



Board Report

File #: 2016-0742, **File Type:** Motion / Motion Response

Agenda Number: 22.

REVISED
SYSTEM SAFETY, SECURITY AND OPERATIONS COMMITTEE
OCTOBER 20, 2016

SUBJECT: RESPONSE TO BOARD MOTION ON LINE 501 TO PRESENT PROPOSED MARKETING PLAN, IMPROVED SPAN OF SERVICE, AND A TEMPORARY REDUCTION IN FARE

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE informational report in response to Board Motion on **Line 501 to present proposed marketing plan, improved span of service and a temporary reduction in fare.**

ISSUE

At the August 18, 2016, System Safety, Security and Operations Committee Meeting, Board Members Antonovich and Najarian presented a motion (Attachment A) directing the CEO to direct staff to implement the following:

- 1) Place wayfinding signage at stops along Line 501, including North Hollywood station, Burbank, Glendale, Del Mar Station and Memorial Park Station to ensure that riders can easily locate Line 501; and
- 2) Ensure that Line 501 is included in existing informational signage at each stop that lists connections and destinations.

In addition, the CEO is to return in October with an informational report from staff on the following:

- A: Conduct a feasibility/cost study for reducing fares to match MTA's regular fare and transfer structure and/or promotional programming that offers free or discounted fares for a specified period of time (i.e. 60 days);
- B: Identification of weekend sporting, concert, holiday, cultural and other major events in the City of Los Angeles and cities along the SR-134 and I-210 corridors, coupled with a cost-effective marketing plan that promotes Line 501 service as a preferred mode of transportation to those events;

C: Inventory new eye-catching marketing materials such as seat drops and signage on the Orange and Gold Lines that promote destinations by way of Line 501 connections, such as Hollywood Burbank Airport;

D: Conduct a cost estimate and the feasibility of including Line 501 on system map kiosks; and

E: Conduct a cost estimate and the feasibility of increasing span of service by adding trips earlier in the morning and later into the evening up to midnight.

DISCUSSION

As directed, placing wayfinding signage at individual stops outside of Metro owned property is simple. However, doing the same in the cities of Burbank, Glendale and Pasadena requires considerable coordination. Besides placing additional signs on Metro's existing bus stop pole, separate wayfinding signage would require Metro to obtain permits to install signage on city property that will require considerably more time and resources. As a low cost effective alternative, Stops and Zones will install bus stop cubes (four sided) on existing Metro poles at each stop, these are available in inventory. Each cube will be customized by Marketing and Communications to provide wayfinding and connections information for each particular area.

The following discusses the directed informational report and costs associated with implementing a promotional fare amount and period, expanded Marketing and Communications plan, and potential expanded span of service.

Promotional Fare

The Board Motion directed staff to investigate implementing a reduced fare program for Line 501. Currently, Line 501 charges patrons the same express fare as charged on all of the other six express lines (422, 460, 487/489, 550, 577 and 910/950). All express lines have a regular and college cash fare of \$2.50, students at \$1.75 and \$1.35 for seniors and disabled (\$0.95 during off-peak periods). The 30-day regular express pass costs \$122, senior & disabled are priced at \$20, college students at \$43 and other students at \$24. It is proposed that the promotional fare be \$1.75 for a period of six months.

It is estimated that at the current express fare rates, Line 501 is generating about \$366,000 in annual passenger revenue at the present ridership numbers. Converting this line to a promotional Metro local fare structure of \$1.75 would produce an estimated annual passenger revenue total of about \$256,000, also at the current ridership levels. This would cause a reduction in annual passenger revenue of about \$110,000. Thus, using the Simpson-Curtin transit elasticity model of a three percent fare change results in a one percent ridership change, it would be expected that the proposed fare reduction would generate a 14 percent increase in ridership. This would be equivalent to an annual increase of 47,000 passenger boardings generating about \$36,000 per year. If the reduced fares on Line 501 did produce this level of increased ridership, the net annual decrease in passenger revenue would be \$73,000.

Marketing Line 501

An extensive marketing and communications plan was developed along the guidelines of the motion, combining items B, C and D into one program as described in Attachment B. Implementation of the entire plan is estimated to cost \$275,360.

The plan includes extensive efforts that require printed matter, outdoor advertising including digital billboards and other digital assets, radio spots, new audio announcements on trains and Line 501 (providing wayfinding/connections information), an expanded wayfinding effort dedicated to North Hollywood and Pasadena rail stations, expanded use of TAP products, and game day public relations outreach efforts that includes UCLA and other Rose Bowl events.

Expanded Span of Service

Operating expanded weekday service from 5AM to Midnight will add an additional 11 Vehicle Hours at a cost of \$305,550 annualized. There are no resources available at this time to implement an expanded service. Patronage after 7:00pm is very lightly patronized with average loads of 7 per trip.

FINANCIAL IMPACT

Adoption of any of the described programs in this report would require additional resources of \$580,910.

~~Funding of \$580,910 for this action is included in the FY17 budget in Cost Center 3591 – North Region, Account 50801 – Purchased Transportation, in Project 306001 – Operations Transportation~~

~~The cost center manager and project manager will ensure that funds for this scope of work are budgeted in future fiscal years.~~

Impact to Budget

None of the described actions including the promotional fare proposal, marketing/communications plan, and widening of the weekday span of service are included in the FY17 budget.

~~The current year funding for this action will come from the Enterprise operating fund. The source of funds will be Federal, State and Local funding sources, including sales tax and fares that are eligible for Bus and Rail Operating Projects. These funding sources will maximize the use of funds for these activities.~~

ALTERNATIVES CONSIDERED

Prior to expending resources to expand the span of service, as an option, staff could report back in April 2017 with an update report on ridership, as the board just approved improving the weekday service from every 15 to 12 minutes. If the improvement did not attract anticipated ridership, the Board could consider expending funds in the FY18 budget to implement the proposed temporary fare

reduction, marketing/communications plan, and modify the span of service (all to be implemented in June 2017), at a combined unfunded cost of \$580,910.

NEXT STEPS

Receive and file staff report.

ATTACHMENTS

Attachment A - Amendment to Item 30

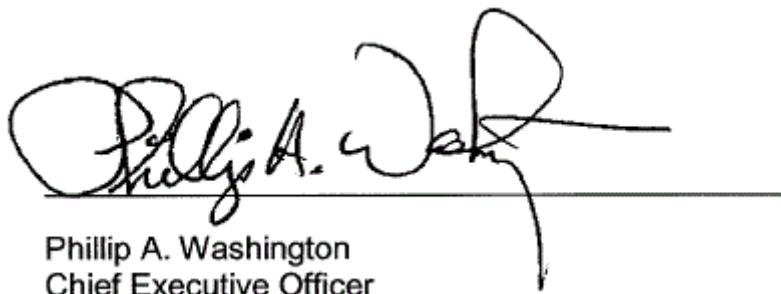
Attachment B - Line 501 Marketing Campaign

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Phillip A. Washington
Chief Executive Officer

ATTACHMENT A

MOTION BY DIRECTORS ANTONOVICH AND NAJARIAN

System Safety, Security and Operations Committee

August 18, 2016

Amendment to Item #30: Performance Updates on Line 501 Pilot Express Bus Service

MTA's 501 Pilot Express Bus (Line 501) began service March 1, 2016, providing a quick connection between the Orange and Gold Lines. While Line 501 has yet to meet its anticipated performance measures, ridership appears to be slowly but steadily increasing. The Los Angeles Department of Transportation runs a similar line that serves an additional 300 daily peak riders. If combined, weekday ridership between the two lines has reached 1371. MTA staff is recommending that the Line 501 Pilot be extended an additional 180 days and that service modifications be approved to improve scheduling efficiencies and increase service.

We believe, in addition to the staff recommendations above, that new wayfinding signage, an expanded marketing plan, and a reduction in fares may result in Line 501 exceeding its anticipated performance measures.

WE THEREFORE MOVE THAT, the CEO direct staff to:

1. Place wayfinding signage at stops along Line 501, including North Hollywood station, Burbank, Glendale, Del Mar station and Memorial Park station to ensure that riders can easily locate Line 501; and
2. Ensure that Line 501 is included on existing informational signage at each stop that lists connections and destinations;

WE FURTHER MOVE THAT, the CEO report back to the board at the October 2016 board meeting with:

An expanded plan to increase Line 501 ridership that includes, but is not limited to:

1. A feasibility study for reducing fares to match MTA's regular fare and transfer structure and/or promotional programming that offers free or discounted fares;
2. Identification of weekend sporting, concert, holiday, cultural and other major events in the City of Los Angeles and the cities along the SR-134 and I-210 corridors, coupled with a cost-effective marketing plan that promotes Line 501 service as a preferred mode of transportation to those events;
3. New eye-catching marketing materials such as seat drops and signage on the Orange and Gold Lines that promote destinations by way of Line 501 connections, such as Hollywood Burbank Airport; and
4. A cost estimate and the feasibility of including Line 501 on system map kiosks.

ATTACHMENT B

Line 501 NoHo to Pasadena

Dec 2016 Marketing + Outreach Plan

Objective:

- To remind new and current riders of the benefits of Line 501, express non-stop service from North Hollywood

Target Audience:

- New Metro riders, existing Metro Riders, Metro Red & Gold Line Commuters, Commuters of Pasadena Transit, and Commuters of Line 549 looking for alternate service.

New Messages

- Take advantage of our promotional fare of \$1.75 for the next 6 months
- Greater connectivity from North Hollywood to Pasadena
- More options to make your commute easier

Strategies

- Reach non-riders through print, web and outdoor advertising
- Reach current riders via onboard materials
- Partner with local businesses and to promote destination based events in Los Angeles
- Partner with Colleges/Universities to promote daily commute

Tactics (December launch with new promotional fare)

| Printed Materials (60-day period) <i>(Section C)</i> | QTY | Cost |
|---|---------|--------|
| Take One Brochure <i>(system drop)</i> | 2 drops | \$3500 |
| Car Card <i>(entire fleet)</i> | 3250 | \$3000 |
| Rail Poster <i>(Red, Orange & Gold)</i> | 2500 | \$3000 |
| Newspaper Ads 50+ major publications | | \$40K |

| | | |
|---|---------------|--------|
| Outdoor Advertising <i>(Section C)</i> | | |
| Bus Shelters | 20 | \$23k |
| Jr. Posters | 30 | \$15K |
| Bus Benches | 30 | \$11K |
| Updated Bus Wraps | 10 | \$29K |
| King Ads on selected lines <i>(NoHo & Pas Bus Div's)</i> | 200 (\$60 ea) | \$12K |
| Digital Assets <i>(Section B,C)</i> | | |
| Web Banners Paid Media | 12 weeks | \$35K |
| Social Media Promotion | 2 months | \$15K |
| Digital Billboards | 6 | \$13k |
| 15-sec spot Pandora/Spotify | 8 weeks | \$8K |
| Radio <i>(Section B, C)</i> | | |
| 15-sec spot major stations | 2 weeks | \$30K |
| Audio Announcements on Board Bus/Rail <i>(Section B, C)</i> | | |
| Red Line, Orange Line, Gold Line, Line 501 | 4 | \$600 |
| Wayfinding <i>(Section D)</i> | | |
| System Map | 170 | \$17K |
| System Map (Cartography) | - | \$1000 |
| NoHo Connections Map | 6 | \$600 |
| NoHo Connection Map (Cartography) | - | \$1975 |
| Central Pasadena Connections Map | 8 | \$800 |
| Central Pasadena Connections Map (Cartography) | - | \$1975 |
| Installation of Maps (covered by advertising contract) | - | - |
| NoHo Bus Shelter Ads at Bus Bays | 2 | \$260 |
| NoHo Bus Shelter Ads at Bus Bays (Production) | - | \$100 |
| Stanchion Directional signage | 2 | \$50 |

| | | |
|---|----------|------------------|
| Avalon Del Mar Station Ad Space | TBD | TDB |
| Station Screen notice (TPIS Ad) | 93 | 0 |
| Other B-TAP promotion (Section B) | | |
| Business outreach (100 locations) over 6 months | 5 people | Labor hours |
| 3-month promotional Employer Pass Program (Discount 50%) | - | - |
| U-Pass Promo (CSUN, APU, Citrus, Pierce, Mission, PCC) | - | - |
| PR Initiatives (Section B) | | |
| Issue Go Metro to UCLA Games at the Rose Bowl | 1 | 0 |
| Conduct press event to promote 501 bus Line to Pasadena for UCLA Games at Rose Bowl | 1 | \$5k |
| Produce YouTube video on benefits of Line 501 (add paid promotion placement) | 1 | \$1k |
| Draft news Source posts on new destinations available along Line 501 | 3 | 0 |
| Tournament of Roses Promotion on NoHo to Pasadena Express | 1 | \$5k |
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| | | |
| Total | | \$275,360 |