To: Chairman Skinner and the VRE Operations Board

From: Doug Allen

Date: December 16, 2016

Re: Authorization to Execute a Contract for Hosted Back Office Services for Positive Train Control

Recommendation:

The VRE Operations Board is asked to authorize the Chief Executive Officer to execute a contract with ARINC Incorporated of Annapolis, Maryland for Hosted Back Office Services for Positive Train Control in the amount not to exceed $2,512,865, plus a 10% contingency of $251,287, for a total amount not to exceed $2,764,152 for mobilization, a base period of two years and three one-year options, with the CEO exercising the option years at his discretion.

Background:

Positive Train Control (PTC) was mandated by Congress in the Rail Safety Improvement Act of 2008 for all railroads that carry passengers or hazardous materials. It is a set of highly advanced technologies designed to automatically stop a train before certain types of accidents occur.

To support VRE operation on CSX and Norfolk Southern (NS) territory, VRE is required to deploy a PTC back-office (PTC-BO) information system. This system is required to provide crew initialization, train consist information, reporting of positive train stop brake applications, provide software updates, provide security key updates and create a new interface to the nationwide PTC Multiprotocol Label Switching (MPLS) network.
On July 15, 2016, the VRE Operations Board approved a request to issue a Request for Proposals (RFP) for Hosted Back Office Services for Positive Train Control. An RFP is the preferred method of procurement for this solicitation because there are different approaches to the desired service and an evaluation of technical merit is required. Upon completion of evaluation of proposals, negotiations were conducted with the two highest ranked firms deemed to be fully qualified and best suited among those submitting Proposals, on the basis of the factors specified in the evaluation criteria. Price was considered in context of technical performance for this service to achieve a best value determination. After receipt of the best and final offer from the top-ranked firm, a cost analysis was performed to compare the proposed cost with the independent cost estimate to determine the proposed cost is fair and reasonable.

A solicitation for competitive sealed Proposals for Hosted Back Office Services for Positive Train Control was necessary in accordance with VRE Public Procurement Policies and Procedures, because an Invitation for Bids (IFB) was neither practicable nor fiscally advantageous to VRE. While the network infrastructure for the hosted back office services can be described by a precise specification, the ongoing support of the infrastructure is open to different approaches.

A mailing list of three prospective Offerors was established for the solicitation to ensure access to adequate sources of services. On September 30, 2016, an RFP was issued and proposals were due on October 31, 2016. Three responses were received. Evaluation of the Proposals received was performed by the Technical Evaluation Team (TET), which consisted of three VRE staff members and one representative from VRE’s contractor responsible for providing Mechanical Engineering Consulting Services.

The TET met to discuss and evaluate the Proposals using the following criteria:

- Overall project approach and management plan including a clear understanding of the project scope, technical requirements and VRE’s needs.
- Capability and expertise of the proposed firm(s) to include experience.
- Knowledge and qualifications of the proposed Project Manager.
- Knowledge and qualifications of the key personnel proposed for the project team.
- Quality and completeness of the PTC-BOS Implementation Plan to include the duration of implementation.
- Cost for services.
Interviews were conducted with all firms. It was determined the proposal from ARINC Incorporated was technically compliant and unanimously selected to be best value for the project.

Below is the final ranking of firms who submitted a proposal for Hosted Back Office Services for Positive Train Control.

<table>
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<tr>
<th>FINAL RANKING OF OFFERORS</th>
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<tr>
<td>1. ARINC Incorporated of Annapolis, MD</td>
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<tr>
<td>2. Wabtec Corporation of Jacksonville, FL</td>
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<tr>
<td>3. Herzog Technologies, Inc. of St. Joseph, MO</td>
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The Offerors’ proposed pricing for mobilization and the first year of service was in the range of $980,000 to $1,300,000. Complete pricing information may not be publically disclosed until after execution of a contract. VRE staff has certified the highest ranked Offeror’s price is fair and reasonable based on the cost estimate for this project.

The contract will be for mobilization plus a two year base period and three option years, with the VRE CEO exercising the option years at his discretion. This authorization allows work to begin.

**Fiscal Impact:**

Funding for mobilization is provided for in the current CIP budget for PTC implementation. Funding for annual hosted services beyond the mobilization period is provided for in the current budget for locomotive and passenger railcar maintenance. Funding for future years of annual hosted services will be included in each proposed annual budget.
Virginia Railway Express
Operations Board

Resolution
9A-12-2016

Authorization to Execute a Contract for Hosted
Back Office Services for Positive Train Control

WHEREAS, Positive Train Control (PTC) was mandated by Congress in the Rail Safety
Improvement Act of 2008 for all railroads that carry passengers or hazardous materials; and,

WHEREAS, VRE is required to deploy a PTC back-office (PTC-BO) information system to
support VRE operation on CSX and Norfolk Southern (NS) territory; and,

WHEREAS, on September 30, 2016 VRE issued a Request for Proposals for the provision of
Hosted Back Office Services for Positive Train Control; and,

WHEREAS, the Operations Board’s approval of this procurement does not represent its
independent assessment of the candidate’s responses to the solicitation or of each step in
the procurement process followed by staff; rather, the Operations Board’s action is
 premised upon its conclusion, after review of the information before it, that the process
used by the staff was in accordance with law and the staff recommendation appears to be
reasonable;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby
authorize the Chief Executive Officer to execute a contract with ARINC Incorporated of
Annapolis, Maryland for Hosted Back Office Services for Positive Train Control in the
amount of $2,512,865, plus a 10% contingency of $251,287, for a total amount not to
exceed $2,764,152. The contract will be for mobilization, a base period of two years and
three one-year options, with the CEO exercising the option years at his discretion.

Approved this 16th day of December 2016.

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Gary Skinner
Chairman

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Maureen Caddigan
Secretary