Clipper® Memorandum of Understanding

The SFMTA proposes to execute an Amended and Restated Clipper® Memorandum of Understanding with the Metropolitan Transportation Commission and Bay Area transit operators.

Clipper® is the automated regional fare payment system for intra- and inter-Operator transit trips in the San Francisco Bay Area that has been implemented and is currently being operated on 20 transit systems. More than 20 million trips and 43 million dollars in revenue are processed per month on the Clipper® system. The program is managed by MTC, which has contracted with Cubic Transportation Systems, Inc. to implement, operate and maintain the Clipper fare payment system through November 2, 2019.

On November 10, 2011, participating transit agencies entered into a Memorandum of Understanding Regarding Operations and Maintenance of Clipper® Fare Collection System (the "2011 MOU"). The 2011 MOU delineated, among other things, MTC's responsibilities, including as contracting agency, the Operators' responsibilities, a consultation process for amending the Clipper® Operating Rules, allocation of operating expenses among the Operators and MTC, and a dispute resolution process.

The participating agencies have examined the successes and challenges of the program to date and have identified certain areas in which existing arrangements should be modified or clarified to maximize the benefits to the transit agencies and Bay Area transit riders for the continued expansion, modification, operation and maintenance of the Clipper® program. The primary goal of the Amended and Restated MOU is to create a formal structure whereby transit agencies have a role in planning and policy decisions related to the regional fare payment system. The current MOU delegates this authority solely to MTC.

Changes to the basic provisions of the existing MOU are as follows (the provisions of the current MOU are contained in the italicized bullet):

1. Clipper® Executive Board

- Establishes a nine-member Executive Board comprised of one representative from SFMTA, BART, Caltrain/SamTrans, AC Transit, Santa Clara Valley Transportation Agency (VTA), the Golden Gate Bridge District, and MTC, and two representatives selected to represent all other participating agencies.
- The Executive Board will be responsible for developing and evaluating performance goals, adopting a detailed biennial work plan and budget, designating the "Contracting Agency," and approval of all business matters expected to have a substantial fiscal or operating impact.
- *Under the current MOU, MTC maintains sole authority for these actions.*

2. Contracting Agency

- Establishes a Contracting Agency to procure, award, manage and carry out the duties and responsibilities of the Clipper® program necessary for the expansion, modification, modernization, operation, maintenance, marketing and customer service.

- The Contracting Agency will be responsible for holding and managing the Clipper® bank accounts and act as an agency in trust for the funds deposited by the cardholders for the ultimate use with the Operators, and for the benefit of the Operators for funds due.
- Provide adequate staffing to support the Clipper® program.
- *The role of the Contracting Agency is currently held by MTC, however, this MOU would allow this role to be assigned to a transit agency, upon approval of the Executive Board and the governing bodies of the participating agencies.*

3. Clipper Executive Director

- The Clipper® Executive Director shall be responsible for regional coordination of the program among the Agencies, oversight of consultants and contractors retained for the design, operation and maintenance of the program, and effectuation of the goals and work plan adopted by the Executive Board in accordance with the budget.
- The Clipper® Executive Director will be selected and appointed by the Contracting Agency following consultation with the Executive Board. The initial Clipper® Executive Director will be Carol Kuester, an employee of MTC.
- *Currently, there is no Executive Director.*

4. Cost and Revenue Allocation Formula

- *The current allocation of Clipper® operating costs was developed prior to wide scale implementation of the program and is based on a formula of 2/3 transactions and 1/3 revenue.*
- Credit card fees for agencies operating ticket vending or add-value machines outside of the Clipper® gateway are absorbed by those agencies and currently exceed two million dollars per year.
- Agencies have determined that the current allocation formula is not equitable and have developed a revised formula, outlined in Appendix B of the MOU, that aligns actual cost drivers and usage of the system with the allocation amounts.
- As the proposed change will result in increased costs to most agencies, it is proposed that the increases be phased in, with the addition of agency credit card fees effective July 1, 2016 and the implementation of the new model effective January 1, 2017.

5. Performance Standards

- The MOU includes Performance Standard Requirements intended to guide the development and ongoing operations of Clipper®.
- Goals include expanding electronic payment to all modes of transportation, enhanced access for customers to load value, establishing consistent fare categories and discounts, and improving the operation and integration options for the system.
- *The current MOU does not contain performance standards.*

6. Extend the Term of the MOU

- The MOU is effective on the date when all parties have signed the MOU and will terminate on June 30, 2025, unless otherwise terminated by the parties.
- *The current MOU terminates on November 2, 2019, but will be superseded by this MOU.*

Not a project under CEQA Guidelines Sections 15060(c) and 15378(b) because the action would not result in a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

8/25/2015

Erik Jaszewski, SFMTA — Date
San Francisco Municipal Transportation Agency

SF Planning Department Concurrence:
Not defined as a project under CEQA Guidelines Sections 15378 and 15060(c)(2) because it does not result in a physical change in the environment.

8/27/2015

Christopher Espiritu — Date
Environmental and Transportation Planner
San Francisco Planning Department