



Pomona Valley
Transportation
Authority

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

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September 8, 2021

AGENDA
ITEM #5

MEMORANDUM

TO: Pomona Valley Transportation Authority

FROM: Sr. Program Manager Nicole Carranza *NC*

SUBJECT: METRO Fareless System Initiative Update

Recommended Action: Continue charging fares on all PVRTA services. Monitor the progress of the Fareless System Initiative pilot, periodically reviewing fare policy with the Board of Directors.

Background

The Los Angeles County Metropolitan Transportation Authority (Metro) announced their Fareless System Initiative (FSI) in August of 2020. Metro's goal is to eliminate passenger fares for its bus and rail services in efforts to rebuild lost ridership and to provide equitable assistance to riders in the region impacted by the pandemic. Metro formed the Fareless System Initiative taskforce to study the proposal and analyze potential impacts and issues to be considered. Among the issues identified by the taskforce were:

- **Reduced Revenues-** Going fareless would mean the loss of hundreds of millions of dollars in fare revenue annually to Metro as well as any other operators in the county.
- **Impact on other operators-** If Metro services went fareless, other of the region's operators could potentially see a sharp decline in ridership unless they went fareless as well. A fareless system also has the potential to increase operator costs because of higher demand and other factors.
- **Impact on Access Services-** Although the FSI applies only to bus and rail services and does not include Dial-Ride or other forms of demand response, if Metro were to become fareless, Access Services would be required to do so as well as the County's ADA complementary paratransit system. Access estimates the additional cost

associated with the increased demand could exceed \$100 million annually and could overwhelm the service's capacity resulting in service quality and performance issues.

- **Impact on Existing Funding Programs-** Regional bus operating funds are distributed via the Formula Allocation Procedure (FAP). Fifty percent of this formula is determined by fare units. Fare units are calculated by taking all the fare revenue collected by an operator and dividing by the operator's base fare. In addition to impacting the allocation of regional operating funds, there are other potential impacts.
 - FTA 5307 funds are distributed via the FAP formula.
 - Los Angeles County's share of a portion of State funding (including STA) is based on a percentage share of fare revenues in the county compared to the rest of the state
 - Changing the FAP formula may require a change to State law.
- **Operational Challenges-** Increased ridership may require additional infrastructure, impact the rider experience, and add to the challenges of homelessness on bus and rail services.

Current Status of the FSI Project

The FSI Pilot applies directly to Metro bus and rail services. However, it is Metro's goal to have additional LA County operators participate in a regional approach. Many operators in the LA County area have participated in the FSI task force to come up with a plan that is inclusive of the region and its many systems. With the participation of the task force and Metro, the Metro Board approved introducing the fareless system initiative in phases.

FSI Phase 1. (K-12) - Current Phase

- **The Pilot (Phase 1) Goal** -The goal of the pilot is to increase ridership, increase student success and improve student health. The pilot builds on existing Metro and regional pass programs, to make access to transit fareless for all K-12 and community college students in LA County through cost-sharing partnerships with districts (schools and community college) and transit agencies. This Pilot began with testing for K-12 in August.
- **Potential Funding Plan** - Metro is identifying new funding sources, such as, the use of ARPA funds for the pilot. Metro is working towards identifying long-term funding sources. Currently, the plan is to utilize a cost sharing method with K-12 school districts that are interested. Funding strategies are to be presented to the Metro Board at their September meeting.

Metro is in the process signing up school districts to participate in the program. Surrounding area transit agencies are also in the process of considering their potential participation.

School Districts Currently Participating in the FSI Program

California School of the Arts – San Gabriel Valley (Duarte)
Centinela Valley Unified
Culver City Unified School District
Los Angeles Academy of the Arts and Enterprise (LAAAE)
North Valley Military Institute
Youth Build Charter Schools

Transit Partners

Commerce Municipal Bus Lines
Culver CityBus
LADOT Dash
Montebello Bus Lines
Norwalk Transit
GTrans (Pending Council Approval)
Santa Monica Big Blue Bus (Pending Council Approval)
Foothill Transit-FSI Phase 1 Community Colleges/UPass only.

Potential Impact of the Fareless System Initiative on PVRTA Services

Get About

FSI applies only to fixed route and rail programs, Get About would not be impacted initially. If FSI were expanded to include Access Services, it might be necessary to reassess Get About's participation. Because Get About is a demand response service, increases in ridership occasioned by reduced fares would increase the cost directly. Each added ride adds either service hour or cab ride costs to the program. An additional issue would be the status of our premium services Ready Now and One Step Over the Line. If Ready Now were free, then virtually all riders would choose Ready Now over the regular service. Waiving the fare for the One Step Over the Line Program is not realistic since it serves destinations as far away as Loma Linda.

Claremont Dial-a-Ride

The Claremont DAR is a demand response service and so not currently included in the FSI pilot. As a municipal operator, Claremont may want to consider participating in FSI at some time in the future. However, as a demand response service it would be subject to the same cost dynamics as Get About. Claremont's fares vary based on whether the trip is within the city or outside and charges a premium for some after-hours services. It is not clear what impact of going fareless would be on these fare premiums. It is difficult at this point to estimate any additional costs or administrative requirements there might be to participate. Claremont may want to review the finalized plan prior to deciding as to whether to participate.

San Dimas Dial-a-Cab

San Dimas would share the issues related to costs as both Get About and Claremont DAR. Further, San Dimas has made use of fares to moderate demand and target the service to the group most in need of transportation.