VRE Operations Board Meeting  
September 20, 2019  
Executive Committee Meeting – 8:30 am  
Operations Board Meeting - 9:00 am  
Legislative Committee Meeting – following Board Meeting  

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 July 19, 2019 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 Issue an Invitation for Bids for Locomotive Prime Mover Turbochargers  
   B. Authorization to Issue a Request for Proposals for Renewal of Locomotive Head End Power Engine Systems
C. Authorization to Issue a Request for Proposals for Safety and Security Consulting Services

9. Action Items:

A. Referral of the Preliminary FY 2021 VRE Operating and Capital Budget to the Commissions and Authorization to Initiate Diesel Fuel Price Hedging

B. Authorization to Make Changes to VRE Fare Types and Amend the VRE Passenger Tariff

C. **Authorization to Execute a Contract for Preliminary Engineering and Environmental Services for the VRE Crystal City Station Improvement Project**

D. Recommend Approval and Authorize Submission of VRE Projects to NVTA for FY 2024-2025 Six-Year Program Update Funding Consideration

E. Authorization to Execute a Force Account Agreement with Norfolk Southern Railway for Broad Run Expansion Engineering Services

10. Information Items:

A. VRE’s Transit Asset Management Plan Update for 2018-2019

B. Commonwealth Support for VRE

C. Customer Service Survey Results

D. Spending Authority Report

11. Closed Session

12. Operations Board Member’s Time

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**The Next VRE Operations Board Meeting**
**October 18, 2019 - 9:00 am at PRTC**
Members Present
*Preston Banks (PRTC)  
*Sharon Bulova (NVTC)  
*Maureen Caddigan (PRTC)  
*John Cook (NVTC)  
*Katie Cristol (NVTC)  
*Mark Dudenhefer  
*Matt Kelly (PRTC)  
*Jeanine Lawson (PRTC)  
*Martin Nohe (PRTC)  
*Pamela Sebesky (PRTC)

Members Absent
Elizabeth Bennet-Parker (NVTC)  
Wendy Maurer (PRTC)  
Jennifer Mitchell (DRPT)  
Gary Skinner (PRTC)

Alternates Present
Victor Angry (PRTC)  
*Michael McLaughlin (DRPT)  
*Cindy Shelton (PRTC)

Alternates Absent
Canek Aguirre (NVTC)  
Ruth Anderson (PRTC)  
Pete Candland (PRTC)  
Jack Cavalier (PRTC)  
Hector Cendejas (PRTC)  
Libby Garvey (NVTC)  
Jason Graham (PRTC)  
Jeff McKay (NVTC)  
Cindy Shelton (PRTC)  
Paul Trampe (PRTC)  
Mark Wolfe (PRTC)

Jurisdiction
City of Manassas Park  
Fairfax County  
Prince William County  
Fairfax County  
Arlington County  
Stafford County  
City of Fredericksburg  
Prince William County  
Prince William County  
City of Manassas  
City of Alexandria  
Stafford County  
Commonwealth of Virginia  
Spotsylvania County  
Prince William County  
Commonwealth of Virginia  
Stafford County  
City of Alexandria  
Prince William County  
Prince William County  
Stafford County  
City of Manassas Park  
Arlington County  
City of Fredericksburg  
Fairfax County  
Stafford County  
Spotsylvania County  
City of Manassas

*Voting Member  
**Delineates arrival/departure following the commencement of the Operations Board Meeting. Notation of exact arrival/departure time is included in the body of the minutes.
**Staff and General Public**

Doug Allen – VRE
Paolo Belito – Prince William County
Alexander Buchanan - VRE
Matt Cheng – NVTC
Rich Dalton – VRE
John Duque - VRE
Karen Finucan Clarkson
Paul Garnet – Keolis
Randy Goruk – Leaders Edge 360
Xavier Harmony - DRPT
Chris Henry – VRE
Christine Hoeffner – VRE
Pierre Holloman – Arlington County
Todd Johnson – First Transit
Uriah Kiser – Potomac News

Mike Lake – Fairfax County
Lezlie Lamb – VRE
Bob Leibbrandt – Prince William County
Steve MacIsaac – VRE Legal Counsel
Betsy Massie – PRTC
Kate Mattice – NVTC
Becky Merriner – PRTC
Kristin Nutter – VRE
Aimee Perron Seibert – Hillbridge Group
Dr. Bob Schneider – PRTC
Mark Schofield – VRE
Steve Sindiong – City of Alexandria
Joe Swartz – VRE
Ann Warner - Ann Warner, LLC

Chair Cristol called the meeting to order at 9:05 A. M. The Pledge of Allegiance and the Roll Call followed.

**Approval of the Agenda – 3**

Mr. Cook moved, with a second by Mr. Kelly to approve the agenda as presented. There was no discussion on the motion. The vote in favor was cast by Members Banks, Bulova, Caddigan, Cook, Cristol, Dudenhefer, Kelly, Lawson, McLaughlin, Nohe, Shelton and Sebesky.

**Approval of the Minutes of the June 21, 2019 VRE Operations Board Meeting – 4**

Ms. Cook moved, with a second by Ms. Bulova, to approve the minutes from June 21, 2018. The vote in favor was cast by Members Banks, Bulova, Cook, Cristol, Kelly, Lawson, McLaughlin, Nohe and Sebesky. Members Caddigan, Dudenhefer and Shelton abstained

**Chair’s Comments – 5**

- Chair Cristol noted there is a Closed Session on the Agenda and the topic of discussion would be the CEO’s annual evaluation
- The Legislative Committee will meet after the Board meeting in his room. Chair Cristol reminded the Members that the Legislative committee is comprised of Matt Kelly and Elizabeth Bennett-Parker and is Chaired by John Cook.
- There is a tentative date for a Train Naming Ceremony to honor the late Bill Greenup on September 28th at the Crossroads facility.
- Earlier this week the Potomac Shores development reached another milestone as the Prince William County Board of Supervisors approved special use permits for the project.

**Chief Executive Officer’s Report – 6**

Mr. Allen briefed the Operations Board on the following items of interest:

- The Safety and Security department has wrapped up a project to upgrade its access control system and has begun planning a full-scale disaster drill which will be held at the end of September in coordination with the City of Manassas emergency management team and first responders.
• Average Daily Ridership for June was just over 19,000 and VRE’s on-time performance was 68%.
• Mr. Allen stated staff attended a public meeting for the I-95 study VDOT and DRPT are undertaking.
• VRE and CSX met with Councilman Kelly and City of Fredericksburg staff to discuss plans for the future of the Fredericksburg Station
• VRE had strong representation at the annual APTA Rail Conference in June, with several staff members participating on panels in their area of expertise.
• Chief Operating Officer, Rich Dalton presented briefing on VRE’s continued struggles in the area of On-Time Performance
  ○ Heat Orders and severe weather have been the primary reason for delays

Public Comment Time – 7

Chair Cristol opened the floor for public comment time. There were no speakers.

Consent Items – 8

Mr. Kelly moved, with a second by Mr. Cook, to approve the following Consent Agenda Items:

Authorization to Issue a Request for Proposals for Final Design for the Broad Run Expansion Project – 8A
Authorization to Issue a Request for Proposals for an Email and Text Message Communication System – 8B

The vote in favor was cast by Members Banks, Bulova, Caddigan, Cook, Cristol, Dudenhefer, Kelly, Lawson, McLaughlin, Nohe, Shelton and Sebesky.

Action Items – 9

Authorization to Amend the Contract for Land Acquisition Services for the VRE Crossroads Yard Expansion – 9A

Mr. Cook moved, with a second by Mr. Kelly, to authorize the CEO to amend the Contract with Johnson, Mirmiran & Thompson, Inc. for land acquisition services for the VRE Crossroads Yard Expansion.

The vote in favor was cast by Members Banks, Bulova, Caddigan, Cook, Cristol, Dudenhefer, Kelly, Lawson, McLaughlin, Nohe, Shelton and Sebesky.

Authorization to Execute a Contract for a Wheel Truing Machine for the Lifecycle Overhaul and Upgrade Facility – 9B

Ms. Bulova moved, with a second by Ms. Sebesky, to authorize the CEO to execute a Contract with Simmons Machine Tool Corporation to fabricate, manufacture, install and test a wheel truing machine for the Lifecycle Overhaul and Upgrade facility.

The vote in favor was cast by Members Banks, Bulova, Caddigan, Cook, Cristol, Dudenhefer, Kelly, Lawson, McLaughlin, Nohe, Shelton and Sebesky.

Authorization to Amend the Contract for Planning and Engineering Consultant for the Broad Run Expansion – 9C

Ms. Lawson moved, with a second by Mr. Cook, to authorize the CEO to amend the Contract with AECOM to complete planning, environmental and preliminary engineering services for the Broad Run Expansion Project.
The vote in favor was cast by Members Banks, Bulova, Caddigan, Cook, Cristol, Dudenhefer, Kelly, Lawson, McLaughlin, Nohe, Shelton and Sebesky.

[Ms. Lawson left the meeting at 9:59 am]

**Authorization to Execute a Sole Source Contract with REACH NOW for Maintenance and Hosting Support of the VRE Mobile Ticketing App – 9D**

Mr. Nohe moved, with a second by Ms. Shelton, to authorize the CEO to execute a Sole Source Contract with REACH NOW for maintenance and hosting support of the VRE Mobile ticketing app.

The vote in favor was cast by Members Banks, Bulova, Caddigan, Cook, Cristol, Dudenhefer, Kelly, McLaughlin, Nohe, Shelton and Sebesky.

**Authorization to Issue a Supplemental Task Order for Renovations to the VRE Headquarters Suite 201 – 9E**

Ms. Sebesky moved, with a second by Ms. Bulova, to authorize the CEO to issue a supplemental Task Order under the Maintenance Services for VRE Facilities Contract with NVE, Inc. for construction services to renovate the leased VRE Headquarters, Suite 201.

The vote in favor was cast by Members Banks, Bulova, Caddigan, Cook, Cristol, Dudenhefer, Kelly, McLaughlin, Nohe, Shelton and Sebesky.

[Ms. Lawson returned to the meeting at 10:04]

**Authorization to Amend the Purchase Order for Mass Electronic Communication Delivery System Utilization – 9F**

Ms. Sebesky moved, with a second by Mr. Cook, to authorize the CEO to amend the Purchase Order with Granicus, LLC for utilization of its mass electronic communications delivery system.

The vote in favor was cast by Members Banks, Bulova, Caddigan, Cook, Cristol, Dudenhefer, Kelly, Lawson, McLaughlin, Nohe, Shelton and Sebesky.

**Information Items – 10**

**FY 2021 Key Budget Issues– 10A**

VRE Chief Financial Officer, Mark Schofield outlined for the Board Members, initial considerations for the development of the Fiscal Year 2021 Preliminary Operating and Capital Budgets. Those key issues are:

1. Programming of C-ROC fund and Federal State of Good Repair (5337) funds
2. Planned 3% Jurisdictional Subsidy Increase
3. Ridership, Fare Revenue and 50% Farebox Recovery Requirement
4. Renewal of Operating Access Agreements with Amtrak and CSX
5. Diesel Fuel Price Uncertainty
6. Staffing to Support Growth
7. Allocation of State Funding for Operating and Capital Support

Mr. Schofield stated the next steps would be to continue monthly discussions with the CAO Budget Task Force and with the Operations Board Finance Committee. Staff will bring a Preliminary FY 2021 Operating and Capital Budget item to the Operations Board in September and to the Commissions in October.
Fare Types – 10B

VRE staff presented information about the types of fares currently offered and proposed changes to those types of fares for the Operations Board’s consideration.

- Replace the 5-Day pass with a 7-Day Pass
  - This would be a nomenclature change and would not change the way the pass is currently used
- Replace the Monthly pass with a 31-Day pass
  - Would be good for 31 calendar days from the date of validation rather than for a calendar month.

Spending Authority Report – 10C

In, the following purchases greater than $50,000 but less than $100,000 were made:

- On June 13, 2019, VRE issued a Blanket Purchase Order for an amount not to exceed $100,000 to Digilink, Inc. for printing services on an as-needed basis for marketing materials such as RIDE Magazine, brochures, posters, annual surveys, etc.

- On June 13, 2019, VRE issued a Blanket Purchase Order for an amount not to exceed $65,000 to Fleischhauer Datenträger to provide ticket stock and receipt stock for VRE’s fare collection system on an as-needed basis.

- On June 21, 2019, VRE issued a Task Order in the amount of $53,331 to Vanesse Hangen Brustlin, Inc. under the General Planning Consulting Services Contract to support VRE efforts to maintain compliance with the requirements of the Virginia Pollutant Discharge Elimination System Industrial Stormwater General Permits for the Crossroads and Broad Run Maintenance and Storage Facilities.

Closed Session – 11

Chair Cristol moved, with a second by Ms. Bulova, pursuant to the Virginia Freedom of Information Act (Section 2.2-3711.A (1) of the Code of Virginia,) to convene a closed meeting for the purpose of discussing one personnel matter involving a contract employee of NVTC and PRTC.

The vote in favor was cast by Members Banks, Bulova, Caddigan, Cook, Cristol, Dudenhefer, Kelly, Lawson, McLaughlin, Nohe, Shelton and Sebesky

[Ms. Sebesky left the meeting at 11:50 A.M. and did not return.]

[Mr. Kelly left the meeting at 12:04 P.M. and did not return.]

Mr. Cook moved, with a second by Ms. Bulova, to certify that to the best of each member’s knowledge and with no individual member dissenting, at the just concluded Closed Session, only public business matters lawfully exempted from open meeting requirements under the Freedom of Information Act were discussed; and, only such public business matters as were identified in the motion by which the Closed Session was convened were heard, discussed or considered.

The vote in favor was cast by Members Banks, Bulova, Caddigan, Cook, Cristol, Dudenhefer, Lawson, McLaughlin, Nohe, and Shelton.

Chair Cristol asked if there was any other business. There was none.
Mr. Cook moved, with a second from Chair Cristol to adjourn the meeting, without objection, at 12:27 P.M.

The vote in favor was cast by Members Banks, Bulova, Caddigan, Cook, Cristol, Dudenhefer, Lawson, McLaughlin, Nohe, and Shelton.

Approved this 20th day of September 2019

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Katie Cristol
Chair

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John Cook
Secretary

CERTIFICATION

This certification hereby acknowledges the minutes for the July 19, 2019 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.

Lezlie M. Lamb
To: Chair Cristol and the VRE Operations Board
From: Doug Allen
Date: September 20, 2019
Re: Authorization to Issue an Invitation for Bids for Locomotive Prime Mover Turbochargers

Recommendation:

The VRE Operations Board is asked to authorize the Chief Executive Officer to issue an Invitation for Bids (IFB) for Prime Mover Turbochargers.

Summary:

The VRE Operations Board adopted a Lifecycle Maintenance (LCM) strategy for VRE rolling stock in January 2014 to maintain VRE locomotives and passenger railcars at the highest level of reliability throughout the equipment lifecycle. This authorization will allow VRE to issue an IFB to procure replacement Prime Mover Turbochargers for VRE’s fleet of MP36 locomotives.

Background:

VRE purchased 20 MP36 locomotives between 2010 and 2011. Each locomotive utilizes one Turbocharger for the Prime Mover Engine. Turbochargers enhance the engine’s reliability, performance and fuel economy. Under VRE’s LCM program, these Turbochargers are reaching the end of their useful life and need replacement.

Invitation for Bids is the preferred and normal method of procurement when seeking bids to provide goods and services at a firm-fixed price. This method is utilized when there is a complete, adequate, precise specification or purchase description. Award is made based on price alone without discussions or negotiations with the Bidders.
The scope of work for the IFB includes purchase and delivery of 20 Prime Mover Turbochargers. Installation of the Prime Mover Turbochargers will be performed by VRE’s mechanical contractor, Keolis Rail Services Virginia.

Upon receipt of the bids, staff will return to the Operations Board to request authorization to execute the contract.

**Fiscal Impact:**

Authorization to issue an IFB has no fiscal impact. Once a contract is awarded, funding for the Locomotive Prime Mover Turbochargers will be provided through Federal formula funds (Section 5337 – State of Good Repair).
Virginia Railway Express
Operations Board

Resolution
8A-09-2019

Authorization to Issue an Invitation for Bids for
Locomotive Prime Mover Turbochargers

WHEREAS, The VRE Operations Board adopted a lifecycle maintenance strategy for VRE rolling stock in January 2014 to maintain VRE locomotives and passenger railcars at the highest level of reliability throughout the equipment lifecycle; and,

WHEREAS, VRE purchased 20 MP36 locomotives between 2010 and 2011; and,

WHEREAS, Under VRE’s Lifecycle Maintenance program, the MP36 Prime Mover Turbochargers are reaching the end of their useful life and need replacement;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to issue an Invitation for Bids for Locomotive Prime Mover Turbochargers.

Approved this 20th day of September 2019

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Katie Cristol
Chair

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John Cook
Secretary
To: Chair Cristol and the VRE Operations Board

From: Doug Allen

Date: September 20, 2019

Re: Authorization to Issue a Request for Proposals for Renewal of Locomotive Head End Power Engine Systems

Recommendation:

The VRE Operations Board is asked to authorize the Chief Executive Officer to issue a Request for Proposals (RFP) for Renewal of Locomotive Head End Power Engine Systems.

Summary:

The VRE Operations Board adopted a Lifecycle Maintenance (LCM) strategy for VRE rolling stock in January 2014 to maintain VRE locomotives and passenger railcars at the highest level of reliability throughout the equipment lifecycle. This resolution will authorize the solicitation of proposals for the Renewal of Locomotive Head End Power (HEP) Engine Systems for VRE’s fleet of MP36 Locomotives.

Background:

VRE purchased 20 MP36 locomotives between 2010 and 2011. Each locomotive utilizes one HEP. The HEP provides the electrical power to air conditioning, lights, safety systems and other electrical functions for the VRE rolling stock. Under VRE’s LCM program these HEPs require rehabilitation to address wear of critical components to ensure safe and reliable operation.

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, based on 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 the proposed cost is fair and reasonable.

The scope of work for the RFP includes engine renewal, generator renewal, HEP control system upgrade and electric fuel priming upgrade. The scope also includes onsite replacement and will provide technical training and full support through the warranty period.

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

**Fiscal Impact:**

Authorization to issue an RFP has no fiscal impact. Once a contract is awarded, funding for the Head End Power Engines Systems will be provided through Federal formula funds (Section 5337 – State of Good Repair).
Virginia Railway Express
Operations Board

Resolution
8B-09-2019

Authorization to Issue a Request for Proposals for Renewal of Locomotive Head End Power Engine Systems

WHEREAS, VRE purchased 20 MP36 locomotive between 2010 and 2011; and,

WHEREAS, the VRE Operations Board adopted a Lifecycle Maintenance strategy for VRE rolling stock in January 2014 to maintain VRE locomotives and passenger railcars at the highest level of reliability throughout the equipment lifecycle; and,

WHEREAS, the locomotive head end power engine system provides the electrical power to air conditioning, lights, safety systems and other electrical functions for the VRE rolling stock; and,

WHEREAS, head end power engine system require rehabilitation to address wear of critical components to ensure safe and reliable operation;

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 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 Renewal of Locomotive Head End Power Engine Systems.

Approved this 20th day September of 2019

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Katie Cristol
Chair

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John Cook
Secretary
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Recommendation:

The VRE Operations Board is asked to authorize the Chief Executive Officer to issue a Request for Proposals (RFP) for Safety and Security Consulting Services for a period of one base year and four option years.

Summary:

This resolution will authorize the procurement process of a qualified provider of safety and security consulting services to augment and support VRE’s safety & security department.

Background:

VRE has historically maintained contracts with safety and security consultants with the most recent contract terminating on November 22, 2018. Consistent with guidance provided by the Federal Railroad Administration (FRA) and with the current and planned growth of VRE, as well as the complex regulatory environment; VRE staff is seeking to approach the marketplace to solicit proposals to support a comprehensive safety and security program.

As determined in accordance with VRE Public Procurement Policies and Procedures, an Invitation for Bids 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, based on 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 the proposed cost is fair and reasonable.

The scope of work for the RFP includes site specific and system-wide Threat and Vulnerability Assessments; policy, program and document development; System Safety Program planning and development; risk-based hazard management support, and other general consulting support.

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

**Fiscal Impact:**

Authorization to issue an RFP has no fiscal impact. Funding for these services is provided for in the current budget for Safety and Security Consulting Services. Funding for future years will be included in each proposed annual budget.
Virginia Railway Express
Operations Board

Resolution
8C-09-2019

Authorization to Issue a Request for Proposals for Safety and Security Consulting Services

WHEREAS, VRE has historically retained the services of a qualified third-party safety and security consulting firm to augment and support VRE safety and security staff consistent with guidance provided by the Federal Railroad Administration and industry best practices; and,

WHEREAS, the most recent safety and security consultant contract has expired; and,

WHEREAS, staff have developed a scope of work which will proactively suit the safety and security needs of VRE’s planned growth and advancements in the regulatory environment;

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 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 Safety and Security Consulting Services.

Approved this 20th day of September 2019

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Katie Cristol
Chair

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John Cook
Secretary
To: Chair Cristol and the VRE Operations Board  
From: Doug Allen  
Date: September 20, 2019  
Re: Referral of the Preliminary FY 2021 VRE Operating and Capital Budget to the Commissions and Authorization to Initiate Diesel Fuel Price Hedging

**Recommendation:**

The VRE Operations Board is asked to authorize the Chief Executive Officer (CEO) to refer the preliminary FY 2021 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 develop policies and procedures and an oversight process for VRE to hedge its diesel fuel price risk through investment in financial instruments as authorized by Virginia Code §2.2-4329.1 (“Energy Forward Pricing Mechanisms”).

**Summary:**

VRE’s preliminary FY 2021 operating budget totals $93.0 million, which includes operations, maintenance, and existing debt service. This is an increase of $3.7 million or 4.1% over the approved FY 2019 operating budget. The preliminary operating budget includes no change to passenger fares and a proposed 3% increase in the total jurisdictional subsidy. The preliminary operating budget has a current net unfunded amount of $2.1 million.

VRE’s preliminary FY 2021 capital budget includes commitments of $69.2 million from federal, state, regional, and local funding sources towards the Capital Improvement Program (CIP). The preliminary budget includes the commitment of $15 million in FY 2021 Commuter Rail Operating and Capital (C-ROC) funding towards the L’Enfant Station.
Improvements Project that was approved by the Operations Board as part of the FY 2020 budget process. Both prior and future year C-ROC programming decisions will be reviewed as part of the FY 2021 budget process.

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, with oversight provided by the CAO Taskforce, and are likely to be modified over the next few months.

**Background:**

In accordance with the VRE Master Agreement, which outlines the process for annual budget approval, the preliminary FY 2021 VRE Operating and Capital Budget is attached for the Operations Board’s review.

Significant changes to transit funding in the Commonwealth – including the creation of C-ROC and the restructuring of DRPT’s transit capital matching and transit operating assistance programs – were implemented by the General Assembly in 2018. These changes were incorporated in VRE’s FY 2020 budget, and they continue to shape VRE’s decisions and priorities as reflected in this preliminary FY 2021 budget.

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 2021-2026 emphasizes VRE’s commitment to the development of infrastructure in the host railroads’ territories; project readiness; funding availability; and the identification of funding to complete those projects that have only partially identified funding.

**Key Operating Budget Assumptions:**

VRE’s preliminary FY 2021 operating budget totals $93.0 million. This includes $86.7 million for daily operations and maintenance (up $3.7 million or 4.5% from FY 2020) and $6.3 million for debt service (unchanged from FY 2020). As noted above, both revenues and expenses are still under review and these projections are likely to be modified 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 2021.
2. **Ridership and fare revenue:** FY 2021 preliminary fare revenue is budgeted at $43.6 million, a decline of $0.2 million or less than half a percent below the approved FY 2020 level. A revenue decline of slightly less than $0.5 million is assumed as a result of the proposed transition from the calendar monthly pass to the 31-day pass on VRE Mobile. Average daily ridership (ADR) is currently projected at 18,700 for FY 2021, which is flat to the FY 2020 approved budget level. ADR across all twelve months of FY 2019 was 18,053, reflecting negative impacts from both the federal government shutdown in January and the service reliability challenges during the spring, as well as positive impacts in June from the Metrorail shutdown.

This preliminary budget assumes that VRE maintains recent ‘normal’ ridership levels (e.g., ADR in May 2019 before the Metrorail shutdown was 18,656). Given capacity constraints on the most popular trains as well as continued declines in ridership on Mondays and Fridays due to changing work and travel patterns, ADR is expected to be relatively stagnant until new railcars can be added to lengthen trains, although increased marketing efforts do have the potential to draw new customers. Staff will continue to closely monitor ridership trends throughout the budget process and update projections accordingly.

3. **Jurisdictional subsidy:** FY 2021 jurisdictional subsidy is budgeted at $18.30 million, an increase of 3% over FY 2020. In conjunction with the assumption of no passenger fare increase in FY 2021, 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.

4. **State operating assistance:** As part of the package of transit legislation adopted by the General Assembly in 2018, all state operating assistance provided to transit agencies in Virginia is now allocated based on certain performance metrics known as transit service delivery factors. In FY 2020, VRE is receiving a total of $10.7 million in state operating assistance, which consists of $9.7 million of performance-based operating assistance and $1.0 million of “transition assistance.” The preliminary FY 2021 budget assumes $10.0 million in state operating assistance, a reduction from the current year, but this figure may be updated as VRE staff continues to coordinate with DRPT staff on further refinements to the data sources and methodology of the allocation process.

5. **Access fee reimbursement:** VRE pays track access fees to its host railroads (Amtrak, Norfolk Southern, and CSX) to operate service on their railroads. While VRE has five-year access agreements with Amtrak and Norfolk Southern, the track access agreement with CSX continues to be renewed on a year-to-year basis. Access fees are one of the largest single items in VRE’s budget, and 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%).
6. **Diesel fuel costs:** Diesel fuel expenses of $4.55 million are budgeted based on estimated annual usage of 1.75 million gallons at a per gallon cost of $2.60. 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. VRE also intends to change how it mitigates the risk of future price volatility, as discussed below.

7. **Staffing increases:** As noted during the July 2019 discussion of key budget issues for VRE in FY 2021 and beyond, VRE has operated as a lean organization since its founding, and currently has only 50 direct employees. However, as VRE’s service has grown and its capital plan expanded significantly (currently $813.5 million in the approved FY 2020-2025 CIP), the need for additional administrative staff has also increased. The preliminary FY 2021 budget includes a placeholder for five additional full-time employees (FTEs) at a total cost (inclusive of benefits) of approximately $450,000 (0.5% of the FY 2021 preliminary operating budget). The projected salaries are expected to range from $45,000 to $95,000 depending on the experience and responsibility of the position.

These proposed employees are needed to ensure VRE is timely and accurate in its payment of invoices, its initiation and management of contracts, its accounting and submission of grant reimbursements, and its reporting to the many partners (federal, state, regional, and local) who support VRE. The risks to VRE of continuing to manage this expanded program with the current level of staffing are potentially severe, including delayed reimbursements and restricted cash flow; loss of effective control over major design and construction contracts; and audit findings, which could result in repayment of prior funding or loss of future funding.

Staff will return in October to the Finance Committee for an in-depth review of the proposed new employees.

**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 2021, and the focus will be on moving forward with project delivery. The major capital funding that is expected to be obligated in FY 2021 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) 2020 will be available to be obligated and spent beginning in VRE’s FY 2021. Based on funding received in FFY 2019, total projected formula funding for FFY 2020 is $32.0 million, including both Section 5337 State of Good Repair funding and 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. Staff continues to look at options for utilizing currently unprogrammed funding but is also choosing to keep some funding uncommitted until updated cost estimates are received for the midday storage project.

- **State capital match:** The state capital matching program has been restructured in accordance with the transit legislation adopted by the General Assembly. The program focuses 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 are 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 ensure VRE’s needs can be accurately assessed 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 2021 budget will obligate previously allocated CMAQ funds for the Broad Run Expansion, Backlick Road Station Improvements, and the Brooke and Leeland Road Station Improvements. State SMART SCALE funding for fleet expansion coaches on the Fredericksburg Line will also be obligated.

**Commuter Rail Operating and Capital (C-ROC) Fund:**
The preliminary budget does not include any specific recommendations for the programming of C-ROC funds beyond the prior commitments of $15 million to Crystal City (FY 2020) and $30 million to L’Enfant (FY 2019 and FY 2021). However, discussions with the Operations Board about unfunded needs within the six-year horizon of the Capital Improvement Program (CIP) are planned for the October Finance Committee, and additional future commitments of C-ROC funding are expected as part of the final recommended budget in December. Based on projections to date, C-ROC funds are not currently needed to support VRE operations, nor is there an immediate need to leverage the funds in the form of a debt issuance.

**Hedging of Diesel Fuel Risk with Futures Contracts**
As noted above, total diesel fuel expenses in the FY 2021 preliminary budget are projected at $4.55 million based on usage of 1.75 million gallons at an average price of $2.60 per gallon. Diesel fuel prices per gallon have varied widely over the past decade, fluctuating generally above $3.00 from 2011 through 2014, then dropping sharply to less than $1.25 in early 2016, and then increasing slowly since then to the current price range between $2.00 and $2.50.
Currently, VRE can choose to lock in diesel fuel prices in future months through the diesel fuel suppliers or can pay ‘spot’ or market prices. VRE makes these decisions based on guidance from a diesel fuel consultant and pays extra to the suppliers for the ability to lock the price. However, VRE has the option – under Virginia Code §2.2-4329.1 (“Energy Forward Pricing Mechanisms”) – to instead hedge its diesel fuel price risk through investment in futures contracts and other financial instruments.

The goal of investing in these instruments would be budget risk reduction – essentially insurance against future price volatility – and not speculation or investment returns. Specifically, this strategy would allow VRE to hedge over longer periods of time (beyond the current fuel supply contracts) while also being cheaper than the current fixed price contracts.

The Virginia Code includes limitations and requirements for public bodies who pursue these energy forward pricing mechanisms. Hedging cannot extend more than 48 months out, and the public body cannot hedge more than its estimated usage. In addition, the public body must develop policies and procedures to guide the hedging investments and must also institute an oversight process.

Staff presented information on diesel fuel hedging to the Finance Committee in May 2019 and received positive guidance to bring the issue to the Operations Board. Staff now requests authorization from the Board to develop the necessary policies/procedures and oversight process.

**Next Steps:**

VRE staff will continue to update and modify the FY 2021 budget throughout the Fall as the current fiscal 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.

VRE staff will also return to the Operations Board with proposed policies and procedures related to diesel fuel price hedging, as well as a proposed Board-level oversight process to ensure compliance with the requirements of Virginia Code §2.2-4329.1.
Virginia Railway Express
Operations Board

Resolution
9A-09-2019

Referral of the Preliminary FY 2021 VRE Operating and Capital Budget to the Commissions and Authorization to Initiate Diesel Fuel Price Hedging

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 2021 Operating and Capital Budget; and,

WHEREAS, the preliminary FY 2021 budget proposes a 3% increase in the total annual jurisdictional subsidy and no increase in passenger fares; and,

WHEREAS, VRE can achieve superior budget risk reduction related to diesel fuel price volatility through investment in forward pricing mechanisms such as futures contracts rather than the current practice of entering into fixed price contracts with diesel fuel suppliers;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board refers the preliminary FY 2021 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, 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 2019 meeting for consideration and referral to the Commissions for adoption in January 2020; and,
BE IT FURTHER RESOLVED THAT, the Chief Executive Officer is directed to develop appropriate policies and procedures and an oversight process for diesel fuel price hedging, in accordance with the requirements of Virginia Code §2.2-4329.1, and to bring those materials to the Operations Board for review and approval.

Approved this 20th day of September 2019

__________________________________________
Katie Cristol
Chair

__________________________________________
John Cook
Secretary
### FY 2021 Summary Proposed Budget

#### Revenue:

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2020 Operating</th>
<th>FY 2020 Capital</th>
<th>FY 2021 Operating</th>
<th>FY 2021 Capital</th>
<th>Changes</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fare Revenue</td>
<td>43,810,000</td>
<td>43,625,000</td>
<td>(185,000)</td>
<td>-0.4%</td>
<td></td>
<td></td>
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<tr>
<td>Miscellaneous Revenue</td>
<td>225,000</td>
<td>225,000</td>
<td>-</td>
<td>0.0%</td>
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<td></td>
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<tr>
<td>Jurisdictional Subsidy</td>
<td>13,230,397</td>
<td>4,537,351</td>
<td>13,817,632</td>
<td>533,032</td>
<td>3.0%</td>
<td></td>
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<tr>
<td>Other Sources (Use of Prev. Surplus)</td>
<td>-</td>
<td>-</td>
<td>4,000,000</td>
<td>(4,000,000)</td>
<td>-0.0%</td>
<td></td>
</tr>
<tr>
<td>NVTA Grant Funding</td>
<td>-</td>
<td>-</td>
<td>15,000,000</td>
<td>15,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State CROC Dedicated Funding</td>
<td>-</td>
<td>15,000,000</td>
<td>-</td>
<td>15,000,000</td>
<td></td>
<td></td>
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<tr>
<td>Federal/State Subsidy - Operating</td>
<td>31,462,978</td>
<td>32,171,256</td>
<td>708,278</td>
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<td>Federal/State Subsidy - Capital</td>
<td>41,197,349</td>
<td>49,762,602</td>
<td>8,565,252</td>
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<td></td>
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<tr>
<td>Operating/Capital Reserves</td>
<td>-</td>
<td>200,000</td>
<td>-</td>
<td>(200,000)</td>
<td>-100.0%</td>
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<tr>
<td>Interest Income</td>
<td>500,000</td>
<td>1,000,000</td>
<td>500,000</td>
<td>100.0%</td>
<td></td>
<td></td>
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<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>89,228,375</strong></td>
<td><strong>64,934,700</strong></td>
<td><strong>90,838,887</strong></td>
<td><strong>5,921,562</strong></td>
<td><strong>3.8%</strong></td>
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#### Operating/Non-Operating Expenses:

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2020 Operating</th>
<th>FY 2020 Capital</th>
<th>FY 2021 Operating</th>
<th>FY 2021 Capital</th>
<th>Changes</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Departmental Operating</td>
<td>5,365,598</td>
<td>5,531,094</td>
<td>165,496</td>
<td>3.1%</td>
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<tr>
<td>Executive Management</td>
<td>1,504,700</td>
<td>1,284,200</td>
<td>(220,500)</td>
<td>-14.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chief of Staff</td>
<td>675,100</td>
<td>687,600</td>
<td>12,500</td>
<td>1.9%</td>
<td></td>
<td></td>
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<tr>
<td>Marketing</td>
<td>425,550</td>
<td>442,071</td>
<td>16,521</td>
<td>3.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance and Human Resources</td>
<td>4,394,000</td>
<td>4,303,800</td>
<td>(90,200)</td>
<td>-2.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchasing and Contract Administration</td>
<td>620,250</td>
<td>637,850</td>
<td>17,600</td>
<td>2.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Development</td>
<td>996,520</td>
<td>1,119,126</td>
<td>122,606</td>
<td>12.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Implementation</td>
<td>1,278,000</td>
<td>1,249,500</td>
<td>(28,500)</td>
<td>-2.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rail Operations</td>
<td>2,258,000</td>
<td>2,410,500</td>
<td>152,500</td>
<td>6.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information Technology</td>
<td>2,140,500</td>
<td>2,381,850</td>
<td>241,350</td>
<td>11.3%</td>
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<td></td>
</tr>
<tr>
<td>Facilities Maintenance</td>
<td>4,389,700</td>
<td>4,773,700</td>
<td>384,000</td>
<td>8.7%</td>
<td></td>
<td></td>
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<tr>
<td>Mechanical Operations</td>
<td>10,854,200</td>
<td>11,414,200</td>
<td>560,000</td>
<td>5.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>System Safety &amp; Security</td>
<td>1,294,500</td>
<td>1,498,000</td>
<td>203,500</td>
<td>15.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RTC</td>
<td>104,000</td>
<td>102,000</td>
<td>(2,000)</td>
<td>-1.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NVTC</td>
<td>90,000</td>
<td>90,000</td>
<td>-</td>
<td>0.0%</td>
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<td></td>
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<tr>
<td>Train Operations</td>
<td>16,287,000</td>
<td>16,944,500</td>
<td>657,500</td>
<td>4.0%</td>
<td></td>
<td></td>
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<tr>
<td>Maintenance of Equipment</td>
<td>6,868,000</td>
<td>7,993,785</td>
<td>1,125,785</td>
<td>16.4%</td>
<td></td>
<td></td>
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<tr>
<td>Amtrak</td>
<td>4,881,000</td>
<td>5,039,000</td>
<td>158,000</td>
<td>3.2%</td>
<td></td>
<td></td>
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<tr>
<td>Amtrak Access Fees</td>
<td>6,630,000</td>
<td>6,879,000</td>
<td>249,000</td>
<td>3.6%</td>
<td></td>
<td></td>
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<tr>
<td>Norfolk Southern Access Fees</td>
<td>3,390,000</td>
<td>3,432,000</td>
<td>42,000</td>
<td>1.2%</td>
<td></td>
<td></td>
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<tr>
<td>CSX Access Fees</td>
<td>8,510,000</td>
<td>8,468,000</td>
<td>(42,000)</td>
<td>-0.5%</td>
<td></td>
<td></td>
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<tr>
<td><strong>Total Operating/Non-Operating Expenses</strong></td>
<td><strong>82,956,618</strong></td>
<td><strong>86,681,776</strong></td>
<td><strong>3,725,158</strong></td>
<td><strong>4.5%</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Total CIP Expenditures

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2020 Operating</th>
<th>FY 2020 Capital</th>
<th>FY 2021 Operating</th>
<th>FY 2021 Capital</th>
<th>Changes</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIP Expenditures</td>
<td>6,271,757</td>
<td>64,934,700</td>
<td>69,245,750</td>
<td>4,311,050</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Service/Allowance for Doubtful Accts</td>
<td>6,271,757</td>
<td>6,270,838</td>
<td>(919)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total CIP and Other Expenditures</strong></td>
<td><strong>6,271,757</strong></td>
<td><strong>64,934,700</strong></td>
<td><strong>69,245,750</strong></td>
<td><strong>4,310,131</strong></td>
<td><strong>6.1%</strong></td>
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</tr>
</tbody>
</table>

#### Grand Total Expenses

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2020 Operating</th>
<th>FY 2020 Capital</th>
<th>FY 2021 Operating</th>
<th>FY 2021 Capital</th>
<th>Changes</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grand Total Expenses</td>
<td>89,228,375</td>
<td>64,934,700</td>
<td>92,952,614</td>
<td>8,035,289</td>
<td>5.2%</td>
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</table>

#### Difference by Fund

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2020 Operating</th>
<th>FY 2020 Capital</th>
<th>FY 2021 Operating</th>
<th>FY 2021 Capital</th>
<th>Changes</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difference</td>
<td>-</td>
<td>-</td>
<td>(2,113,727)</td>
<td>(2,113,727)</td>
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</table>

#### Total Difference

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2020 Operating</th>
<th>FY 2020 Capital</th>
<th>FY 2021 Operating</th>
<th>FY 2021 Capital</th>
<th>Changes</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Difference</td>
<td>-</td>
<td>-</td>
<td>(2,113,727)</td>
<td>(2,113,727)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## FY 2021 Sources and Uses

### Operating Expenses

| USES OF FUNDS | FARE | INCOME | INTEREST | MISCELLANEOUS | LOCAL SUBSIDY | OTHER SOURCES | NVTA FUNDING | STATE CROC FUNDING | STATE OPERATING | STATE CAPITAL | STATE STP | 5307/5337 | OTHER | TOTAL |
|---------------|------|--------|----------|--------------|---------------|---------------|--------------|-------------------|-----------------|-------------|----------|----------|---------|--------|--------|
| Operating    | 86,665,776 | 43,625,000 | 1,000,000 | 225,000 | 15,521,416 | - | - | 10,000,000 | 6,384,860 | 9,389,500 | 520,000 | - | 86,665,776 |

### Non-Operating Expenses:

- Operating Reserve: 66,000
- Debt Service BTMU - Gallery IV - 11 Cabcars: 1,931,357
- Debt Service VRA - 60 Railcars (Local): 99,072
- Debt Service VRA - 60 Railcars (Fed/State/Local): 4,190,409

### Non-Operating Summary

- 6,286,838

### Total Expenses (Subtotal)

- 92,952,614

### Capital Projects:

- Facilities Asset Management Program: 2,290,000
- New York Avenue Midday Storage Facility: 32,072,745
- Equipment Asset Management Program: 3,845,000
- Security Enhancements: 105,000
- Security Cameras: 300,000
- Crystal City Station Improvements: 669,713
- Washington Union Station Improvements: 5,000,000
- Unprogrammed Federal Formula Funds: 12,796,254
- L’Enfant Station Improvements (CROC): 15,000,000
- Capital Reserve Contribution: 3,000,000

### Capital Project Summary

- 55,078,712

### CMAQ/REF/IPROC

- Broad Run Expansion (CMAQ): 1,000,000
- Backlick Road Station Improvements (CMAQ): 2,000,000
- Brooke Station Improvements (CMAQ): 245,019
- Leeland Road Station Improvements (CMAQ): 245,019
- Fleet Expansion Coaches (Smartscale): 245,019

### Summary

- 14,167,038

### TOTAL

- 162,198,364

### FY 2021 Subsidy surplus (deficit)

- 18,300,780

### Soft Capital Projects

<table>
<thead>
<tr>
<th>Name</th>
<th>Program</th>
<th>Funding</th>
<th>Amt</th>
<th>State Amt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debit Service 11 Cabcars</td>
<td>1,931,357</td>
<td>5337</td>
<td>1,545,086</td>
<td>309,017</td>
</tr>
<tr>
<td>Access lease funding (50%/34%)</td>
<td>18,779,000</td>
<td>S979/State</td>
<td>9,389,500</td>
<td>6,384,860</td>
</tr>
<tr>
<td>Debt Service VRA - 60 Railcars</td>
<td>2,444,405</td>
<td>5337</td>
<td>1,955,524</td>
<td>391,105</td>
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<tr>
<td>Debt Service VRA - 60 Railcars</td>
<td>1,746,004</td>
<td>5307</td>
<td>1,396,803</td>
<td>279,361</td>
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<tr>
<td>Grant &amp; Project Management</td>
<td>650,000</td>
<td>5307</td>
<td>520,000</td>
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<tr>
<td>Subtotal</td>
<td>25,649,838</td>
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<td>7,364,843</td>
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<td>Capital Projects/Earmarks</td>
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<td>29,381,906</td>
<td>2,792,030</td>
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<td>Federal Gap Program</td>
<td>94,895,588</td>
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<td>44,188,819</td>
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</tbody>
</table>
Agenda Item 9-B
Action Item

To: Chair Cristol and the VRE Operations Board
From: Doug Allen
Date: September 20, 2019
Re: Authorization to Make Changes to VRE Fare Types and Amend the VRE Passenger Tariff

Recommendation:

The VRE Operations Board is asked to authorize the Chief Executive Officer to amend the Passenger Tariff to replace the current 5-Day Pass with a 7-Day Pass and the Monthly Pass in VRE Mobile with a 31-Day Pass.

Summary:

This action will replace the current 5-Day Pass in the paper and mobile fare collection systems with a 7-Day Pass and will replace the current calendar based Monthly Pass in VRE Mobile only with a 31-Day pass. The calendar-based Monthly Pass will remain available as a paper ticket.

Background:

The proposed changes to fare types are designed to (1) simplify the ticketing process by eliminating frequently confusing rules and (2) provide greater flexibility to passengers.

VRE fare media are sold through several channels utilizing two primary systems: VRE Mobile and the Scheidt & Bachmann (S&B) paper ticket system. Each system sells Single Ride and 10-Ride tickets and Day, 5-Day and Monthly passes.

Specific rules govern each fare type. For example, Monthly Passes do not require validation, but Single Ride and 10-Ride tickets must be validated before each ride. The Day and 5-Day passes need only be validated prior to the first ride. Other rules include:
• Monthly Ticket
  o Valid for the calendar month.
  o Allows one grace day, the first operating day after the end of the calendar month.
  o Available for purchase as a paper ticket from the 10th day of the month prior through the ninth day of the current month.
  o Available for purchase on VRE Mobile from the 23rd day of the prior month through the ninth day of the current month.

• 5-Day Pass
  o Valid for five service days once validated.
  o Skips weekends and holidays.
  o Skips “S” schedule days.

One of the most frequent complaints VRE receives comes from regular Monthly Pass holders who see no value in the Free Ride Certificates (FRCs) offered to passengers on trains delayed 30 minutes or more. Vacations also pose a dilemma for regular Monthly Pass holders. During the month they take leave, passengers must either switch to a different fare type or purchase a monthly pass, even though they will not receive its full value. Those who want to switch to another fare type may have to reallocate SmartBenefits or change automatic orders with CommuterDirect. It is not unusual for those who do switch to forget to validate the different fare type, which could lead to a fare evasion summons.

**Proposed Changes:**

VRE proposes replacing the current 5-Day Pass with a 7-Day pass in both the paper and VRE Mobile systems. This change will eliminate the confusing business rules, as necessitated by programming issues associated with VRE Mobile, of skipping weekends and allowing free rides on “S” schedule days.

VRE also proposes replacing the current Monthly Pass with a 31-Day Pass on the VRE Mobile app only. This change, by allowing passengers to choose when to validate the 31-Day Pass, provides greater flexibility. For example, by delaying the validation of a 31-day pass, passengers could redeem their FRCs. Riders who go on vacation could validate the 31-day pass upon their return instead of switching to the less economical 10-ride pass. The change also eliminates the grace period and opens the possibility of joint fare products with regional partners.

The move to a 31-Day Pass will not adversely affect riders’ use of transit benefits. While those funds become available on the 23rd day of the month, they do not have to be immediately expended. Riders wishing to purchase a 31-Day Pass when their transit benefits become available can do so and wait to validate their pass until they need it.
Fiscal Impact:

FY 2019 Fare Sales Summary (Excludes Amtrak Step-Up Tickets)

<table>
<thead>
<tr>
<th>Ticket Type</th>
<th>VRE Mobile</th>
<th>Paper (S&amp;B)</th>
<th>Total</th>
<th>Share by System</th>
<th>Share of Total Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>VRE Mobile</td>
<td>Paper (S&amp;B)</td>
</tr>
<tr>
<td>Single Ride</td>
<td>$633,993</td>
<td>$884,841</td>
<td>$1,518,834</td>
<td>42%</td>
<td>58%</td>
</tr>
<tr>
<td>Day Pass</td>
<td>$850,675</td>
<td>$964,201</td>
<td>$1,814,876</td>
<td>47%</td>
<td>53%</td>
</tr>
<tr>
<td>5-Day Pass</td>
<td>$728,075</td>
<td>$707,765</td>
<td>$1,435,840</td>
<td>51%</td>
<td>49%</td>
</tr>
<tr>
<td>10-Ride</td>
<td>$3,592,407</td>
<td>$6,015,404</td>
<td>$9,607,811</td>
<td>37%</td>
<td>63%</td>
</tr>
<tr>
<td>Monthly Pass</td>
<td>$6,911,356</td>
<td>$20,271,530</td>
<td>$27,182,886</td>
<td>25%</td>
<td>75%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$12,716,506</strong></td>
<td><strong>$28,843,741</strong></td>
<td><strong>$41,560,247</strong></td>
<td><strong>31%</strong></td>
<td><strong>69%</strong></td>
</tr>
</tbody>
</table>

Prices for the two new passes will remain the same as the fare types they are replacing. No fiscal impact is expected from the introduction of the 7-Day Pass, but there may be a negative effect on revenue from the 31-Day Pass due to the increased flexibility afforded passengers. The potential negative impact will be lessened since the 31-Day Pass will be available only to VRE Mobile customers, who represent 25 percent of current Monthly Pass holders. The increased flexibility may encourage current paper ticket holders to move to VRE Mobile, where the negative revenue impact will be partially offset by the lower cost of fare product fulfillment. The current estimate of the potential impact on revenue that is included in the preliminary FY 2021 budget is slightly less than $500,000 per year.
Virginia Railway Express
Operations Board

Resolution
9B-09-2019

Authorization to Make Changes to VRE Fare
Types and Amend the VRE Passenger Tariff

WHEREAS, VRE fare media are sold through several channels utilizing two primary systems: VRE Mobile and the paper ticket system; and,

WHEREAS, each system sells all fare types including Single Ride and 10-Ride Tickets, Day Passes, 5-Day Passes, and Monthly Passes; and,

WHEREAS, the different fare types each carry special business rules; and,

WHEREAS, changing the 5-Day Pass to a 7-Day Pass in both systems and changing the Monthly Pass to a 31-Day Pass in VRE Mobile will benefit both passengers and VRE by simplifying the fare types;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to amend the Passenger Tariff to make changes to the VRE fare types by replacing the current 5-Day Pass with a 7-Day Pass and replacing the calendar monthly pass in VRE Mobile with a 31-Day Pass.

Approved this 20th day of September 2019

______________________________
Katie Cristol
Chair

______________________________
John Cook
Secretary
To: Chair Cristol and the VRE Operations Board

From: Doug Allen

Date: September 20, 2019

Re: Authorization to Execute a Contract for Preliminary Engineering and Environmental Services for the VRE Crystal City Station Improvements Project

Recommendation:

The VRE Operations Board is asked to authorize the Chief Executive Officer to execute a contract with Vanasse Hangen Brustlin (VHB) of Watertown, MA for the Base Task of preliminary engineering and environmental services for the VRE Crystal City Station Improvements Project in the amount of $1,140,597, plus a 20% contingency of $228,119, for a total amount not to exceed $1,368,716. The Operations Board is also asked to authorize the use of the VRE capital reserve to fund any expenditures under this contract which exceed the approved grant funding currently available for this phase of the project.

Summary:

Approval of this item will authorize the Chief Executive Officer (CEO) to execute a contract for Preliminary Engineering and Environmental Services for the VRE Crystal City Station Improvements project. This is the Base Task in the Request for Proposals (RFP). If authorization to exercise the Optional Tasks (Final Engineering and Limited Construction Administration) of the RFP is desired, it will be requested separately.

Background:

The Crystal City station is one of the busiest in the VRE system. However, the existing side platform is only the length of about four railcars (400 feet) and serves only one track. VRE trains currently have up to eight cars, and some trains will be extended to ten cars in the future. A reconfigured station with an island platform approximately 850 feet in length...
served by two tracks will remove an operational bottleneck, expand train capacity, and improve convenience, safety, and reliability for VRE riders. Two grade-separated access points will be provided between the platform and Crystal Drive. The project will also enhance local and regional connectivity by optimizing multimodal access, especially to Metrorail, the Crystal City-Potomac Yard Transitway, local buses and shuttles, and bicycle and pedestrian facilities.

The previous phase of the project funded by the Northern Virginia Transportation Authority (NVTA) identified a preferred station location approximately a quarter of a mile south of the existing station. On September 19, 2017, the Arlington County Board accepted this location as VRE’s preferred station location to advance into the next phase of project development. On October 20, 2017, the VRE Operations Board approved this location as the preferred station location to conduct more detailed design and evaluation. A concept design was developed for the new station and shared with project stakeholders, VRE riders, and the public.

On March 15, 2019, the VRE Operations Board authorized the CEO to issue an RFP for Engineering and Environmental Services for VRE Crystal City Station Improvements. The environmental services will include work related to the National Environmental Policy Act. The scope of work for the Base Task of the RFP advances the current concept design and develops preliminary engineering plans for the preferred station location. The Base Task also includes preparation of NEPA-compliant documentation to identify, and mitigate as necessary, the potential impacts of the proposed station improvements. A categorical exclusion (CE) is the expected NEPA class of action. Preparation of final engineering plans and the provision of limited construction administration services were also included in the RFP as Optional Tasks A and B, respectively.

In accordance with Section 2.2-4303 of the Virginia Public Procurement Act, these services must be procured through an RFP because they include Professional Services. Upon completion of evaluation of proposals, negotiations are conducted with the highest ranked firm deemed to be fully qualified and best suited among those submitting Proposals, based on the factors specified in the evaluation criteria. Price is not a criterion for evaluation of Professional Services proposals. 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 the proposed cost is fair and reasonable.

A mailing list of over 100 prospective Offerors was established for the solicitation to ensure access to adequate sources of services. On May 29, 2019, an RFP was issued, and proposals were due on July 2, 2019. Five responses were received.

Evaluation of the Proposals received was performed by the Technical Evaluation Team (TET), which consisted of three VRE staff and one Virginia Department of Rail and Public Transportation staff.

The TET met to discuss and evaluate the Proposals using the following criteria:

1. Capability and Expertise of the Offeror and Proposed Team/Subcontractor(s)
Interviews were conducted with the top two firms. It was determined the proposal from VHB was technically compliant and unanimously selected to be best value for the project.

Below is the final ranking of firms who submitted a proposal for Engineering and Environmental Services for the VRE Crystal City Station Improvements.

<table>
<thead>
<tr>
<th>Offerors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Vanasse Hangen Brustlin, Inc.</td>
</tr>
<tr>
<td>2. Dewberry Engineers, Inc.</td>
</tr>
<tr>
<td>3. HDR Engineering, Inc.</td>
</tr>
<tr>
<td>4. Gannett Fleming, Inc.</td>
</tr>
<tr>
<td>5. Johnson, Mirmiran &amp; Thompson, Inc.</td>
</tr>
</tbody>
</table>

VRE staff conducted several rounds of negotiation with VHB in order to clarify assumptions and reach an agreement as to the level of effort required to complete preliminary engineering and environmental services for Crystal City. VHB's cost is approximately 35 percent higher than VRE's cost estimate, which was developed utilizing historical cost information from previous VRE contracts for preliminary engineering services for second platform design.

Through additional analysis of the cost elements included in VHB's proposal, it is evident VRE's initial cost estimate did not fully account for the complexity and level of coordination required for the Crystal City Station improvements. In particular, the building information modeling (BIM), risk analysis, and utility investigation efforts are more extensive than anticipated by the cost estimate. The proposed team of key personnel and subconsultants also includes specific expertise and unique qualifications that will ensure the necessary capabilities for successful delivery of the project. These additional tasks and expenditures are an investment in prevention of more costly disconnects or problems in future phases of the Crystal City project. After taking these factors into account, VRE deems VHB's cost for the Base Task to be fair and reasonable.

In consideration of the complexity of the project and level of required coordination with multiple stakeholders, VRE staff further recommends the Operations Board authorize a 20 percent contingency for this phase of the project, rather than VRE's standard 10 percent.

The VRE Operations Board is requested to authorize the award of the contract for the Base Task of preliminary engineering and environmental services. Staff may return to the Operations Board upon satisfactory completion of the Base Task, pending funding availability, to exercise Optional Tasks A and B for final design and limited construction administration services, respectively.
The contract will be for 270 calendar days. This authorization allows work to begin upon execution of a contract.

**Fiscal Impact:**

Funding for the Base Task of preliminary engineering and environmental services is provided by the Virginia Department of Rail and Public Transportation (DRPT) through the Rail Enhancement Fund (REF). Total REF funding for this phase of the project is $1,010,000, which is comprised of $707,000 of state funding and a $303,000 local match from VRE.

The difference between the available REF funding and the not to exceed amount of this contract is $358,716. VRE has sufficient funds available in its capital reserve to fund expenditures under this contract which exceed the $1,010,000 REF grant value. The Operations Board is asked to authorize use of the capital reserve up to $358,716 for this contract, and if approved, this authorization will be reflected in the Amended FY 2020 budget that will be recommended to the Operations Board in December.

Funding of $4,000,000 for Optional Tasks A and B (final design and limited construction administration) has been approved by the NVTA and will be appropriated as part of their FY 2021 program.
Virginia Railway Express
Operations Board

Resolution
9C-09-2019

Authorization to Execute a Contract for Preliminary Engineering and Environmental Services for the VRE Crystal City Station Improvements Project

WHEREAS, the Crystal City Station is one of the busiest in the VRE system and has one of the shortest platforms; and,

WHEREAS, a longer island platform with grade-separated access will remove an operational bottleneck, expand train capacity, and improve convenience, safety, and reliability for VRE riders; and,

WHEREAS, a concept design was developed in the previous phase for a new station located approximately a quarter of a mile south of the existing station; and,

WHEREAS, the VRE Operations Board authorized the Chief Executive Officer to issue a Request for Proposals for Engineering and Environmental Services in March 2019; and,

WHEREAS, the Operations Board’s approval of this procurement does not represent its independent assessment of the candidate’s responses to the solicitation or of each step in the procurement process followed by staff; rather, the Operations Board’s action is premised upon its conclusion, after review of the information before it, that the process used by the staff was in accordance with law and the staff recommendation appears to be reasonable;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to execute a contract with Vanasse Hangen Brustlin of Watertown, MA for the Base Task of preliminary engineering and environmental services for the VRE Crystal City Station Improvements Project in the amount of $1,140,597, plus a 20% contingency of $228,119, for a total amount not to exceed $1,368,716; and,

BE IT FURTHER RESOLVED THAT, the VRE Operations Board does hereby authorize the use of the VRE capital reserve to fund any expenditures under this contract which exceed the approved grant funding currently available for this phase of the project.
Resolution 9C-09-2019 continued

Approved this 20th day of September 2019

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Katie Cristol
Chair

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John Cook
Secretary
Agenda Item 9-D
Action Item

To: Chair Cristol and the VRE Operations Board

From: Doug Allen

Date: September 20, 2019

Re: Recommend Approval and Authorize Submission of VRE Projects to NVTA for FY 2024-2025 Six-Year Program Update Funding Consideration

Recommendation:

The VRE Operations Board is asked to recommend the Commissions approve submission of the Crystal City Station Improvements construction and Woodbridge Station and Track Improvements final design projects to the Northern Virginia Transportation Authority (NVTA) for evaluation and funding consideration in its Fiscal Year (FY) 2024-2025 Six-Year Program (SYP) update; and authorize the Chief Executive Officer to submit the approved projects for funding, make any necessary corrections to project amounts or descriptions in the applications, and execute all project funding agreements that may result from consideration of the projects.

Summary:

This resolution will recommend the Commissions approve submission of the Crystal City Station Improvements construction project and the Woodbridge Station and Track Improvement final design project to NVTA for FY2024-2025 SYP Update.

Background:

NVTA issued a call for regional transportation projects for its FY2024-2025 SYP Update on June 7, 2019. NVTA can only consider projects for funding that are included in the TransAction long-range regional transportation plan. Candidate projects are subjected to a comprehensive regional evaluation process, with priority given to projects providing the highest congestion reduction relative to cost. Long Term Benefit will be a new factor
considered for this update. In addition, NVTA can only fund mass transit capital projects that increase capacity.

Applications are due at 5:00 pm on September 27, 2019. NVTA requires resolution of support for project applications by the governing body of the submitting jurisdiction or agency. VRE also seeks resolutions of support from the governing body of the jurisdiction where its project is located. Resolutions of Support are due at 5:00 pm on November 29, 2019.

The following VRE projects are recommended for submission to NVTA. Both projects are included in TransAction and will expand VRE capacity. They are also identified in the VRE Capital Improvement Program and System Plan 2040.

1. **Crystal City Station Improvements (Construction):** This project will provide a relocated and expanded station with a longer platform sized to serve full-length trains on two tracks simultaneously. This project is related to and must be coordinated with the Atlantic Gateway Project (4th Track from Alexandria to Potomac River). Funding has been identified to complete the Preliminary Engineering Design, Environmental Review, and Final Design phases, and partially fund the Construction phase. The total estimated cost for Construction is $44.5 million. VRE has committed $15.0 million in C-ROC funds and $13.7 million in State of Good Repair funds. This NVTA funding request is for the remaining $15.8 million. Funding is requested in FY 2024 or sooner. *(TransAction Project ID 298 - VRE Alexandria-DC Rail Capacity Improvements)*

2. **Woodbridge Station and Track Improvements (Final Design):** This project will provide an expanded station with one island and one side platform sized to serve full-length trains from three tracks and add related segment of the third track through the station. The station improvements will not preclude a future fourth track. Both platforms will be provided grade-separated pedestrian access. The design and construction of the third track and future fourth track will be coordinated with the Commonwealth of Virginia’s DC2RVA project. Funding has been identified to complete the Preliminary Engineering Design and Environmental Review phases. NVTA funding is requested in FY 2024 to complete Final Design. The NVTA funding request is for $2.21 million. The total estimated cost for Construction is $25.5 million of which $1.2 million has been identified and $24.3 million is currently unfunded. *(TransAction Project ID 301 Fredericksburg Line Service Expansion and TransAction Project ID 302 - Fredericksburg Line Peak Period Service Expansion)*
**Fiscal Impact:**

The submission of a project funding request has no fiscal impact. If selected for funding, the NVTA funds would allow the projects to advance to the next phase(s) of project development and implementation.
Recommend Approval and Authorize Submission of VRE Projects to NVTA for FY 2024-2025 Six-Year Program Update Funding Consideration

WHEREAS, NVTA has issued a call for regional transportation projects to agencies and jurisdictions for consideration for funding for its FY2024-2025 Six Year Program update; and,

WHEREAS, the Crystal City Station Improvements construction project and Woodbridge Station and Track Improvements final design project are not fully funded; and,

WHEREAS, each of the projects satisfies NVTA funding eligibility requirements to both be included in the TransAction long-range regional transportation plan (TransAction Project ID 298 - VRE Alexandria-DC Rail Capacity Improvements, TransAction Project ID 301 Fredericksburg Line Service Expansion and TransAction Project ID 302 - Fredericksburg Line Peak Period Service Expansion) and increase transit capacity;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby recommend the Commissions approve the submission of the Crystal City Station Improvements construction project and Woodbridge Station and Track Improvement final design project to the NVTA for consideration for funding in its FY2024-2025 Six Year Program update; and,

BE IT FURTHER RESOLVED THAT, the Operations Board does hereby recommend the Commissions authorize the VRE Chief Executive Officer to submit the approved projects for funding, to make any necessary corrections to project amounts or descriptions, and to execute all project agreements on behalf of the Commissions.

Approved this 20th day of September 2019

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Katie Cristol
Chair

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John Cook
Secretary
To: Chair Cristol and the VRE Operations Board

From: Doug Allen

Date: September 20, 2019

Re: Authorization to Execute a Force Account Agreement with Norfolk Southern Railway for Broad Run Expansion Engineering Services

Recommendation:

The VRE Operations Board is asked to authorize the Chief Executive Officer to execute a Force Account Agreement with Norfolk Southern Railway, for Engineering Services for the Broad Run Expansion project in the amount of $768,600, plus a 10 percent contingency of $76,860, for a total amount not to exceed $845,460.

Summary:

This resolution provides a Force Account Agreement with Norfolk Southern Railway (NS) to review engineering plans, participate in design review meetings, prepare design for signal and communications, and provide services such as railroad flagging. These efforts support the expansion of the Broad Run Station and Maintenance and Storage Facility (MSF) as well as design for a third track within the NS-Manassas Line right-of-way.

Background:

Preliminary engineering design is underway for the expansion of the VRE Broad Run Station and MSF and for a third main track from the Broad Run complex to Wellington Rd. in the City of Manassas. VRE is preparing the preliminary engineering design, which must be reviewed by NS engineering forces. As final design is initiated, railroad flagging services are anticipated to conduct field survey and other investigations required to complete the design. NS engineering forces will review and approve subsequent final design plans.
prepared by VRE. As is their policy, NS will use their forces to complete the design of signal and communications systems related to the third main track.

**Fiscal Impact:**

Committed funding for the Broad Run Expansion and Manassas Third Track projects is included in the approved FY 2020 – 2025 Capital Improvement Program. The primary source of funding for this phase of work is the I-66 Outside the Beltway Concessionaire Payment, with additional funding from the VRE Capital Reserve.
Virginia Railway Express
Operations Board

Resolution
9E-09-2019

Authorization to Execute a Force Account Agreement with Norfolk Southern Railway for Broad Run Expansion Engineering Services

WHEREAS, VRE is advancing the design of improvements to its Broad Run Station and Maintenance and Storage Facility and a third main track within the Norfolk Southern Railway right-of-way between the Broad Run complex and Wellington Rd.; and,

WHEREAS, the planned improvements and third track will expand capacity and improve operational flexibility and reliability for VRE commuter rail trains; and,

WHEREAS, this Force Account Agreement will allow Norfolk Southern Railway forces to review engineering plans prepared by VRE, participate in design review meetings, prepare design for signal and communications systems, and provide services such as railroad flagging in support of the design of improvements to the VRE Broad Run complex and NS third main track;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to execute a Force Account Agreement with Norfolk Southern Railway for Engineering Services for the Broad Run Expansion project in the amount of $768,600, plus a 10 percent contingency of $76,860, for a total amount not to exceed $845,460.

Approved this 20th day of September 2019

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Katie Cristol
Chair

______________________________
John Cook
Secretary
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To: Chair Cristol and the VRE Operations Board
From: Doug Allen
Date: September 20, 2019
Re: VRE’s Transit Asset Management Plan Update for 2018-2019

VRE’s Transit Asset Management (TAM) Plan, completed in September 2018, allows us to better monitor and manage assets, such as rolling stock and facilities. Side benefits of the plan, which is required by the Federal Transit Administration (FTA), include improved safety, increased reliability and performance, and more efficient operations. Over the past year, VRE has fulfilled several federal requirements, such as the reporting of asset inventory data, and updated internet and decision-making tools that support plan implementation. The TAM Plan will inform the lifecycle management (LCM) plan for VRE’s rolling stock and facilities.

The intent of VRE’s TAM Plan and associated LCM plan is to minimize the total cost of ownership of an asset while maximizing its performance. Transit asset management integrates activities across VRE departments to optimize resource allocation and support decision-making.

The FTA notes that asset management can enhance the customer experience through improved on-time performance and vehicle cleanliness. It also can improve safety, security, and risk management. Asset management plans provide accountability and allow customers to better understand the performance and condition of assets.

The attached TAM update provides background on VRE’s plan development and implementation and details the additional steps taken since September 2018 to improve the management of assets.
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VRE made significant progress during the past year in developing efficient and effective components of a transit asset management program. These achievements meet the federal guidance established by MAP-21 and the FAST Act.

- Completed VRE’s first comprehensive Transit Asset Management (TAM) Plan in September 2018 (due October 31, 2018)
- Organized inventory of VRE’s existing assets and submitted first required report to NTD (October 2018)
- Developed and submitted FY19 asset performance targets to NTD (October 2018)
- Updated DRPT’s asset inventory database and submitted annual TransAM Report (January 2019)
- Completed an Executive Dashboard (October 2018)
- Completed updates to the functionality of the tool (October 2018)
- Developed process diagrams to support project development and decision-making (June 2018)

VRE’s TAM Plan development process included a review of federal requirements, the designation of an accountable executive, detailed asset inventories, results of facility and infrastructure condition assessments, and a peer review of other transit agency TAM plan efforts. VRE’s TAM Plan will be an ongoing process, and as federal guidance and VRE’s needs change, the plan will evolve. The TAM Plan covers a horizon period of four years and will be updated at least once during that period. The TAM Plan can be amended at any time during that period.

The final TAM Plan was completed in September 2018, posted on VRE’s website, and made available to the Metropolitan Planning Organizations (MPOs). The next TAM Plan update is required by October 31, 2022.

Through MAP-21 and the subsequent Fixing America’s Surface Transportation (FAST) Act, the Federal Transit Administration (FTA) has enacted transit asset management (TAM) regulations that require transit service providers to develop a TAM Plan and establish asset management performance measures and targets. The FTA issued its Final Rule on July 26, 2016 (effective October 1, 2016), which amended Chapter VI of Title 49 of the Code of Federal Regulations (CFR). The Final Rule added CFR Part 625 and amended Part 630 to address FTA’s National Transit Database (NTD) regulations and TAM requirements.

**COMING SOON**
- Lifecycle Management Plans for VRE’s rolling stock and facility assets.
- VRE asset management internet tool improvements, including incorporation of financial data and feature to identify new assets for NTD and TransAM Reporting.
- Establish FY 2020 asset performance targets, report annual AIM data, and complete first required narrative report for submittal to NTD.

**JULY 2017**
- Share initial targets with planning partners

**OCTOBER 2017**
- Report FY17 Asset Inventory Module (AIM) data to NTD (optional)
- Submit targets for FY18 to NTD (optional)

**OCTOBER 2018**
- Complete compliant TAM Plan (first required) and share with planning partners
- Report FY18 AIM data to NTD (first required)
- Submit targets for FY19 to NTD (first required)

**OCTOBER 2019**
- Report FY19 AIM data to NTD
- Submit targets for FY20 to NTD
- Submit narrative report to NTD (first required)

**OCTOBER 2020**
- Report FY20 AIM data to NTD
- Submit targets for FY21 to NTD
- Submit narrative report to NTD

**OCTOBER 2022**
- Complete first updated TAM Plan and share with planning partners
- Complete quadrennial updates thereafter
The lifecycle management process, as defined by the FTA, includes five phases: (1) Plan, Design, Construct, and Procure; (2) Use and Operate; (3) Maintain and Monitor; (4) Overhaul and Rehabilitate; and (5) Retire, Dispose, and Decommission. Note that other terms may be used, depending on the asset class in question. For example, facilities are more likely to undergo “rehabilitation”, while vehicles and their components are described as undergoing an “overhaul”. And while facilities may get replaced, only vehicles are typically referred to as “retired” or removed from service.

- **Plan/Design/Construct/Procure** – This includes the scoping of the development and construction or procurement of the asset. The asset management perspective involves considering level of service requirements and total cost of ownership.
- **Use/Operate** – This involves the use (or operation) of the asset. Asset management means the asset is available in the specified condition to be used or operated reliably to deliver the planned level of service.
- **Maintain/Monitor** – This involves the predictive, preventive, and corrective or reactive activities required to maintain the asset in the condition required to deliver the planned level of service.
- **Overhaul/Rehabilitate** – This phase involves planned capital expenditures required to replace, refurbish, or reconstruct an asset partially, in-kind, or with an upgrade, to optimize service and minimize lifecycle costs.
- **Retire/Dispose/Decommission** – When an asset can no longer perform at its intended level of service, the agency has the choice to retire, dispose, or decommission it. It also must determine if the asset or its components have any residual value and, if so, how best to capture that value. Also by the end of an asset’s lifecycle, agencies must determine whether to reconstruct or replace the asset. Typically, it is no longer cost effective to renew the asset or it has become functionally obsolete, and the agency must determine whether the asset must be replaced, whether the function of the asset remains necessary, and whether its function can be met more economically or efficiently by being replaced outright. Note that replacement and/or reconstruction signals the start of lifecycle phase 1 (Plan, Design, Construct and Procure) for a new asset.

### ROLLING STOCK LCM PLAN

The Rolling Stock Lifecycle Management (LCM) Plan will build upon VRE’s already formalized asset management program by documenting existing business procedures, system and component useful life assumptions, vehicle history, and other aspects of the program. This LCM Plan will assist VRE in maintaining its rolling stock in a SGR and in a cost-effective manner throughout their useful life. This plan will include a description of lifecycle management best practices and adaptive management strategies for the maintenance and overhaul of revenue vehicles, as well as their systems and components, throughout their useful life.

### FACILITIES LCM PLAN

The Facilities LCM Plan will document VRE’s existing business procedures while using components’ and subcomponents’ condition ratings and useful life assumptions, and monthly facility safety inspections to inform the program processes. The Facilities LCM Plan will assist VRE in maintaining facilities and assets in a SGR and in a cost-effective manner. This plan will include a description of the lifecycle management process and how it applies to VRE’s facility assets, as well as identifying the systems in place that can be used for informed decision-making.

### VRE TransAM 2019 ANNUAL UPDATE

VRE is required to report capital assets to the Virginia Department of Rail and Public Transportation (DRPT) via the TransAM reporting program (previously known as OLGA). TransAM is an open-source asset management platform developed under an FTA SGR grant. VRE’s goal is to provide consistency between the FTA’s NTD reporting and the TransAM database, as well as achieve the ability to apply for state funding towards capital assets. VRE’s consultant partner completed the following tasks:

- Reviewed the previous inventory items included in TransAM
- Evaluated the existing data and recommended database updates
- Conducted interviews with VRE’s CFO and Comptroller to identify data needs
- Synchronized data entries with NTD, where applicable
- Coordinated database updates for approval by VRE
- Performed data entry updates by the January 31, 2019 deadline
- Provided VRE with an “After-Action Report” summarizing all activities and making recommendations for future TransAM update efforts

### VRE ASSET MANAGEMENT INTERNET TOOL

VRE continues to enhance its asset management internet tool, first deployed in 2017. This internet-based tool allows VRE and its consultant partner to manage asset inventories, conduct facility condition assessments, conduct useful life analysis of equipment and vehicles (rolling stock), identify SGR needs, and make informed decisions using the recently developed executive dashboard (below).

This tool is designed to enable user-friendly access to condition assessments and inventories in the office and field. Mobile internet access allows users to input data directly into the database, saving time and eliminating duplication of effort. Forms can be exported to Adobe PDF or Microsoft Excel for use in reports or to conduct additional analyses.
Director of the Virginia Department of Rail and Public Transportation, Jennifer Mitchell, will provide a general overview of the ways the Commonwealth, through DRPT, provides support to VRE.
To: Chair Cristol and the VRE Operations Board
From: Doug Allen
Date: September 20, 2019
Re: Customer Service Survey Results

The customer service survey is conducted in May each year. The results of this year’s survey identified several areas for improvement and reflect riders’ frustrations with reliability and communications during the implementation of positive train control this past spring. On May 22, passengers onboard all northbound VRE and Amtrak cross-honor trains received the survey, which asked them to evaluate VRE operations and system performance. The survey was completed by 6,296, or 62 percent, of the 10,147 riders that morning.

Lower than normal on-time performance (OTP) negatively influenced scores and dominated handwritten comments. Scores were down across the board from last year and below the previous five-year average, which is used to analyze trends. Only 30 percent of passengers rated OTP excellent or very good, well off last year’s high of 87 percent. OTP received the lowest rating of all categories and had the highest variance from the prior year, underscoring the importance of service reliability.

Scores for categories related to communications – whether through email, Train Talk, the VRE website, social media, or announcements on the platforms and trains – were also down. While adjustments implemented after the May Operations Board meeting have made VRE’s communications more effective, these scores indicate our riders’ desire for more timely, accurate and informative messaging, especially as it relates to delays and the impact on their trips. The lessons learned, along with changes made to the communications process, will continue to guide the communications effort, even as performance returns to expected levels.

Even the train crews, who generally enjoy the survey’s highest scores, received lower than normal ratings when it came to timely and frequent delay announcements.
2019 CUSTOMER SERVICE SURVEY
# REPORT CARD

## Survey Results Comparison

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</tr>
</thead>
<tbody>
<tr>
<td>Responsiveness of VRE Staff</td>
<td>90%</td>
<td>91%</td>
<td>90%</td>
<td>92%</td>
<td>94%</td>
<td>86%</td>
<td>-6%</td>
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<tr>
<td>Friendliness of VRE Staff</td>
<td>89%</td>
<td>91%</td>
<td>89%</td>
<td>92%</td>
<td>93%</td>
<td>89%</td>
<td>-2%</td>
</tr>
<tr>
<td>VRE Follow-Up to Delays or Problems</td>
<td>68%</td>
<td>70%</td>
<td>64%</td>
<td>67%</td>
<td>73%</td>
<td>45%</td>
<td>-24%</td>
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<tr>
<td>Lost and Found</td>
<td>68%</td>
<td>73%</td>
<td>68%</td>
<td>72%</td>
<td>72%</td>
<td>62%</td>
<td>-8%</td>
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<tr>
<td>Usefulness of Rail time</td>
<td>79%</td>
<td>79%</td>
<td>72%</td>
<td>74%</td>
<td>76%</td>
<td>55%</td>
<td>-21%</td>
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<tr>
<td>Timeliness of E-mail Responses</td>
<td>64%</td>
<td>66%</td>
<td>64%</td>
<td>67%</td>
<td>72%</td>
<td>48%</td>
<td>-18%</td>
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<tr>
<td>Quality of E-mail Responses</td>
<td>68%</td>
<td>69%</td>
<td>67%</td>
<td>70%</td>
<td>74%</td>
<td>51%</td>
<td>-19%</td>
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<tr>
<td>Timeliness of Social Media Responses</td>
<td>67%</td>
<td>65%</td>
<td>67%</td>
<td>72%</td>
<td>44%</td>
<td>-24%</td>
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<tr>
<td>Quality of Social Media Responses</td>
<td>70%</td>
<td>69%</td>
<td>68%</td>
<td>74%</td>
<td>45%</td>
<td>-25%</td>
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<tr>
<td>Timeliness of Website Information</td>
<td>70%</td>
<td>70%</td>
<td>68%</td>
<td>68%</td>
<td>74%</td>
<td>52%</td>
<td>-18%</td>
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<tr>
<td>Quality of Website</td>
<td>74%</td>
<td>73%</td>
<td>73%</td>
<td>70%</td>
<td>75%</td>
<td>59%</td>
<td>-14%</td>
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<tr>
<td>Quality of Train Talk</td>
<td>72%</td>
<td>70%</td>
<td>71%</td>
<td>72%</td>
<td>78%</td>
<td>56%</td>
<td>-17%</td>
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<tr>
<td>Timeliness of Train Talk</td>
<td>71%</td>
<td>68%</td>
<td>68%</td>
<td>69%</td>
<td>75%</td>
<td>51%</td>
<td>-19%</td>
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<tr>
<td>Overall Communication with Passengers</td>
<td>76%</td>
<td>76%</td>
<td>74%</td>
<td>75%</td>
<td>80%</td>
<td>57%</td>
<td>-19%</td>
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## REPORT CARD

### Survey Ridership Comparison

<table>
<thead>
<tr>
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<tr>
<td>On-time Performance</td>
<td>84%</td>
<td>85%</td>
<td>78%</td>
<td>76%</td>
<td>87%</td>
<td>30%</td>
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<tr>
<td>Cleanliness of Trains</td>
<td>93%</td>
<td>94%</td>
<td>95%</td>
<td>96%</td>
<td>96%</td>
<td>93%</td>
<td>-2%</td>
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<td>Cleanliness of Stations</td>
<td>87%</td>
<td>88%</td>
<td>89%</td>
<td>90%</td>
<td>90%</td>
<td>84%</td>
<td>-5%</td>
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<td>Reliability of Ticket Vending Machines</td>
<td>56%</td>
<td>65%</td>
<td>64%</td>
<td>69%</td>
<td>69%</td>
<td>56%</td>
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<td>Ease of Buying a Ticket</td>
<td>77%</td>
<td>81%</td>
<td>82%</td>
<td>87%</td>
<td>87%</td>
<td>84%</td>
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<td>Ease of Redeeming Subsidized Transportation Benefits</td>
<td>71%</td>
<td>77%</td>
<td>77%</td>
<td>83%</td>
<td>83%</td>
<td>80%</td>
<td>2%</td>
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<tr>
<td>Station Parking Availability</td>
<td>65%</td>
<td>71%</td>
<td>78%</td>
<td>79%</td>
<td>83%</td>
<td>79%</td>
<td>4%</td>
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<tr>
<td>Public Address System On Train</td>
<td>64%</td>
<td>66%</td>
<td>68%</td>
<td>69%</td>
<td>73%</td>
<td>60%</td>
<td>-8%</td>
</tr>
<tr>
<td>Public Address System On Platform</td>
<td>62%</td>
<td>64%</td>
<td>65%</td>
<td>68%</td>
<td>71%</td>
<td>59%</td>
<td>-7%</td>
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<tr>
<td>Timeliness of Platform Information</td>
<td>61%</td>
<td>62%</td>
<td>61%</td>
<td>66%</td>
<td>70%</td>
<td>49%</td>
<td>-15%</td>
</tr>
<tr>
<td>Personal Security at Station &amp; On Train</td>
<td>76%</td>
<td>78%</td>
<td>78%</td>
<td>80%</td>
<td>80%</td>
<td>72%</td>
<td>-6%</td>
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<tr>
<td>Safety of Train Equipment</td>
<td>88%</td>
<td>90%</td>
<td>89%</td>
<td>89%</td>
<td>92%</td>
<td>81%</td>
<td>-8%</td>
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<td>Station Signage</td>
<td>77%</td>
<td>87%</td>
<td>89%</td>
<td>81%</td>
<td>84%</td>
<td>76%</td>
<td>-8%</td>
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<tr>
<td>Lighting at Morning Station</td>
<td>86%</td>
<td>87%</td>
<td>88%</td>
<td>88%</td>
<td>90%</td>
<td>85%</td>
<td>-3%</td>
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<tr>
<td>Lighting at Evening Station</td>
<td>86%</td>
<td>61%</td>
<td>64%</td>
<td>88%</td>
<td>90%</td>
<td>84%</td>
<td>6%</td>
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<tr>
<td>Traffic Circulation</td>
<td>57%</td>
<td>78%</td>
<td>80%</td>
<td>67%</td>
<td>67%</td>
<td>56%</td>
<td>-14%</td>
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<tr>
<td>Level of Fare for Quality and Value of Service</td>
<td>64%</td>
<td>66%</td>
<td>72%</td>
<td>71%</td>
<td>76%</td>
<td>58%</td>
<td>-12%</td>
</tr>
<tr>
<td>Overall Service Quality</td>
<td>88%</td>
<td>88%</td>
<td>89%</td>
<td>90%</td>
<td>93%</td>
<td>72%</td>
<td>-17%</td>
</tr>
</tbody>
</table>
# REPORT CARD

## Survey Ridership Comparison

<table>
<thead>
<tr>
<th>Train Crew Members</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>Δ 5 year average</th>
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<tbody>
<tr>
<td>Are Helpful and Courteous</td>
<td>92%</td>
<td>93%</td>
<td>91%</td>
<td>93%</td>
<td>95%</td>
<td>91%</td>
<td>-2%</td>
</tr>
<tr>
<td>Make Regular Station Announcements</td>
<td>85%</td>
<td>87%</td>
<td>85%</td>
<td>89%</td>
<td>91%</td>
<td>84%</td>
<td>-3%</td>
</tr>
<tr>
<td>Make Timely Delay Announcements</td>
<td>81%</td>
<td>83%</td>
<td>78%</td>
<td>82%</td>
<td>85%</td>
<td>70%</td>
<td>-12%</td>
</tr>
<tr>
<td>Check Tickets Regularly</td>
<td>86%</td>
<td>87%</td>
<td>85%</td>
<td>82%</td>
<td>85%</td>
<td>77%</td>
<td>-8%</td>
</tr>
<tr>
<td>Present a Professional Appearance</td>
<td>94%</td>
<td>96%</td>
<td>95%</td>
<td>95%</td>
<td>96%</td>
<td>95%</td>
<td>0%</td>
</tr>
<tr>
<td>Overall Crew Performance</td>
<td>92%</td>
<td>94%</td>
<td>92%</td>
<td>94%</td>
<td>95%</td>
<td>91%</td>
<td>-3%</td>
</tr>
</tbody>
</table>
To: Chair Cristol and the VRE Operations Board  
From: Doug Allen  
Date: September 20, 2019  
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 12, 2019, VRE issued a Task Order in the amount of $50,069 to Keolis Rail Services Virginia, LLC under the Maintenance Services for Commuter Rail Contract for maintenance and repair services at the Crossroads and Broad Run Maintenance and Storage Facilities to address the HVAC, exhaust fans, overhead cranes and other related systems.

- On July 12, 2019, VRE issued a Task Order in the amount of $98,739 to STV Incorporated dba STV Group Incorporated under the Mechanical Engineering Consulting Services Contract for lifecycle maintenance team support to include alternate material investigations, root cause analysis and review of service reports.

- On July 15, 2019, VRE issued a Task Order in the amount of $58,496 to Vanasse Hangen Brustlin, Inc. under the General Planning Consulting Services Contract to conduct a Phase II Environmental Site Assessment to support real estate acquisition associated with the Broad Run Station Expansion Project.

- On July 16, 2019, VRE issued a Sole Source Purchase Order in the amount of $55,878 to Alban CAT to obtain fuel, oil and air filters for the C27 Caterpillar engines utilized by VRE’s locomotives to provide Head End Power.
• On August 9, 2019, VRE issued a Sole Source Purchase Order in the amount of $55,200 to Paragon Products, LLC to acquire new fuel pumps for VRE’s fleet of MP36 locomotives.

• On August 20, 2019, VRE issued a Task Order in the amount of $98,312 to STV Incorporated dba STV Group Incorporated under the Mechanical Engineering Consulting Services Contract for general engineering support to include review and evaluation of mechanical service requests and associated costs.

• On August 23, 2019, VRE issued a Task Order in the amount of $98,360 to NVE, Inc. under the Maintenance Services for VRE Facilities Contract for installation of conduit, conductors and other electrical components for the Variable Message Signs proof of concept project at the Alexandria and Fredericksburg stations.