

Kimberly Ward

From: Arielle Fleisher
Sent: Tuesday, April 10, 2018 5:15 PM
Cc: Martha Silver; Anne Richman; Melanie Choy; Kimberly Ward
Subject: Item 5a: Proposed Regional Means-Based Transit Fare Program Framework
Attachments: SPUR Comments_ Item 5a_Regional Means-based Transit Program Framework.pdf

Dear Chair Josefowitz and Programming and Allocations Committee Members:

SPUR applauds MTC and Bay Area transit operators for developing the Regional Means-based Fare Program.

The program has many strong features, including a much-needed focus on evaluation and user-based outreach. However, we have several concerns with the program framework, including the lack of a comprehensive evaluation plan, the absence of a roadmap to bring additional operators into the program and any discussion on regional fare integration as a next step. Please see the attached letter for more.

Sincerely,

Arielle Fleisher
SPUR Transportation Policy Associate

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SPUR • Ideas + Action for a Better City

April 10, 2018

Programming and Allocations Committee
Metropolitan Transportation Commission
375 Beale St, Suite 800
San Francisco, CA 94105

Re: Item 5a: Proposed Regional Means-Based Transit Fare Program Framework

Dear Chair Josefowitz and Programming and Allocations Committee Members:

SPUR is a member-supported nonprofit organization that promotes good planning and good government in the San Francisco Bay Area through research, education and advocacy.

We applaud MTC and Bay Area transit operators for launching the Regional Means-based Fare Program and identifying options and opportunities to make transit more affordable for Bay Area residents with low-incomes. The Means-based Fare Program is a remarkable achievement in fare policy coordination between MTC and the participating agencies. We appreciate that MTC addressed many of the concerns we outlined in our previous letter. The program has many strong features, including a much-needed focus on evaluation as well as user-based outreach to ensure the program is designed with the end user in mind. However, we have several concerns with the program framework, including the lack of a comprehensive evaluation plan, the absence of a roadmap to bring additional operators into the program and any discussion on regional fare integration as a next step. Without these features, we are concerned that the program's impact will fall short and the program will not meet its goals.

SPUR offers the following suggestions to help guide the further development the program.

1. Launch the program as a pilot to understand barriers to uptake; the Commission should provide MTC staff the flexibility to iterate.

MTC staff increased the estimated program participation rate from 20% to 50%. Wanting to reach more people with this program is a good goal. However, according to the staff memo, to balance the higher participation assumption, the proposed discount was *reduced* from 50% to 20%. By offering a less robust discount, the program participation rate will likely go down, not up. Enrollment hovers around 20% or less for other transit discount programs, and these programs offer a more significant discount.

Ultimately, we do not know if a 20% discount is large enough to motivate people with low-incomes to enroll in the Means-based Fare Program one, and two, the discount is one aspect of the program. Increasing the program participation rate will require a close examination of what about the program is working, not working and why, and the ability to iterate. For these reasons, we think the program should be launched as a pilot.

MTC and the participating operators have opted to not structure the program as pilot because they want to establish a permanent program. We disagree that a structuring the program as a pilot

would compromise its being a permanent program; changing a program based on feedback gathered during a pilot phase is not the same thing as canceling a program. Structuring the program as a pilot supports learning and iterating; it can be harder to change a program once it is permanent. MTC staff and the participating transit should have the flexibility to change the program without having to through a commission process during a specified pilot time period.

2. Develop an evaluation plan and identify funding for evaluation *prior* to program rollout.

Evaluation is critical to the long-term success of the Means-based Fare Program and we are pleased that the program includes evaluation metrics. However, the evaluation metrics should be part of a complete evaluation plan that specifics how and when each aspect of the program — from outreach to enrollment to use— will be assessed. The evaluation plan should further include strategies for reaching non-users in addition to program enrollees; the presentation slide outlining the program evaluation metrics refers only to program participants. The program administration costs listed in the presentation did not include funding for evaluation. Without funding, it will not be possible to conduct a meaningful evaluation of the program. Should the program not be launched as a pilot, which would lend itself to evaluation after an initial pilot phase, we think it is even more critical that an evaluation plan be in place before the program is launched.

The Alameda County Transportation Commission (ACTC) developed a thorough, robust evaluation framework for their three year-pilot Student Transit Pass Program. Their evaluation offers an excellent model for the Means-based Fare Program. We encourage MTC and the participating agencies to use ACTC's evaluation framework as a template and to seek the advice of the staff who developed the framework when designing the evaluation for the Means-based fare Program.

SPUR also encourages MTC and the SFMTA to partner on an evaluation of the SFMTA's Lifeline program. SFMTA's Lifeline program offers a template for the Means-based Fare Program, but the Lifeline program has never been evaluated. We do not know what about that program is working, not working and why. An evaluation of the Lifeline program could provide insight into how to design and develop the Means-based Fare Program to maximize enrollment, while also providing insights into how the Lifeline program itself could be enhanced.

3. Minimize inconsistency in the discount levels to simplify the user experience.

The Means-based Fare Program framework sets a 20% discount off the cost of a single ride as a floor. This means that an operator could provide any level of discount above 20%. We encourage MTC and transit operators to minimize inconsistencies in the discount as differences introduce unnecessary complexity into the program. The burden is placed on program participants to remember a host of different discounts, which can suppress enrollment and use (among a group of people who are already burdened). It is equally as important that the program be easy to apply for, easy to use and easy to renew. Through SPUR research, we have learned that a key reason people with low-incomes pay for transit with cash is because they want to maintain control; the variety of price points can be challenging to manage and there are no surprises when paying with cash.

We understand that concerns about revenue loss are motivating the discount range. This is a real concern and we appreciate that this means that a standard discount across operators is not necessarily feasible at this time. However, a way to minimize inconsistency and make it easier for customers to access and use the program is for there to be just two discount levels, one low and one high. Furthermore, the discount should be applied on every Clipper fare equally. MTC and transit operators should commit to rethinking the approach to the discount levels after a year, once there is baseline data on program usage and revenue impacts and user feedback is collected through program evaluation.

4. Develop a roadmap to add additional regional transit services to the program.

The Means-based Fare Program is a regional program focused on providing regional transit access to the people who need it the most. Proving affordable, accessible regional transportation is key to economic mobility.¹ All regional transit services—rail and express and regional buses—should be included in the program, but only three are.

Aside from San Francisco, the counties with the highest percentage of people under 200% of the poverty level are Sonoma, Solano, Napa and Alameda (Table 1). Although BART is included in the Means-Based Fare Program, it covers a small footprint of Alameda County; the transit services in Sonoma, Solano and Napa County not part of the program. This means that the Means-Based Fare Program is not reaching the locations where the majority of people with low-incomes reside.

Table 1: Low Income Population by County, 2013

County	Percent of Population Earning <200% of FPL
Sonoma	30.3%
Solano	29.1%
Alameda	28.5%
San Francisco	28.4%
Napa	27.4%
Contra Costa	25.5%
Santa Clara	23.6%
San Mateo	19.9%
Marin	18.6%

Source: 2013 ACS 1-Year Estimates; Reprinted from the Regional Means-Based Transit Fare Pricing Study, DRAFT Technical Memorandum #1: Policies and Condition. Calculated based on MTC transit rider survey results and transit agency on-board surveys.

We understand that local bus services were not expected to participate in the Means-based Fare Program because the cost of a local bus trip is already deeply discounted. Furthermore, we understand that BART, Caltrain and Golden Gate Transit were included in the program because

¹ SPUR's research found that workers who leave their county for work are more likely to have higher wages than those who stay within their county and that among lower-wage workers who lack cars, transportation is the single largest barrier to middle-wage work. See: SPUR Report, Economic Prosperity Strategy.

people with low-incomes use these services the least. However, the analysis conducted by MTC did not look at regional and express bus services as distinct from local bus services, so we do not know the extent to which regional and express bus services are or are not used by people with low-incomes.

The regional and express bus services provided by local bus operators should be assessed separately from local bus service. These services play an important role in many areas, offering connections to BART and access to many of the region’s jobs centers. Regional and express bus services are premium products and have a higher price point. The cost of a ride on Solano Express is \$5. A ride on AC Transit Transbay is \$4.50; in June, the price will go up to \$5.50. These costs are within the same range as the operators include in the Means-based Fare Program. We think it is a mistake to not include regional and express service provided by AC Transit, WestCat, SamTrans, Fast, SolTrans and Napa Vine in the program, in addition to SMART and WETA.

To understand the impact of not including regional and express bus services in the program, we analyzed the percent of households with low-incomes who live within a quarter mile of the regional and express transit services not included in the program. For the analysis, we included only those regional transit stops and stations that are not within walking distance of BART, Caltrain or Golden Gate Transit stops and station. This means that for these households, a regional or express bus or SMART— and not the transit operators included in the program— are likely to be a more viable regional transit option. For AC Transit Transbay, for example, we found that nearly 65,000 households are within walking distance of a Transbay bus stop and not a BART stop. This is *nearly the same* as the percent of equivalent households that are located within a quarter mile of the stops and stations of the three regional operators in the program combined (34.4 % vs. 38.1%) (Table 2).

Table 2: Number and percent of households with incomes under \$50,000* that live within a quarter mile of select regional transit stops

Transit Operator	Number of households earning under \$50,000 within 1/4 mile of a transit stop	Percent of households earning under \$50,000 within 1/4 mile of a transit stop
BART, Caltrain, and GGBHTD**	77,211	38.1%
BART only	21,526	49.7%
Caltrain only	5,326	28.7%
GGBHTD only	55,977	37.73%
AC Transit Transbay only	65,195	34.4%
SamTrans Routes 292, 397, KX	19,144	30.8%
SMART	1,421	43.2%

* Household incomes below \$50,000 per year are considered “low income.” This roughly aligns to 200% of poverty for a family of four.

** Does not include ferry stops

Sources: American Community Survey Tables: 2012-2016 (5-Year Estimates) B19001. Household Income in the Past 12 Months (In 2016 Inflation-Adjusted Dollars); AC Transit, BART, Caltrain, and SMART stops: Major Transit Stops – 2017

<https://hub.arcgis.com/datasets/MTC::major-transit-stops-2017>; Golden Gate Transit stops: GTFS Data Exchange <http://www.gtfs-data->

exchange.com/agency/golden-gate-transit/; SamTrans stops: SMC Map Data Portal; https://hacksmc-smcmaps.opendata.arcgis.com/datasets/8b8f2f498353438eb41c09e618f68be1_3?uiTab=table

We are glad that the Means-Based Fare program is getting off the ground and it should be implemented as soon as possible. However, the Means-Based Fare program is only reaching a small footprint of the region. According to the presentation, the potential to add additional operators after implementation is unknown. Rather than be an unknown, MTC should develop a detailed roadmap for how to bring additional regional services into the program. The roadmap should include a timeline for program expansion and additional funding sources. Lessons learned from the evaluation should inform the roadmap.

5. Improve regional fare policy in time for Clipper 2.0.

We appreciate that this discount program is doing more to employ a regional approach to means-based fare discounts than anything we seen to date. MTC and the participating operators should be proud of that demonstration of fare coordination. However, the larger inequity of a disjointed collection of fare policies and products remains, as the means-based fare program does not address regional fare integration. Without any regional fare integration, people with low income who travel across counties will continue to pay more and struggle to afford transit.² For example, even with a 20% discount of the cost of a BART ride, a rider using both Solano Express and BART to get to downtown San Francisco would pay \$8.64 each way. With the increasing unaffordability of housing in the core of the region, the ability to afford transit is critical to continued access to opportunity across the Bay Area.

We understand that it is not possible to achieve regional fare integration through this program. However, to ease the transit affordability burden for the region's low-income residents, we cannot continue to ignore it either.

A regional accumulator—that is, one that works across multiple operators—is an attractive option for transit riders with low-incomes because it provides per-ride savings once a certain day, weekly or monthly threshold has been met. A regional accumulator would be available without means testing and would ease the transit affordability burden for people who are above 200% of the Federal Poverty Level but still struggle to make ends meet.

MTC and the participating operators, per the presentation, opted for a single trip discount because an accumulator benefits only frequent users. The Means-based Transit Fare Pricing Study did not identify whether or low-income transit riders use transit more frequently than higher-income riders thus it is unclear which option is more beneficial. Nonetheless, low-income residents surveyed for the study said a regional pass that addresses the high cost of multi-fare trips was the solution they preferred. Participants expressed strong support for a pass that included trips on different operators and for making transfers more affordable. These needs can be met via a regional accumulator or a different regional pass product, but doing so requires regional fare integration.

² This is not a new finding. In 2004, Loren Rice conducted was hired by MTC to conduct an analysis of transportation affordability for low-income households. One of her key findings was that transfers are a main contributing factor to high commute costs for the region's low-income residents. To ease this burden, she recommended reducing the costs of transfer. See: Rice, L. (2004). *Transportation Spending by Low-Income California Households: Lessons for the San Francisco Bay Area*. http://www.ppic.org/content/pubs/report/R_704LRR.pdf

AC Transit and VTA currently offer a day pass accumulator and the SFMTA will soon offer one as well. Single agency accumulators do help make transit more affordable. However, they are insufficient because they do not address the multi-operator fare penalty.

It is our understanding that it would be too costly to institute a regional monthly accumulator now, using current Clipper technology. However, the region is in the process of upgrading the Clipper card. We think the upgrade provides the opportunity for the region to implement new approaches to fares and passes. SPUR recommends MTC carefully study options for regional fare integration and develop a regional fare policy roadmap that corresponds with the design and development of Clipper 2.0. With the Means-Based Fare Program, MTC and transit operators are demonstrating their commitment to transportation equity. But to guarantee transit riders with low-incomes pay a fair price for transit, regional fare integration needs to be addressed.

Thank you for the opportunity to provide additional input on the Means-based Fare Program. Please feel free to contact us with any questions you may have at 415-644-4280.

Sincerely,



Arielle Fleisher

Correspondence HANDOUT
Programming and Allocations Committee
Agenda Item 5a

From: Kevin Burke

Date: April 10, 2018 at 6:10:15 PM PDT

To: msilver@bayareametro.gov, CAvarado@bayareametro.gov

Cc: Adina Levin

Subject: Means testing - comment

I'm a frequent BART/Muni/Caltrain/SamTrans rider. I'm in favor of giving discounts to low income passengers. I would also like to see a more expanded program that's integrated between agencies so you pay once even if your trip involves Muni and Caltrain, Muni and BART, SamTrans and BART, etc.

Further: at some point there must be an efficiency gain from not collecting a fare at all - especially on buses and trains that don't have all door boarding, because you need fewer fare inspectors, people can just board the bus, the driver does not need to deal with cash refunds/tickets, etc.

The gain comes from the fact that the bus isn't delayed as long, riders get to destinations faster and traffic doesn't pile up behind a stopped bus. Presumably this will lead to more riders as well, if the bus gets to where they are going more quickly and it's free people will ride it more often.

My question: has anyone worked out at what fare it's worth just letting some subset of people ride for free? Like - if the fare is five cents, probably it's not worth it to bother collecting the fare, but if the fare is ten dollars it's probably worth it because the revenue offsets the delay. What value of fare is worth not stopping the buses to collect fares?

Kevin

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Kevin Burke