



Massachusetts Vehicle Check Program

Request for RMV Contract Extension



MassDOT Board Meeting
February 22, 2021



Massachusetts Vehicle Check Program

- Massachusetts' annual vehicle emissions testing and safety inspection program is crucial component to public safety for the Commonwealth's environment and roadways.
- Program is co-administered and enforced by the MassDOT RMV Division and Massachusetts Department of Environmental Protection (MassDEP).
- Contract vendor Applus Technologies Inc. provides equipment, business and technical processes, customer support, and inspection industry training for inspection station owners.
- Partners include state and local authorities who enforce, and ~1,800 local, licensed inspection stations who invest in business equipment and technology to implement and provide service to customers.



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Contract Background & Status

- In 2016, MassDOT Authorized a 5-Year Contract to Applus with effective date of October 1, 2017 and expiring on September 30, 2022.
 - Anticipated total contract cost of ~\$30 million or ~\$6 million / year for minimum of 4.4 million inspections.
 - Contract provided for three (3), 3-year renewal options, with first extension to be executed by September 30, 2020.
 - Parties mutually agreed to extend time period to February 28, 2021 for negotiation.
 - Executing a vehicle inspection contract of this size and scope requires approximately two-year preparation period to account for procurement process and transition of station equipment and technology.

Request for 3-Year Contract Extension

- The RMV and MassDEP are recommending and requesting the Commonwealth execute one, 3-year extension of the inspection maintenance contract with Applus.
 - Decreases procurement and market uncertainty in the midst of pandemic.
 - Program changes negotiated to achieve savings and reduce costs by reviewing key areas of program performance and requirements from original procurement to better support current state of affairs.
 - Provides some certainty to local inspection stations, many of whom are small businesses already facing pandemic-related challenges, from investment costs in new transition.
 - ~1,800 stations invested in the new equipment and technology introduced in 2017; stations retain \$23.50 per inspection.
 - Many opted to finance implementation costs over the first 5-years of the new program; average workstation cost of \$5,800.

Terms & Highlights of Contract Savings

- Negotiated reduction in fees and overall cost for remainder of the contract.
 - Fee paid to Applus reduced from \$1.366 to \$1.302 over time, with initial reduction starting April 1, 2021.
 - Estimates a decrease in total 5-year current contract cost to \$29.8 million, yielding a savings of \$224,400 over the next 18 months.
 - Total Minimum Expense of 3-Year Extension = \$17,186,400
 - Based on minimum guaranteed 4.4 million inspections per year.
 - Annual cost reduced from ~\$6 million to \$5,728,800, or \$281,600 less per year.
- Ensures risk-sharing by Applus if minimum number of annual inspections is not achieved; contractor recovers shortfall in the next contract year in which more than 4.4 million paid inspections performed.



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Authorizing of 3-Year Contract Extension

- The RMV and MassDEP request an extension of the inspection maintenance contract with Applus for a total expense of \$17,186,400.
 - Recognizes negotiated savings and reduced annual costs and use of environmental resources, while ensuring risk-sharing.
 - Optimizes and enhances program resources and services.
 - Provides longer-term certainty and stability during a pandemic to ~1,800 small businesses already invested in, financing and trained on the new technology.

Requested Board Action

VOTED:

That the Secretary, or his designee, be, and hereby is, authorized to execute, in the name of and on behalf of the Massachusetts Department of Transportation, and in a form approved by the General Counsel, a three-year contract extension, in an amount not less than \$17,186,400, with Applus Technologies, Inc. to serve as the Commonwealth's Motor Vehicle Inspection and Maintenance Program vendor.



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Appendix

Contract/Contract or	Contractor's Per-inspection Fee	Guaranteed Annual Inspections	Annual Contractor Cost to I&M Trust	Total Annual Revenue to I&M Trust (Approx.)
1 st /Applus (9 yrs.)	\$5.803	4.2 million	\$24,372,600	\$2,927,400
2 nd /Parsons: 1 st 5 yrs.	\$1.740	4.4 million	\$7,656,000	\$20,944,000
2 nd /Parsons: 4 extension years	\$1.904	4.4 million	\$8,377,600	\$42,222,400
3 rd /Applus: 1 st 5 yrs.	\$1.366	4.4 million	\$6,010,400	\$44,589,600
3 rd Applus: 1 st 3-yr. extension (recommended)	\$1.302	4.4 million	\$5,728,800	\$44,871,200

	October 1, 2008-September 30, 2013	October 1, 2013-June 30, 2014	July 1, 2014-September 30, 2017	Current	Proposed Contact Extension
Fee	\$29	\$29	\$35	\$35	35
To Station	\$22.50	\$22.50	\$23.50	\$23.50	23.50
To Contractor	\$5.803	\$1.740	\$1.904	\$1.366	1.302
I&M Trust Retained	\$6.97	\$4.76	\$9.596	\$10.134	10.198



REGISTRY OF MOTOR VEHICLES

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