



Agenda Item 3a

Bay Area Metro Center
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TO: Clipper® Executive Board

DATE: October 30, 2018

FR: Carol Kuester

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 has increased dramatically with the sales of Clipper cards through BART ticket machines. Currently, the program issues approximately 115,000 new adult cards each month, up from approximately 65,000 a month prior to BART ticket machines selling Clipper cards. 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. The funds in this Change Order Amendment were not fully contemplated in the Two Year Budget and Work Plan approved by the Board in February 2018 as the volume of cards sold from BART ticket machines has been much higher than expected. The funds for this proposed change order amendment are currently available in the Clipper card fee account.

The schedule for the card procurement is defined in the Contract Change Order as 18 to 22 weeks after execution of a Task Order.

Recommendation

Staff recommends the Clipper Executive Board's approval of a contract change order amendment with Cubic Transportation Systems, Inc., in an amount not to exceed \$2,000,000 to produce Clipper cards for distribution to customers.



Carol Kuester

REQUEST FOR BOARD APPROVAL

Summary of Contract Change Order Amendment

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 = \$169,169,931 Total contract amount with this amendment = \$171,169,931
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 Clipper card fee account.
Motion:	That the Contract Change Order Amendment with Cubic Transportation Systems, Inc., for the purposes described herein and in the Executive Director's memorandum dated October 30, 2018, is hereby approved by the Clipper Executive Board.
Clipper Executive Board:	<hr/>
	Denis Mulligan, Chair
Approved:	Date: November 5, 2018