

**AGENDA ITEM 9-F**  
**ACTION ITEM**

**TO: CHAIRMAN KAUFFMAN AND THE VRE OPERATIONS BOARD**

**FROM: DALE ZEHNER**

**DATE: APRIL 20, 2007**

**RE: AUTHORIZATION TO EXECUTE A LOCOMOTIVE LEASE PURCHASE**

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**RECOMMENDATION:**

The VRE Operations Board is being asked to authorize the VRE Chief Executive Officer to execute a locomotive lease purchase agreement with Railworld Locomotive Leasing, of Chicago, Illinois, for one locomotive in an amount not to exceed \$229,950 per year, plus freight, for a total of three years and ownership of the V32 locomotive.

**BACKGROUND:**

On March 22, 2007, the V32 caught fire due to an electrical short while parked at Ivy City awaiting evening train service. Damage occurred to the main and auxiliary generators and inertial blower. Due to the fact that VRE recently returned one of its Sounder locomotives, this unit must be repaired or replaced in order to maintain an adequately sized locomotive fleet.

Under VRE's contract for locomotive maintenance services, the repair cost was estimated at \$450,000. VRE subsequently received an unsolicited proposal from Railworld Locomotive Leasing for the lease purchase of one locomotive. The proposal offers VRE the opportunity to lease one substantially rebuilt F-40 locomotive at a per unit cost of \$210 per day (\$76,650 per year) plus the damaged V32 locomotive. At the end of the three years, VRE will own this F-40 locomotive. Because the V32 was purchased with federal funds, a federal

interest estimated at \$80,000 will need to be paid to FTA. Including this payment, this lease agreement is \$140,000 less than repairing the V32.

On April 18, VRE posted this proposal on its web site and requested counter proposals by close of business on April 30, 2007. To-date, no additional proposals have been received. If a better proposal were to be submitted, it would be posted for an additional ten days and this item amended for the May Commission meetings. The leased locomotive is estimated to be available for service in two months.

**FISCAL IMPACT:**

Funding is included in VRE's Capital Improvement Program as part of the capital fleet expansion project, purchase or lease locomotives project. Funding is available from the FY 2006 and future federal grants. The local match is provided for using state and local funds. No insurance claim is being submitted for the V32 damage as VRE's deductible is \$250,000.

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**FROM: DALE ZEHNER**  
**DATE: APRIL 20, 2007**  
**RE: AUTHORIZATION TO EXECUTE A LOCOMOTIVE LEASE PURCHASE**

**RESOLUTION**  
**9F-04-2007**  
**OF THE**  
**VIRGINIA RAILWAY EXPRESS**  
**OPERATIONS BOARD**

**WHEREAS**, on March 22, 2007, the V32 caught fire while parked at Ivy City awaiting evening train service; and,

**WHEREAS**, the fire caused extensive damage estimated to cost \$450,000 to repair; and,

**WHEREAS**, VRE received an unsolicited proposal to lease to own one locomotive from RailWorld Locomotive leasing for three years; and,

**WHEREAS**, the proposal was for \$210 per day plus the damaged V32 locomotive and VRE will own this F-40 locomotive at the end of three years; and,

**WHEREAS**, VRE posted the proposal on its web site and to-date has received no counter proposals; and,

**WHEREAS**, this locomotive must be repaired or replaced in order to maintain an adequately sized locomotive fleet; and,

**WHEREAS**, the lease purchase option is less expensive than an outright repair.

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board authorizes the VRE Chief Executive Officer to execute a locomotive lease purchase agreement with Railworld Locomotive Leasing, of Chicago, Illinois, for one locomotive in an amount not to exceed \$229,950 per year, for a total of three years, plus freight and ownership of the V32 locomotive.