

Clipper® Executive Board

May 20, 2024

Agenda Item 3a

Clipper® Unregistered Inactive Funds Disbursement (\$2,700,000)

Subject:

Request for the Board to give its approval of a disbursement of money, representing balances on unregistered inactive Clipper cards, from the Clipper Float Account toward application of Clipper program operating expenses -- in this specific instance, \$2,700,000 for inclusion in the FY 24/25 Clipper Operating Budget.

Background:

The Clipper Cardholder Agreement defines “Inactive Funds” as funds on a card, whether registered or unregistered, which have not been used for at least the past three years. Inactive Funds, like all money paid by customers to load cash value onto their Clipper cards, are held in the Clipper Float Account until that cash value is used to ride transit.

Following approvals by the Board, four prior distributions from the Clipper Float Account of money representing Inactive Funds on unregistered cards -- totaling nearly \$11.1M – have occurred between 2018 and 2023. (Each time 10% was held back as a reserve to cover any renewed card activity; history has shown 10% to be a more than adequate reserve percentage.) In accordance with Board direction, these distributions have not impacted cardholders’ use of their Clipper cards; the full unused balance on a cardholder’s card remains available to them regardless of how long the card goes unused.

Cubic has informed staff that the balances on unregistered Clipper cards not used in the 36-month period March 2021 through February 2024 total over \$29.9M. Staff have submitted for consideration and approval by this Board a Clipper Operating Budget for FY 24/25 that includes the equivalent of only \$2.7M of that \$29.9M for use toward Clipper’s operating expenses. Staff is making this separate request for Board action to agree with the removal of that \$2.7M from the Clipper Float Account so that the funds are made available; as stated just above in this memo, the removal of this amount from the Clipper Float Account will not impact any Clipper cardholder.

Issues:

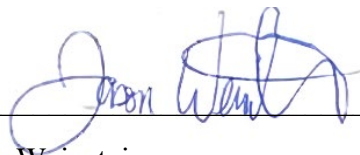
The disbursement recommended below is subject to the MTC Regional Network Management Committee approving the distribution of funds from the Clipper Float Account to the MTC budget for FY 24/25.

Recommendation:

Staff recommends the Board approve of the disbursement from the Clipper Float Account of \$2,700,000, to be available for inclusion in the FY 2024-25 Clipper Operating Budget, as that budget has been submitted for approval at this Board meeting.

Attachments:

None.



Jason Weinstein