

**DRAFT - Analysis and Proposed Amendments to Senate Bill 917 (Becker)**

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**Background**

Based on our review of SB 917 and after consultation with transit operators, staff recommends the following amendments to the bill as a condition for MTC support.

<b>Topic/Bill Section</b>	<b>Proposed Amendment</b>
Fare Integration	Eliminate the requirement to implement regional fare integration, an individual pass, and local fare equivalence. Instead, require MTC and the transit operators to coordinate on the preparation of a report to the Legislature related to progress on regional fare integration and an individual pass no sooner than January 1, 2025, or within 18 months of the launch of Next Generation Clipper, whichever is later.
Connected Network Plan	Remove deadline references, to allow MTC to determine appropriate timeline based on both available resources and coordination of Network Planning with other efforts such as findings from the Regional Rail Study and Network Management business case. Eliminate paragraph (5) related to governance and institutional reform. Revise other language defining scope of study for greater clarity.
Mapping and Wayfinding	Extend deadlines for system development and use of system by one year and clarify that operators are obligated to adhere to the <i>design guidelines</i> after specified date, not required to fully <i>implement and deploy</i> the new system, since such implementation depends on securing new funding.
Real Time Transit Information	Revise deadline to ensure date is feasible for operators within budgetary constraints and anticipated timeline to procure necessary equipment and software upgrades.

State Transit Assistance (STA) Conditioning	Adjust language to allow MTC to take extenuating circumstances into account, clarify that MTC may withhold an increment of STA funding (not necessarily the entire amount) and that operator will regain access to funds upon demonstration of compliance.
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The remainder of this memo provides staff’s analysis of the bill and rationale for these proposed amendments.

### **Fare Integration**

The inclusion of fare policy provisions in Senate Bill (SB) 917 follows the extensive analysis that’s been underway, co-led by MTC and BART, as part of the Fare Coordination/Integration Study and Business Case (FCIS). In October 2021, the FCIS project team released a Draft Business Case Summary Report (FCIS Draft Report). The report provided a detailed analysis of possible transit fare policy actions.

SB 917 requires MTC to adopt an integrated transit fare structure, in consultation with the transit operators by December 31, 2023 that will become effective no later than July 1, 2024.<sup>1</sup> The bill requires this policy to include the following components:

1. No-cost transfers for local-local and local-regional across multiple operators;
2. Common fare structure for regional service;
3. Common transfer rules for local fares, such as means for validation;
4. Common definitions for adults, youth, seniors, persons with disabilities and other categories;

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<sup>1</sup> The bill requires MTC consult with the “regional transit coordinating council.” This is an existing body that MTC was required to establish by statute, and which in practice, means the general managers of all of the transit operators. MTC has convened this group when we update Resolution 3866, our Regional Transit Coordination Plan.

5. A multiagency pass, which may include a cap, that allows access to all operators on a daily or monthly basis for one set price; and
6. A simplified system for local fares where intersecting local transit services have the same fares.

### **Transfer Discounts**

Notably, the FCIS report determined that no-cost transfers for local-local and local-regional (Item 1 in the list above) would require a relatively low level of investment, estimated at between \$11 - \$25 million annually but would be *highly cost-effective* at just \$2.25 per new rider, substantially less than the cost of most transit projects in Plan Bay Area 2050. This option was found to **have the highest benefits over the first five years** of integration as it does not raise the price for any traveler, whereas other fare integration options may result in fare increases, with negative equity impacts and the risk of reducing ridership. Item 1 was also endorsed by the FCIS Task Force and MTC's Executive Committee as part of the **Bay Area Transit Fare Policy Vision Statement**, which recommended that it be implemented in conjunction with the rollout of the Next Generation Clipper® system in 2023. This is actually in advance of the date set forth in the legislation (December 31, 2023 for adoption of the integrated fare policy; implementation by July 1, 2024).

### **Individual Pass**

The FCIS Draft Report also recommended an individual transit pass, similar to Item 5 on p.1, but recommended *piloting* this idea through development of an all-agency pass for *institutions*, such as universities, which are already offering transit passes for individual operator systems as a way to inform development of a universal pass for everyone. The Vision Statement indicates support for *continuing to develop this after the launch of the Next Generation Clipper®* system in 2023 or later, pending outcomes and data from the pilot. As such, a requirement with a specific date for implementation of an individual pass in the legislation is premature, but it seems reasonable for the legislation to include intent language indicating the Legislature's support for the concept of an individual pass and to require a report to the Legislature on progress made on it by a date certain – post 2025.

### **Common Regional Fare Structure**

Regarding a common fare structure for regional service (Item 2) the FCIS Draft Report noted that it could have significant ridership benefits, but that implementing it would require several key steps, including new agreements or governance structure for regional service and new Clipper equipment and that further study of the benefits and costs of such a system should be undertaken. Similarly, the Vision Statement states that a common fare structure (distance or zone-based) for regional transit service should be further refined and studied as an option to be implemented *after Next Generation Clipper* implementation. It is important to note that the FCIS study found that under a high investment scenario of about \$70 million/year, regional fare integration was very impactful on ridership – potentially increasing it by as much as 4.7 percent. As with the individual pass, it is premature for legislation to require this, but the bill could include intent language indicating the Legislature’s support for the concept of integrated regional fares and to require a report to the Legislature on progress made on it by a date certain – post 2025.

### **Local Fare Integration**

Item 6, which aligns with what the FCIS Draft Report characterized as Tier 4 integration, was not *recommended* in the FCIS Draft Report, which found it had mixed equity impacts due to some options resulting in fare increases for residents of equity priority communities and requiring new agreements or governance structures for all service and rule changes affecting most customers. As such, this should not be included in the legislation nor required as a follow up report.

### **Proposed Fare Policy Amendments**

Consistent with the findings of the FCIS and the Vision Statement adopted by the FCIS Task Force and MTC’s Executive Committee, *staff recommends MTC seek amendments that bring SB 917 in line with what the transit operators and MTC have already agreed upon.* While some might argue that these changes would amount to a bill that is either unnecessary or not going far enough, **staff believes codifying in statute what has been agreed to is a meaningful step which will help ensure their timely implementation and consistent application**

**regionwide.** As such, staff recommends MTC pursue amendments to Section 5 of the bill as follows:

- Limit any specific implementation deadlines to Items 1, 3 and 4. (Note that Items 3 and 4 are now harmonized, so do not require any change from status quo but codifying them will help maintain consistency over time).
- Provide greater flexibility to MTC and the operators as to the date by which the free transfer policy takes effect, given factors outside of MTC or the operators' control, such as the timeline required to complete a Title VI Analysis of any fare changes in compliance with the Civil Rights Act of 1964.
- Require MTC and the operators report to the Legislature on progress made related to development of an individual pass and a single fare structure for regional service in recognition that such system should not be mandated until sufficient funds are identified to ensure their successful deployment at the "high investment option" scenario. Select the date for such report, as well as the scope of any milestones to be achieved based on further consultation with the transit operators.

### **Connected Network Plan**

The Transit Transformation Action Plan adopted by the Blue Ribbon Transit Recovery Task Force and supported by MTC recommends that MTC fund, develop and adopt a Bay Area Connected Network Plan (Plan) that includes transit service and hub categories, core service networks (such as Rapid Transit), funding requirements and next steps by late 2023. Note that the Transformation Action Plan provided only recommendations, including references to *target* completion dates, in this case December 31, 2023. However, SB 917 adds additional components to the scope of the Plan, while keeping the December 31, 2023 date. Staff believes that this Plan and its deadlines should, among other considerations, take into account findings from the Regional Rail Study and Network Management business case. In addition, the Commission has yet to identify funding for the Plan, which will necessarily impact its timing and scope. The bill should enable MTC to take these considerations into account.

One specific change would be the elimination of paragraph (5) which requires the Plan to “identify potential governance, institutional, or legislative changes that would support the Connected Network Plan.” This provision is duplicative of the Network Management Business Case and is outside of the scope of the Plan that was envisioned in the Transit Transformation Action Plan.

### **Mapping and Wayfinding**

SB 917 requires the Commission, in consultation with the region’s transit agencies, by July 1, 2024 to (1) develop a comprehensive, standardized regional transit mapping and wayfinding system, including common branding for regional transit service and a shared digital mapping platform and (2) develop an implementation and maintenance strategy and funding plan for deployment of the new system. The bill requires operators to follow the system by July 1, 2025. Given the current status of the project with respect to hiring a consultant to perform the work (interviews happening soon) we believe this schedule should be pushed out by one year for both the development of the system and operators’ adoption of it.

### **Real-Time Transit Information**

The bill requires that the Commission establish open data standards in consultation with the regional transit coordinating council (RTCC) to provide real-time transit vehicle location, arrival and departure predictions and service alerts data to transit riders and requires that all transit agencies in the region comply with such standards. As a reminder, access to reliable real-time transit information is an item that resonated strongly with transit riders and the public as a whole, with 92 percent of Bay Area residents supporting it. Over the next several months, MTC is researching the cost for operators to bring up their systems in line with these provisions, which will help inform a reasonable date for the requirements to take effect. As written, the bill requires them to take effect on January 1, 2023, which is too soon. Staff will consult with the operators on this provision to make sure it is structured in a way that is feasible within existing resources.

### **Funding Conditioning - Accountability Provisions**

SB 917 conditions an operator's access to State Transit Assistance funds on its compliance with the bill's provisions related to fare integration, real-time transit information and mapping and wayfinding requirements. We believe these provisions should be revised to ensure that MTC has discretion to take extenuating circumstances into account and to clarify that the Commission may withhold all or a small portion of an operator's STA funds for a limited duration and that the operator would regain access to STA funds upon demonstration of compliance.

As described at the Commission workshop last October, state law has authorized MTC to condition access to STA funds on Bay Area transit operators' adherence to transit coordination requirements since the 1990s. Specifically, current law requires MTC to adopt rules and regulations to promote the coordination of fares and schedules for all public transit systems in the region (Government Code 66516) and conditions STA funding on compliance with such rules (PUC Code 99314.7). MTC's Transit Coordination Implementation Plan, also known as Resolution 3866, details the process MTC follows in the event that an operator is not following the requirements; STA funds are only withheld if agency fails to meet or exhibit good faith will the sanction of withholding or reprogramming funds be exercised. Resolution 3866 also requires that MTC provide at least 60 days advance notice, including specifying any corrective action needed for any operator not in compliance with the policy, prior to the Commission taking any action to withhold funds. This authority has been used sparingly but has nonetheless been a helpful tool in accelerating implementation of transit coordination projects, including Clipper®.