

**Washington Metropolitan Area Transportation Authority  
Board Action/Information Summary**

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| <input checked="" type="checkbox"/> Action<br><input type="checkbox"/> Information | MEAD Number:<br>99698 | Resolution:<br><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
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**PURPOSE**

To request approval of the Board of Directors for contract modifications to Contract C05034, Regional Customer Service Center (RCSC), for 1) settlement of identified delay claims and 2) additional RCSC labor.

**DESCRIPTION**

Contract C05034 for the SmarTrip<sup>®</sup> Regional Customer Service Center was awarded to ERG Transit Systems (USA) Inc. on July 21, 2003. The SmarTrip<sup>®</sup> Regional Customer Service Center currently provides a number of services to WMATA, which will be extended to participating agencies in the Regional SmarTrip<sup>®</sup> System when those agencies are connected to the regional system. These current and upcoming services include: customer service, card management, card fulfillment, financial clearing and settlement, and operation and maintenance of the point-of-sale system.

The contract is to be accomplished in two phases: a startup phase of one year, followed by an operations phase of four years. The startup phase puts in place three major elements: customer service, financial clearing and settlement, and point-of-sale network. At the scheduled conclusion of the one-year startup phase, development of the financial clearing and settlement and point-of-sale network elements had been delayed by Authority-issued changes and actions. Startup development work has continued to date, with portions being delayed.

Settlement of Delay Claims (Mod 12, Piece 1 Delay Claim, Incremental Costs, Etc.)

This Agenda Item addresses settlement of specific areas of claim contained in the Contractor's "Request for Equitable Adjustment" (REA) received April 17, 2006. The settlement portion includes four areas:

- 1) Delays to Clearing and Settlement, Regional Partner Testing (known as Piece 1 Test Delay Claim)
- 2) Additional Work to Clearing and Settlement, Regional Partner Testing (known as Piece 1 Incremental Cost)
- 3) Impact for Local Remobilization
- 4) REA Claim Preparation Costs

The stated amount of these portions of the REA was \$2,010,725. After extensive analysis and negotiation, staff reached a negotiated settlement of \$820,000. Remaining areas of the "Request for Equitable Adjustment" have not been settled, and are not included in this Contract Modification.

#### Additional RCSC Labor (Mod 13, Additional Labor III - SmarTrip® RCSC)

The commencement of the customer service, card management and card fulfillment portion of the RCSC operations in June 2004 coincided with the implementation of cashless parking at WMATA. The implementation of cashless parking at the WMATA facilities caused a substantial increase in the number and usage of cards; sales of SmarTrip® cards increased from an average of 8,000 per month to 58,000 per month. Calls to the RCSC, approximately 6,000 per month prior to the commencement of cashless parking, increased significantly to 16,000 calls per month today.

In addition, since the other portions of the startup phase (clearing and settlement and point-of-sale network) had been delayed, the contractor could not utilize its proprietary Multi-Application Smartcard Solution (MASS), which included customer service databases and integrated applications. Without this software system, customer service was performed using available data, but in a labor-intensive inefficient manner. Additional, but unanticipated, labor allowed the RCSC to perform to contract-required levels; however, the contractor could not recover these costs through the unit price items as contained in the contract. Therefore, a series of contract modifications to allow the contractor to recover these costs have been issued. The subject contract modification would cover costs through February 2007, at which time the Multi-Application Smartcard Solution software will be functional and the need for extra compensation for additional labor will be reassessed.

The contractor has submitted claims for additional costs due to delays in the contract. Staff is evaluating these and will return to the Board in the spring with a recommendation.

#### **FUNDING IMPACT**

Funding for both contract modifications is within the existing Regional Fare Integration budget.

#### **RECOMMENDATION**

Recommend the Board of Directors approve the contract modifications titled "Piece 1 Delay Claim, Incremental Costs, Etc." and "Additional Labor III - RCSC" to Contract C05034, Regional Customer Service Center, in the amounts of \$820,000 and \$496,000 respectively.