

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
4	07/28/14	Open	Action	07/10/14

Subject: Approving a Second Amendment to the Contract for On-Call ZF Automatic Transmission Overhaul Services with HD Industries

ISSUE

Whether or not to Approve a Third Amendment to the Contract for On-Call ZF Automatic Transmission Overhaul Services with HD Industries

RECOMMENDED ACTION

Adopt Resolution No. 14-07-_____, Approving a Third Amendment to the Contract for On-Call ZF Automatic Transmission Overhaul Services with HD Industries

FISCAL IMPACT

Budgeted: Not Fully Funded FY 15: \$ 222,736.98
Items Charged to Inventory Stock
As Needed

Budget Source: Operating

Funding Source: Local

Cost Cntr/GL Acct(s) or N/A

Capital Project #: 630020 SAP #20745

Total Budget: \$ 222,736.98

DISCUSSION

On August 9, 2010, the RT Board awarded a Contract for On-Call ZF Automatic Transmission Overhaul Services with HD Industries. RT's current bus fleet is equipped with 191 ZF transmissions and includes 80 buses with more than 250,000 miles and 111 buses with more than 350,000 miles. In a recent price comparison, RT staff found that HD Industries continues to provide the most competitive pricing and services. Services are performed on an as needed basis. The Contract was awarded for a 3-year term, with an option to renew for two additional 1-year periods.

On April 29, 2011, the First Amendment to the Contract was executed, which added the FTA Drug and Alcohol Testing Requirements. Per 49 C.F.R. Part 655, safety-sensitive contractors must establish and implement a drug and alcohol testing program and produce corroborating documentation necessary to establish its compliance with Part 655. On September 14, 2011, RT's Employee Relations Department notified staff, via email, that an internal audit of RT's safety-sensitive contractors was complete. RT's Employee Relations Department determined that HD Industries was excluded from the drug and alcohol testing requirement because the work that they perform qualifies under a legal interpretation made by FTA. The interpretation excludes

Approved:

Presented:

Final 07/16/14

General Manager/CEO

Director, Bus Maintenance

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contractors performing 'repair-and-return service' work to comply with the safety-sensitive requirement. FTA deems this type of contract work as not being safety-sensitive. Because HD Industries does not need to comply with 49 CFR Part 655, staff recommended to the Board on July 22, 2013 to remove this requirement from the Contract in the Second Amendment. In addition, the Second Amendment extended the term by an additional year by exercising the first of two options to extend the contract.

The First option year is about to expire and RT Staff recommends that the Board exercise the Second option year and approve a Third Amendment to the Contract for On-Call ZF Automatic Transmission Overhaul Services with HD Industries, by which RT exercises its option to extend the Contract for a 1-year period (fifth year), commencing on the current expiration date of the Contract (August 30, 2014) and increase the total consideration. Exercising the Second option year increases the total consideration by \$222,736.98 to cover the cost of the repair services estimated for the extended contract term.

RESOLUTION NO. 14-07-_____

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

July 28, 2014

**APPROVING A THIRD AMENDMENT TO THE CONTRACT FOR ON-CALL ZF
AUTOMATIC TRANSMISSION OVERHAUL SERVICES WITH HD INDUSTRIES**

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

THAT, the Third Amendment to the Contract between Sacramento Regional Transit District, therein referred to as "RT," and HD Industries, therein referred to as "Contractor," whereby RT exercises its option to extend the Contract for 1 additional year, commencing on August 30, 2014, and increases the total consideration by \$222,763.98, is hereby approved.

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

PHILLIP R. SERNA, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary