



# SamTrans Fare Structure Update



Board of Directors – November 1, 2023

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# Agenda

Clipper Next generation Update

BayPass Update

SamTrans Fare Policy Principles

Recommended Changes

Background, Analysis, and Recommendations Review

Fare Policy Principles for Recommended Changes

Timeline / Next Steps

Q&A

# Next Generation Clipper Update

Wholesale replacement of the entire backend system and most customer facing fare devices

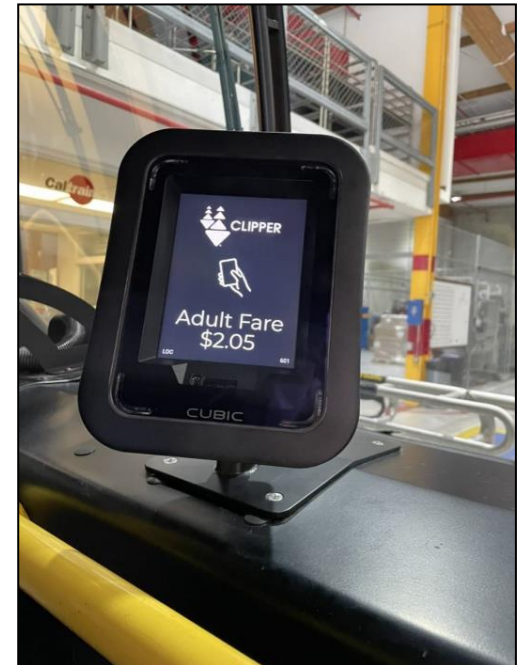
Modernization of retail and customer service and expanding fare media options, including mobile, open payment and other capabilities.

## Key Features

- Regional fare integration
- Accumulators
- Better visibility to data and analytic tools
- Institutional Portal

Open payment acceptance for contactless cards

Customer Transition expected in Summer 2024



# ClipperBay Pass Phase 1 Overview

Pilot with University Students & Affordable Housing Residents

Understand how an all-agency transit pass may better meet the needs of transit riders and institutions/ employers, increase transit ridership

50,000 eligible residents at 4 universities/colleges and 12 affordable housing properties

More than 2 million trips taken during the first year of the pilot (8/15/2022 to 8/17/23)

Travel activity shows increase in public transportation usage, transfers between operators, and increase in average fare



# Clipper BayPass Phase 1 Next Steps

**Continue evaluation of Phase 1 pilot program which is scheduled to end June 30, 2024**

- Full Phase 1 evaluation report available in Fall 2024

**Fare Integration Task Force will consider options to extend Phase 1 Pilot**

- May offer BayPass for purchase by existing participating institutions, similar terms to Phase 2 employer pass pilot
- Extend pilot additional 1-2 years until permanent program can be developed

# Clipper BayPass Pilot Program - Phase 2 Update

**MTC on track for Phase 2 employer pass pilot launch in December 2023, on a rolling basis**

- Up to 10 employers with up to 20,000 total employee participants
- 1-year contracts. Pricing in the works, designed to be revenue neutral for transit operators
- \$5M available to address funding gaps if needed

**Operators have been asked to sign Phase 2 Participation Agreement by Oct 31**

# Review of SamTrans Fare Policy

## Ridership

- Encourage ridership, be affordable, and simple
- Preserve or grow ridership among core ridership groups (i.e. low income), or strategic markets (youth)

## Cost Recovery

- Fares must support current and future service, offsetting a portion of operating expenses

## Customer Experience

- Easily understood by customers, transparent, and rationally justified

## Administration and Overhead

- Fares should be straightforward, facilitate efficient operations, embrace technology, innovation and be cost-effective to administer.

## Strategic Adjustments

- Fare changes must be evaluated for consistency with the fare policy
- Fare discounts should be used to incentivize certain markets to take SamTrans

## Summary of Recommended Changes

### Effective 1/1/2024 after Board Adoption

1. Elimination of the Summer Youth Pass - [Decision Requested](#)
2. Consolidation of Local and Express fares for a single price - [Decision Requested](#)
3. Waiver of fares for pre-arranged public school field trips - [Decision Requested](#)

### Effective Post Clipper Next Generation Implementation (Est. Fall 2024)

4. Introduction of contactless, on-board payment using credit and debit cards (also known as “Open Payment”)
5. Introduction of Day Pass and Monthly Pass accumulators (also known as “Fare Capping”) - [Decision Requested](#)
6. Move mobile fares to Clipper mobile
7. Participate in the regional transfer discount program - [Decision Requested](#)



## 1) Summer Youth Pass Program-Background

### What is SamTrans Summer Youth Pass?

- Provides unlimited SamTrans bus service for Youth under 18 between 6/1 and 8/31 for \$40

### Program History

- Introduced in 2005, paused in 2020 & 2021 due to pandemic, and in 2023 based on fare working group recommendation

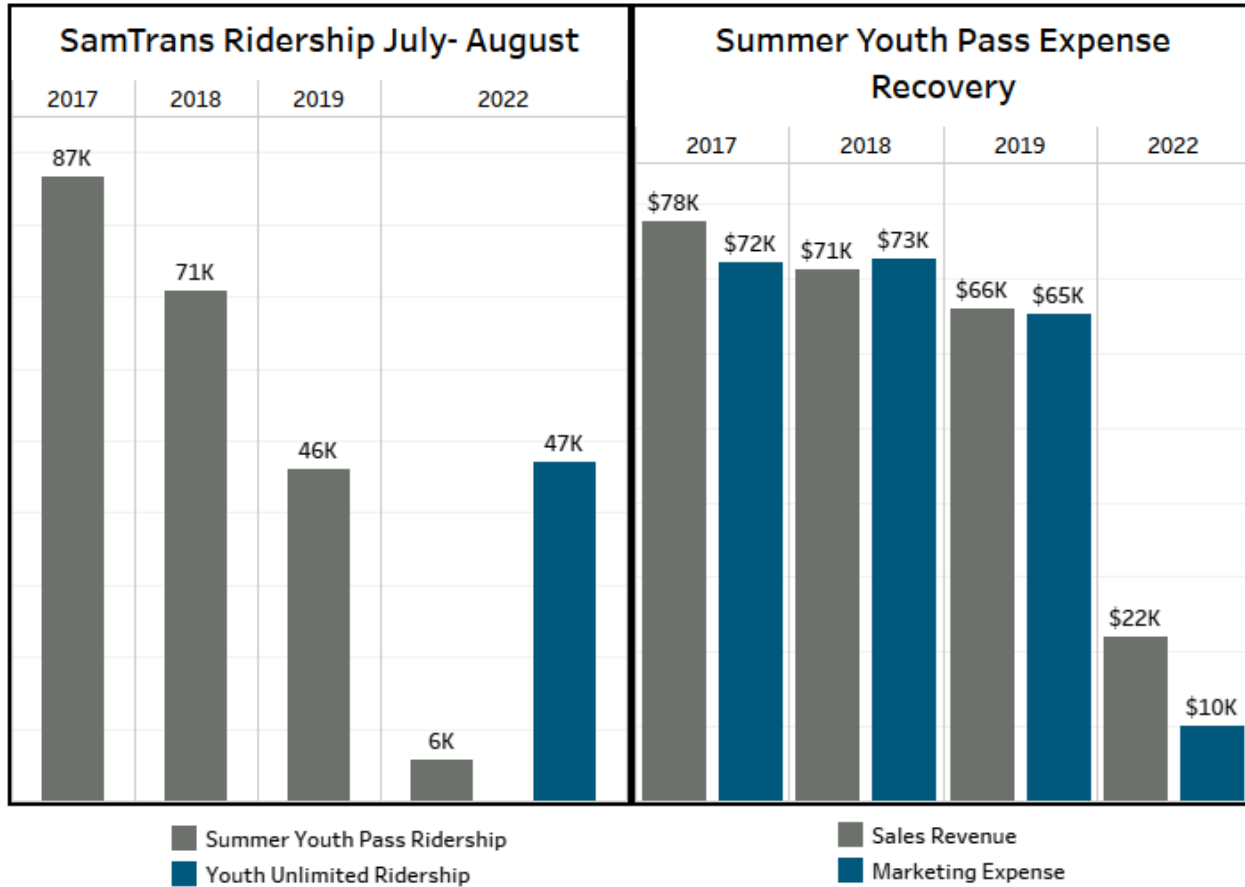
### Program Administration

- Sold via central front desk, SamTrans mobile app, outside vendors, SamTrans online store

### Requires Annual Collaboration Effort

- Departments involved include Customer Service, SamTrans Operations, Fare Operations, Marketing, SamTrans Planning

# 1) Summer Youth Pass Program – Analysis and Recommendation



## Analysis

- After the introduction of SamTrans Youth Unlimited Pass in Jan 2022, ridership, ticket quantity sales, and revenue dropped dramatically
- Expense recovery has been challenging for the program, with it struggling to cover marketing and promotion expenses

## Staff Recommendation

- Eliminate Summer Youth Pass from the fare structure effective 1/1/2024

## Fare Policy Impacts

Ridership <b>-Low Impact</b>	🔄
Cost Recovery <b>-Positive Impact</b>	🔄
Customer Experience <b>-Low Impact</b>	🔄
Admin and Overhead <b>-Positive Impact</b>	🔄

## 2) Express/ Local Fare Consolidation - Background

### What are SamTrans Express Routes?

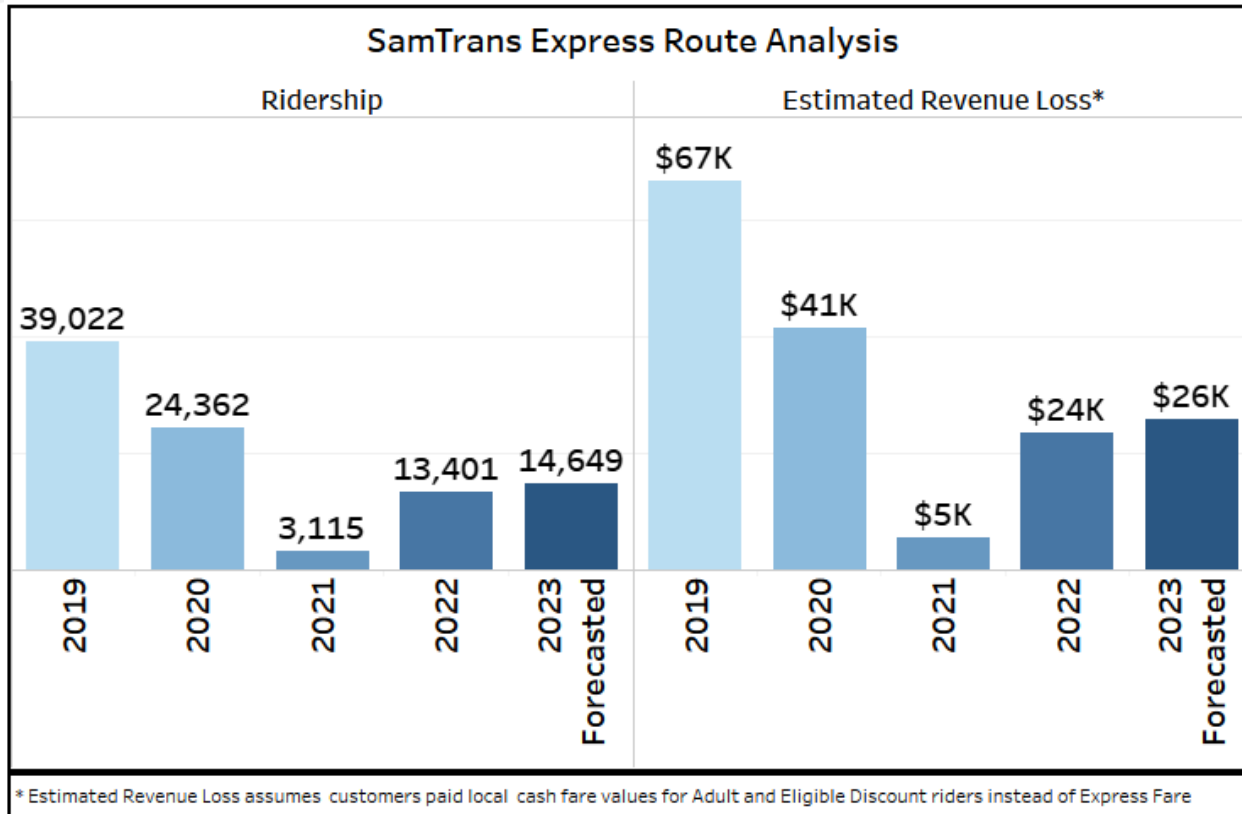
- There is currently only 1 express route operated by SamTrans. The Foster City Commuter Express (Route FCX) offers weekday morning and evening express service between Foster City and downtown San Francisco.

### Express Products and Pricing

- Fares are available via cash, mobile, Clipper, or an Adult monthly pass. 2-hour transfers from local routes are available for an upgrade charge

Express and Local Fare Costs				
Fare Payment Method	Current Express Fares		Current Local Fares	
	Adult	Eligible Discount	Adult	Eligible Discount
Cash / Mobile	\$4.50	\$2.25	\$2.25	\$1.10
Clipper	\$4.00	\$2.00	\$2.05	\$1.00

## 2) Express/ Local Fare Consolidation – Analysis and Recommendation



### Analysis Notes

- Ridership levels for the express routes have declined approx. 60% post covid
- Estimated annual revenue impact is between \$24k and \$67k with the likelihood being toward the \$20k-\$30k

### Staff Recommendation

- Consolidate Express and Local Fare into a single product and price in the fare structure effective 1/1/2024

### Fare Policy Impacts

Ridership <b>-Positive Impact</b>	
Cost Recovery <b>-Low Impact</b>	
Customer Experience <b>-Positive Impact</b>	
Admin and Overhead <b>-Positive Impact</b>	

### 3) Waiver of fares for pre-arranged school field trips-Background

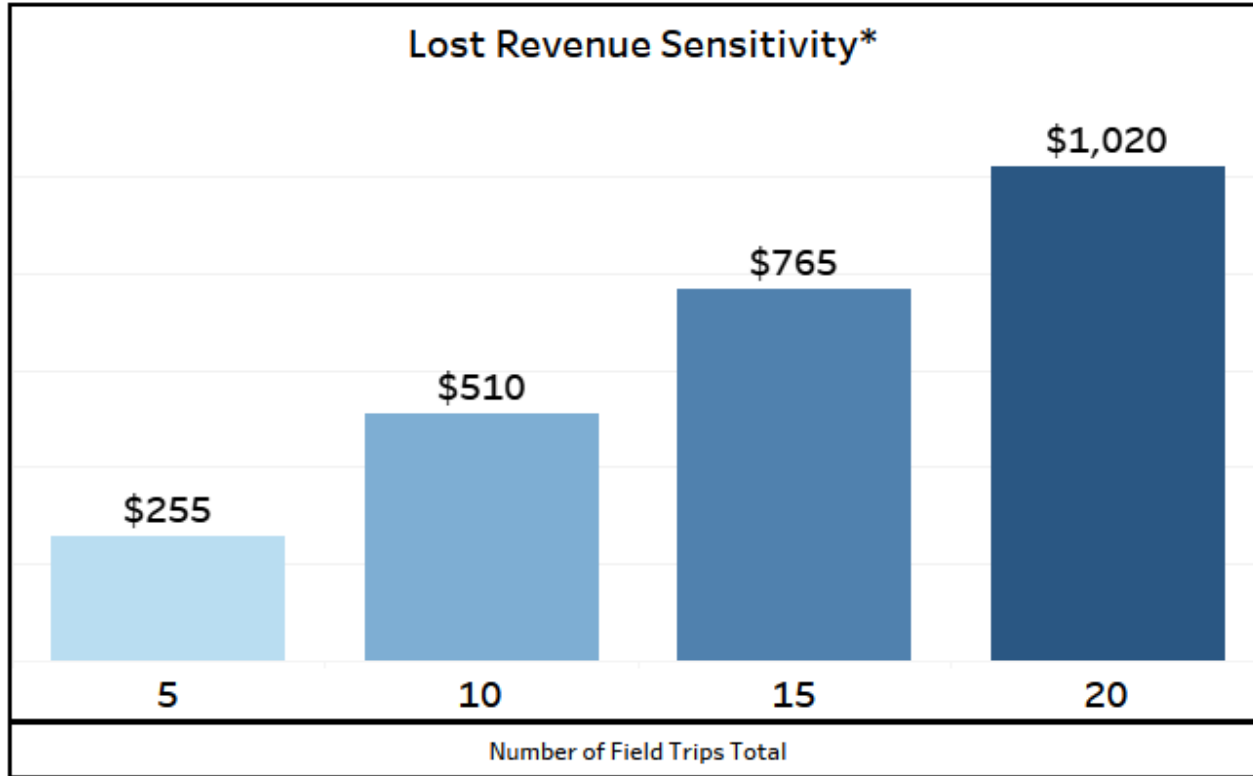
#### Why Free Field Trips?

- SamTrans would like to allow students opportunities to learn and experience SamTrans service and encourage future ridership.

#### Administration and Execution

- Schools will request a waiver from San Mateo County public schools which will given documentation to provide to operators

### 3) Waiver of fares for Pre-Arranged School Field Trips - Analysis and Recommendation



\*Analysis assumes the following: 30 students per field trip, 2 teachers per field trip, 30% of students traveling have Youth Unlimited passes., price per student is \$2.00 per day pass, price per teacher is \$4.25 day pass.

#### Analysis Notes

- The graphic to the left provides revenue loss at various numbers of field trips provided by SamTrans. Financial impact is estimated to be minimal.
- Approx. 100 schools are on SamTrans fixed routes, the initial year goal is to provide 10 field trips

#### Recommendation

- Adopt free day passes for San Mateo County Public schools to be used for field trips effective - 1/1/2024

#### Fare Policy Impacts

Ridership <b>-Positive Impact</b>	✓
Cost Recovery <b>-Low Impact</b>	✓
Customer Experience <b>-Positive Impact</b>	✓
Admin and Overhead <b>-Unknown Impact</b>	✓

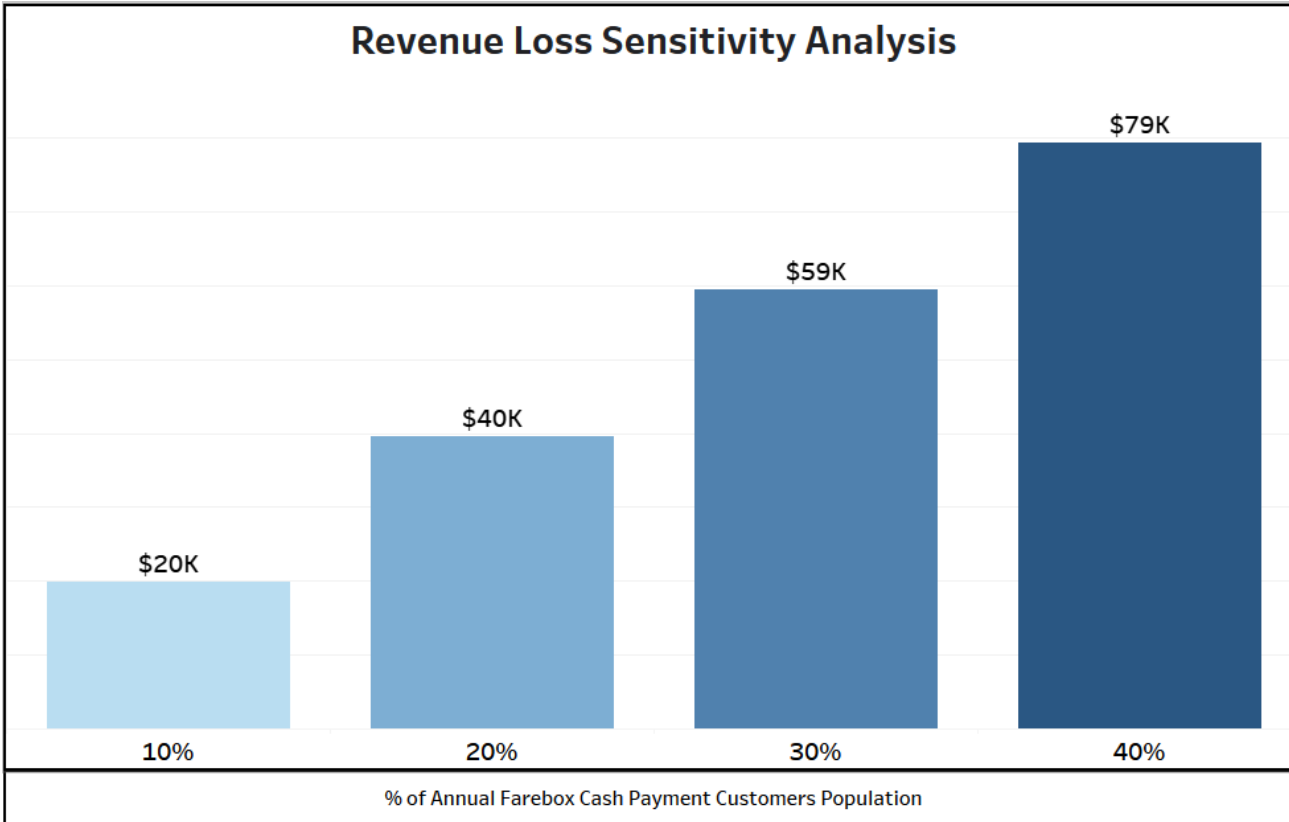
## 4) Introduction of Open Payment Acceptance - Background

### What is Open Payment Acceptance

- With the execution of the Clipper next generation customers will be able to use contactless debit and credit cards on Clipper validators to pay for fares
- Open payment acceptance is a feature of the Clipper next generation system and cannot be opted out of, fares will be priced at Clipper fares which is a \$.20 difference from the farebox cash fare.

# 4) Introduction of Open Payments - Analysis and Recommendation

Revenue Loss Sensitivity Analysis



### Analysis Notes

- The chart to the left shows estimated annual impacts at various levels if customers paid via open payment vs cash at the farebox as open payments will be at Clipper prices.
- There is the potential for revenue loss to be offset by increased ridership due to open payment functionality.

### Staff Recommendation

- Enable open payments in the fare structure effective upon Clipper Next generation completion

### Fare Policy Impacts

Ridership <b>-Positive Impact</b>	🔄
Cost Recovery <b>-Unknown Impact</b>	✓
Customer Experience <b>-Positive Impact</b>	🔄
Admin and Overhead <b>-Positive Impact</b>	🔄



## 5) Enable Day/Month Pass Accumulators- Background

### What are Day / Month Pass Accumulators

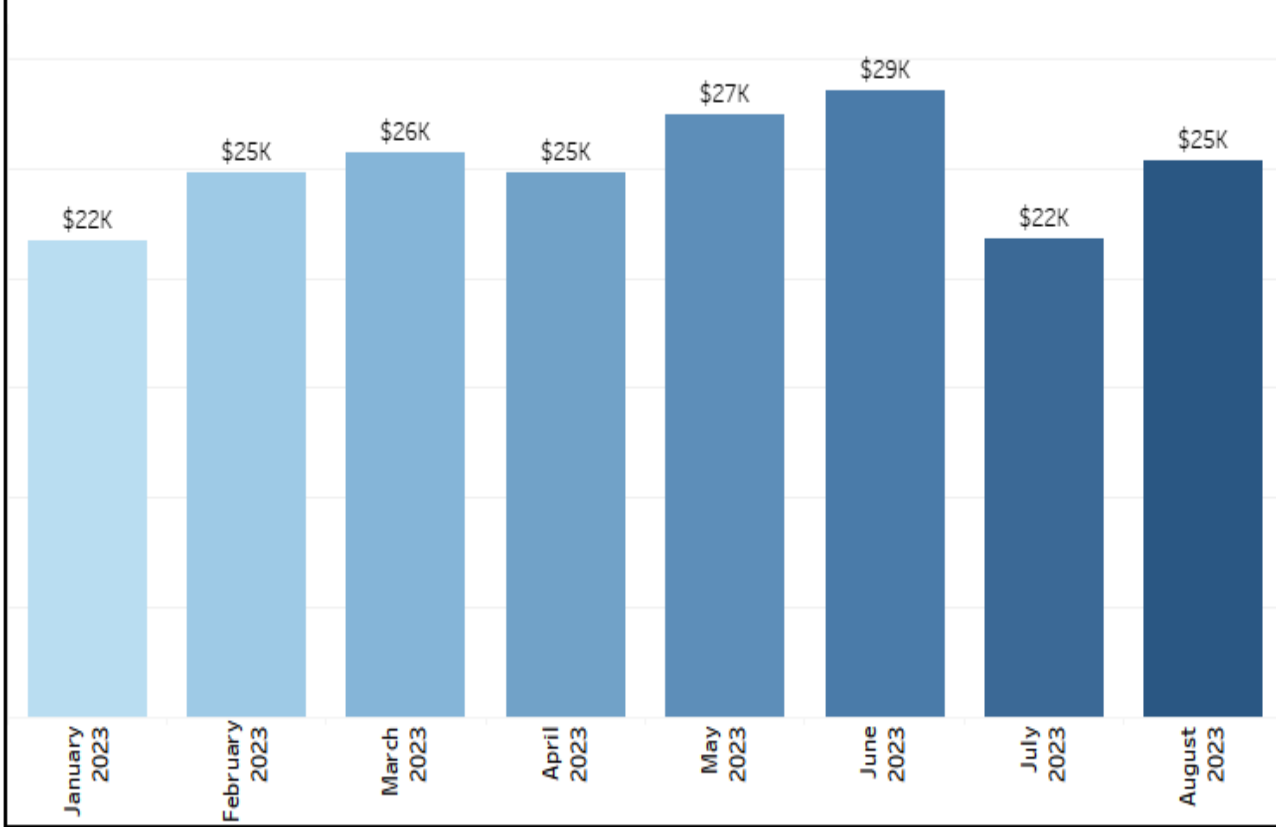
- Customers using open payments or Clipper will be provided fare caps for daily and calendar month usage
- The day pass accumulator will be capped at 2x a one-way Clipper fare and the month pass will be capped at the Clipper month pass price
- Clipper START users will be priced at the same as the eligible discount amount

Fare Payment Method	Rider Category	Day Pass Accumulator	Month Pass Accumulator
Clipper / Open Payment*	Adult	\$4.10	\$65.60
	Eligible Discount/ Clipper Start	\$2.00	\$27.00

\*Open Payments are available for Adult fares only

## 5) Enable Day/Month Pass Accumulators-Analysis and Recommendation

Accumulator Estimated Financial Impact



\*Analysis assumes all month pass purchasers switch to accumulator and all other Clipper users are capped at the accumulator amount.

### Analysis Notes

- This analysis assumes all Clipper SamTrans riders were able to utilize the benefits of the month pass accumulators over the Jan-23 through Aug-23 timeframe. Forecasted annual impact is ~\$300k.
- There is the potential for revenue loss to be offset by increased ridership due to accumulator functionality

### Staff Recommendation

- Enable day pass /month pass accumulators in the fare structure effective upon Clipper Next generation completion

### Fare Policy Impacts

Ridership <b>-Positive Impact</b>	
Cost Recovery <b>-Unknown Impact</b>	
Customer Experience <b>Positive Impact</b>	
Admin and Overhead <b>-Positive Impact</b>	

## 6) Move Mobile Fares to Clipper Mobile - Background

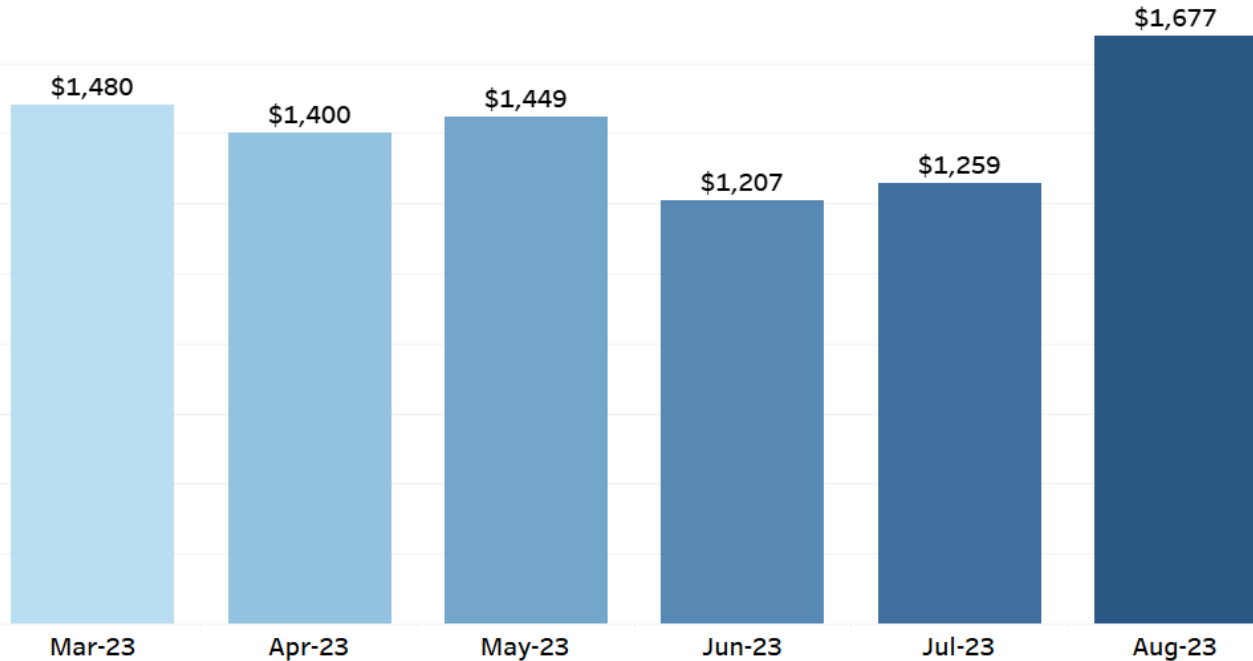
### Why are we moving mobile Fares to the Clipper App

- Based on the Clipper MOU, the bus fares for SamTrans will need to be removed from the current mobile app within ~6 month of Clipper next generation execution.
- Group purchases and single ride tickets will be available for purchase on the Clipper application.
- Below are the difference in price between the current mobile app and the Clipper mobile app

Rider Category	One Way Price Difference	Day Pass Price Difference
Adult	\$.20	\$.40
Eligible Discount	\$.10	\$0.0

# 6) Move Mobile Fares to Clipper Mobile -Analysis and Recommendation

Mobile App Transition Potential Revenue Loss\*



\* Assume all of the current SamTrans mobile app customers will be transitioned to Clipper.

### Analysis Notes

- This analysis assumes all current mobile users move to the Clipper application and pay the Clipper reduced fare.
- Annual impact is estimated to be ~\$17k but will could be offset by reduced mobile app costs

### Staff Recommendation

- Migrate all mobile bus products to Clipper application at Clipper pricing

### Fare Policy Impacts


Ridership <b>-Positive Impact</b>	
Cost Recovery <b>-Positive Impact</b>	
Customer Experience <b>-Positive Impact</b>	
Admin and Overhead <b>-Positive Impact</b>	

## 7) Participate in the Regional Transfer Discount Program - Background

### What is the regional transfer program













- Applies to Clipper single-ride fares at each participating agency. Passenger pays the full fare on the first agency used. Transfers to another agency within two hours of the first boarding are discounted up to a limit of \$2.50 per transfer.
- Passes not included, but passholders may receive a discount when transferring to an agency where they use single-ride fares.
- Transit agencies will be responsible for \$.50 of each transfer will be reimbursed during the pilot program

#### Fare Policy Impacts

Ridership <b>-Positive Impact</b>	
Cost Recovery <b>-Low Impact</b>	
Customer Experience <b>-Positive Impact</b>	
Admin and Overhead <b>-Positive Impact</b>	

















# Review of Fare Policy Principles for Recommended Changes

## Fare Policy Principles

Recommendation	Ridership		Cost Recovery		Customer Experience		Administration and Overhead	
<b>Elimination of the Summer Youth Pass- <a href="#">Decision Requested</a></b>	<b>Low Impact</b> -Ridership has been on a steady decline and program participation was greatly reduced by SamTrans Youth Unlimited program		<b>Positive Impact</b> -Recovering marketing costs has been a challenge and factoring in supplies and staff resources the program is likely break even		<b>Low Impact</b> -No customer complaints about the product not being offered in 2021 or 2022 when offering was paused		<b>Positive Impact</b> -Reduces need for administrative resources	
<b>Consolidation of Local and Express fares for a single price - <a href="#">Decision Requested</a></b>	<b>Positive Impact</b> -Lower Express cost could encourage additional ridership and is single fare is simpler		<b>Low Impact</b> -Ridership has decreased post Covid, estimated financial impact is \$24k-\$67k		<b>Positive Impact</b> -Consolidation will be transparent and will a single fare will be easier for the customer to understand and will make future accumulators less complex		<b>Positive Impact</b> -1x change in farebox, easier for operators to deal with a single fare product	
<b>Waiver of fares for pre-arranged school field trips <a href="#">Decision Requested</a></b>	<b>Positive Impact</b> -Increases ridership and encourages ridership among youth ridership group		<b>Low Impact</b> -Estimated financial impact is minimal		<b>Positive Impact</b> -Easy to understand and justified		<b>Low Impact</b> -Dependent upon school participation	

# Summary of Review Fare Policy Principles for Recommended Changes

## Fare Policy Principles

Recommendation	Ridership		Cost Recovery		Customer Experience		Administration and Overhead	
<b>Introduction of Open Payments, priced a Clipper fare price</b>	<b>Positive Impact</b> -Makes ridership simple by allowing customers to utilize contactless debit and credit cards		<b>Unknown Impact</b> -The discount for open payment is dependent on how many people switch from cash, but could be offset by increases in ridership		<b>Positive Impact</b> -Easy to understand for customers, convenient for those without a Clipper card		<b>Positive Impact</b> -Reduces the demand on paper tickets	
<b>Introduction of day / month pass accumulators on Clipper / open payment- <a href="#">Decision Requested</a></b>	<b>Positive Impact</b> Capping the amount riders pay by day and by month without having to purchase passes makes riding easier and could increase ridership		<b>Unknown Impact</b> -Enabling the accumulators is estimated to reduce fare revenue by \$300k annually, but could be offset by increases in ridership		<b>Positive Impact</b> -Easy to understand and does not require customers to purchase passes.		<b>Positive Impact</b> -Will likely reduce the sale of month passes and paper tickets	
<b>Move mobile fares to Clipper at the Clipper Fare</b>	<b>Positive Impact</b> -Easy for customers to have one place to purchase their fare products instead of separate mobile app		<b>Low Impact</b> -The discount received by current mobile users is estimated to reduce fare revenue by \$17k annually		<b>Positive Impact</b> -Easy to understand		<b>Positive Impact</b> -Will not require the administration of an app for SamTrans bus	
<b>Participate in the regional transfer discount program <a href="#">Decision Requested</a></b>	<b>Positive Impact</b> -Should reduce overall transportation costs and encourage transfers.		<b>No Impact</b> -Initial pilot is regionally funded however operators responsible for first \$.50 of transfers		<b>Positive Impact</b> -Easy to understand and no action required by customers		<b>Positive Impact</b> -Regionally aligning transfers will eliminate the need for cross agency agreements	

## Timeline

Title VI Analysis is Underway

Presented to SamTrans CAC on 10/25/23

Held Community Meeting 10/30/23

Public Hearing and Board Adoption 12/6/2023



# Q&A