

Clipper[®] Executive Board

November 16, 2020

Agenda Item 2c

Approval of Regional Measure 2 Funding Allocation – Mobile Launch (\$1,200,000)

Subject: Request for approval to support rescission and allocation \$1.2M of Regional Measure 2 funds to support the Clipper[®] Mobile App launch.

Background: Regional Measure 2 included funding for multiple TransLink[®] and Clipper projects that were allocated over 12 years ago for specific Clipper-related project purposes, including developing a transit-benefit program, supporting faregate and ticket vending machines (TVM) projects, creating an information management system, and other uses. These projects have now been dormant for between two and ten years, and there is around \$1.2M in project savings that MTC Clipper staff would like to allocate towards several costs related to the Clipper Mobile App launch that were not included in the Clipper budget. MTC Clipper staff request Board approval to use these funds for the purposes described below.

Mobile Card Fee Issuance Costs - \$700,000


At its July 2020 meeting, the Clipper Executive Board expressed support for a MTC staff/operator staff working group's recommendations to set the mobile card fee at \$3, with a six-month promotional period during which adult mobile cards will be offered free of charge. The Board likewise expressed support for the working group's recommendation that there be no fee for converting a physical (plastic) card to a mobile (virtual) card. Per Amendment 2 to the Amended and Restated Clipper Memorandum of Understanding, MTC will take on the regional responsibility for these costs. These costs are estimated to be around \$700,000 in total, with \$300,000 estimated to cover the cost of offering free mobile cards for the six-month promotional period and \$400,000 estimated to cover the cost to convert physical cards to mobile cards.

Card Replacement Fee and Balance Restoration Fee and Post-Launch Marketing and Education Costs – \$500,000

As contemplated in the request for approval of the updated Clipper Operating Rules (Agenda Item 3a of this packet), MTC and transit agency staff have agreed to recommend that the Card Replacement and Balance Restoration Fee should be lowered from \$5 to \$3 to be in parity with the cost of a new card, physical or virtual. The estimated cost to cover the revenue loss due to the reduction of this fee would be around \$150,000 annually. Additionally, at the time the Clipper budget was approved, the budget included funds to support marketing for the Clipper mobile launch, but no funds to support continuing marketing and customer education efforts after the Clipper mobile launch. These costs are estimated at \$350,000.

Issues: None.

Recommendation: Request for approval to support rescission and allocation of \$1.2M of Regional Measure 2 funds to support the Clipper Mobile App launch as described above.


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