

**COMBINED SYNOPSIS
on FedBizOpps (FBO)**

DTOS59-07-R-00020

**“Report to the U. S. STB on Competition
and
Related Issues in the U. S. Freight Railroad Industry”**

**Proposals Due
9:00 AM, September 4, 2007**

**Submit via electronic mail to:
Clementine.caudle-wr@dot.gov**

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GENERAL INFORMATION

The Surface Transportation Board (STB) consists of Government personnel wherein the term “Government” and “STB” are interchangeable throughout the work statement and are one and the same.

SECTION B - SUPPLIES OR SERVICES AND PRICES

| CLIN | DESCRIPTION | QTY | UNIT | PRICE |
|-------------|---|------------|-------------|--------------|
| 0001 | Orientation and Kickoff Meeting (Task 1) | 1 | each | |
| 0002 | Qualitative Research (Task 2) | 1 | each | |
| 0003 | Develop a Methodology to Assess Competition in the Railroad Industry (Task 3) | 1 | each | |
| 0004 | Analyze Competition in the Railroad Industry (Task 4) | 1 | each | |
| 0005 | Analyze Capacity and Service Quality in the Railroad Industry (Task 5a) | 1 | each | |
| 0006 | Analyze Range of Policy Actions (Task 5b) | 1 | each | |
| 0007 | Prepare a Draft Report (Task 5c) | 1 | each | |
| 0008 | Prepare the Final Report (Task 6) | 1 | each | |
| | Sub-TOTAL | | | |
| 0009 | Travel | | NTE | \$35,000.00 |
| | TOTAL | | | |

All Travel shall be in accordance with the Federal Travel Regulations and shall not exceed \$35,000. The estimated travel allowance of \$35,000 is envisioned to support Task 1 and Task 2. However, the travel allowance is not limited to those tasks and could conceivably support any of the tasks identified within the work statement. See Section C.4.3 Travel.

- END OF SECTION B -

SECTION C - DESCRIPTION/SPECS/WORK STATEMENT

Report to the U.S. STB on Competition and Related Issues in the U.S. Freight Railroad Industry

C. PERFORMANCE WORK STATEMENT

C.1.0 Introduction

In October 2006, the Government Accountability Office (GAO) released its latest report on the U.S. railroad industry.¹ GAO found that the industry's health has improved, but it expressed concerns over competition and captivity in the railroad industry. GAO recommended that the Surface Transportation Board (STB or Board) conduct a rigorous analysis of the state of competition in the U.S. railroad industry and consider actions to address problems associated with potential abuses of market power.

In this statement of work the STB seeks to implement GAO's recommendation. The study will focus on competition in the railroad industry and will review and analyze various proposals that might enhance competition. As part of the analysis, the study will explore the interaction between capacity and competition in the railroad industry. The study also will examine the railroad industry's privately owned capital infrastructure expenditures relative to its overall earnings and how such expenditures compare with such outlays in other capital intensive industries. NOTE: The Government does not expect the contractor to perform in the way of original research. The Contractor is to compare the capital requirements of the railroad industry with other industries. Collection of this information should be considered "background" information needed to put the railroad industry's structure, conduct, and performance into a proper perspective.

The STB is soliciting proposals for an independent and quality technical analysis from a team of highly skilled researchers. While STB staff will be available to provide technical assistance as specified herein, the STB and its staff will not otherwise be involved in conducting the study or in the formulation of the conclusions and/or recommendations of the report. The STB will make available its Carload Waybill Sample (a very rich data source which we have collected for more than 20 years). The Board also collects and will provide (as needed) detailed operating and financial statistics on the Class I carriers. More broadly, the contractor can rely on the expertise of STB staff for general background information and to assist the contractor to the best of their ability, provided that such assistance does not compromise the independence of the final report.

C.2.0 Background

¹ U.S. Government Accountability Office, *Freight Railroads: Health Has Improved, but Concerns about Competition and Capacity Should Be Addressed*, October 2006, GAO-07-94.

In the years following the Staggers Rail Act of 1980, the U.S. railroad industry vastly improved its productivity, profitability, and performance. Rail transportation rates, in both real and nominal terms, declined steadily while freight volumes steadily increased. In the last few years, however, capacity constraints have emerged in key corridors and rates have in some cases increased sharply. The Government believes that changes in railroad rates should reflect the operations of a competitive marketplace and not an abuse of market power.

The STB believes that capacity and competition are inherently linked and is concerned that the railroads may not be capable of generating the capital resources to provide sufficient capacity to adequately serve the public based on widely available forecasts. This concern led us to initiate Ex Parte 671, *Rail Capacity and Infrastructure Requirements*. The record developed in that proceeding has strengthened our belief that there is a direct link between railroad capacity and service levels. A goal of this study is to examine the relationship between known capacity requirements and the railroads' ability to meet those needs.

C.3.0 Scope

The STB intends to retain a contractor that will provide a team of qualified analysts to assess competition in the U.S. railroad industry. The Government will be available to provide, upon request, technical assistance to the Contractor, but the Contractor will be expected to fully staff and manage the project.

C.4.0 Technical Requirements

The Contracting Officer (CO) will issue the contract for the required report. The designated Contracting Officer's Representative (COR) will provide technical assistance as needed.

The Contractor is responsible for management and quality control actions to meet the terms of the contract. The role of the government is quality assurance to ensure contract standards are achieved.

In this contract the quality control program is the driver for product quality. The contractor is required to develop a comprehensive program of inspections and monitoring actions. The first major step to ensuring a "self-correcting" contract is to ensure that the quality control program approved at the beginning of the contract provides the measures needed to lead the contractor to success.

Once the quality control program is approved, careful application of the process and standards presented in the remainder of this document will ensure a robust quality assurance program. (See Section H - SPECIAL CONTRACT REQUIREMENTS at 8.0 Quality Control Program/Plan).

C.4.1 Tasks

The Contractor shall perform the following:

4.1.1 Task 1 – Orientation and Kickoff Meeting

The purpose of this task is to provide the Contractor's team with an adequate knowledge and understanding of the study's goals and the regulatory system administered by the Government.

4.1.1.1. Kick-off Meeting – The project will be initiated with a one-day kick-off meeting to be held in Washington, DC at a location to be provided at time of award.

- The Contractor's project manager (PM) and necessary technical experts will attend this meeting.
- The Government will assist the Contractor in identifying the key sources of data on the railroad industry and review the findings reported in the GAO study.
- The Government will provide the Contractor with an overview of the statutory obligations and, in particular, the Government's need to balance the competing interests delineated in the National Railroad Transportation Policy (49 U.S.C. 10101).
- The Contractor will provide an overview of its company's Quality Control Program for this type of work.

4.1.2 Task 2 – Qualitative Research

The purpose of this task is to conduct in-depth interviews and focus group discussions with shippers, railroad managers, academic experts, consultants, financial analysts, and key Government staff. In particular, attention is to be focused on the importance of competition, capacity, and regulatory policy as drivers of the industry's performance. In conducting these interviews, the Contractor shall include in its inquiries topics not limited to: (1) competition in the U.S. railroad industry both nationally and in selected geographic markets to be identified; (2) competition for grain, coal, chemical, general merchandise (boxcar) and intermodal movements; and (3) the effects of competition and capacity availability on service quality. NOTE: Geographic markets have not been selected. The Government will work with the vendor to identify representative markets for analysis.

4.1.3 Task 3 – Develop a Methodology to Verify Results Obtained in Task 2

Armed with the results obtained from Task 2, the Contractor will develop an appropriate analytical methodology to verify the results of its qualitative research. This methodology must employ techniques from industrial organization and econometrics best suited to verifying the information obtained in Task 2.

The Contractor will report the details of its proposed methodological approach to the STB prior to proceeding with the verification process. The Contractor should highlight

how the proposed approach is similar to or different from previous studies of competition in the U.S. railroad industry. The Contractor will explain why the methodological approach it has chosen will provide new insight into the state of railroad competition. Before the Contractor commences work on Tasks 4 and 5, the Government will provide appropriate technical comments on the methodological approach proposed by the Contractor.

4.1.4 Task 4 – Analyze Competition in the Railroad Industry

Incorporating the information obtained in Task 2, and relying on the methodology chosen in Task 3, the Contractor will collect and analyze the data needed to complete the competition assessment. Should the Contractor require specific information from the railroads that is not publicly available, the Government will assist the Contractor in collecting that data pursuant to its statutory authority at 49 U.S.C. 721 (b).

4.1.5 Task 5 – Analyze Capacity and Service Quality in the Railroad Industry

The Contractor will examine how competition and capacity constraints influence the quality of service provided by rail carriers.

4.1.6 Task 6 – Analyze Range of Policy Actions

The Contractor will evaluate how the policy reforms suggested by GAO would affect the future financial health and stability of U.S. railroads and whether such proposals would stimulate or discourage private investments in the railroad industry.²

4.1.6 Task 7 – Prepare a Final Report

The Contractor will prepare its final report by November 1, 2008. The contractor will be responsible for printing the report and producing an electronic/CD-Rom/disc production of the final report. The report shall be consistent with the U.S. Government Printing Office Style Manual, located on-line at <http://www.gpoaccess.gov/stylemanual/browse.html>.

C.4.2 Staffing

The value of the services to be provided to STB by the Contractor will depend heavily on the qualifications and experience of the Project Manager (PM) as well as the qualifications of the members of the PM's team of experts.

To avoid and preclude any appearance of a conflict of interest, the PM nor the Key Personnel (as defined at 4.2.2) will be subject to a conflicts screening. The PM and Key Personnel must demonstrate that do not have an interest that would bias the results of the study.

² U.S. Government Accountability Office, *Freight Railroads: Health Has Improved, but Concerns about Competition and Capacity Should Be Addressed*, October 2006, GAO-07-94, p. 43-53.

4.2.1 Project Manager

The PM should possess the skills and experience needed to manage interdisciplinary teams of the type required for projects of this magnitude and complexity. The PM should also have substantial experience in the preparation of competition assessments.

4.2.2 Key Personnel

Key personnel are considered essential to the successful performance of this contract. The Contractor shall obtain and maintain current resumes of those identified for each position or function listed below that will be assigned for this project.

| <u>Position/Function</u> | <u>Name</u> |
|---|--------------|
| Project Manager | <enter name> |
| Senior Qualitative/Marketing Researcher | <enter name> |
| Senior Economist | <enter name> |
| Senior Econometrician/Statistician | <enter name> |

The identified key personnel shall not be reassigned or removed without the written consent of the Contracting Officer unless the identified key personnel become unavailable. At such time, the contractor shall promptly notify the Contracting Officer, in writing, within the first day of the unavailability and provide a written justification (including proposed substitutions) in sufficient detail to permit evaluation of the impact on the performance and quality of the contract.

All proposed replacement personnel shall submit to the Contracting Officer a current resume to support that the replacement is comparable to the personnel being replaced. The Contracting Officer shall approve all proposed replacement personnel by the Contractor before such personnel are privy to any information in reference to this requirement.

The Government may amend the key personnel list during the course of the contract to either add or delete personnel, as appropriate.

4.2.3 Other Personnel

The Contractor shall hire only competent personnel to be used in the performance of this contract. By competent, the STB means individuals with the skills, education, and experience needed to complete this report.

C.4.3 Travel

The \$35,000 ceiling amount for the travel allowance identified in Section B is envisioned to support Task 1 and Task 2, it is not limited to those categories and could conceivably support the later tasks as well. Because the Government envisions handing of the management of the contract to the vendor, the purpose of this limit is to provide a check against potential wasteful behavior. We intend to approve travel requests that support the

vendor's ability to complete the research and report. It is expected that much of the qualitative research can be done in Washington, D.C., where many of the key stakeholders have a presence or can be expected to visit on a regular basis. It is also possible that portions of the qualitative research can be done through phone interviews, surveys, etc., which may also minimize travel time.

- END OF SECTION C -

SECTION D - PACKAGING AND MARKING**SECTION E - INSPECTION AND ACCEPTANCE**

Section D and Section E shall be in accordance FAR 12.

SECTION F - DELIVERIES OR PERFORMANCE

The periods of performance for the following firm items are from date of task order award through November 8, 2008. The target dates in the following chart have been identified.

F.1.0 CLIN – Deliveries or performance

| SECTION C | TITLE | DELIVERY DATES |
|------------------|---|------------------------|
| 4.1.1 | Task 1 - Orientation and Kickoff Meeting | Within 5 days of award |
| 4.1.2 | Task 2 - Qualitative Research Report | As coordinated |
| 4.1.3 | Task 3 – Develop a Methodology to Verify Results of Qualitative Research | As coordinated |
| 4.1.4 | Task 4 – Analyze Competition in the Railroad Industry Report | As coordinated |
| 4.1.5 | Task 5 – Analyze Capacity and Service Quality in the Railroad Industry Report | As coordinated |
| 4.1.6 | Task 5 -- Analyze Range of Policy Actions Report | As coordinated |
| 4.1.8 | Task 6 – Prepare the Final Report | November 1, 2008 |

F.2.0 Deliverables**2.0.1 Review of Deliverables**

All items delivered by the Contractor will be reviewed by the Government and written notice of the acceptability or unacceptability of the deliverable will be provided to the Contractor. Deliverables will be reviewed and inspected for quality, completeness, adherence to standards and criteria applicable to that deliverable.

Government STB subject matter experts will determine whether the report meets the technical specifications set forth in this Statement of Work, or whether it requires major or minor revisions to meet the technical specifications set forth in this Statement of Work.

Consistent with the independent nature of this study, the STB will not request revisions to the substance of the report's conclusions or recommendations. Only the Contracting

Officer can request major revisions. Major revisions are considered to require significant content changes and will be requested in writing, e.g. electronic mail. All reports shall require no more than one major revision. The COTR may orally request minor revisions that are considered essentially editorial.

2.0.2 Review Period for Deliverables

The Government will have ten (10) working days to complete the review of deliverables, unless otherwise specified by the Government. If deficiencies are found, the contractor shall have five (5) working days to correct the deficiencies and submit the corrections to the Government.

Any submittal deviations in reference to this guidance shall be coordinated among the parties.

- End of Section F -

SECTION G - CONTRACT ADMINISTRATION DATA

The Contracting Officer (CO), identified below, has the overall responsibility for this contract. Only the CO or other warranted CO's within the OST Acquisition Services office, without delegation, is authorized to take actions on behalf of the Government to amend, modify or deviate from the contract terms, conditions, and requirements. The CO may delegate certain other responsibilities to his/her authorized representatives or Contracting Officer Technical Representative (COTR).

G.1.0 CONTRACT ADMINISTRATION

<To be provided upon award>
 Department of Transportation
 Office of the Secretary
 1200 New Jersey Avenue, SE
 Washington, DC 20590
 Phone: (202) XXX-XXXX
 Fax: (202) 366-7510

Contract administration will be performed by the Contract Specialist. The Administrative Contracting Officer (ACO) is identified at C. Contracting Officer below.

G.2.0 CONTRACTING OFFICER'S REPRESENTATIVE (COR)

The Contracting Officer's Representative (COR) will be designated after contract award.

<To be provided upon award>
 Department of Transportation
 Washington, DC
 Phone: (202) XXX-XXXX
 Fax: (202) XXX-XXXX

In no event, any understanding, agreement, modification, change order or other matter deviating from the terms of the contract be effective or binding upon the Government unless formalized by proper contractual documents executed by the Contracting Officer.

The COR will monitor all technical aspects and assist in administering the contract. After contract award, the COR designation letter will be provided to the Contractor that clarify the responsibilities. On matters that pertain to the contract terms, the Contractor must communicate with the ACO. Whenever the COR requests effort outside the scope of the contract, the Contractor shall so advise the Contracting Officer in writing.

G.3.0 CONTRACTING OFFICER

Clementine Caudle-Wright

Department of Transportation
Office of the Secretary
1200 New Jersey Avenue, SE
Washington, DC 20590
Phone: (202) 366-4968
Fax: (202) 366-7510

G.4.0 PAYMENT SCHEDULE

The Contractor shall invoice as follows:

- (a) Tasks 1, 2, and 3 must be completed and invoiced sequentially.
- (b) Upon completion of Task 1, the Contractor shall submit an invoice for approval/rejection before starting Task 2.
- (c) Upon completion of Task 2, the Contractor shall submit an invoice for approval/rejection before starting Task 3.
- (d) Tasks 4, 5, and 6 may be performed simultaneously and may begin before the completion of Task 3. For these tasks, the Contractor shall submit monthly reports and invoices. The Government will review the reports and process the invoices in accordance with acceptance of the reports. An approved invoice by the Government will result in a 75% payment to the Contractor with 25% of the payment held subject to the delivery of the Final Report. Upon submission of the Final Report, the retained 25% will be disbursed along with the final payment.
- (e) Final payment shall be in accordance with the completion of Task 7 which shall result in a final report. All funds held in escrow shall be disbursed in accordance with the acceptance of the final report.

G.5.0 INVOICING

The Contractor shall invoice in accordance with the payment schedule cited at 4.0 Payment Schedule. Upon certification by the Contractor and as confirmed by the COTR that 33% completion of Tasks 4, 5, and 6 has been achieved, the Contractor may invoice for a percentage of the fixed priced CLIN amounts **as determine after contract award**. As a result of this agreement between the parties, the Contractor need not delay invoicing until Tasks 4, 5, and 6 have been completed and accepted by the Government.

G.6.0 TRAVEL AND PER DIEM

In the event that contractor personnel are required to travel at the direction of the Government, all travel and subsistence shall be reimbursed under this contract in accordance with the Federal Travel Regulations in effect on the date of travel. All travel shall be submitted to the Contracting Officer for approval, in advance of the travel. Travel costs other than official travel will not be allowed. When submitting invoices, the Contractor shall provide itemized records of travel fares, lodging, meals, and other applicable costs, which are substantiated by receipts for expenses incurred. As coordinated, the Contractor personnel may be required to travel on available Government chartered flight.

G.7.0 WAGE DETERMINATION

Wage Determination No 2005-2103, Revision No.: 4, dated 07/05/2007 is incorporated and attached.

- End of Section G -

SECTION H - SPECIAL CONTRACT REQUIREMENTS

H.1.0 Type of Contract

A Fixed Price contract is contemplated for this requirement.

H.2.0 Government's Obligation

Funds are currently available for this requirement.

H.3.0 Confidentiality of Information

Work under this contract requires that the Contractor be given access to confidential or proprietary business, technical, or financial information belonging to other private parties or the Government. Consistent with our statutory obligations under 49 USC 11904, the Contractor, upon gaining access to such information, will treat this information as confidential and agrees not to appropriate such information to its own use or to disclose such information to third parties unless specifically authorized by the Contracting Officer in writing. The foregoing obligations shall not apply to:

- 1) Information that, at the time of receipt by the Contractor, is in the public domain;
- 2) Information that, through no fault of the Contractor, becomes part of the public domain after the Contractor has received it;
- 3) Information that the Contractor can demonstrate was already in its possession and was, therefore, not acquired directly or indirectly from the Government; or
- 4) Information that that Contractor can demonstrate was received from a third party who did not require the Contractor to hold it in confidence.

The Contractor shall obtain from each of its employees a written agreement not to discuss, divulge, or disclose any confidential information or data to any person or entity except those persons within the Contractor's organization who themselves have signed a similar written agreement and are directly involved in the performance of the contract. In addition, the Contractor must secure from the Contracting Officer approval of these confidentiality agreements.

The Contractor agrees, if requested by the Government, to sign similar agreements with each organization supplying information to the Contractor under this contract, and to supply a copy of such agreements to the Contracting Officer. Occasionally, and upon request from the Contracting Officer, the Contractor shall supply the Government with reports itemizing information received as confidential or proprietary and setting forth the organization or organizations from which the Contractor received such information.

H.4.0 Duplication and Disclosure of Confidential Data

Duplication or disclosure of the data and other information provided by the Surface Transportation Board (STB) or to which the contractor will have access as a result of this contract is prohibited. It is understood that throughout performance of the contract the contractor may have access to confidential data which is the sole property of the STB, as well as access to proprietary data which is the sole property of other than the contracting parties. The contractor hereby agrees to maintain the confidentiality of all such data to which access may be gained throughout contract performance whether title thereto vests in the STB or otherwise. The contractor hereby agrees not to disclose said data, any interpretations thereof, or data derivative therefrom, to unauthorized parties in contravention of these provisions without the prior written approval of the Contracting Officer or the party in which title thereto is wholly vested. This clause also applies to any subcontractors and/or consultants used by the contractor.

H.5.0 Dissemination of Information and Release of New Information

There shall be no dissemination or publication of information obtained, developed or contained in any work performed under this contract without the prior written approval of the Contracting Officer. There shall be no news releases (including photographs, and files, public announcements, denial or confirmation of same) on any part of the subject matter of this contract or any phase of any program without the prior written approval of the Contracting Officer.

H.6.0. Type of Service

The Government and the Contractor understand and agree that the services delivered by the Contractor to the Government are non-personal services. The parties also recognize and agree that no employer-employee relationship exists or will exist between the Government and the Contractor. The Contractor and the Contractor's employee are not employees of the Federal Government and are not eligible for entitlement and benefits given Federal employees.

Contractor employees under this contract shall not be placed in a position where there is an appearance that they are employed by a Federal Officer, or are under the supervision, direction, or evaluation of a Federal Officer, military or civilian.

Contractor employees under this contract shall not be placed in a position of command, supervision, administration or control over military or civilian personnel or personnel of other Government Contractors, or become part of the Government Bureau.

H.7.0 Quality Control and Inspection Requirements

At any time during the contract period, the COR or his/her representative may monitor and observe Contractor performance. At no time shall the COR or his/her representative give instructions to the contractor as to how to perform the tasks.

H.8.0 Quality Control Program (QCP)

The Contractor shall establish and maintain a complete Quality Control Program to assure that the requirements of the contract are met as specified. One copy of the Contractor's proposed initial **Quality Control Plan** shall be provided at the Kickoff meeting as stated in Section C. The Contractor may be required to submit additional plans, as mutually agreed to by both parties. The Government will review each plan to insure the successful completion of the project. The Government must approve each plan within 15 calendar days after receipt. The QCP shall include, but not be limited to:

1. An inspection system covering the scanning and indexing services as stated in the contract. A checklist shall be used in inspecting contract performance during regularly scheduled or unscheduled inspections.
2. The name(s) of the individual(s) who will perform the inspection.
3. A system for identifying and correcting deficiencies in the quality of services before the level of performance becomes unacceptable and/or the Government inspectors point out the deficiencies.
4. A file of all inspections conducted by the Contractor and any corrective actions taken. This documentation shall be made available to the Government during the term of the contract.

- END OF SECTION H -

SECTION I - CONTRACT CLAUSES

I. 1.0 OPTION TO EXTEND SERVICES

FAR 52.217-8 Option to Extend Services. (AUG 1989)

The Government may require continued performance of any services within the limits and at the rates specified in the contract. These rates may be adjusted only as a result of revisions to prevailing labor rates provided by the Secretary of Labor. The option provision may be exercised more than once, but the total extension of performance hereunder shall not exceed 6 months. The Contracting Officer may exercise the option by written notice to the Contractor within the period specified in the Schedule.

- END OF SECTION I -