

Clipper® Executive Board

June 22, 2020

Agenda Item 4b

Use of Program Contingency to Procure Next-Generation Equipment and Support Operator-Requested Enhancements

Subject: Request for approval to use program contingency to procure equipment and support operator-requested enhancements for the Next-Generation Clipper® Program.

Background: The Next-Generation Clipper System Integrator contract awarded to Cubic in September 2018 authorized:

- \$165M of capital expenditures for the base contract; and
- \$23.5M of contingency and \$5.5M for sales tax.

The capital cost in the executed contract with Cubic was \$163M and sales tax is now estimated at \$6.5M, resulting in a \$24.5M contingency balance. Since contract award, operator staff have provided extensive input that will change the program's net costs in the following ways:

- Operator fleet changes and new equipment requests since September 2017 **(\$10M)**
- Program design changes **(\$3M)**
 - CAD/AVL Integration (Saves \$8M)
 - Covers Cubic and CAD/AVL integration costs
 - Cubic Change Order approved in May 2020
 - Improved bus operator experience
 - Additional quantities for improved on-bus communications (Adds \$11M)
 - Integration improvement

The proposed changes noted above will require the use of approximately \$13M in contingency from the currently available \$24.5M. The Clipper Two Year Budget approved by this Board in May 2020 accounted for these changes, which have strong regional support for the following reasons:

- CAD/AVL integration reduces the amount of equipment on the buses, which Operators have been requesting for years;
- Provides improved communications in areas with poor cellular connections;
- Maintains project schedule and stays within budget; and
- Future requests for the use of the remaining \$11.5M in contingency are anticipated to be minimal, due to well-defined design requirements for the account-based system and contractual fixed price incentives.

Issues: Transit operator staff have not yet determined whether additional equipment should be procured to support all-door boarding procedures for transit operators who do not currently have this policy in effect. If additional equipment is required at a later date, staff would return to the board for approval of the use of additional contingency to procure equipment at higher unit costs. Costs to support all-door boarding depend on operator fleet size and when equipment is procured.

Transfer of funding to transit operators for CAD/AVL software integration will also need to be approved by the Board at a future date.

Recommendation: Staff recommends the Board's approval of the use of project contingency to support the procurement of equipment and enhancements to the Next-Generation Clipper program described above.

Attachments: Attachment A: Use of Next-Generation Clipper Program Contingency



Carol Kuester

Agenda Item 4b
Attachment A



Use of Next-Generation Clipper® Program Contingency

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Approved System Integrator Contract Totals

		Capital (\$M)
Commission Approval	Cost	\$165
	Sales Tax (est.)*	\$5.5
	<u>Contingency (est.)</u>	<u>\$23.5</u>
	Total	\$194
	Actual Contract Cost	(\$163)
	<u>Estimated Sales Tax</u>	<u>(\$6.5)</u>
	Estimated Contingency	\$24.5

*Notes

- Metropolitan Transportation Commission approval 9/26/18
- Sales tax was estimated based on equipment projections from 2017

Summary of Equipment Price Changes

- Fleet changes and new equipment requests since September 2017 (\$10M)
- Program Changes to date (\$3M)
 - CAD/AVL Integration Design Approved at May 2020 CEB (Save \$8M)
 - Covers Cubic and CAD/AVL integration costs
 - Improved bus operator experience
 - Additional on-bus communication devices (Add \$11M)
- Included in the approved May 2020 Budget – contingency available
 - Use \$13M in contingency from the \$24.5M available
- Unanimous Operator support for changes:
 - Operators prefer Clipper & CAD/AVL system integration
 - Integration streamlines equipment on buses and provides future flexibility
 - Improved communications for continuous connectivity
 - Project stays on schedule and within budget
 - Remaining contingency anticipated to exceed future needs for system integrator contract