



Florida Department of Transportation

RON DESANTIS
GOVERNOR

605 Suwannee Street
Tallahassee, FL 32399-0450

KEVIN J. THIBAUT, P.E.
SECRETARY

February 26, 2019

Honorable Tom Lee
The Florida Senate
418 Senate Building
404 South Monroe Street
Tallahassee, Florida 32399-1100

RE: Centralized Customer Service System

Dear Chairman Lee:

Thank you for the time you provided the Florida Department of Transportation to address the Senate Committee on Infrastructure and Security regarding the recent challenges with the SunPass Centralized Customer Service System. The Department received your follow-up inquiry and we want to be sure we respond to your concerns as fully as possible. Within the first two weeks of coming on board, I have directed additional internal resources to make sure we continue addressing the problems with every aspect of the SunPass Centralized Customer Service System (CCSS). I have also made staffing adjustments that focus on continual improvement of the overall customer service experience. Please keep in mind, as we continue to monitor the progress of the toll by plate invoicing and as we work to get back to normal functionality, we will soon be making assessments which ensure the Department holds the contractor accountable as well as continuing to confirm that the travelling public is not significantly impacted by the contractor's performance.

As part of its ongoing efforts to provide a safe, interconnected and effective statewide transportation system, the Department, in cooperation and with the assistance of the Tampa-Hillsborough Expressway Authority, the Miami-Dade Expressway Authority, and the Central Florida Expressway Authority (then the Orlando-Orange County Expressway Authority), solicited written proposals from qualified vendors interested in establishing a contract to provide (i) a centralized customer service system and (ii) associated operations and maintenance services. The Invitation to Negotiate ("ITN") established a scope of work along with other requirements for services for the anticipated centralized customer service system. The ITN was developed by the Department with the assistance of the other cooperating expressway authorities.

Six vendors submitted initial pre-qualification responses — and all six were deemed qualified to submit formal written proposals. Five companies submitted written proposals —

Accenture, Cubic, Egis, Indra, and Xerox (now known as Conduent State and Local Solutions, Inc.). No vendors were disqualified at any time in the process (Cubic claimed the Department improperly cancelled certain vendor demonstrations, but no demonstrations were in fact cancelled). In accordance with the requirements of State law, the ITN established a Technical Review Committee and a Selection Committee. The executive directors of Florida's Turnpike Enterprise and each of the three cooperating expressway authorities served on the Selection Committee. Each executive director also designated two individuals from their respective agencies to serve on the Technical Review Committee. The team members had experience in various aspects of tolling operations including tolling, software, finance, and procurement.

Each proposal was individually evaluated by the eight team members and the Selection Committee reviewed the team members' evaluations. The criteria established by the ITN ultimately required determining which proposal offered the highest overall value to the state, based on objective factors, including, but not limited to: the proposer's history, project experience and qualifications; the proposed approach to the technical requirements; the proposed approach to the project plan and implementation; the proposed approach to System maintenance; the proposed approach to operations and performance; and price.

The Selection Committee reached a consensus decision to rank Xerox as the top proposer. The Selection Committee based its decision on Xerox's proven experience with other similar and large tolling projects, including some of the country's largest tolling systems. In reaching its decision, the Selection Committee noted, of the three top ranked proposers, only Xerox had fully operational tolling systems in the United States. Following the Selection Committee's decision, a contract was extensively negotiated with Xerox and was determined to represent the best value to the state (the negotiators indicated they could favorably resolve all identified concerns and they obtained Xerox's agreement to reduce its price by \$20 million). The negotiation team was aware Xerox had experienced problems in Texas and it made inquiries about those issues. The negotiation team learned the TxDOT issues primarily concerned data migration from prior tolling system accounts. The issues did not appear to arise from Xerox's system, but instead from TxDOT's specific instruction to Xerox to collect outstanding tolling fees and fines that were two years old and had never been processed or invoiced by the previous vendor.

The negotiation team was also concerned over issues with Conduent's performance under a separate contract with the Department, the SunRail transit ticketing and back office contract. The negotiation team required the Conduent personnel responsible for the SunRail system to attend the first CCSS negotiation session and explain the difficulties with the SunRail system and Conduent's efforts to resolve those issues. For a number of reasons, including differences in the technology which would be used for the CCSS, the nature of the problems experienced with the Conduent SunRail system, and differences in which business units within Conduent would be

performing the work, the negotiation team concluded Conduent's issues with the SunRail system did not demonstrate Conduent would not be able to perform the CCSS contract. However, to provide additional incentive for Conduent to perform, the negotiation team took advantage of the process to strengthen the Department's position on the SunRail contract. The negotiation team demanded Conduent agree to a "cross-default" provision authorizing the Department to default Conduent and terminate the CCSS contract if Conduent defaulted on its responsibilities under the SunRail contract. In addition to the SunRail and CCSS contracts, Conduent and the Department entered into an open road toll lane maintenance contract in 2017.

The procurement was fully reviewed by the Florida Division of Administrative Hearings in two bid protests. The first protest was filed by Accenture and Cubic and the second bid protest was by Accenture. The Administrative Law Judges ultimately determined the award to Conduent (then Xerox) was logical, rational and wholly consistent with the ITN and applicable law. Copies of the ALJ's orders are enclosed for your reference. The multiple bid protests significantly delayed the execution of a contract. During the bid protest litigation, the Department reached an agreement with Cubic under which the Department received the right to utilize all concepts and intellectual property of Cubic included in its proposal and Cubic agreed to dismiss its appeal, in exchange for \$3.6 million. Approximately two years passed after advertisement of the ITN before the Department could execute a contract.

The period of development of the CCSS is referred to as the "Implementation Phase" in the Conduent contract. There were delays in the Implementation Phase, resulting in a number of contract amendments. Some of the delays were attributable to Conduent and resulted in the Department assessing liquidated damages against Conduent in the total amount of \$780,000. There were additional delays and amendments attributable to the need to modify the contract to incorporate the regional toll hub concept the Department was developing with other states to advance nationwide electronic toll system interoperability in accordance with section 1512 of MAP-21, Public Law 112-141. The Federal legislation, adopted by Congress in 2012, charged state transportation agencies with achieving interoperability by 2016. Although not included in the original contract scope, the CCSS has become the hub for southeastern states to accomplish interoperability with other states. Certain contract amendments were needed for Conduent to provide customer service functions while Go-Live was delayed. The Department does not believe the issues experienced at Go-Live are attributable to contract changes during the Implementation Phase.

The Department reviewed industry best practices developed in other back-office deployments to aid in establishing the testing criteria for the CCSS. A series of progressive testing requirements were incorporated into the contract by the Department and the other participating agencies. Required testing included Demonstration Testing, Unit Testing, Software Interface Testing, Software Integration Testing, Onsite Installation and Commissioning Testing,

Onsite System Integration Testing, Data Migration Testing, and Operational and Acceptance Testing. The Onsite System Integration Test (OSIT), which evaluated the functional elements of the CCSS, was the final comprehensive system test to be completed prior to Go-Live. The participating agencies required Conduent to complete a formal dry run of the OSIT to identify and resolve potential issues prior conducting the official OSIT. The formal dry run was conducted between January 22, 2018 and February 2, 2018. The official OSIT began on February 19, 2018, and continued through March 2, 2018. Additional testing cycles were conducted to ensure identified issues were resolved. The testing indicated that the system would perform as expected. Unfortunately, despite completion of the progressive testing, system issues were experienced after Go-Live, including issues associated with customer access to the SunPass website, mobile application and call center. Once the Chief Inspector General's report is received, the Department will incorporate the findings into a self-assessment of what additional testing could have been done and what additional resources could have been proactively allocated to prevent the Go-Live issues that unfortunately occurred last summer.

Since Go-Live of the CCSS, a number of Department staff have been involved in analyzing and addressing Conduent's performance. The Department is aware SunPass customers have had numerous complaints. Conduent is directly responsible for addressing SunPass customer issues and concerns and has demonstrated significant improvement in customer service functions. Conduent has assured the Department it will meet contract requirements for customer service and will provide the high-quality customer service the Department expects. Although Conduent has failed to meet numerous performance measures, the Department is not aware of any protected personal information data breach relating to the CCSS, either during the development of the CCSS or after Go-Live.

The Department has been clear with Conduent that it reserves all its rights under the contract, including the right to assess performance liquidated damages for not meeting the operational and maintenance performance requirements after Go-Live. The contract provides a schedule for adjustments based on the extent and degree of non-performance during the month for which operating services are being invoiced. The maximum downward adjustment to Conduent's monthly operating compensation under this provision is 25%. Conduent's invoices for the first three months of operations acknowledge that the Department is entitled to withhold the 25% maximum amount from the payment which would otherwise be owed for each of those months. Assessment of performance liquidated damages will be made based on Conduent's performance during each month of operations for which it submits an invoice. The contract and applicable law provide a number of other potential remedies, including the right to terminate the contract for material breach. Any replacement contract would need to be procured to find the appropriate vendors available in accordance with applicable State law regarding competitive procurement of a possible new CCSS contract.

At this point, the backlog of toll-by-plate invoices has been resolved. Many customers are taking advantage of the extended due date to pay their invoices. The Department therefore does not expect to have data regarding the rate of invoice payment until after that date. As required by State law and the covenants included in bond documents for the various agencies, all travelers are required to pay the applicable tolls for their use of the various agencies' roads. The Department has historically experienced a cumulative non-payment, or leakage, rate of approximately 5%. We will not be able to assess whether issues with the CCSS deployment will result in a higher leakage rate until after the extended due date and allowance of time for the Department to take possible appropriate collection activities. There are provisions in the CCSS contract placing certain responsibility for lost revenues on the vendor, including provisions that both: (i) prohibit Conduent from processing charges if processing is not commenced within the applicable contract time frames; and (ii) require Conduent to reimburse the agencies for those charges. At this time, Conduent has commenced processing of all charges within the required time frames and the Department is not able to say revenues have been lost.

The Department understands and shares your concerns and the public's frustration over implementation of the Centralized Customer Service System. The agency welcomed and is fully cooperating with the Chief Inspector General's investigation of the CCSS. We remain committed to ensuring Conduent's complete and prompt resolution of any problems with the system and holding Conduent accountable for its performance deficiencies. The Department strives to provide the premium level of service its customers are entitled to expect and will add any resources needed to resolve issues. We would be happy to meet at your convenience to discuss your concerns or any additional information you might wish to be provided.

Sincerely,



Kevin J. Thibault, P.E.
Secretary