

**Metropolitan Transportation Commission
Operations Committee**

December 11, 2020

Agenda Item 5a

**Next Generation Clipper® (C2) System Integrator Contract Change Order – Next Generation Clipper System Integration with Bay Area Rapid Transit (BART) and San Francisco Municipal Transportation Agency (SFMTA) with Exercise of Open Payments Option:
Cubic Transportation Systems, Inc. (Cubic) (\$13,600,000)**

Subject: Request for approval of a Change Order to (1) implement the Tri Reader 4 (TR4), Cubic's next-generation Clipper card reader, on BART and SFMTA equipment and (2) exercise the Open Payments Option to implement system-wide open payments.

Background: The Next Generation Clipper® System Integrator Contract (Contract) between MTC and Cubic provides for Cubic to leverage BART's legacy Clipper card reader and network architecture to integrate BART with the next-generation system. However, during discussions about account-based network design, BART communicated concerns about allowing Clipper's cloud-based architecture to operate on a combined network supporting multiple BART functions. After analyzing several strategies for mitigating security risks to both BART and Cubic without compromising performance requirements, BART communicated its intention to fund and implement a separate network on which the Clipper system could operate independently. However, this solution requires Cubic to integrate the TR4 card readers to operate on BART's new network. To gain cost reductions by eliminating the legacy card reader integration tasks and implementing consistent architecture across the next-generation Clipper system, MTC requested that Cubic's Impact Assessment® include the implementation of TR4 card readers on SFMTA faregates as well as on BART's equipment.

Since the TR4 card reader is an open payments requirement that, under the Contract, was contemplated to be implemented only if the Open Payments Option were exercised after System Completion, Cubic also calculated the effects of the TR4 implementation on the cost of exercising the Open Payments Option early (at Change Order execution) or as originally contracted (after System Completion). Based on the benefits of providing open payments capability sooner than originally contemplated under the Contract, and the reduced costs associated with exercising this Option as part of the proposed Change Order rather than after System Completion, the Clipper Executive Board at its November 16, 2020 meeting approved staff's recommendation to negotiate a Contract Change Order with Cubic to implement the TR4 card readers on BART and SFMTA equipment and to exercise the Open Payments Option to implement system-wide open payments.

Cubic is neither a small business nor a disadvantaged business enterprise and has no subcontractors.

Issues: Staff is working to identify funding to pay for this work as neither the implementation of the TR4 card readers nor the Open Payments Option were authorized in the original approval of the Contract. If no new funding is identified, the work could be funded from the previously approved Contract contingency.

\$12 million can be available from future FTA/FHWA funds through 2022, subject to federal appropriation and future Commission action. In proposing to exercise the Open Payments Option this month, staff also requests that the Commission commit these future federal funds to the scope of work in this proposed Change Order, in advance of developing the Transit Capital Priorities program for FY2020-21 and beyond. Other funds may be used as a substitute pending future Commission action, including prior-year federal funds, state Cap and Trade funds, or State Transit Assistance funds.

When the Commission approved the Contract, the Commission committed up to \$88 million in federal funds, with the intention that \$50M in RM3 funds, if made available, would replace \$50M of that commitment. In proposing the commitment of future federal funds to fund the proposed Change Order, it is the intention of staff that, if RM3 funds are made available, the Commission's total commitment of federal funds to the Contract and this Change Order would not exceed the original \$88 million maximum federal funds commitment.

Recommendation: Staff recommends approval of one or more Contract Change Orders or Change Order Amendments with Cubic in an amount not to exceed \$13,600,000 for the work described above.

Attachments: None.


Therese W. McMillan

REQUEST FOR OPERATIONS COMMITTEE APPROVAL

Summary of Proposed Contract Change Order

Work Item No.: 310-2780

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

Work Project Title: Next Generation Clipper system integration with BART and SFMTA with Open Payments Option

Purpose of Amendment: Integrate BART and SFMTA with the next-generation Clipper system and exercise the Contract's Open Payments Option at Change Order execution

Brief Scope of Work: Implement new card readers at BART and SFMTA devices and implement open payments for all participating Operators

Project Cost Not to Exceed: \$13,600,000 (this Change Order)

Total contract value including amendments before this Change Order = \$407,313,240

Total contract amount with this Change Order = \$420,913,240

Funding Source: FTA, FHWA, OBAG2, STP, CMAQ, STA, STP Exchange, TCP, Regional Measure 2 Capital and Regional Measure 2 Operating, CARES Act funds, Regional Measure 3, SB1 State of Good Repair

Fiscal Impact: Funding conditional upon future FTA/FHWA funds through 2022, subject to federal appropriation and future Commission action, including Commission approval of the Transit Capital Priorities program for FY2020-21 and FY2021-22 or Commission approval of like amount from alternate sources.

Motion by Committee: That the Executive Director or designee is authorized to negotiate and enter into a contract Change Order with Cubic Transportation Systems, Inc., for the purposes described above and in the Operations Committee Summary Sheet dated December 11, 2020, and the Chief Financial Officer is authorized to set aside \$13,600,000 for such contract Change Order.

Operations Committee:

Damon Connolly, Vice Chair

Approved:

Date: December 11, 2020