



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

**PROJECT: REGIONAL TRANSIT ACCESS PASS (TAP)**

**CONTRACT: PS 33201664 REGIONAL TAP SERVICE CENTER  
ACS LOCAL & TECHNICAL 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~~ **\$4,071,678** increasing the life of project from \$16,000,000 to ~~\$20,432,178~~ **\$20,071,678** inclusive of Metro administrative cost of \$868,296;
- B. Authorize the Chief Executive Officer to award a ~~five~~**nine** year firm fixed price contract, Contract No. PS 33201664, to ACS Local & Technical Solutions, Inc. for the Transit Access Pass Regional Customer Service Center and Financial Clearinghouse in an amount not to exceed ~~\$62,733,038~~ **\$60,068,980** as follows:
  - 1. Design/Build Phase – ACS not to exceed ~~\$9,563,882~~ **\$9,203,382** and
  - 2. ACS Operation and Maintenance Phases not to exceed ~~\$53,169,156~~ **\$50,865,598** 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~~ **contract modifications** or this procurement only, in an amount not to exceed \$1,000,000 for a total contract value not to exceed ~~\$63,733,038~~ **\$61,068,980**

**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

## Revised Attachment B - Breakout of ACS Costs for Term of Contract Exercising All Options

	BASE		REVISED	
	Capital	Operating	Capital	Operating
	TOTAL		TOTAL	
Option A	\$ 9,173,382	\$ 24,193,825	\$ 9,173,382	\$ 24,193,825
Option B	\$ 40,500	\$ 498,271	\$ 40,500	\$ 498,271
Option C	\$ 30,000	\$ 168,000	\$ 30,000	\$ 168,000
	\$ 320,000	\$ 1,805,287	\$ 320,000	\$ 1,805,287
	<b>Sub-Total Base Cost + Options</b>	<b>\$ 9,563,882</b>	<b>\$ 9,563,882</b>	<b>\$ 26,665,383</b>
Option Period 1 Years 6 & 7		\$ 12,942,272		\$ 12,942,272
Option Period 2 Years 7 & 8		\$ 13,561,501		\$ 13,561,501
	<b>Sub-Total Option Periods</b>	<b>\$ 26,503,773</b>	<b>\$ 26,503,773</b>	<b>\$ 26,503,773</b>
	<b>Total</b>	<b>\$ 9,563,882</b>	<b>\$ 53,169,156</b>	<b>\$ 62,733,038</b>
			<b>\$ 9,203,382</b>	<b>\$ 60,068,980</b>

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 3<sup>rd</sup> 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.

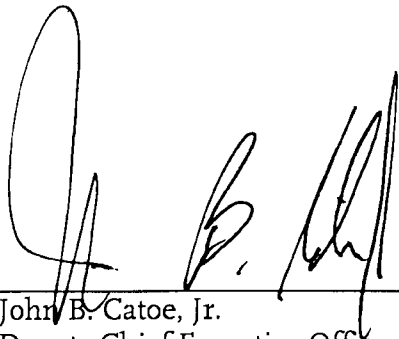
In the meanwhile, Metro will work with ACS on Option C (if approved) to accelerate the roll-out of the TAP smart cards program.

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)**

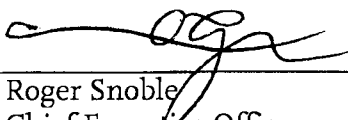
- A Procurement Summary
- A-1 Procurement History
- A-2 List of Subcontractors
- B Breakout of ACS Costs
- C Life of Project Source of Funds
- D Fasana Motion

Prepared by: Jane Matsumoto, UFS – TAP Project Manager  
Don Dwyer, Contract Administration Manager  
Alex Clifford, Gateway Service Sector GM



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John B. Catoe, Jr.  
Deputy Chief Executive Officer



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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
			<b>\$83,930,925</b>
	<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: <del>March 3, 2006</del> - <b>February 21, 2006</b>		
	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
	<b>Base</b>	<b>\$9,173,382.</b>	<b>\$24,193,825</b>	
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	
	<b>Sub-total Base Cost + Options</b>	<b>\$9,563,882</b>	<b>\$26,665,383</b>	
Option Period 1	Years 6 & 7		\$12,942,272	
Option Period 2	Years 8 & 9		\$13,561,501	
	<b>Subtotal Option Periods</b>		<b>\$26,503,773</b>	
<b>Total</b>		<b>\$9,563,882</b>	<b>\$53,169,156</b>	<b>\$62,733,038</b>

## ATTACHMENT C

## TAP Life of Project Source of Funds

Sources of Funds	FY05 & Prior FY06		FY07	TOTAL
<b>Federal</b>				
CMAQ		\$3,441,000		\$3,441,000
Federal 5307		\$104,000		\$104,000
<b>State</b>				\$0
STA				\$0
<b>Local</b>				\$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	<b>\$2,088,600</b>	<b>\$7,686,023</b>	<b>\$4,657,555</b>	<b>\$14,432,178</b>
<b>Muni Share</b>				
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	<b>\$0</b>	<b>\$0</b>	<b>\$6,000,000</b>	<b>\$6,000,000</b>
<b>TOTAL</b>	<b>\$2,088,600</b>	<b>\$7,686,023</b>	<b>\$10,657,555</b>	<b>\$20,432,178</b>

As we move forward with the implementation of the smart card Universal Fare System, we need also remedy the problems surrounding the present (non-barrier) passenger ticketing system. I believe it is time for this agency to make the capital investment for a barrier, turnstile ticketing system similar to what every other major transit property uses for their heavy rail "Red Line" systems.

Each year the MTA spends approximately \$19 million dollars on security for the Red Line, and a significant portion of that cost is spent on "fare inspectors" who randomly ask passengers to produce their tickets. It has been estimated that the capital costs of installation of a barrier ticketing system would run in the neighborhood of \$30 million dollars. While the former LACTC decision to employ the "honor system" for a fledgling rail service could be characterized as "laudable, it has proved over the years to be unwieldy, inefficient and extremely costly to rely on "fare inspectors" as a means to prevent fare evasion. It would be reasonable to estimate that the capital investment of a barrier system could be amortized over a period of several years and offset by the ongoing savings from the escalating manpower-costs of using fare inspectors. Furthermore, the barrier system efficiencies greatly enhance the application of the smart card technology.

Additionally, indirectly related to this issue of curtailing fare evasion, is the increasing problem that there is an extremely high incidence of fare evasion scofflaws who fail to pay the citation they receive from the MTA fare inspectors. Such failure to pay results in the Superior Court's issuance of a bench warrant; thereby further exacerbating the drain on existing court resources when the scofflaws are arrested and taken into custody. One example of this systemic problem is the Compton Court in the City of Compton. On any given day, the Compton Courthouse receives an average of 40 arrests just from MTA fare evasion-citation bench warrants. The process of these warrants and custodies puts a severe strain on the courts, who are otherwise extremely busy processing serious felony cases and criminals. MTA staff are presently engaged in discussions with the Courts examining alternatives to the present system. Many cities have decriminalized the infractions and have established "transit adjudication bureaus" that not only relieve the courts of this burdensome task, but also provide for a greater cost recovery mechanism for the administrative process and security efforts.

**I, THEREFORE, MOVE,** that this Board instruct the CEO to return to the Board in April at the Executive Management and Operations Committees (respectively) with:

1. Recommendations, including a timeline, on the implementation of a barrier ticketing system for the Red Line;
2. The capital costs of such implementation and potential funding sources;
3. A financial analysis of cost savings that includes a "payback" amortization period of the barrier system as compared with the present escalating manpower-costs associated with using fare inspectors; and
4. A report by staff on the feasibility of MTA sponsored legislation to decriminalize Penal Code Section 640, including recommendations and a financial analysis on the costs of establishing a "transit adjudication bureau" to process fare evasion infractions and the potential for MTA "cost recovery" revenue estimates.