

**Metropolitan Transportation Commission
Operations Committee**

July 8, 2022

Agenda Item 4j - Revised

2022 Clipper[®] Amended and Restated Memorandum of Understanding (MOU)

Subject:

2022 Amended and Restated Clipper MOU, updated to capture changes required to support the operation of the Next Generation Clipper (C2) System, including cost-sharing agreements for the System Integrator, Customer Service Center, Payment Services, and Fare Media Fulfillment Contracts.

Background:

Staff discussed amendments to the Clipper MOU with the Clipper Executive Board (CEB), and with agency executives, legal counsel, and transit agency staff of all the region's Clipper operators, in April, May and June 2022; staff brought the draft MOU forward for CEB comment on June 27, 2022. Operator comments received since the June CEB meeting have focused mainly on operator responsibilities, as outlined in the 2022 Amended and Restated MOU. Staff will consider those comments and bring further adjustments, if any, as an MOU approval item to the CEB at its July 18, 2022 meeting.

This memo summarizes the proposed changes and cost-sharing agreements to be incorporated into an Amended & Restated Clipper 2022 MOU. The 2022 MOU builds on the core agreements of the 2016 Clipper MOU and includes:

- A cost-sharing agreement for the Operations and Maintenance (O/M) of the C2 account-based system, including the C2 System Integrator, Customer Service Center, Payment Services, and Fare Media Fulfillment contracts;
- Allocation of Clipper capital costs to MTC, with some exceptions for capital costs for the benefit of particular operators;
- Revenue allocation for the C2 account-based system, which mirrors the revenue allocation principles of the C1 system;
- Incorporation of Amendments 1 through 3 to the 2016 MOU, including the assumption by MTC of program management responsibilities for the Regional Transit Connection (RTC) Program and RTC cost-sharing agreements;

- Additions to the Program Goals and Performance Measures; and
- General clean-up and clarifications.

As noted above, the 2022 MOU includes the account-based cost-sharing agreements between MTC and the operators and how costs will be shared amongst the operators. MTC and transit operator staffs participating in the cost-sharing discussions have agreed in this MOU that MTC will cover 50% of the shared O/M and service levels incentives and that the operators will further share the operators' 50% portion of the costs based on their percentage of Clipper ridership. As part of their agreement (but not part of this MOU), the transit operators have requested that a roadmap be developed that will plan for the transition of non-Clipper riders to Clipper to the extent possible by each agency, with regular updates to the CEB on the progress of achieving the goals of this roadmap.

Staff is anticipating edits to the MOU based on operator feedback since the June 27, 2022 CEB meeting. These edits will focus on clarifying Operator responsibilities under the MOU, including the revised Program Goals and Performance Measures, and will not affect MTC responsibilities, including those performed by MTC in its current role of Contracting Agency.

MTC Clipper staff's goal is to support full execution of the new MOU by September 2022 because the Amended and Restated MOU needs to be in effect in order to invoice the operators for their shares of Next Generation Clipper operations and maintenance invoices, which will start coming in this fall.

Issues:

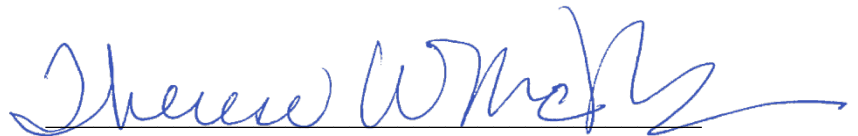
None identified.

Recommendation:

Staff recommends that this Committee approve the 2022 Amended & Restated Clipper MOU, contingent on approval by the Clipper Executive Board.

Attachment:

- None



Therese W. McMillan

Request for Committee Approval

Summary of Proposed Memorandum of Understanding

| | |
|-----------------------------|---|
| Participants: | MTC and Bay Area Clipper Transit Operators |
| Work Project Title: | 2022 Clipper [®] Amended and Restated Memorandum of Understanding (MOU) |
| Purpose of Project: | Updating the Clipper MOU with changes required to support the operation of the Next Generation Clipper (C2) System |
| Brief Scope of Work: | Amending the Clipper MOU to include cost-sharing and revenue allocation agreements for the C2 account-based system, incorporate prior Amendments 1 through 3 to the MOU, and add to the Program Goals and Performance Measures stated in the MOU |
| Project Cost Not to Exceed: | \$0; no funds committed through the MOU |
| Funding Source: | Not applicable. |
| Fiscal Impact: | None; MTC share of operating costs to be funded through existing or future MTC budgets. |
| Motion by Committee: | That the Executive Director or designee is authorized to negotiate and execute the 2022 Amended and Restated Clipper Memorandum of Understanding, contingent on approval by the Clipper Executive Board, as described above and in the Operations Committee Summary Sheet dated July 8, 2022. |
| Operations Committee: | <hr/> Carol Dutra-Vernaci, Chair |
| Approved: | July 8, 2022 |