

Item 3 File 11-0201	Department(s): Municipal Transportation Agency (MTA)
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EXECUTIVE SUMMARY**Legislative Objective**

- The proposed resolution would approve a Special Transit Fare (Fast Pass) Agreement between the City and Bay Area Rapid Transit (BART) for an 8.5-year term retroactive to January 1, 2010 through June 30, 2018.

Key Points

- The previous MTA and BART Fast Pass Agreement, which expired on December 31, 2009, (a) allowed MUNI Adult Fast Pass users to take unlimited rides on BART within San Francisco, at no additional cost, and (b) MTA reimbursed BART at a fixed discounted rate of \$1.02 per passenger BART trip.
- On May 22, 2003, the BART Board adopted a fare policy, in effect until 2012, in which fares increase every two years by a CPI-based percentage less a 0.5 percent adjustment for BART productivity improvements. However, over the past five years, BART fares within San Francisco increased \$0.50 from \$1.25 to \$1.75, a total increase of 40 percent or an average of eight percent per year.
- The proposed Agreement would (a) increase MTA's reimbursement rate from \$1.02 to \$1.19 per trip, retroactive to January 1, 2010, (b) tie MTA reimbursement rates to BART's percentage rate of increases through July 1, 2012, (c) after July 1 2012, tie MTA's reimbursement rates to BART's actual fare increases and (d) cap future MTA annual reimbursement rate increases to a maximum of ten percent.

Fiscal Impact

- The proposed rate increase to \$1.19 would result in MTA's annual payments to BART increasing by an estimated \$1,453,005 from \$8,718,031 to \$10,171,036 in 2010, an increase of 16.7 percent.
- Under the proposed Agreement, MTA would owe BART \$6,910,319 more over the term of the proposed Agreement than if reimbursement rates were increased by the same percentage as BART fare increases.

Policy Considerations

- Given that the BART Board of Directors will not be deciding its fare increase policy until after July 1, 2012, the Budget and Legislative Analyst considers it premature for MTA to enter into the proposed 8.5-year Agreement, which would be tied to a future unknown BART fare policy.
- The previous two-year Agreement contained a not-to-exceed amount of \$28,000,000 or an average of \$14,000,000 annually. The proposed Agreement does not contain a not-to-exceed amount.

Recommendations

- Request that BART and MTA recommence negotiations to develop a Fast Pass Agreement that establishes reimbursement rates that are tied to the rate of inflation, comparable to BART's existing fare policy, rather than being directly tied to future unknown BART fare increases.
- Request that MTA and BART negotiate a total not-to-exceed amount for each year of the term of the Fast Pass Agreement that reflects (a) reimbursement rate increases tied to the rate of inflation, and (b) ridership increases that do not exceed five percent annually or a mutually-agreed upon amount.

MANDATE STATEMENT/ BACKGROUND

Mandate Statement

In accordance with Charter Section 9.118(b), City agreements with anticipated expenditures of \$10,000,000, or more or amendments to such City agreements with anticipated expenditures of more than \$500,000 are subject to approval by the Board of Supervisors.

Background

History of Fast Pass Agreements, BART Fares and MTA Reimbursement Rates

Mr. Jason Lee, Financial Services Manager in the MTA's Finance & Information Technology Division, advises that the Municipal Transportation Agency (MTA) has records of entering into Fast Pass Agreements with Bay Area Rapid Transit (BART) since 1984.¹ These Fast Pass Agreements allow San Francisco Municipal Railway (MUNI) monthly Adult Fast Pass users to take an unlimited number of monthly rides on BART within San Francisco city limits at no additional cost to the rider, with reimbursements made by the MTA to BART at a fixed rate for such rides on BART. The most recent Fast Pass Agreement, with a two-year term from December 21, 2007 through December 31, 2009, provided that MTA pay BART a fixed reimbursement rate of \$1.02 per trip.

Table 1 below summarizes BART Adult fares, reimbursement rates, dollar value of the discounts and percentage value of the discounts from January 1, 2000 through December 31, 2009 and identifies the total percentage increase in these rates.

Table 1: History of BART Fares and Fast Pass Reimbursement Rates Under Previous Agreements				
Date	Adult BART Fare in San Francisco	Reimbursement Rate from MTA to BART	Reimbursement Rate's Discount (In Dollars) Over Standard BART Ticket Price	Reimbursement Rate's Discount (In Percent) Over Standard BART Fare Price
January 1, 2000 – December 31, 2002	\$1.10	\$0.76	\$0.34	30.9%
January 1, 2003 – December 31, 2003	1.15	.80	.35	30.4
January 1, 2004 – December 31, 2005	1.25	.87	.38	30.4
January 1, 2006 – December 20, 2007 ¹	1.40	.97	.43	30.7
December 21, 2007 – December 31, 2007 ²	1.40	1.02	.38	27.1
January 1, 2008- June 30, 2009	1.50	1.02	.48	32.0
July 1, 2009– December 31, 2009 ³	1.75	1.02	.73	41.7
Total Percent Increase	59.09%	34.21%	114.71%	35.0%
¹ Fare increased by an additional \$0.10 due to BART's implementation of a \$0.10 capital surcharge for station capital improvements.				
² This adjustment was due to the timing of the expiration of the Agreement and adjustment in the reimbursement rate prior to the BART increase in fares.				
³ Agreement expired on December 31, 2009.				

¹ Some of these agreements were subject to Board of Supervisors approval and expenditures for the BART agreements were included in previous MTA budgets, which were subject to approval by the Board of Supervisors.

Since the latest Agreement expired on December 31, 2009, BART and MTA have been negotiating the terms of a new Fast Pass Agreement, and MTA has continued to pay BART at the same \$1.02 reimbursement rate.

As shown in Table 1 above, BART fares have increased a total of 59.09 percent from January 1, 2000 through December 31, 2009, and have remained at \$1.75 per ride in San Francisco². From January 1, 2000 through December 31, 2005 BART fares within San Francisco increased \$0.15 from \$1.10 to \$1.25, a total increase of 13.64 percent or 2.73 percent per year. In contrast, from December 31, 2005 through December 31, 2010, or over the past five years, BART fares within San Francisco increased \$0.50 from \$1.25 to \$1.75, a total increase of 40 percent or an average of eight percent per year.

Consumer Price Index (CPI) based Fare Rates and Charges Policy

On May 22, 2003, the BART Board of Directors adopted a productivity-adjusted CPI-based Fare Rates and Charges policy, in effect until July 1, 2012, in which BART fares increase every two years by a CPI-based percentage less a 0.5 percent adjustment for BART productivity improvements.³ According to Mr. Lee, in accordance with this BART Board fare policy, fares should have increased by approximately six percent every two years assuming a three percent annual inflation rate less a 0.5 percent BART adjustment, which would be a total of 5.5 percent every two years or an average of 2.75 percent annually. However, as discussed above, in contrast to this BART adopted policy, between December 31, 2005 and December 31, 2010, BART fares in San Francisco actually increased 40 percent, or an average of eight percent per year.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a new 8.5 year Fast Pass Agreement between the City, on behalf of MTA, and BART, with a term retroactive to January 1, 2010 through June 30, 2018. Either MTA or BART may terminate the proposed Fast Pass Agreement after giving the other party a 90-day written notice prior to the termination date. The proposed Agreement's key provisions include:

- (1) The establishment of an initial \$1.19 reimbursement rate, retroactive to January 1, 2010, for MTA to reimburse BART for each MUNI Fast Pass trip on BART, as counted by BART's Data Acquisition System⁴ (DAS);
- (2) The initial \$1.19 reimbursement rate would be in effect until it is increased by the same percentage as BART's fares, through July 1, 2012;
- (3) After July 1, 2012, the reimbursement rate will increase by the same amount as BART fare increases for the remaining term of the proposed Agreement;

² MUNI currently costs \$2.00 per ride in San Francisco, or \$.25 more than BART.

³ The 0.5 percent adjustment for productivity improvements represents BART's labor and operational efficiencies.

⁴ BART's DAS is a computerized system which automatically records trips by MUNI Adult Fast Pass holders.

- (4) Limits annual reimbursement rate increases to ten percent;
- (5) Mandates BART to reimburse MTA for all Clipper⁵ Card (Clipper) transaction fees incurred each time patrons use their Fast Passes on Clipper⁶ for BART trips within San Francisco;
- (6) Makes MTA and BART responsible for their own internal administrative billing, accounting and auditing costs associated with Fast Pass use on BART and administration of the proposed Agreement; and
- (7) Requires BART to invoice MTA monthly for the reimbursements to be made by MTA to BART for the previous month's Adult Fast Pass trips taken on BART, less the amount BART owes MTA for Clipper Card transaction fees.

The MTA Board of Directors approved the proposed new Fast Pass Agreement with BART on January 4, 2011.

FISCAL ANALYSIS

Retroactive Payment to BART from MTA from January 1, 2010

Under the proposed Agreement, the reimbursement rate that MTA pays BART would increase from the existing \$1.02 to \$1.19 per trip, a \$0.17 and 16.7 percent increase, retroactive to January 1, 2010, the day after the previous Agreement expired on December 31, 2009. This proposed \$1.19 reimbursement rate is based on BART's last 16.7 percent fare increase in San Francisco from \$1.50 to \$1.75 on July 1, 2009. Based on the existing \$1.75 BART fare per trip, the proposed \$1.19 reimbursement rate by MTA to BART represents a discount of 32 percent. As shown in Table 2 below, if the proposed Agreement is approved, MTA would be required to make an initial one-time payment of \$1,684,584 to BART for the difference in the reimbursement rates from January 1, 2010 through February 28, 2011.

	Actual Reimbursement by MTA to BART at \$1.02 Reimbursement Rate	Proposed Reimbursement by MTA to BART at \$1.19 Reimbursement Rate	Amount MTA Would Owe BART Retroactively if Proposed Agreement is Approved
January 1, 2010 – June 30, 2010	\$4,523,279	\$5,277,159	\$753,880
July 1, 2010 – December 31, 2010	4,194,752	4,893,877	699,125
Subtotal 2010	\$8,718,031	\$10,171,036	\$1,453,005
January 1, 2011 - February 28, 2011*	1,218,837	\$1,450,416	231,579
Total MTA Would Owe BART as of March 1, 2011	\$9,936,868	\$11,621,452	\$1,684,584

* - MTA only has data available through February, 2011

⁵ Clipper is an all-in-one transit card that keeps track of any passes, discount tickets, ride books and cash value that an individual loads onto it, while applying all applicable fares, discounts and transfer rules. Clipper can be used now on MUNI, BART, AC Transit and CalTrain.

⁶ Fast Passes can be loaded onto Clipper Cards when purchased, such that Fast Pass holders swipe their Clipper Card to allow entry onto MUNI and/or BART vehicles and stations.

In addition to the above-noted \$1,684,584 retroactive payment, MTA would be required to pay BART the proposed new reimbursement rate of \$1.19 per trip for each Adult Fast Pass trip taken on BART from March 1, 2011 through June 30, 2012.

Estimated Annual Increase in Payments to BART from MTA until 2012

In 2010, MTA's Adult Fast Pass ridership on BART was 8,547,089 trips. Based on the proposed reimbursement rate of \$1.19 per trip, if ridership remains at the same level as 2010, the proposed Agreement will cost MTA \$10,171,036 annually. As shown in Table 3 below, the \$10,171,036 projected annual cost represents an increase of \$1,453,005 or 16.7 percent, from the \$8,718,031 paid by MTA to BART in 2010.

However, if MTA ridership on BART increases by approximately five percent, MTA ridership on BART would increase from 8,547,089 to 8,974,443 trips annually. If such ridership growth occurs, MTA's reimbursement to BART would increase to \$10,679,587 under the proposed \$1.19 reimbursement rate, an overall increase of \$1,961,556 or 22.5 percent, as shown in Table 4 below.

	BART ridership remains constant at 8,547,089 trips	BART ridership increases by 5 percent in 2012 to 8,974,443 trips
Number of BART Trips with MTA Adult Fast Pass	8,547,089	8,974,443
Estimated Annual Payment at \$1.19 Per Trip	\$10,171,036	\$10,679,587
Increase over 2010 Payment \$8,718,031	\$1,453,005	\$1,961,556
Percent Increase 2010 payment of \$8,718,031	16.7%	22.5%

On July 1, 2012, BART is scheduled to implement another fare increase. In accordance with the proposed Agreement, MTA's reimbursement rate would increase by the same percentage as the BART fares on July 1, 2012. If BART increases its fares from \$1.75 to \$1.90 per trip, or by eight percent, as BART fares have averaged annually over the past five years, the MTA reimbursement rate would similarly increase by eight percent or from \$1.19 to \$1.29 per trip.

Change in Methodology to Determine MTA Reimbursement Rates to BART After July 1, 2012 Fare Increase

Both historically and under the proposed Agreement, through July 1, 2012, MTA reimbursement rates to BART would increase by the same percentage as BART fares increase in San Francisco. However, the Budget and Legislative Analyst notes that after July 1, 2012, under the proposed Agreement, MTA's reimbursement rates would increase by the same amount as BART fares increase rather than the same percentage as BART fares increase. This provision in the proposed Agreement is a significant change from the previous Agreement and the proposed Agreement's terms until 2012, and could result in significant cost increases to MTA over the term of the proposed Agreement. Mr. Lee advises that this change was not previously noted by MTA staff.

At the same time, the Budget and Legislative Analyst notes that the proposed Agreement includes an annual reimbursement rate growth cap of ten percent. This provision will limit the maximum annual increases in MTA's reimbursement rates for any subsequent increases after the scheduled July 1, 2012 BART fare increase through the remaining term of the Agreement, which expires on June 30, 2018. For example, if BART fares increase in 2013 from \$1.90 to \$2.05, an increase of \$0.15 or 8 percent, rounded to the nearest 5 cents⁷, the reimbursement rate charged by BART to the MTA would also increase by \$0.15 from \$1.29 to \$1.44, or an 11.6 percent rather than a corresponding 8 percent increase. However, the proposed ten percent annual reimbursement rate growth cap included in the proposed Agreement would limit this increase to ten percent.

Table 4 below estimates BART's fare increases and MTA's reimbursement rates over the 8.5-year term of the proposed Agreement, based on (a) BART's five-year history from December 31, 2005 through December 31, 2010, when fares within San Francisco increased by 40 percent or an average of eight percent annually and (b) the inclusion of a ten percent annual reimbursement rate growth cap in the proposed Agreement, such that reimbursement rates would not increase more than ten percent annually. As shown in Table 4, the Budget and Legislative Analyst estimates that MTA's reimbursement rate discount would decrease from 32 percent in 2012 to 23.7 percent in 2018. However, the Budget and Legislative Analyst notes that it is not certain how much BART will increase fares over the term of the proposed Agreement.

Date	BART Fares	Reimbursement Rate from MTA to BART Under Proposed Agreement	Reimbursement Rate's Discount (In Percent) Over Standard BART Fare
2010	1.75	1.19	32%
2011	1.75	1.19	32
2012	1.90	1.29	32
2013	2.05	1.42	30.7
2014	2.20	1.56	29.1
2015	2.40	1.72	28.3
2016	2.60	1.89	27.3
2017	2.80	2.08	25.7
2018	3.00	2.29	23.7%
Percent Increase (Decrease) from 2013 through 2018	46.3%	61.3%	(22.8%)

⁷ BART standard fare-setting methodology is to round the fare increase to the nearest 5 cents.

Estimated Increase in Payments by MTA to BART after 2012

Based on data provided by Mr. Lee, a one-time conservative five percent increase in BART ridership in 2011, coupled with the projected reimbursement rates shown in Table 4 above MTA's annual payments to BART are projected to increase in 2018 to \$20,551,474 which is \$11,833,443 or a 135.7 percent increase more than the \$8,718,031 reimbursements paid to BART in 2010, as shown in Table 5 below.

Table 5: Estimated MTA Payments to BART Assuming a One-Time 5 Percent Increase in Ridership in 2011 and Annual 10 Percent Reimbursement Rate Increases After 2012

Year	Ridership	Reimbursement Rate	Reimbursement Amount	Annual Percentage Increase in Reimbursement Amount	Cumulative Percentage Increase in Reimbursement Amount
2010	8,547,089	\$1.02	\$ 8,718,031	N/A	N/A
2010	8,547,089	1.19	10,171,036	16.7%	16.7%
2011	8,974,443	1.19	10,679,587	5.0	22.5
2012	8,974,443	1.29 ¹	11,577,031	8.4	32.3
2013	8,974,443	1.42 ²	12,743,709	10.1	46.2
2014	8,974,443	1.56 ²	14,000,131	9.9	60.6
2015	8,974,443	1.72 ²	15,436,042	10.3	77.1
2016	8,974,443	1.89 ²	16,961,697	9.9	94.6
2017	8,974,443	2.08 ²	18,666,841	10.1	114.1
2018	8,974,443	2.29 ²	20,551,474	10.1%	135.7%

¹ - Assumes a one-time 8 percent fare increase, per BART's last 5-year fare-increase history.

² - Assumes an annual 10 percent increase in the reimbursement rate, per the proposed agreement's 10 percent reimbursement rate growth cap

Estimated Increase in Payments by MTA to BART after 2012 Based on Change in Methodology to Determine Reimbursement Rates

Table 6 below compares MTA's reimbursement rates paid to BART and MTA's costs, if the rates under the proposed Agreement increase by either (a) the same amount as BART's fare increases or (b) the same percentage as BART's fare increases. If the reimbursement rate paid by MTA to BART is calculated by increasing it by the same amount as BART fare increases, which is the method included in the proposed Agreement after 2012, MTA would reimburse BART an estimated \$6,910,319 or 5.6 percent more over the term of the proposed Agreement (\$130,787,548 less \$123,877,229) than if the methodology for calculating the reimbursement rate with each BART fare increase were to stay the same and increase by the same percentage as BART fare increases, as has been the case since 2002.

Table 6: Comparison of Estimated Reimbursement Amounts from 2010-2018

	Ridership Assuming a One-Time Five Percent Increase	Reimbursement Rate Increasing by Same Percentage as 8 Percent BART Fare Increase	Reimbursement Amount with Reimbursement Rate Increasing by Same Amount as 8 Percent BART Fare Increase	Reimbursement Rate Increasing by Same Percentage as 8 Percent BART Fare Increase	Reimbursement Amount with Reimbursement Rate Increasing by Same Percentage as 8 Percent BART Fare Increase	Difference between Reimbursement Amounts
2010	8,547,089	\$1.19	\$10,171,036	\$1.19	\$10,171,036	0
2011	8,974,443	1.19	10,679,587	1.19	10,679,587	0
2012	8,974,443	1.29 ¹	11,577,031	1.29 ¹	11,577,031	0
2013	8,974,443	1.42 ²	12,743,709	1.39	12,474,476	\$269,233
2014	8,974,443	1.56 ²	14,000,131	1.50	13,461,665	538,466
2015	8,974,443	1.72 ²	15,436,042	1.62	14,538,598	897,444
2016	8,974,443	1.89 ²	16,961,697	1.75	15,705,275	1,256,422
2017	8,974,443	2.08 ²	18,666,841	1.89	16,961,697	1,705,144
2018	8,974,443	2.29 ²	20,551,474	2.04	18,307,864	2,243,610
Total			\$130,787,548		\$123,877,229	\$6,910,319

¹ - Assumes a one-time 5 percent fare increase, per BART's last 5-year fare-increase history.
² - Assumes a reimbursement rate increase by same amount as BART's 8 percent fare increases

Given the significant additional potential costs of the proposed change in methodology on the MTA and the uncertainty of BART's future fare increases, the Budget and Finance Sub-Committee should request BART and MTA recommence negotiations to develop a Fast Pass Agreement that establishes a reimbursement rate that is tied to the rate of inflation, comparable to BART's existing fare policy, rather than being directly tied to future unknown BART fare increases.

BART will be Responsible for Estimated Annual Clipper Transaction Fees

Under the proposed Agreement, BART would absorb all transaction fees associated with using the BART-MUNI Fast Pass via the Clipper Card (see Footnote 4 above) on BART. Currently, MTA is paying for all Clipper Card transaction fees within San Francisco resulting from the use of the Adult monthly BART-MUNI Fast Pass. As shown in Table 7 below, these fees vary based on the number of Clipper Card transactions throughout the entire Bay Area per month.

Table 7: Estimated Annual Clipper Transaction Fees Bart Would be Responsible For under Proposed Agreement	
Regional Transactions Per Month	Fee per Transaction
Less than 15,000,000	\$0.015
15,000,000 – 30,000,000	\$0.012
More than 30,000,000	\$0.0035

In 2010, the first year that data is available on Clipper usage, there were 1,873,929 Clipper transactions, or approximately 156,161 per month resulting in \$28,109 in Clipper transaction fees. According to Mr. Lee, annual Clipper transactions are likely to increase significantly because MTA did not transition its Adult Fast Pass from a paper ticket onto the Clipper Card

until November, 2010 for the general public. Since that transition, Clipper transactions have been averaging approximately 628,630 transactions per month, with transaction fees averaging \$9,429 per month, currently paid to the Metropolitan Transportation Commission (MTC) by MTA, or approximately \$113,148 annually. Based on estimated Fast Pass ridership of 8,547,089 for FY 2009-2010, the MTA estimates that transaction fees could amount to \$128,206 annually. The 2010-2011 fee per transaction could decrease if total regional Clipper Card transactions exceed 15 million per month (See Table 7 above).

POLICY CONSIDERATIONS

Importance of San Francisco to BART System

According to Mr. Lee, despite having only eight of BART's 44 stations, San Francisco is essential to the viability of the BART system. Approximately 70 percent of all BART trips involve travel to and/or from a San Francisco BART station. Over 15 percent of all BART travel is internal to San Francisco, and about half of these customers use the Muni Adult Fast Pass.

In addition, Mr. Lee advises that, at the local level, BART helps pay for operations by collecting a 0.5 percent Sales Tax in the following three counties: San Francisco, Alameda and Contra Costa. Of the 0.5 percent Sales Tax collected, 75 percent goes directly to BART while 12.5 percent is allocated each to the MTA and AC Transit.

BART's Future Fare Increase Policy is Currently Unknown

As previously discussed, on May 22, 2003, the BART Board of Directors adopted a ten-year fare policy which states that fares should increase every two years by a percentage consistent with the Consumer Price Index (CPI) less a 0.5 percent adjustment for BART productivity improvements. BART's existing fare policy expires in 2012. At this time, it is unknown how the BART Board would structure its fare policy after 2012. However, the Budget and Legislative Analyst notes that even if the BART Board were to extend its existing CPI-based fare policy, there is no guarantee that BART would hold general fare increases to the rate of inflation given BART's recent five-year history of increasing rates a total of 40 percent or an average of eight percent annually.

The proposed Agreement would extend for 8.5 years, retroactive to January 1, 2010 through June 30, 2018. However, the proposed Agreement, as currently structured, would commit MTA to reimbursing BART for costs based on a policy which has yet to be determined. Given that the BART Board of Directors will not be deciding BART's fare increase policy by which MTA would reimburse BART until after July 1, 2012, the Budget and Legislative Analyst considers it premature for MTA to enter into the proposed 8.5-year Agreement under the current provisions. The Budget and Legislative Analyst notes that, as shown in Table 6 above, the proposed Agreement, left as-is, has the potential to result in costs of \$20,551,474 by 2018 to MTA, which is 135.7 percent or \$11,833,443 more than the \$8,718,031 paid in 2010, assuming a conservative one-time BART ridership increase of five percent. Thus, tying MTA's reimbursement rate to an unknown BART fare policy in the future – the essence of the

proposed Agreement – would continue to expose the MTA to unknown, but potentially escalating cost increases.

A Total Not-To-Exceed Amount Should Be Included

The previous two-year Agreement, which expired on December 31, 2009, contained a not-to-exceed amount of \$28,000,000 for the MTA to reimburse BART or an average of \$14,000,000 annually. The proposed Agreement does not include a total not-to-exceed amount for the MTA to reimburse BART. Because total payments to BART would be calculated by multiplying the reimbursement rate by ridership, by not including a not-to-exceed amount this could further expose the MTA to rapid potential cost increases if ridership increases substantially and reimbursement rates increase at above the rate of inflation. According to Mr. Lee, BART ridership in San Francisco grew 24 percent between FY 2005-2006 and FY 2008-2009.

Therefore, the Budget and Legislative Analyst recommends that the MTA and BART negotiate a total not-to-exceed amount for each year of the term of the proposed Agreement that reflects (a) reimbursement rate increases that do not exceed the rate of inflation, and (b) ridership increases that do not exceed five percent annually or a mutually-agreed upon amount.

RECOMMENDATIONS

1. Request that BART and MTA recommence negotiations to develop a Fast Pass Agreement that establishes reimbursement rates that are tied to the rate of inflation, comparable to BART's existing fare policy, rather than being directly tied to future unknown BART fare increases.
2. Request that MTA and BART negotiate a total not-to-exceed amount for each year of the term of the Fast Pass Agreement that reflects (a) reimbursement rate increases tied to the rate of inflation, and (b) ridership increases that do not exceed five percent annually or a mutually-agreed upon amount.