

## SOUND TRANSIT

### MOTION NO. M99-81

**Authorizing the exercise of a contract option with Bombardier Transit Corporation for the purchase of the final ten additional commuter rail passenger coaches**

#### BACKGROUND AND COMMENTS

| Meeting:           | Date:    | Type of Action:  | Staff Contact:                              | Phone:   |
|--------------------|----------|--|---|----------|
| Finance Committee  | 12/02/99 | Discussion/Possible Action to Recommend Board Approval | Paul W. Price,<br>Commuter Rail<br>Director | 398-5111 |
| Board of Directors | 12/09/99 | Approval   | Judy Crow,<br>Contract Specialist           | 398-5092 |

#### PROPOSED ACTION:

Approval of Motion No. M99-81, authorizing the Executive Director to exercise a previously negotiated contract option with Bombardier Transit Corporation (Bombardier) for the purchase of the final ten *Sounder* passenger coaches for the operation of the Everett-to-Seattle and Lakewood-to-Tacoma commuter rail segments subject to receipt of a Record of Decision (ROD) from the Federal Transit Administration for the Everett to Seattle Commuter Rail Line. The contract option requested has a maximum value of \$19,736,144 in year-of-expenditure dollars for a new contract value not to exceed \$116,168,412.

The original Bombardier contract approved by the Board of Directors through Resolution No. R98-25 on June 11, 1998 will supply eighteen cab cars and twenty coaches, for a not to exceed value of \$76,004,566 including spare parts and contingency. Through Motion M99-72, approved by the Board of Directors on October 28, 1999, a previous option for ten passenger coaches was exercised with a not to exceed value of \$20,427,702. With approval of that option, the contract with Bombardier has a current value not to exceed \$96,432,268.

#### KEY FEATURES:

##### Highlights

- ◆ Represents the final Board action necessary to procure the complete planned fleet of passenger coaches for the entire *Sounder* commuter rail system. No other contract options remain for Sound Transit to exercise.

- ◆ Brings the total commuter rail passenger fleet approved by the Board, and ordered from Bombardier, to the planned total of fifty-eight vehicles (eighteen cab cars and forty coaches).
- ◆ Costs presented are in keeping with the original Board approved contract, and are within both the original Sound Move budget and the budget currently proposed by staff for fiscal year 2000.
- ◆ If approved, the Executive Director will delay execution of the contract option until the Record of Decision has been issued by the Federal Transit Administration for the Everett-to-Seattle segment. This environmental approval is expected in December 1999 or January, 2000.

It must be noted that there is a potential that Bombardier will seek to charge Sound Transit for re-tooling fees due to schedule delays if the Record of Decision is delayed beyond December 29, 1999. If these fees are imposed, staff will bring any further resulting changes to the contract to the Board for review and/or approval, as may be required.

#### **Description**

Board approval of the original Bombardier contract in June 1998 provided for at least six (6) commuter rail passenger vehicles to be available in December 1999 with a continued delivery schedule of approximately five (5) additional vehicles per month. The contract also contains options for twenty (20) additional coaches to be awarded by future Board action. The Board approved Motion No. M99-72 on October 28, 1999, authorizing procurement of ten of the twenty coaches available through options to the original contract.

The Board is being asked to authorize the Executive Director to exercise the final option for up to ten of the additional passenger coaches at this time. This Board action has a value of \$19,736,144. This option is being requested for the Everett-to-Seattle segment. Actual execution of this contract option would be subject to receipt by Sound Transit of a Record of Decision (ROD) on the Everett-to-Seattle Environmental Impact Statement from the Federal Transit Administration (FTA). FTA action is expected in December 1999 or January 2000.

This requested Board action is matched by a parallel action (Motion No. M99-82) to purchase five additional locomotives necessary for service on the Everett-to-Seattle segment.

## **IMPORTANCE OF ACTION:**

Board action at this time will permit the contract option to be exercised immediately following receipt of the ROD. This action will ensure an adequate fleet of passenger coaches available for the Everett-to-Seattle operating segment.

### **Consequences of Delay**

If the Board chooses to delay this decision for some time, an equivalent delay will occur to Sound Transit's ability to exercise the option and order the vehicles for service in the Everett-to-Seattle segment.

Of greater consequence are the cost-related implications of a delay. If the timing of executing this option causes a disruption in the order of Bombardier's production and assembly line process, there may be a significant financial penalty imposed on *Sounder's* order. This would be based on the type of vehicles Bombardier would have in production and the corresponding re-tooling required to restart *Sounder's* production line.

### **Alternatives**

Potential alternatives to the requested action include:

- Delaying exercise of the option until some future time.  
The potential exists that that significant delay (of at least several months) to vehicle delivery could occur -- if the Bombardier manufacturing line devoted to Sounder vehicles has been converted to the manufacture of vehicles for another transit property and/or of a substantially different design. Costs would almost certainly be higher as Bombardier would be under no contractual requirement to honor the originally bid price structure.
- Failing to exercise the contract option.  
This creates the significant risk that insufficient vehicle capacity will exist when the entire 82-mile Everett-to-Lakewood Sounder system is in full operation. Over several years, a variety of forecasting techniques have supported the conclusion that all the vehicles included in the Bombardier contract (including all the options) are required for full service.
- Rebidding a passenger vehicle contract.  
This approach has the risk of significantly complicating system integration issues -- should a new low bidder be a firm other than Bombardier relying upon different components and other technologies. This approach also would necessarily stretch out the fleet delivery schedule. Staff sees no reason to suggest to the Board that such an alternative approach would be likely to result in a lower unit cost than the contract option currently available through Bombardier.

**Public Involvement**

By its nature, this requested Board action is not the subject of a specific public involvement effort. However, the issue of the significant capital investment in the *Sounder* fleet has been informed by a variety of public involvement processes -- beginning with the public debate over Sound Move itself and extending to the annual Sound Transit budget processes. The number of *Sounder* passenger vehicles planned for purchase through the Bombardier contract is directly a function of the service levels that are a part of the Sound Move commitment.

**BUDGET:**

This action (contract option) has an associated cost of \$19,736,144 or \$1,973,614 per vehicle. This negotiated price is slightly above the per-unit cost of the original thirty-eight vehicles purchased under the Bombardier contract due to a contractual price adjustment for inflation. These ten units will be paid for in year-2000 and year-2001 dollars, while portions of the original order were paid for in year-1998, 1999 and 2000 dollars.

The Sound Move budget (in 1995\$) for commuter rail vehicles was \$144,000,000, which corresponds to the \$165,832,000 (YOE \$). The year 2000 budget of \$150,662,000 reflects a redistribution of a portion of the original vehicle-related budget to other project capital cost elements. This has been done because the total cost of the commuter fleet is now projected to be well under the original budget as stated in YOE dollars. All funding for vehicle purchases is included in the vehicle phase budgets of *Sounder*'s "Track & Facilities" projects, as referenced in the table below.

**SOUNDER COMMUTER RAIL – TRACK & FACILITIES PROJECTS  
VEHICLE BUDGETS, EXPENDITURES, AND COMMITMENTS**

| <i>Sounder</i> Project Element<br>(Project #)          | 2000 Proposed ten-<br>year Vehicle<br>Budget | <i>Life-to-Date</i><br><i>Expenditures &amp;</i><br><i>Obligations</i><br>(Includes<br><i>Contingency and</i><br><i>Taxes</i> ) <sup>1</sup> | Budget Available<br>(A-B) | Total Expenditures<br>at Project Closeout<br>including this and<br>Pending Board<br>Action |
|--|--|--|---------------------------|--|
|  | A  | B  | C                         | D  |
| Everett-to-Seattle Track<br>& Facilities (#100)        | \$ 30,132,000                                | \$ 0 <sup>2</sup>  | \$ 30,132,000             | \$ 30,115,250  |
| Seattle-to-Auburn Track<br>& Facilities (#110)         | \$ 56,562,000                                | \$ 54,133,112  | \$ 2,428,888              | \$ 56,530,558  |
| Auburn-to-Lakewood<br>Track & Facilities<br>(#120/130) | \$ 63,968,000                                | \$ 61,221,084  | \$ 2,746,916              | \$ 63,932,440  |
| <b>Total</b>   | <b>\$ 150,662,000</b>                        | <b>\$ 115,354,196</b>  | <b>\$ 35,307,804</b>      | <b>\$150,578,248</b>   |

<sup>1</sup>Actuals as of September 30, 1999; requirement for sales tax has not yet been confirmed.

<sup>2</sup>Certain costs of an administrative nature will be reallocated to the Everett-to-Seattle segment after the FTA Record of Decision has been received.

The details of the Track & Facilities projects 100, 110, 120 and 130 can be found on pages 79 through 82 of the Proposed ST Budget for fiscal year 2000. Project 100 is funded 100% by the Snohomish County subarea. Project 110 is funded 100% by the South King County subarea. Projects 120 and 130 are funded 100% by the Pierce County subarea.

### **Contingency**

The original Bombardier contract for thirty-eight vehicles included a contingency reserve of \$1,453,030. Remaining available contract contingencies are projected to be more than adequate for this contract option. Accordingly, no additional contingency funds are requested at this time. If any action results in a need to commit contingency funds in excess of that approved by the Board, staff will seek additional approval before acting.

### **NEXT STEPS:**

Following Board approval of the subject contract and receipt of the Record of Decision, staff will prepare the necessary materials and present them to the Executive Director for signature.

### **LEGAL REVIEW AND SUPPORTING ACTIONS:**

The Legal Department has reviewed and approved the Motion and Background and Comments as to form.

### **Relevant Board Policies and Previous Actions Taken**

- Adoption of Sound Move, The Ten-year Regional Transit System Plan (May 31, 1996)

Calls for commuter rail service to be implemented within two to four years of voter approval, and establishes a ten-year program budget adequate to procure a fleet of commuter rail vehicles.

- Board Policy Input for the Determination of *Sounder* Preferred Commuter Rail Vehicle Type (October 9, 1997)

The Board accepted the staff recommendation that the vehicle specifications should indicate conventional locomotives and bi-level passenger cars.

- Motion No. M98-12 - Executive Committee acceptance of the Specifications for *Sounder* Commuter Rail Cars and Locomotives, and Authorization to Advertise (February 20,1998)

Authorized staff to proceed with advertisement for the procurement of commuter rail vehicles, based on the specifications accepted by the Board on October 9, 1997.

- Resolution No. R98-25 – Board Approval of a Contract with Bombardier for the purchase of passenger rail equipment (June 11, 1998)

Authorized the Executive Director to execute a contract with a maximum value of \$76,004,566, and included contract options for twenty additional passenger coaches.

- Motion No. M98-61 – Board Approval of a Contract Award for Quality Assurance/Quality Control and Inspections Services (August 27, 1998)

Authorized the Executive Director to execute a contract with Raul V. Bravo & Associates for a cost not to exceed \$1,944,251.

- Motion No. M99-72 - Authorizing the exercise of a contract option with Bombardier Transit Corporation for the purchase of ten additional commuter rail passenger coaches

Authorized the Executive Director to execute a contract option for a cost not to exceed \$20,427,702.

### **Regional Partnership and Cooperation**

Through an earlier Board action (Motion No. M99-10 approved on April 8, 1999) the *Sounder* fleet will be maintained at Amtrak's King Street Coachyard in south downtown Seattle. The subject of that Board action, a vehicle maintenance contract between ST and Amtrak, also establishes that Amtrak crews will perform all regular maintenance on the *Sounder* fleet.

**SOUND TRANSIT**

**MOTION NO. M99-81**

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the Executive Director to exercise an option to an existing contract with Bombardier Transit Corporation (Bombardier) for the purchase of the final ten additional passenger coaches, necessary for the operation of the Everett-to-Seattle commuter rail segment. This contract option will supply up to ten (10) passenger coaches at a cost not to exceed \$19,736,144 following receipt of the Record of Decision.

**Background:**

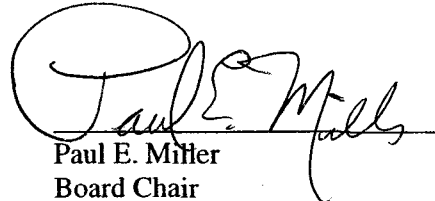
As originally approved by the Board in June 1998, this contract contained options for up to twenty (20) additional coaches to be awarded by a future Board action. Through an earlier action (Motion No. M99-72) the Board authorized the purchase of ten (10) of the coaches available through contract option. This contract option, for the final ten (10) additional passenger coaches, has a value of \$19,736,144 and will extend the Bombardier delivery schedule by two to three months.

The passenger coaches included in this Board action will be used on the Everett-to-Seattle commuter rail segment. The Executive Director will not sign the contract the option until the Federal Transit Administration has issued a Record of Decision on the Everett-to-Seattle environmental impact statement.

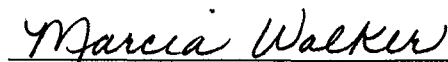
**Motion:**

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the Executive Director is authorized, following receipt of the Record of Decision issued by the Federal Transit Administration, to exercise an option to existing Contract No. CR 8-98 with Bombardier Transit Corporation for the purchase of up to ten (10) additional passenger coaches necessary for the operation of the Everett-to-Seattle commuter rail segment at a cost not to exceed \$19,736,144.

Adopted by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on the 9th day of December, 1999.

  
Paul E. Miller  
Board Chair

ATTEST:

  
Marcia Walker  
Board Administrator