



Photo: Sydney Chan, Daily Californian

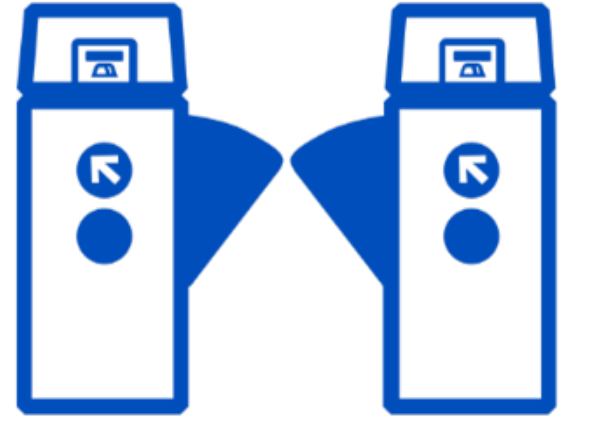
Fare Integration Task Force

February 28, 2022

¹Agenda Item 4a



Overview



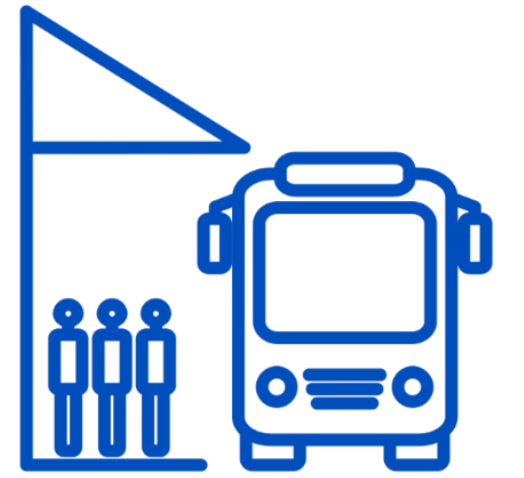
○ **Status update on the Fare Coordination/Integration Study (FCIS)**

□ **Institutional Pass Pilot**

- └ **Scope and pilot program goals**
- └ **Proposed institutional participants**
- └ **Funding and Title VI approach**
- └ **Project management approach**
- └ **Next steps and necessary transit agency board approvals**

○ **Questions?**

FCIS Initiatives – Status Update



- ① **Fare Integration Task Force: Staff propose that the Task Force continue to meet and oversee implementation of Policy Vision Statement endorsed in November 2021**
- ② **BART and MTC staff jointly continue program management**
- ③ **The project team is focused on launching Phase 1 of institutional pass pilot in August 2022**
- ④ **Working with Clipper team to ensure that all elements of the Policy Vision Statement are ready to be implemented in the Clipper 2 system**
(actual implementation subject to future decision-making process)

Institutional Pass Pilot

- A pilot institutional transit pass product is identified as the first action in the Policy Vision Statement



“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.”

Proposed Pilot Phases:
Pilot Phase 1 (8/2022): Educational institutions and affordable housing properties
Pilot Phase 2 (2023): Employers, especially in downtown SF and Oakland

Bay Area Transit Fare Policy Vision Statement

Based on the draft findings of the Fare Coordination and Integration Study (FCIS), the Fare Integration Task Force (Task Force) recognizes that the implementation of more coordinated and integrated transit fare policies may offer cost-effective options for improving the transit customer experience, promoting transit ridership recovery from the COVID-19 pandemic, and reducing regional vehicle miles traveled, greenhouse gas emissions, and transit travel times for customers, in ways that are compatible with the equity goals of transit operators, local stakeholders, MTC, and the State of California.

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 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.

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:

Institutional Pass Pilot



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.



Proposed 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:

MTC Commission identified \$28 million for fare integration activities at an October 2021 Commission Workshop - \$6 million was targeted for the Institutional Pass Pilot, including to offset possible revenue losses at operators. Target is for pilot to last two years.

Institutional Pass Pilot – Phase 1

Proposed Scale and Participants



Phase 1 Recommendations

Launch Date: August 2022

Scale: Up to 50,000 participants

Cost to Participants: None during pilot

Initial discussions underway with:



Criteria used to develop the proposed participant list:

- 1. Must be a public educational institution or non-profit affordable housing property manager*
- 2. Must offer students/residents an existing “all you can use” transit pass covering at least one transit operator (technical requirement for August 2022 launch).*
- 3. Geographic diversity of participants within the Bay Area*

Institutional Pass Pilot – Phase 2

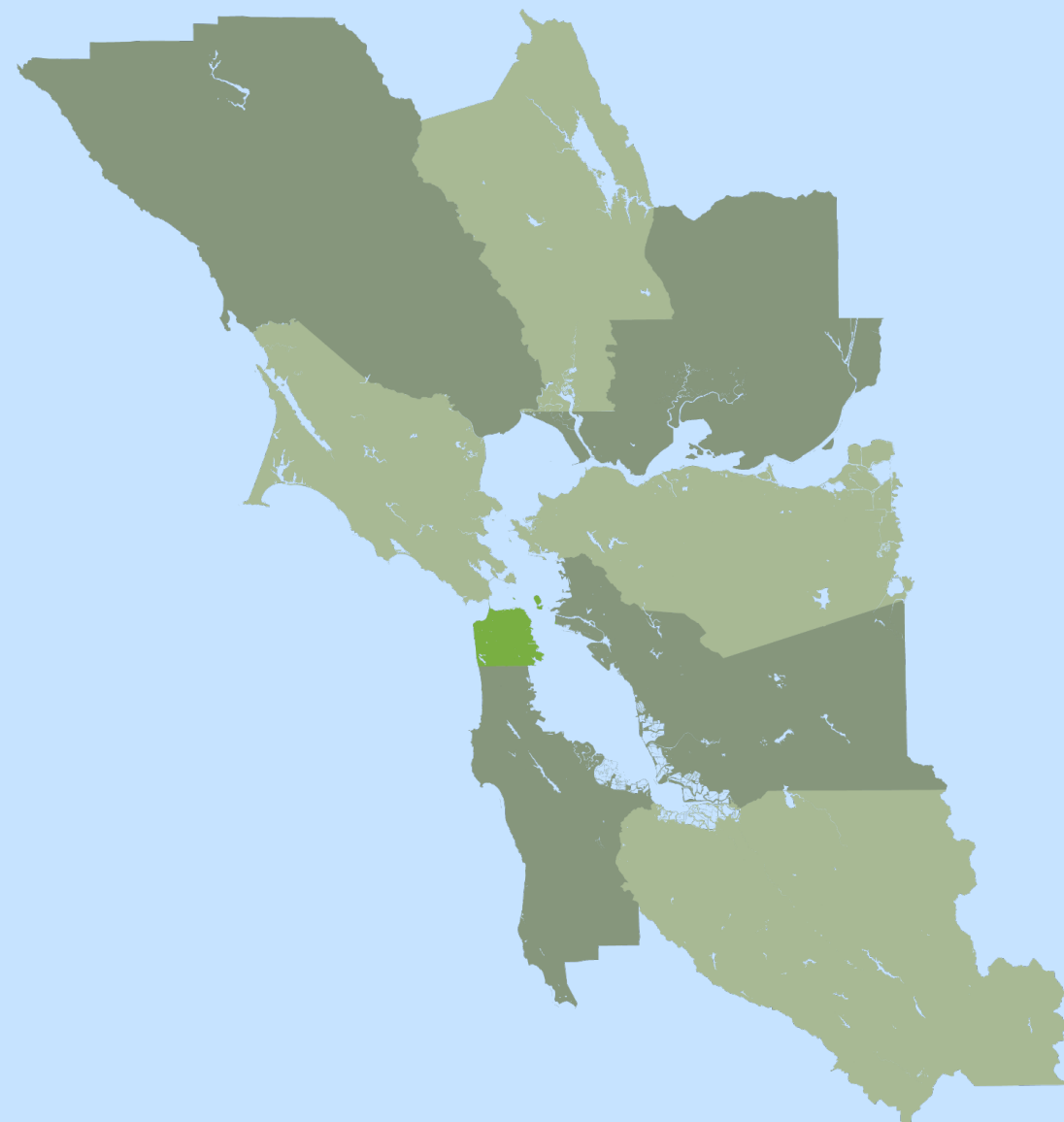


Phase 2 Recommendations

Launch Date: Early 2023

Scale: Up to 10 employers of various sizes

Cost to Participants: Price per pass during pilot will be negotiated based on size/location of employer



- 1. Project team will engage with employers, transportation management associations (TMAs), and other stakeholder organizations to solicit interest in Phase 2 participation. Equity will be an important guide in developing Phase 2 recommendations.***
- 2. Goals include:***
 - Geographic diversity around the Bay Area***
 - Focus on transit rich employment centers***
 - Employers/organizations that have not been well served by existing institutional pass products***
- 3. Phase 2 would bring in new dollars to transit and would serve as an opportunity to test how a larger program could impact transit demand.***

Institutional Pass Pilot

Work Underway



BART & MTC team have been focused on standing up the pilot project with a target launch date of August 2022

- **Clipper 1 system modifications on track**
- **Meeting with potential pilot program participants – initial feedback positive, awaiting written statements of interest**
- **Title VI discussions with FTA have begun**
- **Meeting with Pass Pilot Advisory Group and FCIS Staff Working Group**

Institutional Pass Pilot

Funding Proposal



Existing business relationships:

For pre-existing Phase 1 institution/agency pairs, business relationship not impacted by the pilot. All transit agency pass would be layered on top of single agency product(s)



Phase 1

Estimated fare revenue impacts:
(based on 2019 data)

\$4.5 million over 2 years

Proposal:

Distribute funding to operators up-front based on formula

Sample formulas:

- 1. Estimate likely foregone fare revenue by agency using FY19 Clipper data*
- 2. Fixed amount distributed based on a share of regional fare revenue*

Phase 2

Estimated fare revenue impacts:

\$1 million over 2 years
(placeholder)

Proposal:

Amount represents a placeholder reserve pending the design of Phase 2. While Phase 2 will bring in new dollars, given novel nature of program some revenue uncertainty exists

**Total =
\$6 million**

Other Administrative Costs: \$0.5 million - Consulting support, Clipper card purchases, communications

Staffing Costs: 1.5 FTE - Staff hired at BART (+1) and MTC (+0.5), funded from Transformation Action Plan staffing funds

Institutional Pass Pilot

Title VI Approach



- **Begin as a ‘pilot’:** The project is proposed to launch as a ‘pilot’ under Title VI, meaning agency boards will approve Title VI analyses after the pilot project is underway but before any permanent successor program is launched
- **MTC is lead agency for pilot program Title VI process**
- **Requesting FTA permission for a pilot lasting a minimum of 12 months**
 - **Data from the pilot will inform Title VI analysis of any extension beyond 12 months and/or permanent program**
- **Staff are coordinating with FTA now, expect approval process to take approximately 3-4 months**

Pilot Project Agency Approvals



- **Project team will need to seek transit agency boards approval of the pilot in *May/June***
- **Transit agency staff will be provided with a template for board items:**
 - **Fiscal impact estimate by agency / funding plan**
 - **Title VI approach**
 - **Customer institutions and program timeline, scale, etc.**
- **Board approval approaches include approval as a stand-alone board item or approval as part of agency budget adoption for the coming fiscal year**
- **Task Force member support will be helpful to facilitate board rollout on a relatively short timeline**

Pilot Project

Path to August 2022 Launch



Task	2022 (by Month)
1. Finalize Management Structure	February
2. Secure statements of interest from participants Institutions	February/March
3. FITF adopts Phase 1 project budget/funding plan	March 21st
4. Finalize Title VI plan with FTA and agency civil rights staff	April - May
5. Board Approvals	May - June
6. Work with institutional partners on site-specific administrative requirements & protocols (participant list, card distribution, etc.)	March - July
7. Develop communications/collateral	May - June
8. Establish research & evaluation plan	May - July
9. Card distribution/launch	July - August