



**METROPOLITAN
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Memorandum

TO: Commission

DATE: March 18, 2015

FR: Operations Committee

W.I. 1221

RE: Contract: Next Generation Clipper® System Consultant Support: IBI Group (\$5,000,000)

The Operations Committee referred the above-referenced contract action to the Commission and requested staff to present certain additional information to the full Commission.

Staff recommended authorization for the Executive Director or his designee to negotiate and enter into a contract with IBI Group in an amount not to exceed \$5,000,000 to provide Next Generation Clipper® electronic transit fare payment system consultant support for a term through 2020 with options to extend up to an additional ten years, in annual increments, subject to the approval of future MTC budgets. Operations Committee members raised several questions at the meeting; responses are provided in the following memorandum from the Executive Director.

SH: BA

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Memorandum

TO: Commission

DATE: March 18, 2015

FR: Executive Director

W.I. 1221

RE: Contract: Next Generation Clipper® System Consultant Support: IBI Group (\$5,000,000)

This memorandum includes information supplementary to the memorandum to the Operations Committee dated March 6, 2015, attached hereto as Attachment A. This supplementary information was requested by members of the Operations Committee at its March 13, 2015 meeting.

Background

In June 2014, Clipper® staff reported to this Committee that they were working with general managers and staff of transit operators to initiate the process of planning for the next generation Clipper® system. While the current system functions reliably and meets contractual performance requirements, planning for a next generation system is necessary to address both obsolescence of some components and to take advantage of opportunities to improve customer service and back-end operations. Procuring and transitioning to a new system is an extremely complicated and resource-intensive undertaking. At the June 2014 Operations Committee meeting, staff reported that they would initiate a competitive procurement for consultant support to design, procure, and support implementation of a next generation system. That procurement was published in September 2014, completed on March 6, 2015, and resulted in the recommendation to award to IBI Group, summarized in Attachment A.

The recommended contract award is for a term through June 2020. The scope of work is to provide advice, management and other services to support one or more procurements to deploy a next generation Clipper® system. The rationale for procuring services for a multi-year timeframe was to ensure continuity of thinking and support. It is a recommended best practice that the firm who prepares the technical specifications and procurement documents for complex systems also be involved in overseeing the implementation of the work, to ensure requirements are fully addressed and satisfied by the delivered system.

MTC's contracting policies rely on competitive procurement, and the RFP that led to staff's recommendation before the Commission today was conducted in keeping with MTC's contracting procedures, a summary of which can be found in Attachment B. These procedures include that the evaluation record shall remain confidential until contract award is authorized. Further, the RFP defines a procedure for proposers to object to the selection of a particular

consultant on various grounds. If the Commission approves the Executive Director's recommendation to award the contract to IBI, the other proposers can avail themselves of this protest procedure.

Responses to Operations Committee Member Questions

- 1. What is the scope of the project that the \$5 million budget will cover and breakdown of work by task?*

The overall scope of work that will be funded with the \$5 million budget is for the selected consultant to support Clipper® staff and transit operators to a) define the technical requirements of the next generation Clipper® system, b) support the procurement of that system, and c) support system testing and implementation. Bidders were asked to price three tasks: administration, procurement, and implementation. IBI and CH2MHill were closely matched in terms of total labor effort and average hourly billing rates. However, CH2MHill applied more hours to administrative and project control tasks whereas IBI applied greater effort to the procurement phase of the project. The evaluation panel preferred IBI's proposed allocation of work between the tasks, especially in the areas of Requirements Capture and preparation of Technical Specifications for the next generation Clipper® system.

- 2. Why did the evaluation panel find IBI's proposal to be superior to CH2MHill's?*

While the proposals from CH2MHill and IBI were both very strong, the evaluation panel was particularly impressed with IBI's transit operator-centric project approach, emphasis on defining and meeting customer needs, and assessment of project risks. The evaluation panel was comprised of eight individuals, four each from MTC and transit operator staffs. The depth and commitment of staff resources proposed to be assigned by IBI was viewed by the panel to be superior; IBI's proposed project manager has over 20 years' continuous work on comparable projects and was supported by experienced staff at substantial levels of effort. The CH2MHill team relied heavily on a subcontractor which as a firm has limited and less recent experience in the area of electronic fare collection systems. The IBI team includes professionals who have worked directly on fare collection programs in Seattle, Vancouver, Washington DC, and London which are very relevant to Clipper®.

- 3. Why did the evaluation panel find IBI's proposal to be equally cost effective to CH2MHill's when CH2MHill proposed a lower price?*

The evaluation panel reviewed cost proposals for cost effectiveness, not lowest cost. The evaluation was based on all information submitted by proposers in their proposals including cost assumptions, hourly rates, estimated staff hours, and associated direct costs. Factoring in all of these aspects, the panel found IBI to provide similar value to CH2MHill.

CH2MHill offered slightly better rates for lead project roles, but also included a 4% markup for subcontractors and significant hours for the project manager, who is a subcontractor, all of which impacted cost effectiveness. IBI's rates are competitive for the quality of staff bid and include no markup or administrative fees for subcontractors. CH2MHill's cost proposal also included caveats that indicated the proposal price may not have shown the full cost of the work.

The requested total not to exceed amount for the contract in the Operation Committee memo is less than the recommended firm's proposed cost. This is because the cost proposals submitted by proposers are based on the preliminary scope of work included in the RFP; the actual project scope will be negotiated and defined on a task order basis. This approach allows staff and the contractor to specify work as needed throughout the term of the contract and enables staff to control and minimize travel costs.

4. *Could MTC choose to rely on in-house staff rather than consultants for this work?*

MTC could choose to rely on in-house staff rather than consultants for this work, but switching to that approach is not immediately possible. MTC's strategy for delivering regional operational programs such as Clipper® has historically been to maintain lean staffing and to rely on consultants for technical expertise, to accommodate spikes in workload (including developing and executing procurements), and to act as an extension of staff. Competing with the private sector to recruit and retain subject matter experts has been challenging. Given the success of Clipper® and the region's commitment to the program, building more in-house capacity to support ongoing operations may now be warranted, and potentially more cost-effective. However, this would not entirely eliminate the need for technical and procurement support from consultants, who provide specialized knowledge that is needed intermittently.

Given timing, recent Clipper® staff turnover, and current budgetary constraints, staff recommends that MTC continue to rely on consultants to complete the Clipper® next generation procurement at a minimum. Staff also recommends simultaneously working on a plan to hire and train qualified staff at MTC and the transit agencies over the next several years to oversee a greater share of the day-to-day Clipper® operations. Staff plans to return to the Operations Committee in 2016 with a status on the plan to develop stronger in-house capabilities, and on the progress of the next generation system project.

Conclusion

Staff recommends that the Commission authorize the Executive Director or his designee to negotiate and enter into a contract with IBI Group in an amount not to exceed \$5,000,000 to provide Next Generation Clipper® System consultant support for a term through June 2020 with options to extend up to an additional ten years, in annual increments, subject to the approval of future MTC budgets.



Steve Heminger

SH: ck

Summary of Proposed Contract

Work Item No.: 2780

Contractor: IBI Group, Seattle, WA

Work Project Title: Next Generation Clipper® System ("C2") Consultant Support

Purpose of Project: Provide advice and management services to support one or more procurement(s) of a transit fare payment system, and be responsible for overseeing the selection of, and work performed by, the selected contractor(s) developing and operating the C2 system.

Brief Scope of Work: Provide technical advice services through June 2020 with an option to extend annually for an additional 10 years.

Project Cost Not to Exceed: \$5,000,000

Funding Source: STP, CMAQ, STA

Fiscal Impact: Project costs are consistent with funds programmed and budgeted in the FY 2014/15 MTC budget.

Motion by Commission: That the Executive Director or his designee is authorized to negotiate and enter into a contract with IBI Group for Next-Generation Clipper® System Consultant Support as described above in the Executive Director's March 6, 2015 memorandum, and the Chief Financial Officer is authorized to set aside \$5,000,000 for such contract, subject to the approval of future MTC budgets.

Commission:

Dave Cortese, Chair

Approved: Date: March 25, 2015

Attachment A

March 13, 2015 Operations Committee, Agenda Item 3



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Memorandum

Agenda Item 3

TO: Operations Committee

DATE: March 6, 2015

FR: Executive Director

W. I. 1252

RE: Contract - Next Generation Clipper® System Consultant Support: IBI Group (\$5,000,000)

This item asks the Committee for approval to award a contract to IBI Group (IBI) to provide advice, management and other consulting services to support one or more procurements of the Next Generation Clipper® electronic transit fare payment (C2) system, and be responsible for overseeing the selection of, and work performed by, the selected contractor(s) developing and operating the C2 system. Staff is seeking approval for a contract term through June 2020 in an amount not to exceed \$5,000,000, with an option to extend up to an additional ten years in annual increments, subject to future MTC budget approvals.

Background

In 2013, MTC and the 22 participating transit operators began planning for C2. Together, MTC and the operators developed a scope of work for a consultant to advise and help manage the upcoming procurement of the C2 system service provider(s) and equipment supplier(s). The consultant may also directly support the design, prototyping, testing, installation, and, if needed, the monitoring of initial system performance against contractual requirements.

Procurement Process

On September 30, 2014, MTC issued a Request for Proposal (RFP) for the consultant support to the C2 project. The scope included support for system design, development, testing and transition to a new fare payment system and operations. The RFP provided for a contract period through June 2020 with options to extend annually up to an additional 10 years and included support of one or more procurements for the new system.

On October 8, 2014, MTC held a Proposer's Conference to answer questions and to provide a project overview. A total of 23 individuals from 17 firms, plus agency staff, attended.

By the due date of December 4, 2014, MTC had received three proposals from the following teams: Auriga Corporation; CH2M Hill, Inc.; and IBI.

The RFP included a number of minimum qualifications, including: that the proposer have completed at least one similar project; that the Project Manager have a minimum of 10 years of related experience; and that Task Leads have a minimum of five years of related experience. All three proposers met the minimum qualifications.

Evaluation Process

The proposals were evaluated by a panel of eight members made up of staff from MTC, the Alameda Contra Costa Transit District (AC Transit), the San Francisco Bay Area Rapid Transit (BART) District, Central Contra Costa Transit Authority (CCCTA), and San Francisco Metropolitan Transportation Agency (SFMTA). The panel was supported by technical advisors consisting of agency staff from MTC and the Santa Clara Valley Transportation Authority (VTA), as well as consultant staff from Invoke Technologies, Inc. Proposals were scored based on the evaluation criteria as listed in the RFP (Attachment A).

The panel members preliminarily scored each of the proposals individually and then met to discuss and receive input from technical advisors, and revise scores as appropriate. Based on the initial scores, the panel entered into discussions with all three proposers. Discussions were held January 16, 2015 and January 20, 2015. The purpose of discussions with each proposer was to confirm the panel's understanding of bid materials and to communicate specific deficiencies and weaknesses. Discussions took place through face-to-face meetings and follow-up written correspondence.

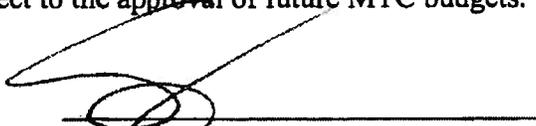
Following discussions, on February 6, 2015, MTC issued a Request for Best and Final Offers (BAFOs) to all three proposers. In their BAFOs, proposers were given the opportunity to revise their written proposals to address the concerns raised during discussions and to make any other changes. Following receipt of the BAFOs on February 19, 2015, the evaluation panel, with the assistance of technical advisors, evaluated the BAFOs against the evaluation criteria, and elected to short-list the two proposers that remained reasonably likely to be awarded the contract. A Request for Second BAFOs was then issued on March 4, 2015, seeking clarification of the cost proposals for the short-listed firms. The Second BAFOs were received on March 5, 2015, and the selection panel held a final evaluation meeting on March 6, 2015. The breakdown of the final scores for the short-listed firms is provided in Attachment B.

Evaluation Results

The panel recommends IBI as the proposer most advantageous to MTC and the operators based on the evaluation criteria stated in the RFP. IBI, teamed with ALCO Consulting, ALINC Consulting, The Transport Group, LLC, HDS Consulting, LTD, and Wardley Consulting Group, offers a multi-disciplinary team with experience in the procurement and implementation of complex federally-funded electronic payment systems like Clipper® and C2. The IBI team has specific expertise in all aspects of the proposed project in relation to the expertise sought by MTC. IBI ranked higher in all categories except Firm/Team Experience, where CH2MHill ranked slightly higher, and Cost Effectiveness, where scores were equal. In particular, the IBI proposal reflected fresh thought leadership and an innovative approach to the scope of work, with an emphasis on stakeholder and customer requirements. IBI is neither a small business nor a disadvantaged business enterprise; team member ALINC Consulting is a certified DBE.

Recommendation

Staff recommends that the Committee authorize the Executive Director or his designee to negotiate and enter into a contract with IBI Group in an amount not to exceed \$5,000,000 to provide Next Generation Clipper® System consultant support for a term through June 2020 with options to extend up to an additional ten years, in annual increments, subject to the approval of future MTC budgets.



Steve Heminger

SH: DT

Attachment A
Proposal Evaluation Criteria

The proposals were scored based on the following criteria:

1. Approach to the scope of work, as listed and described in *Appendix A, Scope of Work* (35%);
2. Proposer firm/team experience, in relation to the expertise sought by MTC; this may include information gathered by MTC through references (20%);
3. Staff qualifications, including depth and commitment of resources proposed to be assigned to the Project (20%);
4. Cost effectiveness (15%); and
5. Written and oral communication, as evidenced in the submitted proposal and through oral interviews, if held (10%).

Attachment B
Final Average Scores and Price Proposals

The following table shows the final average scores of the two short listed proposers based on their Second BAFOs:

Proposer	CH2M Hill	IBI Group
Approach (max 35 points)	29.8	31.8
Firm/Team Experience (max 20 points)	17.1	17.0
Staff Qualifications (max 20 points)	15.4	16.3
Cost Effectiveness (max 15 points)	12.0	12.0
Written/Oral Communication (max 10 points)	8.6	8.8
Total (max 100 points)	82.9	85.8

The second ranked proposal was from CH2M Hill, teamed with ARC Alternatives, Ernst & Young, Four Nines Technologies, Kimley-Horn and Associates, NWC Partners, Shiralian Management Group, and Solutions for Transit.

The price proposal for the two short-listed proposers is provided in the table below. Prices were estimated based on the preliminary Scope of Work included in the RFP. Actual prices and Level of Effort (LOE) will be negotiated at the Task Order level.

Team	Labor Hours	Labor Costs	ODC Costs	Total Costs
CH2MHill	23,817	\$4,934,710	\$25,000	\$4,959,710
IBI	24,813	\$5,160,428	\$530,000	\$5,690,428

Summary of Proposed Contract

Work Item No.: 2780

Contractor: IBI Group, Seattle, WA

Work Project Title: Next Generation Clipper® System ("C2") Consultant Support

Purpose of Project: Provide advice and management services to support one or more procurement(s) of a transit fare payment system, and be responsible for overseeing the selection of, and work performed by, the selected contractor(s) developing and operating the C2 system.

Brief Scope of Work: Provide technical advice services through June 2020 with an option to extend annually for an additional 10 years.

Project Cost Not to Exceed: \$5,000,000

Funding Source: STP, CMAQ, STA

Fiscal Impact: Project costs are consistent with funds programmed and budgeted in the FY 2014/15 MTC budget.

Motion by Authority: That the Executive Director or his designee is authorized to negotiate and enter into a contract with IBI Group for Next-Generation Clipper® System Consultant Support as described above in the Executive Director's March 6, 2015 memorandum, and the Chief Financial Officer is authorized to set aside \$5,000,000 for such contract, subject to the approval of future MTC budgets.

Operations Committee:

Jake Mackenzie, Chair

Approved: **Date:** March 13, 2015

Attachment B

Summary of MTC Contracting Procedures

The following is a summary of selected MTC contracting procedures relevant to the contract item to which this Attachment B is attached.

Authority to Contract

MTC's power to contract stems from its enabling statute, Section 66500, et seq. of the California Government Code. More specifically, MTC may "[c]ontract for or employ any professional services required by the commission or for the performance of work and services which in its opinion cannot satisfactorily be performed by its officers and employees or by other federal, state, or local government agencies." California Government Code Section 66506(c).

Full and Open Competition

It is the policy of MTC that goods and services be procured in a manner that provides full and open competition to the maximum extent feasible, consistent with applicable federal and state statutes and regulations, and that such procurements shall be consolidated, whenever possible, to ensure efficient use of agency resources.

Nondiscrimination in the Procurement Process

No employee, officer, advisor, or agent of MTC shall, on the grounds of race, color, sex, sexual orientation, religion, national origin, ancestry, age, physical or mental disability, medical condition, or pregnancy, childbirth or related medical conditions, permit discrimination against any person or group of persons in connection with the procurement of professional services.

Disadvantaged Business Enterprise (DBE)

It is the policy of MTC to ensure nondiscrimination in the award and administration of U.S. DOT-assisted contracts and to create a level playing field on which disadvantaged business enterprises, as defined in 49 Code of Federal Regulations Part 26, can compete fairly for contracts and subcontracts relating to MTC's procurement and professional services activities. MTC consultants carrying out projects that receive federal funds are required to cooperate with MTC in meeting these commitments and objectives.

Conflict of Interest

No employee, officer, advisor, or agent of MTC shall participate in the selection, award, or administration of a contract if a conflict of interest, real or apparent, would be involved. No employee, officer, advisor, or agent of MTC may have a financial interest in any contract made by them in their official capacity, or in the case of Commissioners, by the Commission when they are members.

It is MTC's policy not to award contracts to consultants when there is an organizational conflict of interest. An organizational conflict of interest exists when a consultant or contractor, because of other activities, relationships, or contracts, is unable or potentially unable to render impartial

assistance or advice to MTC, and the consultant's objectivity in performing the contract work is or might be otherwise impaired or a consultant has an unfair competitive advantage. Whenever MTC is awarding a contract that involves the rendering of advice, it will consider whether there exists the potential for bias, because of other activities, relationships or contracts of the consultant.

MTC's conflict of interest policies apply to both personal and organization conflicts of interest and apply to both real and apparent conflicts. An apparent conflict of interest exists when a reasonable person with all of the material facts believes that there appears to be a conflict.

Standard for Award in Competitively Negotiated Contracts

It is MTC's policy to award professional service and other contracts not suitable for selection based on low bid to the responsible individual or firm whose services are the most advantageous and of the best value to MTC. Factors such as the quality of professional personnel, technical design, approach to performance, soundness of the management plan, financials, and cost are relevant to determining the most advantageous and highest value offer.

Content of Solicitations

The level of detail required in an RFP will vary depending upon the size and scope of the project. However, all competitively negotiated procurements must include:

- (a) A clear and accurate description of the technical and other requirements for the services to be performed under the agreement and the deliverables to be produced. Such description need not unduly restrict competition.
- (b) All requirements that proposers must fulfill and all other factors to be used in evaluating bids or proposals.
- (c) The key terms and conditions to be included in MTC's contract with the selected consultant with particular attention drawn to the insurance requirements.
- (d) A statement assuring compliance with the California Levine Act (Cal. Gov. Code § 84308).
- (e) Procedures for protesting award.
- (f) References with descriptions of similar projects and a contact person per project.

Evaluation Criteria

Evaluation criteria must be stated and listed in the written solicitation in order of relative importance and weight, if not equal. The Project Manager shall establish a scoring method before proposals are reviewed. Detailed evaluation procedures should be developed for procurements of \$100,000 or more. Unless otherwise provided in the procurement document, the

evaluation record remains confidential until the Executive Director or applicable Committee authorizes award.

Detailed Evaluation Procedures

The Project Manager must develop a detailed evaluation procedure describing how the evaluation panel will apply the evaluation criteria and arrive at a recommendation and setting forth any conflict of interest provision applicable to the procurement. The detailed evaluation procedures should also include a discussion of the rationale for the selection of the method of procurement.

Approval of Awards

The Commission is responsible for approval of the annual budget and the awarding of contracts. The Commission has delegated contract approval authority to several of its committees in MTC Resolution No. 1058 revised. Notwithstanding that delegation, the Commission may also approve contracts.

Contracts or amendments in excess of \$100,000 or otherwise not included in the delegation of contracting authority established by MTC resolution must receive approval from the designated Committee or Commission before a contract is executed.

Protests and Disputes

All formal solicitations must notify prospective bidders/proposers that they may protest as follows:

- Any provision of a solicitation on the grounds that the solicitation is arbitrary, biased, or unduly restrictive, or
- The selection of a particular contractor on the grounds that MTC procedures, the provisions of the solicitation or applicable provisions of federal, state or local law have been violated or inaccurately or inappropriately applied, or
- That the bidder/proposer has been determined to be nonresponsive or failed to meet minimum qualifications.

The written protest must be submitted to the Project Manager with an explanation of the basis for the protest no later than the deadline specified in the solicitation as follows:

- Typically three (3) working days prior to the due date for proposals, for objections to the solicitations provisions;
- Typically three (3) working days after notification for determinations of non-responsiveness or failure to meet minimum qualifications; or
- No later than a specified number of working days, typically three (3), after the date on which the contract is awarded or the date the proposer is notified that it was not selected, whichever is later, for objections to contractor selection.

For contracts approved by a Committee or the Commission, the Executive Director will respond to the protest in writing, based on the recommendation of a staff review officer. Protests of

recommended awards must clearly and specifically describe the basis for the protest in sufficient detail for the MTC review officer to recommend a resolution to the Executive Director.

For protests of decisions made prior to recommendation of a contractor to a Committee or the Commission (i.e., protests of solicitation provisions or determinations of non-responsiveness or failure to meet minimum qualifications), a copy of the protest and response will be forwarded to the board with the recommendation to award the contract. The vote of the board authorizing award of the contract will be the final agency action and decision on such protests.

For protests of award, authorization to award a contract to a particular firm by the authorizing Committee or the Commission shall be deemed conditional until the expiration of the protest period or, if a protest is filed, the issuance of a written response to the protest by the Executive Director.

Should the protesting proposer/bidder wish to appeal the decision of the Executive Director, they may file a written appeal with the authorizing Committee, no later than the period specified in the procurement (usually three (3) working days after receipt of the written response from the Executive Director). The Committee's decision will be the final agency decision.

Public Disclosure

Proposals received in response to an agency solicitation are public records, as defined in the California Public Records Act (PRA) Government Code § 6250 et seq. and as such are subject to disclosure, unless exempt according to Gov. Code § 6254 or other statutes regarding exemptions. Solicitations must always notify prospective proposers of this requirement. This disclosure also includes list of vendors who attended a bidders/proposers conference and planholders who obtain solicitation documents.

Except with regard to initial determinations of non-responsiveness or failure to meet minimum qualifications, the evaluation record shall remain confidential until the Executive Director or appropriate Committee authorizes award.