



MINUTES

VRE OPERATIONS BOARD MEETING PRTC HEADQUARTERS – PRINCE WILLIAM COUNTY, VIRGINIA JANUARY 18, 2008

**VIRGINIA RAILWAY
EXPRESS**

BOARD MEMBERS

JOHN JENKINS
CHAIRMAN

SHARON BULOVA
VICE-CHAIRMAN

CHRIS ZIMMERMAN
TREASURER

PAUL MILDE
SECRETARY

MAUREEN CADDIGAN
WALLY COVINGTON
MARV DIXON
PATRICK HERRITY
FRANK JONES
KEVIN PAGE
GEORGE SCHWARTZ
PAUL SMEDBERG
DOUG WALDRON

ALTERNATES

MARC AVENI
JAY FISETTE
MATT KELLY
TIMOTHY LOVAIN
MICHAEL MAY
JEFF McKAY
MARTIN NOHE
BRYAN POLK
JOHN STIRRUP
MATT TUCKER

DALE ZEHNER
CHIEF EXECUTIVE
OFFICER

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MEMBERS PRESENT	JURISDICTION
Sharon Bulova (NVTC)	Fairfax County
Marvin J. Dixon (PRTC)	City of Fredericksburg
John D. Jenkins (PRTC)	Prince William County
Paul Milde (PRTC)	Stafford County
Kevin Page	DRPT
George H. Schwartz (PRTC)*	Stafford County
Paul Smedberg (NVTC)	City of Alexandria
Christopher Zimmerman (NVTC)	Arlington County

MEMBERS ABSENT	JURISDICTION
Maureen Caddigan (PRTC)	Prince William County
Wally Covington (PRTC)	Prince William County
Patrick Herrity (NVTC)	Fairfax County
Frank C. Jones (PRTC)	City of Manassas Park
Doug Waldron (PRTC)	City of Manassas

ALTERNATES ABSENT	JURISDICTION
Marc Aveni (PRTC)	City of Manassas
Jay Fisetite (NVTC)	Arlington County
Matthew Kelly (PRTC)	City of Fredericksburg
Timothy Lovain (NVTC)	City of Alexandria
Michael C. May (PRTC)	Prince William County
Jeff McKay (NVTC)	Fairfax County
Martin E. Nohe (PRTC)	Prince William County
Bryan Polk (PRTC)	City of Manassas Park
John Stirrup (PRTC)	Prince William County
Matthew Tucker	DRPT

STAFF AND GENERAL PUBLIC	
Donna Boxer – VRE	Steve MacIsaac – VRE counsel
John Duque – VRE	Betsy Massie – PRTC staff
Jeremy Flores – VRE	Peyton Onks – Sup. Herrity's office
Dan Gentz – Washington Post	Dick Peacock – citizen
Anna Gotthardt – VRE	Mark Roeber – VRE
Al Harf – PRTC staff	Lynn Rivers – Arlington County
Ann King – VRE	Brett Shorter – VRE
Mike Lake – Fairfax County	Jennifer Straub – VRE
Dennis Larson – VRE	Rick Taube – NVTC staff
Bob Leibbrandt – Prince William County	Sara Wolfenden-Stafford
April Maguigad – VRE	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 Jenkins called the meeting to order at 9:38 A.M. Following the Pledge of Allegiance, roll call was taken.

Installation of New Officers – 2

Chairman Jenkins stated that since all the officers are elected members of their respective bodies and have already taken an oath of office, he declared that all the officers that were elected are duly installed.

Approval of the Agenda – 3

Ms. Bulova moved, with a second by Mr. Dixon, to approve the agenda. The vote in favor was cast by Board Members Bulova, Dixon, Jenkins, Milde, Page, Smedberg and Zimmerman.

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

Mr. Dixon moved, with a second by Mr. Milde, to approve the minutes. The vote in favor was cast by Board Members Bulova, Dixon, Jenkins, Milde, Page, Smedberg and Zimmerman.

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

New Chairman's Comments -- 5

Chairman Jenkins welcomed everyone and thanked Board Members for serving on the VRE Operations Board. He stated that this is a very exciting time for VRE. He has been a Prince William County Supervisor for 26 years and he has had the opportunity to be there at VRE's beginning. He has a great deal of pride seeing the trains run to and from Washington, D.C. and to see all that VRE has been able to do. VRE has new railcars arriving monthly and is in the process of acquiring new locomotives. He acknowledged two new members on the Board: Pat Herrity from Fairfax County and George Schwartz from Stafford County. He looks forward to this opportunity to serve as the Board Chairman for 2008.

Chief Executive Officer's Report -- 7

Mr. Zehner announced that the second shipment of five new railcars will arrive tomorrow and, after testing, should go into revenue service by January 28th. The third set will be shipped in the middle of February. VRE will start a new advertising campaign on January 28th, with two different alternating radio spots. Board Members were also provided with a copy of a First Responder Training video. Ridership continues to climb and VRE averaged 100 new riders in January.

Mr. Zehner introduced Jeremy Flores, VRE's new service manager, who works the morning shift from 4:30 A.M. – 1:00 P.M. With the addition of Jeremy in the morning and April Maguigad covering the afternoon shift, this provides more emphasis on customer service and operations.

VRE Riders' and Public Comment – 8

Dick Peacock expressed his concern regarding the proposed three percent fare increase. He stated that VRE should look at the discount structure. He would like to see the 10-trip ticket be discounted from eight percent to ten percent in order to reward the frequent rider. He also talked with a representative of the National Association of Railroad Passengers, who feels that an Amtrak strike is unlikely. He asked if the EZ buses now being used to provide service to the Burke Centre station during construction of the parking garage can be used afterwards to provide service to the Rolling Road Station, which has reached capacity. Mike Lake of Fairfax County staff stated that when the Burke Centre parking garage is operational in spring 2008, staff will work to determine what bus service will remain. Mr. Zehner stated that once the Burke Centre parking garage is complete, some of the Rolling Road patrons will migrate back to Burke Centre. He predicted that Rolling Road will not be at capacity once the Burke Centre garage is open.

Authorization to Conduct Public Hearings Related to Proposed Tariff Amendments – 9A

Chairman Jenkins reported that Resolution #9A-01-2008 would authorize the CEO to solicit comments through public hearings related to the proposed fare change and subsequent amendment of VRE's tariff.

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

Mr. Milde asked if this includes fare indexing, which was discussed at the last meeting. Mr. Zehner stated that a presentation will be given later in the meeting on indexing. Currently, the fare increase is part of the budget process

In response to a question from Mr. Zimmerman, Mr. Zehner explained that the hearings will be conducted during February and March in D.C. as well as at other locations on both lines, including Crystal City, Fredericksburg, Manassas, the PRTC office for the Woodbridge area, and the Burke Centre area. Staff will report back to the Operations Board with a summary of comments. In response to another question from Mr. Zimmerman, Mr. Zehner stated that he serves as the hearing officer, but Board Members are welcome to attend. Mr. Zimmerman stated that to the extent that it is possible, at least one Board Member should be at each hearing. Chairman Jenkins asked staff to provide Board Members with a list of hearings dates and times.

Mr. Dixon agreed to amend his motion to change the resolution to include hearing locations. Ms. Bulova, as the seconder, also agreed.

In response to a comment made by Mr. Zimmerman, Mr. MacIsaac explained that the intended scope of this public hearing advertisement is on this one increase. If the Board wants a hearing on a fare indexing proposal, it would need to be included in the motion. Ms. Bulova observed that the Board has not had an opportunity to discuss a fare indexing proposal. Mr. Milde stated that there seems to be broad support for fare indexing, so the sooner it gets out there the better. Ms. Bulova suggested that the public hearing advertisement could just give notice that the Board will be considering a fare indexing proposal at a later time. Chairman Jenkins suggested that the second whereas clause of the resolution make a reference that the Operations Board will consider fare indexing. The maker and seconder of the motion agreed to this change.

The Board then voted on the amended motion and it passed. The vote in favor was cast by Board Members Bulova, Dixon, Jenkins, Milde, Schwartz, Smedberg and Zimmerman. [Mr. Page was out of the room at the time of the vote.]

Authorization to Issue Request for Proposals for Banking Services and Line of Credit – 9B

Mr. Zehner reported that the Operations Board is asked to authorize him to issue a RFP for banking services for a period of three years, with an option to extend it for up to two additional years. Resolution #9B-01-2008 would accomplish this.

Mr. Zehner explained that VRE's current contract with SunTrust Bank will expire at the end of July 2008. Therefore, a new procurement must be initiated. In addition to the \$1 million line of credit, the solicitation will also include optional services such as trustee and escrow services, investment custodial services, and the provision of credit or purchasing cards. Both PRTC and NVTC were asked if they would like to be included in the solicitation. PRTC has asked to be included, while NVTC has declined since they do not need new banking services at this time.

Mr. Zimmerman moved, with a second by Mr. Dixon, to approve the resolution. The vote in favor was cast by Board Members Bulova, Dixon, Jenkins, Milde, Page, Schwartz, Smedberg and Zimmerman.

Authorization to Sell Ten Gallery Cars – 9C

Mr. Zehner explained that the VRE Operations Board is being asked to recommend that the Commissions authorize the VRE CEO to sell ten Gallery cars to the Regional Transit Authority of Nashville, Tennessee. Board Members were provided confidentially the amount of the sale. Resolution #9C-01-2008 would accomplish this.

Mr. Zehner explained that the reason the price is confidential is because VRE still needs to sell 10 additional railcars and is in discussions with several interested companies. In response to a question from Mr. Zimmerman, Mr. Zehner explained that with the new

higher-capacity railcars arriving, VRE does not have the storage capacity to keep all the Gallery cars. Mr. Page stated that the Commonwealth has no interest in these railcars.

Mr. Zehner explained that the action would be contingent upon disposition approval from the Federal Transit Administration and will not occur until such approval is received.

Mr. Zimmerman moved, with a second by Ms. Bulova, to approve the resolution. The vote in favor was cast by Board Members Bulova, Dixon, Jenkins, Milde, Page, Schwartz, Smedberg and Zimmerman.

Authorization to Award a Contract for the Manufacture of New Locomotives – 9D

Mr. Zehner reported that the Operations Board is being asked to recommend that the Commissions authorize him to award a contract to Motive Power, Inc. of Boise, Idaho for the manufacture of two new locomotives in the amount of \$9,098,274, plus a contingency of \$909,827 for a total amount not to exceed \$10,008,101. Resolution #9D-01-2008 would accomplish this.

Mr. Zehner stated that the RFP was published on August 20, 2007, and proposals were due on November 30, 2007. Two proposals were received. A selection committee evaluated the proposals, conducted interviews with all the candidates and recommends that the contract be awarded to Motive Power, Inc. The RFP was structured to allow for a base order of two locomotives, with options to purchase up to a total of 20 locomotives over a five year period at a fixed, but indexed price.

In response to a question from Ms. Bulova, Mr. Zehner stated that this information was provided to the Budget Committee. Mr. Zimmerman stated that he would prefer that jurisdictional staff had more of an opportunity to review the information, but since it is within the budget, he can support the motion.

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

Mr. Page stated that the Commonwealth of Virginia has in good faith allocated funds for this project and it is the lack of local funding initiative that is keeping it from moving forward.

Mr. Zehner suggested that the price could go lower, so he suggested changing the wording in the resolution to “up to \$909,827...” Ms. Bulova and Mr. Zimmerman both agreed to the amendment.

The Board then voted in the amended motion and it passed. The vote in favor was cast by Board Members Bulova, Dixon, Jenkins, Milde, Page, Schwartz, Smedberg and Zimmerman.

Authorization to Award a Contract for Construction Engineering and Inspection Services for the Purchase and Manufacture of Diesel-Electric Locomotives -9E

Mr. Zehner explained that Resolution #9E-01-2008 would recommend that the Commissions authorize the VRE CEO to enter into a contract with STV Incorporated dba STV Group Incorporated of Fairfax, Virginia for construction engineering and inspection services for the purchase and manufacture of up to 20 diesel-electric locomotives in the amount of \$3,769,000, plus a contingency of \$376,920, for a total amount not to exceed \$4,145,920.

Mr. Zimmerman moved approval of the resolution, with the understanding that jurisdictional staff committees will be briefed on this issue. Mr. Dixon seconded the motion.

The Board voted on the motion and it passed. The vote in favor was cast by Board Members Bulova, Dixon, Jenkins, Milde, Page, Schwartz, Smedberg and Zimmerman.

Authorization to Participate in Joint Auditing Services Contract – 9F

Mr. Zehner stated that Resolution #9F-01-2008 would authorize VRE's CEO to participate in a joint RFP for auditing services for a period of three years, with options to extend for up to four additional years in two-year increments. The solicitation will be issued by NVTC on behalf of both NVTC and VRE. The intention would be for NVTC and VRE to enter into separate contracts with the auditor to provide the requested services.

Ms. Bulova moved, with a second by Mr. Dixon, to approve the resolution. The vote in favor was cast by Board Members Bulova, Dixon, Jenkins, Milde, Page, Schwartz, Smedberg and Zimmerman.

[Mr. Smedberg left the meeting at 10:27 A.M.]

Presentation of Potential Amtrak Strike – 10A

Chairman Jenkins stated that there is a possibility that Amtrak and the unions will not be able to reach agreement but may be able to continue service under the existing agreement. He asked staff to prepared letters to be sent to Congressional members to ask for their assistance if a strike occurs. Mr. Zehner provided a brief history of issues dealing with a potential strike. The major outstanding issues are back pay and health care issues. If there is a walk-out or strike, VRE service would shut down. All indications are that a strike is remote or won't last long. VRE will recommend riders carpool, telecommute, or use transit service in the event of a strike. However, VRE could not provide alternative service for everyone. The earliest time a strike will occur is January 30, 2008. Mr. Zimmerman stated that if a strike occurs, VRE will shut down and will not be in a position to provide alternative service. Mr. Page stated that it is important that VRE provide some kind of service. It is important to prepare riders for a

potential strike. The Commonwealth would like to have VRE provide a contingency plan with potential costs. Mr. Zimmerman stated that VRE cannot deliver riders without trains. Ms. Bulova agreed, but stated that VRE should provide referral information of different alternatives. There also needs to be coordination with the jurisdictions. Chairman Jenkins stated that OmniRide is an alternative for people. Mr. Zehner stated that staff has already compiled a list of referral information. Ms. Bulova suggested including telecommuting programs.

Presentation and Discussion of Fare Indexing -- 10B

Mr. Zehner stated that VRE staff looked at two existing fare indexing programs from the Association of American Railroads and Consumer Price Index: "All Urban Customers U.S. Transportation Only." He reviewed the history of both indices over the last five years.

Mr. Zehner then reviewed the fare increase history of VRE. Over the past five years, there were fare increases for four of those years, which averaged a 3.75 percent increase. Coincidentally, this matches the CPI index.

Mr. Zehner stated that he recommends that as part of the budget process VRE should look forward over a five year period to determine what fare increase and subsidy increase will be needed. VRE could have a 3.75 percent increase every year or wait and have a 6 percent increase every other year.

Mr. Zimmerman stated that it is important to have a policy basis that makes sense. It should be based on CPI. It is helpful for the customer and the jurisdictions to know ahead of time that there will be fare increases. He supports fare increases every other year. Ms. Bulova expressed her support of having an indexing method. It makes sense. Mr. Dixon stated that he agrees with Mr. Zimmerman that VRE should wait every other year for fare increases.

Adjournment

On a motion by Mr. Page, and a second by Mr. Dixon, the Board unanimously voted to adjourn. Chairman Jenkins adjourned the meeting at 11:05 A.M.

Approved this 15th day of February, 2008.

JOHN D. JENKINS
Chairman

PAUL MILDE
Secretary

CERTIFICATION

This certification hereby acknowledges that the minutes for the January 18, 2008 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.

Rhonda Gilchrest

Rhonda Gilchrest