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**SYSTEM SAFETY AND OPERATIONS COMMITTEE
MAY 17, 2012**

SUBJECT: REGIONAL TAP SERVICE CENTER

ACTION: MODIFY CONTRACT FOR SERVICE CENTER OPERATION

RECOMMENDATION

- A. Return to the Board, under Contract No. PS33201664 with ACS State and Local Solutions, delegated authority of \$24,182,212 for two options that will not be exercised (Option Period 1 and Option Period 2).
- B. Authorize the Chief Executive Officer to execute modification No. 12 to Contract No. PS33201664 with ACS State and Local Solutions (ACS) to provide Regional TAP Service Center services for a period of eighteen months in the firm, fixed price of \$10,650,672 increasing the Total Contract Value from \$32,169,028 to \$42,819,700.
- C. Increase Contract Modification Authority specific to Contract No. PS33201664 with ACS State and Local Solutions for funding pending changes in the amount of \$500,000.
- D. Ratify expenditures of \$6,508,744 incurred to maintain the TAP Service Center from July 1, 2011 to May 30, 2012 that ensured no disruption in service to customers.

ISSUE

In February 2011, staff began negotiations with ACS to extend the period of performance by modification in lieu of exercising Option Period 1. Pricing for Option Period 1 was based on a cost model that projected the estimated number of TAP cards in circulation during the Option Period. The actual number of cards in circulation have exceeded the projection and changed the cost basis for the Option. Negotiations for a contract extension did not conclude until December 2011. Even though the contract extension and associated funds were authorized by the Board, County Counsel determined that Option Period 1 could not be exercised because the negotiations exceeded the option renewal deadline, requiring the Board to ratify a new contract

extension. During the negotiation period, staff determined that it was in the best interest of Metro to maintain the TAP Service Center so as not to jeopardize fare collection activities and disrupt bus and rail service.

DISCUSSION

The Regional TAP Service Center performs critical services for fare collection activities to include: Card Base Management, Customer Service, Card Distribution Management, Third Party Vendor Management, Financial Management and Reporting. Disruption of Regional TAP Service Center activities would negatively impact fare collection on Metro's bus and rail system.

This eighteen month extension will allow for services to continue while staff prepares a new solicitation for TAP services.

DETERMINATION OF SAFETY IMPACT

Extension of the Regional Tap Service Center contract will not impact the safety of Metro's patrons or employees.

FINANCIAL IMPACT

The funding of \$6,508,744 for this service is included in the FY12 budget in cost center 3020, TAP Operation, under project number 300016, Regional Tap Operations.

Since this is a multi-year contract/project, the Project Manager and Chief Communications Officer will be accountable for budgeting the cost in future years.

Impact to Budget

The sources of funds for this project are a combination of bus and rail enterprise funds and regional administrative funds. No other funds were considered for use on this project because these are the funds designated for fare collection activities.

ALTERNATIVES CONSIDERED

The alternative considered by staff was to abandon the contract with the external provider and to award the service contract to another provider. This alternative was not adopted because the time required to staff up the service center and put the infrastructure in place for operation was inadequate to ensure uninterrupted operations for Metro customers.

NEXT STEPS

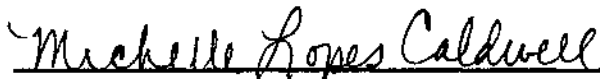
Staff is preparing an RFP for release in May to begin the process to solicit a service provider for Regional Service Center Operation to ensure uninterrupted customer service.

ATTACHMENTS

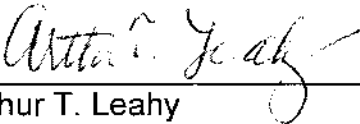
- A. Procurement Summary
- B. Contract Modification Summary



Matthew Raymond
Chief Communications Officer



Michelle Lopes Caldwell
Chief Administrative Services Officer



Arthur T. Leahy
Chief Executive Officer

PROCUREMENT SUMMARY

REGIONAL TAP SERVICE CENTER

1.	Contract Number: PS33201664, Modification Number 12	
2.	Recommended Vendor: ACS State and Local Solutions, Inc.	
3.	Type of Procurement (check one) : <input type="checkbox"/> IFB <input type="checkbox"/> RFP <input type="checkbox"/> RFP – A&E <input type="checkbox"/> Non-Competitive <input checked="" type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	Procurement Dates:	
	A. Issued: N/A	
	B. Advertised/Publicized: N/A	
	C. Pre-proposal/Pre-Bid Conference: N/A	
	D. Proposals/Bids Due: N/A	
	E. Pre-Qualification Completed: N/A	
	F. Conflict of Interest Form Submitted to Ethics: N/A	
	G. Protest Period End Date: N/A	
5.	Solicitations Picked up/Downloaded: N/A	Bids/Proposals Received: N/A
6.	Contract Administrator: Don Dwyer	Telephone Number: (213) 922-6387
7.	Project Manager: Jane Matsumoto	Telephone Number: (213) 922-3045

A. Procurement Background

This is a negotiated Firm Fixed Price (FFP), Non-Competitive Modification 12, to an existing contract. This modification is proposed as a settlement of all outstanding base contract deliverables with the exception of certain disputed Envision Invoices totaling \$228,975. These disputed invoices are eligible for submission by the Contractor as a separate claim. In addition, this modification extends the term of the Contract by eighteen months from July 1, 2011 to December 31, 2012 and provides for fixed monthly reimbursement of \$591,704 (\$10,650,672 for eighteen months) for services performed against a revised Statement of Work.

On February 23, 2006, the MTA Board approved Contract PS33201664. The Contract includes a Design/Build phase and a five-year base contract operational period of performance (July 1, 2006 to June 30, 2011). The Contract also included two, two-year options:

Operate/Maintain Option Period – Years 6 & 7:	\$12,942,272
Operate/Maintain Option Period – Years 8 & 9:	\$13,561,501

In the second quarter 2011, the Project Manager indicated a desire to exercise the first Operate/Maintain Option Period – Years 6 & 7. The price for Option Years 6 & 7 of \$12,942,272 was forward priced by the Contractor based on projected TAP card counts provided by Metro Staff. Actual TAP card counts, however, exceeded the projected count due to a more rapid expansion of the TAP card program which invalidated the forward priced pricing structure for the Option Period 6 & 7. Since the two-year option was no longer valid, Metro entered into negotiations to modify the contract by revising the scope of work and determine a new, fixed monthly cost to operate and maintain the Regional TAP Service Center.

Negotiations on an eighteen-month extension of the contract began in the second quarter 2011 and concluded in mid-December. In order to continue operations of the Regional TAP Service Center during negotiations, the Contractor was directed to continue operations beginning July 1, 2011. During the continuance of service, Metro agreed to pay the Contractor a monthly fee of \$591,704. These payments made for services rendered are submitted to the Board for ratification since they exceed the modification authority of Staff. Justification for the ratification is the necessity to maintain the services of the Regional TAP Service Center as essential to the operations of Metro's fare collection system, while Metro and the Contractor worked together to reach an agreement for the contract change.

With issuance of this modification, the two, two-year options and associated pricing (\$26,503,771) will be deleted from the Contract. In addition, a new solicitation will be conducted to replace this Contract upon completion of the eighteen-month term.

B. Evaluation of Proposals/Bids

Metro's Project Manager, technical staff, and the Contractor negotiated a revised Statement of Work for the eighteen-month period of performance. The Contractor's proposal is consistent with the new Statement of Work and is considered technically acceptable.

C. Cost/Price Analysis Explanation of Variances

Based upon cost analysis, audit, technical review, and extensive negotiations, the monthly rate of \$591,704 is determined to be fair and reasonable.

Proposer	Proposal Amount	Final Amount
ACS State and Local Solutions	\$11,723,094	\$10,650,672

D. Background on Recommended Contractor

ACS State & Local Solutions, Inc., (ACS) is a wholly owned subsidiary of Affiliated Computer Systems, Inc., a Forbes 500 and Fortune 500 company that specializes in information technology and business process outsourcing solutions for both government and commercial sectors. Affiliated Computer Systems, Inc. was recently purchased by Xerox Corporation. ACS is incorporated in the State of New York and their main office is in Washington D. C. ACS has been involved in variety of public sector and transportation contracts including FasTrak in the San Francisco Bay Area, SmarTrip for the Washington Metropolitan Area Transportation Authority, E-Z Pass in New Jersey and the Photo Enforcement Program for LACMTA.

E. Small Business Participation

ACS State & Local Solutions, Inc., has a Disadvantaged Business Enterprise (DBE) participation commitment of 6.26%, the DBE participation is 4.52%. Currently the contractor is not meeting the DBE goal. If it is determined that DBE utilization is not consistent with the contract commitment, ACS will be required to submit evidence of its good faith efforts to meet the goal, to ensure compliance with DBE program requirements.

SMALL BUSINESS COMMITMENT	6.26% DBE	SMALL BUSINESS PARTICIPATION	4.52% DBE
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	DBE Prime and Subcontractor	Status	% Committed	Current Participation¹
1.	Acumen Building Enterprise	Performing	6.26%	4.52%
	Total Commitment	Performing	6.26%	4.52%

¹Current Participation = Total Actual amount Paid-to-Date to DBE firms ÷ Total Actual Amount Paid-to-date to Prime.

**CONTRACT MODIFICATION SUMMARY
REGIONAL TAP SERVICE CENTER**

MOD	DESCRIPTION	VALUE
MOD 1	ADMINISTRATIVE CHANGE	\$0.00
MOD 2	CHANGES DBE REQUIREMENT	\$0.00
MOD 3	REDISTRIBUTE FACILITY COSTS	\$0.00
MOD 4	FARE EVASION STUDY	\$78,427
MOD 5	DEDUCTIVE CHANGE, FARE EVASION STUDY	-\$17,684
MOD 6	PRINTING OF TAP CARDS FOR RETIREES AND METRO DEPENDENTS	\$36,158
MOD 7	PURCHASE SMARTCARD STOCK	\$500,000
MOD 8 – 11	EXTEND PERIOD OF PERFORMANCE	CANCELLED BY MOD 12 (MOD 12 PENDING BOARD APPROVAL)
TOTAL MODIFICATIONS		\$596,901
REMAINING MODIFICATION AUTHORITY		\$403,099