

Metropolitan Transportation Commission
Regional Network Management Committee

November 8, 2024

Agenda Item 2d

Clipper® Bank Account Cash Management: Transfer of \$2,700,000 from Clipper Float Account to MTC to Fund Clipper Program Operating Costs

Subject:

Request Committee approval of a transfer of \$2,700,000, equivalent to a portion of all Inactive Funds on unregistered inactive Clipper cards, from the Clipper Float Account for inclusion into the Fiscal Year (FY) 2024-25 Clipper Operating Budget.

Background:

The Clipper Cardholder Agreement defines “Inactive Funds” as funds on a card, whether registered or unregistered, which have not been used for at least the past three years. Inactive Funds, like all money paid by customers to load cash value onto their Clipper cards, are held in the Clipper Float Account until that cash value is used to ride transit.

Following approvals by this Committee or the full Commission, four prior distributions from the Clipper Float Account of money representing Inactive Funds on unregistered cards -- totaling nearly \$11.1M – have occurred between 2018 and 2023. Each time, 10% was held back as a reserve to cover any renewed card activity; history has shown 10% to be a more than adequate reserve percentage. In accordance with Board direction, these distributions have not impacted cardholders’ use of their Clipper cards; the full unused balance on a cardholder’s card remains available to them regardless of how long the card goes unused.

Staff is making this request for Committee action to approve the transfer of \$2.7M from the Clipper Float Account so that the funds are made available; as stated above in this memo, the transfer of this amount from the Clipper Float Account will not impact any Clipper cardholder.

The Clipper Executive Board approved the proposed transfer at its May 20, 2024 meeting.

Issues:


None identified.

Recommendation:

Staff recommends the Regional Network Management Committee authorize the Executive Director or designee to transfer \$2,700,000, identified as Inactive Funds, from the Clipper Float Account to MTC to offset FY 2024-25 Clipper program operating costs.

Attachments:

- Attachment A: Request for Committee Approval – Summary of Proposed Contract Amendment



Andrew B. Fremier

Request for Committee Approval

Summary of Proposed Action

Work Item No.: 320-1221

Consultant: N/A

Work Project Title: Clipper Bank Account Cash Management

Purpose of Action: Transfer \$2,700,000 identified as Inactive Funds from the Clipper Float Account to MTC to offset Clipper Program operating costs

Brief Scope of Work: MTC to transfer \$2,700,000 from the Clipper Float Account to MTC budget to fund Clipper Program operating costs

Project Cost Not to Exceed: N/A

Funding Source: N/A

Fiscal Impact: Transfers \$2,700,000 for inclusion in the FY 24/25 MTC agency budget for Clipper Program operating costs

Motion by Committee: That the Executive Director or designee is authorized to transfer \$2,700,000 identified as Inactive Funds from the Clipper Float Account to MTC to offset Clipper Program operating costs as described above and in the Regional Network Management Committee Summary Sheet dated November 8, 2024.

Regional Network
Management Committee:

David Rabbitt, Chair

Approved: November 8, 2024