



SPUR

San Francisco | San Jose | Oakland

August 14, 2019

Clipper Executive Board
C/O Metropolitan Transportation Commission
375 Beale Street, Suite 800
San Francisco, CA 94105

Re: Agenda Item 3c: Regional Fare Coordination and Integration Update

Dear Chair Mulligan and Executive Board members:

SPUR is a member-supported nonprofit organization that promotes good planning and good government in the SF Bay Area through research, education and advocacy. Improving public transportation and increasing transportation use in cities are core priorities for our organization.

SPUR asks the Clipper Executive Board to take leadership on regional fare integration. We think regional fare integration is a necessary solution to deal with the region's transportation, equity and sustainability challenges.

The potential impacts of regional fare integration are not well understood; the issue has not been studied for more than 10 years. A Business Case for Fare Integration is a necessary next step to gather information on actual the impacts, benefits and costs of integrating fares across transit operators.

As the Clipper Executive Board once again considers allocating funding for the Business Case, we ask the Board to think thoughtfully about the study process and scope of work and to consider how both can be designed to prioritize the customer experience and maximize learning. This letter offers our recommendations for both the process and scope, including:

- Establish a well-resourced, transparent process that includes a wide range of stakeholders
- Establish a shared vision, goals and objectives for fare integration and the business case
- Identify the fare policy problems that need to be solved
- Anchor the business case in the rider experience
- Conduct robust public outreach and engagement, including user experience research
- Consider both revenue neutrality and revenue investment options.
- Identify and evaluate several options for regional fare integration.

SAN FRANCISCO

654 Mission Street
San Francisco, CA 94105
(415) 781-8726

SAN JOSE

76 South First Street
San Jose, CA 95113
(408) 638-0083

OAKLAND

1544 Broadway
Oakland, CA 94612
(510) 827-1900

spur.org

1. Establish a well-resourced, transparent process that includes a wide range of stakeholders.

Fares, though essential to transit operations, impact more than the operator that collects them. Fare policy is a regional equity, funding and customer experience issue. Fares can be employed strategically to grow ridership, promote social equity and keep transit competitive, among other outcomes; fares are far more than a revenue raising tool. For these reasons, the actors who develop solutions to the region's fare policy challenge need to be broader than just transit operators. Transit agency boards, general managers and MTC as well as advocates, major employers and institutions and Bay Area cities should all contribute to this effort.

Transit operator planning staff (in addition to revenue and finance staff) should be part of the proposed staff working group. When we acknowledge fares are a customer-facing element of the transportation system that affect ridership, it flows that planners, who structurally have this perspective, should be included. TransLink's (Vancouver, BC's transit operator) fare review process, for example, was in fact led by its planning and policy staff with input from revenue and finance staff. The finance team set the applicable range for farebox recovery, but then left it to a team of planners to figure out the fares structures that worked for riders, while also meeting financial targets.

MTC's proposal for a project structure, presented at the June 17th Clipper Executive Board meeting, is well-rounded as it includes participation by a variety of stakeholders who care while ensuring the project is ultimately owned by transit operator general managers whose guidance and active support are necessary for success. The Clipper Executive Board should confirm this structure with the addition of major employers, institutions and cities to the advisory committee.

2. Establish a shared vision, goals and objectives for fare integration and the business case.

A shared understanding and starting point are essential to the success of fare integration and the business case. We encourage the Clipper Executive Board to embrace the principles (copied below) proposed in the June 17th Clipper Executive Board meeting.

- Treat the Bay Area transit network as one system;
- Fares should be predictable to users;
- There should be no penalty for transferring;
- Discounts based on age or status should apply uniformly;
- Trips of a similar distance should cost similar amounts;
- Transit should be affordable for all; and
- Passes, if offered, should encourage transit use, not operator loyalty

SPUR believes the goal of the Business Case should be to determine how the region might restructure fare policy to remove fare barriers and maximize ridership, encourage modeshift, promote equity and improve transit competitiveness while maintaining the financial stability of the region's transit operators. The Business Case should be designed to identify what good outcomes for riders would be, even if it takes multiple steps, and a period of years, to get there.

3. Identify the fare policy problems that need to be solved.

The business case should identify fare barriers, that is the ways the existing fragmented fare policies limit riders' ability to use transit, even when it is the best choice for their trip.

This exercise should not be theoretical; it should identify where in the region the fare barriers manifest, describe how they are experienced by various users, and the magnitude of their impact. That is, the analysis should seek to capture the transit trips that *could* involve more than operator or mode but are thwarted by the fare barriers. This effort should consider where transit is time competitive with driving but not cost competitive. This could provide insight into the transit markets that could be the focus for near-term fare integration opportunities.

3. Anchor the Business Case in the rider experience.

Metrolinx's (Toronto's regional rail transit operator and planning agency) Business Case for Fare Integration is serving as a template for the Bay Area's fare integration business case. SPUR has engaged with Metrolinx staff and in our discussions, they noted that they've come to realize that their business case would be of more value if it were anchored in the rider experience. That is, if the business case were less theoretical and framed in such a way that the public could relate to it and understand what fare integration would mean for them and how it would improve their transit experience.

The Bay Area would be wise to heed this lesson and can do this by in two key ways:

- **Create personas or archetypes** (such as visitors, employers, infrequent transit users, transit users with low incomes and commuters) to identify how exactly the problem of disjointed fares impacts specific user groups.
- **Develop a public facing website and materials.** The Business Case should be approached as an opportunity to grow public support for a more streamlined fare system and the resources needed to make it happen. TransLink, for its fare review process, created a comprehensive website that was as engaging as it was informative. We think this could be a good template for the Bay Area's Business Case for Fare Integration.

4. Conduct robust public outreach and engagement, including user experience research.

We cannot solve the region's fare policy problem without understanding riders' fare policy needs, pain points and expectations. The optimal way to anchor the business case in the rider experience is to go where the riders are and talk to them.

Traditional outreach efforts, such as focus groups and open houses are helpful, but not sufficient for this effort because these tools don't provide insight into the lived experience of transit riders. Public engagement for the Business Case for Fare Integration should include a wide variety of ethnographic research, such as customer narrative workshops, one-on-one interviews, customer intercept surveys at transit hubs, observational research, journey mapping workshops, and ride-alongs designed to extract customer behaviors, attitudes and beliefs. We believe this research should seek to unearth the following:

- Legibility of the current fare system and what information matters to customers for the purposes of their trip
- Customers' decision-making process leading to and during the trip
- Valued and important aspects of transit service
- Perceived experiences and level of satisfaction during transit trips
- Meaning of the fares and its relationship to customer experience

TransLink commissioned ethnographic research for their fare review process. We recommend reviewing their findings to understand the power of this type of research and how it can supplement other qualitative and qualitative data. The research can be access here: https://www.translink.ca/-/media/Documents/plans_and_projects/transit_fare_review/Appendix-C--Customer-Experience-Research.pdf

5. Consider both revenue neutrality and revenue investment options.

SPUR commits to supporting fare integration proposals that help keep transit operator income sustainable through increased revenues or subsidies.

The 2008 Fare Integration Study only considered a revenue-neutral scenario, which resulted in options that were too costly to riders and ultimately dismissed for their infeasibility. To avoid the same outcome, the business case should include two different scenarios: revenue neutrality and revenue investment. The revenue-neutral scenario should consider the potential of an integrated fare structure to increase ridership overall and thus increase revenue for the regional system, which could then be distributed among operators through revenue sharing. The revenue-investment scenario should assume that a certain amount would be invested to support the development of an integrated fare structure.

6. Identify and evaluate several options for regional fare integration.

There is no single way to achieve fare integration. For example, it could be achieved through multi-operator passes that more or less leave the region's hybrid fare structure intact. Seattle's successful PugetPass is an example of this. Or, it could be achieved through steep transfer discounts or multi-operator fare capping. A single common fare structure for the region may be the best remedy because it would fully eliminate the penalty for transferring between transit systems. Accordingly, the business case should evaluate a wide range of options for fare integration, from modifications to the status quo to transformative changes. The goal should be to determine which options have the highest benefit to cost ratio per the four-part case analysis.

We caution the Clipper Executive Board from over focusing on fare coordination. Fare coordination can be a good goal: transit riders should be able to learn something in one part of the region and use that information anywhere in the region. While it's worthwhile to have a common definition for youth and senior, for example, fares have the dimension of price and price can influence behavior. Fares should be coordinated but the coordination should not be arbitrary; rather, fares should be coordinated with the goal of increasing mobility and transit ridership. A uniform \$0.50 transfer discount is only so good as it supports the outcomes and adopted policy goals our region and state have for our transportation system.

You took the big step with the Clipper card. We now ask that you pursue regional fare integration. It's hard to make it easy; figuring out an integrated fare scheme will be complicated. But it is our responsibility as leaders and specialists to delve into that complexity so that we can create simplicity for riders.

Thank you for your leadership on this crucial issue for the Bay Area. We look forward to working with you.

Sincerely,

A handwritten signature in black ink, appearing to read 'A. Fleisher', with a stylized, cursive script.

Arielle Fleisher
Transportation Policy Director