Policy Advisory Council Fare Coordination and Integration Subcommittee
Agenda Item 4
August 2, 2021

BART
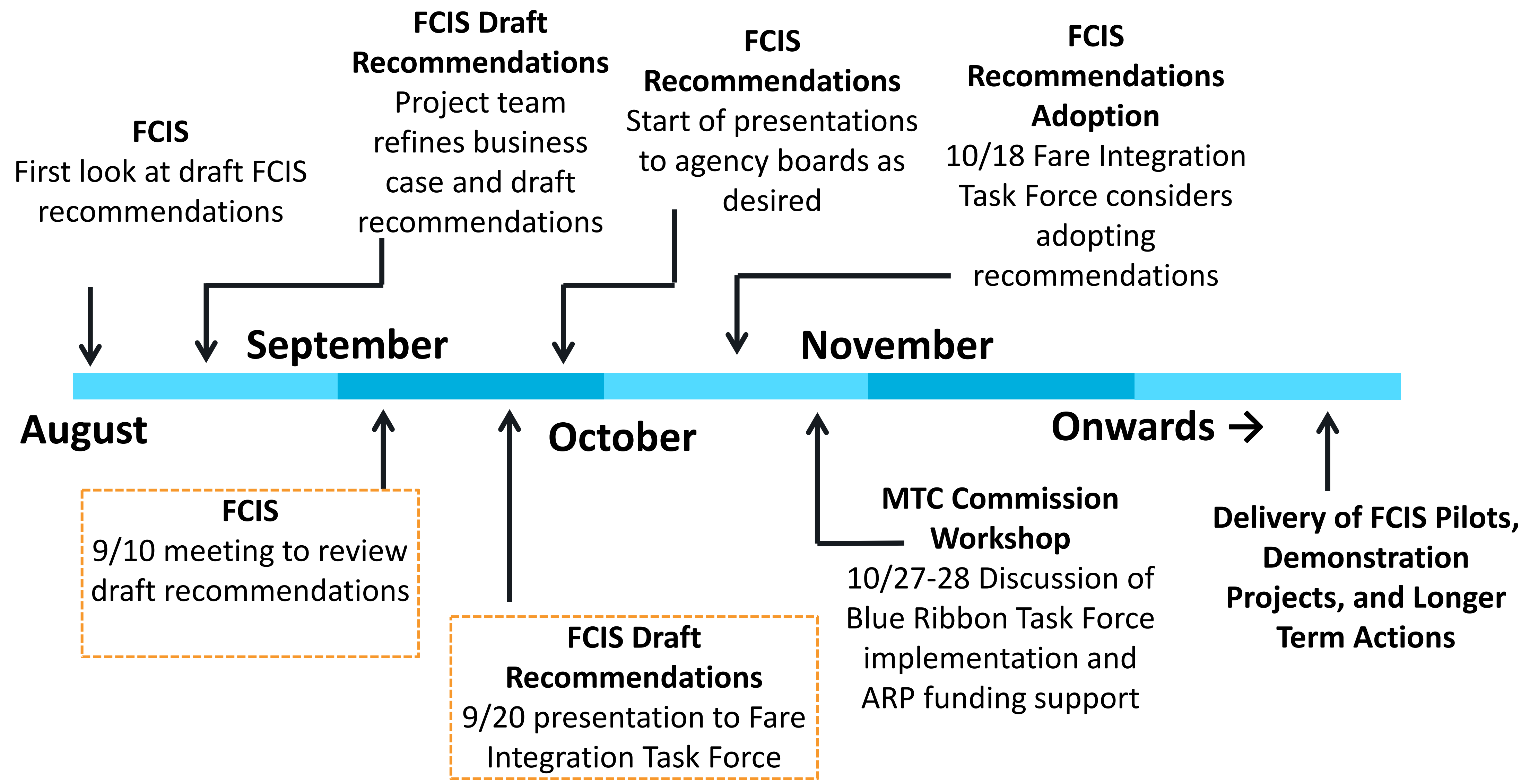METROPOLITAN TRANSPORTATION COMMISSION

Policy Advisory Council Fare Coordination and Integration Subcommittee (FCIS) Meeting Overview

AGENDA

1. Schedule Update

2. Integration Tiers Review

3. How we will make recommendations

4. Initial Delivery Assessment

5. Next Steps

Schedule Update

FCIS
First look at draft FCIS recommendations

FCIS Draft Recommendations
Project team refines business case and draft recommendations

FCIS Recommendations
Start of presentations to agency boards as desired

FCIS Recommendations Adoption
10/18 Fare Integration Task Force considers adopting recommendations

August

September

October

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Onwards →

FCIS
9/10 meeting to review draft recommendations

FCIS Draft Recommendations
9/20 presentation to Fare Integration Task Force

MTC Commission Workshop
10/27-28 Discussion of Blue Ribbon Task Force implementation and ARP funding support

Delivery of FCIS Pilots, Demonstration Projects, and Longer Term Actions

Transit Fare Policy Should Encourage Transit Use for All Kinds of Users
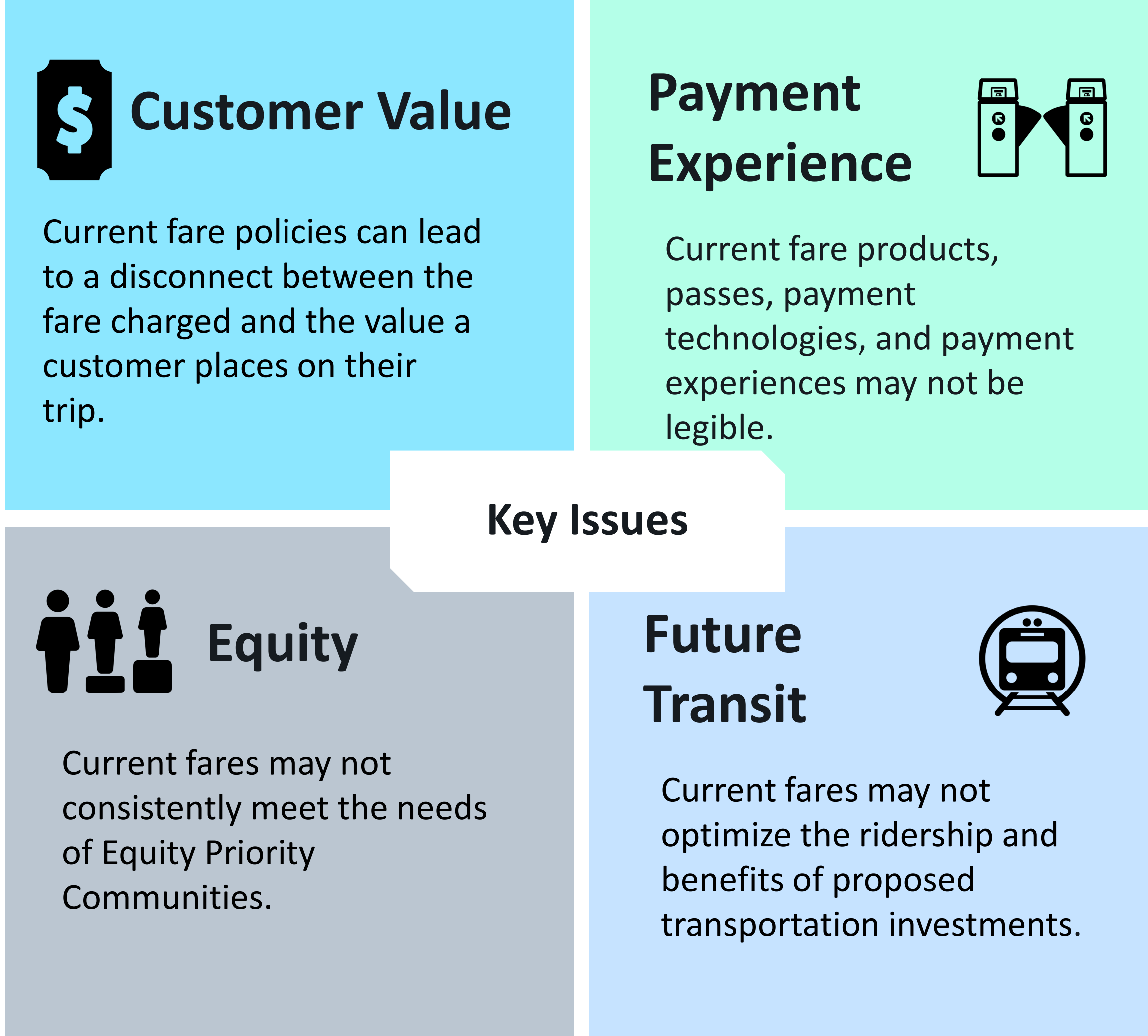
Project Problem Statement

Fare policy is one among several factors that have constrained the growth of transit ridership in recent years. Current fare policies are informed **by funding and governance models that incentivize locally-focused fares** without providing a coherent set of policies to set fares that support ridership growth.

As a result, Fare Coordination and Integration has a role to play in restoring transit ridership, supporting recovery from the COVID-19 pandemic, and **delivering the transportation system the Bay Area needs** for its coming decades of growth.

The following key issues define how fares impact ridership and contribute to the key challenges which detract from rider experience:

Key Issues

Customer Value

Current fare policies can lead to a disconnect between the fare charged and the value a customer places on their trip.

Payment Experience

Current fare products, passes, payment technologies, and payment experiences may not be legible.

Equity

Current fares may not consistently meet the needs of Equity Priority Communities.

Future Transit

Current fares may not optimize the ridership and benefits of proposed transportation investments.

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What can we directly influence through Fare Integration?

FCIS Developing Areas of Focus

Price Barriers

At any given level of cost recovery, does the region's fare structure:

- Offer competitive prices for all types of trips?

- Offer competitive prices for trips that involve more than one agency?

Learnability & Legibility

- Is the fare structure easy to learn and understand?

- Does the learnability and legibility of the fare system encourage people to adopt transit and use it frequently?

Equity

- Do different agency approaches to equity initiatives limit or optimize overall impact?

- How do other FCIS focus areas affect Equity Priority Populations in particular?
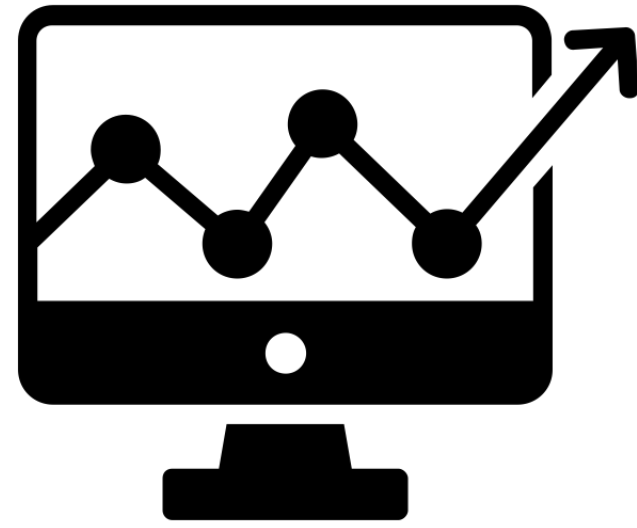
Affordability

- Is the Bay Area's transit system affordable to people at all income levels?

- What role do programs like Clipper START serve in making transit affordable (e.g., what is the income eligibility threshold?)

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Refresh on the FCIS Process

The FCIS team is applying a **business case approach** to evaluate six fare integration options. Originally the project team had hoped to share draft recommendations and results of the business case evaluation today, however unexpected delays in several areas has caused the team to postpone discussing recommendation until the September Task Force meeting.

1	**2**	**3**	**4**	**5**	**6**
Background Research	**Long List of Fare Policy Alternatives**	**Short List**	**Options Development**	**Variant Testing**	**Business Case Evaluation**
Identify as many variants per pathway to integration ("the quadrants") as feasible	Select 4-5 options per pathway to act as a long list 23 total options considered	Use a policy screening tool to identify 2-3 options per pathway	Develop final options and variants through series of workshops with stakeholders	Identify a range of variants for each shortlisted option and test and evaluate them through travel modeling tools	Business Case Evaluation
Completed in December	**Completed in January**	**Completed in February**	**Completed in April**	**May – July 2021**	**June – August 2021**

# Ongoing Analysis is Crucial to Eventual Recommendations

Travel Demand Model

The project team is currently utilizing MTC's *Travel Model 1.5* (same model used in Plan Bay Area 2050) to analyze possible ridership impacts of potential fare policy changes as well as the performance of fare policy change relative to other service and capital investments.
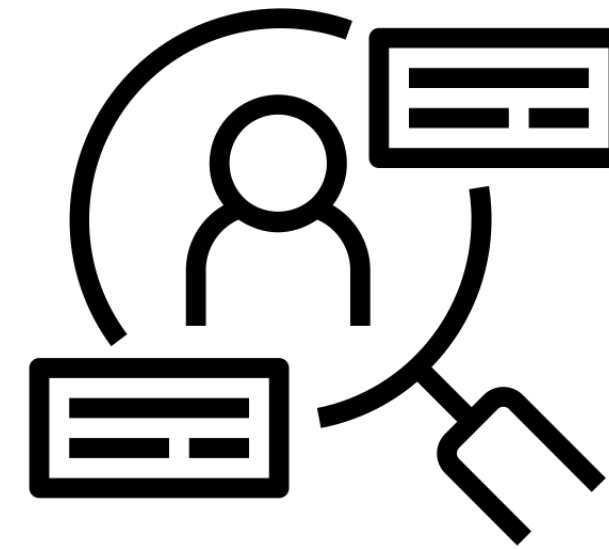
User Research: Prototype Testing

User research continues, focusing on testing how different types of transit users and non-users might experience possible fare policy changes.
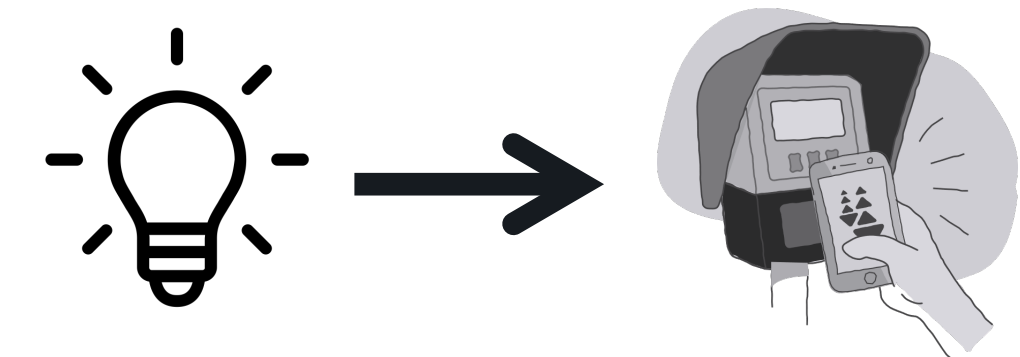
Business Case & Implementation Recommendations

Developing FCIS recommendations involves turning ideas and into practicable actions.

The project team is working with agency staff and other stakeholders to socialize concepts and fine tune implementation considerations.

Decisions to Advance Fare Coordination/Integration – Where are we?

Decisions that have been made

- Launch the Fare Coordination and Integration Study
- Define the problem statement
- Define the evaluation framework
- Define the long-list
- Filter the longlist to a shortlist of options

Future decisions informed by FCIS recommendations

- Specific pricing points for the resulting structure
- Timelines to deliver the structure
- Resources and level of subsidy to allocate to the structure
- Revenue allocation model

Decisions we seek to make before end of FCIS

- **What fare integration tier should inform the long-term fare policy and immediate delivery plan?**
- **What demonstrations should be implemented in the short term to prepare for the long-term structure?**
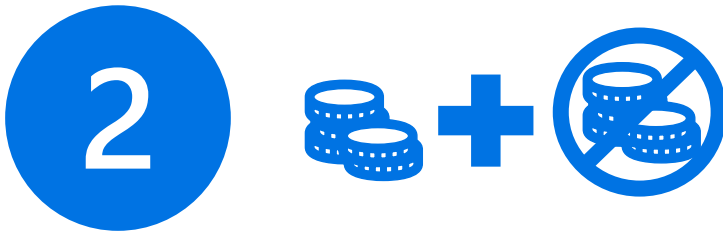
Focus Area of Today's Meeting

# Fare Integration Tiers

Four Tiers of Integration

1 Overlays

- **No change to existing structures**
- Agreements on revenue allocation and pricing
- Potential subsidy

2 Transfer Discounts

- **No change to existing individual fare structures**
- Customers receive credit that makes all their transfers discounted or free
- Agreements on revenue allocation and pricing
- Ridership increases, subsidy, and/or fare increases to cover lost revenue
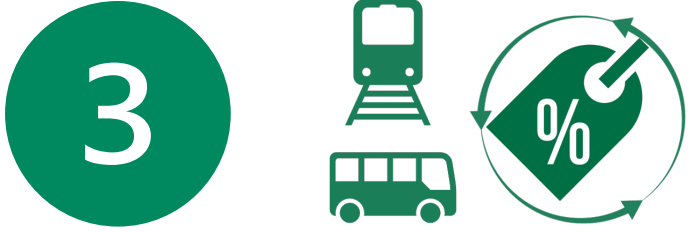
3 Regional Change

- **Regional operators share common fare structure**
- Agreements on revenue allocation, regional pricing model, and level of discounts to types of users
- New level of inter-agency cooperation and integration in fare policy management needed
- Ridership increases, subsidy, and/or fare increases to cover lost revenue

4 Regional + Local Change

- **Changes to local and regional fares structures**
- Fare policy management changes or comprehensive agreements between all 27 operators
- Advanced revenue allocation, grants, and potential rework of cost/funding models
- Greatest level of change does not automatically = greatest level of benefit to users

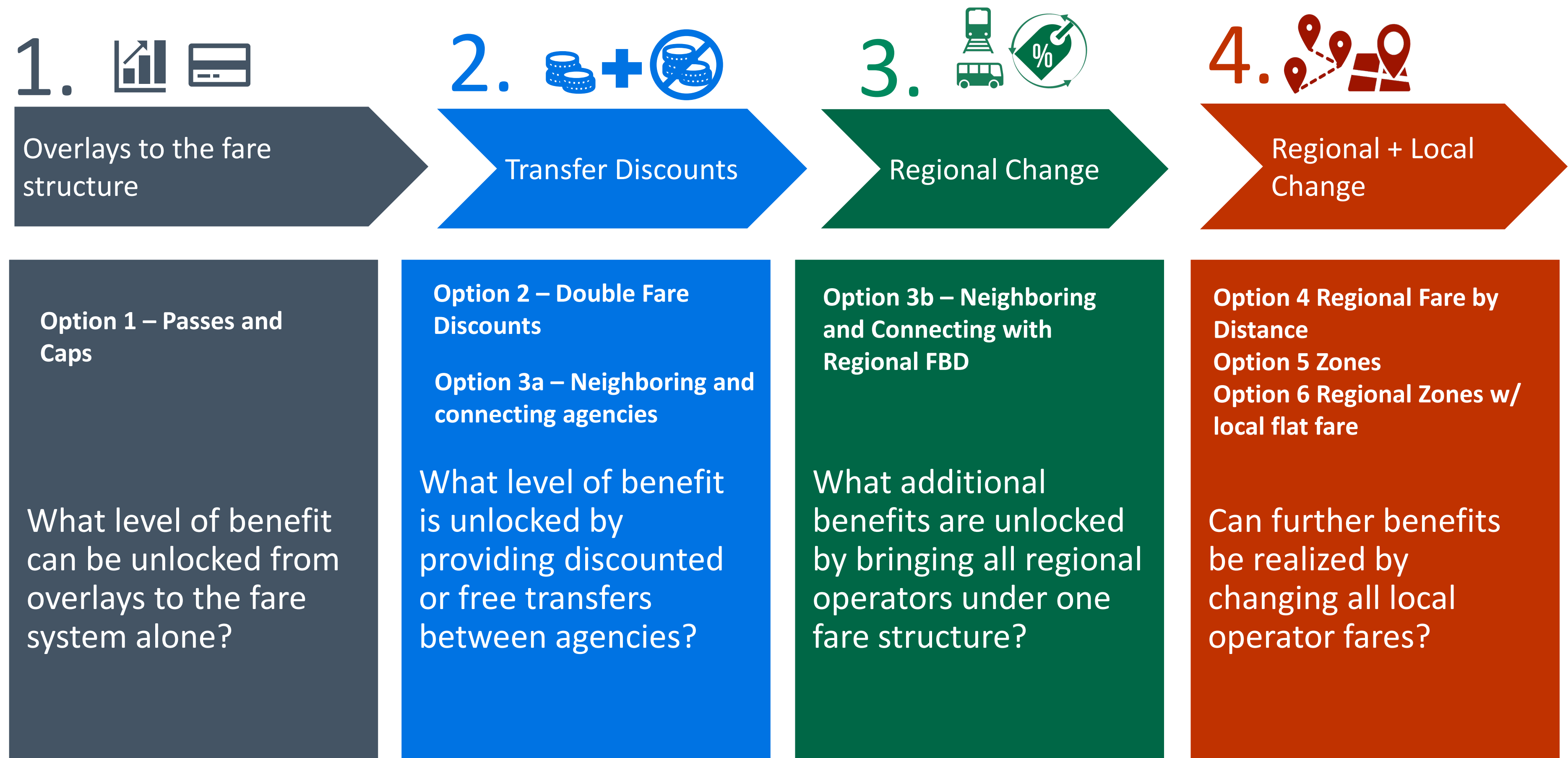**CLIPPER** — Could be partially delivered under C1

Requires C2 for complete delivery

Could be delivered through agreements without institutional change

Requires institutional change

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Business Case Methods – Investigating Extent of Integration

The fare integration business case assesses the benefits, costs, and requirements associated with increasing tiers of fare policy integration in the Bay Area.

1.

Overlays to the fare structure

Option 1 – Passes and Caps

What level of benefit can be unlocked from overlays to the fare system alone?

2.

Transfer Discounts

Option 2 – Double Fare Discounts

Option 3a – Neighboring and connecting agencies

What level of benefit is unlocked by providing discounted or free transfers between agencies?

3.

Regional Change

Option 3b – Neighboring and Connecting with Regional FBD

What additional benefits are unlocked by bringing all regional operators under one fare structure?

4.

Regional + Local Change

Option 4 Regional Fare by Distance
Option 5 Zones
Option 6 Regional Zones w/ local flat fare

Can further benefits be realized by changing all local operator fares?

The Devil is in the Details
Snapshot of Some of the Considerations the FCIS is Examining

1

Overlays
- No change to existing structures

2

Transfer Discounts
- No change to existing individual fare structures or prices

3

Regional Change
- Regional operators share common fare structure

4

Regional + Local Change
- Changes to local and regional fares structures

1
- Should the Bay Area have a pass model or a cap/accumulator model or both?
- How would revenue sharing work between agencies for a pass/cap?
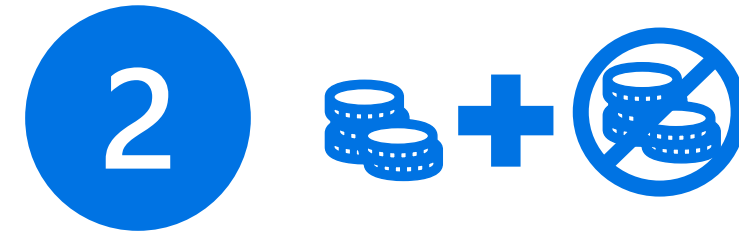
2
- How do you communicate to users a "free" transfer between local and regional transit?
- What's the revenue impact likely to be, considering there are already lots of inter-agency transfer agreements?

3
- What management approaches would allow an effective common zone or distance-based fare structure work for regional rail, ferry, and express bus?
- Could fares differ between agencies but use the same structure?

4
- Is there an equitable way for users and for agencies to combine eight different local transit fares (from $1.50 to $2.50) into one?
- How would local discount programs function?
- Can we reconcile local funding levels with different fare revenue needs?

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Formulating Recommendations

Structure of Recommendations

Recommendations will be structured into four phases based on the business case analysis, which includes staff working group and stakeholder engagement, modelling and forecasting, and customer research.

Recommendations for earlier phases will be made to support realization of the long term vision.

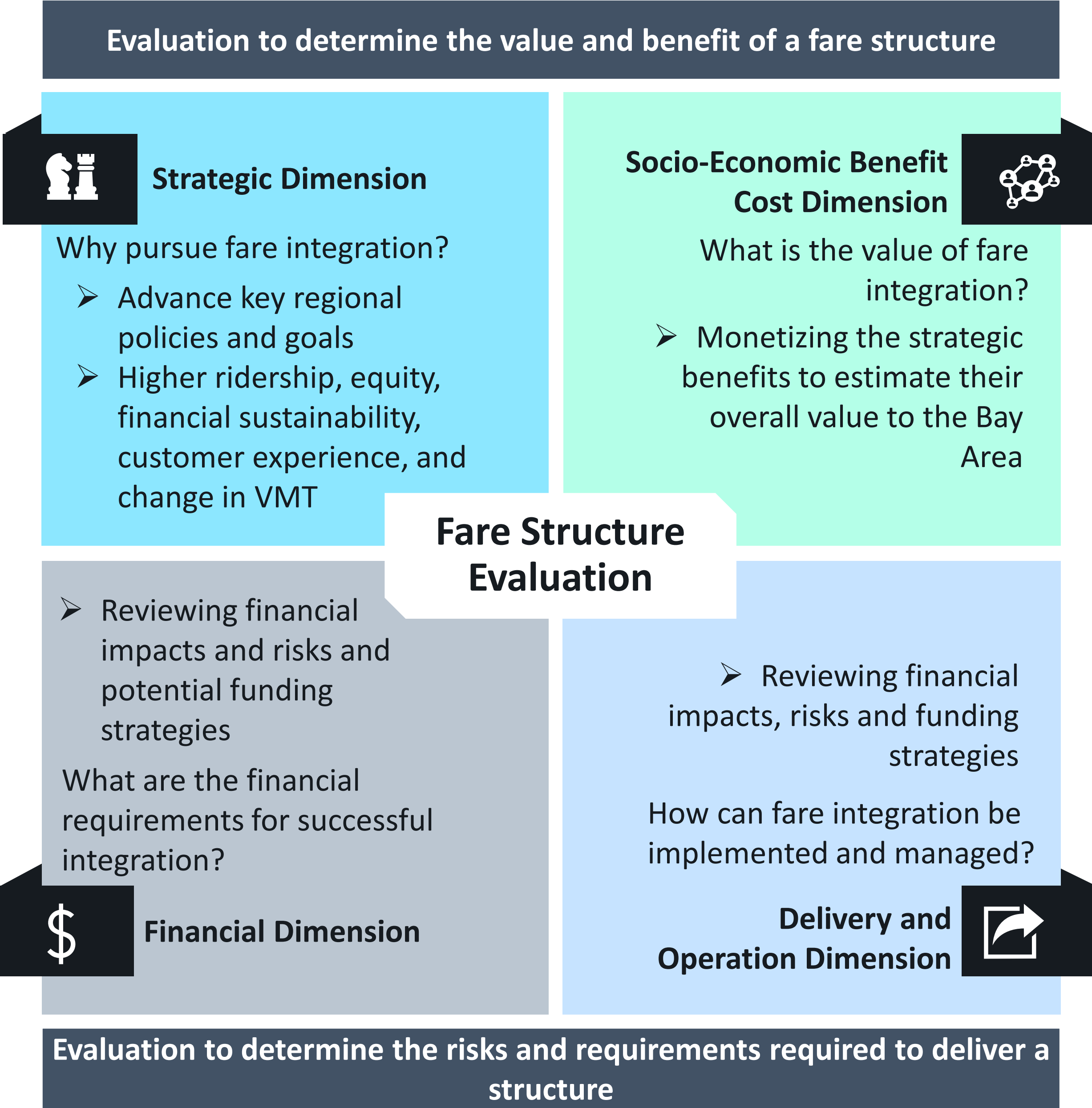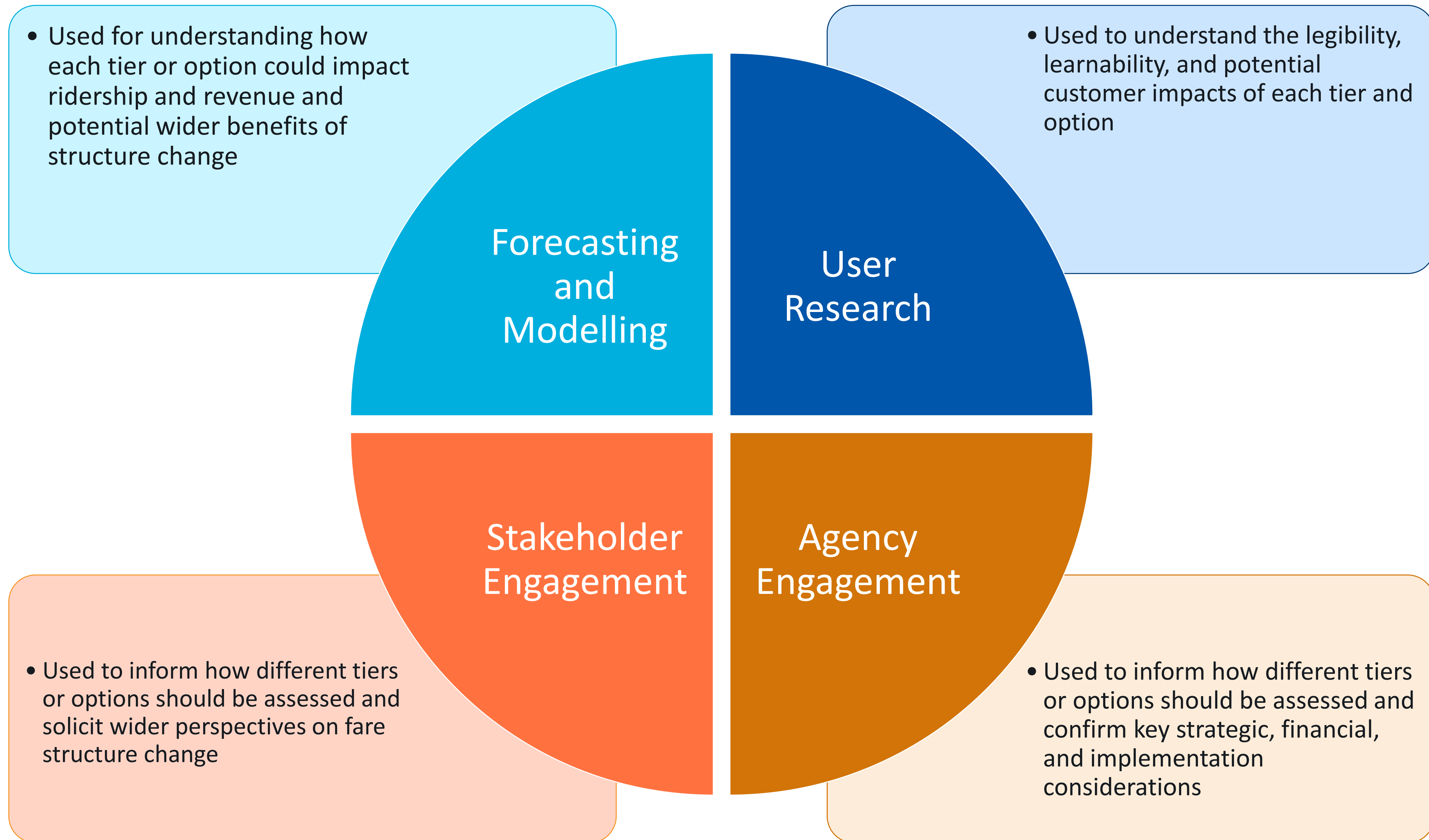| Phase 1 - Pre Clipper 2	Phase 2 - Clipper 2 Launch	Phase 3 – Short Term Post C2	Phase 4 – Long Term Post C2
• Should different tier 1 caps or passes or tier 2 discounts be tested through a demonstration project? • Should elements of tier 1 or 2 be fully implemented before c2?	• Should elements of tiers 1 and 2 be implemented during C2 delivery to support the long term vision?	• Which elements of the long term structure should be prioritized for rapid development (with an aim to implement shortly after C2?)	• Should Tier 2, Tier 3, or Tier 4 be the basis of the long term fare structure for the region?

How will recommendations be made?

The business case framework will be used to make recommendations based on:

The overall benefits of integration

The comparative benefits of each tier

For tiers with multiple options, the specific benefits of each option and best option within a tier

Evaluation to determine the value and benefit of a fare structure

Strategic Dimension

Why pursue fare integration?

➢ Advance key regional policies and goals
➢ Higher ridership, equity, financial sustainability, customer experience, and change in VMT

Socio-Economic Benefit Cost Dimension

What is the value of fare integration?

➢ Monetizing the strategic benefits to estimate their overall value to the Bay Area

Fare Structure Evaluation

➢ Reviewing financial impacts and risks and potential funding strategies

What are the financial requirements for successful integration?

Financial Dimension

➢ Reviewing financial impacts, risks and funding strategies

How can fare integration be implemented and managed?

Delivery and Operation Dimension

Evaluation to determine the risks and requirements required to deliver a structure

What is considered in a business case?

- Used for understanding how each tier or option could impact ridership and revenue and potential wider benefits of structure change

- Used to understand the legibility, learnability, and potential customer impacts of each tier and option

Forecasting and Modelling

User Research

Stakeholder Engagement

Agency Engagement

- Used to inform how different tiers or options should be assessed and solicit wider perspectives on fare structure change

- Used to inform how different tiers or options should be assessed and confirm key strategic, financial, and implementation considerations
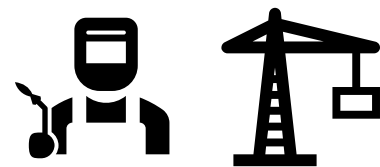
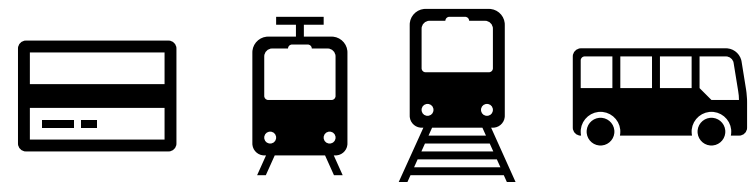# Initial Findings from Implementation Assessment

Exploring Implementation

Our team conducted an analysis on the **requirements** for successful implementation and sustained performance for each tier and option:

Management – how will issues, risks, challenges, and changes will be managed over time?

Delivery – how is it implemented and procured?

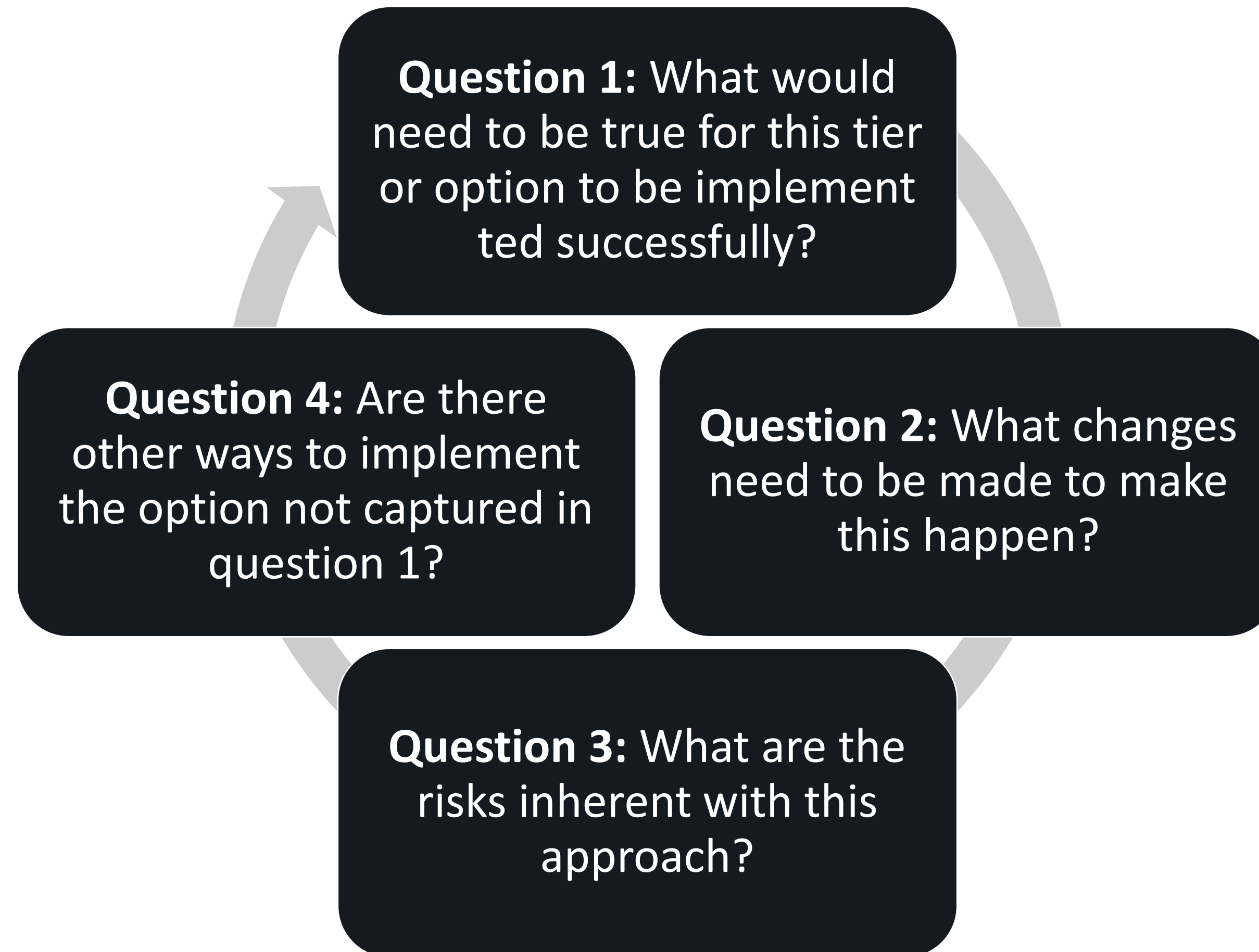**Operations** – how it will 'run' on a day to day basis?

Regulatory Issues – what state or federal regulations need to be considered?

Risk – what risks need to be actively managed and which ones can be mitigated?

To complete this analysis, we explored four questions iteratively through several workshops

Question 1: What would need to be true for this tier or option to be implemented successfully?

Question 2: What changes need to be made to make this happen?

Question 3: What are the risks inherent with this approach?

Question 4: Are there other ways to implement the option not captured in question 1?

Overall Findings

1 **Overlays**
- No change to existing structures

2 **Transfer Discounts**
- No change to existing individual fare structures or prices

3 **Regional Change**
- Regional operators share common fare structure

4 **Regional + Local Change**
- Changes to local and regional fares structures

CLIPPER — Could be partially delivered under C1 → Requires C2 for complete delivery

Could be delivered through agreements without institutional change → Requires institutional change

Increasing impact on agency infrastructure and operations

Focused solely on price barriers → less customer impact or change management requirements → Changes beyond price barriers → more customer change management required

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① 📊 💳 Overlays – Delivery Requirements

Passes Under Consideration

❑ All-agency Individual fixed-price pass

❑ All-agency Individual tiered pass (trip multiplier model – ie Puget Sound and DC region)

❑ All-Agency Employer/Institutional Bulk Pass (ie Puget Sound Orca Pass)

Caps/Accumulators Under Consideration

❑ All-agency cap – trip-based

❑ All-agency cap – cost-based

❑ All-agency cap – cost-based (Clipper START only)

Management – low impact

❑ Can be delivered with inter-agency agreements

❑ OR Can be delivered and managed centrally across the region → increased revenue allocation and pricing complexity

Technology – low impact

❑ Can be partially delivered with existing technology and fully delivered with C2

Agency Infrastructure and Operations – low impact

❑ Minimal changes – can be rolled out with operator training on the passes with some investment in marketing and communications

Customers – low impact

❑ Pass is opt in, would require marketing

❑ If a cap, will automatically apply to customers and will not require additional action to access

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2 💰➕🚫 Discounts – Delivery Requirements

Transfer Discounts Under Consideration

☐ No- or low-cost transfers for local-local, local-regional –
  - *customer cost limited to highest-cost segment of trip*

☐ No- or low-cost transfers (regional-regional)
  - *Transferring customer receives a discount equivalent to 'seat fee' or typical local transit fare*

Management – low impact / medium impact

☐ Can be delivered with inter-agency agreements
☐ OR can be delivered and managed centrally
☐ Will require a for revenue allocation – either centrally or on agency pair basis

Technology – low impact

☐ Can be partially delivered with existing technology or completely with C2 under the initial roll out

Agency Infrastructure and Operations – low impact

☐ Minimal changes – can be rolled out with staff training and supporting advertising material
☐ Could be marketed / communicated centrally

Customers – low impact

☐ Only transferring riders impacted – change management focused on explaining discount
☐ Simpler to roll out if a general region-wide discount applied

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Regional Change – Delivery Requirements

Regional Change Under Consideration

❑ Common fare structure for regional services – distance-based

❑ Common fare structure for regional services – zone-based

Management – low impact / medium impact
❑ Can be partially delivered with inter-agency agreements (ie, two regional operators agree on a joint structure)
❑ OR can be delivered centrally across the region → one manager is responsible for setting fares and allocating revenue

Technology – medium impact
❑ Requires C2 and new fare setting approaches for one or more agencies

Agency Infrastructure and Operations – medium impact
❑ Requires new fare collection infrastructure, marketing materials, and staff training for all agencies that are integrated
❑ Could be done on inter-agency basis or centrally

Customers – low impact / medium impact
❑ All regional operators already use a form of distance or zones, so change management would focus on helping a select set of customers understand and use the new structure

4 Regional + Local Change – Delivery Requirements

Regional + Local Change Under Consideration

- ❑ Common distance-based fare structure for regional services + local flat fare

- ❑ Common zone-based fare structure for regional services + local flat fare

- ❑ Common fare structure for all services – zone-based

Management – high impact
- ❑ Fare setting authority would need to be transitioned to a central manager
- ❑ Requires an overhaul of revenue allocation and/or subsidy/funding allocation

Technology – medium impact / high impact
- ❑ Requires C2, new fare setting methods for all agencies
- ❑ Region wide zones would require tap off or a 'check out' function on buses

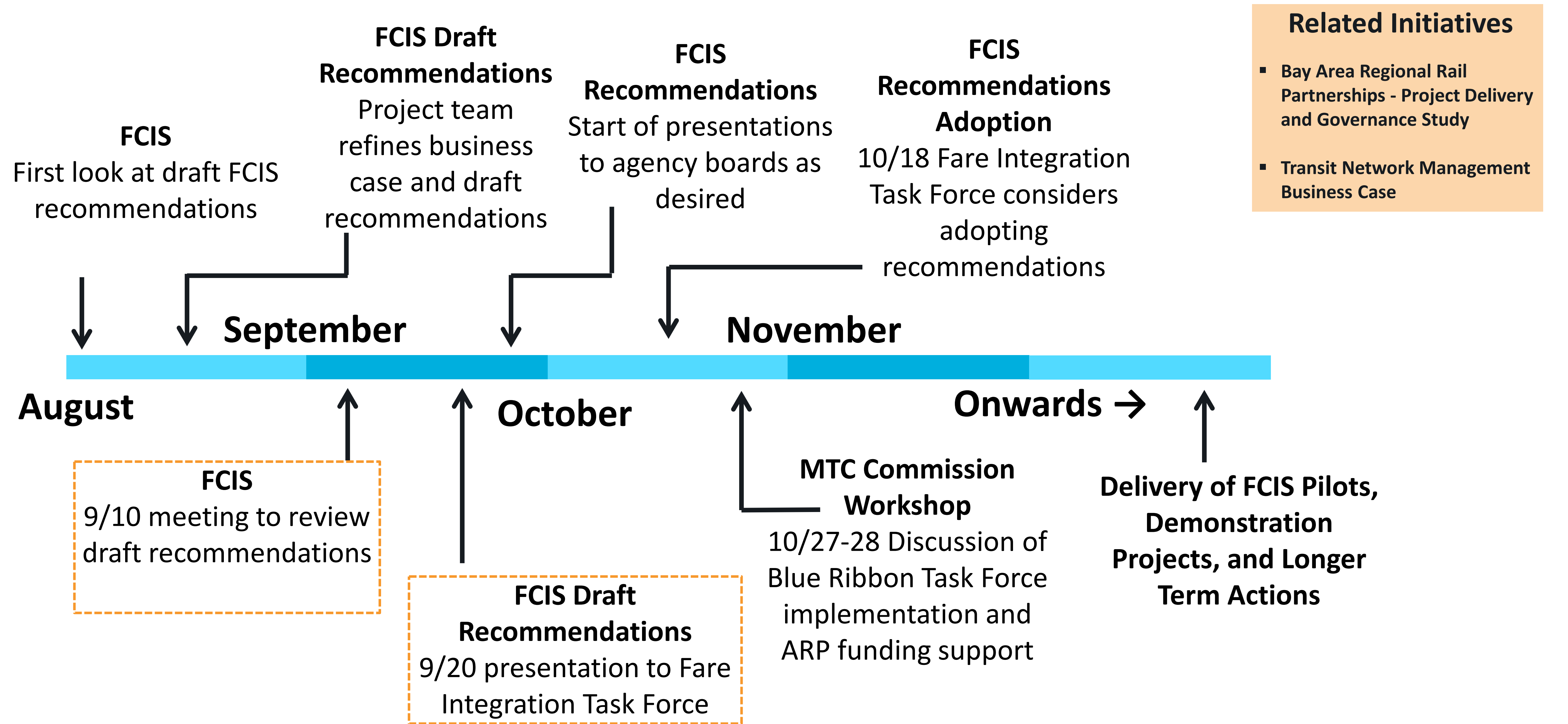**Agency Infrastructure and Operations – high impact**
- ❑ Requires a range of new fare collection infrastructure, marketing materials, and staff training for all agencies
- ❑ Check out function on buses could have boarding / alighting impacts and operational impacts
- ❑ Some operators will require new subsidy to cover shortfalls in fare revenue

Customers – medium impact / high impact
- ❑ Customers will have to learn distance/zones for regional (see previous slide)
- ❑ Customers will either learn a flat fare for local (limited impact) or a zone structure which is more complex and will have wide-ranging changes for trips that used to be under an operator flat fare

Next Steps

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Appendix

Most users only interacted with one fare structure daily

While over the span of a year, nearly 1.7 million Bay Area travelers used multiple agencies, on a day-to-day basis only approximately 8% used multiple agencies in a trip, while 14% may used multiple agencies across a day.

About 87% who interacted with more than one fare structure ride BART, SFMTA/Muni, or AC Transit as their primary agency.

Total Clipper Cards

Legend: Only use primary · Use 1 other agency · Use 2 other agencies · Use 3+ other agencies