

Clipper® Executive Board

November 21, 2022

Agenda Item 4c

Clipper® Budget Update

Subject:

An update on the Approved Clipper budget and work plan for Fiscal Years (FYs) 2022-23 and 2023-24 for the Executive Board's review.

Background:

Under the Memorandum of Understanding, the Executive Board reviews and adopts a biennial Clipper budget. The budget is intended to provide an understanding of the scope and size of major expense categories, proposed funding plan, and overall summary of Clipper program work elements. The budget is updated annually and includes both current Clipper system and Next Generation Clipper system costs, as well as costs to operate, maintain, and implement the overall Clipper program, including staffing, customer education and marketing, and estimated costs from other next-generation Clipper procurements.

At the June 2022 Clipper Executive Board (CEB) meeting, Clipper staff committed to return to the Board semi-annually with an update of the Clipper Budget.

Attachments A and B to this memo, respectively, show the Clipper Operating and Capital Two Year Budget updated in November 2022, as well as the Clipper Operating and Capital Two Year Budget approved and adopted by this Board in June 2022, as reference. The budget is intended to provide an understanding of the scope and size of major expense categories and confirm availability of funding. The budget is updated annually and includes both current Clipper system and next generation Clipper items.

Updates from the June 2022 approved FY 2022-23 and 2023-24 Budget and Work Plan

Updates of the Clipper Two Year Budget item approved in June 2022 are highlighted in red in Attachment A and described below.

1. In both Operating and Capital Budgets, costs for the current Clipper system are expected to decrease, while resources are shifted to Next –Generation Clipper implementation, accelerated deployment, and transition efforts, until Clipper is fully transitioned to the Next Generation Clipper system in FY 2024-25.

2. The Operating Budget estimates operating costs associated with both the current card-based Clipper system, and the account-based system, reflecting progress of equipment installation completed to this point, and the impact of major milestone dates on the account-based operating costs. The Clipper Two Year Budget has always assumed that the card-based operating costs continue until the end of the current Clipper contract's extension to November 2024, and that until then, the card- and account-based systems are operating in parallel.
3. The Operating Budget assumes that \$2.8M in "unregistered inactive funds" are needed in FY23-24 in order to balance the budget, and that when needed, staff will return to the Board for approval of use of these funds to offset operating shortfalls in future fiscal years;
4. The Clipper program's Capital budget has been updated to reflect Cubic's most recently estimated milestone payments, as well as equipment payments based on estimates on the progress of current installation of next-generation equipment; and
5. In order to address uncertainty around Regional Measure 3, the Clipper program signed a Letter of No Prejudice to use OBAG3 funds to offset potential delays in receipt of RM3 funds and to pay invoices in a timely manner. If or when RM3 funds are received, OBAG3 funds used for Clipper would be returned for their original intended use.

MTC staff plans to return to the Clipper Executive Board in approximately six months to review the next Clipper Two Year Budget and Work Plan for the Executive Board's review and approval.

Issues:

None identified.

Recommendations:

Information.

Attachments:

- Attachment A: Clipper Operating and Capital Budget – Updated November 2022
- Attachment B: Clipper Operating and Capital Budget – Approved June 2022 (reference)



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