

## Clipper® Executive Board

July 15, 2019

Agenda Item 3b

### Clipper® Contract Change Order Amendment – Clipper Card Procurement: Cubic Transportation Systems, Inc. (\$4,000,000)

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**Subject:** Request for approval of a Change Order Amendment for procurement of Clipper cards: Cubic Transportation Systems, Inc. (Cubic) (\$4,000,000).

**Background:** Since its inception, the Clipper program has issued over eight million cards. Demand in 2019 has remained steady with the program issuing 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 continue to rise as BART discontinues sales of magnetic tickets at select stations.

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 contemplated in the Two Year Budget and Work Plan approved by the Board in March 2019, taking into account that the volume of cards sold from BART ticket machines has been much higher than initially 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.

**Issues:** There are no issues with this proposed amendment.

**Recommendation:** Staff recommends that the Clipper Executive Board approve a Contract Change Order Amendment with Cubic in an amount not to exceed \$4,000,000 to produce Clipper cards for distribution to customers.



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Carol Kuester

## REQUEST FOR BOARD APPROVAL

### Summary of Proposed Contract Change Order Amendment

Consultant:	Cubic Transportation Systems, Inc. Oakland, CA
Work Project Title:	Clipper Card Procurement (Change Order Amendment, CO-145)
Purpose of Project:	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:	\$4,000,000 (this Change Order Amendment)  Total contract value including amendments before this amendment = \$169,498,041  Total contract amount with this amendment = \$173,498,041
Funding Source:	Clipper cardholder administrative fees, STP, CMAQ, STA, STP Exchange, Regional Measure 2 Capital and Regional Measure 2 Operating, Regional Measure 3, SB1 State of Good Repair
Fiscal Impact:	Funds available in the Clipper card fee account and in the FY 2019-20 MTC agency budget.
Motion by Board:	That the Contract Change Order Amendment with Cubic Transportation Systems, Inc. as described herein and in the Clipper Executive Director's July 15, 2019 memorandum, is hereby approved by the Clipper Executive Board.
Clipper Executive Board:	<hr/>
	Denis Mulligan, Chair
Approved:	July 15, 2019