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Memorandum

TO: BAIFA

DATE: June 19, 2014

FR: Executive Director

W. I. 6841

RE: Contract: Express Lane Toll System Integrator: TransCore, Inc. (\$63,000,000 comprised of \$54,659,546 for contract and \$8,340,454 for contract contingency)

This memorandum seeks approval to award an Express Lane Toll System Integrator (TSI) contract to TransCore, Inc. (TransCore) to provide toll system design, integration and maintenance services for BAIFA's express lane corridors. The contract establishes an initial term of five years in an amount not to exceed \$54,659,546 with options to extend in annual increments of up to five additional years, subject to the annual budgetary approval processes of the Bay Area Toll Authority (BATA). Staff also recommends a contingency of approximately fifteen percent or \$8,340,454, to be used at the Executive Director or designee's determination. In the event TransCore fails to execute a contract with BAIFA, staff recommends an award to Schneider Electric, the next highest rated proposer.

Background

BAIFA's initial program includes the conversion of 90 miles of existing high occupancy vehicle (HOV) lanes into express lanes (see Attachment A): the I-680 Southern Segment in Contra Costa County (Package 1); I-880 in Alameda County, including the westbound San Mateo and Dumbarton Bridge approaches (Package 2); and I-80 in Solano County (Package 3). These three packages are scheduled to open by the end of 2017.

Toll System Integrator Contract

The express lanes system scope includes host and lane subsystems. The lane subsystem will monitor traffic conditions, read FasTrak® tags and license plates, and process data to send to the host subsystem. The host subsystem will use the lane data to: calculate toll prices and send them to messaging signs; build a trip transaction based on tag and license plate reads; and send trip information to the FasTrak® Regional Customer Service Center (RCSC) for processing. Once the toll system is successfully delivered, the TSI will maintain the hardware and software through the end of the contract. BAIFA staff will manage operations of the express lanes. A summary of contract terms and conditions are in Attachment B.

Procurement Process

On October, 2013, BAIFA issued a draft RFP to solicit industry feedback and conducted informal one-on-one meetings. On November 7, 2013, BAIFA issued the RFP for the design, implementation, testing, and maintenance of BAIFA's Express Lane Toll System. BAIFA held a mandatory Proposers' Conference on November 14, 2014, where staff provided RFP specifics and answered questions. On February 4, 2014, BAIFA received five proposals, all of which met minimum requirements, from the following lead firms with subcontractors listed in parentheses:

- TransCore (IBI Group, Nexus IS, Inc., Calcom, TFKM Transportation Consultants, & Statewide Traffic Safety and Signs, Inc.)
- Schneider Electric (Rosendin, Electric, Inc. & the Kleinfelder Group)
- Kapsch TrafficCom IVHS, Inc. (TransDyne, Inc., Z3, Inc.)
- Xerox State & Local Solutions, Inc. (Gannett Fleming, Beci Electric, Inc., Johnson Controls, Inc., G4S Technology, & CMC Traffic Control Specialist)
- 3M Company (Delcan Corporation & Steiny and Company, Inc.)

Evaluation Process

A panel of five members from MTC, Alameda County Transportation Commission (ACTC), and Washington State Department of Transportation (WSDOT) evaluated the proposals. BAIFA invited express lane staff from ACTC and WSDOT so that experience and lessons learned could be included in BAIFA's evaluation. Technical advisors from MTC, Santa Clara Valley Transportation Authority (VTA), and consultant staff from the Toll Systems Technical Support Contractor, Atkins North America, Inc. also supported the panel. As a prerequisite to participating in the evaluation process, scoring members and technical advisors were required to certify that they did not have a disqualifying financial interest. The proposal scoring was weighted as: technical proposal (65%) and cost proposal (35%). The RFP contemplated the proposal with the highest combined score (technical proposal score + cost proposal score) would receive the panel's highest ranking. The technical evaluation factors and details on cost proposal scoring are included in Attachment C.

The panel members preliminarily scored each of the proposals and met to discuss them. Panel members then revised their scores as they deemed appropriate based on the discussion. The panel then elected to enter into discussions with the top three proposers: TransCore, Schneider Electric, and 3M Company (3M). The evaluation panel considered these firms as reasonably likely to be awarded the contract. The panel did not include Kapsch TrafficCom IVHS, Inc. (Kapsch) and Xerox State & Local Solutions, Inc. (Xerox) in the short list. Kapsch's staffing plan was not as competitive, and its approach demonstrated an incomplete understanding of BAIFA's requirements. Xerox's solution was too complex and introduced unwarranted risk.

In-person discussions were held the week of March 17, 2014. The purpose of the discussions was to identify and communicate specific proposal deficiencies and weaknesses and provide the opportunity to proposers to address the panel's concerns in their BAFOs. Following discussions, BAIFA issued a Request for BAFO, which included (1) Addendum #5 modifying the technical requirements related to trip building and image review and their related contract performance penalties and (2) proposer-specific questions that re-stated concerns raised during discussions as well as some additional concerns the panel identified following discussions. Proposers responded immediately that the Addendum #5 penalty increase was excessively punitive. Upon review, staff agreed and issued Addendum #6 to lower the performance penalty while still providing a strong incentive for accurate trip building.

BAIFA received the three BAFOs on May 5, 2014. Upon review, the panel identified one or more significant weaknesses or deficiencies in each proposer's BAFO that needed to be addressed before the panel could recommend a firm for award. Consequently, BAIFA released a second Request for BAFO on May 21, 2014. Second BAFOs were received on June 2, 2014, and the evaluation panel evaluated the proposals, as revised by the BAFOs, against the evaluation criteria.

Evaluation Results

The following table shows the final scores for the three short-listed proposers.

Proposer	Technical Evaluation Score	Cost Proposal Score	Final Total Proposal Score	Final Total Proposal Score Rank
TransCore	4,634	3,251	7,885	1
Schneider Electric	3,994	3,500	7,494	2
3M	3,632	3,496	7,128	3

The cost proposal for each team is shown in the table below. All proposers' costs came in under the engineer's estimate of \$56,800,000.

Proposer	Total Implementation Cost	Total Maintenance Cost	Total Proposed Five-year Cost
TransCore	\$45,434,427	\$9,225,119	\$54,659,546
Schneider Electric	\$42,652,236	\$8,124,005	\$50,776,241
3M	\$42,060,454	\$8,780,609	\$50,841,063

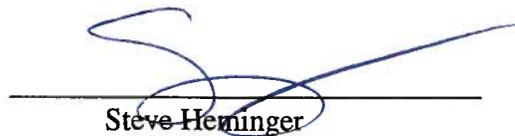
The panel unanimously rated TransCore as the strongest proposal with the highest probability of success and recommends them based on the criteria described in the RFP. Although its proposal is approximately \$4 million more than Schneider Electric's, TransCore offers a project with lower technical risks and a more experienced and available team. The panel's scores for Schneider Electric and 3M reflect the less robust technical solutions and the resultant greater risks to BAIFA:

- TransCore has already developed and is operating dynamic toll pricing systems for three different clients (VTA, San Diego, and Utah). Schneider Electric's toll pricing system is still under development and not proven at any installation. TransCore has partially integrated this toll pricing system with its traffic monitoring system, while Schneider Electric's integration is still under development. TransCore's system is simpler and easier to expand. Schneider Electric's proposal includes a highly redundant system that results in data duplication, is more complex, increases demand on the backhaul telecommunications network, and is more expensive to expand.
- TransCore's project team has more applicable and available experience than Schneider Electric. Seven of eight proposed key personnel made significant contributions to TransCore's previous dynamic toll pricing installations. TransCore's project manager has 22 years of toll systems experience. Schneider Electric is proposing an interim project manager, which poses risks to schedule and quality during the search and project initiation for a permanent replacement. Schneider Electric has two other major concurrent express lane projects that add risk to the availability of its key staff.

Recommendation

Staff recommends that the Authority authorize the Executive Director or his designee to negotiate and enter into a contract with TransCore, Inc. in an amount not to exceed \$54,659,546 to provide toll system design, integration and maintenance services for BAIFA's initial express lane projects on I-680, I-880, the westbound approaches the San Mateo and Dumbarton bridges, and I-80. The contract

is for a five-year term with an option to extend, in BAIFA's sole discretion, in annual increments of up to five additional years, subject to the annual budgetary approval processes of BATA. Staff also recommends that the Authority approve a contingency of \$8,340,454 to be used for changes at the Executive Director or designee's determination. In the event TransCore fails to enter into an agreement with BAIFA, staff recommends that the Authority authorize the Executive Director or his designee to negotiate and enter into a contract with Schneider Electric, as stated above.



Steve Heminger

SH: jm

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Attachment B

Toll System Integrator Terms and Conditions

The TSI contract is a five-year contract with a fixed-price payment schedule based on defined milestones. The contract allows BAIFA to issue task orders for additional scope of the same or similar services such as addressing changes from stakeholders (e.g. civil contractor, California Highway Patrol (CHP), Caltrans, etc.). A modest budget is set aside for system improvements executed through task orders. When additional funds are required for task orders a contract change order will be required to access contingency funds. Task order payment terms may be based on acceptance of agreed-upon deliverables or on time and materials. BAIFA may extend the contract in annual increments of up to five additional years to continue system maintenance or to add corridors. Any extension will also require a contract change order to add scope and funds. Other key contract features include:

1. **Project Schedule.** The TSI is responsible for building and maintaining a project schedule that meets or exceeds the RFP schedule shown in Attachment D.
2. **Performance monitoring and penalties.** BAIFA will monitor system performance and the TSI's maintenance response time and assess penalties for the TSI's failure to meet any performance requirements.
3. **Risk of Toll Revenue Loss.** The TSI shall bear all risk of loss to toll revenue due to any failure by the toll collection system to properly process data, except for loss caused by the sole negligence or wrong-doing of BAIFA or for power and communications failures not caused by the TSI and lasting longer than prescribed back-up requirements.
4. **Liquidated damages.** If the TSI fails to meet any of the go-live dates for the three conversion packages, BAIFA may assess liquidated damages of up to \$5,000 per day, with no limitation of liability. Additionally, if the TSI fails to certify the toll tag reader by preliminary design approval, BAIFA may assess liquidated damages of up to \$50,000 per week, with no limitation of liability.
5. **Intellectual Property (IP) rights.** The contract provides that BAIFA owns all work products and has a perpetual, assignable license to use the existing TSI host software. These IP provisions allow BAIFA the flexibility to expand future Express Lane corridors using a different system integrator, if needed or desired.
6. **Additional corridors.** The procurement allows for addition of corridors beyond the initial three packages, subject to BAIFA and budget approvals. Future pricing will be negotiated using current contract pricing and labor rates with escalations based on the Consumer Price Index, with an annual limit of five percent.

Attachment C
Toll System Integrator Technical and Cost Proposal Scoring

Technical Proposal Scoring

The evaluation panel members scored the technical proposals on three equally-weighted evaluation factors listed below. Listed under each evaluation factor are aspects of the proposals the panel considered in its evaluation. These aspects were not weighted.

1. Proposed Technical Approach (tolling system, roadside communications, implementation and testing, operation and maintenance, bill of materials, software list, disposition issues)
 - Thoroughness, clarity, logic, innovativeness and appropriateness of proposer’s approach
 - Understanding and strategy to address risk
 - Thoroughness of approach to testing
 - Thoroughness and quality of the response to and compliance with the requirements and scope of work
 - Quality of materials proposed to meet the requirements and Scope of Work
 - Demonstration of project management capabilities, including appropriateness of communication strategies with BAIFA that ensure transparency

2. Proposed Schedule
 - Logic, risk and appropriateness of proposed schedule
 - Thoroughness of defined activities, events, and durations
 - Sufficiency of the proposed resources to meet the schedule

3. Firm & Team Qualifications
 - Depth, applicability and demonstrated capability
 - Depth and relevance of proposed team/firm qualifications
 - Past performance of team/firm based on references
 - Proposed team allocation and availability, specifically for Key Personnel*
 - Risk posed to BAIFA based on the information obtained from references, financials, and past and pending notices of default, claims and legal actions

* defined in the RFP to include the Principal-In-Charge and the Project, System Design, Software Development, Installation, Communications Development, Maintenance, and Project Quality Managers

Cost Proposal Scoring

Staff applied the following formula to score cost proposals:

$$(\text{Lowest Cost Proposal} / \text{Cost Proposal being scored}) \times 3,500 = \text{points awarded to proposer}$$

Under the formula, the lowest cost proposal receives one hundred percent of the allowed points while the higher cost proposals earn fewer points based on how much they exceed the lowest cost, as shown in the example below.

Sample Cost Proposal Scoring

Proposer	Total Cost Proposal	Calculation of % (Lowest Cost Proposal / Cost Proposal being scored)	Cost Proposal Score	Cost Proposal Rank
1	\$1,000	\$900/\$1,000 = 90%	3,150	2
2	\$900	\$900/\$900 = 100%	3,500	1
3	\$1,200	\$900/\$1,200 = 75%	2,625	3

**Attachment D
Toll System Integrator Request for Proposal Schedule***

Milestone	Guaranteed Completion Date
Notice to Proceed (NTP)	July 24, 2014
Project Initiation Deliverables	September 4, 2014
System Design Approved	April 17, 2015
Factory Acceptance Testing	August 21, 2015
I-680 Installation Readiness	September 18, 2015
On-site First Installation Test	November 13, 2015
I-680 Installations and Testing	April 2, 2016
I-680 Tolling Commencement	April 22, 2016
I-880 Installation Readiness	March 31, 2016
I-880 Installations and Testing	March 6, 2017
I-880 Tolling Commencement	March 16, 2017
I-80 Installation Readiness	March 16, 2017
I-80 Installations and Testing	September 22, 2017
I-80 Tolling Commencement	September 21, 2017
System Acceptance	April 30, 2018

*This schedule does not reflect recent updates in BAIFA's Express Lane Program Schedule. Current tolling commencement dates are now different from those reflected above. This schedule only reflects what BAIFA provided to the proposers in the Request for Proposal.

REQUEST FOR AUTHORITY APPROVAL

Summary of Proposed Contract

Work Item No.: 6841

Contractor: TransCore, Inc., San Diego, CA

Work Project Title: Regional Express Lane Toll System Integrator

Purpose of Project: Design, integrate and maintain BAIFA's initial express lanes projects on I-680, I-880, the westbound approaches the San Mateo and Dumbarton bridges, and I-80.

Brief Scope of Work: Design, implement, integrate, and test the express lanes toll system and maintain through June 2019 with an option to extend annually for an additional 5 years

Project Cost Not to Exceed: Contract: \$54,659,546
Contingency: \$ 8,340,454
Total: \$63,000,000

Funding Source: BATA Capital Program Budget

Fiscal Impact: Funding is included in the Express Lane Capital Project Budget, as adopted in the FY 2013-14 Toll Bridge Program Operating and Capital Budget (BATA Resolution No. 111, Revised).

Motion by Authority: That the Executive Director or his designee is authorized to negotiate and enter into a contract with TransCore, Inc. to provide the contract services described above and in the Executive Director's memorandum dated June 19, 2014 for a 5-year period with an option to extend annually for an additional 5 years, subject to the annual budgetary approval process of BATA, and the Chief Financial Officer is directed to set aside funds in the amount of \$63,000,000 for such contract (comprised of \$54,659,546 for such contract and \$8,340,454 for contract contingency, to be used at the Executive Director or designee's determination). In the event TransCore fails to enter into an agreement with BAIFA, the Executive Director or his designee is authorized to negotiate and enter into a contract with Schneider Electric as stated above and the Chief Financial Officer is directed to set aside funds in the amounts stated above.

BATA:

Amy Rein Worth, Chair

Approved:

Date: June 25, 2014