

Transportation Solutions Defense and Education Fund

P.O. Box 151439 San Rafael, CA 94915 415-331-1982

September 9, 2018
By E-Mail

Steve Heminger
Metropolitan Transportation Commission
101 Eighth Street
Oakland, CA 94607

Re: Award of Next Gen Clipper Contract

Dear Mr. Heminger:

The Transportation Solutions Defense and Education Fund, TRANSDEF, objects to the sole-source contract proposed with Cubic. Having noted the exceptional cost and mediocre usability of the Clipper 1.0 system, it is disturbing that MTC would contemplate a new contract with the same firm.

After review of the packet for the 9/10 Clipper Executive Board, especially attachments A and E, we are dubious of the assertion that a fair competition took place. Rumors of collusion and fraud between MTC and Cubic have circulated for years.

I am leaving shortly for Berlin to attend Innotrans 2018, the largest rail exposition in the world. The international fare collection industry will all be there. I will be talking to the firms that considered bidding, to get the inside story on the process. I will be looking for any indication that specific contract specifications were tailored to restrain the competition. My findings will be communicated to the federal agencies.

It is clear that at least part of the problem was MTC's refusal to implement regional fares, as mandated in the RM2 legislation: "Another vendor notified MTC informally several weeks prior to the due date that it did not believe it could submit a competitive proposal, based on the complexity of the fare policies in the San Francisco Bay Area."

This echoes a statement I made years ago--with which you publicly agreed--that the Clipper system (then called Translink) was an extremely expensive technical solution to a political problem: the creation of a regional fare program. It seems clear that had MTC exercised leadership two decades ago on fares, vast amounts of money that went into the fare collection system could have been used to add much more transit service.

TRANSDEF continues to believe that firms other than Cubic would be likely to deliver better fare systems at a substantially lower cost.

Sincerely,

/s/ DAVID SCHONBRUNN

David Schonbrunn, President

CC: D. Mulligan, J. Mackenzie,