



TO: Clipper® Executive Board

DATE: October 17, 2016

FR: Carol Kuester

RE: Clipper® In-Person Customer Service Centers (IPCSCs)

This memorandum is to inform the Clipper® Executive Board about the current performance and future plans for in-person service to Clipper® customers. Staff recommends continuing to provide in-person customer service at three locations (detailed below).

Current Performance

Attachment A shows transaction volume and operational cost for the three IPCSCs at the following locations:

- Embarcadero BART/Muni Metro Station in San Francisco
- AC Transit Headquarters in Oakland
- Ferry Building in San Francisco

The IPCSCs, as opposed to Clipper® retailers like Walgreens, are the only locations for customers to perform some transaction types, including instant replacement of Adult, Youth and Senior cards, as well as the ability to accept split payments on transit benefit debit cards and vouchers for Clipper® purchases. While not inexpensive to operate (annual cost for all locations is ~\$1M), the IPCSCs continue to provide a convenient option for Clipper® customers who prefer face-to-face interaction for their customer service or transit product purchase needs. For example, while the IPCSC in the Embarcadero BART/Muni Metro Station cost \$525,000 to operate in 2016, the top three Clipper® retail locations alone in the same time cost transit agencies nearly \$300,000 in sales commission fees. The Embarcadero Station IPCSC sells more Clipper® value than any other retail location in the entire region and the Ferry Building IPCSC is strategically located to serve both the local and tourist market.

Future Plans

The contract for staffing the Embarcadero IPCSC will expire on June 30, 2017, and staff is preparing to issue a Request for Proposals (RFP) so that we will have a new contract in place prior to the expiration of the current contract. Funding for the Embarcadero IPCSC is in the approved Clipper® two-year budget. MTC and BART are also working to move the currently cramped Embarcadero kiosk location to the vacant My Transit Plus space in Embarcadero BART Station in 2017. Staff will bring a request for approval to enter into the new Embarcadero IPCSC contract to this Board in late 2016.

Additionally, we will return to the Clipper® Executive Board in spring 2017 to request approval for the staffing of the Ferry Building and AC Transit locations. Funding for these two IPCSCs is included in the approved Clipper® two-year budget.

Other actions that will expand Clipper® in-person customer service include:

- Cubic is currently modifying VTA's Ticket Office Terminals at two VTA customer service centers in San Jose to offer instant card replacement; and
- Cubic will install a Clipper® Retail Unit in the new Bay Area Metro Center regional resource center "The Hub @ 375 Beale" that will have the ability to sell adult Clipper® cards and all types of value.

Recommendation

We recommend that the Executive Board support continuation of the three IPCSC locations. Staff will bring requests for approval to enter into any new contracts to the Clipper® Executive Board, as well as update the Board on any developments that could better serve the needs of Clipper® customers in the region.



Carol Kuester

Attachment:

- Attachment A: Clipper® Customer Service Activity and Cost

Clipper® Customer Service Activity and Cost

Exhibit 1: Clipper® Customer Service Activity during Fiscal Year 2015-16

	Adult, Youth and Senior Card Replacement*	Youth and Senior Card Issuance	Value of Ticket Office Terminal (TOT) Sales	Annual Cost
Embarcadero Kiosk	10,367	8,065	\$5,937,959	\$525,000
Bay Crossings	1,829	2,191	\$1,985,005	\$200,000
AC Transit	2,997	6,854	\$943,681	\$250,000
Other Transit Operators	n/a	35,549	\$5,589,302	
Clipper Service Bureau	53,889	17,535	n/a	
Total for Region	69,082	70,194	\$14,455,947	
Percent of Regional Total Attributed to IPCSC Locations	22%	24%	61%	

*Card replacement data for the Embarcadero Kiosk and Bay Crossings were combined historically. Estimates for Fiscal Year 2015-16 are based on the 85/15 split reflected in location-specific data from May to August 2016.

Exhibit 2: Clipper® Card Replacement by IPCSC Provider

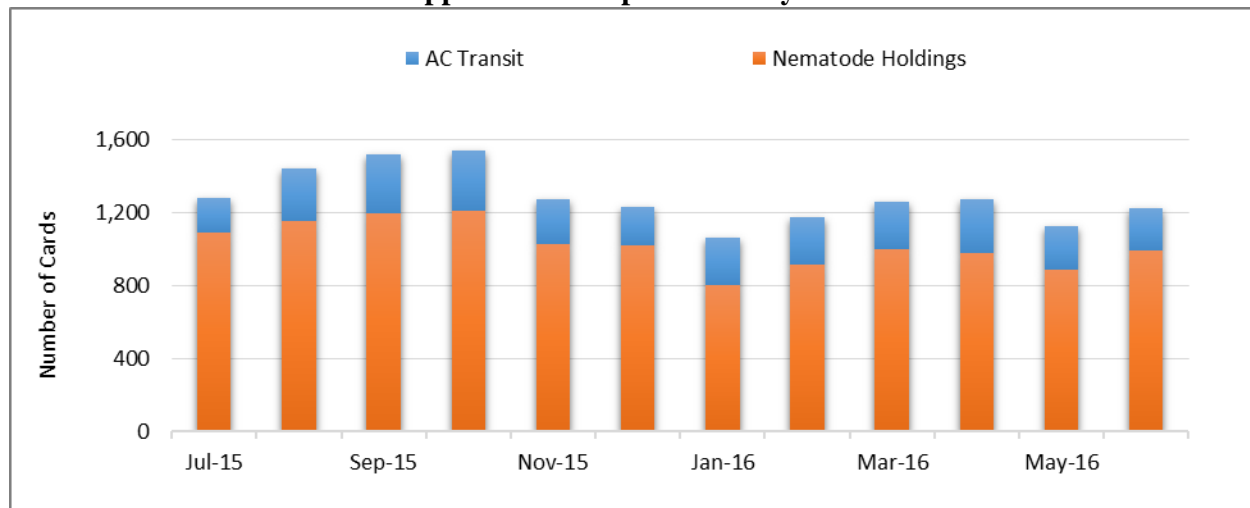


Exhibit 3: Annual Compensation for In-Person Customer Service Operations Paid by MTC

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	Total
Embarcadero Kiosk (Nematode Holdings)	\$450,000	\$475,000	\$475,000	\$525,000	\$525,000	\$600,000	\$3,050,000
Bay Crossings (Nematode Holdings)	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$275,000	\$1,275,000
AC Transit	\$75,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$1,325,000
Total by Fiscal Year	\$725,000	\$925,000	\$925,000	\$975,000	\$975,000	\$1,125,000	\$5,650,000