MINUTES
VRE Operations Board Meeting
PRTC Headquarters – Prince William County, Virginia
May 15, 2015

Virginia Railway Express

John C. Cook
Chairman

Gary Skinner
Vice-Chairman

Paul Smedberg
Secretary

Maureen Caddigan
Treasurer

Sharon Bulova (NVTC)
Fairfax County

Maureen Caddigan (PRTC)
Prince William County

John C. Cook (NVTC)
Fairfax County

John D. Jenkins (PRTC)
Prince William County

Matt Kelly (PRTC)
City of Fredericksburg

Paul Milde (PRTC)
Stafford County

Jennifer Mitchell

Gary Skinner (PRTC)
Spotsylvania County

Paul Smedberg (NVTC)
City of Alexandria

Bob Thomas (PRTC)
Stafford County

Jonathan Way (PRTC)
City of Manassas

Members Present | Jurisdiction
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Sharon Bulova (NVTC) | Fairfax County
Maureen Caddigan (PRTC) | Prince William County
John C. Cook (NVTC) | Fairfax County
John D. Jenkins (PRTC) | Prince William County
Matt Kelly (PRTC) | City of Fredericksburg
Paul Milde (PRTC) | Stafford County
Jennifer Mitchell | DRPT
Gary Skinner (PRTC) | Spotsylvania County
Paul Smedberg (NVTC) | City of Alexandria
Bob Thomas (PRTC) | Stafford County
Jonathan Way (PRTC) | City of Manassas

Members Absent | Jurisdiction
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Martin Nohe (PRTC) | Prince William County
Suhas Naddoni (PRTC) | City of Manassas Park
J. Walter Tejada (NVTC) | Arlington County

Alternates Present | Jurisdiction
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Marc Aveni (PRTC) | City of Manassas
Meg Bohmke (PRTC) | Stafford County
Jay Fisette (NVTC) | Arlington County
Frank C. Jones (PRTC) | City of Manassas Park
Jeanine Lawson (PRTC) | Prince William County
Tim Lovain (NVTC) | City of Alexandria
Michael C. May (PRTC) | Prince William County
Jeff McKay (NVTC) | Fairfax County
Kevin Page | DRPT
Paul Trampe (PRTC) | Spotsylvania County
Billy Withers (PRTC) | City of Fredericksburg

Alternates Absent | Jurisdiction
--- | ---
Marc Aveni | City of Manassas
Meg Bohmke | Stafford County
Jay Fisette | Arlington County
Frank Jones | City of Manassas Park
Jeanine Lawson | Prince William County
Tim Lovain | City of Alexandria
Michael May | Prince William County
Jeff McKay | Fairfax County
Kevin Page | DRPT
Paul Trampe | Spotsylvania County
Billy Withers | City of Fredericksburg

Staff and General Public

Doug Allen – VRE
Monica Backmon – NVTA
Gregg Baxter – Keolis
Donna Boxer – VRE
JoAnne Carter – PFM Group
Kelley Coyner – NVTC staff
Rich Dalton – VRE
Greg Diebler – VRE
John Duque – VRE
Patrick Durany - Prince William County
Steven Grant – LTK
Al Harf – PRTC staff
Chris Henry – VRE
Tom Hickey – VRE
Gerri Hill – VRE
Christine Hoeftner – VRE
Robert Hostelka – VRE

Bryan Jungwirth – VRE
Mike Lake – Fairfax County DOT
Lezlie Lamb – VRE
Bob Leibrandt – Prince William County
Nate Macek – Parsons Brinckerhoff
Steve MacIsaac – VRE legal counsel
Betsy Massie – PRTC staff
Hannah Mayhew – PFM Group
Nat Parker – GlobeSherpa
Alexis Rice – VRE
Lynn Rivers – Arlington County
Brett Shorter – VRE
Sonali Soneji – VRE
Joe Swartz – VRE
Scott Townsend – Keolis
Melvin Waldrop – PFM Group

* Delineates arrival following the commencement of the Board meeting. Notation of exact arrival time is included in the body of the minutes.
Chairman Cook called the meeting to order at 9:34 A.M. Following the Pledge of Allegiance, Roll Call was taken.

Approval of the Agenda – 3

Ms. Bulova moved, with a second by Mr. Kelly, to approve the Agenda. The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Jenkins, Kelly, Milde, Mitchell, Skinner, Smedberg, Thomas, and Way.

Approval of the Minutes of the April 17, 2015 Operations Board Meeting – 4

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

Chairman’s Comments – 5

Chairman Cook reported on April 23rd NVTA adopted its FY 2015-FY 2016 Two-Year Program totaling $345.9 million for road and transit projects. VRE received $30.9 million for platform extensions at Franconia/Springfield and Rippon stations; track and signal improvements on the CSX line at Slater’s Lane; and studies to expand the Crystal City VRE station and parking expansion at the Manassas Park VRE station.

Chairman Cook also noted a number of VRE Operations Board Members and VRE staff attended NVTC’s Forum: Transit Means Business on May 8th. Ms. Coyner stated 140 people attended and came from transit, government, businesses, chambers of commerce, advocacy groups, and research partners, to discuss how transit impacts the economy. Ms. Bulova stated she was impressed that so many people stayed for the roundtable discussions. Mr. Milde stated he had two delegates at his table and he was able to talk with them about what Stafford County thinks is important, including VRE and HOT Lanes extensions. Ms. Coyner stated one of the Forum case profiles was SunCal, the developer for the Potomac Shores Development and the future VRE station. Mr. Smedberg stated VRE was mentioned numerous times as an important piece to transit. Chairman Cook stated with the discussions about I-66, it is an opportunity for VRE to make its case for the need to expand its service to the Gainesville-Haymarket area. VRE’s plans for this extension are connected to how the region deals with the whole I-66 corridor.

Chairman Cook announced the Capital Committee will meet next month following the Operations Board meeting. Ms. Boxer stated the committee will look at the forecasts being done for the Financial Plan in the context of how to develop the FY 2017 VRE budget.

Chairman Cook also announced the Operations Board Recognition Ceremony honoring nine past and present Board Members will be held tomorrow, May 15th, at the Broad Run Station at 9:00 A.M. Ms. Caddigan expressed her regret that she cannot attend.
Chief Executive Officer’s Comments –6

Mr. Allen stated VRE is very focused on safety and security issues. He stated Greg Diebler, VRE’s Manager of System Safety and Security, recently helped coordinate a joint emergency response exercise with Amtrak in the tunnel going into the Washington Union Station. Also, members of the Transportation Safety Administration’s (TSA) surface transportation security office conducted a training session for VRE staff on recognizing potential hazards and dangerous items, such as explosives and suspicious packages.

Mr. Allen reported operations remained strong for the month of April with 96 percent on-time performance.

He acknowledged Monica Backmon, NVTA’s Executive Director, and Marty Nohe, NVTA’s Chairman, and expressed VRE’s appreciation for the NVTA funding.

Mr. Allen also reported the track work on the Fredericksburg line is underway. VRE staff worked with CSXT staff to develop plans to minimize the delays associated with that work. For the first week there have only been a few minor delays.

Mr. Allen stated VRE has been focused on doing a number of outreach events. This past Monday he participated in Kojo Nnamdi’s call-in program on WAMU radio. Mr. Peacock was the first to call-in. VRE also continues with the Meet the Management Events. He encouraged Board Members to participate because it is a great opportunity to talk face-to-face with the customers.

Mr. Allen announced the new Mobile Ticketing program was launched today. Mr. Henry recognized Nat Parker, CEO of GlobeSherpa, and Steven Grant, engineering consultant from LTK, who worked on this project. VRE has already received a lot of positive feedback from passengers about the Mobile Ticketing. Mr. Henry explained VRE is unique in that its Mobile Ticketing app includes SmartBenefits, Amtrak Step-Up fare, and reduced fares, which other transit agencies do not typically include in their Mobile Ticketing. GlobeSherpa worked to make this possible and VRE believes it has the best app in the industry.

Mr. Parker thanked the entire Operations Board and staff for the chance to launch this app. He acknowledged Chris Henry and his leadership of this complex project. This is the only application that allows a person to use SmartBenefits to pay for a fare. He is already seeing interest from other agencies, including DASH, Arlington’s ART, and PRTC’s OmniRide.

Mr. Allen announced Donna Boxer, VRE’s Chief Financial Officer, was again recognized by the Government Finance Officers Administration (GFOA) and received a Certificate of Achievement in Excellence in Financial Reporting (CAFR). Mr. Allen introduced Robert Hostelka, VRE’s new IT Director. Mr. Allen also reported the Project Development staff has moved into the new office space across from VRE’s Headquarters.

Mr. Allen regretfully conveyed the sad news that William Greenup, a former Operations Board Member and Chairman from the City of Fredericksburg, passed away last week.
Mr. Skinner asked for an update on the construction of the platform at Spotsylvania Station. Mr. Hickey gave a brief report on the progress: the platform is constructed; the head house and sidewalks are under construction; the steel is in place for the overhead shelter canopies; and track work is laid and waiting for CSX to “line the track.” Mr. Skinner stated weather permitting the target of mid-summer will be realized for opening of the station.

**VRE Riders’ and Public Comment – 7**

There were no comments.

**Consent Agenda – 8**

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

- Resolution #8B-05-2015: Authorization to Issue an Invitation for Bids for Security Camera Equipment
- Resolution #8C-05-2015: Authorization to Issue an Invitation for Bids for Automatic Passenger Counter System
- Resolution #8D-05-2015: Authorization to Issue an Invitation for Bids for Automatic Parking Counter System
- Resolution #8E-05-2015: Authorization to Issue a MEC VI Task Order for General On-Call Services
- Resolution #8F-05-2015: Authorization to Issue a Supplemental GEC VI Task Order for Real Estate Services

Mr. Milde asked a question about funding for the security cameras and the parking counter systems at the stations and if the localities are funding any part of these projects. Mr. Dalton stated VRE has funding to install 20 security cameras but the initial order does not include any cameras for the stations. Ms. Boxer explained that the automatic parking counter system is a system wide expense. Mr. Henry stated that implementation of the parking counter system will begin at Broad Run Station because there are parking issues and it will be helpful to have more accurate counts. Leeland and Brooke stations are also high on the list because of the parking issues at Leeland and parking availability at Brooke. The system will report real-time parking availability that will help VRE to direct passengers to available spaces at other stations.

The Board then voted to approve the Consent Agenda. The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Jenkins, Kelly, Milde, Mitchell, Skinner, Smedberg, Thomas, and Way.

**Closed Session – 9**

Mr. Skinner moved, with a second by Mr. Smedberg, the following motion:

> Pursuant to the Virginia Freedom of Information Act (Sections 2.2-3711A (7) of the Code of Virginia), the VRE Operations Board authorizes a Closed
Session for the purpose of consultation with legal counsel and necessary staff concerning Case No. CL-15001416 pending in the Circuit Court of Alexandria and Case No. CL-15000383-00 pending in the Circuit Court of Spotsylvania County.

The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Jenkins, Kelly, Milde, Mitchell, Skinner, Smedberg, Thomas, and Way.

The Board entered into Closed Session at 10:09 A.M. When the Board returned to Open Session, Mr. Skinner moved, with a second by Mr. Smedberg, 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, Cook, Jenkins, Kelly, Milde, Mitchell, Skinner, Smedberg, Thomas, and Way.

Authorization to Execute the First Option Period of the Operations and Maintenance Contract – 10A

Mr. Allen stated the Operations Board is asked to recommend the Commissions authorize him as VRE CEO to modify the contract with Keolis Rail Services Virginia, LLC for operations and maintenance services by approving 1) the first of two five-year option periods, and 2) up to $20,931,000 for the first year of the first option year for a total contract value not to exceed $116,527,554 for operations and maintenance through June 30, 2016. Resolution #10A-05-2015 would accomplish this.

Mr. Way asked if VRE adds more railcars would that change the contract amount. Mr. Allen replied that it wouldn’t be a large cost to add another conductor.

Ms. Bulova moved, with a second by Mr. Kelly, to approve Resolution #10A-05-2015. The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Jenkins, Kelly, Milde, Mitchell, Skinner, Smedberg, Thomas, and Way.

Authorization to Amend the Memorandum of Agreement Regarding Coordination of Technical Analysis, Testing, Funding and Administration for the New Electronic Payments Program (NEPP) – 10B

Mr. Allen stated the VRE Operations Board is asked to authorize him to execute the first amendment to the Memorandum of Agreement regarding the coordination of technical
analysis, testing, funding and administration for the NEPP project. The amendment will
cover expenses incurred through FY 2016 for the technical assistance in support of the
NEPP implementation. The VRE share of the expenses is calculated at $69,071 utilizing a
formula that takes into account ridership and the regional partners' historical customer use
transactions for SmarTrip. Resolution #10B-05-2015 would accomplish this.

Mr. Smedberg moved, with a second by Ms. Bulova, to approve Resolution #10B-05-2015.

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

Authorization to Issue a MEC VI Task Order for Engineering Oversight for New Passenger
Railcars – 10C

Mr. Allen stated the Operations Board is asked to authorize him to execute a Task Order
with STV Incorporated under the MEC VI contract for engineering oversight for the
purchase of five new passenger railcars in the amount of $781,250, plus a five percent
contingency of $39,062, for a total amount not to exceed $820,312. Resolution #10C-05-
2015 would accomplish this.

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

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

Approval of Increase to Chief Executive Officer's Spending Authority – 10D

Mr. Allen stated the VRE Operations Board is asked to approve an increase in the Chief
Executive Officer's procurement authorization and contract award authorities from
$50,000 to $100,000. Resolution #10D-05-2015 would accomplish this.

Chairman Cook explained as a result of the Management Audit, increasing the approval
threshold was recommended to allow the VRE Operations Board to focus on procurements
with greater budgetary and policy implications. The Management Audit recommends
procurement authorization and contract award authorities for the CEO of $100,000. It also
recommends any purchase greater than $50,000 be communicated to the Operations Board
as an information item, to provide transparency. The Management Audit also recommends
the Operations Board revisit procurement thresholds every two years to determine
whether approval levels should be adjusted to account for inflation and other factors. Any
procurement over $100,000 would continue to require the Operations Board approval of
the procurement as well as the award of contract.

Ms. Caddigan moved, with a second by Mr. Way, to approve the resolution. The vote in
favor was cast by Board Members Bulova, Caddigan, Cook, Jenkins, Kelly, Milde, Mitchell,
Skinner, Smedberg, Thomas, and Way.
Approval of Standardized Language for Contract Authorizations – 10E

Chairman Cook stated that he would like to bring this action back next month to allow more time to work on this.

Mr. Kelly moved, with a second by Mr. Smedberg, to defer action until next month. The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Jenkins, Kelly, Milde, Mitchell, Skinner, Smedberg, Thomas, and Way.

Authorization to Execute a Contract for Disaster Management Services – 10F

Mr. Allen stated the VRE Operations Board is asked to authorize him to execute a contract with FEI Behavioral Health of Milwaukee, Wisconsin for the provision of disaster management services in the amount of $220,500 for a base year and two option years, with the CEO exercising the option years at his discretion. Resolution #10F-05-2015 would accomplish this.

Terms include a fixed retainer fee of $7,500 per year, to ensure availability of resources, plus a variable cost option that will be incurred based on the magnitude of an incident. If an incident does occur, the CEO would authorize work using VRE’s emergency policy and then amend the contract and authorization at the next Operations Board meeting.

Mr. Allen explained the National Transportation Safety Board (NTSB), along with the railroad industry, recommends that each rail system have a process to mobilize victim support services following a rail disaster. Traditionally these services are provided by disaster response practitioner companies. VRE’s current contract with Kenyon International Emergency Services will expire on June 27, 2015.

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

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

Recognition of Alfred H. Harf for Distinguished Service to the Virginia Railway Express Operations Board – 10G

Mr. Allen stated the VRE Operations Board is being asked to approve a resolution honoring Alfred H. Harf for his contributions to the growth, efficiency and overall success of VRE. Mr. Harf has served as PRTC’s Executive Director since 1998. He will leave employment with PRTC in July 2015.

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

On behalf of VRE staff and the Operations Board, Mr. Allen thanked Mr. Harf and presented him with a gift. The Board acknowledged Mr. Harf with applause.
Mr. Harf stated VRE is a topnotch organization and thanked the Operations Board and VRE management. He is leaving when VRE is at the “top of its game” although he knows VRE has some significant challenges with building the system. He is staying in the region and will continue to be interested in transit.

**Publication of Proposed Disadvantaged Business Enterprise Overall Annual Goal for Federal Fiscal Years 2016-2018 – 11A**

PRTC and VRE have established an overall goal of 7.5 percent DBE participation for Fiscal Years 2016-2018 on U.S. Department of Transportation assisted contracts. VRE falls under PRTC’s DBE program. PRTC has advertised for public inspection for a period of 30 days and public comment for 45 days from the date of publication. The goal once adopted, will be posted on the websites of PRTC and VRE and included in relevant procurement documents involving DOT-assisted contracting opportunities. No action by the VRE Operations Board is needed. There were no questions.

**Financial Plan Status Update and Discussion – 11B**

VRE’s consultant, PFM Group has created a customized financial model, incorporating VRE’s unique characteristics and funding needs. The model allows for the creation of multiple scenarios, both initially and in the future.

The presentation focuses on the baseline scenario, which consists of continuing current service until 2040. It assumes a three percent fare increase every other year and a three percent subsidy increase every other year. The baseline scenario includes no new service other than the addition of a Fredericksburg train in 2016 and lengthening trains when demand supports it. The model shows aggregate operating costs would grow about 2.8 percent during that timeframe. Even with the three percent fare increases and local subsidy increases every other year, VRE would still have a budget deficit.

Ms. Bulova asked what costs were anticipated to grow the system by 2.8 percent. Ms. Boxer replied the major categories include contractual increases for train operations, access fees, maintenance of equipment, and assumed three percent increase of all other costs.

Ms. Boxer reviewed the capital program. The priority of VRE’s capital funding program is to focus on state of good repair. These projects total $275 million and are fully funded.

Chairman Cook stated it is important to know the baseline for operating without a shortfall and with a balanced budget, and suggested there should be two baseline scenarios. Ms. Bulova suggested a no growth option. Chairman Cook stated the second could be a baseline with a certain amount of expansion. Ms. Mitchell stated there is a fair amount of expansion in the proposed baseline assumption and it is misleading to say it has no expansion. In response to a question from Mr. Milde, Ms. Hoefner explained based on assumptions as ridership continues to grow VRE will lengthen trains but not add more trains. By 2020 the estimated average daily ridership is 21,800, which is consistent with VRE’s Six-Year Plan. By 2025, it is estimated just under 24,000; by 2030 it is estimated to be just under 26,000; and by 2040 just over 30,000. Currently, VRE ridership is at 18,500-19,000 average daily ridership.
Ms. Carter went into further detail on the capital program. For FY 2017-FY2040 there is $3 billion projected in capital, of which $764 million is programmed funding. There are three major categories of unprogrammed capital projects: shared projects ($1.5 billion); non-system costs ($324 million); and system costs ($450 million). She stated it may make sense for VRE to use financing for future rolling stock purchases. VRE will have some debt capacity in the out years (2030 timeframe). VRE currently has $74 million of outstanding debt which will be paid by FY 2034. VRE has policies in place which guide debt incurrence. Debt has not been programmed into the baseline but it is clear there is capacity for debt in the future.

In response to a question from Chairman Cook, Ms. Carter stated the baseline assumption of a three percent fare increase and a three percent subsidy increase every other year will still leave VRE with a deficit. Mr. Kelly stated it will be financially difficult for the City of Fredericksburg to manage those levels of subsidy increases. It comes back to the fundamental question of whether this is the best structure in place to meet these goals. Chairman Cook stated that is why it is so important for the baseline to be fiscally constrained. It will ultimately show VRE cannot grow without changing structurally and that VRE needs to look at other options. He stated it is important to have the Financial Plan completed by the fall to be able to go to the General Assembly if legislative solutions are needed. He directed staff to bring the Financial Plan back in two months with a baseline that is fiscally constrained that does not require legislative changes to meet. Then VRE can build options on top of that.

[Mr. Milde left the meeting at 11:51 A.M. and did not return.]

Management Audit Recommendations Update – 11C

Chairman Cook stated staff provides a chart every month showing the progress of the Audit Management recommendations. There were no questions.

Operations Board Members Time – 12

Mr. Kelly thanked Mr. Allen for acknowledging Mr. Greenup's passing. Mr. Kelly stated William Greenup was a former Mayor of the City of Fredericksburg and was instrumental in getting the city to join VRE. Even after leaving public office, Mr. Greenup continued to be involved in rail issues. Mr. Kelly stated he hopes in October when the Board looks at members to honor, Mr. Greenup's name will be considered.

Closed Session – 13

Mr. Smedberg moved, with a second by Mr. Jenkins, the following motion:

Pursuant to the Virginia Freedom of Information Act (Sections 2.2-3711A (1) of the Code of Virginia), the VRE Operations Board authorizes a Closed Session for the purpose of discussion of a personnel matter.

The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Jenkins, Kelly, Mitchell, Skinner, Smedberg, Thomas, and Way.
The Board entered into Closed Session. When the Board returned to Open Session, Mr. Smedberg moved, with a second by Mr. Kelly, 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, Cook, Jenkins, Kelly, Mitchell, Skinner, Smedberg, Thomas, and Way.

Adjournment

Without objection, Chairman Cook adjourned the meeting at 12:12 P.M.

Approved this 19th day of June, 2015.

[Signature]
John C. Cook
Chairman

[Signature]
Paul Smedberg
Secretary

CERTIFICATION

This certification hereby acknowledges that the minutes for the May 15, 2015 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.

[Signature]
Rhonda Gilchrest