

SOUND TRANSIT

MOTION NO. M99-64

Light Rail Vehicle Procurement for Tacoma Link

BACKGROUND AND COMMENTS

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	9/16/99	Discussion/Possible Action to Recommend Board Approval	Paul Bay, Director, Link	398-5134
Finance Committee	10/7/99	Action to Recommend Board Approval	Les Durrant, Manager, Systems Engineering, Link	689-4901
Board of Directors	10/14/99	Action		

ACTION:

Approval of Motion No. M99-64 to authorize the Executive Director to execute a contract with Inekon Group for the procurement of vehicles for Tacoma Link light rail. The maximum authorized expenditure requested is \$8,986,254, which includes:

- \$7,547,907 for vehicle procurement, (including bonding warranty, spare parts, maintenance during onsite storage, commissioning and testing)
- \$621,415 for Washington State sales tax
- \$816,932 for a 10% contingency to cover unforeseen changes

In addition, Sound Transit will negotiate an agreement for payment of shared expenses with Portland Streetcars Inc, in an amount not to exceed \$165,000, which is within the approval authority of the Executive Director. The total of both of these contracts is not to exceed \$9,151,254.

BACKGROUND:

In August 1998, staff briefed the Board on several possible options for the purchase of new, low-floor Tacoma Link light rail vehicles. The Board directed staff to pursue the option of piggybacking on the procurement of vehicles by some other agency to save time and money. After discussions with several vehicle manufacturers, the most promising appeared to be a procurement in process with Portland Streetcars Inc. (PSI), a special-purpose non-profit corporation of the City of Portland.

At the invitation of PSI, Sound Transit staff and consultants, along with staff from Tri-Met and Shiels, Oblatz, Johnsen, PSI's consultants and some PSI board members reviewed the analyses of the proposals from vehicle manufacturers for the Portland Streetcar contract. Following that evaluation, PSI awarded a contract to the Inekon Group in July 1999. At the same time, Sound Transit staff independently evaluated the Inekon vehicle, manufactured by Skoda, a long-time vehicle manufacturer in the Czech Republic. The PSI contract contains an option for Sound Transit to buy its rail cars. Staff used the PSI contract terms and conditions as the basis for negotiations, changing only those items that are unique to Sound Transit, such as Washington State taxes and Sound Transit's delivery schedule.

In addition, Sound Transit will negotiate an agreement with PSI to pay Sound Transit's fair share of the vehicle design, inspection and testing costs by LTK Associates, vehicle consultants to PSI. Sound

Transit's share of this amount is estimated to not exceed \$165,000, which is within the approval authority of the Executive Director.

RELEVANT BOARD POLICIES AND PREVIOUS ACTIONS TAKEN:

- Adoption of Sound Move, The Ten-Year Regional Transit System Plan (May 31, 1996)
- Adoption of Appendix A, Detailed Description of Facilities and Costs, establishing \$50 million budget for Tacoma Link (May 31, 1996)
- Adoption of Implementation Guide for Sound Move, providing for Tacoma Link startup by the end of 2001 (May 22, 1997-Motion 32)
- Adoption of First Moves (May 22, 1997)
- Approval of MOU with City of Tacoma and Pierce Transit (March 12, 1998)
- RTA Board on October 9, 1997 reviewed the staff recommendation of writing the equipment specifications for the acquisition of trains consisting of conventional passenger locomotives and bi-level cars
- Resolution No. 78-1, establishing agency procurement policies (April 9, 1998)
- Board direction to pursue option for procurement of new, low-floor vehicles for the Tacoma Link Service (Discussion and Guidance-August 13, 1998)
- Adoption of Fiscal Year 1999 Budget (November 12, 1998)

FUNDING:

The Sound Move capital program provides \$50 million in 1995 dollars for the Tacoma Link. The Fiscal Year 1999 Budget provides funds to begin procurement activities. This contract is within the estimate for vehicles in the latest baseline Capital Cost estimate for Tacoma Link.

The total amount for both of these contracts (Inekon and PSI) is not to exceed \$9,151,254, including a vehicles contingency amount of \$816,932.

The budget for completion of these tasks is identified in Sound Transit's 1999 Adopted Budget (page 86) under Vehicles. The Vehicles portion of the Link Light Rail project in the 1999 Adopted Budget has a budget of \$234,858,000. Of this amount, \$9,881,536 is budgeted for the Pierce County sub-area. There are no cumulative-to-date expenditures or outstanding commitments.

The following table outlines the related budget, expenditures, and commitments for Tacoma Link together with the proposed contract expenditures.

**LINK LIGHT RAIL
PIERCE COUNTY SUB-AREA VEHICLE
EXPENDITURES AND BUDGET**

	1999 Approved Ten-Year Budget ¹	Actuals Spent to- Date ²	Outstanding Commitments ³	Budget Available	Proposed Board Action
	A	B	C	D (A - B - C)	E
Vehicles ⁴	\$ 9,881,536	\$ 0	\$ 0	\$ 9,881,536	\$9,151,254

1. Year of Expenditure Dollars.
2. Expenditures through June 30, 1999.
3. Commitments through August 24, 1999.
4. For Pierce County sub-area only.

EXECUTIVE SUMMARY OF CONTRACT TERMS:

Scope of work

Under this agreement, Inekon Group will arrange for the manufacture and delivery of three, low-floor light rail vehicles for the Tacoma Link Project by October 2001.

Procurement and selection process

Inekon/Skoda was selected under a procurement process administered by Portland Streetcar Inc. Portland Streetcar Inc. allowed Sound Transit to include an option in their procurement whereby Sound Transit could capitalize on the procurement already underway for the same type of vehicle. Portland Streetcar Inc., acting on behalf of the City of Portland, issued an RFP in November 1998, for the procurement of low-floor streetcars. Respondents were evaluated on the following criteria:

- Technical approach
- Vehicle aesthetics
- Quality assurance
- Price
- Management approach
- Financial responsibility

In January 1999, Inekon/Skoda from the Czech Republic was selected as the best qualified proposer, cost and other factors considered, submitting in response to the RFP.

M/W/DBE participation

There were no requirements for M/W/DBE as these cars are manufactured in the Czech Republic.

Cost

The total costs associated with these actions include:

1. Tacoma Light Rail Vehicles

\$7,547,907	Contract Price for the manufacture and delivery of three light rail vehicles to Tacoma (these costs include Washington State B&O tax, bonding, warranty, spare parts, maintenance during storage commissioning and testing)
\$ 621,415	Washington State Sales Tax
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\$8,169,322	Total Vehicle Price
\$ 816,932	Contingency is requested in the amount of 10% of the total vehicle price for anticipated but unforeseen changes to the contract
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\$8,986,254	Maximum Expenditure Authorized by the Board

The Washington State Sales Tax is to be paid directly by Sound Transit, whereas the Washington State B&O tax will be paid directly by Inekon.

2. Shared Tacoma Vehicle Procurement and Engineering Costs

\$165,000	In shared costs with PSI as Sound Transit's allocated portion of the costs associated with participation in this procurement (sharing of procurement/engineering costs)
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\$165,000	Maximum Expenditure

ALTERNATIVES:

1. Do not award the contract to Inekon Group; give direction to go through a separate, Sound Transit rail vehicle procurement process for Tacoma Link.
2. Do not award contract to Inekon Group; look for other options to "piggyback" from other transit jurisdictions.
3. Do not award contract to Inekon Group; enter into contract negotiations with another light rail vehicle manufacturer and award subsequent contract on a sole source basis.

CONSEQUENCES OF DELAY:

Should the Finance Committee and the Board direct staff not to award this contract and seek other options for procurement and supply of light rail vehicles for Tacoma Link, there would be a delay of nine to twelve months. This in turn would cause a similar delay in opening the Tacoma project.

LEGAL REVIEW:

The Background and Comments and the Motion are approved as to legal sufficiency.

SOUND TRANSIT

MOTION NO. M99-64

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the Executive Director to execute a contract with Inekon Group for the procurement of vehicles for Tacoma Link light rail. The maximum authorized expenditure is \$8,986,254.

Background:

In August 1998, staff briefed the Board on several possible options for the purchase of new, low-floor Tacoma Link light rail vehicles. The Board directed staff to pursue the option of piggybacking on the procurement of vehicles by some other agency to save time and money. After discussions with several agencies currently procuring low-floor vehicles, and direct communication with twelve vehicle manufacturers, the most promising appeared to be a procurement in process with Portland Streetcars Inc. (PSI), a special-purpose non-profit corporation of the City of Portland.

At the invitation of PSI, Sound Transit staff and consultants, along with staff from Tri-Met and Shiels, Oblatz, Johnsen, PSI's consultants, reviewed the analyses of the proposals from vehicle manufacturers for the Portland Streetcar contract. Following that evaluation, PSI awarded a contract to the Inekon Group in July 1999. At the same time, Sound Transit staff independently evaluated the Inekon vehicle, manufactured by Skoda, a long-time vehicle manufacturer in the Czech Republic. Sound Transit has been given an option to buy its rail cars through PSI's procurement. Staff used the PSI contract terms and conditions as the basis for negotiations, changing only those items that are unique to Sound Transit, such as Washington State taxes and Sound Transit's delivery schedule.

The maximum expenditure requested is \$8,986,254, which includes:

\$7,547,907 for vehicle procurement, (including bonding warranty, spare parts, maintenance during onsite storage, commissioning and testing)

\$621,415 for Washington State sales tax

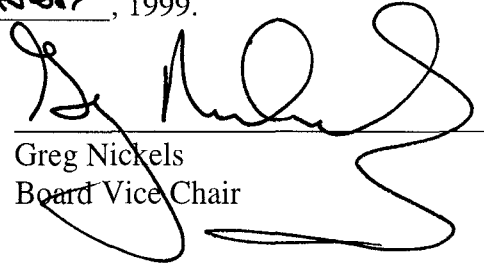
\$816,932 for a 10% contingency to cover unforeseen changes

In addition, Sound Transit will negotiate an agreement for payment of shared expenses with Portland Streetcars Inc, in an amount not to exceed \$165,000, which is within the approval authority of the Executive Director.

Motion:

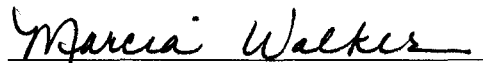
It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the Executive Director is authorized to execute a contract for three low-floor light rail vehicles with Inekon Group in the amount of \$7,547,907 plus a 10% contingency of \$816,932, as well as payment of Washington State Sales Tax of \$621,415.

Approved by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof on the 14 day of October, 1999.



Greg Nickels
Board Vice Chair

ATTEST:



Marcia Walker
Board Administrator