

**Metro**Los Angeles County
Metropolitan Transportation AuthorityOne Gateway Plaza
Los Angeles, CA 90012-2952213.922.2000
metro.net**FINANCE, BUDGET AND AUDIT COMMITTEE
July 16, 2014****SUBJECT: OUTSOURCED PAYROLL SERVICES****ACTION: AWARD CONTRACT TO ADP NATIONAL ACCOUNT SERVICES****RECOMMENDATION**

Authorize the Chief Executive Officer to award a ten-year, firm fixed-unit-rate contract, Contract No. PS14511006, to ADP National Account Services to provide processing of bi-weekly payroll checks, direct deposit advices, Form W-2s, and third party checks. The two-year base contract (January 1, 2015 to December 31, 2016) will be for an amount not to exceed \$1,190,000 and the eight one-year options (January 1, 2017 to December 31, 2024) for an amount not to exceed \$5,060,000, for a total not to exceed \$6,250,000 effective January 1, 2015.

ISSUE

Outsourced payroll services are essential for the payment, on a bi-weekly basis, of the 10,000 LACMTA employees, making direct deposits to employee accounts, employee and third party checks, and direct payment of amounts due to federal and state agencies as well as quarterly tax filing as required by law. Failure to make timely payments to LACMTA employees and taxing authorities will have a severe negative impact on the agency.

DISCUSSION

The contract will provide consistent processing of regular payroll checks and deposit advices for LACMTA employees, mail out of W-2's and 1099 MISC forms annually and secured transfer of tax filings and other third party payments and appropriate payroll reports to the LACMTA. The LACMTA intends to provide a calculated file from which the vendor will process checks, pay stubs, third party pays, tax deposits and filings, tax amendments, reports and, ultimately, W-2's and 1099-MISC statements. Vendor will also process direct deposits to the appropriate financial institutions. This contract will begin at the expiration of the current contract on January 1, 2015.

DETERMINATION OF SAFETY IMPACT

The approval of award to ADP National Account Services will have no impact on safety.

FINANCIAL IMPACT

The funding of \$550,000 for this service is included in the FY15 budget in cost center number 5110, Accounting, under project number 100001, General Overhead. This project is funded indirectly via MTA's Federal Cost Allocation Plan which distributes cost to projects/departments proportionately to FTEs charged, and will impact all Federal, State, and Local Funds.

Since this is a multi-year contract/project, the Controller and the Executive Director, Finance and Budget will be accountable for budgeting the cost in future years, including any options exercised.

ALTERNATIVES CONSIDERED

One alternative considered is to provide the service in-house. This would require the hiring of trained personnel and the purchase of specialized equipment and supplies. Further, extensive checks and balances and security would be required for the proper payment of employees, tax deposits and filings, direct deposits and third party payments. Staff analysis indicates that this is not a cost-effective option for LACMTA at this time.

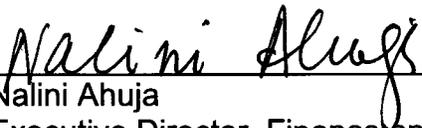
NEXT STEPS

Upon Board approval, staff will complete final contract negotiations with the recommended firm and award the contract.

ATTACHMENTS

- A. Procurement Summary

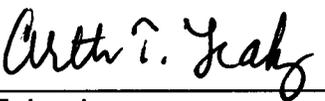
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Executive Director, Finance and Budget



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Executive Director, Vendor/Contract
Management



Arthur T. Leahy
Chief Executive Officer

PROCUREMENT SUMMARY
PAYROLL SERVICES PROVIDER

1.	Contract Number: PS14511006	
2.	Recommended Vendor: ADP, Inc.	
3.	Type of Procurement: (check one): <input type="checkbox"/> IFB <input checked="" type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	Procurement Dates:	
	A. Issued: 2/28/14	
	B. Advertised/Publicized:	
	C. Pre-proposal/Pre-Bid Conference: 3/12/14	
	D. Proposals/Bids Due: 4/18/14	
	E. Pre-Qualification Completed: 5/19/14	
	F. Conflict of Interest Form Submitted to Ethics: 5/21/14	
	G. Protest Period End Date:	
5.	Solicitations Picked up/Downloaded: 15	Bids/Proposals Received: 1
6.	Contract Administrator: Linda Rickert	Telephone Number: 213-922-4186
7.	Project Manager: Dave Wakeling	Telephone Number: 213-922-6842

A. Procurement Background

The RFP was issued in accordance with Metro’s Acquisition Policy and the contract type is a Firm Fixed Unit Price.

One amendment was issued during the solicitation phase of this RFP:

- o Amendment No. 1, issued on March 19, 2014, clarified the pricing and extended the deadline for proposal submission.

One proposal was received on April 18, 2014.

B. Evaluation of Proposals/Bids

One proposer responded to this solicitation. A Proposal Evaluation Committee consisting of staff from Metro's Accounting Department was convened and conducted a comprehensive technical evaluation of the proposal received.

The proposal was evaluated based on the following evaluation criteria and weights:

- | | |
|--|------------|
| • Prime's Skills and Experience | 25 percent |
| • Experience and Qualifications of Personnel | 25 percent |
| • Work Plan | 25 percent |
| • Price | 25 percent |

The evaluation criteria are appropriate and consistent with criteria developed for other, similar accounting and payroll service contracts. Several factors were considered when developing these weights, recognizing the importance of skills and the work plan.

ADP National Account Services submitted the one proposal received.

Qualifications Summary of Firms Within the Competitive Range:

ADP National Account Services

Automatic Data Processing, Inc. (ADP) is a nationally recognized firm created in 1949 to provide payroll services. ADP provides easy to use electronic and software based solutions for tracking, issuing and follow up for large payrolls. ADP's staff of more than 60,000 actively updates their electronic services to keep pace with required services, both from government agencies and private vendors. As the incumbent, ADP has provided satisfactory services in meeting tax and other deadlines.

C. Cost/Price Analysis

The recommended price has been determined to be fair and reasonable based upon the expertise of the Payroll department, historical pricing, technical evaluation, fact finding, and negotiations.

The recommended price has been determined to be fair and reasonable based upon the expertise of the Payroll department, historical pricing, technical evaluation, fact finding, and negotiations. While the unit pricing submitted included price increases from the previous contract, as a result of negotiation, ADP agreed to fix the unit prices for the next five years.

	Bidder/Proposer Name	Proposal Amount
1.	ADP, Inc.	\$6,186,955*

*This includes unit pricing which is variable. Also included is an hourly rate for disaster recovery planning and execution. Hours for disaster planning cannot be predicted but are approved in advance by the Metro Project Manager.

D. Background on Recommended Contractor

The recommended firm, ADP, Inc. located in Pleasanton, California has been in business for over 50 years, and is a leader in the field of payroll services. ADP, Inc. is a nationally recognized firm that provides payroll services for Enterprise, Maricopa County, Arizona and other businesses and agencies across the United States.

E. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) did not establish a Disadvantaged Business Enterprise (DBE) goal for this project. The project manager confirmed that Metro must deal with one contractor due to secured electronic fulfillment, and to protect employee records.