## MINUTES

**VRE OPERATIONS BOARD MEETING**
**PRTC HEADQUARTERS – PRINCE WILLIAM COUNTY, VIRGINIA**
**SEPTEMBER 20, 2013**

### MEMBERS PRESENT

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<tr>
<th>Name</th>
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<tr>
<td>Sharon Bulova (NVTC)</td>
<td>Fairfax County</td>
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<td>Maureen Caddigan (PRTC)</td>
<td>Prince William County</td>
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<td>John Cook (NVTC)</td>
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<td>Wally Covington (PRTC)</td>
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<td>John D. Jenkins (PRTC)</td>
<td>Prince William County</td>
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<td>Matt Kelly (PRTC)</td>
<td>City of Fredericksburg</td>
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<td>Paul Milde (PRTC)</td>
<td>Stafford County</td>
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<td>Suhas Naddoni (PRTC)</td>
<td>City of Manassas Park</td>
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<td>Gary Skinner (PRTC)</td>
<td>Spotsylvania County</td>
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<td>Paul Smedberg (NVTC)</td>
<td>City of Alexandria</td>
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<td>Bob Thomas (PRTC)</td>
<td>Stafford County</td>
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<td>Jonathan Way (PRTC)</td>
<td>City of Manassas</td>
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<td>Christopher Zimmerman (NVTC)*</td>
<td>Arlington County</td>
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### MEMBERS ABSENT

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<tr>
<th>Name</th>
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<tr>
<td>Kevin Page</td>
<td>DRPT</td>
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### ALTERNATES PRESENT

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<th>Name</th>
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<tr>
<td>David Awbrey</td>
<td>DRPT</td>
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<tr>
<td>Marc Aveni (PRTC)</td>
<td>City of Manassas</td>
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<td>Brad Ellis (PRTC)</td>
<td>City of Fredericksburg</td>
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<td>Jay Fisette (NVTC)</td>
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<td>Frank C. Jones (PRTC)</td>
<td>City of Manassas Park</td>
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<td>Tim Lovain (NVTC)</td>
<td>City of Alexandria</td>
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<td>Michael C. May (PRTC)</td>
<td>Prince William County</td>
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<td>Jeff McKay (NVTC)</td>
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<td>Martin E. Nohe (PRTC)</td>
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<td>Benjamin T. Pitts (PRTC)</td>
<td>Spotsylvania County</td>
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<td>Susan Stimpson (PRTC)</td>
<td>Stafford County</td>
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### STAFF AND GENERAL PUBLIC

<table>
<thead>
<tr>
<th>Name</th>
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<tr>
<td>Doug Allen – VRE</td>
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<td>Brian Barton – CSX Transportation</td>
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<td>Gregg Baxter – Keolis</td>
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<td>Micah Bergdale – Bytemark</td>
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<td>Donna Boxer – VRE</td>
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<td>Walt Burke – NV Enterprises</td>
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<td>Nancy Collins – Stafford County</td>
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<td>Rich Dalton – VRE</td>
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<td>Rob Dickenson – Prince William County</td>
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<td>John Duane – VRE</td>
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<td>Patrick Durany – Prince William County</td>
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<td>Jeremy Flores – VRE</td>
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<td>Kip Foster – VRE</td>
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<td>Rhonda Gilchrest – NVTC staff</td>
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<td>Steven Grant – LTK</td>
<td>VRE</td>
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<td>Claire Gron – NVTC staff</td>
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<td>Al Harf – PRTC staff</td>
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<td>Chris Henry – VRE</td>
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<td>Gerri Hill – VRE</td>
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<td>Christine Hoeffner – VRE</td>
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<td>Eric Johnson – VRE</td>
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<td>Ann King – VRE</td>
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<td>Mike Lake – Fairfax County</td>
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<td>Leslie Lamb – VRE</td>
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<td>Bob Leibbrandt – Prince William County</td>
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<td>Steve MacIsaac – VRE counsel</td>
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<td>Betsy Massie – PRTC staff</td>
<td>VRE</td>
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<td>Nat Parker – GlobeSherpa</td>
<td>VRE</td>
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<td>Dick Peacock – Citizen</td>
<td>VRE</td>
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<td>Lynn Rivers – Arlington County</td>
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<td>Mark Roebber – VRE</td>
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<td>Scott Schenk – Free Lance Star</td>
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<td>Brett Shorter – VRE</td>
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<td>Elliot Susseles – Segal Company</td>
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<td>Neil Villerin – NV Enterprises</td>
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<td>Cal Whitehead – Keolis</td>
<td>VRE</td>
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* Delineates arrival following the commencement of the Board meeting. Notation of exact arrival time is included in the body of the minutes.
Chairman Smedberg called the meeting to order at 9:33 A.M. Following the Pledge of Allegiance, roll call was taken.

Approval of the Agenda – 3

Chairman Smedberg stated that today’s agenda is extra long since the Operations Board did not meet in August because of quorum issues. He suggested moving several action items out of order to make sure that they can be considered with a quorum present. There were no objections.

Mr. Kelly moved, with a second by Mr. Thomas, to approve the amended agenda. The vote in favor was cast by Board Members Awbrey, Bulova, Caddigan, Cook, Covington, Jenkins, Kelly, Milde, Naddoni, Skinner, Smedberg, Thomas and Way.

Approval of the Minutes of the June 21, 2013 Operations Board Meeting – 4

Ms. Bulova moved approval of the minutes and Mr. Kelly seconded. The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Covington, Jenkins, Kelly, Milde, Naddoni, Skinner, Smedberg and Way. Mr. Awbrey and Mr. Thomas abstained.

Chairman’s Comments – 5

Chairman Smedberg welcomed Mr. Awbrey who is the new Alternate Board Member representing DRPT.

Chairman Smedberg thanked all the Board Members who participated in VRE’s System Plan Work Shop on July 19th, which was a productive exercise in looking to the future of the VRE system. The Draft System Plan Report has been released.

Chairman Smedberg reported that WMATA’s vision plan for the future is called *Momentum: The Next Generation of Metro*. Twenty-five percent of all VRE riders complete their commute by transferring to Metrorail and/or Metrobus. WMATA is asking for endorsements of the Momentum Plan from their regional transit partners. He stated that NVTC has been briefed on this and has endorsed it.

Ms. Bulova made a motion that the Operations Board endorse WMATA’s Momentum Plan.

Mr. Way observed that the Momentum Plan seems to be narrowly focused in improving Metro operations and does not call for grand expansion of service, which is consistent with VRE’s mission and activities.

Mr. Cook expressed his opinion that he is not sure that the VRE Operations Board needs to address this since half of the VRE member jurisdictions are not represented in
the Metro system service area. Ms. Bulova stated that Mr. Cook’s point is well taken; however, the VRE system integrates into the Metro system. Therefore, it is in the Operations Board’s best interest to make sure that WMATA is functioning well. Chairman Smedberg stated that he agrees and stated that the intent of endorsing the plan is not to be engaged in the Momentum effort, but to be supportive. Mr. Milde noted that he does not mind being supportive but would like to review the Momentum Plan before he is asked to endorse it. Mr. Allen stated that a web link to the plan was provided in the materials sent to Board Members. Ms. Bulova noted that this information was included with the August agenda but suggested bringing this back next month so that Board Members can review the plan. She withdrew her motion. There were no objections.

Chairman Smedberg reported that the Auditor of Public Accounts completed its preliminary report in early August and had requested comments and a formal response from VRE and the Commissions, which were due on September 17, 2013. Mr. Allen, Ms. Coyner, Mr. Harf and Mr. MacIsaac have all worked together with the APA over the last month to correct some of the inaccuracies of the report and clarify some of the governance issues. Since the Operations Board did not meet before the deadline, both Commissions took action at their September meetings to submit comments to APA. APA will be sending courtesy copies of the report to all Operations Board Members and NVTC and PRTC Commissioners today and will release the report to the public on Monday, September 23, 2013.

Chairman Smedberg reported that the Executive Committee discussed the APA report at its meeting earlier this morning. They discussed establishing an audit committee, which was one of the APA recommendations. The function of the proposed audit committee would be:

- To provide a mechanism for required direct communication apart from management between the independent financial auditors and the VRE Operations Board;
- To review the results of grantor compliance audits and any performance audits that are carried out; and
- To assist the Operations Board in ensuring that VRE management is fulfilling its internal control and financial reporting responsibilities.

Mr. Cook explained that one of the questions raised at the Executive Committee meeting was the oversight the Commissions have over VRE. He believes that instead of the Operations Board creating its own audit committee that the Board should recommend that the Commissions create a joint audit committee of VRE that reports to the Commissions. He also recommended that the Commissions provide an annual management audit in addition to the financial audit. A management audit would respond to some of the points made in the APA report, which would look at the processes, operational documents matching up with what VRE is doing and other management functions. The right process is for the Commissions, as owners of VRE, to establish both the audit committee and the hiring an outside party for a management audit.
Mr. Way agreed, but stated that he would like to add for the record that in his opinion the letter the Commissions sent to the APA was polite, professional and comprehensive—far more than this audit deserves. He found the audit to be shamefully sloppy and full of unfounded conclusions. He is not impressed at all by the APA audit.

Ms. Bulova stated that she also supports Mr. Cook’s suggestion. It seemed from the report that the APA was confused by the relationship between VRE and its parent Commissions, which in her opinion has been its strength. VRE has become a highly successful system because of that relationship and regional collaboration.

Mr. Kelly also agreed with Mr. Cook’s suggestion but asked that Operations Board Members serve on the audit committee. Serving on both organizations is beneficial as opposed to having PRTC or NVTC only members who are not familiar with VRE operations.

Chairman Smedberg asked for Mr. MacIsaac's opinion on this recommendation. Mr. MacIsaac stated that it is a good recommendation. Ironically, the creation of a joint audit committee is almost like how the Operations Board functioned at its inception.

Mr. Cook moved the following motion: The VRE Operations Board recommends that the Commissions establish a joint audit committee to audit VRE, and recommend that the Commissions appoint members of the Operations Board to serve on that committee. The motion also recommends that the Commissions provide for an annual outside management audit of VRE. Ms. Bulova seconded the motion.

Mr. Way asked for a friendly amendment that the joint NVTC/PRTC audit of VRE should not be duplicative of the existing VRE financial audit and rather emphasize the management side of the operations. Mr. Cook accepted this friendly amendment.

Chairman Smedberg observed that the functions he reviewed at the beginning of this discussion fit in nicely with Mr. Way’s comments. Chairman Smedberg read the functions again. Mr. Cook stated that he has no problem with that language, except “Board” should be changed to “Board and Commissions.” The audit report should go the Commissions because ultimately they need to provide oversight to the Operations Board.

The Operations Board then voted on the motion and it passed. The vote in favor was cast by Board Members Awbrey, Bulova, Caddigan, Cook, Covington, Jenkins, Kelly, Milde, Naddoni, Skinner, Smedberg, Thomas and Way.

Chief Executive Officer’s Report – 6

Mr. Allen reported that overall on-time performance (OTP) for the month of August was 97 percent, with the Fredericksburg line reaching 99 percent, which is an all-time performance record for the Fredericksburg line. Ridership remains strong, with three days over 20,000 average daily riders and one day over 21,000.
Mr. Allen stated that he has focused his time on legislative outreach, including meeting with General Assembly members to hear their perspective about VRE issues. He also gave a presentation on VRE at the recent Commonwealth Transportation Board (CTB) meeting, which concluded with a train ride for CTB members. VRE worked with CSX to make this train trip possible. Mr. Skinner accompanied the group and VRE was able to have the train slow down to point out the location of the Spotsylvania Station. Mr. Allen also reported that he attended a roundtable discussion at the initial meeting of the Congressional Public Transportation Caucus, which was formed by Congressmen Lipinski and Grimm. Congressman Connolly is also a member of the Caucus. That discussion included issues facing transit agencies as Congress prepares to reauthorize MAP-21 legislation.

Mr. Allen reported that VRE staff is working hard with its consultants to advance the VRE System Plan based on the feedback from the workshop. Staff will provide "next steps" at the October Operations Board Meeting and the Board will be asked to adopt the final VRE System Plan in December or January.

Mr. Allen reported that there has been some reorganizing of several positions to different departments in order to maximize the effectiveness of those positions. An example is that facilities maintenance was moved into operations. Also, he is in the process of advertising for a new Chief of Staff and Chief Development Officer.

Mr. Allen stated that the Transit Service Delivery Advisory Committee (TSDAC) is making recommendations for state operating and capital allocations. This work will be finalized soon. PRTC, NVTC and VRE have been closely following the work of the committee.

VRE Riders’ and Public Comment – 7

Mr. Peacock congratulated VRE on achieving 99 percent OTP on the Fredericksburg line and encouraged VRE to issue a press release. He also stated that it is important that VRE promote the "S" schedule service on Columbus Day. He stated that VRE has done an excellent job in security, including the volunteer program where law enforcement personnel can ride free on VRE if they help conductors during an emergency.

[Mr. Zimmerman arrived at 9:59 A.M.]
Consent Agenda – 8

Mr. Covington moved, with a second by Mr. Cook, to approve the following consent agenda items:

Resolution #8A-09-2013: Authorization to Issue a RFP for Proposals for Website Design and Development.

Resolution #8B-09-2013: Authorization to Issue a RFP for Federal Relations Services.

Resolution #8C-09-2013: Authorization to Issue a RFP for the Installation of Security Cameras at Broad Run Station.

Resolution #8D-09-2013: Authorization to Issue a RFP for Professional Services of a Database Developer Expert.

Resolution #8E-09-2013: Authorization to Award a Purchase Order for Heavy Interior Cleaning of VRE Rail Cars.

Ms. Bulova requested that Agenda Item #8B be pulled from the Consent Agenda for discussion. There were no objections.

The Operations Board then voted unanimously to approve the amended Consent Agenda. The vote in favor was cast by Board Members Awbrey, Bulova, Caddigan, Cook, Covington, Jenkins, Kelly, Milde, Naddoni, Skinner, Smedberg, Thomas, Way and Zimmerman.

Authorization to Issue a RFP for Federal Relations Services – 8B

Ms. Bulova noted that there are resources available from the jurisdictions for these types of services. For example, Fairfax County has a legislative liaison and the county also contracts with outside resources to track federal issues, including VRE issues.

Mr. Allen explained that the requested services are specific to commuter rail and freight railroad issues and VRE is looking for services of someone to work with the Federal Railroad Administration and Federal Transit Administration on technical and regulatory issues. VRE would certainly coordinate and utilize services of the member jurisdictions. He anticipates that as VRE begins discussions with Amtrak, VRE will need to have federal relations expertise that deals with Amtrak and freight issues. It is a relative modest annual cost of $50,000 or less.

Ms. Bulova moved, with a second by Mr. Cook, to approve Resolution #8B-09-2013, which would authorize the CEO to issue a RFP for federal relations services to assist with federal agencies, institutions and elected officials. Ms. Bulova also directed staff to explore the resources VRE has with the member jurisdictions.
Mr. Cook noted that Mr. Allen’s explanation makes sense, but it is not written that way in the report and his concern is that VRE will end up with a typical lobbying firm. He suggested deferring this action and narrowing down the specific need. The wording in the resolution is vague. Mr. Zimmerman noted that this resolution is authorizing the RFP to be issued and staff would return to the Board with a recommendation for contract award.

Ms. Bulova requested that the RFP be more specific and that VRE explore what resources are available from the jurisdictions. Mr. Cook agreed with the understanding that the RFP would reflect the comments made and direct staff to come back with recommendations on how VRE can coordinate with existing services. Mr. Kelly asked that the amended RFP be distributed to Board Members prior to its release.

The Board then voted on the resolution and it passed. The vote in favor was cast by Board Members Awbrey, Bulova, Caddigan, Cook, Covington, Jenkins, Kelly, Milde, Naddoni, Skinner, Smedberg, Thomas, Way and Zimmerman.

**Referral of Results of the Employee Compensation Study to the Potomac and Rappahannock Transportation Commission and Authorization to Approve PRTC/VRE Personnel Policy Amendments – 9A**

Elliot Susseles, Senior Vice President of Segal Company, gave a presentation on the findings of the VRE/PRTC Compensation Study. Based on market competitiveness, Segal has concluded that the majority of the positions for VRE and PRTC’s pay structure are at market and generally within the expected pay ranges. However, there are some positions which are above or below market. Segal is proposing VRE amend the pay grade assignments for those positions. Mr. Susseles also reviewed VRE’s cost sharing and compensation packages. For the most part, VRE’s compensation package is compatible to other peer employers. However, the Majority of peer employers offer some form of vision plan, whereas VRE does not.

Mr. Shorter explained that six positions were adjusted slightly from the Segal recommendations in order to achieve internal consistency. The end result in terms of classifications is five positions have an increase in grade, 11 positions are decreased in grade, and 19 positions have no grade change. The net salary increase of these changes is approximately $8,500. Mr. Shorter stated that three positions salaries were above market. In keeping with industry practices, these salaries will be frozen at their current levels until such time the grade range has increased to allow growth.

Mr. Shorter also explained that the Deputy CEO/COO position was graded higher than the current payscale, therefore the recommendation is to amend the PRTC/VRE Personnel Policy to add three higher grades to the existing general pay scale to accommodate this position.
Mr. Shorter stated that separate from the Compensation Study, there were three employees who were promoted during the time of the study but received no pay increase at that time, pending the completion of the study. These promotions would result in an additional annual expense of approximately $41,000.

Mr. Milde stated that he would like to see cost savings as a result of this study. Mr. Shorter stated that there could be savings if positions vacate and VRE hire new employees at a lesser pay level. In response to a question from Mr. Milde, Mr. Shorter stated that for the positions that are above market value it totals approximately $20,000 above what should be their salaries.

Mr. Zimmerman observed that if VRE had not done the study those employees who were promoted would have already received their pay raises. Mr. Allen concurred and stated that the study confirmed that the amount was correct. Mr. Zimmerman concluded that the study recommended cost is only $8,500. Mr. Shorter stated that VRE’s total salary budget line item is $3.6 million annually. Mr. Zimmerman noted that this shows that VRE is almost on target.

In response to a question from Mr. Skinner about health care coverage for employees, Mr. Shorter gave an overview of the two health care coverage options available to employees. Mr. Harf explained that it is in the organizations best interest to offer an HMO plan to incentivize employees with 100 percent coverage paid by the employer because it costs the organization less overall for the HMO premiums than for other plans.

Mr. Way stated that it seems that three employees are receiving a total of $41,000, which is approximately $14,000 per employee and is more than a 10 percent increase. His concern is the perception of giving higher level employees greater increases while the rest of the employees don’t get any. Mr Allen explained that those increases are for promotions resulting from reorganization. The salary increases were held off until the Compensation Study was completed. The increases weren’t a result of the study. Mr. Way stated that although this is a fair justification, the results are the same that three employees’ salaries are increasing by $41,000.

Mr. Cook stated that these are two completely separate issues—three people who were promoted into new job titles which resulted in increased salaries, but the increases were frozen until the study was completed. However, the $8,500 is being shared by three other positions. He asked about the percentage of these raises. Mr. Shorter stated that it is about five percent increase for each position.

Mr. Cook moved Resolution #9B-09-2013, which would recommend that PRTC approve an amendment to the PRTC/VRE Personnel Policy to modify the General Payscale to create three higher grades. Mr. Cook asked staff to look at the benefits and costs of offering employees a vision plan for next year’s budget consideration. Ms. Bulova seconded the motion.
In response to a question from Mr. Naddoni, Mr. Susseles stated that if Segal collected data on cost sharing percentages during the study, he will provide it to VRE.

The motion was reviewed and a question asked if the motion included coming back with a recommendation about vision plan coverage. Mr. Milde requested that it be a separate motion. Chairman Smedberg stated that it does not need to be part of a motion and can be a direction to staff. There were no objections.

The Board then approved Resolution #9A-09-2013. The vote in favor was cast by Board Members Awbrey, Bulova, Caddigan, Cook, Covington, Jenkins, Kelly, Milde, Naddoni, Skinner, Smedberg, Thomas, Way and Zimmerman.

**Authorization to Award a GEC VI Task Order for Construction Engineering and Inspection of the Spotsylvania Station Project – 9F**

Mr. Allen reported that Resolution #9F-09-2013 would authorize him to award a GEC VI Task Order to STV Incorporated for construction engineering and inspection services for the Spotsylvania Station project in an amount of $270,492, plus a 10 percent contingency of $27,049, for a total amount not to exceed $297,541.

Mr. Milde noted that funding for this project is being provided via a state transit grant, with match provided by Spotsylvania County. The state grant will provide 55 percent of the first $3.4 million of costs and any costs above that will be funded by Spotsylvania County.

Mr. Skinner moved, with a second by Mr. Milde, to approve Resolution #9F-09-2013. The vote in favor was cast by Board Members Awbrey, Bulova, Caddigan, Cook, Covington, Jenkins, Kelly, Milde, Naddoni, Skinner, Smedberg, Thomas, Way and Zimmerman.

Mr. Skinner thanked the VRE Operations Board and staff for their assistance in getting this project moving forward. Chairman Smedberg also acknowledged the cooperation and hard work done by Mr. Skinner and the Spotsylvania Board of Supervisors and staff.

**Authorization to Award a GEC VI Task Order for Construction Engineering and Inspection of the Crossroads to Hamilton Third Track Project – 9G**

Mr. Allen reported that Resolution #9G-09-2013 would authorize him to award a GEC VI Task Order to STV Incorporated for construction engineering and inspection services for the Crossroads to Hamilton Third Track project in an amount of $848,218, plus a 10 percent contingency of $84,822, for a total amount not to exceed $933,040. The construction of the third track is expected to begin this month and be completed by end of summer 2014.
Mr. Skinner moved, with a second by Mr. Milde, to approve the resolution. The vote in favor was cast by Board Members Awbrey, Bulova, Caddigan, Cook, Covington, Jenkins, Kelly, Milde, Naddoni, Skinner, Smedberg, Thomas, Way and Zimmerman.

Authorization to Execute a Force Account Agreement with CSXT for Construction of the Crossroads to Hamilton Third Track Project – 9H

Mr. Allen stated that Resolution #9G-09-2013 would authorize him to execute a force account agreement with CSXT for construction of the Crossroads to Hamilton third track project in an amount of $20,522,611, which includes a 10 percent contingency by CSX.

Mr. Allen explained that this is the last approval needed to get this project underway. In response to a question from Mr. Cook, Mr. Allen explained that significant portions of the project are required to be performed by CSX. The force account agreement will provide reimbursement to CSX for their work.

In response to a question from Ms. Bulova, Mr. Allen stated that funding for this project is included in VRE’s Capital Improvement Program as part of the Crossroads to Hamilton Third Track project. The total funding for the $32.5 million project comes from federal and state funding, local match by Spotsylvania County, and match funds provided by CSX.

Mr. Skinner moved, with a second by Mr. Milde, to approve the resolution. The vote in favor was cast by Board Members Awbrey, Bulova, Caddigan, Cook, Covington, Jenkins, Kelly, Milde, Naddoni, Skinner, Smedberg, Thomas, Way and Zimmerman.

Mr. Skinner announced that the ground breaking ceremony will be scheduled soon. Chairman Smedberg thanked DRPT for their funding assistance in the project.

Authorization to Award a Contract for a Mobile Ticketing System—9I

Mr. Allen reported that Resolution #9I-09-2013 would authorize him to execute a contract with Globe Sherpa of Portland, Oregon for a Mobile Ticketing System in the amount not to exceed $3,191,479, plus a 10 percent contingency of $319,148, for a total amount not to exceed $3,510,627.

Mr. Henry gave a presentation reviewing VRE’s ticket history, the RFP process, the contract selection process and the mobile ticketing system that has been selected. A real-time demonstration was given showing how user friendly it is to purchase a VRE ticket using this technology. Riders will be able to purchase tickets in seconds using their cell phones. Several features include purchasing tickets that can be used immediately or stored for future use; ticketing for multiple riders; trip planning and subsequent ticket purchases; alerts about service disruptions; transit promotions; integration with Smart Benefits; and support for iPhone, Android, Mobile web and
Blackberry. It also includes visual levels of security so conductors do not have to change their job function to validate tickets.

Mr. Henry stated that with any of the top four ranked firms’ proposals VRE would save between $200,000 - $600,000 annually in operating expenses; primarily from reduction in sales commissions paid to the current system vendors. Globe Sherpa was selected because it was the highest rated firm on the procurement criteria.

In response to a question from Mr. Milde, Mr. Henry explained that internet service will be needed to purchase tickets, but not for validation or to launch a ticket. He also explained that in the next phase, VRE will work to add a trip tool function that will also allow riders to purchase tickets for different transit systems, including Metro, DASH, and MARC for a “one-stop” shopping experience. The next phase will also include ticket purchasing on-line through a web portal, where after purchase, a ticket can be sent to a cell phone.

Chairman Smedberg asked for more information about how this system will integrate with VRE’s regional partners. Mr. Henry stated that 60 percent of VRE riders receive a Smart Benefit, so there will be interoperability of accessing Smart Benefit data with WMATA. As WMATA’s New Electronic Payments Program (NEPP) is developed, VRE’s mobile ticketing system will be integrated with NEPP. He explained that part of the RFP included the specifications for the NEPP system and the intent to integrate with NEPP.

In response to a question from Mr. Milde, Mr. Henry stated that a GPS tracking system will be included. Mr. Milde asked if there will be opportunities to advertise through the mobile ticketing system. Mr. Henry answered that VRE will work with Globe Sherpa to include this in the next phase. The first phase is to get the “app” out for riders to download and the second phase will include the trip planner, advertising and marketing type functions.

Mr. Milde observed that this system will put VRE on the leading edge of technology for the commuter rail industry. Mr. Henry explained that Portland’s TriMet is one of Globe Sherpa’s clients.

Mr. Milde asked about start-up costs and Mr. Henry responded that $1.7 million in upfront capital costs is needed to get the system up and running, but ultimately VRE anticipates $500,000 in savings each year, which will pay for itself in just over three years. Mr. Milde observed that this is a win-win situation for both riders and VRE.

Mr. Henry introduced Nat Parker, co-founder and CEO, of Globe Sherpa.

In response to a question from Mr. Cook, Mr. Henry stated that there is no reason to believe that the technical specifications for NEPP won’t be used and that this system can be integrated with NEPP. Mr. Cook stated that it is critical for the long-term that VRE integrate into the NEPP system. He would hate to see VRE spend $1.7 million and it not be compatible. Mr. Henry responded that by the time VRE is able to fully participate in the NEPP project (because it is not anticipated to be implemented for
three years); this project will have paid for itself. It is a three year contract, with two one-year options. Worse case scenario is if it is discovered that it does not integrate with NEPP, VRE would not renew the option years. He assured the Board that the interoperability with NEPP has been the driving force behind this entire process.

Mr. Way stated that he would like to hear more about the proven nature, reliability and simplicity of this technology, as well as how individuals will be able to use the system. Mr. Henry stated that the mobile ticketing system is designed to be as user friendly as possible. The goal is to make it easy and convenient. He also explained that this system is currently being used by TriMet, which is a much larger system than VRE. In the first few weeks of operations, they had 33,000 downloads of the “app” which far exceeds the number of VRE riders. It has already been load tested to a far greater extent than VRE’s entire system.

Mr. Way stated that if VRE is the leader in this initiative then this means that the regional partners will have to adopt into VRE’s system as opposed to VRE adopting into what the region does. Mr. Henry stated that MARC and MTA have already contacted VRE about mobile ticketing because they are interested in doing the same thing. There is also a mobile ticketing option within the NEPP system that will be interoperable with VRE’s system.

Mr. Naddoni had several technical questions. Mr. Parker explained that this system supports cross platform which included IOS Apple and Android and in the next phase native Blackberry and Windows will be initiated. The “app” will be a free download from various markets. In response to a question from Mr. Naddoni about payment options, Mr. Parker explained that the system is designed to accept a number of payment options, including debit, credit, ACH transfer, and Smart Benefits. Google Wallet and PayPal are also options that can be supported. Globe Sherpa provides PCI compliant payment processing which protects people’s sensitive financial information.

Mr. Naddoni asked if this type of system will result in fewer number of summons and if conductors will now give passengers an opportunity to purchase tickets by phone while on the train. Mr. Henry stated that there is a built-in option that the conductor will know if someone just purchased a ticket and validated. VRE will need to determine business rules of ticket purchasing as it relates to fare evasion.

Mr. Covington expressed his opinion that this is phenomenal technology. He asked how VRE will phase out paper tickets. Mr. Henry stated that the reality is that paper tickets will never be phased out completely because there needs to be an alternative way to purchase tickets. However, this mobile system will allow VRE to reduce existing ticket vending equipment, as well as cut labor and maintenance costs. Mr. Covington also asked if VRE has discussed mobile ticketing with the state run railroad and Amtrak. Mr. Henry stated that Amtrak already has a type of mobile purchasing and VRE will work with Amtrak for integration opportunities.

Mr. Naddoni expressed his concerns about privacy and security, as well as advertising “pop-ups.” Mr. Henry stated that VRE does not plan to solicit general advertising to
support the “app.” There may be opportunities for advertising that makes sense for VRE riders. An example would be if a local merchant wanted to offer a discount to VRE riders. Mr. Parker reiterated that security is the most important aspect to Globe Sherpa and it is absolutely imperative that people’s financial information is protected. All data is encrypted. An outside cyber security firm was hired for a full scale audit of Globe Sherpa and all its systems to identify any potential vulnerabilities and to give TriMet a third part opinion.

Mr. Way expressed his reservations about the demonstrated reliability and proven technology of the system since it is only demonstrated in one location. He is also concerned about VRE getting ahead of WMATA’s NEPP system and this could pressure WMATA and MARC to use VRE’s system rather than VRE integrating into the NEPP system. He also observed that although savings will be realized by reduced vendors and equipment, it will make it more difficult for people who want to buy a ticket the regular way.

[Mr. Jenkins and Ms. Caddigan left the meeting at 11:30 A.M. and did not return.]

Mr. Henry stated that the technology for a transit application is relatively new but mobile purchasing is not new technology. Although it is new to the transit industry, it is not entirely unproven. WMATA will have the same issues regardless of which system is chosen.

Mr. Zimmerman stated that Mr. Way raises valid concerns but there is also a risk of not moving forward. The biggest question is compatibility of NEPP and he has been told that this system is compatible with the NEPP written specifications. He suggested staff verify this.

Mr. Milde moved, with a joint second by Mr. Zimmerman and Mr. Naddoni, to approve Resolution #9I-09-2013, which would provide authority for the CEO to award the contract to Globe Sherpa. The vote in favor was cast by Board Members Awbrey, Bulova, Cook, Covington, Kelly, Milde, Naddoni, Skinner, Smedberg, Thomas and Zimmerman. Mr. Way voted in opposition.

**Authorization to Award a GEC VI Task Order to Michael Baker Jr., Incorporated for Consultant Support for the Design and Development of a Mobile Ticketing System—9J**

Mr. Allen explained that the VRE Operations Board is being asked to authorize him to award a GEC VI Task Order to Michael Baker Jr., Inc., to provide consulting support in the design and development of a mobile ticketing system in the amount of $186,482, plus a 10 percent contingency of $18,648, for a total amount not to exceed $205,130. Resolution #9J-09-2013 would accomplish this.

Mr. Allen stated that with the award of a contract to Globe Sherpa in the previous item, VRE will require additional technical assistance to manage the system design and development process. This firm has extensive knowledge of the VRE Mobile Ticketing...
requirements as well as the scope of the vendor contract, making them a logical and
cost-effective choice to continue to advise VRE as the design and implementation of the
mobile ticketing system proceeds. They also have extensive experience with transit
industry fare collection consultant services for WMATA in support of NEPP.

Mr. Milde moved, with a second by Mr. Covington, to approve Resolution #9J-09-2013.
The vote in favor was cast by Board Members Awbrey, Bulova, Cook, Covington, Kelly,
Milde, Naddoni, Skinner, Smedberg, Thomas and Zimmerman. Mr. Way voted no.

[Mr. Naddoni left the meeting at 11:40 A.M. and did not return.]

Authorization to Execute a MEC V Task Order for Design, Modification and Installation
Services for Security Locks on VRE Passenger Cars – 9C

Mr. Allen stated that Resolution #9C-09-2013 would authorize him to issue a task order
to STV, Inc., under the MEC V contract, to provide design, modification and installation
services for upgraded security locks on VRE passenger cars for $93,168, plus a 10
percent contingency of $9,317, for a total amount not to exceed $102,485.

Mr. Covington moved, with a second by Ms. Bulova, to approve Resolution #9C-09-
2013.

In response to a question from Mr. Skinner, Mr. Dalton explained that the lock
replacement is a security enhancement. The current design of the interior cabinet door
locks pre-dates the Rail Safety Improvement Act of 2008. The new locks will prevent
tampering and reduce unauthorized access. Mr. Allen stated that 467 locks will be
replaced at an estimated cost of $200 each.

The Board then voted on the motion and it passed. The vote in favor was cast by Board
Members Awbrey, Bulova, Cook, Covington, Kelly, Milde, Skinner, Smedberg, Thomas,
Way and Zimmerman.

Referral of Preliminary FY 2015 VRE Operating and Capital Budget to the Commissions
– 9B

Ms. Boxer stated that due to the lateness of the hour, she will not give the presentation
but will just provide highlights. The preliminary capital budget is currently $2.4 million
unfunded. Federal formula funding is based on an estimation of what VRE expects to
receive under the new Section 5337, State of Good Repair formula program. The
current estimate is that VRE will receive an additional $9.7 million annually compared to
the amount received in FY 2013 under the prior Fixed Guideway program. This is a 58
percent increase. VRE continues to monitor TSDAC recommendations for state
operating and capital allocations. VRE’s System Plan is also being incorporated into
the budget. $2 million will be included in the CIP as “seed money” for project
development.
Mr. Shorter stated that assuming VRE will receive the same track access funding, the budget increased by $25 million, of which $23.9 is capital. An eight-car Fredericksburg line train is budgeted for a full year. At this time, the budget shows no fare or subsidy increase.

Mr. Way briefed the Board on the work of the Capital Subcommittee. He stated that the Budget and Six-Year Forecast have many uncertainties and variables. While it is fine to present the budget to the Commissions for consideration, it will be hard for them to make coherent, comprehensive comments back to VRE.

Mr. Milde discussed the issue of non-NVTA members paying their share of the railcar acquisition. Those jurisdictions (Stafford, Fredericksburg, and Spotsylvania) will need a plan to absorb these costs.

Mr. Cook observed that the budget includes a significant amount of funding for long-term maintenance. This premise of the budget is important. It is a fiscally responsible approach that VRE will not be purchasing equipment that VRE can maintain. The budget incorporates long-term capital maintenance items.

The Operations Board then voted on Resolution #9B-09-2013, which would authorize VRE’s CEO to refer the preliminary FY 2015 VRE Operating and Capital Budget to the Commissions for their consideration, so that the Commissions, in turn, can refer these recommendations to the jurisdictions for their review and comment. The vote in favor was cast by Board Members Awbrey, Bulova, Cook, Covington, Kelly, Milde, Skinner, Smedberg, Thomas, Way and Zimmerman.

Authorization to Award a Contract for Lubricating Oil Delivery Services for Locomotives –9D

Mr. Allen reported that the VRE Operations Board is being asked to authorize him to execute a contract with Quarles Petroleum, Inc. of Warrenton, Virginia for delivery of lubricating oil for VRE locomotives in an amount of $318,678, plus a 10 percent contingency of $31,868, for a total amount not to exceed $350,546. Resolution #9D-09-2013 would accomplish this.

Mr. Allen stated that following an Invitation for Bid (IFB), only one responsive bid was received. Staff conducted a survey to determine why only a single bid was received and is satisfied with the results, as well as certifying that the price is fair and reasonable. After review of the bid, it was determined that Quarles Petroleum, Inc., is a responsive and responsible bidder. The contract will be for a base year and two option years, with the VRE CEO exercising the option years at his discretion.

Mr. Kelly moved, with a second by Mr. Covington, to approve the resolution. The vote in favor was cast by Board Members Awbrey, Bulova, Cook, Covington, Kelly, Milde, Skinner, Smedberg, Thomas, Way and Zimmerman.
Authorization to Execute a Sole Source Contract for Positive Train Control Equipment and Installation Services – 9E

Mr. Allen stated that the VRE Operations Board is being asked to approve Resolution #9E-09-2013 which would recommend that the Commissions authorize him to execute a sole source contract for Positive Train Control equipment and installation services to Wabtec Corporation, the only practically available source of this equipment, in an amount of $7,023,969, plus a five percent contingency of $351,198, for a total not to exceed $7,375,167.

Mr. Way expressed his concern that VRE not get ahead of CSX and NS and asked if they are committed to the same equipment and if it is proven reliable. Mr. Allen replied yes.

Ms. Bulova moved, with a second by Mr. Skinner, to approve Resolution #9E-09-2013. The vote in favor was cast by Board Members Awbrey, Bulova, Cook, Covington, Kelly, Milde, Skinner, Smedberg, Thomas, Way and Zimmerman.

Authorization to Extend a License Agreement for the Lease of Tower Space for the VHF Radio Communications System – 9K

Mr. Allen stated that the VRE Operations Board is being asked to authorize him to extend a license agreement with American Towers, Inc., for the lease of space on their cell tower located in Fairfax Station, Virginia in the amount of $172,788, payable over the term of five years. Resolution #9K-09-2013 would accomplish this.

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

Mr. Skinner suggested that staff see if this tower could also be used as a relay station for Wi-Fi service. Mr. Covington asked VRE’s CEO to look at the local proffer packages, which routinely include a public safety and access to the towers. $172,788 is a significant amount of money multiplied over the entire system.

The Board then voted on the motion and it passed. The vote in favor was cast by Board Members Awbrey, Bulova, Cook, Covington, Kelly, Milde, Skinner, Smedberg, Thomas, Way and Zimmerman.

Authorization to Execute a GEC VI Task Order for National Transit Database (NTD) Data Collection Services – 9L

Mr. Allen reported that Resolution #9L-09-2013 would authorize him to award a GEC VI Task Order to AECOM to conduct National Transit Database (NTD) ridership data collection in an amount of $125,178, plus a 10 percent contingency of $12,518, for a total amount not to exceed $137,696.
Mr. Zimmerman moved, with a second by Mr. Kelly, to approve the resolution. The vote in favor was cast by Board Members Awbrey, Bulova, Cook, Covington, Kelly, Milde, Skinner, Smedberg, Thomas, Way and Zimmerman.

Authorization to Amend the Marketing, Advertising and Public Relations Services Contract –9M

Mr. Allen stated that the Operations Board is being asked to authorize him to execute a contract amendment with Sparky’s Garage of Leesburg, Virginia in the amount of $150,000, for a marketing, advertising and public affairs services contract, for a total base period contract value not to exceed $500,000. Resolution #9M-09-2013 would accomplish this.

Mr. Allen stated that the contract was inadvertently not brought back for Operations Board approval for the second and third option years. He explained that during a review of contract payments, it was discovered that work under the contract had exceeded the original authorization level. As a result, an additional authorization is sought in the amount of $150,000 for a total contract value of $500,000 through the end of the original three year base period on June 30, 2014. Because VRE’s need for marketing services has evolved over the last several years, VRE staff currently plans to request approval for a revised scope of services, rather than exercise the first option period under the current agreement.

Mr. Skinner moved, moved with a second by Mr. Milde, to approve the resolution.

Chairman Smedberg stated that VRE is transitioning away from this type of contract as it makes organizational improvements.

The Board then voted on the motion and it passed unanimously. The vote in favor was cast by Board Members Awbrey, Bulova, Cook, Covington, Kelly, Milde, Skinner, Smedberg, Thomas, Way and Zimmerman.

[Mr. Covington left the meeting at 11:45 A.M.]

Operations Board Members’ Time –11

Mr. Zimmerman reported that the Transportation Planning Board’s Regional Transportation Priorities Plan (RTPP) was released for comment. The draft RTPP report did not mention commuter rail. He stated that TPB’s next meeting will discuss the RTPP Plan. He noted that the plan is inconsistent with COG’s “Region Forward” plan and the need for the RTPP to focus on long-term development of a commuter rail network and that it is important to emphasize commuter rail in the plan.
Mr. Way stated that he agrees, except he does not consider the RTPP to be a plan, but instead a bunch of thoughtful bases from which a plan could be developed. The RTPP began as an expansion of the Constrained Long Range Plan (CLRP).

Mr. Skinner stated that he would like to see a mobile ticketing presentation be given to riders in a central location and at the very least a presentation to his Board. It will be important to market this new system. Mr. Henry stated that there is already a plan for marketing; however it will take 7-8 months before the pilot phase is initiated. Chairman Smedberg suggested a short video on VRE’s website on how to use this technology.

Caroline County’s Interest in PRTC/VRE Membership—11B

Mr. Kelly stated that he gets the sense that there is not unanimous agreement of the Caroline County Board to join VRE/PRTC. He asked about VRE plans to make a definitive decision about this issue because he would like to see it resolved.

Mr. Cook suggested deferring the presentation because of the lateness of the hour. Mr. Allen stated that VRE has been clear with Caroline County that VRE is not interested in pursuing expansion past present boundaries. However, Caroline County is still interested in joining VRE.

Mr. Harf stated that the Operations Board should consider the prospect of an additional $150,000 annually from a potential contribution from Caroline County that would help defray a portion of VRE/PRTC expenses.

Ms. Bulova stated that she supports deferring the discussion when more Board Members can be present. She suggested that before the Operations Board explores this issue, VRE should determine Caroline County’s intent. Mr. Kelly requested that VRE ask Caroline County to make a formal request to VRE.

Maintenance and Custodial Services for VRE Facilities—11A

Mr. Allen reminded the Board that they requested a report on maintenance and custodial services following their authorization of a six-month contract extension back in October. He stated that he would be happy to discuss this with individual members. Chairman Smedberg suggested bringing this item back at next month’s meeting. There were no objections.
Adjournment

On a motion by Mr. Kelly and a second by Ms. Bulova, the Board unanimously agreed to adjourn. Chairman Smedberg adjourned the meeting at 12:04 P.M.

Approved this 18th day of October, 2013.

Paul Smedberg
Chairman

John Cook
Secretary

CERTIFICATION

This certification hereby acknowledges that the minutes for the September 20, 2013 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.

Rhonda Gilchrest