AGENDA ITEM 8-A
CONSENT AGENDA ITEM

TO: CHAIRMAN SMEDBERG AND THE VRE OPERATIONS BOARD
FROM: DOUG ALLEN
DATE: JUNE 21, 2013
RE: AUTHORIZATION TO ISSUE AN INVITATION FOR BIDS FOR BRAKE SHOES FOR VRE LOCOMOTIVES AND PASSENGER CARS

RECOMMENDATION:

The VRE Operations Board is being asked to authorize the Chief Executive Officer to issue an Invitation for Bids (IFB) for brake shoes for VRE locomotives and passenger cars.

BACKGROUND:

The scope of work for the IFB includes the purchase and delivery of various types of friction brake shoes for VRE locomotives and passenger cars.

On November 15, 2010, VRE awarded a Contract to Railroad Friction Products Corporation for a base one (1) year with two one (1) year options. The last option year of this Contract will expire on November 15, 2013. Therefore, VRE must complete a competitive solicitation for continuation of the services.

Upon receipt of the bids, VRE staff will return to the Board with a request for authorization to award a Contract to continue the services without interruption.
**FISCAL IMPACT:**

Funding is provided for in the FY 2014 through FY 2016 operating budgets for locomotive and railcar maintenance.
TO: CHAIRMAN SMEDBERG AND THE VRE OPERATIONS BOARD
FROM: DOUG ALLEN
DATE: JUNE 21, 2013
RE: AUTHORIZATION TO ISSUE AN INVITATION FOR BIDS FOR BRAKE SHOES FOR VRE LOCOMOTIVES AND PASSENGER CARS

RESOLUTION
8A-06-2013
OF THE
VIRGINIA RAILWAY EXPRESS OPERATIONS BOARD

WHEREAS, VRE uses several types of brake shoes for the locomotive and passenger car fleet, and;

WHEREAS, VRE has a need for the purchase and delivery of brake shoes, and;

WHEREAS, the current Contract with Railroad Friction Products Corporation expires in November 2013.

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board authorizes the VRE Chief Executive Officer to issue an Invitation for Bids (IFB) for brake shoes for the locomotive and passenger car fleet.

Approved this 21st day of June 2013

__________________________________________
Paul Smedberg
Chairman

__________________________________________
John Cook
AGENDA ITEM 8-B
CONSENT AGENDA ITEM

TO: CHAIRMAN SMEDBERG AND THE VRE OPERATIONS BOARD

FROM: DOUG ALLEN

DATE: JUNE 21, 2013

RE: AUTHORIZATION TO ISSUE A REQUEST FOR PROPOSALS FOR THE LEASE OF SPACE AT THE QUANTICO VRE STATION

RECOMMENDATION:

The VRE Operations Board is being asked to authorize the VRE Chief Executive Officer to issue a Request for Proposals (RFP) for the lease of retail space at the Quantico VRE station. The space is approximately 196 square feet and is located within the old ticket office inside the passenger waiting area.

BACKGROUND:

The scope of services for the RFP includes the sale of VRE tickets and other passenger amenities such as the sale of coffee and food items. The lease is currently held by the Coffee Club Café. The last extension of this contract will expire on September 9th, 2013. Therefore, VRE must now complete a competitive solicitation for continuation of this project.

Upon receipt of the proposals, VRE will return to the Board in August with authorization to award a contract in an effort to continue services without interruption.

FISCAL IMPACT:

VRE will receive a monthly fee for use of the space.
TO: CHAIRMAN SMEDBERG AND THE VRE OPERATIONS BOARD
FROM: DOUG ALLEN
DATE: JUNE 21, 2013
RE: AUTHORIZATION TO ISSUE A REQUEST FOR PROPOSALS FOR THE LEASE OF SPACE AT THE QUANTICO VRE STATION

RESOLUTION
8B–06–2013
OF THE
VIRGINIA RAILWAY EXPRESS OPERATIONS BOARD

WHEREAS, the current lease at the VRE Quantico Station is set to expire on September 9, 2013; and,

WHEREAS, VRE staff wishes to find a suitable vendor to assume this retail space for rent; and,

WHEREAS, criteria for leasing the retail space can be completed quickly based on the following criteria; ticket sales and passenger and community benefit; and,

WHEREAS, a competitive solicitation will be completed in which potential users of the space will submit proposals for committee review and recommendation for award to the Operations Board.

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board authorizes the VRE Chief Executive Officer to issue a Request for Proposals for the lease of space at the Quantico VRE station.

Approved this 21st day of June 2013

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Paul Smedberg
Chairman

_____________________
John Cook
TO: CHAIRMAN SMEDBERG AND THE VRE OPERATIONS BOARD

FROM: DOUG ALLEN

DATE: JUNE 21, 2013

RE: AUTHORIZATION TO ISSUE A REQUEST FOR PROPOSALS FOR BANKING SERVICES AND LINE OF CREDIT

RECOMMENDATION:

The VRE Operations Board is being asked to authorize the Chief Executive Officer to issue a Request for Proposals (RFP) for banking services for a period of three years with an option to extend for up to two additional years. The provision of a line of credit will be an additional required service. The solicitation will also include optional services such as trustee and escrow services, investment custodial services, and the provision of credit or purchasing cards.

The staffs of both the Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportation Commission (PRTC) have been asked if they would like to be included in the solicitation. Staff at PRTC has asked to be included in this procurement, while the staff of NVTC has declined inclusion at this time.

BACKGROUND:

In March 2009, VRE awarded a contract to SunTrust Bank for banking services and a $1 million line of credit. The last extension of this contract will expire at the end of March 2014.

FISCAL IMPACT:

Funds are allocated in the annual budget based upon estimated costs. Fees are either paid directly or as a deduction from interest earnings.
TO: CHAIRMAN SMEDBERG AND THE VRE OPERATIONS BOARD
FROM: DOUG ALLEN
DATE: JUNE 21, 2013
RE: AUTHORIZATION TO ISSUE A REQUEST FOR PROPOSALS FOR BANKING SERVICES AND LINE OF CREDIT

RESOLUTION
8C-06-2013
OF THE
VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD

WHEREAS, in March 2009, VRE entered into a contract for banking services and a $1 million line of credit with SunTrust Bank; and,

WHEREAS, the contract with SunTrust Bank was for three years with an option for two additional years; and

WHEREAS, the last extension will expire in March 2014.

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the VRE Chief Executive Officer to issue a Request for Proposals for banking services and a line of credit for a period of three years, with an option for up to two additional years, in joint collaboration with PRTC.

Approved this 21st day of June 2013

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Paul Smedberg
Chairman

_____________________
John Cook
TO: CHAIRMAN SMEDBERG AND THE VRE OPERATIONS BOARD  
FROM: DOUG ALLEN  
DATE: JUNE 21, 2013  
RE: FY 2015 BUDGET GUIDELINES  

RECOMMENDATION:

The VRE Operations Board is being asked to provide budget guidelines for the development of the FY 2015 budget for train operations and capital projects.

BACKGROUND:

VRE has adopted a financial planning process that provides for early consideration of budget issues and assumptions. Each year, VRE staff meets numerous times with the member jurisdictions’ Chief Administrative Officers (CAO) Budget Taskforce to develop the annual proposed budget. An independent CAO recommendation is provided to the Operations Board and Commissions in conjunction with the final budget submission at the December Operations Board meeting. The jurisdictional CAO Budget Task Force met on June 18, 2013 to begin their review of various budget issues. The goal is to permit the Task Force to focus on material issues early in the budget process.

A Capital Committee of the Operations Board was established by the Chairman in December 2012 and has met monthly since January 2013. The Committee has spent a substantial amount of time reviewing a proposed set of financial and debt management principles and the life-cycle maintenance and renewal costs of VRE’s major capital assets. Several of the proposed principles are included in the budget guidelines; in some instances the Capital Committee will continue to review the proposal during the course of the budget process and this is so noted.
PROPOSED FY 2015 BUDGET GUIDELINES

The budget guidelines apply to the FY 2015 operating and capital budgets and to the six-year plan, which provides a consolidated cash flow projection of all financial factors over a multi-year time frame.

GUIDELINE #1: Level of service.

Issue: Some trains are at over 100% capacity and the addition of the Spotsylvania station and parking facility will further exacerbate this situation.

The addition of 800 additional riders on the Fredericksburg line will have significant implications for safety and for capacity issues at stations further up the line. The service level priority in the FY 2015 budget will be to address this issue through the addition of a 10-car train on the Fredericksburg line and additional measures to alleviate this projected overcrowding. Other various capacity expansion and/or growth scenarios to expand service will be developed and presented, in conjunction with the development of the system plan.

GUIDELINE #2: Capital improvements.

Issue: Funding for capital improvements is currently inadequate to both maintain the existing system and allow for expansion to meet service demand.

The first priority for capital improvements will be to adequately maintain equipment and facilities to support current service levels. The Capital Improvement Program (CIP) will be developed to ensure the most efficient use of all funding sources (federal, state, and local) and to emphasize high priority capital projects to maintain current assets and prepare for growth as funding allows. In order to achieve high priority goals, the recommended program may not be limited to the availability of high percentage reimbursement grant funds. Projects in the Six Year Financial Forecast will comprise both current service level minimum requirements and proposed recommendations for expanding the system. In order for VRE projects to compete successfully for certain federal and regional programs, preliminary work must be completed prior to applying for the grant funds. Consideration will be given to identifying funds that can be used for these preliminary expenses.

Under review by Capital Committee: internal restrictions on use of capital grant funds, beyond that required by grant provisions.

GUIDELINE #3: Reserve levels.

Issue: VRE currently has no mechanism for spreading out large periodic maintenance costs over the life of the asset.
VRE’s current goal is to maintain working capital at an amount no less than two months of operating costs; this reserve allows VRE to efficiently meet its obligations during the course of the year as well as make orderly accommodation for significant shortfalls. In addition, a capital reserve is maintained to provide local match for earmarks and to fund smaller capital projects and/or those for which grant funds are unavailable. Increases to these reserves are provided by surplus funds at year-end and, for the capital reserve, proceeds from the sale of capital assets.

Under review by Capital Committee: 1) creation of a maintenance reserve fund that spreads out large periodic costs over the life of major assets; 2) goal of increasing operating reserve level to three months of operating costs.

GUIDELINE #4: Debt parameters and guidance.

Issue: VRE requires significant capital expenditures during the course of the six-year plan to replace the remaining legacy fleet and to maintain and expand the commuter rail service. The use of long-term debt allows VRE to spread capital costs over the useful life of the needed assets, but VRE currently has no adopted set of debt guidelines.

The review of the financial and debt management principles will continue during the FY 2015 budget process, with the proposed capital program and six-year plan as the framework for further analysis. Parameters recommendation will be within industry standards.

Review will continue to be conducted by the Capital Committee and their recommendations forwarded to the Operations Board and Commissions.

GUIDELINE #5: Jurisdictional subsidy.

Issue: Ability to fund service within the confines of jurisdictional budget restraints.

Subsidy increases or decreases in FY 2015 and future years will be evaluated based on system requirements, changes to state and federal funding levels and the jurisdiction’s ability to contribute using fuel tax revenue or other sources of funding. VRE will work with jurisdictional staff on formulating future subsidy levels.

GUIDELINE #6: Fare increases.

Issue: Appropriate balance between levels of service necessary to meet customer needs and competitive pricing for that service.

VRE has had three fare increases in the last five fiscal years (FY 2010, FY 2013, and FY 2014). These have been necessary to maintain the level of service without being excessive in cost to the rider. Fare increases will be evaluated as the budget process continues, with consideration given to market factors, system funding needs, commuter
benefit levels, comparison to relevant indices, and a preference for biennial increases. Staff will attempt to hold any projected annual fare increases to no higher than 5%.

OTHER FY 2015 BUDGET ISSUES AND ASSUMPTIONS

- **State Funding:** The state transportation bill made significant changes to the amount of funding potentially available to VRE through both the DRPT funding process and the regional funds available through NVTA. VRE staff will continue to monitor the impact of these changes as more complete information becomes available during the budget cycle.

- **Federal funding:** MAP-21, the two – year federal transportation reauthorization will affect funding for VRE’s FYs 2014 and 2015. The new programs and requirements will result in additional formula funds and additional opportunities for discretionary funds. VRE staff will continue to monitor how the new program funding levels and requirements will affect VRE.

- **Access Fee grants:** Beginning in FY 2013 and continuing in FY 2014, grant reimbursement for railroad access fees has been less consistent and reliable than it was in prior years, with the actual amount unknown at the time of budget adoption. Because of the magnitude of these costs ($14.4M in FY 2014), the funding ambiguity has injected considerable and profound uncertainty into the budget process as a whole and makes the cost of new service harder to ascertain. The current contract with Amtrak for access to Washington Union Terminal terminates at the end of FY 2015, with implications for costs beyond that time.

- **Cost Recovery Ratio.** The budget forecast will ensure the cost recovery ratio remains in the 50% to 60% range.

- **Jurisdictional subsidy:** VRE staff is aware of jurisdictional concerns related to funding sources to support current and future VRE expenses, particularly for those jurisdictions outside of NVTA, since the NVTA jurisdictions will receive a distribution of revenue from HB2123 to be allocated as they choose for transportation related purposes.

- **NVTA funding:** In addition to the distribution of HB2123 revenue to the individual NVTA jurisdictions noted above, regional projects will be jointly selected for funding. Although VRE projects are eligible for this regional funding, statutory requirements about use of the funds outside of the NVTA area will have to be addressed for projects such as the purchase of rolling stock.
NEXT STEPS:

- Continue discussion of FY 2015 budget scenarios with the CAO Budget Task Force.
- Present preliminary budget forecasts/options to the Operations Board in August 2013.
- Continue Capital Committee discussions on financial and debt management principles, based on the proposed FY 2015 budget and six-year plan.
- Begin review of FY 2015 revenue and cost assumptions in September 2013 with CAO Budget Task Force.

FISCAL IMPACT:

The fiscal impact of the FY 2015 budget and capital program will be addressed at the August Operations Board meeting.
RESOLUTION
9A–06–2013
OF THE
VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD

WHEREAS, financial planning for the Virginia Railway Express is based on a set of budget guidelines discussed by the VRE Operations Board prior to the development of the annual operating and capital budget; and,

WHEREAS, the VRE Operations Board has directed that the development of each annual budget involve consultation and cooperation with the Chief Administrative Officers (CAO) Budget Taskforce established by VRE’s participating and contributing jurisdictions; and,

WHEREAS, budget guidelines for the development of the FY 2015 operating and capital budget were reviewed by the CAO Budget Taskforce prior to their presentation to the Operations Board.

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board directs VRE staff to develop the FY 2015 operating and capital budget in accordance with Board direction.

Approved this 21st day of June 2013

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Paul Smedberg
Chairman

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John Cook
TO: CHAIRMAN SMEDBERG AND THE VRE OPERATIONS BOARD

FROM: DOUG ALLEN

DATE: JUNE 21, 2013

RE: AUTHORIZATION TO EXECUTE A FORCE ACCOUNT AGREEMENT FOR THE CONSTRUCTION OF THE CROSSROADS TO HAMILTON THIRD TRACK PROJECT

This item has been pulled to allow more time to complete the cost estimate for the force account work. It will be on the August Operations Board meeting Agenda. CSX indicates they do not expect this to affect the project schedule.
RECOMMENDATION:

The VRE Operations Board is being asked to authorize the Chief Executive Officer to execute a contract with Abernathy Construction Corporation for the construction of the Hamilton to Crossroads Third Track project in an amount of $8,072,794, plus a 10% contingency of $807,279, for a total amount of up to $8,880,073.

BACKGROUND:

The Crossroads to Hamilton third track is the last of the original MOU projects. In addition, this portion of track is required by CSX prior to the initiation of train service to the new Spotsylvania VRE station. In accordance with the terms of Spotsylvania County joining VRE, the construction of this railroad infrastructure is a VRE responsibility while construction of the station and parking facility are a responsibility of the County.

On March 15, 2013, the VRE Operations Board approved a request to issue an Invitation for Bids (IFB) for the construction of the Crossroads to Hamilton Third Track project. A mailing list of sixty-six prospective Bidders was established for the solicitation to ensure access to adequate sources of services. On May 20, 2013, an IFB was issued and three responses were received.
The bid abstract is as follows:

<table>
<thead>
<tr>
<th>Bidders</th>
<th>Bid Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <em>Abernathy Construction Corp of Glen Allen, VA</em></td>
<td>$8,072,793.57</td>
</tr>
<tr>
<td>2. <em>Faulconer Construction Company, Inc. of Charlottesville, VA</em></td>
<td>$10,137,960.05</td>
</tr>
<tr>
<td>3. <em>Polivika International Company, Inc. of Charlotte, NC</em></td>
<td>$10,621,100.97</td>
</tr>
</tbody>
</table>

Construction of the third track is expected to commence in July and be completed by end of summer 2014.

**FISCAL IMPACT:**

Funding for this project is included in VRE’s Capital Improvement Program as part of the Spotsylvania Station Third Track (Crossroads to Hamilton Third Track) project. Total funding for the project of $32.5M is provided from the following sources:

- VRE federal formula funds - $7,920,000 (VA-05-0048, VA-90-X380 and FY 13 grant)
- Federal funds allocated by DRPT - $4,500,000 (VA-95-X046)
- Rail Enhancement Funds - $13,856,292 (76513-11)
- Local match – VRE - $3,723,708
- Match funds provided by CSX - $2,500,000
TO: CHAIRMAN SMEDBERG AND THE VRE OPERATIONS BOARD  
FROM: DOUG ALLEN  
DATE: JUNE 21, 2013  
RE: AUTHORIZATION TO AWARD A CONTRACT FOR THE CONSTRUCTION OF THE CROSSROADS TO HAMILTON THIRD TRACK PROJECT

RESOLUTION  
9C-06-2013  
OF THE  
VIRGINIA RAILWAY EXPRESS OPERATIONS BOARD

WHEREAS, the Crossroads to Hamilton third track project is required to allow the operation of the new Spotsylvania VRE station; and,  

WHEREAS, the plans were finalized and issued for bidding on May 20, 2013; and,  

WHEREAS, award of a construction contract is required in order to begin construction on the third track project and meet an aggressive schedule.  

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to execute a contract with Abernathy Construction Corporation for the construction of the Hamilton to Crossroads Third Track project in an amount of $8,072,794, plus a 10% contingency of $807,279, for a total amount of up to $8,880,073.  

Approved this 21\textsuperscript{st} day of June 2013  

________________________________  
Paul Smedberg  
Chairman  

________________________________  
John Cook
AGENDA ITEM 9-D
ACTION ITEM

TO: CHAIRMAN SMEDBERG AND THE VRE OPERATIONS BOARD
FROM: DOUG ALLEN
DATE: JUNE 21, 2013
RE: AUTHORIZATION TO EXECUTE A MEC V TASK ORDER FOR ON-SITE SUPPORT AT VRE MAINTENANCE FACILITIES

________________________________________________________

RECOMMENDATION:

The VRE Operations Board is being asked to authorize the Chief Executive Officer to issue a task order to STV, Inc., under the MEC V contract, to provide on-site mechanical process and audit support in an amount not to exceed $288,820, plus a 10% contingency of $28,882, for a total amount not to exceed $317,702.

BACKGROUND:

VRE continues to develop and implement initiatives to reduce rolling stock repair cycle times, increase equipment utilization and rolling stock reliability, reduce fuel consumption, and lower overall lifecycle maintenance costs. Through similar task orders, STV has provided continuous on-site support for monitoring rolling stock, audits, and analysis to ensure VRE meets or exceeds established policy, performance and cost reduction initiatives. This will be the third task order issued for this work. The current task order will expire in August 2013.

The work scope for this task order includes daily monitoring of mechanical operations, rolling stock availability, fleet performance, audits of rolling stock equipment before and after routine maintenance, and monitoring unscheduled repairs performed by VRE contractors. In part, this work will ensure VRE, FRA, APTA, FTA policies, procedures, and agreements are adhered to by the
maintenance of equipment operations. Recommendations to standardize maintenance practices, identifying enhanced training methods and improve tooling and support equipment will be an area of focus for this task order.

Finally, STV will audit VRE internal policies, the Operations and Maintenance Contract and Standard Operating Procedures and make recommendations for improvement based on recent maintenance operations enhancements. As such, STV will provide analysis and input as part of the evaluation for the maintenance of equipment activities performed by the Operations and Maintenance contractor as described in Information Item 10A provided at the April 19, 2013 Operations Board meeting.

**FISCAL IMPACT:**

Funding for this task order is included in the FY 2014 operating budget.
TO:  CHAIRMAN SMEDGERG AND THE VRE OPERATIONS BOARD
FROM:  DOUG ALLEN
DATE:  JUNE 21, 2013
RE:  AUTHORIZATION TO EXECUTE A MEC V TASK ORDER FOR ON-SITE SUPPORT AT VRE MAINTENANCE FACILITIES

RESOLUTION
9D–06–2013
OF THE
VIRGINIA RAILWAY EXPRESS OPERATIONS BOARD

WHEREAS, VRE has a MEC contract with STV, Inc. for Mechanical and Engineering Consulting Services; and,

WHEREAS, VRE transitioned its fleet to state-of-the-art railcars and locomotives and advanced technology for equipment diagnostics and troubleshooting; and,

WHEREAS, VRE is developing several initiatives to reduce repair cycle times, improve utilization and reliability of rolling stock, reduce fuel consumption, and lower overall life cycle maintenance costs; and,

WHEREAS, STV will provide on-site support for audits and analysis to ensure VRE meets or exceeds established goals and objectives.

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board authorizes the Chief Executive Officer to issue a task order to STV, Inc., under the MEC V contract, to provide on-site mechanical process and audit support in an amount not to exceed $288,820, plus a 10% contingency of $28,882, for a total amount not to exceed $317,702.

Approved this 21st day of June 2013

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Paul Smedberg
Chairman

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John Cook
Secretary
A workshop to gain VRE Operations Board input to the VRE System Plan is scheduled for July 19, 2013 from 9:30 am to 2:00 pm at PRTC Headquarters. The proposed agenda will be reviewed at the upcoming board meeting.
VRE System Plan Workshop
July 19, 2013

PTRTC Headquarters
9:30am – 2:00pm

Agenda

TBD