

Clipper[®] Executive Board

July 27, 2020

Agenda Item 2b

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

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 nearly eight million cards. Demand in 2020 (prior to the pandemic) has remained steady with the program issuing approximately 115,000 new adult cards each month. Demand for cards was still on the rise as BART discontinued 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.

The actual cost of each card is approximately \$1.50, while the program cost of issuing each card is approximately \$1.50, bringing the total cost of issuing a new card to approximately \$3. Funds from the \$3 card fee will be used to partially fund this Change Order Amendment. The funds in this Change Order Amendment were fully contemplated in the Two Year Budget and Work Plan approved by the Board in May 2020. 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 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.



Carol Kuester

REQUEST FOR BOARD APPROVAL

Summary of Proposed Contract Change Order Amendment

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| 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 = \$173,393,541 Total contract amount with this amendment = \$177,393,541 |
| 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 2020-21 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 27, 2020 memorandum, is hereby approved by the Clipper Executive Board. |
| Clipper Executive Board: | <hr/> |
| | Rick Ramacier, Chair |
| Approved: | July 27, 2020 |