

SOUND TRANSIT

RESOLUTION NO. R99-30

Agreement for Operation and Maintenance of ST Express Bus Service with King County Metro BACKGROUND AND COMMENTS

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	8/19/99	Recommendation	Veronica Parker, Program	206-398-5042
Executive Committee	8/20/99	Recommendation	Manager, Regional Bus	
Board of Directors	8/26/99	Approval	Agnes Govern, Director, Regional Express	206-398-5037

ACTION:

Approval of Resolution No. R99-30 will authorize the Executive Director to execute an agreement between Sound Transit and King County Metro for operation and maintenance (“Service Agreement”) of ST Express bus service. The reimbursement rate will average approximately \$82.54 per hour. This rate is used to design the service plan for East and South King County as outlined in the 1999 Service Implementation Plan.

BACKGROUND:

Sound Move called for the creation of an extensive, efficient, and cost-effective regional bus system to begin service in the year 2000. Early implementation of the ST Express service began in September 1997, with the Seattle-Tacoma Express. In September 1998, ST Express partnered with King County Metro for 16 trips on the Bellevue-Seattle Route 226. The first phase of the Service Plan adopted by the Board November 1998, will be deployed September 19, 1999.

The Service Agreements is designed to call out the requirements for the operation and maintenance of the ST Express bus service. The Agreement has been structured so that the major services apparent to the customers will be similar. The Service Agreement also reflects the high level of coordination among the region’s transit agencies that has been the cornerstone of the system design process.

In July 1999, the Board, by Resolution No. R99-15, adopted the Service Implementation Plan outlining the bus routes that will begin service through a phase-in approach. Furthermore, Resolution No. R98-31 authorized negotiation of governmental agreements with the regional transit agencies for operation and maintenance of ST Express bus service. The Resolution states that “it is in the best interest of Sound Transit to obtain services from these existing transit agencies which have in place the necessary maintenance and operation infrastructures, including operators, personnel, and facilities” and “Obtaining services from these existing agencies would also facilitate service integration and the creation of a seamless regional transportation system.”

RELEVANT BOARD POLICIES AND PREVIOUS ACTIONS TAKEN:

- ◆ Adoption of *Sound Move* (May 31, 1996).
- ◆ Adoption of Resolution No. R98-31, authorizing negotiation of governmental agreements with existing transit agencies in the Pierce, King, and Snohomish County region for operation and maintenance of ST Express bus service (July 23, 1998).
- ◆ Adoption of Resolution No. R98-49, adopting the 1999 Sound Transit budget (November 12, 1998).
- ◆ Adoption of Motion No. M99-4, allocating the ST Express Bus routes to local agencies (January 28, 1999).
- ◆ Briefing to the Executive Committee on status of Service Agreement Discussions (March 19, 1999).
- ◆ Adoption of Resolution No. R99-12, adopting agreement of operations and maintenance cost reimbursement rates for Pierce Transit and Community Transit (April 22, 1999).
- ◆ Adoption of Resolution No. R99-15, adoption of Service Implementation Plan (July 8, 1999).

KEY FEATURES:

Structure of Agreement

The Service Agreement includes a clear delineation of operation and maintenance responsibilities between Sound Transit and the partnering agencies on roles, planning and scheduling, vehicle maintenance, and operations. Other resolved issues include customer service, compensation, dispute resolution, insurance, and termination. The body of this Agreement is similar to the Pierce Transit and Community Transit agreements. The detailed processes, unique elements, and exceptions for each agency are listed in the agreement's exhibits.

Role of Sound Transit

Sound Transit is working closely with its partnering transit agencies on the integration of service in accordance with *Sound Move* and the Service Implementation Plan. By contracting out the operations and maintenance of bus service to its partners, Sound Transit will enhance its ability to operate an efficient bus system and move towards a high quality, rider-focused transit environment. The Service Agreement includes a framework for Sound Transit to share and receive information to meet the reporting requirements of the ST Express program. This accountability will provide stability by operating an efficient and cost effective service.

Role of Partnering Agencies

The Service Agreement is a step in a joint effort between the partnering agencies and Sound Transit in developing a coordinated and seamless regional bus service, using established partnering agency resources. The partnering agencies will provide drivers and other personnel who maintain a high level of professionalism, courtesy, and responsibility. The Agreement will encourage joint efforts in maintaining and growing the regional network of bus service.

Term of Agreement

The term of the agreement is five years and is in accordance with FTA regulations.

Financial Impacts of Agreement

The Agreement acknowledges all of the elements and expenses related to operating the service. This Agreement reflects the majority of expenses for ST Express bus service; however, there are factors that can affect the service levels in future years. These include:

- Budget to actual compensation – The Agreement is based on an annual reconciliation process. This process will capture significant savings and/or deficits in the annual service budget. Effectively managing this process requires Sound Transit to be very sensitive to the fluctuations in costs and to proactively seek opportunities to develop resources to manage this activity.
- Annual review of the hourly rate – The hourly rates will be updated annually to reflect changes in each agency's expenses. Renegotiating the rates on this cycle may impact ST Express's ability to keep the hourly rate within the projected budget over the life of the program.

Compensation

The current discussions regarding the contractor's recoverable costs for ST Express service are predicated on the assumption that costs will be defined in the contract on a per service hour basis. As a result, negotiations have focused on identifying which cost centers can reasonably be linked to the increased service hours required to operate the ST Express service.

To the extent possible, Sound Transit has been consistent with each operator's cost allocation methods, while negotiating an appropriate ST Express share for each cost center. While there are many common elements in each agency's rate structure, there are some clear differences. These differences are mainly the result of different agency budget structures and operating and administrative practices. Some of these contrasting characteristics are a function of agency size and location.

Another distinguishing feature among the operators is the base year used for negotiating purposes. The cost figures that form the basis for the contract rate are based on 1999 budget values or previous year actual experience. Since contract payments will be reconciled to actual cost experience, these differences during negotiations are not expected to be material. The reconciliation process is designed to ensure that neither party to the agreement carries all of the budget risk. The practical result of this approach is to reduce the need to include budget contingencies, resulting in a more tightly-budgeted contract rate.

The King County Metro rate is higher than the rate assumed in *Sound Move* (\$70.98 per hour in 1999 dollars) and compared to other partnering transit operators due to higher cost services provided by King County Metro. These services include operation of Breda dual-mode buses on Route 550 through the Downtown Seattle Transit Tunnel. In *Sound Move*, it was assumed that this route would operate at street level. It is anticipated that the average reimbursement rate will be lower in future years when lower cost service is implemented, as outlined in the most recent Service Implementation Plan. All figures are 1999 dollars.

In addition to the negotiated hourly rate, one-time start-up costs have been identified for each operator. These include training costs for operators and maintenance staff, purchase and installation of regional communications and farebox equipment.

FUNDING:

The Sound Transit budget includes approximately \$348 million (YOE) until 2006 to fund the operating costs of ST Express bus routes.

CONSEQUENCES OF DELAY:

Sound Transit and King County Metro need this agreement executed in order to begin September service. If the Board were to delay this decision, it may impact the schedule for beginning the service in September.

ALTERNATIVES:

Since this action is consistent with Board direction and within the adopted budget, staff has not identified alternatives.

LEGAL REVIEW:

The Legal Department has reviewed and approved the Background and Comments and the Resolution.

SOUND TRANSIT

RESOLUTION NO. R99-30

A resolution of the Board of the Central Puget Sound Regional Transit Authority authorizing the Executive Director to execute an agreement for operation and maintenance with King County Metro related to implementation of ST Express bus service.

WHEREAS, a regional transit authority ("Sound Transit") has been created for the Pierce, King, and Snohomish County region by action of their respective county councils pursuant to RCW 81.112.030; and

WHEREAS, on November 5, 1996, Central Puget Sound area voters approved local funding for *Sound Move*, the ten-year plan for regional high-capacity transit in the Central Puget Sound Region; and

WHEREAS, *Sound Move* called for new high-speed, regional express bus routes to offer frequent, two-way service throughout the day, serving major regional centers and destinations and provide connections to other transportation components of *Sound Move*; and these bus routes cross subareas and connects points within Sound Transit boundaries with points in King County, Pierce County, and Snohomish County (referred to as "ST Express bus service"); and

WHEREAS, *Sound Move* included \$361 million to fund ST Express bus service and associated capital investments; and

WHEREAS, by Resolution No. R98-31 the Sound Transit Board of Directors ("Board") authorized negotiation of governmental agreements with existing transit agencies in the Pierce, King and Snohomish County for operation and maintenance of ST Express bus service; and

WHEREAS, by Motion No. M98-46 the Board adopted the Service Implementation Plan outlining the bus routes to begin service through a phase-in approach; and

WHEREAS, Sound Transit desires to enter into an agreement with King County Metro for operation and maintenance related to implementation of ST Express bus service in September 1999 ("Service Agreement"); and

WHEREAS, the Service Agreement includes all of the elements and expenses related to operating the service, including respective roles and responsibilities, hourly rate, planning and scheduling, customer service, compensation, dispute resolution, insurance coverage and termination; and

WHEREAS, the Service Agreement represents an extensive joint effort by King County Metro, Community Transit, Pierce County, and Sound Transit to develop a coordinated and seamless regional bus services using established resources; and

WHEREAS, Sound Transit has determined that it is the best interest of the public to enter into a Service Agreement with King County Metro for the ST Express bus service called for in *Sound Move*.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority that the Executive Director is authorized to execute an agreement for a term of five (5) years at a rate of approximately \$82.54 per hour with King County Metro for operation and maintenance related to implementation of ST Express bus service.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof on the 26th day of August, 1999.

ATTEST:

Marcia Walker
Marcia Walker
Board Administrator

Paul E. Miller
Paul E. Miller
Board Chair