

AGENDA ITEM 8-D
ACTION ITEM

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: MAY 16, 2008

RE: AUTHORIZATION TO SELL FIVE GALLERY CARS

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to sell five Gallery cars to Chicago Metra for \$5,500 per car.

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. The available equipment was subsequently posted on VRE's web site for public sale and existing and developing commuter rail agencies were notified of the sale. To-date, 20 of the 25 cars have been sold.

On May 8, 2008, VRE received a proposal from Metra to purchase the final five cars for \$5,500 each. This transaction includes the buyer paying freight to remove the cars from VRE property. Previous gallery car sales were approved at \$1 per car (for cars without working air conditioning) and \$4,000 per car (for cars with working air conditioning).

If approved for sale, VRE estimates that the cars will be shipped by the end of May. 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: MAY 16, 2008
RE: AUTHORIZATION TO SELL FIVE GALLERY CARS

**RESOLUTION
8D-05-2008
OF THE
VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD**

WHEREAS, in March 2007, the Operations Board recommended that the Commissions grant the VRE Chief Executive Officer authority to sell up to 25 railcars in anticipation of the new railcar delivery that began this past December; and,

WHEREAS, the cars were posted for public sale; and,

WHEREAS, VRE received an offer to purchase the last five of the gallery cars addressed in that authority; and,

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

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board recommends that the Commissions authorize the Chief Executive Officer to sell five Gallery cars to Chicago Metra, for \$5,500 each.

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.