Transit Fare Initiatives Update

Regional Network Management Committee

May 9, 2025

Agenda

Focus of Today's Discussion:

1. **Clipper BayPass**
   - Participant & Contract Updates
   - Revenue Update/Options

2. **Free/Discounted Transfer**
   - Review of Pilot

Clipper BayPass Update

Fare Coordination has a role in Restoring Ridership and Improving Rider Experience

CLIPPER BayPass

Key Issues

Customer Value

Current fare policies can lead to a disconnect between the fare charged and the value a customer places on their trip.

Payment Experience

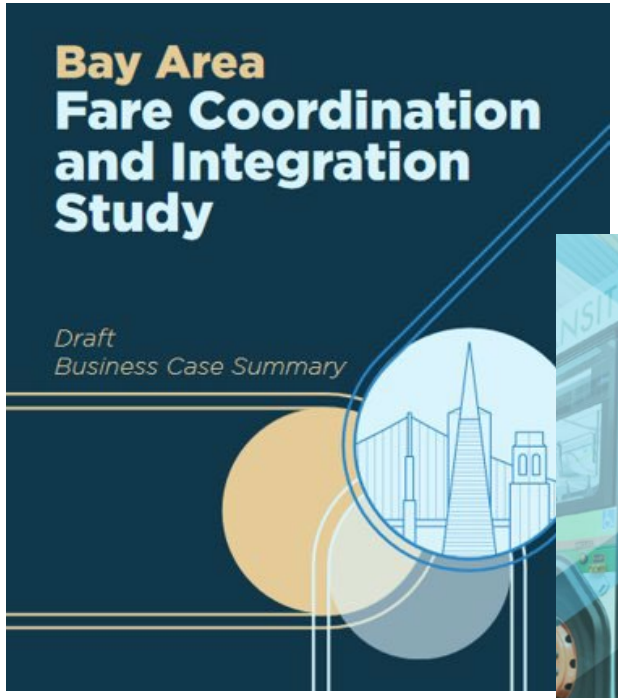
Current fare products, passes, payment technologies, and payment experiences may not be legible.

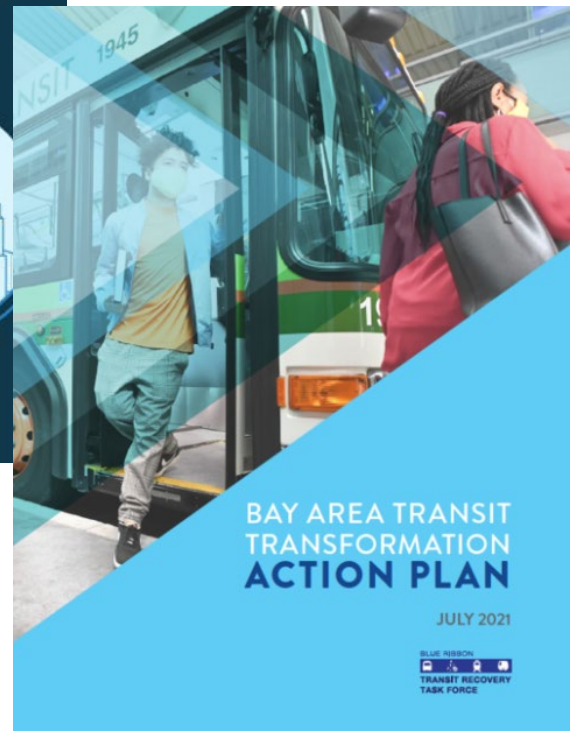
Equity

Current fares may not consistently meet the needs of Equity Priority Communities.

Future Transit

Current fares may not optimize the ridership and benefits of proposed transportation investments.





Clipper BayPass

Unlimited rides on all **bus, rail and ferry** services in the Bay Area

For more than 20 transit services, including:

- BART
- Muni*
- Caltrain
- AC Transit
- SF Bay Ferry
- Golden Gate Transit
- Golden Gate Ferry
- SMART

*Excludes Muni Cable Cars

Image created by MTC Graphics, 2023

CLIPPER® BayPass

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

*Excludes SFMTA Cable Cars

Phase 1: Pilot with University Students and Affordable Housing Residents

Randomized Control Trial with Regional Funding

2022-2025

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

Funded by Employer or Institution

2024-2027

Clipper BayPass Pilot Phase 1

Status Update

- Randomized Control Trial (RCT) with regional funding
- Pilot program operating through June 30, 2025
- BayPass team is working to convert Phase 1 Pilot institutions (educational institutions) into paid Clipper BayPass organizational customers *for all students*

Phase 2 – Clipper BayPass Goals

Selling a new unlimited regional transit fare product to institutions for up to 80,000 total participants (excluding Phase 1 conversions)

Key Objectives:

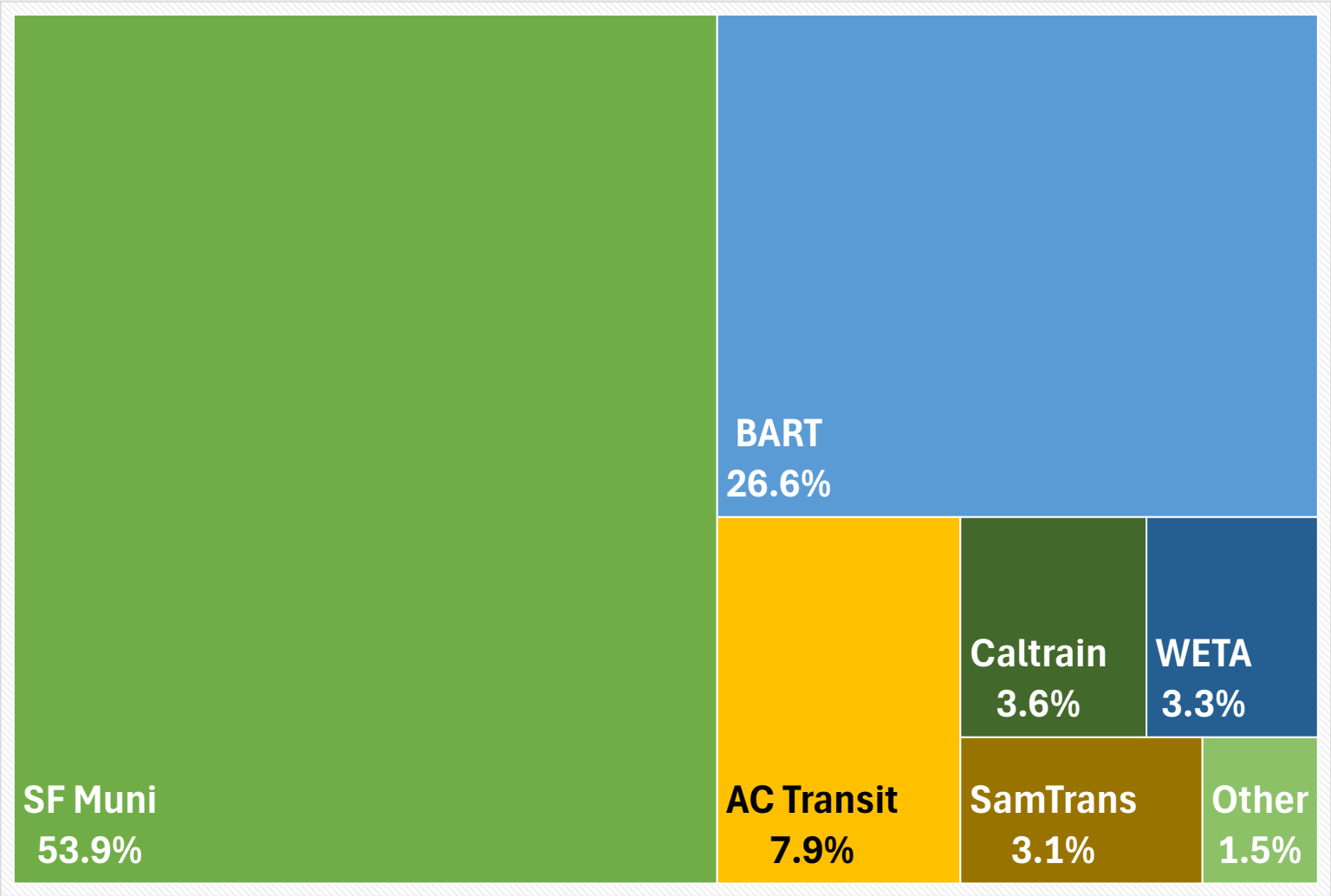
- Generating new riders and growing ridership
- Broadening access to institutional programs
- Evaluating and managing impacts to transit operator revenues, especially for operators with existing institutional pass programs
- Gathering data to inform the development of any potential post-pilot program

Clipper BayPass Pilot Phase 2

Status Update

- Phase 2 Pilot is selling the Clipper BayPass to interested organizations
- Currently 11 active contracts, 5 pending contracts. *Students at UC Berkeley approved a referendum to add BayPass starting in August 2025*
- Large pipeline of interested organizations – onboarding on a rolling basis to manage financial risk and ensure diversity across industries and geography
- Working to identify additional partners in Contra Costa County & North Bay

Phase 2 - More than 2 Million Trips Taken



Share of Trips by Operator

"It's amazing, it's a big deal and it improves your life a lot!"

"This is a benefit that I've seen work; tried and true."

"If you can get more people taking transit by making it very easy for them to do so, I think that's a really fantastic perk to offer your employees."

Clipper BayPass Phase 2 Pilot Tips – *Preliminary Data 1/1/2024- 3/27/2025*

Phase 2 Contract Updates

Institution	~ # of Participants
Alameda Transportation Management Association*	2,500
City of Menlo Park*	200
UCSF (Students and Employees)	8,000
Foon Lok East (Residents)	125
Kiku Crossing (Residents)	225
SF State (Students)	21,000
Open AI	1,800
Piedmont Gardens	225
Robinhood*	350
SFO Commission	1,850
City of Palo Alto *	800
Pending Contracts (including UC Berkeley)	45,500
Total	82,575

There are **over 80,000 participants** in Phase 2 and the pilot is continually adding new riders

*Does not include base contract value for Caltrain GoPass, AC Transit EasyPass, and/or SamTrans Way2GoPass

BayPass Participation Agreement

- Operators are reimbursed for trips based on actual passenger usage (at a rate equal to full adult Clipper Fare)
- $5M is available to address funding gaps in program revenues if needed (STA funding)
- Net revenues from sales up to a limit of $1m is available to reimburse MTC for pilot operations and management
- Additional net revenues are allocated to transit operators based on each operator's share of overall Phase 2 ridership

Notes:

- *Participation Agreement active until June 30, 2027*
- *Pilot pricing and revenue distribution terms do not establish a precedent for any post-pilot program that may be established*

Pricing & Financial Overview

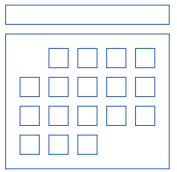
- Pricing at revenue neutral or positive levels to align with Participation Agreement

- Customizing Year 1 price estimate for every potential customer based on two customer inputs:
  - *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)

- Currently kicking off contract with consultant on a pricing study for BayPass
  - *Goal of pricing study is to outline various approaches to pricing for Clipper BayPass and other associated business processes*

- Approximately $9M of passes sold in 2024 and program is reimbursing operators every 6 months for all rides taken at a rate equal to full adult Clipper Fare



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

More days on site>>>>>>

$$$$$	$$$$	$$$
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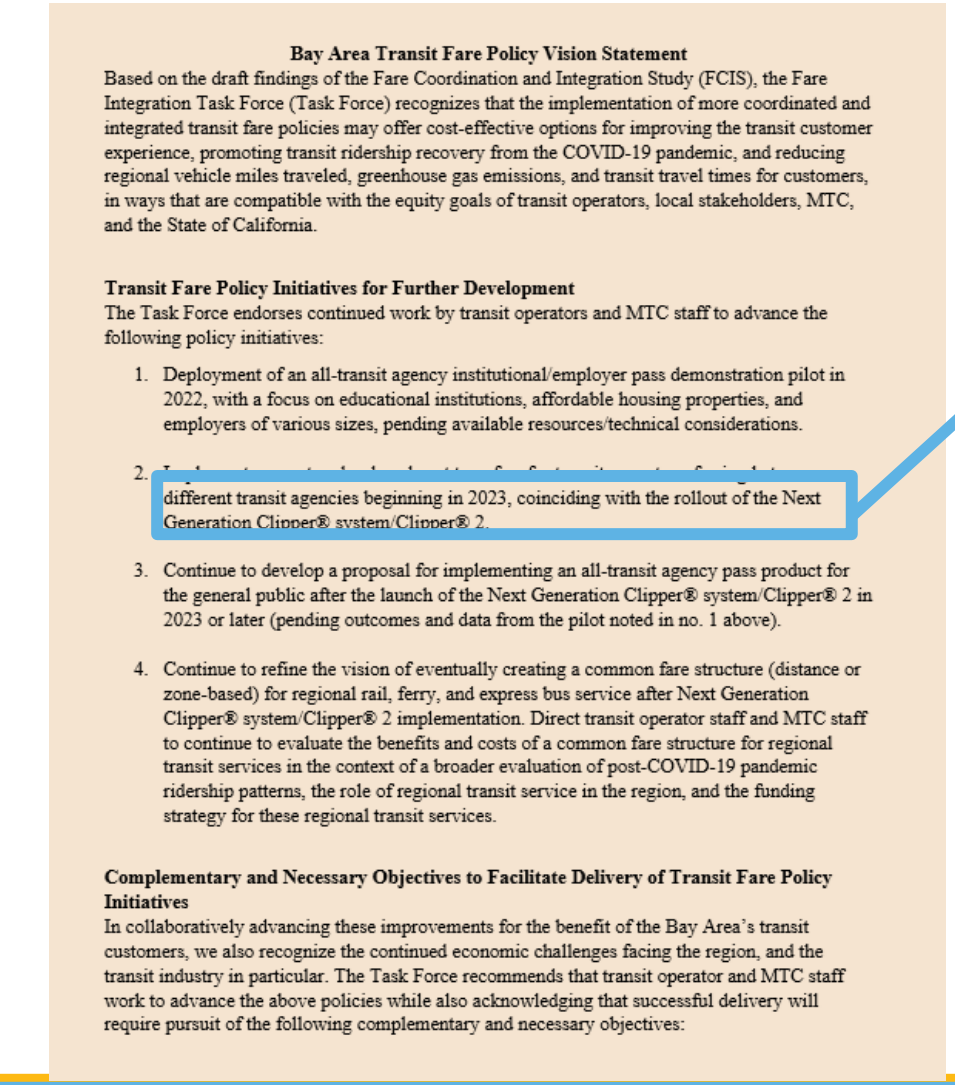
Free/Discounted Interagency Transfer Pilot

Photo Credit

Delivering on the Fare Policy Vision Statement & the Transit Transformation Action Plan



Bay Area Transit Fare Policy Vision Statement

Based on the draft findings of the Fare Coordination and Integration Study (FCIS), the Fare Integration Task Force (Task Force) recognizes that the implementation of more coordinated and integrated transit fare policies may offer cost-effective options for improving the transit customer experience, promoting transit ridership recovery from the COVID-19 pandemic, and reducing regional vehicle miles traveled, greenhouse gas emissions, and transit travel times for customers, in ways that are compatible with the equity goals of transit operators, local stakeholders, MTC, and the State of California.

Transit Fare Policy Initiatives for Further Development

The Task Force endorses continued work by transit operators and MTC staff to advance the following policy initiatives:

1. Deployment of an all-transit agency institutional/employer pass demonstration pilot in 2022, with a focus on educational institutions, affordable housing properties, and employers of various sizes, pending available resources/technical considerations.

2. [illegible] different transit agencies beginning in 2023, coinciding with the rollout of the Next Generation Clipper® system/Clipper® 2.

3. Continue to develop a proposal for implementing an all-transit agency pass product for the general public after the launch of the Next Generation Clipper® system/Clipper® 2 in 2023 or later (pending outcomes and data from the pilot noted in no. 1 above).

4. Continue to refine the vision of eventually creating a common fare structure (distance or zone-based) for regional rail, ferry, and express bus service after Next Generation Clipper® system/Clipper® 2 implementation. Direct transit operator staff and MTC staff to continue to evaluate the benefits and costs of a common fare structure for regional transit services in the context of a broader evaluation of post-COVID-19 pandemic ridership patterns, the role of regional transit service in the region, and the funding strategy for these regional transit services.

Complementary and Necessary Objectives to Facilitate Delivery of Transit Fare Policy Initiatives

In collaboratively advancing these improvements for the benefit of the Bay Area's transit customers, we also recognize the continued economic challenges facing the region, and the transit industry in particular. The Task Force recommends that transit operator and MTC staff work to advance the above policies while also acknowledging that successful delivery will require pursuit of the following complementary and necessary objectives:

"Implement no-cost and reduced cost transfers for transit users transferring between different transit agencies beginning in 2023, coinciding with the rollout of the Next Generation Clipper® system/Clipper® 2."

The proposed Free Transfer Pilot will:

- **Further advance the implementation of the Transit Fare Policy Vision Statement, adopted by the Task Force in 2021.**
- **Help deliver on the promise of the Transit Transformation Action Plan.**

Free/Discounted Interagency Transfer Policy Pilot

“When you make a trip that requires transferring between transit agencies, pay the full fare on just the first agency you use.

Any transfer to another agency within two hours of the first boarding is discounted up to a limit of $2.85* per transfer”.

***When making an inter-agency transfer, customers using Clipper receive a discount equivalent to the single-ride Clipper fare for amounts up to the region’s highest local transit fare (currently $2.85). This amount may change based on local agency fare adjustments.**

Key Features

1. Deployment with the Next Generation Clipper system

2. 18-month pilot deployment at all operators on Clipper, with an automatic extension to 24 months if sufficient funding is available

3. Financial model that mitigates or eliminates financial risk to transit operators during pilot with use of $22 million in Transit Transformation Action Plan funding set aside by MTC

4. Program governed by a memorandum of understanding (MOU) signed by operators (fully executed)

Implementation Approach

1. MOU expresses intent to participate in an **18-month pilot with an automatic extension to a total of 24 months** if sufficient funding is available.

2. Checkpoint after first year to assess status of funding; “off-ramp” available at that time

3. Transit operators + MTC continue to seek to identify additional funds (if needed) to sustain pilot for at least 24 months

4. Agencies continue to prioritize joint advocacy to sustain transit operations

Thank You