

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 8/10/2022

Staff Report No. 22-444

TO: AC Transit Board of Directors
FROM: Michael A. Hursh, General Manager
SUBJECT: Clipper 2 Amended and Restated MOU with MTC

ACTION ITEM

AGENDA PLANNING REQUEST:

RECOMMENDED ACTION(S):

Consider authorizing the General Manager to negotiate and execute the 2022 Clipper Amended and Restated Memorandum of Understanding with the Metropolitan Transportation Commission for the Next Generation Clipper C2 program.

STRATEGIC IMPORTANCE:

Goal - Convenient and Reliable Service
Initiative - Infrastructure Modernization

The Next Generation Clipper program will modernize the Clipper payment system for riders to manage their Clipper accounts. This includes improving the mobile and contactless payment options for riders to add value to Clipper cards and replacement of Clipper Cards. This modernization includes operational improvements and upgrades to Clipper equipment on the District's bus rapid transit (BRT) platforms and all bus coaches.

BUDGETARY/FISCAL IMPACT:

Costs associated with fixed monthly operations and maintenance (O/M) will be split equally (50%/50%) between MTC and the Operators. The operators' share shall then be further allocated to each Operator based on Clipper ridership. Although overall C2 operating costs are expected to increase as the account-based system offers new functionalities, the District's share is expected to remain consistent with the current levels due to the increased cost share by MTC. Other "Line Item" costs such as credit/debit card fees will be allocated to each operator in accordance with the cost-sharing formula based on the fee generating categories. The projected FY 2022-23 total Clipper cost is \$1.5 million.

The RTC Program projected cost for FY 2022-23 is \$115,000, same as last fiscal year.

BACKGROUND/RATIONALE:

Each transit property participating in the regional Clipper program signed a memorandum of understanding (MOU) in 2016 with the Metropolitan Transportation Commission (MTC) for terms of the program. The District has successfully implemented the terms of the original 2016 MOU and continues to work toward

implementation of the Next Gen Clipper 2 program by participating at the staff and executive levels. The MOU is now being amended by the MTC and participating operators have an opportunity to review and comment.

MTC staff proposed the cost-sharing update at the April 2022 Clipper Executive Board meeting as well as with MTC Board of Directors and agency executives. The draft MOU was submitted as an information item at the MTC Commission May 2022 meeting. Since that time, Clipper operators have been reviewing the document. Approval of this amended MOU by the Clipper Executive Board is scheduled for mid-to-late September 2022.

Prior staff report (SR) 22-178 briefed the Board of Directors on the Next Generation Clipper 2 program. That staff report included the details of many aspects of the program including the Final Design Review (FDR) documents, Stand-Alone and On-board Clipper 2 validators and open payment platforms for customers. SR 22-178 also stated that an updated MOU for the C2 project would be submitted to the participating C2 operators in April 2022.

This proposed MOU amendment builds on the earlier agreement. The summary of changes in the draft amended MOU are as follows:

- A cost-sharing agreement for the C2 account-based systems including the C2 system Integrator, Customer Service Center, Payment Services and Fare Media Fulfillment Contracts;
- Incorporation of Amendments 1-3 to the 2016 MOU, including the assumption by MTC of the program management responsibilities of the Regional Transit Connection (RTC) card program and the RTC cost-sharing agreements;
- Additions to the Program Goals and Performance Measures including some of the scope of a fare integration study;
- General clean-up and clarifications.

The Account-Based Cost Sharing working group has discussed in detail, the regional cost-sharing formulas both between MTC and the transit operators, and amongst the transit operators of the account-based Clipper system. The proposed cost sharing model indicated in the amended MOU is based on Clipper ridership for fixed monthly O/M costs, and percentage of cards used, percentage of fee generating transactions, and percentage of revenue processed for other fee categories.

The District's Director of Revenue Management has reviewed the cost sharing formula indicated in the MOU and finds it to be equitable. This includes the allocation of Regional Transit Connection (RTC) Program Operating Costs.

ADVANTAGES/DISADVANTAGES:

The advantage of this approach is that the General Manager shall meet with District Staff before securing an agreement with the MTC that meets with the District's needs and requirements. The disadvantage to this approach is that the District could be presented with an agreement for the Next Gen C2 that obligates the District to cost sharing and other terms that are unfavorable.

ALTERNATIVES ANALYSIS:

No alternatives were studied because the amended MOU updates an existing contract.

PRIOR RELEVANT BOARD ACTION/POLICIES:

Staff Report 22-178 Clipper C2 Update
Staff Report 22-158c, Recommended Budget FY22/23
Staff Report 15-194, Amended Clipper MOU

ATTACHMENTS:

1. MTC Amended and Restated Clipper MOU

Prepared by:

Patricia Broadbent, Sr. Project Manager

In Collaboration with:

Margaret Tseng, Customer Services Manager
Mallory Nestor, Accessible Services Manager

Approved/Reviewed by:

Sue Lee, Director of Revenue Management
Chris Andrichak, Chief Financial Officer
Ahsan Baig, Chief Information Officer
Jill A. Sprague, General Counsel