

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 9/8/2021

Staff Report No. 21-268

TO: AC Transit Board of Directors
FROM: Michael A. Hursh, General Manager
SUBJECT: AC Transit Fare Communications Update

BRIEFING ITEM

RECOMMENDED ACTION(S):

Consider receiving a report on fare communications, including current and upcoming initiatives, mobile ticketing, Clipper Start, and Clipper fare products. [Requested by Director Shaw on 1/27/2021; and Director Walsh on 2/24/2021 and 3/24/2021]

STRATEGIC IMPORTANCE:

Goal - Financial Stability and Resiliency

Initiative - Financial Efficiency and Revenue Maximization

Clearly communicating fare options and fare policy updates to customers is a critical component of ensuring that riders and fare-purchasing customers will pay their fares consistently, correctly, and receive the best value in their fare category.

BUDGETARY/FISCAL IMPACT:

There is no immediate budgetary impact associated with this briefing item.

BACKGROUND/RATIONALE:

AC Transit serves riders from all walks of life and provides an abundance of different fare products, discount programs, and payment methods to accommodate a variety of needs. With so many options, it can be challenging for customers to make the best decision about the fare type that best meets their needs. Clear communication and outreach can fill in these information gaps.

The goal of this report is to review AC Transit's strategy and implementation of fare communication to customers, including riders and other stakeholders (including the general public) starting in FY 2020-21 and through FY 2021-22.

AC Transit Fare Policy

The means for the District to introduce or amend fare options is through revisions the Board Policy 333 - Fare Policy Goals and Methodology. A multi-departmental group of staff meets internally on a regular basis to

discuss fare policy and process issues. New products can also be suggested by management, Board members, or the public at any time - staff considers all viable options subject to management and Board direction. For example, there was a long internal discussion in 2012 and 2013 that led up to the implementation of change from transfers to the day pass in 2014, which involved significant outreach and a public hearing process. AC Transit's current fare policy follows these goals to ensure customers are at the center of AC Transit's financial decisions:

Goal 1 - Simplicity

Goal 2 - Appropriateness

Goal 3 - Equity

Goal 4 - Transparency

Goal 5 - Policy Supportiveness

Goal 6 - Affordability

Goal 7 - Fiscal Responsibility

A key element of meeting these goals is clearly communicating with customers expectations regarding fare payment to ensure a fair and equitable approach. Fare payment has historically made up 13-15% of AC Transit's revenue and remains a core component of the District's operating revenues.

AC Transit Fare Types, Products, and Methods of Payment

AC Transit offers Adult, Youth, and Senior/Disabled fares types. The Youth and Senior/Disabled fares are provided at 50% of the Adult fare and in some cases require validation. These fare types are available through a variety of fare products and programs (see attachment 4).

Riders can pay their fare through three primary payment methods: cash, Clipper Card/Clipper mobile, and AC Transit's mobile payment platform. Clipper and AC Transit mobile payment fares are offered at up to a 10% discount from cash fares. This discount is offered to encourage adoption of contactless payment methods, as they speed boarding (reducing dwell time) and improve a line's on-time performance.

Cash payment is available on Tempo through the ticket vending machines (TVM) which riders can use to pay with cash, credit or debit card, Apple Pay, or Google Pay. Another valid method of payment for riders who meet specific qualifications is a flash pass or magnetic strip ticket.

Riders can learn about fare types, products, and methods of payment at our website (actransit.org/fares), on board coaches on the fare box and ad cards, by calling Customer Service, or by visiting the Clipper Customer Service Center. Clipper cards can be purchased online, at the Clipper Customer Service Center, at various Clipper retail locations, or by calling Clipper Customer Service. Riders can also purchase fares on their iOS or Android mobile devices, or by paying with cash at the farebox or TVM.

Special Passes and Programs

In addition to the above fare products, AC Transit offers several special fare products through programs provided on Clipper cards: AC Transit EasyPass (institutional passes available to employers, residential communities, and colleges), the Student Transit Pass Program (managed in collaboration with Alameda County

Transportation Commission to provide passes to qualified low income middle and high school students), the Regional Transportation Connection (RTC) Discount ID Card (obtainable by non-seniors with qualifying disabilities), and Clipper START (pilot program for discounted single-ride fares for low-income Adults). Customers must belong to a specific group or be pre-qualified to access these discount programs. Riders can find information on all of these products by visiting the District's website at actransit.org/discounts.

New Fare Products

AC Transit recently launched new fare products that make contactless payment more accessible to more riders. Introduced during the COVID-19 pandemic, this expansion of fare products provides riders with additional touch-free payment options. In October 2020, AC Transit introduced the AC Transit Official App which uses the Token Transit mobile payment solution. Referred to as AC Transit's mobile payment platform, customers can purchase fares and passes on their mobile devices. This new contactless option is fast and convenient. Customers can use one of several popular trip planning apps (Transit app, Moovit, Google Maps, Token Transit) to pay through the mobile payment solution, as well as paying through the AC Transit Official App.

In June 2021, AC Transit staff launched a comprehensive contactless payment campaign focused on building awareness about the benefits of contactless payment and introducing riders to new options. Additionally, this continued our efforts of encouraging riders to transition from cash to Clipper or mobile payments. This campaign also communicated the launch of discount fares (Youth, Senior/Disabled) for eligible riders in the mobile payment platform and the introduction of fare capping or Pay-as-you-go fares. With fare capping, customers don't have to pre-pay for their passes, they can use Pay-as-you-go to receive the same discounts as customers who use prepaid passes. This supports customers who don't have cash on hand to pay upfront for a Day Pass, 7-day Pass, or 31-day Pass by ensuring that they don't pay more in single-ride fares than they would have paid with a prepaid pass.

Additionally, Clipper recently launched an app and the ability to load Clipper Cards onto mobile devices to tag the Clipper reader and pay using Apple Pay and Google Pay. Customers can now manage their accounts using the app or their mobile wallets. The contactless payment campaign included information about Clipper mobile and "Clipper on your phone."

While these tools are convenient and welcomed by many customers, these new fare products require customers to have a mobile device with a data plan, as well as loading a credit, debit card, or cash value (for Clipper) into the account to process payment.

Marketing and Promoting Fare Products

AC Transit began to take a more proactive approach to fare communication with the launch of Tempo service. When service launched on August 9, 2020, free fare was offered to all riders for 90 days. Upon launch, riders were made aware that they were to pay before boarding, unlike other AC Transit service. All materials included information about ways to pay, and that Tempo was free for 90 days. Most communication during this time period was focused on helping riders navigate the new system.

In October 2020, as AC Transit prepared to begin fare collection on Tempo (November 9) many campaign

tactics were launched to riders to help explain all the ways they could pay for Tempo, and how to do so as well. Since then, regular communications have been launched to continue to make riders aware that payment is required on Tempo and to encourage them to pay for their fare (see attachment 5). Fare enforcement and citation without proof of payment is mentioned in each of these communications.

This fiscal year, AC Transit will continue to take a more proactive approach to providing information to customers about which method of payment, fare, pass, or program is best for them. Interactive infographics online and printed materials onboard coaches will help customers decide which payment method best meets their needs. Further, we will focus on targeting specific types of customers (like Students, Commuters, Frequent Riders, Visitors, Riders with Disabilities, etc.) and develop targeted campaigns around communicating the best fare choices for them. These targeted campaigns will feature social media ads, search engine marketing, advertising at travel hubs, and providing materials to Community-Based Organizations (CBOs) and organizations who buy fare media to distribute to their constituents, among a variety of other tactics. Additionally, these tactics and messages will be available in Spanish and Chinese.

Other communication efforts are underway to help riders navigate AC Transit fares. In recent months, AC Transit staff has completely reworked the information provided on the fares pages of our website by reorganizing information into easier-to-digest sections (see attachment 6). Staff has also released new payment features with comprehensive digital and printed resources outlining the benefits and of these new features.

Additionally, staff created a back-to-school outreach effort centered around “Pay *Your Way*” to alert students and parents to new contactless payment methods and remind them to apply for a Youth Clipper card. More waves of this campaign will roll out through fiscal year 2022 as the region transitions back to in-person school and work and many riders return to transit. The focus of these efforts is to highlight the best payment options available to customers that allow them to “pay *their way*.”

Clipper Communications

Even with the launch of new AC Transit contactless payment options, Clipper remains AC Transit’s preferred method of payment. Clipper card and Clipper mobile payment options, as well as discount programs available only on Clipper, will be highlighted in future campaigns along with other non-Clipper fare products.

As one of Clipper’s founding transit agency partners, AC Transit has a long history of supporting the Metropolitan Transit Agency (MTC) in jointly marketing Clipper products. This includes donating bus interior and exterior advertising, providing prominent space on our homepage, sending frequent eNews to subscribers, and frequently retweeting and sharing social media posts. Campaigns we have supported in the recent past include “Clipper is for Everyone,” the launch of Clipper START, and the recent rollout of the Clipper mobile app and “pay with your phone” capabilities.

Additionally, AC Transit has launched Clipper initiatives for AC Transit customers in the past by creating special partnerships to provide high school youth with discount Clipper cards, provide Clipper vendors with custom flyers and window clings to boost business, and have worked closely with Alameda County Transportation Commission (ACTC) to bring the Student Transit Pass Program to thousands of Alameda County students.

In June, July, and August, AC Transit highlighted Clipper payment options in the contactless payment campaign, Clipper mobile launch, and back to school communications. In a future wave of the Pay *Your* Way campaign, we will create specific tactics to emphasize Clipper payment opportunities, including encouraging Clipper vendors within the AC Transit service area to promote Clipper at their retail locations.

Moving forward, staff will also work to migrate more Tempo customers from cash to Clipper, as well as enroll more Clipper vendors along the International corridor. Staff has contacted MTC regarding recruiting new Clipper vendors. Per MTC, these are the requirements to become a vendor:

- Must have their own point of purchase system
- Must have space for the retail unit (TRU) and the tri-reader (card is tagged to this)
- Must have staff to man the equipment, as it is not self-service
- Must have a dedicated phone line for uploading information from the TRU each night
- Must have a bank account that Cubic can sweep daily for the amount sold each day
- \$300 deposit for equipment (TRU and tri-reader)

However, these requirements are a barrier to small businesses who are already struggling due to the pandemic.

Clipper START

Clipper START is one of the newest Clipper programs to make taking transit easier for eligible low-income customers, and AC Transit took a very proactive role in marketing this special discount program to our customers.

Per the recent fare equity analysis presented as staff report 21-346 on August 11, 2021, in September 2020 the AC Transit Board of Directors adopted Resolution 20-045 affirming the District's participation in the Clipper START Program. By participating in the program, the District agreed to provide an approximately 20% discount on One-Way Adult Fares and Day Passes for eligible low-income riders. The fare discount is applied to the already discounted Clipper Card fare. AC Transit officially began the pilot program in January 2021, and the pilot was recently extended to June 2023. The fare equity analysis determined that the promotional Clipper START fare discount as implemented for AC Transit does not carry any discriminatory effects on Title VI-protected populations.

To be eligible to apply for the program, customers must reside in the Bay Area, be between the ages of 19 and 64, and have a household income of 200% of the federal poverty level or less. Customers can easily apply and upload required documentation online at clipperstartcard.com. Once submitted, the contracted eligibility verifier reviews the application and documents and if qualified, the customer is mailed a personalized Clipper card. Customers will automatically receive the discount to their Clipper card when purchasing and loading the single-ride or Day Pass Adult fare from participating transit operators.

Because the application for this regionally-based program doesn't segregate by agency, it's not possible to determine how many people have signed up to use Clipper START primarily on AC Transit. However, each month we can see growth in Clipper START tags on AC Transit buses. To date, Clipper START tags on AC Transit have steadily increased since we joined the program in January.

Since the District's participation in January until June, there have been 14,697 trips using Clipper START and this continues to trend upwards (Attachment 1). Since program launch in January 2020, through June 2021,

9,525 applications were submitted and 8,589 approved. Attachment 2 illustrates applicant profile where over 50% of applicants identify as female and most as Asian, although there was an increase in Hispanic or Latino/a/x and decrease in Asian applicants in the 3rd Quarter. Included in the attachment is applicant household income showing an increase of applicants with no income (10%) in the 3rd Quarter.

To promote this program to AC Transit customers, a comprehensive marketing campaign was launched beginning in January, with paid tactics in market from March to July. Tactics included multilingual bus exterior ads, ad cards, eNews, homepage web presence, and social media. Additionally, AC Transit funded radio ads on Q102 (running more than 150 spots), as well as targeted digital ads, garnering more than 300,000 impressions and 700 clicks. We also ran print ads in Chinese in the World Journal and News for Chinese. Also, on News for Chinese, we ran radio ads, web banners and e-newsletters to their readership. Lastly, a Spanish-language targeted display and social media ad campaign in partnership with Univision concluded in July. This partnership received more than 250,000 impressions for display ads alone.

ADVANTAGES/DISADVANTAGES:

The advantages of providing better communication to riders about their payment options equal riders who feel they are getting the best value. This transparent and straight-forward approach to communicating fares will make it easier for all riders to access AC Transit service that works best for them.

A possible disadvantage is that laying out many options for riders will lead to more questions about which product is the best value. It could lead riders to be concerned they are indeed not selecting the best option or that there might be a better one, commonly known as “FOMO” or the fear of missing out.

ALTERNATIVES ANALYSIS:

There are no alternatives associated with this report.

PRIOR RELEVANT BOARD ACTION/POLICIES:

Board Policy 333: Fare Policy Goals and Methodology
Resolution 20-061 Amendments to Board Policy 333
Resolution 20-045 Clipper START Participation

ATTACHMENTS:

1. Clipper START Trips
2. Applicant Demographics
3. Fare Communications Creative
4. AC Transit Fare Product Breakdown
5. Tempo Fare Communications
6. Fare Communications PowerPoint

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