



Motion No. M2021-28

Amendment for Sounder Commuter Rail Rolling Stock Maintenance Agreement with the National Railroad Passenger Corporation

Meeting:	Date:	Type of action:	Staff contact:
Rider Experience and Operations Committee Board	5/06/2021	Recommend to Board	Suraj Shetty, Executive Director, Operations
	5/20/2021	Final action	Robin Braziel, Director, Bus, Rail and Paratransit Martin Young, Sounder Operations Manager

Proposed action

Authorizes the chief executive officer to execute three one-year options to extend the Commuter Rail Rolling Stock Maintenance Agreement with the National Railroad Passenger Corporation and amend the agreement to add one two-year and two one-year options for the continued maintenance of Sounder locomotives and cars, including the cost of fuel, in an amount not to exceed \$67,903,176 for a new total authorized agreement amount not to exceed \$357,143,687.

Key features summary

- The agreement is for the continuation of current services provided by the National Railroad Passenger Corporation (Amtrak) that include, but are not limited to, scheduled preventative maintenance, heavy repair work parts and materials, special event service, mid-day layover yard space, and maintenance facilities. The agreement covers Sounder's 14 locomotives and 67 cars, and accommodates the 11 additional cars on order as part of the ST3 fleet expansion.
- Sound Transit has an existing agreement with Amtrak that includes three one-year options to extend the agreement through 2024, which this amendment exercises.
- This amendment adds one two-year and two one-year options providing Sound Transit additional flexibility in meeting future maintenance program needs.
- The agreement amount includes fuel for Sounder's locomotives (approximately 1.6 million gallons per year). Fuel accounts for approximately 22 percent of the annual amount spent on this agreement.
- The amendment also reflects cost adjustments including:
 - An increase in the general and administrative (G&A) expense rate from 7.36% to 7.75%;
 - A discounted base rate with inflation adjustments, and
 - Payment for shared facilities cost that more closely aligns with Sound Transit's proportionate use.
- The amendment also incorporates a change in how supplies are billed by incorporating those costs into the material line items, where they will be discretely identified.
- The new total authorized amount covers the three-year extension through 2024; expenditures for option years beyond 2024 would need to be brought before the Board for approval.

Background

Amtrak has maintained the Sounder fleet under the current agreement for over 20 years. In 2010, an amended agreement authorized by the Board through Motion No. M2010-28 achieved more favorable financial terms for Sound Transit, a higher level of transparency, and performance incentives and/or performance penalties for Amtrak. That agreement amendment was for five years, through 2014, with one two-year option and three one-year options.

Sound Transit exercised the two-year option to extend the agreement in 2014 through Motion No. M2014-71. As Sound Transit was in the process of evaluating a long-term maintenance strategy that includes construction of a new facility, the additional two-year option allowed staff to complete a comprehensive plan for future needs.

A five-year extension was authorized through Motion No. M2016-111 and the three one-year options required advance approval by the Sound Transit Board, which is in this amendment request.

Over the course of the past year and beginning with the effective date of this amendment, Amtrak and Sound Transit were able to negotiate a new arrangement that accommodates the additional vehicles on order while maintaining a slightly reduced per unit cost. The new price structure takes advantage of the a lower daily unit cost, which when multiplied by the new fleet size figures, provides what staff have deemed a fair and reasonable price at a comparable overall rate, adjusted for the new equipment.

This amendment provides an average annual increase in budget for the next three years of \$2.6 million over the 2021 forecast, due to various factors as follows: \$1.1 million associated with fuel expenditure (16% increase in per gallon rate and presumed restoration of full service); \$1.5 million associated with routine maintenance (16% increase in fleet size – 11 new cars, and adjustments for inflation).

Under this amendment, Amtrak will continue to provide all personnel, services, parts and materials, equipment, fuel, and facilities required to maintain the locomotives, passenger coaches, and cab cars used in the operation the Sounder commuter rail service. Amtrak will perform federally required inspections and provide accompanying documentation for Sounder fleet. Amtrak will provide maintenance services for event trains and any support requested by Sound Transit necessary to resolve emergency situations.

Amtrak will also participate in regular maintenance and operational meetings related to Sounder service, including safety meetings, monthly performance review meetings, and semi-annual contract performance meetings. Sounder maintenance services are performed at the Amtrak Holgate Yard near King Street Station and at the end of the line layover facilities in Lakewood and Everett.

Fiscal information

This action will amend the current contract by \$67,903,176, for the years of 2022-2024 for a new total authorized contract amount not to exceed \$357,143,687, and will be funded from the Services, Materials & Supplies and Utilities categories within the Operations department's annual operating budget.

Funding for the additional years of the contract will be included in future annual budget requests.

Operations

(in thousands)

Agreement Spending Plan	Estimated Spending to Date	Forecasted for 2021	Proposed Future Spending	Total
National Railroad Passenger Corp (Amtrak)	\$272,072	\$17,168	\$67,903	\$357,144

Agreement Detail	Board Approved Agreement Value	Proposed Action	Proposed Total for Board Approval
National Railroad Passenger Corp (Amtrak)	\$289,241	\$67,903	\$357,144
Contract Amount - Total	\$289,241	\$67,903	\$357,144

Notes:

¹ 2021 Annual Operating Budget is located on page 70 of the 2021 Financial Plan & Adopted Budget Book.

Disadvantaged and small business participation

Participation by Disadvantaged Business Enterprises (DBEs) and Small Businesses

Sound Transit promotes and encourages small business participation, which also includes Disadvantaged Business Enterprises (DBEs). DBE Small Business goals are based upon an examination of subcontracting opportunities contained in the work of a contract and the number of DBEs and Small Businesses available to perform such subcontracting work.

Amtrak will continue to perform the majority of the work covered under this agreement with its own work force and will continue to comply with federally mandated DBE requirements as well as Sound Transit DBE and Small Business goals to the extent practicable and consistent with Federal law.

Public involvement

Not applicable to this action.

Time constraints

A one-month delay would not create a significant impact to Sound Transit operations.

Prior Board/Committee actions

Motion No. M2019-116: Authorized the chief executive officer to execute an amendment to the Commuter Rail Rolling Stock Maintenance Agreement with the National Railroad Passenger Corporation for the additional scope of Positive Train Control (PTC) maintenance on Sounder locomotives and cab cars, in an amount not to exceed \$664,580 for a new total authorized agreement not to exceed \$289,240,511.

Motion No. M2016-111: Authorized the chief executive officer to execute a five-year extension, with three one-year options, to the agreement with the National Railroad Passenger Corporation (Amtrak) for the continued maintenance of Sounder locomotives and cars, including the cost of fuel, in an amount not to exceed \$80,458,919 for a new total authorized agreement amount not to exceed \$288,575,931.

Motion No. M2015-116: Authorized the chief executive officer to exercise the option to extend the agreement between Sound Transit and the National Railroad Passenger Corporation (Amtrak) for the

maintenance of Sounder locomotives and cars, which includes the cost of fuel, in an amount not to exceed \$18,377,778 for a new total authorized amount not to exceed \$208,117,012.

Motion No. M2014-71: Authorized the chief executive officer to exercise the option to extend the agreement with the National Railroad Passenger Corporation for one two-year term for the continued maintenance of Sounder locomotives and cars, which includes the cost of fuel, in an amount not to exceed \$35,288,262 for a new total authorized amount not to exceed \$189,739,634.

Motion No. M2013-19: Authorized the chief executive officer to execute an amendment to an agreement with the National Railroad Passenger Corporation (Amtrak) to provide signal maintenance services at King Street Station in the amount of \$192,372, for a new total authorized agreement amount not to exceed \$154,451,372.

Motion No. M2010-28: Authorized the chief executive officer to execute an amended agreement with the National Railroad Passenger Corporation (Amtrak) for the continued maintenance of rolling stock, including the cost of fuel, for five years with one two-year option to extend and up to three one-year options to extend in an amount not to exceed \$84,509,000 for a new total authorized agreement amount not to exceed \$154,259,000.

Resolution No. R99-10: Authorized the Executive Director to execute a sole source, fixed-price contract in the amount of \$5,900,000 per year with Amtrak for maintenance of the Sounder commuter rail fleet; an additional ten percent (10%) allowance (\$590,000) for activities outside the scope of the fixed-price activities; and up to five percent (5%) of the fixed-price contract reserve for operation of "special trains" not to exceed \$295,000 per year.

Environmental review – KH 4/22/21

Legal review – JW 4/23/21



Motion No. M2021-28

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute three one-year options to extend the Commuter Rail Rolling Stock Maintenance Agreement with the National Railroad Passenger Corporation and amend the agreement to add one two-year and two one-year options for the continued maintenance of Sounder locomotives and cars, including the cost of fuel, in an amount not to exceed \$67,903,176 for a new total authorized agreement amount not to exceed \$357,143,687.

Background

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Motion

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute three one-year options to extend the Commuter Rail Rolling Stock Maintenance Agreement with the National Railroad Passenger Corporation and amend the agreement to add one two-year and two one-year options for the continued maintenance of Sounder locomotives and cars, including the cost of fuel, in an amount not to exceed \$67,903,176 for a new total authorized agreement amount not to exceed \$357,143,687.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on _____.

Kent Keel
Board Chair

Attest:

Kathryn Flores
Board Administrator