



**Metro**

Los Angeles County  
Metropolitan Transportation Authority

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**REVISED  
EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE  
OCTOBER 18, 2007**

**SUBJECT: FIVE-YEAR METRO RIDERSHIP PLAN**

**ACTION: ADOPT THE METRO RIDERSHIP PLAN**

**RECOMMENDATION**

Adopt the five-year Metro Ridership Plan contained in Attachment B.

**ISSUE**

In August 2006, the Board authorized development of a Metro Ridership Plan. The goal of the plan is to outline a path for growing ridership at a rate of 5% per year. In January 2007, a draft conceptual plan was presented to the Board. The draft plan contained over sixty concepts for increasing ridership. The Board directed staff to review the concepts with the Sector Governance Councils and bring back a more refined and prioritized plan. The plan was to highlight the impacts of marketing on generating ridership and to expand the concepts to include promoting system safety, the new Transit Access Pass (TAP) system, destinations and youth marketing. **In September 2007, the revised Plan was not taken up by the Executive Management and Audit Committee (EMAC) due to an amending motion to be introduced in the Operations Committee. The Committee Chair forwarded the report to Operations and directed that the item return to EMAC in October with the motion. Staff presented the Ridership Plan at September's Operations Committee and will be returning to EMAC and the full Board in October with the report.**

For the last three years, ridership grew 4% annually – more than twice Metro's budgeted target – and three times the national average. In July 2007, Metro restructured its fare system. The impact of the restructuring on ridership will not be known for several months. Once ridership stabilizes a new baseline will be established upon which, ridership, and this plan, will build.

## **POLICY IMPLICATIONS**

The basic purpose of the plan is to grow transit ridership on the Metro system at a 5% rate. This plan provides the framework for how this goal will be achieved. The implementation of the plan requires coordination by multiple departments within the agency. This plan is also consistent with current agency policies.

## **ALTERNATIVES CONSIDERED**

Staff considered two alternatives in developing this plan. The first alternative was to maintain the status quo. Metro has achieved much success in attracting new riders given its resource constraints and continuing on this path is not completely without merit. However, while ridership has increased, continuing this trend becomes more difficult over time. As service levels grow stagnant, fares increase and gas prices become less of a motivator, demand for Metro service may wane. The recommended alternative takes a more aggressive approach to growing ridership. Initially, 66 concepts were explored. At Board direction, the concepts were refined, prioritized and reviewed by the Service Sector Governance Councils. The recommended alternative reflects the input obtained through that effort and staff believes that the proposed plan contains the best mix of concepts with regard to feasibility, compatibility and goal attainment.

## **FINANCIAL IMPACT**

Fourteen of the eighteen plan tactics are already planned within the budgets of the responsible departments. The remaining initiatives are either partially funded or have no funding at all. Funding for the proposed Plan initiatives will be approved during each annual budget adoption process. The FY09 estimated cost is \$2.75 million including the addition of 6 full-time equivalent staff positions. The table contained in Attachment A provides estimated costs and potential fund sources for each initiative. Since Plan initiatives are multi-year in nature, the lead departments will be responsible for budgeting costs during the appropriate fiscal year budget.

## **BACKGROUND**

No single defining action drives ridership. Rather, it takes a combination of actions, improvements, innovations, market drivers, programs, services, perceptions, environmental conditions and people all working together to produce measurable ridership growth. Under the proposed Metro Ridership Plan, Communications, Operations and Countywide Planning and Development will partner to orchestrate these factors to optimize ridership growth potential. Successfully implementing this five-year ridership plan will require a commitment to aggressive tactics and improvements as well as additional resources (budget and FTEs); however, the plan could potentially increase annual revenues by as much as \$7.9 million per year based on a comparison of FY06 actual versus budgeted fare revenues. The revenue generation will positively impact investment in Long Range Transportation Plan

projects and our overall bottom line. To ensure successful continued implementation, a portion of these projected increased revenues would also need to be reinvested back into the system in the form of fleet maintenance, improved system signage and enhanced marketing.

The following sections provide a discussion of recent ridership growth, and a description of the process that staff undertook to develop the proposed plan contained in Attachment B.

### Recent Ridership Growth

Metro provides a complete spectrum of service: from high frequency, high-speed marketable service – to low-frequency, low-speed lifeline services. The expansion of Metro Rapid, the opening of the Orange and Gold Lines as well as the improvements made to express service has positioned Metro to be more attractive to discretionary riders.

In addition, the complete rebranding of the agency has made marketing efforts more efficient and incredibly effective. Awareness and positive perception levels are at all time highs. The new award-winning fleet design has made Metro more acceptable and speaking with one voice has ridership outpacing service growth two to one.

These factors, working in concert, attracted thousands of new riders to Go Metro. There are few transportation agencies locally or nationally that have been more successful than Metro over the last few years at increasing ridership. For instance, Metro's ridership growth since 2004 is 3 times the national average (12% vs. 4%) even despite a January 2004 fare adjustment. Over the same period, many local municipal operators experienced ridership declines. According to published federal transit statistics, municipal operators experienced an average decrease in ridership of 5%.

The largest gains in ridership have stemmed from a 50% growth in the discretionary market, specifically in those households that do have a car available to use for travel. This growth is attributed to major service enhancements, successful marketing campaigns, and production and dissemination of consistent and enhanced customer information. Another key factor contributing to Metro's ability to attract new discretionary riders was the introduction of the extremely popular Day Pass.

The Day Pass has made it much easier to try Metro service. Customers don't have to pre-purchase passes or worry about transfers. The Day Pass eliminated huge barriers to trying the system and was a key reason Metro was able to move forward after experiencing a work stoppage and a fare increase with unprecedented growth.

### The Draft Plan

In January 2007, staff presented a Draft Plan for Board consideration. The conceptual ridership plan outlined seven paths to increasing ridership and included 66 concepts. The seven paths are:

1. Realigning 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 experience
7. Eliminating barriers to ridership

In response, the Board directed staff to secure input from the Sector Governance Councils and to narrow the focus of the plan. In order to secure Council input, staff prepared and distributed a survey instrument to all Governance Council members requesting their relative rankings of each of the 66 plan concepts (Attachment C). A summary of the survey responses is contained in Attachment D.

### The Plan

Based on the survey results and Board member input, staff reformulated the plan. Specifically, the initial seven paths were collapsed into three strategies and include:

1. Realign budgeted service hours to improve productivity of system
2. Continue to aggressively promote services and target high-ridership-return areas
3. Improve information exchange with customers and the public

Of the 66 concepts in the draft plan, 18 strategies were selected and categorized as tactics within the three strategies noted above. The attached plan outlines the steps within each of the above elements that would be taken to work towards the 5% growth target established by the Board as well as resources needed to implement the plan recommendations.

### **NEXT STEPS**

Upon adoption of the plan, staff will begin planning for implementation in FY09. Staff will provide progress updates on an annual basis.

### **ATTACHMENTS**

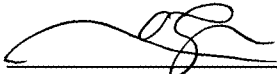
- A. Proposed Funding Plan
- B. Metro Ridership Plan
- C. Governance Council Survey Instrument
- D. Governance Council Survey Results

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METRO RIDERSHIP PLAN FUNDING PLAN

ATTACHMENT A

STRATEGY	FTEs <sup>1&amp;3</sup>	ADDED BUDGET BY YEAR					FUND SOURCE (PROPOSED)
		Non-Labor Direct Costs (\$1,000s) <sup>2</sup>					
		FY09 <sup>3</sup>	FY10	FY11	FY12	FY13	
1a. Expand Metro Rapid	----	----	----	----	----		
1b. New Markets	----	----	----	----	----		
1c. Express Network	----	----	----	----	----		
1d. 15-min. Peak Headway	----	----	----	----	----		
1e. Route Simplification	----	----	----	----	----		
1f. Work w/Cities on Speed & Signals	----	----	----	----	----		
1g. Facility & Vehicle Maintenance	----	----	----	----	----		
2a. Expand Business Participation	2	----	----	----	----	Rideshare Grant	
2b. Increase School Pass Enrollment	----	----	----	----	----		
2c. Expand New Resident Marketing	----	----	----	----	----		
2d. Target Discretionary Riders	----	\$1,000	+\$200	+\$200	+\$200	+\$200	Eligible for TDA Planning
2e. EZ Day Pass	----	----	----	----	----	----	
3a. Improve/Keep Signage Current	2	\$900	+\$900	+\$900	+\$900	+\$900	FY09 Bus Capital
3b. Implement Standards	----	----	----	----	----	----	
3c. 24-hr Trip Planning Capabilities	----	----	----	----	----	----	
3d. Next-Trip Information	----	----	----	----	----	----	
3e. Improve Operator/Cust. Service Training	----	----	----	----	----	----	
3f. Expand Internet Capabilities	2	\$250	----	----	----	----	Metro Overhead Allocation
<b>TOTALS</b>	<b>6</b>	<b>\$2,150</b>	<b>+\$1,100</b>	<b>+\$1,100</b>	<b>+\$1,100</b>	<b>+\$1,100</b>	<b>+\$1,100</b>

1. Total est. FY09 FTE cost — \$600,000; FTEs continue throughout life of plan
2. Non-labor costs are additive from year to year
3. Total est. FY09 FTE and non-labor costs ---- \$2,750,000



### I.0 IMAGINE

- **A world-class transportation system for LA County**

Imagine the future. Picture a cutting-edge transit network where buses and trains are so frequent, customers don't need a timetable. Envision Metro Local connections so seamless that hundreds of bus lines are perfectly synchronized with an extensive rail system. Imagine a network of bright red Metro Rapid buses moving millions through free-flowing city streets.

Think of a paperless fare system, where riders easily TAP on and off their routes. Imagine route signs and directional markers that are clear and informative. Buses and trains that are graffiti-free, and stops that are clean, well lit and supplied with all the information a customer needs.

Imagine Park/Ride lots filled with cars, as riders happily board Metro Express buses that zip across town in HOV or bus lanes. Think of a booming economy, fueled by companies that provide transit passes for their workers as a basic employee benefit. Ponder a city filled with customers who can find any type of transit or traffic information, delivered to them when and where they want it. Imagine a place where everyone uses their transportation network to move more quickly and easily. What's more, they're proud to call it LA's own.

In LA County, imagination is moving closer to reality. With the strides made over the past several years, and aggressive plans for the future, Metro is creating the world-class transportation system Los Angeles deserves. And in the process, we're building a Metro that continues to attract new customers and grow ridership beyond expectations. Imagine that.

## **I.1 PURPOSE**

- **Grow ridership**
- **Move Metro closer to becoming a world class transportation system**

The purpose of the Metro Ridership Plan is to outline steps for growing ridership 5% per year, over the next five years. This is an aggressive goal but given recent experience, this goal may not be too far off from reality. Growth in ridership not only helps keep the county moving, ensuring that the local economy remains robust and the quality of life is strong, but it also helps grow revenue which keeps the agency in good financial health.

In order to effectively implement the plan, many agency departments must work closely in a coordinated manner. Several of the plan strategies will require phased implementation due to funding challenges and the enormity of the proposed changes. Many of these strategies are new to the region and will require institutional modifications to make them happen. But, to bring Metro closer to that image of convenient, seamless world-class transportation, the effort will be well worth it.

## I.2 GREAT STRIDES

- **Impressive history of growth**
- **Opportunity to increase ridership**

The start of a transformation of the transportation system can be seen in recent rider trends. For instance, Metro ridership is growing at a faster rate than most local and national transportation agencies. Gains have stemmed from an unprecedented 50% growth in discretionary ridership. These remarkable gains are attributed to significant service enhancements, marketing and the introduction of the popular Day Pass. While Metro carries a significant number of passengers daily, there remains a great deal of unused capacity on the system and, relative to auto use, a huge opportunity to capture market share. It is a distinct advantage that Metro offers a complete spectrum of transportation services. The expansion of Metro Rapid, the opening of the Orange and Gold Lines as well as the improvements made to bus service have positioned Metro to be more attractive to discretionary riders.

The current annual growth rate of Metro services is as follows:

Rail	1%
Local	4%
Rapid	5%
Express	9%
Transitway	27%

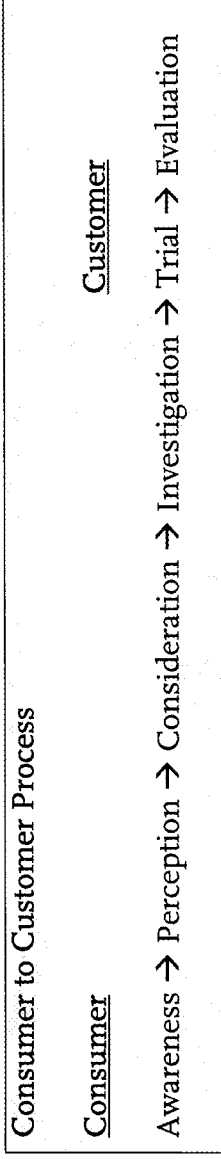
Simultaneously, the complete rebranding of the agency has made marketing efforts highly efficient and incredibly effective. Ridership growth has outpaced service growth two to one; awareness and positive perception levels are at all time highs. This is attributed to extensive marketing and communications efforts, ranging from the new fleet design, which has made Metro's most visible product more attractive, to widespread advertising, which has entered the consciousness of Los Angeles County consumers.

In addition, the Day Pass, used by more than one third of Metro customers and over half of Metro's new riders, has made trying Metro a breeze. New customers don't have to pre-purchase passes or worry about transfers. The Day Pass eliminated huge barriers to trying the system and was a key reason Metro pulled out of a 2003 work stoppage and a 2004 fare increase with unprecedented growth.

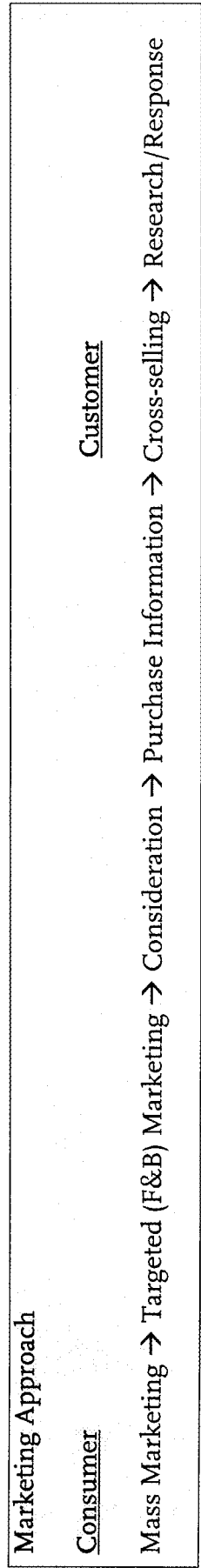
### I.3 CREATING CUSTOMERS

- The "consumer" to "customer" process
- A systematic approach

The trick to increasing ridership is converting "consumers" into "customers". Metro's approach follows a targeted consumer model that outlines the conversion. For a person to become a Metro customer, they must: 1) be aware of the service; 2) have a positive perception; 3) consider the service as a viable option; 4) be able to find information about the service; and 5) have a good experience trying the service. Then (and only then) will they become a customer – who will perpetually be in a state of evaluation. Metro strategically aligns each step of the process (awareness, perception, etc.) with a specific corresponding marketing approach designed to move consumers along the customer process.



Metro communications has built unaided awareness levels to above the 80-percentile; improved positive perception to the 84% level and; have increased trial usage by 50%. Metro's systematic approach combines baseline communications (e.g. Metro Briefs; bus advertising; traffic radio) with strategic marketing campaigns (e.g. Day Pass, Orange Line, Metro Rapid) specifically designed to create awareness of its services, improve perception and build ridership.



## **I.4 CHALLENGES**

- **Limited resources**
- **Impacts of changing fares**

The biggest challenge facing the agency today is resources: several new capital projects are needed to improve region-wide mobility, and resources are ever dwindling. Even though voters overwhelming approved transportation bonds in the November '07 election, state participation in major transportation improvement projects is in question. To address the challenge of resources and provide Metro the ability to operate future projects, a fare change was implemented July '07 and another is scheduled for December '09. Several planning studies are underway and a revised Long-Range Transportation Plan is being crafted. Over the next several months, Metro's path forward will be determined as promising plans are matched against financial realities.

As with any change to a fare structure, comes customer unrest and a fluctuation in ridership patterns. Widely accepted economic elasticity models portend a reduction in ridership of approximately 3% for every 10% the fare was increased. In Metro's case, most passes went up 20% and the Day Pass increased 67%. Given Metro's growing demand over the last few years and that public transit is still a relative bargain, it is difficult to forecast the impacts of the fare change on Metro ridership. Staff is projecting a (hopefully) short-term 3% decline in ridership as a result of this fare change. Metro most likely will see some declines in customer categories (e.g. Day Pass users) and growth in other categories (e.g. off-peak riders). The scheduled FY09 fare change is forecasted to have similar impacts on ridership.

Even more difficult than projecting price elasticity of transit ridership, is making modifications to a system that has been in place for decades. Even the most infrequently used line maintains a loyal fan base that is willing and able to put up a fight against any change to their service. For Metro to make wholesale improvements it must carefully navigate through historic and cultural red tape, and create a service network that better reflects changing commute and travel patterns of the region.

Compensating for the fare changes, Metro will need to implement activities to ensure that ridership decreases do not persist. First the agency will concentrate on "stabilization" - gauging impacts of the fare change and making efforts to retain customers. Metro will closely monitor ridership during the first six months after the fare change and focus on getting riders who left the system to return. Given the relative value of transit, historically riders do return over time. The second focal point encompasses Metro's "infrastructure" - improving the system and making good on all proposed service plans, projects and promised

programs. This includes everything from implementation of remaining Rapid lines and Metro Connections to enhanced security, improved signage, better customer amenities and TAP rollout – and eventually opening of two new rail lines. The final area of concentration relates to “growth” - bringing new customers to the system by converting good service into productive service through a combination of programs targeted to people who should be using the system. The Ridership Plan primarily focuses on the “infrastructure” and “growth” activities.

## II.0 THE PLAN

- **Realign budgeted service hours to improve productivity of system**
- **Continue to aggressively target market high-ridership-return areas**
- **Improve information exchange with customers and public**

Much has transpired since the conceptual ridership plan was presented: the Board made several recommendations for further exploration of concepts; the governance councils rated each concept; and a new fare structure went into effect July 1, 2007. As a result the Metro Ridership plan recommends three major strategies to achieve ridership goals.

The first core strategy of the Metro Ridership Plan calls for a rethinking – a reevaluating – a realignment of Metro service. This strategy addresses two key goals: 1) it maximizes service that is placed onto the street and 2) it constrains itself to utilizing existing (budgeted) service hours to improve the Metro system.

The second core strategy mandates aggressive marketing to high-ridership-return areas. While much has been done to increase the awareness of service and improve Metro's image with the intent of attracting new customers, Metro remains in the infantile stages of truly becoming a "market-" or "customer-" driven organization.

The third core strategy focuses on our passenger environment and how we exchange information with potential and existing customers. The plan calls for Metro to make good on its delivery of wanted and needed information to use and enjoy the system. A person must become a "customer" before they can become a "satisfied customer" – and the provision of necessary information to make this transformation occur, is critical to growing ridership.

## **II.1 REALIGNMENT OF SERVICE**

- **Realign budgeted service hours to improve productivity of system**

It is critical that the transit service provided by Metro and the municipal operators is maximized and structured to best meet the needs of Los Angeles County residents and employees. The purpose of this strategy is to ensure that service hours deployed on the street are as productive as possible, are effective in getting people where they want to go and therefore are cost effective. The other key to this strategy is to modify service in a manner that does not require additional service hours but continues to increase ridership. This will require tactics that reduce redundancy in service, eliminate unused capacity, simplify routes, improve fleet speed and increase system connectivity. The plan recommends the following seven tactics under this strategy:

### **1A) Expand Metro Rapid beyond current plans**

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. If service hours could be redeployed from less productive existing transit services, then additional Rapid corridors could be implemented along high volume routes not currently served by Rapid today and do so within existing service hours. Additional funds would need to be identified for related capital costs on new lines, including transponders, signal coordination and Metro Rapid bus shelters.

### **1B) Enter into new markets to accommodate the region's current travel patterns**

Metro will look beyond its current line configurations and venture into new territory. To do this, the agency will look at current residential and business commute patterns and realign service to serve new corridors and diverse markets. As part of this effort, staff will examine data on the destinations most frequently requested by customers when calling to receive transit trip itineraries from the Metro customer information call center. Staff will also review original/destination data on Metro Commute Services employer clients. Finally, staff will work with business and developers to determine whether transit services are needed to serve new employment centers and whether other transportation options might be more attractive such as vanpooling, carpooling and subscription bus service.

### **1C) Expand an Express Service network that utilizes carpool, rail and bus lanes where possible**

Ridership on Express service is growing at a rate three-times faster than all other service. On transitways like the Orange Line, El Monte and Harbor Freeway year-over-year ridership has increased as much as 29%. Additionally, success stories like the 450X will be duplicated. Each of these lines connects (or feeds) patrons to high frequency rail and bus hubs. Running true express service from major transit centers to major employment centers is a feasible way to attract discretionary riders. Staff will look at enhancing our current express service by reconfiguring routes to provide more "point-

to-point” service. Municipal operators will also be contacted to determine whether partnerships in developing new express lines are feasible in areas currently not served. This tactic will speed up the transit system and improve connectivity.

**1D) Only operate service with less than 15 minute headways in the peak**

Metro boasts a multitude of high-frequency lines. In fact, customer surveys have found that riders that use service with 15-minute or less frequencies are consistently more satisfied with the service. The goal of this tactic is to establish a network of 15-minute service in the peak through reallocation of existing service. This will encourage “no-thought” transfers, thereby attracting new riders as a result of a more simplified and convenient system. The biggest challenge in this endeavor is resources. Under the current service model, staff projects the more realistic approach is a 20-minute peak headway. This tactic will be implemented gradually over the life of the plan.

**1E) Make routes marketable to new customers – i.e. simple, frequent, easy connections**

This tactic aims to realign its service to accommodate the region’s current travel patterns. The Metro Connections service plan will be implemented over the next five years, including upgrades to existing customer facilities, to improve connectivity and better serve the region. When routes are designed they will be simple, frequent and have easy connections in order to attract new riders.

**1F) Work with municipalities to improve service, signalization and busways to improve fleet speed**

Signal synchronization and routing of buses is critical to improving fleet speed. Metro will 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. Critical to making this tactic a success is working closely with municipalities to ensure these improvements are implemented expeditiously and effectively. Metro must work with cities to implement improvements. Many of the recommended improvements, such as street widening and right-turn lanes, are included in the Bus Speed Improvement Plan.

**1G) Operate a well-maintained fleet in clean and safe facilities**

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 will be made to maintain the fleet at current levels (or better) to optimize fleet appearance as well as minimize service disruptions. Additional mechanics have been budgeted to help maintain Metro’s current fleet.

## **II.2 AGGRESSIVE MARKETING**

- **Continue to aggressively market and advertise services and target high-ridership-return areas**

There are certain travel markets and trip purposes that are relatively untapped currently and can be better served by Metro. The following tactics target these groups more aggressively therefore increasing ridership by making service more attractive, convenient and by eliminating barriers to utilizing the service:

### **2A) Expand business participation in transportation programs**

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 will be made in expanding business-to-business sales efforts. Metro offers comprehensive line of transportation programs for employers that provide a range of commute alternatives for employees. This includes telephone and Internet carpool matching services, a vanpool subsidy program, and a number of transit pass programs and support programs such as Guaranteed Ride Home and Metro Rewards (incentive). By having multiple services and programs to offer employees, employers are more likely to work with Metro in helping to reduce congestion. And these programs will continue to evolve to meet business needs. For instance, staff will explore the possibility of expanding the employer annual transit pass product to include municipal operators through creation of an EZ business pass. Targeting worksites in this manner increases ridership by as much as 300% in a given company. In addition, staff will explore an initiative that will assist employers in meeting their air quality requirements by enrolling in Metro business transit pass programs in exchange for emission credits.

### **2B) Enroll more schools into student pass programs**

Programs targeting local college campuses have generated ridership and provided additional pass revenues by attracting students who are looking for cost-effective alternatives to parking and gas costs. Metro has offered programs at six college campuses and has had over 17,000 passes in circulation. Additional resources will be dedicated to enrolling new campuses and investing in promotional strategies to attract more students. In addition, improvements to the Metro School Pool program will be made to offer assistance to elementary, middle and high schools in creating a student directory for possible carpool partners, and transit, walking and bicycling buddies.

### **2C) Directly market to new residents as they relocate to the county**

Metro's New Resident direct mail program has proven to attract numerous new riders to the system. The program targets people at a time when they are establishing new commute patterns and more willing to consider using public transit. The current program has maintained an 8 - 10% response rate. This is considered a successful response since typical industry response for direct-mail campaigns is about a 1% response rate. This initiative will increase distribution of the new-resident

promotion to a monthly basis from a bi-monthly basis. Up to 25,000 new residents receive the promotion each month. This promotion will also promote the TAP product once the new fare system is in full implementation mode.

**2D) Target discretionary riders in geographic corridors with frequent service**

Marketing heavily utilized transit corridors is one of the most fruitful and efficient means of generating ridership. 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 living near corridors that offer frequent service will be expanded under this tactic. Staff has identified several specific groups that will be targeted with specific strategies designed to encourage ridership. Each campaign will utilize a mixture of media and direct mail advertising.

**2E) Expand EZ regional concept to offer Day Pass product**

The \$3 Day Pass significantly impacted customer fare purchase habits and led to increased ridership and farebox revenue. The pricing concept eliminated 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. Prior to the recent fare change, the \$3 Day Pass generated the highest revenue per boarding, and was used by nearly 40% of Metro's customers. This initiative will make simple modifications to the existing EZ Transit fare media to include a Day Pass product. An EZ Day Pass will open new markets and generate new customers. The process for developing a new pass product will utilize the same process used to develop the EZ Transit fare media working with the municipal operators. Full implementation of TAP will facilitate the implementation of the EZ Day Pass. In addition, this could enable the elimination of Metro-only fare products and allow adoption of a regional system as our own.

## **II.3 INFORMATION EXCHANGE**

- **Improve information exchange with customers and public**

Studies have shown that individuals that have greater awareness of the system are more likely to try riding transit in the future. The purpose of the following tactics is to effectively inform customers and the general public, and raise awareness of available services:

### **3A) Improve system signage at transit centers and bus stops**

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. While vast improvements have been made to Metro's system signage, there is more work to be done. For example, New York MTA invests \$3.4 million annually in their station signage capital program. This initiative will develop an ongoing capital program to upgrade system signage by replacing outdated information across the system. If implemented, signage at stops and stations will 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. This initiative will develop a unified bus stop and rail station database building onto the HASTUS system to connect multiple data sources so staff may better monitor signage and track outdated information. Metro will work to improve street signage in order to attract and inform new customers. Additional resources will be dedicated to maintaining this information. 18,000 stops allow for 18,000 opportunities to attract new customers. Consideration will be given to implement real-time information access from any of these stops. Examples of system signage include map cases at Metro Rail stations, information displays at park and ride lots, and testing of new customer amenities at bus stops such as solar lighting.

### **3B) Implement standards to provide consistent and reliable information**

To attract new customers, Metro will make information as consistent as possible. As customers investigate service options, information will be simple and provide the same information in every format. This initiative will implement standards for referencing Metro service and ensure that lines are identified consistently across multiple media such as on timetables, marketing brochures, bus stop signs, vehicle headsigns and in the Trip Planner.

### **3C) Provide 24-hour trip planning capabilities**

Technology has advanced to the point where Metro could now provide voice-automated 24-hour customer service. This type of system will be implemented in conjunction with 511 to expand Metro's customer service capabilities and allow public

access to trip planning capabilities 24 hours a day. Technologies that will be explored include instant messaging, telephone voice recognition systems and remote access of transit information via cell phone.

**3D) Explore technology to offer next-trip information**

Next trip information has been value-engineered out of many projects. However, technologies are advancing where this service may be provided at a much reduced cost. Metro will move to make next bus information that is integrated with the Trip Planner available in as many delivery systems as possible, including cell phones, PDAs, web and SMS messaging.

**3E) Improve operator and customer service training**

Metro will strive to have the best customer service available. Metro bus and rail 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.

**3F) Expand 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 will be done to accommodate a dramatically growing market of internet users. Metro will invest more in the internet in order to keep up with increasing demand.

## **II.4 STATUS, COSTS AND IMPACTS**

- **Realign budgeted service hours to improve productivity of system**

The following provides a brief status of each tactic, whether additional funding is needed for tactic implementation and the impacts projected to be generated by each tactic.

### **1A) Metro Rapid**

O&M funded if implemented within existing service hours. New capital funding required. Ridership Impact: Attracts new customers; growth rate 25% higher than local service.

### **1B) New Markets**

Funded – Requires developing new routes and lines to serve new economic centers. Improvements may come from sectors. Would use existing service hours. Ridership Impact: Attracts new customers; growth dependent upon areas served.

### **1C) Express Service**

Funded - Requires developing new routes and lines. Improvements may come from sectors. Would use existing service hours. Ridership Impact: Attracts new customers; growth rate 300% higher than local service.

### **1D) Frequent Service**

Funded - Requires rethinking low-frequency lines. Should focus on peak. Improvements may come from sectors. Would use existing service hours. Ridership Impact: Attracts new customers; improves customer satisfaction by 20% (according to customer study).

### **1E) Simplify Routes**

Funded - Requires rethinking current route structures. Service improvements may come from sectors. Would use existing service hours. Ridership Impact: Attracts new customers; growth dependent upon areas served.

### **1F) Fleet Speed**

Study Pending - Requires additional technology (signal synchronization) and cooperation with cities. Study approved by board and will determine costs and fund sources Ridership Impact: Improves productivity; ridership growth stems from redistribution of service hours.

### **1G) Clean System**

Funded – Board recently authorized midlife funding, new mechanics and new vehicles. Should continue to improve condition of system. Ridership Impact: Eliminates barrier to ridership.

### **2A) Business Programs**

Partially Funded (by grants) – More aggressive marketing and pricing are needed. Should both increase ridership and revenue. New opportunities with TAP. Ridership Impact: Attracts new customers; 300% growth in ridership among participating companies.

### **2B) Youth Programs**

Funded – Student and college pass programs have increased ridership. Ridership Impact: Eliminates barriers to ridership; Attracts new customers; ridership increases 40% among participating schools.

### **2C) New Resident**

Funded – Operates six months out of year. 25,000 monthly direct mail recipients. 8-10% response rate. Ridership Impact: Attracts new customers; Estimated to generate 7,500 customers per year (15 million boardings); year-round program would double impact.

### **2D) Discretionary Riders**

Minimally Funded – Key growth area. Experienced 50% growth in discretionary ridership (22% to 36%). Direct correlation between route marketing of best service and ridership. Targeting one-to-one ratio of discretionary to non-discretionary riders. Ridership Impact: growth dependent upon quality of service.

### **2E) Regional Fares**

Funded (self sustaining) - Requires agreements among operators to expand EZ transit pass agreement. TAP may be incorporated. Existing processes will be used to develop product. Ridership Impact: eliminates barriers to system use.

### **3A) Signage**

Minimally Funded – Grants have funded customer sign efforts. Requires additional resources and FTEs to install and maintain. Ridership Impact: eliminates barriers to ridership; improves customer satisfaction; attracts new riders through provision of point of purchase information.

### **3B) Standards**

Funded – Support required for implementation. Ridership Impact: eliminates barriers to ridership; improves customer satisfaction; attracts new riders through provision of point of purchase information.

### **3C) 24-Hr Trip Planning**

Funded – SAFE may implement 24-hour automated customer information system as part of the 511 program. Ridership Impact: eliminates barriers to ridership; improves customer satisfaction; attracts new riders through provision of point of purchase information.

**3D) Next trip System**

Funded - Requires additional technology. Several applications in development. Ridership Impact: eliminates barriers to ridership; improves customer satisfaction; attracts new riders through provision of point of purchase information.

**3E) Training**

Funded – New training program established. Ridership Impact: improves customer satisfaction.

**3F) Web Functionality**

Minimally Funded – Fastest growing information resource. Metro web resources, relative to other agencies, woefully under funded. Ridership Impact: attracts new riders through provision of point of purchase information.

As noted, fourteen of the eighteen initiatives are planned within the budgets of the responsible departments. The remaining strategies either have no funding or are partially funded. The below table presents the estimated resource needs for each of the unfunded or partially funded initiatives.

**METRO RIDERSHIP PLAN FUNDING PLAN**

STRATEGY	FTEs <sup>1&amp;3</sup>	ADDED BUDGET BY YEAR					
		Non-Labor Direct Costs (\$1,000s) <sup>2</sup>					
		FY09 <sup>3</sup>	FY10	FY11	FY12	FY13	
2a. Expand Business Participation	2	----	----	----	----	----	
2d. Target Discretionary Riders	----	\$1,000	+\$200	+\$200	+\$200	+\$200	
3a. Improve/Keep Signage Current	2	\$900	+\$900	+\$900	+\$900	+\$900	
3f. Expand Internet Capabilities	2	\$250	----	----	----	----	
<b>TOTALS</b>	<b>6</b>	<b>\$2,150</b>	<b>+\$1,100</b>	<b>+\$1,100</b>	<b>+\$1,100</b>	<b>+\$1,100</b>	

1. Total est. FY09 FTE cost = \$600,000; FTEs continue throughout life of plan
2. Non-labor costs are additive from year to year
3. Total est. FY09 FTE & non-labor costs = \$2,750,000



## II.5 PLAN MATRIX

- **Implementation Schedule**

The following table presents the schedule for plan development. Many of the strategies will require all five years of the plan to complete because some improvements need to be phased in over time due to the magnitude of the change. It is assumed that these activities will continue into implementation once development is complete.

STRATEGY	PLAN DEVELOPMENT						LEAD DEPARTMENT
	FY08	FY09	FY10	FY11	FY12		
1a. Expand Metro Rapid	X	X	X	X			CP&D/Ops
1b. New Markets		X	X	X	X		CP&D/Comm/Ops
1c. Express Network				X	X		Ops
1d. 20-min. Peak Headways				X	X		Ops
1e. Route Simplification				X	X		Service Plng
1f. Work w/Cities on Speed & Signals	X	X	X	X	X		CP&D
1g. Facility & Vehicle Maintenance	X	X	X	X	X		Ops
2a. Expand Business Participation		X	X				Comm/CP&D
2b. Increase School Pass Prog. Enroll.		X					Comm.
2c. Expand New Resident Marketing	X	X					Comm.
2d. Target Discretionary Riders		X	X	X	X		Comm.
2e. EZ Day Pass			X	X			CP&D/Comm
3a. Keep Signage/Bus Stops Current				X	X		Comm/Ops
3b. Implement Standards	X	X					Ops/Comm
3c. 24-hr Trip Planning Capabilities		X	X				Comm/Ops
3d. Improve Info. at Bus/Rail Stops		X	X	X			Comm/Ops
3e. Next-Trip Information	X	X					Comm
3f. Improve Operator/Cust. Service Training			X				Comm/Ops
3g. Expand Internet Capabilities		X	X				Comm

## **II.6 FUNDING THE PLAN**

- **Reallocate unproductive service hours**
- **Reinvest in building ridership**

As stated previously, one of the major hurdles to growing ridership beyond current levels is lack of resources to dedicate toward ridership initiatives. Given the broad range of initiatives included in the plan several different fund sources will be needed. Potential sources have been identified and include the Enterprise fund, grants and capital improvement funding. During the budget approval process, staff will recommend plan initiatives and proposed fund sources on an annual basis.

A more significant funding source is a more efficient utilization of existing service hours. By rerouting buses in downtown, feeding existing rail lines, or making capacity adjustments can create tens of millions of dollars that could be redistributed to be more productive service, serve more areas and open up new geographic regions. However, given the predilection for keeping existing service in tact, this is much easier said than done. Finally, many of these initiatives are included in various proposed departmental multi-year workplans and will not require additional resources through the Ridership plan.

### III.0 AREAS IMPACTING RIDERSHIP

- Communications improving productivity
- Gas prices attracting new customers
- Customers expect safe service
- TAP opens new opportunities to grow ridership
- Destinations showcase service
- Youth market shows great potential

In developing the plan, the Board requested staff to report on specific issues impacting ridership. These items include general communications, gas prices, safety and security, youth opportunities, TAP and destination marketing. The following sections provide a discussion of each of these issues.

### III.1 COMMUNICATIONS AND RIDERSHIP

- Communications has become a profit center
- Ad revenues and positive media coverage have risen over last five years

Before Metro Communications was formed each department set aside promotional funds for materials and consultants to independently market programs and services – in fact over \$4.2 million was budgeted for promotional items alone and millions more were buried in consultant contacts and project budgets. Additionally, many of Metro’s promotional resources, such as sign space, went unused or were given away. Today is a completely different story.

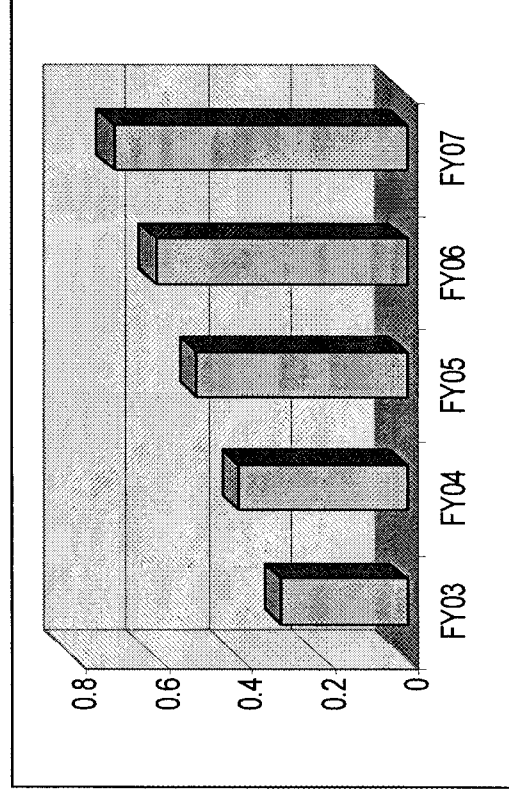
Since the formation of Communications, advertising expenditures have actually declined by 50% and staff, which was brought from other areas of the organization, was reduced by 20%. Also during that time, ridership has grown 14%, annual fare revenues have grown 27%, and, with the approval of the new advertising revenue contract, exterior advertising revenue will have jumped 60%. In FY03, advertising revenue was \$13 million. In FY08 ad revenue is budgeted to be \$22 million and in FY12 ad revenue is projected to climb as high as \$32 million annually.

Today, every ad space is used to promote Metro services or generate additional revenue. Through efficient management of Metro resources, Communications has optimized its ability to get the word out – not only on ridership but other messages

(such as safety and security) as well. Metro now boasts one of the most successful marketing programs in the country. Awareness, perception, ridership, revenue – virtually every indicator has vastly improved since Metro established a centralized Communications department in 2002.

To complement paid advertising, Metro actively generates free positive publicity. The equivalent ad value of our publicity efforts this fiscal year has been averaging about \$2 million a month. Press releases are continually issued to local media focusing on higher key Metro messages. Positive media coverage is at record levels. In fact Metro reversed a negative trend regarding positive media coverage on the agency's efforts. In FY02 only 30% of the general public was aware of positive media coverage compared to the 65% reported in the most recent public opinion survey

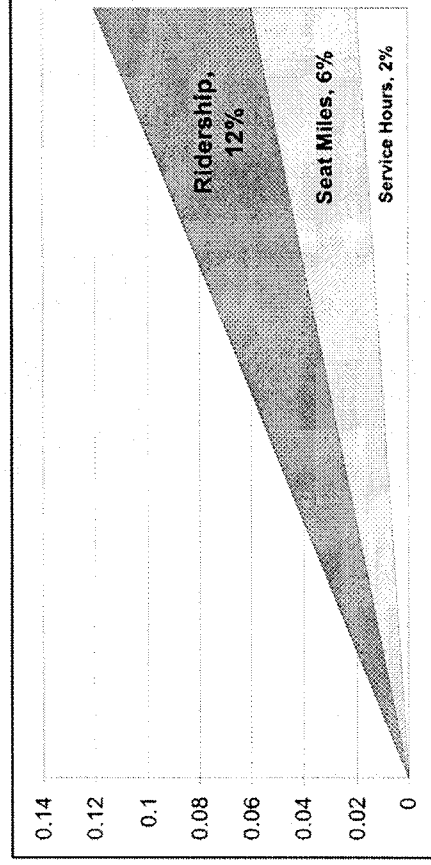
### POSITIVE MEDIA RECALL



In addition to media relations' efforts, public service announcements, cable TV shows and joint promotions are also utilized to increase ridership. Finally, Communications utilizes all available space on the Metro system to market services and cross-sell to our customers

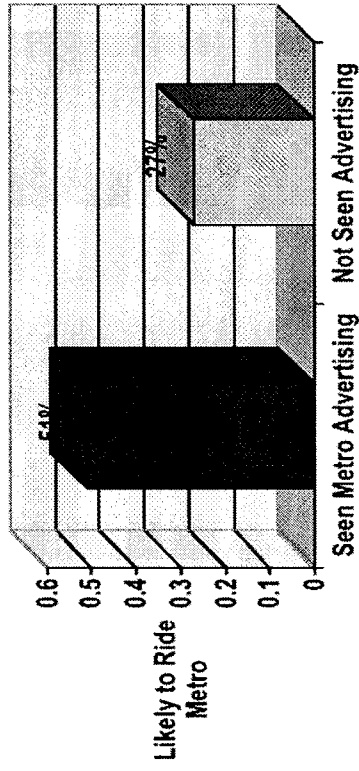
All of these efforts have made great impacts on ridership. No product or service will sell if people aren't aware of it, have a poor perception of it or don't know how to purchase it. Conversely, no amount of marketing will generate sustained sales if a product is bad. The fact is that no single variable drives ridership. It is a combination of actions, improvements, innovations, drivers, programs, services, perceptions, environmental conditions and people working in concert that drives ridership. Marketing's role is to orchestrate these factors into new customers and increased patronage. That is to: increase awareness, improve perception, aid investigation, initiate trial, facilitate sales and enhance the overall customer experience.

It's not uncommon or incorrect to credit gas prices, population growth or service improvements with growing ridership. So how does one gauge the effects of marketing? One simple method is to compare market performance to market variables. Over the last three years, Metro's ridership has grown 12%. If population were growing at the same rate, this type of result would be expected. However, Metro's ridership grew at a rate six times population growth. Another ridership driver is expansion of service - as new routes are introduced, ridership grows. In Metro's case it is a good news/good-news story: service hours increased by 2% but seat miles (thanks to larger capacity vehicles) grew by 6%. Ridership, however, achieved double the increase in capacity.



The value of advertising must never be underestimated. Advertising is used to penetrate markets and increase awareness. Since Metro has stepped up its advertising efforts, ridership growth has outpaced every known driver (as indicated in previous charts) and research has shown that people exposed to Metro's advertising are twice as likely to ride Metro in the future.

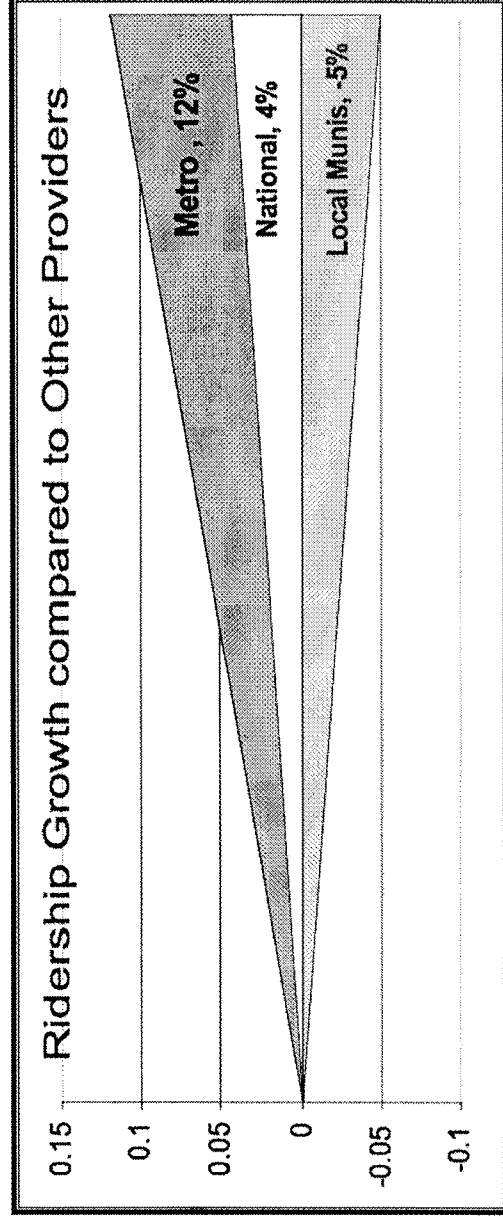
Impact of Advertising on Ridership



### III.2 GAS PRICES AND RIDERSHIP

- High gas prices raised awareness
- Gas prices leveraged into new riders

Rising gas prices have been the reason of choice, as of late, for growing ridership. The question was asked: "what is the impact of marketing on ridership, holding neutral for rising gas prices?" The chart below demonstrates Metro's marketing was far more potent in generating ridership than rising gas prices. Specifically it shows that while Metro ridership grew 12%, other local operators' ridership actually declined by 5% over that same period of time.



While high gas prices are definitely a catalyst for people to consider public transportation, the correlation between the price of gas and the creation of new riders is not as high as one might expect.

Two years ago a study showed that 38% of the population claimed they would switch to public transportation if gas prices went beyond \$2.50 per gallon. As gas now hovers around \$3.50 a gallon, this migration clearly has yet to occur and the public's romance with the automobile remains as strong as ever. In fact, recent reports claim that gas consumption is up 1.5% over last year. This does not, however, mean that Metro will not use gas prices to its fullest advantage. Metro is in its third year of seasonal gas price campaigns designed to attract new riders.

### III.3 SAFETY, SECURITY AND RIDERSHIP

- **Plays a role in generating new ridership**
- **Riders feel safe on Metro service especially frequent or peak service**
- **Clean, well-lit facilities with law enforcement presence considered safer**

Everyone wants a safe and secure system and for the most part, Metro delivers. Recent surveys indicate that nine out of ten customers feel safe on our buses and trains, and at our stops and stations. Safety figures do decline in the off-peak and when frequency is limited. In terms of generating ridership, safety plays an important role. If people believe the system is unsafe they will not ride. Safety is a core expectation but not necessarily a driver of ridership. The biggest visual impacts on safety are clean, well-lit facilities and the visible presence of law enforcement officers. In a recent focus group, customers stated that specific lines lacked a security presence. Perception of an unsafe environment definitely impacts ridership. Word-of-mouth communications regarding unsafe lines will definitely hurt ridership.

The best way to leverage safety to increase ridership is promote exactly how safe our system is relative to alternatives and then to demonstrate its safety through visible law enforcement presence coupled with clean stations and vehicles.

### **III.4 TAP AND RIDERSHIP**

- **TAP will expand reach to business and other new markets**
- **Increase potential for distance-based fares**

TAP possesses several opportunities to increase ridership. The smart card technology gives Metro flexibility to implement multiple new programs designed to attract new customers. The obvious benefit of seamless transfers throughout the system makes transit a very attractive alternative for the discretionary rider. The opportunity is magnified when applied to the business segment which allows Metro to more effectively target commute travel. With TAP available, companies can now obtain customized transportation programs that integrate transit subsidies more easily into employee benefit programs. Another advantage of TAP is the potential to broaden fare structure options. For instance, distance-based fares would be made possible if customers were required to TAP as they enter and exit the system. Additionally, TAP provides data on rider travel patterns. This improved, and frequently updated information, enables staff to modify routes that better meet rider needs.

### **III.5 DESTINATIONS AND RIDERSHIP**

- **Attracts discretionary riders**

Destination marketing is one of the most effective strategies for ridership generation. Typically the key factor for encouraging transit use to major destinations is whether the location is well served by transit. This makes promoting the surrounding lines all the more effective. Metro routinely markets destinations and the lines that serve them. In addition, cross-selling of services to existing customers helps make the public aware of destinations and the transit that serves it.

### **III.6 YOUTH RIDERSHIP**

- **Youth programs very successful to date**
- **Greater opportunities exist**

Every effort to attract younger patrons to the system has resulted in success. When the student pass program was restructured and made more available to K-12 students, pass sales for students increased 57% in the first year. When the institutional pass was created that enabled colleges and technical schools to purchase passes for the entire student bodies, six schools enrolled and more than 15,000 semester passes were made available to students. While ongoing funding remains of the program remains a stumbling block for some schools, the popularity of the program continues to grow. The youth market shows great promise for growing ridership. In addition to a high potential for current use, training a future rider is critical to long-term growth of the Metro system.

Turning potential into ridership is the challenge with the youth market. Locked-in trips such as school trips have the greatest potential to attract regular daily riders.

### **III.7 2007 FARE CHANGE IMPACTS ON RIDERSHIP**

- **Change has impacted ridership**
- **New baseline established**

In July, 2007 Metro raised most of its pass prices by approximately 20%. Additionally, the Day Pass was increased 67% and the EZ Transit Pass was increased 25%. While it is much too early to fully determine the impacts of the fare change, preliminary data indicates, as expected, a 3-5% decrease in boardings.

Reduced boardings may not necessarily mean fewer customers. The lower boarding figures may be a result of customers using the system differently – making fewer optional transfers, extending municipal operator trips, or limiting trips based on the fare media purchased.

The key impact the fare change has on boardings is that it establishes a new baseline of Metro ridership. As ridership numbers settle in (most likely by October, 2007), a new baseline will be established and the ridership plan will build from there.

## **IV.0 CONCLUSION**

Metro has made great strides in improving the system and generating ridership over the past several years. Many lines have buses and trains that come so frequently, customers don't need a timetable. Service connections have become more seamless and bus lines are better synchronized rail and the Orange Line. Metro Rapid continues to progress and move millions on faster-flowing city streets. The TAP system is progressing with more than 10,000 cards in circulation. Signs and directional markers have become more prominent, clear and informative. Graffiti is being reported at a lower rate and advancements are being made toward cleaner stops with solar-powered lighting.

Park & Ride lots are being used more Express lines, that use HOV lanes are attracting new riders. More companies are providing transit passes for their workers as an employee benefit and schools are including passes as a standard offering. We are on the verge of providing transit and traffic information in a variety of formats and next-trip information is just around the corner. More people are going Metro and satisfaction is at an all-time high.

To maintain growth and achieve the aggressive goal of 5% annual increases in ridership will, however, require targeted resources, a rethinking of how service is provided and more strategic thinking in how we address resource issues, fare changes and longer range plans.

## METRO RIDERSHIP PLAN SURVEY

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<b>Date</b>	January 23, 2007
<b>To</b>	Sector General Managers Sector Governance Council Members
<b>From</b>	Matt Raymond Chief Communications Officer
<b>Subject</b>	Metro Ridership Plan Survey

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A conceptual draft of Metro's ridership plan was presented to both the Operations Committee and the Executive Management and Audit Committee. At their direction we are seeking your input to 1) help prioritize the conceptual approaches and 2) identify any additional ridership concepts.

The plan was converted into a survey format so that we may capture individual thoughts and rankings.

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. Your evaluation of these concepts will enable us to develop a working plan that gets to the heart of increasing ridership.

The plan was divided into seven paths:

- 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.

Please rank each concept in each path on a scale of 1 to 5 – with 1 being the most likely to increase ridership and 5 the least. At the end of this survey there is space for any additional ideas and/or suggestions you may have.

We will need to receive your completed survey by Monday, February 12th to meet our deadline. Thanks you for your help. Please call Anna Mercaldi at 213.922.2223 with any questions.

#### EXAMPLE

A) 1 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.

#### *1) Realign Existing Service for Optimal Productivity*

(On a scale of 1 to 5 – with 1 being the most likely to increase ridership please rank the following concepts)

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.

