



Board Report

File #: 2023-0095, **File Type:** Motion / Motion Response

Agenda Number: 19.

EXECUTIVE MANAGEMENT COMMITTEE APRIL 20, 2023

SUBJECT: FARELESS SYSTEM INITIATIVE (FSI)

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. RECEIVING AND FILING report on funding feasibility strategies to facilitate the Fareless System Initiative (FSI); and
- B. APPROVING an extension of the Pilot GoPass Program (FSI Phase1) through FY24.

ISSUE

Metro has actively pursued the implementation of a Fareless pilot in LA County since 2020. Recognizing the benefits of a Fareless program while also considering the financial constraints, the Board approved phase 1 of the FSI pilot (GoPass) program in September 2021, to provide K-14 students free transit, and enhancements to the LIFE program. The report provides a recommendation to extend the GoPass pilot program for another fiscal year as staff continues to identify and pursue funding for the program.

BACKGROUND

In August 2020, Metro initiated a study of free fare service as a recovery strategy for the COVID-19 pandemic. The study confirmed that Metro riders are overwhelmingly low-income people of color for whom transit fares are an economic burden. The pandemic exacerbated inequalities pushing many further into poverty, resulting in low-income residents making difficult decisions about what necessities they can afford, such as food, housing, transportation, or healthcare. The key objective of the pilot FSI program is to alleviate some of the financial pressure by removing the transit cost and enabling greater economic stability for those who need it the most.

A fareless system can provide several benefits to Metro and LA County.

- Increased ridership: Cost is often a barrier for many low-income LA County residents; the frequency of usage and new riders will increase. The increased ridership can help reduce traffic congestion and air pollution throughout the County.

- Improved access to essential services: Metro is a lifeline for low-income riders. Metro provides reliable transit services to places of employment, healthcare, education, and other essential services. The cost of transportation can be cost prohibitive for some low-income residents, particularly if they need to use it frequently.
- Promote social equity: Reducing the impact of poverty on residents and communities by removing the financial barrier to ensure equal access to transportation.
- Economic benefits: Providing free public transit can stimulate local economies by making it easier for people to access jobs, goods, and services. It reduces the financial burden on LA County residents, who may be spending a significant portion of their income on transportation.
- Environmental benefits: Positive impact on public health with reduced greenhouse gas emissions and improved air quality.

On May 27, 2021, the Board approved Motion 45 by Directors Garcetti, Mitchell Krekorian, Bonin, and Solis (Attachment A) directing the Chief Executive Officer to implement the FSI, subject to a final financial plan while pursuing cost-sharing agreements.

At its September 2021 meeting, the Board approved a phased approach to FSI implementation - Phase 1 fareless for K-14 students and Phase 2 fareless for low-income residents, once funding has been identified. The Board approved the implementation of FSI Phase 1 (GoPass), which was funded with one-time American Recovery Plan Act (ARPA) funding. With this action, the Board also approved improvements to Metro's Low-Income Fare is Easy (LIFE), such as an easier application process and a reduction in cost. Increasing enrollment in the LIFE program is an important interim step to FSI Phase 2 as staff continues to identify potential federal, state, and local funding for FSI Phase 2. At the same meeting, the Board approved Motion 40 by Directors Mitchell, Solis, Garcetti, Sandoval, Bonin, and Dupont-Walker directing streamlined and accessibility improvements to the LIFE program that provides transit discounts to qualifying low-income residents. (Attachment B)

In November 2021, under the direction of Board Motion 40, Metro launched an even more streamlined LIFE program aimed at doubling enrollment in the program. The effort expanded the LIFE program to reach more eligible riders and acts as a bridge to FSI Phase 2 low-income fareless as Metro actively seeks funding for the pilot program. The LIFE program surpassed the double enrollment goal of 182,172 by the end of 2022 and a total of 217,554 life participants as of April 2023.

The GoPass Program was officially launched on September 23, 2021, as a two-year pilot.

DISCUSSION

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. The cost barrier to transit disproportionately impacts low-income households. Transportation costs limit mobility and access to employment, education, medical care, and social services.

By expanding mobility access, the FSI Program supports a range of interlocking economic, climate, and equity objectives. The Program's key objective is to remove barriers to mobility. Public transit provides access to jobs, economic opportunities, education, and healthcare resources while decreasing greenhouse gas emissions and congestion in the LA Metro area.

GOPASS

GoPass is paving the path towards a better quality of life and future job opportunities for the most disadvantaged students in LA County. Free access to public transportation increases students' mobility, school attendance, graduation rates, and access to social activities, promoting a better quality of life and better job opportunities.

GoPass has helped to promote educational equity by ensuring that all students, regardless of financial circumstances, have equal access to the educational opportunities they need. GoPass program supports young Angelenos with greater access to higher education and better jobs. A Metro study showed that students receiving a free transit pass have up to 27% higher graduation rates, which leads to expanded academic and employment opportunities. Currently, GoPass is expanding transit options for youth to attend post-school activities.

Prior to GoPass, Metro issued 93,956 K-12 Reduced Fare passes in FY19, which accounted for 10.1 million TAP boardings on Metro and Munis. All reduced-fare college programs accounted for 57,721 passes and 7.7 million TAP boardings on Metro and participating Munis. The total reduced-fare student participation in FY19 was 151,677 passes and 17.8 million boardings.

GoPass Program 2-Year Pilot Overall Stats (as of 4/7/23)

1. Registration Stats
 - 237,067 participants of the 2,016,043 students in LA County. About 18% of the student population
 - 101 participating districts
 - 1415 Participating schools
 - 16.6M boardings
 - 1.2M TAP cards provided to schools
 - 723 schools (52.74%) are within an EFC (Attachment C)
2. Applicant Stats
 - 86% of GoPass participants are over the age of 13
 - Average age is 18 years
 - 64% are Latino, 8% are Black, 14% preferred not to say, 7% are white, 7% are Asian or Pacific Islander, and 0.45% are American Indian
 - Though 48% of participants preferred not to provide household income, for those who did, 79% of participants reported a household income under \$35,000 and 89% reported a

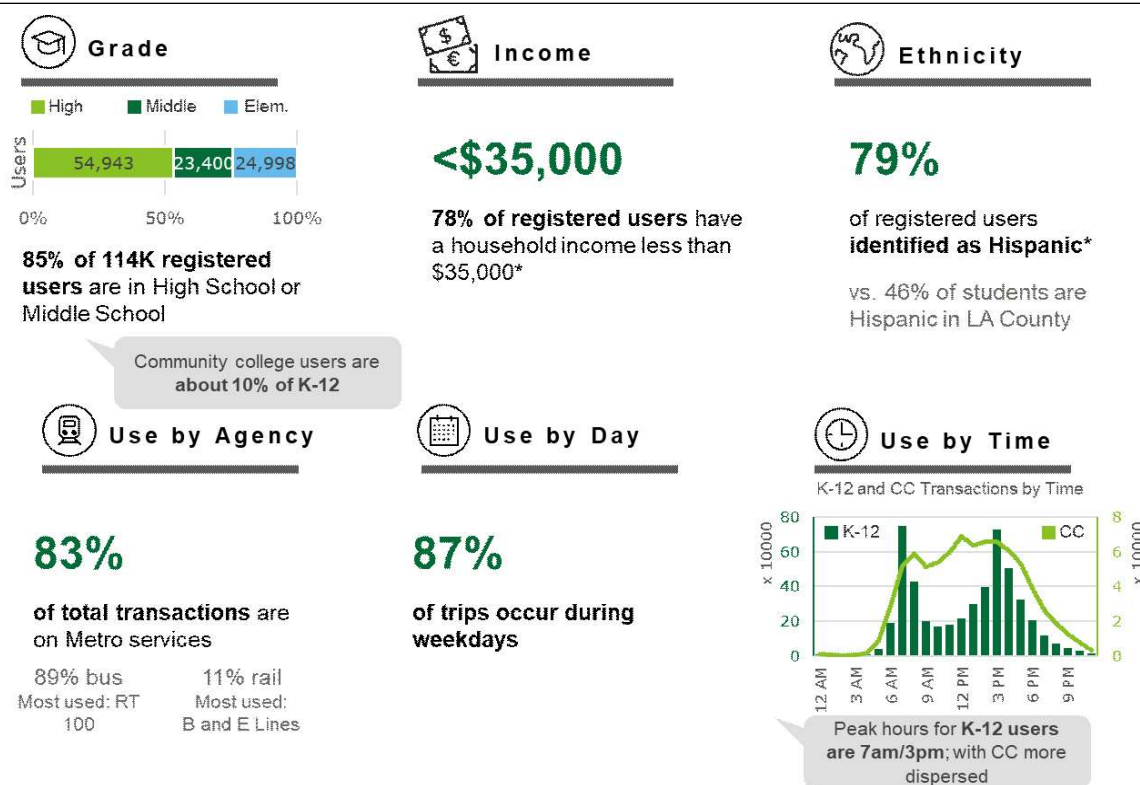
household income under \$50,000 annually.

3. Transaction Stats
 - 16.62M Boardings
 - Avg Boardings 1.2 m per month
 - 90% of Boardings are on Bus
 - 88% of Boardings during the week M-F

In the first 8 months of Year 2, the GoPass pilot program has recovered 63% of the pre-COVID student pass ridership and is estimated to reach 14M (79%) boardings by the end of FY23.

The GoPass program has also provided an additional 85,390 (56%) students with access to public transit. Families of K-12 students who participate in the GoPass program see an annual savings of \$288 per student by not having to purchase a reduced-fare student monthly pass. Community college students save \$516 per year participating in GoPass. Some community college participants are parents with children who also participate in GoPass, saving the family over \$800 per year.

GoPass first year findings:



GoPass Costs

For the initial 2-year GoPass Pilot, Metro used ARPA funds to mitigate the cost of the program, including the loss in student fare revenues, which ensured that it did 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 Metro's capital program. ARPA funds were used by Metro, other transit agencies, and many participating school districts to cover the cost of the initial GoPass pilot program, which ends June 30, 2023. The cost for K-12 districts to partner with Metro is \$3 per enrolled student per year, and the cost for community colleges and adult/vocational schools is \$7 per student per year.

Factoring in estimated fare revenue losses, reimbursements from the schools/districts, reimbursements to other agencies, and TAP card and administrative costs, Metro anticipates a total annual cost of \$12.8 million for Year 2 that includes the revenue from school cost-sharing agreements. Metro Year 1 costs were \$7.8 million. The increase in Year 2 cost is driven by an increase in the number of participants and boardings and the projected loss of farebox revenue for Metro and the other participating transit agencies.

State Assembly Bill (AB) 1919, which would have provided statewide funding for student transit pass programs, was vetoed by Governor Newsom last year because the appropriate funding was not available in the state budget to support the program. Metro is continuing to work with a statewide

coalition supporting new legislation for potential statewide funding in support of student pass programs as AB 610.

Although AB1919 was vetoed, new Home-to-School (HTS) Transportation Reimbursement for school districts was implemented through AB 181 (Chapter 52, Statutes of 2022) and amended by AB 185 (Chapter 571, Statutes of 2022). It provides public school districts and county offices of education (COEs) with reimbursement of up to 60% of their transportation program costs and requires a district Transportation Plan to be reviewed by a local transit agency and adopted by the school district's governing body by April 1, 2023. Metro has assisted over 40 school districts with information, participation data, and plan reviews to meet this requirement.

Because of the availability of this new funding source, staff will negotiate increasing the GoPass cost-sharing rate for K-12 districts from \$3 to \$7 per student per year. After the 60% reimbursement, the net cost to public school districts would be \$2.80 per student, which is less than the current rate. This would result in \$3.4 million in additional funding to Metro for Year 3 of the GoPass Program and reduce the projected cost of Year 3 from \$20 million to \$16.6 million, without increasing the net cost to public school districts. (Attachment D)

Therefore, staff recommends extending the GoPass pilot program an additional year.. No increase to the cost for community colleges or adult/vocational schools will take place. This will make the cost the same for all categories of students.

SURVEY

In February 2023, Metro conducted an online GoPass participant survey. The purpose of the survey was to help develop an advocacy plan for the fare program, specifically around free fares. The survey allowed Metro to collect qualitative information about the people who use the free fare program and visualize the impact of the program.

TAP sent out an online survey to 102.7k GoPass participants who were eligible and reduced-fare students using their 90 days of free fares under the LIFE Program. The survey was available in English and Spanish and was live for ten days in February 2023. 1,524 GoPass surveys were collected with a 38% response rate.

Key Findings (Attachment E)

- 62% of GoPass survey participants said they ride more frequently now than before enrolling.
- Over 45% of GoPass survey participants ride Metro multiple times a day compared to only 27% before enrolling in the program.
- Over 60% of GoPass survey participants are female compared to Metro systemwide at 46%, *Customer Experience Survey 2022*
- More than 50% of GoPass survey participants previously had to choose between spending money to ride LA Metro or spending it on other important needs.
 - When having to choose between spending money to ride Metro or spending it on other important needs, 29% of survey respondents said they used their money to pay the fare.

- When asked about how they spent the money they saved under GoPass, survey participants spent the money they saved on schoolbooks and supplies, and food.
- 85% of GoPass survey participants express feeling more independent and relying less on family/friends for rides.
- 97% of GoPass survey participants feel better or much better after receiving free fares.

- Sample of responses when asked to “Please describe in your own words the impact of free transportation fares on your life.”
 - It's the reason why I attend college
 - Kids feel more secure riding the bus instead of walking to school or home.
 - Sometimes, I didn't have money in high school to take the metro bus, so I would have to walk like 35 minutes, but then my school gave out tap cards.
 - The impact that free transportation fares had on me were eye opening. I am now able to go to more school/community events. I don't rely so much on my parents for transportation since they can only do so much. I am very fortunate to have received this opportunity.
 - The impact free transportation fares have had on me is being able to get to school without having to worry if I will or won't have money for my bus fare there and back, as well as being able to save money to use for school or other needs I may have. It has saved me a ton since I have to take 4 buses to school and back, making it 8 buses a day
 - The free transportation fares impacted my life as I'm able to go to school every day without worrying about spending money each time I take the bus, which helps with the hardships of my financial situation I'm currently living.
 - Without free transportation fares, I literally would not be able to afford lunch. (i.e. Bread, cheese, lettuce, and meat that can last me a week) Free transportation fares have literally changed my life in more ways than one.

FSI-Phase 2 Low-Income

As a bridge to a low-income fareless program, Metro has taken various steps to dramatically expand the number of individuals served by the LIFE Program, Metro's fare discount program that supports low-income residents' access to transportation. In 2022, registrants completed about 800,000 boardings a month on average. Currently, 78% of LIFE riders have annual incomes lower than \$41,000. 53% of LIFE riders are female.

Over the past year, Metro has specifically worked with the Los Angeles County Department of Public

Social Services (DPSS) to increase enrollment in the program. Similarly, Metro staff has reached out to the City of Los Angeles WorkSource Centers, the Los Angeles County Department of Mental Health, and labor unions to discuss cross-promotional efforts. Metro intends to pursue other co-enrollment partnerships with the LA County Department of Children and Family Services and the LA County Development Authority's Section 8 and Public Housing participants.

In February 2023, Metro also conducted an online LIFE participant survey with the same objective as the GoPass, to collect qualitative information about the people who use the free fare program and visualize the impact of the program.

TAP sent out an online survey to 28,000 LIFE program participants who were eligible/are using 90 days of free fares. The survey was available in English and Spanish and was live for ten days in February 2023. 1661 LIFE surveys were collected with a 41% response rate.

Key Findings (Attachment F)

- 50% of LIFE survey participants are female compared to systemwide 46%, *Customer Experience Survey 2022*
- 55% of LIFE survey participants are riding Metro multiple times a day.
- 72% rode Metro more frequently when using the free fares.
- More than 50% of LIFE survey participants have had to choose between spending money to ride Metro or spending it on other important needs.
 - When having to choose between spending money to ride Metro or spending it on other important needs, 29% of survey respondents used their money to pay the fare.
- When receiving free fares, LIFE survey participants spent the money they saved on food, housing cost, and home items.
- 95% of LIFE survey participants feel better or much better after receiving free fares.
 - The top three reasons why survey respondents felt better were because they worried less about money, felt less stressed, and were able to plan their day more easily.
- Sample of responses when asked to "Please describe in your own words the impact of free transportation fares on your life."
 - Facilita la vida y es una gran ayuda (makes life easier and is a great help)
 - I was able to schedule medical appointments at VA Hospital without worrying if I had the bus fare. I was able to travel to big food stores and not have to use local high price all stores near me
 - I am grateful for the Life Program being on a limited income and having to do other things like washing clothes, grocery shopping and getting back and forth to work during the week and on the weekends using public transportation has helped tremendously.
 - Helps a lot in paying other bills. Being part of a low income family, this was a

relief, money wise, with the 90 day free bus ride

- I get limited money on welfare. This made it easier to spend more on my children and worry less about bus rides. I take 2 busses to get them to school, then 2 more buses to get me home. Then when the day is done, another 2 busses to go pick them up and another 2 busses home. I ride the bus at least 8 times or more a day. This saves me greatly.

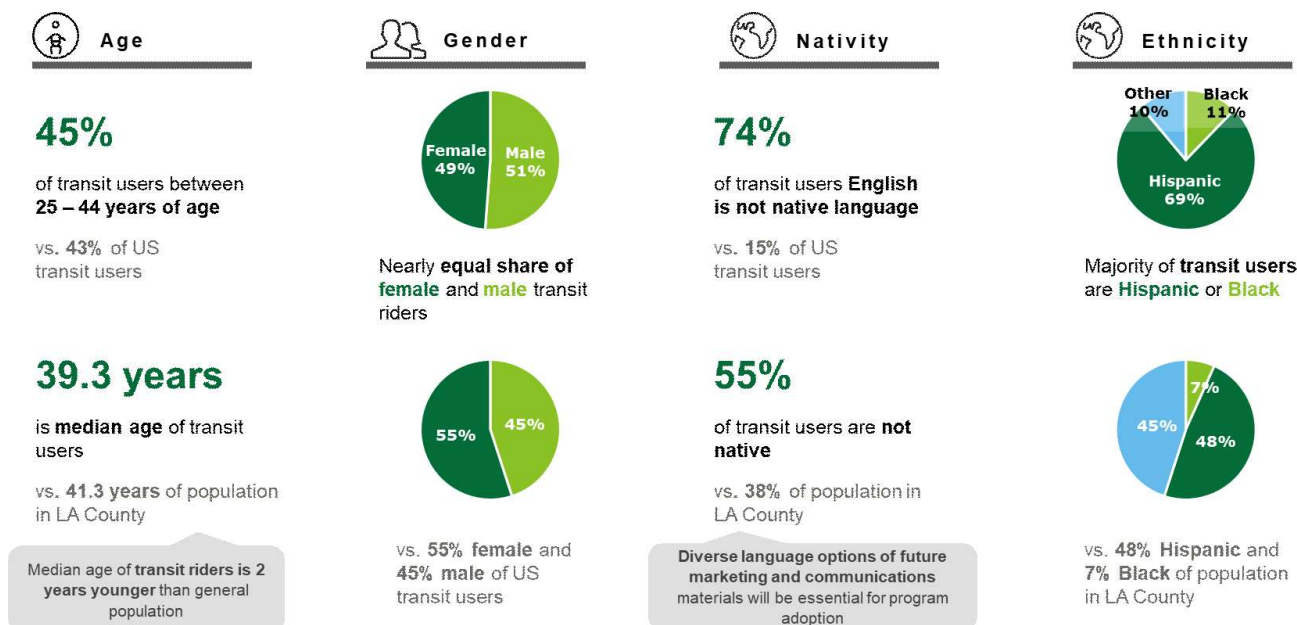
FSI PILOT PROGRAM NEXT STEPS

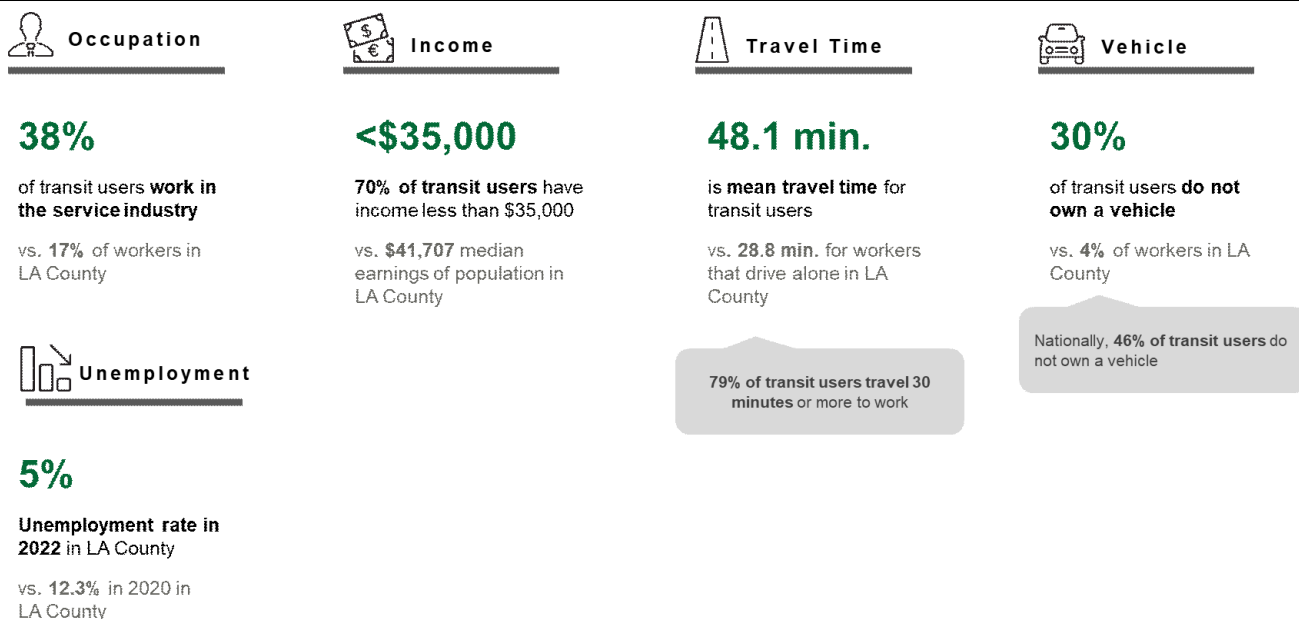
LA County has 9.8 million residents, about 25% of the entire State of California. Among Los Angeles County residents, approximately 13% live in poverty. Seventy percent of Metro customers have an annual household income of less than \$35,000. 80% of the customers are Latino/Hispanic or Black. The expansion of FSI to Phase 2 would eliminate transportation costs for extremely low-income riders and reduce equity disparities, promoting a better quality of life for LA County residents.

LA County Transit Users:

LA County transit users are diverse and younger than the general population in LA County. They primarily work in the service industry, make less than \$35k annually, and on average, have longer commute times than drivers.

LA County Transit Users Overview





Metro's next step is to identify funding opportunities to expand its fareless system initiative. Metro has been actively pursuing funding but also recently engaged Deloitte to evaluate the FSI Phase 2 Program and develop a comprehensive funding feasibility plan including Federal, State, Local, and non-governmental sources and an advocacy plan.

The advocacy plan identifies three (3) priority audiences for tailored outreach with customized propositions around the impacts on equity, economic opportunities, and climate change. Creating a broad coalition of support and securing funds from multiple sources will be critical and will require an innovative approach that highlights the equitable public transit outcomes from the FSI Phase 2 Program.

Consistent with our Board-approved Federal Legislative Program for 2023, Metro continues to be a national leader in advocating for federal programs that would establish grants in support of fare-free and reduced-fare transit programs. Previously, Metro successfully advocated for the inclusion of such funding as part of a new discretionary grant program (Affordable Housing Access Program) included in the Build Back Better Act. Unfortunately - the Build Back Better Act did not become law, and the Bipartisan Infrastructure Law - which did become law - failed to embed the language we sought to have the federal government support fare-free and reduced-fare transit programs. During the current 118th Congress, staff will continue to explore all possible legislative efforts to create a new federal discretionary grant program to support fare-free and reduced-fare transit programs.

At present, staff is working with a diverse number of stakeholders across Los Angeles County to aggressively pursue federal funding for fare-free and reduced-fare transit services in the 118th Congress through the congressionally directed Community Funding Project process - previously known as earmarks. Staff has submitted Community Funding Project requests with members of the Los Angeles County Congressional delegation (including our U.S Senators) to support Metro's Go

Pass Program - with strong support from members of the Metro Board and other groups, like MOVE LA, the Paramount Unified School District, the Los Angeles Unified School District, Long Beach Unified School District, Santa Monica College, Long Beach City College, among other educational institutions.

Metro staff is continuing to advocate for state funding to support the roll out of Phase 2 of FSI. The agency is supporting AB 610 by Assemblymember Holden, which would create a statewide Youth Transit Pass Pilot Program. The Department of Transportation would administer the Program to award grants to transit agencies to create and implement free youth transit pass programs. AB 610's proposed grant program would allow Metro to continue the GoPass program beyond its initial pilot phase. AB 610 builds upon the Assemblymember's similar bill from last year, AB 1919, which passed the legislature and was formally supported by Metro but was ultimately vetoed by the Governor for not having an associated appropriation. AB 610 is contingent upon an allocation of funds in the state budget and would be repealed on January 1, 2029. This bill is in line with our board-approved legislative program that seeks state funding for the implementation of a fareless transit system.

FSI Phase 2 Funding Sources:

The advantages and benefits of a fareless initiative are numerous. However, the key to success for FSI is to document the program data and messaging materials so they become compelling and impactful in the funding and policy decision-making processes. With a focus on providing equitable mobility and better quality of life for Angelenos with the lowest incomes, the key funding findings and recommendations are summarized in (Attachment G)

A broad collection of funding opportunities that are potentially viable and suitable to support Metro's budget requirements for expansion of the FSI program were assessed to the degree to which various funding options provide achievable, sufficient, and sustainable support for the FSI project as scoped by Metro.

The overall scope and primary purpose of the FSI program are about affordability and access to transit for students and low-income residents, however, the program's implementation approach and timeline are areas where the funding challenges loom largest. The current implementation plan for low-income is based on an estimated cost of \$439 million over eighteen months and more than 1 million eligible residents. These program assumptions, costs, and timeline will lead to a weaker funding feasibility plan and a lower probability of a sustainable program.

The FSI feasibility funding plan requires leveraging a combination of federal, state, local, philanthropic, and non-profit sources. Contributing sources may vary significantly throughout the years and are dependent on numerous and unpredictable variances that will present challenges for a sustainable fund source. A summary of all programs can be found in Attachment H.

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

Research Development, Demonstration, and Deployment Projects grant opportunities.

Federal Funding Challenges

- Federal programs do not directly list fare assistance as an eligible use of funds
- Regulations are not clear around the use of funds for fare revenue replacement
- Most Federal programs require cost sharing of 20% to 50% with awarded agencies

Federal Funding Opportunities

- Federal program awards are generally higher in value
- An award for FSI could create a use case for federal support for funding fareless transit
- Metro could have the opportunity to help shape legislation for fareless programs at the federal level leveraging data from GoPass

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

State Funding Challenges

- Majority of State programs are for competitive grants, with several oversubscribed in recent fiscal years
- Reduction of greenhouse gas emissions is a top priority for capital investments compared to fareless initiatives

State Funding Opportunities

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

Local Funds: Local measures and potential funds from local municipalities were evaluated, in addition to 26 alternative revenue options. Two measures and two propositions with “High” alignment were identified that have designated allocations that may fund operational expenses and transit related programs such as FSI.

Local Funding Challenges

- Creating local stakeholder buy-in to fund the program
- Competing funding priorities with major local issues such as housing
- Elevating the importance of fareless initiatives to top of local conversations to emphasize and raise the priority to allocate local funds for fareless initiatives

Local Funding Opportunities

- Define a unique value proposition that will resonate with local community aspirations
- Gather political support for legislative solutions that could drive new sources of revenue to be directed to fareless initiatives
- Eliminate transit cost barrier from the most needed parcel of the population
- Review existing congestion pricing policies that are designed to maintain free flow traffic conditions in the managed lanes. Amplify the local voice for policy changes that allocate a portion of toll revenue to the fareless initiative as a congestion reduction measure to incentivize people to use transit, thereby reducing the number of personal vehicles in the managed lanes
- Take the opportunity to serve as a pathway to create a transit model that fights against climate, poverty and increases ridership

NGO/Philanthropy and Private Sector Funds: 46 organizations were evaluated as potential supporters of FSI Phase 2. 15 potential supporters with “High” alignment with the goals of a fareless program for low-income riders,

Alternative Revenue Options: In addition to government funding sources, the FSI Phase 2 Funding Plan identified potentially innovative options to generate revenue from local, nongovernmental, and private sector partners that align with the objectives, benefits, and outcomes for low-income riders envisioned through FSI Phase 2. Upon initial review, Metro staff believe that the following concepts are worthy of further investigation:

- o **Employer Certification Program** - Develop a “Transit Friendly Employer” program that requires a % of fare purchases to be donated to FSI
- o **Congestion Pricing** - Allocating or competing for a portion of the revenue generated

from congestion pricing on toll lanes

- o **Cost Sharing with Health Insurance Companies** - Insurance will cover the cost of trips to/from health care appointments
- o **Toll Round-Up** - Institute a toll “round up” feature to allow Express Lane drivers to round up their tolls

Funding Key Considerations:

The FSI Phase 2 funding plan should take a funding compilation approach since there is no clear single funding source that can meet the total needs of the program. The FSI Program size and scope make it necessary to anticipate and overcome potential barriers or limiting factors. Defining and advocating around the program benefits are essential to making the fareless initiative a viable program for the future. Finding a dedicated, evergreen funding source will be a challenge. One time money may start a program but may not be available to sustain the program creating an ongoing operating expense. It is more detrimental to riders to start and end a program abruptly because there is no funding. It may be even more detrimental to cut service because of the lack of funding.

However, there are a considerable number of funding sources and opportunities with federal, state, local, private sector, and NGO philanthropic organizations with strong program alignment. The limited budget and the competitions between programs are real and require strong, consistent, and long-term advocacy efforts combining transit agencies, political support, organizational encouragement, and community allyship to move FSI forward.

FSI Phase 2 Inter-locking Objectives



- Federal and State funding sources can be unpredictable unless fareless legislation is in place.
- Federal programs are generally for capital program investments and do not directly list fare assistance under eligibility criteria. However, the reduction of greenhouse gas emissions and other Justice40 grant opportunities can support the FSI Phase 2 funding strategy.
- Most federal funding program awards require cost sharing of 20% to 50%.
- A majority of state programs are for competitive grants, with several oversubscribed in recent fiscal years.
- Measure A, Measure R, Proposition A, and Proposition C have designated allocations that may be leveraged to fund FSI.
- Many philanthropic institutions do not make recurrent donations. Dedicated year-over-year funding is not guaranteed unless it is specified in an existing agreement.
- Sustainable funding support is vital to the success of the program, and we have identified various high-alignment alternative revenue sources that can contribute significantly to the program. These alternative revenue sources, such as a partnership program (pay-it-forward), a toll roundup program (new concept), and philanthropic bulk purchases, are further explored in the report.
- Metro is well positioned to partner with large private-sector companies that have strong Diversity, Equity and Inclusion (DEI) commitments and substantial budget allocations towards social programs, such as FSI, that bring positive impact to the county's economy, well-being, environment, and sense of community.
- Metro can advocate and lobby for legislative appropriation and policy mandate to fund the fareless program long-term

DETERMINATION OF SAFETY IMPACT

This action will not have an impact on safety standards at Metro

FINANCIAL IMPACT

Impact to Budget

The GoPass Pilot program years 1 and 2 were partially funded by the cost sharing agreements with the schools. The loss in revenues from K-14 students was absorbed by the ARPA funding in FY23, which allowed transit agencies to use ARPA to mitigate the loss in fare revenues. Metro has exhausted all ARPA funding in FY23. Extending the pilot to year 3 requires the identification of funding to continue the pilot into FY24. The estimated cost of extending the pilot is \$20 million, which

includes the loss in fare revenues expected from K-14 riders.

Metro will set aside \$20-\$25 million in operating eligible funds to cover the cost of the program in the FY24 budget.

EQUITY PLATFORM

At its core, the goal of the FSI Pilot Program is to achieve greater equity by reducing barriers to mobility and improving access to transit for all communities. Increased transit ridership adds social and environmental benefits to the LA region. For students, access to transit increases the probability of students becoming long-term transit riders, improves school attendance and academic performance, and increases participation in extracurricular activities and employment.

Transportation is a basic need for the Los Angeles region, and the GoPass program makes Metro more accessible while providing financial relief from transportation costs for students and families. Data analysis of boardings in September and October 2022 showed that 61% of GoPass boardings occurred in Equity Focus Communities (EFCs), and 22% of GoPass boardings occurred in areas designated as food deserts by the United States Department of Agriculture (USDA). Further, as shown in the most recent GoPass Program surveys, the program has directly improved student access to education, extracurricular activities, school supplies, and even food, while alleviating transportation logistics and cost burden on households and families.

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

The Board can choose not to approve staff recommendations to extend the pilot period for GoPass through FY24 or to pursue funding strategies. This is not recommended as it will not support Metro’s goal to achieve greater equity by reducing barriers to mobility and improving access to transit for all communities.

NEXT STEPS

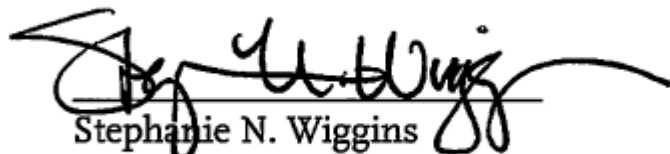
Staff will further assess and pursue, where applicable, potential funding sources as described in the FSI Phase 2 funding feasibility plan to support ongoing costs associated with the GoPass Program and future implementation of FSI Phase 2, which seeks to provide a fareless program to low-income riders.

ATTACHMENTS

Attachment A - Board Motion 45
Attachment B - Board Motion 40
Attachment C - FSI Schools Within EFCs
Attachment D - GoPass Pilot Cost Summary
Attachment E - GOPass Survey Findings
Attachment F - LIFE Survey Findings
Attachment G - Key Funding Findings and Recommendations
Attachment H - Potential Funding Sources

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Metro

Board Report

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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.



Metro

Metro

Board Report

File #: 2021-0627, **File Type:** Motion / Motion Response

Agenda Number: 40.

REVISED
REGULAR BOARD MEETING
SEPTEMBER 23, 2021

Motion by:

DIRECTORS MITCHELL, SOLIS, GARCETTI, SANDOVAL, BONIN, AND DUPONT-WALKER

Related to Item 35: Fareless System Initiative (FSI)

Effective March 23, 2020, former LA Metro CEO Phil Washington ordered that all passengers shall board the rear door when entering an LA Metro bus and, accordingly, removed the requirement for bus passengers to use the fare box. This practice was established to reduce the risk of COVID-19 transmissions on transit and to protect transit operators at the front of the bus from potential exposure to COVID-19. While put in place as a health pandemic response, this practice has been one of the most effective strategies in our region to respond to the economic pandemic our communities face.

Riders and community advocates quickly embraced LA Metro's fare free bus service and in August 2020, CEO Washington announced the formation of the Fareless System Initiative (FSI) Task Force to study the potential for continuing fare-free service as a recovery strategy to continue after the pandemic. The Task Force's research confirmed what riders already know; that LA Metro's riders are overwhelmingly low-income people of color for whom transit fares are an economic burden and for whom fare enforcement perpetuates racial disparities. Furthermore, the Task Force found that a fareless system would grow ridership and help the region meet its mobility, congestion reduction, and sustainability goals more effectively than almost any other LA Metro initiative. Buoyed by these findings, on May 27, 2021, the Board directed staff to proceed with FSI, subject to a final financial plan, which is before the Board for consideration today.

The financial plan identifies funding for free student passes as Phase 1 of FSI. Staff has moved quickly to build on the previously existing U-Pass program to expand free student passes to students in every participating school district throughout the county. However, the financial plan does not identify the funding needed to move forward and launch Phase 2 of FSI, which would serve all low-income riders. In the interim, staff proposes to build on the existing LIFE Program as a first step toward FSI Phase 2, until additional funding can be secured.

Increasing enrollment in the LIFE Program is an important interim step for an expansion of FSI. If implemented, it will create a pre-qualified pool of applicants for FSI Phase 2. While enrollment has grown since its launch in 2019, the LIFE Program still falls far short of its intended impact, largely due

to intimidating, restrictive, and tedious enrollment barriers. The current LIFE Program design will require an overhaul to meet the needs of eligible low-income riders. Namely, the LIFE Program must be far easier to enroll in, more accessible, easier to pay for, and truly affordable for low-income riders.

Our communities are still faced with a dual economic and health pandemic that racial and economic inequalities have further exacerbated. Programs across this region-created to support families in need-will be expiring later this year, despite evidence that these programs have collectively spurred a record drop in poverty (as much as half according to the Urban Institute). Costs will quickly escalate for families, many of whom are still unemployed, taking care of children and loved ones at home, and paying off rental debt. LA Metro must do more to prevent the resumption of fares from exacerbating economic distress among economically vulnerable people in our communities. Removing financial barriers for those who cannot afford transportation creates a lifeline for those who need access to essential travel.

Revamping the LIFE Program will alleviate the impact of fares on low-income riders while preparing LA Metro to implement FSI Phase 2.

SUBJECT: AMENDMENT TO FARELESS SYSTEM INITIATIVE (FSI)

RECOMMENDATION

APPROVE Motion by Mitchell, Solis, Garcetti, Sandoval, Bonin, and Dupont-Walker that the Board direct the Chief Executive Officer to:

- A. Develop a plan to double the number of LIFE Program enrollees by the end of 2022.
- B. Expedite a streamlined application system that enables on-the-spot enrollment and the immediate issuance of LIFE Program benefits through a process that allows applicants to self-certify qualification in the program. Applicants should attest that their information and eligibility in the program is accurate under penalty of fine.
- C. Ensure the fare capping pilot approved by the Board in March 2021 applies to LIFE Program participants.
- D. Expand partnerships with local, state, and federal public benefit programs to automatically enroll members in LIFE upon qualification.
- E. Partner with community-based organizations to canvass LA Metro buses and trains to enroll qualifying riders.
- F. Provide three months of fareless transit to new enrollees as an incentive to enrollment, beginning upon the resumption of fare collection.
- G. Evaluate whether qualified applicants can enroll in the LIFE Program with the next generation of touch screen TAP Vending Machines.

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

- H. Continue the current boarding practices until prospective participants can enroll-on-the spot and self-certify their eligibility, with no less than 90 days for promotion and 45 days for enrollment before fare collection resumes. The resumption of fare collection should also be subject to a 45-day awareness-building period that fares collection will resume as detailed in Attachment I of the September 2021 FSI report (Board File 2021-0574).
- I. Return to the Board in January 2022 with an update on LIFE Program changes.
- J. Conduct a LIFE Program evaluation - in partnership with community-based organizations -- to:
 - 1. Develop additional strategies that support the enrollment of new participants in the LIFE Program.
 - 2. Survey and convene current and prospective LIFE Program enrollees on how well the current program meets the needs of eligible applicants.
 - 3. Review current benefit levels and recommend changes, as appropriate.

BONIN AMENDMENT:

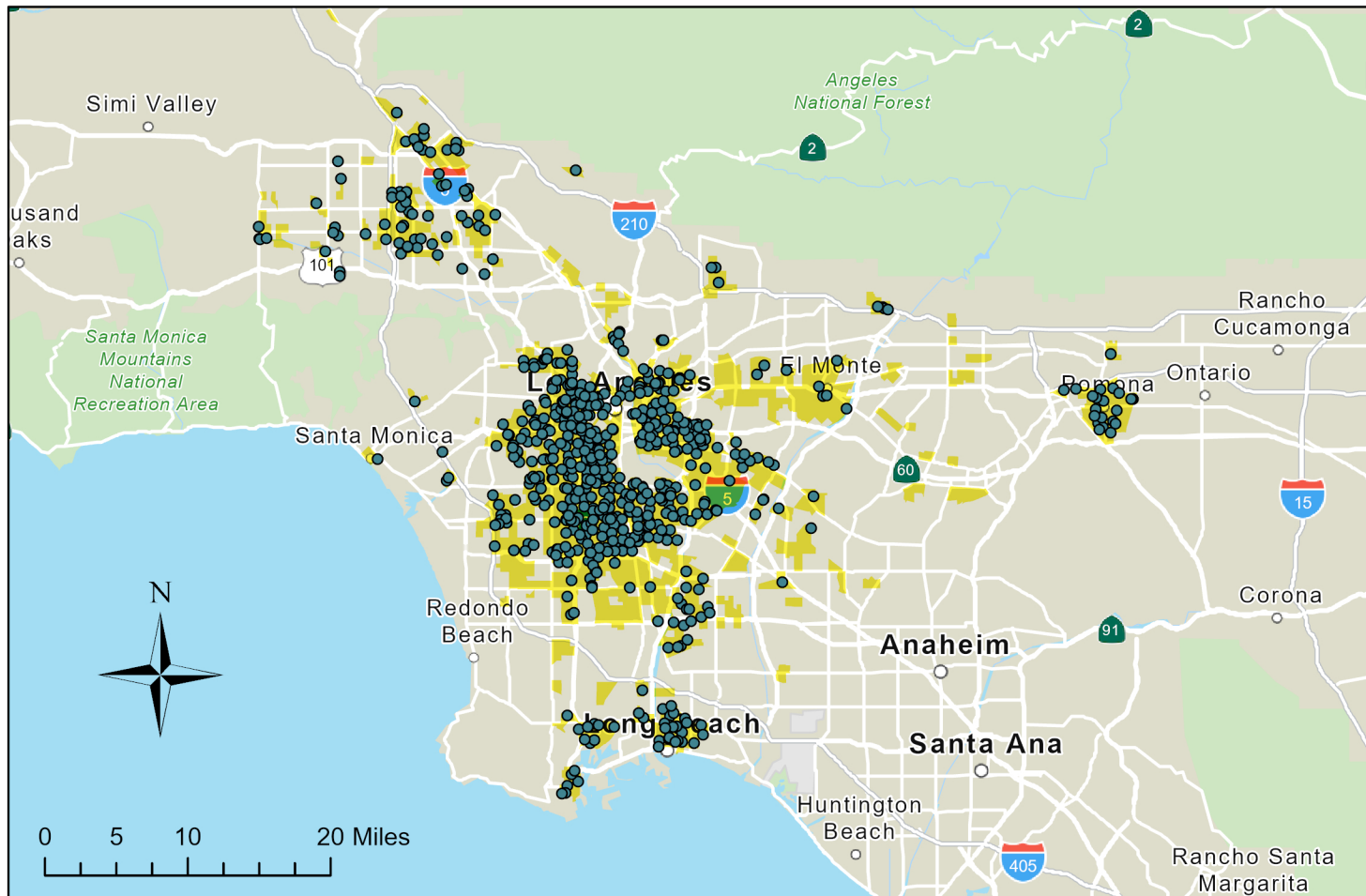
I would like Metro staff to come back to us in your next report with a more reasonable evaluation of the benefits and costs of going truly fareless. This analysis needs to consider:

- A. A phased approach that winds down contracts rather than breaching them.
- B. The cost of anticipated upgrades and maintenance of our fare collection system that could be avoided.
- C. Realistic ridership and fare revenue forecasts that take into account actual ridership trends, use today's ridership as a baseline, and factor in already Board-approved discounts, including today's actions.
- D. Operational savings from reduced bus dwell times and reduced staff needs for fare collection and enforcement.
- E. Validating cost assumptions from munis.
- F. Looking more holistically at Access Services, including potential savings from Federal waivers and coordination with Microtransit; and
- G. Look at universal \$26 pass proposal from Bus Riders Union.

KUEHL AMENDMENT:

Report back on the communication plan.

FSI Schools Within EFCs



Legend

- FSI Schools Within EFCs
- EFCs (Updated 2022)

GoPass Pilot Cost Summary				
STATISTICS				
				Projected Year 3
				7/2023 - 6/2024
Boardings				25,091,606
Monthly Boardings				2,090,967
RESULTS				
		Actual Year 1	Estimated Year 2	Projected Year 3
School Districts Enrollment				
K-12		636,714	736,597	854,453
Community College		152,455	252,887	252,887
Adult/Vocational		-	52,798	52,900
Total GoPass Enrollment		789,169	1,042,282	1,160,240
GoPass Boardings				
Metro (84%)		4,516,731	11,780,815	21,076,949
Other Transit Agencies (16%)		837,372	2,243,965	4,014,657
Total GoPass Boardings		5,354,103	14,024,780	25,091,606
Revenues: GoPass Cost-Sharing Agreements				
Amounts Collected From				
K-12	\$3	\$ 1,910,142	\$ 2,209,791	\$ 2,563,358
Community College	\$7	687,815	598,668	598,668
Adult/Vocational	\$7	-	369,586	370,300
Total Collected from School Districts		\$ 2,597,957	\$ 3,178,045	\$ 3,532,326
TAP Cards		\$ (1,447,090)	\$ (605,218)	\$ (600,000)
Revenues to be shared		\$ 1,150,867	\$ 2,572,827	\$ 2,932,326
GoPass Program Costs				
Metro Administrative Costs				
Technical Support, Administrative Support, Outreach				
Metro Administrative Costs		\$ 4,330,616	\$ 3,888,735	\$ 3,888,735
Fare Revenue Loss		\$ 3,387,548	\$ 8,835,611	\$ 15,807,712
Metro Costs		\$ 7,718,164	\$ 12,724,346	\$ 19,696,447
Cost Sharing Agreements		(696,710)	(1,620,881)	(1,847,365)
Metro GoPass Costs		\$ 7,021,454	\$ 11,103,465	\$ 17,849,082
Other Transit Agencies				
Total Administrative Costs		\$ 281,010	\$ 266,590	\$ 297,529
Fare Revenue Loss		\$ 925,223	\$ 1,682,974	\$ 3,010,993
Other Transit Agencies Cost		\$ 1,206,233	\$ 1,949,564	\$ 3,308,522
Cost Sharing Agreements		(414,619)	(951,946)	(1,084,960)
Other Transit Agencies GoPass Costs		\$ 791,614	\$ 997,618	\$ 2,223,561
TOTAL GoPass Costs		\$ 7,813,068	\$ 12,101,083	\$ 20,072,643
Potential new funding (increasing K-12 School District rate to \$7) for Year 3				\$ (3,417,810)
Cost of Year 3 pilot w/increased fee				\$ 16,654,833

Executive Summary – GoPass Program Survey

Background

In February 2023, LA Metro conducted an online GoPass participant survey. The purpose of the survey was to help develop an advocacy plan for the fare program, specifically around free fares. The survey allowed LA Metro to collect qualitative information about the people who use the free fare program and visualize the impact of the program.

Methodology

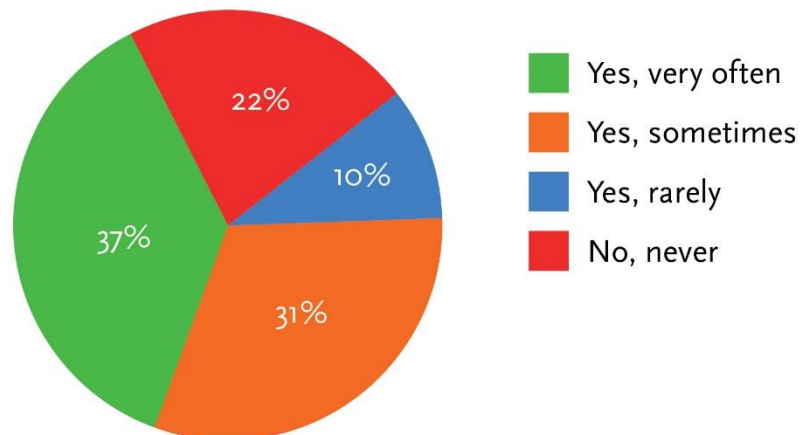
TAP sent out an online survey to 102.7k GoPass participants who were eligible and/or using 90 days of free fares. The survey was available in English and Spanish and was live for 10 days in February 2023. 1,524 GoPass surveys were collected with a 38% response rate.

Key Findings

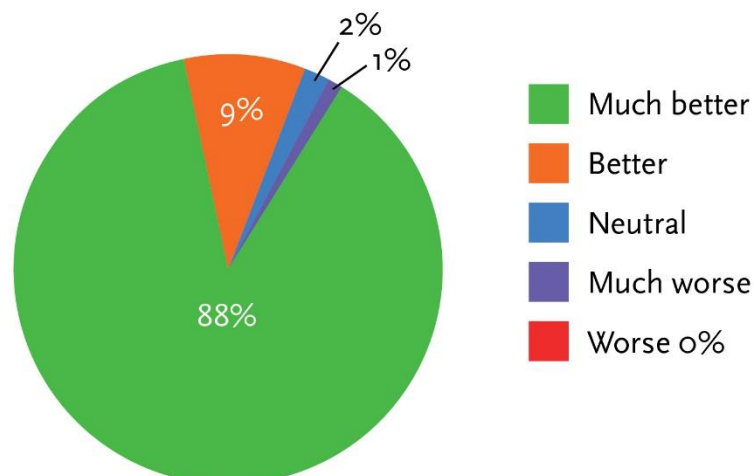
- 62% of GoPass survey participants ride more frequently now than before enrolling.
- Over 45% of GoPass survey participants ride LA Metro multiple times a day compared to only 27% before enrolling in the program.
- Over 60% of GoPass survey participants are female compared to Metro systemwide at 46%, *Customer Experience Survey 2022*
- More than 50% of GoPass survey participants have had to choose between spending money to ride LA Metro or spending it on other important needs.
 - When having to choose between spending money to ride LA Metro or spending it on other important needs, 29% of survey respondents used their money to pay the fare.
- When asked about how they spent the money they saved, GoPass survey participants spent the money they saved on schoolbooks and supplies and food.
- 85% of GoPass survey participants express feeling more independent and rely less on family/friends for rides.
- 97% of GoPass survey participants feel better or much better after receiving free fares.

GoPass Survey Summary

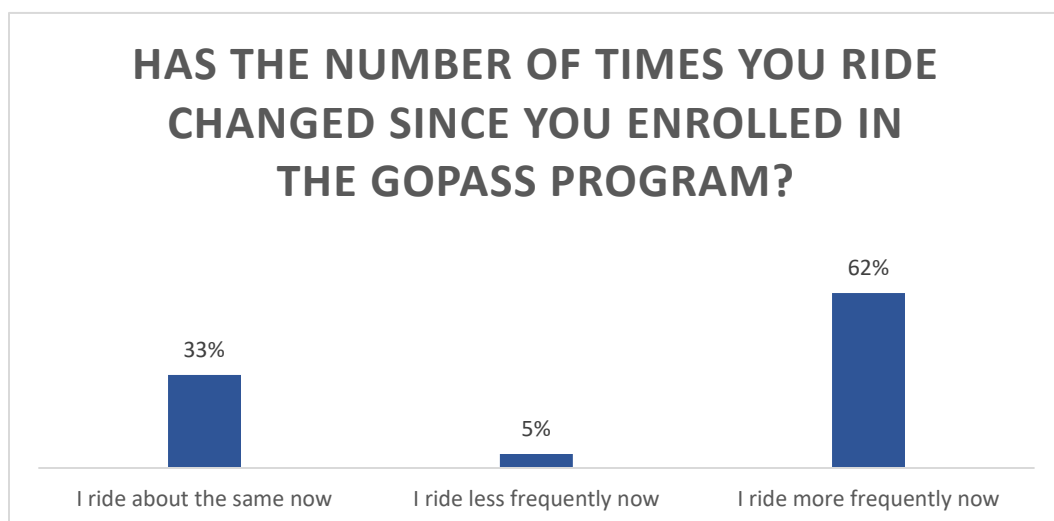
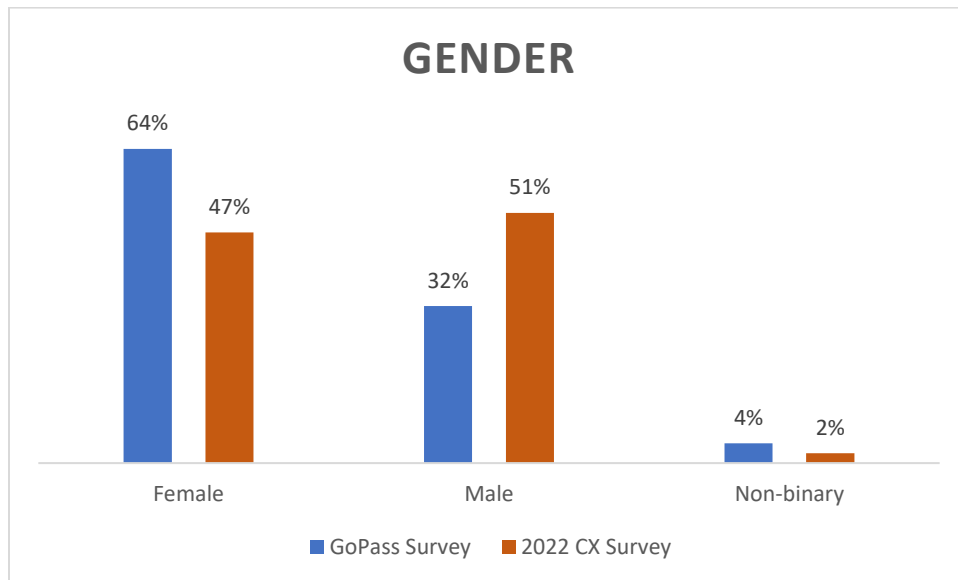
Before enrolling in the GoPass Program, did you ever have to choose between spending your money to ride Metro or spending it on other important needs (like food, rent, childcare, health services, etc.)?



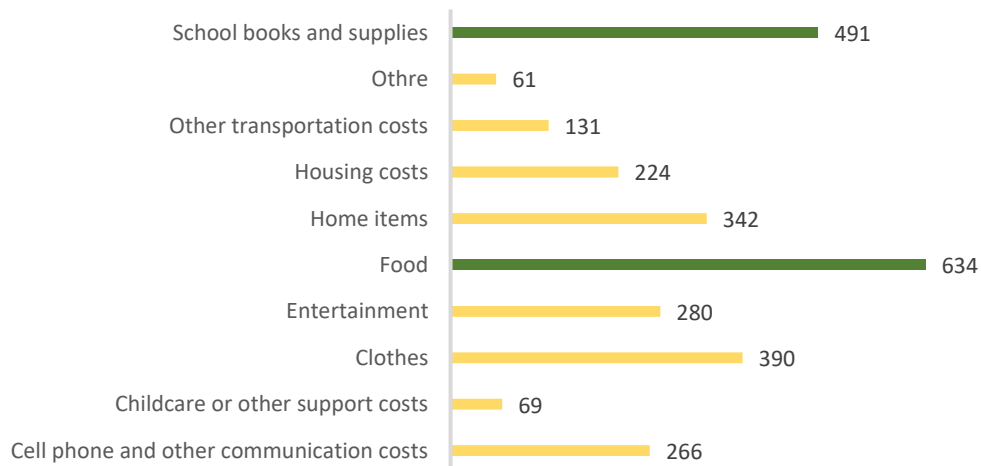
How does receiving a free pass impact how you feel?



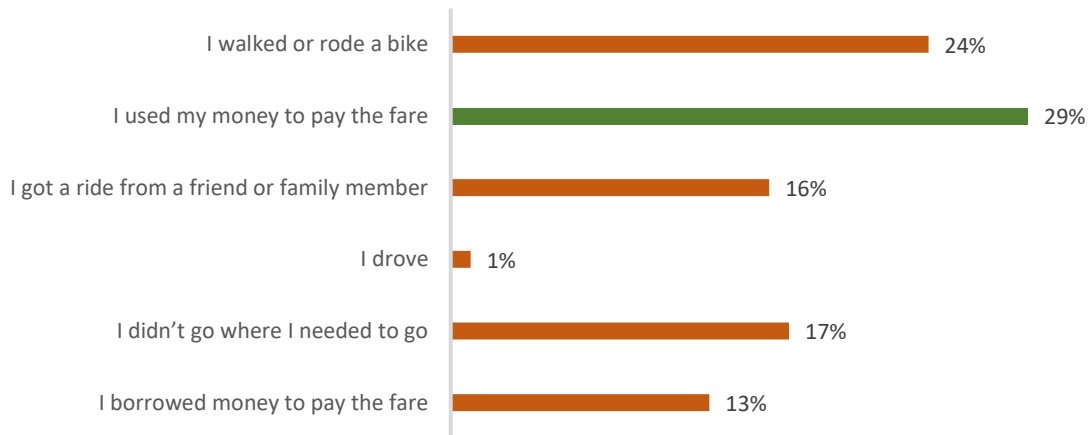
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**WHERE DO YOU SPEND THE MONEY
YOU SAVED? *PLEASE SELECT ALL THAT
APPLY***



WHEN YOU HAD TO CHOOSE BETWEEN PAYING TO RIDE LA METRO OR PAYING OTHER IMPORTANT NEEDS, WHICH STATEMENT BEST DESCRIBES YOUR DECISION?



YOU MENTIONED YOU FELT BETTER WITH FREE FARES. ***PLEASE SELECT ALL THE WAYS THAT YOU FELT BETTER***



Executive Summary – LIFE Survey

Background

In February 2023, LA Metro conducted an online LIFE participant survey. The purpose of the survey was to help develop an advocacy plan for the fare program, specifically around free fares. The survey allowed LA Metro to collect qualitative information about the people who use the free fare program and visualize the impact of the program.

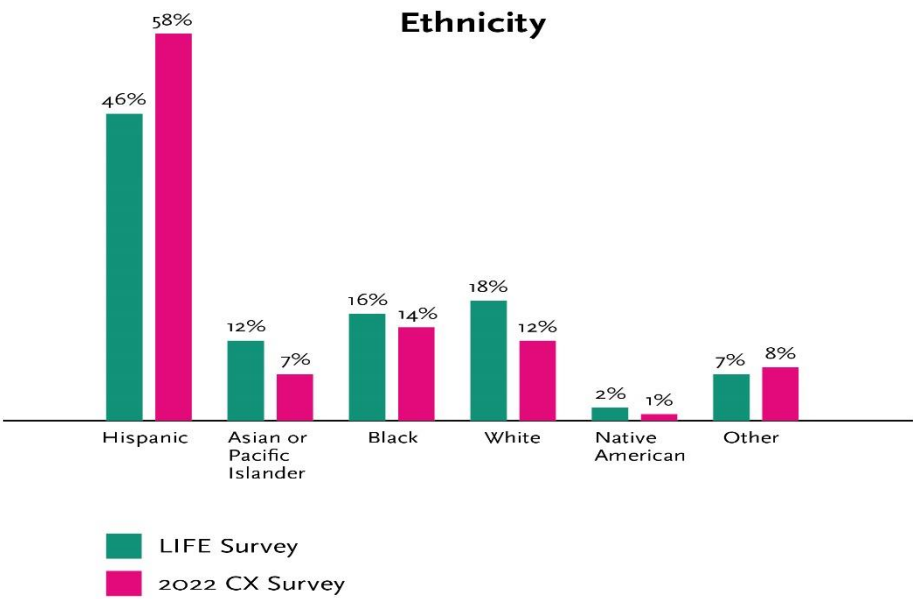
Methodology

TAP sent out an online survey to 28.04k LIFE program participants who were eligible/are using 90 days of free fares. The survey was available in English and Spanish and was live for 10 days in February 2023. 1661 LIFE surveys were collected with a 41% response rate.

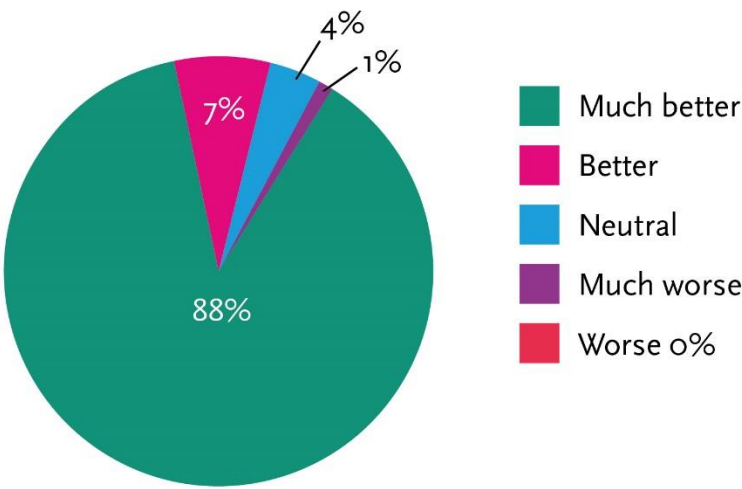
Key Findings

- 50% of LIFE survey participants are female compared to systemwide 46%, *Customer Experience Survey 2022*
- 55% of LIFE survey participants are riding Metro multiple times a day.
- 72% rode Metro more frequently when using the free fares.
- More than 50% of LIFE survey participants have had to choose between spending money to ride LA Metro or spending it on other important needs.
 - When having to choose between spending money to ride LA Metro or spending it on other important needs, 29% of survey respondents used their money to pay the fare.
- When receiving free fares, LIFE survey participants spent the money they saved on food, housing cost, and home items.
- 95% of LIFE survey participants feel better or much better after receiving free fares.
 - The top three reasons why survey respondents felt better were because they worried less about money, felt less stressed, and were able to plan their day more easily.

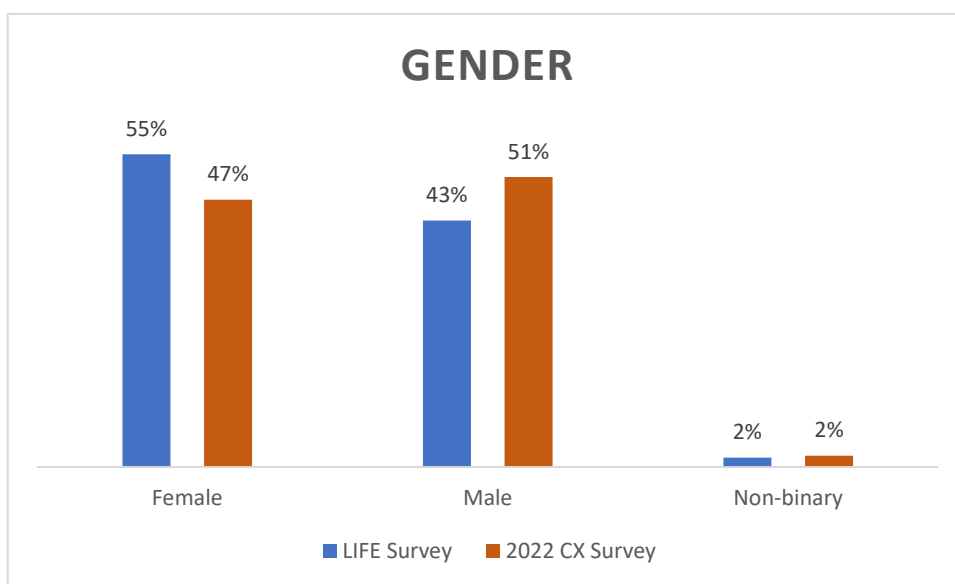
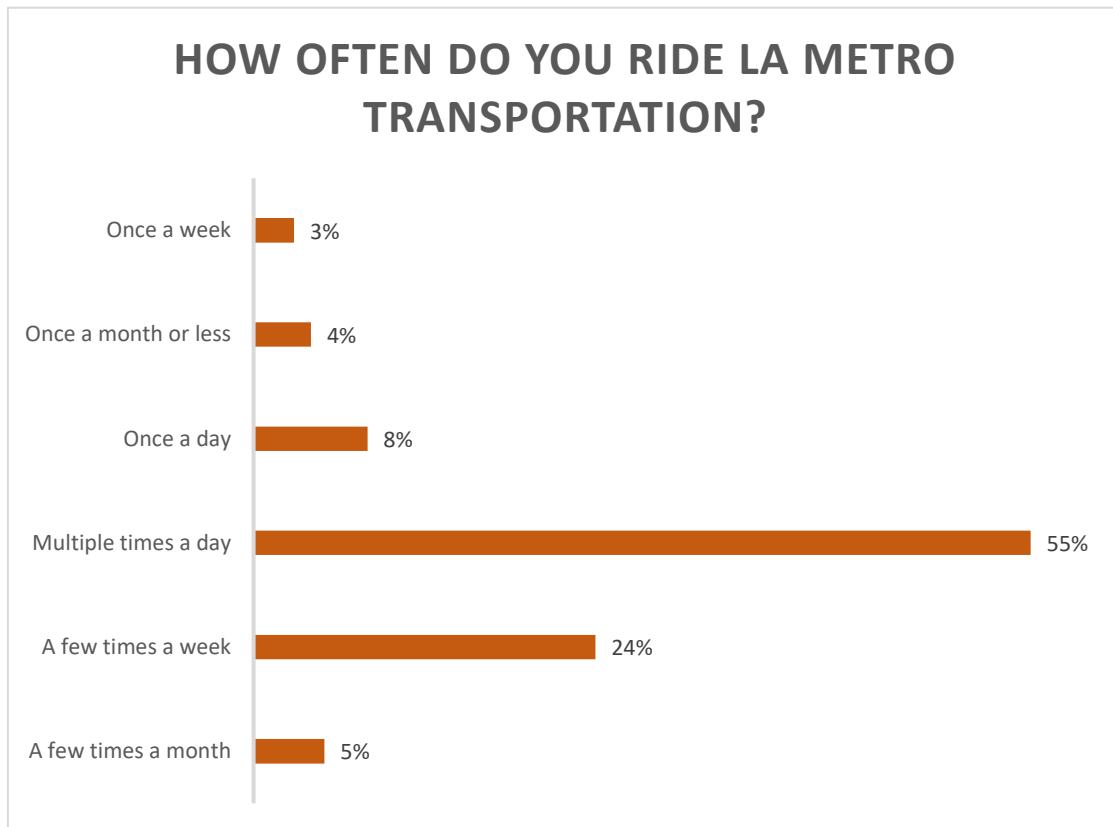
LIFE Survey Summary



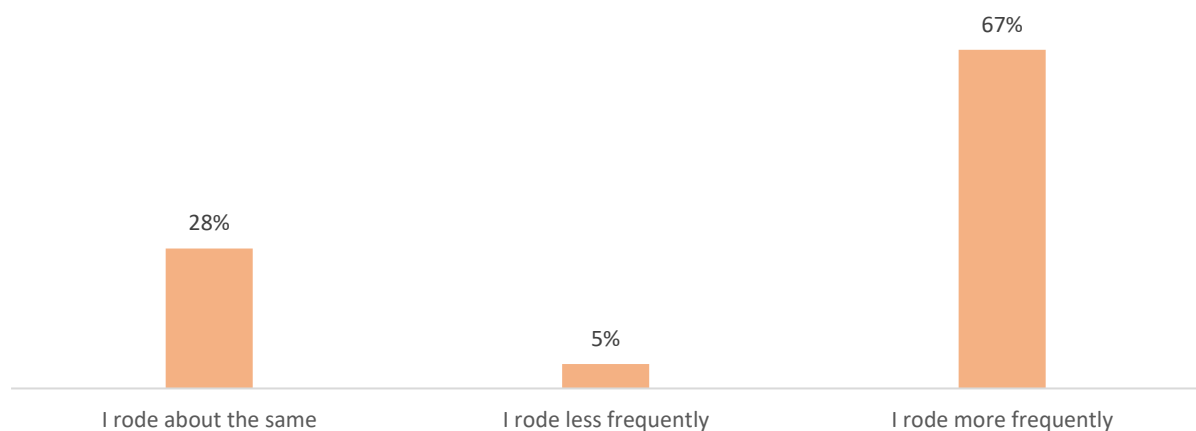
After receiving free fares, how did you feel?



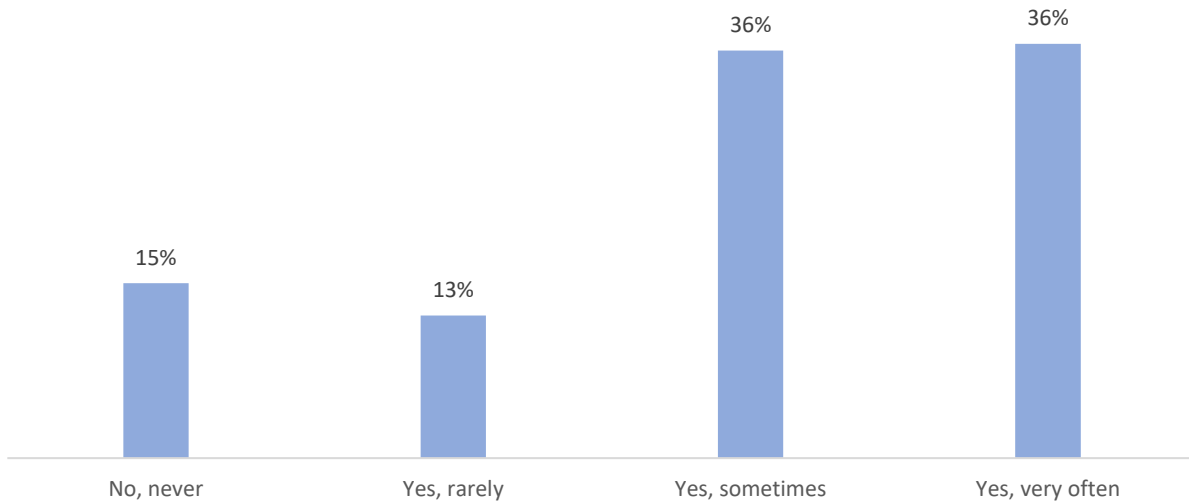
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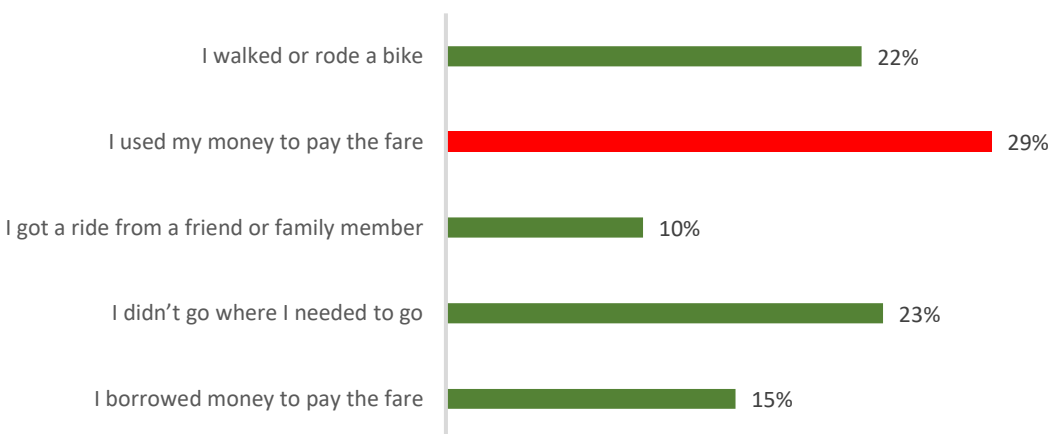
**PLEASE THINK ABOUT THE TIMES WHEN YOU
HAVE RECEIVED FREE FARES, AND DID NOT
HAVE TO PAY TO RIDE LA METRO
TRANSPORTATION. DID THAT AFFECT HOW
FREQUENTLY YOU RODE LA METRO
TRANSPORTATION?**



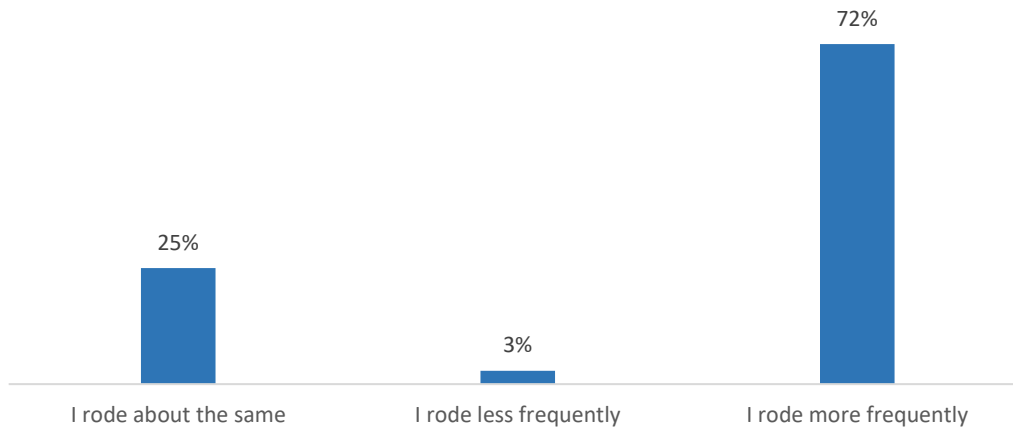
**HAVE YOU EVER HAD TO CHOOSE BETWEEN
SPENDING YOUR MONEY TO RIDE LA METRO
OR SPENDING IT ON OTHER IMPORTANT
NEEDS (LIKE FOOD, RENT, CHILDCARE, HEALTH
SERVICES, ETC.)?**



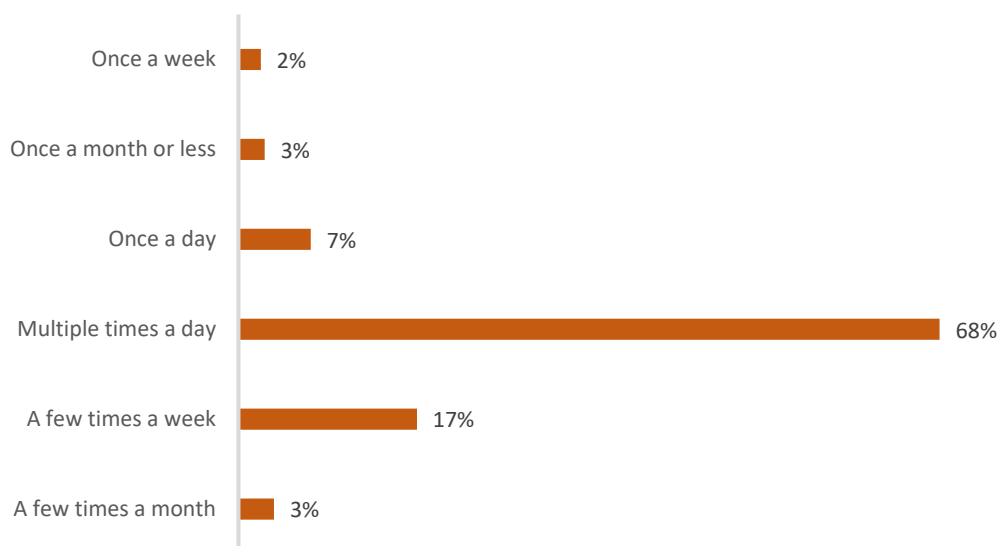
**WHEN YOU HAD TO CHOOSE BETWEEN
SPENDING MONEY TO RIDE LA METRO OR
SPENDING IT ON OTHER IMPORTANT
NEEDS, WHICH STATEMENT BEST
DESCRIBES YOUR DECISION?**



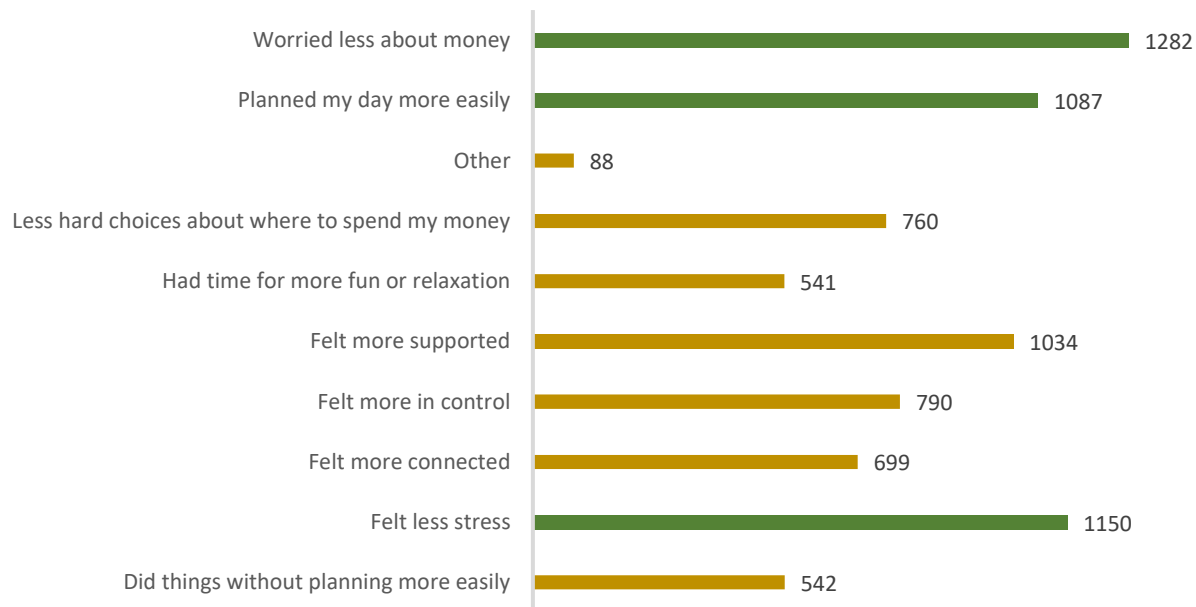
PLEASE THINK ABOUT THE TIMES WHEN YOU RECEIVED FREE FARES, SUCH AS THE 90-DAY PROMOTIONAL PASS YOU RECEIVED WHEN YOU ENROLLED IN THE LIFE PROGRAM. DID THAT AFFECT HOW FREQUENTLY YOU RODE LA METRO TRANSPORTATION?



HOW OFTEN DID YOU RIDE LA METRO TRANSPORTATION WHEN YOU RECEIVED FREE FARES?



**YOU MENTIONED YOU FELT BETTER WITH
FREE FARES. *PLEASE SELECT ALL THE WAYS
THAT YOU FELT BETTER***



**WHEN YOU RECEIVED FREE FARES, WHERE DID
YOU SPEND THE MONEY YOU SAVED? *PLEASE
SELECT ALL THAT APPLY***



Key Findings and Recommendations

Key Findings		Recommendations
Overall Data Plan	Data informed stakeholders are better able to advocate for FSI continuity and success. FSI message documentation can make a significant difference in supporters for FSI.	<ol style="list-style-type: none"> 1. Document GoPass and LIFE data into a lessons-learned format, vet internally the FSI Goals and Objectives, and coordinate media release 2. Utilize graphics and data visualizations to show the results of GoPass and LIFE programs. It increases community buy-in and program visibility, which can be translated into fund opportunities 3. Elaborate a cost-scenario analysis for FSI roll-out 4. Develop socio-economic benefit analysis followed by FSI business case (including return on investment) 5. Define FSI unique value proposition and initiate a community outreach campaign
Federal & State	FSI requires a combination of federal and state government grants, that together can form a funding mosaic for FSI Phase 2.	<ol style="list-style-type: none"> 6. Continue efforts on monitoring and shaping legislation towards fare-free programs such as Inflation Reduction Act (IRA) that are aligned to FSI benefits and outcomes 7. Watch for federal and state funding application deadlines, Notice of Funding Opportunities (NOFO) coming from Rebuilding American Infrastructure with Sustainability and Equity (RAISE), Infrastructure Investment and Jobs Act (IIJA), Sustainable Transportation Equity Projects (STEP), Caltrans Low Carbon Transit Operation Program (LCTOP) and Housing and Urban Development grants (HUD). 8. Explore remaining ARPA budget availability from other municipalities and the willingness to fund FSI 9. Seek FTA waivers or exemptions to use FTA awards or grants for operating program expenditures – redefine portions of the FSI pilot program which may be eligible for capital funding to cover start-up expenses 10. Submit grant applications with transit equity impact related language or cost projections that can be earmarked for projects supporting disadvantaged communities as well as operational compliance with key Federal Justice40 requirements
LA Metro	FSI can leverage alternative revenue sources, such as toll round-up, pay-it-forward partnerships and philanthropic bulk purchases, as methods to achieve sustainable funding for fare-free programs.	<ol style="list-style-type: none"> 11. Leverage multiple fund sources and rebalance allocations as needed to align with shifting priorities within budget guidelines 12. Tailor outreach to gather support from legislators who will be champions and allies for the FSI Program 13. Further explore alternative revenues sources to support FSI (e.g., pay-it-forward program, toll round-up) 14. Revisit designated budget allocations for projects, such as projections for estimated fare revenue loss, that can subsidize operational expenses for equity-related programs like FSI 15. Continue to monitor compliance requirements for FTA Title VI Fare and Service Equity Analysis or Waiver
NGOs & Others	FSI can benefit from strong local coalition support that may drive political actions and long-term incentives for LA community (e.g. philanthropic donations, and industry partnerships)	<ol style="list-style-type: none"> 16. Foster a marketing coalition with local business partners to gather awareness and pay-it- forward agreements to purchase bulk fares for low-income program enrollees. Connect with private sector companies that have large philanthropy and DEI budgets which align very well with opportunities to subsidize equitable travel and environmental justice initiatives to benefit their customer community. 17. Partner with NGO's and 501(c)(3) philanthropies who will purchase bulk fares for low-income enrollees using donations they collect. An example would be New York, MTA (Expanded MetroCard Bulk Sales Program).

Attachment H-

Potential Funding Sources

Multiple Funding Sources for FSI Phase 2 and Key Fund Options

FEDERAL (69 sources evaluated)	STATE (16 sources evaluated)	LOCAL GOVERNMENT (7 measures & propositions in addition to 26 alternative revenue sources evaluated)	NGO, PHILANTHOPY and OTHERS (46 local organizations evaluated)
<ul style="list-style-type: none"> Investment & Jobs Act (IIJA) Inflation Reduction Act (IRA) American Rescue Plan Act (ARPA) Department of Transportation (DOT) Infrastructure Housing & Urban Development (HUD) 	<ul style="list-style-type: none"> California Climate Investments (CCI) Road Repair and Accountability Act (SB 1) California Clean Energy Jobs Act (Prop 39) Greenhouse Gas Reduction Fund (GGRF) 	LA Metro: <ul style="list-style-type: none"> Measure M Measure R Proposition A Proposition C Alternative revenue options LA County:* <ul style="list-style-type: none"> Measure H Measure HHH Measure J 	<ul style="list-style-type: none"> Philanthropic organizations Private corporations and foundations Non-profit organizations Cost sharing with healthcare industry leaders, incl. Medi-Cal Expanded employer fare-subsidy programs Expanded advertising policy

*These funding sources presents budget limitations and is dependent on partnering with service providers and/or receiving discretionary funding from elected officials.

FSI Phase 2 Federal Fund Options

FSI Phase 2 Federal and State Funding Evaluation Criteria

High	Programs with clear or direct correlation to Equity, Expanded Access, or other FSI goals
Medium	Programs aligned less directly or somewhat connected to Safety Improvements, Climate/Sustainability, Employee Training, or other Capital Projects
Low	Programs with no direct connection to FSI, or require LA Metro to establish new revenue-sharing connections or alter existing funding agreements

FSI Phase 2 Federal Funding Sources

Legislation or Agency	Preliminary Findings	National Funding	Impact for LA Metro
Infrastructure Investment & Jobs Act (IIJA)	56 Programs Evaluated 3 High Alignment 29 Medium Alignment 24 Low Alignment	High: \$10 B Med: \$34 B ¹	<ul style="list-style-type: none"> Apply for funding to offset capital expenditures Request waivers to use the funding for operational expenditures
Department of Transportation (DOT)	7 Programs Evaluated 7 Medium Alignment	Med: \$70 M	<ul style="list-style-type: none"> Apply for funding to offset capital expenditures Request waivers to use the funding for operational expenditures

¹ National funding amounts for FY22 - 26

Housing and Urban Development (HUD)	4 Programs Evaluated 2 Medium Alignment	Med: \$6 M ²	<ul style="list-style-type: none"> LA Metro must partner with a public housing authority to receive funds
American Rescue Plan Act (ARPA)	\$27 Billion to California \$3.3 Billion to LA Area Counties \$2.8 Billion to LA Area Municipalities Medium Alignment	N/A	<ul style="list-style-type: none"> Money must be allocated by Dec 2024 Inquire about remaining ARPA funds in LA area
Inflation Reduction Act (IRA)	Program data not yet fully released Low Alignment	Climate & Energy: \$137 B ³	<ul style="list-style-type: none"> Possible alignments: Lowering consumer costs Lowering emissions & greenhouse gases

Represents an overall list of multiple fund sources researched.

Federal Funding Sources Overall Matrix

#	Alignment	Program Name	Agency
1	High	Local and Regional Project Assistance Grants (RAISE)*	DOT
2	High	Pilot Program for Transit Oriented Development	DOT – FTA
3	High	Research, Development, Demonstration and Deployment Projects	DOT – FTA
4	Medium	Advanced Transportation Technologies & Innovative Mobility Deployment (ATTIMD)	DOT – FHWA
5	Medium	All Stations Accessibility Program*	DOT – FTA
6	Medium	Bridge Investment Program*	DOT – FHWA
7	Medium	Bus and Bus Facilities Competitive Grants*	DOT – FTA
8	Medium	Capital Investment Grants*	DOT – FTA
9	Medium	Charging and Fueling Infrastructure Grants (Corridor Charging)*	DOT – FHWA
10	Medium	Commercial Motor Vehicle Operators Grant Program	DOT – FMCSA
11	Medium	Congestion Relief Program*	DOT – FHWA
12	Medium	Consolidated Rail Infrastructure and Safety Improvement Grants*	DOT – FRA
13	Medium	Enhanced Mobility of Seniors and Individuals with Disabilities*	DOT – FTA
14	Medium	Federal - State Partnership for Intercity Passenger Rail Grants*	DOT – FRA
15	Medium	Metropolitan Planning*	DOT – FHWA
16	Medium	Metropolitan Transportation Planning Program*	DOT – FTA
17	Medium	National Infrastructure Project Assistance (Megaprojects)*	DOT
18	Medium	Nationally Significant Freight and Highway Projects (INFRA)*	DOT
19	Medium	Pilot Program for Enhanced Mobility	DOT – FTA
20	Medium	Pollution Prevention Grants	EPA
21	Medium	Prioritization Process Pilot Program	DOT – FHWA
22	Medium	Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation (PROTECT)- Discretionary	DOT – FHWA
23	Medium	Rail Vehicle Replacement Grants*	DOT – FTA
24	Medium	Railroad Crossing Elimination Grants*	DOT – FRA
25	Medium	Reconnecting Communities Pilot Program*	DOT – FHWA
26	Medium	Restoration & Enhancement Grant Program	DOT – FRA
27	Medium	Safe Streets and Roads for All	DOT
28	Medium	State Incentives Pilot Program (Set-aside within Nationally Significant Freight and Highway Projects- INFRA)	DOT
29	Medium	Statewide Transportation Planning	DOT – FTA
30	Medium	Strategic Innovation for Revenue Collection (Set -aside)	DOT – FHWA
31	Medium	Strengthening Mobility and Revolutionizing Transportation (SMART) Grants	DOT
32	Medium	Transportation Infrastructure Finance and Innovation Act*	DOT
33	Medium	Thriving Communities Technical Assistance	HUD
34	Medium	Authority to Accept Unsolicited Proposals for Research Partnerships	HUD
35	Medium	Areas of Persistent Poverty	DOT – FTA

² National funding amounts for FY22 – 23

³ National funding amounts for a 10-year period

#	Alignment	Program Name	Agency
37	Medium	Enhancing Mobility Innovation	DOT - FTA
38	Medium	Innovative Coordinated Access & Mobility Grants	DOT - FTA
39	Medium	Integrated Mobility Innovation	DOT - FTA
40	Medium	Public Transportation Innovation	DOT - FTA
41	Medium	Safety Research & Demonstration Program	DOT - FTA
42	Medium	California State Funding	ARPA
43	Low	Accelerated Implementation and Deployment of Advanced Digital Construction Management Systems (Set aside)	DOT - FHWA
44	Low	Bridge Formula Program*	DOT - FHWA
45	Low	Bus and Bus Facilities Formula Grants*	DOT - FTA
46	Low	Carbon Reduction Program	DOT - FHWA
47	Low	Commercial Driver's License Implementation Program	DOT - FMCSA
48	Low	Congestion Mitigation and Air Quality Improvement Program	DOT - FHWA
49	Low	Grants for Planning, Feasibility Analysis, and Revenue Forecasting (Bridge Investment Program Set - aside)*	DOT - FHWA
50	Low	Growing State Apportionments*	DOT - FTA
51	Low	Growing States and High-Density States Formula*	DOT - FTA
52	Low	High Priority Activities Program*	DOT - FMCSA
53	Low	Highway Safety Improvement Program*	DOT - FHWA
54	Low	Highway Safety Programs*	DOT - NHTSA
55	Low	Intelligent Transportation Systems Program*	DOT - FHWA
56	Low	Low or No Emission (Bus) Grants*	DOT - FTA
57	Low	National Culvert Removal, Replacement, & Restoration Grant*	DOT
58	Low	National Priority Safety Programs*	DOT - NHTSA
59	Low	On-the-Job Training Program	DOT - FHWA
60	Low	Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation (PROTECT)- Formula	DOT - FHWA
61	Low	Public Transportation Technical Assistance and Workforce Development*	DOT - FTA
62	Low	Railway-Highway Crossings Program*	DOT - FHWA
63	Low	State of Good Repair Formula Grants*	DOT - FTA
64	Low	Surface Transportation Block Grant Program*	DOT - FHWA
65	Low	Technology & Innovation Deployment Program	DOT - FHWA
66	Low	Urbanized Area Formula Grants*	DOT - FTA
67	Low	Choice Neighborhoods Planning Grants	HUD
68	Low	Jobs Plus	HUD
69	Low	Neighborhood Access & Equity Grants	DOT - FHA

*Indicates 35 Federal capital programs. Note that competition with Federal capital program will be hard since FSI may not be the top priority, however the agency may leverage existing efforts for future changes in legislation that tie to fare free language in capital funding application.

Overview of High-Alignment Federal Funding Programs

Federal Program	Program High-Level Information	Funding Value	Potential Next Steps
IIJA – DOT RAISE Program	<ul style="list-style-type: none"> Program invests in surface transportation that will have a significant local or regional impact. Eligible projects include projects the Secretary considers to be necessary to advance the goals of the program. Strong focus on Community Connectivity, Justice 40, Quality of Life, and Sustainability 	FY23: \$5-25 M Per Award IIJA Total: \$7.5 B	Apply for FSI Funding <u>FY 2023 NOFO</u> Applications due: 2/28/2023
IIJA – FTA Enhanced Mobility of Seniors & Individuals w/ Disabilities	<ul style="list-style-type: none"> Grants to assist in financing innovative projects for the transportation disadvantaged that improve the coordination of transportation services FTA's program goal for grants is to identify and test promising, innovative, coordinated mobility strategies other communities can replicate. 	IIJA Total: \$2.2 B	Monitor FTA and Grants.gov for FY 23 NOFO Release
IIJA – FTA Research Development, Demonstration, and Deployment Projects	<ul style="list-style-type: none"> Provides funding to assist innovative projects and activities that advance and sustain safe, efficient, equitable, climate-friendly public transportation. Eligible research and demonstrations under this program explore novel approaches to improve public transportation service, especially for transit-dependent individuals Data to be used to enhance insights and help transit agencies undertake activities that help meet equity, safety, climate change, and transformation goals for a safer, environmentally cleaner, socially just and connected public transportation system. 	IIJA Total: \$132 M	Monitor FTA and Grants.gov for NOFO Release

FSI Phase 2 State Fund Options

FSI Phase 2 Federal and State Funding Evaluation Criteria

High	Programs with clear or direct correlation to Equity, Expanded Access, or other FSI goals
Medium	Programs aligned less directly or somewhat connected to Safety Improvements, Climate/Sustainability, Employee Training, or other Capital Projects
Low	Programs with no direct connection to FSI, or require LA Metro to establish new revenue-sharing connections or alter existing funding agreements

16 programs were identified to have high and medium alignment with FSI Phase 2.

FSI State Funding Sources

Agency or Legislation	Preliminary Findings	CA Funding	Impact for LA Metro
Air Resource Board	5 Programs Evaluated 1 High Alignment 2 Medium Alignment 2 Low Alignment	\$164 M	May fund programs that: <ul style="list-style-type: none"> Prioritize Transportation Equity and Mobility Needs Assessment targeting CBOs Fleet electrification Truck Loan Assistance Program
California Transportation Commission	4 programs 3 Medium Alignment 1 Low Alignment	\$3.57 B	<ul style="list-style-type: none"> Metro is currently receiving funds for Active Transportation Program and State Transportation Improvement Program
Caltrans	2 programs 1 High Alignment 1 Medium Alignment	\$224 M	<ul style="list-style-type: none"> Metro is currently receiving funds for LCTOP May fund wide range of mobility programs
California State Transportation Agency	1 Medium Alignment	\$800 M	<ul style="list-style-type: none"> Fund capital projects
California Strategic Growth Council	1 Medium Alignment	\$350 M	<ul style="list-style-type: none"> Metro is currently receiving funds from Transit and Intercity Rail Capital Program
Strategic Growth Council and Department of Conservation	1 Medium Alignment	\$105 M	<ul style="list-style-type: none"> Metro currently receiving funds for Neighborhood-level transformative climate community plans
California Natural Resources Agency	1 Low Alignment	\$50 M	<ul style="list-style-type: none"> Expand access Meet sustainability goals
California Workforce Development Board	1 Low Alignment	\$90.25 M	<ul style="list-style-type: none"> Develop a workforce development partnership

Overview of High-Alignment State Funding Programs

State Program	Program Information	Funding Value	Potential Next Steps
Air Resource Board	<ul style="list-style-type: none"> Transportation equity pilot that aims to address community residents' transportation needs, increase access to key 	\$35 million proposed	California Air Resource Board (CARB) is currently planning upcoming solicitations

State Program	Program Information	Funding Value	Potential Next Steps
Sustainable Transportation Equity Project (STEP)	<ul style="list-style-type: none"> destinations, and reduce greenhouse gas emissions by funding planning, clean transportation, and supporting projects. STEP's overarching purpose is to increase transportation equity in disadvantaged and low-income communities throughout California via two types of grants: Planning and Capacity Building Grants and Implementation Grants LADOT was awarded \$7m for its South Los Angeles Universal Basic Mobility Pilot Program 	for FY22-23	for \$35 million of Fiscal Year 2022-23 Planning and Capacity Building, Clean Mobility in Schools, and STEP funds.
Caltrans Low Carbon Transit Operations Program (LCTOP)*	<ul style="list-style-type: none"> The LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities. Approved projects in LCTOP will support new or expanded bus or rail services to expand intermodal transit facilities and may include equipment acquisition, fueling, maintenance, and other costs to operate those services or facilities, with each project reducing greenhouse gas emissions. 	\$140 million (2020)	Caltrans posts LCTOP guidelines in early 2023 Transit agencies submit final allocation requests to Caltrans in Q1 2023

Overall list of multiple fund sources researched and contains information on program alignment, name, and lead agency.

#	Alignment	Program Name	Agency
1	High	Sustainable Transportation Equity Project (STEP)	Air Resource Board
2	High	Low Carbon Transit Operations Program (LCTOP)*	Caltrans
3	Medium	Clean Mobility Options (California Climate Investments)	Air Resource Board
4	Medium	Clean Truck and Bus Vouchers (HVIP)	Air Resource Board
5	Medium	Transit and Intercity Rail Capital Program*	California State Transportation Agency
6	Medium	Affordable Housing and Sustainable Communities	California Strategic Growth Council
7	Medium	Local Partnership Program	California Transportation Commission
8	Medium	Active Transportation Program	California Transportation Commission
9	Medium	State Transportation Improvement Program	California Transportation Commission
10	Medium	Sustainable Transportation Planning Grants	Caltrans
11	Medium	Transformative Climate Communities	Strategic Growth Council and Department of Conservation
12	Low	Air Quality Improvement Program (AQIP)	Air Resource Board
13	Low	Community Air Protection Program	Air Resource Board
14	Low	Urban Greening	California Natural Resources Agency
15	Low	Solutions for Congested Corridors	California Transportation Commission
16	Low	Resilient Workforce Fund (RWF) Program	California Workforce Development Board

- Considered that the two high alignment funding options are not impacted by Article XIX. Low and medium alignments indicate there might be some restrictions and challenges for funding application.













Local Funding Summary – Government Organizations


Overview of High Alignment Local Funding Programs

Local Source	Program high level Information	Funding Value	Potential Next Steps
Measure M	<ul style="list-style-type: none"> No sunset half-cent sales tax measure approved by voters in 2016 Rate of this tax will increase to one percent on July 1, 2039, following the expiration of Measure R Consists of four sub-funds: Transit Operating and Maintenance; Transit, First/Last Mile (Capital); Highway, Active Transportation, Complete Streets (Capital); Local Return/Regional Rail 	<p>\$1.031 billion based on FY 23 estimates</p> <p>(\$20.3 million for 2% rider discount allocation)</p>	Explore local return as a viable fund source.
Measure R	<ul style="list-style-type: none"> 30-year, half-cent sales tax approved by voters in 2008 Consists of four sub funds: Transit Capital (40%); Highway Capital (20%); Operations (25%); Local Return (15%) LA Metro has used Operations sub fund to freeze fare increases for Student, Senior, Disabled, and Medicare riders from 2009-2013 	<p>\$1.031 billion based on FY 23 estimates</p> <p>(\$254.1 million for 25% Operations allocation)</p>	
Prop A	<ul style="list-style-type: none"> No sunset, half-cent sales tax approved by voters in 1980 Consist of three sub funds: Local Return (25%); Rail Development (35%); Discretionary (40%) Currently, the "Discretionary" bucket is being used solely for Bus Transit operations and part of FAP with municipal operators 	<p>\$1.031 billion based on FY 23 estimates</p> <p>(\$392.1 million for 40% Discretionary allocation)</p>	
Prop C	<ul style="list-style-type: none"> No sunset, half-cent sales tax approved by voters in 1990 Consists of five sub funds: Local Return (20%); Rail and Bus Security (5%); Commuter Rail, Transit Centers and Park & Ride (10%); Transit-related Highway Improvements (25%); Discretionary (40%) The City of Commerce received \$766K in FY 21 for its zero-fare service from Proposition C 40% discretionary funds. 	<p>\$1.031 billion based on FY 23 estimates</p> <p>(\$406.5 million for 40% Discretionary allocation)</p>	

Alternative Revenue Options and Non-Government & Philanthropic Partnerships







Alternative Revenue Options

Funding Alternative	Description	Type ⁴
Ads & Sponsorship Management Program	Expand advertisement & sponsorship policy, including working with the private sector Other transit agency examples: Washington (DC) – WMATA(expanded digital ad network in partnership with OUTFRONT), Tokyo (created in-house Metro Ad Agency)	 
Asset Recycling/Real Estate Transactions	Sale or lease of underutilized public assets, including joint development agreements Other transit agency example: New South Wales - Sydney Metro	 
Battery Storage	Lease excess storage capacity from EV fleets to utilities.	
Carbon Offsets Credit	Sell credits to corporations for GHG reduction achieved from transitioning from vehicle use to transit options.	
Charge Fee on Contracts with LA Metro	Charge % of billings that would be paid back to the FSI program on contracts	
Congestion Pricing	Congestion pricing on toll lanes and in urbanized areas ⁵ Other transit agencies examples: Orange County – Orange County Transportation Authority (OCTA)	
Cost Sharing with Health Insurance Companies	Insurance will cover the cost of trips to/from health care appointments.	
Philanthropic: create an LA Metro 501(c)(3) or Partner with existing 501(c)(3)	Encourage/solicit donations/hold fundraising events to raise money for the 501(c)(3) Other transit agencies examples: New York - MTA	 
Density Bonuses	Monetize permitting developers to build more density, height, or floor area than is allowed as of-right Other transit agency examples: New York; Atlanta; Baltimore; Washington (DC); Denver; San Diego (air rights lease)	 

⁴  Policy or legislation efforts may be required  Implemented by other transit agency (agencies mentioned in appendix)

⁵ [91 Express Lanes - Toll Policies](#)

Funding Alternative	Description	Type ⁴
Digital Billboards	Expand digital billboards on LA Metro facilities Other transit agency examples: Washington (DC) - WMATA; New York	
Distance-Based fare option	Charge transit fees based on distance and/or time of day Other transit agency examples: Washington (DC)	 
Electricity Generation	Utilize available space to install power generation equipment such as solar panels. Other transit agency examples: Atlanta - MARTA	 
Employer Certification Program	Develop a "Transit Friendly Employer" program that requires a % of fare purchases to be donated to FSI Other transit agency example: Vancouver, BC	 
Grocery Rewards Points or Similar Program	Use grocery points towards fare credits, shoppers can donate points to fund FSI	
Leverage Central Maintenance Facility	Sell maintenance capacity and power swaps by leveraging LA Metro infrastructure to support transit partners.	
Network Partnership (Wi-Fi & Broadband)	Privatize management of Wi-Fi or broadband/dark fiber Other transit agency example: New York - MTA (expanded Wi-Fi and cell service across the entire subway network in partnership with Transit Wireless)	
Parking & EV Charging Fee Structure	Establish a paid fee structure for parking and EV charging Other transit agency examples: Paid parking – Chicago; Washington (DC); Denver	 
Partnership Program – Pay-it-forward	Partners/investors pay for rides. Other transit agency examples: Boston, MBTA (partners: MIT, Target, large retail shopping mall, City agencies, others)	
Privatization of Managed Lanes	Managed lanes privatization to gather sustainable funds for fareless initiative Other transit agency examples: Texas, California, Colorado, Minnesota, and Florida	 
Refund Existing Transit Bonds or Issue Toll Revenue Bonds	Evaluate existing and future bonds.	

Funding Alternative	Description	Type ⁴
Retailer rewards	Retailers provide fare credit when shoppers spend more than \$x	
Site/License Fees	<p>Charge royalties anytime LA Metro assets are used in movie production</p> <p>Other transit agency example: Chicago - CTA</p>	
Start Transit Certification Program	Similar to LEED, transit authorities pay fee to certify their environmental and social commitments.	
TNC Rideshare Fee	<p>Charge flat per trip fee for TNC, taxi, and limo trips</p> <p>Other transit agency examples; Boston - MBTA; State of CA</p>	 
Toll Round-Up	Institute a toll “round up” feature to allow Express Lane drivers to round up their tolls	
Value Capture Towards TOD	<p>Earmark property tax revenue from increased property values for TOD</p> <p>Other transit agency examples:</p> <p>Impact Fees - Broward County (FL); Portland (OR); San Francisco</p> <p>Special Tax Districts - Washington (DC); Los Angeles; Denver</p>	 

Metro's Fareless System Initiative (FSI)

Fareless System Initiative (FSI)

April 2023

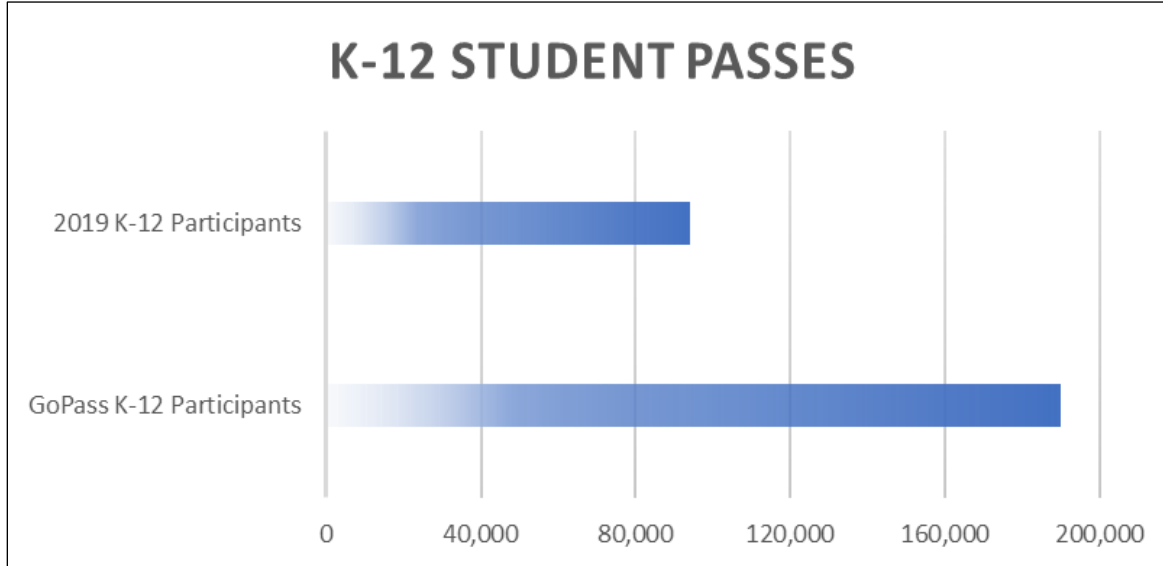


FSI – Background

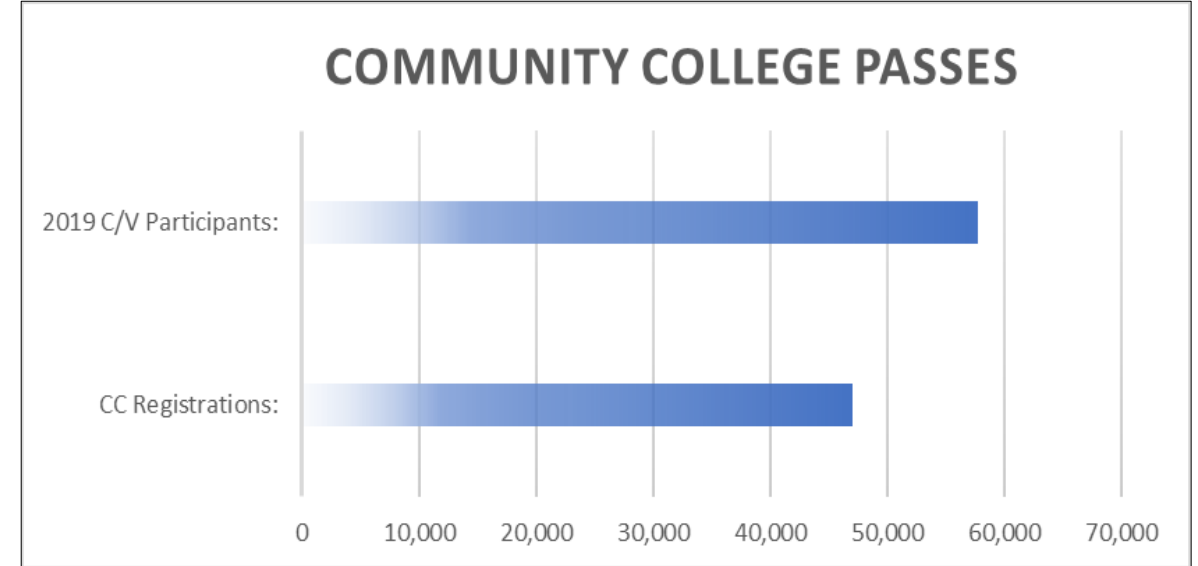
- In August 2020, Metro initiated the Fareless System Initiative (FSI) Task Force to study free fare service as a recovery strategy for the COVID-19 pandemic.
- In September 2021, the Board approved a phased approach to FSI implementation — Phase 1 fareless for K-14 students and Phase 2 fareless for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



GoPass Participation



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



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

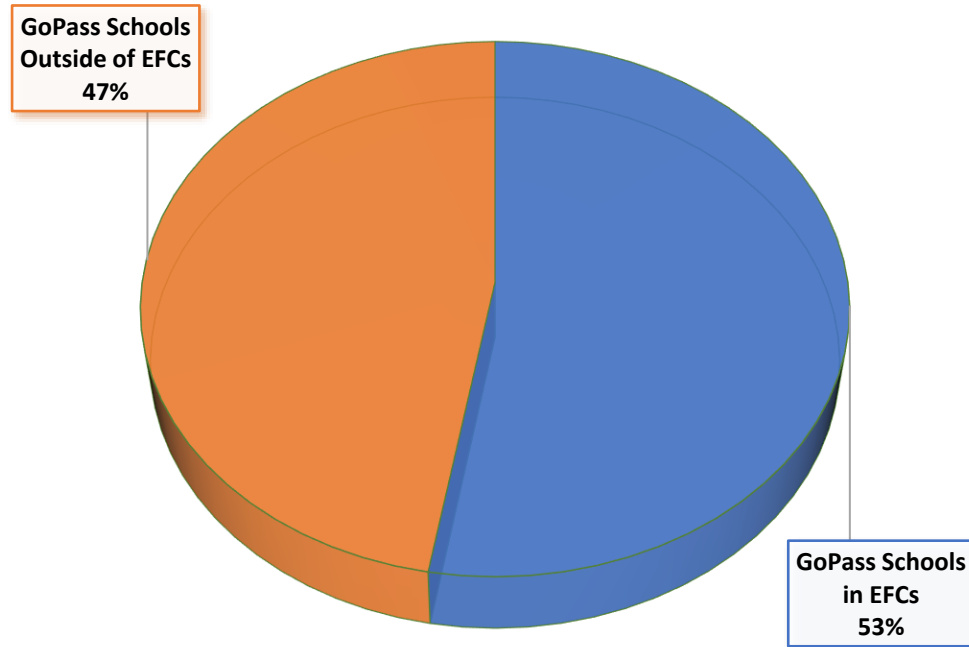
GoPass Participation (as of 4/7/2023)

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

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

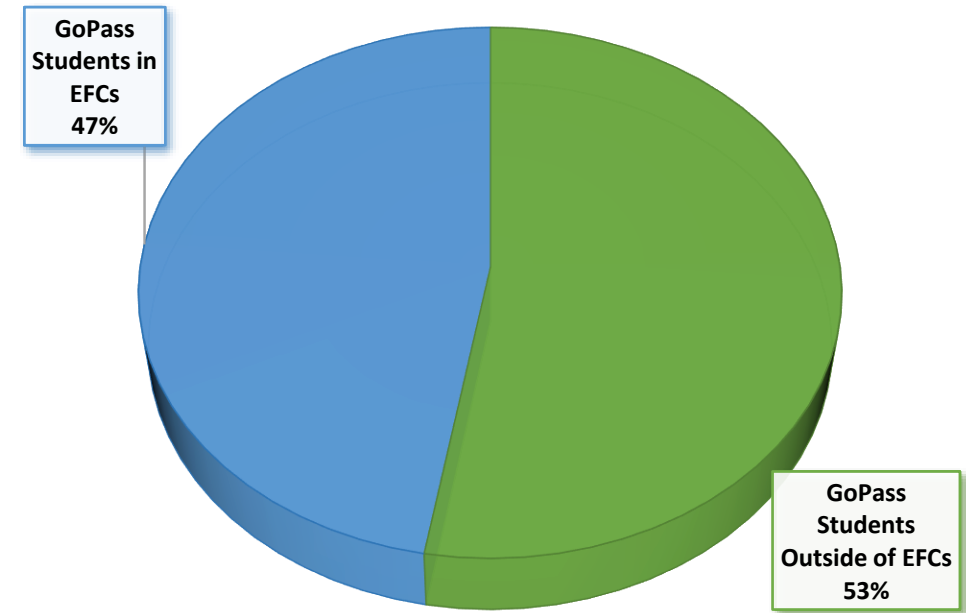
GoPass in Equity Focus Communities

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



As of 3/2/2023

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



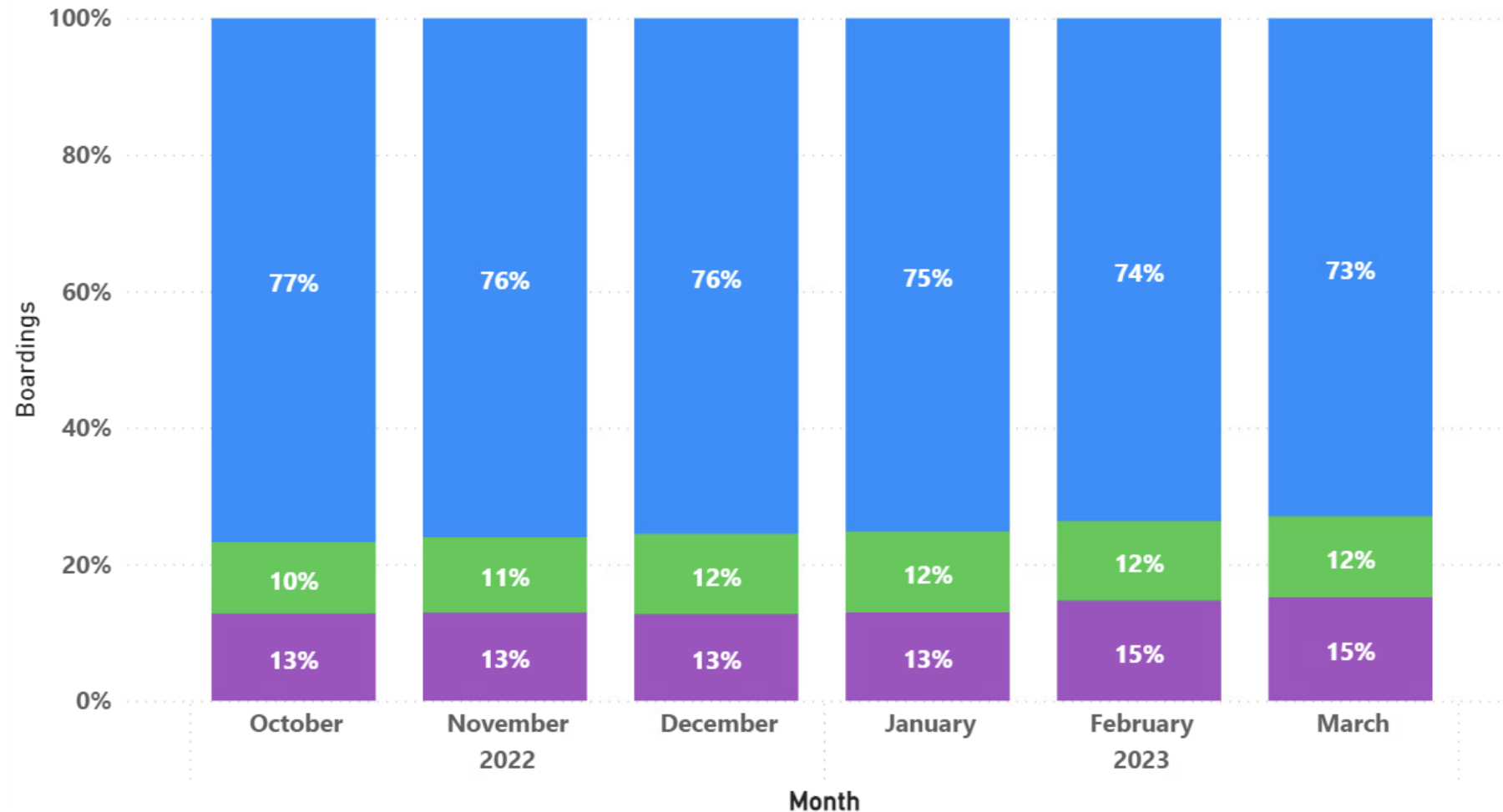
As of 3/2/2023

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

TAP Boardings for GoPass/LIFE on Metro

Boardings by Year, Month and Fare Product Type

Fare Product Type ● FSI Transaction ● LIFE Transaction ● Other



February 2023

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

Up from 18% in Feb 22

TAP (Other): 5,678,450

March 2023

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

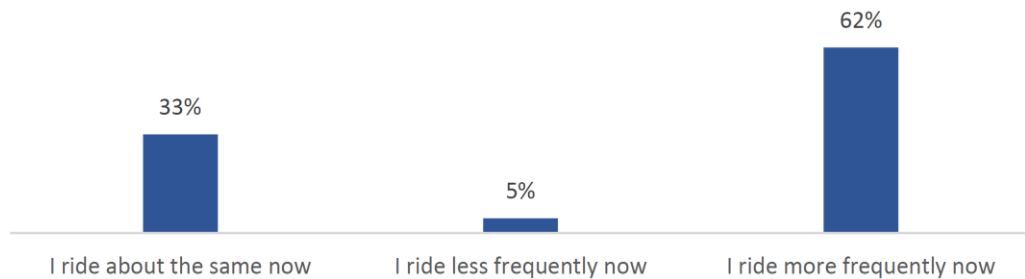
TAP (Other): 6,540,490

Up from 20% in Mar 22

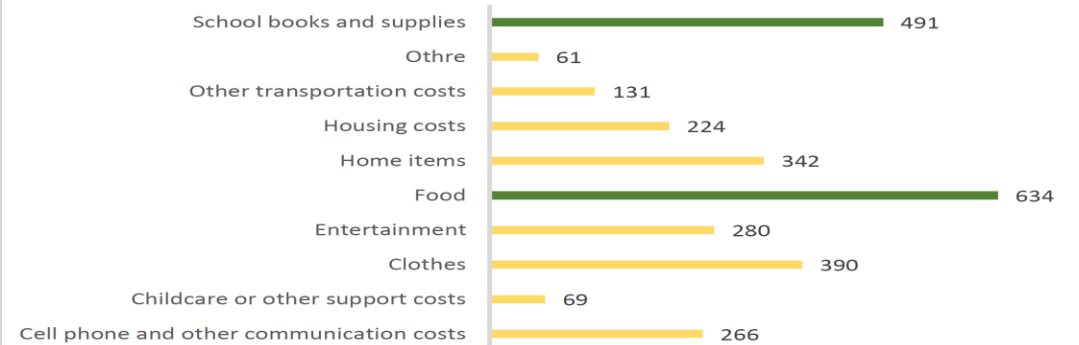
Boardings only include
TAP (not cash)

GoPass Survey

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



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



GoPass Student Feedback

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



GoPass Costs

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

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

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

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

FSI Funding Advocacy Plan



FSI – State Funding

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

Challenges

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

Opportunities

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

FSI – Federal Funding

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

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

Other Funding Opportunities

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

Next Steps

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



Fareless System Initiative