

DENVER TRANSIT OPERATORS (DTO)

Part of the Denver Transit Partners (DTP) team

September 21, 2017

Denver Transit Partners, LLC
c/o John Thompson
Executive Director and CEO
Denver Transit Holdings, LLC
5151 Fox St.
Denver CO, 80216

Attention: DTP Butch Poissot, DTP Roya Noorbakhsh

Subject: Eagle Project Contract No. 18FH012 – RTD Proposed Change 0060/CA Amendment 4 and RTD-TRN-032920: DTH - RPC 060 NMRL O&M, response to initial review of Amendment 4

Reference: RTD-INFML-031419

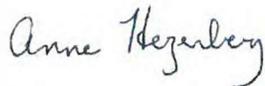
DTO is providing DTP with this letter and the accompanying documents to facilitate RTD's evaluation of DTO's operation of the North Metro Rail Line. The documents include a redlined version of Amendment 4 and a corresponding estimate of DTO's price to operate NMRL under the terms of the redlined version. The edits are intended to remove the risks and cost that should not apply. For example:

- Default solely affecting NMRL would not trigger a default under the Concession Agreement generally.
- DTO would not be responsible for errors and omissions by RRP, and has excluded that responsibility from pricing.
- RTD and DTO would negotiate at the end of two years' operations to determine a fair and reasonable penalty scheme specific to NMRL. There would be no availability penalties for first two years of revenue service on NMRL although the performance deductions through the Service Task Order Program would apply.
- DTO would not act as RTD's agent in the inspection and acceptance of the NMRL infrastructure, although DTO would participate and operate trains in preliminary testing, with available cost relief from RTD for any claims from RRP for delays or other damages that might be asserted against DTO or its subcontractors by RRP arising from any comments that DTO may make about the as-built infrastructure
- DTO would be entitled to relief in the event that RRP and its subcontractors fail to honor warranties under the NMRL Infrastructure contract.

As reflected in DTO's estimate, DTO can operate and maintain NMRL on a cost effective basis. For example, DTO would require fewer personnel than the 121 indicated to the RTD's Board of Directors on September 12. In addition, DTO's inventory of spare parts would be available for both lines. A single operator for the entire system would inevitably provide the most efficient coordination and greatest flexibility between NMRL and other lines comprising the Eagle Project. If there are two operators, not only will the price of NMRL operations be higher than necessary, but the coordination challenges and the presence of two workforces, two sets of policies and procedures and two sets of relationships with the regulators would be likely to drive up the cost of the existing Eagle Project operations and maintenance.

DTO is committed to working cooperatively with RTD to provide the agency, the commuter rail passengers and the taxpayers with fiscally responsible service delivery on NMRL. We are open to further collaboration with RTD that may lead to additional savings. We look forward to discussing this with you.

Sincerely,



Anne Herzenberg
DTO General Manager