



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL: <i>Robert M. Power</i> 5 June 2019		GENERAL MANAGER ACTION REQ'D:		
DATE: 5/31/2019		BOARD INITIATED ITEM: No		
Originator/Prepared by: Charlotte Barham Dept: Financial Planning	General Counsel <i>[Signature]</i> 6/4/19 []	Controller/Treasurer <i>[Signature]</i> 6/5/19 []	District Secretary []	BARC <i>[Signature]</i> 6/3/19 []
Signature/Date: <i>Charlotte Barham</i> 6/3/19				

Magnetic-stripe Ticket Surcharge Increase

PURPOSE:

Adopt a resolution to increase the per-trip surcharge to fares paid with magnetic-stripe tickets.

DISCUSSION:

Effective January 1, 2018, the Board approved a \$0.50 surcharge per trip when using Blue magnetic-stripe tickets. For example, an adult Clipper fare of \$3.50 is \$4.00 when using a Blue magnetic stripe ticket. For discounted magnetic-stripe tickets, the \$0.50 surcharge is reduced by a percentage equal to the discount given. For example, seniors and people with disabilities who receive a 62.5% discount pay a surcharge of approximately \$0.19 when using a Green or Red ticket, respectively.

The \$0.50 surcharge has resulted in a reduction in the use of magnetic-stripe tickets by approximately 42%. More riders using Clipper supports the region's goal of optimizing Clipper use. It is also more efficient and cost-effective for the District to maintain one fare payment system. Clipper card customers are able to enter and exit BART stations more quickly by using more reliable fare gates that only process Clipper.

To further encourage the remaining approximately 15% of BART riders using magnetic-stripe tickets to switch to Clipper fare payment, BART proposes to increase the Blue magnetic-stripe ticket surcharge from \$0.50 to \$1.00, with a proportionately discounted increase to the surcharge for discounted magnetic-stripe tickets. Example fares are shown in the table on the next page:

Clipper fare	\$3.50		
	Current \$0.50 surcharge	Proposed \$1.00 surcharge	Proposed increase
Blue mag-stripe fare	\$4.00	\$4.50	+\$0.50
62.5% discount Senior/Disabled mag-stripe fare	\$1.50	\$1.69	+\$0.19
50% discount Youth mag-stripe fare	\$2.00	\$2.25	+\$0.25

A public hearing was held on May 23, 2019 at a regularly scheduled meeting of the Board to consider this change to fare rates and charges, and no public comments were received.

On May 23, 2019, the Board approved the “Title VI Fare Equity Analysis for the Proposed 2020 Productivity-Adjusted Inflation-Based Fare Increase; Series 3, 2022-2028, of the Productivity-Adjusted Inflation-Based Fare Increase Program; and Magnetic-Stripe Ticket Surcharge Increase.” The equity finding is that an increase to the magnetic-stripe ticket surcharge may be disproportionately borne by low-income riders. Per BART’s Disparate Impact/Disproportionate Burden Policy and the Title VI Circular, if low-income populations will bear a disproportionate burden of the proposed fare change, the transit provider should take steps to avoid, minimize, or mitigate impacts where practicable and describe alternatives available.

In December 2017-March 2018, as mitigation for the original \$0.50 surcharge, BART and the Metropolitan Transportation Commission (MTC) implemented a BART Board-approved mitigation action plan to distribute free Clipper cards to low-income riders. Free Clipper cards were given to low-income individuals through 29 promotional events at multiple BART stations and community-based organizations (CBOs) located in or near low-income communities. In addition, BART worked with MTC to expand MTC’s existing ongoing partnership with CBOs to distribute free Clipper cards, thus ensuring a consistent pipeline of free cards to low-income communities.

In February 2019, staff advised members of the Title VI/Environmental Justice and Limited English Proficiency Advisory Committees of the potential impact of a surcharge increase on low-income riders. Members supported the already established mitigation efforts of CBOs distributing free Clipper cards to their clients, and staff plans to again host in-station outreach events to distribute free Clipper cards. Applying these established mitigation efforts is considered sufficient, but staff will continue to work with the Advisory Committees

to determine if additional public outreach efforts will be needed.

The proposed implementation of the increase to the magnetic-stripe ticket surcharge is exempt from review under the California Public Environmental Quality Act (CEQA) pursuant to the exemption set forth in the California Public Resources Code Section 21080(a)(8) and the CEQA Guidelines 14 Cal.Code.Reg. Section 152723(a) since it is for the purpose of (a) meeting operating expenses, (b) purchasing or leasing supplies, equipment or materials, and (c) meeting financial reserve needs and requirements.

FISCAL IMPACT:

No fiscal impact is expected from the increase to the magnetic-stripe ticket surcharge based on the estimate that one-half of current Blue magnetic-stripe ticket users will shift to Clipper and no longer pay the \$0.50 surcharge, and one-half will continue to use the magnetic-stripe ticket and pay the \$1.00 surcharge.

ALTERNATIVES:

Do not approve the recommended fare change; there would be no added incentive for riders using magnetic-stripe tickets to switch to Clipper.

RECOMMENDATION:

Approval of the following motion.

MOTION:

Adopt the attached resolution, "In the Matter of Adopting Modified Fare Rates and Charges: Increase the Per-Trip Surcharge to Fares Paid with Magnetic-Stripe Tickets." Two-thirds vote required.

**BEFORE THE BOARD OF DIRECTORS OF THE SAN FRANCISCO BAY AREA
RAPID TRANSIT DISTRICT**

**In the Matter of Adopting Modified Fare
Rates and Charges: Increase the Per-Trip
Surcharge to Fares Paid with Magnetic-Stripe Tickets**

Resolution No. _____

WHEREAS, pursuant to Public Utilities Code Section 29038, it is the duty and responsibility of the Board of Directors of the San Francisco Bay Area Rapid Transit District ("District") to fix the rates and charges for rapid transit service to be furnished by the District; and

WHEREAS, effective January 1, 2018, a Board-approved \$0.50 surcharge per trip taken with Blue magnetic-stripe tickets was implemented. For discounted magnetic-stripe tickets, the \$0.50 surcharge has been reduced by a percentage equal to the discount given; and

WHEREAS, with the \$0.50 surcharge, magnetic-stripe ticket use has been reduced by approximately 42%; and

WHEREAS, to support the region's goal of optimizing Clipper use and further encourage the remaining approximately 15% of BART riders using magnetic-stripe tickets to switch to Clipper, the District proposes to increase the Blue magnetic-stripe ticket surcharge from \$0.50 to \$1.00, with a proportionately discounted increase to the surcharges for discounted magnetic-stripe tickets; and

WHEREAS, on May 23, 2019, the Board approved the "Title VI Fare Equity Analysis for the Proposed 2020 Productivity-Adjusted Inflation-Based Fare Increase; Series 3, 2022-2028, of the Productivity-Adjusted Inflation-Based Fare Increase Program; and Magnetic-Stripe Ticket Surcharge Increase" which found that an increase to the magnetic-stripe ticket surcharge may potentially burden low-income riders in a disproportionate manner; and

WHEREAS, to mitigate for potential impacts on low-income passengers, staff will reimplement the Board-approved Mitigation Action Plan developed in 2017 to mitigate for the original \$0.50 per-trip magnetic-stripe surcharge through the distribution of free Clipper cards to low-income riders so as to avoid the magnetic-stripe ticket surcharge; and

WHEREAS, a public hearing was held on May 23, 2019 at a regularly scheduled meeting of the Board to consider this modification to fare rates and charges.

NOW, THEREFORE, the Board hereby finds that:

- (1) After careful study of staff recommendations, public comment, and due deliberations, the Board determines, as required by Public Utilities Code Section 29038, that the modifications to rates and charges for service are reasonable; and that insofar as practicable, these rates and charges are calculated to result in revenue which will:

- (a) Pay for the operating expenses of the District;
 - (b) Provide repairs, maintenance and depreciation of works owned and operated by the District;
 - (c) Provide for purchases, lease, or acquisition of rolling stock, including provisions for the interest, sinking funds, reserve funds, or other funds required for the payment of any obligations incurred by the District for the acquisition of rolling stock; and
 - (d) After making any current allocation of funds for the foregoing purposes and by the terms of any indebtedness incurred under Public Utilities Code Articles 6. (commencing with Section 29240) and 7, (commencing with Section 29250) of Chapter 8, provide funds for any purpose the Board deems necessary and desirable to carry out the purposes of Part 2 of Division 10 of the Public Utilities Code.
- (2) The modifications to fare rates and charges set forth in Exhibit A are for the purposes of:
- (a) Meeting operating expenses including employee wage rates and fringe benefits;
 - (b) Purchasing or leasing supplies, equipment or materials;
 - (c) Meeting financial reserve needs and requirements; and
 - (d) Obtaining funds for capital projects, necessary to maintain service within existing service areas.

The modifications to fare rates and charges are statutorily exempt from the California Environmental Quality Act (CEQA) pursuant to Public Resources Code Section 21080(b)(8) and CEQA Guidelines, 14 Cal.CodeRegs. Section 15273.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Francisco Bay Area Rapid Transit District that:

- (1) The rates and charges for BART service set forth in Exhibit A are hereby adopted.
- (2) The proposed increase to the surcharge on magnetic-stripe tickets set forth in Exhibit A to this Resolution is statutorily exempt from the California Environmental Quality Act (CEQA) pursuant to Public Resources Code § 21080(b)(8) and CEQA Guidelines, 14 Cal. Code Regs. § 15273 since the fares are for the purpose of meeting operating expenses and purchasing or leasing supplies, equipment or materials, and staff is authorized to file such documents that may be required by CEQA based on the actions authorized by the Board.

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**EXHIBIT A: MODIFIED FARE RATES AND CHARGES:
Increase the Per-Trip Surcharge to Fares Paid with Magnetic-Stripe Tickets**

The new fare rates and charges for BART service shall be as follows:

- Effective January 1, 2020, or as soon thereafter as the fare schedule can be implemented:
 - The surcharge on each fare paid for with a Blue magnetic-stripe ticket will increase from \$0.50 to \$1.00. The increase will be applied by adding \$1.00 to the full Clipper fares then in effect.
 - The surcharge on each fare paid for with a discounted magnetic-stripe ticket will be reduced by a percentage equal to the discount given.