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Los Angeles County
Metropolitan Transportation Authority

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REVISED
FINANCE, BUDGET AND AUDIT COMMITTEE
NOVEMBER 5, 2014

SUBJECT: UPGRADE OF AGING TAP SERVERS AND DATABASE SYSTEMS

**ACTION: APPROVE LIMITED SERVICES FROM XEROX FOR SUPPORT OF
SERVERS AND SYSTEMS UPGRADE**

RECOMMENDATION

Authorize the Chief Executive Officer (CEO) to execute Modification No. 27 to Contract PS33201664 with Xerox for systems support for ~~one year~~ six months for a not-to-exceed amount of ~~\$1,800,000~~ \$1,350,000. This contract modification covers from January 2015 through ~~December~~ June 2015. The total contract value will increase from \$61,752,483 to ~~\$63,552,483~~ \$63,102,483.

For this Modification, the ~~Base Period (January 1, 2015 to June 30, 2015)~~ is for an amount NTE \$900,000. ~~Option 1 (July 1, 2015 to September 30, 2015)~~ is for an amount NTE \$450,000 and ~~Option 2 (October 1, 2015 to December 30, 2015)~~ is for an amount NTE \$450,000.

ISSUE

Metro was ordered to transition TAP Service Center work to Metro as a result of a legally binding arbitration decision. Metro's staff found that the Xerox database support systems are in a state that makes them unfit for moving in-house. Metro staff and outside consultants have recommended that Metro continue with Xerox support while upgrading a parallel system in-house to ensure a seamless transition.

DISCUSSION

In 2008, the Transportation Communications Union (TCU) filed a grievance against Metro claiming that certain TAP Service Center work performed by Metro's contractor Xerox belonged contractually to the TCU. In February 2013, an arbitrator ruled in favor of the TCU and ordered Metro to transition work from Xerox to Metro. Metro has taken the work back in-house in three phases that have been cost neutral to future budgets while offering better service levels to the regional customer base.

Lumenor Consultants Inc., an expert transit consulting firm hired for the Service Center transition, advised that the systems and servers should be converted in the final stages of transition. Training new staff on systems that were changing at the same time was not recommended. Once staff was in place and fully operating (September 1, 2014), server and systems transition began. Shortly thereafter, staff discovered that the current servers are very unstable and that moving them could seriously impact services. Consultants and Metro IT staff therefore recommended that the existing custom system built by Xerox either be upgraded or changed out. To do this, the contract with Xerox for current server and systems support must be continued until that date when systems can be safely transitioned. Estimated time to transition these services is expected to last up to one year (through December of 2015).

DETERMINATION OF SAFETY IMPACT

Approval of this item will not impact the safety of Metro's customers or employees.

FINANCIAL IMPACT

The funding of ~~\$900,000~~ \$1,350,000 required in FY15 will be covered by TAP Operations budget in cost center 3020, line item 50316 Professional Services, project 300016 Regional TAP Operations.

Impact to Budget

The FY15 budget for this project is funded with operating revenues, Prop C 40%, and TDA Article 4. All sources are eligible for bus and rail operations.

ALTERNATIVES CONSIDERED

The Board was informed in closed session in February 2013 that Metro was ordered to transition TAP Service Center work to Metro as a result of a legally binding arbitration decision. Therefore, transition is mandatory and no alternative was considered in transitioning the work.

NEXT STEPS

With Board approval Metro will continue to move forward with transition of the technology.

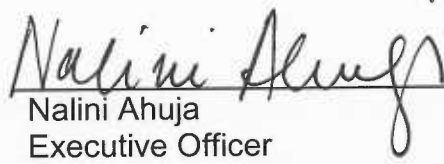
ATTACHMENTS

- A. Procurement Summary
- B. Contract Modification/Change Log

Prepared by:

Robin O'Hara, Director of TAP Technological Systems, 213-922-2411
David Sutton, Deputy Executive Officer, TAP, 213-922-5633

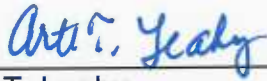
Nalini Ahuja, Executive Director, Finance and Budget, 213-922-3088



Nalini Ahuja
Executive Officer
Finance and Budget



Stephanie Wiggins
Executive Director
Vendor/Contract Management



Arthur T. Leahy
Chief Executive Officer

PROCUREMENT SUMMARY
REGIONAL TAP SERVICE CENTER

| | | | |
|-----------|---|-----------------------------|--|
| 1. | Contract Number: PS33201664 | | |
| 2. | Contractor: Xerox Corporation (Formally ACS State and local Solutions) | | |
| 3. | Mod. Work Description: Contract Extension and Additional Funding | | |
| 4. | Contract Work Description: Programming, Back Office and Server/System hosting | | |
| 5. | The following data is current as of: October 14, 2014 | | |
| 6. | Contract Completion Status | | Financial Status |
| | | | |
| | Contract Awarded: | 04/18/06 | Contract Award Amount: \$31,572,127 |
| | Notice to Proceed (NTP): | 04/18/06 | Total of Modifications Approved: \$30,180,356 |
| | Original Complete Date: | 10/31/11 | Pending Modifications (including this action): \$1,800,000 |
| | Current Est. Complete Date: | 12/31/14 <u>06/30/15</u> | Current Contract Value (with this action): \$63,552,483 <u>\$63,102,483</u> |
| | | | |
| 7. | Contract Administrator: Don Dwyer | | Telephone Number: (213) 922-6387 |
| 8. | Project Manager: David Sutton | | Telephone Number: (213) 922-5633 |

A. Procurement Background

This Board Action is to approve Modification No. 27 to continue Xerox server and systems support that must be sustained until the system and server hosting for the TAP program can be safely transitioned in-house to Metro.

This contract modification will be processed in accordance with Metro's Acquisition Policy and the contract type is a Firm Fixed Unit Price.

On April 18, 2006, Contract No. PS33201664 was awarded to ACS State and Local Solutions/Xerox in the amount of \$31,572,127 as the highest evaluated proposer for the Regional Tap Service Center.

Refer to Attachment B – Contract Modification/Change Order Log.

B. Cost/Price Analysis

The final negotiated amount will comply with all requirements of Metro's Acquisition Policy and Procedure, fact-finding, clarifications, negotiations, and cost analysis to determine a fair and reasonable price before the contract is executed.

| Proposed Amount | Metro ICE | Negotiated Amount |
|--------------------|-----------|-------------------|
| NTE \$1.8M | \$1.5M | TBD |
| <u>NTE \$1.35M</u> | | |

C. Small Business Participation

The subject contract was awarded to Xerox Services (formerly ACS State and Local Solutions, Inc.) in April 2006. This contract was subject to mandatory DBE goal requirement at the time of award. Xerox made a 6.26% Disadvantaged Business Enterprise (DBE) commitment, listing one (1) DBE contractor. To increase DBE participation, in September 2013, Xerox added an additional DBE firm to perform temporary labor, but their participation is not sufficient to meet the 6.26% DBE commitment. Current DBE participation is 4.75%, representing a 1.51% shortfall. As a result of Xerox's under-utilization of Acumen Building Enterprise (the original DBE subcontractor), administrative sanctions were imposed in May 2014, that included mandatory DBE Training. Xerox complied by attending the mandatory DBE training on August 20, 2014.

| DBE COMMITMENT | DBE 6.26% | DBE PARTICIPATION | DBE 4.75% |
|----------------|-----------|-------------------|-----------|
|----------------|-----------|-------------------|-----------|

| | DBE Subcontractors | Ethnicity | Status | % Committed | Current Participation ¹ |
|---------------|----------------------------------|--------------------|--------|-------------|------------------------------------|
| 1. | Acumen Building Enterprise | African American | | 6.26% | 4.63% |
| 2. | Two Roads Professional Resources | Non-Minority Woman | | Added | 0.12% |
| Totals | | | | 6.26% | 4.75% |

¹Current Participation = Total Actual amount Paid-to-Date to DBE firms ÷ Total Actual Amount Paid-to-date to Prime.

D. Living Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy (LW/SCWRP) will not be applicable on this contract or modifications to the contract. DEOD will review the applicability of the LW/SCWRP in the event a new contract will be issued.

CONTRACT MODIFICATION/CHANGE LOG

REGIONAL TAP SERVICE CENTER/ PS33201664

| | | | |
|-----|--|----------|--------------|
| | Original Contract | 4-18-06 | \$31,572,127 |
| 1. | Administrative Change, Order of Precedence | 4-21-06 | \$0.00 |
| 2. | Administrative Change, Reduce DBE requirement to 6.26% | 5-18-06 | \$0.00 |
| 3. | Administrative Change, Re-allocate Costs | 11-3-06 | \$0.00 |
| 4. | Fare Evasion Study | 11-7-07 | \$78,427 |
| 5. | Deductive Change, Actual Cost of Fare Evasion Study | 8-25-08 | \$-17,684 |
| 6. | Printing of Mifare Cards for Retirees and Metro Dependents | 7-25-08 | \$36,158 |
| 7. | Contactless Smart Card Stock | 10-20-08 | \$500,000 |
| 8. | Extend Period of Performance | 7-31-11 | \$500,000 |
| 9. | Extend Period of Performance | 7-29-11 | \$2,000,000 |
| 10. | Extend Period of Performance | 10-31-11 | \$500,000 |
| 11. | Extend Period of Performance | 11-30-11 | \$500,000 |
| 12. | Extend Period of Performance, Ratify Actual Expenditures, Partial Claim Settlement | 6-28-12 | \$14,200,896 |
| 13. | Add Temporary Staff for Spike in Card Processing | 10-29-12 | \$36,946 |
| 14. | Add Temporary Staff for Spike in Call Volume | 11-13-12 | \$39,577 |
| 15. | Settlement of Envision Claim | 12-18-12 | \$150,000 |
| 16. | Add Temporary Staff for Processing Increased Volume of Transactions, April to June 2013 | 4-10-13 | \$355,277 |
| 17. | Extend Period of Performance to 6-30-14 | 5-23-13 | \$8,800,000 |
| 18. | Add Temporary Staff to process expired Student TAP Cards | 7-26-13 | \$250,516 |
| 19. | Call Center Support and Server Memory Upgrade | 10-11-13 | \$29,636 |
| 20. | Transition Support | 2-25-14 | \$57,755 |
| 21. | Website Enhancements | 11-12-13 | \$38,920 |
| 22. | Siebel Software | 3-26-14 | \$0.00 |
| 23. | Avaya IVR System Upgrade & 50,000 Commemorative TAP cards for Union Station 75th Anniversary | 5-2-14 | \$43,782 |

| | | | |
|------------|--|---------|-------------------------------------|
| 24. | Extend Period of Performance, Additional funding to bring Phase 3B TAP Service Center functions in-house | 6-26-14 | \$2,289,975 |
| 25. | Licensing requirements to complete the transition of existing voice services from Xerox to Metro | 7-10-14 | \$59,901 |
| 26. | Two Siebel enhancements for web developments, code changes and web implementation. | 9-17-14 | \$15,860 |
| 27. | Pending Board Approval | | NTE \$1,800,000 NTE \$1,350,000 |
| | | | |
| | Total: | | \$63,552,483 <u>\$63,102,483</u> |