

Date: May 24, 2017
To: Board of Directors
From: Neil McFarlane *Neil McFarlane*
Subject: **RESOLUTION 17-05-50 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT WITH VOLTEO, LLC RESULTING FROM AN UNSOLICITED PROPOSAL FOR AN INTERNET OF THINGS SOLUTION ARCHITECT AND INTEGRATION CONSULTANT**

1. Purpose of Item

The purpose of this item is to request that the TriMet Board of Directors (Board) authorize the General Manager to execute a contract with Volteo, LLC (Volteo) for an Internet of Things (IoT) solution architect and integration consultant (Services).

2. Type of Agenda Item

- Initial Contract
- Contract Modification
- Other _____

3. Reason for Board Action

Board approval is required for personal services contracts obligating TriMet to pay in excess of \$150,000.

4. Type of Action

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

5. Background

At its June 2016 meeting, the Board authorized a Contract with DKS Associates (DKS) for a three year term with a not-to-exceed amount of \$279,800 for consulting and technical assistance services to purchase and install an IoT gateway on light rail vehicles (Project). Following execution of the Contract with DKS, staff from TriMet's Information Technology (IT) division and Procurement & Contracts department worked closely with DKS to conduct market research on the technology industry, specifically IoT, which has emerged into a concept that is being pursued internationally and becoming more mainstream. Several meetings were held with leaders of the IoT industry to better understand where technology is moving in this area and how it relates specifically to TriMet's goals. After several meetings, it became clear that TriMet would need to contract with separate firms for different specialized areas to successfully implement an IoT system with open architecture.

Developing an open architecture system is extremely important to maintain flexibility and allow for communication amongst various systems, components, and subcomponents of the light rail vehicles. It will also allow TriMet to evolve the system over time and add additional functionality without being subject to a proprietary solution that locks us into a single source relationship. To that end, it became clear that TriMet would need to engage a firm to build and develop the system architecture that would allow for open integration. Following the development of the system architecture, TriMet will need to engage a system integration firm that will be responsible for providing the hardware and software for the system and installing into the light rail vehicles and integrating with the system architecture and other TriMet systems.

Following this market research phase, there were firms that expressed an interest in being a partner to TriMet for one of the specialized areas noted above. TriMet and DKS developed a presentation that summarized the priorities of the Project and sent it out to all interested parties in the industry that TriMet and DKS identified and met with during the market research phase. Various firms inquired about TriMet's Unsolicited Proposal Policy, which is appended to TriMet's Contracting Rules as Appendix B and is publically available.

6. Procurement Process

TriMet received an unsolicited proposal from Volteo for the IoT solution architect and integration consultant in accordance with TriMet's Unsolicited Proposal Policy. The policy states that TriMet will follow a three step evaluation process in determining whether to accept an unsolicited proposal or not. The first step involves an initial review and evaluation of the proposal based on the following criteria:

1. Unique, innovative, or meritorious methods, approaches, or ideas that have originated with or are assembled together by the offeror that are contained in the proposal effort or activity;
2. Overall merits of the proposed effort or activity;
3. Potential contribution that the proposed effort is expected to make to TriMet's specific goal, if pursued at this time;
4. Capabilities related experience, facilities, or techniques, or unique combinations thereof, which the offeror possesses and offers and which are considered to be integral factors for achieving the objective(s) of the proposal;
5. Qualifications, capabilities, and experience of the proposed principal investigator, team leader, or key personnel who are considered to be critical in achieving the objectives of the proposal;
6. The financial benefit to TriMet in implementing the proposal; and
7. Time considerations of any proposed effort.

Staff from IT and DKS reviewed the unsolicited proposal submitted by Volteo and believe that it addresses every one of the criteria outlined above. The second step of the evaluation process requires posting a notification of TriMet's intent to enter into negotiations with Volteo resulting from their unsolicited proposal. A notice was posted on TriMet's vendor registration website, eBidexchange, for a period of 30 days from March 3rd to April 3rd. Only one response was received from Siemens. Siemens was one of the firms that TriMet and DKS met with during the market research phase. Siemens submitted a response and wanted clarification about the role of Volteo. A meeting was scheduled with Siemens to clarify TriMet's intent regarding the contract with Volteo. Following the meeting, Siemens understood TriMet's intent and was appreciative of

the explanation. They did not submit a response for consideration for the solution architect and integration consultant.

The third and final step involves TriMet conducting a secondary evaluation of the proposal and any supplemental information that is required to make a final decision as to whether or not to recommend approval of the contract to the Board. TriMet and DKS have conducted a secondary evaluation and believe the unsolicited proposal to be of great value to TriMet in successfully implementing the Project.

The term of the contract being recommended for authorization will be for a two year period with a not-to-exceed amount of \$300,000. The contract will be task order based so each task order will be negotiated between TriMet's project manager and Volteo. Fully burdened hourly rates have been submitted by Volteo for review by TriMet as to fair and reasonableness. A cost analysis was conducted and Volteo's hourly rates have been determined to be fair and reasonable and are comparable with other consultant rates for similar types of contracts that TriMet has used in the past. Volteo will utilize the approved hourly rates to develop a task order proposal in response to each task order provided by TriMet. Price adjustments will be permitted on an annual basis for the approved hourly rates, but will be capped at the difference of the Consumer Price Index for the Portland-Salem area from the previous year.

7. Diversity

Volteo is not a certified firm with the State of Oregon, but is a minority owned firm. They will self-perform all of the work so there are no subcontracting opportunities. Volteo's workforce is comprised of 56% minority employees

8. Financial/Budget Impact

The contract amount is covered in the IT budget for FY 18 and 19.

9. Impact if Not Approved

If not approved, TriMet would need to solicit a competitive RFP process to select a contractor to provide the Services. It is unlikely that a better result would be achieved by soliciting a RFP. After conducting extensive market research, TriMet and DKS believe that Volteo is truly the best firm in the industry to provide the Services. This is further supported by the public notification that TriMet issued regarding its intent to enter into a contract with Volteo resulting from the unsolicited proposal that they submitted. If other firms were interested and wanted to submit an inquiry or a proposal, they had the opportunity to do so.

RESOLUTION 17-05-50

RESOLUTION OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT WITH VOLTEO, LLC RESULTING FROM AN UNSOLICITED PROPOSAL FOR AN INTERNET OF THINGS SOLUTION ARCHITECT AND INTEGRATION CONSULTANT

WHEREAS, TriMet has authority under ORS 267.200 to enter into a contract with Volteo, LLC (Volteo) for an Internet of Things (IoT) solution architect and integration consultant (Services); and

WHEREAS, the total amount of the Contract shall exceed \$150,000; and

WHEREAS, the TriMet Board of Directors (Board), by Resolution dated November 25, 2009, adopted a Statement of Policies requiring the Board to approve personal services contracts obligating TriMet to pay in excess of \$150,000;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Contract shall be in conformance with applicable laws.
2. That the General Manager or his designee is authorized to execute the Contract.

Dated: May 24, 2017

Attest:

Presiding Officer

Recording Secretary

Approved as to Legal Sufficiency:



Legal Department