



Transportation Committee

February 27, 2014

Connect Card Change Order Innovations in Transportation Retail Sales Device

Issue: Should SACOG issue a Change Order to the INIT Contract for the Retail Sales Device?

Recommendation: That the Transportation Committee recommend that the Board of Directors grant the Chief Executive Officer (CEO) authority to negotiate and execute a Change Order with Innovations in Transportation (INIT) to modify the retail sales device in an amount not to exceed \$92,000.

Discussion: The Connect Card project is currently in the implementation phase, and the Consortium is working to secure retailers to provide customers the ability to get a Connect Card and load fare (passes and cash value) at locations across the region. Instead of selling paper passes or tickets, the stores would load the products onto customers' Connect Cards using Retail Sales Devices (devices) at their customer service counters. The retail network is one of three options for customers to get a card—through the Connect Card website, at transit service centers, or at retail outlets—and provides a cash-payment option for customers, unlike the website or add fare machines that require payment with debit/credit cards. Therefore, the retail network is a key implementation strategy to increase Connect Card accessibility for customers across the region.

The devices are currently configured to connect to the Connect Card background system through a hard-wired Ethernet switch that is generating concerns over data security, installation costs, and the ability to secure retailers. Modifying all units with a cellular modem is critical to alleviating these concerns and to facilitating efficient and transparent business relationships with retailers. Further, delivery of data communications through cellular broadband is a more cost effective approach for project implementation and for ongoing operations and maintenance of the devices.

Staff recommends modifying all sixty-nine devices manufactured by the primary vendor INIT to include an internal cellular modem. The estimated cost of the modification is ninety-two thousand dollars (\$92,000). Although the necessity of a retail network data communications strategy was identified in the design phase, a decision on these issues was deferred in order to study the technical nuances and evaluate the retail business environment. The recommended modification is not itemized in the Project Budget and would need to be financed from project contingency.

Project contingency stands at \$639,308. The proposed expense would reduce contingency to \$547,308; this represents 3.9 percent of the total project budget, or 8.1 percent of the unspent budget. Staff believes this contingency is satisfactory given the stage of the project life cycle. Most of project capital is locked up in a fixed price contract with INIT; much of the contracted hardware/software is delivered and installed; and test results to date have been very positive. At this point in time, the only significant anticipated contingency need is not for third party contractors/consultants but for temporary staffing to support transit agency roll out. An estimate for this need is expected in March. The Consortium Executive Committee supports this proposed change order.

Approved by:

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