

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 6/22/2022

Staff Report No. 22-352

TO: AC Transit Board of Directors
FROM: Michael A. Hursh, General Manager
SUBJECT: Regional Institutional Pass Pilot

ACTION ITEM

RECOMMENDED ACTION(S):

Consider approving the District's participation in Phase I of the Metropolitan Transportation Commission's Regional Institutional Pass Pilot Program.

STRATEGIC IMPORTANCE:

Goal - Strong Public and Policymaker Support
Initiative - Financial Efficiency and Revenue Maximization

The Regional Institutional Pass Pilot Program is designed to improve the rider experience, grow transit ridership, engage Bay Area institutions in the success of public transit, promote commuter market recovery, and bring new funds to public transit.

BUDGETARY/FISCAL IMPACT:

Participation in the Regional Institutional Pass Pilot Program is designed to be revenue neutral in the first phase with an opportunity to bring in additional revenue during the second phase of the pilot.

BACKGROUND/RATIONALE:

Background

In early 2020, the Fare Integration Task Force was formed as a "Special Committee" of the Clipper Executive Board. The work of the task force is focused on making it easier and more affordable for riders to get on board Bay Area transit. The Fare Coordination and Integration Study and Business Case formally launched in May 2020 to propose changes to the Bay Area's transit fare policies as a way to improve the rider experience and grow transit ridership.

On October 22, 2021, the Fare Coordination and Integration Study Business Case recommended piloting an all-agency institutional pass. This study and ensuing work is co-managed by staff from the Metropolitan Transportation Commission (MTC) and Bay Area Rapid Transit (BART). On November 15, 2021, the Fare Integration Task Force adopted the Bay Area Transit Fare Policy Vision Statement which endorsed continued work on several policy initiatives. The first of these initiatives is, "Deployment of an all-transit agency institutional/employer pass demonstration pilot in 2022, with a focus on educational institutions, affordable

housing properties, and employers of various sizes, pending available resources/technical considerations.”

Pilot Program Details

The Regional Institutional Pass Program will be modeled off successful programs in other regions as well as the AC Transit EasyPass program. The Regional Institutional Pass Pilot will offer select institutions transit passes on Clipper which enable unlimited rides on all Bay Area transit agencies for a set group of constituents. The rationale behind the Regional Institutional Pass is:

- Evaluate a barrier-free all-agency transit pass to build toward broader fare integration in 2023;
- Engage Bay Area institutions and the business community in the success of public transit; and
- Promote commuter market recovery.

The objectives of the pilot program are to demonstrate that an institutional transit pass covering all operators may increase transit ridership by better meeting the needs of users; to evaluate program performance; and collect data that could be used as the basis of a revenue model for a permanent program. The two-year pilot will roll out in two phases.

Phase One

The first phase is scheduled to begin in August 2022 and will provide passes to select educational institutions and affordable housing properties which are currently enrolled in a transit agency pass program. The institutions slated to participate in this pilot include UC Berkeley, Santa Rosa Junior College, San Francisco State University, San Jose State University, and MidPen Housing.

Up to 50,000 participants across these institutions will receive the annual Regional Institutional Pass. UC Berkeley students will gain access to roughly 10,000 of these passes. These students will be randomly selected from the EasyPass participant pool of 40,000 students. The remaining 30,000 UC Berkeley students will remain participants of the EasyPass program.

During Phase One of the pilot, participating institutions will receive passes at no additional cost. AC Transit will continue to receive funds for all 40,000 UC Berkeley participants through the existing EasyPass agreement and will be reimbursed another \$161,039 to cover the cost of anticipated forgone revenue for AC Transit rides taken by participants at other institutions. An additional \$2.2 million will be distributed to agencies during the second year of the pilot to address any discrepancies between anticipated and actual ridership in this phase.

While Phase One is scheduled to launch in August 2022, if the California state legislature implements Governor Newsom’s three months of free transit proposal, this would likely impact or delay the launch of the pilot program.

Phase Two

The second phase is scheduled to begin in early 2023 and will provide passes to up to ten employers in the region. The Regional Institutional Pass project team plans to engage with employers, transportation management associations (TMAs), and other stakeholder organizations to solicit interest in Phase Two participation. Equity will be an important component in recommending institutions to participate in Phase Two as well as geographic diversity, a focus on transit-rich employment centers, and employers/organizations

that have not been well served by existing institutional pass products.

Institutions will pay to participate in Phase Two. Pricing is still being determined but will be negotiated based on size and location of employer. This phase would bring in new dollars to transit and serve as an opportunity to test how a larger program could impact transit demand. Staff will return to the Board to ask for approval for Phase Two participation.

Title VI Approach

The Regional Institutional Pass Program will launch as a “pilot” under Title VI guidelines which allows participating transit agency boards to approve Title VI analyses after the pilot project is underway, but before any permanent successor program is launched.

MTC is the lead agency for pilot program Title VI process. MTC staff has received confirmation from Federal Transit Administration (FTA) staff that the pilot is cleared to launch for the initial six months. MTC staff is working with the FTA to finalize a Title VI approach for the full duration of the pilot. If directed by the FTA, MTC staff will prepare a focused equity analysis based on the initial data collected in the first few months of the pilot.

ADVANTAGES/DISADVANTAGES:

Advantages include an improved rider experience, a more cohesive Bay Area transit landscape, the opportunity to grow transit ridership, and the opportunity to bring new funds to public transit. Disadvantages could include a lack of clarity amongst individual agency institutional pass programs and loss of District control over fare revenue generating programs.

ALTERNATIVES ANALYSIS:

The District could decline to participate in the pilot program. Due to the potential benefits to transit agencies and riders in the area, staff does not recommend this option.

PRIOR RELEVANT BOARD ACTION/POLICIES:

SR 21-145 - MTC Fare Integration Task Force Update
SR 21-145a - MTC Fare Integration Task Force Update

ATTACHMENTS:

None

Prepared by:

Eden Gerson, Acting Marketing Manager

In Collaboration with:

Phillip Halley, Program Manager, Contracts Compliance and Title VI Programs

Approved/Reviewed by:

Nichele Laynes, Acting Director of Marketing & Communications

Beverly Greene, Executive Director of External Affairs, Marketing & Communications

Chris Andrichak, Chief Financial Officer

Linda A. Nemeroff, District Secretary

Jill A. Sprague, General Counsel