

Clipper[®] Executive Board

July 27, 2020

Agenda Item 4f

Clipper[®] Mobile Card Fee Update

Subject: Information on the recommended mobile card fee policy.

Background: To prepare for the launch of the Clipper mobile app during Fiscal Year 2020-21, MTC and transit operator staff began meeting in May 2020 to discuss the implications for Clipper card fee policy.


Clipper card fees are incorporated into the Clipper Operating Rules, which are subject to the approval of the Clipper Executive Board, and published in the Clipper Cardholder License Agreement. The planned mobile app implementation led to an examination of the standard Clipper card fees for the adult, senior and youth fare categories and the future pricing of new mobile adult Clipper cards.

The attached presentation slides are the outcome of the working group's discussions about program costs, peer program policies, equity concerns and Title VI requirements, as well as regional program goals.

The working group recommends that the program charge a \$3 fee for new adult mobile and standard Clipper cards but offer a promotional period of up to six months during which adult mobile cards will be offered free of charge.

The working group also recommends that customers who convert eligible adult, Youth, Senior or Regional Transit Connection (RTC) Discount Clipper cards to a mobile version will be able to do so at no additional cost.

Attachments: **Attachment A:** Slide Presentation: Mobile Card Fee Recommendation



Carol Kuester



Mobile Card Fee Recommendations

Clipper Executive Board

Current Clipper Card Fees

- Card fees are documented in the Clipper Operating Rules and cardholder agreement*
 - Adult cards are \$3
 - Youth and Senior cards are free
- MTC conducted a Title VI analysis in preparation for the fare media conversions mandated by Resolution 3866
 - The original \$5 card fee was judged to have disparate impacts on Title VI-protected populations
 - Reducing the adult card fee to \$3 and making Youth and Senior Clipper cards free was considered adequate mitigation based on an analysis of public input and offsetting Clipper benefits
 - MTC partners with community-based organizations to distribute free adult cards
- Historically, the \$3 card fee did not cover the cost to manufacture and issue a card, but we now roughly break even on each purchased adult card due to a drop in manufacturing costs.

* RTC card fees are governed by the RTC MOU.

The Cost of Mobile Cards

- While invisible to the customer, handset providers charge fees to support mobile cards
 - The fees vary and are subject to Non-Disclosure Agreements
- While many transit agencies in the U.S. offer an app payment option at no cost to the customer, these apps do not involve a mobile card
- Portland Tri-Met cites fairness as a reason for charging a \$3 fee for both plastic and mobile cards
 - This policy ensures that full-fare customers pay the same amount for a card, regardless of whether they own a compatible smart phone or have a credit/debit card for online payment

Next Steps

- Any changes to the card fees need to be incorporated into the Clipper Operating Rules and approved by the Clipper Executive Board (CEB).
 - To support the mobile app launch, we plan to bring an updated version of the Clipper Operating Rules to CEB by the end of the calendar year
- The Clipper program can offer mobile cards free of charge for a promotional period of up to six months without MTC having to conduct a Title VI analysis.
- MTC would need to conduct a Title VI analysis before implementing the fee and before the CEB could approve the new fee structure, if the Clipper program proposes either of the following:
 - Charging less for mobile cards than standard cards
 - Charging more than \$3 for any type of Clipper card
- MTC and operator staff recommend that the program implement a \$3 fee for new adult mobile cards, but plan to offer mobile cards free of charge for a limited promotional period
 - The program will not charge customers to convert standard adult, Youth, Senior and RTC cards to mobile cards