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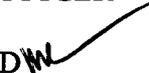
One Gateway Plaza
Los Angeles, CA 90012-2952

213.922.2000 Tel
metro.net

JULY 25, 2006

TO: BOARD OF DIRECTORS

FROM: ROGER SNOBLE 
CHIEF EXECUTIVE OFFICER

THROUGH: MATTHEW RAYMOND 
CHIEF COMMUNICATIONS OFFICER

SUBJECT: INSTITUTIONAL PASS UPDATE

ISSUE

At the June 2006 Board meeting, concerns were raised regarding the recent decision by the Los Angeles Community College District (LACCD) to discontinue participation in Metro's Institutional Pass (I-Pass) program. The Board requested staff to provide additional information on the status of the program.

BACKGROUND

Approved by the Board in February 2003, the I-Pass program offers colleges, universities, trade schools and other institutions the opportunity to purchase Metro passes in bulk for their students and/or employees at a negotiated reduced rate. In addition, staff committed to the Board that all I-Pass agreements would be revenue neutral (e.g. would recover approximately the same revenue as would have been generated from the institution's Metro riders absent the program). Metro also offers a reduced rate College/Vocational Monthly Pass at \$30 per month for purchase directly by students. To date, three institutions have opted to implement the I-Pass program: Los Angeles City College (LACC), Pierce College and UCLA. The main benefit of these programs to colleges is the reduction in campus traffic congestion and parking problems.

Los Angeles City College & Pierce College

The first I-Pass program was launched on May 14, 2004 with LACC, which purchased Metro passes for all full-time students. Pierce College joined the program in Fall 2005. Both colleges have continued the program through the Spring 2006 semester. For this most recent semester, LACC purchased 5,600 passes while Pierce College purchased 5,300 passes.

Each campus made passes available to students for pick up through their offices. Not all passes were distributed to students.

To expedite launching the program, the initial LACC contract did not fully cover projected lost revenue. Instead, the pilot program was launched at a further reduced rate, with the understanding that fees would gradually be increased until revenue neutrality was reached, allowing the college ample time to identify or develop a permanent source of funding.

Despite the fact that the fee structure has remained under negotiation since start of the program, the individual colleges as well as LACCD have indicated they are extremely pleased with the I-Pass program overall. LACCD's goal was to eventually fund the program at each campus for up to one year.

Unfortunately, negotiations to continue the programs are currently at an impasse due to pricing and funding issues. Three letters (March 23, April 27, May 1, 2006) were sent to LACC requesting a meeting and to date Metro has not received any replies. As an agreement to continue the program through Fall 2006 was not in sight, Metro notified students at LACC and Pierce of the program's expiration date and encouraged them to apply for the reduced rate College/Vocational pass. On July 12, 2006, Metro staff along with representatives of Supervisor Molina's Office and Mayor Villaraigosa's Office met with LACC students and professors at their invitation to discuss the issues and concluded that a meeting with LACC administration is vital to program continuance.

On July 24, 2006 Metro staff and representatives of Supervisor Molina's Office and Mayor Villaraigosa's Office met with LACC students and administrators from LACCD and LACC. It was proposed to extend the I-Pass program through the Fall 2006 and Spring 2007 semesters provided that LACC survey students and conduct a student referendum by Spring 2007 to ensure funding of the program for subsequent years. It is expected that if the student referendum passes that all LACC students will be assessed an approximate \$50 per semester charge for an I-Pass as part of their registration fees. Students and LACCD administrators expressed interest in possibly expanding the program to other community colleges as well.

NEXT STEPS

The proposal is in final review by LACCD and LACC and all parties are expected to reach agreement by August 4, 2006.