

Measure M2 Fare Stabilization Update

Fare Stabilization Program Background

- Fare Stabilization Program
 - Provides fare discounts for senior, disabled, and ACCESS riders
- Measure M1 Fare Stabilization Program
 - Allocated \$1M per year for 20 years
 - Age eligibility applied to seniors age 65 and over
- Measure M2 (M2) Fare Stabilization Program
 - Allocates 1% of net M2 revenue to stabilize fares
 - Age eligibility applies to seniors age 60 and over

M2 Fare Stabilization Language & Policy

- M2 Fare Stabilization Language
 - One percent (1%) of the Net Revenues shall be allocated to partially fund bus and ACCESS fares for seniors and persons with disabilities in an amount equal to the percentage of partial funding of fares for seniors and persons with disabilities as of the effective date of the Ordinance
- Board policy allows excess Senior Mobility Program funds to be used to support the Fare Stabilization Program

Funding Shortfall

- Recession impact to program revenue
 - Fiscal year (FY) 2004-05 forecast of \$232M
 - Current estimate of \$148M
- Annual funding shortfalls beginning in FY 2013-14

Potential Solutions

- Transfer funds from another M2 Transit Program
- Allow the program to operate as-is
- Transfer more than 1% annually and discontinue program after funds are exhausted
- Amend the Ordinance to allow OCTA to match ongoing expenditures with revenue
 - Change age requirement
 - Change required subsidy percentage

Staff Recommendation

- Develop a plan to address the shortfall in funding using M2 Transit Program funds
- Include the plan as part of the Ten-Year Comprehensive Program Review