SOUND TRANSIT
TRANSIT OPERATIONS TASK FORCE
Meeting Summary
July 24, 2008

Call to Order

The meeting was called to order at 11:13 a.m. by Chair Dow Constantine in the Ruth Fisher Boardroom, 401 South Jackson Street, Seattle, Washington.

Roll Call

Chair
(P) Dow Constantine, King County Council Vice Chair

(P) Fred Butler, Issaquah Deputy Council President
(P) Deanna Dawson, Edmonds Councilmember
(P) Dave Enslow, Sumner Mayor
(A) John Marchione, Redmond Mayor
(A) Julia Patterson, King County Council Chair

Report of the Chair

Chair Constantine announced that the order of topics was switched and this month's topic will be maintenance and operations for commuter and light rail.

Understanding Rail Operations and Maintenance

Bonnie Todd, Transportation Services Director and David Huffaker, Transportation Finance Planner gave a PowerPoint presentation on operations, maintenance and business models for Sound Transit's contracted rail modes including Central Link Light Rail and Sounder Commuter Rail.

Mr. Huffaker talked about the operations of Central Link light rail; it will be operated under a non-competitively negotiated contract with King County Metro. The agreement with King County Metro covers a 5-year operations period ending in 2014. The Operations and Maintenance facility in the SODO area will be used for operations and is sufficient to store the initial fleet of 31 vehicles and to accommodate the future service to the University of Washington in 2016. Alternatives to the planned business model have been reviewed, cost savings are not anticipated under other models.

Boardmember Enslow asked if the cost to operate Central Link would be comparable to the costs of operating Tacoma Link. Mr. Huffaker responded that the 2009 Budget work is still underway and that operations costs for Central Link would take place during discussions on the Transportation Services portion of the Proposed 2009 Budget. Mr. Huffaker noted that comparisons to Tacoma Link operations costs and the operations costs for other comparable national systems would be included.

Chair Constantine asked when the Board would be reviewing Central Link operations costs in the future. Ms. Todd responded that it would be following some years of operations experience; around the time frame of 3-4 years. Mr. Huffaker noted that since Sound Transit owns the maintenance base for Central Link, the amount of time for a review of the business model would be shorter than for reviewing the ST Express bus or Sounder Commuter rail business models.

Mr. Huffaker then switched to discussing the operation, maintenance and business model for Sounder Commuter rail. Mr. Huffaker reviewed the business model for Sounder; Sound Transit provides the Sounder vehicles, stations and evening layover facilities, and oversees the contract with BNSF, Amtrak maintains the vehicles, provides fueling and cleaning services and provides midday storage. Mr. Huffaker explained that Amtrak was chosen for vehicle maintenance because they were able to provide those services soon after the start of Sound Move. BNSF operates the trains and provides access and dispatch services. He explained that there are two agreements with BNSF for use of the tracks, these are required due to BNSF ownership of the tracks and no alternatives are currently being reviewed.

Mr. Huffaker noted some challenges with the maintenance agreement with Amtrak that expires at the end of 2009. The Holgate yard is shared by both Amtrak and Sounder and due to capacity issues, will not be able to continue all the maintenance services at that site as regional demands increase. The maintenance costs for Sounder are also higher than national peers. In addition, the Holgate facility does not have the capability to perform all the heavy maintenance required for passenger rail service.

Mr. Huffaker showed a chart illustrating the capacity issues for maintenance in the region. Sound Transit will soon be at the maximum capacity for maintaining and storing equipment at the Holgate facility, and Amtrak services are also scheduled to grow, although no room for growth exists. Sound Transit will soon be recalling vehicles that were leased to Metro Link in Los Angeles, the trains are expected back in the next 18 months. The chart shows increases over the next 30 year period in excess of available capacity.

Mr. Huffaker then showed a chart illustrating Sound Transit's maintenance costs per vehicle mile as compared to peers; he showed that costs would continue to go down over the next several years due to economies of scale and contract terms. Mr. Huffaker also noted that even with the improvements anticipated, the costs will trend at nearly twice as high as the industry average.

Mr. Huffaker listed some of the maintenance limitations of the Holgate facility, currently heavy maintenance is done at another Amtrak facility. He showed a chart showing the lifetime costs of the Sounder fleet, as the fleet ages normal increases in preventative maintenance will occur.

Chair Constantine asked if the Sounder vehicle fleet is at the same place in the lifecycle, Mr. Huffaker confirmed that they are all used at the same level and are generally at the same point.

Boardmember Butler asked about the lifespan of the vehicles; Mr. Huffaker responded that the lifespan of a locomotive is 40 years and a passenger car is 30 years, the current Sounder vehicles have been used for approximately 10 years. Boardmember Butler asked if Sound Transit has a replacement fund for the vehicles; Mr. Huffaker confirmed that the agency has a separate capital replacement fund for the vehicles.

Mr. Huffaker described the expected passenger growth for the Sounder service and noted that equipment capacity exceeds growth until 2011.

Mr. Huffaker discussed the issues that would be addressed in a long-term solution; a maintenance shop with full range of capabilities and reasonable cost that includes capacity for future growth. He also noted that a competitive contract for maintenance would address the cost issues; in-house maintenance could also be an option.

Mr. Huffaker showed a slide showing the 2006 vehicle maintenance costs per vehicle mile for Sound Transit compared with national peer agencies. He noted that Virginia Railway Express is the only other property that does not own a maintenance facility and does not competitively procure maintenance services. Sound Transit and Virginia Railway Express are among the highest for cost per vehicle mile. Mr. Huffaker noted that Sound Transit's cost are still going down, but will be higher than most of the peers after service costs become consistent.

Mr. Huffaker said the rest of the presentation would be spent reviewing the results of a study of Sound Transit's business model done by Raul Bravo and Associates. Six options were reviewed, two (options A and B) are modified service agreement options utilizing Amtrak, and four (options C-F) are competitively procured maintenance service options. Analysis indicates that at up to $4.5 million could be saved in maintenance costs by having competitively procured maintenance contracts; Sound Transit ownership of a maintenance base would be required for a competitive procurement.

Option A is based on a continuation of the Amtrak agreement and assuming the status quo. Potential renegotiation could occur under this contract; risks include continued increases in maintenance costs and no growth in service would be possible past 2009. This option was not deemed acceptable by Raul Bravo and Associates because capacity and additional maintenance needs are not addressed and cost savings in line with industry averages are not realized.

Boardmember Butler asked if Amtrak provides adequate and timely maintenance on Sound Transit vehicles; Ms. Todd replied that maintenance has been satisfactory; she also confirmed that Amtrak performs all of the work under the contract.

Option B is based on status quo for Sound Transit but Amtrak would make a $45 million investment for improvements in service and inspection facilities (but not heavy maintenance facilities). A contract renegotiation would be necessary to try to reduce costs. Risks include possible increases in maintenance costs and growth potential would only extend to 2012. This option was also not deemed acceptable by Raul Bravo and Associates because additional investments still do not allow growth past 2012, additional maintenance needs are not addressed, and cost savings in line with industry averages are not realized.

Option C is based on a shared Sound Transit, Amtrak and WSDOT maintenance facility at Holgate. Funding would be shared and would provide a heavy maintenance shop for all three. Capital investments would be needed, and issues of coordination would apply. Risks include the legal arrangement that would be required for this option. This option does address the long term capacity issues and would make lower operations and maintenance costs possible.

Option D is based on Sound Transit building a stand alone facility at Holgate. The option provides a good central maintenance location and allows competitive procurement. High capital investments and right-of-way investment costs would be risks for this option. There would be operations and maintenance savings, but significant capital investment amounts are also needed.

Option E is based on Sound Transit building a stand alone facility at Lakewood. The property is currently owned by Sound Transit and would require small additional property purchases. The additional property to be purchased at the Lakewood site is a lower risk and cost than the additional property to be purchased at the Holgate site. The site could also be implemented sooner than a stand alone Holgate facility and would allow for competitive procurement and future growth.

Option F is based on Sound Transit building a stand alone facility at Boeing Field. The location for this option is not optimal for a maintenance base facility and is not supported by BNSF. Use of this location would require a lot of dead-heading from Holgate and would be expensive for operational logistics. As a result, this option was deemed not acceptable by Raul Bravo and Associates and no further cost analysis work was done.

Boardmember Butler asked if these options were reviewed in detail to identify any environmental concerns. Ms. Todd said that options have not been reviewed for environmental concerns yet; Mr. Huffaker said that analysis would be a future step in the process.

Mr. Huffaker then showed a chart projecting cost per vehicle mile for Sound Transit under the status quo, the industry average, and option E from 2006 to 2020. Option E showed Sound Transit matching the industry average in the long range.

Boardmember Butler asked how Sound Transit would pay for the options that required capital investment; Mr. Huffaker responded that money is set aside in ST2 to provide for a maintenance facility. Mr. Huffaker explained that if ST2 was not approved by voters, operating costs saved by a competitive procurement would compensate for capital expenses, but a funding plan would need to be discussed further.

Mr. Huffaker showed a chart comparing the six options and the cost of maintenance and capital expenditures estimated for each in 2008 dollars. Mr. Huffaker explained that in year of expenditure dollars the cost of option E is around $600 million versus $700 million for option A. He also showed slides comparing each option's capital costs, maintenance costs, control, risk and capacity. Maintenance costs for option C, D and E are better than current maintenance costs. The Holgate stand-alone facility has the highest risk on the capital cost while the Holgate shared facility has the highest risk due to risks associated with constructing a joint facility. Option E shows the most positive results, ranking well for maintenance costs, control, risk and capacity. Mr. Huffaker explained that the control line indicates the amount of control Sound Transit has over the project and property needed for the maintenance base.

Chair Constantine asked if analysis has been done to use the maintenance base to contract out to other rail providers to generate extra income for Sound Transit. Mr. Huffaker said that option has not been modeled yet, and would need to be studied further. Mr. Huffaker noted that work will continue on evaluating Sounder base options and on evaluating interim and long term maintenance solutions.

Ms. Todd summarized by saying that Sounder is faced with expensive maintenance and limited capacity for growth. Cost savings with competitive procurement are significant. Ms. Todd noted that this month's presentation concludes the task force's discussions on maintenance contracts for Regional Express buses, Link Light Rail and Sounder services. She noted that next month's discussion would focus on policy discussions for procurement of operations and maintenance services.

Boardmember Butler asked that issues surrounding labor relations, environment, service, operations and future expansion are included in the matrix for evaluating maintenance base locations. He also asked to see the final draft of the Raul Bravo and Associates study.

Next Meeting:

Thursday, August 28, 2008, 11:00 a.m. to 12:45 p.m., Ruth Fisher Boardroom, 401 South Jackson Street, Seattle WA.

Adjourn

There was no other business; the meeting was adjourned at 12:13 p.m.

Dow Constantine

Dow Constantine
Transit Operations Task Force Chair

ATTEST:

Kathryn Weiss

Katie Weiss
Board Coordinator