



**PIERCE TRANSIT BOARD OF COMMISSIONERS
EXECUTIVE FINANCE COMMITTEE
3701 96th ST SW, Lakewood, WA 98499
Alder Conference Room
May 25, 2017 – 3:00 PM
AGENDA**

CALL TO ORDER

APPROVAL OF MINUTES: March 23, 2017 Meeting Minutes

ACTION AGENDA:

1. FS 17-037, Authority to Execute Contracts for Oil, Fuel, Air, Water and Transmission Filters With Cummins Northwest, Vehicle Maintenance Program, Standard Parts, CLF Warehouse, Mohawk MFG & Supply Co., and Interstate Auto Parts
Kevin Zinski
Fleet Manager
2. FS 17-038, Authority to Execute Contracts for Meritor and AxleTech Parts With The Truck Shop, The Aftermarket Parts Company LLC, Prevost Cars (US) Inc., AxleTech LLC, Freightliner Northwest, Neopart Transit LLC and Gillig LLC
Kevin Zinski
Fleet Manager
3. FS 17-039, Authority for the CEO to Enter Into a Lease With Option to Buy Property at 9622 40th Avenue SW in Lakewood and to Further Authorize the CEO to Execute a Purchase and Sale Agreement
Janine Robinson
Senior Planner

DISCUSSION/UPDATE

COMMISSIONER COMMENTS

EXECUTIVE SESSION

ADJOURNMENT

American Disability Act (ADA) accommodations are available with a 72-hour notice. An interpreter for the hearing impaired will be provided upon request with a minimum notice of two weeks. Please contact the Clerk's office at 253-581-8066 for special accommodations. Meeting room is wheelchair accessible. Registered SHUTTLE customers may obtain specialized transportation to and from the hearing by calling SHUTTLE at 253-581-8000 from one to five days in advance of the hearing.

**PIERCE TRANSIT
EXECUTIVE FINANCE COMMITTEE MEETING
3701 96th STREET SW, LAKEWOOD, WA
GRAND CONFERENCE ROOM**

March 23, 2017

MINUTES

CALL TO ORDER

Chair Talbert called the meeting to order at 3:03 p.m.

ATTENDANCE

Executive Finance Committee Commissioners present:

Rick Talbert, Chair, Pierce County Councilmember
Daryl Eidinger, Vice Chair, City of Edgewood Mayor
Don Anderson, City of Lakewood Mayor (*arrived at 3:10 p.m.*)

Executive Finance Committee Commissioners excused:

Kent Keel, City of University Place Mayor Pro Tem

Staff present:

Sue Dreier, Chief Executive Officer
Dana Henderson, General Counsel
Dan Pike, Executive Director of Planning and Community Development
Rebecca Japhet, Communications Manager
Clint Steele, Senior Construction Project Manager
Chris Saffer, Lean & Workforce Development Manager
Samantha Einarson, Business Data Analytics Administrator
Paula Ellis, Business Data Analytics Administrator
Brett Freshwaters, Chief Finance Officer
Vivienne Kamphaus, Executive Director of Administration
Rebecca Japhet, Communications Manager
Penny Grellier, Business Partnership Administrator
Sharon Stockwell, Senior Employer Services Coordinator
Kelly Dion, Budget Finance Manager
Latisha Sternod, Data Analyst
Tina Lee, Community Development Administrator
James Sullivan, Administrative Specialist II

Staff excused:

Mike Griffus, Executive Director of Service Delivery and Support
Deanne Jacobson, Assistant to the CEO/Clerk of the Board
Kristol Bias, Records Coordinator/Deputy Clerk of the Board

APPROVAL OF MINUTES

Commissioners Eidinger and Talbert **moved** and seconded to approve the January 26, 2017 meeting minutes as presented.

Motion **carried**, 2-0.

ACTION AGENDA

1. FS 17-020, Authority to Execute a One Year Contract Extension for Legal Services with K&L Gates

General Counsel Dana Henderson presented on the item, providing background of Pierce Transit's outside legal representation costs from 2013 to present. Ms. Henderson also informed attendees of four pending real estate purchases.

Commissioners Eidinger and Talbert **moved** and seconded to authorize the CEO to enter into and execute a one year contract extension with K&L Gates.

Motion **carried**, 2-0.

2. FS 17-021, Authority to Execute a Contract with Stertil-Koni for the Purchase and Installation of Three Hoists

(Commissioner Don Anderson arrived at 3:10 p.m.) Senior Construction Project Manager Clint Steele presented on the item, providing technical specifications related to the Stertil-Koni Eco60 scissor-lift hoists.

A short discussion ensued and clarification was given with regards to hoist safety factors and features. Mr. Steele emphasized hoist interlocking safety mechanism features and noted the hoists meeting specific safety guidelines. The agency hopes to have the hoists installed by the end of 2017.

Commissioners Talbert and Eidinger **moved** and seconded to authorize the CEO to execute a contract with Stertil-Koni under state NASPO contract #05316 in the amount of \$310,445.08 with an added contingency of \$15,522.25 only to be used for additional equipment, installation costs or testing if needed to replace the Building 1 Tire Shop and Body Shop hoists with new hoists that meet the current needs of Pierce Transit.

Motion **carried**, 3-0 *(Upon conclusion of the vote, Commissioner Talbert left the meeting and Commissioner Daryl Eidinger resumed the role of Chair).*

DISCUSSION/UPDATE

Strategic Plan Update

The Executive Finance Committee members postponed this item to a future Board of Commissioners meeting not defined.

Data Analytics Presentation

Business Data Analytics Administrator Paula Ellis reported on the challenges and benefits of developing a data warehouse.

A short discussion ensued with regards to in-house construction and implementation of the data warehouse.

Universal Pass for Clover Park Technical College

Executive Director of Planning and Community Development Dan Pike discussed price structure as well as benefits to implementing a Universal Pass for community and technical college students.

CEO Sue Dreier noted that a contract will be written up and presented at the April 10, 2017 Board of Commissioner's meeting.

COMMISSIONER COMMENTS

Commissioner Don Anderson thanked the presenters and staff for all that they do.

EXECUTIVE SESSION ~ None

ADJOURNMENT

The meeting was adjourned at 3:55 p.m.

Deanne Jacobson
Assistant to the CEO/ Clerk of the Board

Rick Talbert, Chair
Board Executive Finance Committee

FACT SHEET – EXECUTIVE/FINANCE COMMITTEE

TITLE: Authority to Execute Contracts for Oil, Fuel, Air, Water and Transmission Filters With Cummins Northwest, Vehicle Maintenance Program, Standard Parts, CLF Warehouse, Mohawk MFG & Supply Co., and Interstate Auto Parts

DIVISION: Fleet Maintenance

ORIGINATOR: Kevin Zinski, Fleet Manager

PRECEDING ACTION: N/A

COORDINATING DEPARTMENT: Fleet Maintenance, Purchasing

APPROVED FOR SUBMITTAL:

Chief Financial Officer

APPROVED FOR AGENDA:

Chief Executive Officer

General Counsel

ATTACHMENTS:

N/A

BUDGET INFORMATION

2017 Budget Amount
\$6,352,334.00

Required Expenditure
\$953,585.98

Impact
None

Explanation: The 2017 budget includes funds for repair supplies – other.

BACKGROUND:

The Invitation to Bid (IFB) was released on March 23, 2017 and was posted on the eBids website, advertised on Pierce Transit's website, Tacoma Daily Index, Daily Journal of Commerce and the Office of Minority & Women's Business Enterprise (OMWBE). Twenty-five (25) vendors downloaded the bid documents. A public bid opening was held on April 19, 2017 with no vendors attending. Seventeen (17) bids were received. All seventeen (17) bids were reviewed and a bid tabulation sheet was created to determine the lowest bidder. The bid tabulation was analyzed for the possibility for single award; however no vendors were able to supply every filter specified in the bid and a single award to one vendor was not possible. Pierce Transit has a need to purchase filters to keep up on regular maintenance of our vehicles. Staff proposes to award to six (6) vendors: Cummins Northwest; Vehicle Maintenance Program; Standard Parts; CLF Warehouse; Mohawk MFG & Supply Co., and Interstate Auto Parts. The estimated annual amount would be \$165,841.04 with an estimated total amount of \$829,205.20 not to exceed \$953,585.98 which includes a fifteen percent (15%) contingency, for the full term of the contract if options years are utilized. This is an estimated amount based on the bid documents that state "The quantities shown in these specifications represent approximate annual usage to be used only

for bid evaluation and shall not be considered a guaranteed quantity.” The attachment to the contract shows the part numbers with the bid pricing.

The term of this Contract is three (3) years with two (2) optional one-year extensions.

ALTERNATIVES:

The alternative is to reject all bids. This is not recommended as a solution. It is in the best interest of Pierce Transit to award to multiple vendors and lock in contract pricing. Not having a contract in place for filters could result in higher costs for Pierce Transit.

RECOMMENDATION:

Authorize execution of contracts for Oil, Fuel, Air, Water and Transmission filters to Cummins Northwest, Vehicle Maintenance Program, Standard Parts, CLF Warehouse, Mohawk MFG & Supply Co., and Interstate Auto Parts in a total amount not to exceed \$953,585.98.

Executive/Finance Committee Action:

Approved: _____

Disapproved: _____

Rick Talbert, Chair
Executive/Finance Committee

ATTEST:

Deanne Jacobson, CMC
Clerk of the Board

FACT SHEET – EXECUTIVE/FINANCE COMMITTEE

TITLE: Authority to Execute Contracts for Meritor and AxleTech Parts With The Truck Shop, The Aftermarket Parts Company LLC, Prevost Cars (US) Inc., AxleTech LLC, Freightliner Northwest, Neopart Transit LLC and Gillig LLC

DIVISION: Fleet Maintenance

ORIGINATOR: Kevin Zinski, Fleet Manager

PRECEDING ACTION: N/A

COORDINATING DEPARTMENT: Fleet Maintenance, Purchasing

APPROVED FOR SUBMITTAL:

Chief Financial Officer

APPROVED FOR AGENDA:

Chief Executive Officer

General Counsel

ATTACHMENTS:

N/A

BUDGET INFORMATION

2017 Budget Amount	Required Expenditure	Impact
\$6,352,334.00	\$873,963.60	None

Explanation: The 2017 budget includes funds for repair supplies – other.

BACKGROUND:

The Invitation to Bid (IFB) was released on April 7, 2017 and was posted on the eBids website, advertised on Pierce Transit’s website, Tacoma Daily Index, Daily Journal of Commerce, Transit Talent and the Office of Minority & Women’s Business Enterprise (OMWBE). Twenty (20) vendors downloaded the bid documents. A public bid opening was held on May 9, 2017 with no vendors attending. Seven (7) bids were received. All seven (7) bids were reviewed and a bid tabulation sheet was created to determine the lowest bidder. The bid tabulation was analyzed for the possibility for single award; however no vendors were able to supply every part specified in the bid and a single award to one vendor was not possible. Pierce Transit has a need to purchase Meritor and AxleTech parts necessary for maintenance of the buses. Staff proposes to award to seven (7) vendors: The Truck Shop; The Aftermarket Parts Company, LLC; Prevost Cars (US) Inc.; AxleTech LLC; Freightliner Northwest; Neopart, Transit LLC; and Gillig, LLC. The estimated annual amount would be \$51,993.67 and the estimated total amount of \$759,968.35 not to exceed \$873,963.60 which includes a fifteen percent (15%) contingency, for the full term of the contract if options years are utilized. This is an estimated amount based on the bid documents that state “The quantities shown in these specifications represent approximate annual usage to be used only for bid evaluation and shall not be considered a guaranteed quantity.” The attachment to the contract shows the part numbers with the bid pricing.

The term of this Contract is three (3) years with two (2) optional one-year extensions.

ALTERNATIVES:

The alternative is to reject all bids. This is not recommended as a solution. It is in the best interest of Pierce Transit to award to multiple vendors and lock in contract pricing. Not having a contract in place for Meritor and AxleTech parts could result in higher costs for Pierce Transit.

RECOMMENDATION:

Authorize execution of contracts for Meritor and AxleTech parts to The Truck Shop, The Aftermarket Parts Company LLC, Prevost Cars (US) Inc., AxleTech LLC, Freightliner Northwest, Neopart Transit LLC and Gillig LLC in an amount not to exceed \$873,963.60.

Executive/Finance Committee Action:

Approved: _____

Disapproved: _____

Rick Talbert, Chair
Executive/Finance Committee

ATTEST:

Deanne Jacobson, CMC
Clerk of the Board

FACT SHEET – EXECUTIVE FINANCE COMMITTEE

TITLE: Authority for the CEO to Enter Into a Lease With Option to Buy Property at 9622 40th Avenue SW in Lakewood and to Further Authorize the CEO to Execute a Purchase and Sale Agreement

DIVISION: Planning and Community Development

ORIGINATOR: Janine Robinson, Senior Planner

PRECEDING ACTION: Motion from January 9, 2017 Board of Commissioners meeting to authorize the Chief Executive Officer to negotiate a Purchase and Sale Agreement for the property located at 9622 40th Avenue SW, Lakewood, Washington for the price discussed in Executive Session, and to delegate authority to the Executive Finance Committee to approve the final purchase and sale agreement.

COORDINATING DEPARTMENT: Transit Development

APPROVED FOR SUBMITTAL:

Chief Financial Officer

APPROVED FOR AGENDA:

Chief Executive Officer

General Counsel

ATTACHMENTS:

N/A

BUDGET INFORMATION

2017 Budget Amount
\$0.00

Required Expenditure
Lease: \$45,000
Purchase: \$1,500,000

Impact
\$1,545,000

Explanation: This resolution would authorize entering into a Lease with Option to Purchase Agreement and Purchase and Sale Agreement for the subject property. A capital budget amendment will come before the full Board of Commissioners in June, 2017 for the purchase price, improvements to the property, and related project costs.

BACKGROUND:

This resolution requests that the Executive Finance Committee authorize the CEO to enter into a six-month lease with option to purchase (exercisable during the lease period) and a purchase and sale agreement for real property located at 9622 40th Avenue SW, Lakewood, Washington. At the Board of Commissioners' meeting held January 9, 2017, the Board authorized the Chief Executive Officer, or designee, to negotiate a Purchase and Sale Agreement for the property located at 9622 40th Avenue SW, Lakewood, Washington for the price discussed in Executive Session, and

to delegate authority to the Executive Finance Committee to approve the terms of a final purchase and sale agreement. In executive session in January, 2017, it was discussed that the proposed purchase price was \$1,500,000.

Pierce Transit is expanding its bus fleet to add service, and is currently at maximum capacity in the base bus lot with limited additional available office space. Recently, SHUTTLE vehicles had to be moved to an already crowded parking lot behind building 5, where vanpools are parked in addition to employee vehicles and spare buses. This is a temporary solution. With the purchase of this property, the Agency can free up much needed space both in the parking lot behind building 5, as well as office space by moving Vanpool vans and staff to this new property.

The subject property is very near to Pierce Transit's base and includes: Parcel No. 5087000110 (33,500 square feet) which includes an 11,200 square foot building; and a portion of an adjacent Parcel No. 5087000121 (approximately 12,500 square feet). The adjacent property is also owned by the seller who is obtaining a boundary line adjustment (BLA) to create the larger parcel (approximately 46,000 square feet) to come under Pierce Transit ownership. The parties have agreed that they will not close on the sale of this property until the BLA is complete. Because of the Agency's pressing need for more space and the concern that another buyer may purchase this property before Pierce Transit has an opportunity to do so, staff recommends that the Agency lease the property with an option to buy for six months, then purchase the property after the BLA is completed.

Pierce Transit would lease the property beginning June 1, 2017 for a period of six months at \$5,000 per month (plus property taxes, insurance and maintenance, estimated at \$2,390 per month) for a total of \$44,340. Signature on the lease would be concurrent with execution of an Option to Purchase Agreement that would be exercised during the lease period, as well as with a Purchase and Sale Agreement. Additionally, a Memorandum of Lease and Purchase Option would be recorded.

The proposed purchase price is \$1,500,000; appraised value is \$1,415,000. Staff recommends this purchase price given the inherent variance in valuations for properties without a large supply of true comparable properties with recent real estate transactions from which a more granular appraisal would be possible, and the continuing hot real estate market which increases the likelihood of another buyer outbidding our offer should we prolong the process. Key terms of the Purchase and Sale Agreement include that closing will occur at the later of the lease expiration date (November 30, 2017) or the completion of the BLA and that Pierce Transit would pay \$70,000 in earnest money.

A Capital Budget Amendment for three items will be proposed to the full Board of Commissioners in June of 2017 to acquire this property and make necessary improvements: 1) property acquisition costs of \$1,535,000 to allow for purchase and due diligence/closing costs; 2) tenant improvements in the amount of \$400,000 necessary to house Vanpool operations at the new location. Improvements are expected to include perimeter security, access card readers, computer networking (including fiber connection to headquarters), furniture, carpet, paint, and lighting; and 3) evaluation of the best use of additional space available at the subject property in conjunction with the Base Master Plan for an additional \$50,000 to be added to that capital project. Any improvements necessary to use the additional building space will be part of a future capital project.

ALTERNATIVES:

The alternative would be to not lease with the option to purchase this property or wait to find another more attractive or affordable nearby option. Neither of these alternatives is recommended, as expansion is necessary for continued growth of the Agency, diligent negotiations have been carried out, and this property is near to base, available, and a very good option for expansion.

RECOMMENDATION:

Authority for the CEO to enter into a lease with option to buy property at 9622 40th Avenue SW in Lakewood and to further authorize the CEO to execute a Purchase and Sale Agreement for that property in the amount of \$1,500,000.

Executive/Finance Committee Action:

Approved: _____

Disapproved: _____

Rick Talbert, Chair
Executive/Finance Committee

ATTEST:

Deanne Jacobson, CMC
Clerk of the Board