

## SOUND TRANSIT

### MOTION NO. M99-82

**Authorizing the exercise of a contract option with the Electro-Motive Division of General Motors Corporation for the purchase of the final five additional locomotives for *Sounder* commuter rail service**

#### BACKGROUND AND COMMENTS

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	12/2/99	Discussion/Possible Action to Recommend Board Approval	Paul W. Price, Commuter Rail Director	398-5111
Board of Directors	12/9/99	Approval	Judy Crow, Contract Specialist	398-5092

#### PROPOSED ACTION:

Approval of Motion No. M99-82 would authorize the Executive Director to exercise a previously negotiated contract option with the Electro-Motive Division of General Motors Corp. (EMD) for the purchase of the final five *Sounder* locomotives for the operation of the Everett-to-Seattle commuter rail segment subject to the receipt of a Record of Decision (ROD) from the Federal Transit Administration for the Seattle to Everett Commuter Rail segment. The contract option requested here has a maximum value of \$15,487,908 in year-of-expenditure dollars for a new contract value not to exceed \$ 31,565,154.

The original EMD contract approved by the Board of Directors through Resolution No. R98-25 on June 11, 1998 will supply six locomotives, and had a maximum value of \$16,077,246 including spare parts and contingency.

#### KEY FEATURES:

##### Highlights

- ◆ Represents the final Board action necessary to procure the complete planned locomotive fleet for the entire *Sounder* commuter rail system. No other contract options with EMD remain for Sound Transit to exercise.
- ◆ Brings the total locomotive fleet approved by the Board, and ordered from EMD, to the planned total of eleven vehicles.
- ◆ Costs presented are in keeping with the original Board approved contract, and are within both the original Sound Move budget and the budget currently proposed by staff for fiscal year 2000.

- ◆ If approved, the Executive Director will delay execution of the contract option until the Record of Decision has been issued by the Federal Transit Administration for the Everett-to-Seattle segment. This action of environmental approval is expected in December 1999 or January 2000.

### **Description**

Board approval of the original EMD contract in June 1998 provided for six (6) locomotives for operation of the Tacoma-to-Seattle segment. The contract also contains options for five additional locomotives to be exercised by future Board action.

The Board is being asked to authorize the Executive Director to exercise an option for up to five of the additional locomotives at this time. This Board action has a value of \$15,487,908. This option is being requested for the Everett-to-Seattle commuter rail segment. Actual execution of this contract option will be subject to receipt by Sound Transit of a Record of Decision on the Everett-to-Seattle environmental impact statement from the Federal Transit Administration (FTA). This FTA action is expected in December 1999. FTA action is expected on the Lakewood-to-Tacoma project in the first half of calendar year 2000.

This requested Board action is matched by a companion proposed motion to purchase additional passenger coaches (Motion No. M99-81). The parallel action would exercise an equivalent contract option for the passenger coaches necessary for service on the Everett-to-Seattle segment.

### **IMPORTANCE OF ACTION:**

Board action at this time will permit the contract option to be exercised immediately following receipt of the federal Record of Decision, without the normal delay of several weeks occasioned by presenting a request to the Board for action. As noted, this action is necessary to ensure an adequate fleet of locomotives available for the Everett-to-Seattle service.

### **Consequences of Delay**

If the Board chooses to delay this decision, an equivalent delay will occur to Sound Transit's ability to exercise the option and order the vehicles for service in the Everett-to-Seattle segment.

### **Alternatives**

Potential alternatives to the requested action include:

- Delaying exercise of the option until some future time.

The potential exists that a significant delay to vehicle delivery could occur -- if the EMD manufacturing line devoted to Sounder vehicles has been converted to the manufacture of vehicles for another buyer and/or of a different model of locomotive. Costs would almost certainly be higher, as EMD would be under no contractual requirement to honor the originally bid price structure.

- Failing to exercise the contract option.  
This creates the significant risk that an insufficient number of trains will be available when the entire 82-mile Everett-to-Lakewood Sounder system is in full operation. Over several years, a variety of forecasting techniques have supported the conclusion that all the locomotives included in the EMD contract (including all the options) are required for full service.
- Rebidding a locomotive contract.  
This approach has the risk of significantly complicating system integration issues -- should a new low bidder be a firm other than EMD relying upon different components and other technologies. This approach also would necessarily stretch out the delivery schedule.

### **Public Involvement**

By its nature, this requested Board action is not the subject of a specific public involvement effort. However, the issue of the significant capital investment in the *Sounder* fleet has been informed by a variety of public involvement processes -- beginning with the public debate over Sound Move itself and extending to the annual ST budget processes. The number of *Sounder* locomotives planned for purchase through the EMD contract is directly a function of the service levels that are a part of the Sound Move commitment.

### **BUDGET:**

This action (contract option) has an associated cost of \$15,487,908 or \$3,097,582 per unit. This negotiated price is slightly above the per-unit cost of the original six locomotives (\$2,679,541) purchased under the EMD contract. All these five units will be paid for in year-2000 and year 2001 dollars, while portions of the original order are to be paid for in year-1999 and year-2000 dollars.

The Sound Move budget (in 1995\$) for commuter rail vehicles was \$144,000,000, which corresponds to the \$165,832,000 (YOE \$). The year 2000 budget of \$150,662,000 reflects a redistribution of a portion of the original vehicle-related budget to other project capital cost elements. This has been done because the total cost of the commuter fleet is now projected to be well under the original budget as stated in YOE dollars. All funding

for vehicle purchases is included in the vehicle phase budgets of *Sounder's* "Track & Facilities" projects, as referenced in the table below.

**SOUNDER COMMUTER RAIL – TRACK & FACILITIES PROJECTS  
VEHICLE BUDGETS, EXPENDITURES, AND COMMITMENTS**

<i>Sounder</i> Project Element (Project #)	2000 Proposed ten-year Vehicle Budget	<i>Life-to-Date Expenditures &amp; Obligations (Includes Contingency and Taxes)</i> <sup>1</sup>	Budget Available (A-B)	Total Expenditures at Project Closeout including this and Pending Board Action
	A	B	C	D
<b>Everett-to-Seattle Track &amp; Facilities (#100)</b>	\$ 30,132,000	\$ 0 <sup>2</sup>	\$ 30,132,000	\$ 30,115,250
<b>Seattle-to-Auburn Track &amp; Facilities (#110)</b>	\$ 56,562,000	\$ 54,133,112	\$ 2,428,888	\$ 56,530,558
<b>Auburn-to- Lakewood Track &amp; Facilities (#120/130)</b>	\$ 63,968,000	\$ 61,221,084	\$ 2,746,916	\$ 63,932,440
<b>Total</b>	<b>\$ 150,662,000</b>	<b>\$ 115,354,196</b>	<b>\$ 35,307,804</b>	<b>\$150,578,248</b>

<sup>1</sup>Actuals as of September 30, 1999; the requirement for sales tax has not yet been confirmed.

<sup>2</sup>Certain costs of an administrative nature will be reallocated to the Everett-to-Seattle segment after the FTA Record of Decision has been received.

The details of the Track & Facilities projects 100, 110, 120 and 130 can be found on pages 79 through 82 of the Proposed ST budget for fiscal year 1999. Project 100 is funded 100% by the Snohomish County subarea. Project 110 is funded 100% by the South King County subarea. Projects 120 and 130 are funded 100% by the Pierce County subarea.

**Contingency**

The original EMD contract for six locomotives included a contingency reserve of \$748,916. Remaining available contract contingencies are projected to be more than adequate for this contract option. Accordingly, no additional contingency funds are requested at this time. If any action results in a need to commit contingency funds in excess of that approved by the Board, staff will seek additional approval before acting.

## **NEXT STEPS:**

Following Board approval of the subject contract option and receipt of the Record of Decision, staff will prepare the necessary materials and present them to the Executive Director for signature.

## **LEGAL REVIEW AND SUPPORTING ACTIONS:**

The Legal Department has reviewed and approved the Motion and Background and Comments as to form.

## **Relevant Board Policies and Previous Actions Taken**

- Adoption of Sound Move, The Ten-year Regional Transit System Plan (May 31, 1996)

(Calls for commuter rail service to be implemented within two to four years of voter approval, and establishes a ten-year program budget adequate to procure a fleet of commuter rail vehicles.)

- Board Policy Input for the Determination of *Sounder* Preferred Commuter Rail Vehicle Type (October 9, 1997)

(The Board accepted the staff recommendation that the vehicle specifications should indicate conventional locomotives and bi-level passenger cars.)

- Motion No. M98-12 - Executive Committee acceptance of the Specifications for *Sounder* Commuter Rail Cars and Locomotives, and Authorization to Advertise (February 20, 1998)

(Authorized staff to proceed with advertisement for the procurement of commuter rail vehicles, based on the specifications accepted by the Board on October 9, 1997.)

- Resolution No. R98-38 Board Approval of a Contract with EMD for the purchase of locomotives (July 23, 1998).

(Authorized the Executive Director to execute a contract for six locomotives with a maximum value of \$16,077,246, and included a contract option for five additional locomotives.)

- Motion No. M98-61 – Board Approval of a Contract Award for Quality Assurance/Quality Control and Inspections Services (August 27, 1998)

(Authorized the Executive Director to execute a contract with Raul V. Bravo & Associates for a cost not to exceed \$1,944,251.)

### **Regional Partnership and Cooperation**

Through an earlier Board action (Motion No. M99-10 approved April 8, 1999) the *Sounder* fleet will be maintained at Amtrak's King Street Coachyard in south downtown Seattle. The subject of that Board action, a vehicle maintenance contract between ST and Amtrak, also establishes that Amtrak crews will perform all regular maintenance on the *Sounder* fleet.

**SOUND TRANSIT**

**MOTION NO. M99-82**

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the Executive Director to exercise an option to an existing contract with the Electro-Motive Division of the General Motors Corporation for the purchase of the final five additional locomotives, necessary for the operation of the Everett-to-Seattle commuter rail segment. This contract option will supply up to five (5) locomotives at a cost not to exceed \$15,487,908.

**Background:**

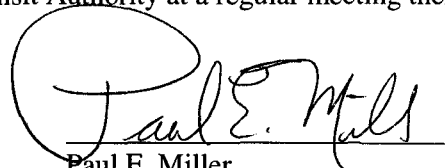
As originally approved by the Board in July 1998, this contract contained options for up to five (5) additional locomotives to be awarded by a future Board action. This contract option, for the final five (5) additional locomotives, has a value of \$15,487,908.

The locomotives included in this Board action will be used on the Everett-to-Seattle commuter rail segment. The Executive Director will not sign the contract the option until the Federal Transit Administration has issued a Record of Decision on the Everett-to-Seattle environmental impact statement.

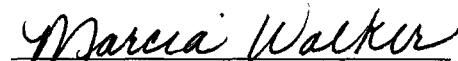
**Motion:**

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the Executive Director is authorized, following receipt of the Record of Decision, to exercise a contract option with Electro-Motive Division of General Motors Corporation for the purchase of up to five (5) additional locomotives coaches necessary for the operation of the Everett-to-Seattle commuter rail segment at a cost not to exceed \$15,487,908.

Adopted by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on the 9th day of December, 1999.

  
Paul E. Miller  
Board Chair

ATTEST:

  
Marcia Walker  
Board Administrator