



METROPOLITAN  
TRANSPORTATION  
COMMISSION

**Agenda Item 6a**  
Bay Area Metro Center  
375 Beale Street  
San Francisco, CA 94105  
TEL 415.778.6700  
WEB [www.mtc.ca.gov](http://www.mtc.ca.gov)

## *Memorandum*

TO: Operations Committee

DATE: April 7, 2017

FR: Executive Director

W. I. 310-2780

RE: Next-Generation Clipper® (C2) System Project Update

This item is to update the Committee on progress towards the development of the C2 project, including background on the Clipper® program, the vision for the C2 system and its features, and current activities related to the procurement of a system integrator. Currently, staff is circulating a draft request for proposals (RFP) for industry review and public comment.

### **Background**

Clipper®, the electronic fare payment system on 20 public transit agencies in the Bay Area, allows transit riders to store transit passes and cash value on a single payment card and enjoy benefits like seamless transfers and automatic application of discounts. Two more agencies – Union City Transit and the new Sonoma-Marín Area Rail Transit - will begin accepting Clipper® in 2017.

Clipper® is managed by MTC with oversight of the Clipper® Executive Board, per the amended and restated Clipper® Memorandum of Understanding (MOU), approved by the Commission in 2015. MTC staff is responsible for customer education and in-person customer service centers. Transit operators are responsible for fare policy, inspection and enforcement, and first line device maintenance. The Clipper® contractor, Cubic Transportation Systems (Cubic) is responsible for card and value distribution, credit processing, equipment, maintenance of program websites and the customer service call center. Cubic also processes settlement of transit operator revenues.

The program launched as TransLink® as part of a pilot in 2002 and began rolling out on major transit operators in 2006, rebranding as Clipper® in 2010. At the same time, MTC Resolution 3866 mandated the larger transit operators eliminate paper passes and make them available only on Clipper®. Usage of the card climbed significantly once paper passes started being eliminated. In January 2017, Clipper® reached a milestone of collecting more than half of all transit fares paid in the Bay Area. The most recent Clipper® customer survey revealed that 97% of Clipper® customers are satisfied with the system.

### **C2: The Next Generation**

The vision for the next generation of Clipper®, or C2, is for a customer-focused, cost-effective fare collection system that provides a modern, seamless transit experience for traveling around the Bay Area. It will be a flexible platform for improving future regional travel, built through collaboration among the region's transit agencies, MTC and vendors on the program. MTC and the transit operators will continue to perform functions similar to their roles today.

Goals of the C2 program are to provide (1) an intuitive, efficient and familiar experience; (2) excellent, proactive customer service; and (3) operational efficiency and reliability. With C2, electronic payment will be the primary payment method for all transportation fares and fees, including transit, parking, bikeshare and paratransit, and people will be able to use cards or other methods like mobile devices. In the vision of the C2 planners, Clipper® will be easier to obtain and use, with many distribution and reloading options available, online transactions more immediately available and more convenient account management for families, institutional programs and other organizations. Transit systems will either only accept Clipper® or will provide incentives to use Clipper®.

MTC and the transit operators plan to procure a C2 system integrator that will be responsible for overall operation of the system as well as coordination of discrete tasks (such as customer service) that will be contracted out to separate vendors to ensure greater flexibility and quality. This is a significant departure from the all-in-one Design-Build-Operate-Maintain (DBOM) contract with Cubic

MTC released a draft of the C2 system integrator RFP for industry review in late January with an April 3 deadline for comments. As part of its C2 public engagement activities, MTC produced a brief summary describing proposed C2 system features for public review and comment and shared this on the futureofclipper.com website. Transit operators have this information, with some choosing to share it at public meetings and through their own channels.

### **Next Steps**

MTC and transit operator staff are currently reviewing comments from industry representatives and the public and will make recommendations about whether and how to incorporate them into the final RFP. After comments are addressed, MTC will release the final RFP in June 2017, and the current schedule calls for selection of a C2 system integration in early 2018.

Because the RFP does not finalize all design details for the new system, MTC is continuing with public engagement activities to narrow down specific choices with regard to program components such as customer service, retail access, account management and other elements. MTC will release a new public input survey in mid-April and will work closely with all participating operators to widely advertise this opportunity.

Staff will continue to report to the Operations Committee on milestones of the procurement and program development.



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Steve Heminger

### **Attachment:**

- Attachment A: Clipper®: The Next Generation Presentation

SH: jw

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# Clipper: The Next Generation

MTC Operations Committee

April 14, 2017

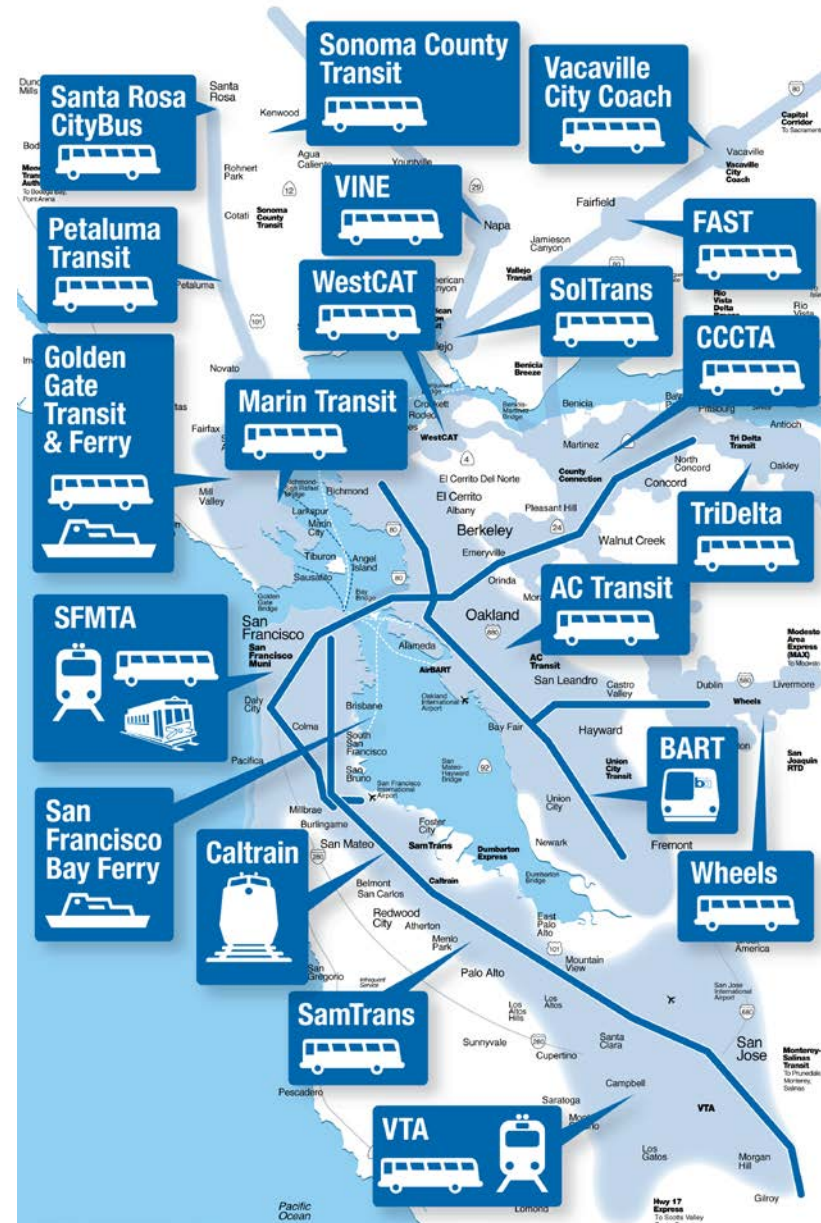
# Clipper: History and Current Status



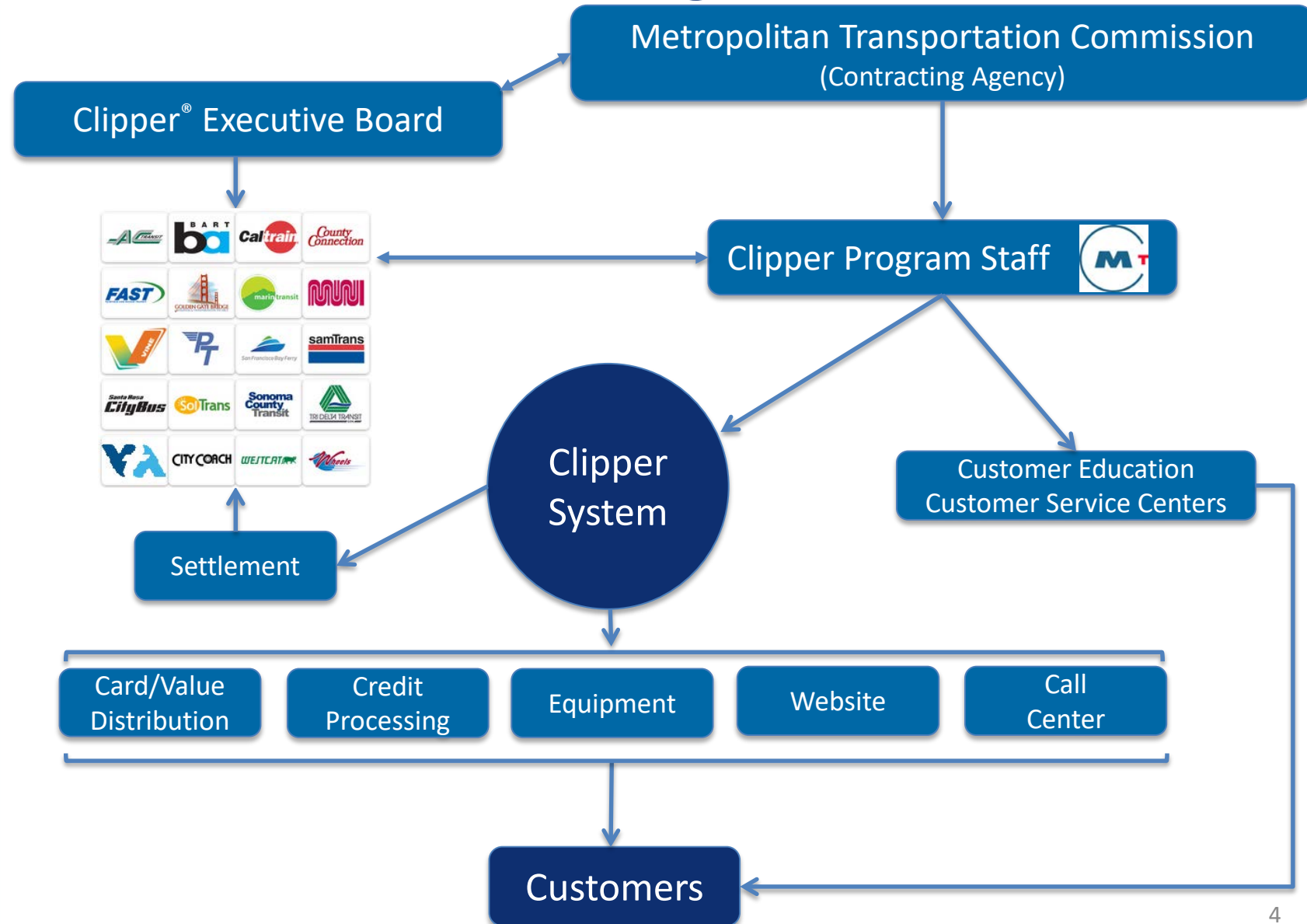


# What is Clipper?

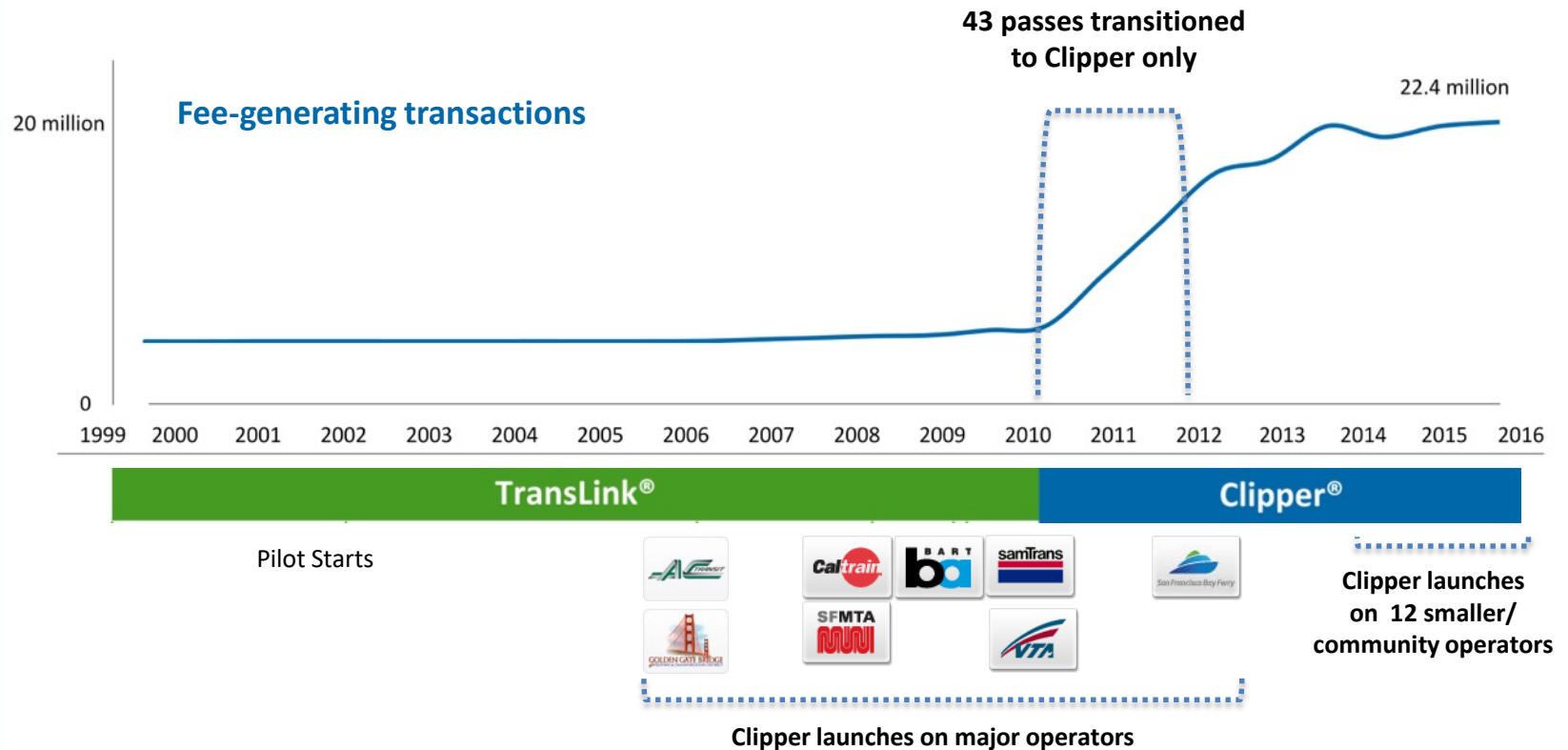
- Bay Area's regional transit fare payment system
- 20 public transit services
  - Seamless transfers
  - Stores passes and cash value
  - Calculates discounts and transfers
  - Settles revenue to the transit operators
- Adding two more in 2017
  - Union City Transit (4/3/17)
  - SMART (TBD)



# How is Clipper Managed?



# Clipper History and Growth



Initial contract  
with Motorola  
executed

Contract  
assigned to  
Cubic

C2 planning  
started

# Clipper Use: January 2017

925,000

Unique Cards Used

49%

Market Share

729,000

Average Weekday Ridership

\$45M

Monthly Transit Operator Revenue

97% of Clipper customers are satisfied!



CLIPPER



# Clipper: The Next Generation



# Clipper MOU Program Goals (2015)

1. Provide an intuitive, efficient, and familiar experience
2. Provide excellent, proactive customer service
3. Create a transparent, consistent, inclusive and timely decision-making process
4. Govern the program efficiently and cost-effectively
5. Ensure that accurate and complete data is available to support decision making at every level
6. Ensure program flexibility and responsiveness
7. Ensure operational efficiency and reliability

# The Vision for the Next Generation

Customer-focused, cost-effective fare collection system

Modern, seamless transit experience for traveling around the Bay Area

Flexible platform for improving future regional travel

Collaborative partnership among transit agencies, MTC and vendors



# What should customers expect?

- An intuitive, efficient and familiar experience
- Excellent, proactive customer services
- Operational efficiency and reliability

MTC and the transit agencies are considering a Clipper system where:

## ***You can pay with...***

- Contactless smart cards
- Limited-use smart cards
- Mobile ticketing apps
- Mobile phone/wearables
- Open-payment bank cards

## ***You can get customer service from...***

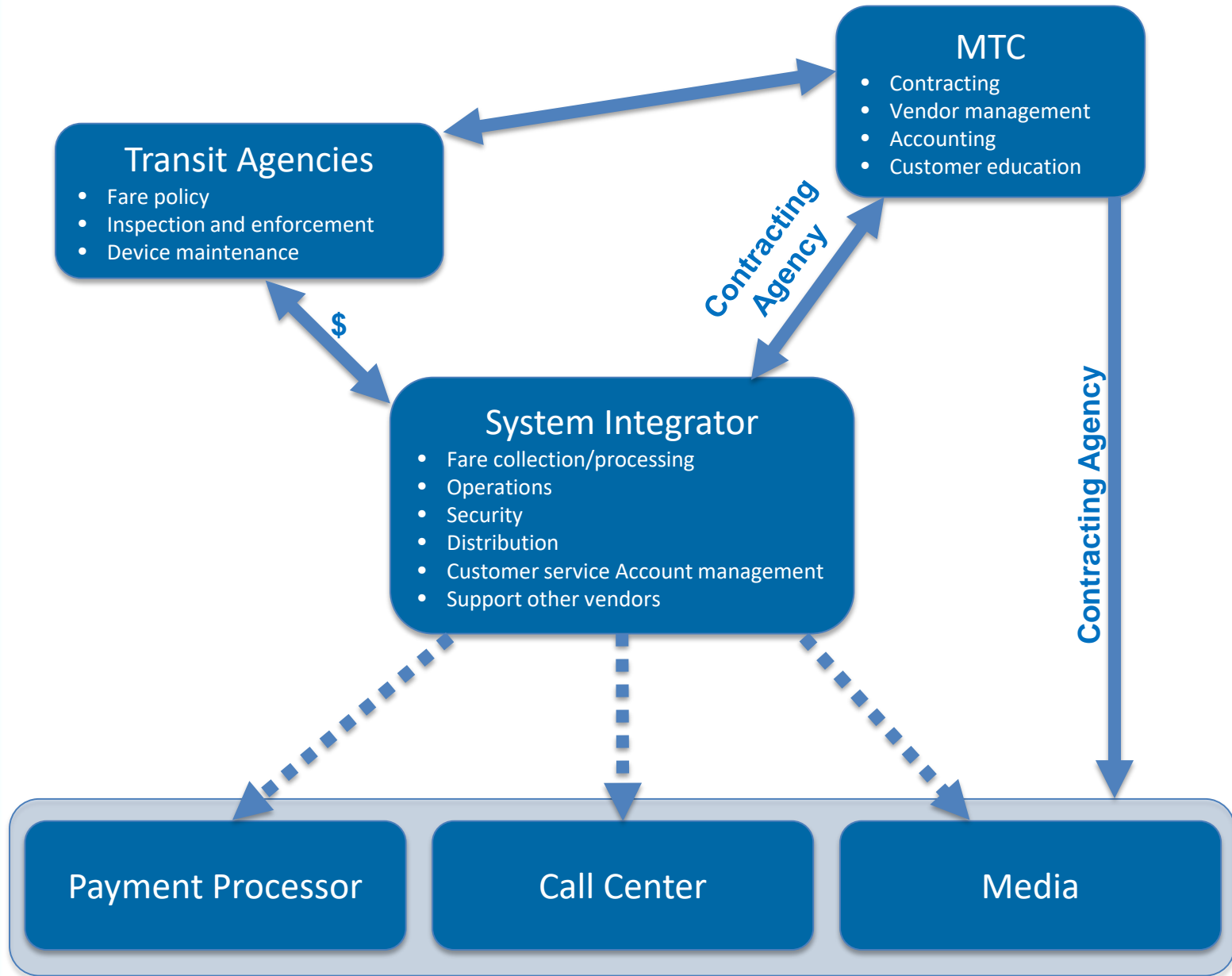
- Websites
- Telephone call center
- Walk-in customer service centers
- Self-service customer kiosks

## ***You can get a card and add value via...***

- Websites
- Telephone call center
- Transit agency ticket machines
- Walk-in customer service centers
- Institutions (e.g., school and work)
- Retail partners

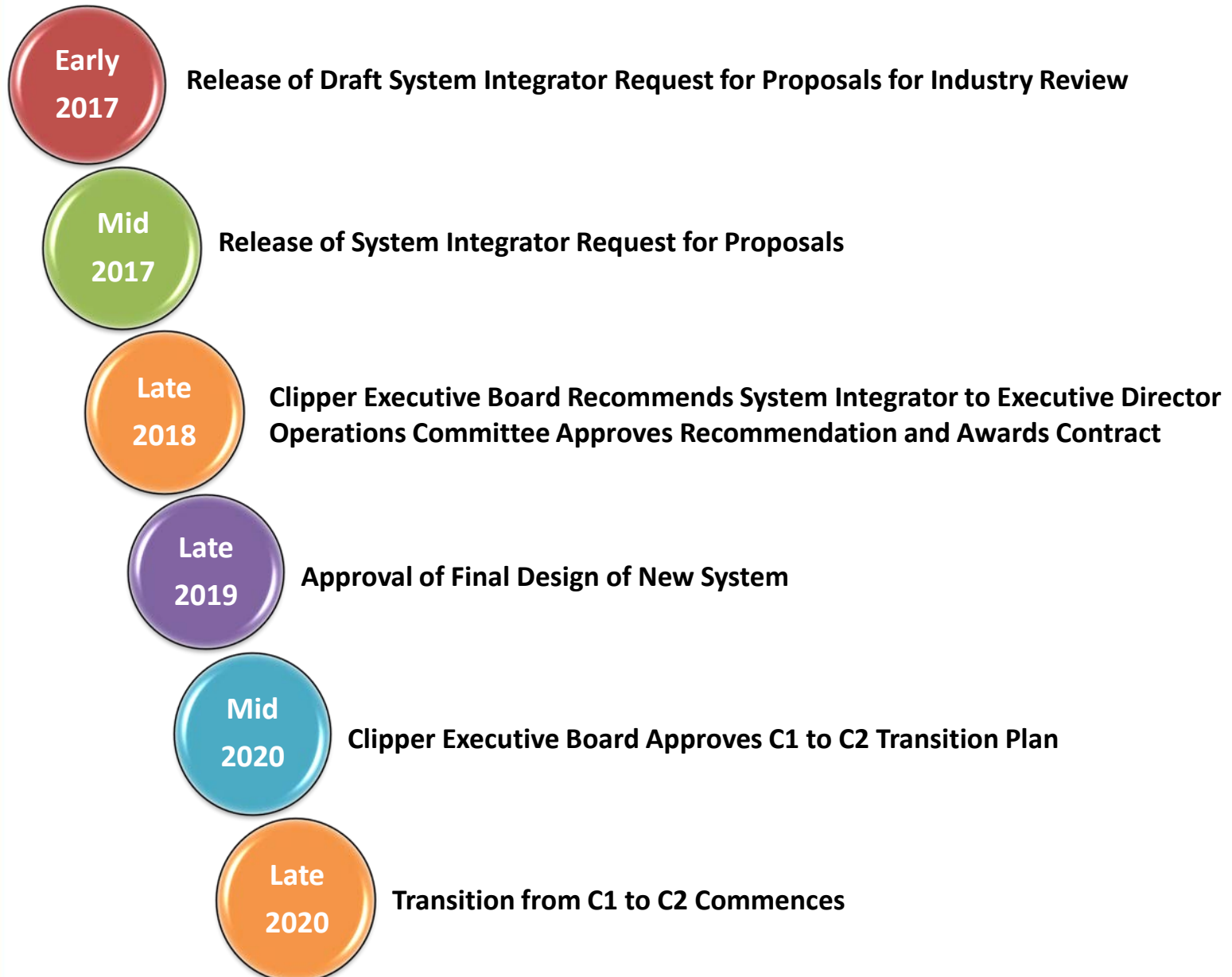


# Who will be responsible for what?





# C2 Procurement Milestones



# C2 Program Capital Fund Sources


Fund Source	Amount
Transit Capital Priorities	\$70M
Cap and Trade, Low Carbon Transit Operations Program	\$20M
TBD	\$20M

- C2 budget includes ROM capital estimate of \$110M plus \$4M for integration of existing and fare gates.
- Estimate does not include communication infrastructure upgrades and replacement of transit operator TVMs and fare gates.

# Outreach to Industry

## Extensive outreach to industry

- Request for Expressions of Interest (Released April 4, 2016)
- Draft Request for Proposals for System Integrator (Released January 27, 2017)
- Webinar with 50+ participants (March 1, 2017)

 METROPOLITAN TRANSPORTATION COMMISSION  
Contract Opportunities

[Vendor login](#) | [MTC staff login](#)  
[Procurements](#) | [procurements.mtc.ca.gov](#)

### Industry Review RFP for Clipper® Regional Fare Payment System ("C2") System Integrator

To be added to the plan holders list for this project, please [log in or register](#).

Registered users have the option of receiving notifications when new documents are available.

Details

Documents

Planholders

<b>Name</b>	Industry Review RFP for Clipper® Regional Fare Payment System ("C2") System Integrator
<b>Description</b>	The Metropolitan Transportation Commission (MTC), on behalf of the regional transit operators, has issued an Industry Review Draft of the Request for Proposal (RFP) for the Next Generation Clipper® ("C2") Regional Transit Fare Payment System Integrator project.

# Payments Industry

Working with payment brands and mobile wallet providers through various associations and working groups:

**Transit  
Roundtable**



# Opportunities for Public Engagement

- Currently accepting public comment on draft RFP
- New online survey available to the public mid-April
- Dedicated website lists all input opportunities:

[www.futureofclipper.com](http://www.futureofclipper.com)





# Clipper and Transit Fare Policy

## Background:

- Advocates requested MTC to simplify regional fare policy, specifically:
  - Work together on strategy to streamline fares
  - Direct the C2 project to pursue seamless fares
  - Direct MTC means-based fare project to streamline and create roadmap for equitable access to transit
  - Use regional funds to cover potential losses to transit agencies
- Transit Operators are responsible for shaping fare policy
- Currently Clipper has thousands of business rules and manages this complexity