



**VIRGINIA RAILWAY
EXPRESS**

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MATT TUCKER

**CHRISTOPHER
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MINUTES

**VRE OPERATIONS BOARD MEETING
PRTC HEADQUARTERS – PRINCE WILLIAM COUNTY, VIRGINIA
MARCH 16, 2007**

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

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

STAFF AND GENERAL PUBLIC	
George Billmyer – VRE	Lucy Lu – VRE
Marv Dixon – City of Fredericksburg	Steve MacIsaac – VRE counsel
John Duque – VRE	April Maguigad – VRE
Steve Edwards – Supervisor McConnell’s Office	Betsy Massie – PRTC staff
Anna Gotthardt – VRE	Sirel Mouchantaf – VRE
Al Harf – PRTC staff	Dick Peacock – citizen
Christine Hoeffner – VRE	Mark Roeber – VRE
Angela Horan – PW County Attorney	Khalid Salahuddin – VRE
Ann King – VRE	Jennifer Straub – VRE
Mike Lake – Fairfax County	Rick Taube – NVTC staff
Bob Leibbrandt – Prince William County	Dale Zehner – VRE

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

Chairman Kauffman called the meeting to order at 9:34 A.M. Following the Pledge of Allegiance, roll call was taken.

Approval of the Agenda – 3

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

Minutes of the February 16, 2006, VRE Operations Board Meeting – 4

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

Chairman's Comments – 5

Chairman Kauffman announced that all the work associated with the Quantico Bridge project is expected to be completed on-time and within budget by April 6, 2007. VRE is working to coordinate a bridge opening ceremony. He also reported that the Greater Richmond Transit Company (GRTC) will be partnering with VRE to provide a shuttle service between Richmond and the Fredericksburg Station. GRTC has received a grant for a three-year pilot project. The goal is to remove 100 cars from the roads. VRE will work with GRTC's marketing department to promote this project. Mr. Zehner explained that two buses in the morning and two buses in the evening for the first two rush hour trains are planned. Right now there are already approximately 50 people each day that drive up from Richmond to Fredericksburg to take VRE.

VRE Riders' Comments – 6

Mr. Billmyer thanked VRE for working with Amtrak to install arrival information boards for VRE trains at Union Station. He also rode in one of the new railcars and it was very comfortable. Mr. Billmyer stated that U.S. Senate Bill S294 is a bipartisan bill which could provide funding to railroads, which he hopes includes VRE. He also reported that Massachusetts Rail is now negotiating with CSX to purchase tracks between Framingham and Woucester, which is their fastest growing commuter line.

Mr. Billmyer also noted that VRE's proposed change to the Free Ride Certificates (FRC) from 30 to 60 minutes is reasonable, but he is concerned with the proposed \$10 Step-Up Amtrak ticket. It will affect those passengers who work the day after Thanksgiving and on the weekends. He suggested it should be a \$5 Step-Up ticket and the service should run on these holidays and weekends.

[Ms. McConnell arrived at 9:43 A.M.]

Mr. Peacock expressed his concerns about trains breaking down. Since many riders work for the Homeland Security Department, he suggested that VRE ask for a Homeland Security grant to pay for leasing reliable locomotives for a year before VRE receives its new equipment. VRE needs to estimate how many military personnel, Homeland Security employees and their contractors ride VRE. These estimates could be used as leverage to get funding. Ms. McConnell observed that BRAC is still including VRE in its plans and asked if VRE has heard about any special funds designated for VRE. Chairman Kauffman responded that he has not heard of any.

Chief Executive Officer's Report – 7

Mr. Zehner introduced two VRE staff members, Lucy Lu, Senior Accountant, and Khalid Salahuddin, Senior Project Manager, who will be working on VRE's railroad projects.

Mr. Gibbons expressed his concern regarding passengers getting off the train at Quantico and going underneath the gates and crossing the tracks. This is a major safety concern because someone could get hit by a passing train on the other track. Ms. Caddigan stated that after talking with the Base Commander about this issue, jersey wall barriers were put up. The Town of Quantico is also looking into having a policeman on duty during the afternoon trains. Mr. Zehner agreed that it is a serious problem which he discussed CSX and Amtrak. As well as continuing to highlight this issue on seat notices and in announcements, VRE will be working with Operation Lifesaver to educate riders about the dangers of crossing over the tracks. Mr. Zehner is especially concerned that once the bridge project is completed, train speeds will be raised to 70 M.P.H. through Quantico. Mr. Gibbons asked if a fence could be put between the two tracks. Mr. Zehner stated that a fence cannot be installed because of the road and passenger path. There will be another meeting on March 22nd to further discuss these safety issues.

[Mr. Milde arrived at 9:47 A.M.]

Authorization to Modify VRE's Fares – 8A

Mr. Zehner stated that the VRE Operations Board is being asked to recommend that the Commissions authorize him 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.

Mr. Zehner stated that the proposed FY 2008 budget includes an increase to the Amtrak Step-Up charge from \$2 to \$10, making the program cost neutral to VRE. 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 Amtrak reduces the fee to \$5, the Step-Up fee would be \$5 accordingly. This change would 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.

Mr. Zehner explained that after considering the comments received concerning the FRC program, it is proposed that the program be modified rather than completely eliminated. This recommendation is being made in an effort to preserve VRE's commitment to improving on-time performance as well as the brand identity that VRE has established for itself. By changing the program from 30 minutes to 60 minutes, it will reduce the total cost of the program by \$40,000. The FRC service guarantee program would be modified beginning July 2, 2007. These two changes will reduce VRE's overall expenses by \$473,000. In response to a question from Mr. Gibbons, Mr. Zehner stated that the FRC costs would be about \$20,000 annually and would be absorbed into the VRE budget and not by the jurisdiction.

Mr. Waldron moved, with a second by Ms. Bulova, to approve Resolution #8A-03-2007. The vote in favor was cast by Board Members Bulova, Jenkins, Kauffman, McConnell, Milde, Page and Waldron.

Authorization to Sell Mafersa Equipment – 8B

Mr. Zehner reported that on February 7, 2007, VRE received an unsolicited proposal for the five remaining Mafersa trailer cars from QIT-Fer et Titane, Inc., 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 website and requested counter proposals. After ten days, no additional proposals were received. Resolution #8B-03-2007 would recommend that the Commissions authorize the VRE CEO to enter into a sales agreement with QIT-Fer et Titane, Inc. for the sale of five Mafersa trailer cars. In response to a question from Mr. Milde, Mr. Zehner explained that the mining company plans to turn the trailer cars into dormitory cars to transport their employees to and from the mine.

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

Authorization to Solicit Proposals to Sell Railcars – 8C

Mr. Zehner stated that over the next twenty-two months, VRE's fleet will undergo a dramatic evolution. Beginning in December 2007, VRE will begin receiving five new

railcars per month from the fifty car option. As these cars are entered into service, VRE will also pull Sounder equipment and prepare it for return to Seattle. 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. According to the fleet management plan, there will be an excess of 25 railcars beginning in 2009 that could be sold, including five Budd cars and 20 Gallery cars. Any sales agreement would be brought back to the Operations Board and Commissions for action. Resolution #8C-03-2007 would authorize the CEO to solicit proposals for the sale of the 25 railcars.

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

[Mr. Zimmerman entered the room at 9:58 A.M.]

Authorization to Enter into a MOU Regarding the Cherry Hill Station and Third Track – 8D

Mr. Zehner stated that the Operations Board is being asked to recommend that the Commissions authorize the CEO to enter into a MOU with Lee Carolina, LLC for the construction and ownership of Cherry Hill at Harbor Station public projects. Resolution #8D-03-2007 would accomplish this. Back on December 15, 2005, the Commonwealth Transportation Board approved \$2.5 million 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 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 CSXT 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 would occur incrementally as grant funds are expended.

Mr. Zehner explained that 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 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 already authorized by the Board in February and will develop various options, identify potentially affected environments, define the general scope of work and formulate a project cost estimate and time line. VRE staff will return to the Operations Board with a recommendation for award.

In response to a question from Mr. Milde, Ms. Barg stated that the 1,700-acre development will have fewer than 1,000 housing units, but it is more of a community development project with a golf course, school, retail, hotel and a senior living center.

Ms. Barg moved, with a second by Ms. McConnell, to approve Resolution #8D-03-2007. The vote in favor was cast by Board Members Bulova, Jenkins, Kauffman, McConnell, Milde, Page and Waldron.

Authorization to Enter into a Contract for Wheelset Replacement and Repair – 8E

Mr. Zehner stated that Resolution #8E-03-2007 would recommend that the Commissions authorize the CEO to enter into a one-year contract with two additional one-year options with ORX of Tipton, Pennsylvania, for wheelset replacement and repair services for a total contract value not to exceed \$1,482,000. The recommendation follows an IFB procurement process.

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

Governance Discussion -- 9A

Chairman Kauffman reported that following a Subcommittee meeting on governance issues there are three outstanding issues, including voting, with the concern over two jurisdictions possibly controlling a vote; non-jurisdictional fare revenue and how it is allocated, and the future of VRE being an independent entity by 2010. Ms. Bulova stated that it was a very frank, candid discussion. VRE is continually evolving and the Commissions have made a commitment to providing more autonomy to VRE. The voting issues seem to be resolved. Regarding non-jurisdictional fare revenue, the compromise seems reasonable that VRE will work toward funding projects that help those jurisdictions with the most non-jurisdictional riders. Mr. Kelly agreed that the discussion was frank but positive and that everyone's concerns have been addressed, while focusing on what's best for VRE. He stated that FAMPO is also working to be its own district by 2010.

In response to a question from Mr. Zimmerman, Ms. Bulova explained that the weighted vote would be based on 60 percent of the subsidy with five of the eight jurisdictions

voting affirmative. Arlington and Alexandria would each have half a vote. Chairman Kauffman has asked VRE staff to distribute a summary of the new recommendations. Mr. Waldron suggested providing a progress report to the Commissions also.

Mr. Kelly suggested inviting representatives from Spotsylvania, Caroline and Fauquier Counties to a meeting to keep them informed of what is happening. Instead, Chairman Kauffman suggested that before the next Commissions meeting, another governance Subcommittee meeting be held to finalize a more cogent proposal.

Mr. Waldron asked about the timing of the budget being presented to the jurisdictions. In response to a question from Mr. Waldron, Chairman Kauffman stated that it is anticipated that the proposed governance changes would go into effect for the FY 2008 budget. Mr. Gibbons reminded the Board that governance is a very sensitive issue and that's why VRE is proposing two different budgets, one following the current budget structure and the other resulting from governance changes. Mr. Gibbons stated that Stafford County's costs would increase \$456,000 because of the governance changes.

Ms. Bulova explained that the purpose of the two budgets being presented was to provide full disclosure of changes in VRE structure in time for the FY 2008 budget so jurisdictions would know what would be needed with the new governance structure. Once the change is made, the new 2008 budget would be in place. Chairman Kauffman stated that VRE can't have different jurisdictions voting for different budgets. Ms. Bulova explained that it is hoped that the Governor will amend the transportation bill that would allow VRE to use funds for operating expenses, and help mitigate some of the increased costs to the jurisdictions.

Mr. Kelly suggested looking for state funding assistance so that the burden isn't put totally on Prince William County. Mr. Zehner stated that VRE has requested the change through the local jurisdictions and it's going forward through the normal process. Mr. Covington stated that it is important to keep a focus on the western Prince William County area through the Gainesville extension. He is glad to see that the NEPA studies are moving forward. In response to Mr. Gibbons, Mr. Roeber explained that the legislative changes were provided to Tom Biesiadny of Fairfax County's staff, who was preparing the draft for the Northern Virginia delegation. He stated that it was his understanding that it was done and submitted on VRE's behalf. Chairman Kauffman asked that this information be provided to all Board Members. Betsie Massie offered to provide this information.

Mr. Page further explained that currently, the legislation provides that the funds can only be used for capital expenses, but the Governor may change it to be used for operating as well. Ms. Bulova also observed that there is a four-year phase-in to the budget, being sensitive to how it is impacting some of the jurisdictions.

Mr. Harf observed that the Commissions transmitted the two budgets to the jurisdictions, with management's advice to budget for the higher budget. Mr. Gibbons

stated that two budgets were forwarded and one wouldn't take effect if the governance issues aren't adopted.

Other VRE Business

Ms. McConnell stated that the HOT Lane proposals would have an impact on VRE service and suggested that the Board receive a briefing on it. Chairman Kauffman directed staff to include this as an informational item at a future meeting.

In response to a question from Mr. Milde, Mr. Zehner stated that there is federal legislation that could provide more funding for Amtrak, but it would not impact VRE.

Adjournment

Chairman Kauffman adjourned the meeting at 10:30 A.M.

Approved this 20th day of April, 2007.

Dana Kauffman
Chairman

Elaine McConnell
Secretary

CERTIFICATION

This certification hereby acknowledges that the minutes for the March 16, 2007 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.

Rhonda Gilchrest

Rhonda Gilchrest