To: Chair Cristol and the VRE Operations Board

From: Rich Dalton

Date: November 15, 2019

Re: Authorization to Reimburse CSX Transportation for Shared Costs of Positive Train Control Implementation

Recommendation:

The VRE Operations Board is asked to authorize the Acting Chief Executive Officer to reimburse CSX Transportation an amount not to exceed $1,825,190 for shared costs related to the installation of infrastructure improvements necessary for the implementation of Positive Train Control (PTC).

Summary:

This action will allow VRE to reimburse CSX Transportation for the shared costs to install wayside equipment and hardware necessary for the implementation of PTC in the territory VRE operates within the RF&P subdivision of CSX.

Background:

The Rail Safety Improvement Act (RSIA) of 2008 mandates the implementation of a PTC system by December 31, 2018. The PTC system must be designed to prevent the following:

1) Train-to-train collisions
2) Derailments caused by excessive speeds
3) Unauthorized incursions by trains onto sections of track where maintenance activities are taking place
4) Movement of a train through a track switch left in the wrong position

To implement PTC, VRE executed several contracts with suppliers, consultants and service providers to install and commission the necessary onboard equipment for VRE.
locomotives and cab control cars. VRE’s host railroads, CSX Transportation and Norfolk Southern Railway, were responsible for the installation and commissioning of the wayside equipment, hardware and software necessary for all trains to be interoperable.

CSX Transportation notified VRE in April of 2017 of their intent to require the Commissions to share in the costs associated with this federal mandate in accordance with Section 2.9 of the Amended and Restated Operating Access Agreement. Since that time, VRE and CSX have worked to establish a cost sharing methodology consistent with the shared usage of the corridor.

<table>
<thead>
<tr>
<th></th>
<th>Miles</th>
<th>% of Total</th>
<th>Cost Split</th>
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</thead>
<tbody>
<tr>
<td><strong>Amtrak</strong></td>
<td>416,422</td>
<td>40%</td>
<td>$2,821,790</td>
</tr>
<tr>
<td><strong>CSX</strong></td>
<td>361,232</td>
<td>35%</td>
<td>$2,447,808</td>
</tr>
<tr>
<td><strong>VRE</strong></td>
<td>269,350</td>
<td>26%</td>
<td><strong>$1,825,190</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,047,004</td>
<td>100%</td>
<td><strong>$7,094,788</strong></td>
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</table>

The cost sharing methodology depicted in the table above is based on actual train miles recorded for the calendar year 2017. CSX has supplied to VRE the necessary back-up to support the material purchases and the labor for installation and commissioning of the PTC system. VRE has visually verified the installation of the components within the RF&P subdivision VRE operates on.

**Fiscal Impact:**

Funding is provided through federal formula funds, with a state and local match, as described within Project AM-7 of the approved Capital Improvement Program (CIP).
Virginia Railway Express
Operations Board

Resolution
9B-11-2019

Authorization to Reimburse CSX Transportation for Shared Costs of Positive Train Control Implementation

WHEREAS, VRE was required to implement Positive Train Control as mandated by the Rail Safety Improvement Act of 2008; and,

WHEREAS, VRE was solely responsible for the installation and commissioning of onboard equipment for VRE locomotives and cab control cars; and,

WHEREAS, CSX Transportation notified VRE in 2017 of the requirement for VRE to share in the costs for the purchase and installation of the Positive Train Control wayside equipment in the territory VRE operates within on the CSX Transportation RF&P subdivision; and,

WHEREAS, VRE and CSX Transportation mutually agreed on a cost sharing methodology based on shared usage of the corridor; and,

WHEREAS, the work to install and implement Positive Train Control is now complete, the total costs have been identified, and VRE has verified the installation of the wayside equipment;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Acting Chief Executive Officer to reimburse CSX Transportation an amount not to exceed $1,825,190 for shared costs related to the installation of infrastructure improvements necessary for the implementation of Positive Train Control.

Approved this 15th day of November 2019

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Katie Cristol
Chair

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John Cook
Secretary