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**EXECUTIVE MANAGEMENT COMMITTEE
MAY 16, 2013**

SUBJECT: REGIONAL TAP SERVICE CENTER

ACTION: MODIFY CONTRACT FOR SERVICE CENTER OPERATION

RECOMMENDATION

Authorize the Chief Executive Officer to execute modification No.17 to Contract No. PS33201664 with ACS State and Local Solutions (now Xerox Services) to provide continuation of Regional TAP Service Center services for a period of up to twelve months (including six one-month options) in an amount not-to-exceed \$8,800,000, increasing the total contract value from \$50,201,724 to \$59,001,724. The base extension is six months with six additional months to be issued, as required by Metro, on a month-to-month basis.

ISSUE

The action to extend the current contract with Xerox for up to twelve months will allow staff the necessary time to transition certain functions in-house, such as the call-center and reduced fare application processing. This time will ensure that the transitions are smooth and seamless. It will also provide time to analyze the remaining tasks as to whether they should be transitioned in-house or offered to outside bidders.

DISCUSSION

The Regional TAP Program has been successful in expanding patron use and acceptance of the TAP card as fare media. Vendors have been trained, card sales have increased, and the region has enjoyed new demand for the technology. By mid-2014, regional participation in the TAP program will have nearly tripled in size to include a total of 25 regional operators. Metro is on schedule to initiate the latching of faregates on the Purple and Red Lines in June 2013 and final testing is now underway for transitioning Metrolink paper tickets to TAP.

Staff continues to work with Transportation Communications Union (TCU) officials and Metro executive management to further the transition of certain functions of the TAP Customer Service Center to an in-house operation. Staff has engaged the services of a consultant to produce a transition plan for the TAP Call Center and Reduced Fare Application Processing, staffing requirements and performance matrices, and preparations of timelines and training modules. During this transition period, staff will continue to meet with Metro management on office space requirements, the transfer of work, and other operational details.

The extension of the current TAP Service Center contract for up to twelve months will enable services to continue while staff prepares a transition plan for functions that will be brought in-house and will allow time for new solicitations for remaining TAP services (if any) that may need to be contracted out.

Metro is aware that Xerox is currently out of compliance on their Disadvantaged Business Enterprise commitment. However staff needs additional time to produce and implement a transition plan, including hiring and training in-house TCU staff, to successfully transition the TAP Call Center and Reduced Fare Application processing in-house. Therefore, it is recommended the contract with the current vendor be continued for a short duration, until in-house operations run smoothly and customer service continues uninterrupted.

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

Funding of \$8,800,000 for the Regional TAP Service Center is included in the proposed FY14 budget in cost center 3020, TAP Operation, under project number 300016, Regional TAP Operating Budget.

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 immediately transfer duties to TCU staff. This alternative was not adopted because time is required to install infrastructure for in-house operation of the TAP Service Center. In addition, the time needed to train and/or hire TCU staff was inadequate to ensure uninterrupted operations for TAP regional customers.

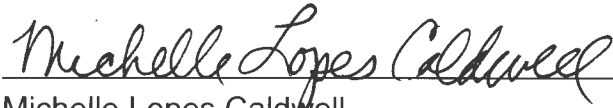
NEXT STEPS

Staff will continue to keep the Board apprised of transition plans and implementation status.

ATTACHMENTS

- A. Procurement Summary
- B. Change Modification Log

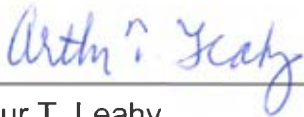
Prepared by: David Sutton, TAP Deputy Executive Officer, (213) 922-5633



Michelle Lopes Caldwell
Chief Administrative services Officer



Paul Taylor
Deputy Chief Executive Officer



Arthur T. Leahy
Chief Executive Officer

PROCUREMENT SUMMARY
REGIONAL TAP SERVICE CENTER

1.	Contract No.: PS33201664		
2.	Contractor: XEROX Corporation (Formally ACS State and Local Solutions)		
3.	Mod. Work Description: Contract Extension		
4.	Work Description: Customer Service Center		
5.	The following data is current as of :	April 17, 2013	
6.	Contract Completion Status:		
	Bids Opened	N/A	% Complete \$ N/A
	Contract Awarded	4/18/06	% Complete Time N/A
	NTP	4/18/06	Orig. Contract Days N/A
	Orig. Complete Date	10/31/11	Change Order Days N/A
	Current Est. Comp Date	13/31/13	Suspended Days N/A
			Total Revised Days N/A
7.	Financial Status:		
	Contract Award Amount	\$31,572,127	
	Total Contract Modification Authority (CMA)	\$51,587,664	
	Total of Mods/Changes Approved to Date	\$18,629,597	
	Total of Mods/Changes Pending to Date (including this action)	\$8,800,000	
	Current Contract Value (with this action)	\$59,001,724	
8.	Contract Administrator: Don Dwyer	Telephone Number: 213-922-6387	
9.	Project Manager: David Sutton	Telephone Number: 213-922-5633	

A. Procurement Background

This proposed modification is for an amount not-to-exceed \$8,800,000 and adds up to twelve months to the period of performance. The based extension is six months with the option to continue services on a month-to-month basis for up to six additional months.

This contract change was handled in accordance with the LACMTA approved procedures for contract modifications.

On April 18, 2006, Contract No. PS33201664 was awarded to ACS State and Local Solutions/Xerox in the amount of \$31,572,127 as the highest evaluated proposer for the Regional Tap Service Center.

Attachment B shows that sixteen modifications have been issued to date to add and/or delete work. One modification is currently in negotiation.

B. Cost/Price Analysis

The recommended price for this modification is subject to cost/price analysis, technical analysis, and final negotiation.

	Proposal Amount	MTA Estimate	Negotiated Amount
1.	\$8,800,000	\$8,800,000	TBD

C. Small Business Participation

Xerox Services (formerly ACS State & Local Solutions, Inc.) made a Disadvantaged Business Enterprise (DBE) participation commitment of 6.26% (a race-conscious mandatory goal was established April 2006). Current DBE participation is 4.46%. Xerox is currently non-compliant with the DBE contract requirements. Xerox has failed to demonstrate on-going good faith efforts and may be subject to administrative sanctions.

SMALL BUSINESS COMMITMENT	6.26% DBE	SMALL BUSINESS PARTICIPATION	4.46% DBE
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	DBE Subcontractor	Status	% Committed	Current Participation¹
1.	Acumen Building Enterprise	Performing	4.46%	4.46%
	Total Commitment	Performing	4.46%	4.46%

Contract Modification/Change Order Log

Original Contract Award	\$31,572,127
Subtotal – Approved Modifications	\$18,629,597
Subtotal – Pending Changes / Modifications	\$8,800,000
Total Mods and Pending Changes (including this change)	\$27,429,597
Total Obligation	\$59,001,724
Prior CMA Authorized by the Board (including base award and other modifications)	\$51,587,664
Increased CMA for this recommended action (Mod #17)	\$8,800,000
Total CMA including this action	\$60,387,664
Remaining CMA for Future Changes	\$1,385,940

Contract Modifications

	Original Contract		
		4-18-06	\$31,572,127
1.	Administrative Change, Order of Precedence	4-21-06	\$0.00
2.	Administrative Change, Reduce DBE requirement to 6.26%	5-18-06	\$0.00
3.	Administrative Change, Re-allocate Costs	11-3-06	\$0.00
4.	Fare Evasion Study	11-7-07	\$78,427
5.	Deductive Change, Actual Cost of Fare Evasion Study	8-25-08	-\$17,684
6.	Printing of Mifare Cards for Retirees and Metro dependents	7-25-08	\$36,158
7.	Contactless Smart Card Stock	10-20-08	\$500,000
8.	Extend Period of Performance	7-31-11	\$500,000
9.	Extend Period of Performance	7-29-11	\$2,000,000
10.	Extend Period of Performance	10-31-11	\$500,000
11.	Extend Period of Performance	11-30-11	\$250,000
12.	Extend Period of Performance, Ratify Actual Expenditures, Partial Claim Settlement	6-28-12	\$14,200,896
13.	Add Temporary Staff for Spike in Card Processing	10-29-12	\$36,946
14.	Add Temporary Staff for Spike in Call Volume	11-13-12	\$39,577
15.	Settlement of Envision Claim	12-18-12	\$150,000
16.	Add Temporary Staff for Processing Increased Volume of Transactions, April to June 2013	4-10-13	\$355,277
17.	Extend Period of Performance	Pending	\$8,800,000
18.	Total		\$59,001,724