



DATE: December 10, 2025
TO Citizens Oversight Committee Member
FROM: Heather McKillop, Chief Financial Officer
SUBJECT: Clipper 2 Update

RECOMMENDATIONS: Receive the Clipper 2 Update

SUMMARY:

For many years, the Metropolitan Transportation Commission (MTC) has been working to transition from the current Clipper card-based system to a new account-based system known as Next Generation Clipper (C2). Despite multiple delays, the project is now moving forward with renewed urgency.

In response to the most recent delay in July, Bob Powers—Chair of the Clipper Executive Board (CEB) and General Manager of BART—formed a task force comprising transit operators and MTC representatives to accelerate the implementation of C2. As an interim step, BART launched the “Tap and Pay” feature (also known as open payments), a key component of C2, in August 2025.

Since its launch, BART has reported over 360,000 unique bank cards used for fare payment, resulting in a 55% decrease in Clipper card sales through Ticket Vending Machines (TVMs). BART considers this pilot a success.

On October 20, 2025, the CEB—of which SMART General Manager Eddy Cumins is a member—convened to determine whether to proceed with a systemwide rollout of “Tap and Pay” or to move forward with the full C2 deployment. MTC staff recommended a December 10, 2025, launch date for C2. While the CEB approved this date, it did so with some reservations.

To address concerns, Clipper staff will provide daily updates to Transit General Managers and Clipper Liaisons. These updates will include progress reports and upcoming activities across all workstreams leading up to the customer transition. Additionally, transit operators will receive clear information about which features will not be available at launch, enabling them

to communicate effectively with staff and riders.

Marketing

MTC is finalizing marketing communications for the soft launch of C2 on December 10. Draft advertisements have been reviewed and refined based on feedback from transit agencies. The campaign will include three key messages:

1. Contactless Payments: Accepted across all transit operators.
2. Correct Fare Charging: Riders should remove plastic cards from wallets to ensure accurate fare calculation and use the same card to tap in and out (where applicable).
3. Balance Awareness: Riders will be informed how to check their balance, as balances will no longer be displayed on Clipper readers.

Ads are currently being formatted for print and digital distribution.

Customer Transition

Beginning December 10, 2025, all Clipper accounts, cards, stored value, passes, and products will migrate from the current card-based system (C1) to the new account-based C2 back office. At this point, all account-based business rules will take effect. The transition process includes:

- Bulk Transition: Customers whose profiles meet specific criteria (e.g., fare category, institutional membership, ride history) will be automatically transitioned.
- On-Demand Transition: Customers can also initiate the transition by logging into the new C2 website or mobile app, or by contacting the C2 customer service center.

Once a card is transitioned (“flipped”), two years of transaction history will be migrated from the C1 system to the C2 account. Most transitions are expected to be completed within two months.

SMART’s Experience

SMART has actively participated in user testing for C2 business rules. While initial testing was promising, real-world use of C2 cards has revealed inconsistencies with expected behavior. These issues have been reported to the C2 team, which is working on resolutions. Testing is ongoing, and SMART continues to provide feedback to MTC.

Please note: Mobile ticketing will not be available at the time of the C2 launch. SMART will continue using its current mobile ticketing application until C2’s mobile ticketing functionality becomes available.

FISCAL IMPACT: Cost of the Clipper 2 implementation has been included in SMART’s Fiscal Year 2025-2026 budget.

REVIEWED BY: [X] Finance _____ [X] Counsel _____

Sincerely,

/s/

Heather McKillop
Chief Financial Officer

Attachment(s): NONE