



October 23, 2019

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Contractor Selection for the Back-Office System and Customer Service Center Operations for the 91 Express Lanes in Orange and Riverside Counties

Overview

On April 22, 2019, the Orange County Transportation Authority Board of Directors approved the release of a request for proposals to retain contractor services to provide a back-office system and customer service center operations for the 91 Express Lanes. Board of Directors' approval is requested for the selection of a firm to perform the required work.

Recommendations

- A. Approve the selection of Cofiroute USA, LLC., as the firm to provide the back-office system and customer service center operations services for the 91 Express Lanes in Orange and Riverside counties.
- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-9-1177 among the Orange County Transportation Authority, Riverside County Transportation Commission, and Cofiroute USA, LLC., in the amount of \$72,982,804, to provide the back-office system and customer service center operations services for the 91 Express Lanes in Orange and Riverside counties, for an initial term of seven years with two three-year option terms. The designated share for the Orange County Transportation Authority will be \$35,420,566.

Discussion

As a requirement of Senate Bill (SB) 1316, Correa, the Orange County Transportation Authority (OCTA) and the Riverside County Transportation Commission (RCTC), collectively referred to as Agencies, entered into a cooperative agreement that establishes a framework for cooperation and sets forth various responsibilities between the two agencies with the extension of the

91 Express Lanes (91EL) into Riverside County. The cooperative agreement, entered into on December 16, 2011 between the OCTA Board of Directors (Board) and RCTC Commission (Commission), details the joint operation of a combined 91EL facility with the intent and objective to operate the 91EL in both counties so that customers will experience a seamless transition between the two facilities and view the 91EL as a single system. A joint operation not only provides benefits to the customers of the 91EL, but also creates economies of scale and cost benefits to both agencies through joint contracting and joint provisions relating to the operation and maintenance of the 91EL.

In May 2013, OCTA and RCTC entered into a three-party agreement with Cofiroute USA, LLC., for the joint operations of a combined 91EL facility. The existing three-party agreement expires on June 30, 2021.

On April 22, 2019, the Board approved the release of a request for proposals (RFP) to retain contractor services to provide a back-office system (BOS) and customer service center (CSC) operations services (Project) for the 91EL for both Orange and Riverside counties. The Project includes the design, development, implementation, and maintenance of the back-office system for the 91EL. The back-office system retrieves data from the in-lane Electronic Traffic and Toll Management (ETTM) System and charges the appropriate toll fee to the customers' accounts or establishes a violation for the trip, if applicable. In addition, the contractor will be responsible for the day-to-day operations for both segments of the 91EL, including the following toll-related services:

- Back-office software system
- Hardware and software maintenance
- Customer service
- Violations processing and collections
- Customer account management
- Payments and other mail processing
- Revenue collections and transaction processing
- Traffic operations and incident management
- Emergency services coordination
- Transponder inventory management
- Telephone system

Although the current three-party agreement will not expire for another 20 months, during this time, the contractor will design, develop, test, and implement the new back-office system. In addition, efforts for data migration and transition from the

old system and operations to the new system and operations will be the responsibility of this contractor and are also accounted for in the Project schedule.

Procurement Approach

This procurement is a joint procurement between OCTA and RCTC. Agencies agreed that OCTA would be the lead agency throughout the joint procurement.

This procurement was handled in accordance with Board-approved procedures and RCTC's procurement policy manual for professional and technical services. Various factors are considered in an award for professional and technical services. Award is recommended to the firm offering the most comprehensive overall proposal, considering such factors as qualifications of the firm, staffing and project organization, prior experience with similar projects, work plan, technical approach, as well as cost and price.

To initiate procurement discussions, an industry forum was held from April 17 through 19, 2018, at OCTA's administrative offices in advance of issuing the joint RFP for this Project. The objectives of this forum were:

- To introduce and gauge industry interest in the upcoming procurement;
- Allow the Agencies to gather industry input to potentially incorporate into the procurement; and
- Provide potential proposers with information regarding the Agencies' needs and the anticipated procurement process.

The forum was well-attended, allowing the Agencies the opportunity to meet one-on-one with 16 interested firms. The firms and Agencies were able to exchange valuable ideas regarding scope of work, Project schedule, and contract terms and conditions, some of which were incorporated in the RFP process.

On April 22, 2019, the Board authorized the release of RFP 9-1177 which was issued electronically on CAMM NET. The project was advertised on April 22 and 29, 2019, in a newspaper of general circulation, and also in trade magazines. A pre-proposal and site visits were held on May 7, 2019, with 25 attendees representing 20 firms. Five addenda were issued to make available a copy of the pre-proposal presentation and conference registration sheets, provide responses to questions received, and handle administrative issues related to the RFP.

On July 12, 2019, four proposals were received. A responsiveness evaluation was conducted on all proposals, which included a review by Agencies of any exceptions or deviations proposed by the four firms. One firm refused to retract all the exceptions that were not acceptable to Agencies, which resulted in the removal of their proposal from further consideration, in accordance with the instructions detailed in the RFP.

An evaluation committee consisting of staff from OCTA's and RCTC's Express Lanes Programs departments, as well as external representatives from the San Diego Association of Governments, and Los Angeles County Metropolitan Transportation Authority, met to review the remaining three proposals. The proposals were evaluated based on the following Board-approved evaluation criteria and weights:

| | |
|--|------------|
| Qualifications, Related Experience, and References of the Firm | 15 percent |
| Staffing and Project Organization | 15 percent |
| Implementation Work Plan and Technical Approach to BOS | 30 percent |
| CSC Operations Work Plan, Transition, and Approach | 20 percent |
| Cost and Price | 20 percent |

Several factors were considered in developing the criteria weights. Implementation work plan and technical approach together were given a combined weight of 30 percent due to the highly technical requirements of the BOS' software and its architecture. CSC operations work plan, transition, and approach were given a weight of 20 percent due to the importance of successfully transitioning and carrying out the day-to-day operations of the toll facility and managing customer services. The services required are significant to the accurate collection and reporting of revenue to the Agencies.

The criteria for qualifications of the firm, related experience, and references, as well as staff and project organization were assigned a weight of 15 percent each to emphasize the equal importance of the experience of the firm in handling similar work, and the staff's understanding of, and similar experience to, the Project, its challenges, and the approach to implementing the various elements of the scope of work. Cost and Price was weighted at 20 percent to ensure delivery of a cost-effective BOS and CSC operations over the term of the agreement.

On August 19, 2019, the evaluation committee reviewed the three proposals based on the evaluation criteria and found two firms most qualified to perform

the required services. The most qualified firms are listed below in alphabetical order:

Firm and Location

Cofiroute USA, LLC (Cofiroute)
Irvine, California

Conduent Transportation (Conduent)
Germantown, Maryland

On August 27, 2019, the evaluation committee conducted interviews with the two short-listed firms. Each firm had the opportunity to present its approach for accomplishing the requested services and demonstrate the detailed capabilities and various aspects of their BOS solution and approach to CSC Operations in supporting the Project's requirements. Each firm presented their key team members, their qualifications, and roles on this Project. During the interview, each firm described its understanding of the requirements of this Project in the areas of design, implementation, operation, and maintenance of their proposed BOS, data migration and transition, and CSC operations. In addition to answering questions of a general nature, both firms also answered specific clarifying questions related to each firm's proposal relative to the scope of work and requirements.

After considering the firms' solutions, demonstrations, and responses to the questions asked during the interviews, the evaluation committee adjusted the preliminary scores for the two-short listed firms. However, Cofiroute remained as the top-ranked firm with the highest cumulative score.

At the conclusion of the interview and system demonstrations, the shortlisted firms were requested to submit a Best and Final Offer (BAFO) in an effort to secure the best pricing for these services.

Based on the evaluation of written proposals, the information obtained from interviews, and the BAFO, it is recommended that Cofiroute be selected as the top-ranked firm to provide a back-office system and customer service center operations for the 91EL. The following is a summary of the proposal evaluation results.

Qualifications, Related Experiences, and References of the Firm

The two short-listed firms were found to be qualified to perform the types of services requested by the RFP. The firms demonstrated experience and understanding of the scope of work and the Project's needs in the areas of back-office system development and customer service center operations. Both firms are knowledgeable and experienced with the California tolling laws and environment and have interoperable operations familiarity with the California Toll Operators Committee agencies. Both firms are established with relevant experience and resources.

Cofiroute is part of the VINCI Group, one of the largest concessions and construction groups in the world, which employs more than 200,000 people in more than one hundred countries. Cofiroute is a tolling and express lanes operator specializing in the management, operation, and maintenance of express lanes systems. With 24 years of expertise in BOS and CSC implementation and operations, Cofiroute has been the operator for the 91EL since OCTA purchased the franchise rights from the California Private Transportation Company (CPTC) in 2003. Furthermore, Cofiroute was part of CPTC's consortium in the 1990s that was selected to finance, develop, and operate the 91EL. Cofiroute currently has 202 employees in California and Texas.

As a major subcontractor to Cofiroute, TollPlus will be responsible for delivering the BOS for the 91EL. TollPlus, founded in 2009, specializes in BOS deployment and customization for electronic toll collection. Cofiroute and TollPlus have worked together for nearly a decade on similar scopes of work, jointly designing, implementing, and maintaining innovative BOS and CSC operations projects. In 2011, Cofiroute and TollPlus deployed a new BOS for OCTA which required the migration of data from the legacy back-office system to the new system. The OCTA BOS has been operating reliably without any down time since implementation. Another example of the firms jointly working together include the implementation of updated BOS functionalities and expanded CSC operations to accommodate the extension of the 91EL into Riverside County for RCTC. Cofiroute and TollPlus have also jointly worked on the design, development, integration and transition of BOS and CSC operations for the Central Texas Regional Mobility Authority and North East Texas Regional Mobility Authority. Under this agreement, the firm's scope includes various components such as the website, account management, interactive voice response, emails, and mailings.

Cofiroute demonstrated their understanding of the scope of work and Project's needs in their detailed and comprehensive proposal, which was organized with a clear delineation of the area of responsibility of the team. Clients of Cofiroute and TollPlus provided the Agencies with positive references and feedback for recent work performed by the firms.

With over 82,000 employees in all 50 states and 22 countries globally, Conduent is a transportation service provider with 30 years of experience in providing electronic tolling solutions. Conduent operates the back-office and customer service centers for nine tolling programs in the United States and has experience integrating and managing a multi-agency toll program such as the Bay Area Toll Authority (BATA) and New Jersey E-Z Pass. In addition to BATA, Conduent currently supports the Los Angeles Metro Express Lanes in California. Conduent provided information of their subcontractors and their area of responsibility.

As part of their Project team, Northern Lakes Data Corporation (NLDC) is being brought on as a database consultant for the BOS implementation. NLDC was the BOS provider when OCTA purchased the 91EL from CPTC in 2003 and provided maintenance of the BOS system until 2011. Conduent is proposing to utilize a staffing agency as part of their Project team to fulfill some of the staffing support. Conduent has established working relationships with some of the subcontractors on their team. Clients of Conduent provided the Agencies with positive references and feedback for recent work performed by the firm.

Staffing and Project Organization

Both short-listed firms described their approach and philosophy to training and staffing and proposed qualified and diversified staff to adequately handle the work described in the scope of work and meet the RFP requirements.

Cofiroute considered all aspects of the scope requirements as evident by the comprehensive and detailed selection of subcontractors on their team, with many of whom they have had prior working relationships. In addition, they have proven successful working relationships with the current ETTM System provider for both OCTA and RCTC.

Cofiroute has proposed experienced and qualified teams for both the BOS implementation and operations and maintenance phases. Cofiroute's organization charts show a clear understanding of the requirements of the RFP, designating all key personnel in each required area of expertise and showing clear reporting structure from a firm and project staff level. All of the key

personnel proposed are employed by Cofiroute or Tollplus, and those who have a 100 percent level of commitment will provide local on-site presence. Cofiroute brings forth a Project team that has direct relevant experience. The proposed project managers for the BOS implementation and Operations and Maintenance (O&M) phases are well-versed in the toll industry, met the qualifications as stated in the scope of work, and have successfully implemented back-office systems and managed a full-service toll operation, respectively. The proposed deputy project manager in the BOS implementation phase is also qualified and will transition to the technical services manager position during the operations and maintenance phase, overseeing the full BOS and CSC systems and technology management that were put in place during the implementation phase. The CSC operations manager in the implementation phase brings forth extensive experience in customer service center operations, violation processing and collections, California tolling rules and regulations, all of which will be critical in the collaboration efforts with the system developers in delivering a comprehensive BOS solution. Cofiroute's interview and demonstration supported the firm's relevant experience, staffing, technical approach, and Project understanding.

Cofiroute's proposed staffing and training approach was comprehensive and utilized training tools, such as classrooms, manuals, side by side monitoring, quizzes, and calibration sessions so that staff are fully versed in business rules and processes for the new BOS, operational procedures, policies, and guidelines to ensure operational readiness. The firm discussed tailored and refined training for transitioning and new hires to ensure they are fully trained across their functional areas.

Conduent proposed a qualified team, some with decades of experience with the firm, but several were lacking required experience. Most key personnel are Conduent employees, but the firm also proposed some key personnel from a staffing agency to perform portions of the implementation, as well as during the O&M phase, which made it difficult for the evaluation committee to determine if the key personnel from the staffing agency had the experience with a project of a similar scope, to the systems provided on this Project, and with the proposed BOS solution. Conduent proposes to retain as many current operations staff in order to preserve institutional knowledge, but will utilize the staffing agency to fill any additional staffing needs. The firm's organizational charts and availability matrix show commitment and availability of the proposed key personnel.

Conduent offered an approach to training of all staff for CSC operations and planned to schedule training during off-hours to minimize disruption to existing

operations. Conduent's training approach will utilize classroom, computer-based training, monitoring, and job shadowing to ensure operational readiness.

Implementation Work Plan and Technical Approach to BOS

Both firms met the requirements of the RFP, and each firm adequately discussed its technical approach and work plan for the delivery of the BOS, including the design, development, installation, operations and maintenance, and how each firm will accomplish the Project's objectives and overall schedule.

Cofiroute provided a comprehensive BOS implementation work plan and technical approach, which incorporates management of key project activities and deliverables to ensure on-time delivery of the BOS. Their detailed narrative demonstrated a clear understanding of the Project's requirements. Cofiroute proposed a well-defined method of tracking all BOS implementation requirements and a step-by-step process for Quality Assurance/Quality Control (QA/QC). The QA/QC team will be comprised of team members from all areas of the project to ensure compliance with the requirements.

Cofiroute proposes using a hybrid cloud approach, which takes advantage of the existing data center in Anaheim, for hosting a primary on-premise private cloud infrastructure. This approach allows for more control and ensures a secure, well-maintained system infrastructure will be fully available. Cofiroute's disaster recovery solution addresses not only the BOS recovery time objective, but includes the seamless routing of customer calls between the Anaheim and Corona facilities, should it be necessary. The proposed system is a comprehensive end-to-end toll management solution with Customer Relationship Management (CRM) capabilities, which integrates with the interactive voice response system, interoperable agencies, and other third-party interfaces. The system, to be built on open standards and service-oriented architecture, will be comprehensive, scalable, secure, and will offer a high degree of configurability to provide for business growth and needs. During the interview, Cofiroute provided a live system demonstration of certain key components to the BOS, including account opening, performance monitoring and reporting, and new system functionalities, showcasing the robustness of the system.

Cofiroute's team is thoroughly familiar with the source and target data logic so it reduces both risks and the time required to accomplish the data migration for the Agencies. Their in-depth knowledge of the file structures and data flow will ease the transition effort. The data will be tested and validated before moving it into

the QA and production environments. Cofiroute submitted a detailed project implementation schedule that meets all project milestones, including the July 1, 2021, system and operations delivery.

Conduent provided a general discussion of the BOS implementation work plan and technical approach. The firm ensures successful project delivery through the development and maintenance of a detailed project management plan and will implement a complete and extensive training program to prepare for on-time transition. Conduent is one of the first organizations to achieve the ISO 20000 standard for Information Technology Service Management Certification and will apply the certified process to manage the requirements, business rules, design, and deployment of the system. Their QA team will conduct reviews and audits and monitor all project elements to assess quality and provide recommendations.

Conduent offered a detailed description of the solution architecture which features the use of Microsoft's Azure public cloud environment that is based on a full cloud-based solution platform and has strong security certifications. The Azure cloud-based solution eliminates the need for periodic data center upgrade/refresh requirement as the data is continually refreshed in the cloud. However, the proposed BOS has minimal allowance for future customization, modification, or new development to meet Agencies' needs. During the interview, Conduent provided a live system demonstration of certain key components to the BOS, including account opening, performance monitoring and reporting, and new system functionalities, showcasing the robustness of the system.

CSC Operations Work Plan, Transition, and Approach

Both firms discussed their work plan, transition and approach to CSC operations in meeting the Project's requirements. The firms are committed to using operations staff in support of the system implementation for the BOS and identified approaches to continuous improvement through the term of the agreement. Both firms understand the California tolling environment and are able to incorporate their knowledge and experience into the CSC operations.

Cofiroute's approach to project management and planning of CSC operations will utilize comprehensive project management plan, operations plan, quality management plans, and tight process controls to ensure effective project management, a seamless transition from the implementation phase, and supports ongoing project management during the O&M phase. CSC subject

matter experts will be involved with the design of the BOS and in reviewing business rules and performing system walk-throughs, allowing for potential opportunities for system improvements. Multiple workshops will be conducted, comprehensive plans and documentation will be prepared, and extensive testing and validation will be performed to ensure operational readiness of the system. Cofiroute provided a thorough approach to QA/QC for both the BOS and CSC O&M phase. QA/QC will be integrated into operations through training, quality reviews, monitoring sessions, and system-generated reports. With an understanding of Payment Card Industry (PCI) requirements, best practices for security policies and procedures will be implemented to adhere to Personally Identifiable Information and PCI regulations and standards. Cofiroute, in their role as the current 91EL operator, has a proven history of strong internal control processes related to financial management. Since 2013, Cofiroute has undergone various types of audits for the 91EL operations in which the auditors have issued a favorable opinion that the objectives of the internal controls as designed and implemented are being met and the controls operated efficiently.

Conduent's approach to project management and planning of CSC operations includes implementation of the concepts of operations across various disciplines and functions, including program management and quality assurance. Continuous process improvements approach utilizes a combination of tools and processes, such as a workforce management solution, known as NICE IEX, to optimize the call center workforce to handle day-to-day workload, to increase employee engagement, to produce precise forecasts, and to provide historical trend analysis. To be able to monitor CSC operations performance, key performance indicator dashboard, live call monitoring, and quality reviews and analysis will be implemented. As part of Conduent's QA/QC processes, the majority of Conduent's call centers go through a certification process to ensure consistency and adherences to best practices. Conduent received 2013 Certified Center of Excellence from Benchmark Portal, for their CSC operations.

Cost and Price

Cost was weighted at 20 percent of the overall score. All firms submitted the detailed price proposals as requested for the entire Project. Pricing scores were based on a formula which assigns the highest score to the firm with the lowest total price and scores the other proposals' total prices based on their relation to the lowest total price.

The total price was solicited separately from the firm's technical proposal, evaluated, and scored. Conduent received the higher price score based on the

initial and option terms pricing of \$132,228,957, and Cofiroute received the lower price score based on their proposed overall price of \$170,255,844 for the initial and option terms.

The established budget for this Project, as stated in the RFP, for the initial term, was \$73,050,000. The original price submitted by Cofiroute was for \$78,401,781, and the price submitted by Conduent was \$60,055,121. After the BAFO, Cofiroute submitted a final price of \$72,982,804 for the initial term of the contract, and Conduent submitted a final price of \$58,254,384. The overall price, for the 13-year term, submitted after the BAFO by Cofiroute was \$164,806,742 and Conduent's price was \$128,264,114. Contract award will be for the price of the initial term only. Option terms will be exercised at a future date.

Below is the price breakdown, by agency, as proposed by the short-listed firms, after exercising the BAFO, and compared with the Agencies' independent cost estimate for the initial term:

| | Agencies' Independent Cost Estimate | Cofiroute | Conduent |
|-----------------------------|--|---------------------|---------------------|
| INITIAL TERM | | | |
| Original Price | \$73,050,000 | \$78,401,781 | \$60,055,121 |
| OCTA Share | \$35,600,000 | \$38,076,263 | \$29,119,980 |
| RCTC Share | \$37,450,000 | \$40,325,518 | \$30,935,141 |
| | | | |
| Revised Price (BAFO) | \$73,050,000 | \$72,982,804 | \$58,254,384 |
| OCTA Share | \$35,600,000 | \$35,420,566 | \$28,246,823 |
| RCTC Share | \$37,450,000 | \$37,562,238 | \$30,007,561 |

The estimated and proposed prices for RCTC's portion of the work is higher than that of the OCTA's portion due to the prices being directly proportional to the number of transactions that RCTC is anticipated to handle on their express lanes facility.

While the total price proposed for the initial term, after the BAFO, by Cofiroute was \$14,728,420 higher than Conduent's price for the same term, their qualifications in the planning, technical, and operational aspects of the work, their experience as the incumbent, reduced risk, and on-site staff availability

support the higher price. Cofiroute's proposed price for the initial term was within the Agencies' independent cost estimate.

Procurement Summary

Based on the evaluation of the written proposals, the firm's experience, the teams' qualifications, the BOS implementation and technical approach, CSC operation work plan, cost and price, information obtained from the interviews, and the BAFO, the evaluation committee recommends the selection of Cofiroute USA, LLC, as the top-ranked firm for the back-office system and customer center operations services for the 91 Express Lanes in Orange and Riverside counties.

Fiscal Impact

Funding of OCTA's portion of the BOS implementation is included in OCTA Fiscal Year 2019-20 Budget, 91 Express Lanes Account, 0036-9028-B0001-1GO. Funding for OCTA's portion of the operations and maintenance phases will be included in the 91 Express Lanes budget for the subsequent years.

Summary

Staff recommends Board approval for the Chief Executive Officer to negotiate and execute Agreement No. C-9-1177 among the Orange County Transportation Authority, Riverside County Transportation Commission, and Cofiroute USA, LLC., in the total amount of \$72,982,804, which includes OCTA's share of \$35,420,566 to provide the back-office system and customer service center operations for the 91 Express Lanes in Orange and Riverside counties, for an initial term of seven years with two three-year option terms.

Attachments

- A. Review of Proposals, RFP 9-1177 Back-Office System and Customer Service Center Operations for the 91 Express Lanes in Orange and Riverside Counties.
- B. Proposal Evaluation Criteria Matrix (All Proposers), RFP 9-1177 Back-Office System and Customer Service Center Operations for the 91 Express Lanes in Orange and Riverside Counties.
- C. Contract History for the Past Two Years, RFP 9-1177 Back-Office System and Customer Service Center Operations for the 91 Express Lanes in Orange and Riverside Counties.

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