



MINUTES

**VIRGINIA RAILWAY
EXPRESS**

**VRE OPERATIONS BOARD MEETING
PRTC HEADQUARTERS – PRINCE WILLIAM COUNTY, VIRGINIA
OCTOBER 19, 2007**

BOARD MEMBERS

DANA KAUFFMAN
CHAIRMAN

DOUG WALDRON
VICE CHAIRMAN

ELAINE MCCONNELL
SECRETARY

PAUL MILDE
TREASURER

MAUREEN CADDIGAN
WALLY COVINGTON
MARV DIXON
BOB GIBBONS
JOHN JENKINS
FRANK JONES
PAUL SMEDBERG
MATT TUCKER
CHRIS ZIMMERMAN

ALTERNATES

HILDA BARG
SHARON BULOVA
MARK DUDENHEFER
JAY FISETTE
MATT KELLY
TIMOTHY LOVAIN
MICHAEL MAY
MARTIN NOHE
KEVIN PAGE
HAL PARRISH
GEORGE SCHWARTZ

DALE ZEHNER
CHIEF EXECUTIVE
OFFICER

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MEMBERS PRESENT	JURISDICTION
Maureen Caddigan (PRTC)	Prince William County
Wally Covington (PRTC)*	Prince William County
Marvin J. Dixon (PRTC)	City of Fredericksburg
Robert Gibbons (PRTC)	Stafford County
John D. Jenkins (PRTC)	Prince William County
Dana Kauffman (NVTC)	Fairfax County
Elaine McConnell (NVTC)	Fairfax County
Paul Milde (PRTC)*	Stafford County
Doug Waldron (PRTC)	City of Manassas
Christopher Zimmerman (NVTC)*	Arlington County

MEMBERS ABSENT	JURISDICTION
Frank C. Jones (PRTC)	City of Manassas Park
Paul Smedberg (NVTC)	City of Alexandria
Matthew Tucker	DRPT

ALTERNATES PRESENT	JURISDICTION
Hilda Barg (PRTC)	Prince William County
Sharon Bulova (NVTC)*	Fairfax County
Kevin Page	DRPT

ALTERNATES ABSENT	JURISDICTION
L. Mark Dudenhefer (PRTC)	Stafford County
Jay Fisetite (NVTC)	Arlington County
Matthew Kelly (PRTC)	City of Fredericksburg
Timothy Lovain (NVTC)	City of Alexandria
Michael C. May (PRTC)	Prince William County
Martin E. Nohe (PRTC)	Prince William County
Hal Parrish, II (PRTC)	City of Manassas
George H. Schwartz (PRTC)	Stafford County

STAFF AND GENERAL PUBLIC	
Donna Boxer – VRE	Steve MacIsaac – VRE counsel
Steve Edwards – Sup. McConnell's staff	April Maguigad – VRE
Anna Gotthardt – VRE	Dick Peacock – citizen
Al Harf – PRTC staff	Lynn Rivers – Arlington County
Mike Lake – Fairfax County	Jennifer Straub – VRE
Trinh Lam – VRE	Rick Taube – NVTC staff
Bob Leibbrandt – Prince William County	Dale Zehner – VRE
Michael Loar – Hatchmont McDonald	

** 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. Zehner stated that Agenda Item #8A “Authorization to Amend Insurance Fund Agreement and Agreement for the Management of the Liability Insurance Plan” needs to be removed from the agenda because Don LeMond of the Division of Risk Management was unable to attend the scheduled meeting with VRE staff due to a personal issue. Mr. Zehner stated that this agenda item will be put on next month’s agenda.

Mr. Dixon moved, with a second by Mr. Gibbons, to approve the amended agenda. The vote in favor was cast by Board Members Caddigan, Dixon, Gibbons, Jenkins, Kauffman, McConnell and Waldron.

Minutes of the September 21, 2007, VRE Operations Board Meeting – 4

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

Chairman’s Comments -- 5

Chairman Kauffman observed that VRE has enjoyed favorable press coverage recently regarding VRE’s increase in ridership. He thanked staff for their hard work. He stated that the October 18th groundbreaking ceremony for the Manassas Station parking garage was a success.

[Ms. Bulova arrived at 9:37 A.M.]

Chief Executive Officer’s Report --6

Mr. Zehner reported that ridership has increased nearly six percent from September 2006 to September 2007. The gains can be attributed to the steady on-time performance over the summer months. On-time performance continues to increase with 93 percent on the Manassas Line and 91 percent on the Fredericksburg Line. The goal is to keep it above 90 percent on both lines. There was a total of 200 delays per month a year ago, and now delays are down to 50-60 per month, with half the delays being VRE related. The railroads (CSXT and Norfolk Southern) have done a good job of responding to on-time performance issues. In November, VRE staff will meet with

CSXT and Amtrak officials to discuss operational issues, such as VRE trains leaving the yards on-time, in order to maintain the 90 percent on-time performance threshold.

[Mr. Milde arrived at 9:40 A.M.]

Mr. Zehner reported that the RFP for locomotive acquisition was posted on August 20th. An extension was requested from several vendors and VRE staff determined that the extension was necessary to allow for the best quality and competition. The date has now been changed to November 30, 2007. It is anticipated that the contract will be awarded by March 2008.

[Mr. Covington arrived at 9:41 A.M.]

Mr. Zehner reported that Senator Webb requested a tour of VRE and on October 11th he rode a VRE train from Woodbridge to Rippon. Senator Webb is sponsoring a \$5 million federal grant for the VRE locomotive acquisition. In response to a question from Mr. Gibbons, Mr. Zehner stated that the new locomotives will be funded from \$15 million from the state, \$1.7 million from the Mafersa sale, and \$5 million anticipated from the above mentioned federal grant. The RFP is written for an initial purchase of two locomotives with an option for 18 more, which would be exercised when additional funding becomes available.

Mr. Zehner reported that new variable message signs have been installed at the majority of VRE's station, with the remainder to be installed by mid-November. Those already installed are operational.

Authorization to Sell Four Budd Cars – 8B

Mr. Zehner stated that the Operations Board is being asked to recommend that the Commissions authorize him to sell four Budd cars to the Collis P. Huntington Railroad Historical Society, Inc., of Huntington, West Virginia, for \$1 per car. Resolution #8B-10-2007 would accomplish this.

Mr. Zehner explained that back in March 2007, the Operations Board granted the CEO authority to sell up to 25 railcars, including the Budd cars, in anticipation of the new railcar delivery beginning this December. Since that time, the equipment was posted on VRE's website for public sale and staff received a proposal from the historical society to purchase the Budd railcars (car numbers 501, 502, 503 and 504) for \$1 each. VRE staff recommends this sale since no other offers have been received and the disposition cost of the cars is higher than this proposal. The sales agreement requires the buyer to deposit freight costs into an escrow account to ensure removal of all cars. There is no federal, state or local interest remaining in these railcars.

Mr. Gibbons moved, with a second by Ms. Caddigan, to approve Resolution #8B-10-2007. The vote in favor was cast by Board Members Caddigan, Covington, Dixon, Gibbons, Jenkins, Kauffman, McConnell, Milde and Waldron.

Authorization to Sell Mafersa Inventory – 8C

Mr. Zehner reported that in May 2007, the Operations Board granted him authority to solicit proposals for the sale of spare inventory associated with the Mafersa equipment being retired from VRE service. Since February, VRE staff has been attempting to induce an interest in this material from both of the purchasers of the Mafersa cars. Recently, a proposal was received from the Connecticut Department of Transportation (ConnDOT) to purchase VRE's entire remaining Mafersa inventory of parts. The value of these parts is consistent with the proposal and there is no federal, state or local interest in these materials. Resolution #8C-10-2007 would authorize the CEO to sell the remaining Mafersa inventory to ConnDOT for \$100,000 or the next best offer.

Mr. Gibbons moved, with a second by Ms. Caddigan, to approve Resolution #8C-10-20207. The vote in favor was cast by Board Members Caddigan, Covington, Dixon, Gibbons, Jenkins, Kauffman, McConnell, Milde and Waldron.

Authorization to Amend a Task Order for Locomotive Diagnostic Work – 8D

Mr. Zehner reported that Resolution #8D-10-2007 would authorize the CEO to increase the authorization limit of a task order with Transportation Technologies, Inc. (TTI) for locomotive diagnostic work by \$50,000 for a total amount not to exceed \$100,000. TTI is under contract with VRE to perform major repairs as well as repair work that Amtrak cannot accommodate in their schedule.

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

Authorization to Accept an Additional Five-Year Term from SunTrust Bank for the Loan for the VRE Office Condominium – 8E

Mr. Zehner stated that the VRE Operations Board is being asked to recommend that the Commissions authorize the CEO to execute financial documentation necessary to accept the additional five-year term, with a fixed rate of 4.31 percent for VRE's loan with SunTrust Bank for the VRE office condominium at 1500 King Street, Alexandria, Virginia. Resolution #8E-10-2007 would accomplish this.

In response to a question from Mr. Jenkins, Ms. Boxer stated that the fixed rate allows for prepayment after two years. Mr. Taube asked if VRE staff compared any other

financing options from different institutions. Mr. Zehner replied that they did not, since this is a continuation of the previous agreement with SunTrust. Chairman Kauffman observed that a 4.31 percent rate is very favorable. Ms. McConnell asked staff to do an analysis on how much would be saved in interest if the loan was prepaid.

Mr. Gibbons moved, with a second by Mr. Milde, approve Resolution #8B-10-2007. The vote in favor was cast by Board Members Caddigan, Covington, Dixon, Gibbons, Jenkins, Kauffman, McConnell, Milde and Waldron.

Delegation of Authority Plan – 9A

Mr. Zehner reported that in October of 2006, the Board took its second action on the delegation of authority plan, which was designed to streamline the oversight of VRE. As designed, the final phase would provide the Operations Board with full authority on spending. Because of the change in the Operations Board structure, staff is recommending that this final phase occur at the beginning of FY 2009 (July 1, 2008). Another change is that staff is not recommending delegation of the railroad operating agreements and the insurance agreements, which should remain under the Commissions authority. Mr. Zehner explained that a formal agenda item concerning this delegation of authority will be brought to the November Operations Board meeting for action.

In response to a question from Ms. Bulova, Mr. Zehner stated that PRTC and NVTC Executive Directors and jurisdictional staff support these recommendations. Ms. Bulova stated that it looks like a logical next step for VRE.

Mr. Covington asked if minor issues could be moved to the Commissions if the issues become controversial. He likened it to the way a Board Supervisors deals with actions taken by the planning commission, where the Board of Supervisors can “pull” an item if there are concerns or if it is controversial. Mr. Zehner stated that any Board Member who is concerned about an issue and wants it forwarded to the Commissions, either as an information, discussion or action item, can make that recommendation and it would automatically move to the Commissions. In response to a question from Mr. Waldron, Chairman Kauffman clarified his understanding that it needs to be an action taken by the Board to send an issue to the Commissions and not an individual Board Member. Mr. Waldron agreed that it needs to be a formal process of action taken by the Board and not by an individual request. Mr. Zehner stated that he will continue to attend both Commission meetings to provide briefings and answer any questions. In response to a question from Mr. Gibbons, Chairman Kauffman observed that VRE Operations Board Members serve in a representative role for the Commissions and they should keep their colleagues informed about VRE issues.

Chairman Kauffman directed staff to craft a “push-pull” provision, which would be subject to a majority vote. Mr. Covington suggested putting a time limit on it, such as 30 days or one meeting limit, so actions don’t get bogged down.

[Mr. Zimmerman arrived at 10:03 A.M. and joined the discussion.]

Mr. Jenkins stated that VRE will continue to provide reports to the Commissions so there is ample opportunity for Commissioners to see what VRE is doing. Mr. Gibbons suggested that staff look at ways for the VRE CEO to report to both Commissions at the same time through VTC technology.

Ms. McConnell stated that she was disappointed in NVTC's last closed session where the action was almost voted down because some state legislators didn't know more about VRE issues. She asked if they get some kind of briefing on VRE. Mr. Taube noted that in that instance the information provided was new that day. Both PRTC and NVTC commissioners are provided with VRE Operations Board meeting minutes that provide a detailed review of VRE actions. Mr. Milde stated that he is concerned about this issue too.

VRE Riders' and Public Comment – 7

Mr. Peacock thanked those Board Members who attended the ground breaking ceremony for the Manassas parking garage. This project is a "win-win" for VRE and the City of Manassas.

Ms. McConnell reported that Mr. Billmyer was unable to attend the meeting because he is ill. She suggested the Operations Board send a note expressing the Board's appreciation for his comments when he attends the meetings and that he was missed today.

DRPT Update

Mr. Page provided an update on the MOU projects. Two weeks ago, the agreement with CSXT was signed to complete the final design of the third track between AF Interlocking and Franconia/Springfield, as well as to rebuild Ravensworth's universal crossover, which is south of Lorton. It was decided not to run a third track through the Franconia/Springfield station. Also, DRPT is moving forward with design and cost estimates for the Fredericksburg to Hamilton third track upgrade.

Mr. Page introduced Michael Loar, Director of Hatchmont McDonald Engineering and Consulting Contracting, Inc., which is DRPT's on-site program management consultant. Loar's staff includes Jacob Craig, handling on-site engineering, and Michael Nott, assisting in rail planning efforts. They will be looking at the alternatives analysis for the Washington-Richmond Corridor. Also, the Active Yard Study for the RF&P Corridor includes analysis of the maximum peak capacity of trains that can be run in this corridor for both freight and passenger rail.

In response to a question from Mr. Gibbons, Mr. Page explained that the Arkendale/Powell's Creek project is being handled and funded through the rail enhancement contract. It is not a MOU project.

Mr. Zimmerman noted that at the recent Transportation Planning Board he saw a presentation from the I-95 Corridor Coalition, which included information about the Mid Atlantic Rail Operations Study (MAROPS), which is analyzing rail along the entire eastern corridor. The study identified nine projects for improvement between Washington and Richmond. Mr. Zimmerman stated that there needs to be some agency, probably at the federal level, to take responsibility and implement a program resulting from this analysis. It is in VRE's best interest to see that the study recommendations get turned into an overall program, which could have a big impact on the region's ability to move people throughout the corridor by rail. Mr. Page stated that DPRT is involved in this initiative and is in the process of coordinating with the MAROPS consultants to put together all the states' rail plans in the I-95 corridor. Mr. Zimmerman stated that it would be helpful for the Board to receive regular progress reports on this initiative. There were no objections.

Mr. MacIsaac stated that VRE would like to work with DRPT to translate these corridor initiatives into contract obligations for CSXT to improve on-time performance, allow more trains, and loosen some of the rigid contract provisions, such as indemnification requirements.

Adjournment

On a motion by Mr. Covington and a second by Mr. Dixon, the Board unanimously voted to adjourn. Chairman Kauffman adjourned the meeting at 10:18 A.M.

Approved this 16th day of November, 2007.

Dana Kauffman
Chairman

Elaine McConnell
Secretary

CERTIFICATION

This certification hereby acknowledges that the minutes for the October 19, 2007 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.

Rhonda Gilchrest

Rhonda Gilchrest