

Regional Network Management Council

April 28, 2025

Agenda Item 3a

Clipper® START Pilot Update

Subject:

Update on the Clipper® START Pilot and a proposal to transition the Pilot into an ongoing fare product.

Background:

MTC, together with transit operators and community partners, is working to build a simpler regional transit fare system that supports the financially burdened rider, by removing fare-related barriers to using public transit experienced by people earning lower incomes. These barriers were assessed in MTC's 2016 Regional Means-Based Transit Fare Pricing Study that led to the 2018 Regional Means-Based Transit Fare Pilot Program Framework (adopted by MTC in Resolution No. 4320). The 2018 Framework defined the policy and operational parameters of the Pilot (later branded as Clipper® START) to address affordability for residents earning a lower income. The 2018 Framework outlined the basic tenants of the Pilot including voluntary operator participation, minimum discounts of 20% per trip off the adult fare, partial funding subsidies to offset discounts offered, and an evaluation of the Pilot to determine performance.

Participating transit agencies in 2018 included four operators: Bay Area Rapid Transit, Caltrain, Golden Gate Bridge, Highway and Transportation District, and the San Francisco Municipal Transportation Agency. Clipper® START was launched in July 2020 at the start of the COVID-19 pandemic in the midst of public health lockdowns. MTC leadership remained committed to continuing the Pilot to serve essential workers/riders and to learn who was benefiting from the program through this lifeline service.

An additional 17 transit operators joined the program in August 2020, bringing the number of Clipper® START operators to 21 (out of 22 Clipper® system transit agencies), with transit operators discounts ranging from 20-50% per trip off the adult fare (in addition to any existing Clipper® discounts).

In June 2023, an evaluation was completed that revealed the Pilot was reaching customers with lower incomes, who had taken over 1.5 million trips since the inception of the Pilot but needed additional time to achieve optimal success and increase the program participation rate. This

evaluation led to an extension of the Clipper® START Pilot to June 30, 2025, allowing for additional time to increase product uptake through redesigning the marketing and outreach strategy, coordination with the Santa Clara Valley Transportation Authority (VTA) to join the program to achieve participation by all operators that accept Clipper®, and to standardize the Clipper START discount at 50% for all participating transit systems. The extension also allowed the Clipper® START Pilot to closely coordinate its goals with other MTC means-based initiatives including Express Lanes START and a future State Route 37 tolling discount program in an effort to continually address barriers, enhance awareness, and expand/streamline enrollment for MTC means-based initiatives.

Measuring Success:

With the pivotal changes that took place after the last extension, the Pilot has seen significant success and today is meeting its original goals. Specifically, the Pilot is:

- Making transit more affordable for transit-reliant individuals earning a lower income. Since 2020, Clipper® START has steadily increased enrollment. Pivotal progress was made in 2024, after all operators began participating with a uniform 50% discount and enrollment increased significantly. From the launch of the Pilot in May 2020 through December 2023, there was a total of 26,700 Clipper® START enrollees. In 2024, the number of enrollees has increased to 47,200 enrollees, which is a 77% increase in enrollment. Though staff recognizes the need to continue to increase enrollment, this number continues to rise month to month.
- Developing implementation options that are financially viable and administratively feasible on the Clipper system. MTC supports Clipper® START with up to \$8 million dollars annually of State Transit Assistance (STA) funds (generated by a sales tax diesel fuel) and is currently supplemented by additional funding of up to \$4.5 million per year from the Low Carbon Transit Operations Program (LCTOP). Program administration and marketing costs total approximately \$1-\$1.5 million dollars per year, and MTC reimbursements to operators are estimated at approximately \$4 million dollars over next the next twelve months. This steady funding stream and predictable administrative costs provide a financially viable path for MTC to continue to reimburse transit operators for

half of the 50% fare discount. This funding is expected to sustain Clipper® START for several years at current enrollment rates; fiscal viability and additional funding sources will be continued to be assessed as Clipper® START continues.

- Offering a consistent regional standard fare discount. As of January 2024, all 22 operators are participating in Clipper® START with a uniform 50% discount, achieving the goal of a comprehensive and cohesive regional means-based fare discount product and leading to increased participation in the Pilot.

Request for Transition of Pilot to an Ongoing Fare Product:

The Pilot is set to end on June 30, 2025. With the accomplishment of the original goals described above, staff are requesting to transition the Clipper® START Pilot to an ongoing fare product.

A new MTC Resolution 4714 proposes the following framework:

- Clipper® START Pilot to be an ongoing fare product.
- Institutionalize the operator fare subsidy approach based on reimbursement model currently utilized, including the reimbursement of operators through a Master Funding Agreement Supplement.

Clipper® START staff have worked with participating transit agencies to confirm support of these modifications.

Next Steps:

Staff recommends transitioning the Clipper® START Pilot to an ongoing fare product offered on the Clipper® system, with the proposed modifications to the current Framework. If forwarded by the MTC Regional Network Management (RNM) Committee to the full Commission and approved by the Commission later this spring, staff will need to adopt a new Master Funding Agreement Supplement with transit operators and extend the contracts of the eligibility verifier in the near term. In addition, staff will continue to:

- Continually improve program operations including initiating a second phase of evaluation to track performance
- Coordinate goals of Clipper START with other regional means-based initiatives in an effort to streamline enrollment process, improve customer service, enhance awareness, and maximize technology opportunities

- Staff will also work with participating transit agencies to secure Board approvals to extend their participation in the pilot, as well as comply with Title VI requirements, if applicable.

Issues:

While there is general agreement between MTC and agency staff to transition the Pilot to an ongoing fare product, each agency's program participation is subject to their respective governing board approval and other formal actions, such as any required federal Title VI evaluation.

Recommendation:

Endorse the transition of the Clipper® START from a Pilot to an ongoing fare discount product offered through Clipper.

Attachments:

- Attachment A: Presentation