



**March 17, 2010**

**To:** Finance and Administration Committee  
**From:** Will Kempton, Chief Executive Officer  
**Subject:** Amendment to Agreement with Alta Resources for Customer Information Center Services

**Overview**

The Orange County Transportation Authority provides telephone call center operations 365 days a year using a contractor, Alta Resources. Given the substantial scale of bus service changes, the proliferation of cell phones, and the reduction of on-street and printed public information, call volumes have grown to record levels. This has impacted the call center budget. Staff is requesting Board of Directors' approval to amend Agreement No. C-6-0461 with Alta Resources to modify the terms of the agreement and increase the maximum cumulative obligation.

**Recommendations**

- A. Approve the transfer of \$98,482 to the External Affairs Fiscal Year 2009-10 budget to accommodate approximately 276,600 calls from March through June 2010. Staff has identified funds required within the existing Orange County Transportation Authority Fiscal Year 2009-10 Budget.
- B. Authorize the Chief Executive Officer to execute Amendment No. 3 to Agreement No. C-6-0461 with Alta Resources to modify the terms of the agreement effective May 1, 2010, to change from a time and materials contract to a firm fixed price contract, and to increase the maximum cumulative obligation from \$6,917,366 to \$7,518,679.

**Discussion**

The Orange County Transportation Authority (OCTA) telephone Customer Information Center (CIC) assists customers with trip planning by providing travel itineraries and general information to bus riders seven days a week,

365 days a year. CIC operations are provided by Alta Resources (Alta), located in Brea, California.

Call center current hours of operation are:

|                   |                        |
|-------------------|------------------------|
| Monday – Friday   | 7:00 a.m. to 8:00 p.m. |
| Saturday – Sunday | 7:00 a.m. to 7:00 p.m. |
| Holidays          | 8:00 a.m. to 5:00 p.m. |

Over the past year, call volumes have continued to surpass expectations with an increase of 26 percent in the first half of this fiscal year as compared with the same period the previous year.

For fiscal year (FY) 2008-09 the average budgeted call volume was 61,000 calls per month when budget assumptions for FY 2009-10 were developed in January 2009. It was assumed reduced levels of ridership would result in reductions in customer calls. In addition, it was assumed the 511 integrated voice response (IVR) system would be operational in the first half of the fiscal year and a minimum of 10 percent of calls would be diverted to the IVR. The 511 transit IVR, being developed by the Los Angeles County Metropolitan Transportation Authority, is currently not deployed.

Actual CIC call volume in FY 2009-10 has fluctuated between 76,000 and 84,000 calls per month. Given the magnitude of bus service changes in March 2010, call volume is expected to be heavy, resulting in a significant budget impact. The original CIC budget estimate was \$1,453,000 but given the increases, staff has reallocated \$200,000 from other communications programs to the CIC. This includes:

- Bus books are being printed twice annually versus four times per year
- Timetables are being produced and printed in-house
- On-street signage has been reduced

Budget issues were discussed with OCTA's Finance and Administration (F&A) Committee on February 17, 2010, because even with the additional \$200,000, other funding or demand management strategies are required. Several options were discussed including modifying the days and hours of service, increasing call wait times, changing "on-hold" messages, and renegotiating the contract. The F&A Committee recommended discussing operational issues with the Transit Committee. The F&A Committee also recommended returning with a request for additional funding to accommodate calls during the March 2010 bus service reduction time period. F&A also favored maintaining the CIC hours of

operation and suggested staff explore an IVR system as well as an approach where users share the costs.

***Procurement Approach***

This procurement was originally handled in accordance with the OCTA’s procedures for professional services and was awarded on a competitive basis. On September 25, 2006, the Board of Directors approved an agreement with an initial term of four and one-half years with three one-year option terms with Alta, in the amount of \$6,917,366. The agreement was originally written as a time and materials contract and provided for a fixed cost per answered call. As a result of negotiations with OCTA’s Contracts Administration and Materials Management staff, Alta has proposed to perform the CIC service on a firm fixed price basis with fixed staffing levels. Staff’s recommendation of a firm fixed monthly price of \$110,000 will require a contract amendment to allow for the firm fixed price payment provision. The amendment also would increase the contract value by \$601,313, bringing the contract maximum cumulative obligation to \$7,518,679 for the initial term.

Alta has provided OCTA with CIC services for the past eight years. Contract terms have remained fairly constant for this duration with an emphasis on serving customers, maintaining low abandonment rates, and processing calls. The current contract terms include a \$2 per call cost with no ceiling on the number of calls processed.

Alta provides CIC management staff and operators, CIC training, the telephone system, and computer hardware. OCTA provides HASTUS software and a T-1 line telephone connection.

The table below reflects the contractual terms with Alta for the initial four and one-half year term with three one-year option terms along with the costs to date and contract balance as of January 31, 2010.

| Alta Contract No. C-6-0461      |                      |
|---------------------------------|----------------------|
| Initial Contract Term 4.5 Years | 1/1/2007 - 6/30/2011 |
| Three One-Year Option Terms     | 7/1/2011 - 6/30/2014 |
| Maximum Cumulative Obligation   | \$6,917,366.00       |
| Total Contract Cost to Date     | \$5,552,752.17       |
| Contract Balance                | \$1,364,613.83       |

As of January 31, 2010, 69 percent of the initial contract term has expired and 80 percent of contract funding has been expended. At the current rate of

expenditure, the maximum cumulative obligation will be attained in the first quarter of FY 2010-11, likely in September 2010. For this reason, staff is requesting an increase to the maximum cumulative obligation based on a newly negotiated Alta proposal.

#### Alta Proposal

Staff negotiated with Alta to develop firm fixed pricing options as opposed to the existing \$2 per call pricing. The advantages of this approach are financial/budget certainty and reduced costs. This approach also indirectly promotes the use of less expensive communications channels such as text messaging and internet. This is because there will be a fixed number of calls that can be handled through the CIC given fixed staffing levels.

The Alta proposal is included in Attachment B. Staff is recommending a firm fixed monthly price of \$110,000, with 23 call center full time equivalent (FTE) employees accommodating an average of 67,500 monthly calls or \$1,320,000 on an annual basis. The FY 2010-11 annual budget request will be \$1,345,000, which includes \$1,320,000 for CIC calls plus \$25,000 to record riders alerts and detour information, on-hold messages, and to record all incoming calls which is included in the current agreement with Alta (Attachment C). This is \$407,082 less than the projected actual costs of \$1,752,082 in FY 2010-11.

The reason for the cap on call volume is that there are other less costly options available to customers. This includes short message system (SMS) text messaging which has already grown to 45,000 text messages per month, the e-bus book, "Just Click" trip planner, and OCTA Connections (e-mail notices). The bus book and individual route maps will also continue to be offered to customers. In addition, on-hold messages would continue to promote the other alternatives to obtain information.

The F&A Committee recommended that, due to the magnitude of the March bus service reduction program, the CIC should maintain current operating approaches through April 2010. This recommendation will require additional funds, in the amount of \$98,482, for FY 2009-10. In addition, staff recommends implementation of the proposed new pricing model effective May 1, 2010, through Alta's initial term for Agreement No. C-6-0461, which ends June 30, 2011.

#### Fiscal Impact

The additional funding required for Amendment No. 3 to Agreement C-6-0641 can be accommodated in OCTA's Approved Fiscal Year 2009-10 Budget,

Account 1835-7519-D4601-1E4, and is funded through the Orange County Transit District Fund. Funding for the period of July 1, 2010 to June 30, 2011, will be requested in the OCTA Fiscal Year 2010-11 Budget.

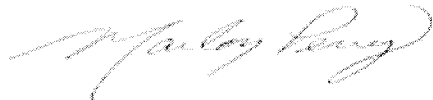
**Summary**

Staff is requesting the approval of recommendations to add funding to the External Affairs FY 2009-10 budget and amend the Alta contract. Alta's performance continues to meet or exceed contractual standards and the firm has submitted a viable proposal for call center operations. OCTA staff will continue to monitor call center performance, monthly call volumes, and will provide an update to the Board in six months.

**Attachments**

- A. Alta Resources Agreement No. C-6-0461 Fact Sheet
- B. OCTA & Alta Resources: Firm Fixed Pricing Proposal, February 19, 2010
- C. Customer Information Center Updated Assumptions – As of February 28, 2010

**Prepared by:**




Marlon Perry  
Manager, Customer Relations  
(714) 560-5566

**Approved by:**



Ellen S. Burton  
Executive Director, External Affairs  
(714) 560-5923



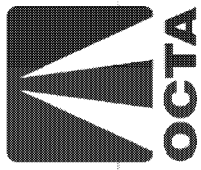
Virginia Abadessa  
Director, Contracts Administration and  
Materials Management  
714-560-5623

## ATTACHMENT A

### **Alta Resources Agreement No. C-6-0461 Fact Sheet**

1. September 25, 2006, Agreement No. C-6-0461, \$6,917,366, approved by Board of Directors.
  - To provide customer information call center, pass sales and reduced fare identification services.
  - The initial term is effective through June 30, 2011.
2. May 15, 2008, Amendment No. 1 to Agreement No. C-6-0461, \$0, approved by Contracts Administration and Materials Management.
  - Amendment to revise the scope of work to record 100 percent of incoming calls during all hours of operation, seven days per week.
3. August 19, 2009, Amendment No. 2 to Agreement No. C-6-0461, \$0, approved by Board of Directors.
  - Amendment to revise scope of work to include a twelve-month pilot study modifying performance standards relative to average speed of answer and to delete pass sales and reduced fare identification services.
4. March 22, 2010, Amendment No. 3 to Agreement No. C-6-0461, \$601,313, pending approval by Board of Directors.
  - Amendment to modify the terms from a time and materials contract to a firm fixed price contract and increase the maximum cumulative obligation from \$6,917,366 to \$7,518,679.

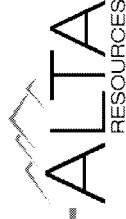
Total committed to Alta Resources, Agreement No. C-6-0461: \$7,518,679.



**OCTA & Alta Resources:  
Firm Fixed Pricing Proposal**

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February 19, 2010



# Firm Fixed Pricing Proposal Overview

| Fixed Monthly Rate   | Annual Budget | Price Per Call Equivalent | Maximum Calls Handled Per Month | FTEs Staffed |
|--|---------------|---------------------------|---------------------------------|--------------|
| \$100,000  | \$1,200,000   | \$1.69                    | 59,000                          | 21           |
| \$110,000  | \$1,320,000   | \$1.63                    | 67,500                          | 23           |
| \$120,000  | \$1,440,000   | \$1.59                    | 75,500                          | 25           |
| \$140,000  | \$1,680,000   | \$1.50                    | 86,500                          | 29           |
| <i>Pricing estimate is valid May 1, 2010 through June 30, 2011 (14 months)</i> |               |                           |                                 |              |

- Alta Resources cannot be held responsible for any service level agreements around call handling as Alta does not control the number of incoming calls.
- Alta Resources cannot be held responsible for any complaints that are related to the speed of answer for the calls.
- For any month when the handled call volume falls under 53,000 calls, OCTA will be billed at \$1.90/call in lieu of the fixed monthly rate. This protects OCTA in the event the call volume drops extremely low in that OCTA would be paying a fair price per call for the associated volume. With the very low volume, \$1.90 is the minimum Alta will need to charge to cover the fixed expenses for the program.



**ATTACHMENT C**

**Customer Information Center  
Updated Assumptions - As of February 28, 2010**

| Updated Assumptions for Fiscal Year 2009-10         |                            |                     |
|---|----------------------------|---------------------|
| Fiscal Year 2009-10                                 | Actual Calls               | Cost*               |
| July  | 81,296                     | \$ 163,981          |
| August  | 82,912                     | \$ 166,550          |
| September   | 83,366                     | \$ 167,418          |
| October   | 78,613                     | \$ 157,992          |
| November  | 78,648                     | \$ 158,113          |
| December  | 81,037                     | \$ 162,726          |
| January   | 76,835                     | \$ 154,375          |
|   | <b>Projected<br/>Calls</b> | <b>Cost**</b>       |
| February  | 57,000                     | \$ 115,000          |
| March   | 71,942                     | \$ 144,584          |
| April   | 69,621                     | \$ 139,943          |
| May   | 67,500                     | \$ 110,000          |
| June  | 67,500                     | \$ 110,000          |
|   | Other expenses             | \$ 1,400            |
| <b>Total Projected Actual Fiscal Year 2009-2010</b> |                            | <b>\$ 1,752,082</b> |

\* Includes \$2.00 per call + other expenses such as recordings, detour alerts, special projects, etc.

\*\* Includes \$2.00 per call February through April and firm fixed price of \$110,000 per month for May and June 2010, March/April call volume assumes 14% growth over February.

**Fiscal Year 2009-10 Funds Required:**

|                                      |              |
|--------------------------------------|--------------|
| Projected Actual Fiscal Year 2009-10 | \$ 1,752,082 |
| Fiscal Year 2009-10 Budget           | \$ 1,653,600 |
| Additional Funds Required            | \$ 98,482    |

**Contract Initial Term Requirements**

| Fiscal Year 2010-11                         | Calls          | Cost                |
|---|----------------|---------------------|
| July  | 67,500         | \$ 110,000          |
| August                                      | 67,500         | \$ 110,000          |
| September                                   | 67,500         | \$ 110,000          |
| October                                     | 67,500         | \$ 110,000          |
| November                                    | 67,500         | \$ 110,000          |
| December                                    | 67,500         | \$ 110,000          |
| January                                     | 67,500         | \$ 110,000          |
| February                                    | 67,500         | \$ 110,000          |
| March                                       | 67,500         | \$ 110,000          |
| April                                       | 67,500         | \$ 110,000          |
| May   | 67,500         | \$ 110,000          |
| June  | 67,500         | \$ 110,000          |
|   | Other expenses | \$ 25,000           |
| <b>Budget Request Fiscal Year 2010-2011</b> |                | <b>\$ 1,345,000</b> |

| CIC Contract Financial Overview                          |                     |
|--|---------------------|
| Original Maximum Obligation January 2007 - June 2011     | \$ 6,917,366        |
| Estimated Expended End of June 30, 2010                  | \$ 6,173,679        |
| Projected July 1, 2010 - June 30, 2010                   | \$ 1,345,000        |
| <b>Revised Maximum Obligation January 2007-June 2011</b> | <b>\$ 7,518,679</b> |