



Agenda Item 3c
Bay Area Metro Center
375 Beale Street
San Francisco, CA 94105
TEL 415.778.6700
WEB www.mtc.ca.gov

TO: Clipper® Executive Board

DATE: September 19, 2016

FR: Carol Kuester

RE: Next-Generation Clipper® (C2) Procurement Update

At the August 22, 2016 Executive Board meeting, staff presented an updated C2 System Integrator (SI) procurement schedule, and the Board inquired as to why the schedule was so lengthy. At the September 26, 2016 meeting, staff will elaborate on portions of the schedule to illuminate considerations behind schedule durations. The attached schedule (Attachment A), as did the schedule discussed in August, includes the elimination of the C2 SI Request for Qualifications (RFQ) to allow more time for the Request for Proposals (RFP) process, noting that several of the Request for Expressions of Interest (RFEI) respondents indicated that an RFQ process that removes some competition early may not be in the best interest of the Program. Adopting an RFP process with an Industry Review draft, rather than an RFQ/RFP could accommodate more vendors in the process, refine the RFP requirements to address industry capabilities and concerns, and allow more time for contract and Best and Final Offer (BAFO) negotiations, which should reduce back-end schedule slippage. The attached schedule adds to the August schedule by incorporating operation of the existing Clipper® system, C2 design, implementation, and transition of customers to C2 once a system integrator is selected. This memo is intended to clarify the current C2 SI RFP process for the Executive Board.

RFP Development, Industry Review DRAFT RFP and Final RFP

The C2 SI RFP distributed for industry review (targeted for late January 2017) will include design specifications, statement of work, a draft contract, cost sheets, evaluation criteria, and Service Level Agreements (SLAs) linked to payments. Time is allotted during the next 4 months for MTC staff and agency staff and Executive Board members who agree to MTC's procurement requirements on confidentiality to review the RFP prior to industry release. In addition, key requirements of the RFP will be reviewed with the Board at future meetings.

During industry review, we expect to receive feedback on our procurement and contracting approach, along with other elements of the RFP, and expect that these comments will be an indicator on the type of response and level of competition we will receive for the final RFP release. Prior to releasing the final RFP, we will take into consideration industry feedback and revise the RFP as appropriate, allowing time for agency staff and the Executive Board to offer feedback on what changes are appropriate, with the goal towards receiving as many viable proposals as possible.

Initial Evaluation, Discussions and Contract Negotiations

Eight months is allowed in the C2 SI project schedule for the evaluation of proposals, development of a "short list" of proposers with whom to conduct discussions and site visits, and contract negotiations. Detailed discussions with short-listed proposers will address costs and risk factors, technical approaches to implementation and operation, proposal deficiencies and weaknesses, and contractual terms and

conditions. Specialists in evaluating cost proposals and financial risk and the C2 SI contract terms (including Thompson Coburn, Clipper C2 SI outside counsel) will be included in the cost/price and legal discussions. The contract negotiations will result in a thorough, shared understanding on the part of short-listed vendors and the legal and procurement evaluators (including Clipper® outside counsel) of the final contract terms that will appear in the Request for Best and Final Offer (BAFO). During this time period, we will also be scheduling site visits, checking references, and determining which changes to make to the RFP technical requirements and scope of work in the BAFO to obtain the most favorable and acceptable terms for the C2 SI contract.

BAFO and Contract Finalization

The BAFO will include all changes to the RFP and contract that MTC and agency staff deem acceptable, as well as a requirement that the proposer return a signed contract indicating acceptance of the final contractual terms and conditions with the BAFO. Since the BAFO requires proposers to sign and accept contractual terms and conditions, there should not be a delay in signing the contract after Clipper Executive Board and MTC approval and expiration of the protest period.

MTC staff, IBI, and outside counsel believe this approach best allows for viable industry competition, while also reducing overall schedule risk for the procurement of the C2 System Integrator. We look forward to updating the Clipper Executive Board on any developments during this process.



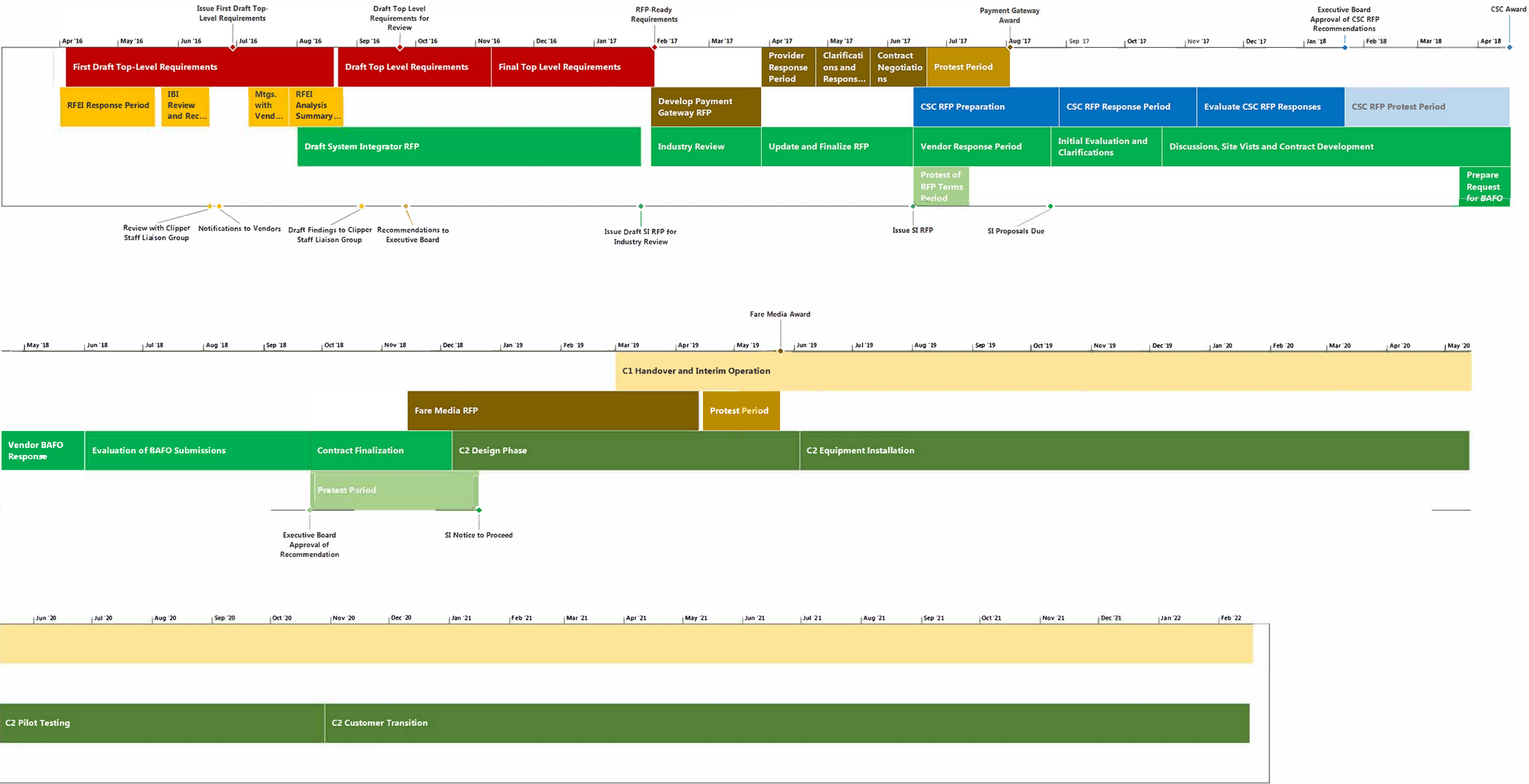
Carol Kuester

Attachment:

Attachment A: C2 High Level Schedule, August 30, 2016

Attachment B: Next-Generation Clipper® (C2) Procurement Update

C2 High Level Schedule - Updated 8/30/2016



Next-Generation Clipper[®] (C2) Procurement Update

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Attachment B



Industry Review of RFP

January 2017 to April 2017:

- Allows industry to review RFP process, specifications, Scope of Work (SOW), SLAs, contract
- Allows time for industry to provide feedback on procurement, contracting approach, and other elements.
- Industry comments will be a barometer on type of response MTC will expect to get to the final RFP.
- Feedback from industry will indicate whether or not we are on target in our approach to level the field and allow for full and open competition.

Update and Issue Final RFP

April 2017 to June 2017:

- Allows time to take into consideration feedback from industry and revise RFP as appropriate.
- Allows time for agency staff and Executive Board to review/ weigh in on what changes are appropriate for the RFP.
- Intended to help MTC receive as many viable proposals as possible.



Issuance of RFP, Initial Evaluation and Clarifications

1. Issuance of RFP

June 2017 to August 2017

Proposers conference will be held and a Q&A document will be issued to clarify any questions from potential proposers.

2. Initial Evaluation and Clarifications

August 2017 to October 2017

Will include a technical evaluation of cost, proposed approach, etc.
Opportunity for MTC to get clarifying information from proposers, if needed.



Site Visits and Reference Checks

October 2017 to April 2018:

- Allows time for the evaluation committee and technical advisors to perform site visits.
- Allows time for evaluation committee chair to check references and provide information to evaluation committee and technical advisors.



Discussions and Contract Development

October 2017 to April 2018:

- Allows time for the evaluation committee and technical advisors to have detailed discussions over multiple days with all short listed proposers on:
 - Proposed cost,
 - Technical approach to implementation and operations,
 - Deficiencies and weaknesses in short-listed proposals, and
 - Contractual terms and conditions.
- Will produce a list of final terms and conditions fully understood by all short-listed proposers.
- After discussions, changes will be made to the RFP, and to the contract, as appropriate, to obtain the most favorable and acceptable terms for the C2 contract.

Issuance and Evaluation of Best and Final Offer (BAFO)

April 2018 to September 2018:

- Request for BAFO will include all changes to RFP and the final contract developed during the discussions and contract development meetings.
- Will include requirement that proposer's return a signed contract indicating acceptance of final contractual terms and conditions.





Contract Finalization

September 2018 to December 2018:

- Since BAFO requires proposer's to sign and accept contractual terms and conditions, contract execution should not be delayed after Clipper Executive Board and MTC approval and expiration of protest period.