

## STAFF REPORT

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**DATE:** June 10, 2024  
**TO:** Sacramento Regional Transit Board of Directors  
**FROM:** Henry Ikwut-Ukwa, VP, Capital Programs  
**SUBJ:** APPROVE THIRD AMENDMENT TO THE CONTRACT FOR GENERAL CONSTRUCTION MANAGEMENT SUPPORT SERVICES – 2019 WITH 4LEAF, INC.

### RECOMMENDATION

Adopt the Attached Resolution.

### RESULT OF RECOMMENDED ACTION

Approving Third Amendment to the Contract for General Construction Management Support Services – 2019 with 4LEAF, Inc. (4LEAF GCMSS – 2019) will result in updating 4LEAF's direct labor rates for the first time in the 4-year history of the Contract.

### FISCAL IMPACT

The 4LEAF GCMSS – 2019 Contract was awarded in 2019 with a maximum Total Consideration amount of \$3,000,000. Funds are encumbered and applied against the Total Consideration for specific projects as Work Orders are issued. To date, \$2,487,604.13 has been committed for Work Orders 1 through 5. No increase is being proposed to the Contract Total Consideration as the existing ceiling is expected to be sufficient for the remaining term even with consideration of the direct labor rate increases in this Staff Report. However, there may be increased costs under individual Work Orders as the rates are applied to those Work Orders through amendments. The Work Order amendments to apply the new rates will be within the General Manager/CEO's amendment authority.

### DISCUSSION

On June 10, 2019, the Board conditionally awarded a Contract for General Construction Management Support Services (GMCSS) to 4LEAF, Inc. for various capital and operating construction projects to support SacRT's light rail system, bus facilities, and building and maintenance facilities and for State of Good Repair (Resolution No. 19-06-0072).

On August 9, 2019, the GCMSS contract was executed with 4LEAF, Inc.

On May 7, 2021, the First Amendment was executed to update the Disadvantaged Business Enterprises (DBE) language to the Contract.

On March 14, 2022, the Board approved the Second Amendment to the Contract to exercise Option Years 4 and 5 and extend the term of the Contract to August 8, 2024.

As stipulated in the Contract, any increases to direct labor rates exceeding 3% requires Board approval. The Third Amendment would make two changes to wage rates, which have remained the same since 2019:

- (1) There would be a general overall increase in the allowable wages for all positions. The 4LEAF pricing proposal in the contract specified a single hourly rate for each position. The Third Amendment would provide for a range of rates based on the actual compensation paid to an employee performing in that classification. As an example, the Project Manager was designated in the original agreement to have a wage rate of \$99.75 per hour. Under the amendment, that wage could range as high as \$112.27. The rate increases for all positions are modest and lower than a CPI-based increase would be from 2019 to present.
- (2) 4LEAF proposes to add overtime, double time, night shift, night shift overtime, and night shift double overtime rates to the contract for construction inspection staff. Due to the scheduling of the low-floor vehicle platform modification project (being overseen by 4LEAF under Work Order No. 4) the construction inspection staff have been required to work overtime hours and perform night work. The original agreement did not provide any basis for these staff to be paid an increased hourly wage for overtime hours or night work. The Third Amendment would include overtime/night rates for that classification. The maximum base rate for the construction inspection personnel would increase from \$76.75 to \$86.38, an increase of 12.5% and the overtime rates would range from \$95.59 (for basic overtime in excess of 8 hours per day) to \$145.64 (night shift double time) (see table below). The construction inspection staff are required by law to be paid overtime, though not necessarily at the rates proposed by 4LEAF. However, these rates are considered fair and reasonable in relation to the direct hourly rates.

Table 1:

| <b>Classification</b>                               | <b>Direct Labor Rate Range</b> |
|---|--------------------------------|
| Construction Inspector<br>– Overtime                | \$95.59 - \$107.98             |
| Construction Inspector<br>– Double Time             | \$118.20 - \$133.03            |
| Construction Inspector<br>– Night Shift             | \$78.79 - \$88.67              |
| Construction Inspector<br>– Night Shift Overtime    | \$104.15 - \$117.22            |
| Construction Inspector<br>– Night Shift Double Time | \$129.40 - \$145.64            |

Once the new rates are incorporated into the Contract, the intent is to amend existing Work Orders where work is still being performed to include these higher rates for future work. While the Contract will expire in August of this year, work will continue under existing Work Orders for the duration of those projects.

RESOLUTION NO. 2024-06-054

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

June 10, 2024

**APPROVE THIRD AMENDMENT TO THE CONTRACT FOR GENERAL CONSTRUCTION MANAGEMENT SUPPORT SERVICES – 2019 WITH 4LEAF, INC.**

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

THAT, the Third Amendment to the Contract for General Construction Management Support Services – 2019 by and between the Sacramento Regional Transit District (therein “SacRT”) and 4LEAF, Inc. (therein “Consultant”), whereby 4LEAF’s permissible hourly direct labor rates are increased and overtime/night rates are added for construction inspection personnel, is hereby approved .

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

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PATRICK KENNEDY, Chair

A T T E S T:

HENRY LI, Secretary

By: \_\_\_\_\_  
Tabetha Smith, Assistant Secretary