



**VIRGINIA RAILWAY
EXPRESS**

**OPERATIONS BOARD
MEMBERS**

DANA KAUFFMAN
CHAIRMAN

DOUG WALDRON
VICE CHAIRMAN

ELAINE MCCONNELL
SECRETARY

PAUL MILDE
TREASURER

HILDA BARG

SHARON BULOVA

MAUREEN CADDIGAN

WALLY COVINGTON

ROBERT GIBBONS

JOHN D. JENKINS

MATTHEW KELLY

MATT TUCKER

**CHRISTOPHER
ZIMMERMAN**

DALE ZEHNER
CHIEF EXECUTIVE
OFFICER

MINUTES

**VRE OPERATIONS BOARD MEETING
PRTC HEADQUARTERS – PRINCE WILLIAM COUNTY, VIRGINIA
MAY 18, 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
Christopher Zimmerman (NVTC)**	Arlington County

ALTERNATES ABSENT	JURISDICTION
Matthew Kelly (PRTC)	City of Fredericksburg

STAFF AND GENERAL PUBLIC	
George Billmyer – VRE	Steve MacIsaac – VRE counsel
Donna Boxer –VRE	April Maguigad – VRE
Marv Dixon – City of Fredericksburg	Betsy Massie – PRTC staff
Steve Edwards – Supervisor McConnell’s Office	Dick Peacock – citizen
Anna Gotthardt – VRE	Mark Roeber – VRE
Al Harf – PRTC staff	Theresa Stevenson –VRE
Angela Horan, Prince William Attorney	Jennifer Straub – VRE
Ann King – VRE	Rick Taube – NVTC staff
Calvin Lam – Fairfax County	Carl Winstead – Fairfax County
Trinh Lam – VRE	Dale Zehner – VRE
Bob Leibbrandt – Prince William County	

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

Minutes of the April 20, 2007, VRE Operations Board Meeting – 4

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

Chairman's Comments – 5

Chairman Kauffman thanked staff for the wonderful celebration at the Quantico Bridge dedication ceremony on May 11th. Mr. Gibbons thanked Governor Kaine and those elected officials involved in working to solve the heat restriction problems.

VRE Riders' Comments

Mr. Peacock stated that Utah will begin a new commuter rail service in 2008 and if they have already taken delivery of their locomotives, VRE could lease them on a short term basis until they need them. He expressed his concern with the condition of the Fredericksburg Station. There's an underpass walkway that has loose debris and rock coming down. He also requested an update on the declining ridership especially out of the Manassas station. VRE needs to emphasize that Manassas has adequate parking.

Mr. Zehner stated that staff is working with Fredericksburg staff regarding the station. An engineering firm was hired and completed a preliminary assessment. VRE has \$2.5 million of federal funding to do structural repairs. Currently, the station is being painted. Ms. Barg stated that it would be a good idea to install a heat blower at the Fredericksburg Station.

Mr. Billmyer stated that MARC is running its Penn Line at 120 percent capacity and they need railcars and more powerful locomotives to meet their capacity needs. Like VRE, MARC has the same problem with needing more equipment to meet demand. Maryland will be receiving BRAC funds and is seeking federal funds for its capital projects. MARC officials have also uncovered a ticket fraud scheme. Ms. McConnell stated that it is important for VRE to request BRAC funding.

[Mr. Zimmerman arrived at 9:42 A.M.]

Mr. Billmyer stated that some VRE riders have complained because Amtrak put up a maze of gates at Union Station that VRE riders must go through and around to get to the trains. Mr. Zehner responded that he has spoken with Amtrak about this issue and changes were made in response to security concerns.

Chief Executive Officer's Report – 6

Mr. Zehner reported that ridership is down approximately five percent from what it was last year at this same time. On-time performance has improved considerably, with the Fredericksburg Line at 94 percent and the Manassas Line at 95 percent. The completion of the Quantico Bridge project has had a major impact on on-time performance. He also reported that CSXT is expected to install new tracks at their expense between Lorton and Woodbridge. CSXT has promised that it will not affect VRE morning service, since the work will be done at night. Mr. Zehner also reported that CSXT is talking about changing its heat restriction policy, so that instead of affecting the entire rail line, only specific sections would have restrictions.

Mr. Zehner observed that a “9 to 5” work day is no longer the norm for federal employees since there is telecommuting, extended work days, and other initiatives. VRE needs to take a look at its schedule to accommodate these different work schedules.

Mr. Zehner also reported that the Commonwealth's capital matching ratio increased from 23 percent to 52 percent. VRE will also receive \$15 million for new locomotives.

In response to a question from Mr. Jenkins, Mr. Zehner stated that all tie replacement work has been done in VRE's service area. Mr. Zimmerman noted that a study is being done on diverting hazardous materials around D.C. He asked if it has any implications to VRE.

Consent Agenda – 7

Mr. Jenkins moved, with a second by Mr. Waldron, the following Consent Agenda Items:

Resolution #7A-05-2007: Authorization to Issue an IFB for the Construction of a Parking Garage at the Manassas Station.

Resolution #7B-05-2007: Authorization to Issue a Task Order for Daily Equipment Engineering Support.

Resolution #7C-05-2007: Authorization to Issue a RFP for Railcar Air Conditioning Services.

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

Authorization to Extend Amended Operating/Access Agreement with CSXT – 8A

The VRE Operations Board is being asked to recommend that the Commissions authorize the CEO to execute an extension of the existing Amended Operating/Access Agreement with CSXT to January 31, 2008. Resolution #8B-05-2007 would accomplish this.

Ms. McConnell 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.

Authorization to Extend Amended Operating/Access Agreement with Norfolk Southern – 8B

The VRE Operations Board is being asked to approve Resolution #8B-05-2007 to recommend that the Commissions authorize the CEO to execute an extension of the existing Amended Operating/Access Agreement with Norfolk Southern to January 31, 2008.

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

Authorization to Exercise Option for Locomotive Fuel Supply at the Broad Run Yard – 8C

Resolution #8C-05-2007 would recommend that the Commissions authorize the CEO to exercise the third option year to Mifco Heating Oil of Manassas, Virginia for the delivery of diesel fuel to the Board Run Yard for VRE's locomotive fleet. The option is being requested in an amount not to exceed \$1,600,000.

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

Authorization to Exercise Option for Locomotive Fuel Supply at the Crossroads Yard – 8D

Resolution #8D-05-2007 would recommend that the Commissions authorize the CEO to exercise the third option year to Quarles Petroleum of Fredericksburg, Virginia for the delivery of diesel fuel to the Crossroads Yard for VRE's locomotive fleet. The option is being requested in an amount not to exceed \$2,150,000.

Mr. Milde 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.

Authorization to Solicit Proposals to Sell Surplus Railcar Inventory – 8E

Resolution #8E-05-2007 would authorize the Chief Executive Officer to solicit proposals for the sale of surplus railcar inventory. Board Members had no questions.

Mr. Jenkins moved, with a second by Mr. Gibbons, to approve Resolution #8E-05-2007. The vote in favor was cast by Board Members Bulova, Jenkins, Kauffman, McConnell, Milde, Page and Waldron.

Authorization to Execute a Locomotive Lease Purchase – 8F

The VRE Operations Board is being asked to authorize the Chief Executive Officer to amend a previously authorized contract with Railworld Locomotive Leasing, of Chicago, Illinois, or the subsequent best proposer, for one locomotive in an amount not to exceed \$82,125 per year, plus freight, for a total of four years and ownership of the V32 locomotive. Resolution #8F-05-2007 would accomplish this. Last month, the Operations Board approved a three year lease with Railworld Locomotive Leasing. A mathematical error caused the proposal to be withdrawn and resubmitted. The revised proposal added an additional year to the lease requirements and included a daily rate which is \$15 more per day.

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

Authorization to Request Nominations for VRE Operations Board Members – 8G

Mr. Zehner announced that all jurisdictions have now adopted the governance proposal. With the exception of Fredericksburg, each jurisdiction has also adopted the FY 2007 budget. Fredericksburg is in the process of finalizing its budget and will act by June 26th at the latest. The draft amendment to the Master Agreement was also discussed, which

would change the Operations Board governance structure as well as the subsidy allocation formula.

Mr. Maclsaac explained the weighted voting and how the contributing members (Arlington and Alexandria) would have a role on the Board. The vote is now based on the concept that for any action to pass, it must be approved by the majority of jurisdictions plus sixty percent of the subsidy. In response to a question from Chairman Kauffman, Mr. Zehner explained that the Board is being asked to send the draft Master Agreement to jurisdictional and commission staff for their comments and the Operations Board will formally endorse it and recommend Commission approval at the June Operations Board meeting.

Mr. Gibbons suggested that the agenda title be changed. He stated that there needs to be some way to allow Fauquier County to join at a later date without having to do all this over again. Mr. Maclsaac stated that the agenda item title "Authorization to Request Nominations of VRE Operations Board Members" is exactly what is being requested. It is hoped that further discussions with Fauquier County will occur over the next month and it would be simple to add language to the Master Agreement before it is voted on by the Operations Board and the Commissions. Mr. Jenkins suggested instead of referring to "Fauquier County" in the Master Agreement, it could be changed to "adjacent jurisdictions." Mr. Maclsaac cautioned against this because it is important to be specific. Chairman Kauffman stated that the Board will have a chance to revisit this issue after VRE receives comments back from jurisdictional and commission staff.

Ms. Barg stated that it would be helpful to get a briefing of the Fauquier County meeting. Mr. Gibbons reported that he, along with Mr. Harf, Mr. Covington and Mr. Zehner, met with the Fauquier County Board of Supervisors. VRE received a warm welcome and it was a very positive meeting. Fauquier County is waiting for Norfolk Southern to answer a question. Mr. Jenkins stated that he hopes that Fauquier County sees the priority to extend commuter rail through Gainesville to Front Royal rather than to Remington. Mr. Gibbons stated that this issue was discussed. Mr. Zehner stated that Norfolk Southern is under pressure to move truck freight traffic off the I-81 corridor to the Front Royal rail corridor. The Gainesville second track is very important to Norfolk Southern. Also, the 8-mile section to Bealeton must be double tracked before Norfolk Southern will allow VRE to run service to that area. Mr. Gibbons stated that it is important to have Fauquier County meet with Norfolk Southern representatives so that they totally understand these issues.

Mr. Covington stated that the meeting with Fauquier County was a constructive meeting and by the end, Fauquier Supervisors had a better understanding of the costs of extending rail to Gainesville and/or Bealeton.

Chairman Kauffman asked Mr. Zehner to work with PRTC staff to provide the Operations Board a timeline for when the Board should be briefed on this issue and take action. An observation was made that there is still a lot of work that still needs to be done before the Operations Board can consider adding another jurisdiction. Mr.

Zimmerman explained that the action being requested is only to notify the Commissions that they need to nominate members for the Operations Board.

Without objection, Resolution #8G-05-2007 was referred to the Commissions.

FY 2007 Year-End Financial Projections – 9A

Mr. Zehner reported that the only significant projected variance is a decrease to budgeted fare revenue of approximately 4.5 percent or almost \$900,000. This decrease is consistent with the financial and ridership data that has been provided each month. As the result of a slightly positive variance for operating expenses and select federal and state grant revenues, staff estimate that VRE will end the year with \$470,000 more than was anticipated when the budget was amended in December. This will reduce the need for one-time funds from \$1.8 million to approximately \$1.4 million.

Closed Session – 10

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

Pursuant to the Virginia Freedom of Information Act (Sections 2.2-3711A (7) of the Code of Virginia), the VRE Operations Board authorizes discussion in Closed Session with legal counsel regarding the case of Bledsoe versus Amtrak and the case of Laura Moore versus NVTC.

The vote in favor was cast by Board Members Bulova, Jenkins, Kauffman, McConnell, Milde, Page and Waldron. The Board entered into Closed Session at 10:35 A.M. and returned to Open Session at 11:15 A.M.

Ms. Bulova moved, with a second by Mr. Jenkins, 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 Bulova, Jenkins, Kauffman, McConnell, Milde, Page and Waldron.

Other VRE Business

Mr. Zehner recommended that the Executive Committee meet in the near future to discuss the investment policy, guidelines for the upcoming budget, and the CEO review. Chairman Kauffman, Mr. Waldron, Mr. Milde, Ms. McConnell and Ms. Caddigan are members of that committee.

Adjournment

Chairman Kauffman adjourned the meeting at 11:20 A.M.

Approved this ___th day of June, 2007.

Dana Kauffman
Chairman

Elaine McConnell
Secretary

CERTIFICATION

This certification hereby acknowledges that the minutes for the May 18, 2007 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.

Rhonda Gilchrest

Rhonda Gilchrest