

Date: June 26, 2013

To: Board of Directors

From: Neil McFarlane

Subject: **RESOLUTION 13-06-45 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT WITH ARINC INCORPORATED FOR CENTRAL CONTROL SYSTEM SOFTWARE UPGRADES FOR THE PORTLAND-MILWAUKIE LIGHT RAIL PROJECT**

1. Issue or Purpose of the Item.

The purpose of this item is to request that the TriMet Board of Directors (“Board”) authorize the General Manager to execute a contract with Arinc Incorporated (“Arinc”) for Central Control System software upgrades required by the Portland-Milwaukie Light Rail Project (“Project”).

2. Reason for Board Action.

Board authorization is required for all goods and services contracts obligating TriMet to pay in excess of \$500,000.

3. Background.

TriMet uses Central Control system software for a number of purposes. It enables Rail Controllers to observe the locations and characteristics of light rail trains, manage the traction power system, interact with the signal system, control tunnel emergency ventilation, and manage rail operator staffing and communications. In 2002, as a part of the Interstate MAX Light Rail Project, TriMet entered into a contract with Arinc to provide software and hardware for the Central Control System. The system installed by Arinc serves all light rail lines.

The 2002 Arinc contract was the result of a competitive Request for Proposal process. At that time, TriMet received proposals from Arinc and five other proposers. The Arinc software has been in service since 2004, when the Interstate MAX line began revenue service. The value of Arinc’s contract was \$3,200,000.

The existing Arinc Central Control System software has reached the end of its useful life. The underlying operating systems will soon be at the point where they are no longer supported by their vendors, and the existing Central Control software will not function correctly with newer operating systems.

As a result, TriMet must either upgrade the existing software, or conduct a wholesale replacement of the Central Control System. TriMet staff considered a system replacement, but found the costs to be prohibitive and that the transition from old to new software would likely have a significant impact on operations. Based on the costs of similar system replacements by other transit agencies, and considering the \$3,200,000 system cost in 2002, TriMet estimates that costs for a new system would be approximately \$5,500,000.

Alternatively, an upgrade to the existing software system can be performed at a much lower price and with minimal disruption to the system. TriMet has negotiated an upgrade to the existing software with Arinc, and this Resolution authorizes TriMet to enter into a contract with Arinc for up to \$1,274,519 to provide the Central Control System software upgrade. This amount is 16 percent less than TriMet's independent cost estimate of \$1,525,914 and is within the Project budget. Also, it is typical for software development projects to encounter unexpected issues that require changes to the scope of work. In this case, since the software is being developed in part for the Project, which is still under construction, it is also possible that TriMet will need additional functionality from the software, which could potentially increase the contract cost. Therefore, this Resolution also authorizes a contract contingency allowance in an amount not to exceed \$102,000 (8 percent of \$1,274,519).

Because of the nature of the work, which consists of the development and supply of proprietary software, there are very limited subcontracting opportunities available for this contract. TriMet has been working with Arinc to develop opportunities for DBE participation on this contract, and will continue to do so.

4. Options.

TriMet's options are to procure a new Central Control System, which would result in a significantly higher cost than the proposed upgrades; continue to operate the system with the existing software, which will become increasingly susceptible to failures as time goes on; or enter into the contract with Arinc for software upgrades. Award of the contract to Arinc is the preferred option.

5. Recommendation.

The General Manager recommends approval of the Resolution.

RESOLUTION 13-06-45

RESOLUTION OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT WITH ARINC INCORPORATED FOR CENTRAL CONTROL SYSTEM SOFTWARE UPGRADES FOR THE PORTLAND-MILWAUKIE LIGHT RAIL PROJECT

WHEREAS, TriMet has authority under ORS 267.200 to enter into a contract with Arinc, Incorporated for the provision of Central Control System software upgrades (“Contract”); and

WHEREAS, the total amount of the Contract shall exceed \$500,000; and

WHEREAS, the Board, by resolution dated November 25, 2009, adopted a Statement of Policies requiring the Board to approve goods and services contracts obligating TriMet to pay in excess of \$500,000;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Contract shall be in conformance with applicable laws.
2. That the General Manager or his designee is authorized to execute the Contract.
3. That the General Manager or his designee is authorized to execute Contract modifications in a cumulative amount not to exceed \$102,000.

Dated: June 26, 2013

Presiding Officer

Attest:

Recording Secretary

Approved as to Legal Sufficiency

Legal Department