



# Agenda

1 Fare Coordination & Integration Study Overview + Recap

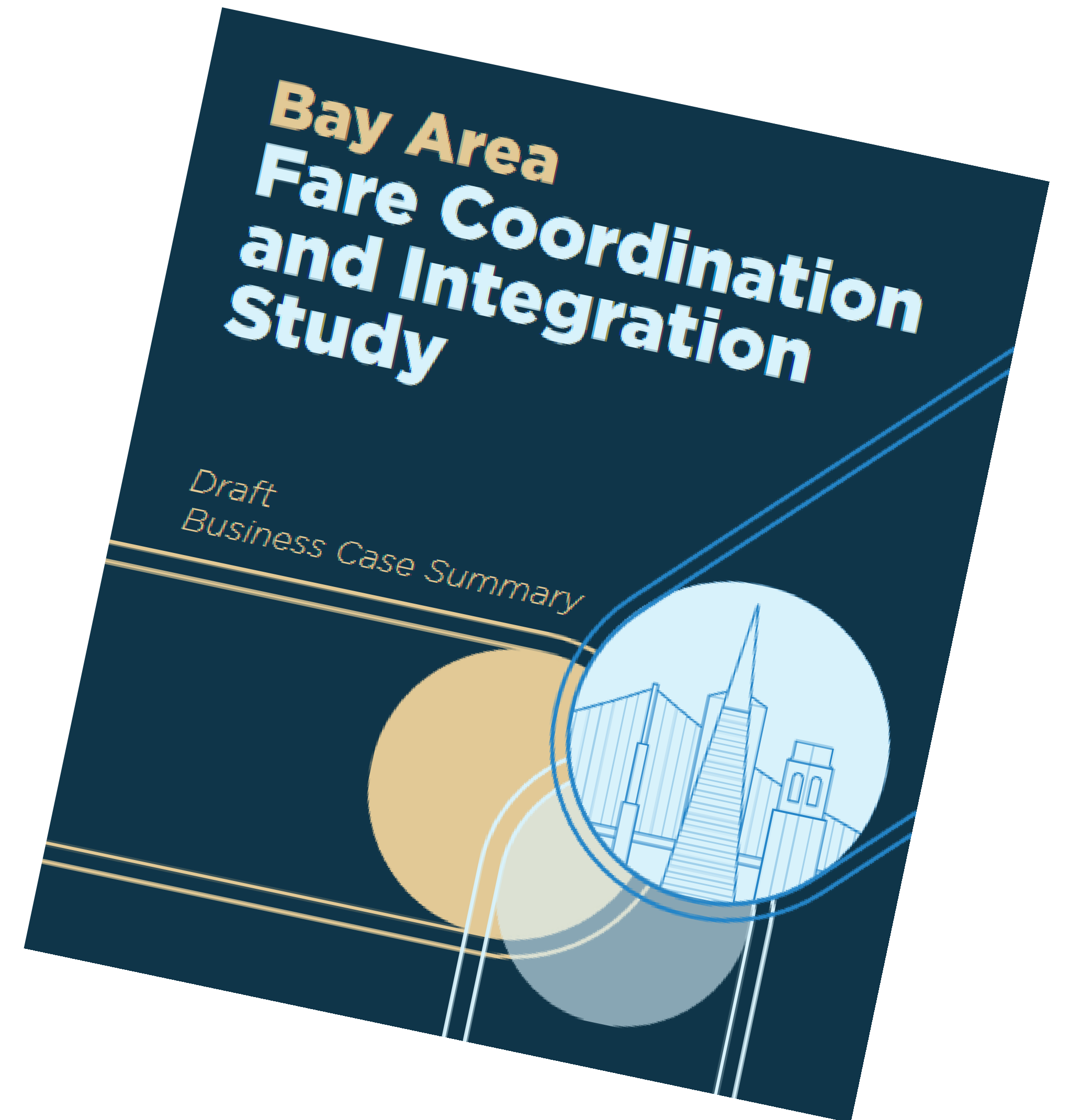
2 Key Findings & Recommendations

3 Policy Vision Statement + Near-Term Actions

Appendix A – Business Case Inputs and Summary Metrics

Appendix B – Business Case: Available for download [here](#).

Full Business Case Report: Available for download [here](#).



# 1 — Fare Coordination & Integration Study Recap

# Transit Operators & MTC Working Together

Fare Integration Task Force – Project Ownership

Co-Project Managers – BART & MTC staff

Transit Operator Staff Working Group

Consultant team led by the firm Steer

Policymaker and Stakeholder Engagement

Policymaker Webinar

MTC Policy Advisory Council Subcommittee on Fare Coordination/Integration

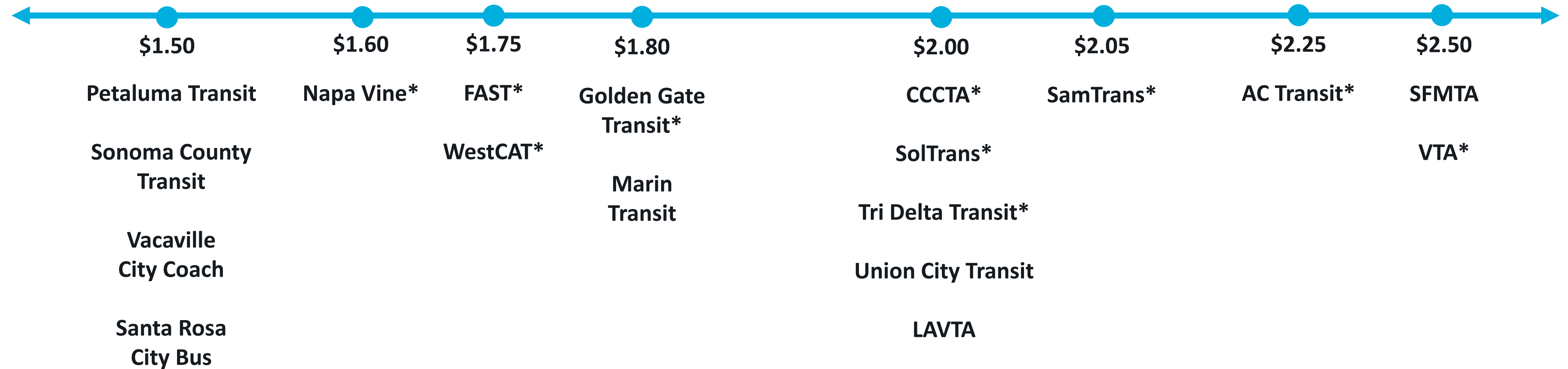
Blue Ribbon Transit Recovery Task Force

## Fare Integration Task Force



# Overview of Current Transit Fares and Products

Local Bus/LRT Fare  
(Adult Clipper Fare)



Zone Based Fares

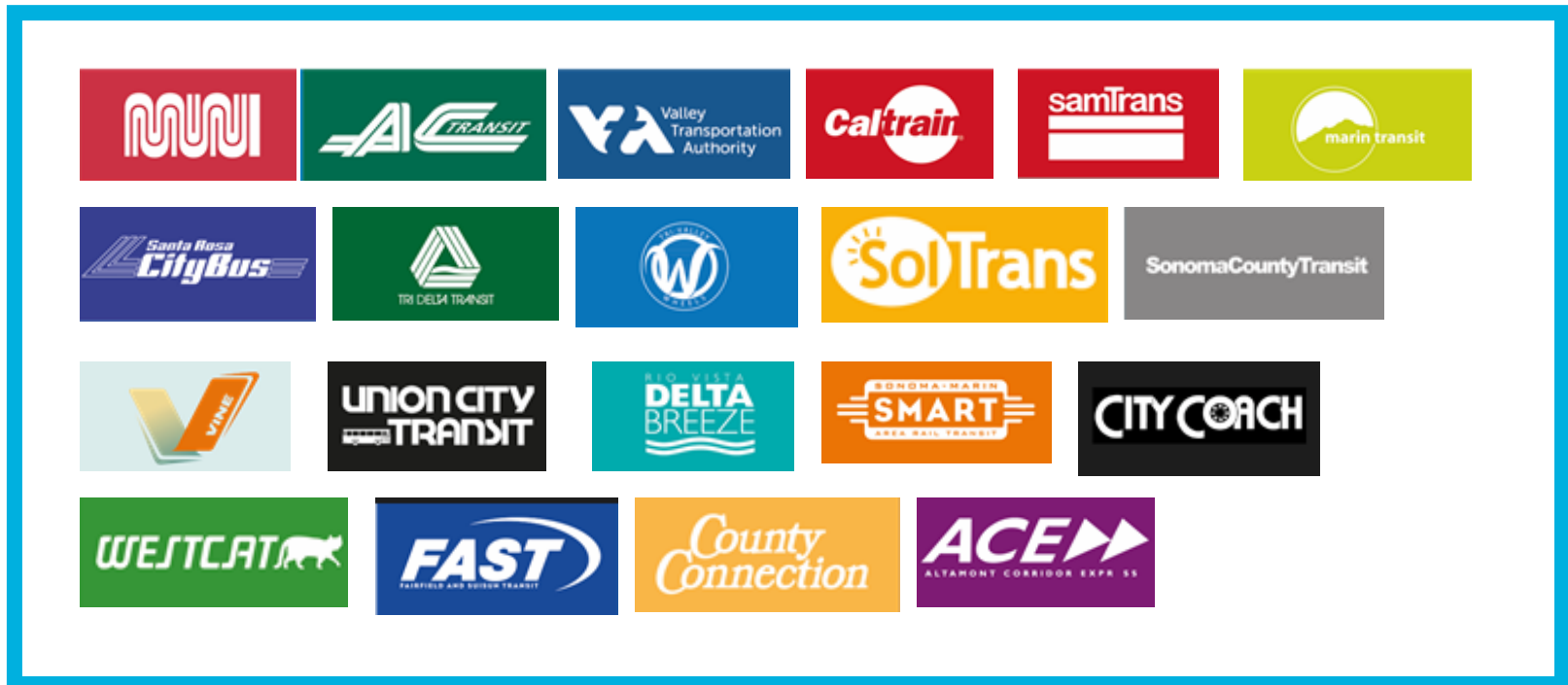
Caltrain  
Golden Gate Transit  
SMART  
Sonoma County Transit

Distance/Route Based Fares

10 miles

ACE  
BART  
Golden Gate Ferry  
WETA

Offers a Pass Product



Does Not Offer a Pass Product

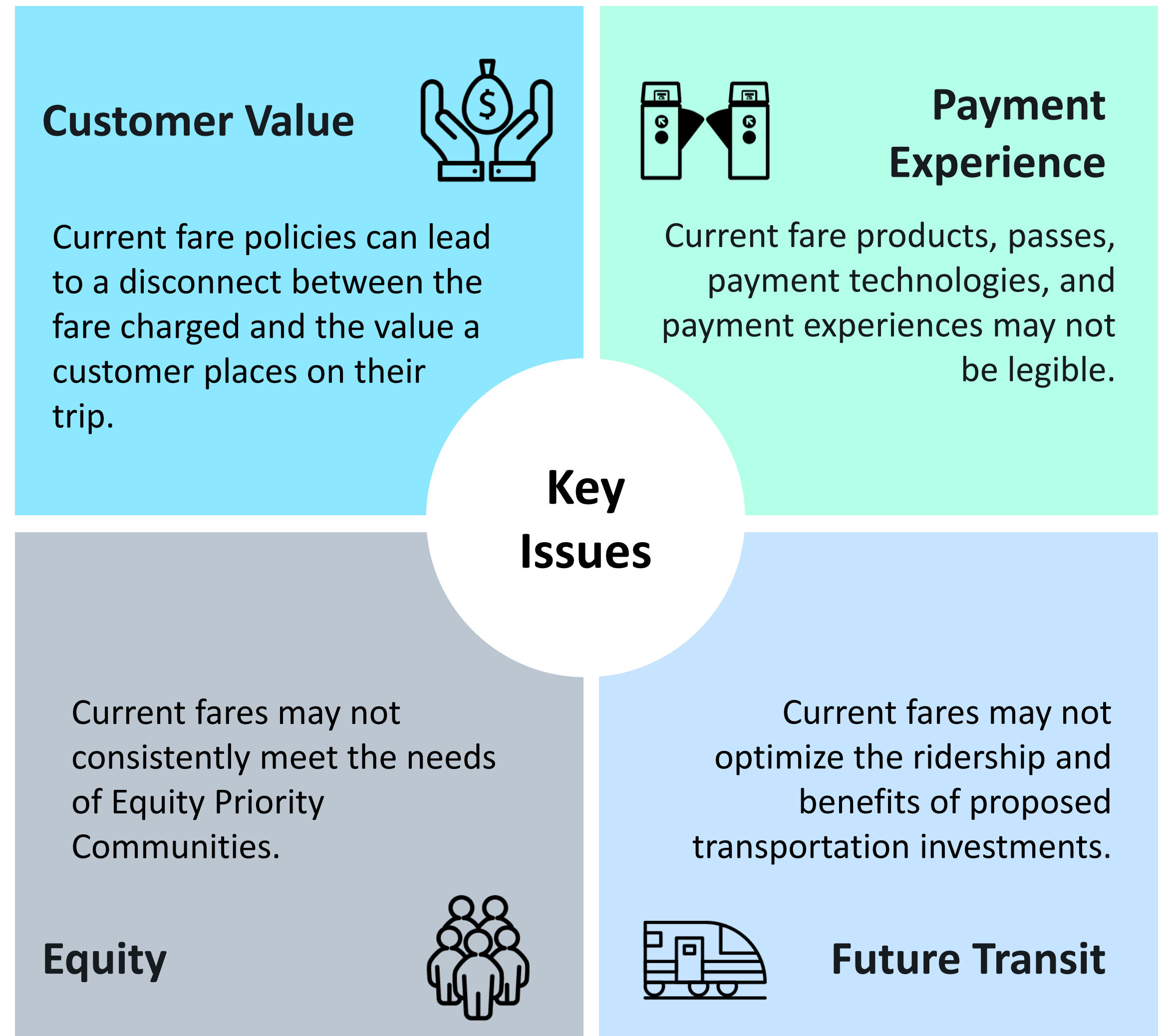


# Project Problem Statement

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.

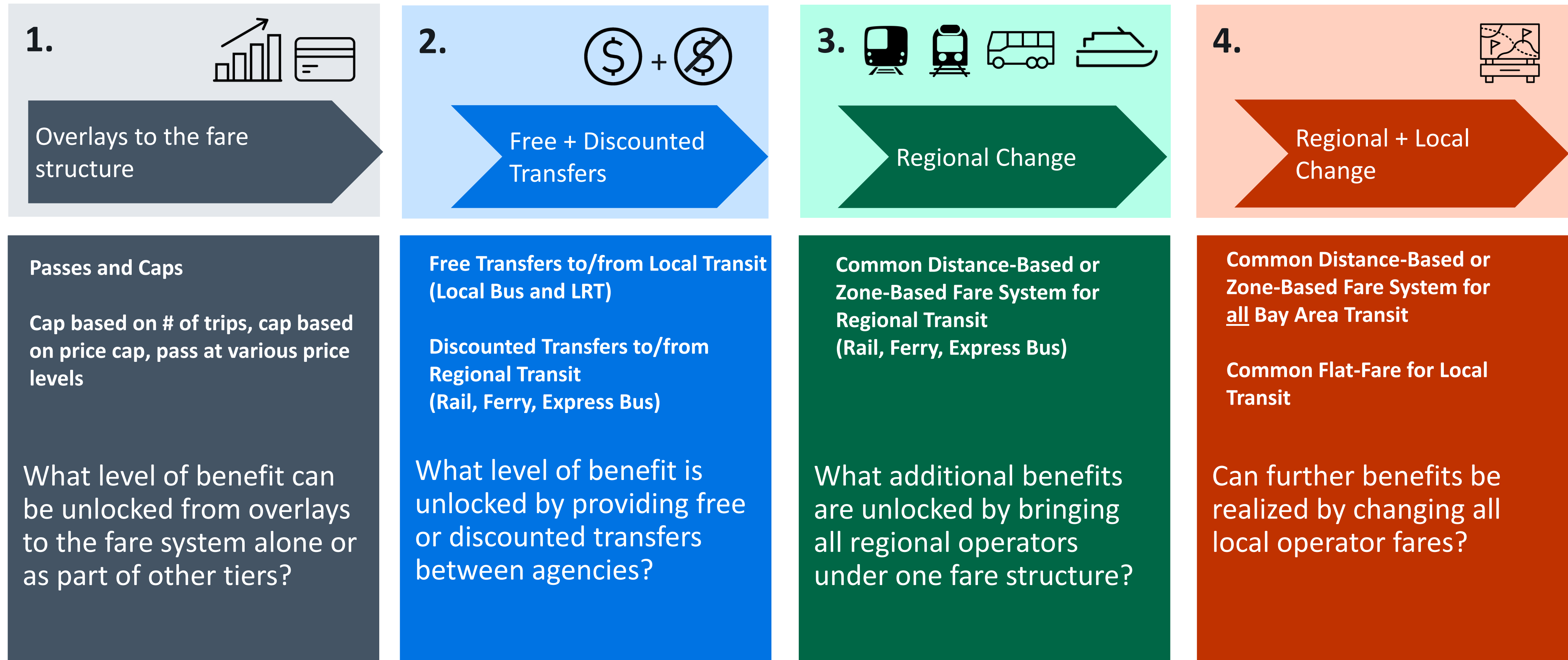
As a result, Fare Coordination and Integration has a role to play in restoring transit ridership, supporting recovery from the COVID-19 pandemic, and **delivering the transportation system the Bay Area needs** for its coming decades of growth.

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



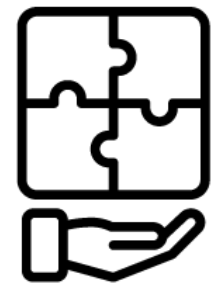
# Fare Integration Tiers

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



# How Were Options Evaluated?

A business case framework is being used to make recommendations based on:



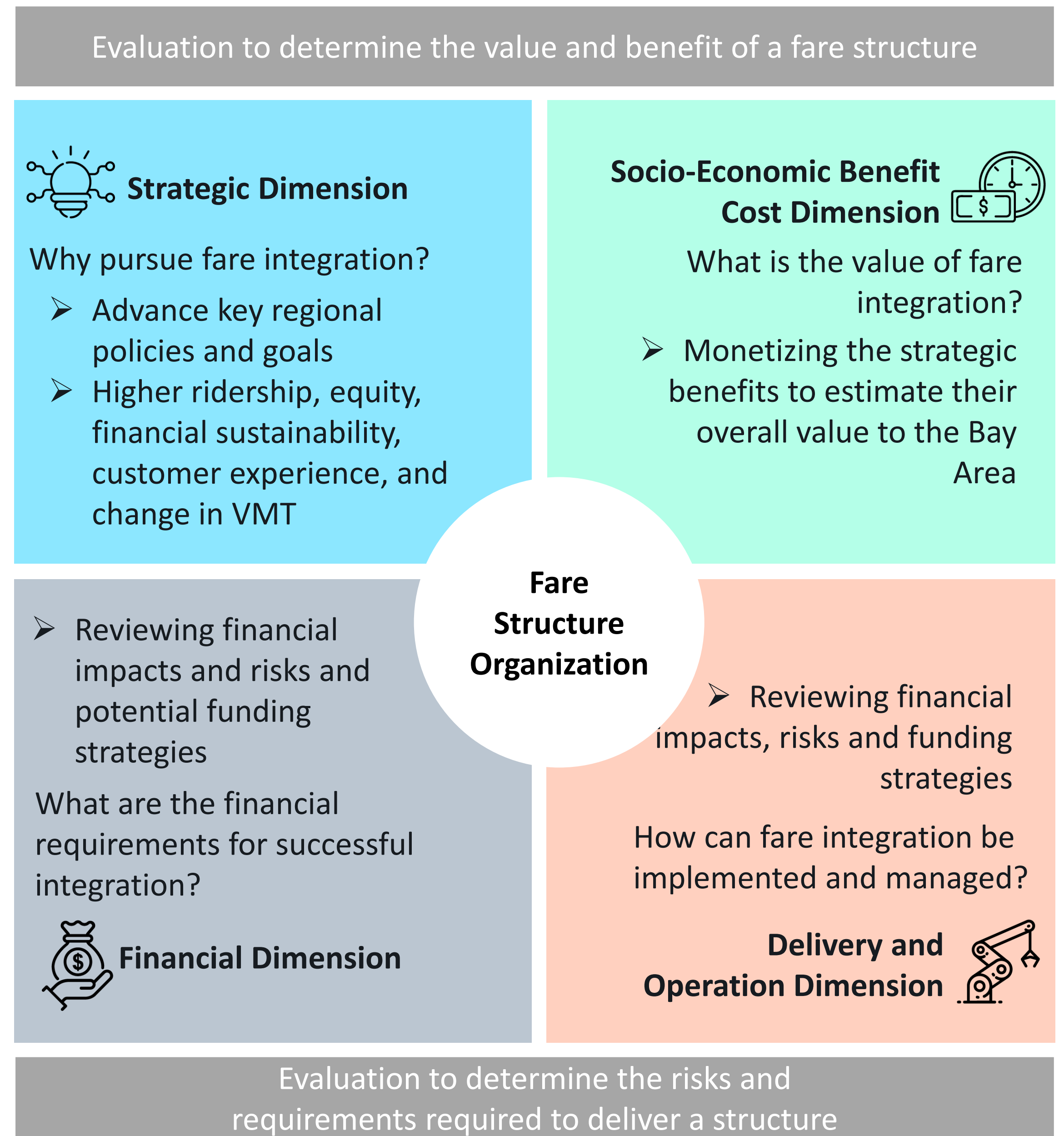
The overall benefits of integration



The comparative benefits of each tier



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





## 2 — Key Findings & Recommendations

# Overview of Key Findings

**Are there fare integration options that offer a cost effective, equitable way to promote transit?**

Yes, especially in coordination with a broader user-focused regional strategy.



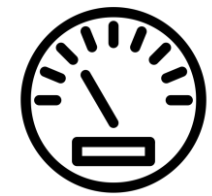
## Potential to drive ridership

Modeling suggests that fare structure changes could drive a small but significant increase in transit ridership (2-6%, depending on the strategy & revenue recovery level)



## Cost-effective

Ridership benefits of targeted integration strategies appear reasonably cost efficient (~\$2-3 per new trip) as compared to alternatives such as global fare discounts (\$3/trip) or service enhancement and system optimization (~\$3-15/trip)



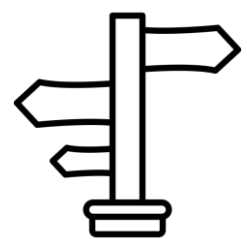
## Positive social ROI

Analysis suggests investment in fare integration would have a positive social return on investment through benefits such as lower VMT and travel time savings



## Balanced equity impacts

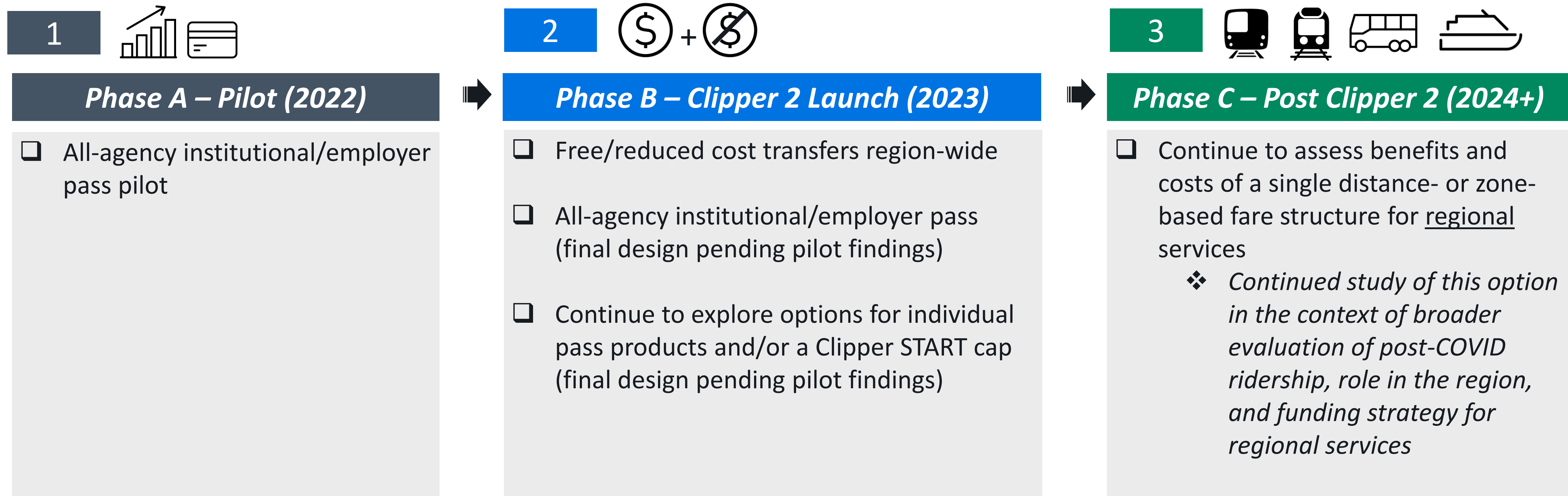
Fare integration strategies appear compatible with regional equity goals. Analysis indicates equity priority communities would receive a proportional share of the benefits of most strategies



## High uncertainty

There is uncertainty in the findings due to both the inherent uncertainty of modeling as well as post-pandemic uncertainty

# Summary of Recommendations



## Notes Regarding Local Authority

- Recommendations do not contemplate transfer of locally-sourced funds between agencies
- Recommendations assume new regional funds would be sought to offset agency revenue impacts
- Phase A and Phase B recommendations do not contemplate changes to any agency board’s fare-setting authority

# Summary of Recommendations

Phase A (2022)

Phase B (C2 Launch - 2023)

Phase C (Post C2)

## Implement no-cost and reduced cost transfers beginning in 2023

 +  Free and reduced-cost inter-agency transfers region-wide

### Definition

- Local/Local or Local/Regional connections: pay for only the most expensive segment
- Regional/Regional connections: Transfer discount about equal to minimum fare or local bus fare

### Rationale

- Eliminate price barriers between agencies
- Treat inter-agency connections like single-agency connections
- Allow regional services to function better as part of the local network

### Business case summary

- Ridership: 25,500 trips per day (+1.9%)
- Subsidy required: \$22.5M/year, \$2.25/new trip (most cost-efficient fare structure option tested)
- Equity: Benefits balanced across income levels
- Readily implementable in next generation Clipper within existing governance structures

# Summary of Recommendations

Phase A (2022)

Phase B (C2 Launch - 2023)

Phase C (Post C2)

## Pilot an all-agency employer/institutional pass beginning in 2022



### Employer/Institutional Pass

#### Definition

- All agency / all-you-can-ride passes that institutions or employers buy for all constituents (comparable to Caltrain Go Pass, AC Transit Easy Pass, Puget Sound Orca Business Passport)
- Pricing likely based on business location for a long-term program, but simplified or subsidized for Pilot

#### Rationale

- Evaluate a barrier-free all agency transit pass to build toward broader fare integration in 2023
- Engage Bay Area institutions and business community in transit's success
- Promote commute market recovery

#### Business case summary

- Priced to achieve subsidy parity with other fares (~\$0/new trip)
- Equity: Requires careful design/mitigation to achieve equity balance
- Modeled on successful programs in the Bay Area and in peer regions
- Can be piloted in existing Clipper system

# Summary of Recommendations

Phase A (2022)

Phase B (C2 Launch - 2023)

Phase C (Post C2)

Consider implementing an individual pass in 2023 or later (pending pilot outcomes and funding)



## Individual Pass (“Puget Pass” model)

### Definition

- Multi-agency pass offered to individuals; price is based on user-selected fare multiplied by standard factor
- For example, a \$3.00 pass costs \$3 x 18 round trips per month (\$108). All trips up to \$3 are covered. (A \$4 trip would require \$1 of payment from e-cash)
- Comparable to multi-agency pass offering in Seattle region (“Puget Pass”) and the Washington, D.C. region

### Rationale

- Allows multi-agency users the same high-volume discounts now available to single-agency riders
- Reduces user friction for multi-agency trips
- Multi-tiered structure aims to minimize revenue loss and improve equity performance (ensures highest-volume rail/ferry riders not over-subsidized relative to local bus riders)

### Business case summary

- Ridership: 21,900 trips per day (+1.5%), Subsidy required: \$34M/year, \$4.35/new trip
- Equity: Up-front payment may exclude low-income riders (consider pairing with Clipper START fare capping)
- Can be implemented in Clipper 2 but will require system changes; need multi-agency revenue sharing structure

14

1

2

3

4



# Summary of Recommendations

Phase A (2022)

Phase B (C2 Launch - 2023)

Phase C (Post C2)

## Continue to Evaluate Costs and Benefits of Standardizing Regional Fares Post Clipper 2 (2024+)



### Single Fare Structure for Regional Service

#### Definition

- Shared distance- or zone-based structure for all regional services (rail, ferry, regional express bus)
- ❖ *Evaluate this option in the context of broader evaluation of post-COVID ridership, role in the region, and funding strategy for regional services*

#### Rationale

- A more learnable/legible system for regional travelers, infrequent users, and visitors
- Potential to be part of a broader customer facing strategy for long-term regional recovery

#### Business case

- Ridership & Fiscal Impact:
  - High investment option: Ridership: 68,000 Trips/day (+4.7%); Subsidy required: \$70M/year; \$2.84/trip
  - Lower investment option: Ridership: +2.1%, Subsidy required: \$26M/year, \$2.39/trip
- Equity: Benefits balanced across income levels
- Requires new agreements or governance structure for regional service, some new Clipper equipment, change management for some regional customers

# Summary of Recommendations

## Tier 4 - No recommendation at this time



### Single Fare Structure for Local & Regional Service

#### Definition

- Tier 4 options examined included:
  - Local common flat fare + regional distance-based fare; Local common flat fare + regional Zone-based fare; Zone-based for all transit service;

#### Rationale

- Tier 4 options have higher deliverability challenges & higher modeled cost per trip than targeted strategies
- User research was not conclusive on customer experience benefits of standardization

#### Business case summary

- Ridership & Fiscal Impact:
  - High investment options: Ridership: 3%-4%; Subsidy required: \$67 to \$73m; \$3.28 - \$4.26/trip
  - Lower investment option: Ridership: 0% to 1.5%; Subsidy required: \$13M-\$30M; \$4.02-\$4.34/trip
  - Equity: Mixed equity outcomes; some options include fare increases on equity priority population members in certain communities to achieve standardization
- Requires new agreements or governance structure for all service, new technology, change management for most customers



## 3 — Policy Vision Statement + Near-Term Actions

# Bay Area Transit Fare Policy Vision Statement

## What is it?

The purpose of the Transit Fare Policy Vision Statement is to allow the Fare Integration Task Force to begin to articulate a policy direction it could support in principle and to provide direction to transit agency and MTC staff about how to prioritize upcoming work, including returning to the Task Force with specific actions related to the proposed pilot all-transit agency employer/institutional pass.

## What does it mean?

- Fare Integration Task Force may want to *demonstrate support* for a fare policy vision, subject to certain complementary and necessary objectives, in order to provide direction to staff and signal a policy vision to outside stakeholders.
- Endorsement may *strengthen the case for new funding*, to support delivery of fare policy initiatives.
- Endorsement of a policy vision **does not** commit MTC or operators to any particular action or funding obligation.
- The Policy Vision Statement was unanimously approved by the Fare Integration Task Force in November 2021.

# Fare Policy Vision Statement

## 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 a 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<sup>®</sup> system/Clipper<sup>®</sup> 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<sup>®</sup> system/Clipper<sup>®</sup> 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<sup>®</sup> system/Clipper<sup>®</sup> 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.

# Next Steps

## Phase A: All-Agency Institutional/Employer Pass Pilot in Mid-2022

- FCIS team has established a special working group to advise on initial pilot design and assist in the development of an implementation and project management plan
- MTC Commission has expressed interest in providing some funds to support the pilot
- Questions remain about pilot scale of pilot and operator/MTC appetite for risk/uncertainty
- If the Task Force is supportive the FCIS team will continue preliminary pilot work and report back with implementation and project management plan at the January 2022 Task Force meeting

## Phase B: Free Local Interagency Transfers and Reduced Cost Regional Interagency Transfers once Next Generation Clipper is Launched in 2023

- FCIS team is seeking additional guidance from the Task Force, via the proposed Policy Vision Statement, on whether there is broad support for developing a proposal to fund and deliver this action.
- Should the Task Force adopt the Policy Vision Statement the FCIS team will work to return to the Task Force in January 2022 with possible next steps on this recommendation for consideration.

## Role of the Task Force Beyond the FCIS

- FCIS team anticipated seeking Task Force approval for the final project report in early 2022.
- Once the formal FCIS has concluded the project team recommends that the Task Force continue to meet on a regularly scheduled basis (likely less frequently than during the FCIS) to provide direction and oversight of the delivery of the FCIS project recommendations.



# A — Appendix A – Business Case Inputs and Summary Metrics

# What is considered in a business case?



# Fare Integration Analysis: Structural Change and Revenue Impacts

The FCIS reviewed a range of changes for fares in the Bay Area these can be divided into structural changes and revenue impacts

## Structural Changes

Structural changes include changes to:













- Local services – the amount charged for fares on local bus and LRT services
- Regional services – the amount charged for trips on rail, ferry, and express bus
- Transfers – removing or discounting additional fares paid when using multiple operators

## Revenue Impacts (“Subsidy”)

Each structural change can either increase or decrease revenue generated. Without fare increases and/or ridership increases, fare integration will require additional investment. Each Tier was modeled based on the following “subsidy” changes to illustrate the impacts of structural change and subsidy change:

- Low Investment – approx. cost of free/reduced cost transfers or 1% to 2.5% of pre-COVID revenue
- High Investment – approx. Tier 3 integration or 5% to 7.5% of pre-COVID revenue. Tiers 3-4, which may increase fares for some customers, were tested with additional investment to minimize any fare increases and to understand how the policy impacts scale with level of investment

# Summary of Key Business Case Metrics

Tier	Fare Integration Scenario	Ridership change (%)	Revenue Impact / Subsidy required (%)	Revenue Impact / Subsidy required (\$M)	Cost per new rider
<b>Transfer Discounts</b>  					
2	No-cost transfers (local/local, local/regional)	0.8%	1.2%	\$12	\$2.86
	No-cost transfers (local/local, local/regional, regional-regional)	1.9%	2.3%	\$23	\$2.25
<b>Regional Standardization (higher investment)</b>    or 					
3	Unified Fare by Distance for Regional Services only	4.7%	7.2%	\$70	\$2.84
4	Unified Fare by Distance for Regional Services + Local Flat Fare	4.2%	7.5%	\$74	\$3.28
	Small zones for all service	3.0%	6.9%	\$67	\$4.26
	Large zones + local flat fare	3.8%	7.5%	\$73	\$3.69
<b>Regional Standardization (lower investment)</b>    or 					
3	Unified Fare by Distance for Regional Services only	2.1%	2.6%	\$26	\$2.39
4	Unified Fare by Distance for Regional Services + Local Flat Fare	1.1%	2.4%	\$23	\$4.02
	Small zones for all service	-0.2%	1.3%	\$13	No new riders
	Large zones + local flat fare	1.5%	3.1%	\$30	\$4.34
<b>Passes &amp; Caps</b>  					
1	Fare-based cap (\$162 Dollars)	0.5%	6%	\$58	\$22.36
	Trip-based cap (40 trips)	0.7%	5%	\$49	\$13.31
	Individual Pass (“Puget Pass” model)	1.5%	3.5%	\$34	\$4.35
	Employer/Institutional Pass	Impacts of program based on scale of participation, intended to have no financial “subsidy” need.			
<b>Global Discounts (for comparison)</b>					
	2.5% Global Discount	0.9%	1.4%	\$14	\$3.24
	5% Global Discount	1.75%	2.9%	\$29	\$3.06

← Recommended

← Continue to evaluate

← Continue to evaluate

← Pilot



# Summary of Key Business Case Metrics

Tier	Fare Integration Scenario	Overall Equity Assessment	Socio-Economic Benefit	Deliverability
	<b>Transfer Discounts</b> 💰+🚫			
2	No-cost transfers (local/local, local/regional)	Generally Positive	\$50	Low Impact
	No-cost transfers (local/local, local/regional, regional-regional)	Generally Positive	\$120	Low Impact
	<b>Regional Standardization (higher investment)</b> 🚊🚋🚗 or 🚚			
3	Unified Fare by Distance for Regional Services only	Mixed Performance	\$340	Mid/High Impact
4	Unified Fare by Distance for Regional Services + Local Flat Fare	Mixed Performance	\$310	High Impact
	Small zones for all service	Mixed Performance	\$70	High Impact
	Large zones + local flat fare	Mixed Performance	\$280	High Impact
	<b>Regional Standardization (lower investment)</b> 🚊🚋🚗 or 🚚			
3	Unified Fare by Distance for Regional Services only	Mixed Performance	\$110	Mid/High Impact
4	Unified Fare by Distance for Regional Services + Local Flat Fare	Mixed Performance	\$50	High Impact
	Small zones for all service	Mixed Performance	-\$170	High Impact
	Large zones + local flat fare	Mixed Performance	\$90	High Impact
	<b>Passes &amp; Caps</b> 📊📄			
1	Trip-based cap	Mixed Performance	NA	Low Impact
	Fare-based cap	Requires Mitigation	NA	Low Impact
	Individual Pass (“Puget Pass” model)	Requires Mitigation	NA	Low Impact
	Employer/Institutional Pass	Requires Mitigation	NA	Low Impact

← Recommended

← Continue to evaluate

← Continue to evaluate

← Pilot

Note – Tier 3 and 4 options were assigned a mixed performance score for equity as each option can decrease fares for some equity priority groups but raise fares for others. Further analysis, including full Title VI, is required to identify if mitigation is required.