

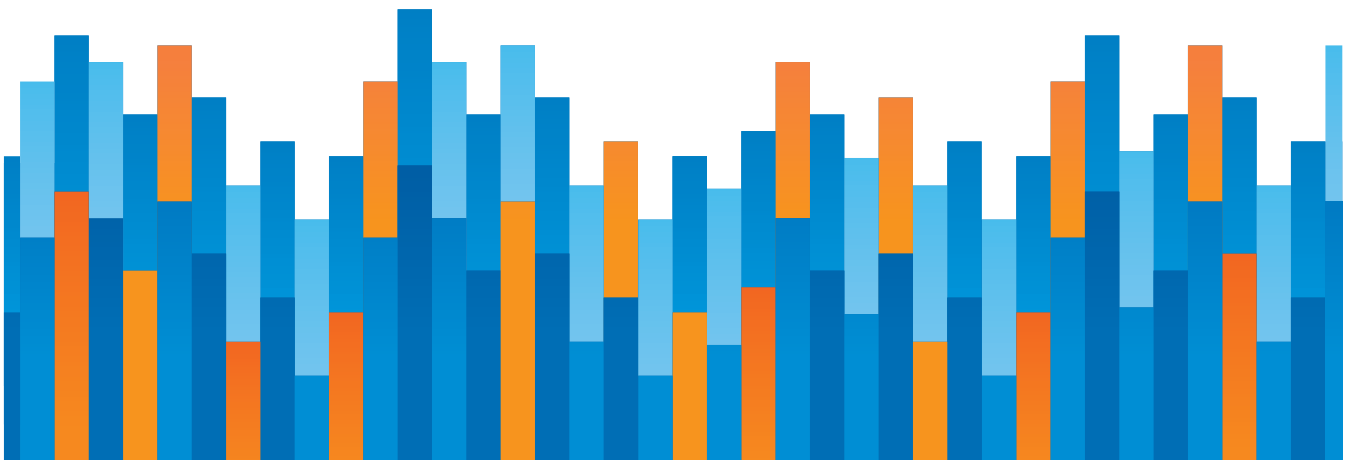


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METRO'S 28 BY 2028 PLAN: A CRITICAL REVIEW V PART A: IMPROVING BUS SERVICE AND REDUCING FARES HAVE GREATLY INCREASED TRANSIT USE IN LOS ANGELES THREE TIMES

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METRO’S RIDERSHIP HISTORY

For most of Metro’s history, ridership has experienced dramatic swings. On three occasions simple, inexpensive, and risk-free steps have substantially increased unlinked passenger trips on Metro’s system. Increases of 36% to 101% have been achieved over a few years by taking three actions: increasing the number of buses in service and the hours and miles they operate, improving the quality of bus service provided (operating enough bus service to relieve extreme overcrowding) and reducing fares or avoiding fare increases. However, despite this record of success, Metro has resisted emphasizing bus transit, pursuing the construction of new passenger rail lines despite far higher taxpayer costs to attract new rail riders, or to serve existing riders.

Consider the table from Summary I and the figure from Summary II. Both describe Metro unlinked passenger trips (UPT), but for different time periods.

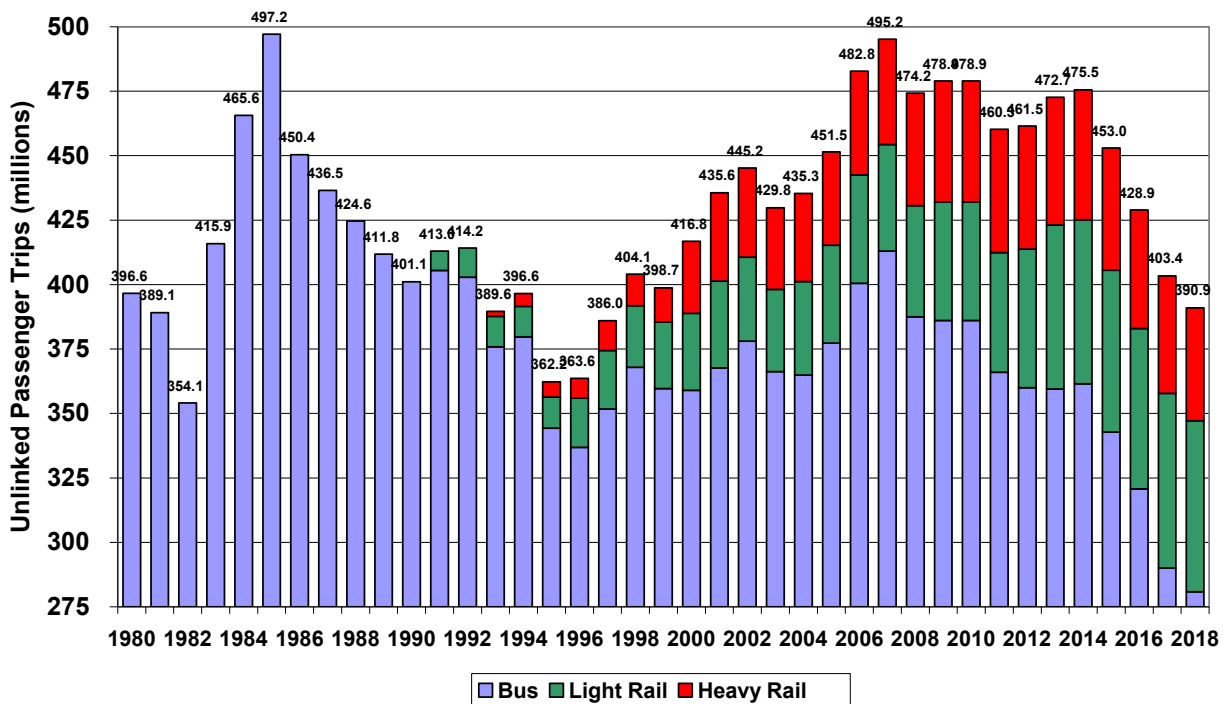
Table 1: Southern California Rapid Transit District – Boardings by Fiscal Year			
Fiscal Year	Boardings	Change from Prior Year	Change from FY1970
1970	196,621,000	N/A	N/A
1971	190,290,000	(3.2)%	(3.2)%
1972	198,934,000	4.5%	1.2%
1973	204,843,000	3.0%	4.2%
1974	217,700,000	6.3%	10.1%
1975	309,800,000	42.3%	57.6%
1976	282,100,000	(8.9)%	43.5%
1977	315,900,000	12.0%	60.7%
1978	344,700,000	9.1%	75.3%
1979	352,600,000	2.3%	79.3%
1980	397,000,000	12.6%	101.9%

Source: SCRTD, “Total Annual Boardings.”

The methodology for ridership data collection and reporting changed for Fiscal Year 1978-1979 (FY79). Prior to FY79, there was no mandatory national standard for collecting and reporting ridership data. Most large transit agencies, including Southern California Rapid Transit District (SCRTD), relied on similar methodologies to collect this data, which they used to report to the American Public Transit Association (APTA, now the American Public Transportation Association). APTA used these data to provide confidential peer reports to the agencies submitting the data, and national summary reports to the public.

Beginning in FY79, all transit operators receiving federal grant funding were required to conform to uniform requirements for collecting and submitting data to the U.S. Department of Transportation (USDOT)/Urban Mass Transportation Administration (then UMTA, which is now the Federal Transit Administration – FTA). These were compiled in the National Transit Database (NTD).¹ The two collection methods produce similar results. The totals were virtually identical for FY80, but there were differences across the series.

Figure 1: Los Angeles County Metropolitan Transportation Authority: Unlinked Passenger Trips by Mode Fiscal Years 1980-2018



Source: National Transit Database, Unlinked Passenger Trips by Mode

METRO’S SOURCES OF CHANGE

Taken together, the two series reveal important ridership trends from 1970 to the present.

1970-1980: Ridership was mostly stable from FY70 through FY73, up 4% over this period. Beginning in FY74, a combination of two impacts led to an increase in transit ridership. The oil embargo imposed by the Organization of Petroleum Exporting Countries (OPEC) significantly increased the price of motor

¹ Data through FY17 from U.S. Department of Transportation/Federal Transit Administration National Transit Database (“NTD”); <https://www.transit.dot.gov/ntd> FY18 and later data from Metro, “Interactive Estimated Ridership Statistics,” <http://isotp.metro.net/MetroRidership/Index.aspx>

fuel. Gasoline was in short supply and difficult to find. The inflation-adjusted average price for a gallon of gasoline in California increased 117% from calendar year 1972, pre-oil embargo, to 1981. In addition, Los Angeles County experienced a large and rapid demographic shift that included increased the number of lower-income residents who had limited options with respect to automobility. Many of these residents relied on transit. The SCRTD UPT increased 102% between FY70 and FY80.

During this period, SCRTD's inflation-adjusted full adult cash fare remained relatively constant, increasing 6% over the decade. Unfortunately, accurate and consistent data on changes in the amount of service provided are not available, but indications are that there were significant service increases during this period.

1980–1982: Funding shortfalls led to an increase in SCRTD cash fares from \$0.55 for FY80 to \$0.65 for FY81 to \$0.85 in FY82.² Non-cash fares, mainly widely utilized monthly passes, changed proportionately, leading to an 11% reduction in UPT, between 1980 and 1982. Low-income transit users are the most price-sensitive.

1982–1985: Following the passage of Proposition A in 1980, Los Angeles County's first half-cent sales tax primarily for transit, SCRTD adult cash fares were reduced from \$0.85 to \$0.50³ for the three-year period of 1983–1985. Other fares (mainly children's fares) were reduced proportionately in accordance with the terms of the Proposition. The \$20 full adult fare monthly pass became heavily used, with individual riders taking an average of ~100 trips/month. The introduction of a \$4 Elderly and Handicapped (now Senior and Disabled) monthly pass also increased ridership. Total UPT increased slightly over 40%, with peak period ridership up over 36%, indicating that the number of people who were riding also strongly increased. Vehicle revenue-miles increased, but only by 1.5%; as a result, the average passenger load of 21.2 during FY85 appears to be the highest ever reported to NTD for urban bus service. The national average at the time was 12.7.⁴ Funding this fare reduction required less than 20% of the half-cent sales tax collections during this period.⁵

1985–1996: During this period, and also in accordance with the terms of Proposition A, LACTC ceased using a portion of the Proposition A funds for the SCRTD fare reduction program and shifted its prime emphasis to planning, design and construction of rail transit. Two light rail lines and part of the heavy rail system entered service during this period. Adult cash fares increased from \$0.50 in 1985 to \$0.85

² Rubin, Thomas A. and James E. Moore, II. "Better Transportation Alternatives for Los Angeles (Part 4 of a Series on the MTA)." Policy Study No. 232. Reason Foundation: Los Angeles, 1997.

³ Moore, James E. II, Thomas A. Rubin and Shin Lee. "Market-Based Transportation Alternatives For Los Angeles." *Planning & Markets*. 2000. <<http://www-pam.usc.edu/>>, 3 (1): 31-35.

⁴ National Transit Database.

⁵ Thomas A. Rubin's research during his service as SCRTD Controller-Treasurer.

in 1986, \$1.10 in 1988, and \$1.35 in 1994. SCRTD UPT declined by approximately 27%. Rail ridership increased significantly, from none prior to FY91 to 26.8 million in FY96, however, bus ridership fell by 160.3 million—far more than rail ridership increased. Bus vehicle revenue-miles decreased by 19%, and Metro's average passenger bus load fell to 16.6 against a national average of 9.9. This dropped Metro down the rankings to only the second most crowded bus system in the U.S.

1996–2007: The 1994 fare increase included the elimination of monthly passes. These were extensively used by the most transit-dependent riders and, in combination with the other changes, their elimination amounted to approximately doubling Metro's average fares. Opposition to this change generated a major Federal Title VI (discrimination in the utilization of federal funding) legal action, *Labor/Community Strategy Center v MTA*.⁶ This suit resulted in a consent decree (CD) that went into effect from December 1996, approximately half-way through Metro FY97, and which remained in force for approximately 11 years.

The CD required Metro to reintroduce the \$42 monthly transit pass and institute a new \$11 weekly pass, which was very popular with the large share of Metro bus riders who had difficulty paying \$42 at any one time. The CD also required Metro to increase bus service and thus reduce extreme bus overcrowding, replace the large number of old buses with far more reliable (and cleaner) new ones, and add additional bus lines.

Bus vehicle-revenue-miles increased 19% over this period. Service was peak-heavy, and the peak buses required increased by 534, or 34%. Metro's large inventory of buses that were past their useful operating lives were replaced by a newer, greener fleet.

After 11 years of Metro losing an average of 12 million UPT a year, the consent decree requirements immediately reversed this trend, ultimately producing an average annual *increase* of 12 million UPT for a 36% increase over the period the CD was in force. Metro rail ridership increased significantly during the 1996–2007 period, but 58% of the total ridership increase consisted of bus riders, and approximately 70% of the new rail riders were former bus riders. Rail ridership also benefited from the reduction in transit fares and from the improved rail station access provided by the increase in bus service.

2007–2018: When the term of the CD concluded, Metro returned to its pre-CD practices, with major spending on rail construction while reducing bus service and increasing fares. The results have been predictable:

- Rail annual ridership increased by 27.9 million over this period, a 34% increase.

⁶ *Labor/Community Strategy Center et al v Los Angeles County Metropolitan Transportation Authority et al.* United States District Court – Central District of California, Case No. CV 94-5936 TJH (MCX).

- Bus ridership decreased, far more than rail's increase, by 132.2 million, or 32%.
- Total ridership decreased 104.3 million, or 21%. It has decreased every month but one since April 2014, by an average by 61,000 workday riders from the same month the previous year.
- Bus vehicle revenue-miles decreased 21% over this period. Buses required for peak service decreased 17%.
- Fares increased to \$1.75 for full adult cash fare and to \$100 for a 30-day pass, from \$1.35 and \$42.00, respectively.

CHARACTERIZING PERIODS OF METRO RIDERSHIP CHANGE

Periods of ridership increases are characterized by fares that were either held constant or reduced, improved bus level of service, and increased spending on the bus system, both operating subsidies (partially off-set by increased fares) and more new buses. Fares were held relatively constant over the FY70–FY80 period and decreased significantly over the other two periods, while bus operations increased significantly in two of the three. Periods of ridership decreases are characterized by fare increases, bus level of service reductions and rail level of service increases, as well as increased spending on rail projects.

Table 2 shows that, from the Metro FY19 Adopted Budget, at present rail is 69% of total bus and rail expenditures. Rail service is much more capital-intensive than bus service, yet offers an advantage with respect to operating efficiency. Metro's rail mode accounts for 31% of the agency's operating expenditures, but carries only 28% of unlinked passenger trips and 39% of passenger-miles.

Table 2: Los Angeles County Metropolitan Transportation Authority Bus vs. Rail Costs, Subsidies, and Ridership, FY19 Adopted Budget (Millions)

Description	Bus	Rail
Operating Expenses	\$1,225.3	\$542.0
Operating Revenues	(250.8)	(87.2)
Operating Subsidies	974.5	454.8
Capital Expenditures	222.7	2,088.6
Debt Service	80.3	328.3
Total Subsidies	\$1,277.5	\$2,871.7
Unlinked Boardings	281.6	111.4
Passenger Miles	1,160.4	732.9
Operating Subsidy/Unlinked Boarding	\$3.46	\$4.08
Operating Subsidy/Passenger-Mile	\$1.06	\$0.74
Total Subsidy/Unlinked Boarding	\$4.54	\$25.79
Total Subsidy/Passenger-Mile	\$1.10	\$3.92

SOURCE: Metro. FY19 Adopted Budget. 34, 42 and 50.
http://media.metro.net/about_us/finance/images/fy19_adopted_budget.pdf

CONCLUSIONS

- There are three periods during which transit ridership increased significantly:
 - FY70–FY80, ridership was up 102% over 10 years
 - FY82–FY85, ridership was up 40% over three years
 - FY96–FY07, ridership was up 36% over 11 years
- There have been two recent periods in which ridership declined significantly:
 - FY85–96, ridership was down 27% over 11 years
 - FY07–18, ridership was down 21% over 11 years
- Metro’s total ridership tends to increase with reductions in bus fares and improvements in the quality and quantity of bus service.
- Metro’s total ridership tends to decrease with increases in bus fares, reductions in bus service quality and quantity, and increased spending on the rail system.

More rail service means more rail riders, but shifting resources from bus service to rail lines means many more stop using Metro’s buses than start using its trains. Therefore, the more Metro emphasizes rail construction, the fewer total riders it carries.