

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: RACHEL EDE, DEPUTY DIRECTOR – TRANSIT
SUBJECT: AUTHORIZATION TO CONTINUE PARTICIPATION AND
INCREASE DISCOUNT IN THE CLIPPER START LOW-INCOME
TRANSIT FARE SUBSIDY PILOT PROGRAM

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Transportation and Public Works Department that the Council, by resolution, authorize 1) continued participation in the Clipper START Pilot Program; 2) an increase in the discount rate to 50% for adult single ride fares for eligible low-income adults; 3) requesting program funds from Metropolitan Transportation Commission; and 4) staff to provide necessary documentation for the Clipper START program as may be appropriate.

EXECUTIVE SUMMARY

Since 2015 the City has been a participant in the Clipper regional transit fare card program, accepting the Clipper Card for fare payment on the Santa Rosa CityBus system. In 2020 the Metropolitan Transportation Commission (MTC) initiated a Regional Means-Based Transit Fare Discount Pilot Program (“Clipper START”) to improve access for adults earning lower incomes. CityBus, with Council approval, began participation in the Clipper START pilot program in February 2021 at a 20% discount on single-ride fares for eligible low-income adults. With the extension of the pilot by MTC through 2025, CityBus is seeking Council approval to increase the discount to 50%.

BACKGROUND

In July 2020 the MTC launched a new Means-Based Fare Discount Pilot Program called Clipper START. The goals of the pilot are to: 1) make transit more affordable for adults 18-64 years old earning low incomes with household annual earnings of 200% of the federal poverty level; 2) develop a low-income fare program that is financially viable and administratively feasible; and 3) move toward a more consistent regional standard for fare discounts.

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The Clipper START program launched as an 18-month pilot in July 2020 with four of the region's 22 transit operators participating at either a 20% or 50% discount rate for adult single-ride fares.

In response to the COVID-19 pandemic and interest from transit operators and the MTC Blue Ribbon Transit Recovery Task Force, MTC approved approximately \$5 million from federal CARES Act funding to subsidize additional transit operators' participation in the Clipper START Pilot Program and expanded the call for participation to include all Bay Area transit operators. Santa Rosa CityBus began participation in the pilot program at the 20% discount rate in February 2021 in conjunction with Sonoma County Transit and Petaluma Transit, to allow a consistent discount among the three local Sonoma County transit agencies.

Rider participation in the Clipper START pilot has been less than anticipated since the program started. MTC has again approved an extension of the program through June 2025 and has offered the opportunity for transit operators to change the discount rate. Currently, Golden Gate Transit and SMART offer a 50% discount for single rides to eligible low-income adults, whereas Sonoma County Transit, Petaluma Transit and CityBus offer a 20% discount.

PRIOR CITY COUNCIL REVIEW

On January 27, 2015, the City Council, by Resolution No. 28600, approved a Memorandum of Understanding to participate in the Clipper Card transit fare media program.

On January 19, 2016, the City Council, by Resolution No. 28733, approved an amended and restated Memorandum of Understanding continuing the Clipper Card transit fare media program.

On October 13, 2020, the City Council, by Resolution No. 2020-164, approved the participation in the Clipper START Pilot Program for the initial 18-month period (through Jan. 2022).

On October 12, 2021, the City Council, by Resolution No. 2021-166, approved the continued participation in the Clipper START Pilot Program.

ANALYSIS

The Clipper START Pilot Program provides a discount, via Clipper Card, for adults 18-64 years old whose annual earnings are up to 200% of the federal poverty level. Applicants to the program provide proof of identity and proof of income to Clipper, and those approved receive a personalized Clipper card that can be used for adult, single-ride discounts on participating transit agencies' systems according to a discount rate

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adopted by that agency. The program does not offer discounts on top of already discounted rides, such as monthly passes or Youth or Senior rides.

Currently, there are 14 agencies across the Bay Area that offer a 20% discount through Clipper START and 7 agencies that offer a 50% discount (including SMART and Golden Gate Transit). As part of the Sonoma County Transportation Authority's Future of Transit process focusing on integrating efforts among Sonoma County transit operators, Sonoma County Transit and Petaluma Transit are also planning to increase their Clipper START discount to 50%.

An eligible participant in the program currently has their single ride adult fare on Santa Rosa CityBus discounted by 20%, from the normal fare of \$1.50 to \$1.20. With the proposed increase to a 50% discount, eligible riders would see the normal fare drop to \$0.75, equal to the current fare for Medicare participants, seniors and people living with a disability.

MTC has approved extending the program through June 30, 2025. Currently, MTC provides a partial reimbursement of the lost farebox revenue resulting from the applied eligible fare discount, with the participating transit agency absorbing the remainder of the lost fare revenue. If Council approves an increase in fare discount to 50%, MTC would not increase the reimbursement. At the current 20% discount level, the CityBus expense to provide this discount has averaged \$246 per year for the past two years. With an increase to a 50% discount CityBus can expect about \$1,000 per year in lost revenue at current enrollment rates. This is based on the average of 1,700 trips per year. The actual extent of revenue loss is dependent on overall ridership and the rate of program participation by eligible riders. It is possible that enrollment and usage may increase due to greater interest in the program as a result of the higher subsidy or changes to the enrollment process.

Despite this lost fare revenue, it is the belief of the Transit Division that the benefits of increasing the fare subsidy in the Clipper START Program outweigh the costs. These benefits include:

- Providing a more tangible financial benefit for economically vulnerable riders
- Moving towards a consistent regional subsidy rate as a fare integration strategy to improve the seamlessness of the regional transit system
- Improving access to transit for low-income riders to increase both mobility and transit ridership
- Increasing participation by low-income riders in the Clipper program, which reduces cash handling and related operational costs.

The Transit Division's assessment of the program thus far indicates that the current costs and participation are low and thus increasing the discount is feasible especially in light of a coordinated county-wide approach for implementing fare programs. Following the conclusion of this phase of the Clipper START Pilot Program (currently June 2025),

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the Transit Division will work with MTC and the other Sonoma County transit operators to assess the cost and benefits of the program and return to Council with a recommendation on the next steps of the program.

FISCAL IMPACT

Approval of this action does not have a fiscal impact on the General Fund. Based on current assumptions related to scenarios for overall ridership and rate of participation by eligible riders, the Transit Division expects to absorb a total of between \$2,000 and \$3,000 in lost fare revenue over the two-year period resulting from continued participation in the pilot program.

Program administration will be conducted by MTC and its contractor for the Clipper system, to request reimbursements from MTC for its share of the lost fare revenues resulting from the program.

ENVIRONMENTAL IMPACT

This action is exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15061(b)(3) and 15378 in that there is no possibility that the implementation of this action may have significant effects on the environment, and no further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable

NOTIFICATION

Not applicable

ATTACHMENTS

Resolution

PRESENTER

Yuri Koslen, Transit Planner