


Date: July 24, 2024

To: Board of Directors

From: Sam Desue, Jr. 

Subject: **RESOLUTION NO. 24-07-42 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT WITH INIT INNOVATIONS IN TRANSPORTATION, INC. (INIT) FOR HOP® MOBILE APPLICATIONS AND WEBSITE DEVELOPMENT SERVICES**

1. Purpose of Item

This Resolution requests that the TriMet Board of Directors (Board) authorize the General Manager to execute a contract (Contract) with INIT Innovations In Transportation, Inc. (INIT) for Hop Fastpass® Mobile Applications and Website Development Services.

2. Type of Agenda Item

- Initial Contract
- Contract Modification
- Other _____

3. Type of Contract Procurement

- Low Bid / Invitation to Bid (ITB)
- Request for Proposals (RFP) (inc. CM/GC)
- Request for Qualifications (RFQ) (Personal Services)
- Other: Sole Source

4. Reason for Board Action

Board authorization is required for all contracts obligating TriMet to pay in excess of \$1,000,000.

5. Type of Action

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

6. Background

In 2014, TriMet awarded a contract to the mobile applications company Moovel North America (then known as Globesherpa), for the development of the Hop Fastpass® account management mobile applications and virtual Hop cards. At that time, TriMet awarded the Automated Fare Collection contract to INIT, which subcontracted to a local website development company to build MyHopCard.com and the institutional website that is used by employers and social service agencies to administer fares. Because the local company was unable to deliver on the contractual requirements, INIT had to subcontract the final build and maintenance of the Hop websites to another website company, Marathon Consulting.

Both iOS and Android mobile applications and MyHopCard.com launched in 2017. Following the launch, upgrades included Android virtual cards, which integrated into Google Pay, Apple virtual cards in the Apple Wallet, and the institutional website. On an annual basis, \$30 million in fare revenue is processed through the mobile apps and websites.

In 2020, Moovel suffered significant divestment and was purchased by Strategic Mapping, Inc. Since the acquisition, TriMet has struggled to receive adequate software maintenance support from Strategic Mapping, despite an annual software maintenance and hosting fee of \$306,000. The company has not made any significant updates to the codebase since the 2017 launch of Hop. This raises serious concerns about security compliance, compatibility with future Android and Apple operating system updates, and continued usability on newer phones.

The Hop websites were built on what is now a deprecated codebase that is not supported with ongoing security development. To address this issue, TriMet contracts with a technology company to provide extended security support, and consults outside experts to obtain recommendations for security updates. TriMet's Fare Revenue and Information Technology (IT) Team has deployed these updates over the past two years.

Although the Team has done a remarkable job of extending the shelf life of these digital solutions, sustaining secure operations of these mobile and web applications continues to be the number one risk within the Hop ecosystem.

7. Description of Procurement Process

As discussed below, TriMet's Fare Revenue, IT and Public Affairs Team (Team) explored several options to sustain its Hop mobile and web operations, and ultimately selected INIT as the sole source contractor.

Mobile Applications & Virtual Hop Cards: The option of continuing to negotiate software maintenance extensions with Strategic Mapping does not resolve the problem of maintaining secure mobile solutions that are accepted by Google Play and the Apple App stores. Further, this option does not resolve security concerns. Therefore, this option was rejected.

The option of conducting an open solicitation to procure a new mobile app was also rejected. There are only two fare collection companies in the United States with endorsements from both Apple and Google to develop virtual fare cards: INIT and Cubic/Umo. Strategic Mapping has not been able to maintain Apple's endorsement.

The Team inquired as to whether Cubic and its subsidiary, Umo App, would be interested in a custom integration with INIT for mobile app development. Cubic/Umo confirmed that they only provide Automated Fare Collection solutions where they also own the back office services. Under the current circumstances, TriMet needs the vendor to integrate with the existing Hop back office services, making it impossible to utilize Cubic/Umo. INIT is the only vendor qualified to perform TriMet's back office work. Therefore, the option of conducting a solicitation for these services from Cubic/Umo was not reasonable.

Websites: The option of continuing to negotiate software maintenance extensions with INIT for the current websites does not resolve the problem of maintaining security with the legacy codebase. In 2021, TriMet worked with a website development company to define the scope for replacing the websites' codebase with no design improvements. The quote came to \$1.7 million in capital expenditures with an ongoing software maintenance fee of \$75,000 (total of

\$2.5 million for a twelve-year contract). It is prohibitively expensive to build a website from the ground-up that has a custom integration to back office services. It is also difficult to retain long-term software maintenance support from a vendor that has created a custom solution, as TriMet discovered with the original Hop websites. Therefore, replacing the Hop websites via an open procurement is not a feasible option.

Recommendation: After consideration of these options, the Team recommends contracting with INIT to build and maintain the Hop mobile and website solutions. INIT is the system integrator on the original Hop implementation and has an in depth understanding of TriMet's current Hop infrastructure. INIT intends to repurpose the website that it developed for Seattle's ORCA Card and adapt it to TriMet, Portland Streetcar and C-Tran. This website is already integrated with the INIT back office system and is proven in production. INIT also will build on the mobile applications it developed for Spokane Transit Agency and tailor them to our region. This mobile app closely matches the functionality required by Hop.

Accepting the recommendation to contract with INIT for Hop Fastpass® Mobile Applications and Website Development services will allow a more expeditious and economic implementation than a custom-built solution by a vendor that is not familiar with INIT's Hop back office services. INIT is also one of only two vendors able to deliver a virtual Hop card solution. By aligning Hop's mobile and web systems with INIT's core products, TriMet will be more assured of long-term support for its fare collection systems.

The proposed Contract term is for five (5) years, with TriMet's option to extend for seven (7) additional one-year terms. The total amount of the Contract, including the seven (7) optional extensions, will not exceed \$6,500,000, which includes a 10% contingency of \$600,000. The pricing was determined to be fair and reasonable based on TriMet's independent cost estimate (ICE) of \$6,100,000, and previous pricing paid for similar services.

8. Diversity

INIT's total employee count is 118, and its workforce is 29% minority and 28% female. INIT intends to self-perform the Contract.

9. Financial/Budget Impact

First year costs associated with the Contract are included within the Finance and Administrative Services Division's FY2025 budget.

10. Impact if Not Approved

If this Resolution is not approved, TriMet could issue an open solicitation to obtain a contractor for these services. This approach is not recommended as previous attempts have not identified adequate competition and market research does not show the existence of additional competition in the market.

RESOLUTION NO. 24-07-42

**RESOLUTION NO. 24-07-42 OF THE TRI-COUNTY METROPOLITAN
TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A
CONTRACT WITH INIT INNOVATIONS IN TRANSPORTATION, INC. (INIT)
FOR HOP MOBILE APPLICATION AND WEBSITE DEVELOPMENT
SERVICES**

WHEREAS, TriMet has authority under ORS 267.200 to enter into a contract (Contract) with INIT Innovations In Transportation, Inc. (INIT) for Mobile Application and Website Development Services; and

WHEREAS, by Resolution No. 22-05-35, dated May 25, 2022, the TriMet Board of Directors (Board) adopted a Statement of Policies requiring the Board to authorize all contracts obligating TriMet to pay in excess of \$1,000,000; and

WHEREAS, the total amount of the Contract exceeds \$1,000,000;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Contract shall conform with applicable law.
2. That the General Manager or his designee is authorized to execute the Contract in the total amount of not more than \$6,500,000, through the Contract's initial August 2029 termination date, and any subsequent extensions.

Dated: July 24, 2024



Presiding Officer

Attest:

Falesha Thrash
Recording Secretary

Approved as to Legal Sufficiency:

Guzay E. Skid
Legal Department