

**SOUND TRANSIT  
STAFF REPORT**

**MOTION NO. M2006-73**

**Debit/Credit Network and Communication Services for Ticket Vending Machines**

<b>Meeting:</b>	<b>Date:</b>	<b>Type of Action:</b>	<b>Staff Contact:</b>	<b>Phone:</b>
Finance Committee	10/19/06	Discussion/Possible Action to Recommend Board Approval	Brian McCartan, Chief Financial Officer	(206)398-5100
Board	10/26/06	Action	<b>Mary Phelan, Accounting Manager Lonna Mascarello, IT Operations Manager</b>	(206)398-5028 (206)398-5428

<b>Contract/Agreement Type:</b>	<input checked="" type="checkbox"/>	<b>Requested Action:</b>	<input checked="" type="checkbox"/>
Competitive Procurement		Execute New Contract/Agreement	<input checked="" type="checkbox"/>
Sole Source	<input checked="" type="checkbox"/>	Amend Existing Contract/Agreement	
Agreement with Other Jurisdiction(s)		Budget Amendment	
Real Estate		Property Acquisition	

**PROJECT NAME**

Debit/Credit Network and Communication Services for Ticket Vending Machines

**PROPOSED ACTION**

Authorizes the chief executive officer to execute a sole source contract with Alliance Data Systems to provide network services as the clearinghouse for debit/credit transactions for Sound Transit's ticket vending machines for a total authorized contract amount not to exceed \$222,000.

**KEY FEATURES of PROPOSED ACTION**

- The purpose of this action is to replace the current contract with Alliance Data Services (ADS) with a new three-year contract, effective December 1, 2006 through November 30, 2009. The existing ADS contract term was effective December 1, 2004 through November 30, 2007.
- The proposed contract will consolidate all network services provided by ADS into one contract. The scope includes obtaining debit/credit authorizations, transaction processing, data collection and support, 24-hour help desk services, and repair of system equipment.
- In order to control costs and improve data quality, the computers which stored the TVM data were relocated from Scheidt-Bachmann's facility to Sound Transit at Union Station. In addition, the data is now transmitted from the Sounder platforms to Union Station via a fiber optic cable. These changes in the way data is collected and transmitted necessitate replacing the existing contract with ADS. It also will result in an estimated cost savings of \$20,000 a year.

- Like the current contract, the proposed contract is of a sole source nature. ADS is the only clearinghouse that works in conjunction with Sound Transit's TVM gateway provider (Scheidt and Bachmann) in its current configuration. Data is collected by the TVMs from the initial point of sale and then transmitted to the clearinghouse.

### **BUDGET IMPACT SUMMARY**

There is no action outside of the Board-adopted budget; there are no contingency funds required, no subarea impacts, or funding required from other parties other than what is already assumed in the financial plan.

### **BUDGET and FINANCIAL PLAN DISCUSSION**

The proposed action would authorize a three-year contract with Alliance Data Services to provide network services related to the fare collection by credit and debit cards on Sound Transit TVMs. These costs will be charged to the utilities budget for the impacted transit operations modes. For the period through July 2009, TVMs will be operating on Sound Transit Sounder commuter rail services. After that time, Central Link will be operating and the costs will be apportioned to the two modes on the basis of the number of TVMs in operation.

The transit operations budgets are authorized by the Board on an annual basis. For 2006, the Sounder commuter rail budget includes approximately \$58,000 for network charges related to TVMs. Costs through September have totaled \$31,000. Sufficient budget remains to cover the remaining three months of the year.

The Proposed 2007 Budget includes approximately \$50,000 for network charges related to this contract. Future years' operating budgets would be constructed to provide the necessary funding to cover the costs of this contract. It is estimated that the Central Link portion of this contract will be approximately \$15,000 in 2009. This funding is being built into planning for the Central Link operations budgeting.

## **BUDGET TABLE**

The budget for this contract is funded out of the utilities portion of the transit operations budget, which appears on page 43 of the Adopted 2006 Budget book. The impact of this contract on the current and future years' budgets is illustrated below:

### **Summary for Board Action (Year of Expenditure \$000)**

**Action Item: Execute a contract with Alliance Data Systems to provide Network Services for data systems related to TVM operations.**

<b>Contract Budget</b>	<b>Current Approved Contract Value (A)</b>	<b>Committed to Date (B)</b>	<b>Proposed Action (C)</b>	<b>Proposed Total Contract Value (D)</b>
1 Alliance Data Systems	-	-	222	222
2 Contingency	-	-	-	-
3 Total	-	-	222	222
Alliance Data Systems Contingency %	0%	-	0%	0%

<b>Contract to be Charged: Transportation Services Department, Account Budget 2006</b>	<b>Current Board Adopted Budget (1)</b>	<b>Committed to Date (2)</b>	<b>2006 Portion Proposed Action (3)</b>	<b>Future Operating Budgets (4)</b>
5 Sounder Commuter Rail	15	-	15	192
6 ST Express Bus	-	-	-	-
7 Tacoma Link Light Rail	-	-	-	-
8 Central Link Light Rail	-	-	-	15
9 Other Utilities Costs	446	N/A	N/A	N/A
10 Total Phase	461	-	15	207

### **Notes**

<sup>1</sup> Represents the portion of the utilities budget from page 43 of the Adopted 2006 Budget that is related to utilities, including network charges. The total budget for utilities is \$446k for 2006.

<sup>2</sup>

Committed to date per expenditures incurred through September 2006. There have been no charges to date as this is a new contract.

<sup>3</sup> This contract would commit \$222k over a three year period. Of this amount \$15k would be anticipated to be spent in 2006.

<sup>4</sup> Represents the amount expected to be included in the 2007-2009 transit operations budget for network services. This amount would be available to fund the remaining balance of the proposed contract.

## **M/W/DBE – SMALL BUSINESS PARTICIPATION**

### **Prime Consultant/Contractor**

Alliance Data Systems is the sole source for this contract and its tasks are not subcontracted.

### **EEO Commitment**

Alliance Data Systems workforce demographics are 61% women and 36% minorities.

## **PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION**

A sole source contract was approved within the chief executive officer's authority with Alliance Data Systems (ADS) effective December 1, 2004 through November 30, 2007 to provide network and satellite services for Sounder TVM debit/credit sales. These services transmitted data on ticket sales and machine status from the TVMs on Sounder platforms to a facility owned by Scheidt-Bachman.

The existing contract does not cover payment for services related to data transmission via a fiber optic cable. Under this action, the existing contract would be replaced with a new three-year contract effective from December 1, 2006 through November 30, 2009 and would cover all services required under the new fiber option transmission.

The scope of the contract includes obtaining debit/credit authorizations, processing transactions and payment requests, data capture and reporting, 24-hour help desk support, repair of Alliance system problems, and network design, installation, management, monitoring and diagnostics. This contract covers both Sounder and future Link light rail services.

### **Sole Source Justification**

Alliance Data Systems is the only clearinghouse that Scheidt-Bachmann's TVM interface supports in its current configuration. All other clearinghouse providers would require development and certification of a new interface by Scheidt-Bachmann, and a different interface would require additional hardware (which Scheidt-Bachmann does not provide) and integration costs in order to be functional.

### **CONSEQUENCES of DELAY**

A delay beyond November 30, 2006 will impact prompt daily transaction processing.

### **PUBLIC INVOLVEMENT**

Not applicable to this action.

### **ENVIRONMENTAL COMPLIANCE**

Not applicable to this action.

### **LEGAL REVIEW**

JW 10/12/06

## **SOUND TRANSIT**

### **MOTION NO. M2006-73**

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a sole source contract with Alliance Data Systems to provide network services as the clearinghouse for debit/credit transactions for Sound Transit's ticket vending machines for a total authorized contract amount not to exceed \$222,000.

#### **Background:**

A sole source contract was approved within the chief executive officer's authority with Alliance Data Systems (ADS) effective December 1, 2004 through November 30, 2007 to provide network and satellite services for Sounder TVM debit/credit sales. These services transmitted data on ticket sales and machine status from the TVMs on Sounder platforms to a facility owned by Scheidt-Bachman.

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#### **Motion:**

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a sole source contract with Alliance Data Systems to provide network services as the clearinghouse for debit/credit transactions for Sound Transit's ticket vending machines for a total authorized contract amount not to exceed \$222,000.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on October 26, 2006.



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John W. Ladenburg  
Board Chair

ATTEST:



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Marcia Walker  
Board Administrator