

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 11/8/2023

Staff Report No. 23-521

TO: AC Transit Board of Directors
FROM: Michael A. Hursh, General Manager/Chief Executive Officer
SUBJECT: Clipper BayPass Pilot Phase 2

ACTION ITEM

AGENDA PLANNING REQUEST:

RECOMMENDED ACTION(S):

Consider approving AC Transit's participation in Phase 2 of the Clipper BayPass regional transit pilot.

Staff Contact:

Beverly Greene, Executive Director of External Affairs, Marketing & Communications
Chris Andrichak, Chief Financial Officer

STRATEGIC IMPORTANCE:

Goal - Financial Stability and Resiliency

Initiative - Financial Efficiency and Revenue Maximization

The Regional Institutional Pass Pilot Program is designed to improve the rider experience, grow transit ridership, engage Bay Area institutions in the success of public transit, promote commuter market recovery, and bring new funds to public transit.

BUDGETARY/FISCAL IMPACT:

Participation in the Clipper BayPass Regional Institutional Pass Pilot Program is designed to be revenue neutral in the first phase with a possibility of bringing in additional revenue during the second phase of the pilot from organizations without preexisting institutional pass products.

BACKGROUND/RATIONALE:

The Clipper BayPass is an unlimited regional transit pass valid for 27 Bay Area bus, rail, and ferry transit services. The pilot is a result of the Metropolitan Transportation Commission's Fare Coordination/Integration Study, which developed goals for a regional fare system that would promote higher ridership and an improved passenger experience among the regional transit agencies. The BayPass is designed to:

- Evaluate a barrier-free all-agency transit pass to build toward broader fare integration;
- Engage Bay Area institutions and the business community in the success of public transit; and

- Promote commuter market recovery.

The objectives of the pilot program are to demonstrate that an institutional transit pass covering all transit operators may increase transit ridership by better meeting the needs of users, evaluate program performance, and collect data that could be used as the basis of a revenue model for a permanent program.

The pilot is designed to rollout in two phases. The two-year Phase 1 pilot began December 2022 and runs through June 2024. Fifty thousand students and residents were invited to participate at four educational institutions - UC Berkeley (12,000), San Jose State University (7,000), San Francisco State University (9,000), and Santa Rosa Junior College (all students). The three universities had preexisting institutional pass products (i.e., EasyPass), and about 25% of those eligible users received a BayPass through random selection. The pilot was also offered to all residents living in 15 selected affordable housing communities within Alameda, San Mateo, Santa Clara, and Solano counties managed by MidPen Housing, with up to 5,000 eligible participants between MidPen and Santa Rosa Junior College.

Phase 1 Pilot Results

According to data collected by MTC, out of 2 million rides taken from the start of the pilot through August 17, 2023, 38% were taken on AC Transit, a higher percentage than any other transit agency. The ridership data was evaluated for the three universities that had previously offered an institutional pass product (Berkeley, San Francisco, and San Jose). Overall results showed an increase in public transportation usage, transfers between transit operators, and the average fare. Trips (rides) taken by BayPass holders at the three universities show an aggregate increase of trips per Clipper card of 40% when compared to all transit rides taken on the existing pass products. Trips (rides) taken overall by BayPass holders on all transit operators at the three universities show an aggregate increase of trips per Clipper card of 40% when compared to rides taken on the existing pass products. UC Berkeley saw a 37% average trip increase per card. UC Berkeley students using a BayPass rode AC Transit 8% more than students using the Class Pass. Additionally, BayPass participants transferred between transit operators in aggregate about 74% more because of the BayPass card, with a 120% increase in transfers between transit operators for UC Berkeley BayPass participants compared to non BayPass users.

During Phase 2 of the pilot usage from Phase 1 participants will continue to be monitored. Additionally, up to 20,000 new participants at employer and/or institutional organizations will be added. Phase 2 expands the pilot to include up to 10 employers, transportation management associations (TMAs) or other related organizations. All Phase 2 organizations will enter into a one-year agreement with MTC that will confirm program payment between the participating organization and MTC's BayPass program. Those employers or organizations already a part of an existing transit agency pass program will continue the already-established agreement and BayPass will be a separate agreement. Phase 2 is slated to begin December 2023 and continue through June 30, 2026. While Phase 2 BayPass pricing will be established between the participating organization and MTC, the BayPass will not be priced lower than any pre-existing institutional pass products, and the cost of Clipper BayPass to any employer will be above the cost of any pre-existing institutional pass product/program that serves the employer's physical location. AC Transit's responsibilities in Phase 2 will include:

- Continued Phase 1 participation and the expectation of continuing in Phase 2 until the pilot's end (no later than June 30, 2026);

- Provide in-kind staff and administrative support needed to successfully deliver and administer the Clipper BayPass Pilot program;
- Work with MTC, other operators, or consultants as needed for conducting evaluation and research; and
- Facilitate operator payments for any Phase 2 revenue by MTC.

Phase 2 Revenue

Institutional customers who are not currently in a preexisting institution program like EasyPass will be charged a rate equal to a regular Adult Clipper fare for each trip taken. Customers who are in a preexisting institutional pass product will provide revenue equal to the cost of the preexisting institutional pass product (no net decrease in the existing revenue received). Revenue in excess of the amount needed to reimburse transit operators will go to MTC for pilot operation and fare reimbursement. MTC will cover the cost of reimbursement to participating transit operators if the generated revenue is insufficient to cover costs. BayPass cannot be substituted by a preexisting institutional pass product customer-only added as a “upgrade” to the preexisting product.

ADVANTAGES/DISADVANTAGES:

By continuing in the BayPass pilot, AC Transit will be able to evaluate pilot progress on AC Transit service. Pilot advantages show increased transit ridership and positive feedback from pilot participants. Disadvantages include uncertainty post-pilot of the impact both financially and programmatically of BayPass on preexisting fare revenue programs like EasyPass.

ALTERNATIVES ANALYSIS:

The District could decline to participate in Phase 2 of the pilot program. Staff does not recommend this option because AC Transit would be the only Phase 1 agency not moving forward with Phase 2, substantially altering the pilot’s scope and the ability to continue to evaluate the pilot with employers and other organizations on AC Transit service.

PRIOR RELEVANT BOARD ACTION/POLICIES:

22-352 Consider approving the District’s participation in Phase 2 of the Metropolitan Transportation Commission’s Regional Institutional Pass Pilot Program

ATTACHMENTS:

None

Prepared by:

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Approved/Reviewed by:

Beverly Greene, Executive Director of External Affairs, Marketing & Communications

Chris Andrichak, Chief Financial Officer

Jill A. Sprague, General Counsel/Chief Legal Officer