



Board Report

File #: 2021-0574, File Type: Program

Agenda Number: 35.

REVISION #2
EXECUTIVE MANAGEMENT COMMITTEE
SEPTEMBER 16, 2021

SUBJECT: FARELESS SYSTEM INITIATIVE (FSI)

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. RECEIVING AND FILING the FSI funding plan for Phase 1 (K-14) and Phase 2 (low-income riders) pilots (Attachment A) and status report;
- B. APPROVING implementation of Phase 1 (K-14); and
- C. APPROVING Low Income Fare is Easy (LIFE) improvements (Attachment G).

ISSUE

On May 27, 2021, the Board passed Motion 45 (Garcetti, Mitchell, Krekorian, Hahn, Bonin, and Solis) on implementation strategies for the Fareless Systems Initiative (FSI). The motion directed the Chief Executive Officer to implement the Fareless System Initiative, subject to a final funding plan and while pursuing cost-sharing agreements, and report to the Board monthly on the development, launch, and performance of FSI. This report requests Board approval of the funding plan for FSI Phase 1 (K-14) and Phase 2 (low-income riders), as well as provides an update on the administrative coordination and financial viability of both phases, including the participation of municipal and local operators, impact to Access Services, the cost of fare collection, changes to the existing fare subsidy program, and the feasibility of using the Federal American Rescue Plan Act (ARPA) funding for the pilot.

BACKGROUND

A fareless transit system in Los Angeles County is both an investment in social mobility and an important tool to assist in the fight against income and health inequality. A fareless system makes

Metro more accessible, while providing financial relief from the ever-rising cost of living for the working poor. The cost barrier to transit disproportionately impacts low-income households. High transportation costs limit mobility and access to employment, education, medical care, and social services.

FSI will allow the State and Federal government to more quickly reach its aggressive climate goals through increasing transit ridership, and improving air quality in one of the state's largest concentration of disadvantaged communities. As a result, a funding plan for FSI that identifies expected costs and sources of potential funding must assume state and federal funding, similar to most Metro programs, projects, and initiatives.

Motion 45 requests a report back on the administrative feasibility and financial viability of implementing FSI for K-12 students, community college students, and low-income riders. Over the last 90 days, staff has met with various school districts, community college districts, Access Services, municipal and local operators, as well as researching best practices for implementation. From this outreach, it is clear that FSI provides one element of universal basic mobility for LA County residents, but it is not a substitute for providing better service.

FSI poses the following policy questions:

- Is there a way to make transit more affordable for low-income residents?
- How can the region best move towards a more consistent regional standard for fare discount policies? and
- Is there a transit affordability solution that is financially viable and administratively feasible?

DISCUSSION

The FSI Funding Plan (Attachment A) is categorized by two phases. Phase 1 has identified one-time ARPA funding and the opportunity for cost-sharing with school districts. Phase 2 continues to identify potential funding, but is still contingent on securing new federal, state and local funding.

Phase 1 - Fareless for K-14 Students Funding Plan

Estimated Revenue Losses

The scope of Phase 1 covers K-12 and community college students. Additional operational costs are assumed to be absorbed in the existing Metro Transit Operations budget. As shown in the table below, fare revenue losses for Metro are estimated at \$33.5 million for Metro and \$16.4 million for municipal and local operators, for a total estimated Phase 1 financial impact of \$49.9 million for FY22 and FY23.

Funding Plan

For the Phase 1 pilot period through FY23, Metro can fund K-12 revenue losses with ARPA funds. Per Attachments B and C, participating municipal operators will also use their ARPA allocations to fund Phase 1. NOTE: Per Motion 45, the Phase 1 funding plan reserves existing funding agreements between school districts and transit operators.

Revenues from school agreements will be shared among participating FSI operators based on ridership will also support Phase 1. See the full list of school districts that have expressed interest in joining the program to date in Attachment D. Staff is currently working with these school districts to finalize agreements for implementation.

NOTE: Per Motion 45, the Phase 1 funding plan does not reduce existing transit operations or state of good repair expenditures or use regional funding typically committed to bus and rail transit operations or intended for the capital program. As ARPA is a new, one-time funding source that will not extend beyond FY23, other new sustainable federal, state, or local funds must be secured to maintain the program beyond the pilot period.

Phase 2 - Fareless for Low-Income Riders Funding Plan

Estimated Revenue Losses and Program Costs

As shown in Attachment A, the total financial impact is estimated at \$229 million for Metro and \$210 million for municipal and local operators, for a total estimated Phase 2 financial impact of \$439 million for Year 1 and Year 2.

The bond defeasance amount includes a one-time payment of \$80 million to defease bonds for Pilot Year 1 prior to implementation and a savings of \$12 million annually on related debt service payments. Administrative costs of a new low-income verification program are estimated based on the current costs of LIFE program administration. Additional costs for municipal and local operators equal the estimates included in an April 2021 letter from LACMOA to the Metro Board Chair (Attachment B).

Funding Status

NOTE: Per Motion 45, the Phase 2 funding plan does not reduce existing transit operations or state of good repair expenditures or use regional funding typically committed to bus and rail transit operations or intended for the capital program. There is not enough capacity in Metro's current Transit Operations budget for Phase 2 of the pilot. Therefore, implementation is contingent on identifying new sustainable federal, state, local, or other funding sources.

As a result, staff has pursued federal and state opportunities and legislation to fund FSI in partnership with implementation partners and key stakeholders. The infrastructure bill passed by the U.S. Senate last month includes funding increases for transit. However, it does not include dedicated funding for FSI or a pilot program for fareless transit. Nevertheless, staff will continue to advocate at the State and Federal level for funding as their participation is a critical element of the funding plan for Phase 2.

Staff will continue to seek additional potential revenue generating opportunities, such as discretionary programs, philanthropic sources, business partnerships, and opportunities created by new legislation. Staff is actively working to enhance resources to maximize new revenue and maintain return on

resource investment.

Cost of Fare Collection

The regional TAP fare collection system used in Los Angeles County is administered by Metro on behalf of the region. Currently, TAP is used by 26 transit agencies county-wide, plus Metro Micro, Metro Bike Share, and the Metro parking program. In addition to serving as the regional fare collection system, TAP also provides valuable ridership and demographic information used to plan routes and inform policy decisions based on how real riders use transit.

As shown in the table below, the annual cost to Metro for the administration of the TAP system is \$74 million. Metro's annual estimated fare revenue is \$250 million. For FY22 Metro's budgeted fare revenues are \$73.2 million per the FY22 adopted budget, including reduced fare revenue projections due to the ongoing pandemic. In FY23, fare revenues are expected to return to 95.5% of pre-pandemic levels, or approximately \$239 million. Across all 26 transit agencies in the region, annual TAP fare revenues are about \$335M annually. Therefore, the cost of fare collection represents approximately 30% of Metro's average annual revenue and 22% of the regional revenues collected via TAP.

Annual Fare Collection Costs by Department	Labor	Non-Labor	Total	%
<i>TAP - Operations and Regional Payment Processing</i>	\$ 9.5	\$ 20.9	\$ 30.4	41%
<i>Security - Fare Enforcement and Cash Collections Support</i>	13.1	-	13.1	18%
<i>Revenue Collections - Cash Collection and Cash Counting</i>	11.6	0.5	12.1	16%
<i>Communications - Customer Information and Reduced Fare Admin</i>	11.2	-	11.2	15%
<i>Operations - Farebox Repair and Installation</i>	2.5	0.2	2.7	4%
<i>Other (Transit Court, ITS, Legal, Audit)</i>	0.2	4.7	4.9	7%
Total Annual Fare Collection Costs by Department	\$ 48.1	\$ 26.3	\$ 74.4	100%

Less than half of total fare collection costs reside in the TAP department, with the remaining 59% in Security, Revenue Collections, Communications, Operations, Transit Court, ITS, Legal, and Audit. Non-labor costs are \$26.3 million, or 35% of total fare collection costs. This non-labor amount includes the Cubic contract at \$13.4 million, or 18% of total fare collection costs. Labor costs are \$48.1 million, or 65%, with 282 total FTEs across 4 labor unions as shown in the table below.

Union	FTE	% of total FTE
TCU	119	42%
TEAMSTER	98	35%
NC	42	15%
ATU	14	5%
AFSCME	9	3%
Total	282	100%

Estimated Savings from Elimination of Fare Collection

If TAP were eliminated county-wide, total savings would be approximately \$26.3M, the total non-labor amount for annual fare collection costs. This assumes no change in staffing, with all 282 FTEs reallocated to other functions within the agency. (NOTE: Fare enforcement and Cash Collections Support is provided by in-house Transit Security staff.) If Metro eliminates fares, but other TAP operators continue to collect fares, Metro would continue to administer TAP on behalf of the region. In this scenario, approximately 55% of non-labor costs would remain for a potential savings of \$14.5 million, as shown in the table below.

Non-Labor Costs of Fare Collection	Universal Free	Metro Free
<i>TAP</i> - Operations and Regional Payment Processing	\$ 20.9	\$ 11.5
<i>Security</i> - Fare Enforcement and Cash Collections Support	-	-
<i>Revenue Collections</i> - Cash Collection and Cash Counting	0.5	0.3
<i>Communications</i> - Customer Information and Reduced Fare Admin	-	-
<i>Operations</i> - Farebox Repair and Installation	0.2	0.1
<i>Other</i> (Transit Court, ITS, Legal, Audit)	4.7	2.6
Potential Savings	\$ 26.3	\$ 14.5

One-Time Costs to Eliminate Fare Collection

If fares are eliminated county-wide, Metro would incur an estimated \$151.4 million in one-time costs to discontinue the TAP system. This amount includes penalties for early termination of contracts, refunds of stored value currently loaded to customer TAP cards, and removal of fare collection infrastructure, as shown in the table below.

One-Time Costs to Eliminate Fare Collection	Non-Labor	%
Early Termination - Remaining Value of Current Contracts	\$ 96.3	64%
Refunds of Unused Fare Products	42.8	28%
Removal of Gates, TVMs, and SAVs	12.3	8%
Total One-Time Costs to Eliminate Fare Collection	\$ 151.4	100%

FSI Phase 1 (K-14) Status

On July 22, 2021, staff presented to the Board an update on the FSI Phase 1 program that identified a group of districts/schools for mobilization. Early mobilization efforts with these districts allowed staff to test the administrative processes of distributing and registering student cards on the new student portal for a smaller group of students and schools prior to a countywide FSI Phase 1 launch. A total of 17,397 students from 28 participating schools had access to the FSI K-12 program during the test period.

Schools/districts in testing phase:

- California School of the Arts - San Gabriel Valley (Duarte), 1,130 Students
- Centinela Valley Union High School District, 8 Schools, 6,657 Students
- Culver City Unified 9 schools, 7,076 students, partnership with Culver City Bus
- Los Angeles Academy of Arts and Enterprise (LAAAE - Downtown Los Angeles), 275 Students
- North Valley Military Institute - Sun Valley, 759 Students
- Youth Build Charter Schools - 10 Schools, 1,500 Students (Compton, East LA, El Monte, Hollywood, Lennox, Norwalk, Palmdale, South LA, Whittier)

As of September 7, 2021:

- 5,400 test cards have been distributed
- 1,149 cards have been registered in the portal (86% are 13 years or older vs. 14% Under 13)
- Cards have been tapped 7,046 times by 613 unique users

See detailed test group data in Attachment E.

The registration portal designed by TAP staff showed a very low error rate of less than 1%. Feedback from students and parents showed that the portal was very easy to use and accomplished our goal of streamlining the application process.

Los Angeles Unified School District (LAUSD)

LAUSD, the second-largest school district in the nation, has verbally committed to participate in the FSI K-12 program at the \$3 per student cost-sharing rate, and the agreement is being finalized. This will provide all 450,000 LAUSD students access to participate in the FSI K-12 program. LAUSD represents close to one-third of the 1.4 million public students in the county. This partnership is a significant step to meeting our goal through this program to eliminate mobility barriers from a student's ability to succeed.

See the complete list of school districts that have expressed interest in joining the program to date in Attachment D.

Community Colleges

Staff is working with Community Colleges that have existing agreements with municipal transit agencies to transition their students from a single-agency pass to the FSI regional pass. The colleges in transition are Santa Monica College (agreement with Santa Monica Big Blue Bus), Citrus College and Mount San Antonio College (agreements with Foothill Transit).

Cerritos College has agreed to join FSI as a new participant and Rio Hondo College and Pasadena City College will be transitioning from U-Pass to FSI. Agreements are being finalized with these three schools at \$7 per student for Year 1.

NOTE: Per Motion 45, the Phase 1 funding plan reserves existing funding agreements between school districts and transit operators.

FSI Phase 2 (Low Income) Administration Status

Concurrent with seeking funding for Phase2, staff is exploring several strategies to streamline and simplify the eligibility process for participants, that can be implemented once funding is secured. Striving to remove as many barriers to entry as possible, a number of strategies are under review, including evaluating a self-attestation process for low-income riders similar to the process used by Southern California Edison. Details of strategies and registration methodologies under consideration are included in Attachment F.

Access Services Impact

Access Services provides ADA paratransit on behalf of Metro and other fixed route bus operators throughout LA County. Federal ADA law requires that Access fares be no more than two times Metro's regular base fare. Therefore, with Phase 1, there is no impact on Access fares because Metro's regular base fare would not change. With the implementation of Phase 2, the regular Metro base fare would remain, but there are potential equity concerns if low-income fixed route transit riders are able to ride free while low-income Access Services customers still pay a fare.

If Metro eliminates fares completely, Access must also eliminate fares in accordance with the federal law that indexes Access' fares to Metro's base fare. Access Services has provided an estimated range of \$180 million to \$302 million for the increased costs of providing additional service to meet increased demand in the scenario where Access does not charge a fare. This represents up to an additional \$302 million in annual costs for Metro, which funds annual operations of Access Services on behalf of the region.

Adjustments to Existing Fare Subsidy Programs

As staff continues to pursue sustainable funding sources to support a low-income, fareless pilot program for Phase 2, it is recognized that it is essential to help low-income riders. As a result, staff has recently made changes to the existing Low-Income Fare is Easy (LIFE) program and identified opportunities for improvement surrounding three core areas: Easier Access, Easier Sign-Up, and Greater Affordability. Attachment G provides details on the LIFE Program and the modification now

available, currently underway, and planned for the future.

The most significant immediate improvement will be applying the Metro Board approved 50% price reduction on Metro passes that will go into effect once Metro resumes collecting fares. This will allow LIFE riders to continue receiving their full LIFE subsidy and purchase a monthly pass for \$26, a substantial discount from the \$76 they are paying now. As we emerge from this pandemic, this promotional period will allow Metro to assess the impacts of the LIFE improvements, identify additional opportunities, and consider sustainable alternatives to continue assisting our low-income riders.

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

The estimated revenue loss of Phase 1 of the Fareless System Initiative is \$49.9 million dollars. Funds from the school district cost-sharing and the Federal American Recovery Plan Act (ARPA) will be used to cover the program's revenue loss.

Impact to Budget

The funding source for the FSI Phase 1 is Enterprise Fund operating revenues from district cost-sharing and ARPA. The source of funds for this action, operating revenues, is eligible to fund bus and rail operating expenditures.

EQUITY PLATFORM

The FSI Task Force worked with the Equity and Race Team to use the Rapid Equity Assessment Tool to analyze the impacts of the proposed FSI Pilot Program. At its core, the goal of the FSI Pilot Program is to achieve greater equity by reducing barriers and improving access to transit for all communities.

For students, access to transit increases the probability of students becoming long-term transit riders, improves school attendance and academic performance, increases participation in extracurricular activities and employment. Increased transit ridership adds social and environmental benefits to the LA region. Transportation is a basic need for the Los Angeles region, phase 1 of the FSI pilot will make Metro more accessible while providing some financial relief from transportation costs on students.

One of the considerations identified for Phase 1 is that low-income families will still need to pay fare when accompanying their minor students. The opportunity for students to participate in a fareless program may reduce the cost for the whole family to travel together.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendation supports strategic plan goal #3 Enhancing communities and lives through mobility and access to opportunity“ by reducing the cost of riding transit for K-12 and Community College Students in Phase 1 and low-income riders in Phase 2.

ALTERNATIVES CONSIDERED

An alternative to phasing FSI is to focus on a universal fareless system. Staff does not recommend this alternative for the following reasons below:

In addition to the estimated financial impact of Phase 1 and Phase 2, the financial impact of a fully fareless system has been estimated as part of the FSI effort. As shown in the table below, the annual financial impacts of a fully fareless system are estimated at \$804.9 million for Metro, plus an additional \$263.0 million for municipal and local operators, for a total estimated annual cost of \$1.1 billion. Additional capital costs may be necessary to meet the demands of a fully fareless system.

Universal Fareless Financial Impact (\$ in millions)	Annual Estimate
Metro	
Fare Revenue Loss	\$ 250.0
Increase in Transit Service to Meet Projected Demand	252.9
Annual Funding Gap Projected by Access Services	302.0
<i>Metro Subtotal</i>	\$ 804.9
Countywide Municipal & Local Operators	
Fare Revenue Loss	\$ 77.7
Additional Costs	185.3
<i>Municipal and Local Operators Subtotal</i>	\$ 263.0
Annual Impacts of Universal Fareless Program	\$ 1,067.9

Metro fare revenue losses are based on pre-covid fare revenues of approximately \$250 million annually. The projected \$252.9 million increase in transit operations costs in a fully fareless system includes operational capacity for a 45% increase on the bus system and a 31% increase on rail. The estimated increase in ridership is based on the results of travel demand modeling at the launch of the FSI effort. Because Metro funds Access Services paratransit on behalf of the region, the additional annual costs of a fareless system on Access have been included as a cost to Metro. While it is not included here as an yearly cost, the one-time \$80 million payment to defease bonds prior to eliminating fares would also be required.

For municipal and local operators, fare revenue losses are based on National Transit Database agency profiles. Additional costs for municipal and local operators are estimated at 30% of total operating costs per National Transit Database data, as discussed in the FSI Ad Hoc Committee for coordination with operators throughout the County.

Regional Transit Funding Policy Issues

Material changes to formulas could require a modification to the California State statutes in which they are codified. The amount of fare revenue collected by each transit agency is a key component for allocating transit funding across the region. Regional transit funding sources distributed via established formulas include TDA, STA, Prop A, Federal Section 5307, Measure R, Measure M, and SB1. Regional transit funds are allocated based on 50% of the transit service provided and 50% of the fare units, a measure of total fares collected in relation to the base fare. While fare units are currently frozen per Board policy, the methodology does not specify what happens if an operator does not collect fares. Therefore, in a completely fareless system, regional discussion and coordination would be required to change the current allocation methodology.

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.

Staff will continue advocacy efforts to secure funding for the Phase 2 funding plan. In addition, staff will finalize the 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 with 30 days notice.~~

Metro will resume fare collection beginning January 10, 2022 with ~~30~~ 90 days notice and a robust public education campaign (Attachment I).

ATTACHMENTS

Attachment A - Funding Plan

Attachment B - LACMOA Letter to the Metro Board Chair

Attachment C - Participating Transit Agencies

Attachment D - Participating K-12 School Districts

Attachment E - K-12 Test Group Data

Attachment F - FSI Phase 2 Registration Methodologies

Attachment G - Low Income Fare is Easy (LIFE) Program Improvements

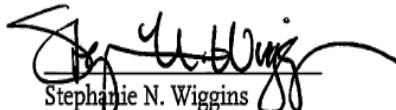
Attachment H - File # 2021-0372 Approved Motion on Fareless System Initiative (FSI) May 2021

Attachment I - Fare Collection Public Education Campaign

Prepared by: Devon Deming, Interim Deputy Executive Officer, FSI (213) 922-7957
Anelli-Michelle Navarro, Executive Officer, OMB, (213) 922-3056

Koreyne Clarke, Senior Manager - Budget, OMB, (213) 922-2801
David Sutton, Executive Officer - Finance, TAP, (213) 922-5633
Robin O'Hara, Executive Officer - Finance, TAP, (213) 922-2411
Drew Phillips, Deputy Executive Officer - Finance, TAP, (213) 922-2109
Armineh Saint, Director, LIFE Program, TAP, (213) 922-2369

Reviewed by: Nicole Englund, Chief of Staff, OCEO, (213) 922-7950
Nalini Ahuja, Chief Financial Officer, OMB, (213) 922-3088


Stephanie N. Wiggins
Chief Executive Officer

FSI Funding Plan

Phase 1 – Fareless for K-14 Students

The scope of Phase 1 is limited to K-12 and community college students, additional operational costs are assumed to be absorbed in the existing Transit Operations budget. As shown in the table below, fare revenue losses for Metro are estimated at \$33.5 million for Metro and \$16.4 million for municipal and local operators, for a total estimated Phase 1 financial impact of \$49.9 million for FY22 and FY23.

Phase 1 Funding Plan (\$ in millions)	Pilot Year 1	Pilot Year 2	Total
Estimated Costs			
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 ⁽¹⁾	-	-	-
<i>Total Estimated Costs</i>	<i>\$ 15.9</i>	<i>\$ 34.0</i>	<i>\$ 49.9</i>
Funding Plan			
<u>Secured</u>			
ARPA Funds ⁽²⁾	\$ 11.7	\$ 29.8	\$ 41.5
Cost Sharing Contracts with K-12 Schools and Community Colleges ⁽³⁾	2.2	2.2	4.4
<u>Unsecured</u>			
Cost Sharing Contracts with K-12 Schools and Community Colleges ⁽⁴⁾	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.

Metro fare revenue losses are based on pre-covid K-12 fare revenues of \$27 million annually. For FY22, fare revenue loss estimates are based on total budgeted fare revenues of \$73.2 million per the FY22 adopted budget, including reduced fare revenue projections due to the ongoing pandemic. However, in FY23, fare revenues and ridership are expected to return to 95.5% of pre-pandemic levels. For municipal and local operators, many of which have already resumed collecting fares, estimates are based on Metro's 10.5% K-12 fare revenue share applied to county-wide fare revenue data per the National Transit Database agency profiles. All existing community college fare agreements will be maintained during the pilot period and there is no fare revenue loss assumed for the community college piece of Phase 1.

Phase 2 – Fareless for Low-Income Riders

As shown in the table below, the total financial impact is estimated at \$229 million for Metro and \$210 million for municipal and local operators, for a total estimated Phase 2 financial impact of \$439 million for Year 1 and Year 2.

Phase 2 Funding Plan (\$ in millions)	Pilot Year 1	Pilot Year 2	Total
Estimated Costs			
<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 & Local Operators</u>			
Estimated Fare Revenue Loss	\$ 24.0	\$ 48.0	\$ 72.0
Additional Costs	46.0	92.0	138.0
<i>Municipal & Local Operators Subtotal</i>	<i>\$ 70.0</i>	<i>\$ 140.0</i>	<i>\$ 210.0</i>
<i>Total Estimated Costs</i>	<i>\$ 162.6</i>	<i>\$ 276.4</i>	<i>\$ 439.0</i>
Funding Plan ⁽¹⁾			
<u>Secured</u>			
Redirect LIFE Program Revenues to FSI Phase 2 ⁽²⁾	\$ 7.5	\$ 15.0	\$ 22.5
<u>Unsecured</u>			
General Revenues - Bond Defeasance ⁽³⁾	68.0	-	68.0
Potential New Funding	87.1	261.4	348.5
New Federal Grants, such as Freedom to Move			
New State Grants, such as LCTOP			
New Local Funding, such as New Advertising Revenue			
New Philanthropic Grants			
<i>Total Funding Plan</i>	<i>\$ 162.6</i>	<i>\$ 276.4</i>	<i>\$ 439.0</i>

⁽¹⁾ 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).

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

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

Metro fare revenue losses are based on pre-covid fare revenues of approximately \$250 million annually and a low-income ridership share of 69% per the Customer Satisfaction Survey. For Pilot Year 1, fare revenue loss estimates are based on total budgeted fare revenues of \$73.2 million per the FY22 adopted budget, including reduced fare revenue projections due to the ongoing pandemic. However, in Pilot Year 2, fare revenues and ridership are expected to return to 95.5% of pre-pandemic levels. For municipal and local operators, many of whom have already resumed collecting fares, estimates are based on Metro's 69% low-income fare revenue share applied to county-wide fare revenue data from National Transit Database agency profiles.

General Revenue Bonds Pledged to Fares

Metro has two outstanding bond issues secured by general revenues: the General Revenue 2010-A Bonds and the General Revenue 2015 Bonds. General revenues include farebox revenues and fees, advertising revenue, revenues derived from Metro's leased properties, investment earnings, and other revenues under non-operating revenue categories of the Enterprise fund. Based on a legal opinion from Metro's bond counsel, these bonds should be defeased prior to the implementation of Phase 2 or a fully fareless system. However, this is not required for implementation of Phase 1.

Metro would incur a one-time cost of \$80 million to defease bonds, prior to implementation of Phase 2 or a universal fareless program. If Metro as a policy matter would like to permanently cease collection of farebox revenues, the General Revenue Bonds should be legally defeased first. The cost to defease both series of General Revenue Bonds is approximately \$80 million. Annual savings in related debt service payments is approximately \$12 million annually.



LACMOA

Los Angeles County
Municipal Operators Association

Attachment B

Antelope Valley Transit Authority
Arcadia Transit
Beach Cities Transit
Claremont Dial-a-Ride
Commerce Municipal Bus Lines
Culver CityBus
Foothill Transit
City of Gardena's GTrans

La Mirada Transit
Long Beach Transit
Los Angeles DOT
Montebello Bus Lines
Norwalk Transit System
Santa Clarita Transit
Santa Monica's Big Blue Bus
Torrance Transit System

VIA EMAIL AND REGULAR MAIL

August 31, 2021

REVISED

Stephanie N. Wiggins, Chief Executive Officer
Los Angeles County Metropolitan Transportation Authority
One Gateway Plaza
Mail Stop: 99-25-1
Los Angeles, CA 90012-2952

Re: Fareless System Initiative Pilot

Dear Ms. Wiggins:

The Los Angeles County Municipal Operators Association (LACMOA), which collectively consists of sixteen (16) municipal agencies (Munis'), would like to take this opportunity to congratulate you on your appointment as LA Metro's CEO. We look forward to working with you on building consensus and regional collaboration between Metro and LACMOA stakeholders. Previously, LACMOA submitted a proposal to the former Metro CEO, in order to establish a collaborative effort in implementation of a Countywide Fareless System Initiative (FSI) Pilot. Since the time of our initial proposal there has been various modifications to the FSI Pilot.

Therefore, LACMOA is updating our proposal to address these modifications; notwithstanding the fact that several LACMOA agencies have already agreed to participate in Phase I of the FSI Pilot, including: 1) Commerce Municipal Bus Lines; 2) Culver CityBus; 3) Montebello Bus Lines; 4) Norwalk Transit System; and 5) Santa Monica Big Blue Bus (pending Council approval 8/24/2021); and 6) GTrans (pending Council approval October 2021). Also, Foothill Transit has only agreed to participate in the FSI Phase I Community Colleges/UPass category at this point. Therefore, LACMOA proposes the following:

- LACMOA agencies that participate in the Phase I FSI Pilot agree to utilize their formula share of the American Rescue Plan Act (ARPA) funds to mitigate any fare revenue losses associated with K-12 and Community College students. This includes reaffirmation by LA Metro that LACMOA members may maintain all existing student fare reimbursement agreements that have been established with colleges and school districts.

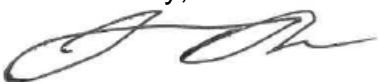
- LACMOA agencies that agree to participate in the Phase I FSI Pilot have the option to exclude their Commuter/Express Service (fares) from the Phase I FSI Pilot. This a very critical provision since it enhances the opportunity for inclusion of other LACMOA agencies, that currently provide some type of Commuter/Express service (i.e. Antelope Valley Transit Authority (AVTA), Foothill Transit, Long Beach Transit (LBT) and Torrance Transit), to participate in the FSI Phase I Pilot.
- LACMOA agencies that participate in the Phase I FSI Pilot agree to cost-sharing of revenues received from each school district (K-12 or Community College) based on percentage of total boardings by participating district on LA Metro and each FSI participating transit system.
- LACMOA agencies that participate in the Phase I FSI Pilot are requesting that any future Federal, State and local funds (i.e. Justice 40 Program, Freedom to Move Act, Congestion Pricing, etc.) received by LA Metro for subsidizing or supplanting fare revenue losses due to the FSI Pilot; or for sustainability of the FSI following completion of the pilot, be allocated through a formula allocation process to FSI participating agencies.
- LACMOA agencies that participate in the FSI are requesting that the Service and Fare Equity (SAFE) Analysis as required by Title VI are in accordance with FTA guidelines at that time, and should include the data from municipal transit operators throughout Los Angeles County, in order to show the countywide impacts of the pilot.

LACMOA is requesting and seeking reaffirmation that Metro will not use the FSI Pilot as a means to acquire regional funds outside of the terms and conditions that currently govern the distribution of regional transportation funds, including Formula Allocation Program (FAP) funds.

Additionally, the proposed FSI Pilot recommends a phased approach beginning with Phase I for K-12 and Community College students in August 2021 and then implementing the FSI Phase II Pilot to include low-income passengers in January 1, 2022. LACMOA agencies do not support implementation of FSI Phase II for low income riders without a viable guaranteed means to support lost farebox revenue.

LACMOA would appreciate your consideration of this proposal inasmuch as the FSI Pilot requires collaboration on both our parts to ensure equity for all transit passengers in the LA County region.

Sincerely,



James C. Parker
LACMOA Chair

cc: LACMOA
Access Services
Devon Deming, Interim Deputy Exec. Officer-FSI

Participating Transit Agencies - 9/3/2021

Yes - Already Submitted Request to Join (6)

1. City of Commerce (Not on TAP)
2. City of Culver City Transportation
3. City of Santa Monica Department of Transportation
4. Foothill Transit (FSI Community College)
5. Montebello Bus
6. Norwalk Transit System

Yes - Pending Board Approval (4)

1. Arcadia Transit (Not on TAP)
2. Gardena Transit (GTrans)
3. Foothill Transit (FSI K-12)
4. Torrance Transit System

Undecided (5)

1. Beach Cities Transit
2. City of Glendora
3. Glendale Beeline
4. Long Beach Transit
5. Pasadena Transit

No (2)

1. Claremont Dial-a-Ride
2. Pomona Valley Dial-a-Ride

Total: 17

FSI Participating K-12 Districts - 9/3/2021

August 2021 Testing (6)

1. California School of the Arts San Gabriel Valley
2. Centinela Valley Union High School District
3. Culver City
4. Los Angeles Academy of Arts and Enterprise (LAAAE)
5. North Valley Military Institute
6. YouthBuild Charter Schools

Contracts being finalized (13)

1. Academia Avance Charter
2. Alhambra
3. Alma Fuerte Public School (Altadena)
4. Azusa Unified
5. Baldwin Park
6. Basset
7. Claremont
8. Davinci Schools
9. El Monte Union High
10. El Rancho
11. Environmental Charter Schools (ECS)
12. Girls Athletic Leadership School Los Angeles
13. Glendora
14. Hacienda - La Puente
15. Hughes-Elizabeth Lakes Union Elementary
16. ICEF Public Schools
17. Inglewood
18. LA Alliance Charter Schools
19. LA Promise Fund
20. Larchmont Charter
21. Lawndale Elementary
22. Little Lake City Elementary
23. Los Angeles Unified
24. Monrovia Unified
25. Montebello Unified
26. Mountain View Elementary
27. Newhall
28. Palmdale Elementary
29. Pasadena Unified
30. Santa Monica-Malibu Unified
31. South Whittier Elementary
32. Time Community Schools
33. William S. Hart Union High

No (5)

1. ABC Unified (Not needed for all students and would also need companion passes)
2. Compton Unified (Cost)
3. Duarte Unified (Budget Reasons)
4. El Segundo Unified School District (Not enough students who ride transit)
5. Wilsona Elementary (Not aware of any families who use the public transportation system because of rural location)

8/8/2021

9/6/2021

Attachment E -

FSI Transactions

9/7/2021 4:41:36 AM

Earliest Last Refresh

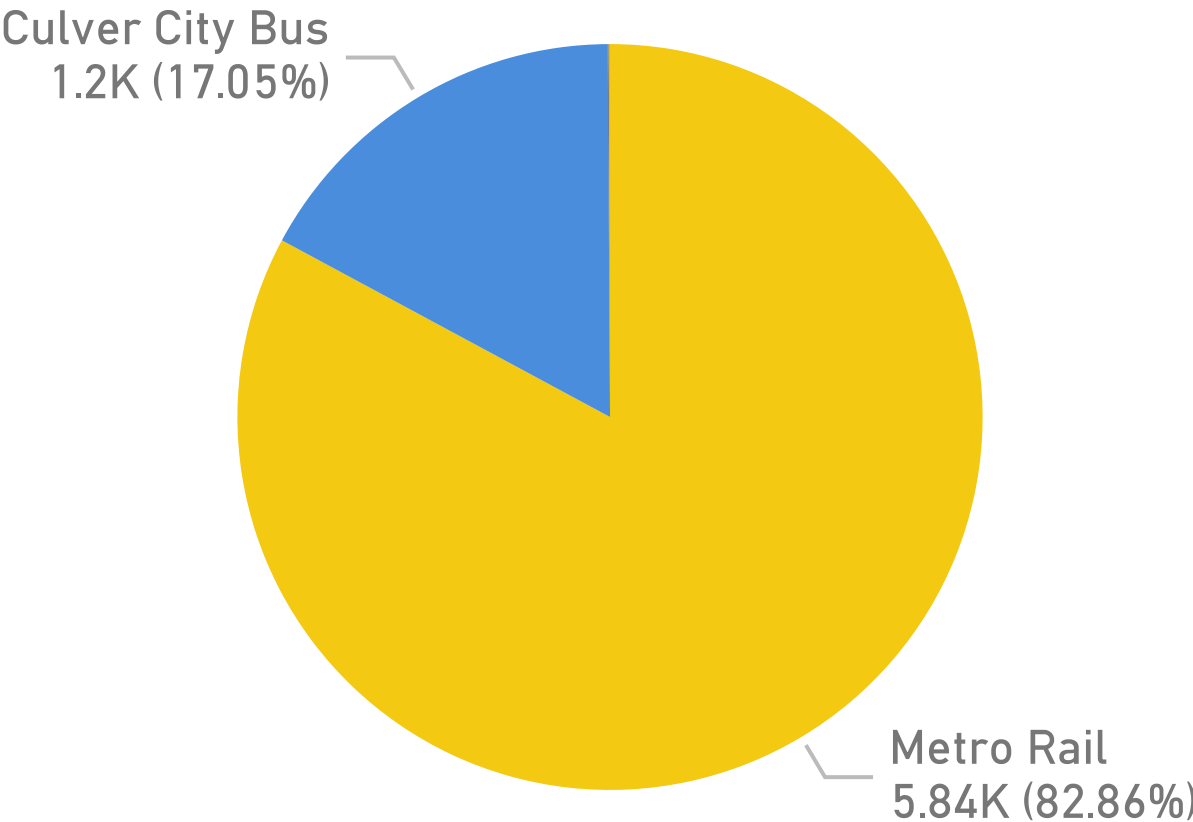
7046

Use Transactions

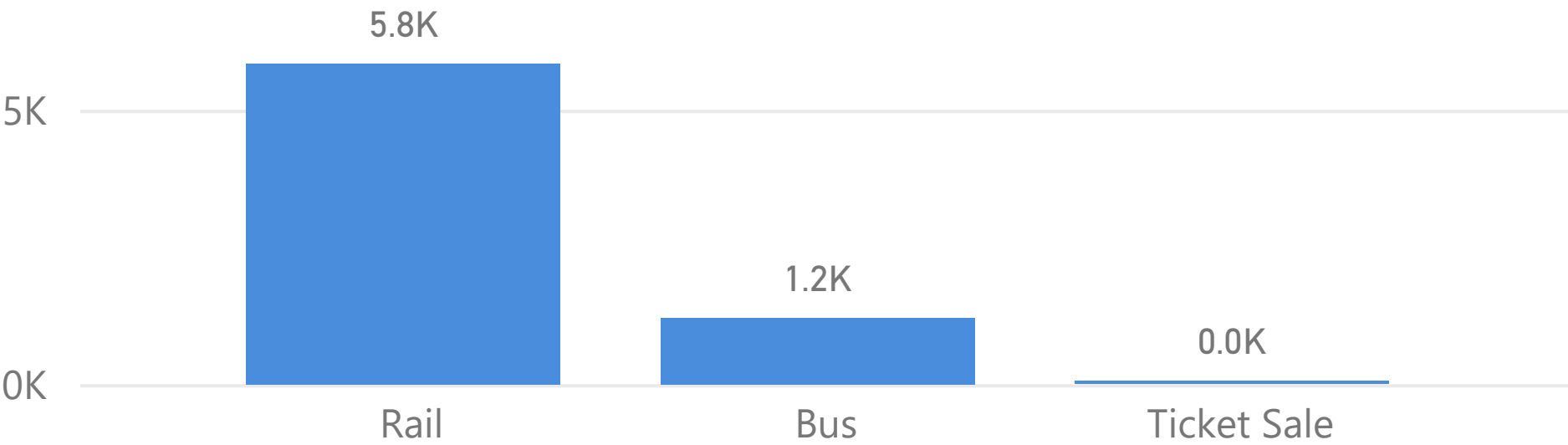
613

Unique Cards with Activity

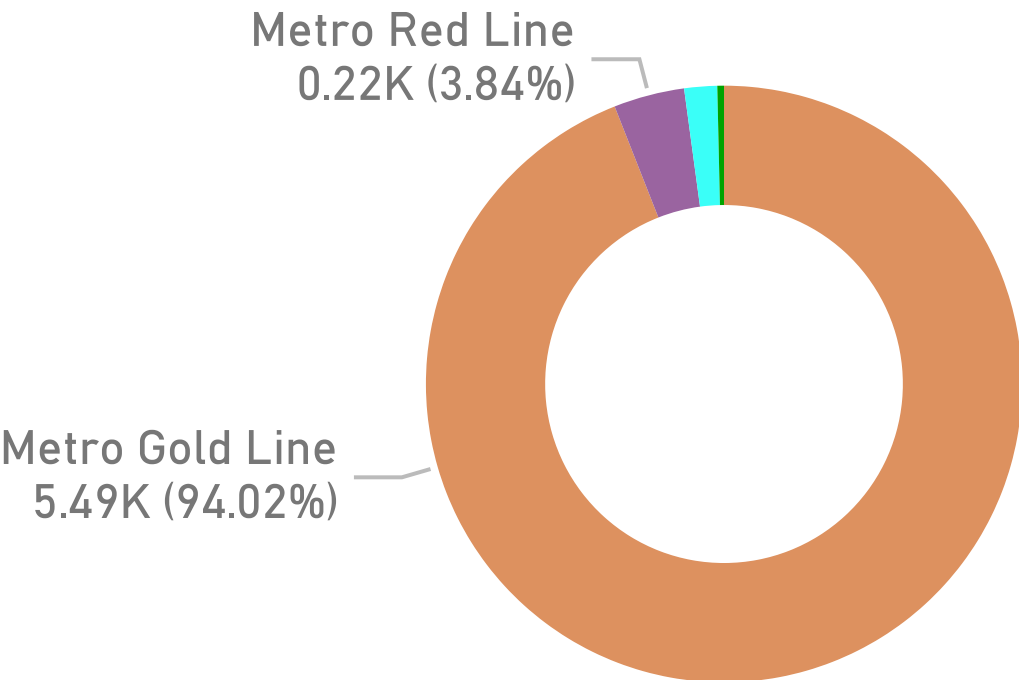
Use Transactions by Agency



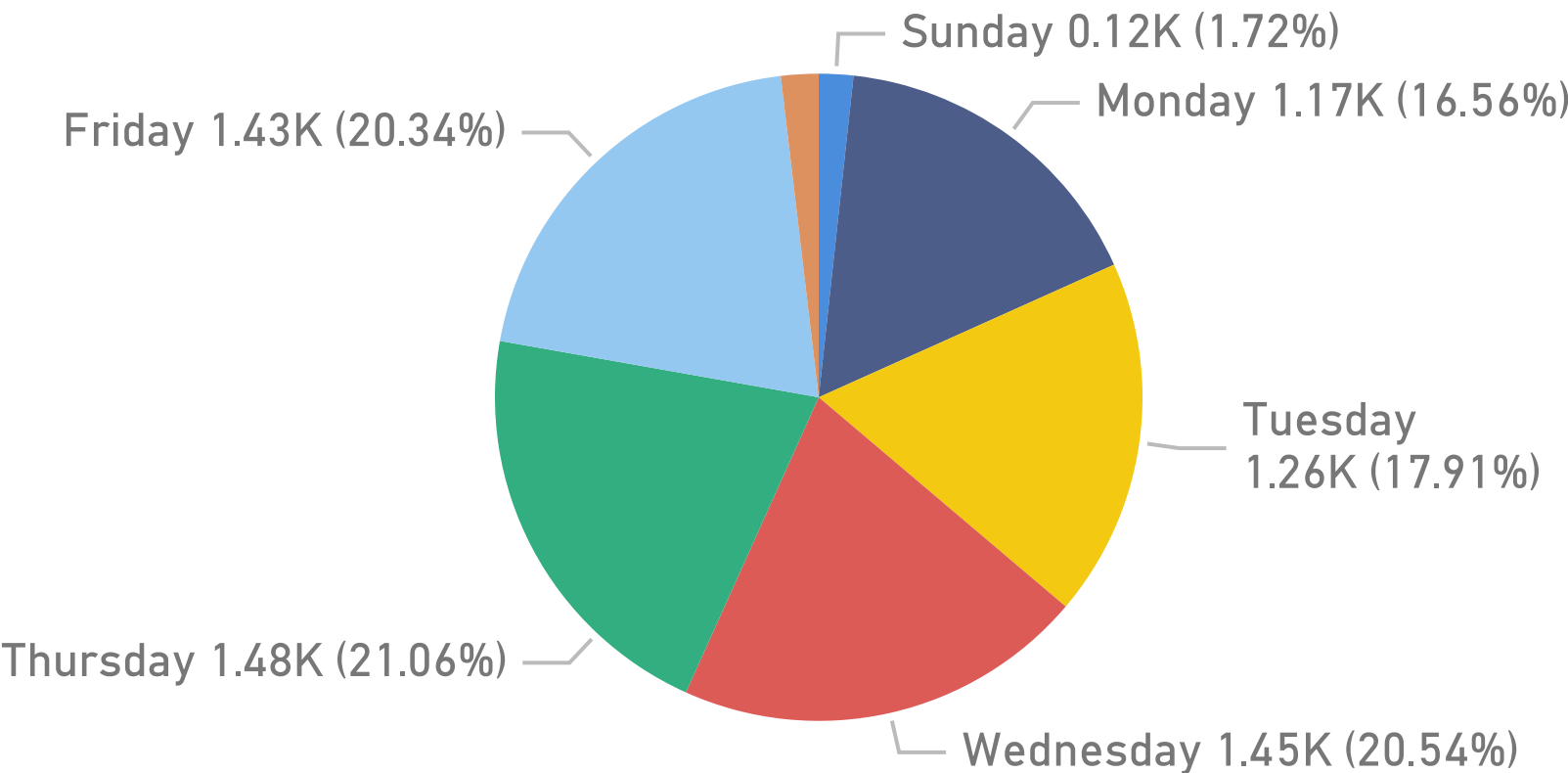
Use Transactions by Transit Type



Use Transactions by Rail Line

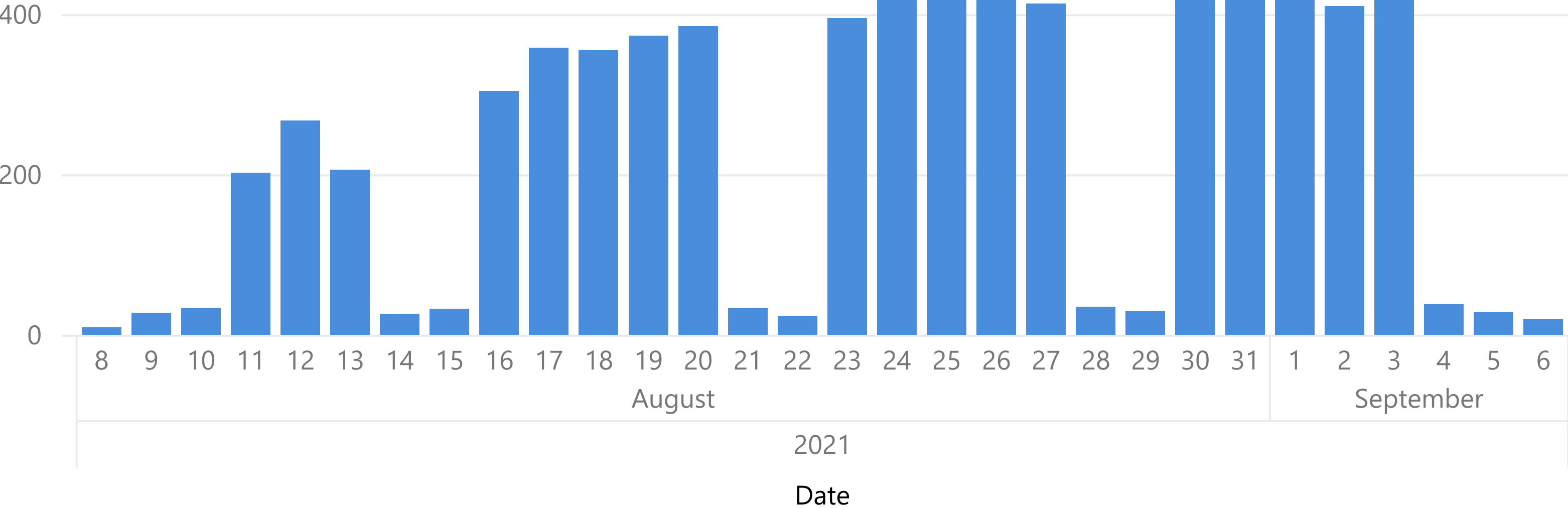


Use Transactions by Day of Week



Use Transactions

Fare Product FSI K12Student1



FSI Transactions

8/8/2021

9/6/2021

Agency	Count
Culver City	1201
Bus	1201
Rapid 6 South	1
Route 1 East	98
Route 1 West	319
Route 2 West	6
Route 3 North	131
Route 3 South	46
Route 4 East	4
Route 4 West	3
Route 5 East	111
Route 5 West	152
Route 6 North	191
Route 6 South	119
Route 7 West	20
Metro	5842
Bus	3
Route 110	1
Route 14	1
Route 910	1
Rail	5838
Metro EXPO Line	104
Metro Gold Line	5489
Metro Green Line	21
Metro Red Line	224
Ticket Sale	1
Metro Gold Line	1
Montebello	1
Bus	1
Route 10	1
Santa Monica	2
Bus	2
Santa Monica Express	2
Total	7046



This visual does not support exporting.

1149

Total Sign Ups

21%

Sign Ups Percentage

21

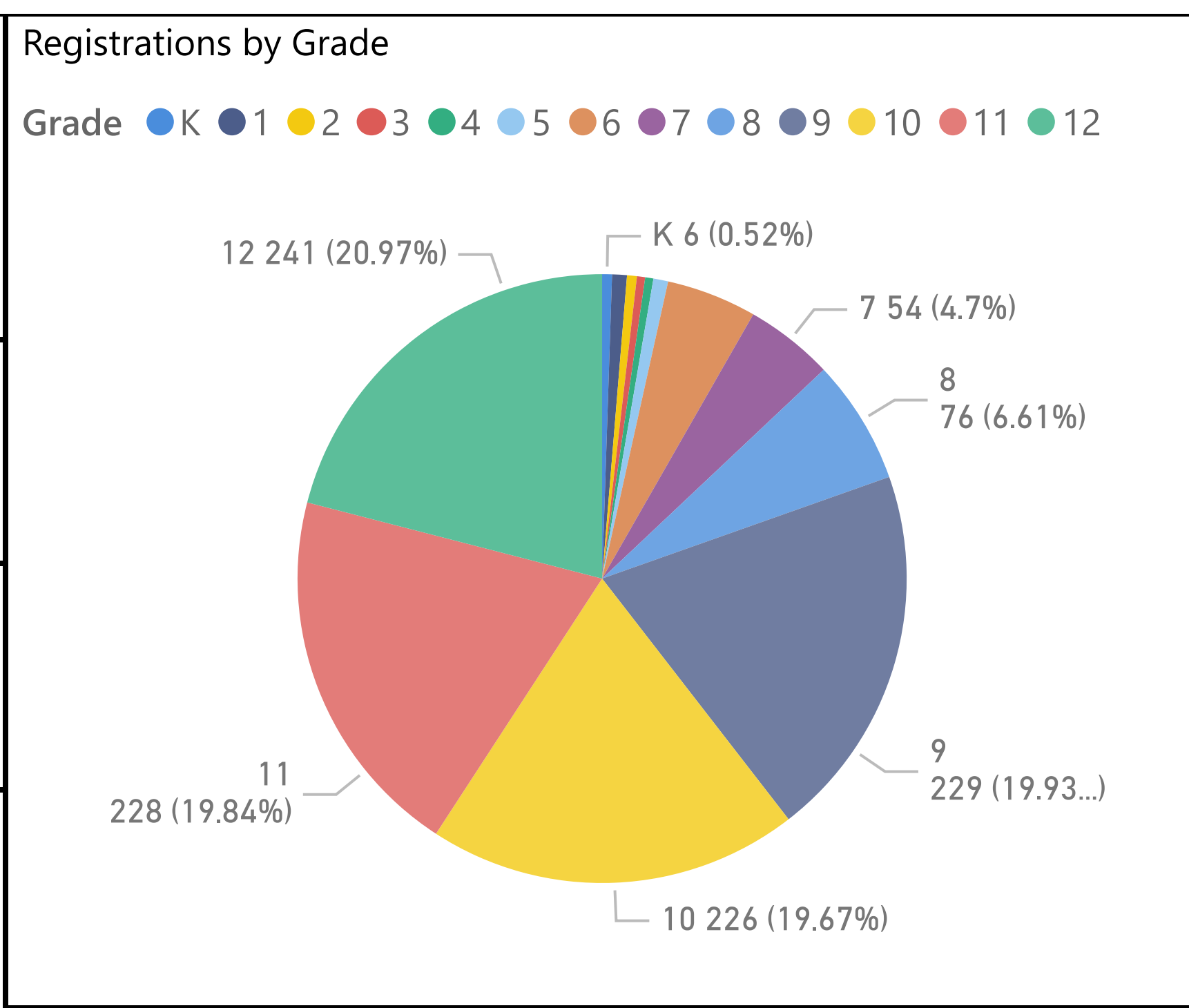
Participating Schools

14.59

Average Age

Participating Schools by District

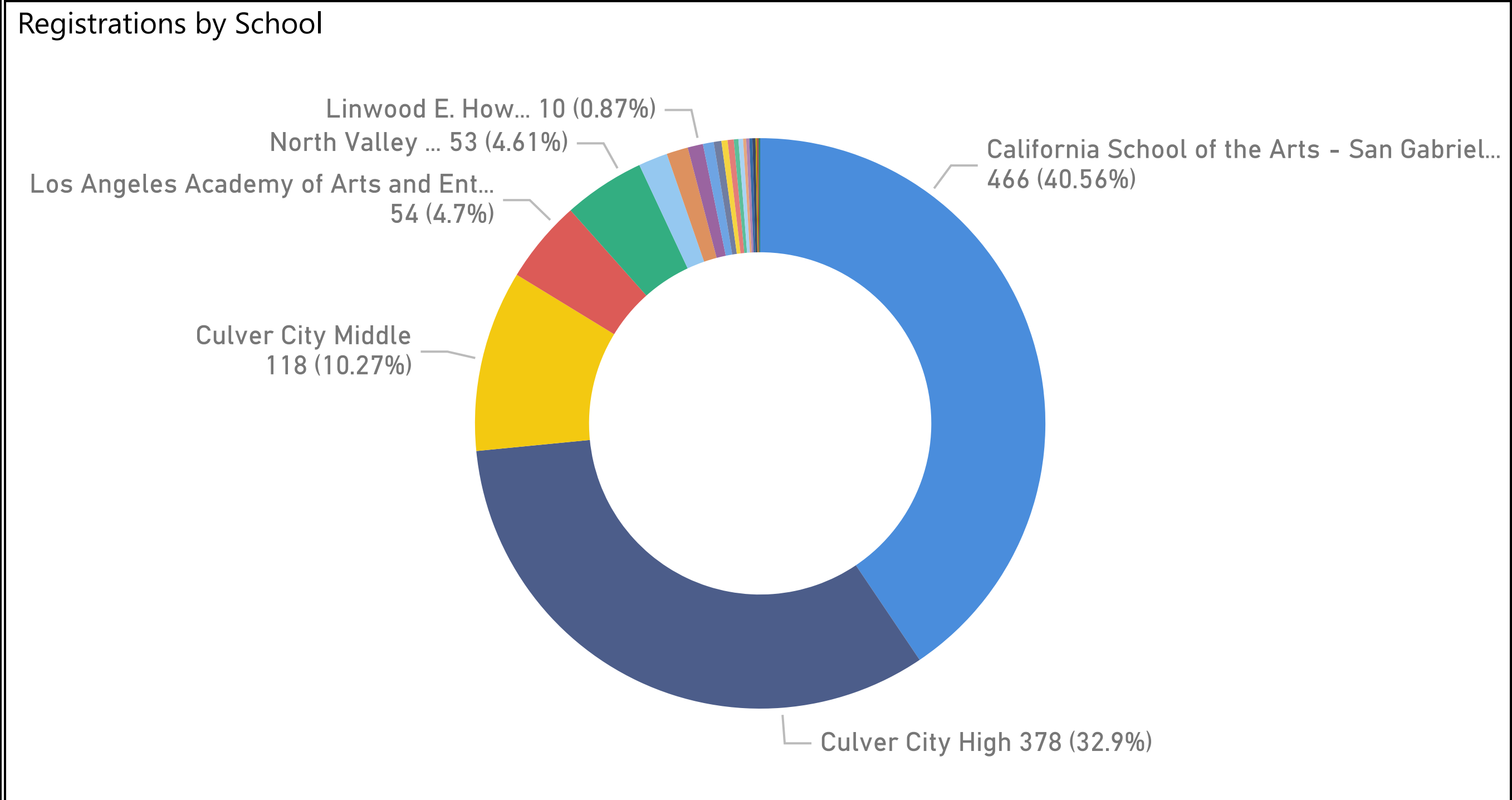
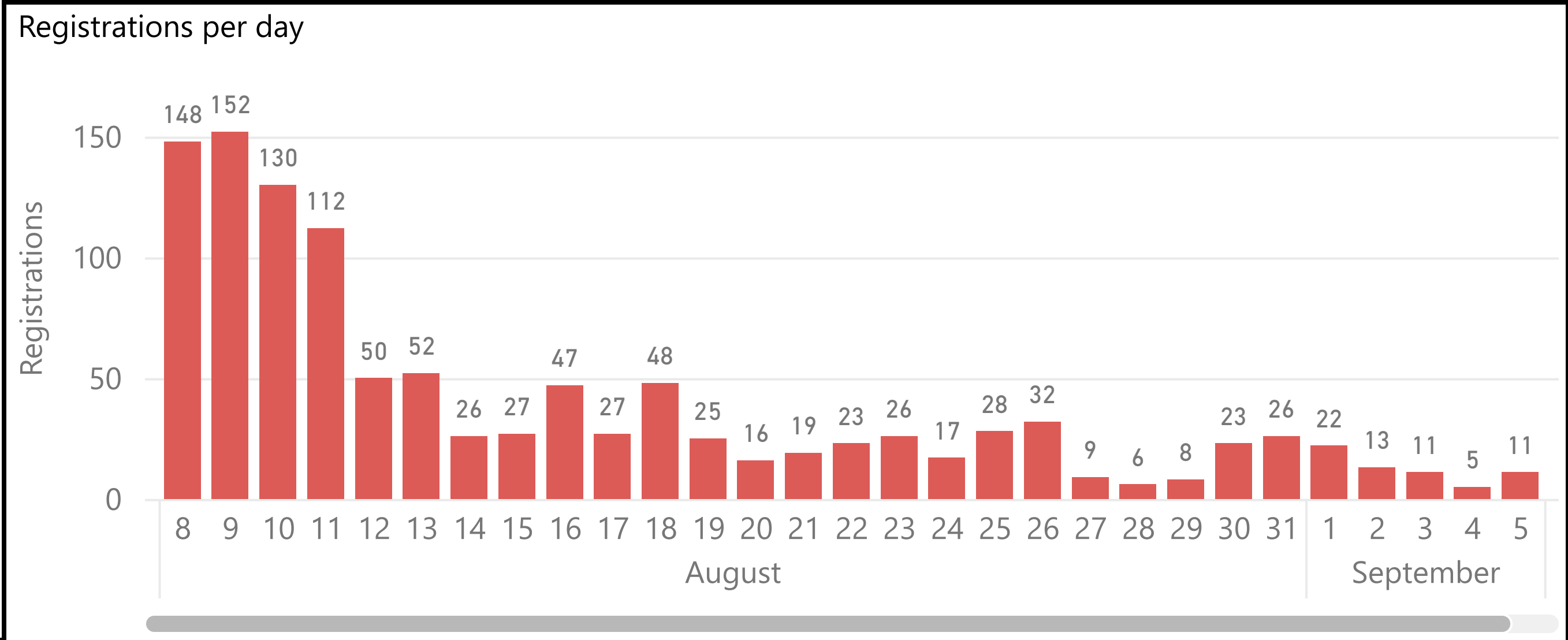
Culver City Unified	8
Centinela Valley Union...	5
Duarte Unified	4
Los Angeles County O...	2
Los Angeles Unified	2



FSI Registrations

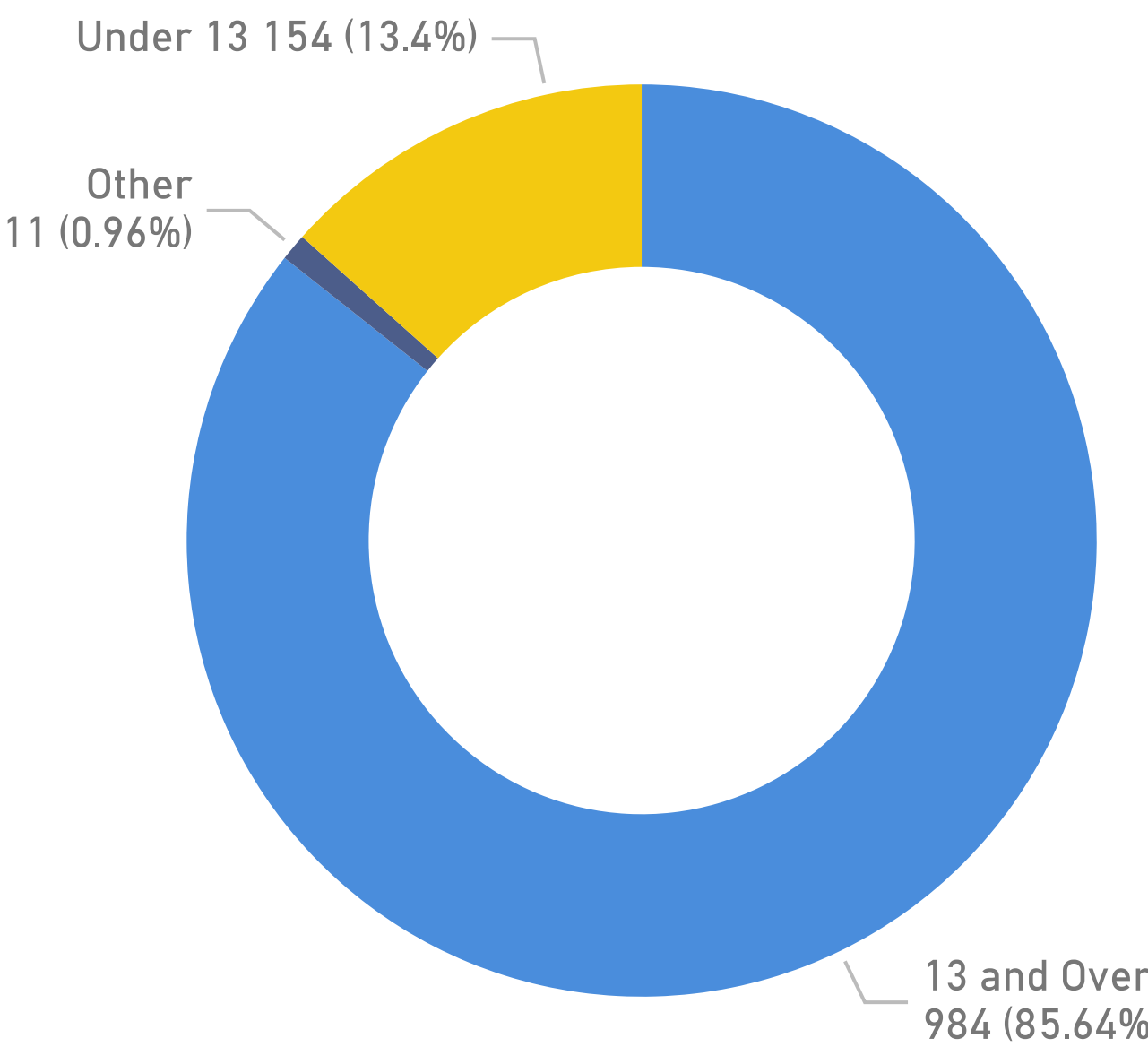
9/7/2021 4:41:44 AM

Earliest Last Refreshed



Applicants Under 13 Vs Over 13

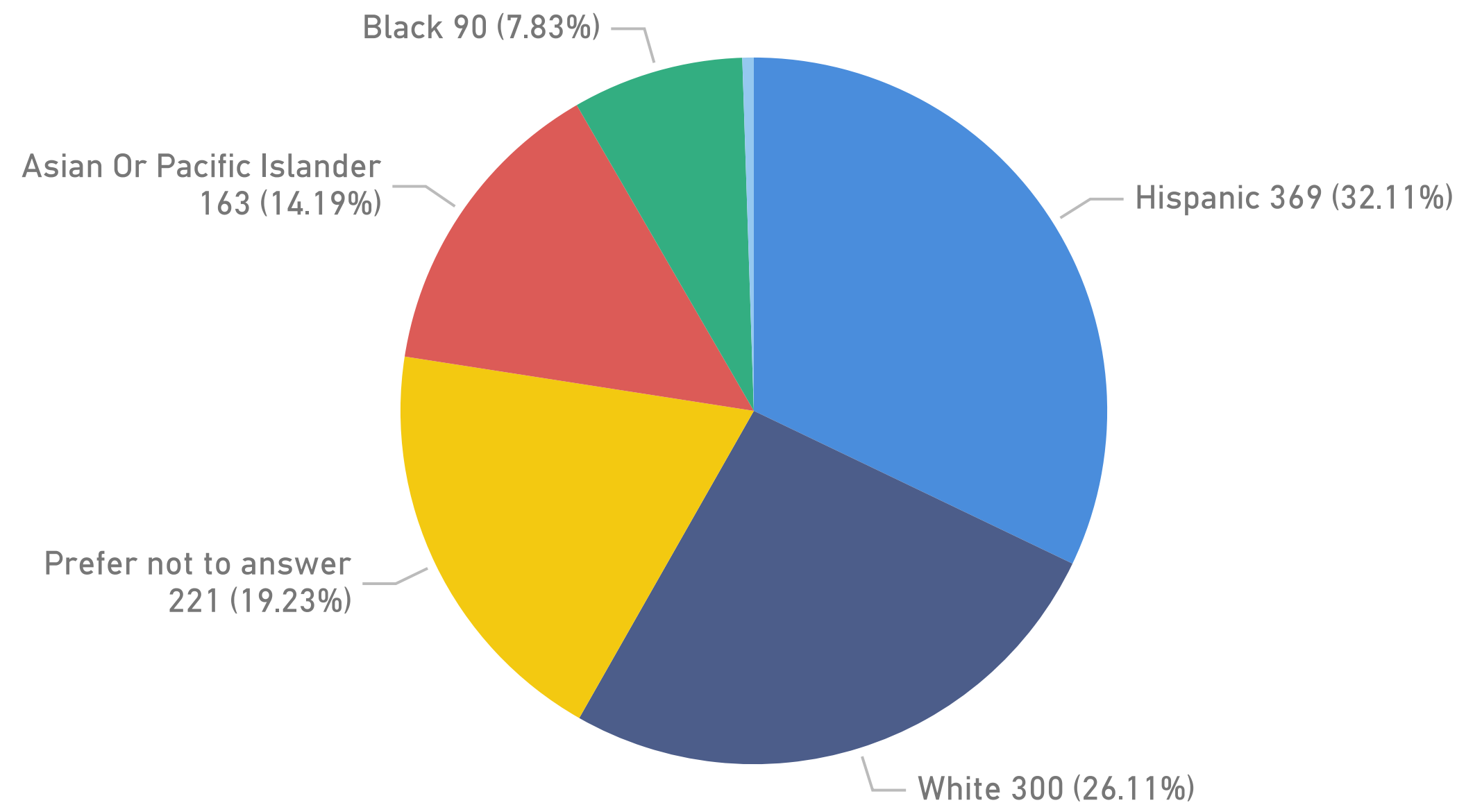
Age Group 13 and Over Other Under 13



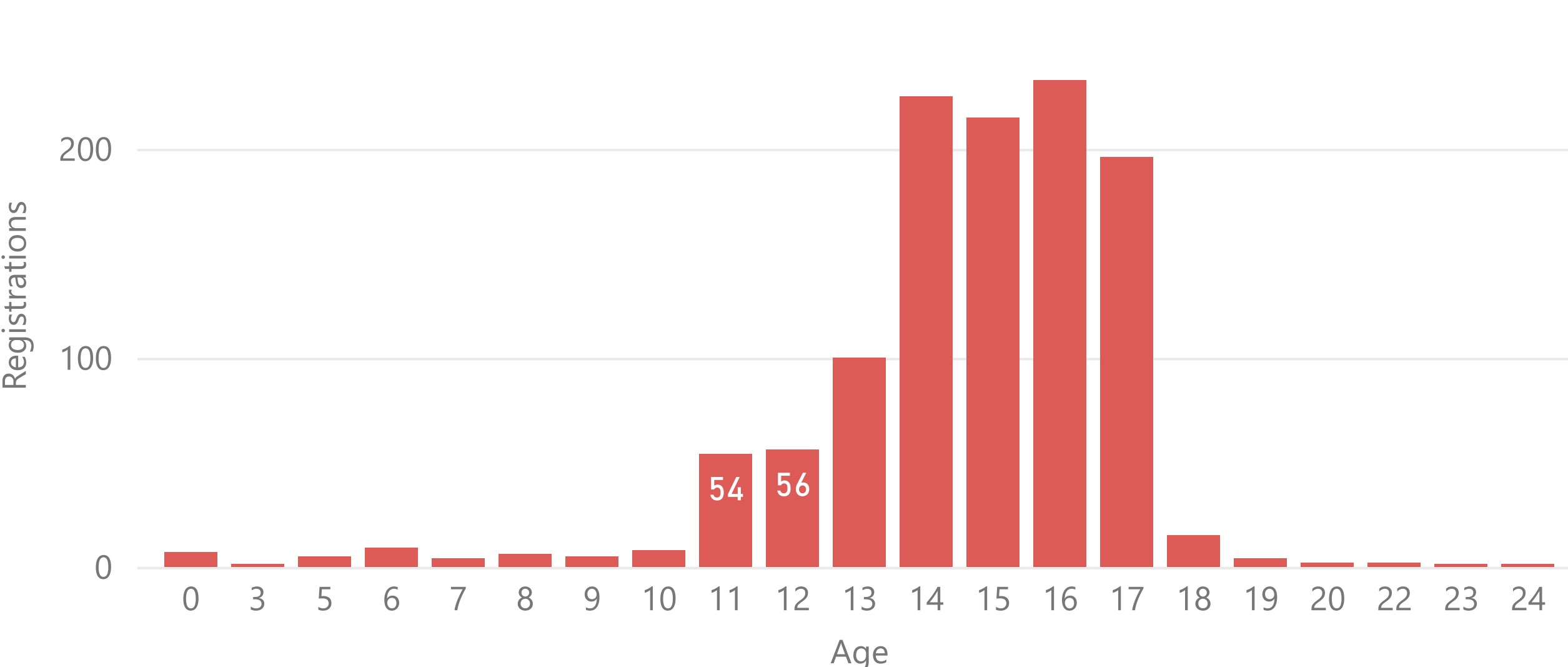
Average Age By Ethnicity

Asian Or Pacific Islander	14.32
Black	14.93
Hispanic	14.64
Native American	15.00
Prefer not to answer	14.38
White	14.71

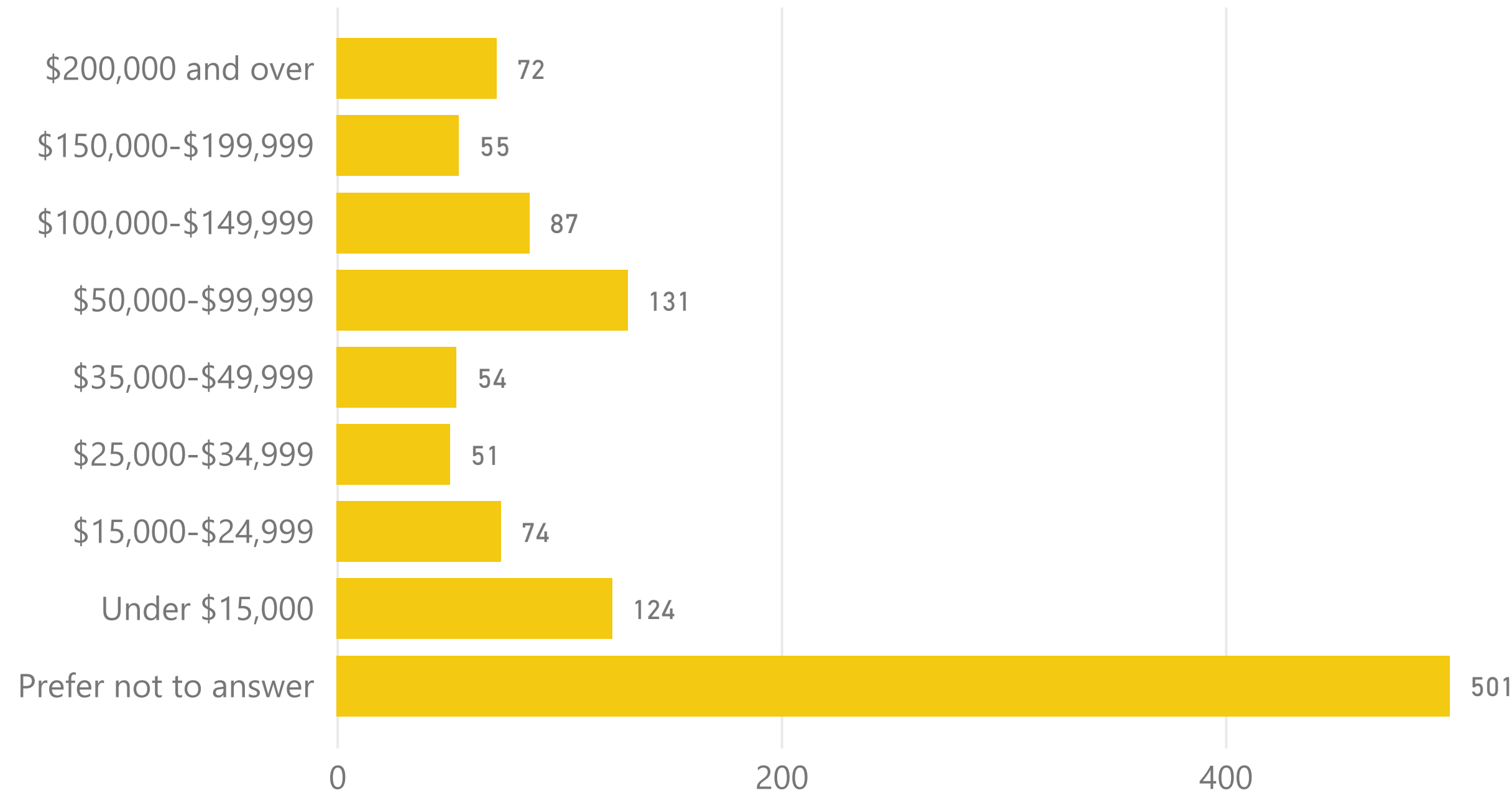
Ethnicity Breakdown



Age Breakdown



Registrations by Household Income



Phase 2 Low-Income Registration Methodologies

Concurrent with seeking funding for Phase 2, staff is exploring the strategies below to streamline and simplify the eligibility process for participants, that can be implemented once funding is secured. Specific attention is being paid to include ways of reaching unhoused and undocumented communities. The costs listed below are the estimated implementation costs for each registration method being considered for Phase 2 of the FSI Program.

Self-Attestation

Self-attestation would allow applicants to self-certify that they meet the requirements of the FSI program based on their income level, or their participation in another low-income benefits program, and enroll in FSI without providing any documentation of income at the time of enrollment. An annual audit would be conducted of randomly selected participants who would then be asked to provide the required documentation. If the audited participant was not able to provide the needed justification, they would be removed from the program for a pre-determined period.

As an example, Southern California Edison (SCE) has 1.5M customers enrolled in their Family Electric Rate Assistance (FERA) program – a direct bill discount of 18%, which has similar income requirements to Metro's LIFE Program. SCE allows customers to enroll without providing any documentation— just self-declaring their status. Customers are eligible if they meet the 200% federal poverty level or if they are already enrolled in a federal assistance program. Edison verifies 7% of population annually by looking for people that don't fit the profile of a low-income household (i.e. household energy consumption is very high). During this audit, if an individual is not able to provide documentation, they are removed from the program for 2 years with an option to appeal.

Per Metro's Management Audit Unit, an annual audit of participants and verification of documents would cost approximately \$100,000 per year. This method would include phone and mail options in addition to the online application process.

Scope: The SCE estimates that one-third of the over 10 million residents in LA County qualify for their discount, and they have 1.5 million active participants receiving the discount. The income requirement for the SCE program is similar to Metro's LIFE Program. Based on census data, it is estimated that 1.6 million residents in LA County would qualify for FSI Phase 2.

Timeline: Nine months from approval of implementation

Cost: \$500,000 for TAP Programming + \$100,000 per year for audit

Pros: Would eliminate the initial income documentation barrier from the application process

Cons: Would require annual audit

Cross Qualifying Participants with other Existing Low-Income Programs

Ongoing discussions with the City of Los Angeles Angelino Card and County of Los Angeles Department of Social Services (DPSS) General Relief (EBT and other programs) have been investigating the process of using other low-income benefits programs in LA County to cross-qualify low-income participants for Metro benefits and provide them with a unique code for registering an existing or new TAP card for Phase 2 of the FSI Program. In addition, this option is scalable to add other low-income benefits programs administered by other agencies or Community Benefits Organizations (CBOs), including those already included in the LIFE non-profit network and those who focus on providing assistance to unhoused and undocumented populations.

Scope: The County of LA estimates they have up to 3 million participants that would qualify for Phase 2 of FSI, based on the existing income requirements for the current LIFE Program. The City of LA initially plans to distribute 1 million cards, but the percentage of those that is low-income has not yet been determined. Based on census data, it is estimated that 1.6 million residents in LA County would qualify for FSI Phase 2.

Timeline: Nine months from approval of implementation

Cost: \$500,000 for TAP Programming

Pros: Quick implementation, scalable

Cons: Reliance on other agencies for distribution of TAP cards and/or registration codes

Fareless for Off-Peak Trips

The implementation of fareless boardings for off-peak trips would not require riders to register. To receive the discount, riders would only need to use their TAP Cards to board a Metro bus or train Off-Peak rates for Senior Reduced Fare riders currently apply weekdays 9am – 3pm & 7pm – 5am, weekends & Federal holidays.

A UCLA study found that during peak hours low-income riders account for 42% of trips compared to the off-peak where they account for 54% based on the California Household Travel Survey from 2013. A University of Illinois study across several transit agencies in the U.S. found similar results, finding that low-income riders tend

to take a higher proportion of local bus trips, non-work trips, and short trips, all of which are more likely to occur during off-peak hours. Additionally, Metro's Understanding How Women Travel study found that women in Los Angeles are also more likely than men to travel mid-day.

Similar to the impact of dynamic express lanes or congestion pricing, fareless off-peak trips would incentivize riders to shift trips to off-peak travel times and would reduce crowding during peak commute times. This could improve customer experience, including fewer pass-ups, while also easing COVID concerns.

Due to the existing capacity available during off-peak times, Metro would likely not need to add much additional transit service, as compared to a low-income pilot across all times.

Based on TAP Data from October 2019 (Pre-COVID), off-peak boardings account for 53% of total trips.

Regional TAP Boardings Weekday By Time of Day - October 2019							
Rider Class	EarlyAM Offpeak	AM Peak	Midday Offpeak	PM Peak	Evening/Night Offpeak	Weekday Total	Weekend Total
Regular	1,359,272	2,601,380	2,384,259	3,747,102	1,100,822	11,192,835	1,791,863
Senior/Disabled	346,751	897,615	1,754,601	1,247,037	286,743	4,532,747	933,676
College	15,928	58,191	69,904	64,554	22,474	231,051	30,086
Student	80,620	261,315	136,542	350,938	29,167	858,582	69,599
GrandTotal	1,802,571	3,818,501	4,345,306	5,409,631	1,439,206	16,815,215	2,825,224
				Total by Period	Percent of Weekday	Percent of Total	
Total Weekday Offpeak Trips				7,587,083	45%		
Total Weekday Peak Trips				9,228,132	55%	47%	
Total Weekday Trips				16,815,215	100%		
Total Weekend Trips (Offpeak)				2,825,224			
Total Offpeak Trips (Weekday + Weekend)				10,412,307		53%	
Total Trips (Weekday + Weekend)				19,640,439		100%	

Scope: Would cover 53% of total boardings

Timeline: For a Metro-only implementation for all riders, the timeline would be 90 days from approval of implementation for TAP programming, plus additional time for testing. If off-peak fareless were implemented for low-income only, it would require an additional 3 months to create a new low-income rider class. A regional implementation would require more time for programming and testing.

Cost: The cost to implement off-peak ranges from \$400,000 to \$1M based on the scope of off-peak program. A regional implementation would require additional costs.

Pros: Easy to implement on TAP, lower fare revenue loss than full fareless for low-income riders, could be implemented for all riders or only those who qualify for low-income fares

Cons: Does not equitably help all low-income workers traveling during peak times; Operator/customer confrontation; Causes confusion for customers

Qualifying EBT Customers for Reduced Fares on TAP System

Staff has been exploring the option of enabling the Ticket Vending Machines (TVMs) to recognize EBT cards and apply an FSI discount. Legislation would need to be passed at the state level to allow for this additional use of EBT Cards. It would also require programming on the back end of the TVMs. Staff is currently working with LA County on distribution of TAP LIFE cards upon qualifying for EBT.

Scope: According to DPSS, over 1 Million LA County residents are enrolled in the EBT program

Timeline: Estimated 2-5 years for legislation changes

Cost: Programming cost estimated at \$300,000 - \$400,000

Pros: Would provide an alternative to pre-registering for the program

Cons: Would not include anyone who is not participating in the EBT program

Additional Methodologies Considered But Not Recommended:

The methods listed below were examined but are not being recommended because they do not cover all qualified riders or have been deemed too costly to implement.

Equity Focused Community (EFC's) Zip Codes

The Metro Board approved a zip code map and criteria for EFCs in 2018

<https://investinginplace.org/wp-content/uploads/2019/08/June-2019-Equity-Focus-Communities-Motion-Map.pdf>

Bar codes from photo ID cards could be scanned in as part of an online or in-app application process, or ID cards could be visually checked at Metro Customer Centers or other in-person location for a qualifying zip code. Once an individual has verified qualifying zip code, they would be eligible for low-income status for LIFE or FSI. This method would pose a challenge for people who qualify, but live outside of identified zip codes, and therefore, wouldn't be able to register using this process.

California Integrated Travel Project (Cal-ITP)

DMV validation of age, disability, and income integration being developed by Cal-ITP (<https://dot.ca.gov/cal-itp>). However, this is a future development without a known timeline. In addition, the technology being utilized is a credit card chip, which cannot currently be read by Metro's TAP readers, and would require significant hardware and software investment for the TAP system to become compatible.

Low Income Fare is Easy (LIFE) Program

The Low Income Fare is Easy (LIFE) Program is a regional program developed to assist low income LA County residents with free or subsidized transit access. Through a countywide partnership of 13 Transit Operators, FAME Assistance Corporation (FAME) and the International Institute of Los Angeles (IILA), and over 500 non-profit Community Based Organizations (CBOs), the recently added 5 Metro Customer Centers and governmental agencies (see Exhibit 1 for network locations). The LIFE program provides a broad range of transportation support to low income families, the unhoused, undocumented, victims of domestic violence, individuals seeking return to work, those unable to use traditional transit options, and others in need of immediate or alternative transportation options.

Launched with approximately 20K participants in July 2019 and has grown to now over 92K, representing 60% of Metro's low income riders (see table below).




	Pre-COVID	Current
Total Metro Riders	300K	200K
70% Low-Income	210K	140K
Registered LIFE riders (Regional)	80K	92K
Registered LIFE riders (Metro)	72K	81K
% of LIFE Riders	35%	60%

Per a recent study by the Transportation Research Board, the LIFE program is the most expansive in the nation in terms of income eligibility. As the program moved beyond initial implementation, with feedback from agencies and riders, and experience gained during the pandemic, staff has recognized opportunities for improvements surrounding ease and accessibility of program registration, information, and use. Staff is committed to continuous improvements that support LIFE patrons and their access to vital transportation. The next page outlines the LIFE Improvements now underway.

Immediate Benefits: Metro 50% Promotional Pricing upon resuming fare collection

The Metro Board adopted a motion to provide relief for current frequent riders by initiating the sale of promotional passes at 50% the cost of full-price passes for 6-months. This promotional pricing reduces fare revenue projections by \$20-\$28 million from transit operation funding, resulting in fare revenues of \$73 million for FY22.

LIFE Program Improvements

BEFORE		AFTER	Timeline
<ul style="list-style-type: none"> FAME and IILA - social service network of > 500 agencies throughout LA County (<i>CBOs, non-profits, homeless shelters, agencies serving homeless, undocumented, hospitals, and domestic violence agencies</i>) 		<ul style="list-style-type: none"> Metro Customer Service Centers now accepting LIFE applications (<i>expanding reach to >300K riders</i>) Improving websites (TAP/Metro/Muni) for easier access to LIFE information and sign-up More LIFE pre-scheduled sign-up events at major transit centers/stations Expanded marketing campaigns (<i>specifically to language and literacy challenged riders</i>) Emails to Reduced Fare riders to promote enrollment 	<ul style="list-style-type: none"> 8/31/2021 9/30/2021 Ongoing October & Ongoing October & ongoing 9/27/21 & Ongoing
<ul style="list-style-type: none"> Email, mail and drop-off applications Auto-renewal 		<ul style="list-style-type: none"> LIFE Online application pilot test LIFE Online application public launch Continue <i>auto-renewal</i> <i>Extend eligibility</i> (1-yr to 2-yr) Started effort on distribution of LIFE TAP cards through <i>county EBT</i> agencies 	<ul style="list-style-type: none"> 10/8/2021 10/15/2021 Immediate Immediate Ongoing
<ul style="list-style-type: none"> <u>FREE 20-Trips</u> (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 		<ul style="list-style-type: none"> LIFE discounts apply to Metro promo <i>Monthly pass \$26</i> (Metro promo) <u>FREE 20-Trips (Regional)</u> <p style="text-align: center;"><u>AFTER Metro Promo*</u></p> <p>Sustainable & Affordable options for low-income</p> <ul style="list-style-type: none"> Consider changes to discount rates Explore modifications to Metro passes Utilize fare capping to address high upfront costs 	<ul style="list-style-type: none"> 11/1/2021 Resume fare collection 6/1/2022

*Metro Promo: Board adopted motion to provide relief for current frequent riders by initiating the sale of promotional passes at 50% the cost of full-price passes for 6-months.

Details of LIFE Program & Improvements

Program Benefits – Two types of benefits: immediate needs and recurring monthly benefits

Immediate Needs

For those individuals who do not have access to transportation to meet their basic medical, shelter/housing and job search needs, have been discharged from the hospital, released from incarceration, or a victim of domestic violence. The 4 regional trip disposable ticket was developed at the request of homeless service providers as the type of product that would best serve their clients' needs, is not limited and distributed at the discretion of the case managers.

Recurring Monthly Benefits

On a monthly basis, LIFE patrons can choose, at no cost, 20 free trips on any participating transit operator, or a discount towards the purchase of a monthly, weekly, or EZ pass, of up to \$24 per month. Depending on the price of an operator's pass, discounts range from 24% off and up to 100% off, or free, for operators such as Los Angeles Department of Transportation (LADOT) local service operations. The table below summarizes the LIFE products and Exhibit 3 provides the regional discounts by operator.

Products	Subsidy Amount	Cost to Patron
Transit Trips		
20 Regional rides	\$35	FREE
4 Regional rides	\$7	FREE
Discount on Monthly Passes		
Full Fare rider *	up to \$24	Varies (\$0 - \$76)
Sr/Disabled, K-12, College *	\$8 - \$13	Varies (\$0 - \$30)
Taxi Media		
Coupon	\$11	FREE
Voucher	up to \$100	FREE

* Cost to patron varies by operator.

2019 Launch of LIFE Program & Improvements

LIFE officially launched in July 2019, consolidated the two programs with:

- Movement onto TAP (elimination of paper coupons)
- Integration with the region's Point of Sale device upgrade project – effectively doubling the available vendor network
- Introduction of a FREE 20 trip option
- Development of a disposable FREE 4 trip ticket that replaced transit tokens

Program Eligibility & Sign-Up

To enroll in the program, a patron may email, mail, or visit any of the 500 participating agencies throughout the county and 5 Metro Customer Centers, and present qualifying information including:

1. A valid regular or Reduced Fare TAP card
2. Any governmental issued ID, including other countries
3. Proof of Income (see Exhibit 2 for income eligibility), any of the following:

- Any government-issued card that provides cash, food or other subsidies to the recipient including EBT or Medi-Cal card
- Any government-issued award or letter that verifies recipient's eligibility to receive cash, income, or subsidized benefits including:
 - Social Security Award
 - Unemployment letter
 - CalFresh eligibility letter
 - Free or reduced lunch letter
- Check stub or Tax return form
- Wages and tax statement form (i.e. 1099 or W-2)

State of California ID and the Medi-Cal card are the most widely used proof of ID and income by LIFE patrons.

Case managers can provide LIFE products that meet the needs of their clients that are unable to show any proof of identity or income. Distribution and frequency of LIFE products are at the discretion of the case managers, based on the needs of their clients.

Use of LIFE Products – FREE 20-Trip

Results indicated that while the monthly and weekly pass subsidies were popular, the free 20 trip product was loaded 39,695 times, resulting in over 541,388 free trips on Metro and participating operators. February 2020 marked the peak of the program, resulting in about 115,000 free trips and subsidies for over 24,000 monthly and weekly passes.

The free 20 trip product is proving to be a popular product and when combined with the two-hour transfer window on Metro more than 20 trips can be made by patrons. For example, in February 2020, total estimated trips utilizing the 20 trip product exceeded 200,000 free transit trips to LIFE patrons. Data also suggests that approximately 80% of those riders utilizing the 20 trip product did not have a need for additional product purchases. The table on the right illustrates demand and used of 20-Trip product.



LIFE Program Improvements: Ease of Enrollment, Improved Accessibility, and Better Benefits

Like most transit programs the LIFE program was significantly impacted by the onset of the COVID-19 pandemic. There was a steady growth of enrollment and utilization during the first 8 months, but enrollment slowed down with the pandemic, average pass purchases fell from 21,375 per month to 1,573. Trips taken on the 20 trip product fell from an average of 67,671 to 7,533. To address the safety concerns of both patrons and partner staff, the program initiated an auto reenrollment process, mail, and email registrations.

As the region begins emerging from the pandemic, we are seeking to focus on not only current and returning patrons, but also attracting new individuals and families to expand the program with a focus on Accessibility, Ease of Enrollment, potentially expanded Eligibility, and other opportunities to make the program more affordable.

Ease of Enrollment and Accessibility

Initial Implemented Improvements

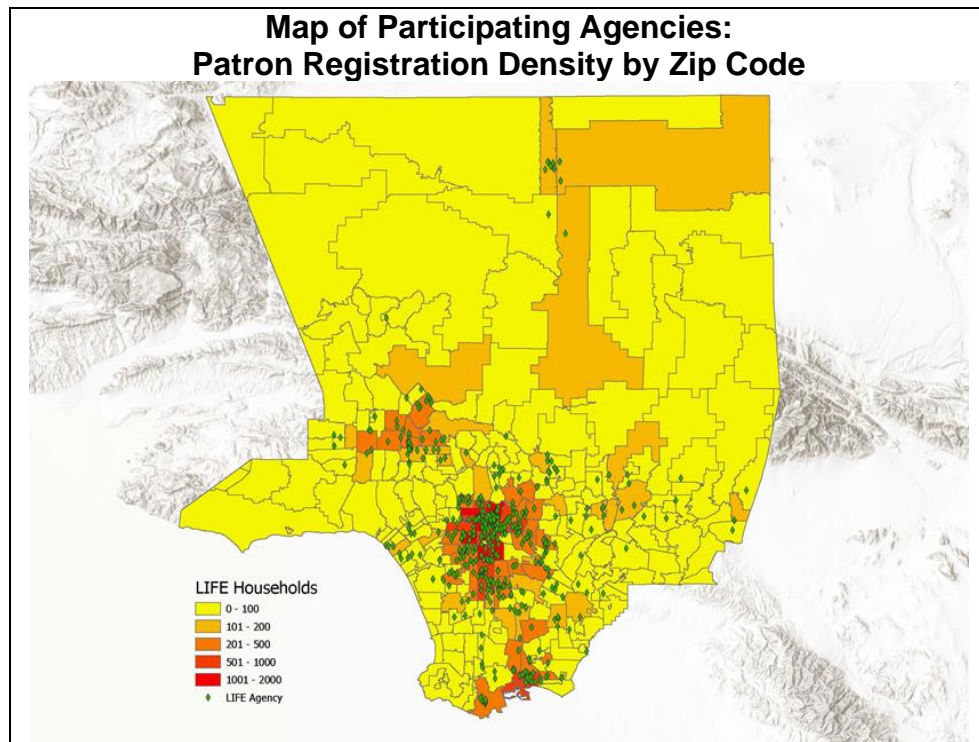
- Application of LIFE discounts to Metro's 50% 6-mo promo (\$76 monthly pass NOW \$26)
- Expanding access through acceptance of LIFE applications at 5 Metro Customer Service Centers (Implemented Aug 31)
- Continue mail and email COVID implemented processes
- Improving websites (TAP/Metro/Muni, Reduced Fare and Bikeshare) to make it *easier* to get LIFE information and sign-up including crosslinking among programs

Upcoming Activities

- Extending eligibility from 1-yr to 2-yr to make it *easier* for riders
- Exploring distribution of LIFE TAP cards through county EBT agencies to make it *easier*
- Creating new online portal to make sign-up *easier* and more *accessible*
- Pre-scheduled LIFE sign-up events at major transit centers/stations to increase *accessibility*
- Expanded marketing campaigns to make it *easier* to get information and reach more low income riders, with expanded outreach specifically to language/literacy challenged riders
- Direct messages to Reduced Fare Customers of LIFE information to see if they qualify

Affordability of the Program

- Analyze the subsidy during the Board approved 50% off fares promotion
- Consider changes to the discount rate

Exhibit 1: Participating Agencies & Patron Registration**Exhibit 2: Income Qualifications**

Income Qualifications 2021	
Household Size	Annual Income
1	\$41,400 or less
2	\$47,300 or less
3	\$53,200 or less
4	\$59,100 or less
5	\$63,850 or less
6	\$68,600 or less

Income levels are updated annually. Level of income qualification reflects US Department of Housing and Urban Development (HUD) Very Low Income levels defined as 50% of Median Household Income in the Los Angeles/Glendale HUD Metro area.

Exhibit 3: LIFE Regional Discounts

LIFE Program Subsidies	
Fare Type	LIFE Subsidy
Pass Option	
Regular 30-Day/Monthly Pass	\$24.00
Regular 7-Day/Weekly Pass (up to four/mo)	\$ 6.00
Senior/Disabled 30-Day Monthly Pass	\$ 8.00
College/Vocational 30-Day/Monthly Pass	\$13.00
Student K-12 30-Day/Monthly Pass	\$10.00
Regular EZ Transit Pass (base fare)	\$24.00
Senior/Disabled EZ Transit Pass (base fare)	\$ 8.00
Ride Option	
20-Regional Rides: Base Fare Only. Interagency transfers are additional cost	Free for LIFE Participants
Bike Share	
Bike Share 30-Day Pass	\$12.00
Bike Share 365-Day Pass (\$8.33 Per month)	\$100.00
Bike Share Passes can be purchased each month in addition to the options above.	
Agency Partner Distributed Options	
Taxi Coupons	\$11.00
Taxi Variable Rate Vouchers	Up to \$100
4 Regional Rides	Free for LIFE Participants

Percentage Discounts by Participating Operator - Monthly Pass		
Operator	Monthly Pass Price*	LIFE Discount (%)
LADOT - Local Dash Service	\$ 18	100%
Pasadena Transit	\$ 15	100%
Santa Clarita Transit	\$ 34	71%
Torrance Transit	\$ 35	69%
AVTA	\$ 50	48%
Santa Monica Big Blue Bus	\$ 50	48%
Foothill Transit	\$ 60	40%
Long Beach Transit	\$ 65	37%
LA Metro	\$ 100	24%
Operators Using EZ Pass Only		
Culver City Bus	\$ 110.00	22%
Gtrans	\$ 110.00	22%
Montebello Bus Lines	\$ 110.00	22%
Norwalk Transit	\$ 110.00	22%

* Represents Operators Monthly Base Pass Price

Discounts applied to Operator Promotional Discounts		
Foothill Transit - Summer Sale	\$ 30	80%
Long Beach Transit - March 2022 Sale	\$ 50	48%
LA Metro - 50% Pass reduction Promo.	\$ 50	48%



Board Report

File #: 2021-0372, **File Type:** Motion / Motion Response

Agenda Number: 45.

REVISED
REGULAR BOARD MEETING
MAY 27, 2021

Motion by:

DIRECTORS GARCETTI, MITCHELL, AND KREKORIAN

Fareless System Initiative

Metro's Fareless System Initiative (FSI) is one of the most transformative efforts Metro can take to help Los Angeles County emerge from the pandemic, advance equity, reduce transportation emissions, simplify students' return to school, and increase ridership.

The pandemic has hit students hard. Once the Department of Public Health and schools deem it safe for students to fully return to in-person learning, Metro, municipal operators (munis), and school districts should do everything possible to make the transition back effortless for these families. Studies across the country have shown that the lack of access to transportation is a barrier to student attendance and, therefore, academic success.

Moreover, Metro riders' median household income is \$19,325 systemwide, with approximately 70 percent of Metro riders considered low-income under federal Department of Housing and Urban Development definitions. Many of our riders depend on Metro to reach their jobs as essential workers, and during the pandemic they suffered unavoidable financial impacts. Fareless transit would alleviate some of this burden, helping Los Angeles County get back on its feet.

As the FSI pilot has been developed, the following items remain to be finalized:

1. An efficient implementation process, as well as agreements with the school districts, needs to be put in place to distribute fareless K-12 and Community College student passes.
2. A final funding plan needs to be created.
3. A key concern of municipal operators is the continuation of existing funding agreements with community colleges. These funding agreements have, in many cases, taken years to negotiate. While FSI remains a pilot, these agreements and processes should be kept in place.
4. A mission statement and goals are necessary to help communicate the need for this program.
5. The existing FSI Task Force that developed the pilot should be re-formed to focus on implementation.

Board action is required to ensure these key areas of risk can be addressed and to provide clarity on

FSI's advancement and next steps.

SUBJECT: FARELESS SYSTEM INITIATIVE

RECOMMENDATION

APPROVE Motion by Directors Garcetti, Mitchell, and Krekorian that the Board direct the Chief Executive Officer to implement the Fareless System Initiative, subject to a final financial plan and while pursuing cost-sharing agreements.

WE FURTHER MOVE that the Board direct the Chief Executive Officer to:

Administrative Coordination

- A. Develop strategies to streamline and simplify the eligibility process for participants, striving to remove as many barriers to entry as possible;
 - 1. Include an evaluation of a self-attestation process for low-income riders;
- B. Partner with school districts on administrative coordination to enable availability at pilot launch to all LA County school and community college districts (based on each district's interest), including but not limited to any required Memoranda of Understanding or TAP coordination;

Funding

- C. In partnership with implementation partners and key stakeholders, pursue and support federal and state opportunities and legislation to fund the Fareless System Initiative, both the pilot phase and any permanent program (should the Board decide to continue past the proposed pilot period), including but not limited to the federal Freedom to Move Act;
- D. Pursue reasonable cost-sharing agreements with school districts;
 - 1. Seek to take advantage and leverage any existing student transportation fee programs (e.g., student-approved LACCD fees);
 - 2. Seek to preserve existing funding agreements between school districts and transit operators;
 - a. Wherever municipal operators have existing fareless agreements with community college districts, consider accepting muni student transit passes on Metro for the duration of the pilot;
 - 3. Seek new funding agreements for districts without any existing discounted or fareless student pass programs (e.g., U-Pass);
- E. Consider pursuing private funding opportunities, including but not limited to philanthropic partnerships;

Follow-Up

F. Report to the Board monthly on the development, launch, and performance of the Fareless System Initiative. The first update should include:

1. A mission statement and goals for the FSI pilot;
2. Lists of interested municipal operators, school districts, and community college districts;
3. An update on the refined FSI financial plan; and
4. Identification of a cross-departmental implementation team.

HAHN AMENDMENT: Direct the Chief Executive Officer to prepare a financial plan for the implementation of a Fareless System Initiative that meets the conditions provided below to the Board's satisfaction:

1. Municipal and local operators that choose to participate will be fully included and provided the same type of fare subsidy as Metro transit operations, in order to ensure a seamless rider experience regardless of geographic location or transit provider;
2. The initiative is funded without reducing existing transit operations or state of good repair expenditures or by using regional funding typically committed to bus and rail transit operations or intended for the capital program;
3. Opportunities to expand or adjust existing fare subsidy programs to maximize community benefit have been studied and presented to the Board; and,
4. An initiative can be scaled and/or targeted in a manner that best aligns with Metro's Equity Platform, adopted by the Board in March 2018.

MITCHELL AMENDMENT: Direct Metro CEO to Continue the current fare collection policy in perpetuity until the Metro Board is satisfied with a financial plan for Fareless.

BONIN AMENDMENT:

1. Report back in the financial plan with information on the costs, including administration, technology, and enforcement, of the proposed pilot program compared to a universal fare-free system.
2. Include in the overall final program evaluation:
 - a. Reach of the program, including student and low-income participation rates.
 - b. Effectiveness of the program in improving mobility, increasing student attendance and performance, shifting travel behavior, reducing automobile use, and increasing transit ridership.

- c. The net cost of the program and cost per rider.

SOLIS AMENDMENT: Report back on the feasibility of using the Federal American Rescue plan funding for the pilot.



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

Goals

- Raise broad awareness with Metro riders about systemwide changes beginning ~~November 1, 2021~~ January 10, 2022, including:
 - Fare collections resume
 - Discontinue rear-door boarding (note: all-door boarding continues to be available on Lines 720 and 745, and Silver Line)
 - More frequency and convenience with NextGen implementation - systemwide service hours restored
 - A safe and clean system
 - Improved fare options - discounted passes and LIFE program discounts
- Drive traffic to *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

Audiences

- Riders – general and all who qualify for discounted programs
- Community partners
- Metro Operators and staff
- Media – local and ethnic media (print, broadcast, online)

Strategy

- Use existing Metro resources to inform customers of ~~Nov. 1~~ January 10, 2022 system changes, fare collection, promotional and discount programs, including ambassadors, signage at bus stops, POS locations (TVMs, Metro Customer Centers, etc.), Metro and TAP websites and social media channels.
- Recruit new community partners to share information with targeted constituencies on Metro's discounted fare programs, with targeted communication on half-off passes to LIFE participants and current pass holders.
- Ask local elected officials to amplify notices to residents via social media channels. Provide draft posts.
- Promote changes via earned and paid media channels.

Key Messages

- As part of its continuing COVID recovery efforts, Metro returned to its pre-pandemic bus service hours on September 12, 2021.
- Metro paused fare collection longer than most major transit agencies around the country, which have resumed fare collection to hire drivers and expand service. Regionally, many agencies, including Big Blue Bus, Foothill Transit, Montebello Bus Lines, Culver CityBus and others, have already resumed fare collections.
- To make using the system more affordable, Metro is offering a variety of discounts on Metro passes, including some promotional rate discounts.
- Metro is making it even easier and less expensive to participate in the LIFE program.

Customer-Facing Message

- We're getting back on track. Get ready to TAP.
 - Fare collection returns on Metro buses starting ~~November 1st~~ January 10, 2022.
 - A return to pre-pandemic operating hours will offer extended service on bus lines across the system.
 - LIFE: We are making it even easier to apply and receive deep discounts on your Metro rides. Now featured at ALL Metro Customer Centers.
 - Find out about discounts on fare and passes at metro.net/fares.
 - Metro is offering monthly, weekly and day passes at half-price savings. Pay only \$3.50 on a day pass, \$12.50 on a weekly pass, and \$50 on a 30-day pass. (include discount price chart on *metro.net/fares*)

\$50 off a \$100 30-Day Pass

\$12.50 off a \$25 7-Day Pass

\$3.50 off a \$7 1-Day Pass

Tactics

- Issue press release announcing changes to:
 - Dailies, weeklies and monthly hyper-local and ethnic media
- Social media
- Metro website
- Metro's *The Source* blog
- Metro Daily Brief
- Metro Friday Facts
- myMetro
- Develop and deploy graphics to accompany campaign ads, social media assets
- Develop flyers or other collateral materials to share with government partners (DPSS, health centers and housing authorities), Metro Customer Centers and community partners
- Engage communications teams in local electeds' offices to amplify changes on social channels

- Deploy campaign ads:
 - Bus car cards and rail posters
 - Paid media campaign – online banners, newspaper ads (targeting Limited English Proficiency audiences), social media
 - Metro-owned channels, including messages on hold, digital kiosks
 - *Transit* app integration
 - Information at stop level (buses)
 - Seat drops
 - Updated fares section on *metro.net*
 - Flyer/posters for Metro Customer Centers
 - Organic social media posts
 - Pop-up events at high traffic stops/transit centers and community events
 - Barber/beauty shop visits/flyer drops (Board member Dupont-Walker mentioned doing outreach in the July Ops Committee meeting)
 - Promotional giveaways for those who tap with a registered card in the first 30 days

Program Timeline

- Draft press release and graphic assets – 9/17/21
- Draft outreach email to stakeholders and partners for amplification assist 9/17/21
- Campaign launch: ~~October 4~~10, 2021
 - Issue release
 - Disseminate materials
 - Post to social channels
 - TAP partner amplification
- Fare collection: ~~November 1, 2021~~ January 10, 2022
 - 30-day warning period ~~November 1, 2021 to November 30, 2021~~ January 10, 2022 to February 10, 2022

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
Estimated Costs			
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 ⁽¹⁾	-	-	-
<i>Total Estimated Costs</i>	\$ 15.9	\$ 34.0	\$ 49.9
Funding Plan			
<u>Secured</u>			
ARPA Funds ⁽²⁾	\$ 11.7	\$ 29.8	\$ 41.5
Cost Sharing Contracts with K-12 Schools and Community Colleges ⁽³⁾	2.2	2.2	4.4
<u>Unsecured</u>			
Cost Sharing Contracts with K-12 Schools and Community Colleges ⁽⁴⁾	2.0	2.0	4.0
<i>Total Funding Plan</i>	\$ 15.9	\$ 34.0	\$ 49.9

⁽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.

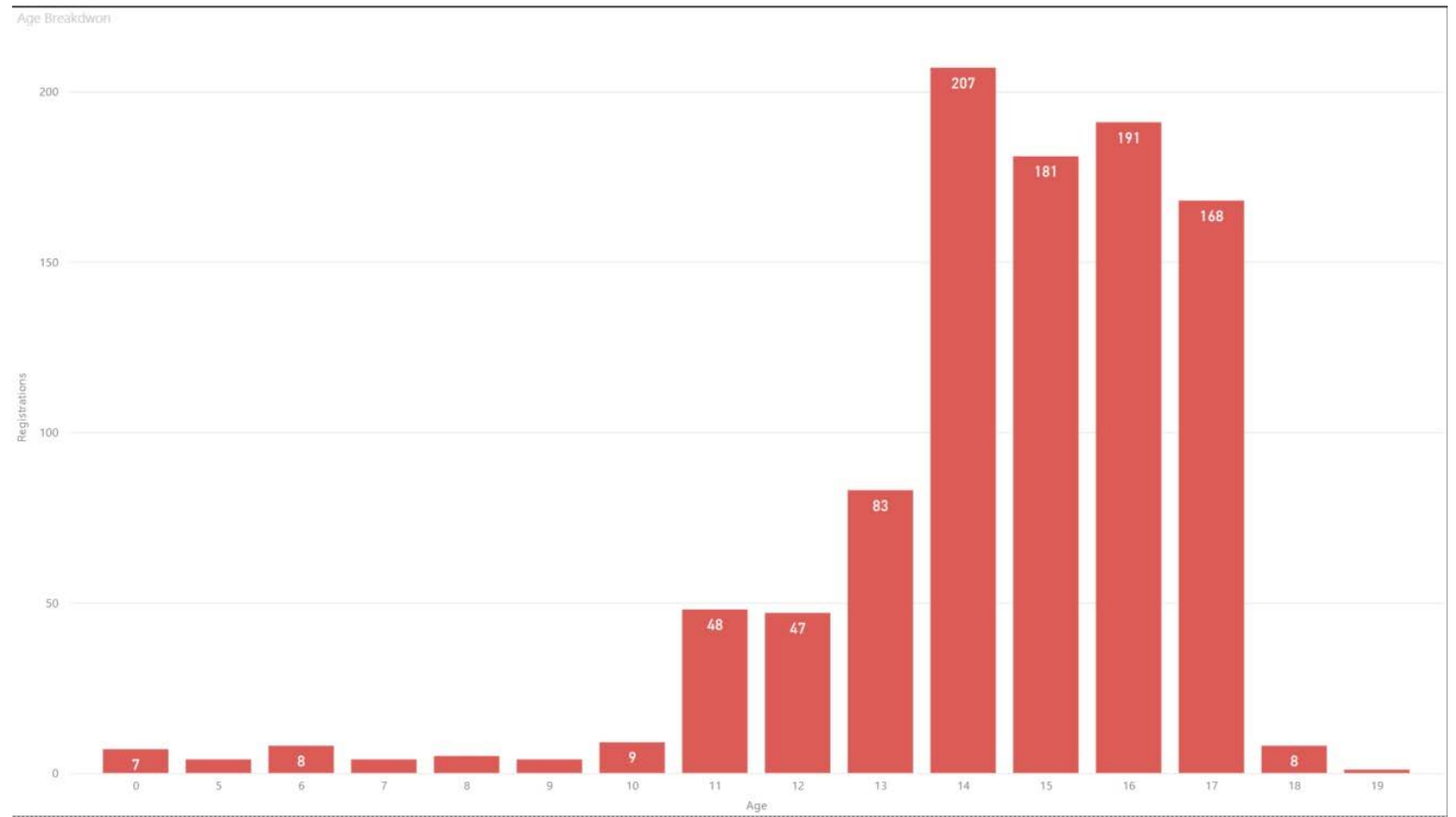
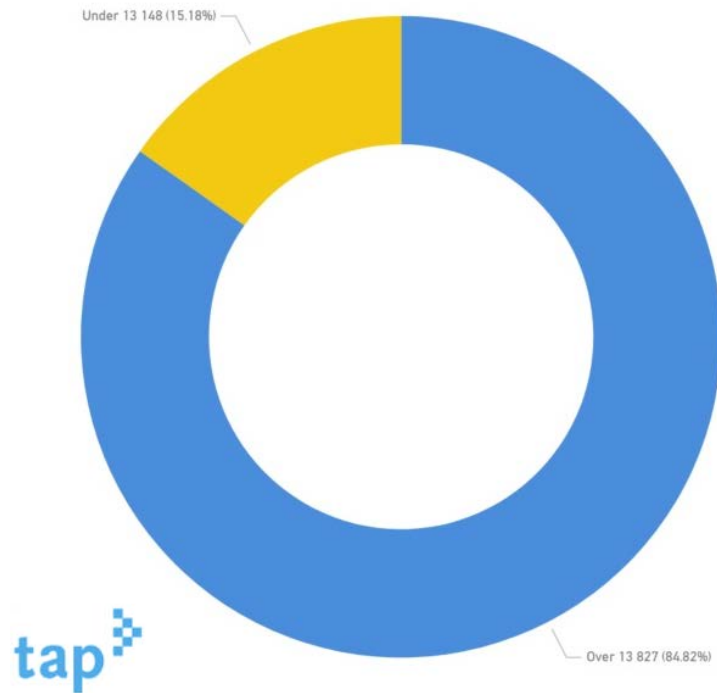
⁽⁴⁾ If all K-12 districts countywide participate in the program, additional annual revenues are estimated at \$2.0 million.

Phase 1 K-14 – Testing

- Since August 8th, 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

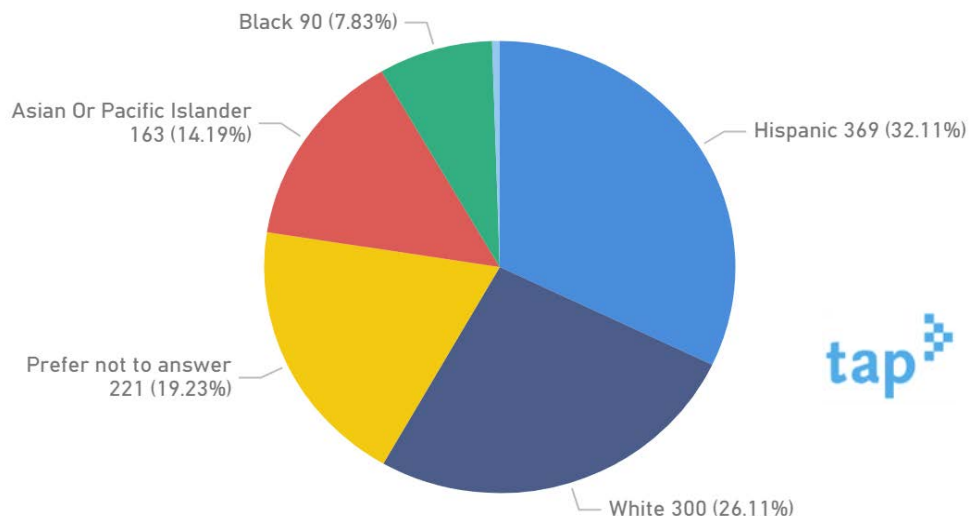
Hispanic = 32%

White = 26%

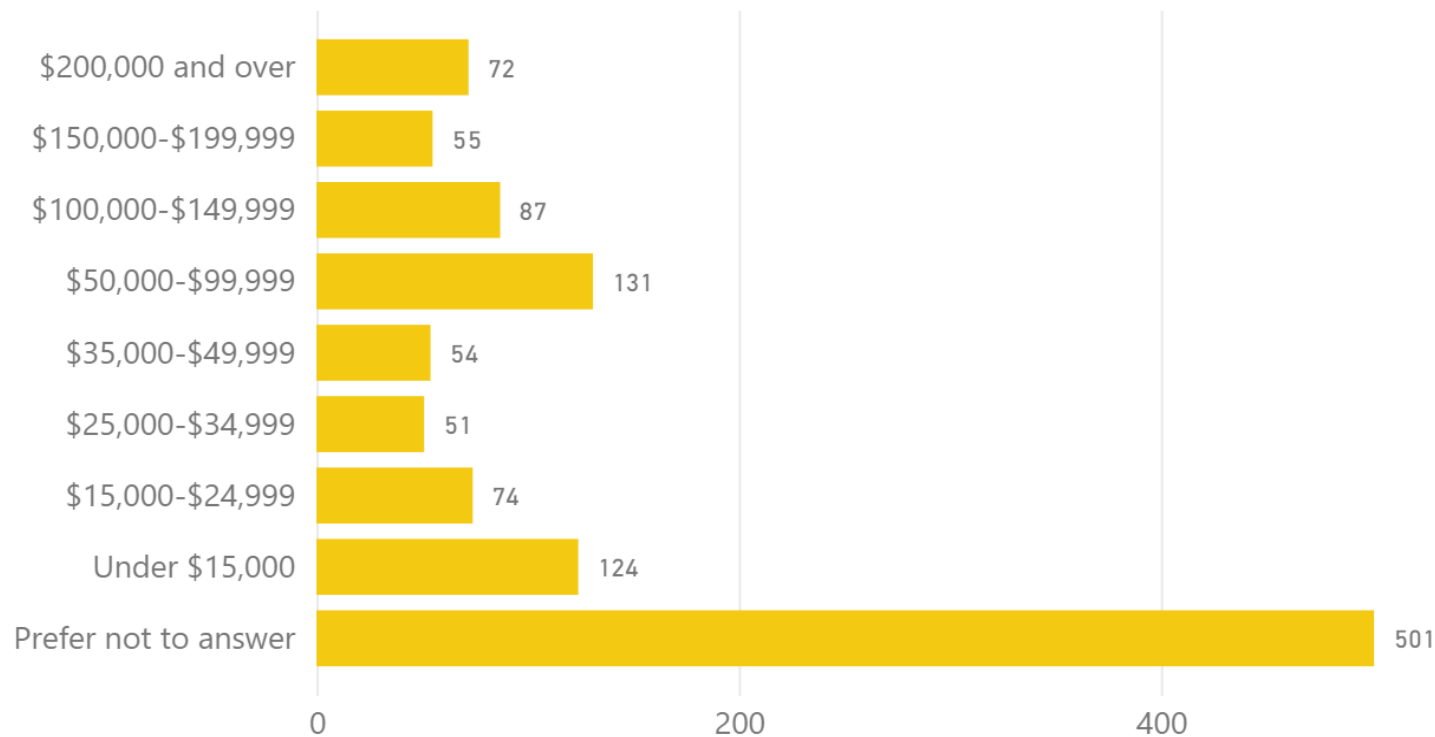
Prefer not to answer = 19%

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
Estimated Costs			
<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 & Local Operators</u>			
Estimated Fare Revenue Loss	\$ 24.0	\$ 48.0	\$ 72.0
Additional Costs	46.0	92.0	138.0
<i>Municipal & Local Operators Subtotal</i>	<i>\$ 70.0</i>	<i>\$ 140.0</i>	<i>\$ 210.0</i>
<i>Total Estimated Costs</i>	<i>\$ 162.6</i>	<i>\$ 276.4</i>	<i>\$ 439.0</i>
Funding Plan ⁽¹⁾			
<u>Secured</u>			
Redirect LIFE Program Revenues to FSI Phase 2 ⁽²⁾	\$ 7.5	\$ 15.0	\$ 22.5
<u>Unsecured</u>			
General Revenues - Bond Defeasance ⁽³⁾	68.0	-	68.0
Potential New Funding	87.1	261.4	348.5
New Federal Grants, such as Freedom to Move			
New State Grants, such as LCTOP			
New Local Funding, such as New Advertising Revenue			
New Philanthropic Grants			
<i>Total Funding Plan</i>	<i>\$ 162.6</i>	<i>\$ 276.4</i>	<i>\$ 439.0</i>

⁽¹⁾ 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).

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

⁽³⁾ 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:

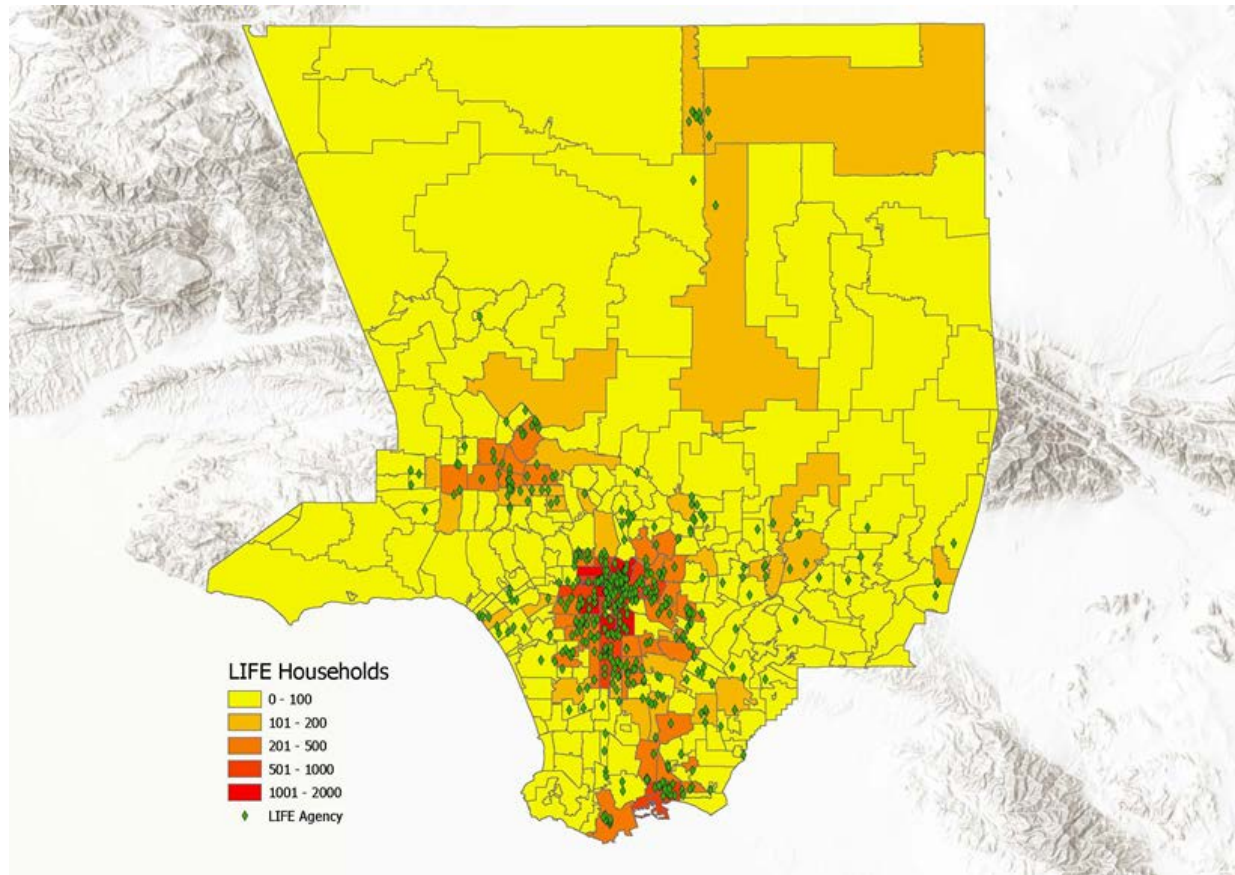
- Self-Attestation
- Cross Qualifying Participants with other Existing Low-Income Programs
- Fareless for Off-Peak Trips
- Qualifying EBT Customers for Reduced Fares on TAP System

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

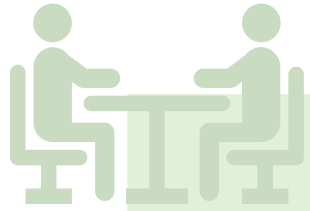
network >500 social service agencies

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

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)

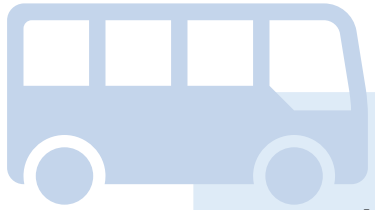
Benefits were developed based on agencies' feedback on how to best serve their clients:

- 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



Recurring Transit Need

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



- 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
Metro Products			
FREE 20-Trips Regional (per mo)	\$35	FREE	FREE
Monthly	\$100	\$76	\$26
Weekly (4X per mo)	\$25	\$19	\$6.50
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
Transit Operators (LIFE discounts will apply on top of any operator promo)			
LADOT/Pasadena	\$15-\$18	FREE	FREE
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"> FAME and IILA - social service network of > 500 agencies throughout LA County (<i>CBOs, non-profits, homeless shelters, agencies serving homeless, undocumented, hospitals, and domestic violence agencies</i>) 		<ul style="list-style-type: none"> Metro Customer Service Centers now accepting LIFE applications <i>Expanding our reach to over 300K riders annually they serve</i> Improving websites (TAP/Metro/Muni) for easier access to LIFE information and sign-up More LIFE pre-scheduled sign-up events at major transit centers/stations Expanded marketing campaigns Emails to Reduced Fare Riders to promote enrollment
<ul style="list-style-type: none"> Email, mail and drop-off applications Auto-renewal 		<ul style="list-style-type: none"> Create NEW online application Continue auto-renewal Extend eligibility (1-yr to 2-yr) Started effort on distribution of LIFE TAP cards through county agencies

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

New promotional emails to TAP Reduced Fare riders

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

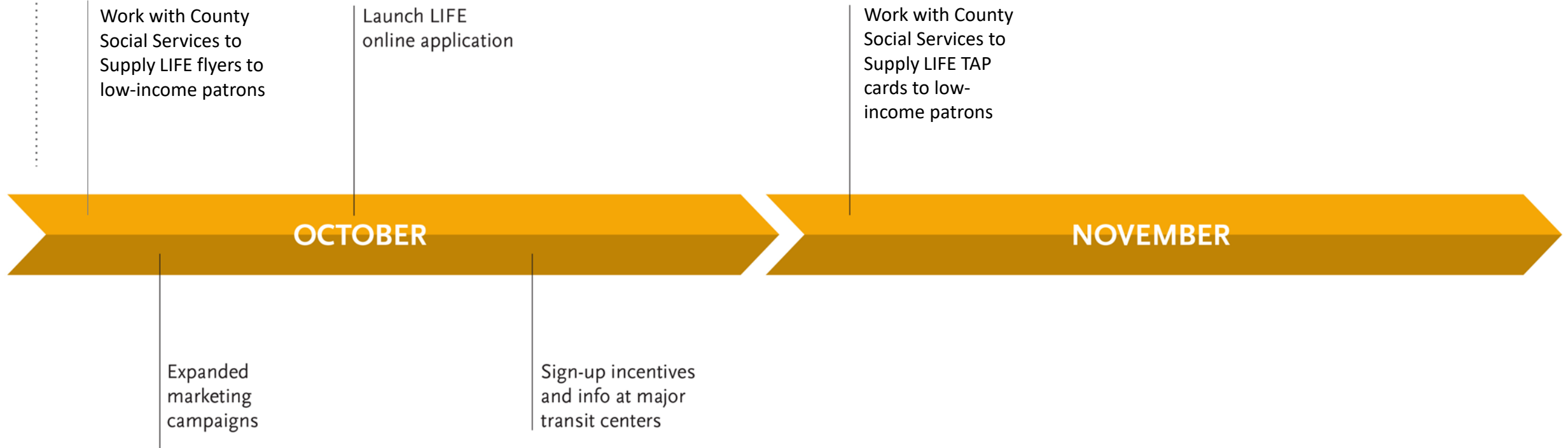
SEPTEMBER

New notifications on TAP website promoting registration

Low-Income Enhancements Timeline

Low-Income Enhancements

2021



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

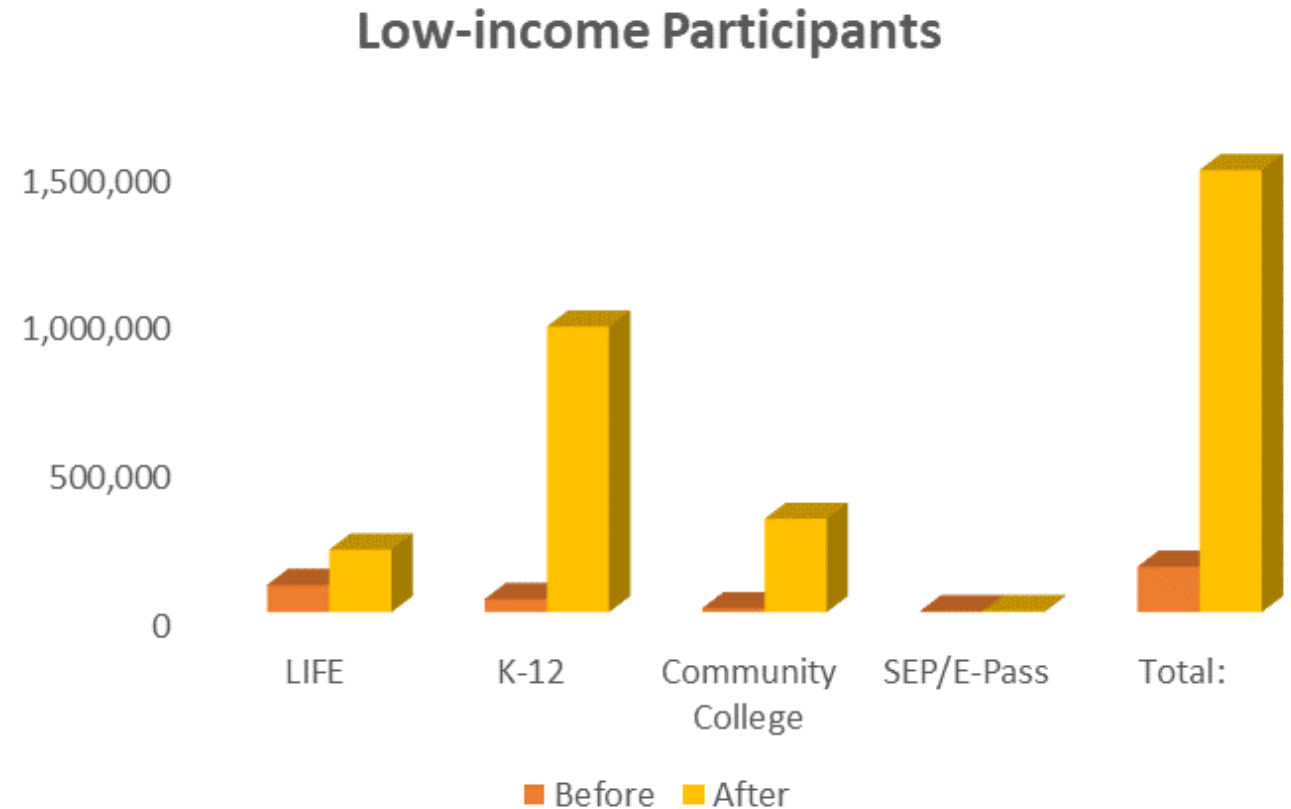
- Low-Income K-12 = 915,176*
- Low-Income Community College = 299,589*

New LIFE Participants After Enhancements

- New LIFE Participants = 118,000**

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

*If all eligible students participate
**If all eligible riders participate



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* 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.
- 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

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
Estimated Costs			
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 ⁽¹⁾	-	-	-
<i>Total Estimated Costs</i>	\$ 15.9	\$ 34.0	\$ 49.9
Funding Plan			
<u>Secured</u>			
ARPA Funds ⁽²⁾	\$ 11.7	\$ 29.8	\$ 41.5
Cost Sharing Contracts with K-12 Schools and Community Colleges ⁽³⁾	2.2	2.2	4.4
<u>Unsecured</u>			
Cost Sharing Contracts with K-12 Schools and Community Colleges ⁽⁴⁾	2.0	2.0	4.0
<i>Total Funding Plan</i>	\$ 15.9	\$ 34.0	\$ 49.9

⁽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.

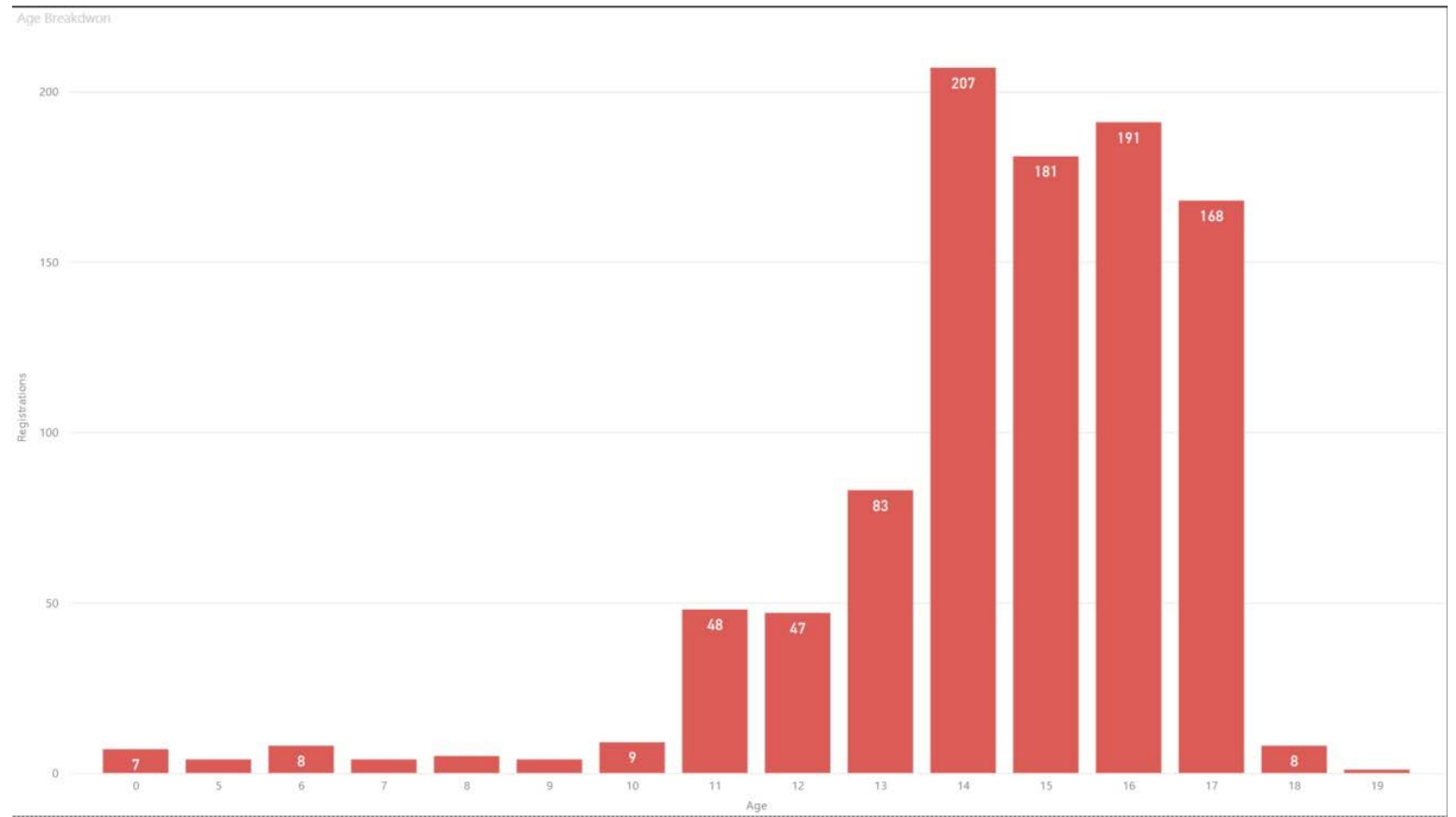
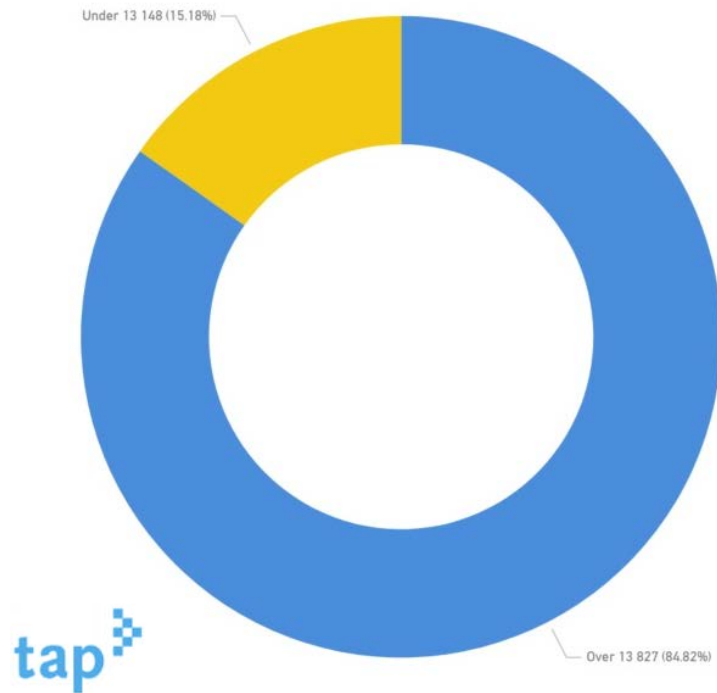
⁽⁴⁾ If all K-12 districts countywide participate in the program, additional annual revenues are estimated at \$2.0 million.

Phase 1 K-14 – Testing

- Since August 8th, 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

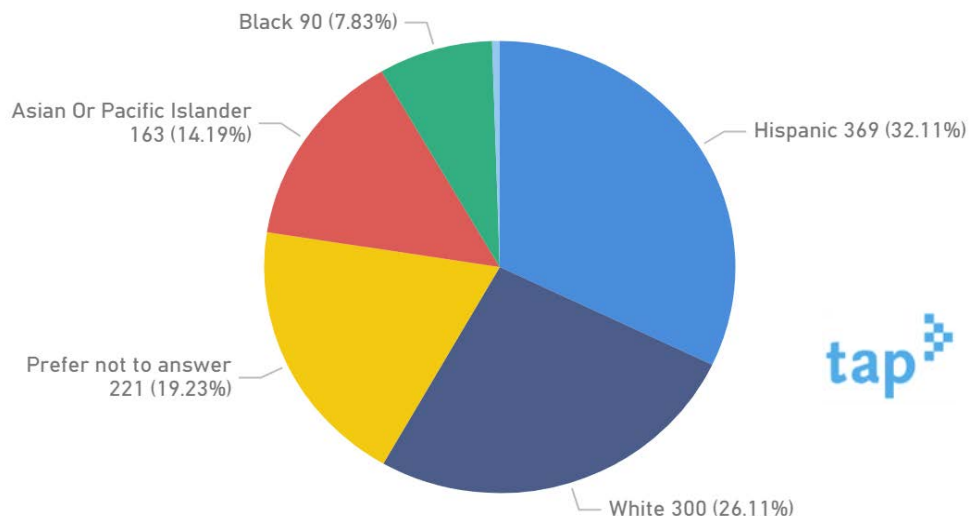
Hispanic = 32%

White = 26%

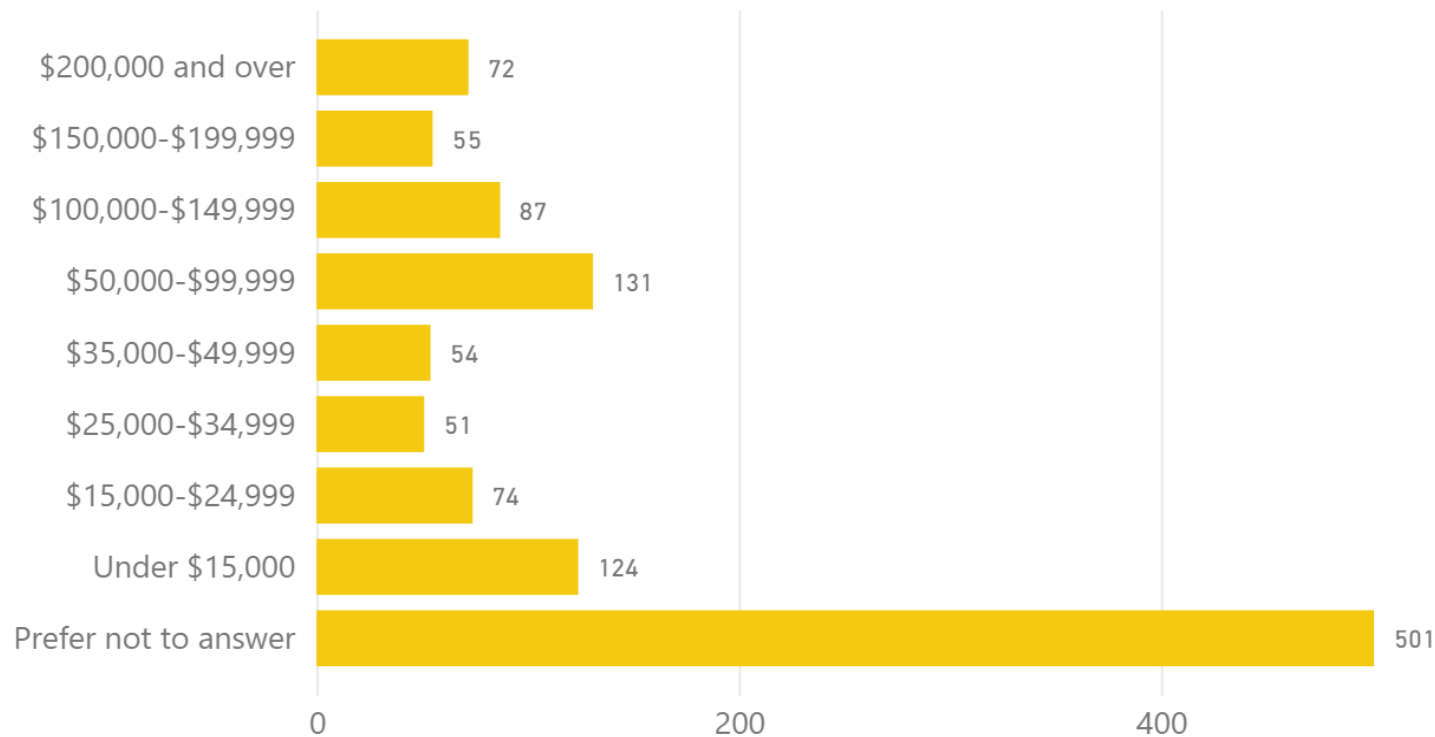
Prefer not to answer = 19%

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
Estimated Costs			
<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 & Local Operators</u>			
Estimated Fare Revenue Loss	\$ 24.0	\$ 48.0	\$ 72.0
Additional Costs	46.0	92.0	138.0
<i>Municipal & Local Operators Subtotal</i>	<i>\$ 70.0</i>	<i>\$ 140.0</i>	<i>\$ 210.0</i>
<i>Total Estimated Costs</i>	<i>\$ 162.6</i>	<i>\$ 276.4</i>	<i>\$ 439.0</i>
Funding Plan ⁽¹⁾			
<u>Secured</u>			
Redirect LIFE Program Revenues to FSI Phase 2 ⁽²⁾	\$ 7.5	\$ 15.0	\$ 22.5
<u>Unsecured</u>			
General Revenues - Bond Defeasance ⁽³⁾	68.0	-	68.0
Potential New Funding	87.1	261.4	348.5
New Federal Grants, such as Freedom to Move			
New State Grants, such as LCTOP			
New Local Funding, such as New Advertising Revenue			
New Philanthropic Grants			
<i>Total Funding Plan</i>	<i>\$ 162.6</i>	<i>\$ 276.4</i>	<i>\$ 439.0</i>

⁽¹⁾ 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).

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

⁽³⁾ 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:

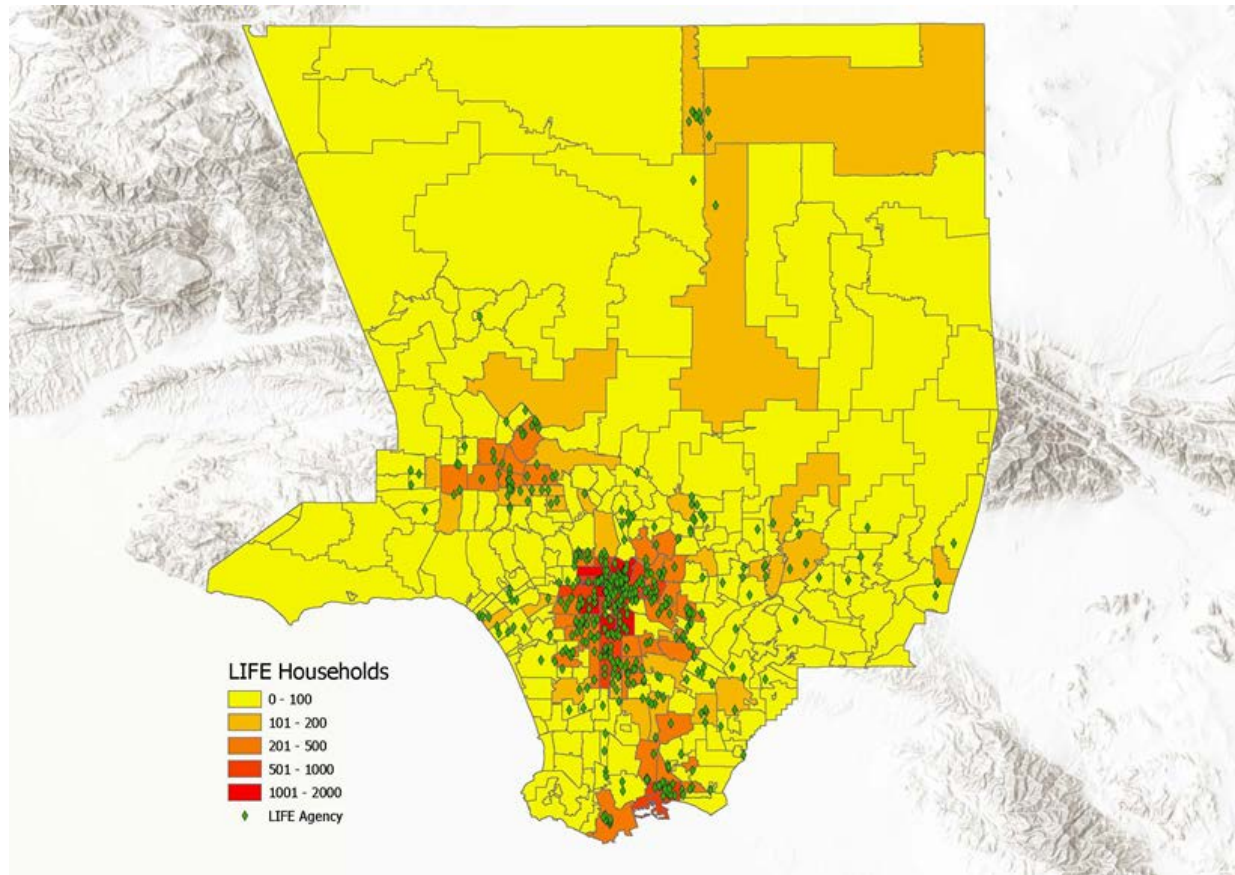
- Self-Attestation
- Cross Qualifying Participants with other Existing Low-Income Programs
- Fareless for Off-Peak Trips
- Qualifying EBT Customers for Reduced Fares on TAP System

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

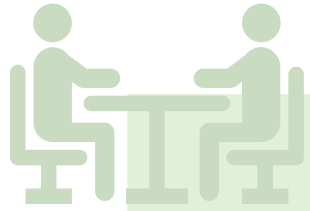
network >500 social service agencies

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

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)

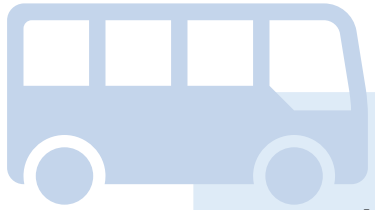
Benefits were developed based on agencies' feedback on how to best serve their clients:

- 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



Recurring Transit Need

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



- 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
Metro Products			
FREE 20-Trips Regional (per mo)	\$35	FREE	FREE
Monthly	\$100	\$76	\$26
Weekly (4X per mo)	\$25	\$19	\$6.50
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
Transit Operators (LIFE discounts will apply on top of any operator promo)			
LADOT/Pasadena	\$15-\$18	FREE	FREE
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">• FAME and IILA - social service network of > 500 agencies throughout LA County (<i>CBOs, non-profits, homeless shelters, agencies serving homeless, undocumented, hospitals, and domestic violence agencies</i>)		<ul style="list-style-type: none">• Metro Customer Service Centers now accepting LIFE applications <i>Expanding our reach to over 300K riders annually they serve</i>• Improving websites (TAP/Metro/Muni) for easier access to LIFE information and sign-up• More LIFE pre-scheduled sign-up events at major transit centers/stations• Expanded marketing campaigns• Emails to Reduced Fare Riders to promote enrollment
<ul style="list-style-type: none">• Email, mail and drop-off applications• Auto-renewal		<ul style="list-style-type: none">• Create NEW online application• Continue auto-renewal• Extend eligibility (1-yr to 2-yr)• Started effort on distribution of LIFE TAP cards through county agencies

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

New promotional emails to TAP Reduced Fare riders

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

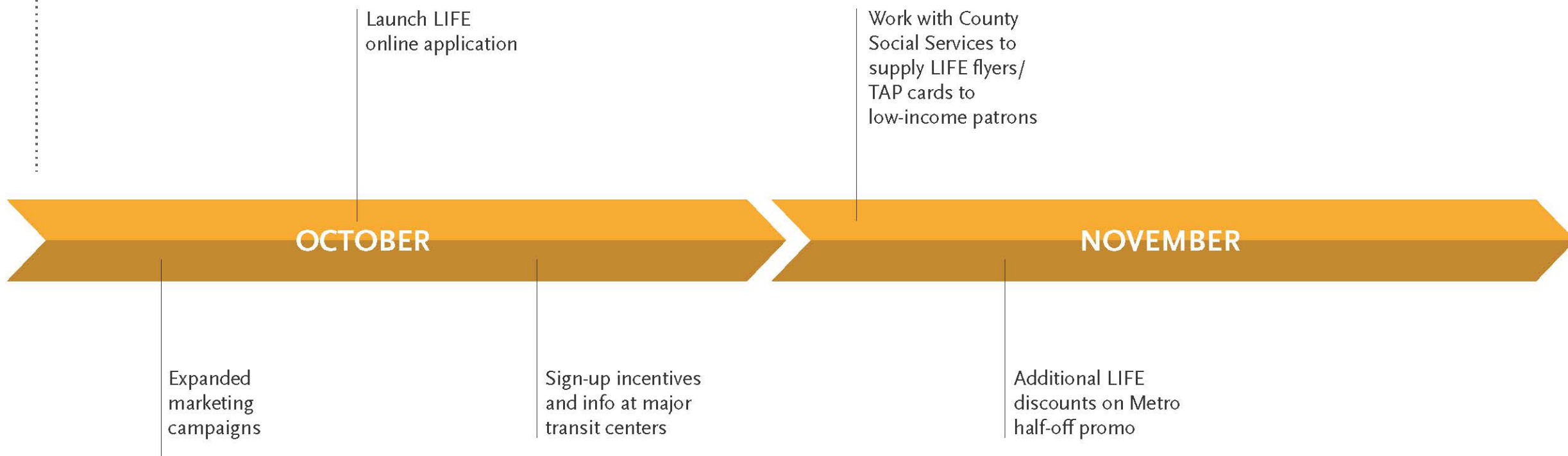
SEPTEMBER

New notifications on TAP website promoting registration

Low-Income Enhancements Timeline

Low-Income Enhancements

2021



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

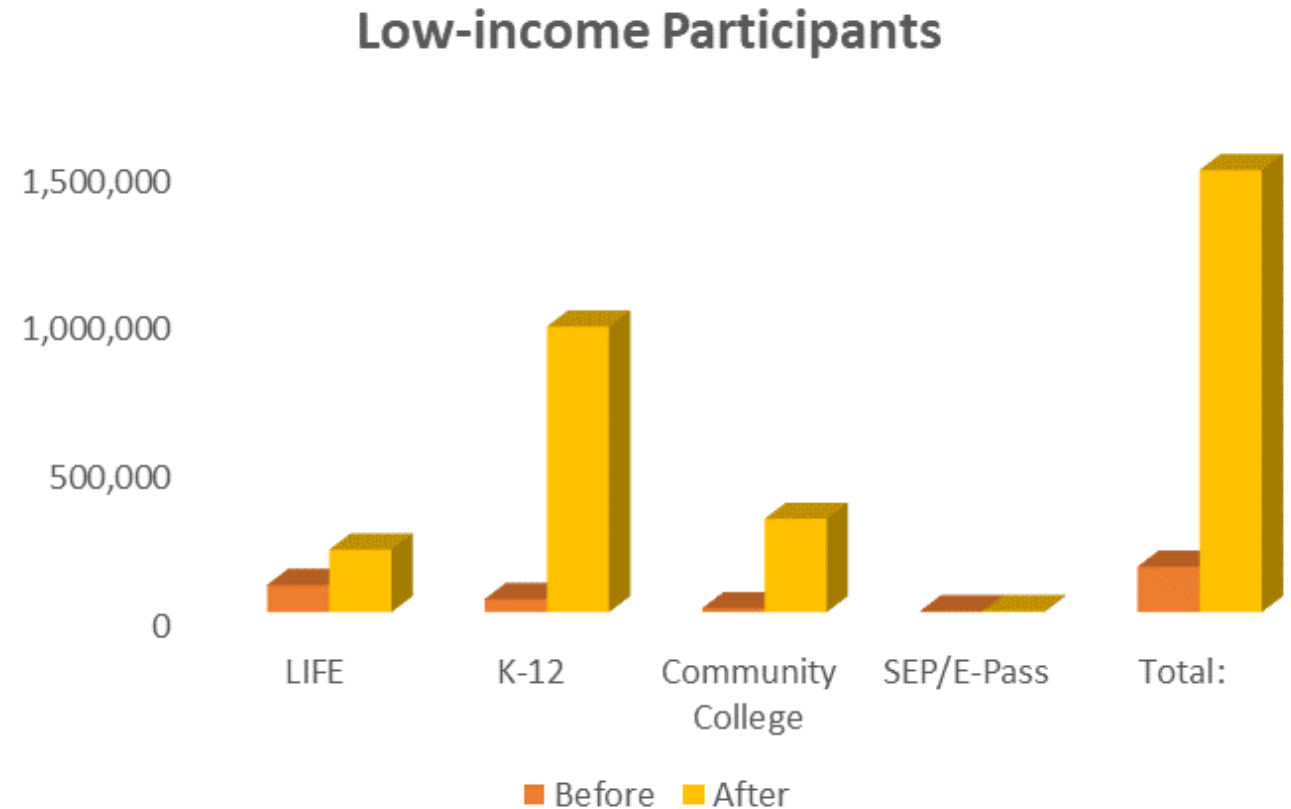
- Low-Income K-12 = 915,176*
- Low-Income Community College = 299,589*

New LIFE Participants After Enhancements

- New LIFE Participants = 118,000**

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

*If all eligible students participate
**If all eligible riders participate



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

Goals

- Raise broad awareness with Metro riders about systemwide changes beginning November 1, 2021, including:
 - Fare collections resume
 - Discontinue rear-door boarding (note: all-door boarding continues to be available on Line 720, 745 and Silver Line)
 - More frequency and convenience with NextGen implementation - Systemwide service hours restored
 - Safe & Clean
 - Improved fare options- discounted passes and LIFE program discounts
- Drive traffic to *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 November 1st
- 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.
- 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 with 30-days notice and a robust public education campaign



Fareless System Initiative