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Memorandum

TO: BATA Oversight Committee

DATE: September 3, 2014

FR: Executive Director

W. I. 1253

RE: Contract Change Order – FasTrak[®] Regional Customer Service Center: Xerox State and Local Solutions, Inc. (\$396,298)

This item would authorize a contract change order with Xerox State and Local Solutions, Inc. (Xerox) in the amount of \$396,298, to reimburse it for additional costs related to the establishment of All Electronic Tolling (AET) on the Golden Gate Bridge.

Background

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. 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 until September 30, 2014. Xerox was also awarded the contract to upgrade and operate the CSC for a new five-year term, which was scheduled to commence operations on October 1, 2014, but has been delayed to November 3, 2014.

Golden Gate Bridge All Electronic Tolling

In February 2012, this Committee authorized a contract change order in the amount of \$5.6 million (the AET Change Order) to design, deploy and process the transactions for the AET program for the Golden Gate Bridge Highway and Transportation District (the District). The AET program introduced license plate only accounts as well as billing to patrons who did not establish a FasTrak[®] or license plate account before crossing the Golden Gate Bridge. Under the AET program, beginning in March 2013, cash was no longer collected at the Golden Gate Bridge, and all transactions are processed electronically through the CSC. Since AET was a new system for tolling in the Bay Area, BATA, the District, and Xerox were not certain of all the risks associated with AET at the time the AET Change Order was negotiated. As a result, BATA, the District, and Xerox established parameters in the AET Change Order so that the parties could renegotiate prices based on measurement of actual usage of AET by patrons, rather than establishing higher fixed rates up front before all the risks were known.

While the project has been successful and the system functions as designed, AET has resulted in higher than anticipated call volume and processing work at the CSC. These volumes were particularly high during the initial months of operation during Summer 2013. During that period, Xerox added approximately 30 phone representatives, which represented a 30% increase in staffing.

Under the AET Change Order, certain thresholds were defined for call volumes, incoming payment, and dispute volumes that, if exceeded, would entitle Xerox to request additional compensation. During the period from February 2013 to July 2013 the total call minutes exceeded the contract threshold by an average of 47%, the incoming customer correspondence volumes exceeded the threshold by an average of 34%, and the incoming payment volumes exceeded the threshold by an average of 125%. Since the threshold volumes were exceeded, this opened the AET change order up for renegotiation between BATA, the District, and Xerox.

After extensive negotiation with Xerox, staff recommends the Committee authorize a change order in the amount of \$396,298 to resolve the additional expense related to exceeding the thresholds for volumes and incoming payment and dispute volumes specified in the AET Change Order. The amount includes:

- \$87,813 for 11 months of rent from August 2013 to June 2014 for additional space for the increased staff.
- \$258,484 for additional network, servers, and computer equipment for the added staff and some unanticipated storage volumes.
- \$50,000 to compensate for unanticipated spikes in account growth and resources needed to provide operational services.

The recommended amount represents full and final compensation to Xerox for the deployment of AET. The District will fund \$287,000 of the \$396,298, and BATA will fund the remainder. District staff will be seeking approval for the additional funds at the District's board meeting in September.

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 the amount of \$396,298 to reimburse it for additional costs incurred for the Golden Gate Bridge AET project.



Steve Heminger

SH: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: Operate Golden Gate Bridge AET project

Brief Scope of Work: Resolve request for additional costs related to operating the GGB AET program.

Project Cost Not to Exceed: \$396,298

This contract change order: \$396,298
Total contract before this change order: \$180,611,035
Total authorized contract after this change order: \$181,007,333 (this total does not include other September 10 contract approval actions)

Funding Source: Toll Bridge Rehabilitation Program Budget - \$109,298
Golden Gate Bridge Highway and Transportation District Operations Budget – \$287,000

Fiscal Impact: Funds are included in the FY 2014-15 Toll Bridge Rehabilitation Program Budget. Contributions from the Golden Gate Bridge Highway and Transportation District shall be received by BATA pursuant to an agreement between the parties.

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 Executive Director's Memorandum dated September 3, 2014, and the Chief Financial Officer is directed to set aside funds in the amount \$396,298, subject to approval by the Golden Gate Bridge Highway and Transportation District and receipt of \$287,000 in funds, for such contract change order.

BATA Oversight Committee:

Bill Dodd, Chair

Approved: Date: September 10, 2014