



Clipper Budget

Clipper Executive Board
March 30, 2026

Agenda

- Clipper Operating Budget
- Operating Cost Drivers
 - Delays in C2 Transition
 - Payment Service Cost Drivers
 - Credit/Debit Fees
 - Customer Service Center Cost Drivers
 - Customer Service Center Negotiations
- Operating Costs by Operator
- Cost Sharing



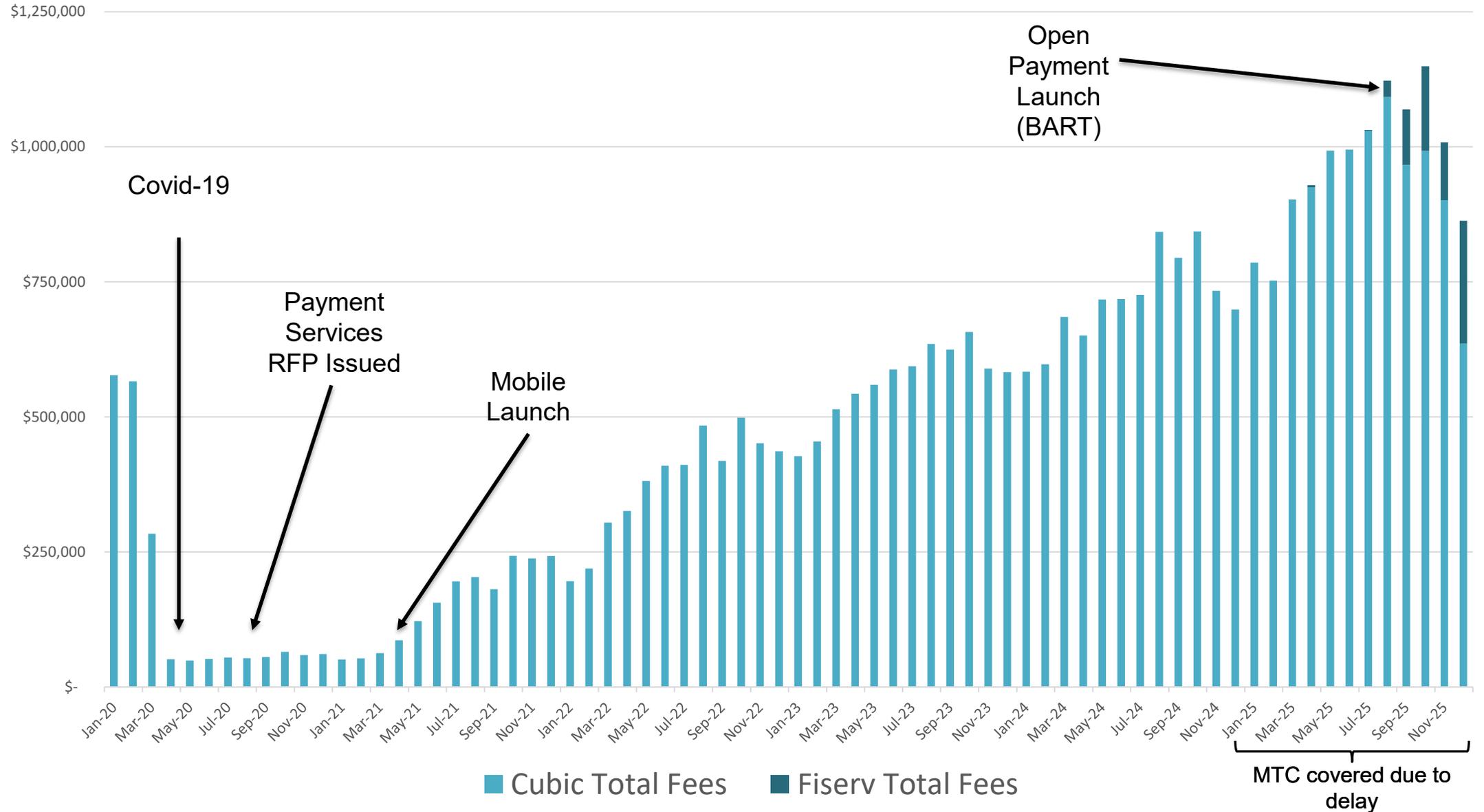
FY26-27 Operating Budget Cost Drivers

	FY26-27 (\$M) Approved 5/2025	FY26-27 (\$M) Proposed 3/2026	Difference (\$M)	% Change
C1 O&M*	\$0	\$3.4	\$3.4	N/A
C2 System Integrator O&M	\$19.8	\$18.6	(\$1.2)	(6%)
C2 Customer Service Center*	\$4.4	\$12.0	\$7.6	173%
C2 Fare Media	\$1.3	\$2.5	\$1.2	92%
C2 Payment Services*	\$3.7	\$14.4	\$10.7	289%
Mobile Fees	\$1.5	\$2.0	\$0.5	33%
Clipper Access / RTC	\$0.8	\$0.7	(\$0.1)	(13%)
Retail Commission	\$0.7	\$0.8	\$0.1	13%
In Person Customer Service Centers	\$1.1	\$1.0	(\$0.1)	(13%)

* Top cost drivers



Clipper Credit/Debit Fees



Payment Services (Fiserv) Analysis

	BAFO Assumptions	Jan 2026 Data			
		C1	C2		Total / Avg
			Clipper cards	Open payments	
Avg. transaction amt.	\$50	\$17.11	\$22.41	\$4.50	\$11.71
Total sales amt.	\$17M	\$13,000,000	\$6,500,000	\$4,500,000	\$24,000,000
Monthly transactions	340,000	760,000	290,000	1,000,000	2,050,000
Fee calculation	Network fee + interchange fee + Fiserv fee	BAFO fees + card integrity fee + services (chargeback, refunds, etc)			

Customer Service Center Cost Drivers

- Primary cost driver is staffing levels necessary to support base number of contacts and meet key performance indicators
- Calculated 12,000 baseline contacts in 2021 using average pre-pandemic (28,000/month) and pandemic-era (7,000/month) contacts
- Contacts for C1 CSC in 2024 and 2025 ranged from 22,000-28,000/month
- Even before launch, renegotiation of the baseline contacts and monthly fees needed
 - FY26 budget amendment approved by CEB (Oct 2025) included an increase of \$4.8M in operating funds (split evenly by MTC and operators)

	Original Contract	Current Proposal	Actual (February 2026)
Contacts	12,000	26,000	40,809
Hours of Operation	Monday – Friday, 8am-5pm Saturday, 9am-1pm	Monday – Friday, 7am-6pm (10 additional hours/week) Saturday, 9am-1pm	Monday – Friday, 8am-5pm (10 additional hours/week) Saturday, 9am-1pm
Avg Speed of Answer Goal	<3 Minutes	<6 minutes	7.7% within 3 minutes
Customer Service Rep (CSR) Count	17 CSRs	43 CSRs	60 CSRs

Flexibility Built into the CSC Contract Terms

The following are four significant contract terms that allow flexibility in partnering with a Customer Service Center contractor:

- Automatic O&M renegotiation clause: currently +/-20% after 3 months
 - Decreasing the % change that triggers renegotiation is under evaluation
- Base Price O/M term began 12/1/2025 and ends by 11/30/2028
 - Option for three 2-year extensions
- Option to transition to a new contractor facilitated by SOW including requirement for WSP to support transition activities
- System Integrator-provided CRM facilitates transfer of key tool to new CSC Contractor



Cost Sharing Considerations

- C1 O&M
 - MOU specifies MTC and Operators share costs 50%/50%
 - MTC recommendation to fund MTC and Operator portion of C1 O&M
 - Assumes ~9 months C1 O&M in FY26-27
 - AT&T costs for 6 operators
- C2 O&M
 - MOU specifies MTC and Operators share costs 50%/50%
 - MTC recommendation to fund ~\$1.2M of Operator portion of C2 CSC O&M
 - Additional options for MTC funding
- Negotiations with Cubic
- Renegotiations of terms with other Contractors
- [MOU Amendment](#) – see Appendix B-3 for current cost sharing formulas

