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Memorandum

TO: BATA Oversight Committee

DATE: December 31, 2013

FR: Deputy Executive Director, Operations

W. I. 1253

RE: Contract Change Order – FasTrak[®] Regional Customer Service Center (CSC): Xerox State and Local Solutions, Inc. (\$13,800,000)

Based on a competitive selection, BATA entered into a contract with ACS State & Local Solutions, Inc. (ACS) on December 31, 2003 for management and operation of the FasTrak[®] Regional Customer Service Center (CSC). ACS subsequently was acquired by Xerox State and Local Solutions, Inc. (Xerox.) Under the contract, Xerox provides the FasTrak[®] account management system, transaction processing, call center operations, web services, payment processing, customer communications, violation image review and violation noticing. Xerox is under contract to operate the current CSC at 475 Embarcadero in San Francisco until June 30, 2014. Xerox was also awarded the contract to upgrade and operate the CSC for a new five year term which is scheduled to commence operations on October 1, 2014 at 375 Beale Street. In the actions included in this memorandum, staff is requesting a four-month contract extension of the current CSC operations contract from July 1, 2014 to October 31, 2014 for an amount not to exceed \$8,400,000. This four-month extension will allow continued operations of the current CSC and provide a one-month float for any schedule delays to the start of the new CSC operations. Staff is also requesting additional funds in the amount not to exceed \$5,400,000 to relocate the CSC operation to a temporary location until 375 Beale Street is ready for occupancy in 2015.

Contract Extension

At the January 2013 meeting, this Committee approved staff's recommendation to award to Xerox a contract for design, implementation and operation of the CSC for a five-year term in an amount not to exceed \$117,520,000, with an option to extend up to an additional ten years. Staff and Xerox began contract negotiations immediately thereafter, but those negotiations were not concluded until March 27, 2013. The length of the negotiations, in part, resulted in the change of the start date of the new CSC operations from July 1, 2014 to October 1, 2014. Staff is requesting authorization to enter into a contract change order for \$8,400,000 for a four month extension of the current contract to ensure continuous operations during the time period between the expiration of the current contract on June 30, 2014 and initiation of the new CSC operations sometime in October 2014.

Interim CSC Relocation

Xerox's proposal to operate the new CSC assumed that the center would be located at 375 Beale Street. Because of ongoing construction, the CSC cannot be located at 375 Beale Street until mid-2015. Xerox was not successful extending the lease at the current CSC location at 475 Embarcadero beyond June 2014. An interim space for the CSC is therefore required for the intervening period until 375 Beale Street is available. BATA and Xerox staff identified a short-

term lease opportunity at 62 First Street in San Francisco for this purpose. Staff is requesting additional funds in an amount not to exceed \$5,400,000 to pay for tasks related to the move to the temporary location. Xerox's tasks related to the relocation include executing a lease at 62 First Street in San Francisco, construction services to complete tenant improvements, and purchasing furniture for existing furnishings that cannot be relocated. As time is of the essence, Xerox has provided a preliminary cost estimate for these items which is the basis for our fund request. However, we intend to work closely with Xerox over the next six months on each line item of the cost estimate as the relocation progresses to identify and implement alternate solutions that are more cost effective. Staff will bring updates about the CSC relocation work in the coming months.

The chart below summarizes the proposed contract extension schedule and the interim CSC relocation schedule.

Proposed Contract Extension and Interim CSC Relocation Schedule

2014				2015		
Q1	Q2	Q3	Q4	Q1	Q2	Q3
Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep
Current Contract						
		Extension				
			New Contract Operations			
Embarcadero CSC						
		Interim CSC Location				
					Beale CSC	

Other Work Items Related to the FasTrak® CSC

Staff will continue to provide regular updates on other related work under this contract in the coming months. In addition to the contract extension and CSC relocation tasks described above, several other key work items are in progress:

- Resolution of costs associated with moving existing computer equipment that supports the current CSC system
- Development and implementation by Fall 2014 of an upgraded back-end system to improve customer account management, and updated FasTrak® website, and
- Implementation of operational enhancements to further improve operational efficiency.

Recommendation

Staff recommends that the Committee authorize the Executive Director or his designee to negotiate and enter into a contract change order with Xerox in an amount not to exceed \$13,800,000 comprised of \$8,400,000 for a four month contract extension from July 1, 2014 to October 31, 2014 and \$5,400,000 for the interim CSC relocation.


 Andrew B) Fremier

AF:bz

REQUEST FOR COMMITTEE APPROVAL
Summary of Proposed Contract Change Order

Work Item No.: 1253

Contractor: Xerox State and Local Solutions, Inc.
San Francisco, CA

Work Project Title: FasTrak[®] Customer Service Center (CSC)

Purpose of Project: Extend Contract and Relocate CSC to Temporary Location

Brief Scope of Work: Continue current CSC operations, execute new lease, construct tenant improvements, procure furnishings

Project Cost Not to Exceed: \$13,800,000 – comprised of \$8,400,000 for a four month contract extension from July 1, 2014 to October 31, 2014 and \$5,400,000 for the interim CSC relocation (this change order)

Total contract before this change order: \$166,811,035. Total authorized contract after this change order: \$180,611,035

Funding Source: For contract extension: BATA Operations Budget - \$6,400,000 and Golden Gate Bridge Highway and Transportation District - \$2,000,000

For interim CSC Relocation: Toll Bridge Rehabilitation Funds - \$5,400,000

Fiscal Impact: Funds for the contract extension are subject to the FY 2014-2015 BATA Operations budget and receipt of funds from the Golden Gate Bridge Highway and Transportation District. Funds for the interim CSC relocation are included in the FY 2013-14 Toll Bridge Rehabilitation Program Budget.

Motion by Committee: That the Executive Director or his designee is authorized to negotiate and enter into a contract change order with Xerox State and Local Solutions, Inc., for services and items as described above and in the Deputy Executive Director's Memorandum dated December 31, 2013, and the Chief Financial Officer is directed to set aside funds in the amount of \$13,800,000, comprised of \$8,400,000 for the contract extension, and \$5,400,000 for the interim CSC relocation, subject to the receipt of \$2,000,000 in funds from the Golden Gate Bridge Highway and Transportation District and the approval of the FY 2014 - 2015 BATA Operations Budget, for such contract change order.

BATA Oversight Committee:

Bill Dodd, Chair

Approved:

Date: January 8, 2014