

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2005-117

**Contract Amendment For Four Additional Low Floor Light Rail Vehicles
for the Airport Link Project**

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	10/20/05	Discussion/Possible Action to Recommend Board Approval	Ahmad Fazel, Link Director	(206) 398-5389
Board	12/08/05	Action	Martin Schachenmayr, Project Manager Justin Garrod, LRV Project Manager	(206) 398-5162 (206) 398-5384

Contract/Agreement Type:	<input checked="" type="checkbox"/>	Requested Action:	<input checked="" type="checkbox"/>
Competitive Procurement	<input checked="" type="checkbox"/>	Execute New Contract/Agreement	<input type="checkbox"/>
Sole Source	<input type="checkbox"/>	Amend Existing Contract/Agreement	<input checked="" type="checkbox"/>
Agreement with Other Jurisdiction(s)	<input type="checkbox"/>	Budget Amendment	<input type="checkbox"/>

PROJECT NAME

Airport Link

PROPOSED ACTION

Authorizes the Chief Executive Officer to execute a contract amendment with Kinkisharyo International, L.L.C./Mitsui & Co. Inc. Joint Venture, through exercise of an existing option, to manufacture and deliver four additional low floor light rail vehicles to support operational requirements for the Airport Link project, in the amount of \$13,892,426 with a 5% contingency of \$694,621, for a new total authorized contract amount not to exceed \$146,385,841.

KEY FEATURES of PROPOSED ACTION

- The purpose of this action is to acquire four additional Light Rail Vehicles that are required to support operational requirements for the Airport Link project.
- The scope of the contract includes project management, manufacturing, assembly, inspection, testing, and delivery of four low floor light rail vehicles.
- The original P801 Light Rail Vehicle Contract was for 31 vehicles. The P801 Light Rail Vehicle Contract included the option for the procurement of up to 31 additional light rail vehicles, four of which are to be procured under this amendment.
- Manufacturing of the four additional light rail vehicles will follow the original 31 car order with delivery to Sound Transit expected in the summer of 2008.

BUDGET IMPACT SUMMARY

Current Project Phase: Final Design
Projected Completion Date: December 2009

Action Outside of Adopted Budget:	✓	Comments on Checked Items
This Project		
This Phase		
This Task		
Budget Amendment Required		

Key Financial Indicators:	✓	Comments on Checked Items
Contingency Funds Required		
Funding required from other parties (other than what is in financial plan)		

Not checked = action is assumed in current Board-adopted budget. No budget action or adjustment to financial plan required.

BUDGET and FINANCIAL PLAN DISCUSSION

The proposed action would authorize expenditures for the manufacture and delivery of four additional low floor light rail vehicles for the Airport Link project in an amount not to exceed \$14,587,047, resulting in a new total authorized expenditure amount for the Kinkisharyo International, L.L.C./Mitsui & Co. Inc. Joint Venture contract not to exceed \$146,385,841.

The total amended capital budget for the Airport Link project is \$243.6 million. Within that budget, \$16.5 million was set aside for the procurement of light rail vehicles in the vehicle phase. Should the proposed action be approved, there would be a remaining balance of \$1,912,953 for this budget line item.

The proposed action is consistent with the Board-adopted budget, as amended by Board Resolution No. R2005-16 on July 14, 2005, to complete final design and construction to extend light rail to Sea-Tac International Airport. The action is affordable within the agency's current long-term financial plan and subarea financial capacity, and will have no new revenue impact on Sound Transit.

BUDGET TABLE

Action Item: Kinkisharyo (Design, manufacture, and deliver 4 low floor light rail vehicles for the Link Light Rail Airport Link project)

(Year of Expenditure \$000)

Airport Link	Amended 2005 Budget (A)	Committed To Date (B)	This Action (C)	Total Committed & Action (D)	Uncommitted (Shortfall) (E)
1 Agency Administration	5,000	3,186		3,186	1,814
2 Preliminary Engineering	8,000	8,267		8,267	(267)
3 Final Design	13,500	7,701		7,701	5,799
4 Right of Way	23,000	2,118		2,118	20,882
5 Construction	158,000	-		-	158,000
6 Construction Services	10,500	2		2	10,498
7 Third Party Agreements	2,600	1,159		1,159	1,441
8 Vehicles	17,000	-	14,587	14,587	2,413
9 Contingency	6,000	-		-	6,000
10 Total Current Budget	243,600	22,433	14,587	37,020	206,580

Vehicles Phase Detail

11 Light Rail Vehicles	16,500	-	14,587	14,587	1,913
12 LR Vehicles unallocated contingency	500	-		-	500
13 Total Phase	17,000	-	14,587	14,587	2,413

(A) AMENDED 2005 BUDGET reflects Board Resolution R2005-16 for Airport Link Project Identification, adopted 7/14/05, which added \$225M for completion of final design and construction to extend light rail to the SeaTac International Airport.

Contract Budget	Board Approvals to Date (F)	Current Approved Contract Value (G)	Proposed Action (H)	Proposed Total for Board Approval (I)	Proposed Contract Value (J)
14 Contract Amount	125,523	126,666	13,892	139,415	140,559
15 Contingency	6,276	5,132	695	6,971	5,827
16 Total Contract	131,799	131,799	14,587	146,386	146,386
17 Percent Contingency	5%	4%	5%	5%	4%

M/W/DBE – SMALL BUSINESS PARTICIPATION

As a transit vehicle manufacturer, Kinkisharyo/Mitsui must certify that it complies with the requirements of 49CFR, part 26, by submitting documentation in its proposal that it has a DBE Program that is currently approved by the FTA.

EEO Commitment

As a condition of the contract, Kinkisharyo/Mitsui will comply with equal employment opportunity provisions and nondiscrimination provisions in accordance with federal laws and policies.

PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION

On January 22, 2003, Sound Transit advertised and issued a Request for Proposals (RFP) for Light Rail Vehicles for the Initial Segment of the Central Link Light Rail Project. A two-phase negotiated, best value, competitive procurement process was used for selection of the light rail vehicle manufacturer. Upon completion of this process, Sound Transit decided to proceed with issuing a Request for Best and Final Offer (RFBAFO). Sound Transit found all proposals were qualified for consideration in the Request for Best and Final Offer (RFBAFO).

On December 11, 2003 the Board authorized the Chief Executive Officer to execute a contract with Kinkisharyo International, L.L.C./Mitsui & Co. Inc. Joint Venture (Kinkisharyo/Mitsui) for 31 low floor light rail vehicles for the Link Initial Segment. The contract includes the option for the procurement of up to 31 additional Light Rail Vehicles.

On July 14, 2005, the Sound Transit Board selected the Airport Link project to be constructed and operated as part of Central Link Light Rail. Airport Link will extend the Initial Segment from South 154th Street to an LRT station at Sea-Tac International Airport's main terminal. The 1.7-mile Airport Link extension will be fully integrated into the Initial Segment and is planned to be completed by the end of 2009.

The Federal Transit Administration (FTA) issued a Record of Decision on the Airport Link project on September 13, 2005.

Prior Board or Committee Actions and Relevant Board Policies

Motion or Resolution Number	Summary of Action	Date of Action
M2003-123	Executed a contract with Kinkisharyo International, L.L.C./Mitsui & Co. Inc. Joint Venture, to design, manufacture, and deliver 31 low floor light rail vehicles for the Link Initial Segment, including systems support, spare parts, special tools, and test equipment in the amount of \$108,606,040 with an allowance for an economic price adjustment for inflation of \$9,579,808, an allowance for sales taxes of \$7,336,813, and with a 5% contingency of \$6,276,133 for a total authorized contract amount not to exceed \$131,798,794	12/11/03
R2005-16	Selected the Airport Link alignment and station locations and selecting the portion of Airport Link to be constructed and operated as part of the Central Link Light Rail Project by the end of 2009; increasing the Airport Link lifetime Adopted 2005 Budget; increasing the Airport Link annual Adopted 2005 Budget; and for planning purposes, reducing the minimum debt service coverage ratio for South King County subarea to 1.15x for the Airport Link Finance Plan.	7/14/05

CONSEQUENCES of DELAY

Prompt manufacture, delivery and testing of light rail vehicles are critical to the successful start-up and operation of the Airport Link Segment by 2009.

PUBLIC INVOLVEMENT

Not applicable to this action.

ENVIRONMENTAL COMPLIANCE

Pursuant to the National Environmental Policy Act (NEPA) and the State Environmental Policy Act (SEPA), Sound Transit, the Port of Seattle and the Federal Transit Administration issued the Airport Link Environmental Assessment/SEPA Addendum (EA) on May 26, 2005. The EA is an update to the Central Link Final Environmental Impact Statement (EIS) issued in November 1999 and the Tukwila Freeway Route Supplemental EIS issued in November 2001 and discusses the environmental effects of Airport Link.

LEGAL REVIEW

JW 10/12/05

SOUND TRANSIT

MOTION NO. M2005-117

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the Chief Executive Officer to execute a contract amendment with Kinkisharyo International, L.L.C./Mitsui & Co. Inc. Joint Venture, through exercise of an existing option, to manufacture and deliver four additional low floor light rail vehicles to support operational requirements for the Airport Link project, in the amount of \$13,892,426 with a 5% contingency of \$694,621, for a new total authorized contract amount not to exceed \$146,385,841.

Background:

On January 22, 2003, Sound Transit advertised and issued a Request for Proposals (RFP) for Light Rail Vehicles for the Initial Segment of the Central Link Light Rail Project. A two-phase negotiated, best value, competitive procurement process was used for selection of the light rail vehicle manufacturer. Upon completion of this process, Sound Transit decided to proceed with issuing a Request for Best and Final Offer (RFBAFO). Sound Transit found all proposals were qualified for consideration in the Request for Best and Final Offer (RFBAFO).

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Motion:

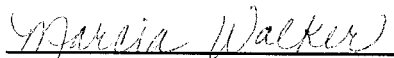
It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the Chief Executive Officer is authorized to execute a contract amendment with Kinkisharyo International, L.L.C./Mitsui & Co. Inc. Joint Venture, through exercise of an existing option, to manufacture and deliver four additional low floor light rail vehicles to support operational requirements for the Airport Link project, in the amount of \$13,892,426 with a 5% contingency of \$694,621, for a new total authorized contract amount not to exceed \$146,385,841.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on December 8, 2005.



John W. Ladenburg
Board Chair

ATTEST:



Marcia Walker
Board Administrator