
RECOMMENDED ACTION:

☐ Information Only  ☐ Briefing Item  ☑ Recommended Motion

Adopt a Motion Setting a Public Hearing for Consideration of the Elimination of the Sale and Use of Transbay 10-Ride and 31-Day Magnetic-Strip Tickets, for Wednesday, February 4, 2009, from 4:30 p.m. to 6:30 p.m., at a Location in Downtown San Francisco Convenient for Transbay Riders.

Fiscal Impact:
Annual savings of approximately $15,000 in costs associated with Transbay magnetic fare media.

Background/Discussion:
As approved by the AC Transit Board of Directors at the November 12, 2008 meeting, a proof-of-payment system will be instituted at the Temporary Transbay Terminal, beginning when the terminal opens in fall 2009. Acceptable forms of payment and/or proof will be limited to:

- Tagging a valid TransLink card at an entrance to the terminal
- Purchasing a cash-fare receipt at vending machines outside the terminal
- Carrying a UC Berkeley student ID card with valid Class Pass sticker

The rationale for moving to a proof-of-payment system is to remove all fare transactions from buses during the weekday afternoon commute at the temporary terminal and...
thereby reduce the time required to load passengers. Because the temporary terminal site is more constrained than the existing terminal, more bus lines will need to share stops, and move in and out of stops more quickly.

For several reasons, staff believes that the elimination of Transbay 10-ride and 31-day magnetic-strip tickets (“Transbay magnetic fare media”) from the system is needed and desirable at this time:

- The efficient operation of the temporary terminal will require fares to be paid before boarding, which will make the use of Transbay magnetic fare media via the on-board TRiM units infeasible.
- One of the District’s objectives in adopting the TransLink system has been the eventual move to fare payment by TransLink and cash only, eliminating magnetic fare media and TRiM units. Staff believes that the District is ready to begin this transition now with Transbay service.
- The temporary terminal site will not have a ticket office for sales of Transbay magnetic fare media.

Below is the proposed preliminary schedule for implementation, should the Board approve the discontinuance of the sale and use of Transbay magnetic fare media following the public hearing:

- 2/4/09 Public hearing
- 2/11/09 Board decision
- 2/17/09 Publicity, outreach, etc., begin
- 3/31/09 Sale of Transbay 10-ride and 31-day tickets ceases
- 7/31/09 Last day Transbay 10-ride and 31-day tickets accepted on board
- 9/1/09 Move to temporary terminal

Because the public hearing is being held outside of the District’s service area, a meeting of a quorum of the Board is not permitted under the Brown Act. However, Board Policy No. 163 permits the holding of a public hearing without the Board or a quorum of the Board being present. The District Secretary would provide a summary of the hearing, approved minutes, or an audio recording of the hearing for the absent Directors. Arrangements have been made to have a transcript of the hearing prepared and provided to the Board prior to any decision on this issue. Because less than a quorum of the Board may attend the public hearing, it is recommended that the following Directors be in attendance: the President, Vice President, and Director Ortiz (if she is not President or Vice President).

This item is coming directly to the Board for action with the concurrence of the Chair of the Finance and Audit Committee and the Board President. It was agreed there was no need to call a special meeting of the Finance and Audit Committee for the consideration of this one item.
GM Memo No. 09-013
Meeting Date: January 7, 2009
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**Prior Relevant Board Actions/Policies:**
GM Memo 08-254a, November 12, 2008

**Attachments:**
GM Memo 08-254a  
Authorize staff to work with other appropriate agencies regarding the implementation of a proof-of-payment fare collection system for the Temporary Transbay Terminal and authorize implementation if no public hearing is required.

Approved by:  
Rick Fernandez, General Manager  
Lewis Clinton, Jr., Chief Financial Officer

Prepared by:  
Dan Lillin, Treasury Manager  
Victoria Wake, Marketing & Community Relations Manager  
Ken Rhodes, Customer Services Manager

Date Prepared:  
December 23, 2008
SUBJECT: Consider Recommending the Exploration with Other Agencies of a Proof-of-payment Fare Collection System for the Temporary Transbay Terminal, and Authorize its Implementation if No Public Hearing is Required

RECOMMENDED ACTION:

☐ Information Only  ☐ Briefing Item  ☒ Recommended Motion

Consider authorizing staff to work with other appropriate agencies regarding the implementation of a Proof-of-Payment Fare Collection System for the Temporary Transbay Terminal.

Fiscal Impact:
The associated capital and operating costs for the Temporary Terminal Proof-of-Payment system are estimated in Attachment C. The costs would be offset by Transbay Joint Powers Authority (TJPA) RM-2 revenues as agreed to in the Transbay Transit Center Lease & Use Agreement and estimated in Attachment D.

Background/Discussion:
This memo provides a detailed discussion of the proposed staff recommendation to implement a Proof of Payment (POP) system in the Temporary Transbay Terminal. If approved, this system will change the District's fare collection process for San Francisco Transbay riders, alter the type of Transbay fare media available, and adjust the Translink transfer policy parameters for afternoon peak period riders from San Francisco.

Temporary Transbay Terminal Description

In September 2009, the Transbay Joint Powers Authority (TJPA) is scheduled to open the Temporary Terminal in conjunction with the start of demolition of the existing terminal. As a
result, AC Transit will have 30 days from the receipt of notice from the TJPA’s Executive Director prior to the opening of the Temporary Terminal to relocate its bus service operations from the existing terminal.

The site of the Temporary Terminal (bordered by Howard, Main, Folsom and Beale Streets) is more constrained than the existing terminal, and will require different passenger loading considerations to compensate for the smaller area and decreased number of bus bays. AC Transit has 22 available bus bays in the existing terminal, and will only have 17 bus bays (16 for departures and 1 for arrivals) in the Temporary Terminal. There are currently 266 Transbay Terminal departures between the hours of 3PM and 8PM, including 80 trips during the “peak” hours (5PM to 6PM). The decrease in bus bays will require more routes to share bus stops and more buses to use each bus bay (see Attachment A).

In order to accommodate the increased number of buses per bay during the afternoon peak, staff proposes to decrease the 5 minute allowed dwell time by decreasing passenger loading time. Assuming a capacity load (57 passengers), the average overall boarding time for an MCI bus without Translink exceeds seven minutes. With 100% Translink fares, the average time drops to four minutes, provided that there are no card “reader” issues. With no on-board fare collection, the average load time further drops to three minutes. The best method to effectively decrease dwell time is to eliminate on-board fare collection altogether. This would allow buses to pull-in, load passengers and pull-out within the five minute dwell timeframe with a small margin of error. **Without a significant decrease in dwell time during the PM commute, the bus bays in the Temporary Terminal will fail anytime there is a significant amount of passenger boardings and five minutes between bus departures.**

**Proof of Payment Description**

During the weekday PM commute, AC Transit staff recommends that all fares for San Francisco to East Bay Transbay service be collected prior to bus boarding, using a Proof-of-Payment system. To facilitate this, staff proposes limiting fare payment to two options:
- Translink for adult and senior/disabled pass and e-cash patrons
- Pre-paid one–ride adult, senior/disabled and youth tickets for cash patrons, purchased via a ticket vending machine (TVM).

To implement the above scenario, TVMs and TransLink Add Value Machines (AVMs) would be installed at several locations prior to entering the terminal.

Once inside the pre-paid zone, all customers would be required to have a valid TransLink card or a one-ride ticket receipt. AC Transit fare inspectors would enforce proper use of the pre-paid zone with portable TransLink card readers and visual inspection of one-ride ticket

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1 This analysis assumes that the space at the Temporary Terminal reserved by Greyhound does not become available during the life of the Temporary Terminal. The Lease and Use Agreement approved by the Board and the TJPA gives AC Transit first right to any of Greyhound’s space that may become available during the use of the Temporary Terminal.
receipts, while on-site San Francisco Police Officers would issue citations to violators of the system under California Penal Code 640 (see Attachment B). This code allows jurisdictions within the State of California to enforce and impose a criminal penalty on fare evaders of a public transportation system. **For the City and County of San Francisco, the code allows it to enforce and impose an administrative penalty on fare evaders.** An administrative penalty is the equivalent to receiving a parking ticket; it would not need to be processed through the criminal court system. AC Transit would need to further develop the citation process with the TJPA and SFPD. **If AC Transit and the TJPA decide to enforce and impose an administrative penalty on fare evaders in the Temporary Terminal, an agreement with City and County of San Francisco to allow for the use of PC Section 640 may be necessary since San Francisco does not have jurisdiction over the Temporary Terminal, although it is located within its jurisdiction.**

**District Implications**

The implementation of the proof-of-payment system in the Temporary Terminal would have the following operational implications for the District:

- **For continuity among Transbay fares, the District would need to eliminate the use and sale of all Transbay magnetic-strip fare passes currently “dunked” into the TRiM unit.** This would include the 31-day and the 10-ride mag-strip passes. Staff proposes to have the sale of these fare options only available on TransLink. However, existing Transbay TransLink use is high, with about half of all 31-day passes now being purchased via the card system. Nonetheless, the District would need to give customers ample notice of this fare media change through a thorough marketing/public information effort. In particular, AC Transit would have to address the affects of eliminating Transbay magnetic-strip fare passes for riders on Lines M, U and DB.

- **During the weekday PM commute,** passengers would no longer pay fare on buses through the farebox or show TransLink cards or ticket receipts to bus operators since they would already have paid prior to entering the Temporary Terminal pre-paid zone. Outside of this peak-hour time, passengers would pay one-ride cash fare and tag Translink cards on the bus.

- AC Transit would need to work with MTC to adjust the TransLink validation and transfer parameters due to the variable gap between the time a TransLink customer tags a reader at the Temporary Terminal and the time he or she boards the bus.

- **The District would lose trip-specific Translink data on Transbay routes since passengers would tag their Translink card on the platform rather than on the bus.** However, staff currently does not analyze this data. Rather, it manually conducts Transbay point-checks semi-annually to determine system-wide and line-specific Transbay ridership and route productivity.
Title VI Analysis

**With the elimination of Transbay** magnetic-strip fare passes as a result of the proposed Proof-of-Payment system, this proposal may prove discriminatory due to the lack of universality of the Translink media. Currently, AC Transit is only offering TransLink cards for use with Adult 31-day passes, Senior/Disabled 31-day passes (with Regional Transit Connection Discount ID Card) and e-cash. Consequently, there would be fare classes (i.e. youth) that would be unable to access this media and may represent a discriminatory action until all fare classes were able to access it. And, while the District has plans for adding Translink for all riders, it is not the case today.

There are also issues associated with the access to Translink media or add-value locations. Currently, Translink requires $5 for a Translink card, which may itself be a barrier to low income people. For autoload functions of Translink, the user must also have a transactional bank account. This may prove difficult for some minority and low income populations.

While users do not have to have a bank account to use Translink media, they would need to have general access to the approximately 73 retail outlets that sell or provide add-value services to Translink users. And, while the location of the retail outlets may not represent the optimal accessibility (e.g. the only two outlets in Newark are only a few blocks from one another) there has been care to locate the outlets at Walgreens or other retail establishments that are familiar to the community and generally accessible. Certainly, if more retail locations were added, this would not present a concern.

**Infrastructure and Staffing Requirements**

The Proof-of-Payment system for the Temporary Terminal as described above would require the following infrastructure and staffing requirements:

- Fare Inspection
- TransLink hardware, network set-up and maintenance (coordinated with MTC and the Translink contractor)
- Single-ride TVMs and maintenance
- System revenue service

**For the hiring of proposed fare inspection staff, planning staff is exploring several alternatives.** At this point, the most feasible alternative is for the District hire contractual employees to allow for flexibility on the number of inspectors required and their daily work hours. This is significant because the time span to enforce the proof-of-payment system would not equal a full-time employee work shift. In addition, with contractual employees, the District would have the ability to increase or decrease the amount of inspection staff needed to enforce the system. With Proof-of-Payment systems, it is common for transit agencies to initially conduct larger scale inspections, which are scaled down over time. As a result, if the District eventually decreases inspection staff, those avoided funds could be re-allocated to other areas of the project such as customer service, transportation supervision or
bus operating costs that would minimize the passenger inconvenience of using the Temporary Terminal.

**Funding**

As part of the Temporary Terminal operational considerations in the Transbay Transit Center Lease & Use Agreement, the TJPA would provide financial assistance to AC Transit for its on-site fare collection operations, with the exception of the TransLink system provided by MTC. These financial responsibilities include:

- Fare inspectors/Customer Service Representatives
- Procurement of four one-ride ticket vending machines (TVMs)
- Five-year maintenance contract for the one-ride TVMs
- Five-year revenue service contract for the TransLink AVMs and the one-ride TVMs (this may be covered under AC Transit’s existing revenue service contract with Brinks)
- Supplies

Attachment C provides estimates of AC Transit’s Temporary Terminal operating costs, including the costs involved in providing the Proof-of-Payment System. Attachment D outlines the revenue sources to fund operations in the Temporary Terminal.

**Cost Benefit Analysis**

As shown in Attachment C, staff estimates to operate the Temporary Terminal with three fare inspectors, which would cost $280,126.08 annually. This is a conservative estimate based upon AC Transit’s salary rate for the current Ticket Seller position. The number of positions and their salaries could vary depending on the District’s needs to effectively conduct inspections in the initial phase of implementation and over the five year occupancy of the Temporary Terminal.

The fare inspectors would coordinate with two police officers provided by the TJPA. Between the inspectors and the officers, there would be close to one fare inspection staff per 1,000 riders. These figures are consistent with the guidelines set by the Transit Cooperative Research Program under Report 80 – A Toolkit for Self Service, Barrier-Free Fare Collection (Report 80).

Report 80 also measures the fare evasion rates of various proof-of-payment systems. The highest fare evasion rate in the U.S. is 6% (Los Angeles County MTA and San Diego Trolley), while the national average is 2.34%. If these rates were applied to the Temporary Terminal, the amounts of loss annual fare revenue for the District would be $392,896.35 and $153,229.58, respectively.

With implementation of the Temporary Terminal proof-of-payment system, staff’s goal for a fare evasion rate is less than 1% (a number of transit agencies are below 1%)
based upon the fare inspection staffing recommendations outlined above. However, in the first year of implementation, staff would like to achieve a rate lower than that of LACMTA and San Diego Trolley, and as close to the national average as possible. From there, staff would exercise its flexibility in fare inspection staffing to make adjustments in order to optimize the overall operations of the Temporary Terminal, while minimizing fare evasion. In order to accurately achieve this, the District would need to regularly collect data to measure the system’s fare evasion rate. Inspectors would be required to record the number of passengers inspected and the number of fare evaders. In addition, about once or twice a year, the District would conduct “100% sweeps” where staff inspects all passengers using the Temporary Terminal during the PM commute. The District would be able to collect the most accurate data on inspection and evasion rates during these times.

Policy No. 163 Hearing

In addition to the other activities that need further exploration (PC 640 application, TransLink issues) staff is investigating the need for a public hearing on the change in fare medium under Board Policy No. 163. A public hearing may be necessary since the Fare Resolution identifies the various type of medium available for transbay trips and under the proposed change that medium would be eliminated in favor of TransLink or a prepaid ticket. Since Staff proposes a marketing campaign associated with the change, the holding of a public hearing on the issue may be desirable, even if ultimately it is decided that it is not a requirement of Policy No. 163.

Staff Activities

Staff requests authorization to explore and, if possible, to implement proof of payment prior to the early fall 2009 opening of the Temporary Terminal. Staff would continue to periodically advise the Board of the progress of the various steps needed to implement such a policy and seek further Board approval as required.

Prior Relevant Board Actions/Policies:

There have been numerous reports regarding the Transbay Terminal with the most recent being September 10, 2008, GM Memo 08-101.

Attachments:
Attachment A: Temporary Transbay Terminal Site Map
Attachment B: California Penal Code Section 640
Attachment C: Temporary Terminal Operating Costs Summary
Attachment D: Temporary Terminal Revenue Source Summary

Approved by: Rick Fernandez, General Manager
Ken Scheidig, General Counsel