

Clipper[®] Executive Board

June 17, 2019

Agenda Item 3b

Regional Fare Coordination and Integration

Subject: Update on Fare Integration Efforts and Request to Support Allocation of \$599,839 in Regional Measure 2 (Project #34) Funds by MTC to develop an Integrated Fare Structure Program Business Case.

Background: On February 8, 2019, MTC hosted a Fare Integration Seminar for transit agency board members and staff at the San Francisco Ferry Building. The goal of the seminar was to create a forum for board members and staff to learn about fare integration models from other regions, to consider possible benefits and obstacles to more fare integration in the Bay Area, and to provide direction to staff on possible next steps.

At the seminar, a general consensus emerged to move forward in exploring the value of integrating the region's complicated transit fare structure in order to make it more rational, affordable, and attractive to existing and potential passengers. Attendees also supported taking action now as a way to possibly reduce the complexity of the Next Generation Clipper system. Taking a cue from work done in Toronto, as discussed by the guest speaker at the seminar, Martin Powell (who led Toronto's regional fare integration program), attendees at the seminar expressed support for utilizing a "business case" model to analyze how an integrated or more harmonized transit fare system could work. MTC is proposing to engage a consultant, in partnership with the transit operator General Managers, to undertake the development of a business case for near-term fare integration in the Bay Area.

Issues: Developing a more integrated fare system for our customers is a challenging undertaking, but unlike many of the other challenges transit faces in today's world, it is a challenge that is under our control as agencies. In the short-term, to move towards an integrated system and a vision of a seamless user experience, transit operators and MTC must work together as partners to show we can deliver for our customers. To be successful, this work will likely require:

- Active, front-facing support from General Managers of transit agencies;
- Early conceptual support from transit agency board members;
- A process that incorporates prior work on fare integration and builds to targeted short-term outcomes; and
- Opportunities for stakeholders to interface and provide input at appropriate milestones.

Fare Integration Principles

The following are draft principles for an integrated fare system for the Clipper Executive Board to consider, build upon, and discuss:

- Treat the Bay Area transit network as one system;
- Fares should be predicable to users;

- There should be no penalty for transferring;
- Discounts based on age or status should apply uniformly;
- Trips of a similar distance should cost similar amounts;
- Transit should be affordable for all;
- Passes, if offered, should encourage transit use, not operator loyalty.

Business Case Scope of Work: As project sponsor, the Clipper Executive Board would guide and approve the scope of work for a fare integration business case. To that end, should the fare integration work proceed, MTC staff plan to return to this body in July 2019 to present a draft business case scope of work for review and discussion before the launch of any procurement process for the business case. A proposed project management and oversight structure for the business case is detailed in Attachment A. MTC staff envision the business case focusing on four key elements as outlined below:

- Strategic Case – How can fare integration support transit competitiveness?
- Economic Case – What is the mobility benefit of an integrated fare system to the Bay Area?
- Financial Case – What are the budgetary impacts to operators, MTC, the state?
- Deliverability & Operations Case – What are the ways an integrated fare system could work and how can it be delivered?

Regional Measure 2 Funds for Business Case: To fund the development of the business case, MTC staff are proposing to use \$599,839 in residual funds available from the Integrated Fare Structure Program, capital project number 34, under Regional Measure 2. As the successor body to the TransLink Consortium – the project sponsor identified in RM2 legislation – the Clipper Executive Board is being asked to authorize MTC staff to request that the MTC Commission allocate these funds for the work described above.

Recommendation: Staff recommends that the Clipper Executive Board support the request for the Commission to allocate \$599,839 in Regional Measure 2 (Project #34 Integrated Fare Structure Program) for the Business Case for Transit Fare Integration project.

Attachments: **Attachment A:** Fare Integration Business Case Project Structure Proposal



Carol Kuester

Attachment A
Fare Integration Business Case Project Structure Proposal

The following are proposed for project management and oversight structures for the business case work:

- **Clipper Executive Board:** MTC staff are proposing that the Clipper Executive Board serve as the sponsor of the business case project. Should the project move forward, MTC staff, consultant staff, and transit operator staff would report to this body on a regular basis, and their work would be guided by the direction of the Clipper Executive Board.
- **Project Advisory Committee:** At the February 2019 Fare Integration Seminar, agency board members expressed a desire to be involved in the business case work throughout its development in order to provide policy direction and to ensure the project is on-track to provide meaningful changes to improve the customer experience. Therefore, MTC staff are proposing to establish a Fare Integration Project Advisory Committee consisting of transit agency board members, MTC Commissioners, and representatives from advocacy organizations. The Advisory Committee would advise consultants and staff on the development of the business case and provide feedback to be shared with the Clipper Executive Board as project sponsor.
- **Staff Project Management:** MTC staff are proposing that day-to-day project management of the business case work and consultant be led by co-project managers, with one appointed by the transit operator executive members of the Clipper Executive Board and the other by MTC.
- **Project Organization Chart**

