



MINUTES

VRE OPERATIONS BOARD MEETING PRTC HEADQUARTERS – PRINCE WILLIAM COUNTY, VIRGINIA FEBRUARY 20, 2009

VIRGINIA RAILWAY EXPRESS

BOARD MEMBERS

CHRIS ZIMMERMAN
CHAIRMAN

PAUL MILDE
VICE-CHAIRMAN

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TREASURER

SHARON BULOVA
SECRETARY

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

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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
Patrick Herrity (NVTC)*	Fairfax County
John D. Jenkins (PRTC)	Prince William County
Matthew Kelly (PRTC)	City of Fredericksburg
Paul Milde (PRTC)	Stafford County
Suhas Naddoni (PRTC)	City of Manassas Park
Kevin Page	DRPT
George H. Schwartz (PRTC)	Stafford County
Paul Smedberg (NVTC)*	City of Alexandria
Jonathan Way (PRTC)	City of Manassas
Christopher Zimmerman (NVTC)	Arlington County

ALTERNATES PRESENT	JURISDICTION
Charles Badger	DRPT
Brad Ellis	City of Fredericksburg

ALTERNATES ABSENT	JURISDICTION
Marc Aveni (PRTC)	City of Manassas
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	
George Billmyer – citizen	Bob Leibbrandt – Prince William County
Jennifer Buske – Washington Post	Steve MacIsaac – VRE counsel
John Duque – VRE	April Maguigad – VRE
Anna Gotthardt – VRE	Betsy Massie – PRTC staff
Kelly Hannan – Free Lance Star	Sirel Mouchantaf – VRE
Al Harf – PRTC staff	Mark Roeber – VRE
Christine Hoeffner – VRE	Jennifer Straub – VRE
Ann King – VRE	Rick Taube – NVTC staff
Mike Lake – Fairfax 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 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 requested that the agenda be modified to discuss Agenda Item #9F: “Authorization to Amend the Washington-Richmond Corridor Improvement Project MOU between VRE, DRPT, and CSXT” before the other action items so Ms. Caddigan could take part in the discussion before leaving. There were no objections. Ms. Caddigan moved, with a second by Ms. Bulova, to approve the amended agenda. The vote in favor was cast by Board Members Bulova, Caddigan, Covington, Jenkins, Kelly, Milde, Naddoni, Page, Schwartz, Way and Zimmerman.

Minutes of the January 23, 2009, VRE Operations Board Meeting – 4

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

Chairman’s Comments – 5

Chairman Zimmerman stated that he had no comments.

Chief Executive Officer’s Report – 6

Mr. Zehner reported that VRE’s on-time performance for January was 93 percent systemwide, with 92 percent for Fredericksburg and 94 percent for Manassas. Board Members applauded this good news. Mr. Zehner stated that it has been a coordinated effort between VRE, Amtrak and the freight railroads to make this happen. He also reported that VRE ridership is up 8.4 percent in January compared to the same time last year, but VRE’s growth rate has begun to slow down.

[Mr. Smedberg arrived at 9:35 A.M.]

Mr. Zehner announced that the federal stimulus package passed and VRE may receive anywhere from \$11 to \$24 million, depending on how the funds are apportioned. Mr. Harf explained that it is his understanding that the stimulus funds for fixed guideway modernization are confined to a set of tiers, which will exclude VRE. Therefore, VRE should receive closer to the \$11 million amount. Chairman Zimmerman asked how VRE will use the stimulus funds. Mr. Zehner replied that staff recommends that the funds be used for locomotive acquisition, which would provide another 3-4 locomotives on top of the five locomotives VRE has already ordered. He also observed that there might be some state stimulus funding available.

Mr. Zehner also reported that legislation was passed to increase the transit benefits to \$230 per month from the current \$120. This means that federal workers or anyone else who receives this benefit will virtually have no out-of-pocket expenses to ride on the Manassas Line. For the Fredericksburg Line, those passengers boarding at the Quantico Station or further north would pay no out-of-pocket expenses to ride. For the outer stations, passengers would need to pay about \$40. Staff anticipates that this increased transit benefit will create a jump in ridership growth.

In response to a question from Mr. Milde, Mr. Zehner reported that February's on-time performance (through February 18th) is at 93 percent for Fredericksburg and 94 percent for Manassas. Chairman Zimmerman noted that VRE's sustained ridership growth is a testament to VRE's improved on-time performance, even when gasoline prices dropped.

VRE Riders' and Public Comment – 7

George Billmyer stated that VRE should remove the step-up charge for the new proposed DRPT train service. He stated that it is important for VRE to think ahead about expansion and VRE should establish zones from Fredericksburg to Richmond and Manassas to Lynchburg and let passengers ride these intercity trains on a 10-ride or Monthly Ticket with no Step-Up.

Consent Agenda – 8

Ms. Caddigan moved, with a second by Mr. Smedberg, to approve the following Consent Agenda items:

Resolution #8A-02-2009: Authorization to Solicit Proposals for the VRE Electronic Newsletter

Resolution #8B-02-2009: Authorization to Solicit Proposals for Mobile Website Development

Resolution #8C-02-2009: Authorization to Award a Contract for Security Cameras at the VRE Manassas Garage

Resolution #8D-02-2009: Authorization to Issue a Task Order to Replace 480V Junction Boxes on Locomotives

The Board voted on the motion and it unanimously passed. The vote in favor was cast by Board Members Bulova, Caddigan, Covington, Kelly, Milde, Naddoni, Page, Schwartz, Smedberg, Way and Zimmerman. (Mr. Jenkins was out of the room and did not vote.)

[Mr. Herrity arrived at 9:45 A.M.]

Authorization to Amend the Washington-Richmond Corridor Improvement Project MOU
Between VRE, DRPT and CSXT – 9F

Mr. Zehner explained that the VRE Operations Board is being asked to recommend that the Commissions authorize the VRE CEO to execute the First Amendment to the January 31, 2002 Memorandum of Understanding (MOU) with CSXT and the Commonwealth of Virginia's Department of Rail and Public Transportation (DRPT). Resolution #9F-02-2009 would accomplish this.

Mr. Zehner reviewed the background of the original MOU, including the process for phased completion of certain capacity generating improvements in the corridor and the corresponding increase in VRE service following the improvements. Nine projects were included in the MOU, of which seven have been completed. The last two projects, the third track from AF to Franconia/Springfield and the third track between Fredericksburg and Hamilton (HA), are funded, under construction and scheduled for completion by DRPT in 2009. Under the current MOU, once these projects are completed, VRE is permitted to add two round trips on the Fredericksburg Line and one round trip on the Manassas Line (in addition to the Manassas Line round trip not being used due to the suspension of the mid-morning train in 2005).

In response to a question from Ms. Bulova, Mr. Zehner explained that the Commonwealth provided the majority of the \$112 million funding for the projects, except for the substantial federal funding for the Quantico Bridge project. Mr. Zehner explained that DRPT would like to operate a round trip inter-city train between Lynchburg, Virginia and Washington Union Station (WAS) and a round trip inter-city train between Richmond, Virginia and WAS. This service would allow riders to continue on with Amtrak service to New York. DRPT has requested permission from VRE to use a Manassas Line round trip already authorized under the Operating Agreement with CSXT and a Fredericksburg Line round trip permitted by the MOU when all nine MOU projects are completed. Two additional slots, one on each line, will still remain for VRE use, even before any slots are reinstated to VRE. However, VRE is not in a financial position to implement additional trains at this time or in the near future.

Mr. Zehner stated that DRPT will negotiate with Amtrak to provide the inter-city service using Amtrak equipment. To the rider, these Commonwealth sponsored trains will look and feel like any other Amtrak train on the corridor. This is similar to arrangements that Pennsylvania and Vermont have with Amtrak for the Keystone service and the Vermonter, respectively.

Mr. Zehner reminded Board Members that during the discussion at the last Operations Board meeting, there were several issues raised that had to be resolved before the MOU amendments could be considered by the Board and ultimately the Commissions. The initial proposal was to replace VRE Train #301 on the Fredericksburg Line with a DRPT train. This option has been eliminated. Instead, VRE would keep the mid-day train and DRPT's southbound train would depart during the afternoon rush hour, providing VRE riders with an express train option toward the beginning of the rush hour period. DRPT's northbound train in the morning on the Fredericksburg Line would

follow VRE service and act as a sweeper train for VRE riders. Also, with the elimination of the Train #301 option, these DRPT trains will function as any other Amtrak train available to VRE passengers. As such, a \$10 step-up ticket will be required in addition to a VRE multi-trip ticket. VRE would not be required to reimburse DRPT for the use of the trains by VRE riders. VRE would provide accounting and payment to Amtrak based on current accounting procedures. At this time, it is expected that Amtrak will credit DRPT for the fare generated from the step-up tickets.

Mr. Zehner explained that a proposal has been made to eliminate the VRE non-revenue afternoon dead head train since it can cause on-time performance issues for VRE, CSXT, and Amtrak. VRE has an opportunity to add an early morning train (proposed Train #298) on the Fredericksburg Line, which VRE's passengers greatly desire. In order to provide the additional equipment and crews for this train, VRE operating costs would increase \$628,000 per year. In addition, there would be a one-time hiring and training cost of \$200,000. It is anticipated that additional VRE service combined with the accessibility to the DRPT trains will result in a systemwide ridership increase. VRE expects to attract at least the 200 new riders needed to offset these operating costs within the first year of operation.

Mr. Zehner stated that to address any conflicts with VRE's train schedule, DRPT trains would be put into time slots that do not disrupt VRE train service. VRE will have to make a few minor adjustments to its schedule. He provided further details about the proposed train schedules.

Mr. Page clarified that VRE's afternoon Train #301 on the Fredericksburg Line is not being replaced with an inter-city train. DRPT will run an additional afternoon train so there is no financial impact to VRE riders currently using the mid-afternoon train. Mr. Zehner reiterated that no VRE train is being replaced by any DRPT train.

Ms. Bulova stated that it is important to make sure if VRE agrees to this MOU, that VRE is not prevented from having the ability to get a time slot it needs when it is ready to add service because the time slots are filled with DRPT trains. Mr. Zehner stated that time slots have to be negotiated, but VRE's Operating Agreement with CSXT stipulates that VRE time slots would be between 5:00 – 9:00 A.M. and 3:00 – 7:00 P.M., which are the times VRE desires. VRE's schedule may have to be slightly altered, but VRE will be able to get its needed time slots.

Mr. Milde observed that if VRE does not have specified future projects for the MOU, costs associated with the projects cannot be determined. Since additional slots are linked to completed projects, he asked if the Commonwealth can be responsible to make sure that the time slots are available when VRE needs them. Mr. Page and Mr. Zehner both stated that funding has been earmarked for the Washington-Richmond rail corridor even though the projects have not been selected. Mr. Page stated that a \$13.9 million contract is underway with CSXT and there is an allocation of funds to VRE for the 30 percent design of projects after the Arkendale project is complete. He explained that the challenge is that the next set of projects has not been identified. DRPT has pledged and allocated funds to advance these rail projects once they are selected.

Mr. Milde stated that there is an inherent risk and VRE is being asked to assume that risk. Mr. Zehner stated that VRE still has time slots that can be used right now. VRE has no plans to add trains because of budget constraints. DRPT has earmarked funds and has received CTB approval to go forward with the next set of corridor improvement projects. He expressed his opinion that there is not much risk and he does not think VRE will need these slots before the next set of projects are completed. The estimated completion of these projects is 3-5 years.

Mr. Zehner then reviewed the pros and cons of the MOU. The pros include that many passengers want an early morning train from Fredericksburg; it would provide late morning train service on the Manassas Line with a step-up charge; it would eliminate the non-revenue dead-head afternoon train which can cause congestion issues; DRPT trains can be used by VRE riders (with a step-up charge) which provides them another train option; and it increases overall rail service in Virginia. The cons include additional trains in VRE's commute window which could cause a potential for more train congestion; it would require VRE to fund an additional \$200,000 in crew training and \$628,000 in annual operating costs; and VRE riders would have to pay a \$10 step-up charge to ride DRPT trains.

Mr. Milde observed that Train #298 would be an express train with stops only in Fredericksburg and Stafford County and, therefore, he would assume that subsidies for these jurisdictions would increase because more passengers would be riding. Mr. Zehner responded that if there are substantial ridership increases, then it could be assumed that subsidies could change.

Mr. Milde also asked if DRPT discontinues inter-city service in three years, will the costs go up without state assistance. Mr. Zehner stated that the railroads would allow VRE to pick up these empty slots, but VRE would need the additional funding to do so. Mr. Page explained that costs for Train #298 would be blended into VRE's operating budget, which goes through the state funding assistance formula.

In response to a question from Mr. Jenkins, Mr. Zehner stated that this proposal can be accomplished without any additional subsidy from the jurisdictions in FY2010. He also stated that it is his intent that he would formally return to the Operations Board with a FY 2010 budget amendment for the new VRE service. Staff will show there would be no subsidy increase.

Mr. Kelly observed that from an economic development standpoint, Fredericksburg and Stafford County can take advantage of this additional service and it will also benefit the entire corridor. Ms. Bulova agreed and further stated that this is essentially a pilot project, which can be evaluated. Mr. Milde also agreed with both of these comments. He stated that the proposal is consistent with VRE's mission to take drivers off the region's already overused highways and onto transit. However, he still has some concerns. At a minimum, VRE should request a letter from Secretary of Transportation Pierce Homer pledging that future year operating subsidies won't come from traditional transit funding sources. He also questioned whether the approval of the MOU be conditional to an amendment that Amtrak is a party to the MOU.

Ms. Bulova stated that she appreciates the points Mr. Milde has made, but stated that she is not sure that approval of the MOU should be conditional upon these issues but instead to make sure these issues are addressed. Ms. Bulova moved approval of Resolution #9F-02-2009, which recommends that the Commissions approve the MOU and to consider the issues raised, including not wanting to lose scarce transit funding that would otherwise come to VRE and to deal with the issues associated with Amtrak not being a party to the MOU. Mr. Kelly seconded.

Mr. Naddoni noted that the southbound Richmond and Lynchburg inter-city train times would be cutting close to existing VRE train times. As a VRE rider, he has experienced firsthand train congestion and how it affects on-time performance. He proposed changing the afternoon times to add a buffer to avoid potential congestion. Mr. Zehner explained that VRE schedules would be modified to accommodate DRPT trains. Currently, there is a problem with Amtrak trains not leaving on-time, which delays VRE trains. He has received a commitment from Amtrak that if one of these DRPT trains is late and VRE's train is ready to depart, Amtrak will hold the DRPT train and VRE's train will be given permission to depart the station. The two DRPT trains will not have priority over VRE trains. Mr. Milde noted again that Amtrak is not a party to the MOU. This is a concern because VRE on-time performance is so important. Mr. Zehner stated that he understands Mr. Milde's concerns but he would not recommend Amtrak be a signatory of the MOU. It is hard enough to reach agreement with three parties, let alone four. DRPT will execute an operating agreement with Amtrak, which will include provisions that DRPT trains will not delay VRE trains. Mr. Page explained that the Commonwealth has the right to require, as part of the contract negotiations, that Amtrak give priority to VRE trains when Amtrak trains are "out of slot." However, he made it clear that DRPT only has the ability to impact the two inter-city trains and not other "out of slot" Amtrak trains.

In response to a question from Mr. Herrity, Mr. Page stated that the Amtrak agreement is currently under negotiation and should be done soon, but he cannot guarantee that it will be completed before the Commissions' next meetings. In response to another question from Mr. Herrity, Mr. Zehner stated that approval of the MOU does not commit VRE to add the additional service. Ms. Bulova clarified that VRE is not approving the MOU, but forwarding it to the Commissions with a recommendation for their approval. Chairman Zimmerman stated that it is DRPT's intent that the Commissions approve it in March. Mr. Page explained that in order to reach agreement with Amtrak, there must be train capacity, Commission approval of the MOU agreement and execution by the Commissions, VRE, DRPT and CSXT. All of these things must occur before decisions can be reached about final schedules, time slotting, etc.

Mr. Smedberg clarified that the motion is to forward the MOU to the Commissions recommending approval, highlighting some of the concerns but not making approval contingent upon addressing these concerns before the MOU is signed.

Mr. Ellis stated that the Operations Board should highlight the assumption that ridership will increase by at least 200 riders. He expressed concern that staff will return seeking jurisdictional subsidy increases. He thinks this action is a good idea, but is worried that localities will have to pay for it. Mr. Zehner stated that he could not recommend this if

there was a subsidy increase. The Board is not being asked today to approve the additional service, nor does it commit VRE to do it.

Mr. Milde stated that if there are substantial ridership increases of Stafford riders, Stafford County's subsidies could increase. Mr. Zehner stated that the FY 2010 budget has already been approved and the allocations will not change. He stated that it is also hard to predict subsidies. With the increase to the transit benefit, ridership could go up among all the jurisdictions. Mr. Harf explained that VRE's next allocation survey that drives the FY 2011 budget will not occur until Fall 2009, which would precede any new service, so it should not have an impact on the FY 2011 budget either. Secondly, ridership increases don't necessarily translate into subsidy increases. The further out jurisdictions are less likely to see allocation increases when ridership increases. Mr. Milde observed that this is good news, but Stafford County's subsidy has tripled over the last four years. Chairman Zimmerman stated that the increase is primarily due to the structural changes to the Master Agreement when VRE was reorganized.

Mr. Covington stated that he appreciates staff work on this and DRPT's willingness to listen to VRE's concerns, which resulted in some concessions. Overall, this is good for the VRE system and the citizens of Virginia. There will probably be still some concerns that need to be resolved even after the MOU is signed. He expressed his support for the motion. Ms. Caddigan also expressed her confidence in VRE staff and will support the motion at VRE and PRTC.

There was no further discussion and the Board voted on the motion, which unanimously passed. The vote in favor was cast by Board Members Bulova, Caddigan, Covington, Herrity, Jenkins, Kelly, Milde, Naddoni, Page, Schwartz, Smedberg, Way and Zimmerman.

[Ms. Caddigan left the meeting at 10:32 A.M.]

Mr. Kelly expressed caution that when looking at the cost of VRE, jurisdictions need to also look at the potential benefits, such as economic development. Right now Spotsylvania County is seriously considering joining VRE and they are looking at the benefits to their community.

Chairman Zimmerman also noted that part of the economic recovery legislation also includes a national rail network, which seems to directly relate to this project. Mr. Badger agreed.

Authorization to Extend the Parking Lease at the Rippon Station – 9A

Mr. Zehner reported that the VRE Operations Board is being asked to authorize him to extend the current lease agreement with Kettler for 320 parking spaces at the Rippon Station for an amount of \$134,535 for one year. Resolution #9A-02-2009 would accomplish this.

Mr. Zehner explained that in May of 2002, the Operations Board approved a three year lease with Hazel Land for 320 parking spaces at the Rippon VRE Station. The lot was constructed by Hazel Land and opened in March of 2004, which also commenced the lease term. The lease agreement was subsequently extended for two years through March 2009. Since that time, the lease has been assigned by Hazel Land to Kettler. Kettler has entered into a proffer agreement with Prince William County that includes nearly 300 parking spaces for VRE use when the residential/commercial development is complete. In the interim, both VRE and Kettler wish to maintain the surface parking lot lease which will expire in March 2009. VRE staff is requesting that the lease be extended for one year.

In response to a question from Mr. Milde, Mr. Zehner responded that the funds for this authorization are from a federal grant. Ms. Straub explained that the Federal Transit Administration has a mechanism to allow an organization to do a lease versus buy analysis for situations where development could not be done on the property. This property is actually owned by someone else. Since it is a temporary situation, VRE can use federal funds for this project. This authorization is a line item in VRE's federal grant.

Mr. Jenkins moved, with a second by Mr. Kelly, to approve Resolution #9A-02-2009. The vote in favor was cast by Board Members Bulova, Covington, Herrity, Jenkins, Kelly, Milde, Naddoni, Page, Schwartz, Smedberg, Way and Zimmerman.

Authorization to Award Contracts for Purchase and Delivery of Locomotive Fuel to VRE Yards – 9B

Mr. Zehner stated that Resolution #9B-02-2009 authorizes the CEO to enter into a contract for the purchase and delivery of locomotive fuel with Quarles Petroleum of Fredericksburg, Virginia at the Crossroads Yard and Griffith Energy of Manassas, Virginia at the Broad Run Yard. The contract with Quarles Petroleum is being recommended in an amount not to exceed \$2,651,270 for the first year of the contract. The contract with Griffith Energy is being recommended in an amount not to exceed \$2,048,730 for the first year of the contract.

Mr. Zehner reported that following Board authorization for solicitation of fuel delivery services at both yards, an IFB was posted and two bids were received for the Broad Run Yard and one bid was received for the Crossroads Yard. Both bids would allow VRE to lock in future fixed prices for fuel.

Mr. Way asked if VRE has a history of actual savings using future fixed pricing. Mr. Zehner stated that VRE has had previous futures contracts with both of these firms. VRE has realized actual savings. One example is the year that VRE saved approximately \$100,000. Mr. Way stated that VRE should keep a written record of VRE's fuel savings history. He also asked if \$2.58 is the intended purchase price. Mr. Zehner replied that the \$2.58 amount was used only as a base line to estimate fuel costs for the first year. It is anticipated that given the current market, VRE will lock into fixed prices in the next few months for most of the first contract year. He explained that

staff would return to the Operations Board if it was determined that VRE would exceed the total approved amount.

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

Authorization to Award a Contract for Locomotive Maintenance – 9C

Mr. Zehner stated that following approval by the Operations Board, VRE posted a RFP on December 30, 2008, for locomotive maintenance services. VRE received two bids and the VRE Operations Board is being asked to authorize the VRE CEO to enter into a contract with Motive Power, Inc. of Boise, Idaho for locomotive maintenance services in an amount not to exceed \$1.5 million for the term of the contract. Resolution #9C-02-2009 would accomplish this. Board Members had no questions.

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

Authorization to Award a Contract for Railcar Air Conditioning Services – 9D

Mr. Zehner stated that Resolution #9D-02-2009 would authorize him to enter into a contract with RAM Industrial Services, Inc. of Camp Hill, Pennsylvania for railcar HVAC repair services in an amount not to exceed \$350,000 over a three year contract term. On May 18, 2007, the Operations Board authorized issuance of a RFP for these services. The solicitation had to be cancelled three times due to no proposals being received, a lack of clarity in the schedule of prices, and a submission that did not meet the performance requirements. Prior to issuing the solicitation for the fourth time, the RFP was rewritten to focus primarily on the shop capabilities of the proposers and to rely on VRE yard contractors to perform the installation and removal aspects of the work. The RFP was re-posted on December 18, 2008, and four proposals were received on February 13, 2009. Board Members had no questions or comments.

Mr. Kelly moved, with a second by Mr. Naddoni, to approve Resolution #9D-02-2009. The vote in favor was cast by Board Members Bulova, Covington, Herrity, Jenkins, Kelly, Milde, Naddoni, Page, Schwartz, Smedberg, Way and Zimmerman.

Authorization to Award a Construction Contract for the Broad Run Maintenance Facility – 9E

Mr. Zehner reported that the VRE Operations Board is being asked to authorize him to enter into a contract with Costello Construction of Columbia, Maryland for the construction of a maintenance facility at the Broad Run storage yard for \$4,145,000, plus a 10 percent contingency of \$414,500, for a total amount not to exceed

\$4,559,500. Resolution #9E-02-2009 would accomplish this. Mr. Zehner explained that following a procurement process, VRE received five bids with Costello being the lowest bidder.

Mr. Kelly moved, with a second by Mr. Jenkins, to approve Resolution #9E-02-2009.

Ms. Bulova requested that future agenda items list the names of the other bidders and their bid amounts for VRE procurements. Chairman Zimmerman asked if there are any procurement laws that would restrict this information. Mr. Maclsaac responded that VRE could include this information in the agenda items.

Mr. Smedberg stated that in light of the current economic situation, he asked if VRE could lock-in a set price instead of including a 10 percent contingency. Mr. Zehner stated that VRE generally includes a 10 percent contingency. This project was \$2 million under the VRE estimate, which reflects the economic situation. Mr. Milde agreed with Mr. Smedberg's comments because companies usually find ways to spend the contingency amount. Mr. Way stated that it is important to keep contingency costs contained, but it is inevitable that issues come up that need to be addressed and were not projected during the initial bid.

Mr. Covington asked how high the construction crane will be and if it will be up all the time. Mr. Zehner explained that the crane will be inside the structure and will run overhead on tracks.

The Board then voted and unanimously approved the resolution. The vote in favor was cast by Board Members Bulova, Covington, Herrity, Jenkins, Kelly, Milde, Naddoni, Page, Schwartz, Smedberg, Way and Zimmerman.

Adjournment

Chairman Zimmerman announced that the next meeting is scheduled for March 20, 2009. Without objection, Chairman Zimmerman adjourned the meeting at 10:45 A.M.

Approved this 20th day of March 2009.

Christopher Zimmerman
Chairman

Sharon Bulova
Secretary

CERTIFICATION

This certification hereby acknowledges that the minutes for the February 20, 2009 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.

Rhonda Gilchrest

Rhonda Gilchrest