

AGENDA ITEM 8-B
CONSENT ITEM

TO: CHAIRMAN KAUFFMAN AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: JUNE 15, 2007

**RE: AUTHORIZATION TO SOLICIT PROPOSALS TO SELL
LOCOMOTIVES**

RECOMMENDATION:

The VRE Operations Board is being asked to authorize the VRE Chief Executive Officer to solicit proposals for the sale of its locomotive fleet.

BACKGROUND:

VRE currently operates nineteen locomotives, including one leased from Sound Transit. Based on the Commonwealth's allocation of \$18.75 million for locomotives, permission to issue a procurement was granted by the Operations Board in April. As full project funding has not been identified, the procurement is being structured in the same fashion as the railcar purchase, with a base order dependant on available funding and a larger option order to be exercised as additional funding becomes available. The entire procurement will not exceed twenty units.

Prior to issuing this procurement, a 20% local match, approximately \$3.75 million, must be identified to complete the funding for the base order. Unfortunately, local money must be used for this match and VRE is unable to incur any additional debt. Since the \$25 million anticipated from HB 3202 is neither certain nor imminent, other match options are being explored.

Authorization is, therefore, being sought to solicit proposals for the existing locomotive fleet. This concept would allow VRE to leverage the value of the old equipment for use as match. If sold, the locomotives would not be removed from

VRE service until new locomotives began to be delivered, ensuring an adequate fleet was maintained. Proposals would be brought back to the Operations Board for action prior to execution and would be timed with the locomotive procurement to ensure adequate locomotive coverage. In addition, VRE will continue to pursue other match options.

FISCAL IMPACT:

There is no fiscal impact associated with this solicitation.

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RESOLUTION
8B-06-2007
OF THE
VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD

WHEREAS, VRE has been successful in obtaining earmarks for the acquisition of locomotives; and,

WHEREAS, prior to issuing this solicitation, a match of approximately \$3.75 million must be identified.

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board authorizes the VRE Chief Executive Officer to solicit proposals for the sale of its locomotive fleet.