

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 10/23/2024

Staff Report No. 24-444

TO: AC Transit Board of Directors
FROM: Michael A. Hursh, General Manager/Chief Executive Officer
SUBJECT: Update on Clipper 2 Next Generation Program

BRIEFING ITEM

AGENDA PLANNING REQUEST:

RECOMMENDED ACTION(S):

Consider receiving an update on the Next Generation Clipper (C2) Program Implementation.

Staff Contact:
Ahsan Baig, Chief Information Officer

STRATEGIC IMPORTANCE:

Goal - Convenient and Reliable Service
Initiative - Infrastructure Modernization

The Next Generation Clipper program will modernize the Clipper payment system to allow riders to manage their Clipper accounts online, enhance mobile and contactless payment options, protect user's personal and financial information as well as make transit more accessible by expanding the capabilities and features of the regional transit fare payment system.

BUDGETARY/FISCAL IMPACT:

There is no fiscal impact in receiving this report.

BACKGROUND/RATIONALE:

Since the regional Clipper® 2 (C2) project's inception in FY 2018-19, the District has supported the project at all levels of the organization including funding the project according to the 2022 Amended and Restated Clipper Memorandum of Understanding (Clipper MOU - eff. October 2022). This support extends from representation by the General Manager at the Clipper 2 Executive Board monthly meetings to the Maintenance Department oversight of the installation of the C2 devices on the District's bus fleet.

As the C2 project moves towards the customer transition milestone, the following table outlines the project task areas for each AC Transit Departments and their roles and responsibilities for the C2 program that are likely to be included in those final tasks.

ACT Department	Project Task Areas
Finance	Clipper program annual budget, ACT fare business rules, C2 revenue management, C2 revenue reporting and reconciliation, fare media testing
Innovation and Technology	Overall Project management, CAD/AVL system integration, testing and maintenance, security, coordinate distribution of O&M reports, and data integration
Marketing and Communications	Customer Service Clipper store, START program tickets, fare media, promotions and discount equity programs
Operations and Maintenance	C2 device maintenance, C2 equipment on all bus fleet types
Transportation	Onboard C2 devices, Operator bulletins, Operator feedback
Legal	Clipper 2 Amendment Memorandum of Understanding, funding agreements

Regional Clipper Activities

Consolidated testing continues to be Cubic’s (the C2 system integrator) focus. Last quarter’s activities included near-completion of the installation of C2 hardware on transit agency bus fleets as well as on platform reader equipment. Software integration testing (SIT) continues with dry run tests in the Cubic laboratory in preparation for the final SIT effort now anticipated for completion before January 1, 2025.

The Metropolitan Transportation Commission (MTC) is also preparing for the start of the customer transition phase with the acquisition of additional smartcards, review of financial reporting, and conducting the individual pilot tests with all Bus Transit Operators around January 2025. The acquisition of additional smart cards, and development of a customer transition plan. This plan will help Cubic, MTC, and the region’s Transit Operators to achieve operations and technical readiness prior to the customer transition milestone.

Once the Customer Transition starts, MTC will begin migrating accounts from the current Clipper (C1) card-based back office to the new C2 account-based back office based on specific customer profiles or if a Clipper customer requests it.

Amendment #1 of the Clipper MOU with Transit Operators

The MTC submitted a proposal at the September 23, 2024, Clipper Executive Board meeting of an extension of amendment #1 to be effective on November 2, 2024. This proposed amendment was approved by the Clipper Executive Board and will contain an update to the cost sharing agreement with transit operators.

The Clipper MOU states that the MTC shall distribute interest earnings among the transit properties. MTC recently reported over \$13 million of interest earnings on Clipper Float Account that may be used to offset operators’ Clipper fees starting January 2025. While that final figure will be presented to the Board during the

MOU amendment #1 review it appears that AC Transit will receive a mid-year savings equivalent to approx. 50% of the current \$2 million budget for C2 expenditures starting on January 2025.

The Clipper Executive Board also considered a Cubic contract extension of 20 months due to Cubic's delays on key project milestones. If approved, this contract extension would reflect renegotiated critical milestones focused on test results and achievement of a customer transition milestone by June 27, 2025.

The Cubic contract extension for Operations and Maintenance was approved by the Clipper Executive Board and reflects the following three project phases:

- November 3, 2024 to the beginning of Customer Transition (Phase 1)
- Beginning of Customer Transition through last C1 Card Transition, March 2025 - June 2025 (Phase 2)
- Post Customer Transition to C1 System Shutdown (Phase 3)

District Activities

C2 on-board equipment is being installed on the 50 new Gillig 40-foot coaches now located at Division 6 for the initial review period. This includes removal of the new C2 devices from retired individual coaches and installation of new C2 devices aboard the new vehicles. C2 equipment installation aboard the new bus fleet is started the week of September 23, 2024, followed by a two-week break and then continuing the week of October 21, 2024.

District staff, in coordination with the MTC and Cubic have completed the following:

- AC Transit's marketing team has supported Next-Generation Clipper by donating space for advertising for Clipper on the 'Your Phone' campaigns. They also worked with MTC on wrapping decals on the new stand-alone validators at Tempo stations.
- Reported to the Board on the Clipper START Fare Discount Program
- Reviewed finance reporting from the MTC on fiscal year savings.
- Reviewed C2 device training and maintenance manuals.
- Reviewed account-based manuals.
- Approved work on C2 integration for scheduling data change.
- Attended Bi-Weekly C2 Transit Coordination Committee
- Attended Cubic Monthly Update meetings.

AC Transit staff will continue to respond to C2 documents review requests from MTC, which includes the training and maintenance modules. Consistent involvement in the project at the executive, director and staff levels is essential for a successful test and launch.

ADVANTAGES/DISADVANTAGES:

There are no advantages or disadvantages for this program update.

ALTERNATIVES ANALYSIS:

No alternatives to participation or implementation of C2 were considered for this update.

PRIOR RELEVANT BOARD ACTION/POLICIES:

Staff Report 24-481 Update on MTC and District Efforts to Promote START Program

Staff Report 24-131 Next Generation Clipper (C2) Program Implementation

Staff Report 23-221 Next Generation Clipper (C2) Program Implementation

Staff Report 22-606 Clipper 2 Update

Staff Report 22-444 Clipper 2 Amended and Restated MOU with MTC

Staff Report 21-158 Recommended Budget FY 22/23

Staff Report 15-194 Amendment Clipper MOU

ATTACHMENTS:

None.

Prepared by:

Patricia Broadbent, Senior Project Manager

In Collaboration with:

Sue Lee, Director of Revenue Management

Nichele Laynes, Director of Marketing and Communications

Approved/Reviewed by:

Ahsan Baig, Chief Information Officer

Chris Andrichak, Chief Financial Officer