



**OPERATIONS COMMITTEE
FEBRUARY 16, 2006**

PROJECT: UNIVERSAL FARE SYSTEM

CONTRACT: OP – 02-4610-10 UNIVERSAL FARE SYSTEM

ACTION: INCREASE LIFE OF PROJECT BUDGET AND EXECUTE CONTRACT MODIFICATION

RECOMMENDATION

- A. Increase the Universal Fare System Life of Project Budget by a total amount of \$4 million, increasing the life of project budget from \$93.6 million to \$97.6 million.
- B. Authorize the Chief Executive Officer to execute a contract modification to Contract No. OP-02-4610-10 with Cubic Transportation Systems, Inc. (CTS) to procure additional Universal Fare System (UFS) receiver vaults for Metro Bus Operating Divisions and, for Metro contracted bus operations in an amount not-to-exceed \$3 million and,
- C. Approve capital rehabilitation and build out of vault houses and related infrastructure at affected Metro Bus Operating divisions and, equip the Regional Rebuild Center to accommodate UFS revenue maintenance, testing, and secured storage space of UFS equipment in an amount not to exceed \$1 million.

RATIONALE

Additional capital needs are now required due to Metro fleet expansion, Metro fare equipment maintenance relocation and fare restructuring.

- 1. Purchase of 12 receiver vaults: The UFS base contract was awarded in 2002 before fare restructuring in January 2004. The introduction of paper day passes has increased cash revenue collection substantially (See Attachment C – Treasury Comparative). As a result, receiver vault capacity has exceeded the manufacturer’s recommended thresholds and has had operational ramifications at current bus divisions with high volumes of cash revenue. Divisions 1, 8, and 15 have been particularly susceptible to cash box jams due to “tenting” of currency, which interferes with vaulting operations. With 6 additional divisions to cut-over to UFS equipment, divisions 2, 5, 7, 10, and 18 could also be affected. The 12 receiver vaults are for the 11 operating divisions and the Regional Rebuild Center. The Engineer’s

estimate for the vaults is approximately \$1,000,000 and also includes testing, installation and site preparation.

2. Procure UFS fare boxes, spare parts and garage computer systems for all Metro contracted bus operations. The Engineer's estimate is \$2,500,000. At the time the UFS contract was awarded in 2002 the current bus contracted services procurement had not been initiated. At the time, it was envisioned that the Cubic contract award for 2,711 fare boxes would provide sufficient fare boxes for the Metro contracted bus operations. Garage computer systems were not included in the procurement because Metro was looking forward to restructuring the way it procures contracted bus services at the end of the current contracts.

Since UFS contract award, the Metro fleet size has continued to expand in response to various consent decree orders and the fare boxes that were originally intended to be used for Metro contracted bus services were absorbed into the Metro directly operated fleet.

3. With the relocation of Terminal 34 -Vernon Yard to the Regional Rebuild Center in 2005 a need has arisen for a more secure space that includes CCTV monitoring to repair, manage warranty and control revenue sensitive equipment including, but not limited to electronic master keys and smart readers, plus fare box "bullet keys" and other electronic devices that exposes Metro to potentially fraudulent abuse if not stored and managed with appropriate security controls. The anticipated cost for this is \$500,000. This is not a Cubic contract modification. It will allow Metro to rehabilitate its own facility to accommodate UFS equipment.

FINANCIAL IMPACT

The UFS Capital Budget is identified in CP Project 200225. The funding for the additional \$4 million increase to the LOP budget will be considered in the FY07 budget.

ALTERNATIVES CONSIDERED

Staff reviewed twice a day vaulting at the high cash intake Divisions as an alternative to vaulting once daily as is the current practice. This alternative would add operating cost versus the recommended option of using one-time capital expenditures to resolve the cash capacity concern. In the 10 year forecast period, \$23,750,000 of operating costs (plus inflation) would be avoided. This would be the amount to be compared with the capital investment, which is about \$1 million.

As a second alternative, staff considered minimal security and space enhancements at the Regional Rebuild Center. This alternative could result in risks due to increased fraud, loss of security controls and the creation of an unsafe work environment.

As a third alternative, the Board may reject equipment for contracted operators, but denial could cause Metro patrons to be confused when boarding a contracted services vehicle that

looks identical to the Metro fleet, but cannot accept TAP smart card fare transactions. It would also result in data from the contracted services to be inconsistent with the UFS central computer database, and will require manual reconciliation and reporting.

Staff does not recommend any of these alternatives.

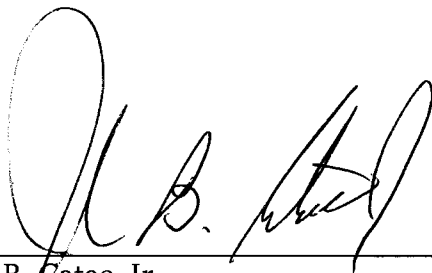
NEXT STEPS

- Conduct Site Survey on all affected Metro bus divisions for vault house reconfiguration and telecommunications infrastructure to accommodate additional receiver vaults. Technically specify modifications to Metro operating divisions and amend Cubic contract to procure receiver vaults and ancillary equipment.
- Conduct Site Survey of 3 Metro contracted operators' facilities and vehicle fleet and technically specify UFS equipment to be procured by contract amendment to Cubic.
- Conduct Site Survey of affected area of Regional Rebuild Center to refurbish requisite site needed to accommodate UFS secured storage area and revenue equipment.

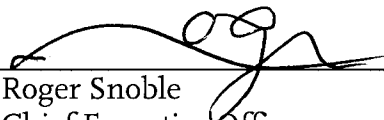
ATTACHMENT(S)

- A Procurement Summary
- A-1 Procurement History
- B Universal Fare Collection System Source of Funds
- C Treasury Cash Volume Comparative Graph

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John B. Catoe, Jr.
Deputy Chief Executive 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 \$	Recommended Price: NTE \$3 million	
	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 Goal	Date Small Business Evaluation Completed: January 31, 2002	
	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: 922-6387	
11.	Project Manager: Jane Matsumoto	Telephone Number: 922-3045	

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

UNIVERSAL FARE SYSTEM

A. Background on Contractor

Cubic Transportation Systems, Inc. (Cubic), a wholly owned subsidiary of Cubic Corporation, is located in San Diego, California. Cubic has been in business since 1949. Cubic specializes in two areas of business: Defense and Transportation. Cubic is currently under contract with Metro to replace and install a new fare collection system. Cubic is a recognized leader in fare collection equipment and systems having provided equipment for transit agencies throughout the United States and the World.

B. Procurement Background

During the February 2002 Board Meeting, the Board awarded the Universal Fare System (UFS) Contract to Cubic Transportation Systems, Inc. Over the past four years, Cubic has been designing and installing replacement fare collection equipment for Metro bus divisions and rail stations. Equipment for contracted service operators was not included as part of the original contract.

In addition, due to fare restructuring, cash volumes have increased due to sale of day passes on board Metro buses. According to the manufacturer, this is believed to be due to potential "tenting" of currency.

C. Evaluation of Proposals

On February 9, 2004, Change Notice No. 12 was issued to Cubic requesting a proposal to provide UFS compliant fare collection equipment for Contracted Services. Cubic submitted a cost proposal on January 5, 2005 in the amount of \$1,627,361. This proposal was based on the four contracted service providers. At the same time, Metro was conducting a new solicitation for Contracted Services. Under the new contract, three contracted service providers were selected invalidating Cubic's original proposal. A new proposal has been requested and will be audited and evaluated when received. The NTE amount is based on an estimated prepared by Booz-Allen & Hamilton.

D. Cost/Price Analysis Explanation of Variances

The final Change Order amount, once determined, will be fair and reasonable based upon audit and negotiation.

Universal Fare Collection System
 Life of Project Source of Funds

Source of Funds	FY05 & Prior	FY06	FY07	TOTAL
Federal				
CMAQ	\$24,548,428			\$24,548,428
Federal 5309	\$2,160,000			\$2,160,000
Federal 5307	\$6,759,859	\$27,357,191	\$4,425,279	\$38,542,329
E/S Reimbursement	\$3,704,519			\$3,704,519
State				
STIP	\$13,279,500			\$13,279,500
TDA		\$1,857,075	\$703,546	\$2,560,621
STA	\$1,608,787			\$1,608,787
SHA	\$1,720,500			\$1,720,500
Local				
PC40% Bond	\$173,312			\$173,312
FY07 Capital			\$4,000,000	\$4,000,000
PA35% Bond		\$4,278,677	\$1,030,175	\$5,308,852
TOTAL	\$53,954,905	\$33,492,943	\$10,159,000	\$97,606,848

Attachment C - Treasury Comparative

FARES BY TYPE

