

Date: April 27, 2016

To: Board of Directors

From: Neil McFarlane *Neil McFarlane*

Subject: **RESOLUTION 16-04-19 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING CONTRACTS WITH MOREL INK, GISI MARKETING GROUP, AND LOWELL'S PRINT-INN FOR AGENCY-WIDE PRINTING SERVICES**

1. Purpose of Item

The purpose of this item is to request that the TriMet Board of Directors ("Board") adopt a resolution authorizing the General Manager to execute contracts with Morel Ink, GISI Marketing Group, and Lowell's Print-Inn for agency-wide printing services.

2. Type of Agenda Item

- Initial Contract
- Contract Modification
- Other _____

3. Reason for Board Action

Board authorization is required for goods or services contracts obligating TriMet to pay in excess of \$500,000. While the GISI Marketing Group and Lowell's Print-Inn contracts are each below the Board authorization threshold, the Morel Ink contract is expected to exceed \$500,000. Due to the inter-related nature of these contracts, all three contracts are being submitted to the Board for approval.

4. Type of Action:

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

5. Background

TriMet's Creative Services department purchases a variety of custom printed materials throughout the year. Printed work must meet quality standards, individual project

specifications, as well as deadlines.

To ensure adequate supply and coverage of printed materials, TriMet maintains multiple contracts with multiple firms. TriMet's Creative Services department will contact the primary vendor for each category of printed materials, of which there are five, when services are required. If the vendor's ability to deliver on time and/or fulfill specific specifications of the individual job cannot be met, TriMet will then contact the secondary vendor for the required service, and so on.

The existing contracts, which expire on May 31, 2016, include five (5) categories of work. These categories of printed materials were created because of the diversity of TriMet's printing needs and to maximize opportunities for small, certified firms. The five (5) categories of work are as follows:

1. Stationary Items;
2. Brochures, Factsheets, Postcards, Preprints, Inserts, and Handbills;
3. Booklets;
4. Posters; and
5. Other (booklets, mailers, pocket folders, surveys, tabs and tags).

6. Procurement Process

On February 26, 2016, TriMet issued a Two-Step Invitation to Bid (ITB) to select vendors for printing services. The Two-Step process required submittal of Technical Proposals (Step One) from interested vendors, selection of technically qualified vendors by an evaluation committee, and then submittal of bids (Step Two) from the vendors that were determined to be qualified under Step One.

Two hundred and seventy-four (274) firms were sent a notification of this solicitation's availability from TriMet's eBid system. Of those 274 vendors, 45 downloaded the ITB. On March 18, 2016, TriMet received three (3) technical proposals (Step One of the Two-Step process); one from Morel Ink, one from GISI Marketing Group, and one from Lowell's Print-Inn. A source evaluation committee (SEC), comprised of staff from the Creative Services department, evaluated the proposals against the criteria set forth in the Step One – Request for Technical Proposals of the ITB addressing (1) qualifications of the firm and staff, including workforce diversity; and (2) proposer's approach to accomplishing the scope of work (work plan) of each of the five defined categories required in the ITB specifications. Scores were not assigned as the purpose of the evaluation in a Two Step ITB process is to only determine whether or not vendors are technically qualified. The SEC determined all three (3) Technical Proposals to be technically qualified. All three (3) vendors were sent requests for Step Two ITBs on all five (5) categories, which were received on April 1, 2016. The bids for all categories from all three (3) vendors are as follows:

Morel Ink	GISI Marketing Group	Lowell's Print-Inn
------------------	-----------------------------	---------------------------

First Right of Refusal

Bid Price Category 1	\$96,214.00
Bid Price Category 2	\$185,022.22
Bid Price Category 3	\$146,155.00
Bid Price Category 4	\$17,015.00
Bid Price Category 5	\$286,633.66

Second Right of Refusal(at 30% of Bid Total)*

Bid Price Category 1		\$32,355.95
Bid Price Category 2	\$70,171.80	
Bid Price Category 3		\$57,689.87
Bid Price Category 4	\$6,482.25	
Bid Price Category 5	\$100,137.63	

Third Right of Refusal (at 15% of Bid Total)*

Bid Price Category 1	\$24,785.25	
Bid Price Category 2		\$39,528.79
Bid Price Category 3	\$33,491.25	
Bid Price Category 4		\$3,268.88
Bid Price Category 5		\$53,272.78

<i>Total 5-Year Contract Value . . .</i>	\$731,039.88	\$235,068.18	\$186,116.27
---	---------------------	---------------------	---------------------

Morel Ink	-	First Right of Refusal for Categories 1, 2, 3, 4 & 5
Lowell's Print-Inn	-	Second Right of Refusal for Categories 1 & 3
GISI Marketing Group	-	Second Right of Refusal for Categories 2, 4 & 5
Lowell's Print-Inn	-	Third Right of Refusal for Categories 2, 4 & 5
GISI Marketing Group	-	Third Right of Refusal for Categories 1 & 3

*It is anticipated that the second lowest bidder for each category will receive approximately 30% of the work over the five (5) year period of the contracts. Therefore, the respective totals for each category for the second lowest bidder have been reduced to 30% of the total bid amount for those categories. Similarly, it is anticipated that the third lowest bidder for each category will receive approximately 15% of the work over the five (5) year period of the contracts. Therefore, the respective totals for each category for the third lowest bidder have been reduced to 15% of the total bid amount for those categories.

The independent cost estimate (ICE) for this procurement was \$499,692.00 for a 5-year contract term from each potential bidder, based on TriMet's current use of three (3) vendors, at prices used for current contracts and those from prior contracts. Inflation and TriMet's anticipated increased use of printing services were not factored into the calculations, which accounted for the difference between the ICE and actual bids.

The proposed contracts with each of the three (3) vendors will have a base term of one-year, with four (4) one-year options, for a maximum five-year term. Contract pricing is based on per service rates. No rate increases are allowed during the base term of the contract; any rate increases during the renewal terms will be subject to TriMet approval, and will be tied to the Consumer Price Index (CPI) All-Urban Workers, for the Portland-Salem area. The base term estimated contract amounts are:

Morel Ink

- Initial one-year term – \$146,207.98
- 5-year contract total – \$731,039.88

GISI Marketing Group

- Initial one-year term – \$47,013.64
- 5-year contract total – \$235,068.18

Lowell's Print-Inn

- Initial one-year term – \$37,223.25
- 5-year contract total – \$186,116.27

The final total contract amounts will be based on the agency's actual usage, which will vary annually, according to the level of services required.

7. Diversity

The proposed contract includes TriMet and Federal Transit Administration nondiscrimination, equal employment opportunity ("EEO"), and disadvantaged business enterprise ("DBE") provisions. The workforce diversity of Morel Ink is 9.8% minority and 21.9% female. The total employee count of the company is 41. The workforce diversity of GISI Marketing Group is 15.1% minority and 43.8% female. The total employee count of the company is 73. The workforce diversity of Lowell's Print-Inn is 25.0% minority and 25.0% female. The total employee count of the company is 8. All three vendors will

perform all printing services on site at their respective facilities in the Portland metropolitan area with their own employees. One vendor, GISI Marketing, will use subcontractors, however none of the proposed contracts include DBEs.

Prior to the issuance of the Two Step ITB and upon its release, Creative Services and Contracts and Diversity and Equity made a concerted effort to reach out to certified firms and encourage their participation. The Creative Services Project Manager worked with Contracts and the Diversity and Transit Equity department to plan an outreach approach to encourage them to submit technical proposals (Step One). The Scope of Services is also broken down into the five categories, referenced above, to maximize opportunities for small, certified firms to be able to participate.

Outreach included directly contacting ten (10) certified firms listed in the State's database, announcing the solicitation at community forums and sharing solicitation information with small business development organizations.

8. Financial/Budget Impact

Funding for these contracts is included under the current operating budget portion of TriMet's FY2016 budget, and is within budgeted parameters.

9. Impact if Not Approved

Should the Board choose to not approve all of these contracts, it could direct staff to go back out to bid, or limit the number of printing companies with whom it works. The consequence of limiting the choices available on a per job basis includes constraints related to deadlines and the inability to secure services for printing requests. Alternative purchasing methods on a job-by-job basis will require considerably more administrative work and time between Creative Services, Procurement, and the Accounts Payable departments; which includes acquiring quotes from three different firms, request and execution of purchase orders, and reconciling invoices per individual purchase orders for over 500 printing projects per year. Previous experience with these vendors indicates that their performance will meet agency needs and that going back out to bid would not result in more favorable technical proposals or bids. A new solicitation for these specialized services is not expected to result in lower pricing, or improved quality.

RESOLUTION 16-04-19

RESOLUTION OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING CONTRACTS WITH MOREL INK, GISI MARKETING GROUP, AND LOWELL'S PRINT-INN FOR AGENCY-WIDE PRINTING SERVICES

WHEREAS, TriMet has authority under ORS 267.200 to enter into contracts with Morel Ink, GISI Marketing Group, and Lowell's Print-Inn for Agency-Wide Printing Services ("Contracts"); and

WHEREAS, the total amount of one of the Contracts is expected to exceed \$500,000; and

WHEREAS, the TriMet Board of Directors ("Board"), by Resolution dated November 25, 2009, adopted a Statement of Policies requiring the Board to approve services contracts obligating TriMet to pay in excess of \$500,000;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Contracts shall be in conformance with applicable laws.
2. That the General Manager is authorized to execute the Contracts.

Dated: April 27, 2016

Presiding Officer

Attest:

Recording Secretary

Approved as to Legal Sufficiency:



Legal Department