

AGENDA ITEM 9-C
ACTION ITEM

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: OCTOBER 17, 2008

**RE: AUTHORIZATION TO ISSUE A TASK ORDER FOR
CONSTRUCTION ENGINEERING AND INSPECTION SERVICES
FOR THE PURCHASE AND MANUFACTURE OF PASSENGER
RAIL CARS**

RECOMMENDATION:

The VRE Operations Board is being asked to authorize the Chief Executive Officer to issue a task order to STV, Inc., under the MEC IV contract, for construction engineering and inspection services for the purchase and manufacture of passenger rail cars in the amount not to exceed of \$1,009,956.

BACKGROUND:

On August 28, 2008, VRE awarded a contract to Sumitomo Corporation of America for the manufacture of ten passenger rail cars to replace the Kawasaki railcars sold to Maryland. As with previous railcar purchases, VRE needs construction engineering support and is required to provide on-site inspection services for the duration of the construction period. This task order includes design reviews, first article inspections, in-plant inspections, on-site inspections and warranty administration. The consultant will also be responsible for the acceptance of each car prior to them being put into service.

The total contract value is the equivalent of approximately 4.6% of the total vehicle cost. Previous projects of similar nature were Gallery I, where oversight costs constituted 28.4% of the contractor costs; Gallery II, where oversight costs constituted 18.9% of the contractor costs; and Gallery III, where oversight costs

constituted 17.7% of the contractor costs, and the base order for the Sumitomo Gallery IV cars where the oversight was 14.5% of the construction costs. This contract value compared to the total vehicle cost is significantly lower than previous contracts because it is the third production run of these cars, permitting resolution of most engineering issues. The cost of this task order is based on a 44-month contract period which includes the manufacturing process and warranty period.

FISCAL IMPACT:

Funding is available from the Sumitomo acquisition project in the VRE capital budget. Debt financing is being repaid using annual federal formula funds with local match from state and local funds.

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RESOLUTION
9C-10-2008
OF THE
VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD

WHEREAS, VRE has a contract with Sumitomo Corporation of America for the manufacture of ten passenger rail cars; and,

WHEREAS, VRE requires the services of engineering professionals to oversee the manufacturing contract to insure compliance with specifications and adherence to federal requirements; and,

WHEREAS, since its inception, VRE has relied on professional engineering firms to assist staff in equipment specification and maintenance standards.

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board authorizes the Chief Executive Officer to issue a task order to STV, Inc., under the MEC IV contract for construction engineering and inspection services regarding the purchase and manufacture of passenger rail cars, in the amount not to exceed of \$1,009,956.