Agenda Item 8-A
Consent Item

To: Chair Cristol and the VRE Operations Board
From: Doug Allen
Date: July 19, 2019
Re: Authorization to Issue a Request for Proposals for Final Design for the Broad Run Expansion Project

Recommendation:
The VRE Operations Board is asked to authorize the Chief Executive Officer to issue a Request for Proposals (RFP) for professional engineering consulting services for final design for the Broad Run Expansion project.

Summary:
This resolution will authorize the procurement process for final design activities necessary to advance the implementation of the Broad Run Expansion project.

Background:
Project Development, including Preliminary Engineering (PE) Design and National Environmental Policy Act (NEPA) review is underway for the Broad Run Expansion project and will be completed in 2019. This procurement will seek to retain a qualified final design consultant.

In accordance with Section 2.2-4303 of the Virginia Public Procurement Act, these services must be procured through a Request for Proposals (RFP) because they include Professional Services. Upon completion of evaluation of proposals, negotiations will be conducted with the highest ranked firm deemed to be fully qualified and best suited among those submitting Proposals, based on the factors specified in the evaluation criteria. Price is not a
criterion for evaluation of proposals for Professional Services. After receipt of the best and final offer from the top-ranked firm, a cost analysis will be performed to compare the proposed cost with the independent cost estimate to determine if the proposed cost is fair and reasonable.

The scope of work for the RFP includes the preparation of final design plans and specifications for the Broad Run Expansion project, including design of modifications to the station platform and access, expansion of station parking and the maintenance and storage facility (MSF), and a third main track within the Norfolk-Southern Railway (NS) right-of-way (ROW).

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

**Fiscal Impact:**

Funding for the final design effort is provided for in the VRE Capital Improvement Program under the Broad Run Expansion project. Funding sources include I-66 Outside the Beltway Concession Fee, Federal Congestion Mitigation Air Quality (CMAQ) and Regional Surface Transportation Program (RSTP) grants and associated state match, and the VRE Capital Reserve and Capital Planning Fund.
Virginia Railway Express
Operations Board

Resolution
8A-07-2019

Authorization to Issue a Request for Proposals for Final Design for the Broad Run Expansion Project

WHEREAS, Project Development, including Preliminary Engineering Design and National Environmental Policy Act review is underway for the Broad Run Expansion project and will be complete in 2019; and,

WHEREAS, once Preliminary Engineering and National Environmental Policy Act review are complete, final design for the project must be expeditiously initiated, and the services of a professional engineering consultant are necessary to complete the final design; and,

WHEREAS, in accordance with Section 2.2-4303 of the Virginia Public Procurement Act, these services must be procured through a Request for Proposals;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby acknowledge that competitive negotiation is required in accordance with the Virginia Public Procurement Act; and,

BE IT FURTHER RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to issue a Request for Proposals for professional engineering consulting services for final design for the Broad Run Expansion project.

Approved this 19th day of July 2019

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Katie Cristol
Chair

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John Cook
Secretary
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Agenda Item 8-B
Consent Item

To: Chair Cristol and the VRE Operations Board
From: Doug Allen
Date: July 19, 2019
Re: Authorization to Issue a Request for Proposals for an Email and Text Message Communication System

Recommendation:

The VRE Operations Board is asked to authorize the Chief Executive Officer to issue a Request for Proposals (RFP) for an Email and Text Message Communication System for a period of a base year and four option years.

Summary:

This resolution will authorize the solicitation for a communication system to disseminate service information to riders in the form of emails and text messages.

Background:

VRE currently provides the mass delivery of email and text messages for service alerts and VRE related messaging through a communication platform provided by Granicus, LLC. A competitive procurement for this service will enable VRE to evaluate the functionality and capabilities of other communication platforms available in the marketplace.

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 will be 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 will be performed to compare the proposed cost with the independent cost estimate to determine if the proposed cost is fair and reasonable.

Upon receipt and evaluation of proposals, staff will return to the Operations Board for authorization to execute the contract.

**Fiscal Impact:**

There is no fiscal impact from issuing a Request for Proposal. The FY 2020 operating budget for ‘Rail Operations – Other Communications Costs’ includes $50,000 in funding for this service. Additional funding of $90,000 will be provided for in the Amended FY2020 budget presented in December 2019. Funding for future years will be included in each proposed annual budget.
Virginia Railway Express  
Operations Board  

Resolution  
8B-07-2019  

Authorization to Issue a Request for Proposals for an  
Email and Text Message Communication System  

WHEREAS, VRE utilizes a communication system to disseminate service information to riders in the form of emails and text messages; and,  

WHEREAS, a competitive procurement for this service will enable VRE to evaluate the functionality and capabilities of other communication platforms available in the marketplace;  

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 this service; and,  

BE IT FURTHER RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to issue a Request for Proposals for an Email and Text Message Communication System.  

Approved this 19th day of July 2019  

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Katie Cristol  
Chair  

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John Cook  
Secretary
Agenda Item 9-A
Action Item

To: Chair Cristol and the VRE Operations Board
From: Doug Allen
Date: July 19, 2019
Re: Authorization to Amend the Contract for Land Acquisition Services for the VRE Crossroads Yard Expansion

Recommendation:

The VRE Operations Board is asked to authorize the Chief Executive Officer to execute a contract amendment with Johnson, Mirmiran & Thompson, Inc. (JMT) of Richmond, Virginia, for Land Acquisition Services for the VRE Crossroads Yard Expansion. This amendment, which will support VRE’s application for a conditional use permit, is in the amount of $18,678, plus a 10% contingency of $1,868, for a total amount not to exceed $20,546. This will increase the authorization for this contract from $149,024 to a total amount not to exceed $169,570.

Summary:

This amendment will authorize additional unanticipated effort by JMT in support of VRE’s application for a conditional use permit, which includes revisions to plans and preparation for and attendance at Spotsylvania County Board of Supervisors and Planning Commission meetings.

Background:

VRE is seeking to acquire property adjacent to the existing Crossroads Maintenance & Storage Facility. This property will allow VRE to address current and future maintenance and storage needs associated with Fredericksburg Line service improvements, in accordance with the VRE System Plan 2040 adopted by the VRE Operations Board in
January 2014. As part of this property acquisition, VRE has required real estate and environmental consulting services, including determination of ownership of the subject properties, estimation of costs, assessment of availability, and guidance on environmental clearance requirements.

In March 2016, a contract in the amount of $99,980 was awarded to JMT to provide these required services following a competitive procurement process. As it was within the CEO’s authority to award, no action was required of the VRE Operations Board at that time.

In November 2016, the VRE Operations Board authorized an amendment to the contract in an amount not to exceed $49,044 to complete additional cultural resource work required by the Federal Transit Administration to ensure cultural resources would not be impacted by the proposed expansion.

The land acquisition process has taken longer than originally expected, and additional effort from JMT is needed to support VRE’s application to Spotsylvania County for a conditional use permit. At VRE’s request, JMT submitted a proposal to provide this additional support. A cost analysis was subsequently performed by VRE staff to compare the proposed additional cost with the independent cost estimate, and it was determined that JMT’s proposed cost is fair and reasonable.

Fiscal Impact:

This contract amendment can be accommodated within the existing project contingency and planned project funding. Funding for land acquisition services (as distinct from the purchase of the land itself) is included in VRE’s Capital Improvement Program under Equipment Storage with funding from VRE’s federal 5307 (Urbanized Area) formula funds.
Virginia Railway Express
Operations Board

Resolution
9A-07-2019

Authorization to Amend the Contract for Land Acquisition Services for the VRE Crossroads Yard Expansion

WHEREAS, the acquisition of property adjacent to the Crossroads Maintenance & Storage Facility will allow VRE to address current and future maintenance and storage needs associated with Fredericksburg Line service improvements; and,

WHEREAS, Johnson, Mirmiran & Thompson, Inc. of Richmond, Virginia, was selected through a competitive procurement process to provide real estate and environmental consulting services to VRE in support of the property acquisition; and,

WHEREAS, additional unanticipated effort by Johnson, Mirmiran & Thompson, Inc. is needed in support of VRE’s application for a conditional use permit, which includes revisions to plans and preparation for and attendance at Spotsylvania County meetings; and,

WHEREAS, VRE has received a proposal from Johnson, Mirmiran & Thompson, Inc. to provide additional support and has deemed it to be fair and reasonable;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the VRE Chief Executive Officer to execute a contract amendment with Johnson, Mirmiran & Thompson, Inc. of Richmond, Virginia to support VRE’s application for a conditional use permit as part of the Land Acquisition Services for the VRE Crossroads Yard Expansion contract in the amount of $18,678, plus a 10% contingency of $1,868, for a total amount not to exceed $20,546. This will increase the authorization for this contract from $149,024 to a total amount not to exceed $169,570.

Approved this 19th day of July 2019

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Katie Cristol
Chair

______________________________
John Cook
Secretary
Agenda Item 9-B
Action Item

To: Chair Cristol and the VRE Operations Board

From: Doug Allen

Date: July 19, 2019

Re: Authorization to Execute a Contract for a Wheel Truing Machine for the Lifecycle Overhaul and Upgrade Facility

Recommendation:

The VRE Operations Board is asked to authorize the Chief Executive Officer to execute a contract with Simmons Machine Tool Corporation of Albany, New York, to fabricate, manufacture, install and test a Wheel Truing Machine for the Lifecycle Overhaul and Upgrade (LOU) Facility in the amount of $2,309,489, plus a 10% contingency of $230,949, for a total amount not to exceed $2,540,438.

Summary:

In January 2014, the VRE Operations Board formally adopted a lifecycle maintenance strategy for VRE rolling stock. The basis of this strategy is to maintain VRE locomotives and passenger cars at the highest level of reliability throughout the lifecycle of the equipment. A new LOU Facility will be constructed at Crossroads in Spotsylvania County and fitted to specifically perform this work and fully dedicated to these activities. The Wheel Truing Machine, which is a specialized piece of maintenance equipment used to establish and maintain the shape of the wheel tread and flange, will be installed within the LOU Facility.

Background:

On June 19, 2015, the VRE Operations Board approved a request to issue an Invitation for Bids (IFB) for a Wheel Truing Machine for the LOU Facility. A mailing list of three prospective Bidders was established for the solicitation. On December 31, 2015, an IFB was
issued and bids were due on February 9, 2016. Only one response was received. The staff conducted a survey to determine why only a single bid was received and was satisfied with the result.

The following reason was given for why other Bidders did not respond to the solicitation:

- Manufacturers are unable to provide an in-floor, single-axle, milling-type Wheel Truing Machine

As a result of unanticipated delays in acquiring land for construction of the LOU Facility, award of a contract for the Wheel Truing Machine was deferred. However, Simmons Machine Tool Corporation has held its bid price since 2016, and VRE staff have certified the price is fair and reasonable.

The bid tabulation is as follows:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Bid Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Simmons Machine Tool Corp.</td>
<td>$2,309,489.00</td>
</tr>
</tbody>
</table>

**Fiscal Impact:**

The current budget for the LOU Facility in the FY 2020 – 2025 Capital Improvement Program is $38,183,632, with funding provided through federal state of good repair (Section 5337) formula funds and associated state and local matching funds. The wheel truing machine is included as part of the required shop facilities within the overall LOU Facility project.
Virginia Railway Express
Operations Board

Resolution
9B-07-2019

Authorization to Execute a Contract for a Wheel Truing Machine for the Lifecycle Overhaul and Upgrade Facility

WHEREAS, VRE requires a Wheel Truing Machine at the Lifecycle Overhaul and Upgrade Facility in order to maintain the shape of the wheel tread and flange for its rolling stock; and,

WHEREAS, the VRE Operations Board authorized the Chief Executive Officer to issue an Invitation for Bids for a Wheel Truing Machine in June 2015; and,

WHEREAS, a competitive solicitation process was conducted, and Simmons Machine Tool Corporation was the only responsive-responsible bidder; and,

WHEREAS Simmons Machine Tool Corporation has held its bid price since 2016, and VRE staff have certified the price is fair and reasonable;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to execute a contract with Simmons Machine Tool Corp. of Albany, New York, for a Wheel Truing Machine in the amount of $2,309,489, plus a 10% contingency of $230,949, for a total amount not to exceed $2,540,438.

Approved this 19th day of July 2019

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Katie Cristol
Chair

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John Cook
Secretary
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To: Chair Cristol and the VRE Operations Board

From: Doug Allen

Date: July 19, 2019

Re: Authorization to Amend the Contract for Planning and Engineering Consultant Services for the Broad Run Expansion

Recommendation:

The VRE Operations Board is asked to authorize the Chief Executive Officer (CEO) to execute a contract amendment with AECOM Technical Services, Inc. (AECOM) of Arlington, Virginia to complete planning, environmental and preliminary engineering services for the Broad Run Expansion project in the amount of $476,427, plus a contingency of $95,285, for a total amount of $571,712. This will increase the authorization for this contract from $4,590,692 to a total amount not to exceed $5,162,404.

Summary:

This action reflects refinements to the original Broad Run Expansion plan in the completion of Preliminary Engineering (PE) design and National Environmental Policy Act (NEPA) review for the project. Refinement of the design for the project has resulted in additional upfront costs over the original planning and design scope of work. Amending the AECOM contract to include the new scope now will reduce the need for future supplemental design changes and environmental analysis, and potential delays, later in the development and implementation process.

Background:

In March 2015, the VRE Operations Board authorized award of a contract to AECOM for planning and engineering consultant services for the Gainesville-Haymarket Extension. Following completion of an Alternatives Analysis, the VRE Operations Board selected expansion of the VRE Broad Run Station and Maintenance and Storage Facility (MSF) as the preferred alternative to support short- and long-term growth on the VRE Manassas Line.

In June 2017, the Operations Board authorized an amendment to the contract with AECOM to include the services necessary to complete PE and NEPA for the Broad Run complex
expansion and construction of a third main track within the Norfolk Southern Railway (NS) right-of-way. The contract was subsequently amended in April 2018 to add new aerial photographic survey and base map development to support the pending Final Design phase of the project.

Amending the AECOM contract and extending the schedule will permit the PE and NEPA review to reflect the preferred parking expansion north of the Norfolk Southern Railway (NS) tracks, the tunnel under the NS tracks that connects to this parking to the station platform, the revised platform location and VRE storage yard access as well as FAA-related requirements associated with the adjacent Manassas Regional Airport. The amendment will extend the contract completion date through October 31, 2019.

At VRE’s request, AECOM submitted a proposal to provide this additional support to complete PE and NEPA for the project. A cost analysis was subsequently performed by VRE staff to compare the proposed additional cost with the independent cost estimate, and it was determined that AECOM’s proposed cost is fair and reasonable.

**Fiscal Impact:**

Funding for this consultant effort is provided for in the VRE Capital Improvement Program under both the Broad Run Expansion and South Manassas Third Track and Signals projects. Funding sources include I-66 Outside the Beltway Concession Fee, Federal Congestion Mitigation Air Quality (CMAQ) and Regional Surface Transportation Program (RSTP) grants and associated state match, and the VRE Capital Reserve and Capital Planning Fund.
WHEREAS, in March 2015, the VRE Operations Board authorized award of a contract to AECOM for planning and engineering consultant services for the Gainesville-Haymarket Extension; and,

WHEREAS, the VRE Operations Board selected expansion of the VRE Broad Run Station and Maintenance and Storage Facility as the preferred alternative to support short- and long-term growth on the VRE Manassas Line; and,

WHEREAS, in June 2017, the Operations Board authorized an amendment to the contract with AECOM to include the services necessary to complete Preliminary Engineering (PE) and National Environmental Policy Act (NEPA) review for the Broad Run complex expansion and third main track within the Norfolk Southern Railway right-of-way; and,

WHEREAS, additional time was needed to refine the plans for the Broad Run Expansion project which delayed completion of PE and NEPA review necessitating additional support from AECOM; and,

WHEREAS, amending the AECOM contract and extending the schedule will permit the PE and NEPA review to be completed and to reflect the preferred design for the Broad Run Expansion and NS third main track as well as FAA-related requirements associated with the Manassas Regional Airport; and,

WHEREAS, VRE has received a proposal from AECOM for completion of the additional work and has deemed it to be fair and reasonable;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to execute a contract amendment with AECOM Technical Services, Inc. to complete planning, environmental and preliminary engineering services for the Broad Run Expansion project in the amount of $476,427, plus a contingency of $95,285, for a total amount of $571,712. This will increase the authorization for this contract from $4,590,692 to a total amount not to exceed $5,162,404.
Resolution 9C-07-2019 continued

Approved this 19th day of July 2019

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Katie Cristol
Chair

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John Cook
Secretary
To: Chair Cristol and the VRE Operations Board  
From: Doug Allen  
Date: July 19, 2019  
Re: Authorization to Execute a Sole Source Contract with REACH NOW for Maintenance and Hosting Support of the VRE Mobile Ticketing App

Recommendation:
The VRE Operations Board is asked to authorize the Chief Executive Officer to execute a Sole Source Contract with REACH NOW for Maintenance and Hosting Support of the VRE Mobile Ticketing Application at a cost of 1.5% commission on all tickets issued through the application, plus actual credit card processing fees. The contract is for one base year and four option years for an estimated cost of $2,949,975, plus a 10% contingency of $294,997, for a total amount not to exceed $3,244,972. The option years may be exercised at the discretion of the Chief Executive Officer.

Summary:
This contract will allow VRE to continue providing fare media sales through the proprietary mobile ticketing application designed and developed by REACH NOW and currently utilized by more than 30% of VRE passengers.

Background:
In 2014, VRE entered into a contract with REACH NOW (formerly known as GlobeSherpa and as moovel) for the design and development of a mobile ticketing solution to allow VRE passengers to purchase fare media through their mobile smartphones. The system was launched in May of 2015 and has become a popular alternative to the paper ticketing
system. REACH NOW’s integration with SmartBenefits allows VRE passengers to allocate their transit subsidy benefits to VRE Mobile, simplifying a challenging process.

VRE Mobile will be upgraded to the new REACH NOW mobility platform which will add:

- Trip planning
- First and last mile solutions
- Single point of purchase for entire trips
- Potential to offer joint fares with other regional partners on the same platform

Since the launch of VRE Mobile, REACH NOW has implemented their mobile ticketing solution with many other transit agencies nationwide, including recent agreements with the Maryland Transit Administration (MARC Trains) and DASH in Alexandria.

A sole source determination has been made in accordance with state and federal requirements and VRE Procurement Policies, and public notice will be provided, that because REACH NOW is the designer and developer of VRE Mobile and is the only vendor able to provide these services for their proprietary system, this qualifies as a sole source procurement.

**Fiscal Impact:**

The existing agreement with REACH NOW includes hosting and maintenance costs as a separate line item, whereas this proposed contract includes those costs as part of the overall sales commission. The projected cost of sales commissions (inclusive of hosting and maintenance services) and credit card processing and bank fees associated with this contract over the next five years, inclusive of a 10% contingency, is $3,244,972. The approved FY 2020 operating budget for Retail Sales Commissions and Bank Discounts include sufficient funding for the respective activities related to the agreement. Funding for future years will be included in each proposed annual budget.
## REACH NOW Services Agreement

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<th>Services</th>
<th>Previous Contract (Per Year)</th>
<th>Base Year</th>
<th>Option Year 1</th>
<th>Option Year 2</th>
<th>Option Year 3</th>
<th>Option Year 4</th>
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<td>Credit Card Processing</td>
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<td>$483,198</td>
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<td>$584,670</td>
<td>$643,137</td>
<td>$707,451</td>
<td>$2,949,975</td>
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</tbody>
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10% Contingency $294,997

Total $3,244,972
Virginia Railway Express  
Operations Board  

Resolution  
9D-07-2019  

Authorization to Execute a Sole Source Contract with REACH NOW for Maintenance and Hosting Support of the VRE Mobile Ticketing App  

WHEREAS, VRE passenger tickets can be purchased through many different sales channels, including on-platform ticket vending machines, mail order, the VRE Mobile app, and 'brick and mortar' vendors located at or near the stations; and,  

WHEREAS, in 2014, VRE entered into a contract with REACH NOW (formerly known as GlobeSherpa and as moovel) for the design and development of a mobile ticketing solution to allow VRE passengers to purchase fare media through their mobile smartphones; and,  

WHEREAS, the mobile ticketing system was launched in May of 2015 as VRE Mobile and has become a popular alternative to the paper ticketing system; and,  

WHEREAS, in accordance with state and federal requirements and VRE Procurement Policies, a determination has been made, and public notice thereof will be provided, that because REACH NOW is the designer and developer of VRE Mobile and is the only vendor able to provide these services for their proprietary system, this qualifies as a sole source procurement;  

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to execute a Sole Source Contract with REACH NOW for Maintenance and Hosting Support of the VRE Mobile Ticketing App for an estimated cost of $2,949,975, plus a 10% contingency of $294,997, for a total amount not to exceed $3,244,972, for one base and four option years, with the CEO exercising the option years at his discretion.  

Approved this 19th day of July 2019  

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Katie Cristol  
Chair  

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John Cook  
Secretary
Agenda Item 9-E
Action Item

To: Chair Cristol and the VRE Operations Board
From: Doug Allen
Date: July 19, 2019
Re: Authorization to Issue a Supplemental Task Order for Renovations to VRE Headquarters Suite 201

Recommendation:
The VRE Operations Board is asked to authorize the Chief Executive Officer to issue a supplemental Task Order under the Maintenance Services for VRE Facilities contract to NVE, Inc. for construction services to renovate the leased VRE Headquarters Suite 201 in the amount of $55,000, for a total not to exceed $250,100.

Summary:
This task order supplement is for construction services to renovate 1500 King Street Suite 201 being leased from the International Association of Refrigerated Warehouses.

Background:
In May 2018, the VRE Operations Board authorized the Chief Executive Officer to issue a Task Order under the Maintenance Services for VRE Facilities contract to NVE, Inc. for construction services to renovate the leased VRE Headquarters Suite 201 in Alexandria. The authorization was in the amount of $195,100, plus a 10% contingency of $19,510, for a total not to exceed $214,610.

During a review of NVE invoices, it was determined that incurred costs exceeded the original authorization level. As a result, additional Operations Board authorization is requested in the amount of $35,490. Together with the previously unused contingency of
$19,510, a supplemental Task Order of $55,000 can be issued for a total Task Order value not to exceed $250,100.

Payment to NVE has not exceeded the original authorization level. The requested authorization under the Maintenance Services for VRE Facilities contract will allow VRE to pay all NVE invoices for work performed.

**Fiscal Impact:**

Funding for the Suite 201 renovation is provided through the VRE Capital Reserve.
Authorization to Issue a Supplemental Task Order for Renovations to VRE Headquarters Suite 201

WHEREAS, in May 2018, the VRE Operations Board authorized the Chief Executive Officer to issue a Task Order under the Maintenance Services for VRE Facilities contract to NVE, Inc. for construction services to renovate the leased VRE Headquarters Suite 201 in Alexandria; and,

WHEREAS, during a review of NVE invoices, it was determined that incurred costs exceeded the original authorization level; and,

WHEREAS, payment to NVE has not exceeded the original authorization level; and,

WHEREAS, the requested authorization under the Maintenance Services for VRE Facilities contract will allow VRE to pay all NVE invoices for work performed;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to issue a supplemental Task Order under the Maintenance Services for VRE Facilities contract to NVE, Inc. for construction services to renovate the leased VRE Headquarters Suite 201 in the amount of $55,000, for a total not to exceed $250,100.

Approved this 19th day of July 2019

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Katie Cristol
Chair

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John Cook
Secretary
To: Chair Cristol and the VRE Operations Board  
From: Doug Allen  
Date: July 19, 2019  
Re: Authorization to Amend the Purchase Order for Mass Electronic Communication Delivery System Utilization

**Recommendation:**
The VRE Operations Board is asked to authorize the Chief Executive Officer to amend the Purchase Order with Granicus, LLC of St. Paul, Minnesota, for utilization of its Mass Electronic Communication Delivery System from the current amount of $100,000 to an amount not to exceed $140,000.

**Summary:**
VRE currently uses Granicus’ communication platform to disseminate service information to riders in the form of emails, text messages, RSS data feeds, and social media updates (Facebook and Twitter).

**Background:**
In December 2018, VRE awarded a Purchase Order to Granicus in the amount of $66,664 to provide mass communication services for the term of one year with an allowance of up to 3.9 million text messages. Due to an increase in the number of messages VRE sent out over the last several months, the Purchase Order was amended to an amount not to exceed $100,000 in order to increase the available allowance of text messages by 3 million. The sustained high volume of messages sent throughout the Spring requires VRE increase the Purchase Order again.
To ensure riders continue to receive the latest information on schedule changes, service disruptions, seat notices and other news via phone, VRE seeks to further increase the allowance for text messages and thus amend the Purchase Order with Granicus to enable use of its communications platform through December 2019. While Granicus will allow VRE to send additional emails through its communication platform at no added cost, carrier charges are incurred by Granicus for text messages.

Separately, Operations Board authorization is also being sought to issue a Request for Proposals (RFP) for an email and text message communication system so various communication platforms can be evaluated with the intent of awarding a longer-term contract at the end of the calendar year.

**Fiscal Impact:**

The FY 2020 operating budget for ‘Rail Operations – Other Communications Costs’ includes $50,000 in funding for this activity. Additional funding of $90,000 will be provided for in the Amended FY2020 budget presented in December 2019. Funding for future years will be included in each proposed annual operating budget.
Virginia Railway Express
Operations Board

Resolution
9F-07-2019

Authorization to Amend the Purchase Order for Mass
Electronic Communication Delivery System Utilization

WHEREAS, VRE utilizes a communications platform to disseminate service information to
riders in the form of emails, text messages, social media updates (Facebook and Twitter), as
well as RSS feeds; and,

WHEREAS, in December 2018, VRE awarded a Purchase Order to Granicus in the amount
of $66,664 to provide mass communication services for the term of one year with an
allowance of up to 3.9 million text messages; and,

WHEREAS, the Purchase Order was amended earlier this month to an amount not to exceed $100,000 in order to increase the available allowance of text messages; and,

WHEREAS, VRE seeks to further amend the Purchase Order with Granicus to ensure riders continue to receive the latest information on schedule changes, service disruptions, seat notices and other news via phone;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to amend the Purchase Order with Granicus, LLC for utilization of its Mass Electronic Communication Delivery System from the current amount of $100,000 to an amount not to exceed $140,000.

Approved this 19th day of July 2019

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Katie Cristol
Chair

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John Cook
Secretary
Agenda Item 10-A
Information Item

To: Chair Cristol and the VRE Operations Board

From: Doug Allen

Date: July 19, 2019

Re: FY 2021 Key Budget Issues

Introduction:

VRE staff will present a preliminary FY 2021 budget in September 2019 for the Operations Board’s consideration, with final budget approval and referral to the Commissions scheduled for December 2019. VRE’s financial planning process provides for initial consideration and discussion of key budget issues and assumptions early in the budget cycle, prior to the preliminary budget.

Background:

VRE has adopted a financial planning process that provides for early consideration of key budget issues and assumptions. During the budget cycle, VRE staff will meet monthly with the member jurisdictions’ Chief Administrative Officers (CAO) Budget Taskforce to develop the proposed budget. An independent CAO recommendation will be provided to the Operations Board and Commissions in conjunction with the final budget submission in December. The Finance Committee also reviews major budget issues and needs for referral to the full Operations Board as required.

In accordance with the VRE Master Agreement, a consolidated financial projection over a six-year time frame is provided each year as a component of the annual budget. In 2016, a comprehensive financial analysis was developed to forecast the cost of current operations and various growth scenarios through 2040. This analysis is currently being refreshed in conjunction with an update to the System Plan.
In 2018, the Virginia legislature created the Commuter Rail Operating and Capital (C-ROC) Fund, and $15 million in gasoline tax revenues from the NVTC and PRTC regions are now dedicated annually to C-ROC for VRE’s use. These important changes were reflected in VRE’s adopted FY 2020 budget and FY 2020-2025 CIP, and VRE staff worked closely with the Operations Board to develop formal guidelines for the use of C-ROC funds.

There were not any changes of similar magnitude in the 2019 legislative session, so VRE’s fiscal environment is relatively unchanged from last year. However, there have been recent changes to the methodologies used by the Department of Rail and Public Transportation (DRPT) for allocation of both operating support and capital grants. These issues are explained in further detail below.

**FY 2021 Key Issues:**

**Key Issue #1 – Programming of C-ROC Funds and Federal State of Good Repair (5337) Funds:** As discussed earlier in the spring with the Finance Committee, based on initial results from the financial analysis refresh, VRE can continue focusing its commitment of C-ROC funds for the next few years towards pay-as-you-go capital projects rather than operations or as backing for a debt issuance. As part of the FY 2020 budget, the Operations Board committed a total of $45 million of FY 2019–2021 C-ROC funds to the Crystal City and L’Enfant Station projects ($15 million and $30 million, respectively.) However, VRE was unsuccessful in its application for a Rail Enhancement Fund (REF) grant for Crystal City, so the funding for that project will need to be revisited. At the same time, updated cost estimates are expected for the Midday Storage (New York Avenue) and L’Enfant projects as they progress through the engineering and environmental processes. During the FY 2021 budget cycle, VRE staff will be evaluating these updated costs, determining where C-ROC funds and FTA 5337 funds might be applied (since all the projects have a state of good repair component,) and deciding whether to apply to outside funding partners and programs (such as NVTA or the federal BUILD grant program) for additional support.

**Key Issue #2 – Planned 3% Jurisdictional Subsidy Increase:** VRE service is supported primarily through a combination of passenger fares, state and federal funds, and local jurisdictional contributions. To offset annual operating cost increases in an equitable manner while maintaining a farebox recovery ratio at or above the required 50% minimum, VRE generally increases fares and jurisdictional subsidy contributions in alternating fiscal years. A 3% fare increase was approved in the FY 2020 budget, and the FY 2020 six-year financial forecast projected a subsidy increase of 3% in FY 2021. The jurisdictional subsidy amount was last increased in FY 2019 by 3%. Staff views these moderate and predictable increases in fares and subsidy as preferable to periods of no change followed by large increases.
Although C-ROC funds can be used to support VRE operations, the guidance received from the Operations Board to date has been to use C-ROC to advance key near-term capital projects, not to support operations. Staff will continue to assess this potential jurisdictional subsidy increase ahead of the Board’s review of the preliminary FY 2021 budget in September.

**Key Issue #3 – Ridership, Fare Revenue and 50% Farebox Recovery Requirement:** As mentioned above, VRE is required by the Master Agreement to budget for a minimum 50% recovery of operating costs from passenger fare revenues. To maintain this ratio over time as operating costs increase, VRE institutes regular fare increases and closely monitors ridership trends.

No fare increase is planned for FY 2021, following the 3% increase for FY 2020, but ridership levels will be critical. Average daily ridership (ADR) in FY 2019 was down from the same period in FY 2018, with ADR for the first eleven months of FY 2019 at 17,802, down approximately 6% from 18,948 over the same period in FY 2018.

This decline was caused by several factors, including the federal government shutdown in December and January and service delays associated with implementation of Positive Train Control (PTC,) along with other service disruptions at various points during the year. However, the 11-month figures for FY 2019 also do not capture the uptick in ridership during June as a result of the WMATA Blue/Yellow shutdown. But even if one-time impacts are excluded, VRE ridership did not show any growth in FY 2019. The midweek “peak” of ridership also continues to become more pronounced, with ridership on Mondays and especially Fridays well below that of Tuesday through Thursday.

Transit ridership in general has been dropping in recent years in the Washington region and nationwide, though VRE has largely avoided those declines and remains a competitive option in the congested I-95 and I-66 corridors. However, because of the material nature of fare revenue to the VRE operating budget, and the requirement to budget a 50% farebox recovery, VRE staff will be watching ridership closely in early FY 2020 to inform projections for FY 2021.

**Key Issue #4 – Renewal of Operating Access Agreement with Amtrak and CSX:** The operating access agreements with VRE’s host railroads are among the largest operating costs in the VRE budget, together totaling $18.5 million in the FY 2020 operating budget. As of July 1, 2018, VRE had renewed its access agreement with Norfolk Southern for another five years.

However, the current access agreement with Amtrak will end at the end of FY 2020. This agreement covers VRE access to Washington Union Station as well as Amtrak-owned Ivy City storage yard. As part of this final year of the Amtrak agreement, VRE and Amtrak will continue working towards a new agreement.
In addition, following the expiration of a five-year agreement with CSX Transportation on June 30, 2016, VRE continues to operate under a series of one-year extensions with CSX. Throughout this fourth one-year extension period, VRE, CSXT, and DRPT will meet to review planned capacity enhancement projects, determine the resources necessary to complete these projects (including flagging services provided by CSXT,) and prioritize the projects across the coming years. VRE anticipates these elements will be integrated into a new Amended and Restated Agreement.

The potential fiscal impact will be monitored throughout the FY 2021 budget process and reflected as appropriate.

**Key Issue #5 – Diesel Fuel Price Uncertainty:** While diesel fuel prices remain below the levels reached in the 2012-2014 period, prices have increased steadily from the lows of 2015-2017, and macroeconomic uncertainty remains.

Diesel fuel represents about 5% of VRE’s total annual operating expenses, but its potential price volatility makes it one of the larger sources of uncertainty in the budget. VRE’s positive operating budget performance over the last three fiscal years was due in part to lower than expected diesel fuel prices, with VRE’s actual cost at well under $2.00 per gallon in FY 2016 and 2017. Prices increased steadily in FY 2018, to $2.12 per gallon, and again in FY 2019 to $2.37 per gallon thru March data. Further increases continue to be possible.

VRE is able to enter into fixed-price contracts that can mitigate some of the short-term volatility in fuel prices. As discussed with the Finance Committee, VRE is also exploring options for diesel fuel hedging through investment in longer-duration futures contracts, which would provide significantly greater budget certainty and some cost savings. Staff will be watching the market closely during the budget process and conferring regularly with VRE’s fuel consultant about the likely trajectory of prices to determine appropriate price and utilization assumptions for FY 2021.

**Key Issue #6: Staffing to Support Growth:** Through a combination of permanent staff and contracted support, VRE must a) operate and administer the commuter rail system safely, efficiently and in compliance with all federal and state requirements and b) advance the capital program in accordance with Board direction and funding commitments.

Since its inception, the safe and efficient administration of VRE has been accomplished by a relatively small permanent staff. In recent years, as both formula and discretionary funding sources have grown, the capital program has expanded, and internal and external requirements have increased, VRE has selectively added staffing in key positions. Since FY 2018 VRE has added only one new position despite the ongoing growth of administrative and regulatory requirements.

As the volume and complexity of the administrative and regulatory responsibilities of VRE continue to grow, VRE must look to the best methods to address these requirements. VRE management is currently reviewing existing staffing resources and potential needs for FY
2021, particularly regarding resources needed to advance and properly administer the capital program as well as to meet procurement, audit and administrative regulations and requirements.

**Key Issue #7 – Allocation of State Funding for Operating and Capital Support:** VRE staff is working closely with DRPT staff to navigate the new state operating and capital funding programs. On the operating side, VRE is receiving transition assistance of approximately $1 million in FY 2020, and staff are collaborating now to ensure that funding in future years is stable and predictable. On the capital side, VRE’s capital needs – particularly the Equipment Asset Management and Facilities Asset Management programs – are challenging to evaluate within the new MERIT (Making Efficient + Responsible Investments in Transit) program. VRE will be identifying additional information to submit as part of its FY 2021 grant applications to ensure that its requests can be effectively evaluated by DRPT.

**Next Steps:**

- Continue monthly discussions of FY 2020 budget and CIP with CAO Budget Task Force.
- Discussions with Operations Board Finance Committee.
- Provide preliminary FY 2020 budget and CIP to the Operations Board in September 2018 and to the Commissions in October 2018.
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To: Chair Cristol and the VRE Operations Board
From: Doug Allen
Date: July 19, 2019
Re: Fare Types

VRE staff have developed a proposal for possible changes to the currently offered fare types. This item provides background to help generate discussion by the Operations Board and guidance to staff on this proposal.

**Background:**

VRE offers all types of our fare media through:

a) Ticket vending machines that were built by Scheidt & Bachmann (S&B), and

b) VRE Mobile app that was developed by Globe Sherpa (currently part of REACH NOW)

The different fare types each have distinct business rules.

- Single and 10-Ride tickets require validation before each ride
- Day and 5-Day passes require validation only prior to the first ride
- Monthly Passes do not require validation

Other important features include:

- Monthly Pass:
  - Covers one calendar month, regardless of the number of operating days
  - Includes one “grace” day (the first operating day after the end of the calendar month)
Available for purchase:
- from the 10th of the preceding month through the 9th of the current month via the paper ticket system, and
- from the 23rd of the preceding month through the 9th of the current month on VRE Mobile

- 5-Day Pass:
  - Good for five, consecutive service days once validated
  - Skips weekends, holidays and “S” schedule days

VRE offers Free Ride Certificates (FRC’s) to passengers on trains delayed 30 minutes or more. This is somewhat unique in the industry but has been a long-time VRE practice. VRE receives frequent complaints from Monthly Pass holders who see no value in the Free Ride Certificates (FRCs) since they already have passes that cover the entire month. Vacations can also pose challenges for some passengers with Monthly Passes, as they must either purchase a month despite not receiving the full value or switch to another fare type. Changing fare types may involve reallocating SmartBenefits or changing a repeat order with CommuterDirect.

Some riders find the 5-Day pass confusing because it skips weekends, holidays and “S” schedule days. In addition, as REACH NOW, the developer of the VRE Mobile app, upgrades to a new platform, they have encountered issues programming the 5-Day Pass with the current business rules.

**Potential Changes:**

VRE staff have developed potential changes to the fare types currently offered to address the issues above as well as simplify the mix of business rules. Two changes are being studied:

Replace 5-Day Pass with 7-Day Pass
A 7-day pass would be priced the same as the current 5-Day pass but valid for seven consecutive calendar days after initial validation. Since VRE does not operate on weekends, this would have essentially no impact on current 5-day pass purchasers, except that it would eliminate the confusing business rules of skipping weekends and holidays and the loophole that allows free rides on “S” schedule days. In addition, it will alleviate the programing issue for VRE Mobile that REACH NOW has encountered as they upgrade to their new platform. There would be minimal expected financial impact if a 7-Day Pass were implemented.

Replace Calendar Monthly with 31-Day Pass
This would be a more substantial change for both customers and VRE. The table below highlights some key differences between the two products:
A SurveyMonkey survey was sent to VRE riders through Train Talk in early Spring to gauge interest in a 31-day pass to either supplement or replace the existing calendar monthly pass. Approximately 1,600 riders responded, and two-thirds stated they would like to see VRE implement a 31-day pass. The riders who preferred the existing calendar monthly pass were primarily concerned with needing to 1) validate a 31-day pass on first use, 2) coordinate the use of monthly SmartBenefits or transit subsidy, and 3) manage or keep track of when a 31-day pass would expire.

A 31-day pass would provide flexibility for riders, but that flexibility would likely have an impact on fare revenue. The exact impact is difficult to project and depends on how actively riders who use the calendar monthly pass would manage their new 31-day passes. Riders who pay for VRE fully or partially out of their own pocket would be expected to manage the passes more closely (e.g., fully utilizing FRCs, aligning validations with holidays, etc.) to save money, while riders whose monthly costs are covered entirely through an employer transit subsidy would likely try to maximize convenience rather than savings.

Based on current pass usage and varying assumptions on rider response, the estimated average annual reduction in VRE fare revenue from completely replacing the calendar monthly pass with a 31-day pass at the same fare, ranges from $500,000 to $1.5 million (relative to current total annual fare revenue of approximately $42 million).

### Mobile, Paper, or Both?

The convenience of having two separate fare collections systems (paper and mobile) gives VRE the ability to test new fare products in one system before committing to a full rollout. In this case, a 7-Day Pass appears likely to be a viable option in both systems, while the 31-Day Pass may be best suited only for VRE Mobile until the impact of adoption can be better estimated. In particular, VRE’s ‘cost to collect’ is lower on the VRE Mobile system. If the 31-day pass were introduced on VRE Mobile and sufficiently popular to induce riders to shift...
from paper to mobile, the lower collection costs with VRE Mobile could partially offset a reduction in fare revenue.

Staff is seeking discussion of these issues and can return to the September meeting of the VRE Operations Board with additional information. If a decision is made to advance modifications, the implementation of any approved changes would go into effect July 1, 2020.
Agenda Item 10-C
Information Item

To: Chair Cristol and the VRE Operations Board
From: Doug Allen
Date: July 19, 2019
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 June 13, 2019, VRE issued a Blanket Purchase Order for an amount not to exceed $100,000 to Digilink, Inc. for printing services on an as-needed basis for marketing materials such as RIDE Magazine, brochures, posters, annual surveys, etc.

- On June 13, 2019, VRE issued a Blanket Purchase Order for an amount not to exceed $65,000 to Fleischhauer Datenträger to provide ticket stock and receipt stock for VRE’s fare collection system on an as-needed basis.

- On June 21, 2019, VRE issued a Task Order in the amount of $53,331 to Vanesse Hangen Brustlin, Inc. under the General Planning Consulting Services Contract to support VRE efforts to maintain compliance with the requirements of the Virginia Pollutant Discharge Elimination System Industrial Stormwater General Permits for the Crossroads and Broad Run Maintenance and Storage Facilities.