



Bay Area Metro Center
375 Beale Street
San Francisco, CA 94105

Meeting Agenda

Clipper Executive Board

Robert Powers, Chair

April Chan, Vice Chair

Monday, September 23, 2024

1:30 PM

Board Room - 1st Floor

The Clipper Executive Board is scheduled to meet at 1:30 p.m.

Meeting attendees may opt to attend in person for public comment and observation at 375 Beale Street, Board Room (1st Floor). In-person attendees must adhere to posted public health protocols while in the building. The meeting webcast will be available at <https://mtc.ca.gov/whats-happening/meetings/live-webcasts>. Members of the public are encouraged to participate remotely via Zoom at the following link or phone number.

Members of the public participating by Zoom wishing to speak should use the “raise hand” feature or dial *9. When called upon, unmute yourself or dial *6. In order to get the full Zoom experience, please make sure your application is up to date.

Attendee Link: <https://bayareametro.zoom.us/j/82651129501>

iPhone One-Tap: US: +16699006833,,82651129501# US (San Jose)
+14086380968,,82651129501# US (San Jose)

Join by Telephone (for higher quality, dial a number based on your current location) US:

888 788 0099 (Toll Free) or 877 853 5247 (Toll Free)

Webinar ID: 826 5112 9501

International numbers available: <https://bayareametro.zoom.us/u/kdnYJkmbcE>

Detailed instructions on participating via Zoom are available at:

<https://bayareametro.zoom.us/u/kdR1hznEgA>

<https://mtc.ca.gov/how-provide-public-comment-board-meeting-zoom>

Members of the public may participate by phone or Zoom or may submit comments by email at info@bayareametro.gov by 5:00 p.m. the day before the scheduled meeting date. Please include the committee or board meeting name and agenda item number in the subject line.

All comments received will be submitted into the record.

Clerk: Wally Charles

Roster**Robert Powers, Chair; April Chan, Vice Chair****Members: Eddy Cumins, Andrew B. Fremier, Carolyn M. Gonot, Michael Hursh, Denis Mulligan, Jeffrey Tumlin, and Christy Wegener.****1. Call to Order / Roll Call / Confirm Quorum***A quorum of the Board shall be a majority of its voting members (5).***2. Consent Calendar**

- 2a. [24-0986](#) Minutes of the July 22, 2024 Meeting

Action: Approval

Attachments: [2a Minutes of the July 22, 2024 Meeting](#)

3. Information

- 3a. [24-0985](#) Clipper® Schedule, Implementation, and Deployment Update

Update on key developments related to the implementation of the Next Generation Clipper System (C2). The President of Cubic Transportation Systems will be in attendance to provide a system integrator progress report.

Action: Information

Presenter: Jason Weinstein, MTC and Peter Torrellas, Cubic Transportation Systems

Attachments: [3a Clipper Schedule and Implementation Update 2024-09-23](#)

[3ai Clipper Schedule Attachment A](#)

[3aii CEB Status Report 2024-09-23](#)

- 3b. [24-0984](#) Current Clipper® Operations and Performance Update

Update on current Clipper System operations and performance

Action: Information

Presenter: Akash Ghosal, MTC

Attachments: [3b Current Clipper Operations and Performance Update](#)

4. Approval

- 4a. [24-1120](#) Clipper Contract Change Order Amendment - Clipper Card Procurement: Cubic Transportation Systems, Inc. (\$1,000,000)

Request for approval of a Change Order Amendment for procurement of Clipper cards: Cubic Transportation Systems, Inc. (Cubic) (\$1,000,000).

Action: Approval

Presenter: Jennifer Largaespada, MTC

Attachments: [4a Change Order Amendment Card Order](#)

- 4b. [24-1121](#) Contract Change Order Amendment - Operations and Maintenance Extension: Cubic Transportation Systems, Inc. (\$20,000,000)

Request for approval of a Contract Change Order Amendment for a 20 Month operations and maintenance (O&M) period to the original Clipper (C1) Contract: Cubic Transportation Systems, Inc. (Cubic) (\$20,000,000).

Action: Approval

Presenter: Jason Weinstein, MTC

Attachments: [4b_C1 Contract Change Order Amendment - Cubic](#)

- 4c. [24-1122](#) Proposed Amendment 1 to 2022 Amended and Restated Clipper® Memorandum of Understanding (“MOU”) The Clipper Executive Board’s review and approval of proposed Amendment 1 to the 2022 Amended and Restated Clipper® MOU.

Action: Approval

Presenter: Edward Meng, MTC

Attachments: [4c Amendment 1 to Clipper MOU](#)
[4ci Amendment No 1 to 2022 Amended Restated Clipper MOU](#)

5. Acting Executive Director's Report- Weinstein

6. Public Comment / Other Business

*Board Members and members of the public participating by Zoom wishing to speak should use the “raise hand” feature or dial *9. When called upon, unmute yourself or dial *6.*

7. Adjournment / Next Meeting

The next meeting of the Clipper® Executive Board will be held Monday, October 28, 2024, 1:30 p.m. at BART Board Room, 2150 Webster Street, 1st Floor, Oakland, CA 94612, any changes to the schedule will be duly noticed to the public.

Public Comment: The public is encouraged to comment on agenda items at Committee meetings by completing a request-to-speak card (available from staff) and passing it to the Committee secretary. Public comment may be limited by any of the procedures set forth in Section 3.09 of MTC's Procedures Manual (Resolution No. 1058, Revised) if, in the chair's judgment, it is necessary to maintain the orderly flow of business.

Meeting Conduct: If this meeting is willfully interrupted or disrupted by one or more persons rendering orderly conduct of the meeting unfeasible, the Chair may order the removal of individuals who are willfully disrupting the meeting. Such individuals may be arrested. If order cannot be restored by such removal, the members of the Committee may direct that the meeting room be cleared (except for representatives of the press or other news media not participating in the disturbance), and the session may continue.

Record of Meeting: Committee meetings are recorded. Copies of recordings are available at a nominal charge, or recordings may be listened to at MTC offices by appointment. Audiocasts are maintained on MTC's Web site (mtc.ca.gov) for public review for at least one year.

Accessibility and Title VI: MTC provides services/accommodations upon request to persons with disabilities and individuals who are limited-English proficient who wish to address Commission matters. For accommodations or translations assistance, please call 415.778.6757 or 415.778.6769 for TDD/TTY. We require three working days' notice to accommodate your request.

可及性和法令第六章: MTC 根據要求向希望來委員會討論有關事宜的殘疾人士及英語有限者提供服務/方便。需要便利設施或翻譯協助者，請致電 415.778.6757 或 415.778.6769 TDD / TTY。我們要求您在三個工作日前告知，以滿足您的要求。

Acceso y el Título VI: La MTC puede proveer asistencia/facilitar la comunicación a las personas discapacitadas y los individuos con conocimiento limitado del inglés quienes quieran dirigirse a la Comisión. Para solicitar asistencia, por favor llame al número 415.778.6757 o al 415.778.6769 para TDD/TTY. Requerimos que solicite asistencia con tres días hábiles de anticipación para poderle proveer asistencia.

Attachments are sent to Committee members, key staff and others as appropriate. Copies will be available at the meeting.



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #: 24-0986 **Version:** 1 **Name:**
Type: Minutes **Status:** Consent
File created: 7/24/2024 **In control:** Clipper Executive Board
On agenda: 9/23/2024 **Final action:**
Title: Minutes of the July 22, 2024 Meeting
Sponsors:
Indexes:
Code sections:
Attachments: [2a_Minutes of the July 22, 2024 Meeting](#)

Date	Ver.	Action By	Action	Result
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Subject:
Minutes of the July 22, 2024 Meeting

Recommended Action:
Approval

Attachments:



Bay Area Metro Center
375 Beale Street
San Francisco, CA 94105

Meeting Minutes - Draft

Clipper Executive Board

Robert Powers, Chair

April Chan, Vice Chair

Monday, July 22, 2024

1:30 PM

Board Room - 1st Floor

The Clipper Executive Board is scheduled to meet at 1:30 p.m.

Meeting attendees may opt to attend in person for public comment and observation at 375 Beale Street, Board Room (1st Floor). In-person attendees must adhere to posted public health protocols while in the building. The meeting webcast will be available at <https://mtc.ca.gov/whats-happening/meetings/live-webcasts>. Members of the public are encouraged to participate remotely via Zoom at the following link or phone number.

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Attendee Link: <https://bayareametro.zoom.us/j/83546344761>
iPhone One-Tap: US: +14086380968,,83546344761# US (San Jose)
+16694449171,,83546344761# US

Join by Telephone (for higher quality, dial a number based on your current location) US:
888 788 0099 (Toll Free) or 877 853 5247 (Toll Free)
Webinar ID: 835 4634 4761

International numbers available: <https://bayareametro.zoom.us/u/kdoPOzFH5X>
Detailed instructions on participating via Zoom are available at:
<https://bayareametro.zoom.us/u/kdR1hznEgA>
<https://mtc.ca.gov/how-provide-public-comment-board-meeting-zoom>

Members of the public may participate by phone or Zoom or may submit comments by email at info@bayareametro.gov by 5:00 p.m. the day before the scheduled meeting date. Please include the committee or board meeting name and agenda item number in the subject line. Due to the current circumstances, there may be limited opportunity to address comments during the meeting. All comments received will be submitted into the record.

Clerk: Wally Charles

Roster**Robert Powers, Chair; April Chan, Vice Chair****Members: Eddy Cumins, Andrew B. Fremier, Carolyn M. Gonot, Michael Hursh, Denis Mulligan, Jeffrey Tumlin, and Christy Wegener.****1. Call to Order / Roll Call / Confirm Quorum**

Present: 9 - Chair Powers, Vice Chair Chan, Board Member Cumins, Board Member Fremier, Board Member Gonot, Board Member Hursh, Board Member Mulligan, Board Member Tumlin, and Board Member Wegener

2. Consent Calendar

Upon the motion by Board Member Tumlin and seconded by Board Member Cumins, the Consent Calendar was unanimously approved. The motion carried by the following vote:

Aye: 9 - Chair Powers, Vice Chair Chan, Board Member Cumins, Board Member Fremier, Board Member Gonot, Board Member Hursh, Board Member Mulligan, Board Member Tumlin and Board Member Wegener

2a. [24-0885](#) Minutes of the June 24, 2024 Meeting

Action: Approval

Attachments: [2a 24-0885 Minutes of the June 24, 2024 Meeting](#)

3. Approval and Information**3a. [24-0886](#) Clipper® Schedule, Implementation, and Deployment Update**

Update on key developments related to the Next Generation Clipper System (C2).

Action: Information

Presenter: Jason Weinstein, MTC

Attachments: [3a 24-0886 Clipper Schedule and Implementation Update](#)
[3ai 24-0886 CEB Status Report](#)

The following individuals spoke on this Item:

Aleta Dupree, Team Folds; Anthony; Adina Levin, Seamless Bay Area.

3b. [24-0887](#) Current Clipper® Operations and Performance Update

Update on current Clipper System operations and performance

Action: Information

Presenter: Jason Weinstein, MTC

Attachments: [3b 24-0887 Current Clipper Operations and Performance Update](#)

4. Acting Executive Director's Report- Weinstein

5. Public Comment / Other Business

The following individuals spoke on this Item:
Aleta Dupree, Team Folds.

6. Adjournment / Next Meeting

The next meeting of the Clipper® Executive Board will be held Monday, August 26, 2024, 1:30 p.m. at BART Board Room, 2150 Webster Street, 1st Floor, Oakland, CA 94612, any changes to the schedule will be duly noticed to the public.



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #: 24-0985 **Version:** 1 **Name:**

Type: Report **Status:** Informational

File created: 7/24/2024 **In control:** Clipper Executive Board

On agenda: 9/23/2024 **Final action:**

Title: Clipper® Schedule, Implementation, and Deployment Update

Update on key developments related to the implementation of the Next Generation Clipper System (C2). The President of Cubic Transportation Systems will be in attendance to provide a system integrator progress report.

Sponsors:

Indexes:

Code sections:

Attachments: [3a Clipper Schedule and Implementation Update 2024-09-23](#)
[3ai Clipper Schedule Attachment A](#)
[3aii_CEB Status Report 2024-09-23](#)

Date	Ver.	Action By	Action	Result
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Subject:

Clipper® Schedule, Implementation, and Deployment Update

Update on key developments related to the implementation of the Next Generation Clipper System (C2). The President of Cubic Transportation Systems will be in attendance to provide a system integrator progress report.

Presenter:

Jason Weinstein, MTC and Peter Torrellas, Cubic Transportation Systems

Recommended Action:

Information

Attachments:

Clipper® Executive Board

September 23, 2024

Agenda Item 3a

Clipper® Schedule, Implementation, and Deployment Update

Subject:

Update on key developments related to the implementation of the Next Generation Clipper System (C2). The President of Cubic Transportation Systems will be in attendance to provide a system integrator progress report.

Background:

Next Generation Project Schedule

At the May 20, 2024, Clipper Executive Board meeting, MTC staff had assumed that testing, and several other schedule risks, would be substantially complete. At that May meeting, staff reported that we would need to come back to this Board in September with a more comprehensive schedule update.

While there have been significant accomplishments over the past few months, there is not enough schedule clarity and there remains too many schedule risks to establish a start date for Customer Transition.

Since the last Board meeting, we have accomplished the completion of a major milestone that tested the functionality of the new system on a Pilot with 5 operators.

Besides system updates made from the lessons of the first Pilot, we have also accomplished:

- The replacement of all bus and platform reader equipment
- An update of the live production system necessary for other vendors to begin their final integration steps
- And Cubic is now performing dry-run tests in their lab in preparation for the final phase of testing, called System Integration Testing.

Once the System Integration Testing is complete and the other parts of the system are ready, we will conduct a second full system pilot, called Pre-transition Pilot on all operators.

Attachment A to this memo provides the latest project schedule. Because we are just at the start of this last phase of testing with significant schedule risks still remaining, it is difficult to project a precise date for the start of Customer Transition. Attachment A shows several views to the Clipper Program Schedule that will be discussed during the meeting, including the completion of System Integration Testing, the Pre-Transition pilot, the schedule risks, the plan for the next 30-days, and finally the currently projected date for the start of Customer Transition.

Staff will continue to monitor the progress of our on-going activities, and we are working with our partners and evaluating opportunities to accelerate Customer Transition. We will report back to this Board in December on the progress to reduce the schedule risks, and towards determining a new target date for the start of Customer Transition.

C2 Schedule Risks

MTC continues to work with Cubic, transit operators, and other partners to address the following high-priority risks:

- Completion of the dry-run phase of Cubic lab testing
- Start to System Integration Testing
- Fare Gate integration and installation
- Ticket Vending Machine integration and installation with BART and regionally with Ventek
- Integration with the phone providers and their payment wallets

C2 Implementation

Included as Attachment B to this memorandum is a summary of recently completed activities related to delivering the next-generation system; upcoming activities and deliverables for MTC, Cubic, and the transit operators; and other noteworthy items managed by the project team.

C2 Equipment Deployment

The installation of on-board Clipper readers and stand-alone platform readers has been substantially completed. BART continues to make progress with the installation of next-

generation readers (TR4s) at its fare gates and is testing Cubic's release of production-ready software for its ticket vending machines.

C2 Testing

System integration testing is expected to begin in September, followed by the Pre-Transition Pilot in 2025.

Issues:

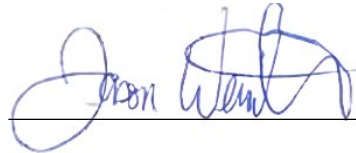
Schedule risks described above

Recommendations:

Information

Attachments:

- Attachment A: Next Generation Clipper Program Schedule Presentation
- Attachment B: Next Generation Clipper Program Executive Summary Status Report



Jason Weinstein

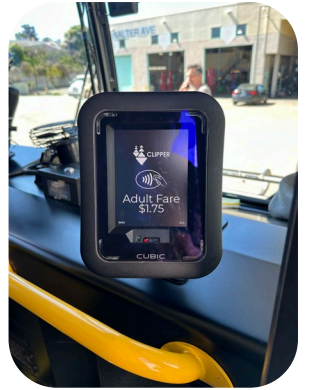


Clipper® Next Generation Schedule

Clipper Executive Board
September 23, 2024

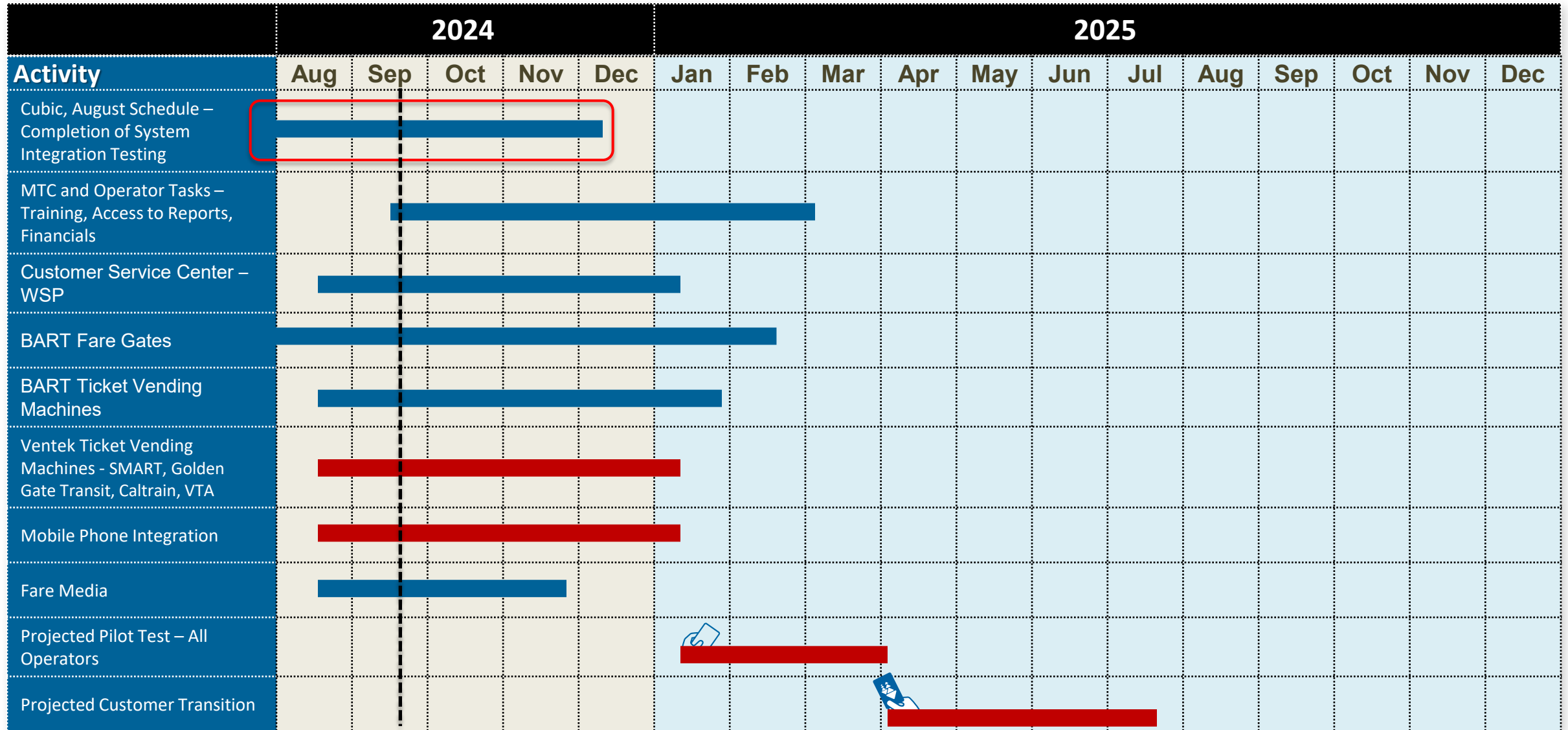
Accomplishments

- Completion of first pilot on 5 Operators
- Replacement of all bus and platform reader equipment, a 3-year effort
- Live production system update necessary for other vendors to begin their final integration steps
- Cubic is performing dry-run tests in their lab in preparation for the final phase of testing (System Integration Testing)



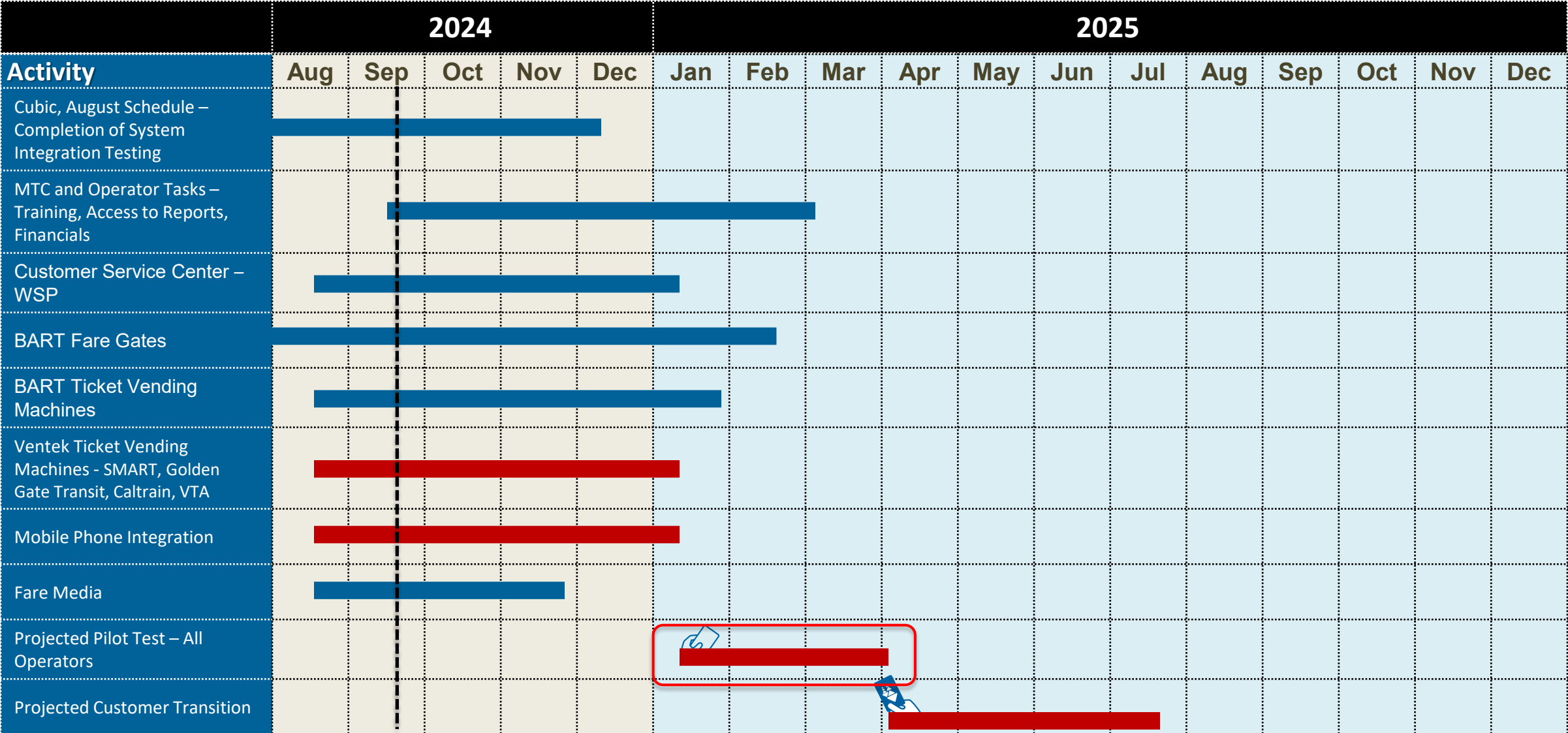
Next Generation Clipper Program Schedule

- Focus on System Integrator Testing



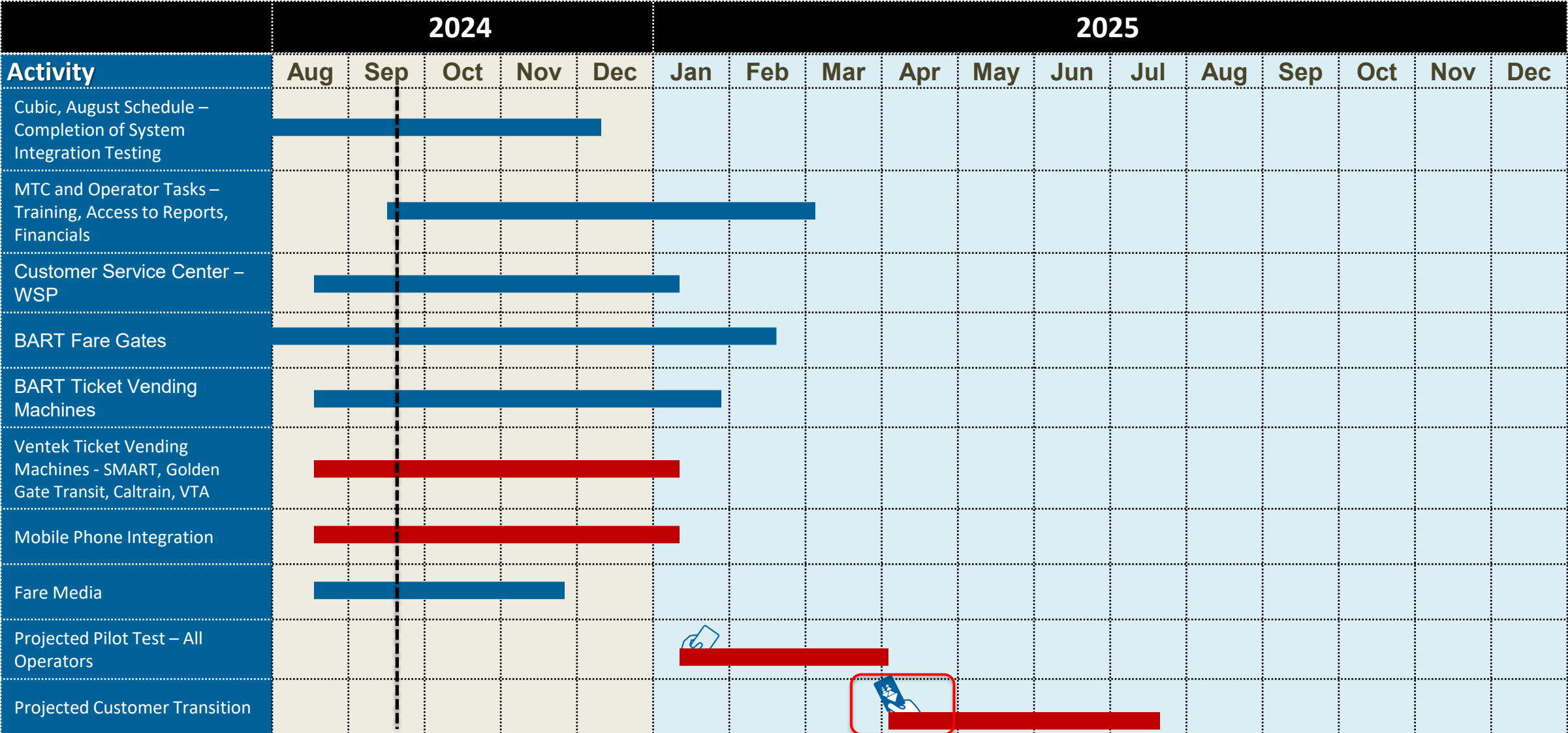
Next Generation Clipper Program Schedule

- Focus on Proposed Pilot Test



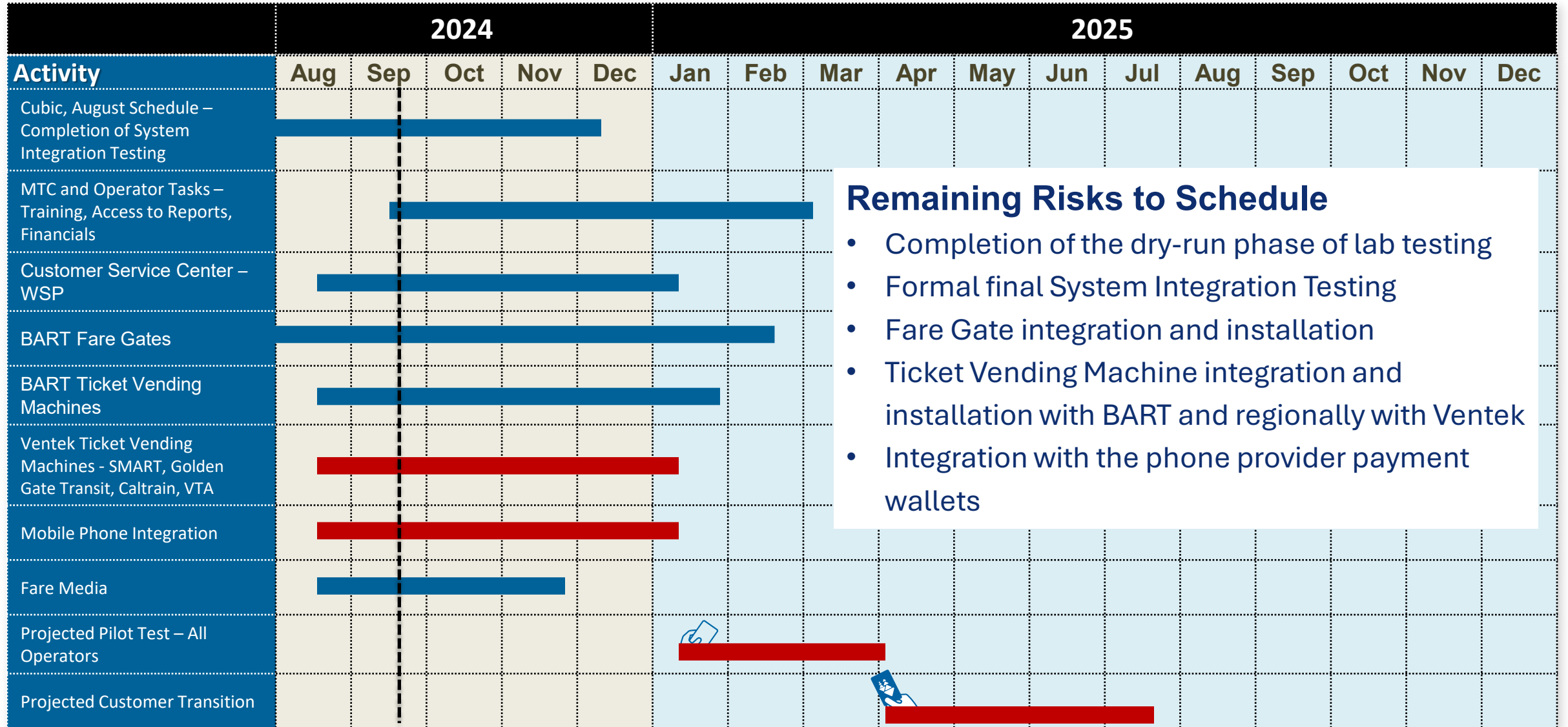
Next Generation Clipper Program Schedule

- Focus on Start of Customer Transition



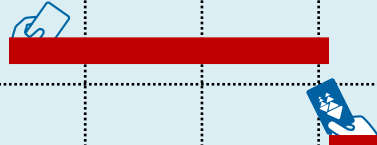
Next Generation Clipper Program Schedule

- **Focus on Risks**



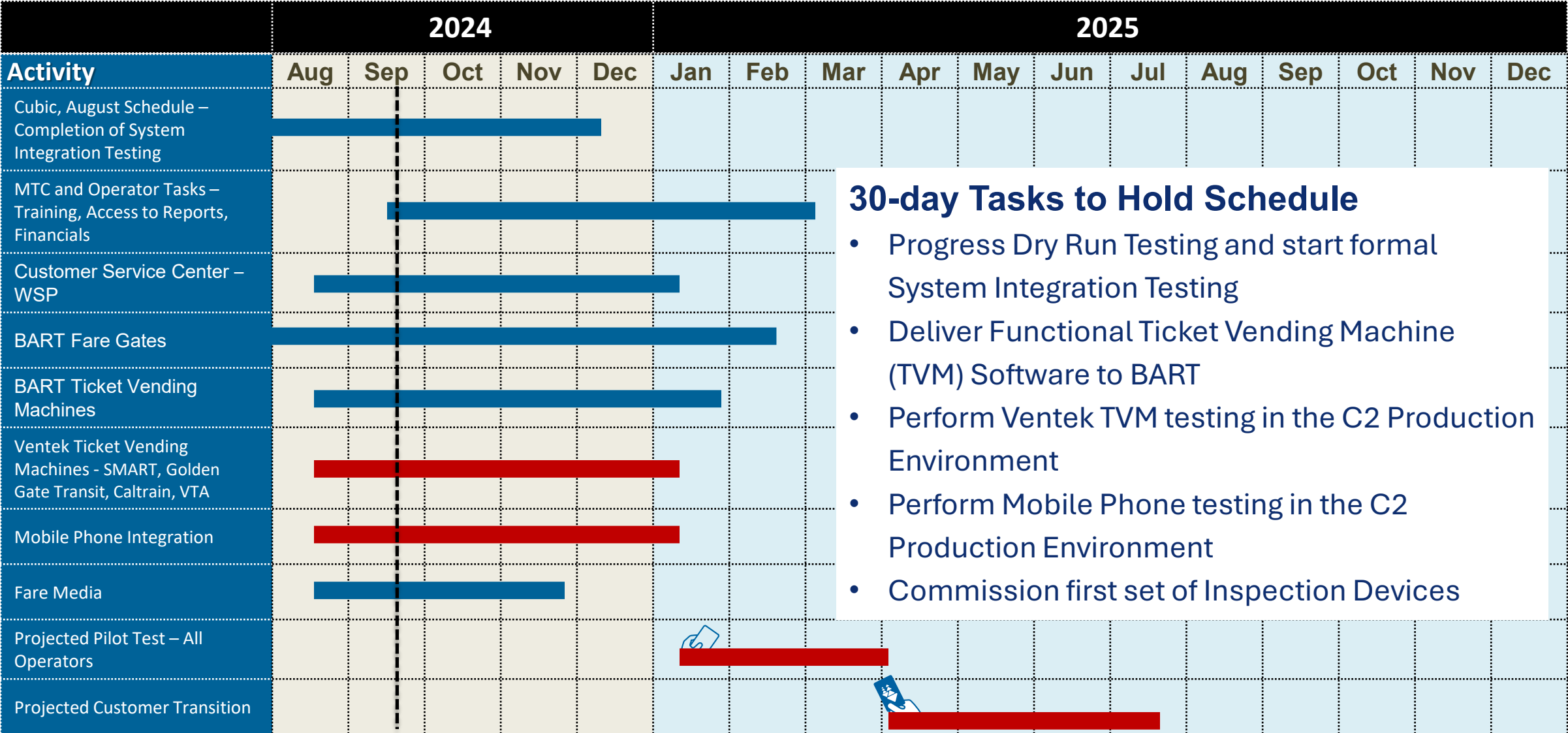
Remaining Risks to Schedule

- Completion of the dry-run phase of lab testing
- Formal final System Integration Testing
- Fare Gate integration and installation
- Ticket Vending Machine integration and installation with BART and regionally with Ventek
- Integration with the phone provider payment wallets



Next Generation Clipper Program Schedule

- Focus on next 30 days



30-day Tasks to Hold Schedule

- Progress Dry Run Testing and start formal System Integration Testing
- Deliver Functional Ticket Vending Machine (TVM) Software to BART
- Perform Ventek TVM testing in the C2 Production Environment
- Perform Mobile Phone testing in the C2 Production Environment
- Commission first set of Inspection Devices

Next Generation Clipper Program

Executive Summary Status Report – September 23, 2024



Summary

- Regionwide installation of standalone validators, onboard validators, and retail devices complete. BART fare gate validator installation continues; BART TVM validator testing in progress.
- Testing of initial pilot test issue bug fixes ongoing. Review of pre-Transition System Integration Testing (SIT) procedures nearing completion. SIT dry runs underway.
- Review of Manuals and Training Materials underway; batch 1 comments with Cubic; batch 2 submittal under review by MTC and transit operators.
- Technical and planning discussions continue with operators on various topics, including inspection device training, transition planning, BART coordination, and paratransit/third-party integration.
- Joint coordination meetings ongoing between MTC and C2 Contractors Cubic (System Integrator and Fare Media Fulfillment), WSP (Customer Service Center), Fiserv (Payment Services), Paragon (C2 Fare Card Supplier), and Confidex (C2 Fare Ticket Supplier).

Recently Completed Activities

	MTC/Arcadis	Cubic	Operators	Date
• New Devices:				
○ BART fare gate validator installation (cont'd)	●	●	●	ongoing
• Account-based System Testing:				
○ Pre-Transition SIT procedures review (cont'd)	●		●	ongoing
• Account-based System Documentation:				
○ Manuals & Training Materials batch 2 submitted to MTC		●		Aug 15
○ Manuals & Training Materials batch 1 comments submitted to Cubic	●		●	week of Sep 16

Upcoming Activities/Deliverables

	MTC/Arcadis	Cubic	Operators	Date
• New Devices:				
○ BART TVM validator testing (cont'd)	●	●	●	ongoing
○ BART fare gate validator installation (cont'd)	●	●	●	ongoing
○ Fare inspection device installation	●	●	●	Sep–Dec
○ SFMTA fare gate validator installation	●	●	●	Oct–Dec
• Account-based System Testing:				
○ Pre-Transition SIT procedures review (cont'd)	●		●	Sep
○ Pre-Transition SIT witnessing	●	●	●	Sep–Nov
• Account-based System Documentation:				
○ Manuals & Training Materials batch 2 review	●		●	Sep
○ O&M Documents resubmittal review	●		●	Sep–Oct
• Clipper Executive Board Meeting	●		●	Oct 28



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #: 24-0984 **Version:** 1 **Name:**

Type: Report **Status:** Informational

File created: 7/24/2024 **In control:** Clipper Executive Board

On agenda: 9/23/2024 **Final action:**

Title: Current Clipper® Operations and Performance Update

Update on current Clipper System operations and performance

Sponsors:

Indexes:

Code sections:

Attachments: [3b Current Clipper Operations and Performance Update](#)

Date	Ver.	Action By	Action	Result
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Subject:

Current Clipper® Operations and Performance Update

Update on current Clipper System operations and performance

Presenter:

Akash Ghosal, MTC

Recommended Action:

Information

Attachments:

Clipper® Executive Board

September 23, 2024

Agenda Item 3b

Current Clipper® Operations and Performance Update

Subject:

Update on current Clipper System operations and performance

Background:

Transaction and Sales

In August 2024, Clipper processed over 14 million transactions and settled over \$34 million in revenue, an increase of 6% and 7%, respectively, compared to August 2023.

Clipper Mobile Card Adoption and Usage

Since the launch of the mobile Clipper card in April 2021, over 3.1 million mobile Clipper cards have been created, and staff has noted a steady increase in both the number and percentage of trips taken using a Clipper mobile card. In August 2024 alone, over 33% of Clipper trips were taken using a mobile card, compared to 28% in August 2023.

Clipper START Card Issuance and Usage

In August 2024, the program received 71% more Clipper START applications compared to August 2023, and Clipper START trips increased by 100% over the same time period.

Quarterly Fare Change Deadline

Fare changes and updates are scheduled to occur quarterly to limit demands on development and testing resources as work continues on developing the Next Generation Account-based System. The deadline for requesting fare changes for January 1, 2025 is October 1, 2024.

Issues:

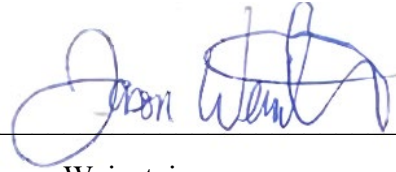
None identified.

Recommendations:

Information.

Attachments:

- None

A handwritten signature in blue ink, appearing to read "Jason Weinstein", is written above a horizontal line.

Jason Weinstein

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Board\CEB2024\2024_09_23\3b_Current_Clipper_Operations_and_Performance_Update_v2.docx



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #: 24-1120 **Version:** 1 **Name:**

Type: Report **Status:** Committee Approval

File created: 8/29/2024 **In control:** Clipper Executive Board

On agenda: 9/23/2024 **Final action:**

Title: Clipper Contract Change Order Amendment - Clipper Card Procurement: Cubic Transportation Systems, Inc. (\$1,000,000)

Request for approval of a Change Order Amendment for procurement of Clipper cards: Cubic Transportation Systems, Inc. (Cubic) (\$1,000,000).

Sponsors:

Indexes:

Code sections:

Attachments: [4a Change Order Amendment Card Order](#)

Date	Ver.	Action By	Action	Result
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Subject:

Clipper Contract Change Order Amendment - Clipper Card Procurement: Cubic Transportation Systems, Inc. (\$1,000,000)

Request for approval of a Change Order Amendment for procurement of Clipper cards: Cubic Transportation Systems, Inc. (Cubic) (\$1,000,000).

Presenter:

Jennifer Largaespada, MTC

Recommended Action:

Approval

Attachments:

Clipper® Executive Board

September 23, 2024

Agenda Item 4a

Clipper Contract Change Order Amendment – Clipper Card Procurement: Cubic Transportation Systems, Inc. (\$1,000,000)

Subject:

Request for approval of a Change Order Amendment for procurement of Clipper cards: Cubic Transportation Systems, Inc. (Cubic) (\$1,000,000).

Background:

Since its inception, the Clipper program has issued nearly ten million cards. Demand has remained steady since BART reintroduced all-Clipper vending at the SFO airport station in October 2023, with the program issuing approximately 150,000 new adult cards each month. This amendment is intended to make funds available in the Change Order should an additional order need to be placed to have sufficient inventory to last until the start of C2 fare media usage. Based on our current rate of distribution, our existing inventory of Clipper cards should last through April 2025. If additional cards are ordered, but not used before the end of C1, they can still be used in the next generation system.

The Clipper program partially offsets the cost of cards by charging most adults a \$3 card acquisition fee. MTC does not recoup the full cost of producing a card with the \$3 card acquisition fee. The current cost of each card is approximately \$2.55, while the program cost of issuing each card is approximately \$1.85, bringing the total cost of issuing a new card to approximately \$4.40. Funds from the \$3 card fee will be used to partially fund this Change Order Amendment. The funds in this Change Order Amendment were fully contemplated in the Two-Year Budget and Work Plan approved by the Board in May 2024. The funds for this proposed change order amendment are currently available in the Clipper card fee account.

Issues:

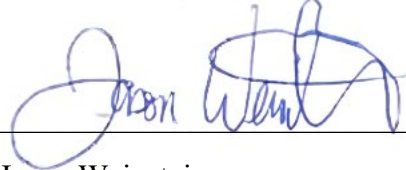
None identified

Recommendation:

Staff recommends that the Board approve a Contract Change Order Amendment with Cubic in an amount not to exceed \$1,000,000, to produce Clipper cards for distribution to customers.

Attachments:

None.

A handwritten signature in blue ink, appearing to read "Jason Weinstein", is written over a horizontal line.

Jason Weinstein

Request for Board Approval

Summary of Proposed Contract Change Order Amendment

Contractor: Cubic Transportation Systems
Oakland, CA

Work Project Title: Clipper Card Procurement (Change Order Amendment, CO-145)

Purpose of Project: To procure Clipper cards

Brief Scope of Work: Under this Change Order Amendment, Cubic will purchase Clipper cards as directed by MTC. This Amendment adds funds to an already existing Change Order.

Project Cost Not to Exceed: \$1,000,000 (this Change Order Amendment)

Total contract value including amendments before this amendment = \$188,617,405

Total contract amount with this amendment = \$189,617,405

Funding Source: Clipper cardholder administrative fees, STP, CMAQ, STA, STP Exchange, Regional Measure 2 Capital and Regional Measure 2 Operating, Regional Measure 3, SB1 State of Good Repair

Fiscal Impact: Funds available in the Clipper card fee account and in the 2024-25 MTC agency budget.

Motion by Board: That the Change Order Amendment with Cubic for the purposes described above and in the Clipper Executive Director's summary sheet dated September 23, 2024, is hereby approved by the Clipper Executive Board.

Clipper Executive Board:

Robert Powers, Chair

Approved: September 23, 2024



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #: 24-1121 **Version:** 1 **Name:**

Type: Report **Status:** Committee Approval

File created: 8/29/2024 **In control:** Clipper Executive Board

On agenda: 9/23/2024 **Final action:**

Title: Contract Change Order Amendment - Operations and Maintenance Extension: Cubic Transportation Systems, Inc. (\$20,000,000)

Request for approval of a Contract Change Order Amendment for a 20 Month operations and maintenance (O&M) period to the original Clipper (C1) Contract: Cubic Transportation Systems, Inc. (Cubic) (\$20,000,000).

Sponsors:

Indexes:

Code sections:

Attachments: [4b_C1 Contract Change Order Amendment - Cubic](#)

Date	Ver.	Action By	Action	Result
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Subject:

Contract Change Order Amendment - Operations and Maintenance Extension: Cubic Transportation Systems, Inc. (\$20,000,000)

Request for approval of a Contract Change Order Amendment for a 20 Month operations and maintenance (O&M) period to the original Clipper (C1) Contract: Cubic Transportation Systems, Inc. (Cubic) (\$20,000,000).

Presenter:

Jason Weinstein, MTC

Recommended Action:

Approval

Attachments:

Contract Change Order Amendment – Operations and Maintenance Extension: Cubic Transportation Systems, Inc. (\$20,000,000)

Subject:

Request for approval of a Contract Change Order Amendment for a 20 Month operations and maintenance (O&M) period to the original Clipper (C1) Contract: Cubic Transportation Systems, Inc. (Cubic) (\$20,000,000).

Background:

In April 2017, this Board authorized a 5-year contract O&M extension of the C1 Contract which is set to expire on 11/2/2024. As discussed in agenda item 3a, the Next Generation Clipper® (C2) System will be launching in 2025. MTC engaged Cubic to negotiate contract extension terms that will allow for the smooth transition from C1 to C2. As has always been the plan, the proposed extension takes into consideration that the C1 back-office needs to continue running even after the full customer transition to C2. A controlled shutdown of the C1 system after customers are fully transitioned to C2 will allow for proper decommissioning of the system after transferring or archiving any required or desired C1 system data.

Scope of Work:

The proposed contract change order amendment provides for an extension of the current O&M term beginning November 3, 2024 with an end date of no later than June 30, 2026 and is broken up into three time periods:

- **November 3, 2024 to the beginning of Customer Transition (Phase 1)**
- **Beginning of Customer Transition through last C1 Card Transition (Phase 2)**
- **Post Customer Transition to C1 System Shutdown (Phase 3)**

During Phase 1, MTC would negotiate to reduce the current C1 O&M payments prior to Phase 2. During Phase 2, MTC would negotiate to move payments that reduces based on customer levels transitioning to C2. During Phase 3 only a flat fee would apply, plus software licensing fees that are paid annually. Additionally, staff is negotiating to have Cubic provide lost-revenue support from the C1 system through Phase 2. Staff will provide a verbal update on the status of the

negotiations at this meeting. The remainder of the existing Contract terms will remain in force throughout the proposed O&M extension.

Issues:

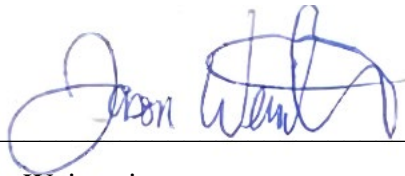
None identified

Recommendation:

Staff recommends that the Clipper® Executive Board approve a Contract Change Order Amendment with Cubic Transportation Systems, Inc., and allow the Executive Director of MTC to finalize negotiation beneficial to the operators and MTC.

Attachments:

None.

A handwritten signature in blue ink, appearing to read "Jason Weinstein", is written over a horizontal line.

Jason Weinstein

Request for Board Approval

Summary of Proposed Contract Change Order Amendment

Contractor: Cubic Transportation Systems
San Diego, CA

Work Project Title: 20 Month Operations and Maintenance Extension

Purpose of Project: Extend current Clipper® system Operations and Maintenance support for up to 20 months until C1 System shutdown.

Brief Scope of Work: Extend Current Clipper® Contract Operations and Maintenance term for up to 20 months to perform C1 Operations and Maintenance with updated payment terms and conditions until C1 system shutdown.

Project Cost Not to Exceed: \$20,000,000 (this Contract Change Order Amendment)

Total contract value including amendments before this amendment = \$189,617,405

Total contract amount with this amendment = \$209,617,405

Funding Source: Participating Operator funds, STP, CMAQ, STA, STP Exchange, Regional Measure 2 Operating, Regional Measure 2 Marketing, Float Account Interest, State of Good Repair, LCTOP

Fiscal Impact: Funds available in current MTC agency operating budget and subject to availability in future MTC agency budgets. Participating Operators will cover a portion of the costs per the 2022 Amended and Restated Clipper® Memorandum of Understanding and Amendments.

Motion by Board: That the Contract Change Order Amendment with Cubic for the purposes described above and in the Clipper Executive Director's summary sheet dated September 23, 2024, is hereby approved by the Clipper Executive Board.

Clipper Executive Board:

Robert Powers, Chair

Approved:

September 23, 2024



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #: 24-1122 **Version:** 1 **Name:**

Type: Report **Status:** Committee Approval

File created: 8/29/2024 **In control:** Clipper Executive Board

On agenda: 9/23/2024 **Final action:**

Title: Proposed Amendment 1 to 2022 Amended and Restated Clipper® Memorandum of Understanding (“MOU”)
The Clipper Executive Board’s review and approval of proposed Amendment 1 to the 2022 Amended and Restated Clipper® MOU.

Sponsors:

Indexes:

Code sections:

Attachments: [4c_Amendment 1 to Clipper MOU](#)
[4ci_Amendment No 1 to 2022 Amended Restated Clipper MOU](#)

Date	Ver.	Action By	Action	Result
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Subject:

Proposed Amendment 1 to 2022 Amended and Restated Clipper® Memorandum of Understanding (“MOU”)

The Clipper Executive Board’s review and approval of proposed Amendment 1 to the 2022 Amended and Restated Clipper® MOU.

Presenter:

Edward Meng, MTC

Recommended Action:

Approval

Attachments:

Clipper® Executive Board

September 23, 2024

Agenda Item 4c

Proposed Amendment 1 to 2022 Amended and Restated Clipper® Memorandum of Understanding (“MOU”)

Subject:

The Clipper Executive Board’s review and approval of proposed Amendment 1 to the 2022 Amended and Restated Clipper® MOU.

Background:

The current 2022 Amended and Restated Clipper® Memorandum of Understanding (“MOU”) was entered into on October 1, 2022 by and among the Metropolitan Transportation Commission and the transit operators participating in the Clipper® program. In addition to the need to extend the card-based Clipper contract beyond its current term, which ends on November 2, 2024, Clipper staff have also identified the need to amend the MOU to remain updated with our current standard operating practices.

The proposed amendment to the MOU (“Amendment 1”), to be effective November 2, 2024, would amend the regional cost-sharing agreements between MTC and the transit operators by:

1. Permitting the extension of the current Clipper contract to a new end-date as may be authorized by the Clipper Executive Board;
2. Updating the cost-sharing language pertaining to cost-sharing agreements not under the current line-item pricing structure to allow for a different payment basis beyond just Time and Materials; and
3. Updating the Revenue Allocation sections so that the Clipper Executive Board may authorize changes in the allocation of program revenue.

As discussed at its June 2024 meeting, the MOU does not provide for the use of revenue generated by investment of the Clipper float account to be used for Clipper system operational problems. However, after substantial outreach and with the approval of transit operator staff on this use of funds to reimburse transit agency claims of lost fare revenue, Clipper staff included \$200,000 in revenue generated by the Clipper program for reimbursement of transit agency

claims for such lost fare revenue in the FY 23-24 Clipper Operating Budget with the authorization of the Clipper Executive Board. Amendment 1 to the MOU clarifies the Clipper Executive Board's authority to allocate program revenues.

Issues:

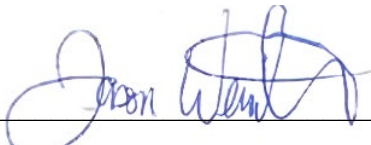
None identified.

Recommendation:

Clipper staff recommend that the Clipper Executive Board approve the proposed Amendment 1 as included in Attachment A to this packet and approve the circulation of the proposed Amendment 1 to the parties for approval and signatures.

Attachments:

Attachment A: Amendment No. 1 to the 2022 Amended and Restated Clipper MOU



Jason Weinstein

AMENDMENT NO. 1 to

2022 AMENDED AND RESTATED CLIPPER® MEMORANDUM OF UNDERSTANDING

This is Amendment No. 1 (“Amendment”), effective as of November 2, 2024 (“Amendment No. 1 Effective Date”) to the Amended and Restated Clipper® Memorandum of Understanding (the "MOU") dated October 1, 2022, by and among the Metropolitan Transportation Commission ("MTC") and the following transit operators participating in the Clipper® program (referred to herein individually as an "Operator" or collectively as the "Operators"):

Alameda-Contra Costa Transit District ("AC Transit"); Golden Gate Bridge Highway and Transportation District ("GGBHTD"); the San Francisco Bay Area Rapid Transit District ("BART"); the City and County of San Francisco, acting by and through its Municipal Transportation Agency ("SFMTA"); the San Mateo County Transit District ("SamTrans"); the Santa Clara Valley Transportation Authority ("VTA"); the Peninsula Corridor Joint Powers Board ("Caltrain"); Central Contra Costa Transit Authority; City of Fairfield, as the operator of Fairfield and Suisun Transit; City of Petaluma; Eastern Contra Costa Transit Authority; Livermore/Amador Valley Transit Authority; Marin County Transit District; Napa Valley Transportation Authority; Solano County Transit; Sonoma County Transit; Sonoma-Marín Area Rail Transit; Vacaville City Coach; Western Contra Costa Transit Authority; San Francisco Bay Area Water Emergency Transportation Authority; City of Santa Rosa; and City of Union City; and any other New Operator Participants in accordance with Article VI.A of the MOU.

MTC and the Operators are referred to herein collectively as the "Parties" or individually as a "Party".

The Parties hereto agree to amend the MOU as follows: Appendix B, Clipper Contract Cost and Revenue Allocation:

1. Appendix B-1, Clipper Cost and Revenue Allocation for Clipper Contract, is deleted in its entirety and replaced by a new Appendix B-1, Clipper Cost and Revenue Allocation for Clipper Contract, attached hereto and incorporated herein by this reference.
2. Appendix B-3, Next Generation Clipper Cost and Revenue Allocation, is deleted in its entirety and replaced by a new Appendix B-3, Next Generation Clipper Cost and Revenue Allocation, attached hereto and incorporated herein by this reference.
3. All other terms of the MOU not amended herein shall remain in full force and effect.

SIGNATURES ON SUBSEQUENT PAGES

IN WITNESS WHEREOF, this Amendment has been duly authorized and executed by the Parties hereto on the dates specified below by their duly authorized representatives.

Metropolitan Transportation Commission

Approved as to form:
Kathleen Kane, General Counsel

Name: Andrew B. Fremier
Title: Executive Director

Matthew Lavrinets, Senior Counsel

Date: _____

DRAFT

Appendix B-1
Clipper Cost and Revenue Allocation for Clipper Contract

This Appendix B-1 applies to cost and revenue allocation during the extended Operations & Maintenance (O/M) term of the Clipper Contract, which will extend through November 2, 2024, unless *amended by the Contracting Agency with the approval of the Clipper Executive Board* earlier terminated. The cost allocation formulas and principles in this Appendix B-1 were included in the 2016 MOU and apply only to the Clipper Contract.

1. Cost Allocation Among Operators

The allocation of Clipper operating costs to each Operator shall be tied to the cost driver of each category of operating expense outlined in Section 2.B. The percent allocation in each category will be based on actuals by Operator. "Percentage of Cards Used" by Operator will be used to assess operating fees for account-based, fixed or other costs not directly attributable to either transit transactions or revenue and will be based on the number of individual cards used at least once on an Operator's system. "Fee Generating Transit Transactions" shall mean any activity in which a Clipper card is used to receive service on or from an Operator's system that results in a charge pursuant to Attachment 2 to Part I of the contract between MTC and Cubic for the operation of Clipper. "Revenue Processed" shall mean the fee collected on behalf of each Operator by the Clipper clearinghouse (e.g., the price charged to ride on the Operator's transit system, the value of pass sales, the amount of parking fees paid).

The allocation of Clipper operating costs to each Operator while the current Clipper Contract line item pricing structure is applicable shall be based on the following formula:

MOU Section 2.B.i	Fee Category	Allocation Formula
a,b,c	9.0 Cardholder Support Services	Percentage of Cards Used
d,e,f	10.0 Third Party Load Service Fees	Percentage of Cards Used
g	11.0 Autoload Services	Percentage of Cards Used
h	13.22.45 Supplemental Operations	Percentage of Cards Used
i	13.31 Clipper Transaction Fee	Percentage of Fee Generating Transit Transactions
j,k,l,m	13.60-90 Incremental Credit/Debit Card Interchange Fees	Percentage of Revenue Processed
n	Reimbursement of Bank Fees/Direct Charges	Percentage of Revenue Processed
o	Network Communication Reimbursement	Direct Charge to Operator
p	Specialized Card Printing	Direct Charge to Operator
q,r	Operator Share of Staffing	Percentage of Cards Used
s	Add Value/TVM Debit Card Interchange Fees for Non-Clipper Gateways	Percentage of Revenue Processed

In addition to the Clipper operating costs allocated in accordance with Section 2.B(i) herein, each Operator shall be responsible for payment of:

- a. Clipper Data Server (CDS) Store operating costs specified below for any CDS Store

implemented on such Operator's site; and

- b. Incremental Clipper operating costs established by and/or resulting from Clipper Contract change orders requested and funded by an Operator for Operator's use and benefit shall be the responsibility of such Operator. This applies to costs or portions of costs that would otherwise be MTC's responsibility as described below.

2. Clipper Costs

A. MTC Operating and Maintenance Costs. MTC shall pay the following Clipper operating costs under the Clipper Contract's line item pricing structure:

- i. All fixed operating costs of the Clipper clearinghouse and equipment maintenance services costs as specified in the Clipper Contract's Price Schedule (Attachment 2 to the Clipper Contract) (the "Price Schedule"), including:
 - a. Item 3.20 Program Management - Operations and Maintenance
 - b. Item 3.30 Clipper Testbed Operations & Maintenance
 - c. Item 5.31 Operator Help Desk
 - d. Item 5.32 Reporting
 - e. Item 5.33 Asset Management
 - f. Item 6.0 Equipment Maintenance Services
 - g. Item 10.21(a) Location Acquisition
 - h. Item 10.22 Location Servicing and Support
 - i. Item 10.23 (a) Acquisition Payment for Third Party Location
 - j. Item 12.0 Network Management
 - k. Item 13.22 Basic Monthly Operations and Admin
- ii. Variable Clipper operating costs as specified in the Price Schedule (Attachment 2 to the Clipper Contract), specifically:
 - a. Item 7.10-2 Senior and Youth Card Mail-In Applications
 - b. Item 8.10(a-g) Card Distribution Services
 - c. Item 8.11 Card Distribution Services
 - d. Item 8.12 Card Distribution Services
 - e. Item 8.20 Cardholder Education
 - f. Item 8.31 Location Acquisition for Completion of Distribution Network
 - g. Item 8.32 Location Acquisition for Completion of Distribution Network
 - h. Item 8.41 Pass Through of Amounts Paid for Installation of Phone Lines
 - i. Item 9.41 Fixed and Incremental Fees Per Active Card Account (50% of the invoiced amount)
 - j. Item 9.5 Service Level Standard Incentives and Abatements
 - k. Item 13.100 Mobile Website Operations and Maintenance
- iii. All other lump sum and capital expense items specified in the Price Schedule not enumerated above or covered by Section 2.B.

B. Operator Operating Costs under the Clipper Contract's Line Item Pricing Structure.

- i. Operators shall pay the following listed Clipper operating costs in accordance with the cost sharing formula in Section I, reduced by any amounts payable by MTC pursuant to Section 2.A. References to Item numbers refer to the corresponding

prices payable to the Clipper Contractor under the Price Schedule, which are subject to annual price adjustment as specified in Article 13.6 of the Clipper Contract:

- a. Item 9.24 Balance Protection Services Registration
 - b. Item 9.25 Lock/unlock Clipper Application
 - c. Item 9.41 Fixed and Incremental Fees Per Active Card Account (50% of the invoiced amount)
 - d. Item 10.11 Clipper E-purse Load
 - e. Item 10.12 Pass/Stored Ride Load
 - f. Item 10.24 Employer Program Commission
 - g. Item 11.0 Autoload Services
 - h. Item 13.22.45 Supplemental Monthly Operations and Admin
 - i. Item 13.31 Clipper Transaction Fee
 - j. Item 13.60 Incremental Gateway Fees
 - k. Item 13.70 Incremental Debit Card Interchange Fees
 - l. Item 13.80 Incremental Credit Card Interchange Fees
 - m. Item 13.90 Pass Through Website Credit Card Processing Fees
 - n. Reimbursement of Contracting Agency bank fees and direct bank charges in connection with the Clipper bank account(s) in excess of the amounts reimbursed under Section 3.A below
 - o. Direct payment or reimbursement of Contracting Agency costs for network communication.
 - p. Direct payment or reimbursement of Contracting Agency costs for materials necessary for additional printing, e.g. secondary printing or personalization, on Clipper cards
 - q. Reimbursement of Contracting Agency costs for a portion of salary and benefits of any additional staffing as approved by the Executive Board to support the Clipper program.
 - r. Reimbursement of Contracting Agency costs for a portion (at least fifty percent) of the salary and benefits of the Clipper Executive Director as approved by the Executive Board.
 - s. Reimbursement of Operator costs for credit/debit interchange fees generated through an Operator-specific gateway associated with Clipper sales through ticket officed terminal devices and add value and ticket vending machines, as long as the total average fees do not substantially exceed the average Clipper fees.
- ii. Changes or Additions to Operator Operating Costs Items. Except as reserved for Executive Board approval in 2.B(i)(q, r, s), substantive changes or additions to the Operator-paid operating cost items set forth in Section 2.B(i) require an amendment to this Appendix B and approval of all Parties to the MOU as of the date of the change or addition.
- iii. Contracting Agency shall invoice each Operator on a monthly basis for its share of the operating costs. The Operators shall pay Contracting Agency within fifteen (15) calendar days of receipt of such invoice.

3. Cost Allocation of ~~Time and Materials~~ Payments to Clipper Contractor during Clipper Contract O&M Extension Period

Any payments to the Clipper Contractor on a ~~time and materials~~ basis during the Clipper Contract O&M Extension Period, *basis differing from the Clipper Contract line item pricing structure in*

Sections 1 and 2 above, exclusive of pass-through fees, will be split equally (50%/50%) between MTC and the Operators. The Operators' share shall then be further allocated to each Operator based 50% on its Percentage of Cards Used and 50% on its percentage of Fee-Generating Transit Transactions.

Pass-through fees shall be allocated to Operators as set forth Sections 1 and 2 above.

4. Revenue Allocation

Revenues generated by Clipper during any period of time, including interest earnings on funds held by the clearinghouse and excluding fare revenues or parking fees collected on behalf of and distributed to Operators, shall be utilized as follows, *unless otherwise authorized by the Clipper Executive Board*:

- A. To offset Contracting Agency's bank fees and direct bank charges related to the managing of the Clipper accounts;
- B. After deduction of Contracting Agency's bank fees and charges under Section 4.A above, To reduce the Operators' Clipper operating costs listed in Section 2.B(i) above or in Section 3 above; and
- C. After payment of Operators' Clipper operating costs listed in Section 2.B(i) or in Section 3 above, to be allocated to Operators by applying the percentage of cards used by Operator specified in Section I herein, ~~unless otherwise authorized by the Executive Board.~~

Notwithstanding the above, fees charged cardholders for card acquisition, card replacement, balance restoration, failed Autoload funding recovery, card refund processing, and other card-related activities shall be reserved to pay for future card procurements; provided, however, that surcharges on limited use cards or other fare media imposed by an Operator to pay for the acquisition, implementation, administration and replacement of such fare media shall be distributed to and retained by such Operator. (For clarity, any surcharge imposed by an Operator as part of its fare structure shall be considered "fare revenue" and shall be distributed to and retained by such Operator.)

Appendix B-3

Next Generation Clipper Cost and Revenue Allocation

1. Allocation of Fixed Monthly Accelerated Deployment O/M Payments

Payments to the Clipper Contractor for Accelerated Deployment Operations and Maintenance (O/M) and Post-Revenue Ready Accelerated Deployment O/M under the Next Generation Clipper Contract, Articles 3.8.4, Scaling of O/M Payments, and 3.8.5, O/M Payments for Accelerated C2 System Deployment and Attachment C-5, Payment Form for C2 System Operations & Maintenance will be allocated in accordance with this Appendix B-3.1.

- a. Accelerated Deployment fixed monthly O/M payments triggered by issuance of the Accelerated C2 System Deployment Mobile O/M NTP shall be split 50%/50% between MTC and the Operators. Each Operator's share shall then be determined based 50% on its Percentage of Cards Used and 50% on its Percentage of Fee-Generating Transit Transactions. "Percentage of Cards Used" by Operator will be based on the number of individual cards used at least once on an Operator's system during the specified billing period. "Fee Generating Transit Transactions" shall mean any activity in which a Clipper card is used to receive service on or from an Operator's system that results in a charge pursuant to Attachment 2 to Part I of the Clipper Contract between MTC and Cubic.
- b. Accelerated Deployment fixed monthly O/M payments triggered by issuance of Accelerated C2 System Deployment Equipment O/M NTP shall be split 50%/50% between MTC and the Operators. Each Operator's share would then be determined based 50% on its Percentage of Cards Used and 50% on its Percentage of Fee-Generating Transit Transactions (excluding BART's Fee-Generating Transit Transactions from the total count).
- c. Post-Revenue Ready Accelerated Deployment fixed monthly O/M payments triggered by issuance of a notice by MTC that Revenue Ready has been achieved shall be split 50%/50% between MTC and the Operators. Each Operator's share shall then be determined based on its Percentage of Clipper Ridership. "Percentage of Clipper Ridership" by Operator will be based on the number of transit trips taken on an Operator's system and reported through the Clipper fare system during the specified billing period.
- d. MTC shall pay for 100% of the pass-through fees associated with the conversion of physical Clipper cards to virtual mobile cards and on-going pass-through fees associated with the use of virtual mobile cards and the Clipper mobile app.

2. Allocation of Capital Costs

- a. MTC shall pay for the following Clipper capital costs:
 - i. Capital costs associated with the initial design, development and testing, installation and transition, and end of term transition under the Next Generation Clipper Contract
 - ii. Clipper Equipment included in Attachment C-8, Payment Form for Equipment, not purchased by an Operator pursuant to Article 8.7 of the

- Next Generation Clipper Contract, Purchase and Ownership of Equipment by Transit Operators
- iii. Capital costs associated with the initial implementation and ongoing costs of the Other Next Generation Clipper Contracts, not including capital costs associated with the purchase of limited use fare cards (tickets)
 - iv. Clipper Capital costs established by and/or resulting from Clipper Contract or Other Next Generation Clipper Contract change orders requested and funded by the region for the region's use and benefit
 - v. All other lump sum and capital expense items in Attachment C, Payment Forms of the C2 SI Contract not enumerated above or covered under Appendix B-3.2(b) below
- b. The Operators shall pay for the following Clipper capital costs:
- i. Capital costs associated with the purchase of limited use fare cards (tickets)
 - ii. Clipper Equipment purchased by an Operator pursuant to Article 8.7 of the Next Generation Clipper Contract, Purchase and Ownership of Equipment by Transit Operators
 - iii. Clipper Capital costs established by and/or resulting from Clipper Contract or Other Next Generation Clipper Contract change orders requested and funded by an Operator for Operator's use and benefit

3. Allocation of Monthly Account-Based O/M Payments

Payments to the Clipper Contractor for Account-Based Operations and Maintenance of the Next Generation Clipper system under the Next Generation Clipper Contract, Article 3.8 and Attachment C-5, Payment Form for Operations & Maintenance, will be triggered by issuance of a C2 System Transition Notice to Proceed (NTP) from MTC to the Clipper Contractor setting the agreed-upon O/M Commencement Date as set forth in Article 8.2, Commencement, and indicating that Customer Transition to the Next Generation Clipper system can occur.

- a. Account-Based fixed monthly O/M payments shall be split 50%/50% between MTC and the Operators. Each Operator's share shall then be determined based on its Percentage of Clipper Ridership.
- b. Account-Based variable monthly KPI/SLA and retail incentive payments shall be split 50%/50% between MTC and the Operators. Each Operator's share shall then be determined based on its Percentage of Clipper Ridership.
- c. Operators shall pay for 100% of on-going pass-through fees associated with retailer commissions. Each Operator's share would then be determined based on its Percentage of Revenue Processed. "Percentage of Revenue Processed" shall mean the fee collected on behalf of each Operator by the Clipper clearinghouse (e.g., the price charged to ride on the Operator's transit system, the value of pass sales, the amount of parking fees paid) during the specified billing period.
- d. MTC shall pay for 100% of ongoing pass-through fees associated with the conversion of physical Clipper cards to virtual mobile cards and on-going pass-through fees associated with the use of virtual mobile cards and the Clipper mobile app.

4. Allocation of O/M Payments for Other Next Generation Clipper Contracts

- a. Customer Service Center.
 - i. Fixed monthly O/M payments shall be split 50%/50% between MTC and the Operators. Each Operator's share shall then be determined based on its Percentage of Clipper Ridership.
 - ii. Variable monthly KPI/SLA incentive payments shall be split 50%/50% between MTC and the Operators. Each Operator's share shall then be determined based on its Percentage of Clipper Ridership.
- b. Payment Services. Operators shall pay for 100% of on-going pass-through fees associated with payment services. Each Operator's share would then be determined based on its Percentage of Revenue Processed.
- c. Fare Media. MTC shall pay for 100% of monthly O/M payments associated with the fare media fulfillment contract.

5. Additional Operating Costs to be Paid by Operators

- a. Reimbursement of Contracting Agency bank fees and direct bank charges in connection with the Clipper bank account(s) in excess of the amounts reimbursed under Section 6.A below
- b. Direct payment or reimbursement of Contracting Agency costs for network communication.
- c. Direct payment or reimbursement of Contracting Agency costs for materials necessary for additional printing, e.g. secondary printing or personalization, on Clipper cards
- d. Reimbursement of Contracting Agency costs for a portion of salary and benefits of any additional staffing as approved by the Executive Board to support the Clipper program.
- e. Reimbursement of Contracting Agency costs for a portion (at least fifty percent) of the salary and benefits of the Clipper Executive Director as approved by the Executive Board.
- f. Reimbursement of Operator costs for credit/debit interchange fees generated through an Operator-specific gateway associated with Clipper sales through customer service terminal devices and add value and ticket vending machines, as long as the total average fees do not substantially exceed the average Clipper fees.
- g. Reimbursement of incremental Clipper operating costs established by and/or resulting from Clipper Contract or Other Next Generation Clipper Contract change orders requested and funded by an Operator for Operator's use and benefit shall be the responsibility of such Operator. This applies to costs or portions of costs that would otherwise be MTC's responsibility as described in Appendix B-3.3 and Appendix B-3.4 above.

6. Revenue Allocation

Revenues generated by the Clipper Program, exclusive of revenues related to the Clipper Contract addressed in Appendix B-1.4, including interest earnings on funds held by the clearinghouse and excluding fare revenues or parking fees collected on behalf of and distributed to Operators, shall be utilized as follows, *unless otherwise authorized by the Clipper Executive Board*:

- A. To offset Contracting Agency's bank fees and direct bank charges related to the managing of the

Clipper accounts;

- B. After deduction of Contracting Agency's bank fees and charges under Section 6.A above, to reduce the Operators' Clipper operating costs listed in Section 3 above or in Section 4 above; and
- C. After payment of Operators' Clipper operating costs listed in Section 3 or in Section 4 above, to be allocated to Operators by applying the Percentage of Cards Used by Operator, ~~unless otherwise authorized by the Executive Board.~~

Notwithstanding the above, fees charged cardholders for card acquisition, card replacement, balance restoration, card refund processing, and other card- related activities shall be reserved to pay for fare media procurements and pass-through fees associated with virtual mobile cards and the Clipper mobile app; provided, however, that surcharges on limited use cards imposed by an Operator to pay for the acquisition, implementation, administration and replacement of such fare media shall be distributed to and retained by such Operator. (For clarity, any surcharge imposed by an Operator as part of its fare structure shall be considered "fare revenue" and shall be distributed to and retained by such Operator.)