To: Chairman Skinner and the VRE Operations Board

From: Doug Allen

Date: June 17, 2016

Re: Spending Authority Report

On May 15, 2015, the VRE Operations Board approved increasing the Chief Executive Officer’s spending authority from $50,000 to $100,000. It was resolved any purchase of greater than $50,000 would be communicated to the Board as an information item.

- On April 26, 2016, VRE issued a Blanket Purchase Order to MotivePower for Central Diagnostic Services (CDS) for VRE Locomotives in the amount of $100,000. This was a Sole Source purchase from the original equipment manufacturer for a proprietary product called the Central Diagnostic System. The system monitors and transmits real-time operational data to VRE and MotivePower and provides preventative maintenance and troubleshooting information. The CDS system services were provided through the original locomotive purchase contract. The term of that agreement expired at the end of CY 2015. VRE now obtains these proprietary services on a month-to-month basis via Purchase Orders.

- On May 4, 2016, VRE issued a Purchase Order to Nippon Sharyo for Gallery IV Car Repairs in the amount of $80,194. This is a Sole Source purchase from the original equipment manufacturer for repairs to two VRE Gallery IV cars involved in a side-swipe incident in September 2015.