To: Chairman Skinner and the VRE Operations Board

From: Doug Allen

Date: February 19, 2016

Re: Authorization to Issue a Request for Proposals for Federal Legislative Services

Recommendation:

The VRE Operations Board is asked to authorize the Chief Executive Officer to issue a Request for Proposals (RFP) for Federal Legislative Services for a three year base period with up to two additional one year options.

Background:

In recent months, VRE has been interacting with the Virginia Congressional delegation, other members of Congress, and the Federal Railroad and Transit Administrations on issues including Positive Train Control, the definition of the Northeast Corridor, Commuter Benefits, the reauthorization of the FAST Act Transportation bill, and Commuter Rail Liability. These Federal issues directly impact VRE operations and budget, our ability to attract and retain passengers, and to secure discretionary funding. Staff was augmented by a contractor that specializes in federal legislative consulting services to facilitate communications with legislative leadership and Executive Branch agencies, attend and represent VRE at meetings, develop position papers and report on Federal legislative issues. This was initially done through a short-term contract, but staff feels there is an ongoing need for these types of services.
In the coming months and years, VRE will be seeking endorsement and financial support from the U.S. Congress, the Federal Railroad Administration and the Federal Transit Administration for capital projects. These projects include funding for building a new railroad bridge adjacent to the existing Long Bridge across the Potomac River, funding for the Gainesville-Haymarket extension, and for new railroads tracks and station improvements. A thorough understanding of the Federal environment and continued advocacy with Federal stakeholders is important to our success.

As determined in accordance with VRE Public Procurement Policies and Procedures, an Invitation for Bids (IFB) is neither practicable nor fiscally advantageous to VRE and an RFP is the preferred method of procurement for this solicitation since there are different approaches to the desired service and an evaluation of technical merit is required.

Upon completion of evaluation of proposals, negotiations are 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 will be 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 firms, a cost analysis is performed to compare the proposed cost with the independent cost estimate to determine that the proposed cost is fair and reasonable.

The scope of work for the RFP includes, but is not limited to, the following:

- Establish and maintain liaison with the Virginia Congressional delegation, other members of Congress, the Washington Metropolitan Council of Governments, Federal agencies and appropriate elected officials; and arrange meetings for VRE, and its members’ officials with key committee members.
- Monitor legislation that may directly or indirectly impact VRE, its parent commissions or member jurisdictions, rail programs and the transportation industry.
- Provide support, strategy and guidance on securing Capital Investment Grants (New Starts, Small Starts, and Core Capacity), TIGER, and State of Good Repair funding agreements from the Federal Transit Administration.
- Pursue other Federal funding for capital facilities, equipment and rolling stock purchases, and operating assistance as requested by VRE and its parent commissions and member agencies.
- Research and provide information on opportunities available through the Federal Railroad Administration and the FAST Act regarding Railroad Rehabilitation Improvement and Financing (RRIF); Consolidated Rail Infrastructure and Safety Improvement Grants; Freight Program Grants; and innovative financing mechanisms available through the newly established National Surface Transportation and Innovative Finance Bureau.

Upon receipt and evaluation of the proposals, staff will return to the Board for authorization to award the contract.
**Fiscal Impact:**

The FY 2016 budget for public affairs includes funding for these services. Funding for future years will be included in each proposed annual budget.
WHEREAS, VRE has an ongoing need for representation with Federal Legislative and Executive Branch agencies; and,

WHEREAS, VRE has a six year Capital Improvement Program in excess of $2 billion that is partially dependent upon the receipt of discretionary federal funding; and,

WHEREAS, the services of a firm that specializes in federal legislative advocacy will assist VRE in its pursuit of federal discretionary funding;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby acknowledge the determination made by the VRE Contract Administrator in accordance with the VRE Public Procurement Policies and Procedures that competitive bidding is not practicable, nor fiscally advantageous to VRE, and that competitive negotiation is the appropriate method to procure these services; and,

BE IT FURTHER RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to issue a Request for Proposals for Federal Legislative Services.

Approved this 19th day of February 2016

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Gary Skinner
Chairman

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Maureen Caddigan
Secretary
To: Chairman Skinner and the VRE Operations Board

From: Doug Allen

Date: February 19, 2016

Re: Authorization to Issue an Invitation for Bids for Repair and Overhaul of Air Brake Equipment

Recommendation:

The VRE Operations Board is asked to authorize the Chief Executive Officer to issue an Invitation for Bids (IFB) for the repair and overhaul of air brake equipment for a period of one year with the option to extend for four additional one-year periods, not-to-exceed five years.

Background:

Invitation for Bids is the preferred and normal method of procurement suitable when seeking bids to provide goods and services at a firm-fixed price. This method is utilized when there is a complete, adequate, precise specification or purchase description. Award is made on the basis of price alone without discussions or negotiations with the Bidders.

The scope of work for the IFB includes the repair and return of new, overhauled, or repaired air brake equipment for VRE locomotives and passenger railcars. On November 14, 2013, VRE awarded a contract to Wabtec Global Services for Repair and Overhaul of Air Brake Equipment. The last extension of this contract will expire on November 17, 2016. Therefore, VRE must now complete a competitive solicitation for this service.

Upon receipt of the bids, staff will return to the Board to request authorization to award the contract in an effort to continue the services without interruption.
**Fiscal Impact:**

Funding is provided for in the current FY 2016 budget for locomotive and railcar repairs and maintenance. Funding for future years will be included in each proposed annual budget.
Virginia Railway Express
Operations Board

Resolution
8B-02-2016

Authorization to Issue an Invitation for Bids for
Repair and Overhaul of Air Brake Equipment

WHEREAS, the current contract for the Repair and Overhaul of Air Brake Equipment will expire at the beginning of November 2016; and,

WHEREAS, VRE requires continuation of air brake equipment and overhaul services without interruption;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to issue an Invitation for Bids for the Repair and Overhaul of Air Brake Equipment.

Approved this 19th day of February 2016

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Gary Skinner
Chairman

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Maureen Caddigan
Secretary
Agenda Item 9-A
Action Item

To: Chairman Skinner and the VRE Operations Board

From: Doug Allen

Date: February 19, 2016

Re: Concurrence with Financial Plan Direction

Recommendation:

The VRE Operations Board is asked to adopt the attached VRE Financial Plan: Key Findings and Strategic Direction which indicates their concurrence with the results of the Financial Plan analysis, which will allow the Chief Executive Officer to proceed with identifying additional funding sources to implement this direction.

Background:

In February 2015, VRE staff and our consultants, PFM, began work on the development of a long-term Financial Plan to correspond to the adopted System Plan 2040. The purpose of this effort was to create a financial forecast of the varying operational and service profiles that VRE might pursue, ranging from maintaining the existing system to the implementation of system improvements and expansion initiatives. A detailed long term strategic planning model was developed and the results presented to the Operations Board in July and September 2015.
The key conclusions from the financial forecasting effort, as presented at the September 2015 meeting, are summarized below:

- Regardless of the service profile:
  - Operating expenses will escalate and additional revenue will be needed for VRE to be financially balanced over the long term.
  - A significant level of capital investment is required that cannot be handled with currently identified capital funding sources.
  - NVTA funding has created an imbalance among the VRE jurisdictions in the ability to identify funding sources for VRE related capital needs.
- Raising fares to close the financial gap is not a viable solution on its own.
- Higher ridership associated with enhanced service levels could defray some of the future operating and capital costs.
- VRE needs additional dedicated revenue beyond the sources which exist today, even to maintain the status quo.

In January 2016 VRE staff and PFM provided a recap of the analysis performed with a focus on the two scenarios that will be developed further and discussed next steps in the preparation of full financial plans for the Natural Growth and System Plan 2040 service profiles, which are described below:

- **Natural Growth** – additional service provided through lengthening of existing trains in response to ridership growth over time due to regional increases in population and employment.
- **System Plan 2040** – attraction of additional riders through enhancement of the VRE service as described in System Plan 2040: additional peak trains; full entry into reverse-peak and off-peak markets; and construction of the Gainesville-Haymarket extension.

The questions raised by the Board members at the meeting in September 2015 about the details of the financial forecast, including the relationships between riders, revenue and net cost and how the compared across scenarios were reviewed and additional clarifying questions were added to the list. Responses will be provided at the February 2016 Operations Board meeting.

After these questions are answered, staff believes the analysis has been pursued as far as it currently can be and that the model provides an excellent tool to further develop and refine the projections in the future. The model will be revisited as significant information becomes available and decisions on specific projects are required, but no less often than every three years.
Staff recommends that VRE continue with the Natural Growth service profile, which approximates the approach taken in the past and which the Financial Plan model indicates will require additional sources of revenue. In addition, staff recommends that VRE aspire towards those elements of the System Plan 2040 service profile that further review indicates we should pursue and for which funding has been identified.

**Fiscal Impact:**

The adoption of the direction provided in the Financial Plan does not have a fiscal impact. The fiscal impact of individual service adjustments, construction projects or equipment purchases outlined in the Plan will be provided when the related agenda item is brought to the Operations Board for approval.
Virginia Railway Express
Operations Board

Resolution
9A-02-2016

Concurrence with Financial Plan Direction

WHEREAS, in February 2015, VRE staff and our consultants, PFM, began work on the development of a long-term Financial Plan to correspond to the adopted System Plan 2040; and,

WHEREAS, the purpose of this effort was to create a financial forecast of the varying operational and service profiles that VRE might pursue, ranging from maintaining the existing system to the implementation of system improvements and expansion initiatives; and,

WHEREAS, a detailed long term strategic planning model was developed and the results and key conclusions presented to the Operations Board in July and September 2015; and,

WHEREAS, the Operations Board chose to further review the Natural Growth and System Plan 2040 service profiles; and,

WHEREAS, staff recommends that VRE continue with the Natural Growth service profile, which approximates the approach taken in the past and which the Financial Plan model indicates will require additional sources of revenue and that VRE aspire towards those elements of the System Plan 2040 service profile that further review indicates should be pursued and for which funding has been identified;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board hereby adopts the attached VRE Financial Plan: Key Findings and Strategic Direction which indicates their concurrence with the results of the Financial Plan analysis, and which will allow the Chief Executive Officer to proceed with identifying additional funding sources to implement this direction.

Approved this 19th day of February 2016

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Gary Skinner
Chairman

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Maureen Caddigan
Secretary
VRE Financial Plan: Key Findings and Strategic Direction

Key Findings

1. Regardless of the service profile:
   - Operating expenses will escalate and additional revenue will be needed for VRE to be financially balanced over the long term.
   - A significant level of capital investment is required that cannot be handled with currently identified capital funding sources.
   - NVTA funding has created an imbalance among the VRE jurisdictions in the ability to identify funding sources for VRE related capital needs.

2. Raising fares to close the financial gap is not a viable solution on its own.

3. Higher ridership associated with enhanced service levels could defray some of the future operating and capital costs.

4. VRE needs additional dedicated revenue beyond the sources which exist today, even to maintain the status quo.

Strategic Direction

1. VRE will continue to follow the Natural Growth profile of providing additional service through lengthening of existing trains in response to ridership growth over time due to regional increases in population and employment.

2. VRE will continue to pursue funding to implement the service concepts included in the System Plan 2040 profile such as additional peak trains; the Gainesville-Haymarket extension and reverse-peak and off-peak service.
Agenda Item 10-A
Information Item

To: Chairman Skinner and the VRE Operations Board

From: Doug Allen

Date: February 19, 2016

Re: Program Management Services

The purpose of this item is to provide information on an approach to advancing the funded capital improvement projects before seeking Operations Board authorization to begin procurement for these kinds of services.

The current VRE six-year Capital Improvement Plan (FY 2017-FY 2022) includes 30 projects and nearly $1.15 billion in expenditures for stations, parking lots, track, signals, bridges, yards, and maintenance facilities. The work includes development (planning, environmental, preliminary design) and implementation (final engineering, construction) phases of project delivery. These projects are all related to fulfillment of either our agreements with CSX Transportation or the System Plan 2040.

Project development and implementation is the responsibility of the VRE Office of Development which currently has six full-time equivalents (FTEs)—one executive FTE, two planner FTEs for development, and three project manager FTEs for implementation. FTEs for a fourth project manager and an engineering administrator are in the FY 2017 operating budget.

With the growth in the number and complexity of projects anticipated in the CIP for the next six years, VRE needs to expand its managerial capacity and capabilities in order to develop and deliver capital projects in a timely and scalable manner. We also need to improve project oversight procedures so that VRE can more precisely and consistently
monitor the progress of individual projects as well as that of the program of projects as a whole.

VRE could address these needs directly by hiring additional staff, but that approach has serious flaws beyond the obvious long-term impact on operating costs. For example, it would be difficult to hire three or four additional administrative personnel whose skillsets encompass all the requirements needed to create and maintain an effective suite of program controls. It would be equally ineffective to expand VRE’s project management capacity solely through the hiring additional FTEs due to the relatively short-term “spike” projected in project volume over the next five years and/or the intermittent requirement for technical specialists.

We believe a better approach is to consider hiring a Program Management Consultant (PMC) to augment VRE’s in-house staff and to provide a comprehensive set of program controls to track budgets, expenditures, schedules and other key performance metrics applied to all projects. This is the approach many operating agencies with an operational focus take in order to augment their management and administrative capabilities for the delivery of a large program of capital improvement projects while minimizing the amount of overhead incurred.

An effective and experienced PMC would augment VRE staff capabilities in two ways:

1. **Expanded Staff Capacity:** As the number and complexity of active projects increase, additional staff resources will be required to manage and administer capital program projects—the PMC approach is scalable, allowing project management and administration capabilities to be added or reduced as needed by the volume of workload. Additional staff capabilities will also be needed to address special skills and/or certifications that must be demonstrated in order to comply with Commonwealth and/or Federal requirements. The following list identifies the kind of staff augmentation capacities and capabilities that may be needed:

   - Project Management Augmentation
   - Project Administration Augmentation
   - Procurement Augmentation
   - Property Acquisition

2. **Improved Program Controls:** Program controls are tools used to consistently and comprehensively monitor and manage progress for individual projects as well as the capital improvement program as a whole. They include the items of the following list, which are required by the Federal Railroad and/or Transit Administrations.

   - Project Management Plans
   - Integrated Master Schedule
   - Integrated Master Budget
   - Risk Management
- Cost Estimating
- Document Controls
- Quality Assurance/Quality Control
- Change Order Tracking
- Program Audits (PMPs, QA/QC, Safety)
- Updates to Standard Procedures and Specifications
- Program/Project Reporting

VRE’s current practices rely on its individual project contractors to supply these controls on a project-by-project basis, resulting in a balkanized system of progress reports and activities that are inconsistent and difficult to integrate on the programmatic level. This results in a less than comprehensive assessment of project progress and a less than timely identification of potential problems.

With an effective and experienced PMC, VRE can update and improve its capital project delivery processes to match best industry practice using state-of-the-art management tools. Potential risks to project schedules, scopes, and budgets will be identified, monitored, and mitigated before rising to the level of a problem that threatens project completion. The PMC will work through VRE’s current project managers to develop project execution strategies that improve resource allocation, planning, communication, documentation, quality control, risk management, and safety for projects and the program as a whole. A PMC would also assess VRE’s current Project Control practices and tools relative to industry best practices and recommend means and methods to better track project progress and performance on a comprehensive and continuing basis.

VRE staff recommends contracting with a PMC consultant with skills and experience to be able to optimize VRE current management systems and implement improved management processes and systems that will deliver the current plan of capital projects. Our intention is to return to the March VRE Operations Board with a request for authorization to issue a request for proposals for these program management services.
To: Chairman Skinner and the VRE Operations Board
From: Doug Allen
Date: February 19, 2016
Re: 2016 Operations Board Action Calendar

The attached calendar reflects scheduled committee meetings, updates and significant Action Items currently anticipated. Additional items will be presented as needed.
2016 VRE Operations Board Actions, Committee Meetings and Scheduled Updates

January
Executive Committee Meeting
Installation of 2016 VRE Officers

February
Executive Committee Meeting
Financial Plan Directives

March
Executive Committee Meeting
CEO Evaluation Committee Meeting
Authorization to Award Task Order for VPDES Industrial Stormwater General Permit Compliance
Program Management Services
GHX Project Update

April
Executive Committee Meeting
Approve Option Year for Keolis Operating Contract
Approve Option Year for Custodial and Seasonal Services Contract (Stations)
Approve Option Year for Facilities Maintenance Services Contract (Stations)

May
Executive Committee Meeting
Capital Committee Meeting
GHX Project Preliminary Alternatives Review
Annual Board Refresher Training
June
Executive Committee Meeting
Authorization to Execute a Contract for Federal Legislative Services
Strategic Business Plan Update and Discussion
Closed Session - CEO Evaluation

July
Executive Committee Meeting
Key Budget Issues
GHX Project Preferred Alternative Work Session

August - No Meeting

September
Executive Committee Meeting
Referral of Preliminary FY 2018 Operating and Capital Budget to the Commissions
Discuss Priorities for the 2017 Legislative Agenda
2016 Customer Service Survey Results
GHX Project Status Update

October
Executive Committee Meeting
Board Member Recognition Program Call for Nominations
Recommend Approval of 2017 Legislative Agenda
GHX Project Locally Preferred Alternative (LPA) Review
November

Executive Committee Meeting
Audit Committee Meeting
Capital Committee Meeting
Establish Nominating Committee for 2018 VRE Operations Board Officers
Forward FY 2016 Audited Financial Statements and Auditor's Report to the Commissions
Consideration of GHX Locally Preferred Alternative

December

Executive Committee Meeting
Referral of the Revised FY 2017 and Recommended FY 2018 VRE Operating and Capital Budgets to the Commissions and Localities
Approval of Contract Option Year for Diesel Fuel Delivery Services
Approval of 2017 VRE Operations Board Officers
Authorization to Extend Lease Agreement for Parking at Rippon Station
To: Chairman Skinner and the VRE Operations Board
From: Doug Allen
Date: February 19, 2016
Re: Legislative Update

An update will be provided to the VRE Operations Board at its February 19, 2016 meeting.
To: Chairman Skinner and the VRE Operations Board
From: Doug Allen
Date: February 19, 2016
Re: Spending Authority Report

There were no expenditures within the CEO’s reportable spending authority of $50,000 to $100,000 in January 2016.