

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2004-70

Regional Express Service Agreements with Pierce Transit

Meeting:	Date:	Type of Action:	Staff Contact	Phone:
Finance Committee	7/15/04	Discussion/Possible Action to Recommend to Board	Marty Minkoff, Director, Transportation Services	(206) 398-5111
Board	7/22/04	Approval Action	Mike Bergman, Program Manager, Transportation Services Fred Chun, Project Manager, Transportation Services	(206) 398-5358 (206) 398-5044

Contract/Agreement Type:	✓	Requested Action:	✓
Competitive Procurement		Execute New Contract/Agreement	
Sole Source		Amend Existing Contract/Agreement	
Interagency Agreement		Contingency Funds (Budget) Required	
Purchase/Sale Agreement	✓	Budget Amendment Required	

✓ *Applicable to proposed transaction.*

ACTION

Authorizes the Chief Executive Officer to execute an agreement for Regional Express bus service with Pierce Transit for the period of January 1, 2005, through December 31, 2009.

KEY FEATURES

The proposed service agreement contains the following key features:

- A scope of work that addresses bus operations, scheduling, vehicle maintenance, customer services, safety and security.
- Cooperation and coordination in the planning of services.
- Performance standards for the services provided.
- Provision of regular management reports.
- A new compensation process designed to improve budget predictability and long-range financial planning.
- An annual reconciliation process limited to agreed-upon costs.
- Separate reporting of Sound Transit bus service statistics to the Federal Transit Administration's National Transit Database (NTD).
- Agreement in principle to reduce out-of-service miles and improve efficiency by storing buses in Seattle between weekday peak periods.

BUDGET DISCUSSION

With the proposed new agreements, compensation would be based on total annual Baseline costs instead of hourly rates. Pierce Transit would provide its initial estimate of Baseline costs by October 31 of each year for service provided the following year. A final cost would be established by November 30, subject to specific exceptions outlined in the agreement. Pierce Transit would provide documentation in the development of its cost estimates, which would assist in the annual budget review process for subsequent years. The annual reconciliation process would be limited to agreed-upon direct costs.

Pierce Transit would also provide Sound Transit with three-year cost projections on a rolling basis each year, based on updated projections of vehicle hours developed by Sound Transit. While not binding, these projections would assist in improving budget predictability and long-range financial planning.

REVENUE, SUBAREA AND FINANCIAL PLAN IMPACTS

The proposed action is consistent with the current Service Implementation Plan and Board-adopted budget and is affordable within Sound Transit's current long-term financial plan and the financial capacity of the subareas. The Pierce County subarea will pay its subarea share of the Regional Express bus service costs.

M/W/DBE- SMALL BUSINESS PARTICIPATION

Not applicable for this transaction.

HISTORY OF PROJECT

Prior Board or Committee Actions and Relevant Board Policies

Motion or Resolution Number	Summary of Action	Date of Action
M2003-22	Directed staff to negotiate with the existing providers for Regional Express bus service using the contract approach outlined in the motion.	03/13/03
R99-30	Authorized the CEO to execute an Operations and Maintenance Agreement for Regional Express bus service with King County Metro.	07/26/99
R99-12	Authorized the CEO to execute an Operations and Maintenance Agreements for Regional Express bus service with Pierce Transit and Pierce Transit.	04/22/99
M99-4	Authorized the allocation of Regional Express bus routes to the partners.	01/28/99
R98-31	Authorized staff to negotiate operations and maintenance agreements for Regional Express bus service with Community Transit, King County Metro, and Pierce Transit.	07/23/98

In March 2003, the Board directed staff to negotiate new service agreements with the transit partner agencies using the following parameters to achieve the objectives of greater budget predictability, cost effectiveness, efficiency, and flexibility for future service decisions:

- Negotiate multi-year cost and service agreements with existing service providers;
- Work with the transit agencies to capture the maximum cost savings possible; and
- Negotiate a Sound Transit ownership interest in any maintenance base investment.

As part of the alternatives review, Sound Transit staff examined the cost growth during the five years of the current agreements and confirmed that, on average, it was within the growth rate projected in the adopted Service Implementation Plans. The partner agencies have delivered high-quality service with average annual rate increases at or only slightly above the Seattle Consumer Price Index. During the negotiations process, Sound Transit conducted an extensive review of key cost categories and took the initiative to incorporate the following additions into the proposed agreements:

- A new compensation process designed to increase budget predictability and limiting the reconciliation process to direct costs.
- Direct reporting of Sound Transit bus service data to the Federal Transit Administration's National Transit Database (this data has been rolled into partner agency reports since the inception of Sound Transit). This will increase the visibility of Sound Transit service, provide valuable key performance indicators, and increase Sound Transit's eligibility for Federal grants.
- A joint Sound Transit-Pierce Transit program to reduce out-of-service mileage and improve efficiency by storing Sound Transit buses in Seattle between the morning and afternoon rush hours.
- Additional performance standards and system performance reports that will contribute to improved management oversight.

In addition to these changes to the agreements, Sound Transit is currently evaluating alternatives for full or partial ownership interest in bus maintenance bases. Sound Transit ownership would help ensure service continuity, assist in isolating the cost of Regional Express service, and provide flexibility in providing future service. This in turn would further improve the accuracy of the multi-year cost projections for Regional Express service prepared by the transit agency partners.

STATUS OF NEGOTIATIONS

Currently, Sound Transit has reached tentative agreements with Pierce Transit, Community Transit, and King County Metro. Pierce Transit and Community Transit are prepared to commence service on January 1, 2005, under the proposed new agreements, pending approval by the respective governing boards and the Sound Transit Board.

However, King County Metro's financial and reporting systems have extensive changes, which need to be implemented for the proposed agreement. Although, it has committed to making these changes, the changes may not be in place by January 1, 2005. Sound Transit staff has been working closely with King County Metro to evaluate alternative methods of implementing the needed changes under a mutually acceptable timeline.

REGIONAL EXPRESS SERVICE AUDIT

Sound Transit's Performance Audit Committee (PAC) has released the "Audit of Regional Express Operations," the first of several performance audits of Sound Transit's projects and services. The Regional Express audit is an independent evaluation administered by PAC and conducted by Booz Allen Hamilton, Inc. Many of the audit's recommendations will be reflected in changes to Sound Transit's internal practices and procedures and have been incorporated in the proposed service agreements.

PUBLIC INVOLVEMENT

Not applicable for this action.

LEGAL REVIEW

JW 6/17/04

SOUND TRANSIT

MOTION NO. M2004-70

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the Chief Executive Officer to execute an agreement for Regional Express bus service with Pierce Transit for the period of January 1, 2005, through December 31, 2009.

Background:

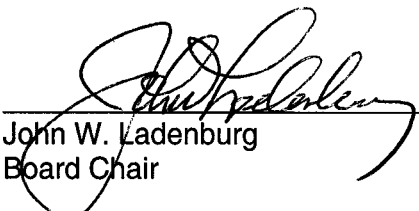
Regional Express bus routes in the Pierce subarea and portions of the South King subarea are currently operated through an agreement between Sound Transit and Pierce Transit. This agreement expires on December 31, 2004. In 2003, the Sound Transit Board directed staff to negotiate new service agreements with the existing three transit agency providers. The proposed new agreements, reflecting six months of negotiations, are virtually identical for each agency and contain provisions that provide for greater budget predictability, higher performance standards and additional reporting of key performance indicators.

The new service agreement with Pierce Transit is for Regional Express bus service starting January 1, 2005, and ending on December 31, 2009.

Motion:

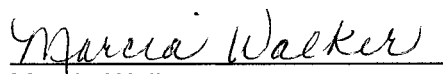
It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the Chief Executive Officer is authorized to execute an agreement for Regional Express bus service with Pierce Transit for the period of January 1, 2005, through December 31, 2009.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on July 22, 2004.



John W. Ladenburg
Board Chair

ATTEST:



Marcia Walker
Board Administration