

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

INTER-OFFICE COMMUNICATION

TO: Board of Directors **DATE:** April 20, 2005
FROM: General Manager
SUBJECT: FY06 Revenue Enhancement Items

Attached is a memo on FY06 Revenue Enhancement items that will be the subject of the Public Hearing on Thursday, April 28. It is being mailed to you earlier than usual to give you more time to review the material, ask questions, and give us your comments. We will include another copy of this memo in your Board package with our regular mailing.

The public notice of the hearing was published as required in newspapers of the four counties BART serves. Other outreach to affected communities includes:

- This memo will be posted on BART's website by Monday, April 25.
- A revenue enhancement/budget press release is scheduled for the week of April 25th that will include the discount reduction option.
- A flyer will be available at all fare gates by April 25th, as well as at downtown San Francisco transit stores.
- Government & Community Relations staff is notifying elected officials.
- A staff presentation of the discount reduction option to the BART Accessibility Task Force at its regularly scheduled April 28th meeting. Staff did offer to have a special meeting to be held at BATF's convenience.
- Nearly 500 groups that assist people with disabilities and senior centers have been mailed a notice of the public hearing and a description of the proposal.

If you are contacted by your constituents, you can refer any of their comments and questions to Kathleen Kelly, Executive Manager of Planning and Budget at (510) 287-4752 or kkelly@bart.gov.

Original Signed Memo on File

Thomas E. Margro

cc: Board Appointed Officers
Deputy General Manager
Executive Staff

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

MEMORANDUM

TO: Board of Directors DATE: April 20, 2005

FROM: General Manager

SUBJECT: FY06 Revenue Enhancement Items

Based on Board discussion at the Revenue Enhancement Workshop, the presentation at the April 28th public hearing on revenue enhancement items for FY06 will include the following parking fee and fare options.

Parking

- A. Expansion of the number of reserved parking spaces available at East Bay stations from 25% to 40% of the parking spaces at any one station (while maintaining a 25% cap overall for all East Bay lots) and implementation of a Single Day Reserved Parking program with fees between \$1.00 and \$5.00 per day.
- B. Daily Paid Parking fee between \$1.00 and \$5.00 at some or all BART stations.
- C. Attendant Assisted Parking fees at selected stations between \$5.00 and \$8.00 per day.

Fares

- A. Surcharges
 - A1. Capital surcharge in nickel increments not to exceed \$0.15, or an average percentage increase that generates an equivalent amount of revenue.
 - A2. San Mateo County surcharge increase in the same amount as any capital surcharge the Board may adopt.
- B. Reduction to the discount offered passengers who are senior citizens, people with disabilities, or children, from 75% to no less than 50%.

This memo provides an overview of information on each item. Please contact Kathleen Kelly, Executive Manager of Planning and Budget, with your questions and comments. She can be reached at 510-287-4752 or kkelly@bart.gov.

Original Signed Memo on File

Thomas E. Margro

cc: Board-appointed Officers
Executive Staff

PARKING

A. Expanded Reserved Parking Area/Single-Day Reserved Parking

This proposal would authorize two changes to the parking program. The first would authorize expansion of the reserved parking areas at East Bay Stations from 25 % to 40% at any station, provided that the total number of reserved spaces does not exceed 25% of the total number of parking spaces available at all East Bay Stations.

The second change would authorize a new Single Day Reserved Program. When reserved space is available, BART patrons, using a web-based program, would be allowed to purchase a permit to park in the reserved area at their selected station, on a specific day. The cost of the permit would vary from \$3.00 to \$5.00, and be correlated to the cost of a monthly pass at the selected station.

NET REVENUE (\$M)		
Expanded Reserved	Annual	FY06
Single Day Reserved	\$0.5-\$0.6	\$0.3*

One time set-up cost of \$163K not included.

*Assumes Janaury 2006 start.

PARKING

B. Daily Paid Parking

B.1 Daily Paid Parking: Six Stations Only

This proposal would implement a daily weekday paid parking fee ranging between \$1.00 to \$5.00, at the following BART Stations: West Oakland, MacArthur, Lake Merritt, Rockridge, North Berkeley and Ashby. The parking facilities at the Oakland stations are heavily utilized, and the existing allocation of reserved paid parking is fully subscribed. North Berkeley and Ashby are included because the Berkeley City Council approved a resolution urging BART to charge for parking at these stations. Under this proposal, parking fees would be collected from all weekday parking users at those six stations.

Daily Paid Parking Six Stations	NET REVENUE (\$M)	
	Annual	FY06
	\$0.6-\$1.9	\$0.32*

One time set up cost of \$430,000 not included.

*Assumes January 2006 start.

At the Revenue Enhancement Workshop held in March 2005, some Board members suggested that until parking fees are collected at all stations, 25% of the revenue collected through parking fees could be allocated to a station access and improvement fund. That fund would be used only for improvements at stations where the fee is imposed.

Examples of station access and improvements that could be funded include: signage upgrades, station bicycle storage, security cameras, pedestrian and bike route improvements, real time signage, station art, etc.

B.2 Daily Paid Parking: Criteria Based (no cap on number of stations)

Under this proposal, daily parking fees would be implemented at stations that meet one of the following criteria:

- 1) The station's parking facilities are fully utilized on three or more weekdays a week; and 25% of all the parking spaces at the station are subscribed as reserved paid parking; or
- 2) The city or county jurisdiction in which the station is located has requested the imposition of a daily parking fee.

The parking fee would be collected from all daily parking users. The fee would range from \$1.00 to \$5.00, at those stations which meet the criteria. Currently, six

stations meet one of the criteria. Those stations are: West Oakland, MacArthur, Lake Merritt, Rockridge, North Berkeley and Ashby.

In the future, staff would evaluate parking capacity at all stations every six months. If a station meets the above criterion on utilization for two consecutive six-month periods, daily paid parking fees would be implemented (with outreach in advance to patrons). Similarly, if a station at which daily paid parking charges have been implemented, fails to meet the criterion for two consecutive six-month periods, the charges would be revoked. Again, 25% of the proceeds could be allocated to the station access and improvement fund.

NET REVENUE (\$M)		
Daily Paid Parking Criteria Based	Annual	FY06
	\$0.6-\$1.9*	\$0.32**

One time set up cost of \$432K not included.

* Based upon initial six Stations. Additional revenues would be generated if additional stations are added.

**Assumes January 2006 start.

B.3 Daily Paid Parking: All East Bay Stations

(NOTE: We are still waiting for some expense information and will revise this section on Friday, April 22)

This proposal would implement a weekday daily paid parking fee, ranging from \$1.00 to \$5.00, at all East Bay BART Stations with parking. Daily parking fees would be collected on approximately 33,000 parking spaces at the 26 stations in the East Bay. The 33,000 spaces represent the total number of East Bay parking spaces, minus the number of reserved permits sold.

A daily paid parking program could not be implemented at all 26 stations in Fiscal Year 2006. The procurement and installation of the 68 parking machines and the installation of signage are both required before the program can be implemented. (However, BART does have enough equipment and could install signage to begin daily paid parking at some stations, if approved by the Board.)

NET REVENUE (\$M)		
Daily Paid Parking All East Bay Stations	Annual	FY06
	\$6.9*	\$0.8**

One time set-up cost of \$_____ not included.

*Based upon \$1.00 parking fee.

**Daily Paid Parking at 10 stations for six months.

One note of caution should be considered with this proposal. Currently, there are stations in the East Bay where parking is not fully subscribed, and implementing parking charges could potentially deter some existing riders from using BART. Staff has not estimated the potential revenue loss that could be generated by charging for parking.

PARKING

C. Attendant Assisted Parking

This proposal would authorize the District to contract with a professional parking operator to provide paid attendant assisted parking services at selected stations, such as Dublin/Pleasanton, which are at capacity and where there is sufficient space to accommodate attendant assisted parking. The daily attendant assisted fee would be \$5.00 to \$8.00.

The parking operator would bear all financial costs of the attendant assisted program. The attendant assisted parking operation would not generate additional parking revenues to the District. However, the District would benefit financially by the additional passenger revenue that would be generated by higher ridership.

NET REVENUE (\$M)		
Attendant Assisted Parking	Annual	FY06
	\$0.2-\$0.4*	\$0.1-\$0.2**

Revenue from new passenger income.

* Revenue from Dublin/Pleasanton Station. Additional income could be generated if programs are added at other stations.

**Assumes January 2006 start.

FARES

A1. Capital Surcharge

Revenue from a proposed capital surcharge would be used to help offset a portion of the \$13.8M operating budget allocation to capital programs in the FY06 Preliminary Budget.

The proposed capital surcharge would be:

- Applied to all core system trips
- Added to the 3.7% fare increase effective January 1, 2006
- Valued at \$0.05 to \$0.15 in nickel increments, or an average percent increase required to generate equivalent revenue

The capital programs proposed to be funded for the \$13.8M allocation to capital are:

- \$6.5M local match for \$35M to \$50M of federal funds
- \$5M station improvements and facility renovation
- \$1M non-revenue vehicle replacements (mainly Police)
- \$1M inventory items

The two tables below show four surcharge options: a \$0.05 surcharge, a 2% fare increase to generate revenue equivalent to the nickel surcharge, a \$0.10 surcharge, and a \$0.15 surcharge that annually generates revenue closer to, but still short of, the full \$13.8M. Although not shown in the table, a 4% fare increase would generate revenue roughly equivalent to a \$0.10 surcharge and a 6% fare increase would generate revenue roughly equivalent to a \$0.15 surcharge.

The first table shows current base and highest fares for the core system, and then these fares adjusted by the CPI-based 3.7% increase effective January 1, 2006 and the surcharge options. Because BART's fares are rounded to the nearest nickel, the 2% increase results in base and highest fares of \$1.30 and \$5.70, as compared to the fares calculated by applying a nickel surcharge (\$1.35 and \$5.65 respectively).

Core System Fares		
	Base	Highest
Current	\$1.25	\$5.35
+3.7%, <i>effective 1/1/06</i>	\$1.30	\$5.60
<i>3.7% plus surcharge</i>		
\$0.05	\$1.35	\$5.65
2%	\$1.30	\$5.70
\$0.10	\$1.40	\$5.70
\$0.15	\$1.45	\$5.75

The second table shows net new revenue the surcharge options generate for a full year and six months of FY06.

Surcharge	Net New Revenue (\$M)	
	Annual	FY06
\$0.05	\$3.9	\$2.0
2%	\$4.3	\$2.2
\$0.10	\$7.7	\$3.8
\$0.15	\$11.5	\$5.8

To provide context for BART's proposed surcharge, Attachment A shows fares for local and peer system agencies, along with any fare increases the systems are proposing. Currently, many transit systems, both in the Bay Area and across the country, already have a base fare of \$1.50 or higher.

FARES

A2. San Mateo County Surcharge

SamTrans is interested in increasing the San Mateo County surcharge in the same amount as any capital surcharge the BART Board approves. Per the Comprehensive Agreement, both the SamTrans and BART Boards must approve any change to the San Mateo County surcharge.

Currently, the San Mateo County surcharge is \$1.00 (\$1.04 effective January 1, 2006 with the 3.7% fare increase). The surcharge is applied to trips that begin and end at San Mateo County stations (except trips between San Mateo County stations and SFIA station) and trips between San Mateo County stations (except Daly City) and San Francisco stations. Surcharge revenue offsets SFO Extension operating costs.

If implemented, SamTrans has requested that the increased San Mateo County surcharge be allocated for SFO Extension operating costs.

The following table shows the net new revenue that the increase could generate both annually and for six months of FY06.

San Mateo County Surcharge plus	Net New Revenue (\$M)	
	Annual	FY06
\$0.05	\$0.4	\$0.2
2%	\$0.4	\$0.2
\$0.10	\$0.7	\$0.3
\$0.15	\$1.0	\$0.5

FARES

B. Green & Red Ticket Discount Reduction

BART currently offers a 75% discount to passengers who are senior citizens, people with disabilities, or children aged five to 12 years (under age 5 ride free). This discount is given at the time of ticket purchase, with a ticket valued at \$24 sold for \$6. Tickets are color-coded: green tickets for senior citizens and red tickets for passengers with disabilities or children.

On average, BART annually sells about 1.1 million red and green tickets, with 57% of these tickets being green, and 43% red. Annual sales revenue totals about \$6.4M, a \$19.2M revenue loss compared to the full value of the tickets sold.

BART last reduced the discount from 90% to 75% in 1995.

Discounts Given by Local and National Transit Agencies

It is a federal requirement that transit agencies offer a 50% discount during the off-peak to senior citizens and people with disabilities; there is no requirement for a peak period discount. Discounts offered by local transit agencies and national peer systems are shown in Attachment B. BART's current 75% discount offered during the peak and off-peak is the highest compared to this group, with most agencies offering a 50% discount in both the peak and off-peak.

Discount Reduction Options

To generate revenue to help close FY06's budget shortfall, staff has examined lowering the discount to levels ranging from 70% to 50%. The table below shows the current discount and the discount range with resulting ticket prices and annual revenue generated. Ticket prices range from \$7.20 to \$12 for a ticket valued at \$24, with annual revenue generated ranging from \$0.9M to \$3.6M. For FY06, revenue would be one-half of that, based on six months, with implementation of any discount reduction in January 2006.

New Revenue Generated by Discount Reduction

Discount	Price	New Revenue (\$M)	
		Annual	FY06
75%	\$6.00	--	--
70%	\$7.20	\$0.9	\$0.5
65%	\$8.40	\$1.8	\$0.9
62.5%	\$9.00	\$2.1	\$1.1
60%	\$9.60	\$2.5	\$1.3
55%	\$10.80	\$3.1	\$1.6
50%	\$12.00	\$3.6	\$1.8

Lifeline Ticket

Some Board members indicated an interest in exploring the possibility of offering a “lifeline” ticket to low-income green and red ticket users. For example, a lifeline red or green ticket could retain the 75% discount so that low-income passengers using green and red tickets are unaffected by a discount reduction.

Staff research showed that very few jurisdictions or agencies offer reduced fares to individuals identified as low-income. The largest city that offers a bus pass subsidy program for extremely low-income individuals is Honolulu, Hawaii. Two transit agencies—Kitsap Transit of Kitsap County, Washington and C-TRAN of Vancouver, Washington—offer reduced fares to those with verified low-income status.

However, a recent local proposal is Muni’s Lifeline FastPass (LFP) for low-income adults. The following is an outline of the proposed program:

- Eligibility: Adults with an income threshold of 200% of federal poverty level (eg, family of 4 with income below \$36,000)
- Proposed price: \$35 (regular FastPass proposed price is \$50 effective 9/05)—both prices pending approval
- Riders who are senior citizens, youth, or people with disabilities continue to participate in their current, separate discount programs
- Participants are prequalified through a program (eg Calworks) or can apply at San Francisco Department of Human Services (DHS)
 - DHS proposes to qualify individuals annually based on either tax forms or EITC or Working Family tax certification
- DHS to administer and distribute LFP, one LFP per person per month, with distribution tracked in database so that participant returns old LFP to get new LFP
- Estimated potential annual revenue loss: \$1M
- Estimated annual administration costs Muni pays to DHS: \$250K

The outline of Muni’s proposed program highlights some key issues in offering an income-based fare instrument, from administering the program to revenue loss. For administering the program, Muni has another San Francisco agency, DHS, already available and set up to verify eligibility, distribute passes and track usage. Muni

proposes to reimburse DHS for its work, estimated at \$250K. Revenue loss is another cost of the program, estimated at about \$1M a year.

For BART to offer a program for low-income green and red ticket passengers, the following tasks and topics would need to be addressed:

Program Parameters

- Identify current low-income green and red ticket user population
- Develop eligibility criteria
- Set discount/ticket price
- Determine number of tickets per person per time period
- Develop tracking system to reduce fraud

Program Administration

A program administered by BART or by contract with, eg, social service agencies of the four counties BART serves, would be responsible for the following:

- Verify eligibility
- Track usage to reduce fraud
- Distribute tickets

Program Costs

- Determine impacts to operating budget
 - Program administration costs, including staffing and start-up
 - Revenue loss

This outline is provided as a starting point for discussion with the Board about such a program and the issues associated with creating, administering and paying for it.

Summary of Revenue Enhancement Items

Option	Net New Revenue (\$M)	
	Annual	FY06
PARKING		
A. Expanded Reserved/Single-Day Reserved Parking	\$0.5-\$0.6	\$0.3
B. Daily Paid Parking		
B1. Six Stations Only	\$0.6-\$1.9	\$0.32
B2. Criteria Based	\$0.6-\$1.9	\$0.32
B3. All East Bay Stations	\$6.9	\$0.8
C. Attendant Assisted Parking	\$0.2-\$0.4	\$0.1-\$0.2
FARES		
A. Surcharges		
A1. Capital Surcharge	\$3.9-\$11.5	\$2.0-\$5.8
A2. San Mateo County Surcharge	\$0.4-\$1.0	\$0.2-\$0.5
B. Reduction to Green & Red Ticket Discount	\$0.9-\$3.6	\$0.5-\$1.8

Attachment A // Other Agency Fares

Local Agency Fares

Agency	Current Adult Cash Fare	Monthly Pass (Break-even rate, based on cash fare)	Proposed Fare Increases
AC Transit	\$1.50	\$60 (40 trips)	Increase: \$1.75 (+17%) Restructure: All trips at \$1.00 (-33%)
Caltrain	Min: \$1.75 Max: \$8.00 varies based on # of zones	Min: \$46.50 Max: \$212.00 (26 trips)	Up to 35% fare increase (before Board for decision in May)
Golden Gate Transit	Min: \$2.70 Max: \$7.25 varies based on # of zones	20-trip ticket books with 20% discount on cash fare, good for intercounty trips	5% fare increase (eff 7/05) public hearing on 4/21/05; also considering fare restructure (eg, reduce # of zones)
Muni	\$1.25	\$45 (36 trips)	Cash: \$1.50 (+20%) FastPass: \$50 (+11%) New Lifeline Fast Pass: \$35
SamTrans	\$1.25	\$40 (32 trips)	No increases currently planned
VTA	\$1.75	\$61.25 (35 trips)	No increases currently planned; last fare increase Jan05

Peer System Fares & Proposed Fare Increases

Transit System <i>Metro Area</i>	Mode	Fare Structure Type	Base Fare		Monthly Pass	Proposed Fare Increase
			Peak	Off-peak		
MARTA <i>Atlanta</i>	Heavy Rail	Flat	\$1.75	Same	\$52.50	Base Fare: \$2.00 (+14%) Monthly Pass: \$65 (+24%)
Metra <i>Chicago</i>	Commuter Rail	Zone	\$1.85-6.95	Same	\$50-188	Not available.
Metrolink <i>Los Angeles</i>	Commuter Rail	Current: Zone Distance- based eff FY06	\$4.50 - \$11.25	\$3.50-8.50	\$94.50- \$321.25	4.5% average systemwide fare increase for FY06, in accord with adoption of fare restructuring policy
SEPTA <i>Philadelphia</i>	Commuter Rail	Zone	\$3.00-7.00	Reduced for Zones 2-5	\$106-163	Action on proposed two-phase fare increase totaling 38% postponed due to state infusion of operating funds
WMATA <i>Washington, DC</i>	Heavy Rail	Distance- based	\$1.35-3.90	max \$2.35 ⁽¹⁾	None ⁽²⁾	No fare increase proposed for FY06; possible increase in FY07

Source: agency websites and research/discussions with agency staff

⁽¹⁾ In the off-peak, WMATA's base fare (\$1.35) applies to trips up to 7 miles, as opposed to 3 miles in the peak; longer trips are also discounted.

⁽²⁾ WMATA offers a 1-day pass for \$6.50 (good after 9:30am weekdays or all day Sat/Sun/hol), a 7-day rail pass for \$32.50 and a 7-day "short-trip" pass for \$22.00; all passes are "gate-activated," i.e., the time period starts the first time the ticket is inserted in the fare gate.

DISCOUNTS GIVEN TO SENIORS & PEOPLE WITH DISABILITIES AT OTHER AGENCIES

Agency	Adult Cash Fare	Senior & People with Disabilities Discount		Monthly Pass for Seniors & People with Disabilities (Break-even rate based on cash fare)
		Peak	Off-Peak	
LOCAL				
AC Transit	\$1.50	50%	50%	\$20 (27 trips)
Caltrain	\$1.75-\$8.00	50%	50%	Priced at 50% discount to adult pass (26 trips)
Golden Gate Transit	\$2.00-\$7.25	50%	50%	None
Muni				
• Current	\$1.25	72% (\$0.35)	72%	\$10 (28 trips)
• Proposed, eff. 9/05	\$1.50 (+20%)	66% (\$0.50, +43%)	66%	\$12 (24 trips) (+20%)
SamTrans	\$1.25	Local: 52% Express routes: No discount	Local: 52% Express: 50%	\$18 (30 trips)
VTA	\$1.75	57% local 79% express	57% local 79% express	\$26 (35 trips)
NATIONAL				
MARTA <i>Atlanta</i>	\$1.75	50%	50%	None
Metra <i>Chicago</i>	\$1.85-\$6.95	50%	50%	\$33.75-\$129.40 (37.5 trips)
Metrolink <i>Los Angeles</i>	\$4.50-\$11.25	50%	50%	\$47.25-\$160.75 (21 – 28 trips)
SEPTA <i>Philadelphia</i>	\$3.00-\$7.00	None between 7-8am & 4:30-5:30pm weekdays	Free rides to seniors w/Medicaid or PACE card w/in PA; other seniors fare is \$1; persons w/disabilities: \$1.50	None
WMATA <i>Washington, DC</i>	\$1.35-\$3.90	50%	50%	None