

**MOTION NO. M2011-37**
**Contract with Resource Systems Group, Inc. for Market Research Services**

<b>MEETING:</b>	<b>DATE:</b>	<b>TYPE OF ACTION:</b>	<b>STAFF CONTACT:</b>	<b>PHONE:</b>
Operations and Administration Committee	05/19/11	Final Action	Ron Klein, Executive Director of Communications and External Affairs <b>Tim Healy, Manager of Marketing &amp; Creative Services</b> <b>Brian Brooke, Project Manager, PEPD</b>	206-398-5393  206-398-5062  206-398-5229

**PROPOSED ACTION**

Authorizes the chief executive officer to execute a three-year contract with Resource Systems Group, Incorporated, to provide market research services to support Sound Transit ridership building initiatives on an as-needed basis for a total authorized contract amount not to exceed \$630,000.

**KEY FEATURES**

- The contractor will deliver research services and advise Sound Transit staff on research strategies that meet the goals of building and maintaining ridership laid out in Sound Transit's strategic communications plan.
- Resource Systems Group, Incorporated (RSG, Inc.), will provide technical research related to ridership modeling and assess and analyze market response to factors such as pricing changes, new fare products, or new amenities on Sound Transit vehicles or at transit facilities. RSG, Inc., may also be used to explore new revenue generation possibilities at ST facilities.
- The contract scope includes:
  - Providing baseline information through the development, fielding, and analysis of quantitative and/or qualitative research
  - Identifying and quantifying potential new target markets for transit services
  - Forecasting demand and modeling market responses to factors such as changes to fares, fuel prices, congestion, tolls, parking or system access
  - Recommend industry best-practices and emerging trends for creating value from transit facilities and services
  - Utilizing tools to more accurately assess and analyze people's preferences and behaviors.
  - Developing research approaches that meet the goals laid out in Sound Transit's strategic communications plan
- The contract will be used on an as needed basis. Each project will require a scope of work and work order before any work is authorized by the project manager.
- Annual spending for the contract will be \$210,000. The contract amount is sufficient for the three-year contract term.

**PROJECT DESCRIPTION**

Sound Transit currently conducts an annual on board customer satisfaction survey and a telephone survey within the agency's three-county service area about the agency's ongoing performance. This contract would expand the agency's research program with other initiatives aimed at increasing ridership or market share.

**FISCAL INFORMATION**

Summary for Board Action (Year of Expenditure \$000)

Project: 405 - Fare Administration

	2011 Adopted Lifetime Budget <sup>1</sup> (A)	Committed to Date <sup>2</sup> (B)	This Action Lifetime (C)	Total Committed & Action (D)	Uncommitted (Shortfall) (E)
Operating Budget	\$ 4,284	\$ 378	\$ 630	\$ 1,008	\$ 3,276
Capital Budget	\$ 16,700	\$ -	\$ -	\$ -	\$ 16,700
<b>Total Current Budget</b>	<b>\$ 20,984</b>	<b>\$ 378</b>	<b>\$ 630</b>	<b>\$ 1,008</b>	<b>\$ 19,976</b>

	2011 Adopted Annual Budget <sup>1</sup> (F)	Committed to Date <sup>2</sup> (G)	This Action Annual (H)	Total Committed & Action (I)	Uncommitted (Shortfall) (J)
Research & Market Development	\$ 1,191	\$ 362	\$ 210	\$ 572	\$ 619
Fare Policy & Pricing Analysis	\$ 45	\$ 16	\$ -	\$ 16	\$ 29
<b>Total Operating Budget</b>	<b>\$ 1,236</b>	<b>\$ 378</b>	<b>\$ 210</b>	<b>\$ 588</b>	<b>\$ 648</b>

	Prior Year Spending (K)	2011 Spending Plan (L)	Future Expenditures (M)	Total (N)
Contract Spending Plan				
Resource Systems Group, Inc.	-	210	420	630

Contract Budget	Current Approved Contract Value (O)	Proposed Action (P)	Proposed Total Contract Value (Q)
Resource Systems Group	\$ -	\$ 630	\$ 630
Contingency	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ 630</b>	<b>\$ 630</b>
Percent Contingency	0%	0%	0%

**Notes:**

- <sup>1</sup> Project budget is located on page 162 of the Adopted 2011 Transit Improvement Plan.
- <sup>2</sup> Spent to date amount includes actual outlays and commitments through March 31, 2011.

**SMALL BUSINESS PARTICIPATION**

Sound Transit Goal: 15%

Commitment: 15%

Subconsultant/Subcontractor	Business Type	% of Work
MarketFitz	Small Business	7.5%
T.D. Wang	DBE	7.5%
<b>Total</b>		<b>15%</b>

## **EQUAL EMPLOYMENT WORKFORCE PROFILE**

67 employees; 31% women; 4% minorities.

## **BACKGROUND**

Sound Transit has conducted marketing and customer satisfaction research periodically since fall 1996. Research has been conducted to measure the effectiveness of Sound Transit programs and services.

This contract will allow continuity in the research products already being produced and allow the agency to respond more quickly as new research needs arise.

Sound Transit issued a request for proposal for Marketing Research Consultant Services. In March 2011, Sound Transit received proposals from eight firms. A selection panel evaluated the written proposals and recommended selecting two separate firms to be on contract to provide research services for the agency on an as-needed basis: EMC Research and RSG, Inc. The selection panel felt that having both firms under contract with the agency would provide the broad range of research services needed by Sound Transit.

RSG, Inc. will provide technical research related to ridership modeling and assessing and analyzing market response to factors such as pricing changes, new fare products, or new amenities on Sound Transit vehicles or at transit facilities. RSG, Inc. may also be used to explore new revenue generation possibilities at ST facilities. There is a separate concurrent Committee action for a research services contract with EMC Research. That firm will help develop the agency's long term research plan and implement the market research and customer satisfaction components of that plan.

The specific research goals include:

- Defining and refining the markets for Sound Transit's services.
- Identifying the barriers that prevent the key markets from trying Sound Transit services and the incentives that would encourage them to try Sound Transit services.
- Testing the effectiveness of messages and tools used to attract new riders.
- Establishing benchmarks for consistently measuring the effectiveness of the tools and programs used to attract new riders.
- Determine the types of amenities Sound Transit could offer on vehicles or at facilities that would attract and retain riders.
- Modeling forecast demand and market responses to changes within Sound Transit's control (such as pricing or service and facility improvements) and outside of Sound Transit's control (such as fuel prices or tolls).
- Identifying potential new markets for pre-paid fare media (tickets and ORCA cards) such as employment clusters, schools, tourist packages, and residential complexes based on identified gaps in our current customer base and best/emerging practices at other transit agencies.

### Analysis of Contracting Out vs. Performing In-House

Sound Transit does not currently employ research staff. To employ the appropriate staff to conduct comparable research projects anticipated as part of this contract would exceed the annual contract amount budgeted for research services. Since research services are only needed periodically, it is not cost effective to maintain full-time research staff.

**ENVIRONMENTAL COMPLIANCE**

SK 5-10-11

**PRIOR BOARD/COMMITTEE ACTIONS**

None.

**TIME CONSTRAINTS**

A one month delay would not create a significant impact to the project schedule.

**PUBLIC INVOLVEMENT**

Not applicable to this action.

**LEGAL REVIEW**

JW 5/11/11

**MOTION NO. M2011-37**

A motion of the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a three-year contract with Resource Systems Group, Incorporated, to provide market research services to support Sound Transit ridership building initiatives on an as-needed basis for a total authorized contract amount not to exceed \$630,000.

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**MOTION:**

It is hereby moved by the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a three-year contract with Resource Systems Group, Incorporated, to provide market research services to support Sound Transit ridership building initiatives on an as-needed basis for a total authorized contract amount not to exceed \$630,000.

APPROVED by the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on May 19, 2011.



Dave Enslow  
Operations and Administration Committee Chair

ATTEST:



Marcia Walker  
Board Administrator