



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL:		DocuSigned by: <i>Michael Jones</i> 47000790F2D7463...		GENERAL MANAGER ACTION REQ'D:	
DATE: 4/15/2026		5/20/2026		BOARD INITIATED ITEM: No	
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Approval of the Clipper BayPass Participation Agreement Update

PURPOSE:

To seek board Authorization to execute an amendment to the Clipper BayPass Participation Agreement (PA), extending the pilot program through December 31, 2030 and implementing four updates to program structure, discount fare reimbursements, administrative cost methodology, and contracting.

DISCUSSION:

Clipper BayPass is the Bay Area's first regional unlimited-ride transit pass, providing eligible employees, students, and affordable housing residents with unlimited access to Clipper-accepting transit services across the nine-county region. The program operates under a Participation Agreement signed by MTC and all transit operators. Phase 2 of the pilot, funded by participating institutions, currently serves more than 80,000 individuals across 22 active contracts with universities, employers, transportation management associations, and affordable housing operators.

The current PA authorizes the pilot through summer 2027 and therefore the Clipper BayPass project team cannot offer new one-year contracts beyond summer 2026 without an extension to the PA. On March 30, 2026, the Regional Network Management (RNM) Council unanimously endorsed the following four proposed updates which are incorporated into the amendment:

1. **Program Extension (to December 31, 2030).** Extends PA authorization by three years to allow continued program operation, annual contract renewals, and continued evaluation in advance of a transition to a permanent program.
2. **Discount Fare Reimbursements.** Reflects, on a limited basis, low-income, senior, youth, and Regional Transit Connection (RTC) discount fares in operator reimbursements. Reimbursements are adjusted based on an estimated percentage of trips by discount group, with the institution required to provide reasonable substantiation to qualify. The lower reimbursement rate enables reduced pricing for partners serving income-qualifying populations, supporting the program's equity mandate and ridership growth while maintaining consistency with the Board-approved fare policy.
3. **Variable Administrative Budget.** Replaces the current fixed \$1M administrative cost cap with an annual cost-based budget tied to actual program operations and maintenance. Staff will present an estimated administrative budget to the RNM Council on an annual basis for review. Administrative costs are recovered through BayPass pricing as an increment above operator reimbursement costs and do not affect operator reimbursement rates.
4. **Simplified Pass-Through Contracting Structure.** Allows institutional partners that are required to hold multiple pass contracts (BayPass plus AC Transit EasyPass, Caltrain GoPass, SamTrans Way2Go, or VTA SmartPass) to hold a single BayPass contract, with distribution of reimbursement to operators handled by MTC. This option is available at the discretion of the operator holding the preexisting institutional pass and does not alter existing contractual requirements for any operator. Existing partner contracts remain unchanged.

The Board is asked to authorize execution of the amended Participation Agreement in advance of the summer 2026 contracting window.

FISCAL IMPACT:

No new District expenditures are required to execute the amended Participation Agreement.

The amended Participation Agreement continues to require that BART be reimbursed from institutional contract revenue for all trips taken. The variable administrative budget is fully recovered through BayPass pricing and does not affect operator reimbursements. The discount fare reimbursement mechanism reduces the per-trip reimbursement to BART as compared to the current Participation Agreement, but does so in accordance with Board-

adopted fare policy. In sum, these provisions ensure that Clipper BayPass will remain at least revenue-neutral to BART.

Moreover, Clipper BayPass has demonstrated strong ridership impacts: a Phase 1 randomized controlled trial found that university students randomly given access to BayPass took 30% more transit trips on average than their peers who did not have access to BayPass, and a Phase 2 analysis found that individuals who became eligible for BayPass on January 1, 2024 took 35% more transit trips in 2024 compared to 2023. To the extent that continuing and expanding the Clipper BayPass pilot continues to drive higher ridership, it will promote continued fare revenue recovery.

ALTERNATIVES:

The Board may decline to authorize execution of the amended Participation Agreement. Under the current agreement, no new one-year contracts may be offered after summer 2026 and the program's authorization expires in summer 2027. Declining the amendment would result in a significant reduction in program participation as existing contracts expire without renewal authority, and would require winding down a program with demonstrated ridership, equity, and customer experience benefits prior to transition to a permanent program structure.

RECOMMENDATION:

Adoption of the following motion.

MOTION:

The Board of Directors authorizes the General Manager, or designee, to execute an amendment to the Clipper BayPass Participation Agreement with MTC and all signatory transit operators, extending the program through December 31, 2030 and incorporating the four program updates as described herein, in a form approved by the Office of General Counsel. (Majority Vote Required).