

No-Cost & Reduced Cost Interagency Transfer Policy Pilot

POLICY & PILOT DETAILS

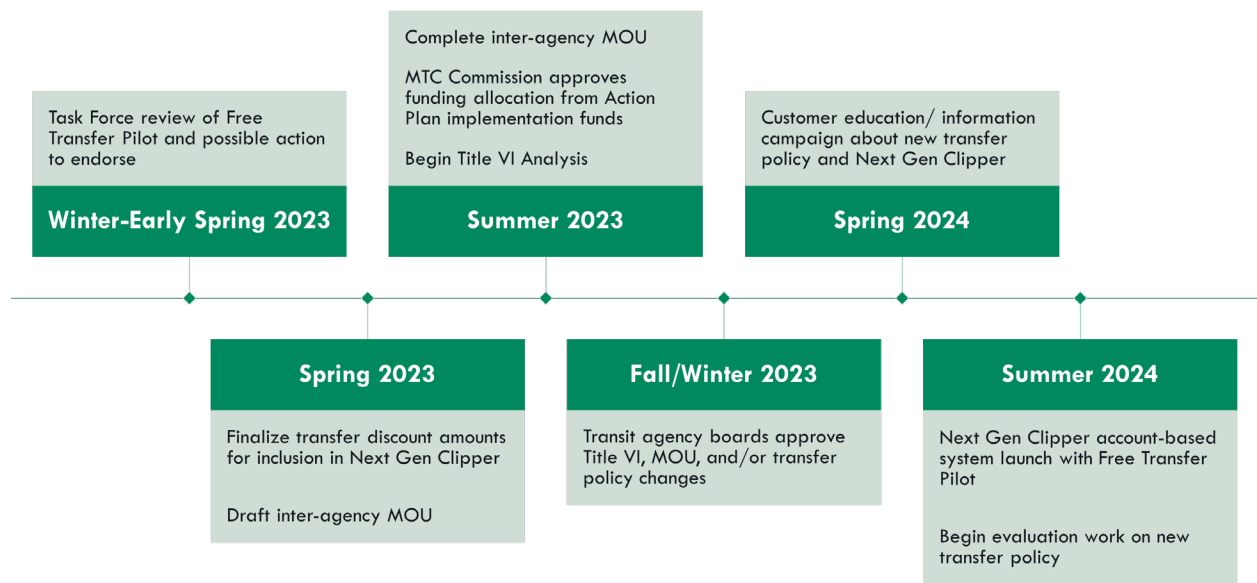
Table of Contents

A. Fare Coordination and Integration Study (FCIS) Transfer Policy Proposal	4
A.1. Transfer Policy Vision as adopted by the Fare Integration Task Force.....	5
A.2. Summary of Business Case	5
A.3. Proposed Policy Change	5
A.3.1. Summary.....	5
A.3.2. Transfer Rule Details.....	5
A.3.3. Examples.....	6
A.3.4. Transfer discount interaction with agency pass products.....	7
A.3.4. Paratransit	8
B. Implementation Approach.....	8
B.1. Pilot and Timeline	8
B.2. Revenue Impacts and Pilot Funding Model	8
Estimated Revenue Impacts.....	8
Funding plan and method of distribution	8
Attachment: Actual fare Discount Resulting from Policy – Sample for Clipper Adult Base Fare by Agency/Agency Group	10

A. Fare Coordination and Integration Study (FCIS) Transfer Policy Proposal

In November 2021, the Fare Integration Task Force (FITF) adopted a Policy Vision Statement that articulates fare policy goals in the short, medium, and long terms. One key component of this vision is to implement no-cost and reduced cost transfers between transit agencies.

This document provides the proposed policy, estimated impacts to customers and operators, and the mechanics for a near-term pilot. The proposed process and timeline for implementation is summarized in the graphic below.



A.1. Transfer Policy Vision as adopted by the Fare Integration Task Force

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.

A.2. Summary of Business Case

Today, our region has a patchwork of transfer discounts between various operators. This proposal will strengthen, standardize, and clarify those discounts for the customer. In travel modelling conducted for the Fare Coordination & Integration Study (FCIS), this policy change drives an increase of 25,500 daily trips. Modelling indicated it could require a subsidy of approximately \$22.5M per year (off of a pre-COVID base), which was about 2% of pre-COVID fare revenue for the region, or ¾ of a percent of total system operating expense. The modelled cost per new trip generated came to about \$2.25, which is the best cost-efficiency of any fare integration option tested. The modelled benefits of these discounts were balanced across income levels, with high, middle, and low-income transit riders appearing to benefit roughly proportionally. User research showed that reduced or no-cost transfers were widely understood and valued by transit customers, even despite the variety of fare levels and structures in the region.

A.3. Proposed Policy Change

A.3.1. Summary

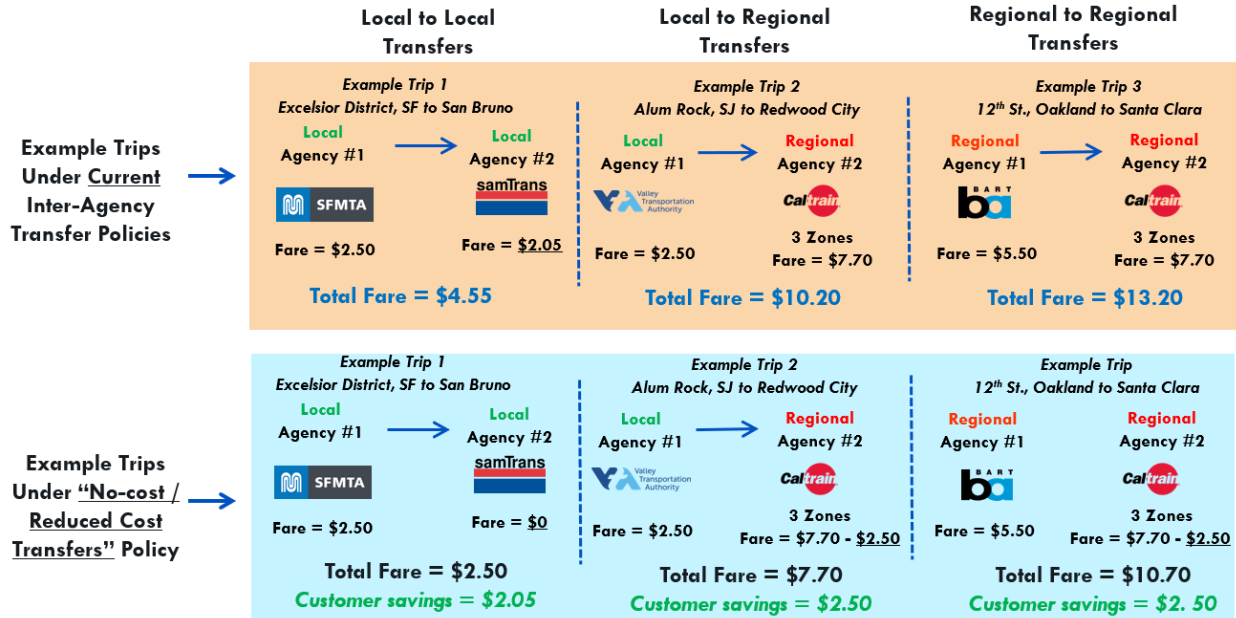
When making a trip that requires transferring between participating transit agencies, riders pay the full fare on just the first agency used. Any transfer to another agency within two hours of the first boarding is free up to a per-transfer limit equal to the region's highest local transit fare (currently \$2.50).

A.3.2. Transfer Rule Details

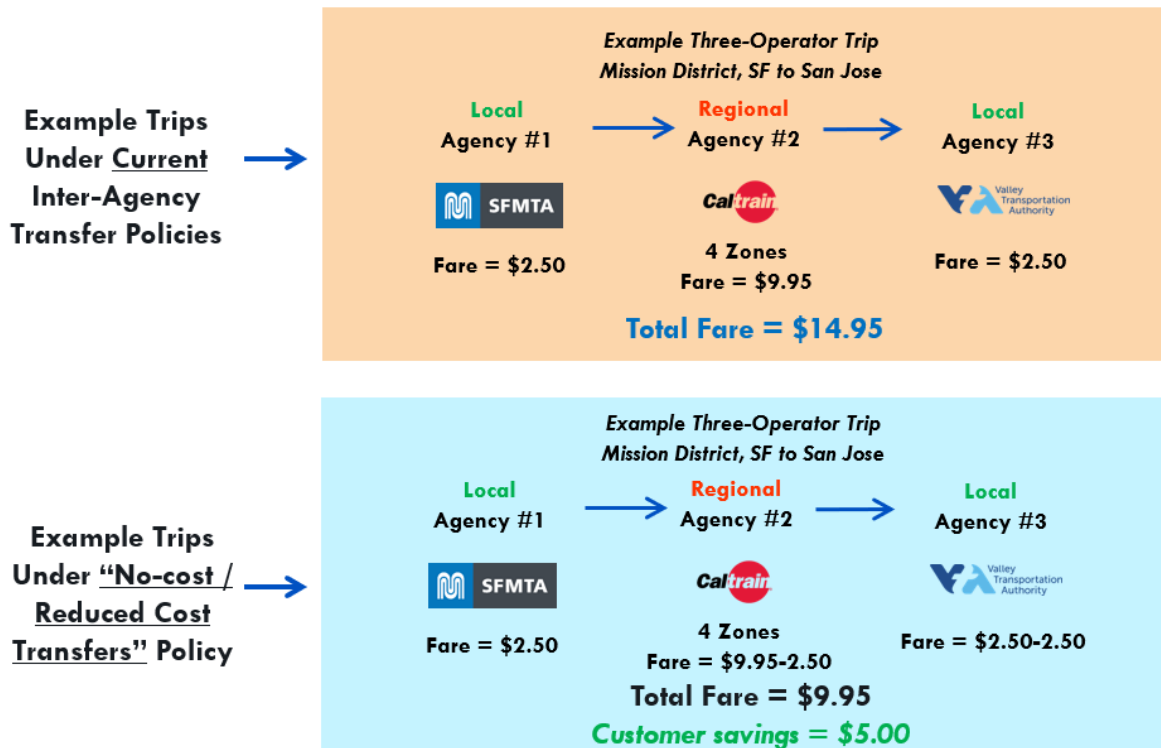
- **Inter-agency transfer definition:** An inter-agency transfer occurs when a rider boards a transit vehicle and then subsequently boards another transit vehicle operated by a different agency within a 2-hour (120 minute) period.
- **Per-transfer discount limit (full fare riders):**
 - When making an inter-agency transfer, customers using Clipper receive a discount equivalent to the single-ride Clipper fare for amounts up to the region's highest local transit fare (currently \$2.50). Customers would be charged for fare amounts above the limit.
 - Because the limit is set to the highest local bus fare in the region, the policy offers customers free transfers to any local service. Transfers to longer trips on distance- or zone-based regional services (or premium-fare bus services) will result in additional costs for travel over the price of local bus fare.
- **Per-transfer discount limit (discount fare categories):** Clipper customers using discount fare categories (e.g., Senior, Youth, START, etc.) would be subject to a discount limit proportional to the fare charged. For example, currently a rider transferring to a service on which that rider is entitled to a 50% Senior discount would receive a free transfer for amounts up to \$1.25.
- **Trips with three or more operators:** Discounts are also applied on each additional operator used during the 120-minute window, so that the customer only pays the equivalent of one full fare during that period.
- **No negative fares:** The discount is applied to the fare paid *after* making the transfer and cannot result in a negative fare for that segment.

A.3.3. Examples

Examples (two operators)



Examples (three operators)

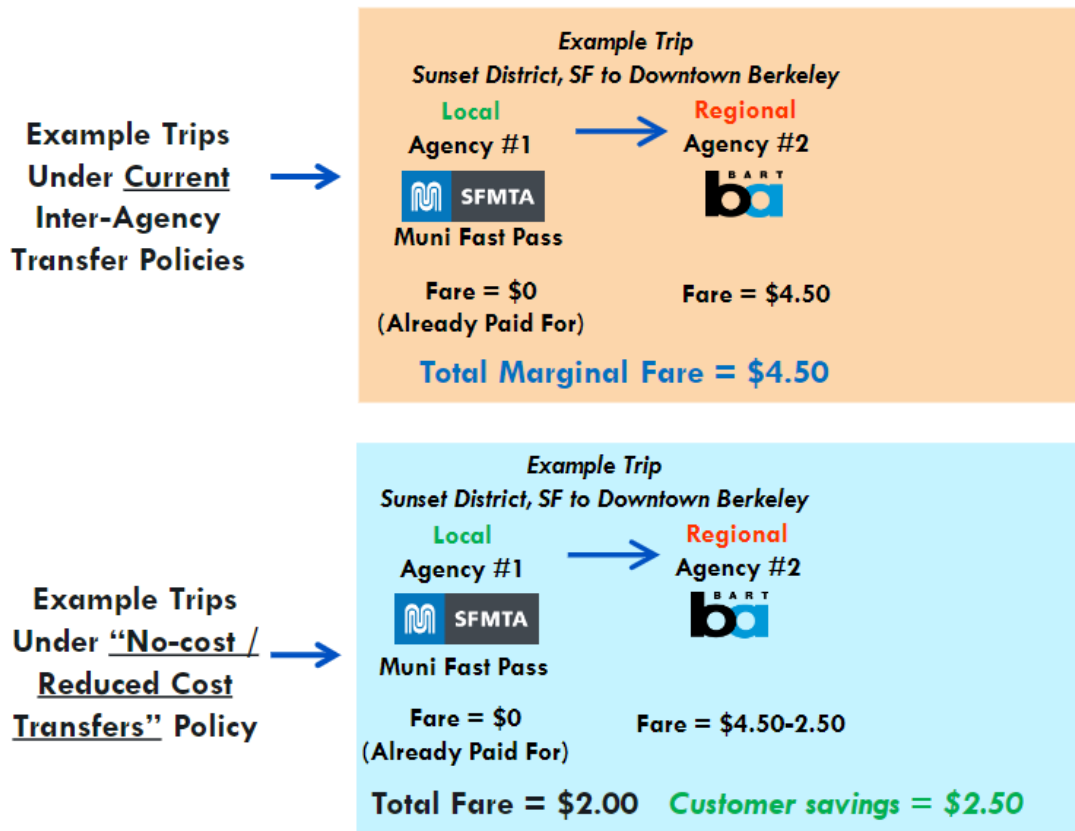


A.3.4. Transfer discount interaction with agency pass products

In the transfer rules described in section A.3.2., discounts are always applied to the fare paid *after* making the transfer and cannot result in a negative fare for that segment. As a result:

- When a customer transfers *to* a service for which they have a pass product that covers the full fare, no additional discount is applied because that leg of the trip is already zero fare.
- Customers transferring *from* a service on which they have a pass product but *to* a service for which they do not would receive the applicable discount on the second (and subsequent) leg(s).

Examples (with operator monthly pass)



A.3.4. Paratransit

Users of paratransit services will benefit from the above transfer policy changes through corresponding changes to paratransit fares, which are generally defined as 2x the cost of a regular fixed-route transit fare.

Due to Clipper system constraints, there will be no discounts between paratransit service and fixed-route transit.

B. Implementation Approach

B.1. Pilot and Timeline

This policy will be implemented initially on a pilot basis, with agencies committing to offer free and reduced-price transfers beginning with the launch of the Clipper 2 account-based system targeted for late 2023 (mid Fiscal Year 2024) and continuing for at least 18 months (through June 2025) but with an automatic extension to a total of 24 months if sufficient funding is available.

The FCIS project management team (staffed by BART and MTC) will prepare an evaluation of the pilot and its effects on travel behavior, revenue, and customer experience before the end of 2024.

Subject to pilot findings, MTC and transit agencies will work together to develop funding model that can support continuation of this policy on a permanent basis while continuing to maintain and expand transit service to customers.

B.2. Revenue Impacts and Pilot Funding Model

Estimated Revenue Impacts

The FCIS project team estimates that the \$22.5M project budget will be sufficient to offset operator fare revenue impacts for 15-21 months, depending on the rate of growth in transfers and overall ridership, with a mid-point scenario of 18 months.

In this same scenario, it is estimated that offsetting operator fare revenue impacts over 24 months would require \$30M.

Funding plan and method of distribution

MTC has identified \$22.5M of funding to support implementation of no-cost and reduced cost transfers through the Transit Transformation Action Plan implementation funding pool. These funds will be allocated to operators to mitigate or eliminate their financial risk. MTC will make an up-front allocation based on the percent of 2019 fare revenue with a top-up at end of year 1 and year 2 based on an estimate of each operators "adjusted foregone fare revenue."

Adjusted foregone fare revenue will be calculated as follows:

- The operator is responsible for at least the first \$0.50 discount on each transfer
- Remaining foregone revenue is estimated using actual trips in Clipper data

- An estimate of the increase in fare revenue generated by the pilot is deducted from foregone revenue. For each agency, the percent increase in transfer trips, in excess of the growth of non-transfer trips, will be considered evidence of “new trips generated” by the pilot

Attachment: Actual fare Discount Resulting from Policy – Sample for Clipper Adult Base Fare by Agency/Agency Group
 Full adult fare – Other Fare Categories would be proportionally lower based on discount amount

Transferring to	Transferring from													
	AC Transit	BART	Caltrain	East Bay	Golden Gate Transit	Napa Solano	SamTrans	SF Muni	Union City	VTA	WETA	SMART	Corridor 101	Sonoma
AC Transit		2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
BART	2.50		2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Caltrain	2.50	2.50		2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
East Bay	2.00	2.00	2.00		2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Golden Gate Transit	2.50	2.50	2.50	2.50		2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Napa Solano	1.75	1.75	1.75	1.75	1.75		1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
SamTrans	2.05	2.05	2.05	2.05	2.05	2.05		2.05	2.05	2.05	2.05	2.05	2.05	2.05
SF Muni	2.50	2.50	2.50	2.50	2.50	2.50	2.50		2.50	2.50	2.50	2.50	2.50	2.50
Union City	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00		2.00	2.00	2.00	2.00	2.00
VTA	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50		2.50	2.50	2.50	2.50
WETA	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50		2.50	2.50	2.50
SMART	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50		2.50	2.50
Corridor 101	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80		1.80
Sonoma	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	

Service Type Key Regional-Regional Local-Local Local-Regional

Discount fare categories (i.e. Senior, Youth, RTC, START) will receive transfer credits as above, commensurate with the agency's fare policy (e.g. \$1.25 credit for Seniors on Muni).
 Some agencies are shown in groups (e.g. "East Bay") above; however, each agency's fares and discounts will determine discount amounts (e.g., WHEELS ≠ WestCAT).