Clipper Budget

Clipper Executive Board
March 30, 2026

Agenda

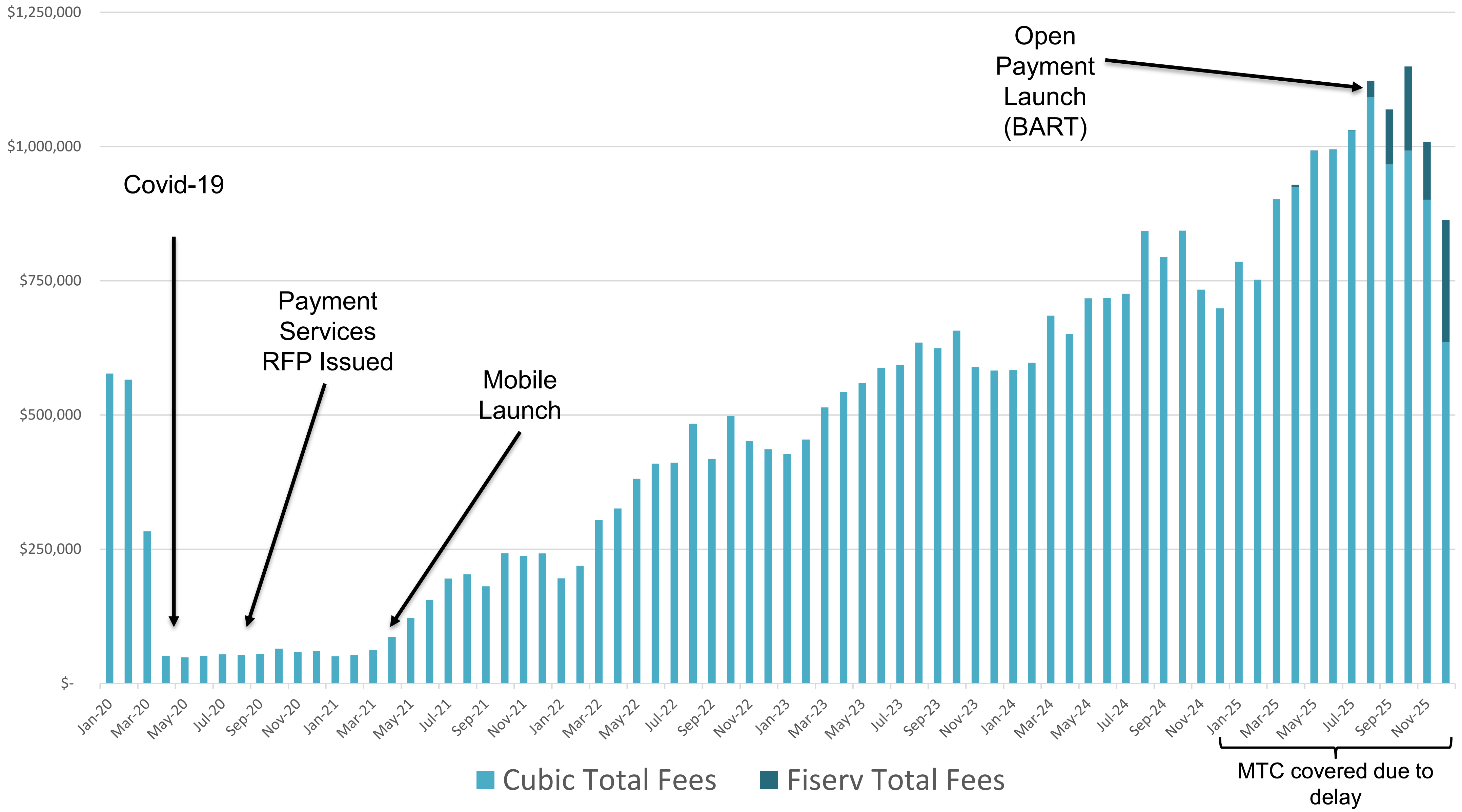
- Clipper Operating Budget
- Operating Cost Drivers
  - Delays in C2 Transition
  - Payment Service Cost Drivers
    - Credit/Debit Fees
  - Customer Service Center Cost Drivers
    - Customer Service Center Negotiations
- Operating Costs by Operator
- Cost Sharing

FY26-27 Operating Budget Cost Drivers

	FY26-27 ($M) Approved 5/2025	FY26-27 ($M) Proposed 3/2026	Difference ($M)	% Change
C1 O&M*	***$0***	***$3.4***	***$3.4***	***N/A***
C2 System Integrator O&M	$19.8	$18.6	($1.2)	(6%)
C2 Customer Service Center*	***$4.4***	***$12.0***	***$7.6***	***173%***
C2 Fare Media	$1.3	$2.5	$1.2	92%
C2 Payment Services*	***$3.7***	***$14.4***	***$10.7***	***289%***
Mobile Fees	$1.5	$2.0	$0.5	33%
Clipper Access / RTC	$0.8	$0.7	($0.1)	(13%)
Retail Commission	$0.7	$0.8	$0.1	13%
In Person Customer Service Centers	$1.1	$1.0	($0.1)	(13%)

***** Top cost drivers***

Clipper Credit/Debit Fees



Payment Services (Fiserv) Analysis

	BAFO Assumptions	Jan 2026 Data			
		C1	C2		Total / Avg
			Clipper cards	Open payments	
Avg. transaction amt.	$50	$17.11	$22.41	$4.50	$11.71
Total sales amt.	$17M	$13,000,000	$6,500,000	$4,500,000	$24,000,000
Monthly transactions	340,000	760,000	290,000	1,000,000	2,050,000
Fee calculation	Network fee + interchange fee + Fiserv fee	BAFO fees + card integrity fee + services (chargeback, refunds, etc)			

Customer Service Center Cost Drivers

- Primary cost driver is staffing levels necessary to support base number of contacts and meet key performance indicators
- Calculated 12,000 baseline contacts in 2021 using average pre-pandemic (28,000/month) and pandemic-era (7,000/month) contacts
- Contacts for C1 CSC in 2024 and 2025 ranged from 22,000-28,000/month
- Even before launch, renegotiation of the baseline contacts and monthly fees needed
  - FY26 budget amendment approved by CEB (Oct 2025) included an increase of $4.8M in operating funds (split evenly by MTC and operators)

	Original Contract	Current Proposal	Actual (February 2026)
Contacts	12,000	26,000	40,809
Hours of Operation	Monday – Friday, 8am-5pm Saturday, 9am-1pm	Monday – Friday, 7am-6pm (10 additional hours/week) Saturday, 9am-1pm	Monday – Friday, 8am-5pm (10 additional hours/week) Saturday, 9am-1pm
Avg Speed of Answer Goal	<3 Minutes	<6 minutes	7.7% within 3 minutes
Customer Service Rep (CSR) Count	17 CSRs	43 CSRs	60 CSRs

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Flexibility Built into the CSC Contract Terms

The following are four significant contract terms that allow flexibility in partnering with a Customer Service Center contractor:

- Automatic O&M renegotiation clause: currently +/-20% after 3 months
  - Decreasing the % change that triggers renegotiation is under evaluation

- Base Price O/M term began 12/1/2025 and ends by 11/30/2028
  - Option for three 2-year extensions

- Option to transition to a new contractor facilitated by SOW including requirement for WSP to support transition activities

- System Integrator-provided CRM facilitates transfer of key tool to new CSC Contractor

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Cost Sharing Considerations

- C1 O&M
  - MOU specifies MTC and Operators share costs 50%/50%
  - MTC recommendation to fund MTC and Operator portion of C1 O&M
    - Assumes ~9 months C1 O&M in FY26-27
    - AT&T costs for 6 operators
- C2 O&M
  - MOU specifies MTC and Operators share costs 50%/50%
  - MTC recommendation to fund ~$1.2M of Operator portion of C2 CSC O&M
  - Additional options for MTC funding
- Negotiations with Cubic
- Renegotiations of terms with other Contractors
- MOU Amendment – see Appendix B-3 for current cost sharing formulas

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