



**November 14, 2024**

**To:** Transit Committee

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

A handwritten signature in blue ink, appearing to read "D. Johnson", with the word "For" written above it.

**Subject:** Agreement for the Replacement of Fareboxes and Related Fare Collection Equipment

### **Overview**

On April 22, 2024, the Board of Directors approved the release of a request for proposals to select a firm for the development and implementation of replacement fareboxes and related fare collection equipment for the fixed-route bus system. Board of Directors' approval is requested to execute an agreement for the replacement fareboxes and related fare collection equipment for the Orange County Transportation Authority's fixed-route bus system.

### **Recommendations**

- A. Approve the selection of LECIP Inc. as the firm to develop and implement replacement fareboxes and related fare collection equipment for the Orange County Transportation Authority's fixed-route bus system.
- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-4-2110 between the Orange County Transportation Authority and LECIP Inc., in the amount of \$12,287,429, for a six-and-a-half-year initial term with one, five-year option-term for the development and implementation of replacement fareboxes and related fare collection equipment for the Orange County Transportation Authority's fixed-route bus system.

### **Discussion**

The Orange County Transportation Authority (OCTA) currently uses fareboxes installed on its fixed-route bus fleet to collect cash and validate magnetic stripe fare media. These fareboxes are 24 years old and have far exceeded their useful life. OCTA plans to replace the existing fareboxes with new fareboxes across the entire fixed-route bus fleet, consisting of 534 buses plus an additional 53 units to be utilized as spares and five additional units to be used for training,

fare programming, and testing. Replacement of the fareboxes also includes replacement of associated equipment, including 23 fare collection vaults distributed and utilized among OCTA's four bus bases.

The project includes an 18-month implementation phase, which will encompass the design, manufacturing, testing, and deployment of new fareboxes across the fixed-route bus fleet. This timeframe ensures a smooth transition before the commencement of the initial five-year operations and maintenance (O&M) service term. Following this, an additional five-year option term for continued O&M service will be available, aligning with the industry standard ten-year lifespan for farebox systems.

### ***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. The 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 April 22, 2024, the Board authorized the release of Request for Proposals (RFP) 4-2110 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 April 22 and April 29, 2024. A pre-proposal conference was held on April 30, 2024, with five attendees from four firms. Five 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 June 11, 2024, five proposals were received. An evaluation committee consisting of OCTA staff from the Revenue Administration, Operations, Transit Service Planning, and Information Systems departments met to evaluate 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 replacement fareboxes and related fare collection equipment. Staffing and project organization was also weighted at 20 percent as the firm had to demonstrate the level of expertise, availability, and involvement for the roles of the proposed project team. Work plan was weighted at 35 percent as the firm's proposed implementation plan and solution had to be able to meet the functional and technical requirements established for the replacement fareboxes and related farebox collection equipment 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 July 9, 2024, 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

Genfare, LLC

Headquarters: Elk Grove Village, Illinois

Project Office: Elk Grove Village, Illinois

LECIP (LECIP) Inc.

Headquarters: Bensenville, Illinois

Project Office: Bensenville, Illinois

On July 17, 2024, 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 were also asked to provide a live demonstration of the farebox system including real-time monitoring and the interface between the back office and farebox related to setting up new fare types. 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, project team availability, approach to the requirements of the scope of work, as well as specific clarification questions related to each firm's proposal.

At the conclusion of the interviews, a request for a best and final offer (BAFO) was issued to the two short-listed firms to seek additional clarifications and final pricing. Both firms made adjustments to their pricing based on the clarifications.

After considering responses to the questions asked during the interviews and the information provided in the BAFOs, the evaluation committee reviewed the preliminary ranking and made adjustments to individual scores. LECIP 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 and BAFOs, as well as cost and price, the evaluation committee recommends LECIP for consideration of the award. The following is a brief summary of the proposal evaluation results.

#### Qualifications of the Firm

LECIP, established in Japan, has been providing bus equipment and systems since 1953 and has 590 employees. The firm is headquartered in Bensenville, Illinois and is the wholly owned United States (U.S.) subsidiary of LECIP Holdings. LECIP has manufacturing facilities in both the U.S. and Japan. The firm demonstrated relevant experience implementing fare technology with its systems which are currently operational in 265 transit agencies around the world. The firm's experience with farebox replacement projects includes completed projects with the North County Transit District (NCTD), Beloit Transit System (Beloit Transit) in Wisconsin, Rogue Valley Transportation District in Medford, Oregon, and Clark County Public Transportation Benefit Area in Vancouver, Washington, as well as current projects with the Tri-County Metropolitan Transportation District of Oregon (TriMet) and Metropolitan Transit Authority of Harris County in Houston, Texas. LECIP did not propose any subcontractors and received positive feedback from its references.

Genfare, founded as General Farebox, Inc. in 1980, is a provider of fare collection equipment in the U.S and Canada. The firm has approximately 150 employees and is headquartered in Elk Grove Village, Illinois, which includes its manufacturing facility. The firm has equipment in service at over 400 agencies throughout North America, including over 80 percent of validating fareboxes in use. Genfare demonstrated relevant experience working on farebox system projects, such as Pace Suburban Bus in Chicago, Illinois, Riverside Transit Agency in Riverside, California, Palm Tran Public Transportation in

Delray, Florida, and Capital District Transportation Authority in Albany, New York. Additionally, OCTA's current farebox system was provided by Genfare. The firm did not propose any subcontractors and received generally satisfactory feedback from its references with one indicating that there were multiple issues encountered with its farebox project, including schedule delays.

#### Staffing and Project Organization

LECIP proposed a highly skilled project team with experience working on projects of similar size and scope. The proposed project manager has over 17 years of experience and has been with the firm for eight years. The proposed project manager is the current project manager on the TriMet project and worked on the NCTD and Beloit Transit projects. The proposed lead engineer has 16 years of experience and has been with the firm for seven years. The proposed project manager and lead engineer are both proposed to serve as on-site representatives during key project milestones as required by the scope of work. The firm provided a detailed staffing plan with clearly defined roles during the design review phase, as well as O&M support. During the interview, the project manager provided assurances that his commitments to the TriMet project would not conflict with OCTA's project. The project team, which included the proposed project manager and lead engineer, presented their approach and provided a live demonstration of the proposed farebox solution during the interview, as well as provided detailed responses to the evaluation committee's questions.

Genfare proposed an experienced project team. The proposed project manager has over 25 years of experience and has been with the firm for four years. The individual was the project manager on the Pace Suburban Bus project. The proposed lead engineer has ten years of experience and has been with Genfare for seven years. As required in the scope of work, both the proposed project manager and lead engineer will serve as on-site representatives during key project milestones. The firm discussed its design review process and O&M support. During the interview, Genfare presented its approach and included a live demonstration of its farebox solution. While both the proposed project manager and lead engineer were requested to attend the interview, the lead engineer did not attend. The project team responded to the evaluation committee's questions.

#### Work Plan

LECIP presented a comprehensive work plan that demonstrated an understanding of the scope of work requirements. The firm described in detail its proposed approach, which includes the design, development, installation, and testing of the farebox system, as well as the implementation processes and

procedures. The firm demonstrated a strong technical solution with its farebox hardware, back-office components, and vaulting system. The farebox system utilizes an open architecture as required in the scope of work, providing flexibility with integration and data transfer. The proposed system also allows for customizations and modifications to meet OCTA's business needs. The firm demonstrated an innovative vaulting infrastructure, which utilized smartcard access to securely open and manage a farebox for revenue service. In addition, the proposed real-time monitoring capabilities can ensure efficient oversight of fare collection operations and streamline maintenance. LECIP's approach includes a comprehensive overhaul of the farebox system, replacing all existing fareboxes, probes, and revenue collection equipment at each of OCTA's bus bases. This strategic replacement plan ensures substantial system enhancements, moving beyond mere incremental upgrades to fundamentally modernizing fare collection operations and enhances overall system efficiency. The simple design and controls of the fareboxes provide ease-of-use for both bus riders and coach operators. During the interview, LECIP provided a demonstration of the capabilities and functionality of the fareboxes, as well as the back-office system, including setting up new fare types in real time and generating reports. Additionally, the response to clarifications in the BAFO provided further assurances regarding LECIP's ability to meet OCTA's requirements, as well as transparency related to associated costs and level of O&M support to be provided.

Genfare presented a work plan that addressed all the elements of the scope of work. The firm described its proposed farebox solution, which includes an open architecture as required. The firm discussed integration with existing systems and ways to minimize disruption to OCTA's operations. Although Genfare demonstrated a proven product and description of its capabilities, the solution does not appear to have major upgrades to OCTA's existing system with few technological advancements. As an example, there are only minor improvements to the vaulting system, which would limit substantial benefits related to replacing the entire system. Additionally, the design of the farebox screen seems complex and may be cumbersome for bus riders to use. There were also concerns about additional costs related to subscriptions and licensing, as well as the level of O&M support that would be provided. Although Genfare was given an opportunity to provide clarifications related to any additional associated costs, the firm did not address them in its BAFO response. During the interview, Genfare demonstrated its farebox hardware and functionality, such as establishing new fare types in real time and creating reports.

### 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 LECIP did not propose the lowest total firm-fixed price, it is competitive among the proposing firms and is less than the OCTA project manager's independent cost estimate. Additionally, the farebox solution proposed by LECIP presents significant improvements and clear benefits over OCTA's existing system. By leveraging the latest technology, the new farebox solution enhances efficiency, simplifies operations, and improves the overall user experience. While replacing the entire farebox system requires an initial investment, the long-term gains in reliability, performance, and cost-effectiveness will add significant value to OCTA's overall operations.

### Procurement Summary

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

Although LECIP's pricing was higher than Genfare's, the evaluation committee recommends LECIP as the top-ranked firm for the following reasons:

- Demonstrated relevant experience working on farebox replacement projects and received high remarks from its references.
- Proposed an experienced project team with a detailed staffing plan.
- Presented a detailed work plan and approach to implementing a robust, innovative farebox solution that consists of a comprehensive overhaul of the farebox system and replacement of related fare collection equipment.
- Proposed pricing directly aligns with the firm's experience, proposed project team, and approach to the farebox replacement project.

### Fiscal Impact

This project was approved in OCTA's Fiscal Year 2024-25 Budget, Finance and Administration Division, Account No. 1261-9028-D3131-2PE, and is funded through local funds.

**Summary**

Staff is recommending the Board of Directors authorize the Chief Executive Officer to negotiate and execute Agreement No. C-4-2110 between the Orange County Transportation Authority and LECIP Inc., in the amount of \$12,287,429, for a six-and-a-half-year initial term with one, five-year option-term for the development and implementation of the replacement fareboxes and related fare collection equipment for the Orange County Transportation Authority's fixed-route bus system.

**Attachments**

- A. Review of Proposals, RFP 4-2110 Replacement of Fareboxes and Related Fare Collection Equipment
- B. Proposal Evaluation Criteria Matrix (Short-Listed Firms), RFP 4-2110 Replacement of Fareboxes and Related Fare Collection Equipment
- C. Contract History for the Past Two Years, Request for Proposals 4-2110: Replacement of Fareboxes and Related Fare Collection Equipment

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