

REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 3 | 07/27/15 | Open | Action | 07/13/15 |

Subject: Awarding a Contract for On-Call ZF Transmission Overhaul Services to HD Industries

ISSUE

Whether or not to award a contract for On-Call ZF Transmission Overhaul Services to HD Industries.

RECOMMENDED ACTION

Resolution No. 15-07-____, Awarding a Contract for On-Call ZF Transmission Overhaul Services to HD Industries.

FISCAL IMPACT

| | | | | |
|-------------------------|-----------------------|---------------|----|------------|
| Budgeted: | Yes | FY16: | \$ | 147,580.00 |
| Budget Source: | Operating | FY17: | \$ | 158,871.00 |
| Funding Source: | Local, State, Federal | FY18: | \$ | 171,045.39 |
| Cost Cntr/GL Acct(s) or | | Total Amount: | \$ | 477,496.39 |
| Capital Project #: | Inventory Stock | | | |
| Total Budget: | \$ 477,496.39 | | | |

DISCUSSION

On February 23, 2015, the Board authorized the release of an Invitation to Bid (ITB) for On-Call ZF Transmission Overhaul Services. Staff released the ITB on March 12, 2015 and it was advertised on RT's website and in trade and local minority newspapers pursuant to the provisions of the Procurement Ordinance. Pursuant to the Disadvantaged Business Enterprise (DBE) policy as defined in 49 C.F.R. Part 26 and RT's DBE Program, no DBE goal was established for this contract. Further, since this contract offered no subcontracting opportunities, no Small Business Enterprise (SBE) goal was established for this contract. On April 8, 2015, RT received one bid from HD Industries. The amount bid for the initial 3-year term was \$498,028.39. The amount bid for the initial 3-year term plus the two 1-year options was \$895,524.08.

The Contract will require HD Industries to overhaul the ZF transmissions in RT's fleet on an as-needed basis. Currently, RT owns 150 buses with ZF transmissions that are serviced and maintained by the Bus Maintenance Department. Annually, approximately 12 transmissions require overhaul services.

While conducting a price analysis, staff was unable to deem the price for one of the bid items (vendor installation) to be fair and reasonable. The scope of work in the ITB stated "RT mechanics will install overhauled transmission(s), however, Contractor installation of overhauled

Approved:

Presented:

Final 07/21/15

General Manager/CEO

Director, Bus Maintenance

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transmission(s) may be requested by RT, as needed. In such instances, Contractor must install transmission(s) per the rates set forth on the Bid Pricing Form.” The Federal Transit Administration (FTA) Best Practices Procurement Manual (BPPM), Section 4.4.3, Single Bid provides that, "If you have been unsuccessful in determining through a price or cost analysis that the bid price is fair and reasonable, you may wish to enter negotiations with the offer or to attempt to establish a different price that can ultimately be determined to be reasonable." Staff confirmed with Bus Maintenance that these services will not be needed or used. The scope of work also states that all services will only be used as needed/requested. Staff approached HD Industries and asked if it would agree to RT’s request to strike out the vendor installation portion of the contract and it agreed. This item will be removed from the contract in its entirety. Elimination of the vendor installation services changes the bid amounts. The new bid amount for the initial 3-year term is \$477,496.39 and the new bid amount for the initial 3-year term plus the two 1-year options is \$860,001.04.

The bid price of \$477,496.39 compares favorably with the Independent Cost Estimate (ICE) established by staff, current and past contract rates, the Customer Price List for ZF parts and other estimated rates provided within the industry. After conducting a price analysis, staff has determined the price for this contract to be fair and reasonable.

Staff recommends the Board award a contract for On-Call ZF Transmission Overhaul Services to HD Industries for an amount not-to-exceed \$477,496.39 for a 3-year term, with the option to renew for two additional 1-year terms.

RESOLUTION NO. 15-07-_____

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

July 27, 2015

**AWARDING A CONTRACT TO HD INDUSTRIES FOR ON-CALL ZF TRANSMISSION
OVERHAUL SERVICES**

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

THAT, the Contract between Sacramento Regional Transit District, therein referred to as "RT" and HD Industries, therein referred to as "Contractor," whereby Contractor agrees to provide On-Call ZF Transmission Overhaul Services, as specified, for an amount not-to-exceed \$477,496.39, plus any applicable state and local taxes, for a 3-year term, with an RT option to renew for two additional 1-year terms, is hereby approved.

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

JAY SCHENIRER, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary