

**Metropolitan Transportation Commission  
Programming and Allocations Committee**

September 13, 2023

Agenda Item 2j - 23-1038

**MTC Resolution No. 4320, Revised**

**Clipper START Extended Pilot Operator Reimbursement Payment**

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**Subject:**

Proposed approach for a one-time payment to Bay Area transit operators participating in the extended Clipper START means-based discount fare pilot program.

**Background:**

In May 2018, the MTC Commission adopted MTC Resolution No. 4320, establishing the Regional Means-Based Transit Fare Pilot Program framework. Branded as Clipper START, the regional means-based transit fare discount pilot program seeks to increase access to opportunity and improve transportation affordability for adult transit passengers who earn a lower income. The Clipper START program was the first of its kind in the region.

The three-year pilot program was launched on July 15, 2020, with transit agencies offering a 20 or 50 percent discount on single-ride fares for eligible adults who earn at or under 200 percent of the federal poverty level (FPL). MTC sets aside Low Carbon Transit Operations (LCTOP) and State Transit Assistance (STA) Population-Based funding annually to administer the program and defray some of operators' revenue losses. In June 2023, the MTC Commission extended the Clipper START pilot program through June 30, 2025, to allow additional time for the program to grow and better serve customers. At its June meeting, the Programming and Allocations Committee requested an update on Clipper START marketing, automatic enrollment, and customer engagement activities with a focus on increasing Clipper START enrollment. Staff will return to the Committee this fall with a detailed update on efforts to increase Clipper START enrollment, including automatic enrollment of eligible individuals.

As a part of the extended pilot program, MTC staff are proposing to simplify the administrative process for meeting MTC's commitment to reimburse transit operators for a portion of the foregone revenue realized by participating in Clipper START. By offering an upfront one-time payment to transit operators in an amount that is estimated to sufficiently cover and address the anticipated foregone revenue over the extended pilot period. The proposed one-time payment approach is also structured to incentivize all transit operators that accept Clipper to participate and to offer a consistent 50% discount to participants. This consistent Clipper START discount offering from transit operators (anticipated to be effective on January 1, 2024 will ease the

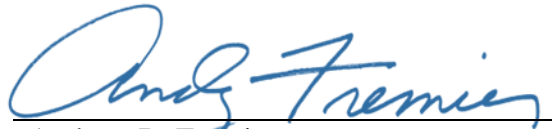
marketing of Clipper START and is expected to support increased enrollment of eligible populations. Details of the proposed amounts of the one-time payment are described in Attachment B to Resolution 4320, Revised.

**Recommendations:**

Refer MTC Resolution No 4320, Revised to the Commission for approval.

**Attachments:**

- MTC Resolution Nos. 4320, Revised
  - MTC Resolution Nos. 4320, Revised – Attachment A
  - MTC Resolution Nos. 4320, Revised – Attachment B

  
Andrew B. Fremier

Date: May 23, 2018  
W.I.: 1311  
Referred by: PAC  
Revised: 08/26/2020-C  
06/23/2021-C  
06/28/2023-C  
09/27/2023-C

ABSTRACT

MTC Resolution No. 4320, Revised

This resolution approves the Regional Means-Based Fare Program Framework, a regional low-income discount fare program for eligible transit riders.

On August 26, 2020, Attachment A was revised to expand the Regional Means-Based Transit Fare Pilot to additional eligible transit operators.

On June 23, 2021, Attachment A was revised to extend the pilot period of Clipper START until June 30, 2023.

On June 28, 2023, Attachment A was revised to make general updates and extend the pilot period of Clipper START until June 30, 2025.

On September, 27, 2023, Attachment A was revised to update the operator reimbursement approach for the extended Clipper START pilot period to June 30, 2025 as well as to add Attachment B, which details one-time payments to transit operators for the extended pilot period.

Further discussion of this action is contained in the MTC Programming and Allocations Summary Sheet dated May 9, 2018 and Executive Director Memorandum dated May 16, 2018, August 12, 2020, June 9, 2021, June 14, 2023 and September 13, 2023.

Date: May 23, 2018  
W.I.: 1311  
Referred by: PAC

RE: Regional Means-Based Program Framework

METROPOLITAN TRANSPORTATION COMMISSION  
RESOLUTION NO. 4320

WHEREAS, the Metropolitan Transportation Commission (MTC) is the regional transportation planning agency for the San Francisco Bay Area pursuant to Government Code Section 66500 *et seq.*; and

WHEREAS, transit affordability has been highlighted as a regional issue in MTC's Coordinated Plan, Plan Bay Area and other plans;

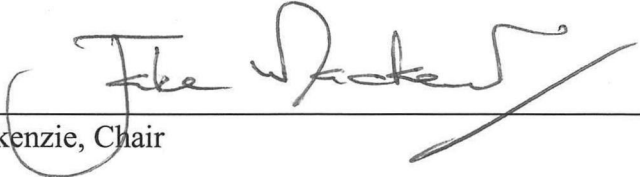
WHEREAS, MTC has conducted the Regional Means-Based Fare Pricing Study;

WHEREAS, the MTC recommends adopting a regional framework for the program, with participating operators, funding guidelines, and program conditions, as shown in Attachment A;

RESOLVED, that MTC approves Regional Means Based Fare Program Framework, subject to the conditions noted therein; and, be it further

RESOLVED, that MTC may annually allocate regional funds to support the Regional Means Based Fare Program per the respective funding program guidelines.

METROPOLITAN TRANSPORTATION COMMISSION

  
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Jake Mackenzie, Chair

The above resolution was approved by the Metropolitan Transportation Commission at a regular meeting of the Commission held in San Francisco, California, on May 23, 2018.

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Attachment A  
Resolution No. 4320, Revised  
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## **Regional Means Based Transit Fare Pilot (Clipper START) Program Framework**

### ***Participating Agencies***

Transit Agency participation in the Clipper START is voluntary. The pilot program was initially rolled out in July 2020, with an initial group of four transit agencies:

1. Bay Area Rapid Transit (BART)
2. Caltrain
3. Golden Gate Bridge, Highway and Transportation District (GGBHTD)
4. San Francisco Municipal Transportation Agency (SFMTA)

By January 2021, seventeen additional operators joined the pilot program, bringing the total to agencies participating in the pilot to 21.

### ***Means-based Discount***

A minimum 20% or 50% per trip discount off the adult fare (in addition to any existing Clipper® discounts) will be offered to eligible persons

### ***Eligibility***

Adults earning less than 200% Federal Poverty Level (FPL)

### ***Funding***

#### Funding Sources and Program Administration Funding:

- MTC to make available an estimated \$11 million in funding per year (subject to annual allocation action by MTC and fluctuations in annual revenues), which would be used for fare subsidies, with administrative costs funded first. This is funded by State Transit Assistance population-based funds (approximately \$8 million per year) and Low Carbon Transit Operations Program (LCTOP) population-based funds (approximately \$3 million per year). Funding from these programs is approved through MTC Resolution Nos. 4321, 4130, and 4420.
- A one-time commitment of \$5 million through the Coronavirus Aid, Relief, and Economic Security (CARES) Act was approved on July 22, 2020 to support the addition of 17 operators to the program. Funding from this program is approved through MTC Resolution No. 4420.

#### Participant Discount Subsidy:

Funding is being made available to subsidize fares up to 25% during the pilot period. Participating operators are to cover the remainder of the discount or any additional revenue losses from other sources.

*For the extended pilot period commencing on July 1, 2023 and concluding on June 30, 2025 MTC will provide transit operators with a one-time payment of LCTOP and/or State Transit Assistance funds to subsidize up to 50% of the discounted fare amount for the extended pilot. One-time payment amounts by transit operator are shown in Attachment B.*

***Implementation***

- Program will be a five year (60-month) pilot. *(The initial pilot period was established at 18 months. On June 23, 2021, the pilot was extended by an additional 18 months to June 30, 2023. On June 28, 2023, the pilot was extended by an additional 24 months to June 30, 2025.)*
- Program to be implemented on Clipper through a discount coupon approach.
- Program will be centrally administered on behalf of all participating agencies.
- Program will be evaluated for continual improvements and is subject to revision based on financial sustainability, efficiency, and effectiveness.

Timing of transit operator launch is contingent on Clipper system capabilities and appropriate transit operator Board approvals.

***Conditions***

- Operators to conduct Title VI analysis per Federal Transit Administration (FTA) as required.
- The formula for distributing regional funds to transit operators will be based on actual trips taken and is subject to refinement based on the rider participation rates and amount of regional funding available.
- SFMTA can continue, expand, or eliminate its current Lifeline monthly program; however, the regional funding will only be used to compensate for participation in the new regional program. Other operators with existing low-income rider discount programs, who are not participating in the regional program, would not be eligible for regional Means-Based Fare Program funding.

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Attachment B  
Resolution No. 4320, Revised  
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## **Clipper START Extended Pilot Operator Reimbursement Payment (for the period of July 1, 2023 to June 30, 2025)**

MTC will provide Low Carbon Transit Operations (LCTOP) Population-Based and/or State Transit Assistance Population-Based funds to transit operators in the amounts shown in Table 2 to fulfill MTC's commitment to offset up to 50% of the discounted fare amount for the extended pilot period. This one-time payment is not intended to be an indication of how reimbursements will be handled in a future possible permanent program. The one-time payment is calculated based on the four components described below in Table 1.

*Table 1. Components of One-Time Payment for Clipper START Extended Pilot*

<b>1. Reimbursement Estimate</b>	MTC's portion of the projected Clipper START discount offered by operators from June 2023 to June 2025. This is proposed to be 50% of the discount offered. All operators have agreed to offer a 50% discount.
<b>2. Early Adopter Credit</b>	A retroactive payment to operators who offered a 50% discount during the first 3 years of the pilot to maintain financial parity among the operators.
<b>3. Buffer</b>	A \$1,000,000 add-on distributed among operators according to their share of the regional reimbursements (step #1 above) to account for forecast uncertainty.
<b>4. Guaranteed Minimum Reimbursement</b>	A \$15,000 reimbursement floor. Operators with less than \$15,000 in projected reimbursements are brought up to \$15,000.

Detailed one-time payment amounts by transit operator are shown in Table 2 below.

Table 2. One-time Payment Amounts by Transit Operator

Operator	Reimbursement Estimate	Early Adopter Credit <sup>1</sup>	Buffer <sup>2</sup>	Guaranteed Minimum Reimbursement	TOTAL ONE-TIME PAYMENT
			<i>Total buffer amount</i>	<i>Minimum reimbursement</i>	
			\$ 1,000,000	\$ 15,000	
<b>Large Operators</b>					
SFMTA	\$ 1,036,587	\$ + 436,554	\$ + 265,678	\$ + 0	\$ 1,738,819
BART	\$ 1,641,030	\$ + 0	\$ + 420,598	\$ + 0	\$ 2,061,628
AC Transit	\$ 354,552	\$ + 0	\$ + 90,872	\$ + 0	\$ 445,424
VTA	\$ 293,662	\$ + 0	\$ + 75,266	\$ + 0	\$ 368,928
Caltrain	\$ 128,707	\$ + 46,703	\$ + 32,988	\$ + 0	\$ 208,398
SamTrans	\$ 158,786	\$ + 58,138	\$ + 40,697	\$ + 0	\$ 257,621
Golden Gate	\$ 74,298	\$ + 14,939	\$ + 19,043	\$ + 0	\$ 108,279
<b>Large Operator Subtotal</b>	<b>\$ 3,687,622</b>	<b>\$ + 556,334</b>	<b>\$ + 945,142</b>	<b>\$ + 0</b>	<b>\$ 5,189,098</b>
<b>Small Operators</b>					
County Connection	\$ 22,503	\$ + 0	\$ + 5,768	\$ + 0	\$ 28,271
FAST <sup>3</sup>	\$ -	\$ + 0	\$ + 0	\$ + 15,000	\$ 15,000
LAVTA	\$ 8,072	\$ + 0	\$ + 2,069	\$ + 6,928	\$ 17,069
Marin Transit	\$ 4,036	\$ + 811	\$ + 1,034	\$ + 10,964	\$ 16,846
NVTA <sup>3</sup>	\$ -	\$ + 0	\$ + 0	\$ + 15,000	\$ 15,000
Petaluma Transit	\$ 1,107	\$ + 0	\$ + 284	\$ + 13,893	\$ 15,284
Santa Rosa CityBus	\$ 9,274	\$ + 0	\$ + 2,377	\$ + 5,726	\$ 17,377
SMART	\$ 16,092	\$ + 4,774	\$ + 4,124	\$ + 0	\$ 24,990
SolTrans	\$ 13,730	\$ + 0	\$ + 3,519	\$ + 1,271	\$ 18,519
Sonoma County Transit	\$ 3,783	\$ + 0	\$ + 969	\$ + 11,217	\$ 15,969
Tri-Delta	\$ 11,130	\$ + 0	\$ + 2,853	\$ + 3,870	\$ 17,853
Union City Transit	\$ 2,114	\$ + 0	\$ + 542	\$ + 12,886	\$ 15,542
Vacaville City Coach <sup>3</sup>	\$ -	\$ + 0	\$ + 0	\$ + 15,000	\$ 15,000
WestCat	\$ 9,888	\$ + 0	\$ + 2,534	\$ + 5,112	\$ 17,534
WETA	\$ 112,311	\$ + 32,771	\$ + 28,785	\$ + 0	\$ 173,867
<b>Small Operator Subtotal</b>	<b>\$ 214,039</b>	<b>\$ + 38,357</b>	<b>\$ + 54,858</b>	<b>\$ + 116,866</b>	<b>\$ 424,121</b>
<b>TOTAL</b>	<b>\$ 3,901,661</b>	<b>\$ + 594,691</b>	<b>\$ + 1,000,000</b>	<b>\$ + 116,866</b>	<b>\$ 5,613,218</b>

Notes

<sup>1</sup> Supplemental allocation to maintain financial parity for operators which offered 50% discounts before June 2023

<sup>2</sup> A \$1,000,000 add-on distributed among operators according to their percentage of total regional reimbursements.

<sup>3</sup> FAST, NVTA, and Vacaville City Coach funds are all claimed by SolTrans