

# **Toll Division Customer Service Center Procurement Quarterly Report**

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**FY 2015 Quarter 4**

**April – June 2015**

## **Summary**

This report is for the period April - June 2015 and addresses requirements in Section 209 (11) of Chapter 222, Laws of 2014 (ESSB 6001) regarding the anticipation of, and preparation for, the procurement of a new Washington State Department of Transportation Toll Division Customer Service Center (CSC). This report addresses the overall progress toward procurement of the new CSC, the development of a request for proposal (RFP), and the Toll Division's effort to mitigate risk to the state.

Based on industry trends and advancements, the Toll Division must anticipate the replacement of the existing CSC system. The replacement will require: 1) a procurement scope and the determination of what will be procured, 2) solicitation through an open bid, 3) contracting with the new vendor, and 4) transitioning to the new vendor. These current efforts will include ongoing strategic planning to determine what to procure and the beginning stages of RFP development. The Toll Division will continue development of the RFP documents into FY 2016 and place attention on completion of detailed RFP requirements and the preliminary budget for the project.

## **Overall Progress**

As the Toll Division projects future demands with currently authorized toll facilities and anticipated new toll facilities under the Connecting Washington program as well as to meet customer service expectations, the team has recognized the 'state of the art' in the industry and is reviewing the types of CSC projects coming online across the country. These projects will influence the scope of services the Toll Division will consider in the RFP. These services are comprised of two components; the back office system, which supports back office operations such as transaction processing, revenue tracking and accounting; and customer relationship management and the operator who provides the services.

The Toll Division held several workshops with stakeholders who presently use the CSC system and who oversee CSC operations on a daily basis, to garner information on functions that are productive, functions that do not produce expected results, and those functions that need to be changed. In addition, the Toll Division reconvened the expert review panel to review the approach underway for the CSC RFP development. The expert review panel recommended the Toll Division visit agencies that recently procured and implemented computer back office systems, to provide the department senior managers direct knowledge of current products and programs in an ever-changing industry.

WSDOT identified (6) six peer agencies and (1) one transit agency to visit that recently procured or were in the process of procuring CSC systems. WSDOT assembled a team of four key stakeholders [Information Technology Director, Accounting & Financial Services Director, Director of Toll Operations, and Toll Division Assistant Secretary] to visit the peer agencies. The stakeholder team accomplished the informational visits through two 4-day trips during June and July 2015. Several peer locations illustrated options for combining procurement strategies, and other locations were systems similar to the responses presented in the Toll Division Request for Information (RFI). The peer agency meetings were held with the Orange County Transportation Authority, the Bay Area Toll Authority, the Illinois State Toll Highway Authority, the Chicago Transit Authority, New Hampshire Bureau of Turnpikes, TransUrban in Virginia, and the Florida Turnpike Enterprise. Key lessons learned and insights were garnered from these authorities, which recently contracted for toll and transit back office services from the industry.

## **Request for Proposal Strategic Plan and Development**

The Toll Division continues progress to develop a strategic plan for the RFP outlining and evaluating the various CSC procurement alternatives and business model. The strategic plan will contain options that consider the public benefits, challenges, risks and costs of the RFP, and the option of incorporating Washington State Ferries ticketing into the procurement process achieving a single transportation account. The RFP will include a final recommendation on the preferred procurement business model, based on the analysis of the preferred scope, schedule and budget. The deliverables supporting the RFP will include the workshop materials and outcome reports, toll industry review, procurement method research and recommendations, Expert Review Panel review and considerations, and the final strategic plan.

## **Mitigation Measures**

The Toll Division has taken steps to mitigate risk to the department. The contract with Electronic Transaction Consultants Corporation (ETCC), the Toll Division's CSC vendor was extended through June 2016, and includes an additional option for a second two-year extension to June 2018. The contractual CSC options provide the Toll Division and the public tolling stability, as the Toll Division completes the RFP and secures a vendor by the 2018 goal.

Procurement of the new CSC will mitigate long-term performance risks for the eventual replacement of the CSC system, accomplishing system upgrades as additional facilities are incorporated.

The Toll Division actively manages contingency planning to preserve the existing system in the event of unexpected changes in the vendor services delivery, and with operational considerations and best practices developing the RFP.

## **Next Steps**

In FY 2016 Q1, the Toll Division will compile information gathered to date and finalize project management plans and schedule. Based upon the decisions made in FY 2016 Q1, Toll Division will further progress of the RFP and will concentrate on the areas of: CSC system functionality; contract types and procurement strategies; costs and funding sources; integration with the WSF ticketing system, and the alternative of integration with the Department of Licensing.