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OPERATIONS COMMITTEE
FEBRUARY 14, 2001

Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
90012-2952

**SUBJECT: UNIVERSAL FARE SYSTEM (UFS) PROGRAM
IMPLEMENTATION**

**ACTION: AWARD A NON-COMPETITIVE CONTRACT TO BOOZ-
ALLEN & HAMILTON FOR CONSULTING SERVICES**

RECOMMENDATION

Authorize the Chief Executive Officer to execute a non-competitive, cost reimbursable contract to BOOZ-ALLEN & HAMILTON, McLean, Virginia to provide consultant services for program implementation of the Universal Fare System project for a period of three and one-half years in an amount not to exceed \$4.5 million.

RATIONALE

Booz-Allen & Hamilton (Booz-Allen) has provided technical expertise for the preparation of the current UFS procurement, including writing the technical specifications, and most recently, revising the procurement documents with the last addendum issued on December 5, 2000. This firm was instrumental in the development of the procurement strategy, and is uniquely qualified to interpret the specifications and respond to questions during the pre-proposal phase and to review proposal responsiveness during the evaluation phase.

As the creator of the Technical Specification, Booz-Allen alone is qualified to respond to the Contractor's Requests for Clarification, Requests for Information and Deviation Requests. As the author of the Technical Specification document, they could best, if not exclusively, respond to the technical intent or significance of its content.

If engaged as the UFS Program Implementation manager, Booz-Allen would then be responsible for ensuring that the Contractor fulfill the requirements in the Technical Specification which they authored to ensure the viability of the final product.

Foley and Lardner (an outside legal firm retained by County Counsel at the direction of the MTA Board of Directors to support the UFS procurement) has also endorsed

and recommended this approach of singularly assigning responsibility to one consultant from inception to full system acceptance as a means of significantly reducing risk to the MTA by placing accountability on one consultant entity. Given the MTA's considerable investment in this system, staff believes that the best way to protect that investment and ensure a quality-finished product is by retaining one consultant to be responsible for that product.

County Counsel has met with project management and Procurement staff to discuss the sole source methodology and review the legal aspects of this approach. Additionally, they have met with MTA's outside legal counsel and expert on FTA requirements to discuss FTA guidelines to justify a sole-source procurement. They advised that it is reasonable to conclude that Booz-Allen is the sole source for a contract that would ensure full continuity and accountability, and that a sole source would be acceptable under FTA guidelines.

FINANCIAL IMPACT

Funding of \$4.5 million for this professional service contract is included in the FY01 budget in cost center 4610, Transit Planning, under CIP project 200255, Universal Fare System, Task 3, Project Administration. Since this is a multi-year contract, the cost center manager and Executive Officer will be accountable for budgeting the cost in future years, including any option exercised.

ALTERNATIVES CONSIDERED

This procurement could be split into two separate contracts: a single source contract to Booz-Allen for technical support during implementation, and a second contract competitively bid for management of the UFS system. This alternative is not recommended by staff and is not consistent with the results of the market survey performed by staff to determine industry practice.

Staff surveyed eleven peer transit properties in the United States who either recently procured, or were currently procuring, similar automated electronic fare collection equipment. The results indicated that once an agency selected a consultant to design the system, they continued with that consultant through the implementation phase. None of the agencies surveyed divided the work between technical support and implementation management.

In addition, splitting the procurement is inconsistent with the advice provided by Foley & Lardner to maintain single point of responsibility.

Competitively bidding the implementation work would have a significant impact on the award of the UFS contract, which has been targeted for the September 2001 Board agenda. Even after such a delay caused by competitively bidding the consultant scope of work, this effort may still result in the current incumbent, Booz-Allen, being the successful proposer.

Conversely, if Booz-Allen is not the successful proposer, a new consultant would then be faced with a "learning curve", and further, could not assume responsibility for the delivery of the technical specifications that they did not write. This would entail review and revision by the new

consultant to create a product for which they could take responsibility, all of which would further cause delay of the UFS project schedule.

BACKGROUND

Booz-Allen & Hamilton has been involved in fare collection consulting at the Los Angeles County MTA (MTA) since the inception of automated, electronic fare collection project.

Over the last decade, MTA has been involved in the development and implementation of a countywide "universal" fare system. Beginning in 1990, the MTA/LACTC first issued an RFP for a consultant to develop a single-ride ticket useable on rail and bus systems throughout Los Angeles County. This initial stored value debit card demonstration project assisted by MTA with J.W. Leas & Associates and implemented by several municipal operators has since emerged with MTA, the region's transportation planning entity, funding and leading the regional expansion of this project.

Booz-Allen is recognized throughout the industry as an expert in the field of fare collection. They have successfully designed and managed fare collection projects for transit agencies throughout the United States and in several foreign countries. They have recently worked with peer transit agencies such as Washington Metro, San Francisco MTC and Seattle Puget Sound Transit Authority to implement new automated fare collection technology and to introduce regional systems to integrate this technology in a variety of convenient ways for their transit ridership.

At MTA specifically, Booz-Allen has been the successful proposer in three prior fare collection competitive procurements at MTA. In 1997, Booz-Allen was engaged by competitive procurement to assist MTA in the development of the Standard Regional Revenue Processing System (SRRPS). It had two major objectives: 1.) Develop an interface specification allowing regional transit agencies to procure compatible fare collection equipment; and 2.) Evaluate alternative systems for MTA.

Booz Allen was then retained by MTA as the single proposer to the 1999 MTA competitive procurement (by RFP) for consultant services to develop technical specifications for replacement of MTA bus fareboxes and rail ticket vending machines. Since then, Booz Allen has been an essential member of the UFS Project Team providing technical consultation to the MTA in a variety of areas related to fare collection and fare policy, both to the MTA and to the Southern California region.

The UFS is intended to provide a fully integrated automatic fare collection and centralized data processing and reporting system suitable for use on all modes operated by the MTA and other operators throughout the region, including Metrolink, municipal and local bus operators, heavy rail, light rail, shuttles and other community transit services. The system will include the design, manufacture, testing, delivery, installation, and support of ticket vending machines (TVMs), stand-alone validators (SAVs), validating bus fareboxes, ticket processor units (TPU), revenue collection equipment, ancillary equipment, spare parts, services and associated software.

PROCUREMENT SUMMARY

In 1999, a competitive solicitation was issued to prepare fare box and ticket vending machine specifications in preparation for the Universal Fare System procurement. Booz-Allen was the only proposer to respond and a contract was awarded. On June 6, 2000, a single source contract was awarded to Booz-Allen to provide pre-award technical support to the MTA during the UFS solicitation and source selection process. In October 2000, Booz-Allen was requested to submit a proposal for post-award, implementation management services for the Universal Fare System. A proposal was received from Booz-Allen & Hamilton on December 11, 2000.

COST/PRICE ANALYSIS

PROPOSED PRICE	RECOMMENDED PRICE	HISTORICAL PRICE
\$4,488,695	\$4,488,695	N/A

The recommended price of \$4,488,695 has been determined to be fair and reasonable based on fact finding, clarification and pre-award audit performed by Management Audit Service. The recommended price resulted in no net increase from Booz-Allen & Hamilton’s original cost proposal of \$4,488,695. Contractor will be paid based on actual cost.

SMALL BUSINESS PARTICIPATION

The MTA has established a DBE goal of 13.48% for this contract. The recommended awardee, Booz-Allen & Hamilton committed to 13.48%.

Award Amount

\$4,488,695

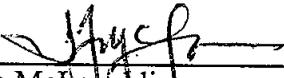
Subcontractor’s Name	Commitment	Current Attainment	Current Participation	Current Status
Acumen Building Enterprise	5.74%	-0-	-0-	To be Awarded
LKG-CMC	7.74	-0-	-0-	To be Awarded
Total	13.48%	-0-	-0-	To be Awarded

ATTACHMENT(S)

A. Procurement Summary

Prepared by: Jane Matsumoto,
Project Manager

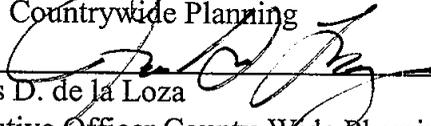
Don Dwyer,
Contracts Administration Manager



Jim McLaughlin
Director, Transit Planning



Keith Killough
DEO, Countrywide Planning



James D. de la Loza
Executive Officer County-Wide Planning &
Development



Colonus Mitchell,
Executive Officer, Procurement

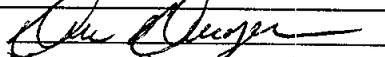


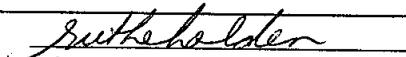
Allan G. Lipsky
Office of the Chief Executive Officer

UFS IMPLEMENTATION MANAGER
Board Date: February 22, 2001
BOARD REPORT ATTACHMENT "A"
PROCUREMENT SUMMARY, NEGOTIATED PROCUREMENT

1.	Independent Estimate: \$3,495,930
2.	Recommended Vendor
	Name: Booz-Allen & Hamilton, Inc.
	City: McClean, Virginia
	Total Dollar Amount: NTE \$4,488,695
3.	Description of Contract Services: UFS Implementation Management Services
4.	Contract Type: Cost Plus Fixed Fee
5.	RFP Issued: N/A (Non-Competitive)
6.	Advertise Date: N/A (Non-Competitive)
7.	DBE Participation Goal: 13.47%
	Responsive: 13.47%
8.	No. of Notifications Sent to Vendor: N/A (Non-Competitive)
9.	Number of RFP's Requested by Vendor's: N/A (Non-Competitive)
10.	Pre-Proposal Conference Date: N/A (Non-Competitive)
11.	No. of Proposals Received: N/A (Non-Competitive)
12.	Date Proposals Received: December 11, 2000
13.	Negotiation Record:
	Proposer names/offer: Booz-Allen & Hamilton, \$4,488,695
	Source selection committee analysis: N/A (Non-Competitive)
	Proposer BAFO: N/A
	Recommendation: Booz-Allen & Hamilton
14.	Protest Received: TBD
15.	Disposition of Protest/Appeal: TBD
16.	Conflict of Interest Certifications Submitted to Ethics? To Be Determined
17.	Audit Report Completed: 1/16/01
18.	EO Evaluation Completed? Yes
19.	Prequalification Completed? Yes
20.	Contract Administrator: Don Dwyer
	Telephone: 922-6387
21.	Project Manager: Jane Matsumoto
	Telephone: 922-3045

Concur:


 Manager, Procurement


 Director, Procurement

Concur:


 Deputy Executive Officer, Procurement