


Date: September 27, 2023

To: Board of Directors

From: Sam Desue, Jr. 

Subject: **RESOLUTION NO. 23-09-46 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT WITH INIT INNOVATIONS IN TRANSPORTATION, INC. (INIT) FOR TRIMET’S TICKET VENDING MACHINE (TVM) REPLACEMENT AND MAINTENANCE SERVICES**

1. Purpose of Item

This Resolution requests that the TriMet Board of Directors (Board) authorize the General Manager or his designee to execute a contract with INIT Innovations in Transportation, Inc. (INIT) for TriMet’s Ticket Vending Machine (TVM) Replacement and Maintenance Services (Contract).

2. Type of Agenda Item

- Initial Contract
- Contract Modification
- Other _____

3. Type of Contract Procurement

- Low Bid / Invitation to Bid (ITB)
- Request for Proposals (RFP) (inc. CM/GC)
- Request for Qualifications (RFQ) (Personal Services)
- Other (inc. sole source) _____

4. Reason for Board Action

Board authorization is required for all goods and services contracts obligating TriMet to pay in excess of \$1,000,000.

5. Type of Action

- Resolution
- Ordinance 1st Reading
- Ordinance 2nd Reading
- Other _____

6. Background

TriMet’s advanced fare collection system, HOP Fastpass®, gives riders a choice of many ways to pay their fare. A small but significant number of riders buy tickets using Ticket Vending Machines (TVMs) installed at MAX platforms and a few other key areas. TVMs sell Hop Fastpass® 2.5-hour and 1-day paper tickets for Full Fare, Reduced Fare and Youth riders.

TriMet’s TVMs have exceeded their useful lives and become infeasible to maintain. Originally procured in the early 1990’s, they were refurbished in 2012 and subsequently upgraded to integrate with the Hop Fastpass® system in 2017. TriMet can no longer source parts to maintain the existing machines, and they must be replaced District-wide.

Instead of paper tickets, the new TVMs will dispense, load, and reload HOP cards for Full, Reduced or Youth Fares, and allow riders to load stored value to their HOP cards. This will give TVM customers access to the advantages of fare capping for 1-day and 1-month fares. In addition to providing these enhanced capabilities, the new TVMs will include modern technology that will provide a more user-friendly experience while reducing the cost of operation.

7. Description of Procurement Process

TriMet utilized a competitive Request for Proposals (RFP) process to select a contractor to provide replacement and maintenance services for the TVMs. The RFP was issued on March 22, 2023, with a proposal due date of May 22, 2023. A total of 62 vendors were notified of the RFP via TriMet’s eProcurement System (TriP\$) website and five firms submitted proposals. All five proposals were deemed responsive and forwarded to the Source Evaluation Committee (SEC) for review and scoring.

The SEC, comprised of staff from TriMet’s Fare Revenue and IT departments, reviewed and evaluated the proposals. The evaluation criteria included: (1) qualifications of the proposer; (2) qualifications of staff; (3) workforce diversity; (4) understanding of the work; and (5) price. After evaluating the proposals, the SEC shortlisted Flowbird, INIT, and Scheidt & Bachmann to the competitive range, and eliminated Genfare and Sigma from competition. The SEC then opened the price proposals of the three vendors in the Competitive Range.

Vendor scores at that point are summarized below:

	Possible Points	Genfare	Flowbird	INIT	Scheidt & Bachmann	Sigma
<i>Evaluation Criteria</i>						
Qualifications of the Proposer	10	7.0	8.3	9.3	9.0	6.3
Qualifications of Staff	10	7.0	7.3	8.3	7.3	7.3
Workforce Diversity	15	9.3	8.0	11.3	10.0	6.7
Understanding of the Work	45	27.7	36.3	41.0	39.3	24.3
Technical Proposal Points . . .	80	51.0	60.0	70.0	65.7	44.7
Initial Price Proposal . . .		N/A	\$33,227,205	\$19,367,882	\$15,438,890	N/A
Price Proposal Points . . .	20	N/A	9.3	15.9	20.0	N/A
Total Points (Score) . . .	100	N/A	69.3	85.9	85.7	N/A

After the price proposals were opened, Flowbird's score dropped to the Not Competitive range and it was eliminated from further consideration.

The SEC then asked both INIT and Scheidt & Bachmann to attend an Interview and submit a Best and Final Offer (BAFO) to revise pricing. Interviews were held on June 23, 2023 and June 27, 2023, respectively; with BAFOs due on August 21, 2023.

The overall scores after BAFO submission are summarized below:

	Possible Points	INIT	Scheidt & Bachmann
<i>Evaluation Criteria</i>			
Qualifications of the Proposer	10	9.3	8.7
Qualifications of Staff	10	8.3	8.0
Workforce Diversity	15	11.3	10.0
Understanding of the Work	45	42.3	38.0
Technical Proposal Points . . .	80	71.3	64.7
BAFO Price Proposal . . .		\$18,551,103	\$15,625,360
Price Proposal Points . . .	20	16.8	20.0
Total Points (Score) . . .	100	88.2	84.7

The SEC scored INIT’s proposal the highest and determined that it represented the overall best value to TriMet. INIT proposed a robust staff, has an excellent relationship with TriMet, and knows the back-office system better than most vendors selling the same type of product. The SEC also felt that INIT thoroughly demonstrated its ability to respond to TriMet’s needs and would be able to effectively represent TriMet’s interests. In addition, INIT’s proposal was found to be fair and reasonable based on rates charged from prior contracts with TriMet for similar services. Moreover, the INIT TVMs can be seamlessly integrated with the existing HOP Fastpass® fare collection system.

TriMet’s Independent Cost Estimate (ICE) of \$14,430,000 was for a TVM Contract that included a 10-year operating agreement. After review with internal stakeholders, the proposed Contract option years were extended to allow for a 20-year term. As a result, the overall Contract price is \$18,551,103. The potential for a 20-year agreement allows TriMet to secure long-term support for TVMs, including operating system and software upgrades. Accordingly, staff recommends award of the Contract to INIT.

The TVM replacement project will follow an industry-standard approach, with design, implementation, testing, and operational phases. Following TriMet’s final acceptance of the machines, INIT’s two-year product warranty and initial five-year commitment for software maintenance and back-office operations support will commence.

The proposed Contract will be for an initial five-year term and allows for three five-year extensions, potentially providing TriMet with guaranteed support for its TVMs for the next 20 years, with TriMet retaining the unilateral option to terminate for convenience for any reason during the Contract period. At TriMet’s discretion, price adjustments will be permitted on an annual basis, capped at the Consumer Price Index (CPI) for all Urban Wage Earners and Clerical Workers (CPI-W) for the Portland-Salem area Western Region. The total amount ultimately paid under the Contract will be based on TriMet’s actual requirements and the goods and services needed during the Contract term.

8. Diversity

INIT’s total employee count is 105, and its workforce is 24.7% minority and 25.7% female. In addition to its own workforce, INIT will subcontract with Key-Tech Services, a DBE certified firm, to install TVMs for 3.13% of the work under this Contract.

9. Financial/Budget Impact

The Contract previously was approved by TriMet's Capital Program Committee (CPC) and the amount is accounted for in the FY2024 through FY2027 capital budget for Finance and Administrative Services.

10. Impact if Not Approved

If this Contract is not approved, TriMet could resolicit the RFP. This option is not recommended because INIT is a well-qualified firm and resoliciting is unlikely to result in additional competition, a superior contractor, or a lower price. Approval of this Resolution is strongly recommended.

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WHEREAS, TriMet has authority under ORS 267.200 to execute a contract with INIT Innovations in Transportation, Inc. (INIT) for TriMet's Ticket Vending Machine (TVM) Replacement and Maintenance Services (Contract); and

WHEREAS, by Resolution No. 22-05-35, dated May 25, 2022, the TriMet Board of Directors (Board) adopted a Statement of Policies requiring the Board to authorize contracts obligating TriMet to pay in excess of \$1,000,000; and

WHEREAS, the total amount of the Contract exceeds \$1,000,000.

NOW, THEREFORE, BE IT RESOLVED:

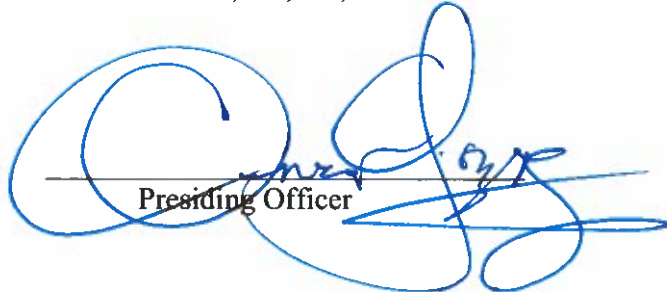
1. That the Contract shall conform with applicable law.
2. That the General Manager or his designee is authorized to execute the Contract in an amount of \$18,551,103.
3. That the General Manager or his designee is authorized to execute modifications to the Contract to pay for unanticipated additional expenditures in an amount not to exceed 10% of \$18,551,103, for a total authorized amount of \$20,406,213, over the Contract's possible 20-year term.

Dated: September 27, 2023

Attest:



Recording Secretary



Presiding Officer

Approved as to Legal Sufficiency:



Legal Department