**Finance & Administration Committee**

**Information Item III-A**

**February 27, 2014**

# Update on Proposed FY2015 Budget and Fare Changes

Washington Metropolitan Area Transit Authority

# Board Action/Information Summary

| ○ Action ◉ Information | MEAD Number: 200649 | Resolution: ○ Yes ◉ No |
|---|---|---|

**TITLE:**

FY2015 Budget Public Outreach Update

**PRESENTATION SUMMARY:**

Staff will update the Finance and Administration Committee on WMATA's FY2015 Budget public outreach efforts.

**PURPOSE:**

The following report is a preliminary overview of the public input received on the FY2015 Washington Metropolitan Area Transit Authority (Metro) proposed budget, fare changes and capital program.

**DESCRIPTION:**

Metro staff and Board members received public comments on the proposed FY2015 budget from January 2 through February 11, 2014. This staff update reflects input into the public record via oral and written comments received at six public hearings, those mailed, faxed or e-mailed to Metro headquarters, and the results of an online survey. This presentation also includes a summary of feedback from MindMixer, an online forum for community engagement, and community-based organization (CBO) outreach.

**Key Highlights:**

- The proposed FY15 budget and Capital Improvement Plan would invest $3 billion in providing safer, better, and more service for Metro riders, while preparing for the region's future with funding for many key initiatives in Metro's 2025 strategic plan, Momentum.

- In addition to providing improvements to current rail and bus

services, the budget includes funding for: NTSB recommendations, system rebuilding, 7000 series railcars, Silver Line service, Customer Care program, Metrobus Priority Corridor Network, 8-car trains, station capacity improvements and fatigue management.

- Metro offered many convenient opportunities for riders to comment on the proposed FY15 budget and fare changes, as well as Metro's Capital Improvement Program. Approximately 6,754 inputs were received during the public comment period submitted through oral testimony at a public hearing, written testimony, emailed and mailed comments, and/or through the online survey. We also received input from outreach to community based organizations and MindMixer.

- The majority of comments focused on the impact that fare increases would have on the MetroAccess fare calculation, as well as concerns about fares increases being implemented at a time when Metrorail and Metrobus service issues remain.

- In addition to gathering responses related to the fare changes, the survey also asked what asset investments are most important to riders. The rehabilitation of track and rail structures, escalator maintenance and improved signage were noted as the most important service improvements.

- The survey also found that almost half of respondents reported they would not change the amount they ride Metrorail as a result of a three or four percent fare increase. When compared to the three percent increase, slightly more respondents said they would decrease the amount they ride on Metrorail if a four percent increase were implemented.

- Most respondents also said they would be unaffected by the $1.75 or $1.85 fare increase on Metrobus. However, half of MetroAccess customers said they would ride less as a result of the fare increase.

- Seventy percent of respondents believe riders should pay less and jurisdictions pay more to fund service improvements.

**Background and History:**

In preparation for the budget public hearings, Metro staff scheduled station

and transit center outreach events from January 6-31, 2014. Street teams were available on Metro's busiest station platforms to distribute budget and hearing information.

Additionally, a series of nine three-hour "pop-up" events were scheduled at transit locations throughout the region. The online survey was available at all of the street team and pop-up events.

A series of six public hearings was conducted from January 29-February 6, 2014. Two public hearings were held in each jurisdiction:

- Jan. 29: Greenbelt, MD
- Jan. 30: Springfield, VA
- Feb. 3: Washington, DC
- Feb. 4: Rockville, MD
- Feb. 5: Arlington, VA
- Feb. 6: Washington, DC

The public was informed that, if approved, any fare modifications were expected to take effect on or about July 1, 2014.

Formal notice of these hearings was made in the Washington Post as well as Washington Hispanic, El Tiempo Latino, El Pregonero and Express India. Advertisements were placed in the Express, El Tiempo Latino, Epoch Times, Korea Times and the Washington Informer. Metro also advertised on six local radio stations. In addition, notice was posted on the front page of Metro's web site, which receives nearly one million views per month, in Metro buses and trains, and distributed through email outreach and community lists that include more than 3,000 government, civic, business and community stakeholders. Outreach activities were also promoted through Metro's traditional and social media channels.

Standard procedures were employed at each public hearing. Prior to the hearing, Metro hosted Information Sessions to provide the public with an opportunity to learn about Metro's current work to improve service and to provide comments and suggestions on any topic, including subjects that are not on the docket. A series of documents were available describing the proposals being considered to generate revenue for the FY2015 Metro operating budget. In addition, attendees were invited to complete the online survey via tablets at three of the Information Sessions.

At the beginning of each hearing, the presiding Board member read a

prepared statement outlining the public hearing process. Then, a senior member of the Metro staff presented the major proposed budget highlights. Pre-registered speakers were then called to the podium to offer testimony followed by speakers who had registered at the hearing. Additionally, all attendees were informed that Metro would accept written testimony until 5 p.m. February 11, 2014.

The purpose of the public hearings is twofold. First, the public hearings satisfy the requirements of Section 62 of the Metro Compact and Federal Transit Administration statutes that require public hearings be held prior to implementing a fare increase or service reduction. Second, the hearings allow Metro to solicit and obtain public comment regarding the proposed FY2015 budget, increasing bus, rail and parking fares, and Metro's capital improvement program.

**Discussion:**

The proposals being considered on the public docket were increases to base rail and bus fares, the elimination of a cash surcharge on Metrobus, and increases to parking rates at Metro-operated facilities.

Approximately 6,754 inputs were received during the public comment period submitted through oral testimony at a public hearing, written testimony, emailed and mailed comments, and/or through the online survey.

With respect to public hearing and written comments submitted, the majority of comments focused on the impact that fare increases would have on the MetroAccess fare calculation, as well as concerns about fares increases being implemented at a time when Metrorail and Metrobus service issues remain.

Of the 179 public comments received at hearings and in writing, 72% were opposed to the fare changes, 5% supported the proposal, 44% of the respondents mentioned service concerns, and 30% of the comments were submitted by MetroAccess riders.

With 6,575 people participating in this year's budget and fare survey, the number of respondents nearly doubled compared to the last time a budget survey was conducted in 2012.

The survey found that almost half of respondents reported they would not change the amount they ride Metrorail as a result of a three or four percent fare increase. When compared to the three percent increase, slightly more

respondents said they would decrease the amount they ride on Metrorail if a four percent increase were implemented.

Most respondents also said they would be unaffected by the $1.75 or $1.85 fare increase on Metrobus. However, half of MetroAccess customers said they would ride less as a result of the fare increase.

Low-income respondents were significantly more likely to say they would ride less on Metrobus, airport buses, Metrorail and Express buses as a result of the increases compared with mid- to high-income respondents. Minority respondents also were significantly more likely to report they would take Metrobus, Metrorail and Airport buses less due to increases in fares than non-minorities.

In addition to gathering a response related to the fare changes, the survey also gathered information about what investments in Metro's assets are most important to riders. The rehabilitation of track and rail structures, escalator maintenance and improved signage were noted as the most important service improvements with over eight in 10 respondents saying these improvements are somewhat or very important. The rehabilitation of track and rail structures was noted as important by almost all (96%) survey takers. Seventy percent of respondents believe riders should pay less and jurisdictions pay more to fund these service improvements.

Although not part of the formal public record, Metro also solicited comments on the budget and fare proposal through its online forum, MindMixer. During the outreach period, the site had 1,291 total visitors, of which 855 (66%) were new visitors and 436 (33%) were returning visitors (e.g. people who participated in MindMixer before). Five rounds of questions and a demographic survey were conducted. Most MindMixer participants indicated that: riders should pay less and jurisdictions should pay more of the Metro costs; it is more important to eliminate cash fares on buses than to allow cash payments; Metro should consider variable parking pricing based on time of day and/or demand; and that the three most important Metro 2025 initiatives are 100 percent 8-car trains during rush hour, bus service improvements and new connections.

In addition to MindMixer, Metro also conducted seven outreach events with community-based organizations that serve constituents who are minority, low-income, and/or have limited English proficiency. The purpose of the outreach was to inform the constituents about upcoming system improvements and the proposed fares and fees in the FY15 budget.

Additionally, constituents were asked to complete Metro's public opinion survey on the FY15 budget. Constituents were able to talk with Metro staff from the Budget and Civil Rights offices to address questions and concerns. At many of the outreach events, riders expressed concern about losing money on their SmarTrip cards, and their inability to register the cards online due to lack of access to a computer.

**FUNDING IMPACT:**

| There is no impact on funding. | |
|---|---|
| Project Manager: | Lynn Bowersox |
| Project Department/Office: | Customer Service, Communications and Marketing |

**TIMELINE:**

| | |
|---|---|
| **Previous Actions** | none |
| **Anticipated actions after presentation** | none |

**RECOMMENDATION:**

Information item.

# Washington Metropolitan Area Transit Authority

## Update on Proposed FY2015 Budget and Fare Changes

Finance and Administration Committee

February 27, 2014

# Topics

- Summary of Public Input
- MetroAccess Fare Policy
- Title VI Equity Analysis
- Next Steps/Calendar

# Proposed Fare Changes - Highlights

## Metrobus

- Base SmarTrip® fare from $1.60 up to $1.85 *(potentially less)*
- Cash fare from $1.80 up to $2.00
  - Elimination of cash surcharge also under consideration
- Increases to Express and Airport routes

## Metrorail

- Overall increase of 3-4% for peak and off-peak
  - Increase capped for mid-distance, off-peak trips
- No change to $1 paper fare surcharge
- New convention pass

# Proposed Fare Changes - Highlights (cont.)

## MetroAccess

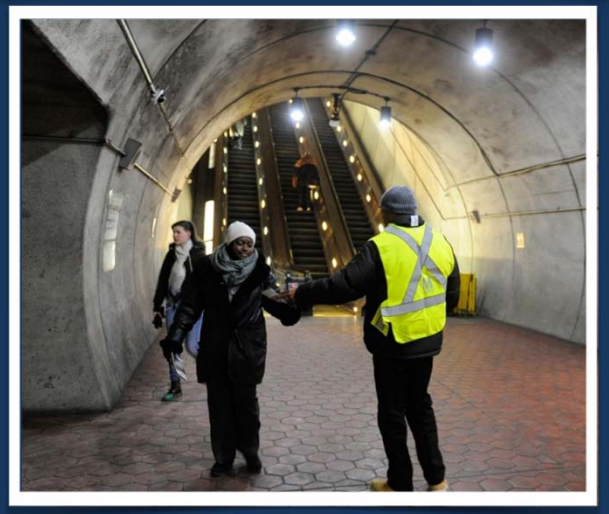
- Fare calculator will continue to consistently provide the lowest fare
- No change to free fare on rail and bus
- Fares will increase in line with bus and rail; maximum fare will stay at $7.00

## Parking

- Increase of $0.25 at all stations
- Additional surcharge up to $0.50 at Prince George's County stations
- Reduction in price for Redskins game parking

# Outreach Efforts

- Public hearings
- Pop-up events
- Street teams
- Legal notices
- Newspaper advertisements
- Radio advertisements
- Media coverage
- Website home page
- Stakeholder outreach
- Onboard and station signage



# Overview of Public Input

**Public comment period:** January 2 – February 11, 2014

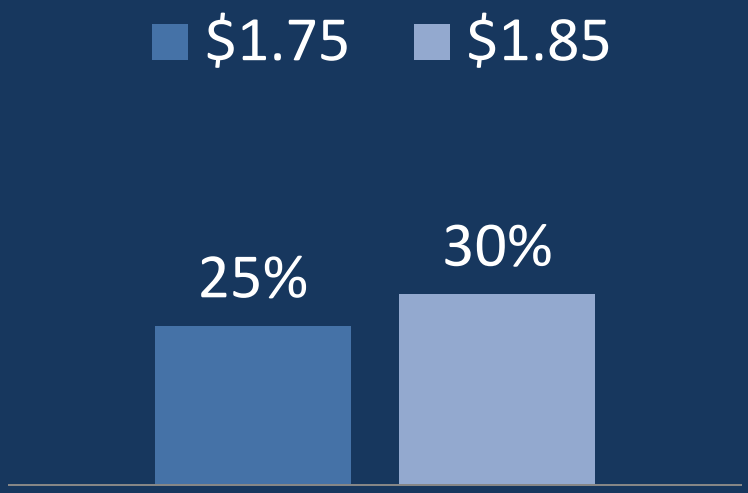
- Total 6,754 comments/inputs:
  - 113 at hearings
  - 66 in writing
  - 6,575 online surveys
- Additional public input received:
  - Community-based organization (CBO) meetings
  - MindMixer online forum

# Public Input Themes

- **Fare Changes:** Bus and rail fare increases will only change behavior for the most price sensitive riders
- **MetroAccess:** Riders request reconsideration of fare calculation multiplier and fare cap
- **Service Concerns:** Metrorail and Metrobus service concerns expressed

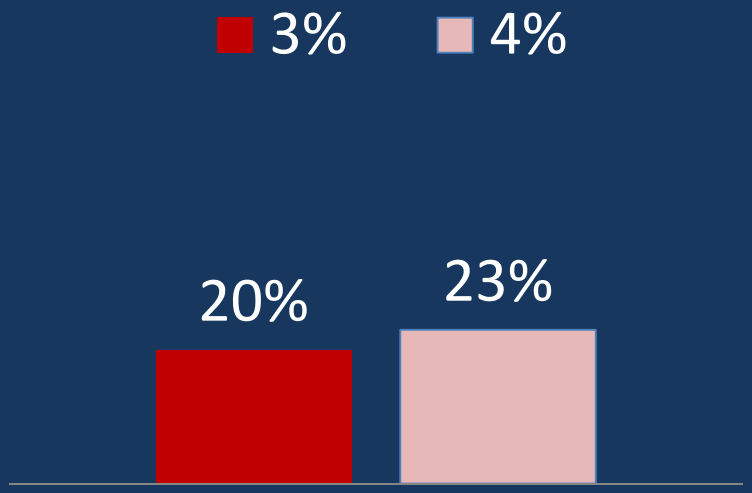
# Fare Changes

**Impact of Metrobus fare increase**




I would take fewer trips on Metrobus

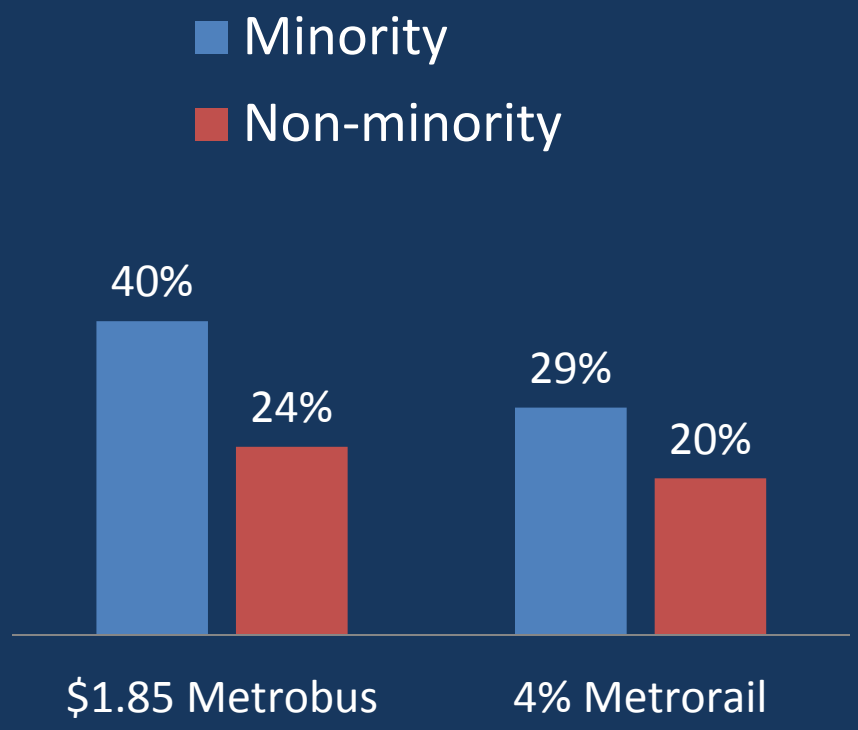
**Impact of Metrorail fare increase**

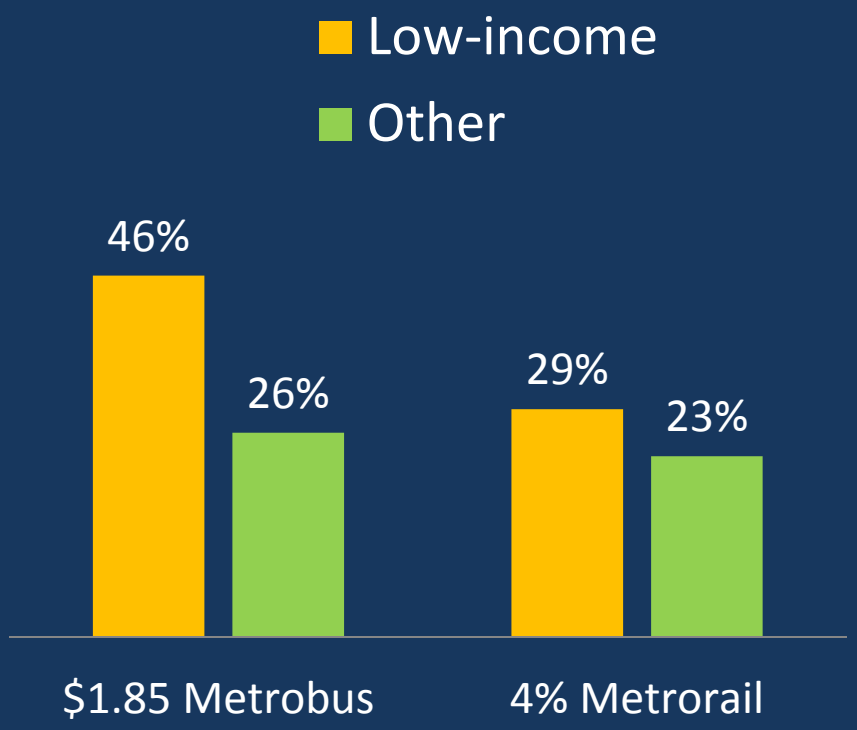



I would signficantly decrease the amount of riding I do on Metrorail

# Fare Changes

## Respondents who would decrease ridership due to fare increases



# MetroAccess

## Impact of fare increases on MetroAccess riders

- **Fare calculation:** riders suggested reducing the two-times multiplier to 1.5 or 1.25

- **Fare cap:** riders asked for a reduction in the maximum fare from $7 to $6.50

# Service Concerns

## Metrorail and Metrobus Service Concerns:

- Blue Line train frequency
- 16th Street bus service
- Ward 8 bus service

# Priorities for Funding

## Investing in Assets

- Track and rail structure improvements
- Escalator maintenance

## Delivering Quality Service

- New 7K railcars
- Replace 200 buses per year

## Caring for Customers

- Improving announcements/signage
- Training employees in customer service

## Increasing Capacity & Efficiency

- 100% 8-car trains during rush hour
- Bus service changes and bus-only lanes

# MetroAccess Fare Policy

# History

- Prior to FY2011: flat fare
- Substantial ridership growth led to concerns about fiscal sustainability and then comprehensive changes:
  - Reevaluation of service area
  - Change in fare policy
  - Demand management initiatives
- Changes brought Metro policy in line with ADA

# Recent Experience

- FY2014-Q2: ridership up 6% over budget and 7% over last year due to:
  - Registrant pool increase
  - Human service agencies' market share shift
  - Fare calculator impact
- Access Services working on partnerships to redistribute market share

# FY2015 Fare Proposal

- No structural change is proposed, but higher bus/rail fares will increase MetroAccess fares
- Overall MetroAccess average fare increase under GM/CEO proposal would be 5%:

| Current Fare | Share of Riders | Average Increase |
|---|---|---|
| $3.20 or less | 60% | $0.30 |
| $3.30 to $6.90 | 17% | $0.40 |
| $7.00 | 23% | $0.00 |

*Based on September 2013 ridership*

- Major change to structure could have more significant impact on ridership

# Title VI Equity Analysis – Preliminary Review

# Drivers of Equity Analysis

- Board-approved policy on Disparate Impact/ Disproportionate Burden (DI/DB):
  - System-wide difference in average fare should not be greater than five percentage points
- Rider demographics are key to the analysis:

| Rider Group | Metrobus | Metrorail |
|---|---|---|
| Minority | 76% | 43% |
| Low Income | 43% | 11% |

- Fare increases weighted more heavily against bus carry greater risk of DI/DB failure

# Modeling Assumptions

- Based on fixed ridership (weekday September 2013)
- Not included in analysis: (data not available)
  - Convention pass
  - FedExField parking
- Included in analysis, but with minor impact on overall results:
  - MetroAccess
  - Parking
  - Cash surcharge on bus

# Scenario Results: Difference by Group

| Base SmarTrip® Bus Fare | Rail Fare Increase: 3 percent | Rail Fare Increase: 4 percent |
|---|---|---|
| $1.75 | **GM/CEO Proposal**<br>Minority: 1.4%<br>Low Income: 2.6% | **4% Rail Option**<br>Minority: 1.1%<br>Low Income: 2.0% |
| $1.85 | **"High Impact"**<br>Minority: 3.0%<br>Low Income: **5.8%** | **"Full Docket"**<br>Minority: 2.9%<br>Low Income: **4.7%** |

# Immediate Next Steps

- Complete final staff report summarizing public input
- Complete final equity analysis of Board-directed package of fare changes
- Determine revenue and subsidy impact of Board-directed fare change package

# FY2015 Budget Calendar

- December 2013:
  - GM/CEO Proposed FY2015 Budget and Fare Adjustments
  - Board Authorization of Public Hearings on Proposed Fare Adjustments and the Proposed FY2015 Capital Improvement Program and Federal FY2014 Grant Applications
- January and February 2014
  - Public hearings and outreach efforts
- March 2014
  - Board adoption of the FY2015 Operating Budget and Fare Adjustments
- April 2014
  - Board adoption of the FY2015 Capital Budget and FY2015-2020 Capital Improvement Program (CIP)
- July 2014
  - Implement adopted fare changes and begin FY2015 budget year

# Appendix

# Appendix: GM / CEO Results

| *Average Fare Change* | | | | |
|---|---|---|---|---|
| | Minority | Non-Minority | Low-Income | Non-Low-Income |
| Rail | 3.3% | 3.1% | 3.9% | 3.1% |
| Bus | 9.7% | 9.9% | 9.6% | 9.8% |
| Parking | 5.4% | 5.2% | 5.4% | 5.3% |
| MetroAccess | 5.5% | 5.3% | 5.8% | 5.1% |
| Systemwide | **5.4%** | **4.0%** | **6.9%** | **4.3%** |
| | | | | |
| Difference in Change: | | 1.4% | | 2.6% |

# Appendix: Full Docket Results

| *Average Fare Change* | | | | |
|---|---|---|---|---|
| | Minority | Non-Minority | Low-Income | Non-Low-Income |
| Rail | 4.8% | 4.7% | 5.2% | 4.7% |
| Bus | 17.1% | 16.6% | 17.2% | 16.8% |
| Parking | 11.9% | 7.4% | 10.5% | 9.4% |
| MetroAccess | 8.6% | 8.3% | 9.0% | 8.1% |
| Systemwide | **9.1%** | **6.2%** | **11.6%** | **6.9%** |
| | | | | |
| Difference in Change: | | 2.9% | | 4.7% |

# Appendix: High Impact Results

| *Average Fare Change* | | | | |
|---|---|---|---|---|
| | Minority | Non-Minority | Low-Income | Non-Low-Income |
| Rail | 3.3% | 3.1% | 3.9% | 3.1% |
| Bus | 17.4% | 16.8% | 17.5% | 17.1% |
| Parking | 5.4% | 5.2% | 5.4% | 5.3% |
| MetroAccess | 8.6% | 8.3% | 8.9% | 8.1% |
| Systemwide | **7.8%** | **4.8%** | **11.1%** | **5.4%** |
| | | | | |
| Difference in Change: | | 3.0% | | 5.8% |

# Appendix: 4% Rail Option Results

| *Average Fare Change* | | | | |
|---|---|---|---|---|
| | Minority | Non-Minority | Low-Income | Non-Low-Income |
| Rail | 4.8% | 4.7% | 5.2% | 4.7% |
| Bus | 9.7% | 9.9% | 9.6% | 9.8% |
| Parking | 5.4% | 5.2% | 5.4% | 5.3% |
| MetroAccess | 5.6% | 5.4% | 5.9% | 5.1% |
| Systemwide | **6.4%** | **5.3%** | **7.5%** | **5.5%** |
| | | | | |
| Difference in Change: | | 1.1% | | 2.0% |