern most Blue Line zone. The fare for trips exclusively on the Red Line is proposed to remain twenty-five cents.

For those Blue Line patrons who would be most negatively impacted by the zone charge (i.e., those who travel only a few stations but would cross a zone boundary), there is an alternative to paying the zone charge. Line 202 serves the links between Del Amo, Artesia, and Compton Stations with 30 minute service seven days a week. Further north, Lines 55, 56, and 254 provide frequent service between 103rd Street, Firestone, Florence, and Slauson Stations.

The 19.5 mile Metro Green Line, when it opens next year (May 1995) is also proposed to have three fixed zones like the Blue Line. Proposed fixed zone boundaries fall between Crenshaw and Vermont Stations and between Long Beach Boulevard and Lakewood Boulevard Stations.

HOW RAIL ZONE FARES WOULD WORK

Because the rail system is barrier-free, there are some complex issues which need to be considered before establishing a zone fare. These issues are fare enforcement and ease of understanding.

FARE ENFORCEMENT

With the existing \$1.10 and \$.25 flat fares on the Blue and Red Lines respectively, fare inspection is relatively easy. The fare inspectors look for one or two things like the fare and the date on a printed ticket purchased at a Ticket Vending Machine (TVM). Similarly, bus transfers and monthly passes are also valid on the rail system and are easy to inspect.

When a distance-based fare is implemented, however, fare inspectors must also know where the passenger accessed the rail system and where the train is at the moment of inspection. Such a system could be very complex with many short zones, especially if the zone boundaries "float" in order to charge the same fare for trips of the same length that originate at different stations. Fixed zone boundaries are proposed to make the distance-based fares easier to understand for both patrons and fare inspectors.

There are some guiding principles to make distance-based fares work in a barrier-free environment. First, patrons need to be able to show proof-of-origin. This is not a problem for cash patrons who interface with the TVM to buy their rail ticket because the origin station is printed on the ticket. It is a problem for rail patrons who transfer from bus. Today with the flat fare, Blue Line patrons boarding with a transfer do not need to show proof-of-origin. With a zone fare, transfer patrons whose rail trips cross a zone boundary would have to visit a TVM and push the transfer upgrade button, pay the appropriate distance-based fare, and receive the upgrade ticket. When inspected, transfer patrons would show two items, the original transfer and the upgrade ticket.

With elimination of most of the monthly passes, most rail patrons would need to interface with the TVM to purchase their tickets. To avoid long cues at the TVMs, it is proposed that patrons who transfer to rail from a bus be allowed to pay their rail zone charges on the bus. A punch area on the transfer was designed for this purpose to indicate that the distance-based fare was pre-paid. This application, known as a seamless transfer, will be optional to the patron since he/she could purchase a transfer upgrade ticket through the TVM. Those who choose to prepay their rail zone charge on the bus will still need to show proof-of-origin. Therefore, it is proposed that each rail station be outfitted with simple, easy to use proof-of-origin ticket dispensers. The tickets would be dispensed for free and they would have no value other than

Attachment G: Impact on Ethnic, Gender, and Income Mix of Patron Population

	Ethnicity				Gender		Income		
	<u>Black</u>	<u>Hispanic</u>	<u>White</u>	<u>Other</u>	<u>Female</u>	<u>Male</u>	<u>Less than \$15k</u>	<u>\$15k - \$30k</u>	<u>Greater than \$30k</u>
Current:	22.7%	46.0%	19.7%	11.6%	59.0%	41.0%	62.2%	23.0%	14.8%
Projected:	22.7%	45.9%	19.8%	11.6%	59.0%	41.0%	62.1%	23.0%	14.8%

¹ There are no identifiable impacts of the recommended fare structure on patron mix. Differences of less than 5% are not statistically significant.

to show the fare inspector where the patron began his/her rail trip. The tickets would also display the date and time. The machine that dispenses such a ticket is relatively inexpensive and is similar to the dispensers at entrances to parking lots.

Alternatives to the above system were considered. Among the alternatives are:

- install barriers such as turnstiles on the rail system. This would probably be an expensive endeavor on the Blue Line which was designed to be operated without barriers, gates, or turnstiles. The Red Line, on the other hand, was designed to accommodate barriers and installation would be relatively simple.
- require everybody to use the TVM. This is not recommended because of the cues that will develop at many stations. Today, there are approximately 12,000 average daily transactions with the TVM's on the Metro Blue Line. (about 32% of the boardings). This is because many boardings are made with a pass (28%) and even more are transfer boardings (33%). Only a few boardings are made with a round-trip ticket (1.5%). Under the flat fare structure, all of these boarding types minimize patron interaction with the TVMs. Under the proposed fare structure that includes the senior and disabled pass and the student (K-12) pass, it is estimated that there will be over 18,000 average daily TVM transactions on the Metro Blue Line. This number could be reduced by aggressive marketing of the round-trip ticket purchase option.
- have the fare inspection team memorize the feeder bus system. This may be possible and is the method used on the San Diego Trolley which has a floating zone system. However, San Diego's feeder system is not as extensive as the Blue Line's. Furthermore, some bus lines serve more than one rail station which could lead to disputes between the fare inspectors and patrons as to which station was the actual boarding station.

The number of TVM transactions would be reduced by the new proof-of-origin validators that are relatively simple machines similar to a parking ticket dispenser. The validators would dispense (at no charge) a paper ticket with the date, time, and location. Patrons who have prepaid their rail zone fares (on a connecting bus) would only need to acquire a proof-of-origin ticket in order to show that they have paid the correct fare.

MTA FY 94-95 PROPOSED BUDGET

PRINCIPLES

- SOLVE OPERATING DEFICIT
 - MINIMIZE IMPACT OF SERVICE REDUCTIONS
 - IMPROVE INNER CITY SERVICE
 - ESTABLISH FARE LEVELS CONSISTENT WITH OTHER U.S. TRANSIT OPERATORS
 - BUILD A SOLID FINANCIAL FOUNDATION FOR FUTURE
 - MEET CONTRACTUAL COMMITMENTS ON RED LINE
 - ENABLE CONTINUED DEVELOPMENT OF A BALANCED TRANSPORTATION SYSTEM
-

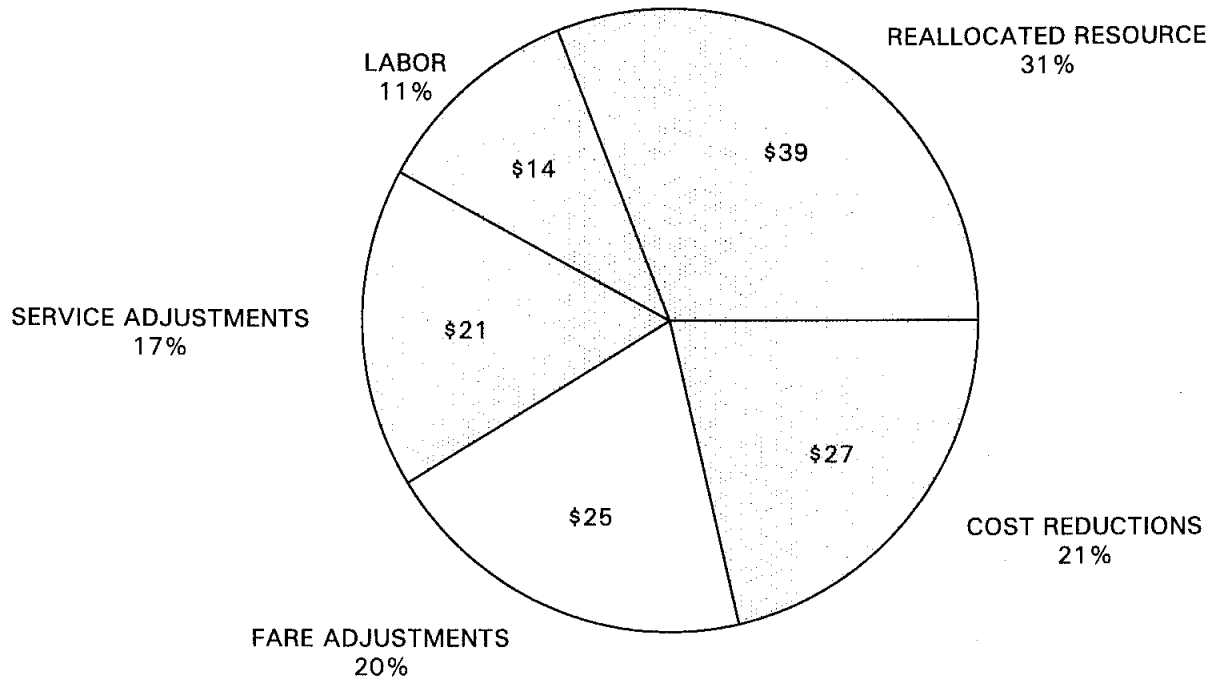
MTA FY 94-95 PROPOSED BUDGET

OPERATING SHORTFALL SOLUTIONS

(\$ MILLIONS)

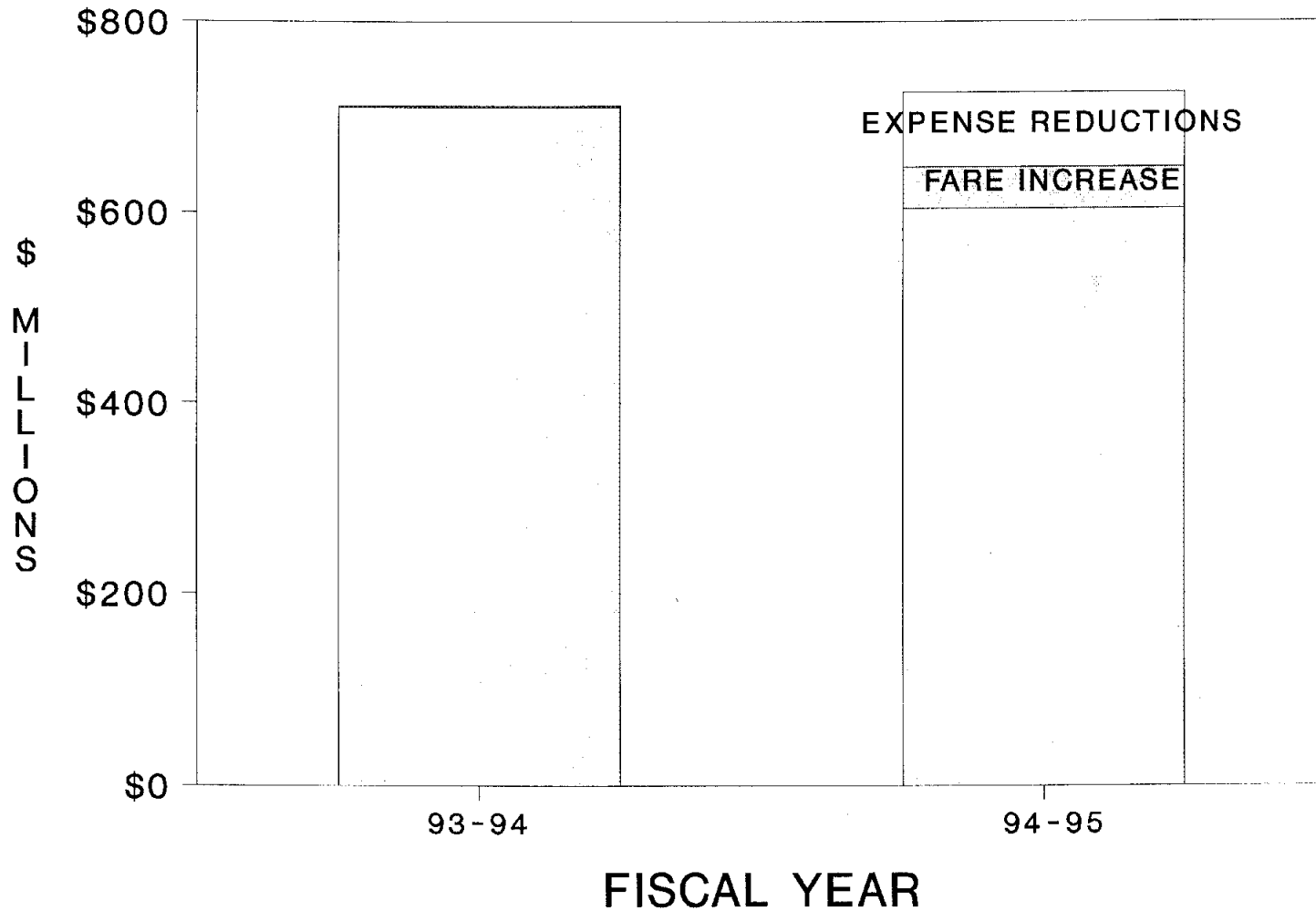
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		=====
	TOTAL	126

OPERATING SHORTFALL SOLUTIONS



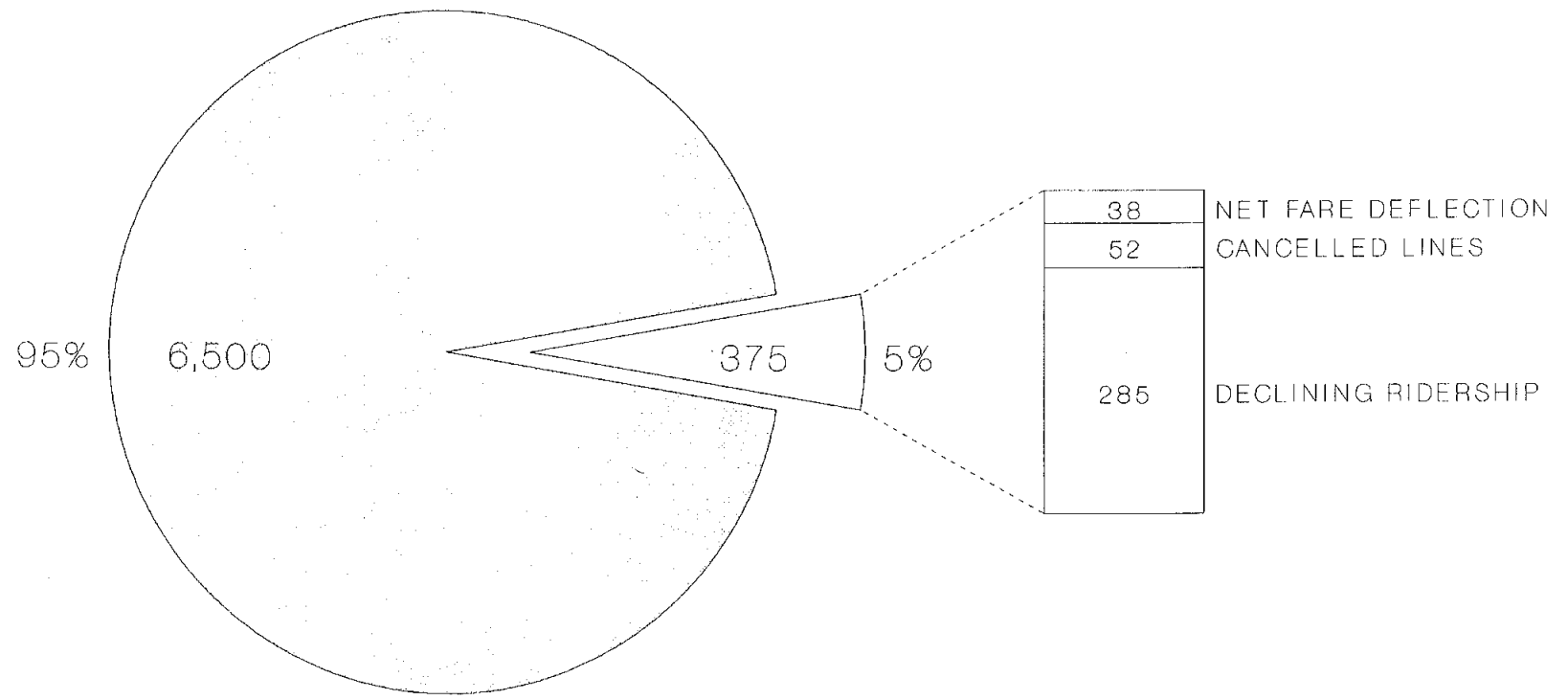
IN MILLIONS

OPERATING SHORTFALL SOLUTIONS



BUS SERVICE HOURS

6,875 TO 6,500



IN THOUSANDS

MTA FY 94-95 PROPOSED BUDGET

PROPOSED FARE ADJUSTMENTS

- PRODUCE AT LEAST \$40 MILLION TO OFFSET PROJECTED BUDGET SHORTFALL
 - MAINTAIN AS MUCH BUS AND TRAIN SERVICE AS POSSIBLE
 - CREATE FARES THAT ARE FAIR AND EQUITABLE TO ALL TRANSIT USERS AND IMPROVES MODAL EQUITY
 - ESTABLISH FARE LEVELS CONSISTENT WITH OTHER U.S. TRANSIT OPERATORS
 - SIMPLIFY FARE SYSTEM FOR BOTH THE USER AND THE OPERATOR
 - REDUCE OPPORTUNITIES FOR FRAUD AND ABUSE
-

MTA FY 94-95 PROPOSED BUDGET

RAIL CONSTRUCTION PROGRAM

- RED LINE
 - SEGMENT 1 - GRANT CLOSE OUT
 - SEGMENT 2 - CONTINUE TUNNEL AND STATION CONSTRUCTION
 - SEGMENT 3 - ENGINEERING AND CONSTRUCTION PROGRESSING

 - GREEN LINE
 - COMPLETE CONSTRUCTION
 - BEGIN START-UP OPERATIONS IN MAY 1995

 - PASADENA LINE
 - WORK BEGINS ON ARROYO SECO BRIDGE
 - COMPLETE LOS ANGELES RIVER BRIDGE

 - L.A. CAR
 - PROVIDE PAYMENTS AS CONTEMPLATED
-

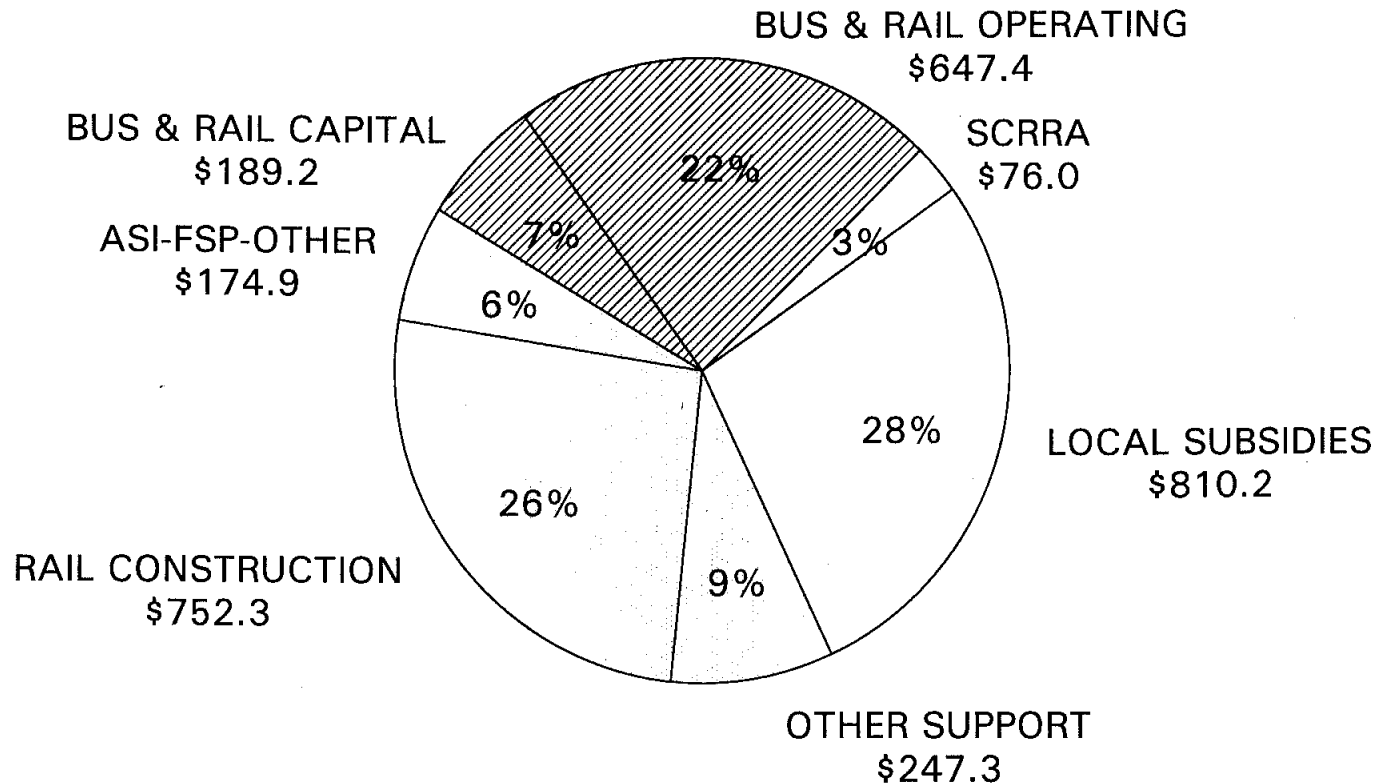
MTA FY 94-95 PROPOSED BUDGET

LOCAL TRANSPORTATION PROGRAMS

- LOCAL RETURN SUBSIDIES
 - CONTINUE MOTORIST AID PROGRAMS
 - FREEWAY SERVICE PATROL
 - SERVICE AUTHORITY FOR FREEWAY EMERGENCIES - FREEWAY CALL BOXES
 - MAINTAIN CALL FOR PROJECTS COMMITMENTS
 - CONTINUE METROLINK SUPPORT
 - TRANSPORTATION PLANNING AND AGENCY SUPPORT
-

MTA FY 94-95 PROPOSED BUDGET

\$2.9 BILLION



IN MILLIONS



June 8, 1994

Los Angeles County
Metropolitan
Transportation
Authority

**MEMO TO: METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS**

818 West Seventh Street
Suite 300
Los Angeles, CA 90017

THROUGH: FRANKLIN E. WHITE

FROM: JUDITH A. WILSON *JW*

213.972.6000

**SUBJECT: FINANCE, BUDGET AND EFFICIENCY COMMITTEE ACTIONS
ON THE FY 1994-95 MULTI-YEAR CALL FOR PROJECTS**

Mailing Address:

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ISSUE

At its June 8, 1994 meeting, the Finance, Budget and Efficiency Committee considered the staff recommendation on the FY 1994-95 Call for Projects Recertification and directed that:

1. The MTA approve a total allocation not to exceed \$1,200,000 for the Barham-Cahuenga Improvement Project as part of the FY 1994-95 Multi-Year Call for Projects Recertification Process;
2. \$750,000 be restored to the Harbor Freeway Transitway Extension Project in the FY 1994-95 Call for Projects Recertification; and that
3. Before the MTA Board takes action on the FY 1994-95 Call for Projects Recertification, staff shall report on the availability of Call for Projects funds in relationship to the total FY 1994-95 MTA budget including operating expenses of MTA buses and transit.

The impact of the Finance and Budget Committee actions on the MTA staff recommendations and the staff response to the operating revenue questions are addressed below.

IMPACTS

Based on the first two Committee recommendations above, the revised staff recommendation is as follows:

1. Recertify \$237.8 million in existing FY 1994-95 Call for Projects commitments and authorize expenditures of funds to meet those commitments (Attachment B);
 2. Adopt Call for Projects net revenue increases through FY 1994-95 in the amount of \$40.2 million (Attachment C);
 3. Deobligate \$45.0 **\$45.2** million of projects due to project savings, cancellations, and lapsing (Attachment D);
 4. Program ~~\$86.1~~ **\$85.4** million in new FY 1994-95 revenues made available through revenue changes and project deobligations to projects in the following modal categories (Attachments E and F):
 - A. Bus: \$20.4 million
 - B. Rail: ~~\$35.0~~ **\$33.1** million
 - C. Transit Centers: \$10.0 million
 - D. Transportation Demand Management: \$6.3 million
 - E. Regional Surface Transportation Improvements: ~~\$2.5~~ **\$3.7** million
 - F. Local Traffic Systems Management: \$1.6 million
 - G. FY 1995-96 Call for Projects Projected Shortfall: \$10.3 million
- Total to be Programmed ~~\$86.1~~ **\$85.4** million

Revised attachments D and E are enclosed.

RESPONSE TO OPERATING REVENUE QUESTIONS

Staff has done an analysis of whether or not any funds from the Call for Projects Recertification can be used for transit operating expenses (see Attachments 1 and 2).

If all \$323.2 million in existing (\$237.8 million) and new (\$85.4 million) Call for Projects commitments were suspended by the MTA Board, only \$2.4 million could be made available for MTA transit

Metropolitan Transportation Authority
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Page 3

operations in FY 1994-95 from the Proposition C 40% funds taken from the Transit Service Expansion (TSE) projects. \$330,000 in Proposition C 40% funds could be made available annually starting in FY 1996-97 if bond proceeds are not used for the Rail Capital, Metro Red Line Segment 2 Kaiser Portal and Union Station Gateway projects. This amount represents the Proposition C 40% funds that would be used to pay debt service for these projects.

This recommendation already includes using Congestion Mitigation and Air Quality Improvement (CMAQ) funds for operating expenses for the Green Line and new connector service. There are no other new transit service expansion projects in the MTA budget. CMAQ funds can only be used to fund operating expenses for transit service expansion projects for two years or less upon approval by the Federal Transit Administration (FTA).

None of the other revenues in the FY 1994-95 Call for Projects Recertification can be used for existing transit operating expenses by local ordinance, or state or federal law.

DY:ps [DY101 b:\fbcacts]

Attachments

ATTACHMENT D, Recommendation 3 (Page 1 of 2)

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
FY 1994-95 MULTI-YEAR CALL FOR PROJECTS RECERTIFICATION

CAPITAL PROJECT DEOBLIGATIONS AND SAVINGS
(\$000)

PROJECT DESCRIPTION	PROJECT NO.	SPONSOR	FUND SOURCE	REASON	FAST TRACK	1-YEAR CALL	MULTI-YEAR CALL	TOTAL
					FY 91-92	FY 92-93	FY 93-94	

CANCELLED PROJECTS

Electric Trolley Bus (ETB)	29224	MTA	CMAQ Prop C 40%* TCI ** STATE TSM	Project Cancelled		\$8,300	\$9,384 \$7,000 \$10,000	\$17,684 \$7,000 \$10,000
						\$1,075	\$1,216	\$2,291
ETB Subtotal					\$0	\$9,375	\$27,600	\$36,975
LA County Transportation Market Management Study	665	MTA	Prop C 25%	Project Cancelled			\$1,016	\$1,016
Cancelled Subtotal					\$0	\$9,375	\$28,616	\$37,991

FY 1992-93 PROJECTS WITH NO MEMORANDUM OF UNDERSTANDING OR LETTER OF AGREEMENT

Vanpool Project Dept of Airports	262	L.A. City	CMAQ			\$3,493		\$3,493
MOU/LOA Incomplete Subtotal					\$0	\$3,493	\$0	\$3,493

* Proposition C 40% Bonds

** Requires California Transportation Commission (CTC) reprogramming and reallocation

ATTACHMENT D, Recommendation 3 (Page 2 of 2)

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
FY 1994-95 MULTI-YEAR CALL FOR PROJECTS RECERTIFICATION

CAPITAL PROJECT DEOBLIGATIONS AND SAVINGS
(\$000)

PROJECT DESCRIPTION	PROJECT NO.	SPONSOR	FUND SOURCE	REASON	FAST TRACK	1-YEAR CALL	MULTI-YEAR CALL	TOTAL
					FY 91-92	FY 92-93	FY 93-94	
PROJECT SAVINGS								
Transit Service Expansion (TSE) Savings *	N/A	Various	Prop C 40%	Estimated deobligations from the TSE Program			\$2,400	\$2,400
Park & Ride Lot Exp. Grand Ave / Baseline	1114	Caltrans	Prop C 10%	Project completed with savings of \$25,000		\$25		\$25
Harbor Frwy Transitway Extension	77743	Caltrans	Prop C 25%	Proposed MOU has savings of \$750,000		\$0		\$0
Route 405 HOV Lane: OCL To Route 710	77709	Caltrans	TSM CMAQ	Project funded from STIP		\$115 \$885		\$115 \$885
Inland Empire TMO Link & Multi-City TMA	22252	MTA	Prop C 25%	No local match available, project cancelled		\$175		\$175
Interagency Transfers (Printing & Handling)	999209	MTA	Prop C 40%	Project completed with savings of \$52,000		\$52		\$52
Metrolink/Union Station Bus Service Reserve	N/A	MTA	Prop C 10%	Project savings of \$27,000 identified		\$27		\$27
Route 60/71 Frwy Interchange Construction	77754	Pomona	Prop C 25%	Project completed with savings of \$6,000		\$6		\$6
Project Savings Subtotal					\$0	\$1,285	\$2,400	\$3,685
TOTAL					\$0	\$14,153	\$31,016	\$45,169

* Pending MTA Board Action in May, 1994.

ATTACHMENT E - Recommendation 4 (Page 1 of 2)

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
 FY 1994-95 MULTI-YEAR CALL FOR PROJECTS RECERTIFICATION

RECERTIFICATION PROJECT CANDIDATES

						(\$000)	
PROJECT DESCRIPTION	SPONSOR	FUNDING NEED	POTENTIAL FUND SOURCES [1]	CALL FOR PROJECTS RANKED PROJECT	NEW RECERTIFICATION PROJECT	TOTAL	
BUS							
Bus Replacements/Facilities	Eligible Bus Operators	Unmet needs (partial funding)	Section 9	\$18,000			
Transit Service Expansion [2]	Eligible Bus Operators	Funding for successful TSE projects	Prop C 40%		\$2,400		
Subtotal Bus				\$18,000	\$2,400	\$20,400	
RAIL							
Green Line Operating Budget [3]	MTA	Assistance for MTA's operating deficit	CMAQ		\$5,000		
MTA Rail Capital Program [4]	MTA	Unmet needs	Prop C 40%, TCI		\$11,131		
LA Car	MTA	Unmet needs	RSTP		\$6,077		
Metro Red Line Segment 2 - Kaiser Portal [5]	MTA	MTA Board action	Prop C 40%		\$1,000		
Rail Maintenance (Capital)	MTA	Unmet needs	Section 3 (Rail Mod.)		\$9,884		
Subtotal Rail					\$33,092	\$33,092	
TRANSIT CENTERS							
Union Station Gateway Intermodal Transit Center	MTA	Unmet needs	TSM, CMAQ, RSTP Section 9, Trans. Enh., Prop C 10% & 25%	\$10,000			
Subtotal Rail				\$10,000		\$10,000	

[1] Final funds assignment to be determined

[2] To be reprogrammed to successful TSE projects identified on a separate but related Board Report

[3] Requires FTA approval. Includes the Green Line-Airport Connector shuttle service.

[4] Amount reduced from \$13,081,000 to \$11,131,000 to account for the June 8, 1994 Finance, Budget, & Efficiency Committee motion to: 1) restore \$750,000 to the Harbor Freeway Transitway Study and 2) program \$1,200,000 to the Barham/Cahuenga Corridor Improvement project. The funding recommendation is contingent upon MTA Board adoption of full funding plans for the rail program.

[5] Design only, contingent upon MTA Board adoption of Kaiser Portal financing plan

ATTACHMENT E - Recommendation 4 (Page 2 of 2)

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
FY 1994-95 MULTI-YEAR CALL FOR PROJECTS RECERTIFICATION

RECERTIFICATION PROJECT CANDIDATES

(\$000)

PROJECT DESCRIPTION	SPONSOR	FUNDING NEED	POTENTIAL FUND SOURCES [1]	CALL FOR PROJECTS RANKED PROJECT	NEW RECERTIFICATION PROJECT	TOTAL
TRANSPORTATION DEMAND MANAGEMENT (TDM)						
Commuter Transportation Services (CTS)	CTS	Annual contract for ridesharing services	RSTP		\$2,700	
Chatsworth Station Child Care Center	City of LA	Change in scope requested	Prop C 25%	\$250		
Small Employer TDM Program	City of LA	Change in scope requested	Prop C 25%	\$300		
Bus Shelter Program	Various	New project proposal	RSTP		\$250	
Metrolink Feeder Services	Various	Continuation of Service	RSTP	\$250		
Immediate Needs Transportation System	Various	Continuation of Service	Prop C 25% & 40%		\$2,500	
Subtotal Transit Centers				\$800	\$5,450	\$6,250
REGIONAL SURFACE TRANSPORTATION IMP.						
Pearblossom Highway Widening	Palmdale	Underfunded call for projects category	RSTP	\$427		
Bundy Dr. - Santa Monica Blvd. to La Grange Ave.	City of LA		RSTP	\$1,700		
Colima Rd. & Whittier Intersection Widening	Whittier		RSTP	\$419		
Barham/Cahuenga Corridor Improvement Project	Burbank		Prop C 25%	\$1,200		
Subtotal RSTI				\$3,746		\$3,746
LOCAL TRAFFIC SYSTEMS MANAGEMENT						
Diamond Bar/Mission Blvd Traffic Signal Synch. Prog.	Pomona	Underfunded call for projects category	RSTP, TSM	\$480		
Valley Blvd/Holt Ave Traffic Signal Synch. Program	Pomona		RSTP, TSM	\$480		
Imperial Highway - Mona Blvd to Croesus Ave	City of LA		RSTP, TSM	\$218		
Computerized Traffic Signal Synch. (Phase 2)	Commerce		RSTP, TSM	\$418		
Subtotal Local TSM				\$1,596		\$1,596
FY 1995-96 CALL FOR PROJECTS ESTIMATED SHORTFALL [2]	Various	Projected need for existing Multi-Year Call for Projects funding in FY 1995-96	Various	\$10,266		
Subtotal FY 1995-96 Shortfall				\$10,266		\$10,266
TOTAL				\$44,408	\$40,942	\$85,350

[1] Final funds assignment to be determined

[2] To maintain Call for Projects commitments for FY 1995-96, Caltrans projects in the amount of \$250,000 will be delayed first if any projects need to be delayed due to a Call for Projects funding shortfall in FY 1995-96.

ATTACHMENT 2

**Los Angeles County Metropolitan Transportation Authority
FY 1994-95 MULTI-YEAR CALL FOR PROJECTS RECERTIFICATION**

**TRANSIT OPERATIONS FUND ELIGIBILITY ANALYSIS
PROPOSED ADDITIONAL FY 1994-95 RECERTIFICATION PROJECTS**

FUND TYPE	AMOUNT IN CALL FOR PROJECTS (\$Millions)	ELIGIBLE FOR TRANSIT OPERATIONS	PROPOSED USE OF FUNDS IN CALL FOR PROJECTS RECERTIFICATION
LOCAL - Proposition C 10% (Commuter Rail/Transit Centers)	\$0.0	No	
LOCAL - Proposition C 25% (Transit Related Street/Highway Improvements)	\$3.0	No	<ul style="list-style-type: none"> • L.A City Small Employer TDM Program • Chatsworth Station Child Care Center • Immediate Needs Transportation System • Barham/Cahuenga Corridor Improvement Project
LOCAL - Proposition C 40% (Direct)	\$2.4	Yes	<ul style="list-style-type: none"> • Transit Service Expansion
LOCAL - Proposition C 40% (Bond Proceeds)	\$3.3	No *	<ul style="list-style-type: none"> • MTA Rail Capital Program • Metro Red Line Segment 2 - Kaiser Portal • Union Station Gateway Intermodal Trans. Center
STATE - Transit Capital Improvement (TCI)	\$10.0	No	<ul style="list-style-type: none"> • MTA Rail Capital Program
STATE - Traffic Systems Management Discretionary and ISTE A Match Programs	\$1.0	No	<ul style="list-style-type: none"> • Diamond Bar/Mission Blvd Traffic Signal Synch. • Valley Blvd/Holt Ave Traffic Signal Synch. • Imperial Hwy Widening, Mona Bl to Croesus Av • Commerce computerized Traffic Signal Synch. • Union Station Gateway Intermodal Trans. Center
FEDERAL - Congestion Mitigation and Air Quality Improvement (CMAQ)	\$9.3	Only for first 2 years of transit expansion	<ul style="list-style-type: none"> • Green Line Operating Budget • Union Station Gateway Intermodal Transit Center
FEDERAL - Regional Surface Transportation Program (RSTP)	\$14.9	No	<ul style="list-style-type: none"> • Pearblossom Hwy Widening • Bundy Drive, Santa Monica Bl to La Grange Av • Colima Rd & Whittier Blvd Intersection Widening • Diamond Bar/Mission Blvd Traffic Signal Synch. • Valley Blvd/Holt Ave Traffic Signal Synch. • Imperial Highway - Mona Blvd to Croesus Ave • Commerce computerized Traffic Signal Synch. • Metrolink Feeder Services • Union Station Gateway Intermodal Transit Center
FEDERAL - FTA Section 3 Rail Modernization	\$9.9	No	<ul style="list-style-type: none"> • Rail Maintenance (Capital)
FEDERAL - FTA Section 9 Capital	\$21.3	No	<ul style="list-style-type: none"> • Bus Replacements/Facilities • Union Station Gateway Intermodal Transit Center
FEDERAL - Transportation Enhancement Activities (TEA)	\$0.0	No	
Various	\$10.3	No	<ul style="list-style-type: none"> • FY 1995-96 Call for Projects Estimated Shortfall
TOTAL	\$85.4		

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* \$330,000 in Proposition C 40% funds could be made available annually starting in FY 1996-97 if bond proceeds are not used for the proposed projects. This amount represents the Proposition C 40% funds that would be used to pay debt service for these projects.

ATTACHMENT 1

**Los Angeles County Metropolitan Transportation Authority
FY 1994-95 MULTI-YEAR CALL FOR PROJECTS RECERTIFICATION**

**TRANSIT OPERATIONS FUND ELIGIBILITY ANALYSIS
EXISTING COMMITMENTS - FY 1994-95**

FUND TYPE	AMOUNT IN CALL FOR PROJECTS (\$Millions)	ELIGIBLE FOR TRANSIT OPERATIONS	PROPOSED USE OF FUNDS IN CALL FOR PROJECTS
LOCAL - Proposition C 10% (Commuter Rail/Transit Centers)	\$2.0	No	<ul style="list-style-type: none"> • Regional Bikeways • Commuter Rail, Transit Centers, and Park-n-Ride
LOCAL - Proposition C 25% (Transit Related Street/Highway Improvements)	\$86.3	No	<ul style="list-style-type: none"> • Freeway HOV and TSM • Regional Surface Transportation Improvements • Local Traffic Systems Management • Regional Bikeways • Transportation Demand Management • Union Station Gateway Intermodal Transit Center
LOCAL - Proposition C 40% (Discretionary)	\$0.0	Yes	
STATE - Transit Capital Improvement (TCI)	\$8.5	No	<ul style="list-style-type: none"> • Union Station Gateway Intermodal Transit Center
STATE - Traffic Systems Management Discretionary and ISTEAM Match Programs	\$28.5	No	<ul style="list-style-type: none"> • Freeway HOV and TSM • Regional Surface Transportation Improvements • Local Traffic Systems Management • Regional Bikeways
FEDERAL - Congestion Mitigation and Air Quality Improvement (CMAQ)	\$31.2	Only for first 2 years of transit expansion	<ul style="list-style-type: none"> • Freeway HOV and TSM • Local Traffic Systems Management • Regional Bikeways • Transportation Demand Management
FEDERAL - Regional Surface Transportation Program (RSTP)	\$13.3	No	<ul style="list-style-type: none"> • Regional Surface Transportation Improvements • Local Traffic Systems Management • Regional Bikeways • Transportation Demand Management • Commuter Rail, Transit Centers, and Park-n-Ride
FEDERAL - FTA Section 3 Rail Modernization	\$0.0	No	
FEDERAL - FTA Section 9 Capital	\$59.8	No	<ul style="list-style-type: none"> • Bus Capital
FEDERAL - Transportation Enhancement Activities (TEA)	\$8.2	No	<ul style="list-style-type: none"> • Union Station Gateway Intermodal Transit Center
TOTAL	\$237.8		