

**Metropolitan Transportation Commission
Programming and Allocations Committee**

October 9, 2019

Agenda Item 3a

MTC Resolution No. 3815, Revised

Subject: A request to rescind \$599,839 in residual RM2 funds from the Integrated Fare Structure Program, capital project number 34, and allocate an equal amount to support the development of a Fare Coordination and Integration Study and Business Case.

Background: On February 8, 2019, MTC hosted a Fare Integration Seminar for transit agency board members, MTC Commissioners, and transit agency staff at the San Francisco Ferry Building. The goal of the seminar was to create a forum for board members and staff to learn about fare integration models from other regions, to consider possible benefits and obstacles to more fare integration in the Bay Area, and to provide direction to staff on possible next steps.

At the seminar, a general consensus emerged to move forward to explore the value of improved integration of the region's complicated transit fare structure to make it more intuitive, affordable, and attractive to existing and potential passengers. Attendees also supported taking action now in anticipation of opportunities presented by the Next Generation Clipper system.

Since the February Fare Integration Seminar, transit operator and MTC staff have developed a draft scope of work and project management structure for a study and business case for fare integration in the Bay Area. In addition, transit operator and MTC staff have presented updates on their work to the Clipper Executive Board, consisting of the general managers/executive directors of AC Transit, BART, Caltrain/SamTrans, CCCTA, Golden Gate, SFMTA, VTA, WETA, and MTC.

Project Scope of Work: The Fare Coordination and Integration Study and Business Case project seeks to improve the passenger experience and grow transit ridership across the Bay Area. A summary of the scope is included as Attachment 1. This scope was endorsed by the Clipper Executive Board on September 16, 2019. Key objectives of the project include:

- Developing goals for the regional fare system that will support an improved user experience, increased transit ridership and build on robust public outreach;
- Identifying barriers, especially barriers related to fares and the user experience, that are impeding increased ridership;
- Identifying opportunities to increase transit ridership by improving the regional fare system through regional fare coordination and integration strategies; and
- Developing a detailed implementation plan, including funding plan, for recommended improvements.

Because the proposed project has access to a finite amount of resources, the proposed scope is narrowly focused on how the Bay Area's fare system can be improved from a customer experience standpoint with the goal of facilitating increased ridership. Staff understand that a broader range of issues impacts the user experience apart from fares.

The project timeline envisions seeking support from a consultant team through a procurement process in the fall of 2019 and producing final recommendations within

12-18 months. Staff will provide updates to the Commission on the study at key study milestones.

Project Oversight - Fare Integration Task Force: The Clipper Executive Board has established a Fare Integration Task Force consisting of the members of the Clipper Executive Board as well as the Chair and Vice Chair of the Bay Area County Transportation Agencies (BACTA) group, currently the executive directors of the Solano Transportation Authority (STA) and the Napa Valley Transportation Authority (NVTA). Both STA and NVTA also manage and/or operate bus services in their counties which utilize both the Express Lanes network and local streets. The Fare Integration Task Force will have project oversight responsibilities for all aspects of the project, and will be chaired by Caltrain/SamTrans CEO Jim Hartnett with AC Transit's General Manager Michael Hursh serving as Vice Chair.

Project Management: Staff from BART and MTC will serve as Co-Project Managers and will manage the consultant team and collaborate closely with a Staff Working Group consisting of staff with a range of focuses (planning, finance, payments, and government affairs) from Bay Area transit operators.

Public and Stakeholder Engagement: The project scope includes user research and public engagement elements. These may be limited due to budget constraints but staff believe robust user/non-user research is critical to developing recommendations. Staff also plan to host several stakeholder seminars, similar to the February 2019 Fare Integration Seminar, to keep policymakers and transit agency board members informed of the project and seek their input and guidance.

Regional Measure 2 Funds for Business Case: To fund the development of the Study and Business Case, MTC staff are proposing to use \$599,839 in residual funds available from the RM2 Integrated Fare Structure Program (RM2 project #34). As the successor body to the TransLink Consortium – the project sponsor identified in RM2 legislation – on September 16, 2019 the Clipper Executive Board authorized MTC staff to request that the MTC Commission allocate these funds for the Business Case work.

Issues: At the September 25, 2019 Commission meeting, we received Commissioner and public input that Board member participation and a customer-based survey approach could be beneficial to this effort.

Recommendation: Refer MTC Resolution No. 3815, Revised to the Commission for approval.

Attachments:

1. Attachment 1 – Summary of Fare Coordination and Integration Study and Business Case Scope of Work
2. Presentation slides
3. MTC Resolution No. 3815, Revised


Therese W. McMillan

Increasing Transit Ridership by Developing a Customer-Centered Fare System: A Bay Area Regional Fare Coordination and Integration Study

Draft Scope of Work – Summary – September 2019

Background and Introduction

Similar to many other metropolitan areas in the United States, the Bay Area is currently experiencing a trend of transit ridership flattening or decreasing across many of the region's transit operators. As independent agencies, each of the Bay Area's 27 transit operators is governed by its own board and is responsible for its business model, service, and performance. While each operates independently, however, the Bay Area's transit agencies share a concern about this recent ridership trend. Together with many other stakeholders in the region, including the Metropolitan Transportation Commission (MTC), the transit operators have a strong interest in addressing this concerning trend by better understanding the challenges and opportunities associated with increasing transit ridership in the region.

To better understand this ridership trend, MTC is currently working with transit operators and UCLA to examine recent ridership data and generate possible explanations through the Bay Area Transit Use Study Project. The results of this study will illuminate how and where transit use and service are changing in the Bay Area. To complement this effort, however, this new project aims to begin developing potential measures that could be implemented to increase transit ridership. In particular, this study aims to focus on the region's current disparate fare system and the roles it could be playing in transit ridership trends. The study will identify potential barriers to increased transit ridership, including but not limited to possible impediments in the current disparate fare system, and it will also investigate potential changes to the fare system that would help achieve the goal of increased transit ridership.

To ensure that this study can be efficiently conducted and produce meaningful results for implementation, the types of fare system changes that should be developed should range from regional fare coordination opportunities to strategies that move towards regional fare integration. It will be important to have a full understanding of each strategy's range of potential impacts on operators and on the region, including impacts to ridership, finances, operations, governance, and economics. In particular, the analysis of the alternative strategies should demonstrate that existing operating revenue and transit service levels would not be adversely impacted. If a new operating subsidy would be required to prevent adverse impacts, it should be enumerated and funding source(s) should be identified. Ultimately, this study should result in a set of recommendations to improve the region's fare system to increase ridership, as well as a detailed implementation plan that includes a funding plan.

Scope Overview

Task 1: Project's Problem Statement and Regional Fare System Goals

The project team will develop and document a brief statement of the problem that this study is addressing. The project team will develop goals for the regional fare system towards the desired outcome of increased transit ridership; the proposed changes that are developed through this planning process will aim to achieve these goals.

Task 2: Existing Conditions and Background Research

The purpose of this task is to document the existing conditions on key topics for transit agencies in the Bay Area today (including passenger travel patterns, transit fare systems, etc.), summarize any findings from previous regional fare-related studies and efforts (focused on integration and coordination), and provide information on best practices for regional fare policy and successful examples of regional coordination and integration from a peer review.

Task 3: Barriers to Transit Ridership

The purpose of this task is to identify barriers to transit ridership, drawing on findings from existing transit operator surveys of riders and the reports from Task 2. This is expected to result in identification of broad barriers to transit ridership and not be limited to fares alone (for example, it could identify other impediments to transit ridership, such as service and scheduling issues). It is anticipated that this task will result in identification of top barriers to transit ridership, with a focus on fare system-related issues.

Task 4: Alternatives Development

Drawing on the results from Task 3, this task will focus on developing alternative strategies that provide solutions to the problem statement identified in Task 1 and are anticipated to lead to outcomes that support this study's goals. The development of alternative solutions should be informed by Task 3's top barriers to transit ridership and should focus on improvements to the regional fare system that could enhance regional fare coordination and/or move the region towards regional fare integration. After public outreach to solicit input and feedback on the alternative solutions, a selection of the strategies will be selected for analysis in Task 5.

Task 5: Alternatives Analysis

The purpose of Task 5 is to analyze the alternatives selected in Task 4 and develop a business case for each. A methodology for completing the business cases will first be developed, focused on the categories of ridership, finances, operations, governance, economics, and implementation feasibility. Then, the methodology will be implemented to develop a business case for each of the selected alternatives. The results of each business case will be compared to the goals developed in Task 1.

Task 6: Develop Recommendations and Implementation Plan

Drawing on outcomes and discussions from Task 5, the purpose of Task 6 is to develop recommendations that achieve the study's goals, as well as a detailed plan for implementation. It is important to note that the recommended strategies should not adversely impact existing operating revenue and transit service levels. If a new operating subsidy would be required to prevent adverse impacts, it should be enumerated and one or more funding sources should be identified. The implementation plan should include a detailed list of next steps to achieve implementation, including defined actors, roles, responsibilities, and a funding plan.

Transit Fare Integration

RM 2 Allocation to Support a Fare Coordination and Integration Study and Business Case

October 9, 2019

Programming and Allocations Committee



Fares Today in the Bay Area

9 different local bus fares on Clipper® from \$1.50 to \$2.50

Trips of the same distance and mode can vary dramatically in price

16 different discount rates for youth, 14 different rates for seniors

19,463 fare policy business rules are needed in Clipper® to implement our current system

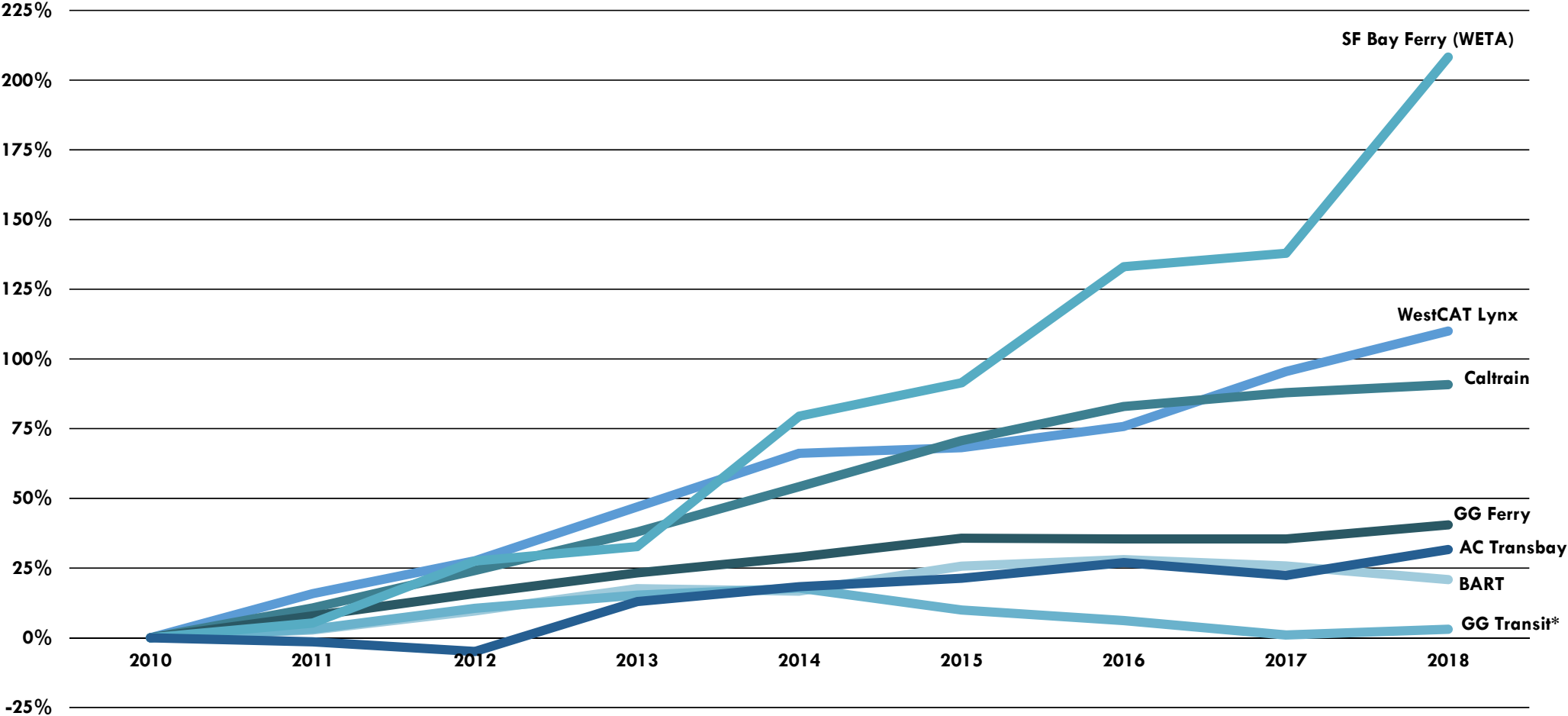
Work Completed To Date

Fare Integration Seminar on Feb. 8, 2019


Agreement to develop a Fare Coordination and Integration Study and Business Case, with transit operator GMs + MTC as the project owner

Development of a scope of work for the study by transit operator and MTC staff

% Change in Average Weekday Ridership since 2010

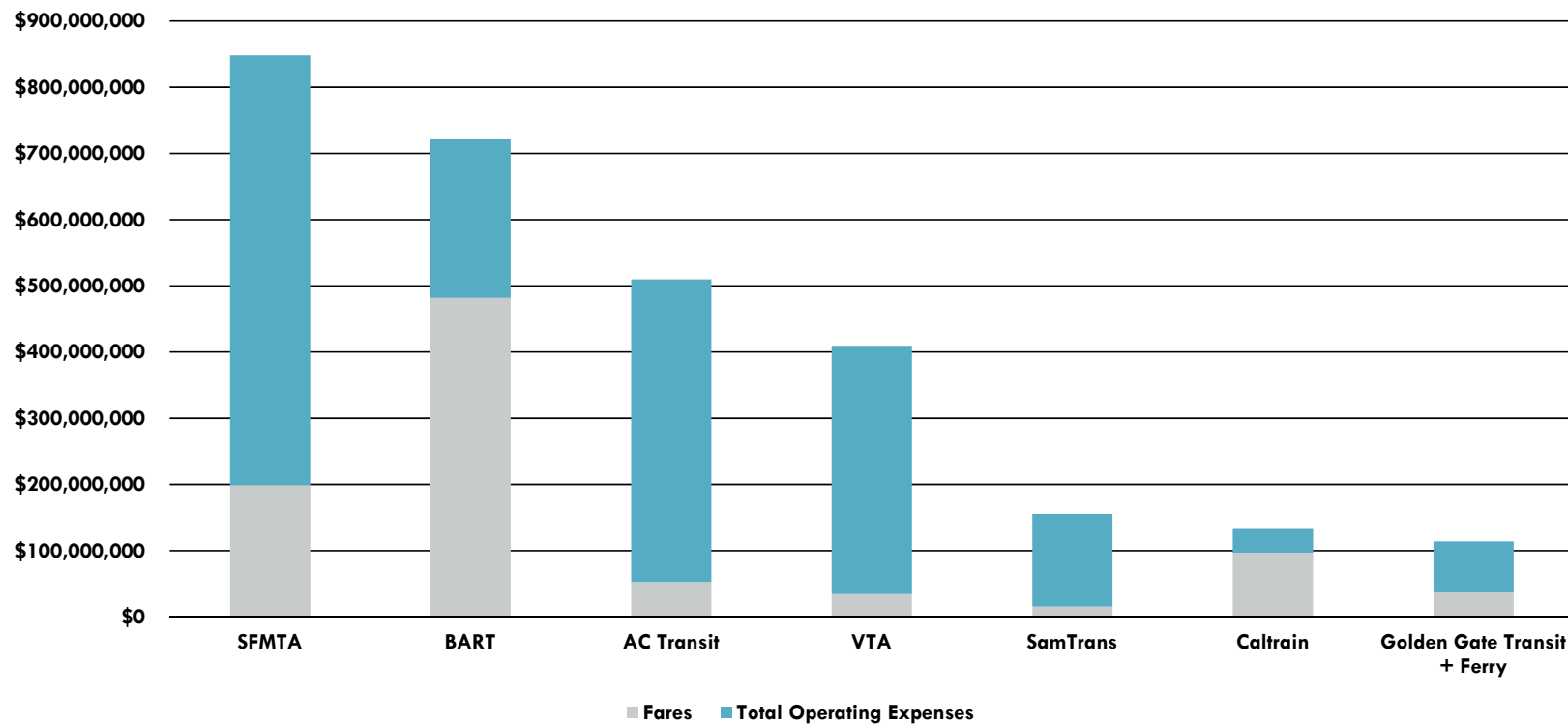


Source: NTD, Operators Note: Golden Gate Transit data is for average weekday ridership across the Golden Gate Bridge between SF and Marin/Sonoma.

An aerial photograph of a San Francisco Bay Ferry boat, named 'CLIPPER', moving across the water. The boat is white with green and blue accents. In the background, there is a large industrial building with a long roof and several tall chimneys. The sky is clear and blue. A large, semi-transparent white box with black text is overlaid on the center of the image.

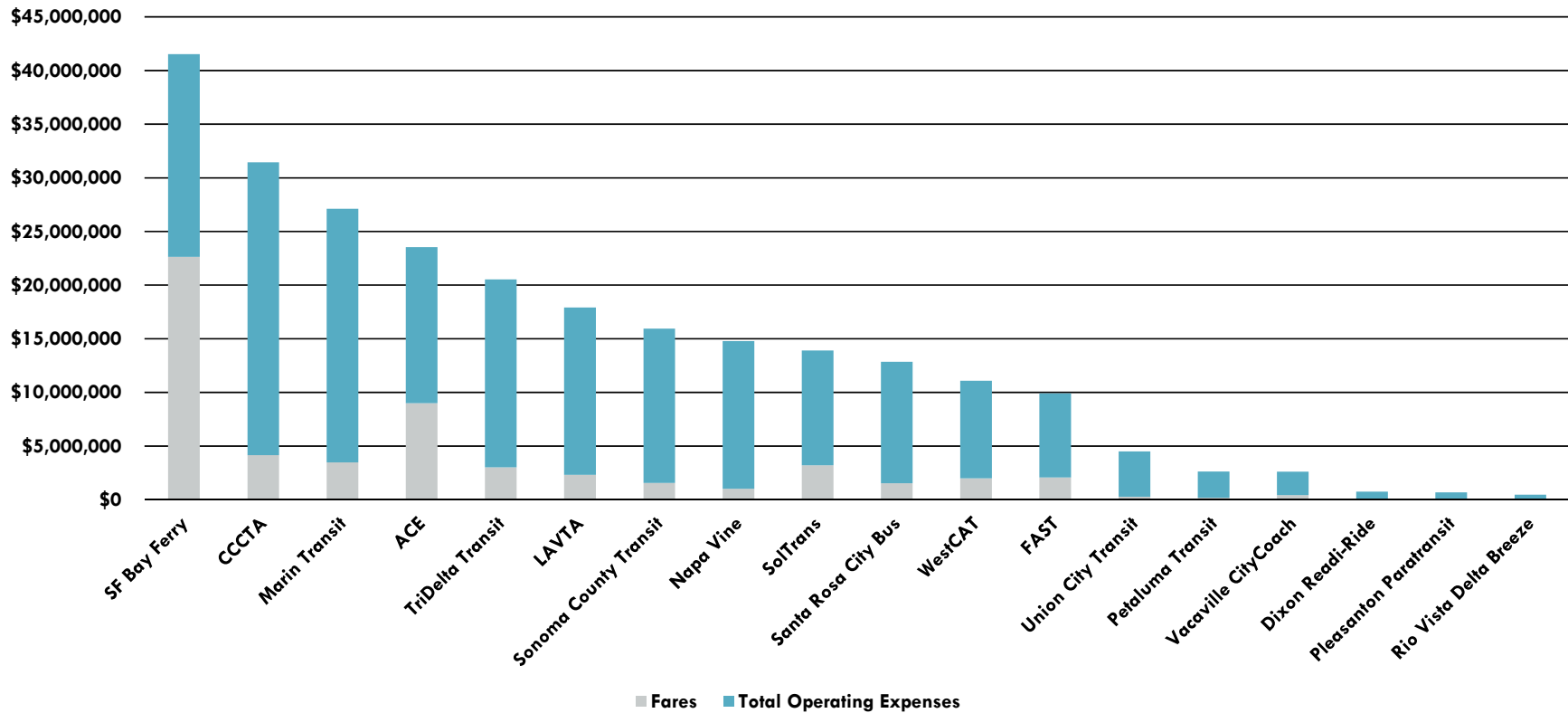
40% (500,000+) of Clipper® Cards in active use during a month are used on more than one operator

Fare Revenue as a Component of Total Operating Expenses, FY 2017-18



Source: Preliminary Audited Financial Statements, FY 2017-18

Fare Revenue as a Component of Total Operating Expenses, FY 2017-18, cont.

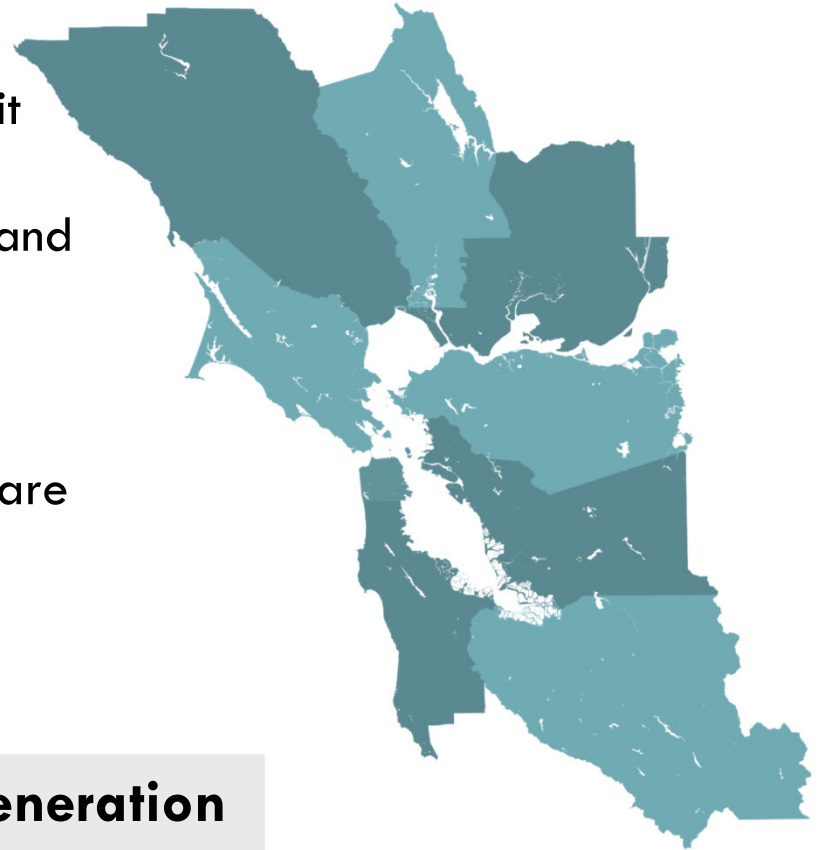


Source: Preliminary Audited Financial Statements, FY 2017-18

Objectives of Fare Integration Study

- Develop goals for the regional fare system that will support an improved user experience, increased transit ridership and build on robust public outreach;
- Identify barriers, especially barriers related to fares and the user experience, that are impeding increased ridership;
- Identify opportunities to increase transit ridership by improving the regional fare system through regional fare coordination and integration strategies; and
- Develop a detailed implementation plan, including funding plan, for recommended improvements.

... And we have an opportunity with Next Generation Clipper to make transit work better for our customers



Business Case for Fare Integration Operators and MTC Working Together

Fare Integration Task Force – Project Ownership

Co-Project Managers – BART & MTC staff

Staff Working Group – Operator staff advise
Co-Project Managers

Business Case Consultant – Performs
analysis with support from Operator/MTC
Staff

Fare Integration Task Force





Requested Action

Approve MTC Resolution No. 3815, Revised, to allocate \$599,839 in RM 2 funds (from capital project #34) to support the development of a Fare Coordination and Integration Study and Business Case.

The Clipper Executive Board (the project sponsor for this RM2 capital project) voted on Sept. 16, 2019 to support this allocation request.

Date: May 23, 2007
W.I.: 1255
Referred by: PAC
Revised: 07/28/10-DA 10/23/19-C

ABSTRACT

MTC Resolution No. 3815, Revised

This resolution approves the allocation of Regional Measure 2 funds for the Integrated Fare Structure Study sponsored by the TransLink® Consortium and implemented by the San Francisco Municipal Transportation Agency (SFMTA) and the Metropolitan Transportation Commission.

This resolution includes the following attachments:

- Attachment A - Allocation Summary Sheet
- Attachment B - Project Specific Conditions for Allocation Approval
- Attachment C - MTC staff's review of SFMTA's Initial Project Report (IPR) for this project
- Attachment D - RM2 Deliverable/Useable Segment Cash Flow Plan

This resolution was revised by Delegated Authority on July 28, 2010 to rescind a total of \$404,813.15 from a prior allocation to the Regional Integrated Fare Structure Study as the project has been closed out and reallocate this amount along with a additional allocation of \$500,000 to the ClipperSM Period Pass Accumulator project.

This resolution was revised through Commission action on October 23, 2019 to rescind a total of \$599,839 in savings from the Clipper Period Pass Accumulator Project and reallocate the same amount to the Business Case for Transit Fare Integration Project.

Additional discussion of this allocation is contained in the Executive Director's memorandum to the MTC Programming and Allocations Committee dated May 9, 2007 and October 9, 2019.

Date: May 23, 2007
Revised: July 28, 2010 – DA
W.I.: 1255
Referred by: PAC

Re: Approval of Allocation of Regional Measure 2 funds for the Integrated Fare Collection Study

METROPOLITAN TRANSPORTATION COMMISSION
RESOLUTION No. 3815

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

WHEREAS, Streets and Highways Code Sections 30950 *et seq.* created the Bay Area Toll Authority (“BATA”) which is a public instrumentality governed by the same board as that governing MTC; and

WHEREAS, on March 2, 2004, voters approved Regional Measure 2, increasing the toll for all vehicles on the seven state-owned toll bridges in the San Francisco Bay Area by \$1.00, with this extra dollar funding various transportation projects within the region that have been determined to reduce congestion or to make improvements to travel in the toll bridge corridors, as identified in SB 916 (Chapter 715, Statutes of 2004), commonly referred as Regional Measure 2 (“RM2”); and

WHEREAS, RM2 establishes the Regional Traffic Relief Plan and lists specific capital projects and programs and transit operating assistance eligible to receive RM2 funding as identified in Streets and Highways Code Sections 30914(c) & (d); and

WHEREAS, RM2 assigns administrative duties and responsibilities for the implementation of the Regional Traffic Relief Plan to MTC; and

WHEREAS, BATA shall fund the projects of the Regional Traffic Relief Plan by transferring RM2 authorized funds to MTC; and

WHEREAS, MTC adopted policies and procedures for the implementation of the Regional Measure 2 Regional Traffic Relief Plan on June 23, 2004, specifying the allocation criteria and project compliance requirements for RM 2 funding (MTC Resolution No. 3636); and

WHEREAS, Integrated Fare Structure Study is identified as capital project number 34 under RM 2 and is eligible to receive RM 2 funding as identified in Streets and Highways Code Sections 30914(c); and

WHEREAS, TransLink® Consortium is the project sponsor and has designated implementing agencies eligible to receive funds under capital project number 34; and

WHEREAS, each implementing agency will submit an Initial Project Report (“IPR”), as required pursuant to Streets and Highway Code Section 30914(e), to MTC for review and approval for each project allocation request; and

WHEREAS, Attachment A to this resolution, attached hereto and incorporated herein as though set forth at length, lists the project and phase for which Muni is requesting RM2 funding and the amount recommended for allocation by MTC staff; and

WHEREAS, Attachment B to this resolution, attached hereto and incorporated herein as though set forth at length, lists the required project specific conditions which must be met prior to execution of the allocation and any reimbursement of RM2 funds; and

WHEREAS, Attachment C to this resolution, attached hereto and incorporated herein as though set forth at length, includes MTC staff’s review of review of each implementing agency’s Initial Project Report (IPR) for this project; and

WHEREAS, Attachment D attached hereto and incorporated herein as though set forth at length, lists the cash flow of RM2 funds and complementary funding for the deliverable/useable RM2 project segment; now, therefore be it

RESOLVED, that MTC approves MTC staff’s review of review of each implementing agency’s Initial Project Report (IPR) for this project as set forth in Attachment C; and be it further

RESOLVED, that MTC approves the allocation and reimbursement of RM2 funds in accordance with the amount and reimbursement schedule for the phase, and activities as set forth in Attachment A; and, be it further

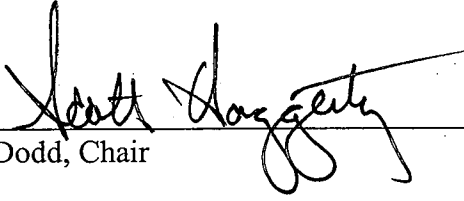
RESOLVED, that the allocation and reimbursement of RM2 funds as set forth in Attachment A are conditioned upon review of each implementing agency complying with the provisions of the Regional Measure 2 Regional Traffic Relief Plan Policy and Procedures as set forth in length in MTC Resolution 3636; and be it further

RESOLVED, that the allocation and reimbursement of RM2 funds are further conditioned upon the project specific conditions as set forth in Attachment B; and, be it further

RESOLVED, that the allocation and reimbursement of RM2 funds as set forth in Attachment A are conditioned upon the availability and expenditure of the complementary funding as set forth in Attachment D; and be it further

RESOLVED, that a certified copy of this resolution, shall be forwarded to the project sponsor.

METROPOLITAN TRANSPORTATION COMMISSION



Bill Dodd, Chair

The above resolution was entered into by the Metropolitan Transportation Commission at the regular meeting of the Commission held in Oakland, California, on May 23, 2007.

**REGIONAL MEASURE 2 PROGRAM
 Project Cash Flow Plan**

Project Title: Business Case for Transit Fare Integration Project
 Sponsor: Clipper Executive Board
 Implementing Agency: MTC
 RM2 Project Number: 34.3

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	TOTAL
RM2 Funds Total	-	449,879	149,960	-	-	-	-	-	599,839
Planning	0	449,879	149,960	0	0	0	0	0	0
RM2		449,879	149,960						
Final Design (PS&E)	0	0	0	0	0	0	0	0	0
									0
									0
									0
Right of Way	0	0	0	0	0	0	0	0	0
									0
									0
									0
Construction	0	0	0	0	0	0	0	0	0
									0
									0
TOTAL FUNDING									
Planning	0	449,879	149,960	0	0	0	0	0	599,839
Final Design (PS&E)	0	0	0	0	0	0	0	0	0
Right of Way	0	0	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0	0	0
PROJECT TOTAL	0	449,879	149,960	0	0	0	0	0	599,839



Regional Measure 2 Regional Traffic Relief Plan

October 23, 2019
Attachment C-3
MTC Resolution No. 3815

RM2 Project Number: 34.3

Business Case for Transit Fare Integration Project

Lead Sponsor Clipper Executive Board	Other Sponsors(s) N/A	Implementing Agency (if applicable) MTC
Legislated Project Description Provide planning funds for the development of zonal monthly transit passes pursuant to subdivision (e) of Section 30914.5.		
RM2 Legislated Funding \$1,500,000	Total Estimated Project Cost \$599,839	
Project Purpose and Description To develop a Business Case for Transit Fare Integration which will lay out the various strategic, economic, financial, and operational cases for creating an integrated transit fare system across the Bay Area's over two dozen transit operators. The Business Case will be used to inform policymakers about the Bay Area's opportunities for fare integration in the short term, before the Next Generation Clipper® system launches in 2022, and in the longer term over the years following the launch of the new system. MTC staff plan to hire a consultant to work with MTC staff as well as transit agency and advocacy stakeholders on the development of a Business Case.		
Funding Description Committed Funds: This project is fully funded with RM2 funds. Uncommitted Funds: None. Operating Capacity: N/A		

Overall Project Cost and Schedule

Phase	Scope	Start	End	Cost (in \$1,000)
1	Planning/Environmental	10/2019	09/2020	\$599,839
2	Plans, Specifications and Estimates	N/A	N/A	
3	Right-of-Way	N/A	N/A	
4	Construction	N/A	N/A	
Total:				\$599,839

Total Project Funding Plan: Committed and Uncommitted Sources

(Amounts Escalated in Thousands)

Project Title	Business Case for Transit Fare Integration Project					Project No. 34.3				
Lead Sponsor	Metropolitan Transportation Commission									
Fund Source	Phase	Prior	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Future	Total
Committed										
RM2	Planning			599,839						599,839
										0
Total:		0	0	599,839	0	0	0	0	0	599,839
Uncommitted										
										-
										0
										0
Total:		0	0	0	0	0	0	0	0	-
Total Project Committed and Uncommitted										
		Prior	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Future	Total
Total:		0	0	599,839	0	0	0	0	0	599,839

REGIONAL MEASURE 2 PROGRAM
Project Specific Conditions

Project Title: Business Case for Transit Fare Integration
Sponsor: Clipper Executive Board
Implementing Agency: MTC
Project Number: 34.3

The allocation and reimbursement of RM2 funds for the above project are conditioned upon the following :

None

**REGIONAL MEASURE 2 PROGRAM
 Allocation of Funds**

Project Title: Business Case for Fare Integration Project
 Sponsor: Clipper Executive Board
 Implementing Agency: MTC
 Project Number: 34.3

Allocation No. 1						
Activities to be funded with Allocation #1:						
A consultant to work with MTC staff as well as transit agency and advocacy stakeholders on the development of a Business Case for Fare Integration, which will lay out the various strategic, economic, financial, and operational cases for creating an integrated transit fare system for the Bay Area.						
Funding Information for Allocation #1:						
Allocation Instruction No.	Approval Date	Amount	Phase	Reimbursement Year	Cumulative Total To Date	
20381503	23-Oct-19	\$ 599,839	Planning	FY 2019-20	\$ 599,839	

**REGIONAL MEASURE 2 PROGRAM
Allocation of Funds**

Project Title: ClipperSM Period Pass Accumulator Project
Sponsor: MTC
Project Number: 34.2

Allocation No. 1						
Activities to be funded with Allocation #1:						
Design, engineering, testing and deployment towards implementation of a universal period pass accumulator (PPA) template for the Clipper system. <i>(Project savings rescinded 10/23/19)</i>						
Funding Information for Allocation #1:						
Allocation Instruction No.	Approval Date	Amount	Phase	Reimbursement Year	Cumulative Total To Date	
11381502	28-Jul-10	\$ 904,813	CON	FY 2010-11	\$ 904,813	
11381502	23-Oct-19	\$ (599,839)	CON	FY 2019-20	\$ 304,974	