



San Francisco | San Jose | Oakland

April 3, 2016

Carol Kuester, Director, Electronic Payments
Metropolitan Transportation Commission
375 Beale Street, Suite 800
San Francisco, CA 94105-2066

Re: Comments on C2 System Integrator RFP for Industry Review

Dear Ms. Kuester,

SPUR is a member-supported nonprofit organization that promotes good planning and good government in the San Francisco Bay Area through research, education and advocacy. Improving public transit and increasing transit use in cities are core priorities for our organization. We appreciate the opportunity to provide feedback on the Industry Review Draft for the C2 Regional Transit Fare Payment System Integrator.

The existing Clipper system represents a significant advancement in transit coordination for the Bay Area's many transit services; nonetheless, it has many shortcomings. The Clipper 2.0 (C2) upgrade provides the opportunity to redesign the fare payment system to create a seamless transit experience for all riders and help grow transit ridership. SPUR has identified several areas where the C2 System Integrator RFP falls short of these goals and needs to be strengthened.

We recommend the following:

1. Simplify fare structures before transitioning to Clipper 2.0

Fare simplification has been treated peripherally to C2 because it is a policy change and not technological issue, but it is, in fact, an integral component of C2. Much of the cost to run Clipper stems from the thousands of business rules that govern fares; these business rules also disincentivize testing new discounts or fare policies.¹ Technology vendors who provided comment on the “Request for Expression of Interest” responded that C2 would be lower in cost to build and more reliable if the region took steps to streamline fares before implementation.² Other cities upgrading their fare payment systems—including Portland, Seattle and Sydney—are using the opportunity to streamline fares across transit operators.

Beyond lowering costs and allowing for flexibility, fare simplification would have a dramatic impact on customer experience. Currently, fare structures differ from operator to operator, which

¹ SPUR Report, *Seamless Transit*, http://www.spur.org/sites/default/files/publications_pdfs/SPUR_Seamless_Transit.pdf

² C2 RFEI Initial Analysis, Presented to the Clipper Executive Board on July 18, 2016

discourages riders from making multi-operator trips, and establishes loyalty to specific operators, rather than to a regional transit system. We need to be doing everything we can to make it easy for people to use transit given urgent pollution and social equity needs. The Bay Area should seek to rationalize fare structure and develop regional passes that work on multiple systems, in multiple cities, and make it attractive to use transit for discretionary trips.

However, the C2 Operation and Lifecycle Concepts states that the current Clipper fare policy will be replicated in C2 at the initial C2 launch; similar language is used in the RFP (see: A – 0.04 Assumptions and Known Constraints). It would not be cost-effective nor provide an intuitive experience — stated goals of C2— to transfer all this complexity to the next iteration of the fare payment system.

SPUR recommends that MTC and the Clipper Executive Board take advantage of the opportunity provided by the C2 upgrade to simplify transit fares and pursue regional fare integration. As a next step, MTC should undertake a new analytical study to provide more fare simplification and regional fare pass options, costs and benefits. The goal of this research should be to reduce the complexity of fares in order to grow transit usage, support managing transit as a business and support the seamless use of multiple operators.

2. Use the C2 update to pursue meaningful, bold changes—including those that have yet to become mainstream, such as contactless credit cards.

Moving to an account based system is an important, necessary update and it needs to be accompanied with additional bold, visionary changes that will make it easier and more convenient for people to use transit. A goal of Clipper 2.0 is to provide a “familiar experience.” SPUR does not feel that it is essential that Clipper 2.0 mirror Clipper 1.0 for users. Rather, MTC should maximize the upgrade opportunity to develop a sophisticated system that embraces current and future technology; C2 should not continue the status quo.

Accomplishing this may require breaking the contract into multiple components. The contract is a monolith; separating key functions such as hardware and software development would widen the pool of companies eligible to bid thereby increasing competition and lowering costs. It also may not be worthwhile for the C2 contractor to takeover C1 operations if this slows down the deployment of C2. We encourage MTC to study the time and cost of other deployment scenarios.

C2 should embrace the future of mobility. C2 should not preclude users from paying for transit with their phone or a contactless credit card, wearables or other mobile devices, nor should it preclude non-hardware based ticketing technology. Some system integrators are already developing advanced ticketing technologies that eliminate the need for fare gates—a change that would ease the burden of transferring between operators. The different ticketing options could save the region money and would help capture riders who are unable or unwilling to take any special steps to pay for or use transit.

In addition, riders should be able to use their Clipper card to pay for other transportation services such as bikeshare and rideshare, publicly available private shuttles, FasTrak and transit parking. C2 should be configured to help users pay for gaps in transit service, such as late night transit, and should support the development of Mobility-As-A-Service platforms which combine transportation services from public and private transportation to create, manage and pay for trips. Adding more mobility services to C2 may be the most cost-effective means to expand the effective size of transit network and needs to be a priority of the system upgrade.

Ultimately, users and not technology should guide the development of C2. SPUR recommends MTC undertake a human centered design (HCD) process, or similar, to cultivate understanding of transit riders and potential riders' beliefs and values. The learnings gathered through an HCD process could provide tremendous insight into the thinking that surrounds the decision to use Clipper and ultimately ride transit—insights that can't be gleaned from a survey or feedback from. In addition, user testing should be a part of each design phase and experience with user testing and user experience design should be evaluation criteria for the contract. C2 will be a stronger product if it is grounded in a holistic assessment of customer needs.

3. Refine and strengthen the performance criteria, especially the non-technical aspects of C2.

Performance criteria are a crucial aspect of the RFP; they allow us to assess whether the contractor's product meets C2 goals. While the performance measures (see: A - 8: Service Level Agreements) for the technical aspects of C2 are specific, those assessing user experience, customer service and product flexibility are nebulous and, in some cases, insufficient to effectively assess progress towards C2 goals.

This can be seen in the performance criteria for Retail Network Geographic Availability (see: A - 8.03 (2) Provide excellent, proactive customer service). The limited availability of Clipper cards is a barrier to transit use. The RFP instructs the contractor to provide a “robust, geographically diverse retail network” (see: A - 1.20 Retail Sales and Distribution Network), but the performance criteria does not define these terms nor set expectations for the contractor based on them, e.g. that riders can reload or purchase a Clipper card within a certain distance of a percent of transit stops and that there be increased coverage in communities of concern. Rather, the performance criteria is “percent change in proportion of developed land within 1 mile of a C2 retail location.”

To ensure the success of C2, the contractor should be expected to meet specific performance-based measures. SPUR recommends that MTC review the performance criteria and, where appropriate, add specific performance expectations. In addition to the retail network performance criteria, we recommend MTC reassess the criteria for the following: customer satisfaction, the expansion of transit-related C2 uses, provision of open interfaces and the utilization of reporting

dashboards. MTC should use performance criteria from other transit agencies, as well as industry best practices, to refine and strengthen the performance criteria in the C2 RFP.

Thank you for the opportunity to provide input on the Industry Review Draft for the C2 Regional Transit Fare Payment System Integrator. Please feel free to contact us with any questions you may have at 415-781-7291.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ratna Amin".

Ratna Amin
SPUR, Transportation Policy Director