

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
6	01/23/12	Open	Action	12/15/11

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

ISSUE

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

RECOMMENDED ACTION

Adopt Resolution No. 12-01-____, Approving the Fifth 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). FD 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 is subject to inflation increases under the Contract.

The original Contract allowed RT to exercise the options within 730 days after the Contract execution date of February 16, 2009; therefore, RT had until February 16, 2011 to exercise the options. As the February 16, 2011 date approached, RT had not received FTA approval to enter FD and, therefore, the RT Board approved the Second Amendment to the Contract to extend the date to exercise the options by 365 days, to February 16, 2012. To date, RT still has not received FTA approval to enter FD and, consequently, cannot exercise the options prior to the expiration of the option period. RT anticipates receiving approval to enter FD in April 2012. PESI has agreed to extend the date to exercise the options by an additional 365 days, to February 16, 2013. The

Approved:

Presented:

Final 1/13/12

General Manager/CEO

AGM, Engineering and Construction

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Contract contains a formula for modification of the option price based on the inflation rate. That formula and all other contract terms and conditions will remain in force.

Extending the date to exercise options does not obligate RT to exercise the options. Prior to exercising the options, RT will independently determine whether the option prices are better than the market prices available at the time. If the prices are determined to be competitive, Board approval to exercise the options will be requested. 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 Fifth Amendment is a no cost amendment to RT. The amendment only extends the date to exercise the options by an additional 365 days. A separate amendment will be issued for exercise of the options.

Staff recommends approval of the Fifth Amendment to the Contract for Purchase of TPSS with PESI that extends the date to exercise the options by an additional 365 days, to February 16, 2013, and maintain the option pricing and formula set out in the Principal Agreement.

RESOLUTION NO. 12-01-_____

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

January 23, 2012

**APPROVING THE FIFTH 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 Fifth 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 an additional 365 days, to February 16, 2013, is hereby approved.

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

BONNIE PANNELL, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary