



# Transit Transformation Action Plan Subcommittee

September 30, 2022

Agenda Item 5





# Overview

**1. Fare Integration Timeline/Retrospective**

**2. Clipper BayPass Pilot Update: Recent and Upcoming Work**

**3. Transfer discount update: Policy Proposal and Steps to Implementation**

# Timeline / Retrospective of Fare Integration Work

## Previous Work

**February 2020:** Convened Fare Integration Task Force (FITF)

**September 2021:** Fare Coordination & Integration Business Case released

**November 2021:** FITF Policy Vision Statement adopted

## Today's Discussion

**Institutional/Employer Pass:** Clipper® BayPass pilot launched at 4 colleges/universities in August; Adding affordable housing residents starting next month; Phase 2 (employers) planned for 2023

**Free/Reduced Cost Transfers:** FITF reviewing draft policy; \$22.5M in regional funds identified; staff ensuring technical feasibility in C2

## Future Work

**All-Agency Pass:** Continue to develop a proposal for implementing an all-transit agency pass product for the general public

**Explore Sync of Regional Fares:** Further development of a potential common fare structure for regional transit operators

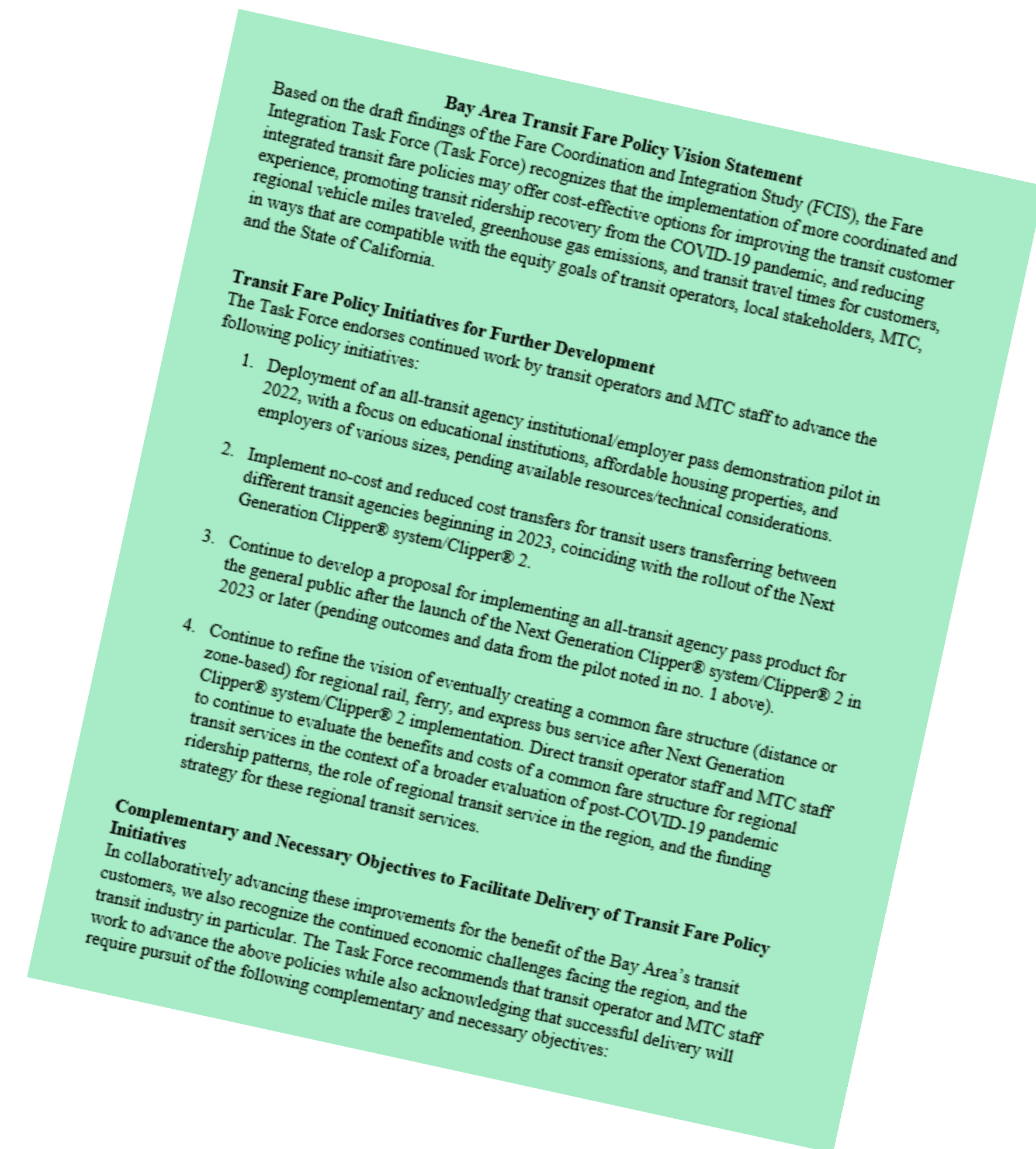
# Bay Area Transit Fare Policy Vision Statement

## What is it?

The purpose of the Transit Fare Policy Vision Statement is to allow the Fare Integration Task Force to articulate a policy direction it supports in principle and to provide direction to transit agency and MTC staff about how to prioritize upcoming work, including returning to the Task Force with specific actions related to the proposed pilot all-transit agency employer/institutional pass.

## What does it mean?

- Fare Integration Task Force wanted to *demonstrate support* for a fare policy vision, subject to certain complementary and necessary objectives, in order to provide direction to staff and signal a policy vision to outside stakeholders.
- The Policy Vision Statement *strengthen the case for new funding*, to support delivery of fare policy initiatives.
- The policy vision **does not** commit MTC or operators to any particular action or funding obligation.
- **The Policy Vision Statement was unanimously approved by the Fare Integration Task Force in November 2021.**





# Fare Policy Vision Statement

## Transit Fare Policy Initiatives for Further Development

The Task Force endorses continued work by transit operators and MTC staff to advance the following policy initiatives:

1. Deployment of an all-transit agency institutional/employer pass demonstration pilot in 2022, with a focus on educational institutions, affordable housing properties, and employers of various sizes, pending available resources/technical considerations.
2. Implement a no-cost and reduced cost transfers for transit users transferring between different transit agencies beginning in 2023, coinciding with the rollout of the Next Generation Clipper® system/Clipper® 2.
3. Continue to develop a proposal for implementing an all-transit agency pass product for the general public after the launch of the Next Generation Clipper® system/Clipper® 2 in 2023 or later (pending outcomes and data from the pilot noted in no. 1 above).
4. Continue to refine the vision of eventually creating a common fare structure (distance or zone-based) for regional rail, ferry, and express bus service after Next Generation Clipper® system/Clipper® 2 implementation. Direct transit operator staff and MTC staff to continue to evaluate the benefits and costs of a common fare structure for regional transit services in the context of a broader evaluation of post-COVID-19 pandemic ridership patterns, the role of regional transit service in the region, and the funding strategy for these regional transit services.

# Fare Policy Vision Statement, cont.

## Complementary and Necessary Objectives to Facilitate Delivery of Transit Fare Policy Initiatives

In collaboratively advancing these improvements for the benefit of the Bay Area's transit customers, we also recognize the continued economic challenges facing the region, and the transit industry in particular. The Task Force recommends that transit operator and MTC staff work to advance the above policies while also acknowledging that successful delivery will require pursuit of the following complementary and necessary objectives:

- Implementation will not require the transfer of locally sourced funds between transit agencies.
- Prior to implementation of any of the Transit Fare Policy Initiatives, new funding sources will be sought to offset adverse transit agency revenue impacts resulting from implementation.
- Implementation of any of the Transit Fare Policy Initiatives will require approval by the appropriate transit agency governing body.
- Implementation of any of the Transit Fare Policy Initiatives will not result in a reduction of transit agency operating service levels.

# Clipper BayPass Pilot

## Scope and Goals



### Objectives:

Demonstrate that an institutional transit pass covering all operators may increase transit ridership by better meeting the needs of users, who may not gain much value from a single agency transit pass. Evaluate program performance and collect data that could be used as the basis of a revenue model for permanent program.



### Participants:

**Phase 1:** Public community colleges + universities and affordable housing property managers that are existing customers of transit agency institutional passes.

**Phase 2:** Employers, especially in transit rich locations like downtown San Jose, San Francisco, and Oakland



### Financial Considerations:

**Phase 1:** Pass offered to educational institutions and affordable housing property managers at no additional cost, beyond existing transit agency institutional passes, for pilot period.

**Phase 2:** Price per pass during pilot will be negotiated based on size/location of employer



### Pilot Budget:

\$6 million has been identified for the Clipper BayPass program in MTC's Transit Transformation Action Plan to offset possible revenue losses at operators. Pilot is planned to last two years.



# Pilot

## Pilot is underway at 4 universities/community colleges across the Bay Area



# of participants: 12,000

9,000

7,000

All Students Eligible

### Pilot Overview and Recent Achievements

- Clipper cards loaded with the **Clipper BayPass** product have been made available to randomly selected students making up ~25% of the student populations
- The pass enables unlimited travel on every transit operator that uses Clipper
- Promotional materials have been developed to communicate program details to participants
- Program evaluation plan is underway
- Phase 2 of the pilot will launch in 2023 to include employers across the region
- All of this work will inform the development of a more permanent program after the conclusion of the pilot

Launching in Oct./Nov.

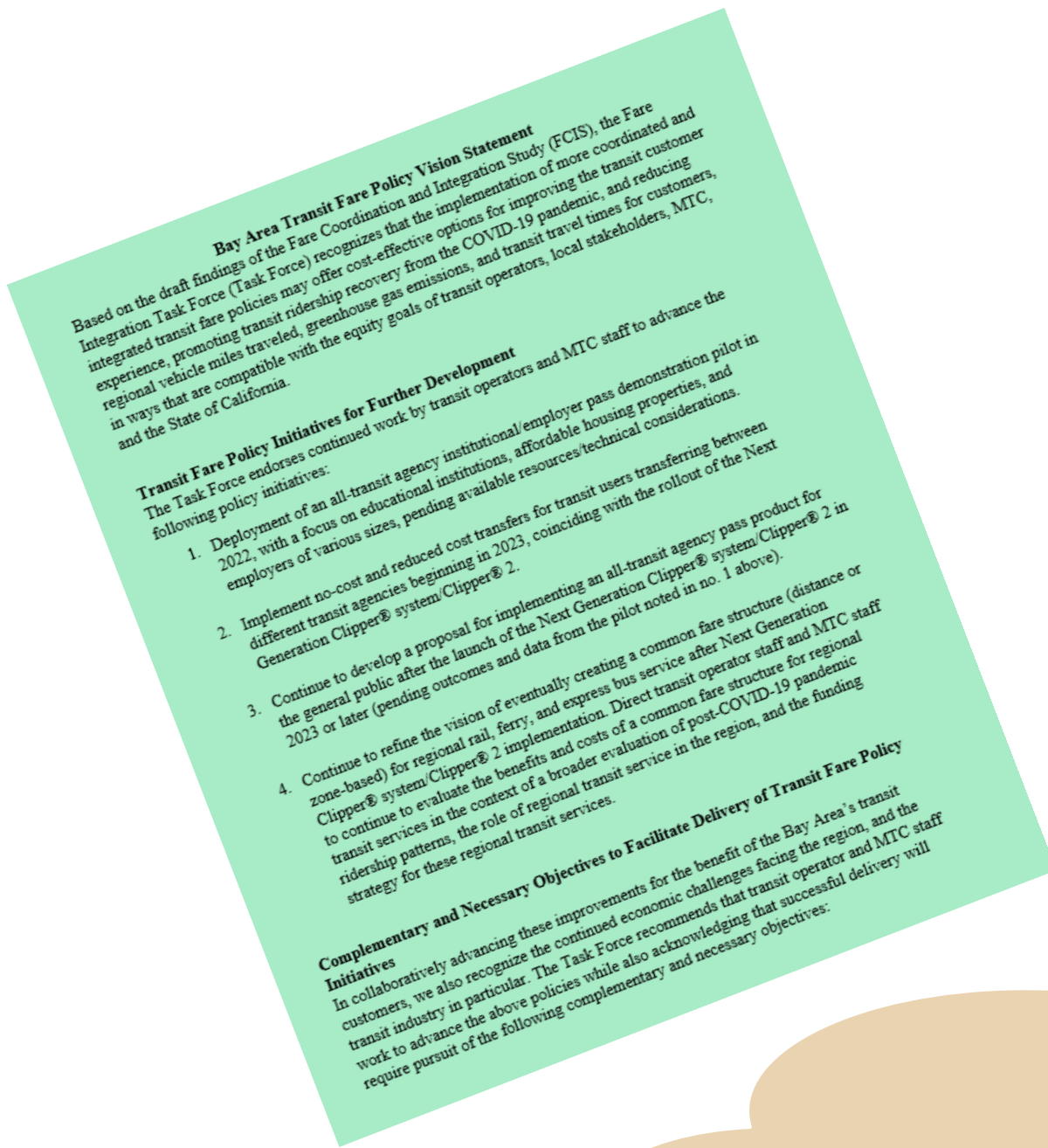




# “No-cost / Reduced Cost Transfers”

“Implement no-cost and reduced cost transfers for transit users transferring between different transit agencies beginning in 2023, coinciding with the rollout of the Next Generation Clipper® system/Clipper® 2.”

Bay Area Transit Fare Policy Vision Statement  
Adopted by Fare Integration Task Force, November 15, 2021



How would implementation of this policy work in practice?

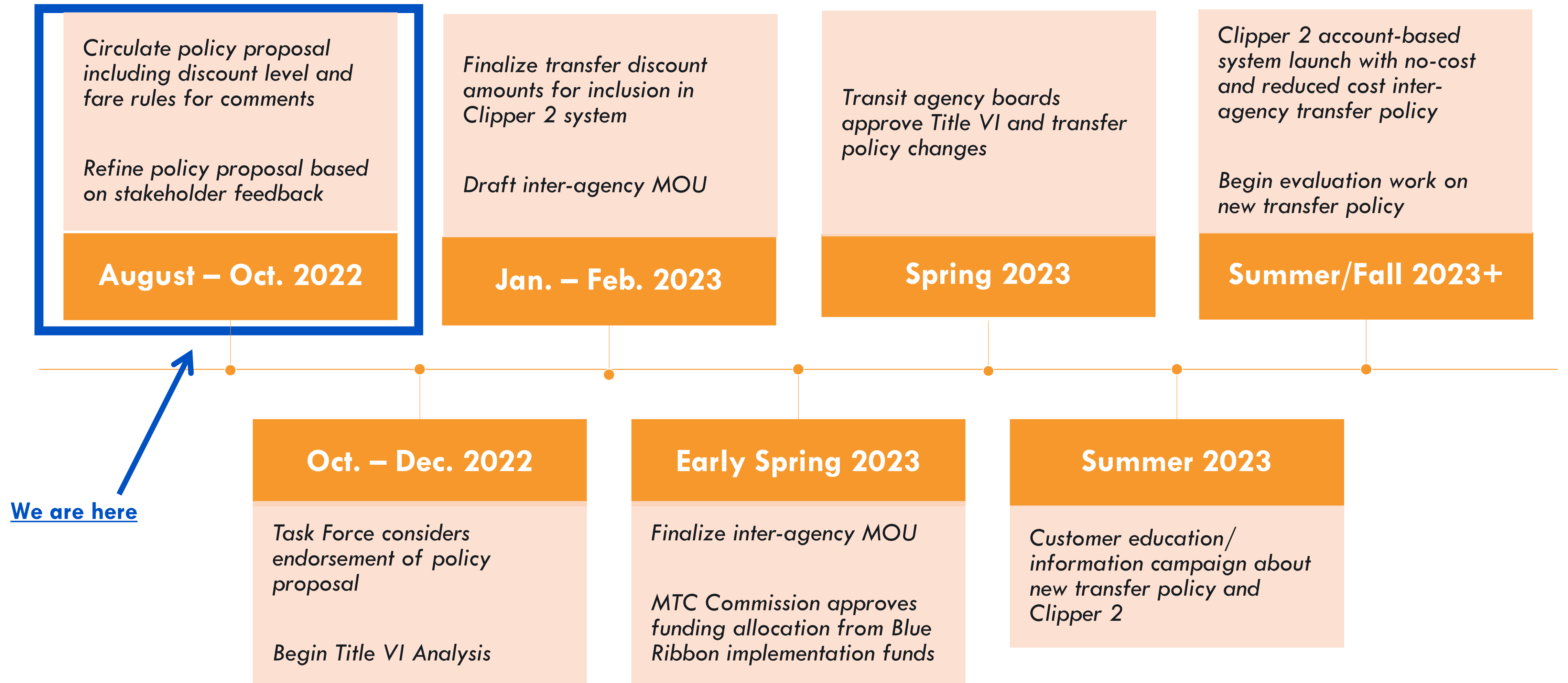
What existing fare policies would change?

What is the possible financial impact of this action?



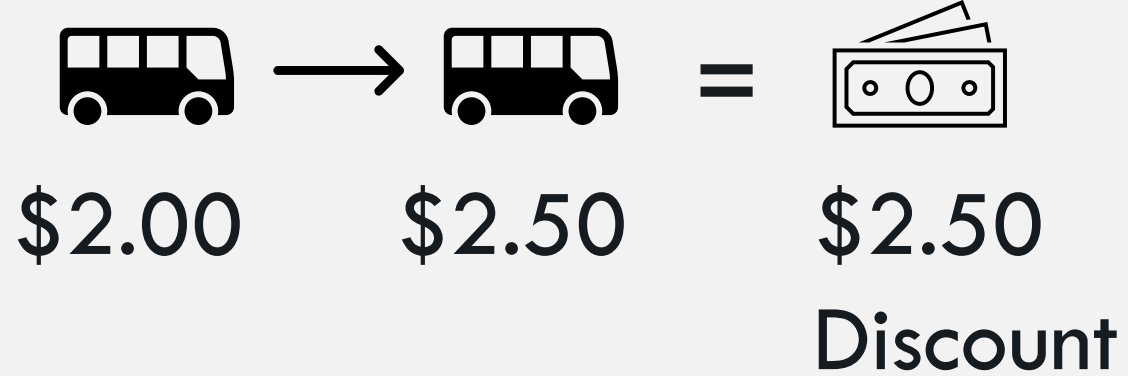
# Steps to Deliver “No-cost / Reduced Cost Transfers”

## Path to a 2023 Launch



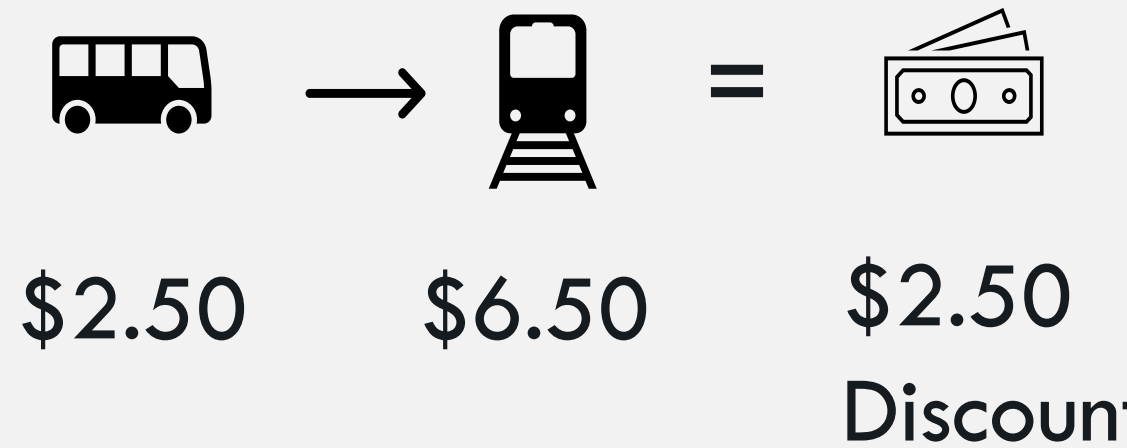


**“When you make a trip that requires transferring between transit agencies, pay the full fare on just the first agency you use. Any transfer to another agency within two hours of the first boarding is discounted up to a limit of \$2.50 per transfer”.**



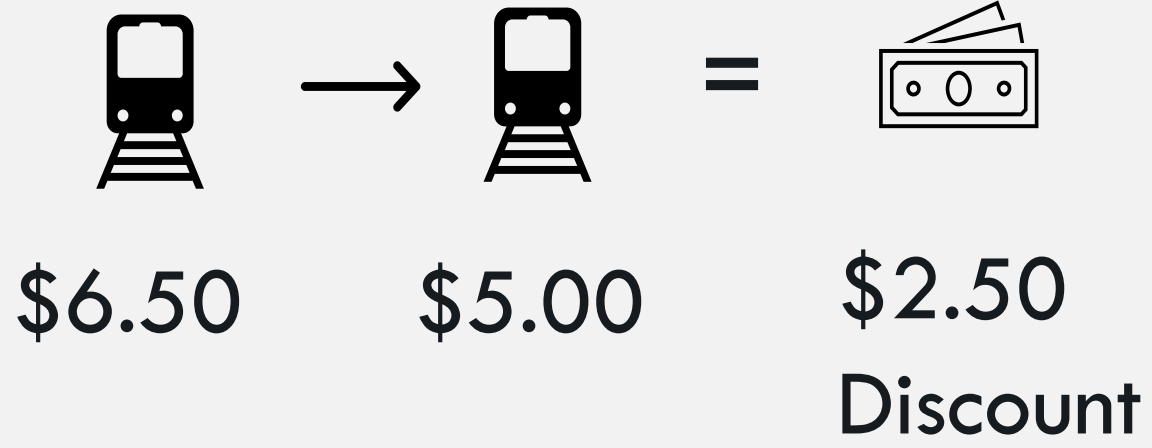
For local services, discount amount equal to the fare of the second and subsequent legs of a trip

**Local to Local Transfers**



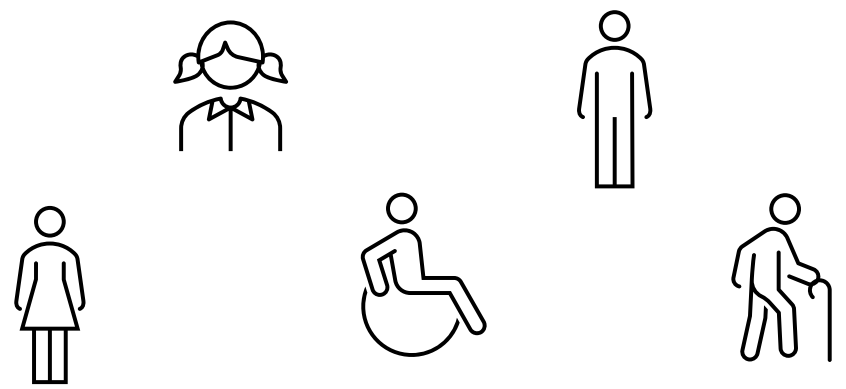
For transfers to regional services, discount is equivalent to local fare

**Local to Regional Transfers**



For regional services, discount amount is \$2.50

**Regional to Regional Transfers**



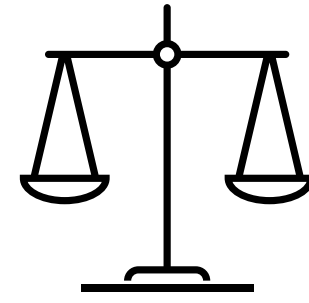
Single ride Adult Clipper fare discounted from trip, with commensurate discount for discount fare categories (e.g., Senior, Youth, etc.).



Single agency passholders also receive a discount



Transfer window is 120 minutes after first tap



For funded pilot period, no interagency settlement model is imposed





# How would existing fares change?







## Local to Local Transfers

## Local to Regional Transfers

## Regional to Regional Transfers



Example Trips Under Current Inter-Agency Transfer Policies



Example Trip 1 Excelsior District, SF to San Bruno	Example Trip 2 Alum Rock, SJ to Redwood City	Example Trip 3 12 <sup>th</sup> St., Oakland to Santa Clara
<p><b>Local Agency #1</b> → <b>Local Agency #2</b></p> <p> </p> <p>Fare = \$2.50      Fare = <u>\$2.05</u></p> <p><b>Total Fare = \$4.55</b></p>	<p><b>Local Agency #1</b> → <b>Regional Agency #2</b></p> <p> </p> <p>Fare = \$2.50      3 Zones Fare = \$7.70</p> <p><b>Total Fare = \$10.20</b></p>	<p><b>Regional Agency #1</b> → <b>Regional Agency #2</b></p> <p> </p> <p>Fare = \$5.50      3 Zones Fare = \$7.70</p> <p><b>Total Fare = \$13.20</b></p>

Example Trips Under “No-cost / Reduced Cost Transfers” Policy

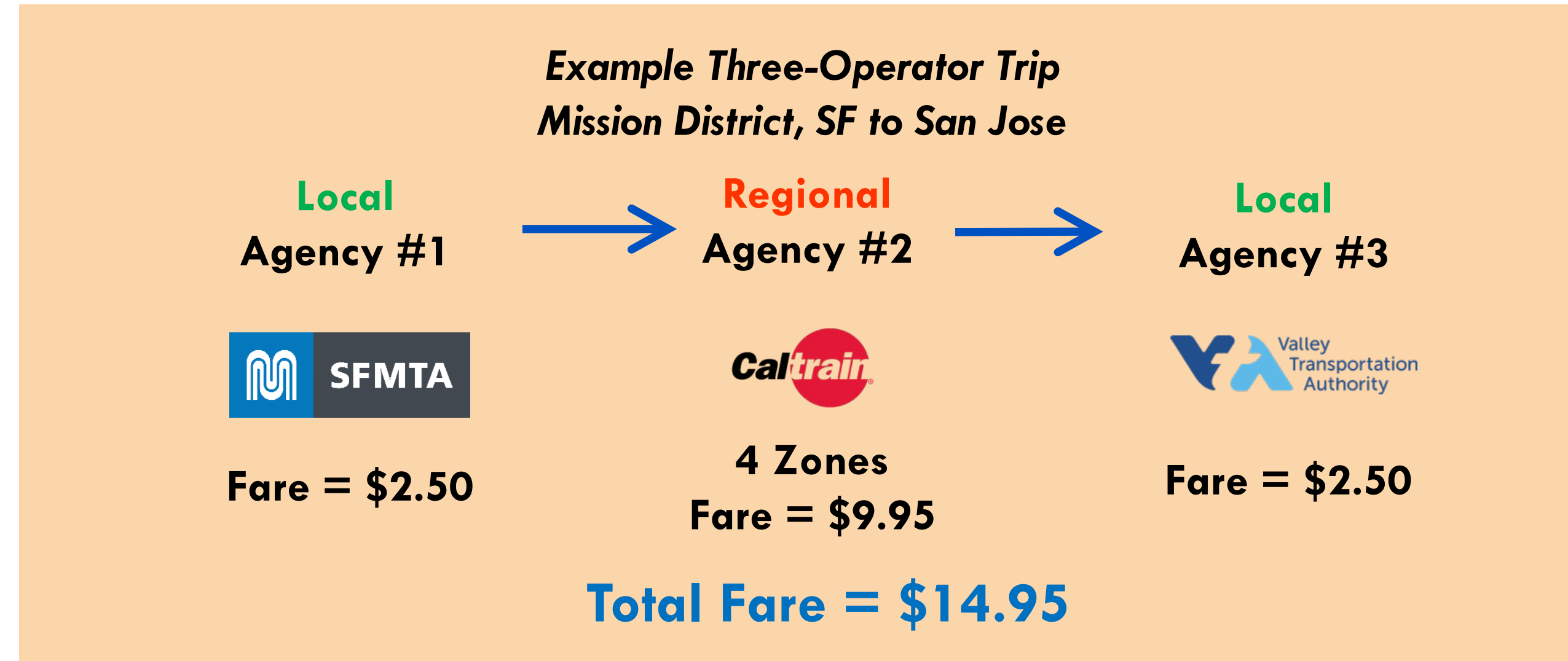


Example Trip 1 Excelsior District, SF to San Bruno	Example Trip 2 Alum Rock, SJ to Redwood City	Example Trip 12 <sup>th</sup> St., Oakland to Santa Clara
<p><b>Local Agency #1</b> → <b>Local Agency #2</b></p> <p> </p> <p>Fare = \$2.50      Fare = <u>\$0</u></p> <p><b>Total Fare = \$2.50</b> <b>Customer savings = \$2.05</b></p>	<p><b>Local Agency #1</b> → <b>Regional Agency #2</b></p> <p> </p> <p>Fare = \$2.50      3 Zones Fare = \$7.70 - <u>\$2.50</u></p> <p><b>Total Fare = \$7.70</b> <b>Customer savings = \$2.50</b></p>	<p><b>Regional Agency #1</b> → <b>Regional Agency #2</b></p> <p> </p> <p>Fare = \$5.50      3 Zones Fare = \$7.70 - <u>\$2.50</u></p> <p><b>Total Fare = \$10.70</b> <b>Customer savings = \$2.50</b></p>



# How would existing fares change on three or more operators?

Example Trips Under Current Inter-Agency Transfer Policies



Example Trips Under “No-cost / Reduced Cost Transfers” Policy





# Transfer with Operator Monthly Pass Products

Example Trips  
Under Current  
Inter-Agency  
Transfer Policies



*Example Trip*  
Sunset District, SF to Downtown Berkeley

<p><b>Local</b> Agency #1</p> <p>Muni Fast Pass</p> <p>Fare = \$0 (Already Paid For)</p>		<p><b>Regional</b> Agency #2</p> <p>Fare = \$4.50</p>
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Total Marginal Fare = \$4.50

Example Trips  
Under “No-cost /  
Reduced Cost  
Transfers” Policy



*Example Trip*  
Sunset District, SF to Downtown Berkeley

<p><b>Local</b> Agency #1</p> <p>Muni Fast Pass</p> <p>Fare = \$0 (Already Paid For)</p>		<p><b>Regional</b> Agency #2</p> <p>Fare = \$4.50-2.50</p>
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Total Fare = \$2.00    Customer savings = \$2.50

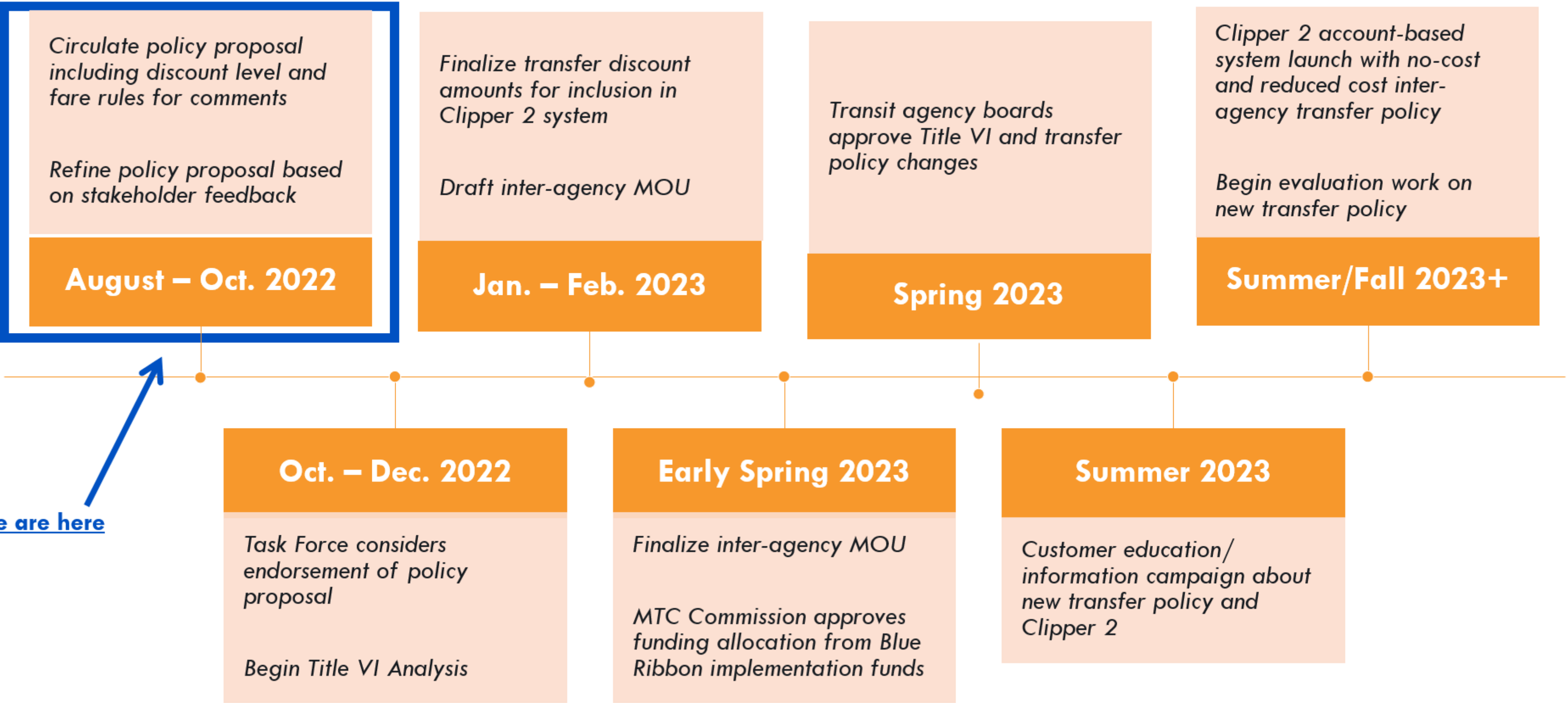
## Policy Issues for Consideration:

- The new transfer rules would introduce an imbalance in foregone revenue between agencies
- To adjust for this imbalance, some additional structure may be required. This could include:
  - A “settlement model” to redistribute revenue within the Clipper system
  - A new funding allocation model separate from the Clipper system



# Recap: Next Steps

The FCIS Project Management Team is working with the transit operator Staff Working Group to bring forward a complete “No-Cost & Reduced Cost Transfer Policy Proposal”, consistent with what we detailed today, next month.



We are here

## Policy Duration

- MTC has identified \$22 million to support the launch of the transfer policy change and this is expected to cover any revenue impacts for at least the first year.
- Longer term funding for the policy change will be the subject of future discussions at the FITF and as a part of how the Bay Area’s addresses the financial challenges facing transit operations once federal COVID relief funds are exhausted.



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