



May 22, 2019

Supervisor Sheila Kuehl  
Chairperson  
Los Angeles County Metropolitan Transportation Authority  
One Gateway Plaza, Los Angeles, CA 90012

Dear Supervisor Kuehl,

Metro's budget is highly aspirational, intended to create and implement a transportation infrastructure program that can take our community and its members into the future—mobile, prosperous, healthy and confident.

We at Move LA share your aspirations for the future almost without exception.

**Metro is doing great work in its efforts to expand transit opportunities, but we can and should do more to enhanced transit opportunities now, in the present.** Move LA recommends that Metro make the following changes in its 2019-2020 budget to increase transit ridership now:

- 1. Budget \$30 M/year to reduce base fares from \$1.75 to \$1.50 to help rebuild both bus and rail transit ridership and to enable more low-income households to afford to use the system.**

[The data shows that each of the 6 times that Metro has *increased* fares since 1980, transit ridership has fallen. Each of the two times that Metro has *reduced* fares, transit ridership has grown significantly: by 29% just before the Olympics in 1983-84; by more than 9% in 2004-06.]

- 2. Budget \$10 M/year to begin immediate implementation of a universal fee-based student transit pass program with all community colleges in Los Angeles County that wish to participate.** At minimum, direct your staff to begin a pilot program with two community colleges with strong transit access.

[Studies by Dr. Donald Shoup et al and Dr. Cornelius Nuworsoo have shown that fee-based universal student transit pass programs get dramatic student ridership growth and largely fill bus seats during off-peak hours.]

- 3. Budget \$10 M/year to reduce the costs for and to expand the marketing of discounted transit passes to a larger number of seniors and people with disabilities.**

[Only 4% of riders on Metro rail systems are older than 64 years of age, yet this group represents more than 13% of the population and this proportion is growing rapidly. Yet, in 2017 only 3% were registered for a Senior Tap Card and only 5% were registered for a Persons with Disability Tap Card. In Los Angeles County approximately 1.25 million older adults are over 65 years of age, and an additional 500,000 people with disabilities are under the age of 60.]

- 4. Support the requested enhancement of Access services.**
- 5. Ensure that future budgets evaluates equity and works with communities as outlined in the Equity Platform Framework.**

## **Equity between the future and the present**

Equity is not only a concern between our residents and workforce of different races, ethnicities, or income levels. It is also a concern between those who live and work in this community now and those who will live and work in our community in the future.

Metro makes important equity choices with the priorities set in the budget, especially choices between investments in new capital infrastructure and current operations.

Expanding capital investments in transit infrastructure is a good and important commitment to meeting the needs of members of our community, including the future needs of many living and working in our community today.

But expanding investments in operations and maintenance for the current system, its frequency and reliability of service, its safety and security, and its convenience and cost to current riders is a commitment to those who live here now and will benefit from reduced traffic congestion and air pollution.

Metro has made strong commitments and expanded its resources to accelerate its capital program. It has made strong commitments and expanded its resources to ensure the state of good repair of the current system. But the level of resources committed to the operational needs of the present transit system has not expanded nor has the service expanded.

### **Resources for bus operations in the present have soared, but bus service has declined.**

- **In 2008 Metro budgeted about \$890 M in Bus Operating Revenues, this year about \$1200 M.**
- **In 2008 Metro budgeted for about 7.8 M Bus Revenue Service Hours, this year about 7.1 M Bus Revenue Service Hours.**

When voters approved both Measure R and Measure M they were expecting to not only expand Metro's capital program for the future, but to expand its transit operations in the present as well. Each of these measures provided 25% of the funds of both Measures R and specifically to transit operations. Measure R provided 20% of its revenues for bus operations – that alone should have increased bus service.

Further, Metro raised transit fares twice to add about \$60 M/year, ostensibly to operations. In addition, Metro and other California transit operators have received millions of dollars in Greenhouse Gas Reduction Funds for transit operations through the Low Carbon Transit Operations Program and from SB 1.

### **Strategic investments in enhanced transit operations are good investments and they are the investments most likely to benefit community members of the present.**

Our recommendations offer important yet modest actions that LA Metro can and should take as you adopt your 2019-20 Budget, actions that can rebalance this emphasis on the needs of the future and more adequately serve the needs of the present, that can begin to restore Metro's previously robust transit ridership and thereby reduce the worsening traffic congestion all Angelenos experience in the near term.

Sincerely,

Denny Zane  
Executive Director

## **Observations about Metro's Transit Operations Budget**

LA Metro's budget is quite robust and has grown dramatically over a little more than a decade, in significant part because of new funding created by LA County voters. Transit operating revenues have grown as well; in particular, bus operating revenues have grown, but bus services has not.

- **Measures R and M:** About 25% of new funding from these measures was to be used for transit operations. The two measures together enhance funding for transit operations by about \$447.2 Million/year.
- **Two fare increases:** In both 2010 and 2014 Metro raised base fares, yielding about \$60 M/year.
- **LCTOP:** When the Low Carbon Transit Operations Program (LCTOP) was created it provided continuous appropriations from the Greenhouse Gas Reduction Fund by formula to every California transit operator. LA Metro's share is about \$36 M/year.
- **SB 1:** When SB 1 was signed into law in 2017, and upheld by voters in 2018, it provided another \$750 Million annually statewide for transit LA Metro's share of STA/SB 1 funds eligible for bus and rail operating this year is \$215.8 M and 30.1 for state of good repair.

All totaled, *Metro's Bus Operating Revenues have increased by more than 30% since 2008.* This is an increase of over \$300 million/year, from \$890 million in 2008 to over \$1169 million in 2018 and over \$1200 million today.

## **Bus ridership and bus service each decline – but for different reasons**

Yet, during this time, for reasons mostly, but not entirely, out of Metro's control, bus ridership has declined significantly.

- A service cut and fare increases in 2010 yielded about a 5% decline in bus ridership while the fare increase in 2014 yielded about another 5% decline (see attached).

But ridership has declined by more than 25%, well beyond the effect of the fare increase.

Move LA believes that Metro's sudden and dramatic decline in transit riders has largely been caused by factors outside of Metro's control, and not because, as one study suggested, more than 200,000 very low-income households decided to buy cars and give up transit. There is another and better explanation for the significant increase in car ownership in census tracts where bus ridership was previously high, as noted in the UCLA/SCAG study.

- Rising housing costs have led to the displacement of over 200,000 very low-income households from LA County over the past decade (see attached), the primary ridership base of our transit system.

The scale of the displacement of these families, we believe, is the primary cause of the decline in ridership for LA Metro and every other transit agency in LA County.

- Concurrent with this displacement was the dramatic increase of over 300,000 households with incomes over \$100,000/year.

Our hypothesis is that this influx of high-income households is the primary cause of rising rents in LA County (it's not because of NIMBYs). The wave of rising rents across the county prompted geographic shifts of moderate and middle-income households into neighborhoods once occupied by low income households. It is called "gentrification."

In short, rather than ridership declining because low-income people bought cars they could not afford, an increasing number of middle-income car owners now live where bus riders used to live.

**The decline in bus service is a different matter.** Bus service declined because of budget and service cuts in 2010. Service levels simply have not been restored since then despite the fact that operations revenues have been growing.

### **Changes in Transit Fares and Changes in Transit Ridership**

Academic research and Metro's own fare and ridership history shows that *increasing transit fares inevitably leads to losses in transit riders and that lowering fares leads to increases in transit ridership.*

Metro (or its predecessor agency) has raised transit fares 6 times since 1980. Each time there was a decline in transit ridership. Metro has lowered fares twice. Each time, transit ridership went up significantly. (see attached)

Since more than 88% of Metro riders are low or very low-income, reducing the base fare as we propose will have a measurable and positive impact on their lives – at a cost of less than 0.5% change to the overall budget.

### **Funding Move LA's other proposals**

The proposed expansion of student transit passes and services for seniors and the disabled, can be funded by a share of the \$36 million that Metro expects to receive annually from the Low Carbon Transit Operations Program. Move LA believes that Metro's proposed use of LCTOP funds, to fund operation of the Exposition LRT and the Foothill Gold Line is inconsistent with program guidelines.

LCTOP funds are supposed to be used for *new or expanded transit services that actually reduce greenhouse gases.* The Expo and Foothill Gold Line extensions *and their operations* were fully funded by Measure R and would have happened without LCTOP funds. This makes the use of LCTOP funds for these projects and their operations inappropriate.

Move LA believes Metro's share of LCTOP funds should be used instead to increase transit ridership now by providing lower cost transit passes to low-income students, seniors and people with disabilities.

### **Metro NextGen Bus Study**

We applaud the efforts Metro has begun with its NextGen Bus Study, evaluating whether or not to pursue major or minor or no restructuring of the bus system and the service it provides. However, there are actions Metro can and should take to enhance bus and rail transit service now and to grow ridership now that is consistent with any imagined restructuring.

Our proposed actions will not prejudice the outcome of the very important NextGen Bus Study. Whatever its routing and service changes, there is no doubt that Metro will be wanting students, seniors, people with disabilities, and low-income people to ride the system in large numbers.

For these potential riders, the cost of the service and Metro's willingness and ability to collaborate with other institutions such as our community colleges will determine how many actually will ride.

We believe Metro can easily and well afford to implement these program enhancements. Our proposals will cost much less than 1% of the total budget and a small fraction of the *growth* in bus operating revenues since 2008. In fact, more than 80% of the *growth* in bus operating revenue since 2008 would be untouched. And the money would be used to implement programs that pre-election polling showed were very high priorities with voters.

### **Conclusion**

Move LA appreciates that Metro has an enormous and complicated task ahead if the system is to succeed in its mission. But we believe the FY 2019-20 budget should be amended as we propose if Metro is to meet the transit service needs of the people of LA County and fulfill its mission. We

urge you to take the prudent and very affordable steps we have suggested to reduce base fares, and to enhance transit pass programs for students, seniors and people with disabilities, all with the goal of beginning the process of rebuilding our transit ridership.