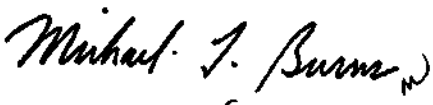



Date: August 1, 2006
Committee Meeting Date: August 17, 2006
Board Meeting Date: August 31, 2006
ACTION X DISCUSSION INFO

BOARD MEMORANDUM

TO: Administration and Finance Committee
Santa Clara Valley Transportation Authority
Board of Directors

THROUGH: Michael T. Burns 
General Manager

FROM: Douglas G. Beley 
Acting Chief Technology Officer

SUBJECT: Technology General Consulting Services – Increase in Contract Authority and
Capital Budget Amendment

RECOMMENDATION:

Authorize the General Manager to increase the contract authority for technology general consulting services by the amount of \$3.4 million for a new total contract authority of \$6.4 million. Additionally, authorize the General Manager to increase the capital budget by \$3.4 million. This additional budget and contract authority are for the purpose of implementing the TransLink® Consortium Information Management System (CIMS). VTA is serving as the contract manager for this task. The Metropolitan Transportation Commission will pay all costs.

BACKGROUND:

TransLink® is a regional transit fare payment system (smart card) for the nine-county San Jose/San Francisco/Oakland Bay Area. When the system is fully implemented, the TransLink® card will be accepted for fare payment on every participating transit vehicle and every participating transit station in the region, allowing customers to travel seamlessly throughout the region without needing to carry cash or purchase tickets. The TransLink® fare collection system will electronically collect fares from transit patrons' smart cards, consolidate those fares by transit operator and daily electronically deposit those fares into each operator's bank account.

In September 2005, the Board approved a list of consultants and authorized the General Manager to enter into task order contracts for technology consulting and support services with each for a period of five years with a total contract authority of \$3,000,000. Consistent with the Technology Strategic Plan, staff allocated \$1.6 million to support consulting requirements for approved technology capital

projects and \$1.4 million to provide supplemental IT staff. The CIMS was not identified when the strategic plan was developed two years ago.

VTA management achieves efficiencies in technology operations by establishing the correct balance between in-house skilled staff and procured consulting services. Efficiencies are achieved in procured services by focusing on only those consulting services that would be far more costly to maintain in-house. This refinement of the technology services delivery model has enabled VTA to reduce the cost of providing these services by \$2 million annually. Consistent with this model, the Technology Division is staffed to provide regular operations and maintenance of current systems and infrastructure. Competitively selected contractors provide technology services for unique technical problem resolution, major system upgrades, and new system implementations like the CIMS.

Staff anticipates that over the life of these contracts, as we conduct biennial reviews of the Technology Strategic Plan new demands for technology services will arise. Subsequent increases in contract authority and budget may therefore be required.

DISCUSSION:

In November 2005, the TransLink® Management Group (TMG) selected the VTA to lead the development of the TransLink® Consortium Information Management System (CIMS). This system will enable transit operator members of the TMG to perform audits of electronic fares to validate daily bank deposits. This system will require \$2.2 M for implementation and will cost \$300,000 annually to operate. The TMG has deemed the successful deployment of the CIMS to be vital to the success of the TransLink® project. While the Metropolitan Transportation Commission (MTC) will pay for these expenditures, VTA will manage the development, testing, acceptance and operation of the CIMS. Since, we intend to use one of our approved vendors to perform this work, an additional \$3.4 million (\$2.2 M initial cost + 4 years X \$300K/ year) in additional contract and budget authority are required to support this effort.

ALTERNATIVES:

The Board of Directors could choose not to authorize the additional contract authority and budget. This would delay the development of CIMS for the TransLink® Management Group and adversely impact the TransLink® regional electronic fare initiative. Staff does not recommend this.

FISCAL IMPACT:

Funding for the implementation and operation of the TransLink® CIMS will be provided by the Metropolitan Transportation Commission.

Prepared by: Keith Roan, Technology Manager