



Agenda Item No. 2c

METROPOLITAN
TRANSPORTATION
COMMISSION

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Memorandum

TO: Operations Committee

DATE: September 4, 2009

FR: Executive Director

W.I. 310-2740 and 310-2700

RE: TransLink[®] Program:

- i) TransLink[®] Contract Change Order: Cubic Transportation Systems, Inc. (\$900,000)
- ii) TransLink[®] Card Issuance Pilot: JP Morgan Chase Bank (Information)

TransLink[®], the Bay Area's regional transit fare payment system, is currently operating on all AC Transit, Golden Gate Transit bus and ferry, and San Francisco Municipal Transportation Agency routes (except cable cars) and at all BART and Caltrain stations. BART began accepting TransLink[®] on August 3, 2009, and Caltrain began accepting TransLink[®] on August 17, 2009. During the initial period of accepting TransLink[®], the agencies are limiting marketing and outreach activities in order to analyze the system's operation and address any problems with the system issues while the system is serving a small base of customers. The project schedule indicates that the system will be implemented on VTA and SamTrans in Spring 2010.

TransLink[®] transaction volume in the BART system has grown every weekday since early August; on August 27, customers used TransLink[®] for 1,601 BART rides. To date, the TransLink[®] system has performed as expected in the BART and Caltrain systems.

During the week ending August 21, 2009, the TransLink[®] system averaged more than 31,000 systemwide transactions per weekday. The highest ridership is on AC Transit followed by Golden Gate Transit bus and ferry, San Francisco Muni, BART and Caltrain.

Staff recommends that the Operations Committee authorize the Executive Director or his designee to execute the following contract action as described below.

(i) TransLink[®] Contract Change Order – Two Million Limited Use Smart Cards: Cubic Transportation System (\$900,000)

In June 2009, the Committee approved a funding agreement with the SFMTA in an amount not to exceed \$34.5 million. Under this funding agreement, SFMTA is funding a TransLink[®]-based solution for the replacement of San Francisco Muni Metro fare gates and ticket vending machines (TVMs). The major elements of the project are deployment of TransLink[®]-only fare gates and TransLink[®]-only vending machines, development of limited use TransLink[®] cards for use by

customers who do not have a standard extended-use TransLink[®] card, related site preparation services, and related project management services. SFMTA is using a combination of federal, state and local funds including \$11 million in American Recovery and Reinvestment Act (ARRA) funds, to support the funding agreement.

In May 2009, the Commission delegated authority to the Executive Director or his designee to negotiate and enter into Change Order No. 126 to the TransLink[®] Contract in an amount not to exceed \$20,000,000 for development and deployment of TransLink[®] equipment and systems that will replace all existing Muni Metro fare gates and TVMs. The new fare gates and TVMs deployed under this change order will issue and accept a new limited use TransLink[®] card. Procurement of the limited use TransLink[®] cards is required to support the deployment of the devices in the TransLink[®] system. With approval of this change order, the TransLink[®] Contractor will provide the first order of 2,000,000 limited use TransLink[®] cards at a cost not to exceed \$900,000.

The TransLink[®] Management Group approved this change order on August 3, 2009.

Staff requests the Committee to authorize the Executive Director or his designee to negotiate and enter into a TransLink[®] Contract Change Order with Cubic Transportation Systems, Inc., in an amount not to exceed \$900,000, to provide 2,000,000 limited use TransLink[®] cards.

ii) Agreement – TransLink[®] Card Issuance Pilot: JP Morgan Chase Bank (Information)

The TransLink[®] Contract provides for MTC to authorize qualified third parties to issue cards accepted for fare payment by the TransLink[®] system. By working with a third-party issuer, the TransLink[®] project would have a reduced role in procuring cards, distributing cards, replacing cards, and ongoing support for cards; a third-party's issuance of a TransLink[®] card would not impact the customer in terms of ability to use the TransLink[®] system. Under an agreement with a third-party card issuer, TransLink[®] could be the only application on a card or TransLink[®] could be one of several applications on a card, e.g. a dual-purpose college identification card that also works as a TransLink[®] card for transit fare payment. To date, MTC has served as the sole TransLink[®] card issuer.

JP Morgan Chase Bank ("Chase"), a major national retail bank with about 90 branches in the nine-county San Francisco Bay Area, has proposed to issue dual purpose cards that support both a banking application (ATM and debit/credit transactions) and the TransLink[®] Application. When used as a debit card, the card would function in the same manner as a debit-only card; when used as a TransLink[®] card, the card would function as a TransLink[®]-only card. Cardholders with the dual-purpose card will have access to all the TransLink[®] options and features available to customers with a standard TransLink[®]-only card. Under the proposed agreement, Chase will issue dual-purpose debit-TransLink[®] cards on a pilot basis for a maximum of two years up to a maximum of 100,000 cards. Chase will assume all costs to develop the cards, distribute the cards, market the cards, and manage the pilot. The proposed agreement will be exclusive for the duration of the pilot. Depending on the outcome of the pilot, the TransLink[®] program may proceed with an open procurement to solicit one or more banking partners to issue dual-purpose cards.

The TMG approved MTC's forming an agreement with the participating bank on March 23, 2009.

Steve Heminger

SH:JA

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REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Contract Change Order

Work Item No.: 310-2740

Contractor: Cubic Transportation Systems, Inc.

Project Title: TransLink[®] Limited Use Smart Card Order

Purpose of Project: Contractor to provide 2 million limited use smart cards for use in the TransLink[®]-only Muni Metro fare gate and TVM replacement project

Project Cost Not to Exceed: \$900,000

Funding Source: Section 5307, Section 5309, ARRA, AB664, Regional Measure 2 Capital, Prop K, MTF Operating Funds, PTMISEA

Fiscal Impact: Included in the proposed FY 2009-10 agency budget

Motion by Committee: That the Executive Director or his designee is authorized to negotiate and enter into a contract change order with Cubic Transportation Systems, Inc. for the purposes described herein, and the Chief Financial Officer is authorized to set aside funds up to \$900,000 for such change order.

MTC Operations Committee: Approved: _____ Date: Sept. 11, 2009
Amy Rein Worth, Chairperson