

SOUND TRANSIT

RESOLUTION NO. R99-10

Agreement with Amtrak for the Maintenance of the Sounder Commuter Rail Fleet BACKGROUND AND COMMENTS

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	4/1/99	Recommend Board Approval	Paul Price, Director	206-689-4760
Board of Directors	4/8/99	Approval	David Phillip Beal	206-684-1883

ACTION:

Finance Committee recommendation to the Board of Directors authorizing 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.

BACKGROUND:

The *Sound Move* budget included \$144M for the procurement of a fleet for the commuter rail service. The *Sounder* fleet will eventually consist of 69 vehicles: 40 bi-level standard coaches, 18 bi-level cab cars, and 11 locomotives. To support the 30 trains per day that will make up full service (18 between Lakewood and Seattle, 12 between Everett and Seattle), and to protect the sizable investment the fleet represents, a modern maintenance facility is required.

Over the next several years, Amtrak and the Washington State Department of Transportation will invest up to \$53M in an expansion and complete reconstruction of the Amtrak King Street coachyard located just south of the new Safeco Field (Mariners' ballpark) in south downtown Seattle. Amtrak maintains their cross-country and Portland-to-Vancouver BC corridor trains at this location. Once construction is complete, the Amtrak coachyard will be a modern state-of-the-art facility well-equipped for train maintenance for decades to come. King Street coachyard is operationally well suited as a base for *Sounder* vehicles due to its close proximity to the center of the 82-mile commuter rail corridor.

On February 12, 1998, the Board discussed the offer by Amtrak to utilize King Street coachyard for *Sounder* commuter rail maintenance. The Board directed staff to enter into preliminary negotiations with Amtrak, and return with a briefing. On August 13, 1998 the Board discussed ongoing negotiations with Amtrak. The Board directed staff to enter final negotiations and return with an agreement if beneficial terms could be reached.

The contract provides for maintenance of the *Sounder* fleet at the King Street coachyard under a fixed-price structure for ten years. This arrangement provides Amtrak an assured return on its

investment and a high level of use by Sound Transit of the new facility. It also allows Sound Transit to budget ongoing fleet maintenance with a high degree of long term certainty. While the Amtrak coachyard renovation will take up to two years, the existing facilities remain available to Sounder via the proposed contract during that period.

This agreement averts the need for Sound Transit to construct its own maintenance yard and shop complex for the *Sounder* fleet, thus preserving limited capital dollars for other demands. The contract cost is within the *Sounder* program budget, and within the range of cost separately estimated by Sound Transit staff. Evaluating the contract on a cost-per-vehicle-per-year finds it to be within the range currently experienced in the transit industry.

RELEVANT BOARD POLICIES AND PREVIOUS ACTIONS TAKEN:

- ◆ Resolution No. R98-49, adoption of Fiscal Year 1999 Budget (November 12, 1998)

(The 1999 budget established a multi-year budget for commuter rail operations and maintenance adequate to cover this contract and a later contract for the in-service operation of the fleet.)

- ◆ Resolution No. 78-1 (April 9, 1998)

(Resolution No. 78-1 grants the Board of Directors authority to execute contract over \$5,000,000 in value, and allows the Board to authorize non-standard procurements, such as sole source and special circumstances procurements.)

EXECUTIVE SUMMARY:

The contract is the result of a year-long collaborative negotiating process between Amtrak and Sound Transit. While both parties worked to protect their own agency's interests, additional shared focus was placed on establishing a contract that emphasizes cost control, safety and assuring clean and reliable vehicles always being available for Sounder riders. Amtrak has been a very good partner throughout this process, and brings not only a facility to the relationship, but a well-trained and experienced work force.

Scope of work

The scope of services covered in the agreement include:

1. Amtrak shall provide all personnel, services, equipment and facilities required to maintain the locomotives, passenger coaches and cab cars used in the operation of the regularly scheduled commuter rail services.
2. Amtrak shall provide maintenance services for "special trains," and provide any support requested by Sound Transit necessary to resolve emergency situations.
3. During a Mobilization Planning period, following contract execution Amtrak shall produce an Organization Plan which identifies Amtrak's proposed staffing plan; a Quality Assurance/Quality Control Program, an Emergency Preparedness Plan; a Training Program

(including course descriptions, training schedules, training manuals, competency tests, territory qualification plans, subcontractor training plans and schedules and requalification plans), a System Safety and Security Plan, and a Disaster and Emergency Response Plan.

4. Maintenance Services will be provided at the Amtrak yard and at the end-of-the-line temporary and permanent layover facilities.
5. Amtrak will be required to maintain separate records for work on each Sound Transit vehicle, using a maintenance management system, for the purposes of tracking individual vehicle failures, identifying trends indicating systemic problems, fulfilling FTA National Transit Database reporting requirements, and documenting warranty claims.
6. Amtrak is required to comply fully with the terms of any manufacturer's warranty on the rolling stock.
7. Amtrak is required to provide amenities to support the operating crews in its maintenance facilities, such as: sleeping, layover and/or crew rooms, lockers, etc.
8. The Chief Executive Officer of Amtrak West is required to participate in regular executive meetings with Sound Transit personnel for the purpose of reviewing the performance of the Maintenance Services and the work of the management team.

Both parties worked together to structure the contract to rely primarily on negotiation and arbitration, rather than expensive litigation to resolve disputes.

The contract provides that at such time as Sound Transit receives federal funding for capitalized maintenance, Amtrak will be required to comply with various FTA requirements. These requirements are specified in the contract and include provisions for Buy America, ADA, etc.

Procurement and selection process

The contract with Amtrak is a sole source procurement. The process is consistent with earlier Board direction concerning negotiations with Amtrak. Only Amtrak has an existing rail yard along the eighty-two mile Sounder corridor with adequate available capacity and appropriate facilities. Due to the extensive siting, financial, and environmental issues that would need to be resolved, development of a new rail yard would seriously impact the schedule for start-up of Sounder service.

M/W/DBE participation

Amtrak is a quasi-governmental agency and, as such, M/W/DBE categorizations do not apply. To the extent that Amtrak subcontracts any portion of this work (e.g., vehicle cleaning at the end-of-the-line layover facilities), they will comply with their own federally mandated requirements. Amtrak has agreed to cooperate with Sound Transit's M/W/DBE and small business programs, to the extent they are allowed by Federal law. Generally, Amtrak intends to perform the scope of work covered under this agreement with its own forces. With the exception of management personnel, Amtrak's is a fully unionized work force.

Cost

For performing the scope described above, Amtrak will be compensated on the following fixed fee schedule:

Ten-year fixed price for fleet maintenance	\$5,900,000 per year (in January 1999 dollars)
Operation of the coachyard (utilities, etc.) during the first two years of Sounder operations. (Thereafter, added to the fixed-price based on actual experience.)	33.334% of Amtrak's actual costs
Change orders (e.g., repairs to damaged vehicles)	Amtrak's actual direct costs plus 12%
Fuel	Amtrak's actual average cost for the month invoiced; No additives
Performance incentive (shared by labor and management)	Sliding scale; up to \$15,000 per month (if 98% fleet availability is achieved)

The fixed price indicated above is for full service: 69 vehicles, 30 trains per day, 260 days per year. During the initial stages, while Sound Transit is operating fewer than 30 trains per day, a cost schedule will be negotiated which ramps-up to the \$5.9M figure.

The following items are included in the fixed price: Overhead, General Administration, and the costs of any subcontractors/third parties required by Amtrak to perform the maintenance.

The following activities are excluded from the fixed-price portion of the contract: major overhaul of vehicles, fuel, work to be performed as part of the manufacturer's warranty, repairs to vehicles, and painting. During the first two years of the contract, the cost of operating the new King Street coachyard is also excluded from the fixed-price. Should Sound Transit desire Amtrak to perform certain activities such as vehicle repair or overhaul, that would be accomplished using a negotiated change order to the fixed-price contract.

A unit price for "special trains," those above and beyond the 30 trains per day regular commuter service, will be negotiated by the parties prior to contract execution.

The contract will include an escalation clause for the fixed price, reflecting a combination of industry cost indices and the consumer price index.

The fixed-price portion of the contract shall be wire transferred automatically to Amtrak in monthly installments. All elements outside the fixed-price shall be invoiced from Amtrak to Sound Transit monthly and reimbursed through standard agency practice.

The agreement allows either party to renegotiate the contract after December 31, 2003 for the purposes of negotiating a new fixed price. If no agreement is reached within six months, either party can submit the matter to arbitration.

Should Sound Transit terminate the contract for convenience at any time, it will be obligated to pay Amtrak \$125,000 for each year remaining in the ten-year contract, to offset risk and costs of site facility development.

Contingency

No contingency is requested for activities within the scope of the fixed price. A ten percent (10%) additional allowance, based on the fixed-price component, is requested for those needs that arise that are not included in the scope of the fixed-price (e.g., repairs to a vehicle damaged in a collision).

Staff recommends including up to a 5% additional reserve in the contract to allow for operation of "special trains," those above and beyond the 30 trains per weekday regular commute service. Calculated on the fixed-price portion of the contract, this reserve for special trains would not exceed \$295,000 per year.

The annual budget process will be used to indicate escalation as provided for and any renegotiated changes in the fixed price cost structure.

ALTERNATIVES:

Sound Transit could build its own maintenance facility and then decide whether to operate it through public or private sector forces. The development of any new maintenance base would be time-consuming, expensive and difficult from an environmental standpoint.

CONSEQUENCES OF DELAY:

Delay in securing vehicle maintenance services at this time through this mechanism will make it difficult to secure these services in time for commuter rail system start-up. Any practical, available approach that does not rely on Amtrak would involve the construction of a completely new maintenance and storage complex somewhere reasonably close to the railroad right-of-way on which the service will operate. This would be a multi-year effort and place service start-up in jeopardy.

LEGAL REVIEW:

The Legal Department has reviewed and approved the Background and Discussion and the Resolution.

SOUND TRANSIT
RESOLUTION NO. R99-10

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority authorizing 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.

WHEREAS, a regional transit authority ("Sound Transit") has been created for the King, Pierce and Snohomish counties region by action of their respective county councils pursuant to RCW 81.112.030; and

WHEREAS, on November 5, 1996, Central Puget Sound area voters approved local funding for *Sound Move*, the ten-year plan for regional high-capacity transit in the Central Puget Sound region; and

WHEREAS, *Sound Move* provides for commuter rail service along the Tacoma-to-Seattle corridor; and

WHEREAS, the *Sound Move* budget included \$144M for the procurement of a fleet for the commuter rail service to support the 30 trains per weekday that will make up full service; and

WHEREAS, a modern and adequately suited maintenance facility is required to protect the sizable fleet investment; and

WHEREAS, Amtrak and the Washington Department of Transportation will invest up to \$53M to expand and completely reconstruct the Amtrak King Street coachyard located in south downtown Seattle; and

WHEREAS, Sound Transit desires to enter into agreement with Amtrak for maintenance of the *Sounder* commuter rail fleet; and

WHEREAS, the contract will provide for maintenance of the *Sounder* fleet at the King Street coachyard under a fixed-price structure for ten years and that the existing facilities will be made available to Sound Transit during expansion and reconstruction; and

WHEREAS, there is no other existing rail yard along the eighty-two mile *Sounder* commuter rail corridor with adequate available capacity and appropriate facilities; and

WHEREAS, a sole source procurement is in the best interest of Sound Transit; and

WHEREAS, the contract cost is within the *Sounder* approved program budget.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority that:

The Executive Director is hereby authorized 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.

BE IT FURTHER RESOLVED that the contract shall provide that the existing Amtrak maintenance facilities will be made available to Sound Transit during the planned expansion and reconstruction.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on the 8th day of April 1999

ATTEST:

Marcia Walker
Marcia Walker
Board Administrator

Paul E. Miller
Paul E. Miller
Board Chair