MTA Headquarters Procurements

Lisette Camilo, Chief Administrative Officer/Interim Chief Procurement Officer

Metropolitan Transportation Authority

PROCUREMENTS

The Procurement Agenda this month includes 4 actions for a proposed estimated expenditure of $295.6M.

Subject	Request for Authorization to Award Various Procurements					October 26, 2025				
Department	MTA Procurement					**Department**				
Department Head Name	Lisette Camilo					**Department Head Name**				
Department Head Signature	Lisette Camilo					**Department Head Signature**				
Project Manager Name	Rose Davis					**Internal Approvals**				
Board Action										
Order	**To**	**Date**	**Approval**	**Info**	**Other**		**Approval**		**Approval**	
1	Committee	10/27/25					CAO			
2	Board	10/29/25					Legal			
							CFO			

Internal Approvals (cont.)

Order	Approval	Order	Approval	Order	Approval	Order	Approval

PURPOSE

To obtain approval of the Board to award various contracts and purchase orders, and to inform the MTA Headquarters Committee of these procurement actions.

DISCUSSION

MTA Headquarters proposes to award Noncompetitive procurements in the following categories:

Schedules Requiring Majority Vote:		# of Actions	$ Amount
Schedule G:	Miscellaneous Service Contracts	1	$ 85.7M
	SUBTOTAL	1	$ 85.7M

MTA Headquarters proposes to award Competitive procurements in the following categories:

Schedules Requiring Majority Vote:		# of Actions	$ Amount
Schedule F:	Personal Service Contracts	3	$ 209.9 M
	SUBTOTAL	3	$ 209.9 M

MTA Headquarters proposes to award Ratifications in the following categories: None

	TOTAL	4	$ 295.6 M

COMPETITIVE BIDDING REQUIREMENTS: The procurement actions in Schedules A, B, C, and D are subject to the competitive bidding requirements of PAL 1209 or 1265-a relating to contracts for the purchase of goods or public work. Procurement actions in the remaining Schedules are not subject to these requirements.

BUDGET IMPACT: The purchases/contracts will result in obligating funds in the amounts listed. Funds are available in the current operating/capital budgets for this purpose.

RECOMMENDATION: That the purchases/contracts be approved as proposed. (Items are included in the resolution of approval at the beginning of the Procurement Section.)

BOARD RESOLUTION

WHEREAS, in accordance with Sections 1265-a and 1209 of the Public Authorities Law and the All-Agency General Contract Procurement Guidelines, the Board authorizes the award of certain noncompetitive purchase and public work contracts, and the solicitation and award of requests for proposals regarding purchase and public work contracts; and

WHEREAS, in accordance with the All-Agency Service Contract Procurement Guidelines and General Contract Procurement Guidelines the Board authorizes the award of certain noncompetitive miscellaneous service and miscellaneous procurement contracts, certain change orders to purchase, public work, and miscellaneous service and miscellaneous procurement contracts, and

WHEREAS, in accordance with Section 2879 of the Public Authorities Law and the All-Agency Service Contract Procurement Guidelines, the Board authorizes the award of certain service contracts and certain change orders to service contracts.

NOW, the Board resolves as follows:

1. As to each purchase and public work contract set forth in annexed Schedule A, the Board declares competitive bidding to be impractical or inappropriate for the reasons specified therein and authorizes the execution of each such contract.

2. As to each request for proposals (for purchase and public work contracts) set forth in Schedule B for which authorization to solicit proposals is requested, for the reasons specified therein, the Board declares competitive bidding to be impractical or inappropriate, declares it is in the public interest to solicit competitive request for proposals, and authorizes the solicitation of such proposals.

3. As to each request for proposals (for purchase and public work contracts) set forth in Schedule C for which a recommendation is made to award the contract, the Board authorizes the execution of said contract.

4. As to each action set forth in Schedule D, the Board declares competitive bidding impractical or inappropriate for the reasons specified therein and ratifies each action for which ratification is requested.

5. The Board authorizes the execution of each of the following for which Board authorization is required: (i) the miscellaneous procurement contracts set forth in Schedule E; (ii) the personal service contracts set forth in Schedule F; (iii) the miscellaneous service contracts set forth in Schedule G; (iv) the modifications to personal/miscellaneous service contracts set forth in Schedule H; (v) the contract modifications to purchase and public work contracts set forth in Schedule I; and (vi) the modifications to miscellaneous procurement contracts set forth in Schedule J.

6. The Board ratifies each action taken set forth in Schedule K for which ratification is requested.

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LIST OF NONCOMPETITIVE PROCUREMENTS FOR BOARD APPROVAL

Procurements Requiring Majority Vote:

G. Miscellaneous Service Contracts

(Staff Summaries required for items estimated to be greater than $1,000,000.)

1. **Kyndryl Inc.** **$85,725,828** ***Staff Summary Attached***
   4½ years + two 1-year renewal Options
   Contract # 900000000005028

   Contract award for (1) zCloud Implementation and Data Center Maintenance and Managed Services, and (2) continuance of maintenance and managed support for a number of MTA data center operating environments that house critical applications.

Item Number: 1

Vendor Name (Location) Kyndryl, Inc. (New York, New York)	**Contract Number** 900000000005028 — **Renewal?** ☒ Yes ☐ No
Description zCloud Implementation and Data Center Maintenance and Managed Services	**Total Estimated Amount:** $85,725,828 (estimated)
Contract Term (including Options, if any): 4.5 Years + two 1-year Options	
Option(s) included in Total Amount? ☒ Yes ☐ No ☐ n/a	**Funding Source** ☒ Operating ☐ Capital ☐ Federal ☐ Other:
Procurement Type ☐ Competitive ☒ Noncompetitive	**Requesting Department:** MTA IT
Solicitation Type ☐ RFP ☐ Bid ☒ Other: Immediate Operating Need	

Background:

MTA Headquarters is seeking Board approval to award a noncompetitive miscellaneous service contract to Kyndryl Inc. ("Kyndryl") in an estimated amount of $85,725,828 to upgrade MTA's mainframe environment to Kyndryl's zCloud platform and to continue maintenance and managed support for a number of MTA data center operating environments that house critical applications. An Immediate Operating Need ("ION") was issued for the upgrade and migration to Kyndryl's zCloud platform. This new contract is for 4½ years (September 2025–February 2030), reserving two, 1-year renewal options (March 2030–February 2032). The Board is also requested to authorize the MTA Deputy Chief Procurement Officer to approve the exercise of the two 1-year options, pending availability of funding.

Since 2010, IBM (awarded via a competitive RFP process), and later Kyndryl, following its 2021 spin-off from IBM, has provided ongoing support for several of MTA's data center environments: Mainframe, PeopleSoft, and iSeries (AS400) platforms, which host multiple essential applications necessary to operate a broad range of critical functions across all the agencies within the MTA.

zCloud

MTA's mainframe infrastructure is reaching the end of its useful life, and timely migration to Kyndryl's zCloud platform is now crucial in order to maintain functionality of critical systems and ensure compliance with MTA's operational standards and cybersecurity requirements. An ION, approved in September 2025 by the MTA Deputy CTO, Infrastructure and Operations and the acting MTA Chief Procurement Officer, authorized urgent procurement actions to address the critical need to begin the migration of MTA's applications from obsolete mainframe equipment into Kyndryl's new zCloud platform as soon as possible. The value of the ION is $1.1 million and is included in the total estimated contract amount. The development and implementation services to migrate the following applications from on-premises mainframe to the new zCloud will occur over a six-month period (September 2025–February 2026):

- TALON: Manages NYC Transit's supply chain and material logistics functions
- Metro-North Crew Management System: Handles all day-to-day crew scheduling, payroll verification, and reporting for train and engine personnel
- Capital Projects Information Control System ("CPICS"): Validates employee job charges and forwards force account charges for capital reimbursement
- Automated Fare Collection: Manages the front and back-office systems for MetroCard fare collection, debit/credit processing, refunds and reporting

After the implementation of zCloud, this contract will have Kyndryl continue to provide full managed services of MTA's data center operations over a four-year term (March 2026–February 2030).

Peoplesoft Environment

PeopleSoft applications for payroll, finance, and HR, serving over 75,000 employees and retirees.

iSeries (IBM's midrange computing platform)

NYC Transit's Automatic Timekeeping System that manages payroll for approximately 20,000 hourly and supervisory employees.

Basis for Noncompetitive Award

In August 2025, a noncompetitive public advertisement was posted in the *NYS Contract Reporter*, the *Daily News*, and on the MTA website, citing the MTA's intention to award this contract to Kyndryl for a solution to upgrade its on-premise mainframe to Kyndryl's zCloud, maintenance, and managed services of three environments: (1) zCloud (2) Peoplesoft, and (3) IBM iSeries. No vendors responded resulting from this advertisement.

This new contract enables the MTA to continue secure data center operations that include: the modernization of aging mainframe infrastructure by migrating critical applications to the secure and scalable zCloud platform, and ongoing managed services across all three platforms.

Kyndryl possesses a deep understanding of these three environments to help ensure error-free operations of multiple critical systems. Kyndryl has in-depth knowledge to perform proper network support services and disaster recovery services required by the MTA. To maintain continuity and performance levels, it is necessary to retain Kyndryl as the services provider to maintain and operate MTA's three data center environments.

If Kyndryl is not awarded this contract, the MTA will face serious challenges in transferring operational knowledge while managing aging, failure-prone systems. Engaging a new vendor would also introduce a steep learning curve, longer implementation timelines, and require heightened oversight to ensure service quality. In addition, onboarding a new provider would necessitate rebuilding critical support infrastructure, including network connectivity, security protocols, and PCI compliance frameworks followed by extensive testing before transitioning to live operations. MTA IT conducted an in-house estimate for the cost of purchasing on-premises hardware (in lieu of zCloud) that showed a cost of over $109 million, including the outer years for maintenance and support, which is double the cost of contracting with Kyndryl. As part of MTA's due diligence, other vendors like IBM and Ensono were evaluated. However, alternatives either lacked scale or required significant changes to existing systems. Additional discussions were also held with IT advisory firms which validated the selection of Kyndryl zCloud and implementation at other public agencies (including the NYC Office of Technology and Innovation and Hawaii's Enterprise Technology Service agencies) and confirmed zCloud's cost savings and improved efficiency.

This noncompetitive award to Kyndryl will maintain all infrastructure, systems, applications, monitor system health, capacity and performance standards and provide on-going system management, security and compliance, backup and recovery on three data center environments: zCloud, Peoplesoft and iSeries. Kyndryl's solution offers the best fit for MTA's needs, balancing speed, cost-efficiency, and operational reliability, which are critical to MTA operations. Pursuing a new competitive solicitation at this time would significantly increase the risk of service disruption by extending reliance on obsolete equipment.

Cost Discussions and Negotiations

Kyndryl's pricing includes capacity tailored to support the baseline application workload. During this contract term, the IT Department will follow a structured roadmap to transition and decommission legacy applications off the zCloud platforms. As applications become decommissioned, a reduction in costs will result. Key milestones include decommissioning AFC sub-components (2027–2029), the TALON system (2028–2029), and CDMS in 2027. It is anticipated that these decommissions will yield an estimated $11 million reduction in costs beginning in 2026. A cost assessment for transitioning PeopleSoft applications to Oracle Cloud is planned for 2026, after which further cost reductions may result. In addition, as a usage-based solution, Kyndryl will allow the MTA to realize savings in 2026 as customers spend down outstanding MetroCard balances, and into 2027 as refund processing concludes.

The total contract value is estimated at $85.7 million, which covers the base 4½ year period totaling $56,482,528 and the two optional years totaling $29,243,300. Procurement negotiated a reduction from the initial proposal cost of $66,903,623 to $56,482,528 for the 54-month base term, or $10.4 million (a 15.6 percent decrease). Payment for the zCloud implementation costs is milestone-based to ensure performance. In accordance with the ION, a Notice to Proceed will be issued to Kyndryl to start migration to zCloud in September 2025. MTA's cost for the optional years is estimated at $29.2 million based on MTA's application decommissioning roadmap. MTA's pricing for managed services is partially consumption-based and can be scaled up or down depending on MTA capacity demand.

MTA Procurement, MTA IT Department, Cost-Price Analysis Unit, and MTA's technology advisory firms have deemed all pricing and terms to be fair and reasonable.

This contract is being evaluated to determine the appropriate scope of cybersecurity requirements, including any requirements under federal, state, and local law regulations. Any applicable cybersecurity requirements, to the extent required, will be included in the contract terms and conditions.

Kyndryl has certified that pursuant to EO 16, it is not doing business in Russia.

D/M/WBE Information

The MTA Department of Diversity and Civil Rights (DDCR) established zero percent MBE, WBE, and SDVOB goals on this contract.

Impact on Funding

The total cost of this contract is funded by the MTA IT Operating Budget.

OCTOBER 2025

LIST OF COMPETITIVE PROCUREMENTS FOR BOARD APPROVAL

Procurements Requiring Majority Vote:

F. Personal Service Contracts

(Staff Summaries required for items estimated to be greater than $1,000,000.)

1.	**Metropolitan Life Insurance (0100)**	**$200,440,000**	***Staff Summary Attached***
2.	**Dentcare Delivery Systems, Inc. (0200)**	**$2,015,000**	↓
3.	**Metropolitan Life Insurance (15525)**	**$7,400,000**	↓

Contract #s 194900-0100 / 194900-0200 / 15525
Five years + two 1-year options

Contract awards to provide dental benefits to the MTA on behalf of its affiliate agencies, comprised of some represented and non-represented employees and retirees, plus additional $7.4 million in funding for the continued provision of Preferred Provider Organization dental benefits for the remainder of year 2025.

Staff Summary

Metropolitan Transportation Authority

Item Number: 1–3			
Department, Department Head Name: Deputy Chief Benefit Admin Officer, Stephen Scholl			
Internal Approvals			
Order	**Approval**	**Order**	**Approval**
1	**Procurement**		
2	**Legal**		
3	**DDCR**		
4	**CFO**		

SUMMARY INFORMATION	
Vendor Name	**Contract No.**
Metropolitan Life Insurance Company	194900-0100 / 15525
Dentcare Delivery Systems, Inc.	194900-0200
Description: MTA All Agencies Dental Benefits Plans	
Total Amount: 194900-0100 (PPO): $200,440,000 194900-0200 (DHMO): $2,015,000 15525 (PPO): $7,400,000	
Contract Term (including Options, if any) January 1, 2026–December 31, 2030	
Option(s) included in Total Amount? ☒ Yes ☐ No ☐ N/A	
Renewal? ☒ Yes ☐ No	
Procurement Type ☒ Competitive ☐ Noncompetitive	
Solicitation Type ☒ RFP ☐ Bid ☐ Other:	
Funding Source ☒ Operating ☐ Capital ☐ Federal ☐ Other:	

Purpose

Board approval is sought to award competitively negotiated personal service contracts to Metropolitan Life Insurance Company ("MetLife") and Dentcare Delivery Systems, Inc. ("Dentcare") to provide dental benefits services to the MTA on behalf of its affiliate agencies, comprised of non-represented employees and retirees, and some represented employees and retirees that negotiated these benefits. The period of performance is five years (January 1, 2026–December 31, 2030), which includes two, 1-year options. The Board is also requested to authorize the MTA Assistant Deputy Chief Procurement Officer to approve the exercise of Options 1 and 2. Board approval is also sought to add additional $7.4 million in funding to contract 15525 for the continued provision of Preferred Provider Organization ("PPO") dental benefits for the remainder of year 2025. This funding will be added to the original competitively negotiated personal service contract with MetLife. The 2025 estimates were adjusted upward in order to reflect an increase in enrollment particularly for the PPO Managerial Plan.

The total contract price, inclusive of options and additional funding of $7.4 million for contract 15525, is an amount not-to-exceed $209,855,000 (the PPO is valued at $200,440,000 and will be awarded to MetLife; and the Dental Health Maintenance Organization ["DHMO"] is valued at $2,015,000 and will be awarded to Dentcare), based on the projected enrollment.

Discussion

The MTA currently offers 14 different plans to a population of approximately 33,000 active employees and retirees. There are 13 PPO plans and one DHMO. With the exception of the PPO Managerial Plan for non-represented enrollees, all plans are collectively bargained. MetLife currently insures 13 PPO plans, covering 31,908 enrollees. One plan, with 1,077 enrollees, is a DHMO currently insured with Dentcare Delivery Systems, Inc. MTA project management has found the performance of both providers satisfactory. To award a successor contract, a replacement Request for Proposal ("RFP") was issued where MTA's goal was to have providers match the required plan designs, provide a best-in-class dental benefit service vendor that would deliver optimal member experience, empower members to make ideal dental choices, and improve the overall health of the covered population of the MTA. The MTA subsidizes the full cost of the dental plans for its employees, retirees, and their eligible dependents. Participants are responsible only for the payment of applicable deductibles, copayments, non-participating provider charges, and for any services that are not covered by the insurance program.

A two-step RFP was publicly advertised, and letters advising potential proposers of its availability were issued to eight firms. Step 1, the initial prequalification, was undertaken to identify firms eligible to meet the MTA's minimum requirements for a contract award of dental benefits in both, or either, fully insured and/or self-insured plans. At its conclusion, proposals were received from five firms: Cigna Health and Life Insurance Company; Delta Dental of New York, Inc.; EmblemHealth Plan, Inc. ("Emblem"); Dentcare Delivery Systems, Inc. ("Dentcare"); and Metropolitan Life Insurance Company ("MetLife"). All proposers were notified of their prequalification and subsequently received the detailed RFP package in Step 2.

The prequalification requirements for the plans included (1) certifications and licenses required to underwrite or administer the dental plans; (2) currently offering dental PPO and/or DHMO plans with a minimum of five employer groups, each with 20,000 or more eligible employees and retirees, and overall current plan membership of over one million participants; and (3) maintain a national network of providers, with a robust network in the following areas: Tri-state area (New York, New Jersey, and Connecticut), Pennsylvania, Florida, and North and South Carolina.

The pre-qualified firms were then asked to submit proposals for Step 2 of the RFP, which allowed proposals for both fully and self-insured options for PPO and fully insured for DHMO plans. Three proposals were received for the PPO plans: Dentcare, Emblem, and MetLife proposed for the fully insured PPO plans; Emblem and MetLife proposed for the self-insured PPO option. Dentcare did not submit for the self-insured option. For the DHMO plan, only one proposal was received from Dentcare.

The evaluation criteria for Step 2 were (1) cost to the MTA based on proposer's submission and discount analysis; (2) ability to replicate the requested plan designs; (3) network access and provider disruption; (4) resources including portal capabilities, account team, call center, and relevant experience; (5) responsiveness to the RFP, and the Proposer's demonstration of a clear understanding of the objectives and constraints of the undertaking as described by the RFP documents; and (6) Proposer's diversity practices.

The MTA engaged Mercer Health & Benefits LLC ("Mercer"), a benefits consulting firm, to assist with the RFP process. Mercer played a key role in the preparation of solicitation documents, performing financial modeling and pricing analyses, and delivering additional support services. A Selection Committee ("SC") was convened with representatives from Labor Relations and Benefits, and Human Resources. Based on the technical evaluation criteria, the SC recommended that all Step 2 proposers move forward in the RFP process. The Proposers were invited to give oral presentations, proceed with negotiations, and subsequently submit their best and final offers ("BAFOs"). During the RFP process, MTA reevaluated the consolidated Managerial Plan for the non-represented population and created an additional 15th plan design that more closely aligns with dental benefits benchmarks for New York City metropolitan employer plans and governmental agencies. All proposers provided revised cost proposals in accordance with the adjusted plan design requirements.

Following negotiations and BAFO reviews, the SC recommended that fully insured PPO plans be awarded to MetLife and the DHMO plan be awarded to Dentcare. MetLife submitted the highest-ranked proposal for the PPO plan with all evaluation criteria taken into consideration and therefore determined to offer the best value for the MTA. The recommended firms' proposals met geographic coverage, matched plan designs as required by MTA, had high member access, and limited member disruption. Both MetLife and Dentcare are incumbent suppliers, so no additional MTA resources will be needed to implement the plans.

The cost estimates were developed by Mercer. For the fully insured proposals, Mercer used the latest enrollment numbers as of June 2025 by plan and rates provided by each vendor to develop costs. For the self-insured proposal, Mercer used the latest enrollment numbers as of June 2025 by plan, historical claim experience, vendor administration fees, and expected network discounts to develop costs.

<u>Contract 194900-0100</u>
MetLife's five-year fully insured PPO BAFO cost is projected to be $200,440,000. The fully insured PPO option was selected because the projected total cost from all proposers was between 5.3 percent and 8.2 percent lower when compared to the self-insured program cost estimate. MetLife's initial cost proposal in the amount of $219,440,000 was negotiated to $200,440,000 resulting in cost savings of $19,000,000 over the term of the contract. The negotiated savings include $3,900,000 over five years that is attributed to the consolidated Managerial Plan design adjustments. In addition, under the PPO contract, MTA would receive a dividend payment equal to 50 percent of any surplus created if incurred claims are less than 87 percent of earned premium for that plan year. If the MTA's incurred claims are 87 percent of earned premium or higher, no dividend would be payable. Although MetLife's BAFO is 5.6 percent higher than the lowest cost proposer, it was determined to offer the best value to MTA due to significant member disruption and much smaller network of dentists offered by the lower cost option.

The new award will provide budgetary savings for 2026 in the amount of $1.4 million compared to the 2025 plan cost.

<u>Contract 194900-0200</u>
The five-year fully insured DHMO cost with Dentcare is projected to be $2,015,000. Dentcare's BAFO costs are $2,015,000 for the five-year period, which is $25,000 or 1.2 percent lower than the initial offer of $2,040,000. Compared to market DHMO pricing, Dentcare's proposed costs are found to be competitive. The Selection Committee selected Dentcare's proposal based on having reasonable cost, access and the ability to match the current plan designs without any member disruption.

Based on the above, MetLife's and Dentcare's final price proposals are deemed to be fair and reasonable.

In connection with a previous contract awarded to MetLife, MetLife was found to be responsible notwithstanding significant adverse information ("SAI") pursuant to the All-Agency Responsibility Guidelines, and such responsibility finding was approved by the MTA Interim Executive Director in consultation with the MTA General Counsel in March 2017. No new SAI has been found relating to MetLife and MetLife has been found to be responsible.

Negotiation of commercial terms and conditions has been substantially completed except for a few remaining items that the parties are currently working to finalize. However, there does not appear to be any remaining terms and conditions to be negotiated that would impact MetLife's or Dentcare's current price.

The contract resulting from this procurement is currently being evaluated to determine the necessity and appropriate scope, if any, of cybersecurity requirements, including any requirements under federal, state, and local law and regulations. The MTA will be working with MetLife and Dentcare to include applicable cybersecurity requirements prior to issuance of the notice of award.

M/W/DBE Information
The MTA Department of Diversity and Civil Rights (DDCR) has established zero percent MWBE/SDVOB goals on this contract because the participant data and benefit contract provisions are considered highly sensitive and confidential in nature. Subcontracting to third parties would increase the risk of exposure of confidential information. MetLife and Dentcare have not completed any MTA contracts with MWDBE goals, therefore, no assessment of either firm's MWDBE performance can be determined at this time.

Impact on Funding
This contract is funded by the various agencies' operating budgets.

Alternatives
Do not approve award of the contract. This alternative is not recommended because these are benefits that MTA provides its employees.