



Board Policy No. 334

EasyPass: Goals & Methodology

ADOPTED: 11/12/2020
RECENT AMENDMENT: N/A
SEE ALSO: 333

SUBJECT CATEGORY: Section 300, Finance
SUBSECTION: Fares
CONTROL DEPARTMENT: External Affairs, Marketing, and Communications

I. PURPOSE

The purpose of this policy is to codify the goals of the AC Transit EasyPass program and to present the guiding principles and methodology for creating the EasyPass pricing models.

II. PERSONS AFFECTED

Organizations (Clients) entering into agreements with AC Transit for the EasyPass program, riders who are issued EasyPasses, and AC Transit personnel and staff responsible for making EasyPass pricing and fare-related decisions.

III. DEFINITIONS

“EasyPass” means the AC Transit program that offers an annual discounted pass on a Clipper card issued to a defined pool of participants at qualified colleges, employers, and residential communities. The full name is the AC Transit EasyPass Program. The pass issued on the Clipper® card is called an EasyPass.

“Clipper® Card” or “Clipper” means the Bay Area regional stored-value transit electronic payment “smart card” administered by the Metropolitan Transportation Commission (MTC). The EasyPass is issued on the Clipper card, which can also be used to load value or other regional fare media by an EasyPass participant.

“Client” means the organization (two-or-four-year college/university, employer, or residential community) entering into an EasyPass agreement with AC Transit.

“Participant” means the individual user who is issued an EasyPass.

“Eligible Participant Pool” means the number and type of participants able to receive a Client issued EasyPass within a an EasyPass agreement.

“Level of Transit Service” means the analysis used to determine the service level at Client locations.

“Pricing Matrix” means the instruments that factor the EasyPass pricing methodology, eligible participant pool, level of transit service, and type of organization to provide Clients with annual per participant pricing.

IV. POLICY

A. Goals of the AC Transit EasyPass Pricing Policy

1. Increase Ridership—increasing ridership has always been considered the primary reason universal pass programs like EasyPass were developed.
2. Encourage a modal shift from single-occupancy vehicles to public transit, with the optimal outcome of EasyPass participants becoming life-long public transportation users and advocates—by offering an EasyPass to all eligible participants, coupled with continued program marketing and service information outreach, transit ideally becomes a lifestyle shift for EasyPass holders and becomes a part of the participant's transportation mix.
3. Extend AC Transit's visibility through promotion of the EasyPass program and increasing the District's engagement with new stakeholders—EasyPass affords the District the opportunity to engage with people in the employer, residential and college sectors, enabling them to become District stakeholders and transit advocates.
4. Grow the number of EasyPass clients in all client groups—to fully leverage the objective of increasing ridership, EasyPass staff must continue to promote and grow EasyPass in all client categories.
5. Maintain fiscal responsibility by ensuring the overall EasyPass revenue-per-boarding does not fall below the District's average revenue-per-boarding—provides a quantifiable yardstick by which to gauge the program.

B. Guiding Principles in Developing EasyPass Pricing Methodology

1. EasyPass pricing will align with the Fare Policy Goals established in Board Policy 333.
2. Each EasyPass pricing matrix will be valid for a three-year period. Each new matrix will incorporate an increase based on the Consumer Price Index-Urban (CPI-U).
3. A long-term EasyPass pricing schedule creates predictability for both the District and EasyPass clients; therefore, EasyPass matrices will be developed for the next nine years.
4. EasyPass pricing will be decoupled from local and Transbay fare pricing to be able to establish longer-term program agreements with EasyPass pricing.
5. No current client should experience an unreasonable price increase and therefore the goal is to limit increases to 15% above the FY19 pricing matrices.
6. Offer a volume discount (the more people in the participant pool, the lower the per participant price) to encourage clients to include the highest possible number of eligible participants.
7. Factor in price differences to reflect the level of AC Transit service a client receives (achieved via Level of Transit Service (LTS) analysis) to encourage clients from all parts of the District's service area to join the EasyPass program.
8. Incorporate historic EasyPass data and emerging trend data to ensure that experience from years of EasyPass program administration, peer analysis, and pass pricing research are considered.
9. Incorporate a card management fee into the pricing formula to recoup a portion of the pass production expenses.

10. Continue to maintain two matrices to account for programmatic differences, one for employer and residential program and one for two- and four-year college and university programs, which are administered differently and could require a student referendum.

C. EasyPass Pricing Methodology

1. **Base Price.** The base price is derived from the FY19-FY20 pricing matrices. These matrices were selected as the base price for consistency, as pricing for most of the EasyPass clients in FY19-20 are derived from these matrices.
2. **Price Adjustments.** The percentage increase for the FY21-FY29 matrices is based on the average CPI-U from FY10-FY19 (2.73%) and is applied to each cell of the last valid matrices and applied to the matrices effective July 1, 2023 and July 1, 2026 respectively.
3. **Scheduled price increases** – the EasyPass pricing methodology and the accompanying pricing matrices include planned pricing increases for every third year (FY24 and FY27) of the nine-year FY2021-FY2029 span. Scheduled increases provide pricing stability for EasyPass clients and prospects as well as for the District and allow for the execution of multi-year EasyPass agreements. Additionally, the scheduled increases provide the District protection from inflationary events and are based on the average CPI-U FY2010-2019.
4. **Card Management.** A \$1 card management fee is applied to each price point on the matrices to recoup a portion of the card production expenses. To address one difference between EasyPass clients and local and Transbay customers who pay for their Clipper cards, the card management fee provides payment for Clipper card and other related card production costs.

D. Additional EasyPass Pricing Factors

1. **EasyPass Pricing Matrices** – The EasyPass pricing methodology is applied to client pricing in the form of EasyPass Pricing Matrices. The type of organization, the size of the eligible participant pool, and the client's level of transit service in addition to the application of the Pricing Methodology, form a Client's annual per-participant price.
2. **Type of organization** – Employers and residential communities qualify for one pricing matrix and two-and-four colleges and universities qualify for another pricing matrix. EasyPass clients with both employers and residential community participants college participants will be pricing separately under the appropriate matrix.
3. **The size of the EasyPass participant pool** – The size of the eligible participant pool is determined at the start of an agreement and remains in effect for the duration of the agreement unless a mutually agreed upon change between the client and AC Transit is made. The eligible participant pool is made up of both riders and non-riders.
4. **Level of AC Transit Service (LTS) Analysis** – All bus lines within a quarter-mile radius of the targeted location are included in the LTS analysis. The LTS analysis looks at a variety of factors including, but not limited to:
 - a. Number of trips during peak morning and afternoon commute service

- b. Downward adjustment for less frequent afternoon service and unserved peak periods and an upward adjustment for transbay service
- c. Downward or upward adjustment for short turns and/or modified service

V. AUTHORITY

A. Board Authority

1. Authority to adjust EasyPass pricing methodology rests solely with the Board of Directors. All pricing adjustments must be made by resolution of the Board.