



Approval to Exercise a 5-year Contract Option of the Current Regional TRE Operations & Maintenance (O&M) Contract and Inclusion of DART's Silver Line

Committee-of-the-Whole
August 13, 2024

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Today's Consideration

Approval to exercise five (5) years of a 10-year option and retain one (1) five-year option of the existing Operations and Maintenance Service Agreement [Contract 2005858-01] for Trinity Railway Express (TRE) and Silver Line commuter rail operations and maintenance services with Herzog Transit Services, Inc. (HTSI) in the amount of \$269,276,825 for a total Board-authorized not-to-exceed amount of \$652,124,321.

Background

- Current Regional TRE O&M contract expires September 30, 2025
- Current contract includes a built-in 10-year option that, if exercised, extends term to September 30, 2035
- DART Board, on July 12, 2022, directed TRE to pursue negotiations of a 5-year option period with an additional 5-year option
- DART is seeking authorization to exercise **five years** of the 10-year option and retain one five-year option to be consistent with original procurement
- This contract will be used for Silver Line operations and right-of-way maintenance
- Contract has fixed prices adjusted annually based on Producer Price Index (PPI) with a 3% cap

Background

- The Contractor is responsible for all work including labor, materials and parts to maintain, operate the system, meet the performance requirements and state-of-good repair
 - Provide well-maintained maintenance facility, on-time train operations, maintain right-of-way, dispatching, and comply with local, federal and state requirements
 - Provide all material, qualified technical and skilled labor, and equipment
 - Provide staff of qualified experienced personnel

Pricing & Funding

	DART	Trinity Metro	Totals
TRE (50%/50%)	\$83,399,171	\$83,399,171	\$166,798,342
Madill (100%)	\$3,726,996	\$0	\$3,726,996
Silver Line (100%)	<u>\$98,751,487</u>	<u>\$0</u>	<u>\$98,751,487</u>
Totals	\$185,877,654	\$83,399,171	\$269,276,825

Option Period Benefits

- BENEFITS:
 - Silver Line is able to leverage Trinity Railway Express (TRE)
 - Expedition of Federal Railroad Administration (FRA) plan submittals and approvals
 - Positive Train Control System
 - Dispatch Center Operations
 - Realize the cost savings of 3% escalation cap
 - Share resources leading to cost savings
 - Flexibility of shorter option periods
 - Maintains an additional 5-year option period
 - Contract Goal is 7% DBE and 27% M/WBE. Herzog is currently trending at 7% DBE and 28% M/WBE

Option Period Highlights

- Contract Highlights:
 - Reduced Train-set sizes to align with current ridership levels
 - Reduced train-set sizes result in a cost savings to the Authority
 - Reduced fuel costs to align with historical usage and with future diesel fuel forecast projections
 - Removed seven (7) of the oldest locomotives from the Life-Cycle Maintenance costs
 - Reduces locomotive maintenance costs significantly
 - Reclassified Life-Cycle Maintenance projects to capital projects
 - This allows for Board discussion and approvals of future capital projects

Recommendation

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Questions?



trinityrailwayexpress.org

