

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 11/19/2025

Staff Report No. 25-527

TO: AC Transit Board of Directors
FROM: Salvador Llamas, General Manager/Chief Executive Officer
SUBJECT: Update on Next Generation Clipper Implementation

BRIEFING ITEM

AGENDA PLANNING REQUEST: ☐

RECOMMENDED ACTION(S):

Consider receiving an update on implementation of the regional Next Generation Clipper (NGC) program.

Staff Contact:

Ahsan Baig, Chief Information Officer

Claudia Burgos, Executive Director of External Affairs and Customer Experience

STRATEGIC IMPORTANCE:

Goal - Convenient and Reliable Service

Initiative - Infrastructure Modernization

The Next Generation Clipper (NGC) program for the Bay Area region will modernize the Clipper payment system for transit riders by providing options for managing their Clipper accounts online, enable phone-based contactless payment, allow users to 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 (CEB) 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 FY 25-26 C1 Operating costs. This is helping to reduce the District's FY 25-26 Clipper operating cost to \$1.2 Million from \$1.8 Million, as included in the District's 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 Clipper 2, two times per year. While the technology issues that resulted in earlier NGC program delays over the past twenty-four (24) months have been largely, but not completely resolved, the CEB, at their October 20 meeting, accepted MTC's staff recommendation to

initiate the customer transition phase on December 10, 2025.

As a follow-up to the Aug 25th, 2025 CEB meeting discussions, the General Managers also asked C2 Project Manager Jason Weinstein to establish a “Kitchen Cabinet” - a cross-agency advisory group of key staff - to enhance collaboration and maintain alignment across agencies. The purpose of this body is to meet regularly, provide input, and help ensure that Cubic remains focused on project deliverables, including the transition to open payments. Given AC Transit’s critical role in NGC implementation efforts, Chief Information Officer Ahsan Baig has been assigned to participate in this Kitchen Cabinet.

This staff report summarizes recent accomplishments and outlines the activities required to meet the December 10, 2025 customer readiness (full launch) of NGC. MTC will continue to work with Cubic to mitigate any remaining risks that could result in project delays.

District staff attend several Clipper staff meetings, including Clipper Monthly Program, a Clipper Staff Liaison, and Clipper Education, Service, and Distribution to receive Clipper product updates, including the NGC Operating budget and information on hardware, software and customer service operations.

In addition to external meetings, the District’s interdepartmental NGC Launch Working Group meets weekly to discuss, prioritize and implement the work supporting the District’s transition, including confirming business rules, drafting agency-specific communications and marketing, identifying internal training needs, and overseeing software and hardware equipment installation and readiness.

Additionally, the District’s Innovation and Technology (IT) Department has completed, with the assistance of Cubic and Clever Devices, the design, testing and validation of the data exchange between the computer-aided dispatching system and the NGC back-end system. This data interface is dependent upon quarterly updates of routes and fare tables as generated by the District Scheduling Department. This ensures that the correct fare is charged for the route assigned coach.

MTC and Cubic have committed to providing daily updates on the NGC customer readiness activities. As of November 3, 2025, the following updates have been provided :

- Field verification testing continues, with 68% of all cases now complete.
- Customer Service Terminal installation completed at Union City.
- Investigation of slow C1 card read times on BART’s upgraded TVMs continues, with Cubic/BART collection of TVM logs in field today.
- Apple confirmation received for their readiness sign-off on 10/31, contingent on Cubic fixes expected next week.

Due to the number of technologies with NGC, the District’s IT Department will also provide the following support before and after the launch:

- NGC Back-end data, reporting and analysis
- Service changes and all NGC integration touchpoints
- AC Transit Website and Customer Facing NGC announcements
- Consistent application of fares and NGC
- Customer service and network connectivity

- Fare Inspection Mobile Portable (FIMPs) devices connections at the bus divisions

Customer Transition

The customer transition phase is generally characterized by a rider using the current card-based fare media to transition to use of an account-based fare media.

District Training and Maintenance

MTC is working to deliver transit operator staff training/education and customer education and marketing pieces before mid-November 2025. To date, the District has received training on the maintenance of coach-based NGC devices and has received copies of that training guide.

Operational Readiness

As the December 10, 2025 date approaches, the operational readiness of transit agencies predicated on the completion of several remaining workstream items related to hardware equipment installation, software testing and training for front-line staff. Ongoing daily coordination meetings between Cubic, key transit operator staff, and the MTC project team-along with close monitoring of final testing activities-are helping the region stay on track to meet the transition plan timelines.

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 fare inspection mobile portable devices (FIMPs) are a tool for transit operator 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.

Next Generation Internal Tools includes portals that provide transit operator staff with additional 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.

NGC Hardware	Description	Status
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)	One terminal has been installed in the AC Transit Clipper Customer Services Center. Seven more TOTs are slated for installation. AC Transit Train the Trainer has occurred, and Customer Services Staff training is being scheduled.

FIMPs	Fare Inspection Mobile Portable devices	Installation and training is completed. FIMPs have been installed at all Divisions.
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NGC Internal Tools	Description	Status
Maintenance Management Portal	Business support services and IT Operations services	Access/Permissions and training have been completed
Discount Portal	Discount programs (Senior, Youth, RTC, START)	Access/Permissions and training have not been scheduled with AC Transit.
Promotions Portal	Transit promotions, Clipper Customer Service	Access/Permissions and training have not been scheduled with AC Transit. MTC has indicated training and access will occur post customer transition.
Transit Benefits and institutional Portal	Institutional programs, employer programs	Access/Permissions and training are available/
Customer Relationship Management (CRM) Portal		Access has started, but training has not yet been scheduled.

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.

NGC Benefits	Update/Notes	Customer Transition Status
AC Transit Local Transfers	For each AC Transit Local or Transbay fare paid with Cash value, the customer shall be entitled to one (1) Local transfer within two (2) hours from the commencement of the first ride. This transfer shall be free.	After card flipping, riders will get one local-to-local transfer within 120 minutes. Unlimited local transfers within the two-hour timeframe will be implemented post customer transition, likely in February 2026.
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 \$2.85 per transfer (adjusted to match highest regional single ride fare)	The pilot will be ready at customer transition, after customer card is transitioned ("flipped").
Open Payment	Pay for your ride by directly tapping a contactless credit/debit card on a Clipper card reader	Available at customer transition.

Newly available AC Transit fare media	Monthly and Weekly Pass	Available at customer transition after card flipped.
Fare Maximums (accumulators)	Discount based on customers' frequency of use. Once a maximum is reached, customer no longer pays per ride, as if they had purchased a pass.	Available at customer transition after card flipped.
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	AC Transit is evaluating use of Clipper limited use cards in 2026, post customer transition. Depends on cost and benefits.
Mobile Wallet	Mobile fare media on mobile devices.	Available at customer transition.
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.	Available at customer transition after card flipped.
Managing multiple accounts	Clipper's transition to a cloud-based system will enable families to manage multiple registered Clipper cards through the Clipper app.	Available at customer transition after card flipped.
New AC Transit Mobile App	A new mobile application is live with the capability to select the payment method.	The new AC Transit Mobile App provides easy and secure way to select the payment options.
Pay for paratransit with Clipper	Riders who use paratransit will be able to pay for rides by providing their Clipper card number at booking	This is currently in design and development phases and planned to be available once the NGC system integration with the East Bay Paratransit SPARE software is completed.
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.	This benefit is anticipated to be available at customer transition.

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.

Next Gen Clipper Messaging Risks	Description	Potential Impact
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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'.	Customers who are not automatically or self-flipped will not be able to access NGC benefits like the intra-agency or regional transfers, any new fare media, including the accumulator.
Card Clash	In mobile wallet, not having your transit card set as default which could cause a charge of an incorrect card.	Customers who use different cards for connecting trip legs will not receive transfer nor accumulator credit.
Training operator staff	Staff training for all aspects has yet to be scheduled with AC Transit staff	Operators will not be able to provide riders with accurate NGC information, causing confusion.
Fare Maximum (Accumulator)	AC Transit will offer monthly and seven-day fare accumulators in addition to continuing the 31-day pass	The fare maximum concept will take time for customers to understand and use instead of passes.
AC Transit AVM/TVMs	AC Transit's AVM/TVMs will become less functional or non-operable (and removed) after the customer transition	Customers at the AC Transit Customer Service Center will need to use the customer service counter and staff to check their balances. Riders at the Salesforce Transit Center will likely have to make their fare purchases in the Grand Hall instead of on the bus deck (or use auto-pay).

Marketing, Communications, and Message Management

Product-wide drafted marketing plans were shared with transit agencies in early October with planned distribution in mid-November. These plans include general messaging and information about overarching product benefits. Product features that are specific to individual transit agencies will be developed between the transit agency and MTC. Transit riders require help understanding how to migrate to the NGC as well as how to navigate new product features and benefits. Because the final go-live date must follow resolution of critical path risks, the District's NGC Launch Working Group will continue to collaborate with MTC staff to refine the customer transition plan and finalize communication strategies and messaging details.

Messaging challenges include:

1. Transition/Card Flipping: Not all legacy Clipper cards will immediately transition to NGC cards. The process of a legacy card becoming an NGC card is called "card flipping." MTC is estimating that it will likely take 4-6 weeks via an MTC roll-out schedule that prioritizes discount cards after the customer transition date to perform all of Clipper legacy to NGC 'card flipping'. NGC product benefits will not be available to legacy cards that haven't been flipped.
Customers will be able to initiate the transition of their cards and account once the customer transition has started. Eventually legacy cards that are never flipped will become unusable in the NGC system. Messaging to riders will include education about legacy card flipping and how riders can self-flip.

2. Card Clash: Credit cards that are used in the open payment system must be the same card used for each leg of a trip to ensure transit transfer benefits. This is especially significant to riders using tag on/tag off transit systems and riders transferring within/between agencies. Messaging to riders will include reminders and ways to avoid card clash.
3. Training Operator Staff: Training for AC Transit's operators will need to provide information on Clipper changes for riders, including the elimination of fare value displayed on readers, new transfer policies, and additional fare accumulator products.
4. Fare Accumulator: AC Transit has existing fare accumulator products in Clipper Day Passes and via Token Transit. But as more products are available on NGC, messaging will need to provide substantive education to riders to explain how fare accumulation works, and the best products based on rider travel patterns.
5. Clipper TVM/AVMs: AC Transit currently has two Clipper Ticket Value Machines (TVMs) in the Customer Service Center, and two MUNI provided Clipper Add Value Machines (AVMs) on the bus deck at the Salesforce Transit Center. The TVMs will become obsolete at customer transition and will be removed by MTC. The bus deck AVMs will no longer be able to process credit card payments because of an NGC processing change in credit card payments. The bus deck AVMs will be able to accept cash payments only.

AC Transit's Marketing and Communications teams will work with MTC to develop a comprehensive communications plan that will leverage AC Transit managed assets as well as external AC Transit advertising channels. The campaign's creative development (look and feel) has been developed by MTC. Rider communications are expected to launch for public at least two (2) weeks before customer transition.

ADVANTAGES/DISADVANTAGES:

There are no disadvantages to receiving this report

ALTERNATIVES ANALYSIS:

No alternative analysis was conducted since NGC is the only Bay Area regional fare collection system.

PRIOR RELEVANT BOARD ACTION/POLICIES:

1. 25-266 Next Generation Clipper (Clipper 2) Update
2. 24-444 Update on Clipper 2 Next Generation Program
3. 24-481 Clipper START Program Promotion Review
4. 23-467 Next Generation Clipper (C2) Program Implementation

ATTACHMENTS:

None

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