

# Metropolitan Transportation Commission Operations Committee

September 11, 2020

Agenda Item 4j

## Next Generation Clipper® Regional Fare Payment System Integrator (SI) Contract Update and Use of Contingency

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**Subject:** Informational update on the Next-Generation Clipper Program and the use of approved program contingency to procure equipment and support operator-requested enhancements.

**Background:** The Next-Generation Clipper SI contract was awarded to Cubic in September 2018. When awarded, the following was authorized for the capital expenditures, contingency, and sales tax:

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

The actual capital cost in the executed contract with Cubic was \$163M and sales tax is now estimated at \$6.5M, the net result of which is a current contingency balance of \$24.5M.

Since contract execution, staff has worked collaboratively with transit operators on the design and development of new equipment and the Clipper mobile app. This collaboration will continue as design for the new account-based system begins this month.

The collaboration with operator staff has borne fruits in identifying beneficial Clipper projects that will change the program's net costs. The projects—e.g., additional on-bus communication devices and Computer Aided Dispatch and Automated Vehicle Location (CAD/AVL) integration—have strong regional support, as described in greater detail in the attached PowerPoint presentation.

The proposed changes will use approximately \$15M in contingency from the currently available \$24.5M. Future requests for the use of the remaining \$9.5M in contingency are anticipated to be adequate due to well-defined design requirements for the account-based system and contractual fixed price incentives.

The Clipper Two Year Budget approved by the Clipper Executive Board in May 2020 accounted for these changes. The Clipper Executive Board approved the use of the contingency as described above at its June 22, 2020 meeting.

**Issues:** None.

**Attachments:** Attachment A: PowerPoint Presentation

  
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Attachment



# 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>
	<b>Total</b>	<b>\$194</b>
	Actual Contract Cost	(\$163)
	<u>Estimated Sales Tax</u>	<u>(\$6.5)</u>
	<b>Estimated Contingency</b>	<b>\$24.5</b>

\*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 (\$12M)
- 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 May 2020 budget approved by Clipper Executive Board
  - Use \$15M 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