



**VIRGINIA RAILWAY
EXPRESS**

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MATTHEW KELLY

MATT TUCKER

**CHRISTOPHER
ZIMMERMAN**

DALE ZEHNER
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OFFICER

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MINUTES

**VRE OPERATIONS BOARD MEETING
PRTC HEADQUARTERS – PRINCE WILLIAM COUNTY, VIRGINIA
JUNE 15, 2007**

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

MEMBERS ABSENT	JURISDICTION
Elaine McConnell (NVTC)	Fairfax County

ALTERNATES PRESENT	JURISDICTION
Hilda Barg (PRTC)	Prince William County
Maureen Caddigan (PRTC)	Prince William County
Wally Covington (PRTC)**	Prince William County
Matthew Kelly (PRTC)	City of Fredericksburg
Christopher Zimmerman (NVTC)**	Arlington County

ALTERNATES ABSENT	JURISDICTION
Robert Gibbons (PRTC)	Stafford County
Matthew Kelly (PRTC)	City of Fredericksburg

STAFF AND GENERAL PUBLIC	
George Billmyer – VRE	Steve Maclsaac – VRE counsel
Alex Buchanan – VRE	Betsy Massie – PRTC staff
Donna Boxer – VRE	Sirel Mouchantaf – VRE
Anna Gotthardt – VRE	Dick Peacock – citizen
William Greenup – VHSRDC	Mark Roeber – VRE
Al Harf – PRTC staff	George Schwartz – Stafford County
Ann King – VRE	Brett Shorter – VRE
Eric Johnson – VRE	Jennifer Straub – VRE
Mike Lake – Fairfax County	Rick Taube – NVTC staff
Trinh Lam – VRE	Dale Zehner – VRE
Ryan Lange – VRE	
Bob Leibbrandt – Prince William County	

** 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 9:37 A.M. Following the Pledge of Allegiance, roll call was taken.

Approval of the Agenda – 3

Mr. Waldron moved, with a second by Mr. Milde, to approve the agenda. The vote in favor was cast by Board Members Jenkins, Kauffman, Milde, Tucker and Waldron.

Minutes of the May 18, 2007, VRE Operations Board Meeting – 4

Mr. Waldron moved, with a second by Mr. Jenkins, to approve the minutes. The vote in favor to approve the minutes was cast by Board Members Jenkins, Kauffman, Milde, Tucker and Waldron.

Chief Executive Officer Report -- 6

Mr. Zehner introduced several VRE staff members, including Eric Johnson, Alex Buchanan and Ryan Lange. He reported that ridership continues to climb. The completion of the Quantico Bridge project has had a significant impact on on-time performance on the Fredericksburg Line.

Mr. Zehner also stated that GRTC started operating buses on May 21, 2007 to bring Richmond area riders to the Fredericksburg station. The service consists of two trips that meet Fredericksburg trains #302 and #306. The buses then provide a reverse commute service for people in the Fredericksburg area wishing to travel to Richmond. In the evening, the buses meet Fredericksburg trains #305 and #309. During the first week of service, there were a total of 45 trips and the second week saw an increase to 61 trips.

VRE Riders' Comments – 7

Mr. Billmyer observed that telecommuting and flex-time schedules have an impact, but on-time performance and heat restrictions are the major problems impacting ridership. MARC is running standing room only trains on the Penn Line. He stated that CSX needs to learn how to install and maintain tracks. Also, it is his understanding that Amtrak may be looking at the Washington, D.C.-Richmond corridor.

[Ms. Bulova arrived at 9:40 A.M.]

Mr. Peacock stated that he met a woman on the train and she expressed her disappointment that VRE discontinued the mid-morning train on the Manassas Line. He stated that it is important to restore this train to encourage ridership, especially for those

with irregular work schedules. Ms. Bulova stated that the mid-morning train really did provide flexibility for riders. She asked VRE to revisit the issue at a future time.

Mr. Peacock also observed that the Broad Run Station parking lot is at capacity. He suggested renting some parking spaces at a nearby church and providing shuttle service to the station, similar to what is currently being done at the Burke Centre station. Also, Manassas Park parking is at 108 percent utilization. He suggested posting informational signs explaining how patrons can apply for free parking permits at Manassas City Hall to park in Manassas City parking lots, which is only at 82 percent utilization.

[Board Members Covington and Zimmerman arrived at 9:45 A.M.]

Chairman's Comments – 5

Chairman Kauffman stated that NVTA is conducting a public hearing on July 12th and he suggested VRE submit testimony. Unfortunately, he is unable to attend. Board Members agreed that VRE should submit testimony. Mr. Waldron stated that he will try to attend with Mr. Zehner.

Mr. Zimmerman announced that Chairman Kauffman recently received a Virginia Transit Association's award at VTA's annual meeting. Board Members congratulated Mr. Kauffman.

Consent Agenda – 8

Mr. Milde requested that Agenda Item #8B be removed from the Consent Agenda for discussion. Mr. Waldron moved, with a second by Ms. Bulova, the following Consent Agenda Items:

Resolution #8A-06-2007: Authorization to Solicit Request for Proposals for General Engineering Consulting Services.

Resolution #8C-06-2007: Authorization to Issue an Invitation for Bids for Mechanical Brake Components.

Resolution #8D-06-2007: Authorization to Issue a Task Order for Locomotive Repair Work.

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

Authorization to Solicit Proposals to Sell Locomotives – 8B

Mr. Zehner stated that the VRE Operations Board is being asked to authorize him to solicit proposals for the sale of its locomotive fleet. VRE currently owns 17 locomotives and leases 2 additional units. Based on the Commonwealth's allocation of \$15 million for locomotives, permission to issue a procurement was granted by the Operation Board in April. Prior to issuing this procurement, a 20 percent local match, approximately \$3.75 million, must be identified to complete the funding for the base order. Local money must be used for this match and VRE is unable to incur any additional debt. This authorization would provide for the concept of allowing VRE to leverage the value of the old equipment for use as match. If sold, the locomotives would not be removed from VRE service until new locomotives began to be delivered, ensuring an adequate fleet was maintained.

In response to a question from Mr. Milde, Mr. Zehner explained that this action would be similar to the Mafersa sale in that if any entity is interested in purchasing the locomotives, the deal would be structured so that as VRE receives new locomotives then old ones could be released over a period of time.

Mr. Milde moved, with a second by Mr. Waldron, to approve Resolution #8B-06-2007. The vote in favor was cast by Board Members Bulova, Jenkins, Kauffman, Milde, Tucker, Waldron and Zimmerman.

FY 2009 Budget Guidelines – 9B

Mr. Zehner reported that 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 Budget Task Force met on May 30th to review the fleet management plan. Another meeting is scheduled for June 26th 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. Resolution #9A-06-2007 would direct staff in the development of the FY 2009 budget options for train operations and capital projects.

Mr. Zehner stated that budget forecasts need to ensure that the cost recovery ratio remains above 50 percent. Also, the train schedule is projected to increase from 30 trains to 34 trains, which will allow for two new round trips.

Mr. Zehner stated that 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. The NVTA decision about these funds will have a material effect on both jurisdictional subsidy levels and the funding available for system improvements in FY 2009 as well as in the future. Because of the unknowns associated with this HB 3202 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.

Ms. Bulova stated that ridership has suffered because of VRE's difficulties with on-time performance and service reductions. It is important to take advantage of this additional funding to improve service. VRE marketing efforts should be undertaken to promote ridership growth.

Mr. Milde observed that the idea that VRE will receive additional funds from NVTA is not yet a reality and it is not clear yet how NVTA will distribute the funds. He expressed his opinion that VRE may be better off struggling alone without the \$25 million. Mr. Tucker stated that one issue will be the difficulty in gauging how operating costs will be calculated.

Chairman Kauffman asked for an update on the Insurance Trust Fund. Mr. Zehner stated that he talked with Mr. LeMond of the Division of Risk Management, as well as CSX and Norfolk Southern, and all three are comfortable with VRE's approach. VRE will work to bring the Trust Fund balance up to \$10 million. Mr. Tucker observed that DRM wants the \$10 million, but VRE is taking the stand that it doesn't have \$10 million. Ms. Bulova stated that VRE has earmarked sufficient funds so that as soon as DRM needs funds, VRE will provide them.

In response to a question from Mr. Harf, Mr. Zehner stated staff will work with NVTA on how funds would come to VRE. Mr. Milde asked what control NVTA will have over how the money is spent. Mr. Zehner responded that this issue needs to be determined. Mr. Zimmerman noted that NVTA will ultimately want to know what VRE's priorities are for funding. VRE will be able to make recommendations on how the funds will be used.

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

Approval of Revision to Investment Policy – 9B

Mr. Zehner stated that the Board is being asked to approve Resolution #9B-06-2007, which would authorize a revision to the investment policy to increase the allowable percentage of the portfolio that can be invested in money market accounts. VRE's 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. The 20 percent 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 regards to bond principal and interest payments.

Chairman Kauffman suggested increasing the limitation over a two year period, so that it is a two-step process where the first year it would be increased to 40 percent and the second year to 60 percent.

Mr. Waldron moved, with a second by Ms. Bulova, to amend the resolution to include the two-tiered approach, as well as directing staff to return to the Operations Board after a year for an evaluation of the process. The Board then voted on the amended motion and it passed. The vote in favor was cast by Board Members Bulova, Jenkins, Kauffman, Milde, Tucker, Waldron and Zimmerman.

Authorization to Amend the VRE Master Agreement – 9C

Mr. Zehner stated that 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. Resolution #9CF-06-2007 would accomplish this.

Mr. Waldron moved, with a second by Ms. Bulova, to approve the resolution.

Mr. Milde asked if this is a “done deal” and if the \$25 million of NVTA funds will affect the process. Mr. Zehner replied that all the jurisdictions have already approved the alternate budget and governance changes, but not the actual Master Agreement language. The Commissions will approve this language at their July 5th meetings, as well as appoint members to the Operations Board. Mr. Maclsaac provided an overview of the process.

Ms. Bulova asked if VRE should be more proactive when dealing with NVTA concerning the \$25 million and how it will be used. Without objection, the Board directed staff to develop an approach to be discussed at the August meeting.

Mr. Waldron expressed his respect for Mr. Milde’s concerns regarding NVTA’s impact on Stafford County. VRE should take these concerns into consideration as VRE develops a relationship with NVTA. It is important for jurisdictions to continue to work together.

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

Authorization to Issue a Task Order for Locomotive Turbo Charger Work – 9D

Mr. Zehner stated that Resolution #9D-06-2007 would authorize the CEO to issue a task order to Transportation Technology, Inc. (TTI) to perform up to eight programmed turbo charger change outs for an amount not to exceed \$400,000 for both parts and

labor. 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 failure, VRE staff believes that it is a good idea to have this work done as a preventative measure.

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

Authorization to Issue a Task Order for Environmental and Design Work for a Parking Expansion at the Brooke VRE Station -- 9E

Mr. Zehner explained that Resolution #9E-06-2007 would authorize the CEO to authorize a task order to DMJM Harris for an environmental assessment and 30 percent 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 percent contingency of \$35,885, for a total amount not to exceed \$275,124.

Mr. Milde moved, with a second by Mr. Waldron, to approve the resolution. The vote in favor was cast by board members Board Members Bulova, Jenkins, Kauffman, Milde, Tucker, Waldron and Zimmerman.

Authorization to Award a Contract for a VHF Radio Communications System – 9F

Mr. Zehner explained that 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 radio conversations between train crews and dispatchers. As a result, VRE issued a solicitation for a two-way radio communication system. Two proposals were received and following the solicitation process, BearCom has been recommended for award. Resolution #9F-06-2007 would authorize VRE's CEO to award a contract to BearCom of Chantilly, Virginia for the design and construction of a VHF two-way radio communications system for an amount of \$216,000, plus a 15 percent contingency of \$32,400, for a total amount not to exceed \$248,400.

Mr. Waldron asked if public safety officials will have the capability of communicating with the trains during a crisis. Mr. Zehner responded that he will look at the protocols and report back to the Board.

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

Authorization to Renew Contract for Banking Services and Line of Credit –9G

Mr. Waldron moved, with a second by Ms. Bulova, to approve Resolution #9G-06-2007 that would recommend that the Commissions authorize a renewal of the banking and line of credit agreements with SunTrust Bank. The vote in favor was cast by Board Members Bulova, Jenkins, Kauffman, Milde, Tucker, Waldron and Zimmerman.

Ridership Trends – 10A

Mr. Zehner reported that as discussed at past Operations Board meetings, VRE ridership has declined over the past year, with declines somewhat greater on the Manassas Line. Because on-time performance on the Manassas Line has been consistent, VRE has looked into other potential reasons for this decline. VRE staff researched trends in employment patterns in the region, which may be affecting VRE ridership, including: more workers using a non-standard work schedule, which means they may commute outside of VRE's service hours; the number of workers telecommuting one or more days per week has increased; and retirement rates as baby boomers reach retirement age have increased.

Mr. Zimmerman noted that transit ridership across the country is on the rise, so VRE needs to focus on more analysis and VRE's response to the problem. Chairman Kauffman asked for citizen's comments since they are the ones that ride the trains. Mr. Peacock suggested reintroducing the mid-morning train on the Manassas Line, as well as providing shuttle service from Metro stations after VRE peak service times. Mr. Tucker asked when VRE last conducted a comprehensive operations analysis, which would look at market analysis, operating issues, needs and performance. Mr. Zehner responded that VRE did a Strategic Plan in 2004 and VRE conducts a passenger opinion survey every year. Mr. Waldron also observed that Manassas City has a large telework facility and the City's demographics are changing. He stated that it is important for VRE to develop strategies for improving ridership because of these changes.

FY 2008 Disadvantaged Business Enterprise (DBE) Goal – 10B

Mr. Zehner explained that as a grantee and in accordance with USDOT regulations, VRE, along with PRTC and NVTC, must have a DBE program. PRTC implements and manages this program on behalf of all three agencies. The regulations require that an overall annual goal for DBE participation in federally assisted contracts be established and implemented. For FY 2007, the goal was 7 percent for FTA-assisted contracts. The proposed FY 2008 goal is 7.5 percent, which would be for the Federal fiscal year which beginning October 1, 2007.

Fauquier Update –10C

Mr. Zehner reported that on June 21st, representatives from PRTC and VRE are scheduled to meet with Fauquier County officials. This discussion follows a meeting in May with the full Fauquier Board in which Board members asked for additional information about the possible extension of rail service to Bealeton. Fauquier Board members were advised that there are other higher priority projects, such as Gainesville-Haymarket, which would need to be completed prior to initiating the Bealeton extension. The June 21st meeting will address these issues.

Closed Session – 10

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

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

The vote in favor was cast by Board Members Barg, Bulova, Kauffman, Milde, Tucker, Waldron and Zimmerman. The Board entered into Closed Session at 10:40 A.M. and returned to Open Session at 10:55 A.M.

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

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

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

The vote in favor was cast by Board Members Barg, Bulova, Kauffman, Milde, Tucker, Waldron and Zimmerman.

Ms. Bulova moved to approve the negotiations for compensation of VRE's Chief Executive Officer outlined in the Closed Session. Ms. Barg seconded the motion. The vote in favor was cast by Board Members Barg, Bulova, Kauffman, Milde, Tucker, Waldron and Zimmerman.

On behalf of the entire Operations Board, Chairman Kauffman recognized Mr. Zehner and his outstanding performance over the past year.

Adjournment

Chairman Kauffman adjourned the meeting at 10:58 A.M.

Approved this 17th day of August, 2007.

Dana Kauffman
Chairman

Elaine McConnell
Secretary

CERTIFICATION

This certification hereby acknowledges that the minutes for the June 15, 2007 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.

Rhonda Gilchrest

Rhonda Gilchrest