



**VIRGINIA RAILWAY
EXPRESS**

**OPERATIONS BOARD
MEMBERS**

DANA KAUFFMAN
CHAIRMAN

DOUG WALDRON
VICE CHAIRMAN

ELAINE MCCONNELL
SECRETARY

PAUL MILDE
TREASURER

HILDA BARG

SHARON BULOVA

MAUREEN CADDIGAN

WALLY COVINGTON

ROBERT GIBBONS

JOHN D. JENKINS

MATTHEW KELLY

MATT TUCKER

**CHRISTOPHER
ZIMMERMAN**

DALE ZEHNER
CHIEF EXECUTIVE
OFFICER

MINUTES

**VRE OPERATIONS BOARD MEETING
PRTC HEADQUARTERS – PRINCE WILLIAM COUNTY, VIRGINIA
APRIL 20, 2007**

MEMBERS PRESENT	JURISDICTION
Sharon Bulova (NVTC)	Fairfax County
John D. Jenkins (PRTC)**	Prince William County
Dana Kauffman (NVTC)	Fairfax County
Elaine McConnell (NVTC)	Fairfax County
Paul Milde (PRTC)	Stafford County
Kevin Page	DRPT
Doug Waldron (PRTC)	City of Manassas

ALTERNATES PRESENT	JURISDICTION
Hilda Barg (PRTC)	Prince William County
Maureen Caddigan (PRTC)	Prince William County
Wally Covington (PRTC)**	Prince William County
Robert Gibbons (PRTC)	Stafford County
Matthew Kelly (PRTC)	City of Fredericksburg

ALTERNATES ABSENT	JURISDICTION
Christopher Zimmerman (NVTC)	Arlington County

STAFF AND GENERAL PUBLIC	
George Billmyer – VRE	Steve MacIsaac – VRE counsel
Marv Dixon – City of Fredericksburg	April Maguigad – VRE
Steve Edwards – Supervisor McConnell’s Office	Betsy Massie – PRTC staff
Anna Gotthardt – VRE	Bob Owolabi – Fairfax County
William Greenup – VHSRDC	Sithembile Pagiwa – VRE
Al Harf – PRTC staff	Dick Peacock – citizen
Christine Hoeffner – VRE	Mike Poe – VRE
Ann King – VRE	Mark Roeber – VRE
Calvin Lam – Fairfax County	Jennifer Straub – VRE
Trinh Lam – VRE	Rick Taube – NVTC staff
Bob Leibbrandt – Prince William County	Dale Zehner – VRE

Chairman Kauffman called the meeting to order at 9:32 A.M. The Board had a moment of silence for the victims and families of those who lost their lives at Virginia Tech on April 16, 2007. Following the Pledge of Allegiance, roll call was taken.

Approval of the Agenda – 3

Ms. Barg moved, with a second by Ms. Bulova, to approve the agenda. The vote in favor was cast by Board Members Barg, Bulova, Kauffman, McConnell, Milde, Page and Waldron.

Minutes of the March 16, 2007, VRE Operations Board Meeting – 4

Mr. Waldron moved, with a second by Ms. Bulova, to approve the minutes. The vote in favor to approve the minutes was cast by Board Members Barg, Bulova, Kauffman, McConnell, Milde, Page and Waldron.

Chairman's Comments – 5

Chairman Kauffman stated that Board Members should have already received their invitations to the Quantico Bridge Dedication Ceremony on May 11th at 10:00 A.M. Secretary of Transportation Pierce Homer is scheduled to attend.

Chief Executive Officer's Report – 6

Mr. Zehner reported that overall on-time performance is averaging 84 percent in April, with 86 percent on the Manassas Line and 82 percent on the Fredericksburg Line. Since the Quantico Bridge Project completion, there have not been any delays due to the railroad. VRE has done some fencing work at the Quantico Station to keep people from crossing the tracks where and when they shouldn't.

Mr. Zehner also reported that VRE introduced a pilot program called NuRide on April 3rd to encourage carpooling to VRE stations. Due to the limited parking at both Fredericksburg and Broad Run, these stations were selected as the test locations for the program. The NuRide program is offering a \$25.00 gift card to Home Depot for any VRE rider who registers to become a member and takes their first trip with another VRE rider to either of these two stations. Although it may take some time for enough riders to sign up and create a database for ridesharing, 51 passengers have signed up for the program to-date.

[Mr. Jenkins entered the room at 9:25 A.M.]

Mr. Zehner introduced two new VRE staff members, Sithembile Pagiwa, Accountant, and Mike Poe, Civil Engineer.

VRE Riders' Comments – 7

Mr. Billmyer congratulated VRE on the good news that the General Assembly passed Governor Kaine's substitute amendment for transportation funding. The budget includes a \$15 million earmark for the procurement of VRE rolling stock and provisions for \$25 million per year in capital and operating funds. Mr. Billmyer also stated that due to BRAC changes, MARC is looking for MTA funding to purchase new locomotives to expand its line to Elkton, Maryland and eventually to Delaware. He expressed his opinion that CSX is a problem, with discrepancies and violations on its lines and what really concerns him is violations that were ignored, which should never happen on a railroad. He also stated that he is glad to see interest on the proposed freight railroad detour around Washington, D.C. Freight rail has no business traveling on any heavily traveled commuter line and should always be bypassed around a city. Ms. McConnell asked if hazardous materials are still allowed on rail through cities. Chairman Kauffman asked staff to clarify this. Mr. Gibbons asked for the number of CSX violations in the VRE service area.

Mr. Peacock thanked Mr. Roeber for his efforts in working to get the transportation funding bill passed. VRE finally has funds to purchase much needed equipment, which will help resolve engine failures. He suggested VRE conduct a statistical analysis of all the parts of a locomotive that have broken over the past two years. VRE could take a proactive step in going ahead and replacing those parts that are likely to fail. He also suggested that those that repair the locomotives could receive extra training and information.

Consent Agenda – 8

Mr. Waldron moved, with a second by Ms. Bulova, the following Consent Agenda:

Resolution #8A-04-2007: Authorization to Issue a Request for Proposals for the Acquisition of New Locomotives.

Resolution #8B-04-2007: Authorization to Issue an Invitation for Bids for Lube Oil Delivery Services.

The vote in favor was cast by Board Members Bulova, Jenkins, Kauffman, McConnell, Milde, Page and Waldron.

Authorization to Award a Contract for the Construction on Maintenance Facilities at the Crossroads Yard – 9A

Mr. Zehner stated that the VRE Operations Board is being asked to recommend that the Commissions authorize him to enter into a contract with Mid-Eastern Builders, Inc. of Chesapeake, Virginia for the construction of maintenance facilities at the Crossroads Yard in the amount of \$5,437,000, plus a 15 percent contingency of \$815,550, for a total amount not to exceed \$6,252,550. Resolution #9A-04-2007 would accomplish this.

Mr. Waldron moved, with a second by Ms. Bulova, to approve Resolution #9A-04-2007. The vote in favor was cast by Board Members Bulova, Jenkins, Kauffman, McConnell, Milde, Page and Waldron.

Authorization to Enter into a Contract for Air Brake Services – 9B

Mr. Zehner reported that Resolution #9B-04-2007 would authorize the CEO to enter into a one-year contract with two additional one-year options with Touchtone Industries of Jacksonville, Florida for air brake services for a total contract value not to exceed \$660,000.

Ms. Bulova moved, with a second by Mr. Jenkins, to approve the resolution. The vote in favor was cast by Board Members Bulova, Jenkins, Kauffman, McConnell, Milde, Page and Waldron.

[Mr. Covington arrived at 9:45 A.M.]

Authorization to Modify the Warehouse Management Contract – 9C

Mr. Zehner stated that the VRE Operations Board is being asked to authorize the CEO to increase the authorization limit of the warehouse management contract by \$81,102 per year, for a total annual contract value not to exceed \$331,102. Resolution #9C-04-2007 would accomplish this. He explained that maintenance responsibilities for the entire car fleet have moved from Washington to the Virginia yards, nearly doubling the number of cars being supported by this facility and increasing the purchasing activity considerably. Subsequently, the scope of the warehouse management services has increased. VRE would like to further increase the scope of work to support oversight of the new car inventory, which will begin to arrive this summer, and all car part purchasing. The only remaining activities at Ivy City are related to locomotive materials.

Ms. Bulova moved, with a second by Mr. Jenkins, to approve the resolution. The vote in favor was cast by Board Members Bulova, Jenkins, Kauffman, McConnell, Milde, Page and Waldron.

Authorization to Award a Contract for Financial Advisory Services – 9D

Mr. Zehner stated that the Operations Board is being asked to approve Resolution #9D-04-2007 which would authorize the CEO to enter into a contract with the PFM Group for financial advisory services in an amount not to exceed \$200,000.

In response to a question from Mr. Waldron, Mr. Zehner explained that VRE occasionally requires the services of a financial advisor for complicated financial aspects, including developing financing alternatives and managing existing debt. Some of these services are beyond the expertise of VRE staff. PFM has been serving as a financial advisor to Prince William County and PRTC since 2001 and to VRE since VRE's inception. Mr. Waldron asked that staff keep tabs on the scope of their services so that VRE can hold them to some degree of accountability.

Mr. Waldron moved, with a second by Ms. Barg, to approve Resolution #9D-04-2007. The vote in favor was cast by Board Members Bulova, Jenkins, Kauffman, McConnell, Milde, Page and Waldron.

Authorization to Execute a Lease for Additional Locomotives – 9E

Mr. Zehner stated that Resolution #9E-04-2007 would recommend that the CEO enter into a lease agreement with Railworld Locomotive Leasing, of Chicago, Illinois, for three locomotives in an amount not to exceed \$229,950 per year, plus freight, for a total of three years. The proposal from Railworld Locomotive includes an option for purchase at the end of the three years of \$225,000, per locomotive or at the end of four years for \$125,000 per locomotive.

Mr. Jenkins moved, with a second by Ms. Barg, to approve the resolution.

Chairman Kauffman observed that other companies lease locomotives and encouraged staff to investigate this to get the best deal. Mr. Zehner stated that VRE has received a counter proposal and it will be evaluated. Chairman Kauffman stated that the resolution should be modified to give authorization based on the best proposal. Both Mr. Jenkins and Ms. Barg were agreeable to the amendment.

Mr. Jenkins stated that it is important for VRE to replace the locomotives that keep breaking down, otherwise customer service satisfaction will hit rock bottom. VRE needs to be expeditious as possible in executing this.

The Board then voted on the amended motion and it passed. The vote in favor was cast by Board Members Bulova, Jenkins, Kauffman, McConnell, Milde, Page and Waldron.

Authorization to Execute a Locomotive Lease Purchase – 9F

Mr. Zehner explained that Resolution #9F-04-2007 would authorize the CEO to execute a locomotive lease purchase agreement with Railworld Locomotive Leasing, for one locomotive in an amount not to exceed \$76,650 per year, plus freight, for a total of three years and ownership of the V32 locomotive. Chairman Kauffman stated that this resolution should also be modified to include authorization based on the best lease deal. There were no objections.

Ms. McConnell moved, with a second by Mr. Jenkins, to approve the amended motion.

Mr. Zehner stated that on March 22nd the V32 locomotive caught fire due to an electrical short while parked at Ivy City. This unit must be repaired or replaced in order to maintain an adequately sized locomotive fleet. The repair cost was estimated at \$450,000. VRE received an unsolicited proposal from Railworld Locomotive Leasing for the lease purchase of one locomotive.

Mr. Milde observed that VRE is not submitting an insurance claim for the damaged locomotive. Mr. Zehner explained that the deductible is \$250,000 and VRE could make a claim to the Insurance Trust Fund, but because the fund balance is low, VRE would most likely be requested to make a deposit to the fund.

The Board then voted on the motion and it passed. The vote in favor was cast by Board Members Bulova, Jenkins, Kauffman, McConnell, Milde, Page and Waldron.

Governance Process – 10A

Chairman Kauffman stated that on April 5, 2007 NVTC and PRTC passed resolutions adopting the governance changes, approving an alternate budget, and approving the mitigation projects. The resolution was transmitted to each jurisdiction for their action. Stafford County has already approved the budget and governance resolution. Manassas Park has approved the governance resolution and will vote on the budget on April 24th. The rest of the jurisdictions are scheduled to take action in the next several weeks. Mr. Milde stated that the vote in Stafford County was not easy or unanimous, but it did pass. A motion was defeated by a vote of five to two that would have short-changed the VRE budget by nearly \$700,000 and forced raising fares at Stafford stations.

Chairman Kauffman provided an overview of the process for the next few months assuming all the jurisdictions approve the budget and governance proposal. He stated that at the May 18th meeting, the Operations Board would consider a draft amendment to the Master Agreement. On June 7th, the Commissions will request the jurisdictions to identify the elected officials, who are members of the Commissions, that they would like the Commissions to nominate to the VRE Operations Board. On July 1st, all jurisdictions would make the first subsidy payment under the alternative budget. On

July 5th, the Commissions would adopt the new slate of officers for installation at the August 17th VRE Operations Board meeting.

Mr. Gibbons asked for a copy of the rail agreement.

Other VRE Business

Mr. Page stated that the DRPT's Third Track Feasibility Study transmittal letter calls for the establishment of agreements between the Commonwealth and the stakeholders in order to protect the Commonwealth's interests, allocate the costs and benefits of all parties, and ensure the long-term access and performance of passenger rail service in the Washington-Richmond corridor. DRPT will be setting forth the governance dialogue of this study and VRE should be a part of this process. DRPT wants to move forward with improvements to this corridor as soon as possible.

Closed Session – 11

Ms. Bulova moved, with a second by Mr. Waldron, the following motion:

Pursuant to the Virginia Freedom of Information Act (Sections 2.2-3711A (7) of the Code of Virginia), the VRE Operations Board authorizes discussion in Closed Session concerning one legal matter pertaining to the terms and conditions for inclusion of new participating jurisdictions in the Master Agreement for Commuter Rail.

The vote in favor was cast by Board Members Bulova, Jenkins, Kauffman, McConnell, Milde, Page and Waldron. The Board entered into Closed Session at 9:58 A.M. and returned to Open Session at 10:21 A.M.

Ms. Bulova moved, with a second by Mr. Waldron, the following certification:

The VRE Operations Board certifies that, to the best of each member's knowledge and with no individual member dissenting, at the just concluded Closed Session:

1. Only public business matters lawfully exempted from open meeting requirements under the Freedom of Information Act were discussed; and
2. Only such public business matters as were identified in the motion by which the Closed Session was convened were heard, discussed or considered.

The vote in favor was cast by Board Members Bulova, Jenkins, Kauffman, McConnell, Milde, Page and Waldron.

Adjournment

Chairman Kauffman adjourned the meeting at 10:22 A.M.

Approved this 18th day of May, 2007.

Dana Kauffman
Chairman

Elaine McConnell
Secretary

CERTIFICATION

This certification hereby acknowledges that the minutes for the April 20, 2007 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.

Rhonda Gilchrest

Rhonda Gilchrest