

# Metropolitan Transportation Commission

## Programming and Allocations Committee

May 9, 2018

Agenda Item 3b

### MTC Resolution No. 4320

**Subject:** Regional Means-Based Transit Fare Pilot Program Framework

**Background:** In April, staff presented a Regional Means-Based Transit Fare Pilot Program framework proposal. Based on Committee direction, additional staff analysis, and consultation with the transit operators, staff has developed three options for Committee consideration.

**Option 1: BART, Caltrain, GGBHTD, and SFMTA (as presented in April)**

**Option 2: High-Fare Regional Operators (BART, Caltrain, GGBHTD)**

**Option 3: BART Only**

Staff proposes to launch the Regional Means-Based Transit Fare Program as a pilot program spanning 12 to 18 months, allowing for a period of learning and continual improvements. A program evaluation will be conducted and provide feedback on the continuation of the program. Additional information requested by Committee members is included in Appendix 1.

**Issues:**

1. Agency Participation. While there is conceptual agreement between MTC and agency staff, each agency's program participation is subject to governing board approval.
2. Financial Risk related to discount levels and participation rates. The extent of regional revenue loss is dependent on the rates of discount and participation (transit agencies and eligible riders). While participation rates can be estimated based on existing programs in the Bay Area and beyond, the actual participation rate is unknown. As the discount increases, program participation will likely increase as well and cost will exceed available revenues. A minimum discount of 20% per trip across all participating agencies is being proposed to help minimize the financial risk.
3. Implementation Challenges. Program implementation will require coordination between MTC, transit agencies, county social service agencies and other partners. While this proposal provides a high-level conceptual overview, program development and design, including a federal Title VI evaluation and transit operator board consideration and approvals, will take time to develop. Staff estimates program development to occur through early 2019 and program start-up in mid-2019. This schedule also allows MTC to confirm continuation of SB 1 post-November 2018 prior to program launch.

**Recommendation:** Refer Resolution No. 4320 to the Commission for approval. The resolution would be modified to reflect the option selected.

**Attachments:**

- Attachment 1 – Executive Director Memo
- Attachment 2 – MTC Resolution No. 4320
- Attachment 3 – Presentation Slides
- Attachment 4 – Policy Advisory Council Recommendation



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## *Memorandum*

TO: Programming and Allocations Committee

DATE: May 9, 2018

FR: Executive Director

RE: Regional Means-Based Transit Fare Pilot Program

### **Background**

In April, MTC presented a proposed program framework focused on a few large transit operators. A number of transit agencies have expressed support for a means-based fare program for low-income adults, but due to financial risk concerns have indicated an inability to participate at this time. As a result, the proposed framework was based on the large transit operators that indicated staff-level interest in participating. These agencies are Bay Area Rapid Transit (BART), Caltrain, Golden Gate Bridge, Highway and Transportation District (GGBHTD), and the San Francisco Municipal Transportation Agency (SFMTA). Based on Committee direction at the April Programming and Allocations Committee meeting, additional staff analysis, and consultation with the transit operators, staff has developed two additional options for consideration.

### **Options**

Three options are presented, with different mixes of transit operators. In all options, a 20% per trip/single ride fare discount would be offered. Additionally, in all options, participation rates and revenues are constrained (revenues roughly equal \$11 million (\$8 million for revenue loss and \$3 million for program administration) in regional contribution and \$8-10 million in operator contributions).

- Option 1 represents the framework that was presented to the Committee in April, and includes the large regional operators with relatively higher fares (BART, Caltrain, and Golden Gate Transit), plus SFMTA as the operator with the largest ridership in the region. At the staff level, all four of these operators have expressed preliminary willingness to participate in a regional program. This option affords a 50% participation rate, based on the revenue available.
- Option 2 includes only BART, Caltrain, and Golden Gate Transit, as the large regional operators with relatively higher fares. By leaving out SFMTA, this option would reduce both service coverage and revenue risk, compared to Option 1. The participation rate that could be afforded by this option is about 65%, based on the revenue constraint.
- Option 3 is BART-only. This option focuses on the regional rail operator with the highest ridership. The participation rate that could be afforded by this option is 75%, based on the revenue constraint.

All other elements presented in the April framework proposal (discount rate of 20% per trip, eligibility, implementation, and regional funding) remain the same.

**Table 1: Options with Estimated Revenue Loss (constrained)**

<b>Option 1: BART, GGBHTD, Caltrain and SFMTA (as presented at April 2018 PAC)</b>			
@ 20% discount @50% participation	Estimated Annual Revenue Loss (\$M)	Operator Proposed Distribution Formula, Adjusted for 50% reimb. cap	
		Regional Funding Distribution <sup>3,5</sup>	Operator Contribution
BART	\$10.6	\$4.9	\$5.7
Caltrain	\$0.9	\$0.4	\$0.4
Golden Gate Bus	\$0.4	\$0.2	\$0.3
Golden Gate Ferry	\$0.2	\$0.1	\$0.1
Muni	\$8.6	\$1.8	\$6.8
<b>Totals</b>	<b>\$20.7</b>	<b>\$7.4</b>	<b>\$13.3</b>

<b>Option 2: High Fare Operators (BART, GGBHTD, Caltrain)</b>			
@ 20% discount @65% participation	Estimated Annual Revenue Loss (\$M)	Funding Distribution Based on Estimated Loss	
		Regional Funding Distribution <sup>3,4</sup>	Operator Contribution
BART	\$13.7	\$6.9	\$6.9
Caltrain	\$1.1	\$0.6	\$0.6
Golden Gate Bus	\$0.6	\$0.3	\$0.3
Golden Gate Ferry	\$0.4	\$0.2	\$0.2
<b>Totals</b>	<b>\$15.8</b>	<b>\$7.8</b>	<b>\$7.8</b>

<b>Option 3: BART Only</b>			
@ 20% discount @75% participation	Estimated Annual Revenue Loss (\$M)	Funding Distribution Based on Estimated Loss	
		Regional Funding Distribution <sup>3,4</sup>	Operator Contribution
BART	\$15.8	\$7.9	\$7.9
<b>Totals</b>	<b>\$15.8</b>	<b>\$7.9</b>	<b>\$7.9</b>

Assumptions and Notes:

- 1) Amounts presented are in million dollars, annually. Based on current demographic and revenue data provided by operators; fiscal impact does not include any assumptions for elasticity, ridership changes, etc.; includes estimates for operators currently providing discounts.
- 2) Assumes participant eligibility threshold = below 200% Federal Poverty Level.
- 3) MTC to make an estimated \$11 million in funding available annually. The first \$3 million of this is being reserved for program administration costs, leaving a balance of \$8 million to defray operators' revenue losses from the regional program, up to 50% of the losses.
- 4) For Options 2 and 3, the funding distribution is based on the estimated revenue loss.
- 5) For Option 1, transit operators developed a preliminary distribution formula for splitting the regional funds amongst participating operators. The percentages (BART 61%, Caltrain 12%, GGB 2%, GGF 3%, SFMTA 22%) have been applied to the estimated revenue loss and capped at 50% for regional funds.

### **Recap of Framework Elements**

The following elements of the proposed framework remain unchanged.

- **Program Eligibility**

Eligibility for participation is anticipated to be established at 200% of the federal poverty level for adults. Seniors, disabled, and youth currently receive transit fare discounts (that in most cases are greater than 20%) and would not be eligible for the Means-Based fare program. Further development of the eligibility requirements is needed and emphasis will be to build upon the experiences of other existing Means-based programs (PG&E Care, SFMTA Lifeline, ORCA LIFT, etc.).

- **Transit Operator Revenue Loss**

The extent of regional revenue loss is dependent on the rates of discount and participation (by transit agencies and eligible riders). While participation rates can be estimated based on existing programs in the Bay Area and beyond, the actual participation rate is unknown. Regional funds would be used for administrative costs first, currently estimated at \$3 million annually. The remainder would defray operators' revenue losses from the regional program, up to 50% of the losses. The operators are to cover any remaining costs or revenue losses (50% or more) from their augmented STA revenue-based funds or other sources. As shown in Table 1, for Option 1 gross revenue loss at the participating transit agencies is estimated at \$21 million. MTC's proposed annual subsidy of \$8 million would leave the operators covering a net loss of \$13 million with their own funds. It is anticipated that the distribution of regional funds to participating transit operators would be based on the actual trips and revenue loss, with proportional adjustments if the regional funds are not sufficient to cover all costs.

- **Regional Funding Availability**

The MTC contribution comes from the State Transit Assistance (STA) Population- Based funds through Senate Bill 1 (SB 1) and reserved for Regional Programs in MTC Resolution No. 4321, and from MTC's population-based share of the Low Carbon Transit Operations Program (LCTOP) reserved for Clipper®/ Fare policy investments in MTC Resolution No. 4130. Approximately \$8 million in STA funding is estimated to be available annually starting in Fiscal Year 2018-19 and, if needed, approximately \$3 million in LCTOP could be available annually starting in FY 2018-19. Actual funding levels would be subject to funding availability and to annual MTC allocation actions. If SB 1 is repealed, the Regional Means-Based fare program is subject to cancellation.

SFMTA can continue, expand, or eliminate its current Lifeline monthly program; however the regional funding will only be used to compensate for participation in the new regional program. Other operators with existing low-income rider discount programs, who are not participating in the regional program, would not be eligible for regional Means-Based Fare Program funding.

- **Fare Products and Clipper® Technical Feasibility**

The discount program would be implemented through Clipper® using a standardized discount on single trips called the "Clipper® Coupon." The Clipper® Coupon will allow an eligible Clipper® card holder to get a discount on any single trip taken on a participating transit operator. This approach is recommended (with concurrence from transit operators) based on flexibility, time needed to develop and test the Clipper® Coupon software, and cost-effectiveness. With this approach, only single trips paid with e-cash will receive the Means-Based Discount; discounts on passes will not be supported. However, existing transit operator pass programs like Muni Lifeline may continue in parallel to the Means Based Discount Program on Clipper® at the operators' discretion (and own funding).

### **Pilot Program**

Staff proposes to launch the Regional Means-Based Transit Fare Program as a pilot program spanning 12 to 18 months, allowing for a period of learning and continual improvements. A program evaluation will be conducted and provide feedback on the continuation of the program. This will also be an opportunity to consider adding additional operators for participation, particularly other regional high-fare operators such as Water Emergency Transportation Authority (WETA) and Sonoma-Marín Area Rail Transit (SMART), if appropriate.

### **Program Design and Implementation**

While this proposal provides a high-level conceptual overview, program development and design, including a federal Title VI evaluation and transit operator board consideration and approvals, will take time to complete. Program implementation will require coordination between MTC, transit agencies, county social service agencies and other partners. The Clipper® Regional Transit Connection (RTC) card administration will serve as the model for structuring a centrally administered program. User-based outreach (soliciting input from the targeted beneficiaries of the program) will be integrated into development of the program to ensure the program is designed with the end user in mind. A set of program evaluation metrics will also be outlined during this time, with periodic status updates to the Commission anticipated. The program is intended to be improved over time based on the evaluation and the learned experiences from the initial rollout of the program.

### **Additional Information**

Additional information and analysis is presented in Appendix 1 in response to requests from the April Programming and Allocations Committee meeting, regarding household spending/discount impacts; youth fares currently in place in the region; BART passes; accumulator passes; small operator participation; and residency requirements for the SFMTA Lifeline program.

### **Next Steps**

Should the Commission decide to move forward, staff estimates program development to occur through 2019 and program start-up in mid-2019. This schedule also will allow us to confirm continuation of SB 1 post-November 2018 prior to program launch.

May 2018	MTC considers approving framework
Summer 2018	Transit Agency Boards consider approval of Means-based Fare Discount program participation
Fall 2018 – Spring 2019	Program design and development
Summer 2019	Program start-up

Note that MTC Resolution No. 4320 is attached; should the Commission take action this month, Attachment A to the Resolution will be adjusted to reflect the option selected.

  
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Steve Heminger

SH:mc  
Attachment – Appendix 1

## Regional Means-Based Transit Fare Program: Additional Information

### 1) Impact of a 20% Discount

In Plan Bay Area 2040, it was estimated that low-income residents spent 21% of their annual budget on transportation. Specific information on the transit breakdown is not readily available.

To estimate the potential impact a fare discount may have on overall monthly transportation costs, we provide three examples:

Example 1: A patron rides BART five days a week (to and from home), with a trip cost of \$4 each way. The monthly cost of these trips equals \$160. With a 20% fare discount, this patron would save \$32 per month, or \$384 per year.

Example 2: A patron rides BART two days a week (to and from home), with a trip cost of \$4 each way. The monthly cost of these trips equals \$64. With a 20% fare discount, this patron would save approximately \$13 per month, or \$156 per year.

**Table 1: 2016 Clipper® Data Analysis**

Example 3: According to MTC staff analysis of Clipper® 2016 data, an average individual living in a low-income zip code spends \$27 on transit via Clipper® in a month. A 20% discount on \$27 would be \$5.40 per month savings, or \$65 per year<sup>1</sup>, which would potentially decrease the average amount of

	Low-Income Zip Code	Other Bay Area Zip Code
Average amount an average individual spends per month	\$27	\$24
Average number of rides an average individual takes per month	7	5

transit spending of an average individual of a Low-Income Zip Code relative to other Bay Area Zip Codes or potentially induce new transit trips. Although the regional average is \$27 per month, the averages for each county range from approximately \$20 per month to \$55 per month.

A few notes about this example's analysis: only transit trips using e-cash and BART High Value Discount tickets were included. Due to the limitations of the Clipper® data set, staff was not able to incorporate the average individual's expenditure on transit fare products (such as monthly passes). However, only about 25% of unique Clipper® cardholders purchase transit fare products directly from Clipper®. Furthermore, as the analysis was based on Clipper® data, it does not

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<sup>1</sup> To create the Low-Income Zip Codes designation, staff identified Bay Area census tracts with concentrations of individuals with income up to 200% of the Federal Poverty Line (FPL) according to the 2016 ACS, and then rolled up those census tracts into the appropriate zip codes according to a weighted distribution of the individuals earning up to 200% of FPL. Of those zip codes, staff identified zip codes whose population concentrations were comprised of at least 40% of people who make up to 200% of FPL and flagged those as Low-Income Zip Codes.

include information about riders paying with cash; about 50% of all transit trips are still paid for with cash.

As noted in Table 1, Clipper® data suggests slightly higher ridership in low income zip codes compared to other zip codes. Additionally, most transit trips are not paid for using passes, so the means-based alternatives under consideration target the majority of trips. Finally, signing up users for the means-based pilot program would likely transfer some trips from cash to Clipper®, which would allow users to take advantage of the means-based discount and any other Clipper®-based discounts.

These examples are illustrative and may not be representative of the current travel patterns of any one low-income transit rider, but provide a sense of the potential benefit from the Means Based Fare Discount.

## **2) BART Pass Products**

The Committee inquired about the possibilities of offering a BART pass. BART staff has studied offering passes in 2006 and 2011 and found that doing so would raise several issues. BART's automated fare collection technology allowed distance-based fares to be charged since service began in 1972, which is unusual in transit; most other transit agencies have a zone-based or a flat fare structure often because the technology to charge distance-based fares did not exist when these older systems started service.

There are two potential ways BART could offer passes. The first is for the existing fine-grained system to be combined into multiple zones with corresponding multiple passes, for example, 14 zones and eight passes. This option would result in some BART riders benefiting from using a pass, while others would not. For example a short trip that crossed a zone boundary would cost more than a longer trip that did not, so the short trip-taker would not buy a pass. In the second method, the rider would select their fare of the trip most often taken, and the pass would be priced based on, for example, the rider taking BART roundtrip at that price 20 days per month. After passing this benchmark, trips taken within that price range during the rest of the month would be free—for trips outside the price range, the rider would pay the difference. As BART has 185 unique fares, this option could be technically complex to implement as well as increase the complexity of BART's fare structure for riders.

The revenue lost by offering passes, which many riders would likely buy to achieve a cost savings as Clipper® already offers the pass-like convenience of a multi-use card, would have to be made up from another source. BART covers approximately two-thirds of its operating expenses from fare revenue, which is one of the highest percentages in the nation. Currently, as BART must make extensive reinvestments in an aging system with constrained resources, it is difficult to find a replacement source for lost fare revenue. Offering a BART pass would require BART Board approval, including a Title VI review beforehand.



It is technically possible to modify the current Clipper® system to accommodate a BART pass on Clipper® at BART faregates (depending on pass implementation, TVMs might not be necessary). However, integrating BART's distance-based fares as a pass product in the Clipper® system is likely to be complex, resulting in more development costs and time to implement.

### **3) Universal Period Pass Accumulators**

In 2010, Clipper® staff requested pricing from Cubic to build a Universal Period Pass Accumulator ("accumulator") for each transit operator in the Clipper® system. At the time, the Clipper® operators included AC Transit, BART, Caltrain, Golden Gate Transit and Ferry, SamTrans, Muni, and VTA. As conceived in 2010, the requested system enhancements would include two types of accumulators available to each individual operator: a day pass accumulator and a 31-day or month-long accumulator. Due to the significant challenges and costs included in Cubic's proposal, MTC and the operators decided not to pursue the development of these accumulators in 2010.

#### **• Universal Period Pass Accumulator Background**

The universal period pass accumulators were conceptually designed to replace passes, if individual transit operators chose to adopt them. Cubic's price proposal for the accumulators included both day- and extended-period accumulators, nevertheless it also contained the following significant technical challenges as well as policy and customer service issues for transit operators and MTC:

1. Accumulators would only apply to transit operators with flat-fare structures, i.e. BART or Caltrain would not be eligible.
2. Transit operators would need to simplify fare policies to implement accumulators.
3. The accumulators would require significant development to change the way the card memory was used.
4. Transaction times would likely increase or even double for Clipper® cards with accumulators.
5. Customer service representatives may have trouble seeing a customer's transaction history due to network communications delays.

Cubic initially priced the work at \$2.3 million with a development timeframe of at least a year. The cost drivers consisted of the work required to change how card memory was used to support the accumulators and the testing required to ensure that the accumulators could manage the complexity of the system's business rules. Due to these challenges, MTC and the agencies decided not to pursue the creation of the period pass accumulators in 2010. Instead, Cubic designed a day pass accumulator product for VTA only. Based on the work done for VTA, AC Transit, the East Bay Transit Operator group (LAVTA, County Connection, Tri-Delta, WestCAT), and SMART have subsequently adopted day pass accumulators.

Since 2010, Clipper® business rules and system complexity has increased significantly due to adding more transit operators, transfer policies, and fare products. Similar work today would easily require significant effort due to the increased degree of system complexity. However,



if transit operators simplified fare policy, it could be possible to leverage the VTA model for the Means Based Fare Program. Staff advises that it could cost more than the original price proposal and take until early 2020 to accomplish the policy work and technical development to implement something similar to the VTA day pass accumulator for the Means Based Fare Program.

- **The Next Generation of Clipper® (C2)**

Foreseeing the appeal of accumulators, the C2 System Integrator Request for Proposal includes the following requirements in its scope of work:

*[C2 System] is designed to accommodate new policies such as future regional or multi-agency fare initiatives along with new and innovative pricing strategies such as price capping ... (Master Page 174)*

Given this price capping, i.e. “accumulator,” requirement for the C2 System Integrator, it’s likely that the transit operators will have the technical ability to implement accumulators from the start of C2.

Staff projects that the C2 System Integrator will be ready for a pilot in 2020 with a full roll-out by the end of 2022. In the interest of expeditiously implementing a Means Based Fare Program, staff recommends choosing a simpler fare policy discount approach for the Means Based Fare Program to implement in the current Clipper® system. However, the Means Based Fare Pilot Program Evaluation should result in recommended fare policy strategies, potentially including an accumulator, for implementation in C2.

#### **4) Youth Programs**

All of the seven large transit agencies offer a youth single trip discount of at least 50% through Clipper®. Among small operators, the youth discount vary more widely, from 0% to 54% for a single trip discount through Clipper®. Youth discounts generally apply to ages 5-18; the youth maximum age, 18, was recently standardized for all Bay Area operators. Children under 5 years old are generally free on transit. See the attached table summarizing youth fare discounts across the region. In addition to the youth discounts available through the Clipper® card, many of the small transit operators offer cash or paper ticket/ pass discounts that are not shown on the attached table.

Some universities throughout the region offer students a local bus pass, e.g. UC Berkeley provides students the AC Transit Class Pass. Some universities, such as SF State University (SFSU), have also worked with the nearby regional transit operator to provide discounts. The SFSU Gator Pass provides student a Muni FastPass as well as a discounted rate on BART trips that start or end at Daly City BART station. Many of these student transit passes are subsidized by student fees.

**5) Small Operator/ Inclusion of other operators.**

Due to financial risk concerns, staff at some small transit operators have expressed hesitancy in participating and therefore are not proposed to be included in the pilot program at this time. Additionally, most of the small operators provide local or sub-regional bus service and have relatively low fares; WETA and SMART are exceptions in that both provide regional service and have relatively higher fares. Under a pilot program, the region would launch and initiate the program focusing on one or more large transit operators. After or perhaps during the pilot period, there can be an opportunity to consider adding additional operators for participation, particularly other regional high-fare operators such as WETA and SMART, if appropriate.

**6) SFMTA Lifeline Pass Eligibility.**

According to the SFMTA website, “All San Francisco residents with 2016 gross income (before taxes), at or below the levels indicated are eligible to receive the Lifeline pass.”

## Common Clipper Youth Fares and Passes (Age 5-18): Big 7 Operators

Transit Operator	Service Type	Single Trip Fare	Youth Discount <sup>1</sup>	Monthly / 31-Day Pass	Youth Discount <sup>1</sup>	Day Pass / Accumulator	Youth Discount <sup>1</sup>
AC Transit	Local	\$1.05	53%	\$26.50	67%	\$2.50	50%
	Transbay	\$2.20	51%	--	--	--	--
BART	Rail	\$1.00 - \$8.05	50%	--	--	--	--
Caltrain	Rail	\$1.60 - \$6.60	50-55%	\$44.80 - \$184.80	50-54%	--	--
Golden Gate	Transit	\$2.00 - \$6.50	50%	--	--	--	--
	Ferry	\$5.75 - \$6.00	50%	--	--	--	--
SamTrans	Local	\$1.00	51%	\$27.00	59%	--	--
	Premium	\$1.00	72%	\$27.00	72%	--	--
Muni <sup>2</sup>	Local	\$1.25	50%	\$38.00	49%	\$21.00	0%
VTA	Local	\$1.00	56%	\$30.00	63%	\$3.00	57%
	Express	\$1.00	78%	--	--	--	--

*Source: Clipper Business Rules, CDRL 51, accessed April 23, 2018.*

<sup>1</sup> Discount from equivalent Adult Clipper fare using a Youth Clipper card

<sup>2</sup> Muni has an Free Muni for Youth fare product for low-to-moderate-income youth

## Common Clipper Youth Fares and Passes (Age 5-18) <sup>1</sup>: Small Operators

Transit Operator	Service Type	Single Trip Fare	Youth Discount <sup>2</sup>	Monthly / 31-Day Pass	Youth Discount <sup>2</sup>	Day Pass / Accumulator	Youth Discount <sup>2</sup>
County Connection	Local	\$2.00	0%	\$60.00	0%	\$3.75	0%
	Express	\$2.25	0%	--	--	\$3.75	0%
	Reg. Local <sup>3</sup>	--	--	\$60.00	0%	\$3.75	0%
	Reg. Express <sup>4</sup>	--	--	\$70.00	0%	\$3.75	0%
FAST <sup>5</sup>	Local	\$1.50	14%	\$50.00	17%	--	--
	Route 20	\$2.00	27%	\$50.00	29%	--	--
	Route 30	\$4.75	17%	\$109.00	16%	--	--
	Route 40	\$4.75	17%	\$109.00	16%	--	--
	Route 90	\$4.75	17%	\$109.00	16%	--	--
Marin Transit <sup>5</sup>	Local	\$1.00	44%	--	--	--	--
Petaluma Transit <sup>5</sup>	Local	\$1.00	33%	\$20.00	33%	--	--

<sup>1</sup> FAST, SolTrans, Union City Transit, VINE, and Vacaville City Coach define "Youth" as age 6-18.

<sup>2</sup> Discount from equivalent Adult Clipper fare

<sup>3</sup> This operator participates in an East Bay regional 31-day pass and a day pass accumulator for local trips.

<sup>4</sup> This operator participates in an East Bay regional 31-day pass and a day pass accumulator for express trips, excluding WestCAT LYNX Express. <sup>5</sup> This operator sells Youth paper fare products; which may differ from the Clipper® fare and discounts shown.

*Source: Clipper Business Rules, CDRL 51, accessed April 23, 2018.*

## Common Clipper Youth Fares and Passes (Age 5-18)<sup>1</sup>: Small Operators

Transit Operator	Service Type	Single Trip Fare	Youth Discount <sup>2</sup>	Monthly / 31-Day Pass	Youth Discount <sup>2</sup>	Day Pass / Accumulator	Youth Discount <sup>2</sup>
Santa Rosa CityBus	Local	\$1.25	17%	\$25.00	50%	--	--
SolTrans <sup>5</sup>	Local	\$1.50	14%	\$44.00	21%	--	--
	Express	\$4.00	20%	--	--	--	--
	S200	\$6.70	34%	--	--	--	--
Sonoma Transit <sup>5</sup>	Bus	\$1.25-2.75	8-17%	\$47.00	25%	--	--
SMART	Rail	\$1.00-5.00	50%	\$100.00	50%	\$11.50	50%
Tri Delta Transit <sup>5</sup>	Local	\$2.00	0%	\$57.00	0%	\$3.75	0%
	Express	\$2.50	0%	--	--	\$3.75	0%
	Reg. Local <sup>3</sup>	--	--	\$60.00	0%	\$3.75	0%
	Reg. Express <sup>4</sup>	--	--	\$70.00	0%	\$3.75	0%

*Source: Clipper Business Rules, CDRL 51, accessed April 23, 2018.*

<sup>1</sup> FAST, SolTrans, Union City Transit, VINE, and Vacaville City Coach define "Youth" as age 6-18.

<sup>2</sup> Discount from equivalent Adult Clipper fare

<sup>3</sup> This operator participates in an East Bay regional 31-day pass and a day pass accumulator for local trips.

<sup>4</sup> This operator participates in an East Bay regional 31-day pass and a day pass accumulator for express trips, excluding WestCAT LYNX Express.

<sup>5</sup> This operator sells Youth paper fare products; which may differ from the Clipper® fare and discounts shown.

## Common Clipper Youth Fares and Passes (Age 5-18)<sup>1</sup>: Small Operators

Transit Operator	Service Type	Single Trip Fare	Youth Discount <sup>2</sup>	Monthly / 31-Day Pass	Youth Discount <sup>2</sup>	Day Pass / Accumulator	Youth Discount <sup>2</sup>
Union City Transit <sup>3</sup>	Local	\$1.25	38%	\$35.00	36%	--	--
VINE <sup>3</sup>	American Canyon / St. Helena	\$0.50	50%	--	--	--	--
	Calistoga	\$1.00	0%	--	--	--	--
	Local	\$1.10	31%	\$33.00	31%	--	--
	Fairfield	\$3.00	0%	--	--	--	--
	Vallejo	\$3.25	0%	\$56.00	7%	--	--
	Napa BART	\$5.50	0%	\$112	7%	--	--
Vacaville City Coach <sup>3</sup>	Local	\$1.25	17%	\$21.00	42%	--	--
WETA	Ferry	\$0.80 – 7.10	30-54%	--	--	--	--

*Source: Clipper Business Rules, CDRL 51, accessed April 23, 2018.*

<sup>1</sup> FAST, SolTrans, Union City Transit, VINE, and Vacaville City Coach define “Youth” as age 6-18. <sup>2</sup> Discount from equivalent Adult Clipper fare

<sup>3</sup> This operator sells Youth paper fare products; which may differ from the Clipper® fare and discounts shown.

## Common Clipper Youth Fares and Passes (Age 5-18)<sup>1</sup>: Small Operators

Transit Operator	Service Type	Single Trip Fare	Youth Discount <sup>2</sup>	Monthly / 31-Day Pass	Youth Discount <sup>2</sup>	Day Pass / Accumulator	Youth Discount <sup>2</sup>
WHEELS <sup>5</sup>	Local	\$2.00	0%	\$60.00	0%	\$3.75	0%
	Reg. Local <sup>3</sup>	--	--	\$60.00	0%	\$3.75	0%
	Reg. Express <sup>4</sup>	--	--	\$70.00	0%	\$3.75	0%
WestCAT <sup>5</sup>	Local	\$1.75	0%	\$40.00	0%	\$3.75	0%
	Express	\$5.00	0%	\$140.00	0%	--	--
	Reg. Local <sup>3</sup>	--	--	\$60.00	0%	\$3.75	0%
	Reg. Express <sup>4</sup>	--	--	\$70.00	0%	\$3.75	0%

*Source: Clipper Business Rules, CDRL 51, accessed April 23, 2018.*

<sup>1</sup> FAST, SolTrans, Union City Transit, VINE, and Vacaville City Coach define "Youth" as age 6-18.

<sup>2</sup> Discount from equivalent Adult Clipper fare

<sup>3</sup> This operator participates in an East Bay regional 31-day pass and a day pass accumulator for local trips.

<sup>4</sup> This operator participates in an East Bay regional 31-day pass and a day pass accumulator for express trips, excluding WestCAT LYNX Express. <sup>5</sup> This operator sells Youth paper fare products; which may differ from the Clipper® fare and discounts shown.



Date: May 23, 2018  
W.I.: 1311  
Referred by: PAC

ABSTRACT

MTC Resolution No. 4320

This resolution approves the Regional Means-Based Fare Program, a regional low-income discount fare program for eligible transit riders.

Further discussion of this action is contained in the MTC Programming and Allocations Summary Sheet dated May 9, 2018.

Date: May 23, 2018  
W.I.: 1311  
Referred by: PAC

RE: Regional Means-Based Program Framework

METROPOLITAN TRANSPORTATION COMMISSION  
RESOLUTION NO. 4320

WHEREAS, the Metropolitan Transportation Commission (MTC) is the regional transportation planning agency for the San Francisco Bay Area pursuant to Government Code Section 66500 *et seq.*; and

WHEREAS, transit affordability has been highlighted as a regional issue in MTC's Coordinated Plan, Plan Bay Area and other plans;

WHEREAS, MTC has conducted the Regional Means-Based Fare Pricing Study;

WHEREAS, the MTC recommends adopting a regional framework for the program, with participating operators, funding guidelines, and program conditions, as shown in Attachment A;

RESOLVED, that MTC approves Regional Means Based Fare Program Framework, subject to the conditions noted therein; and, be it further

RESOLVED, that MTC may annually allocate regional funds to support the Regional Means Based Fare Program per the respective funding program guidelines.

METROPOLITAN TRANSPORTATION COMMISSION

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Jake Mackenzie, Chair

The above resolution was approved by the  
Metropolitan Transportation Commission  
at a regular meeting of the Commission held  
in San Francisco, California, on May 23, 2018.

## **Regional Means Based Transit Fare Pilot Program Framework**

### ***Participating Agencies***

1. TBD

### ***Means-based Discount***

A minimum 20% per trip discount of the adult fare (in addition to any existing Clipper discounts) will be offered to eligible persons.

### ***Eligibility***

Adults earning less than 200% Federal Poverty Level (FPL)

### ***Funding***

MTC to make available an estimated \$11 million in funding (subject to annual allocation action by MTC) that would be used for administrative costs first. The remainder would defray up to 50% of operators' revenue losses for the new regional means-based fare program. The operators are to cover any remaining costs or revenue losses from their augmented STA revenue-based funds or other sources.

The MTC contribution comes from the additional State Transit Assistance population-based funds through Senate Bill 1 (SB 1) and reserved for Regional Programs in MTC Resolution No. 4321 (approximately \$8 million), and from MTC's population-based share of the Low Carbon Transit Operations Program (LCTOP) reserved for Clipper®/ Fare policy investments in MTC Resolution No. 4130 (approximately \$3 million).

### ***Implementation***

- Program will be a 12-18 month pilot.
- Program to be implemented on Clipper® through a discount coupon approach.
- Program will be centrally administered on behalf of all participating agencies.
- Program will be evaluated for continual improvements and is subject to revision based on financial sustainability, efficiency, and effectiveness.

### ***Conditions***

- Operators to conduct Title VI analysis per Federal Transit Administration (FTA) as required.
- If SB 1 is repealed, the Regional Means-Based fare program is subject to cancellation.
- The formula for distributing regional funds to transit operators will be based on actual trips taken and is subject to refinement based on the rider participation rates and amount of regional funding available.
- SFMTA can continue, expand, or eliminate its current Lifeline monthly program; however the regional funding will only be used to compensate for participation in the new regional program. Other operators with existing low-income rider discount programs, who are not participating in the regional program, would not be eligible for regional Means-Based Fare Program funding.

# Means-Based Fare: Regional Framework Proposal

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MTC PROGRAMMING AND ALLOCATIONS  
COMMITTEE

MAY 9, 2018



# Potential Program Changes

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Two program changes are proposed:

- Options for transit operator participation
  1. BART, Caltrain, GGBHTD, SFMTA (as proposed in April)
  2. High-Fare Regional Operators (BART, Caltrain, GGBHTD)
  3. BART Only
- Launch as Pilot
  - Duration of 12-18 months
  - Flexibility for future program modifications and reassessment of program framework

# Options & Estimated Revenue Loss (constrained)

Option 1: BART, GGT, Caltrain and SFMTA (as presented at April 2018 PAC)			
@ 20% discount @50% participation	Estimated Annual Revenue Loss (\$M)	Operator Proposed Distribution Formula, Adjusted for 50% reimb. cap	
		Regional Funding Distribution <sup>3,5</sup>	Operator Contribution
BART	\$10.6	\$4.9	\$5.7
Caltrain	\$0.9	\$0.4	\$0.4
Golden Gate Bus	\$0.4	\$0.2	\$0.3
Golden Gate Ferry	\$0.2	\$0.1	\$0.1
Muni	\$8.6	\$1.8	\$6.8
<b>Totals</b>	<b>\$20.7</b>	<b>\$7.4</b>	<b>\$13.3</b>

**Assumptions and Notes:**

1) Amounts presented are in million dollars, annually 2) Assumes participant eligibility threshold = below 200% Federal Poverty Level. 3) MTC to make an estimated \$11 million in funding available annually. The first \$3 million of this is being reserved for program administration costs, leaving a balance of \$8 million to defray operators' revenue losses from the regional program, up to 50% of the losses. 4) For Options 2 and 3, the funding distribution is based on the estimated revenue loss. 5) For Option 1, transit operators developed a preliminary distribution formula for splitting the regional funds amongst participating operators. The percentages (BART 61%, Caltrain 12%, GGB 2%, GGF 3%, SFMTA 22%) have been applied to the estimated revenue loss and capped at 50% for regional funds.

# Options & Estimated Revenue Loss (constrained)

Option 2: High Fare Regional Operators (BART, GGT, Caltrain)			
@ 20% discount @65% participation	Estimated Annual Revenue Loss (\$M)	Funding Distribution Based on Estimated Loss	
		Regional Funding Distribution <sup>3,4</sup>	Operator Contribution
BART	\$13.7	\$6.9	\$6.9
Caltrain	\$1.1	\$0.6	\$0.6
Golden Gate Bus	\$0.6	\$0.3	\$0.3
Golden Gate Ferry	\$0.4	\$0.2	\$0.2
Totals	\$15.8	\$7.8	\$7.8

Option 3: BART Only			
@ 20% discount @75% participation	Estimated Annual Revenue Loss (\$M)	Funding Distribution Based on Estimated Loss	
		Regional Funding Distribution <sup>3,4</sup>	Operator Contribution
BART	\$15.8	\$7.9	\$7.9
Totals	\$15.8	\$7.9	\$7.9



# Summary of Options

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Option	Operators	Estimated Revenue Loss @ 20% Discount	Participation Rate Afforded
1	BART, Caltrain, GGBHTD, SFMTA	\$20.7 M	50%
2	BART, Caltrain, GGBHTD	\$15.8 M	65%
3	BART Only	\$15.8 M	75%

# Proposed Regional Means - Based Pilot Program Framework

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Participating Agencies	<ul style="list-style-type: none"><li>• TBD</li></ul> <p><i>subject to option selected and Board approvals</i></p>
Eligibility	<ul style="list-style-type: none"><li>• Adults earning &lt; 200% Federal Poverty Level</li></ul>
Discount	<ul style="list-style-type: none"><li>• 20% per trip discount</li></ul>
Funding	<ul style="list-style-type: none"><li>• ~ \$11M annually (Regional STA &amp; LCTOP funds) for administrative costs &amp; operator revenue loss</li><li>• Operators to cover remaining costs/revenue loss.</li></ul>
Implementation	<ul style="list-style-type: none"><li>• Offered through Clipper®</li><li>• Program subject to cancellation if SB 1 repealed</li><li>• Pilot: 12 to 18 months</li><li>• Central Administration</li></ul>

# Additional Information: Discount Impact

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- Low-income residents spend 21% of their annual budget on transportation (total, not necessarily transit)
- Examples of 20% discount:
  - *Example 1: A qualified patron paying cash to ride BART 5 days a week, would save approximately \$32/month or \$384/year*
  - *Example 2: A qualified patron paying cash to ride BART 2 days a week, would save approximately \$13/month, or \$156/year*
  - *Example 3: preliminary 2016 estimates indicate that a low-income adult Clipper<sup>®</sup>-user spends \$27/ month on average on all Clipper<sup>®</sup> transit operators, saving \$5.40/month or \$65/year*
    - *Based on Clipper<sup>®</sup> 2016 data, does not include cash/non-Clipper<sup>®</sup> trips, does not include pass trips, based on zip code and income data*

# Additional Information: Pass Product Options

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## BART Monthly Pass

- Previously evaluated by BART Staff
- Issues Raised
  - Distance based fares would need to be combined to form zone-based or price-range pass; could be multiple pass types
  - Some riders would benefit, others would not
  - Requires finding replacement funding to backfill revenue lost by offering a pass
  - Technical challenges/time and cost to implement

## Accumulator Monthly Pass

- Current Clipper® 1 System does not support
  - Technical modifications to implement expected to cost \$4million+, take ~2 years
  - With more transit operators on Clipper®, business rules/ system complexity increased
- Can consider for Clipper® 2 System

## **Additional Information: Youth/Student Programs**

- Means-based fare program is focused on low-income adults who are not eligible for other discounts
- Youth Discounts
  - Discounts currently exist for youth on many systems
  - All 7 large transit agencies offer a youth single trip discount of at least 50%.
- A number of operators work with schools/ universities to make student discounts available.

## Common Clipper® Youth Fares and Passes (Age 5-18)

Transit Operator	Service Type	Single Trip Fare	Youth Discount <sup>1</sup>	Monthly / 31-Day Pass	Youth Discount <sup>1</sup>	Day Pass / Accumulator	Youth Discount <sup>1</sup>
AC Transit	Local	\$1.05	53%	\$26.50	67%	\$2.50	50%
	Transbay	\$2.20	51%	--	--	--	--
BART	Rail	\$1.00 - \$8.05	50%	--	--	--	--
Caltrain	Rail	\$1.60 - \$6.60	50-55%	\$44.80 - \$184.80	50-54%	--	--
Golden Gate	Transit	\$2.00 - \$6.50	50%	--	--	--	--
	Ferry	\$5.75 - \$6.00	50%	--	--	--	--
SamTrans	Local	\$1.00	51%	\$27.00	59%	--	--
	Premium	\$1.00	72%	\$27.00	72%	--	--
Muni	Local	\$1.25	50%	\$38.00 <sup>2</sup>	49%	\$21.00	0%
VTA	Local	\$1.00	56%	\$30.00	63%	\$3.00	57%
	Express	\$1.00	78%	--	--	--	--

<sup>1</sup> Discount from equivalent Adult Clipper® fare

<sup>2</sup> Muni has a Free Muni for Youth monthly fare product for low-to-moderate-income youth

# Policy Considerations

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MTC Program Decision/Policy Levers	Other/External Factors	Results/ Outputs
<ul style="list-style-type: none"><li>• Discount Rate</li><li>• Number of Operators</li><li>• Fare Type</li><li>• Regional Funding</li><li>• Administration</li></ul>	<ul style="list-style-type: none"><li>• SB1</li><li>• Operator Budgets</li><li>• Operator Board Actions</li><li>• Clipper® technology (C1 and C2)</li></ul>	<ul style="list-style-type: none"><li>• Participation Rate</li><li>• Revenue Loss</li><li>• Rider Savings</li></ul>

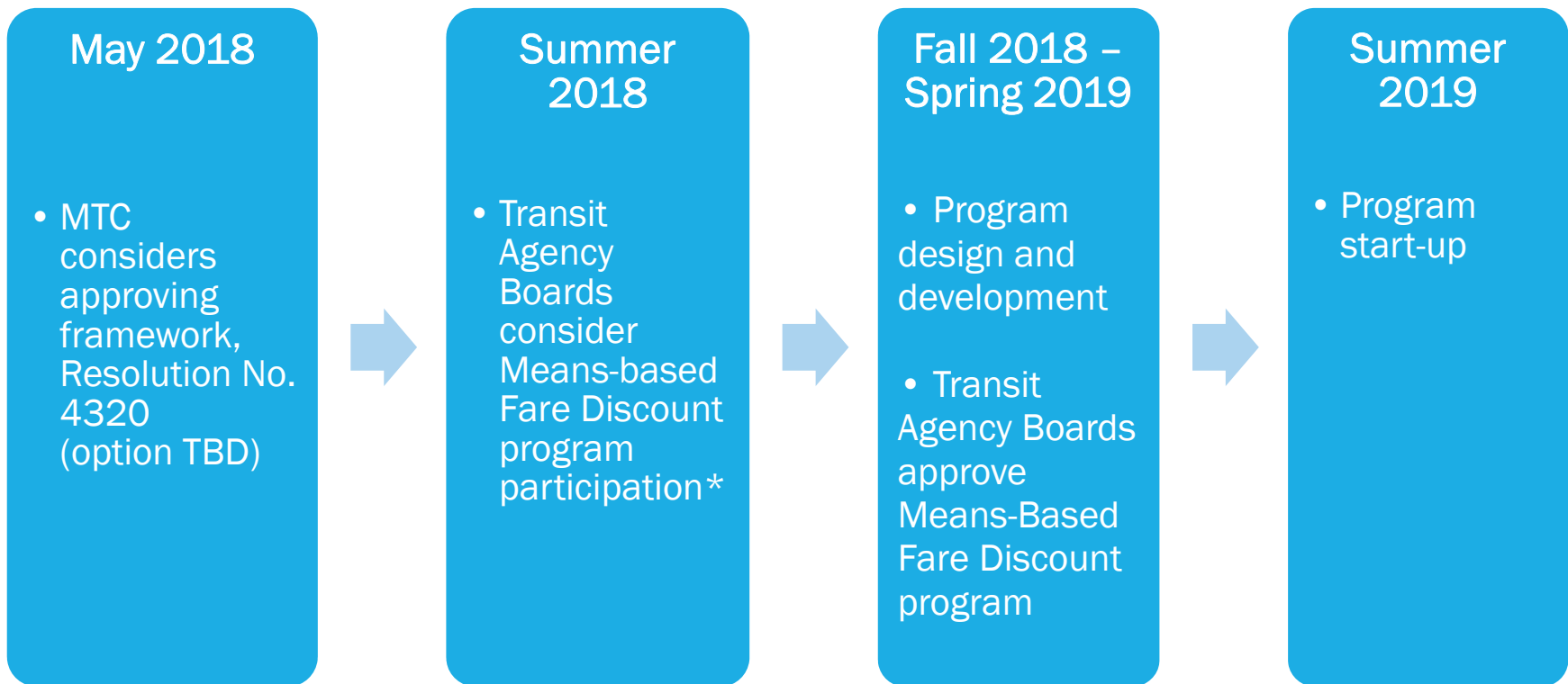
## Trade offs

- Number of Operators: Complexity, Revenue loss
  - Discount rate: Participation rate, Revenue loss, Rider Savings
- Clipper® Technology: Time, Financial Investment



# Next Steps

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\* Transit agency Board actions may occur in multiple steps. Final program participation approval is subject to completion of Title VI analysis and may occur later.



METROPOLITAN  
TRANSPORTATION  
COMMISSION

Agenda Item #  
Bay Area Metro Center  
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## *Memorandum*

TO: MTC Commission

DATE: April 12, 2018

FR: MTC Policy Advisory Council

W.I. 1114

RE: Regional Means-Based Transit Fare Program Framework

At its Wednesday, April 11, 2018 meeting, the Policy Advisory Council discussed the proposed Regional Means-Based Transit Fare Program Framework. The Council voted unanimously to recommend that MTC's Programming and Allocations Committee require the proposed framework to include an evaluation of the success of the initial rollout in terms of rider/user experience and the impact on transit operators. The framework should also require the identification of additional revenue sources to support further expansion of the program, actions to achieve the participation of additional transit operators, and an analysis of the potential implementation of deeper discounts and better fare integration.