

**AGENDA ITEM 9-C**  
**ACTION ITEM**

**TO: CHAIRMAN KAUFFMAN AND THE VRE OPERATIONS BOARD**

**FROM: DALE ZEHNER**

**DATE: APRIL 20, 2007**

**RE: AUTHORIZATION TO MODIFY THE WAREHOUSE  
MANAGEMENT CONTRACT**

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**RECOMMENDATION:**

The VRE Operations Board is being asked to authorize the Chief Executive Officer to increase the authorization limit of the warehouse management contract by \$81,102 per year, for a total annual contract value not to exceed \$331,102.

**BACKGROUND:**

In February 2006 the Operations Board approved a contract with RailPlan International for warehouse management services at the Manassas warehouse. The contract was for three years, with the VRE CEO exercising each of the two option years at his discretion, at an annual fixed fee of \$250,000. Work included limited purchasing activity, management of materials for 45 gallery cars and maintenance of VRE's technical library.

Since that time, maintenance responsibilities for the entire car fleet have moved from Washington to the Virginia yards, nearly doubling the number of cars being supported by this facility, and increasing the purchasing activity considerably. To support this work, the car inventory for not only the Gallery cars but also the Sounder and Kawasaki cars must also be transferred to the Manassas warehouse.

Subsequently, the scope of the warehouse management services has increased. VRE would like to further increase the scope of work to support oversight of the new car inventory, which will begin to arrive this summer, and all car part purchasing. Parts purchasing has recently been expanded to include both wheels and air brake services. This purchasing activity and increased product management requires additional materials and operating expenses at the Manassas warehouse. The only remaining activities at Ivy City are related to locomotive materials.

Per the original board item, VRE is requesting authorization to amend the contract for both the second and third years, with the third year being exercised at the CEO's discretion.

**FISCAL IMPACT:**

Funding for this project is available from the FY 2007 Operating budget.

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**FROM: DALE ZEHNER**  
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**RESOLUTION**  
**9C-04-2007**  
**OF THE**  
**VIRGINIA RAILWAY EXPRESS**  
**OPERATIONS BOARD**

**WHEREAS**, in February of 2006, the Operations Board approved a contract with RailPlan International for warehouse management services for the Manassas warehouse for a fixed annual fee of \$250,000; and,

**WHEREAS**, since that time, VRE nearly doubled the number of cars being supported by this facility and significantly increased its purchasing activity; and,

**WHEREAS**, VRE subsequently requested an increase in the scope of services provided by RailPlan.

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board authorizes the Chief Executive Officer to increase the authorization limit of the warehouse management contract by \$81,102 per year, for a total annual contract value not to exceed \$331,102.