



# **BART Fare Structure Report**

## **January 2019**



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Appendix A. BART Act Rates and Charges Section

Appendix B. BART Financial Stability Policy

Appendix C. BART Fare Policy

This report provides information on BART’s fare structure; the Clipper smart card; fare programs currently underway or under study; fares and policies of local and peer agencies; and BART’s fare-related policies, the Financial Stability Policy and Fare Policy.

# 1 BART FARE STRUCTURE

## THE BART ACT: RATES AND CHARGES

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In 1957, the California State Legislature with the BART Act created the District to provide regional rapid transit service. The BART Act states that rates and charges for such service shall be “reasonable” and “insofar as practicable” fixed to generate revenue to pay the District’s operating expenses; provide for maintenance; and provide for the acquisition of rolling stock. After these purposes have been met, the Board may use fare revenue for other purposes. See Appendix A for the full text of the BART Act section on rates and charges.

Significant fare revenue would be needed to meet the BART Act’s direction to pay for operating expenses. It was determined that a distance-based fare structure would generate sufficient revenue and reflect generally the value of a trip on BART for the consumer, with perceived value being related to distance traveled, speed, and geographic and transportation obstacles avoided (i.e., the San Francisco Bay).

BART’s fare structure also reflects the fact that BART was one of the first rapid transit systems to use automated fare collection (AFC) equipment. AFC vending machines accurately track and process value that is loaded on the regional Clipper smart card as well as sales of BART magnetically encoded stored-value tickets (mag-stripe tickets). BART exit fare gates extract data on collected fares and system use (e.g., ridership by origin-destination, by fare type, and by time of day). This capability has allowed BART to implement a graduated distance-based fare structure. Less-automated transit systems use a fare system that is either zone-based to represent distance traveled or flat.

## BART FARE COMPONENTS AND CALCULATION

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BART’s fares are calculated based on distance traveled, with surcharges applied to certain trips, adjusted by a speed differential. These components, however, are not visible to the rider, who pays their sum rounded to the nearest nickel.

The fares cited in this report are Clipper fares that took effect January 1, 2018, and ridership is for Fiscal Year 2018 (July 1, 2017 through June 30, 2018), unless otherwise noted. Also effective January 1, 2018, blue mag-stripe ticket fares are 50 cents more per trip than the Clipper fare; the mag-stripe surcharge is prorated for discounted tickets so that seniors and people with disabilities pay 19 cents and youth pay 25 cents.

For example, the fare for the trip from Hayward to Montgomery is made up of the following components:

Fare Component	Value
Distance-based (21.2 miles)	\$3.87
Speed differential (2.5 minutes faster than average)	\$0.14
Transbay surcharge	\$1.00
Capital surcharge	\$0.13
<i>Total</i>	\$5.14
<b>Clipper fare the rider pays, rounded to the nearest nickel</b>	<b>\$5.15</b>
<b>Mag-stripe ticket fare the rider pays</b>	<b>\$5.65</b>

## BART'S DISTANCE-BASED FORMULA

BART's minimum fare for a trip of six miles or less is \$2.00. Medium-length trips are between 6 and 14 miles and have a distance-based charge of \$2.05, with 15.0¢ charged for any additional miles over six. The distance-based charge for a long trip (over 14 miles) is \$3.22, with 9.0¢ charged for each mile over 14.

Trip	Distance (in miles)	Minimum Fare	Per Mile Additional Charge
Minimum Fare	6 or less	\$2.00	--
Medium	6-14	\$2.05	15.0¢ per mile over 6
Long	14+	\$3.22	9.0¢ per mile over 14

For example, the distance-based portion of the fare for an 11-mile trip is \$2.80 (\$2.05 plus 15.0¢ x 5 miles).

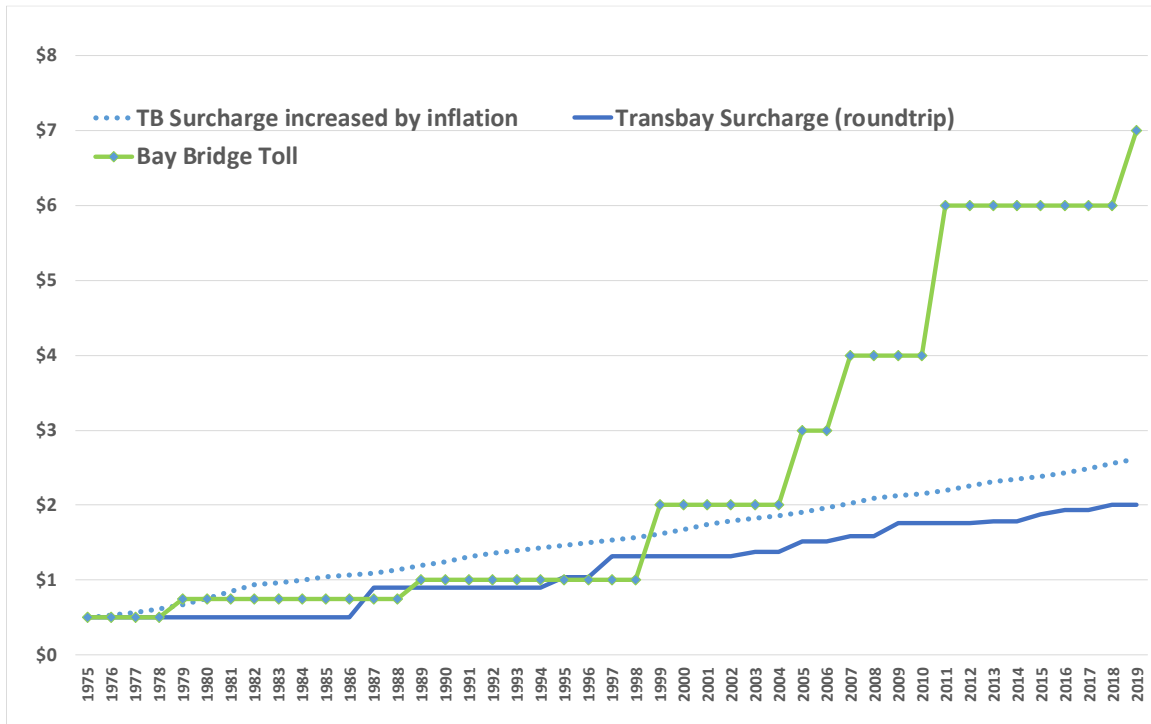
## SURCHARGES

### Transbay Surcharge

The Transbay surcharge was initiated to provide competitive fares relative to the Bay Bridge toll, to acknowledge the value BART provides in travel time saved in the congested Bay Bridge corridor, and to reflect the high cost of establishing service through the Transbay tube.

The Transbay surcharge is \$1.00. To cross the bay by auto, effective January 1, 2019, the Bay Bridge toll during the week is \$7.00 in the peak (5am to 10am and 3pm to 7pm) and \$5.00 in the off-peak, and on weekends the toll is \$6.00. A round-trip fare on BART using the Transbay tube includes two Transbay surcharges, or \$2.00, 71% less than the weekday peak period bridge toll exaction. For 1975 to the present, the chart on the next page shows the values of the Bay Bridge toll and the round-trip Transbay surcharge (the value of the Transbay surcharge increases at the same time and by the same amount as

BART’s systemwide fare increases). As a comparison, the value of the Transbay surcharge if it had been increased by inflation alone is also shown.



### Daly City Surcharge

The Daly City surcharge has been in place since the Daly City station opened. Its purpose is to offset the absence of San Mateo County sales tax and property tax supporting BART service, since San Mateo County is not part of the District. The Daly City surcharge is \$1.15. It is applied to trips between Daly City and San Francisco BART stations, but not to trips that cross the bay. The fares for those trips include the Transbay surcharge only. Revenue from the Daly City surcharge goes into BART’s general fund to pay for operating expenses.

### San Mateo County Surcharge

The San Mateo County surcharge was implemented when the SFO Extension opened in 2003 and is currently valued at \$1.44. The surcharge is applied to:

- Trips between San Mateo County stations (except the trip between SFO and Millbrae Stations, for which only the SFIA Premium Fare is charged).
- Trips between San Mateo County stations (except Daly City) and San Francisco stations.

Revenue from the surcharge goes to offset the cost of operating the SFO Extension.



### **Capital Surcharge**

In 2005, the Board approved a capital surcharge to fund capital projects within the three-county BART District, including Daly City. The current value of the surcharge is \$0.13.

### **SFIA Premium Fare**

The SFIA Premium Fare of \$4.54 is charged for trips between the SFIA station and all other BART stations. This fare revenue originally funded debt issued in 2002 to fund construction of the SFO Extension. In 2012, the remaining debt was “rolled into” BART’s sales tax-backed debt, for which the District receives a better interest rate. SFIA Premium Fare revenue now goes into BART’s general fund.

BART offers discount fares to SFO Airline employees and SFO Airport-badged employees, as described in the Discounted Fares section of this chapter.

### **BART-to-Oakland International Airport Project Fare**

The 3.2-mile BART-to-Oakland International Airport (OAK) Project opened in November 2014 and provides service between Coliseum station and the Oakland International Airport station. There are two additive elements to the fare for service to or from a BART station and the Oakland International Airport, the Base Fare for service between the Coliseum BART station and other BART stations and the Project Fare. The Board initially set the Project Fare at \$6.00 with the provision that the Project Fare is to increase by the value of the systemwide inflation-based fare increase starting with the January 2018 increase of 2.7%. The Project Fare is thus now \$6.16.

BART offers discount fares to Oakland Airport-badged employees, as described in the Discounted Fares section of this chapter.

The values of the SFIA Premium Fare, the OAK Project Fare, and the Transbay, Daly City, San Mateo County and Capital surcharges are increased when fares are increased, and by the same percentage.

### **SPEED DIFFERENTIAL**

The speed differential is in keeping with one of the guiding principles applied in setting up BART’s fare structure, to reflect the value of trips for the consumer. It was believed that riders perceive a trip that was faster than the average to be more valuable, and hence a premium was attached to that trip’s fare. The fare for a trip that was slower than average was discounted.

The speed differential is currently valued at 5.8¢ per minute. For each minute that a trip’s travel time is faster than it would be at a systemwide average speed, 5.8¢ is added to the fare, and for each minute that the trip is slower than average, 5.8¢ is subtracted from the fare. For example, the fare for the trip between Hayward and Montgomery

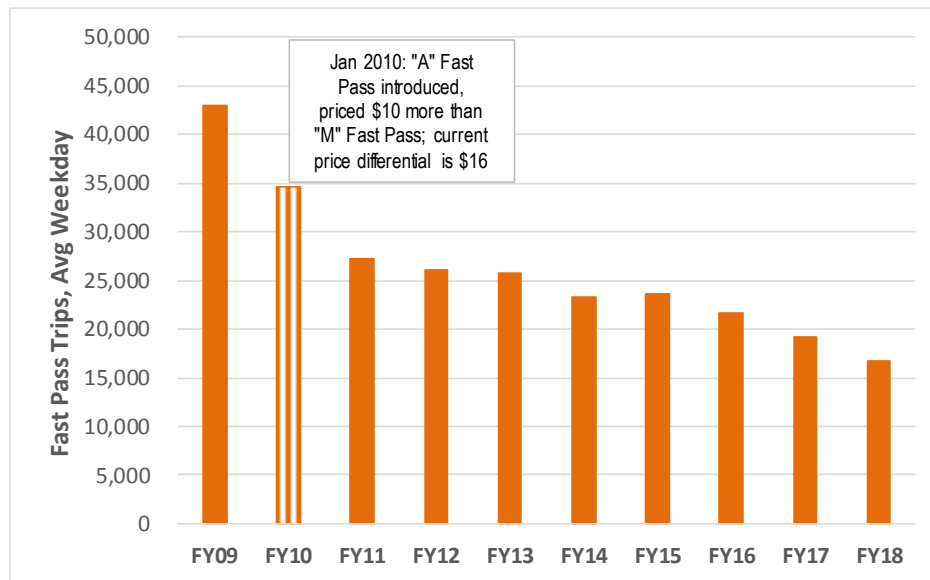
stations noted earlier has \$0.14 added to it because the trip is about two and a half minutes faster than it would be were the train traveling at a systemwide average speed.

## EXCEPTIONS TO THE DISTANCE-BASED STRUCTURE

### MUNI FAST PASS

Introduced in 1983, the Muni Fast Pass is a monthly pass that the San Francisco Municipal Transportation Agency (SFMTA), which oversees Muni, sets the price of and manages. The customer pays one price that covers unlimited rides on Muni and on BART within San Francisco. A monthly pass is feasible for BART in San Francisco because historically fares for trips within San Francisco have been identical or within a nickel of each other. The current fare for intra-San Francisco trips is \$2.00.

In 2010, SFMTA implemented a second, less expensive, Muni-only “M” Fast Pass in addition to the “A” Fast Pass that is good for BART and Muni rides. Since then, as shown in the chart below, Fast Pass trips on BART have declined by more than 50%. In FY18, Fast Pass trips accounted for approximately 4% of all BART trips.



SFMTA prices the “A” Fast Pass at \$94, or \$16 more than the Muni-only “M” Fast Pass; SFMTA reimburses BART \$1.35 for every Fast Pass trip that BART’s fare gates record. This reimbursement rate translates to about a 33% discount from the current minimum fare of \$2.00, the fare for intra-San Francisco trips. Reimbursement rates are adjusted in accordance with the District’s inflation-based fare increase program. Reimbursement adjustments occurred in 2016 and 2018, with the remaining adjustment scheduled for 2020. The agreement between BART and SFMTA that sets the reimbursement rate and the increases to it is in effect through June 2020.

Extending the "A" Fast Pass to include unlimited trips between Daly City and San Francisco stations has been studied. In 2012, a "Daly City Fast Pass Strategic Analysis" was jointly undertaken by BART, San Francisco Municipal Transportation Agency, the San Francisco County Transportation Authority, and San Francisco State. The report estimated that it would cost BART, in 2012\$, approximately \$8 million per year. However, BART and Muni jointly continue to underwrite free rides for BART passengers transferring to Muni lines for travel between Daly City Station and San Francisco.

### **EAST BAY SUBURBAN ZONE FARE**

The East Bay suburban zone fare has been part of BART's fare structure since 1975 and is equal to the minimum fare, currently \$2.00, which is the fare charged for short trips of six miles or less; it is not calculated based on the actual distance traveled. The actual distances of East Bay suburban zone trips on the Antioch, Pittsburg/Bay Point, Warm Springs/South Fremont, Richmond, and Dublin/Pleasanton lines range from 6.3 miles to 13.0 miles.

Riders taking the shortest trip receive a discount of 11% to the distance-based fare of \$2.25, while those taking the longest trip receive a 39% discount to the distance-based \$3.25 fare. East Bay suburban zone fares account for approximately 1.6% of BART's total trips. The \$2.00 East Bay suburban zone fare is charged for trips between stations as shown in the table to the right.

		<b>Distance in miles</b>
<b>BART to Antioch Line</b>		
Antioch &	Pittsburg/Bay Point	9.1
Pittsburg Center &	Antioch	6.2
	North Concord	7.8
	Concord	10.0
<b>Pittsburg/Bay Point Line</b>		
Pittsburg/Bay Point &	Concord	7.1
	Pleasant Hill	11.2
	Walnut Creek	12.3
North Concord &	Pleasant Hill	6.3
	Walnut Creek	8.0
Concord &	Lafayette	9.3
	Orinda	13.0
Pleasant Hill &	Orinda	8.9
Walnut Creek &	Orinda	7.2
<b>Warm Springs/So. Fremont Line</b>		
Fremont &	South Hayward	7.0
	Hayward	10.0
	Bay Fair	12.8
Union City &	Hayward	6.7
	Bay Fair	9.6
Warm Springs/South Fremont &	Union City	7.8
	South Hayward	11.6
<b>Richmond Line</b>		
Richmond &	North Berkeley	6.4
	Berkeley	7.4
	Ashby	8.6
El Cerrito del Norte &	Ashby	6.3
<b>Dublin/Pleasanton Line</b>		
Dublin/Pleasanton &	Castro Valley	10.0
	Bay Fair	13.0
West Dublin/Pleasanton &	Castro Valley	8.4
	Bay Fair	11.4

The East Bay suburban zone fare was intended to build ridership between suburban stations and in so doing also to promote tripmaking that fills a BART seat twice during a single run in the peak period. For example, a train running from Pittsburg/Bay Point to



San Francisco would have a seat filled between North Concord and Walnut Creek which would be charged the East Bay suburban zone fare, and that seat, vacated at Walnut Creek, would be filled again by a tripmaker going to San Francisco for work.

## CENTRAL BUSINESS DISTRICT ZONE FARES

BART’s fare structure includes two Central Business District (CBD) zones:

- San Francisco: Embarcadero, Montgomery, Powell, and Civic Center stations
- Oakland: 12th Street, 19th Street, and Lake Merritt stations

Fares for trips to or from stations in a CBD zone are averaged, and that averaged fare is the one charged, instead of each trip pair having a separate distance-based fare. For example, trips between MacArthur and the San Francisco CBD have an averaged fare of \$3.75, instead of individual fares ranging between \$3.70 and \$3.80. About 40% of all BART trips exit at a CBD zone station, with 34% exiting in the San Francisco CBD and 6% exiting in the Oakland CBD.

## EXCURSION FARE

A rider taking an excursion trip enters and exits at the same station. The excursion trip fare is \$5.90. It is intended to recover the costs of tourists and others taking such trips, as well as stopping some forms of fare evasion. Approximately 0.5% of BART’s total trips are excursion fare trips.

## DISCOUNTED FARES

### DISCOUNTS FOR SENIORS, PEOPLE WITH DISABILITIES, AND YOUTH

BART offers discounts to seniors, people with disabilities, and youth. BART’s all-day 62.5% discount exceeds the federal requirement that an agency offer senior citizens and people with disabilities a 50% discount during the off-peak period. As of January 1, 2018, two Board-approved changes were implemented for youth: the discount for riders aged 5 through 12 was reduced from 62.5% to 50%, and a new 50% discount was offered to riders age 13 through 18.

	Discount	% of Total BART Trips
Senior citizens 65 years or older	62.5%	5.3%
People with disabilities	62.5%	2.2%*
Youth aged 5 to 18 years (children under age 5 ride for free)	50%	1.9%*

\*Percent of FY18 total trips includes trips made with the Clipper card and BART’s magnetic stripe tickets. People with disabilities and youth both use the red magnetic stripe ticket and so the % of those groups using the red ticket is an estimate; Clipper trips made by people with disabilities and youth are actual.

Seniors, people with disabilities, and youth get the discount either by paying the reduced fare with the appropriate Clipper card at the fare gate or at the point-of-sale with a mag-

stripe ticket valued at \$24 sold for \$9 for seniors and people with disabilities, and \$24 sold for \$12 for youth. BART sells these mag-stripe tickets (color-coded red for people with disabilities and youth, and green for seniors) through the mail, at the Lake Merritt Customer Service Center, the Clipper Customer Service Center at Embarcadero station, and SFO. In FY18, approximately 91% of BART's senior riders used Clipper and 9% used the green mag-stripe ticket. About 83% of trips taken by persons with disabilities are estimated to have been made with the Clipper card, while the remainder were made with the red mag-stripe ticket. For trips made by youth, it is estimated that almost 83% of these riders paid with the Clipper card and the other 17% used the red mag-stripe ticket.

The new youth discount has resulted in marked trip growth. During calendar year 2018, approximately 1.3 million more Clipper youth trips were made compared to calendar year 2017, an increase of 265%. Between 2016 and 2017, when the Youth Clipper card was used only by 5 through 12-year-old riders, trips were growing at approximately 18% per year, and so it is likely the current significant trip growth can be attributed to travel by youth age 13 through 18.

### **DISCOUNTS FOR MULTIPLE-RIDE (HIGH-VALUE) FARE PRODUCT**

BART offers a discount of 6.25% when riders load a high fare value on their Clipper cards or buy a high-value mag-stripe ticket. A rider can either pay \$60 and get \$64 in value or pay \$45 and receive \$48 in value. High-value mag-stripe tickets are available through the mail, at the Lake Merritt Customer Service Center, and the Clipper Customer Service Center at Embarcadero station. Riders can use their paper commuter benefit vouchers to purchase the mag-stripe tickets or their commuter benefit debit/credit cards to load value onto Clipper.

The Clipper high-value fare product is used to pay for approximately 16% of all BART trips. The number of trips made with the high-value mag-stripe ticket is not known because these trips are reported along with regular BART blue mag-stripe ticket trips. However, high-value mag-stripe ticket sales data are available—in calendar year 2018, BART sold approximately 4,200 \$45 tickets and almost 6,300 \$60 tickets.

### **MUNI FAST PASS**

As described in a previous section, the Muni “A” Fast Pass is a discounted monthly pass. BART currently receives \$1.35 per trip from SFMTA rather than \$2.00 from the rider, while the exact level of the discount the rider gets depends on the number of trips he or she takes.

### **AIRPORT EMPLOYEE DISCOUNT PROGRAMS**

BART offers discount programs for those employed at San Francisco International Airport and Oakland International Airport.

### **San Francisco International Airport**

BART is required to make available to SFO airline employees a 25% discount on their trips to or from the SFO station. Airline employees receive this discount by using a BART-Only Smart Card (BOSC) that accesses a special fare table that provides the 25% discount.

SFO Airport-badged employees also receive a discount by using their own specially encoded BOSC. The Airport-badged employee discount program began in response to the increase in 2009 to the SFO Premium Fare from \$1.50 to \$4.00. The initial agreement between SFO and BART ensured that Airport-badged employees would see no increase and continue to pay \$1.50. In 2013, SFO wished to encourage more Airport-badged employees to take BART, and BART agreed to waive the \$1.50, so that Airport-badged employees now pay no SFO Premium Fare. SFO has actively promoted this discount program to employees, and the elimination of the SFO Premium Fare has been revenue positive. Airport-badged employees took more than 450,000 trips in FY18 compared to the approximately 120,000 baseline number of trips in FY13, which is a 275% increase in ridership.

### **Oakland International Airport**

The fare for service to or from a BART station and the Oakland International Airport (OAK) has two additive elements: the Base Fare for service between the Coliseum BART station and other BART stations and the Project Fare, which the Board set at \$6.00 when the station opened in November 2014. From the time the station opened until the end of 2017, Oakland Airport-badged employees paid a Project Fare of \$2.00 instead of the full Project Fare of \$6.00. The \$2.00 Project fare was identical to the fare employees paid to ride AirBART, the bus service replaced by the new service. Effective January 1, 2018, per Board Resolution 5261, the Project Fare was increased by the same percentage as the systemwide inflation-based fare increase, or 2.7%. Thus, the current Project Fare is \$6.16, and Oakland Airport-badged employees now pay \$2.05.

### **DISCOUNTS FOR MIDDLE AND HIGH SCHOOL STUDENTS**

In July 2018, after the January implementation of the new 50% discount for riders age 13 through 18, the Board approved eliminating the Orange ticket program for students attending participating middle and high schools. Orange tickets had a value of \$32 and were sold for \$16, a 50% discount, and these tickets were to be used only for school-related trips on weekdays. With the new 50% discount, youth riders can make trips on any day and at any time. BART fare gates continue to accept Orange tickets bought before the program ended.

### **DISCOUNTS FOR HIGHER-EDUCATION STUDENTS**

The BART Higher Education Fare Discount Program (HEDP) offers fare discounts to students at colleges and universities. San Francisco State University (SFSU) is the first

program participant, and SFSU students and administration worked with BART to develop the SFSU program, which is the model for other schools.

HEDP development has been guided by these principles:

- Replicability to other schools in the BART service area
- Revenue neutral to BART
- Data available for analyzing tripmaking
- Flexibility in changing discount amount
- Minimized potential for fraudulent use

The BART fare discount is a percentage amount off the regular fare. For example, if the regular fare is \$2.00, and the discount is 25%, then the student would pay a discounted fare of \$1.50. BART's distance-based fares are calculated for every trip between the system's 48 stations, which results in 185 unique fares. As there are a great number of unique fares, the discount is offered per trip rather than offering up to 185 price-point passes. Buses can offer unlimited ride passes because buses charge one flat fare, and some rail operators with zone-based fare structures can offer passes because of the relatively limited number of zones in their systems.

Students use a Clipper card specially designed for their school, which also serves as a student's ID, to get the BART fare discount. Each school's staff and students determine the amount of the discount and which BART trips will be covered. The school reimburses BART for the difference between the regular fare and the discounted fare paid by the student, so the program is revenue neutral to BART. Funds to reimburse BART for the discount can come from a variety of sources including student fees, the school itself, or outside funding (e.g., grant funding). The discount amount can be changed as funding becomes available.

## **TRANSFERS BETWEEN BART AND BUSES**

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Besides the discount offered with the Muni Fast Pass as described above, BART riders can also pay discounted fares for trips on connecting bus operators as shown in the table on the next page. Discounted transfers are automatically given when the rider uses a Clipper card. AC Transit and County Connection also accept a paper transfer dispensed in the paid area of the BART station in addition to giving the discount with the Clipper card.

<b>One-way Transfers</b>		
From BART to:	AC Transit (Clipper fare)	\$0.50 off \$2.25 Clipper fare (22% discount)
	County Connection	\$1 off \$2 cash fare (50% discount)
	Muni, within San Francisco	\$0.50 off \$2.50 Clipper fare (20% discount)
	Tri Delta Transit	\$0.75 off \$2 fare (37.5% discount)
	Union City Transit	\$0.50 off \$2 fare (25% discount)
	VTA (Clipper fare; express bus only at Fremont Station)	\$0.50 off \$4.50 fare (11% discount)
	WestCAT	\$0.75 off \$1.75 fare (43% discount)
	Wheels	\$1 off \$2 fare (50% discount)
<b>Two-way Transfers</b>		
From BART/to BART:	AC Transit (cash fare)	\$0.25 off \$2.35 one-way cash fare (9% discount)
	Muni, Daly City Station	Free (\$2.50 one-way Clipper fare)

## CLIPPER

Riders pay for BART trips either with the regional Clipper smart card, which BART began to accept in 2009, or BART’s magnetic stripe tickets. Effective January 1, 2018, a 50 cents per trip surcharge was implemented on trips taken with mag-stripe tickets to encourage migration to the regional Clipper card. BART is currently assessing the benefits of moving all riders to Clipper and evaluating strategies to achieve a 100%-Clipper fare payment system.

As the table on the next page shows, on an average weekday in October 2018, Clipper cards were used to take over 84% of BART trips, with almost 56% made with the Clipper adult card. By comparison, in 2016 before the 50 cents per trip mag-stripe surcharge was implemented, 68% of trips were made with Clipper, with 42% of trips using the Clipper adult card. The percentage of trips taken with the blue mag-stripe ticket in 2018 is 13%, which is a decrease from 29% in 2016.

October Weekday Average				
	2018		2016	
	Trips	% of Total	Trips	% of Total
Clipper Adult	237,229	55.6%	184,859	42.2%
Clipper High Value Discount	69,452	16.3%	67,604	15.4%
Blue Ticket	57,652	13.5%	128,919	29.4%
Clipper Senior	21,132	5.0%	15,904	3.6%
Fast Pass (Clipper only)	17,022	4.0%	20,634	4.7%
Clipper Disabled	8,088	1.9%	7,556	1.7%
Clipper Youth	7,146	1.7%	1,468	0.3%
SF State Student Discount	3,474	0.8%	--	--
Red Ticket (Disabled & Youth)	2,291	0.5%	4,556	1.0%
Green Ticket (Senior)	1,303	0.3%	3,992	0.9%
Orange Ticket (Student)	282	0.1%	1,534	0.3%
SFO Airport Employee Discount	1,597	0.4%	1,287	0.3%
SFO Airline Employee Discount	121	0.0%	157	0.0%
OAK Employee Discount	41	0.0%	33	0.0%
<b>Total Trips</b>	<b>426,829</b>	<b>100.0%</b>	<b>438,502</b>	<b>100.0%</b>
	<b>2018</b>		<b>2016</b>	
<b>Clipper % of Total</b>	<b>84.4%</b>		<b>68.0%</b>	

## CLIPPER 2: THE NEXT GENERATION OF CLIPPER

The Clipper program is governed according to a Memorandum of Understanding signed by MTC and the partner transit agencies. Nine of the region’s transit agency leaders, including BART’s general manager, comprise the Executive Board responsible for managing the Clipper program, and the current contract with Cubic Transportation Systems to operate Clipper expires in November 2019. In September 2018, Cubic Transportation Systems, Inc. was awarded the contract for the Next Generation Clipper (C2) System Integrator. The Contract includes the design, development and testing, installation and transition, and operations and maintenance (O&M) of the C2 system.

The C2 system will be based on a proven, high-volume, multi-operator fare collection system. It will support all existing fare policies; will accommodate innovative pricing strategies; and will provide an accurate, reliable, consistent and fast customer experience when purchasing fare products, paying fares, managing accounts, and receiving customer service. In addition to replacing obsolescent systems and equipment, C2 will introduce new features to the Clipper program that address the most common customer and user issues with the current Clipper system, such as:

- A Clipper mobile app to be implemented on an accelerated schedule that will allow customers to use smart phones to reload their account and function as a Clipper card;



- An account-based system that will allow customers to reload their Clipper accounts online, at vending machines, at retailers, and through mobile devices and use the value immediately, eliminating the current one-to-two day delay and the primary source of current customer frustration;
- A customer transition approach that is designed to ensure customer convenience and minimize disruption;
- The ability to integrate with other transportation providers such as bikeshare and paratransit providers, addressing Bay Area needs for better mobility solutions;
- Improved tools and systems to manage employer and other institutional programs and offer new types of promotions; and
- Better flexibility for the region's Clipper agencies to implement and adopt fare policies to meet the changing needs of transit riders.

The first improvements are scheduled for 2019 and rollout of the new Clipper mobile-payment app is scheduled to occur in fall 2020. The total redesign and development will be completed by 2021, with customers transitioned by 2023.

## RIDERSHIP AND REVENUE GENERATED BY EXISTING FARE STRUCTURE

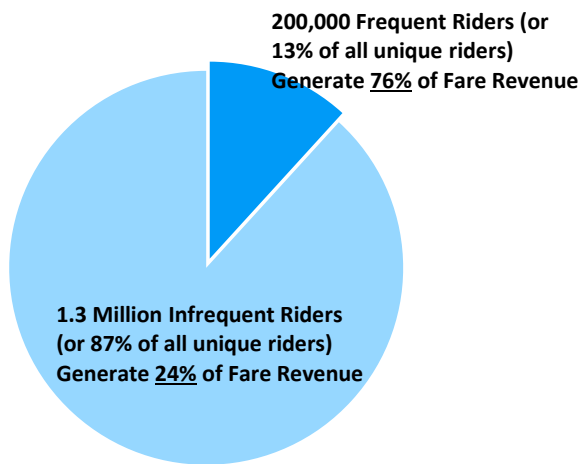
The table below shows for recent fiscal years the number of trips made under the existing fare structure, the net revenue generated, and the role the existing fare structure plays in covering BART's operating expenses (as represented by the system farebox recovery ratio<sup>1</sup>).

Fiscal Year	Annual (millions)		System Farebox Recovery Ratio
	Trips	Net Rail Revenue	
<b>18</b>	<b>120.6</b>	<b>\$480.9</b>	<b>66.6%</b>
17	124.2	\$484.8	70.4%
16	128.5	\$488.7	74.4%
15	126.0	\$462.8	75.6%
14	117.1	\$415.7	72.9%
13	117.8	\$406.1	71.8%
12	110.8	\$366.5	69.4%
11	103.7	\$342.7	69.9%

<sup>1</sup> The system farebox recovery ratio is calculated by dividing total fare revenue (rail, Oakland Airport Connector, BART to Antioch, and ADA revenues) by total operating expense.

Based on 2018 Customer Satisfaction Survey data, frequent riders (those who ride BART at least three days per week) generate about 76% of fare revenue. The remaining 24% of revenue is generated by infrequent riders (those who ride BART less than three days per week). While these infrequent riders contribute relatively less to fare revenue, they are important for efficient system utilization, as many of them ride on weekends or during off-peak periods. Additionally, the large number of infrequent riders contributes to BART's relevancy to the Bay Area and is a source of public support for the system. As shown in the chart below, frequent BART riders make up about 13% of all unique riders, while infrequent riders comprise 87% of all BART's unique customers.

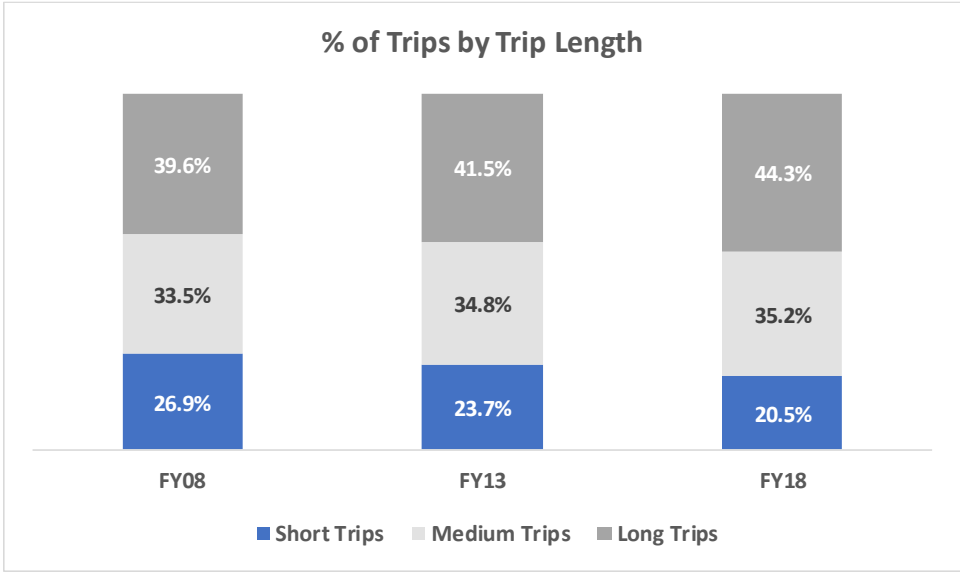
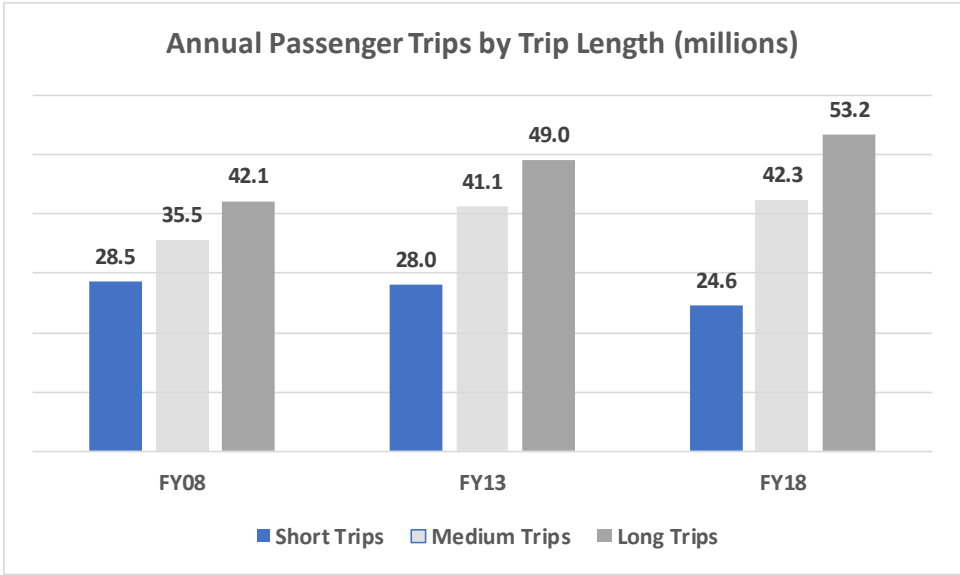
### Fare Revenue Generated by Riders



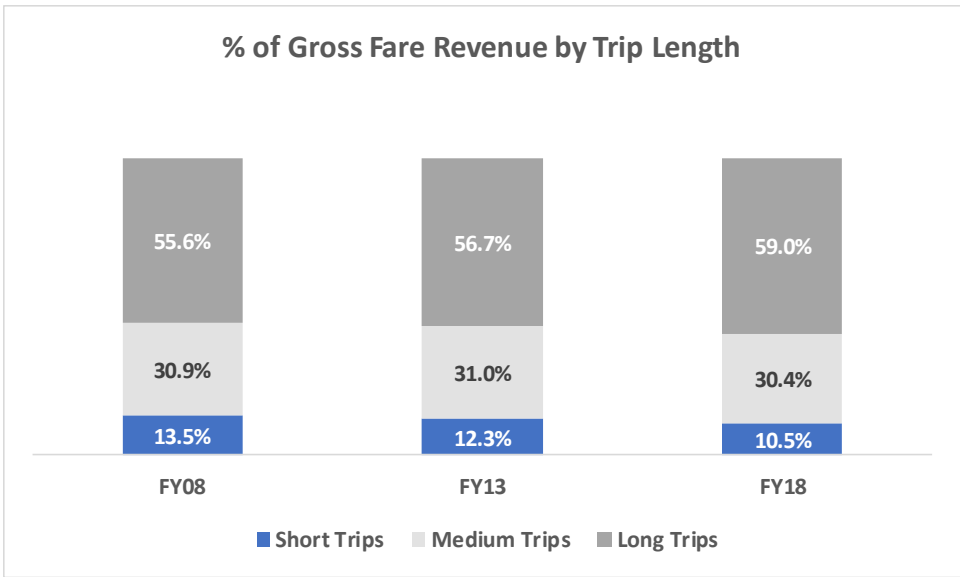
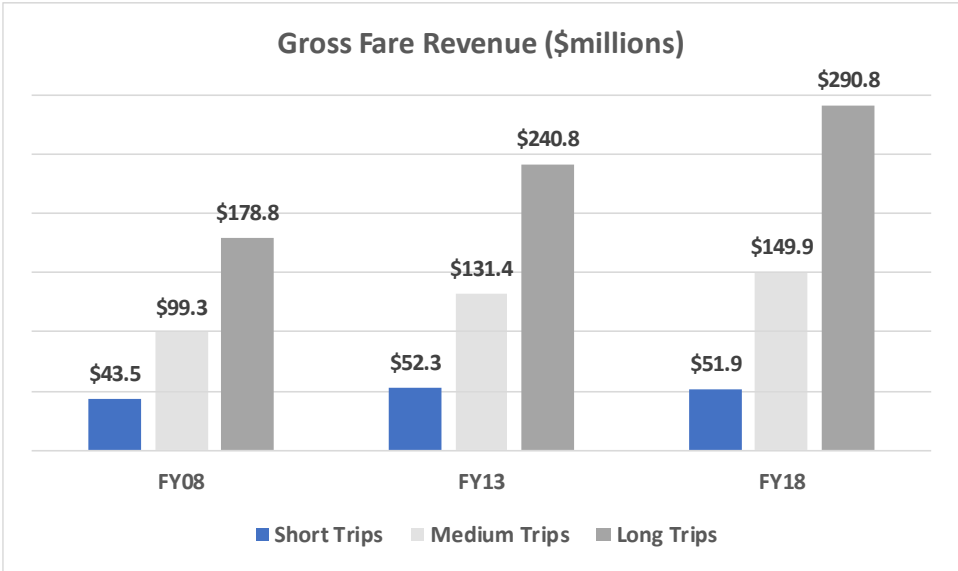
Source: 2018 Customer Satisfaction Survey

Looking at FY18 ridership and revenue by length of trip, long trips (14+ miles) account for 44% of all trips and generate 59% of gross fare revenue. Medium-length trips, 6-14 miles, make up 35% of BART trips and generate 30% of gross fare revenue. Short trips, up to 6 miles, make up 21% of all BART trips, generating 11% of gross fare revenue.

The charts below show that, between FY08 and FY18, annual overall trips have increased across all trip lengths, but as a percentage of total annual trips, medium and long trips have increased at a higher rate while short trips have declined.



The change in gross fare revenue is consistent with annual ridership trends reflecting an increase in overall fare revenue but, as a percentage of total revenue, medium and long trip revenues are increasing while short trip revenue is decreasing.



Likely causes of the shift toward longer trips include the availability of Transportation Network Carriers (TNCs) for those making shorter trips, a continued strong job market in San Francisco, the opening of the BART to Antioch line, and continuing declines in Muni Fast Pass trips.

**PRODUCTIVITY-ADJUSTED INFLATION-BASED FARE INCREASE PROGRAM**

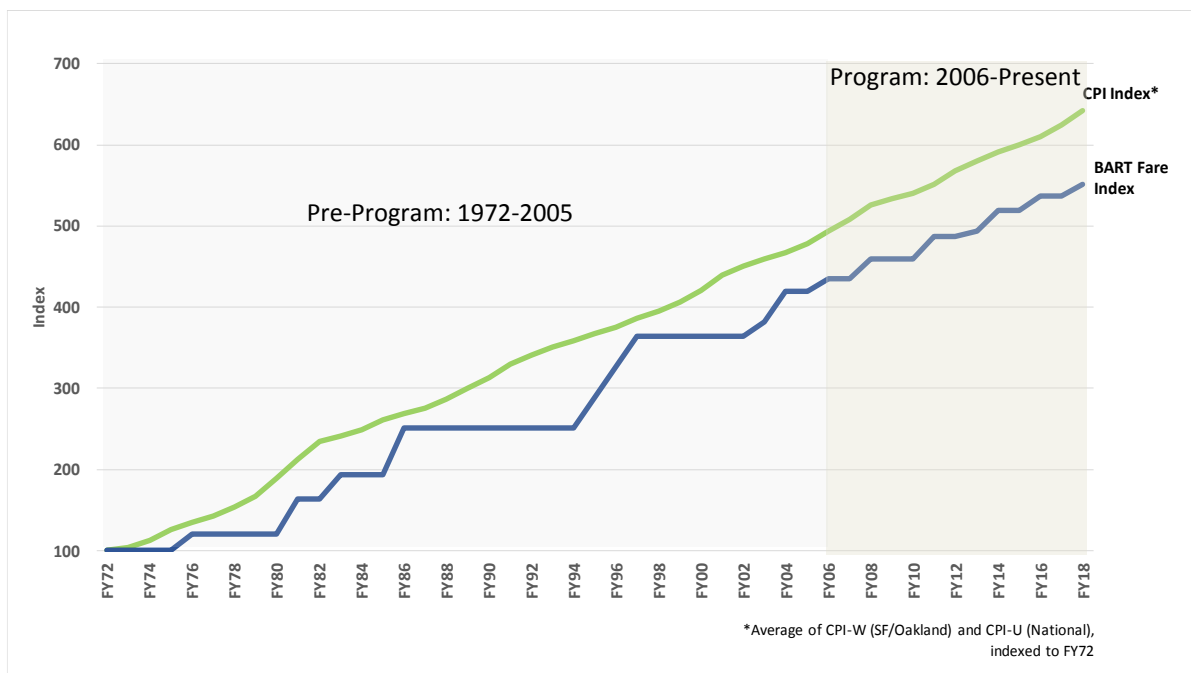
BART has a program to increase fares by a less-than-inflation factor every two years. The formula to calculate the percentage increase takes the average of national and local inflation over a two-year period and subtracts one-half percent to account for

improvements in BART productivity. The BART Board adopted the productivity-adjusted inflation-based fare increase program in 2003, with the first series of increases taking effect from 2006 to 2012; the timeframe for the second series started in 2014 with the last increase scheduled for 2020. Series 3 is projected for the time period 2022 to 2028.

BART’s Financial Stability Policy and Fare Policy support this program. The Financial Stability Policy states that “BART’s ability to deliver safe, reliable service rests on a strong and stable financial foundation,” with a goal to “Preserve and maximize BART’s fare revenue base, through a pattern of predictable fare adjustments, while retaining ridership.” A strategy to achieve this goal is “Aligning fares with CPI-based costs growth.” A Fare Policy goal is to “Maintain and improve the District’s financial health, in accordance with BART’s Strategic Plan and Financial Stability Policy.”

Before the program, from 1972 through 2005, fare increases were irregular and large, as shown in the chart below. During the long gaps between increases, revenue eroded, and large “catch up” increases became necessary, including a 30% increase in 1986 and a 45% increase over the three-year period from 1995 to 1997. With the advent of the program, planned small, regular increases have produced predictable less-than-inflation adjustments, which is consistent with BART’s Financial Stability Policy. In addition, even with the inflation-based increases, BART’s fares continue to track below inflation.

**Comparing BART Fares and Inflation: FY72-FY18**



The first series of increases (2006-2012) generated approximately \$290 million in fare revenue that went to operating needs, enabling BART to weather the Great Recession without reducing service levels. Series 2 (2014-2020) is generating approximately \$330 million in revenue dedicated to BART's Big 3 capital investments: new rail cars, train control system, and the Hayward Maintenance Complex. Series 3 (2022-2028) is estimated to produce \$370 million.



## 2 FARE PROGRAMS UNDERWAY OR UNDER STUDY

This section describes fare-related programs that are under study or currently being implemented: the MTC Regional Means-Based Transit Discount Fare Pilot Program; AC/BART fare discount pilot program, the Alameda County Transportation Commission student pass pilot program, higher education discount programs at additional schools, a weekend ridership incentive program, and a recently launched discounted group travel to airports program.

### MTC REGIONAL MEANS-BASED TRANSIT FARE DISCOUNT PILOT PROGRAM

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BART, Caltrain, Golden Gate Transit and the San Francisco Municipal Transportation Agency (SF Muni) are participating in the Metropolitan Transportation Commission's (MTC's) Regional Means-Based Transit Fare Discount Pilot Program. The program is the result of findings from MTC's Regional Means-Based Transit Fare Pricing Study, which had these goals:

- Goal 1. Make transit more affordable for the Bay Area's low-income residents.
- Goal 2. Move towards a more consistent regional standard for fare discount policies.
- Goal 3. Define a transit affordability solution that is financially viable and administratively feasible, and does not adversely affect the transit system's service levels and performance.

On May 23, 2018 the Metropolitan Transportation Commission approved the Means-Based Transit Fare Discount Pilot Program Framework. Details of the pilot program are shown in the table on the next page.

<b>Participating Operators</b>	BART, Caltrain, Golden Gate Bus & Ferry, SF Muni
<b>Fare Medium</b>	Program-specific Clipper card
<b>Discount Rate</b>	20%: BART, Caltrain, Golden Gate Transit; 50% SF Muni
<b>Income Eligibility</b>	Adults earning at or below 200% of federal poverty level
<b>% of BART Riders who are Eligible</b>	Approximately 25%
<b>Eligible Rider Participation Rate Assumption</b>	50%
<b>Estimated Annual Revenue Loss:</b>	
<b>BART</b>	\$10.6 million*
<b>Total</b>	\$20.7 million (4 operators)
<b>Data Source</b>	2017 transit operator-provided data

\*The discount is estimated to generate approximately 10% to 13% new BART trips by low-income riders; new trip revenue is offset by reduced revenue from trips low-income riders currently make.

MTC is now working to finalize how eligible low-income riders would enroll in the program; methods include a web portal the rider can access directly, paper applications, and pre-approval letters and/or case management by social service agencies, public health agencies, and community-based organizations. Eligibility verification will be provided by a third-party vendor, as is the case for the Regional Transit Connection Card.

MTC will be funding the pilot with approximately \$11 million (\$8 million from SB1 and \$3 million from the Low Carbon Transit Operating Program (LCTOP)). These funds will go toward administrative costs and to pay for up to 50% of an operator’s revenue loss. BART’s total annual revenue loss is estimated at \$10.6 million with an estimated offset from MTC of between \$4 and \$5 million. This results in a net annual revenue loss of approximately \$6 million that BART would need to self-fund, and trade-offs would be required for the District to absorb this loss.

As the pilot’s proposed duration exceeds six months, Title VI analysis and outreach are required, which staff is in the process of completing. Staff plans to bring the pilot program to the Board for approval in spring 2019. Pending all necessary agency approvals, the pilot program is currently scheduled to begin as soon as fall 2019.

## **ALAMEDA CTC STUDENT PASS PILOT PROGRAM**

The Alameda County Transportation Commission (Alameda CTC) Affordable Student Transit Pass Pilot (ASTPP) is a three-year pilot program that was first implemented in the 2016/17 school year. BART has participated in the second and third years of the ASTPP. The 2018/19 school year marks the third and final year of the ASTPP, which will end on July 31, 2019.

In this final year of the pilot, the BART component of the ASTPP is being implemented at nine participating high schools in Oakland, San Leandro, Hayward, Newark, Union City and Fremont under one of two program models: a free/universal model or a free/means-based model.

All high school students at the following schools are eligible to receive a free BART ticket:

- Castlemont (Oakland)
- Fremont (Oakland)
- McClymonds (Oakland)
- Oakland (Oakland)
- San Leandro (San Leandro)
- Newark Memorial (Newark)

All low-income students at these high schools are also eligible to receive a free BART ticket:

- American (Fremont)
- Hayward (Hayward)
- James Logan (Union City)

Each eligible high school student who signs up for the ASTPP can receive one BART Orange Ticket with \$50 in value. Half of the cost of the BART ASTPP fare was covered by BART's youth fare discount (Orange Ticket) and the other 50% was paid by Alameda CTC through the ASTPP.

In December 2018, Alameda CTC approved a five-year, phased-expansion of the Student Transit Pass Program (STPP) to begin implementation in the 2019/20 school year. In this expansion phase, every student who signs up for the program will receive a youth Clipper card which will entitle them to a 50% discount on BART. Alameda CTC consulted with BART staff to explore options for the post-pilot period and several constraints or issues became apparent, including:

- Orange tickets will no longer be available;
- BART does not have a "pass" product on Clipper;
- Creating a new product on Clipper would involve a prohibitively high development cost and would require BART approval of a new fare product;
- Nearly a third of the BART Orange tickets that were distributed to students during the second year of the pilot were not used during the school year; and
- Over half of the BART value distributed on BART Orange tickets was not used during the school year.

After evaluating these issues and constraints, and consulting with BART staff, Alameda CTC staff recommended the BART component of the program be the 50% youth discount that each student will be entitled to with the youth Clipper card. Alameda CTC staff will continue to track BART student usage on the ASTPP Orange Tickets during the

final year of the pilot and will publish a final evaluation report in fall 2019 summarizing statistics on BART ASTTP ticket usage during the two-year BART pilot period. BART and Alameda CTC staff will continue to explore additional BART STPP participation options in the future, including working with MTC on a cost-effective, Clipper-based solution.

## ADDITIONAL HIGHER EDUCATION DISCOUNT PROGRAM SCHOOLS

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As described in Section 1 of this report, BART offers a Higher Education Discount Program (HEDP); the first school in the program is San Francisco State University, and their discount was implemented for fall semester 2017. Several other schools have contacted BART about the HEDP, and this section describes the ongoing work with Peralta Colleges and UC Berkeley.

### **Peralta Colleges**

Peralta Colleges include Berkeley City College, College of Alameda, Laney College, and Merritt College. BART staff has been working with Peralta students and staff since 2016 on developing a program, a key foundation of which is having student travel data that is usually obtained through surveying. BART staff assisted Peralta Colleges student government representatives in developing an online travel survey for students at the four colleges, which was administered in spring 2018. During the summer, Peralta Colleges staff were on break and key students transferred. However, in fall 2018, BART staff were contacted by another Berkeley City College student, and staff met with him and Berkeley City College's Interim Campus Life Director, who was to meet with Campus Life Directors from the other colleges in an effort to keep the program moving. BART staff remains available to collaborate with Peralta Colleges on HEDP development.

### **UC Berkeley**

In 2016, BART staff worked with UC Berkeley students and staff on HEDP development, including review and analysis of existing UC Berkeley travel survey data. These travel survey data show about 4% of undergraduate and 9% of graduate students use BART to commute to school. Several months into discussions, UC Berkeley representatives became aware that 33% of all student fees must go to financial aid (e.g., if a student fee is \$10, \$3.30 of that amount goes to financial aid), which is not the case for other HEDP schools BART staff has worked with. Students noted this UC Berkeley requirement could mean most students would find that the program would result in no net discount for them, and so UC Berkeley representatives informed BART staff that they did not wish to pursue a program. BART staff confirmed with UC Berkeley students and staff that, should they wish to resume discussions regarding an HEDP, BART staff was ready and available to do so.

In fall 2018, UC Berkeley students contacted BART staff to reopen discussions about possible ways to make HEDP work for their school. Currently, students and BART staff are working together to explore options for a UC Berkeley HEDP.

## WEEKEND RIDERSHIP INCENTIVES

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BART’s Marketing and Research Department continues to experiment with distribution of weekend promotional tickets to grow weekend ridership. This new promotional ticket type is valid for one round trip, weekends only, and the ticket has an expiration date. Weekend ridership has declined over the past few years due in part to increased competition from Transportation Network Companies (TNCs) and quality of life issues.

In 2018, 348,317 weekend promotional tickets were distributed as follows:

- 269,219 round-trip weekend promotional tickets
- 44,098 one-way weekend promotional tickets
- 35,000 round-trip “Thank you for your patience” weekend promotional distributed at the 19th Street BART station during the M03 bus bridge

The majority of tickets were distributed to commuters in BART stations and through BART partners, such as the Oakland A’s, Oakland Raiders, Cal Athletics and Bike East Bay (as part of the Bike to Work Day promotion) and resulted in 132,211 BART trips (23% of possible trips). Survey results from promotional ticket users show:

- **Goodwill Generation:** 77% *Strongly Agree* or *Somewhat Agree* that the free ticket promotion made them consider BART more for future weekend activities
- **Added trips** that otherwise wouldn’t have been taken: 44% would not have taken the trip if they had not received the weekend promo ticket
- **Fare Paying Companions:** For every 10 customers taking a free ride with the promotional tickets, they brought with them four fare-paying companions

The plan for 2019 is to reduce unit costs and target distributions to maximize group use and new trip making. The goal is to increase ridership and net revenue. Understanding the full impact on people’s weekend BART trip-taking will require Clipper 2-based promotional pricing and tracking capabilities, which have been requested by the District.

## DISCOUNTED GROUP TRAVEL TO AIRPORTS

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The new BART to Airport app offers mobile ticketing for discounted group travel to San Francisco International Airport and Oakland International Airport. The new app saves groups of two or more 25% on their airport trips while making it easier to travel to and from the airports. The BART to Airport app is a one-year test of mobile ticketing at BART, marking the first time BART has offered app-based mobile tickets.

Groups of two or more traveling together can use the BART to Airport app to make advance purchases of discounted airport trip tickets—the tickets are stored on the buyer’s phone, ready for use at any time. The app offers customers cost savings and the

convenience of not having to keep track of paper tickets, carry cash, or wait in line at a ticket machine to buy multiple tickets at full price.

The BART to Airport app is fast, secure, and convenient. Riders download the free app, link a debit card, credit card, Apple Pay, Google Pay or PayPal account to their Airport app account, then purchase the ticket. When it's time to take BART, the purchaser activates the ticket and shows it to a station agent as the group enters and exits stations. The app calculates the group's discounted fare, and the one mobile ticket is all group members need to get to and from the airports.

## BART PERKS

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BART Perks Beta is a six-month pilot program to test a new platform that rewards riders for their BART travel based on when they commute. Perks is funded primarily through a \$500,000 grant from the Federal Transit Administration and builds on the lessons learned from the Perks Phase 1 pilot conducted in 2016. Perks Beta ends on May 31, 2019, after which BART will evaluate the program's effectiveness and seek input from the BART Board of Directors regarding next steps.

The main goal of BART Perks is to test whether incentives can be used to encourage riders to take BART at less crowded times and places, including before and after rush hour and on evenings and weekends. The program evaluation approach is being guided by university professors with expertise in behavior change.

Perks is being tested on a small scale to determine its effectiveness before BART decides whether to scale up to a larger group. Approximately 1,900 testers have been recruited from Perks Phase I participants (so the effectiveness of the first and second phases can be compared), and through limited outreach during congested commute periods in downtown San Francisco.

Perks develops customized point offers for each tester based on when the tester rides. Testers can view their offers after logging in to their profiles in the new BART mobile app. They are also notified of new offers by email. Offers consist of points for entering or exiting BART at specific times or places. Offers may range from a quarter to more than a dollar per BART trip. Some offers may be turned on or off so that their effectiveness can be better evaluated.

Testers can redeem their points for electronic gift cards at the \$5 (1,000 points), \$10 (2,000 points) and \$20 (4,000 points) levels. Testers can choose from up to 10 gift cards including pre-paid Visa, Amazon, Target, iTunes, eBay, Starbucks, Walmart, Best Buy, and Sephora. They may also select a Tango gift card which is redeemable at more than 60 additional retailers such as Google Play, Nordstrom, Pottery Barn, REI, Barnes & Noble, CVS, and many others, and with numerous charities.



## 3 FARE STRUCTURES AT LOCAL AND PEER AGENCIES

This section provides information on fare structure and system characteristics of local and peer agencies.

### LOCAL AGENCIES

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Local agencies include AC Transit, Caltrain, Golden Gate Transit, SamTrans, San Francisco Municipal Transportation Agency (SFMTA)/Muni, and Santa Clara Valley Transportation Authority (VTA).

#### **LOCAL AGENCY FARE STRUCTURE AND SYSTEM CHARACTERISTICS**

The fare structures and system characteristics of local agencies are provided in the following two tables. Fare structure data are as of January 1, 2019 and system characteristics data are from the 2017 National Transit Database.

Local Agencies: Fare Structure

Transit System	Mode	Fare Structure Type	Adult Fare <sup>1</sup>		Senior/Disabled Discount <sup>1</sup>	Youth Discount	Pass <sup>2</sup>		Has Fare Policy/Program
			Clipper	Cash			Month	Day	
BART	Heavy Rail/ Commuter Rail	Point-to-Point Distance-based	\$2.00-\$8.75; max airport fare: \$16.15	Clipper fare plus \$0.50 per trip	62.5%	50%	n/a	n/a	Yes
AC Transit	Bus (local)	Flat	\$2.25	\$2.35	50%	50%	\$84.60 <sup>3</sup>	\$5.00	Yes
	Transbay Bus		\$5.50	\$5.50			\$162	n/a	
Caltrain	Commuter Rail	6 Zones Distance-based	\$3.20-\$14.45	\$3.75-\$15	50%-55%	50%-55%	\$96-\$433.50	\$7.50-\$30	Yes
Golden Gate Transit	Bus	6 Zones Distance-based	\$5.20-\$10.40	\$6.50-\$13	50%	50%	n/a	n/a	Yes
SamTrans	Bus (local)	Flat	\$2.05	\$2.25	51%	51%	\$65.60	\$5.50	Under development
SFMTA/Muni	Bus/Trolley/LRT/Streetcar	Flat	\$2.50	\$2.75	50%	50%	\$78 <sup>4</sup>	\$5.00	Yes
VTA	Bus (local) & Light Rail	Flat	\$2.50	\$2.50	56%	56%	\$90 <sup>5</sup>	\$7.50	Yes

Source: Agency websites and staff

<sup>1</sup>Fares charged in the peak and off-peak.

<sup>2</sup>No local agency offers a weekly pass.

<sup>3</sup>\$30 monthly pass available for seniors, people with disabilities, and youth, which may be used to ride Transbay bus with additional \$1.05 cash fare.

<sup>4</sup>\$78 "M" Fast Pass good on Muni only; \$94 "A" Fast Pass good on Muni and BART within San Francisco. SFMTA also offers a \$39 monthly Lifeline Pass for low-income adult riders; provides free rides for low-to-moderate income seniors, people with disabilities, and youth; and has 1-, 3-, and 7-day visitor passports.

Local Agencies: System Characteristics

Transit System	Mode	Annual Passenger		Avg Miles per Trip	Fare Revenue (Millions)	Average Fare		Operating Expense (Millions)	Farebox Recovery Ratio
		Trips (Unlinked, Millions)	Miles (Millions)			Per Trip	Per Mile		
<b>BART</b>	<b>Heavy Rail/Commuter Rail</b>	<b>132.8</b>	<b>1,808.9</b>	<b>13.6</b>	<b>\$484.8</b>	<b>\$3.65</b>	<b>\$0.27</b>	<b>\$626.0</b>	<b>77.4%<sup>1</sup></b>
AC Transit	Bus	50.2	167.1	3.3	\$68.3	\$1.36	\$0.41	\$359.9	19.0%
Caltrain	Commuter Rail	18.6	406.0	21.8	\$92.4	\$4.97	\$0.23	\$127.3	72.6%
Golden Gate Transit	Bus	3.1	58.5	18.9	\$15.0	\$4.84	\$0.26	\$69.8	21.5%
SamTrans	Bus	12.2	51.4	4.2	\$16.1	\$1.32	\$0.31	\$113.5	14.2%
SFMTA/Muni	Bus, Trolley, LRT & Streetcar	219.6	460.8	2.1	\$168.9	\$0.77	\$0.37	\$732.3	23.1%
VTA	Bus & Light Rail	38.6	357.6	9.3	\$33.7	\$0.87	\$0.09	\$356.2	9.5%

Source: 2017 National Transit Database

<sup>1</sup>The 2017 NTD Rail Farebox Recovery Ratio includes only rail operating expense and therefore excludes ADA and feeder/transfer agreement expenses, and may exclude certain accounting transactions.

**LOCAL AGENCIES: FARE POLICY/PRINCIPLES/PROGRAMS**

Five of the six local agencies have fare policies, principles, or fare adjustment programs. In addition, SamTrans is developing a policy to bring to its Board for adoption in early 2019. The table below highlights agencies’ methods noted in their fare policy/program for increasing fares, and it is followed by main points from existing policies, principles, and programs.

Fare Increase Methods from Policy/Program

BART	AC Transit	Caltrain	Golden Gate Transit	SFMTA	VTA
Uses Productivity-Adjusted Inflation-based increase percentage	Supports predictable fare increases including as a response to inflation	Supports predictable and incremental fare changes	Supports annual fare increases	Uses CPI-based "automatic inflator"	Has recommendation to consider indexing fares to CPI

**AC Transit.** AC Transit Board Policy No. 333 (initially adopted in 2011 as No. 328 and amended in 2013 and 2016) includes AC Transit’s fare policy, which has the following six goals:

- Goal 1 - Simplicity: Fares and the fare structure should be easy to use for passengers, and easy to operate for the District.
- Goal 2 - Appropriateness: Fares and the fare structure should provide a good value for passengers.
- Goal 3 - Equity: Fares and the fare structure should be fair for all passengers.
- Goal 4 - Transparency: Fares and the fare structure should result in predictable costs and cost increases for passengers; and predictable revenue increases for the District.
- Goal 5 - Policy Supportiveness: Fares and the fare structure should be supportive of other District goals—service, land use, and social goals—and compliant with other regulatory mandates.
- Goal 6 - Affordability: Fares should be affordable to all passengers to ensure their full access to bus service and to prevent adverse impacts on socially vulnerable populations.

Board Policy No. 333 provides rationales for key provisions of AC Transit’s fare policy, including:

- “Transbay fare as twice local fare - Longstanding AC Transit practice, this also approximates BART Transbay fares. This supports Goals 1, 2, and 3.”
- “Developing a ten-year schedule of fare increases - Developing a ten-year schedule of fare increases creates predictability for passengers, for the District, and for other agencies that work with AC Transit. Having a long-term plan for fare

increases allows the District to respond to inflation, and also obviates the need for very large fare increases at one time. It allows a planned transition of discount pass prices to the target levels. A number of transit agencies regionally and nationally have moved to a longer-term approach. This supports Goals 2, 3, 4, and 6.”

**Caltrain.** The Peninsula Corridor Joint Powers Board adopted the Caltrain Fare Policy in December 2018 as a framework of high-level goals that underlie and guide fare-related decisions for the Caltrain system. The text of the policy is as follows:

### **Financial Stability**

- Ensure the agency’s ongoing financial health, including the need for a balanced Operating Budget and support for State of Good Repair and capital programs.
- Achieve a farebox recovery ratio for the Operating Budget of at least 65 percent. This minimum farebox recovery ratio may be reassessed at such time as there is an independent, stable source of funding to cover a significant portion of the agency’s operating costs.
- Support achievement of other financial policy goals of the agency, such as the Caltrain Reserve Policy.
- Maintain fare products and collection methods that are cost-effective and easy for the agency to administer.

### **Equity**

- Advocate for and participate in State and regional programs that make it more affordable for low-income customers to use transit.
- Strive for consistency across fare products in the revenue generated per passenger and per passenger mile.
- Comply, at a minimum, with federal requirements for providing fare discounts, and for minimizing disparate impacts on minority riders and disproportionate burdens on low-income riders.

### **Customer Experience**

- Strive for a fare system, including strategy, products, and pricing, that is easy for customers to understand and use.
- Provide predictable and incremental fare changes.
- Encourage intermodal connections and consistency with the agency’s Comprehensive Access Policy.
- Seek integration with and participate in State and regional fare programs.

### **Ridership**

- Support achievement of the agency’s goals on ridership.
- Maximize the use of the agency’s infrastructure assets.
- Consider structuring fares to incentivize rider behavior in support of the agency’s policy.

**Golden Gate Transit.** To help address projected operating deficits, Golden Gate Transit has carried out a series of “Five-Year Transit Fare Increase Programs,” with the next five-year program effective from FY18 to FY22 as approved by the Golden Gate Bridge, Highway and Transportation District Board in March 2017.

General goals of the fare program include:

- Contribute toward reducing the Five-Year \$51 million deficit
- Maintain annual fare increases
- Respond to public comments about certain fares being too high
- Better match fare revenue generation with operating costs for all routes
- Align Sausalito and Tiburon Ferry Fares due to the similarities in service

The fare program maintains Golden Gate’s past practice of annual fare increases for all Golden Gate Transit bus and ferry service. The fare increases allow the bus and ferry divisions to continue recovering an appropriate percentage of their annual operating expenses through fares. The Board previously adopted a 25% farebox recovery goal for regional buses and a 40% farebox recovery goal for ferries. Recently, regional buses have been very close to achieving this target on average, but several routes are below the 25% target. The increases will bring these routes more closely in alignment with the goal. The five-year program increases most Clipper bus fares between \$0.20 and \$0.40 per year. Golden Gate Ferry consistently meets its 40% farebox recovery target, so no change is necessary to this target. The goal of the five-year program is to standardize the fares for Sausalito and Tiburon ferry service, which are similar services, gradually over time.

**SFMTA.** To help ensure financial stability, SFMTA has adopted an Automatic Indexing Implementation Plan (AIIP) for adjusting fares. The AIIP includes the following as the policy of the SFMTA Board of Directors:

- To create a more predictable and transparent mechanism for setting charges which are not otherwise governed by law
- To apply the following methodology for indexing charges:
  - Automatic Inflator = [Bay Area CPI-U ÷ 2] + [2-year Operating Budget Labor Cost Change ÷ 2] where the Bay Area CPI-U forecast used will be from the California Department of Finance; and
  - Round up the Automatic Inflator to the nearest \$0.25, \$0.50 or \$1.00 depending on which is appropriate given the base charge and ensure that the rounding impact does not result in more than a 10% increase
- To re-evaluate, during the SFMTA Budget process, the adequacy of the Automatic Inflator
- Conduct a public hearing or public notification during the SFMTA Budget process to inform the public about the proposed Automatic Inflator
- To set the Automatic Inflator for a two-year period concurrently with the two-year SFMTA Operating Budget



- To reserve the right to forego an Automatic Inflator if the SFMTA Budget projections allow
- To reserve the right to set a higher Automatic Inflator if required or to set a different Automatic Inflator for each of the two years in the Operating Budget depending on the Operating Budget projections
- To the extent that application of the AIIP results in an increase in transit fares, such an increase must be submitted to the San Francisco Board of Supervisors as part of the SFMTA's budget or as a budget amendment pursuant to Charter section 8A.108(a).

**VTA.** In December 2018, the VTA Board of Directors unanimously approved recommendations to address VTA's immediate and long-term financial challenges. VTA is facing a \$20 million structural deficit in FY18 and \$26 million in FY19.

One of the Board-approved recommendations is to index fares to inflation. VTA had not raised fares since 2009 when it increased fares in January 2018. Over this time of no fare increases, VTA's operating expenses grew by 37% and its farebox ratio declined to approximately 11%. To help better line up fare revenues with service delivery costs, the recommendation is for the Board to consider a Fare Policy that indexes certain fares to inflation. Depending on the impacted fare categories, this recommendation could result in an additional \$2 million per year initially, with the annual amount growing over time.

## PEER AGENCIES

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The peer agencies used in this report are Long Island Railroad (commuter rail); MARTA (heavy rail); Metra (commuter rail); Metrolink (commuter rail); SEPTA (commuter rail); and WMATA Metrorail (heavy rail). BART has characteristics of both heavy rail and commuter rail.

### PEER AGENCY FARE STRUCTURE AND SYSTEM CHARACTERISTICS

Fare structure and system characteristics of peer agencies are reported in the tables on the following pages, which are followed by discussion and charts comparing the peers and BART. Fare structure data are as of January 1, 2019 and system characteristics data are from the 2017 National Transit Database.

Peer Agencies: Fare Structure

Transit System <i>Metro Area</i>	Rail Mode	Fare Structure Type	Fare			Senior/ Disabled Discount	Youth Discount	Passes			Has Fare Policy or Principles
			Peak Smart Card	Peak Cash	Off-Peak			Monthly	Weekly	Day	
BART	Heavy/ Commuter	Point-to-Point Distance- based	\$2.00-\$8.75; max airport fare: \$16.15	Clipper fare plus \$0.50 per trip	Same as peak.	62.5%	50%	n/a	n/a	n/a	Yes
Long Island RR <i>New York</i>	Commuter	8 Zones Distance- based	n/a	\$3.25-\$29.25	\$4.00-\$21.25 <sup>1</sup>	50%	PM peak & off- peak: \$1 per child (up to 4 children age 5- 11) w/adult; AM peak: 50% discount. Children 46 inches and under ride for free with paying adult. Full time students offered 50% discount on one-way, 10-ride or monthly pass. <sup>4</sup>	\$96-\$500	\$29.75-\$160	n/a	No
MARTA <i>Atlanta</i>	Heavy	Flat <sup>2</sup>	\$2.50	\$2.50	Same as peak.	60%		\$95 <sup>3</sup>	\$23.75	\$9.00	Yes
Metra <i>Chicago</i>	Commuter	12 Zones Distance- based	n/a	\$4.00-\$9.00	Same as peak.	50%		\$116-\$261	n/a <sup>5</sup>	n/a	Yes
Metrolink <i>Los Angeles</i>	Commuter	Point-to-Point Distance- based	All monthly passes & tickets & passes with LA County destinations are TAP smart card-enabled.	\$1.25-\$27.50	Same as peak.	50% <sup>6</sup>	25%	\$35-\$462	\$8.75- \$192.50	\$10 Weekend Day Pass	No
SEPTA <i>Philadelphia</i>	Commuter	5 Zones Distance- based	Phasing in has begun of payment by SEPTA Key smart card.	\$5.25-\$10.00	\$4.25-\$10.00 (evenings & weekends)	50% <sup>7</sup>	50%	\$105-\$204	\$28.25- \$55.75	\$13-\$18	No
WMATA <i>Washington, DC</i>	Heavy	Point-to-Point Distance- based	\$2.25-\$6.00	n/a	\$2.00-\$3.85 <sup>8</sup>	50% to peak fares	Riders age 5+ pay adult fares. Discounted student passes available for DC residents.	\$72-\$216 <sup>9</sup>	\$38.50- \$60.00 <sup>10</sup>	\$14.75	Yes

**Peer Agencies: Fare Structure Footnotes**

<sup>1</sup>Long Island RR does not offer off-peak fares for all trips. Off-peak fares shown correspond to peak fares of \$5.50-\$29.25. LIRR also offers 10-trip peak and off-peak tickets.

<sup>2</sup>MARTA has guiding fare principle to maintain flat fare policy with possible future consideration of variable-based fares.

<sup>3</sup>MARTA also offers 2-, 3-, and 4-day passes; 10- and 20-trip passes; and 30-day University Passes to students for \$68.50 (28% discount) and faculty for \$83.80 (12% discount) at participating schools.

<sup>4</sup>Children ages 7 to 11 get 50% discount to one-way Metra fare.

<sup>5</sup>Metra also offers 10-ride fares from \$38-\$88.50 and \$10 weekend passes good on Saturday and Sunday.

<sup>6</sup>Metrolink's minimum fare is for trips of 1 mile and the maximum fare is for trips of 155 miles; Metrolink discount is 25% for passes for seniors and persons with disabilities.

<sup>7</sup>In 2018, SEPTA eliminated \$1 cash fare for seniors traveling within Pennsylvania; half fare for travel to/from New Jersey and Delaware remains in effect.

<sup>8</sup>WMATA peak is weekdays from opening to 9:30am and 3-7pm, and weekends midnight to closing. All other times are off-peak.

<sup>9</sup>Rider selects the WMATA Metrorail monthly pass price (from 17 price points ranging from \$2 to \$6) that works for them; patron rides Metro roundtrip for 18 days a month; after that additional trips within rider's price range are free; rider pays the difference between fare for trips outside of the pass price range.

<sup>10</sup>WMATA \$38.50 7-Day Short Trip Pass is activated the first time it is used. It is valid for seven consecutive days of unlimited rides for trips costing up to \$3.85 when peak fares are in effect. During these times, if the trip costs more than \$3.85, the additional charge will be deducted from the smart card's stored value.

Peer Agencies: System Characteristics

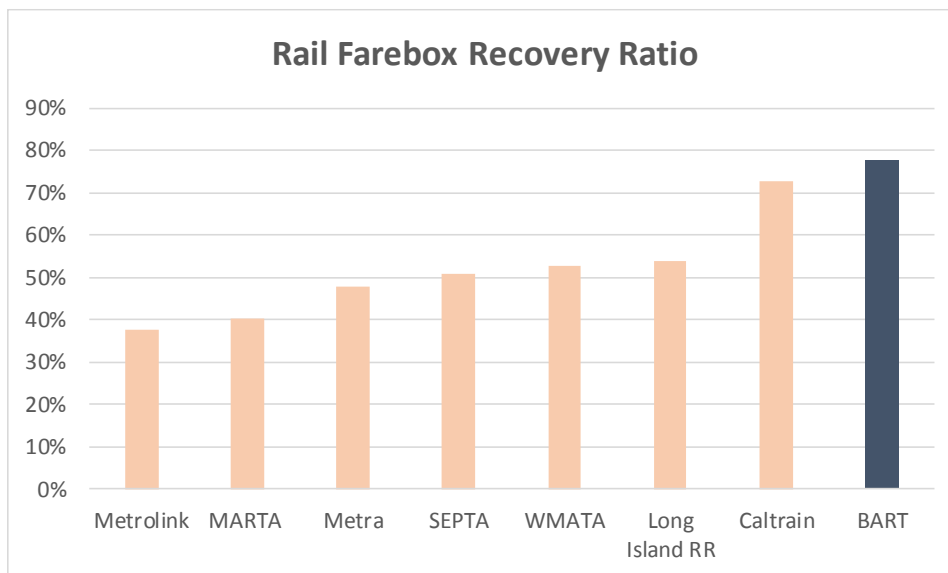
Transit System <i>Metro Area</i>	Rail Mode	Annual Passenger		Avg Miles per Trip	Fare Revenue (Millions)	Average Fare		Operating Expense (Millions)	Rail Farebox Recovery Ratio
		Trips (Unlinked, Millions)	Miles (Millions)			Per Trip	Per Mile		
<b>BART</b>	<b>Heavy/Commuter</b>	<b>132.8</b>	<b>1,808.9</b>	<b>13.6</b>	<b>\$484.8</b>	<b>\$3.65</b>	<b>\$0.27</b>	<b>\$626.0</b>	<b>77.4%<sup>1</sup></b>
<b>Long Island RR</b> <i>New York</i>	Commuter	103.6	2,996.9	28.9	\$733.0	\$7.08	\$0.24	\$1,362.0	53.8%
<b>MARTA</b> <i>Atlanta</i>	Heavy	68.3	468.8	6.9	\$76.5	\$1.12	\$0.16	\$189.9	40.3%
<b>Metra</b> <i>Chicago</i>	Commuter	70.6	1,577.3	22.3	\$355.3	\$5.03	\$0.23	\$742.7	47.8%
<b>Metrolink</b> <i>Los Angeles</i>	Commuter	14.4	419.7	29.1	\$83.4	\$5.79	\$0.20	\$222.0	37.6%
<b>SEPTA</b> <i>Philadelphia</i>	Commuter	33.2	426.2	12.8	\$137.0	\$4.13	\$0.32	\$269.6	50.8%
<b>WMATA</b> <i>Washington, DC</i>	Heavy	227.1	1,326.3	5.8	\$521.8	\$2.30	\$0.39	\$992.6	52.6%

Source: 2017 National Transit Database

<sup>1</sup>The 2017 NTD Rail Farebox Recovery Ratio includes only rail operating expense and therefore excludes ADA and feeder/transfer agreement expenses, and may exclude certain accounting transactions.

### Rail Farebox Recovery Ratio

Based on information from the 2017 National Transit Database, BART has the highest rail farebox recovery ratio at 77.4%<sup>2</sup>, with Caltrain coming in second at 72.6%. Although WMATA is most like BART with a distance-based fare structure, its rail farebox recovery ratio is 52.6%. MARTA’s flat fare structure has the second lowest recovery ratio at 40.3%; one of MARTA’s guiding fare principles is maintenance of a flat-fare policy with possible consideration in the future of variable-based fares. Metrolink reports the lowest ratio of 37.6% even though it replaced its zone system with a distance-based structure to generate more revenue.



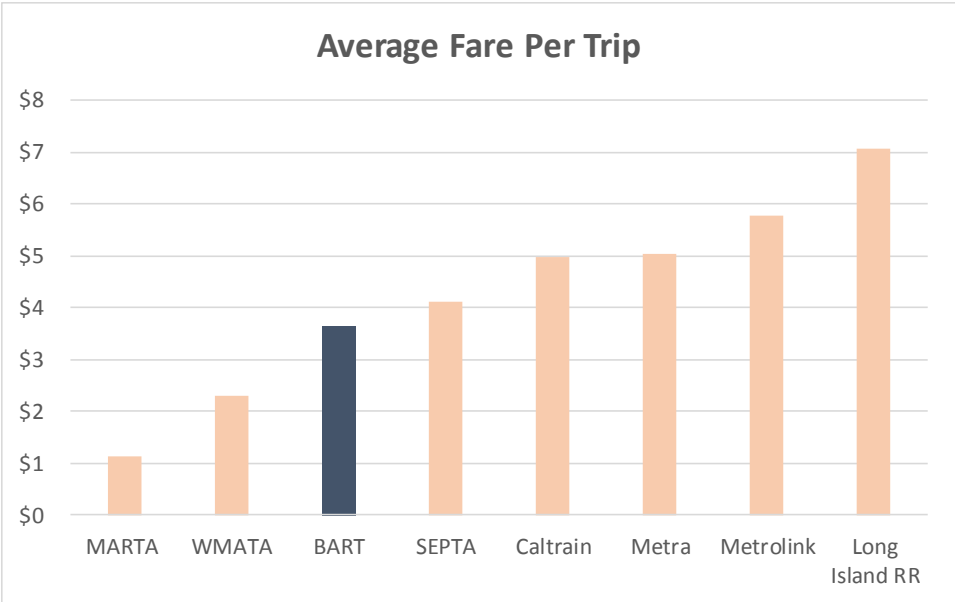
Source: 2017 National Transit Database

### Fare per Trip

BART’s average fare per trip of \$3.65 as shown in the chart on the next page falls within the lower half of the peer agencies. Long Island Railroad has the highest average fare per trip at \$7.80. MARTA with its flat fare has the lowest average fare per trip at \$1.12.

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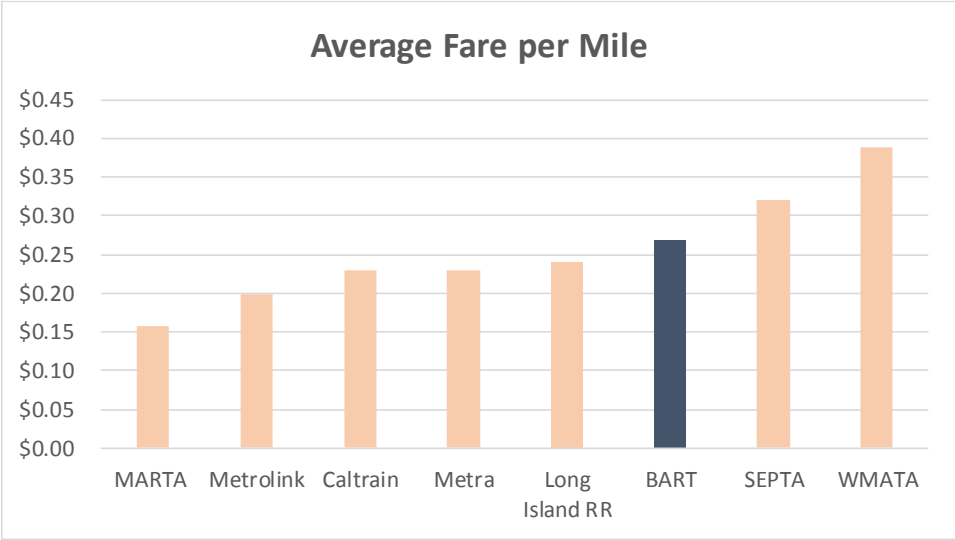
<sup>2</sup> The 2017 NTD Farebox Recovery Ratio includes only rail operating expense and therefore excludes ADA and feeder/transfer agreement expenses, and may exclude certain accounting transactions.



Source: 2017 National Transit Database

**Fare per Passenger Mile**

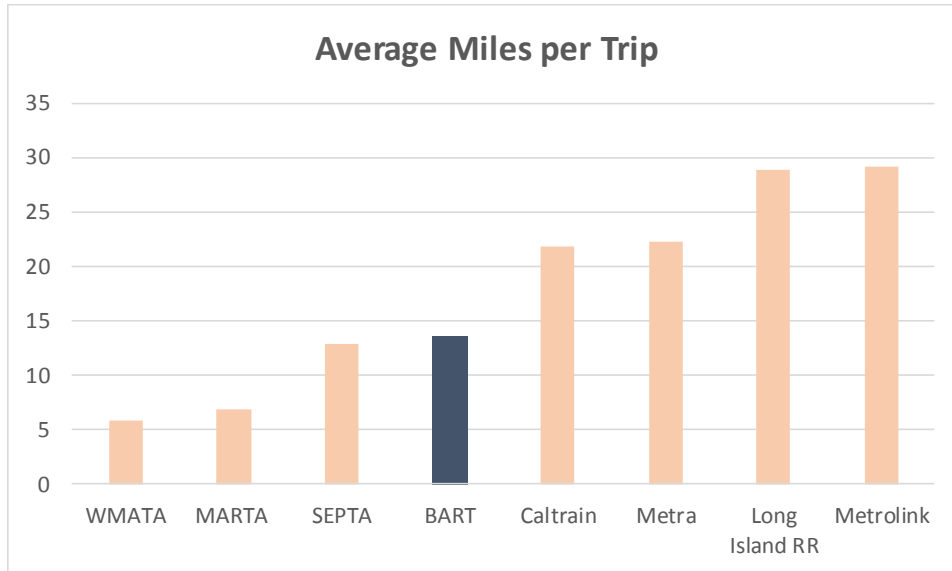
BART’s average fare per passenger mile is \$0.27, which is in the upper half of the peer agencies. WMATA’s is most expensive at \$0.39 per mile.



Source: 2017 National Transit Database

### Miles per Trip

WMATA’s average miles per Metro trip is the lowest in the group at 5.8 miles; by comparison, BART’s average miles per trip is 13.6.



Source: 2017 National Transit Database

### PEER AGENCIES: FARE POLICY/PRINCIPLES/PROGRAMS

Three of the six peer agencies have fare policies and/or fare principles, as described below. The table below highlights agencies’ methods noted in their fare policy/program for increasing fares, and it is followed by main points from existing policies, principles, and programs.

Fare Increase Methods from Policy/Program

BART	MARTA	Metra	WMATA
	Atlanta	Chicago	Washington
Uses Productivity-Adjusted Inflation-based increase percentage	Has state-mandated policy for fares to cover no less than 35% of operating expenses; may consider variable based fares in the future	Considers regular fare adjustments, including to keep pace with inflation	Has 2007 policy of biennial fare adjustments tied to CPI

**MARTA** has a state-mandated fare policy that calls for fares to contribute to covering no less than 35% of operating costs. To comply with this policy, MARTA's Board adopted the following seven "guiding principles" for its fare structure:

1. Maintenance of a flat-fare policy with free transfers, when rides are purchased with Breeze media. This principle will remain in effect at least until after regional fare studies have been completed. Pending the recommendations of these studies, variable based fares may be considered in the future.
2. Maximization of ridership through maintaining the satisfaction of current riders plus attracting new riders.
3. Maximization of revenue through encouragement of stored time period purchases.
4. Provision of rewards for frequent ridership through discounted fare media for multi-trip purchases.
5. Satisfaction of Title VI principles governing the equitable application of fares so as not to disproportionately burden, or disparately impact, protected populations.
6. Meaningful public engagement in the decision-making process for fare policy development and future fare changes.
7. This Fare Policy does not intentionally mandate a change in Fare Structure. Under the guidance of the General Manager, MARTA will, when appropriate, evaluate in good faith the need for any fare changes, based on the budgetary constraints of the Agency. All Fare Structure changes will be subject to approval by the MARTA Board.

**Metra's** current seven principles for fare policy are the following:

1. Consider regular fare adjustments that ensure a balanced budget, sustain service, keep pace with inflation, and avoid significant, infrequent fare increases
2. Allow no diversion of capital eligible funds to the operating budget
3. Acknowledge the total value of providing services to the region's economy while recognizing that fares must cover a percentage of operating costs, as set by the RTA, and support Metra's capital program
4. Understand the short and long term impacts of fare changes on ridership and revenue as well as the time and resources needed to implement them
5. Improve fare collection by simplifying the overall process and transportation costs
6. Offer a fare structure and policies that are easy to use and understand by offering fare structure and products that are regionally equitable and appeal to current and prospective customers
7. Evaluate impacts of cooperative opportunities on fare structure, products, pricing and policies of our local transit partners and evaluate national peer programs that have stimulated ridership



Metra has completed a fare study to develop a fare structure that addresses the Metra Board's fare principles and can effectively be adaptable to future business needs. In May 2018, the Metra Board directed staff to move forward and pilot the following recommendations from the fare study:

- Consolidate Zones K and M (there is no Zone L) into Zone J, thereby capping fares for trips that exceed 45 miles.
- Reassign some stations to different zones to adjust perceived inconsistencies between lines where nearby stations are in different zones.
- Introduce "Round Trip Plus," a day pass for unlimited travel between any two zones, available only on the Ventra App, priced at twice the cost of a One-Way Ticket.

**Metrolink** has no formal fare policy or principles. However, in 2004-2005, modifications to Metrolink ticket vending machines made it possible to accommodate a more complex, mileage-based, station-to-station fare structure. In July 2005, the SCRRA Board made the decision to replace the zone-based fare structure with a mileage-based one, eliminating the "fare inequities" caused by the zoned fares. The change was implemented in 10 stages in order to minimize the impacts on riders' fares in any given year. Metrolink completed the transitioned to a distance-based fare structure in 2015.

**SEPTA.** Although there is no formal fare increase policy, SEPTA does follow a recommendation from a 2006 Pennsylvania Transportation Funding and Reform Commission report that Commonwealth transit agencies review fare revenue policy on a regular basis (minimum every two years) and make adjustments to ensure that passenger revenue is increasing in line with inflation. SEPTA's informal policy is to increase fares every three years and seek to match the rate of inflation or slightly higher, depending on the level of subsidy support from state and local government.

**WMATA.** In 2007, WMATA established a policy of biennial fare adjustments tied to the consumer price index. Fares have been increased since 2007 but, for various reasons, the schedule set out in the policy has not been followed exactly.

In 2010, the WMATA Board adopted seven fare policy principles to refer to when evaluating adjustments to WMATA's passenger fares and fare structures, as follows:

1. Ensure and enhance customer satisfaction;
2. Establish a mechanism to allow customers to determine their fares easily;
3. Optimize the use of existing capacity;
4. Establish equitable fares and ensure compliance with federal regulations;
5. Facilitate movement between modes and operators throughout the region;
6. Encourage the use of cost-effective media;
7. Generate adequate revenue while maximizing ridership.

WMATA staff is currently reviewing these principles for relevancy. Since the principles were adopted, transportation options have changed, including the introduction of transportation network companies (TNCs) and increased bike-sharing.

## 4 FARE-RELATED BART POLICIES: FINANCIAL STABILITY POLICY AND FARE POLICY

BART has two fare-related policies—the Financial Stability Policy and Fare Policy—that have helped guide decision-making, especially during challenging economic times. The next sections provide the context and history of these policies.

### FINANCIAL STABILITY POLICY

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At the time the Financial Stability Policy was created, fare policy and structure were topical because BART’s ridership and sales tax revenue were dropping dramatically. The severity of the budget shortfall for 2003 and the foreseeable future alerted BART of the need to carefully examine all opportunities to match revenues to system requirements. BART extensions also brought various fare elements into focus, including the Transbay, San Mateo County and Colma surcharges. Finally, there was a need to link fare policy with the goals of the Strategic Plan adopted by the BART Board in 1999. In 2003, staff presented to the Board a fare policy framework as part of a fare structure report. At that time the Board was also informed about BART’s challenging financial outlook.

In that time of economic uncertainty, Board members discussed the usefulness of an overarching financial management policy to guide budget decisions. More specifically, directors expressed an interest in addressing BART’s then overall structural budget imbalance through a combination of strategies involving revenues, operating expenses, capital investments, and prudent reserves.

In response to this direction, staff expanded the fare policy framework into a broader framework designed to ensure long term operating and capital financial stability. The result was the Financial Stability Policy, adopted by the Board on March 27, 2003.

The Financial Stability Policy includes these fare-related goals:

- **Goal C.** Preserve and maximize BART’s fare revenue base, through a predictable pattern of adjustments, while retaining ridership.
- **Goal D.** Provide a fare and fee structure that is tied to the cost of providing service, optimizes use of the BART system, and provides BART customers with convenience, ease of use, and a good value for the money.

Financial Stability Policy strategies include the following for fares:

1. To the extent revenue increases are needed as one part of a program to preserve BART’s revenue base and financial stability, tie passenger revenue increases to service costs and system needs with particular consideration to:

- Aligning fares with CPI-based cost growth.
  - Small regular fare increases tied to CPI-based cost increases or other major cost factors and to factors such as significant change in other revenues and productivity.
  - Small surcharges tied to capital needs such as rehabilitation or seismic retrofit.
  - A peak premium, at some point in the future when ridership is growing, tied to the need to optimize off-peak system use and to fund core system capacity improvements.
2. Increase customer satisfaction, when economically and technologically feasible, by giving consideration to:
- Increasing discounts for high-value tickets to mitigate the impact of fare increases on regular BART riders.
  - Developing new interoperator and interagency partnerships to increase transit access.
  - Developing innovative partnership programs with major employers, educational institutions, and other rider generators.
  - Using time-limited passes to market BART for special events, weekends, and families, evaluating the impact on ridership of each pass program.

The full text of the policy is in Appendix B.

The Financial Stability Policy laid the foundation for the Board to approve two series of biennial Productivity-Adjusted Consumer Price Index-Based fare increases. The first series was from 2006 to 2012. The second series has had three increases to date, which took effect in January 2014, 2016 and 2018. The contributions from these small, regular increases have been essential to the District's financial and operational well-being. Another fare change supported by the Financial Stability Policy--small surcharges tied to capital needs--was implemented in 2006, when the Board approved a 10-cent capital surcharge applied to all trips within the three-county District, including Daly City.

## FARE POLICY

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The next step in BART's fare-related policymaking was the adoption of the Fare Policy. The starting point for the policy was a requirement in the inflation-based fare increase program resolution. The resolution stated that prior to the first CPI-based fare increase, the Board would review and consider the fare structure.

This process included a Fare Structure Review Board workshop held in August 2005. A goal of the workshop was to build consensus for any changes or additions to Financial Stability Policy fare goals and strategies. At the workshop, the Board discussed a variety of fare-related issues, including the basis for the fare structure, optimizing system usage,

and monthly passes. The next steps after the workshop were for staff to develop a Fare Policy and options for a pass program.<sup>3</sup>

On November 17, 2005, the Board adopted BART's Fare Policy. The Policy's statement of purpose highlights the influence of fares on multiple interconnected areas: customer satisfaction, ridership growth, financial health, seamless interagency travel, and optimal system usage. The Policy has five goals, each with strategies to achieve them, to address the interconnected areas. The full text of the Fare Policy is in Appendix C.

One example of strategy implementation that supports a Policy goal (Goal B) is the Higher Education Discount Program (HEDP). This program is designed to increase ridership while meeting the goals of the District's Financial Stability Policy. The HEDP is described in Sections 1 and 2 of this report.

Another example of Policy impact concerns the Policy's goal (Goal C) to maintain and improve the District's financial health. This goal includes a strategy that has been consistently considered in decision-making: achieving an operating ratio of at least 62%. Since the Policy's adoption, BART has significantly exceeded this benchmark.

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<sup>3</sup> In 2006, staff presented to the Board a report on options for a monthly pass that found passes can increase ridership but reduce fare revenue, as most riders buy a pass when it results in cost-savings for them, and the fare revenue lost from offering a discount would not be offset by the fare revenue generated by new pass trips.

## Appendix A      BART Act Rates and Charges Section

The following language is from Section 29038 of the San Francisco Bay Area Rapid Transit District Act:

*“The rates and charges for service furnished pursuant to this part shall be fixed by a two-thirds vote of the board and shall be reasonable. Insofar as practicable, the rates shall be fixed so as to result in revenue which will be sufficient to do all of the following:*

- a. Pay the operating expenses of the district.*
- b. Provide for repairs, maintenance, and depreciation of works owned or operated by the district.*
- c. Provide for the purchase, lease, or acquisition of rolling stock, including provisions for interest, sinking funds, reserve funds, or other funds required for the payment of any obligations incurred by the district for the acquisition of rolling stock.*
- d. After making any current allocation of funds required for the foregoing purposes and by the terms of any indebtedness incurred under Articles 6 (commencing with Section 29240) and 7 (commencing with Section 29250) of Chapter 8, provide funds for any purpose the board deems necessary and desirable to carry out the purposes of this part.”*

## Appendix B Financial Stability Policy

### FINANCIAL STABILITY POLICY ADOPTED BY THE BOARD OF DIRECTORS MARCH 21, 2003

The San Francisco Bay Area Rapid Transit District has an important responsibility to its riders and the citizens of the Bay Area to wisely manage the District's finances in both the short and long term. In times of economic change and uncertainty, it is especially important for the District to make sure its ability to deliver service rests on a strong and stable financial foundation. To this end, the following are the District's financial stability goals and strategies for achieving those goals.

#### **GOALS**

- A. Maintain an operating and capital financial base that is sufficient to deliver safe, quality service efficiently and cost-effectively to meet the level of demand.
- B. Continuously improve productivity.
- C. Preserve and maximize BART's fare revenue base, through a predictable pattern of adjustments, while retaining ridership.
- D. Provide a fare and fee structure that is tied to the cost of providing service, optimizes use of the BART system, and provides BART customers with convenience, ease of use, and a good value for the money.
- E. Establish and maintain prudent reserves sufficient to ensure that the District can adjust to economic downturns.
- F. Maintain the highest possible credit rating and reputation for prudent financial management.

#### **STRATEGIES**

##### **Operating Expenses**

- a) Adjust operating expenses as needed to reflect changes in service demand, technology, and productivity.
- b) Endeavor to keep growth in rail operating expenses (as measured by a rolling average of growth in rail operating cost per passenger mile) at or below the rate of inflation by:
  - Implementing technology and productivity advancements designed to reduce or avoid increasing operational costs.
  - Exploring greater efficiency, effectiveness, and increased ridership.

- Working to increase and optimize ridership on the BART system through partnerships that foster transit oriented development and improve access to the BART system.
- c) Regularly review productivity improvement programs and results as part of the annual budget process.

### **Capital Investment**

- a) Pursue grant funding for BART capital projects pursuant to priorities as addressed in the Capital Improvement Program.
- b) Adopt an annual budget that includes an allocation to capital programs adequate to meet annual baseline reinvestment needs for programs which are essential to ensure system performance but not likely to receive grant funds. Such funding should also be available for local match to grants and for unforeseen needs and emergencies.
- c) Use debt financing prudently to leverage local, regional, state, and federal funding for major cyclical capital investments such as transit vehicle, escalator and elevator, fare collection equipment, and train control renovation and replacement.

### **Fares and Other Revenues**

To the extent revenue increases are needed as one part of a program to preserve BART's revenue base and financial stability, tie passenger revenue increases to service costs and system needs with particular consideration to:

- Aligning fares with CPI-based cost growth.
- Small regular fare increases tied to CPI-based cost increases or other major cost factors and to factors such as significant change in other revenues and productivity.
- Small surcharges tied to capital needs such as rehabilitation or seismic retrofit.
- A peak premium, at some point in the future when ridership is growing, tied to the need to optimize off-peak system use and to fund core system capacity improvements.

Increase customer satisfaction, when economically and technologically feasible, by giving consideration to:

- Increasing discounts for high-value tickets to mitigate the impact of fare increases on regular BART riders.
- Developing new interoperator and interagency partnerships to increase transit access.
- Developing innovative partnership programs with major employers, educational institutions, and other rider generators.
- Using time-limited passes to market BART for special events, weekends, and families, evaluating the impact on ridership of each pass program.

Increase revenue from other sources such as parking, advertising, concessions, and joint development while meeting customer needs and providing safe, reliable service.



### **Reserve for Economic Uncertainty**

- a) Maintain a prudent reserve to be used in times of significant revenue decline to preserve the District's ongoing ability to deliver safe and reliable service to the customer and to reinvest in capital.
- b) Adopt a Short Range Transit Plan that builds the reserve to at least 5% of total annual operating expenses by funding regular contributions to the reserve.

Strategy b) under "Reserve for Economic Uncertainty" was replaced in October 2014 by Board Resolution No. 5281, as follows:

*"Increase the Reserve for Economic Uncertainty from 5% of total annual operating expenses (\$33 million) to 15% or \$89 million for the current fiscal year. This increase yields a reserve fund goal which more closely matches a single month of District Expenses. The District shall also follow the "Best Practices" of the industry by installing an automatic funding mechanism. The funding of the reserve would be accomplished through a requirement to transfer 50% of any annual year-end positive result, up to \$3.5 million, until the reserve is fully funded.*

*The aforementioned reserve balance may be accessed only upon a finding that its Use is necessary to provide either 1) emergency funding in the event of a major adverse natural event, Or .2) to supplement the budget due to an economic downturn and no other funding options are deemed feasible, as determined by the Board of Directors. Either action shall require a Board Resolution making the necessary findings supported by a majority of the full board."*

## Appendix C Fare Policy

### SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT FARE POLICY

Adopted by the BART Board of Directors November 17, 2005

The purpose of BART's Fare Policy is to serve as a framework for decision making that reflects the interconnected areas that fares can influence: customer satisfaction, ridership growth, financial health, seamless interagency travel, and optimal system usage. The Fare Policy is to be integrated with the District's Strategic Plan and complement the District's Financial Stability Policy. When making fare related decisions, the Fare Policy goals should be considered as a whole, as they work together, with no one goal taking precedence to the exclusion of another.

#### **Goal A. Ensure and enhance customer satisfaction.**

Strategies:

- a. Provide BART customers with the safe, on time, frequent, clean and reliable service they value and that is supported by setting fares to reflect the cost of providing such service, including an allocation to capital programs.
- b. Offer fare instrument options that are convenient and reward frequent usage.
- c. Provide a fare structure that customers find easy to understand so they can choose the option that best meets their needs.
- d. Consider the value to the customer of preserving fare structure continuity so that fare structure changes do not increase some customers' fares while decreasing the fares of other customers, creating clear winners and losers.

#### **Goal B. Increase ridership while meeting the goals of the District's Financial Stability Policy.**

Strategies:

- a. Attract new riders through innovative pilot programs.
- b. Encourage existing riders to take more trips by offering programs that reward frequent usage.

#### **Goal C. Maintain and improve the District's financial health, in accordance with BART's Strategic Plan and Financial Stability Policy.**

Strategies:

- a. Achieve an operating ratio (total operating revenue/total operating expense) of at least 62%.
- b. Consider ways to increase contributions from the components of total operating revenue in order to provide more options for fares while maintaining or increasing total operating revenue.
- c. Test fare structure changes on a small scale where possible, measuring customer response and revenue impact, to minimize risk to the District's financial health.

#### **Goal D. Promote seamless interagency travel.**

Strategies:

- a. Work with other agencies to provide fare instruments and pricing that encourage linked trips.

#### **Goal E. Optimize system usage and asset management.**

Strategies:

- a. Consider limited duration promotional discounts to encourage off peak and reverse commute ridership to fill excess capacity.
- b. Consider limited duration promotional discounts to shift riders from a heavily used station to a nearby station that has greater available capacity.