VRE OPERATIONS BOARD

December 18, 2015

Executive Committee Meeting – 8:30 am
Operations Board Meeting - 9:00 am

PRTC Headquarters
14700 Potomac Mills Road
Woodbridge, VA 22192

1. Pledge of Allegiance
2. Roll Call
3. Approval of Agenda
4. Approval of Minutes from the November 20, 2015 VRE Operations Board Meeting
5. Chairman’s Comments
6. Chief Executive Officer’s Report
7. Virginia Railway Express Riders’ and Public Comment
8. Consent Items

A. Authorization to Execute Contract Options for Purchase and Delivery of Locomotive Fuel to VRE Yards

B. Authorization to Issue a Request for Proposals for Diesel Fuel Price Risk Management Consulting Services
C. Authorization to Issue a Request for Proposals for Information Technology Services

D. Authorization to Issue a Request for Proposals for Shop and Yard Program Management Support Services

9. Action Items

A. Approval of 2016 VRE Officers

B. Referral of the Revised FY 2016 and Recommended FY 2017 VRE Operating and Capital Budgets to the Commissions and Localities

C. Recommend Authorization to Execute a Property Lease Agreement with Norfolk Southern Railway Company

D. Authorization to Extend a Lease Agreement for Parking at the Rippon Station

E. Authorization to Issue a Supplemental Task Order for Electrical Repair Services

10. Information Items

A. Management Audit Recommendations Update

11. Closed Session

12. Operations Board Member’s Time

The Next VRE Operations Board Meeting
January 15, 2016 - 9:00 am at PRTC
To: Chairman Cook and the VRE Operations Board  
From: Doug Allen  
Date: December 18, 2015  
Re: Authorization to Execute Contract Options for Purchase and Delivery of Locomotive Fuel to VRE Yards

**Recommendation:**

The VRE Operations Board is asked to authorize the Chief Executive Officer to execute the second option year with James River Solutions of Ashland, VA for fuel at the Crossroads Yard and Griffith Energy Services, Inc. of Manassas, VA for fuel for the Broad Run Yard for the year ending June 30, 2017. The Contract option with James River Solutions is being recommended in an amount not to exceed $2,743,980 for a period of one year. The Contract option with Griffith Energy Services, Inc. is being recommended in an amount not to exceed $2,070,020 for the period of one year.

**Background:**

On July 1, 2015, the VRE Operations Board authorized execution of Contract Amendments with James River Solutions in an amount not to exceed $3,000,000, and Griffith Energy Services in an amount not to exceed $2,200,000, for the second contract year. Both Contracts have remaining three additional one-year options with the VRE Operations Board approval required for each option year. The second year for these Contracts expires on June 30, 2016.

Both Contracts allow VRE to lock in future fixed prices for fuel. VRE continues to work with a consultant to assist in this process. VRE has been able to reduce cost volatility through
the use of this fixed price mechanism as the fixed price is based on futures purchased by our suppliers. Exercising the option years now allows VRE to maximize the use of this mechanism. The total cost of the second option year is based on an estimated cost of $2.90 per gallon for 1.66M gallons.

**Fiscal Impact:**

The total of the requested contract option year authorizations for James River Solutions ($2,743,980) and Griffith Energy Services ($2,070,020) is $4,814,000. Funding is included in the proposed FY 2017 Operating Budget for Equipment Operations – Fuel in the amount of $4,814,000,
Virginia Railway Express  
Operations Board  

Resolution  
8A-12-2015  

Authorization to Execute Contract Options for  
Purchase and Delivery of Locomotive Fuel to VRE Yards  

WHEREAS, the second option year Contracts to provide fuel at VRE yards will begin on July 1, 2016; and,  

WHEREAS, exercising the option years before expiration of the prior option year will allow VRE to maximize the use of the fuel hedging mechanism to reduce cost volatility;  

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to execute the second option year for the purchase and delivery of locomotive fuel at the Crossroads yard to James River Solutions in an amount not to exceed $2,743,980; and,  

BE IT FURTHER RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to execute the second option year for the purchase and delivery of locomotive fuel at the Broad Run yard to Griffith Energy Services, Inc. in an amount not to exceed $2,070,020.  

Approved this 18th day of December 2015  

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John C. Cook  
Chairman  

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Paul Smedberg  
Secretary
To: Chairman Cook and the VRE Operations Board
From: Doug Allen
Date: December 18, 2015
Re: Authorization to Issue a Request for Proposals for Diesel Fuel Price Risk Management Consulting Services

Recommendation:

The VRE Operations Board is asked to authorize the Chief Executive Officer to issue a Request for Proposals for diesel fuel price risk management consulting services on behalf of both VRE and PRTC.

Background:

As determined in accordance with VRE Public Procurement Policies and Procedures, an Invitation for Bids (IFB) is neither practicable nor fiscally advantageous to VRE and an RFP is the preferred method of procurement for this solicitation since there are different approaches to the desired service and an evaluation of technical merit is required.

Upon completion of evaluation of proposals, negotiations are conducted with the two highest ranked firms deemed to be fully qualified and best suited among those submitting proposals, on the basis of the factors specified in the evaluation criteria. Price will be considered in context of technical performance for this service to achieve a best value determination. After receipt of the best and final offer from the top-ranked firm, a cost analysis is performed to compare the proposed cost with the independent cost estimate to determine that the proposed cost is fair and reasonable.
Both VRE and PRTC have significant exposure to price fluctuations in the diesel fuel market. Based on a joint procurement issued by VRE in 2011, both agencies currently contract for consulting services related to diesel fuel price risk management in order to secure expert advice on the management of this risk and to reduce the volatility of fuel costs. VRE’s existing contract, authorized by the Operations Board in April 2011, is with Linwood Capital, LLC and will expire in May 2016. As such, a new procurement must be initiated.

Upon receipt and evaluation of the proposals, staff will return to the Board for authorization to award the contract. The intention is for VRE and PRTC to jointly select the consultant, but will have separate contracts for services. The term of the contracts will be for a one year period with **nine one year option periods for a total of ten years**. The longer term is consistent with the contract periods for other forms of financial services.

**Fiscal Impact:**

Funding is provided for in the FY 2016 budget for equipment operations. Funding for future years will be included in each proposed annual budget.
Virginia Railway Express  
Operations Board  

Resolution  
8B-12-2015  

Authorization to Issue a Request for Proposals for Diesel  
Fuel Price Risk Management Consulting Services  

WHEREAS, VRE has a significant risk exposure to the diesel fuel market and can benefit  
from expert advice on the management of this risk and a reduction in the volatility of fuel  
costs; and,  

WHEREAS, the current contract for diesel price risk management consulting services  
expires in May 2016; and,  

WHEREAS, this procurement will be issued by VRE on behalf of both VRE and PRTC as it is  
advantageous to both organizations to again jointly solicit proposals for these services;  

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby  
acknowledge the determination made by the VRE Contract Administrator in accordance  
with the VRE Public Procurement Policies and Procedures that competitive bidding is not  
practicable, nor fiscally advantageous to VRE, and that competitive negotiation is the  
appropriate method to procure these services; and,  

BE IT FURTHER RESOLVED THAT, the VRE Operations Board authorizes the Chief  
Executive Officer to issue a Request for Proposals for diesel price risk management  
consulting services on behalf of both VRE and PRTC for a one year period with nine one  
year option periods for a total of ten years.  

Approved this 18th day of December 2015.  

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John C. Cook  
Chairman  

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Paul Smedberg  
Secretary
Agenda Item 8-C  
Consent Item  
To: Chairman Cook and the VRE Operations Board  
From: Doug Allen  
Date: December 18, 2015  
Re: Authorization to Issue a Request for Proposals for Information Technology Services  

Recommendation:

The VRE Operations Board is asked to authorize the Chief Executive Officer to issue a Request for Proposals (RFP) for Information Technology services for a period of one base year and two option years.

Background:

As determined in accordance with VRE Public Procurement Policies and Procedures, an Invitation for Bids (IFB) is neither practicable nor fiscally advantageous to VRE and an RFP is the preferred method of procurement for this solicitation since there are different approaches to Information Technology services and an evaluation of technical merit is required.

Upon completion of evaluation of proposals, negotiations are conducted with the two highest ranked firms deemed to be fully qualified and best suited among those submitting proposals, on the basis of the factors specified in the evaluation criteria. Price will be considered in context of technical performance for this service to achieve a best value determination. After receipt of the best and final offer from the top-ranked firm, a cost analysis is performed to compare the proposed cost with the independent cost estimate to determine that the proposed cost is fair and reasonable.
VRE’s current information technology infrastructure includes 136 routers, firewalls and switches; 22 physical servers, 48 mobile devices, 25 printers and approximately 50 service requests per week. The IT Department provides service to 25 different physical locations within the service area. The scope of work for the RFP includes procurement of an IT service provider tasked to maintain existing IT infrastructure along with designing, developing, and implementing solutions in both a project and maintenance role. Specifically, the IT Services will provide on-site server, desktop and network support services. Additionally, the contractor will provide project based assistance for initiatives in support of cybersecurity posture as well as the transformation and expansion of information technology systems within VRE’s network.

Upon receipt and evaluation of the proposals, staff will return to the Board for authorization to award the contract.

**Fiscal Impact:**

Funding is provided for in the FY 2016 operating budget for Information Technology. Funding for future years will be included in each proposed annual budget.
Authorization to Issue a Request for Proposals for Information Technology Services

WHEREAS, VRE’s Information Technology infrastructure includes multiple servers, switches, routers and mobile devices; and,

WHEREAS, VRE’s Information Technology infrastructure spans multiple locations across the VRE service area; and,

WHEREAS, there is a need to ensure timely responses to service requests and general maintenance of the system; and,

WHEREAS, an Information Technology services contract will provide VRE the needed support for the transformation and expansion of VRE’s network;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby acknowledge the determination made by the VRE Contract Administrator in accordance with the VRE Public Procurement Policies and Procedures that competitive bidding is not practicable, nor fiscally advantageous to VRE, and that competitive negotiation is the appropriate method to procure these services; and,

BE IT FURTHER RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to issue a Request for Proposals for Information Technology Services.

Approved this 18th day of December 2015

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John C. Cook
Chairman

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Paul Smedberg
Secretary
To: Chairman Cook and the VRE Operations Board

From: Doug Allen

Date: December 18, 2015

Re: Authorization to Issue a Request for Proposals for Shop and Yard Program Management Support Services

Recommendation:

The VRE Operations Board is asked to authorize the Chief Executive Officer to issue a Request for Proposals (RFP) for an individual to provide shop and yard program management support services to support program development and implementation.

Background:

As determined in accordance with VRE Public Procurement Policies and Procedures, an Invitation for Bids (IFB) is neither practicable nor fiscally advantageous to VRE and an RFP is the preferred method of procurement for this solicitation since there are different approaches to the desired service and an evaluation of technical merit is required.

Upon completion of evaluation of proposals, negotiations are conducted with the two highest ranked individuals deemed to be fully qualified and best suited among those submitting Proposals, on the basis of the factors specified in the evaluation criteria. Price will be considered in context of technical performance for this service to achieve a best value determination. After receipt of the best and final offer from the top-ranked individual, a cost analysis is performed to compare the proposed cost with the independent cost estimate to determine that the proposed cost is fair and reasonable.
Train storage is a priority for VRE. Insufficient storage capacity in Washington, DC currently requires VRE to deadhead a trainset every day to and from Broad Run. In addition, Amtrak has the ability under the present operating agreement to reduce existing storage for VRE trains in Ivy City Yard starting in August 2018. The overnight maintenance and storage facilities at Broad Run and Crossroads are close to capacity and need further expansion to accommodate longer trains and railcars on order. Reflecting these needs, the FY 2016 Capital Improvement Plan (CIP) contains $11.8 million of funding to develop equipment storage projects. An additional $144.6 million is proposed in the CIP between FY 2017 and FY 2022 for project development and implementation, peaking at $34.5 million for projects in FY 2019.

Upon review of the volume of upcoming equipment storage work, VRE has determined it has an immediate need for the services of an experienced shop and yard program specialist to augment its staff capacity and technical capabilities. The scope of work for the RFP includes assisting in the development of procurement documents, technical review activities, consideration of project delivery alternatives, coordinating with external consultants, and maintaining liaison with other public agencies. The projected demand for this assistance is anticipated to peak in FY 2019 but taper off thereafter, making this position a poor candidate for a new permanent position.

VRE staff recommends contracting with an experienced individual for an initial period of three years with two one-year options for renewal. The individual will be managed as an extension of staff under the direction of a VRE Project Manager. After proposals have been received and evaluated through a competitive process, VRE staff will return to the VRE Operations Board with its recommendation for award.

Fiscal Impact:

Funding for development and implementation of the equipment storage program is provided in the VRE Capital Improvement Plan using Federal Transit Administration Section 5337 formula funds.
Virginia Railway Express
Operations Board

Resolution
8D-12-2015

Authorization to Issue a Request for Proposals for Shop and Yard Program Management Support Services

WHEREAS, the timely completion of shop and yard facilities is defined as a priority in the VRE Capital Improvement Plan and a requisite for sustaining the quality and efficiency VRE service; and,

WHEREAS, the immediate services of an experienced shop and yard program specialist is needed to augment VRE staff capacity and technical capabilities and to assist in the development of procurement documents, technical review activities, consideration of project delivery alternatives, coordination with external consultants, and maintain liaison with other public agencies; and,

WHEREAS, capital funding is available through Federal Transit Administration Section 5337 formula funding to support program management activities associated with development and implementation of equipment storage facilities and associated infrastructure;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby acknowledge the determination made by the VRE Contract Administrator in accordance with the VRE Public Procurement Policies and Procedures that competitive bidding is not practicable, nor fiscally advantageous to VRE, and that competitive negotiation is the appropriate method to procure these services; and,

BE IT FURTHER RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to issue a Request for Proposals (RFP) for shop and yard program management support services to support program development and implementation.

Approved this 18th day of December 2015

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John C. Cook
Chairman

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Paul Smedberg
Secretary
To: Chairman Cook and the VRE Operations Board
From: Doug Allen
Date: December 18, 2015
Re: Approval of 2016 VRE Officers

Recommendation:

The VRE Operations Board is asked to approve the nominees for the 2016 VRE Officers as recommended by the Nominating Committee. The nominees are as follows:

Chairman: Gary Skinner (PRTC)
Vice Chairman: Paul Smedberg (NVTC)
Secretary: Maureen Caddigan (PRTC)
Treasurer: Sharon Bulova (NVTC)
Immediate Past Chairman: John C. Cook (NVTC)

Installation of the 2016 VRE Officers shall take place at the January 15, 2016 VRE Operations Board Meeting.

Background:

According to the VRE Bylaws, each of the Commissions shall provide two officers from among its Operations Board Members. The offices of Chairman and Vice Chairman shall not be held at the same time by members representing the same jurisdiction or the same appointing Commission and the office of Chairman shall be rotated each year between the two Commissions.
Virginia Railway Express
Operations Board

Resolution
9A-12-2015

Approval of 2016 VRE Officers

WHEREAS, the VRE Bylaws provides for the annual election of Officers to serve as Chairman, Vice Chairman, Secretary and Treasurer; and,

WHEREAS, the Office of Chairman shall be rotated each year between the two Commissions; and,

WHEREAS, the Chairman appointed a Nomination Committee and that Committee has made its recommendation of 2016 VRE Officers to the Operations Board;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby affirm the election of Gary Skinner as Chairman, Paul Smedberg as Vice Chairman, Maureen Caddigan as Secretary, Sharon Bulova as Treasurer and John Cook as Immediate Past Chairman to serve as the 2016 VRE Officers to be installed at the January 15, 2016 Operations Board Meeting.

Approved this 18th day of December 2015

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John C. Cook
Chairman

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Paul Smedberg
Secretary
To: Chairman Cook and the VRE Operations Board

From: Doug Allen

Date: December 18, 2015

Re: Referral of the Revised FY 2016 and Recommended FY 2017 VRE Operating and Capital Budgets to the Commissions and Localities

Recommendation:

The VRE Operations Board is being asked to adopt the revised FY 2016 VRE Operating and Capital Budget and the recommended FY 2017 VRE Operating and Capital Budget and refer them to the Commissions for their consideration and subsequent referral to the jurisdictions for their formal review and adoption.

Background:

In accordance with the VRE Master Agreement, which outlines the process for annual budget approval, the preliminary FY 2017 VRE Operating and Capital Budget was initially prepared for review at the September VRE Operations Board. Since that time, it has been discussed at subsequent monthly meetings of the Operations Board and the CAO Taskforce, and the Capital Committee reviewed the capital program in November. The CAO Taskforce met on December 10th to present their final recommendations and discuss VRE responses to those recommendations.

Discussion:

The Recommended FY 2017 Operating and Capital Budget totals $130.5 million.
The major assumptions in FY 2017 and significant changes compared to the prior fiscal year are as follows:

- Jurisdictional subsidy of $17,250,240; a 5% increase from the FY 2016 level.
- No increase to fare rates and a projected average daily ridership of 19,100 passengers, which results in a total of $38.95 million in fare revenue.
- State operating funds of $9.0 million, approximately the same as the amount received in FY 2016, and 900K more than in the approved FY2016 Budget.
- Fuel estimated at $2.90/gallon for a total cost of $4.8 million.
- Grant funding from all sources for track access costs at 84% or $14.1 million; equal to the percentage provided in FY 2016. Access fees increased at estimated or actual contractual amounts.
- Addition of four FTE employees to Project Implementation, Facilities Maintenance, and Finance and Administration, with partial grant funding for three of the positions for a net cost of $375k.
- Required contractual increase for train operations and maintenance of equipment of $140k or 0.17%, the 12-month CPI increase for October 2015.
- Prior year funding of $377k for one time expenditures in FY 2017 for modernization of IT equipment, software and other costs related to the database development project ($295k) and security costs during construction of the Potomac Shores station ($82k). The Information Technology budget increased by $610k in total, including these one-time costs and anticipated ongoing costs for licensing and system maintenance.
- Federal 5307 (Urbanized Area) and 5337 (State of Good Repair) funding of $27.05 million, equal to the amount received in FY 2016, and $900k less than in the approved FY 2016 budget.
- Tiered capital matching funds from the State of the non-federal share for new projects with 34% (tier II) funding requested from the state for the major midday storage and yard projects.
- Contribution to the Capital Reserve of $3M with $1M allocated from the Reserve balance for FY 2017 capital projects.
- Operating contingency at 1% of the operating budget.

The FY 2017 operating budget expenses of $82.5M exceed the prior year amount by $367k (less than one-half of one percent), with a combination of revenue increases and cost decreases essentially netting out against contractual and other recommended cost increases. The essentially flat operating budget is the result, in part, of historic low fuel costs projections and a minimal change to the CPI.

The primary driver of increased local cost outflow in FY 2017 compared to FY 2016 is the local match to federal formula funds for the capital program, accounting for an increase in costs of $810k. This reflects that VRE funded a large portion of the local match for Capital projects in FY 2016 with prior year revenue, due in part to a delay in the federal authorization legislation until just prior to budget adoption; the final authorization indicated additional funding and an accompanying need for local match. In FY 2017 we are
returning to the preferred method of funding the ongoing need for local match with current revenue.

The budget also includes a six-year financial forecast for the period FY 2017 through FY 2022 which includes a 3% fare increase in FY 2018, FY 2020 & FY2022.

The FY 2017 budget assumes a 5% subsidy increase, with future 3% increases in FY 2019 and FY 2021. Every October a survey of VRE riders is done to calculate the subsidy allocation by jurisdiction. The projected FY 2017 jurisdictional subsidy, which reflects the most recent ridership survey results, is as follows:

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>FY 2016 Subsidy</th>
<th>FY 2017 Subsidy</th>
<th>Net Inc/(Dec)</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prince William County</td>
<td>$5,309,674</td>
<td>$5,968,406</td>
<td>$658,732</td>
<td>12.4%</td>
</tr>
<tr>
<td>Fairfax County</td>
<td>4,847,285</td>
<td>5,160,910</td>
<td>313,625</td>
<td>6.5%</td>
</tr>
<tr>
<td>Stafford County</td>
<td>2,855,607</td>
<td>2,647,222</td>
<td>(208,385)</td>
<td>-7.3%</td>
</tr>
<tr>
<td>Spotsylvania County</td>
<td>1,303,888</td>
<td>1,382,749</td>
<td>78,861</td>
<td>6.0%</td>
</tr>
<tr>
<td>Manassas</td>
<td>766,491</td>
<td>749,371</td>
<td>(17,120)</td>
<td>-2.2%</td>
</tr>
<tr>
<td>Manassas Park</td>
<td>576,699</td>
<td>511,777</td>
<td>(64,922)</td>
<td>-11.3%</td>
</tr>
<tr>
<td>Fredericksburg</td>
<td>439,366</td>
<td>483,524</td>
<td>44,158</td>
<td>10.1%</td>
</tr>
<tr>
<td>Alexandria</td>
<td>133,894</td>
<td>140,589</td>
<td>6,695</td>
<td>5.0%</td>
</tr>
<tr>
<td>Arlington</td>
<td>195,897</td>
<td>205,692</td>
<td>9,795</td>
<td>5.0%</td>
</tr>
<tr>
<td><strong>Total Subsidy</strong></td>
<td><strong>$16,428,801</strong></td>
<td><strong>$17,250,240</strong></td>
<td><strong>$821,439</strong></td>
<td><strong>5.0%</strong></td>
</tr>
</tbody>
</table>

**Capital Budget and CIP**

The multi-year CIP includes both funded and unfunded projects. The funded projects include those that are funded through federal formula grants received annually by VRE; through already allocated funds from other programs, such as CMAQ or NVTA; or through other expected sources. The unfunded or partially funded projects are those that are pending a discretionary allocation by a funding authority or for which a funding source has not yet been identified.

In the last year, VRE, with the assistance of PFM, has developed a financial forecast that compares the capital and operating needs associated with various service profiles (including implementation of System Plan 2040) to available funding sources and quantified the need for additional funding. The next step in the development of the Financial Plan is the identification and evaluation of various alternative for meeting future system needs, including debt financing as appropriate.

The FY 2017 to FY 2022 CIP illustrates the funding challenges for VRE in the coming years, since currently identified funding falls short of the system’s capital needs. Projects included in the CIP are prioritized with an emphasis on passenger safety, regulatory requirements, and maintaining current equipment and facilities in a state of good repair. However, the
shortfall makes it difficult for VRE to adequately reinvest to maintain the system’s reliability and safety, while also making enhancements, adding capacity to serve new ridership demands and adhering to commitments to participate in the expansion of the railroad infrastructure.

A key challenge is the misalignment between the timing of need and availability of funding for several crucial projects, most notably the replacement of VRE’s midday train storage facility. The current CIP relies on multi-year state capital funding of 34% to allow us to leverage our available federal formula funds. However, this funding is insufficient to advance the project as desired in FY 2018 and FY 2019. The project is a candidate for federal Core Capacity funding or for debt financing; these and other options will be considered once costs for the project have been confirmed. The limitations on the use of our major source of federal source, the 5337 or State of Good Repair program, further complicates our capital funding picture.

To fully fund the projects in the FY 2017-FY 2022 CIP (including all costs to complete) would require approximately $2.1 billion. Of this total, $499 million has been allocated or is anticipated from ongoing formula funding sources. The remaining $1.6 billion, includes a number of projects which are eligible for funding from discretionary funding sources such as HB-2 or NVTA. The Long Bridge ($700 million) along with several related projects is a candidate for funding through the federal Core Capacity program and from the contributions of other stakeholders. The Gainesville Haymarket Extension ($286 million) is a candidate for funding through HB-2 and the federal New Starts program.

The total programmed capital projects for FY 2017 of $48 million are outlined below. The funding source is FTA formula funds, including required local match, unless otherwise indicated.

**Asset Management projects:**
- Facilities Asset Management Program - $3.9M
- Lifecycle Overhaul Facility (LOU) and yard improvements - $12.6M
- Equipment Asset Management Program - $4.9M
- Fare Collection EMV Compliance/Upgrade - $1.2M
- Security Cameras and other - $0.9M

**Replacement projects:**
- Midday train storage - $8.2M (includes $500k from Capital Reserve – part of project includes potential for future expansion).

**Expansion projects:**
- Fourth Track VA to LE - $0.25M (Capital Reserve or REF funding)
- L’Enfant Station Improvements - $0.25M (Capital Reserve or REF funding)
- Lorton platform improvements - $0.5M (CMAQ)
- Rippon platform improvements - $2.0M (CMAQ)
- Brooke/Leeland second platforms - $5.8M (REF)
• Quantico Intermodal - $4.5M (IPROC)

Other:
• Capital reserve contribution - $3.0 (local funds only - may be used for capital projects of any kind)

The FY 2017 capital budget decreased from the prior year by $6.8M (-12%). This is due primarily to the use of 68% state funding in FY 2016 for the purchase of expansion rail cars and year to year differences in the availability of discretionary funding sources such as CMAQ and REF.
FY 2016 Amended Budget

The FY 2016 budget has been revised to reflect current projections for revenue and expenses. The major changes are as follows:

- Increased state operating funds in the amount of $1.1M.
- Revised/reduced fare revenue by $1.07M due to the delayed start of the new train and updated ridership projection.
- Revised/reduced access fees for Amtrak by $351K to reflect actual costs of new agreement, with an accompanying decrease in projected grant revenue.
- Operational Contingency was increased by a net $930K for various additions and revisions of current year operating costs. The major changes were a decrease of $1.59M to the cost of diesel fuel, changes related to the delayed start of the new train, and an increase of $455K for the database development project, for which funds had been budgeted in prior years.
- Funds are available in the contingency for FY 2017 additional positions to be added prior to year-end.

Capital budget changes:

- Capital project spending was reduced by $1.13M to reflect a lower than anticipated award of federal formula funding in FY 2016. In addition, grant requests for FY 2014, FY 2015 and FY 2016 were rearranged to accommodate the correct split between 5307 (Urbanized Area) and 5337 (State of Good Repair) FTA funding.
- An additional $10.7M of CMAQ, IPROC and REF funding for capital projects was recognized.
- Capital Reserve funds of $500k were added to the funding for Equipment Storage projects to ensure availability of funding for improvements potentially not available for grant reimbursement.
Virginia Railway Express
Operations Board

Resolution
9B-12-2015

Referral of the Revised FY 2016 and Recommended
FY 2017 VRE Operating and Capital Budgets
to the Commissions and Localities

WHEREAS, the VRE Master Agreement requires that the Commissions be presented with a fiscal year budget for their consideration at their respective January meetings prior to the commencement of the subject fiscal year; and,

WHEREAS, the VRE Chief Executive Officer has provided the VRE Operations Board with the FY 2017 Operating and Capital Budget within the guidelines developed in concert with the jurisdictional chief administrative officers; and,

WHEREAS, the FY 2017 budget proposes a 5% jurisdictional subsidy increase and no fare increase; and,

WHEREAS, VRE staff recommends a budget built on an average daily ridership of 19,100 and 34 trains;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby recommend that the Commissions adopt the FY 2017 VRE Operating and Capital Budget in the following amounts and forward this budget to the local jurisdictions for inclusion in their budgets and appropriations in accordance with the Master Agreement; and,

- Operating Budget $ 82,483,433
- Capital Budget $ 48,028,443
- Total Operating and Capital $130,511,876

BE IT FURTHER RESOLVED THAT, the VRE Operations Board does hereby recommend that the Commissions adopt the amended FY 2016 Operating and Capital Budget in the following amounts; and,

- Operating Budget $ 81,567,080
- Capital Budget $ 64,897,861
- Total Operating and Capital $146,464,941
Resolution 9B-12-2015 continued

BE IT FURTHER RESOLVED THAT, the VRE Operations Board does hereby recommend that the Commissions authorize the Executive Directors of both PRTC and NVTC to submit to the Transportation Planning Board of the National Capital Region and to the Federal Transit Administration or other federal agencies, the appropriate Transit Improvement Program and grant applications for FY 2016 and FY 2017; and,

BE IT FURTHER RESOLVED THAT, the VRE Operations Board does hereby recommend that the Commissions authorize the Executive Director of NVTC to submit to the Commonwealth the approved budget as part of the FY 2017 state aid grant applications; and,

BE IT FURTHER RESOLVED THAT, the VRE Operations Board does hereby recommend that the Commissions authorize the Chief Executive Officer of VRE to submit appropriate projects to the Northern Virginia Transportation Authority or other funding authorities on behalf of the Commissions.

Approved this 18th day of December 2015.

_______________________________
John C. Cook
Chairman

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Paul Smedberg
Secretary
Agenda Item 9-C
Action Item

To: Chairman Cook and the VRE Operations Board
From: Doug Allen
Date: December 18, 2015
Re: Recommend Authorization to Execute a Property Lease Agreement with Norfolk Southern Railway Company

Recommendation:

The VRE Operations Board is asked to recommend the Commissions authorize the Chief Executive Officer to execute a property lease agreement in a form approved by legal counsel with Norfolk Southern Railway Company for the purpose of installing a fence and gates adjacent to the Burke Centre VRE station.

Background:

As part of a cooperative effort with Norfolk Southern Railway and CSX Transportation VRE has initiated several projects consistent with effective right of way management and station operating practices. As such, an area adjacent to the Burke Centre station has been identified to receive additional fencing and access gates for maintenance workers. The area identified is in the Norfolk Southern Railway right of way and a property lease agreement is required.

Fiscal Impact:

The base rental fee is $1,350.00 per year. A one-time application fee of $500 will be paid with the base rental fee for the first year only. The base rental fee will be escalated annually
by using the Consumer Price Index for All Urban Consumers (CPI-U) published three months prior to the anniversary date of the agreement. Funding for the property lease is in the FY 2016 budget under the Norfolk Southern right of way access line item. Funding for future fiscal years will be included in subsequent proposed budgets.
Recommend Authorization to Execute a Property Lease Agreement with Norfolk Southern Railway Company

WHEREAS, VRE is working with Norfolk Southern Railway and CSX Transportation on effective right of way management and station operating practices; and,

WHEREAS, VRE has identified several projects as part of this collective effort; and,

WHEREAS, additional fencing and access gates have been identified for the area adjacent to the Burke Centre station; and,

WHEREAS, the area identified adjacent to the Burke Centre station is on the Norfolk Southern Railway right of way; and,

WHEREAS, in order to install additional fencing and access gates Norfolk Southern Railway requires a separate property lease agreement;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby recommend the Commissions authorize the Chief Executive Officer to execute a property lease agreement in a form approved by legal counsel.

Approved this 18th day of December 2015

John C. Cook
Chairman

Paul Smedberg
Secretary
To: Chairman Cook and the VRE Operations Board

From: Doug Allen

Date: December 18, 2015

Re: Authorization to Extend a Lease Agreement for Parking at the Rippon Station

Recommendation:

The VRE Operations Board is asked to authorize the Chief Executive Officer to extend a Lease Agreement with KP Big Crest Lane, LLC for 320 parking spaces at the Rippon Station in the amount of $171,537 for one year.

Background:

In May 2002, the Operations Board approved a three year Lease Agreement with Hazel Land for 320 parking spaces at the Rippon VRE Station. These additional spaces were to be instrumental in reducing the parking shortage at the station where the parking lot was routinely 97% full. The lot was constructed by Hazel Land and opened in March 2004, which also commenced the term of the Lease Agreement. The Lease was subsequently assigned by Hazel Land to KP Big Crest Lane, LLC and extended for nine years through the end of February 2016 with the approval of the Operations Board in November 2006, February 2009, February 2010, January 2011, December 2011, January 2013, October 2013 and December 2014.

In March 2011, a Proffer Statement / Development Plan submitted by KP Big Crest Lane, LLC was approved by Prince William County, which includes the construction of a parking garage by KP Big Crest Lane, LLC on the County owned property on which the current
parking lot for the VRE Rippon Station is located. The Plan further stipulates that until such time that the parking garage is constructed and available for use, KP Big Crest Lane, LLC shall continue to allow VRE to lease the surface parking directly adjacent to the County owned parking lot at an annual increase in rent of two percent (2%) per year.

VRE staff is requesting permission to extend this Lease Agreement for one year, at a cost not to exceed $171,537 during that period.

**Fiscal Impact:**

Funding is provided for in the FY 2016 operating budget under the Station Parking Fees line item. Funding for the subsequent fiscal year is included in the proposed FY 2017 budget.
Virginia Railway Express  
Operations Board  

Resolution  
9D-12-2015  

Authorization to Extend a Lease  
Agreement for Parking at the Rippon Station

WHEREAS, in May 2002, the Operations Board approved a three year lease with Hazel Land for 320 parking spaces at the Rippon Station; and,

WHEREAS, these additional spaces were instrumental in reducing the parking shortage at Rippon where the parking lot was routinely 97% full; and,

WHEREAS, the Lease has been renewed several times since with the current extension set to expire at the end of February 2016; and,

WHEREAS, VRE staff is requesting permission to extend the Lease Agreement for one additional year through February 28, 2017;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to extend the lease agreement with KP Big Crest Lane, LLC in the amount of $171,537 for one year.

Approved this 18th day of December 2015

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John C. Cook  
Chairman

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Paul Smedberg  
Secretary
To: Chairman Cook and the VRE Operations Board  
From: Doug Allen  
Date: December 18, 2015  
Re: Authorization to Issue a Supplemental Task Order for Electrical Repair Services  

Recommendation:  
The VRE Operations Board is asked to authorize the Chief Executive Officer to issue Supplemental Task Order 1C for Electrical Repair Services. The on-call electrical repair services provided through this contract with NV Enterprises are done annually with Supplemental Task Orders. This is the fourth Task Order. Task Order 1 was executed in the amount of $75,000, Supplemental Task Order 1A was executed in the amount of $90,000 and Supplemental Task Order 1B was executed in the amount of $90,000. Task Order 1C is an additional $90,000, plus a 5% contingency of $4,500, for a total amount of $94,500. The total amount for Task Order 1 plus Supplemental Task Orders 1A, 1B and 1C will not exceed $349,500.  

Background:  
In April of 2013, the Operations Board approved a new five-year contract with one base year and four one-year options for the Facilities Maintenance Services Contract with NV Enterprises. The Operations Board approved the first option year in April of 2014 and the second option year in April of 2015.  
The contract includes base work along with Task Order work on an as-needed basis to address various facility repairs, as well as routine and preventive maintenance related
projects. The purpose of this Task Order is to address routine electrical repairs, including those related to lighting and power outages, among others.

The first Task Order executed under the contract was Task Order 1, Electrical Repair Services, in the amount of $75,000. In November 2014, the Operations Board approved Task Order Supplement 1A, in the amount of $90,000. In June 2015, the Operations Board approved Task Order Supplement 1B, in the amount of $90,000.

During the course of the work, the amount expended has approached the current Task Order total. The requested supplement is estimated to allow NV Enterprises to continue performing electrical repair services through the end of the second option year.

**Fiscal Impact:**

The FY 2016 Operating budget for Facilities Maintenance includes a budget amount of $430,000 for Routine Maintenance. The requested supplemental amount of $94,500 for electrical repair services is available within this budget.
Virginia Railway Express
Operations Board

Resolution
9E-12-2015

Authorization to Issue a Supplemental
Task Order for Electrical Repair Services

WHEREAS, in April of 2013, the Operations Board approved a five-year contract with one
base year and four one-year options for the Facilities Maintenance Services Contract with
NV Enterprises; and,

WHEREAS, the Operations Board approved the first option year in April of 2014 and the
second option year in April of 2015; and,

WHEREAS, the Operations Board previously approved Task Order 1 for $75,000,
Supplemental Task Order 1A for $90,000 and Supplemental Task Order 1B for $90,000; and,

WHEREAS, the amount expended for Task Order 1 and Supplemental Task Orders 1A and
1B, Electrical Repair Services has approached the approved Task Order total; and,

WHEREAS, this Supplemental Task Order is estimated to allow NV Enterprises to continue
performing electrical repair services through the end of the second option year;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby
authorize the Chief Executive Officer to issue Supplemental Task Order 1C under the
Facilities Maintenance Contract to NV Enterprises for electrical repair services in an
amount of $94,500 ($90,000, plus a 5% contingency of $4,500), for a total amount (Task
Order 1 plus Supplemental Task Orders 1A, 1B and 1C) not to exceed $349,500.

Approved this 18th day of December 2015

______________________________
John C. Cook
Chairman

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Paul Smedberg
Secretary
To:       Chairman Cook and the VRE Operations Board
From:    Doug Allen
Date:    December 18, 2015
Re:   Management Audit Recommendations Update

At the January 16, 2015 meeting, the Operations Board accepted the Management Audit. Included in the Management Audit Report were recommended improvements to VRE’s organizational structure and practices, VRE’s functions and processes, and VRE Operations Board oversight. Attached are the short-term (less than 12 months) actions recommended in the report and their current disposition.

Since the November Operations Board meeting, staff has continued to work towards finalizing the last few short-term recommendations. In 2016, as we close those out, we will begin work on the Medium Term (1-3 years) recommendations:

**VRE Organizational Structure & Practices:**

Capacity/Staffing to Support Strategic Goals
- Conduct a comprehensive study of current and future staffing needs by discipline and organizational unit.

**VRE Functions and Processes:**

Human Resources
- Expand the scope of the human resources function to be more strategic, so that the agency’s policies and procedures related to employees fit into VRE’s broader strategic goals.
• Revise employee evaluation methods to tie performance to VRE’s strategic objectives
• Edit and condense the Human Resources Policy Manual.
• Develop training modules for new hires.

Information Technology
• Develop a comprehensive IT strategy for both VRE’s staff- and customer-facing systems.

Operations Board Oversight:

Board Authorizations and Approval of Procurements
• Approval Thresholds: Revisit procurement authorization and approval thresholds every two years.
<table>
<thead>
<tr>
<th>VRE Lead</th>
<th>Progress Update</th>
<th>Description</th>
<th>Target Date/ Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td>J. Swartz</td>
<td>Work on the financial plan has begun (Board update at March meeting). A consultant Task Order Request to support staff in development of the business plan has been forwarded to the Management Audit consultant team.</td>
<td>Organizational Alignment with Strategic Plan</td>
<td>COMPLETE</td>
</tr>
<tr>
<td>D. Boxer</td>
<td>Hired additional Finance position and three warehouse positions.</td>
<td>Capacity/Staffing to Support Strategic Goals</td>
<td>COMPLETE</td>
</tr>
<tr>
<td>D. Allen</td>
<td>First meeting was held on Monday, June 15th.</td>
<td>Relationship Between Executive Directors and CEO</td>
<td>COMPLETE</td>
</tr>
<tr>
<td>S. MacIsaac/Ex. Dirs.</td>
<td>Under development</td>
<td>Oversight of VRE by Commissions</td>
<td>January</td>
</tr>
<tr>
<td>D. Boxer</td>
<td>Procurement staff analyzing advantages/disadvantages, writing position paper.</td>
<td>Procurement Protocols</td>
<td>COMPLETE</td>
</tr>
<tr>
<td>G. Hill</td>
<td>Expanded use of blanket purchase orders has been implemented and procurement templates continue to be refined.</td>
<td>Procurement Protocols</td>
<td>COMPLETE</td>
</tr>
<tr>
<td>A. Gotthardt</td>
<td>Finalized for recruitment of new positions</td>
<td>Procurement Protocols</td>
<td>January</td>
</tr>
<tr>
<td>S. MacIsaac</td>
<td>Under development</td>
<td>Legal Counsel Review Periods</td>
<td>January</td>
</tr>
<tr>
<td>J. Swartz</td>
<td>Weekly coordination meetings with legal counsel and appropriate VRE senior staff are held and individual timeframe expectations are discussed for each item.</td>
<td>Legal Counsel Review Periods</td>
<td>COMPLETE</td>
</tr>
<tr>
<td>S. MacIsaac</td>
<td>On-going</td>
<td>Legal Counsel Review by Assistant Attorneys</td>
<td>On-going</td>
</tr>
<tr>
<td>Quartering legal staff at VRE was determined to not be an appropriate strategy.</td>
<td>Legal Staffing Levels</td>
<td>Legal Staffing Levels</td>
<td>COMPLETE</td>
</tr>
<tr>
<td>Task</td>
<td>Details</td>
<td>Complete</td>
<td>Notes</td>
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<td>----------------------------------------------------------------------</td>
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<tr>
<td>Establish Legal/VRE staff progress meetings</td>
<td>J. Swartz agreed on one monthly in-person meeting in addition to weekly conference calls.</td>
<td>Ongoing</td>
<td></td>
</tr>
<tr>
<td>Board Orientation and Training</td>
<td>Implement a full-day orientation program for new Operations Board members. Develop comprehensive board orientation and training materials.</td>
<td>J. Swartz</td>
<td>Board Item on June’s Agenda</td>
</tr>
<tr>
<td>Dissemination of Board Information to Stakeholders</td>
<td>Develop a mailing list to electronically disseminate notice of agendas and meeting packets and other documents to local agency staff, other interested stakeholders, and members of the public.</td>
<td>L. Lamb</td>
<td>List is updated as needed</td>
</tr>
<tr>
<td>Board Meeting Public Access</td>
<td>Public Access to VRE Operations Board Meetings: Investigate video or audio recording meetings and posting video/audio online for access by the public.</td>
<td>J. Duque</td>
<td>Audio of meetings will be posted on the new website. Staff investigated video but believes it is cost prohibitive at this time.</td>
</tr>
<tr>
<td>CAO Task Force/VCC Meetings</td>
<td>Develop annual meeting schedule, with meetings in both Woodbridge and Alexandria to facilitate access by all member jurisdictions.</td>
<td>R. Dalton</td>
<td>Schedule complete</td>
</tr>
</tbody>
</table>