



BAY AREA TOLL AUTHORITY

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Memorandum

TO: BATA Oversight Committee

DATE: November 7, 2018

FR: Deputy, Executive Director

W. I. 1253

RE: Contract Change Order – FasTrak® Regional Customer Service Center: 2.5 Year Contract Extension: Conduent State and Local Solutions, Inc. (\$67,800,000)

This item would authorize a contract change order with Conduent State and Local Solutions, Inc. (Conduent) to exercise the option to extend the contract to operate the FasTrak® Regional Customer Service Center (CSC) for two and a half years in an amount not to exceed \$67,800,000, subject to the approval of future BATA budgets. This extension will provide staff enough time to conduct the next competitive procurement for the FasTrak® program.

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® 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. The CSC currently manages 2.5 million accounts and annually handles three million calls, processes 115 million transactions, and mails 18 million statements and other correspondence. Conduent is under contract to operate the CSC until September 28, 2019. The contract includes up to 10 years of annual extensions to be exercised at BATA's option. During the extension periods, the contract unit prices per transaction type and per notice sent are escalated annually according to the California Consumer Price Index (CPI) for San Francisco Combined Metropolitan Statistical Area. The current annual budget for the CSC operations is \$25.5 million (approximately \$2.1 million per month). Using the 2017 CPI of 3.4% as an estimate for escalation in the extension years, the estimated cost of the extension is \$67,800,000.

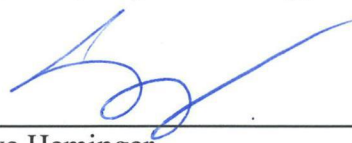
Electronic tolling is fast approaching 80 percent of our business, and Conduent has adapted to All Electronic Tolling on the Golden Gate Bridge and has successfully implemented and operated the new express lanes. Although Conduent has missed some key performance indicators (KPIs) for call answering times, they consistently meet other KPIs, such as for tag issuance, and setting up accounts. In accordance with the contract, penalties are assessed whenever KPIs are not met. Relative to the call answering performance, the tight labor market makes it difficult to fill and retain call answering staff in San Francisco. Conduent is currently focused on day-to-day staffing levels and recruitment efforts to ensure the KPIs for call answering times are met. Conduent also recently brought in new staff at the executive level, which we expect to bring more stability and focus to the project.

Staff recommends exercising the extension described above to allow time to evaluate future options for CSC operations, including planning, procuring, developing and seamlessly migrating to a new CSC system. Staff has begun the planning process and is evaluating different contract options for the future, including splitting the current single CSC contract into an operating contract and system delivery contract. Splitting the contract could potentially yield improved customer service, a larger vendor pool who could bring more expertise and focus to their service areas, and create more transparency. We are also investigating whether there are commercially available solutions that could deliver a portion of the system functions. Under agenda item 5b, staff is requesting authority for a contract amendment for technical assistance to help develop the appropriate procurement vehicle.

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

Recommendation

Staff recommends that this Committee authorize the Executive Director or his designee to negotiate and enter into a contract change order with Conduent in an amount not to exceed \$67,800,000 to extend the contract by two and a half years to March 28, 2022, subject to the approval of future BATA budgets.



Steve Heminger

SH:bz

Attachment

Attachment A
Small Business and Disadvantaged Business Enterprise Status

		DBE* Firm			SBE** Firm		
		Yes	DBE #	No	Yes	SBE #	No
Prime Contractor	Conduent			X			X
Subcontractor	Atos			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
Vendor:	Conduent State and Local Solution, Inc. (Conduent), San Francisco, CA
Work Project Title:	FasTrak® Regional Customer Service Center (CSC)
Purpose of Project:	Extend contract 2.5 years
Brief Scope of Work:	Provide call answering, account management, etc.
Project Cost Not to Exceed:	This Change Order: \$67,800,000 Current contract amount before this Change Order: \$131,543,347 Maximum contract amount after this Change Order: \$199,343,347
Funding Source:	Toll Bridge Program Operating Funds
Fiscal Impact:	Funds are subject to the approval of FY 2019-20, FY 2020-21 and FY 2021-22 Toll Bridge Program Operating Budgets
Motion by Committee:	That the Executive Director or his designee is authorized to negotiate and enter into a contract change order with Conduent for services as described above and in the Executive Director's Memorandum dated November 7, 2018, and the Chief Financial Officer is directed to set aside funds in the amount of \$67,800,000 for such contract change order, subject to the approval of future BATA Budgets.
BATA Oversight Committee:	<hr/> Amy Worth, Chair
Approved:	November 14, 2018