



Metro

Los Angeles County
Metropolitan Transportation Authority

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**EXECUTIVE MANAGEMENT COMMITTEE
OCTOBER 17, 2013**

SUBJECT: UNIVERSAL FARE SYSTEM

ACTION: APPROVE CONTRACT MODIFICATION AUTHORITY

RECOMMENDATION

Approve an increase to the Contract Modification Authority performed under Contract No. OP2461010 with Cubic Transportation Systems by \$401,591 to reconcile past expenditures for a total contract modification authority of \$149,887,780. Total contract value, including modifications, is \$229,118,857. No additional funding is being requested.

ISSUE

A June 2013 audit of the TAP Program, performed by the Office of the Inspector General (OIG), discovered that as of December 31, 2012, base contract expenditures exceeded Board authorization by \$401,591 (less than 0.5% of total contract value). The audit reviewed in detail all contract expenditures and they were found to be reasonable. As these expenditures, which were primarily for system improvements and new rail station equipment, exceeded the Board-approved Cubic base contingency authorization, current TAP project management is requesting approval to reconcile the discrepancy

DISCUSSION

This error, as identified by the OIG, occurred because the former project management and contract administration staff misinterpreted the Board contract modification authority that had been approved as contract-wide as opposed to change-order specific. Board approval will ensure that the project has modification authority as approved by the Board in January 2013.

Contract No. OP2461010 was awarded to Cubic Transportation Systems, Inc. in March 2002, for an amount of \$84,003,444 and a base contract contingency of \$5,000,000 for contract modifications. Over the past ten years, the TAP Program has processed approximately 100 contract modifications. In addition to the original modification authority of \$5 million, the TAP Program has gone back to the Board 13 times for project-specific delegations of authority. These delegations of authority are for modifications that have already been executed and for modifications that are currently in progress. The audit performed by the OIG determined that as of December 31, 2012

the total contract modification amount, excluding modifications with separate delegated authority, exceeded base contract modification authority by \$401,591. Current project management requests the Board approve an increase for this amount to reconcile the over-expenditure consistent with the OIG's audit finding.

Over-expenditure Item:

Mobile Validator, Non-Recurring Engineering: \$401,591
(The total amount of this modification is \$611,677 of which \$401,591 requires ratification).

DETERMINATION OF SAFETY IMPACT

The request for Contract Modification Authority for Contract No. OP2461010 will not impact the safety of Metro's patrons or employees.

FINANCIAL IMPACT

No additional funding is being requested in this report as the Contract changes were paid for in previous years.

ALTERNATIVES CONSIDERED

The alternative considered was to use the FY13 contract modification authority of \$500,000 to cover the over-expenditure. This alternative is not recommended because the Board authorized \$500,000 for expenditures on miscellaneous TAP improvements performed annually beginning in January of 2013.

NEXT STEPS

Staff will work with the Procurement Department in the implementation of their new computer based system (CIMS) to monitor and track contract modifications against delegated contracting authority. The TAP Program will also track and monitor contract expenditures separately to ensure authorized expenditures are not exceeded again.

ATTACHMENTS

- A. Procurement Summary
- B. Contract Modification/Change Order Log
- C. Reconciliation of Contract Amount

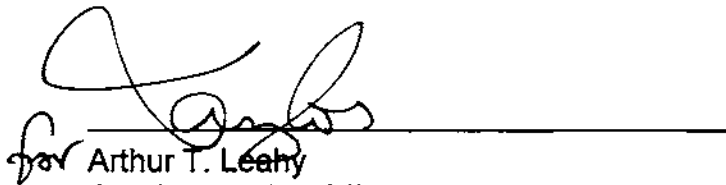
Prepared by: David Sutton, TAP Deputy Executive Officer (213) 922-5633



Michelle Lopes Caldwell
Chief Administrative Services Officer



Paul C. Taylor
Deputy Chief Executive Officer



for Arthur T. Leahy
Chief Executive Officer

**PROCUREMENT SUMMARY
UNIVERSAL FARE SYSTEM**

1.	Contract No.: OP02461010		
2.	Contractor: Cubic Transportation Systems, Inc.		
3.	Mod. Work Description: Ratification		
4.	Work Description: Electronic Fare Collection System		
5.	The following data is current as of :	August 23, 2013	
6.	Contract Completion Status:		
	Bids Opened	N/A	
	Contract Awarded	03-07-02	
	NTP	N/A	
	Orig. Complete Date	09-01-07	
	Current Est. Complete Date	06-30-20	
7.	Financial Status:		
	Contract Award Amount	\$84,003,444	
	Total Contract Modification Authority (CMA) Including this action	\$149,887,780	
	Total of Mods/Changes Approved to Date	102 Modifications \$145,115,413	
	Total of Mods/Changes Pending to Date (including this action)	8 Modifications \$4,243,430	
	Current Contract Value (with this action)	\$229,118,857	
8.	Contract Administrator: Don Dwyer	Telephone Number: (213) 922-6387	
9.	Project Manager: David Sutton	Telephone Number: (213) 922-5633	

A. Procurement Background

This Board action is to ratify base contract expenditures that, as of December 31, 2012, exceeded base contract modification authority by \$401,591.

B. Cost/Price Analysis

This ratification does not require cost/price analysis. The amount of the ratification was determined by audit. Costs for each modification processed under the

ratification were determined to be fair and reasonable based on cost analysis and technical evaluation.

C. Small Business Participation

Cubic Transportation Systems, Inc. has a Disadvantaged Business Enterprise participation commitment of 5.65%. Cubic Transportation's current DBE participation is 8.17%, which exceeds their DBE commitment.

SMALL BUSINESS COMMITMENT	DBE 5.65%	SMALL BUSINESS PARTICIPATION	DBE 8.17%
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	DBE Subcontractors	% Committed	Current Participation¹
1.	American Alloy Fabrication, Inc.	0.25%	0.56%
2.	Lows Enterprises	0.13%	0.06%
3.	TechProse	0.41%	0.11%
4.	Robnett Electrical	2.53%	6.46%
5.	Priority Manufacturing, Inc.	0.93%	0.32%
6.	J-Tec Metal Products	0.13%	0.06%
7.	KLI, Inc.	0.25%	0.16%
8.	Kormex Metal Craft	1.02%	0.44%
	Total Commitment	5.65%	8.17%

¹Current Participation = Total Actual amount Paid-to-Date to Subs + Total Actual Amount Paid-to-date to Prime.

ATTACHMENT B

Contract Modification/Change Order Log

Original Contract Award	\$84,003,444
Subtotal – Approved Modifications	\$145,115,413
Subtotal – Pending Changes / Modifications	\$4,243,430
Total Mods and Pending Changes (including this change)	\$149,358,843
Total Obligation	\$233,362,287
Prior CMA Authorized by the Board	\$149,476,189
Increased CMA for this recommended action	\$401,591
Total CMA including this action	\$149,877,780
Remaining CMA for Future Changes	\$518,937

Contract Modifications Requiring Ratification

88	Mobile Validator, Non-Recurring Engineering*	10-12-11	\$401,591
	Total		\$401,591

*Modification No. 88 was awarded for \$611,677. Of that amount, \$401,591 requires approval.

Reconciliation of Contract Amount

Contractor Name:		Cubic Transportation Systems, Inc.					
Contract Number:		OP-02-4610-10					
	Contract/Amend Date	Description	Period of Performance	Contract Action Amount	Board Authorized Amt	Board Report Date	Comments
Original Contract Amendment No.:	1-Mar-02	UFS System	3-1-02 to 9-1-07	\$84,003,444	\$89,003,444	2/20/2002	
1	8/19/2002	Table X-1, Milestone Changes	185 days (2-15-05)	\$0			
2	9/4/2002	TVM Soft Keys	No change	\$0	\$0		
3	4/13/2004	SFV MRT Equipment		\$7,454,844	\$7,454,844	1/16/2003	
4	10/8/2002	Mods. To GC's	No change	\$0			
5	8/22/2003	Third Coin Hopper	No change	\$416,858			
6	3/3/2003	Validator Video Clips	No change	\$0			
7	2/13/2003	PGL Test Waiver	No change	\$0			
8	2/13/2004	Change in number of Languages Supported	No change	\$0			
9	2/20/2003	Mods to Comp & Payment	No change	\$0			
10	3/3/2003	Smart Card to Smart Card Value Transfer					
11	3/3/2003	SCADA Cable Installation on PGL	No change	\$48,476			
12	4/8/2003	PGL Test Waiver	No change	\$0			
13	4/8/2003	Farebox Coin Dejam	No change	\$0			
14	4/16/2003	Table X-1, Milestone Changes	Add 24 days (3-8-05)	\$0			
15	7/1/2003	PGL Time Extension	Add 14 Days (3-22-05)	\$0			
16	7/1/2003	Change from Datastream to Metrix	No change	\$0			
17	7/18/2003	Milestone Change for FDR	No change	\$0			
18	1/6/2004	Deletion of Printer from Hand Held Unit	No change	(\$35,252)			
19	2/19/2004	Add Variable Message Indicator	No change	\$243,828			
20	4/7/2004	Change Part D, Comp. And Payment, Exhibit One	No change	\$0			
21	4/13/2004	Card Slot Use for WLAN	No change	\$0			
22	6/22/2004	Data Transmission System	No change	\$675,000			
23	6/8/2004	Mifare Card Initialization and Verification	No change	\$9,629			
24	7/9/2004	Farebox Mounting Adapter for NABI Buses	No change	\$32,485			
25	2/25/2005	Regional Central Computer System	12 months added to schedule	\$5,348,335	\$6,100,000	10/21/2004	
25.01	1/17/2007	Regional Central Computer System, Contingency for OH Rate Adjustment	No change	(\$31,621)			
25.02	8/7/2008	Regional CDCS Acceptance Test, Number of Participants per Spec. Section 10-2-2-9	No change	\$0			
25.03					(\$783,286)		Adjustment to Board Approved Amount to the actual modification amount
26	12/20/2004	Remove Requirement for Focus Group for TVM and SAV	No change	(\$111,704)			
27	1/4/2005	Farebox Rotation	No change	\$74,967			
28	7/25/2006	Eastside Extension, Additional Quantities	Installation based on East Side Extension ROD of 7-10-09	\$3,808,722	\$3,808,722		
29	4/25/2005	Stainless Panels	No Change	\$45,521			
30	6/10/2005	Metro Orange Line Data COMS cabling	No change	\$41,560			
32	7/25/2005	Add Spare parts for Eastside Extension	No change	\$15,480			
33	8/15/2005	Mifare Card Functionality on UFS	No Change	\$33,105			WACN, amount pending actual, documented costs
34	10/26/2000	Revisions to Project Schedule and Mandatory Milestone - table	Adds 380 days	\$0			
35	11/15/2005	OCU Mount	No Change	\$87,634			
36	5/12/2006	Reduced quantity of FFSOT	No change	\$0			This credit was moved to Mod. 55. Thus, the modification was cancelled.
37	4/6/2007	PGL Betterments	No change	(\$33,116)			
38	7/6/2006	Willow Station, Installation of third TVM and two SAV	No change	\$10,084			
39	10/2/2006	Upgrade CDCS to Fiber Disk Storage	No change	\$20,000			
40	2/16/2007	Expo Line	No change	\$5,197,204	\$5,200,000		
40.01					(\$2,796)		Adjustment to Board Approved Amount to the actual modification amount

Reconciliation of Contract Amount

ATTACHMENT C

Contractor Name:		Cubic Transportation Systems, Inc.					
Contract Number:		OP-02-4610-10					
	Contract/Amend Date	Description	Period of Performance	Contract Action Amount	Board Authorized Amt	Board Report Date	Comments
41	9/26/2006	Transit Mall Relocation	No change	\$14,409			Cancelled
41, Rev 1	1/23/2008	Transit Mall Relocation	No change	(\$14,409)			Cancelled, Paid under PO PS073960812
43	2/16/2007	HHV, MPOS, CPOS, Interim Maint. Deduct	No change	(\$162,628)			Deductive Change
44	2/16/2007	Additional Quantities, Contracted Services	No change	\$2,499,916	\$4,000,000		\$3 M for Contracted Service, \$1M for Bus OPS & Regional Rebuild Center
44.01					(\$1,500,084)		Adjustment to Board Approved Amount to the actual modification amount
45	2/16/2008	Replace Go-Cards with Mi-Fare Cards	No change	(\$1,157,850)			Credit due to delta between cost of Gocards and Mifare
46	4/9/2007	Relocate Data Probes & Receiver Vault Conduit at Div. 7	No change	\$29,787			
47	4/23/2007	Revision to UFS Base & Regional Manuals for release to ACS	No change	\$46,000			
48	7/18/2007	Expo Line - Pico Station Infrastructure	No change	\$18,542			
49	6/2/2008	Relocation of UFS Lab Equip to UFG 4th Floor	No change	\$106,905			
50	8/30/2007	Expo Line - 7th and Metro, additional infrastructure	No change	\$81,719			
50.01		Credit for 7th/Metro work	No change	(\$30,173)			Credit for work performed by other contractor at 7th/Metro station
51	10/16/2007	Handheld Validator Holster	No change	\$6,184			
52	3/6/2008	Installation and Testing of Farebox at Transportation Concepts	No change	\$16,091			
53	5/14/2008	Relocated OCU's on Ford Cutaways and MST Buses at Contracted Services	No change	\$79,170			Corrected value from \$81,872 to \$79,170 due to adjusted overhead rate.
54	5/27/2008	Installation of one Farebox and Testing for Two Fareboxes at Contracted Services	No change	\$18,842			
55	10/9/2008	UFS Quantity Adjustment	No change	\$0			Line Item Quantities decreased or deleted in exchange for various Cubic provided services
56	12/3/2008	Contracted Bus Service Equipment Change	No change	\$36,704			
57	12/19/2008	Installation Acceptance Testing, First Transit	No change	\$3,040			
58	3/4/2009	UFS Equipment, Expo, Venice/Robertson	No change	\$304,246			
59	2/9/2009	Regional CDCS, Electrical Power reconfiguration	No change	\$17,186			
60	21-19-09	Rail/Bus Equipment Warranty	No change	\$0			
61	4/9/2009	Fare Gates, Civil Work	No change	\$10,000,000	\$10,000,000	2/28/2008	Station Fare Gate Civil Work
62	3/4/2009	UFS Equipment, Expo, Truesdale Station	No change	\$284,167			
63	6/8/2010	System Support Services	3,650 days (10 Years, gates)	\$33,988,558	\$35,240,000	3/26/2009	Gate Maintenance (\$23M/10 yrs), System Support services, (\$12,240,000/3 yrs)
					(\$1,251,442)		Adjustment to Board Approved Amount to the actual modification amount
63.01		Transfer of Maintenance Dollars from Mod. 68.01	No change	\$585,845			Maintenance dollars for Orange Line moved to System Support Services, Zero dollar impact
63.02	3/22/2013	System Support Services, Orange Line Credit	No change	(\$58,243)			Maintenance dollars for Orange Line moved to System Support Services, Zero dollar impact
63.03		System Support Services, 1-year extension	6/30/2013	\$9,000,000	\$9,000,000	6/28/2012	One-year extension of System Support Services for \$9M. Final Amount subject to resolution of audit findings
64	7/27/2009	\$5 Dollar Bill handling Units for Fareboxes and TVM	No change	\$304,658			
65	1/4/2010	Installation of SAV's for Eastside Extension	No change	\$34,077			
66	2/2/2010	Relocation of Swing Gate, Wilshire Normandie	No change	\$18,905			
67		Cancelled					Cancelled, Never Issued
68	11/2/2010	UFS Equipment for Orange Line extension	No change	\$2,717,596	\$3,952,540	4/22/2010	Orange Line Extension Equipment
68.01		Transfer Maintenance Dollars to Mod. 63.01	No change	(\$585,845)			Maintenance dollars moved to System Support Services, zero dollar impact
68.02	3/22/2013	UFS Equipment for Orange Line extension, credits	No change	(\$10,982)			
					(\$1,234,944)		Adjustment to Board Approved Amount to the actual modification amount

Reconciliation of Contract Amount

Contractor Name:		Cubic Transportation Systems, Inc.					
Contract Number:		OP-02-4610-10					
	Contract/Amend Date	Description	Period of Performance	Contract Action Amount	Board Authorized Amt	Board Report Date	Comments
69	4/2/2010	Additional TVM at Aviation, Greenline	No change	\$13,031			
70	4/28/2010	TAP Card Physical testing	No change	\$41,844			
70.01	3/22/2013	TAP Card Physical testing	No change	\$12,658			
71	6/30/2010	Concession Light Functionality	No change	\$96,726			
72		Change Specification Requirement from Bus Smart Card Processor Unit to Driver Control Unit Light Validator					
73	9/9/2010	APT Test Server Imaging	No change	\$45,024			
74	11/1/2010	Contracted Services, Relocation	No change	\$33,854			
75	2/15/2011	Additional Limited function, Sales Office Terminal	No change	\$993,795			
76		Cisco API	No change	\$59,209			
77	3/3/2011	Limited Use Security Key Installation	No change	\$69,097			
78	3/3/2011	Update Farebox Config to Support Aruba Wireless	No change	\$40,204			
79	4/25/2011	Relocation of test Lab Equipment	No change	\$80,911			
80	4/20/2011	Four byte to seven byte Smart Card Software	No change	\$362,069			
81	4/25/2011	Fencing Modification, N. Hollywood & Avalon	No change	\$24,004			
82	4/25/2011	TVM at Hollywood and Western	No change	\$15,531			
83	4/25/2011	DCU/Lite Validator Equipment	No change	\$363,492			
84	6/6/2011	Install TVM's at Three Customer Center	No change	\$386,680			
85	6/29/2011	Cubic Modification to Gate Software/Locking Commands	No change	\$111,188			
86	7/26/2011	UPS Equipment for Expo Phase 1, Farmdale Station	No change	\$415,184			Expo Work
87	8/25/2011	Relocation of Ticket Vending Machines at Green Line, Long Beach Station	No change	\$15,909			
88	10/12/2011	Mobile Validator, Non-Recurring Engineering	No change	\$611,677			
89	3/5/2012	Expo-Pico Station North Platform TVM/SAV Work	No change	\$17,592			
90	2/15/2012	Deletion of Contract Lines 1.03, 1.04, 1.33	No change	(\$64,170)			
91	2/15/2012	Metro Orange Line Extension, Installation of 12 Owner Provided SAVs	No change	\$34,483			
92		Moved to 63.03					
93		Gate Locking Implementation					
94	7/1/2013	System Support Services, 6-year extension	No change	\$55,000,000	\$55,000,000		Board Approved a 6-year extension of System Support Services. Amount is \$55M
CN No. 169, was 145.04	2/22/2013	TVM/SAV Relocation at Mission Station (Issued as a WACN)	No change	\$10,000	\$10,000	10/25/2012	This CN was issued as a WACN for \$10K to begin work on the relocation as requested by Greg Wasz and David Sutton, CN 169 (was 145.04) Approved by the Board for \$1,382,600
		Final Negotiated Amount (TBD)					
95	6/13/2012	UPS Equipment Storage Costs	No change	\$4,129			Storage Costs
96	2/4/2013	Three Additional Swing Gates	No change	\$44,611	\$44,611	10/25/2012	Three additional Swing Gates, Board Approved Authority of \$44,611, CN NO. 148
97	4/1/2013	Additional Fire Switches, Vermont Station	No change	\$8,392	\$9,277	10/25/2012	Fire Dept Request, Board Approved Authority of \$9,277 for CN No. 147
					(\$885)		Adjustment to Board Approved Amount to the actual modification amount
98	4/15/2013	Emergency Swing Gate Upgrades	No change	\$252,145	\$300,000	10/25/2012	Necessary upgrade to swing gates, Board Approved \$300K, 10-18-12 for CN No. 157
					(\$47,855)		Adjustment to Board Approved Amount to the actual modification amount
99		Removal of TVM, Wilshire/La Brea Customer Center	No change	\$4,883			Authority from FY-14, \$500K
100	7/1/2013	Turn Key Mobile Validator System	No change	\$2,996,113	\$3,000,000	10/25/2012	Board Approved \$3M for CN No. 158
					(\$3,887)		Adjustment to Board Approved Amount to the actual modification amount

Reconciliation of Contract Amount

ATTACHMENT C

Contractor Name:		Cubic Transportation Systems, Inc.					
Contract Number:		OP-02-4610-10					
	Contract/Amend Date	Description	Period of Performance	Contract Action Amount	Beard Authorized Amt	Board Report Date	Comments
101	8/1/2013	Bus Division Vault Relocations (Group A, 2, 8, 10, 15) Group B, 1, 5, 9, 18	No Change	\$995,940	\$963,191	10/25/2012	Board Approved (CN 153A, B) \$963,191, balance of \$32,749 from FY-14, \$500K authority
						10/25/2012	Board Approved \$7.8M for TAP System Enhancements, CN 145, 146, 147, 148, 150.02, 153a, 153b, 155, 156, 157, 158, 160.
CN No. 162		Procure and install four TVM's at El Monte Transit Center	No Change	\$474,753	\$610,000	1/24/2013	Modification Authority for CN 162.01, El Monte Bus TVM's
					(\$135,247)		Adjustment to Board Approved Amount to the actual modification amount
					\$500,000	1/24/2013	FY-13 Modification Authority. See Board Report, January EMC/Board
					(\$500,000)		No FY-13 Authority was used for the \$500K
					\$500,000	Jan-13	FY-14 Modification Authority. See Board Report, January 2012, EMC Board
Totals				\$229,118,857	\$229,236,203		
		Pending Modifications with Board Authority					
		CN No. 169 (was CN 145) for SAV/TVM Relocation			\$1,382,600		
		CN No. 146 for Mods to Nextfare, Segregation of Data			\$661,520		
		CN NO. 148 for three additional Swing Gates			\$44,611		
		CN No. 150.03, Install 2 TVMs at Est Portal Customer Center and Culver City Stations			\$265,838		
		CN No. 155, Allow for multiple use on a single TAP Card for Groups			\$701,301		
		CN No. 156, Request for Additional Data Reports			\$250,000		
		CN No. 160, Engineer and Design features for handheld readers to check fares			\$687,560		
		CN No. 170, Modify TVM to Improve Purchases			\$250,000		
Subtotal Pending Changes					\$4,243,430		
Totals		With Pending Changes/Board Authorization		\$233,362,287	\$233,479,633		
Remaining:				\$117,346			