

AGENDA ITEM 8-C
ACTION ITEM

TO: CHAIRMAN KAUFFMAN AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: MARCH 16, 2007

RE: AUTHORIZATION TO SOLICIT PROPOSALS TO SELL RAILCARS

RECOMMENDATION:

The VRE Operations Board is being asked to authorize the Chief Executive Officer to solicit proposals for the sale of 25 railcars.

BACKGROUND:

Over the next twenty-two months, VRE's fleet will undergo a dramatic evolution. VRE has taken delivery of the last five of eleven new cab cars and has shipped the seven remaining Mafersa cab cars to Connecticut DOT. As discussed in the previous Board item, VRE hopes to sell the remaining five Mafersa trailers to QIT-Fer et Titane. In December of 2007, VRE will take delivery of the first five railcars of the fifty car option. Thereafter, cars will be delivered at a rate of five cars per month for about ten months. As these cars are entered into service, VRE will also pull Sounder equipment and prepare it for return to Seattle.

As a result of the foregoing activities, managing track storage space will become a high priority for VRE. Although VRE has agreements to store some excess railcars off-site, it is in VRE's best interest to dispose of unneeded railcars rather than store them. As shown in the following excerpt from the fleet management plan, there will be an excess of 25 railcars beginning in 2009. The 25 railcars which will be made available for sale include five Budd cars and 20 Gallery cars. Any sales agreement will be brought back to the Operations Board and Commissions for action.

NUMBER OF AVAILABLE RAILCARS

Manufacturer	Cab/ Trailer	2007	2008	2009	2010	2011	2012
New Gallery	Cab	11	19	21	21	21	21
New Gallery	Trailer		32	40	40	40	40
Mafersa	Cab	5	0	0	0	0	0
Mafersa	Trailer	0	0	0	0	0	0
Kawasaki	Cab	4	4	4	4	4	4
Kawasaki	Trailer	9	9	9	9	9	9
Gallery	Trailer	50	50	50	50	50	50
Bombardier	Cab	3	0	0	0	0	0
Bombardier	Trailer	7	0	0	0	0	0
Budd	Trailer	5	5	5	5	5	5
Total Fleet		94	119	129	129	129	129
Assigned to Trains		62	80	80	90	90	90
Spares		27	18	24	14	14	14
Total Needed (including spares)		89	98	104	104	104	104
Overnight Storage Capacity		101	98	115	115	115	115
Excess Cars		5	21	25	25	25	25

Note: Lack of overnight storage capacity in 2008 constrains the spare ratio.

FISCAL IMPACT:

There is no fiscal impact associated with this solicitation.

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**RESOLUTION
8C-03-2007
OF THE
VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD**

WHEREAS, VRE has been successful in obtaining funding for and ordering the delivery of 61 new railcars; and,

WHEREAS, VRE's current fleet nearly fills the Virginia yards to capacity; and,

WHEREAS, it is in VRE's best interest to dispose of unneeded railcars rather than store them.

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board authorizes the Chief Executive Officer to solicit proposals for the sale of 25 railcars.