



**FINANCE & BUDGET COMMITTEE  
JUNE 17, 2004**

**SUBJECT: TELEPHONE SYSTEM SERVICE CONTRACT**

**ACTION: AWARD CONTRACT TO SHARED TECHNOLOGIES FOR TELEPHONE SYSTEM MAINTENANCE AND SERVICE IN AN AMOUNT NOT TO EXCEED \$1,534,489**

**RECOMMENDATION**

Award a Fixed Price Contract to Shared Technologies to provide telephone system maintenance and service for a period of seven (7) years, inclusive of two two-year options, in the amount of \$1,534,489, effective July 1, 2004.

**RATIONALE**

The services of a technically qualified contractor are required to provide maintenance and repair services for the MTA owned NORTEL Networks (NORTEL) telephone system. This system provides telephone service at MTA Headquarters, the Regional Rebuild Center (RRC), Rail operating divisions, the Metro Red Line Stations, and other MTA support facilities. Maintenance, service and repair of the telephone system must be performed by NORTEL certified engineers and technicians. Although MTA technicians perform basic maintenance and repair on the NORTEL telephone system, they are not certified to perform the higher levels of maintenance and repair required for the major components. Also, it is not economical for the MTA to maintain the extensive inventory of replacement parts necessary to keep the telephone system operational. Therefore, the MTA has historically contracted with a qualified service provider.

Contract award for Telephone System Services was deferred since February 2004 awaiting resolution of Shared Technologies' parent company, Allegiance Telecom, Plan of Reorganization. On June 8, 2004, Judge Robert Drain, of the U.S. Bankruptcy Court for the Southern District of New York, approved Allegiance Telecom's proposed Plan of Reorganization that allows Shared Technologies to emerge as a privately held company upon the final closing of the XO and Allegiance Telecom sale expected to be on or about June 22, 2004.

## FINANCIAL IMPACT

Funding in the amount of \$180,000 for the first year of service is included in the proposed FY05 budget in cost center number 9220, ITS Operations, under project numbers 100030-100080, 300022-300055 and 301001-305001, account 50308, Contract Maintenance Services. Since this is a multi-year contract, the Chief Information Officer and Chief Financial Officer will be accountable for budgeting the cost in future years.

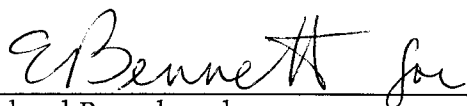
## ALTERNATIVES CONSIDERED

The alternative of not awarding the contract would be to shift the responsibility for repair and maintenance of the entire telephone system to MTA staff. This would require the MTA to train and obtain NORTEL certification for existing staff, hire a minimum of two additional NORTEL trained technicians, and maintain an extensive inventory of replacement parts. The expense to bring in-house the repair and maintenance of the telephone system would substantially exceed the cost to retain a service provider.

## ATTACHMENT(S)

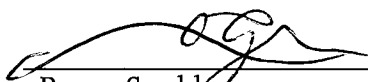
A. Procurement Summary

Prepared by: Elizabeth Bennett  
Chief Information Officer



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Richard Brumbaugh  
Chief Financial Officer



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Roger Snoble  
Chief Executive Officer

**BOARD REPORT ATTACHMENT A  
PROCUREMENT SUMMARY**

**Telephone System Service Contract**

1.	Contract Number: PS92301371		
2.	Recommended Vendor: Shared Technologies		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: \$1,534,489	Recommended Price: \$1,534,489	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Firm Fixed Price		
5.	Procurement Dates:		
	A. Issued: October 27, 2003		
	B. Advertised: November 7, 2003		
	C. Pre-proposal Conference: November 12, 2003		
	D. Proposals Due: December 10, 2003		
	E. Pre-Qualification Completed: January 13, 2004		
	F. Conflict of Interest Form Submitted to Ethics: January 28, 2004		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: 5% SBE	Date Small Business Evaluation Completed: January 29, 2004	
	Small Business Commitment: 5.3% Details are in Attachment A-2		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: 990	Bids/Proposals Picked up: 11	Bids/Proposals Received: 3
8.	Evaluation Information:		
	A. Bidders/Proposers Names:	Bid/Proposal Amount:	Best and Final Offer Amount:
	Scottel	\$1,318,474	
	Shared Technologies	\$1,534,489	
	Qwest	\$3,156,687	
	B. Evaluation Methodology: Explicit factor. Details are in Attachment A-1.C		
9.	Protest Information:		
	A. Protest Period End Date: February 23, 2004		
	B. Protest Receipt Date:		
	C. Disposition of Protest Date:		
10.	Contract Administrator: Don Dwyer	Telephone Number: (213) 922-6387	
11.	Project Manager: Elizabeth Bennett	Telephone Number: (213) 922-4522	

## BOARD REPORT ATTACHMENT A-1 PROCUREMENT HISTORY

### Telephone System Service Contract

#### A. Background on Contractor

Shared Technologies provides maintenance service and repair of Nortel PBX's ancillary and attached equipment. Shared Technologies was established in 1972. The company has been acquired over the years by various firms. Shared Technologies is presently an Allegiance Telecom company, which is headquartered in Dallas, Texas and was established in 1995. Shared Technologies has over 600 employees.

Shared Technologies has provided MTA satisfactory performance on its current telephone maintenance contract since 2000. Shared Technologies also has contracts with the city of Philadelphia, United States Army Reserve Corp, Amgen, Veterans Administration Hospital, and AOL.

#### B. Procurement Background

MTA solicited proposals for a firm-fixed contract for telephone system maintenance and service. The contract will also include options for additional services that MTA may request through task orders for telephone moves, adds, changes, and professional telecommunications engineering services to support all the existing MTA's Nortel PBX telephone and Meridian Mail systems.

The Diversity and Economic Opportunity Department (DEOD) established a five percent SBE goal for this contract.

#### C. Evaluation of Proposals

In accordance with MTA Procurement Policies and Procedures, the Source Selection Committee (SSC) conducted a comprehensive evaluation of all technical proposals received. The SSC consisted of MTA staff members from Information Technology, Facilities Maintenance and SAFE. The SSC evaluated all proposals in accordance with the RFP's stated evaluation criteria based on three explicit factors, Corporate Experience and Past Performance, Work Plan Approach, and Price. The two factors, Corporate Experience and Past Performance and Work Plan Approach, comprise the technical evaluation that accounts for sixty (60) percent of the total score. The third factor, Price, accounts for forty (40) percent of the total score.

Corporate Experience and Past Performance was determined by evaluating the certification and technical experience of the Proposer's staff, reference checks of existing clients and installations, and the Proposer's equipment resources, parts inventory, and online trouble reporting and tracking system. Work Plan and Approach was determined by evaluating the submitted work plan in addressing the statement of work, the efficiency

of the process for addressing emergency repairs, non-emergency repairs, preventative maintenance and engineering services.

References were selected from a list submitted by each Proposer. The reference checks revealed that Shared Technologies client installations were similar in size and complexity to Metro whereas Scottel client installations were smaller in size and were not networked, i.e., operate in standalone mode. Among the references contacted for Shared Technologies were City and County of Denver, Nextel Communications, and DBC Dain Rauscher, dba Royal Bank of Canada. All three installations operate in a networked mode utilizing the Primary Rate Interface (PRI) function. The references contacted for Scottel were Amcor Sunclipse, a packaging products manufacturer, Northrup Grumman (service is for a single site), and Marriott International (service is for L. A. and Northern California only). Amcor Sunclipse had only 2 of its 30 sites networked via the PRI function with the remaining sites operating in standalone mode. Both Northrup Grumman and Marriott International installations operate in standalone mode.

Metro's telephone system is connected as a unified network using PRI. The PRI function provides several advantages over non-PRI systems. The most important has to do with routing calls in the most efficient manner. Calls placed between Metro locations remain on the private network thus avoiding charges by the local telephone company. Calls placed to locations outside of the Metro network utilize least cost routing, which routes the calls through the Metro locations nearest the called party's area code thus minimizing long distance charges. These methods have allowed Metro to realize significant savings on its monthly telephone bills.

As the stated RFP evaluation methodology is based on explicit factors, which included price, the recommendation for award is for Shared Technologies who earned the overall highest score.

#### D. Cost/Price Analysis Explanation of Variances

Scottel's initial price proposal was \$1,127,674. However, the price proposal was incorrectly calculated and revised pricing of \$1,318,474 was received from Scottel on February 26<sup>th</sup>. Shared Technologies price proposal was \$1,534,489, a difference of \$216,015 over the seven-year contract period.

The recommended price has been determined to be fair and reasonable based upon the price analysis.

**BOARD REPORT ATTACHMENT A-2**

**LIST OF SUBCONTRACTORS**

**Telephone System Service Contract**

**PRIME CONTRACTOR – Shared Technologies, An Allegiance Company**

Small Business Commitment

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Unlimited Services Airclean, Inc.: 5.3%

Total Commitment: 5.3%

