

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
5	07/27/15	Open	Action	06/24/15

Subject: Approving the First Amendment to the Contract for Operational Assessment and Recommendations for Cost Reduction and Revenue Growth Services with Douglas Carter and MBO Partners, Inc.

## ISSUE

Whether to approve the First Amendment to the Contract for Operational Assessment and Recommendations for Cost Reduction and Revenue Growth Services with Douglas Carter and MBO Partners, Inc.

## RECOMMENDED ACTION

Adopt Resolution No. 15-07 \_\_, Approving the First Amendment to the Contract for Operational Assessment and Recommendations for Cost Reduction and Revenue Growth Services with Douglas Carter and MBO Partners, Inc.

## FISCAL IMPACT

Budgeted:	Yes	This FY:	\$ 113,550
Budget Source:	Operating	Next FY:	\$
Funding Source:	Local	Annualized:	\$
Cost Cntr/GL Acct(s):		Total Amount:	\$ 113,550
Total Budget:	\$ 209,360		

## DISCUSSION

RT is in the process of identifying ways in which RT's transit system can be cleaner, safer, more efficient and more attractive to riders. On March 4, 2015, Staff released a Request for Quote (RFQ) to obtain the services of a consultant that would identify ways to improve safety, maintenance, and service efforts while achieving cost savings and identifying ways to increase revenues. The RFQ was sent to 3 consultants. On March 11, 2015, RT received a proposal from Douglas Carter and MBO Partners, Inc. (Mr. Carter performs all work but is nominally employed by MBO Partners, Inc. for payroll and insurance purposes).

The evaluation committee consisted of Mark Lonergan, Chief Operating Officer and Mike Mattos, Chief of Facilities and Business Support Services. The committee determined that Mr. Carter's proposal demonstrated that his qualifications, experience and work plan met and exceeded the objectives of the RFQ. Staff deemed his proposal was responsive and the price was fair and reasonable. On March 23, 2015, the General Manager/CEO awarded the contract to Mr. Carter for an amount not to exceed \$95,810; the contract was fully executed on March 26, 2015.

Approved:

Presented:

Final 07/21/15

General Manager/CEO

Chief of Facilities and Business Support Services

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Mr. Carter delivered his Interim Report to the Board and has proposed additional work to be completed with additional resources required. He has determined that in addition to the \$36,110 remaining on the contract, he will require an additional \$113,550 and estimates that the work will be completed on November 30, 2015. All of this is detailed in Attachment 1, Mr. Carter's proposal for the additional work. Staff recommends that the Board approve the first amendment to the contract.

In accordance with the RT Procurement Ordinance, Section 1.505, since the contract was initially awarded using an informal solicitation and the proposed new amendment would exceed the threshold for formal solicitation, prior to approving the amendment, the Board must determine that (1) there was not improper procurement splitting and (2) either the requirements for a new informal solicitation have been met or the criteria for a non-competitive solicitation are met.

Staff has determined:

- (1) There was no improper procurement splitting. Mr. Carter responded to RT's scope and time frame in his initial proposal. RT would like him to expand those services to include implementation of certain recommendations contained in the Interim Review as set out in the attachment.
- (2) This amendment meets the criteria for a non-competitive solicitation. RT staff has determined that it is in the best interests of RT to amend the existing contract. It is likely that award to another consultant would result in substantial duplication of costs that are not expected to be recovered through competition.

Douglas W. Carter  
MBO Partners, Inc.  
2975 Franklin Oaks Drive  
Oak Hill, VA, 20171  
(703) 860-4375  
[douglascarter@verizon.net](mailto:douglascarter@verizon.net)

June 15, 2015

Mr. Mike Wiley  
General Manager  
Sacramento Regional Transit District  
1400 29<sup>th</sup> Street  
Sacramento, California 95812

**Subject: Diagnostic Review Modification (Contract 4500046898)**

Dear Mr. Wiley:

Thank you for the opportunity to serve Regional Transit (RT) on this important and timely project. Based on delivery and discussions around the Interim Report on June 8 and 9, I offer this letter to propose work to be completed and the associated resources required.

### **Scope of Services**

The remainder of the diagnostic review will focus on detailed analysis and implementation support for targeted items contained in the interim review. The targets are those with the highest potential benefits for RT and where additional support is believed to offer high return on investments. The scope forward is discussed below.

#### *Draft Fiscal Responsibility Policies*

I will work with one or more RT staff members to draft policies related to fiscal responsibility (e.g., frequency of fare change, farebox recovery, local contribution to capital, fiscal sustainability of service and capital investments, and unit cost control). RT will provide the format for Board policies, staff input to development, legal review of the draft and document editing/formatting. In addition to drafting policies, I will be available to participate in a board briefing on the policies. RT staff will make changes as may be required by the Board and produce the final policy documents. 80 hours.

#### *Design and Launch Cultural Change Effort*

I will develop a presentation on the approach for executive management (including recruitment of the team), develop materials for the initial workshop with a cross

functional staff culture team, and moderate the initial workshop. RT staff will convene on their own to complete the cultural aspirations statement subsequent to the initial workshop. I will review and comment on the aspiration statement prepared by staff. I will also prepare a power point report on strategies and tactics to guide the organization toward realizing cultural aspirations, and present it to executive management after staff present the aspirational statement. 96 hours.

#### *Southern California Peer Meetings*

I will contact appropriate leaders at LA Metro and OCTA to determine interest and topics for a visit by RT (e.g., executive management, labor leaders, Board members). The visit is intended to encompass two days with an overnight stay. Topics include: labor productivity provisions (e.g., part time, four day work weeks, use of retirees, attendance, two tier wage structure), fare inspection and fine collection (e.g., part time inspectors, administrative fine processing), and contracting out for services. Based on conversations with peers, and review of appropriate documents (e.g., labor agreements, policies, websites), I will prepare an outline for discussion at the proposed meetings. RT will address scheduling and logistics for the actual visit with both peers and RT representatives. I will participate in the meetings and capture high level findings in the form of meeting notes. 64 hours

#### *Support Labor Negotiations Preparations and Analysis*

I will provide advanced analysis and materials to help RT prepare for discussions with labor on several topics, including part time cleaners, fare inspectors, and driver productivity. I will draft materials to guide discussions with IBEW on designing a one year demonstration of part time cleaners (potentially temporary staff given demonstration). I will draft materials to guide discussions on lower cost fare inspection (i.e., authorizing guards to inspect and cite violations on platforms and trains; asking police contractors to provide a low cost, unarmed fare inspection work force similar to meter maids; and negotiating for a part time, low cost inspector position represented by ATU). Finally, I will prepare a discussion outline for four day work weeks for drivers (e.g., 4 tens over 12 hours, with OT at 40 hours). For each of these items, I will discuss the approach, address questions and participate in preparatory sessions with management, if desired (likely by telephone). My work will be focused on supporting RT before they engage labor representatives; RT will handle the negotiations. 120 hours.

#### *Review Absence Patterns and Recommend Policy Updates*

Driver absences are high and expensive, with 28% of the workforce (132 full time drivers) hired to solely cover scheduled and unscheduled absences. The Operator Attendance Policy is 10 years old, and needs updating. I will support RT in analyzing absence patterns for operators, and tailor recommendations for updating the policy. The goal is to move all cohort groups to better attendance, and not focus solely on the high absence individuals, using a combination of incentives and disincentives. I

anticipate support from 2 to 4 RT staff, proficient with detailed payroll data, human resource practices, operator supervision and the current policy. RT will also provide legal review of the draft policy. RT will provide operator absence data in an excel format by operator by month, including hours by absence type, overtime, and total hours worked. RT will also help generate some reports or charts where supported by the payroll system (e.g., trend analysis, monthly total unscheduled absences versus scheduled absences). I anticipate several meetings/calls to discuss patterns and the anticipated impact of alternative policies. Changes may address eligibility for working day off overtime, perfect attendance buy back, recognition and rewards, kincare documentation, better employee access to records and longer period to clear absence history. While I will draft proposed changes, RT will control the policy document and all edits thereof. 80 hours.

#### *Coordinate with Subcommittee Work*

RT commissioned four Board subcommittees early this calendar year to address priority improvements (e.g., safety, security, cleanliness). Each committee has done substantial work, and the expanded revenues and cost savings from this diagnostic review are intended to help fund some of those improvements. I will examine the work of the committees and identify linkages between the bodies of work, as well as points of coordination. I will create a briefing document on linkages and synergies, and be available to present this at a workshop or meeting with the heads of subcommittees or a single combined meeting of all subcommittees. 56 hours.

#### *Help Set Up PMO Reporting for Progress and Results*

I will work with RT's staff person responsible for tracking and reporting on progress and results against revenue and cost opportunities to establish a process of monitoring and reporting. It will include four components: an ability to add/subtract initiatives, action progress planning and tracking, resource results, and use of resources to further priorities. Adding and subtracting initiatives includes formalizing a process for employees to propose new improvements. Progress tracking should be against a set of tasks, responsibilities and timeline. Results should track actual savings/revenues, and allow for adjustment of activities to increase results. Use should include tracking of increases in resource allocation for RT priority improvements. I will work with RT's staff person to outline the process and reports; RT will be responsible for designing the process, data population and reporting, software tools and maintenance of the system. I will also review the process and reports designed by RT and provide comments and suggestions for improvement, if appropriate. 40 hours.

#### *Prepare Final Report*

Each task will produce deliverables described above. In addition, I will prepare a final report summarizing the work performed in a power point format, and referencing

detailed documents provided over the course of the task work. I will make a final presentation to the Board of Directors. 48 hours.

**Period of Performance**

At the time of the June 8 interim presentation to the Board the study had consumed 11 of the 20 weeks planned. The remaining work discussed herein will require 20 to 24 weeks to complete from now, with an estimated completion date of November 30, 2015. I will work closely with management to sequence the work appropriately, so documents and work efforts support the flow of RT’s business and work requirements.

**Cost Estimate and Budget**

I estimate the total level of effort remaining to be 584 hours, broken down by priority area in the text above. In addition, 8 trips are expected with 30 total days on site, over the remainder of the assignment. It is anticipated that RT will continue to work with me to minimize travel by coordinating meetings across multiple tasks for trips and conducting some meetings by telephone. The cost to complete the work identified above is detailed below.

		<b>Cost to Complete</b>		
		<b>Quantity</b>	<b>Rate</b>	<b>Cost</b>
<i>Hours</i>		584	\$ 225.00	\$131,400.00
<i>Expenses</i>				
Airfare		8	\$ 985.00	\$ 7,880.00
Hotel		30	\$ 175.00	\$ 5,250.00
Rental Car		30	\$ 60.00	\$ 1,800.00
Meals(daily)		30	\$ 61.00	\$ 1,830.00
Communications and misc.				\$ 1,500.00
<b>Total</b>				<u>\$149,660.00</u>

More than 1/3 of the original contract resources remain, as detailed below.

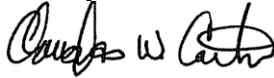
		<b>Remaining Resources</b>		
		<b>Quantity</b>	<b>Rate</b>	<b>Cost</b>
<i>Original Budget</i>				\$ 95,810.00
<i>Resources Expended as of June 8, 2015:</i>				
<i>Hours</i>		228	\$ 225.00	\$ 51,300.00
<i>Expenses</i>				\$ 8,400.00
<b>Total</b>				\$ 59,700.00
<i>Resources Remaining</i>				<u>\$ 36,110.00</u>

Completing all the work proposed above would require a contract amendment adding \$113,550.00 to the contract (for a new total of \$209,360) and extending the period of performance to November 30, 2015. The calculations supporting that change are provided below.

		<b>Additional Resources Required</b>
<i>Cost to Complete</i>		\$149,660.00
<i>Less Remaining Resources</i>		\$ 36,110.00
<i>Net Resources Required</i>		<u>\$113,550.00</u>

Please review this proposed contract modification and let me know your intentions. If you wish to proceed with this work, please let me know at (703) 860-4375 or [douglascarter@verizon.net](mailto:douglascarter@verizon.net) . I am proceeding with the calls for the Southern California trip, as we discussed on June 9. Because contract resources remain, I will continue to work while you decide, and process an amendment (if appropriate). Thank you for the opportunity to be of service.

Sincerely,



Douglas W. Carter

RESOLUTION NO. 15-07-\_\_\_\_\_

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

July 27, 2015

**APPROVING THE FIRST AMENDMENT TO THE CONTRACT FOR OPERATIONAL ASSESSMENT AND RECOMMENDATIONS FOR COST REDUCTION AND REVENUE GROWTH SERVICES WITH DOUGLAS CARTER AND MBO PARTNERS, INC.**

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

THAT, there was not improper procurement splitting. Mr. Carter responded to RT's scope and time frame in his initial proposal. RT would like him expand those services to include implementation of certain recommendations contained in the Interim Review.

THAT, the criteria for a non-competitive solicitation are met. It is in the best interest of RT to amend the existing contract for continuity of services.

THAT, the First Amendment to the Agreement between the Sacramento Regional Transit District, therein referred to as "RT," Douglas Carter therein referred to as "Consultant," and MBO Partners, Inc., therein referred to as "MBO", whereby the scope of services is expanded to include implementation of certain recommendations contained in the Interim Review, as further set out in the amendment, and the total consideration is increased by \$113,550 from \$95,810 to \$209,360, is hereby approved.

That, the Chair and General Manager/CEO are hereby authorized and directed to execute First Amendment.

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JAY SCHENIRER, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary