

Clipper® Executive Board

October 18, 2021

Agenda Item 3b

Next Generation Clipper® (“C2”) System Integration Contract Change Order – Mobile Provider Fees: Cubic Transportation Systems, Inc. (Cubic) (\$15,000,000)

Subject:

Request for approval of a Change Order for the inclusion of mobile card provisioning and trip planner fees charged by Google and Apple as pass-through fees to the C2 System Integrator Contract (“Contract”).

Background:

When the Next Generation Clipper System Integrator contract was awarded, the Contract required delivery of a mobile app to support mobile fare payment, trip planning, and account management features. At the time of the award, the contract budget did not include the cost of fees related to using each provider’s mobile wallet and the mobile app trip planner as they were unknown. Staff informed both the Clipper Executive Board and the MTC Commission that we would return for their approval to incorporate these fees into the Contract.

Clipper staff, with support from Cubic and technical advisors, estimated the mobile fees based on the following assumptions:

- Percentage of each of the mobile providers’ share in the Bay Area market;
- Estimated linear physical to virtual adoption rates, currently at 6%, throughout the life of the Contract projected to 2033;
- Estimated number of future newly-issued mobile cards, based on historical data of physical Clipper cards issued, including recent increases in card issuance, primarily from BART riders; and
- Estimated number of trip planner “requests” based on current trip planner requests and projected to 2033.

Based on current data and projected estimates of mobile use, Clipper staff now estimate that mobile fees will total nearly \$15M over the life of the Contract, approximately 12 years from now to 2033. Over the next 12 years, we estimate these fees will ramp up as adoption increases, but are not projected to exceed \$100K per month to the region.

An estimate of mobile pass-through fees was included in the Clipper budget approved by the Clipper Executive Board in April 2021. The current \$15M estimate is greater than the projected budgeted estimate by approximately 25%. We have built in a contingency in this Change Order and are actively erring on the conservative side to ensure that we will not need to return to the Clipper Executive Board and the MTC Commission after this approval request.

Clipper staff plans to update the memorandum of understanding (MOU) to document an agreed-upon regional cost-sharing formula for all Account-Based fees, prior to deploying the Account-Based system. As directed by this Board in its approval last month of revisions to the MOU, staff plans to return to the Board in Spring 2022, following the development of a proposed formula by MTC and transit operator staffs, with a recommendation of an update to the MOU that includes the revised cost-sharing formula for Account-based fees. MTC proposes to pay 100% of these mobile fees throughout the life of the contract and will document this commitment in the upcoming MOU.

Issues:

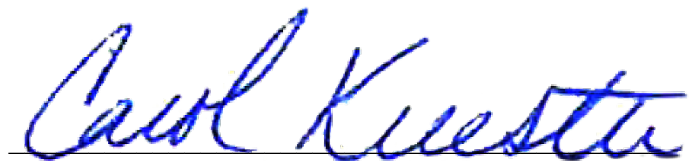
None identified.

Recommendations:

Staff recommends that the Board's approval of a Contract Change Order with Cubic in an amount not to exceed \$15,000,000 for the inclusion of fees described above.

Attachments:

- None



Carol Kuester

Request for Board Approval

Summary of Proposed Contract Change Order

Work Item No.:	322-1220
Consultant:	Cubic Transportation Systems, Inc. San Diego, CA
Work Project Title:	Mobile Provider Fees
Purpose of Project:	Inclusion of mobile provider fees assessed by mobile partners into the operational costs of the C2 System Integrator Contract.
Brief Scope of Work:	Include mobile provider fees charged by mobile providers for the initialization, utilization, and trip planner requests from the Clipper mobile application and use of virtual cards on Clipper's mobile platforms.
Project Cost Not to Exceed:	\$15,000,000
Funding Source:	Clipper Card Fee Account, Transit Agencies, SGR, RM2 Operating, RM2 Marketing, STA Allocation, Clipper Interest Account, Clipper Inactive Cards Account
Fiscal Impact:	Funds are included in the FY 2021-22 Clipper budget for FY 2021-22 expenditures; future operating funding dependent on approval of annual Clipper and MTC agency operating budgets.
Motion by Board:	That a contract change order with Cubic Transportation Systems, Inc. for the purpose described herein and in the Executive Director's summary sheet dated October 18, 2021, is hereby approved by the Clipper Executive Board.
Clipper Executive Board:	<hr/> Rick Ramacier, Chair
Approved:	October 18, 2021