

## Clipper® Executive Board

July 28, 2025

Agenda Item 2e

### **Next Generation Clipper® (“C2”) System Integrator Contract Change Order: Operations & Maintenance (O&M) Payment Reduction – Cubic Transportation Systems, Inc. (Cubic)**

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#### **Subject:**

Request for approval of a Change Order with Cubic to reduce Cubic’s monthly Operations & Maintenance (O&M) payments pending delivery of deferred system functionality.

#### **Background:**

At the November 18, 2024, CEB meeting, Clipper staff informed CEB that Cubic had identified specific functionality and lesser-used business rules that it was proposing for deferral to expediently start Pilot and Customer Transition. MTC worked closely with Transit Operator staff to identify impacts and develop workarounds, as necessary, for these requested deferrals. As presented at the December 16, 2024, CEB meeting, the deferred features not available at the start of Customer Transition include the following:

- Mobile Ticketing in the Clipper app (i.e., visual tickets on phone)
- Use of the Fare Inspection Device for sale of products and cash value
- Enabling of the auto-fill feature for most dual-tap operators
- Certain C2-specific fare rules for specific operators

To reflect the reduced functionality being delivered by Cubic at the start of Customer Transition and to provide an incentive for timely subsequent delivery, MTC has negotiated a proposed reduction in Cubic’s monthly O&M payments as follows:

- 9% reduction in monthly O&M payment amounts until all deferred functions are delivered. This reduces the monthly O&M payment by \$76,901 during the Pilot Test and by \$122,735 following Customer Transition.
- Reduction increases from 9% to 10% after 12 months if the deferred functions are still undelivered. This would increase the monthly post-Transition O&M payment reduction to \$136,372.

A further \$8,000 reduction in monthly O&M payments will be achieved by lowering the C2 System Integrator Contact's Payment Bond requirements by 50% (from \$157,205,590 to \$78,602,795). This reduction has no risk at this stage of the project, as the reduced amount is well above the remaining capital payment milestones (remaining capital payments are approximately \$16M).

**Issues:**

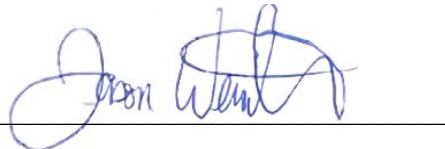
None identified.

**Recommendation:**

Staff recommends that the Board approve a Change Order with Cubic Transportation Systems, Inc., to modify the Contract's Payment Bond requirements and to reduce Cubic's monthly Operations & Maintenance (O&M) payments as discussed above pending delivery of deferred system functionality.

**Attachments:**

None.



Jason Weinstein

## Request for Board Approval

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### Summary of Proposed Change Order

Contractor (or “Consultant”):	Cubic Transportation Systems, Inc. (Cubic) San Diego, CA
Work Project Title:	Operations & Maintenance (O&M) Payment Reduction
Purpose of Project:	Reduce monthly O&M payments to reflect the reduced functionality being delivered by Cubic at the start of Customer Transition and to provide an incentive for timely subsequent delivery.
Brief Scope of Work:	n/a
Project Cost Not to Exceed:	n/a
Funding Source:	n/a
Fiscal Impact:	None
Motion by Board:	That a Change Order with Cubic Transportation Systems, Inc. for the purposes described above and in the Clipper Executive Director’s summary sheet dated July 28, 2025, is hereby approved by the Clipper Executive Board.
Clipper Executive Board:	<hr/> Robert Powers, Chair
Approved:	July 28, 2025