



Agenda Item 4c  
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TO: Clipper® Executive Board

DATE: November 21, 2016

FR: Carol Kuester

RE: Hardware Purchase, Ownership, and Maintenance

This memo is to update the Clipper Executive Board on an approach for hardware purchase, ownership, and maintenance under the system integrator procurement for the Next-Generation Clipper system (C2).

Under the current Clipper program, MTC purchases the equipment, maintains regional spare inventory, and provides maintenance through the current Clipper contractor, while operators are responsible for first-line maintenance. Operators request procurement and installation of equipment through MTC and if required, enter into a funding agreement with MTC. All parties agree that the current time between equipment request and device installation is too lengthy and that funding agreements between MTC and operators can be difficult to negotiate and manage.

For the next generation of Clipper, our current plan for equipment purchase and ownership would require the C2 system integrator to certify and provide devices from multiple manufacturers, to be priced during the RFP process. The Clipper program would also be responsible for the initial procurement and maintenance of the devices, while also maintaining a large spare stock for quick deployment. Through the C2 System Integrator contract, an operator's ability to directly procure equipment through the system integrator would be preserved. The discussion of who pays for equipment acquired will need to take place at a future Board meeting. This approach improves on the current process, but also brings a few challenges along with it.

The improvements over the current approach include:

- Eliminating the need for funding agreements (when purchasing party funds the purchase);
- Quicker deployment of devices due to larger spare pool and introduction of multiple device suppliers; and
- Ability for operator procurement of devices through the system integrator on their own schedule and budget.

If operators were to procure devices directly through the system integrator, there is the potential for added challenges. These challenges are likely to be:

- Additional demands on operator staff for timely device procurement to meet fleet orders as well as asset management of Clipper devices procured;
- System integrator management of multiple contractual relationships and lack of clear maintenance responsibilities for operator-procured devices; and
- Difficulty in crafting a single RFP that allows direct purchase by multiple operators with different contracting requirements.

During our meetings with System Integrators through the Request for Expressions of Interest (RFEI) process, industry vendors expressed their preference for dealing directly with one agency, rather than managing contractual relationships with the 22 participating Clipper agencies in the region. We believe the approach described above balances the concerns of MTC and operators. Staff will evaluate and monitor industry response to this approach during the Industry Review phase of the procurement and will share any updates and feedback with the Clipper Executive Board.

  
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Carol Kuester

**Attachment:**

- Attachment A: Hardware Purchase, Ownership, and Maintenance

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# Hardware Purchase, Ownership, and Maintenance

November 28, 2016

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Attachment A

# Current Process

- MTC (as contracting agency) purchases equipment, maintains regional spare inventory, and provides maintenance through contractor
- Operators request procurement and installation of equipment through MTC
- If required, operators and MTC enter into funding agreement

# Concerns about Current Process

- Time between equipment request and deployment of equipment is too lengthy
- Current process goes through too many levels of bureaucracy
- Funding agreements between MTC and operators can be difficult to execute and manage

## C2 Approach for Hardware

- System Integrator certifies and provides devices from more than one supplier
- Clipper program procures equipment for region while also maintaining a large regional spare pool
- Contracting agency responsible for regional asset management and maintenance
- Operator ability to procure equipment through C2 contract preserved

# Improvements and Challenges

Improvements	Challenges
<ul style="list-style-type: none"><li>• Eliminates need for funding agreements (when purchasing party funds the purchase)</li></ul>	<ul style="list-style-type: none"><li>• Additional demands on operator staff for timely device procurement to meet fleet orders as well as asset management of Clipper devices procured</li></ul>
<ul style="list-style-type: none"><li>• Quicker deployment of devices with larger spare pool and multiple device suppliers</li></ul>	<ul style="list-style-type: none"><li>• System integrator management of multiple contractual relationships and lack of clear maintenance responsibilities for operator-procured devices</li></ul>
<ul style="list-style-type: none"><li>• Operator ability to procure devices on their own schedule and budget</li></ul>	<ul style="list-style-type: none"><li>• Different contracting requirements across region makes a single RFP difficult</li></ul>