

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
3	02/14/11	Open	Action	02/01/11

Subject: Approving the Second Amendment to the Contract for Procurement of Traction Power Substations with Powell Electrical Systems, Inc.

ISSUE

Whether or not to approve the Second Amendment to the Contract for Procurement of Traction Power Substations with Powell Electrical Systems, Inc.

RECOMMENDED ACTION

Adopt Resolution No. 11-02-____, Approving the Second Amendment to the Contract for Procurement of Traction Power Substations with Powell Electrical Systems, Inc.

FISCAL IMPACT

None as a result of this action.

DISCUSSION

On January 26, 2009, the Board authorized award of a contract to Powell Electrical Systems, Inc. (PESI) for the purchase of traction power substations (TPSS). The award was for two (2) TPSSs to be used for the Northeast Corridor project.

The contract includes an option for Sacramento Regional Transit District (RT) to purchase up to five (5) additional TPSSs and an option to purchase one (1) traction power primary transformer (TPT) for the South Sacramento Corridor Phase 2 (SSCP2) Project once RT receives Federal Transit Administration (FTA) approval to enter into Final Design (FD). Final Design approval grants RT pre-award authority to procure long-lead-time items and is necessary for the purchase to be credited toward RT's "local match" requirement for SSCP2. Since the costs associated with engineering and submittal review were divided evenly between the first two substations, the TPSS option prices are lower than the price of the original 2 substations. The price without tax for the original 2 substations was \$1,232,102 each. The option price included in the contract is \$830,843 each, however the price will be subject to inflation increases per the Contract. The current contract allows RT to exercise the options within 730 days after the contract execution date of February 16, 2009; therefore RT has until February 16, 2011 to exercise the options. To date, RT has not received FTA approval to enter FD and, consequently, cannot exercise the options prior to the expiration of the option exercise period. RT anticipates receiving approval to enter FD prior to the end of 2011. PESI sent RT a letter requesting that the contract be amended to extend the date to exercise the options by 365 days, to February 16, 2012. The Contract contains a formula for modification of the option price based on inflation. That formula would be maintained in extending the option exercise date.

Extending the date to exercise options does not obligate RT to exercise the options and, prior to

Approved:

Presented:

FINAL 2/8/11

General Manager/CEO

AGM, Engineering and Construction

C:\Temp\BCL Technologies\NitroPDF6\@BCL@200FA309\@BCL@200FA309.doc

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
3	02/14/11	Open	Action	02/01/11

Subject: Approving the Second Amendment to the Contract for Procurement of Traction Power Substations with Powell Electrical Systems, Inc.

exercising options, RT will independently determine that the option prices are better than the market prices available at the time and the Board will be asked to approve exercise of the options. If RT finds that the prices are higher than market prices, RT will pursue a competitive bid process for the procurement of the option TPSSs and the option TPT.

This Second Amendment is a no cost amendment to RT. The amendment only extends the date to exercise the options by 365 days. A separate amendment will be issued for exercise of the options.

Staff recommends approval of the second amendment to the Contract for Purchase of Traction Power Substations with PESI which would extend the date to exercise the options by 365 days and maintain the option pricing and formula set out in the Principal Agreement.

RESOLUTION NO. 11-02-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

February 14, 2011

**APPROVING THE SECOND AMENDMENT TO THE CONTRACT FOR
PROCUREMENT OF TRACTION POWER SUBSTATIONS WITH POWELL
ELECTRICAL SYSTEMS, INC.**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE
SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Second Amendment to the Contract for Purchase of Traction Power Substations ("Principal Agreement") by and between the Sacramento Regional Transit District (therein "RT") and Powell Electrical Systems, Inc. (therein "CONTRACTOR") whereby the parties agree to extend the option exercise date by 365 days, to February 16, 2012, while maintaining the option pricing and formula set out in the Principal Agreement, is hereby approved.

THAT, the Chair and General Manager/CEO are hereby authorized and directed to sign said Second Amendment.

DON NOTTOLI, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary