

**AGENDA ITEM 8-D**  
**ACTION ITEM**

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

**FROM: DALE ZEHNER**

**DATE: OCTOBER 16, 2009**

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

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**RECOMMENDATION:**

The VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to modify the contract with MotivePower, Inc., for the purchase of locomotives so the base order is increased from twelve to up to fifteen locomotives, increasing the contract value by \$10,997,829, plus a 10% contingency of \$1,099,783, for a total contract value up to \$60,579,992.

**BACKGROUND:**

In January of 2008, the Operations Board authorized VRE to enter into a contract with MotivePower, Inc. of Boise, Idaho for the manufacture of two new locomotives in an amount not to exceed \$9.6 million. Since that time, additional approvals have been sought and received as follows:

- October 2008 - three additional units (five total) for a contract total of \$20.3 million.
- March 2009 - four additional units (nine total) for a contract total of \$36.4 million.
- June 2009 - three additional units (twelve total) for a contract total of \$48.4 million.

Authorization is now being sought for up to three additional units. The first two units will be purchased using bonus obligation funding provided through the Commonwealth of Virginia and VRE formula funds. Match for the bonus

obligation grant will be provided using proceeds from the sale of the Mafersa railcars and state matching funds. VRE formula funds are matched via state and local sources. The third unit will be purchased pending approval of a FY 2010 federal earmark, with match being provided from the same sources.

In January 2008, the Operations Board 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 line item of the VRE capital budget. The first two units will be purchased using bonus obligation funding and VRE formula funds. Match for the bonus obligation grant will be provided using proceeds from the sale of the Mafersa railcars and state matching funds. VRE formula funds are matched via state and local sources. The third unit will be purchased pending approval of a FY 2010 federal earmark, with match being provided from the same sources.

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

**RESOLUTION  
8D-10-2009  
OF THE  
VIRGINIA RAILWAY EXPRESS  
OPERATIONS BOARD**

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

**WHEREAS**, since that time, additional approvals have been granted allowing the purchase of twelve total units for a contract total of \$48.4 million; and,

**WHEREAS**, authorization is now being sought for up to 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 MotivePower, Inc., for the purchase of locomotives so the base order is increased from twelve to up to fifteen locomotives, increasing the contract value by \$10,997,829, plus a 10% contingency of \$1,099,783, for a total contract value up to \$60,579,992.