

**Clipper Next
Generation
Overview and
Month Pass
Recommendation
Public Hearing at
the Finance
Committee
11-21-2022**



Agenda

Background-Information

- **Clipper Next Generation Overview**
 - Benefits
 - Timeline
 - Caltrain Mobile Change

Monthly Pass Recommendation

- **Monthly Pass**
 - Current Product Overview
 - Product Recommendation
- **Caltrain Fare Policy Objectives Overview**

Q&A

Clipper Next Generation

- Clipper® is the Bay Area's all-in-one transit card, with discounts for youth, seniors, people with disabilities and people with low incomes.
- Wholesale replacement of the entire backend system and most customer facing fare devices
- Modernization of retail and customer service and expanded fare media options, including mobile and other capabilities.

Benefits:

Improved Support

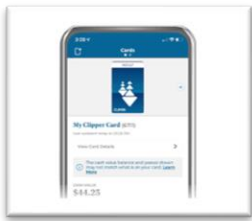
- Regional / agency transfers
- Accumulators
- Regional fare integration
- Fare agreements

Enhancements

- Institutional Portal
- Better visibility to data and analytic tools

Added Features

- Open payment acceptance for contactless cards
- Promotions portal



Phase 1: Load Times (Complete)

- **Faster load times for Caltrain via online and phone**

Phase 2: Limited Clipper Mobile App Launch (Complete)

- **Payment with Google & Apple Pay**
- **Virtual card enabled with instant value / pass load**
- **Trip planning functionality**

Phase 3: Hardware Install Oct 2021 - Fall 2022

- **New Hardware & Benefits**
 - **Caltrain Platforms - New larger screen validators, more validators-HAPPENING NOW**
 - Retail - New POS Devices enabling quicker transactions with no dedicated phone line needed
 - Customer Experience - New Ticket Office Terminal
 - Fare Enforcement - New fare validation equipment with POS option



Phase 4: Customer Facing Upgrades Oct 2022 - Sep 2023

- **New Website and Mobile App**
 - Instantly add value to passes and accounts with plastic or virtual card
 - View real-time trip and payment activity
 - Transfer value between accounts
 - Option for mobile tickets for individual or groups
- **New Customer Relationship Management (CRM) System**
 - More ways to interact
 - Improved incident management
 - Instant sales of passes and value



Clipper Next Generation Timeline



Caltrain Mobile Change

Elimination of Caltrain Mobile Fare Ticketing System (Keep parking payment option)

- Needs to be done within approx. 6 months after Clipper 2.0 launch ~ Sep 2023
- Current direction is to disable ticket and multi-ticket sales on the Caltrain Mobile app (Moovel)
- Agency Lead: Rail Operations

Monthly Pass Recommendation

Caltrain needs to make decisions now to guide C2 development in the coming months for Caltrain Monthly Pass

The next slides present the recommended changes followed by cost and Fare Policy implications.

Refresher: Current Monthly Pass Product

Tagging on/off:

- Customers are required to **tag on and off once per month** to activate the pass
- Travel Data: Not available

Product Structure:

- Defined zones must be purchased; i.e., a 2 zone pass is purchased for Zones 1-2 and is only valid in those zones.
- Travel outside those zones requires a paper zone upgrade ticket to be purchased, via TVM

Monthly Pass Recommendation

Change Requirement for Tagging on/off:

- Customers will be required to tag on and off for every ride
- Travel Data: fully transparent
- Streamlined fare inspection-only check for tag on

This requires a change to the Monthly Pass's Product Structure:

- Current product structure needs to be altered to support tag on and off for every ride.
- **Dynamic Zones-** Instead of naming the specific zones for travel in the pass, passengers would select number of zones they wish to include in their Monthly Pass.
 - The pass would be valid for travel within that number of zones at any location on the corridor, with Zone Upgrade charged for any trips that are longer than the pass's number of zones (using Clipper account, not TVMs).
 - Example: Instead of "Zones 1-3 Monthly Pass," change to be "3 Zone Monthly Pass."

Fare Structure Change Required

- Changing Monthly Pass Product to be based on Dynamic Zones (instead of Named Zones) requires a policy change in the Board-approved Fare Structure.
- Due to Clipper 2.0 requirements, Caltrain needs to provide guidance to Cubic by Dec. 2022
- **We will be requesting board approval to move forward with product programming and changing the fare structure**
- Title VI and marketing / communications plan will be brought to the board closer to execution (Summer/ Fall 2023)



Public Outreach

- Staff presented the changes at a Community meeting held on 11/9/2022
- Staff presented the changes to the Citizens Advisory Committee (CAC) on 11/16/2022.
- The Finance Committee Public Hearing on 11/21/2022.
 - Public notices were provided at all stations and paper notices for passengers were made available no later than 11/7/2022. Notices were also made available in three local newspaper publications (English, Spanish, and Chinese) prior to the public hearing and via a Caltrain press release.
- Survey was made available to gather rider feedback

Survey Results

The survey was conducted in 5 languages (English, Spanish, Chinese, Tagalog, and Vietnamese), with the results indicating a high level of support for the proposed changes. The survey was available open from 10/19/2022-11/7/2022 and received approximately 1600 responses.

- Respondents were presented with background and proposal information and asked whether they agreed, disagreed, or had no opinion about dynamic zones, zone upgrade changes, and tap on and tap off changes.
- Results of the survey showed 87% of respondents favor having the zone upgrade on Clipper and 82% of respondents favor a change to dynamic zones.
- 65% of respondents were in favor of tapping on and off for every ride if it allowed them to utilize the dynamic zones and zone upgrade functionality, even though this represents a requirement to change current practice
 - Many negative respondents were concerned that the low number of standalone validators would be an issue with this change; however Caltrain is currently increasing the number of validators from 170 to over 300 to address this concern.

Cost Implications

While Clipper Next Generation will have a net decrease in costs to Caltrain, these are the estimated costs of recommendation:

Monthly Pass: Requiring Tag On/Off for All Trips

- Additional O&M costs range from \$100-250k annually (result of tagging on/off for all trips)*
- Outreach needed estimated \$20-\$30k expense (MTC has offered support)
- Potential reprogramming TVM's \$10-\$20k, Clipper App, retail terminals

Revenue Impact

- Month Pass- Ridership data is unknown so overall revenue impact is not quantifiable
- Month Pass- A better value proposition and automatic zone upgrade charges has the strong potential to increase overall revenue and ridership

**Cost estimates fluctuate based on regional proportion of ridership. Analysis assumes 22% of overall ridership utilizes Go Pass, and then excluding institutional ridership on Go Pass*



Impact of Recommendations on Caltrain's Fare Policy Objectives



Customer Experience

- Easy for customers to understand and use
 - **Open zones would allow for users seamless travel without need for zone upgrades or prior restrictions**
- Seeks integration with regional and State programs
 - **Ridership data would allow us to understand impacts and better design future programs**

Financial Sustainability

- Ensure the agencies ongoing financial health
 - **Data does not exist to quantify potential revenue impact**
 - **Staff believes the recommendation provides a better value proposition for the customer and may increase Monthly Pass sales**
 - **Recommendations streamline fare enforcement and ensure Zone Upgrades are being purchased, which may result in increased revenue**

Ridership

- Support achievement of agency's ridership goals
 - **Staff believes that the recommendation may incentivize new Monthly Pass participants / increased utilization of the Monthly Pass**
- Maximize use of agency's infrastructure assets
 - **Stand alone validators have been increase from ~170-300 to support tag on and off by Monthly Pass users**
 - **Can leverage business intelligence for vast majority of ridership**

Equity

- Strive for consistency across fare products in revenue generated per passenger / mile
 - **May reduce the cost / revenue per mile for month pass users**
 - **A Title VI Fare Analysis is required within 6 months of the actual change. We will be providing a Title VI Analysis before the implementation of the change to incorporate survey data being used for outreach for the public hearing. Given it's overall benefit, it is unlikely that there will be a disparate impact to minority communities or disproportionate burden to low-income communities.**

Summary

Recommendation

- Staff recommends changing the month pass from defined to dynamic zone which requires month pass customers to tap on and off for each ride

Action

- Requesting Finance Committee recommendation to
 - Adopt a Caltrain monthly pass dynamic zone product to allow customers to purchase a monthly pass that is valid for a defined number of zones to replace the current defined zone product.
 - Update the Caltrain Fare Structure to reflect the fare product change.

Q&A

- Comments can be submitted via email at publiccomment@caltrain.com or phone at 1.800.660.4287 (TTY 650.508.6448)