

Date: February 26, 2014

To: Board of Directors

From: Neil McFarlane

Subject: **RESOLUTION 14-02-11 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A MODIFICATION TO THE CONTRACT WITH SCHEIDT & BACHMANN USA, INC. FOR PURCHASE OF TICKET VENDING MACHINES FOR THE PORTLAND-MILWAUKIE LIGHT RAIL TRANSIT PROJECT**

1. Issue or Purpose of Item.

The purpose of this item is to request that the TriMet Board of Directors (“Board”) authorize the General Manager to execute a modification to the contract with Scheidt & Bachmann USA, Inc. (“S&B”) for purchase of ticket vending machines (“TVM”s) for the Portland-Milwaukie Light Rail Transit Project (“Project”).

2. Reason for Board Action.

Board authorization is required because the proposed modification increases the contract amount beyond the amount previously authorized by the Board.

3. Background.

On September 28, 2011, the Board approved Resolution 11-09-66, authorizing a contract with S&B for the upgrade of 120 of TriMet's oldest TVMs, purchase of three new TVMs for the Portland State University College Station project, and up to 10 years of TVM system support services for all 227 of TriMet's TVMs, including a software service level agreement, on-call task-order services, and a spare parts pricing agreement. The contract also included an option to purchase additional TVMs. This Resolution would authorize TriMet to exercise that option and purchase 37 TVMs for the Project. Staff believes that exercising this option is the most efficient and cost-effective alternative for procuring TVMs for the Project, and that S&B is well-positioned to deliver these items.

S&B’s performance under its current contract has been excellent. S&B completed the upgrade of TriMet's oldest TVMs in June, 2013. TVM system reliability has increased to a sustained level of 95 – 98 percent, due to the upgraded TVMs, intensive efforts by TriMet's TVM maintenance and support employees, and S&B support under the software service level agreement. This improvement in reliability has reduced the number of customer complaints regarding TVMs to record lows. In addition, during the course of the TVM upgrade project, S&B successfully delivered on-call task order services for on-time completion of a complete

replacement of TVM customer software required for the September 1, 2012 flat-fare restructuring of TriMet's fare system.

In 2014, the Board will be asked to consider award of a number of contracts implementing TriMet's new electronic fare collection ("e-fare") system. The e-fare system is expected to go into operation in late 2016, approximately one year after the September 2015 completion of the Project and opening of the Orange Line. In order to ensure that the coming implementation of the e-fare system maintains its schedule, it is necessary to procure 37 additional TVMs that are consistent with TriMet's current TVM fleet for installation at the new Orange Line stations. Between the opening of the Orange Line and the implementation of the e-fare system, the new TVMs will ensure that TriMet customers are able to purchase tickets at Orange Line platforms. In 2016, the e-fare implementation program will modify TriMet TVMs to vend e-fare media.

During development of S&B's contract in 2011, TriMet and S&B agreed that pricing for new TVM purchases under the current contract would be the same as its prior pricing (submitted in 2007) under TriMet's competitive procurement of TVMs during the I-205/Mall Green Line MAX project, adjusted to the time of purchase based on a specific Producer Price Index pertaining to computerized machinery. The resulting option price for 37 TVMs is \$1,654,728. Staff has reviewed this price and determined that it is better than current market pricing for TVMs. In addition, procuring TVMs from S&B for the Project has the benefit of maintaining system uniformity, which adds to increased customer familiarity and reduces TriMet's requirements for TVM maintenance, training, IT support, payment card industry compliance, and revenue reporting/controls.

The original S&B contract amount was \$3,315,034. Resolution 11-09-66 also authorized TriMet to exercise options to the contract for future TVM upgrades and up to 10 years of support services and spare parts, and authorized a total contract amount of \$7,117,144. Some of those options have been exercised, and the current contract amount is \$3,842,916. This resolution would increase the contract amount by \$1,654,728 to allow for the purchase of additional TVMs, for a revised total contract amount of \$5,497,644, as follows:

Contract Elements	Contract Amount
Upgrade 120 TVMs (2012-2013)	\$2,925,952
3 TVMs for PSU College Station (delivered 6/12)	\$129,785
Software Maint. Service Level Agt. - years 1, 2, and 3 (12/11-11/14)	\$468,970
On-Call Task Order for 9/1/12 TriMet Fares Restructuring (Flat Fare)	\$97,209
Future On-Call Task Orders (allowance)	\$21,000
TVM Spare Parts (allowance)	\$200,000
Current Contract Amount	\$3,842,916
37 TVMs for PMLR Project (subject of this Resolution 14-02-XX)	\$1,654,728
Contract Amount (after exercise of PMLR TVMs option)	\$5,497,644
Remaining Options for future TVM upgrades and up to 10 years of support services and spare parts (authorized by Resolution 11-09-66)	\$3,274,228
Total Authorized Contract Amount	\$8,771,872

Actual contract costs will depend on inflation-related price adjustments at the time future options are exercised for TVM support services and spare parts, as provided in the contract, as well as TriMet's actual requirements.

4. Options.

The Board may opt to not approve the proposed contract modification, and could direct staff to competitively solicit for new TVMs for the PMLR project. However, this option is not recommended because S&B is highly qualified, and has performed well under its contract thus far. Further, staff has determined that the option price is fair and reasonable, and indeed below current market pricing. Therefore, staff believes that the current results of this procurement would not be improved through re-procurement. Therefore, exercise of the option to purchase the TVMs for the Project is the only recommended option.

5. Recommendation.

The General Manager recommends approval of this Resolution.

RESOLUTION 14-02-11

RESOLUTION OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A MODIFICATION TO THE CONTRACT WITH SCHEIDT & BACHMANN USA, INC. FOR PURCHASE OF TICKET VENDING MACHINES FOR THE PORTLAND-MILWAUKIE LIGHT RAIL TRANSIT PROJECT

WHEREAS, TriMet has authority under ORS 267.200 to execute a modification to the contract with Scheidt & Bachmann USA, Inc. for purchase of ticket vending machines for the Portland-Milwaukie Light Rail Transit Project (“Modification”); and

WHEREAS, the total amount of the Modification shall exceed the amount originally authorized by the Board; and

WHEREAS, the TriMet Board of Directors (“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 Modification shall be in conformance with applicable laws.
2. That the General Manager or his designee is authorized to execute the Modification.

Dated: February 26, 2014

Presiding Officer

Attest:

Recording Secretary

Approved as to Legal Sufficiency:

Legal Department