



Clipper BayPass Update

Fare Integration Task Force

March 25, 2024

Agenda Item 4a Attachment A

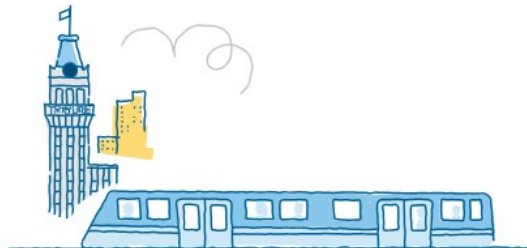


Agenda / Goals for Today



Consider action to endorse the proposed approach and direct staff to seek operator approval of amendments to the Clipper BayPass Participation Agreement:

- Next steps for Phase 1 Partners
- Additional Flexibility for Phase 2 Pilot



Summary of Staff Recommendations



1. Next Steps for Phase 1 partners:
 - Permit and fund a transition period (action needed ahead of June 30 pilot sunset of Phase 1)

2. Additional Flexibility for Phase 2 Pilot:
 - Authorize the Fare Integration Task Force to increase BayPass Phase 2 pilot scale under certain conditions
 - Authorize Clipper BayPass for limited special events
 - Authorize inclusion of customers within the boundaries of SFO Airport

Clipper BayPass Participation Agreement



- The Clipper BayPass Participation Agreement (PA) is an agreement between MTC and all operators on Clipper
- It defines the operational and financial terms for the BayPass pilot, covering both Phase 1 and Phase 2, including agency reimbursement for trips taken
- The PA was endorsed by the Fare Integration Task Force in August 2023 and then signed by all participating agencies – some took board action, some agreed using executive authority

Participation Agreement Amendment Process



Step 1: Task Force considers and endorses approach and directs staff to develop and seek operator approval of proposed amendments

Step 2: Each participating operator and MTC would then sign the amended agreement.

- Each agency decides independently whether board action is required

After amendments to the Participation Agreement are approved the MTC commission would consider taking action to allocate funding as proposed

Goal: Include flexibility needed for the remainder of the pilot (through FY 2025-26). The project team does not anticipate further amendments to the PA



Phase 1 Status and Next Steps



Status: Phase 1 - Regionally Funded Research Effort

- 2-year pilot with students and affordable housing residents; scheduled to end on **June 30, 2024** (October 31 for MidPen)
- Includes a randomized control trial (RCT) experiment at 3 large universities
- Delivering proof of concept for an all-agency institutional pass with the potential to significantly increase ridership
- Subsidized with \$4.5M regional funding, but trending over-budget (\$1.5M) due to higher than anticipated use/ridership
- **Participation agreement does not yet define a path for continued participation of Phase 1 partners**



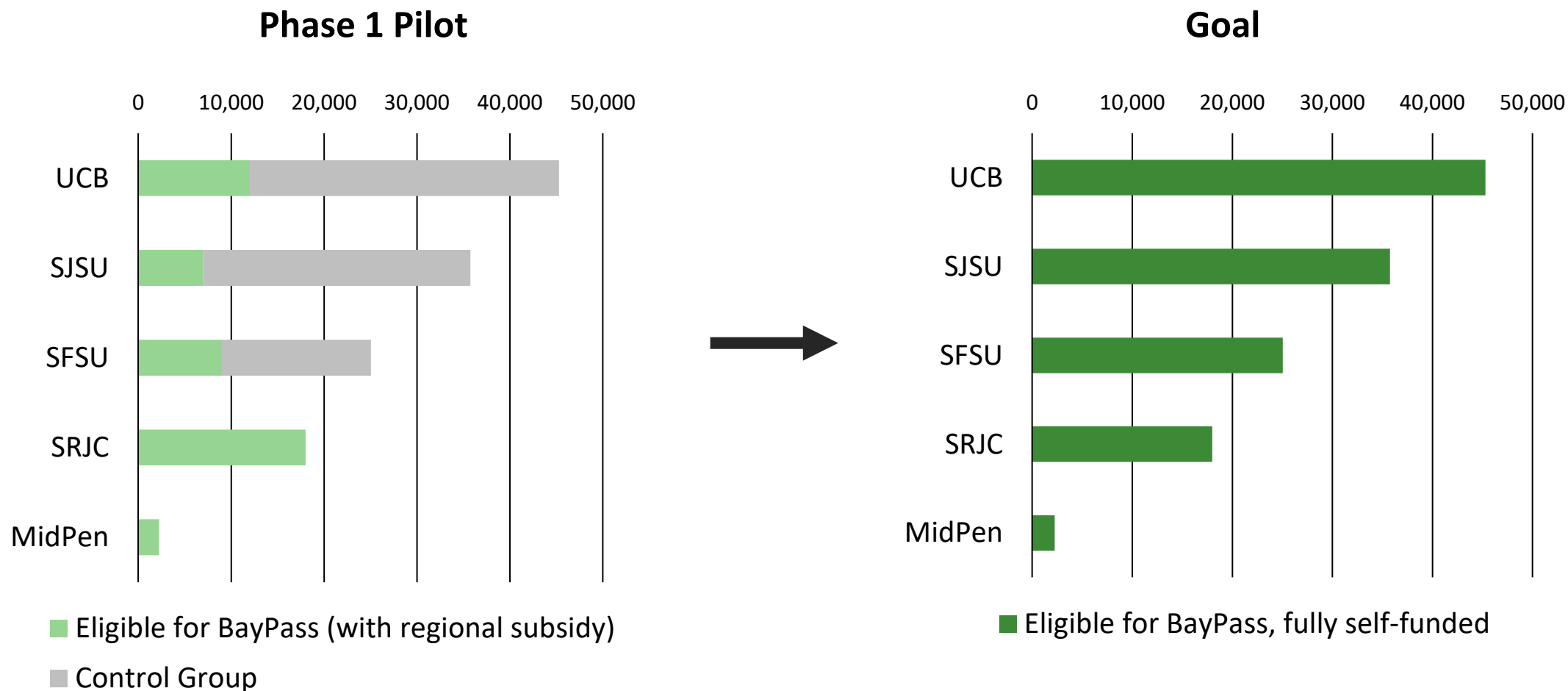
Phase 1 Preliminary metrics from randomized control trial:

- 40% increase in transit trips
- 74% increase in transfers

Detailed information on RCT findings and agency reimbursement is provided in the Appendix

Recommendation 1: Allow a transition period for Phase 1 partners

Goal: Fully deploy BayPass for all Phase 1 partners able to self-fund



Recommendation 1: Allow a transition period for Phase 1 partners

Challenge: Phase 1 institutional partners are interested in purchasing BayPass to cover *all* of their students/residents, but not all are ready to do so before the pilot sunsets on **June 30, 2024**.

A transition period is likely needed, requiring an amendment to the Participation Agreement before June 30th.

Recommendation:

- Amend the Participation Agreement to permit Phase 1 partners to purchase Clipper BayPass for their students/residents as soon as they are ready
- Fund a 1-year extension of service for existing passholders (~13,000 individuals) while partner institutions identify path to self-funding full participation
- Work closely with Phase 1 institutions to expand BayPass coverage to all of their students/residents over the next year, including a partner-driven action plan

Funding Plan for Phase 1 Transition Period

Funding Needs

- \$2M to fund 1-year transition period for existing BayPass passholders (approx. 13,000 individuals)
- \$1.5M to address existing Phase 1 budget gap due to higher than anticipated usage in years 1 and 2

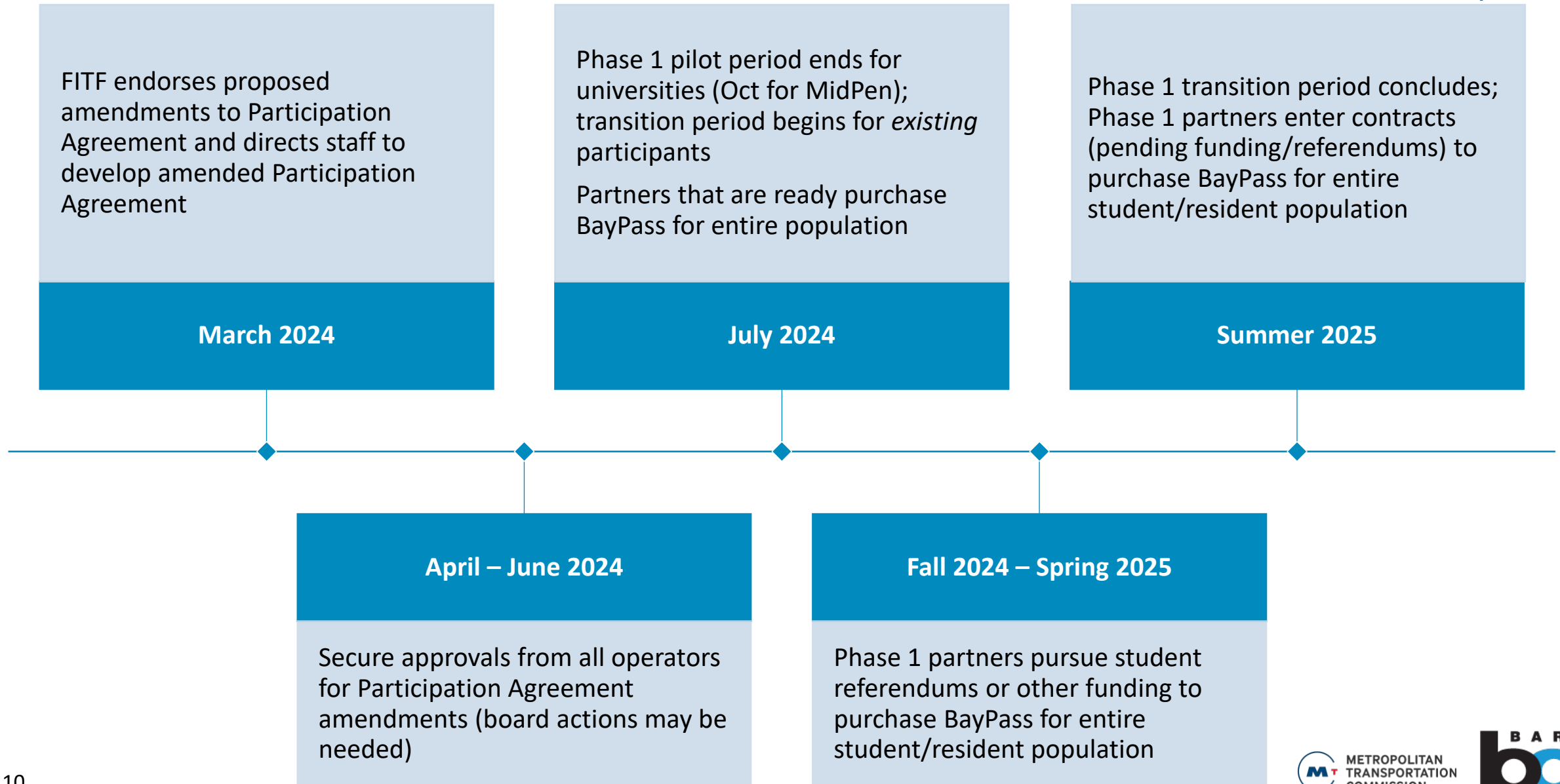
Funding Goals

- To facilitate a path for broader BayPass participation from our existing partner institutions
- To affirm our commitment that transit operators will be reimbursed for Clipper BayPass trips

Fund Source

- MTC has identified \$3.5 million State Transit Assistance Population-Based funds
- This is a regional fund source in which recent revenues have exceeded estimates, and claims have been below budget
- The reallocation of these regional funds will not impact commitments to any existing priorities

Phase 1 Transition Period Timeline





Flexibility for Phase 2 Pilot



Status: Phase 2 – Institution-funded

- Launched January 2024 with 3 employers (nearly 8,000 employees, or 40% of cap). Already delivering:
 - New riders
 - Improved customer experience
 - Stable revenue
- Currently limited to a total of up to 10 institutions and up to a total of 20,000 individuals
- Pipeline of interested companies – onboarding on a rolling basis to manage financial risk and ensure diversity across industries and geography
- The SFO Airport Commission is interested in participation for their 1,500 employees; but currently limited by Participation Agreement



More than 117,000 trips in January and February

Ongoing demonstration of our ability to work together for the benefit of riders

Recommendation 2a: Authorize the Task Force to increase Phase 2 pilot size under certain conditions

Challenge: There is a pipeline of universities/community colleges, affordable housing properties and employers with the capacity to self-fund participation in BayPass Phase 2. However, the BayPass Phase 2 pilot is limited to 10 institutions and 20,000 passes. Any adjustment requires action by all participating agencies.

Recommendation:

- Amend Participation Agreement to grant the Task Force the authority to direct the PM team to increase pilot caps - provided staff can demonstrate adequate backstop funds and risk management
- PM team will assess revenue, backstop funding projections, and risk analysis in any future proposals to increase pilot capacity

Recommendation 2b: Flexibility to include SFO Airport in Phase 2 pilot

Challenge: Employers at San Francisco International Airport (SFO) are existing institutional partners of BART (but not of Caltrain). However, employers at SFO are not permitted to join the Phase 2 pilot under the current participation agreement terms because SFO is located in San Mateo County.

Recommendation:

- Amend Participation Agreement to allow employers on the SFO Airport property to purchase BayPass because of their status as an existing institutional partner
 - Current interest in Clipper BayPass is from the SFO Airport Commission (a City and County of SF department) for their approx. 1,500 employees.
- Maintain the Participation Agreement's existing geographic limitations and requirements in all other cases

Recommendation 2c: Authorize Clipper BayPass for special events

Challenge: In the past, our region has sold an all-agency pass to certain special events (for example, APTA conference), but each event has required a separate agreement between participating agencies.

Recommendation:

- Amend Participation Agreement to allow sale of Clipper BayPass at up to 10 special events
- Agencies would be reimbursed for trips taken under the same terms as the Phase 2 pilot
- Authorize the Fare Integration Task Force to sell additional special events after report-back from the project team

Participation Agreement Amendments – Proposed for Task Force Endorsement



Next Steps for Phase 1 partners - Critical and time sensitive

1	Allow a transition period for Phase 1 partners	<ul style="list-style-type: none"> Amend the PA to permit Phase 1 partners to purchase Clipper BayPass for their students/residents as soon as they are ready Fund a transition period (1 year with option of 1-year extension) for <u>existing passholders</u> while partner institutions identify path to self-funding full participation
---	--	---

Flexibility for Phase 2 pilot

2a	Allow Task Force to increase Phase 2 pilot size under certain conditions	<ul style="list-style-type: none"> Grant the Task Force the authority to direct the PM team to increase pilot caps Provided PM team can demonstrate adequate backstop funds and risk management
2b	Grant flexibility to include SFO in Phase 2 pilot	<ul style="list-style-type: none"> Allow SFO to purchase BayPass due to its status as an existing institutional partner Maintain the Participation Agreement’s existing geographic limitations and requirements in all other cases
2c	Grant flexibility to offer Clipper BayPass for special events	<ul style="list-style-type: none"> Allow sale of Clipper BayPass to up to 10 special events of up to 14 days duration Grant the Fare Integration Task Force authority to permit additional special events after report-back from the project team