

**POTOMAC AND RAPPAHANNOCK
TRANSPORTATION COMMISSION**

RESOLUTION

MOTION: _____

**RESOLUTION NO. 09-03-_____
OFFICIAL COMMISSION MEETING
MARCH 5, 2009**

SECOND: _____

**RE: PRTC – FIRST TRANSIT CONTRACT – CHANGE ORDER NUMBER
THIRTEEN (13)**

WHEREAS, the one remaining option present in the PRTC – First Transit contract for extending the duration of the contract is an option requiring PRTC to choose between an extension of one, two, three, or four years, where the choice of anything less than four years would not be extendable thereafter; and

WHEREAS, the one remaining option must be exercised no later than June 2009 since the last option exercised expires on June 30, 2009; and

WHEREAS, management has come to recognize that the last of the options is too confining, forcing a choice between the full four years or something less, such that the contractor's performance after June 30, 2009 ceases to have any bearing on the contract term; and

WHEREAS, management asked First Transit to entertain the idea of converting the last "up to four years" option into a pair of two-year options so the Commission has greater flexibility to respond to changed conditions, and First Transit has agreed; and

WHEREAS, this conversion would be the thirteenth change order to the PRTC – First Transit contract; and

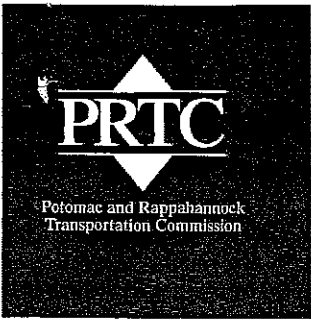
WHEREAS, First Transit's performance continues to be stellar, warranting the exercise of the first of the proposed pair of two-year options.

NOW, THEREFORE, BE IT RESOLVED that the Potomac and Rappahannock Transportation Commission does hereby authorize the Executive Director to execute Change Order Number Thirteen (13).

ITEM 12-B.2

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BE IT FURTHER RESOLVED that the Commission also authorizes the Executive Director to execute both of the two-year options when they are timely if, in the Executive Director's opinion, it would be in the Commission's interest to do so, without the need for further Commission action.



14700 Potomac Mills Road
Woodbridge, VA 22192

March 5, 2009

TO: Chairman May and Commissioners

FROM: Alfred H. Harf 
Executive Director

RE: PRTC – First Transit Contract – Change Order Number Thirteen (13)

Recommendation:

Authorize the Executive Director to:

1. Execute a proposed Change Order to the subject contract (Number Thirteen [13]), which converts the final “up to four years” option for extending the contract to a pair of options, each having two-year durations; and
2. Exercise both of the two-year options when they are timely if, in the opinion of the Executive Director, it would be in the Commission’s best interest, without the need for further Commission action.

Background:

The PRTC – First Transit contract was awarded in December of 2002, providing for First Transit to commence responsibility for operating and maintaining PRTC’s bus services beginning in July 2003. The contract featured an initial three-year term, with options for extending the contract beyond the initial term. All but the last of these options have now been exercised. The last option is for as long as four years at PRTC’s sole discretion, and it would have to be exercised no later than June 2009 since the preceding option is for the period ending June 30th.

Although management is exceptionally pleased with First Transit’s performance, the last option is structured in a way that compels PRTC to either opt for another four years or a lesser period without the ability to extend it thereafter. Neither choice is appealing because while it is in the Commission’s interest to sustain the current contract for the maximum duration so long as the contractor’s performance warrants this, having to choose now between one, two, three, or four years based only on performance to date has inherent risks. It would be reasonable to ask

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“why was the last option structured in this fashion when the procurement specification was drafted”, and the answer is because at that time, management did not appreciate just how much performance is capable of changing on a year-to-year basis and figured that by the seventh year, there would be no reason to limit the duration of a remaining option to something less than the end of the maximum allowable contract term.

While management has no reason to think that First Transit’s performance would deteriorate if it had the certainty of four more years, performance is not guaranteed and so it is in the Commission’s interest to convert the last of the options into a pair of options so the Commission has greater flexibility to respond to changed conditions. Management broached this possibility with First Transit and First Transit has affirmed its willingness to do so, evidencing its confidence that the current level of performance will be sustained such that PRTC will want to extend the contract for as long as possible.

Accordingly, the Commission is being asked to authorize the Executive Director to:

1. Execute a proposed Change Order to the subject contract (Number Thirteen [13]), which converts the final “up to four years” option for extending the contract to a pair of options, each having two-year durations; and
2. Exercise both of the two-year options when they are timely if, in the opinion of the Executive Director, it would be in the Commission’s best interest, without further Commission action.

Fiscal Impact:

There is no fiscal impact associated with this change order as all other terms and conditions of the PRTC-First Transit contract remain the same.