



Next Generation Clipper® System Integrator Contract Change Order – Revised Account- Based System Delivery Approach

Operations Committee

May 13, 2022

Schedule Approach

- Reset schedule with focus on customer-facing results
- Addresses current schedule delays:
 - Cubic submitted schedules have been rejected since November 2020
 - Reported monthly at Clipper Executive Board (CEB) since August 2021
 - Labor shortages and manufacturing challenges have contributed to delays in overall project schedule
- Proposed Contract changes:
 - Defers from the critical path the testing of the systems other than Cubic's
 - Modifies test result review period
 - Reduces monthly operations and maintenance (O&M) payment until customer transition is ready to begin
- Benefits:
 - Refocuses Cubic's attention from Revenue Ready to public launch
 - Operators get a significant break on O&M before C2 System Transition
 - Does not change contract value or O&M term



Proposed Contract Changes

Contract Terms/Impact	Monthly O&M	Completion Dates
Current Contract Terms	<ul style="list-style-type: none"> At Revenue Ready, increases from \$0.3M to \$1.4M 	Revenue Ready: 10/17/22 System Completion: 5/31/24
Proposed Contract Terms (changes in red)	<ul style="list-style-type: none"> At Revenue Ready, increases from \$0.3M to \$0.9M At C2 System Transition NTP, increases to full \$1.4M 	Revenue Ready: <ul style="list-style-type: none"> Planned: 10/28/22 Guaranteed: 1/31/23 System Completion: 5/31/24
Financial Impact of Proposed Terms	<p>\$0.5M/month reduction between Revenue Ready and C2 System Transition NTP</p> <p><i>(Estimated reduction: Nov. 2022 to July 2023 = \$4.5M)</i></p>	

Note:

C1 O&M continues (~\$1.7M/month) until Customer Transition to C2 is complete. Creates financial incentive for Cubic to start customer transition.



Change Order Terms

- Modifies requirements for Revenue Ready to defer some non-customer-facing functions, as identified in the Implementation Plan to be approved by MTC and Operators.
- Modifies requirements for commencement of Customer Transition to cover all remaining system functions.
- Defines new O&M payment amounts for the period between Revenue Ready and the commencement of Customer Transition, subject to scaling based on equipment installation status.
- Modifies Guaranteed Completion Dates for:
 - Approval of Final Design Documents
 - Approval of System Demonstration Test and System Integration Test Results
 - Approval of Pilot Test Results
 - Achievement of Revenue Ready

