To: Chairman Nohe and the VRE Operations Board  
From: Doug Allen  
Date: September 21, 2018  
Re: Recommend Authorization to Execute Agreement for Distribution and Allocation of Commuter Rail Operating and Capital Fund

Recommendation:

The VRE Operations Board is asked to recommend the Commissions authorize the execution of an agreement between NVTC and PRTC for the distribution and allocation of the Commuter Rail Operating and Capital (CROC) Fund.

Summary:

NVTC and PRTC staff have reached agreement on 1) how funds from the newly created CROC Fund will be disbursed to them and 2) the process by which the Commissions, as part of the annual VRE budget process, will determine the purposes for which CROC funding will be expended.

Background:

In May 2018, the Virginia General Assembly created the CROC Fund. The CROC Fund is a special non-reverting fund that receives proceeds from the wholesale fuel sales taxes currently collected in the NVTC and PRTC jurisdictions. Funds in the CROC are disbursed to PRTC and NVTC on a monthly basis in accordance with the distribution set forth in the legislation. CROC funding may be used to fund the cost of operating commuter rail.
service as well as the capital costs of acquiring, leasing, or improving railways or railroad equipment, rolling stock, rights-of-way, and facilities, including the use of debt financing where appropriate.

The proposed agreement between PRTC and NVTC will direct the manner in which funds from the CROC Fund are disbursed to the Commissions as well as the process for determining how to expend the CROC funds, including how that project selection process will be integrated into the broader annual budget process for VRE. The key points of the proposed agreement include:

- NVTC will serve on behalf of both Commissions as the recipient of all funds from the CROC Fund. This follows the existing practice of having PRTC receive and manage VRE’s federal funds and NVTC receive and manage VRE’s state and regional funds. NVTC will establish a depository for the CROC funds and invest the funds in accordance with Virginia statutory requirements.
- At the start of each year’s VRE budget process, the VRE Operations Board will recommend to the Commissions a process and criteria to be used in determining what operating and/or capital projects are to be funded (in whole or in part) with CROC funds during the upcoming fiscal year. This process and criteria will then be used to develop a list of recommended CROC-funded projects for consideration and final action by the Commissions along with the approval of the recommended VRE budget.
- NVTC will provide quarterly reports to the Commissions regarding the receipt, investment, and expenditure of CROC funds, and the VRE CEO will provide an annual report to the Operations Board and the Commissions on the status of all CROC-funded projects.

**Fiscal Impact:**

There is no direct fiscal impact to the execution of the proposed agreement between the Commissions for the distribution and allocation of the CROC funds. However, the execution of the proposed agreement will create the necessary framework for receiving, investing, programming, and expending the CROC funds, which will total $15 million per year.
Virginia Railway Express
Operations Board

Resolution
8A-09-2018

Recommend Authorization to Execute Agreement for Distribution and Allocation of Commuter Rail Operating and Capital Fund

WHEREAS, on May 18, 2018, the Virginia General Assembly approved Chapter 854 of the 2018 Acts of Assembly, adopting, among other provisions, amendments to Title 33.2 of the Code of Virginia, 1950, as amended, to add a new Chapter 35, §§ 33.2-3500 – 3502, entitled the Commuter Rail Operating and Capital Fund; and,

WHEREAS, NVTC and PRTC staff have reached agreement on the manner in which funds from the Commuter Rail Operating and Capital Fund are disbursed to them, and the process by which they will determine the specific purposes for which funds from the Commuter Rail Operating and Capital Fund will be expended, and wish to set forth that agreement;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby recommend the Commissions authorize execution of the Agreement Between NVTC and PRTC for Distribution and Allocation of the Commuter Rail Operating and Capital Fund, attached hereto as Attachment A.

Approved this 21st day of September 2018

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Martin Nohe
Chairman

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Maureen Caddigan
Secretary
Agenda Item 8-B
Action Item

To: Chairman Nohe and the VRE Operations Board

From: Doug Allen

Date: September 21, 2018

Re: Referral of Preliminary FY 2020 VRE Operating and Capital Budget to the Commissions and Authorization for Public Hearings on Proposed Fare Increase

Recommendation:

The VRE Operations Board is asked to authorize the Chief Executive Officer (CEO) to refer the preliminary FY 2020 VRE Operating and Capital Budget to the Commissions for their consideration, so the Commissions, in turn, can refer their preliminary budget recommendations to the jurisdictions for review and comment. The Operations Board is also asked to authorize the VRE CEO to hold a series of public hearings to solicit comments from riders and the general public, in accordance with the Public Participation Policy, on the proposed 3% average fare increase included in the preliminary FY 2020 budget.

Summary:

VRE’s preliminary FY 2020 operating budget totals $90.6 million, which includes operations, maintenance, and existing debt service. This is an increase of $2.0 million or 2.3% over the approved FY 2019 operating budget. The preliminary operating budget includes a proposed 3% average fare increase and no change in the jurisdictional subsidy. The preliminary operating budget has a current net unfunded amount of $1.9 million.
VRE’s preliminary FY 2020 capital budget includes commitments of $64.7 million from federal, state, regional, and local funding sources towards the Capital Improvement Program (CIP). The preliminary budget does not yet include formal recommendations for the programming of VRE’s funds from the newly created Commuter Rail Operating and Capital (CROC) fund. These recommendations will be developed in coordination with the Operations Board and the Commissions in the coming months and included in the final FY 2020 budget.

As in prior years, VRE will submit a balanced budget in December for the Operations Board’s consideration and referral to the Commissions for final approval. Projections of both revenue and expenses are still under review by VRE staff and may change over the next few months.

**Background:**

In accordance with the VRE Master Agreement, which outlines the process for annual budget approval, the preliminary FY 2020 VRE Operating and Capital Budget is attached for the Operations Board’s review.

Since the adoption of the FY 2019 budget, significant changes to transit funding in the Commonwealth were implemented by the General Assembly in the spring of 2018. Three changes in particular will have an immediate impact on VRE:

- As part of a broader legislative package addressing funding for WMATA, the CROC Fund was created, and $15 million annually will be deposited in the Fund. The CROC Fund may be used to support both operating and capital costs of VRE.
- The transit capital matching program will be restructured to focus DRPT's limited resources on ensuring transit systems across Virginia remain in a state of good repair (SGR).
- DRPT’s transit operating assistance program will also be restructured so all operating support is allocated based on transit service delivery factors, rather than just a portion of the funding as is currently the practice.

The impact of these legislative changes is discussed in greater detail below.

VRE’s Financial and Debt Principles addresses the prioritization of projects within the CIP and states:

**Projects included in VRE’s Capital Improvement Program will be prioritized with emphasis on regulatory requirements, the maintenance of equipment and facilities to support current service levels, and provisions for passenger safety.**

In addition to these first-level priorities, the CIP decision-making for FY 2020-2025 emphasizes VRE’s commitment to the development of railroad infrastructure in the CSXT
Key Operating Budget Assumptions:

VRE’s preliminary FY 2020 operating budget totals $90.6 million. This includes $84.3 million for daily operations maintenance (up $2.5 million or 3.1% from FY 2019) and $6.3 million for debt service (down $0.5 million from FY 2019 as a result of the refinancing of the RRIF loan). As noted above, both revenues and expenses are still under review and these projections may change over the next few months. The key assumptions used in preparing the preliminary operating budget are summarized below:

1. **Service levels**: VRE will continue its current service plan of 32 daily revenue trains in FY 2020.

2. **Ridership and fare revenue**: FY 2020 fare revenue is budgeted at $44.3 million, an increase of $1.9 million or 4.5% over the approved FY 2019 level. This increase is driven by three factors: the proposed 3% average fare increase (discussed in greater detail below); a higher number of service days in FY 2020 (252 versus 250); and shifts in rider behavior and purchasing of fare media that are increasing the average fare paid per trip. Average daily ridership (ADR) is currently projected at 19,000 for FY 2020, which is unchanged compared to the FY 2019 approved budget level. ADR in FY 2018 was 18,974, so this preliminary budget assumes no growth relative to the most recently completed fiscal year. VRE’s ridership has been and will be experiencing both positive and negative impacts – transit ridership in the region and nationwide continues to face challenges, but VRE’s ridership may increase during the summer of 2019 when WMATA closes Blue/Yellow Metrorail stations that parallel VRE’s service (see next item). Staff will continue to closely monitor ridership trends throughout the budget process and update projections accordingly.

3. **Service during WMATA closure**: WMATA has announced it will be closing Blue/Yellow Metrorail stations south of Reagan National Airport for a three-month period during the summer of 2019 to undertake major platform repairs. Similar closures for shorter periods of time during the SafeTrack efforts led to increases in VRE ridership. NVTC and WMATA have been leading a coordinated regional effort to find solutions to mitigate this closure, and VRE is a key part of those efforts. VRE has had preliminary discussions with Keolis regarding options to add supplemental capacity during this period, but no decisions have yet been reached. Therefore, this preliminary budget does not include any assumptions regarding additional costs associated with the closure. If decisions are reached prior to December that are likely to impact costs in FY 2020, staff will include that in the final recommended budget. If such decisions are reached later, and are material enough to require a budget amendment, staff will bring such an amendment to the Operations Board as soon as possible.
4. **Jurisdictional subsidy**: FY 2020 jurisdictional subsidy is budgeted at $17.77 million, unchanged from FY 2019. In conjunction with the proposed 3% average fare increase, this preliminary budget continues the Operations Board’s policy guidance to alternate each year between fare increases and jurisdictional subsidy increases in order to sustainably fund the costs of providing VRE service.

5. **State operating assistance**: As part of the package of transit legislation adopted by the General Assembly in May 2018, all state operating assistance provided to transit agencies in Virginia will now be allocated based on certain performance metrics known as transit service delivery factors. Factors such as ‘cost per trip’ are used to measure the efficiency of the transit provision and then compared across service providers. The Transit Service Delivery Advisory Committee (TSDAC) is currently working with stakeholders to develop a proposal to the Commonwealth Transportation Board for implementing this new requirement, and VRE has provided comments to TSDAC regarding how to compare VRE (as a commuter rail operator) with bus operators.

   The preliminary FY 2020 budget includes $8.5 million in state operating assistance, a significant reduction from recent years. This is the result of analysis by both VRE and Commission staff of the likely impact of using the existing service delivery factors with no changes but applying them to the entire pool of funding for operating assistance. However, VRE staff is encouraged by the dialogue so far with TSDAC and DRPT staff on this topic, and this projection may change in the coming months as the TSDAC proposal is developed further.

6. **Access fee reimbursement**: VRE pays track access fees to its host railroads (Amtrak, Norfolk Southern, and CSX) for the right to operate service. VRE recently renewed its five-year access agreement with Norfolk Southern and a similar renewal with Amtrak is expected in mid-2019. The track access agreement with CSX continues to be renewed on a year-to-year basis. Since 2015, DRPT and VRE have entered into multi-year agreements for reimbursement of the access fees. These fees have been reimbursed using a combination of federal STP funds allocated through the state (50%) and a state capital match (34%), with the local jurisdictions responsible for the balance (16%).

   Access fees are one of the largest single items in VRE’s budget, and concerns had been raised during the recent discussions over the ‘transit fiscal cliff’ and the constraints facing DRPT that this funding approach would be changed, with reduced state support requiring additional local contribution. However, as part of the transit legislative package in the General Assembly, the state has committed to continuing the current funding approach for access fees. This continued funding support will be critical to VRE’s fiscal sustainability and represents a very positive commitment by the state to VRE.

7. **Diesel fuel costs**: Diesel fuel expenses of $4.25 million are budgeted based on estimated annual usage of 1.7 million gallons at a per gallon cost of $2.50. While diesel fuel prices have increased substantially from the lows of recent years, VRE’s fuel
consultant is not projecting further significant increases in the short term. However, staff will continue to monitor fuel cost trends during the budget process and adjust the projections if needed.

8. **Staffing increases**: The preliminary budget does not include any additional full-time employees, but VRE continues to evaluate staffing and resource needs for FY 2020 and beyond, particularly for the development and implementation of the Capital Improvement Program (CIP) and associated administrative functions.

**Proposed Fare Increase and Public Hearings:**

VRE's zone fares are based on distance traveled, with most riders boarding in the morning at an 'outer' zone (Zones 3 through 9) station and disembarking at an 'inner' zone (Zones 1 and 2) station, and then reversing that trip in the afternoon. While VRE does offer single-ride and day passes, most regular riders purchase multi-ride tickets that offer a discounted fare. As described in VRE’s Tariff, the 10-ride pass for any given zone pair is priced at 8% less than ten corresponding single-ride tickets. Similarly, the five-day pass is priced at a 20% discount, and the monthly pass is priced at a 34% discount (assuming 42 trips per month).

In reviewing the Tariff and the fare table in preparation for the FY 2020 budget process, it was determined VRE has been slightly over-discounting its multi-ride tickets, meaning riders have been charged slightly less than what the Tariff calls for. For riders buying a ticket with an origin or destination in Zones 1 and 2, which represent over 90% of the tickets sold, the discrepancies are in the range of 1%. For example, a rider purchasing a 10-ride pass to travel between Broad Run and L’Enfant (Zone 6 to Zone 1) currently pays $89.10, a discount of 9% versus ten single-ride tickets at $9.80 each. The price with the correct 8% discount should be $90.20.

In order to correct these discrepancies going forward and ensure adherence to the Tariff, the FY 2020 budget proposes a 3% *average* fare increase. This is a two-step process: first, correct the discounting of the multi-ride tickets, and then impose a smaller increase (1.5%) on the base fare and the zone increment charge such that the fare increase for most riders falls in the range of 2.5% to 3.5% and the overall increase (weighted for how many tickets of each type are purchased for each zone pair) is approximately 3% or slightly lower.

The proposed FY 2020 fare table, which was calculated using this approach, is attached to the resolution. As part of this preliminary budget, VRE is also requesting authorization to hold public hearings on the proposed fare increase, in accordance with VRE’s Public Participation Policy. In the past, such hearings have been held in the winter or early spring, after the budget has been approved by the Commissions but before final action by the jurisdictions. Beginning with this budget cycle, VRE recommends moving the fare hearings to the fall, before action on the recommended budget by the Operations Board and the Commissions. Staff believes this will provide an opportunity for more meaningful input from the public on the proposed changes.
VRE staff have developed a preliminary list of ten public hearings for late October and November, with four hearings during lunchtime at locations near VRE’s four inner stations, and six hearings in the evening at convenient locations across the VRE jurisdictions. The public comments received at these hearings will be provided to the Operations Board members for their review prior to the consideration of the final recommended budget in December.

**Capital Funding:**

After seeking and successfully securing a substantial amount of discretionary grant funding over the past few years, VRE does not have as much capital funding to obligate in FY 2020, and the focus for VRE will be on moving forward with project delivery and spending of prior year funds. The major capital funding that is expected to be obligated in FY 2020 includes:

- **Federal formula funds:** Federal funding allocations are lagged by one year relative to VRE’s fiscal year, so the federal funding allocated in Federal Fiscal Year (FFY) 2019 will be available to be obligated and spent beginning in VRE’s FY 2020. Based on funding received in FFY 2018, total projected formula funding for FFY 2019 is $32.2 million. This includes $23.6 million in Section 5337 State of Good Repair funding and $8.6 million in Section 5307 Urbanized Area Formula Program funding.

  As in previous years, VRE’s formula funds will be committed to debt service, asset management programs, and key CIP projects such as the New York Avenue midday storage facility and VRE’s joint responsibilities at Washington Union Terminal. However, given that projected funding is now higher than last year ($32 million versus $29 million) debt service costs are lower, full funding has been obligated for the Lifecycle Overhaul and Upgrade (LOU) Facility, and asset management funding needs have been reduced, there remains federal funding of approximately $8.9 million that has not yet been allocated for FY 2020. Staff continues to look at options for utilizing this funding and expects to have the funding fully obligated as part of the recommended budget in December.

- **State capital match:** The state capital matching program is being restructured in accordance with the transit legislation adopted by the General Assembly. The program will focus on funding state of good repair (SGR) efforts at transit agencies across the Commonwealth, with a minimum of 80% of the available funds going to such projects. Requests for funding will be evaluated based on a transit asset management framework that emphasizes the age and condition of the asset and aims to reduce the backlog of assets that are not in a state of good repair. The maximum state match will be 68%. VRE staff are continuing to work with DRPT staff to understand how VRE’s capital needs may be evaluated in this new framework. The preliminary budget assumes a continuation of the 16% state match on debt service and asset management, as well as the 34% state match on midday storage.
and Washington Union Terminal, but these figures may be modified as discussions with DRPT continue.

- **Discretionary state and regional funding:** The FY 2020 budget will obligate previously allocated CMAQ funds for the Brooke and Leeland Road stations as well as parking improvements at Quantico station. SmartScale funding for Brooke and Quantico stations and parking at Leeland Road will also be obligated. Finally, NVTA recently included $4 million in FY 2020 in its Six Year Plan for VRE to complete final design efforts on the Crystal City station improvements, and those funds are also included.

**Commuter Rail Operating and Capital (CROC) Fund:**

The preliminary budget does not include recommendations for the use of the new CROC funds, and staff anticipates significant discussion with the Operations Board and the jurisdiction staff during the Fall of 2018 before final decisions are reached and included as part of the recommended FY 2020 budget. However, based on projections to date, it seems clear the initial FY 2019-20 CROC funds are not needed to support VRE operations, nor is there an immediate need to leverage the funds in the form of a debt issuance. Instead, the initial FY2019-20 CROC funds are likely to be programmed for critical capital projects on a pay-as-you-go basis. The programming of these funds, as well as CROC funds further out in the six-year forecast, will be the subject of a detailed discussion with the Capital Committee and the Operations Board in October.

**Next Steps:**

VRE staff will continue to update and modify the FY 2020 budget throughout the Fall as the current year progresses and as more information is received that may impact budget projections. VRE staff will review the budget with the CAO Task Force and ultimately provide a balanced budget to the Operations Board in December for consideration and approval.
Referral of Preliminary FY 2020 VRE Operating and Capital Budget to the Commissions and Authorization for Public Hearings on Proposed Fare Increase

WHEREAS, the VRE Master Agreement requires the VRE Operations Board submit to the Commissions a preliminary fiscal year budget by September 30 each year; and,

WHEREAS, the VRE Chief Executive Officer has provided the VRE Operations Board with the preliminary FY 2020 Operating and Capital Budget; and,

WHEREAS, the preliminary FY 2020 budget proposes a 3% average fare increase effective the first week of July 2019 with the start of the FY 2020 budget, as reflected in the proposed fare table accompanying the preliminary budget;

WHEREAS, in accordance with VRE’s Public Participation Policy, VRE must hold public hearings to solicit comments from riders and the general public on the proposed fare increase included in the preliminary FY 2020 budget;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board refers the preliminary FY 2020 Operating and Capital Budget to the Commissions for their consideration; and,

BE IT FURTHER RESOLVED THAT, the VRE Operations Board recommends the budget be forwarded to the jurisdictions for further formal review and comment; and,

BE IT FURTHER RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive to solicit comment through public hearings across the VRE service area related to the proposed 3% average fare increase; and

BE IT FURTHER RESOLVED THAT, VRE staff is directed to consider and address comments by the jurisdictions and to forward a final recommended budget to the VRE Operations Board at the December 2018 meeting for consideration and referral to the Commissions for adoption in January 2019;
Resolution 8B-09-2018 continued

Approved this 21st day of September 2018

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Martin Nohe
Chairman

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Maureen Caddigan
Secretary
## FY 2020 Summary Proposed Budget

<table>
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<tr>
<th></th>
<th>FY2019 Operating</th>
<th>FY2019 Capital</th>
<th>FY2020 Operating</th>
<th>FY2020 Capital</th>
<th>Changes</th>
<th>% Chg</th>
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<td>Fare Revenue</td>
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<td>Miscellaneous Revenue</td>
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<td>Other Sources (Use of Prev. Surplus)</td>
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<td>-</td>
<td>-(990,000)</td>
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<td>NVTA Grant Funding</td>
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<td>4,000,000</td>
<td>4.000,000</td>
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<td>15,000,000</td>
<td>15,000,000</td>
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<td>Federal/State Subsidy - Operating</td>
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<td>Operating/Capital Reserves</td>
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<td>3,550,000</td>
<td>-(3,550,000)</td>
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<td>Interest Income</td>
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<td>500,000</td>
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<td><strong>Total Revenue</strong></td>
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<td></td>
<td>88,652,775</td>
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<td><strong>Operating/Non-Operating Expenses:</strong></td>
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<td>Non-Departmental Operating</td>
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<td>Executive Management</td>
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<td>1,524,000</td>
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<td>Chief of Staff</td>
<td>707,500</td>
<td>676,100</td>
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<td>447,050</td>
<td>(9,450)</td>
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<td>Purchasing and Contract Administration</td>
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<td>Rail Operations</td>
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<td>Information Technology</td>
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<td>399,950</td>
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<td>Mechanical Operations</td>
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<td>11,022,000</td>
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<td>System Safety &amp; Security</td>
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<td>86,000</td>
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<td>PRTC</td>
<td>104,000</td>
<td>104,000</td>
<td>-</td>
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<td>NVTC</td>
<td>90,000</td>
<td>90,000</td>
<td>-</td>
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<td>Amtrak</td>
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<td>Amtrak Access Fees</td>
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<td>6,630,000</td>
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<td>Norfolk Southern Access Fees</td>
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<td>CSX Access Fees</td>
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<td><strong>Total Operating/Non-Operating Expenses</strong></td>
<td>81,757,809</td>
<td>-</td>
<td>84,292,591</td>
<td>-2,534,782</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,792,185</td>
<td>493,113</td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>CIP Expenditures</strong></td>
<td>60,942,515</td>
<td>64,734,700</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total CIP and Other Expenditures</strong></td>
<td>6,764,870</td>
<td>6,271,757</td>
<td>493,113</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>3,299,072</td>
<td>493,113</td>
<td></td>
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</tr>
<tr>
<td><strong>Grand Total Expenses</strong></td>
<td>88,522,679</td>
<td>60,942,515</td>
<td>90,564,348</td>
<td>64,734,700</td>
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<tr>
<td></td>
<td>98,821,750</td>
<td>64,734,700</td>
<td>3,833,855</td>
<td>3.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Difference by Fund</strong></td>
<td>0</td>
<td>-</td>
<td>(1,911,573)</td>
<td>(0)</td>
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<tr>
<td></td>
<td>(1,911,574)</td>
<td>(1,911,574)</td>
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<tr>
<td><strong>Total Difference</strong></td>
<td>0</td>
<td></td>
<td>(1,911,574)</td>
<td>(1,911,574)</td>
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</tr>
</tbody>
</table>
## FY 2020 Sources and Uses

### Level of Service for FY 2020

<table>
<thead>
<tr>
<th>Daily Trains</th>
<th>Avg. Daily Riders</th>
<th>Leases</th>
<th>Amtrak</th>
<th>NS</th>
<th>CSX</th>
</tr>
</thead>
<tbody>
<tr>
<td>32</td>
<td>19,000</td>
<td>18,440,000</td>
<td>6,630,000</td>
<td>3,300,000</td>
<td>8,510,000</td>
</tr>
<tr>
<td><strong>Total Access Fees</strong></td>
<td><strong>18,440,000</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
</tr>
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</table>

### Uses of Funds

#### Fares

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Source</th>
<th>Income</th>
<th>Interest</th>
<th>Misc</th>
<th>Local</th>
<th>Subsidy</th>
<th>Other</th>
<th>NVTA</th>
<th>Funding</th>
<th>STATE</th>
<th>CROC</th>
<th>STATE</th>
<th>STATE</th>
<th>STATE</th>
<th>STATE</th>
<th>STATE</th>
<th>STATE</th>
<th>STATE</th>
<th>State</th>
<th>Federal</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenses</td>
<td>84,299,591</td>
<td>44,310,000</td>
<td>500,000</td>
<td>225,000</td>
<td>14,754,991</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8,500,000</td>
<td>6,269,600</td>
<td>9,220,000</td>
<td>520,000</td>
<td>-</td>
<td>84,299,591</td>
<td></td>
<td></td>
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<tr>
<td>Non-Operating Expenses:</td>
<td></td>
<td></td>
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<tr>
<td>Debt Service BTMU - Gallery IV - 11 Cabcars</td>
<td>1,931,357</td>
<td>77,254</td>
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<tr>
<td>Debt Service VRA - 60 Railcars (Local)</td>
<td>99,072</td>
<td>670,612</td>
<td></td>
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</tr>
<tr>
<td>Debt Service VRA - 60 Railcars (Fed/State/Local)</td>
<td>1,911,328</td>
<td>4,191,328</td>
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</tr>
<tr>
<td>Non-Operating Summary</td>
<td>6,264,757</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Total Expenses (Subtotal)</td>
<td>90,564,348</td>
<td>44,310,000</td>
<td>500,000</td>
<td>225,000</td>
<td>15,141,971</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8,500,000</td>
<td>7,249,230</td>
<td>9,220,000</td>
<td>5,418,148</td>
<td>-</td>
<td>90,564,348</td>
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<td></td>
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</table>

### Capital Projects:

<table>
<thead>
<tr>
<th>Project</th>
<th>Funding</th>
<th>State</th>
<th>Federal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilities Asset Management Program</td>
<td>802,476</td>
<td>32,099</td>
<td>641,981</td>
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<tr>
<td>Equipment Storage Projects</td>
<td>17,082,458</td>
<td>683,298</td>
<td>10,591,124</td>
</tr>
<tr>
<td>Equipment Asset Management Program</td>
<td>4,325,000</td>
<td>173,000</td>
<td>3,460,000</td>
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<tr>
<td>Security Enhancements</td>
<td>4,200</td>
<td>168,000</td>
<td>84,000</td>
</tr>
<tr>
<td>Washington Union Station Improvements</td>
<td>5,000,000</td>
<td>200,000</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Unallocated Federal Formula Funds</td>
<td>11,118,838</td>
<td>444,754</td>
<td>8,895,070</td>
</tr>
<tr>
<td>CROC Reserve for Future Capital Projects</td>
<td>15,000,000</td>
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<td></td>
</tr>
<tr>
<td>Capital Reserve</td>
<td>3,000,000</td>
<td>3,000,000</td>
<td></td>
</tr>
<tr>
<td>Capital Project Summary</td>
<td>56,433,772</td>
<td></td>
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</tbody>
</table>

### Summary

<table>
<thead>
<tr>
<th>FY20 Subsidy surplus (deficit)</th>
<th>17,767,748</th>
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</thead>
<tbody>
<tr>
<td>Sources of Funds</td>
<td>1,911,374</td>
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<tr>
<td>Soft Capital Projects</td>
<td>1,911,357</td>
</tr>
<tr>
<td>Debt Service 11 Cabcars</td>
<td>5,337</td>
</tr>
<tr>
<td>Access lease funding (50%)(34%)</td>
<td>9,220,000</td>
</tr>
<tr>
<td>Local only Debt Service 60 Railcars</td>
<td>99,072</td>
</tr>
<tr>
<td>Fed/State/Local Debt Service 60 Railcars</td>
<td>2,444,941</td>
</tr>
<tr>
<td>Fed/State/Local Debt Service 60 Railcars</td>
<td>1,764,387</td>
</tr>
<tr>
<td>Grant &amp; Project Management</td>
<td>650,000</td>
</tr>
<tr>
<td>Subtotal</td>
<td>25,311,757</td>
</tr>
<tr>
<td>Capital Projects/Earmarks</td>
<td>64,734,700</td>
</tr>
<tr>
<td>Federal Cap Program</td>
<td>90,046,457</td>
</tr>
</tbody>
</table>

**9/13/18**

Finance and Accounting/Budget Development/FY2020 Sources and Use.xlsx/Source/StateBudget
# Proposed VRE Full Fare Table for Fiscal Year 2020

## Zone 1
### Union Station
- **L’Enfant**: 6.35
- **Day Pass**: 12.70
- **Ten-Trip**: 58.40
- **Five-Day**: 50.80
- **Monthly**: 176.00

## Zone 2
### Alexandria
- **Crystal City**: 7.10
- **Van/Spring**: 6.35
- **Day Pass**: 14.20
- **Ten-Trip**: 58.40
- **Five-Day**: 50.80
- **Monthly**: 176.00

## Zone 3
### Lorton
- **Burke Centre**: 7.80
- **Rolling Road**: 7.10
- **Day Pass**: 15.60
- **Ten-Trip**: 65.30
- **Five-Day**: 58.40
- **Monthly**: 196.80

## Zone 4
### Quantico
- **Broad Run**: 8.55
- **Manassas**: 7.80
- **Day Pass**: 17.10
- **Ten-Trip**: 78.70
- **Five-Day**: 68.40
- **Monthly**: 237.00

## Zone 5
### Woodbridge
- **Rippon**: 8.55
- **Day Pass**: 18.50
- **Ten-Trip**: 85.10
- **Five-Day**: 74.00
- **Monthly**: 256.40

## Zone 6
### Quantico
- **Broad Run**: 10.00
- **Manassas**: 9.25
- **Day Pass**: 20.00
- **Ten-Trip**: 92.00
- **Five-Day**: 80.00
- **Monthly**: 277.20

## Zone 7
### No Station
- **Single-Ride**: 7.10
- **Day Pass**: 14.20
- **Ten-Trip**: 71.80
- **Five-Day**: 62.40
- **Monthly**: 216.20

## Zone 8
### Leeland Rd.
- **Brooke**: 11.40
- **Day Pass**: 22.80
- **Ten-Trip**: 104.90
- **Five-Day**: 91.20
- **Monthly**: 316.00

## Zone 9
### Fred’burg
- **Spotsylvania**: 12.15
- **Day Pass**: 24.30
- **Ten-Trip**: 111.80
- **Five-Day**: 97.20
- **Monthly**: 336.80

---

<table>
<thead>
<tr>
<th>Zone</th>
<th>Single-Ride</th>
<th>Day Pass</th>
<th>Ten-Trip</th>
<th>Five-Day</th>
<th>Monthly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone 1</td>
<td>Union Station</td>
<td>L’Enfant</td>
<td>Crystal City</td>
<td>Fran/Spring, Backlick Rd.</td>
<td>Lorton Burke Centre Rolling Road</td>
</tr>
<tr>
<td>Zone 2</td>
<td>Alexandria</td>
<td>12.15</td>
<td>11.40</td>
<td>7.80</td>
<td>7.10</td>
</tr>
<tr>
<td>Zone 3</td>
<td>Lorton Burke Centre Rolling Road</td>
<td>24.30</td>
<td>22.80</td>
<td>15.60</td>
<td>14.20</td>
</tr>
<tr>
<td>Zone 4</td>
<td>Quantico Broad Run Manassas Man. Park</td>
<td>111.80</td>
<td>104.90</td>
<td>71.80</td>
<td>65.30</td>
</tr>
<tr>
<td>Zone 5</td>
<td>No Station</td>
<td>97.20</td>
<td>91.20</td>
<td>62.40</td>
<td>56.80</td>
</tr>
<tr>
<td>Zone 6</td>
<td>Brooke</td>
<td>336.80</td>
<td>316.00</td>
<td>216.20</td>
<td>196.80</td>
</tr>
<tr>
<td>Zone 7</td>
<td>Leeland Rd.</td>
<td>316.00</td>
<td>296.60</td>
<td>196.80</td>
<td>176.00</td>
</tr>
<tr>
<td>Zone 8</td>
<td>Single-Ride</td>
<td>11.40</td>
<td>10.70</td>
<td>7.10</td>
<td>6.35</td>
</tr>
<tr>
<td>Zone 10</td>
<td>Ten-Trip</td>
<td>104.90</td>
<td>98.40</td>
<td>65.30</td>
<td>58.40</td>
</tr>
<tr>
<td>Zone 11</td>
<td>Five-Day</td>
<td>91.20</td>
<td>85.60</td>
<td>56.80</td>
<td>50.80</td>
</tr>
<tr>
<td>Zone 12</td>
<td>Monthly</td>
<td>296.60</td>
<td>277.20</td>
<td>176.00</td>
<td>156.60</td>
</tr>
</tbody>
</table>

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### Notes:
- The fare table is based on Zone System, which classifies stations into different zones based on their distance from each other.
- Single-Ride, Day Pass, Ten-Trip, Five-Day, and Monthly fares are listed for each zone.
- Fares are indicated in dollars.

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8B-09-2018 Attachment 3
To: Chairman Nohe and the VRE Operations Board

From: Doug Allen

Date: September 21, 2018

Re: Authorization to Execute a Contract for the Purchase of Railcar End Body Door Diaphragm Kits

Recommendation:

The VRE Operations Board is asked to authorize the Chief Executive Officer to execute a contract with Central Sales and Service, Inc. of Waverly, Tennessee for the purchase of Railcar End Body Door Diaphragm Kits in the amount of $97,661, plus a 10% contingency of $9,766, for a total amount not to exceed $107,427.

Summary:

The Gallery IV End Body Door Diaphragms are approaching the end of their useful life. Age and physical elements of the environment have caused the diaphragms to lose their effectiveness, and as a result, outside elements can enter the railcars. VRE’s lifecycle maintenance team recommends replacing the 71 aged diaphragms with new kits to maintain effectiveness and ensure compliance with the standard safety requirements of the Federal Railroad Administration (FRA).

Background:

VRE railcars are equipped with end body door diaphragms that are installed as door kits. The apparatus is designed to protect the interior pathways against outside elements such as weather, debris, and noise.
VRE’S current vehicle maintainer, Keolis, will install the kits once delivered.

The scope of work for this contract includes the one-time delivery of Railcar End Body Door Diaphragm Kits to VRE’s Crossroads Maintenance and Storage Facility.

On April 20, 2018, the VRE Operations Board approved a request to issue an Invitation for Bids (IFB) for the Purchase of Railcar End Body Door Diaphragms Kits. A mailing list of four prospective Bidders was established for the solicitation to ensure access to adequate sources of parts. On July 11, 2018, an IFB was issued and bids were due on August 10, 2018. Two responses were received.

The staff has also certified the price is fair and reasonable.

The bid tabulation is as follows:

<table>
<thead>
<tr>
<th>Bidders</th>
<th>Bid Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Central Sales and Service, Inc.</td>
<td>$97,661</td>
</tr>
<tr>
<td>2. Pro-Flex Rubber, Inc.</td>
<td>$160,460</td>
</tr>
</tbody>
</table>

After review of the bids, it was determined Central Sales and Service, Inc. was the lowest responsive-responsible bidder.

**Fiscal Impact:**

This project is included in the CIP for the Equipment Asset Management Program for FY 2019 and is funded through an annual allocation of FTA 5337 (State of Good Repair) grants.
Virginia Railway Express  
Operations Board  
Resolution  
8C-09-2018  

Authorization to Execute a Contract for the Purchase of  
Railcar End Body Door Diaphragm Kits  

WHEREAS, Gallery IV End Body Door Diaphragms are approaching the end of their useful life; and;  

WHEREAS, VRE’s lifecycle maintenance team recommends replacing the 71 aged diaphragms with new kits to maintain effectiveness and ensure compliance with the standard safety requirements of the FRA; and,  

WHEREAS, the VRE Operations Board authorized the CEO to issue an Invitation for Bids for the Purchase of Railcar End Body Door Diaphragm Kits on April 20, 2018; and;  

WHEREAS, a competitive solicitation process was conducted; and;  

WHEREAS it was determined Central Sales and Service, Inc. was the lowest responsive and responsible bidder;  

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to execute a contract to purchase Railcar End Body Door Diaphragm Kits in the amount of $97,661, plus a 10% contingency of $9,766, for a total amount not to exceed $107,427.  

Approved this 21st day of September 2018  

______________________________  
Martin Nohe  
Chairman  

____________________________  
Maureen Caddigan  
Secretary
Agenda Item 8-D
Action Item

To: Chairman Nohe and the VRE Operations Board
From: Doug Allen
Date: September 21, 2018
Re: Authorization to Execute a Contract for the Purchase of Automated Electric Motor Parking Brake Systems

Recommendation:

The VRE Operations Board is asked to authorize the Chief Executive Officer to execute a contract with Wabtec Passenger Transit of Duncan, SC for the purchase of Automated Electric Motor Parking Brake Systems in the amount of $176,680, plus a 10% contingency of $17,668, for a total amount not to exceed $194,348.

Summary:

The VRE lifecycle maintenance team recommends replacing the hand brake at eight-year intervals and the factory installed lever-style hand brakes on VRE’s 20 locomotives are approaching the end of that useful life. Replacing the lever-style hand brakes with Automated Electric Motor Parking Brake Systems is recommended to produce consistent braking forces and eliminate a source of repetitive strain. Authorization of this contract allows VRE to replace and upgrade the current hand brake systems on VRE’s locomotives.

Background:

VRE purchased 20 MP36PH-3C locomotives from MotivePower, Inc. which were delivered in 2010 and 2011.
Each VRE locomotive is equipped with a lever-style hand brake. The hand brake is a safety mechanism used mainly as a parking brake. The hand brake operates in harmony with the foundation brake system but applies brakes only to the right wheels of the rear truck by tightening a chain connected to the brake rigging.

The VRE lifecycle maintenance team recommends replacing the hand brake at eight-year intervals due to the wear of the components within the hand brake and the key role this safety device plays in securing equipment. The team further recommended upgrading to an automated parking brake system to provide more consistent braking forces as well as to help prevent repetitive strain injuries.

On February 16, 2018, the VRE Operations Board approved a request to issue an Invitation for Bids (IFB) for the Purchase and Delivery of Automated Electric Motor Parking Brake Systems. A mailing list of four (4) prospective Bidders was established for the solicitation to ensure access to adequate sources of parts. On June 21, 2018, an IFB was issued and bids were due on August 20, 2018. Only one (1) response was received. The staff conducted a survey to determine why only a single bid was received and is satisfied with the results.

The following reasons were given for why Bidders did not respond to the solicitation:

- Bidders lacked the resources necessary to assemble a completed bid package.
- Bidders were unable to provide an automated electric motor parking brake system compatible with VRE’s MP36PH-3C locomotives.

The staff has certified the price is fair and reasonable.

The bid tabulation is as follows:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Bid Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Wabtec Passenger Transit</td>
<td>$176,680</td>
</tr>
</tbody>
</table>

**Fiscal Impact:**

This project is included in the CIP for Equipment Asset Management Program for FY 2018 funded through an annual allocation of FTA 5337 (State of Good Repair) grants.
Authorization to Execute a Contract for the Purchase of Automated Electric Motor Parking Brake Systems

WHEREAS, the factory installed lever-style hand brakes on VRE’s 20 locomotives are approaching the end of their useful life; and,

WHEREAS, the VRE lifecycle maintenance team recommends upgrading to an automated parking brake system to provide more consistent braking forces as well as to help prevent repetitive strain injuries; and,

WHEREAS, the VRE Operations Board authorized the CEO to issue an Invitation for Bids for the Purchase and Delivery of Automated Electric Motor Parking Brake Systems; and,

WHEREAS, a competitive solicitation process was conducted; and,

WHEREAS, Wabtec Passenger Transit was the only responsive-responsible bidder; and,

WHEREAS, staff certified the price is fair and reasonable;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to execute a contract with Wabtec Passenger Transit of Duncan, SC for the Purchase of Automated Electric Motor Parking Brake Systems in the amount of $176,680, plus a 10% contingency of $17,668, for a total amount not to exceed $194,348.

Approved this 21st day of September 2018

______________________________
Martin Nohe
Chairman

______________________________
Maureen Caddigan
Secretary
To: Chairman Nohe and the VRE Operations Board  
From: Doug Allen  
Date: September 21, 2018  
Re: Authorization to Execute a Contract Amendment for Final Design and Construction Services for the Manassas Park Parking Expansion Project

**Recommendation:**

The VRE Operations Board is asked to authorize the Chief Executive Officer (CEO) to execute a contract amendment with Vanasse Hangen Brustlin, Inc. (VHB), of Vienna, VA to exercise Option B, of the Engineering and Environmental Services for the Manassas Park Station Parking Expansion Project Contract, for final design, procurement support and construction administration services in the amount of $1,586,206, plus a 10% contingency of $158,621, for a total amount not to exceed $1,744,827.

**Summary:**

The preliminary engineering for the Manassas Park Station Parking Expansion Project has been completed. VRE staff is seeking approval to initiate final design services.

**Background:**

On June 17, 2016, the VRE Operations Board authorized the CEO to execute a base contract for engineering and environmental services for the Manassas Park Station Parking Expansion Project to VHB. The procurement for that contract also included additional work to be performed under an Option A and an Option B.
On January 27, 2017, the VRE Operations Board authorized the CEO to execute Option A for environmental documentation and preliminary engineering services. The scope of work for Option A is complete.

The scope for Option B includes final design and other ancillary tasks such as procurement support and limited construction administration services.

VRE requested VHB submit a proposal to accomplish the scope of Option B. The proposal submitted by the Consultant was reviewed and deemed to be responsive to all aspects required of Option B. The content and proposed price was reviewed with the Consultant and compared with the Independent Cost Estimate prepared by the VRE staff and determined to be fair and reasonable.

**Fiscal Impact:**

The Northern Virginia Transportation Authority provided funding of $2 million to VRE in its FY 2017 program to complete the final design of the Manassas Park Station Parking Expansion project.
Authorization to Execute a Contract Amendment for Final Design and Construction Services for the Manassas Park Parking Expansion Project

WHEREAS, final design, procurement support and limited construction administration services are needed to advance the Manassas Park Station Parking Expansion Project; and,

WHEREAS, VRE has executed a contract with Vanasse Hangen Brustlin, Inc. (VHB) of Vienna, VA to provide Engineering and Environmental Services for the VRE Manassas Park Station Parking Expansion and Option B for final design was included in the original contract; and,

WHEREAS, VRE has received a proposal from VHB for the Option B services and staff has deemed it to be fair and reasonable;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to execute a contract amendment with Vanasse Hangen Brustlin, Inc. (VHB), of Vienna, VA to exercise Option B of the Engineering and Environmental Services for the Manassas Park Station Parking Expansion Project Contract, for final design, procurement support and construction administration services, in the amount of $1,586,206, plus a 10% contingency of $158,621, for a total amount not to exceed $1,744,827.

Approved this 21st day of September 2018.

______________________________
Martin Nohe
Chairman

______________________________
Maureen Caddigan
Secretary
To: Chairman Nohe and the VRE Operations Board  
From: Doug Allen  
Date: September 21, 2018  
Re: Authorization to Execute a Lease Agreement for Parking at the Fredericksburg VRE Station Lot H

Recommendation:

The VRE Operations Board is asked to authorize the Chief Executive Officer (CEO) to execute a lease agreement with New City Fellowship for 127 parking spaces near the Fredericksburg Station at 200 Prince Edward Street (Lot H) in the amount of $544,861 for a five-year term commencing January 1, 2019 through December 31, 2023.

Summary:

Lot H in Fredericksburg is the largest leased parking lot serving the Fredericksburg Station and is routinely at or above fifty percent capacity on service days. The current five-year lease agreement will expire on December 31, 2018. This new lease agreement will again be for a term of five-years, as proposed by New City Fellowship.

Background:

In April 2000, the Operations Board approved a 25-year lease for 127 parking spaces from New City Fellowship located adjacent to the Fredericksburg VRE Station at 200 Prince Edward Street. In December 2012, VRE was notified of New City Fellowship’s intent to terminate the agreement at the end of the fourteenth year in accordance with termination provisions provided for in the agreement. Subsequently, VRE negotiated with New City
Fellowship to establish a new lease agreement. The five-year lease agreement, approved by
the Operations Board in November 2013 at an initial monthly cost of $6,985 with 3.5%
anual escalation, commenced on January 1, 2014 and will expire on December 31, 2018. A
short-term lease was negotiated to allow VRE to further evaluate the demand for parking at
the Fredericksburg Station following the opening of the Spotsylvania Station in November
2015.

This new lease agreement will again be for a term of five-years, as proposed by New City
Fellowship, and will include the same terms and conditions as the current agreement with
the exception of the termination provision. VRE will have the right to terminate the lease
upon six months advance written notice to New City Fellowship. Over the course of the
five-year term, the monthly rent will escalate at a rate of 3.5% annually. The base rate of
$66.67 per space per month is on par with what VRE is currently paying for other spaces in
the immediate area.

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<th>Total Monthly Cost</th>
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**Fiscal Impact:**

Funding of $50,803 for the first six months of this lease agreement is provided for in FY
2019 operating budget under Facilities Maintenance: Station Parking Fees. Funding for
future years will be included in each proposed annual budget and will be funded by annual
operating funds.
Virginia Railway Express
Operations Board

Resolution
8F-09-2018

Authorization to Execute a Lease Agreement for
Parking at the Fredericksburg VRE Station Lot H

WHEREAS, in April 2000, the Operations Board approved a 25-year lease with New City Fellowship for 127 parking spaces near the Fredericksburg Station at 200 Prince Edward Street; and,

WHEREAS, VRE was notified in December 2012 of New City Fellowship’s intent to terminate the agreement at the end of the fourteenth year as provided for in the agreement; and,

WHEREAS, VRE negotiated with New City Fellowship to establish a new five-year lease agreement, approved by the Operations Board in November 2013, which expires December 31, 2018; and,

WHEREAS, VRE wishes to execute a new five-year lease agreement;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to execute a lease agreement with New City Fellowship for 127 parking spaces near the Fredericksburg Station at 200 Prince Edward Street (Lot H) in the amount of $544,861 for a five-year term commencing January 1, 2019 through December 31, 2023.

Approved this 21st day of September 2018

______________________________
Martin Nohe
Chairman

______________________________
Maureen Caddigan
Secretary
To: Chairman Nohe and the VRE Operations Board
From: Doug Allen
Date: September 21, 2018
Re: Spending Authority Report

On May 15, 2015, the VRE Operations Board approved increasing the Chief Executive Officer’s spending authority from $50,000 to $100,000. It was resolved any purchase of greater than $50,000 would be communicated to the Board as an information item.

- On July 11, 2018, VRE issued a Task Order in the amount of $77,500 to HDR Engineering, Inc., under the General Engineering Consulting Services Contract for inspection of the pedestrian bridges at the Franconia-Springfield, Woodbridge, Rippon and Brooke stations.
- On August 9, 2018, VRE issued a Task Order in the amount of $99,040 to Keolis Rail Services Virginia, under the Maintenance Services for Commuter Rail Operations Contract to replace cracked, faded or damaged exterior signs on rail cars.
• On August 16, 2018, VRE issued a Task Order in the amount of $76,458 to STV, Inc. under the Mechanical Engineering Consulting Services Contract to provide oversight of the automatic passenger count system project to include, review of technical and training submittals as well as validation and testing of the system during the installation process.

• On August 23, 2018, VRE issued a Task Order in the amount of $94,947 to STV, Inc., under the General Engineering Consulting Services Contract for construction management services for the construction of L’Enfant South Storage Track Wayside Power.