

AGENDA ITEM 9-E
ACTION ITEM

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: JANUARY 18, 2008

**RE: AUTHORIZATION TO AWARD CONTRACT FOR
CONSTRUCTION ENGINEERING AND INSPECTION SERVICES
FOR THE PURCHASE AND MANUFACTURE OF DIESEL-
ELECTRIC LOCOMOTIVES**

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions authorize the VRE Chief Executive Officer to enter into a contract with **STV Incorporated dba STV Group Incorporated of Fairfax, Virginia** for construction engineering and inspection services for the purchase and manufacture of up to twenty diesel-electric locomotives in the amount of **\$3,769,000, plus a contingency of \$376,920, for a total amount not to exceed \$4,145,920.**

BACKGROUND:

In August of 2007, the Operations Board authorized the solicitation of consultant services for construction engineering and inspection services for the new locomotive acquisition. On November 9, 2007, a Request for Proposals was published, with proposals due on January 7, 2008. **Two proposals were received.** Following a competitive solicitation, interviews and an evaluation, VRE staff is recommending award to **STV Incorporated dba STV Group Incorporated of Fairfax, Virginia.**

This contract will include design reviews, first article inspections, in-plant inspections, on-site inspections and warranty administration. The consultant will

also be responsible for the acceptance of each locomotive into service. Similar to the locomotive procurement structure, this solicitation was also structured to allow incremental notices to proceed, **such that authorization for oversight will be issued concurrently and proportionately with locomotive option orders. However, due to the nature of this work, the Operations Board is being asked to provide authorization to the CEO for oversight of the entire order. The CEO will then execute notices to proceed as each option order for additional locomotives is authorized.**

The cost of this contract is based on a 24-month contract period for the base order, plus costs for overseeing the options based upon a prescribed schedule, which includes the manufacturing process and the associated warranty period.

As a point of comparison, oversight for the recent railcar procurement was 4.2% of the total project budget. This oversight work, which for locomotives is more technical, is estimated at 4.3%.

FISCAL IMPACT:

Funds for this contract are included in VRE's Capital Improvement Program (CIP) as part of the capital fleet expansion, locomotive project. Funding is from FY 2006 and FY 2007 federal and state grants. The local match is provided for using state and local funds.

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RESOLUTION
9E-01-2008
OF THE
VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD

WHEREAS, VRE has contracted for the manufacture of new diesel-electric locomotives; and,

WHEREAS, VRE requires the services of engineering professionals to oversee the manufacturing contract to ensure compliance with specifications; and,

WHEREAS, since its inception, VRE has relied on professional engineering firms to assist staff in equipment specification and maintenance standards.

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board recommends that the Commissions authorize the VRE Chief Executive Officer to enter into a contract with **STV Incorporated dba STV Group Incorporated of Fairfax, Virginia** for construction engineering and inspection services for the purchase and manufacture of up to twenty diesel-electric locomotives in the amount of **\$3,769,000, plus a contingency of \$376,920, for a total amount not to exceed \$4,145,920.**