

**SOUND TRANSIT  
STAFF REPORT**

**MOTION NO. M2008-51**

**Lakewood-Tacoma Bus Service Contract**

| <b>Meeting:</b>   | <b>Date:</b> | <b>Type of Action:</b>     | <b>Staff Contact:</b>  | <b>Phone:</b>                        |
|-------------------|--------------|----------------------------|--|--------------------------------------|
| Finance Committee | 5/1/08       | Discussion/Possible Action | Bonnie Todd, Director,<br>Transportation Services<br><b>John May, Interim<br/>Manager, ST Express<br/>Bus Operations</b> | (206) 398-5367<br><br>(206) 398-5016 |

| <b>Contract/Agreement Type:</b>      | ✓ | <b>Requested Action:</b>          | ✓ |
|--------------------------------------|---|-----------------------------------|---|
| Competitive Procurement              | ✓ | Execute New Contract/Agreement    | ✓ |
| Sole Source                          |   | Amend Existing Contract/Agreement |   |
| Agreement with Other Jurisdiction(s) |   | Budget Amendment                  |   |
| Real Estate                          |   | Property Acquisition              |   |

**PROJECT NAME**

Contracted Bus Service – Lakewood to Tacoma

**PROPOSED ACTION**

Authorizes the chief executive officer to execute a three-year contract with two one-year options to extend with Pierce Transit to provide interim bus service between Lakewood and Tacoma in the amount of \$877,581, with a 10% contingency of \$87,758, for a total authorized contract amount not to exceed \$965,339.

**KEY FEATURES of PROPOSED ACTION**

- A new interim express bus service (Route 599) will provide a dedicated connection between Lakewood Station and Sounder train service at the Tacoma Dome Station. Start-up of this service was approved by the Board as part of the 2008 Service Implementation Plan.
- Since this is an interim route, a competitive process was used to select an operator, with the operator providing the vehicles needed for the service.
- The contract provides for a base three-year term with two additional one-year options to extend. The amount requested covers the first three years of the service.

**BUDGET IMPACT SUMMARY**

There is no action outside of the Board-adopted budget; there are no contingency funds required, no subarea impacts, or funding required from other parties other than what is already assumed in the financial plan.

**BUDGET and FINANCIAL PLAN DISCUSSION**

The proposed action will be funded through the ST Express purchased transportation special services. The Adopted 2008 Budget for ST Express purchased transportation services is \$66,188,153. Within that amount, \$116,720 has been set aside for special bus services in Pierce County. The proposed action is consistent within the current adopted budget, and is affordable with the agency’s long-term financial plan and subarea financial capacity. The estimated spending in 2008 is \$57,728. The remaining balance for this contract will be budgeted in the years beyond 2008.

**BUDGET TABLE**

Action Item: Execute a contract with Pierce Transit to provide interim bus service between Lakewood and Tacoma.

|   | Adopted Budget 2008 (1) | Spent to date in 2008 (2) | Contract Expenditures 2008 | Remaining 2008 Budget |
|---|-------------------------|---------------------------|----------------------------|-----------------------|
| <b>Current Year Budget</b>                                  |                         |                           |                            |                       |
| Special purchased transportation Services for Pierce County | 117                     | -                         | 57                         | 60                    |
| Other Purchased transportation services                     | 66,071                  | 11,012                    | -                          | 55,059                |
| <b>Total</b>  | <b>66,188</b>           | <b>11,012</b>             | <b>57</b>                  | <b>55,119</b>         |

**Budget Shortfall**

| Level | Shortfall | Resources | Funding Source |
|-------|-----------|-----------|----------------|
| N/A   | -         | -         | N/A            |

| Contract Spending Plan | Prior Year(s) Spending | 2008 Spending | Future Expenditures | Total |
|------------------------|------------------------|---------------|---------------------|-------|
| Pierce Transit         |                        | 57            | 909                 | 966   |

| Contract Budget            | Current Approved Contract Value | Spent to Date | Proposed Action | Proposed Total Contract Value |
|----------------------------|---------------------------------|---------------|-----------------|-------------------------------|
| Pierce Transit             | -                               | -             | 878             | 878                           |
| Contingency                |                                 | -             | 88              | 88                            |
| <b>Total Contract</b>      | <b>-</b>                        | <b>-</b>      | <b>966</b>      | <b>966</b>                    |
| <b>Percent Contingency</b> | <b>-</b>                        | <b>-</b>      | <b>10%</b>      | <b>10%</b>                    |

**Notes:**

- 1 Represents ST Express purchased transportation services budget for 2008. This information can be found on page 59 of Adopted 2008 Budget book.
- 2 Represents estimated spending for purchased transportation services in January and February 2008.

## **SMALL BUSINESS PARTICIPATION**

Not applicable for this transaction; Pierce Transit does not plan to subcontract any related functions of this service.

## **PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION**

As part of the 2008 Service Implementation Plan, the Sound Transit Board approved the start-up of a new interim express bus route connecting Lakewood Station with the Tacoma Dome Station. The bus service, designated Route 599, is designed to provide convenient and dependable connections to and from Sounder trains in Tacoma. Route 599 would be discontinued when Sounder train service is extended directly to Lakewood.

Normally, new ST Express bus routes are implemented through Sound Transit's existing service agreements with its partner transit agencies and Sound Transit provides the vehicles for the service. Since Route 599 would be an interim route, the 2008 Service Implementation Plan recommended a competitive process to select a firm that would provide the vehicles, maintenance facilities, and day-to-day operations. This eliminates the need for Sound Transit to acquire vehicles and would reduce the total cost of the service.

The recommended service contract with Pierce Transit is the result of a competitive proposal process. Two organizations submitted proposals. Proposals were evaluated on the basis of several criteria, including firm experience and history; project organization; contract approach and business plan; and price and financial responsibility. Pierce Transit's submittal met or exceeded the criteria, and their per hour cost for the first three years of service was lower than the independent cost estimate developed for the project. With the exception of a fuel cost adjustment provision, the contract stipulates a fixed hourly service cost for the first three years. The number of service hours can be increased or decreased up to 25 percent without changes to the hourly rate. If Route 599 is still needed after the first three years of the contract, Sound Transit can negotiate a new hourly rate with Pierce Transit to continue service for up to two additional years.

### **Analysis of contracting out versus in-house**

- Doing the work in-house would require purchasing or leasing a bus maintenance base, buses, support equipment and hiring employees for the period of time until Sounder commuter rail service to Lakewood begins.
- By contracting out, Sound Transit will benefit from economies of scale as this service will be a small addition to an established bus operations company.
- Using contracted services will provide the maximum flexibility for resources to be scaled to the level of service needed, rather than to go through additional vehicle procurement and further hiring processes for each new need that is identified.
- As this is an interim program, using contracted services will give Sound Transit an opportunity to provide the service only until Sounder begins operations. Once Sounder service begins operations, ST Express can discontinue the Route 599 without incurring any long-term costs.

## Prior Board/Committee Actions

| Motion/Resolution Number and Date | Summary of Action  |
|-----------------------------------|--|
| R2007-28<br>12/13/07              | Board adoption of the 2008 Service Implementation Plan   |
| R2005-14<br>7/7/05                | Amended Long-Range Plan authorizing the use of competitive bidding for transit service contracts |

### **CONSEQUENCES OF DELAY**

A delay in executing the contract of more than one month could impair Pierce Transit's ability to provide Route 599 service in time for the September 22, 2008 scheduled opening of Lakewood Station.

### **PUBLIC INVOLVEMENT**

Not applicable to this action.

### **ENVIRONMENTAL COMPLIANCE**

SSK 4-25-08

### **LEGAL REVIEW**

JW 4/25/08

## **SOUND TRANSIT**

### **MOTION NO. M2008-51**

A motion of the Finance Committee of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a three-year contract with two one-year options to extend with Pierce Transit to provide interim bus service between Lakewood and Tacoma in the amount of \$877,581, with a 10% contingency of \$87,758, for a total authorized contract amount not to exceed \$965,339.

#### **Background:**

As part of the 2008 Service Implementation Plan, the Sound Transit Board approved the start-up of a new interim express bus route connecting Lakewood Station with the Tacoma Dome Station. The bus service, designated Route 599, is designed to provide convenient and dependable connections to and from Sounder trains in Tacoma. Route 599 would be discontinued when Sounder train service is extended directly to Lakewood.


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#### **Motion:**

It is hereby moved by the Finance Committee of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a three-year contract with two one-year options to extend with Pierce Transit to provide interim bus service between Lakewood and Tacoma in the amount of \$877,581, with a 10% contingency of \$87,758, for a total authorized contract amount not to exceed \$965,339.

APPROVED by the Finance Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on May 1, 2008.

  
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Aaron Reardon  
Finance Committee Chair

ATTEST:

  
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Marcia Walker  
Board Administrator