

**Metro**Los Angeles County
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metro.net**FINANCE, BUDGET AND AUDIT COMMITTEE
JANUARY 14, 2014****SUBJECT: TAP CUSTOMER RELATIONSHIP MANAGEMENT (CRM) SYSTEM****ACTION: EXECUTE CONTRACT MODIFICATION****RECOMMENDATION**

Authorize the Chief Executive Officer to execute Modification No. 1 to Contract No. PS71203061 with Carahsoft Technology Corporation (CTC) to replace the current end-of-life Customer Relationship Management (CRM) system in an amount Not-to-Exceed \$735,000 increasing the total contract value from \$ 396,054.00 to \$1,131,054.00.

ISSUE

Metro was ordered to transition TAP Service Center work to Metro as a result of a legally binding arbitration decision. Metro IT Department determined, however, that the Xerox database support systems are too old to move in-house. In order to comply with the arbitration decision and not negatively impact customer service, staff determined that it is in Metro's best interests to utilize the existing contract with CTC to migrate TAP onto CTC's CRM system.

DISCUSSION

In 2008, the Transportation Communications Union (TCU) filed a grievance against Metro claiming that certain TAP Service Center work performed by Metro's contractor Xerox belonged contractually to the TCU. In February 2013, an arbitrator ruled in favor of the TCU and ordered Metro to transition this work in-house. Two phases of legally-mandated transition are complete and now staff is beginning the final phase which includes transition of systems and servers. To date, the transition has been cost-neutral to future budgets while offering better service to the regional customer base.

Systems and server transition includes a TAP Customer Relationship Management (CRM) System that must replace the current vendor's end-of-life system. Modifying the existing contract with CTC in an amount NTE \$735,000 will enable us to build on the system we already have in house and make it more robust to meet our needs.

Modifying the CTC contract enables the opportunity for efficiencies of time as well as cost savings. If Metro were to procure a new vendor, the current TAP regional vendor's

contract would have to be extended (\$2.86 Million) and their CRM system would still require a software upgrade (\$1 Million) for a total of \$3,860,000 in the next fiscal year to ensure service continuity. Utilizing the Carahsoft contract to bring the system in-house will cost substantially less and enables Metro to use a leading Fortune 500-recommended company that is well-known for excellence in delivery of government CRM tools. To this point, Carahsoft already has contracts in good standing with the City of Los Angeles, Los Angeles Unified School District and with Los Angeles County.

A Small Business Enterprise (SBE) goal of 5% was established for the existing Contract No. PS7120-3061 with CTC. CTC did not make an SBE commitment and a commitment was not a basis for award. For work under this modification, CTC has indicated their intent to meet or exceed the 5% goal.

The Customer Relationship Management System allows for central management of all customer data and tracking of customer service incidents, including creation, escalation, and resolution. The system will store all customer information for registered transit accounts and will be fully compliant with Payment Card Industry (PCI) standards. A web-based CRM tool will provide customer service staff access to all relevant information needed to assist transit customers and allow access to all records to assist TAP customers. The CRM tool will connect to other system components and services as necessary, such as the new, updated TAP customer website that is included with the CRM system.

DETERMINATION OF SAFETY IMPACT

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

FINANCIAL IMPACT

The funding of \$735,000 required in FY15 will be cost neutral and covered by TAP Operations budget in cost center 3020, line item 50316 Professional Services, project 300016 Regional TAP Operations. Cost center manager will be responsible for budgeting future fiscal year's cost, should the options be exercised.

Impact to Budget

The FY15 budget for this project is funded with operating revenues, Prop C 40%, and TDA Article 4. All sources are eligible for bus and rail operations.

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.

The current CRM servers are very old and moving them is not recommended. The alternative of procuring a different contractor will result in a timeline that would necessitate a contract extension for and an immediate upgrade of systems. An extension would cost \$2,860,000 for a year at current reduced service levels, and the upgrade was estimated to be an additional \$1,000,000. This choice was therefore not considered since modifying the existing contract to bring the work in-house can be done at a much lower price.

NEXT STEPS

With Board approval staff will continue to move forward with transition of the technology.

ATTACHMENTS

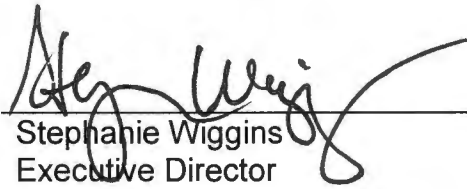
- A. Procurement Summary
- B. Contract Modification/Change Order Log

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PROCUREMENT SUMMARY

TAP CUSTOMER RELATIONSHIP MANAGEMENT (CRM) SYSTEM

1.	Contract Number: PS7120-3061		
2.	Contractor: Carahsoft Technology Corporation (CTC)		
3.	Mod. Work Description: TAP Customer Relationship Management System		
4.	Contract Work Description: TAP Customer Relationship Management System		
5.	The following data is current as of: December 19, 2014		
6.	Contract Completion Status		Financial Status
	Contract Awarded:	07/10/2013	Contract Award Amount: \$396,054.00
	Notice to Proceed (NTP):	07/10/2013	Total of Modifications Approved: 0
	Original Complete Date:	06/30/2015	Pending Modifications (including this action): \$735,000
	Current Est. Complete Date (including 2 one yr. options):	06/30/2017	Current Contract Value (with this action): \$1,131,054.00
7.	Contract Administrator: Barbara A. Gatewood		Telephone Number: (213) 922-7317
8.	Project Manager: David Sutton		Telephone Number: (213) 922-5633

A. Procurement Background

This Board Action is to approve Modification No. 1 to add TAP Customer Relationship Management services to the Carahsoft Technology Corporation (CTC) contract.

This contract modification will be processed in accordance with Metro's Acquisition Policy and the contract type is a firm fixed price.

Contract No. PS7120-3061 was awarded to CTC on July 10, 2013. The contract period of performance is through June 30, 2015 with two one-year options, for a total award amount of \$396,054.

See attachment B – Contract Modification/Change Order Log.

B. Cost/Price Analysis

The final negotiated amount for this modification will comply with all requirements of Metro’s Acquisition Policy and Procedure, fact-finding, clarifications, negotiations, and cost analysis to determine a fair and reasonable price before the contract is executed.

Proposed Amount	Metro ICE	Negotiated Amount
\$1,250,000	\$735,000	\$735,000

C. Small Business Participation

A Small Business Enterprise (SBE) goal of 5% was established for the existing contract with CTC. CTC did not make an SBE commitment and a commitment was not a basis for award. For the CRM modification, CTC committed to a 5% SBE participation by listing three (3) SBE subcontractors, namely: Anthology LLC, Birdie & Associates, and Garnier. Percentages of commitment to each SBE subcontractor are still under negotiation. The final commitment percentages will be included in the contract.

SBE BUSINESS GOAL	5% SBE	SBE BUSINESS COMMITMENT	5% SBE
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SBE Subcontractors	% Committed
Anthology, LLC	TBD
Birdi & Associates	TBD
Garnier	TBD
Total	5.0%

D. Living Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy is not applicable to this modification.

CONTRACT MODIFICATION/CHANGE LOG
TAP CUSTOMER RELATIONSHIP MANAGEMENT SERVICES

Mod No.	Original Contract	07/10/13	\$ 396,054.00
1	Add TAP Customer Relationship Management System, (CRM)	01/15/15	\$ 735,000
	Total:		\$1,031,054.00