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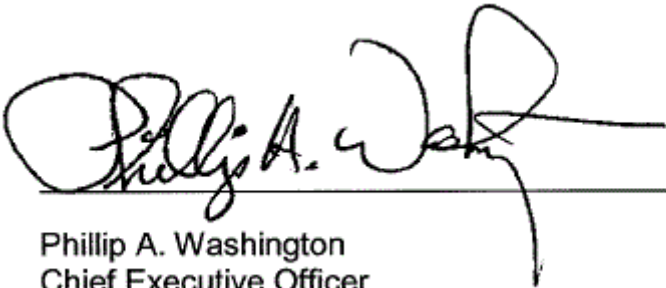
**EXECUTIVE MANAGEMENT COMMITTEE  
FEBRUARY 18, 2021**

**SUBJECT: FARELESS SYSTEM INITIATIVE UPDATE**

**ACTION: ORAL REPORT**

**RECOMMENDATION**

RECEIVE Oral report on Fareless System Initiative.



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Phillip A. Washington  
Chief Executive Officer

# Executive Management Committee

February 18, 2021



# Fareless System Initiative (FSI)

Task Force set up in September: 19 Metro staff members from throughout the agency

Research and analysis of all issues associated with implementing fareless

- Operational needs
- Ridership impacts
- Equity considerations
- Safety and security considerations
- Costs to implement and ways to pay for fareless
- Relation to other transit operators in Los Angeles County

# Why is Metro Considering a Fareless System?

- Equity benefit for many riders— 70% of all riders have annual incomes under \$35,000
- Fareless would save riders up to \$1,200 each annually; savings can be spent within local economies
- Incentive to return to transit in safe post-pandemic period
- Supports state's GHG reduction goals
- Creative national leadership for innovation and equity

# Fareless Options Metro is Considering

Many different concepts are being examined

- Scenario 1 – Low-Income & K-12 Students (leading concept)
- Scenario 2 - Fully Fareless Pilot
- Scenario 3 - Peak/Off-Peak
- Scenario 4 - Bus Only
- Scenario 5 - Rail Only
- Scenario 6 - Geographic

# Leading Concept: for Full Public Consideration and Comment

## Phased Pilot Introduction: Low-Income & K-12 Students

Jan 1, 2022	August 1, 2022	June 30, 2023	July 1, 2023 forward
<ul style="list-style-type: none"><li data-bbox="137 615 670 772">• Fareless for Low-income Riders (70% of Metro riders)</li><li data-bbox="198 839 670 1110">• <i>Launch of pilot contingent on Vaccinations/acceptable level of COVID-19 containment</i></li></ul>	Fareless for students	Completion of pilot	Continuation and possible expansion subject to securing financing

# Pilot Details

- Pilot will cover Metro bus and rail services
- Municipal Operators, Access Services, Metrolink would not participate in pilot phases
- Metro Bikeshare and Metro Micro not included in pilot
- TAP remains functioning throughout pilot (for Metro and Municipal Operators)

# Fareless Pilot – Ridership & Operations

## Pilot Boardings Projections

- 2019 boarding: 1.2 million boardings
- Current (COVID) boardings is 500k+
- Pilot current boarding estimates:
  - 740K+ (remainder of FY22), with increases throughout FY23
- Projected Increase in Daily Boarding: 138-141K
- Projected Increase in Annual Boarding: 76-77m

## Operational and Security Readiness

- Additional fleet vehicles not required for pilot
- Additional Bus and Rail Operators are needed
- Evaluating Security Readiness



# Pilot Costs for Leading Concept

(\$ millions)		
	FY2022 (6 months)	FY2023 (12 months)
Fare revenue loss	\$13.6 - \$16.3	\$134.4
Increased Transit Service	\$16.5 - \$24	\$72-96m
Increased Security	\$2.6	\$5.2
Marketing/Design/Admin	\$.6	\$-
Bond Defeasement	\$ 80	\$ -
Bond Defeasance Savings	\$-12	\$-12
<b>Total</b>	<b>\$101 - \$112m</b>	<b>\$199-223m</b>

Total costs =  
(added service +  
admin + fare revenue  
not collected)

Preliminary 18-month  
pilot costs:  
\$301-\$335m

Assumes 50%-60% utilization in FY22, 75% utilization in FY23

# Funding to Cover Costs of Initiative

Examining all possible sources of Federal, State, and Local funding

- Different funding sources have different eligibility requirements
- Examples of potential sources

Federal	State	New/Proposed
CMAQ (annually apportioned) <i>availability being reviewed</i>	The Transit and Intercity Rail Capital Program (TIRCP)	Freedom to Move demonstration grants (new bill pending in Congress)
FTA Innovation Grants	Low Carbon Transit Operations Program (LCTOP) <i>availability being reviewed</i>	

- From all of the existing and possible new funding sources, and Board funding discretion, reasonable to project funding for 18-month pilot

# Fare Capping

September 2020: Directors Butts and Barger put forth [Motion 31](#)

- Directed development of budget & timeline for fare capping options
- To be presented in same Board cycle as FSI

Fare capping can work with FSI by offering a benefit to riders who do not participate in the FSI pilot

# Next Steps

- Engagement with regional service providers:
  - Municipal Operators, Access Services, and Metrolink
- Communications and Outreach:
  - Virtual updates/briefings to be scheduled
  - Digital, social media, and print
- FSI Board Update (March and April 2021)
- Fare Capping Board Report (March 2021)
- Board Recommendation and Title VI Approval (May 2021)

# Executive Management Committee

February 18, 2021



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- Projected Increase in Total Pilot Boardings:
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Increased Security	\$2.6	\$5.2
Marketing/Design/Admin	\$1.6	\$2.0
Bond Defeasement	\$ 80	\$ -
Bond Defeasance Savings	\$-12	\$-12
<b>Total</b>	<b>\$102-\$113m</b>	<b>\$201-225m</b>

Total costs =  
(added service +  
admin + fare revenue  
not collected)

Preliminary 18-month  
pilot costs:  
\$304-\$338m

Assumes 50%-60% utilization in FY22, 75% utilization in FY23

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