

SECTION 20

PRICING STRUCTURE

20.1 GENERAL

Pricing for the Contract will be based on a combination of fixed costs and actual costs plus a general and administrative fee, as described below. The Offeror's offer shall take into consideration the requirements described in **SECTION 26. INSURANCE COVERAGE** and **SECTION 9. INFORMATION SYSTEMS MANAGEMENT**.

20.2 MANAGEMENT SERVICES

- A. Pricing is fixed for the Contract period, with allowable annual adjustments. Renegotiation of the fixed fee will occur if there is a twenty percent (20%) increase or decrease in either the level of service or the number of vehicles maintained during the course of the Contract period. The Offeror must provide an itemized budget for the various components of the management services.
- B. Management services covers all Contractor costs not directly related to transportation (the operation of the commuter trains), the maintenance of VRE equipment and facilities and the management of the warehouse, which shall include items such as general overhead and administration, accounting, insurance, the Contractor's provided training, the Contractor's provided vehicles, report preparation and human resources management.
- C. Management services commences with the first month of Contract services only; see **SECTION 20.7 MOBILIZATION** for pricing of services during the mobilization period.

20.2.1 PRICING ELEMENTS

Pricing shall include a single fixed price (see **item No. 1** in **ATTACHMENT H.2 COST PROPOSAL AND SCHEDULE OF PRICES**).



20.3 TRAIN OPERATIONS

The Offeror must provide an itemized budget for both fixed and variable cost components, including hourly rates and estimated labor hours for base services. Both fixed and variable costs will have an allowable annual adjustment.

20.3.1 FIXED COSTS

Fixed costs shall include the following:

- A. Pricing is fixed for the current level of daily service and staffing as described in **SECTION 6. TRAIN OPERATIONS**. The fixed price will cover the possibility that service days may vary from year to year, as described in **SECTION 6.1.1 REGULARLY SCHEDULED COMMUTER SERVICE**.
- B. Permanent increases or decreases to the current train service or manpower requirements will be added to or subtracted from the fixed amount based on a specified per train or position rate (see pricing elements below). The annual fixed payment will be broken into equal monthly installments. A renegotiation of rates will occur if the number of round trips increase or decrease by twenty percent (20%) or more.

20.3.2 VARIABLE COSTS

The costs for test or special trains will be paid based on a specified hourly rate.

20.3.3 PRICING ELEMENTS

The pricing shall include the following:

- A. Fixed cost for current train service (see **Item No. 2** in **ATTACHMENT H.2 COST PROPOSAL AND SCHEDULE OF PRICES**);
- B. Fee for permanent additions or deletions to service (per one-way train), inclusive of crew costs (see **Item No. 3** in **ATTACHMENT H.2 COST PROPOSAL AND SCHEDULE OF PRICES**);
- C. Fee for non-standard permanent changes for a full crew and for various individual positions: conductor, assistant conductor, engineer and extra board (see **Item Nos. 4 through 9** in **ATTACHMENT H.2 COST PROPOSAL AND SCHEDULE OF PRICES**); and



- D. Rate per hour for one-time test or special trains (see **Item No. 10** in **ATTACHMENT H.2 COST PROPOSAL AND SCHEDULE OF PRICES**).

20.4 MAINTENANCE OF EQUIPMENT

- A. Pricing is based on actual costs plus a general and administrative fee paid as a percentage of actual costs. The general and administrative fee should not duplicate the general overhead costs included as part of the management services (see **SECTION 20.6.2 MANAGEMENT SERVICES**).
- B. The Offeror must provide an itemized budget for the estimated annual costs of providing scheduled and preventive maintenance and running repairs for the equipment described in **SECTION 5. MAINTENANCE OF EQUIPMENT AND FACILITIES** and the maintenance program described in **SECTION 5**; the backup information must include hourly rates and estimated labor hours. Increases to labor rates will be requested as part of the annual budget process (see **SECTION 3.2.1 ANNUAL BUDGET**).
- C. In addition, an itemized budget must be provided for the elements of the general and administrative fee. A renegotiation of the general and administrative fee will occur if the fleet increases or decreases by twenty percent (20%).
- D. Off-site repairs (as described in **SECTION 5.5.10 HEAVY REPAIRS**) will be paid by negotiated task order, based on an hourly shop rate for off-property repairs and a mark-up percentage on materials costs.

20.4.1 PRICING ELEMENTS

Pricing shall include the following:

- A. Estimated actual costs for the first year of operations (see **Item No. 11** in **ATTACHMENT H.2 COST PROPOSAL AND SCHEDULE OF PRICES**);
- B. General and administrative services percentage applied to those costs (see **Item No. 12** in **ATTACHMENT H.2 COST PROPOSAL AND SCHEDULE OF PRICES**);
- C. Heavy repair shop rates for off-property repairs will be applied to estimated hours (see **Item No. 13** in **ATTACHMENT H.2 COST PROPOSAL AND SCHEDULE OF PRICES**); and



- D. Mark-up rate for materials used for heavy repairs (see **Item No. 14** in **ATTACHMENT H.2 COST PROPOSAL AND SCHEDULE OF PRICES**).

20.5 MAINTENANCE OF FACILITIES

Pricing for Facility Maintenance shall be a fixed monthly cost, with allowable annual adjustments. The Offeror must provide an itemized budget for each facility to include labor, equipment, and materials to establish a fixed monthly cost to provide maintenance as required in **SECTION 5.6 FACILITY USE AND MAINTENANCE**.

20.5.1 PRICING ELEMENTS

Pricing shall include a single fixed price (see **Item No. 15** in **ATTACHMENT H.2 COST PROPOSAL AND SCHEDULE OF PRICES**).

20.6 WAREHOUSE MANAGEMENT

Pricing is fixed for the Contract period for the range of activity described in **SECTION 5.7 WAREHOUSE, MATERIALS, AND TOOL MANAGEMENT** with allowable annual adjustments. The Offeror must provide an itemized budget including estimated labor hours and hourly rates. A renegotiation of the cost will occur if activity increases or decreases by twenty percent (20%).

20.6.1 PRICING ELEMENTS

Pricing shall include a single fixed price (see **Item No. 16** in **ATTACHMENT H.2 COST PROPOSAL AND SCHEDULE OF PRICES**).

20.7 MOBILIZATION

- A. Pricing is based on actual costs plus a fixed price for general and administrative costs during the mobilization period. Mobilization services and parameters are outlined in **SECTION 10. MOBILIZATION AND TRANSITION**. The itemized budget shall include hourly rates and estimated labor hours and the elements of the general and administrative fee.
- B. VRE would also like to explore an alternative option for payment for services provided during the mobilization period, in which all or a portion of mobilization costs will be



amortized over the first two (2) years of the Contract services. The amount amortized will be paid in twenty-four (24) equal installments as an addition to the monthly payment for Contract services (see **SECTION 3.2 PAYMENT PROVISIONS**).

20.7.1 PRICING ELEMENTS

Pricing shall include estimated costs for the mobilization period and the general and administrative services fee (see **Item Nos. 17 and 18** in **ATTACHMENT H.2 COST PROPOSAL AND SCHEDULE OF PRICES**).

