



Date: July 20, 2006

Committee Meeting Date: \_\_\_\_\_

Board Meeting Date: August 3, 2006

**BOARD MEMORANDUM**

ACTION  X  DISCUSSION \_\_\_\_\_ INFO \_\_\_\_\_

**TO:** Board of Directors  
 Santa Clara Valley Transportation Authority  
 Board of Directors

**THROUGH:** Michael T. Burns *Michael T. Burns*  
 General Manager

**FROM:** Roger Contreras *Roger Contreras*  
 Chief Financial Officer

**SUBJECT:** Organizational & Financial Assessment

**RECOMMENDATION:**

Authorize the General Manager to execute a contract with the Hay Group to perform an Organizational & Financial Assessment for an amount of \$511,830 to be completed on or before March 2007. In addition authorize the General Manager to include in the contract a provision to give VTA an option to request additional services as may be identified by the Board after receipt of the Assessment to further analyze or assist in the implementation of accepted recommendations. The option will be for services by the proposed team at rates no greater than those quoted in the proposal.

**BACKGROUND:**

At the January 5, 2006 Board of Directors' meeting Chairperson Chavez called for an organizational and financial assessment: a review that would analyze VTA's business practices, including staffing levels, methods and forms of reporting, and available resources, as well as industry best practices that could be adopted by VTA.

In March 2006 VTA contracted with Robert Kuo, Principal of Robert Kuo Consulting, LLC to develop a scope of work for this study. Part of this development included interviews with VTA's Executive Committee and our three bargaining units, Amalgamated Transit Union (ATU) Local 265, Service Employees International Union (SEIU) Local 715 and Transportation Authority Engineers and Architects (TAEA).

In April the draft Scope of Work was presented to all Board committees, then refined based on comments received.

**DISCUSSION:**

On April 7, 2006 the Request for Proposals was advertised in the Wall Street Journal, the San Jose Mercury News and in Passenger Transport magazine. In addition the RFP was listed on the VTA website and notices were sent to 765 vendors who were registered on our website. We held a Preproposal Conference on April 28, 2006.

On May 31, 2006 we received proposals from the following 5 firms: Schilling & Maure, the Hay Group, AECOM & DMJM Harris, Doolittle & Associates and PB Consult.

An evaluation panel met on June 8, 2006 to review and score the written proposals according to the established evaluation criteria:

Demonstrated understanding of the project	40 Points
Qualification of the firm	20 Points
Staffing and Project Organization	20 Points
Local firm preference	10 Points
Cost and price	10 Points

The evaluation panel consisted of Aaron Morrow, Chairperson of the Committee for Transit Accessibility, Martin Schuler, Chairperson of the Citizens Advisory Committee, Herman Wadler, Chairperson of the Bicycle and Pedestrian Advisory Committee and Steve Glickman, Chairperson of the Policy Advisory Committee. Steve Yoshino, Chairperson of the Technical Advisory Committee was a member of the evaluation panel, but due to a family emergency could not participate in the evaluation of written proposals. Mr. Yoshino did participate in the interviews of selected firms.

After an in depth review of the written proposals, Schilling & Maure, the Hay Group, AECOM & DMJM Harris and PB Consult were invited for interviews. The proposal submitted by Doolittle & Associates was deemed not to provide the level of in depth transit and financial experience that this project would require. For that reason, they were not invited to participate in the interview process.

The four shortlisted firms were interviewed on July 6 and 7, 2006. Each firm made a one-hour oral presentation and then answered questions posed by the evaluation panel. Following oral interviews, the evaluation panel ranked the proposals and concluded that the Hay Group was the highest qualified and proposed the team best suited for this engagement.

The combined scores (maximum of 100 points) were as follows: the Hay Group 86.2, PB Consult 84.2, AECOM & DMJM Harris 71.6 and Schilling & Maure 34. (PB Consult and Hay Group each earned 5 points of a possible 10, for committing to open a local office should they be awarded the contract).

The Hay Group is an independent consulting firm founded in 1943 with more than 7,000 clients worldwide. They have proposed a strong team of industry and area specific professionals. Their expertise is in the area of organizational review and assessment, compensation, benefits design and human resource planning. The expertise of the Hay Group is augmented by the following firms: Rachlin, Cohen & Holtz, established in 1955, is ranked as among the top 100 certified public accounting firms with a strong forensic accounting and consulting capability; Karen Antion Consulting has a strong background in strategic planning, engineering and construction management and Intuecor has solid credentials in the areas of business improvement and technology strategy. Reference checks on all of the firms proposed by the Hay Group have been overwhelmingly positive.

The evaluation panel concluded that the team assembled by the Hay Group represented the best combination of transportation experience, financial expertise and overall industry experience. The panel further concluded that the Hay Group brought a fresh perspective and a welcome independence to the project. They are a large established firm with a significant record of achievement in the public sector and they have not consulted for VTA in the past. While some members of the team (Karen Antion and Sreeni Malireddy of Intuecor) participated in a recent evaluation of VTA's Information Services Department, this was not considered significant. The overall management of the team and the expertise they provide in all required areas was judged appropriate for this project.

#### **ALTERNATIVES:**

The Board could select another consultant; choose to not contract for these services at this time; or direct staff to readvertise for these services.

#### **FISCAL IMPACT:**

Funds for these services are included in the FY 2007 budget.

#### **SMALL BUSINESS ENTERPRISE (SBE) PARTICIPATION:**

Based on identifiable subcontracting opportunities, a Small Business Enterprise (SBE) goal of 10% has been established for this contract. The recommended consultant has committed to 41% SBE participation on this contract.

Prepared by: Thomas B. Smith Purchasing & Materials Manager