



# MINUTES

## VRE OPERATIONS BOARD MEETING PRTC HEADQUARTERS – PRINCE WILLIAM COUNTY, VIRGINIA DECEMBER 21, 2007

**VIRGINIA RAILWAY  
EXPRESS**

BOARD MEMBERS

**DANA KAUFFMAN**  
CHAIRMAN

**DOUG WALDRON**  
VICE CHAIRMAN

**ELAINE MCCONNELL**  
SECRETARY

**PAUL MILDE**  
TREASURER

**MAUREEN CADDIGAN**  
**WALLY COVINGTON**  
**MARV DIXON**  
**BOB GIBBONS**  
**JOHN JENKINS**  
**FRANK JONES**  
**KEVIN PAGE**  
**PAUL SMEDBERG**  
**CHRIS ZIMMERMAN**

ALTERNATES

**HILDA BARG**  
**SHARON BULOVA**  
**MARK DUDENHEFER**  
**JAY FISETTE**  
**MATT KELLY**  
**TIMOTHY LOVAIN**  
**MICHAEL MAY**  
**MARTIN NOHE**  
**HAL PARRISH**  
**GEORGE SCHWARTZ**  
**MATT TUCKER**

**DALE ZEHNER**  
CHIEF EXECUTIVE  
OFFICER

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MEMBERS PRESENT	JURISDICTION
Maureen Caddigan (PRTC)	Prince William County
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
Dana Kauffman (NVTC)	Fairfax County
Paul Milde (PRTC)	Stafford County
Kevin Page*	DRPT
Doug Waldron (PRTC)	City of Manassas
Christopher Zimmerman (NVTC)	Arlington County

MEMBERS ABSENT	JURISDICTION
Frank C. Jones (PRTC)	City of Manassas Park
Paul Smedberg (NVTC)	City of Alexandria
Elaine McConnell (NVTC)	Fairfax County
Matthew Tucker	DRPT

ALTERNATES PRESENT	JURISDICTION
Sharon Bulova (NVTC)	Fairfax County
George H. Schwartz (PRTC)	Stafford 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
Hal Parrish, II (PRTC)	City of Manassas

STAFF AND GENERAL PUBLIC	
George Billmyer – citizen	Betsy Massie – PRTC staff
Tom Biesiadny – Fairfax County	Sirel Mouchantaf – VRE
Donna Boxer – VRE	Dick Peacock – citizen
Kelly Hannon – Free Lance Star	Mark Roeber – VRE
Al Harf – PRTC staff	Lynn Rivers – Arlington County
Christine Hoeffner – VRE	Dave Snyder – VRE
Ann King – VRE	Jennifer Straub – VRE
Mike Lake – Fairfax County	Rick Taube – NVTC staff
Trinh Lam – VRE	Dave Tyerar – Prince William County
Lezlie Lamb – VRE	Carl Winstead – FCDOT
Bob Leibbrandt – Prince William County	Dale Zehner – VRE
Steve Maclsaac – VRE counsel	

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

Chairman Kauffman called the meeting to order at 9:38 A.M. Following the Pledge of Allegiance, roll call was taken.

[Mr. Page arrived at 9:40 A.M.]

### Approval of the Agenda – 3

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

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

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

### Chairman's Comments -- 5

Chairman Kauffman expressed his joy in working with the VRE Operations Board and staff for the past 12 years. VRE is back on track with ridership increasing and on-time performance improving.

### Nomination of VRE Officers – 6

Chairman Kauffman reported that the Nominating Committee has recommended the following slate of officers for 2008:

Chairman: John Jenkins  
Vice Chairman: Sharon Bulova  
Treasurer: Paul Milde  
Secretary: Chris Zimmerman

Ms. Caddigan moved, with a second by Mr. Waldron, to approve Resolution #6-12-2007, which adopts the recommended slate of officers for 2008. The vote in favor was cast by Board Members Bulova, Caddigan, Covington, Dixon, Gibbons, Jenkins, Kauffman, Milde, Page, Waldron and Zimmerman. Vice Chairman Kauffman stated that those elected will take office in January 2008.

## Chief Executive Officer's Report -- 7

Mr. Zehner reported that ridership has increased 4.1 percent year-to-date from the previous year. The gains can be attributed to the steady on-time performance, now consistently around 90 percent for the past four months. VRE is continuing to watch its equipment closely to prevent any major mechanical problems. Changes in maintenance procedures and processes at both Virginia yards have been instituted to continue to mitigate mechanical failures before they occur. The cumulative average daily ridership has steadily climbed to 14,282 per day through November.

Mr. Zehner reported that VRE passengers were again very generous this year with the donation of toys for the 12<sup>th</sup> Annual Toys for Tots drive. Between the Santa Train event and the December 12<sup>th</sup> collection, VRE passengers donated more than 3,000 toys and about \$9,500 in monetary donations and gift cards. VRE is proud to be one of the largest contributors to Toys for Tots in our area. Mr. Gibbons suggested that the Operations Board send a thank you notice to all the passengers for their generosity.

Mr. Zehner reported that he visited the Super Steel plant in Milwaukee to take part in the celebration of the shipment of the first five railcars of VRE's 50 railcar option. The shipment was on-time and on-budget. The five cars arrived to the Broad Run yard on December 14<sup>th</sup>. They were service tested earlier in the week and went into service on Wednesday, December 19<sup>th</sup>. In response to a question from Mr. Gibbons, Mr. Zehner stated that VRE is currently evaluating two proposals for locomotive acquisition. A recommendation for action is expected to occur at the January meeting.

Mr. Zehner also announced that he just received word that VRE will be receiving funds from VDOT to begin environmental work and preliminary design for the parking expansion project at VRE's Brooke Station. Mr. Gibbons observed that Stafford County's CMAQ funds are being used for this work.

Mr. Waldron asked for an update on the discussions that occurred at the December Commission meetings regarding VRE's letter to NVTA about HB 3202 funding. Mr. Zehner replied that at NVTA's meeting, some concerns were raised that the letter implied that VRE was assuming it would receive the \$25 million directly. He stated that VRE is slightly ahead of the process because it is mandated to submit a preliminary budget early. He stated that it is important to not make any assumptions on the HB 3202 funds until NVTA decides how it wants to proceed. Mr. Jenkins observed that NVTA may be waiting for the Court appeal decision in January. Mr. Zimmerman added that the Virginia Supreme Court will hear the NVTA case on January 8, 2008.

Mr. Maclsaac stated that it seemed that VRE's letter to NVTA was not received in the spirit that it was intended and may have been perceived as some type of demand or statement of entitlement. Mr. Zimmerman stated that to some degree it is just a matter of confusion because this whole process has not been done before. There is not a NVTA position on this matter, although some individual members have expressed some strong views.

## VRE Riders' and Public Comment – 8

Mr. Billmyer stated that a Fredericksburg newspaper reported that Caroline County is interested in joining the VRE system. He also observed that a joint smartcard is being used by MBTA in Boston. He thanked the departing Operations Board members, especially Ms. McConnell and Ms. Barg, who were unable to be at this meeting. He also thanked Chairman Kauffman, who was instrumental in helping institute a shuttle bus to the Navy Yard. Today the buses are regularly full.

Mr. Peacock also thanked the outgoing Operations Board members for their efforts to make VRE a success. He predicted that 2008 is going to be a very good year for VRE, with the completion of the acquisition of the 50 railcars and the parking decks at Burke Centre and Manassas. VRE continues to move forward in a positive way. Mr. Peacock observed that there is traffic congestion on Route 28 and he suggested that PRTC run a bus from Nokesville to one of the Manassas VRE stations.

Mr. Peacock stated that it is important that VRE communicate to its riders that when they take VRE they are contributing to less traffic on the roads, which provides better access for emergency vehicles to save critical time in responding to emergencies, as well as reducing greenhouse gas emissions. He thanked Mr. Waldron for his dedication to VRE and is sorry to hear that he is not running for re-election.

Mr. Gibbons clarified that Caroline County shares borders with Stafford County and could join VRE without Spotsylvania County joining.

## Referral of the Revised FY 2008 and Recommended FY 2009 VRE Operating and Capital Budget Options to the Commissions and Localities – 9A

Mr. Zehner stated that the Operations Board is being asked to adopt the revised FY 2008 budget and the recommended FY 2009 VRE Operating and Capital Budget options and refer them to the Commissions for their consideration and subsequent referral to the jurisdictions for their formal review and adoption. Because of the uncertainty of HB 3202 funding, staff has prepared two budget options; one referred to as the “base” budget which excludes HB 3202 funding; the other referred to as the “HB 3202” budget, which includes VRE’s recommendation for use of the \$25 million included in the legislation.

Mr. Zehner acknowledged jurisdictional staff who were present who served on the CAO Task Force, including Tom Biesiadny and Mike Lake from Fairfax County and Bob Leibbrandt from Prince William County. In response to a question from Mr. Gibbons, Mr. Zehner stated that staff from Stafford County and the City of Fredericksburg also participated.

Mr. Zehner reviewed Option #1 (base budget) which assumes no portion of the HB 3202 funding is available in FY 2009. He reviewed the major assumptions in this budget, including that the 30-train operation would continue, with no fare increase. The base budget would require a subsidy increase of \$4,529,022 compared to the FY 2008 subsidy. He then reviewed Option #2, which assumes the HB 3202 funding is available. The major assumptions would be that service could be expanded to 32 trains in January 2009; restoration and full funding of the Insurance Trust Fund to \$10 million in FY 2009, and jurisdictional subsidies of \$12,733,175 would decrease \$645,979 from the FY 2008 level. The HB 3202 funding would be used as follows, if available: locomotive acquisition (\$17,177,000), Insurance Costs (\$4 million for premiums and \$2.6 million to restore the Trust Fund) and the match for Gainesville-Haymarket (\$173,000).

Mr. Zehner also reported that the CAO Task Force made nine recommendations, including the following:

- A fare increase of three percent, which provides estimated additional revenue of approximately \$650,000.
- The costs of any additional trains be shared through the allocation formula set forth in the VRE Master Agreement.
- The use of \$17,177,000 in NVTA funding to purchase four locomotives.
- All NVTA funding received in FY 2008 be used to re-capitalize the insurance trust fund but any subsequent contributions necessary to maintain the trust fund minimum balance are to be allocated through the allocation formula. CAO's recommend that \$6 million in NVTA funding in FY 2008 and \$4 million in FY 2009 and FY 2010 be used to recapitalize the Insurance Trust Fund. At the end of FY 2010 VRE's Insurance Trust Fund balance would be approximately \$21.4 million. These would be one-time payments. These payments would reduce VRE's on-going insurance costs in FY 2009 to approximately \$3.8 million per year which would be shared by all jurisdictions through the Master Agreement formula.
- VRE develop performance measures which track the higher level of railcar maintenance now provided at the outlying yards and that this information be shared periodically with the Operations Board and jurisdictional staff.
- Late night bus service be provided to the Fredericksburg Line VRE stations using two buses instead of three. (This recommendation only applies if service is added.)
- Inclusion of an additional spring marketing campaign. The Task Force conditionally supports this request because of the difficulty of ascertaining the impact of advertising on ridership, and recommends that VRE develop some measures that track this correlation.

- Lower on-going insurance costs plus additional fare revenue resulting in jurisdictional subsidy increasing \$2,380,601 from \$13,379,154 in FY 2008 to \$15,759,755 in FY 2009 or 17.79 percent.

Mr. Zehner stated that he does not agree with the CAO Task Force recommendation of a fare increase because it is not the right time, with all the service problems VRE has recently had over the past year. He stated that VRE should get the new railcars into service before a fare increase is instituted. He also doesn't concur with the CAO recommendation concerning the Insurance Trust Fund recommendations, because it would raise the subsidy.

Mr. Zehner stated that the VRE staff recommendation is that the two budget options be referred to the Commissions and forwarded to the jurisdictions for adoption. If HB 3202 funds are available, a request for allocation of funds would be made to NVTA and that budget option would be recommended for final adoption. If the funds are not available, the base budget would be recommended for final adoption.

Mr. Waldron moved, with a second by Mr. Jenkins, to accept the staff recommendation as proposed.

Mr. Milde stated that the HB 3202 option would provide for a reduction in the subsidy, which seems odd. But on the other hand, he is uncomfortable with the base budget option which would increase Stafford County's subsidy by 28 percent. Mr. Zimmerman stated that his initial reaction is that a budget that decreased subsidy could have an adverse impact. He can sympathize with Stafford County and its sharp rise in its subsidy amount. For NVTC jurisdictions the two percent gas tax is only used for Metro and none of it goes to VRE. NVTC jurisdictions have to come up with their entire subsidy for VRE. He stated that the CAO Task Force recommendations make sense. VRE should be trying to use the HB 3202 funds if available for capital expenses on the whole, and not for operating costs. Mr. Covington agreed and stated that each jurisdiction could have a say in future capital projects. He would like to see a line item for the Gainesville-Haymarket extension to plan ahead for future capital needs.

Mr. Gibbons suggested VRE staff meet with PRTC staff about bus service. First Transit bought Greyhound and VRE may be able to piggyback on service to Richmond. Also, the BRAC initiative could help provide some DOD funding for service on the Fredericksburg Line. Chairman Kauffman expressed his speculation on actually winning BRAC funds. He would support a small fare increase now to avoid a larger, more politically damaging one later. He urged Board Members to keep in mind that a fare increase would not be implemented until the beginning of FY 2009 (July, 2008) which would provide additional months for VRE to continue to improve service and reliability.

Mr. Dixon moved, with a second by Mr. Milde, to adopt a substitute motion to recommend to the Commissions the CAO Task Force recommendations.

Mr. Milde asked if it is beneficial to inform riders of future fare increases that are consistent with inflation, so that riders are not surprised with fare increases. Mr. Gibbons stated that indexing could be used. Mr. Zimmerman stated that to develop a fare index policy to include regular, predictable and incremental fare increases makes sense. Mr. Zehner stated that VRE has had fare increases three of the last four years and in 2007 it was a six percent increase. Mr. Zimmerman stated that he can see both the pros and cons of a fare increase. Ms. Bulova stated that she would not like to put off fare increases and have riders get the impression that they are not participating in the cost of inflation for the service. She is in favor of considering some increase, but it may not need to be as much as three percent. Chairman Kauffman stated that if the recommendation to the Commissions does not include a fare increase now, it cannot be added at a later time.

Mr. Dixon stated the VRE should consider what type of fare increase and the timing of it. He personally would prefer to see VRE avoid a fare increase this year, but would like to keep it on the table for Commission discussion. Mr. Zimmerman stated that fare increases should not be too frequent. Metro is instituting a bi-annual increase. Six percent increase every other year is better than a three percent increase each year. He suggested an alternative could be to not have a fare increase this year, but inform the public that there will be one next year.

Mr. Jenkins stated that Mr. Gibbon's suggestion of indexing is a good idea. Mr. Milde agreed that developing a fare policy based on indexing is a great idea. Ms. Bulova stated that she would support an increase in fares but it should be based on some index. She suggested staff provide a list of those items that are affected by inflation (i.e., fuel costs).

Mr. Covington stated that he is still uncomfortable with allocating \$17 million for locomotives. VRE should continue to lobby the General Assembly for more funding for locomotives. NVTA jurisdictions should also use a bigger portion of the tax revenue for capital improvements or save it for future capital needs. Mr. Zehner stated that VRE continues to lobby for additional state and federal funding for locomotives. Chairman Kauffman stated that VRE has significant long-term needs for equipment. Mr. Page stated that the Commonwealth has the strategy to provide funding for locomotives, but the local match needs to be available.

Mr. Zimmerman stated that one way to proceed would be to recommend the CAO Task Force recommendations and make it clear that the Operations Board has not made a final decision on a fare increase. Meanwhile, staff could develop options for a fare policy based on indexing to be discussed at the next meeting.

Chairman Kauffman reviewed the substitute motion which would recommend to the Commissions the CAO Task Force recommendations with the understanding that there will be a follow-up motion on fare policy to be moved forward for consideration. The Board then voted to adopt the substitute motion as the main motion and it passed. The

vote in favor was cast by Board Members Bulova, Caddigan, Dixon, Gibbons, Jenkins, Kauffman, Milde, Page, Waldron and Zimmerman. Mr. Covington voted in opposition.

Mr. Dixon moved, with a second by Mr. Zimmerman, to direct staff to develop a fare policy based on indexing that would allow reasonable increases or decreases as the economy would dictate. The vote in favor was cast by Board Members Bulova, Caddigan, Covington, Dixon, Gibbons, Jenkins, Kauffman, Milde, Page, Waldron and Zimmerman. In response to a request from Mr. Milde, Mr. Zehner stated that VRE will inform riders about the fare policy indexing.

#### Authorization to Extend Amended Operating/Access Agreement with CSXT – 9B

Mr. Gibbons moved, with a second by Mr. Jenkins, to approve Resolution #9B-12-2008, which would recommend that the Commissions authorize the VRE CEO to execute an extension of the existing Amended Operating/Access Agreement with CSXT to July 31, 2008. The vote in favor was cast by Board Members Bulova, Caddigan, Covington, Dixon, Gibbons, Jenkins, Kauffman, Milde, Page, Waldron and Zimmerman.

#### Authorization to Extend Amended Operating/Access Agreement with Norfolk Southern – 9C

Mr. Gibbons moved, with a second by Ms. Bulova, to approve Resolution #9C-12-2008, which would recommend that the Commissions authorize the VRE CEO to execute an extension of the existing Amended Operating/Access Agreement with Norfolk Southern to July 31, 2008. The vote in favor was cast by Board Members Bulova, Caddigan, Covington, Dixon, Gibbons, Jenkins, Kauffman, Milde, Page, Waldron and Zimmerman.

#### Authorization to Award a Contract for Engineering and Environmental Services for the Gainesville-Haymarket Extension Project – 9D

Mr. Zehner stated that the VRE Operations Board is being asked to recommend that the Commissions authorize the VRE CEO to award a contract with Vanasse Hangen Brustlin, Inc. (VHB) for engineering and environmental services for the Gainesville-Haymarket Extension project in the amount of \$1,397,338, plus a contingency of \$140,000, for a total amount not to exceed \$1,537,338.

Mr. Covington moved, with a second by Ms. Caddigan, to approve Resolution #9D-12-2008. The vote in favor was cast by Board Members Bulova, Caddigan, Covington, Dixon, Gibbons, Jenkins, Kauffman, Milde, Page, Waldron and Zimmerman.

Mr. Page reminded VRE staff to request that the Commonwealth issue a notice to proceed prior to signing the agreement.

#### Authorization to Award General Engineering Consulting Services Contracts -9E

Mr. Zehner reported that the VRE Operations Board is being asked to recommend that the Commissions authorize him to award general engineering consulting service contracts to HDR Engineering, Inc.; DMJM Harris; and STV/Ralph Whitehead Associates. The terms of the contract call for shared authorization between all three firms for a period no longer than five years and an amount not to exceed \$5 million. Resolution #9E-12-2008 would accomplish this.

The current GEC contract expires on April, 10, 2008. After soliciting proposals, VRE received six proposals on October 4, 2007 and an evaluation committee was formed to evaluate them. Following interviews and negotiations, VRE staff recommend award to these firms.

Mr. Gibbons moved, with a second by Mr. Dixon, to approve Resolution #9E-12-2008. The vote in favor was cast by Board Members Bulova, Caddigan, Covington, Dixon, Gibbons, Jenkins, Kauffman, Milde, Page, Waldron and Zimmerman.

#### Authorization to Amend the Contract with Scheidt & Bachmann for Fare Collection Equipment Maintenance – 9F

Mr. Zehner stated that The VRE Operations Board is being asked to recommend that the Commissions authorize him to amend the Scheidt & Bachmann (S&B) contract for fare collection system maintenance to add one year of maintenance services, and the option for two one-year renewals, in an amount not to exceed \$1,782,840, plus a contingency of \$20,000, for a total contract value not to exceed \$6,193,773. Resolution #9F-12-2008 would accomplish this.

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

#### Authorization to Amend the Liability Insurance Plan Management Agreement with the Division of Risk Management – 9G

Mr. Zehner stated that the VRE Operations Board is being asked to recommend that the Commissions authorize the Chairmen of the Commissions to execute an Amended and Restated Management Agreement with the Division of Risk Management for administration of the Liability Insurance Plan. Resolution #9G-12-2008 would accomplish this.

Mr. Milde moved, with a second by Ms. Caddigan, to adopt the resolution.

In response to a question from Mr. Zimmerman, Mr. MacIsaac stated that most of the changes to the agreement are “housekeeping” changes. There has been language added referencing the \$10 million target for the Insurance Trust Fund and a process has been added on how VRE gets additional insurers added into the plan.

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

Chairman Kauffman turned the gavel over to Vice Chairman Waldron.

#### Presentation to Departing Board Members – 10

Vice Chairman Waldron announced that four Operations Board members are departing, including two members who are not present, including Ms. McConnell who has served on the Board since 1992, and Ms. Barg, who has served since 1991. Mr. Gibbons is also departing and he has been a member of PRTC since 1991 and the Operations Board since 1996. Chairman Kauffman has been a member of the Operations Board since 1996 as well, and served as Chairman during 2007, which was an important year with the governance changes to the Master Agreement. Vice Chairman Waldron and Mr. Zehner presented tokens of appreciation to the departing members, including a 15-year service pin for Mr. Gibbons and a 10-year service pin for Chairman Kauffman. Vice Chairman Waldron invited everyone to stay for a reception following the meeting.

#### Adjournment

On a motion by Mr. Jenkins, and a second by Mr. Dixon, the Board unanimously voted to adjourn. Vice Chairman Waldron adjourned the meeting at 11:10 A.M.

Approved this 18<sup>th</sup> day of January, 2008.

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John Jenkins  
Chairman

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Chris Zimmerman  
Secretary

#### **CERTIFICATION**

This certification hereby acknowledges that the minutes for the December 21, 2007 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.

*Rhonda Gilcrest*

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Rhonda Gilcrest