

To: Administration & Finance Committee

Date: 05/19/2023

From: Melody Reeb, Director of Planning, Marketing, & Innovation

Reviewed by: *Ref*

SUBJECT: Clipper START and Youth Fare Pilot Update and Extension

Background:

In November 2020, the Board approved the Clipper START and Youth Fare pilot programs. These one-year pilot programs were launched on January 25, 2021 and provide a 20% discount off the Clipper single-ride fare for eligible low-income adults as part of the regional Clipper START program, and for youth ages 6-18 when using a Youth Clipper card. In September 2021, due to the COVID-19 pandemic and its impact on transit ridership, the Board approved an 18-month extension of the pilot until June 30, 2023.

The Metropolitan Transportation Commission (MTC) has been administering the Clipper START program and providing funding during the pilot period to offset some of the fare revenue losses. However, because the Clipper START program is only available to adults, a discount for youth was also implemented to address potential inequity between low-income adults and low-income youth. Staff completed a Title VI analysis as well as public outreach for both programs prior to implementation.

Program Usage:

The pandemic has had a significant impact on ridership, so usage of the two discount programs over the first several months was very low. However, the return of schools to in-person learning in August 2021 resulted in a significant increase in the number of youth riders. The chart on the next page shows a breakdown of monthly ridership by discount program.

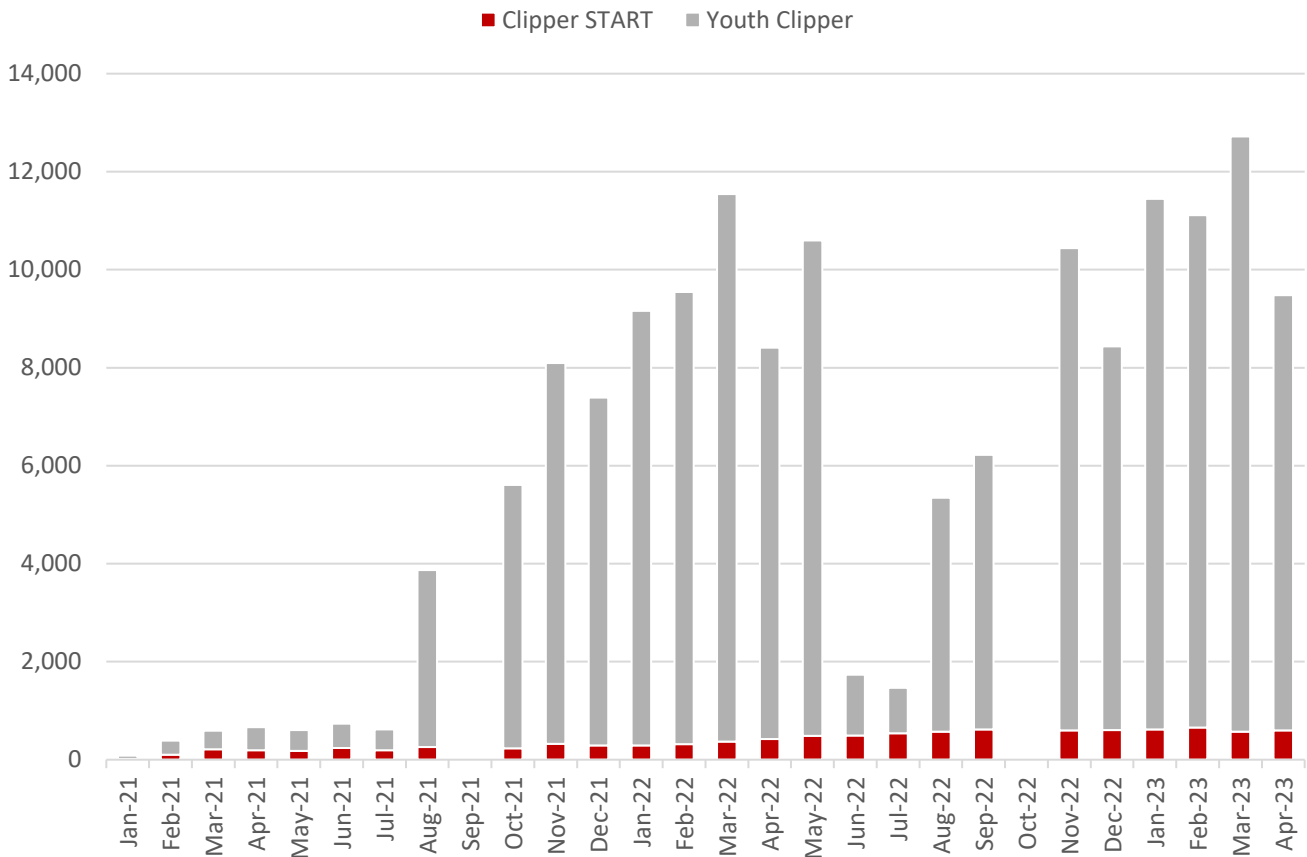
Youth Clipper usage fluctuates with the start and end of school and tends to be lower at the beginning of the school year due to the availability of 511 Contra Costa's Pass2Class program. The Pass2Class program offers free fares for a specified period, paid for by 511 Contra Costa. Over the past six months, Youth Clipper ridership has been averaging about 10,000 rides per month. Usage of the Clipper START program has remained more static and is averaging about 600 rides per month. Although youth ridership has increased significantly since schools reopened, ridership growth overall has been very gradual as many businesses and workplaces have taken a phased or hybrid approach to reopening.

Staff originally estimated revenue losses of \$120,000 for the youth fare discount and \$328,000 for the Clipper START discount during the one-year pilot based on pre-COVID ridership levels. When accounting for subsidies from MTC, the total net loss was estimated to be \$308,000 for both programs combined. These estimates were very conservative since they were based on pre-pandemic ridership levels and full adoption among eligible riders, many of whom use routes that are free.

Since the start of the pilot in January 2021 through April 2023, total revenue losses based on actual usage have been approximately \$55,000 for the youth fare discount and \$3,000 for the Clipper START discount.

Since MTC has reimbursed \$1,500 for the Clipper START program, net revenue losses to date have been about \$56,500.

Clipper START & Youth Clipper Usage



Evaluation and Extension:

MTC conducted an evaluation for the initial Clipper START pilot period to assess program delivery and impacts on advancing equity. Although Clipper START usage has been growing at a faster rate than overall transit ridership across the region, several strategies were identified to improve the effectiveness of the program and increase participation. MTC staff will be proposing to extend the pilot for another two (2) years until June 30, 2025 in order to implement and assess these strategies.

While the majority of the strategies are related to marketing, outreach, and enrollment, one is to provide a more consistent discount across operators. Currently, most operators—including County Connection—offer a 20% discount, half of which is reimbursed by MTC. However, several other operators elected to offer a 50% discount and assumed responsibility for the additional lost fare revenue above the base 20% discount. In order to incentivize participation and consistency, MTC is proposing to increase its contribution and reimburse up to half of the 50% discount.

Given the interconnected fare structures of the East Bay operators, staff met with the other three small operators (WestCAT, TriDelta, and LAVTA) and agreed to move forward with a 50% discount. This would align the Clipper START and Youth fare discounts with those currently offered to seniors and persons with disabilities. BART has indicated that they plan to increase their discount to 50% as well. Since an increased discount would constitute a fare change, staff will need to conduct a Title VI fare equity analysis and public hearing prior to seeking Board approval. If approved by September, the fare change would take effect in January 2024.

Financial Implications:

Assuming continuation of the current 20% discount, staff does not anticipate a significant growth in usage of either discount program. Based on ridership data from the past six months, total net revenue losses from a two-year extension would be about \$100,000, which is still much lower than the original estimate for the pilot of over \$300,000. Staff will be developing revenue loss estimates for a potential 50% discount, which will be presented to the Committee and Board for consideration and approval later this summer.

MTC is also proposing a change to the Clipper START subsidy approach and will be providing a one-time upfront payment to transit operators based on anticipated fare revenue losses over the entire two-year extension as opposed to quarterly reimbursement payments. This will include a guaranteed minimum of \$15,000 per operator, an estimated percentage for anticipated increased usage, and a buffer to offset any underestimations. MTC and transit operator staff will be working to finalize the exact formulas and amounts in the coming months.

Recommendation:

Staff recommends approval of a two-year extension of the Clipper START and Youth Fare discount pilot programs through June 30, 2025. The discount would remain at 20% through December 2023, and, pending future Board approval, increase to 50% starting in January 2024.

Action Requested:

Staff requests that the A&F Committee forward this item to the Board for approval.

Attachments:

None