



October 12, 2023

To: Transit Committee 
From: Darrell E. Johnson, Chief Executive Officer
Subject: Agreement for the Rider Validation System

Overview

On February 13, 2023, the Board of Directors approved the release of a request for proposals for the development and implementation of the rider validation system. Proposals were received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services. Board of Directors' approval is requested to execute an agreement for the rider validation system for the Orange County Transportation Authority's fixed-route system.

Recommendations

- A. Approve the selection of INIT Innovations in Transportation, Inc., as the firm to develop and implement a rider validation system for the Orange County Transportation Authority's fixed-route bus system.
- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-2-2980 between the Orange County Transportation Authority and INIT Innovations in Transportation, Inc., in the amount of \$11,627,150, for a five-year initial term with one, five-year option term for the development and implementation of a rider validation system for the Orange County Transportation Authority's fixed-route bus system.

Discussion

The Orange County Transportation Authority (OCTA) completed the installation of mobile ticketing validators and launched mobile ticketing on the fixed-route fleet in 2018. OCTA then initiated the development of a new rider validation system (RVS) that would leverage the existing investments in mobile ticketing and validators to provide a better customer fare payment experience, enhance rider validation, and offer flexibility in introducing new fare products.

To address these goals, OCTA engaged a third-party contractor, CH2M Hill Engineers, Inc., in 2018 to analyze the current fare collection system and propose solutions for the development of the RVS. Subsequently, in May 2020, the Board of Directors (Board) approved an agreement with Jacobs Engineering Group, Inc., to provide technical support in the development of the RVS specifications, including cost estimates for the system.

The proposed RVS will enhance the customer experience by introducing smart cards with embedded chips, enabling riders to store fare value in a centralized back-office account. Unlike the current magnetic stripe passes, smart cards would allow riders to register their cards to get benefits such as autoloading and balance protection. Additionally, riders will have the option to manage their smartcards through a web portal and utilize a virtual smart card within their smartphone mobile wallets. The option to pay with cash or with credit card will also be available to facilitate fare media sales and reloads via a retail network. OCTA included a retail network vendor as part of the RVS, which increases the number of locations within its retail network, benefiting all riders whether they have a bank account or not. The retail network vendor will deploy an OCTA-branded smartcard utilizing the gift card model, such that the OCTA smartcard would be sold and reloaded alongside gift cards from Amazon, Starbucks, and other similar online retailers.

The RVS would also offer OCTA greater flexibility with fare policy through its centralized account-based structure, enabling the consideration of fare capping. This model would charge riders as they ride, capping the total fare amount for one-day and a 30-day period, providing significant benefits to monthly pass riders who no longer need to purchase passes upfront. Fare capping is an extremely equitable fare policy that has been adopted by several peer agencies in recent years, such as the San Diego Metropolitan Transit System (MTS), Los Angeles County Metropolitan Transportation Authority, Tri-County Metropolitan Transportation District of Oregon, Dallas Area Rapid Transit, and Spokane Transit Authority.

Onboard cash sales currently contribute to nearly 60 percent of OCTA's fare revenue. Incentivizing fare payments using smart cards and a mobile application will reduce the onboard cash and cost associated with cash collection. In addition, removing the magnetic-stripe components from fareboxes will reduce equipment maintenance costs, speed up bus boardings, and allow bus operators to focus more on operating the vehicle.

Under this agreement, the selected firm will develop and implement a service-proven, account-based electronic fare collection system with an open architecture that will provide flexibility into the future as technology and OCTA's needs change. The RVS will integrate with OCTA's prior investments in mobile

ticketing, as well as on-board validators. In addition to delivering the RVS, the selected firm will be required to provide cloud hosting and software maintenance, as well as recruit and manage the network of retail merchants necessary to distribute fare media and reload customer accounts.

Procurement Approach

The procurement was handled in accordance with OCTA Board-approved procedures for professional and technical services. Various factors are considered in the award for professional and technical services. Award is recommended to the firm offering the most comprehensive overall proposal considering such factors as prior experience with similar projects, staffing and project organization, work plan, as well as cost and price.

On February 13, 2023, the Board authorized the release of Request for Proposals (RFP) 2-2980 and the proposed evaluation criteria and weightings, which was issued electronically on CAMM NET. The RFP was advertised in a newspaper of general circulation on February 13 and February 20, 2023. A pre-proposal conference was held on February 28, 2023, with 18 attendees from nine firms. Four addenda were issued to make available the pre-proposal conference registration sheet and presentation, respond to written questions, as well as handle administrative issues related to the RFP.

On April 25, 2023, seven proposals were received. An evaluation committee consisting of OCTA staff from the Revenue Administration, Scheduling and Bus Operations, Marketing and Customer Engagement, Transit Service Planning, and Information Systems departments met to review all the proposals received.

The proposals were evaluated based on the following Board-approved evaluation criteria and weightings:

- Qualifications of the Firm 20 percent
- Staffing and Project Organization 20 percent
- Work Plan 35 percent
- Cost and Price 25 percent

Several factors were considered in developing the evaluation criteria weightings. Qualifications of the firm was weighted at 20 percent as the firm had to demonstrate experience implementing a new account-based, open architecture electronic payment system. Staffing and project organization was also weighted at 20 percent as the firm had to demonstrate the level of expertise, availability, and involvement of the roles of the proposed project team. Work plan was weighted at 35 percent as the firm had to demonstrate that its proposed

implementation plan and solution met the functional and technical requirements established for the RVS as specified in the scope of work. Cost and price were weighted at 25 percent to ensure that OCTA receives value for the services provided.

On June 14, 2023, the evaluation committee reviewed the proposals based on the Board-approved evaluation criteria and short-listed the two most qualified firms listed below in alphabetical order:

Firm and Location

INIT Innovations in Transportation, Inc. (INIT)
Chesapeake, Virginia

Vix Technology USA, Inc. (Vix)
Tempe, Arizona

On June 27, 2023, the evaluation committee conducted interviews with the two short-listed firms. The interviews consisted of a presentation by each firm to demonstrate the firms' understanding of OCTA's requirements. The firms' project managers and key team members had an opportunity to present each team's qualifications and respond to the evaluation committee's questions. Questions were related to qualifications, relevant experience, approach to completing the requirements of the scope of work, as well as specific clarification questions related to each firm's proposal. After considering responses to the questions asked during the interviews, the evaluation committee reviewed the preliminary ranking and made adjustment to individual scores. However, INIT remained the higher-ranked firm with the higher overall score.

Based on the evaluation of the written proposals and the information obtained from the interviews, as well as cost and price, the evaluation committee recommends INIT for consideration of the award. The following is a brief summary of the proposal evaluation results.

Qualifications of the Firm

INIT was established in 1999 to serve the North American market and is headquartered in Chesapeake, Virginia. The firm is a wholly owned subsidiary of the INIT SE Group, which is headquartered in Germany. INIT has 105 employees in the United States and over 1,000 employees worldwide. The office located in Seattle, Washington is proposed to support this project. The firm's similar experience includes working with San Diego MTS, Spokane Transit Authority, Honolulu Department of Transportation Services, and Rhode Island

Public Transit Authority. The firm is currently providing development, installation, and implementation of the OC Streetcar ticket vending machines, as well as OCTA's validating equipment, which does not pose a competitive advantage as the validating equipment is able to integrate with any RVS solution and vice versa. INIT proposed four subcontractors it has previously worked with to provide software and integration, retail solution, customer and institution fare collection portal, and salesforce integration services. The firm received positive feedback from its references.

Vix is a wholly owned subsidiary of Vix Technology AFC Ltd, which was established in 1987 and has over 500 employees across eight global offices. Vix has been operating in the United States since 1999 and its regional headquarters is located in Tempe, Arizona with 55 employees, which is the office proposed to support this project. The firm demonstrated relevant experience providing RVS solutions for various transit agencies, such as the City of Phoenix Public Transit Department, City of Edmonton in Alberta, Canada, Dallas Area Rapid Transit (DART), and Brussels Intercommunal Transport Corporation in Belgium. Vix proposed five subcontractors it has previously worked with to provide smart cards, retail solution, revenue management system integration, and payment processing services. The firm received positive feedback from its references.

Staffing and Project Organization

INIT proposed a project team with extensive experience. The proposed project manager has over 18 years of experience managing electronic payment system projects and has been with INIT for seven years. The individual has worked on similar projects with San Diego MTS, North County Transit District (NCTD), and Metrolink. The proposed lead engineer has been with INIT for eight years and has experience leading the design and implementation of complex systems, including projects with San Diego MTS and NCTD. The proposed project manager and lead engineer are both proposed to serve as on-site representatives during key project milestones as required in the scope of work. During the interview, all project team members participated in their areas of expertise and provided a thorough discussion of the proposed RVS solution. The project team also provided detailed responses to the evaluation committee questions.

Vix proposed an experienced project team. The proposed project manager has over nine years of experience, including serving as project manager for the DART system-wide implementation, and has been with the firm for three years. The proposed lead engineer has over 12 years of relevant experience and has been with Vix for four years. The individual's projects include working with DART and the City of Edmonton. The firm indicated in the proposal that the proposed

project manager would relocate to Orange County to meet the on-site requirement. However, it was stated during the interview that the lead engineer would relocate, and the project manager would only be on-site as needed. Although this change still meets the on-site requirement, the inconsistency between what was stated in the proposal and interview raised concerns about the project team's availability and ability to meet the on-site requirement. During the interview, the project team presented its approach and proposed solution, as well as responded to the interview questions. However, the project manager did not respond to several technical questions nor demonstrate strong familiarity with the proposed solution and development process.

Work Plan

INIT presented a comprehensive work plan that demonstrated an understanding of the scope of work and OCTA's needs. The firm described in detail the functions and capabilities of its proposed RVS solution, which is fully customizable to meet the specifications identified in the scope of work. The firm provided a detailed discussion of its account-based back office and demonstrated a proven architecture with examples of integration with other fare system vendors. Additionally, INIT described its approach during the design review, testing, and implementation phases. The firm presented a detailed project schedule that meets the established 18-month timeline specified in the scope of work. During the interview, the firm elaborated on its proposed solution, provided detailed responses to the interview questions, and further demonstrated its approach to meet OCTA's requirements, timeline, and minimize risks.

Vix presented a detailed work plan and demonstrated an understanding of OCTA's requirements. The firm discussed its account-based back office, open architecture, and integration approach, which demonstrated a service-proven solution. The firm discussed design development and customization as required per the scope of work. However, during the interview, the firm described its solution as a partial software as a service (SaaS) platform, which is inconsistent with the firm's proposal. Additionally, a SaaS platform generally limits custom solutions since a SaaS platform is typically developed for off the shelf use. Although the firm indicated that any customizations can be integrated as required by the scope of work, any system updates that are rolled out for any of its clients will automatically be implemented to the OCTA solution, which increases risk to system performance. The firm also proposed a project schedule that splits the project into two phases with duplicated key activities, such as testing and training. This approach limits the design review to only four months, which the project team acknowledged during the interview is extremely short and difficult to achieve for a project of this technical complexity and scale.

Cost and Price

Pricing scores were based on a formula, which assigned the highest score to the firm with the lowest total firm-fixed price and scored the other proposals' total firm-fixed price on its relation to the lowest total firm-fixed price. Although INIT did not propose the lowest total firm-fixed price, it is lower than the total firm-fixed price proposed by Vix and lower than the project manager's independent cost estimate.

Procurement Summary

Based on the evaluation of the written proposals, the firms' qualifications, the information obtained from the interviews, as well as cost and price, the evaluation committee recommends the selection of INIT as the top-ranked firm to develop and implement an RVS for OCTA's fixed-route bus system. INIT delivered a thorough and comprehensive proposal and an interview that was responsive to all the requirements of the RFP.

Fiscal Impact

This project was approved in OCTA's Fiscal Year 2023-24 Budget, Finance and Administration Division, Account No. 1261-9028-A5105-0U8 and is funded through the general fund.

Summary

Staff is recommending the Board of Directors authorize the Chief Executive Officer to negotiate and execute Agreement No. C-2-2980 between the Orange County Transportation Authority and INIT Innovations in Transportation, Inc., in the amount of \$11,627,150, for a five-year initial term with one, five-year option term for the development and implementation of the rider validation system for the Orange County Transportation Authority's fixed-route system.

Attachments

- A. Review of Proposals, RFP 2-2980, Rider Validation System
- B. Proposal Evaluation Criteria Matrix (Short-Listed Firms), RFP 2-2980 Rider Validation System
- C. Contract History for the Past Two Years, RFP 2-2980 Rider Validation System

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