

# Foothill Transit Governing Board

## MINUTES

The Special meeting of the Foothill Transit Governing Board was held Wednesday, November 15, 2007, at the Foothill Transit Board Room, 2<sup>nd</sup> Floor, 100 South Vincent Avenue, West Covina.

President Paula Lantz called the meeting to order at 7:50 a.m. The following members were present, constituting a quorum of the Governing Board:

Will Briesemeister  
Emmett Badar  
Richard Barakat  
Roger Chandler  
Corey Caylaycay  
Peggy Delach  
Hector Delgado  
Michael De La Torre  
John Fasana  
Kenneth Gillanders  
Roger Hernandez  
Carol Herrera  
Paula Lantz  
Lola Storing  
Tom Sykes  
Doug Tessitor  
Jeff Parriott  
Robert Rodriguez  
Pat Wallach

Staff and Guests present:

Doran Barnes, Executive Director  
Kevin McDonald, Deputy Executive Director  
Darold Pieper, General Counsel  
Lee Millen, Deputy Secretary  
Rahul Kumar, Director of Planning

### Pledge of Allegiance

President Lantz led those present in the Pledge of Allegiance.

## **PUBLIC COMMENT**

There was none.

## **PROPOSED FARE CHANGES**

Rahul Kumar, Director of Planning, reported that Foothill Transit's last fare increase in 2005 began to address the deep discounts that had been offered previously. Discounts for eligible customers ranged from 50 percent to 93 percent. A major goal of that increase was to bring discounts more in line with the 50 percent discounts traditionally seen in the industry. This was largely accomplished over the two years of the fare increase. A second phase of the fare increase included slight adjustments in pass sales and went into effect in July 2006.

The outcome of the increase was positive. Farebox recovery ratio increased while ridership held steady. Ridership had been projected to fall with the implementation of the fare increase; the steady ridership is most likely attributable to the increase in fuel prices felt throughout the nation in 2005-2006.

However, while fare revenue has increased slightly, the gap between operating costs and fare revenue has continued to widen.

Any fare changes put into effect this year will affect subsidy funding in FY2010 and subsequent years. Without an adjustment to Foothill Transit's fares resulting in increased total fare revenue, projections for FY2010 and beyond show a significant reduction in Foothill Transit's subsidy funding. This loss is in part due to the fare increase implemented by Los Angeles County Metro on July 1, 2007.

The key issue is the Formula Allocation Procedure (FAP), which currently provides the balance of operating revenue to augment Foothill Transit's farebox revenue. One-half of the funding that comes from the FAP is based on the ratio of total fare revenue to the local adult (base) fare. Thus, the more fare revenue collected without increasing the base fare, the greater the FAP funding. Metro's most recent fare increase proposal is projected to result in a 19 percent increase to their overall fare revenue, with no change to their current base fare of \$1.25. The resulting impact to Foothill Transit is estimated at a loss of over \$2.9 million per year in FY 2009 and 2010. This will be compounded in subsequent years if no action is taken by the agency.

This loss, combined with the possible loss of Municipal Operator Service Improvement Program (MOSIP) funds and a potential loss of State Transit Assistance (STA) funds amounts to over \$10 million annually. This is funding that Foothill Transit uses for operating expenses and as matching funds for federally funded capital projects. The loss also eliminates any flexibility the agency has in using Transportation Development Act (TDA) funds.

To address the gap between fare revenue and operating costs and mitigate a potential reduction in subsidy funding beginning in FY 2010 as a result of the recently implemented Los Angeles County Metro fare increase, Foothill Transit's Governing Board, at their special meeting on October 17, 2007 authorized the Executive Director to conduct public meetings and a public hearing regarding a fare increase in FY2008.

Three public meetings were held throughout the Foothill Transit service area in October allowing customers to participate by providing feedback on which this fare increase proposal is based. Comments regarding the increase were also received via mail, fax, and an e-mail address established specifically for this purpose. Mr. Kumar alluded to comments received (copy on file). All of these comments were considered in developing the recommendation.

The fare changes represent a 20 percent increase on Adult Local and Student Local passes as proposed initially. Based upon customer and community feedback, the monthly pass Senior/Disabled/Medicare local pass prices is proposed to increase \$2 monthly, a change from the 20% increase presented initially. Finally, local cash fares remain unchanged.

The proposal initially was to raise Commuter Express and Silver Streak non-discount cash and pass fares. Additionally, EZ Transit Discount and Discount 31-Day Commuter Express passes will not be valid as full fare on Commuter Express and Silver Streak service as presented initially. There however is a change from the initial proposal regarding how discounts are offered on the Silver Streak. The final proposal continues discounts on the Silver Streak during off peak periods only as required by Federal statute as implemented by the Federal Transit Administration (FTA) [copy on file].

The Silver Streak, a service that operates during both peak and off peak hours would be subject to this statute. Peak hours are recommended to be established when the majority of Foothill Transit's fleet is in revenue service. Currently, this is from 6:00 a.m. to 10:00 a.m. and 2:00 p.m. to 7:00 p.m. on Monday through Friday only. The discounts proposed in the Fare Change table on the Silver Streak would be applicable only during hours outside of this proposed peak period and on weekends.

The projected net annual revenue of this proposal will increase fare units resulting in an increase in subsidy funding in FY 2010 in line with Los Angeles Metro. All fare increases result in some elasticity related to ridership. The size of this is relative to the percentage increase. It is important to note that it is likely that some Foothill Transit ridership will be lost to other modes of transportation as a result of any fare increase.

A restructuring of service may also need to be considered in the upcoming fiscal year. The extent of the restructuring will depend on how much additional revenue the approved increase will bring into the agency. Staff is currently reviewing under-productive service to identify service cuts that will minimize the impact to Foothill customers.

Staff recommends that in accordance with the Executive Board's recommendation, that the Governing Board approve Foothill Transit's proposed fare increase for Fiscal Year 2008. The proposed implementation date is January 1, 2008.

Doran Barnes indicated that the Executive Board had initially approved a one hour shorter peak period in the morning and evening, however, this would have forced a discount commuter express fare, whereas the slightly broader hours would avoid that.

Member Barakat noted that the last fare increase covered the Seniors/Disabled, and now the discount Commuter Express is increased from \$65 to \$155, which in effect hurts the working poor and disabled further. Increases in all categories would be much better than singling out a few.

In response to Member Hernandez, Mr. Kumar noted that riders affected are 50% local customers and 50% express customers that commute to Los Angeles. The majority of local customers use cash fares, and the adult local pass is not utilized as much. In response to Member Barakat, Mr. Kumar advised that specific ridership data was used to make fare increase decisions, however, it was not made available at today's meeting.

The discount commuter express would be eliminated, however, the ridership that use this service (62+, disabled/medicare customers) work in Los Angeles and are not on a fixed income. The Silver Streak that runs on a 24 basis is available to these commuters and is a better option.

Member Tessitor differed with the alluded negative affect of fare increases on commuters in that gas prices have increased dramatically and Foothill Transit is providing a transit service option.

Member Hernandez moved, seconded by Member Barakat to table this agenda item until detailed information is made available to the Governing Board.

Member Caylaycay noted the difficulty in determining if the fare increase is reasonable without the requested data, and concurred with Member Hernandez that it should be provided. Roger Chandler noted that sufficient information has been provided by staff, and alluded to his daughter who is disabled and concurs that fare increases are a necessary fact for Foothill Transit. Member Tessitor concurred.

The Deputy Secretary read the motion proposed by Member Hernandez to table the first motion until detailed information on said issue is provided. Member Caylaycay noted that he would support this motion if the data is not provided.

In response to Member Barakat, Doran Barnes advised that a delay in implementing the fare increase would delay the initial income that would come from that increase, and this delay would negatively affect the FAP that would impact Foothill Transit in 2010.

Member Wallach noted that these fare increases would affect working adults, not the working poor.

In response to President Lantz, the data requested was copied and provided to the Governing Board for their review.

Mr. Kamur reported that the the American Public Transit Association has a standard model for determining ridership loss for every percentage of increased fares. However, this model did not apply to Foothill Transit's last fare increase. Since then it is not used by any agency. Consequently, ridership is studied, and the last fare increase had projected a 2.5% drop in ridership; however, a 2.5% gain occurred. Fare increases have less of an impact on ridership, and premium service is generally in the commuter category.

Vice President Delach noted that many corporations subsidize bus and train commutes, and television accounts project that on average individual commuters are spending about \$150 a month on gas. Foothill Transit service is a benefit to the ridership.

Mr. Kumar noted that the annualized projection expected to have 14.8 million boardings this fiscal year, and as a result of this fare increase Foothill Transit is expected to net 13.6 million boardings. A conservative projection held a 3-4% drop by fare category prior to the current gas price increase. The Local Pass projection moved from 127,000 annual boardings to a projected 122,000. Similarly, the Silver Streak, Commuter Express passes, and Non-Discount passes moved from 178,000 to 171,000 passes projected respectively. The Student pass has a few programs available, including the Go Rio, which allows students to board free on Foothill Transit by showing their school ID.

The Student Local Silver Streak and Commuter Express Passes, are not utilized much; the Senior Disabled/Medicare local pass was the highest used of any local passes; and the Silver Streak and Commuter Passes are not highly used by the Senior/Disabled/Medicare customers.

Member Tessitor noted that with increases in gas prices, loss of ridership would be miniscule. Staff has studied recommended fare increases at length for the best approach.

Mr. Kumar reported that the Local Pass has a 37.5 average daily use, the Silver Streak pass is 44 uses on average, the Commuter Express pass is 44 uses per day, the Student Local pass is the same as the Adult Local, and Other Discounts have about the same percentages.

President Lantz reported that what was distributed today was provided to all at the October 22, 2007 meeting.

Darold Pieper advised that the vote on the second motion is whether to replace the first motion.

Member Hernandez noted that his motion was not a statement about staff not doing a thorough job, and not about stopping services, it was a statement about the Governing Board being entitled to information to make a responsible decision. Information provided in the past should have been included on this Agenda item. Member Hernandez thanked President Lantz for agreeing to provide the requested data.

### SUBSTITUTE MOTION

President Lantz called for a voice vote on the substitute motion on whether to replace the first motion.

The Governing Board approved the substitute motion.

Voice Vote: Ayes: Unanimously carried  
Noes: None

### ROLL CALL VOTE

The Deputy Secretary conducted a roll call vote.

The Governing Board approved staff's recommendation that in accordance with the Executive Board's recommendation, the Governing Board approve Foothill Transit's proposed fare increase for Fiscal Year 2008, with the following roll call vote:

Motion: Member Tessitor, seconded by Member Storing  
Roll Call: Ayes: Duly carried  
Noes: Members Barakat and Hernandez

President Lantz thanked all for the spirited discussion. This decision was not taken lightly and many riders will be affected; however, the reality is that the Governing Board wants to continue providing for those that are least able to get to work in this oil based economy. President Lantz expressed appreciation for everyone's due diligence, and commended staff for their efforts on this issue.

### ADJOURNMENT

There being no further business, the Governing Board adjourned at 9:06 a.m.