To: Chairman Cook and the VRE Operations Board

From: Doug Allen

Date: March 20, 2015

Re: Fare Collections Equipment and Software Maintenance Agreement

**Background**

In June of 2000, the VRE Operations Board authorized a contract with Scheidt & Bachmann (S&B) for the design and delivery of a new fare collection system. The initial contract included four years of preventive maintenance and repair support. In October of 2002, the system was accepted and the four year term for maintenance services began. Since 2006, the contract has been amended and modified as the technology and requirements by the Payment Card Industry (PCI) have changed.

The most recent amendment related to the maintenance agreement was authorized by the VRE Operations Board in January, 2012 and is set to expire on June 30, 2015. Staff will bring a request for authorization to amend the current agreement to the VRE Operations Board meeting in April, 2015.

The scope of the agreement will continue to provide on-site technical support. The fees that VRE pays S&B for the technicians covers not only their salaries but the cost of two maintenance vehicles, consumable supplies and associated expenses which allow the technicians, who are based in Fredericksburg, to visit every station and vendor location daily if necessary. More than 90% of their time is spent in the field.
Because of the proprietary nature of the fare collection system and warranty considerations resulting from the recent upgrade project, S&B is the only vendor option to perform the ongoing system maintenance work and extension of their contract is required. Third-party or internal technical staff would not be able to perform the necessary work to maintain the system without also incurring additional expense from S&B to maintain the proprietary aspects of the system (i.e., fare collection software application and some TVM/TOM component maintenance).

This agreement will also include a fee for software maintenance and security which covers general updates and patches to the VRE fare collection application as well as updates that are necessary to maintain PCI compliance. VRE is required by our credit/debit acquirer to attain PCI compliance. Likewise, S&B, as the developer of the VRE payment application, has been required to attain Payment Application Data Security Standard Compliance (PA-DSS) as outlined by the PCI Council.

**Changes in Fare Collections**

VRE’s Mobile Ticketing system will roll-out later this Spring which will certainly have an impact on the current S&B system. The term proposed as one base year and two option years will give VRE the ability to adjust the scope of the S&B agreement once the impact of Mobile Ticketing can be more accurately predicted.

In addition to Mobile Ticketing, VRE staff is working with the NVTC working group, WMATA, and Accenture on future integration with WMATA’s New Electronic Payments Program (NEPP). The first phase of integration with NEPP is planned to be through the Mobile Ticketing system. In subsequent phases, however, VRE plans to integrate with NEPP utilizing the current S&B platform Ticket Vending Machines (TVMs). S&B is on the Accenture team for NEPP to provide TVMs and platform validators giving VRE an opportunity to integrate without the need for full hardware replacement.
### Fare Collection Maintenance Pricing Sheet

<table>
<thead>
<tr>
<th>Period</th>
<th>Start</th>
<th>End</th>
<th>Duration</th>
<th>Contract Amount</th>
<th>Estimated Escalation (3.1%)</th>
<th>Discretionary Inventory</th>
<th>Total by Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base</td>
<td>7/1/2015</td>
<td>6/30/2016</td>
<td>1 year</td>
<td>660,503</td>
<td>-</td>
<td>15,000</td>
<td>675,503</td>
</tr>
<tr>
<td>Option 1</td>
<td>7/1/2016</td>
<td>6/30/2017</td>
<td>1 year</td>
<td>660,503</td>
<td>20,476</td>
<td>15,000</td>
<td>695,979</td>
</tr>
<tr>
<td>Option 2</td>
<td>7/1/2017</td>
<td>6/30/2018</td>
<td>1 Year</td>
<td>680,979</td>
<td>21,110</td>
<td>15,000</td>
<td>717,089</td>
</tr>
</tbody>
</table>

**Total:** 2,001,985 41,586 45,000 2,088,571

Maintenance expenses of $850,000 are included in the FY2016 operating budget and will be included in subsequent years.