



**VIRGINIA RAILWAY
EXPRESS**

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VICE CHAIRMAN

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BOB GIBBONS
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FRANK JONES
PAUL SMEDBERG
MATT TUCKER
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SHARON BULOVA
MARK DUDENHEFER
JAY FISETTE
MATT KELLY
TIMOTHY LOVAIN
MICHAEL MAY
MARTIN NOHE
KEVIN PAGE
HAL PARRISH
GEORGE SCHWARTZ

DALE ZEHNER
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MINUTES

**VRE OPERATIONS BOARD MEETING
PRTC HEADQUARTERS – PRINCE WILLIAM COUNTY, VIRGINIA
AUGUST 17, 2007**

MEMBERS PRESENT	JURISDICTION
Wally Covington (PRTC)**	Prince William County
Marvin J. Dixon (PRTC)	City of Fredericksburg
Robert Gibbons (PRTC)	Stafford County
John D. Jenkins (PRTC)	Prince William County
Elaine McConnell (NVTC)	Fairfax County
Paul Milde (PRTC)**	Stafford County
Doug Waldron (PRTC)	City of Manassas
Christopher Zimmerman (NVTC)**	Arlington County

MEMBERS ABSENT	JURISDICTION
Maureen Caddigan (PRTC)	Prince William County
Frank C. Jones (PRTC)	City of Manassas Park
Dana Kauffman (NVTC)	Fairfax County
Paul Smedberg (NVTC)	City of Alexandria
Matthew Tucker	DRPT

ALTERNATES PRESENT	JURISDICTION
Sharon Bulova (NVTC)	Fairfax County

ALTERNATES ABSENT	JURISDICTION
Hilda Barg (PRTC)	Prince William County
L. Mark Dudenhefer (PRTC)	Stafford County
Jay Fiset (NVTC)	Arlington County
Matthew Kelly (PRTC)	City of Fredericksburg
Timothy Lovain (NVTC)	City of Alexandria
Michael C. May (PRTC)	Prince William County
Martin E. Nohe (PRTC)	Prince William County
Kevin Page	DRPT
Hal Parrish, II (PRTC)	City of Manassas
George H. Schwartz (PRTC)	Stafford County

STAFF AND GENERAL PUBLIC	
George Billmyer – VRE	Steve MacIsaac – VRE counsel
John Duque – VRE	April Maguigad – VRE
Steve Edwards – Sup. McConnell's staff	Betsy Massie – PRTC staff
Dan Genz – Baltimore Examiner	Dick Peacock – citizen
Anna Gotthardt – VRE	Steve Pittard – VDRPT
Kelly Hannon – Free Lance-Star	Mark Roeber – VRE
Al Harf – PRTC staff	Brett Shorter – VRE
Ann King – VRE	Rick Taube – NVTC staff
Mike Lake – Fairfax County	Dale Zehner – VRE

** Delineates arrival following the commencement of the Board meeting. Notation of exact arrival time is included in the body of the minutes.

Vice Chairman Waldron suggested beginning the meeting with discussion items while the Board waits for a quorum. There were no objections and he called the meeting to order at 9:40 A.M. Following the Pledge of Allegiance, roll call was taken.

Vice Chairman Waldron observed that this is the first meeting of the Operations Board under the new governance structure and he welcomed the members to the new Operations Board. He reviewed the distinction between members and alternates as it pertains to voting. Motions should be made and seconded only by members, although alternates can make comments. Mr. MacIsaac stated that the new language of the Master Agreement could be interpreted to allow the DRPT member to be considered for quorum even though he isn't a member from a jurisdiction. Mr. Taube observed that there is also the issue of whether Mr. Pittard is actually an alternate since Kevin Page is listed as the DRPT alternate. Vice Chairman Waldron asked staff to look at the quorum issue and review the by-laws and report back to the Board next month. Mr. MacIsaac stated that the by-laws will have to be amended anyways so that would be a good time to change any by-laws concerning quorum issues. Ms. Bulova suggested that during roll call members could include whether they are serving as a member or alternate. For example, although she is an alternate, for this meeting she is serving as a voting member in Chairman Kauffman's absence. Mr. Gibbons stated that he would like the Board to revisit the issue of the DRPT member not being a voting member. Vice Chairman Waldron stated that this issue was carefully reviewed and the elected officials decided it was important to have DRPT's input but not to change the voting structure.

[Vice Chairman Waldron observed that quorum was achieved with Mr. Milde's arrival at 9:46 A.M. Mr. Covington arrived at 9:48 A.M.]

Approval of the Agenda – 3

Vice Chairman Waldron reported that Agenda Item #6 has been removed from the agenda.

Mr. Jenkins moved, with a second by Mr. Dixon, to approve the amended agenda. The vote in favor was cast by Board Members Bulova, Covington, Dixon, Gibbons, Jenkins, McConnell, Milde and Waldron.

Minutes of the June 15, 2007, VRE Operations Board Meeting – 4

Mr. Milde moved, with a second by Mr. Covington, to approve the minutes. The vote in favor to approve the minutes was cast by Board Members Bulova, Covington, Dixon, Jenkins, McConnell, Milde and Waldron. Mr. Gibbons abstained.

Chairman's Comments – 5

Vice Chairman Waldron thanked VRE staff for his recent VRE train ride and tour of the VRE offices. He encouraged those members who haven't done such a tour, to do so. It is very informative.

Chief Executive Officer's Report -- 7

Mr. Zehner reported that the third mainline track at L'Enfant is now operational, which will eliminate train congestion going in and out of Union Station. In addition, the storage track is near completion. Also, installation of the new variable message signs at all the stations should be completed by September. A new photo of the Operations Board will be taken prior to the next Operations Board meeting.

Mr. Zehner announced that on-time performance is up 91 percent systemwide, with 88 percent on the Fredericksburg Line and 94 percent on the Manassas Line for July. Total ridership has increased by 3.5 percent from April through June. Heat restrictions are down, with only three out of the last 21 days having restrictions. Mechanics and electricians have been moved to the VRE yards, which allows for all testing to be done by 11:00 P.M., so that any needed repairs can be done at night. Previously, this was done in the morning before service started. When a small component fails, such as a fuel pump, batteries, or circuit card, they are replaced on all the locomotives since they are all about the same age. Dispatching has also improved.

Mr. Gibbons expressed his concern whether VRE can run locomotives in reverse during heavy snow. Mr. Zehner stated that it is usually not a problem, but offered to look into this issue. He suggested reconfiguring the first train in the morning so that the locomotive pulls the cab cars. VRE cab cars also have snow plows.

Ms. Bulova observed that the difference in on-time performance has been dramatic from last year and the heat restriction issue has also been significantly improved. Last year VRE expressed its dissatisfaction when things were not going well and it would be appropriate for VRE to express its appreciation to the railroads for their efforts in helping VRE improve its on-time performance. There were no objections to having Chairman Kauffman sign a letter of appreciation to CSX and Norfolk Southern. Mr. Milde observed that these improvements make a big difference down in the Fredericksburg area, especially with encouraging Spotsylvania to join VRE.

Mr. Milde stated that the recent funding action taken by NVTA seems to be fair to Stafford and Fredericksburg. He asked for an update on the Brooke Station. Mr. Zehner stated that he will provide an update at the next meeting.

Mr. Zehner stated that as discussed at previous Board meetings, there has been a safety concern with people crossing the tracks against the lights and signal at the Quantico Station. Attempted solutions have not been successful, so VRE has asked

Amtrak to stop all trains in the middle of the intersection so that the tracks are blocked. VRE will work to introduce legislation during the next General Assembly session that would allow police to give a citation to persons crossing against a light or signal at a public train crossing.

VRE Riders' and Public Comment – 8

Mr. Billmyer stated that he is glad to see that heat restrictions and on-time performance have improved. Having local CSX dispatching will also be a good thing. MBTA is installing GPS technology for its automatic station systems to announce arrival times. It is very accurate. BART in San Francisco is issuing a credit card with frequent rider points. He suggested that this region could have a similar joint VRE, Metro and MARC credit card. The Army's switch from Fort Belvoir to Springfield would have a potential impact to VRE ridership. He suggested that a connecting DOD bus at Backlick Road could feed Fort Belvoir and Springfield.

[Mr. Zimmerman arrived at 10:05 A.M.]

Mr. Peacock stated that the parking deck in Manassas is a very important project to provide parking for commuters and visitors. This is a great partnership between VRE and the City of Manassas. It is important to communicate that there is surplus parking available in the City since other lots (Broad Run and Manassas Park) tend to be filled to capacity. He is pleased to see that VRE is making progress on acquiring new locomotives. He congratulated VRE on celebrating its 15th anniversary and stated that VRE has an excellent safety record, with no fatalities and no major injuries. This should be publicized.

Authorization to Issue a Request for Proposals (RFP) for Locomotive Project Management and Oversight Services – 9A

Mr. Gibbons moved, with a second by Ms. McConnell, to approve Resolution #9A-08-2007, which would authorize the Chief Executive Officer to issue a RFP for project management and oversight for the purchase and manufacture of new passenger locomotives. The vote in favor was cast by Board Members Bulova, Covington, Dixon, Gibbons, Jenkins, McConnell, Milde, Waldron and Zimmerman.

Authorization to Award a Contract for the Construction of a Parking Garage at the Manassas Station – 9B

Mr. Zehner stated that the VRE Operations Board is being asked to recommend that the Commissions authorize him to enter into a contract with Costello Construction of Maryland, Inc., for the construction of a parking garage at the Manassas VRE station in

the amount of \$8,354,000 with a contingency of \$835,000, for a total amount not to exceed \$9,189,000. The Operations Board is also being asked to recommend that the Commissions authorize the CEO to execute any related documents necessary to implement the project. Resolution #9B-08-2007 would accomplish all this.

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

Mr. Jenkins asked how much federal funding is being provided for this project. Mr. Zehner replied that most of the funding is federal, with the City of Manassas providing the local match for the entire project. Ms. Bulova requested that the funding details be provided to the Commissions prior to their vote on this.

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

Authorization to Enter into a Contract for Mechanical Brake Components – 9C

Mr. Zehner reported that the Board is being asked to authorize the CEO to enter into a one-year contract, with two additional one-year options exercised at the CEO's discretion, with Railroad Friction Products Corporation, of Laurinburg, NC, for an amount not to exceed \$250,000 per year for mechanical brake components. Resolution #9C-08-2007 would accomplish this. Brake components are currently provided through Amtrak, but VRE has found that the provision of these services through Amtrak to be slow and cumbersome now that the car fleet maintenance is performed in the VRE yards.

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

Authorization to Enter into a Contract for Lube Oil Delivery Services – 9D

Mr. Zehner stated that the Board is being asked to approve Resolution #9D-08-2007, which would authorize the VRE CEO to enter into a one-year contract, with two additional one-year options exercised at the CEO's discretion, with Quarles Petroleum, Inc. of Fredericksburg, Virginia, for lube oil delivery services at both VRE yards in the amount of \$250,000, plus a contingency of \$50,000, for a total amount not to exceed \$300,000.

Mr. Dixon moved, with a second by Mr. Gibbons, to approve the resolution. The vote in favor was cast by Board members Bulova, Covington, Dixon, Gibbons, Jenkins, McConnell, Milde, Waldron and Zimmerman.

Authorization to Renew the Manassas Warehouse Lease – 9E

Mr. Zehner stated that the VRE Operations Board is being asked to recommend that the Commissions authorize the VRE Chief Executive Officer to renew a contract with KAO Manassas Airpark, LLC for warehouse space in an amount not to exceed \$199,216 over a three-year term. Resolution #9E-08-2007 would accomplish this. As maintenance functions continue to be shifted to the VRE yards, additional space was needed to store parts for rail equipment. This space has proven essential for maintenance activities and is estimated to be adequate for the next three years.

Mr. Covington moved, with a second by Mr. Jenkins, to approve the resolution. The vote in favor was cast by Board Members Bulova, Covington, Dixon, Gibbons, Jenkins, McConnell, Milde, Waldron and Zimmerman.

Authorization to Exercise a Locomotive Lease Purchase Option – 9F

Mr. Zehner stated that Resolution #9F-08-2007 would authorize the CEO to exercise a purchase option on the remaining F-40 locomotive included in the original Rail World Lease, now owned by Titan Transit, Inc. for a fixed price of \$100,000.

In response to a question from Mr. Zimmerman asking if these locomotives are fully depreciated, Mr. Zehner replied affirmatively but stated that they have been overhauled. A new locomotive costs approximately \$4 million and an overhauled locomotive between \$500,000 and \$600,000. This is a purchase option following a two-year lease term. VRE staff performed a lease versus buy analysis, which concluded that it was in VRE's best interest financially to purchase this locomotive now rather than to continue leasing. This locomotive has proven reliable and would effectively serve as part of VRE's locomotive inventory until a time when the new locomotives can be put into service.

Mr. Gibbons moved, with a second by Mr. Jenkins, to approve the resolution. The vote in favor was cast by Board Members Bulova, Covington, Dixon, Gibbons, Jenkins, McConnell, Milde, Waldron and Zimmerman.

Authorization to Issue a Task Order for Locomotive Repair Work – 9G

Mr. Zehner explained that the Operations Board is being asked to authorize the CEO to issue a task order to Transportation Technologies, Inc. (TTI) to perform repair work to locomotive V32 in the amount not to exceed \$335,000.

Mr. Milde asked when VRE leases locomotives, who pays for repairs. Mr. Zehner explained that after the acceptance process, VRE pays for normal maintenance costs. Mr. Zimmerman observed that the previous action item approved \$100,000 for a locomotive, this work will cost much more and he asked if it would be more cost effective to purchase a locomotive. Mr. Zehner explained that the previous action was

to purchase the locomotive at the end of the two-year lease term. VRE has already spent a considerable amount leasing it. It is more cost effective to repair the V32 and keep it in VRE's locomotive fleet. Mr. Zehner further explained that V32 experienced a fire in its main generator on March 22, 2007. In April, VRE received an unsolicited proposal offering a lease of one substantially rebuilt F-40 locomotive in exchange for lease payments and the damaged V32. The total cost of this lease was calculated at \$408,500 (\$328,500 in lease costs and \$80,000 which would need to be reinvested with FTA due to the fact that the V32 was purchased with federal funds). Since that time a more refined task order estimate was completed which totaled \$335,000. A present value comparative analysis was subsequently completed and concluded that the repair option was now the less expensive option of the two.

Mr. Jenkins moved, with a second by Ms. McConnell, to approve Resolution #9G-08-2007, which would authorize the CEO to issue the task order to TTI. The vote in favor was cast by Board members Bulova, Covington, Dixon, Gibbons, Jenkins, McConnell, Milde, Waldron and Zimmerman.

Authorization to Issue a Task Order for Modifications to the Gallery Car Base Order – 9H

Mr. Zehner stated that Resolution #9H-08-2007 would authorize the CEO to issue a task order to STV, Inc. to perform modifications to the 11 base order cars purchased from Sumitomo Corporation of America. The task order is requested in an amount not to exceed \$375,000. Mr. Zehner explained that since these cab cars were put into service in January, VRE has received several suggestions from passengers and conductors regarding modifications to the cars. VRE staff has reviewed the list and consulted with both Sumitomo and STV on options for implementation. A change order with Sumitomo for the 50 railcar option is being prepared and falls well within the Board approved project contingency. However, a separate task order with STV must also be executed to make these same changes to the 11 base order railcars.

In response to a question from Mr. Zimmerman, Mr. Zehner stated that the modifications include the installation of wheelchair locking devices (\$175,000), external key entry capability (\$180,000), and modification to the cab signal system (\$15,000), which will result in smoother train operations.

Mr. Milde asked what safeguards are in the contract against excessive inflating of change order costs. Mr. Zehner stated that it is a \$25 million contract and this is a change order of \$375,000. Changes or retrofits on cars that have already been built tend to be expensive. The amount is within the contingency so no additional funds are being requested. Mr. Gibbons noted that a contingency isn't usually used for this type of purchase. Mr. Zimmerman noted that it seems expensive since it will cost \$15,000 for each of the 11 cab car to have wheelchair locks installed. Mr. Zehner explained that over half the costs are engineering costs. Mr. Milde asked if there are any other companies that could do it for less. Mr. Zimmerman stated that it is important to make

sure that the fixed costs of engineering actually applies to the rest of the 50 railcars, so that the average cost is more reasonable per car. Mr. Zehner stated that if it costs too much for the rest of the 50 cars, it won't be done for any of the cars.

In response to a question from Ms. McConnell, Mr. Zehner replied that the wheelchair locks are not an ADA requirement but VRE received requests from passengers who asked for these locking devices.

Ms. Bulova suggested that staff proceed with this item but to return to the Board with pricing information for the work to be done on the additional 50 railcars. Mr. Zehner stated that this action cannot be deferred to a later date because there are already 10 (of the 50) railcars under construction at this time. If the decision is delayed it could ultimately cost more money. He stated that he expects to receive the pricing information for the 50 railcars within the next two business days. Vice Chairman Waldron stated that some Board Members have concerns about the total scope of the costs of the modifications for the 50 railcars. He suggested that staff provide the cost information to Board Members by e-mail once it is available. If there are serious issues that need to be discussed, the Board could convene a special meeting. Ms. Bulova agreed with this strategy. Mr. Milde stated that it is important to be sensitive to the costs and value associated with change orders and staff should operate like it is "money out of their own pocket." Vice Chairman Waldron stated that the rest of the Board shares the same sentiment.

Mr. Jenkins called the question. The Board then voted on the motion and it passed. The vote in favor was cast by Board Members Bulova, Covington, Dixon, Gibbons, Jenkins, McConnell, Milde, Waldron and Zimmerman.

Authorization to Ratify Storm Water Best Management Practices Agreement – 9I

Mr. Zehner reported that at the April meeting the Operations Board authorized execution of a contract for the construction of a new maintenance facility at the Crossroads yard. As part of this project, it is necessary to build a storm water management facility, which, in turn, necessitates a standard maintenance agreement with Spotsylvania County. These types of agreements have typically been treated as incidental to the construction project and have historically been executed by the VRE CEO. In this instance, Spotsylvania County requested that the Chairman of each Commission execute the agreement. In order not to delay the project, VRE counsel recommended having the Chairmen immediately sign the agreement and seek ratification of such signatures at the August Operations Board and September Commission meetings. Resolution #9I-08-2007 would recommend that the Commissions ratify the PRTC and NVTC Chairmen's execution of a Storm Water Best Management Practices Agreement (BMP) with Spotsylvania County for the Crossroads Yard Maintenance Facilities project.

Mr. Zimmerman moved, with a second by Mr. Dixon, to approve the resolution. The vote in favor was cast by Board members Bulova, Covington, Dixon, Gibbons, Jenkins, McConnell, Milde, Waldron and Zimmerman.

Authorization to Issue Request for Proposals for Consultant Services for a Market Analysis – 9J

Mr. Zehner reported that at the June meeting, a market segmentation analysis was recommended to identify and analyze markets for VRE service. A scope of work has been developed to conduct a market survey and prepare recommendations of actions and/or service modifications to maximize ridership potential. Resolution #9J-08-2007 would authorize the CEO to issue a Request for Proposals for consultant services to conduct a transit market analysis.

Ms. McConnell moved, with a second by Mr. Milde, to approve Resolution #9J-08-2007.

In response to a question from Mr. Zimmerman, Mr. Zehner explained that this action authorizes the issuance of the RFP and staff will return to the Board for further action needed to authorize the actual work to be done.

Ms. Bulova asked if the analysis would include such questions as “what time of day do you wish VRE was running?” Mr. Zehner stated that the scope still needs to be developed, but VRE wants to find out how it can attract new riders, as well as why it loses riders. Mr. Gibbons suggested VRE work with demographers from the MPO’s because some information might already be available.

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

Referral of Preliminary FY 2009 VRE Operating and Capital Budget to the Commissions – 9K

Mr. Gibbons moved to approve Resolution #9K-08-2007 to authorize the CEO to refer the Preliminary FY 2009 VRE Operating and Capital Budget to the Commissions for their consideration, and that the Commissions, in turn, refer these recommendations to the jurisdictions for their review and comment. Mr. Zimmerman seconded the motion. There was no discussion and the vote in favor was cast by Board Members Bulova, Covington, Dixon, Gibbons, Jenkins, McConnell, Milde, Waldron and Zimmerman.

Fauquier Update –10A

Mr. Harf reported that the Fauquier Board of Supervisors had planned to discuss prospective PRTC/VRE membership during a work session scheduled on August 8th, but the Board deferred this discussion until a later date. Reportedly, the Fauquier Board is considering the alternative possibility of forming an independent “transportation district” with newly legislated authority to levy a two percent motor fuels tax similar to that of PRTC and NVTC.

Other VRE Business

Mr. Pittard stated that he would like to work with VRE staff individually concerning the VRE budget.

Closed Session – 11

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

Pursuant to the Virginia Freedom of Information Act (Sections 2.2-3711A (1) of the Code of Virginia), the VRE Operations Board authorizes discussion in Closed Session regarding one personnel item.

The vote in favor was cast by Board Members Bulova, Covington, Dixon, Gibbons, Jenkins, McConnell, Milde, Waldron and Zimmerman. The Board entered into Closed Session at 10:52 A.M. and returned to Open Session at 11:01 A.M.

Ms. Bulova moved, with a second by Mr. Zimmerman, 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, Covington, Dixon, Gibbons, Jenkins, McConnell, Milde, Waldron and Zimmerman.

Mr. Zimmerman moved approval of the FY 2008 goals for the Chief Executive Officer, including the amendment proposed during the closed session discussion. Mr. Jenkins seconded the motion. The vote in favor was cast by Board members Bulova, Covington, Dixon, Gibbons, Jenkins, McConnell, Milde, Waldron and Zimmerman.

Adjournment

Vice Chairman Waldron adjourned the meeting at 11:03 A.M.

Approved this 21st day of September, 2007.

Doug Waldron
Vice Chairman

Elaine McConnell
Secretary

CERTIFICATION

This certification hereby acknowledges that the minutes for the August 17, 2007 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.

Rhonda Gilchrest

Rhonda Gilchrest