PROPOSED ACTION

Authorizes the chief executive officer to execute a contract through December 31, 2021, with five additional one-year options with Four Nines Technologies, Inc. for Second Generation Regional Fare Collection System Consulting Services in the amount of $8,366,489, with a 20% contingency of $1,673,298, for a total authorized contract amount not to exceed $10,039,787.

KEY FEATURES SUMMARY

- Planning is underway for the next generation fare payment system (ORCA2) which will leverage improved technology and open design concepts to create a more flexible and secure system.
- This contract is for consulting services for the ORCA2 project. The consultant contract scope of services includes:
  - Supporting the end-to-end next generation fare collection system (ORCA2) design, development, and implementation.
  - A total of 14 service and support tasks ranging from: initial project planning and concept development work; vendor procurement and design support; final system implementation assistance; and strategic advisement throughout the project.
- As part of the ORCA Interlocal Cooperation Agreement (ILA), the ORCA Joint Board must confirm the vendor selected on behalf of the ORCA partner agencies. This confirmation is scheduled for the January 11, 2016 ORCA Joint Board meeting.
- Sound Transit will manage the ORCA2 consultant contract and receive partial reimbursement from ORCA partner agencies. The estimated Sound Transit share will be $2,030,045 if all five option years are exercised, based upon the ILA and the 2016 estimated operating share formula of 20.22% of the regional cost. Sound Transit will receive reimbursement from the ORCA partner agencies for the remaining contract expenses.
- The contract includes a 20% contingency to cover consulting services as the full ORCA2 project concept is developed and defined. This will allow the ORCA partner agencies to address uncertainties and new scenarios that may arise throughout the project development, procurement, and implementation.
- Transition to the new ORCA2 system is scheduled for the end of 2021, when the current ORCA vendor contract expires. The remaining option years of this contract may be exercised to cover any schedule delays as well as to provide ongoing consultant operations and maintenance support after ORCA2 launch, as included in the contract scope.

BACKGROUND

In 2003, Sound Transit entered into an Interlocal Cooperation Agreement for the design, implementation, operation and maintenance of the Regional Fare Coordination System with King County Metro, Community Transit, Everett Transit, Kitsap Transit, Pierce Transit, and Washington State Ferries (“ORCA ILA”). Under the ORCA ILA, regional costs are shared among the agencies.
In 2009, a restated and amended ORCA ILA was executed to update the agreement for the operating phase of the ORCA project. Since 2009, Sound Transit’s share of the regional ORCA expenses has been approved by the Board through adoption of the annual budgets.

Planning is underway for the next generation ORCA fare payment system (ORCA2), which will introduce a more flexible and secure solution, leveraging improved technology and open design concepts resulting in a more modular, evolving system. Sound Transit is the regional administrative agency under the current ORCA program and has therefore assumed the role as the procurement and contracting agency supporting the regional ORCA2 project.

Hiring a consultant is one of the first steps in the ORCA2 project; the role of this consultant contract is to aid in determining the best approach, technology, and vendor(s) for the larger ORCA2 system. A Request for Proposals (RFP) for “Second Generation Regional Fare Collection System Consulting Services” was published on September 11, 2015. Two proposals were received and evaluated. Four Nines Technologies, Inc. was determined to be the firm that offers the best value to Sound Transit. The Four Nines Technologies team, including two sub-contracted firms, have extensive experience supporting fare collection system deployments for transit agencies across the United States.

The Evaluation Committee included 7 members representing the ORCA2 project across the regional agencies. The evaluation team also included a Technical Advisory Committee with subject matter experts in both fare collection technology and the existing ORCA system.

The ORCA Joint Board establishes an annual budget for the regional fare system expenditures; Sound Transit’s portion of the ORCA budget is authorized in the Board’s annual budget. The ORCA2 Program Manager will return to the ST Board with additional contracts for procuring the full ORCA2 system.

**FISCAL INFORMATION**

This contract action provides for professional services to aide in the initial development of OCRA2. The 2016 cost of this contract is anticipated to be $815,267. Sound Transit is only responsible for its share as established by the current ORCA ILA. The Agency cost is estimated to be approximately $164,847. The partner agencies of the ORCA ILA will contribute to the balance of cost.

As the lead Agency for this contract, Sound Transit will pay the total expenditures related to this contract and be reimbursed quarterly by the ORCA ILA members per the operating share formula, assessed annually based on ORCA data.

There is sufficient budget within the Finance and Information Technology budget to cover the 2016 Sound Transit operating expenses. Future year expenses will be included in subsequent annual budgets submitted to the Board for adoption.

It is expected, once the initial parameters and project scope are established as a result of this contract action staff would return to the Board for the creation of a capital project to manage the development and implementation of OCRA2.
Staff Report

SMALL BUSINESS/DBE PARTICIPATION AND APPRENTICESHIP UTILIZATION

Participation by Small Businesses and Disadvantaged Business Enterprises (DBEs)

This contract was procured by King County in 2003 and no Small Business or Disadvantaged Business Enterprise goals were applicable or established relative to this procurement. Consequently, Small Business and DBE participation is not applicable.

Apprenticeship Utilization

Not applicable to this action.

PUBLIC INVOLVEMENT

Not applicable to this action.

TIME CONSTRAINTS

Approval is needed as soon as possible to allow the work provided under the ORCA2 consultant contract to begin.

PRIOR BOARD/COMMITTEE ACTIONS

Motion No. M2009-16: Authorized the chief executive officer to execute a restated and amended Interlocal Agreement for the Smart Card project with Community Transit, Everett Transit, Kitsap Transit, King County Metro Transit, Pierce Transit, and Washington State Ferries to update the

Notes:

Budget for this item is in the Finance & Information Technology Department staff budget within the services category, and is located on page 87 of 182 of the Proposed 2016 Budget.
agreement for the operating phase to further define the agencies’ responsibilities during the operations period.

Motion No. M2007-127: Authorized the chief executive officer to execute an amendment to the Regional Pass and Fare Reconciliation Program Agreement with Community Transit, Everett Transit, King County Metro and Pierce Transit for regional fare media acceptance and reconciliation of Puget Pass revenues to add three additional one-year optional extension periods to the agreement term.

Motion No. M2003-25: Authorized the Executive Director to execute an Interlocal Agreement regarding the Smart Card project with partner transit agencies, which may include Community Transit, Everett Transit, Kitsap Transit, King County Metro, Pierce Transit, and Washington State Ferries.

Motion No. M2003-26: Authorized the Executive Director to allocate funding from the Regional Fund/Fare Integration Fund budget to provide Smart Card project funding for Sound Transit implementation and operations; to provide funding support to Community Transit, Everett Transit, and Pierce Transit; and to renegotiate the Regional Pass and Fare Reconciliation Program Agreement to reduce and sunset Sound Transit’s participation in the Puget Pass program and obligation to subsidize intersystem transfers.

ENVIRONMENTAL REVIEW

JI 12/28/2015

LEGAL REVIEW

JW 01/06/2016
MOTION NO. M2016-08

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a contract through December 31, 2021, with five additional one-year options with Four Nines Technologies, Inc. for Second Generation Regional Fare Collection System Consulting Services in the amount of $8,366,489, with a 20% contingency of $1,673,298, for a total authorized contract amount not to exceed $10,039,787.

BACKGROUND:

In 2003, Sound Transit entered into an Interlocal Cooperation Agreement for the design, implementation, operation and maintenance of the Regional Fare Coordination System with King County Metro, Community Transit, Everett Transit, Kitsap Transit, Pierce Transit, and Washington State Ferries ("ORCA ILA"). Under the ORCA ILA, regional costs are shared among the agencies. In 2009, a restated and amended ORCA ILA was executed to update the agreement for the operating phase of the ORCA project. Since 2009, Sound Transit's share of the regional ORCA expenses has been approved by the Board through adoption of the annual budgets.

Planning is underway for the next generation ORCA fare payment system (ORCA2), which will introduce a more flexible and secure solution, leveraging improved technology and open design concepts resulting in a more modular, evolving system. Sound Transit is the regional administrative agency under the current ORCA program and has therefore assumed the role as the procurement and contracting agency supporting the regional ORCA2 project.

Hiring a consultant is one of the first steps in the ORCA2 project; the role of this consultant contract is to aid in determining the best approach, technology, and vendor(s) for the larger ORCA2 system. A Request for Proposals (RFP) for "Second Generation Regional Fare Collection System Consulting Services" was published on September 11, 2015. Two proposals were received and evaluated. Four Nines Technologies, Inc. was determined to be the firm that offers the best value to Sound Transit. The Four Nines Technologies team, including two sub-contracted firms, have extensive experience supporting fare collection system deployments for transit agencies across the United States.

The Evaluation Committee included 7 members representing the ORCA2 project across the regional agencies. The evaluation team also included a Technical Advisory Committee with subject matter experts in both fare collection technology and the existing ORCA system.

The ORCA Joint Board establishes an annual budget for the regional fare system expenditures; Sound Transit's portion of the ORCA budget is authorized in the Board's annual budget. The ORCA2 Program Manager will return to the ST Board with additional contracts for procuring the full ORCA2 system.

Sound Transit will manage the ORCA2 consultant contract and receive partial reimbursement from ORCA partner agencies. The estimated Sound Transit share will be $2,030,045 if all five option years are exercised, based upon the ILA and the 2016 estimated operating share formula of 20.22% of the regional cost. Sound Transit will receive reimbursement from the ORCA partner agencies for the remaining contract expenses.

The contract includes a 20% contingency to cover consulting services as the full ORCA2 project concept is developed and defined. This will allow the ORCA partner agencies to address
uncertainties and new scenarios that may arise throughout the project development, procurement, and implementation.

Transition to the new ORCA2 system is scheduled for the end of 2021, when the current ORCA vendor contract expires. The remaining option years of this contract may be exercised to cover any schedule delays as well as to provide ongoing consultant operations and maintenance support after ORCA2 launch, as included in the contract scope.

As part of the ORCA Interlocal Cooperation Agreement (ILA), the ORCA Joint Board must confirm the vendor selected on behalf of the ORCA partner agencies. This confirmation is scheduled for the January 11, 2016 ORCA Joint Board meeting.

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 contract through December 31, 2021, with five additional one-year options with Four Nines Technologies, Inc. for Second Generation Regional Fare Collection System Consulting Services in the amount of $8,366,489, with a 20% contingency of $1,673,298, for a total authorized contract amount not to exceed $10,039,787.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on January 28, 2016.

Marilyn Strickland
Board Vice Chair

ATTEST:

Kathryn Flores
Board Administrator