

# Metro's Fareless System Initiative (FSI)

Fareless System Initiative (FSI)  
Monthly Update  
September 2021



# Recommendation

1. RECEIVE AND FILE the FSI funding plan for Phase 1 (K-14) and Phase 2 (low-income riders) pilots (Attachment A) and status report;
2. APPROVE implementation of Phase 1 (K-14); and
3. APPROVE Low Income Fare is Easy (LIFE) improvements (Attachment G).

# Phase 1 K-14 – Cost Sharing

- K-12 cost sharing is \$3 per student per year for all students in district
  - ✓ Two-year cost-sharing revenue estimated at \$4-8 million (12-24% of total)
- 41 out of 87 Districts are interested in participating in program, including LAUSD
  - ✓ Represents 1201 schools, 726,735 students, and cost-sharing revenue of \$2.18M/year
  - ✓ Full cost-sharing for revenue if all 87 districts participate = \$4.2M/year
- Community College cost sharing is \$7 per student per year for all students
- Estimated fare revenue loss for two-year pilot is \$49.9M

# Phase 1 K-14 – Funding Plan

Phase 1 Funding Plan (\$ in millions)	Pilot Year 1	Pilot Year 2	Total
<b>Estimated Costs</b>			
Metro K-12 Students	\$ 7.7	\$ 25.8	\$ 33.5
Countywide Muni/Local K-12 Students	8.2	8.2	16.4
Community College Students <sup>(1)</sup>	-	-	-
<i>Total Estimated Costs</i>	<i>\$ 15.9</i>	<i>\$ 34.0</i>	<i>\$ 49.9</i>
<b>Funding Plan</b>			
<u>Secured</u>			
ARPA Funds <sup>(2)</sup>	\$ 11.7	\$ 29.8	\$ 41.5
Cost Sharing Contracts with K-12 Schools and Community Colleges <sup>(3)</sup>	2.2	2.2	4.4
<u>Unsecured</u>			
Cost Sharing Contracts with K-12 Schools and Community Colleges <sup>(4)</sup>	2.0	2.0	4.0
<i>Total Funding Plan</i>	<i>\$ 15.9</i>	<i>\$ 34.0</i>	<i>\$ 49.9</i>

(1) No changes assumed for existing cost sharing agreements with community colleges.

(2) Each participating agency will utilize their share of ARPA funding allocations as approved by the Metro Board of Directors at the July 2021 Regular Board Meeting.

(3) Ongoing current negotiations with 41 out of 87 K-12 districts interested in the program represent \$2.2 million in annual cost sharing revenues.

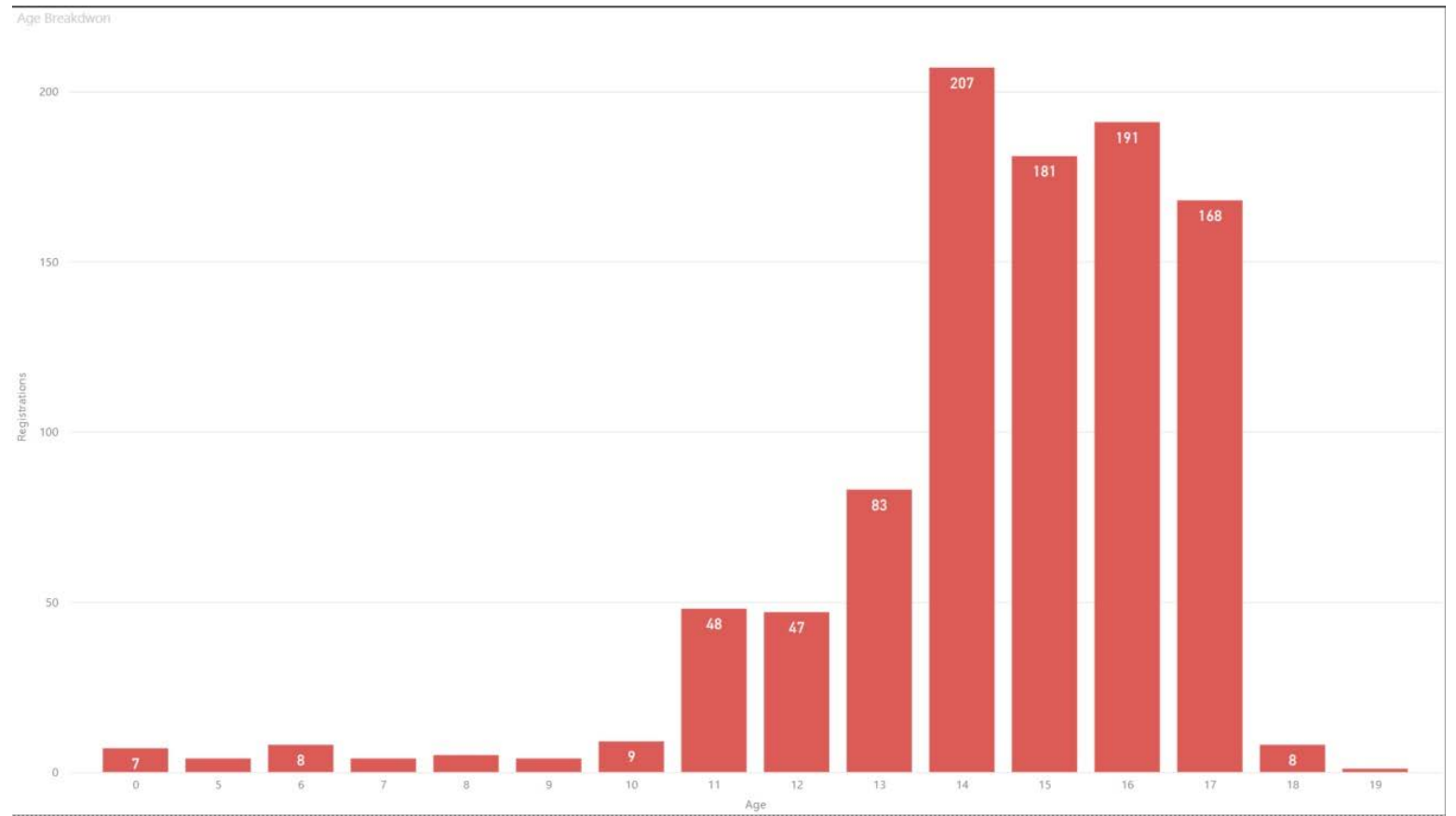
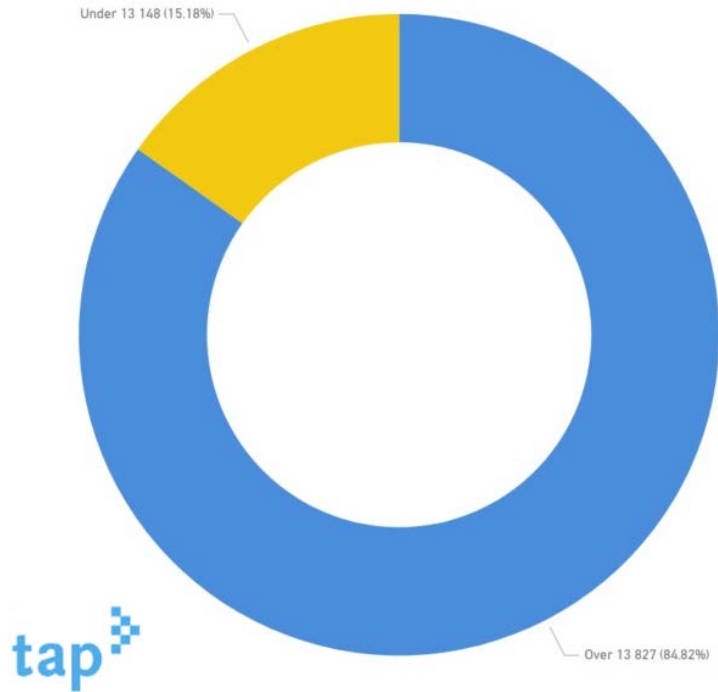
(4) If all K-12 districts countywide participate in the program, additional annual revenues are estimated at \$2.0 million.

# Phase 1 K-14 – Testing

- Since August 8<sup>th</sup>, we have launched testing through TAP portal with 3 school districts and 3 charter schools.
- As of 9/7/2021:
  - ✓ 5600 test cards have been distributed
  - ✓ 1,149 cards have been registered in the portal
  - ✓ 613 unique cards have been used on the system
  - ✓ 7,046 boardings have been recorded
- Registration portal created by TAP has run very smoothly with less than 1% errors

# Phase 1 K-14 – Testing (1149 registrants)

Over 13 = 86%  
Under 13 = 14%



Majority of registrants are in the 14-17 age range, followed by 11-13 age range

# Phase 1 K-14 – Testing (1149 registrants)

## Ethnicity Background

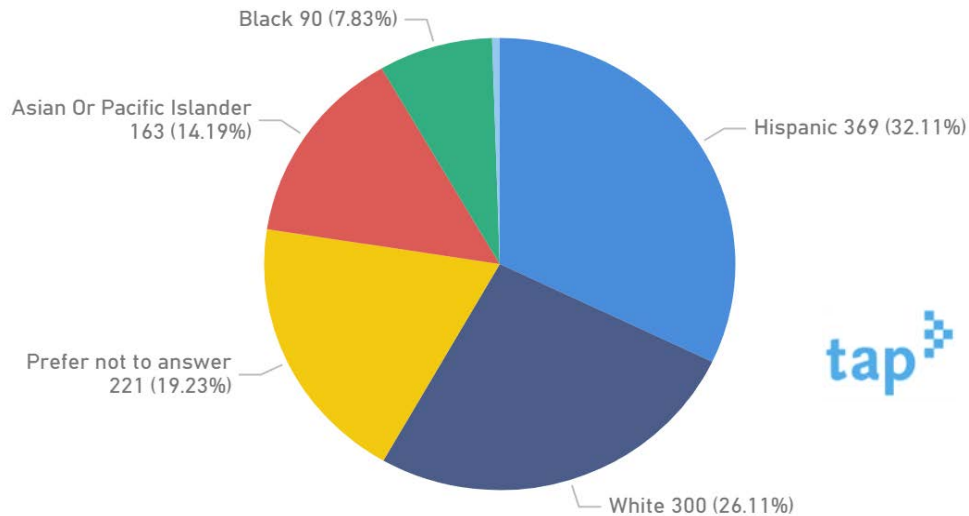
Hispanic = 32%

White = 26%

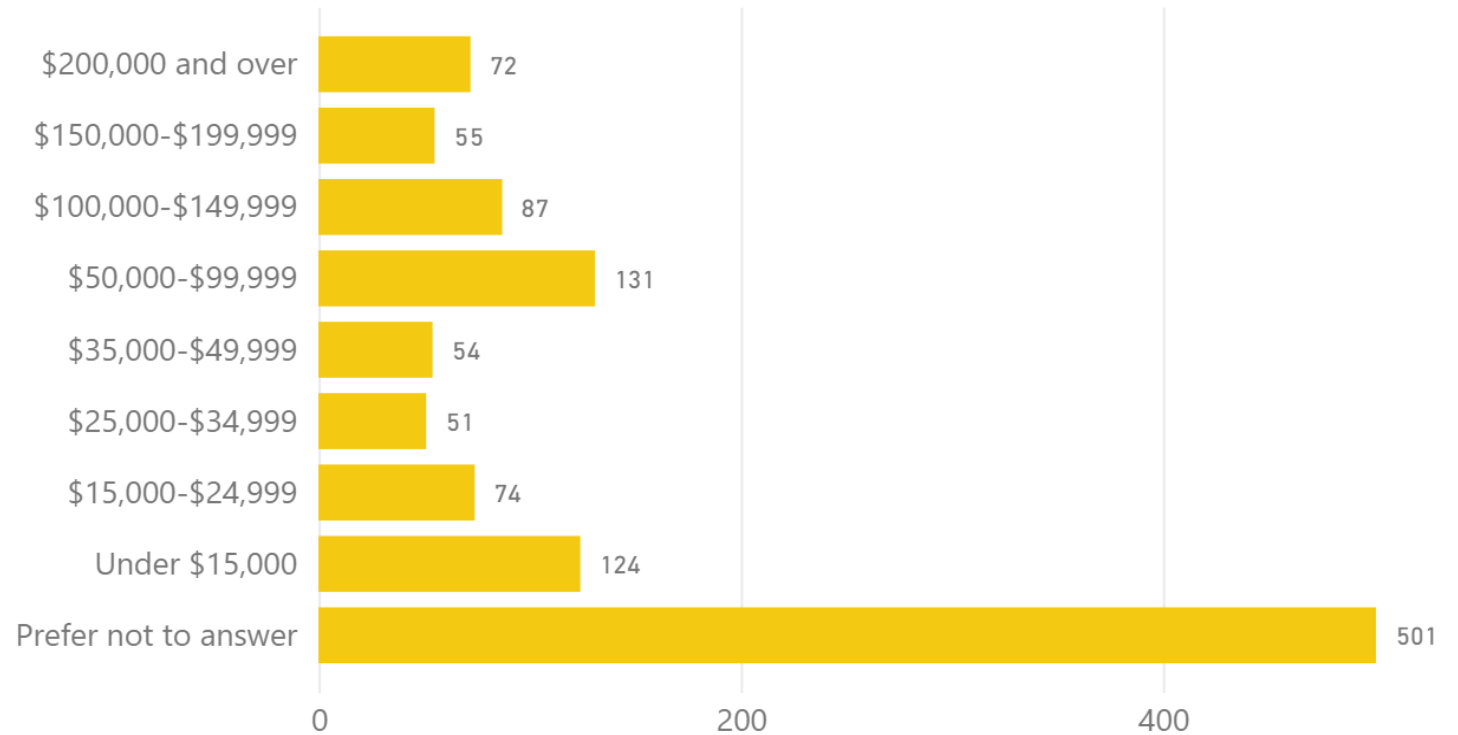
Prefer not to answer = 19%

Asian or Pacific Islander = 14%

Black = 8%



## Registrations by Household Income



Majority (44%) of registrants chose “prefer not to answer”.  
Of 648 responses, 38% under \$35K/yr. year and 47% under \$50K/yr.

# Phase 1 K-14 – Countywide Implementation

## Phase 1 Agreements

- 6 district agreements signed
- Finalizing additional 34 agreements

## Phase 1 Administration

- TAP Registration Portal functioning with very few errors
- TAP Card distribution plan in place

## Phase 1 Marketing

- Web pages updated to reflect testing
- Renaming effort / program materials ready for Oct. 1 launch pending Board approval





# Phase 2 Low-Income – Funding Plan

Phase 2 Funding Plan (\$ in millions)	Pilot Year 1	Pilot Year 2	Total
<b>Estimated Costs</b>			
<u>Metro</u>			
Estimated Fare Revenue Loss	\$ 22.6	\$ 147.4	\$ 170.0
Bond Defeasance	68.0	(12.0)	56.0
Administrative Costs for New Low Income Program	2.0	1.0	3.0
<i>Metro Subtotal</i>	<i>\$ 92.6</i>	<i>\$ 136.4</i>	<i>\$ 229.0</i>
<u>Countywide Municipal &amp; Local Operators</u>			
Estimated Fare Revenue Loss	\$ 24.0	\$ 48.0	\$ 72.0
Additional Costs	46.0	92.0	138.0
<i>Municipal &amp; Local Operators Subtotal</i>	<i>\$ 70.0</i>	<i>\$ 140.0</i>	<i>\$ 210.0</i>
<b>Total Estimated Costs</b>	<b>\$ 162.6</b>	<b>\$ 276.4</b>	<b>\$ 439.0</b>
<b>Funding Plan <sup>(1)</sup></b>			
<u>Secured</u>			
Redirect LIFE Program Revenues to FSI Phase 2 <sup>(2)</sup>	\$ 7.5	\$ 15.0	\$ 22.5
<u>Unsecured</u>			
General Revenues - Bond Defeasance <sup>(3)</sup>	68.0	-	68.0
Potential New Funding	87.1	261.4	348.5
<i>Total Funding Plan</i>	<i>\$ 162.6</i>	<i>\$ 276.4</i>	<i>\$ 439.0</i>

<sup>(1)</sup> Phase 2 implementation is contingent on securing \$416.5 million in new funding (\$439 million total estimated costs, less \$22.5 million for redirected LIFE Program revenues).

<sup>(2)</sup> Assumes countywide participation in FSI Phase 2, with total LIFE budget redirected to fund the pilot.

<sup>(3)</sup> Federal and state grants not eligible for bond defeasance. General revenues used for payment will impact revenues available for transit operations.

# Phase 2 – Administrative Strategy Status

Staff is exploring the strategies below to simplify the administrative process for low-income participants. Specific attention is being paid to ensure unhoused and undocumented communities are included:

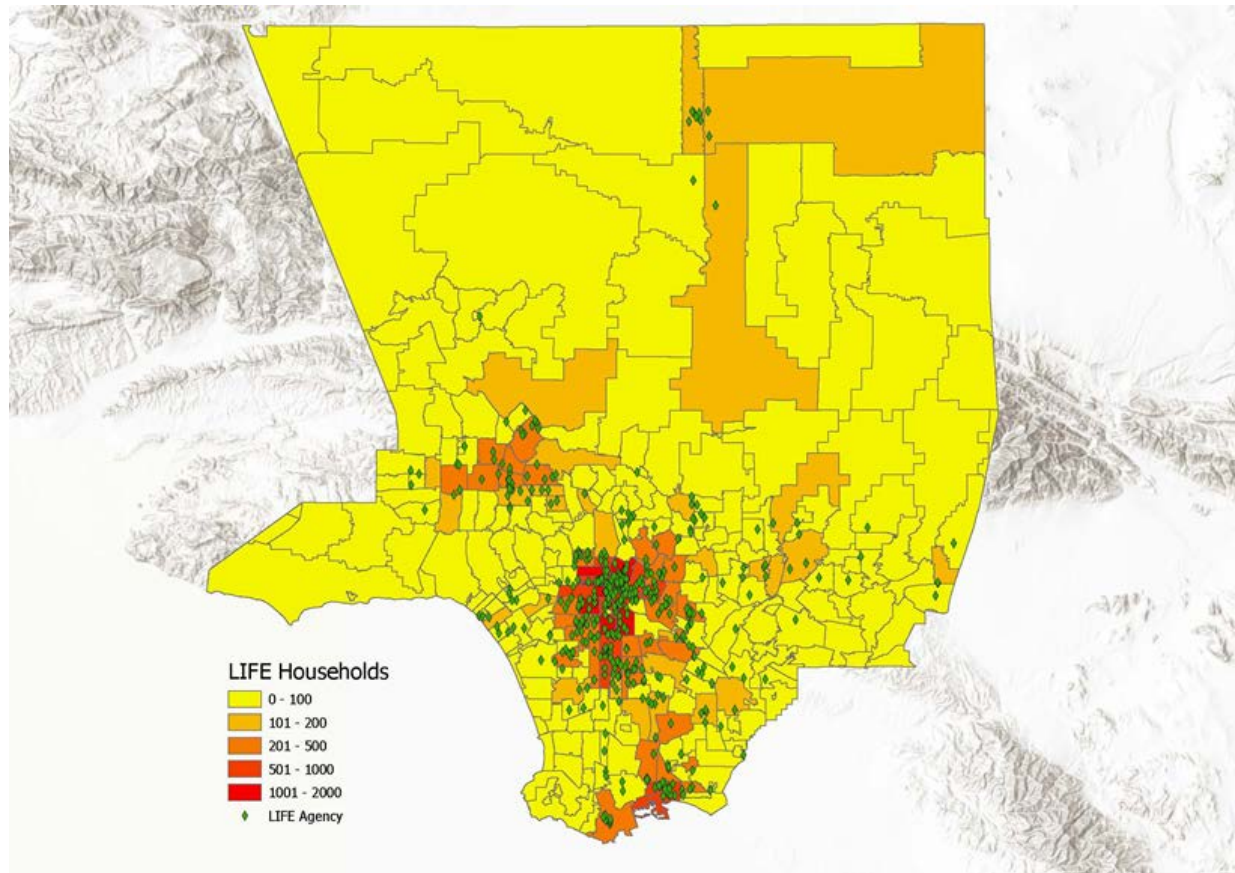
- Self-Attestation
- Cross Qualifying Participants with other Existing Low-Income Programs
- Fareless for Off-Peak Trips
- Qualifying EBT Customers for Reduced Fares on TAP System

# Phase 2 Funding – Next Steps

- Not enough capacity in the current Metro Transit Operations budget for Phase 2 launch of the pilot for low-income riders
- Future implementation is contingent on new sustainable federal, state, local, or other funding sources
- Seek new funding opportunities:
  - Federal Infrastructure Investment and Jobs Act
    - ✓ Reconciliation Legislation is pending action
    - ✓ Support for funding for future phases being communicated to Congress and Leadership
  - New Digital Advertising / Sponsorships
  - Other state/federal funding, grants, philanthropy
- Interim steps to benefit low-income riders include improvements to existing LIFE Program and Fare-Capping as a bridge to a low-income fareless pilot

# Low-Income Fare is Easy (LIFE)

## LIFE Participation and Agency Locations



- Heat map illustrates LIFE participation
- Green dots depict agency locations (>500 agencies)

***LIFE is a Regional Program***  
***Transit subsidies across 13 transit operators***  
***Administered through FAME & IILA***  
***network >500 social service agencies***

	Pre-COVID	Current
Total Metro Riders	300K	200K
70% Low-Income	210K	140K
Registered LIFE riders (Regional)	80K	92K
% of Metro LIFE Riders	35%	<b>60%</b>

### Riders not enrolled in LIFE

- Other riders already receive free or subsidized passes from their employer, school or city
- 34 cities offer free or subsidized passes to their residents
- Access riders are free on Metro

# LIFE Eligibility – Immediate Needs



Immediate Need

Homeless Shelters  
Domestic Violence Agencies  
Hospitals, Jails  
Senior Centers

FREE 4-Trips (as needed)

Taxi coupons (\$11)

Taxi vouchers (<\$100)

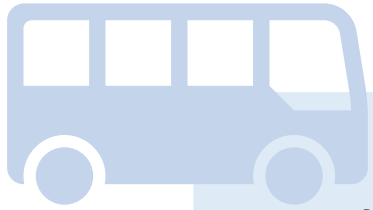
Benefits were developed based on agencies' feedback on how to best serve their clients:

- might not have any documentation to prove their identity and/or income
- not able to hold on to their TAP cards
- have a short term or immediate need and

**Agency case managers:**

- Completes attestation form for clients if missing documents
- determine eligibility and provide benefits based on the client's safety, health and frailty and travel needs
- Determine frequency of distribution and # of trips
- Metro's free transfer applies on these tickets

# LIFE Eligibility – Monthly



## Low-Income Transit Riders

Medical Service providers  
Low-Income Housing Agencies  
Educational Institutions  
Food Banks  
Faith-Based Organizations  
Senior Centers  
Other non-profits & Referral agencies

**FREE 20-Trips (Regional)**

**Discounted passes**

Recurring Transit Need



- Any valid government-issued picture ID
- Proof of Income (Medi-Cal, EBT, Social Security Award check stub, Free Lunch, Unemployment letter)
  - Any government issued card/letter proving any assistance is acceptable
  - EBT cards are used by government to provide cash aid and/or food subsidies to the eligible recipients
  - Every child residing in the county can enroll in school and receive Free lunch if low income
- Valid TAP card
- Mail, email or personally drop off their applications to the administrator or participating agency in their area

# LIFE Products

Product	Current Cost	Current LIFE PRICE	LIFE price during Metro promo
<b>Metro Products</b>			
<b>FREE</b> 20-Trips Regional (per mo)	\$35	<b>FREE</b>	<b>FREE</b>
Monthly	\$100	\$76	<b>\$26</b>
Weekly (4X per mo)	\$25	\$19	<b>\$6.50</b>
S/D Monthly	\$20	\$12	\$12
C/V Monthly (for non-participating FSI schools)	\$43	\$30	\$30
K-12 Monthly (for non-participating FSI schools)	\$24	\$14	\$14
<b>Transit Operators (LIFE discounts will apply on top of any operator promo)</b>			
LADOT/Pasadena	\$15-\$18	<b>FREE</b>	<b>FREE</b>
Santa Clarita/Torrance/Santa Monica/AVTA	\$34-\$50	\$10-\$26	\$10-\$26
Long Beach/Foothill	\$60-\$65	\$36-\$41	\$36-\$41

**Metro Promotional Pricing estimated at \$20-\$28 million for 6 months.**

# *Easier* Access & *Easier* Sign-Up

BEFORE		AFTER
<ul style="list-style-type: none"><li>FAME and IILA - social service network of &gt; 500 agencies throughout LA County (<i>CBOs, non-profits, homeless shelters, agencies serving homeless, undocumented, hospitals, and domestic violence agencies</i>)</li></ul>		<ul style="list-style-type: none"><li>Metro Customer Service Centers now accepting LIFE applications <i>Expanding our reach to over 300K riders annually they serve</i></li><li>Improving websites (TAP/Metro/Muni) for easier access to LIFE information and sign-up</li><li>More LIFE pre-scheduled sign-up events at major transit centers/stations</li><li>Expanded marketing campaigns</li><li>Emails to Reduced Fare Riders to promote enrollment</li></ul>
<ul style="list-style-type: none"><li>Email, mail and drop-off applications</li><li>Auto-renewal</li></ul>		<ul style="list-style-type: none"><li>Create NEW online application</li><li>Continue auto-renewal</li><li>Extend eligibility (1-yr to 2-yr)</li><li>Started effort on distribution of LIFE TAP cards through county agencies</li></ul>



# More Affordable

## BEFORE

- FREE 20-Trips (Regional)
- FREE 4-Trips (through case workers)
- Monthly pass \$76
- Discount not enough for low-income riders
- upfront cost for a monthly pass too high



## AFTER

- LIFE discounts apply to Metro 50% Promo
- Monthly pass \$26 (during Metro promo)
- FREE 20-Trips (Regional)

## (AFTER 6-month Metro Promo)

### SUSTAINABLE & AFFORDABLE OPTIONS FOR LOW-INCOME

- Consider changes to discount rates
- Explore modifications to Metro passes
- Utilize fare capping to address high upfront costs

# Helping Low-Income: Next Steps

## Return to Board on LIFE Improvements & Recommendations

### While we work towards phase 2 low-income pilot we will:

- Monitor impact of LIFE improvements
  - Accessibility, eligibility and affordability*
- Assess ridership during Metro promo period
  - Impacts of higher discounts*
- Assess options/opportunities for further sustainable LIFE program modifications
- Fare capping will mitigate upfront cost of passes
  - *Day Pass Testing starts in December 2021*
  - *Integration of fare capping into fare structure*
- Collaborate with Muni Operators on a NEW Regional Low-Income Fare Product
- Expand E-Pass Program for Low-Income Riders



# Low-Income Enhancements Timeline

## Low-Income Enhancements

**2021**

**New** distribution of LIFE info through social service networks

Continue auto-renewal

**AUGUST**

Extend eligibility (one year to two years)

**New** Metro Customer Centers accept applications

**New** info on TAP, Metro and muni websites

**SEPTEMBER**

**New** notifications on TAP website promoting registration

**New** promotional emails to TAP Reduced Fare riders

**New** expanded E-Pass program to additional lower-wage industries

# Low-Income Enhancements Timeline

## Low-Income Enhancements

**2021**

Work with County Social Services to Supply LIFE flyers to low-income patrons

Launch LIFE online application

Work with County Social Services to Supply LIFE TAP cards to low-income patrons

**OCTOBER**

**NOVEMBER**

Expanded marketing campaigns

Sign-up incentives and info at major transit centers

# Increase in Low-Income Riders

## Existing Low-Income Participants = 152,629

- LIFE Participants = 92,000
- Low-Income K-12 = 44,160
- Low-Income Community College = 13,469
- Low-Income SEP/E-Pass= 3,000

## Eligible Low-income Students in FSI Phase 1

- Low-Income K-12 = 915,176\*
- Low-Income Community College = 299,589\*

## New LIFE Participants After Enhancements

- New LIFE Participants = 118,000\*\*

<b>Existing low-income participants</b>	<b>152,629</b>
<b>Low-income FSI Phase 1</b>	<b>+1,214,765</b>
<b>LIFE expansion</b>	<b>+118,000</b>
<b>Total eligible low-Income</b>	<b>= 1,485,394</b>

- \*If all eligible students participate
- \*\*If all eligible riders participate

## Low-income Participants



# Public Education Campaign: Back On Track: Get Ready to TAP

## Goals

- Raise broad awareness with Metro riders about systemwide changes beginning January 10, 2022, including:
  - Fare collections resume
  - Discontinue rear-door boarding (note: all-door boarding continues to be available on Line 720, 754, Orange and Silver Lines)
  - More frequency and convenience with NextGen implementation - Systemwide service hours restored
  - Improved fare options- discounted passes and LIFE program discounts
- Drive traffic to [metro.net/fares](https://metro.net/fares) for information on all available discounted fare programs, including the six-month half-off passes promotion
- Highlight financial relief initiatives to Metro pass buyers
- Expand LIFE pass program participants with enhanced program discounts

# Public Education Campaign: Back On Track: Get Ready to TAP

## Customer-Facing Messages

We're getting back on track. Get ready to TAP

- Fare collection returns on Metro buses starting January 10, 2022.
- A return to pre-pandemic operating hours offers extended service on bus lines across the system.
- Find out about discounts on fare and passes at [metro.net/fares](https://metro.net/fares).
- Save on Metro passes. Buy monthly, weekly and day passes at huge savings.
- LIFE: We are making it even easier to apply and receive deep discounts on your Metro rides.

# Next Steps

- Staff will formally launch Phase 1 of FSI and continue outreach and planning with school districts, community colleges, and regional and local transit operators
- As a bridge to phase 2 low-income, staff will continue to expand LIFE program participants by partnering with County social service agencies to distribute program information and TAP cards
- Staff will continue advocacy efforts to secure funding for the Phase 2 financial plan, while finalizing administrative strategies for ease of implementation of the Phase 2 pilot
- Staff will report back on a quarterly basis on the status of Phase 1 and 2
- Metro will resume fare collection on January 10, 2022 with 90-days notice and a robust public education campaign



Fareless System Initiative