

Metropolitan Transportation Commission Programming and Allocations Committee

June 9, 2021

Agenda Item 3a - 21-0750

MTC Resolution No. 4320, Revised. Clipper® STARTSM Pilot Extension

Subject: Request to extend the Clipper® STARTSM Pilot by 18 months until June 2023.

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® STARTSM. This 18-month long pilot program seeks to increase access to opportunity and improve transportation affordability for adult transit passengers who have a lower income. The pilot program offers a 20 or 50 percent discount on single ride fares for eligible adults whose income is under 200 percent of the federal poverty level. The pilot began in mid-July 2020 with four operators, and between November 2020 - January 2021, 17 additional operators joined the program. The 18-month long pilot program is set to expire in mid-January 2022.

Launch of the Pilot

The COVID-19 pandemic and subsequent shelter-in-place led to a major ridership decline for the Bay Area's transit agencies. As a result, rider participation in the Clipper® STARTSM pilot has been low. To date, approximately 4,500 Bay Area residents have qualified to participate in the pilot, receiving their Clipper® STARTSM cards. However, only about 2,600 people have used their cards since the pilot launched. The pilot aimed to have 15,000 enrollees, but given overall low transit ridership levels, enrollment has fallen short of this goal.

The pilot originally included just four transit agencies – BART, Caltrain, Golden Gate Transit and Ferry, and SFMTA. With low ridership during the pandemic, other transit agencies looked for ways to address equity issues and increase ridership. Between November 2020 – January 2021, with the addition of \$5 million in Coronavirus Aid Relief and Economic Securities (CARES) Act to help subsidize the program, 17 additional transit agencies joined the pilot: AC Transit, County Connection, Fairfield and Suisun Transit, LAVTA, Marin Transit, Napa VINE, Petaluma Transit, SamTrans, Santa Rosa CityBus, SMART, SolTrans, Sonoma County Transit, Tri Delta Transit, Union City Transit, Vacaville City Coach, WestCAT, and WETA.

Agencies choose to offer discounts of 20 percent or 50 percent, with MTC covering 10 percent of the cost of a single ride. MTC originally budgeted \$8 million per year in subsidy funds for the four original agencies and then added a one-time \$5 million in subsidy funds to cover the remaining transit agencies. Through April 2021, the total subsidy amount to be covered by MTC for all 21 agencies combined was approximately \$40,000.

Request to Extend the Pilot

The pilot's original framework calls for a 12-month evaluation of the program to assess the project's design, implementation, and impact on improving affordability, mobility, and access to opportunity. In September 2021, staff was scheduled to bring forward recommendations to the Programming & Allocations Committee. These

recommendations would inform the next stage of Clipper® STARTSM the program's future, policy, and program design.

However, given the low ridership, the addition of the 17 agencies mid-year, and limited data available to make a recommendation on program changes, staff recommends extending the pilot period for an additional 18 months under the current framework. This would:

- Allow time for new enrollees to join the program under a "back to transit" scenario;
- Closely align with the timeline of the FasTrak® STARTSM pilot for the purposes of decision-making around eligibility requirements and proof of eligibility documentation;
- Coincide with the timing and rollout of the next-generation Clipper® system, scheduled in 2023, which increases the policy and design options for implementing program changes;
- Align with the state fiscal year, which is preferred by the transit agencies for budgeting purposes, and;
- Allow for the additional agencies to be fully considered under the evaluation.


Funding for subsidies remains available and staff estimates there are sufficient funds for an 18-month extension for subsidies and program administration costs. Staff from all participating transit agencies support this extension.

Next Steps

Staff recommends extending the Clipper® STARTSM pilot for an additional 18 months, under the current framework, to June 30, 2023. If approved, staff will need to extend the contracts of the eligibility verifier and evaluation consultants, as well as procure a new marketing and outreach contractor. Staff will continue to work on providing recommendations informed by the pilot evaluation. Staff will also work with participating transit agencies to secure board approvals to extend their participation in the pilot, as well as comply with Title VI requirements, if applicable.

Issues: While there is conceptual agreement between MTC and agency staff to extend the pilot by an additional 18 months, each agency's program participation is subject to their respective governing board approval and other formal actions, such as any required federal Title VI evaluation.

Recommendation: Refer MTC Resolution No. 4320, Revised to the Commission for approval.


Therese W. McMillan

Date: May 23, 2018
W.I.: 1311
Referred by: PAC
Revised: 08/26/2020-C
06/23/2021-C

ABSTRACT

MTC Resolution No. 4320, Revised

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

On August 26, 2020, Attachment A was revised to expand the Regional Means-Based Transit Fare Pilot to additional eligible transit operators.

On June 23, 2021, Attachment A was revised to extend the pilot period of Clipper START until June 30, 2023.

Further discussion of this action is contained in the MTC Programming and Allocations Summary Sheet dated May 9, 2018 and Executive Director Memorandum dated May 16, 2018, August 12, 2020, and June 9, 2021.

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;

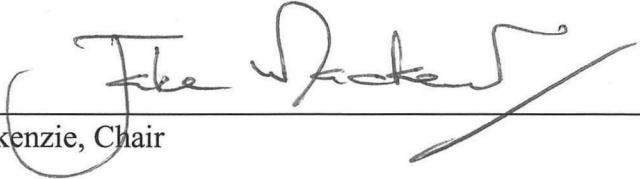
WHEREAS, MTC has conducted the Regional Means-Based Fare Pricing Study;

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



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.

Date: May 23, 2018
W.I.: 1311
Referred by: PAC
Revised: 08/26/20-C
06/23/2021-C

Attachment A
Resolution No. 4320
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Regional Means Based Transit Fare Pilot Program Framework

Participating Agencies

Initial Group (Cohort 1):

1. Bay Area Rapid Transit (BART)
2. Caltrain
3. Golden Gate Bridge, Highway and Transportation District (GGBHTD)
4. San Francisco Municipal Transportation Agency (SFMTA)

Expanded Group (Cohort 2):

As of August 26, 2020, additional transit agencies serving within the nine-Bay Area region may participate in the Pilot.

Means-based Discount

A minimum 20% per trip discount off 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

Overall Funding Estimates and Program Administration Funding:

Cohort 1: MTC to make available an estimated \$11 million in funding per year (subject to annual allocation action by MTC and fluctuations in annual revenues), which would be used for subsidy, with administrative costs funded first. The MTC contribution comes from State Transit Assistance population-based funds (approximately \$8 million per year) and Low Carbon Transit Operations Program (LCTOP) population-based funds (approximately \$3 million per year). Funding from these programs is approved through MTC Resolution Nos. 4321, 4130, and 4420.

Cohort 2: A one-time commitment of funding through the Coronavirus Aid, Relief, and Economic Security (CARES) Act is being provided specifically for Cohort 2 (approximately \$5 million). Funding from these programs is approved through MTC Resolution No. 4420.

Initial Group (Cohort 1) Subsidy:

Of the estimated \$11 million being made available in funding per year (12 months) referenced above for the pilot period, a total of \$12 million over 36 months is being made available to subsidize fares up to 10% during the pilot period. Participating operators are to cover the remainder of the discount or any additional revenue losses from other sources.

Expanded Group (Cohort 2) Subsidy:

A total of \$5 million over the pilot period (actual start date may vary but pilot end date will be the same as Cohort 1) is being made available to subsidize fares up to 10% for operators in Cohort 2. Participating operators are to cover the remainder of the discount or any additional revenue losses from other sources.

Implementation

- Program will be a 36-month pilot. *(The initial pilot period was established at 18 months. On June 23, 2021, the pilot was extended by an additional 18 months to June 30, 2023).*
- 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.

Timing of transit operator launch is contingent on Clipper system capabilities and appropriate transit operator Board approvals.

Conditions

- Operators to conduct Title VI analysis per Federal Transit Administration (FTA) as required.
- 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.