


Date: January 24, 2024

To: Board of Directors

From: Sam Desue, Jr. 

Subject: **RESOLUTION NO. 24-01-03 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT WITH ABCORP NA, INC. (ABCORP) FOR HOP FASTPASS® EXTENDED USE CONTACTLESS MEDIA**

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 ABCorp NA, Inc. (ABCorp) for the procurement of Hop Fastpass® extended use and contactless media (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 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 launched the Hop Fastpass® account-based fare collection system in 2017. The majority of TriMet passengers use a physical Hop Card to pay their fares. On an annual basis, TriMet distributes approximately 300,000 Hop Cards, and that number is expected to increase significantly over the course of the new Contract because Ticket Vending Machines (TVMs) will sell Hop Cards rather than paper tickets in the future.

The Hop Fastpass® system relies on “smart card” technology to permit users to enjoy an array of services that can be linked to their Hop accounts. TriMet’s Hop Cards are transit

fare cards that function as extended use contactless media that can be tapped to allow riders to validate their fare, and have an expected useful life of 10 years.

TriMet’s current contract provides contactless media that contains the “DESFire EV1” chip, which will be discontinued by its manufacturer, NXP Technologies. Under the proposed Contract, ABCorp will provide extended use contactless media that replaces the current Hop Card chip with the “Mifare DESFire EV3” chip. The new chip allows multiple applications, has improved security, and has faster performance, all of which will provide a better user experience for passengers. Once the upgraded Hop Cards become available, customers may exchange their current Hop Cards at TVMs for new Hop Cards.

This Contract will provide extended use contactless media for TriMet, the Portland Streetcar, and CTRAN, and is expected to meet the projected regional demand for 400,000 Hop Cards annually for at least the next five years. As insurance against potential chip shortages and supply fluctuations, the Contract provides for storage of a one-year supply of Hop Card chips at ABCorp’s local warehouse.

7. Description of Procurement Process

TriMet initially issued an RFP for Hop Fastpass® extended use contactless media on April 26, 2023, with a proposal due date of May 17, 2023, but cancelled the solicitation due to a lack of competition.

Following the cancellation, TriMet conducted interviews with potential contractors to understand why they declined to submit a proposal and to address any concerns they had with the RFP. Based on the interviews, TriMet staff were able to modify the terms of the solicitation and reissued the RFP on September 18, 2023, with proposals due on November 10, 2023. A total of 65 vendors were notified of the RFP via TriMet’s eProcurement System (TriP\$).

TriMet received three responsive proposals from ABCorp, Paragon ID (Paragon), and EDM Technology, Inc. (EDM). The proposals were evaluated by a Source Evaluation Committee (SEC) comprised of staff from TriMet’s Fare Revenue and Information Technology teams. 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 ABCorp and Paragon to the competitive range, and eliminated EDM from competition. The SEC then opened the price proposals of the two firms in the competitive range.

Scores from the proposals are summarized below:

	Possible Points	ABCorp	Paragon	EDM
<i>Evaluation Criteria</i>				
Qualifications of Proposer	10	10.0	10.0	6.0
Qualification of Staff	10	9.0	9.0	9.0
Workforce Diversity	10	7.7	7.7	8.7
Understanding of the Work	40	38	31	20.0
Technical Proposal Points . . .	70	64.7	57.7	43.7

Possible Points	ABC Corp	Paragon	EDM
Initial Price Proposal . . .	\$7,005,370	\$6,293,321	NA
Price Proposal Points . . .	30	26.9	NA
Total Points (Score) . . .	100	91.6	NA

The SEC then asked both ABCorp and Paragon to attend interviews to discuss key points of their individual proposals, and then submit Best and Final Offers (BAFOs) to revise pricing. Interviews were held on December 5, 2023, with BAFOs due on December 15, 2023.

The overall scores after BAFO submission are summarized below:

	Possible Points	ABC Corp	Paragon
<i>Evaluation Criteria</i>			
Qualifications of Proposer	10	10.0	10.0
Qualification of Staff	10	9.0	9.0
Workforce Diversity	10	7.7	7.7
Understanding of the Work	40	37	31
Technical Proposal Points . . .	70	63.7	57.7
BAFO Price Proposal . . .		\$7,033,241	\$5,854,706
Price Proposal Points . . .	30	25	30
Total Points (Score) . . .	100	88.7	87.7

The SEC scored ABCorp’s proposal the highest and determined that it represented the overall best value to TriMet, and was consistent with TriMet’s Independent Cost Estimate of \$7,464,475. Ongoing supply chain and other issues have made procurement and delivery of the cards and chips particularly complex. Understanding the work called for by the contract is especially important given new Ticket Vending Machines coming online next year and the importance of providing functioning Hop Cards to our customers.

As the incumbent contractor, ABCorp has an ongoing, extensive working relationship with TriMet staff, and has established manufacturing processes that would take another contractor a significant amount of time to put in place. Although Paragon was well qualified and could do the work, the SEC determined that ABCorp’s more thorough understanding of the required services presented less risk to the Agency.

Finally, the SEC found ABCorp’s price proposal to be fair and reasonable based on competition. While ABCorp’s price appeared to increase with their BAFO, ABCorp explained that the increase primarily was due to administrative and mathematical errors, which ABCorp corrected in the BAFO round. Even though Paragon presented a lower

overall cost, ABCorp's superior understanding of work led the SEC to determine that it represents the best value for TriMet.

The proposed Contract will be for an initial five-year term and allows for three (3) one (1)-year extensions, potentially providing TriMet with a guaranteed inventory of Hop Cards for the next eight (8) years. TriMet will retain 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 Producer Price Index (PPI) for Semiconductors and Related Device Manufacturing. The total amount ultimately paid under the Contract will be based on TriMet's actual requirements for the goods and services needed during the Contract term.

8. **Diversity**

ABCorp has a workforce of 257 employees, of whom 44.4% are female and 56% are minorities. ABCorp will self-perform the work under the Contract. Should any subcontracting opportunities arise, TriMet staff will encourage ABCorp to give COBID-certified firms ample opportunities to participate.

9. **Financial/Budget Impact**

The total Contract amount is accounted for in the Finance and Administrative Services operating budget for FY2024.

10. **Impact if Not Approved**

This Contract is necessary to ensure that TriMet has the inventory of Hop Cards necessary for ongoing distribution throughout the Hop Fastpass® retail network, ticket vending machines, and transit ticket offices. If the Resolution is not approved, TriMet would need to re-issue an RFP, which would not be an effective or efficient use of TriMet resources and could delay the manufacturing process for this product. Further, it is highly unlikely that re-soliciting would lead to additional or more favorable proposals. Finally, ABCorp is well qualified to provide these goods and services, and its prices are fair and reasonable.

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WHEREAS, TriMet has authority under ORS 267.200 to enter into a contract with ABCorp NA, Inc. (ABCorp) for the procurement of HOP FASTPASS® extended use contactless media Hop Cards (Contract); and

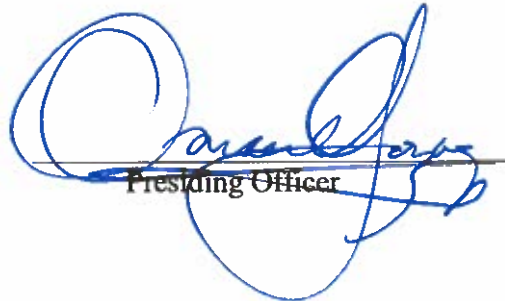
WHEREAS, by Resolution No. 22-05-35, dated May 25, 2022, the TriMet Board of Directors (Board) adopted a Statement of Policies requiring the Board to authorize all contracts obligating TriMet to pay in excess of \$1,000,000; and

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 \$7,033,241.
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 \$1,055,000 (15% of the award), for a total authorized amount of \$8,088,241, over the Contract's potential eight-year term.

Dated: January 24, 2024


Presiding Officer

Attest:


Recording Secretary

Approved as to Legal Sufficiency:


Legal Department