Business Item: 2024-47
Cubic Regional Fare Collection System Upgrade Agreement #24P004

District(s), Member(s): All
Policy/Legal Reference: FM 14-2 Expenditures for the Procurement of Goods, Services, and Real Estate Policy
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Division/Department: Metro Transit

Proposed Action
That the Metropolitan Council authorize the Regional Administrator to execute sole source contract 24P004 with Cubic Transportation Systems to upgrade technology and devices including ticket vending machines (TVMs), rail smart card validators (RSVs), Point of Sale systems, as well as handheld inspection devices, new technology smart cards, and spare parts for a regional fare collection system in amount not to exceed $37.7 million.

Background
A 2020 Metropolitan Council-commissioned study found that the current Regional Fare Collection smart card system met the majority of Metro Transit’s needs but would require significant updates in order to support modern fare payment and policy options offered by peer transit agencies.

Metropolitan Council’s current fare collection vendor, Cubic Transportation Systems (CTS), submitted an unsolicited proposal to upgrade the current Go-To Card system to their latest platform, which is currently providing next-generation features identified in the study to other cities, including New York, Boston, Chicago, and San Francisco.

The regional system upgrade proposal provided by CTS presents an opportunity to leverage the use of a substantial portion of the existing fare collection equipment and Metro Transit-developed integrations, an approach that would not be practical, or financially feasible, if another vendor were to be selected to replace the system in a competitive procurement.

Over the past nine months, Metropolitan Council Staff in coordination with a fare collection consultant reviewed and revised the CTS proposal to meet the current and future needs of the Council’s regional fare collection system. CTS and Council staff have agreed on the terms, conditions, and cost of the improved, revised proposal.
In addition to cost savings, the upgrade approach leverages a phased deployment strategy that greatly reduces technical, schedule, and transition risk, when compared to a full system replacement.

Analysis based on an independent cost estimate found the upgrade proposal to be cost competitive, with an estimated 30% cost savings over an average system replacement of the same size.

Within the next five years, Metro Transit intends to hire a consultant to conduct a regional system review to prepare for a competitive RFP. The RFP will include fare boxes, ticket vending machines, validators, and mobile app.

**Rationale**
Council Policy requires contracts for the procurement of goods and services in excess of $500,000 be approved by the Council.

**Thrive Lens Analysis**
Advancing fare collection technology for all customers region-wide provides greater options to purchase fare products based on their individual situation, providing greater access to fare payment alternatives. Metro Transit continues to help provide easier fare payment options and ensure all regional customers will continue to have flexibility in how they pay their fares. Fare Collection enhancements will include all fixed route buses, Bus Rapid Transit, and suburban providers fixed bus systems.

**Funding**
This project is funded by Federal Grants: MN 2023-030, MN 2021-040 Project #s 67210, 67902, RTC and local funding.

**Small Business Inclusion**
This contract is being procured through a sole source. Therefore, the Office of Equity and Equal Opportunity did not assign a Disadvantaged Business Enterprise (DBE) goal.