



Pomona Valley
Transportation
Authority

A partnership of the cities of Claremont, La Verne, Pomona and San Dimas

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October 14, 2020

**AGENDA
ITEM #6**

MEMORANDUM

To: Pomona Valley Transportation Authority
From: George J. Sparks, PVRTA Administrator
Subject: **Metro's Fareless System Initiative**

Recommendation: *Receive and File*

On August 27th Los Angeles County Metropolitan Authority (Metro) announced the formation of a task force of Metro staff to explore the possibility of eliminating passenger fares for its bus and rail services. Metro CEO Phil Washington believes that Metro has an obligation to explore a Fareless System Initiative (FSI) in light of the impact of the pandemic.

Consideration of the initiative is proceeding on an extremely short timeline. Metro has convened a group made up of representatives of transit operators throughout Los Angeles County to advise the taskforce. Nicole Carranza of PVRTA is serving on the operators' group. The taskforce is charged with providing recommendations to the Metro CEO in December with a recommendation going to Metro Board in January. The Metro proposal to this point has been notably short on details. However, Metro and the operators' group has identified a significant number of issues and challenges that should be taken into account in assessing a fareless system proposal. Some of the most prominent challenges identified include:

- **Reduced Revenues**-Going fareless would mean a loss of \$250 to \$300 million in farebox revenues annually for Metro.
- **Replacement Revenues**-Opportunities for replacement funding to be explored include local, state, federal grants, and/or re-prioritizing Metro funds. Metro's operating budget is \$1.9 billion with a farebox recovery of 13%.
- **Impact on Access Services**-If Metro were to become fareless, Access Services would be required to do so as well. Initial estimates by Access estimate the additional cost associated with the increased demand at about \$50 million annually.

- **Impact on Other Providers**-Metro moving to a fareless system would have significant impacts the operations of the other transit agencies in the County. It could potentially shift ridership away from lower cost operators to Metro's more expensive service.
- **Impact on Existing Funding Programs**-Local funding: countywide bus operations funds are distributed via Formula Allocation Procedure – 50% of the formula is determined by fare units.
 - Local 5307 distributed via FAP formula
 - State funding (including STA): portion of state allocation is based on % share of fare revenues in LA County
 - Changing the formula may require a change to State law.
- **Operational Challenges**-Increased ridership may require additional infrastructure, impact the rider experience as well as the challenges of homelessness on Metro's bus and rail services.
- **Implementation Questions**-Will it be gradual or all at once.

It is difficult to assess the potential impact of the Metro proposal at this time. Given the systematic impact of such a change, PVRTA staff is very concerned by the project's short timeline and the lack of detail in terms of relevant data. We are currently working with an Ad Hoc group of local providers to raise our concerns related to the proposal. We are in the process of drafting a letter from this group to present the issues and challenges identified by local systems. We will be updating members of the PVRTA board as more information becomes available and the proposal progresses.