



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL: <i>Phil M. Pomon</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 Signature/Date: <i>Charlotte Barham</i> 6/3/19	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 []

Regional Means-based Transit Fare Discount Pilot Program

PURPOSE:

Adoption of Resolution approving the Regional Means-Based Transit Fare Discount Pilot Program fare discount for eligible adult BART riders.

DISCUSSION:

The Metropolitan Transportation Commission (MTC) is leading a Regional Means-Based Transit Fare Discount Pilot Program (Program) to allow adults riders with incomes up to 200% of the federal poverty level to qualify for a transit fare discount. The Program's participants consist of BART, Caltrain, Golden Gate Transit, and San Francisco Muni. Eligible low-income riders will use a specially encoded free-of-charge Clipper card to receive a fare discount on the services of any of the four participating transit operators. Eligibility verification will be done by the Program's third-party vendor and Cubic will issue the discount Clipper cards to verified low-income riders. The proposal under consideration is for the District to provide eligible BART riders a discount of 20% per-trip to the regular BART Clipper fares.

The current Clipper fare and Program discount fare for a sample trip are shown in the table on the next page. Discounted fares are rounded down to the nearest nickel to ensure riders receive at least a 20% discount. Fares will be unchanged for low-income riders who elect not to utilize the discount. The Program is expected to continue between 12 and 18 months. Data gathered from it will be used to evaluate the feasibility of a permanent program.

Trip	Current Regular Clipper Fare	20% Discount Means-Based Clipper Fare (Rounded down to nearest nickel)
Pittsburg/Bay Point to Embarcadero	\$6.70	\$5.35
Fremont to 12 th St/Oakland	\$4.55	\$3.60
Downtown Berkeley to Hayward	\$3.70	\$2.95

The District has performed a Title VI equity analysis of the Program, which is required by the Federal Transit Administration for pilot programs that last longer than six months. The “Title VI Fare Equity Analysis: BART Participation in the Metropolitan Transportation Commission’s Regional Means-Based Transit Fare Discount Pilot Program” was approved by the Board on April 25, 2019. The report found that the new fare type for low-income riders would not result in a disproportionate impact on protected riders.

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. The Board received three e-mails for consideration as part of the public hearing. Two e-mails were in support of the Program, with one correspondent noting that “A 20% discount is fairly modest and may not be enough to help everyone access BART, but it is a good start.” A rider who self-identified as low-income submitted the third e-mail in which he wrote that he would “much rather have better service than a 20% discount.”

The proposed Program is exempt from the California Environmental Quality Act (CEQA) per CEQA Guidelines, 14 Cal.CodeRegs. Section 15061(b)(3) since there is no possibility that the activity in question will have a significant effect on the environment.

FISCAL IMPACT:

MTC will fund the Program with approximately \$11 million (M) (\$8M from Senate Bill 1 and \$3M from the Low Carbon Transit Operating Program (LCTOP)). These funds will go toward administrative costs and to pay for up to 50% of an operator’s revenue loss. BART’s estimated total annual revenue loss is \$8.6 million (based on a 50% participation rate for current low-income riders and approximately 4.4% new low-income trips), with MTC’s offset estimated at \$4.3M. This results in an estimated net annual revenue loss of approximately \$4.3M for BART to self-fund.

Based on implementation of the recommended Program discount in the second half of Fiscal Year 2020 (FY20), the FY20 Budget includes a reduction to fare revenue of \$2.15M for the

half-year.

ALTERNATIVES:

Do not approve the recommended Program. BART's low-income riders will continue paying the full BART fares.

RECOMMENDATION:

Approval of the following motion.

MOTION:

Adopt the attached resolution, "In the Matter of Adopting Modified Fare Rates and Charges: Discount for Adult BART Riders who Participate in the Metropolitan Transportation Commission's Regional Means-Based Transit Fare Discount Pilot Program." 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: Discount for Adult BART
Riders who Participate in the Metropolitan
Transportation Commission's Regional
Means-Based Transit Fare Discount Pilot Program**

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, the Metropolitan Transportation Commission (MTC) is leading a Regional Means-Based Transit Fare Discount Pilot Program (Program), of which the District is a participating agency, to allow adults riders with verified incomes up to 200% of the federal poverty level to qualify for a transit fare discount; and

WHEREAS, the Program is the outcome of MTC's Regional Means-Based Transit Fare Pricing Study, which has the following three goals:

- Goal 1. Make transit more affordable for the Bay Area's low-income residents.
- Goal 2. Move towards a more consistent regional standard for fare discount policies.
- Goal 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; and

WHEREAS, eligible low-income adult riders will use a specially encoded free-of-charge Clipper card to receive a a 20% per-trip discount to regular BART Clipper fares; and

WHEREAS, on April 25, 2019, the Board of Directors approved the "Title VI Fare Equity Analysis: BART Participation in the Metropolitan Transportation Commission's Regional Means-Based Transit Fare Discount Pilot Program," which found that the benefit of the new Program fare type for low-income riders would not result in a disproportionate impact on protected riders; 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 modification to rates and charges for service in the form of a fare discount for participants of the Regional Means-Based Transit Fare Discount Pilot Program, set forth in Exhibit A, is reasonable; and that insofar as practicable, allows the District to continue to fix rates and charges so as to result in revenue which will be sufficient to do the following:

- (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.

The modifications to fare rates and charges are statutorily exempt from the California Environmental Quality Act (CEQA) under California Public Resources Code Section 15061(b)(3) since there is no possibility that the activity in question may have a significant effect on the environment.

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 adult riders who participate in the Regional Means-Based Transit Fare Discount Pilot Program and are verified to have incomes at or below 200% of the federal poverty level as set forth in Exhibit A are hereby adopted.
- (2) The proposed participation in and implementation of the Regional Means-Based Transit Fare Discount Pilot Program is not subject to CEQA under California Public Resources Code Section 15061(b)(3) since there is no possibility that the activity in question may have a significant effect on the environment.

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EXHIBIT A: MODIFIED FARE RATES AND CHARGES:

Discount for Adult Riders who Participate in the Metropolitan Transportation Commission's Regional Means-Based Transit Fare Discount Pilot Program and are Verified to Have Incomes at or below 200% of the Federal Poverty Level

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

- Effective November 1, 2019, or as soon thereafter as the Regional Means-Based Transit Fare Discount Pilot Program and BART fare schedule can be implemented, the fares offered to adult BART riders who participate in the Regional Means-Based Transit Fare Discount Pilot Program and are verified to have incomes at or below 200% of the federal poverty level will be reduced by 20%. The discount will be applied by reducing full Clipper fares then in effect by 20%, with the resulting value rounded down to the nearest nickel to ensure these riders receive at least a 20% discount.