



**LANE TRANSIT DISTRICT  
BOARD OF DIRECTORS  
FINANCE COMMITTEE MEETING**

Monday, May 13, 2019  
4:00 – 5:00 p.m.

**LTD Board Room**  
3500 E. 17th Avenue, Eugene  
(Off Glenwood Blvd. in Glenwood)

**AGENDA**

<u>Time</u>	<u>ITEM</u>	<u>Page</u>
4:00 p.m.	I. CALL TO ORDER	
	II. ROLL CALL	
	<input type="checkbox"/> Emily Secord <input type="checkbox"/> Joshua Skov <input type="checkbox"/> Carl Yeh	
	III. COMMENTS FROM THE CHAIR	
4:05 p.m.	IV. APPROVAL OF MINUTES	2
	<b>Action Needed:</b> Approval	
	<i>Approve minutes from the <a href="#">Click here to enter a date. meeting</a></i>	
4:10 p.m.	V. PROCUREMENT POLICY REVISION: CLAIMS REVIEW BOARD AND THRESHOLD FOR MICRO PURCHASES [Collina Beard]	5
4:25 p.m.	VI. CONTRACT NO: 2019-39 IVOXY CONSULTING, LLC [Robin Mayall]	7
4:40 p.m.	VII. ADJOURNMENT	

**The facility used for this meeting is wheelchair accessible. To request a reasonable accommodation or interpreter, including alternative formats of printed materials, please contact LTD's Administration office no later than 48 hours prior to the meeting at 541-682-5555 (voice) or 7-1-1 (TTY through Oregon Relay).**

MINUTES OF FINANCE COMMITTEE MEETING

LANE TRANSIT DISTRICT

Monday, April 8, 2019

Pursuant to notice given to *The Register-Guard* for publication on April 1, 2019, and distributed to persons on the mailing list of the District, the Finance Committee of the Lane Transit District held a meeting on Monday, April 8, 2019, beginning at 4:00 p.m., at the LTD Board Room, 3500 E. 17th Avenue, Eugene, Oregon.

Present: Carl Yeh, Chair  
Emily Secord (via teleconference)  
Josh Skov (via teleconference)  
Aurora Jackson, General Manager  
Kristin Denmark, General Counsel  
Camille Gandolfi, Clerk of the Board  
Lynn Taylor, Minutes Recorder

**CALL TO ORDER/ROLL CALL** — Mr. Yeh called the roll. He said in order to allow sufficient time for discussion of the Delerrok, Inc. and Ogletree Deakins contracts, the committee would consider the contracts with Brown Contracting and Wyatt's Tire Service first and second on the agenda. There were no objections.

**COMMENTS FROM THE CHAIR** — There were none.

**MOTION APPROVAL OF MEETING MINUTES** — Mr. Skov moved to approve the minutes of the March 11, 2019, Finance Committee meeting as presented. Ms. Secord provided the second.

**VOTE** The motion passed as follows:  
AYES: Secord, Skov, Yeh (3)  
NAYS: None  
ABSTENTIONS: None  
EXCUSED: None

**PROCUREMENT POLICY REVISION PROCEDURES FOR PERSONAL SERVICES CONTRACTS** — Purchasing Manager Collina Beard stated that there were instances when LTD had the need for personal services and seeking those service through a competitive process did not serve the interests of LTD or the public good. She said examples were insurance, actuarial and legal services where an understanding of the District and its history and knowledge of its operations were essential. She said the proposed amendment to the procurement policy was in accordance with Oregon Revised Statutes (ORS) and would establish procedures for competitively bidding those services when necessary and establish a process for exceptions to the competitive process.

Ms. Beard explained that personal services were different from professional services. The policy included the ORS definition of professional services, which were defined as services related to planning, designing, engineering or overseeing public improvement projects or components thereof. The policy also included the definition of personal services.

Mr. Yeh asked for an example of when procuring personal services without competition would be beneficial to LTD. Ms. Beard said the recent extension of a contract with attorney Jackie Damm to provide legal advice during labor contract negotiations was an example as Ms. Damm had provided that type of assistance to LTD since 2003 and the District was about to enter into discussion with the union about contract modification. In that instance a sole source award was made. She said another example was the extension of a contract with the law firm involved with land acquisitions and other issues related to the West Eugene EmX Extension project. It would not have made sense to bring another firm into that very complex situation. She said experience with transit agencies was also an important factor in obtaining personal services.

Ms. Denmark said personal services were not defined under Oregon law and contracting agencies could develop their own definition and establish procurement procedures for those services. She said the language in the proposed policy revision was taken from TriMet's procurement policy and modified to meet LTD's needs. She said it was unusual for an agency like LTD to not have a defined process for procuring personal services. She reviewed the sections of the policy that defined personal services, the procurement process and the exemptions from competitive procurement. She said the revisions would fill a gap in LTD's procurement system.

Mr. Yeh observed that the revisions would save time and money.

Ms. Secord asked if there were any unintended consequences to establishing the personal services procurement process. Ms. Beard said staff tried to be very responsible when doing a sole source or single bid procurement the same due diligence procedures were followed to assure what was being paid for those services was fair and reasonable.

Ms. Jackson said that in the interest of transparency, if a sole source contract was below the threshold for Board approval it would still be reported.

Ms. Denmark said the provisions for obtaining personal services existed in Oregon law, not federal law, and could not be used if the services would be paid for with federal funds. That was why the policy identified professional services that could not be obtained without competitive bidding. Professional services were typically used for federally funded projects while personal services were typical funded with General Fund dollars.

Mr. Skov asked how the sole source contracts would be reported to assure transparency and accountability. Ms. Jackson said the Board had established a policy that required its approval for contracts of \$150,000 and above. Contracts in an amount below that threshold that she was authorized to sign were still reported to the Board in a written summary included in monthly Board meeting agenda packets.

Mr. Skov said competitive procurement was intended to obtain the most suitable, fair, and reasonably priced goods and services. He asked how LTD was safeguarded when not using a competitive process. Ms. Denmark said the policy revisions were not intended to let LTD avoid competitive bidding. She said the primary purpose was to define personal services and establish how those services would be procured. She said personal services still had to be competitively bid unless an exception applied. She reviewed the three circumstances in which an exception could be made. She noted that all LTD contracts included a termination for convenience clause.

Mr. Skov asked if LTD often had the experience of receiving only one bid in response to a competitive bid process that resulted in a significant amount of administrative time and effort for

no reason. Ms. Beard said that did not occur often, but it did happen. That resulted in a 45-90 day administrative process when the services were needed quickly. If only one bid was received staff had to contact potential bidders to determine why they did not bid and determine whether there was anything in the scope of work or administration of the procurement that unfairly limited competition.

Ms. Denmark said the contract with Jackie Damm was an example of the process that had to be followed without provisions for procurement of personal services in the policy. She said awarding the contract was cumbersome, requiring reliance on the sole source provisions in Oregon law and submission of findings to the Board. She said ORS provisions were not strong and it was better to rely on agency policies and exemptions, as most of LTD's peer agencies did.

Mr. Yeh asked committee members to be ready to state the reasons for their decision to the Board.

MOTION Ms. Secord moved to forward the Procurement Policy Revision: Procedures for Personal Services Contracts to the Board of Directors with a recommendation for approval.

VOTE The motion passed as follows:  
AYES: Secord, Skov, Yeh (3)  
NAYS: None  
ABSTENTIONS: None  
EXCUSED: None

Mr. Skov asked staff to provide examples of how there would still be transparency in the procurement process, particularly when the contract amount was large but still below the threshold for Board approval, when the revised policy was presented to the Board.

### **ADJOURNMENT**

Ms. Secord adjourned the meeting at 4:25 p.m.



## AGENDA ITEM SUMMARY

**DATE OF MEETING:** May 13, 2019

**ITEM TITLE:** PROCUREMENT POLICY REVISION: CLAIMS REVIEW BOARD AND THRESHOLD FOR MICRO PURCHASES

**PRESENTER:** Collina Beard, Director of Business Services

**DIRECTOR:** Aurora Jackson, General Manager

**ACTION REQUESTED:** Forward to the Board of Directors with a recommendation of approval

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**PURPOSE:** To provide information to the Board of Directors for the purpose of amending LTD's Procurement Policies and Rules to establish a Claims Review Board and to adjust the threshold for micro purchases.

**HISTORY:** On June 18, 1985, Lane Transit District's Board of Directors adopted Ordinance 30 creating a local contract review board for Lane Transit District (LTD). This local contract review board is known as the LTD Contract Review Board ("LTD/CRB").

On June 22, 2017, the LTD Contract Review Board adopted the Oregon Model Rules, Division 46, 47, 48 and 49, adopted by the Attorney General under Oregon Revised Statute ("ORS") 279A, 279B, and 279C as they now exist, and as they may be amended in the future, as LTD's Public Contracting Rules.

Staff continues to assess the contracting needs of the District and to identify areas in which there may be opportunities for process improvement.

**CONSIDERATIONS:** District Staff seeks to establish a policy related to the below:

- A. **Claims Review Board.** Staff recommends the LTD/CRB establish a procedure for the resolution of contractual disputes and claims against LTD. Anytime a Contractor needs clarification on a contract term or disagrees with the Project Manager's interpretation of a contract term, it may potentially give rise to a "claim" from a Contractor. For example, a Contractor asks LTD's Project Manager for clarification regarding the scope of work. The Project Manager provides a response, indicating that "X" is within the scope of work (and thus within the Not-to-Exceed amount set forth in the contract). Our contract documents provide that if Contractor disagrees with the Project Manager's determination (in this case, if the contractor thinks the Project Manager's interpretation would require "extra Work" and thus a change order should be merited), then the Contractor has a limited time period in which to appeal to "LTD" or its claim is waived. The Contractor's appeal to LTD would be heard by the Claims Review Board.
- B. **Micro-Purchase Threshold.** Staff recommends adjusting the threshold limits set forth in LTD's Procurement Policy for micro-purchases to align with increases to this limit implemented by the Federal Transit Administration ("FTA"). On June 20, 2018, the Office of Management and Budget ("OMB") issued memorandum [OM-18-18](#), "Implementing Statutory Changes to the Micro-Purchase and the Simplified Acquisition Thresholds for Financial Assistance." This memorandum raises the threshold for micro-purchases under Federal financial assistance awards from \$3000 to \$10,000 for all recipients. The increases for micro-purchases and the simplified acquisition threshold apply to FTA-funded procurements made on or after June 20, 2018.

This change aligns the District's micro-purchase threshold with that of the State of Oregon, as well.

**ALTERNATIVES:**

- (1) Deny adoption of the procurement policy revisions as presented and request additional updates or changes;
- (2) Deny adoption of the procurement policy revisions; this would maintain the current policy and related procedures

**NEXT STEPS:** No further action is required from the Board of Directors. If adopted, the policy revisions will take effect immediately.

**SUPPORTING DOCUMENTATION:** N/A

**PROPOSED MOTION:** I move to forward the procurement policy revisions to the Board of Directors with a recommendation for approval.



## AGENDA ITEM SUMMARY

**DATE OF MEETING:** May 13, 2019

**ITEM TITLE:** CONTRACT NO: 2019-39 IVOXY CONSULTING, LLC

**PREPARED BY:** Robin Mayall, IT Director

**ACTION REQUESTED:** Forward to the Board of Directors with a recommendation of approval

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***Please disclose any actual or potential conflict of interest.***

**PURPOSE:** To authorize the general manager to enter into a sole source contract with Ivoxy Consulting, LLC (“Ivoxy”) for the purpose of completing an IT Disaster Recovery Study.

**DESCRIPTION/JUSTIFICATION:** LTD’s IT infrastructure, applications, and data are vulnerable in the event of a disaster (natural, man-made, or related to cyber-attack). In order to maintain business continuity, LTD must understand, identify, and take steps to implement the ability to restore business operations in a reasonable time frame. This IT Disaster Recovery study will identify Recovery Point Objectives and Recovery Time Objectives for all key systems in LTD, and then identify the requirements necessary (hardware, software, network, and business processes) in order to implement the restoration of services in the timelines so identified.

**CONTRACT/PROJECT HISTORY:** The proposed contractor has a history as a trusted partner in LTD’s IT Infrastructure support. The existing contract with Ivoxy covers the District’s virtual server environment, email backup and recovery, and current data/storage solutions, all of which are essential components in a Disaster Recovery Plan.

In order to effectively perform this study, a contractor would need to have deep access into the District’s IT environment, which always poses a security risk in and of itself. Since Ivoxy already has both access and familiarity with the District’s IT environment, and has performed exceptionally over a number of years, staff are confident they are trustworthy to implement this Disaster Recovery Study. Additionally, their years of knowledge of our environment enables them to perform this study in an extremely economical fashion, bypassing the many weeks of discovery that would be necessary if they did not already possess a high-level of familiarity with our systems. The cost and security risks inherent in hiring an unknown entity to perform this study would be counterproductive to the public’s interest in LTD’s systems security.

**PROCUREMENT IMPACT:** See Policy Impact below.

**POLICY IMPACT:**

1. In accordance with ORS 279B.075 and as outlined in Section 8 - PROCUREMENT METHODS (OTHER THAN FULL AND OPEN COMPETITION) of LTD’s Procurement Policy, LTD may, without following the Competitive Procurement requirements and without competition, award contracts for goods or services if the General Manager and the Procurement Manager have determined, in writing, that the goods or services are only available from one source, subject to

**AGENDA ITEM SUMMARY**

Contract # 2019-39, Ivoxy Consulting, LLC

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the limits of their delegated authority. These written findings must be adopted by the LTD Board of Directors.

2. LTD Resolution No. 2017-03-15-011 requires that contracts exceeding \$149,999 must be presented to the Board of Directors for review and approval.

**ECONOMIC IMPACT:** The projected contract would be for \$10,000.00, which is the amount programmed into the 2018-2019 CIP for the Disaster Recovery Study.

**FUNDING SOURCE:** This study would be funded by the General Fund.

**REQUIRED REPORTING:** None, the District is only required to publicly advertise the sole source procurement method for five days and, provided there are no protests, the District may issue the contract.

**RECOMMENDATIONS:** Staff recommend approval of the sole source procurement and award of a contract to Ivoxy Consulting, LLC.

**OPTIONS IF NOT APPROVED:** The Board could choose to competitively bid these services and award a contract to the successful proposer.

**PROJECT CLOSEOUT TEAM:** The Director of Information Technology, in cooperation with the Procurement Department, would be responsible for closeout of the contract at the termination of services.

**ATTACHMENTS:** None.

**PROPOSED MOTION:** I move to forward contract number 2019-39 for the purpose of performing an IT Disaster Recovery Study to the Board of Directors with a recommendation for approval.