**DATE**      May 5, 2021

**TO**         GCTD Board of Directors

**FROM**     Vanessa Rauschenberger, Director of Planning and Marketing

**SUBJECT**  Receive Update on Resumption of Fare Collection and New Features Available in the "Token Transit" Digital Fare Payment App

## SUMMARY

In December 2020, the Board authorized the General Manager to set a date to resume fare collection and initiate fare programs and promotions using the Token Transit App to encourage use of contactless payment.  With the resumption of fare collection on May 3rd, staff have been working with Token Transit, who has been GCTD's digital sales outlet since 2018, to implement several new features to make riding the bus more convenient and affordable, while meeting social distancing requirements. Staff will  provide the Board with an update on the resumption of fare collection, and new features now available in Token Transit,  including "Pay as you Go" (Fare Capping), Covert Cash to Digital Pass, and a new visual verification design.

## BACKGROUND

In September 2017, the GCTD Board of Directors authorized the agency to enter into a non-exclusive digital sales outlet agreement with Token Transit to provide digital pass sales using smartphones. The mobile ticketing marketplace is ever-expanding and diverse in terms of cost, scope, and implementation time. Considering that some mobile ticket fare solutions require considerable resources in terms of staff time, and equipment cost, GCTD selected a method that would not require a large investment of resources. Token Transit is now in use at more than 80 cities, including nearby agencies, Simi Valley Transit, Big Blue Bus (Santa Monica), (GET) Bakersfield, San Luis Obispo, Riverside, Santa Clarita, Anaheim, Stockton, San Bernardino, and Palm Springs.



GCTD officially launched the Token Transit app in early 2018, along with a public outreach campaign to raise awareness about the new payment option which included exterior and interior car cards on-board buses, palm cards, as well as social media posts on Twitter, Facebook and Instagram.

Customers can purchase all GCTD tickets and passes by downloading the Token Transit app from the Apple App Store or Google Play Store, set up their account, and purchase passes. When ready to ride, customers activate the pass, board the bus and the operator visually validates the pass. The bus operator records each mobile ticket through the farebox, and a monthly report on the total number of mobile tickets uses by route is produced. Separately, the Token Transit system

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provides monthly reports on Token Transit pass sales including the quantity and type of passes sold through the app. According to a Title VI survey conducted by GCTD in early 2019, 62% of passengers surveyed reported that they own a smartphone. Given that smartphones are widely available and used throughout GCTD's service area, this mobile fare payment systems provides convenience to passengers, cost effective solutions to the agency, and improves overall transit operations. Feedback from bus operators has been positive, due to the easy and speed of boarding customers who use the mobile app.

In 2019, the first full year that Token Transit app was available, GCTD had 1,937 unique paying Token Transit users, sold over 23K passes, and generated over $116,000 in sales. On average, monthly sales were growing steadily each month, and the app quickly became GCTD's largest "sales outlet" when compared to physical sales outlet locations.
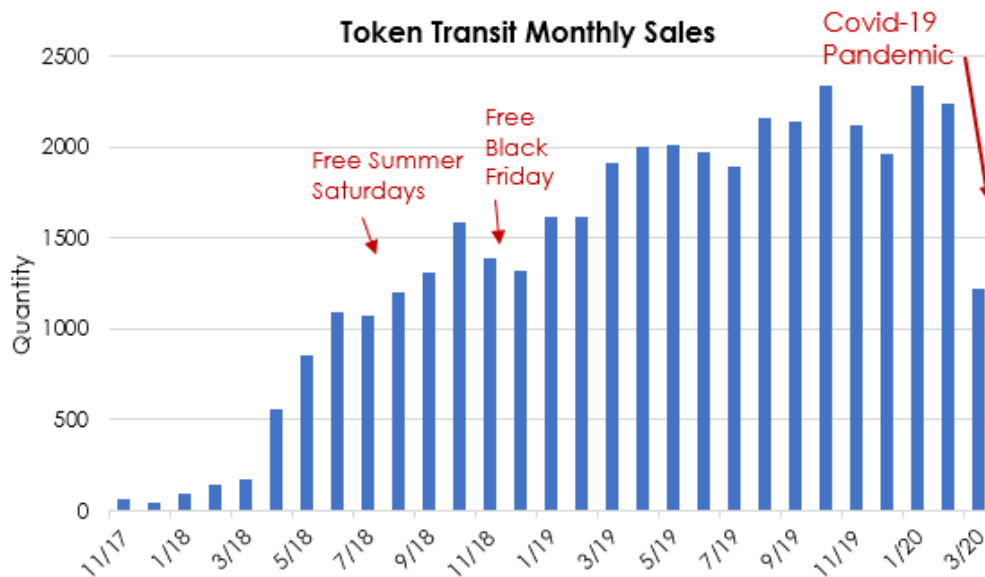


**NEW FEATURES IN TOKEN TRANSIT**

In March 2020, due the COVID-19 outbreak and social distancing requirements, GCTD temporarily suspended fare collection in order to accommodate rear door boarding. As the cases of COVID-19 decreased, and safety measures were put in place, including physical barriers at the front of the bus. In December 2020, the Board authorized the General Manager to prepare to resume fare collection and modify fare policies to promote the use of contactless fare payment once fare collection resumed.

In the past year, Token Transit has developed a number of new features to make paying the fare easier, and to support fare payment equity for passengers who use the app. The new features now available on the App include: "Pay as you GO" (Fare Capping), a "Convert Cash to Digital Pass" option for passengers who may be unbanked, and a new "visual verification graphic" that features images that will reduce boarding time. There is no charge to add these features, which are all included in the current App now available to passengers. These new features are part of an overall effort to encourage use of contactless fare payment, ensure equity for all passengers regardless of how they pay the fare. A description of these features is below.

- **"PAY AS YOU GO" (aka "*Fare Capping"*)**
  This option allows riders who have paid enough times to reach the cost of either a 1-day-pass or 31-day pass to no longer be charged for any additional trips for the duration of the appropriate time period pass. For example, a single ride pass costs $1.50 and a day pass costs $4.00. With "Pay as You Go" once the rider makes their 3rd ride of the day (3 x $1.50 = $4.50), a refund will be automatically issued, and the rider can now make unlimited rides for the remaining of the day. "Pay as you Go" (aka "Fare Capping") helps ensure that riders who ride frequently, but who cannot afford the upfront cost of multi-ride passes, are not paying more than those who can afford to pay upfront.

  With the expansion of digital payment technology nationwide, fare capping is becoming commonly available on transit systems including TriMet (Portland), DART (Dallas), Houston Metro, IndyGo (Indianapolis), AC Transit (Oakland), Metrolink (St. Louis), Miami-Dade Transit, and internationally in London, Berlin and Sydney. Analysis from Tri-Met in Portland found that introducing this feature resulted in a slight reduction in pass revenue (less than1.5%), however it helped to reduce fare evasion. Recent fare capping studies by Transit Cooperative Research Program (TCRP) (Synthesis j-07/topic SH21) site advantages of fare capping as more convenience, no required investment in equipment or software update costs, transit fare fairness and equitable access to low-income riders who cannot afford pass costs upfront.

  *How "Pay As You Go" Works:*

  1. **Eligible passes** – Passes eligible for fare capping are all time-based passes including, 1-Ride (2hr pass), 1-Day Pass and 31-Day Pass. There is no beginning of a single fare capping window; Token Transit checks if fare capping applies at every possible window.
  2. **Remaining Money** – When a passenger is $1 over the dollar value of pass activations needed to be fare capped, the passenger will be refunded the $1 back to the payment method used and the refund will show on the agency transfer reports as "fare capped".
  3. **Multi-ride passes**– Multi-ride (such as GCTD 15 Ride Pass) passes are not eligible to be included in fare capping. These passes have no expiration date and may be used by more than one person at a time.

  > ***Example of "Pay as You Go" (aka "Fare Capping"):*** *David is a lower income food service worker who rides the bus to and from work five days a week. David is not able to afford to pay the $50.00 cost of a GCTD 31-day pass up front, so he purchases two single ride passes ($3.00 total cost) every workday. Before fare capping, he would typically pay over $66.00 a month in fares and try to limit his travel in order to save money.*
  >
  >  *With "Pay as You Go", David rides twice a day starting May 3rd going to/from work. However, once he has purchased $50.00 worth of eligible 1-ride (equal to the value of a GCTD 31-Day pass) Token Transit applies the fare capping logic. Token Transit automatically issues David a GCTD 31-day pass as if it were first issued on May 3rd valid for unlimited rides for 31-days. This ensures that David gets the benefit of the discounted 31-day pass, regardless of his ability to pay upfront. He can now ride the bus more often, without worrying about overpaying.*

- **CONVERT CASH TO DIGITAL PASS**
  This feature expands cashless and touchless payment options to customers, without the need for physical tickets, or if they do not have access to a bank account, debit or credit card. To convert cash to digital fares, customers can come to the Oxnard Transportation Center at Customer Service Ticket windows to purchase a pass, and request the pass be sent to their phone via text message. Customer's do not need to provide banking information or have a credit or debit account to use this option. The GCTD Customer Service staff will convert the cash payment and send the digital pass through a SMS text message so customers can use touchless boarding on GCTD buses. To board, customers just show their digital passes at the front of the bus.

  Customers can also use this option to send digital passes directly to anyone through the Token Transit website. The ability to convert cash to digital pass improves equity in our transportation network while promoting safer cashless payment options by removing the barrier of needing a credit card or bank account to purchase digital passes. Cash payments added to passengers Token Transit accounts will also count toward the fare capping features described above.

- **VISUAL VERIFICATION / DESIGN UPGRADES**
  Token Transit uses a secure visual validation through daily changing color and a timer. Each morning the current animation is posted in the operator sign-in area by the GCTD dispatcher, so each operator knows the valid pass for the day. The Token Transit App is very simple and works on the simplest of smartphones, many of which are available through and provided to many people needing government assistance programs.

  In November 2020, Token redesigned its passes to use a cleaner ticket that is clearly visible from 6+ feet away. The new ticket design is required to enable the ticket to be used with GCTD's other trip planning integration partners. The ticket design will be the same whether riders buy passes on Token Transit, Transit, Google Maps, etc.

- **OTHER PROMOTIONAL DISCOUNTS** *(Limited Time)*
  To encourage use of contactless payment, GCTD is offering all passengers 50% off the purchase of their first pass until December 31$^{st}$ 2021.
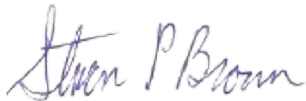
## BUDGET IMPACT

Token Transit has offered the new features described in this report to all agencies who use the digital sales outlet at no additional charge. Under GCTD's existing fare agreement, Token Transit charges a % based fee for each pass sold. Since launching Token Transit in 2018, GCTD has used Cap-and-Trade's Low Carbon Transit Operation Program (LCTOP) allocations from FY 16/17 ($59,487) and FY 19/20 ($76,290) to cover the cost of fees associated with offering this App. Based on the anticipated usage of the app, the cost of this App and associated discounts are anticipated to be covered by GCTD's LCTOP allocation through FY 2022-2023**.** Some cost saving is anticipated from reduced printing fees, faster boarding times and less cash handling are as a result of use of the continued use of this app.

## RECOMMENDATION

The Board previously authorized the General Manager to make adjustments to fare policies to encourage use of contactless payment once fare collection resumed. This item provides the Board with an update on the resumption of fare collection, new features available in Token Transit, and promotions offered.

**It is recommended that the Board of Directors receive and file this report.**

## GENERAL MANAGER'S CONCURRENCE

Steven P. Brown
General Manager