



**Metro™**

Metropolitan Transportation Authority

One Gateway Plaza  
Los Angeles, CA 90012-2952

213.922.2000 Tel  
metro.net

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**FINANCE & BUDGET COMMITTEE  
APRIL 15, 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.

**RATIONALE**

This report was originally submitted to the Finance & Budget Committee in February, Item 17. It is being resubmitted due to a vendor notification received during the Committee meeting that they had filed a protest the previous day. The protest was dated February 18, 2004 and a supplement to the protest was received on February 24<sup>th</sup>. The Office of Procurement and County Counsel denied the protest on March 15, 2004. The Finance and Budget Committee has deferred this item to April awaiting expected resolution of Shared Technologies emergence from bankruptcy filing by its parent company, Allegiance.

Allegiance Telecom/Shared Technologies submitted to the court a Plan of Reorganization on March 18, 2004 and anticipates a hearing on the Plan of Reorganization in late May.

Metro's Pre-Qualification organization has reviewed the qualifications of Shared Technologies both as an independent concern and as an entity within Allegiance. It is their determination that Shared Technologies is a viable concern, qualified to do business with Metro and that an award to Shared Technologies does not represent undue risk to Metro.

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.

### **FINANCIAL IMPACT**

Funding in the amount of \$206,000 for the first year of service is included in the FY04 budget in cost center number 0921, ITS Non-Departmental, under project numbers 100001 and 100033, General Overhead, 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.

**If the Board chooses not to proceed with this award recommendation, the Board may direct Staff to continue with the current contract with Shared Technologies for approximately six months in an amount not to exceed \$100,000. During this period, Metro would conduct a re-procurement for these services.**

### **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	\$1,127,674	
	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: Elbert Smith	Telephone Number: (213) 922-7678	
11.	Project Manager: Don Dwyer	Telephone Number: (213) 922-6387	

## 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 evaluation criteria. The evaluation factors were: Corporate Experience and Past Performance; Work Plan Approach; and Price.

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

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%