

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2008-17

Regional Smart Card System Enhancement for TVM Functionality

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	2/7/08	Discussion/Possible Action	Greg Walker, Policy and Planning Officer Brian Brooke, Program Manager	(206) 398-5070 (206) 398-5229

Contract/Agreement Type:	<input checked="" type="checkbox"/>	Requested Action:	<input checked="" type="checkbox"/>
Competitive Procurement	<input checked="" type="checkbox"/>	Execute New Contract/Agreement	<input type="checkbox"/>
Sole Source	<input type="checkbox"/>	Amend Existing Contract/Agreement	<input checked="" type="checkbox"/>
Agreement with Other Jurisdiction(s)	<input type="checkbox"/>	Budget Amendment	<input type="checkbox"/>
Real Estate	<input type="checkbox"/>	Property Acquisition	<input type="checkbox"/>

PROJECT NAME

Regional Fare Integration - Smart Card

PROPOSED ACTION

Authorizes the chief executive officer to execute a contract change order under an existing contract with ERG Transit Systems (USA) Inc to provide added functionality for smart card dispensing and multiple product purchases from Sound Transit's Ticket Vending Machines, in the amount \$215,000 with a contingency of \$22,000 totaling \$237,000, for a new total authorized amount not to exceed \$6,881,931. This change order amount is for Sound Transit's capital expense share under the seven-agency Smart Card vendor contract, which will total \$38,975,760 for vendor capital expenses authorized for all seven agencies and an estimated \$67.7 million for capital and ten-year operations and maintenance for all seven agencies.

KEY FEATURES of PROPOSED ACTION

This contract change order is required to direct ERG to alter current system design for integrating smart card functionality into Sound Transit's Scheidt & Bachmann ticket vending machines (TVM). The requested changes are:

- Provide for both smart card issuance and revalue (requires software changes and additional card reader/writer devices for each TVM). Card issuance will ensure that Sound Transit rail customers will have easy access to smart card fare media, regardless of any potential risks in other regional card distribution channels. Card issuance functionality will also increase the potential usefulness of TVMs for non-rail applications for Sound Transit or partner agency use.
- Allow customers to complete a pass purchase and e-purse purchase/revalue in a single transaction (requires software change). Current software design supports only the purchase and load onto a smart card of a single product in a customer sales transaction. The ability to purchase both stored value and transit passes in a single transaction is a customer friendly design that will speed TVM transaction throughput.

The total cost of this change order is \$215,000; including \$190,000 for software redesign and \$600 per TVM to provide additional hardware for the 41 Sounder TVMs included in the current ERG contract. The cost quote provided by ERG has been reviewed by both Sound Transit project staff and an independent technical advisor to the regional project (IBI) and was found to be reasonable.

BUDGET IMPACT SUMMARY

There is no action outside of the Board-adopted budget; there are no contingency funds required, no subarea impacts, or funding required from other parties other than what is already assumed in the financial plan.

BUDGET and FINANCIAL PLAN DISCUSSION

The Adopted 2008 Lifetime Budget for the Fare Integration capital program is \$15,867,298 with a 2008 spending plan of \$2,455,580. The proposed action will increase the ERG contract by \$237,000 and will be funded by the TVM Integration line budget of \$250,000. Currently there are no commitments against this line item, the proposed action will result in a remaining line item balance of \$13,000. (Under the Smart Card vendor contract a total of \$38,975,760 is authorized for vendor capital expenses for all seven agencies and an estimated \$67.7 million for capital and ten-year operations and maintenance for all seven agencies.)

There are sufficient funds to complete this action. Committing these funds will not endanger any other project elements that are to be funded out of the overall project.

BUDGET TABLE

Summary for Board Action (Year of Expenditure \$000)

Project: 405 - Fare Integration

	2008 Adopted Lifetime Budget ¹ (A)	Spent To Date ² (B)	This Action (C)	Total Committed & Action (D)	Uncommitted (Shortfall) (E)
1 Operating Budget	\$ 26,673	\$ 19,962	\$ -	\$ 19,962	\$ 6,711
2 Capital Budget	\$ 15,867	\$ 5,635	\$ 237	\$ 5,872	\$ 9,995
3 Total Current Budget	\$ 42,540	\$ 25,596	\$ 237	\$ 25,833	\$ 16,707

	2008 Adopted Annual Budget ¹ (F)	Spent To Date ² (G)	This Action (H)	Total Committed & Action (I)	Uncommitted (Shortfall) (J)
4 TVM Integration	\$ 250	\$ -	\$ 237	\$ 237	\$ 13
5 Other Capital Activity	\$ 2,206	\$ -	\$ -	\$ -	\$ 2,206
6 Total Phase	\$ 2,456	\$ -	\$ 237	\$ 237	\$ 2,219

Contract Budget	Current Approved Contract Value (K)	Proposed Action (L)	Proposed Total Contract Value (M)
7 ERG, Ltd.	\$ 3,279	\$ 215	\$ 3,494
8 Contingency	\$ 653	\$ 22	\$ 675
9 Total	\$ 3,932	\$ 237	\$ 4,169
10 Percent Contingency	20%	10%	19%

Notes:

¹ Project budget is located on page 39 of the Proposed 2008 Budget book. The 2008 Budget with amendments was adopted by the Board on November 29, 2007.

² Spent to date amount includes actual outlays and commitments through November 30, 2007.

SMALL BUSINESS PARTICIPATION

Prime Consultant/Contractor

ERG is the prime contractor for this contract. ERG will perform 100% of the work included in this change order.

EEO Commitment

ERG Transit Systems (USA) Inc. has sworn to an Affidavit and Certificate of Compliance regarding Equal Employment Opportunity, on file with the original contract.

PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION

In 2003, ERG Transit Systems (USA) Inc., a California corporation, and wholly owned subsidiary of ERG, Ltd., an Australian corporation, was awarded a contract to deliver a regional smart card fare collection system to seven partner transit agencies in the Central Puget Sound Regional Fare Coordination Project. Sound Transit executed the Contract for the Development, Implementation, Operation, and Maintenance of the Central Puget Sound Regional Fare Coordination System in 2003 along with the other agencies, including Community Transit, Everett Transit, King County Metro, Kitsap Transit, Pierce Transit, and Washington State Ferries. This contract includes \$108,000 for the purchase of smart card readers to be installed in Sound Transit's existing Sounder TVMs. The ERG contract did not include support for the TVMs to dispense smart cards to customers, but only to use TVMs to load value onto smart cards already held by customers. The contract also did not provide for the purchase of more than one product (pass or stored-value load) in a single customer purchase transaction session. Therefore, is necessary to provide a contract change order to provide for these functions. This change order will increase Sound Transit's capital expense share under this seven-agency Smart Card vendor contract to an authorized amount not to exceed \$4,169,077.

Prior Board/Committee Actions

Motion/ Resolution Number & Date	Summary of Action
M2003-24 4/24/03	A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the Executive Director to execute a contract with ERG Transit Systems (USA) Inc., a California corporation and wholly-owned subsidiary of ERG Limited, an Australian systems integration and transit fare collection equipment vendor, to design, implement and operate a regional Smart Card-based fare collection and revenue processing system for Central Puget Sound transit agencies. This contract would include \$3,279,008 for system design and implementation and all equipment, plus \$2,712,854 in payments for operations and maintenance of the system through 2014, and an 11% contingency amount of \$653,069, for a total authorized contract amount of \$6,644,931.

CONSEQUENCES of DELAY

A delay beyond February 2008 in executing the contract change order could impact ST's ability to ensure that its ticket vending machines are capable of full smart card functionality prior to full implementation of the smart card system, scheduled for year-end 2008.

PUBLIC INVOLVEMENT

Not applicable to this action.

ENVIRONMENTAL COMPLIANCE

SK

LEGAL REVIEW

BN 1/31/08

SOUND TRANSIT

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A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a contract change order under an existing contract with ERG Transit Systems (USA) Inc to provide added functionality for smart card dispensing and multiple product purchases from Sound Transit's Ticket Vending Machines, in the amount \$215,000 with a contingency of \$22,000 totaling \$237,000, for a new total authorized amount not to exceed \$6,881,931. This change order amount is for Sound Transit's capital expense share under the seven-agency Smart Card vendor contract, which will total \$38,975,760 for vendor capital expenses authorized for all seven agencies and an estimated \$67.7 million for capital and ten-year operations and maintenance for all seven agencies.

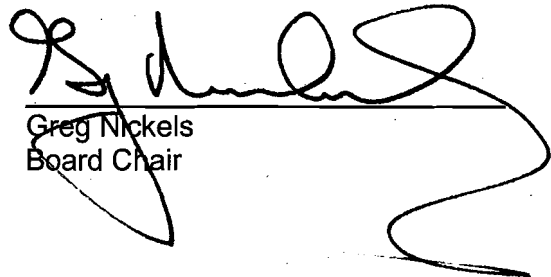
Background:

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Motion:

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a change order to the the Contract for the Development, Implementation, Operation, and Maintenance of the Central Puget Sound Regional Fare Coordination System with ERG Transit Systems (USA) Inc.to provide added functionality for smart card dispensing and multiple product purchases from Sound Transit's Ticket Vending Machines, in the amount \$215,000 with a contingency of \$22,000 totaling \$237,000, for a new total authorized amount not to exceed \$6,881,931. This change order amount is for Sound Transit's capital expense share under the seven-agency Smart Card vendor contract, which will total \$38,975,760 for vendor capital expenses authorized for all seven agencies and an estimated \$67.7 million for capital and ten-year operations and maintenance for all seven agencies.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on February 14, 2008.



Greg Nickels
Board Chair

ATTEST:

Marcia Walker
Marcia Walker
Board Administrator