



## Frequently Asked Questions

March 2019

### Why does the next generation ORCA system cost so much?

- A. The total capital cost covers 4 years of project delivery (\$86M). The primary contracts also cover 11 option years of O&M (~\$90M), for a total of 15 years, which includes price escalation for the full contract term.
- B. The justification for the price is largely due to five factors:
  - i. Complexity of scoped solution and services and multi-agency regional environment
  - ii. Transition from one fully operational electronic fare collection system to another
  - iii. Custom development and integration required by our scope for best-in-class solution
  - iv. Schedule constraints driving contractor to account for risk of damages for delays
  - v. Niche market due to highly specialized solutions and sporadic opportunities
- C. The price was established as the result of a highly competitive procurement process and final negotiation. For further validation, we also performed a price reasonableness and realism analysis, including the following:
  - i. Comparison to other proposals in response to the RFP: The price was substantially lower in comparison.
  - ii. Comparison to historical price paid for the current ORCA system: See comparison sheet for more detail.
  - iii. Comparison to the independent cost estimate (ICE): The proposed costs are within the values established in our ICE prior to advertisement, based largely on comparable peer fare system contracts.
  - iv. Analysis of detailed cost assumptions: Detailed cost assumptions were submitted with all proposals.
  - v. Analysis of material terms and conditions with regard to shifting risk to the contractor: The contractor agreed to take on schedule risk in the form of liquidated damages, which they factored into pricing.
  - vi. Analysis of technical advice obtained from independent consultants: Analysis was provided by technical consultants who have supported the launch of dozens of similar systems across North America.

### Why will it take four years before next generation ORCA is fully launched?

- A. The four year timeline includes both solution delivery and transition from current to next gen ORCA.
  - i. Three years for solution delivery include design, development, integration, testing, and launch.
  - ii. The fourth year is a transition period to move customers from current ORCA to next gen ORCA as we replace each of nearly 6,000 devices in the system, most of which are customer-facing.
- B. The program covers seven unique ORCA agencies with differing needs, weighing in on major project decisions.
  - i. The ORCA Joint Board and Steering Committee oversee scope, schedule, and budget decisions and require unanimous consent by all seven agencies in order to approve all actions and deliverables.
- C. The system is highly complex, requires custom development, and has numerous integration points.
  - i. Custom development includes: accommodation of our unique fare structure and apportionment model; interfacing with COTS solutions; and development to meet architecture and security requirements.
  - ii. Integration points include: separate subcontractor solutions as part of this contract; third party vendors procured by separate contracts; and existing and future vendors for peripheral Agency systems.
- D. Given the complexity, transition, and regional nature of this program, meeting the schedule is unequivocally the biggest risk to the overall program.