



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL:		DocuSigned by: <i>Michael Jones</i> 47000790F2D7463...		GENERAL MANAGER ACTION REQ'D:	
DATE: 6/13/2022		8/31/2022		BOARD INITIATED ITEM: No	
Originator/Prepared by: Patricia Nelson Dept: Financial Planning DocuSigned by: <i>Patricia Nelson</i> 2C70690039C64FD... Signature/Date: 8/30/2022	General Counsel DocuSigned by: <i>Jana Belan</i> F8FD7B3A73E74E8... 8/30/2022 []	Controller/Treasurer DocuSigned by: <i>Chris Gan</i> EE11C8CEEEA04FD... 8/30/2022 []	District Secretary []	BARC DocuSigned by: <i>Pamela Herhold</i> 3BB24D65B8724F5... 8/30/2022 []	

Clipper - Amended and Restated Memorandum of Understanding (2022 MOU)

PURPOSE: To authorize the General Manager to execute an Amended and Restated Clipper® Memorandum of Understanding (MOU) with the Metropolitan Transportation Commission and Bay Area transit operators that use Clipper®.

DISCUSSION: Currently, twenty-two transit systems in the region use Clipper® (Clipper), the automated regional fare payment system for intra- and inter-operator transit trips in the San Francisco Bay Area. The Metropolitan Transportation Commission (MTC) manages the Clipper program.

On February 19, 2016, MTC and the transit operators executed an Amended and Restated Clipper MOU (replacing a previous MOU). The purpose of the MOU is to document:

- Operator, MTC and Contracting Agency responsibilities in support of the Clipper Program.
- The role and responsibilities of the Clipper Executive Board and Clipper Executive Director.
- The terms for adding new operator or affiliated participants.
- The approach to allocating Clipper costs between MTC and the operators, as well as among the operators.
- Clipper Program goals and performance measures.

The 2016 MOU also established the Clipper Executive Board to make policy on behalf of all the participating transit operators, while MTC acts as the Contracting Agency.

Effective September 1, 2021, an amendment to the 2016 MOU transferred oversight and administration of the Regional Transit Connection Discount Card Program (RTC Program),

which provides people with disabilities access to discounts on transit, to the Clipper Executive Board and MTC.

A new MOU needs to be executed to reflect program changes driven by the Next Generation Clipper system.

The 2022 MOU builds on the core agreements of the 2016 Clipper MOU and includes:

- A cost-sharing agreement for the Operations and Maintenance (O&M) of the Clipper 2.0 (C2) account-based system, including the C2 System Integrator, Customer Service Center, Payment Services, and Fare Media Fulfillment contracts.
- Allocation of Clipper capital costs to MTC, with some exceptions for capital costs for the benefit of particular operators.
- Revenue allocation for the C2 account-based system, which mirrors the revenue allocation principles of the original Clipper system.
- Incorporation of Amendments 1 through 3 to the 2016 MOU, including the assumption by MTC of program management responsibilities for the RTC Program and RTC cost-sharing agreements.
- Additions to the Program Goals and Performance Measures to document operator commitment to encourage Clipper as the Bay Area's primary fare payment system once customer transition has been achieved:
 - Transit mobile payments are made primarily through the Clipper system.
 - Acceptance of open payments is available primarily through the Clipper system.
 - Regional eligibility requirements for means-based discount program are standardized.
- General clean-up and clarifications.

The term of the MOU shall begin upon the Effective Date that all parties have signed and continue for a period of ten (10) years, unless terminated by written agreement of the Parties.

FISCAL IMPACT: As noted above, the 2022 MOU includes the account-based cost-sharing agreements between MTC and the operators and how costs will be shared amongst the operators. MTC and operator personnel participating in the cost-sharing discussions have agreed in this MOU that MTC will cover 50% of the shared O&M and service levels incentives and that the operators will further share the operators' 50% portion of the costs based on their percentage of Clipper ridership and percentage of revenue processed.

The current C2 System Integrator project delivery schedule forecasts C2 O&M fees will be assessed beginning January 2023. Actual future costs will depend on ridership levels and revenue processed. When the operators complete the transition to C2, the monthly cost to BART is estimated to be \$623,000 which includes fees for the System Integrator O&M, Customer Services O&M, RTC, Credit/Debit Fees and Commissions paid to third parties.

Refer to table below for estimated costs.

	2015 MOU (Pre-pandemic)	FY23 2022 MOU During Transition	FY24 2022 MOU Post-Transition
Current Clipper Operating Costs	\$399,000	\$429,000	N/A
Clipper 2.0 (C2 System Integrator O&M, Customer Services O&M, KPIs, and SLAs)	N/A	\$200,000*	\$401,000
Credit/Debit Interchange Fees and Commission	\$200,000	\$173,000	\$200,000
Clipper Executive Director and Other Clipper Staff	\$11,000	\$11,000	\$12,000
RTC PROGRAM	N/A	\$10,000	\$10,000
Estimated Monthly Cost	\$610,000	\$823,000	\$623,000
Annual Estimated Total Cost	\$7,320,000	\$8,676,000	\$7,476,000

*Clipper 2.0 \$200k monthly begins in Jan 2023. FY23 Estimated Total Cost includes only 6 months of Clipper 2.0 charges

This change will be funded by BART Department No. 0302320 (Fund Source: account 602023 - Clipper Fees)

Funding for subsequent years will be included in the proposed annual operating budget, which is subject to Board approval.

This action is not anticipated to have any Fiscal impact on unprogrammed District reserves in the current Fiscal Year.

ALTERNATIVES: Do not authorize the General Manager to execute the 2022 MOU. Direct the General Manager to request and obtain specific changes to the 2022 MOU as a condition of execution.

RECOMMENDATIONS: Adoption of the following Motion.

MOTION: The General Manager is authorized to execute the 2022 Amended and Restated Clipper® Memorandum of Understanding with the Metropolitan Transportation Commission and Bay Area transit operators that use Clipper®.

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