

**Metro**Los Angeles County
Metropolitan Transportation AuthorityOne Gateway Plaza
Los Angeles, CA 90012-2952213.9
metro.net**EXECUTIVE MANAGEMENT COMMITTEE
JULY 18, 2013****SUBJECT: TRANSITION OF TAP CALL CENTER AND REDUCED FARE
APPLICATION SERVICES FROM XEROX TO METRO IN-HOUSE****ACTION: AMEND FY14 BUDGET TO ADD 38 FTEs AND \$1,000,000 TO
CONFORM TO THE BINDING ARBITRATION AGREEMENT****RECOMMENDATION**

Authorize the Chief Executive Officer to amend the FY14 budget to add 38 Full Time Employees (FTEs) and \$1,000,000 for the transitioning of the TAP Call Center and Reduced Fare Application Processing services from Xerox Services (formerly Affiliated Computer Services [ACS]) to in-house at Metro as the result of the legally binding arbitration decision.

ISSUE

The Transportation Communications Union (TCU) filed a Grievance against Metro on the basis that certain work done by Metro's contractor Xerox for TAP Customer Service functions belonged contractually to the TCU. Certain functions of the TAP Service Center contracted by Metro with Xerox Services must now be brought in-house, where Metro staff from TCU will assume responsibilities performed by contracted Xerox staff. The arbitrator ruled in favor of the TCU and ordered Metro to expedite the transition of the work from Xerox to TCU. In order to proceed with the terms of the arbitration, 38 additional TCU FTE and \$1,000,000 start up budget authorization by the Board is requested to fulfill the binding agreement.

DISCUSSION**Areas Identified for Transition**

In post-arbitration discussions to date, TCU management and Metro staff agreed upon two key areas for transition: TAP Call Center and Reduced Fare Application Processing. TAP management is leading a cross-functional team of Metro departments in working out the details of these transitions. The team includes Metro staff from Communications, (including Call Center, Customer Relations and Reduced Fare), Labor Relations, Human Resources, Information Technology, Office of Management & Budget, General Services,

County Counsel and TAP. The transition team is also evaluating other Xerox services for possible future in-house operation.

Methodology

Lumenor Consulting Group, an expert transit systems and transition-consulting firm, was contracted to assist in the transition planning and implementation. Lumenor performed a business analysis and identified staffing levels, technology and space requirements needed to convert the work to Metro. The business process reviews were based on a combination of document reviews and interviews with Xerox, Metro Reduced Fare, Call Center and TAP Operations staff. The staffing assessments involved task analysis, work volume analysis and service level analysis. The Call Center staffing levels were based on industry standard queuing theory Erlang C calculations using the Call Center modeling software program *cc Modeler Pro*. Lumenor has also produced a transition plan that will assist Metro in its efforts to bring work in-house.

Staffing Analysis

The staffing analysis for Reduced Fare Application Processing and the TAP Call Center is based on task, work volume and service level analysis in combination with industry standard calculation. The number of FTEs needed to transition work to Metro/TCU was calculated by dividing the total workload by the average number of annual hours a TCU employee spends at work.

Reduced Fare Application Processing

Based on Lumenor's assessment, Reduced Fare Application Processing requires 16 FTEs: 13 Customer Service Agents (CSAs), 2 Leads and 1 non-contract Manager. This calculation was performed by dividing the total workload by the average number of annual hours that a Metro/TCU employee spends at work. The average base cost per hour for Metro/TCU CSA is \$22/hour. The average cost including benefits for this Metro/TCU CSA is \$35.60/hour or \$74,048/year. The manager would be a non-contract position with an average annual base salary of \$80,000/year. With benefits, the cost of the manager's salary is \$119,680/year. It is also recommended that two of the overall FTEs be designated as "Leads," with some minimal oversight duties. The hourly base wage of \$22/hour (\$35.60/hour or \$74,048/year with benefits) falls within the average for Leads (See Figure 1: FTEs: Call Center & Reduced Fare Processing Staffing Costs).

Call Center

The staffing level for the TAP Call Center was determined by conducting call volume and call distribution analysis and then applying the call center industry standard queuing theory Erlang C model to meet the required call center service levels.¹ Based on Lumenor's assessment, the Call Center requires 22 FTEs (19 Customer Service Representatives [CSRS], 2 Leads and 1 non-contract Manager). The cost for a Metro/TCU Customer Service Representative or Lead Customer Service Representative with benefits is \$74,048/year. The Non-Contract manager is estimated at \$119,680 a year

¹ The call center service levels are 80% of calls should be answered within 45 seconds and the call answer time should not exceed 5 minutes. These service levels are from the original Xerox contract.

with benefits. Total FTE cost required to transition these two functions is estimated at \$2.9 million. See Figure 1, below.

Figure 1

FTEs: Call Center & Reduced Fare Processing Staffing Costs

	Number	Avg. Wage	Avg. Wage/Year With Benefits	Total Cost/Year
CSRs/CSAs	32	\$22/hour ^A	\$74,048	\$2,369,536
Leads	4	\$22/hour ^A	\$74,048	296,192
Managers	2	\$80,000/year ^A	\$119,680	239,360
Total FTEs	38			\$2,905,088

Estimated Savings on Future Contracted Services				
Xerox Contract Amount				\$7,984,037
Estimate for Future Contracted Services Less Services Brought In-House				\$5,189,624

Estimated Contract Savings				\$2,794,413
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Cost to Metro after first year				\$110,675
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One-time transition costs (hardware, software, licenses, technology, furniture, office reconfiguration etc.)				
IT Services				\$666,994
General Services				\$333,006
One-Time Transition Costs				\$889,325

Estimated Cost of Transition After First Year				\$110,675
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A. CSR/CSA, Lead and Manager Wages based on Metro Human Resources records for average wages.

B. Estimated savings based on conservative estimate of 35% employee and service reduction.

The estimated total cost for transitioning all employees after the first year is \$110,675 (See Figure 1: Estimated Cost of Transition). Lumenor estimates that more employees are needed than are currently employed by Xerox because the consultant finds that Xerox's staffing plan does not meet industry standards. Xerox average maximum delay for call wait time was 31 minutes in 2012. To date in 2013, nearly 22% of customer calls have been abandoned due to the long wait periods. In the Reduced Fare area, they were required to hire temps to handle peaks in application processing and Xerox's website is frequently slow.

Additional Needs for Transition

In addition to the costs of labor, there are other needs associated with the transition. Staff recommends that the Board approve addition to the budget of \$666,994 for Information

Technology needs and \$333,006 for General Services. These amounts are for transition of software licensing, purchase and/or relocation of office equipment, installation of phone and computer systems, purchase of office furniture and configuration of workspaces for new employees. The TAP office will work with Metro Information Technology Services, General Services and Communications to plan for the current transition of Reduced Fare Application Processing and the Call Center. Other functions of Xerox are being evaluated for transition and staff will report back to the Board with an update once more results are known.

DETERMINATION OF SAFETY IMPACT

Approval of this item will not negatively impact the safety of Metro's customers or employees.

FINANCIAL IMPACT

Impact to Budget

Funding for the amended FTEs comes from a mixture of fare revenue and prop C 40% in the following cost centers:

7170 Communications Customer Information - \$500,000

5420 Customer Programs and Services - \$500,000

\$1,000,000 will be divided between departments above based on the needs for software licensing, office furniture and equipment, phones, computer systems, and configuration of workspaces.

ALTERNATIVES CONSIDERED

The Board was informed in closed session in February 2013 that Metro was ordered to transition TAP Service Center work to Metro as a result of a legally binding arbitration decision. Therefore transition is mandatory and no alternative was considered in transitioning the work.

NEXT STEPS

With Board approval, the additional 38 FTE's, staff will move forward in the recruitment and training processes. Transition of equipment, technology and workstations will occur over the next few months. Staff has requested Lumenor to complete an analysis of other Xerox functions that may be identified for transition. Staff will continue to work with TCU management and County Counsel to comply with the arbitration ruling and will return to the Board to report with an update when more details regarding further transition become available.

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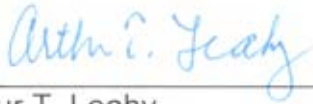
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