



Agenda Item No. 3

METROPOLITAN  
TRANSPORTATION  
COMMISSION

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*Memorandum*

TO: Operations Committee

DATE: November 2, 2012

FR: Executive Director

W.I. 320-2700

RE: Contract Change Order Amendment – Clipper® Cards: Cubic Transportation Systems, Inc. (\$1,500,000)

**Program Status Report**

In mid-October, Clipper® transaction volume exceeded 700,000 transactions per weekday, which is a program record. Transaction volume has grown steadily since early September. Clipper® average weekday market share now exceeds 50% on both Muni and BART.

Recent media reports have focused on the Clipper® Privacy Policy and the Clipper® Program's retention of transaction records for seven years. In some cases, the media reports have either misstated the information collected by Clipper® or failed to mention the existence of the Clipper® Privacy Policy. This Committee first adopted the Clipper® Privacy Policy in 2006, and the Committee approved an update in 2011. The Privacy Policy strictly limits the sharing of Clipper® customers' personally identifiable information (PII) to the transit agencies participating in the Clipper® Program (for the purpose of operating and managing the Program), the contractors that manage the Program, the California Department of Justice or Better Business Bureau when necessary to respond to consumer complaints, and in order to comply with laws or legal processes served on MTC or the Clipper® Contractor (Cubic Transportation Systems, Inc.).

Regarding data about individual customer's travel, the Clipper® system records location-specific information for rides on BART, Caltrain, Golden Gate Ferry, and San Francisco Bay Ferry only, since location-specific information is necessary for calculating the agencies' distanced-based fares. In other words, the system has limited ability to identify a specific customer's travel history. Finally, the Clipper® Program does not require customers to provide any PII; customers can and many customers do use Clipper® without providing PII. The program only requires PII for customers who wish to protect the balances on their cards if the card is ever lost, stolen or damaged; customers who qualify for discounts based on age; and customers who pay by credit/debit card via [clippercard.com](http://clippercard.com) or over the phone.

Nonetheless, staff is considering whether to reduce the record retention policy for both Clipper (7 years) and FasTrak (4.5 years) in order to streamline program administration and reduce the risk of inadvertent disclosure. We will report back to this committee when we complete our review.

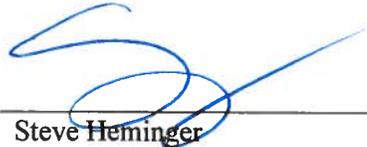
## **Contract Action**

Staff recommends that the Operations Committee authorize the Executive Director or his designee to negotiate and enter into a contract change order amendment in relation to the following contract action:

### **Contract Change Order Amendment – Clipper® Cards: Cubic Transportation Systems, Inc. (\$1,500,000)**

In November 2010, this Committee approved a budget for Clipper® card procurement of \$4 million, which has enabled procurement of more than 1.3 million cards; there is a remaining budget of approximately \$1 million. Over the next 12-18 months, the program expects to issue about 500,000 cards, which will cost approximately \$2.5 million. The proposed Change Order Amendment will enable the program to meet expected demand for cards over the next 12-18 months.

Since the program's inception, the program has issued more than 2.4 million cards. Demand for cards was extremely high in advance of each transit operators' conversion of paper tickets and passes to Clipper®-only availability. The current inventory has fallen to a point where the program must order new cards in order to continue meeting demand both from new customers and current customers who need replacements for lost, stolen, or damaged cards. In general, staff expects reduced card demand in the future because most frequent transit riders have already switched to using Clipper®.



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Steve Heminger

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## REQUEST FOR COMMITTEE APPROVAL

### Summary of Proposed Contract Change Order Amendment

Work Item No.: 320-2700

Contractor: Cubic Transportation Systems, Inc.

Project Title: Clipper® Card Order

Purpose of Project: Purchase Clipper® cards.

Project Cost Not to Exceed: \$1,500,000 (this Amendment)  
Total capital contract value including Change Orders  
before this Change Order Amendment = \$126,071,465  
Total authorized capital contract amount with this Change  
Order = \$127,571,465

Funding Source STA

Fiscal Impact: Funds included in the 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 amendment with Cubic Transportation Systems, Inc. for the purpose described herein and in the Executive Director's memorandum dated November 2, 2012 and the Chief Financial Officer is authorized to set aside funds up to \$1,500,000 for such contract change order amendment.

Operations Committee: \_\_\_\_\_  
Jake Mackenzie, Chair

Approved: Date: November 9, 2012