

Date: September 26, 2012

To: Board of Directors

From: Neil McFarlane 

Subject: RESOLUTION 12-09-77 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT WITH CH2MHILL, INC. FOR ELECTRONIC FARE COLLECTION IMPLEMENTATION TECHNICAL SERVICES

1. Issue or Purpose of Item

The purpose of this item is to request that the TriMet Board of Directors (“Board”) approve a resolution authorizing the General Manager to execute a contract with CH2MHill, Inc. (“CH2MHill”) for electronic fare collection implementation technical services.

2. Reason for Board Action

Board authorization is required for all personal services contracts obligating TriMet to pay in excess of \$150,000.

3. Background

TriMet’s fare revenue for FY12 was over \$102 million, providing approximately 25% of TriMet’s general fund resources. Of this total, over \$21 million in cash fare revenue is received per year via bus fareboxes, and over \$20 million in cash and credit/debit card fare revenue is received per year via rail ticket vending machines. TriMet’s Ticket Office averages about \$8 million per year in sales. About \$30 million in annual fare revenue is generated through 130 retail sales outlets, and nearly \$22 million in annual fare revenue is generated through TriMet’s employer and college programs. Annual fare revenue received through credit/debit card payments is approximately \$19 million, generated from 2.7 million separate transactions.

TriMet’s fare collection system has not been modernized; an antiquated paper-based ticketing system remains in place today. Fare payment technology has rapidly evolved over the past 20 years, significantly increasing fare payment convenience for the customer, and fare collection efficiency for transit agencies. Many transit agencies now use or are developing electronic fare collection systems, encompassing a variety of forms of fare payment, including “smart cards”, and “open payments” in which customers’ smart phones and contactless credit/debit cards may be used to make fare payments. Electronic fare payment systems provide more convenient ways for customers to pay fares (including seamless fare payment among transit systems in a metro area), increase collection of fares due, allow faster boarding times on buses, and enhance fare inspection tools. Electronic fare systems also provide data for improvements in service planning and analysis, marketing, and customer communication.

TriMet is embarking on a multi-year program to develop an electronic fare payment system, in partnership with C-TRAN, the Portland Streetcar, and potentially other transit providers in the Portland region. The program is divided into two phases:

- Phase 1, development, FY2013 - Phase 1 will prepare the system description/concept of operations, determine costs for implementing and operating the system, prepare agreements for participation by C-TRAN and Portland Streetcar, determine the procurement process for the implementation phase, and conclude with preparing procurement documents.
- Phase 2, implementation, FYs 2014 - 2017 - if proceeding into implementation is confirmed by Phase 1, Phase 2 will begin with the system procurement process and executing the multi-agency partnership agreements, followed by implementation over a 2 to 3 year period, with start-up in a series of test/pilot phases.

Electronic fare collection implementation in the Portland metro region is expected to cost in the range of \$20 - \$30 million. The allocation of these costs among TriMet, C-TRAN and Portland Streetcar will be determined before Phase 2 begins. For TriMet's portion, if the system results in an increase in fares collected and reduced cost of fare collection that is the equivalent of 2% of passenger revenue, that would be sufficient to fund the capital costs of the system.

TriMet is committed to Phase 1 only (development) at this time. TriMet will consider committing to Phase 2 (implementation) as part of its FY2014 budget development process, if proceeding into implementation is confirmed by Phase 1. C-TRAN and Portland Streetcar will also participate in Phase 1, and in 2013 will consider committing to their respective shares of Phase 2, through partnership agreements.

Development and implementation of electronic fare collection involves specialized technical expertise in electronic payment systems applied to mass transit operations. The complexity, specialties, and risks involved require that TriMet staff be augmented by a qualified, experienced consultant team to develop and implement the program.

On April 20, 2012, TriMet issued a Request for Proposals (“RFP”) for electronic fare collection implementation technical services, setting forth the following work program:

- Base contract, for Phase 1 (development) - one year:
 - evaluate procurement alternatives;
 - prepare system description / concept of operations (basis for procurement documents);
 - prepare capital/implementation cost estimate;
 - prepare cost of fare collection analysis (showing results before vs. after);
 - prepare system procurement documents;
 - prepare agency partnership agreements; and
 - assist in conducting industry comment / request for information (“RFI”) process, and transit agencies peer review process; finalize Phase 1 work products accordingly.
- Contract option for Phase 2 (implementation) - up to an additional five years:
 - assist with evaluation of implementation proposals, selecting implementation contractors, and kick-off of implementation phase;

- supervision of implementation contractors;
- assist in conducting pilot phases; and
- assist in conducting overall system startup.

In response to the RFP, TriMet received four proposals. TriMet appointed a Source Evaluation Committee (“SEC”) consisting of TriMet staff charged with developing the electronic fare collection program, with representatives from the Finance, Operations, Information Technology, Public Affairs, and Capital Projects divisions, and also one representative each from C-TRAN and Portland Streetcar. The SEC evaluated the technical proposals based on the criteria set forth in the RFP, which included experience and qualifications of the firm and of personnel proposed for the work, and technical quality of the proposed work plan, including the proposer’s management/contracting plan for accomplishing the work. After evaluating the technical proposals, the SEC determined two of the proposers to be in the competitive range to proceed to interviews and best and final offers (“BAFOs”). The SEC conducted proposer interviews on June 20 and June 22, 2012. On July 10, 2012 the two proposers were invited to submit BAFOs, including responses to final technical questions from the SEC, as well as best and final pricing for Phases 1 and 2. BAFOs were received from the two proposers on July 18, 2012. The SEC evaluated the BAFOs and determined that CH2MHill was the highest ranked proposer. Scores were as follows:

Criteria/Possible Points:	LTK Engineering Services, Inc.	CH2MHill, Inc.
Qualifications of the Firm / corporate experience (40 points)	35	39
Qualifications of Staff / personnel experience (50 points)	40	49
Work Plan and Management/Contracting Plan (30 points)	20	25
Total Technical Score (120 points)	95	113
Base Contract - Phase 1 price (development phase)	\$ 575,185	\$ 648,733
Contract Option - Phase 2 price (implementation phase)	\$ 2,425,282	\$ 2,337,524
Total Price	\$ 3,000,467	\$ 2,986,257
Price Score (80 points)	79.6	80
Total Score (200 points)	174.6	193

The proposed contract is a task order contract, so the consultant will be paid only for services actually performed, as directed by TriMet’s project manager. Staff requests that the Board adopt this Resolution 12-09-77 to approve award of the \$648,733 Base Contract to perform the Phase 1 (development) scope of work. If staff recommends proceeding into Phase 2 of the electronic fare collection program (implementation), and if staff is satisfied with the performance of the consultant during Phase 1, staff will subsequently request the Board to approve execution of a modification to the contract for the Phase 2 services. Funds for the Phase 1 services are included in TriMet’s FY2013 budget.

4. Options

The Board could elect not to approve the contract. However, the complexity, specialties, and risks involved in developing and implementing electronic fare collection require that TriMet staff be augmented by qualified, experienced personnel. Hiring additional staff for this purpose is not a viable alternative, as it would require additional time, and would not reduce costs.

5. Recommendation

The General Manager recommends that the Board approve the Resolution.

DA/CT/DC

RESOLUTION 12-09-77

RESOLUTION OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT WITH CH2MHILL, INC. FOR ELECTRONIC FARE COLLECTION IMPLEMENTATION TECHNICAL SERVICES

WHEREAS, TriMet has authority under ORS 267.200 to enter into a contract with CH2MHill, Inc. for electronic fare collection implementation technical services (“Contract”); and

WHEREAS, the total amount of the Contract shall exceed \$150,000; and

WHEREAS, the TriMet Board of Directors (“Board”), by resolution dated November 25, 2009, adopted a Statement of Policies requiring the Board to approve personal services contracts obligating TriMet to pay in excess of \$150,000;

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.

Dated: September 26, 2012

Presiding Officer

Attest:

Recording Secretary

Approved as to Legal Sufficiency

Legal Department