



MEMORANDUM

TO: HPTE BOARD OF DIRECTORS
FROM: NICHOLAS FARBER, HPTE DIRECTOR; SIMON LOGAN, HPTE LIAISON & PROGRAM COORDINATOR;
DATE: JULY 17, 2019
SUBJECT: HPTE UNSOLICITED PROPOSAL POLICY

Purpose and Requested Action

This memorandum presents the revised HPTE Unsolicited Proposal Policy (USP) to the HPTE Board of Directors for consideration.

Background

The HPTE Board of Directors requested that HPTE staff revise the USP during the February 2019 Board Retreat with the goal of increasing engagement with the market and soliciting new revenue generating ideas. The revised USP seeks to clarify the entire unsolicited proposal process including establishing types of proposals being sought, process for submission and overall procurement process. HPTE staff revised the USP based on an analysis of the current HPTE USP, a peer review of other Departments of Transportation (DOT's), including LA Metro, RTD, Arizona DOT, and Utah DOT, and suggestions from HPTE advisors.

Policy description

The revised USP uses a two phased approach with the following key components:

- **Phase one - Conceptual Proposal**
 - Overview
 - The purpose of Phase One is for HPTE to receive written, concept-level proposals and to screen those proposals to determine whether HPTE would like to review additional information in Phase Two. A concept paper should provide an outline of all aspects of the proposed project and will provide the framework to guide discussions with internal staff on the proposal. The concept-level proposal should be brief (three to five pages) and succinct.
 - Threshold Review
 - An initial threshold review will be conducted to: 1) acknowledge receipt of the proposal; 2) determine if the proposal meets the defined Threshold Requirements; and, 3) confirm receipt of the no-refundable fee (\$1,000).
 - Conceptual Proposals should include the information identified in the Conceptual Proposal Cover Sheet, which includes an executive summary which may be posted on the HPTE website.
 - Additional Process
 - If the proposal meets the Threshold requirements, HPTE still will take the following steps:
 - Assign it a number, notify proposer of the schedule for internal evaluation (within 90 days of receipt), assemble an evaluation team, and schedule a meeting with the proposer if HPTE staff deem it necessary, facilitate the evaluation, and notify the proposer of HPTE's decision.
 - Conceptual Proposal Evaluation
 - If the proposal passes the Threshold Review, the HPTE Review Team will consider the following factors:
 - Offers direct benefit to HPTE, CDOT, its customers, and the community;
 - The idea submitted is within HPTE's jurisdiction or control and compile with HPTE's statute;
 - The Proposal is consistent with HPTE's objects and goals;
 - The proposal can accommodate HPTE's annual long-term capital and operating budgets without displacing other planned expenditures;
 - Offers unique goods or services that HPTE did not intend to purchase through the normal procurement process;



- **Phase Two - Detailed Proposal**

- If HPTE desires to proceed to Phase Two, HPTE staff will issue a Request for a Detailed Proposal. The purpose of Phase Two is for HPTE to receive more detailed technical and financial information to fully understand and evaluate the Proposal.
- Application Fee
 - HPTE charges a flat fee of \$50,000 to conduct a detailed evaluation of a USP. If HPTE staff determine that staff time and third party review costs will exceed this, the proposer will be contacted to request an additional fee.
- Contents of Detailed Proposal
 - In addition to the information provided in Phase One, a Detailed Proposal must, at a minimum, include additional technical (e.g. scope of work, revenue generation and estimated annual cash flow) and supporting information (e.g. type of contract preferred, previous experience, required statement etc.).
- Evaluation
 - Before initiating a comprehensive evaluation, HPTE staff will determine if the Detailed Proposal continues to meet the threshold requirements set out in Phase One and the requirements specifically set out in the Request for Detailed Proposal. If the Proposal passes the threshold requirements HPTE staff will conduct an evaluation using the requirements set out in Phase One and additional criteria highlighted in section 16 of Attachment A.
- Recommendation
 - The Review Team will make a recommendation on the disposition of the Detailed Proposal to HPTE's Director for review and approval. If the HPTE Board of Directors' approval is required, the Proposer will be notified of the date of the meeting when the Proposal will be discussed.

Key considerations for HPTE Board of Directors

1. **HPTE Board engagement.**
 - a. How frequently should HPTE staff provide updates on all unsolicited proposals that have been submitted?
 - b. What stage in the process, outlined in the flow chart, would be the best times to seek HPTE Board feedback and possible approval?
 - i. After the initial Threshold Review but prior to starting the Conceptual Proposal Evaluation?
 - ii. After Phase One has been completed but prior to starting Phase Two and the Detailed Proposal Evaluation?
2. **Application Fees**
 - a. What do board members think of the \$50,000 flat fee to review conceptual proposals?

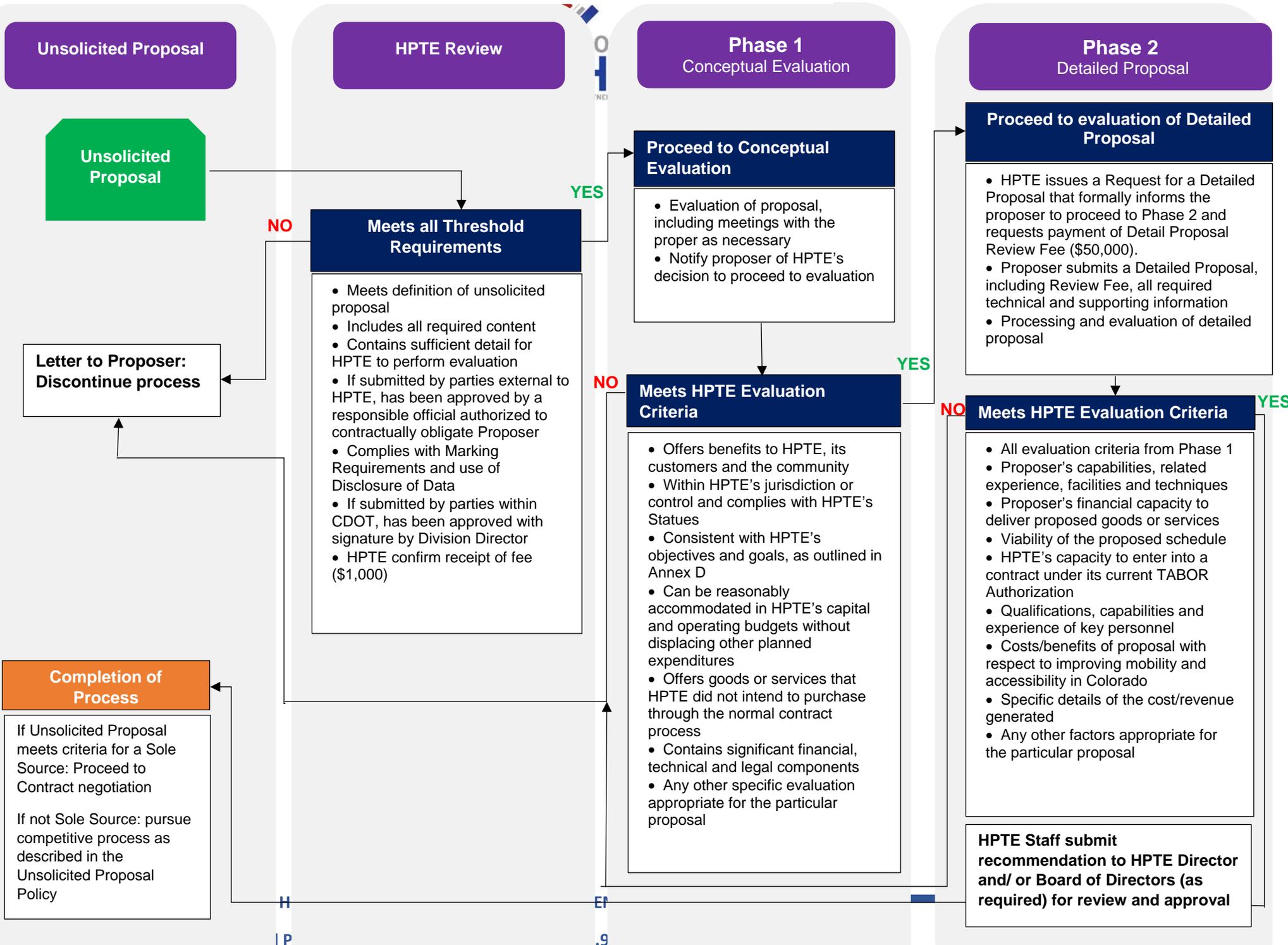
Next Steps

- The Board is being asked to review and present any changes to HPTE's staff to be incorporated.
- HPTE staff will integrate any requested changes from the Board and share the revised draft with the market for additional comments and feedback.
- HPTE staff will return to the Board in the Fall of 2019 for final adoption of the HPTE Unsolicited Proposal Policy.

Attachments

Attachment A: Draft HPTE Unsolicited Proposal Policy

Annex C: Unsolicited Proposal Policy Flow Chart





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