



Report to the Board of Directors

Recommendation to Award a Sole Source Contract for the Support of Common Use Airline Equipment, Software Licensing and Software Maintenance Services at Washington Dulles International Airport

July 2013



Purpose

The Business Administration Committee approved and recommends to the Board of Directors the award of a Sole Source Procurement to ARINC, Inc. of Annapolis, Maryland, for the licensing and software maintenance of the vMUSE (virtual Multi-User System Equipment) at Washington Dulles International Airport. The requested contract will consist of a five-year base period with five one-year options.

Background

- As part of the capital construction and expansion of Concourse B at Dulles International in 1998, the Airports Authority introduced and built its first “Common-Use Airline Gates.”
- Common-use gates are designed to support multiple airline users at different times throughout the day. Such gates provide the Airports Authority with maximum flexibility, and are well suited for the kind of international operations hosted at Dulles International.



Background

- For multiple airline users to share and cooperatively use the same gate facilities, specialized equipment and software to complete the ticketing and boarding process is required. Referred to as “CUTE” (Common Use Terminal Equipment), this equipment and supporting software permits the airlines to process passengers while utilizing a common platform “tied” to their unique company systems.
- The CUTE system hardware is supported by the proprietary vMUSE software, and was factory installed at time of original purchase.



Background

- As part of a competitive bid in 1998, the Airports Authority contracted with ARINC, Inc. to install the CUTE hardware and supporting vMUSE software.
- The ARINC-hosted CUTE/vMUSE system is widely used by airlines throughout the world, and meets all operating standards (such as IATA, FAA etc.).
- vMUSE is proprietary intellectual property wholly owned by ARINC, Inc. consisting of licensed software, and offsite support services capable of monitoring the conditions of the workstations located throughout the Airport (server rooms, ticket counters, gate hold rooms and podiums, jet bridges etc.).

Contract Requirement

- The vMUSE software and supporting equipment require technical support 24 hours per day, 365 days per year.
- The system at Dulles International consists of 11 servers (domain controllers, redundancy, remote services, gateway portals) connected to each airline's host system, and 356 airport workstations.
- The current system availability of 99.998 percent needs to be maintained or exceeded.
- Monthly performance reports are required to track and analyze system operation.

Rationale for Sole Source Procurement

- Due to its proprietary nature, changing the vMUSE service provider would require the Airports Authority to replace (at significant expense) the entire CUTE system and firmware.
- Replacing the Airport's CUTE system would be operationally disruptive to our airline users, and require each of them to invest up to \$30,000 to ensure compatibility with a replacement system. Turnover to a new system would take 6 to 9 months.
- A new system would also require proprietary licensing with a new contractor, similar to what is in place today.

Rationale for Sole Source Procurement

- Retaining ARINC allows the Airports Authority to incur costs for only licensing and maintenance of existing installed products and allows uninterrupted services to continue.
- The annual software maintenance and licensing costs will decrease from the current \$220,000 per year to \$206,000.
- The term of this contract is timed to coincide with the likely replacement of the entire CUTE/vMUSE System when it reaches the end of its expected service life.

Additional Information

- As required by the Airports Authority Contracting Manual, Paragraph 2.9.3, notice of this intended sole source award was published on the Airports Authority's website for the required time period.
- The term for this contract consists of a five-year base period with five one-year option periods for a total contract amount of \$2,850,000.



Recommendation

The Business Administration Committee approved and recommends to the Board of Directors the award of a Sole Source Procurement to ARINC, Inc. of Annapolis, Maryland, for the licensing and software maintenance of the vMUSE (virtual Multi-User System Equipment) at Washington Dulles International Airport. The requested contract will consist of a five-year base period with five one-year options.

Proposed Resolution

Approving Award of Sole Source Contract for the Support of Common Use Airline Equipment, Software Licensing and Software Maintenance Services at Dulles International

WHEREAS, As part of the capital construction and expansion of the B Concourse at Dulles International in 1998, the Authority introduced and built its first "Common-Use Airline Gates" designed to support multiple airline users at different times throughout the day;

WHEREAS, Such gates provide the Authority with maximum flexibility and are well suited for the kind of international operations offered at Dulles International;

WHEREAS, Common Use Terminal Equipment (CUTE) permits the airlines operating at Common-Use Airline Gates, along with other airlines, to process passengers while utilizing a common platform connected to their unique company systems;

WHEREAS, The CUTE hardware is supported by the proprietary vMUSE software;

WHEREAS, The Authority contracted with ARINC, Inc. of Annapolis, Maryland in 1998 to install the CUTE hardware and supporting vMUSE software following a competitive procurement;

WHEREAS, The vMUSE software is proprietary intellectual property wholly owned by ARINC, Inc., consisting of licensed software and offsite support services capable of monitoring the conditions of the CUTE workstations throughout the Airport;

WHEREAS, The current contract with ARINC, Inc., expires on July 31, 2013;

WHEREAS, If the Authority were not to continue to utilize the vMUSE software system under a contract with ARINC, Inc., it would be required to replace the entire CUTE system since it is supported only by vMuse software, an

action that would be disruptive and unreasonably costly to both the airlines and the Authority;

WHEREAS, Continuing to contract with ARINC, Inc., will allow the Authority to incur software maintenance and licensing costs of approximately \$206,000 annually for existing installed products and also will allow services to continue uninterrupted;

WHEREAS, As required by the Contracting Manual, notice of this intended sole source award was published on the Authority's website for the required time period; now, therefore, be it

RESOLVED, That the President and Chief Executive Officer is authorized and directed to enter into a five-year contract, with five one-year extension options, for a total contract of \$2,850,000, with ARINC, Inc., consistent with the terms presented to the Business Administration Committee at its June 19, 2013 meeting.

*Recommended by the Business Administration Committee on June 19, 2013
For Consideration by the Board of Directors on July 17, 2013*