

**Bay Area Toll Authority
Oversight Committee**

January 12, 2022

Agenda Item 5a - 21-1638

**Contract Change Order – FasTrak® Regional Customer Service Center, New BATA
Transaction Prices and Contract Extension: Conduent State and Local Solutions, Inc.
(\$286,823,382)**

Subject:

Request for Committee approval to enter into a contract change order with Conduent State and Local Solutions, Inc. (Conduent) to provide new prices for invoices and violation notices for BATA bridge transactions and extend the contract term to September 28, 2027, in a combined total amount not to exceed \$286,823,382, subject to future budget approvals. This change order would also provide for the partial reimbursement of defense costs for recent and ongoing litigation.

Background:

Based on a competitive selection, BATA entered into a contract with Conduent (formerly, Xerox State and Local Solutions, Inc.) on March 27, 2013 for management and operation of the FasTrak® Customer Service Center (CSC). Under the contract, Conduent provides the FasTrak® account management system, transaction processing, call center operations, web services, payment processing, customer communications, violation image review and violation noticing for bridges and express lanes in the Bay Area.

In January 2021, BATA deployed all electronic tolling (AET) at the seven State-owned bridges. While AET is in operation on the Golden Gate Bridge, new prices are proposed for BATA AET operations to support different operating conditions such as a more diverse customer base, more non-English support services, longer calls, proportionally more incoming and outgoing mail volume, more out-of-state vehicles requiring additional costs for image review and for name and address lookup, and higher system maintenance costs. In addition, several new key staff positions and increased quality monitoring are being added to the program to improve the service quality. BATA's AET operation also has a lower percentage of FasTrak® customers than the Golden Gate Bridge operation which also adds program costs. The new prices for BATA AET invoices and BATA violation notices are shown below. The new prices are tiered so that as BATA achieves higher FasTrak® market share, the invoice and violation notice costs will

decrease to reflect operational cost savings. BATA plans to roll out a toll differential with higher tolls for invoice and license plate account customers to encourage use of FasTrak[®] at the BATA bridges. Before this toll differential can be deployed, BATA will implement more robust methods to support cash-paying customers, including an enhanced cash payment network. BATA staff will return to the Committee in the next couple of months with a plan for the toll differential.

Table 1: BATA Invoice Prices

FasTrak [®] Penetration Level	Current Contract Price	New Contract Price
Below 85%	\$0.6248/transaction	\$0.796/transaction
Less than 90%	Same as above	\$0.780/transaction
90% and above	Same as above	\$0.764/transaction

Table 2: BATA First Violation Notice Prices

FasTrak [®] Penetration Level	Current Contract Price	New Contract Price
Below 85%	\$0.916 /notice	\$1.6134
Less than 90%	Same as above	\$1.5346
90% and above	Same as above	\$1.5162

The above prices are retroactive to January 1, 2021. The added contract value for the new transaction prices applied retroactively to January 1, 2021 through the current contract expiration in March 2024 is \$25,701,094.

BATA staff is also requesting approval of a contract extension of three years and six months through September 28, 2027 for operations support of the BATA bridges, the Golden Gate Bridge and the Express Lanes. The base operating term of the Conduent contract was five years through September 28, 2019, and the contract allows up to ten annual extensions through September 28, 2029. In November 2018, this Committee approved a two-and-a-half year extension to the base operating term through March 28, 2022. In July 2021, this Committee

approved a two-year contract extension through March 2024. Staff recommends this additional extension to September 28, 2027, which is within the ten year operational term of the current contract, to allow more time to plan and implement the future procurements. A procurement to replace a system and operation the size of the CSC is a significant effort and investment and involves detailed planning and coordination internally and with external partners. We will continue to monitor the toll industry closely for emerging opportunities and changes to the way toll services are delivered to help inform the planning and delivery of our next generation CSC.

The added contract value of this three-and-a-half-year extension is \$261,122,288. Since FasTrak[®] services are provided for the BATA bridges, the Golden Gate Bridge, and the Express Lanes, BATA will be reimbursed by the Golden Gate Bridge Highway and Transportation District (the District) and the Express Lane operators for their share of the services provided by the CSC.

Additionally, as an inducement to receiving a contract extension through September 2027, Conduent has agreed to pay BATA and the District an amount of \$7,600,000. BATA and the District will use this payment to offset defense costs incurred for *Michael Saliani v. Bay Area Toll Authority, et al.* (Case No. CGC-14-540384) and *In re Toll Bridges Litigation* (Lead Case No.: CGC-17-562613, Consolidated with: CGC-18-568084). BATA and the District will split the \$7,600,000 on a 50/50 basis. Going forward, Conduent will also contribute 50 percent toward the legal fees incurred by BATA and the District for their defense in the *In re Toll Bridges Litigation* case until Conduent's contribution reaches \$2,400,000. BATA and the District will split the contribution on a 50/50 basis. These payments, combined, are deemed satisfaction of Conduent's contractual obligation to cover legal defense costs associated with the *Saliani* and *In re Toll Bridges Litigation* cases.

Attachment A includes a summary of Conduent and its project team's small business and disadvantaged business enterprise status.

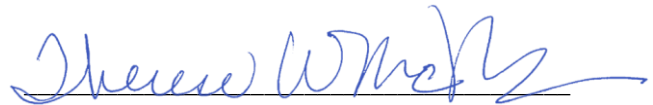
Recommendations:

Staff recommends that the Committee authorize the Executive Director or designee to negotiate and enter into a Contract Change Order with Conduent in an amount not to exceed \$286,823,382

to support new transaction prices and a contract extension through September 28, 2027, subject to future budget approvals; and to provide for Conduent's reimbursement of defense costs to BATA and the District as stated above.

Attachment:

- Attachment A – Conduent State and Local Solutions, Inc. Small Business and Disadvantaged Enterprises Status
- Request for Committee Approval Sheet



Therese W. McMillan

Attachment A

Conduent State & Local Solutions, Inc., Small Business and Disadvantaged Business Enterprise Status

		DBE* Firm			SBE** Firm			
	Firm Name	Role on Project	Yes	DBE #	No	Yes	SBE #	No
Prime Contractor	Conduent	System Development and Operations			X			X
Subcontractor	Atos	Network Management			X			X
Subcontractor	CCS	3 rd Party Call Center			X			X

*Denotes certification by the California Unified Certification Program (CUCP).

**Denotes certification by the State of California.

Request for Committee Approval

Summary of Proposed Contract Change Order

Work Item No.: 1252

Consultant: Conduent State and Local Solutions, Inc. (Conduent)
San Francisco, CA

Work Project Title: FasTrak® Regional Customer Service Center

Purpose of Project: New BATA transaction prices and a three-and-a-half-year extension of operations.

Brief Scope of Work: Operating costs for new BATA invoice and first violation notice prices from January 1, 2021 through September 28, 2027 and a three-and-a-half-year extension through September 28, 2027.

Project Cost Not to Exceed: This Change Order: \$286,823,382

Current contract amount before this Change Order: \$376,389,614 (this total does not include other January 12, 2022 contract approval actions)

Maximum contract amount after this Change Order: \$663,212,996

Funding Source: BATA Operating Funds

Fiscal Impact: \$11,866,198 is included in the FY 2021-2022 Toll Bridge Program Operating Budget; \$274,957,184 to be included in the FY 2022-2023, FY 2023-2024, FY 2024-2025, FY 2025-2026, FY 2026-2027, and FY 2027-2028 Toll Bridge Program Operating Budgets and Bay Area Infrastructure Financing Authority (BAIFA) Operating Budgets, subject to future approvals.

Motion by Committee: That the Executive Director or designee is authorized to negotiate and enter into a contract change order with Conduent for services as described above and in the BATA Oversight Committee Summary Sheet dated January 12, 2022, and that the Chief Financial Officer is

authorized to set aside \$286,823,382 for such contract change order,
subject to the approval of future BATA and BAIFA budgets.

BATA Oversight Committee:

Amy Worth, Chair

Approved:

January 12, 2022