



Agenda Item No. 2.a.

To: Finance-Auditing Committee/Committee of the Whole
Meeting of November 20, 2008

From: David Cruise, Communication Systems Project Manager
Alan R. Zahradnik, Director of Planning
Z. Wayne Johnson, Deputy General Manager, Administration
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Subject: **AUTHORIZE BUDGET ADJUSTMENT(S) AND/OR TRANSFER(S)**
b) BUDGET INCREASE IN THE FY 08/09 BUS TRANSIT DIVISION
CAPITAL BUDGET RELATIVE TO REQUEST FOR PROPOSALS
NO. 2008-MD-1, ADVANCED COMMUNICATIONS AND
INFORMATION SYSTEM

Recommendation

This matter is being presented to the Finance-Auditing Committee to receive the Committee's concurrence for a budget increase relative to the Advanced Communications and Information System project:

The Building and Operating Committee recommends that the Board of Directors approve the following actions relative to the Advanced Communications and Information System project:

1. Authorize the award of Contract No. 2008-MD-1, *Advanced Communications and Information System*, to GE Transportation Global Signaling, LP, in the amount of \$15,455,187, plus \$871,000 in options to be exercised at the General Manager's discretion;
2. Authorize a contingency fund for Contract No. 2008-MD-1 in the amount of \$909,402;
3. Authorize the General Manager to exercise the option for Phase 3 (Project Management) of the Professional Services Agreement with Booz Allen Hamilton, Inc., relative to RFP No 2007-BT-1, in an amount not to exceed \$268,442; and,
4. Authorize a capital budget increase for this project in the amount of \$9,343,000 to be fully funded with grant funds, subject to the concurrence of the Finance-Auditing Committee at its meeting of November 20, 2008,

with the understanding that this project is included in the FY 08/09 Bus Division Capital Budget at a cost of \$10 million and with the further understanding that additional grants have been programmed and/or secured to fully fund this project at the estimated total cost of \$19,343,000 (\$18,759,000 grant funds/\$584,000 District funds).

Summary

Keeping the multi-modal transportation systems of the District operational requires a secure, effective, and efficient communications system. Integral to the District's mission is its communications to and between the Bridge operations, maintenance and security forces; the ferry operations, maintenance and security forces; and the bus scheduling, operations and maintenance forces. The District's existing radio system, used by the Bus, Bridge, and Ferry divisions for daily communications, is over 15 years old and includes equipment that is in many cases obsolete. In addition, new intelligent transportation system technologies afford the District an opportunity to improve information gathering, use, and distribution, which could increase service performance and enhance customer service.

Pursuant to Board Resolution 2007-076, the Board of Directors authorized a competitive negotiations process for the procurement of a replacement radio system under state legislation that allows for qualitative factors, in addition to price, to be used to procure specialized technology equipment. On April 15, 2008, the District issued Contract No. 2008-MD-1, *Advanced Communications and Information Systems (ACIS)*.

The ACIS consists of a District-wide radio communications system; automatic vehicle location; new mobile data terminals installed on the transit fleet; new computer-aided bus dispatch systems; real-time information systems for customers; new software for planning, scheduling, and customer services; and integration of all new services with the existing systems and information network infrastructure within the District.

In addition to benefits associated with replacement of the old communications system, some of the benefits the District can expect from the ACIS are: 1) reduction in operational costs associated with maintenance of obsolete communication systems, 2) enhanced interoperability capabilities between operating divisions as well as with external public safety entities, 3) improved on-time tracking and performance of bus services, 4) improved service monitoring that provides more efficient use of the bus fleet, 5) improved customer satisfaction by deployment of real-time schedule information via internet and passenger information displays at bus stops and ferry terminals, and 6) reduced staff costs associated with utilizing automated monitoring systems instead of manual bus service checks.

Proposal documents were electronically sent to 28 prospective bidders, and the District advertised in various transportation and public safety trade publications. The District Secretary received six written proposals by the July 15, 2008, deadline.

The written proposals were reviewed by an evaluation panel of five District staff members, one staff member from AC Transit, and three non-voting members from the Booz Allen Hamilton consultant team.

Two proposers were invited to participate in interviews and were evaluated and ranked using the criteria set forth in the RFP. The weighted selection criteria were as follows:

1. Proposer's – including all subcontracting team members' – experience and qualifications, including financial stability and references	25%
2. Experience and Qualifications of Key Personnel	15%
3. Project Approach and Understanding	40%
4. Cost	20%

The final ranking is as follows:

1. GE Transportation Global Signaling, LP
2. ACS Transportation Management Solutions

GE Transportation's original cost proposal was for \$22,365,173. ACS' original cost proposal was for \$17,216,307. Both of these proposals were considerably lower than those of the proposers not invited to an interview, the least expensive of which was for more than \$28 million. It is noteworthy that District staff was provided, by its consultant Booz Allen Hamilton during the earlier Evaluations and Recommendation phase of the project, an engineer's estimate that the ACIS would be approximately \$10 million based on similar systems implemented at other transit agencies. Upon further investigation, the District and Booz Allen Hamilton have determined that other agencies have in-house software development and integration capabilities that the District lacks. As a result, the ACIS price exceeds the estimated cost due to the need for these additional services. The GE proposal includes approximately \$8.6 million in software development and integration services.

Although GE Transportation's original cost proposal was higher than ACS (GE's negotiated price, as indicated below, is less than ACS' proposed price), the GE Transportation team proved to have a substantially better understanding of the current District environment with specific regard to existing radio site infrastructure and regional terrain for radio coverage. In addition, the GE Transportation proposal met each section of the Technical Specifications in great detail. Moreover, the evaluation panel found that the GE Transportation project team members offered exceptional experience and flexibility in its technology and integration strategy.

After the ranking was concluded, the District entered into negotiations with GE Transportation. As a result of these negotiations and a determination not to purchase certain optional items, GE Transportation's final price is \$15,455,187. This price is approximately \$6.8 million less than its proposed price. As part of the purchase price, the District is also receiving an Automatic Announcement System, Automatic Passenger Counters (on 30 vehicles), and one year of an Extended Warranty and Maintenance package.

As options to the Agreement, staff recommends that the District procure needed additional services related to acquisition of radio frequencies and microwave network improvements to enhance the reliability of the existing District communications network. The estimated costs for exercising such options total \$871,000. In addition, staff recommends that \$909,402 (10% of the cost of the ACIS base items less equipment costs) be added to the budget as a contingency to accommodate unforeseen issues that may arise during installation and implementation.

Staff and the District's Attorney find that GE Transportation has properly submitted all required documents and that its proposal is technically responsive to the RFP. GE Transportation has not yet submitted a compliant Buy America certificate. Staff is working with FTA to resolve issues surrounding its interpretation of the Buy America Regulation. These efforts are anticipated to result in GE Transportation's submission of a compliant certificate. Board authorization to award a contract to GE Transportation will include the condition that, prior to contract execution, the District ensures compliance with the Buy America Regulation. In accordance with District and FTA requirements, staff conducted a price analysis and determined that the bid price submitted by GE Transportation is fair and reasonable.

No contract-specific Disadvantaged Business Enterprise (DBE) goal was established for this federally-assisted contract. However, proposers were required to document their activities in the solicitation and selection of subcontractors and suppliers to ensure that this process was carried out in a non-discriminatory manner. The DBE Program Administrator has determined that GE Transportation has complied with the DBE requirements applicable to the contract. At this time, no DBE participation is anticipated during the performance of this contract.

In its work leading up to the issuance of the ACIS RFP, since October 2006 the District has worked under separate contract with Booz Allen Hamilton, Inc. Booz Allen Hamilton has produced reports on existing District systems and improvement needs, evaluated and recommended the scope for development of the ACIS project plan and Technical Specifications, and produced an engineer's cost estimate. The contract with Booz Allen Hamilton included an option for Phase 3 Project Management Services to assist during the implementation of the ACIS at a cost not to exceed \$268,442. Staff recommends that the Board authorize execution of this option in an amount not to exceed \$268,442.

In conjunction with this recommendation, it will be necessary to increase the total project budget because all bids received resulted in costs that significantly exceed the original estimate. As discussed above, the original estimate was low because it did not include software development and integration costs. Staff has reviewed the project scope and determined that it is critical that this project proceed as originally designed in order to support public safety communications at all District locations as well as on-board the transit fleet. Completion of the project will result in increased safety for all passengers and employees who use the existing radio communication systems.

Fiscal Impact

This project is included in the FY 08/09 Bus Division Capital Budget at a cost of \$10 million. A capital budget increase in the amount of \$9,343,000, funded with additional grants, is required to fully fund this project at the estimated total cost of \$19,343,000. This project will be funded as follows: \$15,474,000 Federal Transit Administration grants funds, \$1,680,000 Regional Measure 2 grant funds, \$1,605,000 I-Bond Transit Security grant funds, and \$584,000 District funds. The detailed budget for the entire ACIS project, including the items discussed in this staff report as well as general contract administration and expenditure costs, necessary preparatory work on the District's microwave network, and federally permitted allocation of indirect costs (ICAP) is as follows:

<u>BUDGET ITEM</u>	<u>COST</u>
Contract No. 2008-MD-1	\$15,455,187
Microwave & Radio Frequency Options	871,000
Booz Allen Consultant Services (including option)	571,173
Contract Administration (staff time)	675,500
Contingency	909,402
General Project Expenditures (misc., printing, advertising)	181,940
ICAP (34.3% FY09/10 & FY10/11)	102,900
Microwave Consultant Services	40,398
Sales Tax (\$6,300,000 @ 8.5%)	535,500
TOTAL BUDGET	\$19,343,000

The District has the option to procure extended software and hardware warranty and maintenance support. The additional charges for this option, capped by calendar year, are as follows:

Year	2013	2014	2015	2016
Amount	\$746,973	\$784,532	\$824,591	\$879,812

The District may at its sole discretion reevaluate and renegotiate the services levels and costs associated with this extension of warranty and maintenance support.