



# Clipper BayPass

## Pilot Update and Request to Increase Number of Pilot Participants

Fare Integration Task Force  
December 16, 2024  
Agenda Item 4a - Attachment A



# Context / Goals for Today

- Provide general update on Phase 1 and Phase 2 pilot status
- Request Task Force approval to increase the BayPass Phase 2 participant cap from 20,000 to 40,000 eligible participants
- Provide an overview of Clipper BayPass Pilot pricing strategy

## Recognizing what has been delivered over the last year

Over 1.3 million trips taken since January 2024 by  
Clipper BayPass Phase 2 customers





**Unlimited regional transit pass for rides on all bus, rail and ferry services in the Bay Area - anytime, anywhere**



**Phase 1:**

Pilot with University Students and Affordable Housing Residents  
***Launched Summer 2022***

**Phase 2:**

Pilot with Employers, Transportation Management Associations and Property Managers  
***Launched January 2024***

# Clipper BayPass Pilot Phase 1

## Status Update



- Pilot program operating through June 30, 2025
- BayPass team is working to convert Phase 1 Pilot institutions (educational institutions and affordable housing) into paid Clipper BayPass organizational customers

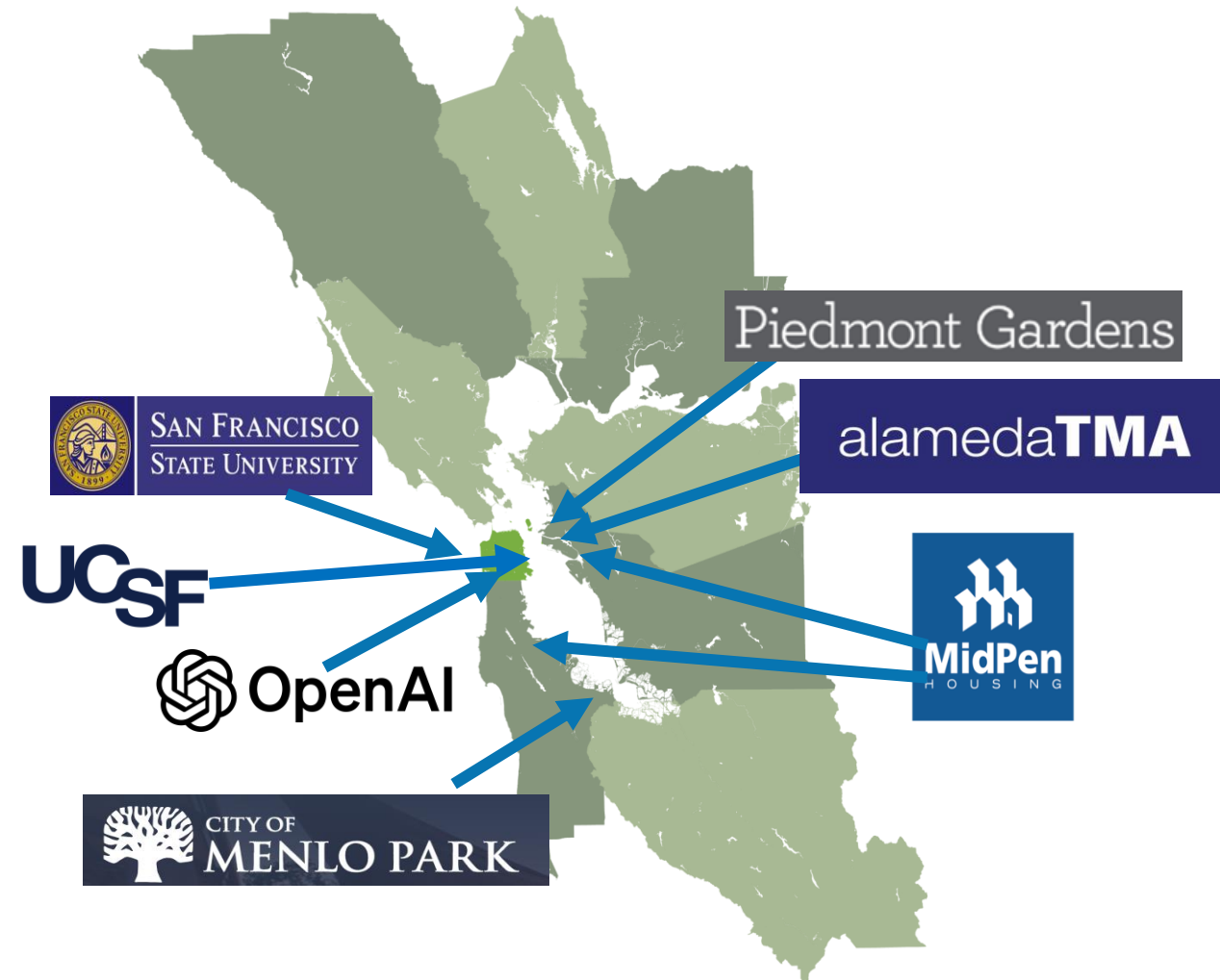


# Clipper BayPass Pilot Phase 2

## Status Update



- Phase 2 Pilot is selling the Clipper BayPass to interested organizations
- Currently 8 organizations in contract with 2 pending contracts
- Large pipeline of interested organizations – onboarding on a rolling basis to manage financial risk and ensure diversity across industries and geography
- Working on 2025 contract renewals for 3 current customers



# **Request to Increase Phase 2 Participant Cap**

For Task Force Approval

# Participation Agreement - Recap

- In the August 2023 Participation Agreement, operators and MTC agreed to up to 10 institutions/organizations and 20,000 eligible participants in Phase 2
- In March 2024, Task Force endorsed an item to amend the Participation Agreement for Clipper BayPass
- Within this Amendment, the FITF can now approve an increase in the total number of eligible participants in the Phase 2 Pilot

At today's Task Force meeting, staff will share the latest contract updates and request an increase in the participant cap for Phase 2 (from 10 institutions/organizations to 20 institutions/organizations and 20,000 to 40,000 eligible participants).

# Contract Updates

Contract	Total Number of Eligible Participants
Alameda Transportation Management Association	2,072
City of Menlo Park	202
UCSF (Students and Employees)	9,400
Open AI	1,600
Foon Lok East (Residents)	124
Kiku Crossing (Residents)	225
Piedmont Gardens	250
Pending – SFO Commission	1,850
Pending – SF based technology company	1,500
Pending – projected increase for early 2025 for current partners eligibility	3,000
<b>Total (in Phase 2 cap)</b>	<b>20,203</b>
SF State (Students) – Phase 1 conversion	22,600
<b>Total (Phase 1 converted customers + Phase 2 customers)</b>	<b>42,803</b>

<sup>o</sup> Phase 1 institutions converted into Phase 2 customers do not factor into the Phase 2 eligibility cap per PA terms



# Request to Increase Phase 2 Cap

- By January 2025, ~ 20,000 eligible Phase 2 participants (current and pending contracts)
- Additional pipeline of interested companies – projecting to exceed Phase 2 cap of 20,000 by early 2025
- Current and pending contract value of ~ \$14m with a revenue surplus of ~\$3.5m
- Managing revenue risk – have not needed to use any of the \$5m backstop funds set aside to reimburse operator revenues if necessary

Given risk management strategies to date and continued interest in pilot participation, staff request an increase in the BayPass Phase 2 participant cap from 10 institutions/organizations to 20 institutions/organizations and 20,000 to 40,000 eligible participants.

# BayPass Pricing Strategy

For Information

# Phase 2 – Employer Pass Goals



*Selling a new unlimited regional transit fare product to up to 10 employers with up to 20,000 total employee participants*

## **Key Objectives:**

1. Generating new riders and growing ridership
2. Broadening access to employer/organizational/institutional pass programs
3. Evaluating and managing impacts to transit operator revenues, especially for operators with existing institutional pass programs
4. Gathering data to inform the development of any post-pilot program that may be developed

# Participation Agreement Overview

- Signed by and among MTC and all Transit Operators
- Outlines agreements for sale of an unlimited regional transit pass
- Summarizes key pilot parameters including:
  - Guiding principles
  - Roles and responsibilities
  - Program revenues
  - Coordination with existing institutional programs

# Program Revenues - Recap

- Operators will be reimbursed for trips based on actual passenger usage (at a rate equal to full adult Clipper Fare)
- \$5M will be available to address funding gaps in program revenues if needed
- Excess revenues from sales up to a limit of \$1m will be available to reimburse MTC for pilot operations and management
- Additional excess revenues will be allocated to transit operators based on each operator's share of overall Phase 2 ridership
- Pilot pricing and revenue distribution terms do not establish a precedent for any post-pilot program that may be established

# Evaluation - Recap

- Project team will engage with operator staff and FITF to share pilot findings, project updates, and to collect feedback from transit operators about the program
- Project team will proactively seek input and consent from operators and FITF before any long-term program is established
- Pilot pricing and revenue distribution terms do not establish a precedent for any post-pilot program that may be established

# Reimbursement Requirements in The Clipper BayPass Participation Agreement

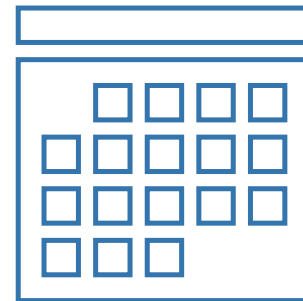
## ARTICLE III Program Revenues

A. Any Phase 2 revenue generated by the sales of Clipper BayPass to an employer/ institutional customer that was not a customer of an Operator's Preexisting Institutional Pass Product on either January 1, 2020 or on the Effective Date shall be allocated by MTC amongst the Parties based on actual passenger usage of the Clipper BayPass Phase 2 product at a rate equal to a regular Adult Clipper fare for each trip taken.

- To align with PA terms on program revenues and operator reimbursement, the project team is pricing BayPass during the pilot at a revenue neutral or revenue positive levels
- Revenue neutral pricing aligns with a general cost recovery model for transit trips

# Pilot Pricing Overview

- Pricing at revenue neutral or positive levels to align with Participation Agreement
- Customizing year 1 price estimate for every potential customer based on two customer inputs:
  - organization’s location(s) and
  - days per week on site
- Year 2 pricing reset closer to actual usage (if priced too high or too low in Year 1)



<<<<<<<<<<< More transit accessible

More days on site >>>>>>>>

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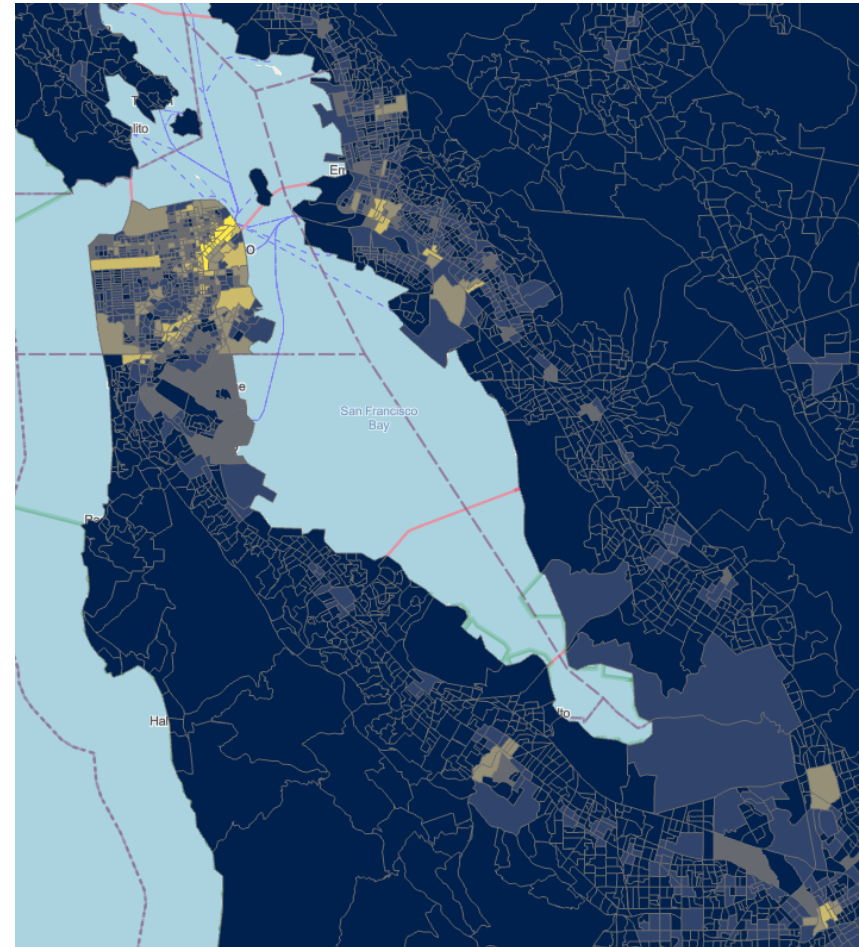


# Inputs for New customer pricing

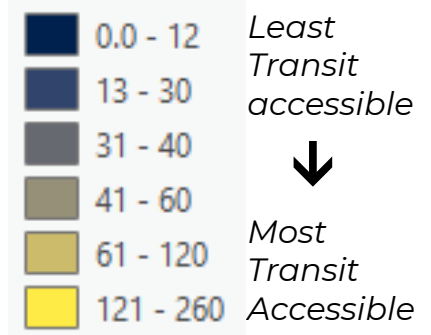
- Potential customers provide information on average days per week on site at their location(s)
- We pair days per week on site information with data collected by the nonprofit Transit Center regarding proximity to, and frequency of, public transportation to assign a location-based “Transit Access Level”

## **Transit Center Data on Frequency of Transit**

*Sample Map Focusing on SF, Inner East Bay, and Caltrain corridor*



*Transit Trips / hour  
[w/in 200m of census  
block group]*



# Overview of customer pricing approach

- Cost recovery / revenue neutral price estimates (per person per month) are based on:
  - Level of transit access at customer location(s)
  - Average days per week on site
- These prices are not fixed. The BayPass Project Team regularly updates price estimates based on current BayPass customer usage.

	Highest Transit Access Level				Lowest Transit Access Level	"Ferry" Access Level (w/in ½ mile of ferry terminal)
5 days / week	\$120 / month	\$74 / month	\$67 / month	\$33 / month	\$10 / month	\$45 / month
4 days / week						
3 days / week						
2 days / week						
1 day / week	\$24 / month	\$15 / month	\$13 / month	\$10 / month	\$10 / month	\$10 / month

“The people who have it love it.

To have this, especially in this time of high inflation for our employees, really seems like a huge benefit and also a win-win to continue to support the transit infrastructure.”

**Erin Gore**

University of San Francisco, California

Senior Vice Chancellor of Finance and Administration



[YouTube Link: Clipper BayPass Pilot - Phase 2 Employer Testimonial Video](https://www.youtube.com/watch?v=Yk0mBssNlk4)

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