

SOUND TRANSIT

RESOLUTION NO. R99-12

**Agreement for Operation and Maintenance of
Regional Express Bus Service
BACKGROUND AND COMMENTS**

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	4/15/99	Recommendation	Veronica Parker, Program	206-689-3533
Executive Committee	4/16/99	Recommendation	Manager, Regional Bus	
Board of Directors	4/22/99	Approval	Agnes Govern, Director, Regional Express	206-684-1673

ACTION:

Approval of Resolution R99-12 will authorize the Executive Director to execute an agreement between Sound Transit and partnering agencies Community Transit and Pierce Transit for operation and maintenance (“Service Agreement”) of Regional Express bus service. The reimbursement rate for Pierce Transit is a blended hourly rate of \$68.54; the hourly reimbursement rate for Community Transit is \$65.38. This compares to the *Sound Move* assumption of \$70.98 per hour. All figures are 1999 dollars.

BACKGROUND:

Sound Move called for the creation of an extensive, efficient, and cost-effective regional bus transit system to begin service in the year 2000. Early implementation of the Regional Express service began in September 1997 with the Seattle-Tacoma Express. In September 1998, Regional Express partnered with King County Metro for 16 trips on Route 226/Bellevue – Seattle. The first phase of the System Plan adopted by the Board in November 1998 will be deployed in September, 1999.

The Service Agreements are designed to call out the requirements for the operation and maintenance of the Regional Express bus service. The agreement has been structured so that the major services apparent to the customers will be similar. The Service Agreement also reflects the high level of coordination among the region’s transit agencies that has been the cornerstone of the system design process.

Last fall the Board adopted the System Implementation Plan (Resolution No. R98-46) outlining the bus routes that will begin service through a phase-in approach. Furthermore, as per Resolution R98-31, the Board authorized negotiation of governmental agreements with the regional transit agencies for operation and maintenance of Regional Express bus service. The Resolution states that “it is in the best interest of Sound Transit to obtain services from these existing transit agencies which have in place the necessary maintenance and operation infrastructures, including operators, personnel, and facilities” and “Obtaining services from these

existing agencies would also facilitate service integration and the creation of a seamless regional transportation system.”

RELEVANT BOARD POLICIES AND PREVIOUS ACTIONS TAKEN:

- ◆ Adoption of *Sound Move* (May 31, 1996).
- ◆ Adoption of Resolution R98-31, authorizing negotiation of governmental agreements with existing transit agencies in the Pierce, King, and Snohomish County region for operation and maintenance of Regional Express bus service (July 23, 1998).
- ◆ Adoption of Resolution R98-46, adoption of Service Implementation Plan (November 12, 1998).
- ◆ Adoption of Resolution R98-49, adopting the 1999 Sound Transit budget (November 12, 1998).
- ◆ Adoption of Motion M99-4, allocating the Regional Express Bus routes to local agencies (January 28, 1999).
- ◆ Briefing to the Executive Committee on status of Service Agreement Discussions (March 19, 1999).

KEY FEATURES:

Structure of Agreement:

The Service Agreement includes a clear delineation of responsibilities between Sound Transit and the partnering agencies on roles, planning and scheduling, vehicle maintenance, operations, customer service, compensation, dispute resolution, insurance, and termination. The body of the Agreement is uniform amongst the three agencies. The detailed processes, unique elements and exceptions for each agency are listed in the document’s exhibits. The document was structured in this manner to allow flexibility so staff could manage the technical changes and updates to the Agreement.

Role of Sound Transit

Sound Transit is working closely with its partnering transit agencies on the integration of service in accordance with *Sound Move* and the System Implementation Plan. By contracting out the operations and maintenance of bus service to its partners, Sound Transit will enhance its ability to operate an efficient bus system and move towards a high quality, rider-focused transit environment. The Service Agreements include a framework for Sound Transit to share and receive information to meet the reporting requirements of the Regional Express program. This accountability will provide stability by operating an efficient and cost effective service.

Role of Partnering Agencies

The Service Agreement is a step in a joint effort between the partnering agencies and Sound Transit in developing a coordinated and seamless regional bus service, using established partnering agency resources. The partnering agencies will provide drivers and other personnel who maintain a high level of professionalism, courtesy, and responsibility. The Agreement will encourage joint efforts in maintaining and growing the regional network of bus service.

Term of Agreement

The term of the agreement is five years. This is in accordance with FTA regulations 4220.1D.

Financial Impacts of Agreement

The agreement acknowledges all of the elements and expenses related to operating the service. This Agreement reflects the majority of expenses for Regional Express bus service; however, there are several factors that can affect the service levels in future years. These include:

- Budget to actual compensation – The Agreement is based on an annual reconciliation process. This process will capture significant savings and/or deficits in the annual service budget. Effectively managing this process requires Sound Transit to be very sensitive to the fluctuations in costs and to proactively seek opportunities to develop resources to manage this activity.
- Annual review of the hourly rate – The hourly rates will be updated annually to reflect changes in each agency's expenses. Renegotiating the rates on this cycle may impact Regional Express's ability to keep the hourly rate within the projected budget over the life of the program.

Compensation

The current discussions regarding the contractor's recoverable costs for Regional Express service are predicated on the assumption that costs will be defined in the contract on a per service hour basis. As a result, negotiations have focused on identifying which cost centers can reasonably be linked to the increased service hours required to operate the Regional Express service.

To the extent possible, Sound Transit has been consistent with each operator's cost allocation methods, while negotiating an appropriate Regional Express share for each cost center. While there are many common elements in each agency's rate structure, there are some clear differences. These differences are mainly the result of different agency budget structures and operating and administrative practices. Some of these contrasting characteristics are a function of agency size and location.

Another distinguishing feature among the operators is the base year used for negotiating purposes. The cost figures that form the basis for the contract rate are based on 1999 budget values or previous year actual experience. Since contract payments will be reconciled to actual cost experience, these differences during negotiations are not expected to be material. The reconciliation process is designed to ensure that neither party to the agreement carries all of the budget risk. The practical result of this approach is to reduce the need to include budget contingencies, resulting in a more tightly budgeted contract rate.

In some cases, cost items have been held out of the hourly rate calculation in favor of separately negotiated agreements. An example of this situation is the printing and distribution costs of marketing and promotional material.

In addition to the negotiated hourly rate, one-time start-up costs have been identified for each operator. These include training costs for operators and maintenance staff, purchase and installation of regional communications and farebox equipment, and painting costs for purchased Pierce Transit vehicles.

FUNDING:

The Sound Transit budget includes approximately \$348 million (YOE) until 2006 to fund the operating costs of Regional Express bus routes.

CONSEQUENCES OF DELAY:

The transit agencies need this agreement executed in order to begin service start-up activities for September service. If the Board were to delay this decision, it will impact the schedule for beginning the service in September.

ALTERNATIVES:

Since this action is consistent with Board direction and within the adopted budget, staff has not identified alternatives.

LEGAL REVIEW:

The Legal Department has reviewed and approved this Background and Comments and the Resolution.

SOUND TRANSIT

RESOLUTION NO. R99-12

A resolution of the Board of the Central Puget Sound Regional Transit Authority authorizing the Executive Director to execute agreements for operation and maintenance with Community Transit and Pierce Transit related to implementation of regional express bus service.

WHEREAS, a regional transit authority (“Sound Transit”) has been created for the Pierce, King, and Snohomish County 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* called for new high-speed regional express bus routes to offer frequent, two-way service throughout the day, serving major regional centers and destinations and provide connections to other transportation components of *Sound Move*; and these bus routes cross subareas and connects points within Sound Transit boundaries with points in King County, Pierce County, and Snohomish County (referred to as “regional express bus service”); and

WHEREAS, *Sound Move* included \$361 million to fund regional express bus service and associated capital investments; and

WHEREAS, by Resolution 98-31 the Sound Transit Board of Directors (“Board”) authorized negotiation of governmental agreements with existing transit agencies in the Pierce, King and Snohomish County for operation and maintenance of regional express bus service; and

WHEREAS, by Motion 98-46 the Board adopted the System Implementation Plan outlining the bus routes to begin service through a phase-in approach; and

WHEREAS, Sound Transit desires to enter into agreement with Community Transit and Pierce Transit, respectively, for operation and maintenance related to implementation of Regional Express bus service in September 1999 ("Service Agreement"); and

WHEREAS, the Service Agreement includes all of the elements and expenses related to operating the service, including respective roles and responsibilities, hourly rate, planning and scheduling, customer service, compensation, dispute resolution, insurance coverage and termination; and

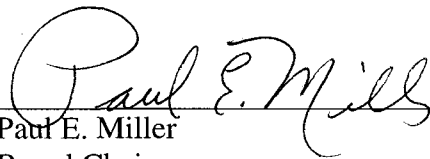
WHEREAS, the Service Agreement represents an extensive joint effort by the transit agencies and Sound Transit to develop a coordinated and seamless regional bus services using established resources; and


WHEREAS, Sound Transit has determined that it is the best interest of the public to enter into Service Agreements with Community Transit and Pierce Transit for the Regional Express bus service called for in *Sound Move*.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority that the Executive Director is authorized to execute an agreement for a term of five (5) years with Community Transit and Pierce Transit, respectively, for operation and maintenance related to implementation of regional express bus service.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof on the 22nd day of April, 1999.

ATTEST:


Paul E. Miller
Board Chair



Marcia Walker
Board Administrator