

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
2	01/10/11	Open	Action	01/05/11

Subject: Approving a Sole Source Procurement and Award a Contract to Scheidt & Bachmann USA, Inc. for the Purchase of Fare Vending Machines and Upgrade of the Existing Central Data Collection System

ISSUE

Whether or not to Approve a Sole Source Procurement and Award a Contract to Scheidt & Bachmann USA, Inc., for the Purchase of Fare Vending Machines, and Upgrade of Existing Central Data Collection System.

RECOMMENDED ACTION

Adopt Resolution No. 11-01-____, Approving a Sole Source Procurement and Awarding a Contract to Scheidt & Bachmann USA, Inc., for the Purchase of Fare Vending Machines, and Upgrade of Existing Central Data Collection System.

FISCAL IMPACT

Budgeted:	Yes	This FY:	\$	500,000
Budget Source:	Capital	Next FY:	\$	554,245
Funding Source:	STIP – Public Transportation Account (PTA)	Annualized:	\$	
Cost Cntr/GL Acct(s) or Capital Project #:	G240.07.02 – Fare Vending Machines	Total Amount:	\$	1,054,245
Total Budget:	\$ 1,054,245			

DISCUSSION

At the August 2010, California Transportation Commission (CTC) meeting, Sacramento Regional Transit District (RT) received approval for \$1,150,000 in Statewide Transportation Improvement Program (STIP) funds to procure fare vending machines (FVM) and update the Central Data Collection System (CDCS) software to enhance the existing light rail FVM system. RT's current FVM system consists of 88 machines in operation. The system is designed to have two FVMs per station, however there are still twelve stations that only have one. It is important to have two machines per station to allow for continued operation in the event that one machine fails, as well as for the convenience of riders. RT anticipates purchasing a minimum of eleven FVMs, but will work to increase this number based upon final negotiations and project funding. Current estimates indicate that up to sixteen FVMs and the upgrade to the existing CDCS may ultimately be purchased at a price not to exceed \$969,420 plus sales tax.

Approved:

Presented:

General Manager/CEO

AGM, Engineering and Construction

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Staff is requesting the Board approve a sole source procurement and award contract to Scheidt & Bachmann USA, Inc. (S&B) for the upgrade of the existing CDCS and procurement of new FVMs based on the following justifications:

IDENTIFICATION OF STATUTORY AUTHORITY: Procurement of supplies and services, without competition, may be authorized under limited conditions, and subject to written justification documenting the conditions that preclude competition. Procurement by Noncompetitive Proposals (Sole Source) is authorized under RT’s Procurement Ordinance Section 1.405 when specified criteria are met. The criteria set out in RT’s Procurement Ordinance which have been followed for this procurement are also consistent with the requirements in the Federal Transit Administration’s Third-Party Contracting Circular 4220.1F and requirements in the Federal Acquisition Regulations and U.S. Codes (which are referenced in FTA C4220.1F).

ONLY ONE RESPONSIBLE SOURCE AND NO OTHER SUPPLIES WILL SATISFY AGENCY REQUIREMENTS: RT’s existing light rail fare vending system, including FVMs, CDCS, and all associated hardware, are exclusively S&B equipment and operate on S&B’s proprietary software. S&B has notified RT that without upgrades to the existing CDCS (which is currently running on a Microsoft Operating System Windows NT), S&B will no longer be able to offer service level agreements. An upgrade for the software can only be purchased from S&B.

FVMs are produced by other manufacturers; however, if another FVM is used, the new machines will utilize their own proprietary software and not be compatible with RT’s existing system. Such additional machines would necessitate purchase of supporting software and would have to operate on a parallel CDCS to the S&B system. This would result in duplication of costs because S&B will still have to be contracted for integration of the existing CDCS with the new CDCS. This will potentially require an upgrade to the existing CDCS before the new CDCS can be integrated, and this additional cost is unlikely to be recovered through competition. Any such FVM-CDCS interface will also require additional time for development, de-bugging, and testing. It will also require additional training, along with maintenance of two separate software systems, different machines, associated licenses, future upgrades, etc., effectively establishing a partial second parallel FVM system within the District. This will result in increased operating costs due to the duplication of systems and associated monitoring and reporting work resulting from a non-standardized system.

DETERMINATION OF FAIR AND REASONABLE COST: Over the past two years, RT has been working to create a solution that will allow new FVMs to work on the same system as the existing FVMs. Originally, the only solution available was to upgrade the hardware in the existing FVMs in order for the existing machines to work with the new software used with the new machines. The price for this solution was cost-prohibitive. Recently, S&B developed a different, more economical solution. S&B has provided RT with a proposal for new FVMs, and software upgrade of RT’s existing CDCS, which will allow S&B to continue software support of the CDCS, and will enable the existing FVMs to operate on the same system as the new FVMs without requiring hardware

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upgrades. The price per FVM proposed by S&B is \$39,500. In 2001, RT competitively obtained the original model of this machine for \$31,252. The new machine has the latest technology and an integrated air conditioner to eliminate system shut down on hot days. The 26% cost increase over a 10-year period, along with application of newer technology and the addition of integrated air conditioning, appears to be fair and reasonable.

For an additional cost comparison, Utah Transit Authority (UTA) recently completed a competitive bid award to S&B for 73 FVMs, at a purchase price of \$43,570 per FVM.

The UTA FVM is comparable to the unit that RT will be purchasing and comparable in price. Therefore, the price quoted to RT by S&B has been determined to be fair and reasonable. Standardization to S&B equipment through sole source procurement provides a single integrated system, which simplifies software configuration, administration, and maintenance.

ACTIONS TO REMOVE BARRIERS TO COMPETITION: The RT Procurement Ordinance, applicable State and Federal codes governing procurements and RT’s procurement program require procurements be conducted by full and open competition as much as possible. In response to APTA and transit agency pressure for production of cross-compatible FVM system equipment, equipment manufacturers have initiated efforts to produce such products; however, these efforts have not yet yielded such products, which are expected to reach market within the next five years. Future requirement needs for this and similar equipment will continue to be procured by full and open competition as possible.

The anticipated delivery date for the new machines will be nine (9) months after NTP.

DOCUMENTATION FOR SPARE/REPAIR ACQUISITIONS: RT staff has analyzed and determined that the quantities and specifications for this purchase of the new FVMs, including both hardware and software, represent no more and no less than RT's minimum needs to operate the system.

For the reasons stated above, staff requests the Board approve a sole source procurement and authorize award of a contract to Scheidt & Bachmann USA, Inc., in the amount not-to-exceed \$969,420 plus applicable sales tax.

RESOLUTION NO. 11-01-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

January 10, 2011

APPROVING A SOLE SOURCE PROCUREMENT AND AWARDING A CONTRACT TO SCHEIDT & BACHMANN USA, INC. FOR THE PURCHASE OF FARE VENDING MACHINES, AND UPGRADE OF THE EXISTING CENTRAL DATA COLLECTION SYSTEM

WHEREAS, in accordance with Section 1.405 of the RT Procurement Ordinance, sole source procurement is permitted upon a determination that the required product is only available from the manufacturer and it would be futile to seek competition; and

WHEREAS, RT's existing light rail fare vending machine system, including Fare Vending Machines (FVMs), Central Data Collection System (CDCS), and all associated hardware, exclusively incorporates Scheidt & Bachmann USA, Inc. equipment and operates on proprietary software; and

WHEREAS, the acquisition of non-compatible FVMs would require implementation of a parallel, duplicative light rail vending machine system for a portion of the District's overall system, with attendant inefficiencies and costs, that does not meet the District's requirement; and

WHEREAS, it would be futile to seek competitive bids for proprietary software and associated hardware for upgrading the CDCS as otherwise required under Public Utilities Code Section 102222.

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, in order to avoid additional costs incurred with a parallel CDCS, which would be associated with a different FVM manufacturer, sole source procurement for new FVMs through S&B will be implemented; and

THAT, the Contract between the Sacramento Regional Transit District, therein referred to as "RT," and Scheidt & Bachmann USA, Inc. therein referred to as "Contractor," whereby Contractor agrees to provide Fare Vending Machines, and upgrade existing Central Data Collection System, as specified, for an amount not to exceed \$969,420 plus applicable sales tax, is hereby approved; and

THAT, the General Manager/CEO is hereby authorized and directed to execute said contract.

STEVE MILLER, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary