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**CONSTRUCTION COMMITTEE
OPERATIONS COMMITTEE
JULY 20, 2006**

SUBJECT: UNIVERSAL FARE SYSTEM

ACTION: AMEND CONTRACT OP-02-4610-10 WITH CUBIC TRANSPORTATION SYSTEMS, INC. FOR THE PURCHASE OF UNIVERSAL FARE SYSTEM EQUIPMENT FOR USE ON THE EXPOSITION LIGHT RAIL PROJECT

RECOMMENDATION

Authorize the Chief Executive Officer to execute Contract Modification No.40 to contract OP-02-4610-10 with Cubic Transportation Systems, Inc. (CTS) to purchase Universal Fare System (UFS) equipment for fare collection use on the Exposition Light Rail Project (LRT) in the amount not-to-exceed \$5.2 million, increasing the total contract value from \$110,367,010 to \$115,567,010.

RATIONALE

Metro has contracted with Cubic Transportation Systems, Inc. (CTS) on a multi-year basis (Contract No. OP-02-4610-10) to provide Ticket Vending Machines (TVMs), Stand-Alone Validators (SAVs) and associated ancillary equipment on all the Metro rail lines and bus services. The Exposition LRT Project requires 38 TVMs and 39 SAVs for installation at its eight new stations. Procurement of these TVMs and SAVs was not planned until 2008, as they are not scheduled for installation until late 2009. However, the manufacturer has agreed to extend the option bid prices that currently apply for procuring the Metro Gold Line Eastside Extension (MGLEE) UFS equipment to purchase the Expo UFS equipment. If such purchase is authorized immediately, the Expo Line equipment can be included in the same production run. It is estimated that taking advantage of this opportunity will save 10% to 20% on the cost of this equipment versus waiting until 2008 to initiate the procurement.

Discussion

The Expo Fare Collection Equipment Study Report, prepared by the Preliminary team in August 2005, concludes that a minimum of two TVMs and one SAV are required at each station for the initial line service; specific requirements at each station were assessed and further adjusted based on ridership projections and station entrance configurations. TVM and SAV quantities at each station entrance have been determined for the initial service cases and maximum capacity projections. The Expo Line stations will be designed and constructed with consideration for the future UFS equipment requirements.

In March 2002, Metro awarded a multi-year contract to CTS for fare collection equipment as a key element of its UFS Program, which will upgrade and standardize the fare collection equipment throughout the Metro system. Adoption of this UFS Program provides a benefit to both agency and patrons. As part of the Metro system, the Expo Line will also be part of the UFS program.

CTS will manufacture, store, deliver and install the UFS equipment for the Exposition Metro Line Construction Authority. The Expo Authority Design-Build contractor, FCI/Fluor/Parsons (FFP) will prepare all fare collection sites at the Expo stations for the required installations. The preparation will include provision for physical equipment installation, power, conduit and communications interfaces.

The UFS Contract Change Order that procures the MGL EE equipment will be executed prior to the expiration of the current option bid prices, and thus represents the last opportunity for the Expo LRT Project to avoid cost increases. It is estimated that the UFS equipment and installation labor costs will increase between 10% to 20% by the planned procurement date of 2008. Separate procurement of the Expo fare collection equipment would also mean that production start-up costs would be incurred that would further increase the cost of each unit. By exercising this option now, Expo will realize significant savings on fare collection equipment.


FINANCIAL IMPACT

Initial funding for this contract modification and equipment procurement is included in the FY07 budget in the Expo Light Rail project (project #890001). This equipment is within the Expo project life-of-project budget of \$640 million. Any savings realized as a result of initiating this procurement early to take advantage of the current option price, will constitute a positive impact on the overall project budget. There will be no impact to the UFS project (CP#200225) life-of-project budget of \$97.6 million as a result of this contract modification.

NEXT STEPS

Upon authorization of this procurement, Metro staff managing the UFS equipment contract with CTS will issue a Notice-to-Proceed to CTS for production of the Expo UFS equipment.

Prepared by: Jane Matsumoto, Project Manager
Joel Sandberg, Director, Expo Engineering and Construction
Don Dwyer, Contract Admin. Manager



Richard D. Thorpe
Chief Capital Management Officer



Roger Snoble
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

UNIVERSAL FARE SYSTEM

1.	Contract Number: OP-02-4610-10		
2.	Recommended Vendor: Cubic Transportation Systems, Inc.		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: NTE \$5,200,000	Recommended Price: NTE \$5,200,000	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Firm Fixed Price		
5.	Procurement Dates:		
	A. Issued: N/A		
	B. Advertised: N/A		
	C. Pre-proposal Conference: N/A		
	D. Proposals Due: N/A		
	E. Pre-Qualification Completed: N/A		
	F. Conflict of Interest Form Submitted to Ethics: N/A		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: 3% DBE	Date Small Business Evaluation Completed: N/A	
	B. Small Business Commitment: 5.65% Details are in Attachment A-2		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: N/A	Bids/Proposals Picked up: N/A	Bids/Proposals Received: N/A
8.	Evaluation Information: N/A		
	B. Evaluation Methodology: N/A Details are in Attachment A-1.C		
9.	Protest Information:		
	A. Protest Period End Date: N/A		
	B. Protest Receipt Date: N/A		
	C. Disposition of Protest Date: N/A		
10.	Contract Administrator: Donald C. Dwyer	Telephone Number: 213-922-6387	
11.	Project Manager: Jane Matsumoto	Telephone Number: 213-922-3045	

**BOARD REPORT ATTACHMENT A-1
PROCUREMENT HISTORY**

UNIVERSAL FARE SYSTEM

A. Background on Contractor

Cubic Transportation Systems, Inc., a wholly owned subsidiary of Cubic Corporation, is located in San Diego, California. Cubic Transportation Systems, Inc. (Cubic) has been in the business since 1949. Cubic specializes in two areas of business: Defense and Transportation. Cubic is currently under contract with the LACMTA to complete the Universal Fare System of ticket vending machines and bus fareboxes. Cubic's performance under this contract has been satisfactory. Cubic has provided fare collection equipment to transit agencies throughout the United States and the World including New York Transit, Chicago Transit Authority, Washington Metropolitan Area and London Underground Limited.

B. Procurement Background

At its February 2002 meeting, the Board awarded the Universal Fare System (UFS) Contract to Cubic Transportation System, Inc. (Cubic). There are provisions within the Contract to purchase additional fare collection equipment for other Metro projects at predetermined rates in accordance with pricing described in the Contract section, "Additional Equipment – Variable Quantities Options. Equipment shall be manufactured and stored at Cubic facilities for a period of four years. During the four-year period, Cubic shall store, maintain and update the equipment to keep it current with other installed equipment. Installation of the equipment will occur in accordance with the Metro Exposition construction schedule. On-going maintenance for this equipment after installation and acceptance is not included in this procurement and, if required, will have to be added by separate Board action.

C. Evaluation of Proposals

Cubic has agreed to maintain the same favorable pricing as was given on the Metro Gold Line East Side Extension is the order for Metro Exposition can be release as part of the same manufacturing run. These unit prices are determined to be fair and reasonable based on competition. The final awarded amount for Metro Exposition equipment will be based on audit and negotiation.

D. Cost/Price Analysis Explanation of Variances

The recommended unit rate pricing been determined to be fair and reasonable based upon the historical pricing contained in the Contract for additional quantities and used on the Metro Gold Line East Side Extension project.

**BOARD REPORT ATTACHMENT A-2
LIST OF SUBCONTRACTORS**

UNIVERSAL FARE SYSTEM

PRIME CONTRACTOR – Cubic Transportation System, Inc

SMALL BUSINESS PARTICIPATION

This Contract has a DBE participation goal of 5.65%. The contract was awarded in March 13, 2002 to Cubic Transportation Systems, Inc. and is 56.3% complete. Current DBE attainment¹ based on the current contract amount² is 4.65%. Current DBE participation³ based on total actual amount paid-to-date to the contractor and total actual amount paid-to-date to DBEs is 8.30%. Each of the listed DBE subcontractors is performing on the Contract as listed.

Original Award Amount	\$ 84,003,444
Current Contract Value ²	102,192,931
Total Actual Amount Paid to Date to Prime	\$ 57,484,077

Subcontractor	Commitment	Current Attainment ¹	Current Participation ³	Current Status
American Alloy Fabrication, Inc.	.25%	.64%	1.12%	Performing
Lows Enterprises, Inc.	.13%	.09%	.17%	Performing
Priority MFG., Inc.	.93%	.48%	.86%	Performing
Robnett Electric	2.53%	2.30%	4.09%	Performing
TechProse	.40%	.16%	.29%	Performing
J-Tec Metal Products	.13%	.09%	.18%	Performing
KLJ, Inc.	.25%	.23%	.42%	Performing
Komex	1.02%	.66%	1.17%	Performing
TOTAL	5.65%	4.65%	8.30%	

¹Current Attainment = Total Actual Amount Paid-to-Date to DBE Subs ÷ Total Current Contract Amount

³Current Participation = Total Actual Amount Paid-to-Date to DBE Subs ÷ Total Actual Amount Paid-to-Date to Prime

PREPARED: July 11, 2006
BY: TOM L. SINGLETON

Total Commitment 5.65%