

**Metro**Los Angeles County
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Los Angeles, CA 90012-2952213.922.2000 Tel
metro.net**EXECUTIVE MANAGEMENT COMMITTEE
April 17, 2014****SUBJECT: UNIVERSAL FARE SYSTEM UPGRADE****ACTION: APPROVE CONTRACT MODIFICATIONS****RECOMMENDATION**

Authorize the Chief Executive Officer to negotiate and execute Modification No. 108 to Contract OP-02-4610-10 with Cubic Transportation Systems, Inc. in an amount not-to-exceed \$12,000,000 to upgrade Metro's fare collection system (Universal Fare System) hardware and software and supporting equipment to: 1) ensure continued reliability of the system; 2) provide for future capacity and capabilities of the system and 3) strengthen the security of Universal Fare System, to achieve compliance with recently released version 3.0 of Payment Card Industry-Data Security Standards (PCI-DSS). This action increases the total contract value from \$231,741,566 to \$243,741,566.

ISSUE

Metro's Universal Fare System (UFS) was designed and implemented more than ten years ago and many of the hardware and system components are nearing end of life. While the system has continued to be maintained over the period, a major upgrade of the software and hardware is needed to help ensure continued reliability of the system. In addition, the UFS Ticket Vending Machines have memory capacity limitations. This is becoming more of an issue as the TAP program expands to include additional municipal operators. Also, information security standards continue to evolve. As such, UFS needs to be modified to strengthen the security of the system and to be compliant with newly revised PCI-DSS regulations as mandated by the major credit card companies.

DISCUSSION

Metro's fare collection system is more than 10 years old and requires a major version upgrade of the system software in order to help ensure continued reliability and to comply with the latest credit/debit processing standards. This upgrade involves a major

enhancement in the credit card processing components, including substantial software upgrades such as a migration to a new version of Cubic's proprietary NextFare application and the implementation of a new payment application. The upgrade also includes the upgrade of computers and card readers in more than 400 Ticket Vending Machines (TVMs) and replacement of more than 20 servers.

The upgrade will also address future capacity limitations of the Ticket Vending Machine's memory. This is becoming increasingly important as the TAP program continues to expand to accommodate additional municipal operators.

This upgrade will also strengthen the security of UFS to ensure it follows the latest security best practices and complies with the recently released version 3.0 of the Payment Card Industry Standards. The PCI Data Security Standards are instituted by a council which is comprised of the major credit card brands including: Visa, MasterCard, American Express and Discover.

The Information and Technology Services (ITS) department collaborated with a team of internal departments and automated revenue collection and external information security experts to assess the future of fare payment trends and technologies. The team developed a comprehensive statement of work to include provisions for the future. The Cubic proposal reflects the best approach for extending the life of the existing system, expanding the memory capacity, and achieving PCI 3.0 compliance while laying the groundwork for the next generation of payment card technologies. This project is slated to take approximately two years to complete after notice to proceed.

DETERMINATION OF SAFETY IMPACT

This project will have no overall impact on safety.

FINANCIAL IMPACT

The authorized Life-of-Project approved by the Board in FY14 is \$19,500,000. Funding of \$909,000 for this project is included in the FY14 budget in cost center 9240, Information Technology Services, under capital project number 207133, account 50432 Materials and Supplies. Since this is a multi-year contract, the Chief Information Officer will be accountable for budgeting cost in future years.

Impact to Budget

The funding for these services is from Proposition C. These funds are eligible for bus and rail operating and capital expenses. No other source of funds was considered for this project because these funds are in the FY-14 approved budget for this capital expenditure.

ALTERNATIVES CONSIDERED

An alternative is to replace the entire UFS with a new system from a competing vendor with the capacity for future growth as the system expands to accommodate additional municipal operators, and that is compliant with the new PCI 3.0 standards. This option is not feasible as it is estimated to cost Metro over \$200 million and our current municipal partners would be required to switch their equipment as well.

NEXT STEPS

Issue change order and begin the planning stage immediately for implementation in 2015.

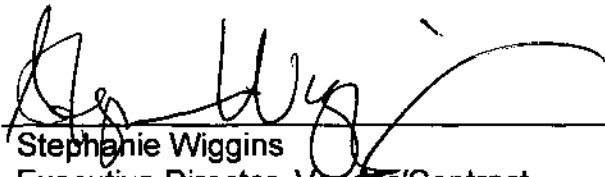
ATTACHMENTS

- A. Procurement Summary

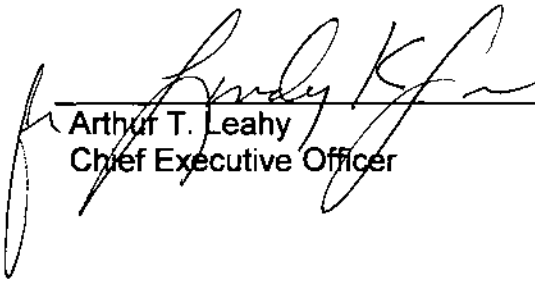
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Management



Arthur T. Leahy
Chief Executive Officer

PROCUREMENT SUMMARY

UNIVERSAL FARE SYSTEM UPGRADE

1.	Contract No.: OP02461010			
2.	Contractor: Cubic Transportation Systems, Inc.			
3.	Mod. Work Description: Modify Contract and Upgrade Equipment			
4.	Work Description: Upgrade Metro's Fare Collection System for PCI Compliance			
5.	The following data is current as of :	March 28, 2014		
6.	Contract Completion Status:			
	Bids Opened	N/A	Financial Status	
	Contract Awarded	3/7/02	Contract Award Amount	\$84,003,444
	NTP	3/7/02	Total of Modifications approved	\$147,738,122
	Orig. Complete Date	9/01/07	Pending Modifications (including this action)	\$12,000,000
	Current Est. Complete Date	7/1/20	Current Contract Value (with this action)	\$243,741,566
7.	Contract Administrator: Don Dwyer	Telephone Number: (213) 922-6387		
8.	Project Manager: David Sutton	Telephone Number: (213) 922-5633		

A. Procurement Background

This proposed modification is for an amount not-to-exceed (NTE) \$12,000,000. The performance of work contemplated under this modification is for a period of two years. The period of performance for this contract is not changed by this modification.

This contract modification was handled in accordance with the LACMTA approved procedures for contract modifications.

A summary of approved contract modifications is provided below:

Change Type	Number of Changes	Amount
Administrative Changes	19	\$0.00
Deductive Changes	9	-\$2,295,993
System Expansion	11	\$37,365,873
System Maintenance	4	\$99,825,845
System/Equipment Changes/Enhancements	67	\$12,842,397

B. Cost/Price Analysis

The final negotiated amount will comply with all requirements of Metro’s Acquisition policy and procedure, including fact-finding, clarifications, negotiations, and cost analysis to determine a fair and reasonable price before the contract modification is executed.

	Proposal Amount	MTA Estimate	Negotiated Amount
1.	NTE \$12,000,000	TBD	TBD

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 8.14%, which exceeds their DBE commitment.

SMALL BUSINESS COMMITMENT	DBE 5.65%	SMALL BUSINESS PARTICIPATION	DBE 8.14%
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	DBE Subcontractors	% Committed	Current Participation ¹
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%	6.43%
5.	Priority Manufacturing, Inc.	0.93%	0.07%
6.	J-Tec Metal Products	0.13%	0.06%
7.	KLI, Inc.	0.25%	0.15%
5.	Priority Manufacturing, Inc. (GFI)	0.93%	0.26%
8.	Kormex Metal Craft	1.02%	0.44%
	Total Commitment	5.65%	8.14%

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