

DATE: August 14, 2023

TO: GEORGEANNE A. WHITE, City Manager
Office of the City Manager

THROUGH: GREGORY A. BARFIELD, M.A., Interim Director
Department of Transportation

FROM: SUSAN ROGERS, IS Supervisor
Department of Transportation

SUBJECT: FINDING THAT DILAX SYSTEMS US INC. IS UNIQUELY QUALIFIED
AND UNIQUELY CAPABLE TO PERFORM HARDWARE AND
SOFTWARE MAINTENANCE AGREEMENT FOR THREE (3) YEARS
WITH TWO (2) 1-YEAR OPTIONS IN THE AMOUNT OF \$228,855.00

Executive Summary

DILAX Systems US Inc. (DILAX) is the sole manufacturer of DILAX hardware and software products currently implemented at the Department of Transportation/Fresno Area Express (FAX). DILAX is uniquely qualified to provide continued maintenance and support services for its Automatic Passenger Counter (APC) system application, which provides passenger counts and enhanced data reporting for the FAX fixed route system. The technology automates and enhances reporting of FAX passenger counts to the National Transit Database (NTD), as required by the Federal Transit Administration (FTA).

The DILAX technology which FAX utilizes in its APC applications is proprietary and only accessible via its original vendor, DILAX. To continue to receive software support, FAX seeks to enter into a three (3) year hardware and software maintenance agreement with two (2) optional 1-year extensions with DILAX at a cost of \$228,855.00. The FTA defines this action as a sole-source non-competitive procurement. This finding is supported by DILAX's unique capability to service the proprietary software and hardware through restricted data rights and patents. An award to any other source would result in substantial duplication of cost to FAX that could not be expected to be recovered through competition.

Background

In June 2011, the Department of Transportation/FAX awarded a state-of-the-art Automatic Passenger Counter system (APC) contract to DILAX Systems US Inc. (DILAX). This technology enables FAX to automate passenger counts and enhance data collection

for the National Transit Database (NTD), as required by the FTA. NTD also certified FAX's APC system.

The DILAX technology which FAX utilizes in its APC applications is proprietary and only accessible through its original vendor, DILAX. To continue to receive hardware and software support, FAX seeks to enter into an annual hardware and software maintenance service agreement with DILAX. The resulting action is defined by the FTA as a sole source non-competitive procurement. This finding is supported by DILAX's unique capability to service the proprietary software through restricted data rights and patents.

This hardware and software maintenance service agreement is integral for maintaining hardware and software support and can only be sole-sourced from the manufacturer of the hardware and software, DILAX. FAX is seeking to enter into a three (3) year with two 1-year optional extension hardware and software maintenance service agreement with DILAX through a sole-source procurement.

Analysis

FAX completed a cost analysis using awards from Elk Grove Transit, Elk Grove, CA, Minnesota Valley Transit Authority, Burnsville, MN, and Valley Metro Transit, Phoenix, AZ.

- In September 2017, Elk Grove Transit, California, added 43 more buses to their exiting 116 bus fleet at a cost of \$276.28 per vehicle resulting in a total cost of \$43,928.48 for the first year of software maintenance support.
- In August of 2020, Minnesota Valley Transit Authority, Minnesota, initiated an annual maintenance agreement in 2020. Minnesota Valley Transit has a fleet of 118 vehicles and paid \$295.59 per vehicle, resulting in a total cost of \$34,880 for the first year of software maintenance support.
- In March 2022, Valley Metro Transit, Phoenix, AZ, had a fleet of 133 vehicles. In 2022, Valley Metro Transit paid \$312.03 per vehicle, resulting in a total cost of \$41,500 for the first year of software maintenance support.
- The proposed annual fee to FAX from DILAX for the first year of annual software maintenance is \$321.52 per vehicle, resulting in an annual maintenance cost of \$39,547 for the first year of software maintenance support.

The price difference between what FAX will be paying in August 2023, and from what Valley Metro Transit paid in March 2022, is less than 3%. Based on this price comparison, FAX concludes that the cost of the Maintenance Service Agreement is fair and reasonable.


Recommendation

FAX requests the City Manager's agreement that DILAX Systems US Inc., is uniquely qualified to perform the Maintenance Service Agreement and concurrence that DILAX Systems US Inc. is uniquely capable as an appropriate FTA defined sole-source

procurement. The funding for this procurement will be provided by the FTA. FAX will then seek Council award of a Services Agreement with DILAX in the amount of \$228,855 for a three-year contract, with two optional 1-year extensions.

☒ Approve Request:

☐ Deny Request:



Georgeanne White, City Manager

8/23/03

Date
