

**Metropolitan Transportation Commission
Operations Committee**

September 13, 2019

Agenda Item 4g

**Clipper® Contract Change Order Amendment – Clipper Card Procurement: Cubic
Transportation Systems, Inc. (\$4,000,000)**

Subject: Request for approval of a Change Order Amendment for procurement of Clipper® cards: Cubic Transportation Systems, Inc. (Cubic) (\$4,000,000).

Background: Since its inception, the Clipper program has issued over eight million cards. Demand in 2019 has remained steady with the program issuing approximately 115,000 new adult cards each month, up from approximately 65,000 a month prior to BART ticket machines selling Clipper cards. Demand for cards is predicted to continue to rise as BART discontinues sales of magnetic tickets at select stations.

The Clipper program partially offsets the cost of cards by charging most adults a \$3 card acquisition fee. In the early years of the program, there was no charge for Clipper cards, but transit operators encountered a loss of revenue due to some customers taking one ride and then disposing of the card with a negative balance. After the card fee was instituted, this loss was measurably reduced.

MTC does not recoup the full cost of producing a card with the \$3 card acquisition fee. The actual cost of each card is approximately \$1.50, while the program cost of issuing each card is approximately \$1.85, bringing the total cost of issuing a new card to approximately \$3.35. Funds from the \$3 card fee will be used to partially fund this Change Order Amendment. The funds in this Change Order Amendment were contemplated in the Two Year Budget and Work Plan approved by the Clipper Executive Board in March 2019, taking into account that the volume of cards sold from BART ticket machines has been much higher than initially expected. The funds for this proposed Change Order Amendment are currently available in the Clipper card fee account.

The schedule for the card procurement is defined in the Contract Change Order as 18 to 22 weeks after execution of a Task Order.

Cubic is neither a disadvantaged business enterprise nor a small business enterprise.

The proposed change order amendment was approved by the Clipper Executive Board on July 15, 2019.

Issues: There are no issues with this amendment.

Recommendation: Staff recommends that the Operations Committee authorize the Executive Director or designee to negotiate and enter into a Contract Change Order Amendment with Cubic in an amount not to exceed \$4,000,000 to produce Clipper cards for distribution to customers.



Therese W. McMillan

REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Contract Change Order Amendment

Consultant: Cubic Transportation Systems, Inc.
San Diego, CA

Work Project Title: Clipper Card Procurement (Change Order Amendment, CO-145)

Purpose of Project: To procure Clipper cards

Brief Scope of Work: Under this Change Order Amendment, Cubic Transportation Systems, Inc. will purchase Clipper cards as directed by MTC. This Amendment adds funds to an already existing Change Order.

Project Cost Not to Exceed: \$4,000,000 (this Change Order Amendment)

Total contract value including amendments before this amendment = \$172,699,608

Total contract amount with this amendment = \$176,699,608

Funding Source: Clipper cardholder administrative fees, STP, CMAQ, STA, STP Exchange, Regional Measure 2 Capital and Regional Measure 2 Operating, Regional Measure 3, SB1 State of Good Repair

Fiscal Impact: Funds available in the Clipper card fee account and in the FY 2019-20 MTC agency budget.

Motion by Committee: That the Executive Director or designee is authorized to negotiate and enter into a Contract Change Order Amendment with Cubic Transportation Systems, Inc. as described above and in the Operations Committee Summary Sheet dated September 13, 2019, and the Chief Financial Officer is authorized to set aside \$4,000,000 for such amendment.

Operations Committee:

Dave Cortese, Chair

Approved: September 13, 2019