

Date: January 27, 2016

To: Board of Directors

From: Neil McFarlane 

Subject: **ORDINANCE NO. 342 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) ADOPTING ELECTRONIC FARE PROGRAM AND PROOF OF FARE PAYMENT PROVISIONS, AND AMENDING TRIMET CODE CHAPTERS 19 AND 29 (FIRST READING)**

1. Purpose of Item

Ordinance No. 342 amends TriMet Code Chapters 19 and 29 to adopt Electronic Fare (“eFare”) Program and Proof of Fare Payment provisions. The eFare Program and Proof of Fare Payment amendments are described in Section 5, Background, below.

2. Type of Agenda Item

- Initial Contract
- Contract Modification
- Other: Ordinance

3. Reason for Board Action

The TriMet Code may be amended only by adoption of an ordinance. Adoption of Ordinance No. 342 requires two readings.

4. Type of Action:

- Resolution
- Ordinance 1st Reading
- Ordinance 2nd Reading
- Other

5. Background

The eFare Program is a major component of TriMet’s continuous effort to modernize and streamline the way transit customers in the region pay fares. The eFare system is a next generation account-based payment system that is intended to eventually replace most paper tickets and passes, and allow all riders to quickly pay their fare by tapping a contactless payment media -- such as a “smart card,” contactless bankcard, or smartphone -- at an electronic reader. The efare system is a regional electronic fare program jointly developed and funded by TriMet, C-TRAN and the Portland Streetcar.

The eFare system is being designed to incorporate leading edge electronic payment technologies that are in use at many transit agencies around the world, to make travel on transit faster and more convenient for customers, and to provide the region's transit agencies with a more efficient and secure fare collection system. The eFare system will provide riders with the opportunity to take advantage of a variety of benefits not available in the current payment system. The new eFare system will allow riders to:

- Conveniently and quickly pay fares and board vehicles, without the need to carry cash and find exact change.
- Simplify fare payment with a simple green/red light for customers and operators.
- Seamlessly transfer between vehicles, including the Portland Streetcar and C-TRAN.
- Take advantage of stored value and fare "capping" for 1-Day Passes and 1-Month Passes to ensure riders always get the best fare automatically, and "purchase a monthly pass one day at a time" without the upfront cost currently required.
- Purchase fares anytime, anywhere utilizing tools to manage their account either online, by using a smartphone application, by telephone using an interactive voice response system (IVR), or by calling Customer Service. Customers will also have access to an expanded retail network of over 500 stores, including the TriMet Ticket Office, where they can access eFare cards and add value using cash or a bankcard.
- Use the "auto-load" function to automatically add value to an account when the balance drops below a defined threshold.
- Obtain lost card protection with a registered card to protect the customer's value in case of a lost or stolen card, so that value can be transferred to another card. Under the current system, when a rider loses their ticket or pass, they lose the value of that fare.
- Use various forms of payment customers may already carry, such as contactless bankcards, and NFC-enabled smartphones (with services such as Apple Pay or Android Pay). Depending on the media used, the correct fare will either be deducted from the customer's transit account (maintained within the eFare system), or charged to the customer's credit or debit card.

In addition to the substantial benefits afforded to the customer, the eFare system provides many operational advantages for TriMet. The eFare system is designed to make fare collection more efficient by streamlining manual processes, reducing paper in the system and the associated costs of printing and distributing paper fare media, reducing cash and related collection costs, and reducing maintenance costs for older equipment with many moving parts. eFare card readers are highly reliable solid state pieces of equipment without moving parts. The eFare system will also simplify the bus operators' responsibility by presenting them with a simple green or red light to indicate a valid fare, thus reducing their need to visually inspect paper fare media and allowing them to concentrate on safely operating the vehicle.

TriMet began planning for the new eFare system in 2011. TriMet anticipates continued development and testing in 2016, to include testing with limited user groups, with availability to the general public expected in 2017.

Ordinance No. 342 includes fare provisions that are necessary for the ongoing development and implementation of the eFare system, but does not change prices. Ordinance No. 342 includes the following provisions:

- Fare: Stored value and fare "capping" to include 2½ Hour Tickets, 1-Day "Caps" (Passes) and 1-Month "Caps" (Passes). These fares will be available for Adults, Honored Citizens and Youth at the same prices as today. Consistent with the current

fare structure, LIFT fares will include single tickets and fare capping for a 1-Month Pass, with no 1-Day Pass available for paratransit service.

- Card Fee: A fee of \$3.00 will be required for reloadable eFare cards to cover the costs of the cards, maintain a strong distribution network, and discourage riders from disposing of cards.
- Minimum Load Value: A minimum \$5.00 load value will be required for eFare cards, except those loaded at TriMet's Ticket Office, which shall have no minimum requirement.
- Other Payment Media: Other financial instruments, including contactless bankcards, Apple Pay and Android Pay, can be used to purchase 2½ Hour Tickets and 1-Day "Caps" (Passes) -- the 1-Month cap is not available.
- Group Pass Programs: Introduces eFare contactless media for other programs, including colleges and employers.
- Fare Enforcement Provisions: Clarifies the definitions of "Valid eFare Payment Instrument" and "Proof of Payment" requirements for the eFare system.

While the intent is to phase out many of TriMet's current paper tickets and passes, no fare products are proposed for elimination in Ordinance No. 342. For example, customers that currently "pay as they go" will continue to have the option to pay their fare using cash when riding a bus or train, just as they do today. Following an initial transition period that allows riders to become familiar with how the eFare system works and informs TriMet's experience operating the new system, TriMet anticipates a future ordinance that will eliminate paper tickets and passes. In the meantime, some vendors may choose to discontinue carrying paper tickets and passes and opt to sell eFare cards only. TriMet will continue to honor paper tickets and passes until the Board elects to eliminate these products.

Title VI Fare Equity Analysis

In accordance with Federal Transit Administration (FTA) Title VI Circular 4702.1B implementing Title VI of the Civil Rights Act, TriMet must assess proposed fare changes to identify potential disproportionate impacts on low-income and minority populations.

A Title VI Fare Equity Analysis ("Analysis") was conducted which evaluated potential *adverse effects* and analyzed whether there are *disparate impacts* that fall on minority populations more than on others, and whether there are *disproportionate burdens* on low-income riders. Both on-board survey data and community outreach were used to conduct the Analysis, and a written report of the Analysis findings, dated January 6, 2016 ("Title VI Report"), was presented to the Board of Directors ("Board") for its consideration prior to the January 13, 2016 eFare briefing.

In summary, the Fare Equity Analysis set forth in the final Title VI Report and provided to the Board for adoption of Ordinance No. 342 found three potential barriers to accessing eFare for minority and low-income populations. TriMet has taken or will take the following steps to mitigate these barriers, including:

- Retain paper transfers with a single ticket fare and 1-Day passes for cash paying riders.
- Provide more than 100,000 free eFare cards to the general public, specifically targeting availability for minority and low-income populations.
- Allow eFare system users to register via telephone, without requiring an email address.
- Identify geographic gaps in the retail network and target additional retailers in those areas.

- Conduct targeted outreach to community organizations to boost awareness and educate individuals about the eFare system, with an emphasis on senior citizen, low-income and minority communities.

TriMet may also consider engaging in other mitigation strategies.

Community Outreach and Public Comment

The community outreach described above in the Title VI Fare Equity Analysis entailed partnering with six community based organizations to hold seven discussion groups, specifically focusing on low-income and minority TriMet riders. These discussion groups solicited feedback on proposed policy changes, providing a qualitative component to the Analysis. Findings were included in the Title VI Report provided to the Board in advance of its January 13, 2016 eFare briefing, as well as presented and discussed at the briefing itself.

In addition, public comment on the Ordinance No. 342 provisions is accepted by phone, email and standard mail. A report summarizing comments received via these venues and describing TriMet's comprehensive community engagement activities will be provided to the Board prior to their February 24, 2016 meeting. Verbal and written testimony also may be provided by the public during Public Forum and at the Public Hearing on January 27, 2016.

6. Financial/Budget Impact

The capital cost of the eFare system is expected to be approximately \$34.4 million.

7. Impact if Not Approved

Should the Board not proceed with a first reading and public hearing of Ordinance No. 342, the existing fare provisions of the TriMet Code would remain in place. However, because Board approval of certain eFare Program and proof of fare payment provisions is required for eFare implementation, staff recommends that the Board conduct a first reading and public hearing of Ordinance No. 342 at their January 27, 2016 meeting in order to facilitate the implementation of the eFare Program.

ORDINANCE NO. 342

**AN ORDINANCE OF THE TRI-COUNTY METROPOLITAN
TRANSPORTATION DISTRICT OF OREGON (TRIMET) ADOPTING
ELECTRONIC FARE PROGRAM AND PROOF OF FARE PAYMENT
PROVISIONS, AND AMENDING TRIMET CODE CHAPTERS 19 AND 29**

THE BOARD OF DIRECTORS OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET), pursuant to the authority of Oregon Revised Statutes Chapter 267, having considered the fare equity analysis Title VI Report, does hereby ordain and decree the following Ordinance:

**Section 1 – Adoption of Electronic Fare Program and Proof of Fare Payment Provisions;
Amendment of TriMet Code Chapters 19 and 29**

TriMet Code (TMC) Chapters 19 and 29 shall be amended as set forth on the attached Exhibit A, which is incorporated into and made part of this Ordinance No. 342.

Section 2 – Effective Date

This Ordinance shall take effect thirty days after the date of its adoption.


Date Adopted: _____

Presiding Officer

Attest:

Recording Secretary

Approved as to Legal Sufficiency:



Legal Department

**ORDINANCE NO. 342
EXHIBIT A**

TriMet Code (TMC) Chapter 19 Fares and TMC Chapter 29 Proof of Fare Payment, are amended as set forth below. Deletions are shown in brackets with a line through the text, and additions are shown in underlined, bold text.

I. TMC Section 19.15 Fares:

A. The following text shall be added to TMC Section 19.15 as Paragraph C:

C. Electronic Fare (“eFare”) Program

Use of an electronic fare payment system (“eFare”) Program shall be subject to the following fare provisions:

(1) eFare Cards

(a) An eFare card is a contactless electronic fare instrument that allows a rider to tap at designated card readers to pay their fare.

(b) The rider must tap their eFare card prior to each vehicle boarding to validate their trip or upon occupying district areas requiring proof of fare payment.

(c) eFare cards are non-transferable.

(d) The following fares shall be available using stored value from an eFare card account, according to the status of the rider:

i. 2 ½ Hour Ticket

A rider shall be allowed unlimited rides for a duration of 2 ½ hours following the initial eFare card tap.

<u>Status</u>	<u>Fare</u>
<u>YOUTH</u>	<u>\$1.25</u>
<u>HONORED CITIZEN</u>	<u>\$1.25</u>
<u>ADULT</u>	<u>\$2.50</u>

ii. 1-Day Pass

Fares paid per card tap shall accumulate, and a rider shall be charged only up to the applicable 1-Day Pass price and not

more (“capped”), regardless of how many taps the rider accrues during the service day. Once charges accrue to the applicable 1-Day Pass price during a service day, additional trips are free for the remainder of that service day.

<u>Status</u>	<u>Fare</u>
<u>YOUTH</u>	<u>\$2.50</u>
<u>HONORED CITIZEN</u>	<u>\$2.50</u>
<u>ADULT</u>	<u>\$5.00</u>

iii. 1-Month Pass

Fares paid per card tap shall accumulate, and a rider shall be charged only up to the applicable 1-Month Pass price and not more (“capped”), regardless of how many taps the rider accrues during the calendar month. Once charges accrue to the applicable 1-Month Pass price during a calendar month, additional trips are free for the remainder of that calendar month.

<u>Status</u>	<u>Fare</u>
<u>YOUTH</u>	<u>\$28.00</u>
<u>HONORED CITIZEN</u>	<u>\$28.00</u>
<u>ADULT</u>	<u>\$100.00</u>

- (e) Reloadable eFare cards shall be available for purchase for a fee of \$3.00.
- (f) A minimum \$5.00 load to an eFare card account shall be required, except that no minimum load shall be required for eFare cards loaded at the TriMet Ticket Office.
- (g) Annual Passes may be purchased as one lump sum, according to the requirements set forth in TMC Section 19.15 (A) (4). Annual Passes shall be issued in the form of an eFare card.
- (h) Payment of fares for LIFT paratransit services by an eFare card shall be initiated either by tapping a card reader, or payment shall be deducted from the rider’s account when the LIFT operator picks up the rider and confirms the rider’s trip through their Mobile Driver Terminal (MDT). LIFT payments in this paragraph (h) exclude rides paid for by agencies under contract with TriMet. The following LIFT paratransit fares shall be available for payment from an eFare card account:

- i. Single Ticket: \$2.50
- ii. 1-Month Pass: \$74.00. Fares paid shall accumulate, and a rider shall be charged only up to the applicable 1-Month Pass price and not more (“capped”), regardless of how many taps the rider accrues during the calendar month. Once charges accrue to the applicable 1-Month Pass price during a calendar month, additional trips are free for the remainder of that calendar month.
- iii. Annual Passes may be purchased as one lump sum, according to the requirements set forth in TMC Section 19.15 (B) (1)(d).
- iv. Payment of a LIFT fare under this paragraph (h) shall be valid as payment for travel on regular fixed-route service. In the case a rider begins their trip on fixed-route by tapping their LIFT eFare card, the applicable Honored Citizen fare and fare identification requirements shall apply.

(2) Other eFare Payment Instruments

Financial instruments issued by the major payment brands including VISA, MasterCard, American Express and Discover that are capable of providing payment through contactless tapping at designated card readers may be used to purchase the Adult 2 ½ Hour Ticket and Adult 1-Day Pass per paragraphs (1) (d) (i) and (ii) above. The rider must tap their fare payment instrument prior to each vehicle boarding to validate their trip or upon occupying district areas requiring proof of fare payment.

B. Paragraph (A) (5) Select Term Pass Program is amended as follows:

- (a) Colleges with a campus(es) located within the TriMet district may purchase for their qualified students at that campus(es), Term passes in accordance with the Select Term Pass program requirements set forth in this Paragraph (5) and the administrative program requirements established for the fare. A “campus” means a building(s) located at one physical location within the TriMet district under the control of a college. **“Qualified students” are either full-time or part-time students, as defined by the college administrative criteria, who attend class at a campus.** The college shall be required to enter into a written contract for purchase of the Select Term Pass in accordance with the administrative program requirements established for the fare. ~~[The Select Term Pass fare instrument shall consist of the student’s college photo identification card with the student’s name, with an affixed TriMet issued validation sticker, and must be carried by the student as proof of fare payment.]~~ The Select Term Pass fare instrument shall be valid for travel for the Term Pass fare period.
- (b) ~~[Qualified students are either full-time or part-time students, as defined by the college administrative criteria, who attend class at a campus as defined in Paragraph (5) (a).]~~ **The Select Term Pass fare instrument shall consist of the**

student's college photo identification card with an affixed TriMet issued validation sticker, or a TriMet approved eFare Program card ("eFare card"), and must be carried by the student as proof of fare payment.

(i) If using TriMet issued validation stickers, colleges shall provide the student with a photo identification card, which shall also include the college's name. The validation sticker must be placed on the photo identification card. A student's photo identification card with an affixed Term validation sticker shall be valid through the month and year designated on the sticker.

(ii) Colleges may use a TriMet approved eFare card, which shall be required to display the college's name, the student's name, and may include the student's photo. If the approved eFare card does not include a photo, the student may be asked to display other valid photo identification as proof of their identity. Students are required to tap their eFare card prior to each vehicle boarding and upon occupying any district areas requiring proof of fare payment.

(iii) Colleges shall verify student status before providing an individual with a Term Pass fare instrument. The Term Pass fare instrument may not be provided to or used by non-students, is non-transferable, and is a valid fare instrument only for the person whose name appears on the card.

* * *

C. Paragraph (C) Universal Annual Pass Fare Program is amended as follows:

[E]D. Universal Annual Pass Fare Program

* * *

(5) The Universal Pass fare instrument shall consist of the employee's photo identification card with an affixed TriMet issued annual validation sticker or a TriMet approved eFare Program card ("eFare card"), and must be carried by the employee as proof of fare payment.

(a) If using TriMet issued validation stickers, [E]employers shall provide the employee with a photo identification card which must include the employee's name and the company's name. The validation sticker must be placed on the photo identification card. [Employers shall verify employee status before providing an individual with a Universal Pass fare instrument. The Universal Pass fare instrument may not be provided to or used by non-employees, and is a valid fare instrument only for the person whose name and photo appear on the identification card.] An employee's photo identification card with an affixed TriMet annual validation sticker shall be valid through the month and year designated on the sticker [, and shall allow travel for TriMet services within the

District, including regular service and door-to-door LIFT service].

(b) Employers may use a TriMet approved eFare card, which shall be required to display the employer's name and the employee's name, and may include the employee's photo. If the approved eFare card does not include a photo, the employee may be asked to display other valid photo identification as proof of their identity. Employees are required to tap their eFare card prior to each vehicle boarding and upon occupying any district areas requiring proof of fare payment.

(c) Employers shall verify employee status before providing an individual with a Universal Pass fare instrument. The Universal Pass fare instrument may not be provided to or used by non-employees, is non-transferable and is a valid fare instrument only for the person whose name appears on the card.

A Universal Pass fare instrument shall allow travel for TriMet services within the District, including regular service and door-to-door LIFT service.

(6) Subject to subparagraph (c) below, the pass price shall be calculated on an annual basis, from September 1 through August 31. For employers purchasing the pass mid-year, the price shall be pro-rated based on the number of months remaining in the year (September 1 through August 31).

(a) For each employer contract, TriMet will issue [~~annual validation stickers~~] **Universal Pass fare instruments** for all qualified employees at the contract price. If an employer hires additional qualified employees during the contract term, the employer shall purchase additional [~~stickers~~] **fare instruments** at the prorated cost for the additional new hires.

* * *

D. Paragraph (D) Universal Term Pass Fare Program is amended as follows:

~~(D)~~ **E. Universal Term Pass Fare Program**

* * *

(4) The Universal Term Pass fare instrument shall consist of the student's photo identification card showing the student's name with an affixed TriMet issued Term validation sticker, **or a TriMet approved eFare Program card ("eFare card")**, and must be carried by the student as proof of fare payment.

(a) If using TriMet issued validation stickers, [€] colleges shall provide the student with a photo identification card, which shall also include the college's name. The validation sticker must be placed on the photo identification card. A student's photo identification card with an affixed Term validation sticker shall be valid through

~~the month and year designated on the sticker. [Colleges shall verify student status before providing an individual with a Universal Term Pass fare instrument. The Universal Term Pass fare instrument may not be provided to or used by non-students, and is a valid fare instrument only for the person whose name and photo appear on the identification card.]~~

(b) Colleges may use a TriMet approved eFare card, which shall be required to display the college's name, the student's name, and may include the student's photo. If the approved eFare card does not include a photo, the student may be asked to display other valid photo identification as proof of their identity. Students are required to tap their eFare card prior to each vehicle boarding and upon occupying any district area requiring proof of fare payment.

(c) Colleges shall verify student status before providing an individual with a Universal Term Pass fare instrument. The Universal Term Pass fare instrument may not be provided to or used by non-students, is non-transferable and is a valid fare instrument only for the person whose name appears on the card.

~~[A student's photo identification card with an affixed Term validation sticker shall be valid through the month and year designated on the sticker, and]~~ **A Universal Term Pass fare instrument** shall allow travel for TriMet services within the District, including regular service and door-to-door LIFT service.

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II. TMC Chapter 29 Proof of Fare Payment

TMC Section 29.10 Definitions is amended as follows:

* * *

E. "Proof of Fare Payment" means:

- (1) A TriMet pass or a C-Tran (Clark County Public Transportation Authority) pass valid for the status of the person and the time of use;
- (2) A receipt, including a digital image of an activated mobile ticket on a person's phone, showing or evidencing payment of the applicable fare, valid for the status of the person, used within the time applicable to the receipt;
- (3) A prepaid ticket or series of tickets showing validation by TriMet time stamp, valid for the status of the person, used within the time applicable to the ticket;
- (4) A TriMet issued validation sticker affixed to a photo identification card that is issued by TriMet, an employer or college and is valid for the period designated on the sticker, and used by the person whose name and photo appear on the identification card; [or]

(5) A valid eFare Payment Instrument; or

- (6) Any other fare instrument and any fare identification or documentation required by TMC Chapter 19 or by experimental fare ordinance.

* * *

G. “To Exhibit Proof of Fare Payment” for an eFare Payment Instrument means:

- (1) **To present a valid eFare Payment Instrument and to permit scanning of the person’s eFare Payment Instrument by Inspectors or peace officers, to demonstrate the eFare Payment Instrument’s validity; or**
- (2) **To show any other fare instrument and any fare identification or documentation required by TMC Chapter 19 or by experimental fare ordinance for use of the eFare Payment Instrument.**

H. “Valid eFare Payment Instrument” means an eFare card or ticket, or any contactless financial instrument authorized by TMC Chapter 19 for payment of electronic fare that has been:

- (1) **Tapped and accepted at an eFare card reader; or**
- (2) **Validated by a TriMet ticket vending machine or other TriMet validation equipment;**

prior to each vehicle boarding or upon occupying any district area requiring proof of fare payment.