

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

Action Information

MEAD Number:
201695

Resolution:
 Yes No

TITLE:

Concept Test for New Pass Product

PRESENTATION SUMMARY:

Staff is seeking Board authorization to undertake a three- to six-month concept test for a new monthly Metrorail pass product.

PURPOSE:

Staff is seeking Board authorization to undertake a three- to six-month concept test for a new monthly Metrorail pass product.

DESCRIPTION:

Key Highlights:

- Metro staff have been exploring a new monthly transit pass that would allow riders to purchase an unlimited amount of transit usage at a personalized price point in exchange for transitioning from a “pay as you go” structure to a “monthly subscription” structure.
- The potential new product requires a demonstration period or concept test to gauge market response and to work through technical issues before a decision can be made regarding full implementation.
- Board authorization is required before the implementation of any promotional or demonstration fares.
- Following Board approval, WMATA staff will design and implement the concept test (to last three to six months) and then return to the Board after the test with a recommendation regarding whether to move forward with full implementation of the new product.

Background and History:

Metro currently offers three rail passes and one bus pass aimed at regular commuters:

- A 28-day unlimited rail pass for \$237.00;
- A 7-day unlimited rail pass for \$59.25;
- A 7-day "short trip" rail pass for \$36.00, which allows unlimited travel on trips with a fare of \$3.60 or less (which includes all off-peak trips); and
- A 7-day unlimited regional bus pass for \$17.50.

While the 7-day bus pass is relatively popular, the rail passes are not well utilized. In general, the rail passes only make sense for those customers with the longest commutes (e.g., from Shady Grove into the downtown core) or for extremely frequent travelers. Instead, most rail customers simply ride on a "pay as you go" basis. However, customers frequently provide feedback to Metro that they would like more pass options.

As a result, Metro staff have been exploring a new monthly transit pass that would allow riders to purchase an unlimited amount of transit usage at a personalized price point in exchange for transitioning from a "pay as you go" structure to a "monthly subscription" structure. Based on market research, staff believes this new pass product would be appealing to many current and new riders, and that a concept test -- to gauge preliminary market response and work through the technical requirements for implementing this new product in the existing fare system -- is the appropriate next step.

Board Resolution 94-32 requires that any promotional or demonstration fares be approved by the Board prior to implementation, and this requirement is reiterated in the WMATA Tariff. At the Finance & Administration Committee meeting of December 3, 2015, the Committee directed staff to prepare materials for such an approval at the subsequent Board meeting.

Discussion:

Following Board approval of a concept test for the new monthly pass product (currently referred to as the 'name your own price' pass), staff will provide additional details on the implementation of the concept test to the Board in a memorandum, including:

- The specific timeline for the test period, which is expected to last three to six months
- The proposed price points for the new pass product
- The marketing effort that will support the rollout of the new product, including a final name for the product
- The technical challenges to implementation that have been identified and how they are being addressed in the test
- The data that will be collected during the test (through the fare system, surveys, and other means) to gauge customer response and the impacts to ridership and fare revenue

Following the completion of the concept test, staff will return to the Board with information on the technical outcomes of the test; the overall customer response and the impacts to ridership and fare revenue; and an assessment of any potential Title VI equity impacts as a result of the new product. This information will provide the Board with a basis for deciding whether to move forward with full implementation of the new product.

FUNDING IMPACT:

The impact on ridership and revenue of the proposed new fare product is uncertain -- the concept test will help to determine such impacts and provide the Board with a basis for deciding whether to move forward with full implementation.

Project Manager: Dennis Anosike

Project Department/Office:	CFO
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TIMELINE:

Previous Actions	December 2015 - Finance & Administration Committee request to bring concept test of new pass product to the Board for authorization.
Anticipated actions after presentation	January 2016 - Memo to the Board providing additional detail on the proposed parameters of the concept test, including detailed timeline Spring 2016 - Initiate concept test Summer/Fall 2016 - Return to Board with results of concept test

RECOMMENDATION:

Authorize staff to implement a three- to six-month concept test of a new monthly pass product for Metrorail.

PRESENTED AND ADOPTED: December 17, 2015

SUBJECT: APPROVAL FOR NEW METRORAIL PASS PRODUCT DEMONSTRATION

2015-67
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WHEREAS, The Washington Metropolitan Area Transit Authority (WMATA) is seeking innovative ways to increase revenue and ridership in light of the ridership declines and fiscal challenges identified during the Fiscal Year 2017 budget development process; and

WHEREAS, WMATA's current set of Metrorail pass products are not well utilized, and passengers have consistently provided feedback requesting additional pass options; and

WHEREAS, WMATA staff have been exploring a new monthly pass product that would allow riders to purchase an unlimited amount of transit usage at a personalized price point in exchange for transitioning from a "pay as you go" structure to a "monthly subscription" structure; and

WHEREAS, Based on market research, WMATA staff believes this new monthly pass product would be appealing to both current and new riders, and that a concept test (demonstration) to gauge market response and work through the technical requirements for implementing this new product into the existing fare system is an appropriate next step; and

WHEREAS, While under development, this new pass product has been called the 'name your own price' pass, but a final name for marketing and branding will be determined as part of the implementation of the concept test (demonstration) and will include input from customers; and

WHEREAS, The WMATA Tariff authorizes promotional and demonstration fares upon approval by the Board of Directors; and

WHEREAS, Federal Transit Administration guidance provides that six months is a reasonable amount of time for a demonstration project, during which time WMATA staff can collect data and perform a Title VI analysis and presented them to the Board of Directors when considering whether to adopt the new fare product permanently; now, therefore be it

Motioned by Ms. Harley, seconded by Mr. Goldman

Ayes: 8 – Mr. Downey, Mr. Goldman, Mrs. Hudgins, Mr. Bulger, Ms. Tregoning, Mr. Corcoran, Ms. Harley and Mr. Dormsjo

RESOLVED, That the Board of Directors approves a concept test (demonstration) for the monthly 'name your own price' pass product, for a duration not to exceed six months; and be it further

RESOLVED, That the Board of Directors directs staff to provide, prior to the initiation of the concept test (demonstration), additional information on the parameters of the test, including timeline, price points, marketing efforts, and plans for data collection and then to implement the price points provided to the Board; and be it further

RESOLVED, That the Board of Directors directs Staff to collect the necessary data and to complete a Title VI analysis and return to the Board with a recommendation of whether to continue and expand the 'name your own price' pass product; and be it finally

RESOLVED, That this Resolution shall be effective 30 days after adoption in accordance with § 8(b) of the WMATA Compact.

Reviewed as to form and legal sufficiency,



Mark R. Pohl
Acting General Counsel

WMATA File Structure No.:
9.12.9 Tariff (WMATA Fare Structure)