

AGENDA ITEM 9-A
ACTION ITEM

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: JANUARY 18, 2008

**RE: AUTHORIZATION TO CONDUCT PUBLIC HEARINGS RELATED TO
THE PROPOSED TARIFF AMENDMENTS**

RECOMMENDATION:

The VRE Operations Board is being asked to authorize the Chief Executive Officer to solicit comment through public hearings in Washington, DC; Crystal City; Burke; Woodbridge, Manassas, Stafford and Fredericksburg related to the proposed fare change, indexing policy, and subsequent amendment of VRE's Tariff.

BACKGROUND:

During the FY 2009 budget process, the Operations Board authorized a fare increase of up to 3% to offset increases in fuel, insurance and maintenance costs. VRE staff has reviewed this plan and proposes an across the board increase of up to 3% without any change to the current ticket discount structure. Comments on a potential future indexing policy will also occur.

VRE will conduct hearings during February and March in D.C. as well as at locations on both lines. Staff will report back to the Operations Board with a summary of comments. If adopted, these changes will become effective the first week of July 2008, with the start of the FY 2009 budget.

FISCAL IMPACT:

This modification is consistent with the recommendations of the Operations Board related to the FY 2009 budget.

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD
FROM: DALE ZEHNER
DATE: JANUARY 18, 2008
RE: AUTHORIZATION TO CONDUCT PUBLIC HEARINGS RELATED TO
THE PROPOSED TARIFF AMENDMENTS

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

WHEREAS, during the FY 2009 budget process, the Operations Board authorized a fare increase of up to 3%; and,

WHEREAS, VRE staff has reviewed the fare structure and is recommending this increase be accomplished through an increase in fares with no change or modification to the current ticket discount structure; and,

WHEREAS, the VRE Operations Board is also considering a fare indexing policy; and,

WHEREAS, VRE will report back to the Operations Board with a summary of comments; and,

WHEREAS, if adopted, the fare increase will become effective the first week of July 2008, with the start of the FY 2009 budget.

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board authorizes the Chief Executive Officer to solicit comment through public hearings in Washington, DC; Crystal City; Burke; Woodbridge, Manassas, Stafford and Fredericksburg related to the proposed fare change, indexing policy, and subsequent amendment of VRE's Tariff.

AGENDA ITEM 9-B
ACTION ITEM

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: JANUARY 18, 2008

RE: AUTHORIZATION TO ISSUE REQUEST FOR PROPOSALS FOR BANKING SERVICES AND LINE OF CREDIT

RECOMMENDATION:

The VRE Operations Board is being asked to authorize the Chief Executive Officer to issue a Request for Proposals (RFP) for banking services for a period of three years, with an option to extend for up to two additional years.

BACKGROUND:

In July 2003, VRE awarded a contract to SunTrust Bank for banking services and a \$1 million line of credit. The last extension of this contract will expire at the end of July 2008. As such, a new procurement must be initiated. In addition to the line of credit, the solicitation will also include optional services such as trustee and escrow services, investment custodial services, and the provision of credit or purchasing cards.

The staffs of both the Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportation Commission (PRTC) have been asked if they would like to be included in the solicitation. PRTC has asked to be included in this procurement, while NVTC has declined, as they do not need new banking services at this time.

FISCAL IMPACT:

Funds are allocated in both the FY 2008 and FY 2009 budgets based upon estimated costs. In most instances, bank fees are paid as a deduction from interest earnings.

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD
FROM: DALE ZEHNER
DATE: JANUARY 18, 2008
RE: AUTHORIZATION TO ISSUE A REQUEST FOR PROPOSALS FOR
BANKING SERVICES AND LINE OF CREDIT

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

WHEREAS, in July 2003, VRE awarded a contract for banking services and a \$1 million line of credit to SunTrust Bank; and,

WHEREAS, the contract with SunTrust Bank was for three years, with an option for two additional years; and,

WHEREAS, the last extension will expire at the end of July 2008.

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board authorizes the Chief Executive Officer to issue a Request for Proposals (RFP) for banking services for a period of three years, with an option to extend for up to two additional years.

AGENDA ITEM 9-C
ACTION ITEM

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: JANUARY 18, 2008

RE: AUTHORIZATION TO SELL TEN GALLERY CARS

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to sell ten Gallery cars to the Regional Transit Authority of Nashville, Tennessee, in an amount to be provided confidentially to Board Members at the Operations Board meeting.

BACKGROUND:

In March of 2007, the Operations Board granted authority to sell up to 25 railcars in anticipation of the new railcar delivery that began this past December. Since that time, the available equipment, including these Gallery cars, was posted on VRE's web site for public sale and existing and developing commuter rail agencies were notified of the sale. VRE staff since received a proposal from the Regional Transit Authority of Nashville, Tennessee to purchase ten of the remaining twenty Gallery cars available.

The proposal is for the amount indicated in the confidential envelope which will be provided to each Operations Board Member at the meeting. This transaction also includes the buyer paying freight to remove the cars from VRE property. Because ten additional Gallery cars remain for sale and prices are being negotiated, any additional discussion on the price proposal must take place in closed session.

If approved for sale, VRE estimates that the cars will be shipped by mid-February. While VRE has calculated that no federal or state interest will remain in these cars at the time of sale, formal approval from the Federal Transit Administration is still

pending. Sale of these cars is contingent on this approval and will not occur until this approval is received.

FISCAL IMPACT:

This additional revenue will be allocated to the restoration of the operating reserve as required by the bond indenture.

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD
FROM: DALE ZEHNER
DATE: JANUARY 18, 2008
RE: AUTHORIZATION TO SELL TEN GALLERY CARS

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

WHEREAS, in March 2007, the Operations Board granted authority to sell up to 25 railcars in anticipation of the new railcar delivery that began this past December; and,

WHEREAS, VRE received an offer to purchase ten gallery cars; and,

WHEREAS, no federal or state interest will remain in these cars at the time of sale.

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board recommends that the Commissions authorize the Chief Executive Officer to sell ten Gallery cars to the Regional Transit Authority of Nashville, Tennessee, in an amount to be provided confidentially, but made public following concurrent action by NVTC and PRTC.

BE IT FURTHER RESOLVED THAT, this sale is contingent upon disposition approval from the Federal Transit Administration and will not occur until such approval is received.

AGENDA ITEM 9-D
ACTION ITEM

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: JANUARY 18, 2008

**RE: AUTHORIZATION TO AWARD A CONTRACT FOR THE
MANUFACTURE OF NEW LOCOMOTIVES**

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to award a contract to Motive Power, Inc. of Boise, Idaho for the manufacture of two new locomotives in an amount not greater than \$8,758,542, plus a contingency of \$875,854, for a total amount not to exceed \$9,634,396.

BACKGROUND:

VRE's locomotive fleet is aging and must be replaced to allow for satisfactory on-time performance. As such, on April 20, 2007, the Operations Board authorized the issuance of a Request for Proposals (RFP) for the acquisition of up to twenty new locomotives. The RFP was published on August 20, 2007, followed by a mandatory pre-bid meeting on September 13, 2007. Proposals were due on November 30, 2007 and two proposals were received.

A selection committee evaluated the proposals, conducted interviews with all candidates and is recommending that the contract be awarded to Motive Power, Inc.

The RFP was structured to allow for a base order of two locomotives, with options to purchase up to a total of twenty locomotives over a five year period at a fixed, but indexed price. Based on the proposal and available funding, VRE is currently in a position to exercise the base order of two locomotives.

While an additional \$9 million in state funding is available for this project, there are no matching funds. Once additional match is obtained, through HB 3202 or another source, VRE staff will return to the Board to exercise additional options. Because the price of the first two locomotives includes one-time costs, subsequent orders will be less expensive than the first two. However, these option orders will include an agreed upon indexed increase as the contract period gets older. The total proposal cost was submitted at \$86,647,000.

FISCAL IMPACT:

Funding for these two locomotives is being provided using an FY 2007 state earmark, which is being matched using the proceeds from the sale of the Mafersa cars, and a FY 2007 federal grant, which is being matched using state and local funds.

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD
FROM: DALE ZEHNER
DATE: JANUARY 18, 2008
RE: AUTHORIZATION TO AWARD A CONTRACT FOR THE
MANUFACTURE OF NEW LOCOMOTIVES

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

WHEREAS, on April 20, 2007, the Board authorized the issuance of a Request for Proposals (RFP) for the acquisition of new locomotives; and,

WHEREAS, that RFP was issued on August 20, 2007; and,

WHEREAS, multiple manufacturers attended a mandatory pre-bid meeting on September 13, 2007; and,

WHEREAS, proposals were received on November 30, 2007; and,

WHEREAS, a selection committee evaluated the proposals and conducted interviews with all candidates.

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board recommends that the Commissions authorize the Chief Executive Officer to award a contract to Motive Power, Inc. of Boise, Idaho for the manufacture of two new locomotives in an amount not greater than \$8,758,542, plus a contingency of \$875,854, for a total amount not to exceed \$9,634,396.

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.

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

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.**

AGENDA ITEM 9-F
ACTION ITEM

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: JANUARY 18, 2008

RE: AUTHORIZATION TO PARTICIPATE IN JOINT AUDITING SERVICES CONTRACT

RECOMMENDATION:

The VRE Operations Board is being asked to authorize the Chief Executive Officer to participate in a joint RFP for auditing services for a period of three years, with options to extend for up to four additional years in two year increments. The solicitation will be issued by the Northern Virginia Transportation Commission (NVTC) on behalf of both NVTC and VRE. The intention is for VRE and NVTC to enter into separate contracts with the auditor chosen to provide the requested services.

BACKGROUND:

In April 2003, NVTC entered into a contract with PBGH for the audit of the financial statements of NVTC and VRE. The contract was for a three-year period with an optional two-year extension and the contract was between NVTC and PBGH for the audit of both organizations. Since the last year of the extension was for the recently completed audit of the FY 2007 financial statements, a procurement for the new contract must now be issued.

As recommended by the Government Finance Officers Association (GFOA) the contract will be for a multiyear period and will be open to all qualified firms, including the current auditors. A selection committee will be established to rate the proposing firms and ultimately make a recommendation to the NVTC and VRE audit committees. The selection committee for previous auditing service procurements was comprised of financial staff from NVTC, VRE, PRTC and DRPT.

Members of these agencies will be requested to participate in the current selection process.

FISCAL IMPACT:

Funding for this contract is allocated in both the FY 2008 and FY 2009 budgets based upon estimated costs.

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD
FROM: DALE ZEHNER
DATE: JANUARY 18, 2008
RE: AUTHORIZATION TO PARTICIPATE IN JOINT AUDITING SERVICES CONTRACT

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

WHEREAS, in April 2003, the Northern Virginia Transportation Commission (NVTC) entered into a contract with PBGH for the audit of the financial statements of NVTC and VRE; and,

WHEREAS, the contract was for a three-year period, with an optional two-year extension; and,

WHEREAS, the last extension was for the audit of the FY 2007 financial statements.

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the VRE Chief Executive Officer to participate in a joint Request for Proposals (RFP) for auditing services to be issued by NVTC on behalf of NVTC and VRE.