



**April 18, 2014**

**The Honorable Members of the Board of Supervisors  
City and County of San Francisco  
1 Dr. Carlton Goodlett Place, Room 244  
San Francisco, CA 94102**

***Subject: Special Transit Fare (Fast Pass<sup>®</sup>) Agreement between the San Francisco Municipal Transportation Agency and the San Francisco Bay Area Rapid Transit District***

**Honorable Members of the Board of Supervisors:**

The San Francisco Municipal Transportation Agency (SFMTA) requests that the San Francisco Board of Supervisors authorize the SFMTA to enter into a new Special Transit Fare (Fast Pass<sup>®</sup>) Agreement with the San Francisco Bay Area Rapid Transit District (BART). The current agreement with BART expires on June 30, 2014. When the current agreement was approved by the Board of Supervisors, the SFMTA made a commitment to establishing future agreements in a timely manner and consistent with BART's Productivity-Adjusted CPI fare policy. The SFMTA Board of Directors adopted Resolution #14-049 on April 1, 2014 recommending this matter to the Board of Supervisors for approval.

*Background*

The SFMTA and BART have an agreement that allows Muni Adult Fast Pass<sup>®</sup> users (using the Clipper<sup>®</sup> Card) to ride BART within San Francisco. The SFMTA reimburses BART at a fixed rate per trip, which historically has represented a discount of slightly above 30% over the standard BART ticket price. The collaborative use of the BART system within San Francisco helps to significantly alleviate overcrowding of busy Muni lines and provides faster service during peak commute hours.

The most recent agreement between the SFMTA and BART, which expires on June 30, 2014, has a current reimbursement rate of \$1.21 per trip. Based on projected ridership volumes of approximately 6.6 million trips for FY 2014, the total annual reimbursement from the SFMTA to BART is projected at \$8.0 million. The initial rate increase to \$1.27 per trip would increase the annual reimbursement to \$8.4 million.

*Proposed Agreement*

The proposed Fast Pass<sup>®</sup> Agreement contains the following provisions:

- **Contract Term** – The contract would be in effect from July 1, 2014 to June 30, 2020.
- **Reimbursement Rate** – A \$1.27 reimbursement rate will apply beginning on July 1, 2014 and would last until January 1, 2016 when BART's fare is due to increase based on BART's Productivity-Adjusted CPI formula. This \$1.27 rate represents a five percent increase over

the current \$1.21 rate to coincide with the recent adjustment by BART in January 2014.

- There is an initial cap on the annual reimbursement of \$11 million for the first fiscal year FY 2015 with an annual increase of five percent on July 1 of each subsequent year. The existing agreement has an annual reimbursement cap of \$11 million constant over the term of the agreement. The proposed annual increase is intended to address inflation and potential increases in ridership.
- Clipper<sup>®</sup> Card Transaction Fees – BART has agreed to absorb any transaction fees associated with using the Clipper<sup>®</sup> Card on BART. For Clipper<sup>®</sup> transactions per month under 15 million, the transaction fee is 1.5¢ per trip. If there are between 15 and 30 million Clipper<sup>®</sup> transactions per month, the fee becomes 1.2¢ per trip. If there are more than 30 million Clipper<sup>®</sup> transactions per month, the fee lowers to 0.35¢ per trip. Transaction fees are estimated at \$106,000 annually based on current ridership volumes. BART would deduct the applicable transaction fees from the billed reimbursement fees on its invoices.
- The SFMTA and BART have committed to begin negotiations by January 1, 2020 for a new Fast Pass<sup>®</sup> Agreement. If both parties cannot agree on the terms of a new contract effective July 1, 2020, then the contract shall continue on a month-to-month basis with a reimbursement rate adjustment based on BART’s CPI formula effective on the date of a BART fare increase on or after July 1, 2020.
- The proposed Fast Pass<sup>®</sup> Agreement would be concurrent with the existing Feeder Agreement. Both agreements will end on June 30, 2020.

*Funding Impact*

The funding impact of the proposed Fast Pass<sup>®</sup> Agreement varies based on Adult Fast Pass<sup>®</sup> ridership on BART. Assuming the projected ridership of approximately 6.6 million for Fiscal Year 2014, the five percent increase in the reimbursement rate from \$1.21 to \$1.27 will result in an increase in annualized payments to BART of \$8.0 million to \$8.4 million for Fiscal Year 2015. In no case will the annual payment exceed the \$11 million reimbursement cap for FY 2015. The annual payment cap will increase by five percent on July 1 for each subsequent fiscal year.

The table below includes ridership and payments made to BART in prior fiscal years.

<b>Fiscal Year</b>	<b>Ridership</b>	<b>Payment to BART</b>
FY 2009	12,732,283	\$12,986,214
FY 2010	10,295,484	\$10,575,817
FY 2011	8,074,923	\$9,572,380
FY 2012	7,725,533	\$9,137,810
FY 2013	7,609,677	\$9,089,591
FY 2014 Projected	6,600,000	\$7,986,000

The ridership has declined significantly over the term of the existing 2010-2014 agreement from 10.3 million riders in FY 2010 to a projected 6.6 million riders in FY 2014. This is a 3.7 million or

36% reduction in ridership largely due to the creation of a separate Muni and BART monthly pass in FY 2010.

The table below details projected reimbursement expenses during each fiscal year of the proposed agreement based on current ridership levels.

Fiscal Year	Reimbursement Rate (Assuming a 5% increase bi-annually)	Reimbursement Expenses (Assuming No Ridership Growth*)	Reimbursement Expenses (Assuming 5% Annual Ridership Growth)
FY 2015	\$1.27	\$8.4M	\$8.4M
FY 2016	\$1.27	\$8.4M	\$8.8M
FY 2017	\$1.33	\$8.8M	\$9.7M
FY 2018	\$1.33	\$8.8M	\$10.2M
FY 2019	\$1.40	\$9.2M	\$11.2M
FY 2020	\$1.40	\$9.2M	\$11.8M

\* Adult Fast Pass<sup>®</sup> ridership is projected at 6.6 million for FY 2015.

The Director of Transportation will be authorized to make any necessary modifications, changes or additions to these documents as long as they are within the parameters of the attached resolution.

*Recommendation*

The SFMTA requests that the San Francisco Board of Supervisors authorize the SFMTA to enter into a new Special Transit Fare (Fast Pass<sup>®</sup>) Agreement with BART.

Thank you for your consideration of this proposed agreement and for your continued support for the SFMTA. Should you have any questions or require more information, please do not hesitate to contact me at any time.

Sincerely,



**Edward D. Reiskin**  
**Director of Transportation**

