

MTA Finance Committee Procurement Consolidation Update

June 18, 2018

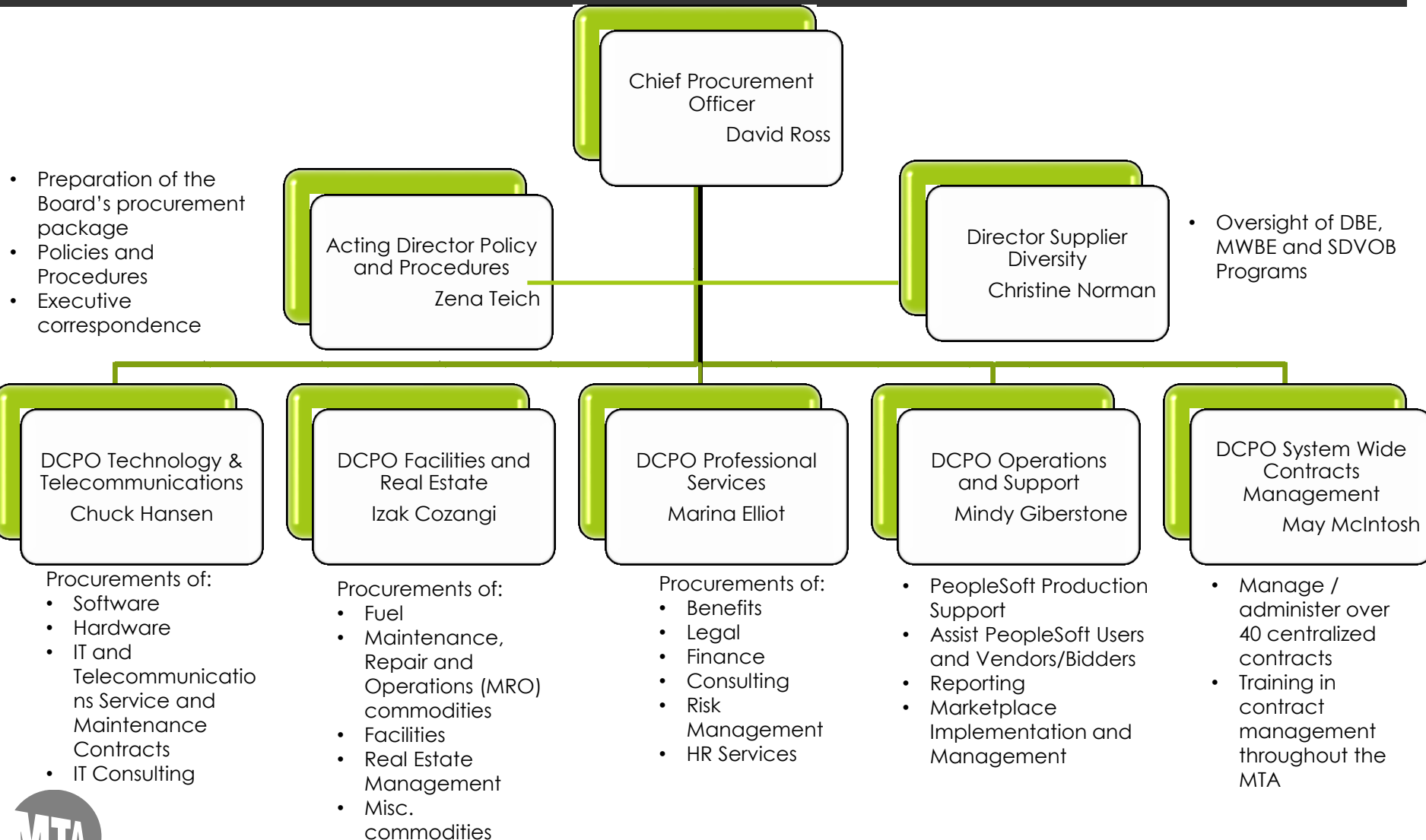
David N. Ross
Chief Procurement Officer



2017 Highlights

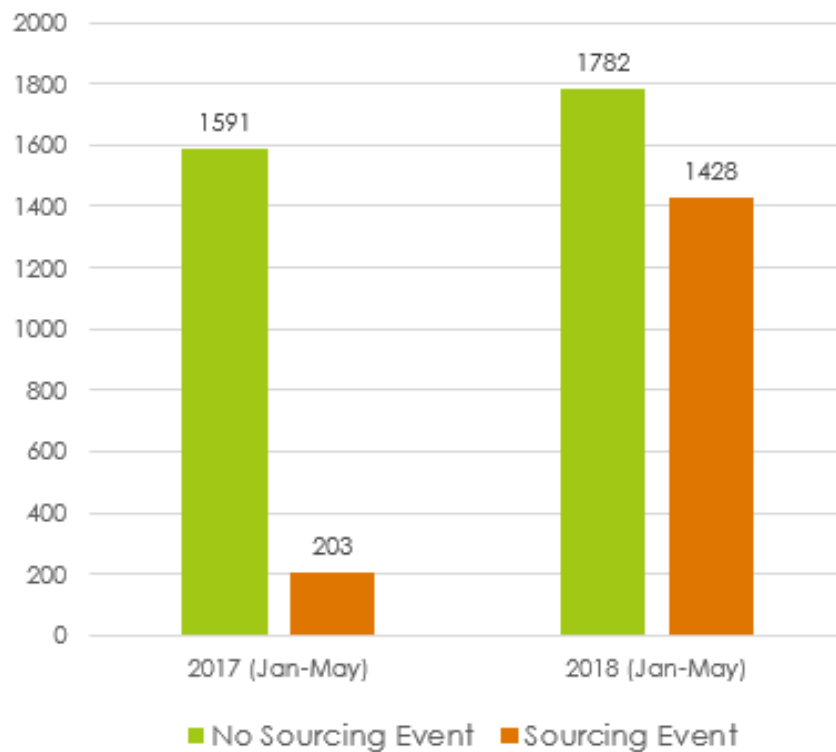
- Moved and integrated 39 NYCT Non-Core Staff and Open Positions to HQ
- NYCT is the last agency
- Assigned All Non-Core Procurements to HQ
- MTA Marketplace
 - Implemented
 - Office Supplies – Staples Advantage (12/16)
 - MRO – Grainger (11/17)
 - IT Hardware, Software and Peripherals – CDW (5/18)
 - IT Hardware, Software and Peripherals – Dell (Q3 2018 Est.)

Procurement Organization

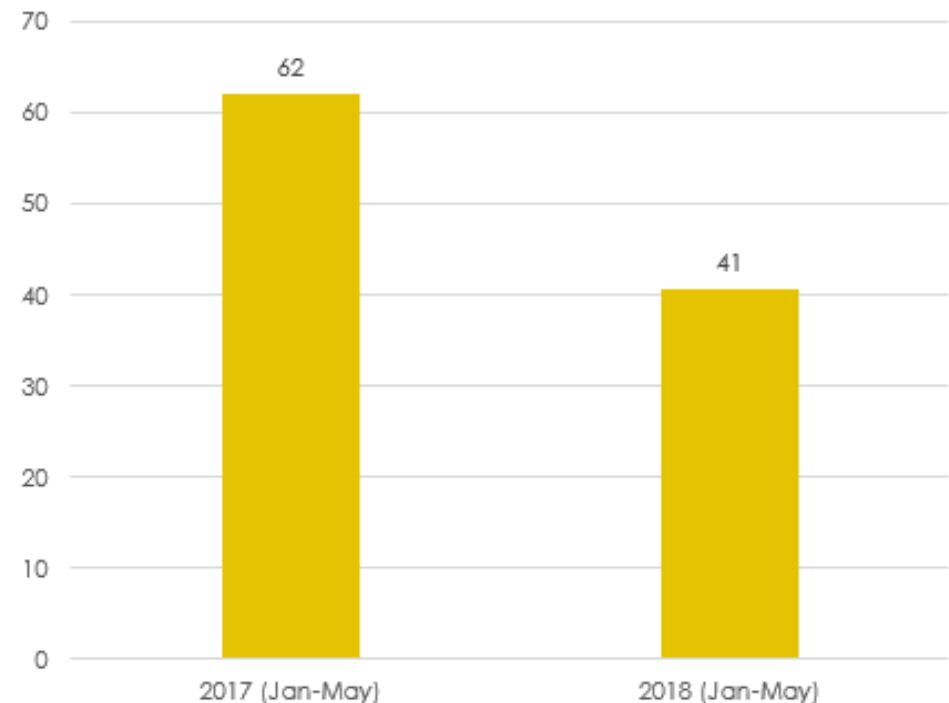


Order Throughput and Velocity

Purchase Orders Created

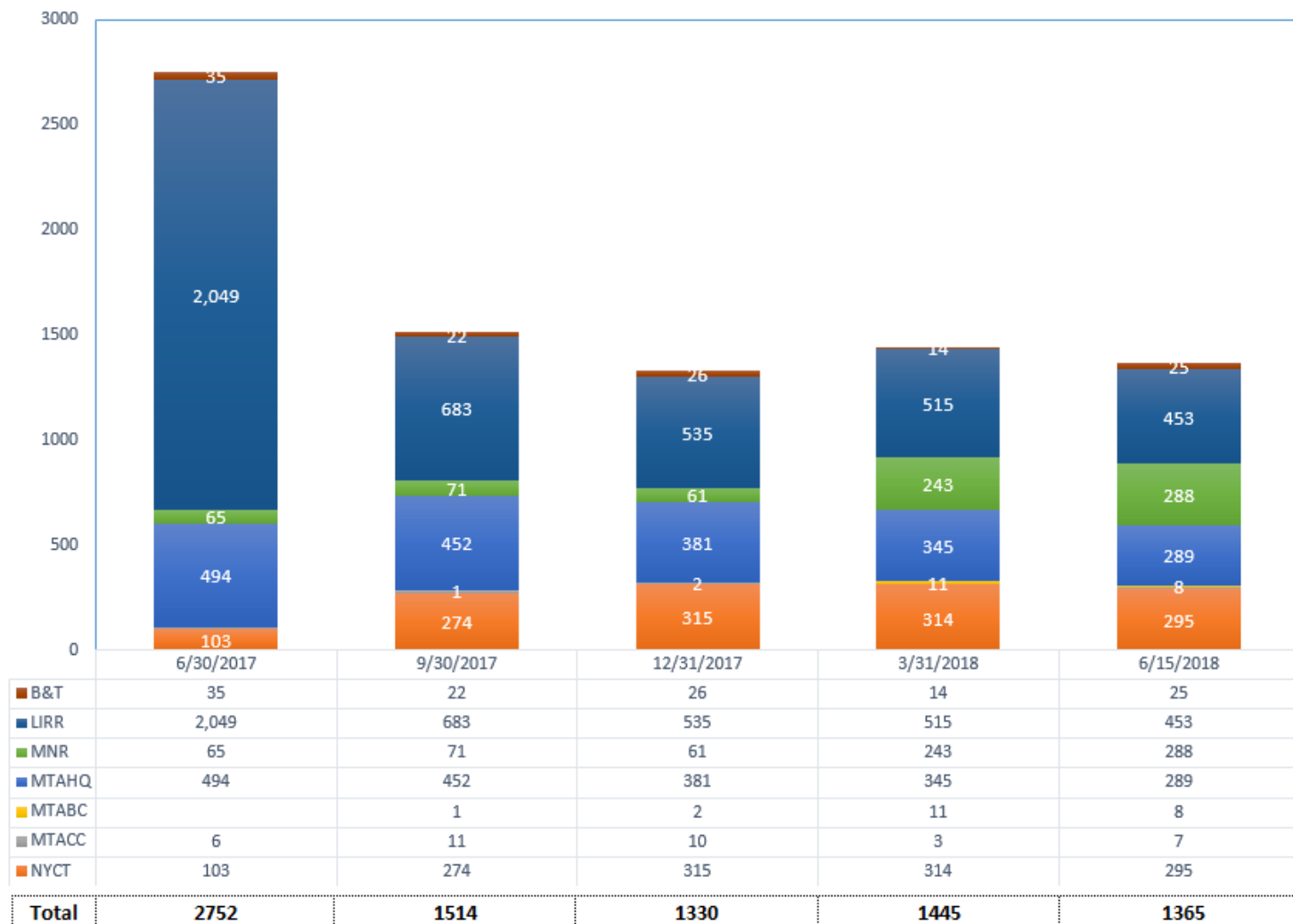


Days to Process
(REQ Approval-PO Approval)



Open Requisitions

■ Periods Ended June 2017 through June 15, 2018



MTA Procurement Projected Savings

Select Projects Completed 2016- May 2018	Projected Contract Savings (\$M)		
	2017	2018*	Total**
NYCTA Medical Health Benefits Program RFP	\$40.88	\$43.28	\$231.27
IT Consulting Services RFP	\$10.85	\$13.56	\$78.43
IT Hardware RFP	\$6.65	\$4.63	\$37.43
Dental Benefits Contract Extension Negotiations	\$6.00	\$6.00	\$18.00
Wireless Services RFP	\$4.51	\$4.96	\$20.57
Security Services RFP	\$1.79	\$2.43	\$12.46
STD/LTD/Life Insurance Benefits RFP	\$2.07	\$2.07	\$10.35
Enterprise Agreement for ESRI Software	\$0.20	\$1.25	\$6.00
Property Management Services RFP	\$0.69	\$0.70	\$5.76
Office Supplies RFP	\$0.95	\$1.08	\$5.42
Enterprise Agreement for TOAD Software	\$0.86	\$0.86	\$4.32
Fleet - Vehicle Maintenance Services	\$0.59	\$0.59	\$2.94
Fuel RFP	\$0.10	\$0.31	\$1.50
Investment Portfolio Manager RFP		\$0.26	\$1.33
All-Agency Employee Perception Safety Survey RFP		\$0.07	\$0.34
Real Estate Tenant Management & Accounting RFP		\$0.13	\$0.80
Mentoring & Construction Management for SBDP RFP		\$2.16	\$7.79
OCIP Broker for the Capital Program & Sandy Projects RFP		\$0.14	\$0.98
Pension PeopleSoft Phase II Implementation IV&V RFP		\$0.16	\$0.51
Total	\$76.14	\$84.64	\$446.19

* Some 2018 savings are carry over savings for the term of the contract

** Total is for all contract years, not just 2017-18



Procurement Efficiency Initiatives

❑ Auto - Dispatch

- ❑ Purchase orders automatically dispatch to vendors – *No buyer action may be required.*
- ❑ Used at all agencies.

❑ Auto - Sourcing

- ❑ Specified item(s) are related to a contract (including price and delivery turnaround) so requisitions are automatically sourced to a PO off the contract -- *No action is required.*
- ❑ Suited to inventory purchases or repetitive buys.
- ❑ Implemented at NYCTA and MTA Bus.

Procurement Efficiency Initiatives (cont.)

☐ **Blanket Purchase Orders**

- ☐ The full amount of contracts (or contract balances) are awarded to purchase orders.
- ☐ Replaces monthly requisitions to render payment.
- ☐ Receipts and invoices are then sufficient to render payment for work.
- ☐ Used at all agencies.

☐ **Contract Release**

- ☐ Procurement solicits and builds a contract and a PO template that project managers can use to generate individual releases.
- ☐ Replaces monthly requisitions to render payment.
- ☐ Implemented at MNR and LIRR.

Key Contracts Awarded

Information
Technology

- Ultra Wide Band/ Communications Based Train Control (CBTC)
 - (6 Vendors/\$20.5M/1.5 yrs)
 - To Improve NYC Transit Subway Signal System
 - Pilot Program –
 - Phases I – Ultra Wide Band
 - Times Square Shuttle
 - 7th Ave. to 4th Ave.
 - Phase II – Ultra Wide Band/CBTC
 - Culver Test Track(Church Ave. to 4th Ave. / 13,000 feet)
 - 8 Contracts Awarded
- MTA's Governance, Risk and Compliance System (\$4.8M/4 yrs)
 - Identify internal control weaknesses, monitor implementation of corrective actions and assesses adequacy of internal controls

Key Contracts Awarded

Information
Technology

- IT Service Desk, Asset and License Management (6 vendors/\$3.6M/3 yrs)
 - Improve IT Help Incident & Request and Asset Management
 - A cloud-based software as a service (SaaS) solution to control and manage the MTA IT's hardware, software and communication assets.
- Software License Optimization (\$235K/3 mos)
 - Initial step in review of software and license usage by all MTA agencies
- Beacon Countdown Clocks (3 vendors/\$4.5M/3 yrs)
 - Governor Cuomo's initiative to provide MTA riders with real-time count down subway train arrival information.
 - The eventual deployment of clocks using the latest technology will save over \$250 million vis-à-vis the cost estimates that were originally based on the previous technology.



Key Contracts Awarded

Facilities and
Real Estate

- Fuel (\$225M/3yrs + two 1-yr options)
 - Gasoline, Kerosene, Diesel (except bus fuel), Ethanol and Heating Fuel
 - Unique fuel requirements
 - Covers multiple Agencies and multiple departments
 - Savings differential achieved by leveraging fuel volumes across all Agencies
 - Administrative consolidation
 - Contracts (12 prior contracts became 2)
 - Transaction efficiencies

Key Contracts Awarded

Professional
Services

- Advertising and Data Management Platform (\$2.9M/5 yrs)
 - Expand MTA's digital media program and improve aesthetics
 - Digital screen network to increase advertising revenue
 - A network for information distribution to customers
- Master Brokerage Services (8.6M/5 yrs)
 - A variety of specialty and other insurance programs, forensic accounting and advisory services
 - New shared commission structure for property reinsurance that can generate revenue of up to \$1.5M in commissions



What's Next?

Information
Technology

- Communication & Internet Services
 - Internet, Telephone and Cable
 - 4 utility providers and various agreements
- Microsoft Enterprise Agreement
 - Consolidate licenses across all agencies
 - Change in our business model of deploying MS Suite
- Intranet Redesign
 - Standardize intranet infrastructure and processes
 - Improve user experience
- Telecommuting Software
 - Test workstation & conference room reservation/telecommuting software

What's Next?

Facilities and
Real Estate

- Maintenance, Repair and Operations (MRO)
 - 14 categories of items
 - About \$25 million in annual spending
 - 1st time combining across all agencies
- Uniforms
 - 1st time combining across all agencies
- Installation and Maintenance of Fire Alarms
 - 1st time combining across all agencies

What's Next?

Professional
Services

■ Support Fleet Maintenance Services

- Consolidate and provide for support fleet needs through a network of service providers

■ Benefits Optimization

- Coordinate and Leverage the MTA's buying power through consolidated RFPs and all-agency contracts
- Currently multiple contracts with limited consolidation in various subcategories

■ Electricity procurement

- RFP to create opportunity to competitively procure electricity that is currently provided without competition

■ Human Resources Services

- Consolidate agencies' needs for temporary medical staffing, recruitment
- Currently multiple contracts with different agencies



What's Next?

Professional Services

- Environmental Compliance Services
 - Combine operating agencies' environmental regulatory, environmental system safety consulting and testing services
 - Currently multiple contracts and scopes with different agencies
- Printing Services
 - Combine all agencies' printing services requirements
- Management Consulting
 - Provide vendor pool of varied services for all agencies to utilize with the best possible rates

What's Next?

System-Wide Contracts Management

- Contracts Management Training
 - 4 sessions in 2018 through May 31
 - 75 trained
 - 5 more classes planned for 2018
 - 1st time open to all agencies
- Expand System-Side Contract Management oversight responsibilities to include the following:
 - Uniforms
 - Safety Footwear
 - Water