

**Metro**

Los Angeles County
Metropolitan Transportation Authority

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Los Angeles, CA 90012-2952

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metro.net

**FINANCE, BUDGET AND AUDIT COMMITTEE
JULY 16, 2014**

SUBJECT: ACQUISITION OF COMPUTER HARDWARE, SOFTWARE AND SERVICES

ACTION: APPROVE THE WESTERN STATES CONTRACTING ALLIANCE MASTER PRICE AGREEMENT

RECOMMENDATION

Authorize the Chief Executive Officer to utilize Western States Contracting Alliance (WSCA) Master Price Agreement to purchase computer and network equipment, peripherals, and related software and services under California Public Contract Code § 10298, Section 4, for a five-year period for a total expenditure not to exceed \$22,500,000 subject to funding availability effective Aug 1, 2014.

ISSUE

In April 2010, the Board of Directors approved the acquisition of computer hardware, software, and services through the Western States Contracting Alliance (WSCA) Master Price Agreement for a five-year period beginning on May 1, 2010, in an amount not to exceed \$12,500,000. A total of \$12,422,688 has been expended as of May 2014 leaving a balance of \$77,312.

The recent growth of Metro's technology infrastructure, including computer & server processing equipment, video and data file storage systems, and new and upgraded business, transit, and security systems, are being driven by the expansion of Measure R projects, the need for upgrading and maintaining Metro's technology systems, and the need for security enhancement projects. Due to this expansion, the April 2010 board authority was exhausted in four years versus the originally planned five years. Based on current and planned projects scheduled for the next five years, we are requesting a board authority level required to meet these needs.

DISCUSSION

The WSCA Cooperative Purchasing Organization represents a unified, nationally-focused, cooperative purchasing program which aggregates the collective buying power from all 50 states and their political subdivisions to help spur competition in the marketplace. WSCA is able to negotiate and offer products and services with excellent overall value by competing products and services across all 50 states, working directly with the original equipment manufacturers (OEM), and with the purchasing power of executing 3.5 billion dollars in sales annually. Value determination takes into consideration price and contract terms including quality, delivery, return policy, insurance, performance, and warranty. To negotiate the best competitive pricing, WSCA negotiates directly with the OEM's.

Use of WSCA, has shown to be effective in streamlining computer product acquisitions by leveraging buying power to obtain lower pricing and lower administrative costs through shortened processing time. For example, by leveraging the competitive process that WSCA has already gone through, purchasing equipment through the WSCA Master Price Agreement can be accomplished in approximately 1-2 weeks versus the 6-8 weeks or longer for the Metro bid process. Based on the reduced administrative time savings, more timely purchasing cycle time and competitive volume pricing achieved, staff is recommending continued use of this procurement vehicle to sustain these objectives.

Metro has significantly increased its use of computers to streamline and automate many of its business processes and functions to increase efficiency and reduce cycle time. Due to the dependence on computer technology to support its business operations, a replenishment process has been established to optimize and maintain the effective operation of Metro's inventory of computers, servers and network equipment and related software applications. Non-replacement of aging computer hardware and software systems will ultimately result in increased system unavailability affecting the ability of Metro to efficiently support its daily business operations, such as transit operations, vehicle maintenance, inventory management, human resources, and procurement.

DETERMINATION OF SAFETY IMPACT

This project will have no overall impact on safety.

FINANCIAL IMPACT

The funding of \$2.8M for this agreement is included in the FY15 budget in department 9200 under projects: 100001 General Overhead, 207106 Hastus Infrastructure Upgrade, 207126 Workstation and Network Technology Refresh Project, 207133 UFS Security Upgrades, and 207138 Internet-based Customer Help Desk. Since this is a multi-year project, the Project Manager and Chief Information Officer are responsible for budgeting the cost in future years.

IMPACT TO ANNUAL BUDGET

Project 100001 is funded indirectly via Metro's Federal Cost Allocation Plan which distributes costs to projects/departments proportionate to the benefit received and will impact all Federal, State, and Local Funds. The other projects listed above are funded with TDA Article 4, which is eligible for bus and rail operations.

ALTERNATIVES CONSIDERED

The alternative is to formally compete individual procurements via bids or Requests for Proposals (RFPs). This process is more time consuming and expensive when compared to the benefits of utilizing vendors already selected under a competitive contracting process conducted by the State of California for the Western States Contract Alliance Master Price Agreement.

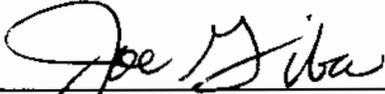
NEXT STEPS

With Board approval, staff will move forward in the procurement of computers, servers and network equipment and related software through the Western States Contracting Alliance (WSCA) Master Price Agreement.

ATTACHMENTS

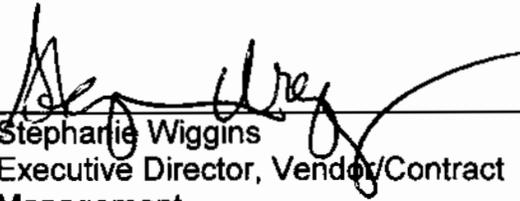
- A. Procurement Summary

Prepared by: William Balter, Director of IT Project Management Oversight
(213) 922-4511

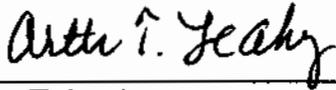


David Edwards
Chief Information Officer

FOR



Stephanie Wiggins
Executive Director, Vendor Contract
Management



Arthur T. Leahy
Chief Executive Officer

PROCUREMENT SUMMARY

WESTERN STATES CONTRACTING ALLIANCE

| | | |
|----|---|---------------------------------|
| 1. | Contract Number: N/A | |
| 2. | Recommended Vendor: Western States Contracting Alliance | |
| 3. | Type of Procurement: (check one): <input type="checkbox"/> IFB <input type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input checked="" type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order | |
| 4. | Procurement Dates: | |
| | A. Issued: N/A | |
| | B. Advertised/Publicized: | |
| | 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: | |
| 5. | Solicitations Picked up/Downloaded: N/A | Bids/Proposals Received: N/A |
| 6. | Contract Administrator: Mark Lu | Telephone Number: 213-922-4689 |
| 7. | Project Manager: Bill Balter | Telephone Number: 213-922-4511 |

A. Procurement Background

The Western States Contracting Alliance (WSCA) is a Master Pricing Agreement which seeks to serve the purchasing interests of State entities by working with the original equipment providers and by leveraging the purchasing needs of the collective participating states.

B. Evaluation of Proposals/Bids

Price evaluations are performed at the task order level utilizing most favorable pricing obtained by the use of WSCA.

C. Cost/Price Analysis

Most favorable pricing is obtained through competition performed by WSCA. Prices are considered fair and reasonable.

D. Background on Recommended Contractor

WSCA is a Master Pricing Agreement used by participating States and local governmental agencies. Pricing Agreements have been negotiated with all the major IT related equipment providers.

E. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) did not establish a Small Business Enterprise (SBE) goal for this solicitation as the equipment will be purchased through a Master Price Agreement. The Project Manager confirmed that under the California State Public Contract Code § 10298 local agencies such as Metro are allowed to acquire computer hardware, software and related services under the State's Master Price Agreements.