To: Chair Cristol and the VRE Operations Board

From: Doug Allen

Date: May 17, 2019

Re: Recommend Authorization to Execute an Amendment for the Fifth Year of the First Option Period of the Contract for Operating Services for Commuter Rail

Recommendation:
The VRE Operations Board is asked to recommend the Commissions authorize the Chief Executive Officer to amend the Contract for Operating Services for Commuter Rail with Keolis Rail Services Virginia, LLC (KRSV) by approving up to $16,287,000 for the fifth year of the first option period, for a total contract value not to exceed $179,411,557, through June 30, 2020.

Summary:
This action will authorize contracted services for management, supervision and certified locomotive engineers and conductors to operate VRE commuter rail trains for FY 2020.

Background:
When VRE service was initiated in 1992, commuter rail operations and maintenance services were provided by Amtrak on a sole source basis. In October 2009, following a competitive solicitation, the VRE Operations Board recommended, and the Commissions subsequently authorized, a new contract with KRSV for commuter rail operations and maintenance. The maintenance activities were then removed from this contract in 2016.
and subject to a separate competitive solicitation (which was also ultimately awarded to KRSV).

The commuter rail operations contract with KRSV has a five-year base period and two five-year option periods. The VRE Operations Board gave its approval in May 2015 to exercise the first five-year option period, which was subsequently authorized by the Commissions. The fifth and final year of the first option period for operating services will start July 1, 2019. The total amount requested for authorization is equal to the total amount budgeted for FY 2020.

The work performed under this contract includes providing certified locomotive engineers and conductors to operate VRE commuter rail trains. The contract scope of work also includes Federal Railroad Administration reporting and claims management. Below is a list of the amendments, contract modifications and proposed actions for this contract:

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Amount</th>
<th>Authorized Value (Cumulative)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10-16-2009</td>
<td>1st Contract Year &amp; Mobilization</td>
<td>$18,459,348</td>
<td>$18,459,348</td>
</tr>
<tr>
<td>12-17-2010</td>
<td>Amendment (a)</td>
<td>$2,085,000</td>
<td>$20,544,348</td>
</tr>
<tr>
<td>5-20-2011</td>
<td>2nd Contract Year</td>
<td>$17,954,527</td>
<td>$38,498,875</td>
</tr>
<tr>
<td>4-20-2012</td>
<td>3rd Contract Year (b)</td>
<td>$18,008,591</td>
<td>$56,507,466</td>
</tr>
<tr>
<td>4-19-2013</td>
<td>4th Contract Year</td>
<td>$18,974,041</td>
<td>$75,481,507</td>
</tr>
<tr>
<td>4-18-2014</td>
<td>5th Contract Year (c)</td>
<td>$20,115,047</td>
<td>$95,596,554</td>
</tr>
<tr>
<td>5-15-2015</td>
<td>1st Year of the First Option Period (6th Contract Year)</td>
<td>$20,931,000</td>
<td>$116,527,554</td>
</tr>
<tr>
<td>5-20-2016</td>
<td>2nd Year of the First Option Period (7th Contract Year) (d)</td>
<td>$15,463,003</td>
<td>$131,990,557</td>
</tr>
<tr>
<td>4-21-2017</td>
<td>3rd Year of First Option Period (8th Year)</td>
<td>$15,416,000</td>
<td>$147,406,557</td>
</tr>
<tr>
<td>4-20-2018</td>
<td>4th Year of the First Option Period (9th Year)</td>
<td>$15,718,000</td>
<td>$163,124,557</td>
</tr>
<tr>
<td>5-17-2019</td>
<td>5th Year of the First Option Period (10th Year) (e)</td>
<td>$16,287,000</td>
<td>$179,411,557</td>
</tr>
</tbody>
</table>

(a) Amendment included service enhancements, higher than anticipated insurance costs; items included in the original negotiations, contingency funds, and removed the requirement that Keolis indemnify VRE for all liability claims arising from the contract service with a value of up to $5,000,000.

(b) FY 2013 budget amended mid-year for service enhancements resulting in the lengthening of two trains. This increased the FY 2013 contract budget amount to $18,248,591. Authorization available from prior year approvals.

(c) FY 2015 budget includes adding the new Fredericksburg line train for half of the fiscal year.
(d) FY 2017 budget reflects the amended agreement removing the maintenance of equipment and facilities maintenance functions.

(e) Pending Approval

This action will increase the contract value by $16,287,000, for a cumulative amount not to exceed $179,411,557. The year over year increase is due to a contractually mandated increase of 2.52% based on the Consumer Price Index for the fixed cost components of the contract and additional train crew cost for the storage of VRE trains at the L’Enfant Storage facility.

**Fiscal Impact:**

Funding for the fifth year of the first option period (10\textsuperscript{th} year) is included in the FY 2020 operating budget. The total amount budgeted for train operations is $16,287,000.
Virginia Railway Express
Operations Board

Resolution
9F-05-2019

Recommend Authorization to Execute an Amendment for the Fifth Year of the First Option Period of the Contract for Operating Services for Commuter Rail

WHEREAS, on October 16, 2009, the VRE Operations Board authorized a five-year contract, with two five-year option periods, with Keolis Rail Services Virginia for VRE operating and maintenance services and mobilization in the amount of $18,459,348 through June 30, 2011; and,

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

WHEREAS, on May 20, 2016, the Operations Board authorized amending the agreement to remove the requirements for the maintenance of equipment and facilities after doing a procurement for a separate Maintenance Services Contract; and,

WHEREAS, on May 20, 2016, the Operations Board authorized the second year of the first option period, for operating services only, through June 30, 2017, in the amount of $15,463,003, for a total contract value not to exceed $131,990,557; and,

WHEREAS, on April 20, 2018, the Operations Board authorized the fourth year of the first option period, through June 30, 2019, in the amount of $15,718,000, for a total contract value not to exceed $163,124,557;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby recommend the Commissions authorize the Chief Executive Officer to amend the Contract for Operating Services for Commuter Rail with Keolis Rail Services Virginia, LLC by approving up to $16,287,000 for the fifth year of the first option period, for a total Contract value not to exceed $179,411,557, through June 30, 2020.

Approved this 17th day of May 2019

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Katie Cristol
Chair

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John Cook
Secretary