



METROPOLITAN
TRANSPORTATION
COMMISSION

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Memorandum

Agenda Item No. 3e

TO: Operations Committee

DATE: June 1, 2012

FR: Executive Director

W.I.: 320-1221, 310-2700

RE: Clipper[®] Program Contract Actions:

- i. Contract Change Order – Integration of Clipper[®] with BART Add Fare Machines: Cubic Transportation Systems, Inc. (\$625,000)
- ii. Contract Change Order – Procurement of Additional Security Access Modules: Cubic Transportation Systems, Inc. (\$410,000)
- iii. Contract Change Order – Annual Price Adjustment: Cubic Transportation Systems, Inc. (\$150,000)
- iv. Contract – Strategic Planning Support for Long-Term System/Equipment Replacement and Operations Support: Invoke Technologies (\$250,000)
- v. Purchase Order – Clipper[®] Network Services: AT&T (\$300,000)

Clipper[®] Program Status Report

Attachment 1 includes information about Clipper[®] system operations in April 2012. The system is now routinely averaging over 600,000 transactions per weekdays.

Contract Actions

Staff recommends that the Operations Committee authorize the Executive Director or his designee to negotiate and enter into the following contract actions.

i. Contract Change Order – Integration of Clipper[®] with BART Add Fare Machines: Cubic Transportation Systems, Inc. (\$625,000)

When a BART customer with a paper ticket has insufficient funds to exit at his destination station, BART requires the customer to add the negative fare balance to his paper ticket prior to exit, by using the BART Add Fare Machines located in the paid areas of BART stations. In contrast, a BART customer with a Clipper[®] card with insufficient fare may currently exit at the destination station without adding the negative fare balance to his Clipper[®] card. Empirical evidence suggests that some BART customers who exit their destination station in this manner do not subsequently add value to their Clipper[®] cards. Instead, such BART customers simply discard their Clipper[®] card with a cash balance below \$0.00 (i.e. negative balance), and purchase a new Clipper[®] card. As a result, some BART customers are able to evade fares without any consequences. Significantly, more than 60% of the negative balance transactions that occur on fare payment systems occur on BART. This change order will allow the Clipper[®] Contractor, Cubic Transportation Systems, Inc. (Cubic), to integrate Clipper[®] functionality with BART's

Add Fare Machines thereby allowing the BART policy requiring customers to make full payment prior to exiting the station to be applied to Clipper® customers.

ii. Contract Change Order – Procurement of Additional Security Access Modules: Cubic Transportation Systems, Inc. (\$410,000)

All Clipper® devices that write information to a Clipper® card (e.g., integrated card readers in BART fare gates, ticket vending machines) include embedded Security Access Modules (SAMs) that provide security functions for the devices. At this time, the SAMs installed in the existing Clipper® devices are no longer available for purchase. This change order will allow for the procurement by Cubic of replacement SAMs, which are necessary for the expansion of the Clipper® system to additional transit systems and the integration of non-Clipper® devices (e.g. BART's Add Fare Machines) with the Clipper® card. Cubic and BART have agreed with MTC to share the \$670,000 cost of procuring the new SAMs. The cost breakdown is as follows: BART (approximately \$110,000, which will be used to reduce MTC's contribution amount of \$410,000, to a net amount of approximately \$300,000); Cubic (approximately \$260,000).

iii. Contract Change Order – Annual Price Adjustment: Cubic Transportation Systems, Inc. (\$150,000)

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) because Cubic provides services over a multi-year time-span. The adjustment of prices applies to capital and operating expenses. Pending release of industry-specific data by the BLS, this change order provisionally adjusts prices in the Clipper® Contract for FY 2012-13 by 3%, which is equivalent to an increased capital expense of \$150,000. 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.

iv. Contract – Strategic Planning Support for Long-Term System/Equipment Replacement and Operations Support: Invoke Technologies (\$250,000)

In 2010, a competitive procurement resulted in the pre-qualification of a consultant “bench” to provide various types of consulting assistance to the Clipper® Program. Invoke Technologies (Invoke) was pre-qualified to provide consultant assistance services across multiple categories. Under the proposed contract, Invoke will provide consultant assistance in support of long-term Clipper Program initiatives such as: (1) the replacement and upgrade strategies for Clipper® equipment as it reaches the end of its useful life, (2) the future expansion of the Clipper Program, and future technology changes, and (3) operations improvements.

v. Purchase Order – Clipper® Network Services: AT&T (\$300,000)

MTC utilizes AT&T for networking services for the Clipper® program (i.e. connecting card readers and other devices with data servers and the Clipper® Central System). This Purchase Order for \$300,000, includes 10% contingency funding, and will cover both network operations and installation to provide a communication network for the Clipper program during FY 2012-13.



Steve Heminger

SH/LV:ja

Table 1: Summary of System Utilization

	Last Month April 2012	Prior Month March 2012	Prior Year April 2011
Transaction Volume			
Average Number of Weekday Transactions	619,722	607,705	436,282
Fee-Generating Fare Payment Transactions (monthly total)	14,926,099	15,428,017	10,651,004
Fee-Generating Add Value & Refund Transactions (monthly total)	1,147,714	1,114,311	732,584
Total Fee-Generating Transactions	16,073,813	16,542,328	11,383,588
Unique Cards Used	556,311	548,040	385,445
Active Card Accounts	1,155,650	1,118,366	727,403
Percent of Registered Active Cards	45%	45%	45%
Settled Transit Operator Revenue	\$29,592,728	\$29,212,149	\$19,918,427
Autoload Activity			
Percent of Registered Cards with Autoload	39%	39%	43%
Autoload Transactions	239,833	257,562	154,539
Call Volume			
Customer Service Representative (CSR) Calls	26,326	28,119	32,360
CSR Calls per Unique Card Used	0.05	0.05	0.08
Help Desk Calls	981	970	1,372
Website Traffic			
Unique Visitors	130,987	132,298	119,518
Website Visits	188,362	191,644	175,580
Website Visits per Unique Card Used	0.34	0.35	0.46

REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Contract Change Order

Work Item No.: 310-2700

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

Project Title: Integration of Clipper[®] with BART Add Fare Machines

Purpose of Project: Integrate Clipper[®] functionality with BART Add Fare Machines.

Brief Scope of Work: Modify the Clipper[®] software on the BART faregates to require sufficient fare on exit. Integrate Clipper[®] functionality to BART Add Fare Machines to allow addition of cash value for exit transactions.

Project Cost Not to Exceed: \$625,000 (this Change Order)
Total contract including Change Orders before this Change Order = \$124,419,466
Total authorized contract amount with this Change Order = \$125,044,466 (this total does not include other June 8 contract approval actions).

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

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 a contract change order with Cubic Transportation Systems, Inc. for the purpose described herein and in the Executive Director's memorandum dated June 1, 2012 and the Chief Financial Officer is authorized to set aside funds up to \$625,000 for such contract change order.

Operations Committee:

Jake Mackenzie, Chair

Approved:

Date: June 8, 2012

REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Contract Change Order

Work Item No.: 310-2700

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

Project Title: Procurement of Additional Security Access Modules (SAMs)

Purpose of Project: Obtain additional SAMs needed to complete the expansion of the Clipper[®] system to additional transit systems and the integration of non-Clipper[®] devices, such as BART's Add Fare Machines.

Brief Scope of Work: Develop and procure new SAMs that will be compatible with the Clipper[®] system software. Modify the Clipper[®] device software applications to function with both the current and new SAMs.

Project Cost Not to Exceed: \$410,000 (this Change Order)
Total contract including Change Order before this Change Order = \$125,044,466
Total authorized contract amount with this Change Order = \$125,454,466 (this total does not include other June 8 contract approval actions).

Funding Source: BART (\$110,000), CMAQ, STA, STP Exchange, Regional Measure 2 Capital

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 a contract change order with Cubic Transportation Systems, Inc. for the purpose described herein and in the Executive Director's memorandum dated June 1, 2012 and the Chief Financial Officer is authorized to set aside funds up to \$410,000 for such contract change order.

Operations Committee:

Jake Mackenzie, Chair

Approved:

Date: June 8, 2012

REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Contract Change Order

Work Item No.: 310-2700, 320-1221

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

Project Title: Annual Price Adjustment

Purpose of Project: Adopt a provisional Clipper[®] Contract Price Schedule for FY 2012-13 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 Cubic Transportation Systems, Inc.

Project Cost Not to Exceed: \$150,000 (this Change Order)
Total contract including Change Order before this Change Order = \$125,454,466
Total authorized contract amount with this Change Order = \$125,604,466 (this total does not include other June 8 contract approval actions).

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

Fiscal Impact: Funding is subject to adoption of FY 2012-13 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 purpose described herein and in the Executive Director's memorandum dated June 1, 2012 and the Chief Financial Officer is authorized to set aside funds up to \$150,000 for such contract change order, subject to MTC adoption of the proposed FY 2012-13 budget.

Operations Committee:

Jake Mackenzie, Chair

Approved:

Date: June 8, 2012

REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Contract

Work Item No.: 310-2700, 320-1221

Contractor: Invoke Technologies
Los Angeles, CA

Project Title: Strategic Planning Support for Long-Term
System/Equipment Replacement and Operations Support

Purpose of Project: Support long-term planning and current system operations
improvements.

Brief Scope of Work: Provide consultant assistance in support of long-term initiatives
such as replacement and upgrade strategies for Clipper®
Program as its equipment reaches the end of its useful life,
future expansion of Clipper® and future technology changes,
as well as operations improvements.

Project Cost Not to Exceed: \$250,000

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 a contract with Invoke Technologies for
the purpose described herein, and in the Executive Director's
memorandum dated June 1, 2012, and the Chief Financial Officer
is authorized to set aside funds up to \$250,000 for such contract.

Operations Committee:

Jake Mackenzie, Chair

Approved: Date: June 8, 2012

REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Purchase Order

Work Item No.: 310-2700, 320-1221

Contractor: AT&T
Sacramento, CA

Project Title: Clipper® Network Services

Purpose of Project: Provide a communications network for the Clipper® program during FY 2012-13.

Brief Scope of Work: Service fees and capital costs for network, frame relay and dial-up services connecting Clipper® devices to computer servers and the central clearinghouse.

Project Cost Not to Exceed: \$300,000

Funding Source: For transit operators still eligible for Clipper® incentive funding, CMAQ, STA, STP Exchange, Regional Measure 2 Capital and Regional Measure 2 Operating; per the Clipper® Memorandum of Understanding, all other transit agencies reimburse MTC for this cost.

Fiscal Impact: Clipper® incentive funding is subject to adoption of FY 2012-13 agency budget

Motion by Committee: That the Executive Director or his designee is authorized to issue a purchase order for the purpose described herein, and in the Executive Director's memorandum dated June 1, 2012, and the Chief Financial Officer is authorized to set aside funds up to \$300,000 for such purchase order, subject to MTC adoption of the proposed FY 2012-13 budget.

Operations Committee:

Jake Mackenzie, Chair

Approved: Date: June 8, 2012