

Metro's Fareless System Initiative (FSI)

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April 2023

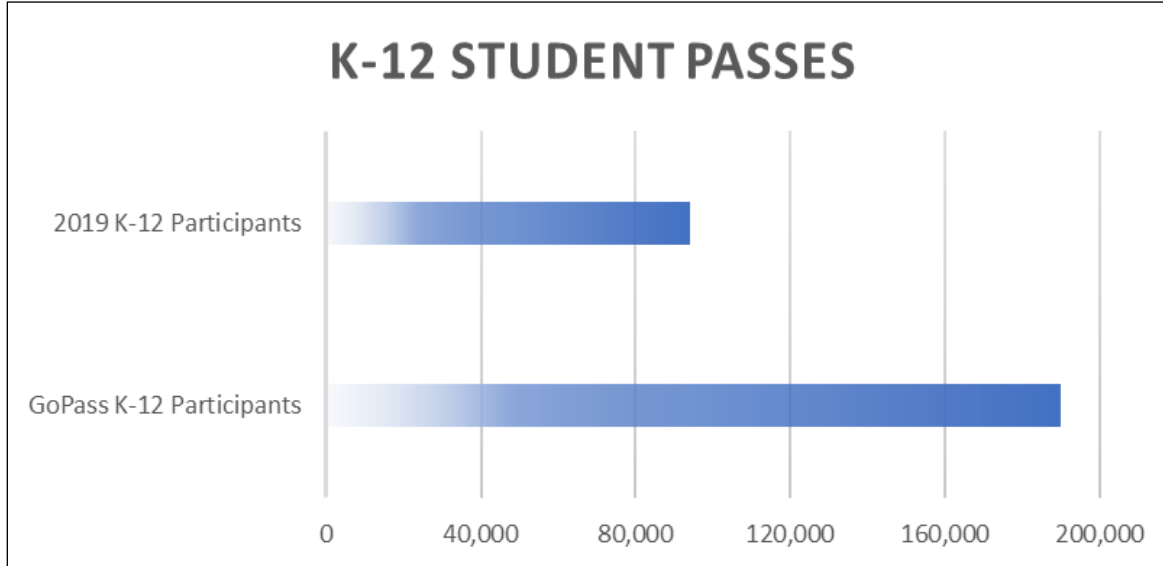


FSI – Background

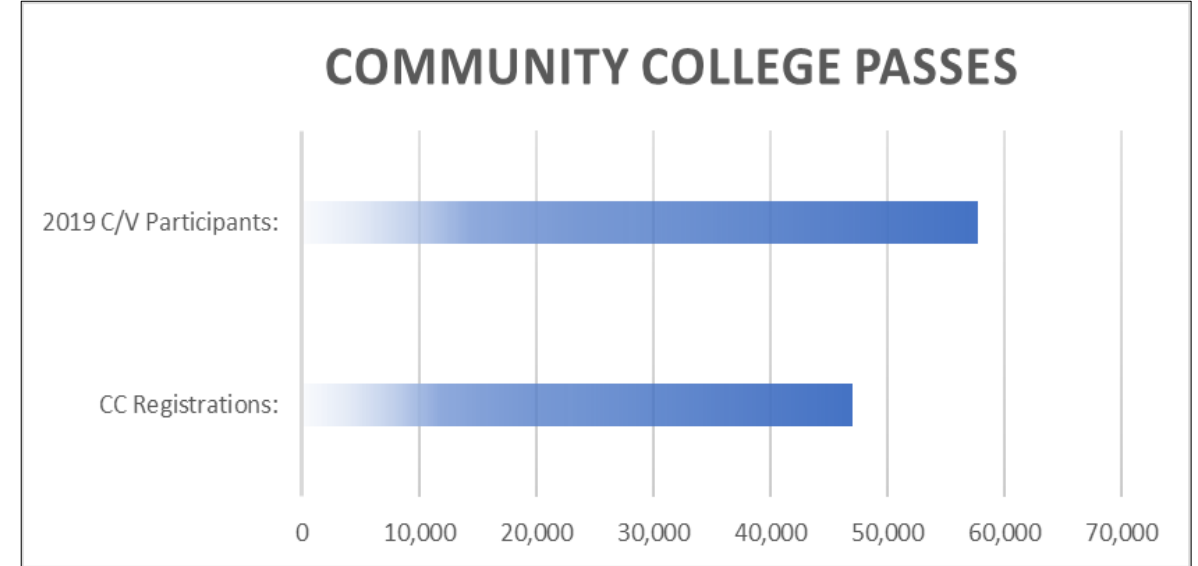
- In August 2020, Metro initiated the Fareless System Initiative (FSI) Task Force to study free fare service as a recovery strategy for the COVID-19 pandemic.
- In September 2021, the Board approved a phased approach to FSI implementation — Phase 1 fareless for K-14 students and Phase 2 fareless for low-income residents, once additional funding has been identified.
- The original two-year GoPass Pilot Program for K-14 students was approved through June 30, 2023.
- This report provides a recommendation to continue the GoPass pilot program for another fiscal year (FY24) as staff continues to identify and pursue funding for FSI.



GoPass Participation



As of 4/7/2023, K-12 GoPass participants are 202% above all 2019 K-12 cardholders
190,069 in FY23 vs. 93,956 in FY19



As of 4/7/2023, Community College participants are 81% of 2019 cardholders
46,998 in FY23 vs. 57,721 in FY19

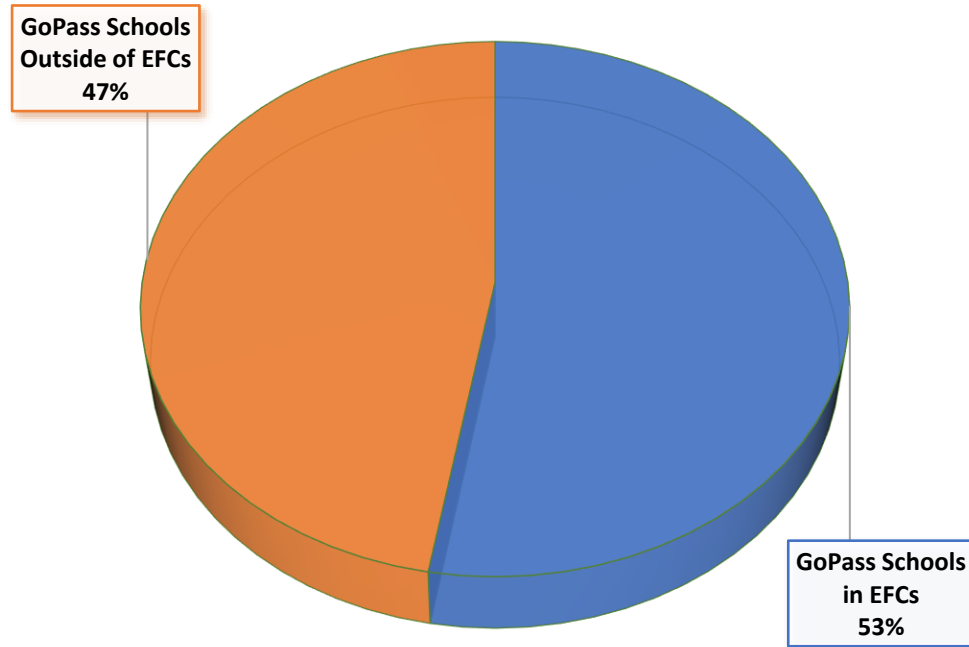
GoPass Participation (as of 4/7/2023)

	Year 1	Year 2 New*	Total	Increase
Participating Districts	56	45	101	80%
Community Colleges	14	2	16	14%
GoPass Schools	1162	253	1415	22%
Average Boardings per Card	58	103	81	40%
Students in GoPass Schools*	1,000,000	300,000	1,300,000	30%
TAP Cards Distributed*	920,000	280,000	1,200,000	30%
Percent of Cards Distributed	92%	93%	92%	
Boardings	5,440,000	11,180,000	16,620,000	206%
*Schools, students, TAP Cards that were added in Year 2. Continuing participants used existing cards.				

GoPass program has recovered 63% of the pre-covid student boardings (11.18M of 17.8M) and is estimated to reach 14M (79%) boardings by end of FY23.

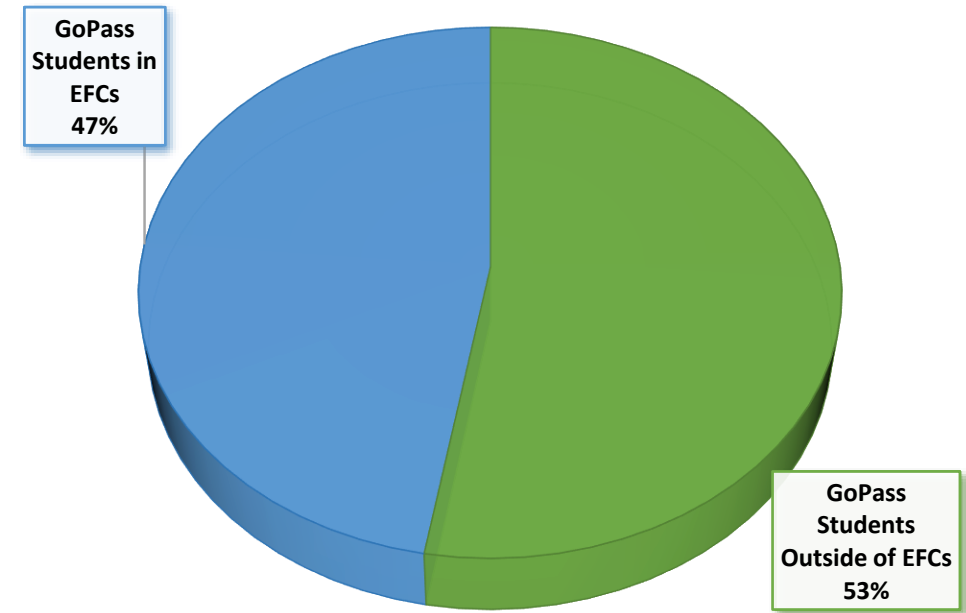
GoPass in Equity Focus Communities

723 of the 951 (76%) schools in EFCs have registered GoPass participants.



As of 3/2/2023

53% GoPass Schools in EFCs (723)
47% GoPass Schools Not in EFCs (1371)



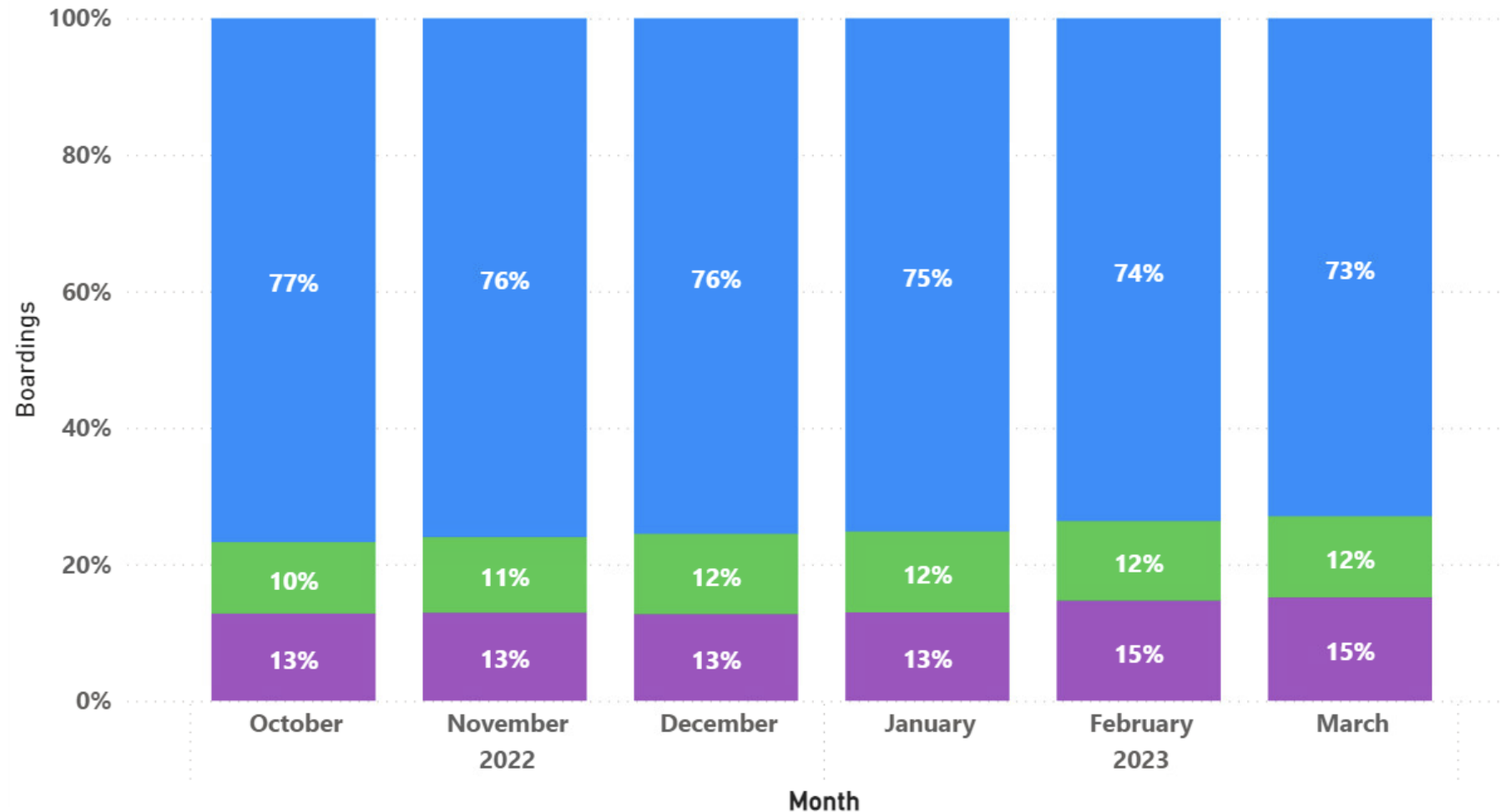
As of 3/2/2023

47% GoPass Students in EFCs (105,510)
53% GoPass Students Not in EFCs (120,112)

TAP Boardings for GoPass/LIFE on Metro

Boardings by Year, Month and Fare Product Type

Fare Product Type ● FSI Transaction ● LIFE Transaction ● Other



February 2023

FSI/LIFE: 2,027,918 (27%)

Up from 18% in Feb 22

TAP (Other): 5,678,450

March 2023

FSI/LIFE: 2,422,815 (27%)

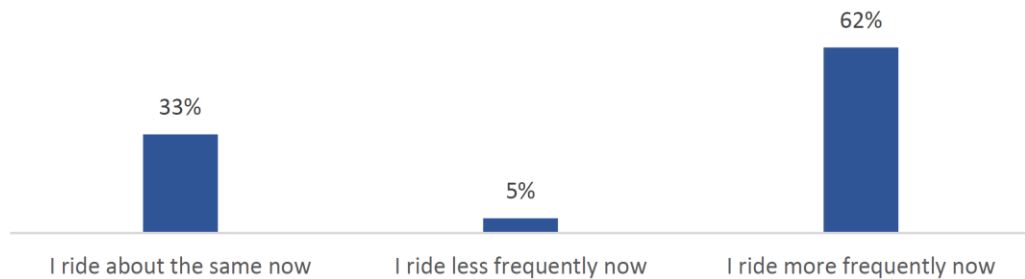
TAP (Other): 6,540,490

Up from 20% in Mar 22

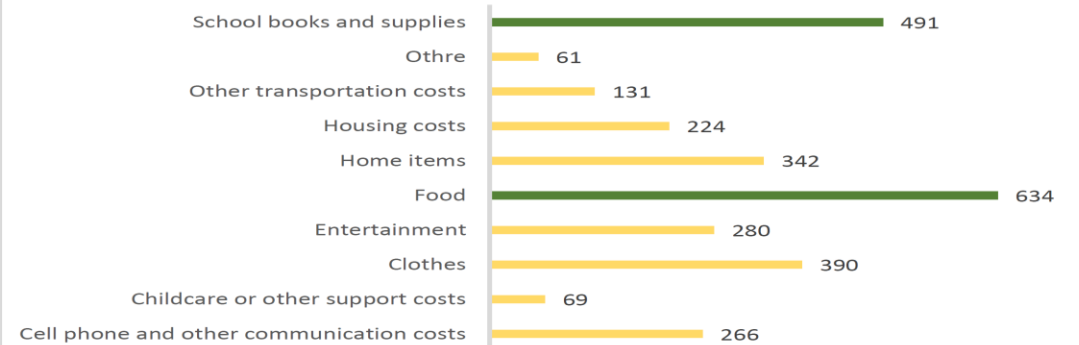
Boardings only include
TAP (not cash)

GoPass Survey

HAS THE NUMBER OF TIMES YOU RIDE CHANGED SINCE YOU ENROLLED IN THE GOPASS PROGRAM?



WHERE DO YOU SPEND THE MONEY YOU SAVED? **PLEASE SELECT ALL THAT APPLY**



GoPass Student Feedback

- “It's the reason why I attend college!”
- “The free transportation fares impacted my life as I'm able to go to school every day without worrying about spending money each time I take the bus, which helps with the hardships of my financial situation I'm currently living.”
- “Without free transportation fares, I literally would not be able to afford lunch. (i.e. Bread, cheese, lettuce, and meat that can last me a week) Free transportation fares have literally changed my life in more ways than one.”



GoPass Costs

- Projected cost for Metro for year 3 is \$19.7 million without school participation. The cost for other participating transit agencies is \$3.3 million.
- AB 181 New Home-to-School (HTS) Transportation Reimbursement for school districts
 - Provides public school districts and county offices of education (COEs) with reimbursement of up to 60% of their transportation program costs
- Staff will negotiate increasing the current per-student district cost sharing to **\$7**
 - After the 60% reimbursement, the net cost to public school districts would be \$2.80 per student.
 - This could provide an additional \$3.4 m in new funding for the program while not increasing the net cost to public school districts that are currently paying \$3.
 - No increase to the cost for community colleges or adult/vocational schools will take place.
- Total projected Cost for year 3 **\$16.7 million** with an increase to the per student cost district cost sharing to **\$7**

RESULTS				
	Actual Year 1	Estimated Year 2	Projected Year 3	
School Districts Enrollment				
K-12	636,714	736,597	854,453	
Community College	152,455	252,887	252,887	
Adult/Vocational	-	52,798	52,900	
Total GoPass Enrollment	789,169	1,042,282	1,160,240	
GoPass Boardings				
Metro (84%)	4,516,731	11,780,815	21,076,949	
Other Transit Agencies (16%)	837,372	2,243,965	4,014,657	
Total GoPass Boardings	5,354,103	14,024,780	25,091,606	

Revenues: GoPass Cost-Sharing Agreements				
Amounts Collected From				
K-12	\$3	\$ 1,910,142	\$ 2,209,791	\$ 2,563,358
Community College	\$7	687,815	598,668	598,668
Adult/Vocational	\$7	-	369,586	370,300
Total Collected from School Districts	\$	2,597,957	\$ 3,178,045	\$ 3,532,326
TAP Cards		\$ (1,447,090)	\$ (605,218)	\$ (600,000)
Revenues to be shared	\$	1,150,867	\$ 2,572,827	\$ 2,932,326

GoPass Program Costs				
Metro Administrative Costs				
Technical Support, Administrative Support, Outreach				
Metro Administrative Costs	\$	4,330,616	\$ 3,888,735	\$ 3,888,735
Fare Revenue Loss	\$	3,387,548	\$ 8,835,611	\$ 15,807,712
Metro Costs	\$	7,718,164	\$ 12,724,346	\$ 19,696,447
Cost Sharing Agreements		(696,710)	(1,620,881)	(1,847,365)
Metro GoPass Costs	\$	7,021,454	\$ 11,103,465	\$ 17,849,082
Other Transit Agencies				
Total Administrative Costs	\$	281,010	\$ 266,590	\$ 297,529
Fare Revenue Loss	\$	925,223	\$ 1,682,974	\$ 3,010,993
Other Transit Agencies Cost	\$	1,206,233	\$ 1,949,564	\$ 3,308,522
Cost Sharing Agreements		(414,619)	(951,946)	(1,084,960)
Other Transit Agencies GoPass Costs	\$	791,614	\$ 997,618	\$ 2,223,561
TOTAL GoPass Costs	\$	7,813,068	\$ 12,101,083	\$ 20,072,643
Potential new funding (increasing K-12 School District rate to \$7) for Year 3				\$ (3,417,810)
Cost of Year 3 pilot w/increased fee				\$ 16,654,833

FSI Funding Advocacy Plan



FSI – State Funding

State Funds: 16 programs evaluated. Two state programs with “High” alignment were identified, namely the Air Resource Board’s Sustainable Transportation Equity Project (STEP) and Caltrans’ Low Carbon Transit Operations Program (LCTOP)*. Categories used to support the state ranking alignment were transportation, education, growth, climate, resource, and workforce.

Challenges

- Majority of State programs are for competitive grants, with several oversubscribed in recent fiscal years
- Reduction of greenhouse gas emissions is a top priority for capital investments compared to fareless initiatives
- AB 1919 – Student Transportation Bill, Vetoed (Not funded)
- AB 610 – Currently in budget/legislative process

Opportunities

- Share the FSI vision of success with stakeholders and highlight two years of GoPass and LIFE actual data as proof that fareless programs will create a significant community and transit impact.
- Use media and communications channels to keep stakeholders informed with data. One of the challenges to obtaining multiple years of funding for fareless initiatives is the lack of data to support political decisions.
- FSI can change this scenario by providing updated data for Los Angeles, the second largest transit market in the country.
- Build political support for future fareless legislation and policy development.
- AB 181 – Home to School Transportation reimbursement up to 60%

FSI – Federal Funding

Federal Funds: 69 specific programs were evaluated, including 56 from IIJA, 7 from USDOT, and six from HUD. Three federal programs with “High” alignment were identified, all through the Infrastructure Investment & Jobs Act. The Plan identified the Department of Transportation RAISE Grant Program, the FTA’s Enhanced Mobility of Seniors & Individuals w/ Disabilities, and the FTA Research Development, Demonstration, and Deployment Projects grant opportunities.

- \$1 million grant through the Congressional Directed Funding (Feinstein) to help expand the GoPass at all community colleges in LA County (~143,000 students)
- Community Funding Project requests with members of the Los Angeles County Congressional Delegation (including our U.S Senators) to support Metro’s Go Pass Program
- **Federal Funding Challenges**
 - Federal programs do not directly list fare assistance as an eligible use of funds
 - Regulations are not clear around the use of funds for fare revenue replacement
 - Most Federal programs require cost sharing of 20% to 50% with awarded agencies
- **Federal Funding Opportunities**
 - Federal program awards are generally higher in value
 - An award for FSI could create a use case for federal support for funding fareless transit
 - Metro could have the opportunity to help shape legislation for fareless programs at the federal level leveraging data from GoPass

Other Funding Opportunities

- **NGO/Philanthropy and Private Sector Funds:** 46 organizations were evaluated as potential supporters of FSI Phase 2. 15 potential supporters with “High” alignment with the goals of a fareless program for low-income riders,
- **Alternative Revenue Options:** In addition to government funding sources, the FSI Phase 2 Funding Plan identified potentially innovative options to generate revenue from local, nongovernmental, and private sector partners that align with the objectives, benefits, and outcomes for low-income riders envisioned through FSI Phase 2. Upon initial review, Metro staff believe that the following concepts are worthy of further investigation:
 - **Employer Certification Program** - Develop a "Transit Friendly Employer" program that requires a % of fare purchases to be donated to FSI
 - **Congestion Pricing** - Allocating or competing for a portion of the revenue generated from congestion pricing on toll lanes
 - **Cost Sharing with Health Insurance Companies** - Insurance will cover the cost of trips to/from health care appointments
 - **Toll Round-Up** - Institute a toll “round up” feature to allow Express Lane drivers to round up their tolls

Next Steps

- Continue GoPass Program (FSI Phase1) through FY24.
- Continue to identify funding opportunities to expand FSI to Phase 2 for low-income riders.



Fareless System Initiative