To: Chairman Smedberg and the VRE Operations Board

From: Doug Allen

Date: October 20, 2017

Re: Authorization to Issue a Request for Proposals for Maintenance/Custodial and Seasonal Services for VRE Facilities

Recommendation:

The VRE Operations Board is asked to authorize the Chief Executive Officer to issue a Request for Proposal (RFP) for Maintenance/Custodial and Seasonal Services for VRE Facilities for a period of three base years and a two-year option.

Summary:

This RFP will result in two contracts with one or two firms to provide ongoing maintenance, custodial and seasonal services at 18 rail stations, two rail storage yards, headquarters and satellite office spaces.

Background:

In April 2013, the Operations Board approved new five-year contracts with one base year and four one-year options for Facilities Maintenance Services with NV Enterprises and Custodial and Seasonal Services with Fresh Air Duct Cleaning, LLC. The Operations Board subsequently approved execution of each of the four option years for each contract. The current contracts are set to expire on May 19, 2018.

Similar to the existing structure, the RFP will separate facilities maintenance services and custodial and seasonal services into two separate contracts, allowing specialized firms to submit proposals for either, or both, scopes of work. This approach has proven to result in more efficient and cost-effective contracts.

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, based on 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 firm, a cost analysis is performed to compare the proposed cost with the independent cost estimate to determine the proposed cost is fair and reasonable.

The scope of work for the facilities maintenance services portion of the RFP includes base work along with task order work on an as-needed basis to address electrical, plumbing, HVAC, generator and elevator repairs as well as other routine and preventive maintenance-related projects.

The scope of work for the custodial and seasonal services portion of the RFP includes base work along with task order work on an as-needed basis to address custodial, landscaping, snow removal, station and platform cleaning as well as trash removal services.

Upon receipt and evaluation of the proposals, staff will return to the Board to request authorization to award the contracts.

**Fiscal Impact:**

Funding is provided for in the FY 2018 and proposed FY 2019 operating budgets for facilities routine and non-routine maintenance and repairs and facilities custodial and winter weather services. Funding for future years will be included in each proposed annual budget.
Virginia Railway Express
Operations Board

Resolution
8A-10-2017

Authorization to Issue a Request for Proposals for
Maintenance/Custodial and Seasonal Services for VRE Facilities

WHEREAS, in April 2013, the Operations Board approved new five-year contracts with one base year and four one-year options for Facilities Maintenance Services with NV Enterprises and Custodial and Seasonal Services with Fresh Air Duct Cleaning, LLC; and,

WHEREAS, the Operations Board subsequently approved execution of each of the four option years for each contract; and,

WHEREAS, the current contracts are set to expire on May 19, 2018; and,

WHEREAS, this RFP will result in two contracts with one or two firms to provide ongoing maintenance, custodial and seasonal services at 18 rail stations, two rail storage yards and headquarters and satellite office spaces;

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 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 Maintenance/Custodial and Seasonal Services for VRE Facilities for a period of three base years and a two-year option.

Approved this 20th day of October 2017

______________________________
Paul Smedberg
Chairman

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Katie Cristol
Secretary
To: Chairman Smedberg and the VRE Operations Board

From: Doug Allen

Date: October 20, 2017

Re: Authorization to Issue a Request for Proposals for Insurance Brokerage Services

Recommendation:

The VRE Operations Board is asked to authorize the Chief Executive Officer to issue a Request for Proposals (RFP) for Insurance Brokerage Services for a period of three years with two, one year options.

Summary:

The RFP will solicit proposals from qualified insurance brokerage firms capable of brokering coverage, such as property, terrorism and liability insurance, and providing consulting to VRE staff on matters relating to VRE’s risk profile, the worldwide insurance market and other associated assistance, such as filing first and third-party claims.

Background:

During negotiations on changes and clarifications to the Commuter Rail Operations Liability Insurance Plan in 2007, VRE and the Commonwealth’s Division of Risk Management (DRM) agreed the function of procuring insurance coverage for the operation of VRE commuter rail services should be administered by VRE.

After a competitive process, in March 2013 the Operations Board recommended, and the Commissions subsequently approved, an agreement with Aon Risk Services for insurance brokerage services for the five-year period ending June 30, 2018. This is the second contract for these services since the transition of this activity away from DRM.

It is necessary to proceed with the competitive process necessary to replace this expiring contract with sufficient time to allow the successful proposer to arrange all required
property, terrorism and liability insurance contracts for the period beginning July 1, 2018.

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, based on 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 firm, a cost analysis is performed to compare the proposed cost with the independent cost estimate to determine the proposed cost is fair and reasonable.

The scope of work for the RFP includes providing consulting services on VRE’s risk exposure, existing insurance coverage, provide market forecasts for insurance products and to engage with major insurance markets to procure lines of coverage as necessary, and to assist in the preparation of certain claims.

Upon receipt and evaluation of the proposals, staff will return to the Board to request authorization to award the contract.

**Fiscal Impact:**

Funding for insurance brokerage services are budgeted in the State Insurance Trust Fund. VRE’s FY2018 Non-departmental operating budget provides funds to the Trust Fund to cover these costs. Each additional year’s operating budget will contain the same provisions.
Virginia Railway Express
Operations Board

Resolution
8B-10-2017

Authorization to Issue a Request for Proposals for
Insurance Brokerage Services

WHEREAS, the Virginia Department of Risk Management (DRM) and VRE agreed in 2007 to transfer the function of procuring insurance coverage to VRE; and,

WHEREAS, in 2013, VRE entered into an agreement with Aon Risk Services for brokerage services for a five-year period ending June 30, 2018; and,

WHEREAS, the Request for Proposals will include the requirements for providing property, terrorism and liability insurance coverage in addition to consulting services for processing claims; and,

WHEREAS, VRE must proceed with the competitive process necessary to replace this expiring contract with sufficient time to allow the successful proposer to arrange insurance contracts for July 1, 2018;

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 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 Insurance Brokerage Services.

Approved this 20th day of October 2017

________________________________________
Paul Smedberg
Chairman

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Katie Cristol
Secretary
To: Chairman Smedberg and the VRE Operations Board  
From: Doug Allen  
Date: October 20, 2017  
Re: Authorization to Issue a Supplemental Task Order for Handyman Services

**Recommendation:**

The VRE Operations Board is asked to authorize the Chief Executive Officer to issue Supplemental Task Order 2E under the Facilities Maintenance Contract to NV Enterprises for handyman services in an amount of $30,000, plus a 5% contingency of $1,500, for a total of $31,500. This brings the total not to exceed amount for Task Order 2 (including Supplemental Task Orders 2A, 2B, 2C, 2D and 2E) to $160,500.

**Summary:**

This Task Order is for minor, routine repair services at 18 rail stations, two rail storage yards, headquarters and satellite office spaces.

**Background:**

In April of 2013, the Operations Board approved a five-year contract with one base year and four one-year options for the Facilities Maintenance Services Contract with NV Enterprises. In addition to base work, the contract allows for Task Order work on an as-needed basis to address various facility repairs. The purpose of this Task Order is to address minor, routine repairs to benches, signage, windscreens, gutters and downspouts, flashing, windows, doors and locks, and other amenities at 18 stations, two rail storage yards and headquarters and satellite office spaces.

The first Task Order executed under the contract was Task Order 2, Handyman Services, in the amount of $30,000. As Task Order work was completed and additional work was required, subsequent Supplemental Task Orders have been issued under the CEO’s spending authority as follows:

- 2A – November 2014, in the amount of $15,000
- 2B – July 2015, in the amount of $40,000
- 2C – November 2015, in the amount of $14,000

The following Supplemental Task Order was subsequently approved by the Operations Board:

- 2D – June 2016, in the amount of $30,000

The requested authorization for Task Order 2E will allow NV Enterprises to continue performing handyman services through the end of the fourth option year.

**Fiscal Impact:**

Funding for the requested supplemental amount of $31,500 for handyman services is included in the FY 2018 operating budget for facilities routine maintenance.
Virginia Railway Express
Operations Board

Resolution
8C-10-2017

Authorization to Issue a Supplemental Task Order for Handyman Services

WHEREAS, in April of 2013, the Operations Board approved a five-year contract with one base year and four one-year options for the Facilities Maintenance Services Contract with NV Enterprises; and,

WHEREAS, the Operations Board approved the first option year in April of 2014, the second option year in April of 2015, the third option year in April of 2016 and the fourth option year in April of 2017; and,

WHEREAS, minor, routine repairs to benches, signage, windscreens, gutters and downspouts, flashing, windows, doors and locks, and other amenities at stations, rail storage yards, and office spaces are periodically necessary for operations; and,

WHEREAS, Task Order 2 for $30,000, Supplemental Task Order 2A for $15,000, Supplemental Task Order 2B for $40,000 and Supplemental Task Order 2C for $14,000 were issued under the Chief Executive Officer's authority, and the Operations Board approved Supplemental Task Order 2D for $30,000; and,

WHEREAS, authorization for Task Order 2E will allow NV Enterprises to continue performing handyman services through the end of the fourth option year;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to issue Supplemental Task Order 2E under the Facilities Maintenance Contract to NV Enterprises for handyman services in an amount of $30,000, plus a 5% contingency of $1,500, for a total of $31,500. This brings the total not to exceed amount for Task Order 2 (including Supplemental Task Orders 2A, 2B, 2C, 2D and 2E) to $160,500.

Approved this 20th day of October 2017

______________________________
Paul Smedberg
Chairman

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Katie Cristol
Secretary
To: Chairman Smedberg and the VRE Operations Board

From: Doug Allen

Date: October 20, 2017

Re: Authorization to Issue a Supplemental Task Order for General On-Call Services

Recommendation:

The VRE Operations Board is asked to authorize the Chief Executive Officer to issue Supplemental Task Order 44C under the Facilities Maintenance Contract to NV Enterprises for general on-call services in an amount of $50,000, plus a 5% contingency of $2,500, for a total of $52,500. This brings the total not to exceed amount for Task Order 44 (including Supplemental Task Orders 44A, 44B and 44C) to $201,500.

Summary:

This Task Order is for medium-effort repair, installation and inspection services at 18 rail stations, two rail storage yards, headquarters and satellite office spaces.

Background:

In April of 2013, the Operations Board approved a five-year contract with one base year and four one-year options for the Facilities Maintenance Services Contract with NV Enterprises. In addition to base work, the contract allows for Task Order work on an as-needed basis to address various facility repairs. The purpose of this Task Order is to address medium-effort repairs, installation and inspection services, including plumbing and sewage system repairs, glass replacements, steel railing repairs, fire extinguisher replacements, emergency generator inspections, general station inspections and other services at 18 rail stations, two rail storage yards, headquarters and satellite office spaces.

The first Task Order executed under the contract was Task Order 44, General On-Call Services, in the amount of $49,000. As Task Order work was completed and additional work was required, subsequent Supplemental Task Order 44A was issued under the CEO’s
spending authority in June 2016 in the amount of $50,000, and the Operations Board approved Supplemental Task Order 44B in March 2017 in the amount of $50,000.

The requested authorization for Task Order 44C will allow NV Enterprises to continue performing general on-call services through the end of the fourth option year.

**Fiscal Impact:**

Funding for the requested supplemental amount of $52,500 for general on-call services is included in the FY 2018 operating budget for facilities routine maintenance.
WHEREAS, in April of 2013, the Operations Board approved a five-year contract with one base year and four one-year options for the Facilities Maintenance Services Contract with NV Enterprises; and,

WHEREAS, the Operations Board approved the first option year in April of 2014, the second option year in April of 2015, the third option year in April of 2016 and the fourth option year in April of 2017; and,

WHEREAS, medium-effort repairs, installation and inspection services, including plumbing and sewage system repairs, glass replacements, steel railing repairs, fire extinguisher replacements, emergency generator inspections, general station inspections and other services at stations, rail storage yards, and office space are necessary for operations; and,

WHEREAS, Task Order 44 for $49,000 and Supplemental Task Order 44A for $50,000 were issued under the Chief Executive Officer’s authority, and the Operations Board approved Supplemental Task Order 44B for $50,000; and,

WHEREAS, authorization for Task Order 44C will allow NV Enterprises to continue performing general on-call services through the end of the fourth option year;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to issue Supplemental Task Order 44C under the Facilities Maintenance Contract to NV Enterprises for general on-call services in an amount of $50,000, plus a 5% contingency of $2,500, for a total of $52,500. This brings the total not to exceed amount for Task Order 44 (including Supplemental Task Orders 44A, 44B and 44C) to $201,500.

Approved this 20th day of October 2017

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Paul Smedberg
Chairman

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Katie Cristol
Secretary
Agenda Item 9-B
Action Item

To: Chairman Smedberg and the VRE Operations Board
From: Doug Allen
Date: October 20, 2017
Re: Approval of Preferred Site for Crystal City Station for Further Analysis and Design

Recommendation:

The Virginia Railway Express (VRE) Operations Board is asked to approve the Option 2 site as the preferred station location on which to proceed with more detailed design and evaluation including preliminary engineering and environmental investigations for the Crystal City Station Improvements.

Summary:

VRE conducted a technical analysis of three possible station locations using a two-step evaluation process. The process integrated extensive public outreach and stakeholder coordination. The technical evaluation of the three potential station locations determined that, when compared to other options, Option 2 provides the highest level of connectivity with local and regional transportation, a comparable level of community and environmental impacts, and can be accomplished at moderate cost. Based on the technical analysis and feedback received, VRE staff recommends Option 2 as the station location for further analysis and evaluation.

Background:

Crystal City Station—one of the busiest in the VRE system—was designed 25 years ago. Ridership has significantly increased since that time requiring longer VRE trains. There is an immediate need to extend the station platform to accommodate the longer VRE trains operating today. A second platform edge is also needed to allow greater operational flexibility in this heavily trafficked segment of the CSXT RF&P Subdivision. The project also provides an opportunity to better align VRE with Crystal City's vision for growth.
The current phase of the project, initiated in December 2016, focused on identifying the optimal location of the station and its access points. Objectives include better job access through enhanced pedestrian and bicycle connectivity, improved intermodal connections (Metrorail, Metroway, local buses, and Department of Defense shuttles) and consideration of community impacts.

Determining the location of the new VRE platform is needed prior to the start of engineering for the new fourth track through Crystal City, which is fully-funded as part of DRPT’s Atlantic Gateway/FASTLANE project and currently anticipated to begin in 2018.

VRE conducted a technical analysis of three possible station locations using a two-step evaluation process. The process integrated extensive public outreach and stakeholder coordination. A project website provided ready access to technical information and event materials. The analysis was reviewed by a stakeholder working group comprised of JBG Smith and Equity Residential (property owners of land adjacent to the railroad), the Crystal City Business Improvement District, the Metropolitan Washington Airports Authority, the National Park Service, and the Department of Defense Transportation Management Program Office at the Pentagon (significant destination for VRE riders). Working with Arlington County staff, VRE also provided briefings to County Commissions and the County Board.

Steps were taken to gather and address input received from residents, riders, the business community, and the general public. Five public events were held between November 2016 and June 2017, that involved the Crystal City Civic Association (CCCA), a residents’ group, and were attended by up to 80 individuals. Based on concerns expressed by Crystal City residents and other stakeholders, additional analyses were performed regarding noise, vibration, and visual impacts associated with each option that would have been otherwise performed in a later phase of project development.

VRE’s evaluation of the three potential station locations determined that, when compared to other options, Option 2 provides the highest level of connectivity with local and regional transportation with a comparable level of community and environmental impacts. An analysis of rough order of magnitude costs for major elements associated in each option (e.g., pedestrian bridges and tunnels, and track relocations) showed this option is expected to have a moderate cost compared to the other options.

County staff, riders and representatives of the business community expressed a preference for Option 2. Based on the technical analysis and the feedback received, the VRE staff recommends Option 2 as the station location on which to focus further analysis and design. The CCCA expressed a preference for Option 3.

In September, VRE presented its staff recommendation to the Arlington County Planning Commission, Transportation Commission, Transit Advisory Committee, and the County Board. The Arlington County Board accepted Option 2 as VRE staff’s preferred station location, and expressed an interest in receiving continuing updates and opportunities to comment as the design and analysis progresses.
Upon approval of the Option 2 site station location by the Operations Board, VRE staff will proceed with more detailed design and evaluation of that location including preliminary engineering and environmental investigations. That effort will include negotiating preliminary agreements with private property owners, where appropriate, for access across their property to Crystal Drive.

**Fiscal Impact:**

There is no fiscal impact due to this decision. Funding for the current planning study is provided through a grant from the Northern Virginia Transportation Authority.
Virginia Railway Express
Operations Board

Resolution
9B-10-2017

Approval of Preferred Site for Crystal City Station
for Further Analysis and Design

WHEREAS, VRE has initiated a station expansion at Crystal City Station to rectify currently observed deficiencies and develop a design that meets future needs; and,

WHEREAS, VRE conducted a technical analysis of three possible station locations using a two-step evaluation process that integrated extensive public outreach and stakeholder coordination; and,

WHEREAS, the technical analysis determined, when compared to other options, Option 2 provides the highest level of connectivity with local and regional transportation, a comparable level of community and environmental impacts; and,

WHEREAS, an analysis of rough order of magnitude costs for major elements showed this option is expected to have a moderate cost compared to the other options; and,

WHEREAS, based on the technical analysis and in consideration of the feedback received, from stakeholders and interested parties, VRE staff recommends Option 2 as the preferred station location;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby approve the Option 2 site as the preferred station location on which to proceed with more detailed design and evaluation including preliminary engineering and environmental investigations for the Crystal City Station Improvements.

Approved this 20th day of October 2017

__________________________________________
Paul Smedberg
Chairman

__________________________________________
Katie Cristol
Secretary
VRE conducted its annual customer service survey onboard all northbound VRE and Amtrak cross-honor trains on the morning of May 3, 2017. This survey provides riders the opportunity to comprehensively evaluate VRE operations and system performance. The survey covers many aspects of VRE service that range from parking to crew performance and train cleanliness. This year’s survey was completed by 6,314 riders, which is 59% of the riders that morning.

This year’s survey shows VRE trending above the five-year average in most categories. The rating in overall service quality reached an all-time high of 90% and the train crews received their highest overall rating at 94%. However, the rating for on-time performance (OTP) was historically low at 76%, a drop from the 78% rating from last year. Actual OTP for FY 2017 was 88.1%, down from 89.7% in FY 2016. Much of the decline in OTP is related to the ongoing infrastructure projects that will ultimately improve capacity and flexibility of our host railroads, but can cause disruption in the short-term.

While most categories saw year over year rating increases, staff is always working to improve the service. Plans are in place to address scores in all categories as part of our continuous improvement efforts. Several current projects that will improve the customer experience are:

- Automated passenger and parking counters, which will update the website and mobile app with real time information so passengers can see how full the train or parking lots are.
- Lengthening station platforms to decrease dwell times which reduces scheduled run times.
- Adding second platforms to increase flexibility and fluidity of train operations. Second platforms will increase operational efficiency and make speed recovery should a disruption occur.
- New railcars to lengthen crowded trains and move towards a standard length for all trains.
- Implementation of a social media management platform to manage all VRE social media accounts to provide easier unified messages across all platforms and provide data analytics.

Several categories have been identified for special attention given their lower than anticipated ratings and efforts are underway to address them:

- “Checks Tickets Regularly” received a score of 82% down from 85% last year. VRE Operations staff has met with Keolis to address the importance of ticket checking and to reiterate the contractual obligation in this area.
- “Station Signage” received a score of 81% down from 89% last year. VRE has designed new standardized station signage that will be installed at all VRE stations beginning with Brooke Station.
- “Traffic Circulation” received a score of 67% down from 80%. This is related to the crowded conditions at certain stations such as Broad Run, Manassas, Manassas Park, Rolling Road, Backlick Road. VRE is looking into the crowded lots and traffic conditions for possible remedies.

The categories listed above are ratings that have dropped from last year which is why they receive special attention. VRE is in the process of reviewing each category and setting goals for improvement for those categories rating below the five-year average to ensure we are not on a downward trend.

The survey results are illustrated in the attached summary and full results are available at www.vre.org as downloadable Microsoft Word or PDF files.
### Survey Ridership Comparison

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<tbody>
<tr>
<td>Responsiveness of VRE Staff</td>
<td>89%</td>
<td>90%</td>
<td>91%</td>
<td>90%</td>
<td>92%</td>
<td>2%</td>
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<tr>
<td>Friendliness of VRE Staff</td>
<td>88%</td>
<td>89%</td>
<td>91%</td>
<td>89%</td>
<td>92%</td>
<td>2%</td>
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<tr>
<td>VRE Follow-Up to Delays or Problems</td>
<td>65%</td>
<td>68%</td>
<td>70%</td>
<td>64%</td>
<td>67%</td>
<td>1%</td>
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<tr>
<td>Lost and Found</td>
<td>69%</td>
<td>68%</td>
<td>73%</td>
<td>68%</td>
<td>72%</td>
<td>2%</td>
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<tr>
<td>Usefulness of Rail time</td>
<td>80%</td>
<td>79%</td>
<td>79%</td>
<td>72%</td>
<td>74%</td>
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<td>Timeliness of E-mail Responses</td>
<td>62%</td>
<td>64%</td>
<td>66%</td>
<td>64%</td>
<td>67%</td>
<td>2%</td>
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<tr>
<td>Quality of E-mail Responses</td>
<td>67%</td>
<td>68%</td>
<td>69%</td>
<td>67%</td>
<td>70%</td>
<td>2%</td>
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<tr>
<td>Timeliness of Social Media Responses</td>
<td>67%</td>
<td>65%</td>
<td>65%</td>
<td>67%</td>
<td>67%</td>
<td>1%</td>
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<tr>
<td>Quality of Social Media Responses</td>
<td>70%</td>
<td>69%</td>
<td>68%</td>
<td>68%</td>
<td>68%</td>
<td>-1%</td>
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<tr>
<td>Timeliness of Website Information</td>
<td>70%</td>
<td>70%</td>
<td>70%</td>
<td>68%</td>
<td>68%</td>
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<tr>
<td>Quality of Website</td>
<td>75%</td>
<td>74%</td>
<td>73%</td>
<td>73%</td>
<td>70%</td>
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<tr>
<td>Quality of Train Talk</td>
<td>70%</td>
<td>72%</td>
<td>70%</td>
<td>71%</td>
<td>72%</td>
<td>1%</td>
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<tr>
<td>Timeliness of Train Talk</td>
<td>68%</td>
<td>71%</td>
<td>68%</td>
<td>68%</td>
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<tr>
<td>Overall Communication with Passengers</td>
<td>77%</td>
<td>76%</td>
<td>76%</td>
<td>74%</td>
<td>75%</td>
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<tr>
<th>Train Crew Members</th>
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<tr>
<td>Are Knowledgeable About VRE Operations</td>
<td>92%</td>
<td>93%</td>
<td>94%</td>
<td>93%</td>
<td>95%</td>
<td>2%</td>
</tr>
<tr>
<td>Are Helpful and Courteous</td>
<td>90%</td>
<td>92%</td>
<td>93%</td>
<td>91%</td>
<td>93%</td>
<td>2%</td>
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<tr>
<td>Make Regular Station Announcements</td>
<td>84%</td>
<td>85%</td>
<td>87%</td>
<td>85%</td>
<td>89%</td>
<td>3%</td>
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<tr>
<td>Make Timely Delay Announcements</td>
<td>78%</td>
<td>81%</td>
<td>83%</td>
<td>78%</td>
<td>82%</td>
<td>2%</td>
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<tr>
<td>Check Tickets Regularly</td>
<td>81%</td>
<td>86%</td>
<td>87%</td>
<td>85%</td>
<td>82%</td>
<td>-2%</td>
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<tr>
<td>Present a Professional Appearance</td>
<td>93%</td>
<td>94%</td>
<td>96%</td>
<td>95%</td>
<td>95%</td>
<td>1%</td>
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<tr>
<td>Overall Crew Performance</td>
<td>90%</td>
<td>92%</td>
<td>94%</td>
<td>92%</td>
<td>94%</td>
<td>1%</td>
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<tr>
<th>VRE Operations</th>
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<tbody>
<tr>
<td>Convenience of Schedules</td>
<td>62%</td>
<td>60%</td>
<td>62%</td>
<td>64%</td>
<td>67%</td>
<td>4%</td>
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<tr>
<td>On-time Performance</td>
<td>89%</td>
<td>84%</td>
<td>85%</td>
<td>78%</td>
<td>76%</td>
<td>-7%</td>
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<tr>
<td>Cleanliness of Trains</td>
<td>93%</td>
<td>93%</td>
<td>94%</td>
<td>95%</td>
<td>96%</td>
<td>2%</td>
</tr>
<tr>
<td>Cleanliness of Stations</td>
<td>88%</td>
<td>87%</td>
<td>88%</td>
<td>89%</td>
<td>90%</td>
<td>1%</td>
</tr>
<tr>
<td>Reliability of Ticket Vending Machines</td>
<td>58%</td>
<td>56%</td>
<td>65%</td>
<td>64%</td>
<td>69%</td>
<td>6%</td>
</tr>
<tr>
<td>Ease of Buying a Ticket</td>
<td>79%</td>
<td>77%</td>
<td>81%</td>
<td>82%</td>
<td>87%</td>
<td>6%</td>
</tr>
<tr>
<td>Ease of Redeeming Subsidized Transportation Benefits</td>
<td>70%</td>
<td>71%</td>
<td>77%</td>
<td>77%</td>
<td>83%</td>
<td>8%</td>
</tr>
<tr>
<td>Station Parking Availability</td>
<td>66%</td>
<td>65%</td>
<td>71%</td>
<td>78%</td>
<td>79%</td>
<td>8%</td>
</tr>
<tr>
<td>Public Address System On Train</td>
<td>64%</td>
<td>64%</td>
<td>66%</td>
<td>68%</td>
<td>69%</td>
<td>2%</td>
</tr>
<tr>
<td>Public Address System On Platform</td>
<td>58%</td>
<td>62%</td>
<td>64%</td>
<td>65%</td>
<td>68%</td>
<td>5%</td>
</tr>
<tr>
<td>Timeliness of Platform Information</td>
<td>58%</td>
<td>61%</td>
<td>62%</td>
<td>61%</td>
<td>66%</td>
<td>4%</td>
</tr>
<tr>
<td>Personal Security at Station &amp; On Train</td>
<td>75%</td>
<td>76%</td>
<td>78%</td>
<td>78%</td>
<td>80%</td>
<td>3%</td>
</tr>
<tr>
<td>Safety of Train Equipment</td>
<td>87%</td>
<td>88%</td>
<td>90%</td>
<td>89%</td>
<td>89%</td>
<td>1%</td>
</tr>
<tr>
<td>Station Signage</td>
<td>76%</td>
<td>77%</td>
<td>87%</td>
<td>89%</td>
<td>81%</td>
<td>-1%</td>
</tr>
<tr>
<td>Lighting at Morning Station</td>
<td>85%</td>
<td>86%</td>
<td>87%</td>
<td>88%</td>
<td>88%</td>
<td>1%</td>
</tr>
<tr>
<td>Lighting at Evening Station</td>
<td>85%</td>
<td>86%</td>
<td>61%</td>
<td>64%</td>
<td>88%</td>
<td>12%</td>
</tr>
<tr>
<td>Traffic Circulation</td>
<td>58%</td>
<td>57%</td>
<td>78%</td>
<td>80%</td>
<td>67%</td>
<td>-1%</td>
</tr>
<tr>
<td>Level of Fare for Quality and Value of Service</td>
<td>67%</td>
<td>64%</td>
<td>66%</td>
<td>72%</td>
<td>71%</td>
<td>3%</td>
</tr>
<tr>
<td>Overall Service Quality</td>
<td>88%</td>
<td>88%</td>
<td>88%</td>
<td>89%</td>
<td>90%</td>
<td>1%</td>
</tr>
</tbody>
</table>

*Percentages represent ratings of "excellent" or "good*
To: Chairman Smedberg and the VRE Operations Board
From: Doug Allen
Date: October 20, 2017
Re: Proposed RRIF Loan Refinancing

Summary:

In 2007, VRE entered into a Railroad Rehabilitation and Improvement Financing (RRIF) agreement with the Federal Railroad Administration (FRA) for the purchase of 60 Gallery railcars. The original amount borrowed was $69.0 million over 25 years at an interest rate of 4.74%. The principal currently outstanding is $52.9 million. Interest rates are now lower than when VRE entered into the original loan, and a refinancing offers the potential for savings.

This item will provide the Operations Board with information on the RRIF loan, the refinancing alternatives considered for reducing debt service costs, and the preferred alternative for moving forward, which is refinancing through the Virginia Resources Authority. Staff anticipates bringing an action item to the Operations Board in November requesting approval and referral of the proposed parameters for the refinancing to the Commissions and the individual jurisdictions, in accordance with the Master Agreement.

Background:

The RRIF program was established by the Transportation Equity Act for the 21st Century (TEA-21), which authorized the FRA to provide direct loans and loan guarantees to finance the development of railroad infrastructure. Eligible RRIF borrowers include railroads, state and local governments, government-sponsored authorities and corporations, and certain freight shippers.

VRE entered into a RRIF financing agreement with FRA in October 2007 for the purchase of new Gallery railcars. Between FY 2008 and FY 2012, 60 new railcars were purchased and delivered to VRE - 35 to replace older railcars and 25 to provide expanded capacity. The total cost of the new cars was $114.0 million, of which $69.0 million was borrowed through the RRIF program and $45.0 million was funded through a combination of state and federal
grants, proceeds from the sale of other railcars to the Maryland Transit Administration, and interest earnings.

As of April 2017, the management of the RRIF program has been transferred from FRA to the newly created Build America Bureau (BAB) within the U.S. Department of Transportation. This change has no impact on the terms of VRE’s RRIF loan.

**Current Debt Service:**

VRE’s annual debt service on the RRIF loan is $4.78 million, payable in equal quarterly installments. The total principal amount outstanding (following a payment on September 15, 2017) is $52.9 million, and the final payment is due in March 2033. Of the total annual payment amount, $4.67 million is grant funded, and $110,000 is paid solely with local funds.¹ The current grant funding is 80% federal, 16% state, and 4% local, with the federal funding coming from a combination of 5307 Urbanized Area and 5337 State of Good Repair formula grants.

The RRIF loan bears an interest rate of 4.74%, equal to the 30-year Treasury rate as of the execution date. Pursuant to the terms of the Security Agreement, the loan is secured by VRE’s gross revenues (subordinate to the then-outstanding revenue bonds) as well as security interest in the railcars themselves as collateral. The gross revenue pledge was given to the Series 1998 Bonds.

**Refinancing Alternatives:**

In the spring of 2017, VRE’s financial advisor PFM reviewed a range of alternatives for refinancing the RRIF loan at a lower interest rate, including:

- Refunding with a direct bank loan
- Refunding with publicly offered bonds through the Virginia Pooled Financing Program (VPFP) of the Virginia Resources Authority (VRA)
- Refunding with publicly offered VRE bonds
- Requesting modification of the existing RRIF loan

The preferred alternative, given the various advantages and disadvantages of each approach, is refunding through VRA. The size and remaining term (just under 16 years) of the RRIF loan make it relatively unattractive for refunding via a direct placement with a bank. Offering VRE bonds directly would require credit agency review for establishment of an inaugural credit rating, significant disclosures, and a longer and costlier timeline for issuance. A request to the BAB to modify the terms of the original RRIF loan is likely to be time-consuming and have an uncertain outcome. Prior inquiries to lower the interest rate on the RRIF loan have been unsuccessful and are not allowed under RRIF policy.

¹ As part of the original purchase of the railcars, approximately $1.5 million of RRIF loan proceeds were used as a match to federal funds. Federal funds cannot also be used to pay the debt service on that portion of the RRIF loan, so this $110,000 of debt service is “segregated” from the remaining railcar debt service and is completely funded by local subsidy.
**Redefining Through VRA:**

VRA was created by the General Assembly in 1984 to provide an additional source of funding for local infrastructure projects. VRA initially focused on financing for water and wastewater projects but has expanded to cover transportation, public safety, solid waste, and many other areas. Since its inception, VRA has financed investments across the Commonwealth exceeding $7 billion.

VRA’s VPFP offers a number of advantages to VRE. A public credit rating is not required to access the “AAA/AA” interest rates of the pooled program, and the lower cost of issuance is spread across the participants in the pool. VRA offers loan terms of up to 30 years and can custom-tailor the loan structure to meet the borrower’s needs. VRA also requires relatively limited disclosures, as compared to what a direct issuance by VRE would entail.

One area of uncertainty at this time is whether a debt service reserve fund (DSRF) would be required by VRA to secure VRE’s payment obligation to VRA. The potential savings from a refinancing are worth pursuing even if a DSRF is required, but the savings will be higher if not. Savings will also depend on analysis by VRE’s bond counsel as to the tax status of the loan (i.e., tax-exempt or taxable). VRE staff, in conjunction with PFM and the bond counsel, will seek resolution of this issue in discussions with VRA.

Based on an analysis by PFM assuming current market conditions as of September 22, the projected total debt service savings from a refinancing through VRA is $4.5 million ($295,000 per year) if a DSRF is required. At a discount rate of 3.5%, the present value of those savings is $3.2 million. If a DSRF is not required, then the total savings increases to $10.0 million ($656,000 per year), and the present value increases to $7.5 million. Actual savings will be subject to change depending on actual market conditions at the time of the bond issuance.

**Next Steps:**

VRA issues bonds at least twice a year, in the fall and the spring. The next available issuance is spring of 2018, and the application deadline is in early February 2018. Following a borrower’s application, VRA undertakes due diligence and credit analysis, and the proposed loan is then reviewed for approval by VRA’s credit committee. VRA expects to price the spring 2018 transaction in early May 2018 and close in late May. A borrower must provide an authorizing resolution or ordinance from its governing body before entering into the VPFP financing agreement. PFM is exploring options with VRA to potentially accelerate the bond issue given current favorable conditions.

Under Section III-A-(2) of the Master Agreement, the Commissions are authorized to “utilize responsible debt financing to the extent that such is financially advantageous to the commuter rail project [i.e., VRE]…” However, the “unanimous consent of all parties” to the Master Agreement is required before the Commissions may issue a debt related to VRE.
Therefore, VRE will seek approval from the Commissions and from all the individual jurisdictions for the proposed refinancing of the RRIF loan through VRA’s VPFP program.

A detailed schedule for bringing these authorization requests to the jurisdictions will be developed following further conversations with VRA and jurisdiction staff. The tentative schedule of approvals is as follows:

- Operations Board – November
- Commissions – December
- Jurisdictions – before the end January
To: Chairman Smedberg and the VRE Operations Board  
From: Doug Allen  
Date: October 20, 2017  
Re: Spending Authority Report

VRE did not issue any purchase orders or task orders within the CEO’s reportable spending authority of $50,000 to $100,000 in September 2017.