

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2004-118

Sole Source Contract Amendment with Porter and Associates

| Meeting: | Date: | Type of Action: | Staff Contact: | Phone: |
|-------------------|--------------|---|---|----------------|
| Finance Committee | 12/2/04 | Discussion/Possible Action to Recommend Board Approval Action | Barbara Gilliland, Deputy Director, Transportation Services Fred Chun, Project Manager, Transportation Services | (206) 398-5051 |
| Board | 12/9/04 | | | (206) 398-5044 |

| Contract/Agreement Type: | ✓ | Requested Action: | ✓ |
|---------------------------------|---|-------------------------------------|---|
| Competitive Procurement | | Execute New Contract/Agreement | |
| Sole Source | ✓ | Amend Existing Contract/Agreement | ✓ |
| Interlocal Agreement | | Contingency Funds (Budget) Required | |
| Purchase/Sale Agreement | | Budget Amendment Required | |

✓ *Applicable to proposed transaction.*

ACTION

Authorizes the Chief Executive Officer to execute a sole source contract amendment with Porter and Associates in the amount of \$62,400 for a new total authorized amount not to exceed \$161,680, and extend the contract term from December 31, 2004, to July 31, 2005.

KEY FEATURES

- Reviews and provides technical analyses of bus service agreement cost proposals from transit partners for negotiations.
- Provides financial review and consultation to Sound Transit staff on King County Metro Transit's new modeling development and integration.
- Potential development of a stand-alone financial allocation model for the County provided bus service financial information if the County's new model does not meet the requirement on time.
- Provide support for ST Express bus National Transit Data (NTD) financial reporting process which starts with the year 2005.
- The contract term will be extended for seven months.

BUDGET IMPACT SUMMARY

There is no action outside of the Board-adopted budget; there are no subarea impacts or funding required from other parties other than what is already assumed in the financial plan.

BUDGET DISCUSSION

The Adopted 2004 Budget for Regional Express transit operations included \$200,000 for transit planning and financial services. Included in this amount is \$50,000 for the 2004 portion of the contract with Porter and Associates. This amount will be sufficient to cover the projected 2004 portion of this agreement. The extension to the contract proposed here would be funded out of the Proposed 2005 Budget for transit planning and financial services, which has a proposed budget of \$314,000. This amount is sufficient to fund this contract without jeopardizing other initiatives.

REVENUE, SUBAREA, AND FINANCIAL PLAN IMPACTS

The proposed action is consistent with the current Board-adopted budget and is affordable within Sound Transit's current long-term financial plan and the subarea financial capacity. There are no additional revenues associated with this action.

BUDGET TABLE

This contract extension will be funded out of the 2005 transit operations budget. The amount budgeted for transit planning and financial services in the 2005 Regional Express transit operations budget is \$314,000. The impacts of this action on the budget are highlighted below:

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

Action Item: One year extension of agreement with Porter and Associates for transit planning and financial services

| | (A) Current Approved Contract Value | (B) Spent to Date | (C) Proposed Action | (D) Proposed Total Contract Value |
|-----------------------|--|----------------------|------------------------|---|
| 1 Porter & Associates | \$ 100 | \$ 91 | \$ 62 | \$ 162 |
| 2 Contingency | 0 | - | - | - |
| 3 Total | \$ 100 | \$ 91 | \$ 62 | \$ 162 |
| 4 Percent Contingency | 0% | 181 | 0% | 0% |

Contract Cashflow:

| | Spent in Prior Years (1) | Committed in 2004 (2) | 2005 Operating Budget (3) | Total |
|---|-----------------------------|--------------------------|------------------------------|-------|
| 5 Transit Planning & Financial Services | 41 | 59 | 62 | 162 |

| | 2005 Transportation Services Department, Account Budget--2005 Portion | 2005 Operating Budget (4) | Spent to Date | Proposed Action | Surplus/ (Shortfall) |
|---|---|---------------------------------|---------------|-----------------|-------------------------|
| 6 Transit Planning and Financial Services | \$ 250 | \$ - | \$ - | \$ - | \$ 250 |
| 7 Financial Services/SIP development | 64 | - | 62 | 2 | |
| 8 Total Financial Services | \$ 314 | \$ - | \$ 62 | \$ 252 | |

Notes

- 1 Per EnterpriseOne
- 2 Amount spent through October 31, 2004 per EnterpriseOne, plus remaining committed work through the existing contract completion date of 12/31/04
- 3 The proposed action will be funded in 2005. The amount budgeted in 2005 for transit planning and financial services support is \$314,000
- 4 Per the 2005 Transit Operations Budget, page 56 of the Proposed 2005 Budget Book

M/W/DBE – SMALL BUSINESS PARTICIPATION

Porter and Associates is a small business.

HISTORY OF PROJECT

Prior Board or Committee Actions and Relevant Board Policies

| Motion or Resolution Number | Summary of Action | Date of Action |
|------------------------------------|--|-----------------------|
| M2004-71 | New five-year interagency agreements with Community Transit for the operation and maintenance of Regional Express bus service | 7/22/04 |
| M2004-70 | New five-year interagency agreements with Pierce Transit for the operation and maintenance of Regional Express bus service. | 7/22/04 |
| M2004-68 | New five-year interagency agreements with King County Metro for the operation and maintenance of Regional Express bus service. | 7/22/04 |

In 2001, Porter and Associates (Principal – Ben Porter) was issued a sole source contract to provide financial analyses and recommendations for the ST Express Bus Service cost-containment strategies. In addition Ben Porter provided various financial analyses and technical support including the contracting-out options and the support during the negotiation of the new five-years of bus service.

One of the key components of the new Service Agreement is the pricing template process. This template is consistent with the layout of the cost center with the National Transit Database (NTD) financial report that public transit agencies submit to FTA each year. This process is imperative to meet Sound Transit's year 2005 goal of submitting fully auditable and accurate NTD financial reports.

In order to meet the pricing template requirement, Pierce Transit and Community Transit have modified their cost allocation models while King County Metro Transit proposed to incorporate the modeling process into their main financial system that would require extensive staff work and time. The County began this work targeting the completion of integration by mid-2005. During this process, we will need the expertise of Ben Porter to provide us with a technical review of the County proposal and to potentially develop an interface model if the County cannot meet the requirement.

Ben Porter is uniquely qualified for his expert technical knowledge of transit partner agencies' financial process including their cost allocation models. He is also very knowledgeable and understands the transit financial process and models relating to the NTD financial reporting. Additionally the need for Ben Porter's support is critical now as we are currently in negotiations for the new bus service agreement rates. Sound Transits finance analyst's position is now being filled, and the new analyst will be working closely with Ben Porter to become proficient on this unique financial process. This will take about a year through cost reconciliation work and future year pricing negotiations with the transit partners.

CONSEQUENCES OF DELAY

Delay in action may put Sound Transit in a disadvantageous position for the agreement rate negotiations.

PUBLIC INVOLVEMENT

Not applicable for this transaction

LEGAL REVIEW

JW 11/19/04

SOUND TRANSIT

MOTION NO. M2004-118

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the Chief Executive Officer to execute a sole source contract amendment with Porter and Associates in the amount of \$62,400 for a new total authorized amount not to exceed \$161,680, and extend the contract term from December 31, 2004, to July 31, 2005.

Background:

In 2001, Porter and Associates (Principal – Ben Porter) was issued a sole source contract to provide financial analyses and recommendations for the ST Express Bus Service cost-containment strategies. In addition Ben Porter provided various financial analyses and technical support including the contracting-out options and the support during the negotiation of the new five-years of bus service.

The work scope of the amendment is for Ben Porter to provide analyses and the staff support with technical reviews of the King County Metro Transit's bus service agreement cost proposal template and model integration development process and/or to potentially develop an interface model if the County cannot meet the requirement.

Ben Porter is uniquely qualified for his expert technical knowledge of transit partner agencies' financial process including their cost allocation models. He is also very knowledgeable and understands the transit financial process and models relating to the National Transit Database financial reporting. Additionally the need for Ben Porter's support is critical now as we are currently in negotiations for the new bus service agreement rates. Sound Transit's finance analyst position is now being filled, and the new analyst will be working closely with Ben Porter to become proficient on this unique financial process. This will take about a year through cost reconciliation work and future year pricing negotiations with the transit partners.


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 a sole source contract amendment with Porter and Associates in the amount of \$62,400 for a new total authorized amount not to exceed \$161,680, and extend the contract term from December 31, 2004, to July 31, 2005.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on December 9, 2004.


John W. Ladenburg
Board Chair

ATTEST:



Marcia Walker
Board Administrator