

# ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



## STAFF REPORT

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**MEETING DATE:** 5/28/2025

**Staff Report No.** 25-266

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**TO:** AC Transit Board of Directors  
**FROM:** Salvador Llamas, General Manager/Chief Executive Officer  
**SUBJECT:** Next Generation Clipper (Clipper 2) Update

### BRIEFING ITEM

**AGENDA PLANNING REQUEST:** ☐

**RECOMMENDED ACTION(S):**

Consider receiving an update on the Next Generation Clipper implementation.

Staff Contact:

Ahsan Baig, Chief Information Officer

Claudia Burgos, Interim Executive Director External Affairs & Community Relations

**STRATEGIC IMPORTANCE:**

Goal - Convenient and Reliable Service

Initiative - Infrastructure Modernization

The Next Generation Clipper program in the Bay Area will modernize the Clipper payment system for transit riders by providing options for managing their Clipper accounts online, enable phone-based contactless payment and add immediate value to a Clipper account, as well as transition from a monthly fare payment structure to a rolling account fare payment structure.

**BUDGETARY/FISCAL IMPACT:**

Metropolitan Transportation Commission (MTC) staff presented the Clipper Operating Budget at the Clipper Executive Board Meeting on April 28, 2025, which included \$7.3 Million in Float Account Interest accrued from MTC's investment of Float Account funds to fund transit operator's portion of the FY25-26 C1 Operating costs. This will help reduce the District's FY 25-26 Clipper operating cost to \$1.2 Million from \$1.8 Million, as included in the District Operating budget. There are no budgetary or fiscal impacts associated with receiving this report.

**BACKGROUND/RATIONALE:**

Staff provides updates to the Board of Directors on the District's activities and accomplishments on the Next Generation Clipper program (NGC, formerly known as C2) two times per year. The technology issues that resulted in NGC program delays over the past two years have been resolved. While there are several risks that still have the potential to delay the project, AC Transit along with other transit properties, will begin work on

the tasks necessary for transitioning riders to the Clipper 2 fare system. This report includes those customer and fare activities.

District continues to support the NGC program at all levels of the organization. The most recent Clipper Executive Board (CEB) meeting was held on April 28, 2025. Staff also attend several Clipper staff meetings, including Clipper Monthly Program, a Clipper Staff Liaison, and Clipper Education, Service, and Distribution. These meetings provide stakeholders with key project updates, including updates on: NGC Operating budget, 60-day look ahead on testing hardware deliveries, and information about Clipper customer service, product, and promotional updates. Reports on Clipper card usage is regularly published by the Metropolitan Transportation Commission's (MTC) NGC team.

District staff completed several project accomplishments since the last update was provided to the AC Transit Board of Directors in October 2024, including:

- Successfully tested the Computer Aided Dispatch/Automated Vehicle Location (CAD/AVL) integration with NGC
- Onboard testing showed consistent use of both mobile phone and Clipper card transactions
- Scheduling department service routes and updated schedules were imported into legacy and NGC systems
- Dumbarton NGC devices were installed by Cubic and funded by MTC
- Witnessed acceptance of AC Transit's business rules

Based on information provided at the April 28 Clipper Executive Board meeting, over the next 30 days, MTC plans to:

- Expand the public pre-transition Pilot with volunteer group of transit operators
- Continue work to find and fix configuration issues
- Complete updates to VenTek ticket vending machines (TVMs) connected to Clipper 2 system and used by Transit Operators
- Continue testing of Mobile Wallets in the field
- Continue production software updates
- Initiate card migration testing by Cubic

In addition, MTC, Cubic, and Transit Operators will be focusing on 1) completing new device installations of fare gates at BART and Muni; 2) Customer Service terminal installations and staff training; 3) account-based field testing; 4) approvals of manuals and training submittal and 5) transition planning.

### **Transition Phase and Operational Readiness**

As of April 28, 2025, Cubic predicts that the start of the customer transition might begin in late July 2025. Achieving that start date is predicated on the completion of several remaining hardware and system integration subprojects including installation of customer-service facing hardware and training for front-line customer services staff. Cubic's planned customer transition approach is to gradually activate each transit property's NGC back-end system to accommodate the NGC account-based system.

To facilitate the tracking of the District's NGC operational readiness, staff created an internal working group comprised of representatives from the Customer Services, Finance, and the Innovation and Technology departments which meets weekly to prepare for the customer transition while also monitoring milestone dates and implementation schedules that will impact the District's successful transition to Next Generation Clipper.

The new Customer Services Terminal (CST) devices will be functional alongside legacy Clipper devices but will support the transition of the legacy Clipper card-based system to the NGC account-based system. The portable fare inspection devices (FIMPS) are a tool for staff to tag Clipper cards and see account information. Staff will then be able to assist with account management questions like current value and passes at outreach events. Similarly, Next Generation Internal Tools, are portals that provide staff various functions such as placing service requests, creating promotional codes, and program management. The District anticipates receiving delivery, installation, and training dates from the MTC NGC team and Cubic installers. Below is the current summary of NGC hardware and software deployment status.

<b>Next Generation Hardware</b>	<i>Description</i>	<i>Status</i>
On-Board Validators (OBV's)	On-Board card readers and Driver units.	Installation complete. Rear Door OBVs installed but not activated. CAD/AVL hardware integration testing with NGC complete.
Platform Stand Alone Validators (SAV) card readers	Card Readers along the BRT line on each of the BRT platforms.	Installation complete.
Customer Service Terminals (CSTs)	Replacing the legacy Ticket office terminals (TOT's)	Equipment delivery, installation and training has not been scheduled with AC Transit.
FIMPS	Portable fare inspection devices	Equipment delivery, installation and training has not been scheduled with AC Transit.

<b>Next Generation Internal Tools</b>	<i>Description</i>	<i>Status</i>
Maintenance Management Portal	Business support services and IT Operations services	Access/Permissions and training have not been scheduled with AC Transit.
Discount Portal	Discount programs (Senior, Youth, RTC, START)	Access/Permissions and training have not been scheduled with AC Transit.
Promotions Portal	Transit promotions, Clipper CS	Access/Permissions and training have not been scheduled with AC Transit.
Transit Benefits and institutional Portal	Institutional programs, employer programs	Access/Permissions and training have not been scheduled with AC Transit.

**NGC Product Benefits and Implementation Risks**

The NGC will provide the region and AC Transit riders a number of improved features, products, and services, which are summarized in the below table.

<b>NGC Benefits</b>	<b>Update/Notes</b>
AC Transit Local Transfers	For each AC Transit Local or Transbay fare paid with Cash value, the patron shall be entitled to one (1) Local transfer within two (2) hours from the commencement of the first ride. This transfer shall be free.
Regional Transfer Pilot	MTC led pilot. When a customer makes a trip that requires transferring between transit agencies, they will pay the full fare on just the first agency they use. Any transfer to another agency within two (2) hours is discounted up to a limit of \$2.75 per transfer
Open Payment	Pay for your ride by directly tapping a contactless credit/debit card on a Clipper card reader
Newly available AC Transit fare media	Monthly and Weekly Pass
Fare Maximums (accumulators)	Discount based on customers' frequency of use. Once a maximum is reached, operators will have a maximum number of rides allowed before reverting to the full fare.
AC Transit Limited Use Cards	Clipper cards for pre-approved non-profit agencies designed for shorter-term use will not be available for AC Transit at customer transition
Mobile Wallet	Mobile fare media on mobile devices. Testing underway with 90 users in the field
Account Based System	Account balance and passes are moving from the card to an account. A cloud-based system allows for instant availability of added value or passes on plastic and mobile cards.
Managing multiple accounts	Clipper's transition to a cloud-based system will enable families to manage multiple registered Clipper cards through the Clipper app.
New AC Transit Mobile App	A new mobile application is in beta test with plans to go live later this year.
Pay for paratransit with Clipper	Riders who use paratransit will be able to pay for rides by providing their Clipper card number at booking
Youth and Senior Card Online Applications	The new Clipper system will give youth and senior riders the option to apply for their discount program online in addition to in person or by mail.

There are also critical path risks that must be resolved. Until eliminated, these risks may delay the start of customer transition. These activities are required for the customer transition phase to begin. A summary of identified risks is highlighted below.

<b>Next Gen Clipper Risks</b>	<b>Description</b>
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Card Flipping	Transitioning customers from C1 card based to NGC account-based system. Not all customers will have access to new features until their card is 'flipped'. Card flipping testing has been initiated by Cubic.
Card Clash	In mobile wallet, not having your transit card set as default which could cause a charge of an incorrect card.
Training operator staff	Staff training has yet to be scheduled with AC Transit staff

Cubic's inability to provide firm customer transition and go-live cutover dates has posed a significant challenge. Internal marketing and communications teams require adequate lead time to prepare rider-facing communications, which are essential to help transit users understand when and how to migrate to NGC, as well as how to navigate new product features and benefits. With the go-live date still uncertain due to a range of unresolved factors, District staff will continue to collaborate with MTC staff to refine the customer transition plan and finalize communication strategies and messaging details.

**ADVANTAGES/DISADVANTAGES:**

There are no disadvantages to receiving this report

**ALTERNATIVES ANALYSIS:**

The Bay Area region, transit organizations and the MTC have committed to the deployment of Next Generation Clipper since its inception in FY 2018-19. The benefits of a regional fare media that will support trips on multiple agencies, along with the District's continued commitment, points to the need to focus on a timely and accurate deployment for riders and transit properties. No alternative analysis was conducted but it was agreed by the Clipper Executive Board meeting on April 28, 2025, that monetary and operational accuracy of this regional system was of the utmost importance.

**PRIOR RELEVANT BOARD ACTION/POLICIES:**

1. 24-444 Update on Clipper 2 Next Generation Program
2. 24-481 Clipper START Program Promotion Review
3. 23-467 Next Generation Clipper (C2) Program Implementation

**ATTACHMENTS:**

None

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