

**SOUND TRANSIT  
STAFF REPORT**

**MOTION NO. M2007-77**

**Pierce Transit Base Capacity Project**

| <b>Meeting:</b>   | <b>Date:</b> | <b>Type of Action:</b>     | <b>Staff Contact:</b>  | <b>Phone:</b>                        |
|-------------------|--------------|----------------------------|--|--------------------------------------|
| Finance Committee | 10/4/07      | Discussion/Possible Action | Agnes Govern,<br>Executive Director<br>Operations, Projects &<br>Corporate Services<br><b>Timothy Dunn, Bus<br/>Operations Manager</b> | (206) 398-5037<br><br>(206) 398-5016 |

| <b>Contract/Agreement Type:</b>      | <input checked="" type="checkbox"/> | <b>Requested Action:</b>          | <input checked="" type="checkbox"/> |
|--------------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|
| Competitive Procurement              | <input type="checkbox"/>            | Execute New Contract/Agreement    | <input checked="" type="checkbox"/> |
| Sole Source                          | <input type="checkbox"/>            | Amend Existing Contract/Agreement | <input type="checkbox"/>            |
| Agreement with Other Jurisdiction(s) | <input checked="" type="checkbox"/> | Budget Amendment                  | <input type="checkbox"/>            |
| Real Estate                          | <input type="checkbox"/>            | Property Acquisition              | <input type="checkbox"/>            |

**PROJECT NAME**

Base Maintenance Facility; Pierce County and South King County Sub-areas

**PROPOSED ACTION**

Authorizes the chief executive officer to execute an agreement with Pierce Transit to fund base maintenance and facility improvements at the Pierce Transit Maintenance Base for an amount not to exceed \$4,700,000.

**KEY FEATURES of PROPOSED ACTION**

- The Pierce Transit Maintenance Base has been operating at overcapacity due in part to the Sound Transit fleet. Pierce Transit is expanding its bus service and fleet size and needs to expansion its maintenance base to accommodate its planned growth while continuing to accommodate Sound Transit.
- The Pierce Transit Base Capacity Project will expand the facility and provide the necessary space needed to store and maintain Sound Transit buses.
- Sound Transit will fund \$4.7 million of the \$15.6 million project as its pro rata share of its use of the facility.
- The agreement defines a scope of work, including financing and cost recovery if the agreement is terminated prior to full capital investment utilization.

## **BUDGET IMPACT SUMMARY**

There is no action outside of the Board-adopted budget; there are no contingency funds required, no 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 action would authorize Sound Transit to enter into an agreement with Pierce Transit to formalize Sound Transit participation in a current Pierce Transit maintenance base project. The project, which is being managed by Pierce Transit directly, will have a total project budget of approximately \$15.6 million with an expected completion date of Q4 2010. The two agencies have negotiated a cost sharing arrangement reflecting Sound Transit's share of the usage of the proposed facility, with the approximate share in the project being \$4.7 million, or 30% of the total project cost. Sound Transit participation is capped at this amount. Payments are based on calendar milestones and at no point will Sound Transit be paying for costs that have not occurred. The expected payment schedule is as follows:

| <u>Project</u>             | <u>Billing Date</u> | <u>Amount</u>  |
|----------------------------|---------------------|----------------|
| 2008 Design & Construction | 12/31/08            | \$0.50m        |
| 2009 Design & Construction | 12/31/09            | \$3.70m        |
| 2010 Design & Construction | 12/31/10            | <u>\$0.50m</u> |
|                            | Total               | <u>\$4.70m</u> |

In the event that the agreement is terminated at the end of the term for default or for convenience, as described in Section 17 of the Regional Express Bus Service Operations and Maintenance Service Agreement of 2005, the following cost recovery formula will apply to provide Sound Transit with the ability to recover dollars expended on this project if the partnership is terminated prior to the project becoming fully depreciated.

The reimbursement rate is based on a straight line depreciation method and uses the ending book value from each five-year period as the basis for repayment for anytime during that period. This means that the repayment would be at the minimum of the book value for that period regardless of when we would notify our intent to withdraw from the investment. This would not only protect ST's investment but provide security for PT. The net result is as follows:

|             |             |
|-------------|-------------|
| Years 1-5   | \$0         |
| Years 6-10  | \$2,350,000 |
| Years 11-15 | \$1,175,000 |
| Years 16-20 | \$0         |

The total current adopted 2007 project budget for base maintenance capacity is \$19.1 million. Of this amount, a total subarea budget of \$2.9 million in South King County funds and \$6.2 million in Pierce County funds are available to fund this project. The \$4.7 million project budget has been allocated to subareas on the basis of expected service levels in the 2007 Service Implementation Plan for Pierce Transit operated ST Express service. Thus, the allocation percentage is 88.3% to Pierce County and 11.7% to South King County. This budget is consistent with the budget included in the Proposed 2008 Budget.

After committing to this project, the remaining uncommitted project budget would be \$2.3 million in South King County and \$2.0 million in Pierce County.

## **BUDGET TABLE**

The Bus Maintenance Base project (#261) is included in the Adopted 2007 Budget book on page 66. Two resolutions adopted by the Board during 2007 have amended the lifetime budget for this project. The impacts of this proposed action and the budget amendments on the total project budget as well as the subarea impacts of this agreement are illustrated below:

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

Project: 261 - Bus Maintenance Facility

|                           | Revised Adopted<br>Lifetime Budget <sup>1</sup><br>(A) | Committed To<br>Date <sup>2</sup><br>(D) | This Action<br>(E) | Total Committed<br>& Action<br>(F) | Uncommitted<br>(Shortfall)<br>(G) |
|---------------------------|--|--|--------------------|------------------------------------|-----------------------------------|
| 1 Agency Administration   | \$ 1,279   | \$ 3                                     | \$ -               | \$ 3                               | \$ 1,276                          |
| 2 Preliminary Engineering | \$ 7   | \$ 7                                     | \$ -               | \$ 7                               | \$ -                              |
| 3 ROW Acquisition/Permits | \$ 59  | \$ 59                                    | \$ -               | \$ 59                              | \$ -                              |
| 4 Construction            | \$ 17,752  | \$ 2,057                                 | \$ 4,700           | \$ 6,757                           | \$ 10,995                         |
| 5 Contingency             | \$ -   | \$ -                                     | \$ -               | \$ -                               | \$ -                              |
| 6 Total Current Budget    | \$ 19,097  | \$ 2,126                                 | \$ 4,700           | \$ 6,826                           | \$ 12,271                         |

### Phase Budget Detail

|                            |           |          |          |          |           |
|----------------------------|-----------|----------|----------|----------|-----------|
| 5 Pierce Transit Agreement | \$ 5,000  | \$ 7     | \$ 4,700 | \$ 4,707 | \$ 293    |
| 6 Other Scope Items        | \$ 12,752 | \$ 2,050 | \$ -     | \$ 2,050 | \$ 10,702 |
| 7 Total Phase              | \$ 17,752 | \$ 2,057 | \$ 4,700 | \$ 6,757 | \$ 10,995 |

| Contract Budget        | Current Approved<br>Contract Value<br>(H) | Spent to Date<br>(I) | Proposed<br>Action<br>(J) | Proposed Total<br>Contract Value<br>(K) |
|------------------------|---|----------------------|---------------------------|---|
| 13 Pierce Transit      | \$ -                                      | \$ -                 | \$ 4,700                  | \$ 4,700                                |
| 14 Contingency         | \$ -                                      | \$ -                 | \$ -                      | \$ -                                    |
| 15 Total               | \$ -                                      | \$ -                 | \$ 4,700                  | \$ 4,700                                |
| 16 Percent Contingency | 0%  |                      | 0%                        | 0%                                      |

| Subareas to Be Charged | Revised Adopted<br>Lifetime Budget <sup>1</sup><br>(H) | Committed To<br>Date <sup>2</sup><br>(I) | Proposed<br>Action<br>(J) | Total Committed<br>& Action<br>(K) | Uncommitted<br>(Shortfall)<br>(L) |
|------------------------|--|--|---------------------------|------------------------------------|-----------------------------------|
| 8 Snohomish County     | \$ 2,007   | \$ 2,007                                 | \$ -                      | \$ 2,007                           | \$ -                              |
| 9 South King County    | \$ 2,861   | \$ 10                                    | \$ 550                    | \$ 560                             | \$ 2,302                          |
| 10 East King County    | \$ 8,064   | \$ 102                                   | \$ -                      | \$ 102                             | \$ 7,962                          |
| 11 Pierce County       | \$ 6,164   | \$ 7                                     | \$ 4,150                  | \$ 4,157                           | \$ 2,007                          |
| 12 Total Budget        | \$ 19,097  | \$ 2,126                                 | \$ 4,700                  | \$ 6,826                           | \$ 12,271                         |

<sup>1</sup> Project budget is located on page 66 of the Adopted 2007 Budget book. The Adopted 2007 Budget was approved by the Board on December 14, 2006 and revised by Resolution R2007-11, which moved \$2,250,000 out of the East King County Subarea budget, and by Resolution R2007-17, which moved \$529,000 out of the South King County Subarea and 3,991,000 out of the Pierce County Subarea for this project.

<sup>2</sup> Committed to date amount includes actual outlays and commitments through September 13, 2007.

## **SMALL BUSINESS PARTICIPATION**

### Prime Consultant/Contractor

Pierce Transit will be the contract administrator and project manager of this project. Pierce Transit has established a 3% overall DBE participation goal for 2007 and 2008.

## **PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION**

Sound Move included a provision for a Sound Transit contribution to the regional bus maintenance capacity in the subareas it serves. This funding has been included in the Service Delivery capital budget in the Bus Maintenance Facility project (project number 261), since Sound Move was implemented.

Pierce Transit has prepared a \$15.6 million Base Capacity Project to expand and upgrade its maintenance facility. The project is designed to upgrade systems and resolve the over capacity problem allowing PT to expand their local service and increase the fleet size. Of the 26% over capacity, the ST fleet represents 30% of the impact. The Base Capacity Project is structured to address the 26% overcapacity and future growth projections for both Pierce Transit and Sound Transit.

The Pierce Transit base was designed for 200 buses but it is currently handling 251 buses. 77 of these buses belong to Sound Transit. A 30/70 split between Sound Transit and Pierce Transit takes into consideration future growth projections. The Sound Transit contribution would be capped at \$4.7 million and draw from the Base Maintenance Facility Pierce County and South King County Sub-area funds.

The Base Capacity Project includes a number of investments that will provide more physical capacity for buses and maintenance facility functions. These include hoist replacements, improved ingress and egress with security features, parking expansion, building facility expansion and maintenance bay remodel.

This agreement with Pierce Transit provides for the final design and construction of the Base Capacity Project. Pierce Transit will be responsible for the design and construction of the project elements and will assume all liability for the work. Pierce Transit is funding \$10.9 million of this \$15.6 million project. The project will commence in 2007 and will be completed in 2010. As the lead agency for SEPA environmental documentation, Pierce Transit issued a Mitigated Determination of Nonsignificance (MDNS) in November 2006 for the Base Capacity Improvements Master Plan 2006-2015.

## **CONSEQUENCES of DELAY**

If approval of this action is delayed, Pierce Transit will be unable to fully fund the project. This would seriously impact the ability of Pierce Transit to effectively proceed with resulting cost escalations and delaying service improvements and fleet expansion while maintaining delivery of ST Express bus service and meeting vehicle maintenance performance standards.

## **PUBLIC INVOLVEMENT**

Not applicable to this action.

## **ENVIRONMENTAL COMPLIANCE**

SSK 9/27/07

## **LEGAL REVIEW**

JW 9/27/07

## **SOUND TRANSIT**

### **MOTION NO. M2007-77**

A motion of the Finance Committee of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute an agreement with Pierce Transit to fund base maintenance and facility improvements at the Pierce Transit Maintenance Base for an amount not to exceed \$4,700,000.

#### **Background:**

Sound Move included a provision for a Sound Transit contribution to the regional bus maintenance capacity in the subareas it serves. This funding has been included in the Service Delivery capital budget in the Bus Maintenance Facility project (project number 261), since Sound Move was implemented.

Pierce Transit has prepared a \$15.6 million Base Capacity Project to expand and upgrade its maintenance facility. The project is designed to upgrade systems and resolve the over capacity problem allowing PT to expand their local service and increase the fleet size. Of the 26% over capacity, the ST fleet represents 30% of the impact. The Base Capacity Project is structured to address the 26% overcapacity and future growth projections for both Pierce Transit and Sound Transit.

The Pierce Transit base was designed for 200 buses but it is currently handling 251 buses. 77 of these buses belong to Sound Transit. A 30/70 split between Sound Transit and Pierce Transit takes into consideration future growth projections. The Sound Transit contribution would be capped at \$4.7 million and draw from the Base Maintenance Facility Pierce County and South King County Sub-area funds.

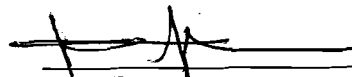
The Base Capacity Project includes a number of investments that will provide more physical capacity for buses and maintenance facility functions. These include hoist replacements, improved ingress and egress with security features, parking expansion, building facility expansion and maintenance bay remodel.

This agreement with Pierce Transit provides for the final design and construction of the Base Capacity Project. Pierce Transit will be responsible for the design and construction of the project elements and will assume all liability for the work. Pierce Transit is funding \$10.9 million of this \$15.6 million project. The project will commence in 2007 and will be completed in 2010. As the lead agency for SEPA environmental documentation, Pierce Transit issued a Mitigated Determination of Nonsignificance (MDNS) in November 2006 for the Base Capacity Improvements Master Plan 2006-2015.

#### **Motion:**


It is hereby moved by the Finance Committee of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute an agreement with Pierce Transit to fund base maintenance and facility improvements at the Pierce Transit Maintenance Base for an amount not to exceed \$4,700,000.

APPROVED by the Finance Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on October 4, 2007.



Fred Butler  
Finance Committee Chair

ATTEST:



Marcia Walker  
Board Administrator