

**Agenda Item 3b**

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TO: Clipper® Executive Board

DATE: July 10, 2017

FR: Carol Kuester

RE: Next-Generation Clipper® (C2) System Integrator Request for Proposal (RFP) Update

In May 2017, Jason Weinstein and Paul Lavallee briefed the Executive Board on industry comments to the C2 System Integrator Draft RFP, and changes and refinements to the requirements and scope of work. MTC and transit operator staff have been meeting weekly to discuss the contents of the C2 System Integrator RFP, detailed industry comments to the RFP, and recommendations and updates in strategy and approach in the RFP.

Attachment A shows the main items that were discussed at the May 2017 Executive Board meeting, and MTC and transit operator staff recommendations and updated plans for these items. These items include:

- Requirement for the C2 System Integrator to assume the Operations and Maintenance of C1;
- Allocation of Risk between MTC and the System Integrator for C2;
- Overall RFP Pricing and Payment Strategy; and
- Overall C2 Project Schedule.

Attachment A also includes other MTC and transit operator staff recommendations based on continuing refinements to the RFP and Scope of Work, as well as industry feedback. We welcome Executive Board feedback and comment and look forward to providing more detail at this month's meeting.

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Carol Kuester

**Attachment:**

- Attachment A: C2 System Integrator RFP | Project Update and Recommendations



# C2 System Integrator RFP

Project Update and  
Recommendations

*Clipper Executive Board  
July 17, 2017*

Agenda Item 3b  
Attachment A

# Original Plan and Staff Recommendations

Item	Original Plan & Background	Staff Recommendation and Updated Plan
1. Assumption of C1 O&M	<p>C2 contractor assumes C1 operation</p> <ul style="list-style-type: none"><li>• <i>Transfers integration risk from MTC to C2 contractor</i></li><li>• <i>Incentivizes transition</i></li><li>• <i>Supports training and a more seamless customer transition</i></li></ul>	<ul style="list-style-type: none"><li>• Remove C1 O&amp;M requirement from C2 contract</li><li>• Expand coordination with C1 system in Statement of Work</li></ul>
2. Allocation of Risk	<p>Multi-faceted with bid bond, performance bond, letter of credit, parent guarantee, payment bond, liquidated damages</p> <ul style="list-style-type: none"><li>• <i>Provide strong protections for MTC</i></li><li>• <i>Provide multiple instruments to draw upon</i></li></ul>	<ul style="list-style-type: none"><li>• Remove bid bond requirement</li><li>• See additional detail on slide 3</li></ul>

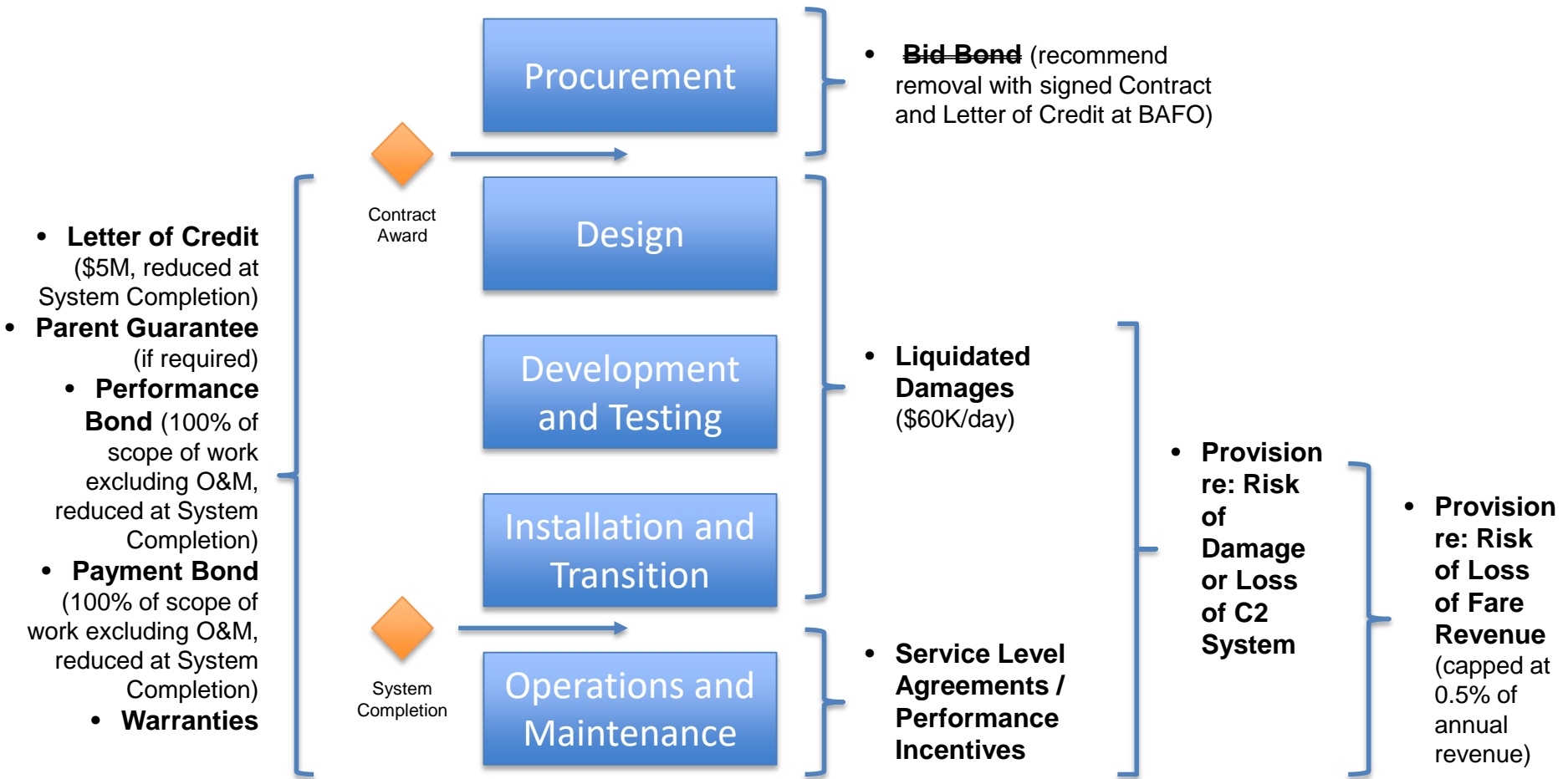


# Original Plan and Staff Recommendations

Item	Original Plan & Background	Staff Recommendation and Updated Plan
3. Pricing Strategy and Payment	<p>Detailed cost, price and escalation information requested</p> <ul style="list-style-type: none"><li>• <i>Provide more transparency in pricing</i></li><li>• <i>Stronger basis to negotiate change orders</i></li><li>• <i>Support min/target/max pricing concept</i></li></ul>	<ul style="list-style-type: none"><li>• Firm Fixed Price / Deliverable for System Design</li><li>• Min/Target/Max Pricing for Development and Testing</li><li>• Min/Target/Max for Implementation and Transition</li></ul>
4. Project Schedule	<p>Schedule that seeks to have C2 operational as soon as feasible</p> <ul style="list-style-type: none"><li>• <i>Developed prior to contract extension to address C1 shutdown risk</i></li></ul>	<ul style="list-style-type: none"><li>• Define milestones, allow contractor to determine schedule in Proposal</li></ul>



# C2 Allocation of Risk by Project Phase



**DRAFT FOR DISCUSSION ONLY**

# Other Staff Recommendations

- Scope of Work Detail and Relationship to Pricing
  - Scope of Work to include clear language describing desire for System Integrator's existing solution customized to our needs/operations
- Intellectual Property
  - Contractor owns software and existing work product, MTC granted full license rights; MTC owns new work products and data, with full license to all work products; Contractor pays for escrow, MTC pays for verification
- Timing of Open Payment Acceptance
  - System must have ability to accept open payments on day one, but function may not be "turned on" at that point
- Retail Options
  - Allow proposals with either or both of a device-based and/or point of sale system solution