



METROPOLITAN
TRANSPORTATION
COMMISSION

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Memorandum

TO: Operations Committee

DATE: July 1, 2011

FR: Deputy Executive Director, Operations

W.I. 105-1221, 310-2700

RE: Clipper® Program Report and Contract Action

a) Update on Resolution 3866 Fare Media Transitions

b) Contract Change Order – Annual Price Adjustment: Cubic Transportation Systems, Inc.
(\$725,000)

Clipper® Program Status Report

For the week ending June 17, average weekday transaction volume was 469,500 transactions, a 5% growth from the May monthly weekday average. Recent and upcoming initiatives affecting customer use of the system include:

- As reported to the Committee last month, MTC is working with transit operator staff and the RTC Discount Card Program to make additional RTC Discount Cards available to customers who are qualified to travel with an attendant. MTC expects that qualified customers will be able to request second cards for their attendants as of August 1. The second cards will be available only by request. Based on recent discussion with transit operators, MTC and the operators will consider the initial availability of second cards for travel by attendants to be a pilot program, the objectives of which are to determine whether issuance of additional cards exposes transit operators to additional fraud. MTC will work closely with transit operators to determine the details of the pilot including the duration and the methodology for monitoring fraud. One challenge in implementing the new policy is the variation among transit operators with respect to which agencies allow qualified attendants to use monthly passes at the disabled discount price and which require qualified attendants to pay the disabled discount single ride fare.
- MTC is continuing outreach campaigns targeting BART customers and AC Transit youth riders through June 2011. MTC is developing plans for additional customer education activities in FY 2011/12.

a) Update on Resolution 3866 and Fare Media Transition

Adopted in February 2010, Resolution 3866 required transit agencies that operate Clipper fare media to transition pre-paid fare media to Clipper®-only. It listed specific fare media and specific due dates for the five agencies – at the time – operating Clipper® to transition. Attachment 1 shows the most recent status of these transitions. Note that in some cases, transit agencies have missed some dates. Examples of this include:

- The transit agency requested a later date to support better timing with other events occurring within the agency's work plan.
- Technical barriers preventing the transition, such as the fare media product was not implemented on Clipper®.

Typically, when an agency recognized that it would miss a date, the agency would work with MTC to revise the transition strategy and agree upon an alternative date.

BART missed three dates in Resolution 3866 (March 1, 2011 for its high value discount tickets and May 1, 2011 for its red (youth and disabled) and green (senior) tickets) and had not proposed revised dates for the fare products. Earlier in June, MTC staff notified BART that sanctions may be imposed for failure to meet these transition deadlines. BART has responded with a corrective action plan proposing transitions by the end of December. While details are still being coordinated, staff believes that this revised date to be acceptable.

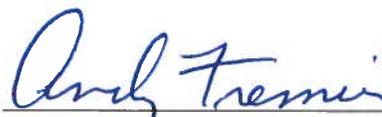
Since the time that Resolution 3866 was adopted, two additional operators, VTA and SamTrans, have initiated Clipper® operations. Specific fare products and dates for their transition are not listed in the resolution for these two operators. Staff is beginning to work with both agencies to determine the specific fare media that will transition and the timing.

Staff plans to return to the Operations Committee in September to amend Resolution 3866 to include transition dates for VTA and Samtrans, and an updated list of fare products and revised dates for the other five operators.

b) Contract Change Order – Annual Price Adjustment: Cubic Transportation Systems, Inc. (\$725,000)

The Clipper® Contract allows for annual adjustment of prices based on industry-specific labor and materials indices published by the Bureau of Labor Statistics (BLS). The inclusion of Contract terms and conditions enabling annual adjustment of prices is necessary because Cubic provides services over a multi-year time-span. The adjustment of prices applies to capital and operating expenses; the Clipper® Contract explicitly prohibits adjustment of prices where Cubic has failed to meet a mandatory milestone and where the failure to meet a milestone is the Contractor's responsibility, i.e. the Contract prohibits the Contractor from profiting from delay. This change order adjusts prices in the Clipper® Contract by 1.4% retroactively for FY 2010/11, which is equivalent to an increased capital expense of \$300,425 and it provisionally adjusts prices for FY 2011/12 by 3% pending release of industry-specific data by the BLS, which is equivalent to an increased capital expense of \$424,675. The change order does not include a fixed increase in operating expenses, because transaction volume over the coming year will determine the increased operating expense.

Staff recommends that the Operations Committee authorize the Executive Director or his designee to negotiate and enter into the above contract change order.



Andrew B. Fremier

ABF:LV

Attachment 1: Fare Media Transition Status

Fare Media Transition	Date of Transition in Res. 3866	Actual Date of Transition	Comments
AC Transit			
31-Day Youth Tickets	12/31/10	7/31/10	Completed
31-Day Adult Tickets	12/31/10	12/31/10	Completed
10-Ride Tickets (youth and adult)	12/31/10	12/31/10	Completed
Senior/Disabled 10-Ride Tickets and Monthly Passes	Transition requirement waived		Staff evaluating continuation of waiver
Class Pass	Transition requirement waived		Staff evaluating continuation of waiver
1-Ride Tickets for social service agencies	Transition requirement waived		Staff evaluating continuation of waiver
BART			
EZ Rider	10/1/10	12/31/10	Completed
HVD tickets	3/1/11	Not transitioned	BART has proposed 12/31/11 transition
Senior ("green") tickets	5/1/11	Not transitioned	BART has proposed 12/31/11 transition
Youth and disabled ("red") tickets	5/1/11	Not transitioned	BART has proposed 12/31/11 transition
Student ("orange") tickets	Transition requirement waived		Staff evaluating continuation of waiver
BART Plus ticket	Transition requirement waived		Staff evaluating continuation of waiver
Caltrain			
8-Ride Tickets	1/31/11	1/31/11	Completed
Monthly Passes	1/31/11	3/1/11	Completed
Go Pass	1/31/11	Not transitioned	Staff discussing new date with agency
GGBHTD			
Transit Value Cards (\$25, \$50, and \$75)	8/1/10	8/1/10	Completed
SFMTA			
Golden Gate Ferry 2-Way Transfer	3/30/10	4/15/10	Completed
10-Ride Ticket Book	4/30/10	4/30/10	Completed
Adult A Pass	8/1/10	11/1/10	Completed
Muni/BART transfer	8/1/10	10/4/10	Completed
BART Daly City transfer	8/1/10	Not transitioned	Staff discussing new date with agency
RTC/Disabled FastPass	2/1/11	2/1/11	Completed
Senior & Youth M Pass	2/1/11	Senior – 6/1/11 Youth – 8/1/11	Completed Transition on schedule
Adult M Pass	4/1/11	4/1/11	Completed
Adult Single Token	4/1/11	Not transitioned	Currently not on Clipper
Passports	6/30/11	Not transitioned	Staff discussing options with agency
Transfers	9/30/11	Not transitioned	Staff discussing options with agency
Senior & Disabled A Pass; Lifeline; Class Pass	Dates still to be set	Not transitioned	Currently not on Clipper

REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Contract Change Order

Work Item No.: 105-1221 and 310-2700

Contractor: Cubic Transportation Systems, Inc.
San Diego, CA

Project Title: Annual Price Adjustment

Purpose of Project: Adopt an updated Clipper[®] Contract Price Schedule for FY 2010/11 and a Provisional Price Schedule for FY 2011/12 that adjusts prices in accordance with the terms and conditions of the Clipper[®] Contract

Brief Scope of Work: Adjust prices in accordance with the industry-specific Bureau of Labor Statistics indices agreed to by MTC and Contractor

Project Cost Not to Exceed: \$725,000 (this change order)

Approved contract plus change orders prior to today's actions: \$122,556,883

Funding Source: CMAQ, STA, STP Exchange, Regional Measure-2 Capital and Regional Measure 2 Operating

Fiscal Impact: Funds included in the FY 2011-12 agency budget

Motion by Committee: That the Executive Director or his designee is authorized to negotiate and enter into one or more contract change orders for the purposes described herein and the Chief Financial Officer is authorized to set aside funds up to \$725,000 for such contract change orders.

Operations Committee:

Jake Mackenzie, Chair

Approved:

Date: July 8, 2011