



# Regional Institutional and Employer Pass Pilot

BART Board of Directors

May 12, 2022

# Fare Policy Context

- Next Generation Clipper System launch (Late 2023)
- Regional Fare Coordination/Integration (FCIS) near term actions:
  - **Institutional all-agency transit pass pilot program** ← Today's focus
  - Free/reduced-price transfers
- State Legislation: SB 917; governor's free fare proposal

Staff will update Board throughout the year on broader fare landscape

# FCIS business case recommended piloting an all-agency institutional pass



## Regional Institutional Pass Definition

- All agency / all-you-can-ride passes that institutions or employers buy for all constituents (comparable to Caltrain Go Pass, AC Transit Easy Pass, Puget Sound Orca Business Passport)
- Pricing likely based on business location for a long-term program, but simplified for Pilot

## Rationale

- Evaluate a barrier-free all agency transit pass to build toward broader fare integration in 2023
- Engage Bay Area institutions and business community in transit's success
- Promote commute market recovery

## Business case summary

- Priced to achieve subsidy parity with other fares (~\$0/new trip)
- Equity: Requires careful design/mitigation to achieve equity balance
- Modeled on successful programs in the Bay Area and in peer regions
- Can be piloted in existing Clipper system

# A pilot institutional transit pass product is the first action in the FITF Policy Vision Statement



## 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. 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.
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:

“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.”

### Proposed Pilot Phases:

Pilot Phase 1 (8/2022): Educational institutions and affordable housing properties

Pilot Phase 2 (2023): Employers, especially in downtown SF and Oakland

# Institutional Pass Pilot



## Objectives:

Demonstrate that an institutional transit pass covering all 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 permanent program.



## Proposed Participants:

**Phase 1:** Public community colleges + universities and affordable housing property managers that are existing customers of transit agency institutional passes.

**Phase 2:** Employers, especially in transit rich locations like downtown San Jose, San Francisco, and Oakland



## Financial Considerations:

**Phase 1:** Pass offered to educational institutions and affordable housing property managers at no additional cost, beyond existing transit agency institutional passes, for pilot period.

**Phase 2:** Price per pass during pilot will be negotiated based on size/location of employer.



## Pilot Budget:

MTC Commission identified \$28 million for fare integration activities at an October 2021 Commission Workshop - \$6 million was targeted for the Institutional Pass Pilot, including to offset possible revenue losses at operators. Target is for pilot to last two years.

# Phase 1 - Proposed Scale and Participants



**Launch Date: August 2022**

**Scale: Up to 50,000 pass holders**

**Cost to Participants: None during pilot**

**Working with:**



Criteria used to develop the participant list:

1. Must be a public educational institution or non-profit affordable housing property manager
2. Must offer students/residents an existing “all-you-can-use” transit pass covering at least one transit operator (technical requirement for August 2022 launch)
3. Geographic diversity of participants within the Bay Area

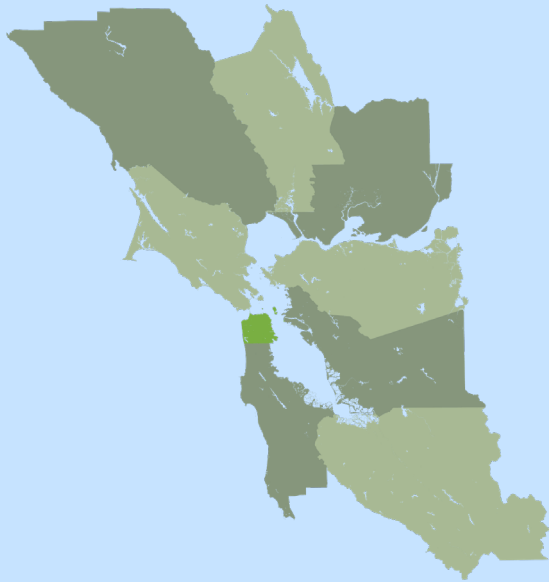


# Phase 2 – Scale and Approach

**Launch Date: Early 2023**

**Scale: Up to 10 employers of various sizes**

**Cost to Participants: Price per pass during pilot will be negotiated based on size/location of employer**



1. Project team will engage with employers, transportation management associations (TMAs), and other stakeholder organizations to solicit interest in Phase 2 participation. Equity will be an important guide in developing Phase 2 recommendations
2. Goals include:
  - Geographic diversity around the Bay Area
  - Focus on transit rich employment centers
  - Employers/organizations that have not been well served by existing institutional pass products
3. Phase 2 would bring in new dollars to transit and would serve as an opportunity to test how a larger program could impact transit demand

# Title VI approach



- The project will launch as a ‘pilot’ under Title VI, meaning agency boards will approve Title VI analyses after the pilot project is underway but before any permanent successor program is launched
- MTC is lead agency for pilot program Title VI process; staff working with FTA to finalize a Title VI approach for the full duration of the pilot
- FTA is currently updating its Title VI Circular, which may allow for more flexibility for ‘pilot’ projects starting later this year



# Funding Plan

## Existing business relationships:

For pre-existing Phase 1 institution/agency pairs, business relationship not impacted by the pilot.

All transit agency pass would be layered on top of single agency product(s)



## Funding for Phase 1

Up to \$4.5 million over 2 years

### Concept Proposal:

Distribute \$2.2 million of funding to operators up-front based share of regional fare revenue in FY 2018-19

Hold \$2.2 million in reserve as a “top up” to distribute in year 2 of the pilot

## Funding for Phase 2

\$1 million over 2 years  
(placeholder)

### Proposal:

Amount represents a placeholder reserve pending the design of Phase 2. While Phase 2 will bring in new dollars, given novel nature of program some revenue uncertainty exists

**Total =  
\$6 million**

**Other Administrative Costs: \$0.5 million** - Consulting support, Clipper card purchases, communications

**Staffing Costs: 1.5 FTE** - Staff hired at BART (+1) and MTC (+0.5), funded from Transformation Action Plan staffing funds

# Work Underway



- Ongoing discussions with pilot partner institutions on logistics and communications
- Advancing research and evaluation approach for each pilot participant institution , assisted by behavioral economics consultant
- Transit agency boards will be briefed in May/June
- Focus currently remains on Phase 1, work on Phase 2 will begin this summer/fall
- Monitoring the Governor’s proposed “3 months of fare free transit” proposal (potential schedule impacts)

# Next steps



- Staff will continue to manage program jointly with MTC staff, agency partners, and institutional partners
- BART participation in pilot will be included in FY23-24 budget resolution
- Staff will update Board on regional and agency-specific fare developments throughout the year, including Next Generation Clipper System/Clipper 2, state-level initiatives, and internal fare policy and programs



