



Fare Integration Task Force

Item 4a - No-Cost & Reduced Cost Interagency Transfer Policy Pilot

March 27, 2023



Overview

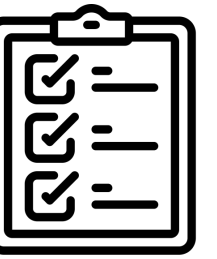


Focus of Today's Discussion:

- 1) To brief the Task Force on the No-Cost & Reduced Cost Interagency Transfer Policy Pilot (“Free Transfer Pilot”) and seek Task Force endorsement on the proposed pilot approach.



Delivering on the Fare Policy Vision Statement & the Transit Transformation Action Plan



Bay Area Transit Fare Policy Vision Statement

Based on the draft findings of the Fare Coordination and Integration Study (FCIS), the Fare Integration Task Force (Task Force) recognizes that the implementation of more coordinated and integrated transit fare policies may offer cost-effective options for improving the transit customer experience, promoting transit ridership recovery from the COVID-19 pandemic, and reducing regional vehicle miles traveled, greenhouse gas emissions, and transit travel times for customers, in ways that are compatible with the equity goals of transit operators, local stakeholders, MTC, and the State of California.

Transit Fare Policy Initiatives for Further Development

The Task Force endorses continued work by transit operators and MTC staff to advance the following policy initiatives:

1. Deployment of an all-transit agency institutional/employer pass demonstration pilot in 2022, with a focus on educational institutions, affordable housing properties, and employers of various sizes, pending available resources/technical considerations.
2. Implement no-cost and reduced cost transfers for transit users transferring between different transit agencies beginning in 2023, coinciding with the rollout of the Next Generation Clipper® system/Clipper® 2.
3. Continue to develop a proposal for implementing an all-transit agency pass product for the general public after the launch of the Next Generation Clipper® system/Clipper® 2 in 2023 or later (pending outcomes and data from the pilot noted in no. 1 above).
4. Continue to refine the vision of eventually creating a common fare structure (distance or zone-based) for regional rail, ferry, and express bus service after Next Generation Clipper® system/Clipper® 2 implementation. Direct transit operator staff and MTC staff to continue to evaluate the benefits and costs of a common fare structure for regional transit services in the context of a broader evaluation of post-COVID-19 pandemic ridership patterns, the role of regional transit service in the region, and the funding strategy for these regional transit services.

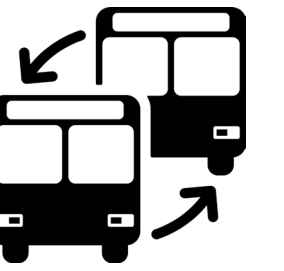
Complementary and Necessary Objectives to Facilitate Delivery of Transit Fare Policy Initiatives

In collaboratively advancing these improvements for the benefit of the Bay Area's transit customers, we also recognize the continued economic challenges facing the region, and the transit industry in particular. The Task Force recommends that transit operator and MTC staff work to advance the above policies while also acknowledging that successful delivery will require pursuit of the following complementary and necessary objectives:

“Implement no-cost and reduced cost transfers for transit users transferring between different transit agencies beginning in 2023, coinciding with the rollout of the Next Generation Clipper® system/Clipper® 2.”

- The proposed Free Transfer Pilot that is before the Task Force today will further advance the implementation of the Transit Fare Policy Vision Statement, adopted by the Task Force in 2021.
- Help deliver on the promise of the Transit Transformation Action Plan.

No-Cost & Reduced Cost Interagency Transfer Policy Pilot



“When you make a trip that requires transferring between transit agencies, pay the full fare on just the first agency you use.

Any transfer to another agency within two hours of the first boarding is discounted up to a limit of \$2.50* per transfer”.

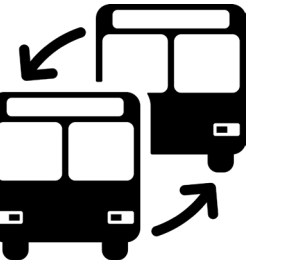


***When making an inter-agency transfer, customers using Clipper receive a discount equivalent to the single-ride Clipper fare for amounts up to the region’s highest local transit fare (currently \$2.50). This amount may change based on local agency fare adjustments.**



Free Transfer Pilot

Key Features



- 1. Deployment with the Next Generation Clipper system**
- 2. 18-month pilot deployment at all operators on Clipper, with an automatic extension to 24 months if sufficient funding is available**
- 3. Financial model that mitigates or eliminates financial risk to transit operators during pilot with use of \$22 million in Transit Transformation Action Plan funding set aside by MTC**
- 4. Title VI analysis will shape any final implementation details**
- 5. Task Force, MTC, and agency governing board approval of a memorandum of understanding (MOU) will be needed in order to officially launch the pilot**

Managing the Financial Impact



Proposed method for distributing the \$22.5 million Free Transfer Pilot budget

Step 1

MTC makes up-front allocation based on % of 2019 fare revenue (*same approach used for Clipper BayPass Phase 1 Pilot*) with a top-up at end of year 1 and year 2 based on adjusted foregone revenue

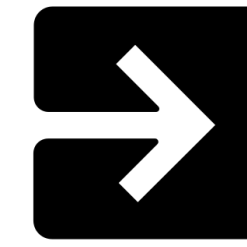
Step 2

Adjusted foregone revenue calculation:

- a) Every operator responsible for first \$0.50 discount on each transfer (i.e., status quo for SFMTA/AC Transit, new contribution expected from BART)
- b) Remaining foregone revenue calculated using actual trips
- c) An estimate of the increase in fare revenue generated by the Transfer Policy Pilot is deducted from foregone revenue. The project team estimates *new trips generated* using the following assumption:

For each agency, % increase in transfer trips, in excess of the growth of non-transfer trips, is considered evidence of new trips generated

Implementation Approach

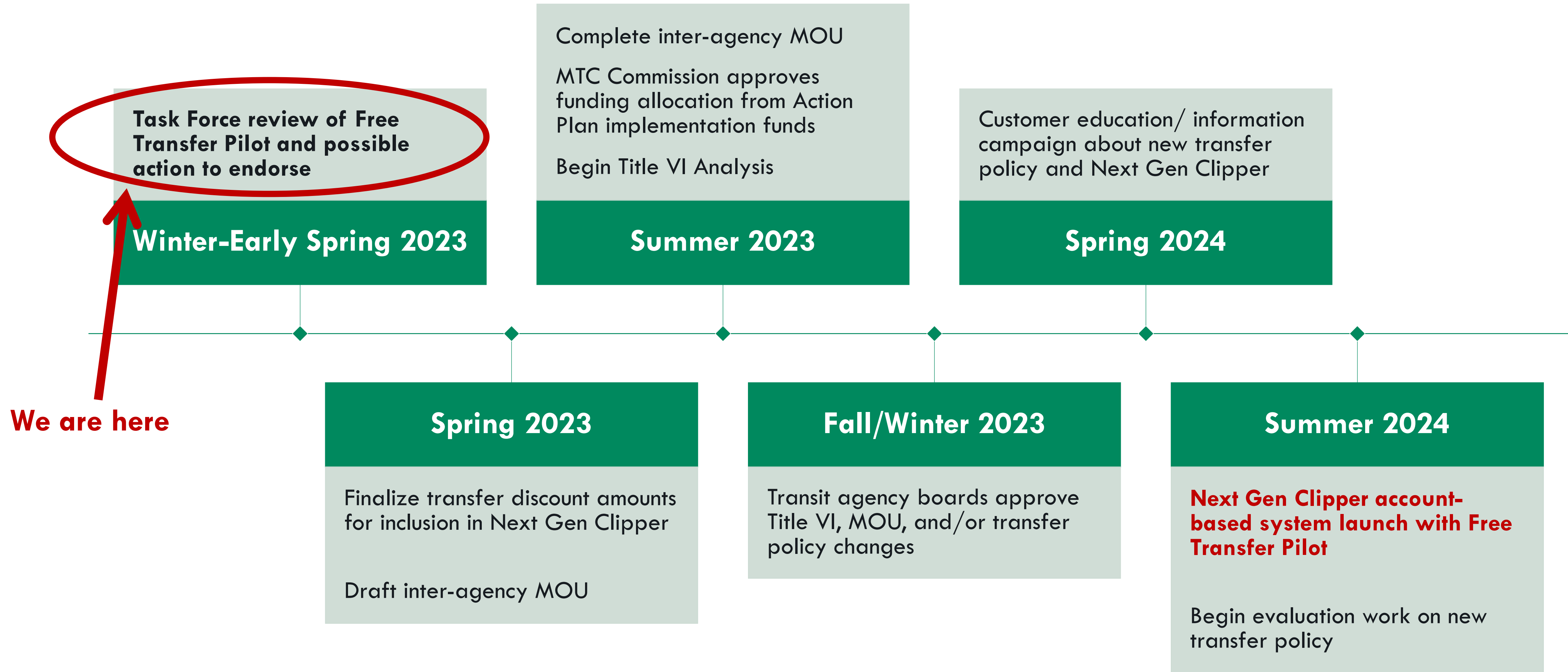


1. Agencies adopt MOU that expresses intent to participate in an **18-month pilot with an automatic extension to a total of 24 months** if sufficient funding is available.
2. Checkpoint after first year to assess status of funding; “off-ramp” available at that time
3. Transit operators + MTC continue to seek to identify additional funds (if needed) to sustain pilot for at least 24 months
4. Agencies continue to prioritize joint state/federal advocacy to sustain transit operations after FY 2024/2025 fiscal cliff

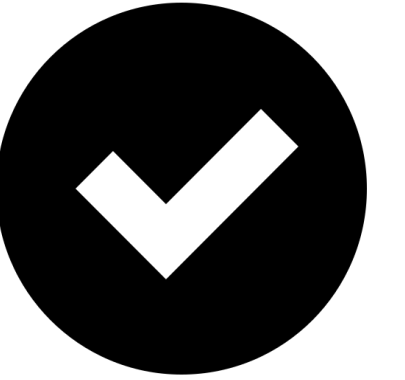


Free Transfer Pilot

Path to Launch in 2024



Requested Task Force Action



1) To endorse the Free Transfer Pilot proposal (detailed in Attachment A); and

2) Direct the project management team to develop a MOU to allow formal implementation of the Free Transfer Pilot, subject to approval of the MOU by MTC and each transit operator.

