

Metropolitan Transportation Commission Operations Committee

September 11, 2020

Agenda Item 4f

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 over 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 for this proposed change order amendment are currently available in the Clipper card fee account.

Cubic is neither a small business nor a disadvantaged business enterprise.

The Clipper Executive Board approved the proposed change order amendment at its July 27, 2020 meeting.

Issues: None

Recommendation: Staff recommends that the Operations Committee authorize the Executive Director or designee to negotiate and enter into a Contract Change Order Amendment with Cubic in an amount not to exceed \$4,000,000 to produce Clipper cards for distribution to customers.


Therese W. McMillan

REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Contract Change Order Amendment

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|-----------------------------|---|
| Consultant: | Cubic Transportation Systems, Inc. San Diego, 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 Transportation Systems, Inc. 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 Committee: | That the Executive Director or designee is authorized to negotiate and enter into a Contract Change Order Amendment with Cubic Transportation Systems, Inc. as described above and in the Operations Committee Summary Sheet dated September 11, 2020, and the Chief Financial Officer is authorized to set aside \$4,000,000 for such amendment. |
| Operations Committee: | |
| | <hr/> Dave Cortese, Chair |
| Approved: | September 11, 2020 |