



ITEM ID: 2023-229-0

TRANSMITTAL DATE: June 16, 2023

MEETING DATE: June 23, 2023

TO: Board of Directors

FROM: Arnold Hackett, Chief Financial Officer

SUBJECT: FY2023-24 Annual Authorization and Extend Period of Performance for Original Equipment Manufacturers Agreements for Rolling Stock Components, Communication Signal Equipment, and Positive Train Control Requirements

Issue

Annual authorization for the purchase of Original Equipment Manufacturer (OEM) inventory components and parts is needed to continue the maintenance and rehabilitation of the Authority's rolling stock components and fulfill track and communication, signal, and Positive Train Control requirements.

Recommendation

CONTRACTS, OPERATIONS, MAINTENANCE, AND SAFETY COMMITTEE RECOMMENDED (5-0) the Board approve a total not-to-exceed annual amount of \$19,585,000 for FY2023-24 for the Original Equipment Manufacturer (OEM) agreements listed in Attachment A and to extend the terms to June 30, 2024, contingent upon approval of the FY2023-24 budget.

Strategic Commitment

The report aligns with the Strategic Business Plan commitment of:

- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, objective metrics and streamlined governance, reducing over-reliance on subsidy while bringing our system into a state of good repair and investing in the development of our employees. These various OEM agreements support the Authority's system.

Background

Use of OEM components is required to maintain the integrity of rolling stock equipment and avoid exposing the Authority to liability if improper equipment is used and if repairs to components are improperly performed. The amounts listed in Attachment A are a forecast for requirements for FY2023-24.

Discussion

The Authority began using the annual Board approval process in 2013 to seek annual authority for five categories, including:

1. Software License, Maintenance, and Support Agreements (Licenses)
2. Original Equipment Manufacturers Agreements for Rolling Stock Components, Communication Signal Equipment, and Positive Train Control Requirements (OEMs)
3. Maintenance, Repair and Operations Agreements (MROs)
4. Administrative and Operating Services Agreements (Admin & Ops)
5. Communication Network Towers and Related Leasing Agreements (Towers)

As part of Annuals development process, staff assessed the services and agreements included in Attachment A to ensure that they were appropriate to maintain in the FY2023-24 Annuals.

The requested annual authority for the agreements included in Attachment A are based on estimated amounts developed by the respective Project Managers. The Project Managers, along with the Authority's Budget Team, have confirmed that the requested amounts are reflected in each Department's corresponding annual budget requested.

Disadvantaged Business Enterprises (DBE) Requirements

Purchase Order Numbers PO346, PO368, and PO484 were issued under race neutral participation, and therefore were not subject to contract-specific DBE goals. Purchase Order Numbers PO646, PO726, PO756, PO651, and PO725X were issued with no DBE goal.

The remaining agreements are not federally funded; therefore the DBE program is not applicable.

Budget Impact

The amounts for which annual authority is requested are included in, and are contingent upon, the adoption of the Proposed FY2023-24 Operating Budget (\$19,585,000).

Next Steps

Upon Board approval of these Annual items, and approval of the FY2023-24 budget, staff will

execute the Annual items beginning on July 1, 2023.

Prepared by: Brian Jacob, Senior Contract and Compliance Administrator

Approved by: Arnold Hackett, Chief Financial Officer

Attachment(s)

[Attachment A - FY24 Annuals - Original Equipment Manufacturers](#)