



## Board Report

File #: 2018-0019, File Type: Contract

Agenda Number: 24.

### OPERATIONS, SAFETY AND CUSTOMER EXPERIENCE COMMITTEE FEBRUARY 21, 2019

**SUBJECT: SAFETY ENGAGEMENT AND RECOGNITION PROGRAM**

**ACTION: AWARD CONTRACTS**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to:

- A. AWARD Contract No. PS52341001 to CASCO International, Inc. (C.A. Short Company) for the implementation of a safety engagement and recognition program in an amount not to exceed \$300,000 for the two-year pilot program effective March 1, 2019, and for the agency-wide program implementation, if selected, in the amount of \$6,750,000 for the first three-year option, and \$4,500,000 for the second two-year option, for a combined total amount of \$11,550,000, inclusive of sales tax, subject to resolution of protest(s), if any;
- B. AWARD Contract No. PS52341002 to MTM Recognition Corporation for the implementation of a safety engagement and recognition program in an amount not to exceed \$287,188 for the two-year pilot program effective March 1, 2019, and for the agency-wide program implementation, if selected, in the amount of \$7,033,164 for the first three-year option, and \$4,688,776 for the second two-year option, for a combined total amount of \$12,009,128, inclusive of sales tax, subject to resolution of protest(s), if any; and
- C. AWARD Contract No. PS52341003 to The Peavey Corporation for the implementation of a safety engagement and recognition program in an amount not to exceed \$300,000 for the two-year pilot program effective March 1, 2019, and for the agency-wide program implementation, if selected, in the amount of \$6,570,000 for the first three-year option, and \$3,622,500 for the second two-year option, for a combined total amount of \$10,492,500, inclusive of sales tax, subject to resolution of protest(s), if any.

After the initial two-year pilot program, depending on the results of the pilot, staff will return to the Board for approval to exercise the options with a selected firm to implement the agency-wide safety engagement and recognition program.

#### **ISSUE**

In July 2018, the FTA adopted new safety regulations requiring grantees to implement Safety

Management Systems (SMS) including the adoption of an Agency Safety Plan as well as other elements. One of these elements, or core principles of SMS, is Safety Promotion which includes regular safety communication to build a strong safety culture. The goal of the Safety Engagement and Recognition Program is to build a positive narrative about the importance of safety, improving Metro's safety culture and serving as an important counterbalance to safety related discipline that occurs in our operation.

Safety awards and recognition can be useful tools for reinforcing desired behaviors. In terms of safety programs, organizations use awards and recognition to help engage employees, maintain enthusiasm, and increase participation in safety efforts, and show appreciation to individuals or groups for their contributions to safety. Such programs can also help in reducing costs associated with employee and third-party injuries. The safety culture in every organization contributes positively or negatively to the safety and health of its employees, and a safety awards and recognition program is one component of a comprehensive safety and health program.

## **BACKGROUND**

Currently, Metro's safety awards and recognition programs are in need of revitalization. Divisions develop site-specific local safety awards programs, which vary by location and department. This pilot Safety Engagement and Recognition Program will help identify new approaches in safety recognition, and if deployed agency-wide, will centralize this program, standardize recognition criteria and elevate safe work expectations. The recommended pilot program is an innovative approach to improving Metro's safety and recognition programs.

## **DISCUSSION**

The primary objectives of the recommended Safety Engagement and Recognition Program pilot are to reduce industrial injuries, injuries to third parties, general liability claims, workers compensation claims, and unsafe behaviors by promoting and recognizing safe work practices and safe behaviors.

According to a 2010 OSHA memo related to safety incentive programs, "A positive safety incentive program encourages or rewards workers for reporting injuries, illnesses, near-misses, or hazards; and/or recognizes, rewards, and thereby encourages worker involvement in the safety and health management system. Such an incentive program can be a good thing and an acceptable part of a quality safety and health system."

Employee safety is important in every organization. Good safety practices affect all aspects of an organization including expenses, productivity and employee retention. Employees must be engaged in safe work habits, report hazardous conditions/near-miss incidents and suggest improvements in safety and health standards at work to keep Metro a safe organization. The Safety Engagement and Recognition Program pilot will recognize employee contributions and help continuously improve safety practices at Metro.

Without a robust awards and recognition program, injuries and accidents may increase. Areas of concern include:

- Low safety engagement
- Increased vehicle accidents
- Increased worker's compensation claims
- Increased public liability claims
- Increased claims payouts

The Safety Engagement and Recognition Program contracts entail the services of qualified firms to develop, implement, and manage a quality and effective corporate Safety Engagement and Recognition Program. Metro will align with firms who can deliver exceptional customer service and provide turnkey programs that meet the needs of Metro's diverse workforce and present it in such a way as to excite and motivate Metro's valued employees towards safer work practices.

Contracting this function to safety engagement, awards and recognition firms allows for the application of many years of industry knowledge, and the integration of related technologies. This will help Metro to identify safety recognition programs requiring modification, and to design plans that directly impact safety. These firms can guide Metro in assessing our safety awards programs, identifying areas for increased success, and strategizing implementation of a well-structured awards and recognition program.

The project includes three selected firms to implement pilot programs at Metro Divisions 1, 2, and 13 for a period of two years; each firm will randomly be assigned a specific Division. This competition between firms will afford Metro to evaluate different strategies that each firm proposes and select the most advantageous and effective solution that meets the objectives of the program.

At the end of two years, the firms who participated in the pilot will be reviewed and evaluated against a pre-determined formula included in the RFP. The formula will compare changes in claims rates for workers' compensation and general liability claims over the two-year pilot period for each participating Division to the change in the claims rates for the non-participating Divisions.

Ultimately, the firm, if any, whose program proves to be effective and most advantageous to Metro, will be recommended to implement their program agency-wide.

### **DETERMINATION OF SAFETY IMPACT**

Awarding the contracts for piloting a Safety Engagement and Recognition Program is expected to further engage frontline employees, improve recognition for working safely, reduce accidents and injuries, thus, improving safety for Metro's customers, staff, and the community.

### **FINANCIAL IMPACT**

The funding for six months of \$220,000 for this action is included in the FY19 budget in cost center 6810, Corporate Safety, under project 306006 (System wide Bus Ops Mgmt. & Admin). Since these are multi-year contracts, the Project Manager and the Chief Risk, Safety, and Asset Management Officer will be accountable for budgeting the cost in future years.

### Impact to Budget

Approval of this action is included in the FY19 budget. The sources of funds for this action are bus operations eligible and include fares and sales tax revenues. No other sources of funds were considered for this activity because the services exclusively support bus operations.

If this pilot is deemed successful, staff will return to the Board for a full implementation plan of the program at Metro.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Strategic Plan Goal #5 is to, "Provide responsive, accountable governance within the Metro organization." Initiative 5.6 states, "Metro will foster and maintain a strong safety culture." Preventing accidents and reducing injuries helps Metro mitigate worker's compensation and public liability claims. Through investment in the pilot Safety Engagement and Recognition Program, Metro will be further elevating its strong safety culture.

Strategic Plan Goal #2 is to, "Deliver outstanding trip experience for all users of the transportation system." Further elevating Metro employee safety engagement and added recognition for safe work behaviors through this program should improve employees' outlook on daily work and elevate safety. Recognizing employees for safe behaviors reinforces the message that at Metro, "Safety is Priority #1," which translates into caring more about their job performance, their passengers and ultimately elevating safety.

### **ALTERNATIVES CONSIDERED**

The Board may choose not to award these Contracts and to not provide a Safety Engagement and Recognition Program. This choice is not recommended due to the potential for significantly improving safety engagement and recognition of employees through this pilot program.

### **NEXT STEPS**

Upon approval by the Board, staff will execute Contract No. PS52341001 to CASCO International, Inc. (C.A. Short Company), Contract No. PS52341002 to MTM Recognition Corporation, and Contract No. PS52341003 to The Peavey Corporation for the development, implementation, and management of the two-year pilot safety engagement and recognition program. At the end of the pilot term, no earlier than 2020, staff will report to the Board with the results of the pilot program and depending on the pilot results, seek approval to exercise the first three-year option with the best performing firm for the agency-wide safety engagement and recognition program implementation.

### **ATTACHMENTS**

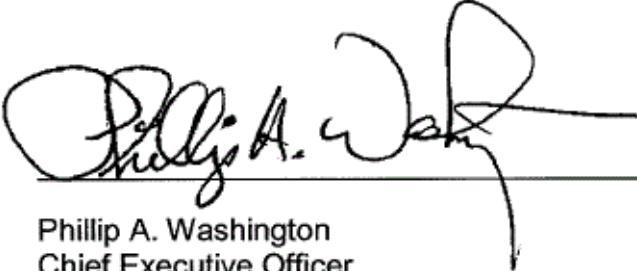
Attachment A - Procurement Summary

Attachment B - DEOD Summary

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Phillip A. Washington  
Chief Executive Officer

## PROCUREMENT SUMMARY

SAFETY ENGAGEMENT AND RECOGNITION PROGRAM/  
PS52341001, PS52341002, PS52341003

1.	<b>Contract Number:</b> PS52341001, PS52341002, PS52341003	
2.	<b>Recommended Vendor:</b> CASCO International, Inc. (C.A. Short Company) MTM Recognition Corporation The Peavey Corporation	
3.	<b>Type of Procurement (check one):</b> <input type="checkbox"/> IFB <input checked="" type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	<b>Procurement Dates:</b>	
	<b>A. Issued:</b> 6/8/18	
	<b>B. Advertised/Publicized:</b> 6/8/18	
	<b>C. Pre-Proposal Conference:</b> 6/13/18	
	<b>D. Proposals Due:</b> 7/16/18	
	<b>E. Pre-Qualification Completed:</b> 9/19/18	
	<b>F. Conflict of Interest Form Submitted to Ethics:</b> 8/31/18	
	<b>G. Protest Period End Date:</b> 2/25/19	
5.	<b>Solicitations Picked up/Downloaded:</b> 54	<b>Bids/Proposals Received:</b> 3
6.	<b>Contract Administrator:</b> Ana Rodriguez	<b>Telephone Number:</b> (213) 922-1076
7.	<b>Project Manager:</b> Raymond Lopez	<b>Telephone Number:</b> (213) 922-4065

**A. Procurement Background**

Two solicitations were previously issued as follows:

1. Request for Proposals (RFP) No. PS36101 was issued on 01/27/17 as a small business prime and was open to Metro's SBE certified firms. Metro did not receive any proposals for this solicitation.
2. Request for Proposals (RFP) No. PS39967 was issued on 04/01/17 with a 10% DBE Goal. Metro received one proposal; however, the proposal was determined to be non-responsive due to not meeting the DBE goal.

This Board Action is to approve Contract Numbers PS52341001, PS52341002, and PS52341003 to CASCO International, Inc. (C.A. Short), MTM Recognition Corporation, and The Peavey Corporation, respectively, in support of Metro's Safety Engagement and Recognition Program. Board approval of contract awards are subject to resolution of any properly submitted protest.

RFP No. PS52341 was issued in accordance with Metro's Acquisition Policy and the contract type is firm fixed price.

One amendment was issued during the solicitation phase of this RFP:

- Amendment No. 1, issued on July 6, 2018, extended the proposal due date.

A pre-proposal conference was held on June 13, 2018 and was attended by eight participants representing seven firms. A total of 13 questions were received and responses were provided prior to the proposal due date.

On July 16, 2018, Metro received three proposals from the firms listed below in alphabetical order:

1. CASCO International, Inc. (C.A. Short Company)
2. MTM Recognition Corporation
3. The Peavey Corporation

## **B. Evaluation of Proposals**

The Proposal Evaluation Team (PET) consisting of staff from Metro's Corporate Safety, Bus Operations, Maintenance Operations, and representatives from the Amalgamated Transit Union (ATU) and the International Sheet Metal, Air, Rail and Transportation Workers Union (SMART) was convened and conducted a comprehensive technical evaluation of the proposals received.

The RFP required that all proposals shall be evaluated first on the minimum qualifications (pass/fail) basis. Any proposer that received a single fail for any of the minimum qualifications, as defined, would be eliminated from further consideration. The minimum qualifications are as follows:

1. A minimum of five years experience successfully managing and providing employee safety engagement and recognition programs.
2. Provided safety recognition program services for at least five distinct entities with at least 2,000 employees.
3. Provide a letter from your firm's financial officer or accountant attesting that the firm's gross revenues exceed \$2 million annually for the last three years.

All three proposals met the minimum qualification requirements and were further evaluated based on the following evaluation criteria and weights:

- |                                                             |            |
|-------------------------------------------------------------|------------|
| • Degree of the Prime's Skills and Experience               | 30 percent |
| • Proposer's Team                                           | 15 percent |
| • Technical Capacity and Effectiveness of Execution of Plan | 35 percent |
| • Cost Proposal                                             | 15 percent |
| • DBE Participation                                         | 5 percent  |

Several factors were considered when developing these weights, giving the greatest importance to technical capacity and effectiveness of execution of plan.

Between July 17, 2018 and July 26, 2018, the PET conducted its independent evaluation of the proposals. All three proposals received were determined to meet the minimum qualifications, and were subsequently evaluated based on the evaluation criteria above. The three firms were also invited to participate in interviews.

On August 3, 2018 the PET interviewed the three proposing firms. The firms were requested to focus their presentation on providing specifics and details on their implementation plan for Metro's program and to demonstrate how Metro employees would experience the program. In general, all firms provided an overview of their program and the recognition and awards that would be available to the employees. In addition, the proposing teams responded to the questions from the PET regarding the level of administrative burden to Metro, the level of support they would provide, the training that would be provided to employees, and the tax implications of their rewards program. In order to obtain the best pricing for Metro, a Best and Final Offer (BAFO) request was sent to all three firms who responded with their final pricing. All three firms have committed to the DBE incentive program and the proposer's DBE score was factored into the Proposer's final evaluation total score.

The following is a summary of the PET scores:

1	Firm	Average Score	Factor Weight	Weighted Average Score	Rank
2	<b>The Peavey Corporation</b>				
3	Degree of the Prime's Skills and Experience	89.33	30.00%	26.80	
4	Proposer's Team	37.33	15.00%	5.60	
5	Technical Capacity and Effectiveness of Execution of Plan	71.14	35.00%	24.90	
6	Cost Proposal	100.00	15.00%	15.00	
7	DBE Participation Incentive	100.00	5.00%	5.00	
8	<b>Total</b>		<b>100.00%</b>	<b>77.30</b>	<b>1</b>
9	<b>C.A. Short Company</b>				
10	Degree of the Prime's Skills and Experience	78.67	30.00%	23.60	
11	Proposer's Team	47.33	15.00%	7.10	
12	Technical Capacity and Effectiveness of Execution of Plan	82.86	35.00%	29.00	
13	Cost Proposal	90.84	15.00%	13.63	
14	DBE Participation Incentive	65.20	5.00%	3.26	
15	<b>Total</b>		<b>100.00%</b>	<b>76.59</b>	<b>2</b>



<b>16</b>	<b>MTM Recognition Corporation</b>				
<b>17</b>	Degree of the Prime's Skills and Experience	76.00	30.00%	22.80	
<b>18</b>	Proposer's Team	46.00	15.00%	6.90	
<b>19</b>	Technical Capacity and Effectiveness of Execution of Plan	83.43	35.00%	29.20	
<b>20</b>	Cost Proposal	87.40	15.00%	13.11	
<b>21</b>	DBE Participation Incentive	62.40	5.00%	3.12	
<b>22</b>	<b>Total</b>		<b>100.00%</b>	<b>75.13</b>	<b>3</b>

As stated in the RFP, Metro intended to award up to three contracts for the services during the pilot program. Based on the evaluation, the recommended firms are listed below in alphabetical order:

<b>Contract No.</b>	<b>Firm</b>
PS52341001	CASCO International, Inc. (C.A. Short Company)
PS52341002	MTM Recognition Corporation
PS52341003	The Peavey Corporation

### **C. Price Analysis**

The recommended pricing has been determined to be fair and reasonable based upon adequate competition, independent cost estimate, price analysis, technical evaluation, and fact finding.

	<b>Proposer Name</b>	<b>BAFO Proposal Amount (Base + Options)</b>	<b>Metro ICE</b>	<b>Award Amount (Base+Options)</b>
1	C.A. Short Company	\$11,550,000 (Base \$300,000 Options \$11,250,000)	\$10,653,600	\$11,550,000 (Base \$300,000 Options \$11,250,000)
2	Peavey Corporation	\$10,492,500 (Base \$300,000 Options \$10,192,500)		\$10,492,500 (Base \$300,000 Options \$10,192,500)
3	MTM Recognition	\$12,009,128 (Base \$287,188 Options \$11,721,940)		\$12,009,128 (Base \$287,188 Options \$11,721,940)

### **D. Background on Recommended Contractors**

#### CASCO International, Inc. (C.A. Short Company)

C.A. Short was founded in 1937 and is headquartered in North Carolina with locations all across the United States. C.A. Short provides employee recognition

services, service and performance awards, OSHA compliant safety incentive awards, instant award programs, and offers an online engagement platform.

#### The Peavey Corporation

The Peavey Corporation (Peavey) has been in business for 48 years and is based in Kansas. In 1990, Peavey developed a unique game-card based incentive program tied to the safety industry which they have been successfully implementing to assist organizations in improving safety. They have experience with large organizations such as DHL, Bechtel-Canada, PNM Resources, Ceva Freight, and the Missouri Department of Transportation.

#### MTM Recognition Corporation

MTM Recognition Corporation (MTM) is located in Oklahoma. MTM has provided recognition awards and solutions for large and small corporations and organizations since 1971. Over the last 47 years, MTM has worked with many organizations such as Fortune 100 corporations, governments, and sports teams, to provide recognition programs. Some of their clients include the Washington Metropolitan Area Transit Authority, City of Dallas, the United States Navy, Adobe, McDonald's, DQ, Alg, Lowes, HNTB, and Farmers Insurance.

## DEOD SUMMARY

**SAFETY ENGAGEMENT AND RECOGNITION PROGRAM/  
PS52341001, PS52341002, PS52341003**

**A. Small Business Participation**

The Diversity and Economic Opportunity Department (DEOD) did not recommend a Disadvantaged Business Enterprise (DBE) goal for this solicitation based on the lack of apparent subcontracting opportunities. Notwithstanding, DEOD worked with the Project Manager and Contract Administration to develop evaluation criteria to incentivize proposers to utilize DBE firms. All three proposers, through their outreach efforts, were able to identify DBE firms to provide various services. CASCO made a 5.00% DBE commitment, MTM Recognition made a 5.01% DBE commitment, and The Peavey Corporation made a 7.67% DBE commitment.

Prime: C.A. Short Company (CASCO)

	<b>DBE Subcontractors</b>	<b>% Committed</b>
1.	Nay's Tacos, Inc.	3.83%
2.	FastSigns 68001	1.17%
	<b>Total Commitment</b>	<b>5.00%</b>

Prime: MTM Recognition Corporation

	<b>DBE Subcontractors</b>	<b>% Committed</b>
1.	CSL Advertising	5.01%
	<b>Total Commitment</b>	<b>5.01%</b>

Prime: The Peavey Corporation

	<b>DBE Subcontractors</b>	<b>% Committed</b>
1.	Nay's Tacos	7.67%
	<b>Total Commitment</b>	<b>7.67%</b>

**B. Living Wage and Service Contract Worker Retention Policy Applicability**

The Living Wage and Service Contract Worker Retention Policy is not applicable to this contract.

**C. Prevailing Wage Applicability**

Prevailing wage is not applicable to this contract.

**D. Project Labor Agreement/Construction Careers Policy**

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. Project Labor Agreement/Construction Careers Policy is applicable only to construction contracts that have a construction contract value in excess of \$2.5 million.