To: Chairman Cook and the VRE Operations Board  
From: Doug Allen  
Date: May 15, 2015  
Re: Recommend Authorization to Execute the First Option Period of the Operations and Maintenance Contract

Recommendation:

The VRE Operations Board is asked to recommend the Commissions authorize the Chief Executive Officer to modify the contract with Keolis Rail Services Virginia, LLC for operations and maintenance services by approving 1) the first of two five year option periods and 2) up to $20,931,000 for the first year of the first option period for a total contract value not to exceed $116,527,554 for operations and maintenance through June 30, 2016.

Background:

On October 16, 2009, the VRE Operations Board approved a 5 year contract with Keolis Rail Services Virginia (KRSV) for VRE operations and maintenance services and mobilization. VRE staff has returned to the Operations board for the following amendment and contract modifications:

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Amount</th>
<th>Authorized Value (Cumulative)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10-16-2009</td>
<td>1st Contract Year &amp; Mobilization</td>
<td>$18,459,348</td>
<td>$18,459,348</td>
</tr>
<tr>
<td>12-17-2010</td>
<td>*Amendment</td>
<td>$2,085,000</td>
<td>$20,544,348</td>
</tr>
<tr>
<td>5-20-2011</td>
<td>2nd Contract Year</td>
<td>$17,954,527</td>
<td>$38,498,875</td>
</tr>
<tr>
<td>4-20-2012</td>
<td>**3rd Contract Year</td>
<td>$18,008,591</td>
<td>$56,507,466</td>
</tr>
</tbody>
</table>
**Amendment included service enhancements, higher than anticipated insurance costs; items included in the original negotiations, contingency funds and removed the requirement that Keolis indemnify VRE for all liability claims arising from the contract service with a value of up to $5,000,000.**

**FY2013 budget amended mid-year for service enhancements resulting in the lengthening of two trains. This increased the FY2013 contract budget amount to $18,248,591. Authorization available from prior year approvals.**

**FY 2015 budget includes adding the new Fredericksburg line train for half of the fiscal year.**

The first year of the first option period will start July 1, 2015. The total amount requested for authorization is equal to the total budgeted for FY 2016.

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<tr>
<td>5-15-2015</td>
<td>1st Year of First Option Period</td>
<td>$20,931,000</td>
<td>$116,527,554</td>
</tr>
</tbody>
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The amount requested for the first year of the first option period includes service enhancements in the form of adding one Fredericksburg line train for the entire fiscal year and a budgeted CPI increase of 2.00% for fixed cost as required by the Contract.

**Fiscal Impact:**

Funding for the first year of the first option period is included in the FY 2016 operating budget. Combined, the total amounts budgeted for Train Operations and Maintenance of Equipment is $20,931,000.
Recommend Authorization to Execute the First Option Period of the Operations and Maintenance Contract

WHEREAS, on October 16, 2009, the VRE Operations Board approved a 5 year contract with Keolis Rail Services Virginia for VRE operations and maintenance services and mobilization in the amount of $18,459,348 through June 30, 2011; and,

WHEREAS, a contract amendment was approved on December 17, 2010 in the amount of $2,085,000; and,

WHEREAS, on May 20, 2011, the Operations Board approved the second contract year, through June 30, 2012, in the amount of $17,954,527, for a total contract value not to exceed $38,498,875; and,

WHEREAS, on April 20, 2012, the Operations Board approved the third contract year, through June 30, 2013, in the amount of $18,008,591, for a total contract value not to exceed $56,507,466; and,

WHEREAS, on April 19, 2013, the Operations Board approved the fourth contract year, through June 30, 2014, in the amount of $18,974,041, for a total contract value not to exceed $75,481,507; and,

WHEREAS, on April 18, 2014, the Operations Board Approved the fifth contract year, through June 30, 2015, in the amount of $20,115,047, for a total contract value not to exceed $95,596,554.

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby recommend the Commissions authorize the Chief Executive Officer to execute the first option period of five years of the Operations and Maintenance Contract; and,

LET IT BE FURTHER RESOLVED THAT the VRE Operations Board does hereby recommend the Commissions authorize modifying the Contract with Keolis Rail Services Virginia, LLC for Operations and Maintenance services by approving up to $20,931,000, for the first year of the first option period for a total contract value not to exceed $116,527,554 through June 30, 2016.

Approved this 15th day of May 2015

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John C. Cook
Chairman

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Paul Smedberg
Secretary