



DELEGATION OF AUTHORITY FROM THE COMMISSIONS TO THE VIRGINIA RAILWAY EXPRESS (VRE) OPERATIONS BOARD

Effective: July 1, 2008

Updated with CEO spending authority limits effective September 2020

- **Responsibilities Delegated:**
 - Full authority of spending, provided the amount is included in the annual budget and six (6)-year financial plan
 - Approval of fare changes (tariffs)
 - All contractual agreements, provided funding is included in the approved budget, except any operation agreements (including CSX and Norfolk Southern) and insurance agreements
- **Responsibilities Not Delegated:**
 - Amendments to the Master Agreement
 - Hiring and termination of the Chief Executive Officer
 - Statewide and federal grant applications
 - Approval of legislative agendas
 - Approval of strategic plans
 - Sale or purchase of real property and equipment in the Commissions' name
 - Other major policies such as terms for new entrants
 - Other actions reserved for the Commissions by the Master Agreement, such as approving annual budgets and six (6)-year financial plans

VRE Operations Board Approved Spending Authority Delegated to VRE CEO:

- VRE CEO's authorization limit to award contracts up to \$200,000 and procurement authorizations up to \$1,000,000 (effective September 2020)



VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD

Agenda Item 9-B
Action Item

To: Chairman Skinner and the VRE Operations Board

From: Rich Dalton

Date: September 18, 2020

Re: Approval of Increases to Chief Executive Officer Procurement Authorization and Contract Award Authorities

Recommendation:

The VRE Operations Board is asked to approve increases to two delegations of authority to the Chief Executive Officer (CEO): contract award authority to \$200,000, and procurement authorization authority to \$1,000,000.

Summary:

The Operations Board has delegated to the CEO the authority to award contracts up to \$100,000 and to authorize procurements up to \$100,000 without requiring the Operations Board's approval. This policy change would increase the delegated limits to \$200,000 for contract award and \$1,000,000 for procurement authorization.

Background:

As VRE has grown and the number of procurements has increased, and as inflation has led to a general increase in costs over time, the CEO delegation of authority limits have been periodically raised.

Year	CEO Spending Limit
1991	\$15,000
2001	\$30,000
2006	\$50,000
2015	\$100,000



Northern Virginia
Transportation Commission
2300 Wilson Blvd., Suite 230
Arlington, VA 22201
703-524-3322



Virginia Railway Express
1500 King Street, Suite 202
Alexandria, VA 22314
703-684-1001
VRE.org



Potomac and Rappahannock
Transportation Commission
14700 Potomac Mills Road
Woodbridge, VA 22192
703-580-6121

The most recent increase to \$100,000 applies to both the procurement authorization limit (i.e., approving the issuance of a Request for Proposals or an Invitation for Bids) and the contract award limit. This increase was one of the recommendations from the 2015 Management Audit that was intended to streamline the approval process and allow the Operations Board to focus on procurements with greater budget and policy implications. The Management Audit also recommended consideration of a separate, higher delegation limit only for procurement authorizations – knowing the Operations Board would still get a “bite at the apple” with contract award – but that recommendation was not acted upon.

The Management Audit made two additional recommendations regarding delegation limits. First, it recommended that any purchase of over \$50,000 be communicated to the Board as an information item to ensure transparency. Second, it recommended the Board regularly revisit these delegations of authority to determine whether the approval levels should be adjusted for inflation or other factors. A ‘Spending Authority Report’ that summarizes these purchases is provided monthly to the Operations Board, and a reevaluation of the thresholds has resulted in this proposed policy change.

The proposed increases were presented to the VRE Finance Committee on July 17, 2020, for consideration. The key points in support of the changes included:

During the 24-month period of CY2018-2019, fourteen contract awards came before the Operations Board with a value between \$100,000 and \$200,000. Of those awards, only three were for new contracts, while the other eleven were task orders under existing contracts for which the Board had previously approved award of the contract, amendments to existing contracts or purchase orders, or extensions of existing leases.

During its 2020 session, the Virginia General Assembly enacted legislation (HB 452 / SB 650) that raises the state’s small purchase limit to \$200,000, which exempts such purchases from some of the competitive procurement requirements in the Virginia Public Procurement Act (VPPA).

Procurement authorizations in the \$200,000 to \$1,000,000 range during the same CY2018-2019 period were primarily for items such as LED light fixtures, pavement repairs and striping, website management services, and forklift trucks. These procurement authorizations are almost always placed on the consent agenda and are not discussed by the Operations Board.

Examples of recent authorizations greater than \$1,000,000 that would still require two approvals by the Operations Board (i.e., for both solicitation and award) even under the proposed changes include final design for the Broad Run expansion; new passenger railcars; delivery of diesel fuel for VRE locomotives; and construction of Quantico Station improvements.

The Finance Committee expressed its support for these proposed increases and for incorporating a summary of all actions that would have previously gone to the Operations Board for approval into an expanded Spending Authority Report. Any

procurement authorization over \$1,000,000 or contract award over \$200,000 would continue to require Operations Board approval. The Operations Board has authority to approve this amendment to the CEO spending authority based on the delegation of authority plan approved by the Commissions in December 2005.

Fiscal Impact:

There are no direct funding implications associated with this policy change.

**Virginia Railway Express
Operations Board**

**Resolution
9B-09-2020**

**Approval of Increases to Chief Executive Officer Procurement
Authorization and Contract Award Authorities**

WHEREAS, the Operations Board has delegated authority to the Chief Executive Officer to authorize procurements and to award contracts below a certain value without requiring Operations Board approval; and,

WHEREAS, the last change to the Chief Executive Officer's delegated authority was in 2015, which raised the authority limit to \$100,000 for both procurement authorization and contract award; and,

WHEREAS, VRE staff, in accordance with the recommendations of the 2015 Management Audit and the desire to streamline approval processes, have reevaluated the current delegation limits in light of cost inflation, changes to Virginia procurement law, and the recent history of procurement actions coming before the Operations Board; and,

WHEREAS, the Operations Board may approve an amendment to the Chief Executive Officer spending authority based on the delegation of authority plan approved by the Commissions in December 2005;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby find that, in accordance with amendments adopted on April 22, 2020 to budget bills HB 29 and 30, meeting by electronic means is authorized because the nature of the declared emergency makes it both impracticable and unsafe for the Operations Board to assemble in a single location on September 18, 2020, and that meeting by electronic means is authorized because the items on the September 18, 2020 Operations Board Meeting Agenda are statutorily required or necessary to continue operations of the Operations Board and the discharge of the Operations Board's lawful purposes, duties, and responsibilities; and further find that meeting by electronic means is authorized because the items on the September 18, 2020 Operations Board Meeting Agenda are encompassed within the continuity of operations ordinances adopted by member localities of the Virginia Railway Express Operations Board to assure the continued operation of the government during the disaster posed by the public health emergency resulting from COVID-19; and,

BE IT FURTHER RESOLVED THAT, the VRE Operations Board does hereby approve an increase in the Chief Executive Officer's procurement authorization authority to \$1,000,000 and an increase in the Chief Executive Officer's contract award authority to \$200,000; and,

BE IT FURTHER RESOLVED THAT, all procurement authorization and contract award actions that would have previously come before the Operations Board for approval will now be reported in the monthly Spending Authority Report; and,

BE IT FURTHER RESOLVED THAT, the Operations Board will revisit delegation thresholds regularly to determine whether approval levels should be adjusted to account for inflation or other factors.

Approved this 18th day of September 2020

Gary Skinner
Chairman

Jeanine Lawson
Secretary