




August 27, 2025

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer 

Subject: 91 Express Lanes Back-Office System and Customer Service Center Options

Overview

On October 23, 2019, the Orange County Transportation Authority Board of Directors awarded Agreement No. C-9-1177 to Cofiroute USA, LLC, for the back-office system and customer service center operations services for the 91 Express Lanes in Orange and Riverside Counties. In anticipation of the expiration of the initial term, staff has begun to evaluate the future of the back-office system and customer service center options for the 91 Express Lanes.

Recommendation

Provide direction to staff for the back-office system and customer service center operations services for the 91 Express Lanes.

Background

The Orange County Transportation Authority (OCTA) and the Riverside County Transportation Commission (RCTC) entered into a cooperative agreement in December 2016, setting forth the parties' commitment to jointly operate the 91 Express Lanes (91 EL). One of the tenants of the cooperative agreement is a commitment to maintain a joint operator for the 91 Express Lanes. As such, RCTC was added to the OCTA's then existing agreement with Cofiroute USA, LLC (CUSA).

On April 22, 2018, OCTA and RCTC issued a joint request for proposals (RFP) to replace the existing expiring contract with CUSA. The evaluation committee recommended awarding the services to CUSA, which was approved by the OCTA Board on October 23, 2019, and by RCTC on November 13, 2019. The initial five-year term of the agreement ends on January 31, 2027. The agreement includes two, three-year option periods.

OCTA and RCTC, collectively referred to as the Agencies, worked with CUSA to develop and deploy the back office system (BOS), which went live on March 7, 2022, 185 days beyond the agreed update date of March 7, 2022. Following a protracted development, the Agencies agreed to the deployment on March 7, 2022, with required functions deferred to a later date. After the deployment, the Agencies continued to work with CUSA to monitor and correct deficiencies found in the BOS, and to deliver the deferred items. While originally anticipated to require six months, due to persistent challenges, this required over three years and three months for CUSA to successfully pass operational acceptance testing (OAT). At present, the BOS still needs to complete the implementation phase and achieve final acceptance.

Additionally, CUSA has experienced several BOS and customer service center (CSC) issues during the operations and maintenance (O&M) phase, resulting in extensive liquidated damages since going live in March 2022. The Agencies have reviewed all issues and either waived liquidated damages or assessed them in the corresponding monthly O&M invoice. The Agencies jointly review all issues and agree to equally share any waivers and assessed penalties. The Agencies, along with their consultants, have and continue to expend a great deal of time and effort on the management of the 91 BOS and CSC. The Agencies are committed to providing excellent customer service, and CUSA has regularly failed to meet basic requirements related to customer service.

RCTC operates a separate back office, provided by Kapsch TrafficCom USA, Inc. (Kapsch) for the 15 Express Lanes (15 EL). Due to the proximity of the 91 EL to the 15 EL and the direct connectivity of the two facilities, the 91 EL and 15 EL customer service centers expend approximately 20 percent of their respective time assisting customers who require the assistance of both CSCs. Given the proximity and complementary nature of the systems, RCTC has asked OCTA to consider combining the 91 EL BOS with the 15 EL by incorporating the 91 EL into the existing 15 EL BOS and CSC. This would result in a single BOS and CSC servicing 91 EL and 15 EL customers. This combined effort would eliminate duplicated services, reduce costs for the Agencies, and enhance customer experience.

Kapsch subcontracted with BRiC-TPS, LLC as the BOS provider for the 15 EL. BRiC has over 20 years of experience in the tolling industry, servicing customers such as the Transportation Corridor Agencies, which also supports the San Bernardino Express Lanes. BRiC also provides violations processing for LeeWay tolled bridges in Florida and a congestion management fee system for the Ports of Los Angeles and Long Beach. RCTC has been satisfied with the performance of the BRiC-TPS, LLC BOS.

The procurement and deployment of a BOS can take as long as four years. With the initial term of the current agreement with CUSA ending in January of 2027, the Agencies have begun evaluating options for the 91 EL BOS.

Discussion

There are three options available to the Agencies for the 91 EL BOS and CSC:

- Option 1 Extend options 1 and 2 of the CUSA agreement, extending the end date to January 2033
- Option 2 Combine the 15 EL and 91 EL with a three-party agreement with OCTA, RCTC, and Kapsch
- Option 3 Issue an RFP for a new BOS and CSC

The advantages and disadvantages of each option are detailed below. The three options are shown with six years of projected O&M costs for comparison purposes. Options 2 and 3 have BOS development costs included as well.

Option 1 – Extend Options 1 and 2 of the CUSA Agreement, Extending the End Date to January 2033

Advantages: Option 1 maintains the current agreement and would require exercising at least one of the two, three-year option terms. The advantage of this option is that it allows the Agencies to continue using the new BOS that is near final acceptance and does not require transition to a new system. This option provides continuity of operations and no anticipated disruption in service to customers until 2033. Operating procedures are established, and pricing for services is known and already negotiated.

Disadvantages: The BOS has experienced several issues and delays since the agreement was executed, and there is no specific date to reach final acceptance. The longer the process takes, the higher the costs for consultant support will be incurred by the Agencies. The contractor has displayed unsatisfactory performance, which was highlighted in the recent Internal Audit Report No. 24-508, along with past monthly and quarterly update reports distributed to the Board. Furthermore, preliminary discussions with RCTC show that this option has higher O&M costs than Option 2, as some services are duplicated with the 15 EL.

Cost: Not accounting for the remaining implementation milestones and consultant support, the cost of this option would be the remaining agreed upon O&M pricing of \$91.8 million from February 2027 through January 2033. This cost would be split with RCTC, resulting in an OCTA commitment of \$45.9 million.

Option 2 – Combine the 91 EL and the 15 EL with a Three-Party Agreement with OCTA, RCTC, and Kapsch

Advantages: This option would require an amendment to RCTC's existing agreement with Kapsch to include the 91 EL BOS and CSC services, which has no anticipated risks. The amendment would result in a new three-party agreement with OCTA, RCTC, and Kapsch. A strong advantage of this option would be cost savings for the Agencies by combining resources for duplicate services. Currently, a large majority of 91 EL and 15 EL customers utilize both roadways, resulting in duplicated expenses for the Agencies such as BOS and CSC costs, transaction processing, credit card fees, and dispute resolution. By combining services, 91 EL and 15 EL customers would experience a seamless customer service experience with one contact for inquiries and support. An additional anticipated benefit for 91 EL customers is that RCTC has expressed high satisfaction with Kapsch since going live with the BOS and CSC in April 2021.

Disadvantages: The potential or perceived disadvantage of this option is that entering into the existing agreement between RCTC and Kapsch would require a sole source instead of a competitive RFP. However, RCTC did complete a lengthy competitive RFP for these services that began in August 2015 and concluded with RCTC awarding the agreement to Kapsch on January 26, 2017. Additionally, combining the 91 and 15 BOS would require minor business rule differences to be resolved between the two express lanes. An example of the minor business rule differences that needs to be resolved includes the replenishment threshold and the amount charged for account holders. The 91 EL replenishes a customer's account once it falls below \$25 by charging \$30 to the customer's payment method. The 15 EL does the same process but completes the process when the account balance falls below \$15 by charging \$40. Staff does not anticipate any issues in resolving these business rule differences and will work with RCTC to resolve any differences if this option is selected. This option requires the migration of the 91 EL data, which comes with risk and may require a partial extension to the current agreement with CUSA to allow for the transition to Kapsch.

Cost: RCTC and Kapsch have provided a high-level cost projection for this option, which shows possible savings for OCTA. The cost to modify the 15 EL BOS to incorporate the 91 EL and transition the data is estimated to be \$8.1 million, plus an additional \$1 million for consultant support, bringing the total cost to transition to \$9.1 million. Kapsch also provided a preliminary O&M cost from February 2027 to January 2033 of approximately \$62.6 million. This would amount to a total cost of \$71.7 million for the implementation and O&M through January 2033. This cost would be split with RCTC, resulting in an OCTA commitment of \$35.9 million.

Option 3 – Issue an RFP for a New BOS and CSC

The third option is to issue a joint RFP with RCTC to procure a new BOS and CSC provider. The execution of the first option of the current agreement would be required due to the length of time required to issue and complete a new RFP. Staff estimates it would take at least nine months to develop an updated scope of work and the necessary RFP materials for a project of this size. Once the RFP is ready, it will take an additional eight months for the RFP process to be completed and for staff to return to the Board with a recommendation. After the award of a new agreement, staff will work with the selected firm to design and deploy the new BOS for approximately 30 months. This total effort is estimated to require at least four years to complete.

Advantages: The single advantage of this option is that a new BOS can be procured competitively through an RFP process, potentially yielding opportunities to utilize technological advancements.

Disadvantages: This option will result in disruptions to customer service and a data migration risk during the transition. This option requires the most effort from staff and consultant engagement. Historically, similar RFPs issued by the Agencies have shown limited potential vendors. The cost of the new BOS would likely be higher than the other options. The cost projection for this option is based on the competitively bid 405 EL procurement awarded in November 2021, with a ten percent increase to account for inflation. The estimated cost for developing the new BOS would be \$18.3 million plus an additional \$2.5 million for consultant support, bringing the total cost to develop the software to \$20.8 million. O&M cost for six years would be approximately \$112 million. This would amount to a total cost of \$132.8 million for the implementation and O&M for six years. This cost would be split with RCTC, resulting in an OCTA commitment of \$66.4 million.

Summary Analysis of the Three Options

All three options presented above are viable and possess advantages and disadvantages. Regardless of the selected option, the Agencies must re-procure the BOS and CSC service in the future.

Option 2, combining the 15 EL and 91 EL BOS, has the most significant potential for increased customer service satisfaction while reducing costs and mitigating risks to the Agencies. This option would further enhance OCTA's partnership with RCTC along State Route 91 and Interstate 15 corridors for shared motorists. This option will also allow OCTA to lock in pricing for BOS and CSC services now. RCTC's current agreement with Kapsch extends through April 2041, providing cost certainty to OCTA. Should the Board direct staff to pursue option 2, staff will review the contract and further refine potential savings to return to the Board for consideration.

Summary

Staff is seeking a recommendation from the Orange County Transportation Authority Finance and Administration Committee on the options for back-office system and customer service center operations services for the 91 Express Lanes. Staff will take the recommendation from the Finance and Administration Committee and return at a later time with the appropriate agreement for approval.

Attachment

- A. Audit of Oversight Controls and Contract Compliance Related to Agreement No. C-9-1177 with Cofiroute USA, LLC for 91 Express Lanes Operations

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