

**AGENDA ITEM 8-A**  
**ACTION ITEM**

**TO: CHAIRMAN KAUFFMAN AND THE VRE OPERATIONS BOARD**

**FROM: DALE ZEHNER**

**DATE: MARCH 16, 2007**

**RE: AUTHORIZATION TO MODIFY VRE'S FARES**

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**RECOMMENDATION:**

The VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to increase the Amtrak Step-Up fare to the per person fee charged by Amtrak and modify the FRC service guarantee program from 30 minutes to 60 minutes.

**BACKGROUND:**

On December 15, 2006, the VRE Operations Board approved a FY 2008 Operating and Capital budget which included an increase to the Amtrak Step-Up charge from \$2 to \$10 and the elimination of the FRC service guarantee program. Both NVTC and PRTC approved the budget and referred it for action to the jurisdictions. On January 19, 2007, VRE received authorization to conduct public hearings on these changes in Washington, D.C., Alexandria, Manassas, Woodbridge and Fredericksburg.

VRE solicited public opinion via e-mail, public hearings, letters and faxes. The comment period began January 22 and finished March 2, 2007. More than 280 comments were received during the process and a total of 34 people attended the public hearings. In addition to comments on the FRC program and Step-Up change, passengers also took the opportunity to relay opinions regarding on-time performance, VRE equipment and how ridership may be affected should these changes take place.

A summary of the comments received is shown below:

Summary of Comments	Number of Comments
Total number of people who attended or commented on proposed changes	288
Negative comments on proposed elimination of FRC Program	232
Commented that they'd rather see FRC program eliminated than fare increase	31
Number of people who commented that FRC elimination will lead to reduced OTP	88
Number of people who made comments that FRC elimination would result in drop in ridership	51
Negative comments on proposed increase to Amtrak Step Up ticket	99
Commented that they rather see Step-Up increase than fare increase as a result of VRE continuing to subsidize those riding Amtrak	43

Note: Summary of comments totals more than number of comments as in some cases, more than one topic was addressed.

Based on these comments, VRE management is recommending the following.

1. Amtrak Step-Up – the FY 2008 budget included an increase to the Amtrak Step-Up charge from \$2 to \$10, making the program cost neutral to VRE. As this increase will likely end the program due to lack of use, VRE made a proposal to Amtrak that they consider lowering the charge to \$5 and reinstating the weekend cross-honoring. With a response still pending, VRE is recommending that the Amtrak Step-Up charge be raised to the assessed per person fee charged by Amtrak. If the charge remains \$10, the Step-Up charge will be increased to \$10 as originally proposed. If Amtrak reduces the fee to \$5, the Step-Up fee would be \$5 accordingly. This change will go into effect on April 30, 2007 as the cost increase and usage survey required by Amtrak must be implemented prior to the beginning of the fiscal year in order to have the desired impact on the FY 2008 budget.

2. FRC Service Guarantee Program – after considering the comments received, VRE is recommending modification of the FRC service guarantee program rather than complete elimination. This recommendation is being made in an effort to preserve the commitment VRE has made to improve on-time performance as well as the brand identity that VRE has established for itself. Many passengers stated that this program is viewed highly by our patrons because it makes VRE unique

from other transportation organizations. In an effort to compromise on this issue, several changes to the program are being recommended including increasing the service guarantee from 30 minutes to 60 minutes and changing the process for administering the ticket distribution. Making these changes will reduce the total cost of the program by \$40,000. As the original program (with a 30 minute guarantee) cost \$60,000, \$20,000 will be added to the proposed FY 2008 budget and absorbed within existing programs. The FRC service guarantee program would be modified beginning July 2, 2007.

Information dissemination regarding these changes will be via Train Talk, the VRE web site and onboard newsletter. No additional funding is required to publicize these changes as the VRE Rider's Guide will be reprinted at the end of April due to an upcoming Amtrak schedule change.

**FISCAL IMPACT:**

The changes to the Step-up charge and modification of the FRC service guarantee program to one hour reduces expenses by \$473,000.

**TO: CHAIRMAN KAUFFMAN AND THE VRE OPERATIONS BOARD**  
**FROM: DALE ZEHNER**  
**DATE: MARCH 19, 2007**  
**RE: AUTHORIZATION TO MODIFY VRE'S FARES**

**RESOLUTION  
8A-03-2007  
OF THE  
VIRGINIA RAILWAY EXPRESS  
OPERATIONS BOARD**

**WHEREAS**, VRE must increase revenue or reduce expenses by \$7.7 million in order to produce a balanced budget; and,

**WHEREAS**, in addition to an increase in the jurisdictional subsidy, the VRE Operations Board also authorized an increase to the Amtrak Step-Up fare and the elimination of the FRC service guarantee program; and,

**WHEREAS**, passengers and interested parties commented via e-mail, letter, fax, and in person at any of five public hearings; and,

**WHEREAS**, the Amtrak Step-up increase will go into effect on April 30, 2007 and the modification of the FRC service guarantee program from 30 minutes to 60 minutes will go into effect on July 2, 2007.

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board recommends that the Commissions authorize the Chief Executive Officer to increase the Amtrak Step-Up fare to the per person fee charged by Amtrak and modify the FRC service guarantee program from 30 minutes to 60 minutes.

**AGENDA ITEM 8-B**  
**ACTION ITEM**

**TO: CHAIRMAN KAUFFMAN AND THE VRE OPERATIONS BOARD**

**FROM: DALE ZEHNER**

**DATE: MARCH 16, 2007**

**RE: AUTHORIZATION TO SELL MAFERSA EQUIPMENT**

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**RECOMMENDATION:**

The VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to enter into a sales agreement with QIT-Fer et Titane, Inc. for the sale of five Mafersa trailer cars.

**BACKGROUND:**

On February 7, 2007, VRE received an unsolicited proposal for the five remaining Mafersa trailer cars from a mining company located in Quebec Province. The proposal provides an \$80,000 option to hold the cars through June 30, 2007 and a purchase price of \$1.75 million (\$350,000 per car). VRE immediately posted the proposal on its web site and requested counter proposals. After ten days, no additional proposals were received.

Since January 2004, VRE has been dedicated to a bi-level operation due to capacity demands and storage limitations. As such, these trailers were originally part of the sales agreement with the Connecticut Department of Transportation (ConnDOT). These trailers were removed from that sales agreement based on the interest of a potential future operator in Virginia but later determined to be not needed. VRE subsequently recommends the sale of this equipment to QIT-Fer et Titane as it equals the value paid by ConnDOT. If QIT-Fer et Titane elects not to exercise the option, VRE would retain the \$80,000 and work to sell the cars to another firm.

**FISCAL IMPACT:**

As discussed in December of 2006, any additional revenue received by VRE during FY 2007 must be allocated toward restoration of the operating reserve to the level required by the bond indenture. As such, this funding will be applied to the operating reserve.

**TO: CHAIRMAN KAUFFMAN AND THE VRE OPERATIONS BOARD**  
**FROM: DALE ZEHNER**  
**DATE: MARCH 16, 2007**  
**RE: AUTHORIZATION TO SELL MAFERSA EQUIPMENT**

**RESOLUTION  
8B-03-2007  
OF THE  
VIRGINIA RAILWAY EXPRESS  
OPERATIONS BOARD**

**WHEREAS**, on February 7, 2007, VRE received an unsolicited proposal for the five remaining Mafersa trailer cars from a mining company located in Quebec Province; and,

**WHEREAS**, the proposal was for \$1.75 million (\$350,000 per car), including an \$80,000 deposit good through June 30, 2007; and,

**WHEREAS**, VRE immediately posted the proposal on its web site and received no counter proposals.

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board recommends that the Commissions authorize the Chief Executive Officer to enter into a sales agreement with QIT-Fer et Titane, Inc. for the sale of five Mafersa trailer cars.

**AGENDA ITEM 8-C**  
**ACTION ITEM**

**TO: CHAIRMAN KAUFFMAN AND THE VRE OPERATIONS BOARD**

**FROM: DALE ZEHNER**

**DATE: MARCH 16, 2007**

**RE: AUTHORIZATION TO SOLICIT PROPOSALS TO SELL RAILCARS**

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**RECOMMENDATION:**

The VRE Operations Board is being asked to authorize the Chief Executive Officer to solicit proposals for the sale of 25 railcars.

**BACKGROUND:**

Over the next twenty-two months, VRE's fleet will undergo a dramatic evolution. VRE has taken delivery of the last five of eleven new cab cars and has shipped the seven remaining Mafersa cab cars to Connecticut DOT. As discussed in the previous Board item, VRE hopes to sell the remaining five Mafersa trailers to QIT-Fer et Titane. In December of 2007, VRE will take delivery of the first five railcars of the fifty car option. Thereafter, cars will be delivered at a rate of five cars per month for about ten months. As these cars are entered into service, VRE will also pull Sounder equipment and prepare it for return to Seattle.

As a result of the foregoing activities, managing track storage space will become a high priority for VRE. Although VRE has agreements to store some excess railcars off-site, it is in VRE's best interest to dispose of unneeded railcars rather than store them. As shown in the following excerpt from the fleet management plan, there will be an excess of 25 railcars beginning in 2009. The 25 railcars which will be made available for sale include five Budd cars and 20 Gallery cars. Any sales agreement will be brought back to the Operations Board and Commissions for action.

## NUMBER OF AVAILABLE RAILCARS

Manufacturer	Cab/ Trailer	2007	2008	2009	2010	2011	2012
New Gallery	Cab	11	19	21	21	21	21
New Gallery	Trailer		32	40	40	40	40
Mafersa	Cab	5	0	0	0	0	0
Mafersa	Trailer	0	0	0	0	0	0
Kawasaki	Cab	4	4	4	4	4	4
Kawasaki	Trailer	9	9	9	9	9	9
Gallery	Trailer	50	50	50	50	50	50
Bombardier	Cab	3	0	0	0	0	0
Bombardier	Trailer	7	0	0	0	0	0
Budd	Trailer	5	5	5	5	5	5
Total Fleet		94	119	129	129	129	129
Assigned to Trains		62	80	80	90	90	90
Spares		27	18	24	14	14	14
Total Needed (including spares)		89	98	104	104	104	104
Overnight Storage Capacity		101	98	115	115	115	115
Excess Cars		5	21	25	25	25	25

Note: Lack of overnight storage capacity in 2008 constrains the spare ratio.

### **FISCAL IMPACT:**

There is no fiscal impact associated with this solicitation.

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**FROM: DALE ZEHNER**  
**DATE: MARCH 16, 2007**  
**RE: AUTHORIZATION TO SOLICIT PROPOSALS TO SELL RAILCARS**

**RESOLUTION  
8C-03-2007  
OF THE  
VIRGINIA RAILWAY EXPRESS  
OPERATIONS BOARD**

**WHEREAS**, VRE has been successful in obtaining funding for and ordering the delivery of 61 new railcars; and,

**WHEREAS**, VRE's current fleet nearly fills the Virginia yards to capacity; and,

**WHEREAS**, it is in VRE's best interest to dispose of unneeded railcars rather than store them.

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board authorizes the Chief Executive Officer to solicit proposals for the sale of 25 railcars.

**AGENDA ITEM 8-D**  
**ACTION ITEM**

**TO: CHAIRMAN KAUFFMAN AND THE VRE OPERATIONS BOARD**

**FROM: DALE ZEHNER**

**DATE: MARCH 16, 2007**

**RE: AUTHORIZATION TO ENTER INTO A MOU REGARDING THE  
CHERRY HILL STATION AND THIRD TRACK**

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**RECOMMENDATION:**

The VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to enter into a MOU with Lee Carolina, LLC for the construction and ownership of Cherry Hill at Harbor Station public projects.

**BACKGROUND:**

On December 15, 2005, the Commonwealth Transportation Board approved \$2,500,000 in Rail Enhancement Funds for feasibility and environmental evaluation services related to the Cherry Hill Station/Third Track project. The grant requires a 30 percent local match, which is being provided in-kind by Lee Carolina LLC. Lee Carolina is the property owner and developer of Harbor Station and KSI is serving as the development manager. Prior to VRE signing the grant agreement with the Virginia Department of Rail and Public Transportation (DRPT), a MOU committing the match to VRE needs to be executed between Lee Carolina and VRE.

Via a proffer with Prince William County, Lee Carolina has committed to providing land for and constructing a parking facility for 550 commuter parking spaces. Lee Carolina has further committed to constructing a VRE station, including slope stabilization on the adjacent property; and a public road bridge over CSX Transportation tracks at Cherry Hill Road. Lee Carolina has committed to conveying property with a total minimum value of \$21.7 million to VRE, or other appropriate public entity, as local match for the

VRE Third Track project. The conveyance of this in-kind match will occur incrementally as grant funds are expended.

Construction of the station and parking facility will be funded and managed by Lee Carolina in collaboration with VRE. Lee Carolina will be responsible for all elements of design and construction, including permitting and any coordination with CSX Railroad. CSX is no longer requiring that a station be removed from the Fredericksburg line prior to the Cherry Hill station coming on-line. VRE will manage the development and potential future construction of the Third Track project.

Once both the MOU and grant agreement have been executed, a RFP will be issued to engage a qualified firm to perform alternative design analysis as part of an Environmental Assessment (EA). This solicitation was authorized by the Operations Board in February and will develop various design options, identify potentially affected environments, define the general scope of work and formulate a project cost estimate and time line. Upon receipt and review of proposals, VRE staff will return to the Operations Board and recommend a firm for award.

**FISCAL IMPACT:**

There is no direct fiscal impact related to the execution of this MOU.

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**FROM: DALE ZEHNER**  
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**CHERRY HILL STATION AND THIRD TRACK**

**RESOLUTION**  
**8D-03-2007**  
**OF THE**  
**VIRGINIA RAILWAY EXPRESS**  
**OPERATIONS BOARD**

**WHEREAS**, On December 15, 2005, the Commonwealth Transportation Board approved \$2,500,000 for the Cherry Hill Station Third Track project which requires a 30 percent local match; and,

**WHEREAS**, this grant funding will be used to initiate feasibility and environmental evaluation services; and,

**WHEREAS**, as an initial step in this process, a MOU with Lee Carolina must be executed committing the matching funds; and,

**WHEREAS**, a MOU has been developed which details the arrangement between VRE and Lee Carolina regarding construction and ownership of Cherry Hill at Harbor Station public projects.

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board recommends that the Commissions authorize the Chief Executive Officer to enter into a MOU with Lee Carolina, LLC for the construction and ownership of Cherry Hill at Harbor Station public projects.

**AGENDA ITEM 8-E**  
**ACTION ITEM**

**TO: CHAIRMAN KAUFFMAN AND THE VRE OPERATIONS BOARD**

**FROM: DALE ZEHNER**

**DATE: MARCH 16, 2007**

**RE: AUTHORIZATION TO ENTER INTO A CONTRACT FOR  
WHEELSET REPLACEMENT AND REPAIR**

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**RECOMMENDATION:**

The VRE Operations Board is recommending that the Commissions authorize the Chief Executive Officer to enter into a one-year contract with two additional one-year options with **(name of firm will be provided on a blue sheet at the Board meeting)** for wheelset replacement and repair services.

**BACKGROUND:**

Currently, all wheelset replacement and repair services are provided through Amtrak. VRE has found that the provision of these services through Amtrak is both slow and cumbersome. As such, an Invitation for Bid for these services was issued on February 6, 2007, with bids due on March 12. Following bid openings, staff is recommending award to **(name of firm will be provided on a blue sheet at the Board meeting)**.

Bids were requested for a one year contract with two additional one-year options. Pricing was provided on a fixed price per item basis and includes labor. Wheelsets needing repair will be sent to the company after spares are installed on the subject equipment in VRE's yards. Spares have been acquired for each type of equipment currently in operation by VRE. The term of the contract is for one year with two additional one-year options. VRE is requesting authorization for the total term of the contract, with the VRE CEO exercising the option years at his discretion.

**FISCAL IMPACT:**

Funding for this contract is available in the FY08 VRE Operating Budget.

**TO: CHAIRMAN KAUFFMAN AND THE VRE OPERATIONS BOARD**  
**FROM: DALE ZEHNER**  
**DATE: MARCH 16, 2007**  
**RE: AUTHORIZATION TO ENTER INTO A CONTRACT FOR**  
**WHEELSET REPLACEMENT AND REPAIR**

**RESOLUTION**  
**8E-03-2007**  
**OF THE**  
**VIRGINIA RAILWAY EXPRESS**  
**OPERATIONS BOARD**

**WHEREAS**, wheelset replacement and repair services for VRE equipment are currently provided through Amtrak; and,

**WHEREAS**, VRE has found that the provision of these services through Amtrak is both slow and cumbersome; and,

**WHEREAS**, an Invitation for Bid was issued, those bids were opened publicly, and the most responsive, responsible vendor with the lowest bid was selected on March 12, 2007.

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board recommends that the Commissions authorize the Chief Executive Officer to enter into a one-year contract with two additional one-year options with **(name of firm will be provided on a blue sheet at the Board meeting)** for wheelset replacement and repair services.