



MEMORANDUM

TO: Seattle City Council Parks, Center, Libraries and Equity Committee

FROM: Kerry Smith 

DATE: November 21, 2014

RE: Monorail Concession Agreement

This legislation authorizes execution of a ten year concession agreement with Seattle Monorail Services (SMS) for operation, maintenance, marketing, and administration of the Monorail System. The legislation also authorizes the Seattle Center Director to enter into capital improvement and major maintenance project agreements with SMS and establishes Monorail fare limits, within which the fares may be adjusted, subject to approval by the Seattle Center Director.

Carrying more than two million passengers annually, the Monorail provides a public transportation link between downtown Seattle and Seattle Center. The Monorail system includes two trains, two stations, and the elevated guideways and supports on which the trains travel. Originally constructed for the 1962 Seattle World's Fair, the Monorail route and downtown station were modified for the construction of Westlake Center. In 1987 the City and Westlake Center Associates Limited Partnership entered into a fifty year Monorail Operating and Easement Agreement under which the City utilizes the Westlake Center Monorail station for a fee.

This legislation is the result of a Request for Proposals (RFP) for operation and maintenance of the Seattle Monorail. Three proposals were received. A RFP Review Panel conducted an extensive analysis of the proposals, interviewed all the respondent teams, and in the end unanimously recommended to the Seattle Center Director the selection of SMS as the preferred provider.

Concession Agreement Terms:

- Term - Ten years, with an option to extend for one additional 10-year term on the same terms and conditions upon the mutual agreement of SMS and the Director.
- Concession Fee - The City receives the greater of 2/3 of net operating income or \$550,000 per year. SMS retains the remaining net operating income.
- Management Fee - SMS receives a management fee of 5% of total revenues.
- Seattle Center Cost Reimbursement – Seattle Center contract administration costs of up to \$30,000 per year and station and annex maintenance costs of \$60,000 per year are reimbursed.
- Irrevocable Reserve Account – SMS will hold 7.5% of ridership revenues in an Irrevocable Reserve Account to fund mutually agreed upon capital improvements to the Monorail System. The funds may be used as the local match for Federal Transit Administration grants for capital improvements and major maintenance for the Monorail

System.

- Irrevocable Marketing Account - SMS will hold 0.6% of ridership revenues or \$25,000 per year, whichever is greater, in an Irrevocable Marketing Account reserve account to be used for mutually agreed upon joint Monorail – Seattle Center marketing initiatives.
- Operations and Ordinary Maintenance - SMS is responsible for all operating and ordinary maintenance activities for the Monorail System, except that the City, consistent with the City's labor agreements, is responsible for performing maintenance (including mechanical, structural, painting, electrical, and plumbing work) on the Seattle Center Station and Annex.
- Major Maintenance and Capital Improvements – The City and SMS jointly develop a rolling 5-year capital plan to identify, sequence and prioritize current and future capital improvement and major maintenance projects for the Monorail System. The plan will identify the proposed funding source(s), contracting method, scope, budget, and schedule. Seattle Center and SMS will execute a separate Project Agreement for each project detailing all project-related requirements, including requirements for federally funded projects. Projects may be managed by the City or SMS. SMS will be reimbursed at cost for any project management services they provide, without any additional fees or overhead charges. The projects will also be included in the City's CIP.
- Fares and Fare Adjustments - No fare increases are proposed at this time. The current one-way fare for adults is \$2.25. Fare increases are subject to the approval of the Seattle Center Director, up to a maximum of \$4.00. Any fare increases above this amount will require Seattle City Council approval. It is intended that fares will generally keep pace with inflation.

For over fifty years, the Seattle Center Monorail has delighted locals and visitors alike and provided a key link in our local transportation system. This proposed new agreement will continue successful operation and careful stewardship of the Monorail for the next decade.

cc: Robert Nellams, Director, Seattle Center
Ann Gorman, City Budget Office