



Board Report

File #: 2025-1009, **File Type:** Contract

Agenda Number: 44.

OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE JANUARY 15, 2026

SUBJECT: METRO EXPRESSLANES - BACK OFFICE SYSTEM

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to execute Modification No. 2 to Contract No. PS40164-2000 with TransCore LP for Metro ExpressLanes Back Office System (BOS) and exercise the first three-year option starting March 9, 2026 through March 9, 2029, in an amount Not-To-Exceed (NTE) \$19,031,882, increasing the total contract price from \$48,327,615 to \$67,359,497.

ISSUE

A tolling BOS is required to enable Metro to efficiently operate the current I-10 and I-110 ExpressLanes. In 2018, Metro entered into an eight-year base contract (PS40164-2000) with TransCore LP to design, build, operate, and maintain the I-10 and I-110 ExpressLanes BOS. The existing contract is scheduled to expire on March 9, 2026. Staff is seeking to exercise Option 1 to add an additional three years of O&M to the existing Contract PS40164-2000. This will extend the contract through March 2029.

BACKGROUND

The ExpressLanes BOS is a software-based system that serves as the system of record and provides critical functionality, including transaction processing, customer account management, transponder management, legally mandated interoperability, payment processing, and toll violation handling. The BOS is tightly integrated with two other core components of the ExpressLanes system: the Roadside Toll Collection System that handles roadside infrastructure and dynamic pricing, and the Account Services component that covers the staff and facilities needed to provide account support to ExpressLanes users.

PS40164-2000 was awarded to TransCore LP on January 25, 2018 to design, implement, the existing BOS. The board approved the Contract with an eight-year base and two three-year options, with subsequent board action to execute the options.

DISCUSSION

The existing BOS is reaching the end of its base contract on March 9, 2026, after over five years of operation. Staff is requesting Board approval to exercise the first three-year option, extending the current contract through March 9, 2029.

The three-year extension will allow ExpressLanes to continue providing the systems and services including transaction processing, customer account management, and toll revenue collections, along with additional services. As of November 30, 2025 the current Metro ExpressLanes BOS processed 41.1 million trips from December 1, 2024 through November 30, 2025.

Pass-Through Costs

Staff have identified several costs to be handled as pass-through items on this contract, which eliminates markup on those items, reduces contract risk, translates into lower fixed unit price proposals, and therefore provides the best value for Metro. These include postage, mail house handling costs (e.g., printing), and communications leased lines.

DETERMINATION OF SAFETY IMPACT

This Board action is not anticipated to have an impact on the safety of Metro's patrons or employees. Further, this Board action is not anticipated to have any impact on drivers, including ExpressLanes customers. The BOS contract does not include any physical infrastructure on the Metro corridors.

FINANCIAL IMPACT

Funding for this Contract will come from toll revenues. The funds required for FY26 are included in the FY26 budget in Cost Center 2220, Project Numbers 307001 and 307002, Account 50308, Task 03.11.

Since this is a multi-year project, the cost center manager, the Executive Officer of Congestion Reduction, and the Deputy Chief Operations Officer of Shared Mobility will be responsible for budgeting the cost in future years.

Impact to Budget

The funding for this Contract is from toll revenues generated on the I-10 and I-110 ExpressLanes. Toll revenue funds are not eligible for bus and rail operating expenses outside of the ExpressLanes corridors.

EQUITY PLATFORM

This BOS contract delivers the ExpressLanes program with essential system capabilities to efficiently and effectively implement equity-oriented initiatives and programs to ensure low-income households are afforded equitable access to the ExpressLanes and their benefits. The BOS is required to enable, provide, and/or support all of the ExpressLanes program's equity benefits, including but not limited to: administration of the Low Income Assistance Program, efficient deployment of a Pay-As-You-Go (PAYG) alternative, collection of revenues for disbursement through net toll grants to local communities, provision of incremental transit service subsidies, and faster and more reliable service

for transit patrons on the corridors. Metro ExpressLanes currently has 19,229 qualifying LA County households actively enrolled in the Low Income Assistance Program, has awarded over \$103 million in grants to improve the neighborhoods around the ExpressLanes corridors (52% of which are Equity Focus Communities), and offers transit users a time savings of 12 minutes per trip on average compared to the general purpose lanes.

The Diversity & Economic Opportunity Department (DEOD) did not establish a Small Business Enterprise (SBE) or Disabled Veteran Business Enterprise (DVBE) goal for Contract PS40164-2000 due to a lack of subcontracting opportunities. However, as a result of TransCore's outreach efforts, they were able to identify and add an SBE subcontractor to perform a portion of the work. Based on payments the contract is 75% complete and the current level of SBE participation is 6.71%.

VEHICLE-MILES TRAVELED OUTCOME

VMT and VMT per capita in Los Angeles County are lower than national averages, the lowest in the SCAG region, and on the lower end of VMT per capita statewide, with these declining VMT trends due in part to Metro's significant investment in rail and bus transit.* Metro's Board-adopted VMT reduction targets align with California's statewide climate goals, including achieving carbon neutrality by 2045. To ensure continued progress, all Board items are assessed for their potential impact on VMT.

This item supports Metro's systemwide strategy to reduce VMT through operational and maintenance activities that will improve, benefit, and further encourage transit ridership, ridesharing, and active transportation. Metro's Board-adopted VMT reduction targets were designed to build on the success of existing investments, and this item aligns with those objectives.

The ExpressLanes program offers several programs that support VMT reduction including the Transit Rewards program to incentivize transit use and the Carpool Loyalty program to encourage ridesharing. Additionally, toll revenues are used to fund transportation corridor improvements that promote non-driving travel modes including pedestrian infrastructure enhancements, bicycle facilities, transit amenities, and more frequent transit service. Quantitatively, a recent report by the California State Transportation Agency indicates that roadway pricing strategies like congestion pricing (e.g., ExpressLanes) are estimated to produce an overall VMT reduction of 17% on average (CTP 2040).

*Based on population estimates from the United States Census and VMT estimates from Caltrans' Highway Performance Monitoring System (HPMS) data between 2001-2019.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The ExpressLanes Back Office System contract supports Strategic Goal 1, providing high-quality mobility options that enable people to spend less time traveling by offering travelers on the corridor a reliable and convenient travel mode alternative.

The ExpressLanes Back Office System contract also supports Strategic Goal 2, delivering outstanding trip experiences for all users of the transportation system, by improving the customer experience for ExpressLanes travelers.

ALTERNATIVES CONSIDERED

The Board may elect not to extend the current contract for an additional three years of O&M for the existing BOS contract. This alternative is not recommended because it would create a lapse in the service provided to ExpressLanes customers. Further, the ExpressLanes program will be unable to process any new transactions or perform any customer account service activities effectively rendering the program inoperational.

NEXT STEPS

Upon Board approval, staff will take the necessary steps to exercise Option 1 under Contract No. PS40164-2000 for continued operations and maintenance.

ATTACHMENTS

Attachment A - Procurement Summary PS40164-2000

Attachment B - Contract Modification/Change Order Log PS40164-2000

Attachment C - DEOD Summary

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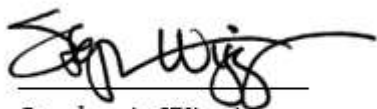
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Chief Executive Officer

PROCUREMENT SUMMARY
METRO EXPRESSLANES - BACK OFFICE SYSTEM/PS40164-2000

1.	Contract Number: PS40164-2000		
2.	Contractor: TransCore, LP		
3.	Mod. Work Description: Exercise Option 1		
4.	Contract Work Description: ExpressLanes Back Office System		
5.	The following data is current as of: 11/25/2025		
6.	Contract Completion Status		Financial Status
	Contract Awarded:	1/25/2018	Contract Award Amount: \$48,327,615
	Notice to Proceed (NTP):	N/A	Total of Modifications Approved: \$0
	Original Complete Date:	6/13/2026	Pending Modifications (including this action): \$19,031,882
	Current Est. Complete Date:	6/13/2026	Current Contract Value (with this action): \$67,359,497
7.	Contract Administrator: Antonio Monreal		Telephone Number: (213)922-4679
8.	Project Manager: Rosa Zamorano		Telephone Number: (213)922-5584

A. Procurement Background

This Board Action is to approve Contract Modification No. 2 to exercise a three-year option, in an amount Not-To-Exceed (NTE) \$19,031,882 increasing the total NTE amount from \$48,327,615 to \$67,359,497.

This contract modification will be processed in accordance with Metro's Acquisition Policy and the contract type is a firm fixed unit rate.

On January 25, 2018, the Metro Board of Directors authorized the award of a firm fixed unit rate Contract No. PS40164-2000 to TransCore, to implement and maintain the Metro ExpressLanes Back Office system (BOS) inclusive of an eight-year base period and two, three-year options.

Refer to Attachment B – Contract Modification/Change Order Log.

B. Cost/Price Analysis

The recommended price of the option has been determined to be fair and reasonable based upon firm fixed unit rates that were established as part of the original contract and a subsequent assessment of current market pricing. The option pricing is more favorable as there have been increases in the labor rates and the cost of pass-throughs that would be required to perform the services. Exercising the option also ensures the continuation of the maintenance of the BOS during the implementation of the new system at the current rates.

Proposal Amount	Metro ICE	Negotiated Amount
NTE \$19,031,882	NTE \$19,031,882	NTE \$19,031,882

ATTACHMENT B

**CONTRACT MODIFICATION/CHANGE ORDER LOGMETRO EXPRESSLANES -
BACK OFFICE SYSTEM/PS40164-2000**

Mod. no.	Description	Status (approved or pending)	Date	\$ Amount
1	Revise Statement of Work, Exhibit B Pricing Agreement and SP-13 Liquidated Damages	Approved	12/13/19	\$0
2	Exercise Option 1 (Years 9-11) and extend Period of Performance through March 2029	Pending		\$19,031,882
	Modification Total:			\$19,031,882
	Original Contract:			\$48,327,615
	Total:			\$67,359,497

DEOD SUMMARY

EXPRESSLANES BACK OFFICE SYSTEM / PS40164-2000

A. Small Business Participation

The Diversity & Economic Opportunity Department (DEOD) did not establish a Small Business Enterprise (SBE) or Disabled Veteran Business Enterprise (DVBE) goal for Contract PS40164000 due to a lack of subcontracting opportunities. However, as a result of TransCore's outreach efforts, they were able to identify and add two SBE subcontractors to perform a portion of the work. Based on payments the contract is 75% complete and the current level of SBE participation is 6.71%.

Small Business Commitment	0.00% SBE	Small Business Participation	6.71% SBE
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	SBE Contractor(s)	% Commitment	% Participation
1.	Kambrian Corporation	ADDED	6.71%
2.	Transportation Mobility Solution	ADDED	TBD
	Total	ADDED	6.71%

B. Living Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy is not applicable to this modification.

C. Prevailing Wage Applicability

Prevailing wage is not applicable to this modification.

D. Project Labor Agreement/Construction Careers Policy

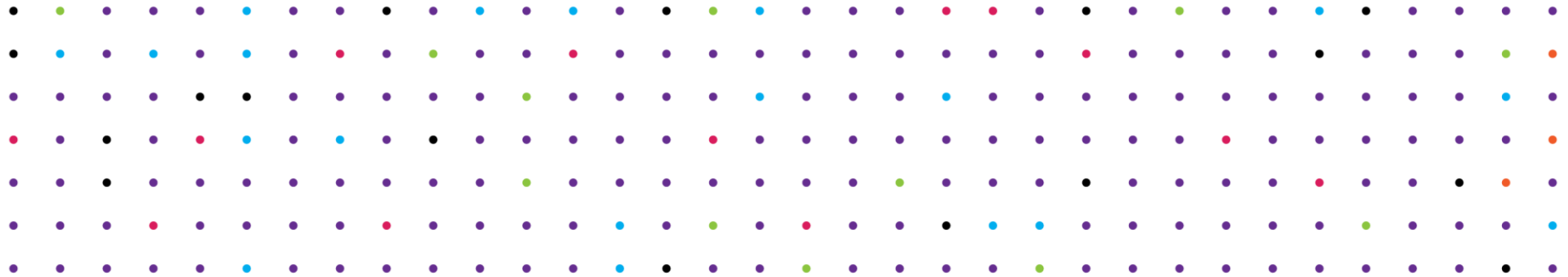
Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. PLA/CCP is applicable only to construction contracts that have a construction related value in excess of \$2.5 million.

E. Manufacturing Careers Policy

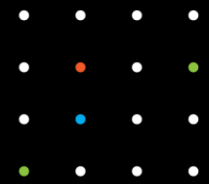
The Manufacturing Careers Policy (MCP) does not apply to this contract. The MCP is required on Metro's Rolling Stock RFPs, with an Independent Cost Estimate of at least \$50 million.

Shared Mobility

ExpressLanes Back Office System (BOS)



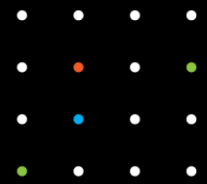
Operations, Safety, & Customer Experience Committee Meeting
January 15, 2026



ISSUE

- A tolling Back Office System (BOS) is required to enable Metro to operate the current I-10 and I-110 ExpressLanes and prepare for future corridors, including I-105
- BOS Functionality includes Account Management System, Customer Notifications System, Case Management System, Self-Service Systems (e.g., Interactive Voice Response (IVR), website, etc.)
- The existing BOS contract (PS40164-2000) is scheduled to expire on March 9, 2026. Staff is seeking to Execute Contract Modification No.2, to add an additional three years of O&M to the existing contract PS40164-2000





DISCUSSION

- The existing BOS contract was awarded in 2018, and has been in operation for approximately 5 years, it will expire on March 9, 2026
- If the Board does not approve the Recommendation to exercise Option 1, for a three-year contract extension through March 9, 2029, this will create a lapse in service to ExpressLanes customers
- If the Board does not approve the Recommendation to exercise Option 1, ExpressLanes program will be unable to process any new transactions or perform any customer account service activities effectively, rendering the program inoperational



RECOMMENDATION



AUTHORIZE the Chief Executive Officer to:

EXECUTE Modification No. 2 to Contract No. PS40164-2000 with TransCore LP for Metro ExpressLanes Back Office System (BOS) and exercise the first three-year option starting March 9, 2026 through March 9, 2029, in an amount Not-To-Exceed (NTE) \$19,031,882, increasing the total contract price from \$48,327,615 to \$67,359,497.