

## Peer Agency: METRO

City: Houston, TX

### Fare Policy:

Service Type	Full Fare	Reduced Fare
Local/METRORail	\$1.25	\$0.60
P&R Zone 1	\$2.00	\$1.00
P&R Zone 2	\$3.25	\$1.60
P&R Zone 3	\$3.75	\$1.85
P&R Zone 4	\$4.50	\$2.25

### Transfer Policy:

Each rider receives a free transfer valid for up to three hours in any direction with their paid fare. Transfers are available only to riders paying fare with METRO's smart card (Q Card).

### Fare Products:

Product	Full Fare	Reduced Fare	Details
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METRO Q Fare Card	\$1.25	\$0.60	-Users are rewarded 5 free rides for every 50 paid rides taken -Bonus trips can be used on any service type, without regard to how they were earned or trip value
Product	Full Fare	Reduced Fare	Details
METRO Day Pass	\$1.25	\$0.60	-Day pass valid on the day of accumulation until 2am the following morning -Fares paid during a single day cap at \$3 for Local/METRORail services; all rides are free on these services after the cap is reached (half price day pass available for Reduced Fare riders)

NOTE: Customers must choose between METRO Q fare card or METRO Day Pass fare card

**Background Information:**

METRO receives the majority of its funding through a one-cent (\$0.01) sales tax collected throughout the METRO service area, which is primarily jurisdictions in Harris County, including Houston. The amount of the tax is the same everywhere, but METRO has agreements with the jurisdictions to return a portion of the sales tax for their use. In addition, 25% of tax collections are placed in a Mobility Fund which the cities can use to build/repair streets, build hiking/biking trails, etc. With this funding source, METRO places less importance on meeting a farebox recovery target, and has no farebox recovery requirement. These factors help to explain METRO's low base fare (\$1.25).

METRO has not implemented a fare increase since 2008, but recognizes that fares may need to be increased in the next year or two. METRO staff are exploring the possibility of a low-income fare program to minimize the impact of a fare increase

on its low-income riders and to address potential Title VI concerns.

When METRO introduced the Q Card in 2008, the agency simplified its fare structure by reducing the range of products offers. Pass programs were eliminated, transfers were limited to Q Cards, and the bonus ride incentive (5 free rides following 50 paid rides) was implemented. In 2011, the Day Pass was reintroduced in the form of a day pass accumulator.

METRO took a sequential approach to implementing fare structure changes, introducing a new feature or eliminating a product, one-at-a-time over the course of the first nine months. This staggered approach allowed METRO to provide more outreach to their customers and allowed their customers time to adjust to the changes.

METRO's objective in eliminating all pass products was to move 100% of revenue collection to the 'point of use' and eliminate 'point of sale' revenue collection. The elimination of products allowed METRO to vend stored value exclusively, simplifying their transit value vending implementation. The elimination of transfers for cash customers was driven by changes to their

fareboxes as well as a desire to increase revenue yield. The changes also supported higher initial Q Card penetration, as customers migrated to the Q Card to take advantage of the 3-hour transfer window offered only on smart card fare media. The transfer privileges are believed to have been critical to METRO's achievement of a 76% smart card penetration rate within a year after launch.

The bonus rides incentive was introduced to provide frequent METRO customers with a fare discount as pass products were eliminated. Customers with a Q Card are eligible for five consecutive free rides on any service types after accumulating 50 consecutive paid rides on any service type. All services have the same weight when accumulating towards the 50 paid ride goal and free rides may be used on any service.

Previously the most substantial discounts were provided to customers who purchased METRO Annual and Monthly passes, but some customer populations could not take advantage of those discounts because of the large upfront cost to purchase these products. The bonus rides provide a consistent 10% ride discount to most customers without a substantial upfront financial commitment, and regardless of the timeframe in which

the customers accumulate those trips. For these reasons, METRO felt that the ride bonus was a more equitable way of providing a discount to frequent customers.

Q Cards are distinguished only by the contracts assigned to them (i.e. the discounts they offer). They all look the same and do not have pictures. Because cards are often tapped in a wallet or purse, operators would not see the pictures. In addition, the METRO Board chose not to have pictures due to concerns about customer service since pictures would require riders to go to a customer service location to have their picture taken. Instead, METRO requires all discounted Q Cards to be registered.

## ***Pass Programs:***

### Student Program

K-12 students are eligible for a 50% discount on fares. Fares paid with either a student METRO Q Fare Card or a student METRO Day Pass receive free transfers. Students can apply for student Q Cards online, by mail, or in person. The application must include proof of school attendance in the form of a current school ID, class schedule, or enrollment form/report card as well as contact information for the student. METRO processes student card applications and assigns identity-linked Q Cards to qualifying students.

### College Program

College students can apply for a special fare card online, by mail, or in person at their college/university, that makes them eligible for a 50% discount on fares. The University of Houston, Houston Community College, Lone Star College, and Texas Southern University offer college Student METRO Q Fare Cards. There is no credit hour minimum for students to participate in the program. For the application, a student must show a current class schedule and fee receipt, a letter from the college verifying

they are a current student, or a student METRO fare card registration form signed and stamped by the school registrar, as well as a government-issued photo ID.

Through these partnerships, METRO allows colleges to issue cards to students. The colleges then send files to METRO with students' identification information and the expiration date of each card. This is an important step in the process because METRO has a policy of requiring any discounted Q Card to be registered to prevent fraud. Registration is not required, however, for regular, adult non-discounted Q Cards.

Rice University, a private school, has a separate arrangement with METRO. In addition to issuing cards to students on campus, Rice University loads stored value on active students' cards on-site. While other participating colleges do not load stored value to student accounts and students must load the cards themselves online, at retail outlets, and at METRO's RideStore, they still receive the same 50% discount on fares when they use their METRO Q Fare Cards.

### Bulk Sales

METRO allows qualified 501(c)3 organizations to purchase disposable, limited use smart cards loaded with cash (METRO Money) in bulk. These transit cards are available in denominations of \$1.25, \$2.50, \$5, \$10, and \$20 and are not reloadable. METRO Money cards are easier for 501(c)3 organizations to manage than regular Q Cards since METRO Money cannot be reloaded and the organizations do not need to keep track of the fare card serial numbers for cards that they provide to their clients. These qualifying organizations must purchase METRO Money to give (not sell) to their clients.

Bulk orders that meet a \$200 minimum purchase threshold and include only \$5, \$10, and \$20 denominations are discounted 13% to qualified social service agencies. There are no discounts for bulk orders of \$1.25 or \$2.50 METRO Money cards. However, the 501(c)3 organizations served by the bulk sales program tend to purchase smaller denomination fare cards for immediate needs trips, such as medical appointments or job interviews.

Other organizations, such as "tour groups" and hotels can purchase METRO Money in bulk, but no discounts are offered.

## RideSponsors Corporate Accounts

As a METRO RideSponsor, a company can manage METRO Q Fare Cards for employees while taking advantage of Federal tax benefits associated with employee transit benefit programs and payroll deductions for transit fares. RideSponsors have the ability to manage employees' METRO Q Fare Cards via the Web by submitting automatic subscriptions or by manually placing monthly orders. Cardholders can load value into a separate contract on their METRO Q Fare Cards, or the RideSponsor can make it a company policy that the cards are company property and require employees to obtain separate cards for personal use. The RideSponsor can set automatic subscriptions or direct loads via the Web application. RideSponsors can add any desired amount to employees' METRO Q Fare Cards monthly. Subscriptions and direct loads can be modified at any time.

RideSponsors can request that all cards initially be registered to the company, or they can choose for each employee to register their own cards. Most have chosen to register them to the company. Once the card has been registered, the balance is protected. When a card is reported lost or stolen, it is canceled (hot listed) and a replacement card is issued with the remaining

balance. Companies are invoiced for all activity during the first week of every month. Invoices are payable in full within ten days from the date of the invoice.

RideSponsor Corporate Accounts do not provide any discount beyond the standard federal tax benefits. METRO previously offered discounts to employers, but the administrative and financial burden of negotiating individual contracts with each participating business outweighed the potential benefits of offering a discount. There were also concerns about equity of the discounts and potential revenue loss.

## Other Special Fare Programs

METRO introduced a special pass program for disabled and decorated veterans that makes them eligible for a special METRO Q Fare Card that entitles them for free, unlimited rides on all METRO fixed route services. There are very specific criteria for program eligibility, including the extent of a disability and the military honor received. Riders age 70+ and ADA-eligible riders also qualify for free, unlimited rides on all METRO fixed route services with their registered METRO Q Fare Card.

METRO also provides temporary discounts for programs such as Dump the Pump, through partnerships with Houston teams that allow ticketholders to ride light rail to the game for free, and free fixed route service on election day. METRO also provides a free rides to jurors.

Convention passes (paper flash passes) valid for the dates of a conference are available for \$3 per day. Convention passes are also available through mobile ticketing. There is no discount associated with these day passes.

**Key Takeaways:**

- METRO simplified its fares as the METRO Q Fare Card was introduced and has maintained a pay-as-you-go fare structure that rewards riders for trips taken, either by awarding bonus trips or by capping fares on Local services once three trips are made in a day
- METRO has simplified its reduced fares for specific rider categories. Except for free fares on fixed route services for eligible veterans, riders age 70+ and for ADA-eligible riders, METRO offers only one discount level (50%). Discounts are available only to seniors, persons with

disabilities, Medicare cardholders, K-12 students, and college students. All Q Cards look the same and do not have pictures. Instead, METRO requires all discounted Q Cards to be registered to prevent fraud.

- METRO has minimized potential revenue loss by providing no special discounts to employers or colleges. METRO has a program for RideSponsor Corporate Accounts that enables employers to add value to employees' Q Cards and leverage Federal tax provisions for transit benefits, but METRO does not participate in any discounts. Through the College Pass program, METRO provides Q Cards that give college students half-fare discounts, but does not provide any additional discounts or funding for the program.
- METRO limits discounts available through bulk sales. METRO sells full fare METRO Money to 501(c)3 organizations through its bulk sales program, and provides a 13% discount to organizations that meet a \$200 minimum purchase threshold and purchase higher value cards (\$5, \$10, \$20). Most agencies' orders do not meet the requirements for the bulk discount. Bulk sales

to other organizations (e.g., hotels) are not eligible for discounts.