

AGENDA ITEM 9-A
ACTION ITEM

TO: CHAIRMAN KAUFFMAN AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: JUNE 15, 2007

RE: FY 2009 BUDGET GUIDELINES

RECOMMENDATION:

The VRE Operations Board is being asked to direct staff in the development of the FY 2009 budget options for train operations and capital projects.

BACKGROUND:

VRE has adopted a financial planning process that provides for early consideration of budget issues and assumptions. Each year, VRE meets with the member jurisdictions' Chief Administrative Officers (CAO) and Commission and jurisdictional staff to develop budget guidelines and examine the preliminary budget. An independent CAO recommendation is provided to the Operations Board and Commissions in advance of the consideration of the final budget submission at the December Operations Board meeting.

In light of major funding considerations and changes to VRE governance, the FY 2009 budget process has been modified to focus more explicitly on substantive issues that have a continuing impact on service and subsidy levels and to present budget information in a program format. As part of this new process, the jurisdictional CAO Budget Task Force met on May 30 to review the fleet management plan. A second meeting of the Budget Task Force is scheduled for June 26 to discuss ridership projections, insurance costs and future NVTA funding. The goal is to permit the Budget Task Force to focus on material issues early in the budget process.

FY 2009 BUDGET ISSUES AND ASSUMPTIONS

- **HB3202 Implications.** Dedicated annual local funding of \$25 million for VRE projects, via HB 3202, has been authorized as part of the state transportation package for Northern Virginia, subject to NVTA approval. Recommendations for collecting and distributing those funds have been developed by a series of multi-jurisdictional working groups. Meetings between VRE staff and staff from the NVTA jurisdictions that are part of VRE will be held to discuss how these prospective funds will be spent during the upcoming fiscal year. The NVTA decision and outcome of these meetings will have a material effect on both jurisdictional subsidy levels and the funding available for system improvements in FY 2009 as well as future years.
- **Budget Alternatives.** Because of the unknowns associated with the HB3202 funding and the timing of collections by NVTA, two budget alternatives will be produced for consideration. One alternative will show receipt of some or all of the NVTA funding and one alternative will show no availability of these additional funds.
- **Critical Costs.** The FY 2008 Six Year Financial Forecast projected a shortfall for FY 2009 of \$2.9M above the FY 2008 subsidy level. The forecast did not include substantial funding for new locomotives or additional contributions to the insurance trust fund in the amounts now contemplated. Railcar maintenance costs need to be reviewed given the transition of the fleet from older coaches to new Gallery coaches starting in FY 2009. Locomotive maintenance requirements will continue to be high until the replacement of this equipment with new locomotives. Finally, projections on insurance premiums, diesel fuel costs, and facility and equipment maintenance requirements will be reassessed.
- **Ridership Projections.** A critical review of ridership projections will be needed given ridership trends during FY 2007, the option of lengthening additional trains, and the potential of adding trains as railroad MOU projects are completed. Ridership projections will need to be constrained given parking shortages at key high-use stations.
- **State Funding.** State funding for operations and capital match is expected to be higher than previously anticipated in FY 2009 as the result of the transportation bill.
- **Number of Trains.** Currently, the train schedule is projected to increase from 30-trains to 34-trains, per the FY 2008 Six Year Financial Forecast. A review of the cost and expected fare revenue of adding trains will be made during the budget process.

- Cost Recovery Ratio. The budget forecast needs to ensure the cost recovery ratio remains in the 50% to 60% range.

NEXT STEPS:

- Continue discussing FY 2009 budgeting scenarios with the CAO Budget Task Force. The next meeting is scheduled for June 26, 2007.
- Present preliminary budget forecasts to the Operations Board in August 2007.
- Begin review of all FY 2009 revenue and cost assumptions in September 2007 with CAO Budget Task Force.

FISCAL IMPACT:

There is no fiscal impact related to the development of the FY 2009 budget.

TO: CHAIRMAN KAUFFMAN AND THE VRE OPERATIONS BOARD
FROM: DALE ZEHNER
DATE: JUNE 15, 2007
RE: FY 2009 BUDGET GUIDELINES

RESOLUTION
9A-06-2007
OF THE
VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD

WHEREAS, effective financial planning for the Virginia Railway Express is based on budget development with guidelines approved by the VRE Operations Board; and,

WHEREAS, the VRE Operations Board has directed that the development of each annual budget involve consultation and cooperation with the Chief Administrative Officers of VRE's participating and contributing jurisdictions; and,

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board directs staff to develop budget options for the FY 2009 operating and capital budget that:

- Require an operating cost recovery ratio above 50%
- Minimize any fare and subsidy increases by reducing and managing cost increases
- Examine ways to utilize the NVRTA local funding to maximize operating efficiencies and system effectiveness
- Investigate issues with passenger ridership and take measures to increase overall ridership
- Explore budget options that could provide for additional train service during FY 2009
- Investigate all means to minimize any FY 2009 operating and capital shortfalls

AGENDA ITEM 9-B
ACTION ITEM

TO: CHAIRMAN KAUFFMAN AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: JUNE 15, 2007

RE: APPROVAL OF REVISION TO INVESTMENT POLICY

RECOMMENDATION:

The VRE Operations Board is being asked to approve a revision to the investment policy to increase the allowable percentage of the portfolio that can be invested in money market funds.

BACKGROUND:

In September 2004 the Operations Board approved a formal investment policy which established guidelines for the purchase and sale of investment instruments. The goals of the policy are to minimize risk, to ensure the availability of cash to meet VRE's expenditures, and to generate income from the investment of funds. VRE's policy was developed in accordance with the Code of Virginia's requirements for the investment of public funds.

The VRE investment policy specifies a list of allowable investments with the maximum term and the percent of the portfolio that can be invested in each type of instrument. These limitations are designed to minimize the risk of loss of principal and to assure sufficient liquidity. Money market funds that restrict their investments to certain securities (generally government issued debt) are allowable, but they are limited in the VRE policy to 20% of the portfolio.

This 20% limitation is unusually restrictive compared to the policies of surrounding jurisdictions and the model policy of the Government Finance Officers Association (GFOA) and it presents some logistical difficulties, particularly in regard to bond principal and interest payments. For example, Prince William County limits money market funds to 60% of the portfolio; Fairfax County limits money market and repurchase agreements combined

to 30% of the portfolio; Stafford County and the City of Manassas have no percent limitation for investments; and GFOA does not recommend any percent limitation for government money market funds.

The policy vests the authority for investing VRE funds and recommending investment policy changes with the Director of Finance. The Director of Finance and the CEO recommend that the percent of the portfolio that can be invested in government money market funds be increased to 60%, but limited to funds that have the highest rating by at least one nationally recognized securities rating agency.

The proposed change to the investment policy was approved by the Audit and Finance Committee at their meeting on June 7, 2007.

FISCAL IMPACT:

There is no fiscal impact.

TO: CHAIRMAN KAUFFMAN AND THE VRE OPERATIONS BOARD
FROM: DALE ZEHNER
DATE: JUNE 15, 2007
RE: APPROVAL OF REVISION TO INVESTMENT POLICY

RESOLUTION
9B-0-2007
OF THE
VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD

WHEREAS, in September 2004 the Operations Board approved a formal investment policy which established guidelines for the purchase and sale of investment instruments; and,

WHEREAS, the VRE investment policy specifies a list of allowable investments with the maximum term and the percent of the portfolio that can be invested in each type of instrument; and,

WHEREAS, money market mutual funds are limited in the VRE policy to 20% of the portfolio; and,

WHEREAS, the Director of Finance and the CEO recommend that the percent of the portfolio that can be invested in government money market funds be increased to 60%, but limited to funds that have the highest rating by at least one nationally recognized securities rating agency; and,

WHEREAS, the Audit and Finance Committee has recommended that this revision to the investment policy be approved.

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board approves a revision to the investment policy to increase the allowable percentage of the portfolio that can be invested in money market funds.

AGENDA ITEM 9-C
ACTION ITEM

TO: CHAIRMAN KAUFFMAN AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: JUNE 15, 2007

RE: AUTHORIZATION TO AMEND THE VRE MASTER AGREEMENT

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions adopt amendments to the VRE Master Agreement implementing the approved governance and formula changes and subsequently refer the amended Master Agreement to the jurisdictions for adoption.

BACKGROUND:

Each jurisdiction has now adopted the governance proposal and jurisdictional staff have been provided a draft copy of the amended Master Agreement for review. These amendments implement both the change to the Operations Board governance structure as well as the subsidy allocation formula.

The VRE Operations Board is now being asked to formally adopt and forward to the Commissions the attached amendments to the Master Agreement. The Commissions would subsequently adopt and forward to each member jurisdiction the amended Master Agreement for action.

On July 5, 2007, the Commissions would appoint the new slate of members for installation at the August 17, 2007 VRE Operations Board meeting. On July 1, 2007 all jurisdictions would make the first subsidy payment as prescribed under the alternative FY 2008 budget.

FISCAL IMPACT:

There is no VRE fiscal impact associated with this resolution.

TO: CHAIRMAN KAUFFMAN AND THE VRE OPERATIONS BOARD
FROM: DALE ZEHNER
DATE: JUNE 15, 2007
RE: AUTHORIZATION TO AMEND THE VRE MASTER AGREEMENT

RESOLUTION
9C-06-2007
OF THE
VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD

WHEREAS, in February 2006, the VRE Operations Board initiated analysis of alternate VRE governance structures and subsidy allocation formulae; and,

WHEREAS, a proposal to amend the Master Agreement has been adopted by each member jurisdiction that would change the composition of and voting on the Operations Board; and,

WHEREAS, each member jurisdiction must, through the Commissions, adopt these amendments.

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board adopts the amendments to the VRE Master Agreement implementing the approved governance and formula changes; and,

BE IT FURTHER RESOLVED THAT, the VRE Operations Board recommends that the Commissions adopt and refer the amended Master Agreement to the jurisdictions for adoption.

Amended, ~~6-8-07~~ MASTER AGREEMENT FOR PROVISION
OF COMMUTER RAIL SERVICES IN NORTHERN VIRGINIA
-ESTABLISHMENT OF THE VIRGINIA RAILWAY EXPRESS

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I. INTRODUCTION

A. PARTIES

This MASTER AGREEMENT is entered into between and among the Northern Virginia Transportation Commission, hereinafter referred to as "NVTC", the Potomac and Rappahannock Transportation Commission, hereinafter referred to as "PRTC", both of which shall collectively be referred to as "the COMMISSIONS," the jurisdictions of Fairfax County, the City of Manassas, Prince William County, Stafford County, the City of Manassas Park and the City of Fredericksburg, hereinafter referred to as the "PARTICIPATING JURISDICTIONS," and the jurisdictions of the City of Alexandria and Arlington County, hereinafter referred to as the "CONTRIBUTING JURISDICTIONS."

B. NAME OF THE COMMUTER RAIL SERVICE

The commuter rail service established hereby shall be known as the VIRGINIA RAILWAY EXPRESS.

C. PURPOSES

The purposes of this MASTER AGREEMENT are:

(1) to provide for the operation and maintenance of commuter rail service by acquiring the necessary capital equipment and financing therefor; to provide for the construction of necessary platforms, stations, parking areas, storage facilities, and all other facilities necessary for the operation of commuter rail service; to establish an adequate plan of insurance; and to pay for the operation and maintenance of a commuter rail service project consisting of trains making round trips on each of two lines originating in the Manassas area and the Fredericksburg area to Union Station in the District of Columbia, ("D.C. Service"), , or, as a contingency plan until the D.C. service can begin, to Crystal City, Virginia, ("Crystal City contingency plan"), according to formulae set forth herein;

(2) to agree and commit to a complete financial plan, and the procedure by which annual budgets shall be developed that are satisfactory to the PARTICIPATING and CONTRIBUTING JURISDICTIONS;

(3) to secure funding from state, federal and local sources for the capital and operating costs of the project and to allocate the costs thereof;

(4) to establish and organize responsibility for the administration and operation of commuter rail services and for the administration of contracts, leases and other agreements entered into by the COMMISSIONS for such service;

(5) to authorize the COMMISSIONS to execute all appropriate and necessary contracts with the National Railroad Passenger Service Corporation (Amtrak), the Richmond, Fredericksburg and Potomac Railroad Company (RF&P), the Southern Railway Company (Southern), the Consolidated Rail Corporation (Conrail), the Virginia Department of Transportation (VDOT), other appropriate federal agencies and agencies of the Commonwealth of Virginia, and such other parties as may be required for the provision of the services contemplated hereby;

(6) to provide for land acquisition, the construction of station sites, platforms and parking facilities at mutually agreed locations, and the maintenance of rolling stock; and

(7) such other purposes as are necessary for the efficient capitalization and operation of the Virginia Railway Express.

D. EFFECTIVE DATE AND TERM

(1) Effective Date -- This Agreement shall be effective upon a date certain established by the COMMISSIONS, not more than thirty (30) days following the adoption of the pre-revenue service budget, the initial annual budgets for the D.C. service and the Crystal City contingency plan and the initial six (6) year financial plans for the D.C. Service and the Crystal City contingency plan, each provided for herein, by resolution of each of the PARTICIPATING JURISDICTIONS.

(2) After the effective date of the MASTER AGREEMENT, at such time as the COMMISSIONS may deem appropriate, the COMMISSIONS may:

(a) complete the procurement of rail equipment and locomotive vendors and award and execute contracts with such vendors for manufacture of rail passenger equipment and locomotives, such contracts to provide for the acquisition of locomotives and equipment sufficient for the D.C. Service or, at such time as the COMMISSIONS may so determine, in the event revenue service into the District of Columbia cannot occur prior to the start of commuter rail service, then locomotives and equipment sufficient for the Crystal City contingency plan; and

(b) issue bonds or notes in the name of NVTC to finance the purchase of rail passenger equipment and locomotives, insurance costs, and other costs of the commuter rail service as provided for in budgets approved by the parties hereto.

(3) The issuance of bonds by the COMMISSIONS shall not occur until the following conditions precedent have been complied with:

(a) Final agreement has been reached on a contract document ready for execution by Amtrak and the COMMISSIONS for the operation of commuter rail passenger equipment, and for the right to use Amtrak's tracks and facilities for the operation of commuter rail service.

(b) Final agreement has been reached on a contract document ready for execution by the RF&P and the COMMISSIONS for the right to use the RF&P's tracks and facilities for the operation of commuter rail service.

(c) Final agreement has been reached on a contract document ready for execution by the Southern and the COMMISSIONS for the right to use the Southern's tracks and facilities for the operation of commuter rail service.

(d) Final agreement has been reached on a contract document ready for execution by Conrail and the COMMISSIONS for the right to use Conrail's tracks and facilities for the operation of revenue commuter rail service into the District of Columbia, or for non revenue service from Crystal City, Virginia, to the District of Columbia as part of the Crystal City contingency plan.

(e) Final agreement has been reached on an insurance plan, mutually acceptable to the aforesaid railroad companies, the Virginia Division of Risk Management, and the COMMISSIONS, to cover the liabilities arising out of the operation of commuter rail service.

(4) Term -- This Agreement shall continue indefinitely unless terminated sooner as provided herein.

E. CONDITIONS PRECEDENT TO START OF RAIL SERVICE

The COMMISSIONS shall establish the starting date of commuter rail service, and the number of trains to be operated initially on each line, in accordance with the provisions of this MASTER AGREEMENT. Commuter rail service may begin contemporaneously or successively on both rail lines, as soon as practical after the effective date of this MASTER AGREEMENT, provided that such service shall not start on a line until the COMMISSIONS are satisfied that:

the station facilities on the line on which service is to begin are substantially ready for commuter service and rail passenger equipment capacity is available to carry at least 75% of estimated initial ridership on that line. Estimated initial ridership for the D.C. Service and for the Crystal City contingency plan shall be based upon the studies entitled Patronage and Revenue Forecasts for the Virginia Railway Express (May 1987) by R.H. Pratt and the Supplemental Patronage and Revenue Forecasts for the VRE (September 13, 1989), attached as Appendices A1 and A2, respectively.

F. CRYSTAL CITY CONTINGENCY PLAN

Subsequent to the effective date of this Master Agreement, and prior to the start of commuter rail service, the COMMISSIONS shall determine whether revenue service into the District of Columbia can occur. In the event that the factors necessary to enable the D.C. Service are not, or will not be, in place prior to the start of rail service, including the execution of an agreement with CONRAIL for the use of that railroad's tracks and facilities, then the COMMISSIONS may implement the Crystal City contingency plan authorized hereunder. In such event, those budgets and financial plans contained herein applicable to the Crystal City contingency plan shall determine the costs and expenses of the commuter rail service as funded by the parties hereto.

G. DEFINITIONS

As used in this MASTER AGREEMENT, the following words and terms shall have the following meanings unless the context shall indicate another meaning or intent:

(1) "Cost of Commuter Rail Service" shall mean operating and capital costs.

(2) "Capital Costs" shall mean those costs to be paid by the COMMISSIONS for capital items (other than costs, if any, classified as operating costs), including debt service, with respect to capital or operating costs which are financed with borrowed money or other types of deferred payment instruments.

(3) "Operating Costs" or "Operating Expenses" shall mean the expenses or costs of operating and maintaining the Virginia Railway Express, including, without limitation (unless otherwise specifically provided herein), costs of insurance, as defined for the purposes of this Agreement in Section VIII.B.(1), and costs of the COMMISSIONS which are not paid from bond proceeds, including operating reserves.

II. ORGANIZATION

A. CO-ORDINATION BETWEEN NVTC AND PRTC

The COMMISSIONS shall enter into all agreements with third parties necessary to the establishment and operation of the Virginia Railway Express, and the Executive Directors thereof shall coordinate the presentation of all matters requiring the COMMISSIONS' consent so that decisions required to be reached by both may be made in an efficient and timely fashion.

B. ESTABLISHMENT OF THE OPERATIONS BOARD

(1) In order that the COMMISSIONS shall have an efficient mechanism for the formulation of operational policy and the execution of decisions required for the commuter rail service, the COMMISSIONS shall enter into an agreement setting forth the COMMISSIONS' relationship, duties and responsibilities regarding the commuter rail service, which agreement may be modified from time to time as the COMMISSIONS deem appropriate. The agreement shall establish a committee responsible to the COMMISSIONS which shall be known as the OPERATIONS BOARD to consist of the number of elected officials hereafter set forth from the governing bodies of each of the PARTICIPATING and CONTRIBUTING JURISDICTIONS selected by the COMMISSION of which the jurisdiction is a member from among its commissioners; and an ex officio representative of the Chairman of the Commonwealth Transportation Board selected as that Chairman shall determine. A copy of the aforesaid agreement, and any subsequent amendments thereto, shall be attached hereto and incorporated herein as Appendix B upon adoption by the COMMISSIONS.

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(a) The CONTRIBUTING JURISDICTIONS shall each have one member on the OPERATIONS BOARD, and each may have one alternate appointed from its governing body in the same manner as regular members.

(b) The PARTICIPATING JURISDICTIONS shall each have a number of members on the OPERATIONS BOARD proportionate to the ridership from the jurisdiction as determined in accordance with Section VIII.C. Such number shall be as follows:

(1) PARTICIPATING JURISDICTIONS with 25% or more of the total system ridership shall have three (3) members on the OPERATIONS BOARD;

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(2) PARTICIPATING JURISDICTIONS with 15% to 24% of total system ridership shall have two (2) members on the OPERATIONS BOARD; and

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(3) PARTICIPATING JURISDICTIONS with less than 15% of total system ridership shall have one (1) member on the OPERATIONS BOARD.

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(4) Each PARTICIPATING JURISDICTION may also have one alternate for each of its regular members appointed from its governing body in the same manner as regular members.

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(2) The first members of the OPERATIONS BOARD shall be appointed not later than upon execution of this MASTER AGREEMENT, and shall continue as members until their successors shall have been selected, provided that under no circumstances, except in the case of the Chairman of the Commonwealth Transportation Board's representative, shall membership on the OPERATIONS BOARD continue after a member ceases to be both a member of a governing body from a PARTICIPATING or CONTRIBUTING JURISDICTION and a commissioner of his appointing transportation district commission.

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(3) The OPERATIONS BOARD shall elect from among its members a chairman and such other officers as it may deem essential each to serve for a term of one year or until a successor is elected. All officers shall be eligible for reelection.

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(4) The OPERATIONS BOARD shall endeavor to conduct its business by consensus to the extent possible. Nonetheless, each jurisdiction represented on the OPERATIONS BOARD shall be entitled to a vote with a weight proportionate to the jurisdiction's annual subsidy determined in accordance with Section VIII.A.(1) and (2) for the then current fiscal year, e.g., a jurisdiction paying 25% of the annual jurisdictional subsidy shall

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have a vote with a weight equal to 25% of the total. The members of the OPERATIONS BOARD from jurisdictions with more than one representative may each cast an individual vote with a weight based on an equal proportion of the jurisdiction's total voting weight. A quorum of the OPERATIONS BOARD shall consist of a majority of the members which shall include at least one member from a majority of the PARTICIPATING and CONTRIBUTING JURISDICTIONS. The presence of a quorum and a vote of the majority of members present, including at least one affirmative vote from a majority of the members from the PARTICIPATING and CONTRIBUTING JURISDICTIONS, which majority shall constitute not less than sixty percent (60%) of the total annual jurisdictional subsidy, shall be necessary for the OPERATIONS BOARD to take any action. The representative of the Chairman of the Commonwealth Transportation Board shall have one vote on the OPERATIONS BOARD.

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- Deleted: and shall constitute a quorum. The representative from VDOT shall be included for the purposes of constituting a quorum.
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(5) The OPERATIONS BOARD shall hold regular meetings at such locations and times as the members may determine, which meetings shall be called and conducted in accordance with such by-laws of the OPERATIONS BOARD as may be adopted by the members thereof. Roberts' Rules of Order, Revised shall govern those procedural matters not set forth in the by-laws.

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C. FUNCTION OF OPERATIONS BOARD

The OPERATIONS BOARD shall serve as an advisory body to the COMMISSIONS and shall oversee the management, operation and control of operational decisions, functions, affairs and property of the commuter rail service on behalf of the COMMISSIONS. exercising such powers and authority as may be delegated to it by the COMMISSIONS.

(1) FINANCIAL MANAGEMENT -- The OPERATIONS BOARD shall oversee the management of all monies attributable to commuter rail service, including federal and state grant funds and local contributions, consistent with such terms and conditions as may be agreed upon for administration by the Virginia Division of Risk Management of a liability insurance plan. The financial management responsibilities of the OPERATIONS BOARD shall be specified by the COMMISSIONS in the agreement between them (Appendix B), and shall include supervision of funds collected from the sources identified in this MASTER AGREEMENT, maintenance of accounts, investments, and disbursement of funds in accordance with approved budgets.

(2) MAINTENANCE OF ACCOUNTS -- In order to ensure the proper management of the monies of the commuter rail service, for so long as the COMMISSIONS so determine, NVTC shall serve as the repository for all such monies, and shall perform all necessary accounting duties. NVTC shall disburse such funds only on direction of the OPERATIONS BOARD as authorized by the COMMISSIONS.

D. COMMUTER RAIL, CHIEF EXECUTIVE OFFICER

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At such time as the COMMISSIONS may direct, and in no event later than the start of service hereunder, the OPERATIONS BOARD shall recommend a CHIEF EXECUTIVE OFFICER for selection by the COMMISSIONS.

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(1) The CHIEF EXECUTIVE OFFICER shall report directly to, and shall act at the direction of, the OPERATIONS BOARD.

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(2) With the exception of matters expressly delegated by the COMMISSIONS or the OPERATIONS BOARD to the extent of its own authority, the CHIEF EXECUTIVE OFFICER shall act only upon the prior authorization of the OPERATIONS BOARD.

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(3) The OPERATIONS BOARD may direct the CHIEF EXECUTIVE OFFICER to act only to the extent authorized by the COMMISSIONS.

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(4) To the extent directed by the OPERATIONS BOARD, as authorized by the COMMISSIONS, the MANAGER shall be responsible for the proper administration of all day to day functions and affairs of commuter rail services, which responsibilities shall include but not be limited to:

(a) monthly reports to the COMMISSIONS regarding matters of administration and operation, including claims management and the financial condition of the commuter rail project;

(b) execution of annual budgets;

(c) day-to-day operational decisions incident to the provision of continuous commuter rail services, including those required in the event of emergency circumstances; and

(d) such other duties as may be delegated by the OPERATIONS BOARD and authorized by the COMMISSIONS.

(5) Until such time as the COMMISSIONS determine otherwise, the CHIEF EXECUTIVE OFFICER shall serve either as an employee of NVTC, paid by the COMMISSIONS as an operating expense, or an independent contractor similarly paid.

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E. STAFF AND OTHER COMMITTEES

Upon the request of the OPERATIONS BOARD, the COMMISSIONS may employ staff, or retain independent contractors, to serve as technical advisors, consultants and the like useful in discharging the responsibilities of the COMMISSIONS and the OPERATIONS BOARD under this MASTER AGREEMENT, and may establish committees for the purposes set forth herein.

III. FINANCIAL PLANS AND BUDGETS

A. PREPARATION OF SIX-YEAR FINANCIAL PLANS

Together with the annual budget, the preparation of which is provided for in Section III.C., the OPERATIONS BOARD shall annually prepare a revised six-year financial plan for approval by the COMMISSIONS as part of the budget approval process. The financial plan shall contain a six-year forecast and shall be the basis for annual budgets and requests by the COMMISSIONS for financial assistance from the PARTICIPATING JURISDICTIONS in accordance with the funding formulae set forth herein, as well as from the CONTRIBUTING JURISDICTIONS, and other funding sources. The initial six-year plans for service into the District of Columbia and for the Crystal City contingency plan are attached to this MASTER AGREEMENT as Appendices C1 and C2, respectively.

Formulation of the financial plan shall be guided by the following principles:

(1) Accurate and adequate estimates of the costs of operation shall be prepared for all aspects of the project operation, and a preliminary financial plan shall be formulated and presented by the OPERATIONS BOARD to the COMMISSIONS and transmitted to the PARTICIPATING and CONTRIBUTING JURISDICTIONS on or before September 30 of the preceding fiscal year for their review. A final recommended financial plan shall be presented to the COMMISSIONS on or before December 1 for approval by the COMMISSIONS. The COMMISSIONS shall act by February 1, and, thereafter, transmit to the PARTICIPATING

JURISDICTIONS the financial plan together with the budget for the next fiscal year and a request to budget and appropriate their share, as established herein, of the costs of commuter rail service determined pursuant to the formulae set forth in Section VIII.A.(2) for which commuter rail service revenues pledged to the payment thereof are estimated to be insufficient when calculated as provided in Section VIII. The COMMISSIONS shall simultaneously transmit to the CONTRIBUTING JURISDICTIONS a request to contribute to the costs of commuter rail service for the fiscal year.

(2) The COMMISSIONS shall utilize responsible debt financing to the extent that such is financially advantageous to the commuter rail project and is in the interests of the parties hereto. Provided, however, that in no event shall the COMMISSIONS issue a debt related to the commuter rail project, other than that initial debt necessary for the initial acquisition of equipment and facilities to begin service hereunder and the establishment of an insurance reserve, absent the unanimous consent of all parties hereto.

(3) With the exception of fares for the Crystal City contingency plan, fares shall be set to recover, initially, no less than 50% of the annual estimated operating costs unless otherwise agreed to unanimously by the PARTICIPATING JURISDICTIONS, and with the understanding that a shared objective of the COMMISSIONS and the PARTICIPATING JURISDICTIONS will be the periodic adjustment in the fare structure in order to achieve a minimum of 50 % recovery of operating costs from fare revenue.

(4) The costs of commuter rail service shall be borne by the PARTICIPATING JURISDICTIONS subject to, and in accordance with, the formula set forth in Section VIII.A.(2), below; however, the COMMISSIONS shall seek all state aid available to acquire rolling stock.

(5) Costs for parking lots, stations, and other capital costs as provided in Section IV. shall be the responsibility of the PARTICIPATING JURISDICTION in which the improvement is made; however, the COMMISSIONS shall seek financial assistance for these improvements from the Commonwealth's Mass Transit Fund and federal sources.

(6) The COMMISSIONS shall seek funds from the Commonwealth, and federal government, and apply such funds for the performance of the responsibilities contained herein in accordance with the provisions of Section IV.B. hereof; no general obligation of PARTICIPATING or CONTRIBUTING JURISDICTIONS shall be required, or established hereby.

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(7) Banking, investments, and accounting practices shall be governed by the requirements of state and federal grantor agencies, the terms of the agreement between the COMMISSIONS (Appendix B), operating contract(s), lease payments, and/or any indentures supporting borrowed funds.

(8) PARTICIPATING JURISDICTIONS may attempt to secure funds from private sources to off-set capital costs for which the PARTICIPATING JURISDICTION is responsible; however, securing such funds shall not serve to decrease the financial support which the PARTICIPATING JURISDICTION is otherwise entitled to receive under Section IV. herein.

(9) To the extent federal and state aid is available, the COMMISSIONS shall seek such to fund the costs of commuter rail service, and shall credit the PARTICIPATING JURISDICTIONS with their pro rata share of such aid based on the formula set forth in Section VIII.A.(2).

(10) Such other principles as may be agreed upon by the parties hereto.

B. INITIAL ANNUAL BUDGETS

(1) The FY 1990 and estimated 1991 pre-revenue capital and operating budgets for the provision of commuter rail services are attached hereto and incorporated herein as Appendices D 1 and D2, and set forth expenses to be incurred prior to, and in preparation for, the start of commuter rail service. The parties hereto understand that approval of this Master Agreement includes approval of the FY 1990 budget, and agree that, upon approval of this Master Agreement, appropriations shall be made in accordance with the FY 1990 budget and payments shall be made in accordance therewith as directed by the COMMISSIONS.

(2) The estimated FY 1992 capital and operating budgets for the provision of commuter rail services into the District of Columbia and for the Crystal City contingency plan are attached hereto and incorporated herein as Appendices E1 and E2, respectively, and set forth the costs of commuter rail service for the start of commuter rail service and its first year of operation.

C. PREPARATION OF SUBSEQUENT ANNUAL BUDGETS

Commencing with the budget for FY 1991, and consistent with the six-year financial plans (Appendices C 1 and C2) and subsequent revisions thereto, the OPERATIONS BOARD shall prepare a preliminary annual budget to cover the period from July 1 to June 30 of each fiscal year and submit it to the COMMISSIONS, the PARTICIPATING JURISDICTIONS, and the CONTRIBUTING JURISDICTIONS by September 30 of the preceding fiscal year for review and comment. The OPERATIONS BOARD shall receive all comment, written and oral. Thereafter, and upon consideration of the comments received, the OPERATIONS BOARD shall prepare a final recommended annual budget by December 1 for approval by the COMMISSIONS by February 1. Thereafter, the COMMISSIONS shall transmit to the PARTICIPATING JURISDICTIONS a request to budget and appropriate their respective shares of the cost of commuter rail service determined pursuant to the formulae set forth in Section VIIA.(2) for which commuter rail service revenues pledged to the payment thereof are estimated to be insufficient when calculated as provided in Section VIII. The COMMISSIONS shall simultaneously transmit to the CONTRIBUTING JURISDICTIONS a request to budget and appropriate the funds identified for each in the final recommended annual budget. Once the PARTICIPATING and CONTRIBUTING JURISDICTIONS have budgeted and appropriated their respective shares, payment shall be made in accordance with the COMMISSIONS' directions.

In preparing the budget, and with the COMMISSIONS' authorization, the OPERATIONS BOARD may prepare and distribute all necessary requests for proposals or bid documents, and prepare requisite specifications, for all equipment, services, and supplies which may be required for the purposes hereof; and may request the COMMISSIONS to employ architects, engineers, consultants, and others as it may deem necessary to draft such specifications, to design structures, to estimate costs, or to advise with respect to insurance programs and the like.

D. SHORTFALLS IN BUDGETED FUNDS

In the event budgeted funds are insufficient to meet the financial obligations of the COMMISSIONS for the costs of commuter rail service during any fiscal year, the OPERATIONS BOARD shall so advise the COMMISSIONS which shall then seek additional funding therefor from the PARTICIPATING JURISDICTIONS beyond that which has heretofore been provided, and which is required for commuter rail services. To obtain such additional funding the COMMISSIONS shall direct the OPERATIONS BOARD to prepare a draft amended budget, which shall be transmitted by the OPERATIONS BOARD to the PARTICIPATING JURISDICTIONS for their review and comment. The OPERATIONS BOARD shall then submit a final amended budget to the COMMISSIONS for approval. Thereafter, the COMMISSIONS shall request the PARTICIPATING JURISDICTIONS to

budget and appropriate their respective proportionate shares to fund the amended budget, and to make payment in accordance therewith as directed by the COMMISSIONS.

The governing bodies of each of the PARTICIPATING JURISDICTIONS hereby direct the County Executive, County Administrator, County or City Manager, or such other officer as may be charged with the responsibility for preparing the PARTICIPATING JURISDICTION'S budget, to submit a request to the governing body to budget and appropriate such additional proportionate share as the COMMISSIONS may deem necessary to fund an amended budget for commuter rail service.

E. LOCAL CONSIDERATION AND FUNDING

The adopted annual budget shall reflect, to the greatest extent practicable, the consensus of the PARTICIPATING JURISDICTIONS and the CONTRIBUTING JURISDICTIONS. Upon adoption of the budget by the COMMISSIONS, and in no event later than February 1 of each year, the COMMISSIONS shall transmit to the governing bodies of the PARTICIPATING JURISDICTIONS a request to budget and appropriate their respective proportionate shares of the cost of commuter rail service determined pursuant to the formulae set forth in Section VIII.A.(2) for which commuter rail service revenues pledged to the payment thereof are estimated to be insufficient when calculated as provided in Section VIII. The COMMISSION shall simultaneously transmit to the CONTRIBUTING JURISDICTIONS a request to budget and appropriate the funds identified for each in the adopted annual budget. In furtherance of the purposes of this MASTER AGREEMENT, the PARTICIPATING JURISDICTIONS hereby declare their intent to make sufficient annual appropriations to pay their share of the costs for commuter rail service determined pursuant to the formulae set forth in Section VIII.A.(2) for which commuter rail service revenues pledged to the payment thereof are estimated to be insufficient when calculated as provided in Section VIII, and to make payments pursuant to such appropriations as directed by the COMMISSIONS. Beyond the consideration of annual budgets, as such may be amended during the fiscal year, as provided for herein, it is not the intent of this MASTER AGREEMENT for the PARTICIPATING JURISDICTIONS to make a legally binding commitment beyond the fiscal year for which an appropriation is made, and the PARTICIPATING JURISDICTIONS' obligation to make such payments shall be subject to annual appropriations being made from time to time by the PARTICIPATING JURISDICTIONS for such purpose. No obligation for the expenditure of money by the PARTICIPATING JURISDICTIONS for the payment of Operating Costs, including insurance costs, and Capital Costs shall be incurred, except pursuant to legally enacted appropriations. Once such appropriations are made, the PARTICIPATING JURISDICTIONS shall make payments in accordance therewith and the COMMISSIONS shall be entitled to rely upon such payment being made.

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The governing bodies of each of the PARTICIPATING JURISDICTIONS hereby direct the County Executive, County Administrator, County or City Manager, or such other officer as may be charged with the responsibility for preparing the PARTICIPATING JURISDICTION'S budget, to include in the budget for each fiscal year during which Operating Costs are incurred or debt for Capital Costs is outstanding, a request for an amount equal to that requested by the Commissions and sufficient to pay the costs of commuter rail service determined pursuant to the formulae set forth in Section VIII.A.(2) for which commuter rail service revenues pledged to the payment thereof are estimated to be insufficient when calculated as provided in Section VIII.

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The CONTRIBUTING JURISDICTIONS shall be requested each fiscal year by the COMMISSIONS to budget and appropriate funds to assist in defraying the costs of commuter rail during the fiscal year. However, the CONTRIBUTING JURISDICTIONS shall not be obligated in any way to make an appropriation for any fiscal year, nor shall the CONTRIBUTING JURISDICTIONS be obligated to include such an appropriation in the

proposed annual budget for consideration by the CONTRIBUTING JURISDICTIONS' governing bodies.

IV. STATION SITES AND CAPITAL GRANT FUNDING

A. Stations and/or platforms shall be located initially in the vicinity of the following sites:

RF&P Corridor	Southern Corridor
South Stafford	Manassas Airport* *
Brooke	Manassas
Quantico	Manassas Park****
Woodbridge	Burke Centre
Pohick/Lorton	Burke/Rolling Road
Franconia*	Backlick Road
	Joint Corridor
	Alexandria - Union Station
	Crystal City
	L'Enfant Plaza***
	Washington D.C. - Union Station***

* subject to agreement with the Washington Metropolitan Area Transit Authority

** subject to agreement between Manassas and Prince William County regarding cost sharing

*** provided the D.C. Service is implemented

**** the parties acknowledge and agree that, unless otherwise agreed, the City of Manassas Park shall be responsible for maintenance and control of the access road and parking lot at the Manassas Park station site. This responsibility shall not include maintenance of improvements within the railroad right-of-way.

B. Construction of stations, platforms, and parking lots shall be the responsibility of the PARTICIPATING JURISDICTIONS in which such are located, except as otherwise stated herein. The costs to construct stations, platforms, and parking lots shall be funded from a variety of sources, including federal and state grants and matching contributions from PARTICIPATING JURISDICTIONS. The foregoing funds shall be distributed to the PARTICIPATING JURISDICTION responsible for such costs in accordance with the formula set forth in Section VIII.A.(2). However, before distribution of federal and state grant monies to the PARTICIPATING JURISDICTIONS, such grant funds shall be applied by the COMMISSIONS to the costs listed below as follows:

Primary Facility Costs -- capital facility costs, specifically those required for the RF&P and Southern line storage facilities, the stations at Alexandria, Crystal City, L'Enfant Plaza, and Union Station, and platforms at all remaining stations. Construction of the aforesaid facilities, and the costs therefor, shall be the responsibility of the COMMISSIONS and not of the PARTICIPATING JURISDICTIONS in which located.

Remaining federal and state funds, if any, will be distributed for:

1st Priority -- costs for remaining stations and parking lots

2nd Priority -- remaining capital facility costs, e.g., land acquisition

(1) RF&P Line -- Upon meeting the primary facility costs described above, the sums remaining from federal, state and local sources for station and parking lot construction purposes shall be allocated to the PARTICIPATING JURISDICTIONS based on the formula in Section VIII.A.(2), and shall be applied to the costs for construction of stations and parking lots on the RF&P line meeting minimum design standards established by the OPERATIONS BOARD and adopted by the COMMISSIONS. Remaining capital facility costs associated with stations and parking, e.g., land acquisition, shall be the responsibility of the PARTICIPATING JURISDICTION in which such facilities are located.

(2) Southern Line -- Similarly, upon meeting the aforesaid primary facility costs, the sums remaining from federal, state and local sources for station and parking lot construction purposes shall be allocated to the PARTICIPATING JURISDICTIONS based on the formula in Section VIII.A.(2), and shall be applied to the costs for construction of stations and parking lots on the Southern line meeting minimum design standards established by the OPERATIONS BOARD and adopted by the COMMISSIONS. Manassas shall use its good offices to obtain the use of a station located within the City which is owned and operated by the Southern . Remaining capital facility costs for stations and parking, e.g., land acquisition, shall be the responsibility of the PARTICIPATING JURISDICTION in which such facilities are located.

(3) Federal funds -- NVTC has applied for federal capital grant funding from the Urban Mass Transportation Administration of \$750,000.00 for the capital facility costs located on the RF&P line, which, upon receipt, shall be earmarked for, and applied by the COMMISSIONS to, such costs.

(4) State funds -- A share of the costs for stations, platforms, and parking lots on both of the lines has been requested by the COMMISSIONS from the Virginia Department of Transportation. VDOT, by agreement, will provide a maximum of \$8 million through FY 1990, which shall be applied as provided in subparagraphs (1) and (2), above.

(5) Local funds -- The PARTICIPATING JURISDICTIONS shall pay their proportionate share of the remaining capital costs, according to the procedures set out in subparagraphs (1) and (2), above.

C. The COMMISSIONS shall enter into a formal agreement with VDOT satisfactory to VDOT, for VDOT to design, construct and/or maintain parking lots and ancillary station area improvements (other than those constructed or maintained by any PARTICIPATING JURISDICTION), excluding platforms. The COMMISSIONS, through the OPERATIONS BOARD, shall reimburse VDOT for the costs of design and construction from the funds identified in approved budgets. In separate formal agreements with the appropriate COMMISSIONS and/or PARTICIPATING JURISDICTIONS, satisfactory to VDOT, VDOT shall be provided with the right of entry upon and use of those parking lots for which VDOT accepts maintenance responsibility. The COMMISSIONS will be responsible for providing insurance for the parking lots, and will, to the extent possible, name the parties hereto as additional insureds on any property, casualty or liability policies obtained. In lieu of insurance policies, coverage by an insurance plan approved and/or operated by the Virginia Division of Risk Management or a self-insurance plan approved by the State Corporation Commission may be established.

D. With the exception of those cost items identified in Section IV.B. and C., each PARTICIPATING JURISDICTION in which a station site is located shall be responsible for the prompt construction of the station in accordance with minimum design standards established by the OPERATIONS BOARD and adopted by the COMMISSIONS, and for the costs thereof. The sites shall be constructed at or near the locations identified in Section IV.A. The COMMISSIONS shall be responsible for station improvements at L'Enfant Plaza and Union Station in the District of Columbia, and at Crystal City and Alexandria, as well as for capital costs for the RF&P and Southern line storage facilities. If all platforms cannot be in service on the first day of commuter rail service, level surfaces from which boarding can occur will be provided on a temporary basis, with permanent platforms provided as soon as possible.

E. All station sites and platforms shall be accessible to the handicapped.

F. Within the limits established in approved budgets, the COMMISSIONS may, based upon the OPERATIONS BOARD's recommendation, authorize contracts for custodial services, limited to trash pickup and snow removal, for all terminals, stations, platforms and parking lots except those areas maintained by Amtrak or VDOT. A condition of such contracts shall be the contractor's indemnification, through adequate insurance acceptable to the COMMISSIONS and evidenced by certificates of insurance, of the OPERATIONS BOARD, the COMMISSIONS, VDOT and the PARTICIPATING and CONTRIBUTING JURISDICTIONS against any claims, suits, judgments, or other legal proceedings arising out of the performance of contractual responsibilities by the contractor.

G. Upon the recommendation of the OPERATIONS BOARD, the COMMISSIONS may authorize contracts with vendors for vending operations such as newspaper and food sales at station sites. Such contracts shall contain the requirements stated above in Section IVY. Revenues from such sales shall be included in the annual budget to be applied to system costs, and shall not be returned directly to each PARTICIPATING JURISDICTION. Such vending operations shall be subject to all applicable state and local regulations.

H. Any of the PARTICIPATING JURISDICTIONS may provide for new or expanded stations, platforms, or parking lots at station sites within its territory, subject to approval by the COMMISSIONS. Financing for such shall be the sole responsibility of the PARTICIPATING JURISDICTION.

V. CONTRACT OPERATIONS

A. TRAIN OPERATION

(1) Subject to such requirements and limitations as may be set out in this MASTER AGREEMENT, upon the request of the OPERATIONS BOARD, the COMMISSIONS shall enter all appropriate agreements necessary to initiate and operate the commuter rail services, to provide associated parking facilities, and to provide an adequate insurance program as set forth in Section VII below.

(2) The contracts authorized hereby shall provide, at a minimum, three trains per line with the capacity to carry at least 75% of initial estimated ridership on a line each federal government workday, with an intended goal of four trains per line, on specified schedules. Such contracts shall further provide the option, to be approved by the COMMISSIONS, to add service and additional cars to each line within the agreed-upon financial limits set forth herein. Ridership estimates are provided in Appendices A1 and A2.

(3) The COMMISSIONS shall be responsible for obtaining necessary initial approvals by regulatory authorities for the commuter rail services, but each PARTICIPATING

JURISDICTION shall be responsible for all necessary local permits and approvals in connection with construction of platforms, stations, terminals, and parking lots in its jurisdiction.

B. ROLLING STOCK AND FACILITIES MAINTENANCE

The COMMISSIONS shall jointly enter into such agreements as they shall deem necessary and appropriate for the maintenance of the rolling stock and other equipment and facilities required for the commuter rail service.

VI. SERVICE PLAN

A. SCHEDULES

The OPERATIONS BOARD shall recommend, and the COMMISSIONS shall establish, initial schedules for commuter rail services into the District of Columbia and for the Crystal City contingency plan in consultation with the PARTICIPATING JURISDICTIONS, and appropriate means to amend the schedules as necessary.

The initial schedules shall establish the target level of service for each station, and for each line. The COMMISSIONS may adjust the schedules to accommodate day-to-day fluctuations in demand as such adjustments may be recommended by the OPERATIONS BOARD. However, the minimum level of service established as a target in the initial schedules shall not be reduced without the express consent of the affected jurisdictions.

B. FARES

The initial fare structures for the D.C. service and for the Crystal City contingency plan shall be established by the COMMISSIONS upon the recommendation of the OPERATIONS BOARD, in consultation with the PARTICIPATING JURISDICTIONS.

(1) The COMMISSIONS may agree to discount the fares of employees of those railroads with which they contract for services hereunder as an offset against fees and charges under those contracts, and may adopt other fare structures from time to time as they shall best determine during the operation of commuter rail services, including special promotional fares, V.L.P. free passes, and the like; however, except for such special promotions, no fare shall be lower than those established by the initial fare structure absent the express unanimous consent of the PARTICIPATING JURISDICTIONS.

(2) Any PARTICIPATING JURISDICTION may purchase tickets at the current price for resale at rates less than those set forth in the initial fare structure or any subsequent fare structure established by the COMMISSIONS.

VII. RISK MANAGEMENT

A. INSURANCE PLAN ADMINISTERED BY DIVISION OF RISK MANAGEMENT

(1) In order to provide adequate insurance coverage for liabilities associated with commuter rail service, the parties hereto hereby establish the following requirements for administering claims, and paying settlements, judgments, awards and legal and other expenses which may arise out of such operations. The obligation of the COMMISSIONS under this section, including the provision of insurance, and the limits thereof, shall apply collectively, and not severally, to commuter rail operations over the lines of the Southern Railway Company, Amtrak and Conrail between the Manassas, Virginia area, and Union Station in the District of

Columbia, and to commuter rail operations over the lines of the RF&P, Amtrak and Conrail between the Fredericksburg, Virginia area, and Union Station in the District of Columbia.

(2) The COMMISSIONS shall develop, fund, and maintain a liability insurance plan acceptable to, and administered by, the Virginia Division of Risk Management pursuant to Section 2.1-526.8:1 of the Code of Virginia, 1950, as amended, which provides insurance coverage in the annual aggregate sum of, at least, \$200,000,000.00. The insurance plan may include the use of a program of self-insurance, commercial insurance, or any other alternative insurance mechanism acceptable to the Division of Risk Management. Any portion of the insurance plan which is self-insured shall at all times be, as part of the Division of Risk Management's administration, acceptable to, and subject to continuing approval by, the Division of Risk Management.

(3) The COMMISSIONS' initial insurance plan is attached hereto and incorporated herein as Appendix F. Such plan shall provide coverage for all risks of loss or damage to persons or property which may be incurred by the COMMISSIONS, or by others and assumed by the COMMISSIONS under any contract, as a consequence of the operation of commuter rail services hereunder. The COMMISSIONS shall provide directly or by contract for defense or settlement of all claims, suits, causes, or actions to which they, or any insured as defined in Appendix F, may become subject, shall acquire or provide for such legal and other services as may be required for the purpose, and shall defend, indemnify, and hold harmless the PARTICIPATING JURISDICTIONS, the CONTRIBUTING JURISDICTIONS, and other non-participating member jurisdictions of the COMMISSIONS in the event any are named in a suit, cause, action, or claim arising from the provision of commuter rail services. The initial insurance plan may be amended by the COMMISSIONS from time to time, subject to the approval of the Division of Risk Management.

B. FUNDING OF INSURANCE PLAN

(1) In order for the COMMISSIONS to carry out these obligations and for no other purpose, the PARTICIPATING JURISDICTIONS hereby agree to provide in the manner and in the amounts set forth in the annual budget, sufficient monies to fund the costs of the foregoing insurance plan. Such costs shall include any and all costs associated with securing, maintaining, and administering the insurance plan, all costs for defense and settlement of claims, suits, causes or actions covered by the plan, and shall specifically include, but not be limited to, the costs to purchase commercial insurance, to participate in alternative insurance mechanisms, and to obtain the services of the Division of Risk Management as administrator of the insurance plan.

(2) Insurance Plan -- Subject to the provisions of Section X governing non-appropriation of funds, each PARTICIPATING JURISDICTION shall budget and appropriate its respective share of the costs to provide the insurance plan to include, in its initial formulation, (i) a self-insurance reserve satisfactory to the Virginia Division of Risk Management to cover liabilities of less than \$5 million per occurrence, and (ii) a combination of retained risk and insurance coverage obtained through commercial carriers and alternative insurance mechanisms, including captive insurance companies, sufficient to cover liabilities which exceed \$5 million per occurrence subject to an annual aggregate limit of liability of \$200 million. In accordance with the insurance plan, monies may be used to employ such lawyers, accountants, expert witnesses, and other services as may be required to defend any claim.

(3) Actuarial Evaluation -- At the end of the first year of commuter rail services, and periodically thereafter as the COMMISSIONS may determine, an actuarial evaluation of claims history will be undertaken to determine the adequacy of the insurance plan provided

hereby, and the OPERATIONS BOARD shall propose to the COMMISSIONS, as part of the annual budget process, a revised insurance plan and funding therefor, with revised proportionate contributions thereto, to be approved in accordance with the budget approval process set forth herein.

(4) Loans From Commonwealth -- In the event that claims or judgments or other insurance costs exceed the amount available in the budget, the COMMISSIONS, with the consent of the PARTICIPATING JURISDICTIONS, may request from the Governor payment of up to \$5 million from a contingent loan fund established for that purpose by the 1988 Regular Session of the General Assembly.

In any fiscal year in which any part of the Loan for Major Claims provided in Section 4-5.02(b) of the 1988-1990 Budget Bill of the Commonwealth of Virginia, Chapter 800, 1988 Va. Acts, at page 1588, is received from the State Treasury by the COMMISSIONS, on account of the operation of the commuter rail project, the PARTICIPATING JURISDICTIONS agree, subject to Section X governing non-appropriation of funds, to repay such loan amounts in the fiscal year next following the year in which the loan proceeds were received, in the same proportions as are set out in Section VIIIA.(2)(b) hereof, upon such terms as the State Treasurer may require.

C. CLAIMS ADMINISTRATION

Pursuant to the insurance plan, the COMMISSIONS shall contract with the Virginia Division of Risk Management to administer the insurance plan. The parties hereto further agree to accept the decision of the COMMISSIONS regarding settlement of claims and payment of judgments and awards. The COMMISSIONS will contract with Amtrak for the investigation and administration of claims, and for the settlement of or payment of any claim, judgment or award not in excess of \$10,000 without specific prior approval of the COMMISSIONS. The COMMISSIONS shall establish a policy with respect to the foregoing to be followed by Amtrak. Necessary risk management procedures shall be developed by a consultant and recommended by the OPERATIONS BOARD for consideration by the COMMISSIONS.

VIII. LOCAL SUBSIDIES AND OTHER PAYMENTS

A. SHARING OF COSTS AND REVENUES IN INITIAL YEARS

(1) The costs of commuter rail service shall be shared as follows:

(a) Alexandria shall contribute, prior to and in the first year of service, the fixed amounts indicated in Appendices D 1 and D2 and E 1 or E2, respectively. These monies will be considered a contribution and, therefore, Alexandria will not be subject to the formula payment defined in Section VIIIA.(2). Alexandria shall be requested to make subsequent annual contributions. However, the requested annual contributions shall not exceed the fixed amount indicated in Appendices E1 or E2, as adjusted upwards each year by a factor of 5%.

Deleted: lesser of the amount calculated for Alexandria pursuant to Sections VIIIA.(2) and (3), net of federal and State aid for operations, or the

(b) Arlington shall contribute, prior to and in the first year of service, the fixed amounts indicated in Appendices D 1 and D2 and E 1 or E2, respectively. These monies will be considered as a contribution and, therefore, Arlington County will not be subject to the formula payment defined in Section VIIIA.(2). Arlington shall be requested to make subsequent annual contributions. However, the requested annual contributions shall not exceed the fixed amount indicated in Appendices E1 or E2, as adjusted upwards each year by a factor of 5%.

Deleted: lesser of the amount calculated for Arlington pursuant to Sections VIIIA.(2) and (3), net of federal and State aid for operations, or the

(2) (a) Subject to the provisions of Section X governing non-appropriation of funds, Fairfax County, Manassas City, Prince William County, Manassas Park, Fredericksburg City, and Stafford County shall budget their entire shares of the costs of commuter rail service determined according to the formulae set forth in Section VIIIA.(2)(b)

below for which commuter rail service revenues pledged to the payment thereof are estimated to be insufficient when calculated as provided in Section VIII.

(b) The costs of commuter rail service, except those otherwise paid on some other specific basis, shall be apportioned among the PARTICIPATING JURISDICTIONS so that 90 percent of the total costs shall be determined by the number of the jurisdiction's residents riding commuter rail, and 10 percent of the costs shall be determined by the total population of each PARTICIPATING JURISDICTION, as follows:

(i) The costs of commuter rail service for the then current year, minus the net contributions of Arlington and Alexandria, shall be multiplied by 10%, and the resulting sum shall be apportioned among the PARTICIPATING JURISDICTIONS in the proportion their respective populations bear to the total population of all PARTICIPATING JURISDICTIONS as set forth in Section VIII.A.(4).

(ii) For the aforesaid year the remaining 90% of the costs of commuter rail service shall be apportioned among the PARTICIPATING JURISDICTIONS in accordance with the estimates of ridership set forth in Section VIII.A.(4)(b) and shown in Appendices A1 and A2 for years to and including the first year of commuter rail service, and in accordance with actual ridership for subsequent years as provided for in Section VIII.C.

(c) The above allocation formula shall be modified beginning with FY 2008, and phased in over the next three fiscal years in equal increments, to reduce the population component and increase the ridership component of the formula, such that by FY 2011, 100% of the costs of commuter rail service shall be apportioned among the PARTICIPATING JURISDICTIONS in accordance with actual ridership as provided for in Section VIII.C.

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(3) Revenues -- For the purpose of determining the cost of commuter rail service for which revenues pledged to the payment thereof are estimated to be insufficient, revenues shall be attributed to each PARTICIPATING JURISDICTION based on the number of residents from that jurisdiction who ride the service, multiplied by the fares charged from that jurisdiction. During the first year of commuter rail service, estimated ridership revenue as set forth in Section VII.A.(4) shall be used to apportion revenues. In subsequent years, actual ridership from the most recent year available shall be used to allocate revenues. The OPERATIONS BOARD shall recommend, and the COMMISSIONS shall establish a rider survey procedure to determine the residences of riders.

(a) Revenues from riders residing outside the PARTICIPATING JURISDICTIONS, or whose residence cannot be determined, shall be considered "system" revenues, and shall be used to reduce overall costs of commuter rail service before allocation to the PARTICIPATING JURISDICTIONS.

(b) Public or private bus operators honoring commuter rail tickets shall be reimbursed by the COMMISSIONS from passenger revenues by attribution of the value thereof to the account of the jurisdiction of residence of the bus rider. For such bus passengers residing outside the PARTICIPATING JURISDICTIONS, system revenue shall be used to reimburse the bus operator.

(4) Population and Ridership Figures

(a) Population figures to the extent used in any year shall be the provisional estimates of the Center for Public Service, available as of December 1 of year preceding the applicable fiscal year for which a budget is being prepared. In the first year of service, the population figures identified below shall be used.

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(b) Ridership figures shall be updated annually after the first year of service. Estimated ridership by jurisdiction for the first year of service are as follows:

D.C. SERVICE

JURISDICTION	1988 POP	POP %	RIDERSHIP	RIDERSHIP %
Fairfax County	759,300	71.4972%	3,052	41.0878%
Manassas	23,300	2.1940%	95	1.2924%
Prince William County	194,700	18.3333%	3,252	43.7803%
Stafford County	55,900	5.2637%	486	6.5428%
Manassas Park	7,300	0.6874%	98	1.3193%
Fredericksburg	21,500	2.0245%	96	1.2924%
Total	1,062,000	100.0000%	7,428	100.0000%

CRYSTAL CITY CONTINGENCY PLAN

JURISDICTION	1988 POP	POP %	RIDERSHIP	RIDERSHIP%
Fairfax County	759,300	71.4972%	1,512	26.9519%
Manassas	23,300	2.1940%	370	6.5955%
Prince William County	194,700	18.3333%	3,178	56.6488%
Stafford County	55,900	5.2637%	318	5.6684%
Manassas Park	7,300	0.6874%	112	1.9964%
Fredericksburg	21,500	2.0245%	120	2.1390%
Total	1,062,000	100.0000%	5,610	100.0000%

NOTE: The ridership estimates for the D.C. Service are taken from Exhibit 20 "1987 Passenger Trip Estimate by Jurisdiction of Residence" in Patronage and Revenue Forecasts for the Virginia Railway Express, May, 1987 (page 5-17). As indicated in Appendix A1, there are an additional 766 trips estimated to come from non-participating jurisdictions. These trips are not assigned to any PARTICIPATING JURISDICTION. The ridership estimates for the Crystal City contingency plan are taken from the Supplemental Patronage and Revenue Forecasts for the VRE (September 13, 1989).

(5) Totals

Total costs, revenues and subsidies, for each participating jurisdiction for the first year of commuter rail service, shall be in accordance with the initial annual budget as shown in Appendices E 1 or E2.

B. PAYMENT PROCEDURES FOR PARTICIPATING JURISDICTIONS

(1) After adoption of the annual budget as provided for in Section III.B. and C. and E., above, each PARTICIPATING JURISDICTION shall pay to the COMMISSIONS, on the first business day in July, one half of the amount owed as the share of the cost of commuter rail service determined pursuant to the formulae set forth in Section VIII.A.(2). for which commuter rail service revenues pledged to the payment thereof are estimated to be insufficient when calculated as provided in Section VIII. Six months thereafter, on the first business day in January, the PARTICIPATING JURISDICTION shall pay the remaining half of the aforesaid amount to the COMMISSIONS. The COMMISSIONS shall provide notice to each of the PARTICIPATING JURISDICTIONS, thirty (30) days prior to the date on which payment is due,

of the amount to be paid by the jurisdiction and the date when due. The amounts owed shall be paid on or before the due date specified by the COMMISSIONS. With the exception of funds for the insurance plan, all funds shall be accounted for by the COMMISSIONS as separate operating accounts for each PARTICIPATING JURISDICTION.

(2) The COMMISSIONS shall separately account for each PARTICIPATING JURISDICTION's payments for insurance, and the COMMISSIONS shall forward such funds to the Division of Risk Management. Payments for claims, judgments, awards and associated claims and adjusting expenses shall be paid from such funds by the Division of Risk Management in administering the self-insurance plan.

(3) After adoption of the annual budget, and the appropriation of the amount therein, the CONTRIBUTING JURISDICTIONS shall pay to the COMMISSIONS, on or before the first business day in July, the entire amount of their respective contributions, which sums shall be accounted for as system revenues and used to reduce overall costs.

(4) Upon receipt, passenger revenues shall be posted to each PARTICIPATING JURISDICTION's account, according to the agreed revenue allocation. If a payment is not made by a PARTICIPATING JURISDICTION, passenger revenues attributable to such PARTICIPATING JURISDICTION shall not be used to reduce the amount due by other PARTICIPATING JURISDICTIONS nor shall such failure to make payment result in an increase in the amount due by the other PARTICIPATING JURISDICTIONS. In instances where the actual revenues received and posted to a PARTICIPATING JURISDICTION are either greater or less than the revenues estimated to be received, the PARTICIPATING JURISDICTION shall be requested to pay any such deficit or the COMMISSIONS shall provide a credit against the PARTICIPATING JURISDICTION'S next year's payment.

(5) Any interest earned on unexpended balances attributed to each PARTICIPATING JURISDICTION's account shall be credited monthly to the account of the individual jurisdiction in proportion to the monthly totals of cash and fare revenues credited to the account of the jurisdiction.

(6) At the request of the OPERATIONS BOARD, the COMMISSIONS shall utilize the monies attributed to the PARTICIPATING JURISDICTIONS' accounts to make necessary operating cost payments consistent with the cost allocation formula contained in Section VIII.A.(2).

C. SHARING OF COSTS AND REVENUES FOR SUBSEQUENT YEARS

Payments for costs for each year after the initial year of commuter rail services shall be calculated as follows:

Actual ridership from the most recent year available shall be used to determine allocated costs and revenues for the next year, according to the allocation formulae set out in Sections VIII.A.(2) and (3). The OPERATIONS BOARD will review the data and advise the COMMISSIONS and the PARTICIPATING JURISDICTIONS of each jurisdiction's projected share of the costs of commuter rail for the next year in September as part of the preliminary budget submission set forth in Section III.C. above. Arlington and Alexandria shall not participate in the revised allocation, but shall make such contributions as may be agreed upon. After final approval of a budget each year, and upon its effective date, the PARTICIPATING JURISDICTIONS shall pay to the COMMISSIONS one half of the amount owed for the cost of commuter rail service determined pursuant to the formulae set forth in Section VIII.A.(2) for which commuter rail service revenues pledged to the payment thereof are estimated to be insufficient when calculated as provided in Section VIII. The CONTRIBUTING JURISDICTIONS shall pay to the COMMISSIONS the entire amount of their respective contributions. Six months thereafter the PARTICIPATING JURISDICTIONS shall pay the

remaining half of the aforesaid amount to the COMMISSIONS. Payments shall be made on the same basis as provided for in Section VIII.B.

D. ADDITIONAL CONSIDERATIONS

(1) Each PARTICIPATING JURISDICTION is encouraged to obtain contributions from developers and employers to offset the costs assigned to that PARTICIPATING JURISDICTION.

(2) An audit of accounts shall be conducted annually by the COMMISSIONS to establish any credit due to, or any payments owed by, PARTICIPATING JURISDICTIONS.

IX. MARKETING

The OPERATIONS BOARD shall prepare, annually, a marketing plan providing for programs of promotion, publicity and the pre-selling of passes through such means as direct mail, payroll deduction, banks and transportation management associations, for consideration and approval by the COMMISSIONS. The PARTICIPATING JURISDICTIONS shall share in the costs of the marketing plan according to the terms set forth in Section VIII.A.(2) of this MASTER AGREEMENT.

X. NON-APPROPRIATION OF FUNDS

The PARTICIPATING JURISDICTIONS pledge their best efforts to provide the funds necessary to support a successful, continuing program of commuter rail service in light of the long-term obligations to be incurred by the COMMISSIONS in order to initiate service. Notwithstanding any other provision of this MASTER AGREEMENT to the contrary, the obligations of a PARTICIPATING JURISDICTION under this MASTER AGREEMENT are expressly contingent upon the continuing appropriation of funds to its purposes by such PARTICIPATING JURISDICTION for each fiscal year. The failure of a PARTICIPATING or CONTRIBUTING JURISDICTION to make its payment shall not relieve the other jurisdictions of their obligations hereunder. The COMMISSIONS in their sole discretion may refuse to provide service to any PARTICIPATING JURISDICTION that fails to appropriate and pay its share of the cost of commuter rail service.

XI. WITHDRAWAL FROM MASTER AGREEMENT

A PARTICIPATING JURISDICTION or CONTRIBUTING JURISDICTION may terminate its involvement with commuter rail service and withdraw from the MASTER AGREEMENT upon terms and conditions, including those pertaining to outstanding third-party claims, mutually acceptable to all parties hereto. Unless so terminated, this MASTER AGREEMENT shall continue for any period while any bonds issued to finance the Virginia Railway Express are outstanding.

XII. CHANGES AND AMENDMENTS

Upon mutual consent of all signatories, and subject to the approval of the COMMISSIONS' bond insurers, this MASTER AGREEMENT may be amended.

XIII. SEVERABILITY

In the event any of the provisions of this MASTER AGREEMENT are determined to be in violation of any statute or rule of law to which this MASTER AGREEMENT is subject, then such provision(s) shall be deemed inoperative to the extent the provision(s) is contrary to the requirements of the law, and shall be deemed to be modified to conform with such statute or rule of law, or stricken entirely from this MASTER AGREEMENT.

XIV. AUTHORIZED SIGNATURES

The undersigned individuals have been duly authorized to commit their respective organizations and jurisdictions to the terms of the MASTER AGREEMENT.

IN WITNESS WHEREOF, the duly authorized representatives of the parties hereto have executed this Master Agreement on the dates and year hereafter written:

NORTHERN VIRGINIA
TRANSPORTATION COMMISSION

POTOMAC AND RAPPAHANNOCK
TRANSPORTATION COMMISSION

Chairman

Chairman

Signature

Signature

FAIRFAX COUNTY

Chairman, Board of County Supervisors

Signature

PRINCE WILLIAM COUNTY

Chairman, Board of County Supervisors

Signature

CITY OF MANASSAS
Mayor

Signature

STAFFORD COUNTY
Chairman, Board of County Supervisors

Signature

CITY OF ALEXANDRIA
Mayor

Signature

ARLINGTON COUNTY
Chairman, County Board

Signature

Deleted: of County Supervisors

CITY OF MANASSAS PARK
Mayor

Signature

CITY OF FREDERICKSBURG
Mayor

Signature

APPENDICES

- A1. Patronage and Revenue Forecasts for the Virginia Railway Express, R. H. Pratt (May 1987)
- A2. Supplemental Patronage and Revenue Forecasts for the VRE (September 13, 1988)
- B. Agreement between NVTC and PRTC
- C1. Initial Six Year Financial Plan for D.C. Service
- C2. Initial Six Year Financial Plan for Crystal City Contingency Plan
- D1. FY 1990 Pre-Revenue Capital and Operating Budget
- D2. Estimated FY 1991 Pre-Revenue Capital and Operating Budget for D.C. Service and Crystal City Contingency Plan
- E1. Estimated FY 1992 Capital and Operating Budget for D.C. Service

E2. Estimated FY 1992 Capital and Operating Budget for Crystal City Contingency Plan

F. Liability Insurance Plan

AGENDA ITEM 9-D
ACTION ITEM

TO: CHAIRMAN KAUFFMAN AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: JUNE 15, 2007

**RE: AUTHORIZATION TO ISSUE A TASK ORDER FOR LOCOMOTIVE
TURBO CHARGER WORK**

RECOMMENDATION:

The VRE Operations Board is being asked to authorize the Chief Executive Officer to issue a task order to Transportation Technology, Inc. (TTI) authorizing them to perform up to eight programmed turbo charger change outs for an amount not to exceed \$400,000 for both parts and labor.

BACKGROUND:

Over the past two years, VRE has experienced several catastrophic failures to turbo chargers on locomotives that were in service. As a result of this pattern of failures, VRE staff instructed Amtrak to change all turbo chargers that were not changed out within the last two years as a preventative measure. Due to demands on the services of the Amtrak maintenance crew, Amtrak was not able to accept this task.

VRE subsequently requested a task order from TTI to perform this work on eight units. For the remaining locomotives, ten units in VRE's fleet have had this work completed along with other maintenance work. The remaining two units are leases and either do not require the work or have had it completed. This work is expected to take approximately six months.

FISCAL IMPACT:

Funding is included in VRE's Capital Improvement Program as part of the locomotive overhaul project. Funding is available from a FY 2005 federal grant. The local match is provided for using state and local funds.

TO: CHAIRMAN KAUFFMAN AND THE VRE OPERATIONS BOARD
FROM: DALE ZEHNER
DATE: JUNE 15, 2007
**RE: AUTHORIZATION TO ISSUE A TASK ORDER FOR LOCOMOTIVE
TURBO CHARGER WORK**

**RESOLUTION
9D-06-2007
OF THE
VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD**

WHEREAS, over the past two years, VRE experienced several turbo charger failures which caused disruptions to the service; and

WHEREAS, VRE directed Amtrak to preventatively change out any turbo chargers that were not changed within the past two years; and

WHEREAS, demands on the Amtrak maintenance crew prevented them from accepting this work.

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board authorizes the Chief Executive Officer to issue a task order to Transportation Technology, Inc. (TTI) authorizing them to perform up to eight programmed turbo charger change outs for an amount not to exceed \$400,000 for both parts and labor.

AGENDA ITEM 9-E
ACTION ITEM

TO: CHAIRMAN KAUFFMAN AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: JUNE 15, 2007

RE: AUTHORIZATION TO ISSUE A TASK ORDER FOR ENVIRONMENTAL AND DESIGN WORK FOR A PARKING EXPANSION AT THE BROOKE VRE STATION

RECOMMENDATION:

The VRE Operations Board is being asked to authorize the Chief Executive Officer to authorize a task order to DMJM Harris for an environmental assessment and 30% design of a parking expansion at the Brooke VRE station. This task order is being requested in an amount not to exceed \$239,239, plus a 15% contingency of \$35,885, for a total amount not to exceed \$275,124.

BACKGROUND:

Over the past several months, VRE and Stafford County have been working to initiate a parking expansion at the Brooke VRE station. In addition to this project being a priority for Stafford County, it was also included in the list of mitigation projects adopted as part of the upcoming governance and master agreement amendments.

Following a meeting with Supervisor Milde, Stafford County staff and VDOT, VRE made a task order request to one of the GEC's for environmental analysis and 30% design. Tasks include preparation of an Environmental Assessment (EA), as required by the National Environmental Policy Act (NEPA), alternatives analysis, public outreach, agency coordination, and preparation of design documents to the 30% level.

VRE will manage the project, which will be coordinated with both Stafford County and VDOT, who is the property owner of the existing parking facility. Expansion potential is

approximately 245 spaces and property will need to be acquired. Task order work is estimated to take between 12 -18 months. VRE will return to the Operations Board for additional authorization for property acquisition and the subsequent phases of design and construction.

FISCAL IMPACT:

Funding for this task order is being provided using CMAQ funds currently obligated to VDOT for parking expansion at the Brooke VRE station. As Stafford County requested that VRE manage the project directly, this funding is being flexed to VRE via PRTC by VDOT. This task order will be executed once that funding has been received.

TO: CHAIRMAN KAUFFMAN AND THE VRE OPERATIONS BOARD
FROM: DALE ZEHNER
DATE: JUNE 15, 2007
RE: AUTHORIZATION TO ISSUE A TASK ORDER FOR ENVIRONMENTAL AND DESIGN WORK FOR A PARKING EXPANSION AT THE BROOKE VRE STATION

**RESOLUTION
9E-06-2007
OF THE
VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD**

WHEREAS, VRE and Stafford County have been working to initiate a parking expansion at the Brooke VRE station; and,

WHEREAS, a task order request to one of the GEC's was made for environmental analysis and 30% design; and,

WHEREAS, tasks include preparation of an Environmental Assessment (EA), alternatives analysis, public outreach, agency coordination, and preparation of design documents to the 30% level.

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board authorizes the Chief Executive Officer to authorize a task order to DMJM Harris for an environmental assessment and 30% design of a parking expansion at the Brooke VRE station. This task order is being requested in an amount not to exceed \$239,239, plus a 15% contingency of \$35,885, for a total amount not to exceed \$275,124.

AGENDA ITEM 9-F
ACTION ITEM

TO: CHAIRMAN KAUFFMAN AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: JUNE 15, 2007

RE: AUTHORIZATION TO AWARD A CONTRACT FOR A VHF RADIO COMMUNICATIONS SYSTEM

RECOMMENDATION:

The VRE Operations Board is being asked to authorize the Chief Executive Officer to award a contract to BearCom of Chantilly Virginia for the design and construction of a VHF two-way radio communications system. The contract is being recommended in an amount not to exceed **(contract amount will be provided on a blue sheet at the Board meeting.)**

BACKGROUND:

Currently, both VRE and Amtrak communicate with VRE trains in service via cell phone. As part of VRE's safety and security planning, a void in that communication process was identified given that cellular and hard wire telephone systems are easily overwhelmed during times of national crisis. In addition, VRE does not currently have the ability to monitor the radio conversations between train crews and dispatchers when the events of an incident may be unfolding. The need for a two-way radio communication system was subsequently identified.

On April 30, VRE issued a solicitation for a two-way radio communication system. Responses were due on May 29 and two proposals were received. The scope of work included the design and construction of a VHF two-way radio communications system. Staff has reviewed the proposals, queried references, and interviewed and rated both firms on both oral and written presentations. Following this process, BearCom is being recommended for award.

This system will provide VRE with an assigned railroad radio frequency on which to transmit and receive information between VRE and the VRE Alexandria Communications headquarters as well as VRE and the Amtrak commuter rail command center in Washington, DC. Additionally, VRE will be able to monitor two Norfolk Southern and two CSXT radio frequencies utilized to dispatch and control freight trains, VRE, and Amtrak.

Following a notice to proceed, the radio system is estimated to take 4 months to complete.

FISCAL IMPACT:

Funds are available within the FY 2005 Department of Homeland Security Grant. No local match is required.

TO: CHAIRMAN KAUFFMAN AND THE VRE OPERATIONS BOARD
FROM: DALE ZEHNER
DATE: JUNE 15, 2007
RE: AUTHORIZATION TO AWARD A CONTRACT FOR A VHF RADIO COMMUNICATIONS SYSTEM

**RESOLUTION
9F-06-2007
OF THE
VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD**

WHEREAS, as part of VRE's safety and security planning, a void in the communication process between VRE and its trains was identified given that cellular and hard wire telephone systems are easily overwhelmed during times of national crisis; and,

WHEREAS, the need for a two-way radio communication system was subsequently identified; and,

WHEREAS, VRE advertised for and received two responsive proposals for the design and construction of a VHF radio communications system; and,

WHEREAS, staff has conducted interviews, rated and reviewed both oral and written presentations from both submitters, and has queried references for all.

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board authorizes the Chief Executive Officer to award a contract to BearCom of Chantilly Virginia for the design and construction of a VHF two-way radio communications system. The contract is being recommended in an amount not to exceed **(contract amount will be provided on a blue sheet at the Board meeting.)**