



City of Los Angeles  
Department of Transportation

# FARE EQUITY ANALYSIS



July 2014



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## 1 INTRODUCTION

The City of Los Angeles Department of Transportation’s Transit Bureau (LADOT) has proposed additions to its fare table that are beneficial to all riders of LADOT’s DASH services, especially minority and low-income riders. LADOT intends to implement the proposed changes as soon as they have been evaluated by the public, through public hearings and outreach activities, and approved by the Board of Transportation Commissioners and the Los Angeles City Council.

The implementation of the Los Angeles Region’s TAP smart card system has enabled LADOT to offer new pricing options to riders that were not available with traditional fare products, such as flash passes and tickets. Additionally, LADOT’s upcoming demonstration of mobile ticketing through the use of smart phones will support these proposed fare options. That demonstration, called LA Mobile, will take place in Fall 2014.

The following table outlines LADOT’s proposed fares for DASH services, as well as current fare types used for the purpose of this Fare Equity Analysis:

**TABLE 1 – Proposed and Current DASH Fares**

FARE TYPE	CURRENT	PROPOSED
*Cash (Regular)	\$0.50	\$0.50
Electronic Payment Incentive Fare (Regular)	N/A	\$0.35
*Cash (Senior/Disabled/Medicare)	\$0.25	\$0.25
Electronic Payment Incentive Fare (Senior/Disabled/Medicare)	N/A	\$0.15
7-Day Rolling Pass (Regular)	N/A	\$5.00
7-Day Rolling Pass (Senior/Disabled/Medicare)	N/A	\$2.50
*31-Day Rolling Pass (Regular)	\$18.00	\$18.00
31-Day Rolling Pass (K-12 Student)	N/A	\$9.00
31-Day Rolling Pass (College/Vocational Student)	N/A	\$9.00
31-Day Rolling Pass (Senior/Disabled/Medicare)	N/A	\$9.00

*\*Denotes existing fare type/product; all others are new options.*

The Regular Electronic Payment Incentive Fares and 7-Day Rolling Pass will only be available on a regular TAP smart card. On LA Mobile, the 7-Day pass will be available as well as the Regular Electronic Payment Incentive Fare in the form of trip tickets. Senior, Disabled/Medicare, Student, College and Vocational Student fares and passes require an application process to determine eligibility for Reduced Fare TAP cards issued by the Los Angeles County Metropolitan

Transportation Authority (MTA). These fare types, requiring eligibility certification, would only be available on specially designated MTA TAP cards.

For the purpose of this analysis, the electronic payment incentive fares are compared to existing regular and reduced cash fares. The new, reduced 31-Day Rolling Passes were analyzed using the existing Regular 31-Day Rolling Pass. The 7-Day Rolling Pass did not have a comparable product and could not undergo analysis. The impact of the new fare types is expected to be positive, presenting no negative impacts to either minority riders or low-income riders, and are compliant with LADOT's proposed Minority Disparate Impact and Low-income Disproportionate Burden Fare Policies.

The addition of these fare types will require that LADOT rapidly expand its TAP card distribution network to make these new fare types widely available to minority and low-income populations. LADOT is also considering removing two other obstacles for low-income riders to acquire the TAP card: the fee for the TAP card (\$1-\$2) and the required \$5.00 threshold established for valuing TAP cards with cash value. A plan to offer LADOT-branded TAP cards free of charge for promotional periods, and to accommodate expansion of the retail network is included in Section 5 of this analysis along with a set of recommendations to make minority and low-income populations aware of these new fare types.

#### PROPOSED DISPARATE IMPACT AND DISPROPORTIONATE BURDEN FARE POLICIES

The following policies were developed in tandem with this Fare Equity Analysis, and will be presented for public review and comment in Summer 2014. The policies will then be submitted to the Los Angeles Board of Transportation Commissioners and the Los Angeles City Council for review and approval. A copy of the rationale for these policies and the associated public outreach is included as Appendix A to this analysis.

#### *LADOT'S MINORITY DISPARATE IMPACT FARE POLICY*

*LADOT's ridership is a minority majority, and any fare adjustment will result in minority populations bearing an impact that will be similar to that of non-minority populations. A threshold of ten percent (10%) will be used to determine disparate impact on minority populations, meaning that if the burden of any fare change on minority populations is 10% more than the impact on non-minority populations, the change will be considered a disparate impact. LADOT will only implement fare adjustments on the basis of substantial legitimate justifications demonstrating that the need to raise fares meets a need that is in the public interest, and that the alternatives would have a more adverse impact than raising fares.*

*LADOT'S LOW INCOME DISPROPORTIONATE BURDEN FARE POLICY*

*If a fare adjustment results in low-income populations bearing a rate increase of more than ten percent (10%) of the increase for the overall rider population, the resulting impact will be considered a disproportionate burden.*

**2 TITLE VI REGULATORY BACKGROUND AND REQUIREMENTS**

LADOT operates Commuter Express and DASH fixed route transit services, as well as Cityride paratransit services in the Greater Los Angeles Region that serve a population of 3,857,799<sup>1</sup>. United States Federal Law, as described in the United States Department of Transportation's Federal Transit Administration (FTA) *Circular 4702.1B-Title VI Requirements and Guidelines for Federal Transit Administration Recipients*, requires any recipient of FTA grants that operates 50 or more fixed route vehicles in peak service in an area with population of 200,000 or more to evaluate any fare change and any major service change at the planning and programming stages to determine whether those changes have a discriminatory impact on minority or low-income populations.

In response to that requirement, LADOT has prepared this *Fare Equity Analysis* for its proposed new fare products and electronic payment incentive fares. The analysis was completed in compliance with the FTA's Circular 4702.1B requiring LADOT to evaluate significant fare changes under the provisions of the Title VI requirements of the Civil Rights Act of 1964. This analysis will be included in LADOT's next Title VI Plan and will serve as the baseline fare analysis for future changes to the department's fare structure.

The City of Los Angeles is a minority majority city, meaning that the largest part of population (70.2%<sup>2</sup>) is comprised of residents who are American Indian or Alaska Native, Asian, Black or African American, Hispanic or Latino, or Native Hawaiian or other Pacific Islander. The proposed fare changes impact the ridership of all LADOT DASH services, which are overwhelmingly minority (74.5%<sup>3</sup>) and low-income (51.5%<sup>4</sup>). Specifically, the new fare types proposed by LADOT will impact minority and low-income riders, requiring this Fare Equity Analysis.

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<sup>1</sup> U.S. Census Bureau; Los Angeles (city) QuickFacts, 2012 population estimate.

<sup>2</sup> U.S. Census Bureau; Los Angeles (city) QuickFacts, Census 2010

<sup>3</sup> LADOT DASH Downtown and Community DASH Onboard Survey Results 2011

<sup>4</sup> LADOT DASH Downtown and Community DASH Onboard Survey Results 2011

### 3 REASON/ RATIONALE FOR THE PROPOSED FARE CATEGORIES

The primary reasons for the proposed new fare categories are the implementation of the regional TAP smart card system and the ridership decline experienced by LADOT following fare increases in 2010 and 2011.

The implementation of the TAP regional smart card system has enabled LADOT to propose electronic payment incentive fares and seven (7) day rolling passes to regular, senior and disabled categories of riders, as well as 31 day rolling passes to senior and disabled riders, and kindergarten through 12<sup>th</sup> grade, college and vocational students.

In 2010, LADOT faced a substantial financial deficit in its transit programs due to the economic downturn and the decline in local funding that resulted. The cumulative deficit faced by LADOT was \$350 million over the decade, requiring the agency to take immediate action to address the shortfall. The resulting study of LADOT’s Transit Programs<sup>5</sup> recommended a reduction in service levels and an increase in fares to respond to the shortfall. The resulting service reductions included elimination of three Commuter Express routes and six DASH routes. Service levels were reduced on four Commuter Express routes and six DASH routes.

A two-step fare increase for Commuter Express and DASH was also implemented. DASH fares, which had not been raised since the inception of that program in 1986, were raised from 25 cents to 35 cents in July 2010, and then to the current fare of 50 cents in August 2011.

The resulting impacts of the DASH fare increases are directly relatable to this analysis for the new fare categories because all are for DASH services. The ridership loss from the fare increases was acute on DASH services:

**TABLE 2 – DASH Ridership FY 2010 to FY 2012**

	FY 2010 Ridership	FY 2011 Ridership	FY 2012 Ridership	% Cumulative Change
Community DASH	20,344,941	19,106,200	16,735,552	-18.50%
DASH Downtown	6,243,090	5,996,072	4,910,541	-22.06%

*Source: LADOT FY 2012 Ridership Farebox Comparison Summary*

The proposed fare types that are the subject of this evaluation are intended to lure riders back to Community and Downtown DASH services by offering incentive fares and new fare products.

<sup>5</sup> LADOT Comprehensive Transit Service and Policy Assessment, June 2010

PROPOSED ELECTRONIC PAYMENT INCENTIVE FARES AND NEW FARE PRODUCTS

LADOT has proposed two incentive versions of existing fare types plus the addition of four new fare products. Senior/Disabled/Medicare and all Student options require application for Reduced Fare TAP cards through the Los Angeles County Metropolitan Transportation Authority (MTA); therefore, these fares will not be available on LADOT-branded TAP cards or LA Mobile.

*Electronic Payment Incentive Fare - Regular:* LADOT is proposing an incentive fare of 35 cents to DASH riders who use the TAP smart card and LA Mobile. This is a discount of 15 cents, or 30%, on the current cash fare of 50 cents. This incentive fare will only be available to riders that use the TAP smart card or LA Mobile. The reasons for this incentive fare are to boost utilization of electronic modes of payment, which is low among DASH riders who still primarily pay their fares using cash, and to increase ridership of DASH services. LADOT believes that the electronic payment incentive fare will convert cash-paying riders to the TAP card making them familiar with its convenience and security. If the TAP card is registered, the card and its balance will be replaced for a nominal fee in the event it is lost or stolen. Low-income riders prefer paying cash, but end up paying the highest fares because they do not receive the same discounts as riders that utilize passes.

*Electronic Payment Incentive Fare - Senior/Disabled/Medicare:* LADOT proposes to offer a discounted version of the DASH electronic payment incentive fare for those that are eligible for senior, disabled or Medicare fares. This fare would be 15 cents, approximately one-half of the regular electronic payment incentive fare. This discounted fare would only be available on the reduced fare versions of the TAP card issued by the Los Angeles County Metropolitan Transportation Authority. Applicants in the Senior, Disabled and Medicare categories would be required to apply for the cards and meet the reduced fare requirements of those programs.

*7-Day Regular Rolling Pass:* This is a new pass offering for LADOT that would offer a rider unlimited rides on DASH services using the TAP card at a cost of \$5.00. The pass would be valid for seven (7) consecutive days following the first validation.

*7-Day Senior/Disabled/Medicare Rolling Pass:* This is a discounted version of the 7-Day Regular Rolling Pass that would be available only on MTA-issued, reduced fare TAP cards to applicants that meet the eligibility requirements for these

reduced fare programs. This pass would offer unlimited rides for seven (7) consecutive days at a cost of \$2.50.

**31-Day Rolling Pass - Kindergarten through 12<sup>th</sup> Grade Student:** This is a new fare category for LADOT that would be offered on an MTA-issued Student TAP card for \$9.00. The regular 31-Day Rolling Pass that offers unlimited rides within 31 days is \$18.00. Students would be required to apply for and meet the eligibility requirements of the MTA's K-12 Student TAP card. This pass would be valid for 31 consecutive days following the first validation of the card.

**31-Day Rolling Pass - College/Vocational Student:** This \$9.00 pass would be offered on the MTA's College/Vocational TAP card to eligible applicants enrolled as undergraduates or graduate students at an accredited school in Los Angeles County.

**31-Day Rolling Pass – Senior/Disabled/Medicare:** Available to eligible applicants only on MTA-issued, reduced fare version TAP cards, this \$9.00 pass offers unlimited rides for a consecutive 31 day period.

These proposed fares and products do not limit a rider's ability to use LADOT's DASH services to certain periods of the day, but allow for unlimited use.



#### 4 LADOT DASH RIDERSHIP PROFILE

The FTA defines a minority person as anyone who is American Indian or Alaska Native, Asian, Black or African American, Hispanic or Latino, or Native Hawaiian or other Pacific Islander. The FTA defines a low-income person as a person whose median household income is at or below the U.S. Department of Health and Human Services (HHS) poverty guidelines<sup>6</sup>. The HHS definition varies by year and household size. For 2012, poverty guidelines ranged from \$11,170 for a single-person household to \$38,890 for a household of eight. The poverty guideline for a household of four was \$23,050. The locally developed threshold for low-income households will be based on the State of California Department of Housing Community Development’s State Income Limits, which defines the poverty level in California as an annual household income of \$29,550 for a family of four<sup>7</sup>. The 2011 Onboard Surveys conducted on DASH services included an income question that offered riders options of household income in increments of \$9,999 ranging from, “Less than \$10,000,” to “\$50,000 or more.” For the purpose of this analysis, the data collected in categories of “\$20,000 to \$29,999,” and lower will be considered low-income.

LADOT has executed onboard research since 1992, which has been updated every three to four years. The most recent onboard survey, completed in 2011, was used to develop the minority and low-income profiles used for this analysis.

Table 3 depicts the overall ridership for February 2011, the percentages of minority and low-income riders, and finally, the estimated number of trips made by each group.

**TABLE 3 – DASH Ridership for February 2011**

Mode	February 2011 Ridership (FY 10-11)	% Minority Ridership	% Low-income Ridership	February 2011 Minority Trips	February 2011 Low-income Trips
DASH Downtown	460,434	74%	44%	340,721	202,591
Community DASH	1,497,166	75%	54%	1,122,874	808,470
<b>Total</b>	<b>1,957,600</b>	<b>75%</b>	<b>52%</b>	<b>1,463,595</b>	<b>1,011,061</b>

Sources: *Fare Type Summary Report by Route February (FY 10-11); LADOT DASH Downtown and Community DASH Onboard Survey Results 2011*

<sup>6</sup> FTA Circular 4702.1B; Chapter I, Section 5

<sup>7</sup> State of California-Department of Housing Community Development-Income Limits 2012

Tables 4 and 5 depict the ethnic makeup of and income levels for DASH riders by service type as reported from 2011 Onboard Survey Results.

**TABLE 4 – DASH Race/Ethnicity**

Race/Ethnicity	DASH Downtown	Community DASH
African American	13.2%	13.6%
Asian American	16.6%	3.4%
Caucasian	14.4%	5%
Latino	43%	56.8%
Native American	1.1%	0.9%
Other	2.6%	4.7%

Source: LADOT DASH Downtown and Community DASH Onboard Survey Results 2011

**TABLE 5 – DASH Household Income Levels**

Household Income Levels	DASH Downtown	Community DASH
\$50,000 or more	13%	3.9%
\$40,000-\$49,999	8.8%	2.8%
\$30,000-\$39,999	12.9%	6.1%
\$20,000-\$29,999	10.1%	8.1%
\$10,000-\$19,999	15.6%	15.5%
Less than \$10,000	18%	30.2%
No answer	21.6%	31.7%

Low-income threshold

Source: LADOT DASH Downtown and Community DASH Onboard Survey Results 2011

## 5 FARE EQUITY ANALYSIS

LADOT has proposed the addition of two new incentive versions of existing fare types and five new fare products. The analysis of these proposed fares was conducted in compliance with Federal Transit Administration (FTA) Circular 4702.1B, which requires under Title VI of the Civil Rights Acts of 1964 that LADOT evaluate significant fare changes and proposed improvements at the planning and programming stages to determine whether those changes have a discriminatory impact on minority and low-income populations. In its Title VI submittal, LADOT will provide a copy of the equity evaluation for these and any other fare changes implemented after the last submission in 2012.

### METHODOLOGY

The data used for this analysis were derived from the 2011 Onboard Survey Results for DASH Downtown and Community DASH. With the exception of Community DASH’s Weekend Observatory Shuttle, which runs only two days a

week and has a high rate of discretionary riders, data for all DASH routes were analyzed for this report.

The 2011 surveys did not gather data regarding fare payment methods, so LADOT's Fare Type Summary Report by Route was used to estimate percentage of usage for fare types. The onboard surveys were conducted during the month of February 2011, so the Fare Type Summary for the same time period was used. At that time, neither a 31-Day Pass nor a 7-Day Pass existed, so we are unable to estimate usage for those proposed products.

The proposed fare products are all new for LADOT. In the case of the Electronic Payment Incentive Fares, both Regular and Discounted, we are able to analyze the proposed fares with the existing 50 cents Regular Cash Base Fare and the 25 cents Discounted Cash Base Fare. These are the only fare scenarios that we were able to conduct a full Fare Equity Analysis on because no data are available specific to student riders (31-Day Rolling Passes), nor could we draw a comparison for the 7-Day Rolling Passes with any existing fare products.

The total number of riders reported in the February 2011 Fare Type Summary Report was 1,957,600. The total number of respondents for the 2011 onboard survey was 9,137.

Table 6 depicts the change between existing and proposed fare tables, as well as the level of usage for each fare type by low-income and minority riders, and riders overall. The count numbers used are derived from the 2011 Onboard Survey Results, and the estimated usage is based on the Fare Type Summary Report. The category, "Other," is used to capture all other fare payment types, which are not relevant to this Fare Equity Analysis.

TABLE 6

Fare Type	COUNT						
	Fare		Change		Usage by Group		
	Existing	Proposed	Absolute	Percentage	Low-Income	Minority	Overall
Electronic Payment Incentive Fare (Regular)	\$0.50	\$0.35	-\$0.15	-30%	3,240	4,683	6,287
Electronic Payment Incentive Fare (Senior/Disabled/Medicare)	\$0.25	\$0.15	-\$0.10	-40%	477	689	926
7-Day Rolling Pass (Regular)	N/A	\$5.00	N/A	N/A	N/A	N/A	N/A
7-Day Rolling Pass (Senior/Disabled/Medicare)	N/A	\$2.50	N/A	N/A	N/A	N/A	N/A
31-Day Rolling Pass (K-12 Student)	\$18.00	\$9.00	-\$9.00	-50%	N/A	N/A	N/A
31-Day Rolling Pass (College/Vocational Student)	\$18.00	\$9.00	-\$9.00	-50%	N/A	N/A	N/A
31-Day Rolling Pass (Senior/Disabled/Medicare)	\$18.00	\$9.00	-\$9.00	-50%	N/A	N/A	N/A
Other					992	1,433	5,361
<b>Total</b>					<b>4,709</b>	<b>6,805</b>	<b>9,137</b>

Source: LADOT DASH Downtown and Community DASH Onboard Survey Results 2011

Table 7 depicts the same information as is presented in Table 6, but expresses usage levels as a percentage. These levels are uniform as a result of having used the Fare Type Summary Report to determine fare type usage.

TABLE 7

Fare Type	% OF TOTAL						
	Fare		Change		Usage by Group		
	Existing	Proposed	Absolute	Percentage	Low-Income	Minority	Overall
Electronic Payment Incentive Fare (Regular)	\$0.50	\$0.35	-\$0.15	-30%	68.81%	68.81%	68.81%
Electronic Payment Incentive Fare (Senior/Disabled/Medicare)	\$0.25	\$0.15	-\$0.10	-40%	10.13%	10.13%	10.13%
7-Day Rolling Pass (Regular)	N/A	\$5.00	N/A	N/A	N/A	N/A	N/A
7-Day Rolling Pass (Senior/Disabled/Medicare)	N/A	\$2.50	N/A	N/A	N/A	N/A	N/A
31-Day Rolling Pass (K-12 Student)	\$18.00	\$9.00	-\$9.00	-50%	N/A	N/A	N/A
31-Day Rolling Pass (College/Vocational Student)	\$18.00	\$9.00	-\$9.00	-50%	N/A	N/A	N/A
31-Day Rolling Pass (Senior/Disabled/Medicare)	\$18.00	\$9.00	-\$9.00	-50%	N/A	N/A	N/A
Other					21.06%	21.06%	21.06%
<b>Total</b>					<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: LADOT DASH Downtown and Community DASH Onboard Survey Results 2011

DISPARATE AND DISPROPORTIONATE IMPACTS OF THE PROPOSED FARE CATEGORIES

The proposed fare types are intended to offer DASH riders significant savings from the current cash fare payment, which provides no discounts or incentives for riders to ride more. None of the proposed fare types are increases; therefore, they will not have disparate or disproportionate impacts on minority or low-income riders.

Minority and low-income riders who now ride DASH and pay cash will be presented with the option of making those fare payments using the convenient and secure TAP card and, soon, the LA Mobile application. The electronic payment incentive fares and reduced fare products will help decrease the number of cash payments that provide minority and low-income riders no discounts. The added benefits of the electronic payment incentive fares on the TAP card and LA Mobile are the ability to transfer among DASH services with a 31-day pass, as well as the balance protection on a TAP card, when registered, in the event the card is lost or stolen.

The K-12 and College/Vocational Student 31-Day rolling passes also meet a new and emerging need. In recent years the Los Angeles Unified School District has had to curtail its school bus services due to cutbacks in state funding. LADOT has worked with the school district to promote the use of DASH services as an alternative for students. Currently, students pay the full \$18.00 for a 31-Day Rolling DASH Pass. The K-12 Rolling Pass at the discounted \$9.00 price will provide the same unlimited rides at a price that will be more affordable for students and their parents.

LADOT has a number of existing consignment sales agreements with colleges. These fare products are currently sold at the full pass price without the benefit of a discount. Over the years, LADOT has had numerous requests from college and vocational school administrators, as well as students, for a discounted fare product that is similar to the proposed College/Vocational 31-Day Rolling Pass.

The 7-Day Rolling passes will offer discounted alternatives to minority and low-income DASH riders. These two fare products are ideal for riders that use DASH for work trips (31%), shopping (12%), medical (9%) or personal business (8%)<sup>8</sup>. Offering unlimited rides over a consecutive seven-day period, once the TAP card

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<sup>8</sup> LADOT DASH Downtown and Community DASH Onboard Survey Results 2011

is validated for the first time, is another benefit to DASH riders whose trips are most often short yet frequent.

#### PUBLIC PARTICIPATION REQUIREMENTS

For all proposed fare changes, LADOT will hold at least one public hearing in every major region of the City of Los Angeles and will publish a minimum of six public notices prior to the hearings in order to receive public comments on the proposed fare changes. The first meeting notice will occur at least 30 days prior to the scheduled hearing date, with the second notice being made at least 10 days prior to the scheduled hearing date.

Public materials will be produced in English and Spanish. Additionally, materials will be produced in other languages upon request and according to the geographic location of meeting in order to ensure Limited English Proficient (LEP) populations within the LADOT service area are informed of the proposed fare changes and can participate in the discussions.

In every case of proposed fare changes, LADOT will conduct a fare equity analysis for review by the Los Angeles Board of Transportation Commissioners, the Los Angeles City Council, as well as for the public's consideration prior to any public hearings.

#### REQUIRED SUPPORT FOR THE PROPOSED FARE CATEGORIES

In order for the electronic payment incentive fares and new fare products to be successful, LADOT must ensure that TAP cards are readily available to minority and low-income riders through a robust distribution network. LADOT must also ensure that these groups are made aware of the availability of these fare types through focused marketing that takes into consideration communications to not only minority and low-income populations, but also to those with Limited English Proficiency (LEP).

LADOT has a limited distribution network for its DASH 31-Day Rolling Pass, especially in the 27 communities served by DASH. In order for all the new fare products to be readily available to minority and low-income populations, LADOT must enter into an agreement with the MTA that expands the number of outlets where these populations can obtain and revalue TAP cards with these fare products. MTA has more than 424 locations in Greater Los Angeles, while LADOT has one dozen. Co-opting the MTA locations is key to gaining wide use of the proposed fare categories among minority and low-income riders.

LADOT must also address and prevail over barriers to TAP card use presented by the policies of the MTA's TAP Program. The first of which is the fee charged to acquire the card. MTA now charges \$1.00 for a new TAP card that is purchased on a bus or from a Metro Ticket Vending Machine, and \$2.00 for each TAP card that is purchased at an MTA Customer Service Center or from one of the vendors in the retail network.

LADOT will take the following steps to remove these barriers:

- **Make LADOT Branded TAP Cards Available for Free:** LADOT will make its own branded cards available to low-income riders free of charge during promotional periods associated with marketing campaigns to promote the new fare products discussed in this analysis.
- **Offer Cards for Free through Community and Faith Based Organizations:** In an effort to reduce the amount of cash, and to make riders aware of the discounts available through the use of passes, LADOT will make its branded TAP cards available to community and faith based organizations that will distribute and value cards for the public. These organizations will be enlisted in LADOT's effort to raise awareness among minority and low-income populations that riders who pay cash are paying the highest possible fare because cash fares provide no discounts.
- **Reduce the Minimum for Stored Value:** The MTA/TAP required \$5 minimum for each stored value purchase presents an obstacle to TAP card acceptance among low-income riders. The new incentive passes will allow an LADOT rider to purchase a pass for less than \$5, however, the rider's only option for adding stored cash value is to load at least \$5 under the current TAP requirements. Eliminating this barrier would be more difficult to overcome because it requires changes to the TAP Card Management System; however, it is in the best interest of low-income riders to remove this minimum requirement to spur TAP card use among low-income populations. The threshold for revaluing should be lowered to \$2. LADOT will request that the MTA consider this change.

LADOT must also reach out to minority and low-income populations through a marketing campaign that raises awareness of these new fare products and electronic payment modes inciting usage. A multi-media campaign that includes

the following mediums should be mounted to support the introduction of these fares:

- Transit advertising
- Advertisements in minority newspapers
- News releases and feature stories in the minority and general news media
- Radio advertising on minority radio stations
- Collaborative marketing efforts with community and faith based organizations
- Publication of materials for distribution in minority and low-income neighborhoods in those languages identified in the LADOT Limited English Proficiency Plan
- Posters in social service agency locations
- Social media announcements

LADOT will also consider offering its own LADOT-branded TAP card free of charge to help drive up awareness and use of these new fare types during promotional periods as discussed earlier.

#### CONCLUSION

The FTA will allow a transit agency to implement a fare change even if the change would have a disproportionately high and adverse impact on minority and low-income populations if the agency demonstrates that its action meets a substantial need in the public interest. LADOT is not in such a situation, as this analysis has revealed that the fare changes proposed by LADOT will have a positive impact on minority and low-income populations because of the following:

1. The electronic payment incentive fares and new fare products offer discounts from regular cash fares, and the lower cost passes have the added benefit of free transfers between DASH services;
2. Providing an incentive to minority and low-income riders to utilize TAP smart cards and LA Mobile will reduce the use of cash, which provides no discounts or transfer capabilities;
3. Through the use of the TAP card, minority and, low-income riders will be provided with the security of a card and card balance that can be replaced if lost or stolen when the card is registered. A nominal fee is associated with the replacement of a TAP card.

Minority and low-income riders will benefit over the long term from the incentive fares, and also from the benefits of the electronic payment modes.



## APPENDIX A

### LADOT PROPOSED MINORITY DISPARATE IMPACT & LOW-INCOME DISPROPORTIONATE BURDEN FARE POLICIES



# City of Los Angeles Department of Transportation

## PROPOSED MINORITY DISPARATE IMPACT & LOW-INCOME DISPROPORTIONATE BURDEN FARE POLICIES



July 2014

**LADOT**

## INTRODUCTION

The purpose of the LADOT's Minority Disparate Impact and Low-income Disproportionate Burden Fare Policies is to define a threshold for determining whether potential changes to existing fare tables will have a discriminatory impact based on race, color, or national origin, or whether a potential fare adjustment will have a disproportionately high or adverse impact on low-income populations.

LADOT will further develop these policies to include service analyses to determine threshold levels for disparate impact and disproportionate burden of any major service changes.

These are proposed policies that must be considered through the Public Outreach Process that will be held in summer 2014. Following the public outreach period, the policies will be forwarded to the City of Los Angeles Board of Transportation Commissioners and the Los Angeles City Council for their consideration. The Public Outreach Plan for these policies is as follows:

*Outreach meetings will be held in an effort to engage public participation. Additionally, a Communications Plan will be developed and implemented to raise awareness of the changes among low-income and minority populations.*

*Formal meetings would be held across the LADOT service area to obtain public input regarding the Fare Proposal:*

West Los Angeles  
Henry Medina West LA Parking  
Enforcement Facility  
11214 West Exposition Boulevard

North and South Valley  
Marvin Braude Constituent Center  
6262 Van Nuys Boulevard

South Los Angeles  
South Los Angeles Activity Center  
7020 South Figueroa

Harbor Area  
Harbor Commission Board Room  
425 South Palos Verdes, 2<sup>nd</sup> Floor

Central Los Angeles  
Caltrans Community Center  
100 South Main Street

East Los Angeles  
Ramona Hall Community Center  
4580 North Figueroa Street

*These meetings will be supplemented with communications to those community-based organizations whose mission is to provide services to low-income and minority populations:*

Centro Latino for Literacy	County Department of Social Services
Watts Labor Community Action	Children and Family Services
La Raza Alliance for Community Empowerment	ACORN

*The final element of the outreach effort will be a Communications Plan that raises awareness of the fare proposal among the low-income and minority populations. This activity will include advertising with these minority newspapers, in compliance with LADOT's LEP Plan:*

Asbarez Armenian Daily	Japanese Daily Sun
LA Asian Journal	Korea Times
China Press	La Opinión
Chinese L.A. Daily News	Rafu Shimpo
Conejo Calendar	Saigon Times
Del Rey News	Taiwan Daily News
Dia a Dia (El Salvador)	

*We will supplement this paid advertising with a grassroots effort placing posters promoting the fare changes in community centers, churches, schools, convenience stores, recreation centers and employment offices.*

## **REQUIREMENT FOR POLICY STANDARDS**

LADOT will make periodic adjustments to its fare table to maintain an appropriate level of contribution from riders to the cost of providing service. LADOT will also adjust fares to provide incentives to existing riders to ride more and to lure new riders to its services. The Federal Transit Administration requires that all transit agencies in urban areas prepare and submit fare equity analyses for all potential transit fare adjustments, as outlined in Federal Transit Administration (FTA) Circular 4702.1B, effective October 1, 2012, and Title VI of the Civil Rights Act of 1964.

## **BASIS FOR MINORITY DISPARATE IMPACT POLICY**

LADOT's DASH and Commuter Express Services serve the Greater Los Angeles Region, which has a minority majority population. The majority of DASH riders are minorities (74.5%)<sup>9</sup>. A majority of Commuter Express riders (65%)<sup>10</sup> are also minorities, however,

<sup>9</sup> LADOT DASH Downtown and Community DASH Onboard Survey Results 2011

more than 80% of Commuter Express riders have household incomes above, and some well above, the low-income rate for California, which will be discussed under the Basis for the Low-income Disproportionate Burden Policy. The Commuter Express routes with the highest number of minority riders are Routes 142 and 422<sup>11</sup>, requiring that LADOT especially consider the impact of fare adjustments on riders of these routes.

Any fare adjustment that LADOT considers will have an impact on minority populations because they are the majority of ridership of all of the agency's services. Based upon the most recent LADOT fare increases in 2010 and 2011, the impact on minority populations was not significantly different on DASH or Commuter Express where race and ethnicity were concerned. While ridership dropped on DASH, and increased slightly on Commuter Express, the overall diversity of the rider population remained the same.

The results of those fare increases showed that minority riders experienced the same impacts as non-minority riders; therefore, LADOT actions to adjust fares across all of its services will not have a disparate impact. Since 1998, the number of minority riders has increased steadily on all LADOT services. The proposed Minority Disparate Impact Policy is as follows:

#### ***LADOT'S MINORITY DISPARATE IMPACT FARE POLICY***

*LADOT's ridership is a minority majority, and any fare adjustment will result in minority populations bearing an impact that will be similar to that of non-minority populations. A threshold of 10% will be used to determine disparate impact on minority populations, meaning that if the burden of any fare change on minority populations is 10% more than the impact on non-minority populations, the change will be considered a disparate impact. LADOT will only implement fare adjustments on the basis of substantial legitimate justifications demonstrating that the need to raise fares meets a need that is in the public interest, and that the alternatives would have a more adverse impact than raising fares.*

#### **BASIS FOR LOW-INCOME DISPROPORTIONATE BURDEN POLICY**

The riders of LADOT's DASH and Commuter Express services are, by and large, minorities (DASH 74.5% and Commuter Express 65%). However, DASH riders are overwhelmingly low-income, 51.5%<sup>12</sup>, as opposed to Commuter Express riders of which only 19%<sup>13</sup> had incomes under the State of California's State Income Limit of \$29,550<sup>14</sup> for a family of four living in poverty.

<sup>10</sup> LADOT Commuter Express Onboard Survey Results 2011

<sup>11</sup> LADOT Commuter Express Onboard Survey Results 2005, 2008 and 2011

<sup>12</sup> LADOT DASH Downtown and Community DASH Onboard Survey Results 2011

<sup>13</sup> LADOT Commuter Express Onboard Survey Results 2011

<sup>14</sup> State of California Dept. of Housing Community Development-State Income Limits 2012

The table below depicts the ridership results of the 2010-2011 fare increases. DASH services experienced an acute loss of ridership, while Commuter Express ridership increased slightly. The cumulative ridership loss on DASH services was 19.36%. Because there are significantly more low-income riders on DASH, we can draw the conclusion that low-income riders bore a disproportionate burden of those fare increases.

**TABLE 1 – DASH and Commuter Express Ridership FY 2010 to FY 2012**

	FY 2010 Ridership	FY 2011 Ridership	FY 2012 Ridership	% Cumulative Change
Community DASH	20,344,941	19,106,200	16,735,552	-18.50%
DASH Downtown	6,243,090	5,996,072	4,910,541	-22.06%
Commuter Express	1,963,246	2,034,135	2,090,393	+6.38%

Source: LADOT FY 2012 Ridership Farebox Comparison Summary

Rider traits attributed to the higher loss and assumption of a disproportionate burden are higher usage of cash fare payments, as well as lower employer subsidy and availability of discounted pass options on DASH.

The ridership loss was more severe on DASH because riders had lower household incomes and could not afford 31 day passes, fewer were being subsidized by their employers, discounted DASH monthly passes were not available, and the distribution of 31 day passes was limited. DASH riders predominately paid cash in 2011 (78.9% vs. 24.0% on Commuter Express<sup>15</sup>), which offers no discounts to riders in comparison to discounts available on pass products. DASH riders are less likely to receive any form of subsidy from their employers and have less access to pass products. Conversely, 45% of Commuter Express riders receive some form of transit fare subsidy from their employers, further insulating them from the impacts of fare increases.

The most substantial difference between the ridership profiles of the services is the larger number of low-income riders on DASH, meaning that these riders bore adverse effects; therefore, the Low Income Disproportionate Burden Policy is recommended as:

**LADOT’S LOW INCOME DISPROPORTIONATE BURDEN FARE POLICY**

*If a fare adjustment results in low-income populations bearing a rate increase of more than ten percent (10%) of the increase for the overall rider population, the resulting impact will be considered a disproportionate burden.*

<sup>15</sup> LADOT Fare Type Summary Report by Route, February (FY 10-11)

## **SUGGESTED MITIGATION EFFORTS**

Due to the demographics of LADOT's ridership and its service area, no disparate impacts are expected to result from fare changes. LADOT will only implement fare adjustments on the basis of substantial legitimate justifications demonstrating that the need to raise fares meets a need that is in the public interest, and that the alternatives would have a more adverse impact on affected minority populations than raising fares.

If a proposed fare change is deemed to have a disproportionate burden, LADOT will consider modifying the proposed change to avoid, minimize or mitigate the disproportionate burden. Any modifications to the proposed change will be reanalyzed according to the Low-income Disproportionate Burden Policy to determine whether the disproportionate burden was removed.

According to the FTA requirements, if LADOT chooses not to alter the proposed fare change, or if modifications to the proposed fare change do not remove the disproportionate burden, LADOT will take steps to avoid, minimize, or mitigate that burden where possible by developing fare alternatives for low-income riders.

## **PUBLIC PARTICIPATION REQUIREMENTS**

For all proposed fare changes, LADOT will hold at least one public hearing in every major region of the City of Los Angeles and will publish a minimum of six public notices prior to the hearings in order to receive public comments on the proposed fare changes. The first meeting notice will occur at least 30 days prior to the scheduled hearing date, with the second notice being made at least 10 days prior to the scheduled hearing date.

Public materials will be produced in English and Spanish. Additionally, materials will be produced in other languages upon request and according to the geographic location of the meeting to ensure Limited English Proficient (LEP) populations within the LADOT service area are informed of the proposed fare changes and can participate in the discussions.

In every case of proposed fare changes, LADOT will conduct a fare equity analysis for review by the Los Angeles Board of Transportation Commissioners, the Los Angeles City Council, as well as for the public's consideration prior to any public hearings.

## APPENDIX B

### LADOT FARE TYPE SUMMARY REPORT BY ROUTE DASH SERVICE – FEBRUARY 2011



## Fare Type Summary Report by Route

February, FY 10-11

Program - DASH

Route #	Fare Type Total	Access Pass	Cash Fare Base	Cash Fare Reduced	EZ Pass - Zone 0 Base Fare	Free Ride	LADOT Coupon	LADOT DASH Pass
A	68,017	2,450	35,772	6,414	5,229	297	13	5,011
B	61,807	3,003	29,728	5,703	5,989	643		3,653
BC	5,598	285	3,523	979	535	83		154
BH	42,651	2,090	29,522	5,927	675	3,661	105	365
CR	26,904	3,460	15,883	3,286	750	3,076		249
CSQ	85,783	2,436	64,350	6,878	1,042	10,215		821
D	80,010	4,570	33,800	6,510	7,213	817		4,285
E	183,562	6,527	138,695	10,775	7,306	4,731		11,450
ES	79,550	6,518	53,792	10,019	1,245	5,169	81	1,826
F	67,038	1,777	46,747	3,602	3,827	994		4,842
FF	12,480	1,367	6,511	2,865	942	464	10	193
H	45,683	4,870	23,018	10,961	2,277	3,267		859
HP	49,814	2,278	35,552	6,560	992	3,397	26	799
HW	15,012	818	9,200	2,730	735	968		329
KE	50,702	1,499	39,140	1,697	699	6,268		1,051
LF	5,004	517	2,648	1,398	222	93		56
LH	44,311	3,226	24,696	10,931	915	3,081		1,229
LS	52,559	3,787	36,701	3,968	1,736	4,541		1,095
MT	31,763	2,135	21,248	3,051	930	3,729		404
NR	29,581	1,108	23,268	2,776	281	2,144		
OBS	3,459	121	2,601	400	103	173		23
PCVN	154,999	3,858	119,334	14,022	2,036	14,970		
PDR	9,390	1,044	5,544	1,381	143	1,138		7
PU	297,403	10,866	218,773	29,614	5,111	22,399	270	8,429
SE	107,160	4,619	79,771	5,836	2,110	12,540	120	1,499
SP	38,228	2,255	28,261	4,524	1,062	1,689		292
VNSC	32,580	1,297	23,683	5,094	646	1,740		
VTMN	68,052	3,279	49,152	6,146	1,317	7,301		757
W	77,974	1,318	59,788	7,941	1,179	7,047	8	502
WC	61,499	4,006	38,169	9,360	2,841	5,427		1,481
WTS	72,486	4,720	50,441	7,294	1,724	7,903		354
<b>Total</b>	<b>1,961,059</b>	<b>92,104</b>	<b>1,349,311</b>	<b>198,642</b>	<b>61,812</b>	<b>139,965</b>	<b>633</b>	<b>52,015</b>
Percentage		4.70%	68.81%	10.13%	3.15%	7.14%	0.03%	2.65%

Route #	LADOT Pass Base	LADOT Trip Ticket	Metrolink Pass	MTA Token Received	Other (DASH)	Transfers Received	Wheelchair
A		5,375	7,436	20			
B		3,835	9,242	11			
BC		13	19		4		3
BH	13	0	14	12	206	0	61
CR		3	0	5	140		52
CSQ		17		24			
D		6,244	16,549	22			
E		537	3,494	47			
ES	126	0	48	27	449	0	250
F		2,681	2,541	27			
FF		8	88		1		31
H		51	238	8	43		91
HP		30	10	4	83		83
HW		11	163	1	41		16
KE		88	6	8	191		55
LF		35	22		6		7
LH	9	58	137	4	8		17
LS		77	30	36	515		73
MT	1	79	45		100		41
NR		4					
OBS		7	22		5		4
PCVN		779					
PDR		7	29	7	64		26
PU	477	0	323	31	948	0	162
SE		45	100	11	358		151
SP					88		57
VNSC		120					
VTMN		64		36			
W					56		135
WC		37	26	24	93		35
WTS		2		48			
<b>Total</b>	<b>626</b>	<b>20,207</b>	<b>40,582</b>	<b>413</b>	<b>3,399</b>	<b>0</b>	<b>1,350</b>
Percentage	0.03%	1.03%	2.07%	0.02%	0.17%	0.00%	0.07%

## APPENDIX C

### LADOT FY 2013 RIDERSHIP FAREBOX COMPARISON SUMMARY

**LADOT - FY12 Ridership Farebox Comparison Summary**

**System Totals**

<b>Ridership</b>						
FY 10	FY 11	Change	FY 12	Change		
28,551,277	27,136,407	-4.96%	23,736,486	-12.53%		
<b>Farebox</b>						
FY 10	FY 11	Change	FY 12	Change		
\$5,949,760.21	\$7,297,043.25	22.64%	\$8,745,440.99	19.85%		

**DASH System Totals**

<b>Ridership</b>						
FY 10	FY 11	Change	FY 12	Change		
26,588,031	25,102,272	-5.59%	21,646,093	-13.77%		
<b>Farebox</b>						
FY 10	FY 11	Change	FY 12	Change		
\$5,227,405.00	\$6,357,115.17	21.61%	\$7,671,209.13	20.67%		

**Commuter Express System**

<b>Ridership</b>						
FY 10	FY 11	Change	FY 12	Change		
1,963,246	2,034,135	3.61%	2,090,393	2.77%		
<b>Farebox</b>						
FY 10	FY 11	Change	FY 12	Change		
\$722,355.21	\$939,928.08	30.12%	\$1,074,231.86	14.29%		

**Community DASH**

<b>Ridership</b>						
FY 10	FY 11	Change	FY 12	Change		
20,344,941	19,106,200	-6.09%	16,735,552	-12.41%		
<b>Farebox</b>						
FY 10	FY 11	Change	FY 12	Change		
\$4,082,902.98	\$4,964,065.74	21.58%	\$6,025,963.21	21.39%		

**Downtown DASH**

<b>Ridership</b>						
FY 10	FY 11	Change	FY 12	Change		
6,243,090	5,996,072	-3.96%	4,910,541	-18.10%		
<b>Farebox</b>						
FY 10	FY 11	Change	FY 12	Change		
\$1,144,502.02	\$1,393,049.43	21.72%	\$1,645,245.92	18.10%		

**Farebox Recovery FY10 FY11 FY 12**

**DASH**

	FY10	FY11	FY 12
Farebox	\$5,227,405.00	\$6,357,115.17	\$7,671,209.13
Fare Media	\$430,683.00	\$1,014,838.00	\$866,666.67
<b>Total Farebox</b>	<b>\$5,658,088.00</b>	<b>\$7,371,953.17</b>	<b>\$8,537,875.80</b>
Operating Costs	\$48,282,479.00	\$44,702,780.00	\$43,652,166.55
<b>Total Operating Costs</b>	<b>\$53,940,567.00</b>	<b>\$52,074,733.17</b>	<b>\$52,190,042.35</b>
Passengers	26,588,031	25,102,272	21,646,093
Farebox recovery per Passenger	\$0.21	\$0.29	\$0.39
Farebox Recovery Ratio	<b>10.49%</b>	<b>14.16%</b>	<b>16.36%</b>
Subsidy per passenger	<b>\$1.82</b>	<b>\$1.78</b>	<b>\$2.02</b>

**Commuter Express**

	FY10	FY11	FY 12
Farebox	\$722,355.21	\$939,928.08	\$1,074,231.86
Fare Media	\$343,106.00	\$2,149,680.00	\$1,733,333.34
<b>Total Farebox</b>	<b>\$1,065,461.21</b>	<b>\$3,089,608.08</b>	<b>\$2,807,565.20</b>
Operating Costs	\$15,440,799.00	\$14,156,256.00	\$11,415,446.18
<b>Total Operating Costs</b>	<b>\$15,440,799.00</b>	<b>\$14,156,256.00</b>	<b>\$11,415,446.18</b>
Passengers	1,963,246	2,034,135	2,090,588
Farebox recovery per Passenger	\$0.54	\$1.52	\$1.34
Farebox Recovery Ratio	<b>6.90%</b>	<b>21.83%</b>	<b>24.59%</b>
Subsidy per passenger	<b>\$7.86</b>	<b>\$6.96</b>	<b>\$5.46</b>

NOTE: 1. FY 12 passenger counts were estimated due to the beta testing of the TAP system actual counts are not available