



Board Report

File #: 2019-0879, **File Type:** Program

Agenda Number: 43.

**EXECUTIVE MANAGEMENT COMMITTEE
JANUARY 16, 2020**

SUBJECT: ESTABLISH K-12 U-PASS PRICING AND CONTINUE REGIONAL U-PASS PROGRAM

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

APPROVE

1. The establishment of a K-12 pricing structure for the Universal Student Pass (U-Pass) Program for homeless student services programs at \$0.75 per boarding to match the college program, capped at \$24 per month for Metro boardings to match the existing K-12 Reduced Fare monthly pass.
2. The continuation of the Regional U-Pass Program for College/Vocational schools at the existing rate, which is each agency's college fare rate, up to \$0.75 per Boarding, capped at \$43 per month to match the College/Vocational Reduced Fare monthly pass.
3. The establishment of a Regional K-12 pricing structure for homeless student services programs, which is each agency's K-12 fare up to \$0.75 per boarding, capped at the highest monthly K-12 fare rate of all agencies used by the institution's students or \$40 per month, which is the highest monthly K-12 fare in the region, if no K-12 monthly fare exists at those agencies

ISSUE

As part of an ongoing effort to pursue strategies to increase student transit ridership, motion 49.1 requested an assessment of the feasibility of piloting a Universal Community College Student Transit Pass Program (See Attachment A).

The U-Pass Pilot Program ran for two years from Fall 2016 through Summer 2018 and U-Pass became a permanent program effective Fall 2018.

DISCUSSION

Since the launch of the U-Pass program, Metro has increased its partnerships from four schools to 21 schools (425%) and has increased participants 72% from 7,402 riders to 12,752 riders.

The U-Pass program was originally designed to partner with community colleges, universities and trade schools to utilize technology and improve accessibility to reduced fares to increase student ridership, while keeping costs low for students. Students of participating schools can purchase semester passes online or on campus. They receive a sticker with an embedded TAP chip, which turns their student ID into a TAP card that can be renewed each semester. Schools partner with Metro in co-branded marketing efforts and collect payments from students to fund the program. At the end of the semester, the schools are only billed for actual rides taken by students at the reduced rate of up to \$0.75 per boarding and the maximum charge is capped at the equivalent of \$43 per student per month (\$10.03 per week) to match the existing College/Vocational Reduced Fare.

Staff has created boilerplate Memoranda of Understanding (MOUs) approved by County Counsel and standard administrative procedures to make the U-Pass Program easy to implement, while also placing a high value on allowing schools to administer the program in the way that works best on their individual campuses.

As of Fall 2019, Metro launched the first K-12 Pilot Program at Manual Arts High School (MAHS). Through a grant from the 11th Hour Schmidt Family Foundation administered by Move LA and LA Promise Fund, passes were purchased for the Junior class at MAHS for the entire academic year (40 weeks) at a cost equivalent to the K-12 monthly reduced fare rate of \$24 per month or \$5.60 per week. Participation in the K-12 Pilot Program requires completion of Metro's K-12 application, which includes parental permission.

Los Angeles Unified School District (LAUSD) and Pasadena Unified School District (PUSD) have both contacted Metro to get permission to use the U-Pass program format to purchase passes for their homeless student populations as required under the McKinney-Vento Homeless Assistance Act. LAUSD has an estimated 18,000 homeless students and PUSD has an estimated 850 homeless students that receive free services from the district. As a result of tokens being phased out in November 2019, providing this assistance has become more challenging for schools and districts. Because this student population is more fluid and transit pass usage is likely to be less consistent, the U-Pass format of the school or district paying a per boarding cost capped at the equivalent of the monthly pass cost would work better than purchasing monthly passes for all participants.

Staff is recommending implementing the U-Pass option for homeless student services programs at K-12 schools by doing the following:

1. Invoice K-12 schools the at the same per boarding rate as the colleges, which is the agency's student rate up to \$0.75 per boarding (per the chart below, there are four agencies that have a K-12 fare lower than \$0.75, and the remaining U-Pass agencies and Metro would be invoiced at \$0.75 per boarding); and
2. Cap the average monthly cost at the board-approved K-12 monthly reduced fare rate,

which is currently \$24 per month or \$5.60 per week. If the Board changes the K-12 monthly fare rate in the future, the K-12 U-Pass monthly cap would also change accordingly.

Other Transit Agencies' K-12 Per Boarding Fare	
Culver CityBus	\$0.50 per boarding
GTrans	\$0.70 per boarding
Montebello Bus	\$0.75 per boarding
Pasadena Transit	\$0.50 per boarding
Torrance Transit:	\$0.50 per boarding

The pricing structure above does not represent a change in either the U-Pass per boarding rate or the K-12 monthly fare rate. Currently, the \$24 K-12 monthly fare rate only covers boardings on Metro and the U-Passes are valid on Metro and ten additional transit agencies. Therefore, if the K-12 U-Passes are used on regional transit agencies, and the cost to cover the Metro boardings and reimburse boardings on other agencies exceeds the \$24 monthly cap, then staff is recommending that the additional charges be handled as outlined in the following section.

Regional U-Pass

Metro currently has signed reimbursement agreements with ten additional transit agencies, where the agency adds U-Pass products to their fareboxes and Metro reimburses the agency for the fare for all U-Pass boardings at the end of each semester at the U-Pass rate or their current college rate, whichever is lower. These agencies are: Big Blue Bus, Culver CityBus, Glendale Beeline, GTrans, LADOT DASH, Long Beach Transit, Norwalk Transit, Montebello Bus, Pasadena Transit and Torrance Transit. Additional transit agencies have also expressed interest in joining the U-Pass Program. These boardings are included at no additional charge under the college U-Pass, and thus far the cost to reimburse other transit agencies has not exceeded the revenue collected for those boardings. Staff will continue to work with regional transit agencies and Metro's Office of Management and Budget (OMB) to determine if future pricing adjustments need to be made to the college Regional U-Pass based on the cost of reimbursing the other agencies and will seek Board approval if fare adjustments are required. Under this recommendation, K-12 Boardings would be reimbursed at the agency's K-12 per boarding fare up to \$0.75.

However, due to the lower monthly fare cap for K-12 boardings, the lower revenue generated by the K-12 U-Pass may not be enough to reimburse the other transit agencies at their full rate without charging additional costs to the participating schools or districts. Staff is proposing that the cost for Metro boardings be capped at the equivalent of the Metro K-12 monthly reduced fare rate, which is \$24 per month or \$5.60 per week. If the cost to reimburse additional transit agencies exceeds \$24 per month, staff is proposing that the institution be invoiced for the overage, with the total average cost capped at the monthly K-12 rate of the agencies used during the semester pass period, if one exists. For instance, if a school's students used only Metro and Torrance Transit, the cost would be

capped at the monthly equivalent of \$30 per month (\$7 per week) per student (see agencies' established K-12 monthly rates below). If a K-12 monthly rate has not been established by the agency or if the boardings were used on multiple agencies, staff is recommending the total cost be capped at an average of \$40 per month (\$9.33 per week) per student, which is the highest monthly K-12 fare in the region (see chart below). As of Spring 2019, 91% of all Regional U-Pass boardings were used on Metro services, and the total amount reimbursed to other agencies was only \$101,947.10 of over \$1.2 million collected in U-Pass Fare Revenue.

Other Transit Agencies' Monthly K-12 Reduced Fare	
Big Blue Bus	\$30 Youth 30-Day Pass
Foothill Transit	\$36 31-Day Pass
Glendale Beeline	\$22 31-Day Pass
Long Beach Transit	\$40 Monthly Student Pass
Montebello Bus	\$30 Monthly Student Pass
Torrance Transit	\$30 Monthly Student Pass

DETERMINATION OF SAFETY IMPACT

This program does not affect the incidence of injuries or healthful conditions for patrons or employees. Therefore, approval of this request will have no impact on safety.

FINANCIAL IMPACT

In FY '19, the U-Pass Program generated \$2.7 million in total revenue and paid \$112,595 in reimbursements to other agencies.

Impact to Budget

The funding source for the MCS programs is Enterprise Fund operating revenues including sales tax and fares. The source of funds for this action, operating revenues, is eligible to fund bus and rail operating and capital expenditures.

The continued expansion and support of the U-Pass program may warrant an evaluation of the staffing for future years as part of the budget process.

ALTERNATIVES CONSIDERED

1. Metro will continue to offer the regular monthly College/Vocational and K-12 Reduced Fare Passes for students and schools not participating in the U-Pass pilot program.

NEXT STEPS

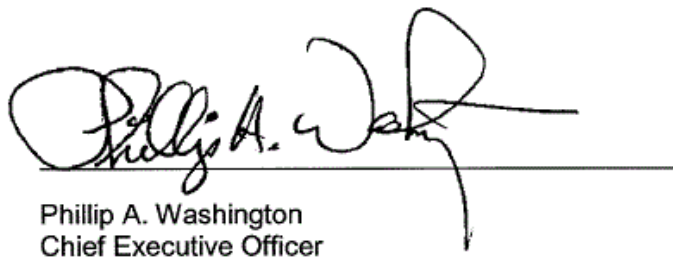
1. Establish long-term contracts with new K-12 U-Pass schools to support homeless student services programs.
2. Continue to grow ridership at all partner schools by 10% each year.
3. Continue to seek additional funding to further reduce the cost of the program to schools and will work with schools to identify other sources of funding such as grants, parking fees and/or fines, student association fees, and/or activity fees and/or referendums and as a means of subsidizing the program.
4. Continue to partner with schools to address transit service and service alignment issues.

ATTACHMENTS

Attachment A - File #:2016-0333, Board Report on Approve Adoption of Universal College Student Transit Pass (U-Pass) Pilot in response to Motion 49.1

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