To: Chair Bennett-Parker and the VRE Operations Board

From: Rich Dalton

Date: May 21, 2021

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

Recommendation:
The VRE Operations Board is asked to recommend the Commissions authorize the Chief Executive Officer to amend the contract for Maintenance Services for Commuter Rail with Keolis Rail Services Virginia, LLC (KRSV) by approving the first five-year option period, and approving up to $8,980,774 for the first year of the first option period, for a total contract value not to exceed $48,901,626 through June 30, 2022.

Summary:
This action will authorize the award of the first (of two) five-year option periods and continue the contracted services for the maintenance, inspection, and repair of VRE locomotives, passenger railcars and maintenance facilities for FY 2022.

Background:
On January 15, 2015, following a competitive solicitation process, the VRE Operations Board recommended, and the Commissions subsequently authorized, the CEO to execute a contract with KRSV for Maintenance Services for Commuter Rail.

The work performed under this contract includes daily and periodic servicing, inspection and repairs of locomotives and passenger railcars. Lifecycle maintenance and extensive rolling stock repair work are included in this contract through a task order process. In addition to locomotive and passenger railcar work, the scope of work includes inspection, maintenance and repair of facilities equipment including yard tracks and buildings. There
are no material changes to the scope of work for the upcoming fiscal year.

On May 20, 2016, the VRE Operations Board recommended, and the Commissions subsequently authorized, an amended start date for the first year of the contract to July 1, 2016, and the total contract amount for the first year of $7,252,371. Below is a list of the amendments, contract modifications and proposed action 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>May 20, 2016</td>
<td>1st Contract Year &amp; Mobilization</td>
<td>$7,252,371</td>
<td>$7,252,371</td>
</tr>
<tr>
<td>April 21, 2017</td>
<td>2nd Contract Year</td>
<td>$7,092,267</td>
<td>$14,344,638</td>
</tr>
<tr>
<td>April 20, 2018</td>
<td>3rd Contract Year</td>
<td>$7,674,000</td>
<td>$22,018,638</td>
</tr>
<tr>
<td>May 17, 2019</td>
<td>4th Contract Year</td>
<td>$8,889,465</td>
<td>$30,908,103</td>
</tr>
<tr>
<td>May 15, 2020</td>
<td>5th Contract Year</td>
<td>$9,012,749</td>
<td>$39,920,852</td>
</tr>
<tr>
<td>May 21, 2021 (a)</td>
<td>1st Year of the 1st Option Period (6th Year)</td>
<td>$8,980,774</td>
<td>$48,901,626</td>
</tr>
</tbody>
</table>

(a) Pending Approval

This action will increase the contract value by $8,980,774 for a cumulative amount not to exceed $48,901,626 through the six years that includes the first year of the first five-year option period. The year over year increase is primarily due a contractually mandated annual increase of 1.20% based on the Consumer Price Index.

**Accomplishments:**

Keolis Rail Services Virginia’s contract for Maintenance Services is eligible to exercise the option for the first, five-year extension to commence on July 1, 2021.

While KRSV originally began providing both train operations and maintenance services to VRE on July 1, 2010, under a single contract, it is important to note the Maintenance Services portion of the contract was later removed and competitively re-procured. The contract for Maintenance Services was subsequently awarded to Keolis and commenced on July 1, 2016. The new, separate contract changed the pricing structure from a Cost-Plus to a Fixed Price contract.

From the beginning and continuing under the new contract to present day, KRSV has been a collaborative partner who has consistently improved in its ability and understanding of the needs of VRE and works proactively with VRE to address issues affecting service. KRSV maintains a strong commitment to the safety of passengers, employees and third parties with comprehensive training combined with employee engagement to create a “Safety Culture” that has resulted in no significant accidents or injuries during the life of this contract.
KRSV has been a reliable partner over the past year in adapting to the service and process changes driven by the COVID-19 pandemic. KRSV was amenable and flexible in developing new work and inspection protocols to keep passengers and employees safe and our equipment clean and disinfected.

In addition to safety, KRSV’s Mechanical Team has provided superior maintenance and servicing of our trains. In our rider surveys, both equipment condition and cleanliness get the highest of all the survey scores, ranging consistently within the 90-95 percentile; and, they have achieved equipment reliability over the past five years enabling a 99.4% on-time performance rate within their contract scope.

KRSV’s Mechanical Team has also worked closely with VRE Staff in the development and implementation of our Life-Cycle Maintenance Program and has positioned itself to perform capital improvement projects for VRE that previously required the use of third-party vendors. For example, they recently managed the installation of Automated Passenger Counters on the entire VRE fleet and completed the task on budget and ahead of schedule.

Similarly, in 2019, they assisted VRE in the implementation of the Positive Train Control (PTC) System and worked closely with our PTC vendor and the host railroads to ensure the equipment was available and functioning correctly. KRSV’s personnel have developed a deep expertise in this technology and play a significant role in the success of the PTC system functionality.

KRSV demonstrates continuous improvement in its management approach and has maintained ISO 9001 certification since 2015. Their managers are professional, technically strong, exceptional in their transparency, and share their ideas, information, and data for service improvement.

KRSV works seamlessly with VRE and has proven to be a valuable partner in our efforts to improve safety, customer service, operations, maintenance and change management, which is why we recommend exercising the first five-year option period for their Maintenance Services contract.

**Fiscal Impact:**

Funding is provided for in the FY 2022 Operating Budget for Maintenance Services for Commuter Rail and the CIP Budget for Asset Management – Rolling Stock Equipment and Asset Management - Facilities includes funding for the sixth year of this work.

| FY 2022 Operating Budget: | 
|--------------------------|---|
| Maintenance Services for Commuter Rail | $7,898,500 |

| FY 2022 CIP Budget: | 
|-------------------|---|
| Asset Management – Rolling Stock Equipment and Asset Management - Facilities | $1,082,274 |

**Total** | $8,980,774 |
Virginia Railway Express  
Operations Board Resolution  

7D-05-2021  

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

WHEREAS, in 2015, the VRE Operations Board recommended, and the Commissions approved, a five-year contract for Maintenance Services for Commuter Rail with Keolis Rail Services Virginia, LLC (KRSV); and,

WHEREAS, the contract start date and total authorization was amended in May of 2016; and,

WHEREAS, on April 21, 2017, the Operations Board recommended, and the Commissions subsequently approved, the second contract year, through June 30, 2018, in the amount of $7,092,267, for a total contract value not to exceed $14,344,638; and,

WHEREAS, on April 20, 2018, the Operations Board recommended, and the Commissions subsequently approved, the third contract year, through June 30, 2019, in the amount of $7,674,000, for a total contract value not to exceed $22,018,638; and,

WHEREAS, on May 17, 2019, the Operations Board recommended, and the Commissions subsequently approved, the fourth contract year, through June 30, 2020, in the amount of $8,889,465 for a total contract value not to exceed $30,908,103; and,

WHEREAS, on May 15, 2020, the Operations Board recommended, and the Commissions subsequently approved, the fifth contract year, through June 30, 2021, in the amount of $9,012,749 for a total contract value not to exceed $39,920,852; and,

WHEREAS, the current contract authorization runs through June 30, 2021; and,

WHEREAS, the increase in contract authorization will allow for continued maintenance services and life cycle maintenance work scheduled for FY 2022;

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 Maintenance Services for Commuter Rail for the first option period of five years; and,

BE IT FURTHER RESOLVED THAT, the VRE Operations Board does hereby recommend the Commissions authorize the Chief Executive Officer to amend the contract for Maintenance Services for Commuter Rail with Keolis Rail Services Virginia, LLC by
increasing the total contract authorization by $8,980,774 for the first year of the first five-year option period, for a total contract value not to exceed $48,901,626 through June 30, 2022.

Approved this 21st day of May 2021

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Elizabeth Bennett-Parker
Chair

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James Walkinshaw
Secretary