



## Clipper BayPass Update

Fare Integration Task Force  
June 26, 2023, Agenda Item 4a



# Clipper BayPass



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



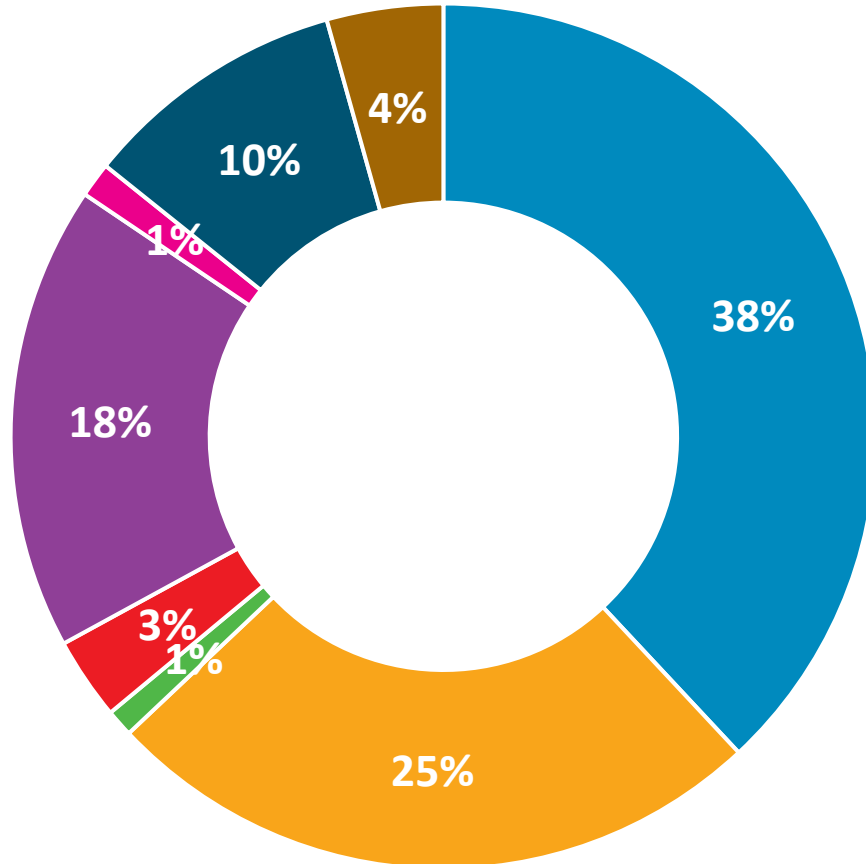
**Phase 1:**  
Pilot with University Students  
and Affordable Housing  
Residents  
*Launched 2022*

**Phase 2:**  
Pilot with Employers,  
Transportation Management  
Associations and Property  
Managers  
*Launching 2023*

# More than 2 Million Trips Taken (Phase 1)



BayPass Trips by Operator



"I can go from school to work to my home without having to worry about refilling my Clipper and counting how much money I've spent on it."

"I really like how convenient it is to have all the public transportation options in one card."

"I love the Clipper BayPass. It makes commuting so much easier and more convenient than using a regular Clipper card."

■ AC Transit ■ BART ■ Caltrain ■ SamTrans ■ SF Muni ■ SMART ■ VTA ■ Other

# Phase 2 – Employer Pass Goals



**Phase 2 of the BayPass program will pilot an unlimited regional transit pass covering all operators**

## **Objectives:**

1. Increase regional transit ridership and improve passenger experience
2. Evaluate the impacts of an all-agency institutional pass on behavior
3. Expand into new models of funding to support transit operator financial sustainability
4. Reduce cost-burden for transit-dependent communities and serve a broader set of employers beyond traditional office workers
5. Support region's climate change and sustainability goals with reduced VMT

# Phase 2 – Context / Goals for Today

**Significant progress on key challenges to date, but additional input is needed to advance pilot**

- New pilot proposals, including a draft Participation Agreement, have been shared with agency staff working group
- Staff discussions ongoing regarding key implementation needs
- **Goal today:** outline remaining areas to make decisions, gather feedback on concerns or issues
- **Next steps:** staff will come back to the FITF in July/August with revisions based on feedback today

# Approach and Timeline to Launch



**Managing risk and implementation with a phased approach and limited scale pilot for up to 10 employers and a total of up to 20,000 employees over 2+ years**

## Soft Launch

- Goal: Late Summer 2023
- Up to 3 employers and up to a total of 5,000 employees
- Transit operators proposed to be fully reimbursed by MTC for any trips taken using BayPass (\$1M in backstop funding available)

## Full Launch

- Goal: Late 2023
- Up to 7 employers and up to a total of 15,000 employees (on a rolling basis)
- Goal of pilot is to price BayPass at revenue neutral or revenue positive levels. Work is underway to identify funds to provide an additional revenue backstop to manage and evaluate impacts to transit operator revenues.

# Draft Participation Agreement



## Purpose

- Signed by and among MTC and all Transit Operators
- To outline pilot parameters including: guiding principles, roles and responsibilities, program revenues and coordination with existing institutional programs

## Key Roles and Responsibilities

- **Transit Operators:** provide unlimited transit for selected employers (up to 7 employers and a total of up to 15,000 employees)
- **MTC:** Manage collection of payments from employers and distribute funds to operators using a defined methodology
- **MTC/BART Project Team:** Manage coordination with employers, including marketing materials, data/reporting, evaluation activities, and card activation/deactivation

## Guiding principles for transit operator participation

### Pilot designed with a goal of:

- Generating new riders and new revenue sources and broadening access to institutional programs
- Evaluating and managing impacts to transit operator revenues, especially for operators with existing institutional pass programs

### Project staff will:

- Continue to engage with operator staff and executives to share pilot findings, project updates, and to collect feedback
- Proactively seek input and consent from operators before any long-term program is established



# Draft Participation Agreement

## Existing Institutional Programs

**The Region already has well-established single-agency institutional programs. Goal of the pilot is to coordinate to ensure that BayPass complements and aligns with single-agency programs.**

- Clipper BayPass will only be offered to any existing employer/institutional customer as an upgrade to their Preexisting Institutional Pass Product
- MTC will manage a supplemental contract for the BayPass upgrade
- Staff will aim to align operational processes between the Clipper BayPass and the Preexisting Institutional Pass programs

## Program Revenues

**Goal of the pilot is to price BayPass at revenue neutral or revenue positive levels. Work is underway to identify funds to provide an additional revenue backstop to manage and evaluate impacts to transit operator revenues.**

- MTC will allocate Phase 2 revenue based on actual passenger usage twice per fiscal year. Any additional revenues will be invested into the operation and management of the pilot program
  - If insufficient revenue is collected, MTC may use budgeted and MTC Commission approved funds as an alternative source of funding to reimburse Operators.
  - If any budgeted and MTC Commission approved funds are also insufficient, each Operator will share proportionally in the reduced reimbursement

# Next Steps for All Transit Agencies



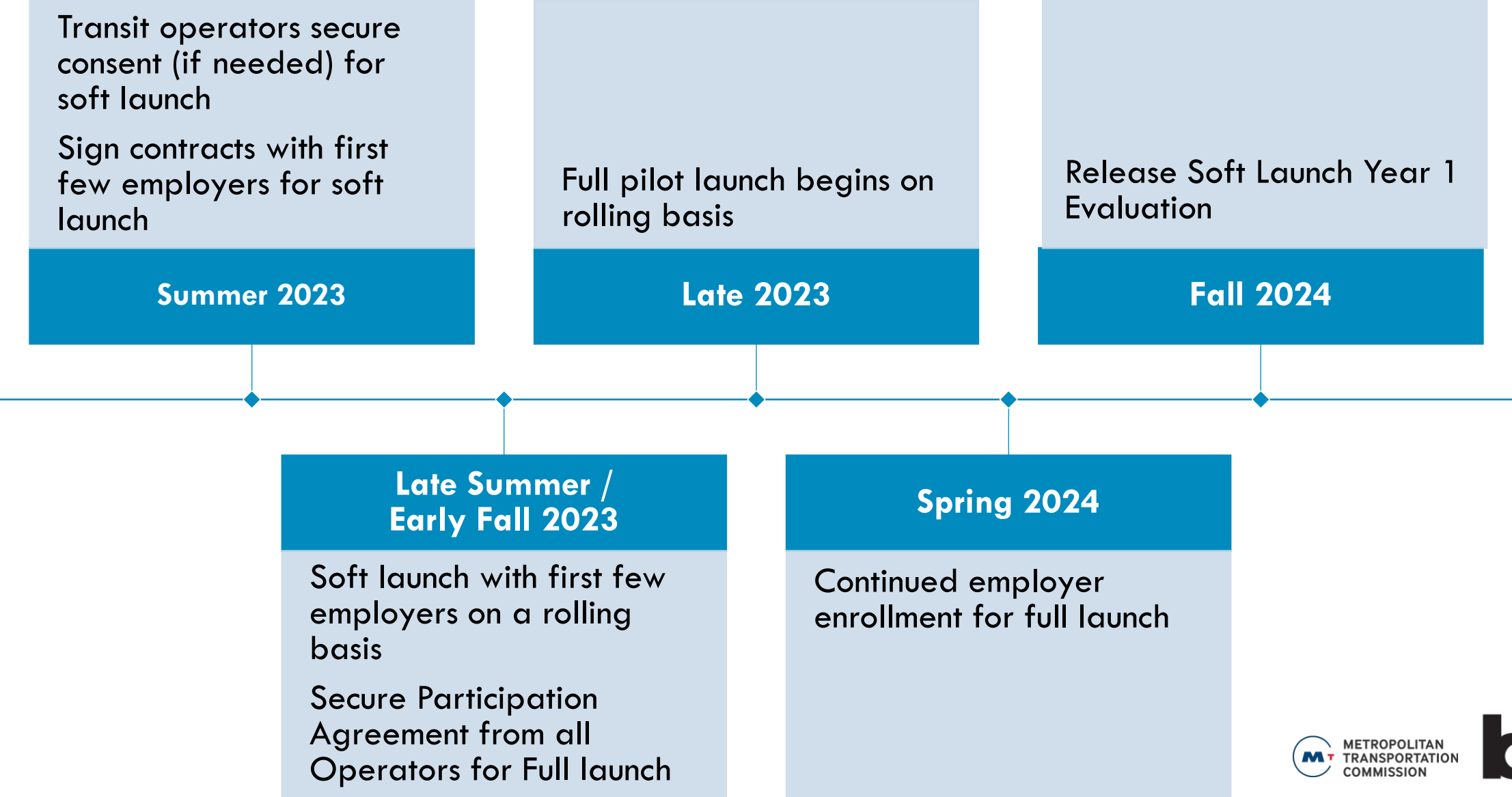
## Soft Launch (Late Summer 2023)

- Review Phase 1 consent taken and determine if consent applies to soft launch or if additional consent is needed
- If additional consent is needed, secure by August 31, 2023 with goal of obtaining to allow for late summer launch
- Implementation will begin with first customer late summer

## Full Launch (Late 2023)

- Determine if board action is needed
- Sign participation agreement once available (late Summer / early Fall)
- Aiming to have participation agreement signed and board action if needed to allow for Late 2023 full launch

# Milestones for Launching Employer Pass Pilot



# Key Operator Implementation Needs



## Aligning with Existing Institutional Programs

- Coordinating to ensure that BayPass complements and aligns with well established single-agency programs

## Limiting Potential for Any Revenue Risk

- Working to ensure that operators will not face revenue loss from new riders if pricing is insufficient to match new ridership demand

## Evaluation for a Permanent Program

- Ensuring that the pilot will have a full evaluation before moving to a permanent program
- Pilot serves as a demonstration project to test pricing, implementation feasibility, market demand, additional resources that may be needed, etc.

# Addressing Key Operator Needs to Date

## Add-on contracts

- Establishing requirement that for existing institutional customers, BayPass will only be added on as an addition to existing contracts

## Managing scale and geography

- Limiting number of employer customers (10 employers, 20,000 total employees)
- Selecting employers across the 9 counties to ensure that no region or operator bears majority of pilot participation in terms of trips/revenue

## Phased approach

- Soft launch allows for lessons learned on pricing and ridership before scaling up
- Incremental pilot pricing approach to test willingness to pay, customer demand, and understand impacts of different pricing models

# Phase 2 Implementation Discussion & Next Steps



1. Do risk management approaches address key operator concerns?
2. Other concerns to consider or address for pilot implementation?
3. Does draft participation agreement capture all issues?
4. How should excess revenue or revenue shortfall be allocated?
5. What other info is needed to move forward?

# Thank you!

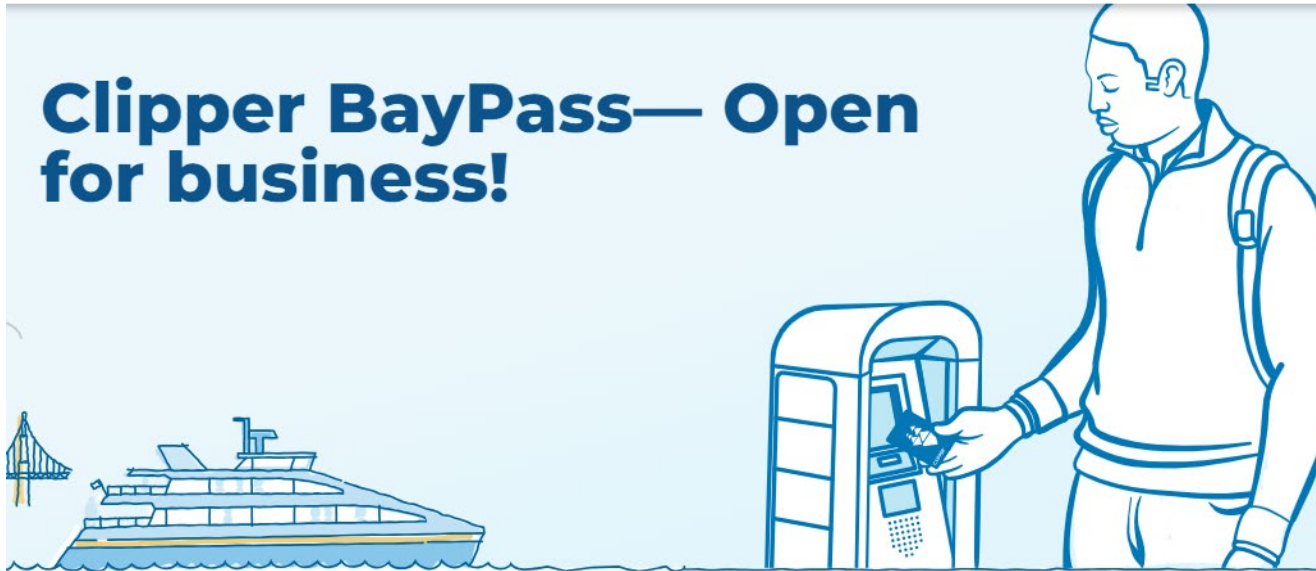


For Employers

For Employees

Interest Form

## Clipper BayPass— Open for business!



### Unlimited transit across the Bay Area!

Clipper BayPass gives your employees unlimited travel on all Bay Area transit services — bus, rail and ferry.

For more information please visit:

<http://clipperbaypass.com>