



**EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE
OPERATIONS COMMITTEE
FEBRUARY 16, 2006**

PROJECT: REGIONAL TRANSIT ACCESS PASS (TAP)

**CONTRACT: PS 33201664 REGIONAL TAP SERVICE CENTER
ACS STATE & LOCAL SOLUTIONS**

ACTION: INCREASE LIFE OF PROJECT AND AWARD CONTRACT

RECOMMENDATION

- A. Increase the Regional Transit Access Pass (TAP) Life of Project Budget by \$4,432,178, increasing the life of project from \$16,000,000 to \$20,432,178.

- B. Authorize the Chief Executive Officer to award a five-year firm fixed price contract, Contract No. PS 33201664, to ACS State & Local Solutions, Inc. for the Transit Access Pass Regional Customer Service Center and Financial Clearinghouse in an amount not to exceed \$62,733,038 as follows:
 - 1. Design/Build Phase – ACS not to exceed \$9,563,882, and
 - 2. ACS Operation and Maintenance Phases not to exceed \$53,169,156 itemized as follows:
 - a. Operate/Maintain Base 5 Year contract with Options not to exceed \$26,665,383
 - b. Operate/Maintain Option Period - Years 6 & 7 not to exceed \$12,942,272
 - c. Operate/Maintain Option Period - Years 8 & 9 not to exceed \$13,561,501

- C. Authorize the Chief Executive Officer to execute change orders for this procurement only, in an amount not to exceed \$1,000,000 for a total contract value not to exceed \$63,733,038

RATIONALE

An increase to the original \$16 million Life of Project Budget is requested in the amount of \$4.4 million dollars based on Best and Final offers received that exceed the Engineer's estimate for the TAP operator's one-time capital costs. All proposals including ACS exceeded the Engineer's estimate. The most significant area of cost increase from the

Engineer’s estimate was seen in the area of system design, which is attributable for \$2.5 million of the total \$4.4 million requested.

Additionally, new options, which were not considered in the original estimate, have affected one-time “all in” capital costs by less than \$400,000:

Option A: 3 Regional TAP Service Centers for Munis and Metro in busiest usage areas – allows the region to benefit from low start up capital costs to build 3 new service centers in the busiest ridership areas.

Option B: Outsource the Central Computer Hosting and Disaster Recovery – will reduce risk to region as a preferred alternative to any one of the participant agencies, including Metro to house this computer on our properties. Metro does not have such in-house experience. Also, outsourcing will ensure that natural or other man-made disasters (flooding, power outages, work stoppage) do not cripple the region’s ability to collect fares and will allow regional financial clearing and settlement in all circumstances.

Option C: Acceleration of Metro-only TAP Smart Card usage – allows Metro to move ahead and to pilot and test limited smart cards with the public ahead of the regional participants who are still installing their equipment. This allows immediate start-up when Metro equipment installations complete this summer. Smart card “in service qualification testing” will begin on Metro systems in February. After all bus divisions and rail stations have requisite UFS equipment installed, this option will allow Metro to begin limited usage of smart cards with TAP-holding customers. It will allow Munis to benefit from Metro’s accelerated testing of this system while 11 Munis continue to install their UFS equipment.

Based on responses and cost analyses, a request for an increase to the current Life of Project (LOP) Capital Budget is recommended for Regional TAP:

| | Original Budget | Changes | Revised Budget |
|-------------------------------|---------------------|--------------------|---------------------|
| Booz Allen Contract | \$3,000,000 | \$0 | \$3,000,000 |
| Regional Clearinghouse Equip. | 6,000,000 | 3,563,882 | 9,563,882 |
| Regional Central Computer | 6,000,000 | 0 | 6,000,000 |
| Administrative | 0 | 868,296 | 868,296 |
| Project Contingency | 1,000,000 | 0 | 1,000,000 |
| TOTAL | \$16,000,000 | \$4,432,178 | \$20,432,178 |

The joint Metro TAP Executive Team and Muni GMs have evaluated these options and agree that these additional alternatives maximize the benefits and reduce risk for the region.

BACKGROUND

The procurement of the Design-Build-Operate-Maintain (DBOM) contractor for the Regional TAP program is the last and final step (Phase III) in delivering an automated fare collection system for Los Angeles Metro and Muni participant transit agencies.

Phase I required Metro and Muni participants to replace obsolete fare boxes and rail ticket vending machines. This installation is currently in progress and more than 2/3 complete for Metro. Munis have also begun implementation as Long Beach Transit accelerated their fare box installation this year. 10 more Munis will begin their respective installations this year.

Phase II required the acquisition of a Regional Central Computer for Metro and Muni smart card transactions to be captured in a central repository to perform financial clearing and settlement between regional operators, and to have scalability to include other potential regional or sub-regional participants and contractors. This is currently in the Design Phase.

Phase III, DBOM segment of TAP is to enable regional transit operators to have one TAP smart card as the fare instrument to provide seamless travel for our patrons.

Based on a Board directive on February 26, 2004 (Fasana Motion, Item 42 – See Attachment D), the TAP Customer Service Center and Regional Clearinghouse solicitation was prepared after a thorough cost-benefit analysis was completed, consideration of regional impacts were evaluated, and the DBOM approach selected. The current contract award recommendation to ACS is the final step in fulfilling the Board directives as set forth in February 2004. This complement of industry leaders, led by prime contractor, ACS and their sub-contractors who have extensive relevant experience reduces the risks for Metro and their Muni partners in implementing a new regional, automated fare collection system for Los Angeles County.

FINANCIAL IMPACT

The TAP Capital Budget is identified in CP Project 200351. The funding for the additional \$4.4 million increase to the Life of Project budget will be considered in the FY07 budget.

This has no operating budget impact on the FY 06 budget. Since this is a multi-year contract, the cost center manager and Deputy Chief Executive Officer will be accountable for budgeting the cost in future years, including any option exercised.

Regional shared costs will be identified in the FY 07 Operating budget following resolution of current discussions on the MOSIP funding.

ALTERNATIVES CONSIDERED:

The first option considered is to operate TAP “in house” or through a combination of Metro/Muni staff and 3rd party operator. This alternative was rejected by Board action with 2004 Booz Allen Cost Analysis in which Outsourcing (DBOM) was selected as the best option.

The second option is to not implement a smart card system for the region. This alternative conflicts with Board directive of providing seamless travel for the region’s customers.

NEXT STEPS

Staff will immediately begin work to explore joint development and business opportunities with commercial entities; in particular businesses that are destinations in the Metro & Muni

service areas (i.e., Staples, Universal Studios, Long Beach Aquarium, etc.) plus parking lots on or near Metro stations. Staff will return in 60 days with a recommendation to proceed with a Feasibility Study in order that, as the TAP operator begins designing and building the regional smart card customer service center, opportunities with transit and commercial affinities can be more fully investigated.

Cubic Transportation Systems, Inc., the contractor for Metro and Muni capital fare collection equipment and the Regional Central Computer, will begin collaborative work on the interface between their two systems launching the design-build phase of the project. This phase will require approximately 12 months to complete before starting revenue operations and maintenance of the TAP regional program.

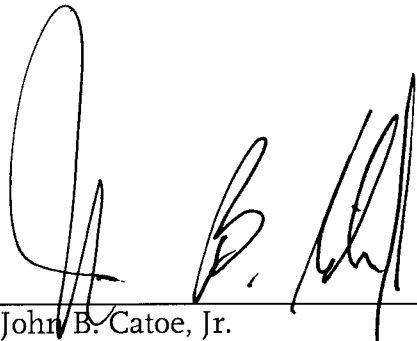
In the meanwhile, Metro will work with ACS on Option C (if approved) to accelerate the roll-out of the TAP smart cards program.

Separately, Cubic must complete the design-build of their Regional Central Computer to ensure that ACS and Metro/Muni participants can begin regional TAP operations.

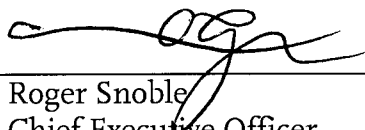
ATTACHMENT(S)

- A Procurement Summary
- A-1 Procurement History
- A-2 List of Subcontractors
- B Breakout of ACS Costs
- C Life of Project Source of Funds
- D Fasana Motion

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John B. Catoe, Jr.
Deputy Chief Executive Officer



Roger Snoble
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

REGIONAL TAP SERVICE CENTER

| | | | |
|-----|---|---|-------------------------------------|
| 1. | Contract Number: PS33201664 | | |
| 2. | Recommended Vendor: ACS State & Local Solutions | | |
| 3. | Cost/Price Analysis Information: | | |
| | A. Bid/Proposed Price: \$62,733,038 | Recommended Price: \$62,733,038 | |
| | B. Details of Significant Variances are in Attachment A-1.D | | |
| 4. | Contract Type: Firm Fixed Price | | |
| 5. | Procurement Dates: | | |
| | A. Issued: March 11, 2005 | | |
| | B. Advertised: March 11, 2005 through April 1, 2005 | | |
| | C. Pre-proposal Conference: March 31, 2005 | | |
| | D. Proposals Due: June 2, 2005 | | |
| | E. Pre-Qualification Completed: June 8, 2005 | | |
| | F. Conflict of Interest Form Submitted to Ethics: | | |
| 6. | Small Business Participation: | | |
| | A. Bid/Proposal Goal: 6% DBE Goal | Date Small Business Evaluation Completed: January 31, 2006 | |
| | B. Small Business Commitment: 7.67% Details are in Attachment A-2 | | |
| 7. | Invitation for Bid/Request for Proposal Data: | | |
| | Notifications Sent: 200 | Bids/Proposals Picked up: 40 | Bids/Proposals Received: 4 |
| 8. | Evaluation Information: | | |
| | A. Bidders/Proposers Names: | <u>Bid/Proposal Amount:</u> | <u>Best and Final Offer Amount:</u> |
| | <u>ACS</u> | \$41,522,669 | \$62,733,038 |
| | <u>Northrup Grumman</u> | \$113,178,614 | \$84,075,598 |
| | <u>Accenture</u> | \$138,530,476 | \$113,474,416 |
| | <u>MyTransit Plus</u> | \$17,211,459 | N/A |
| | B. Evaluation Methodology: Weighted Guidelines. Details are in Attachment A-1.C | | |
| 9. | Protest Information: | | |
| | A. Protest Period End Date: March 3, 2006 | | |
| | B. Protest Receipt Date: N/A | | |
| | C. Disposition of Protest Date: N/A | | |
| 10. | Contract Administrator: Don Dwyer | Telephone Number: 922-6387 | |
| 11. | Project Manager: Jane Matsumoto | Telephone Number: 922-3450 | |

**BOARD REPORT ATTACHMENT A-1
PROCUREMENT HISTORY**

REGIONAL TAP SERVICE CENTER

A. Background on Contractor

ACS State & Local Solutions, Inc. (ACS) is a wholly owned subsidiary of Affiliated Computer Systems, Inc., a Forbes 500 and Fortune 500 company, specializes in information technology and business process outsourcing solutions for both government and commercial sectors. ACS is incorporated in the State of New York and their main office is in Washington D.C. ACS has been involved in a variety of public sector and transportation contracts including FasTrak in the San Francisco Bay Area, SmarTrip for the Washington Metropolitan Area Transportation Authority, E-ZPass in New Jersey and the Photo Enforcement Program for LACMTA. Performance for each program is satisfactory.

B. Procurement Background

On March 11, 2005, a Request for Proposal was issued by Metro staff soliciting firm, fixed price proposals for the Regional TAP Service Center. A pre-proposal conference was held on March 31, 2005 with seventeen potential proposers in attendance. The solicitation period that began on March 11, 2005 concluded with the submittal of four proposals on June 2, 2005. The Source Selection Committee convened in June to score proposals in accordance with the evaluation criteria. As the result of preliminary scoring, one proposer – MyTransit Plus was determined to be outside of the competitive range due to a substantially deficient technical proposal. Site visits to each of the proposers within the competitive range were conducted in August and oral presentations by the proposers were received in October. A solicitation for Best and Final Offer (BAFO) was issued December 2, 2005 with BAFO proposals received on January 6, 2006. Three proposers submitted BAFO proposals. The source selection committee reconvened on January 10, 2006 to score the proposals and develop a recommendation. The recommendation was delivered to the TAP Executive Committee and approved for submittal to the Board.

C. Evaluation of Proposals

Proposals received were evaluated in accordance with the evaluation criteria. Weighted guidelines were used to score the proposals based on technical capability, experience and price. One proposer, MyTransit Plus, was determined to be outside the competitive range and did not participate in the BAFO phase. Three other proposers, including ACS, Northrop Grumman and Accenture were determined to be within the competitive range. After scoring, the proposer with the highest score received the recommendation for award. Scoring of the proposals took into consideration data received from the initial proposals, site visits, oral presentations and discussions and the Best and Final Offer submittals. In addition to the base contract scope of work, the evaluation took into

consideration Option A – Walk In Centers, Option B – Regional CDCS/Metro CDCS Hosting, Option C – Metro CDCS Smart Card Pilot and two, two-year options to extend the period of performance. The period of performance for the base contract is five years.

D. Cost/Price Analysis Explanation of Variances

The recommended price has been determined to be fair and reasonable based upon adequate price competition.

**BOARD REPORT ATTACHMENT A-2
LIST OF SUBCONTRACTORS**

REGIONAL TAP SERVICE CENTER

PRIME CONTRACTOR – ACS State and Local Solutions, Inc.

Small Business Commitment

Acumen Building Enterprise, Inc.

Total Commitment 7.67%

Other Subcontractors

Giesecke & Devrient
Ilium

Attachment B – Breakout of ACS Costs for Term of Contract Exercising All Options:

| | | Capital | Operating | Total |
|-----------------|--|--------------------|---------------------|---------------------|
| | Base | \$9,173,382. | \$24,193,825 | |
| Option A | Regional Tap Service Centers | \$40,500 | \$498,271 | |
| Option B | Central Computers -- Disaster Recovery & Host for Region | \$30,000 | \$168,000 | |
| Option C | Metro Only Smart Card Early Start up | \$320,000 | \$1,805,287 | |
| | Sub-total Base Cost + Options | \$9,563,882 | \$26,665,383 | |
| Option Period 1 | Years 6 & 7 | | \$12,942,272 | |
| Option Period 2 | Years 8 & 9 | | \$13,561,501 | |
| | Subtotal Option Periods | | \$26,503,773 | |
| Total | | \$9,563,882 | \$53,169,156 | \$62,733,038 |

TAP Life of Project Source of Funds

| Sources of Funds | FY05 & Prior FY06 | | FY07 | TOTAL |
|-------------------------------|--------------------|--------------------|---------------------|---------------------|
| Federal | | | | |
| CMAQ | | \$3,441,000 | | \$3,441,000 |
| Federal 5307 | | \$104,000 | | \$104,000 |
| State | | | | \$0 |
| STA | | | | \$0 |
| Local | | | | \$0 |
| Lease Revenues | \$2,088,600 | \$582,782 | \$225,377 | \$2,896,759 |
| PC40% Bond | | \$3,558,241 | | \$3,558,241 |
| PC40% Cash | | | \$4,432,178 | \$4,432,178 |
| Subtotal MTA Share | \$2,088,600 | \$7,686,023 | \$4,657,555 | \$14,432,178 |
| Muni Share | | | | |
| CMAQ (RTAA) | | | \$200,000 | \$200,000 |
| CMAQ (LTSS) | | | \$1,000,000 | \$1,000,000 |
| PC40% Cash (05/04 Brd Action) | | | \$3,900,000 | \$3,900,000 |
| Muni Contribution | | | \$900,000 | \$900,000 |
| Subtotal Muni Share | \$0 | \$0 | \$6,000,000 | \$6,000,000 |
| TOTAL | \$2,088,600 | \$7,686,023 | \$10,657,555 | \$20,432,178 |