

To: Marketing, Planning & Legislative Committee

Date: 12/18/2019

From: Ruby Horta, Director of Planning, Marketing & Innovation

Reviewed by: WC.

SUBJECT: Regional Fare Coordination and Integration Study

Background:

Given the national trend of transit ridership flattening or decreasing, the Metropolitan Transportation Commission (MTC) is working with transit operators and UCLA to better understand this trend. The results of the UCLA Study will illuminate how and where transit use and service are changing in the Bay Area. To complement the UCLA study, MTC has published a Request for Proposals to study the region's current disparate fare system and its link to transit ridership trends. The study aims to 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. Staff members from BART and MTC will serve as co-project managers and a new taskforce of the Clipper Executive Board (CEB) will serve as the owner/sponsor of the project.

Fare differences:

Currently, each transit agency retains authority over the decision-making process for its fares. The result is a complex system with different fare levels for similar services, and different transfer policies within and between transit systems. For example, there are nine different local bus fares in the Bay Area, ranging in price from \$1.50 to \$2.50, when using a Clipper Card.

While consistency exists with application of the federally mandated fare rules (half fare for eligible discount populations during the off-peak period, for example), other fare discounts vary by operator, with some operators offering a discount for electronic fare media and others offering age-related or time of day discounts. In addition, transit operators use a variety of pricing frameworks on their systems including fare-by-distance, zone-based fares, flat fares, and variations of each. Customers who transfer between systems often pay a "transfer penalty" due to inconsistent transferring rules across operators, which can create financial and time disincentives for using transit.

Determining the full cost of a one-way trip on multiple operators can require a passenger to look up fare information for multiple agencies, and the fare structures often offer no economic incentive to make multi-operator trips. Ultimately, for the customer, this fare system complexity can make it difficult to navigate the region via transit, and there is concern that the region's complicated fare structures are not helping to incentivize transit ridership. The purpose of this study is to identify changes to the region's current disparate fare system that would increase transit ridership. Contra Costa County transit agencies (including LAVTA) has implemented some level of coordination as it relates to the day pass available on Clipper.

Study Goals:

In order to be meaningful and not cause harm when implemented, any fare integration alternatives must include, at a minimum:

1) financial analysis on how to successfully integrate the 27 different business models among the region's transit operators without negative consequences (i.e. reduced fare revenue or service impacts) for the operators;

2) a funding plan to determine fair and appropriate methods for fare revenue sharing and cost sharing; and

3) a detailed implementation plan that addresses the complexities of moving the current disparate public transportation system in the Bay Area towards a more centralized, integrated regional fare system.

Proposed Schedule:

The RFP was released on November 20th and the Proposers Conference was held on December 4th. A working group comprised of staff from various agencies will review proposals and conduct interviews. Below is the scheduled proposed for the upcoming months.

- RFP Proposals Due – Wednesday, 1/8/2020
- Review Proposals – Thursday-Monday, 1/9/2020 and 1/13/2020
- Notify firms of invitation for interviews – by COB on Monday, 1/13
- Interviews – Wednesday-Thursday, 1/22/2020 and 1/23/2020
- Panel recommends firm/team – Thursday, 1/23/2020
- Fare Integration Task Force (information update) – Monday, 1/27/2020
- Best and Final Offer (BAFO)/Negotiation (if needed) – Friday, 1/24/2020 to Monday, 2/3/2020
- Fare Integration Task Force (action item) – Monday, 2/24/2020
- MTC Administration Committee (action item) – Wednesday, 3/11/2020

Financial Implications:

None. All costs associated with the study will be covered by MTC.

Recommendation:

None, for information only.

Action Requested:

None, for information only.