



MOTION NO. M2018-43

**Quality Assurance Consulting Services for the next generation ORCA Program**

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:
Operations and Administration Committee	04/05/2018	Final Action	Jason Weiss, CIO and Executive Director, Information Technology <b>Brittany Esdaile, next generation ORCA Program Manager</b>

PROPOSED ACTION

Authorizes the chief executive officer to execute a contract through December 31, 2023, with five one-year options to extend with ARC Alternatives, Inc. to provide quality assurance consulting services to support the next generation ORCA program in the amount of \$1,046,698, with a 10% contingency of \$104,670, for a total authorized contract amount not to exceed \$1,151,368, contingent upon approval of the ORCA Joint Board.

KEY FEATURES SUMMARY

- The proactive engagement of a program quality assurance (QA) consultant is widely recognized as an industry best practice process for programs of this complexity and importance.
- The QA consultant will provide professional services focused on identifying strengths and weaknesses in the processes and procedures being used to deliver the next generation ORCA program, as well as assisting in definition, mitigation, and management of program risks. They will provide recommendations in response to any findings.
- The base term of the contract is effective through December 31, 2023, with five one-year options to extend. The requested amount covers the base term and all optional extensions.
- 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 April 9, 2018, ORCA Joint Board meeting.
- Sound Transit has been designated the lead agency for the next generation ORCA program. In this role, Sound Transit will pay contract costs up front and will then be reimbursed by the other transit agencies. For this action Sound Transit's share will be approximately \$300,507 including contingency.
- Sound Transit's share of the next generation ORCA program is 26.1 percent, the other transit agency shares are as follows: King County Metro 58.4 percent, Community Transit 7.5 percent, Pierce Transit 4.4 percent, Kitsap Transit 2.1 percent, Everett Transit 0.8 percent, and Washington State Ferries 0.7 percent.

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 will help to ensure that the next generation ORCA program meets the regionally supported strategic objectives and schedule-driven constraints.

In 2003, Sound Transit entered into an Interlocal Cooperation Agreement (ORCA 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 ORCA 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 is complete, and procurement is underway for multiple contracts within the next generation ORCA fare payment system.

The purpose of the QA consulting services engagement is to evaluate whether the program is engaging in processes that will assure it meets the strategic objectives of the program while fully supporting its schedule-driven nature. The QA consulting services engagement will also ensure that Program risks are defined, properly understood and appropriately mitigated or managed.

The QA Consulting Services will include:

- Evaluation of overall Program health
- Assessment of Program plans, processes, and procedures
- Evaluation of Program schedule, budget, and overall scope
- Risk assessment and recommendations for risk avoidance and mitigation
- Communications and stakeholder management

The QA Consultant deliverables will be:

- **Initial QA Baseline Report** that is comprehensive and established the baseline from which subsequent reports will be measured.
- **Annual QA Update Reports** that are comprehensive and report on any changes measured from the Initial QA Baseline Report or most recent Annual QA Update Report, showing trends over time.
- **Quarterly Program Health Status Reports** that report on observations, identify any new risks and issues, report out findings from vendor performance assessments, and report on progress against any prior recommendations.
- **QA Project Closeout Report** that will be delivered following the Systems Integrator's final system acceptance.

## PROCUREMENT INFORMATION

Sound Transit is the regional administrative agency under the ORCA ILA and has therefore assumed the role as 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, and determined that a Request for Proposals procurement method was the most advantageous.

Sound Transit advertised Request for Proposals No. RTA/RP 0181-17 on November 8, 2017. Nine firms submitted a proposal, and the proposals were evaluated based on the advertised evaluation criteria including firm experience and history; knowledge and experience of key individuals; project approach, organization, and capacity; price; and commitment to and compliance with equal

opportunity employment law. The three highest ranked firms were selected to enter into negotiations. Revised proposals were evaluated based on the same advertised evaluation criteria, and ARC Alternatives, Inc. was identified as the top ranked firm.

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

## FISCAL INFORMATION

The authorized program allocation for the next generation ORCA program is \$31,522,524. Within that amount \$27,004,947 has been allocated to the research and technology phase. The proposed action would commit \$1,151,368 including a 10% contingency to this line item leaving an uncommitted budget of \$11,220,433 in the research and technology phase. A systems integration contract is anticipated in the latter half of 2018. Staff expects to return to the Board for contract approval as well as an increase to the authorized project allocation.

### next generation ORCA (in thousands)

Project Phase	2018 Authorized Project Allocation to Date	Board Approvals	This Action	Board Approved Plus Action	Uncommitted / (Shortfall)
Agency Administration	\$4,518	\$	\$	\$	\$4,518
Research and Technology	\$27,005	\$14,633	\$1,151	\$15,785	\$11,220
<b>Total Current Budget</b>	<b>\$31,523</b>	<b>\$14,633</b>	<b>\$1,151</b>	<b>\$15,785</b>	<b>\$15,738</b>

#### Phase Detail - Research and Technology

Miscellaneous Professional Services	\$1,398	\$1,101	\$	\$1,101	\$297
Computer Hardware	3,616				3,616
Computer Software	4,483				4,483
Research Planning	17,508	13,532	1,151	14,684	2,825
<b>Total Phase</b>	<b>\$27,005</b>	<b>\$14,633</b>	<b>\$1,151</b>	<b>\$15,785</b>	<b>\$11,220</b>

ARC Alternatives, Inc. Contract Detail	Board Approvals to Date	Current Approved Contract Status	Proposed Action	Proposed Total for Board Approval
Contract Amount	\$	\$	\$1,047	\$1,047
Contingency Amount			105	105
Estimated Tax			0	0
<b>Total Contract Amount</b>	<b>\$</b>	<b>\$</b>	<b>\$1,151</b>	<b>\$1,151</b>
Percent Contingency	0%	0%	10%	10%

#### Notes:

Amounts are expressed in Year of Expenditure.

Board Approvals = Committed To-Date + Contingency and includes pending Board actions.

For detailed project information, see page 60 of the Proposed 2018 Transit Improvement Plan (TIP).

## SMALL BUSINESS/DBE PARTICIPATION AND APPRENTICESHIP UTILIZATION

Sound Transit promotes and encourages small business participation, which also includes Disadvantaged Business Enterprises (DBEs). Small Business and DBE 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.

Sound Transit determined that there were few Small Business and DBE subcontracting opportunities based upon the work described in this contract, so Small Business/DBE goals were not established.

## PUBLIC INVOLVEMENT

Not applicable to this action.

## TIME CONSTRAINTS

A one-month delay would not create a significant impact to the project schedule's critical path, but would delay support of the program's overall QA efforts.

## PRIOR BOARD/COMMITTEE ACTIONS

Not applicable to this action.

## ENVIRONMENTAL REVIEW

KH 3/26/2018

## LEGAL REVIEW

AJP 3/30/2018

## MOTION NO. M2018-43

A motion of the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a contract through December 31, 2023, with five one-year options to extend with ARC Alternatives, Inc. to provide quality assurance consulting services to support the next generation ORCA program in the amount of \$1,046,698, with a 10% contingency of \$104,670, for a total authorized contract amount not to exceed \$1,151,368, contingent upon approval of the ORCA Joint Board.

## 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 will help to ensure that the next generation ORCA program meets the regionally supported strategic objectives and schedule-driven constraints.

In 2003, Sound Transit entered into an Interlocal Cooperation Agreement (ORCA 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 ORCA 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 is complete, and procurement is underway for multiple contracts within the next generation ORCA fare payment system.

The purpose of the quality assurance (QA) consulting services engagement is to evaluate whether the program is engaging in processes that will ensure it meets the strategic objectives of the program while fully supporting its schedule-driven nature. The QA consulting services engagement will also ensure that Program risks are defined, properly understood and appropriately mitigated or managed. The proactive engagement of a program quality assurance (QA) consultant is widely recognized as an industry best practice process for programs of this complexity and importance.

The QA Consulting Services will include:

- Evaluation of overall Program health
- Assessment of Program plans, processes, and procedures
- Evaluation of Program schedule, budget, and overall scope
- Risk assessment and recommendations for risk avoidance and mitigation
- Communications and stakeholder management

The QA Consultant deliverables will be:

- **Initial QA Baseline Report** that is comprehensive and established the baseline from which subsequent reports will be measured.
- **Annual QA Update Reports** that are comprehensive and report on any changes measured from the Initial QA Baseline Report or most recent Annual QA Update Report, showing trends over time.

- **Quarterly Program Health Status Reports** that report on observations, identify any new risks and issues, report out findings from vendor performance assessments, and report on progress against any prior recommendations.
- **QA Project Closeout Report** that will be delivered following the Systems Integrator's final system acceptance.

Sound Transit has been designated the lead agency for the next generation ORCA program. In this role, Sound Transit will pay contract costs up front and will then be reimbursed by the other transit agencies. For this action Sound Transit's share will be approximately \$300,507 including contingency.

**MOTION:**

It is hereby moved by the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a contract through December 31, 2023, with five one-year options to extend with ARC Alternatives, Inc. to provide quality assurance consulting services to support the next generation ORCA program in the amount of \$1,046,698, with a 10% contingency of \$104,670, for a total authorized contract amount not to exceed \$1,151,368, contingent upon approval of the ORCA Joint Board.

APPROVED by the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held April 5, 2018.



Paul Roberts  
Operations and Administration Committee Chair

ATTEST:



Kathryn Flores  
Board Administrator