

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

<input checked="" type="radio"/> Action <input type="radio"/> Information	MEAD Number: 100141	Resolution: <input type="radio"/> Yes <input checked="" type="radio"/> No
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TITLE:

Modification to ERG Contract

PURPOSE:

To request Board of Directors approval to issue contract modification to ERG Transit Systems (USA), Inc. to realign the SmarTrip® Program, to settle ERG claims against the Authority and to increase the Operating Budget for the SmarTrip Program to accommodate increased costs.

DESCRIPTION:

The Notice to Proceed for Contract CO5034 with ERG was issued July 21, 2003 for a base period of five years. Contract requirements called for a one-year period of development of the Multiple Application Smartcard Solution (MASS) and SmarTrip® Interoperability Regional Specification (SIRS) software systems and four additional years of operation of the Regional Customer Service Center. The SIRS was to be the software package that formed the bridge between the ERG MASS Software and the Cubic Data Network Concentrator (DNC) software.

It was anticipated that the development of the MASS and SIRS software would be completed so that the clearing and settling of stored value transactions and the processing, clearing and settling of pass products would be able to be implemented simultaneously. Numerous factors delayed the successful completion of the development and deployment of the software systems.

In July 2007, ERG submitted a Request for Equitable Adjustment which was revised and resubmitted in February 2008 at a final claim amount of \$7,965,699. The claim was based on delays and additional expenses to

ERG caused by delays in the development of the required software.

After due consideration of all points of this issue and upon advice from staff and experts in the field, staff recommended a realignment the SmarTrip® Program so that each contractor was required to provide services for which they have a proven production history and ability to deliver. This would shift the requirements for pass products, hotlist and auto-load management from ERG to Cubic Transportation Systems and would eliminate the need for further development of the SIRS interface software as all data would be communicated via Open Database Connectivity (ODBC) format.

A Memorandum of Understanding (MOU) was negotiated with ERG that would satisfy our requirements for a realignment of the program and would provide for equitable adjustment of the ERG claim and all open directed change orders under this contract. The MOU calls for (1) a one-time payment of \$1,482,049, (2) a payment of \$700,000 for Software License, (3) payments totaling \$600,000 for Software Maintenance, (4) an extension of the contract for four years with two options for one year each, (5) increases in the costs for operation of the RCSC, including an increase of 12% over the FY2003 base cost for FY2009 and 3% per year for the remainder of the contract and option years.

FUNDING IMPACT:

Budget: **Operating Budget, Fiscal 2009**

Office: **CEO**

Account: **SmarTrip® Services**

This Action: **\$2,643,368.80**

Remarks: **In July 2008 Board authorized \$3,772,271 for partial payment of extension of RCSC contract (C05034); due to budget cuts, this was reduced to \$3,395,044. Total needed for FY09 is estimated at \$6,038,412.80 due to negotiated increase in cost (12%), inclusion of Software Maintenance.**

Budget: **Operating Budget, Fiscal 2010**

Office: **CEO**

Account: **SmarTrip® Services**

This Action: **\$5,546,430.95**

Remarks: **First year of four year extension. Subject to availability of funds and Board approval.**

Budget: **Operating Budget, Fiscal 2011**

Office: **CEO**

Account: **SmarTrip® Services**

This Action: **\$5,430,344.44**

Remarks: **Second year of four year extension. Subject to availability of funds and Board approval.**

Budget: **Operating Budget, Fiscal 2012**

Office: **CEO**

Account: **SmarTrip® Services**

This Action: **\$5,689,140.21**

Remarks: **Third year of four year extension. Subject to availability of funds and Board approval.**

Budget: **Operating Budget, Fiscal 2013**

Office: **CEO**

Account: **SmarTrip® Services**

This Action: **\$5,963,881.27**

Remarks: **Fourth year of four year extension. Subject to availability of funds and Board approval.**

Budget: **Operating Budget, Fiscal 2014**

Office: **CEO**

Account: **SmarTrip Services**

This Action: **\$6,105,712.76**

Remarks: **First Option Year - Subject to availability of funds and Board approval.**

Budget: **Operating Budget, Fiscal 2015**

Office: **CEO**

Account: **SmarTrip® Services**

This Action: **\$6,415,868.52**

Remarks: **Second Option Year - Subject to availability of funds and Board approval.**

Budget: **Capital Program**

Program: **Metro Matters**
 Project: **Regional Fare Integration**

	FY2009	FY2010	TOTAL
Budget:	\$12,500,000		\$12,500,000
This Action:	1,972,049	\$ 210,000	2,182,049
Prior Approvals:	10,180,512		10,180,512
Remaining Budget:	\$ 347,439	\$ 137,439	\$ 137,439

Remarks: **Budget and funding beyond FY2009 are subject to approval by the Board.**

							TOTAL FUNDING IMPACT	
FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	TOTAL	
\$4,615,418	\$5,756,431	\$5,430,344	\$5,689,140	\$5,963,881	\$6,105,713	\$6,415,869	\$39,976,796	

RECOMMENDATION:

Approval to issue contract modification to ERG Transit Systems (USA), Inc. to realign the SmarTrip® Program, to settle ERG claims against the Authority and to increase Operating budget for the SmarTrip® Program to accommodate increased costs.