

## Metro's Fareless System Initiative (FSI)

Fareless System Initiative (FSI) Update  
Executive Management Committee  
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# May Board Motion

Requested implementation of the Fareless System Initiative, subject to a final financial plan and while pursuing cost-sharing agreements, and to report to the Board monthly on the development, launch, and performance of FSI.

Requirements included:

- Streamlined, efficient application and administration
- Cost-sharing agreements with K-12 districts and community colleges
- Maintaining existing agreements between colleges and transit agencies
- Identifying new funding source

# Background for Phase 1

- 69% of 1.4 million K-12 students qualify for Free and Reduced-Price Meal programs for low-income families
- 20% of junior high school students and 23% of LA adults are obese
- People who take transit are 44% less likely to be overweight
- An AA degree increases income potential by up to 47%
- Only 30% of community college students graduate, and only 26% of African American students and 22% of Latino students

# Program Goals - Phase 1 (K-14)

Increase ridership, increase student success, and improve student health by building on existing Metro and regional student pass programs, to make access to transit fareless for all K-12 and community college students in LA County through cost-sharing partnerships with districts (school and community college) and transit agencies

# Equity Analysis

FSI Task Force used the Rapid Equity Assessment Tool to analyze the impacts of the proposed FSI Pilot Program.

Phase 1 of the FSI Program seeks to increase access to transit for all K-12 and Community College students by:

- Eliminating payment of fare at boarding
- Reducing application barriers by streamlining card distribution and registration through school partners
- Providing program materials in multiple languages
- Including a phone registration process

# K-12 District Partnerships: Status

Proposed cost-sharing for District K-12 Partnerships would be \$3 per student per year for all students in district and would include:

- Distribution of free TAP Cards through District
- Unlimited rides on all participating transit agencies in LA County

38 districts have expressed interest in becoming Partners representing:

- 1,139 schools
- 695,610 students
- \$2,086,830

# Community College Partnerships: Update

- Maintain all existing agreements between colleges and transit agencies
- Recommend schools transition from opt-in to opt-out programs
- Proposed cost-sharing for new Community College Partnerships for Year 1 would be \$7 per student per year for all students in district for first year:
  - Distribution of free TAP Cards through District
  - Unlimited rides on all participating transit agencies in LA County
- Cost difference based on Community College average ridership of 7 boardings per week vs. K-12 average ridership of 3 Boardings per week
- This would give colleges time to assess usage and pass student referendum for student fee for Year 2, if desired
- Under Muni/College agreements, student fees range from \$7-\$9.50 per term

# Phase 1 Costs

Due to scope of Phase 1, projections are limited to fare revenue losses

- Defeasance of bonds (\$80M) not necessary for implementation of Phase 1
- Administration, operations, and security will be covered by existing budget

\$ in millions	FY19 (pre-COVID)	FY22	FY23	Estimated Fare Revenue Losses
<u>Fare Revenue Losses</u>				
Metro K-12 Students <sup>(1)</sup>	\$ 27.0	\$ 7.7	\$ 25.8	\$ 33.5
Muni/Local K-12 Students <sup>(2)</sup>	8.2	8.2	8.2	16.4
Community College Students <sup>(3)</sup>		-	-	-
	\$ 15.9	\$ 34.0	<b>\$ 49.9</b>	

NOTES:

1. Metro fare revenue loss:

- FY22 based on FY22 budgeted amount of \$73.2M and 10.5% K-12 share
- FY23 based on estimated 95.5% of pre-covid ridership levels

2. Muni/Local fare revenue loss:

- Estimates are based on Metro percentage shares of K-12 fare revenues applied to countywide 2019 NTD data (pre-pandemic levels)

3. Regional U-Pass program and existing community college agreements held by muni/local operators will continue under current contracts, except that all community college passes will be accepted as valid fare on all participating FSI Operators



# Phase 1 Funding Plan

## Identified new funding for Phase 1:

- Metro plans to propose ARPA to fund Metro's participation
- In consultation with regional transit operators, Metro is recommending use of their ARPA allocations to fund their participation

## Potential new funding

- K-12 school districts interested in cost-sharing
- Continue to seek additional funding to support the pilot

# Program Analysis

- Program Analysis will be done by combination of national and local organizations and will include:
  - Increase in riders/boardings
  - Increase in frequency of usage
  - Improvements to K-12 attendance and K-12 and Community College success
  - Improvements in student health and wellness
  - Effect on customer experience
  - Equity analysis
  - Cost of program / Future funding
- Program data for each group will be analyzed separately

# Metro Youth Council

- Missing youth voices in existing planning process, advisory councils and committees.
- Youth Council is aimed at students between 14 and 17 who represent the diverse demographics and geographic areas of LA County.
- Youth Council will be made up of 26 members representing Metro's nine sub-regions.

## Fareless System Initiative

- FSI Plan-Phase 1 will leverage the Youth Council efforts

## Public Participation

- Build a pipeline of riders and transit leaders as it moves towards engaging K-14 students in LA County.

# Recommendation

1. August 2021 implementation of Phase 1 of the Fareless System Initiative, including proposed cost-sharing agreements for K-12 and Community College Districts ;
2. Adoption of the final financial plan for Phase 1, including utilizing Metro's portion funding of American Recovery Plan Act (ARPA) funds to cover Metro's fare revenue loss not covered by cost-sharing agreements

# Next Steps

- Upcoming meetings with regional transit agencies to finalize funding recommendations
- Finalizing research on fare collection cost
- Preparing written board report for distribution on July 16 to seek Metro Board approval of Phase 1 funding and implementation plan with anticipated August 2021 launch date
- Continuing discussions with school districts, community colleges, and transit agencies who have expressed interest in participating



Fareless System Initiative