



ITEM ID: 2025-174-0

TRANSMITTAL DATE: June 20, 2025

MEETING DATE: June 27, 2025

TO: Board of Directors

FROM: Kevin Gray, Chief Technology Officer

SUBJECT: Contract No. H1660-18-OM - Ticket Vending Devices (TVDs) Maintenance, Operations and Hosting Services - Exercise Option to Extend Performance Period and Increase Contract Authority - INIT Innovation in Transportation, Inc. (INIT)

Issue

The current contract expires on September 30, 2025, and the Authority requires the extension of performance period, and a contract authority increase to ensure our fare payment system continues to operate seamlessly for our customers.

Recommendation

It is recommended that the Board authorize the Chief Executive Officer to:

1. Exercise the option to extend Contract No. H1660-18-OM with INIT through June 30, 2030; and
2. Increase the Contract authority by \$9,108,000, from \$19,600,000 to a new not-to-exceed amount of \$28,708,000.

Strategic Commitment

This action aligns with the Strategic Business Plan commitment of:

- **Customers Are Our Business:** We respect and value our customers, putting them at the heart of all we do and work hard to attract and retain new customers by understanding their needs and finding new and innovative ways to bring them on board. This will be accomplished by ensuring our fare payment system continues to operate

seamlessly for our customers.

Background

In March 2018, the Board authorized the award for the procurement of TVDs to INIT. Contract No.H1660-18 was for the procurement and installation of the new TVD system. Concurrently, the Board authorized Staff to finalize an agreement for the Operations, Maintenance, and Hosting services of the TVDs in a not-to-exceed amount of \$19,600,000.

In July 2020, the Authority executed Contract No. H1660-18-OM for the Operations, Maintenance, and Hosting services with INIT, in the amount of \$12,092,897 for a base term from July 1, 2020, to September 30, 2025, with a one five-year option to be exercised at the Authority's discretion.

In July 2022, the Authority amended Contract H1660-18-OM (Amendment No.1) to include the Electronic Benefit Transfer (EBT) functionality and increase the Contract amount by \$368,231 to a new not-to-exceed amount of \$12,461,128.

In April 2024, Contract H1660-18-OM was amended (Amendment No. 2) to include the Arrow and Vista Canyon stations, adding a total of nine additional TVDs to the network. As part of the amendment, the following contractual documents were modified or added:

- Revised Attachment D - Cost Schedule, to include the nine additional TVDs and the alignment of the fiscal year timeframe from October 1–September 30 to July 1–June 30. The base amount was amended to \$12,292,663, and the one five-year option to \$15,730,051, reflecting the updated statement of services. The overall cost is lower due to the three-month contract term adjustment when compared to the \$12.4 million NTE amount from Amendment No. 1.
- Revised Attachment A - Statement of Services with clarifications.
- Added Attachment E - Travel Procedures for Contractors to outline the basis for travel expense reimbursements.

In February 2025, the Authority notified INIT that it would exercise the one five-year option. INIT responded with a revised Attachment D - Cost Schedule in the amount of \$17,016,302 for the one five-year option period, based on the market developments since the execution of the Operation, Maintenance, and Hosting services Contract back in 2020. Pursuant to negotiations, the Authority agreed to the one five-year pricing not-to-exceed amount of \$16,246,873 based on the cost evolution of the hosting services used for this contract.

Discussion

The Authority entered Contract No. H1660-18-OM with INIT on July 1, 2020, for the operations, maintenance, and hosting services of Metrolink's TVD system. The contract includes an initial performance period of 63 months, with a one five-year extension at Metrolink's discretion.

Under the current Operations, Maintenance, and Hosting contract, INIT provides:

- 24/7 software support services and operations activities.
- Maintenance of field equipment support during operating hours.

- Software and hardware maintenance, including preventative and ad-hoc repairs to maintain system uptime.
- Back-office hosting services, ensuring secure transaction processing and data management.
- Performance monitoring through defined Key Performance Indicators (KPIs) such as reliability, accuracy, and availability, with financial deductions applied for non-compliance.
- Annual PCI Data Security Standard (DSS) audits to maintain compliance with industry standards.

INIT has met contractual requirements by maintaining system reliability, minimizing downtime, and ensuring the secure processing of fare transactions. The contract includes defined service-level agreements (SLAs) for response times and maintenance activities, with penalties for non-compliance to uphold high service standards. As part of its responsibilities, INIT provides ongoing maintenance, software updates, and operational support to sustain the fare collection system.

Therefore, INIT continues to play a vital role in maintaining the fare collection infrastructure, supporting ridership recovery, and adapting to evolving operational needs.

Budget Impact

The amount of \$1,947,916 is included in the FY26 Metrolink operating budget for the Base Operations, Maintenance, and Hosting services and the amount of \$71,101 is included in the FY26 Arrow operating budget for the Base and Maintenance services. Both amounts are contingent upon approval by the Member Agencies and adoption of the FY26 Budget by the Board. Budget amounts for future years will be included in annual budget processes and will be contingent upon approval in those years. Spending will not occur unless a budget is approved for these amounts.

Next Steps

Upon Board approval, the Authority will issue a Contract amendment to reflect the changes in term and Contract authority.

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