

**Metropolitan Transportation Commission
Programming and Allocations Committee**

October 14, 2020

Agenda Item 3a - 20-1341

MTC Resolution No. 4439. Clipper START Pilot Expansion - Program of Projects

Subject: Programming of \$5 million provided by Coronavirus Aid, Relief, and Economic Security (CARES) Act funds to Clipper START Pilot Cohort 2 Agencies for FY2020-21 and FY2021-22.

Background: In May 2018, the Commission adopted Resolution No. 4320, establishing the framework for the Regional Means-Based Transit Fare Pilot Program. Branded as Clipper START, the regional means-based transit discount program seeks to increase access to opportunity and improve transportation affordability for adult transit passengers who earn a lower income. On July 15, 2020, MTC together with transit agencies, and with support from county social service agencies and community-based organizations launched the Clipper START program. The 18-month pilot offers a 20 or 50 percent discount on single-ride fares for eligible adults who earn under 200 percent of the federal poverty level. Four transit operators (Cohort 1) are currently participating in the Program: BART is offering a 20% discount and Caltrain, San Francisco Municipal Transit Authority, and Golden Gate Bridge, Highway, Transit District are providing a 50% discount.

Cohort 2 Fare Subsidy and Fund Source

In July 2020, MTC approved Resolution No. 4420, Revised which directed approximately \$5 million in Coronavirus Aid, Relief, and Economic Security (CARES) Act funding received by MTC to subsidize and help offset a portion of the revenue losses for Cohort 2 Clipper START operators. CARES Act funding has been exchanged with the region's share of non-federal State Transit Assistance funding to simplify administration of the program.

In August 2020, the Commission approved the revision of the Regional Means-Based Transit Fare Framework to open up and expand the Clipper START Pilot to interested transit operators (MTC Resolution No. 4320, Revised). Seventeen (17) operators (referred to as Cohort 2) have expressed interest in participation in the Pilot. Transit operators are preparing to seek Board approvals to confirm participation in the Pilot and compliance with Title VI requirements, if applicable. Application of the customer discount for Cohort 2 operators begins once the transit operators are integrated into the Clipper START system, which is anticipated to be phased in later this year. Similar to Cohort 1, Cohort 2's pilot period end date is January 15, 2022. Cohort 2 will also be included in the evaluation of the Pilot to inform the next stage of Clipper START.

Programming Proposal - Funding Distribution Formula

Today's item proposes programming approximately \$5 million made available through the CARES Act to Cohort 2 transit operators participating in the Clipper START Pilot. The amount per operator is an "up to" amount and is based on trips taken and will be

paid to operators on a reimbursement basis. Operators will be reimbursed half of the 20 percent discount.

Staff proposes to program funds to Cohort 2 transit operators based on pre-COVID estimated low-income ridership and fare revenue, with low-income ridership weighted more heavily at a 60%/40% distribution.

- The following two formula factors are:
 - **Share of Cohort 2 Low-Income Ridership Estimate (60%).** A transit agency's estimated low-income ridership is calculated by the transit agency's total ridership (FTA National Transit Data, 2019) multiplied by the percent of low-income ridership (MTC On-Board Transit Passenger Demographic Surveys, 2018).
 - **Share of Cohort 2 Fare Revenue (40%).** Based on FY 2019 fare revenue share of Cohort 2.
- The distribution formula for Cohort 1 was based on FY2019 fare revenue, with a separate set aside fund source and approved by the Cohort 1 operators.

The Cohort 2 funding approach was developed based on application of MTC's Equity Platform and in response to input received by participating transit operators, MTC's Transit Finance Working Group and the Policy Advisory Council Equity and Access Subcommittee.

The funding distributions shown above differ between Cohort 1 and Cohort 2 primarily due to the varied timing for when the programming frameworks were developed and the funding available for each. Prior to the conclusion of the 18-month Clipper START pilot, an evaluation will be conducted to inform a more uniform funding framework to be used in any subsequent regional means-based subsidy program. It is expected that a uniform framework is likely to yield a significantly different distribution of funding to participating operators than what is proposed for the pilot.

Timeline

The anticipated timeline for the Cohort 2 Clipper START Pilot is as follows:

Action:	Anticipated Date:
MTC Commission Programming Action for Cohort 2	October 28, 2020
Transit Agency Board approvals of Means-based Fare Discount program participation (required prior to the agency's launch)	November – December 2020
Cohort 2 Program launch (Implementation may be staggered)	November 2020 – January 2021

Issues:

1) The Santa Clara Valley Transportation Authority (VTA) is not currently a participant in either Cohort 1 or Cohort 2. VTA currently implements two means-based programs for its riders, one of which already serves the same demographic of riders that the Clipper START program aims to serve. MTC staff is working with VTA staff to analyze if participation by VTA in Clipper START would provide additional value for low-income VTA riders and may modify the program of projects based on this analysis.


2) Confirmation of Cohort 2 transit operator participation is pending individual Board approvals.

Recommendation: Refer Resolution No. 4439 to the Commission for approval.

Attachments:

Attachment A –MTC Resolution No. 4439

Attachment B – Clipper START Pilot – Cohort 2 Presentation



Therese W. McMillan

Date: October 28, 2020
W.I.: 1311
Referred by: PAC

ABSTRACT

Resolution No. 4439

This resolution adopts the programming of approximately \$5 million in funding capacity provided by the Coronavirus Aid, Relief, and Economic Security (CARES) Act to MTC's Regional Means-Based Transit Fare Pilot (Clipper START Pilot) for Cohort 2 agencies for FY2020-21 and FY2021-22. The Regional Means-Based Transit Fare Pilot Program Framework established in Resolution No. 4320, Revised was used to develop the program expansion.

The following attachments are provided with this resolution:

Attachment A – Clipper START Pilot: Cohort 2 Funding Policy

Attachment B – Clipper START Pilot: Cohort 2 Agencies and Programming -
FY2020 - 21 and FY2021 – 22

Further discussion of this action is contained in the Programming and Allocations Committee summary sheet dated October 14, 2020.

Date: October 28, 2020
W.I.: 1311
Referred by: PAC

RE: Clipper START Pilot: Cohort 2 Programming– FY2020-21 and FY2021-2022

METROPOLITAN TRANSPORTATION COMMISSION
RESOLUTION NO. 4439

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

WHEREAS, transit affordability and access to opportunity have been highlighted as regional issues in MTC's Coordinated Public Transit-Human Services Transportation Plan, Plan Bay Area and other plans; and

WHEREAS, MTC has established the regional framework for the Regional Means-Based Transit Fare Pilot Program to improve transit affordability and access to opportunity for eligible residents earning a low-income; and

WHEREAS, MTC has adopted a regional framework for the program, with participating operators, funding guidelines, and program conditions, pursuant to MTC Resolution No. 4320, Revised to guide implementation of the Clipper START Pilot Program for the 18-month period spanning Fiscal Year 2020-21 and Fiscal Year 2021-22; and

WHEREAS, MTC used the process and criteria set forth in Attachment A of Resolution No. 4439 for the expansion of Clipper START Pilot to operators (Cohort 2) beyond the four (Cohort 1) operators using funding capacity provided in the Coronavirus Aid, Relief, and Economic Security (CARES) Act as established in Resolution No. 4420; and

WHEREAS, MTC will reimburse participating operators based on Clipper START ridership actual trips taken and MTC will take programming action to establish the maximum eligible amount for each participating operator set forth in Attachment B of this resolution; and

RESOLVED, that MTC approves programming of FY2020-21 and FY2021-22 Regional Means-Based Transit Fare Pilot (Clipper START Pilot) funding for Cohort 2 agencies as set forth in Attachment B; and be it further

RESOLVED, that the Executive Director is authorized to make programming changes to Attachment B, up to \$200,000 for each project, in consultation with the affected participating operator.

METROPOLITAN TRANSPORTATION COMMISSION

Scott Haggerty, Chair

The above resolution was entered into by the Metropolitan Transportation Commission at a regular meeting of the Commission held in San Francisco, California and at other remote locations, on October 28, 2020.

Date: October 28, 2020
W.I.: 1311
Referred by: PAC

Attachment A
Resolution No. 4439
Page 1 of 2

ATTACHMENT A - Clipper START Pilot: Cohort 2 Funding Policy

Clipper START Pilot: Cohort 2 Funding Policy

- a. *Pilot Participation and Evaluation, Withdrawal, and Termination:*
 - (1) *Cohort 2 Pilot Participation and Evaluation* - A Cohort 2 operator's participation in the Clipper START Pilot and evaluation is subject to transit operator Board approvals, Title VI requirements (as applicable), and compliance with MTC Resolution No. 4320, Revised, and MTC Resolution No. 4439. Upon the completion of the Pilot on January 15, 2022, MTC Commission will evaluate and take action on post-pilot funding/fund sources, continuation, and implementation.
 - (2) *Withdrawal* - Any of the participating transit operators may elect to withdraw from participation in the pilot program by a vote of their Board of Directors. Following approval of operator withdrawal by the Board of Directors, the transit operators and MTC must work cooperatively to effect the pilot program withdrawal at a minimum of 120 days written notice (including all actions related to cancelling the Clipper discount in the operator's fares).
 - (3) *Termination* - Either party may terminate participation in the Pilot, in whole or in part, at any time upon a minimum of one hundred and twenty (120) days' written notice. In this event, AGENCY shall submit a requisition to MTC for an amount representing the actual cost of services performed up to the effective date of termination for which AGENCY has not been previously reimbursed. In no event shall the maximum expenditure allowed under MTC Resolution No. 4439, Attachment B, as it may be adjusted by a written amendment signed by both parties, be exceeded. Upon payment of the amount found due, MTC shall be under no further obligation to AGENCY, monetarily or otherwise.
- b. *Funding.* Regional funding committed for transit operator revenue reimbursement is \$5,075,777 consistent with Coronavirus Aid, Relief, and Economic Security (CARES) Act funds approved for the project (MTC Resolution No. 4420, Revised) and described in MTC Resolution No. 4439, Attachment B. For ease of administration and streamlining expenditure of funds, State Transit Assistance (STA) Population-Based funds are replacing approved CARES funding. Funding will support revenue reimbursement for Cohort 2 operators during the Pilot period anticipated to launch after October 2020, and ending January 15, 2022, spanning Fiscal Years 2020-21 and 2021-22. Following the Pilot period, all funding and fund sources are subject to Commission evaluation and approval.
- c. *Reimbursable Activities.* MTC will reimburse each participating operator based on each of the transit agency's Clipper START ridership actual trips taken. As defined in MTC Resolution No. 4320 that established the "Regional Means Based Transit Fare Pilot Program Framework," MTC will contribute half of the 20 percent Clipper START Means-Based discount per trip, up to a maximum agreed upon amount and after first covering administrative cost. Allowable reimbursement to operators will be based on the 20 percent per trip discount, applied to Clipper base adult fare. For transit agencies offering a discount more than 20 percent to the program

participant, the transit agencies are to cover all of the revenue losses above the 20 percent discount level. Reimbursement procedures will be per Clipper START operating policies and procedures.

- d. *Distribution of Regional Funding Contribution.* Regional funds will be disbursed to each participating transit agency based on the amounts listed in MTC Resolution No. 4439, Attachment B, up to the maximum amounts allowed. For the pilot period, the maximum allocation of funds available for reimbursement to each participating agency is determined by a 60%/40% formula that combines each participating agency's share of estimated low-income ridership and share of fare revenue:
 - (1) 60%: Based on estimated low-income ridership share of participating agencies in Cohort 2. A transit agency's estimated low-income ridership is calculated by the transit agency's total ridership (FTA National Transit Data, 2019) multiplied by the percent of low-income ridership (MTC On-Board Transit Passenger Demographic Surveys, 2018).
 - (2) 40%: Based on fare revenue share of participating agencies in Cohort 2 and annual fare revenue in 2019 reported by the transit operator.
- e. *Title VI Analysis.* AGENCY shall determine its Title VI analysis per Federal Transit Administration (FTA) as applicable. When applicable, AGENCY shall make available to MTC the approved final Title VI Analysis in electronic version.

Date: October 28, 2020
W.I.: 1311
Referred by: PAC

Attachment B
Resolution No. 4439
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**Attachment B – Clipper START Pilot: Cohort 2 Agencies and Programming
CARES Act Funding*
FY2020-21 through FY2021-22**

Table 1 – Funding by Cohort 2 Operators

No.	Operator ¹	Transit Operator Customer Discount Offered ²	Share of Cohort 2 Low Income Ridership Estimate ³ (60% Distribution)	Share of Cohort 2 Fare Revenue (2019) ⁴ (40% Distribution)	Share of Combined Factor: 60/40 ⁵	Distribution by 60/40 (Share of Cohort 2 low income ridership and Share of Cohort 2 fare revenue)
1	Alameda-Contra Costa Transit District (AC Transit)	20%	62.3%	45.7%	55.7%	\$2,826,913
2	Central Contra Costa Transit Authority (CCCTA)	20%	3.1%	2.6%	2.9%	146,638
3	Fairfield and Suisun Transit (FAST)	20%	0.5%	1.8%	1.0%	52,846
4	Livermore-Amador Valley Transit Authority (LAVTA)	20%	2.0%	1.9%	2.0%	98,992
5	Marin Transit District	50%	4.0%	2.6%	3.4%	174,803
6	Napa VINE	20%	1.4%	1.0%	1.2%	62,027
7	Petaluma Transit	20%	0.4%	0.2%	0.3%	16,307
8	San Mateo County Transit District (SamTrans)	20%	17.3%	11.5%	15.0%	761,276
9	Santa Rosa CityBus	20%	2.6%	1.2%	2.0%	102,420
10	Solano County Transit (SolTrans)	20%	1.0%	2.7%	1.7%	85,738
11	Sonoma County Transit	20%	1.1%	1.6%	1.3%	64,817

	Operator¹	Transit Operator Customer Discount Offered²	Share of Cohort 2 Low Income Ridership Estimate³ (60% Distribution)	Share of Cohort 2 Fare Revenue (2019)⁴ (40% Distribution)	Share of Combined Factor: 60/40⁵	Distribution by 60/40 (Share of Cohort 2 low income ridership and Share of Cohort 2 fare revenue)
12	Sonoma Marin Area Rail Transit (SMART)	50%	0.4%	3.2%	1.5%	77,485
13	Eastern Contra Costa Transit Authority (Tri Delta Transit)	20%	2.2%	2.2%	2.2%	111,062
14	Union City Transit	20%	0.3%	0.3%	0.3%	15,898
15	Vacaville - City Coach	20%	0.4%	0.3%	0.4%	19,100
16	Western Contra Costa Transportation Authority (WestCAT)	20%	0.3%	1.8%	0.9%	47,176
17	San Francisco Bay Area Water Emergency Transportation Authority (WETA)	50%	0.6%	19.3%	8.1%	412,279
18	<i>Santa Clara Valley Transportation Authority (VTA)⁶</i>	<i>Participation and funding authority to be determined.</i>				
	Total		100%	100%	100%	\$5,075,777

- (*) Funding is being provided by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, MTC Reso. 4420, Revised. For administrative ease and streamlining expenditure of funds, CARES Act funds are being exchanged with State Transit Assistance funds.
- (1) Transit operators listed represent agencies that are eligible to receive CARES Act funding, established through MTC Resolution No. 4420 and 4320 for the Clipper START Pilot. Funds will be allocated annually per fiscal year to be disbursed on a reimbursement basis. Transit agencies will be reimbursed quarterly for half of the 20 percent Clipper Means-Based discount per trip, based on the transit agency's actual Clipper START ridership.
- (2) Clipper START customer discount offered by the transit operator.
- (3) Share of Cohort 2 Low Income Ridership Estimate (60%). Percentage is based on low-income ridership share of Cohort 2. The transit agency's estimated low-income ridership is calculated by the transit agency's total ridership (FTA National Transit Data, 2019) multiplied by the percent of ridership that is low-income (MTC On-Board Transit Passenger Demographic Surveys, 2018).
- (4) Share of Cohort 2 2019 Fare Revenue (40%). Based on fare revenue share of Cohort 2. Annual fare revenue in 2019 reported by the transit operator.

- (5) The 60% low-income ridership/40% fare revenue hybrid is used to balance higher discount levels (i.e. agencies offering a 50% discount) offered by transit operators that may attract and lead to higher customer participation use and volume.
- (6) MTC staff is working with VTA staff to analyze if participation by VTA in Clipper START would provide additional value for low-income VTA riders (beyond the means-based programs they already provide) and may propose a modification to the program of projects at a future date based on this analysis.

Approval of MTC Reso. 4439:

CLIPPER START cohort 2 program

Programming and Allocations Committee
www.mtc.ca.gov

policy milestones

Mar 2017

Means-Based Study

Jul 2020

- Clipper START Launch
- \$5M CARES Act for Expansion (No. 4420)

Oct 2020

MTC Reso. 4439 -
Programming of approx.
\$5M to Cohort 2

May 2018

MTC Reso. 4320 -
Regional Means-
Based Framework

Aug 2020

MTC Reso. 4320, Revised
Framework to
Include Expansion

post-Oct 2020

- Transit Agency
Board Approvals
- On-going design
and launch for
Cohort 2. Pilot
period ends
January 15, 2022

17 operators*

20%*

- AC Transit
- Central Contra Costa Transit Authority (CCCTA)
- Fairfield and Suisun Transit (FAST) (SMART)
- Livermore-Amador Valley Transit Authority (LAVTA)
- Napa VINE
- Petaluma Transit
- San Mateo County Transit District (SamTrans)
- Santa Rosa CityBus
- Solano County Transit (SolTrans)
- Sonoma County Transit
- Eastern Contra Costa Transit Authority (Tri Delta Transit)
- Union City Transit
- Vacaville - City Coach
- Western Contra Costa Transportation Authority (West CAT)

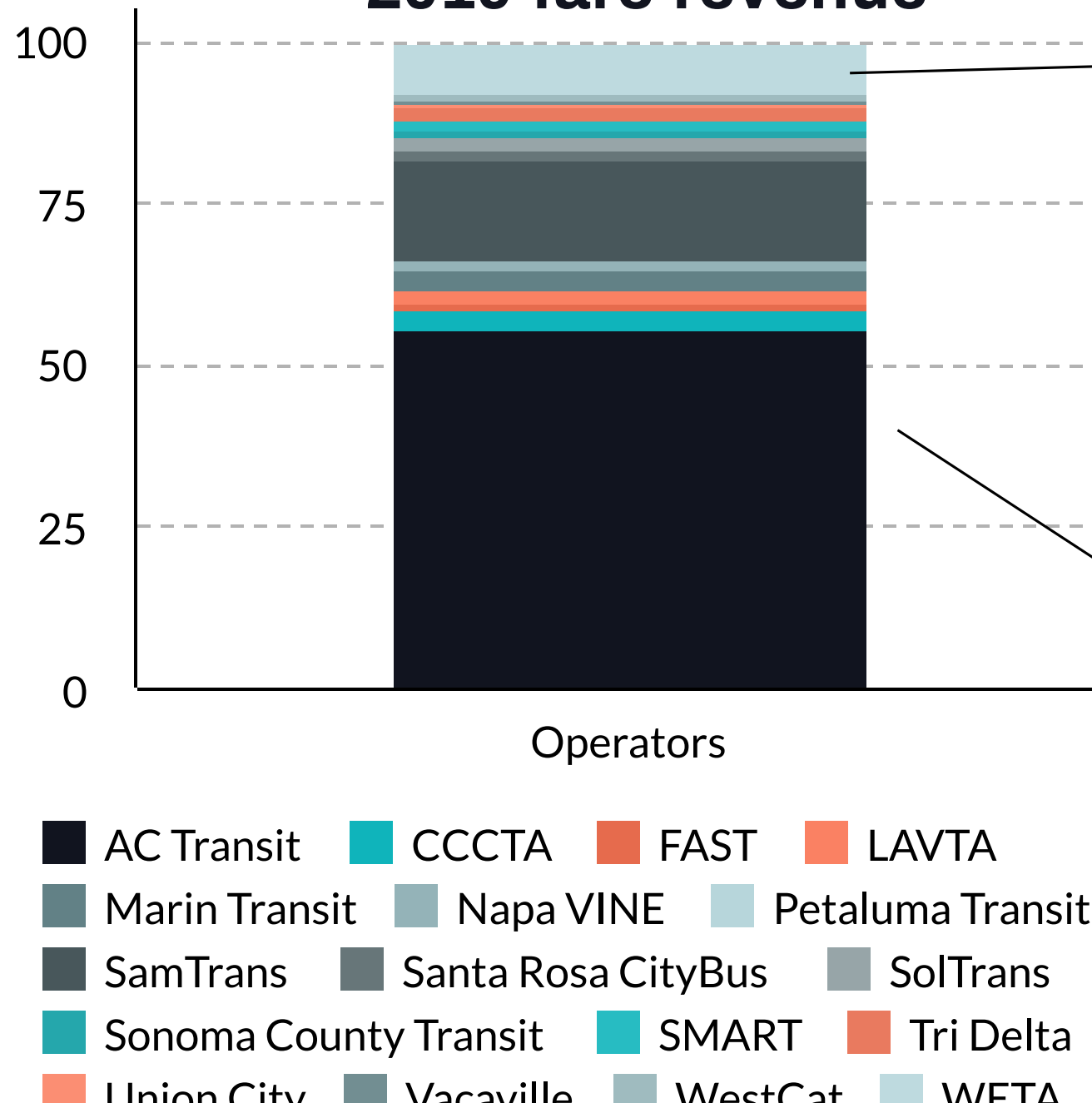
50%*

- Marin Transit
- Sonoma Marin Area Rail Transit
- San Francisco Bay Area Water Emergency Transportation Authority (WETA)

***Pending Transit Agency
Final Board Approvals**

\$5M proposed distribution

**60/40 low income ridership and
2019 fare revenue**



Distribution by 60/40 formula

WETA: \$412,279
WestCAT: \$47,176
Vacaville: \$19,100
Union City: \$15,898
Tri Delta: \$111,062
SMART: \$77,485
Sonoma County Transit: \$64,817
SolTrans: \$85,738
Santa Rosa CityBus: \$102,420
SamTrans: \$761,276
Petaluma: \$16,307
Napa VINE: \$62,027
Marin Transit: \$174,803
LAVTA: \$98,992
FAST: \$52,846
CCCTA: \$146,638
AC Transit: \$2,826,913

Funding policy for Cohort 2:

application of equity platform

**listen
&
learn**

**define
&
measure**

**focus
&
deliver**

**train &
grow**

01. Expansion

Public & advocacy groups
Policy Advisory Council:
Equity & Access
Two webinars - 17
operators

02. Data

Focus on riders
earning low-
incomes

**03. Accelerated
Implementation**

- 4 Operators launched
on July 15
- Pilot expanded in
August
- 17 operators
programmed today

04. Evaluation

- Improve affordability
- Grow ridership
- Continue to listen
and seek out more
riders

Action Today

Staff Recommendation Committee forward to
Commission for approval:

MTC Resolution No. 4439, programming \$5 million
provided by CARES Act funds for Clipper START
Pilot Cohort 2 Agencies for FY20-21 and FY2021-
22.

