



Sonoma-Marín Area Rail Transit
5401 Old Redwood Hwy, Suite 200
Petaluma, CA 94954

P: 707-794-3330
F: 707-794-3037
W: www.SonomaMarinTrain.org

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GENERAL MANAGER

Eddy Cumins

June 17, 2026

Sonoma- Marin Area Rail Transit Board of Directors
5401 Old Redwood Highway, Suite 200
Petaluma, CA 94954

SUBJECT:

Dear Board Members:

RECOMMENDATIONS:

Adopt Resolution No. 2026-15, modifying the Clipper Bay Pass Pilot Program Participation Agreement and authorizing the General Manager or his designee to execute Amendment No. 2.

SUMMARY:

Clipper Bay Pass Amendment No. 2

In the fall of 2021, the SMART Board consented to participating in MTC's Institutional Transit Pass Pilot Program referred to as the Clipper Bay Pass. The program was to be implemented in two phases.

- Phase 1 (August 2022): Educational institutions and affordable housing partners
- Phase 2 (January 2024): Employers in transit-rich locations such as downtown San Francisco, Oakland, and San Jose

Phase 1 included five Bay Area institutions of which Santa Rosa Junior College was one. This phase offered passes at no cost to the rider or the partner institution. Participating transit agencies received an upfront payment which was anticipated to be equivalent to the forecasted lost revenue for the two-year pilot program.

Phase 2 allowed the Clipper Bay Pass to be sold to participating institutions. The pilot targeted 10 employers/institutions in the Bay Area with a combined total of up to 20,000 individuals.

Amendment No. 1 to the Bay Pass contract extended Phase 2 through June 30, 2027.

Amendment No. 2, which is before the Board of Directors today, will increase flexibility and maximize opportunities to sell the Bay Pass Pilot product to institutional customers. The changes are:

- Allowing contract durations for institutional customers for up to three years versus annual to reduce administrative burden
- Extending the duration of the pilot program from June 30, 2027, to December 31, 2030
- Designating the Regional Network Management Council as the designated successor body to the Fare Integration Task Force

- Adding a recital to clarify any supplemental agreements between MTC and Operators with preexisting Institutional Pass Products
- Incorporating existing Clipper discount programs into reimbursements to Operators for trips made on Clipper Bay Pass
- Creating a process for excess revenue to be distributed to the Operators
- Adding a process for MTC to receive reimbursement for operation management of the Pilot program.

FISCAL IMPACT

Phase 2 of the Clipper Bay Pass program is expected to be revenue neutral and if not, funds have been set aside by MTC to provide for a backfill.

Sincerely,

/s/

Heather McKillop
Chief Financial Officer

Attachment(s): Att. 1 Resolution No. 2026-15 – Amendment No. 2 Clipper Bay Pass Pilot Program
Att. 2 Amendment No. 2 Clipper Bay Pass Pilot Program Participation Agreement

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT, STATE OF CALIFORNIA, MODIFYING CERTAIN PROVISIONS OF THE BAY PASS PILOT PROGRAM PARTICIPATION AGREEMENT

WHEREAS, in the fall of 2021, the SMART Board of Directors consented to participating in the Clipper Bay Pass Institutional Pilot Program; and

WHEREAS, Phase 1 was implemented in the fall of 2022 to educational institutions to include Santa Rosa Junior College; and

WHEREAS, in June of 2023, the Board approved SMART’s participation in Phase 2 of the pilot program which was implemented in January 2024; and

WHEREAS, Phase 2 targeted employers and/or institutions; and

WHEREAS, Amendment No. 1 to the Pilot Program extended the time frame through June 30, 2027;

WHEREAS, Amendment No. 2 modifies certain provisions of the agreement to increase flexibility, maximize opportunities, and extends the pilot program until December 31, 2030; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors approves Amendment No. 2 of the Clipper Bay Pass Pilot Program Participation Agreement and authorizes the General Manager or his designee to execute all documents as necessary.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Sonoma-Marín Area Rail Transit District held on the 17th day of June 2026, by the following vote:

DIRECTORS:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Chris Coursey, Chair, Board of Directors
Sonoma-Marín Area Rail Transit District

Kyreen Jorgensen, Clerk of the Board of Directors
Sonoma-Marín Area Rail Transit District

Sonoma-Marin Area Rail Transit District

Approved as to form:

Name: Eddy Cumins

Title: General Manager

Date: _____

Jessica Sutherland, General Counsel

AMENDMENT NO. 2
To CLIPPER® BAY PASS PILOT PROGRAM PARTICIPATION AGREEMENT

THIS AMENDMENT, effective as of July 1, 2026 is Amendment No. 02 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, Amendment No. 1 of the Clipper BayPass Pilot Program Participation Agreement extended Phase 2 of the Pilot through June 30, 2027.

WHEREAS, After Amendment No 1. to the Agreement, the Parties determined that several additional changes to the Agreement were necessary in order to allow the Pilot program to maximize 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 an “up to three-year” basis for contract duration to reduce administrative burden associated with annual contracts where applicable.

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~~ *up to a three-year 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. The ninth recital is updated to extend the duration of the Clipper BayPass Phase 2 Pilot to continue to allow for continued discussion amongst the Parties regarding programmatic structure:

WHEREAS, Phase 2 of the Clipper BayPass Pilot Program will begin on December 1, 2023 and continue to no later than ~~June 30, 2027~~ *December 31, 2030*.

3. An additional recital is added to factor existing Clipper discounts into reimbursements to Operators for trips made on Clipper BayPass.

WHEREAS, there are Clipper discounts for youth, seniors, individuals with qualifying disabilities (RTC) and individuals with qualifying incomes (START). These discounts will be applied to reimbursements paid to Operators for trips made on Clipper BayPass consistent with the terms set forth in Article III, part A.

4. An additional recital is added to clarify the work that MTC and Clipper BayPass project staff have done and continue to do to support program implementation.

WHEREAS, MTC and Clipper BayPass project staff have and will continue to support program implementation and administration. Their work includes outreach and sales, contract review and routing, Clipper institutional portal training for partner organizations, partner billing, partner headcount reporting, biannual partner surveys and survey analysis, ridership data reporting and analysis, contract renegotiation, and Operator reimbursement calculation and administration.

5. An additional recital is added to clarify that the Regional Network Management Council is the designated successor body to the Fare Integration Task Force.

WHEREAS, The Regional Network Management Council is the designated successor body to the Fare Integration Task Force, which was sunsetted in April 2025.

6. An additional recital is added to clarify any supplemental agreements between MTC and Operators with Preexisting Institutional Pass Products.

WHEREAS, MTC and Clipper BayPass project staff recognize that there may be supplemental agreements between MTC and Operators with Preexisting Institutional Pass Products. Any supplemental agreement would be signed by MTC and the affected Operator. MTC will provide a copy of each supplemental agreement to all parties to the Participation Agreement once executed.

7. 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, 2027~~ *December 31, 2030*.

8. 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, 2027~~ *December 31, 2030*.

9. Article V, 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, 2027~~ *December 31, 2030*, unless terminated by written agreement of the Parties.

10. Article III (A), Program Revenues is updated to incorporate existing Clipper discount programs into reimbursements to Operators for trips made on Clipper BayPass.

- A. Any Phase 2 revenue generated by the sales of Clipper BayPass to an employer/ institutional customer that was not a customer of an Operator's Preexisting Institutional Pass Product on either January 1, 2020 or on the Effective Date shall be allocated by MTC amongst the Parties based on actual passenger usage of the Clipper BayPass Phase 2 product at a rate equal to a regular Adult Clipper fare for each trip taken- *except when the employer / institutional customer provides reasonable substantiation to MTC for the share of its eligible employees / members who qualify for a Clipper discount program on the Operators listed in Article III part A.1. Because applying discounts in this manner will introduce additional administrative complexity, MTC will offer the opportunity for employers / institutional customers to apply Clipper discounts on a limited basis in accordance with Clipper BayPass project staff administrative capacity.*

In cases where Clipper discounts are applied, reimbursements to Operators listed in Article III part A.1 will be discounted on a pro-rata basis according to the share of eligible employees / members who qualify for a Clipper discount program. Employers must provide reasonable substantiation for the shares of their employees that qualify for all Clipper discount programs other than Clipper START. Non-employers must provide reasonable substantiation for the shares of their population that qualify for all Clipper discount programs.

A.1 Operators who have opted to participate in applying Clipper discounts to their reimbursements for trips made on BayPass are:

- 1. Alameda-Contra Costa Transit District; Golden Gate Bridge, Highway and Transportation District; San Francisco Bay Area Rapid Transit District; City and County of San Francisco Municipal Transportation Agency; San Mateo County Transit District; Santa Clara Valley Transportation Authority; Peninsula Corridor Joint Powers Board; City of Fairfield (FAST); City of Petaluma; Eastern Contra Costa Transit Authority; Livermore/Amador Valley Transit Authority; Marin County Transit District; Napa Valley Transportation Authority; Solano County Transit; City of Santa Rosa; Sonoma-Marin Area Rail Transit District; City of Vacaville (Vacaville City Coach); Western Contra Costa Transit Authority; San Francisco Bay Area Water Emergency Transportation Authority; Sonoma County Transit; City of Union City.*

11. Article III (C), Program Revenues is updated to decouple the requirement that program revenues exceed the amount necessary to reimburse Operators from MTC's ability to receive reimbursement for operation and management of the Clipper BayPass Pilot program.

C. Should the Phase 2 revenue be in excess of the amount needed to reimburse Operators under the terms described in Article III, subsections A and B, these additional revenues ~~up to a limit of \$1,000,000 or whatever costs were incurred by MTC to establish the Phase 2 program, whichever is less, shall be available to reimburse MTC for the operation and management of the Clipper BayPass Pilot program subject to the approval of the Fare Integration Task Force or any designated successor body. All additional excess revenues, beyond the limit described above,~~ will be allocated to Operators based on each Operator's share of overall Phase 2 ridership.

12. Article III (G) is added to formalize a process for MTC to receive reimbursement for operation and management of the Clipper BayPass Pilot program.

G. On an annual basis, MTC and Clipper BayPass project staff shall propose, for approval by the Regional Network Management Council or any designated successor body, an annual Clipper BayPass administration budget to be drawn from Clipper BayPass program revenues. The cost of Clipper BayPass annual administration shall be included in the price of BayPass as an increment above the estimated cost of reimbursing Operators for trips taken on BayPass. MTC and Clipper BayPass project staff will endeavor to maintain high standards of program administration efficiency and efficacy, which will be reflected in their proposed program administration budget.

11. Article III (F) is updated to remove the supplemental contract requirement, allow for greater flexibility in contract design (i.e., updated language does not prohibit a pass-through contract) and clarify that the option to enter into the contract is at the discretion of the Operator that holds the pass to which the BayPass is being added (i.e., if the BayPass is being added to an existing AC Transit EasyPass, AC Transit decides whether they want to enter into a passthrough contract or keep separate contracts and so forth).

F. Should any existing employer/institutional customer of one of the Operators' Preexisting Institutional Pass Products express an interest in purchasing the Clipper BayPass product, the Clipper BayPass will only be offered to the existing employer/institutional customer as an upgrade to their Preexisting Institutional Pass Product. ~~MTC will manage a supplemental contract for the BayPass upgrade, and~~ The Parties will strive to align operational processes between the Clipper BayPass and the Preexisting Institutional Pass programs. *The decision to offer the employer/institutional customer a combined contract or maintain separate contracts is at the discretion of the Operator that holds the Preexisting Institutional Pass agreement.*

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

Approve as to form:
Kathleen Kane, General Counsel

Andrew B. Fremier, Executive Director

Matthew Lavinets, Deputy General Counsel

Date: _____