



RECOMMENDED ACTION

Authorize the President and CEO to implement Long Beach Transit's participation in Phase 1 of Los Angeles Metropolitan Transportation Authority's regional Fareless System Initiative (FSI) pilot program by:

1. Approving the CEO to enter into agreements with school districts that volunteer to contribute and participate in the FSI program.
2. Allowing eligible students who attend participating K-12 and Community College school districts, in LBT's service areas, to ride LBT through this FSI program.

STAFF REPRESENTATIVE

Kenneth McDonald, President & Chief Executive Officer

BACKGROUND

In August 2020, Los Angeles Metropolitan Transportation Authority (Metro) announced the pursuit of a Fareless System Initiative (FSI), now commonly referred to as GoPass. The discussion involved Metro as well as other municipal and local transit systems, including Long Beach Transit (LBT), to discuss feasibility and impact of a county-wide implementation.

The parameters of the pilot initiative have evolved over time and Metro's Board of Directors ultimately voted to approve an 18-month, two phased pilot program at its September 2021 Board of Directors meeting. Phase I would provide subsidized transportation to eligible students attending participating K-12 and Community College school districts for period October 1, 2021 to May 31, 2023. It is recommended that funding for the pilot be taken from the one-time American Rescue Plan Act (ARPA) funds provided by the Federal government. Beyond the pilot phase, no long-term program funding has been identified. Phase II of the pilot would expand the benefit to low-income customers; however, this phase has been delayed county-wide until ongoing funding sources can be identified.

Under Phase I of the pilot, eligible students attending participating school districts will have access to unlimited rides on all transit agencies that sign on to the pilot program. Students will ride with the use of a free Transit Access Pass (TAP) card that is distributed only through the schools and must be registered online. Students attending school districts not participating in the program can continue to ride transit systems with purchase of a fare.

School districts and transit agencies participating in the Fareless System Initiative will share the cost of the pilot program. To participate, K-12 school districts will be required to contribute \$3 per student per academic year, while Community College school districts will be required to contribute \$7 per student per year. However, a \$2 fee for TAP cards will be deducted for each card distributed to students.



Contributions collected, minus card fees, will be allocated amongst participating transit agencies across the county based on rides taken on each agency. These contributions are expected to be minimal and the remaining loss of passenger revenue will be subsidized through each agency's operating budget.

Metro has been working to enroll interested school districts and in discussions with others who are interested to establish program agreements and implementation guidelines. At the time of writing of this report, eight school districts have signed up for the pilot program with 29 interested districts.

Metro is moving ahead with utilizing the American Rescue Plan Act (ARPA) funds to cover estimated passenger revenue losses and other increases in operating costs. Metro is also recommending that other county agencies use the same source to cover their cost for the pilot program. However, ARPA is a one-time stimulus funding intended to subsidize effects of the COVID-19 pandemic and not a sustainable funding source for the longevity of a Fareless System Initiative program.

During LBT's latest fiscal year 2020 Customer and Community Survey, approximately 36% of LBT's customers are students. K-12 school districts in LBT's service areas are: Long Beach Unified, Los Angeles Unified, Paramount Unified, Bellflower Unified, ABC Unified School, Los Alamitos Unified and private and chartered schools. Community college school districts in LBT's service areas are: Long Beach City College, Compton College, and Cerritos College.

LBT's participation in FSI is directly linked to the school districts within LBT's service areas also enrolling in FSI. Potential contribution from Long Beach participating school districts may provide approximately \$156,000 depending on ridership patterns and allocation of district contribution to each agency. The initial impact on LBT's fare revenue is an anticipated loss of \$3.5 million per year.

The full impact of FSI is difficult to predict due to unknown estimates of increased ridership, unidentified impact on service levels especially in the peak hours, undeterminable demands for additional buses during peak service, uncertainty of participating school districts and the effective implementation of the fareless program.

LBT will implement participation in FSI within 2-3 months of Board approval. Staff will collaborate with Metro staff and with school districts on communication and implementation efforts throughout the Pilot.

BUDGETARY/FISCAL IMPACT

LBT is expected to experience an approximately \$3.5 million loss in passenger fare revenue that was not accounted for in the fiscal year 2022 operating budget.



Board Agenda Item No. 12 November 2, 2021

LBT plans to offset the fare revenue loss with American Rescue Plan Act allocation within fiscal year 2022 operating budget.

LBT staff will work closely with Metro staff to seek long-term funding sources to fund the FSI program.

ALTERNATIVES CONSIDERED

LBT plans to use one-time American Rescue Plan Act (ARPA) funds to participate in the fareless system initiative (FSI) that is being pursued and led by Los Angeles Metropolitan Transportation Authority.

LBT considered not participating in Phase I of FSI pilot. However, this is not recommended as it would hinder the opportunities for students in the community to gain access to vital transportation services and deprive LBT of the opportunity to understand the transportation needs and demands of its student population in its service area.

STAFF RECOMMENDATION

Staff is requesting LBT's Board of Directors to authorize the President and CEO to implement Long Beach Transit's participation in Phase 1 of Los Angeles Metropolitan Transportation Authority's regional Fareless System Initiative (FSI) pilot program by:

1. Approving the CEO to enter into agreements with school districts that volunteer to contribute and participate in the FSI program.
2. Allowing eligible students attending participating K-12 and Community College school districts, in LBT's service areas, to ride LBT through this FSI program.

A handwritten signature in blue ink that reads "K. McDonald".

Kenneth A. McDonald
President and Chief Executive Officer