



Board Report

File #: 2019-0879, **File Type:** Program

Agenda Number: 43.

**EXECUTIVE MANAGEMENT COMMITTEE
JANUARY 16, 2020**

SUBJECT: ESTABLISH K-12 U-PASS PRICING AND CONTINUE REGIONAL U-PASS PROGRAM

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

APPROVE

1. The establishment of a K-12 pricing structure for the Universal Student Pass (U-Pass) Program for homeless student services programs at \$0.75 per boarding to match the college program, capped at \$24 per month for Metro boardings to match the existing K-12 Reduced Fare monthly pass.
2. The continuation of the Regional U-Pass Program for College/Vocational schools at the existing rate, which is each agency's college fare rate, up to \$0.75 per Boarding, capped at \$43 per month to match the College/Vocational Reduced Fare monthly pass.
3. The establishment of a Regional K-12 pricing structure for homeless student services programs, which is each agency's K-12 fare up to \$0.75 per boarding, capped at the highest monthly K-12 fare rate of all agencies used by the institution's students or \$40 per month, which is the highest monthly K-12 fare in the region, if no K-12 monthly fare exists at those agencies

ISSUE

As part of an ongoing effort to pursue strategies to increase student transit ridership, motion 49.1 requested an assessment of the feasibility of piloting a Universal Community College Student Transit Pass Program (See Attachment A).

The U-Pass Pilot Program ran for two years from Fall 2016 through Summer 2018 and U-Pass became a permanent program effective Fall 2018.

DISCUSSION

Since the launch of the U-Pass program, Metro has increased its partnerships from four schools to 21 schools (425%) and has increased participants 72% from 7,402 riders to 12,752 riders.

The U-Pass program was originally designed to partner with community colleges, universities and trade schools to utilize technology and improve accessibility to reduced fares to increase student ridership, while keeping costs low for students. Students of participating schools can purchase semester passes online or on campus. They receive a sticker with an embedded TAP chip, which turns their student ID into a TAP card that can be renewed each semester. Schools partner with Metro in co-branded marketing efforts and collect payments from students to fund the program. At the end of the semester, the schools are only billed for actual rides taken by students at the reduced rate of up to \$0.75 per boarding and the maximum charge is capped at the equivalent of \$43 per student per month (\$10.03 per week) to match the existing College/Vocational Reduced Fare.

Staff has created boilerplate Memoranda of Understanding (MOUs) approved by County Counsel and standard administrative procedures to make the U-Pass Program easy to implement, while also placing a high value on allowing schools to administer the program in the way that works best on their individual campuses.

As of Fall 2019, Metro launched the first K-12 Pilot Program at Manual Arts High School (MAHS). Through a grant from the 11th Hour Schmidt Family Foundation administered by Move LA and LA Promise Fund, passes were purchased for the Junior class at MAHS for the entire academic year (40 weeks) at a cost equivalent to the K-12 monthly reduced fare rate of \$24 per month or \$5.60 per week. Participation in the K-12 Pilot Program requires completion of Metro's K-12 application, which includes parental permission.

Los Angeles Unified School District (LAUSD) and Pasadena Unified School District (PUSD) have both contacted Metro to get permission to use the U-Pass program format to purchase passes for their homeless student populations as required under the McKinney-Vento Homeless Assistance Act. LAUSD has an estimated 18,000 homeless students and PUSD has an estimated 850 homeless students that receive free services from the district. As a result of tokens being phased out in November 2019, providing this assistance has become more challenging for schools and districts. Because this student population is more fluid and transit pass usage is likely to be less consistent, the U-Pass format of the school or district paying a per boarding cost capped at the equivalent of the monthly pass cost would work better than purchasing monthly passes for all participants.

Staff is recommending implementing the U-Pass option for homeless student services programs at K-12 schools by doing the following:

1. Invoice K-12 schools the at the same per boarding rate as the colleges, which is the agency's student rate up to \$0.75 per boarding (per the chart below, there are four agencies that have a K-12 fare lower than \$0.75, and the remaining U-Pass agencies and Metro would be invoiced at \$0.75 per boarding); and
2. Cap the average monthly cost at the board-approved K-12 monthly reduced fare rate,

which is currently \$24 per month or \$5.60 per week. If the Board changes the K-12 monthly fare rate in the future, the K-12 U-Pass monthly cap would also change accordingly.

Other Transit Agencies' K-12 Per Boarding Fare	
Culver CityBus	\$0.50 per boarding
GTrans	\$0.70 per boarding
Montebello Bus	\$0.75 per boarding
Pasadena Transit	\$0.50 per boarding
Torrance Transit:	\$0.50 per boarding

The pricing structure above does not represent a change in either the U-Pass per boarding rate or the K-12 monthly fare rate. Currently, the \$24 K-12 monthly fare rate only covers boardings on Metro and the U-Passes are valid on Metro and ten additional transit agencies. Therefore, if the K-12 U-Passes are used on regional transit agencies, and the cost to cover the Metro boardings and reimburse boardings on other agencies exceeds the \$24 monthly cap, then staff is recommending that the additional charges be handled as outlined in the following section.

Regional U-Pass

Metro currently has signed reimbursement agreements with ten additional transit agencies, where the agency adds U-Pass products to their fareboxes and Metro reimburses the agency for the fare for all U-Pass boardings at the end of each semester at the U-Pass rate or their current college rate, whichever is lower. These agencies are: Big Blue Bus, Culver CityBus, Glendale Beeline, GTrans, LADOT DASH, Long Beach Transit, Norwalk Transit, Montebello Bus, Pasadena Transit and Torrance Transit. Additional transit agencies have also expressed interest in joining the U-Pass Program. These boardings are included at no additional charge under the college U-Pass, and thus far the cost to reimburse other transit agencies has not exceeded the revenue collected for those boardings. Staff will continue to work with regional transit agencies and Metro's Office of Management and Budget (OMB) to determine if future pricing adjustments need to be made to the college Regional U-Pass based on the cost of reimbursing the other agencies and will seek Board approval if fare adjustments are required. Under this recommendation, K-12 Boardings would be reimbursed at the agency's K-12 per boarding fare up to \$0.75.

However, due to the lower monthly fare cap for K-12 boardings, the lower revenue generated by the K-12 U-Pass may not be enough to reimburse the other transit agencies at their full rate without charging additional costs to the participating schools or districts. Staff is proposing that the cost for Metro boardings be capped at the equivalent of the Metro K-12 monthly reduced fare rate, which is \$24 per month or \$5.60 per week. If the cost to reimburse additional transit agencies exceeds \$24 per month, staff is proposing that the institution be invoiced for the overage, with the total average cost capped at the monthly K-12 rate of the agencies used during the semester pass period, if one exists. For instance, if a school's students used only Metro and Torrance Transit, the cost would be

capped at the monthly equivalent of \$30 per month (\$7 per week) per student (see agencies' established K-12 monthly rates below). If a K-12 monthly rate has not been established by the agency or if the boardings were used on multiple agencies, staff is recommending the total cost be capped at an average of \$40 per month (\$9.33 per week) per student, which is the highest monthly K-12 fare in the region (see chart below). As of Spring 2019, 91% of all Regional U-Pass boardings were used on Metro services, and the total amount reimbursed to other agencies was only \$101,947.10 of over \$1.2 million collected in U-Pass Fare Revenue.

Other Transit Agencies' Monthly K-12 Reduced Fare	
Big Blue Bus	\$30 Youth 30-Day Pass
Foothill Transit	\$36 31-Day Pass
Glendale Beeline	\$22 31-Day Pass
Long Beach Transit	\$40 Monthly Student Pass
Montebello Bus	\$30 Monthly Student Pass
Torrance Transit	\$30 Monthly Student Pass

DETERMINATION OF SAFETY IMPACT

This program does not affect the incidence of injuries or healthful conditions for patrons or employees. Therefore, approval of this request will have no impact on safety.

FINANCIAL IMPACT

In FY '19, the U-Pass Program generated \$2.7 million in total revenue and paid \$112,595 in reimbursements to other agencies.

Impact to Budget

The funding source for the MCS programs is Enterprise Fund operating revenues including sales tax and fares. The source of funds for this action, operating revenues, is eligible to fund bus and rail operating and capital expenditures.

The continued expansion and support of the U-Pass program may warrant an evaluation of the staffing for future years as part of the budget process.

ALTERNATIVES CONSIDERED

1. Metro will continue to offer the regular monthly College/Vocational and K-12 Reduced Fare Passes for students and schools not participating in the U-Pass pilot program.

NEXT STEPS

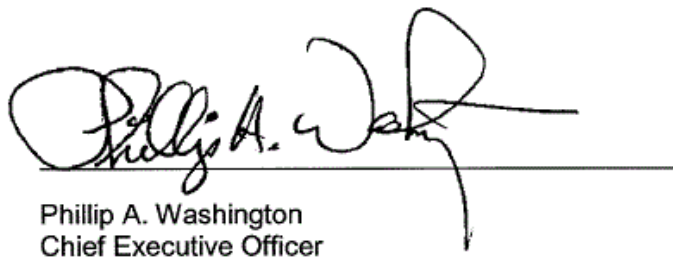
1. Establish long-term contracts with new K-12 U-Pass schools to support homeless student services programs.
2. Continue to grow ridership at all partner schools by 10% each year.
3. Continue to seek additional funding to further reduce the cost of the program to schools and will work with schools to identify other sources of funding such as grants, parking fees and/or fines, student association fees, and/or activity fees and/or referendums and as a means of subsidizing the program.
4. Continue to partner with schools to address transit service and service alignment issues.

ATTACHMENTS

Attachment A - File #:2016-0333, Board Report on Approve Adoption of Universal College Student Transit Pass (U-Pass) Pilot in response to Motion 49.1

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Board Report

File #:2016-0333, File Type:Program

Agenda Number:

REGULAR BOARD MEETING MAY 26, 2016

**SUBJECT: COMMUNITY COLLEGE STUDENT TRANSIT PASS PILOT PROGRAM - MOTION
49.1**

**ACTION: APPROVE ADOPTION OF UNIVERSAL COLLEGE STUDENT TRANSIT PASS
(U-PASS) PILOT PROGRAM**

RECOMMENDATION

Adopt the Universal College Student Transit Pass (U-Pass) Pilot Program.

ISSUE

As part of an ongoing effort to pursue strategies to increase student transit ridership, motion 49.1 requested an assessment of the feasibility of piloting a Universal Community College Student Transit Pass Program.

Currently, there are more than 1.4 million public college students in Los Angeles County, and only 14,000 (1%) are actively participating in Metro's reduced fare college pass programs, the College/Vocational (C/V) Pass and Institutional Transit Access Pass (I-TAP) programs. In addition, the C/V and I-TAP programs are only offered to full-time students who represent only 30% of public students in Los Angeles County, while the remaining 70% of students are considered part-time and are not eligible for these programs. Lastly, Metro's systemwide average fare per boarding (FPB) is \$0.75 while the I-TAP group rate pricing is only generating \$.29 per boarding. As a result, the I-TAP group rate pricing model is no longer revenue neutral to Metro, and combined, these programs are not reaching a large enough percentage of the student population.

Riding transit is an important life skill that should be learned at a young age. Many adults who have not previously ridden transit are intimidated by learning new routes and afraid of getting lost on an unfamiliar system. Broadening the use of transit at the college level will teach this skill in conjunction with other learning and create riders for life because users will understand the system.

DISCUSSION

Full-time undergraduate and graduate students in Los Angeles County are eligible for a reduced fare College/Vocational 30-day pass that is offered at a \$43 per month, a 57% discount from the regular Metro 30-day pass which is \$100 per month. In order to be eligible for the C/V pass, undergraduate students must be enrolled in a minimum of 12 units or 12 hours of in-classroom study per week for a minimum of 3 consecutive months. Graduate students must be enrolled in a minimum of 8 units of in-classroom study per week for a minimum of 3 consecutive months. Students can purchase the reduced fare TAP card directly from Metro and load it at Ticket Vending Machines (TVMs), customer centers, vendor outlets, or online.

In 2003 the Board adopted the I-TAP program. This program was designed to increase student ridership, while keeping the program revenue neutral for Metro. The I-TAP program allows schools to purchase passes directly from Metro on a semester or quarterly basis. Currently, there are only four (4) colleges participating in the I-TAP program:

- UCLA and USC are enrolled in the retail pricing model. The retail pricing model is the regular price of \$43/month or \$9.92/week multiplied by the number of weeks in a semester. (The weekly rate has been corrected to \$10.03 moving forward to reflect the 30-day rate divided by 30 multiplied by seven days.)
- Pasadena City College and Rio Hondo College are enrolled in the group rate pricing model. The group rate pricing model is based on the total number of full-time students multiplied by the group rate multiplied by the number of weeks in a semester.

Ridership data indicates that the I-TAP group pricing model resulted in a substantial increase in transit ridership over a five (5) year period (2010 - 2014):

- PCC increased ridership from 11% to 41% of their full-students
- Rio Hondo increased ridership from 7% to 44% of their full-time students

This resulted in an average ridership increase of 7% per year. Additional Metro bus services were added to support this growth in ridership. However, the current I-TAP Program at PCC and Rio Hondo is no longer revenue neutral for Metro. The average fare collected for these programs is \$0.29 per boarding versus the system average of \$0.75. Currently, there are approximately 7,000 active I-TAP users and 16,400 active College/Vocational TAP cards, but on average only 6,800 C/V Monthly Passes are being loaded.

In addition, Metro has not been utilizing existing and new technologies efficiently to improve these programs. Currently, the I-TAP and C/V paper applications are processed and uploaded manually. C/V applications became available online in September 2015 and represent approximately 5% of the total applications received since then. In March 2016, staff added a web link to the online application from the College Programs page on Metro.net and online applications rose to 9%. Metro has been processing an average of 2,100 paper applications per month and also handling the verification of each individual student's units, which has caused a wait time of 4-6 weeks for students to receive their C/V TAP cards from the time of application. However, many students are registering for their classes online and colleges have the ability to electronically verify their enrollment. Online

registration could be modified to allow students to add transit participation along with their enrollment. New TAP chip technology also exists which would allow a sticker with an embedded computer chip and an RFID antenna to be applied directly to the student ID cards, replacing the need for photo ID C/V TAP Cards. Just like existing TAP cards, these chips have the ability to be loaded remotely, reducing the need for a student to physically go an office to reload or reactivate their cards once they have registered.

U-Pass Task Force Results

In November 2015, Metro Commute Services established two (2) U-Pass Task Force teams that included:

Internal Task Force (Metro):

- Office of Management and Budget (OMB)
- TAP Operation
- Office of Extraordinary Innovation

External Task Force:

- Los Angeles County colleges and universities including:
 - California Institute of Technology (CalTech)
 - California State University Dominguez Hills
 - California State University Long Beach (CSULB)
 - California State University Los Angeles (CSULA)
 - California State University Northridge (CSUN)
 - Cerritos Community College
 - Citrus College
 - LA Community College District (LACCD)
 - LAUSD Adult Vocational Programs (LAUSD)
 - Mount San Antonio College (Mt. SAC)
 - Pasadena City College (PCC)
 - Rio Hondo Community College
 - University of California at Los Angeles (UCLA)
 - University of Southern California (USC)
- Local municipal transit providers and organizations including:
 - Foothill Transit
 - Long Beach Transit
 - Los Angeles Department of Transportation (LADOT)
 - Move L.A.

In addition, an online survey was distributed to collect feedback from the colleges. The survey was anonymous to allow for the highest level of honest feedback and addressed issues such as satisfaction with existing Metro transit service, and cost and funding of student transit programs. Primary findings from the survey included:

- College transit programs are currently funded through pass sales, student fees, revenue from

-
- parking fines and fees, and associated student associations
- 73% are very satisfied or satisfied with the transit service at their campus
 - 82% say not having enough parking is an issue on their campus
 - 64% do not believe they have adequate funding for the program
 - 30% feel that not including part-time students is limiting participation, and
 - 60% are willing to co-market a Universal Pass program on their campus with Metro support

As a result of the feedback from the, Internal and External Task Force teams and survey responses, the overall recommendations are as follows:

- Make passes more affordable for students
- Make passes more accessible for part-time students
- Make program easy to understand and administer

U-Pass Pilot Program

Upon Board approval, Metro Commute Services will implement a two-year U-Pass pilot program beginning in Fall 2016. U-Pass Pilot Program will:

1. Target at least 10 new schools to participate in the program.
2. Reduce the minimum units required under the pilot to 8 units or more per quarter/semester to allow more part-time students to participate in pilot program.
3. Transition to a pay per boarding model:
 - a. Charge an estimated boarding fee of \$0.75 per boarding, which is the cash-boarding equivalent of the 30-day College/Vocational pass. Payment must be made by the school at the beginning of the term and the rate will be reassessed annually as part of the budget process.
 - b. For the introductory term, estimated boardings will be based on existing I-TAP or C/V ridership data. If the school does not have existing data, the initial student participation will be estimated at 10% of eligible students. Any overage paid by the school based on the estimated boardings for the introductory term will be credited toward the payment for Term 2.
 - c. For the second term and subsequent terms, estimated boardings will be adjusted to reflect the actual boardings from the previous term based on TAP data.
 - d. At the end of the second term and each subsequent term, actual boardings will be reconciled against the initial fee payment and a charge or credit will be issued to the school based on the difference, capped at \$43 per month (\$10.03 per week) per participant.
 - e. Schools may elect to cover the cost of the program through student fees, other funding, or by charging the students for participation. Fees collected from students may not exceed \$43/month or \$10.03/week, and the total amount collected may not exceed the total amount due to Metro.
 - f. Schools are encouraged to build U-Pass participation into their existing class registration process to allow for a seamless integration and the ability to charge the appropriate student fees, if any.

4. Schools will be responsible for collecting demographic data to assist in completion of the required Title VI analysis, for verifying enrollment eligibility for each quarter/semester, and for distributing or reactivating TAP stickers/cards for eligible students. Schools are encouraged to collect as much information as possible as part of online registration, which will also allow cards to be activated and loaded electronically by Metro.
5. Schools will report all issued TAP card/sticker numbers to Metro for tracking purposes and to facilitate replacements.
6. Schools are encouraged to partner with Metro for in-kind marketing materials and promotion of the U-Pass Program.
7. Establish goal of increasing student participation by 10% over existing C/V and I-TAP levels during the two year pilot program and use the data from the pilot program as a foundation for establishing an ongoing U-Pass program, which will ultimately replace both the I-TAP and the C/V programs. Performance measures to be assessed include:
 - a. Compare total U-Pass revenue and boardings to current I-TAP and C/V revenue and boardings and assess changes in fare revenues and ridership among the college/vocational student population
 - b. Assess changes in ridership on key lines near pilot schools
 - c. Compare the percentage of students who were issued passes on a term-by-term basis to assess changes in utilization of the U-Pass

DETERMINATION OF SAFETY IMPACT

This program does not affect the incidence of injuries or healthful conditions for patrons or employees. Therefore, approval of this request will have no impact on safety.

FINANCIAL IMPACT

As a pilot, this program will be managed within existing resources. Therefore, there will be no financial impact at this time.

Impact to Budget

As a pilot, this program will be managed within existing resources. Therefore, there will be no impact to budget at this time.

ALTERNATIVES CONSIDERED

Reduction of Units

Reducing the unit requirements for the U-Pass program was considered. With the existing 12-unit requirement for undergraduate students, there are approximately 14,000 active college transit program participants. This represents 3% of the total eligible public school students who meet the

requirement.

Decreasing the unit requirement for the U-Pass pilot program to 9 units (semester) or 8 units (quarter) would increase the potential pool of eligible participants by 17%, or approximately 250,000 public students. Based on the current 3% participation, this could result in about 7,500 new college/vocational riders. Decreasing the unit requirement for the U-Pass pilot program to 6 units would increase the potential pool of eligible participants by 35%, or approximately 536,000 public students. Based on the current 3% participation, this could result in about 16,000 new college/vocational riders.

For both cases, increasing the potential pool of eligible participants will likely result in revenue loss for Metro, with the possibility of recouping the loss through a potential increase in new riders. However, the potential revenue impact will depend on how many of the new college/vocational riders were full fare transit riders (negative impact to revenue) versus how many are new transit riders (positive impact to revenue).

Because the financial impact of the unit reduction will not be known until the overall fare revenue changes for the pilot program and the agency can be assessed, staff recommends starting the pilot program with an 8-unit minimum requirement with a commitment to review the revenue impact after six months and consider lowering the requirement to 6 units based on the assessment. The 12-unit requirement for current monthly C/V passes will remain intact.

The College/Vocational Pass requires graduate students to be enrolled in 8 or more units. Under the U-Pass Pilot Program, staff is recommending reducing the units required for graduate students from 8 units to 6 units. The 8-unit requirement for graduate students utilizing monthly C/V passes will remain intact.

Continuation of I-TAP and C/V Programs

Due to the lack of widespread usage, difficulty of administration, and the loss of revenue, staff does not recommend continuing the I-TAP program during the U-Pass Pilot Program. All current I-TAP schools will be converted to U-Pass. However, Metro will continue to offer the regular monthly College/Vocational Pass for students at schools not participating in the pilot program.

NEXT STEPS

Upon approval of this pilot program, Metro will:

1. Communicate details of U-Pass Pilot Program with all 77 schools in L.A. County and target 10 or more schools to participate in the program.
2. During initial registration period, schools will collect required Title VI data from participating students. Title VI evaluation will be conducted and a findings report will be brought back to the Board of Directors for approval prior to the end of the sixth month of the pilot program.
3. During the pilot program, Metro will continue to seek additional funding through Greenhouse

Gas Reduction Fund/Low Carbon Transit Operations Program (LCTOP) revenue Cap and Trade, the South Coast Air Quality Management District's Mobile Source Air Pollution Reduction Review Committee (MSRC), or other sources to further reduce the cost of the program to the schools and will work with schools to identify other sources of funding such as parking fees and/or fines, student association fees, and/or activity fees and/or referendums and as a means of subsidizing the program.

4. During the pilot program, Metro will continue to partner with schools to address transit service and service alignment issues.

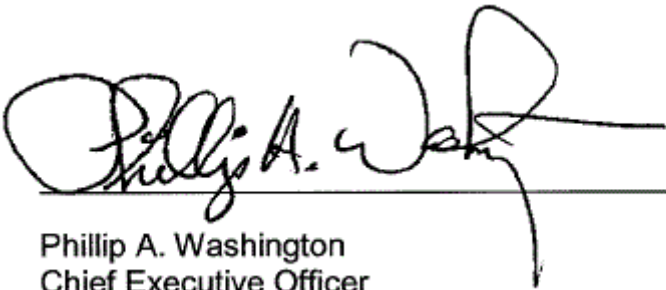
ATTACHMENTS

Attachment A - Motion 49.1 Community College Student Transit Pass Pilot Program

Attachment B - Report 49 on Community College Student Transit Pass Pilot Program in response to Motion 49.1

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Chief Executive Officer



Expanding Metro's U-Pass Program to K-12

For Homeless Student Support Services

Executive Management Committee, File # 2019-0879

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Metro

Regional U-Pass & K-12 U-Pass Pricing

1. Existing U-Pass Pricing is \$0.75 per boarding, capped at \$43 per month, which is the current College/Vocational Reduced Fare Monthly rate
2. The pricing above includes regional boardings on 9 additional transit agencies, and staff is recommending continuing the Regional U-Pass Program for College/Vocational Schools at the current pricing.
3. Staff is recommending a approval of a new K-12 U-Pass rate for homeless student services programs at \$0.75 per boarding capped at \$24 per month, which is the current K-12 Reduced Fare monthly rate
4. If the cost to reimburse the 9 additional transit agencies exceeds \$24 per month, staff is recommending that the institution be invoiced for the overage with the monthly cost capped at the monthly K-12 rate of agencies used by the school's students during that semester.

K-12 U-Pass Pricing

Other Transit Agencies' Monthly K-12 Reduced Fare	
Big Blue Bus	\$30 Youth 30-Day Pass
Foothill Transit	\$36 31-Day Pass
Glendale Beeline	\$22 31-Day Pass
Long Beach Transit	\$40 Monthly Student Pass
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