

Metropolitan Transportation Commission

February 25, 2026

Agenda Item 10a - 26-0252

Next-Generation Clipper Update

Subject:

Update on the Next-Generation Clipper system, highlighting the program's background and development history, as well as implementation progress of the new account-based platform and transitioning current Clipper users.

Background:

The Bay Area's move to the Next-Generation Clipper (C2) system marks the latest step in a 25-year regional effort to modernize and unify fare payment across 22 transit operators, one of the most complex multi-operator environments in the country. From the region's first TransLink pilot in 1999 through the launch of the Clipper card in 2010, the goal is consistent: provide a seamless, reliable, customer-centered fare payment experience for millions of riders. The transition to C2 is the most significant update to this system since Clipper's original debut.

Implementation Progress

The C2 system launched on December 10, 2025, offering both account-based Clipper cards and credit and debit card payments for all Bay Area Operators while supporting operations of the legacy card-based system until all cards are transitioned to the new system. Significant operational challenges have affected C2 customers and transit operators, and MTC has been working daily and making progress with the System Integrator Contractor, Cubic, and transit operator staff to deploy fixes. At the same time, adoption continues to grow with more than 900,000 customer accounts (~6%) migrated to the new system, and in January riders completed over 2.7 million account-based trips in January (~20%) using either account-based cards (~13%) or contactless credit or debit cards (~8%). Clipper usage is on pace, with higher usage levels compared with this same time last year.

Since launch Cubic has made significant progress to fix and resolve problems, however, issues are still affecting customers and transit operators. Priority concerns include customer account access, migration errors requiring manual correction, financial settlement discrepancies, and reliability issues with some fare inspection devices, vending machines, and customer service

tools. Daily coordination with Cubic continues, supported by weekly executive-level reviews and structured tracking of these priority issues.

In particular, customer account access, migration errors and issues with the customer service tools have led to larger than expected call volume, long waiting times and unanswered calls, which is frustrating for customers. WSP, which operates the Next Generation Clipper customer service center, has and will be taking the following actions to improve the customer experience:

- Increased the hours of operation from 7:00 a.m. to 6:00 p.m. (Two additional hours a day, Monday through Friday; Saturday hours will remain 9:00 a.m. to 1:00 p.m)
- Hiring additional full-time and part-time customer service agents
- Expanded email capabilities and enhanced case management
- Working on system updates to implement call back options

Over the coming weeks, MTC staff, working with transit operator partners, will continue to actively monitor system performance and hold Cubic accountable for issue resolution through weekly executive status reporting and daily commitment tracking. The recommended path forward is to ensure accountability to fix the critical issues while maintaining service continuity and focus on the customer experience for Bay Area transit riders. Staff's current focus is on delivering a functional C2 system in the shortest time possible, while tracking lost revenue and other direct costs that may be recoverable under our contract. Staff will continue to prioritize system fixes to improve the customer experience, monitor Cubic's delivery against commitments, and prepare updated customer migration plans aligned with the goal of decommissioning the legacy system (C1) as soon as possible. Clipper staff will provide a comprehensive update at the upcoming February 25 Commission meeting.

Attachments:

- Attachment A: Next-Generation Clipper Background
- Attachment B: Presentation



Andrew B. Fremier

Attachment A: Next-Generation Clipper Background

Overall Background:

The original regional fare payment system, TransLink, began in 1999 under a contract with Motorola. In 2008, Cubic Transportation Systems assumed the contract and successfully launched the Clipper brand in 2010, processing 22.4 million monthly transactions by 2016.

The current Clipper system (C1) launched in 2010 and serves 22 transit operators with 94% customer satisfaction. However, after 15 years of operation, the underlying technology infrastructure was reaching end-of-life, with critical components becoming unsupportable by manufacturers. Planning for a next-generation system began in 2013 to modernize the technology while maintaining service for over 900,000 daily riders.

Planning and Preparation (2013-2015):

In 2013, MTC and Bay Area transit agencies began planning for the next-generation Clipper (C2). The Commission in 2014 issued a Request for Proposals for consultant support to design, procure and oversee implementation of the C2 system. After a competitive process that drew interest from 17 firms, a \$5 million contract with IBI Group was executed in 2015.

System Integrator Procurement (2016-2018):

MTC in 2016 launched a methodical procurement process for the system integrator:

- April 2016: Request for Expressions of Interest (RFEI) released – 18 firms responded.
- January 2017: Draft Scope of work released for industry review– 18 firms provided feedback
- September 2017: Final RFP released
- March 2018: Single proposal received from Cubic Transportation Systems
- August 2018: Multiple Best and Final Offer (BAFO) rounds to optimize terms

Despite extensive industry outreach and a properly structured competitive process, the market delivered a single bidder. This reflects the limited global vendor pool for complex, multi-operator regional transit payment systems. Cubic's incumbency provided unique advantages:

intimate knowledge of the existing C1 system, established relationships with all 22 transit operators, and understanding of the region's complex fare policies and integration requirements.

The Clipper Executive Board in September 2018 voted 9-0 to recommend award of the system integrator contract to Cubic for \$461 million. MTC unanimously approved the selection on September 26, 2018, and executed the contract that same day.

Why Clipper Is Uniquely Complex:

- **Operators:** Clipper serves 22 transit operators, compared to systems operated by single regional authorities even when those systems serve multiple counties or transit modes (New York's MTA, Washington, D.C.'s WMATA, Boston's MBTA)
- **Payment Modalities:** Clipper delivers card-based, account-based, and open payments simultaneously with full feature parity, while systems like NYC's OMNY and DC's enhanced SmarTrip focused primarily on adding open payments to existing card infrastructure
- **Governance:** Clipper operates through a nine-member Clipper Executive Board representing all 22 transit operators, requiring consensus decision-making across independent agencies.
- **Regional Integration:** Complex fare policies, transfers across 22 operators, and regional fare products require significantly more integration work than unified single-operator fare structures

This complexity helps explain implementation challenges but does not excuse execution failures.

What C2 Was Designed to Deliver:

One of the main goals for the Next generation Clipper was to minimize the transition impact to the customer. With Cubic as both the current and next-generation system operator, through early negotiations, the new system was able to leverage the existing card-based functionality, while providing early deployment of new equipment and mobile wallet use. This created the potential for a seamless customer transition to the new system without having to distribute all new cards with two side-by-side operational systems, which would be confusing for customers.

The new system design purposely distributed several functions away from the System Integrator, such as the call-center, card procurement, and the credit/debit payment services. In addition, the new system provides open-payments capability, and account-based operations while also enabling regional integration features such as transfers between operators; regional day passes; discount programs; and institutional programs such as employer-provided Clipper BayPass products.

Implementation Timeline (2019-2025):

- 2019-2021: Design and early implementation of accelerated deployment capabilities, such as Mobile Wallet integration with Apple and Google and rollout of bus and platform readers.
- April 2022: Contract Amendment for Revised Delivery Approach (see below)
- 2023-2024: System testing, operator equipment deployment, and integration across all agencies. October 20, 2025: Launch Date Approved

After deferring the original December 2024 go-live date when system-readiness issues were identified, the Clipper Executive Board set December 10, 2025, as the new customer transition date, with remaining open items documented and tracked, and acknowledgment that some of the required functionality would be allowed to be phased in after launch.

- December 10, 2025: System Launch

Customer transition began on December 10, 2025, with the start of on-demand migration of C1 customers into the C2 system operational across all 22 operators.

Current Status:

The next generation Clipper system is now operational across all 22 transit operators; however, significant operational challenges remain. These include financial settlement discrepancies that prevent daily reconciliation; overwhelming customer service demand driven by system issues; fare inspection device failures affecting operator revenue collection; ongoing mobile wallet and account access issues affecting thousands of customers, and the need for longer-term fixes to address system stability issues.

Cost Evolution - Transparent Board Oversight:

All increases were reviewed and recommended for approval by the Clipper Executive Board before being approved by the MTC Operations/Regional Network Management Committee and/or Commission:

Cubic Transportation Systems Contract Additions:

- Original Contract (September 2018): \$461 million – **Includes 10 years of operations and maintenance**
- Open Payments/Tap to Ride (November 2020): \$13.6 million
- Mobile Provider Fees (October 2021): \$15 million
- Additional Operator Support (September 2023): \$8.4 million
- Current System O&M Extension (September 2024): \$20 million
- Emergency Transition Support (December 2024): \$4.5 million
- Other Cubic change orders: approximately \$10 million

Cubic Subtotal: approximately \$532 million

Other Major Clipper-related Contracts (separate procurements):

- WSP USA - Customer Service Operations: \$26 million+
- IBI Group/Arcadis - Technical Advisor: \$11.7 million+
- MIG Inc. - Public Outreach and Community Engagement: \$8 million+
- Paragon ID - Fare Media Production: \$10.3 million
- Various system integration contractors: approximately \$15 million

Total Program Cost: approximately \$603 million

The Clipper Executive Board maintained regular public oversight throughout the implementation period, with 89 meetings from 2016 through 2025. This ensured all major decisions, cost changes, and schedule adjustments were properly documented and approved.

Contract Provisions, Accountability, and Path Forward:

The contract provides for certain methods of redress for underperformance by Cubic. There are strategic considerations to be made about what is likely to be most effective in getting us to the earliest date for full functionality. Staff are currently engaged in evaluation of our options.

There are a number of protective provisions included in the contract (Lost Revenue Recovery (Article 12.4.1); Liquidated Damages (Article 3.3); Payment Offsets; Bonds (Article 14.2); and Terminations (Articles 18.2 and 18.3).

MTC staff, working with transit operator partners, are actively monitoring system performance and holding Cubic accountable for issue resolution through weekly executive status reporting and daily commitment tracking. Staff's current focus is on delivering a functional C2 system in the shortest time possible, while tracking lost revenue and other direct costs that may be recoverable under our contract. This is a dynamic situation, and we will keep the Commission apprised of major developments as they occur. The recommended path forward is to ensure accountability to fix the critical issues while maintaining service continuity and focus on the customer experience for Bay Area transit riders.