



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 2e
Bay Area Metro Center
375 Beale Street
San Francisco, CA 94105
TEL 415.778.6700
WEB www.mtc.ca.gov

Memorandum

TO: Operations Committee

DATE: September 7, 2018

FR: Executive Director

W. I. 2700

RE: Clipper® Contract Change Order Amendment – Clipper Card Procurement: Cubic Transportation Systems, Inc. (\$2,000,000)

Background

Since its inception, the Clipper program has issued nearly eight million cards. Demand in 2018 increased dramatically due to BART's recent upgrade of its ticket machines to sell Clipper cards. Currently, the program issues about 115,000 new adult cards each month, up from about 55,000 cards per month before the BART ticket machine retrofit. Demand for cards is predicted to remain steady for the foreseeable future.

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.

This Change Order Amendment will require Cubic Transportation Systems, Inc. (Cubic) to purchase Clipper cards for distribution to customers. Cubic is neither a small business nor a disadvantaged business enterprise and currently has no subcontractors.

Recommendation

Staff recommends that the Operations Committee authorize the Executive Director or his designee to negotiate and enter into a Change Order Amendment in an amount not to exceed \$2,000,000 to produce Clipper cards for distribution to customers.

The Clipper Executive Board is scheduled to take action on this item at its September 10, 2018 meeting.



Steve Heminger

SH:mr

J:\COMMITTEE\Operations\2018 Operations Comm Packet\09_OPS_Sept_2018\2e_Clipper Contract Action_Card Procurement_v3.docx

REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Contract Change Order Amendment

Work Item No.: 310-2700

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

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

Purpose of Amendment: To procure Clipper® cards

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

Project Cost Not to Exceed: \$2,000,000 (this Change Order Amendment)

Total contract value including amendments before this amendment = \$167,169,931

Total contract amount with this amendment = \$169,169,931

Funding Source: Clipper cardholder administrative fees, STP, CMAQ, STA, STP Exchange, Regional Measure 2 Capital and Regional Measure 2 Operating

Fiscal Impact: Funds available in the FY 2018-19 MTC agency budget.

Motion by Committee: That the Executive Director or his designee is authorized to negotiate and enter into a contract change order amendment with Cubic for the purposes described herein and in the Executive Director's memorandum dated September 7, 2018, and the Chief Financial Officer is authorized to set aside \$2,000,000 for such contract change order amendment.

Operations Committee: _____
Dave Cortese, Chair

Approved: Date: September 14, 2018