Clipper® Executive Board

August 25, 2025 **Agenda Item 3c**

Reimbursement for Lost Fare Revenue from Clipper System Outages

Subject:

Update on lost fare revenue due to Clipper system outage on July 1, 2025, and discussion of transit operator reimbursement for lost fare revenue.

Background:

As reported in the Current Clipper Operations and Performance Update at the July 28, 2025, Clipper Executive Board (CEB) meeting, the Clipper system experienced a system-wide reader outage on Tuesday, July 1, 2025. The root cause was identified, and the system was restored around 11:45 am that day, but operators were unable to collect Clipper fares during the outage.

To allow transit operator reimbursement for lost fare revenue during the July 1, 2025, system outage, staff plans to bring a request to the September 2025 CEB meeting for an increase to the FY 2025-26 Clipper Operating Budget. While staff are pursuing options for recourse with Cubic Transportation Systems, Inc, the Clipper contractor, the request will be to use interest generated from MTC's investment of Clipper Float Account to fund more timely reimbursement to the transit operators for this outage plus a contingency for other outages with fare revenue impacts that may occur before the sunsetting of the legacy Clipper system. If approved, this increase would be included in the semi-annual update to the Clipper budget, planned for presentation to the MTC Commission in December 2025, and become available following approval of the mid-year amendment of the overall MTC agency budget.

Clipper staff is requesting that transit operators submit their claims for actual fare revenue loss by September 5, 2025. Clipper staff will reconcile transit operator claims with MTC's estimate and bring this as an approval item to the CEB item in September.

Issues:

None identified.

Recommendation:

None. This is an information item only.

Attachments:

None.

Jason Weinstein

https://bayareametro.sharepoint.com/sites/committees/CommitteeDocs/Clipper Executive Board/CEB2025/CEB_2025_08_25/3c_25-1137_1_Reimbursement for Lost Fare Revenue_v4.docx