

**SOUND TRANSIT  
STAFF REPORT**

**MOTION NO. M2010-28**

**Amended Agreement with Amtrak for Sounder Rolling Stock Maintenance**

<b>Meeting:</b>	<b>Date:</b>	<b>Type of Action:</b>	<b>Staff Contact:</b>	<b>Phone:</b>
Finance Committee	2/18/10	Discussion/Possible Action to Recommend Board Approval Action	Bonnie Todd, Executive Director, Operations Michael Perry, Director, Operations	(206) 398-5367 (206) 398-5388
Board Meeting	2/25/10	Discussion/Possible Action	<b>Martin Young, Program Manager Sounder Operations</b>	(206) 398-5115

<b>Contract/Agreement Type:</b>	<b>✓</b>	<b>Requested Action:</b>	<b>✓</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**

Sounder Commuter Rail Rolling Stock Maintenance

**PROPOSED ACTION**

Authorizes the chief executive officer to execute an amended agreement with the National Railroad Passenger Corporation (Amtrak) for the continued maintenance of rolling stock, including the cost of fuel, for five years with one two-year option to extend and up to three one-year options to extend in an amount not to exceed \$84,509,000 for a new total authorized agreement amount not to exceed \$154,259,000.

**KEY FEATURES of PROPOSED ACTION**

- Provides for continued maintenance of Sounder's 11 locomotives and 58 cars and will accommodate additional ST2 fleet expansion vehicles.
- Incorporates a new cost structure based on vehicles in daily revenue service saving Sound Transit approximately \$1.8 million per year over the previous contract.
- Services include but are not limited to scheduled preventative maintenance, heavy repair work, parts and material, special event service, mid-day layover yard space and maintenance facilities.
- The original agreement was sole-source justified based upon Amtrak's unique capabilities to service and provide layover facilities for the equipment in close proximity to King Street Station.
- Continues to provide fuel for Sounder's locomotives. The agreement cost includes over one-million gallons per year and accounts for approximately one-third of the total agreement cost.
- Provides a mechanism to link \$100,000 of incentives or \$50,000 in net deductions to Amtrak's performance.
- The term of this amendment is five years with a two-year option with the potential for three more one-year options (subject to cost re-evaluation), providing time and flexibility for ST to finalize a long term fleet maintenance strategy including the construction of a new facility.

- If and when staff propose to exercise any option years, they will return to the Board for authorization.

**BUDGET IMPACT SUMMARY**

There is no action outside of the Board-adopted budget; there are no contingency funds required, 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 contract would be funded by the annual Sounder transit operations budget over the life of the contract.

This scope has been fully incorporated into the planning for the Proposed 2010 Budget as published. For work occurring in years beyond 2010, the budget will be included in future years' operations budgets. This item has been fully incorporated in agency financial planning.

There is adequate budget programmed in the current financial plan for the subject action, and the currently negotiated figures will provide a cost savings to the alternative of not modifying the existing agreement. The amended contract is expected to result in approximately \$1.8 million per year savings, or \$9 million for five years and potentially \$22 million over the full ten-year term when compared to existing contract projections. The Proposed 2010 Budget already takes into account the estimated plan for expenditures for these vehicle maintenance services, as reflected in the projected costs outlined in Table 1 below:

**Table 1 - Cost Breakdown of Amtrak Agreement (in \$000s)**

Description	2009 (Old Agreement)	2010	2011	2012	2013	2014	5 Yr Total
Baseline <sup>1</sup>	7,519	6,990	7,419	7,737	8,887	9,231	40,265
Material	900	1,681	1,755	1,831	1,909	1,990	9,166
Facilities	279	296	309	322	336	350	1,613
Other <sup>2</sup>	550	575	593	612	631	656	3,067
Subtotal	9,248	9,542	10,077	10,502	11,763	12,227	54,111
Fuel	2,365	3,661	4,185	4,961	6,279	7,287	26,373
Total with Fuel	11,613	13,203	14,262	15,463	18,042	19,514	80,484
Contingency @5%	581	660	713	773	902	976	4,024
<b>Total w/Contingency</b>	<b>12,193</b>	<b>13,864</b>	<b>14,975</b>	<b>16,236</b>	<b>18,944</b>	<b>20,489</b>	<b>84,509</b>
<b>Vehicle Miles (per SIP)</b>	<b>1,155,177</b>	<b>1,290,439</b>	<b>1,290,439</b>	<b>1,325,603</b>	<b>1,497,465</b>	<b>1,602,958</b>	<b>7,006,903</b>
<b>Cost per mile (excl. fuel)</b>	<b>\$ 8.01</b>	<b>\$ 7.39</b>	<b>\$ 7.81</b>	<b>\$ 7.92</b>	<b>\$ 7.86</b>	<b>\$ 7.63</b>	<b>\$ 7.72</b>
<b>Percent Change</b>		<b>-7.6%</b>	<b>5.6%</b>	<b>1.5%</b>	<b>-0.8%</b>	<b>-2.9%</b>	<b>1.2%</b>

<sup>1</sup> - Includes ST2 service levels

<sup>2</sup> - Includes special service, management fee, G&A and incentives

**BUDGET TABLE**

The proposed contract would be funded through the Sounder Commuter Rail Transit Operations Budget beginning in 2010 and through successive annual operations budgets throughout the life of the contract.

**Summary for Board Action (X \$1,000)**

**Action Item: Execute an amended agreement with the National Railroad Passenger Corporation (Amtrak) for the continued maintenance of rolling stock, including fuel, for five years**

	(A)	(B)	(C)	(D)
Sounder Budget	Adopted 2010 Budget	Committed To Date	Contract Expenditures 2010	Remaining 2010 Budget
Vehicle Maintenance	10,586	-	-	10,586
<b>Materials and supplies: Fuel</b>	<b>3,661</b>	<b>-</b>	<b>-</b>	<b>3,661</b>
<b>Other Materials and Supplies</b>	<b>1,605</b>	<b>-</b>	<b>-</b>	<b>1,605</b>
<b>Subtotal, Materials and Supplies</b>	<b>5,266</b>	<b>-</b>	<b>-</b>	<b>5,266</b>
<b>Total, Maintenance of Vehicles &amp; Supplies</b>	<b>21,118</b>	<b>-</b>	<b>-</b>	<b>21,118</b>

Contract Spending Plan	Prior Year(s) Spending	2010 Spending	Future Expenditures	Total
5 Amtrak	59,129	13,864	81,266	154,259
	59,129	13,864	81,266	154,259

Contract Budget	Current Approved Contract Value	Committed to Date	Proposed Action	Proposed Total Contract Value
7 Amtrak	69,750	59,129	84,509	154,259
8 Contingency	-	-	-	-
9 Total Contract	69,750	59,129	84,509	154,259
10 Percent Contingency	0%	0%	0%	0%

**Notes:**

2010 Budget for Sounder is found on Page 25 of the Proposed 2010 Budget Book. The budget was adopted by the Board, as amended, on December 10, 2009.

**SOLE SOURCE JUSTIFICATION**

The initial Sounder contract with Amtrak was a sole source procurement. This will serve as an amendment to the previously authorized sole source procurement for Sounder rolling stock maintenance. Amtrak remains uniquely positioned to meet Sounder maintenance needs as they are the only rail vehicle maintainer within close proximity (Holgate Yard) to the inbound terminal station at King Street. Other locations for maintenance would require dead-head trips and an increase in railroad capacity in order to not impact BNSF freight service.

In 2007, Sound Transit hired a consultant to study alternatives as part of a long term maintenance strategy to reduce operating costs. Although options for alternative maintenance providers have been identified through earlier studies, each would require facilities for maintenance services currently not available. ST2 does include for a Sounder Maintenance Facility; however, the schedule for the project does not meet the immediate need of maintenance services.

**SMALL BUSINESS PARTICIPATION**

Amtrak will perform the majority of the work covered under this agreement with its own work force and will continue to comply with federally mandated DBE requirements as well as Sound Transit DBE and Small Business goals to the extent practicable and consistent with Federal law

Equal Employment Workforce Profile (% Women/People of Color)

Amtrak has a staff consisting of 39.7% minorities and 23.6% women. Except for management, Amtrak is a fully unionized work force.

**PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION**

Sound Transit first entered into an agreement with Amtrak for the Sounder commuter rail service initiated in September of 2000. Sounder Commuter Rail has a fleet of 58 cars and 11 locomotives that have been maintained by Amtrak for the past ten years under the current agreement. The agreement was a sole source procurement based on Amtrak’s unique ability to service equipment near King Street Station with the Holgate Facility.

The current agreement calls for a re-evaluation of terms after ten years. In 2008, Sound Transit began discussions for negotiating an amendment of the existing agreement with the goal of achieving more favorable financial terms, a higher level of transparency and incorporating performance based incentives and deductions. This proposed amended agreement would extend the agreement term by five years with an option for an additional two years and up to three further one-year options. The options (up to five years maximum) provide Sound Transit maximum flexibility in implementing a long-term maintenance strategy in step with ST2. The amended agreement also revises numerous sections in the agreement to reflect the current and future service and maintenance characteristics.

Approximately 1/3 of the cost for the first five years of this amendment is for fuel. Sound Transit contracts with Amtrak for fueling all locomotives. Fuel prices have been particularly volatile over the past several years. The assumptions built into this agreement for fuel are as follows:

<b>Fuel Assumptions</b>	2010	2011	2012	2013	2014
Consumption	1,220,163	1,220,163	1,294,698	1,572,046	1,658,529
Price	\$ 3.00	\$ 3.30	\$ 3.63	\$ 3.99	\$ 4.39
<b>Amount</b>	<b>\$ 3,661,465</b>	<b>\$ 4,027,611</b>	<b>\$ 4,701,009</b>	<b>\$ 6,278,853</b>	<b>\$ 7,286,700</b>
<u>Note:</u> Price increases assumed to be 10% annually					

Under the amended agreement, Amtrak will provide all personnel, services, parts and materials, equipment and facilities required to maintain the locomotives, passenger coaches and cab cars used in the operation the Sounder commuter rail service. Amtrak also will provide maintenance services for “event trains” and any support requested by Sound Transit necessary to resolve emergency situations.

The amended agreement calls for Amtrak to partner with Sound Transit in developing a number of operating and emergency planning documents, including the system safety program plan, fleet maintenance plan, fleet management plan, and supports efforts in emergency planning and related exercises.

Maintenance services will be provided at the Amtrak Holgate Yard and at the end of the line layover facilities in Tacoma and Everett. Amtrak will procure and provide storage for Sounder service material, spare parts and consumables, including fuel. Amtrak will perform the inspections and accompanying documentation for the federally required inspections to the entire Sounder fleet; also providing on-duty reporting and office related facilities in support of the train operating crews. Amtrak will participate in regular maintenance and operational meetings related to the Sounder service, including safety meetings, monthly performance review meetings, and semi-annual contract performance meetings.

**Prior Board/Committee Actions**

<b>Motion/Resolution Number and Date</b>	<b>Summary of Action</b>
R99-10 4/8/99	Authorizing the Executive Director to execute a sole source, fixed- price contract in the amount of \$5,900,000 per year with Amtrak for maintenance of the Sounder commuter rail fleet; an additional ten percent (10%) allowance (\$590,000) for activities outside the scope of the fixed-price activities; and up to five percent (5%) of the fixed-price contract reserve for operation of "special trains" not to exceed \$295,000 per year.

**CONSEQUENCES of DELAY**

Delay of action will result in higher monthly operating costs than what has been agreed to in the subject amendment.

**ENVIRONMENTAL COMPLIANCE**

SSK 10-29-09

**LEGAL REVIEW**

JW 2-12-10

## SOUND TRANSIT

### MOTION NO. M2010-28

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute an amended agreement with the National Railroad Passenger Corporation (Amtrak) for the continued maintenance of rolling stock, including the cost of fuel, for five years with one two-year option to extend and up to three one-year options to extend in an amount not to exceed \$84,509,000 for a new total authorized agreement amount not to exceed \$154,259,000.

#### Background:

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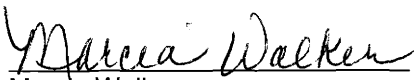
**Motion:**

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute an amended agreement with the National Railroad Passenger Corporation (Amtrak) for the continued maintenance of rolling stock, including the cost of fuel, for five years with one two-year option to extend and up to three one-year options to extend in an amount not to exceed \$84,509,000 for a new total authorized agreement amount not to exceed \$154,259,000.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on February 25, 2010.

  
Aaron Reardon  
Board Chair

ATTEST:

  
Marla Walker  
Board Administrator