

Clipper® Executive Board

June 24, 2024

Agenda Item 2c

Clipper® MOU Provisions and Reimbursing Transit Agencies for Lost Fare Revenue

Subject:

The Clipper Memorandum of Understanding (MOU) contains provisions setting forth how revenue generated by the Clipper program is to be applied. This Agenda Item focuses on the line item in the FY 23-24 Clipper Operating Budget that allocates \$200,000 of the interest income generated by investment of the Clipper float account for reimbursing transit agencies for lost fare revenue due to Clipper system operational problems, and addressing that budgetary allocation in light of the provisions of the Clipper MOU.

Background:

The MOU addresses the use of revenue generated by the Clipper program, but does not provide for the use of revenue, such as revenue generated by investment of the Clipper float account, to be used for the purpose of reimbursing transit agencies for fares lost due to Clipper system operational problems. However, after substantial outreach and meetings with transit operator staff on this potential use of funds and receiving positive feedback, Clipper staff included \$200,000 for reimbursement of transit agency claims for such lost fare revenue in the FY 23-24 Clipper Operating Budget. Staff plans to perform additional outreach to transit operators on this issue and continue with the reimbursement of transit agencies for their claims of lost fare revenue, using the already-allocated \$200,000 of interest earned from investment of the Clipper float account. Ultimately, in the future the MOU will need to be updated to address this and other issues that require clarity.

Transit agency claims submitted for reimbursement of lost fare revenue exceeds the \$200,000 allocated for the purpose. Thus, Clipper staff have evaluated and identified, through the assistance of MTC's Funding and Programming staff, a source of funding for an additional \$200,000. This will bring the total available funds for reimbursement for lost fare revenue to \$400,000. This additional funding source will be used so that all operator claims that have been submitted to date can be fully reimbursed rather than only partially reimbursed in some manner.

Staff expect this additional \$200,000 in funding can be allocated in July and would be available shortly thereafter to directly reimburse operator claims.

Issues:

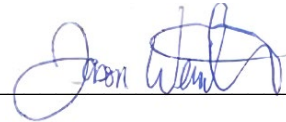
None identified.

Recommendation:

None. This is an information item only.

Attachments:

None.



Jason Weinstein