

Extension of Sole Source Transit Agreement

RECOMMENDATION

That an amendment to the sole source agreement, between the City of Edmonton and Cubic Transportation Systems, Inc., for support and maintenance of the LRT automated fare collection system, for an amount not to exceed \$218,661 United States Dollars (excluding GST), as outlined in the October 12, 2022, City Operations report CO01444, be approved, and that the amendment be in form and content acceptable to the City Manager.

Requested Council Action	Decision required		
ConnectEdmonton's Guiding Principle	ConnectEdmonton Strategic Goals		
CONNECTED This unifies our work to achieve our strategic goals.	Urban Places		
City Plan Values	ACCESS		
City Plan Big City Move(s)	A community of communities	Relationship to Council's Strategic Priorities	Mobility Network Conditions for service success
Corporate Business Plan	Serving Edmontonians		
Council Policy, Program or Project Relationships	<ul style="list-style-type: none"> Edmonton Transit Service Fare Policy C451H Arc (Smart Fare) implementation project 		
Related Council Discussions	<ul style="list-style-type: none"> September 7, 2021 City Council: CO00785 - ETS Fare Collection Support and Maintenance Agreement with Cubic November 9, 2020 Executive Committee: CO00116 - ETS Fare Collection Support and Maintenance Agreement with Cubic April 5, 2018 Executive Committee: CR_5720 - Sole Source - ETS Fare Collection Support and Maintenance Agreement with Cubic 		

EXTENSION OF SOLE SOURCE TRANSIT AGREEMENT

Executive Summary

- Since early 2002, Cubic Transportation Systems, Inc. (Cubic) has provided a reliable transit fare revenue collection system to Edmonton Transit Service (ETS).
- ETS has Cubic fare vending machines installed at all LRT stations.
- Cubic maintains the proprietary backend software, provides antivirus protection for the systems and completes daily backups.
- The current contract with Cubic expires on December 31, 2022. Administration is recommending an amendment to extend the sole source contract through to December of 2023, with an option to end the contract earlier if required.
- The Cubic system is scheduled to be retired in 2023, when it will be replaced by the Arc (Smart Fare) system.
- Without a contract in place, Administration will not have vendor support for the Cubic fare collection machines. A disruption in service would result in a loss of transit fare revenue from LRT stations.

REPORT

Cubic Transportation Systems, Inc. (Cubic) is a leading provider of payment collection systems for the transportation industry. In 2002, the City of Edmonton issued a competitive procurement and awarded a contract to Cubic to replace aging fare equipment with Cubic's Nextfare Central System, which was approved at the September 18, 2002 Transportation and Infrastructure Committee. In 2005, Ticket Vending Machines and Nextfare Central Computer System, manufactured by Cubic, were installed throughout Edmonton's LRT system (Tender No. 887290). The contract was further renewed at the April 5, 2018 and November 9, 2020 Executive Committee meetings, and the September 7, 2021 City Council meeting.

Through the sole source agreement, Cubic is responsible for solving any issues that may be encountered such as server support, accurate report reconciliation and hardware support of the ticket machines. Cubic also updates machines to accept new bills and coins as they are issued, completes daily backups, and performs regular system checks to ensure the Nextfare system is operating properly. Cubic also maintains the third-party software (anti-virus, monitoring, and reporting software) related to keeping the fare system operating. Cubic's management of third-party support ensures proactive maintenance is done before issues emerge.

Since the last contract extension, Cubic has provided technical support for automated fare collection. ETS currently operates Cubic fare collection machines at all 18 LRT stations. The fare collection machines contain proprietary software and hardware that can only be maintained and supported by the vendor; therefore, Cubic's maintenance support program is necessary for continued automatic fare collection. The current contract with Cubic expires on December 31, 2022.

EXTENSION OF SOLE SOURCE TRANSIT AGREEMENT

The Nextfare (Cubic) system is scheduled to be replaced when the Arc (Smart Fare) system is fully operational. It is anticipated that the Nextfare system will continue to be required in 2023 due to the phased implementation of Arc technology.

Cubic has agreed to provide support over a one-year period from January to December 2023, and there is the flexibility to end the contract earlier if needed. The total value of the amendment is \$218,661 in United States Dollars (USD) (approximately \$285,000 Canadian (CAD)), bringing the overall value of the 2018 sole source agreement to \$1,281,399 USD (approximately \$1.67 million CAD) over five years.

The City's contract with Cubic has been a vital component in ensuring the effective operation of the fare collection system for the lifetime of the system to date. As the system is now aging and requires more maintenance, this contract is important in the final year of operation pending the full implementation of the Arc system.

Budget/Financial Implications

The Nextfare System provided by Cubic will be managed within the existing base operating budget.

Legal Implications

As per the City Administration Bylaw 16620, an amendment to an agreement previously approved by a Committee of Council requires approval by the appropriate Committee of Council, where the value of the amendment exceeds 10 per cent of the approved value of the agreement.

The City is subject to trade agreements that require an open competitive process for procurements of this value, unless a trade agreement exemption applies. For this amendment, there is an exemption in each applicable trade agreement.

COMMUNITY INSIGHT

Edmontonians have emphasized that transit is an essential service to connect them to the places they need and desire to go. Some riders use a monthly pass system; however, occasional riders require a method to purchase fares on site. The recommendation from this report allows these individual payments to continue pending the full implementation of Arc technology.

GBA+

Extending the sole source contract with Cubic will allow ETS to continue to offer convenient fare payment at transit stations and centres for ETS riders. Ensuring convenient fare payment options at every point of travel will support the rider experience. Ensuring fare payment is available at transit stations and centres supports riders who do not hold monthly passes or who have been unable to purchase transit tickets at retail outlets or through the Edmonton Service Centre.