

Memorandum



Date: February 3, 2014

To: Honorable Chairwoman Rebeca Sosa and Members
Board of County Commissioners

From: Carlos A. Gimenez
Mayor

A handwritten signature in black ink, appearing to read "Carlos A. Gimenez".

Subject: Analysis Regarding the Impact of Reinstating Metromover Fees – Directive #131143

The information in this report is provided as a follow up to the Board of County Commissioners' (BCC) request for an analysis of the impact of the reinstatement of Metromover fares.

For the 12-month period ending June 2013, Miami-Dade Transit (MDT) had 98.3 million boardings on both Metrobus and Metrorail (not including Metromover). The combined operating and maintenance cost for these services was approximately \$480 million. Thus, an average cost of transporting each boarding passenger on Metrobus and Metrorail was approximately \$4.15. Currently, only an estimated 38% of all boarding passengers paid the then full \$2.00 base fare, so the subsidy was \$2.15. An estimated 23% of all passenger boardings on both Metrobus and Metrorail pay no fare, in those cases the subsidy was the full \$4.15.

Overall, revenues from paid fares in FY 2012 (\$110 million) covered less than 23% of the operating and maintenance costs. The remaining cost was covered by subsidies from the General Fund, Federal and state grants, miscellaneous sources (e.g. advertising contracts) and the Transit Surtax (People's Transportation Plan – PTP).

Reinstate Fare for Metromover

Metromover carries an estimated 9.1 million passengers per year, many of whom transfer from Metrorail and Metrobus. During the July 9, 2002 discussion of the Transit Surtax ordinance, the Board approved an amendment which provided for fare-free transportation on Metromover upon passage of the PTP, which was approved by the voters in November 2002. The fare-free Metromover is included in the annual subsidy from the PTP. Reinstatement of a fare for Metromover would require a revision to the PTP ordinance, installation of new fare collection equipment and maintenance of that equipment. If a \$0.50 fare is implemented, it is estimated that nearly \$600,000 would be collected annually. The cost for fare collection equipment for the 22 metromover stations and installation would range from a \$2.4 million honor like system (where riders would pay at a machine and retain the receipt in case they are asked to display it since there is no gate) to \$9 million for a system comparable to the one used on Metrorail. The annual cost for collecting, maintaining, and servicing the fare collection system would be approximately \$475,000. Therefore, it would take MDT approximately 5 to 10 years to recover the start-up cost.

Reinstating a fare of \$.50 could reduce Metromover ridership with the most likely scenario that short trips would be reduced significantly. Passengers using the Easy Card would not be impacted, nor would they generate additional revenues due to the policy of no transfer cost for Easy Card users. A ridership of approximately 4.2 million would bear the brunt of the new fare and potentially be reduced to only 1.2 million passengers that would then pay a fare for this service.

Honorable Chairwoman Rebeca Sosa and Members
Board of County Commissioners
Page Two

Metromover ridership in the next 10 years is expected to grow at a minimum by 10.5% or 1 million riders. It is important to note that according to the Miami-Dade economic profile, 32.5% of County residents earn less than \$25k per year. If a fare were reinstated, it would be a reasonable assumption that a number of riders would migrate from Metromover to the fare-free City of Miami Trolley because of economic necessity.

Alternatively, several studies have been done that identified creative funding options. One option is a Public Private Partnership for Metromover with an organization such as the Downtown Development Authority and/or the City of Miami. This type of relationship could include sponsoring operational aspects such as aesthetics, cleaning, security, and local promotions, while MDT focuses on mechanical maintenance and customer service related expenses. Funding from the City's share of surtax funds or the possibility of creating a special taxing district have been explored recently by the CITT. Of course, the utilization of these techniques would require additional policy formulation on behalf of the Board as well as the City. Other creative options include the naming rights to the Metromover stations that the County is currently pursuing. It is not yet clear at this point how much revenue could be generated through this strategy.

c: Alina T. Hudak, Deputy Mayor and Interim Director of Public Works and Waste Management Dept.
Jennifer Moon, Director, Office of Management and Budget
Ysela Llort, Director, Miami-Dade Transit
Charles Scurr, Executive Director, Citizens Independent Transportation Trust