



Metro

Los Angeles County
Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

213.922.2000 Tel
metro.net

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**EXECUTIVE MANAGEMENT COMMITTEE
JANUARY 18, 2006**

SUBJECT: METRO RIDERSHIP PLAN

ACTION: RECEIVE AND FILE

RECOMMENDATION

Receive and file the three-year Metro Ridership Plan as described in Attachment A.

ISSUE

In August 2006, the Board approved development of a Metro Ridership Plan to grow ridership 5% per year over the next three years. While budgeted ridership growth is set at 2% annually, the more aggressive goal of 5% was established to target Metro's recent actual, more impressive rate of ridership growth.

DISCUSSION

There are few transportation agencies locally or nationally that have been more successful than Metro over the last few years at increasing ridership. Metro's ridership growth in 2005 was 4 ½ times the national average (5.8% vs. 1.3%). Year to date (in FY'07) Metro is trending at 4.9% ridership growth (national figures are not currently available). If Metro's actual ridership growth continues to outpace budget, as much as \$8.4 million in additional revenue will be generated annually.

No single defining action drives ridership. It takes a combination of actions, improvements, innovations, market drivers, programs, services, perceptions, environmental conditions and people all working in concert to produce measurable ridership growth. Successfully implementing this three-year ridership plan will require a commitment (budget and FTEs) to aggressively orchestrate these tactics and improvements.

Seven paths have been identified to increase ridership:

- 1) Realignment of 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 environment
- 7) Eliminating barriers to use

Each path contains multiple program concepts that directly and indirectly impact ridership, which could be explored further if the board so desired.

In order to take Metro to the next level in terms of ridership, all or part of this plan could be considered for implementation. Getting to the top is far easier than staying there. Over the next three years Metro must redouble its efforts, allocate resources and take advantage of every opportunity to increase ridership.

The attached plan outlines alternatives that may be taken to exceed the 5% growth target established by the Board.

NEXT STEPS

At the board's direction, staff will further evaluate and specific program concepts to identify potential costs, savings and, most importantly, ridership impacts.

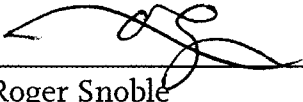
ATTACHMENT

- A. Draft Metro Ridership Plan

Prepared by: Matt Raymond, Chief Communications Officer



Matt Raymond
Chief Communications Officer



Roger Snoble
Chief Executive Officer

DRAFT METRO RIDERSHIP PLAN

Executive Summary

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. The goal for Metro is to orchestrate these factors into ridership growth in excess of 5% a year.

Seven Paths to Increased Ridership

- 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. Few concepts work independently. To exceed the 5% ridership goal, several efforts must be implemented in concert. While all concepts are designed to improve ridership and exceed the 5% growth goal, specific ridership gains for specific concepts are not independently determinable. Staff is currently advancing incrementally toward many of these concepts. If a more concentrated effort is desired, staff is prepared to bring back more specific plans of action, resource impacts and expected results.

1) Realign Existing Service for Optimal Productivity

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) Transfer Mitigation - 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) Zero-Redundancy Program – 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) True Express – 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) Route Simplification – 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) On-Street Supervision - 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) Connectivity – 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) Seat Utilization - 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) Park & Rides - 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) Municipal Partnerships – 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) Downtown Bypass – 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) Fleet Speed Improvement – 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

A) Service Expansion – 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) More Express - 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) Rapid Implementation – 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) Implement Rapid Express - 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) Span of Service – 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) Innovative Services – 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) Economic Center Services – 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

A) Metro on TV – 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) Enhanced Advertising - 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) Expanded New Resident Program – 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) Enhanced Employer Outreach – 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) Leverage Market Conditions – 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) Convenience Marketing - 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) Discretionary Ridership - 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) Maintain Metro Brand – 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) Publicity - 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) Promote Good Services - The most compelling reason to Go Metro is good service. Metro has continually made improvements to its service over the last few years and promoting these enhancements aids awareness and usage of the system. These improvements greatly aid ridership marketing.

K) Market Corridors - 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) Enhanced New Employee Program – 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 program to encourage sampling of transit.

M) Enhanced Line Promotion - 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) Destination Marketing - 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) Residential Marketing – 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

A) Fleet Maintenance – 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) Accelerated Vehicle Painting –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) Enhanced Graffiti Maintenance - 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) Depreciation Expenditures – 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) Capital Budget Utilization – 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

A) System Signage & Information – 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

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) Relaxed Rules – 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) Friendlier Environment – 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) Vertical Movement – 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) Pedestrian Flow – 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) Station Agents – 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

A) Day Pass Expansion - 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) Regional Fare Structure - 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.