

To: Administration & Finance Committee

Date: 08/26/2024

From: Pranjal Dixit, Manager of Planning

Reviewed by: AMS

SUBJECT: Clipper BayPass Amendment

Background:

In November 2021, the Metropolitan Transportation Commission's (MTC) Fare Integration Task Force adopted the Fare Policy Vision Statement directing staff to pilot a regional institutional pass product. In August 2022, the first phase of the Clipper BayPass pilot was launched as a funded pilot to assess the impacts of an unlimited-use product at four higher education institutions – the University of California, Berkeley (UC Berkeley), San Francisco State University (SFSU), San Jose State University (SJSU), and Santa Rosa Junior College (SRJC) – and at 12 MidPen Housing affordable housing properties.

Institutional Pass Pilot:

A randomized control trial was conducted at UC Berkeley, SFSU, and SJSU. 25 percent of students received unlimited Clipper BayPass access (treatment group), while the remaining 75 percent retained their existing transit benefits, typically a single-agency pass (control group).

Preliminary results showed treatment group students took 40 percent more trips and made 74 percent more transfers, doubling MTC's original estimate. This increased usage requires an additional \$1.5 million in reimbursement to transit operators from MTC, beyond the previously projected \$4.5 million.

Amendment:

Encouraged by the positive initial results, several institutions have expressed interest in purchasing Clipper BayPass for their entire student body. To allow institutions sufficient time to secure self-funding, the Participation Agreement Amendment includes a one-year extension of the existing Phase 1. This extension will provide a transition period for institutions to obtain necessary approvals and funding, often through a student referendum.

Furthermore, the following amendments to the Participation Agreement introduce additional flexibility for the current Phase 2 pilot:

- Granting the Fare Integration Task Force the ability to expand the Phase 2 capacity limits (currently 10 institutions and a total of 20,000 individuals), if supported by available funding
- Allowing San Francisco International Airport (SFO) to participate in Phase 2. While SFO is an existing BART institutional customer, their location in San Mateo County limits their eligibility based on the current Participation Agreement terms
- Allowing the sale of limited-duration Clipper BayPass cards to organizers of up to 10 special events (conventions, sports events, festivals etc.)

Financial Implications:

There will be no fiscal impact to County Connection. Funds collected from participating employers will be distributed to transit operators based on ridership and lost fare revenue. If the pass is overutilized and foregone revenue exceeds what is paid by participants, MTC has set aside \$3.5M in State Transit Assistance Regional Program funds to fund the extension and to address the existing budget gap.

Recommendation:

Given the program's potential to enhance rider experience, increase ridership, and receive MTC financial support, staff recommends adopting the Amendment.

Action Requested:

Staff requests the Administration and Finance Committee recommend Board approval for the General Manager to execute the Clipper BayPass Program Amendment with MTC.

Attachments:

Amendment No 1_Clipper BayPass Participation Agreement

**AMENDMENT NO. 01 TO CLIPPER® BAY PASS PILOT PROGRAM
PARTICIPATION AGREEMENT**

THIS AMENDMENT, effective as of August 15, 2024 is Amendment No. 01 to the Clipper® BayPass Pilot Program Participation Agreement, dated November 1, 2023, as amended on August 15, 2024 (collectively, “Agreement.”).

WHEREAS, The Clipper BayPass Pilot Program (“Pilot”) was first launched in 2022 by the Metropolitan Transportation Commission (“MTC”) and the participating transit operators (“Operators”) as defined in Clipper® BayPass Pilot Program Participation Agreement. MTC and the Operators are referred to herein collectively as the “Parties” or individually as a “Party;” and

WHEREAS, Phase 1 of the Pilot commenced in August 2022 and Phase 2 of the Pilot commenced in January 2024; and

WHEREAS, After the launch of Phase 2 the Parties determined that several changes to the Agreement were necessary in order to allow the Pilot program to fully capitalize on opportunities to sell the Clipper BayPass Pilot product to institutional customers in the San Francisco Bay Area; and

NOW, THEREFORE, the Parties agree to modify the subject Agreement as indicated below. Where modifications have been made, added text is indicated in italics, deleted text is indicated in strikethrough format.

1. The eighth recital is updated to allow the Fare Integration Task Force (or a designated successor body) to adjust the size of the Clipper BayPass Pilot

WHEREAS, Phase 2 of the Clipper BayPass Pilot Program will offer the Clipper BayPass product for sale to up to 10 employers and/or institutions in the Bay Area with a combined total of up to 20,000 individuals, *unless these cap amounts are adjusted by a vote of the Fare Integration Task Force or its designated successor body*. Each employer/institutional customer of Phase 2, with the exception of Preexisting Institutional Pass Product customers, will enter into a one-year contract with MTC which will set forth the financial terms of the purchase of the Clipper BayPass product. Contracts will be subject to renewal on an annual basis, with financial terms subject to change. Preexisting Institutional Pass Product customers will maintain their existing contractual relationship with the Operator offering their Preexisting Institutional Pass Product with a separate additional contract with MTC for Phase 2 of the Clipper BayPass Pilot unless the Operator, MTC, and customer mutually agree to another contracting arrangement; and

2. A new recital is added after the eighth recital to clarify that Clipper BayPass Phase 1 institutions may purchase Clipper BayPass without counting against the number of passes that can be sold as a part of the Phase 2 Pilot.

WHEREAS, Phase 2 of the Clipper BayPass Pilot Program will offer the Clipper BayPass product for sale to Clipper BayPass Phase 1 Participants. The inclusion of these participants will not count against the Phase 2 capacity limits of 10 employers and/or institutions or 20,000 individuals.

3. The ninth recital is updated to extend the duration of the Clipper BayPass Phase 2 Pilot to ensure all Phase 2 participants are offered the opportunity to purchase a second (renewal) one-year contract:

WHEREAS, Phase 2 of the Clipper BayPass Pilot Program will begin on December 1, 2023 and continue to no later than June 30, ~~2026~~ 2027.

4. A new recital is added after the ninth recital to allow for the Clipper BayPass project to be sold to organizers of special events.

WHEREAS, During Phase 2 of the Clipper BayPass Pilot Program, the Clipper BayPass can be sold as a limited-duration regional transit pass to organizers of special events (e.g. conventions, sports events, festivals, etc.). Revenues collected from the sale of special event passes will be used to reimburse operators consistent with the terms set forth in Article III.

5. The twelfth recital is updated to clarify that San Francisco International Airport (SFO) is excluded from San Mateo County for the purposes of a requirement to be a Preexisting Institutional Pass Product customer.

WHEREAS, During Phase 2 of the Clipper BayPass Pilot Program in San Mateo County (*excluding the property of the San Francisco International Airport (SFO)*) and Santa Clara County, Clipper BayPass will only be offered to Preexisting Institutional Pass Product customers of Caltrain's GoPass Program within three miles of a Caltrain rail station or VTA's SmartPass Program outside of three miles of a Caltrain rail station; and

6. A new recital is added after the fourteenth recital to permit Clipper BayPass Phase 1 Participants to purchase Clipper BayPass for their students/residents as soon as the Participant is ready:

WHEREAS, Phase 1 of the Clipper BayPass Pilot Program commenced in August 2022 and was originally intended to last until July 31, 2024, it was agreed upon by the Parties to extend the Phase 1 Pilot by an additional year, until July 31, 2025 to allow Clipper BayPass Phase 1 Participants additional time to purchase Clipper BayPass for their students or residents under the terms of the Phase 2 Clipper BayPass Pilot Program as soon as the Clipper BayPass Phase 1 Participant institution is ready.

7. Article I (A), Operator Responsibilities, is updated to reflect the extension of the Clipper BayPass Phase 1 Pilot:

A. Participate in the Clipper BayPass Pilot program for the remaining period of the Phase 1 Pilot, lasting until July 31, ~~2024~~ 2025.

8. Article I (B), Operator Responsibilities, is updated clarify the term of the Clipper BayPass Phase 2 Pilot:

B. Participate in the Clipper BayPass pilot program for the entirety of the Phase 2 Pilot lasting from the Effective Date until no later than June 30, ~~2026~~ 2027.

9. Article II (A), MTC Responsibilities, is updated reflect the extension of the Clipper BayPass Phase 1 Pilot:

A. Participate in the Clipper BayPass Pilot program for the remaining period of the Phase 1 Pilot, lasting until July 31, ~~2024~~ 2025.

10. . Article II (B), MTC Responsibilities, is updated clarify the term of the Clipper BayPass Phase 2 Pilot:

B. Participate in the Clipper BayPass pilot program for the entirety of the Phase 2 Pilot lasting from the Effective Date until no later than June 30, ~~2026~~ 2027.

11. Article VI, Term, is updated to clarify the term of the Clipper BayPass Phase 2 Pilot:

The term of the Agreement shall begin upon the Effective Date and continue until June 30, ~~2026~~ 2027, unless terminated by written agreement of the Parties.

SIGNATURES ON SUBSEQUENT PAGES

IN WITNESS WHEREOF, this Amendment has been executed by the parties hereto as of the Effective Date written above.

Metropolitan Transportation Commission

Approved as to form:
Kathleen Kane, General Counsel

Name: Andrew B. Fremier
Title: Executive Director

Matthew Lavrinets, Senior Counsel

Date: _____

Alameda-Contra Costa Transit District

Approved as to form:

Name: Michael A. Hursh

Title: General Manager

Date: _____

Jill A. Sprague, General Counsel

**Golden Gate Bridge, Highway and
Transportation District**

Approved as to form:

Name: Denis J. Mulligan
Title: General Manager

Kimon Manolius, General Counsel

Date: _____

San Francisco Bay Area Rapid Transit District Approved as to form:

Name: Robert M. Powers
Title: General Manager

Jeana Zelan, Interim General Counsel

Date: _____

**City and County of San Francisco
Municipal Transportation Agency**

Approved as to form:
David Chiu, City Attorney

Name: Jeffrey Tumlin
Title: Director of Transportation

Lilian Levy, Deputy City Attorney

Date: _____

San Mateo County Transit District

Approved as to form:

Name: April Chan

Title: General Manager/CEO

Date: _____

Joan L. Cassman, General Counsel

Santa Clara Valley Transportation Authority

Approved as to form:

Name: Carolyn Gonot
Title: General Manager/Chief Executive Officer

Victor Pappalardo, Deputy General Counsel

Date: _____

Peninsula Corridor Joint Powers Board

Approved as to form:

Name: Michelle Bouchard

Title: Executive Director

Date: _____

James Harrison, General Counsel

Central Contra Costa Transit Authority

Approved as to form:

Name: William Churchill

Title: General Manager

Date: _____

Julie Sherman, General Counsel

City of Fairfield
FAST

Approved as to form:

Name: David Gassaway
Title: City Manager

David Lim, City Attorney

Date: _____

City of Petaluma

Approved as to form:

Name: Peggy Flynn

Title: City Manager

Date: _____

Eric W. Danly, City Attorney

Eastern Contra Costa Transit Authority

Approved as to form:

Name: Rashidi Barnes
Title: Chief Executive Officer

Eli Flushman, General Counsel

Date: _____

Livermore/Amador Valley Transit Authority

Approved as to form:

Name: Christy Wegener
Title: Executive Director

Michael N. Conneran, General Counsel

Date: _____

Marin County Transit District

Approved as to form:

Name: Nancy E. Whelan

Title: General Manager

Date: _____

Kerry Gerchow, County Counsel

Napa Valley Transportation Authority

Approved as to form:

Name: Kate Miller

Title: Executive Director

Date: _____

Osman Mufti, General Counsel

Solano County Transit

Approved as to form:

Name: Beth Kranda
Title: Executive Director

Bernadette Shilts Curry, County Counsel

Date: _____

City of Santa Rosa

Approved as to form:

Name: Maraskeshia Smith
Title: City Manager

Samantha W. Zutler, Interim City Attorney

Date: _____

Sonoma-Marín Area Rail Transit District

Approved as to form:

Name: Eddy Cumins
Title: General Manager

Thomas Lyons, General Counsel

Date: _____

City of Vacaville
Vacaville City Coach

Approved as to form:

Name: Brian McLean
Title: Director of Public Works

Melinda C. H. Stewart, City Attorney

Date: _____

Western Contra Costa Transit Authority

Approved as to form:

Name: Robert Thompson

Title: General Manager

Date: _____

Michael N. Conneran, General Counsel

**San Francisco Bay Area Water Emergency
Transportation Authority**

Approved as to form:

Name: Seamus Murphy

Title: Executive Director

Date: _____

Steve Miller, General Counsel

Sonoma County Transit

Approved as to form:

Name: Bryan Albee
Title: Transit Systems Manager

Jeremy Fonseca, General Counsel

Date: _____

City of Union City

Approved as to form:

Name: Joan Malloy

Title: City Manager

Date: _____

Kristopher J. Kokotaylo, City Attorney