

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 6/28/2023

Staff Report No. 23-318

TO: AC Transit Board of Directors
FROM: Michael A. Hursh, General Manager/Chief Executive Officer
SUBJECT: Tempo Fare Compliance Report

BRIEFING ITEM

AGENDA PLANNING REQUEST: ☒

RECOMMENDED ACTION(S):

Consider receiving a report on Tempo Line fare compliance done at the request of the District through the University of California at Berkeley Goldman School of Public Policy Capstone Analytic Project. [Requested by Director Walsh - 9/14/2022]

Staff Contact:
Chris Andrichak, Chief Financial Officer

STRATEGIC IMPORTANCE:

Goal - Financial Stability and Resiliency
Initiative - Financial Efficiency and Revenue Maximization

The District has policies on fares and a statute on fare evasion citations. The outside evaluation of the Tempo line will help guide the District in how to move forward.

BUDGETARY/FISCAL IMPACT:

The report provides four alternatives for the District to consider when it decides how to proceed with fare collection and compliance on the Tempo line. Each alternative has different implementation costs and will have different implications for fare revenue collected. The report provides some rough estimate of costs and savings for each alternative but does not attempt to predict what increased fare revenues could result in some alternatives.

BACKGROUND/RATIONALE:

AC Transit has been struggling with the issue of fare evasion and how to encourage and/or enforce fare payment on the Tempo line since the start of fare collection in November 2020. The initial three months of service were free, and since then the District has experienced fare payment compliance on Tempo at a fraction of what the rest of the service network has. Both Tempo and the regular Line 1 preceding it are the highest ridership lines in the District, and before Tempo the Line 1 was also the highest fare revenue producing line. For comparison, Line 1 brought in \$5.6 million in FY 2018-19, but Tempo only brought in \$611,058 in FY 2021-22. Ridership during those periods was similar, with 3.7 million in FY 18-19 and 3.5 million in FY 21-22.

The operations plan for the line assumed fare collection would be enforced via a Proof of Payment (PoP) system, where riders are subject to showing proof of fare payment while on board the bus. PoP is the default system for all Muni service in San Francisco and is also used in many other systems worldwide. The Board of Directors enacted Ordinance No. 17 to regulate the citation and adjudication process, but the District has held off on actually issuing citations throughout the pandemic. Now that the line has been in service for nearly three years and the pandemic is fading away, the District needs to decide how to proceed with fare compliance on the Tempo line.

To help inform the decision, in October 2022 the District submitted a proposal to the University of California at Berkeley (UCB) Goldman School of Public Policy (GSPP) for their Capstone Analytic Project (CAP) program. The program pairs a GSPP third semester Master of Public Administration student with an organization to study a policy challenge or opportunity the organization is facing. The student conducts the analysis, with faculty guidance, and produces the capstone report to satisfy graduation requirements. The District's problem statement for the program framed the issue this way:

The fiscal forecast is concerning for the AC Transit in coming years, mainly if ridership does not return and emergency federal funding runs out. Fare revenues are a smaller but crucial part of our operating funding that have already been diminished due to the pandemic. The use of sworn officers to issue citations and the associated processing costs for citations are significant and need to be balanced against potential revenues.

The enforcement of fare evasion is contentious, with some advocates saying that enforcement unnecessarily heightens the tension between police and riders of color. Others say fare enforcement criminalizes poverty. AC Transit's ridership is majority low-income and equity is an agency priority.

The resulting report is attached and was written by Thao Thompson, with Dr. Hector Cardenas as her faculty advisor. Ms. Thompson met with and interviewed many District staff for the report, as well as reviewing relevant literature on fare compliance and enforcement.

Report Findings

The report presents four alternatives for consideration along with some analysis of the benefits and downsides of each, along with high level cost and revenue implications. The alternatives are:

Alternative 1 - Let Present Trends Continue: This is essentially business as usual. The District would not start writing fare citations and would continue to rely on the Platform Agents and other "soft" means to try to increase fare payment compliance. The report does not recommend this option as a long-term strategy given the lack of success seen so far.

Alternative 2 - Implement Fare Enforcement: This implements fare enforcement as originally planned. The report recommends the District do some further analysis on the equity implications of this path and put in place a framework that defines how enforcement is managed and sets a baseline and targets. The District should also further analyze the costs and revenues expected. The Platform Agent position should also be reviewed to determine its role moving forward.

Alternative 3 - Free Fare on Tempo: Would implement a free fare program on Tempo. Not requiring fares on Tempo would obviously eliminate the fare payment compliance issue but would also mean the loss of the fares currently collected. The District would also need to analyze a few issues: whether there are equity or Title VI implications with having just this one line be free; whether it might further reduce fare revenue overall beyond what is currently collected on Tempo; and whether free fares would increase ridership enough to require more service to handle possible crowding. The role of Platform Agents would also need to be reviewed in this alternative.

Alternative 4 - Modify Design: This would eliminate the PoP system, install fareboxes, and have Tempo function like all other lines. The buses do not currently have fareboxes, and use of fareboxes would effectively mean the end of all-door boarding. This would significantly affect the operations and scheduling of the line.

Staff would also need to consult with the Federal Transit Administration (FTA) for Alternatives 3 and 4 since they would alter the baseline operations of the line established in the Small Starts Grant Agreement (SSGR) that provided primary funding for its construction.

Considerations

Fare evasion is certainly not a new phenomenon, and since the reduction in ridership from the pandemic more agencies are looking at how to reduce fare evasion to increase fare revenues and help counter perceived safety issues. The Bay Area Rapid Transit District (BART) is in the process of raising barriers in its stations and designing new faregates to combat fare evasion, along with increased police and non-police ambassador presence. The Metropolitan Transportation Agency of New York (MTANY) just issued a blue-ribbon report on fare and toll evasion. The MTANY report proposes a strategy of four E's - Education, Environment (physical/technological), Equity, and Enforcement - along with an overarching fifth 'E' of Experiment/Evaluate.

The District needs to balance several competing priorities in deciding how to proceed with fare collection and enforcement on the Tempo line. The District's financial condition means that any and every operating dollar is needed to help get through the deficits expected over the next few years. The PoP system design is key to the operational efficiencies gained from all-door level boarding, particularly with the recent focus on service reliability. The District is committed to an equitable and fair process of collecting and enforcing fares. Increased ridership is a good thing, but the District is straining to hire enough operators to implement existing service and could not quickly respond to crowded conditions with more service.

With this report staff is requesting feedback from the Board to inform plans on how to proceed with fare collection and enforcement on Tempo.

ADVANTAGES/DISADVANTAGES:

The report provides a comprehensive analysis of the Tempo fare enforcement issue for staff and the Board to based future decisions on and discusses the recommendations and their advantages and disadvantages.

ALTERNATIVES ANALYSIS:

The report discusses four primary alternatives.

PRIOR RELEVANT BOARD ACTION/POLICIES:

19-208a - Take the necessary steps to implement a civil administrative or hybrid civil-criminal fare evasion citation and adjudication process.

19-208b - Introduce and waive the first reading of Ordinance No. 17

19-208c - Consider the adoption of Ordinance No. 17 Fare Evasion Citation and Adjudication Process

21-480 - Status report on Tempo (Line 1T) project closeout, operational performance, maintenance activities, and the fares collected as a percentage of the ridership, including the method of payment used.

ATTACHMENTS:

1. Tempo Fare Compliance Report

Prepared by:

Chris Andrichak, Chief Financial Officer

Approved/Reviewed by:

Chris Andrichak, Chief Financial Officer

Salvador Llamas, Chief Operating Officer

David Wilkins, Director of Bus Rapid Transit