



METROPOLITAN  
TRANSPORTATION  
COMMISSION

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## *Memorandum*

TO: Policy Advisory Council  
Equity & Access Subcommittee

DATE: September 2, 2015

FR: Kristen Mazur

RE: Regional Means-Based Transit Fare Pricing Study Preliminary Scenarios

MTC is conducting the Regional Means-Based Transit Fare Pricing Study to develop scenarios for funding and implementing a regional means-based transit fare program or programs in the nine-county Bay Area, and to determine the feasibility of implementing the scenarios. Each of the scenarios must be consistent with the following three objectives:

1. Make transit more **affordable** for the Bay Area's low-income residents.
2. Move towards a more **consistent regional standard** for fare discount policies.
3. Define a transit affordability solution that is **financially viable and administratively feasible**, and does not adversely affect the transit system's service levels and performance.

### Fare Scenario Building Blocks

Each fare scenario will eventually have a set of building blocks, including the following:

- **Discount Structure:** What discount and/or other policy tool will be implemented?
- **Geographic Scope:** Which operators will participate? Will it be an opt-in program? Will there be a limited demonstration project? Will there be regional consistency in discounts offered?
- **Target Population & Income Threshold:** Who is the target market? What income threshold will be used to determine eligibility?
- **Means-Testing:** Who will conduct the means-testing if eligibility assessments are required?
- **Distribution:** How will the benefits or discounts be distributed?
- **Fare Media:** What media will be used to distribute the discounts (e.g., Clipper, paper)?

### Equity & Access Subcommittee Feedback on Scenarios

At the Equity and Access Subcommittee meeting on September 9, 2015, staff welcomes input on any of the building blocks listed above, but the discussion will be focused on the first building block: the discount and/or policy tool that will be implemented. MTC staff will present the subcommittee with several alternative discount structures and policy tools for consideration and discussion (see Attachment A).

Ultimately five viable alternative scenarios will be selected for evaluation using input collected from the Equity and Access Subcommittee, as well from the Means-Based Fare Study Technical Advisory Committee (TAC), the Partnership Transit Finance Working Group (TFWG), and focus groups with low-income residents (to be conducted in September 2015).

After deciding on the five discount structure/policy tools to be evaluated, details regarding the other building blocks will be fleshed out before the evaluation takes place.

### Project Schedule

Below is the anticipated schedule of activities for the study.

<b>Activity</b>	<b>Timeframe</b>
Study Kickoff	March 2015
Information Gathering Session with Social Service Agencies and Nonprofit Organizations that serve Low-Income Persons	April 2015
<b>TFWG/TAC/E&amp;A Subcommittee: Existing Conditions &amp; Implications for Developing Scenarios</b>	<b>May/June 2015</b>
<b>TFWG/TAC/E&amp;A Subcommittee: Review Draft Alternative Scenarios and Seek Feedback</b>	<b>Aug./Sept. 2015</b>
Focus Groups with Low Income Residents (Existing and Potential Transit Riders)	September 2015
Quantitative and Qualitative Evaluation of Five Scenarios	Oct. - Nov. 2015
Present Study Overview to MTC Programming & Allocations Committee (PAC)	Nov. 2015
<b>TFWG/TAC/E&amp;A Subcommittee: Review Scenario Evaluation Results</b>	<b>December 2015</b>
Draft Report	December 2015
<b>TFWG/TAC/E&amp;A Subcommittee: Review Draft Report</b>	<b>January 2016</b>
Present Draft Report to MTC Programming & Allocations Committee (PAC)	February 2016
Final Report	March 2016

### Next Step: Quantitative and Qualitative Evaluation

The next phase of the study will include a qualitative and quantitative evaluation of five scenarios:

- **Qualitative evaluation.** The qualitative evaluation will be conducted based on study objectives – specifically the degree (e.g., high, medium, low) to which a scenario achieves each of the following study criteria:
  - Affordability for low income residents
  - Consistent regional standard for fare discounts
  - Financial viability
  - Administrative feasibility
  - Consistency with transit operator farebox recovery and financial objectives

- **Quantitative evaluation.** The quantitative evaluation will be conducted to assess the ridership and fare revenue impacts of each scenario. The detailed financial analysis for each scenario shall include the following:
  - Total cost (including start-up, ongoing administration, costs to adapt the existing Clipper® card technology and/or implement with the next-generation Clipper® system, etc.) and any additional resource needs
  - Revenue impacts
  - Potential revenue offsets or other funding mechanisms

Please submit all comments on the preliminary scenarios to Kristen Mazur at 510-817-5789 or [kmazur@mtc.ca.gov](mailto:kmazur@mtc.ca.gov) by Wednesday, September 16<sup>th</sup>.