



## ***Memorandum***

TO: Bay Area Toll Authority

DATE: January 16, 2019

FR: Executive Director

W. I. 1253

RE: FasTrak® Toll Tags - Toll Tag Vendor Bench: Kapsch TrafficCom USA, Inc., Neology, Inc., Star Systems International, Ltd., and TransCore, LP.

- i. Purchase Order – Internal FasTrak® Toll Tags: Kapsch TrafficCom USA Inc. (\$12,740,000); and
- ii. Purchase Order – External FasTrak® Toll Tags: Neology, Inc. (\$171,000)

At the BATA Oversight Committee on January 9, 2019, the Committee considered staff's proposal for the toll tag procurement and voted to refer the item to the full Authority for approval. The Committee also requested that staff provide responses to the numerous questions raised at the Committee meeting.

### **Regulatory Change**

When the California (CA) Toll Operators agreed to pursue administrative changes to the CA Code of Regulations (CCR) Title 21 specifications to introduce a new communications protocol, there was a requirement to prepare a Standard Regulatory Impact Assessment Report (SRIA) to assess the predicted economic impacts associated with the regulatory change. A SRIA is required for any regulatory change that is anticipated to exceed \$50 million. The SRIA is an assessment based on educated assumptions and estimates to inform decision makers and the public about the economic impacts of a proposed regulatory change. The base premise of the SRIA included the fact that no manufacturers of the old tag protocol (Title 21) are located in California. The future forecast for the new 6C protocol predicted more competition and at least one CA tag manufacturer. The assessment assumed that CA manufacturers would receive a percentage of the gross production of 6C toll tags statewide. This appears to be true after reviewing the first two procurements in the state at Riverside County Transportation Commission (RCTC) and Transportation Corridors Agency (TCA) in Orange County. Additionally, because each California toll operator is a public agency, the report anticipated that net savings on tag purchases would be put back to work locally in the rehabilitation programs for most agencies. In BATA's case we would apply savings to supporting the rehabilitation program projects that produce jobs and taxes locally.

### **California Preference Program**

The Committee expressed an interest in pursuing a program that provides for preference for CA industry. The research produced to date indicates that the legal impacts have not been previously studied. We have not found any jurisdiction in the state administering a similar preference program. To institute a program, the Authority would need to develop a certification and testing plan for compliance and set specific goals for compliance (e.g. preference for manufacturing or presence in the state.) Staff requests more time to develop a broader understanding of the impacts, legally and administratively, before advancing a program to the Authority for consideration. As part of its research, staff will evaluate the types of contracts that could be best suited for a CA purchase preference.

The trajectory of the first three CA tag procurements has resulted in a competitive and positive change in best value of tolling equipment. Staff will prepare to report back on the progress of 6C impacts on

CA industry and on various Toll Operators' performance in returning cost savings to rehabilitation programs in the coming year.

**Procurement of Toll Tags through Other California Tolling Agency Awards**

Two other Tolling Agencies have recently awarded 6C toll tag procurements, and these awards are available for use by other tolling agencies. BATA has the ability to enter into contracts with the vendors selected by both RCTC and TCA. Terms and conditions would be restricted to the outside agency contracts, and the proposals they accepted. Both of their agencies can also use our procurement to purchase tags. Additionally, the two procurements do not include internal toll tags packaged for sale at retail locations. BATA would need to contract for retail packaging or stop selling toll tags at retail locations like Costco and Walgreens. Prices for internal toll tags for the procurements are shown below. Because tag costs bid for other agencies were higher than for BATA, we would spend at least \$1 million more to purchase tags through their contracts.

<b>Internal Non-Retail Tags</b>	<b>BATA Nov 2018</b>	<b>Transportation Corridor Agencies (TCA) Aug 2018</b>	<b>Riverside County Transportation Commission (RCTC) July 2018</b>
Kapsch TrafficCom USA, Inc.	\$8.26	\$10.00	\$11.55
Neology, Inc.	\$9.20	\$14.54	\$9.21
TransCore, LP	\$9.97	n/a	n/a
Star Systems International, Ltd.	n/a	n/a	n/a

The terms and conditions under BATA's RFQ are binding, including performance of tags and unit price. In addition, the benefit of the on call bench provides a more immediate response in the event of a contract termination of any sort.

**Recommendation**

1. Staff recommends that the Authority approve the pre-qualified vendor bench identified in the January 2, 2019 BATA Oversight Committee Memorandum (Attachment 1) to provide 6C toll tags. BATA staff will use this bench for a period up to June 30, 2021 with an option to extend to December 31, 2021.
2. Staff also recommends that the Authority authorize the Executive Director or his designee to issue a purchase order to Kapsch TrafficCom USA, Inc. in an amount not to exceed \$12,740,000 to purchase 1,225,000 internal 6C FasTrak® toll tags for FY 2018-19 and FY2019-20 and a purchase order to Neology, Inc. in an amount not to exceed \$171,000 to purchase 15,000 external 6C FasTrak® toll tags for FY 2018-19 and FY 2019-20, subject to the approval of the FY 2019-20 BATA budget.

3. Staff requests direction from the Authority about whether it wishes to pursue further investigation of a California preference program for toll tag or other BATA procurements.



---

Steve Heminger

SH:bz

**Attachments:** Agenda Item 4c from BATA Oversight Committee

J:\COMMITTEE\BATA\2019\01 Jan'2019 BATA\6b\_BATA O\_4c\_6C Toll Tags\_Memo to Authority\_01-17-2019\_v1.docx

REQUEST FOR AUTHORITY APPROVAL  
Summary of Proposed Vendor Bench

Work Item No.: 1253

Contractors: Kapsch TrafficCom USA, McLean, VA  
Neology, Inc., San Diego, CA  
Star Systems International, Ltd., Allen, TX  
TransCore, LP., Nashville, TN

Work Project Title: FasTrak® Toll Tags Vendor Bench

Purpose of Project: To establish a vendor bench to provide FasTrak® Toll Tags

Brief Scope of Work: Establish a vendor bench to provide FasTrak® toll tags to toll bridges and express lanes customers.

Project Cost Not to Exceed: Individual purchase orders to be determined; the estimated total budget for the purchase orders has not been determined at this time.

Funding Source: Toll Bridge Rehabilitation Program Funds

Fiscal Impact: No immediate fiscal impact until purchase orders are awarded.

Motion by Authority: That the vendors listed in the Deputy Executive Director's Memorandum dated January 2, 2019 to the BATA Oversight Committee and in the Executive Director's Memorandum dated January 16, 2019 to the Authority be pre-qualified to be issued purchase orders to provide 6C FasTrak® toll tags on an as-needed basis through June 30, 2021, subject to applicable contract approval procedures and necessary budget approvals, with an option on the part of BATA to extend the bench to December 31, 2021.

BATA:

---

Jake Mackenzie, Chair

Approved: Date: January 23, 2019

REQUEST FOR AUTHORITY APPROVAL  
Summary of Proposed Purchase Order

Work Item No.:	1253
Vendor:	Kapsch TrafficCom USA, Inc., McLean, VA
Work Project Title:	Internal FasTrak® Toll Tags
Purpose of Project:	To provide internal FasTrak® toll tags.
Brief Scope of Work:	Provide internal FasTrak® toll tags to support the regional toll bridges and express lanes operations.
Project Cost Not to Exceed:	\$12,740,000
Funding Source:	Toll Bridge Rehabilitation Program Funds
Fiscal Impact:	\$4,489,000 in funds are included in the FY2018-19 Toll Bridge Rehabilitation Program Budget; the balance of \$8,251,000 is subject to the approval of the FY 2019-20 Toll Bridge Rehabilitation Program Budget.
Motion by Authority:	That the Executive Director or his designee is authorized to issue a purchase order to Kapsch TrafficCom USA, Inc. to provide internal 6C FasTrak® toll tags as described above and in the Deputy Executive Director's Memorandum dated January 2, 2019 to the BATA Oversight Committee and in the Executive Director's Memorandum dated January 16, 2019 to the Authority, and the Chief Financial Officer is directed to set aside funds in the amount of \$12,740,000 for such purchase order subject to the approval of the FY2019-20 BATA Budget.
BATA:	<hr/>
	Jake Mackenzie, Chair
Approved:	January 23, 2019

REQUEST FOR AUTHORITY APPROVAL  
Summary of Proposed Purchase Order

Work Item No.:	1253
Vendor:	Neology, Inc., San Diego, CA
Work Project Title:	External FasTrak® Toll Tags
Purpose of Project:	To provide external FasTrak® toll tags.
Brief Scope of Work:	Provide external FasTrak® toll tags to support the regional toll bridges and express lanes operations.
Project Cost Not to Exceed:	\$171,000
Funding Source:	Toll Bridge Rehabilitation Program Funds
Fiscal Impact:	\$114,000 in funds are included in the FY2018-19 Toll Bridge Rehabilitation Program Budget; the balance of \$57,000 is subject to the approval of the FY 2019-20 Toll Bridge Rehabilitation Program Budget.
Motion by Authority:	That the Executive Director or his designee is authorized to issue a purchase order to Neology, Inc. to provide external 6C FasTrak® toll tags as described above and in the Deputy Executive Director's Memorandum dated January 2, 2019 to the BATA Oversight Committee and in the Executive Director's Memorandum dated January 16, 2019 to the Authority, and the Chief Financial Officer is directed to set aside funds in the amount of \$171,000 for such purchase order subject to the approval of the FY 2019-20 BATA Budget.
BATA:	<hr/>
	Jake Mackenzie, Chair
Approved:	January 23, 2019



BAY AREA TOLL AUTHORITY

Bay Area Metro Center

375 Beale Street

San Francisco, CA 94105

TEL 415.778.6700

WEB [www.mtc.ca.gov](http://www.mtc.ca.gov)

## ***Memorandum***

TO: BATA Oversight Committee

DATE: January 2, 2019

FR: Deputy Executive Director, Operations

W. I. 1253

RE: FasTrak® Toll Tags - Toll Tag Vendor Bench: Kapsch TrafficCom USA, Inc., Neology, Inc., Star Systems International, Ltd., and TransCore, LP.

- i. Purchase Order – Internal FasTrak® Toll Tags: Kapsch TrafficCom USA Inc. (\$12,740,000); and
- ii. Purchase Order – External FasTrak® Toll Tags: Neology, Inc. (\$171,000)

This memorandum requests approval of a pre-qualified bench of vendors to provide FasTrak® toll tags for toll bridges and express lanes customers. This bench will be utilized for a period ending June 30, 2021, with an option to extend to December 31, 2021.

This memorandum also authorizes the Executive Director or his designee to issue purchase orders for the initial FasTrak® toll tags purchases for the remainder of FY 2018-19 and FY 2019-20, subject to the approval of the FY 2019-20 BATA budget:

- A purchase order in an amount not to exceed \$12,740,000 to Kapsch TrafficCom USA, Inc. (Kapsch) to purchase 1,225,000 internal FasTrak® toll tags;
- A purchase order in an amount not to exceed \$171,000 to Neology, Inc. (Neology) to purchase 15,000 external FasTrak® toll tags.

### **Background**

In a recently approved state regulation (California Code of Regulations, Division 2, Title 21, Chapter 16), all tolling agencies in California are required to transition from the current Title 21 toll tag protocol to the new 6C toll tag protocol. To comply with the new regulation, BATA issued a Request for Qualifications (RFQ) in October 2018 to establish a bench of pre-qualified vendors to provide up to 2,340,000 6C toll tags through June 30, 2021, consisting of:

- 1,875,000 internal mounted self-declaration (Flex) toll tags;
- 435,000 internal mounted Flex tags packaged for retail sales; and
- 30,000 external license plate-mounted toll tags.

The tags will be purchased in approximately annual increments from February 2019 through June 30, 2021, allowing BATA to solicit new pricing from the pre-qualified bench vendors for each subsequent purchase as needed. The RFQ also allows an option to extend the tag purchases to December 31, 2021 and to purchase an additional option quantity of 880,000 non-retail Flex tags, 730,000 retail Flex tags, and 30,000 external tags.

*Vendor Bench Evaluation*

In response to the RFQ, BATA received Statements of Qualifications (SOQs) and bids from a total of four (4) vendors. To qualify for placement on the vendor bench, the tags that vendors are proposing must be certified by the Omni Air Consortium or be in the process of obtaining certification. However, vendors in the process of obtaining certification cannot be awarded a purchase order until proof of certification is received. All four vendors were found to have been responsive and met the required minimum qualifications for placement on the vendor bench. Based on the findings, staff recommends that the vendors shown in Table 1 below be approved as pre-qualified vendors for providing BATA with 6C FasTrak® toll tags.

**Table 1: On-Call 6C FasTrak Toll Tag Vendor Bench Selections**

<b>SELECTED FIRMS</b>
Kapsch TrafficCom USA, Inc., McLean VA
Neology, Inc., San Diego, CA
Star Systems International, Ltd., Allen, TX
TransCore, LP., Nashville, TN

*Contract Evaluation*

To determine the contract award for the initial tag quantities for FY 2018-19 and FY 2019-20, an evaluation panel consisting of BATA staff subsequently evaluated the qualifying SOQs that included pricing for the first tag purchase. The evaluation was based on three evaluation factors that were ranked according to points: (1) price (35%), (2) effectiveness of toll tag features (35%), and (3) quality of inventory management and control procedures (30%). The evaluation results for internal and external tags is shown in Tables 2 and 3 below.

**Table 2: Internal Tag Bid Details**

<b>Vendor</b>	<b>Total Points /100 Points</b>	<b>Certified</b>	<b>Per Unit Bid Price without tax</b>
Kapsch TrafficCom USA, Inc.	97	Y	\$ 8.26 Non-Retail \$11.18 Retail
TransCore, LP	93.67	N	\$ 9.97 Non-Retail \$11.47 Retail
Neology, Inc.	92.67	Y	\$ 9.20 Non-Retail \$10.71 Retail

**Table 3: External Tag Bid Details**

<b>Vendor</b>	<b>Total Points /100 Points</b>	<b>Certified</b>	<b>Per Unit Bid Price without tax</b>
Kapsch TrafficCom USA, Inc.	95	N	\$6.50
Neology, Inc.	84.33	Y	\$10.50
TransCore, LP	70.33	N	\$19.95



The evaluation panel found that Kapsch had the highest scored SOQ for internal tags and is recommended for the award of the initial internal tag purchase order. Kapsch also had the highest scored SOQ for external tags, however as Kapsch is still in the process of obtaining certification of its external tag, staff is recommending Neology, which holds the second highest scored SOQ, for award of the initial external tag purchase order. Star System International, Ltd. qualified for bench placement, but did not submit a price bid for this initial purchase. Award of subsequent annual purchase orders with the pre-qualified vendors will be based on subsequent price solicitation and evaluation. Attachment A includes a summary of Kapsch and its project team's small business and disadvantaged business enterprise status. Neology is neither a small business nor a disadvantaged business enterprise and currently has no subcontractors.

Prior to the December Committee meeting, staff received a request from Assembly Member Kevin Mullin that the procurement of 6C tags take into consideration the impact on job and business creation/elimination within California. In consideration of this request, staff will explore the adoption of a program that allows preference for California vendors. However, due to our limited current inventory, BATA requires delivery of additional tags starting in March 2019 to meet forecasted tag needs.

**Recommendation**

Staff recommends that the Committee approve the pre-qualified vendor bench identified in Table 1 of this memo to provide 6C toll tags. This bench will be utilized for a period ending in June 30, 2021, with an option to extend to December 31, 2021.

Staff also recommends that the Committee authorize the Executive Director or his designee to issue a purchase order to Kapsch in an amount not to exceed \$12,740,000 to purchase 1,225,000 internal 6C FasTrak® toll tags for FY 2018-19 and FY2019-20 and a purchase order to Neology in an amount not to exceed \$171,000 to purchase 15,000 external 6C FasTrak® toll tags for FY 2018-19 and FY 2019-20, subject to the approval of the FY 2019-20 BATA budget.



Andrew B. Premier

SH:mp  
Attachments

**Attachment A**  
**Small Business and Disadvantaged Business Enterprise Status**

		DBE* Firm			SBE** Firm		
Firm Name		Yes	DBE #	No	Yes	SBE #	No
Prime Contractor	Kapsch TrafficCom, USA, Inc.			X			X
Subcontractor	Star Systems International, Ltd.			X			X

\*Denotes certification by the California Unified Certification Program (CUCP).

\*\*Denotes certification by the State of California.

REQUEST FOR COMMITTEE APPROVAL  
Summary of Proposed Vendor Bench

Work Item No.: 1253

Contractors: Kapsch TrafficCom USA, McLean, VA  
Neology, Inc., San Diego, CA  
Star Systems International, Ltd., Allen, TX  
TransCore, LP., Nashville, TN

Work Project Title: FasTrak® Toll Tags Vendor Bench

Purpose of Project: To establish a vendor bench to provide FasTrak® Toll Tags

Brief Scope of Work: Establish a vendor bench to provide FasTrak® toll tags to toll bridges and express lanes customers.

Project Cost Not to Exceed: Individual purchase orders to be determined; the estimated total budget for the purchase orders has not been determined at this time.

Funding Source: Toll Bridge Rehabilitation Program Funds

Fiscal Impact: No immediate fiscal impact until purchase orders are awarded.

Motion by Committee: That the vendors listed in the Deputy Executive Director's Memorandum dated January 2, 2019 be pre-qualified to be issued purchase orders to provide 6C FasTrak® toll tags on an as-needed basis through June 30, 2021, subject to applicable contract approval procedures and necessary budget approvals, with an option on the part of BATA to extend the bench to December 31, 2021.

BATA Oversight Committee:

---

Amy Worth, Chair

Approved: Date: January 9, 2019

REQUEST FOR COMMITTEE APPROVAL  
Summary of Proposed Purchase Order

Work Item No.:	1253
Vendor:	Kapsch TrafficCom USA, Inc., McLean, VA
Work Project Title:	Internal FasTrak® Toll Tags
Purpose of Project:	To provide internal FasTrak® toll tags.
Brief Scope of Work:	Provide internal FasTrak® toll tags to support the regional toll bridges and express lanes operations.
Project Cost Not to Exceed:	\$12,740,000
Funding Source:	Toll Bridge Rehabilitation Program Funds
Fiscal Impact:	\$4,489,000 in funds are included in the FY2018-19 Toll Bridge Rehabilitation Program Budget; the balance of \$8,251,000 is subject to the approval of the FY 2019-20 Toll Bridge Rehabilitation Program Budget.
Motion by Committee:	That the Executive Director or his designee is authorized to issue a purchase order to Kapsch TrafficCom USA, Inc. to provide internal 6C FasTrak® toll tags as described above and in the Deputy Executive Director's Memorandum dated January 2, 2019, and the Chief Financial Officer is directed to set aside funds in the amount of \$12,740,000 for such purchase order subject to the approval of the FY2019-20 BATA Budget.
BATA Oversight Committee:	<hr/> Amy Worth, Chair
Approved:	January 9, 2019

REQUEST FOR COMMITTEE APPROVAL  
Summary of Proposed Purchase Order

Work Item No.:	1253
Vendor:	Neology, Inc., San Diego, CA
Work Project Title:	External FasTrak® Toll Tags
Purpose of Project:	To provide external FasTrak® toll tags.
Brief Scope of Work:	Provide external FasTrak® toll tags to support the regional toll bridges and express lanes operations.
Project Cost Not to Exceed:	\$171,000
Funding Source:	Toll Bridge Rehabilitation Program Funds
Fiscal Impact:	\$114,000 in funds are included in the FY2018-19 Toll Bridge Rehabilitation Program Budget; the balance of \$57,000 is subject to the approval of the FY 2019-20 Toll Bridge Rehabilitation Program Budget.
Motion by Committee:	That the Executive Director or his designee is authorized to issue a purchase order to Neology, Inc. to provide external 6C FasTrak® toll tags as described above and in the Deputy Executive Director's Memorandum dated January 2, 2019, and the Chief Financial Officer is directed to set aside funds in the amount of \$171,000 for such purchase order subject to the approval of the FY 2019-20 BATA Budget.
BATA Oversight Committee:	<hr/> Amy Worth, Chair
Approved:	January 9, 2019