

Committee Report

Transportation Committee



Committee meeting date: March 10, 2025

For the Metropolitan Council: March 12, 2025

Business Item: 2025-19 SW

Fare Collection System Upgrade, Contract 24P004 - Amendment 1

Proposed action

That the Metropolitan Council authorize the Regional Administrator to execute an amendment to contract 24P004 with Cubic Transportation Systems, Inc that will add \$14,000,000 for a total contract amount not to exceed \$47,321,008.

Summary of Transportation Committee discussion/questions

Metro Transit Revenue Collections Senior Manager Dennis Dworshak and Metropolitan Council Deput Chief Information Officer Sue Hauge presented this item. Council Members asked about the major competitors in the industry and the process for an independent audit as well as contract length.

It was moved by Chamblis, seconded by Osman. **Motion carried.**



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Fare Collection System Upgrade, Contract 24P004 - Amendment 1

District(s), Member(s):	All
Policy/Legal Reference:	FM 14-2 Expenditures for Procurement of Goods, Services, and Real Estate Policy
Staff Prepared/Presented:	Ed Petrie, Director, MT Finance, 612-349-7624 Sue Hauge, Deputy CIO, Information Services, 651-602-1136 Dennis Dworshak, Sr Manager, MT Revenue Collections, 612-349-7364
Division/Department:	Information Services, Metro Transit (Revenue Operations)

Proposed Action

That the Metropolitan Council authorize the Regional Administrator to execute an amendment to contract 24P004 with Cubic Transportation Systems, Inc that will add \$14,000,000 for a total contract amount not to exceed \$47,321,008.

Background

Metro Transit utilizes Cubic's "Nextfare Collection System" for the collection of rider fares and management of funds from "GoTo Cards." In March 2024, the Council and Cubic Transportation Systems, Inc.(Cubic) executed contract 24P004 for a term through 2030 that will upgrade the "Nextfare Collection System" to a new "Urban Mobility Backoffice" (UMB) system for a total of \$33,321,008.

This amendment is required to expand the original scope of work to include cloud hosting and Payment Card Industry (PCI) maintenance services as well as future enhancements to the system such as a mobile inspection app. Due to the proprietary rights of the Cubic software systems there are two options for cloud hosting and maintenance structures. The first is for the Council to self-host, the second is for Cubic to provide hosted services.

An Independent Analysis has determined the Cubic cloud hosting and PCI maintenance solution is more advantageous to the Council.

Rationale

Council Policy requires amendments exceeding 10% of the original authorized contract value be approved by the Council if the cumulative value exceeds \$500,000. Amendments to contracts that exceed 10% of the original value constitute sole source procurements requiring Council approval.

Thrive Lens Analysis

The Council adopted Imagine 2050 on February 12, 2025, which builds on policy direction in Thrive MSP 2040. Under the Thrive lens this contract amendment will further advance the Thrive outcomes of Stewardship and Sustainability by ensuring reliability, resilience, security, and cost-effectiveness which is critical to the Council's daily efficient operation.

Funding

Funding for this hosting contract amendment will be paid for out of Metro Transit annual operating budget.

Small Business Inclusion

The initial contract was procured through a sole source. Therefore, the Office of Equity and Equal Opportunity did not assign a Disadvantaged Business Enterprise (DBE) goal.

