



Clipper Two-Year Budget

Clipper Executive Board Meeting
June 1, 2026

Overview of Clipper Program Cost Components

- Legacy Clipper (C1) system:
 - Pre-C2 launch: Cubic provided C1 system O&M, customer service, fare media, and payment (credit/debit) services
 - Post-C2 launch: Cubic providing C1 system O&M and payment services for remaining C1 credit/debit transactions (C1 auto-reloads and mobile wallets)
- Next-Generation Clipper (C2) system:
 - System Integrator: Cubic
 - Customer Service Center: WSP
 - Payment Services: Fiserv, credit/debit card brands
 - Fare Media: Paragon, Confidex
- Supporting services:
 - In-Person Customer Service Centers, Retail, Customer Education/Outreach, Clipper Access program operations, mobile wallet/app fees, MTC staff

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
MTC Staff	\$3.1M	\$4.0M	\$3.0M	\$4.7M	\$4.8M
C1 System (Cubic, AT&T)	\$13.5M	\$29.4M	\$20.3M	\$3.4M	\$0.0M
Next Gen System Integrator (Cubic)	\$17.2M	\$19.9M	\$11.4M	\$18.6M	\$19.6M
Next Gen Customer Service Center (WSP)	\$7.2M	\$12.0M	\$11.1M	\$12.0M	\$10.0M
Payment Services (Fiserv/Cubic, AmEx)	\$3.5M	\$7.0M	\$6.6M	\$15.0M	\$15.4M
Next Gen Fare Media	\$1.5M	\$1.5M	\$1.2M	\$2.5M	\$2.5M
Mobile Wallet/App Fees	\$1.5M	\$1.5M	\$1.5M	\$2.0M	\$2.0M
In-Person Customer Service Centers (TTEC, Nematode)	\$1.0M	\$1.0M	\$1.0M	\$1.0M	\$1.0M
Customer Education/Outreach (MIG)	\$2.3M	\$2.3M	\$2.3M	\$2.4M	\$2.5M
Retail Commission	\$0.6M	\$1.1M	\$1.1M	\$0.8M	\$0.8M
RTC Program	\$0.7M	\$0.7M	\$0.7M	\$0.7M	\$0.7M
Operations – Misc.	\$1.3M	\$1.4M	\$1.4M	\$1.3M	\$1.3M
Transit Operator Reimbursement	\$0.0M	\$1.0M	\$1.0M	\$0.0M	\$0.0M
Total Costs	\$53.4M	\$82.8M	\$62.6M	\$64.4M	\$60.4M

Clipper Two-Year Operating Budget Funding and Net Budget

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
Transit Operators	\$17.0M	\$21.9M	\$19.1M	\$30.6M	\$31.7M
Operating Grants*	\$25.2	\$33.3M	\$33.3M	\$20.7M	\$12.8M
Card and Media Fees	\$2.0M	\$2.0M	\$0.0M	\$2.7M	\$4.0M
Clipper Float Interest (Operator O&M)	\$7.3M	\$7.3M	\$7.3M	\$0.0M	TBD
Clipper Float Interest (Lost Revenue Reimbursement)	\$00M	\$1.0M	\$1.0M	\$0.0M	TBD
<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>Operating Carry Forward (Prior FY)</i>	<i>\$8.7M</i>	<i>\$14.6M</i>	<i>\$14.6M</i>	<i>\$12.7M</i>	<i>\$2.3M</i>
<i>Total Source of Funding</i>	<i>\$60.2M</i>	<i>\$80.1M</i>	<i>\$75.3M</i>	<i>\$66.7M</i>	<i>\$50.2M</i>

*includes STA, Regional Measure 2, Low Carbon Transit Operations Program, State of Good Repair

	FY 25/26 Approved 5/25	FY 25/26 Amended 10/25	FY 25/26 Forecast Actuals	FY 26/27	FY27/28
Total Source of Funding	\$60.2M	\$80.1M	\$75.3M	\$66.7M	\$50.2M
Total Operating Costs	(\$53.4M)	(\$82.8M)	(\$62.6M)	(\$64.4M)	(\$60.4M)
<i>Net Operating Budget</i>	<i>\$6.8M</i>	<i>(\$2.7M)</i>	<i>\$12.7M</i>	<i>\$2.3M</i>	<i>(\$9.6M)</i>



Clipper Two-Year Operating Budget Costs - MTC

MTC Costs	FY 25/26 Approved 5/25	FY 25/26 Amended 10/25	FY 25/26 Forecast Actuals	FY 26/27	FY27/28
MTC Staff	\$3.1M	\$4.0M	\$3.0M	\$4.7M	\$4.8M
C1 System (Cubic, AT&T)	\$6.2M	\$16.3M	\$17.9M	\$3.1M	\$0.0M
Next Gen System Integrator (Cubic)	\$8.6M	\$12.9M	\$9.1M	\$9.3M	\$9.8M
Next Gen Customer Service Center (WSP)	\$3.6M	\$6.0M	\$5.1M	\$7.2M	\$5.0M
Payment Services (AmEx)	\$0.0M	\$0.0M	\$0.0M	\$0.6M	\$0.0M
Next Gen Clipper Fare Media	\$1.5M	\$1.5M	\$1.2M	\$2.5M	\$2.5M
Mobile Wallet/App Fees	\$1.5M	\$1.5M	\$1.5M	\$2.0M	\$2.0M
In-Person Customer Service Centers (TTEC, Nematode)	\$1.0M	\$1.0M	\$1.0M	\$1.0M	\$1.0M
Customer Education/Outreach (MIG)	\$2.3M	\$2.3M	\$2.3M	\$2.4M	\$2.5M
Operations – Misc.	\$1.3M	\$1.4M	\$1.4M	\$1.0M	\$1.0M
Reimbursement to Transit Operators	\$0.0M	\$1.0M	\$1.0M	\$0.0M	\$0.0M
Total MTC Costs	\$29.1M	\$47.9M	\$43.5M	\$33.8M	\$28.7M

- FY26/27 MTC Operating Costs: \$33.8M

Clipper Two-Year Operating Budget Costs - Transit Operators

Transit Operator Costs	FY 25/26 Approved 5/25	FY 25/26 Amended 10/25	FY 25/26 Forecast Actuals	FY 26/27	FY27/28
C1 System (Cubic, AT&T)	\$7.3M	\$13.1M	\$2.4M	\$0.3M	\$0.0M
Next Gen System Integrator (Cubic)	\$8.6M	\$7.1M	\$2.3M	\$9.3M	\$9.8M
Next Gen Customer Service Center (WSP)	\$3.6M	\$6.0M	\$6.0M	\$4.8M	\$5.0M
Payment Services (Fiserv/Cubic, AmEx)	\$3.5M	\$7.0M	\$6.6M	\$14.4M	\$15.4M
Retail Commission	\$0.6M	\$1.1M	\$1.1M	\$0.8M	\$0.8M
RTC Program	\$0.7M	\$0.7M	\$0.7M	\$0.7M	\$0.7M
Operations – Misc.	\$0.0M	\$0.0M	\$0.0M	\$0.3M	\$0.3M
Total Transit Operator Costs	\$24.3M	\$35.0M	\$19.1M	\$30.6M	\$31.7M

- FY26/27 Transit Operator Operating Costs: \$30.6M

Clipper Two-Year Operating Budget – Cost Drivers

	FY 25/26 Approved 5/25	FY 25/26 Amended 10/25	FY 25/26 Forecast Actuals	FY 26/27	FY27/28
MTC Staff	\$3.1M	\$4.0M	\$3.0M	\$4.7M	\$4.8M
C1 System (Cubic, AT&T)	\$13.5M	\$29.4M	\$20.3M	\$3.4M	\$0.0M
Next Gen System Integrator (Cubic)	\$17.2M	\$19.9M	\$11.4M	\$18.6M	\$19.6M
Next Gen Customer Service Center (WSP)	\$7.2M	\$12.0M	\$11.1M	\$12.0M	\$10.0M
Payment Services (Fiserv/Cubic, AmEx)	\$3.5M	\$7.0M	\$6.6M	\$15.0M	\$15.4M
Next Gen Fare Media	\$1.5M	\$1.5M	\$1.2M	\$2.5M	\$2.5M
Mobile Wallet/App Fees	\$1.5M	\$1.5M	\$1.5M	\$2.0M	\$2.0M
In-Person Customer Service Centers (TTEC, Nematode)	\$1.0M	\$1.0M	\$1.0M	\$1.0M	\$1.0M
Customer Education/Outreach (MIG)	\$2.3M	\$2.3M	\$2.3M	\$2.4M	\$2.5M
Retail Commission	\$0.6M	\$1.1M	\$1.1M	\$0.8M	\$0.8M
RTC Program	\$0.7M	\$0.7M	\$0.7M	\$0.7M	\$0.7M
Operations – Misc.	\$1.3M	\$1.4M	\$1.4M	\$1.3M	\$1.3M
Transit Operator Reimbursement	\$0.0M	\$1.0M	\$1.0M	\$0.0M	\$0.0M
Total Costs	\$53.4M	\$82.8M	\$62.6M	\$64.4M	\$60.4M

1. C1 System (Cubic, AT&T) - \$3.4M in FY26/27
2. Next Gen Customer Service Center (WSP) - \$12.0M in FY26/27
3. Payment Services (Fiserv/Cubic, AmEx) - \$15.0M in FY26/27

C1 Operations & Maintenance (Cubic, AT&T) Budget

C1 O&M (Cubic, AT&T)	FY 25/26 Approved 5/25	FY 25/26 Amended 10/25	FY 25/26 Forecast Actuals	FY 26/27	FY27/28
MTC	\$6.2M	\$16.3M	\$17.9M	\$3.1M	\$0.0M
Transit Operators	\$7.3M	\$6.1M	\$5.7M	\$0.3M	\$0.0M
Total Costs	\$13.5M	\$22.4M	\$23.6M	\$3.4M	\$0.0M

- C1 O&M previously expected to end in FY25-26
- Operator share covered by MTC January 2025 – December 2025
- Proposed FY26-27 budget assumes continued costs during C1 ramp-down (~6–9 months)
- MTC proposes to continue covering Operator share of Cubic C1 System O&M
- AT&T network costs continue for six operators

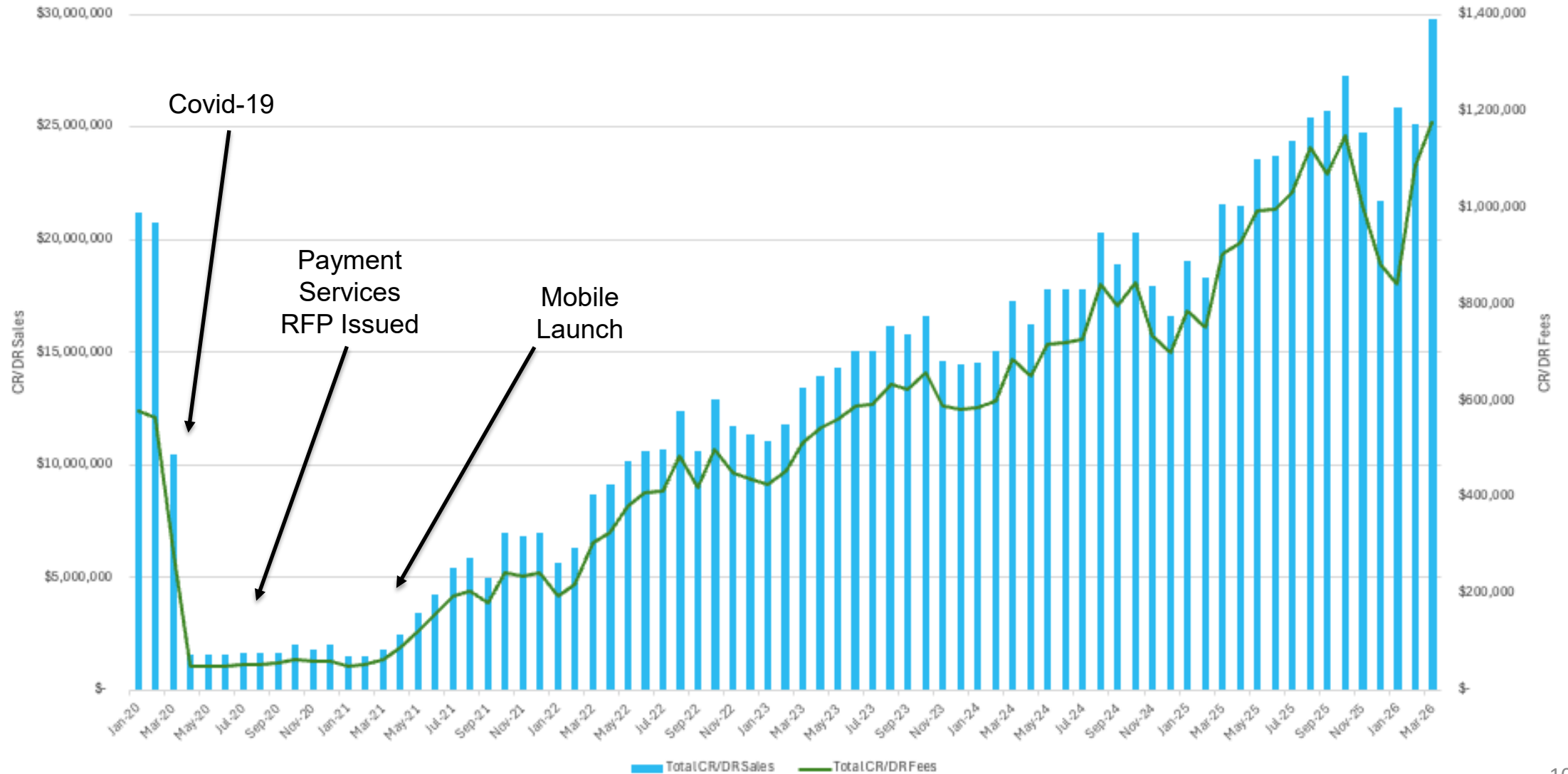
Payment Services (Fiserv/Cubic, AmEx) Budget

Payment Services (Fiserv/Cubic, AmEx)	FY 25/26 Approved 5/25	FY 25/26 Amended 10/25	FY 25/26 Forecast Actuals	FY 26/27	FY27/28
MTC	\$0.0M	\$0.0M	\$0.0M	\$0.6M	\$0.0M
Transit Operators	\$3.5M	\$7.0M	\$6.6M	\$14.4M	\$15.4M
Total Costs	\$3.5M*	\$7.0M*	\$6.6M* (\$13.8M w/C1)	\$15.0M	\$15.4M

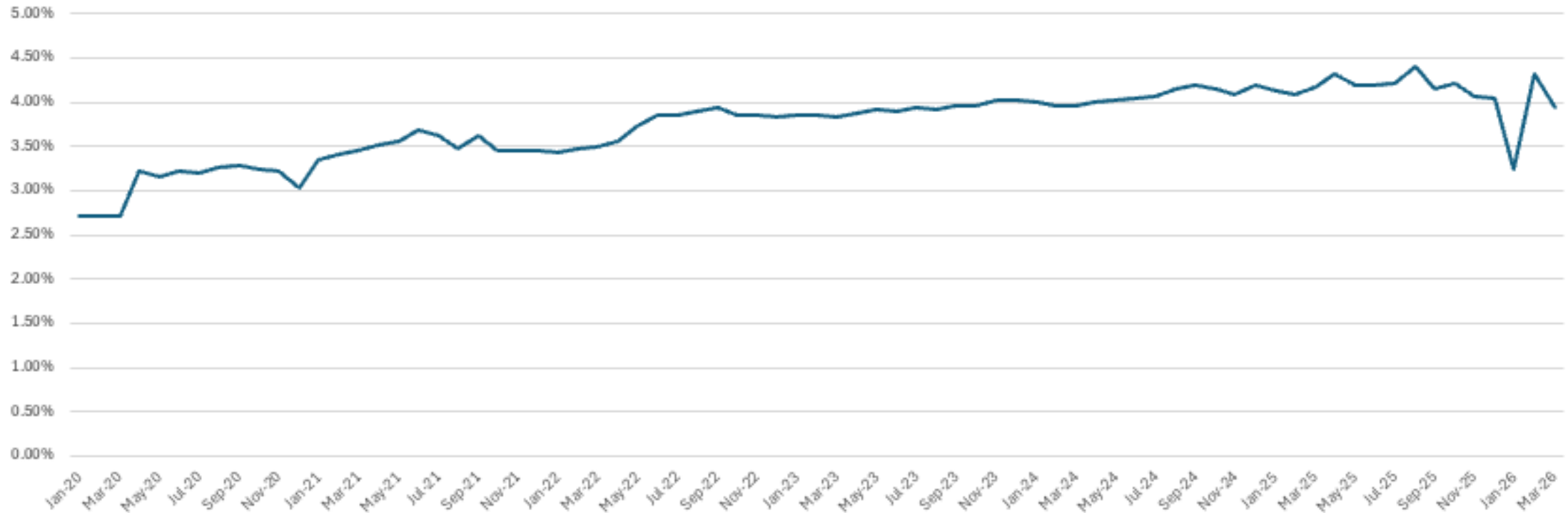
* Excludes C1 Payment Service Fees

- Proposed FY26-27 budget reflects completing transition of all Clipper credit/debt fees from C1 (passthrough with markup in Cubic O&M) to C2 (Fiserv)
- \$15.0M in Payment Services fees to process \$360M in credit/debit sales in FY26/27
- Estimate revised to reflect observed trends:
 - Increased transit ridership and payment activity from post-pandemic recovery
 - 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

Clipper Credit/Debit Sales & Fees



Clipper Credit/Debit Fees as Percentage of Sales



- **FY26/27: Estimated \$15.0M in fees to process \$360M credit/debit sales (~4.2%)**
- FY25/26 (to Feb 26): \$8.1M payment service fees to process \$200M credit/debit sales (~4.1%)
- FY24/25: \$10.0M payment service fees to process \$240M credit/debit sales (~4.2%)

Credit/Debit Card Fees: C1 vs. C2

Sales Channel	Credit/Debit Card Fees (% of Sales)		
	Jan 2026	Feb 2026	Mar 2026
C1	4.5%	4.4%	4.5%
C2 Auto-Reload	2.8%	2.8%	2.7%
C2 Mobile / App / In-Person Customer Service Centers	3.4%	3.6%	3.6%
C2 Open Payments	4.4%	4.3%	4.4%
C2 Web / Customer Service Call Center	6.2%	2.6%*	2.6%

* Excludes fees from force authorization attacks

- 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
 - Opportunities for cost reduction
- Overall trend of increasing sales volume and industry fees is primary driver of budget

C2 Customer Service Center (WSP) Budget

Next Gen Customer Service Center (WSP)	FY 25/26 Approved 5/25	FY 25/26 Amended 10/25	FY 25/26 Forecast Actuals	FY 26/27	FY27/28
MTC	\$3.6M	\$6.0M	\$5.1M	\$7.2M	\$5.0M
Transit Operators	\$3.6M	\$6.0M	\$6.0M	\$4.8M	\$5.0M
Total Costs	\$7.2M	\$12.0M	\$11.1M	\$12.0M	\$10.0M

- FY25-26 budget amendment added \$4.8M to reflect upward trend in C1 call volumes
- Proposed FY26-27 budget continues assumption of higher call volumes and staffing
- 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, 7am-6pm (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

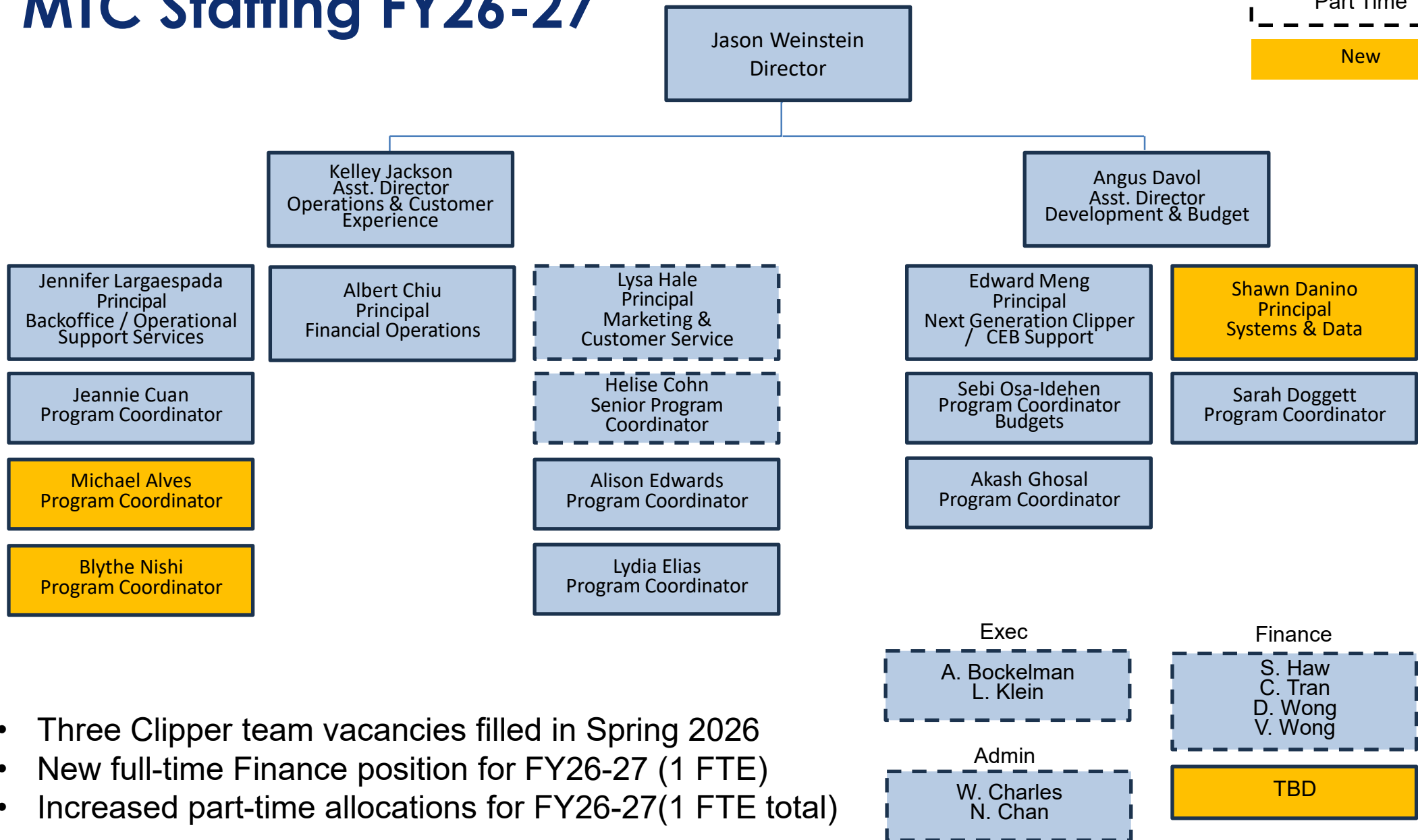


Draft Clipper Capital Budget – FY26-27

- Clipper Capital Budget stable as Contractor progresses towards System Completion
- Includes funding for potential updates and enhancements
 - Account-based Web Portal Features
 - Equipment Functionality
 - System Improvements and Expansion
- Proposes alternate fund sources to balance budget
 - Interest from Float
 - Inactive Card Funds
- Availability of Capital Contingency

MTC Staffing FY26-27

Part Time
New



- Three Clipper team vacancies filled in Spring 2026
- New full-time Finance position for FY26-27 (1 FTE)
- Increased part-time allocations for FY26-27(1 FTE total)

Ongoing Work and Next Steps to Reduce Costs

- C1 O&M (Cubic)
 - Negotiate cost recovery with Cubic
- Payment Services (Fiserv) cost assessment
 - Analyze transaction data to better understand cost drivers
 - Identify and evaluate opportunities to reduce transaction fees (e.g., transaction aggregation) and service fees (e.g., mitigate chargeback risk)
- Customer Service Center (WSP) cost assessment
 - Renegotiate contract terms
 - Assess call trends through transition period
 - Collaborate regionally regarding CSC operational and/or contract changes
- Mid-Year Clipper Budget Update (late 2026)