

County Connection

2477 Arnold Industrial Way Concord, CA 94520-5326 (925) 676-7500 countyconnection.com

ADMINISTRATION & FINANCE COMMITTEE MEETING AGENDA

Wednesday, October 7, 2015
9:00 a.m.
Hanson Bridgett
1676 North California Blvd., Suite 620
Walnut Creek, California

The committee may take action on each item on the agenda. The action may consist of the recommended action, a related action or no action. Staff recommendations are subject to action and/or change by the committee.

1. Approval of Agenda
2. Public Communication
3. Approval of Minutes of September 2, 2015*
4. County Connection Investment Policy-Quarterly Reporting Requirement*
5. County Connection Income Statements for the Twelve Months Ended June 30, 2015*
6. Earthquake and Flood Insurance*
7. Authorize Execution of Amended and Restated Clipper Memorandum of Understanding*
8. Review of Vendor Bills, September 2015**
9. Legal Services Statement, July 2015-General, July 2015 Labor**
10. Adjournment

*Enclosure

**Enclosure for Committee Members

***To be mailed under separate cover

FY2015/2016 A&F Committee

Don Tatzin – Lafayette, Al Dessayer - Moraga, Sue Noack – Pleasant Hill, Bob Simmons – Walnut Creek

Clayton • Concord • Contra Costa County • Danville • Lafayette • Martinez
Moraga • Orinda • Pleasant Hill • San Ramon • Walnut Creek

CENTRAL CONTRA COSTA TRANSIT AUTHORITY

General Information

Public Comment: Each person wishing to address the committee is requested to complete a Speakers Card for submittal to the Committee Chair before the meeting convenes or the applicable agenda item is discussed. Persons who address the Committee are also asked to furnish a copy of any written statement to the Committee Chair. Persons who wish to speak on matters set for Public Hearings will be heard when the Chair calls for comments from the public. After individuals have spoken, the Public Hearing is closed and the matter is subject to discussion and action by the Committee.

A period of thirty (30) minutes has been allocated for public comments concerning items of interest within the subject matter jurisdiction of the Committee. Each individual will be allotted three minutes, which may be extended at the discretion of the Committee Chair.

Consent Items: All matters listed under the Consent Calendar are considered by the committee to be routine and will be enacted by one motion. There will be no separate discussion of these items unless requested by a committee member or a member of the public prior to when the committee votes on the motion to adopt.

Availability of Public Records: All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body, will be available for public inspection at 2477 Arnold Industrial Way, Concord, California, at the same time that the public records are distributed or made available to the legislative body. The agenda and enclosures for this meeting are posted also on our website at www.countyconnection.com.

Accessible Public Meetings: Upon request, County Connection will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. Please send a written request, including your name, mailing address, phone number and brief description of the requested materials and preferred alternative format or auxiliary aid or service so that it is received by County Connection at least 48 hours before the meeting convenes. Requests should be sent to the Assistant to the General Manager, Lathina Hill, at 2477 Arnold Industrial Way, Concord, CA 94520 or hill@countyconnection.com.

Shuttle Service: With 24-hour notice, a County Connection LINK shuttle can be available at the BART station nearest the meeting location for individuals who want to attend the meeting. To arrange for the shuttle service, please call Robert Greenwood – 925/680 2072, no later than 24 hours prior to the start of the meeting.

Currently Scheduled Board and Committee Meetings

Board of Directors:	Thursday, October 15, 9:00 a.m., County Connection Board Room
Administration & Finance:	Wednesday, October 7, 9:00 .am., 1676 N. California Blvd., S620, Walnut Creek
Advisory Committee:	TBA. County Connection Board Room
Marketing, Planning & Legislative:	Thursday, October 8, 8:30 a.m., Pleasant Hill City Hall Small Community Room
Operations & Scheduling:	Friday, October 9, 8:00 a.m. Supervisor Andersen's Office 309 Diablo Road, Danville, CA

The above meeting schedules are subject to change. Please check the County Connection Website (www.countyconnection.com) or contact County Connection staff at 925/676-1976 to verify date, time and location prior to attending a meeting.

This agenda is posted on County Connection's Website (www.countyconnection.com) and at the County Connection Administrative Offices, 2477 Arnold Industrial Way, Concord, California

Administration and Finance Committee
Summary Minutes
September 2, 2015

The meeting was called to order at 9:00 a.m. at the Walnut Creek offices of Hanson Bridgett. Those in attendance were:

Committee Members: Director Don Tatzin
 Director Gregg Manning
 Director Bob Simmons

Staff: General Manager Rick Ramacier
 Director of Finance Kathy Casenave
 Manager of Outreach Services Kristina Martinez

Public: Ralph Hoffmann

1. Approval of Agenda- Approved.
2. Public Communication- Mr. Hoffmann spoke about transit issues in the county.
3. Approval of Minutes of August 5, 2015- Approved.
4. EEO/AA Program Update for 2015 and revised EEO/AA Policy- Manager of Outreach Services Martinez reported that CCCTA is required to submit to FTA an updated Equal employment Opportunity/Affirmative Action Program by October 1, 2015. The proposed update complies with laws and regulations mandated by FTA and other federal and state agencies. The update analyses job categories to determine if there is underutilization of females or minorities in relation to their availability in the relevant labor market. The committee reviewed the report and recommended that it be forward to the Board of Directors for approval.
5. Statement of Investment Policy- Director Casenave reported that the Investment Policy adopted in 2012 is up for review. State law no longer requires an annual review but because the Board delegates its investment authority that delegation can only be adopted for one year, and staff recommends that both the policy and the delegation be reviewed annually. Approved for the Board consent calendar.
6. Review of Vendor Bill, August 2015- Reviewed.
7. Legal Services Statement, June 2015- General and Labor- Approved.
8. Adjournment- The meeting was adjourned. The next meeting is scheduled for Wednesdays, October 7th at 9:00 a.m.

Kathy Casenave, Director of Finance

TO: A & F Committee

DATE: September 24, 2015

FROM: Rick Ramacier
General Manager

SUBJECT: CCCTA Investment Policy – Quarterly Reporting Requirement

Attached please find CCCTA's Quarterly Investment Policy Reporting Statement for the quarter ending June 30, 2015.

This certifies that the portfolio complies with the CCCTA Investment Policy and that CCCTA has the ability to meet the pool's expenditure requirements (cash flow) for the next six (6) months.

CCCTA
BANK CASH AND INVESTMENT ACCOUNTS
 (ROUNDED OFF TO NEAREST \$)

FINANCIAL INST	ACCT #	TYPE	PURPOSE	PER BANK	PER BANK	PER BANK	PER BANK	PER GL *
				DECEMBER 2014	MARCH 2015	JUNE 2015	JUNE 2015	
FIXED ROUTE								
First Republic Bank	1106171	CHECKING	A/P General Account-Fixed Route	\$ 1,588,840	\$ 565,535	\$ -	\$ -	\$ 660,172
First Republic Bank	1106198	CHECKING	PAYROLL	\$ 29,078	\$ 48,693	\$ -	\$ -	\$ 47,452
First Republic Bank	1015001	CHECKING	CAPITAL PURCHASES	\$ 143,604	\$ -	\$ -	\$ -	\$ -
First Republic Bank	1402595	CHECKING	WORKER'S COMP-CORVEL	\$ 50,364	\$ 60,089	\$ -	\$ -	\$ -
First Republic Bank	1106228	CHECKING	PASS SALES	\$ 947	\$ -	\$ -	\$ -	\$ -
First Republic Bank	800-0097-1896	Money Market	OnBoardCam-TSGP 2012	\$ 131	\$ -	\$ -	\$ -	\$ -
First Republic Bank	80001361790	Money Market	INFO TRANSIT SYS MAINTENANCE-CLEVER DEV	\$ 116,931	\$ -	\$ -	\$ -	\$ -
UNION BANK	274-00-26650	CHECKING	AP GENERAL	\$ -	\$ 1,381,623	\$ 665,390	\$ -	\$ 665,627
UNION BANK	274-00-26693	CHECKING	PAYROLL	\$ -	\$ 113,210	\$ 30,094	\$ -	\$ 41,051
UNION BANK	274-00-26723	CHECKING	CAPITAL PURCHASES	\$ -	\$ 27,876	\$ 225,720	\$ -	\$ 225,721
UNION BANK	274-00-26715	CHECKING	WORKER'S COMP-CORVEL	\$ -	\$ 31,847	\$ 60,639	\$ -	\$ 60,639
UNION BANK	274-00-26685	CHECKING	PASS SALES	\$ -	\$ 141,016	\$ 41,782	\$ -	\$ 46,462
UNION BANK	274-00-26707	Money Market	INFO TRANSIT SYS MAINTENANCE-CLEVER DEV	\$ -	\$ 116,932	\$ 116,932	\$ -	\$ 116,932
PAYPAL	27SAXUFL9732	CHECKING	PAYPAL-PASS SALES	\$ 3,789	\$ 14,015	\$ 7,655	\$ -	\$ 7,655
PARATRANSIT			TOTAL	\$ 1,933,683	\$ 2,500,836	\$ 1,148,212	\$ 1,871,711	\$ 596,419
First Republic Bank	1049584	CHECKING	CAPITAL PURCHASES	\$ 3,520	\$ -	\$ -	\$ -	\$ -
First Republic Bank	1106244	CHECKING	A/P General Account-Paratransit	\$ 246,951	\$ 50,270	\$ 1,007,818	\$ -	\$ 596,419
UNION BANK	274-00-26669	CHECKING	AP GENERAL	\$ -	\$ 385,306	\$ 1,007,818	\$ -	\$ 596,419
LAIF FUND			TOTAL	\$ 250,471	\$ 435,577	\$ -	\$ 596,419	\$ 596,419
LAIF ACCOUNT	4007001	INT-INVEST	OPERATING FUNDS	\$ 5,010,066	\$ 5,013,131	\$ 1,286,419	\$ -	\$ 1,286,419
LAIF ACCOUNT		INT-INVEST	Pacheco Transit Center	\$ 285,355	\$ 285,538	\$ 285,721	\$ -	\$ 285,721
LAIF ACCOUNT		INT-INVEST	Rolling stock-2012	\$ -	\$ -	\$ -	\$ -	\$ -
LAIF ACCOUNT		INT-INVEST	Rolling Stock-1011 VANS	\$ -	\$ -	\$ -	\$ -	\$ -
LAIF ACCOUNT		INT-INVEST	Rolling Stock-2013	\$ -	\$ -	\$ -	\$ -	\$ -
LAIF ACCOUNT		INT-INVEST	2014-15 ROLLING STOCK	\$ 3,066,417	\$ 5,648,692	\$ 5,675,393	\$ -	\$ 5,675,393
LAIF ACCOUNT		INT-INVEST	Martinez Stop Project	\$ 41	\$ -	\$ -	\$ -	\$ -
LAIF ACCOUNT		INT-INVEST	Lifeline Bus Stop Access	\$ -	\$ -	\$ -	\$ -	\$ -
LAIF ACCOUNT		INT-INVEST	Facility Rehab	\$ -	\$ -	\$ 255,194	\$ -	\$ 255,194
LAIF ACCOUNT		INT-INVEST	SAFE HARBOR LEASE RESERVE	\$ 3,401,855	\$ 3,404,035	\$ 3,407,009	\$ -	\$ 3,407,009
LAIF ACCOUNT		INT-INVEST	TOTAL	\$ 1,441,939	\$ 1,442,863	\$ 1,443,788	\$ -	\$ 1,443,788
CCCTA EMPLOYEE			TOTAL	\$ 13,205,673	\$ 15,794,259	\$ 12,353,524	\$ 12,353,524	\$ 12,353,524
First Republic Bank	1402153	CHECKING	EMPLOYEE FITNESS FUND	\$ 12,705	\$ -	\$ -	\$ -	\$ -
First Republic Bank	800-0136-0834	CHECKING	EMPLOYEE FUNCTION	\$ 325	\$ -	\$ -	\$ -	\$ -
UNION BANK	274-00-26677	CHECKING	EMPLOYEE FITNESS FUND	\$ -	\$ 11,695	\$ 12,562	\$ -	\$ 12,562
UNION BANK	274-00-26502	CHECKING	EMPLOYEE FUNCTION	\$ -	\$ 355	\$ 505	\$ -	\$ 505
GRAND TOTAL				\$ 15,402,858	\$ 18,742,722	\$ 13,514,803	\$ 14,834,721	\$ 13,067

* Per GL balances reduced by outstanding checks and increased by deposit in transit, if any.

This is to certify that the portfolio above complies with the CCCTA Investment Policy and that CCCTA has the ability to meet its expenditures(cash flow) for the next six months.


 Rick Ramacier
 General Manager

County Connection

INTER OFFICE MEMO

To: Administration and Finance Committee
From: Kathy Casenave
Director of Finance

Date: September 30, 2015

SUBJECT: County Connection Income Statements for the Twelve Months Ended June 30, 2015

The attached unaudited CCCTA Income Statements for FY 2015 are presented for your review. The audit field work has been completed, and except for GASB 68 adjustments, it is not expected that there will be any adjustments that would materially alter the statements.

The combined actual expenses, Fixed Route and Paratransit, (Schedule 1), are **7.1% under budget (\$2,495,904)**. In June, it was estimated that expenses would be 5.9% (\$2,074,581) under budget.

The expense categories with the most significant variances were:

Operator wages	\$(99,649)	(1.3%)	Operator wages are under mainly due to platform (drive time) and protection. See Schedule 4.
Fringe benefits	\$(97,335)	(1.1%)	Fringe benefits are under due to workers comp, (\$186K); various other categories are over.
Services	\$(127,280)	(6.2%)	Services are lower mainly due to outside service repairs (\$146K)..
Materials & Supplies	\$(1,208,563)	(30.5%)	Materials and supplies are lower mainly due to diesel fuel (\$910K) and repair parts (\$200K).
Utilities	\$(86,404)	(25.2%)	Utilities are lower mainly due to PG&E (\$50K) and cellular telephone expense (\$21).
Insurance	\$ 158,580	33.8%	Insurance is over due to CalTIP (\$99K) liability claims expense (\$60K).
Taxes	\$(75,523)	(23.2%)	Taxes are less than budgeted due to lower sales tax expense.
Miscellaneous	\$ 48,256	36.9%	Miscellaneous expense is over due to staff travel, \$18K, APTA dues \$5K, \$16K Employee functions.
Purchased transportation	\$(91,710)	(3.1%)	Purchased transportation is less due to lower cost per hour than budgeted and less service hours.

Fixed route and Paratransit revenues and expenses are presented on **Schedules 2 and 3**. Fixed route expenses are 7.9% under budget and Paratransit expenses are 2.5% under budget.

The combined revenues are also under budget. The most significant variances:

Passenger fares/special fares	\$(189,298)	(3.5)%	Passenger fares/special fares are lower because of more free fare riders than expected.
TDA revenue earned	\$(2,516,227)	(14.9)%	TDA revenue is lower due to an increase in other revenue and lower than expected expenses.
Other operating assistance	\$(108,679)	(8.4)%	Other operating assistance is lower due lower than expected mobility grant (\$81K) and lower Paratransit ADA BART service revenue \$(29K).

Fixed Route Operator Wages (Schedule 4)

Schedule 4 compares various components of operator wages with the budget.

- Overtime is 7.5% over budget.
- Spread is 8.5% under budget
- Protection is 15.4% under budget
- Training is 10.8% over budget.
- Miscellaneous is 43.1% under budget
- Overall wages for operators are 1.3% under budget.

Schedule 6 Statistical Information:

Fixed route:

- Passenger fares/special fares are 2.4% more than FY 2014 but 1.1% less compared to FY 2013.
- The farebox recovery ratio is higher compared to FY 2014 but lower compared to FY 2013. The ratio is 16.8% in FY 2015; 16.3% in FY 2014 and 18.1% in FY 2013.
- Operating expenses are .6% less than in FY 2014 and 6.8% more than in FY 2013.
- Fixed route revenue hours are .5% less than FY 2014 and 3.6% more than FY 2013.
- The cost per revenue hour is virtually the same compared to FY 2014 and 3% more compared to FY 2013.
- Passengers have increase 8.1% compared to FY2014 and 9.1% compared to FY 2013.
- The cost per passenger has decreased 8% compared to FY 2014 and decreased 2.2% compared to FY 2013.
- Passengers per revenue hour have increased 8.6% compared to FY 2014 and increased 5.3% compared to FY 2013.

Paratransit:

- Passenger fares have decreased 10.9% compared to FY 2014 and increased 8.3% compared to FY 2013.
- The farebox ratio is less than FY 2014 but more than FY 2013. The ratio is 10.8% in FY 2015; 11.9% in FY 2014; and 10% in FY 2013.

- Expenses have decreased 2.2% from the prior year and decreased .2% compared to FY 2013.
- Revenue hours are .9% less than FY 2014 and .5% less than FY 2013.
- Passengers have decreased 1.3% compared to FY 2014 and increased 2.2% compared to FY 2012.
- The cost per passenger has decreased .9% since FY 2014 and decreased 2.3% compared to FY 2013.
- Paratransit passengers per revenue hour have decreased .4% compared to FY 2014 and increased 2.7% compared to FY 2013.

CENTRAL CONTRA COSTA TRANSIT AUTHORITY

FY 2015 Year to Date Comparison of Actual vs Budget

For the Twelve Months Ended June 30, 2015

Combined Fixed Route and Paratransit Income Statement -Unaudited

	Actual	Budget	Variance	% Variance
Revenues				
Passenger fares	\$ 3,759,431	4,086,692	(327,261)	-8.0%
Special fares	\$ 1,386,527	1,248,564	137,963	11.0%
	\$ 5,145,958	5,335,256	(189,298)	-3.5%
Advertising	\$ 586,768	592,212	(5,444)	-0.9%
Safe Harbor lease	\$ 3,748	5,000	(1,252)	-25.0%
Other revenue *	\$ 131,639	115,100	16,539	14.4%
Federal operating	\$ 1,376,873	1,318,998	57,875	4.4%
TDA 4.0 earned revenue	\$ 14,376,482	16,892,709	(2,516,227)	-14.9%
TDA 4.5 earned revenue	\$ 766,150	699,446	66,704	9.5%
STA revenue	\$ 3,325,825	3,182,829	142,996	4.5%
Measure J	\$ 5,668,335	5,627,453	40,882	0.7%
Other operating assistance *	\$ 1,187,656	1,296,335	(108,679)	-8.4%
	\$ 27,423,476	29,730,082	(2,306,606)	-7.8%
Total Revenue	\$ 32,569,434	35,065,338	(2,495,904)	-7.1%
Expenses				
Wages- Operators	\$ 7,487,851	7,587,500	(99,649)	-1.3%
Wages-Other	\$ 5,342,232	5,375,136	(32,904)	-0.6%
	\$ 12,830,083	12,962,636	(132,553)	-1.0%
Fringe Benefits	\$ 8,566,002	8,663,337	(97,335)	-1.1%
Services	\$ 1,909,235	2,036,515	(127,280)	-6.2%
Materials & Supplies	\$ 2,760,172	3,968,735	(1,208,563)	-30.5%
Utilities	\$ 256,396	342,800	(86,404)	-25.2%
Insurance	\$ 627,088	468,508	158,580	33.8%
Taxes	\$ 250,077	325,600	(75,523)	-23.2%
Leases and Rentals	\$ 40,454	40,700	(246)	-0.6%
Miscellaneous *	\$ 178,886	130,630	48,256	36.9%
Special Trip Services	\$ 5,151,041	5,242,751	(91,710)	-1.7%
Operations	\$ 32,569,434	34,182,212	(1,612,778)	-4.7%
Contingency Reserve	\$ -	883,126	(883,126)	-100.0%
Total Expenses	\$ 32,569,434	35,065,338	(2,495,904)	-7.1%
Net Income (Loss)	\$ -	-	-	
Revenue Hours	295,037	297,366	(2,329)	-0.8%
Cost per Rev Hr	\$ 110.25	117.78	(7.53)	-6.4%
Passengers	3,744,549	3,578,233	166,316	4.6%
Cost per Passenger	\$ 8.70	9.80	(1.10)	-11.2%
Farebox ratio	15.8%	15.2%	0.6%	3.9%

(fares,spec fares/Oper exp-w/o contingency-leases)

* See Schedule 5 for detail

Schedule 1-Combined - Fixed Route and Paratransit

CENTRAL CONTRA COSTA TRANSIT AUTHORITY

FY 2015 Year to Date Comparison of Actual vs Budget

For the Twelve Months Ended June 30, 2015

Fixed Route Income Statement- Unaudited

	Actual	Budget	Variance	% Variance
Revenues				
Passenger fares	\$ 3,205,910	3,535,500	(329,590)	-9.3%
Special fares	\$ 1,386,527	1,248,564	137,963	11.0%
	\$ 4,592,437	4,784,064	(191,627)	-4.0%
Advertising	\$ 586,768	592,212	(5,444)	-0.9%
Safe Harbor lease	\$ 3,748	5,000	(1,252)	-25.0%
Other revenue	\$ 131,592	115,000	16,592	14.4%
Federal operating	\$ 204,924	30,000	174,924	583.1%
TDA earned revenue	\$ 14,376,482	16,826,006	(2,449,524)	-14.6%
STA revenue	\$ 2,230,195	2,068,547	161,648	
Measure J	\$ 4,287,458	4,276,576	10,882	0.3%
Other operating assistance	\$ 1,038,793	1,118,854	(80,061)	-7.2%
	\$ 22,859,960	25,032,195	(2,172,235)	-8.7%
Total Revenue	\$ 27,452,397	29,816,259	(2,363,862)	-7.9%
Expenses				
Wages- Operators	\$ 7,487,851	7,587,500	(99,649)	-1.3%
Wages-Other	\$ 5,247,671	5,281,819	(34,148)	-0.6%
	\$ 12,735,522	12,869,319	(133,797)	-1.0%
Fringe Benefits	\$ 8,511,988	8,610,182	(98,194)	-1.1%
Services	\$ 1,892,565	2,014,994	(122,429)	-6.1%
Materials & Supplies	\$ 2,757,232	3,964,935	(1,207,703)	-30.5%
Utilities	\$ 233,644	322,000	(88,356)	-27.4%
Insurance	\$ 627,088	468,508	158,580	33.8%
Taxes	\$ 249,805	325,000	(75,195)	-23.1%
Leases and Rentals	\$ 40,454	40,700	(246)	-0.6%
Miscellaneous	\$ 178,708	129,700	49,008	37.8%
Purchased Transportation	\$ 225,391	187,795	37,596	20.0%
Operations	\$ 27,452,397	28,933,133	(1,480,736)	-5.1%
Contingency Reserve		883,126	(883,126)	-100.0%
Total Expenses	\$ 27,452,397	29,816,259	(2,363,862)	-7.9%
Net Income (Loss)	\$ -	-	-	
Revenue Hours	221,320	222,169	(849)	-0.4%
Cost per Rev Hr	\$ 123.86	134.02	(10.17)	-7.6%
Passengers	3,597,054	3,426,590	170,464	5.0%
Cost per Passenger	\$ 7.63	8.70	(1.07)	-12.3%
Passengers per Rev Hr	16.25	15.42	0.83	5.4%
Farebox recovery ratio	16.8%	16.1%	0.7%	4.3%

(fares,spec fares/Oper exp-w/o contingency-leases)

Schedule 2-Fixed Route

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
FY 2015 Year to Date Comparison of Actual vs Budget
For the Twelve Months Ended June 30, 2015
Paratransit Income Statement-Unaudited

	Actual	Budget	Variance	% Variance
Revenues				
Passenger fares	\$ 553,521	551,192	2,329	0.4%
Special fares		-	0	0.0%
	\$ 553,521	551,192	2,329	0.4%
Advertising		-	0	
Other revenue	\$ 47	100	(53)	-53.0%
Federal operating	\$ 1,171,949	1,288,998	(117,049)	-9.1%
TDA 4.5 earned revenue	\$ 766,150	699,446	66,704	9.5%
TDA 4.0 earned revenue		66,703	(66,703)	-100.0%
STA revenue	\$ 1,095,630	1,114,282	(18,652)	-1.7%
Measure J	\$ 1,380,877	1,350,877	30,000	2.2%
Other operating assistance	\$ 148,863	177,480	(28,617)	-16.1%
	\$ 4,563,516	4,697,887	(134,371)	-2.9%
Total Revenue	\$ 5,117,037	5,249,079	(132,042)	-2.5%
Expenses				
Wages- Operators			0	0.0%
Wages-Other	\$ 94,561	93,317	1,244	1.3%
	\$ 94,561	93,317	1,244	1.3%
Fringe Benefits	\$ 54,014	53,155	859	1.6%
Services	\$ 16,670	21,521	(4,851)	-22.5%
Materials & Supplies	\$ 2,940	3,800	(860)	-22.6%
Utilities	\$ 22,752	20,800	1,952	9.4%
Taxes	\$ 272	600	(328)	-54.7%
Miscellaneous	\$ 178	930	(752)	-80.9%
Special Trip Services	\$ 4,925,650	5,054,956	(129,306)	-2.6%
Total Expenses	\$ 5,117,037	5,249,079	(132,042)	-2.5%
Net Income (Loss)	\$ -	-	-	
Revenue Hours	73,717	75,197	(1,480)	-2.0%
Cost per Rev Hr	\$ 69.41	69.80	(0.39)	-0.6%
Passengers	147,495	151,643	(4,148)	-2.7%
Cost per Passenger	\$ 34.69	34.61	0.08	0.2%
Passengers per Rev Hr	2.00	2.02	(0.02)	-0.8%
Farebox ratio	10.8%	10.5%	0.3%	3.0%
<i>(fares, spec fares/Oper exp-leases)</i>				

Schedule 3- Paratransit

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
Operator Wages
For the Twelve Months Ended June 30, 2015

	Actual		Budget		Variance	Variance
Platform/report/turn in	\$ 5,936,709	\$	5,978,119	\$	(41,410)	-0.7%
Guarantees	\$ 362,288	\$	364,263		(1,975)	-0.5%
Overtime	\$ 289,522	\$	269,355		20,167	7.5%
Spread	\$ 155,768	\$	170,245		(14,477)	-8.5%
Protection	\$ 292,450	\$	345,537		(53,087)	-15.4%
Travel	\$ 228,876	\$	233,694		(4,818)	-2.1%
Training	\$ 192,186	\$	173,471		18,715	10.8%
Other Misc	\$ 30,052	\$	52,818		(22,766)	-43.1%
	\$ 7,487,851	\$	7,587,500	\$	(99,649)	-1.3%

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
Other Revenue; Other Operating Assistance; Miscellaneous Expenses
For the Twelve Months Ended June 30, 2015

Other Revenue

Investment income (interest)	\$	11,509
ADA Database Management revenue		75,000
Sale of Assets		27,000
Paypal Shipping revenue		2,311
RTC Card revenue		1,667
Recycling		5,156
Vending machine commission		399
Credit card rebate		386
Restitution		1,200
Warranty reimbursement		5,985
Accounts payable discount		31
Various		995
	\$	131,639

Other Operating Assistance

RM2	\$	145,336
BART feeder revenue		697,596
Homeland security grant for IT Maintenance		117,063
ADA BART		148,865
Mobility mgt grant		78,796
	\$	1,187,656

Miscellaneous Expenses

Board Travel Expense	\$	13,691
Staff Travel Expense		58,103
CTA Dues		12,325
APTA Dues		34,510
Employee functions		46,257
Employee Awards/pins		2,062
Paypal fees		3,546
Training		6,033
Various other	\$	2,359
	\$	178,886

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
FY 2015 Year to Date Comparison of FY 2014 Actual & FY 2013 Actual
Statistics
For the Twelve Months Ended June 30, 2015

	Actual FY2015	Actual FY2014	Variance Actual 2015 to Actual 2014	Actual FY2013	Variance Actual 2015 to Actual 2013
Fixed Route					
Fares	\$ 3,205,910	\$ 3,314,663	-3.3%	\$ 3,579,640	-10.4%
Special Fares	1,386,527	1,169,472	18.6%	1,061,608	30.6%
Total Fares	\$ 4,592,437	\$ 4,484,135	2.4%	\$ 4,641,248	-1.1%
<i>Fares box recovery ratio</i>	16.8%	16.3%	3.0%	18.1%	-7.3%
Operating Exp (Less leases)	\$ 27,411,943	\$ 27,566,495	-0.6%	\$ 25,676,872	6.8%
<i>Revenue Hours</i>	221,320	222,504	-0.5%	213,624	3.6%
<i>Cost per Rev Hour</i>	\$ 123.86	\$ 123.89	0.0%	\$ 120.20	3.0%
<i>Passengers</i>	3,597,054	3,328,513	8.1%	3,296,764	9.1%
<i>Cost per Passenger</i>	\$ 7.62	\$ 8.28	-8.0%	\$ 7.79	-2.2%
<i>Passengers per Rev Hr</i>	16.25	14.96	8.6%	15.43	5.3%

Paratransit

Fares	\$ 553,521	\$ 620,968	-10.9%	\$ 511,177	8.3%
<i>Fares box recovery ratio</i>	10.8%	11.9%	-8.9%	10.0%	8.5%
Operating Exp (Less leases)	\$ 5,117,037	\$ 5,230,925	-2.2%	\$ 5,125,995	-0.2%
<i>Revenue Hours</i>	73,717	74,394	-0.9%	74,053	-0.5%
<i>Cost per Rev Hour</i>	\$ 69.41	\$ 70.31	-1.3%	\$ 69.22	0.3%
<i>Passengers</i>	147,495	149,454	-1.3%	144,339	2.2%
<i>Cost per Passenger</i>	\$ 34.69	\$ 35.00	-0.9%	\$ 35.51	-2.3%
<i>Passengers per Rev Hr</i>	2.00	2.01	-0.4%	1.95	2.7%

To: Administration and Finance Committee

Date: September 25, 2015

From: Kathy Casenave, Director of Finance

Reviewed by:

SUBJECT: Earthquake and Flood Insurance

Summary of Issues:

County Connection does not have earthquake or flood insurance. Our broker, Integro Insurance Brokers, (formerly Argo) obtained quotes so that the committee could discuss the merits and costs associated with obtaining these types of coverages.

The least expensive quotes were from Lloyds of London- \$24,500-\$29,000 for earthquake insurance, depending upon the deductible and loss limit. The flood coverage addition would be \$3,788-\$4,500. The full quotation is attached.

If the committee is interested in pursuing this, staff can arrange to have our broker, Jerry Katopodis, attend a future meeting to discuss the issues in more detail.



Integro Insurance Brokers
2300 Contra Costa Blvd, Ste. 375
P.O. Box 232017
Pleasant Hill, CA 94523
t: 925.682.7001
f: 925.682.7024

September 9, 2015

Katherine Casenave
Central Contra Costa Transit
2477 Arnold Industrial Way
Concord, CA 94520

RE: QUAKE & FLOOD COVERAGES/PRICING INDICATIONS

Dear Katherine,

Attached is our report showing various quotes for your consideration. Quake and Flood coverages are typically written as follows:

- **FULL LIMITS** - Same as one has for 100% of exposure and close to what one insures for Fire. In our case the Full Limit stands at \$18,943,609.
- **SUB-LIMITS** - Provided when the buyer feels that the probable loss will be **PARTIAL** or the Insurance Company will not offer Full Limits.
- **DEDUCTIBLES** - Typically it is shown as a percentage of the values at risk (full limits), which in our case stands at \$18,943,609. Using 5% would make the deductible \$947,180, while 10% would come to \$1,894,360.

In Summary:

A 10mm Sub-limit with a 5% deductible would cost \$27,500 plus taxes and fees. With a 10% deductible the cost would be \$24,500 plus taxes and fees.

A Full Limits option (\$18,943,609) with a 5% would cost \$29,000 plus taxes and fees. With a 10% the cost would be \$26,000 plus taxes and fees.

Flood can be added with a cost in the area of \$3,800 to \$4,500 for Sub-limit/Full Limit respectively.

Please see the attached Report/Summary for a more detailed review.

Looking forward to respond to any questions.

Regards,

Jerry Katopodis



Proposal of Difference in Conditions
(Earthquake) Insurance with Flood options

Central Contra Costa Transit
Authority

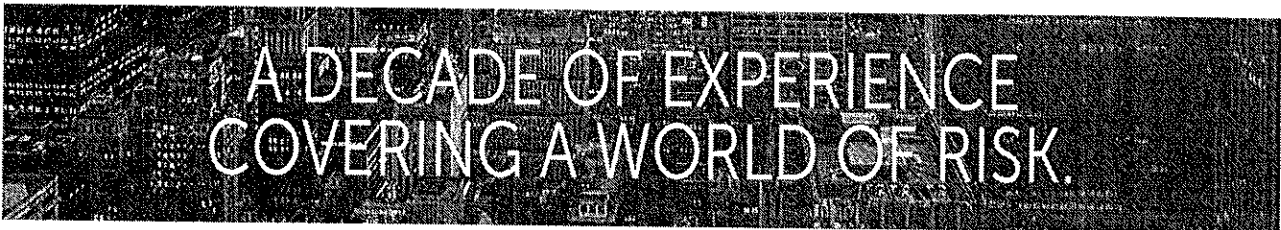
2477 Arnold Industrial Way
Concord, CA 94520-5326

Presented By

Jerry Katopodis, CPCU
Integro Insurance Brokers
P. O. Box 232017
Pleasant Hill, CA 94523-6017
925-682-7001

CA – License #: 0E77964

September 9, 2015



The outlines of coverage used throughout this document are not intended to express any legal opinion as to the nature of coverage. They are only visuals to a basic understanding of coverage and limits. For a complete understanding of the coverage provided, please refer to the actual policy wording. Read your policy.

Markets Approached

Carrier Name	A.M. Best Rating	Admitted/Non-Admitted	Status	Comments
ICAT (Lloyd's of London)		Non-Admitted	Quoted	Option #1 Full Limits, 5% ded: \$29,000 + Taxes & Fees Option #2: Full Limits, 10% ded: \$26,000 + Taxes & Fees Option #3: \$10M Loss Limit; 5% ded: \$27,500 + Taxes & Fees Option #4: \$10M loss limit 10% ded: \$24,500 Taxes & Fees Option #5: To ADD flood coverage at a \$50K policy deductible to quote with full limits: \$4,500 Option #6 To ADD flood coverage at a \$50K policy deductible to quote with \$10M loss limit: \$3,788
Arrowhead		Non-Admitted	Indication	Full Limits: 5% ded \$40,000 + Taxes & Fees
ICW		Non-Admitted	Indication	Option #1 Full Limits-10% ded: \$34,000 Option #2: \$10M Limit 10% Ded \$28K-\$30K
Catalytic (Western Re)		Non-Admitted	Declined	Not Competitive

The outlines of coverage used throughout this document are not intended to express any legal opinion as to the nature of coverage. They are only visuals to a basic understanding of coverage and limits. For a complete understanding of the coverage provided, please refer to the actual policy wording. Read your policy.

9/25/2015

A. M. Best Financial Stability Rating

The California Department of Insurance (DOI) is charged with the responsibility to monitor and review the financial stability of all insurance companies operating within California. In addition to the DOI, there are many agencies that also provide input regarding the financial stability of insurance companies, including A.M. Best, Standard & Poor's and Moody's. Utilizing information provided by A.M. Best and the DOI, we strive to avoid placing our clients with an insurance company of questionable financial or managerial integrity.

Financial Strength Ratings: The A.M. Best Company evaluates insurance companies on the basis of general management and assigns one of the following ten ratings.

A++ and A+	Superior	C and C-	Weak
A and A-	Excellent	D	Poor
B++ and B+	Very Good	E	Under Regulatory Supervision
B and B-	Fair	F	In Liquidation
C++ and C+	Marginal	S	Rating Suspended

Financial Size Categories: A. M. Best also considers the financial size of insurance companies, assigning each to one of 15 categories. (Categories are determined by adding the surplus to policyholders, conditional or technical reserves, less indicated shortages in reserves, if any. For stock companies, policyholders' surplus is the sum of capital and for mutual companies it is the surplus fund.)

CLASS I	\$ 1,000,000 or less	CLASS IX	\$ 250,000,000 to \$ 500,000,000
CLASS II	\$ 1,000,000 to \$ 2,000,000	CLASS X	\$ 500,000,000 to \$ 750,000,000
CLASS III	\$ 2,000,000 to \$ 5,000,000	CLASS XI	\$ 750,000,000 to \$1,000,000,000
CLASS IV	\$ 5,000,000 to \$ 10,000,000	CLASS XII	\$1,000,000,000 to \$1,250,000,000
CLASS V	\$ 10,000,000 to \$ 25,000,000	CLASS XIII	\$1,250,000,000 to \$1,500,000,000
CLASS VI	\$ 25,000,000 to \$ 50,000,000	CLASS XIV	\$1,500,000,000 to \$2,000,000,000
CLASS VII	\$ 50,000,000 to \$ 100,000,000	CLASS XV	\$2,000,000,000 or more
CLASS VIII	\$100,000,000 to \$ 250,000,000		

Not Rated Categories (NR) and Modifiers:

NR-1	Insufficient Data
NR-2	Insufficient Size and/or Operating Experience
NR-3	Rating Procedure Inapplicable
NR-4	Company Request
NR-5	Not Formally Followed
u	Under Review
s	Syndicate
pd	Public Data

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Difference in Conditions (DIC)

Company: ICAT
A.M. Best Rating: A X
Policy Number: TBD
Policy Term: TBD

OPTION #1

Limit: \$10M
Ded: 5%
Premium: \$27,500 + Taxes & Fees

OPTION #2

Limit: \$10M
Ded: 10%
Premium: \$24,500 + Taxes & Fees

OPTION #3

Limit: Full Limits (\$18,943,609)
Ded: 5%
Premium: \$29,000 + Taxes & Fees

OPTION #4

Limit: Full Limits (\$18,943,609)
Ded: 10%
Premium: \$26,000 + Taxes & Fees

OPTION #5-To Add Flood Coverage (both locations in Concord and Pleasant Hill)

Same Limits and deductible structure as Options 1-4 subject to a \$50,000 minimum deductible by policy.

Additional Premium to add flood is \$3,788 for \$10M limit/ded option.

OPTION #6

Same Limits and deductible structure as Options 1-4 subject to a \$50,000 minimum deductible by policy.

Additional Premium to add flood is \$4,500 for Full Limits/ded option.

Applies to the above options:

Policy Issuance Fee: \$200.00
Inspection Fee: \$750.00
State Taxes/Fees: 3.2% of premium

DIFFERENCE IN CONDITIONS INCLUDING EARTHQUAKE COVERAGE PER ICAT DICNA 100 FORM

DIC Including:

Coverage applicable to Real Property, Business Personal Property, Additional Property Coverage, Earthquake Sprinkler Leakage, Business Income/Extra Expense/Rental Value at:
2477 Arnold Industrial Way
Concord, CA 94520-5326

The outlines of coverage used throughout this document are not intended to express any legal opinion as to the nature of coverage. They are only visuals to a basic understanding of coverage and limits. For a complete understanding of the coverage provided, please refer to the actual policy wording. Read your policy.

9/25/2015

Difference in Conditions (DIC) (cont.)

Based upon values as follows:

	Limit
Total Insurable Values at 100% replacement cost.	\$18,943,609

Deductible per Occurrence: 5% per occurrence applied by building for the real property and contents coverage and per location for the Business Income.

All Other Causes of Loss: \$25,000 per occurrence applied by Policy.

Sublimits:

- Ordinance or Law Coverage: Part A is included. Coverage Parts B&C Combined, sublimited to 10% of Coverage Part A value per building, per occurrence and in the aggregate.

Conditions:

- Business Income Coverage is subject to a monthly limit of indemnity of 50%.
- Replace Cost endorsement is included.
- Minimum Earned Premium of 25% applies

Exclusions:

- Coverage for Acts of Terrorism is excluded.
- Coverage for mold cleanup and removal may be available for additional premium.
- Coverage for fuel is excluded.
- All other exclusions per standard forms and endorsements in use by ICAT at the time of binding this account.

The outlines of coverage used throughout this document are not intended to express any legal opinion as to the nature of coverage. They are only visuals to a basic understanding of coverage and limits. For a complete understanding of the coverage provided, please refer to the actual policy wording. Read your policy.

Service Team

Broker	Account Manager
Jerry Katopodis, CPCU	Lynette Dupree, CIC, AIS
T. 925-852-0400 F. 852-0450	T. 925-852-0413 F. 925-852-0463
Email: jerry.katopodis@integrogoup.com	Email: Lynette.Dupree@integrogoup.com
Jerry Katopodis will serve as your primary contact for the coordination of service from Argo Insurance Group.	Lynette Dupree will provide assistance in all areas of account management, including policy changes, billing inquiries, audit assistance, insurance company marketing and general correspondence.

The outlines of coverage used throughout this document are not intended to express any legal opinion as to the nature of coverage. They are only visuals to a basic understanding of coverage and limits. For a complete understanding of the coverage provided, please refer to the actual policy wording. Read your policy.

9/25/15

CERTIFICATES OF INSURANCE

Certificate of Insurance

This is evidence of insurance. You may have signed contracts, leases or other agreements requiring you to provide this evidence. In those agreements, you may assume obligations and/or liability for others. Some of these obligations are not covered by insurance. You should review these with competent legal counsel.

Additional Insured

In addition to providing a Certificate of Insurance, you may be required by contract to name your client or customer on your policy as an Additional Insured. This is possible only with permission of the insurance company and, in some cases, an additional premium. There are other consequences to your policy including:

- ✓ Your policy limits are now shared with other entities; their claims involvement may reduce or exhaust your aggregate limit.
- ✓ Your policy may provide higher limits than required by contract; your full limits can be exposed to the Additional Insured.
- ✓ There may be conflicts in defense when your insurer has to defend both you and the Additional Insured.

Contracts, leases and agreements you sign may have indemnification and other requirements that cannot be addressed by an insurance policy. Before signing any agreement that includes an indemnification clause, it would be prudent to allow us to review the insurance section of the agreement.

Client Responsibilities

It is critical that we have open lines of communication so we may adequately anticipate and respond to your insurance and risk management requirements. Please notify us immediately when:

- ✓ You are contemplating new operations or locations
- ✓ You are in need of a certificate for a bank, lessor, and other parties (request forms will be provided electronically upon request)
- ✓ You need certificates provided to you by others (contractors, suppliers) renewed
- ✓ You are contemplating a merger, acquisition, or joint venture
- ✓ Before you sign leases, contracts, rental agreements or construction contracts
- ✓ Purchase or lease of new equipment, property, or vehicles
- ✓ Significant changes in your financial structure and / or condition
- ✓ Changes in the protective safeguards of your property (inoperable alarm, fire suppression systems, etc)
- ✓ Changes in core operations
- ✓ An incident occurs that may give rise to a claim (form will be supplied). This applies to both management liability risks (D&O / EPLI / Fiduciary, etc) and other liability areas, such as premises, operations, product failure, etc.

To: Administration and Finance Committee

Date: September 29, 2015

From: Anne Muzzini (drafted by Madeline Chun)

Reviewed by:

**SUBJECT: AUTHORIZE EXECUTION OF AMENDED AND RESTATED CLIPPER®
MEMORANDUM OF UNDERSTANDING**

Recommendation:

Staff proposes the Committee recommend the Board authorize the General Manager to execute the Amended and Restated Clipper® Memorandum of Understanding (Amended MOU) with the Metropolitan Transportation Commission (MTC) and Bay Area transit operators.

Summary:

The Amended and Restated Clipper MOU was developed collaboratively by MTC and the participating transit agencies to restructure their respective roles and responsibilities. Specifically, the proposed MOU establishes and defines the roles for a Clipper Executive Board, a Clipper Executive Director, and a Contracting Agency, in addition to clarifying the roles of MTC and the participating transit agencies. The MOU also revises the Cost Allocation Formula and provides for review of the formula at least every two years to ensure successful operation and maintenance of Clipper. The Central Contra Costa Transit Authority General Manager will serve on the Clipper Executive Board.

Background:

Clipper is the automated regional fare payment system used by 20 million customers a month on 20 transit systems. MTC and seven transit agencies entered into a MOU effective November 10, 2011 (2011 MOU) whereby MTC manages the Clipper electronic fare payment system. MTC contracted with Cubic Transportation Systems, Inc. to implement, operate and maintain the Clipper fare payment system through November 2, 2019. Since 2011, an additional 15 transit agencies have or will sign on to the 2011 MOU. The 2011 MOU has been amended twice.

The 2011 MOU specified MTC's responsibilities, the transit agencies' responsibilities, the consultation process for amending the Clipper Operating Rules, the method by

which MTC and transit operators divide Clipper costs and revenues, and a dispute resolution process.

In September 2014, MTC received correspondence from transit agency general managers which outlined the transit agencies' desire to have more input and control over the current Clipper system and plans for the next generation of the Clipper system. Over several months, the transit agency general managers and the MTC executive director met regularly to discuss how best to implement this greater degree of input and control for transit agencies. Ultimately, it was mutually agreed to amend and restate the 2011 Clipper MOU.

Summarized below are the key elements of the Amended MOU, which will replace the 2011 MOU. Provisions of the 2011 MOU are noted in italics.

1. Clipper Executive Board

- Establishes a nine-member Executive Board, comprised of one representative from San Francisco Municipal Transportation Agency (SFMTA), Bay Area Rapid Transit (BART), Caltrain/SamTrans, AC Transit, Santa Clara Valley Transportation Agency (VTA), the Golden Gate Bridge, Highway and Transportation District, and MTC, and two representatives selected to represent all other participating agencies.
- The Executive Board will be responsible for developing and evaluating performance goals, adopting a detailed biennial work plan and budget, designating the "Contracting Agency", and approval of all business matters expected to have a substantial fiscal or operating impact.
- *Under the 2011 MOU, MTC maintains sole authority for these actions.*

2. Contracting Agency

- Establishes a Contracting Agency to procure, award and manage contracts, and carry out the duties and responsibilities necessary for the expansion, modification, modernization, operation, maintenance, marketing and customer service of the Clipper program.
- The Contracting Agency will be responsible for holding and managing the Clipper bank accounts and act as an agency in trust for the funds deposited by the cardholders for the ultimate use with the Operators, and for the benefit of the Operators for funds due.
- Provide staffing to support the Clipper program.
- *MTC currently fulfills the role of the Contracting Agency.* MTC will continue as the initial Contracting Agency under the Amended MOU. The Executive Board

may renew this designation every three years and assign this role to a participating transit agency, with the approval of the Contracting Agency and its proposed successor.

3. Clipper Executive Director

- Establishes the position of the Clipper Executive Director, responsible for regional coordination of the program among the Agencies, oversight of consultants and contractors retained for the design, operation and maintenance of the program, and effectuation of the goals and work plan adopted by the Executive Board in accordance with the budget.
- The Clipper Executive Director will be selected and appointed by the Contracting Agency following consultation with the Executive Board. The initial Clipper Executive Director will be Carol Kuester, an employee of MTC.
- *Currently, there is no Executive Director.*

4. Cost and Revenue Allocation Formula

- *The current allocation of Clipper operating costs was developed prior to wide scale implementation of the program and is based on a formula of 2/3 transactions and 1/3 revenue.*
- *Credit card fees for agencies operating ticket vending or add-value machines outside of the Clipper gateway are absorbed by those agencies and currently exceed two million dollars per year.*
- Agencies have determined that the current allocation formula is not equitable and have developed a revised formula, outlined in Appendix B of the Amended MOU, that aligns actual cost drivers and usage of the system with the allocation amounts.
- As the proposed change will result in increased costs to most agencies, it is proposed that the increases be phased in, with the addition of agency credit card fees effective July 1, 2016 and the implementation of the new model effective January 1, 2017.

5. Program Goals and Performance Measures

- The Amended MOU includes Program Goals and Performance Measures intended to guide the development and ongoing operations of the Clipper program.
- Goals include expanding electronic payment to all modes of transportation, enhanced access for customers to obtain and use Clipper, establishing

consistent fare categories and discounts, and improving the operation, integration, flexibility, efficiency and reliability of the system.

- *The 2011 MOU does not contain performance standards.*

6. Extend the Term

- It is anticipated that the Amended MOU will take effect on or about November 2, 2015. The Amended MOU term will extend until June 30, 2025, unless otherwise terminated by the parties.
- *The 2011 MOU would otherwise terminate on November 2, 2019, but will be replaced by this Amended MOU.*

Financial Implications:

The financial impact of moving from the current Clipper MOU to the new Clipper MOU is difficult to quantify. Fees for Clipper will change but since we have not implemented Clipper we don't have any transaction history with which to compare. Because our transaction volume is estimated to be less than 1% of the total Clipper transactions the impact on our fees will be negligible.

Attachments:

Amended and Restated Clipper® Memorandum of Understanding

AMENDED AND RESTATED CLIPPER® MEMORANDUM OF UNDERSTANDING

This Amended and Restated Clipper® Memorandum of Understanding (this "MOU") is entered into as of the ____ day of _____, 2015 (the "Effective Date"), by and among the Metropolitan Transportation Commission ("MTC") and the following transit operators participating in the Clipper® program (referred to herein individually as an "Operator" or collectively as the "Operators"):

Alameda-Contra Costa Transit District ("AC Transit"); Golden Gate Bridge Highway and Transportation District ("GGBHTD"); the San Francisco Bay Area Rapid Transit District ("BART"); the City and County of San Francisco, acting by and through its Municipal Transportation Agency ("SFMTA"); the San Mateo County Transit District ("SamTrans"); the Santa Clara Valley Transportation Authority ("VTA"); the Peninsula Corridor Joint Powers Board ("Caltrain"); Central Contra Costa Transit Authority; City of Fairfield, as the operator of Fairfield and Suisun Transit; City of Petaluma; Eastern Contra Costa Transit Authority; Livermore/Amador Valley Transit Authority; Marin County Transit District; Napa County Transportation and Planning Agency; Solano County Transit; Sonoma County Transit; Sonoma-Marin Area Rail Transit; Vacaville City Coach; Western Contra Costa Transit Authority; San Francisco Bay Area Water Emergency Transportation Authority; City of Santa Rosa; and City of Union City; and any other transit operators that implement Clipper® and execute a Supplemental Agreement to the MOU.

MTC and the Operators are referred to herein collectively as the "Parties" or individually as a "Party".

Recitals

1. Clipper® (formerly TransLink®) is an automated fare payment system for intra- and inter-Operator transit trips in the San Francisco Bay Area that has been implemented and is currently being operated on Operators' transit systems.
2. MTC entered into a contract (the "Clipper® Contract") with Cubic Transportation Systems, Inc. (the "Clipper® Contractor"), to implement, operate and maintain the Clipper® fare payment system through November 2, 2019.
3. On December 12, 2003, MTC and six of the Operators entered into an interagency participation agreement (the "IPA") to create a forum for joint agency decision-making (the "TransLink® Consortium") to work towards the successful implementation of the TransLink® automated fare payment system. The IPA was superseded and replaced by a Memorandum of Understanding Regarding Operations and Maintenance of Clipper® Fare Collection System dated November 10, 2011, by and among MTC and, initially, seven of the Operators (the "2011 MOU"). The 2011 MOU delineated, among other things, MTC's responsibilities, including as contracting agency, the Operators' responsibilities, a consultation process for amending the Clipper® Operating Rules, allocation of operating expenses among the Operators and MTC, and a dispute resolution process.
4. The Parties have examined the successes and challenges of the program to date and have identified certain areas in which existing arrangements should be modified or clarified to maximize the benefits to the Parties and Bay Area transit customers of the continued expansion, modification, operation and maintenance of the Clipper® program.

5. The Parties now wish to amend and restate the 2011 MOU in its entirety to clarify their respective roles and responsibilities, define roles and responsibilities for a newly-defined "Contracting Agency," establish a "Clipper® Executive Board," and establish a Clipper® Executive Director to ensure the successful operation and maintenance of Clipper®.

ARTICLE I Operator Responsibilities

Each Operator agrees to:

- A. Implement and operate the Clipper® fare payment system in accordance with the Clipper® Operating Rules, as adopted and amended from time to time, consistent with the consultation and approval process set forth in Appendix A, Process for Amending Clipper® Operating Rules, attached hereto and incorporated herein by this reference. The Clipper® Operating Rules establish operating parameters and procedures for the consistent and efficient operation of Clipper® throughout the region. The current version of the Clipper Operating Rules® is available on MTC's website at <http://www.mtc.ca.gov/planning/tcip/>.
- B. Pay its share of Clipper® costs, including costs of the salary of additional Clipper® staff necessary to support the Executive Board, according to Appendix B, Clipper® Cost and Revenue Allocation, attached hereto and incorporated herein by this reference. Changes to Appendix B require an amendment to the MOU in accordance with Article XI.A.
- C. Make its facilities and staff available for implementation and operation of Clipper®. Any Operator and the Contracting Agency may agree to an Operator-specific implementation plan, setting forth specific requirements regarding implementation and operation of Clipper® for such Operator.
- D. Make determinations regarding the placement of Clipper® equipment on the Operator's facilities and equipment; perform necessary site preparation; attend Clipper® Contractor training on the use of the Clipper® equipment; and provide training to employees using the equipment.
- E. Beginning two years after the effective date of this Agreement, and every two years thereafter, participate in a review of the cost and revenue allocation formula in Appendix B, to support fairness among Operators and to accommodate changes in shared operation costs.

ARTICLE II MTC Responsibilities

MTC agrees to:

- A. Fund a portion of the Clipper® operating and maintenance costs, including costs of the salary of additional Clipper® staff necessary to support the Executive Board, as set forth in Appendix B. Subject to availability of necessary funds, inclusion of projects in the Regional Transportation Plan and Transportation Improvement Program where necessary, and receipt of all necessary Commission approvals, budget appropriations and

allocations, MTC will continue to fund capital and Contracting Agency operating costs in the manner that it has funded capital and Contracting Agency operating costs to date, through a dedicated allocation of federal, state and local funds, both discretionary and project designated. Recommended annual capital allocations will be identified in the work plan approved by the Executive Board. (See Article IV.C.4.)

- B. Retain all books, papers, records, documents, and other materials pertaining to its responsibilities under Appendix B (the "Materials") in accordance with federal grant and audit requirements and generally accepted accounting principles and make the Materials available to Parties upon request through reasonable means and at reasonable times. Parties may request that Materials be made available for the most recently closed fiscal year during the term of this MOU and for up to one year thereafter; provided, however, that nothing in this Article II.B is intended to limit a Party's rights to obtain records under the California Public Records Act (Government Code Section 6250 *et seq.*).
- C. Continue to serve as the Contracting Agency (described in Article III), and continue to provide adequate staffing to support the Clipper® program under the direction of the Clipper® Executive Director (described in Article V), until such time as the Executive Board designates, and MTC's Commission approves, the assignment of MTC's duties as Contracting Agency to another Party pursuant to Article IV.D.
- D. Employ the initial Clipper® Executive Director (described in Article V). MTC reserves the right to make decisions regarding hiring, promotion, termination, compensation, and removal of the initial Clipper® Executive Director. Selection of a successor Executive Director shall be in accordance with Article III.J.
- E. Continue to create and maintain all copyrights and other intellectual property necessary or convenient for the operation of the Clipper® fare payment system and provide any necessary licenses to use such intellectual property to the Contracting Agency, if other than MTC.
- F. Enter into supplemental agreements with new operator participants in accordance with Article VI.

ARTICLE III Contracting Agency Responsibilities

The Contracting Agency agrees to:

- A. On behalf of the Parties, procure, award, manage and carry out the duties and responsibilities of the Clipper® program counterparty under all contracts necessary for the expansion, modification, modernization, operation, maintenance, marketing and customer service of the Clipper® fare payment system, including the Clipper® Contract and any successor contract and any contracts for associated professional services for the Clipper® program as a whole.
- B. Establish, manage and implement Clipper® Operating Rules in accordance with Appendix A.
- C. Provide regular updates (at least quarterly) on the Clipper® program to the Parties.

- D. Support the Parties with respect to Articles I.E and II.A by providing system data affecting the cost allocation formula.
- E. Own specified Clipper® program capital equipment, as may be required by grant or funding agency rules and regulations, and transfer ownership, to the greatest extent permitted under such rules and regulations, to any successor Contracting Agency.
- F. Hold and manage the Clipper® bank accounts and act as an agency in trust for the benefit of the cardholders for funds deposited by the cardholders for the ultimate use on the services provided by the Operators, and for the benefit of the Operators for funds due to Operators until dispersed to such Operators.
- G. Conduct an annual contract compliance audit covering Clipper® program revenue collection and allocation and cost allocation responsibilities under the MOU and provide a copy of the complete audit report to all Parties upon conclusion of each such annual audit.
- H. Retain all books, papers, records, documents, and other materials pertaining to its responsibilities under Appendix B (the "Materials") in accordance with federal grant and audit requirements and generally accepted accounting principles and make the Materials available to Parties upon request through reasonable means and at reasonable times. Parties may request that Materials be made available for the most recently closed fiscal year during the term of this MOU and for up to one year thereafter; provided, however, that nothing in this Article III.H is intended to limit a Party's rights to obtain records under the California Public Records Act (Government Code Section 6250 *et seq.*).
- I. Serve as the Application Issuer and Card Issuer, as those terms are defined in the Clipper® Operating Rules.
- J. Engage the Clipper® Executive Director in accordance with Article V. The Contracting Agency reserves the right to make decisions regarding hiring, promotion, termination, compensation, and removal of the Clipper® Executive Director provided that it shall not engage the successor to the initial and successor Executive Directors without the concurrence of the Executive Board. The Contracting Agency shall collaborate with the Executive Board in considering potential candidates for Executive Director.
- K. Provide adequate staffing (including program and legal staff) to support the Clipper® program. The Contracting Agency reserves the right to make decisions regarding hiring, promotion, termination, compensation and removal of program staff.
- L. Provide necessary logistical and technological support to the Executive Board and any committees thereof, except as provided in Article IV.H.

ARTICLE IV

Clipper® Executive Board

- A. Role; Composition. The Parties agree that responsibility for the management of the current Clipper® program, as well as the strategic planning effort to procure and implement a future system on or before the termination of the current Clipper® Contract, shall reside with a Clipper® Executive Board ("Executive Board"). The Executive Board's responsibilities shall be executed in a manner consistent with the Operator, MTC

and Contracting Agency responsibilities set forth in Articles I, II and III, respectively. The Executive Board shall be comprised of nine members: one representative each from SFMTA, BART, Caltrain/SamTrans, AC Transit, VTA, GGBHTD and MTC, and two representatives who are selected to represent all other Operators (the "Small Operators") in the sole discretion of the Small Operators. Each representative shall be at the General Manager or Senior Management level.

B. Principles. The Executive Board shall adhere to the following principles:

1. The Clipper® program shall continue as the primary electronic fare collection system for the Operators.
2. Each member of the Executive Board commits to actively advance the continued successful operation, maintenance and growth of the Clipper® program on a cost effective, operationally efficient, and coordinated basis.
3. Promote efforts to reduce the overall cost of the Clipper® system, including operating costs, capital costs and consultant expense.
4. Promote regional efforts to simplify fare structures while protecting revenue levels.

C. Duties. The Executive Board shall undertake the following duties:

1. Meet in accordance with a regular meeting schedule established by the Executive Board, not less than quarterly.
2. Establish goals for the Clipper® program, including targets to increase market penetration and cost containment initiatives. The Program Goals and Performance Measures are attached as Appendix C, and may be amended by unanimous vote of the Executive Board from time to time.
3. Propose for review by MTC, Operators and other funding sources (collectively, the "Funding Agencies") a biennial capital and operating budget for the Clipper® program. Revise and adopt the proposed budget in accordance with the Clipper® budgets adopted and/or allocations made by each of the Funding Agencies. The biennial budget will outline staffing requirements and resources needed to accomplish the work plan. The budget will define required funding, identify funding sources, and specify the amount of individual agency contributions.
4. Adopt a detailed biennial work plan to implement the established goals and budget.
5. Designate the Contracting Agency, as further described in and subject to Article IV.D, and provide policy oversight, advice, and direction to the Contracting Agency.
6. Evaluate the performance of the Clipper® Executive Director on at least an annual basis. The Board will develop goals and objectives jointly with the Clipper® Executive Director, which will form the basis for the annual evaluation.
7. Review and authorize Significant Business Matters as described in Article IV.E.

8. Establish such procedures as shall be necessary or desirable to facilitate compliance by the Executive Board with the Ralph M. Brown Act (Government Code Section 54950 *et seq.*) (the "Brown Act") and other applicable laws.

D. Designation of a Contracting Agency. The Executive Board shall designate one of the Parties to serve as the "Contracting Agency" with the responsibilities defined in Article III. MTC shall serve as the initial Contracting Agency. The Executive Board shall review the designation of the Contracting Agency not more often than once every three (3) years and may designate any of the Parties as a new Contracting Agency no later than one year prior to the proposed assignment date, which designation may be subject to the approval of the governing board of the proposed new Contracting Agency. In the event of a new designation, the then-current Contracting Agency shall seek approval from its governing board to assign all outstanding contracts, funding agreements, licenses, and accounts to the newly designated Contracting Agency and, if it receives approval from its governing board for such assignment, take such other actions as may be necessary or convenient to effect the transition of the Contracting Agency role. In the event of a change from the role of MTC as the Contracting Agency, the Executive Board will work with MTC and the successor Contracting Agency to protect or minimize loss or degradation of jobs for Clipper® support staff at MTC.

E. Significant Business Matters. The Executive Board shall decide all Significant Business Matters by a majority vote. "Significant Business Matter" shall mean any matter that can reasonably be expected to have a substantial financial impact (defined as an impact of \$250,000 or more) or a substantial operating impact (defined as causing operations to fall below then-current annual operational goals) on Clipper® or any of the Parties. Significant Business Matters, include, but are not limited to the following:

1. Approval of Clipper® Contract Change Orders that exceed the maximum authority levels established by the Contracting Agency's procurement rules for its chief executive officer, or \$250,000, whichever is less, or that are not funded in the biennial budget. Contracting Agency governing board approval may also be required.
2. Amendments to the Clipper® operating rules, pursuant to Appendix A.
3. Acceptance of new Parties to the Clipper® program. The Executive Board delegates to MTC the authority to sign supplemental agreements with new Parties accepted into the program, as provided in Article VI.
4. Implementation of new business ventures or opportunities for the Clipper® program.
5. Contract awards for contract amounts that exceed the maximum authority levels established by the then-current Contracting Agency's procurement rules for its chief executive officer, or \$250,000, whichever is less. Contracting Agency governing board approval may also be required.
6. Assignment of the Clipper® Contract. Contracting Agency approval shall also be required.
7. Approval of expenses (administrative, operating and legal) incurred by the Contracting Agency if in excess of or not contemplated by the current approved budget.

8. Approval of the Clipper® 2.0 rollout strategy.
9. Decision whether any other matter, not expressly included or excluded as a Significant Business Matter in this list, is a Significant Business Matter in accordance with the definition above.

The foregoing definition of “Significant Business Matters” may be amended by unanimous vote of the Executive Board from time to time.

- F. Quorum. Five members of the Executive Board constitute a quorum. In the absence of a quorum, a smaller number of Executive Board members may secure the attendance of absent members by video conference, teleconference or other means compliant with the Brown Act to establish a quorum. Only eligible voting members shall be counted to establish a quorum.
- G. Voting. Each member of the Executive Board shall have one vote. A vote of a majority of the Executive Board is required for approval. Executive Board members may not abstain from voting on any matter before the Executive Board, except in cases of conflicts of interest.
- H. Board Chair; Committees. The Executive Board shall annually elect a Chair and Vice Chair from its members. The Chair shall provide administrative staff support to the Executive Board, as needed as determined by the Chair and the Clipper® Executive Director. The Chair may appoint advisory committees or working groups for specified projects of limited duration. The Executive Board may establish standing committees from time to time.
- I. Delegates. Executive Board members may appoint, in writing, delegates to vote on their behalf in the event of a member's absence from any Executive Board meeting, for up to two (2) meetings per calendar year. No voting rights are accorded to alternates, nor do alternates count toward a quorum of the Executive Board, when alternates are representing an Executive Board member for meetings after two (2) missed meetings in a calendar year.

ARTICLE V

Clipper® Executive Director

The Clipper® Executive Director shall be responsible for regional coordination of the Clipper® program among the Parties, oversight of consultants and contractors retained for the design, operation and maintenance of the Clipper® program, and effectuation of the goals and work plan adopted by the Executive Board in accordance with the budget. Clipper® program support staff engaged by the Contracting Agency shall report to the Clipper® Executive Director.

The Clipper® Executive Director shall be selected and appointed by the Contracting Agency following consultation with the Executive Board to factor in any Executive Board concerns. The Contracting Agency will directly engage the Clipper® Executive Director as its employee or independent contractor in accordance with any civil service or procurement rules applicable to the Contracting Agency. The initial Clipper® Executive Director shall be Carol Kuester and shall be an employee of MTC.

ARTICLE VI
New Operator Participants

Any Bay Area transit operator not a Party to this Agreement must be approved by the Executive Board and agree to the terms of the MOU then in effect as a condition of implementing Clipper®, by entering into a supplemental agreement to this MOU accepting the then-current terms of this MOU. Signature by the other Parties to the MOU is not required. MTC shall not enter into a supplemental agreement with a particular operator prior to the issuance of a Change Notice to the Clipper® Contract covering all or a portion of the work required to accept such operator into the system. MTC shall provide the other Parties to the MOU with written notice of each supplemental agreement.

ARTICLE VII
Indemnification

- A. Mutual Indemnification. No Party to this MOU (including any of its directors, commissioners, officers, agents or employees) shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by any other Party under or in connection with this Agreement. Pursuant to Government Code Section 895.4, each Party agrees to fully indemnify and hold other Parties harmless from any liability imposed for injury (as defined by Government Code Section 810.8) occurring by reason of anything done or omitted to be done by such indemnifying Party under or in connection with this Agreement and for which such indemnifying Party would otherwise be liable.
- B. Contracting Agency Indemnification of Other Parties. Notwithstanding the provisions of Subsection A above, the Contracting Agency shall indemnify, hold harmless, and defend the other Parties from any and all claims or liability resulting from any action or inaction on the part of Contracting Agency relating to the Clipper® Contract or from its failure to carry out its responsibilities under Article III of this MOU. With respect only to MTC as Contracting Agency, this indemnification covers action or inaction on the part of MTC relating to the Clipper® Contract prior to the Effective Date of this MOU. Except as stated in the previous sentence, this indemnification only covers action or inaction on the part of a Contracting Agency while it serves as Contracting Agency under this MOU.
- C. Other Parties' Indemnification of Contracting Agency. Notwithstanding the provisions of Subsection A above, each Party hereto that is not the Contracting Agency shall indemnify, hold harmless, and defend the Contracting Agency from any and all claims or liability resulting from any action or inaction on the part of such Party relating to its responsibilities under Article I or II, as applicable, of this MOU.
- D. Operator Indemnification of MTC. Notwithstanding the provisions of Subsection A above, each Operator shall indemnify, hold harmless, and defend MTC from any and all claims or liability resulting from any action or inaction on the part of such Operator relating to its responsibilities under Article I of this MOU.
- E. MTC Indemnification of Operators. Notwithstanding the provisions of Subsection A above, MTC shall indemnify, hold harmless, and defend each Operator from any and all claims or liability resulting from any action or inaction on the part of MTC relating to its responsibilities under Article II of this MOU.

ARTICLE VIII
Term

The term of the MOU shall begin upon the Effective Date and continue through June 30, 2025, unless terminated by written agreement of the Parties.

ARTICLE IX
Dispute Resolution

The Parties agree to abide by the dispute resolution procedures in Appendix D, Dispute Resolution, attached hereto and incorporated herein by this reference to resolve disputes between or among Parties to the MOU. To invoke the dispute resolution process, two Executive Board members must request it.

ARTICLE X
Changed Circumstances

Any Party may initiate informal discussions among the Parties concerning the provisions of this MOU, based on its assessment that changes in technology or other factors external to the MOU or the Clipper® Contract indicate that it would be in the best interests of one or more Parties to consider revisions to the MOU. If a majority of Parties agree, the Parties will then jointly evaluate the changed circumstances to determine what, if any, revisions to the MOU are necessary or desirable. Any agreed-upon changes shall require an amendment to the MOU approved and executed by all Parties.

ARTICLE XI
General Provisions

- A. The entire Agreement between and among the Parties is contained herein, and no change in or modification, termination or discharge of this MOU shall be valid or enforceable unless it is approved by the Parties and made in writing and signed by the Parties.
- B. Headings in this MOU are for convenience only and not intended to define, interpret or limit the terms and conditions herein.
- C. This MOU may be executed in one or more counterparts, each of which shall be considered an original and all of which shall constitute a single instrument.
- D. This MOU is intended for the sole benefit of the Parties and is not intended to nor shall be construed to confer any benefit or create any right in any third party.
- E. Appendix E, Special Provisions for the City and County of San Francisco, attached hereto and incorporated herein by this reference, sets forth the terms and conditions required by the City and County of San Francisco in any expenditure contracts entered into by the City.
- F. If any provision of this MOU or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this MOU, or the application of such provision to persons, entities or circumstances, other

than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this MOU shall be valid and be enforceable to the fullest extent permitted by law.

- G. Notices provided under the MOU shall be provided to the individuals listed in Appendix F, Notices, attached hereto and incorporated herein by this reference. Each Party to the MOU is responsible for notifying other Parties of a change in the individual designated to receive notices in writing. Changes to Appendix F may be made by any Party without an amendment to this MOU. MTC will distribute to every other Party the notice information of new Parties to the MOU added pursuant to Article VI.
- H. This MOU supersedes and replaces the Memorandum of Understanding Regarding Operations and Maintenance of Clipper Fare Collection System dated November 10, 2011, as amended, in its entirety.
- I. By its execution of this MOU, each Party (i) acknowledges that, although the City of Rio Vista executed a Supplemental Agreement to the 2011 MOU, it subsequently declined to have Clipper® implemented on its bus system, (ii) waives the requirement for 240 days' advance notice to it of the City of Rio Vista's withdrawal from the 2011 MOU, and (iii) acknowledges that the City of Rio Vista is therefore not a Party to this MOU upon its initial execution and delivery.

IN WITNESS WHEREOF, this MOU has been duly authorized and executed by the Parties hereto on the dates specified below by their duly authorized representatives.

Metropolitan Transportation Commission

Approved as to form:

Steve Heminger, Executive Director

Adrienne Weil, General Counsel

Date: _____

Alameda-Contra Costa Transit District

Approved as to form:

Name: _____

Denise C. Standridge, General Counsel

Title: _____

Date: _____

**Golden Gate Bridge, Highway and
Transportation District**

Approved as to form:

Name: _____
Title: _____
Date: _____

_____, General Counsel

San Francisco Bay Area Rapid Transit District

Approved as to form:

Name: _____
Title: _____
Date: _____

Matthew Burrows, General Counsel

**City and County of San Francisco
Municipal Transportation Agency**

Approved as to form:
Dennis J. Herrera, City Attorney

Name: Edward D. Reiskin
Title: Director of Transportation
Date: _____

Name: Robin M. Reitzes
Title: Deputy City Attorney

Municipal Transportation Agency Board of Directors
Resolution No. _____
Dated: _____

Secretary, SFMTAB

San Mateo County Transit District

Approved as to form:

Name: Jim Hartnett
Title: General Manager/CEO
Date: _____

Joan L. Cassman, General Counsel

Santa Clara Valley Transportation Authority

Approved as to form:

Name: _____
Title: _____
Date: _____

_____, General Counsel

Peninsula Corridor Joint Powers Board

Approved as to form:

Name: Jim Hartnett
Title: Executive Director
Date: _____

Joan L. Cassman, General Counsel

Central Contra Costa Transit Authority

Approved as to form:

Name: _____
Title: _____
Date: _____

Madeline Chun, General Counsel

**City of Fairfield
Fairfield and Suisun Transit**

Approved as to form:

Name: _____
Title: _____
Date: _____

_____, General Counsel

City of Petaluma

Approved as to form:

Name: _____
Title: _____
Date: _____

_____, General Counsel

Eastern Contra Costa Transit Authority

Approved as to form:

Name: _____
Title: _____
Date: _____

_____, General Counsel

Livermore/Amador Valley Transit Authority

Approved as to form:

Name: _____
Title: _____
Date: _____

Michael N. Conneran, General Counsel

Marin County Transit District

Approved as to form:

Name: _____
Title: _____
Date: _____

_____, General Counsel

Napa County Transportation and Planning Agency

Approved as to form:

Name: _____
Title: _____
Date: _____

_____, General Counsel

Solano County Transit

Approved as to form:

Name: _____
Title: _____
Date: _____

_____, General Counsel

Sonoma County Transit

Approved as to form:

Name: _____
Title: _____
Date: _____

_____, General Counsel

Sonoma-Marin Area Rail Transit District

Approved as to form:

Name: _____
Title: _____
Date: _____

_____, General Counsel

Vacaville City Coach

Approved as to form:

Name: _____
Title: _____
Date: _____

_____, General Counsel

Western Contra Costa Transit Authority

Approved as to form:

Name: _____
Title: _____
Date: _____

_____, General Counsel

**San Francisco Bay Area Water Emergency
Transportation Authority**

Approved as to form:

Name: _____
Title: _____
Date: _____

Stanley S. Taylor III, General Counsel

City of Santa Rosa

Approved as to form:

Name: _____
Title: _____
Date: _____

_____, General Counsel

City of Union City

Approved as to form:

Name: _____
Title: _____
Date: _____

_____, General Counsel

LIST OF APPENDICES

- Appendix A Process for Amending Clipper® Operating Rules
- Appendix B Clipper® Cost and Revenue Allocation, comprised of:
 - Appendix B-1 Effective upon execution of Amended and Restated MOU through June 30, 2016
 - Appendix B-2 Effective July 1, 2016 through December 31, 2016
 - Appendix B-3 Effective January 1, 2017
- Appendix C Program Goals and Performance Measures
- Appendix D Dispute Resolution
- Appendix E Special Provisions for the City and County of San Francisco
- Appendix F Notices

Appendix A

Process for Amending Clipper® Operating Rules

1. The Contracting Agency shall provide written notice to the other Parties at least ninety (90) days in advance of making any changes to the Operating Rules affecting Operator Roles and Responsibilities (Section 3 of the Clipper® Operating Rules). Notice shall be provided by email to the contact named in Appendix F, or as subsequently revised or updated by the Parties, as provided in Article XI.G.
2. The Contracting Agency shall provide additional notice to the other Parties on possible changes to the Operating Rules affecting Operator Roles and Responsibilities in the regular Clipper® program reports furnished under Article III.C.
3. The Contracting Agency's notices shall include enough information to enable the other Parties to determine the financial and other impacts of the proposed change.
4. If requested by any Party within 30 days of issuance of such notice, the Contracting Agency will consult with all affected Parties concerning the proposed change prior to its adoption.
5. Any Party that requires additional time in excess of the notice period specified by the Contracting Agency to implement a change may notify the Contracting Agency of the additional period of time required during the initial 30-day notice period. The Contracting Agency will then work with the Party(ies) during the consultation period to modify the effective date and/or content of the Operating Rules change, as necessary.
6. Following such consultation process, if any Party(ies) objects to the proposed change, as modified during the consultation process, such Party(ies) may initiate one or more of the dispute resolution processes described in Appendix D.
7. The Contracting Agency shall delay the implementation of the disputed change until the conclusion of the dispute resolution process.
8. All proposed changes to the Operating Rules shall be presented for approval to the Executive Board. The Contracting Agency agrees that it shall not implement changes to the Operating Rules that have not been approved by the Executive Board.
9. Upon MTC's approval of this MOU, MTC Commission approval of changes to the Operating Rules will no longer be required.

Appendix B-1

Clipper[®] Cost and Revenue Allocation Effective upon execution of Amended and Restated MOU through June 30, 2016

1. Cost Allocation Among Operators

The allocation of Clipper[®] operating costs to each Operator shall be based on a combination of revenue collected and the number of fee payment transactions processed. "Revenue collected" shall mean the fee collected on behalf of each Operator by the Clipper[®] clearinghouse (*e.g.*, the price charged to ride on the Operator's transit system, the value of pass sales, the amount of parking fees paid). A "fee payment transaction" shall mean any activity in which a Clipper[®] card is used to receive service on or from an Operator's system (*e.g.*, to ride on the Operator's transit system, to park on the Operator's property). A fee payment transaction shall be attributed to the Operator on whose system the service was provided, except that a transaction in which a patron uses a Muni monthly pass to ride BART will be attributed to SFMTA. All fee payment transactions are included for purposes of allocating Clipper[®] operating costs, regardless of whether the transaction results in a reduction of the amount of stored value or stored rides on a Clipper[®] card (*e.g.*, use of a monthly pass on a transit system, intra-operator transfers, entry and exit transactions for a single ride where both transactions are required to compute the appropriate fare payment).

One-third (1/3) of Clipper[®] operating costs shall be allocated to Operators based on each Operator's share of total revenue collected by the Clipper[®] clearinghouse, as defined above. Two-thirds (2/3) of Clipper[®] operating costs shall be allocated to Operators based on each Operator's share of total fee payment transactions processed by the Clipper[®] clearinghouse, as defined above.

In addition to the Clipper[®] operating costs allocated in accordance with Section 2.B(i) herein, each Operator shall be responsible for payment of:

- a. Clipper[®] Data Server (CDS) Store operating costs specified below for any CDS Store implemented on such Operator's site;
- b. Credit/debit interchange fees charged through an Operator-specific credit/debit gateway associated with Clipper[®] sales through add value machines, ticket office terminal devices and ticket vending machines. This responsibility is subject to review pursuant to Article I.E of the MOU to ensure that no single Operator is unfairly burdened by such fees; and
- c. Incremental Clipper[®] operating costs established by and/or resulting from Clipper[®] Contract change orders requested and funded by an Operator for such Operator's use and benefit shall be the responsibility of such Operator. This

applies to costs or portions of costs that would otherwise be MTC's responsibility as described in Section 2.A herein.

2. **Clipper[®] Costs**

A. MTC Operating and Maintenance Costs. MTC shall pay the following Clipper[®] operating costs:

- i. All fixed operating costs of the Clipper[®] clearinghouse and equipment maintenance services costs as specified in the Clipper[®] Contract's Price Schedule (Attachment 2 to the Clipper[®] Contract) (the "Price Schedule"), including:
 - a. Item 3.20 Program Management – Operations and Maintenance
 - b. Item 3.30 Clipper[®] Testbed Operations & Maintenance
 - c. Item 5.31 Operator Help Desk
 - d. Item 5.32 Reporting
 - e. Item 5.33 Asset Management
 - f. Item 6.0 Equipment Maintenance Services
 - g. Item 10.21(a) Location Acquisition
 - h. Item 10.22 Location Servicing and Support
 - i. Item 10.23 (a) Acquisition Payment for Third Party Location
 - j. Item 12.0 Network Management
 - k. Item 13.22 Basic Monthly Operations and Admin
- ii. Variable Clipper[®] operating costs as specified in the Price Schedule (Attachment 2 to the Clipper[®] Contract), specifically:
 - a. Item 7.10-2 Senior and Youth Card Mail-In Applications
 - b. Item 8.10(a-g) Card Distribution Services
 - c. Item 8.11 Card Distribution Services
 - d. Item 8.12 Card Distribution Services
 - e. Item 8.20 Cardholder Education
 - f. Item 8.31 Location Acquisition for Completion of Distribution Network
 - g. Item 8.32 Location Acquisition for Completion of Distribution Network
 - h. Item 8.41 Pass Through of Amounts Paid for Installation of Phone Lines
 - i. Item 9.41 Fixed and Incremental Fees Per Active Card Account (50% of the invoiced amount)
 - j. Item 9.5 Service Level Standard Incentives and Abatements
 - k. Item 13.100 Mobile Website Operations and Maintenance
- iii. All other lump sum and capital expense items specified in the Price Schedule not enumerated above or covered by Section 2.B.

B. Operator Operating Costs.

- i. Operators shall pay the following listed Clipper[®] operating costs in accordance with the cost sharing formula in Section 1, reduced by any amounts payable by MTC pursuant to Section 2.A. References to Item numbers refer to the corresponding prices payable to the Clipper[®] Contractor under the Price Schedule, which are subject to annual price adjustment as specified in Article 13.6 of the Clipper[®] Contract:
 - a. Item 9.24 Balance Protection Services Registration

- b. Item 9.25 Lock/unlock Clipper[®] Application
 - c. Item 9.41 Fixed and Incremental Fees Per Active Card Account (50% of the invoiced amount)
 - d. Item 10.11 Clipper[®] E-purse Load
 - e. Item 10.12 Pass/Stored Ride Load
 - f. Item 10.24 Employer Program Commission
 - g. Item 11.0 Autoload Services
 - h. Item 13.22.45 Supplemental Monthly Operations and Admin
 - i. Item 13.31 Clipper[®] Transaction Fee
 - j. Item 13.60 Incremental Gateway Fees
 - k. Item 13.70 Incremental Debit Card Interchange Fees
 - l. Item 13.80 Incremental Credit Card Interchange Fees
 - m. Item 13.90 Pass Through Website Credit Card Processing Fees
 - n. Reimbursement of Contracting Agency bank fees and direct bank charges in connection with the Clipper[®] bank account(s) in excess of the amounts reimbursed under Section 3.A below
 - o. Direct payment or reimbursement of Contracting Agency costs for network communication.
 - p. Direct payment or reimbursement of Contracting Agency costs for materials necessary for additional printing, e.g. secondary printing or personalization, on Clipper[®] cards
 - q. Reimbursement of Contracting Agency costs for a portion of salary and benefits of any additional staffing as approved by the Executive Board to support the Clipper[®] program.
- ii. Changes or Additions to Operator Operating Costs Items. Except as reserved for Executive Board approval in Section 2.B(i)(q), substantive changes or additions to the Operator-paid operating cost items set forth in Section 2.B(i) require an amendment to this Appendix B and approval of all Parties to the MOU as of the date of the change or addition.
- C. Contracting Agency shall invoice each Operator on a monthly basis for its share of the operating costs. The Operators shall pay Contracting Agency within fifteen (15) calendar days of receipt of such invoice.

3. Revenue Allocation

Revenues generated by Clipper[®] during any period of time, including interest earnings on funds held by the clearinghouse and excluding fare revenues or parking fees collected on behalf of and distributed to Operators, shall be utilized as follows:

- A. To offset Contracting Agency's bank fees and direct bank charges related to the managing of the Clipper[®] accounts;
- B. After deduction of Contracting Agency's bank fees and charges under Section 3.A, to reduce the Operators' Clipper[®] operating costs listed in Section 2.B(i); and
- C. After payment of Operators' Clipper[®] operating costs listed in Section 2.B(i), to be allocated to Operators using the formula specified in Section 1.

Notwithstanding the above, fees charged cardholders for card acquisition, card replacement, balance restoration, failed Autoload funding recovery, card refund processing, and other card-related activities shall be reserved to pay for future card procurements; provided, however, that surcharges on limited use cards or other fare media imposed by an Operator to pay for the acquisition, implementation, administration and replacement of such fare media shall be distributed to and retained by such Operator. (For clarity, any surcharge imposed by an Operator as part of its fare structure shall be considered “fare revenue” and shall be distributed to and retained by such Operator.)

4. Review

The Parties acknowledge that this Appendix B is based upon and specific to the payment terms of the existing Clipper® Contract which has a term through November 2, 2019. Therefore, the Parties agree to commence timely, good-faith negotiations to implement revisions to this Appendix B necessitated by any Executive Board approval of (a) any extension of the existing Clipper contract or (b) any contracts that succeed or replace the existing Clipper contract, whether in whole or in part.

Appendix B-2

Clipper[®] Cost and Revenue Allocation Effective July 1, 2016 through December 31, 2016

1. Cost Allocation Among Operators

The allocation of Clipper[®] operating costs to each Operator shall be based on a combination of revenue collected and the number of fee payment transactions processed. “Revenue collected” shall mean the fee collected on behalf of each Operator by the Clipper[®] clearinghouse (*e.g.*, the price charged to ride on the Operator’s transit system, the value of pass sales, the amount of parking fees paid). A “fee payment transaction” shall mean any activity in which a Clipper[®] card is used to receive service on or from an Operator’s system (*e.g.*, to ride on the Operator’s transit system, to park on the Operator’s property). A fee payment transaction shall be attributed to the Operator on whose system the service was provided, except that a transaction in which a patron uses a Muni monthly pass to ride BART will be attributed to SFMTA. All fee payment transactions are included for purposes of allocating Clipper[®] operating costs, regardless of whether the transaction results in a reduction of the amount of stored value or stored rides on a Clipper[®] card (*e.g.*, use of a monthly pass on a transit system, intra-operator transfers, entry and exit transactions for a single ride where both transactions are required to compute the appropriate fare payment).

One-third (1/3) of Clipper[®] operating costs shall be allocated to Operators based on each Operator’s share of total revenue collected by the Clipper[®] clearinghouse, as defined above. Two-thirds (2/3) of Clipper[®] operating costs shall be allocated to Operators based on each Operator’s share of total fee payment transactions processed by the Clipper[®] clearinghouse, as defined above.

In addition to the Clipper[®] operating costs allocated in accordance with Section 2.B(i) herein, each Operator shall be responsible for payment of:

- a. Clipper[®] Data Server (CDS) Store operating costs specified below for any CDS Store implemented on such Operator’s site;
- b. Credit/debit interchange fees charged through ticket office terminal devices using an Operator specific credit/debit gateway. This responsibility is subject to review pursuant to Article I.E of the MOU to ensure that no single Operator is unfairly burdened by such fees; and
- c. Incremental Clipper[®] operating costs established by and/or resulting from Clipper[®] Contract change orders requested and funded by an Operator for such Operator’s use and benefit shall be the responsibility of such Operator. This applies to costs or portions of costs that would otherwise be MTC’s responsibility as described below.

2. **Clipper[®] Costs**

A. MTC Operating and Maintenance Costs. MTC shall pay the following Clipper[®] operating costs:

- i. All fixed operating costs of the Clipper[®] clearinghouse and equipment maintenance services costs as specified in the Clipper[®] Contract's Price Schedule (Attachment 2 to the Clipper[®] Contract) (the "Price Schedule"), including:
 - a. Item 3.20 Program Management – Operations and Maintenance
 - b. Item 3.30 Clipper[®] Testbed Operations & Maintenance
 - c. Item 5.31 Operator Help Desk
 - d. Item 5.32 Reporting
 - e. Item 5.33 Asset Management
 - f. Item 6.0 Equipment Maintenance Services
 - g. Item 10.21(a) Location Acquisition
 - h. Item 10.22 Location Servicing and Support
 - i. Item 10.23 (a) Acquisition Payment for Third Party Location
 - j. Item 12.0 Network Management
 - k. Item 13.22 Basic Monthly Operations and Admin
- ii. Variable Clipper[®] operating costs as specified in the Price Schedule (Attachment 2 to the Clipper[®] Contract), specifically:
 - a. Item 7.10-2 Senior and Youth Card Mail-In Applications
 - b. Item 8.10(a-g) Card Distribution Services
 - c. Item 8.11 Card Distribution Services
 - d. Item 8.12 Card Distribution Services
 - e. Item 8.20 Cardholder Education
 - f. Item 8.31 Location Acquisition for Completion of Distribution Network
 - g. Item 8.32 Location Acquisition for Completion of Distribution Network
 - h. Item 8.41 Pass Through of Amounts Paid for Installation of Phone Lines
 - i. Item 9.41 Fixed and Incremental Fees Per Active Card Account (50% of the invoiced amount)
 - j. Item 9.5 Service Level Standard Incentives and Abatements
 - k. Item 13.100 Mobile Website Operations and Maintenance
- iii. All other lump sum and capital expense items specified in the Price Schedule not enumerated above or covered by Section 2.B.

B. Operator Operating Costs.

- i. Operators shall pay the following listed Clipper[®] operating costs in accordance with the cost sharing formula in Section 1, reduced by any amounts payable by MTC pursuant to Section 2.A. References to Item numbers refer to the corresponding prices payable to the Clipper[®] Contractor under the Price Schedule, which are subject to annual price adjustment as specified in Article 13.6 of the Clipper[®] Contract:
 - a. Item 9.24 Balance Protection Services Registration
 - b. Item 9.25 Lock/unlock Clipper[®] Application

- c. Item 9.41 Fixed and Incremental Fees Per Active Card Account (50% of the invoiced amount)
 - d. Item 10.11 Clipper[®] E-purse Load
 - e. Item 10.12 Pass/Stored Ride Load
 - f. Item 10.24 Employer Program Commission
 - g. Item 11.0 Autoload Services
 - h. Item 13.22.45 Supplemental Monthly Operations and Admin
 - i. Item 13.31 Clipper[®] Transaction Fee
 - j. Item 13.60 Incremental Gateway Fees
 - k. Item 13.70 Incremental Debit Card Interchange Fees
 - l. Item 13.80 Incremental Credit Card Interchange Fees
 - m. Item 13.90 Pass Through Website Credit Card Processing Fees
 - n. Reimbursement of Contracting Agency bank fees and direct bank charges in connection with the Clipper[®] bank account(s) in excess of the amounts reimbursed under Section 3.A below
 - o. Direct payment or reimbursement of Contracting Agency costs for network communication.
 - p. Direct payment or reimbursement of Contracting Agency costs for materials necessary for additional printing, e.g. secondary printing or personalization, on Clipper[®] cards
 - q. Reimbursement of Contracting Agency costs for a portion of salary and benefits of staffing to support the Clipper program as approved by the Executive Board.
 - r. Reimbursement of Contracting Agency costs for a portion of (at least fifty percent) of the salary and benefits of the Clipper Executive Director as approved by the Executive Board.
 - s. Reimbursement of Operator costs for credit/debit interchange fees charged through an Operator-specific gateway associated with Clipper[®] sales through add value and ticket vending machines, as long as the total average fees do not substantially exceed the average Clipper fees. Reimbursement procedures are subject to the adoption by the Clipper[®] Executive Board at least 90 days in advance.
- ii. Changes or Additions to Operator Operating Costs Items. Except as reserved for Executive Board approval in 2.B(i)(q, r, s), substantive changes or additions to the Operator-paid operating cost items set forth in Section 2.B(i) require an amendment to this Appendix B and approval of all Parties to the MOU as of the date of the change or addition.
- C. Contracting Agency shall invoice each Operator on a monthly basis for its share of the operating costs. The Operators shall pay Contracting Agency within fifteen (15) calendar days of receipt of such invoice.

3. Revenue Allocation

Revenues generated by Clipper[®] during any period of time, including interest earnings on funds held by the clearinghouse and excluding fare revenues or parking fees collected on behalf of and distributed to Operators, shall be utilized as follows:

- A. To offset Contracting Agency's bank fees and direct bank charges related to the managing of the Clipper[®] accounts;
- B. After deduction of Contracting Agency's bank fees and charges under Section 3.A above, to reduce the Operators' Clipper[®] operating costs listed in Section 2.B(i) above; and
- C. After payment of Operators' Clipper[®] operating costs listed in Section 2.B(i) above, to be allocated to Operators using the formula specified in Section 1 herein.

Notwithstanding the above, fees charged cardholders for card acquisition, card replacement, balance restoration, failed Autoload funding recovery, card refund processing, and other card-related activities shall be reserved to pay for future card procurements; provided, however, that surcharges on limited use cards or other fare media imposed by an Operator to pay for the acquisition, implementation, administration and replacement of such fare media shall be distributed to and retained by such Operator. (For clarity, any surcharge imposed by an Operator as part of its fare structure shall be considered "fare revenue" and shall be distributed to and retained by such Operator.)

4. Review

The Parties acknowledge that this Appendix B is based upon and specific to the payment terms of the existing Clipper[®] Contract which has a term through November 2, 2019. Therefore, the Parties agree to commence timely, good-faith negotiations to implement revisions to this Appendix B necessitated by any Executive Board approval of (a) any extension of the existing Clipper contract or (b) any contracts that succeed or replace the existing Clipper contract, whether in whole or in part.

Appendix B-3

Clipper[®] Cost and Revenue Allocation Effective January 1, 2017

1. Cost Allocation Among Operators

The allocation of Clipper[®] operating costs to each Operator shall be tied to the cost driver of each category of operating expense outlined in Section 2.B. The percent allocation in each category will be based on actuals by Operator. “Percentage of Cards Used” by Operator will be used to assess operating fees for account-based, fixed or other costs not directly attributable to either transit transactions or revenue and will be based on the number of individual cards used at least once on an Operator’s system. “Fee Generating Transit Transactions” shall mean any activity in which a Clipper[®] card is used to receive service on or from an Operator’s system that results in a charge pursuant to Attachment 2 to Part I of the contract between MTC and Cubic for the operation of Clipper[®]. “Revenue Processed” shall mean the fee collected on behalf of each Operator by the Clipper[®] clearinghouse (*e.g.*, the price charged to ride on the Operator’s transit system, the value of pass sales, the amount of parking fees paid).

The allocation of Clipper[®] operating costs to each Operator shall be based on the following formula:

MOU Section 2.B.i	Fee Category	Allocation Formula
a,b,c	9.0 Cardholder Support Services	Percentage of Cards Used
d,e,f	10.0 Third Party Load Service Fees	Percentage of Cards Used
g	11.0 Autoload Services	Percentage of Cards Used
h	13.22.45 Supplemental Operations	Percentage of Cards Used
i	13.31 Clipper Transaction Fee	Percentage of Fee Generating Transit Transactions
j,k,l,m	13.60-90 Incremental Credit/Debit Card Interchange Fees	Percentage of Revenue Processed
n	Reimbursement of Bank Fees/Direct Charges	Percentage of Revenue Processed
o	Network Communication Reimbursement	Direct Charge to Operator
p	Specialized Card Printing	Direct Charge to Operator
q,r	Operator Share of Staffing	Percentage of Cards Used
s	Add Value/TVM Debit Card Interchange Fees for Non-Clipper Gateways	Percentage of Revenue Processed

In addition to the Clipper[®] operating costs allocated in accordance with Section 2.B(i) herein, each Operator shall be responsible for payment of:

- a. Clipper[®] Data Server (CDS) Store operating costs specified below for any CDS Store implemented on such Operator’s site;

- b. Credit/debit interchange fees charged through ticket office terminal devices using an Operator specific credit/debit gateway. This responsibility is subject to review pursuant to Article I.E to ensure that no single Operator is unfairly burdened by such fees; and
- c. Incremental Clipper[®] operating costs established by and/or resulting from Clipper[®] Contract change orders requested and funded by an Operator for such Operator's use and benefit shall be the responsibility of such Operator. This applies to costs or portions of costs that would otherwise be MTC's responsibility as described below.

2. **Clipper[®] Costs**

A. MTC Operating and Maintenance Costs. MTC shall pay the following Clipper[®] operating costs:

- i. All fixed operating costs of the Clipper[®] clearinghouse and equipment maintenance services costs as specified in the Clipper[®] Contract's Price Schedule (Attachment 2 to the Clipper[®] Contract) (the "Price Schedule"), including:
 - a. Item 3.20 Program Management – Operations and Maintenance
 - b. Item 3.30 Clipper[®] Testbed Operations & Maintenance
 - c. Item 5.31 Operator Help Desk
 - d. Item 5.32 Reporting
 - e. Item 5.33 Asset Management
 - f. Item 6.0 Equipment Maintenance Services
 - g. Item 10.21(a) Location Acquisition
 - h. Item 10.22 Location Servicing and Support
 - i. Item 10.23 (a) Acquisition Payment for Third Party Location
 - j. Item 12.0 Network Management
 - k. Item 13.22 Basic Monthly Operations and Admin
- ii. Variable Clipper[®] operating costs as specified in the Price Schedule (Attachment 2 to the Clipper[®] Contract), specifically:
 - a. Item 7.10-2 Senior and Youth Card Mail-In Applications
 - b. Item 8.10(a-g) Card Distribution Services
 - c. Item 8.11 Card Distribution Services
 - d. Item 8.12 Card Distribution Services
 - e. Item 8.20 Cardholder Education
 - f. Item 8.31 Location Acquisition for Completion of Distribution Network
 - g. Item 8.32 Location Acquisition for Completion of Distribution Network
 - h. Item 8.41 Pass Through of Amounts Paid for Installation of Phone Lines
 - i. Item 9.41 Fixed and Incremental Fees Per Active Card Account (50% of the invoiced amount)
 - j. Item 9.5 Service Level Standard Incentives and Abatements
 - k. Item 13.100 Mobile Website Operations and Maintenance
- iii. All other lump sum and capital expense items specified in the Price Schedule not enumerated above or covered by Section 2.B.

B. Operator Operating Costs.

- i. Operators shall pay the following listed Clipper[®] operating costs in accordance with the cost sharing formula in Section 1, reduced by any amounts payable by MTC pursuant to Section 2.A. References to Item numbers refer to the corresponding prices payable to the Clipper[®] Contractor under the Price Schedule, which are subject to annual price adjustment as specified in Article 13.6 of the Clipper[®] Contract:
 - a. Item 9.24 Balance Protection Services Registration
 - b. Item 9.25 Lock/unlock Clipper[®] Application
 - c. Item 9.41 Fixed and Incremental Fees Per Active Card Account (50% of the invoiced amount)
 - d. Item 10.11 Clipper[®] E-purse Load
 - e. Item 10.12 Pass/Stored Ride Load
 - f. Item 10.24 Employer Program Commission
 - g. Item 11.0 Autoload Services
 - h. Item 13.22.45 Supplemental Monthly Operations and Admin
 - i. Item 13.31 Clipper[®] Transaction Fee
 - j. Item 13.60 Incremental Gateway Fees
 - k. Item 13.70 Incremental Debit Card Interchange Fees
 - l. Item 13.80 Incremental Credit Card Interchange Fees
 - m. Item 13.90 Pass Through Website Credit Card Processing Fees
 - n. Reimbursement of Contracting Agency bank fees and direct bank charges in connection with the Clipper[®] bank account(s) in excess of the amounts reimbursed under Section 3.A below
 - o. Direct payment or reimbursement of Contracting Agency costs for network communication.
 - p. Direct payment or reimbursement of Contracting Agency costs for materials necessary for additional printing, e.g. secondary printing or personalization, on Clipper[®] cards
 - q. Reimbursement of Contracting Agency costs for a portion of salary and benefits of any additional staffing as approved by the Executive Board to support the Clipper[®] program.
 - r. Reimbursement of Contracting Agency costs for a portion (at least fifty percent) of the salary and benefits of the Clipper Executive Director as approved by the Executive Board.
 - s. Reimbursement of Operator costs for credit/debit interchange fees charged through an Operator-specific gateway associated with Clipper[®] sales through add value and ticket vending machines, as long as the total average fees do not substantially exceed the average Clipper fees. Reimbursement procedures are subject to the adoption by the Clipper[®] Executive Board at least 90 days in advance.
- ii. Changes or Additions to Operator Operating Costs Items. Except as reserved for Executive Board approval in 2.B(i)(q, r, s), substantive changes or additions to the Operator-paid operating cost items set forth in Section 2.B(i) require an amendment to this Appendix B and approval of all Parties to the MOU as of the date of the change or addition.

- C. Contracting Agency shall invoice each Operator on a monthly basis for its share of the operating costs. The Operators shall pay Contracting Agency within fifteen (15) calendar days of receipt of such invoice.

3. Revenue Allocation

Revenues generated by Clipper® during any period of time, including interest earnings on funds held by the clearinghouse and excluding fare revenues or parking fees collected on behalf of and distributed to Operators, shall be utilized as follows:

- A. To offset Contracting Agency's bank fees and direct bank charges related to the managing of the Clipper® accounts;
- B. After deduction of Contracting Agency's bank fees and charges under Section 3.A above, to reduce the Operators' Clipper® operating costs listed in Section 2.B(i) above; and
- C. After payment of Operators' Clipper® operating costs listed in Section 2.B(i) above, to be allocated to Operators by applying the percentage of cards used by Operator specified in Section 1 herein, unless otherwise authorized by the Executive Board.

Notwithstanding the above, fees charged cardholders for card acquisition, card replacement, balance restoration, failed Autoload funding recovery, card refund processing, and other card-related activities shall be reserved to pay for future card procurements; provided, however, that surcharges on limited use cards or other fare media imposed by an Operator to pay for the acquisition, implementation, administration and replacement of such fare media shall be distributed to and retained by such Operator. (For clarity, any surcharge imposed by an Operator as part of its fare structure shall be considered "fare revenue" and shall be distributed to and retained by such Operator.)

4. Review

The Parties acknowledge that this Appendix B is based upon and specific to the payment terms of the existing Clipper® Contract which has a term through November 2, 2019. Therefore, the Parties agree to commence timely, good-faith negotiations to implement revisions to this Appendix B necessitated by any Executive Board approval of (a) any extension to the existing Clipper contract or (b) any contracts that succeed or replace the existing Clipper contract, whether in whole or in part, that would take effect on such successor contract's effective date."

Appendix C

Program Goals and Performance Measures

The program goals and performance measures below are intended to guide the development and ongoing operations of Clipper®, however, specific actions and targets may be constrained by legal, fiscal and system limitations.

Goal: Provide an intuitive, efficient, and familiar experience

- Electronic fare payment is the primary payment method for all transportation fares and fees
 - ✓ Mobile fare payment is integrated into and branded as Clipper®
 - ✓ Parking at transit stations is paid with Clipper®
 - ✓ Bikeshare at transit stations can be paid with Clipper®
 - ✓ Paratransit trips can be paid with Clipper®
- Transit systems to move 100% to Clipper or incentivize use of Clipper® depending on mode
 - ✓ Heavy commuter rail and ferry systems accept only Clipper® (extended and limited use)
 - ✓ Bus/light rail operators to adopt fare differentials to incentivize use of Clipper® and transition remaining products to Clipper®

Goal: Provide excellent, proactive customer service

- Customers can easily obtain and use Clipper®
 - ✓ Media dispensing and reloading options are widely available
 - ✓ Ticket vending machines offering new cards and add-value are located at all heavy rail and ferry locations
 - ✓ Online transactions are immediately available for use
 - ✓ Third-party vendor locations are easily accessible in all service areas
 - ✓ Streamline process for refunds and replacements
 - ✓ Support payment for families, groups, institutional programs, and events

Goal: Create a transparent, consistent, inclusive and timely decision-making process

- Implement process for operator involvement in work plan development, field equipment procurement and change order process

Goal: Govern the program efficiently and cost-effectively

- Adopt standard fare categories and discount levels
 - ✓ Minimum \$0.50 discount for full-fare adult transfer customers to bus and light rail
 - ✓ Establish uniform youth discount for ages five to 18 and senior discount for ages 65 and older
- Evaluate staffing plan to enhance internal program resources and reduce reliance on consultants

Goal: Ensure that accurate and complete data is available to support decision making at every level

- System integrates with vehicle on-board equipment to incorporate route, location and revenue information where necessary
- Clipper® data is accessible to operators and the public to the full extent contemplated by the Clipper® privacy policy

Goal: Ensure program flexibility and responsiveness

- System design and contract includes a streamlined process for common changes such as fare adjustments and route changes and additions

Goal: Ensure operational efficiency and reliability

- Ensure continued competitive equipment availability, automated status reporting and remote diagnostics
- Utilize open architecture

Appendix D

Dispute Resolution

The Parties agree to resolve disputes concerning this MOU between or among one or more Parties based on the following dispute resolution principles.

1. Informal Dispute Resolution

The Parties agree to attempt to resolve informally all disputes. In the event of a dispute among any Parties to the MOU, those Parties shall notify every other Party in writing about the substance of the dispute. The Parties to the dispute shall meet and confer by exchanging written positions on the dispute, and by meeting in person thereafter to discuss and resolve the dispute. If those representatives are unable to resolve the dispute, the chief executives of those Parties shall be informed of the substance of the dispute and provided all writings that have been exchanged regarding the dispute. The chief executives shall meet and confer in person or by telephone concerning the dispute, and may choose to exchange letters in preparation for the meet and confer.

2. Mediation

If the dispute is not resolved, the Parties may avail themselves by mutual consent to mediation, arbitration (binding or non-binding), or any other dispute resolution resource (collectively "Alternate Dispute Resolution (ADR) processes"). All procedures and methodologies in ADR processes shall be by mutual consent of the Parties, including but not limited to the choice of the mediator or arbitrator, dates and times and timelines, whether documents are exchanged in preparation for the ADR session, etc. Fees and expenses of the mediator will be borne equally, unless otherwise agreed. The Parties to the dispute shall be represented by individuals of their choosing, except that the Parties must agree on the question of whether lawyers are present or not. The entire process shall be confidential and treated as a compromise negotiation for purposes of federal and state rules of evidence. If ADR processes are agreed on, the Parties shall agree on the identity of the mediator or arbitrator within 30 days of agreeing on the ADR process. The Parties shall not unreasonably withhold consent as to the choice of the mediator or arbitrator. Unless the schedule of the mediator or arbitrator does not permit, the Parties shall have their ADR process completed within 60 days after agreement on the choice of the mediator or arbitrator. Nothing in this MOU affects the rights or abilities of the Parties to avail themselves of all rights and remedies they have under the law of California or federal law, and to the state or federal courts to resolve their dispute.

3. Financial Obligations

A Party who disputes amounts claimed by the Contracting Agency to be due under the MOU agrees to pay the amount claimed pending dispute resolution.

Appendix E

Special Provisions for the City and County of San Francisco

(References to “City” in Paragraphs 1 and 2 refer to the City and County of San Francisco)

1. Certification of Funds; Budget and Fiscal Provisions; Termination in the Event of Non-Appropriation. This Agreement is subject to the budget and fiscal provisions of the City’s Charter. Charges will accrue only after prior written authorization certified by the Controller, and the amount of City’s obligation hereunder shall not at any time exceed the amount certified for the purpose and period stated in such advance authorization. This Agreement will terminate without penalty, liability or expense of any kind to City at the end of any fiscal year if funds are not appropriated for the next succeeding fiscal year. If funds are appropriated for a portion of the fiscal year, this Agreement will terminate, without penalty, liability or expense of any kind at the end of the term for which funds are appropriated. City has no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements. City budget decisions are subject to the discretion of the Mayor and the Board of Supervisors. Contractor’s assumption of risk of possible non-appropriation is part of the consideration for this Agreement.

THIS SECTION CONTROLS AGAINST ANY AND ALL OTHER PROVISIONS OF THIS AGREEMENT.

2. Guaranteed Maximum Costs. The City’s obligation hereunder shall not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification. Except as may be provided by laws governing emergency procedures, officers and employees of the City are not authorized to request, and the City is not required to reimburse the Contractor for, Commodities or Services beyond the agreed upon contract scope unless the changed scope is authorized by amendment and approved as required by law. Officers and employees of the City are not authorized to offer or promise, nor is the City required to honor, any offered or promised additional funding in excess of the maximum amount of funding for which the contract is certified without certification of the additional amount by the Controller. The Controller is not authorized to make payments on any contract for which funds have not been certified as available in the budget or by supplemental appropriation.

3. Sunshine Ordinance. In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors’ bids, responses to solicitations and all other records of communications between City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization’s net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

Appendix F**Notices**

Contact:	Mailing Address:
Metropolitan Transportation Commission Name: Carol Kuester Title: Director, Electronic Payments Email: ckuester@mtc.ca.gov Phone: 510-817-5853 Fax: 510-817-5848	<i>Until February 1, 2016</i> 101 – 8th Street Oakland, CA 94607 <i>After February 1, 2016:</i> 375 Beale Street San Francisco, CA 94105
Alameda-Contra Costa Transit District Name: _____ Title: _____ Email: _____ Phone: _____ Fax: _____	1600 Franklin Street Oakland, CA 94612
Central Contra Costa Transit Authority Name: _____ Title: _____ Email: _____ Phone: _____ Fax: _____	2477 Arnold Industrial Way Concord, CA 94520
City of Fairfield, as the operator of Fairfield and Suisun Transit Name: _____ Title: _____ Email: _____ Phone: _____ Fax: _____	
City of Petaluma Name: _____ Title: _____ Email: _____ Phone: _____ Fax: _____	
City and County of San Francisco, acting by and through its Municipal Transportation Agency Name: _____ Title: _____ Email: _____ Phone: _____ Fax: _____	1 South Van Ness Avenue, 7th Floor San Francisco, CA 94103

<p>Eastern Contra Costa Transit Authority Name: _____ Title: _____ Email: _____ Phone: _____ Fax: _____</p>	
<p>Golden Gate Bridge Highway and Transportation District Name: _____ Title: _____ Email: _____ Phone: _____ Fax: _____</p>	<p>P.O. Box 9000, Presidio Station San Francisco, CA 94129-0601</p>
<p>Livermore/Amador Valley Transit Authority Name: _____ Title: _____ Email: _____ Phone: _____ Fax: _____</p>	
<p>Marin County Transit District Name: _____ Title: _____ Email: _____ Phone: _____ Fax: _____</p>	
<p>Napa County Transportation and Planning Agency Name: _____ Title: _____ Email: _____ Phone: _____ Fax: _____</p>	
<p>Peninsula Corridor Joint Powers Board Name: Rita P. Haskin Title: Executive Officer, Customer Service and Marketing Email: haskinr@samtrans.com Phone: 650-508-6248 Fax: 650-508-7919</p>	<p>P.O. Box 3006 San Carlos, CA 94070-1306</p>
<p>San Francisco Bay Area Rapid Transit District Name: Patricia Nelson Title: Project Manager, Clipper Program Email: pnelson@bart.gov Phone: 510-874-7323 Fax: 510-287-4747</p>	<p>300 Lakeside Drive, 16th floor Oakland, CA 94612</p>

<p>San Francisco Bay Area Water Emergency Transportation Authority</p> <p>Name: _____</p> <p>Title: _____</p> <p>Phone: _____</p> <p>Fax: _____</p>	
<p>San Mateo County Transit District</p> <p>Name: Rita P. Haskin</p> <p>Title: Executive Officer, Customer Service and Marketing</p> <p>Email: haskinr@samtrans.com</p> <p>Phone: 650-508-6248</p> <p>Fax: 650-508-7919</p>	<p>P.O. Box 3006 San Carlos, CA 94070-1306</p>
<p>Santa Clara Valley Transportation Authority</p> <p>Name: Ali Hudda</p> <p>Title: Deputy Director, Accounting</p> <p>Email: ali-hudda@vta.org</p> <p>Phone: 408-546-7922</p> <p>Fax: _____</p>	<p>3331 N. First Street, Building C San Jose, CA 95134-1906</p>
<p>Solano County Transit</p> <p>Name: _____</p> <p>Title: _____</p> <p>Email: _____</p> <p>Phone: _____</p> <p>Fax: _____</p>	
<p>Sonoma County Transit</p> <p>Name: _____</p> <p>Title: _____</p> <p>Email: _____</p> <p>Phone: _____</p> <p>Fax: _____</p>	
<p>Sonoma-Marin Area Rail Transit</p> <p>Name: _____</p> <p>Title: _____</p> <p>Email: _____</p> <p>Phone: _____</p> <p>Fax: _____</p>	
<p>Vacaville City Coach</p> <p>Name: _____</p> <p>Title: _____</p> <p>Email: _____</p> <p>Phone: _____</p> <p>Fax: _____</p>	

<p>Western Contra Costa Transit Authority Name: _____ Title: _____ Email: _____ Phone: _____ Fax: _____</p>	
<p>City of Santa Rosa Name: _____ Title: _____ Email: _____ Phone: _____ Fax: _____</p>	
<p>City of Union City Name: _____ Title: _____ Email: _____ Phone: _____ Fax: _____</p>	