

**AGENDA ITEM 9-A**  
**ACTION ITEM**

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

**FROM: DALE ZEHNER**

**DATE: OCTOBER 17, 2008**

**RE: AUTHORIZATION TO MODIFY THE CONTRACT FOR NEW  
LOCOMOTIVE PURCHASE**

---

**RECOMMENDATION:**

The VRE Operations Board is being asked to authorize the Chief Executive Officer to modify the contract with Motive Power, Inc., for the purchase of locomotives so that the base order is increased from two to five locomotives, increasing the contract value to \$18,474,610, plus a 10% contingency of \$1,847,461, for a total amount not to exceed \$20,322,071.

**BACKGROUND:**

In January of 2008, the Operations Board authorized VRE to enter into a contract with Motive Power of Boise, Idaho for the manufacture of two new locomotives in the amount of \$8,758,542, plus a contingency of \$875,854, for a total amount not to exceed \$9,634,396. Since this time, VRE and Motive Power have been negotiating terms and conditions of the contract and have now reached final agreement. At the time of the order, VRE was unable to exercise more than the base due to the loss of matching funds expected from HB3202. In the interim, additional funding sources have been made available which allow VRE to increase the base order from two to five locomotives.

Additionally, the contract is structured such that the unit price decreases when additional units are added to the base order. As such, the original price per unit, when ordering two, was \$4,379,271. Now that VRE is proposing to increase the base order to five, the unit price is \$3,694,922.

In January 2008, the Operations Board also authorized up to \$4,145,920, including contingency, to STV, Inc. for construction engineering and inspection services for the purchase of all twenty locomotives. Similar to the locomotive contract, this contract was structured to allow incremental notices to proceed, such that authorization will be issued concurrently and proportionately with locomotive option orders. As such, no additional Board authorization is needed for the oversight work.

**FISCAL IMPACT:**

Funding is available from the locomotive acquisition project in the VRE capital budget. Funding is provided using FY 2007 and FY 2008 federal grants. Match is being provided using federal, state and local funds.

**TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD**  
**FROM: DALE ZEHNER**  
**DATE: OCTOBER 17, 2008**  
**RE: AUTHORIZATION TO MODIFY THE CONTRACT FOR NEW LOCOMOTIVE PURCHASE**

**RESOLUTION  
9A-10-2008  
OF THE  
VIRGINIA RAILWAY EXPRESS  
OPERATIONS BOARD**

**WHEREAS**, in January of 2008, the Board approved the award of a contract to Motive Power, Inc. for the manufacture of two new locomotives at a cost of \$4,379,271 per unit; and,

**WHEREAS**, VRE and Motive Power conducted extensive negotiations; and,

**WHEREAS**, during those negotiations, VRE staff identified additional funding sources; and,

**WHEREAS**, the monies available from the original and new sources now permit VRE to increase the base order from two to five locomotives at a per unit cost of \$3,694,922.

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board authorizes the Chief Executive Officer to modify the contract with Motive Power, Inc., for the purchase of locomotives so that the base order is increased from two to five locomotives, increasing the contract value to \$18,474,610, plus a 10% contingency of \$1,847,461, for a total amount not to exceed \$20,322,071.