

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2008-68

Ticket Vending Machine Operations and Maintenance Contract Amendment

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	7/17/08	Discussion/Possible Action to Recommend	Greg Walker, Policy and Planning Officer	(206) 398-5070
Board	7/24/08	Board Approval Action	Brian Brooke, Program Manager	(206) 398-5229

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

PROJECT NAME

Ticket Vending Machine Operations and Maintenance Vendor Contract

PROPOSED ACTION

Authorizes the chief executive officer to execute a contract amendment with Scheidt and Bachmann USA, Inc. to extend provision of system operations and maintenance services for one year; and provision of parts, supplies and software support for up to six years. The contract amendment is in the amount of \$3,333,000 with a contingency of \$333,000 totaling \$3,666,000, for a new total authorized contract amount not to exceed \$20,219,000.

KEY FEATURES of PROPOSED ACTION

- The proposed action continues contracting for current levels of all operations and maintenance service for the ticket vending machine (TVM) system; including 32 Sounder TVMs for one year, at an estimated cost of \$748,000 (August 2008 – July 2009).
- The proposed action continues contracting for software maintenance support, help desk support, access to major system repair and programming services, and ongoing provision of parts and supplies (including ticket stock) for up to five additional years (August 2009 – July 2014) at an estimated first year cost of \$440,000, plus year-to-year inflation adjustments for an estimated total of \$2,582,000.
- Phases out contractor provision of local field and shop maintenance and day-to-day software/database support, shifting responsibilities to in-house staff prior to TVM system expansion for Link light rail.

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

In 2008, the proposed action will be funded by Sounder Commuter Rail TVM Maintenance Management and Materials Supplies budget. The Adopted 2008 Budget for TVM Maintenance Management is \$607,000. Of this amount, \$288,000 has been spent to date. The Adopted 2008 Budget for Materials & Supplies is \$3,368,535. Of this amount, \$1,441,000 has been spent to date. Both budgets have sufficient funds to support the 2008 contracted amounts.

Starting August 2009, Scheidt & Bachmann will no longer provide operation maintenance for Sounder. Sound Transit will bring the operation maintenance in house, but will continue to provide other levels of services including technical support, supplies, etc. for both Sounder and Central Link. These costs will be budgeted in Sounder Commuter Rail and Central Link's operations budgets.

BUDGET TABLE

Summary for Board Action (X \$1,000)

Action Item: Execute a contract amendment with Scheidt & Bachmann to provide continuing support for operations and maintenance services for TVM system..

	(A) 1	(B)	(C)	(D)
	Adopted 2008 Budget	Spent to date in 2008	Contract Expenditures 2008	Remaining 2008 Budget
Current Year Budget				
Sounder Materials & Supplies	3,369	1,441	16	1,912
Sounder Management Services - TVM	607	288	296	23
Link Operations - Materials & Supplies	-	-	-	-
Link Operations - TVM Maintenance	-	-	-	-
Total	3,976	1,729	312	1,935

	Prior Year(s) Spending	2008 Spending	Future Expenditures	Total
Contract Spending Plan				
Scheidt & Bachmann USA - Sounder Materials & Supplies	176	16	293	309
Scheidt & Bachmann USA - Sounder Management Services - TVM	3,344	296	1,035	1,331
Scheidt & Bachmann USA - Link, Materials & Supplies	-	-	439	439
Scheidt & Bachmann USA - Link, TVM	-	-	1,587	1,587
Total	176	312	3,354	3,666

	Current Approved Contract Value	Spent to Date	Proposed Action	Proposed Total Contract Value
Contract Budget				
Scheidt & Bachmann USA	16,553	7,037	3,333	19,886
Contingency	-	-	333	333
Total Contract	16,553	7,037	3,666	20,219
Percent Contingency	0%	0%	10%	0%

Notes:

¹ Sounder Commuter Rail budget for TVM Management Services and Materials & Supplies can be found on page 55 of Adopted 2008 budget book.

SMALL BUSINESS PARTICIPATION

Prime Consultant/Contractor

On the original Phase I portion of this contract, Scheidt & Bachman involved M/W/DBE and other small businesses on 5.7% of the contract, amounting to \$306,055. The subcontracted tasks included installation of the TVM's, freight forwarding services, sheet metal manufacturing, and supply of the electronic components and sub assemblies.

For Phase II, Scheidt & Bachman committed to utilize M/W/DBE and other small businesses for 5.22% amounting to \$237,521 of this portion of the contract. The firms will perform the tasks of installation of the TVM's, freight forwarding services, and sheet metal manufacturing. To date their participation has been 5.65% amounting to \$257,060.

For the Sounder TVM Upgrade, Scheidt & Bachman has committed to utilize M/W/DBE and other small businesses for 6.34% amounting to \$82,649 of this portion of the contract. The firms will perform the tasks of installation and relocation of the TVM's, freight forwarding services, and sheet metal manufacturing. To date their participation has been 12.24% amounting to \$159,238.

Scheidt & Bachmann is the prime consultant for the scope of work set forth in this staff report. Scheidt & Bachmann will perform 100% of the work included in this change order.

EEO Commitment

Scheidt & Bachmann USA, Inc. employs 35.66% people of color and 12.59% women.

Apprentice Utilization Commitment

Not applicable to this action.

PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION

In 1998, Scheidt & Bachmann USA, Inc. was the successful bidder to provide the fare vending and validation equipment for both Sounder commuter rail and Link light rail. The Fare Vending and Validation Equipment contract RTA/CR 28-98 provided for a separate Notice to Proceed to procure fare collection equipment for Link light rail stations based on anticipated Link light rail revenue service dates.

The original contract with Scheidt & Bachmann provides for provision of full operations and maintenance of the TVM network and back office systems at a 1999 monthly rate of \$57,212 for full Sounder North and South line operations (based on 31-35 TVMs) in 2001, plus annual inflation adjustments. In 2003, this rate was negotiated downward such that current rates in the 2007-08 contract period charges are \$44,160 per month. The bulk of these expenses are attributable to contractor maintenance of a local field office with two full time technicians providing daily maintenance, troubleshooting and repair for Sound Transit's TVM systems and devices.

With the addition of 57 TVMs for Link in mid-year 2009, the estimated monthly cost of contracting with Scheidt & Bachmann to maintain current levels of operations and maintenance support of 100 total TVMs would be in excess of \$120,000. With annual cost inflators the five year (August 2009 – July 2014) total would be an estimated \$8,680,000. By moving these functions in-house, retaining Scheidt & Bachmann only for the purchase of parts, supplies and those major repair and programming functions Sound Transit cannot perform itself, Sound Transit reduces the estimated contract expenditure to under \$40,000 per month in the first year, resulting in a reduction in contract expenditures of roughly \$6 million over the five-year period.

The cost for Sound Transit to staff and provide the operations and maintenance services in-house for the five year (August 2009 – July 2014) period is an estimated \$2,960,000, for a net cost savings in excess of \$3 million over contracting those services with Scheidt & Bachmann.

Prior Board/Committee Actions on this Project

Motion/ Resolution Number & Date	Summary of Action
M2008-18 2/14/08	Authorized the chief executive officer to execute a contract change order with Scheidt and Bachmann USA, Inc. to upgrade Sound Transit's ticket vending machines and central data collection system for integration into the new Regional Smart Card system in the amount of \$962,000, with a contingency of \$96,200 totaling \$1,058,200, for a new total authorized contract amount not to exceed \$16,552,987
M2007-115 11/08/07	Authorized the chief executive officer to execute a contract amendment with Scheidt and Bachmann USA, Inc. to upgrade Sounder ticket vending machines, the Central Data Collection System, and ticket office machines in the amount of \$1,742,453, with a 5% contingency of \$87,123 totaling \$1,829,576, for a new total authorized contract amount not to exceed \$15,494,787
M2006-26 03/23/06	Authorized the chief executive officer to execute a contract amendment with Scheidt and Bachmann USA, Inc. to implement Phase II of the fare vending and validation equipment contract to deliver, install and test fare collection equipment for the Central Link Light Rail Initial Segment and Airport Link in the amount of \$4,550,211, with a contingency of \$315,000, for a new total authorized contract amount not to exceed \$13,665,211.
M98-92 12/17/98	Authorized the Executive Director to award a contract between Sound Transit and Scheidt & Bachmann U.S.A. for the automatic fare vending equipment for the <i>Sounder</i> service in an amount not to exceed \$8,800,000, with options to provide additional equipment for LLR service. The contract price includes a 10% contingency.

CONSEQUENCES of DELAY

A delay beyond August 2008 in executing the contract amendment would require Sound Transit to pursue month-to-month extension agreements with Scheidt & Bachmann, using funds previously authorized by the Board through year-end 2008. Though funding is authorized and available to continue purchasing services through year-end 2008, the current agreement for services with Scheidt & Bachmann expires July 31, 2008. Delay beyond year-end 2008 in executing an extension of services would result in failure to operate and maintain the ticket machine vending network.

PUBLIC INVOLVEMENT

Not applicable to this action.

ENVIRONMENTAL COMPLIANCE

SSK 7/9/08

LEGAL REVIEW

JW 7/9/08

SOUND TRANSIT

MOTION NO. M2008-68

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a contract amendment with Scheidt and Bachmann USA, Inc. to extend provision of system operations and maintenance services for one year; and provision of parts, supplies and software support for up to six years. The contract amendment is in the amount of \$3,333,000 with a contingency of \$333,000 totaling \$3,666,000, for a new total authorized contract amount not to exceed \$20,219,000.

Background:

In 1998, Scheidt & Bachmann USA, Inc. was the successful bidder to provide the fare vending and validation equipment for both Sounder commuter rail and Link light rail. The Fare Vending and Validation Equipment contract RTA/CR 28-98 provided for a separate Notice to Proceed to procure fare collection equipment for Link light rail stations based on anticipated Link light rail revenue service dates.

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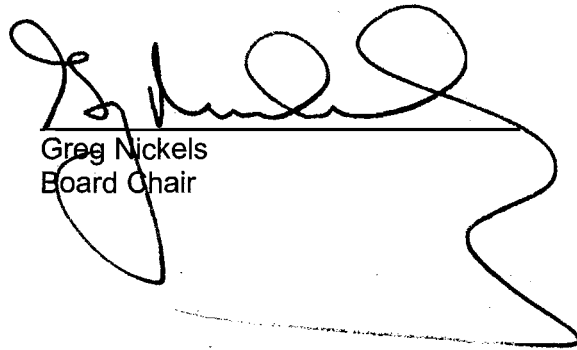
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The cost for Sound Transit to staff and provide the operations and maintenance services in-house for the five year (August 2009 – July 2014) period is an estimated \$2,960,000, for a net cost savings in excess of \$3 million over contracting those services with Scheidt & Bachmann.

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 contract amendment with Scheidt and Bachmann USA, Inc. to extend provision of system operations and maintenance services for one year; and provision of parts, supplies and software support for up to six years. The contract amendment is in the amount of \$3,333,000 with a contingency of \$333,000 totaling \$3,666,000, for a new total authorized contract amount not to exceed \$20,219,000.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on July 24, 2008.



Greg Nickels
Board Chair

ATTEST:



Marcia Walker
Board Administrator