MOTION NO. M2018-107
Systems Integrator for next generation ORCA

<table>
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<tr>
<th>MEETING:</th>
<th>DATE:</th>
<th>TYPE OF ACTION:</th>
<th>STAFF CONTACT:</th>
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<tbody>
<tr>
<td>Operations and Administration Committee</td>
<td>09/06/2018</td>
<td>Recommend to Board</td>
<td>Jason Weiss, CIO and Executive Director, Information Technology</td>
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<tr>
<td>Board</td>
<td>09/27/2018</td>
<td>Final Action</td>
<td>Brittany Esdaile, next generation ORCA Program Manager</td>
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PROPOSED ACTION

Authorizes the chief executive officer to execute a four year contract, with eleven additional one-year options, with INIT Innovations in Transportation, Inc. (INIT) to be the Systems Integrator for the next generation ORCA program in the amount of $94,240,044, with a 20% contingency of $18,848,009, for a total authorized contract amount not to exceed $113,088,052, plus applicable taxes, contingent upon approval of the ORCA Joint Board. The Sound Transit share of the capital project costs will be approximately $27,887,974, including contingency, plus any applicable taxes. The Sound Transit share of the operating costs will be determined by regional agreement for each year of operations.

KEY FEATURES SUMMARY

- This contract is for a Systems Integrator to deliver and operate the next generation ORCA fare collection system. The capital project cost is $59,962,205, including the base term and contingency, plus any applicable taxes. The operating cost is $53,125,848, including all option years and contingency, plus any applicable taxes.
- The system will be designed and implemented using an open architecture approach to provide flexibility as technology and needs change. It will include an account-based financial system that leverages modern commercial off-the-shelf and custom-built applications.
- INIT was selected via a competitive procurement, including a thorough proposal and negotiation process with all shortlisted vendors.
- The INIT base contract is for four (4) years and may be extended for eleven (11) additional one-year terms for system operations and maintenance (O&M) services, inclusive of a one-year warranty. The O&M services include back office operations and software and equipment maintenance.
- Sound Transit has been designated the lead agency for the next generation ORCA program. As part of the ORCA Interlocal Cooperation Agreement (ILA), the ORCA Joint Board must take an action to approve the contract award on behalf of the ORCA partner agencies. This confirmation is scheduled for the September 10, 2018 ORCA Joint Board meeting.
- Sound Transit’s capital portion of the contract is approximately $27,887,974, including options and contingency, plus any applicable taxes. Sound Transit’s capital portion is based upon both direct charges for equipment and agency-specific components, and a capital share of 26.9 percent of regionally-shared back office and software.
- The region will reimburse Sound Transit for their shares of the total contract amount. The other ORCA agency capital shares are as follows: King County Metro 57.8 percent, Community Transit 7.3 percent, Pierce Transit 4.4 percent, Kitsap Transit 2.1 percent, Everett Transit 0.8 percent, and Washington State Ferries 0.7 percent.
- Sound Transit’s share of the operating costs will be based on a regionally approved operating share formula for each year of O&M.
- The ORCA Program anticipates bringing a motion to the Sound Transit Board to approve the new ORCA System Interlocal Agreement in the fourth quarter of 2018.
- The estimated taxes on equipment purchased under this contract totals $2,822,095.

**BACKGROUND**

The next generation ORCA program is the regional effort, initiated in 2015, to replace the existing ORCA system with an updated fare collection system. This action is to approve the contract award and to authorize the CEO to execute a contract with INIT, the selected Systems Integrator responsible for designing, developing, and implementing the core features of the next generation ORCA program, including the field equipment and back office infrastructure and applications. The Systems Integrator is also responsible for integrating third-party applications, including the website and mobile applications. They also are scoped to provide system operation and maintenance responsibilities, including back office operations, software maintenance, equipment maintenance, fraud controls, and disaster recovery.

In 2003, Sound Transit entered into an Interlocal Cooperation Agreement (ILA) 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. Under the ILA, regional costs are shared among the agencies. Since 2009, Sound Transit’s share of the regional ORCA expenses has been approved by the Board through adoption of the annual budgets.

As the Legacy ORCA system approaches its end of life, there is an increasing need for a next generation ORCA system to build on the success of the first while providing a more flexible platform for incorporating new features and changes over time, including an improved user experience and new payment options.

The planning phase of the program is complete, and procurement is underway for multiple contracts within the next generation ORCA program (the Systems Integrator procurement being the largest). Sound Transit is the procurement and contracting agency supporting the regional next generation ORCA program.

The Systems Integrator’s scope of work includes:
- Implementation services that include project management, technical design, testing, and training
- Integration services that will provide open interfaces between internal and external systems
- Equipment to enable fare collection both wayside and onboard vehicles
- Equipment to support fare media and fare product sales, including vending machines
- A customer mobile app that allows customers to manage their accounts and pay their fares from mobile devices
- An agency mobile app that provides agency field staff with fare inspection and fare validation functions
- A customer website that allows individual and business customers to access and manage their accounts over the web
- Back office systems that permit agency staff to access and report on relevant financial and transaction data
PROCUREMENT INFORMATION

Sound Transit is the procurement and contracting agency supporting the regional next generation ORCA program. Prior to issuing the solicitation for these services, Sound Transit considered the project scope, the determining factors for contract award, and the need for proposal discussions and revisions, then determined that a Request for Proposals procurement method was the most advantageous.

Sound Transit advertised Request for Proposals No. RTA/RP 0119-17 in August 2017. Four firms submitted a proposal which were evaluated based on the advertised evaluation criteria including: technical proposal; methodology and approach to implementation services and operation and maintenance services; firm experience and history; knowledge and recent experience of key individuals; price; value-added features and capabilities; commitment to compliance with EEO law; and outreach efforts and commitment to small businesses and DBEs. The two highest ranked firms were selected to enter into negotiations. Revised proposals were evaluated against the same advertised evaluation criteria, and INIT was identified as the top ranked firm.

Sound Transit recommends award of this contract based upon the determination that INIT’s negotiated proposal best meets the evaluation criteria and offers the best value, and this contract is in the best interest of the next generation ORCA program.

FISCAL INFORMATION

This contract action provides for professional services and equipment to support the next generation ORCA Program. Sound Transit is only responsible for its share as established by the current ILA. The Agency capital project cost is estimated to be approximately $27,887,974 and is within the adopted next gen ORCA project budget. As the lead Agency for this contract, Sound Transit will be responsible for the contract management and financial reporting. Per procedures established in the current ILA, Sound Transit, as Fiscal Agent, will receive invoices monthly, bill the participating agencies and ensure timely payment to our vendors.

<table>
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<tr>
<th>Contract Summary</th>
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<tr>
<td>ORCA Next Generation</td>
<td>$18,517,681</td>
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<tr>
<td>Various Sound Transit Capital Projects</td>
<td>$9,370,293</td>
</tr>
<tr>
<td>Total ST Capital Commitment</td>
<td>$27,887,974</td>
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<tr>
<td>Future Sound Transit Operating Costs</td>
<td>$22,920,286</td>
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<tr>
<td>Sound Transit Contract Commitment</td>
<td>$50,808,260</td>
</tr>
<tr>
<td>Future Reimbursement from Regional ORCA Partners</td>
<td>$62,279,792</td>
</tr>
<tr>
<td>Total Contract</td>
<td>$113,088,052</td>
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The 2018 cost of this contract is anticipated to be $1,265,333, with a Sound Transit share of $426,106. There is sufficient budget within the next gen ORCA budget to cover the 2018 Sound Transit expenses.
## SMALL BUSINESS/DBE PARTICIPATION AND APPRENTICESHIP UTILIZATION

Sound Transit promotes and encourages small business participation, which also includes Disadvantaged Business Enterprises (DBEs). Consistent with Sound Transit Policies and Federal Regulations, Sound Transit has established Small Business/DBE goals for this contract. These goals are based upon an examination of subcontracting opportunities contained in the work of this contract and the number of Small Businesses/DBEs available to perform such subcontracting work.

For this specific contract, the following goals were set and the successful Bidder/Proposer has committed to the following Small Business/DBE Participation:

### Small Business and Disadvantaged Business Enterprise Goals

**Sound Transit Goal:**
- Small Business: 5%
- DBE: 2%

**Commitment:**
- Small Business: 5%
- DBE: 5%

### PUBLIC INVOLVEMENT

Not applicable to this action.
TIME CONSTRAINTS

Next generation ORCA is a schedule-driven program and execution of the Systems Integrator contract is on the critical path. Any delay in approval will result in a day-for-day delay in the overall program schedule.

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 agreement for the operating phase to further define the agencies’ responsibilities during the operations period.

ENVIRONMENTAL REVIEW

KH 8/31/18

LEGAL REVIEW

AJP 8/31/2018
MOTION NO. M2018-107

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a four year contract, with eleven additional one-year options, with INIT Innovations in Transportation, Inc. (INIT) to be the Systems Integrator for the next generation ORCA program in the amount of $94,240,044, with a 20% contingency of $18,848,009, for a total authorized contract amount not to exceed $113,088,052, plus applicable taxes, contingent upon approval of the ORCA Joint Board. The Sound Transit share of the capital project costs will be approximately $27,887,974, including contingency, plus any applicable taxes. The Sound Transit share of the operating costs will be determined by regional agreement for each year of operations.

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- Back office systems that permit agency staff to access and report on relevant financial and transaction data

**MOTION:**

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer to execute a four year contract, with eleven additional one-year options, with INIT Innovations in Transportation, Inc. (INIT) to be the Systems Integrator for the next generation ORCA program in the amount of $94,240,044, with a 20% contingency of $18,848,009, for a total authorized contract amount not to exceed $113,088,052, plus applicable taxes, contingent upon approval of the ORCA Joint Board. The Sound Transit share of the capital project costs will be approximately $27,887,974, including contingency, plus any applicable taxes. The Sound Transit share of the operating costs will be determined by regional agreement for each year of operations.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on September 27, 2018.

![Signature]

Dave Somers
Board Chair

**ATTEST:**

![Signature]

Kathryn Flores
Board Administrator

Motion No. M2018-107