



MINUTES

VRE OPERATIONS BOARD MEETING PRTC HEADQUARTERS – PRINCE WILLIAM COUNTY, VIRGINIA JUNE 19, 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

1500 King Street, Suite 202
Alexandria, VA 22314-2730
(703) 684 – 1001
FAX: (703) 684 – 1313
Web Site: www.vre.org

MEMBERS PRESENT	JURISDICTION
Sharon Bulova (NVTC)	Fairfax 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
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

MEMBERS ABSENT	JURISDICTION
Maureen Caddigan (PRTC)	Prince William County
Suhas Naddoni (PRTC)	City of Manassas Park

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 Fissette (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	
Laura Bateman – Bombardier	April Maguigad – VRE
Donna Boxer – VRE	Betsy Massie – PRTC staff
John Duque – VRE	Sirel Mouchantaf – VRE
Anna Gotthardt – VRE	Peyton Onks – Sup. Herrity's office
Kelly Hannon – Free Lance Star	Lynn Rivers – Arlington County
Al Harf – PRTC staff	Brett Shorter – VRE
Christine Hoeffner – VRE	Jennifer Straub – VRE
Mike Lake – Fairfax County	Rick Taube – NVTC staff
Bob Leibbrandt – Prince William County	Dave Tyeryar – Prince William County
Steve Maclsaac – VRE counsel	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 9:33 A.M. Following the Pledge of Allegiance, roll call was taken.

Approval of the Agenda – 3

By unanimous consent, the Board accepted the agenda as presented.

Minutes of the April 17, 2009, VRE Operations Board Meeting – 4

Mr. Kelly 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, Schwartz, Way and Zimmerman. Mr. Smedberg abstained since he was not present at the April meeting.

Chairman's Comments – 5

Chairman Zimmerman stated that the federal transportation legislation is heating up, especially on the House side. The House is anxious to do something, while prospects are not as good on the Senate side. VRE staff has been actively submitting reauthorization requests, including funding requests for locomotives, the Gainesville-Haymarket extension and other improvements. Chairman Zimmerman noted that VRE has contacted the two major candidates for Virginia Governor to invite them to take a train ride and learn more about VRE.

[Mr. Herrity arrived at 9:36 A.M.]

Mr. Page stated that the Federal Railroad Administration released \$8 billion of stimulus funds for rail improvements and Virginia is applying for \$1.5 billion for intercity high-speed and passenger rail improvements, which would include \$106 million worth of corridor improvements and \$383 million in rail improvements between Alexandria and Fredericksburg. Mr. Page observed that although most of the improvements are being done for the intercity service, VRE will also benefit.

Chief Executive Officer's Report – 6

Mr. Zehner reported that VRE's on-time performance for May systemwide was 91 percent (87 percent for Fredericksburg and 94 percent for Manassas). The last four out of five month's on-time performance for the entire system was above 90 percent. Ridership is up 6.3 percent compared to the same time last year. He also reminded Board Members of the scheduled fare increase effective July 1, 2009. Staff will monitor ridership closely to watch for any degradation of service. He also reported that several Board Members and staff (Mr. Milde, Mr. Kelly, Mr. Harf, Mr. MacIsaac, Mr. Roeber and Mr. Zehner) participated in a panel discussion at a meeting held in Spotsylvania on June 11th to discuss the County joining VRE. Supervisor Logan from the Spotsylvania

Board of Supervisors hosted and moderated the event. The panel answered approximately 85 questions, many of which were supplied by the public. Mr. Zehner stated that in his opinion the meeting went extremely well and the focus was not on concerns over railroad issues.

Mr. Way stated that he attended two Meet the Management events and in his discussions with riders, they were very complimentary about VRE's reliability and quality of service. However, reliability of ticket machines and serious overcrowding at the Broad Run parking lot were two issues riders identified that need to be resolved. He suggested VRE staff meet with City of Manassas and Prince William County staff to look at temporary solutions to the overcrowding at the Broad Run Station, such as additional parking at nearby churches or the Manassas Airport.

Mr. Smedberg asked about VRE protocol for dealing with the press since he has had several phone calls from reporters asking for comments about VRE service and Spotsylvania County. Ms. Bulova stated that there is no specific protocol, although Board Members can refer press requests to Mr. Zehner and/or Mr. Roeber. Mr. Zehner stated that staff can provide talking points for Board Members who want to speak directly with the press or they can refer them to VRE staff.

Mr. Milde asked about VRE's current on-time performance for June. Mr. Zehner replied that on-time performance for June is at 87 percent (86% for Fredericksburg and 87% for Manassas). It is lower because there has been a lot of weather related issues. However, over the last few days on-time performance has been running at 100 percent.

VRE Riders' and Public Comment – 7

There were no comments.

Consent Agenda – 8

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

Resolution #8A-06-2009: Authorization to Issue an RFP for Custodial and Facility Maintenance Services

Resolution #8B-06-2009: Authorization to Issue an RFP for Technical Support Services for the Procurement of a New Fare Collection System

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

Authorization to Extend the Amended Operating/Access Agreement with CSXT and Norfolk Southern – 9A and 9B

In response to a question from Chairman Zimmerman, Mr. MacIsaac stated that Agenda Items #9A and #9B can be acted on together.

Mr. Zehner explained that the VRE Operations Board is being asked to recommend that the Commissions authorize the VRE CEO to execute an extension of the existing Amended Operating/Access Agreements with the railroads to January 31, 2010. Resolution #9A-06-2009 would extend the CSXT agreement and Resolution #9B-06-2009 would extend the Norfolk Southern Agreement.

Mr. Zehner explained that another extension is being requested at this time to provide sufficient time to complete negotiations of new agreements. Progress in negotiations has slowed, due to a failure to reach agreement on the level of liability coverage. The railroads continue to insist on including a higher level of liability and terrorism coverage in the new agreements. Although the commuter rail liability has been capped at the state level, the legislation does not provide protection from gross negligence claims or claims of third parties (i.e. non-passengers). Extensions of the current agreements are needed while this issue is resolved.

Ms. Bulova moved, with a second by Mr. Jenkins, to approve Resolution #9A-06-2009 and #9B-06-2009. The vote in favor was cast by Board Members Bulova, Covington, Herrity, Jenkins, Kelly, Milde, Page, Schwartz, Smedberg, Way and Zimmerman.

Authorization to Modify the Contract for New Locomotive Purchase – 9C

Mr. Zehner reported that the VRE Operations Board is being asked to authorize him to modify the contract with Motive Power, Inc., for the purchase of locomotives so that the base order is increased from nine to 12 locomotives, increasing the contract value by \$10,971,549, plus a 10 percent contingency of \$1,097,155, for a total contract value not to exceed \$48,482,380. Resolution #9C-06-2009 would accomplish this.

Mr. Zehner stated that once approved by the Commissions, VRE will increase its locomotive fleet to 12 new locomotives. In response to a question From Chairman Zimmerman, Mr. Zehner stated that for FY 2009 and previous years, formula funds were compiled together. Mr. Way stated that it is important to confirm that even if the contingency is used that there will not be a need to increase jurisdictional subsidies. Mr. Zehner stated that this is correct. Ms. Bulova stated that the goal is to replace all 20 of VREs locomotive.

Ms. Bulova moved, with a second by Mr. Milde, to approve Resolution #9C-0-2009. The vote in favor was cast by Board Members Bulova, Covington, Herrity, Jenkins, Kelly, Milde, Page, Schwartz, Smedberg, Way and Zimmerman.

Authorization to Amend Matching Policy for Projects Funded with Earmarks – 9D

Mr. Zehner explained that the VRE Operations Board is being asked to amend the matching policy so that earmarks received by or on behalf of local jurisdictions for parking and station projects will be matched by the local jurisdiction in which the project is located. Earmarked funds include federal, state and local funds, including regional CMAQ and RSTP allocations if the state discontinues matching. In response to a question from Mr. Smedberg, Mr. Zehner explained that the match can be provided in the form of cash, property or other in-kind contributions.

Mr. Zehner stated that in 2004, the VRE Operations Board adopted a policy stating that earmarks received by or on behalf of local jurisdictions for parking projects would be matched by the local jurisdiction in which the parking projects are located. This policy was adopted to formalize the historical practice of jurisdictions providing matching funds and has worked without incident since its inception.

Mr. Kelly asked what brought about this recommended change. Mr. Zehner stated that a request was made by Fairfax County staff, as they were working on improvements at the Lorton station, to expand the matching policy to include station improvements within each respective jurisdiction.

In response to a question from Mr. Way, Mr. Zehner explained that each project has a specific match since federal funds require a 20 percent match; rail enhancement funds require a 30 percent match; and stimulus funds require no matching funds. If needed, the match would be the responsibility of the jurisdiction in which the project is being done.

Mr. Zehner stated that this policy is not intended to apply to projects already underway or that are currently funded. This policy will not preclude VRE from managing a project on behalf of a jurisdiction; affect MOUs regarding ownership, operations and maintenance; apply to system projects for which earmark funds are sought; preclude VRE pursuit of project funding that does not require match; or prevent a jurisdiction from making an Operations Board request to apply another matching method for a specific project.

Mr. Smedberg asked if there could be some type of clarifying statement included in the resolution. Mr. Page observed that consideration should be given to the term “earmark” since the rail enhancement fund is not an earmark program. He suggested “project specific funds.” Mr. MacIsaac stated that ultimately they all come to VRE as grants, so he suggested instead of “earmark” use “grant funds”. Mr. Taube suggested adding the word “fully” in front of “matched.”

Ms. Bulova moved, with a second by Mr. Milde, to approve Resolution #9D-06-2009, with clarification of “earmarks” substituted with “grants” and include “fully” matched.

In response to a question from Mr. Milde, Chairman Zimmerman stated that this policy change would apply to any new stations.

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

FY 2011 Budget Guidelines and Considerations – 9E

Mr. Zehner explained that the Operations Board is being asked to direct staff in the development of the FY 2011 budget options for train operations and capital projects. Resolution #9E-06-2009 would accomplish this.

Mr. Zehner stated that as part of the budget process, the jurisdictional CAO Budget Task Force met on June 16, 2009 to review various budget issues, including the cost of fuel, insurance, the service provider contract, the fleet management plan ridership projections, fuel tax projections, and subsidy. The goal is to permit the CAO Task Force to focus on material issues early in the budget process. Mr. Zehner reviewed the proposed seven budget guidelines.

Mr. Milde asked that the first bullet point in the resolution be changed to read “VRE staff will strive to ensure that the total individual member jurisdiction’s subsidy amount for FY 2011 is less than or the same than the FY 2010 amount.” Mr. Zehner responded that it is a guideline and staff will make every attempt to include it, although he cannot guarantee that it can be done. He reminded Board Members that next year will be the last year for the phased-in governance change, so after that the allocation formula will be based totally on ridership. Chairman Zimmerman expressed concern that Mr. Milde’s request could send a message to localities that subsidies will absolutely not increase. Mr. Milde stated that he would like to send the message that VRE is trying or making it a priority to keep subsidies the same.

Ms. Bulova observed that there is more explanation in the agenda item memorandum compared to the resolution. Mr. Kelly expressed his opinion that it should be hard to go back to the jurisdictions and ask for more subsidy and he questioned why the Board would put so many loopholes in the guidelines. Chairman Zimmerman responded and said that it is one thing to constrain guidelines to control costs, but there are issues with distribution of costs among jurisdictions. Mr. Milde stated that it is still a good idea to strive for it as long as service is not being cut. Mr. MacIsaac suggested including the wording change in the Operations Board report in the resolution or making reference to it in the Resolution. Mr. Zimmerman suggested taking the guidelines in the report and substituting them from the bullet points in the resolution. Mr. Milde asked for the same language he requested earlier.

Ms. Bulova moved, with a second by Mr. Milde, to approve Resolution 9D-06-2009 with the insertion of budget guidelines as they appear in the Board report and additional language for guidelines as just stated.

Mr. Kelly stated that he will support the motion but Fredericksburg has requested that the Operations Board make every effort to prepare a budget based on level local support from the City in FY 2011 and should the result of operations lead to a budget

surplus in FY 2010, the Operations Board prepare plans for the use of the proceeds that includes a reasonable rebate, or future discount, to the local jurisdictions. Mr. Zehner explained that in December a presentation will be given that provides a review of the status of the FY 2010 budget and, at that time, a recommendation will be made regarding any budget variance. In response to a question from Chairman Zimmerman, Mr. Zehner stated that for FY 2009 any excess funds are expected to go into the Reserve Fund, but since the FY 2009 budget should be closed out by August, there could be a discussion at the August Operations Board meeting. Chairman Zimmerman directed staff to include this issue on the August agenda and to include options for excess funds if there are any.

Mr. Way observed that the guidelines are very strict and will be hard to achieve.

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

[Mr. Smedberg left the meeting at 10:27 A.M. and did not return.]

Authorization to Issue an RFP for the Gainesville-Haymarket Environmental Analysis and Preliminary Engineering Services – 9F

Mr. Zehner reported that the VRE Operations Board is being asked to authorize him to issue an RFP for National Environmental Policy Act (NEPA) and preliminary engineering services for the Gainesville-Haymarket Extension project. Resolution #9F-06-2009 would accomplish this.

Mr. Zehner reviewed the results of the Alternatives Analysis, which was completed in May 2009. Ms. Hoeffner, VRE's project manager, was available to answer any technical questions. Mr. Zehner stated that expanding transit in this corridor will generate new transit riders. The extension could result in up to a 90 percent increase in VRE ridership compared to the no-build option. The bus option does increase transit riders but it would compete with VRE and take away some ridership. Depending on the extension and the type of service, costs could be anywhere from \$150-\$250 million. The state has already put into place improvements to this corridor that helped reduce the cost. Gross operating costs are approximated between \$8-\$25 million more a year than what VRE is spending now. There are environmental issues that would need to be resolved, including wetlands and flood plains. Terminating service at Gainesville, as opposed to continuing to Haymarket, would reduce the cost by \$28 million. It has been determined that the extension is not a likely candidate for New Starts funding because of the ridership estimates, but it is a potential candidate for the Small Starts program.

Mr. Zehner explained that the next step in the project development process is to conduct environmental analysis to fulfill NEPA requirements and to prepare the preliminary engineering design. The scope of work for this phase includes defining and analyzing various implementation alternatives; identifying potentially affected environments; conducting a capacity study to determine rail infrastructure needs;

developing various design options for the proposed extension (including right-of-way acquisition and potential station locations); and refining the general project scope of work, project cost estimate, time line, and ridership projections developed for the Alternatives Analysis. The environmental analysis and preliminary engineering work could take up to three years to complete. Upon receipt and review of proposals, VRE will return to the Operations Board with a recommendation for award.

Mr. Milde asked if the estimate of the \$8-\$25 million includes any offset from increased fare revenue generated from the extended service. Mr. Zehner replied that it does not include offset of fares. Mr. Milde asked how the fare revenue offset and the increase in Prince William County's increased ridership totals would impact other jurisdiction's subsidies. Mr. Zehner stated that generally VRE recovers 50 percent of costs from fare box revenues. He explained that the subsidy issue would depend on what alternative is chosen. Chairman Zimmerman observed that if jurisdictions want to reduce their subsidies, reducing service will reduce them. If ridership grows, the subsidies will increase, but the region will also see other economic benefits. Mr. Jenkins stated that the extension would take up to one-and-a-half lanes of traffic off the highway.

In response to a question from Chairman Zimmerman, Mr. Zehner stated that the Commissions have no required role in this recommendation. After the studies and analysis are completed, the Operations Board would make a recommendation to the Commissions for their approval to actually implement the extension.

Mr. Page stated that if the rail enhancement fund grant is reduced, there needs to be agreement reached with DRPT. He suggested including a statement in the resolution speaking to the execution of the rail enhancement fund agreement with DRPT if the value of the overall grant is reduced. He also suggests VRE staff brief the two Commissions at their next meeting and get their concurrence before the next step begins. Ms. Bulova agreed that apprising the Commissions is a good idea.

Ms. Bulova moved, with a second by Mr. Covington, to approve Resolution #9F-06-2009 with the addition of a Be It Further Resolved clause that NVTC and PRTC be briefed on this item.

The Board then discussed Mr. Page's comments about the rail enhancement fund agreement. Mr. MacIsaac expressed his opinion that there are two separate issues. The Board previously authorized Mr. Zehner to enter into the grant agreement, and if there is reduction of funding or other substantial changes to the agreement, Mr. Zehner would have to come to the Board for approval as a separate matter. Mr. MacIsaac concluded that this resolution does not need to be changed any further.

Mr. Covington expressed his concern that the Commission briefings not slow down the process. Mr. Zehner stated that it should not impact the schedule and he will work with Commission staff to put it on their July agendas.

The Board then voted on the motion and it passed unanimously. The vote in favor was cast by Bulova, Covington, Herrity, Jenkins, Kelly, Milde, Page, Schwartz, Way and Zimmerman.

FY 2010 Disadvantaged Business Enterprise Goal – 10A

Mr. Zehner stated that the joint DBE goal for PRTC, NVTC and VRE is 5.6 percent for Federal Transit Administration assisted contracts. PRTC manages the development of the DBE goal on VRE's behalf. Following a public comment period, PRTC will submit the proposed FY 2010 DBE goals to FTA by August 1, 2009. The FTA requires all agencies with a DBE program to advertise their proposed goal for a period of 30 days and allow public comment for 45 days from the date of publication. The goal, once adopted, will be posted on the PRTC and VRE websites and included in relevant VRE procurement documents involving DOT-assisted contracting opportunities. Board Members had no questions.

Closed Session – 11

Chairman Zimmerman moved, with a second by Mr. Kelly, the following motion:

Pursuant to the Virginia Freedom of Information Act (Sections 2.2-3711A (1) and (7) of the Code of Virginia), the VRE Operations Board authorizes a Closed Session for the purposes of discussing one personnel item and consultation with legal counsel concerning the terms and conditions of an agreement for the addition of Spotsylvania County to the VRE Master Agreement.

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

The Board entered into Closed Session at 10:47 A.M. Mr. Herrity left during the Closed Session and did not return. The Operations Board returned to Open Session at 11:53 A.M.

Chairman Zimmerman moved, with a second by Ms. Bulova, 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.

Adjournment

Without objection, Chairman Zimmerman adjourned the meeting at 11:54 A.M.

Approved this 21st day of August 2009.

Christopher Zimmerman
Chairman

Sharon Bulova
Secretary

CERTIFICATION

This certification hereby acknowledges that the minutes for the June 19, 2009 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.

Rhonda Gilchrest

Rhonda Gilchrest