



Clipper Two-Year Budget

Clipper Executive Board Meeting
April 27, 2026

Draft Clipper Two-Year Operating Budget Costs

	FY 25/26 Approved 5/25	FY 25/26 Amended 10/25	FY 25/26 Forecast Actuals	FY 26/27	FY27/28	FY 26/27 – 27/28 Total
MTC Costs						
MTC Staff	\$3.1M	\$4.0M	\$3.0M	\$4.7M	\$4.8M	\$9.5M
Current Clipper	\$13.5M	\$16.3M	\$17.9M	\$3.1M	\$0.0M	\$3.1M
Next Gen Clipper ¹	\$15.2M	\$21.9M	\$16.9M	\$21.6M	\$19.9M	\$41.5M
In-Person CSC ²	\$1.0M	\$1.0M	\$1.0M	\$1.0M	\$1.0M	\$2.0M
Customer Education	\$2.3M	\$2.3M	\$2.3M	\$2.4M	\$2.5M	\$4.9M
Misc. Operations	\$1.3M	\$1.4M	\$1.4M	\$1.0M	\$1.0M	\$2.0M
Transit Op Reimbursement	\$0.0M	\$1.0M	\$1.0M	\$0.0M	\$0.0M	\$0.0M
MTC Costs Subtotal	\$36.4	\$47.9M	\$43.5M	\$33.8M	\$29.2M	\$63.0M
Transit Op Costs						
Current Clipper	\$7.3M	\$13.1M	\$2.4M	\$0.6M	\$0.0M	\$0.6M
Next Gen Clipper ¹	\$15.7M	\$20.1M	\$14.9M	\$28.5M	\$29.6M	\$58.1M
Retail Commission	\$0.6M	\$1.1M	\$1.1M	\$0.8M	\$0.8M	\$1.6M
RTC Program	\$0.7M	\$0.7M	\$0.7M	\$0.7M	\$0.7M	\$1.4M
Transit Op Costs Subtotal	\$24.3M	\$35.0M	\$19.1M	\$30.6M	\$31.1M	\$61.7M
Total Costs	\$60.7M	\$82.9M	\$62.6M	\$64.4M	\$60.3M	\$124.7M

¹ includes System Integrator (Cubic), Customer Service Center (WSP), Payment Services (Fiserv), Fare Media

² Embarcadero, SF Ferry Building



Draft Clipper Two-Year Operating Budget Funding

Source of Funding	FY 25/26 Approved 5/25	FY 25/26 Amended 10/25	FY 25/26 Forecast Actuals	FY 26/27	FY27/28	FY 26/27 – 27/28 Total
Transit Operators	\$17.0M	\$21.9M	\$19.1M	\$30.6M	\$31.1M	\$61.7M
Operating Grants	\$25.2M	\$33.3M	\$33.3M	\$20.7M	\$12.8M	\$33.5M
Card and Media Fees	\$2.0M	\$2.0M	\$0.0M	\$2.7M	\$4.0M	\$6.7M
Clipper Float Interest (Operator O&M)	\$7.3M	\$7.3M	\$7.3M	\$0.0M	\$0.0M	\$0.0M
Clipper Float Interest (Lost Revenue Reimbursement)	\$0.0M	\$1.0M	\$1.0M	\$0.0M	\$0.0M	\$0.0M
<i>Source of Funding (Subtotal)</i>	<i>\$51.5M</i>	<i>\$65.5M</i>	<i>\$60.7M</i>	<i>\$54.0M</i>	<i>\$47.9M</i>	<i>\$101.9M</i>
<i>Operating Carry Forward (Prior FY)</i>	<i>\$14.6M</i>	<i>\$14.6M</i>	<i>\$14.6M</i>	<i>\$12.7M</i>	<i>\$2.3M</i>	<i>\$15.0M</i>
<i>Total Source of Funding</i>	<i>\$66.1M</i>	<i>\$80.1M</i>	<i>\$75.3M</i>	<i>\$66.7M</i>	<i>\$50.2M</i>	<i>\$116.9M</i>

Draft Clipper FY26/27 Operating Budget – Top Cost Drivers

Item No.	Descriptions	FY 25/26 (Approved) (\$M)	FY 25/26 (Amended) (\$M)	FY 25/26 (Forecast Actuals) (\$M)	FY 26/27 (\$M)	FY 27/28 (\$M)	FY 28/29 (\$M)	FY 29/30 (\$M)	5 YEAR TOTAL - FY 25/26 - 29/30 (\$M)
MTC Operating Costs									
1	MTC Staff	3.1	4.0	3.0	4.7	4.8	4.9	5.1	22.5
2	Current Clipper Operating Costs - MTC	6.2	9.0	8.0	3.1	0.0	0.0	0.0	11.1
3	Current Clipper Operating Costs - Transit Agencies (MTC covered)	7.3	7.3	9.9	0.0	0.0	0.0	0.0	9.9
4	Next Gen Clipper SI Operating Costs - MTC	8.6	7.1	5.5	9.3	9.8	10.1	10.3	45.0
5	Next Gen Clipper SI Operating Costs - Transit Agencies (MTC covered)	0.0	5.8	3.6	0.0	0.0	0.0	0.0	3.6
6	Next Gen Clipper CSC Operating Costs - MTC	3.6	6.0	5.1	7.2	5.0	5.0	5.0	27.3
7	Next Gen Clipper Fare Media Operating Costs - MTC	1.5	1.5	1.2	2.5	2.5	2.5	2.5	11.2
8	Next Gen Clipper Payment Services Operating Costs - MTC	0.0	0.0	0.0	0.6	0.6	0.6	0.6	2.4
9	Mobile App Fees - MTC	1.5	1.5	1.5	2.0	2.0	3.0	3.0	11.5
10	In Person Customer Service Centers	1.0	1.0	1.0	1.0	1.0	1.1	1.1	5.2
11	Customer Education Program	2.3	2.3	2.3	2.4	2.5	2.6	2.6	12.4
12	Clipper Operations - Misc.	1.3	1.4	1.4	1.0	1.0	1.1	1.1	5.6
13	Transit Operator Reimbursement	0.0	1.0	1.0	0.0	0.0	0.0	1.0	2.0
14	Subtotal MTC expenses	36.4	47.9	43.5	33.8	29.3	30.8	32.3	169.7
Transit Agency Operating Costs									
15	Current Clipper Operating Costs - Transit Agencies	7.3	13.1	2.4	0.6	0.0	0.0	1.0	4.0
16	Next Gen Clipper SI Operating Costs - Transit Agencies	8.6	7.1	2.3	9.3	9.8	10.1	10.3	41.8
17	Next Gen Clipper CSC Operating Costs - Transit Agencies	3.6	6.0	6.0	4.8	5.0	5.0	5.0	25.8
18	Next Gen Clipper Payment Services Operating Costs - Transit Agencies	3.5	7.0	6.6	14.4	14.8	15.3	15.7	66.8
19	Operator Passthrough	0.6	1.1	1.1	0.8	0.8	0.8	0.8	4.2
20	RTC Program	0.7	0.7	0.7	0.7	0.7	0.7	0.8	3.6
21	Subtotal Transit Agency expenses	24.3	35.0	19.1	30.6	31.1	31.9	33.6	146.3
Total Operating Costs (Rows 14 + 21)		60.7	82.8	62.6	64.4	60.4	62.7	65.9	316.0

- C1 O&M (Cubic) - \$3.1M
- C2 Payment Services (Fiserv) - \$14.4M
- C2 Customer Service Center (WSP) - \$12.0M



C1 Operations & Maintenance Budget

	FY25-26	FY26-27		FY27-28
	Amended 10/2025	Approved 5/2025	Proposed 4/2026	Proposed 4/2026
MTC	\$9.0M	\$0M	\$3.1M	\$0M
Operators	\$13.1M	\$0M	\$0.6M	\$0M
Total	\$22.1M	\$0M	\$3.7M	\$0M

- C1 O&M previously expected to end in FY25-26
- Operator share covered by MTC since January 2025
- Proposed FY26-27 budget assumes continued costs during C1 ramp-down (~9 months)
- MTC proposes to continue covering Operator share of Cubic C1 O&M
- AT&T network costs continue for six operators

C2 Payment Services Budget

	FY25-26 Amended 10/2025	FY26-27 Approved 5/2025 Proposed 4/2026		FY27-28 Proposed 4/2026
MTC	\$0M	\$0M	\$0.6M	\$0.6M
Operators	\$7.0M	\$3.7M	\$14.4M (+289%)	\$14.8M
Total	\$7.0M	\$3.7M	\$15.0M (+305%)	\$15.4M

- Previous estimate based on calculations in Fiserv proposal (2020)
- Proposed FY26-27 budget revises estimate to reflect observed trends:
 - Increased transit ridership and payment activity from post-pandemic recovery
 - Sales revenue is expected to be ~40% higher than original estimates
 - Transactions are expected to be 6 times higher than original estimates
 - Lower average transaction amounts due to changes in customer behavior
 - Adding value in mobile wallets
 - Open payments
 - Increased payment industry fees
 - Interchange fees
 - Other service fees: chargebacks, refunds

Payment Services Analysis: Credit/Debit Card Fees

Sales Channel	Credit/Debit Card Fees (% of Revenue)	
	Jan 2026	Feb 2026
C1 Card-Based	4.5%	4.4%
C2 Auto-Reload	2.8%	2.8%
C2 Mobile / App / In-Person Customer Service Centers	3.4%	3.6%
C2 Open Payments	4.4%	4.3%
C2 Web / Customer Service Call Center	6.2%	2.6%*

* Excludes fees from force authorization attacks

- C1 collected 52% and C2 collected 48% of credit/debit revenue in January 2026
- C1 collected 47% and C2 collected 53% of credit/debit revenue in February 2026
- C2 Auto-Reload and Mobile / App / IPCSC trending lower than C1
- C2 Open Payments approximately level with C1
- C2 Web / Customer Service Call Center fees fluctuate

C2 Customer Service Center Budget

	FY25-26	FY26-27		FY27-28
	Amended 10/2025	Approved 5/2025	Proposed 4/2026	Proposed 4/2026
MTC	\$6.0M	\$2.2M	\$7.2M (+227%)	\$5.0M
Operators	\$6.0M	\$2.2M	\$4.8M (+118%)	\$5.0M
Total	\$12.0M	\$4.4M	\$12.0M (+172%)	\$10.0M

- Previous estimates assumed lower call volumes and staffing
- FY25-26 budget amendment added \$4.8M to reflect upward trend in C1 call volumes
- Proposed FY26-27 budget continues higher call volumes and staffing:
 - Increased transit ridership from post-pandemic recovery
 - Customer transition issues and extended transition period
- MTC proposes to shift \$1.2M of operators' share to MTC, representing additional costs attributable to customer transition delay

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

Draft Clipper Capital Budget – FY26-27

- Clipper Capital Budget stable as Contractor progresses towards System Completion
- Includes funding for planned updates and enhancements
 - Account-based Web Portals
 - Equipment improvements
 - Expansion of Open Payment acceptance
- Proposes alternate fund sources to balance budget
 - Interest from Float
 - Inactive Card Funds
- Availability of Capital Contingency



System Integrator Capital Contingency Funds

- Funds included in the authorization of the Next-Generation Clipper System Integrator contract award in September 2018 to fund future capital needs for the System Integrator Contract
- Previous CEB Authorization of use of Capital Contingency:
 - [June 2020](#): Authorization for use of program contingency to procure equipment and support operator-requested enhancements for the Next-Generation Clipper program
- Total Contingency Funds used to date: \$11M
- Current Contingency Funds balance: ~\$13M
- **FY26/27 Capital Budget Proposal: With transit operator staff support, use of contingency to fund known Capital needs and improvements that occur during the fiscal year, subject to the Approval of the Clipper Executive Board**



Ongoing Work and Next Steps to Reduce Costs

- Payment Services cost assessment
 - Continued analysis of transaction data
 - Service fee reduction opportunities (e.g., chargeback reduction)
 - Continued discussions with operators on transaction fee reduction opportunities (e.g., transaction aggregation)
- Customer Service Center cost assessment
 - Continued negotiation of contract terms
 - Ongoing assessment of call trends
 - Continued discussions with operators on CSC operational and/or contract changes
- Cost recovery negotiations with Cubic
- Two-Year Budget presented for CEB Approval at next meeting (June 1, 2026)

