



Finance Committee

Action Item III-A

June 9, 2016

**DC "Kids Ride Free" Program Changes
for 2016-2017**

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

Action Information

MEAD Number:
201752

Resolution:
 Yes No

TITLE:

DC Kids Ride Free Program Changes

PRESENTATION SUMMARY:

Staff will introduce proposed changes to improve the administration of the Kids Ride Free on Rail program for DC students that was introduced for the 2015-2016 school year. Staff will request authorization for the GM/CEO to negotiate and execute a new agreement for the 2016-2017 school year that includes these proposed program changes.

PURPOSE:

Staff requests authorization for the GM/CEO to negotiate and execute changes to the DC Student Subsidy agreement between WMATA and the District of Columbia, including a fixed price per student per day for unlimited bus and rail travel and the elimination of time restrictions on bus travel.

DESCRIPTION:

Key Highlights:

- The "Kids Ride Free on Rail" program is successfully expanding student mobility but faces challenges in the areas of student registration and billing as well as fare evasion and proper use of the pass.
- Metro and the District of Columbia have collaboratively identified changes to improve the administration of the program for the 2016-2017 school year:
 - Shift to a "University Pass"-style pricing model in which all eligible students receive the pass (i.e., no registration process) with billing to the District of Columbia based on a discounted fixed daily rate charged for all eligible students; and
 - Eliminate the time-of-day and day-of-week restrictions for students riding on Metrobus, which has been a primary cause of 'negative value' problems that have inhibited the proper working of the pass product, and which also will increase the value of the pass to students.

Background and History:

The DC Council created a student Metrobus benefit, "Kids Ride Free on Bus," for the 2013-2014 school year. This benefit was available to all public, charter, and private school students residing in the District. The Council then created, and the Metro Board approved, a complementary Metrorail benefit, "Kids Ride Free on Rail", for the 2015-

2016 school year. In contrast to the Bus program, however, this Rail program is available to public and charter school students only (not private and parochial school students). In May 2016, the Board authorized the GM/CEO to execute a short-term extension of the existing "Kids Ride Free on Rail" agreement to cover the 2016 summer school term.

In the spring of 2016, following a review of the effectiveness of the program, the District and Metro began discussing an extension of the program into the 2016-2017 academic year while addressing several "lessons learned" during the first year of the rail program. Specifically, the District and Metro determined that a large number of students who registered with DDOT for the rail pass product were unable to use their pass due to negative stored value balances on their DC One cards. Many of the student cards went negative due to bus rides taken outside of the program hours (5am-8pm Monday-Friday). Eliminating these time and day restrictions will eliminate a major source of problems with student use of the passes. Not only would this reduce problems that require station manager time to resolve, it would likely reduce fare evasion by students, driven to some degree by problems (real and perceived) with the card and/or pass.

Discussion:

Staff seeks Board authorization to change the existing "Kids Ride Free on Bus" and "Kids Ride Free on Rail" programs for DC students for the upcoming 2016-2017 school year. In particular, DC and Metro staff are evaluating a new pricing methodology under which the program cost is determined not by total rides taken on bus and rail, but instead is based on a flat daily per student charge levied on the entire eligible student population. This pricing methodology is also the basis for Metro's forthcoming University Pass (or "U-Pass") program.

There are some aspects of the U-Pass model that are not directly applicable to the DC student passes. With the U-Pass pilot that is planned for American University (AU) this fall, WMATA is preparing all-new cards with a distinct Rider Class and Pass pre-loaded onto the card. When AU students receive their U-Pass cards in the fall (alongside their student ID cards), the U-Pass will be available for use immediately. The District of Columbia determined it was impractical to generate approximately 50,000 new DC One cards, each personalized for an individual student, and distribute those cards to students in time for the start of school as early as August 8. DC also determined that providing students with a separate second card for travel only was not desirable, given the goal of supporting multiple functions on a single DC One card.

Given these technological and logistical constraints, DC and Metro staff agreed that the preferred option is to modify the existing "Kids Ride Free" on Bus and Rail products to eliminate the bus restrictions which lead to negative stored value balances. At the same time, Metro and DC agree in principle on a simplified pricing approach that is based on the U-Pass model. Under this approach, all eligible students with active DC One cards (currently approximately 50,000 students) will automatically receive Kids Ride Free passes without having to actively register. Metro will bill DC a flat, fixed daily rate per eligible student. While the final billing parameters are not yet established, it is expected that the total revenue to Metro (and from the District) for the Kids Ride Free program will be approximately the same as FY2016. This pricing structure can then be

updated in future years as the student population grows or as fares change.

The proposed program changes will benefit students, the District of Columbia, and Metro. Eligible students will be automatically registered for the pass products, and the rules governing the use of the bus pass will be simplified by lifting the time/day restrictions. The changes should reduce or eliminate problems with negative stored value as well as uncertainty over invoicing. Finally, taken together, these changes have the potential to reduce fare evasion activity by students.

FUNDING IMPACT:

The program changes are designed to be revenue-neutral for both WMATA and the District. It is expected that the total cost of the DC Student Subsidy program in FY2017 will be approximately \$18 to \$19 million, the same as FY2016.

Project Manager:	Allen Hoppe
Project Department/Office:	CFO/TRES

TIMELINE:

Previous Actions	August 2015 - WMATA Board approval of 'Kids Ride Free on Rail' program May 2016 - Extension of existing program to cover summer school 2016
Anticipated actions after presentation	July/August 2016 - Implementation of modified 'Kids Ride Free on Rail' and "Kids Ride Free on Bus" programs for the 2016-2017 school year

RECOMMENDATION:

Recommend authorization for the GM/CEO to negotiate and execute changes to the DC Student Subsidy agreement between WMATA and the District of Columbia, including a fixed price per student per day for unlimited bus and rail travel and the elimination of time restrictions on bus travel.



Washington Metropolitan Area Transit Authority

DC “Kids Ride Free” Program Changes for 2016-2017

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Purpose

Requesting authorization for GM/CEO to negotiate and execute revisions to “Kids Ride Free” Rail and Bus programs





Background

- Board approved Kids Ride Free on Rail program in 2015
- Summer school extension approved in May
- Benefit available to all public and public charter school students (plus private school students for Bus)



Lessons Learned

- Expanded student mobility, especially when paired with bus program
- Two challenges:
 - Student registration and billing
 - Fare evasion and proper use of the pass
- Proposed changes would improve administration of program for 2016-2017



2016-2017 School Year

- School dates: August 8 to June 14
- Approximately 100 public and public charter schools and 50,000 eligible students
- Extension would modify certain terms and conditions of agreement





2016-2017 School Year

- “University Pass”-style pricing model:
 - No registration process – all eligible students with active DC One card will receive passes
 - No billing for incremental usage – Metro to charge discounted fixed daily price for all eligible students
 - Revenue-neutral for DC and WMATA in FY2017 (relative to FY2016)
 - Can be updated in future years as student population grows or fares change
- Eliminate time/weekend restrictions on bus – will reduce ‘negative value’ problems



Benefits

- Simplifies rules for students (time/date restrictions lifted)
- Simplifies administration and billing
- Reduces negative stored value occurrence and resulting pass problems
- Potential to reduce fare evasion



Recommendation

Authorize GM/CEO to negotiate and execute revisions to “Kids Ride Free” Rail and Bus programs

SUBJECT: APPROVAL TO NEGOTIATE AN EXTENSION AND AMENDMENT TO THE REDUCED FARE AGREEMENT FOR DISTRICT OF COLUMBIA STUDENTS TO INCLUDE 2016-2017 SCHOOL YEAR AND TO REVISE BILLING METHODOLOGY

**RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY**

WHEREAS, In Resolution 2015-49, the Board of Directors authorized amendments to the reduced fare program including new benefits for public and public charter school students in the District of Columbia (DC); and

WHEREAS, It is anticipated that the Board of Directors will authorize the continuation of the DC student reduced fare program through the 2016 Summer School term at its June 2016 meeting, following a unanimous recommendation from the Finance Committee in May 2016; and

WHEREAS, DC desires to extend the Kids Ride Free on Metrorail benefit through the 2016-2017 School Year, resolve certain billing and registration challenges and remove the time-of-day and day-of-week restrictions associated with the Metrobus benefit; and

WHEREAS, Board of Directors approval is required for fare buy down agreements pursuant to Resolution 2011-30; now, therefore be it

***RESOLVED,* That the Board of Directors authorizes the General Manager and Chief Executive Officer (GM/CEO) to negotiate and execute an extension and amendment to the Reduced Fare Agreement for DC Students, as is necessary to continue the Metrobus benefit such that the time-of-day and day-of-week restrictions associated with the Metrobus benefit may be removed; and be it further**

***RESOLVED,* That the Board of Directors authorizes the GM/CEO to negotiate and execute an extension and amendment to the Reduced Fare Agreement for DC Students, as is necessary to continue the Metrorail benefit such that the billing methodology is simplified, scalable, and provides a model for ensuring revenues to the Authority are consistent with the fare structure adopted by Resolution 2015-49; and be it finally**

RESOLVED, That in order for staff to implement the 2016-2017 School Year program in advance of the August 8, 2016 start date of the DC school year, this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,



Mark R. Pohl
Acting General Counsel

WMATA File Structure No.:
4.3.1 Fare and Fee Agreements

PROPOSED