



**August 27, 2018**

**To:** Members of the Board of Directors

**From:** Darrell E. Johnson, Chief Executive Officer

**Subject:** Sole Source Agreement for Third-Party Hosting and Installation of the Counterpoint Point of Sale Application

### **Overview**

The Orange County Transportation Authority is seeking to finalize Payment Card Industry Data Security Standard compliance by using a third-party compliant vendor to host its Counterpoint Point of Sale application.

### **Recommendation**

Authorize the Chief Executive Officer to negotiate and execute sole source Agreement No. C-8-1844 between the Orange County Transportation Authority and Computer SOS, in the amount of \$37,921, to host the Counterpoint application and provide set-up, hosting, licensing, and server support services.

### **Discussion**

The Orange County Transportation Authority (OCTA) originally purchased the Counterpoint software application in 2014 and began using it in September 2015. This software is used by the general public to purchase bus passes through the online website (<https://passsales.octa.net/>), as well as by OCTA's customer information center managed by a third-party consultant, and the OCTA Store employees to sell and manage bus passes. At this time, the Counterpoint application is hosted by OCTA internally, while Computer SOS (CSOS) is hosting OCTA's pass sales website.

By moving to a dedicated third-party Payment Card Industry (PCI) Data Security Standards compliant solution, the Counterpoint application will be removed from the OCTA-hosted environment to the CSOS-hosted environment. Industry best practices state that networking environments which support processing payment cards should minimize the connection to all non-payment card processing systems. By utilizing the same vendor, the Counterpoint environment, as well as the [passsales.octa.net](https://passsales.octa.net/) website that CSOS currently hosts for OCTA, will meet

industry best practices while maintaining PCI compliance. Furthermore, if OCTA were to retrofit the current onsite Counterpoint environment to achieve compliance, it would require the purchase of new hardware, complete rebuild of the Counterpoint network, as well as relocation of all dependent systems, rebuilding, and coordination with all the OCTA departments utilizing those systems.

OCTA is seeking CSOS to complete the following project deliverables:

1. Host the Counterpoint application in the same PCI compliant environment as the pass sales website.
2. Install, re-configure, and support the Counterpoint application.
3. Re-configure the pass sales website.
4. Provide support and maintenance for the system.
5. Provide payment card industry quarterly scanning, annual certification, and Security Assessment Questionnaire requirements.

### ***Procurement Approach***

This procurement was handled in accordance with OCTA's Board of Directors (Board)-approved policies and procedures for a sole source procurement.

CSOS currently hosts the pass sales website, which is used by the public to purchase bus passes. To become PCI compliant, OCTA proposes to procure a sole source to host the Counterpoint application in the same environment as the pass sales website. While the Counterpoint application may be hosted by any PCI compliant vendor, it would be difficult to ensure that multiple vendors openly share information with one another, which may include their individual business practices and operations. In addition, utilizing multiple vendors and networks has the potential to increase OCTA's risk and exposure to cyber-related attacks. Therefore, CSOS is recommended for award.

In accordance with OCTA's sole source procurement procedures, the Contracts Administration and Materials Management (Camm) conducted a price review of CSOS' proposed pricing. Camm concluded that CSOS' quoted pricing for hosting and installing the Counterpoint Point of Sale Application is \$11,409 less than the independent cost estimate. Therefore, the quoted price is deemed fair and reasonable.

Based on the above, it is recommended that the contract is awarded to CSOS.

**Fiscal Impact**

The project is included in OCTA's Fiscal Year 2018-19 Budget and will be funded with local funds (1281-7519-IX061-0FI).

**Summary**

Based on the information provided, staff recommends the Board authorize the Chief Executive Officer to negotiate and execute sole source Agreement No. C-8-1844 between the Orange County Transportation Authority and Computer SOS, in the amount of \$37,921, to host the Counterpoint application and provide set-up, hosting, licensing, and server support services.

**Attachment**

None.

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