

MAY 2025

LIST OF RATIFICATIONS FOR BOARD APPROVAL

Procurements Requiring Majority Vote:

K. Ratification of Completed Procurement Actions (Involving Schedule E-J)

(Staff Summaries required for items estimated to be greater than \$1,000,000.)

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|---|-------------|-------------------------------|
| 1. Cubic Transportation Systems
13 years + two, 1-year options
Contract# A-34024.22 | \$3,664,348 | <i>Staff Summary Attached</i> |
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Contract for NYC Transit and the MTA Bus Company New Fare Payment System; Ratification to add funding to cover the Customer Service Point-of-Sale Terminals Agreement and an additional amount to cover two, 1-year options.

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| 2. | Cubic Transportation Systems
13 years + one 5-year option
Contract# A-34024.25 | \$12,937,718 | <i>Staff Summary Attached</i> |
|----|---|---------------------|-------------------------------|

Contract for NYC Transit and the MTA Bus Company New Fare Payment System; Ratification to add funding to cover the Customer Website AI Chatbot Service feature and an additional amount to cover one, 5-year option.

Schedule K: Ratification of Completed Procurement Actions

Item Number: 1

Vendor Name (Location) Cubic Transportation Systems (San Diego, California)
Description New Fare Payment System
Contract Terms (including Options, if any) Contract Term: November 1, 2017–July 31, 2030 Optional Service Extensions: August 2030–July 2040
Option(s) included in Total Amount? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> n/a
Procurement Type: <input checked="" type="checkbox"/> Competitive <input type="checkbox"/> Noncompetitive
Solicitation Type: <input type="checkbox"/> RFP <input type="checkbox"/> Bid <input checked="" type="checkbox"/> Ratification:
Funding Source <input checked="" type="checkbox"/> Operating <input type="checkbox"/> Capital <input type="checkbox"/> Federal <input type="checkbox"/> Other:
Requesting Department: Delivery, Mark Roche, Deputy Chief Development Officer

Contract Number	AWO/Modification #
A-34024	22
Original Amount:	\$ 553,827,839
Prior Modifications:	\$ 68,012,917
Prior Budgetary Increases:	\$ 0
Current Amount:	\$ 621,840,756
This Request:	
Modification 22: \$1,544,752	\$ 3,664,348
Option 1 (Aug. 1, 2025–Jul. 31, 2026): \$1,054,798	
Option 2 (Aug. 1, 2026–Jul. 31, 2027): \$1,054,798	
% of This Request to Current Amount:	0.59%
% of Modifications (including This Request) to Original Amount:	12.9%

Discussion:

MTA Headquarters is seeking Board approval to formally ratify the modification to a competitively negotiated personal service contract awarded to Cubic Transportation Systems (“Cubic”) for Customer Service Point-of-Sale Terminals Agreement in the amount of 1,544,752, and an additional amount of \$2,109,596 to cover two, 1-year options, for a total requested amount of \$3,664,348. The Board is also requested to authorize the MTA Deputy Chief Procurement Officer to approve the exercise of the two 1-year options pending the approval of funding.

The base contract term is 13 years and provides NYC Transit and the MTA Bus Company (“MTABC”) a New Fare Payment System (“NFPS”). This contract replaces the legacy payment systems in use by NYC Transit and MTABC and provides the MTA with a state-of-the-art, integrated, reliable, and convenient contactless fare payment system, allowing customers to pay fares using digital wallets, contactless bank cards and MTA-issued contactless transit cards under the One Metro NY brand name.

This modification covers (1) a three-year base service agreement (July 1, 2022–July 31, 2025), which includes 34 months (July 2022–May 2025) of retroactive services, for Cubic to provide all labor, materials, and support services for Remedial and Preventive Maintenance of the Customer Service Point-of-Sales (“CS POS”) Terminal; (2) the development of software for Key Performance Indicators (“KPIs”) tracking and reporting of the CS POS terminals; (3) procurement of three additional CS POS terminals to supplement the spares inventory; (4) a bank of hours for discretionary activities such as relocation of a CS POS or installation of a CS POS from the spares inventory and (5) two, 1-year options.

In accordance with the NFPS contract, Cubic has provided CS POS terminals to assist customers and perform operations including card issuance for Reduced Fare and Paratransit customers, once done in an office setting. Under the base contract, NYC Transit performs First-Call and Second-Call Maintenance, and Cubic Third-Call Maintenance during the Hardware Warranty Period. However, NYC Transit elected not to perform any maintenance on CS POS terminals at the time CS POS installations began. Therefore, in 2022, when installations commenced, NYC Transit Revenue elected to outsource the field preventative, remedial, lifecycle maintenance services, excluding Cubic’s base contract warranty obligations, and accordingly, requested this modification to have Cubic perform First- and Second-Call Maintenance. To bridge the time between CS POS installation and the execution of this modification, NYC Transit requested that Cubic perform maintenance with the understanding that this modification would cover the retroactive period once this modification was executed, as long as both parties maintain records of service calls performed during the retroactive period.

Cubic submitted its proposal in the amount of \$1,885,289 for the base term, and \$2,778,657 for the two optional years. Negotiations yielded reductions in service hours which reduced MTA’s cost to \$1,544,752 for the base period, and \$2,109,595 for the two optional years. All hourly rates negotiated in 2022 remain firm. The final negotiated total value for this modification is \$3,664,348 which is 22 percent (or \$1 million) below the original proposed amount, and 9 percent (or \$342,000) below the total in-house estimate. All pricing and terms have been deemed fair and reasonable.

Schedule K: Ratification of Completed Procurement Actions



Cubic has certified its compliance to MTA cybersecurity requirements, including requirements under federal, state, and local law regulations. Applicable cybersecurity requirements are included in the contract.

Cubic has certified that pursuant to EO 16, it is not doing business in Russia.

Schedule K: Ratification of Completed Procurement Actions

Item Number: 2

Vendor Name (Location) Cubic Transportation Systems (San Diego, California)
Description New Fare Payment System
Contract Term (including Options, if any) Contract Term: November 1, 2017–July 31, 2030 Optional 1 Year Service Extensions: August 2030–July 2040
Option(s) included in Total Amount? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> n/a
Procurement Type <input checked="" type="checkbox"/> Competitive <input type="checkbox"/> Noncompetitive
Solicitation Type <input type="checkbox"/> RFP <input type="checkbox"/> Bid <input type="checkbox"/> Other: Ratification
Funding Source <input checked="" type="checkbox"/> Operating <input type="checkbox"/> Capital <input type="checkbox"/> Federal <input type="checkbox"/> Other:
Requesting Department: Delivery, Mark Roche, Deputy Chief Development Officer

Contract Number A-34024	AWO/Mod. # 25
Original Amount:	\$ 553,827,839
Prior Modifications:	\$ 68,012,917
Prior Budgetary Increases:	\$ 0
Current Amount:	\$ 621,840,756
This Request:	
Modification 25: \$2,974,513 Option Amount (Jan. 1, 2026–Dec. 31, 2030): \$9,963,205	\$ 12,937,718
% of This Request to Current Amount:	2.08%
% of Modifications (including This Request) to Original Amount:	14.6%

Discussion:

MTA Headquarters is seeking Board approval to formally ratify the modification to a competitively negotiated personal service contract awarded to Cubic Transportation Systems (“Cubic”) for Customer Website AI Chatbot Service Feature in the amount of \$2,974,513, and an additional amount of \$9,963,205 to cover one, 5-year option, for a total requested amount of \$12,937,718. The Board is also requested to authorize the MTA Deputy Chief Procurement Officer to approve the exercise of the five-year option pending the approval of funding.

The base contract term is 13 years and provides NYC Transit and the MTA Bus Company (“MTABC”) a New Fare Payment System (“NFPS”). This contract replaces the legacy payment systems in use by NYC Transit and MTABC and provides the MTA with a state-of-the-art, integrated, reliable, and convenient contactless fare payment system, allowing customers to pay fares using digital wallets, contactless bank cards and MTA-issued contactless transit cards under the One Metro NY brand name.

Cubic offered MTA a free pilot of a third-party Chatbot feature developed by Pypestream, which was initially available to One Metro New York (“OMNY”) customers from March 2022 through September 2022. At the end of the pilot, Cubic and MTA agreed on the continuation of the Chatbot feature with the understanding that the MTA would pay for services beyond the pilot period.

This modification includes 31 months (October 2022–May 2025) of retroactive services and covers (1) the development, integration, and provision of ongoing services for a customer service Chatbot feature on the OMNY customer website; (2) continued software updates and maintenance services to support Chatbot; and (3) reimbursement to Cubic for costs beyond the Chatbot pilot period, which ended September 30, 2022. Chatbot allows customers to type their questions into a chat box that prompts the Chatbot to provide prepopulated responses regarding OMNY cards and account questions.

Under the base contract, Cubic is obligated to provide supplemental customer call center support and is paid a monthly call center fixed fee and a monthly customer interaction fee. The goal of the Chatbot is to reduce the number of calls to the OMNY call center about general information or OMNY account details by redirect inquiries to the Chatbot. This applies to both registered users and general inquiries. Potential results include lowering per-unit cost for calls to the Customer Call Center, as Chatbot interactions in these instances are at a lower cost than OMNY Call Center (“OCC”) calls.

As OMNY usage increases, the volume of calls to the OCC will grow as well. It is therefore expected that (1) Chatbot will be able to absorb some of that growth such that Cubic can utilize staff more efficiently to address customer caller issues requiring research and responses, and (2) MTA’s call center costs can be reduced.

Cubic’s final proposal in the amount of \$2,974,512 covers the base period of October 1, 2022–December 31, 2025, and provides (1) the monthly customer website Chatbot fixed fee; and (2) the volume-based per-unit interaction fee (estimated amount of 60,000 Chatbot interactions monthly). This final proposal is 15 percent or \$527,000 below MTA’s in-house estimate due to a 5 percent reduction on the per-unit interaction fee (from \$1.33 to \$1.26) as well as the additional Chatbot interactions of 10,000 per month that are being provided at no cost to the MTA (equivalent to \$390,000).

Schedule K: Ratification of Completed Procurement Actions

One five-year option was agreed upon in the price of \$9,963,204 associated with the monthly customer website Chatbot fixed fee and an estimated 214,512 monthly Chatbot interactions. This five-year option cost reflects a further reduction of 44 percent in per-unit interaction fee from \$1.26 to \$0.71 (equivalent to \$7 million reduction over 5 years), as well as 10,000 Chatbot interactions per month at no cost to the MTA (equivalent to \$426K in cost avoidance). The total modification amount is \$12,937,718, which has been deemed fair and reasonable.

Cubic has certified its compliance to MTA cybersecurity requirements, including requirements under federal, state, and local law regulations. Applicable cybersecurity requirements are included in the contract.

Cubic has certified that pursuant to EO 16, it is not doing business in Russia.