

MOTION NO. M2010-57
TVM Maintenance and Software Support Services Contract

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:	PHONE:
Operations and Administration Committee	05/20/2010	Recommendation to Board	Brian McCartan, FIT Director and CFO;	206-398-5100
Board	5/27/2010	Final Action	Nick Marquardt, FIT Transit Systems Manager	206-398-5229

PROPOSED ACTION

Authorizes the chief executive officer to execute a six-year contract with Scheidt & Bachmann USA, Inc. to provide proprietary maintenance and software support services on existing and future Ticket Vending Machines (TVMs) in the amount of \$3,797,460, with a 5% contingency of \$189,873, for a total authorized contract amount not to exceed \$3,987,333.

KEY FEATURES

- The scope of this contact includes training, technical hardware support, lifecycle part support, software support, consumables and part purchasing, and task order work as needed by Sound Transit for existing and future Ticket Vending Machines (TVMs) supplied by Scheidt & Bachmann.
- This contract will enable all TVM field services and day-to-day operations will be brought in house, including: field service support and operations, day to day software/database support, and preventative, remedial, and shop maintenance.
- Based on a cost/benefit analysis, Sound Transit will save an estimated \$3.87 million over the six-year term by bringing all field work and TVM operations in house.
- Approximately 40% of the contract value will be used at Sound Transit's discretion for task order work and part purchasing as needed on an annual basis. If the parts or service are not needed then the funds will not be spent.

PROJECT DESCRIPTION

Sound Transit's automated fare collection systems consist of two vendor supplied systems. Scheidt & Bachmann USA, Inc. (S&B) is the supplier and manufacturer of all automated ticket vending machines and VIX-ERG Transit Systems is the supplier and manufacturer of all ORCA Card equipment installed among Sound Transit's services and facilities. Both of these proprietary systems comprise Sound Transit's fare collection for purchasing and collecting fares at rail stations.

FISCAL INFORMATION

Summary for Board Action (X \$1,000)

Action Item: Execute a new contract with Scheidt & Bachmann to provide program support and materials for Ticket Vending Machines.

	(A) 1	(B)	(C)	(D)
	Adopted 2010 Budget	Spent to date in 2010	Contract Expenditures 2010	Remaining 2010 Budget
Current Year Budget				
Sounder Operating Materials & Supplies	5,266	694	133	4,439
Sounder Management Services - TVM	529	93	140	296
Link Operations - Operating Materials & Supplies	1,395	76	139	1,180
Central Link Management Services - TVM	937	115	266	556
Total	8,127	978	678	6,471

Contract Spending Plan	Prior Year(s) Spending	2010 Spending	Future Expenditures	Total
Scheidt & Bachmann USA - Sounder Materials & Supplies	-	133	395	528
Scheidt & Bachmann USA - Sounder Management Services - TVM	-	140	698	838
Scheidt & Bachmann USA - Link, Materials & Supplies	-	139	695	834
Scheidt & Bachmann USA - Link, TVM Maintenance	-	266	1,331	1,597
Total	-	678	3,119	3,797

Contract Budget	Current Approved Contract Value	Spent to Date	Proposed Action	Proposed Total Contract Value
Scheidt & Bachmann USA	0	0	3,797	3,797
Contingency	-	-	190	190
Total Contract	0	0	3,987	3,987
Percent Contingency	-	-	5%	5%

Notes:

¹ Budgets for Sounder and Central Link TVM program support and materials are included in their respective modal operating budget. Sounder's operating budget can be found on page 26 of the 2010 Adopted budget book. Central Link's operating budget can be found on page 23 of the 2010 Adopted budget book.

SMALL BUSINESS PARTICIPATION

S&B will perform 100% of the work included in this contract, and there are no opportunities for sub-contracting or DBE goals based on the proprietary nature of the contract.

EQUAL EMPLOYMENT WORKFORCE PROFILE

2000 employees; 12.59% women; 35.66% minorities.

BACKGROUND

In 1998, S&B was the successful bidder to provide the fare vending equipment for both Sounder and Link. From 1999 to 2009, S&B provided all Sounder TVM field services and established a local shop for maintaining parts and inventories. The local S&B staff also supported the installation of the Link TVM fleet.

S&B originally supplied all 40 Sounder TVMs and then in 2006, through a contract modification, supplied 63 TVMs for Link Light Rail. Up until 2009, S&B was providing all shop level and field support services to Sound Transit and the Sounder TVMs.

The Board approved an amendment to the original 1998 contract in 2008. Following the 2008 Board action, the Sound Transit determined that to add five years of maintenance to the existing 1998 contract for Supply and Installation, would not be to the Agency's advantage. Instead it was determined that it would be more efficient and cost-effective to execute two new contracts with S&B – this action for TVM Maintenance and Software Support Services and a future action for TVM Supply and Installation.

When Central Link service began in July 2009, Sound Transit decided to support the Link TVMs in-house in order to increase their level of availability to customers and reduce the costs of supporting these high demand systems. This was done because the addition of the Link TVMs more than doubled the fleet of TVMs in revenue service. Sound Transit hired technicians and supervisors to support the Link TVMs and began migrating all TVM support and operations in-house. Bringing the Link TVMs in house coincided with the launch of the ORCA Card system, which required Sound Transit to also have device level field support throughout Link and Sounder stations. The technical staff hired by Sound Transit has been able to support both of these fare collection systems over the last 10 months.

The remaining fleet of 40 Sounder TVMs (32 installed and 6 spares) has now been brought in-house to manage all local fare collection systems support for Sounder and Link services. S&B will close their local maintenance shop and transfer all remaining parts and supplies to Sound Transit's shop location. This will streamline the Sound Transit TVM fleet support and remove redundant support costs borne by Sound Transit. Sound Transit currently has 103 TVMs including 10 spares that are supported in-house.

This action will replace S&B staff for all local field support services and allow Sound Transit to purchase only the essential services and parts that are absolutely needed to maintain the highest possible level of availability for the current and any future S&B Ticket Vending Machine.

Sound Transit staff is in the process of preparing a second proprietary contract with S&B for the purchase of additional TVMs for future Link and Sounder stations and other non-rail facilities as needed. This contract will cover the support services for all of the TVMs purchased under future contracts with S&B.

Analysis of Contracting Out vs. Performing In-House

With the addition of 63 TVMs for Link in 2009, the monthly cost of contracting with S&B to maintain Sound Transit's current levels of operations and maintenance support for 103 total TVMs with all parts, consumables and staffing, total costs would have been in excess of \$170,000 a month. With annual cost inflators, the six-year (May 2010 – May 2016) total would be an estimated \$12.46 million. By moving these functions in-house, and retaining S&B only for the purchase of proprietary parts, supplies and major repair and programming functions that Sound Transit cannot perform itself, Sound Transit reduces the estimated contract expenditure to under \$56,000 per month.

Sound Transit's total in-house costs, including labor, shop space, part replacement, lifecycle maintenance, and the S&B contract costs for the six year period is an estimated \$8.6 million. The net cost savings for Sound Transit to provide operations and maintenance services in-house instead of contracting all services with S&B is in excess of \$3.87 million.

Performing maintenance services through in-house staff allows for quicker response and resolution of day-to-day TVM issues at Link stations, provides additional weekend and weekday hours of support, and provides the necessary ORCA device support for the agency. Sound Transit currently has three transit system electronics technicians (with two additional technician hires planned for 2010) and two transit systems supervisors to support fare collection systems.

Other cost savings and advantages include the ability to have the same Transit System Electronics Technicians begin maintaining other similar low voltage systems, such as CCTV camera systems at Sounder stations and other facilities where Sound Transit is paying for third-party maintenance support. Over time, the need for those maintenance contracts will diminish as Sound Transit technicians integrate this support in-house.

Proprietary Contract Justification.

This six-year contract with S&B is proprietary because S&B is the only manufacturer and supplier of parts and software of their Ticket Vending Machines. The proprietary nature of this procurement is justified under Sound Transit Board Resolution 78-1, section 7(A):

Spare parts, replacement parts and maintenance contracts for existing equipment and systems where only proprietary items and services are compatible with the existing equipment and systems and where such items and services can be acquired only from the manufacturer or from a single distributor or licensee may be acquired, ordered or paid in the best interests of the RTA by the Executive Director within budget appropriations or other Board authorization therefore.

ENVIRONMENTAL COMPLIANCE

JI 4/30/10

PRIOR BOARD/COMMITTEE ACTIONS

Motion No. M2008-68 - Authorized the Chief Executive Officer to execute a contract amendment with Scheidt and Bachmann USA, Inc. to extend provisions for system operations and maintenance services for one year; and their provision of parts, supplies and software support for up to five years. The contract amendment is in the amount of \$3,333,000 with a contingency of \$333,000 totaling \$3,666,000, for a new total authorized contract amount not to exceed \$20,219,000.

Motion No. M2008-15 - Authorized the Chief Executive Officer to execute a contract change order with Scheidt and Bachmann USA, Inc. to upgrade Sound Transit's ticket vending machines and central data collection system for integration into the new Regional Smart Card system in the amount of \$962,000, with a contingency of \$96,200 totaling \$1,058,200, for a new total authorized contract amount not to exceed \$16,552,987.

Motion No. M2007-115 - Authorized the Chief Executive Officer to execute a contract amendment with Scheidt and Bachmann USA, Inc. to upgrade Sounder ticket vending machines, the Central Data Collection System, and ticket office machines, in the amount of \$1,742,453, with a 5% contingency of \$87,123 totaling \$1,829,576, for a new total authorized contract amount not to exceed \$15,494,787.

Motion No. M2006-26 - Authorized the Chief Executive Officer to execute a contract amendment with Scheidt and Bachmann USA, Inc. to implement Phase II of the fare vending and validation equipment contract to deliver, install and test fare collection equipment for the Central Link Light Rail Initial Segment and Airport Link in the amount of 4,550,211, with a contingency of \$315,000, for a new total authorized contract amount not to exceed \$13,665,211.

Motion No. M98-92 - Authorized the Executive Director to award a contract between Sound Transit and Scheidt & Bachmann USA, Inc. for the automatic fare vending equipment for the *Sounder* service in an amount not to exceed \$8,800,000, with options to provide additional equipment for LLR service. The contract price includes a 10% contingency.

TIME CONSTRAINTS

A delay beyond May 2010 in executing an extension of services may result in some service interruption and an inability to replace parts and consumables to operate and maintain the Ticket Vending Machines in a proper manner.

PUBLIC INVOLVEMENT

Not applicable to this action.

LEGAL REVIEW

BN 5/13/10

MOTION NO. M2010-57

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a six-year contract with Scheidt & Bachmann USA, Inc. to provide proprietary maintenance and software support services on existing and future Ticket Vending Machines (TVMs) in the amount of \$3,797,460, with a 5% contingency of \$189,873, for a total authorized contract amount not to exceed \$3,987,333.

BACKGROUND:

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When Central Link service began in July 2009, Sound Transit decided to support the Link TVMs in-house in order to increase their level of availability to customers and reduce the costs of supporting these high demand systems. The remaining fleet of 40 Sounder TVMs (32 installed and 6 spares) has now been brought in-house to manage all local fare collection systems support for Sounder and Link services. S&B will close their local maintenance shop and transfer all remaining parts and supplies to Sound Transit's shop location. This will streamline the Sound Transit TVM fleet support and remove redundant support costs borne by Sound Transit. Sound Transit currently has 103 TVMs including 10 spares that are supported in-house.

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Sound Transit's total in-house costs, including labor, shop space, part replacement, lifecycle maintenance, and the S&B contract costs for the six year period is an estimated \$8.6 million. The net cost savings for Sound Transit to provide operations and maintenance services in-house instead of contracting all services with S&B is in excess of \$3.87 million.

Performing maintenance services through in-house staff allows for quicker response and resolution of day-to-day TVM issues at Link stations, provides additional weekend and weekday hours of support, and provides the necessary ORCA device support for the agency. Sound Transit currently has three transit system electronics technicians (with two additional technician hires planned for 2010) and two transit systems supervisors to support fare collection systems.

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the need for those maintenance contracts will diminish as Sound Transit technicians integrate this support in-house.

Proprietary Contract Justification.

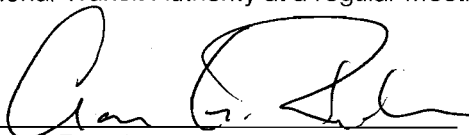
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MOTION:

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 six-year contract with Scheidt & Bachmann USA, Inc. to provide proprietary maintenance and software support services on existing and future Ticket Vending Machines (TVMs) in the amount of \$3,797,460, with a 5% contingency of \$189,873, for a total authorized contract amount not to exceed \$3,987,333.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on May 27, 2010.



Aaron Reardon
Board Chair

ATTEST:



Marcia Walker
Board Administrator