

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
9	02/22/16	Open	Action	02/17/16

Subject: Ratifying the General Manager’s Modifications to the Scope of Work and Approving the Third 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 ratify the General Manager/CEO’s modifications to the Scope of Work and approve the Third 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. 16-02-\_\_\_, Ratifying the General Manager/CEO’s Modifications to the Scope of Work and Approving the Third 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:	\$	25,000
Budget Source:	Capital	Total Amount:	\$	25,000
Funding Source:	WBS T042.03.01			
Cost Cntr/GL Acct(s) or	910300			
Capital Project #:				
Total Budget:	\$ 25,000			
Original Contract	\$ 95,810			
1st Amendment	\$113,550			
2nd Amendment	\$ 64,514			
3 <sup>rd</sup> Amendment	\$ 25,000			
Total Contract	\$299,874			

## DISCUSSION

On October 26, 2016<sup>5</sup>, the Board approved the Second Amendment to the Contract for Operational Assessment and Recommendations for Cost Reduction and Revenue Growth Services with Douglas Carter and MBO Partners, Inc. The purpose of the original Contract is to identify ways to improve safety, maintenance and service efforts while achieving cost savings and identifying ways to increase revenues. Pursuant to the Second Amendment approved by the Board, Mr. Carter has been continuing work on his diagnostic review modification and fare structure and pricing analysis.

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Approved: \_\_\_\_\_ Presented: \_\_\_\_\_

Revised Final 02/19/16  
General Manager/CEO

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In November 2015, the Sacramento Area Council of Governments (SACOG) approached RT and requested that Mr. Carter perform the following work in support of the Connect Card project, for an amount not to exceed \$25,000:

- Examine issues, punch list items and system capabilities to help identify items that must be addressed prior to launch and those that can be addressed after launch.
- Explore business process options with RT and SACOG to help make revenue service operations more successful with lower risk.
- Work with RT and SACOG to identify risks and mitigations in launching Connect Card into revenue service.

Pursuant to these discussions, Mr. Carter was directed to perform the Connect Card work.

In the interest of expediency and under the impression that the existing scope was sufficiently broad, the contract modification did not follow all of the procedural steps laid out in RT's Procurement Ordinance. However, the Procurement Ordinance provides for the ratification of such modifications when they are made by authorized RT staff, such as the General Manager/CEO. RT staff is recommending ratification in this instance. Additionally, for Mr. Carter to complete both the Connect Card work and the work authorized by the Second Amendment, \$25,000 must be added to the Contract.

Finally, pursuant to the Procurement Ordinance, staff is recommending that the Board make a finding that it was the best interest of RT to contract with Mr. Carter to perform the above-described Connect Card work. Staff determined that Mr. Carter was uniquely qualified to perform this work because of the understanding he developed of RT's strategic objectives and business processes in the diagnostic review, and his prior industry experience with smart card implementation.

The intent is that SACOG will enter into an agreement to reimburse RT for the Connect Card work. However, to date that has not occurred. Discussions on this topic are still occurring.

Staff recommends that the Board approve a Third Amendment to the Contract for Operational Assessment and Recommendations for Cost Reduction and Revenue Growth Services with Douglas Carter and MBO Partners, Inc. to formally include the Connect Card work and add sufficient funds to cover the performance of that work.

RESOLUTION NO. 16-02-\_\_\_\_\_

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

February 22, 2016

**RATIFYING THE GENERAL MANAGER/CEO'S MODIFICATIONS TO THE SCOPE OF WORK AND APPROVING THE THIRD 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, the General Manager/CEO's modification of the scope of work to Douglas Carter's contract to include Connect Card work is hereby ratified.

THAT, the Board hereby finds that it was in the best interest of the Sacramento Regional Transit District to engage Mr. Carter and MBO Partners, Inc. to perform the Connect Card work because of the understanding he developed of RT's strategic objectives and business processes in the diagnostic review, and his prior industry experience with smart card implementation.

THAT, the Third Amendment to the Agreement between the Sacramento Regional Transit District, therein referred to as "RT," and Douglas Carter therein referred to as "Consultant," and MBO Partners, Inc., therein referred to as "MBO," whereby Consultant agrees to continue the work identified in the Second Amendment and to perform work in support of Connect Card, as further set forth therein, and the total consideration is increased by \$25,000, from \$274,874 to \$299,874, is hereby approved.

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

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JAY SCHENIRER, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

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