Agenda Item 8-H
Action Item

To: Chairman Skinner and the VRE Operations Board
From: Doug Allen
Date: May 20, 2016
Re: Recommend Authorization to Execute the Second Year of the First Option Period for Train Operations and Amend the Existing Contract to Remove Maintenance Services

Recommendation:

The VRE Operations Board is asked to recommend the Commissions authorize the Chief Executive Officer to modify the current Operations and Maintenance contract with Keolis Rail Services Virginia, LLC by 1) amending the existing agreement to remove the maintenance of equipment and facilities functions, which will now be contracted separately; and 2) authorize up to $15,463,003 for the second year of the first option period for a total contract value not to exceed $131,990,557 for Train Operations through June 30, 2017.

Background:

Current O&M Contract

On October 16, 2009, the VRE Operations Board approved a five 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>
<tr>
<td>4-19-2013</td>
<td>4th Contract Year</td>
<td>$18,974,041</td>
<td>$75,481,507</td>
</tr>
<tr>
<td>4-18-2014</td>
<td>***5th Contract Year</td>
<td>$20,115,047</td>
<td>$95,596,554</td>
</tr>
<tr>
<td>5-15-2015</td>
<td>1st Year of the Option Period (6th Year Total)</td>
<td>$20,931,000</td>
<td>$116,527,554</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.

**FY 2013 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.

**Separating Operations and Maintenance Contracts**

On June 20, 2014, the VRE Operations Board authorized the VRE CEO to issue a Request for Proposals (RFP) for Maintenance Services. On January 15, 2015, the VRE Operations Board recommended the Commissions authorize the VRE CEO execute a contract for Maintenance Services with Keolis Rail Services Virginia, LLC (KRSV) for a 5 year base term with two subsequent five year option periods. The Commissions approved this recommendation at their respective February 2015 meetings. The first year of the contract was authorized in an amount not to exceed $6,410,603, and scheduled to commence on July 1, 2015.

On February 10, 2015, VRE received a protest of the award to KRSV by one of the offerors, RailPlan International, Inc. (RPI). The VRE CEO rejected the protest and RPI filed suit in Alexandria Circuit Court. On March 1, 2016, the Alexandria Circuit Court ruled in favor of VRE awarding the contract to KRSV.

If approved by the Commissions, on July 1, 2016, a separate contract for the maintenance of equipment and facilities will commence. This item amends the current O&M contract by removing the maintenance functions and going forward, will reflect Train Operations only.

**Amended Contract for Operations Only Contract**

The amount requested for the second year of the first option period for Train Operations includes service enhancements (full year of train operations for the new Fredericksburg line train) and a budgeted CPI increase of 0.2% for fixed cost as required by the Contract, but excludes maintenance of equipment and facilities.

The second year of the first option period will start July 1, 2016. The total amount requested for authorization is equal to the total budgeted for FY 2017.
<table>
<thead>
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<th>Date</th>
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</tr>
</thead>
<tbody>
<tr>
<td>5-20-2016</td>
<td>2nd Year of First Option Period (7th Year)</td>
<td>$15,463,003</td>
<td>$131,990,557</td>
</tr>
</tbody>
</table>

**Fiscal Impact:**

Funding for the second year of the first option period (7th year) is included in the FY 2017 Operating budget. The total amount budgeted for Train Operations is $15,463,003.
Virginia Railway Express
Operations Board

Resolution
8H-05-2016

Recommend Authorization to Execute the Second Year of the First Option Period for Train Operations and Amend the Existing Contract to Remove Maintenance Services

WHEREAS, on October 16, 2009, the VRE Operations Board approved a five 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; and,

WHEREAS, on May 15, 2015, the Operations Board approved the first year of the first option period, through June 30, 2016, in the amount of $20,931,000, for a total contract value not to exceed $116,527,554;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby recommend the Commissions authorize the Chief Executive Officer to amend the existing Operations and Maintenance Contract by removing the requirements for Maintenance of Equipment and Facilities; and,
BE IT FURTHER RESOLVED THAT, the VRE Operations Board does hereby recommend the Commissions authorize modifying the Contract with Keolis Rail Services Virginia, LLC for Train Operations by approving up to $15,463,003, for the second year of the first option period for a total contract value not to exceed $131,990,557 through June 30, 2017.

Approved this 20th day of May 2016

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Gary Skinner
Chairman

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Maureen Caddigan
Secretary