

**Date:** April 26, 2017

**To:** Board of Directors

**From:** Neil McFarlane *Neil McFarlane*

**Subject:** RESOLUTION 17-04-28 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT WITH ORGO-THERMIT, INC. FOR TRIMET MAX SYSTEM RAIL GRINDING SERVICES

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**1. 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 contract with Orgo-Thermit, Inc. (Orgo) for TriMet MAX system rail grinding services (Services).

**2. Type of Agenda Item**

- Initial Contract
- Contract Modification
- Other \_\_\_\_\_

**3. Reason for Board Action**

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

**4. Type of Action**

- Resolution
- Ordinance 1<sup>st</sup> Reading
- Ordinance 2<sup>nd</sup> Reading
- Other \_\_\_\_\_

**5. Background**

With approximately 60 miles of track to maintain, part of TriMet’s maintenance program includes periodic grinding of the top surface and flange side of track rails to smooth out corrugation and uneven surfaces which naturally occur in relation to the amount of train traffic. Removing rail corrugations by periodic grinding minimizes train noise; and removing uneven rail surfaces is an important part of track maintenance for reducing rail wear, maximizing rail life and improving ride quality. The level of traffic on TriMet’s MAX light rail system calls for these Services approximately once every three years. As rail grinding requires specialized machinery, the common practice in the rail transit and rail freight industry is to contract with a custom provider for such services. TriMet requires rail grinding to be performed during overnight hours to minimize interference with regular MAX service.

A typical rail grinding overnight shift consists of 6 hours of grinding production, and 2 hours to perform daily maintenance on the machine. Approximately twenty (20) days of production is needed to grind one third of the MAX light rail system track per year.

**6. Procurement Process**

An Invitation To Bid (ITB) was issued on TriMet's eBid eXchange System on February 21, 2017. The ITB was downloaded by 34 firms, of which only two firms submitted bids. Orgo submitted the lowest responsive price bid, as follows:

5-Year Bid Total	
Orgo	\$1,388,925.00
Loram MOW	\$1,400,511.00

This will be a requirements based contract, with utilization based on TriMet's actual needs for the Services. Orgo submitted all required documentation, and took no exceptions to TriMet's terms and conditions; whereas Loram took numerous exceptions to TriMet's terms and conditions, and did not fill out some of the required federal forms, and was therefore found to be non-responsive.

Orgo has provided rail grinding services to several other transit agencies and has demonstrated itself to be a responsible contractor. Orgo's bid compares favorably to staff's independent cost estimate of \$1,400,000 for these services.

The term of the contract will be a base of one year with TriMet's option to exercise for four additional one year periods. The requested total five-year contract authorization is \$1,388,925.00. Price adjustments will be permissible on an annual basis and will be capped at the difference of the Consumer Price Index for the Portland-Salem areas from the previous year.

**7. Diversity**

There are no opportunities for subcontracting under the contract because the rail grinding services are performed by a single employee of the contractor, who drives the truck to transport the rail grinding machine, sets it up, and operates the equipment. Orgo is not a certified firm. Their workforce diversity is 18.18% female and 12.12% minority, with 33 total employees.

**8. Financial/Budget Impact**

These Services are budgeted annually under TriMet's capital budget.

**9. Impact if Not Approved**

TriMet requires rail grinding services as an essential part of MAX light rail system maintenance. If the contract is not approved, TriMet would either have to re-issue the ITB or invest in the personnel and equipment to perform the Services in-house. Investing in the equipment and personnel would be more costly to TriMet and re-issuing the ITB is not expected to result in better pricing. Staff has determined Orgo's bid to be fair and reasonable.

**RESOLUTION 17-04-28**

**RESOLUTION OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT WITH ORGO-THERMIT, INC. FOR TRIMET MAX SYSTEM RAIL GRINDING SERVICES**

**WHEREAS**, TriMet has authority under ORS 267.200 to enter into a contract with Orgo-Thermit, Inc. for TriMet MAX system rail grinding services (Contract); and

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

**WHEREAS**, the TriMet Board of Directors (Board), by Resolution dated November 25, 2009, adopted a Statement of Policies requiring the Board to approve 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.

Dated: April 26, 2017

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Presiding Officer

Attest:

\_\_\_\_\_  
Recording Secretary

Approved as to Legal Sufficiency:

  
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Legal Department