

## PROCUREMENT SUMMARY

## EXPRESSLANES FASTRAK 6C ELECTRONIC TOLL COLLECTION TRANSPONDERS

1.	Contract Number: DR84996000	
2.	Recommended Vendor(s): Neology, Inc.	
3.	Type of Procurement (check one): <input checked="" type="checkbox"/> IFB <input type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	Procurement Dates:	
	A. Issued: 5/25/2022	
	B. Advertised/Publicized: 5/25/22	
	C. Pre-Bid Conference: 6/1/22	
	D. Bids Due: 7/29/22	
	E. Pre-Qualification Completed: 9/12/22	
	F. Conflict of Interest Form Submitted to Ethics: 8/5/22	
	G. Protest Period End Date: 11/18/22	
5.	Solicitations Picked up/Downloaded: 20	Bids Received: 3
6.	Contract Administrator: Loretta Norris	Telephone Number: (213) 922-2632
7.	Project Manager: Barkev Tatevosian	Telephone Number: (213) 922-2452

**A. Procurement Background**

This Board Action is to approve Contract No. DR84996000 to procure pre-programmed Fastrak Radio Frequency Identification (RFID) tolling transponders, including hand-held readers, retail packaging, and fulfillment services (optional) to support Metro's Shared Mobility, Express Lanes system. Contract award is subject to resolution of any properly submitted protest.

An Invitation for Bid (IFB) No. DR84996000 was issued in accordance with Metro's Acquisition Policy and the contract type is Firm Fixed Price (FFP).

Three (3) amendments were issued during the solicitation phase of this IFB:

- Amendment No. 1, issued on May 26, 2022, to provide Technical Requirements;
- Amendment No. 2, issued on June 27, 2022, to update the Critical Dates;
- Amendment No. 3, issued on July 1, 2022, to update the Schedule of Quantities and Prices.

A total of three (3) bids were received on July 29, 2022.

**B. Evaluation of Bids**

This procurement was conducted in accordance and complies with Metro’s Acquisition Policy for a competitive sealed bid. The three bids received are listed below in alphabetical order:

1. Kapsch TrafficCom USA, Inc.
2. Neology, Inc.
3. Star Systems America, LLC

All firms were determined to be responsive and responsible to the IFB requirements. The recommended firm, Neology, Inc., the lowest responsive and responsible bidder, was found to be in full compliance in meeting the bid and technical requirements of the IFB.

**C. Price Analysis**

The recommended bid price from Neology has been determined to be fair and reasonable based upon adequate price competition and selection of the lowest responsive and responsible bidder.

<b>Bidder’s Name</b>	<b>Total Bid Amount</b>	<b>Metro ICE</b>
Neology, Inc.	\$12,380,190	\$31,200,000
Star Systems America, LLC	\$13,451,700	
Kapsch TrafficCom USA, Inc.	\$14,736,819	

The variance between the bid price and Metro’s ICE is attributed to historical and assumption of pricing in the current market, pandemic-related supply chain constraints and inflation that has impacted the entire economy. Metro’s ICE assumed that the 2019 tariffs for transponders had an overall effect of increasing unit prices by roughly 5% that year. Furthermore, pandemic-related supply chain constraints were assumed to result in an additional unit price increase of 10% annually in 2020 and 2021. Finally, high inflation was assumed to result in additional 10% increases in unit costs in 2022 and 2023. Ultimately, our estimate for transponder unit costs in 2023 dollars came to roughly \$18, but the bidders proposed a far lower price per transponder. Given the large volume of our order, this alone translated into a cost difference of over \$16 million between the ICE and the bid price. In addition, the bidders are able to handle such large volumes of transponder-related orders, including services, that economies of scale were achieved beyond what Metro estimated.

**D. Background on Recommended Contractor**

The recommended firm, Neology, Inc., was founded in 1986, is headquartered in San Diego, California, and has divisions located in Poway, CA, Bryan, TX, United Kingdom, and Mexico. Neology supplies 90% of the 6C transponders used in the U.S. and is providing satisfactory service to its customers that include Washington State Department of Transportation (WSDOT), Transportation Corridor Agency (TCA), Orange County, CA, Express Toll Colorado (E470), Riverside County Transportation Commission (RCTC) Riverside, CA, Bay Area Transportation Authority (BATA), San Francisco, CA, and State Road and Toll Authority (SRTA).