



MINUTES

VRE OPERATIONS BOARD MEETING PRTC HEADQUARTERS – PRINCE WILLIAM COUNTY, VIRGINIA APRIL 17, 2009

VIRGINIA RAILWAY EXPRESS

BOARD MEMBERS

CHRIS ZIMMERMAN
CHAIRMAN

PAUL MILDE
VICE-CHAIRMAN

WALLY COVINGTON
TREASURER

SHARON BULOVA
SECRETARY

MAUREEN CADDIGAN
PATRICK HERRITY
JOHN JENKINS
MATTHEW KELLY
SUHAS NADDONI
KEVIN PAGE
GEORGE SCHWARTZ
PAUL SMEDBERG
JONATHAN WAY

ALTERNATES

MARC AVENI
CHARLES BADGER
HARRY CRISP
MARK DUDENHEFER
BRAD ELLIS
JAY FISETTE
FRANK JONES
TIMOTHY LOVAIN
MICHAEL MAY
JEFF McKAY
MARTIN NOHE
JOHN STIRRUP

DALE ZEHNER
CHIEF EXECUTIVE
OFFICER

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| MEMBERS PRESENT | JURISDICTION |
|------------------------------|------------------------|
| Sharon Bulova (NVTC) | Fairfax County |
| Maureen Caddigan (PRTC)* | Prince William County |
| Wally Covington (PRTC) | Prince William County |
| John D. Jenkins (PRTC) | Prince William County |
| Matthew Kelly (PRTC) | City of Fredericksburg |
| Paul Milde (PRTC) | Stafford County |
| Kevin Page | DRPT |
| Jonathan Way (PRTC) | City of Manassas |
| Christopher Zimmerman (NVTC) | Arlington County |

| MEMBERS ABSENT | JURISDICTION |
|---------------------------|-----------------------|
| Patrick Herrity (NVTC) | Fairfax County |
| Suhas Naddoni (PRTC) | City of Manassas Park |
| George H. Schwartz (PRTC) | Stafford County |
| Paul Smedberg (NVTC) | City of Alexandria |

| ALTERNATES ABSENT | JURISDICTION |
|------------------------|------------------------|
| Marc Aveni (PRTC) | City of Manassas |
| Charles Badger | DRPT |
| Brad Ellis | City of Fredericksburg |
| Harry Crisp (PRTC) | Stafford County |
| Mark Dudenhefer (PRTC) | Stafford County |
| Jay Fiset (NVTC) | Arlington County |
| Frank C. Jones (PRTC) | City of Manassas Park |
| 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 |
| John Stirrup (PRTC) | Prince William County |

| STAFF AND GENERAL PUBLIC | |
|--|-------------------------------------|
| John Duque – VRE | Betsie Massie – PRTC staff |
| Jeremy Flores – VRE | Sirel Mouchantaf – VRE |
| Anna Gotthardt – VRE | Peyton Onks – Sup. Herrity's office |
| Al Harf – PRTC staff | Dick Peacock – citizen |
| Christine Hoeffner – VRE | Michael Schaller – citizen |
| Ann King – VRE | Jennifer Straub – VRE |
| Mike Lake – Fairfax County | Rick Taube – NVTC staff |
| Bob Leibbrandt – Prince William County | Dale Zehner – VRE |
| Steve Maclsaac – VRE counsel | |

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

Chairman Zimmerman called the meeting to order at 9:32 A.M. Following the Pledge of Allegiance, roll call was taken.

Approval of the Agenda – 3

Chairman Zimmerman stated that a Closed Session is needed for Agenda Item #9B “Voucher Program.” Following discussion, Board Members unanimously consented to move Agenda Item #8D “Authorization to Amend the Contract with Scheidt and Bachmann to Upgrade the VRE Fare Collection System” and Agenda Item #9B “Voucher Program” to the end of the agenda since both items deal with fare issues.

Minutes of the March 21, 2009, VRE Operations Board Meeting – 4

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

Chairman’s Comments – 5

Chairman Zimmerman stated that he had an opportunity to participate in an on-line interview on April 16th for a blog on the website “Greater Greater Washington” and he responded to several questions about VRE service. Some questions that he was unable to answer, including several questions about bike on rail, will be forwarded to VRE staff to address.

[Ms. Caddigan arrived at 9:35 A.M.]

Chief Executive Officer’s Report – 6

Mr. Zehner reported that VRE’s ridership growth rate continues to slow down. Some of the factors may be the economy, lower gas prices, and non-federal workers losing their jobs. Chairman Zimmerman noted that ridership is not down, just slowing, which is consistent with the rest of the transit industry. Mr. Zehner also gave an update on the ongoing Meet the Managements events. The most important issues riders have deal with the proposed fare increase in July, ticket issuing and locomotive maintenance.

Mr. Zehner reported that a public meeting for the Gainesville/Haymarket Extension Project is scheduled for May 5th at 6:30 P.M. at the Samuel L. Gravely, Jr. Elementary School in Haymarket. A report summary will be provided to Board Members prior to the meeting. After the public meeting, the final report will be completed and submitted to DRPT by the end of May 2009. In response to a question from Mr. Covington, Ms. Hoeffner responded that the last public meeting for this project was held at Battlefield High School in Haymarket. Mr. Covington noted that Gainesville Middle School would be a better location for future meetings so that more Gainesville riders can participate.

Mr. Way observed that the Broad Run parking lot is seriously over capacity and asked if VRE has any plans to improve or expand the facility. Mr. Zehner replied that there is no more land to expand, but staff has recommended that Prince William County consider building a parking garage. The County has agreed to apply for CMAQ funding next year for VRE to study the potential cost and design of a future garage facility.

Authorization to Execute a Force Account Agreement with CSX for Cab Signal Project – 8A

Mr. Zehner explained that the VRE Operations Board is being asked to recommend that the Commissions authorize the VRE CEO to enter into a force agreement with CSX to install Automatic Cab Signal from Rosslyn (RO) to Virginia Avenue for a total amount not to exceed \$1,260,000. Resolution #8A-04-2009 would accomplish this. The CSX line on the RF&P railroad, within the VRE territory, is equipped with automatic cab signalization except for this 3.2 mile segment of rail, which is where rail traffic is most dense and speeds are most restrictive. Cab signalization provides the train engineer with an advanced warning regarding the signal indication ahead. Installing the automatic cab signals will allow trains to maintain higher speeds through this area and, therefore, improve on-time performance as well as safety.

In response to a question from Chairman Zimmerman, Mr. Zehner stated that funding for this project is provided through a FY 2008 DRPT Rail Enhancement Fund grant and match provided by CSX. Once the force agreement is signed, CSX can complete the work within six months.

Mr. Milde moved, with a second by Mr. Kelly, to approve Resolution #8A-04-2009. The vote in favor was cast by Board Members Bulova, Caddigan, Covington, Jenkins, Kelly, Milde, Page, Way and Zimmerman.

Authorization to Award a Contract for Repair and Overhaul of Air Brake Equipment – 8B

Mr. Zehner reported that the VRE Operations Board is being asked to authorize him to enter into a contract with Touchton Industries of Jacksonville, Florida, for the repair and overhaul of air brake equipment in an amount not to exceed \$400,000 for a three year period. Resolution #8B-04-2009 would accomplish this.

Mr. Zehner stated that a RFP was issued in February 2009. Two proposals were received and following the selection committee review, Touchton Industries is recommended for award. The scope of services for this contract is principally the rebuilding and certification testing of individual air brake components. This work is required due to either federally required certification cycles or unexpected repair needs due to component failures. The contract will be for three years, a base year plus two one-year options, with the CEO exercising the option years at his discretion.

Mr. Way asked if VRE, as a matter of practice, debriefs the losing bidders so that they can improve future bids. Mr. Zehner responded that it is not a routine practice, but VRE does it if a bidder requests it.

Mr. Jenkins moved, with a second by Mr. Kelly to approve Resolution #8B-04-2009. The vote in favor was cast by Board Members Bulova, Caddigan, Covington, Jenkins, Kelly, Milde, Page, Way and Zimmerman.

Authorization to Issue a Task Order for Overhaul of the Dynamic Brake System for VRE Locomotives – 8C

Mr. Zehner stated that Resolution #8C-04-2009 authorizes the CEO to issue a task order to MotivePower, Inc. to overhaul the dynamic brake control system in all 15 VRE GP-type locomotives at a cost not to exceed \$74,675.

Mr. Zehner explained that this task order will improve locomotive reliability and is designed to dramatically reduce or totally eliminate delays from this cause. All work will be performed as a “running repair” and will not require that locomotives be removed from service. This task order work is planned to be completed by September 30, 2009. Funding is provided in the FY 2009-2010 operating budgets.

Ms. Caddigan moved, with a second by Mr. Kelly, to approve the resolution. The vote in favor was cast by Board Members Bulova, Caddigan, Covington, Jenkins, Kelly, Milde, Page, Way and Zimmerman.

Authorization to Exercise Marketing Contract Option – 8E

Mr. Zehner explained that the Operations Board is being asked to authorize him to exercise the third option term of the marketing contract with Williams Whittle Associates for an amount of \$250,000, plus a \$117,000 option, for a total amount not to exceed \$567,000 during the first year of the two-year term. Spending authority for the second year of the two-year term will be requested in 2010. Funding for the \$117,000 option for a safety and security advertising campaign is anticipated from the Department of Homeland Security. The grant award is expected this fall. If the funding is not received for any reason, the option will not be exercised.

Mr. Kelly moved, with a second by Ms. Bulova, to approve Resolution #8E-04-2009. The vote in favor was cast by Board Members Bulova, Caddigan, Covington, Jenkins, Kelly, Milde, Page, Way and Zimmerman.

Authorization to Investigate Refund of Series 1998 Commuter Rail Revenue Bonds – 8F

Mr. Zehner reminded Board Members that back in February 1990, NVTC issued \$79,350,000 of tax exempt Commuter Rail Revenue bonds to fund the establishment of VRE. In 1993 and 1998, NVTC refunded a portion of the original debt in order to

achieve a lower interest rate and lower annual payments. VRE's financial advisor for bond financing, Public Financial Management, has calculated the net savings of again refunding the \$25 million remaining balance of the Series 1998 bonds. At current prevailing rates, the net present value savings are estimated at \$1.3 million, spread over the next six years. Resolution #8F-04-2009 would authorize VRE staff to investigate the refunding of the Series 1998 Commuter Rail Revenue Bonds.

Mr. Zehner stated that VRE's intention would be to pursue the refunding so long as net savings are in excess of \$1 million and represent at least four percent of the value of the new debt. This approach is consistent with the parameters used by several of the jurisdictions and with a prior state law. Professional staff at Fairfax County, Prince William County and the Virginia Resources Authority have been consulted about this refunding opportunity. These conversations will continue as the options outlined above are reviewed. Jurisdictional and Commission staff will also be involved in discussions regarding refinancing options. A proposal will be brought back to the Operations Board and Commissions later this spring. Each of the member jurisdictions would then need to approve the issuance of refunding debt.

Mr. Way asked if it could be assumed that the new rate would be locked in and not speculative. Mr. Zehner responded that this assumption is correct.

Chairman Zimmerman questioned whether staff needs authorization from the Operations Board to do this investigation and expressed his opinion that it could be treated as an information item. Mr. Zehner explained that it was presented this way because he wanted the Board to be informed about what VRE staff wants to accomplish. Mr. MacIsaac provided his opinion that Board action is not needed. Chairman Zimmerman stated that he does not object to this item and, in fact, thinks it is a good idea. Board Members reacted positively to the investigation and agreed to treat this agenda item as an information item.

VRE Riders' and Public Comment – 7

Chairman Zimmerman apologized for forgetting to provide a time for riders' and public comment at the beginning of the meeting.

Dick Peacock stated that he supports VRE staff's response to the locomotive failures. He also likes the changes to the new Lynchburg DRPT intercity train schedule since the later time will be more attractive to riders from Lynchburg, Charlottesville and Culpeper. It also will give more options for VRE riders to access later trains, which should boost VRE ridership numbers. He stated that he is pleased to see that there will be a stop at Burke Centre.

Chairman Zimmerman stated that President Obama's announcement on April 20th unveiling a national high speed passenger rail plan seems to dovetail with DRPT's intercity rail plans. It may provide an opportunity to build up rail infrastructure across the country. However, there is some anxiety concerning the funding resources needed to run such a national service.

Locomotive Failure – 9A

At the last meeting Chairman Zimmerman requested specific information on the recent locomotive failures. Mr. Zehner explained that VRE's locomotive contractor, MotivePower, looked at each locomotive thoroughly. In most cases, the failures were locomotive component failures. Changes to maintenance practices have been proposed and are underway to minimize future mechanical breakdowns. Locomotives are now being looked at after each run as well as being inspected on the weekends. VRE is expecting nine new locomotives to be delivered by October 2010.

Chairman Zimmerman stated that it is important to conclude to what degree these locomotive failures are related to old equipment breaking down versus Amtrak's mechanical practices. Mr. Zehner stated that he met with Amtrak's CEO and Chief Mechanical Officer and they have pledged to conduct a review of their mechanical processes by an independent team to ensure all applicable procedures are being followed. Mr. Jenkins stated that he hopes these changes will include concentrating on fixing the same problem on 10 locomotives versus trying to fix one locomotive with 10 problems.

Mr. Way expressed his opinion that there does not seem to be a strong preventative maintenance plan in place. He recommended that before VRE receives the new locomotives, a new preventative maintenance plan already be in place. Mr. Zehner stated that the upcoming RFP for a rail service provider also includes a maintenance plan. Moving maintenance to VRE's yards has been a positive move, but VRE can continue to take maintenance to a higher standard. Mr. Page stated that federal regulations require a certain standard for maintenance. He stated that the Operations Board's forward thinking in supporting VRE staff's maintenance recommendations is a good thing.

Brooke Parking – 9C

Mr. Milde stated that the land owner is now not cooperating. He asked what the process is to keep this project moving forward. Ms. Straub stated that staff have a meeting scheduled with the Stafford County Executive next week to discuss the next steps. In response to a question from Mr. Milde, Ms. Straub stated that VRE has eminent domain through PRTC. Mr. Milde stated that Stafford County has already determined that it does not want to purchase the land with county funds, but access is needed to the property to complete the NEPA study. Mr. MacIsaac stated that there are procedures for Stafford County and PRTC to be able to access the property to complete this work. It is just a question of which body should do it. Ms. Straub suggested that the Board direct VRE to pursue right of access through PRTC. Board Members had no objection to tasking staff with this action.

Closed Session – Voucher Program – 9B

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

Pursuant to the Virginia Freedom of Information Act (Sections 2.2-3711A (7N and 3) of the Code of Virginia), the VRE Operations Board authorizes a Closed Session for the purposes of consultation with legal counsel concerning authority to establish fare policies and rates that distinguish member jurisdictions' riders from non-member jurisdictions' riders.

The vote in favor was cast by Board Members Bulova, Caddigan, Covington, Jenkins, Kelly, Milde, Page, Way and Zimmerman.

The Board entered into Closed Session at 10:10 A.M. and returned to Open Session at 10:41 A.M.

Ms. Bulova moved, with a second by Mr. Milde, 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 Chapter 37, Title 2.2 of the Code of Virginia 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, Caddigan, Covington, Jenkins, Kelly, Milde, Page, Way and Zimmerman.

Authorization to Amend the Contract with Scheidt and Bachmann to Upgrade the VRE Fare Collection system – 8D

Mr. Zehner stated that the Operations Board is being asked to authorize him to amend the existing Scheidt and Bachmann USA, Inc. (S&B) contract for the VRE fare collection system to undertake a system upgrade. Resolution #8D-04-2009 would approve an increase of the contract by an amount not to exceed \$967,863, plus a 15 percent contingency of \$145,180, for a total contract value not to exceed \$7,306,816.

Mr. Zehner explained that in 2005, Visa issued new requirements to protect PIN-based transaction processing within point-of-sale systems and host systems, including the VRE fare collection system. Replacement of the PIN pads on existing VRE TVM and

TOM units must be replaced by June 30, 2010 in order to comply with these requirements. While the majority of the upgrades will address maintenance issues and the new credit card requirements, they are also intended to support the future modification of the fare collection system to allow interoperability with the WMATA SmarTrip program. The full regional SmarTrip implementation, including the "autoload" functionality that will enable VRE integration with the region is currently expected to be completed by the end of 2009. Mr. Zehner explained that this action is just an upgrade and not a major extension of the current system. It will not help with the SmarTrip component. Chairman Zimmerman observed that the funding is listed as part of VRE's Capital Improvement Program as part of the SmarTrip/Fare Collection system improvement project. Ms. Straub explained that it is just a line item in the grant. The money being spent on this work is not specifically for the SmarTrip upgrade.

Mr. Milde stated that he would like for VRE to ask passengers their zip code when they purchase tickets from VRE TVM machines. Mr. Zehner stated that half of riders purchase tickets through vendors. Mr. Milde stated that it would not give a complete picture, but it would be a start. In response to another question from Mr. Milde, Mr. Zehner stated that there would be costs associated with making this change to the TVM machines. Mr. Milde asked staff to investigate the costs.

Mr. Milde moved, with a second by Ms. Bulova, to approve Resolution #8D-04-2009. The vote in favor was cast by Board Members Bulova, Caddigan, Covington, Jenkins, Kelly, Milde, Page, Way and Zimmerman.

Adjournment

Without objection, Chairman Zimmerman adjourned the meeting at 10:50 A.M.

Approved this 15th day of May, 2009.

Christopher Zimmerman
Chairman

Sharon Bulova
Secretary

CERTIFICATION

This certification hereby acknowledges that the minutes for the April 17, 2009 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.

Rhonda Gilchrest

Rhonda Gilchrest