



March 14, 2024

To: Transit Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Amendment to Agreement for Mobile Ticketing Validators
Extended Warranty Coverage Period

A handwritten signature in blue ink, appearing to read "Darrell E. Johnson", is positioned in the upper right area of the document, overlapping the "From:" field.

Overview

The Orange County Transportation Authority implemented the use of mobile ticketing stand-beside validators to validate mobile fare media. Staff is requesting Board of Directors' approval to exercise the fourth option term to extend warranty coverage for the current mobile ticketing validators for a one-year period effective May 1, 2024 through April 30, 2025.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Amendment No. 7 to Agreement No. C-6-0942 between the Orange County Transportation Authority and Init Innovations in Transportation, Inc., to exercise the fourth option term in the amount of \$158,769, for extended warranty coverage and annual maintenance for mobile ticketing validators effective May 1, 2024 through April 30, 2025. Amending this agreement will increase the maximum cumulative payment obligation to a total contract value of \$3,364,110.

Discussion

On October 24, 2016, the Orange County Transportation Authority (OCTA) Board of Directors (Board) awarded a contract to Init Innovations in Transportation, Inc., (INIT) to equip OCTA's fixed-route fleet with mobile ticketing validators to validate mobile fare media. Installation of the mobile ticketing validators began in early fall 2017 and the entire fixed-route fleet was equipped with validators in 2018. Since inception, more than 11 million mobile application tickets have been validated through the mobile ticketing validators.

OCTA currently has 557 validators installed on the existing fixed-route fleet and an additional 44 spares units. The warranty coverage includes maintenance of software, hardware, and central hosting services. The software warranty

coverage includes version updates, feature upgrades, enhanced fare table management, system error correction through remote virtual private network, and INIT's support line which also includes 24-hour services for errors. The hardware warranty coverage includes parts repair for defective hardware or providing a direct unit replacement. These warranty services have been critical to the continuity of operation of the mobile ticketing solution. In October 2019, INIT replaced 157 units requiring additional software and hardware support that is covered under the warranty. Since November 2019, 811 units have been repaired under the extended warranty.

In November 2021, OCTA transitioned to a new mobile ticketing solution that utilizes the existing validators to enforce the current fare policy by validating mobile tickets. This method of recording ridership and fare collections constitutes approximately 16 percent of OCTA's revenue for fixed-route service. OCTA is actively expanding the functionality of the existing validators through initiatives like the College Pass Program. Ongoing efforts include enhancing the value of these validators through software upgrades, facilitating a rider validation system with the introduction of reloadable smart cards, and enabling open payments. This strategic approach underscores OCTA's dedication to modernizing fare technologies and enhancing the overall customer experience while ensuring a more convenient transportation experience for passengers.

On February 13, 2023, the Board authorized OCTA to exercise the third option-term for extended warranty coverage of the fare collection mobile ticketing validators. With the warranty and annual maintenance coverage for the validators due to expire April 30, 2024, the proposed Amendment No. 7 is needed to exercise the fourth option-term for extended warranty coverage.

Procurement Approach

The original procurement was handled in accordance with OCTA's Board-approved policies and procedures for professional services. On October 24, 2016, the Board approved the award of the agreement with INIT. The original agreement was awarded on a competitive basis and includes a four-year initial term with four, one-year option terms for extended warranty in the amount of \$2,525,632. The current third-year option-term expires April 30, 2024. The agreement has been previously amended as shown in Attachment A.

The proposed Amendment No. 7 is to exercise the fourth option-term for extended warranty of the agreement effective May 1, 2024 through April 30, 2025. Amending this agreement will increase the maximum obligation by \$158,769, bringing the total contract value to \$3,364,110. The warranty pricing

will remain as originally negotiated. Exercising the fourth option-term will allow INIT to continue providing warranty coverage for the existing fare collection mobile ticketing validators for an additional 12 months through April 30, 2025.

Fiscal Impact

This project was approved in OCTA's FY 2023-24 Budget, Information System Department, Account No. 1288-D3131-336-7612, and is funded through the Orange County Transit District Fund.

Summary

Authorize the Chief Executive Officer to negotiate and execute Amendment No. 7 to Agreement No. C-6-0942 between the Orange County Transportation Authority and Init Innovations in Transportation, Inc., to exercise the fourth option-term in the amount of \$158,769, for extended warranty coverage and annual maintenance of the fare collection mobile ticketing validators effective May 1, 2024 through April 30, 2025.

Attachment

- A. Init Innovations in Transportation, Inc., Agreement No. C-6-0942 Fact Sheet

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