

AGENDA ITEM 9-C
ACTION ITEM

TO: CHAIRMAN ZIMMERMAN AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: JUNE 19, 2009

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

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions 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 nine to twelve locomotives, increasing the contract value by \$10,971,549, plus a 10% contingency of \$1,097,155, for a total contract value not to exceed \$48,482,380.

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 an amount not to exceed \$9.6 million. In October of 2008, VRE received additional grant funding which allowed three additional units to be added to the base order for a contract total of \$20.3 million.

In March of this year, the Operations Board further authorized VRE to increase the base order by four additional units, using a combination of the stimulus funds, federal formula funds and a federal earmark approved in FY 2008. That action put the total locomotive purchase at nine units. VRE negotiated the price of these three additional units at \$3,657,183 each, the same unit price as the last four units.

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. This additional funding is via a federal earmark approved in FY 2009 and federal formula funds from prior years.

TO: CHAIRMAN ZIMMERMAN AND THE VRE OPERATIONS BOARD
FROM: DALE ZEHNER
DATE: JUNE 19, 2009
RE: AUTHORIZATION TO MODIFY THE CONTRACT FOR NEW LOCOMOTIVE PURCHASE

**RESOLUTION
9C-06-2009
OF THE
VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD**

WHEREAS, in January of 2008, the Operations Board approved the award of a contract to Motive Power, Inc. for the manufacture of two new locomotives; and,

WHEREAS, in October of 2008, VRE received additional grant funding which allowed three additional units to be added to the base order for a contract total of \$20.3 million; and,

WHEREAS, in March of 2009, VRE received additional funding which allowed four additional units to be added to the base order for a contract total of \$36,413,676; and,

WHEREAS, authorization is now being sought for three additional units.

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board recommends that the Commissions 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 nine to twelve locomotives, increasing the contract value by \$10,971,549, plus a 10% contingency of \$1,097,155, for a total contract value not to exceed \$48,482,380