



May 8, 2025

To: Transit Committee

From: Darrell E. Johnson, Chief Executive Officer

A handwritten signature in blue ink, appearing to read "Darrell Johnson", is placed over the printed name of the Chief Executive Officer.

Subject: Proposed New Fare Media

Overview

The Orange County Transportation Authority is proposing new fare media as part of the implementation of the new Rider Validation System scheduled for rollout in October 2025. The proposed fare media, branded as the Wave card, is a contactless smart card that would replace legacy magnetic stripe passes and broaden access to features such as fare capping, contactless payments, and free two-hour transfers. In order to implement the new fare media, the Orange County Transportation Authority must conduct outreach and a Title VI analysis to ensure that low income and minority riders are not negatively impacted by the proposed fare media. The required outreach and Title VI analysis has been completed, and staff is recommending approval of the new proposed fare media.

Recommendations

- A. Receive and file the final Public Involvement Plan Report.
- B. Direct staff to implement the new fare media with the launch of the Rider Validation System.

Background

Orange County Transportation Authority (OCTA) has been actively working to modernize its fare collection methods making it easier for rider to use the OC Bus system and allowing more flexibility in fare policies. In 2018, OCTA took a major step towards this modernization effort by installing mobile ticketing validators across its fixed-route bus fleet, enabling mobile ticket validation and laying the groundwork for further advancements. This initial investment set the stage for the development of the Rider Validation System (RVS), which aims to significantly improve the fare payment experience, enhance rider validation, and offer greater flexibility in fare policy.

The OCTA Board of Directors (Board) approved a contract with Innovations in Transportation (INIT) on October 23, 2023, to allow implementation of the RVS to modernize the existing fare collection methods with a more equitable and adaptable system that includes features like fare capping, mobile payment options, and open payments. On November 25, 2024, the Board approved amendments to OCTA's Fare Policy including the implementation of fare capping and a free two-hour transfer period. A proposed new fare media, which facilitates these fare policy changes and allows for overall greater flexibility for other fare payment options, was presented to the Board in January 2025. The public outreach process required to introduce the new fare media began following Board approval on January 13, 2025, and concluded with a public hearing on March 24, 2025.

Discussion

The new RVS will greatly improve the rider experience by introducing smart cards which are plastic cards embedded with a chip. Unlike the current paper passes with magnetic stripes, smart cards are more durable and offer several added benefits. Smart cards will allow riders to store fare value in an online account linked to the card, enabling features like automatic fare loading, balance protection in case the card is lost, fare capping, and account management through an online portal. Additionally, riders will have the option to use virtual smart cards within the new mobile application on their smartphones, making it even easier to pay for rides without needing a physical card.

To ensure accessibility, OCTA will continue to offer cash and credit card payment options for fare purchases and reloads, available on a wide retail network. This retail network, expanded as part of the RVS, will include OCTA-branded smart cards sold alongside popular gift cards like Amazon and Starbucks, making fare media more accessible to all riders, including those without bank accounts. In addition, OCTA-branded smart cards will be available for purchase at the OCTA store and online from the OCTA website.

Public Involvement Plan (PIP)

In accordance with the Federal Transit Administration (FTA) Title VI guidelines, any significant change to fare media must be preceded by a PIP featuring proactive community outreach and a formal public hearing to ensure that low income and minority riders are not negatively impacted by the proposed fare media before Board approval. On January 13, 2025, the Board directed staff to launch a ten-week, multilingual outreach campaign – culminating in a public hearing on March 24, 2025 – to meet these requirements. The PIP utilized a multifaceted outreach strategy to maximize awareness and solicit feedback across diverse populations before the Board considers adoption of the new fare media. The outreach demonstrated widespread awareness and strong support for the new fare media, with 83 percent of survey respondents expressing approval.

Further information regarding the outreach methods and results can be found in the final Proposed New Fare Media PIP Report under Attachment A.

Title VI Fare Equity Analysis Synopsis

To comply with FTA Circular 4702.1B and Title VI of the Civil Rights Act of 1964, OCTA conducted a comprehensive Fare Equity Analysis for the RVS. This evaluation examined the proposed fare media changes including the introduction of the Wave card, implementation of fare capping, new two-hour transfer policy, and the expansion of a retail vendor network to assess their potential impacts on minority and low-income riders.

Key Findings

According to the 2024 Origin-Destination survey, 86.9 percent of OCTA riders are minorities and 94.5 percent are low-income. This significant representation underscores the need for policies that ensure fairness for these populations.

Elimination of Onboard Day Passes: The removal of magnetic stripe day pass sales onboard buses was identified as a potential adverse impact. However, since the burden borne by minority and low-income riders (87 percent and 97.4 percent, respectively) was proportionate to their overall share of ridership, this change did not trigger a finding of disparate impact or disproportionate burden.

Fare Reductions and Capping: The reduction of the day pass price from \$5.00 to \$4.50 (and from \$1.50 to \$1.35 for reduced fare) benefits all rider categories equally. Fare capping allows for the accumulation of daily and monthly rides to certain limits, after which riders travel free. This structure benefits riders, particularly low-income users, who cannot afford upfront purchases of long-term passes. Analysis showed that these benefits accrue equitably across demographic groups.

Two-Hour Transfers: This policy offers additional financial relief, particularly for users of single-ride fares. Savings from this feature were consistent across minority and non-minority as well as low-income and non-low-income groups.

Retail Access: The expansion of the retail vendor network from 118 to 478 locations significantly improved access in minority and low-income populations. The percentage of locations in minority block groups rose from 47 percent to 57 percent, and in low-income block groups from 45 percent to 48 percent.

All proposed fare media changes under the RVS were found to comply with Title VI requirements. No element of the new fare system was shown to impose a disparate impact on minority riders or a disproportionate burden on low-income populations. OCTA's updated fare structure including smart cards, digital fare tools, and account-based features was designed to enhance accessibility,

streamline transactions, and ensure all riders pay the lowest possible fare. The analysis validates the fairness of this transition and provides data-driven justification for systemwide implementation.

Summary

A comprehensive Public Involvement Plan supported the new Wave card fare media rollout, focusing on fairness and inclusion. The ten-week outreach campaign reached over 32,000 people and collected more than 8,000 surveys, showing strong support (83 percent) for the new fare media. A Title VI Fare Equity Analysis confirmed that the proposed changes including smart cards, fare capping, and expanded retail access benefit all riders equitably and do not disproportionately impact minority or low-income populations. OCTA staff recommends approval of the proposed fare media.

Attachment

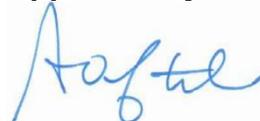
- A. Proposed New Fare Media Public Involvement Plan

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