

To: Marketing, Planning & Legislative Committee

Date: 08/25/2020

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

Reviewed by: *RH*

SUBJECT: Clipper START and Youth Fare Proposal

Background

Over the last several years, the Metropolitan Transportation Commission (MTC) has been evaluating means-based fares for transit. In May 2018, MTC adopted Resolution No. 4320, establishing the framework for a 12 to 18-month pilot program to offer a 20%-50% discount on single rides, to eligible low-income adults for travel on four of the large systems (BART, Caltrain, Golden Gate, and Muni).

Clipper START

As of July 2020, Clipper START allows adults who live in the Bay Area and whose earnings are up to 200% of the federal poverty level to qualify for fare discounts. The Clipper START pilot is only available on the Clipper card and requires riders to complete an application process which includes proof of identity and proof of income. Once approved, riders receive a personalized Clipper card that can be used for single-ride discounts on the participating transit agencies' systems.

Expansion of Clipper START

Due to the COVID-19 pandemic, MTC elected to use CARES Act fund to expand the Clipper START program. County Connection, along with the other East Bay Operators, have been included in the second phase of the program which is scheduled for implementation in early 2021.

Staff will be required to complete a Title VI analysis as part of this process. One of the potential inequities, given our current fare structure, is the fact that only low-income adults would be eligible for a discounted fare. The four large operators currently participating in the program already have youth fares in place. In an effort to address this inequity amongst low-income adults and a low-income youth in the same household, staff is proposing implementing a youth fare, available on the Clipper card. There would be no changes proposed to the cash fare, at this time.

Both discounts, Clipper START and the new youth fare, would be 20% of the Clipper fare. The current Clipper fare is \$2 and the discounted fares would be \$1.60.

Financial Implications:

We used survey data to determine that approximately 16% of total ridership would be eligible for the youth fare. Additionally, about 44% are low-income adults and would be eligible for Clipper START. We applied a conservative discount rate of 24% since some passengers would be getting a higher discount by shifting their payment method from cash payment to the Clipper card while others would benefit from a lower discount if they are already using the Clipper card (i.e. Day Pass Accumulator). The estimated revenue loss from a youth fare is \$120,000 and \$328,000 from Clipper START. MTC is programmed to reimburse approximately \$140,000 for Clipper START (reimbursement will be based on actual usage), for a total loss of \$308,000.

Recommendation:

Staff recommends that the MP&L committee forward the proposed Clipper START and youth fare discounts to the Board for approval.

Action Requested:

Staff requests that the MP&L committee forward the following to the Board for approval:

- 1) Authorization to participate in the Clipper START program and initiate the Title VI review.
- 2) Authorization to incorporate the analysis of a companion youth fare to the Clipper START program Title VI review.
- 3) Staff to report the Title VI findings of the proposed discounted fares (Clipper START and youth fare) to the Administration and Finance Committee, for final recommendation.