



**METROPOLITAN
TRANSPORTATION
COMMISSION**

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Memorandum

Agenda Item 2b

TO: Operations Committee

DATE: January 3, 2014

FR: Deputy Executive Director, Operations

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

RE: Clipper[®] Contract Actions

- i. Contract Change Order – Implement AC Transit Day Pass Accumulator: Cubic Transportation Systems, Inc. (\$200,000)
- ii. Contract Change Order – Statement on Standards for Attestation Engagement No. 16 Report: Cubic Transportation Systems, Inc. (\$260,000)
- iii. Contract Amendment – Customer Education Services: MIG, Inc. (\$135,000)
- iv. Contract Amendment – Project Management and Customer Support Services: Synapse Strategies (\$225,000)

Project Status Report

Attachment 1 includes information about current Clipper[®] system operations.

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 – Implement AC Transit Day Pass Accumulator: Cubic Transportation Systems, Inc. (\$200,000)

Alameda-Contra Costa Transit District (AC Transit) is requesting the implementation of an electronic day pass accumulator for patron rides on its local routes. The accumulator would allow patrons to pay for single local rides using Clipper[®], but limit the total local fares paid throughout the day to the price of a day pass. The accumulator will replace local transfers and simplify AC Transit's fare structure. The day pass accumulator will be available only to Clipper[®] customers. AC Transit will fund this work pursuant to a funding agreement.

Staff recommends that the Operations Committee authorize the Executive Director or his designee to negotiate and enter into a contract change order or change order amendment with Cubic Transportation Systems, Inc. (Cubic) in an amount not to exceed \$200,000 for the services described above.

ii. Contract Change Order – Statement on Standards for Attestation Engagement No. 16 (SSAE 16) Report: Cubic Transportation Systems, Inc. (\$260,000)

In May 2012, the Operations Committee approved a contract change order to Cubic to contract with an audit firm for an assessment of Cubic's financial and system controls associated with fare

processing, financial reconciliation, cardholder support services, card fulfillment, IT system operations and back end functionality. The independent audit (technically a Statement on Standards for Attestation Engagement No. 16 Report, or SSAE 16 Audit) was completed in November 2013 by Moss Adams LLP and concluded that management controls were effectively meeting risk management objectives. Industry leading practices recommend conducting annual audits to maintain vendor focus on controls. Transit agency auditors require these reports, since a significant portion of transit agency revenue is managed through Clipper[®]. This change order will include conducting SSAE 16 Audits for FY 2013-14 and FY 2014-2015. Staff recommends that the Operations Committee authorize the Executive Director or his designee to negotiate and enter into a contract change order or change order amendment with Cubic in the amount not to exceed \$260,000 for the services described above.

iii. Contract Amendment – Customer Education Services: MIG, Inc. (\$135,000)

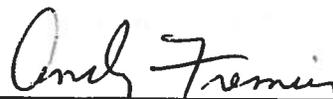
In January 2012, the Operations Committee approved a multi-year contract with MIG, Inc. (MIG) to provide customer education services for Clipper[®]. In May 2013, the Committee approved an amendment to that contract to cover work for FY 2013-14, including oversight and coordination of customer education initiatives, improvements to clippercard.com, and implementation of customer education campaigns to announce the launch of Clipper[®] on new transit systems, encourage higher adoption of Clipper[®], and promote specific benefits of the card. This contract amendment allows for additional support for production of printed materials and user research related to increasing Clipper[®] usage.

Staff recommends that the Operations Committee authorize the Executive Director or his designee to negotiate and enter into a contract amendment with MIG in the amount of \$135,000 to cover the services described above.

iv. Contract Amendment – Project Management and Customer Support Services: Synapse Strategies (\$225,000)

This Committee approved a contract with Synapse Strategies (Synapse) in May 2013 to provide a variety of services, including: project management of customer education initiatives and increasing Clipper[®] adoption; coordination of customer education; oversight and coordination of customer outreach; and assistance facilitating operational reporting through June 2014. This contract amendment provides for additional support related to (1) Clipper[®] system operation and expansion of service to Clipper[®] customers and (2) outreach projects primarily targeted at low-income, senior, and limited-English proficiency customers. Synapse provides these services either directly or through subcontractors.

Staff recommends that this Committee authorize the Executive Director or his designee to negotiate and enter into a contract amendment with Synapse in the amount of \$225,000 for the services described above.



Andrew B. Fremier

SH: LV:lv

Table 1: Summary of System Usage

	Last Month November 2013	Prior Month October 2013	Prior Year November 2012
Transaction Volume			
Average Weekday Ridership ¹	690,849	702,558	672,004
Fee-Generating Transactions ²	17,862,107	19,587,348	16,996,975
Unique Cards Used	697,888	692,476	616,135
Active Card Accounts	1,337,561	1,337,335	1,327,013
Settled Transit Operator Revenue	\$33,884,792	\$36,453,446	\$31,400,573
Autoload Activity			
Percent of Registered Cards with Autoload	37%	37%	38%
Call Volume			
Customer Service Representative (CSR) Calls	26,442	29,218	24,856
CSR Calls per Unique Card Used	0.04	0.04	0.04
Website Traffic³			
Unique Visitors	145,220	168,222	143,769
Website Visits	208,397	245,239	205,060
Website Visits per Unique Card Used	0.30	0.35	0.33

Notes on System Usage:

The drops in average weekday ridership can likely be attributed to the Thanksgiving holidays.

¹ Includes average daily number of boardings, including transfers but excluding some Caltrain monthly pass trips (Caltrain only requires monthly pass customers to tag their cards once at the beginning of each month).

² Includes single-tag fare payments, BART and Caltrain exits, Golden Gate Transit entries, add-value transactions, opt-out purse refunds and pass use, including institutional passes. Does not include transfers or transactions where fee value is \$0 (e.g., issuance of free cards, zero-value tags in dual-tag systems, etc.).

³ Includes standard and mobile sites

Table 2: Weekday Market Penetration Rates

	Average Weekday Clipper Boardings November 2013	Market Penetration Rate Current Month November 2013	Market Penetration Rate Prior Month October 2013	Market Penetration Rate Prior Year November 2012
AC Transit	61,886	31.3%	33.4%	27.8%
BART	220,559	52.3%	48.8%	49.9%
Caltrain ⁴	9,901	73.8%	74.7%	75.1%
Golden Gate Ferry	6,756	N/A	92.5%	96.3%
Golden Gate Transit	8,747	N/A	43.3%	39.9%
SamTrans	15,970	34.4%	36.8%	32.3%
Muni/SFMTA	327,581	47.9%	50.5%	49.9%
VTA	37,717	26.4%	27.7%	26.8%
San Francisco Bay Ferry/WETA	1,732	67.9%	90.2%	34.15%

⁴ MTC's calculation of the Clipper market penetration rate on Caltrain reflects an assumption that monthly pass holders board Caltrain twice per day on weekdays. MTC estimates that the 14,301 calendar pass sales during Caltrain's vending window for October passes translated to 28,602 additional Caltrain boardings each weekday.

REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Contract Change Order

Work Item No.: 310-2700

Contractor: Cubic Transportation Systems, Inc.
Concord, CA

Project Title: Implement AC Transit Day Pass Accumulator

Purpose of Change Order: Implement a day pass accumulator on Clipper[®] for AC Transit.

Brief Scope of Work: Contractor will develop and deploy a Clipper[®] day pass accumulator for AC Transit. The accumulator will replace local transfers within AC Transit's fare structure.

Estimated Project Cost: This Change Order: \$200,000
Total actual capital contract value including Change Orders prior to this Change Order: \$129,346,402
Total actual capital contract value with this Change Order: \$129,546,402

Funding Source: AC Transit District Operating Funds (General Fund)

Fiscal Impact: AC Transit will pay all MTC costs associated with the implementation of the day pas accumulator.

Motion by Committee: That the Executive Director or his designee is authorized to negotiate and enter into a Contract Change Order or Change Order Amendment with Cubic Transportation Systems, Inc. for the purposes described herein and in the Executive Director's January 3, 2014 memorandum, and the Chief Financial Officer is authorized to set aside \$200,000 for such Contract Change Order or Change Order Amendment.

Operations Committee:

Jake Mackenzie, Chair

Approved: Date: January 10, 2014

REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Contract Change Order

Work Item No.: 320-1221

Contractor: Cubic Transportation Systems, Inc.
Concord, CA

Project Title: SSAE 16 Readiness Assessment and Audit

Purpose of Change Order: Review Clipper® System Controls

Brief Scope of Work: Contractor will contract with an auditing firm to obtain a Standards for Attestation Engagement No. 16 (SSAE 16) Readiness Assessment and subsequent Audits to include review of controls associated with fare processing, financial reconciliation, cardholder support services, card fulfillment, and IT (system operations and back end functionality) for FY13/14 and for FY14/15.

Estimated Project Cost: This Change Order: \$260,000
Total actual capital contract value including Change Orders prior to this Change Order: \$129,546,402
Total actual capital contract value with this Change Order: \$129,806,402

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

Fiscal Impact: Funds included in the FY 2013-14 agency budget

Motion by Committee: That the Executive Director or his designee is authorized to negotiate and enter into a Contract Change Order or Change Order Amendment with Cubic Transportation Systems, Inc. for the purposes described herein and in the Executive Director's January 3, 2014 memorandum, and the Chief Financial Officer is authorized to set aside \$260,000 for such Contract Change Order or Change Order Amendment.

Operations Committee: _____
Jake Mackenzie, Chair

Approved: Date: January 10, 2014

REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Contract Amendment

Work Item No.: 320-1221

Contractor: MIG, Inc.
Berkeley, CA

Project Title: Customer Education Support

Purpose of Amendment: Support customer research and production of printed materials

Brief Scope of Work: Conduct customer research focused on increasing Clipper[®] usage by tourists and current cash paying riders. Provide customer education information through printed materials.

Estimated Project Cost: This Amendment: \$135,000
Total actual contract value including Amendments prior to this Amendment: \$2,770,000
Total actual contract value with this Amendment: \$2,905,000

Funding Source: Regional Measure 2 Marketing

Fiscal Impact: Funds included in the FY 2013-14 agency budget

Motion by Committee: That the Executive Director or his designee is authorized to negotiate and enter into a Contract Amendment with MIG, Inc. for the purposes described herein and in the Executive Director's January 3, 2014 memorandum, and the Chief Financial Officer is authorized to set aside \$135,000 for such Contract Amendment.

Operations Committee:

Jake Mackenzie, Chair

Approved:

Date: January 10, 2014

REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Contract Amendment

Work Item No.: 320-1221

Contractor: Synapse Strategies
Oakland, CA

Project Title: Project Management and Customer Support Services

Purpose of Project: Provide oversight and support for customer education, distribution and customer service functions

Brief Scope of Work: Oversee in-person customer education/outreach services; planning and support services related to Clipper[®] communication and customer service initiatives through FY 2013-14.

Estimated Project Cost: This Amendment: \$225,000
Total actual contract value including Amendments prior to this Amendment: \$350,000
Total actual contract value with this Amendment: \$575,000

Funding Source: Regional Measure 2 Marketing

Fiscal Impact: Funds included in the FY 2013-14 agency budget

Motion by Committee: That the Executive Director or his designee is authorized to negotiate and enter into a Contract Amendment with Synapse Strategies for the purposes described herein and in the Executive Director's January 3, 2014 memorandum, and the Chief Financial Officer is authorized to set aside \$225,000 for such Contract Amendment.

Operations Committee:

Jake Mackenzie, Chair

Approved:

Date: January 10, 2014