

To: Administration and Finance Committee

Date: 05/20/2024

From: Pranjali Dixit, Manager of Planning

Reviewed by: *Ref*

SUBJECT: Regional Fare Transfer Policy

Background:

In late 2019, the Metropolitan Transportation Commission (MTC) began a Regional Fare Coordination and Integration Study (FCIS) to evaluate the impacts of the region's disparate fare systems on ridership and develop goals for a regional system that would improve the passenger experience and promote higher ridership. The Fare Integration Task Force was formed as a "Special Committee" of the Clipper Executive Board (CEB) to oversee the study, and in late 2021, this Task Force adopted a Policy Vision Statement for fare integration in the 9-county region based on the study recommendations. Concurrently, the Blue Ribbon Transit Recovery Task Force (BRTF) adopted the Transit Transformation Action Plan, which called for the implementation and funding of the recommended pilot projects from the FCIS. The first pilot project, Clipper BayPass, is an all-transit agency institutional/employer pass and was deployed in August 2022 and the subsequent Phase 2 of the pilot has been extended to June 2026.

Transfer Policy:

The second recommendation from the FCIS was to develop an inter-agency transfer discount policy and implement a pilot in conjunction with the rollout of the Next Generation Clipper system, which provides more flexibility around business rules. The proposed policy is meant to be simple for riders to understand and would provide a discount of up to \$2.50 for each transfer within two hours of the first boarding. Based on current transit operator fares in the region, this would mean that transfers to any local service would be free, and transfers to regional services such as BART or Caltrain would be discounted. Additionally, Clipper customers using discount fare categories such as START, Youth or Senior will receive transfer benefit proportional to the discounted fare.

For County Connection, there would be no change to existing free transfers between the East Bay bus operators. However, for passengers transferring from BART to County Connection, the proposed policy would increase the discount, and riders would transfer for free instead of paying \$1 as they currently do. A more significant change will be when riders transfer to BART since there is currently no discount. Those riders will now receive a \$2.50 discount off their BART fare when transferring from another operator such as County Connection.

Title VI:

As with the current MTC Policy, each agency is responsible for its own Title VI obligations, and that remains the case for the Regional Transfer Policy. Therefore, it is up to each agency to determine whether a Title VI analysis is needed, and whether compliance obligations (if any) can be met through adoption of another agency's analysis or a form or joint analysis, or if the agency must conduct its own analysis. Further meetings are being convened over the next few months convened over the next few

months, and MTC will be setting up infrastructure to assist with procurements of consultants to conduct these analyses.

Any Title VI Analysis for the No-Cost and Reduced Cost Interagency Transfer Pilot Program is required to be completed before the rollout, which is coincident with the launch of Clipper 2.0

Financial Implications:

MTC has identified \$22.5 million in funding through the Transit Transformation Action Plan to support the implementation of the pilot and offset fare revenue losses. The pilot is expected to last for 18 to 24 months depending on usage. Under the proposed funding model, transit agencies would be responsible for the first \$0.50 of each transfer discount, and MTC would reimburse the remaining amount. However, the reimbursement from MTC would then be reduced to account for the estimated increase in fare revenue generated from additional trips being made as a result of the program. Because County Connection already provides transfer discounts that exceed the initial \$0.50 that operators would be responsible for, staff anticipates that all additional costs in terms of foregone revenue would be covered by MTC.

Recommendation:

Given the No-Cost and Reduced Cost Interagency Transfer Pilot Program presents an opportunity to enhance rider experience, potentially increase ridership, and benefit from MTC's financial support, staff recommends approval County Connections participation in the Pilot program.

Action Requested:

Staff requests the Administration and Finance Committee forward Board approval for the General Manager to execute an MOU with MTC for the No-Cost and Reduced Cost Interagency Transfer Pilot Program.

Attachments:

Attachment 1: No-Cost and Reduced Cost Interagency Transfer Pilot Program Participation MOU

NO-COST AND REDUCED COST INTERAGENCY TRANSFER PILOT PROGRAM PARTICIPATION MEMORADUM OF UNDERSTANDING

This No-Cost and Reduced Cost Interagency Transfer Pilot Program Participation Memorandum of Understanding (the “MOU”) is entered into as of the ____ day of _____, 2024 (the “Effective Date”), by and among the Metropolitan Transportation Commission (“MTC”) and the following transit operators participating in the No-Cost and Reduced Cost Interagency Transfer (referred to herein individually as an “Operator” or collectively as the “Operators”):

Alameda-Contra Costa Transit District (“AC Transit”); Golden Gate Bridge Highway and Transportation District (“GGBHTD”); the San Francisco Bay Area Rapid Transit District (“BART”); the City and County of San Francisco, acting by and through its Municipal Transportation Agency (“SFMTA”); the San Mateo County Transit District (“SamTrans”); the Santa Clara Valley Transportation Authority (“VTA”); the Peninsula Corridor Joint Powers Board (“Caltrain”); Central Contra Costa Transit Authority; City of Fairfield, as the operator of FAST; City of Petaluma; Eastern Contra Costa Transit Authority; Livermore/Amador Valley Transit Authority; Marin County Transit District; Napa Valley Transportation Authority; Solano County Transit; Sonoma County Transit; Sonoma-Marín Area Rail Transit (“SMART”); Vacaville City Coach; Western Contra Costa Transit Authority; San Francisco Bay Area Water Emergency Transportation Authority; City of Santa Rosa; and City of Union City.

MTC and the Operators are referred to herein collectively as the “Parties” or individually as a “Party”.

ARTICLE I

No-Cost and Reduced Cost Interagency Transfer Pilot Program

1. The Bay Area Transit Fare Coordination & Integration Study & Business Case (FCIS), completed in September 2021, developed goals for a regional fare system that will improve the passenger experience and promote higher ridership across the region’s 22 different transit operators that participate in the Clipper® fare payment system. The FCIS found that implementing no-cost and reduced cost transfers would drive an increase of 27,000 daily trips.
2. On November 15, 2021, the Fare Integration Task Force, a special committee of the Clipper Executive Board, consisting of transit operators, MTC, and county transportation agencies, adopted a Bay Area Transit Fare Policy Vision Statement which called for “no-cost and reduced cost transfers for transit users transferring between different transit agencies beginning in 2024, coinciding with the rollout of the Next Generation Clipper® system/Clipper® 2.”
3. On March 27, 2023, the Fare Integration Task Force endorsed a No-Cost and Reduced Cost Interagency Transfer Pilot Program (“Pilot Program”), which would provide free and reduced-price transfers beginning with the launch of the Clipper® 2 account-based system in 2024 and continuing for at least 18 months, with an automatic extension to a total of 24 months if sufficient funding is available.
4. The Pilot Program would provide a discount equivalent to the single-ride Clipper fare for amounts up to the region’s highest local bus/light rail transit fare, currently \$2.50. When making a trip on fixed-route transit that requires transferring between participating Operators, riders would pay the full fare on the first Operator used. Any transfer to another Operator within two hours of the first boarding is free up to a per-transfer limit equal to the region’s

- highest local transit fare (currently \$2.50). Should the highest local bus/light rail transit fare increase above \$2.50 during the Pilot Program, the amount of the discount offered will increase to match the new highest local transit fare.
5. To ensure equitable benefits for paratransit users, the Pilot Program may be extended to a subset of cross-jurisdictional paratransit trips, to be determined by MTC and Operator staff at the earliest opportunity, which may occur after the Pilot Program has commenced.
 6. The Pilot Program is designed with a goal of strengthening, standardizing, and clarifying transfer discounts between Operators.
 7. The Pilot Program is expected to generate new trips for Operators.
 8. The Pilot Program is designed to mitigate negative impacts to Operator revenues.
 9. Project staff will continue to engage with Operators and executives to share Pilot Program findings, project updates, and to collect feedback from Operators about the program.
 10. MTC and project staff will proactively seek input from Operators prior to the conclusion of the 24 month pilot period in order to inform decision making by MTC and Operators regarding the continuation of the Pilot Program beyond the pilot period.

ARTICLE II

Transfer Rule Details

The Pilot Program would implement the following transfer rules for riders using Clipper on fixed-route transit:

1. For the purposes of the Pilot Program, an inter-agency transfer occurs when a rider boards a transit vehicle and then subsequently boards another transit vehicle operated by a different Operator within a two-hour (120 minute) period at a minimum (180 minutes if trips begin on Golden Gate Transit, SMART, or Sonoma County Transit).
2. When making an inter-agency transfer, full-fare Adult customers using Clipper will receive a fare discount in an amount that is the lesser of two values: (a) the value of the single-ride Clipper fare for each trip(s) taken after the first Operator, or (b) the value of a single-ride Clipper fare for the region's highest local transit fare, currently \$2.50 at the time of the execution of this agreement.
3. Clipper customers using discount fare categories (Senior, Youth, Clipper START, Disabled/Regional Transit Connection (RTC)) would be subject to a discount limit proportional to the fare charged. For example, a rider transferring to a service on which that rider is entitled to a 50% Senior discount would receive a free transfer for amounts up to \$1.25.
4. For customers taking trips with three or more Operators, discounts would be applied on each additional operator used during the 120-minute window (180 minutes on GG Transit, Sonoma County Transit, and WETA) as described in Article II. 1-3 above, so that the customer only pays the equivalent of one full fare during that period.
5. For customers transferring to or from the SFMTA's Cable Car service, no transfer discount will be offered.

6. The discount is applied to the fare paid *after* making the transfer and cannot result in a negative fare for that segment.

ARTICLE III Operator Responsibilities

Each Operator agrees to:

1. Participate in the Pilot Program for a minimum of 18 months, and for up to 24 months if sufficient funding is available to extend the Pilot Program.
2. Provide in-kind staff and administrative support needed to successfully deliver and administer the Pilot Program at the Operator, including marketing.
3. Facilitate the payment of an upfront allocation and up to two supplemental payments to offset fare revenue impacts to the Operator by MTC as described in Article IV.
4. Partner with MTC, other Operators, and/or their designated third-party consultants for the Pilot Program to organize evaluation and research activities such as surveys or similar research methods over the course of the Pilot.
5. Ensure compliance with any Operator obligations under the Federal Transit Administration's Title VI Circular and/or the Operator's own Title VI policies.
6. Work with MTC, other Operators, and/or their designated third-party consultants to identify additional funds (if needed) to extend the Pilot Program to at least 24 months.
7. Subject to Pilot Program findings, work with MTC, other Operators, and/or their designated third-party consultants to develop a funding model that can support continuation of the policies described in Article II on a permanent basis while continuing to maintain and expand transit service to customers.

ARTICLE IV MTC Responsibilities

MTC agrees to:

1. Administer the Pilot Program for a minimum of 18 months, and for up to 24 months if sufficient funding is available to extend the Pilot Program.
2. Provide in-kind staff and administrative support needed to successfully deliver and administer the Pilot Program, including customer support, financial management, fare rule implementation, public information, communications, marketing, and technology support/operations.
3. Prior to the launch of the Pilot Program, offset foregone fare revenue by making an upfront allocation to each Operator based on the Operator's share of FY 2018-19 Transit Fare Revenues as reported to State Controller's Office (SCO), amounting to a total of \$11 million across all Operators.

4. Prior to the launch of the program, work in partnership with Operators to support compliance with the Federal Transit Administration's Title VI Circular and/or the Operator's own Title VI policies
5. Provide regular updates to the Fare Integration Task Force on the status of the Pilot Program.
6. No later than 12 months following program launch, conduct an evaluation of the Pilot Program, including its effects on travel behavior, revenue, and customer experience. The evaluation will include an assessment of funding available to extend the Pilot Program beyond 18 months.
7. Work with Operators and/or their designated third-party consultants to identify additional funds (if needed) to extend the program to at least 24 months.
8. Provide each Operator with supplemental funds to offset foregone fare revenue, based on an estimate of each Operator's "adjusted foregone fare revenue" as defined in subsection 9. MTC will allocate supplemental payments up to two times during the Pilot Program, amounting to a total of at least \$11 million. The first supplemental payment will occur 18 months after program launch. The second supplemental payment will occur at the conclusion of the Pilot Program or no later than 24 months after program launch, whichever is sooner.
9. Estimate "adjusted foregone fare revenue" for fixed-route services based on the number of actual inter-agency transfer trips in Clipper transaction data. Each Operator is responsible for the first \$0.50 discount of gross fare on each transfer, adjusted commensurately to discounted fare categories. The remaining foregone fare revenue will be adjusted to deduct an estimate of the increase in fare revenue generated by the Pilot Program. For each Operator, the percent increase in transfer trips, in excess of the growth of non-transfer trips, will be considered evidence of new trips generated by the Pilot Program. The percent of transfer trips and non-transfer trips in FY 2023-24 will be considered as the baseline. Supplemental data may be factored into the baseline or Pilot Program data for reasonable adjustments as needed on a case-by-case basis. If it is determined by an Operator that changes in a specific paratransit fare are required due to the Pilot Program's changes to fixed-route fares, Operators will also be reimbursed at the same rate for foregone paratransit fare revenue, where applicable.
10. Subject to Pilot Program findings, work with Operators and/or their designated third-party consultants to develop a funding model that can support continuation of this policy on a permanent basis while continuing to maintain and expand transit service to customers.

ARTICLE V Indemnification

- A. Mutual Indemnification. No Party to this MOU (including any of its directors, commissioners, officers, agents or employees) shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by any other Party under or in connection with this Agreement. Pursuant to Government Code Section 895.4, each Party agrees to fully indemnify and hold other Parties harmless from any liability imposed for injury (as defined by Government Code Section 810.8) occurring by reason of anything done or omitted to be done by such indemnifying Party under or in connection with this MOU and for which such indemnifying Party would otherwise be liable.
- B. Operator Indemnification of MTC. Notwithstanding the provisions of Subsection A above, each Operator shall indemnify, hold harmless, and defend MTC (including any of its directors,

commissioners, officers, agents or employees) from any and all claims or liability resulting from any action or inaction on the part of such Operator relating to its responsibilities under or in connection with this MOU.

- C. MTC Indemnification of Operators. Notwithstanding the provisions of Subsection A above, MTC shall indemnify, hold harmless, and defend each Operator (including any of its directors, commissioners, officers, agents or employees) from any and all claims or liability resulting from any action or inaction on the part of MTC under or in connection with this MOU.

ARTICLE VI

Term

The term of the MOU shall begin upon the Effective Date and continue until June 30, 2027, unless terminated by written agreement of the Parties. The Pilot Program will launch concurrently with the launch of the Next Generation Clipper system. The 18-24 month Pilot Program period will commence when the Next Generation Clipper system launches.

ARTICLE VII

Changed Circumstances

Any Party may initiate informal discussions among the Parties concerning the provisions of this MOU, based on its assessment that changes in other factors external to the MOU indicate that it would be in the best interests of one or more Parties to consider revisions to the MOU. If a majority of Parties agree, the Parties will then jointly evaluate the changed circumstances to determine what, if any, revisions to the MOU are necessary or desirable. Any agreed-upon changes shall require an amendment to the MOU approved and executed by all Parties.

ARTICLE VIII

Legal Representation and Common Interest

The Parties recognize a mutuality of interest, and a need for joint cooperation in legal matters relating to the No-Cost and Reduced Cost Interagency Transfer Pilot Program. In furtherance of this common interest, any communications among Parties and counsel for any of the Parties shall be confidential and protected from disclosure to any third party by each and every privilege – including, but not limited to, the attorney-client privilege, the attorney work product privilege, and the pooled information privilege – notwithstanding the dissemination of the communications and work product among Parties by the counsel that made the information available in the first instance. If information covered by the privileges is requested by a third party pursuant to a subpoena or other discovery request, then counsel receiving the request shall notify in a timely fashion the counsel who disclosed the information so that the privileges against disclosure may be asserted.

Should any Party withdraw from or otherwise terminate its participation in the MOU, such withdrawal or termination shall not impair the privileges that protect any information that has been shared prior to such action. Any Party that withdraws or terminates its participation in the No-Cost and Reduced Cost Interagency Transfer Pilot Program shall promptly return all privileged materials that the Party has received.

ARTICLE VIII
Confidential Information

Either MTC or an Operator (the “Receiving Party”) may, in the course of carrying out its responsibilities under this MOU, have access to proprietary or confidential information owned by the other Party (“the Disclosing Party”), the disclosure of which to third parties may damage the Disclosing Party. Such proprietary or confidential information must be held by the Receiving Party in confidence and used only in performing its responsibilities as provided in the MOU. The Receiving Party shall exercise at least the same standard of care it would use to protect its own proprietary or confidential information.

SIGNATURES ON SUBSEQUENT PAGES

IN WITNESS WHEREOF, this Amendment has been duly authorized and executed by the Parties hereto on the dates specified below by their duly authorized representatives.

Metropolitan Transportation Commission

Name: Andrew B. Fremier
Title: Executive Director

Date: _____

Alameda-Contra Costa Transit District

Approved as to form:

Name: Michael A. Hursh

Title: General Manager

Date: _____

Jill A. Sprague, General Counsel

**Golden Gate Bridge, Highway and
Transportation District**

Approved as to form:

Name: Denis J. Mulligan
Title: General Manager

Kimon Manolius, General Counsel

Date: _____

San Francisco Bay Area Rapid Transit District

Approved as to form:

Name: Robert M. Powers

Title: General Manager

Date: _____

Jeana Zelan, Interim General Counsel

**City and County of San Francisco
Municipal Transportation Agency**

Approved as to form:
David Chiu, City Attorney

Name: Jeffrey Tumlin
Title: Director of Transportation

Lilian Levy, Deputy City Attorney

Date: _____

San Mateo County Transit District

Approved as to form:

Name: April Chan

Title: General Manager/CEO

Date: _____

Joan L. Cassman, General Counsel

Santa Clara Valley Transportation Authority

Approved as to form:

Name: Carolyn Gonot
Title: General Manager/Chief Executive Officer

Victor Pappalardo, Deputy General Counsel

Date: _____

Peninsula Corridor Joint Powers Board

Approved as to form:

Name: Michelle Bouchard

Title: Executive Director

Date: _____

James Harrison, General Counsel

Central Contra Costa Transit Authority

Approved as to form:

Name: William Churchill

Title: General Manager

Date: _____

Julie Sherman, General Counsel

City of Fairfield
FAST

Approved as to form:

Name: David Gassaway
Title: City Manager

David Lim, City Attorney

Date: _____

City of Petaluma

Approved as to form:

Name: Peggy Flynn
Title: City Manager

Eric W. Danly, City Attorney

Date: _____

Eastern Contra Costa Transit Authority

Approved as to form:

Name: Rashidi Barnes
Title: Chief Executive Officer

Eli Flushman, General Counsel

Date: _____

Livermore/Amador Valley Transit Authority

Approved as to form:

Name: Christy Wegener
Title: Executive Director

Michael N. Conneran, General Counsel

Date: _____

Marin County Transit District

Approved as to form:

Name: Nancy E. Whelan
Title: General Manager

Kerry Gerchow, County Counsel

Date: _____

Napa Valley Transportation Authority

Approved as to form:

Name: Kate Miller
Title: Executive Director

Osman Mufti, General Counsel

Date: _____

Solano County Transit

Approved as to form:

Name: Beth Kranda
Title: Executive Director

Bernadette Shilts Curry, County Counsel

Date: _____

City of Santa Rosa

Approved as to form:

Name: Maraskeshia Smith

Title: City Manager

Date: _____

Samantha W. Zutler, Interim City Attorney

Sonoma-Marin Area Rail Transit District

Approved as to form:

Name: Eddy Cumins
Title: General Manager

Thomas Lyons, General Counsel

Date: _____

City of Vacaville
Vacaville City Coach

Approved as to form:

Name: Brian McLean
Title: Director of Public Works

Melinda C. H. Stewart, City Attorney

Date: _____

Western Contra Costa Transit Authority

Approved as to form:

Name: Robert Thompson

Title: General Manager

Date: _____

Michael N. Conneran, General Counsel

**San Francisco Bay Area Water Emergency
Transportation Authority**

Approved as to form:

Name: Seamus Murphy
Title: Executive Director

Steve Miller, General Counsel

Date: _____

Sonoma County Transit

Approved as to form:

Name: Bryan Albee
Title: Transit Systems Manager

Jeremy Fonseca, General Counsel

Date: _____

City of Union City

Approved as to form:

Name: Joan Malloy
Title: City Manager

Kristopher J. Kokotaylo, City Attorney

Date: _____