

Clipper® Executive Board

October 20, 2025

Agenda Item 3b

Request to Authorize Use of Clipper Float Account Interest for Reimbursement of Transit Operator Fare Revenue Losses

Subject:

Request for approval to amend the Clipper Operating Budget for Fiscal Year 2025-26 to add \$1,000,000 in Clipper Float Account Interest funds for contingency to reimburse transit operators for lost Clipper fare revenue resulting from verified system outages and configuration errors.

Background:

The Clipper Program experienced a system-wide card reader outage that prevented all operators from collecting fares through the Clipper system from the start of the service day until around 11:45 a.m. on July 1, 2025. The root cause of this outage was Cubic not updating a calendar file integrated into the legacy Clipper system when the Clipper Fare Payment System Contract was amended to extend the period of performance to June 30, 2026. Consequently, the calendar file expired at the end of the day on June 30, 2025, and Clipper card readers were unable to validate the correct fare until Cubic deployed a new calendar file with an expiration date of June 30, 2027, to all Clipper card readers.

To estimate the fare loss, Clipper staff performed an analysis comparing the revenue collected on Tuesday, July 1, 2025, with the average revenue collected on the previous three Tuesdays, with an adjustment for lower ridership during the July 4 holiday week based on the same period in 2024. This methodology is consistent with the one used by BART for its own calculation of lost fare revenue. Based on this analysis, Clipper staff estimates the total fare revenue loss to be approximately \$590K. Attachment A shows MTC's calculation of estimated fare revenue losses by operator or operator group, claims received from transit operators for actual fare revenue loss, and proposed reimbursement amounts.

Proposed Clipper Operating Budget Amendment:

Staff recommends an increase of \$1M to the FY 2025-26 Clipper Operating Budget to cover the estimated losses from the July 1, 2025, outage plus a contingency for other verified fare loss claims submitted by individual operators that may occur before the end of the fiscal year and the sunsetting of the legacy Clipper system.

While MTC pursues options for recourse with Cubic Transportation Systems, Inc, the Clipper contractor, staff recommends that Clipper Float Account Interest Funds be used for the \$1M budget increase. These funds are revenue generated by the Clipper program by MTC's investment of Float Account funds. Use of Clipper program revenue is guided by Appendix B-1, Clipper Cost and Revenue Allocation for Clipper Contract, to the Clipper 2022 Amended and Restated Memorandum of Understanding, which empowers this Board to approve appropriate uses of the revenue.

If approved by this Board, an additional \$1M in Clipper Float Account Interest Funds will be included in the semi-annual update to the Clipper Budget, planned for presentation to the MTC Commission in December 2025, and become available following approval of the mid-year amendment of the overall MTC agency budget.

Following approval of the MTC agency budget amendment, staff will return to this Board to request approval for any other planned distributions of the funds to reimburse individual operators for verified claims.

Issues:

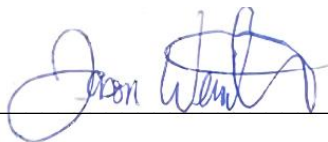
None identified.

Recommendation:

Staff recommends that the Board approve the use of \$1M in Clipper Float Account Interest Funds to increase the Fiscal Year 2025-26 Clipper Operating Budget for the purpose of reimbursing operators for fare revenue loss resulting from the July 1, 2025, outage and any other verified Clipper fare revenue loss claims submitted by individual operators during the current fiscal year.

Attachments:

Attachment A: Estimated Clipper Fare Revenue Loss on July 1, 2025



Jason Weinstein