State of New Jersey

DEPARTMENT OF THE TREASURY
DIVISION OF PURCHASE AND PROPERTY
PURCHASE BUREAU
P.O. BOX 230
TRENTON, NEW JERSEY 08625-0230

JON S. CORZINE
Governor

R. DAVID ROUSSEAU
Acting State Treasurer

March 20, 2008

<>

Re: Enhanced Motor Vehicle Inspection/Maintenance System
RFP 08-X-39078
Via Facsimile and Postal Mail

Dear <>:

Please be advised that it is the intent of the Director of the Division of Purchase and Property to make a contract award to the following vendor pursuant to its bid proposal submitted in response to the referenced Request for Proposal.

Parsons Commercial Technology Group Inc.

This award is being made in accordance with the protest procedure set forth in New Jersey Administrative Code 17:12-3.3, in compliance with Public Law 2005, Chapter 51 [formerly Executive Order 134 (2004)], and is contingent upon the availability of funds.

All documentation pertinent to this award is available for your review by making an appointment with the undersigned by emailing marylou.goho@treas.state.nj.us at the Division of Purchase and Property.

Thank you for the time and effort expended by your firm in the preparation of your bid proposal and we welcome your continued interest in future requirements.

Sincerely,

Mary Lou Goho
Division of Purchase and Property

c: Intended Awardee's Subcontractors (list attached)

Parsons Commercial Technology Group Inc. subcontractor list:

Accurate Glass
Acme/Lingo
Action Plumbing Inc.
Advance Security Tech, Inc.
Advanced Electric Design
Advanced H20 Solutions
Air & Gas Technologies, Inc.
Airwave Solutions
All Data
All Temp
AMS Mechanical
Andrews & Co.
Apex Repair & Service Inc.
APS
Ariel F. Abud, MD
AVM Services, Inc.
Bayside
Beckers Tree
Cambres Maintenance Inc.
Capozzi Overhead Doors, Inc.
Central Art & Engineering Inc. d/b/a Impact Visual Systems
CMS
Computer Vision Technology
Corporate Edge
Dimeglio Septic Inc.
Dipalinto Snow
DJ Fox
Elite Roofing
English Portable Sanitation
Fast Signs
Ferd Meoni
Garage Sales
Granco Group, Inc.
Hecht Trailer LLC
Hewson Landscape, Inc.
Interstate
J. Kady
James Nicodemus
Karl Business Machine Co.
Keystone Protection
Lavish Electric
LC Services
Maffeys Security Group
Majestic Floor Maint.
Michael's Landscaping
Motion Industries
New Jersey Door Works
Norman's Glass
Patton Landscaping
Petty Construction

Phoenix Realty & Development
Progressive Hydraulics Inc.
R & J Unlimited
Rahway Business Machines
S.T.K. Electric
Safety Equipment Services Inc.
SAR Automotive Equipment
SGS Testcom
Snow Team LLC
Suburban Building Services
The "J" Boys
The Toft Company
Verizon Business
VWV Construction

EVALUATION COMMITTEE REPORT

Enhanced Motor Vehicle Inspection / Maintenance System

RFP NUMBER 08-X-39078

EVALUATION COMMITTEE REPORT

Enhanced Motor Vehicle Inspection / Maintenance System

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PURPOSE AND INTENT

The purpose of the Request for Proposal (RFP) was to solicit proposals from qualified bidders for New Jersey's Enhanced Motor Vehicle Inspection/Maintenance System. New Jersey is currently operating an enhanced motor vehicle inspection program that is considered a hybrid, utilizing both centralized test-only inspection sites and decentralized private inspection test-and-repair facilities. This type of program offers motorists a choice of locations for having vehicles inspected.

The contract resulting from this RFP will be awarded to the responsible bidder whose bid, conforming to the invitation for bids, is most advantageous to the State, price and other factors considered.

BACKGROUND

New Jersey's motor vehicle inspection program is jointly administered by the State, a contractor, and private facilities including, but not limited to, the activities described below.

The Motor Vehicle Commission (MVC) and the Department of Environmental Protection (DEP) primarily administer four program elements: licensing, enforcement, program evaluation, and public outreach and education. The licensing program consists of the licensure of all facilities and inspectors; a certification program for emission repair technicians; and a registration program for emission repair facilities and inspector training providers. The enforcement program includes State audits of the operations and equipment at all inspection facilities, covert and overt inspections to detect and curtail fraud, and other enforcement activities such as mobile inspections. The program evaluation system consists of special emission testing equipment to verify the accuracy of the standard inspection process and roadside inspections to gather data regarding vehicle emissions. The public outreach and education program allows the State to continuously advise motorists and business partners of changes in the inspection and maintenance program.

A contractor operates the central inspection facilities (CIFs) and provides the inspection equipment for the CIFs. The contractor also maintains computer and information systems that provide a communications link from the inspection facilities to a central data hub and maintains the vehicle inspection database (VID). Other management support services such as reporting and help desk functions are also the responsibility of the contractor.

Independently-owned, licensed facilities provide safety and emission inspection services. The private facilities must use emission inspection equipment that is approved by DEP. Private inspection facilities (PIFs) may also offer repair services for safety. If specifically registered with the State as emission repair facilities (ERFs), a PIF may also perform emission repairs.

Changes in inspection/maintenance (I/M) program requirements, advances in technology, and limitations in the existing system have created the need to change the current I/M system. Characteristics of the current system that will not change under this procurement are as follows:

- The system will continue as a hybrid system with centralized and decentralized inspection facilities.
- The CIF lanes will continue to be operated and maintained by a contractor.
- The existing inspection sticker program will remain intact.

- The biennial inspection for most gasoline-fueled vehicles and light duty diesel vehicles will continue.
- The existing exemption of new vehicles from their first scheduled inspection.
- Heavy duty diesel vehicles will continue to be subject to an annual inspection.
- Diesel roadside, Mobile Inspection Teams, and school and commercial bus inspections will continue to be performed by State personnel.

Changes to the current inspection system, some of which will require statutory or regulatory changes, are identified below.

- Roles and Responsibilities – The first major change will be to the roles and responsibilities of the State, the contractor, and private facilities.
- Vehicle Types and Tests – The second major change will be to the types of vehicles required to have emission tests, the frequency of those tests, and the types of tests required.
- Information Management System – The third major change involves the critical information technology components that support the new program. The new system is referred to as the Vehicle Inspection Information System (VIIS). The VIIS has many components, including software, hardware, and multiple communication protocols.

OVERVIEW OF THE BID PROCESS

The bid process was initiated on June 5, 2007, when the RFP was publicly released and advertised in accordance with New Jersey Purchase Bureau regulations. The RFP was posted on the Purchase Bureau website.

Mandatory site inspections were conducted on June 24, 2007, of the Flemington, Washington and Randolph inspection stations. At the conclusion of the Randolph site inspection, the vendor representatives in attendance were surveyed for their interest in seeing additional inspection stations by way of site inspection. Interest was expressed by at least one vendor representative to see the remaining 27 inspection stations. Therefore, five (5) additional inspection stations – Secaucus, Rahway, Plainfield, Westfield and Kilmer – were visited on June 30, 2007. The remaining 22 inspection stations were intended for site visits after the July 4th holiday, however, the vendors attending the first 8 site inspections declined to visit the remaining sites.

Vendors were able to submit questions electronically via the Purchase Bureau's website through June 26, 2007. The original bid opening date was September 18, 2007. In total, six (6) addenda to the original RFP were released by the Purchase Bureau on its website.

- Addendum #1 was released on August 1, 2007. It answered vendors' questions submitted via the Purchase Bureau's website, clarified and/or modified the RFP, and presented the attendees for the Mandatory Site Visits conducted on June 24, 2007.
- Addendum #2 was released on August 16, 2007. This addendum provided an electronic copy of the current contract on the Purchase Bureau's website, and further clarified the RFP.
- Addendum #3 was released on September 7, 2007, and moved the bid opening date to October 18, 2007, as well as clarified the RFP.
- Addendum #4 was released on September 13, 2007. It provided additional exhibits to the RFP.
- Addendum #5 was released on September 24, 2007. This addendum provided RFP clarifications and additional information about the bid evaluation process.
- Addendum #6 was released on October 1, 2007, and it refreshed previously released RFP information and exhibits.

The State made every effort to present to the bidder community all necessary and potentially helpful data and information in the form of exhibits, attachments, etc., as part of the RFP. Those items not included as part of the originally released RFP were subsequently included by the State via release on the web as addenda. These items ran the gamut from the State's RFP for the current I/M contract, to inspection

facility repair records and vehicle throughput at the State's centralized inspection facilities' lanes. Other than e-mail contact to establish arrangements for the site visits, there was no contact with bidders during the procurement process.

Prior to the bid due date, the State's Evaluation Committee was identified. It is comprised of representatives from DEP, MVC, the State Office of Information Technology (OIT), the State Office of Management and Budget (OMB), and the Division of Purchase and Property (DPP). There were seven (7) voting members on the Evaluation Committee, as listed below.

[redacted]
Motor Vehicle Commission

[redacted]
Office of Management and Budget

[redacted]
Motor Vehicle Commission

[redacted] Division of Purchase and Property
Department of the Treasury

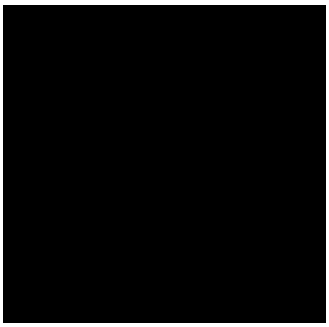
[redacted]
Office of Information Technology

[redacted]
Department of Environmental Protection

[redacted]
Department of Environmental Protection

Non-voting members from the Division of Purchase and Property (DPP), DEP, MVC, and OIT assisted the Evaluation Committee in its review, analysis and evaluation of bid proposals. The non-voting members of the Evaluation Committee are as follows:

[redacted]



The bid opening was held on October 18, 2007. Four (4) bids were opened officially and the summary prices were read publicly. The bidders are: Applus Technologies, Inc.; Environmental Systems Products Holdings Inc.; Parsons Commercial Technology Group Inc.; and, Worldwide Environmental Products, Inc.

EVALUATION METHODOLOGY

The Proposal Evaluation Tool is comprised of a series of evaluation measures and criteria, each with a respective "weight", i.e., number of points, reflecting the relative importance of each evaluation criterion listed in the RFP. A summary view of the form including the measures and weighted point totals is presented in Exhibit 1 below. The form itself and the weights assigned to the individual criteria were established prior to the bid opening date.

Description	Maximum Points
Program Operations, Network and Equipment Lane operations and staffing Inspection equipment Facility network (centralized and decentralize facilities) Administration of the PIF network VIIS VIIS Network Plan Training Public Information	500
Bidder Viability and Capability Bidder Experience Prior Actions involving/against the Bidder Bidder financial capability	100
Staffing Bidder's proposed key staff	100
Contract Management Project Management Plan Project Schedule Mobilization Plan Contract Management	300
Total Points	**1,000**

The maximum points are the total number of points that a bidder can receive for each criterion from an individual member of the Evaluation Committee. The total number of points that can be received per measure varies based upon its importance, as determined by the Evaluation Committee. As illustrated above, the total number of points each bid proposal can receive from all four (4) measures is 1,000. The maximum combined score that a single firm can receive from the Committee, as a whole, is 7,000 points (1,000 point maximum from each of the 7 Committee members).

The Proposal Evaluation Tool further defines each measure in matrix form. A sample of the Proposal Evaluation Tool is included as an attachment to this report.

The Evaluation Committee used the following methodology for conducting the evaluation. Initially, all bids were reviewed by the Division of Purchase and Property to ensure that each bidder was responsive to the RFP's administrative requirements, i.e., the bids were signed and required forms were included. The Evaluation Committee members then reviewed each of the proposals individually and attended scheduled Committee meetings to review and discuss their individual findings. The cost proposals were not provided to the Evaluation Committee for analysis until after the review of the technical proposals.

When the cost proposals were distributed to the Evaluation Committee, a cost analysis was prepared. This analysis permitted the Committee to understand the five-year contract costs to the State as well as to the private inspection facilities. The members of the Evaluation Committee were then able to complete the Proposal Evaluation Tool.

COST EVALUATION METHODOLOGY

The cost proposal figures submitted by the bidders were inserted in a spreadsheet for analysis. Certain individual price lines were multiplied by the figures ("Fixed Multiplier"), which represent estimated quantities, that were published in RFP Addendum #5 as shown below.

Price Line	Description	Fixed Multiplier	Price Line	Description	Fixed Multiplier
00001	Cost per Test for CIFs under Current Program	2,234,000	00024	Yr 2 Cost per Test for CIFs	2,000,000
00002	Remove Dynamometer	125	00024	Yr 3 Cost per Test for CIFs	2,000,000
00003	Remove Steer/Suspension	92	00024	Yr 4 Cost per Test for CIFs	2,000,000
00004	Remove Predictive Wait Time System	21	00024	Yr 5 Cost per Test for CIFs	2,000,000
00005	Remove Lift	71	00025	PIF OBD-only Base Unit	2,000
00006	Remove Emissions Equipment and Analyzer	125	00026	DEIC[1] Stationary Base Unit	100
00007	Remove Computer	125	00027	DEIC Mobile Base Unit	300
00008	Install Lift	125	00028	Add-on OBD Scantool	100
00009	Install Video Security	441	00029	Add-on Gas Bench	1,050
00010	Install Undercarriage Video Inspection System	125	00030	Add-on Gas Cap	1,050
00011	Install Web-Based Video Queuing System	33	00031	Add-on Authentication Device	2,400
00012	Install Wait Time System at 1 Facility	22	00032	Diesel Roadside Mobile Base Unit	10
00016	VIIS[2] Management Plan	1	00033	Mobile Inspection Team Mobile Base Unit	9
00017	VIIS Requirements Document	1	00034	School Bus Mobile Base Unit	25
00018	VIIS Detail Design Document	1	00035	Commercial Bus Mobile Base Unit	40
00019	VIIS Biometrics Pilot	1	00036	Mobile Add-on OBD[3] Scantool	10
00020	VIIS System Development	1	00037	Mobile Add-on Gas Bench	21
00021	Acceptance Test Protocol	1	00038	Mobile Add-on Gas Cap	21

[1] Diesel Emissions Inspection Center.
[2] Vehicle Inspection Information System.
[3] On-Board Diagnostics.

00022	Legacy VID Migration	1		00039	Mobile Add-on Authentication Device	85
00023	VIIS Documentation	1		00040	DEP Stationary Base Unit	1
				00041	Training for State employee	100

The other price lines were handled according to the description below.

In order to provide a clear and consistent set of calculations for the entire five-year contract, the following assumptions were identified and utilized by the Evaluation Committee during the proposal evaluation process:

1. Price Line 1 is the current program cost per test and Price Line 24 is the new program cost per test. When the new program is implemented, these costs will actually overlap during the transition period. The amount of overlap depends upon the bid proposal under discussion, i.e., there are variances in implementation approach among the four bidders. To simplify, Price Line 1 was allocated to year 1 and Price Line 24 was allocated to years 2 through 5.
2. Price Line 13 – Authentication Devices: assumes 120 lanes with 3 PCs per lane for 360 authentication device installations.
3. Price Lines 14 and 15 – OBD-only lanes vs. OBD+TSI lanes: This was to be based on submitted program designs. Since no bidder provided these details, a 50/50 split (60 OBD-only lanes, 60 OBD+TSI lanes) was assumed.
4. Price Lines 25 through 31 relate to decentralized PIF and DEIC equipment costs, and Price Lines 32 through 40 relate to State-operated decentralized equipment costs. These price lines have one-time charges for acquisition and on-going maintenance and transaction costs. The acquisition costs were allocated to year 1 and the maintenance and transaction costs were allocated to years 2 through 5. The monthly maintenance fee was assumed to be applicable for 12 months per year for all items.
5. Price Line 25 Transaction Fee, assumed annual PIF volume of 650,000.
6. Price Lines 26 and 27 Transaction Fee, assumed annual DEIC volume of 80,000, with ¼ allocated to the stationary unit (line 26) and ¾ allocated to the mobile unit (line 27).
7. Price Line 32 Transaction Fee, assumed annual Diesel Roadside volume of 30,000.
8. Price Line 33 Transaction Fee, assumed annual Mobile Inspection Team Roadside volume of 45,000.
9. Price Line 34 Transaction Fee, assumed annual School Bus volume of 80,000.
10. Price Line 35 Transaction Fee, assumed annual Commercial Bus volume of 8,000.
11. Applus and Parsons proposed the construction of additional lanes. Applus' solution is based on lanes being added at the beginning of the contract (placed in Year 1 for the cost analysis), while Parsons' solution is based on 8 lanes at the beginning of the contract (placed in Year 1 for the cost analysis) and the remaining 8 lanes in the fifth contract year (placed in Year 5 for the cost analysis). To estimate the cost for each lane, the committee started with the average lane cost in 1998 ($465,000) and adjusted it by the Consumer Price Index for the years up to 2007, and by 3% annually thereafter.
    For Applus, the construction was assumed to be in 2008:
        5 lanes x $626,440 = $3,132,200
    For Parsons, the construction was assumed to be 8 lanes in 2008 and 8 lanes in 2011:
        8 lanes x $626,440 = $5,011,520
        8 lanes x $684,528 = $5,476,224

The costs were identified as follows:

Price Line 1 – Current CIF operations
    Multiply the bid price by the Fixed Multiplier
    Display as Year 1 State operational cost

Price Lines 2 through 7 – Removal of old equipment
Multiply the bid price by the Fixed Multiplier
Displayed as Year 1 State capital cost

Price Lines 8 through 12 – Install new equipment
Multiply the bid price by the Fixed Multiplier
Displayed as Year 1 State capital cost

Price Line13 – Install Authentication Device
Multiply the bid price by 360 (see assumption 2)
Displayed as Year 1 State capital cost

Price Lines 14 and 15 – Install emissions equipment
Multiply the bid price by 60 (see assumption 3)
Displayed as Year 1 State capital cost

Price Lines 16 through 23 – VIIS
Multiply the bid price by the Fixed Multiplier
Displayed as Year 1 State capital cost

Price Line 24 – New system CIF operations[4]
Multiply each yearly bid price by Fixed Multiplier
Displayed as State operational cost for years 2 through 5

Price Lines 25 through 31 – PIF/DEIC equipment

a. One-Time Charge column
   Multiply the bid price by the Fixed Multiplier
   Displayed as Year 1 PIF/DEIC capital cost
b. Monthly Charge Column
   To calculate annual total, multiply bid price by (Fixed Multiplier x 12 months per year)
   Displayed as annual PIF/DEIC operational cost
c. Transaction Fee column
   To calculate annual total:
      Price Line 25: Multiply bid price by 650,000 (see assumption 5)
      Price Line 26: Multiply bid price by 20,000 (see assumption 6)
      Price Line 27: Multiply bid price by 60,000 (see assumption 6)
   Displayed as annual PIF/DEIC operational cost

Price Lines 32 through 40 – State-operated equipment

a. One-Time Charge column
   Multiply the bid price by the Fixed Multiplier
   Displayed as Year 1 State capital cost
b. Monthly Charge Column
   To calculate annual total, multiply bid price by (Fixed Multiplier x 12 months per year)
   Displayed as annual State operational cost

[4] Worldwide did not provide a breakdown of the cost per inspection as requested by the State's price sheet. Worldwide instead presented a single cost per emissions portion of the test and marked all other test cost components as "included". This did not impact the cost analysis.

c. Transaction Fee column
To calculate annual total:
Price Line 32: Multiply bid price by 30,000 (see assumption 7)
Price Line 33: Multiply bid price by 45,000 (see assumption 8)
Price Line 34: Multiply bid price by 80,000 (see assumption 9)
Price Line 35: Multiply bid price by 8,000 (see assumption 10)
Displayed as annual State operational cost

Price Line 41 – Training
Multiply the bid price by the Fixed Multiplier
Displayed as Year 1 State capital cost

Price Lines 42 through 44 – Termination for convenience
Bidder-supplied values in each respective proposal, per RFP Section 5.21.4, "Termination of Contract – For Convenience", and RFP Section 4.4.6, "Section 4 – Cost Proposal"

Price Line 45 – Hourly rates
Bidder-supplied values in each respective proposal, per RFP Section 5.19, "Additional Work and/or Special Projects", and RFP Section 4.4.6, "Section 4 – Cost Proposal"

Price Line 46 – Early implementation incentive[5]
$150,000 per month, per RFP Section 5.20, "Early Implementation Incentive", and RFP Section 4.4.6, "Section 4 – Cost Proposal"

Price Line 47 – 100 Notebook Computers[6]
Multiply the bid price by the Fixed Multiplier
Allocated to Year 1 State capital cost

[5] The RFP requires the roll-out of the new program to the PIFS and DEICs during the 6-month period before the 18th month after the Contract Start Date. The awarded contractor will be paid $150,000 for each month prior to the 18th month after the Contract Start Date in which the new program has been fully implemented at the PIFs and DEICs.
[6] Price Line 47 was to be the cost of one hundred (100) notebook computers. ESP correctly entered the total cost in the price line, but the other three bidders entered the cost for one (1) notebook computer. The bid calculation spreadsheets were adjusted to properly account for the correct price.

Applus Technologies, Inc. ("Applus")

Program Operations, Network and Equipment

- Applus provided a detailed analysis of its network design in Section 3.3.1, starting on page 67. The Committee finds that there are some questionable assumptions and conclusions in that analysis. For example, the times estimated by Applus for performing different components of the safety inspection process (pages 71-73) are potentially inaccurate and sometimes contradictory:

  - 37 seconds to perform headlight alignment test when this test is not performed
  - 8 seconds allocated for the service and parking brake during safety inspection, when 35 seconds is already allocated to the brake test at Position 4
  - 15 seconds allocated for the drive-over undercarriage inspection position, when 30 seconds is allocated for the undercarriage inspection at Position 3
  - 37 seconds for separate inspection time for the light checks and operation, when all light checks can be incorporated into one test

  The apparent inaccuracies in Applus' calculations indicate to the Committee that Applus' assumptions for throughput, though thorough, may be flawed. It should be noted that the State did not provide projections in its RFP. The bidder's projections indicate an increase in the number of vehicles, which depend on many factors, including economic and demographic trends. The Evaluation Committee believes the number of vehicles will remain stable for the life of the contract.

- Applus proposes that five new lanes be constructed to meet projected inspection volumes and to mitigate wait times. An increase in inspection volume is projected to support the need for the new lanes, but the Committee does not agree that the volume will increase as projected by the bidder. In addition, there will be an increase in OBD testing and a decrease in tailpipe emissions testing as more new vehicles enter the fleet. OBD tests generally require less time than tailpipe tests and could increase throughput. The Committee also noted that the cost of these additional lanes was not required to be in the Price Schedule, and so will be an additional cost to the State. This cost is included in the Cost Evaluation Methodology section of this report (page 5).

  The Committee finds that Applus could have pursued options other than the proposed construction of five new lanes to provide the required level of service.

- Applus' proposes to open additional lanes at existing stations if at least four motorists are waiting for inspection. This is a valuable commitment, since wait times are significantly reduced when all lanes are operational.

- In proposal Section 3.3.12 pages 138 to 148, Applus proposes the use of a sister company that specializes in property management to manage Facility Maintenance. The Committee was impressed with this approach that provides expertise in facility maintenance and exceeds the requirements of the RFP.

- As opposed to a regional staffing arrangement, Applus plans to have service technicians at each individual station (except for two). This approach seems to provide a marginal benefit in accelerating the response to equipment or service problems.

- The emission inspection equipment proposed in Section 3.11.3, starting on page 208, meets all applicable requirements. However, Applus uses proprietary AutoLogic equipment rather than generic

off-the-shelf components. Since the Committee has not had any direct experience with this equipment, it may require more effort from the State to evaluate.

- Some specific items of note in the Applus emissions equipment are:

  - Applus proposes use of an AutoLogic sample system for exhaust gas measurement with a Horiba gas bench, but fails to specify the model of Horiba bench (proposal Section 3.11.3.1, page 216).

  - In proposal Section 3.11.3.1 (page 218), Applus "offers the NJ I/M centralized network a new OBD readiness device and process." This device may offer a potential solution to OBD readiness problems with some vehicles. However, Applus only mentions this device and process very briefly and, since such a device is not an RFP requirement, the Committee is not clear as to how it may be deployed and if it would be provided at extra cost or not.

  - Section 3.11.3.2 (page 225) of the Applus proposal specifies use of the AutoLogic Pocket Smoke portable smokemeter for DEIC and mobile diesel inspections. This design appears to be highly portable and applies innovative wireless technology.

  - The OBD "T22" self-test proposed for OBD auditing is a valuable addition to the quality control process and will help to identify OBD protocol-specific failures before impacting motorists with potential false failures (Section 3.3.9, page 127).

- Applus presents its proposed safety inspection equipment in Section 3.12, starting on page 227. The safety equipment appears to meet all applicable requirements. There are several items of note:

  - As indicated on page 227, Applus will integrate the Hunter brake tester into the VIIS for data collection. The brake tester will have a fingerprint authentication device to further limit fraudulent testing (page 231).

  - The proposed undercarriage video system (pages 232-233) exceeds requirements. The use of three cameras with their own LED lights, plus the three monitor display with optional routing to the lift workstation, is innovative.

  - The use of the SAR model SW-K-25 and SW-K-15 lifts proposed on page 233 satisfies all applicable lift requirements. In addition, Applus proposed the use of lift reference tables (page 234) to better determine lift compatibility with different vehicle configurations. Applus also provided a detailed schematic that clearly identifies the undermount lift lighting.

  - The Committee recognizes that Applus' use of a "handheld workstation" (page 236) is innovative for the performance of safety tests as it will provide the mobility to perform safety tests at variable locations.

- A license plate recognition system to determine wait times is proposed in Section 3.3.6, page 106. The Committee believes this has both advantages and disadvantages. There is concern that the plate recognition may be impacted by adverse weather such as rain or snow, and the proposed backup protocol of printing and handing out paper receipts would be least practical in inclement weather. On the positive side, there is no interaction required between customer and lane technicians for the gathering of wait time information, and the license plate recognition system is connected into the VIIS, providing the potential for some benefit to lane inspection throughput. The committee was impressed overall with this innovative approach.

- The use of digital wait time message boards would provide information to motorists regarding the wait times at a particular station and the two nearest stations in that area. For motorists willing to drive to a different station, this feature provides real-time information that they can use to make that decision.

- The Committee recognizes that Applus has prior experience managing decentralized inspection systems. As such, proposal Section 3.8, starting on page 179, addresses all the requirements to support the proposed network of PIFs and DEICs. Notable elements of the Applus proposal include:

    - Applus will conduct preliminary site visits and the equipment will be delivered and installed by Applus field personnel (Section 3.8, page 179). The Applus proposal describes thorough setup and support upon delivery (page 187).

    - To mediate disputes that may arise with its PIF/DEIC customers, Applus will employ a formal mediation service company named JAMS. JAMS is a "nationally recognized leader in mediation and dispute resolution." (proposal Section 3.8, page 181). The Committee considers this to be an impressive method of handling dispute resolution.

    - The PIF/DEIC payment structure proposed in Section 3.8.3 (pages 189-192) uniquely presented an option for the facilities to extend their equipment purchase over a series of one-year or three-year payment plans.

    - The proposed PIF/DEIC management system includes a very proactive, automated program available to State audit staff to identify fraudulent behavior (proposal Section 3.8, page 181).

    - Additional services (e.g., removal of old equipment, etc.) are presented for the convenience of the PIFs/DEICs that request it (proposal Section 3.8.1, page 186).

- Applus' proposal to support Emission Repair Facilities and repair data collection in Section 3.9 (page 193) is complete, quite detailed, and includes useful examples of forms and reports.

- The Applus employee training program presented in Section 3.3.3.2 (page 91) is very detailed and comprehensive, including such elements as training plans for each job category, curricula overview, reference materials, and retraining.

- Proposal Section 3.8 (page 181) indicates that Applus will provide inspector training courses "at no cost to the trainees." This exceeds the RFP requirements, which do not specify inspector training for PIFs and DEICs. Free inspector training would be a bonus to PIF/DEIC employees who would otherwise have to pay for State-approved training.

- In proposal Section 3.8 (page 187), Applus proposes to provide free classroom training, beyond the basic inspector training, for up to two licensed inspectors from each PIF and DEIC. This training is not part of a State-mandated curriculum and would be optional for licensed inspectors interested in participating. Applus' proposal again exceeds RFP requirements and could potentially provide the State with better educated and more knowledgeable inspectors.

- In proposal Section 3.4, the bidder demonstrates a thorough understanding of the processes and procedures necessary to manage the development, testing, and implementation of the VIIS hardware, software, and network. The network as described will provide redundancy and high availability, as required by RFP Section3.13.2 page 64.

- In proposal Section 3.4, Applus points out that the "cornerstone" of its VIIS proposal is under development for the Illinois Clean Air program.

> The cornerstone of the 2008 NJ VIIS, the Applus+ e-VID™, currently in development for the Illinois Clean Air Program, will provide the state with a robust, redundant data management system. To facilitate development (which translates to a smoother transition) and future upgrades, the same rugged custom-built Applus+ AutoLogic workstations will serve all inspection facilities, using state-of-the-art, weather resistant components to ensure optimal performance in all environmental conditions. Inspection software addressing all federal and New Jersey inspection regulations and

> requirements will be custom-developed and tested by skilled Applus+ and Applus+ AutoLogic programmers. Applus+ also will work with OIT management staff to cooperatively design and create a data warehouse that OIT will administer. NJ Inspection Data Exchange (NJ IDE) protocols will be used for communications throughout the VIIS. (proposal Section 3.4, page 149)

While the description of the system design shows a comprehensive understanding of the requirements, the fact that the system being proposed is unproven adds an element of risk to the solution. Illinois is also Applus' only experience with managing an Oracle database (proposal Executive Summary, I/M Management Contracts table. page vi).

- The integrated, browser-based Applus Reporting Dashboard referred to throughout the proposal, is a comprehensive, convenient tool to manage all aspects of the I/M system once it is implemented.

- The RFP describes requirements for a data warehouse to be built by the vendor and housed at a State facility:

> The data warehouse shall be housed at a State facility to be identified after contract award. (RFP Section 3.13.2, page 64)
>
> The VIIS data warehouse and associated data marts serve as the repository for inspection data used to support many State querying and reporting requirements. The data warehouse must contain all historical transaction data in an aggregate and summarized form specifically structured for querying, data analysis and reporting. (RFP Section 3.13.4.4, page 67)
>
> The VIIS data warehouse shall be compatible with the current State installed base. The contractor shall develop and implement standard VIIS reports based on legacy reports and new requirements. (RFP Section 3.13.8.1, page 73)

As described in the RFP, this data warehouse is to be maintained by State personnel and will be the source of standard reports, both existing and newly defined. It appears that the bidder misinterpreted these requirements, assuming that the data warehouse being referred to was its own data warehouse hosted with its VID rather than the NJ-hosted data warehouse (proposal Section 3.13 page 239 et al). Thus, the reporting is being generated from within the bidder's databases using its own reporting tools rather than from the State data warehouse as requested in the RFP.

- RFP Section 3.13.5 states, "The State prefers the use of a commercial off-the-shelf (COTS) rules engine, but will consider other designs that are equal or better and meet the requirements of this section." The use of the Applus Dashboard, as described in proposal Section 3.13.5 page 250, adequately meets this requirement.

- The bidder will provide 1,000 hours of free software maintenance per year. "Additionally, Applus+ will provide 1,000 hours of free software maintenance per year for the life of the contract." (proposal Section 3.13.9.8 on page 284)

- Applus' public information proposal is presented in Section 3.15, beginning on page 303. The Committee finds that Applus has presented a number of strategies to create a proactive public relations campaign for the New Jersey inspection process. Applus deals with the unique nature of the New Jersey inspection program by offering both a public awareness campaign to motorists as well as a communications plan to the PIFs/DEICs.

- The budget Applus has allocated, $3.5 million, exceeds the required 1 percent of the total project budget (RFP Section 3.15, page 88). The plan offered would provide for:

- A "GardenAir Program" to encourage drivers to maintain their car and to demonstrate the ways in which an environmentally clean car performs better (page 305).
- Tips for drivers on handling different road conditions throughout the seasons (page 309).
- How-to videos addressing failed vehicles (page 309).
- Reminders for which drivers can sign up to have text or email sent to their email or cell phone when they are due for inspection (page 309).
- A website dedicated to New Jersey facilities which would display wait times and live video for each facility (page 309).
- Brochures, posters and banner ads on targeted websites to enhance public awareness (page 310).
- A website aimed at teens and young drivers on maintaining an environmentally friendly vehicle (page 310).

- The communications plan for PIFs includes a dedicated website and a regular newsletter to provide information to PIFs regarding the New Jersey Inspection System. Further, Applus' proposal details how Applus would handle crisis situations. Finally, the Applus public information plan does not include a mechanism to interface with the MVC and DEP communications and management teams. All official communications must be reviewed and approved by these State agencies prior to action by Applus.

Bidder Viability and Capability

Applus' response to RFP Section 4.4.5.6, "Experience of Bidder on Contracts of Similar Size and Scope", is summarized in the table below.

State	Number Vehicles Inspected / Year	Decentralized, Centralized, Hybrid	Transitional Contract from different vendor to the bidder?	Contract Dates	Notes / Comments
Connecticut	1,000,000	Decentralized	Yes	10/2003 to 5/2010	7 month program suspension due to software problems
Georgia	2,400,000	Decentralized	Yes	*	Applus supplies the equipment
Rhode Island	365,000	Decentralized	*	*	
Washington	900,000	Centralized	Yes	7/2002 to 7/2012	Only centralized program run by Applus
Illinois	1,700,000	Hybrid	Yes	5/2007 to 4/2012	Using JiffyLube locations
Massachusetts	4,500,000	Decentralized	Yes	2/1999 to 10/2008	1,600 stations; Applus decertified the equipment provided by a subcontractor due to malfunctions. It replaced all of that equipment in exchange for two one-year extensions of its contract with the State.

* The state did not respond with the information requested.

Hence, the Evaluation Committee noted that Applus has significant experience with decentralized programs but its only experience with centralized programs is in Washington.

Staffing

- The key staff proposed by Applus, as evidenced by the proposal narrative and the resumes, appears to be qualified for their respective roles based upon the resumes provided. The Transitional Team appears capable of managing the transition between vendors. The Operations Implementation Team, in particular, presents strong resumes. It was noted as a strength that the proposed Project Manager has attained the Project Management Professional (PMP) designation from the Project Management Institute (proposal pages 47, 349, 351, 352).

- Applus proposes two management teams, one for the centralized component of the program and one for the decentralized component, which will provide better, more focused control of each aspect of the program. "Experience in Illinois led to the organizational structure proposed for the New Jersey program, in which Applus+ will name two separate program management teams – one dedicated to managing centralized facilities, the other serving the private inspection component." (proposal Executive Summary page *x*)

Contract Management

- The bid proposal responded to the RFP's project management requirements, including the use of a custom contract management system and a web-based change management tool. The bidder's project management approach is robust inasmuch as it addresses scope management, quality management, opportunity and risk management, team management, human resource management, and requirements and deliverables management. While the proposal states on page K-2 that a draft project management plan is included in proposal Section 3.2.1, a draft plan is not evident among or in addition to the narrative response, which was deemed by the Evaluation Committee to be a minor deviation. Status report requirements were responded to within the bid proposal.

- Applus will provide all the major services required by the RFP with its own companies, i.e., there are no subcontractors for the equipment development, VIIS development, and CIF and PIF operations, This will simplify the interaction between the bidder and the State, and will minimize unnecessary "finger-pointing".

- The bid proposal was responsive to all the areas under the contract management umbrella, including change control, continuous improvement and innovation, and contract turnover and closeout.

- The contract management discussion, while very brief, referenced back to the project management discussion. A Gantt chart was used to provide the contract schedule and sufficient detail was incorporated therein. The proposal also presented Applus' perspective on potential problems that may be encountered during the contract.

- It was also noted that the bidder's understanding of and response to the $2 million capital account requirements (RFP Section 3.3.13) were both accurate and appropriate.

Environmental Systems Products Holdings Inc. ("ESP")

Program Operations, Network and Equipment

- ESP, in bid Sections 2.3.1 and 2.6.1, provides a detailed approach to its network design that analyzes historic trends such as customer usage of both centralized and decentralized facilities. Its analysis concludes that the current centralized network of lanes is over-built and under-utilized. ESP proposes additional inspector staffing and re-configured lane designs. ESP notes that throughput increases slightly each year as a result of increased OBD testing and decreased tailpipe emissions testing. ESP proposes the use of out-of-lane inspections to help minimize overall wait times. The Committee recognizes that ESP has demonstrated sound knowledge of network design and has proposed a design that eliminates the added cost of building additional centralized inspection lanes.

- ESP proposes the addition of 100 personnel to the staff in the lanes in centralized inspection facilities, an increase of approximately 30%. This is to address what the proposal says is understaffing (proposal Executive Summary page 6). ESP also projects an inspection volume increase. The Committee does not support the hypothesis that inspection volumes will increase over the five-year term of the contract. Again, it must be noted that the State did not provide projections in its RFP. The bidder's projections indicate an increase in the number of vehicles, which depend on many factors, including economic and demographic trends. The Evaluation Committee believes the number of vehicles will remain stable for the life of the contract.

- ESP specifies its new emissions inspection equipment in proposal Section 2.11.3, starting on page 2.11-3. The emission inspection equipment is very similar to equipment of a proven design that has previously been deployed at New Jersey CIFs and PIFs. The Committee has had positive prior experience with ESP's equipment and would anticipate no significant difficulty in evaluating ESP's emission inspection equipment.

- The smokemeter proposal in Section 2.11.3.2, page 2.11-10, is not particularly detailed and does not demonstrate an innovative approach to portability or wireless technology. In addition, calibration requirements for the smokemeters are not clearly specified.

- ESP's description in Section 2.5.3 (starting on page 2.5-35) of the safety inspection equipment, lifts, fiber optic lighting, video security, monitoring undercarriage video, the queue camera system and wait time system is perfunctory and lacking detail. While the proposed safety inspection components appear to meet applicable requirements, additional detail on these significant changes to the program would have been desirable.

- ESP's proposal at Section 2.8.1, page 2.8-4 to provide transition, installation, training, and activation services to PIFs and DEICs appears to be comprehensive and responsive. Based upon ESP's established network of PIF equipment deployed in New Jersey, the Committee recognizes ESP's favorable management of the current PIF equipment.

- ESP's proposal for PIF/DEIC maintenance and repair services in proposal Section 2.8.2 (page 2.8-8) indicates that the bidder will provide the required services, but it does not provide any detail about preventative maintenance schedules, the expected rate of consumable replenishment, or a self-audit program.

- The response to Emission Repair Facility support at proposal Section 2.9 (page 2.9-1) is minimal and lacks detail.

- Proposal Section 2.3.3.2 (page 2.3-14) presents ESP's training proposal for the current program and Section 2.5.5 (page 2.5-48) specifies the training program for contractor and State employees under the new I/M program. Appendix 1 also provides a detailed draft curriculum. The bidder's training program fulfills the RFP requirements.

- The bidder demonstrates a thorough understanding of the processes and procedures necessary to manage the development, testing, and implementation of the VIIS hardware, software, and network. The network as described will provide redundancy and high availability, as required by RFP Section 3.13.2 page 64.

- The bidder will provide free software changes for the life of the contract. "ESP is proud that our proposed VIIS is highly flexible to meet the changing needs of the New Jersey I/M program – we will provide programming changes at no cost to the State for the lifetime of this I/M management contract." (proposal Section 2.4, page 2.4-1) The Committee noted that this appears to be an attractive offering; however, the overall VIIS cost, of which this is a component, is excessive compared to the Evaluation Committee's experience with technology projects of similar size and complexity .

- The proposal implementation schedule shows full operation of the VIIS and all inspection facilities by the twelfth month following contract award, six months earlier than required by the RFP.

- There is a contradiction between a gradual rollout of the VIIS and inspection equipment and a “big bang”, i.e., all-at-once, approach. Page 16 of the proposal's Executive Summary states "...all facilities, CIF, PIF, DEIC, SIF and MIT will begin operation with the new VIIS system at the same time." Alternately, proposal Section 2.5.1.8 (page 2.5-23) states, "...ESP recommends the facility by facility State Acceptance and cutover." Finally, in proposal Section 2.8.1 on page 2.8-7, ESP offers the table excerpted below, which depicts a gradual implementation of decentralized equipment.

Number of PIF & DEIC units to be deployed: 1,630

Start Date: July 14, 2008
End Date: October 13, 2008
Duration Days: 91

As of	Units Delivered	Units Activated	Waiting for Activation
July 14, 2008	0	0	-
July 21, 2008	50	30	20
July 28, 2008	175	156	19
August 4, 2008	300	282	18
August 11, 2008	425	408	17
August 18, 2008	550	534	16
August 25, 2008	675	660	15
September 1, 2008	800	786	14
September 8, 2008	925	912	13
September 15, 2008	1,025	1,014	11
September 22, 2008	1,150	1,140	10
September 29, 2008	1,285	1,272	13
October 6, 2008	1,420	1,404	16
October 13, 2008	1,555	1,536	19
July 14, 2008	1,630	1,630	-

The "all-at-once" approach carries a much higher risk of failure than the alternative approach that uses a gradual roll-out of the decentralized equipment and centralized facilities. The gradual approach is preferable to the State. But that point notwithstanding, ESP's bid response is not consistent in describing its approach to implementation.

- RFP Section 3.13.5 states, "The State prefers the use of a commercial off-the-shelf (COTS) rules engine, but will consider other designs that are equal or better and meet the requirements of this section." The ESP-developed solution described in its proposal adequately meets this requirement.

- ESP's response to RFP Section 3.15, "Public Information and Education", was acceptable. The Committee recognizes that the plan has some positive aspects, but is lacking detail in many areas. Some components of its plan are as follows:

    - ESP expresses an interest in working with the MVC and the DEP in creating an outreach and communication plan.

    - ESP does not provide a communications plan budget amount.

    - ESP has not identified a specific advertising agency it would subcontract with in New Jersey. The lack of an advertising partner at the contract start could delay the implementation of the plan.

    - The information plan detail that is provided by ESP is very generic and does not discuss materials targeted to a New Jersey audience.

    - The proposed integration of inspection education into a high school curriculum would be a welcome complement to existing driver education programs.

    - ESP does not provide a plan for communications with, or promotion of, the PIFs/DEICs.

Bidder Viability and Capability

ESP's response to RFP Section 4.4.5.6, "Experience of Bidder on Contracts of Similar Size and Scope", is summarized in the table below.

State	Number Vehicles Inspected / Year	Decentralized, Centralized, Hybrid	Transitional Contract from different vendor to the bidder?	Contract Dates	Notes / Comments
Illinois	1,700,000	Centralized	No	5/1986 to 1/2008	
British Columbia	500,000	Centralized	*	9/1992 to 12/2011	
Colorado	420,000	Centralized	Yes	1/1995 to 12/2010	
District of Columbia	250,000	Centralized	Yes	7/2005 to 7/2007	Equipment Only
Maryland	1,500,000	Centralized	No	2/2000 to 2009	
Indiana	265,000	Centralized	No	began 1996	
Tennessee	300,000	Decentralized	No	expires 6/2011	
Ohio	900,000	Centralized	No	1991 to 12/2007	
Texas	8,000,000	Decentralized	Yes	2001 to 8/2008	Texas runs its own program, but ESP supplied equipment to the PIFs.

* The state did not respond with the information requested.

ESP brings a significant amount of relevant experience in both centralized and decentralized programs. It was also noted by the Committee that ESP provides 29% of testing equipment to the NJ PIF market.

Staffing

- ESP's staffing is organized into three teams: implementation, operations, and transition management. The third team is atypical of ESP's usual approach and will be created to accommodate the New Jersey requirement that the contractor assume management of New Jersey's I/M Program on Day 1 of the contract. This specialized team will include ESP's "most highly skilled and experienced managers" (proposal page 3-5). Unfortunately the bid proposal did not include an organization chart for this team – while it did for the other two teams – and it did not identify the members of this specialized team.

- ESP's proposed key personnel have the requisite knowledge and experience appropriate to New Jersey's I/M project.

Contract Management

- RFP Section 3.1, "Overview of Scope of Work and Contract Schedule", states in part:

  The contractor must meet the following critical implementation dates:

  - Take over all CIF operations three months after the Contract Start Date
  - Complete acceptance testing of VIIS within 12 months after the Contract Start Date
  - Retrofit and transition all CIFs, SIFs, and State operated mobile inspections to new program within 14 months after the Contract Start Date
  - Transition all existing PIFs and DEICs to new program within 18 months after the Contract Start Date

  ESP's proposed solution will implement the I/M Program early. "Six (6) months earlier than required by the RFP, ESP will complete the PIF and DEIC installation/transition activities for the new program within twelve (12) months of the Contract Start Date." (proposal page 2.8-3) Further, ESP proposes an aggressive startup schedule, with full VIIS acceptance testing done by the 11th month and full operation by the 12th month. "Full ATP and acceptance of all test and VIIS systems by the 11th month of the contract. Full operations of all test facilities by the end of the 12th month of the new program, including all VIIS systems and all CIFs, PIFs, DEIC, SIFs and MITs. This means that all facilities...will begin operation with the new VIIS system at the same time." (proposal Executive Summary pages 15-16) Therefore, ESP comported with the RFP's project schedule requirements, and is in fact planning an implementation that is ahead of schedule.

- The bidder provided an acceptable response to contract management, continuous improvement and innovation, potential problems, and contract turnover and closeout. It must be noted that project management was adequately discussed in the body of the proposal; however, a draft Project

Management Plan was not included with ESP's proposal. Pursuant to RFP Section 4.4.4, "Section 2 – Technical Proposal", states, "The bidder shall present a draft Project Management Plan as part of its response. The draft plan shall detail each aspect of the implementation effort and establish a critical path time line for the completion of each task to be performed. The plan shall include organization charts showing the chain-of-command that will be used by the contractor, and shall be sufficiently detailed to show lines of reporting and specific job titles. The plan shall include a personnel chart containing job descriptions, duties, and responsibilities of all contractor personnel." The Evaluation Committee deemed the lack of a draft Project Management Plan to be a minor deviation.

Table 2.2-1 in ESP's proposal (page 2.2-5) indicates that the draft Project Management Plan is included in proposal Section 2.1.4. When proposal Section 2.1.4 is reviewed, however, there is a single paragraph referencing the included project schedule as a Gantt chart. A draft Project Management Plan document is not included in the proposal to describe the bidder's proposed approach to management of the project.

- ESP appears to have misunderstood the capital funding approach as described by RFP Section 3.3.13, "Capital Maintenance, Repairs, and Renovation at Existing CIFS", which states in pertinent part, "At the inception of the contract and each year thereafter, the contractor shall place the sum of $2,000,000 into a non-lapsing account to provide for all maintenance, repairs and construction indicated below." In its proposal, ESP states, "At the commencement of the contract, ESP will place $2,000,000 into an account to provide for capital expenditures. Each following calendar year, ESP will replenish the account to bring the balance up to $2,000,000 in the account." (proposal page 2.3-54) The account is not to be topped-off each contract year to the $2 million mark; rather, the contractor must deposit $2 million into the account regardless of any previous year's remaining funds.

  In addition, the bid proposal also states, "ESP will work with the State to clarify and further define the expenditures that qualify for payment from the Capital Account." The State was very clear in its RFP about the type of expenditures that qualify for payment from this account. The bidder's need to "clarify and further define" instills doubt that the bidder understands completely the contract requirements as stipulated in RFP Section 3.3.13.

- ESP's proposal states at Executive Summary page 27, "Further, per our letter dated October 12, 2007 to the Department of Purchasing which raises issues related to the contract, ESP desires to discuss these matters with the State prior to contract award. We believe such a discussion will clarify the uncertainties and result in a better and lower cost program." Unfortunately, ESP's proposal does not reveal the "issues related to the contract", nor does it provide an explanation of "the uncertainties". Therefore, the Evaluation Committee is left with uncertainty as to which RFP components concern the bidder.

Parsons Commercial Technology Group Inc. ("Parsons")

Program Operations, Network and Equipment

- Parsons' network design proposal is detailed in Section 2.4, beginning on page 2-59. The Committee found Parsons' proposal lacked innovation and detail. Specific items of note are as follows:

    - Parsons' proposal did not provide lane utilization rates or a thorough analysis indicating that the current network is fully utilized. The plan does not provide any significant alternatives to improved inspection handling other than construction of new centralized lanes to alleviate potential wait time problems.

    - The proposal indicates that in year one Parsons will increase inspection throughput by 25%, but fails to detail how this would be accomplished (page 2-64)

    - Parsons provided no explanation as to how the selected centralized facilities were prioritized for expansion needs (page 2-65). The proposal specifies additional lanes to be added at contract start and 8 more lanes added by contract year 5, but does not stipulate when the additional 8 lanes would need to be constructed. The proposal does not specify the nature or details of a "work around" to additional inspection lanes (page 2-67).

    - Parsons' proposal of average test times is apparently based on historical data from January 2006 – 2007. However, emission and safety test procedures in the new program will change, resulting in some shorter test procedures (e.g., elimination of dynamometer-based ASM testing).

- Parsons proposes that sixteen new lanes be constructed to meet projected inspection volumes and to mitigate wait times. A 12% increase in inspection volume is projected, but the Committee does not agree that the volume will increase as projected. In addition, there will be an increase in OBD testing and a decrease in tailpipe emissions testing as more new vehicles enter the fleet. OBD tests generally require less time than tailpipe tests and could increase throughput. The Committee also noted that the cost of these additional lanes was not required to be in the Price Schedule, and so will be an additional cost to the State. This cost is included in the Cost Evaluation Methodology section of this report.

- Parsons proposes its new emission inspection equipment at proposal Section 2.4.5, beginning on page 2-80. Some of the hardware proposed is similar or identical to that already in use at New Jersey CIFs and PIFs. The Committee noted that the proposed emission inspection equipment meets or exceeds the mandatory requirements contained in the RFP, and there are two items worthy of mention.

    - Conditions in the CIF lanes sometimes present high humidity and sub-freezing temperatures, leading to rapid freezing of water in the exhaust gas sample system. The Committee recognizes that Parsons has developed a reliable and innovative strategy to minimize problems in this area by proposing CIF exhaust gas sample systems using back-purge and heated sample hoses (proposal Section 2.4.5, page 2-81).

    - The mobile facility equipment narrative (proposal Sections 2.5.3.3 and 2.5.3.4, pages 2-116, 2-117) includes little discussion of wireless implementation. It appears that many components of the mobile systems, such as the smokemeter, OBD interface, fuel cap tester, and gas analyzer must be connected by cable, significantly limiting both the mobility and portability of these systems.

- Parsons' safety inspection equipment proposal is at Section 2.4.5, starting on page 2-80. Although Parsons did specify the equipment it proposes to use for most components, it failed to provide this information for the new pneumatic vehicle lifts. The new lifts represent a significant cost investment

for the State and Parsons' has omitted detail in this area. With the exception of the brake equipment description, the safety equipment proposal was not detailed.

- In proposal Section 2.3.2.4 (page 2-49), Parsons states that it is an approved repair facility for much of the equipment that it uses. The Committee recognizes that this may be advantageous for several reasons: it may reduce cost and time to send equipment out for repair; it may reduce downtime waiting for a manufacturer's technician to arrive on-site; and it allows Parsons to beta test new equipment and more quickly obtain the latest upgrades.

- Parsons proposes to partner with SGS Testcom for administration of the decentralized equipment network (proposal Section 2.2, page 2-7). Testcom has deployed and managed an extended decentralized network in the state of New York. The Committee recognizes, after discussion with representatives from New York, that Testcom's efforts were successful and well-received.

- Parsons' distribution and setup of decentralized equipment relies primarily upon self-installation and activation (proposal Section 2.5.3.5, page 2-119). While this model reportedly worked well in the state of New York, the Committee is concerned that many PIFs/DEICs will lack the personalized, on-site, startup assistance that might be required to ease the transition from the old to the new I/M program.

- Parsons presents in proposal Section 2.5.4.2 (page 2-120) and in Appendix K a very complete plan for proactive preventative maintenance, routine maintenance, audits and consumable replenishment.

- The proposal for Emission Repair Facility support at proposal Section 2.7.6 (page 2-186) is minimal and lacks detail.

- Parsons training program at proposal Section 2.6.7 (page 2-139) describes schedules, prerequisites, refresher training, course outlines and other material, thereby providing a thorough and complete training program for inspectors and other staff. Parsons' response to this item indicates to the Committee that Parsons has a significant commitment to a well trained workforce.

- The VIIS solution presented adequately includes a transaction database and a data warehouse with reporting and dashboards. The Verizon network provides appropriate security and redundancy to support high availability, as required by RFP Section 3.13.2 page 64.

- Parsons proposes that after 80% of the decentralized equipment is connected to the new VIIS VID and is operational, all data will be directed to the new VID, i.e., connection to the legacy VID will be discontinued.

> Commencing 14 months after the Contract Start Date, all testing at CIF, SIF, and by mobile test teams will be performed with the new test hardware and data will be directed to the new VIIS. Once 80% of equipment is delivered to the decentralized and state operated inspection teams, all testing at PIF, PFF, and DEIC inspection facilities will be performed with the new test hardware and data will be directed to the new VIIS. (proposal Section 2.2.4.2, page 2-21)

If the legacy VID is disconnected when 80% of the PIFs/DEICs are connected to the new VIIS VID, approximately 280 PIFs/DEICs will not be able to conduct business. This will have a significant negative impact on the PIF/DEIC community as well as the public that depends on them for inspections. Final acceptance of the VIIS and shutdown of the legacy VID cannot take place until 100% of the new inspection equipment, both centralized and decentralized, is connected to the VIIS VID and is operational.

- The RFP describes requirements for a data warehouse to be built by the vendor and housed at a State facility:

> The data warehouse shall be housed at a State facility to be identified after contract award. (RFP Section 3.13.2, page 64)
>
> The VIIS data warehouse and associated data marts serve as the repository for inspection data used to support many State querying and reporting requirements. The data warehouse must contain all historical transaction data in an aggregate and summarized form specifically structured for querying, data analysis and reporting. (RFP Section 3.13.4.4, page 67)
>
> The VIIS data warehouse shall be compatible with the current State installed base. The contractor shall develop and implement standard VIIS reports based on legacy reports and new requirements. (RFP Section 3.13.8.1, page 73)

As described, this data warehouse is to be maintained by State personnel and will be the source of standard reports, both existing and newly defined. It appears that the bidder misinterpreted these requirements, assuming that the NJ data warehouse would be used for ad hoc reporting, while its own data warehouse would support pre-defined reports. Thus, the bulk of the reporting is being generated from within the bidder's databases using its own reporting tools, rather than from the NJ data warehouse.

> A separate data warehouse system will be hosted at a State provided data center and will be updated on a nightly basis with data from the day's inspections. It is understood that the site for the data warehouse will be a State owned facility. (proposal Section 2.7.1.1.2, page 2-160)
>
> The Parsons VIIS data warehouse solution will store all historical transactional data and program data for the life of the contract. The warehouse will receive data on a nightly basis from the transactional database. Querying/reporting activity on the database warehouse will not affect the performance of the transactional database system and CIF/PIF units in any manner. It will be housed on a separate server and will contain aggregated and summarized data that is specifically structured for fast query, analysis and reporting response time. In addition to the summarized data, our data warehouse will contain copies of the raw transactional database tables but with additional indices for quick data access. (proposal Section 2.7.4, page 2-169)
>
> We will also work with the State's database experts to develop a customized data warehouse that will be used by state agency personnel for ad hoc querying and reporting. This data warehouse will be managed by state database administrators and will be loaded on a nightly basis with the previous day's transactional data. (proposal Section 2.7.8.1, page 2-191)

- RFP Section 3.13.5 states, "The State prefers the use of a commercial off-the-shelf (COTS) rules engine, but will consider other designs that are equal or better and meet the requirements of this section." The use of the Corticon Rules Management System as described in proposal Section 2.7.1.1, page 2-158, adequately meets this requirement.

- The bidder will have two teams working on the New Jersey program.

> In order to ensure the integrity of the old system while also meeting the deadlines for implementing the new system, the Parsons Team will employee [sic] two separate teams. One team will be dedicated to the continued operation of the legacy VID while the other team will be committed to designing, developing, testing and deploying the new VIIS. (proposal Section 2.7.4.6, page 2-171)

  If an incumbent contractor is awarded a new design contract, a potential problem is that the contractor might abandon support for the existing system and move all resources to the new system. By having one team design and develop the new equipment and software while retaining the team that maintains existing program equipment and software, the bidder has avoided this problem.

- The bidder has access to the legacy VID. This will simplify the transition period when old and new inspection equipment are both in operation. "The Parsons Team has intimate knowledge of the legacy VID and will be able to convert and store the data from the legacy VID onto the VIIS VID while performing parallel operations of the legacy VID and VIIS VID with no disruptions to the end users." (proposal Section 2.7.4.8, page 2-172) This was deemed to be an important point.

- Bid Section 2.2.8 page 2-31 refers to bullet #6 in RFP Section 3.13.7.1. RFP Section 3.13.7.1 (page 71) states, "The web interface shall provide State personnel with the ability to administer certain aspects of the VIIS including, but not limited to...taking off-line and bringing back on-line portions of the VIIS web interface to allow for upgrades, testing, critical bug fixing, etc. and must allow the State to customize a message that shall be displayed on all internal web interface pages when a portion or all of the internal application is off-line." To which the bidder responds:

> This is an expensive feature with unknown effects on the operation of the overall inspection systems. Having portions of the VIIS turned off could prevent some needed activity from occurring. The State has not made clear at what level, or which specific system features of the solution, are to be turned off or on. There are many different interpretations of this requirement, which will be more clearly specified in the VIIS specifications document. (proposal Section 2.2.8, page 2-31)

  It appears that Parsons misinterpreted the intention of this section. The RFP section requires the ability to turn off portions of the "internal application", e.g., the administration of the rules engine or the administration of equipment lockouts. It is not intended to turn off functionality in the transaction database or other inspection components of the VID. Parsons description of the administrative aspects of its solution meets the requirements of the RFP.

- The proposal states that "the security aspect" of the VIIS “warrants more discussion”.

> The RFP mentions a list of additional requirements such as allowing report developing using a GUI, etc. Our reporting system meets or exceeds each requirement. However, the security aspect (‘take into account the roles associated with a user and prevent a user from accessing information which he/she does not have permission to see’) warrants more discussion. Because of the integrated nature of the Actuate system, the security of the system is built into the Actuate iServer product. As a result, users are only allowed to access data (via information objects), queries (their own or queries developed by others), and reports (ad hoc or canned) based on what role or roles they have. When a user signs into our reporting web portal, the system automatically determines, based on their roles, which menu options to make visible. In addition, for those users who are allowed access to the iPortal for ad hoc querying and reporting, the iServer security limits which objects they can access, again based on their roles. Our integrated security (between our Java-based web portal system and the Actuate iServer)allows our end users to

seamlessly control what each role and user can access at a very detailed level. (proposal Section 2.7.8.2 page 2-194)

In context, the reference is to ad hoc reporting and the RFP requirement, " In addition to standard and ad hoc reports, the reporting and querying interface must...[t]ake into account the roles associated with a user and prevent a user from accessing information which he/she does not have permissions to see." (Section 3.13.8.1, page 74) This appears to be another misinterpretation, postulating that the RFP is requiring variable information to be available within a particular function or database query depending on the user. This is not the case. Parsons' proposal correctly describes the security that is required, which grants or denies access to complete functions or queries based on the roles assigned.

- Parsons' response to RFP Section 3.15, "Public Information and Education", was acceptable. The plan presented is not very detailed and lacks specifics in many areas. Items of note include:
  - The proposal does not detail a budget for the communications efforts.
  - Parsons proposal to cross-promote programs through related websites offers a useful marketing strategy and ties in closely with some of the State's environmental goals (page 2-212).
  - Parsons proposes using printed materials and media outreach to educate the public on the importance of inspections and maintaining a clean running car, but has not provided any sample materials or detail (page 2-213).
  - Parsons emphasizes the motorist hotline as key to customer service. The Committee agrees that this is an important resource to interface with customers.
- Parsons also highlights its user friendly appointment system. The Committee acknowledges that this system has been well received by customers.

Bidder Viability and Capability

Parsons' response to RFP Section 4.4.5.6, "Experience of Bidder on Contracts of Similar Size and Scope", is summarized in the table below.

State	Number Vehicles Inspected / Year	Decentralized, Centralized, Hybrid	Transitional Contract from different vendor to the bidder?	Contract Dates	Notes / Comments
Louisiana	400,000	Decentralized	*		
New Jersey	3,000,000	Hybrid	No	8/1998 to 8/2008	Operates centralized lanes, provides VID for both
Ontario	3,250,000	Decentralized	*	1999 to 6/2008	
Pennsylvania	7,400,000	Decentralized	No	1997 to 10/2010	Contract is for audits only.
Texas	8,000,000	Decentralized	Yes	*	Contract is only for the data system accessed via a web portal designed by BearingPoint.

* The state did not respond with the information requested.

Parsons experience in other states is primarily with decentralized systems. Its experience in New Jersey is primarily with centralized systems. The bid proposal conveys a thorough understanding of the current New Jersey I/M Program and proposed changes to that program.

Parsons total assets exceed $1 billion, half of which is in the form of shareholder equity. With regard to credit risk, about 42% of Parsons' current work relates to contracts with the federal government. Cash and cash equivalents represented 20% of the firm's total assets. Goodwill (excess of the cost of an acquired entity over the fair market value of the asset) rose in both 2005 to 2006 due to various business acquisitions, and those comprise about 12% of the company's total assets. Long-term debt appears reasonable, representing only 4.35% of total assets. Net earnings rose between 2005 and 2006.

Staffing

- The Evaluation Committee found the proposed project teams for both implementation and operations to be acceptable and qualified for the role each individual will fulfill. It was noted that several of the key staff resumes, while presenting the aggregate number of years experience, did not present the start and end years for projects, jobs, or both projects and jobs. This made it difficult for the Evaluation Committee to completely assess some candidates' experience relevant to their proposed role for the New Jersey I/M Program.

Contract Management

- In its bid proposal, Parsons satisfactorily addressed the requirements pertaining to project management and contract management.

- The bidder responded to the requirements of RFP Section 3.17, "Contract Turnover and Closeout", by including a draft Contract Turnover and Closeout Plan as an appendix.

Worldwide Environmental Products, Inc. ("Worldwide")

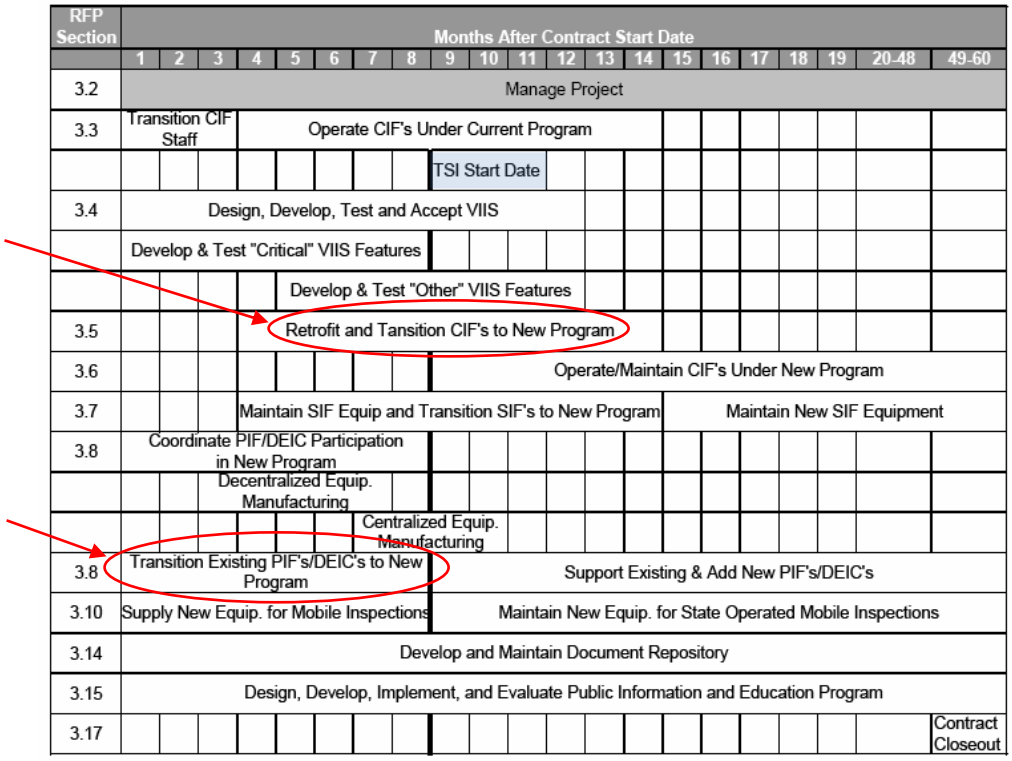
Program Operations, Network and Equipment

- The Worldwide proposal for network design is provided in Section 2.3.1, starting on page 2.3-1. Worldwide presents a thorough and detailed network design including analysis of lane utilization, vehicle arrivals and facility staffing. Of particular note in its network design:

  - In its analysis of safety inspections tasks starting on page 2.5-26, Worldwide identified the inspection of some safety items as occurring in multiple positions. For example, headlights, tail lights, and plate lights are shown as items for Position 1 and Position 2. The Committee is not clear as to why these inspections are located at both positions or why times are allotted for the same tests at both positions.

  - The proposal specifies inspections performed at Position 2 that are duplicative. For example, the passenger side tire movement check is performed twice and the majority of the steering and suspension inspections were duplicated. The assumptions for the time allotted to Position 2 may be overestimated.

- According to the schedule in RFP Section 3.1 (page 27), the CIFs are to be transitioned to the new system, followed by the PIFs and DEICs. Worldwide has the order of implementation reversed, per the diagram below from proposal Section 2.1 on page 2.1-2.



- The emission inspection equipment proposed by Worldwide at proposal Section 2.11.3, beginning on page 2.11-9, includes elements that are in use in New Jersey PIFs. The Committee recognizes that the State's familiarity with much of Worldwide's equipment should simplify the requisite equipment approval process conducted by DEP. Some specific items of note are:

- Worldwide supplies 10% of the equipment used by PIFs in New Jersey, giving the State familiarity with its decentralized equipment.

- Removal of excess water in the exhaust gas sample is important for both measurement accuracy and to help prevent sample system freezing during cold weather. The exhaust gas sample system proposed by Worldwide would use high pressure back-purge and a sample chiller to remove excess water from the exhaust sample (proposal Section 2.11.3, page 2.11-15). This is a proven and successful design that Worldwide has previously deployed in New Jersey PIF units.

- Worldwide's proposal for mobile equipment in proposal Section 2.11.3.2, starting on page 2.11-25, employs a broad array of wireless connections between inspection equipment components. The Committee recognizes Worldwide's innovative wireless strategy, which would significantly enhance the utility of the mobile inspection equipment.

- Worldwide's proposal discusses safety inspection equipment in Section 2.5.3, starting on page 2.5-78. The Committee finds that Worldwide's proposal is variable with respect to the detail provided on different system components. Items that the Committee considered noteworthy include:

  - The proactive replacement of 6 light-duty brake testers (page 2.5-5) acknowledges not only the necessity to replace existing equipment nearing the end of its usable life, but also provides a customer convenience element that is not currently available to the centralized lanes.

  - The Committee recognizes that some vehicles may not be safely lifted due to their physical configuration. Worldwide did not specify any detail as to the development of vehicle lifting criteria.

  - Worldwide provided a great deal of detail on the operation of the security cameras and proposes to provide more capability than required by the RFP.

  - The Committee found that Worldwide's proposal regarding the undercarriage video, and especially the wait time system, while meeting requirements, was lacking in detail.

- The proposal to add extra heavy duty brake testers to CIFs for backup (proposal page 2.5-5) is potentially useful to the State. Specifically, this would provide six (6) additional heavy duty brake testers for the busiest lanes, which may help reduce wait times in the event of a brake tester malfunction in the designated heavy duty lane.

- Much of Worldwide's proposal appears to rely upon an innovative strategy that attempts to alter the dynamic of centralized and decentralized inspections in New Jersey (proposal Executive Summary and proposal Section 2.8). The bidder proposes to expand the PIF network to include more decentralized inspection facilities than are currently in use, and to apply an identical pricing structure to both CIF and PIF transaction fees. Theoretically, this would reduce the State's costs since the percentage of vehicles inspected at centralized facilities would be reduced. While the Committee notes that this is a unique solution, there is concern that the plan would not work as Worldwide anticipates for a number of reasons. Since this is a complex discussion, the Committee has summarized the key points, with a more detailed analysis following.

  - Worldwide proposes to increase the inspection volume at PIFs using a variety of mechanisms. Historically, neither the cost of inspections at decentralized facilities nor the number of participating facilities has had a significant impact on motorist's use of PIFs and the Committee has no reason to suspect that this would change.

  - Worldwide proposes to equalize costs between PIF and CIF inspections by charging the same transaction fee to both. However, Worldwide's underlying assumption about motorists' perceptions of CIF versus PIF costs does not work in light of the actual funding mechanism used by the State.

- Worldwide proposes that by offering free equipment, it will encourage greater PIF participation. The Committee finds that Worldwide has not characterized the potential PIF market in terms of OBD-only versus OBD+TSI equipment needs and many PIFs will not be able to take advantage of the free OBD-only equipment. The Committee noted that in 2007 PIFs performed 43% tailpipe emission inspections and 57% OBD inspections.

- Worldwide did not provide costs in the Price Schedule for OBD-only PIF equipment and DEIC inspection equipment. If the number of participating PIFs or DEICs exceeds the number of free equipment packages offered by Worldwide, the Committee does not have information about the cost of equipment in excess of the free units.

- The Committee recognizes that PIF equipment costs for this program will be significantly lower than historically high costs for the current program. The Committee postulates that this factor by itself will result in increased PIF participation regardless of Worldwide's free equipment offer to some PIFs.

- Worldwide stipulates that free equipment distribution will be contingent upon the participating PIFs maintaining an unspecified minimum inspection volume. This is in conflict with the State's PIF licensing procedures.

  Prior to the Enhanced I/M Program implementation in 1999, approximately 25% of inspections were performed at decentralized facilities. There were about 3,700 private facilities that charged approximately $20 per inspection. When the Enhanced I/M Program was implemented in 1999, the number of PIFs dropped to around 1,300 and the average cost of a decentralized inspection increased to about $70. During years 2004 through 2007, the average PIF inspection market share was 22% versus 78% for centralized inspections. Historically, in the 24 years of full inspection at decentralized facilities, their share of the inspection market has hardly varied. There are customers willing to pay for the extra service they receive from going to a decentralized facility, which will test and repair vehicles as opposed to a centralized facility that will only test them. In many circumstances, the inspection at a decentralized facility will also be performed in conjunction with other services provided by the garage. The Committee has concluded that the prevailing factor in motorist's use of PIFs is convenience or habit and not necessarily the cost of inspection or number of licensed facilities. Worldwide's proposal makes a flawed assumption about inspection costs being the main factor that determines the choice of CIF inspections over PIF inspections.

  Worldwide attempts to level the field by charging CIFs and PIFs the same transaction fee (proposal Executive Summary). What Worldwide has not accounted for is the fact that New Jersey motorists already pay the CIF fee through registration fees. The State has no plans to change this funding mechanism for CIF inspections.

  Worldwide proposes offering "free" equipment to 2,000 PIFs. "First, by eliminating the barrier to entry into the program and eliminating all risks associated with being a participant in the program, we are offering free OBD inspection equipment for up to 2000 PIFs" (proposal Section 2.5.1.2, page 2.5-18). This "zero-cost" equipment only applies to OBD-only equipment; any PIFs performing TSI tailpipe tests will have to pay for an add-on gas bench at a cost of $7,280 (Bid Price Line 29). In addendum #5 of the RFP, the State estimated that 1,050 Add-on Gas Analyzers would be required (Addendum #5 Price Line 29). Thus, the "zero-cost" advantage will only apply to approximately half of the PIFs, with the other half having a significant start-up cost while still paying the same transaction fee.

  For bid evaluation purposes, Addendum #5 Price Line 25 assumes that 2,000 PIFs will participate in the program. However, the Committee anticipates that eventually there will be more than 2,000 PIFs after the program is implemented. The Worldwide proposal indicates that the first 2,000 OBD-only PIFs and 327 DEICs will receive equipment at no cost, but does not provide any

cost for additional PIFs and DEICs that may enter the program (Price Schedule, Lines 00025 – 00027). The lack of complete information in Worldwide's cost proposal makes it impossible for the Committee to project startup costs for PIFs and DEICs beyond the first 2,000 and 327, respectively. Based on the bidder's price for State equipment (Bid Price Line 33), it appears that a base OBD-only unit plus an add-on gas bench will cost a PIF in the neighborhood of $13,000.

Historically, startup costs for PIFs in the current enhanced inspection program often exceeded $50,000, while equipment proposed for the new program will be significantly less expensive. The current bid proposals under evaluation by the Committee present PIF equipment costs for full OBD+TSI systems ranging from approximately $6,000 to $10,000. These lower costs alone, relative to current inspection equipment costs, will attract more garages to participate as PIFs. Worldwide's anticipated advantage of offering some equipment at no cost may not draw any more PIFs than other proposals offering equipment at low cost. In other words, Worldwide's proposal of free equipment to some PIFs is not as attractive in light of relatively low cost equipment from other bidders.

The proposal to make PIF eligibility for free OBD-only equipment contingent upon inspection volume (Section 2.5, page 2.5-18) is not consistent with New Jersey PIF licensing processes. PIF licenses are granted to all applicants meeting the basic criteria and are not conditional based on inspection volume. The proposal does not specify the minimum PIF inspection volume that is required to be eligible, it does not describe how PIFs would be selected for participation to ensure the correct volumes, and it does not discuss what happens to a PIF that becomes ineligible after initial participation. Also, some fleet PIFs (PFFs) perform their inspections in batches – sometimes all in one month. There is no explanation of how these PFFs would be accommodated in the context of meeting minimum inspection volumes. As stated above, for those PIFs (or PFFs) not eligible under Worldwide's guidelines that still want to participate, no pricing is provided for the Committee to evaluate those costs (Price Schedule, Lines 00025-00027).

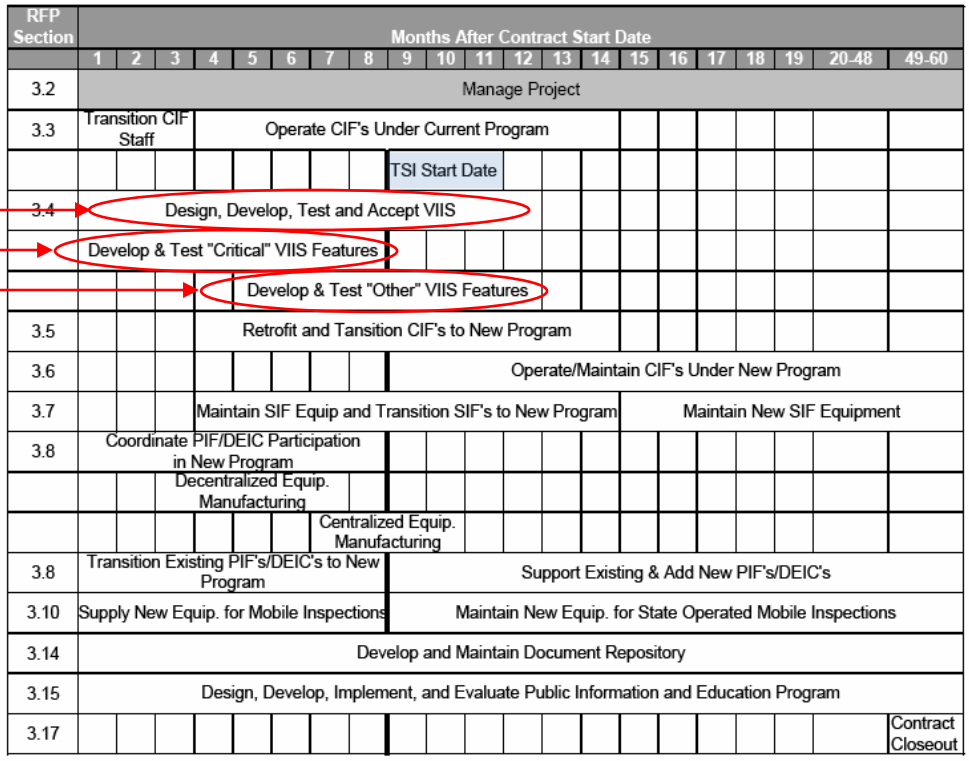
Therefore, the Committee is not convinced that Worldwide's proposed strategy, including free OBD-only PIF equipment, equal CIF and PIF transaction fees, and more aggressive PIF advertising, would significantly alter New Jersey motorists' behavior in terms of PIF inspection utilization. The potential allure of free equipment to some PIFs and DEICs is reduced by the higher cost of OBD+TSI equipment to others, a requirement to maintain minimum inspection volume to keep the free equipment, and a much higher transaction fee that will override the equipment costs over time. The Committee finds that Worldwide's proposal would be substantially more expensive for the PIFs over the life of the contract when all costs are considered.

- The proposal for Emission Repair Facility support at proposal Section 2.9, page 2.9-1 is minimal and lacks detail.

- Worldwide's training program is presented at Section 2.5.5, page 2.5-104. The training program discussion provides some detail as to number of trainers required and scheduling, but does not provide detail as to qualifications, curricula or refresher courses. The discussion did, however, satisfy the mandatory requirements of the RFP.

- The bidder demonstrates an understanding of the processes and procedures necessary to manage the development, testing, and implementation of the VIIS hardware, software, and network. The AT&T network as described will provide redundancy and high availability, as required by RFP Section 3.13.2 page 64. However, there are two areas the Committee found to be inadequate.

    - The bidder proposes a phased acceptance of VIIS functionality, referring to "critical" and "other" features.



(proposal Section 2.1, page 2.1-2)

> In order to phase out the existing emissions inspection systems early, Worldwide proposes a two-step approach to the development, testing and approval for use of the VIIS by the State. In the first phase, the VIIS will have all of those features deemed – "critical" to support the TSI Start Date and transitioning the decentralized stations to the new emissions equipment. Upon award of contract, Worldwide, in conjunction with the State, will determine which features are considered – "critical" and sufficient to operate the new decentralized equipment and begin the CIF beta testing.
> ...
> While the first phase is in progress, the second phase of VIIS development will proceed. By the end of the thirteenth (13th) month, Worldwide will have completed the remaining VIIS features at which point the legacy VID will be discontinued from the new program. (proposal Section 2.1, page 2.1-6)

It is not clear what features of the VIIS are considered to be “not critical” and therefore could wait for a subsequent release date. A preliminary acceptance of only certain components of the VIIS increases the risk of masking problems until the final acceptance, greatly increasing the cost and time required to make any necessary corrections or modifications. The Evaluation Committee determined that it is more plausible to test the complete VIIS software in parallel with the legacy VID as part of acceptance testing.

- The bidder proposes that all decentralized equipment begin operation on the same day, rather than have a gradual rollout period. "We will start delivering the PIF equipment two (2) months prior to this date so that the majority of PIFs will have received equipment, training and are ready to start tests after any software upgrades from the preliminary ATP have been incorporated." (proposal Section 2.1, page 2.1-3) The "all-at-once" approach carries a much higher risk of failure than the alternative approach that uses a gradual roll-out of the decentralized equipment and centralized facilities. The gradual approach is preferable to the State.

- RFP Section 3.13.5 states, "The State prefers the use of a commercial off-the-shelf (COTS) rules engine, but will consider other designs that are equal or better and meet the requirements of this section." The use of Microsoft BizTalk as described in proposal Section 2.13.5 page 2.13-13 adequately meets this requirement.

- The proposal's discussion of legacy data migration assumes the use of legacy data structures (tables, indexes, stored procedures, etc.) for conversion, and the continued use of reports from the legacy vendor.

> Entity Relationships – Entity relationships that exist in the legacy VID database will have to be transformed to fit into VIIS database model. VIIS database design will take into account the entire presentation aspect of the legacy database and strive to keep it intact as much as possible.
>
> Tables – Worldwide will take steps to minimize table partitioning and table merges. This is necessary to reduce the number of transformation rules in SSIS and keep the transactions similar. Efforts will be made to keep the field names, field types, primary keys and secondary indexes the same. There is a possibility of some primary keys in legacy database transforming into a secondary index in the VIIS database. Such a transformation in general does not degrade overall performance. SQL server is capable of handling non clustered indices very well.
>
> Stored Procedures – Since most of the table structures will be retained, stored procedures and triggers should also see minimal changes. In some situations WEP [Worldwide Environmental Products] might be compelled to mirror the legacy VID db behavior by writing new stored procedures or triggers, but we do not anticipate significant changes.
>
> Reporting – Reporting will have to be addressed carefully. Some reports might have to be rewritten because of table changes. This one will need to be taken on case by case basis. WEP might decide to rewrite the reports which cover old and new data both. For ad hoc reports, there is a possibility of legacy screen implementations to allow NJ personnel to run reports on old data. (proposal Section 2.13.13, page 2.13-93)

However, contrary to Worldwide's assumptions, these metadata components of the legacy system will not be available for conversion; only the data itself will be provided for conversion into the new VIIS VID.

> To allow for reinspections between old and new equipment, the State shall make available to the contractor the inspection results from the legacy VID." (RFP Section 3.13.13.1, page 83)
>
> The contractor shall migrate the legacy VID data to the VIIS VID and data warehouse. Currently, the State owns the data on the legacy VID but does not own the data structures associated with the legacy VID. (RFP Section 3.13.13.2, page 84)

All data structures in the new VIIS will have to be designed and created without metadata from the current VID. In addition, reports from the legacy system will not be available; all reporting will have to be designed and developed using the new data structures. Based on these facts, the Worldwide VIIS implementation plan as stated cannot be carried out successfully.

- Worldwide's response to the RFP's requirements for public information and education is a notable strength of the proposal. The bid contains material drafted specifically for the New Jersey I/M Program. Worldwide proposes to use two dedicated public relations firm, and the overall approach

was deemed proactive, complete and interesting. This public information plan is presented in Section 2.15, starting on page 2.15-1. The Committee was impressed with Worldwide's plan and identified a number of noteworthy items:

- The Committee found that Worldwide shows a clear understanding of the uniqueness of the New Jersey media market and the difficulties of penetrating the market correctly.
- Worldwide identified two New Jersey-based public relations firms that would handle the marketing campaign, and budgeted $2.3 million, which exceeds the minimum required.
- The proposal demonstrates an understanding of the non-English speaking population in New Jersey and how to reach them with targeted media.
- Worldwide proposes 52 weeks of advertising in 2008, with the first 2 weeks of every month to include radio ads. Worldwide proposes using billboards, tollbooths, NJ Transit River LINE wraps, signs on buses and mailers to communicate its message. It also includes radio traffic announcements and traditional 30 and 60 second radio commercials.
- The proposal included many examples of specific campaign ideas, designs and slogans already customized for New Jersey.
- The proposal also discusses a need for an earned media campaign regarding the importance of inspections. The earned media plan proposes a comprehensive communications committee comprised of representatives from multiple State agencies. The plan identifies a number of stakeholders including AAA and similar groups who are most often commuters. The proposal suggests having a display once a year at the Statehouse to update lawmakers on the inspection process.

The Committee agrees that these are potentially productive methods to reach a broad and diverse audience.

- The Committee has found areas that are not discussed in Worldwide's public information plan. Worldwide has not specified how information would be disseminated in an emergency or in response to a press inquiry. The Committee recognizes that these events occur frequently and a comprehensive plan should address them. The proposal does not include a plan for outreach to the PIFs to keep them informed and up to date. If the State were to move toward publicly encouraging customers to use PIFs, any outreach and marketing plan would have to include more interaction with the PIFs themselves.

Bidder Viability and Capability

Worldwide's response to RFP Section 4.4.5.6, "Experience of Bidder on Contracts of Similar Size and Scope", is summarized in the table below.

State	Number Vehicles Inspected / Year	Decentralized, Centralized, Hybrid	Transitional Contract from different vendor to the bidder?	Contract Dates	Notes / Comments
Alaska	125,000	Decentralized	No		

Worldwide began as a supplier of testing equipment and currently provides equipment to ten (10) states. Worldwide has decentralized experience in Alaska only. The bidder possesses equipment production and maintenance experience.

[redacted]

Staffing

- The contract-specific organization charts were confusing due to the nested reporting structure diagrammed with multi-page connectors seemingly conveying circular references.

- The proposed Project Manager does not have experience with a statewide emissions inspection/maintenance program. His experience is from the school construction arena. This is viewed as a deficiency given that contract award to Worldwide necessitates a vendor transition.

- The remainder of the proposed key personnel were deemed appropriate to their roles, based on experience and knowledge as documented in the resumes.

Contract Management

- The project management discussion in proposal Section 2.2 is a strong presentation. Worldwide has partnered with Hill International, Inc. ("Hill") for the New Jersey I/M Program, and Hill has experience internationally with managing projects, albeit primarily in the construction industry. Hill's experience with project management is evident in the proposal's robust narrative.

- The draft Project Management Plan included in Attachment B to the bid response is impressive at first glance. Scrutiny of its content, however, reveals that it is apparently a Hill template from the construction industry. The draft Project Management Plan did not provide the Evaluation Committee with insight into the bidder's plan relative to the I/M Program for New Jersey.

- The project schedule provided as Attachment A to Worldwide's proposal is complete and fulfills the RFP requirements. RFP Section 3.1, "Overview of Scope of Work and Contract Schedule", states in part:

  > The contractor must meet the following critical implementation dates:
  >
  > - Take over all CIF operations three months after the Contract Start Date
  > - Complete acceptance testing of VIIS within 12 months after the Contract Start Date
  > - Retrofit and transition all CIFs, SIFs, and State operated mobile inspections to new program within 14 months after the Contract Start Date
  > - Transition all existing PIFs and DEICs to new program within 18 months after the Contract Start Date

  Worldwide responds by stating:

  > Our proposed project schedule completes the transition to the new VIIS and new CIF equipment within the required 14 months after the Contract Start Date. However, without proposed aggressive manufacturing, delivery and installation schedule of the PIF equipment the total transition can be completed in fourteen (14) months, four (4) months ahead of the suggested 18-month schedule.

It is important to note that one of the factors for Worldwide's early implementation schedule is a phased release of VIIS features. While this factor may have a positive impact on the implementation schedule, it has questionable value in terms of VIIS design, development and implementation. This point was presented above in the VIIS discussion.

- Worldwide's bid proposal adequately addressed the requirements for contract management, contract turnover and closeout, potential problems, and the $2 million capital maintenance account.

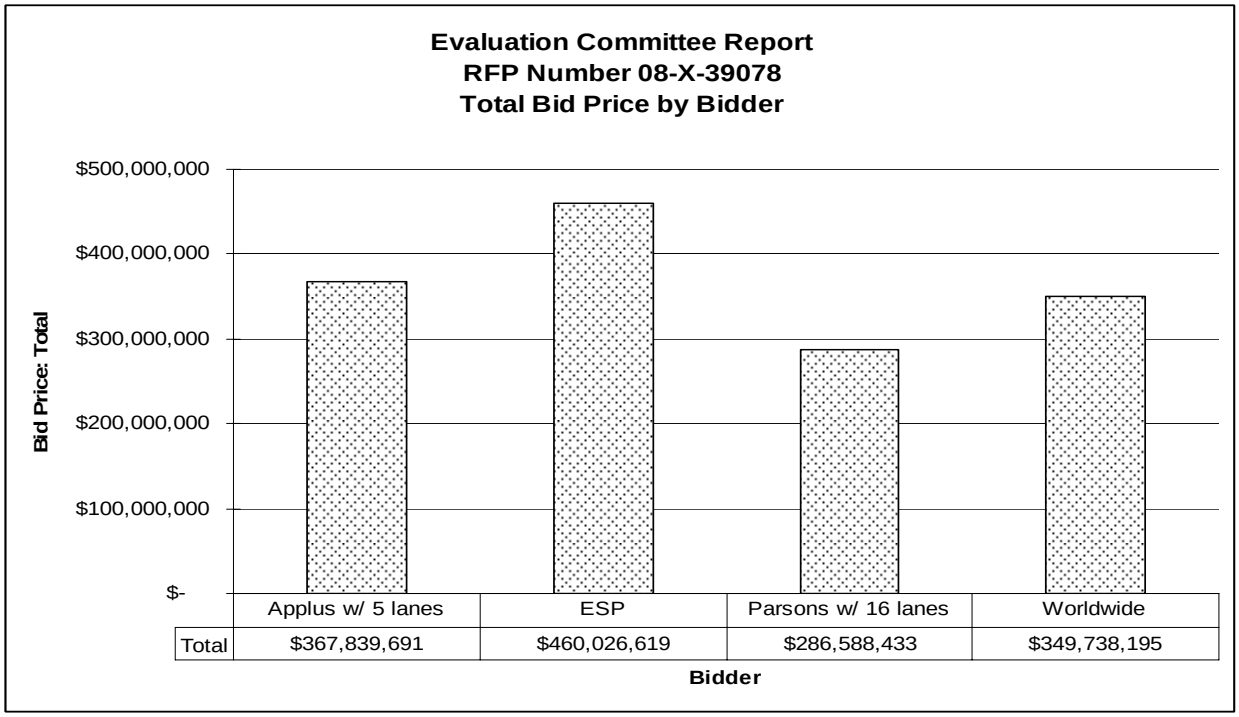
COST ANALYSIS

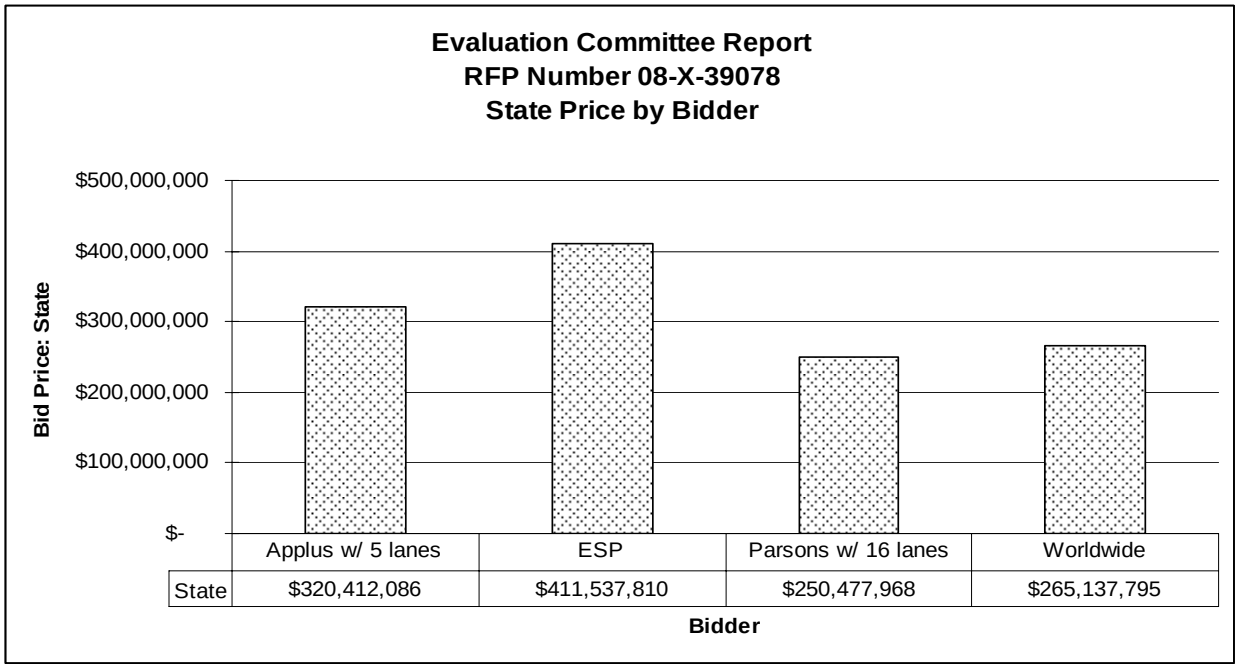
The Evaluation Committee used a five-year cost analysis to gain an in-depth understanding of the bidders' costs, both one-time and recurring, and also to understand how each proposal affected both the State and the PIFs from a cost perspective. The complete cost analysis is provided as an exhibit to this report. A summary of the Committee's cost findings is presented below.

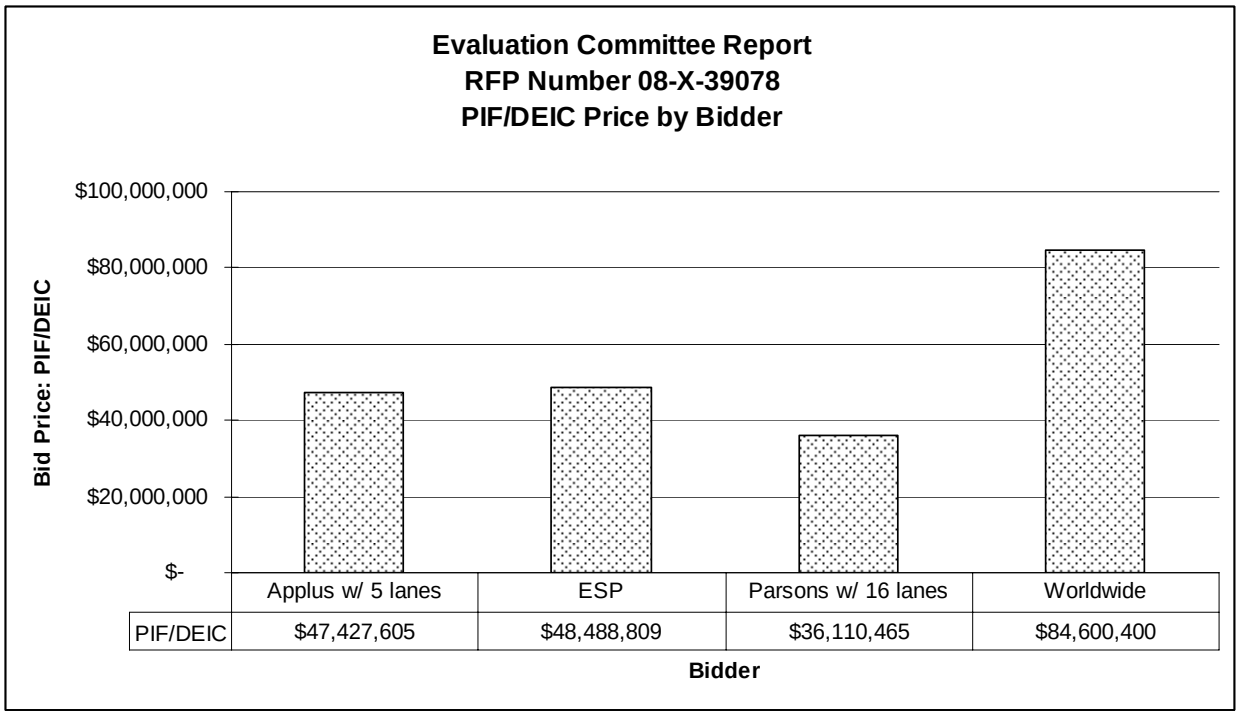
State Costs	Applus (without lanes)	Applus (with 5 lanes Yr 1)	ESP	Parsons (without lanes)	Parsons (with 8 lanes Yr 1 and 8 lanes Yr 4)	Worldwide
Year 1	$ 71,089,633	$ 74,221,834	$ 109,772,276	$ 62,921,417	$ 67,932,940	$ 75,318,963
Year 2	$ 61,547,563	$ 61,547,563	$ 79,099,634	$ 44,267,200	$ 44,267,200	$ 45,379,708
Year 3	$ 61,547,563	$ 61,547,563	$ 72,916,834	$ 44,267,200	$ 44,267,200	$ 46,739,708
Year 4	$ 61,547,563	$ 61,547,563	$ 73,851,634	$ 44,267,200	$ 49,743,427	$ 48,139,708
Year 5	$ 61,547,563	$ 61,547,563	$ 75,897,434	$ 44,267,200	$ 44,267,200	$ 49,559,708
State Total	$ 317,279,884	$ 320,412,086	$ 411,537,810	$ 239,990,218	$ 250,477,968	$ 265,137,795
PIF Costs						
Year 1	$ 11,593,645	$ 11,593,645	$ 22,162,673	$ 17,906,185	$ 17,906,185	$ 8,582,000
Year 2	$ 8,958,490	$ 8,958,490	$ 6,581,534	$ 4,551,070	$ 4,551,070	$ 19,004,600
Year 3	$ 8,958,490	$ 8,958,490	$ 6,581,534	$ 4,551,070	$ 4,551,070	$ 19,004,600
Year 4	$ 8,958,490	$ 8,958,490	$ 6,581,534	$ 4,551,070	$ 4,551,070	$ 19,004,600
Year 5	$ 8,958,490	$ 8,958,490	$ 6,581,534	$ 4,551,070	$ 4,551,070	$ 19,004,600
PIF Total	$ 47,427,605	$ 47,427,605	$ 48,488,809	$ 36,110,465	$ 36,110,465	$ 84,600,400
Total Costs						
Year 1	$ 82,683,277	$ 85,815,479	$ 131,934,949	$ 80,827,602	$ 85,839,125	$ 83,900,963
Year 2	$ 70,506,053	$ 70,506,053	$ 85,681,168	$ 48,818,270	$ 48,818,270	$ 64,384,308
Year 3	$ 70,506,053	$ 70,506,053	$ 79,498,368	$ 48,818,270	$ 48,818,270	$ 65,744,308
Year 4	$ 70,506,053	$ 70,506,053	$ 80,433,168	$ 48,818,270	$ 54,294,497	$ 67,144,308
Year 5	$ 70,506,053	$ 70,506,053	$ 82,478,968	$ 48,818,270	$ 48,818,270	$ 68,564,308
Grand Total	$ 364,707,489	$ 367,839,691	$ 460,026,619	$ 276,100,683	$ 286,588,433	$ 349,738,195

This table reflects costs over five years for an "apples to apples" comparison, but does not attempt to convey actual State costs after contract award. Additional costs may be encountered by the State during the contract resulting from the RFP, e.g., OIT development, project management oversight, administrative costs for other State agencies, etc.

The following three charts are a graphic representation of the bid prices by total cost for each bidder, State costs for each bidder, and PIF/DEIC costs for each bidder:


Evaluation Committee Report
RFP Number 08-X-39078
Total Bid Price by Bidder
$500,000,000
$400,000,000
$300,000,000
$200,000,000
$100,000,000
$-
Bid Price: Total
Applus w/ 5 lanes
ESP
Parsons w/ 16 lanes
Worldwide
Total
$367,839,691
$460,026,619
$286,588,433
$349,738,195
Bidder


Evaluation Committee Report
RFP Number 08-X-39078
State Price by Bidder
$500,000,000
$400,000,000
$300,000,000
$200,000,000
$100,000,000
$-
Bid Price: State
Applus w/ 5 lanes
ESP
Parsons w/ 16 lanes
Worldwide
State
$320,412,086
$411,537,810
$250,477,968
$265,137,795
Bidder



*NOTE: The vertical scale (y axis) on this chart is different from the scale on the "Total Price" and "State Price" charts in order to more clearly demonstrate the variation in the bids' costs given the small footprint of the diagram as presented here.

CONCLUSION

The Evaluation Committee determined that the strongest technical solution was provided by Applus, while the most economical solution was provided by Parsons. The Committee also observed that all four bids offered notable, positive attributes – some more than others. The bid proposal attaining the highest technical rating – Applus – is the second most expensive solution. Conversely, the least expensive solution – Parsons – has the third highest rated technical solution. The following table summarizes the relative positions among the bidders in terms of technical and cost rankings:

Bidder Name	Adjusted Total Bid Price	Cost Rank	Technical Score	Technical Rank	Technical Score Percentile
Applus Technologies, Inc.	$367,839,691	3	5,633	1	80.4%
Environmental Systems Products Holdings Inc.	$460,026,619	4	5,214	2	74.4%
Parsons Commercial Technology Group Inc.	$286,588,433	1	5,189	3	74.1%
Worldwide Environmental Products, Inc.	$349,738,195	2	4,798	4	68.5%

The Committee finds that the least expensive, technically responsive bid was submitted by Parsons. The Committee considered that the Applus proposal is 28% more expensive than the Parsons' bid. Given the fiscal austerity currently existing in the State of New Jersey, the Committee was unable to justify added value in the Applus solution warranting an additional $81 million over the course of the five-year contract resulting from the RFP.

Similarly, the second highest technically ranked proposal was submitted by ESP. In this case, the ESP bid is more than 60% costlier than the Parsons' solution. The difference is approximately $173 million.

The Evaluation Committee did not feel it was fiscally prudent to recommend such an expensive solution for the State. The ESP solution, simply put, does not warrant an additional $34 million per year over the least expensive proposal.

The bid proposal submitted by Worldwide attained the lowest technical score and is the second most expensive solution. The Evaluation Committee deemed the proposal acceptable but did not find adequate positive attributes to merit its cost. As explained in this report, the Committee was not comfortable with the proposed "no cost" equipment solution and all that it entailed; the proposed modified dynamic of centralized and decentralized inspections; and, Worldwide's lack of experience running a State program save for the state of Alaska.

RECOMMENDATION

New Jersey is not alone in determining its future for the Enhanced Inspection and Maintenance Program. Programs throughout the country are undergoing tremendous change, particularly in the emissions component, which are largely dependent on the United States Environmental Protection Agency (USEPA). It is anticipated that technology advances will significantly alter the next generation of both safety and emissions inspection equipment and protocols. The intention of this RFP was to provide the State with the most advantageous solution while the forthcoming technology innovations evolve.

The Fiscal Year 2009 projected structural deficit for the State is $2.5 billion. In light of this fact, the Evaluation Committee understood that pricing for this contract would be a major factor in its decision-making process. The current budget for this program represents over 30% of spending for the Motor Vehicle Commission and there are other related costs at the Department of Environmental Protection along with indirect costs for the Department of the Treasury and the Office of Information Technology.

While the selection of the most economical bidder will not provide the State with the most comprehensive solution, it will provide an adequate solution at the lowest overall cost to the State and the PIF community.

The Evaluation Committee's analysis shows that the Parsons proposal provides a complete and acceptable technical scope of work, with aggressive pricing for both the State and the PIFs. Even when the Committee developed the five-year cost analysis inclusive of the 16 additional inspection lanes as proposed by Parsons, the Parsons proposal continues to be the most economical for the State. The Evaluation Committee has concluded that Parsons delivers the most economical investment among the bids received.

The Evaluation Committee recommends that the contract for the Enhanced Motor Vehicle Inspection/Maintenance System be awarded to Parsons Commercial Technology Group Inc. at the projected five-year cost of $276,100,683, i.e., the five-year cost ***without*** the proposed, additional 16 inspection lanes. The bid proposal submitted by Parsons Commercial Technology Group Inc. is determined by the Evaluation Committee to be the most advantageous to the State, price and other factors considered.

Enhanced Motor Vehicle Inspection/Maintenance System
08-X-39078
Proposal Evaluation Tool

Firm _____

Date _____

Evaluator _____

Evaluator Signature _____

	Maximum Points Available	Score
Program Operations, Network and Equipment		
Lane operations and staffing Inspection equipment Facility network (centralized and decentralize facilities) Administration of the PIF network Public Information VIIS Training VIIS Network Plan	500	
Bidder Viability and Capability		
Bidder Experience Prior Actions involving/against the Bidder Bidder financial capability	100	
Staffing		
Bidder's proposed key staff	100	
Contract Management		
Project Management Plan Project Schedule Mobilization Plan Contract Management	300	
Total Points	1000	0