



**Virginia Railway
Express**

Gary Skinner
Chairman

Paul Smedberg
Vice-Chairman

Maureen Caddigan
Secretary

Sharon Bulova
Treasurer

John C. Cook
Katie Cristol
John Jenkins
Matt Kelly
Paul Milde
Jennifer Mitchell
Suhas Naddoni
Martin Nohe
Bob Thomas
Jonathan Way

Alternates

Marc Aveni
Jay Fisette
Todd Horsley
Frank Jones
Jeanine Lawson
Jeff McKay
Wendy Maurer
Paul Trampe
Billy Withers

Doug Allen
Chief Executive Officer

1500 King Street, Suite 202
Alexandria, VA 22314-2730

MINUTES

VRE Operations Board Meeting PRTC Headquarters – Prince William County, Virginia February 19, 2016

Members Present	Jurisdiction
Sharon Bulova (NVTC)	Fairfax County
Maureen Caddigan (PRTC)	Prince William County
John C. Cook (NVTC)	Fairfax County
Katie Cristol (NVTC)	Arlington County
John D. Jenkins (PRTC)	Prince William County
Matt Kelly (PRTC)	City of Fredericksburg
Paul Milde (PRTC)	Stafford County
Suhas Naddoni (PRTC)*	City of Manassas Park
Martin Nohe (PRTC)	Prince William County
Gary Skinner (PRTC)	Spotsylvania County
Paul Smedberg (NVTC)	City of Alexandria
Bob Thomas (PRTC)	Stafford County
Jonathan Way (PRTC)	City of Manassas

Members Absent	Jurisdiction
Jennifer Mitchell	DRPT

Alternates Present	Jurisdiction
Todd Horsley	DRPT
Jeanine Lawson (PRTC)	Prince William County

Alternates Absent	Jurisdiction
Marc Aveni (PRTC)	City of Manassas
Jay Fisette (NVTC)	Arlington County
Frank C. Jones (PRTC)	City of Manassas Park
Jeff McKay (NVTC)	Fairfax County
Wendy Maurer (PRTC)	Stafford County
Paul Trampe (PRTC)	Spotsylvania County
Billy Withers (PRTC)	City of Fredericksburg

Staff and General Public	
Doug Allen – VRE	Mason Kushnir – Arlington County
Donna Boxer – VRE	Mike Lake – Fairfax County DOT
JoAnne Carter – PFM	Lezlie Lamb – VRE
Nancy Collins – Stafford County	Mike Lambert – HDR
Kelley Coyner – NVTC Staff	Bob Leibbrandt – Prince William County
Rich Dalton – VRE	Steve MacIsaac – VRE legal counsel
James Davenport – Prince William County	Eric Marx – PRTC staff
Patrick Durany – Prince William County	Betsy Massie – PRTC staff
Rhonda Gilchrest – NVTC Staff	Matthew McDermott – Amec Foster Wheeler
Chris Henry – VRE	Dick Peacock – Citizen
Tom Hickey – VRE	Alexis Rice – VRE
Gerri Hill – VRE	Lynn Rivers – Arlington County
Christine Hoeffner – VRE	Sonali Soneji – VRE
Bryan Jungwirth – VRE	Alex Sugatan – VRE
Amy Keady – VRE	Joe Swartz – VRE
John Kerins – Keolis	Melvin Waldrop – PFM

* Delineates arrival following the commencement of the Board meeting. Notation of exact arrival time is included in the body of the minutes.

Chairman Cook called the meeting to order at 9:04 A.M. Following the Pledge of Allegiance, Roll Call was taken.

Approval of the Agenda – 3

The Closed Session was removed from the Agenda. Mr. Kelly moved, with a second by Ms. Bulova, to approve the Amended Agenda. The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Cristol, Horsley, Jenkins, Kelly, Milde, Nohe, Skinner, Smedberg, Thomas and Way.

Approval of the Minutes of the January 15, 2016 Operations Board Meeting – 4

Mr. Kelly moved, with a second by Mr. Way, to approve the Minutes. The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Cristol, Horsley, Jenkins, Kelly, Milde, Skinner, Smedberg, Thomas and Way. Mr. Nohe abstained.

Chairman's Comments – 5

Chairman Skinner reported that he gave a presentation on VRE at the joint NVTC and PRTC meeting in Richmond on February 11, 2016. His presentation included an overview of VRE activities during 2015 and what's ahead for 2016, including the construction of the new Potomac Shores Station, work on the Gainesville-Haymarket Extension Project, and VRE's Financial Plan.

As part of the Management Audit Recommendations, Chairman Skinner stated he is finalizing the Chief Executive Officer's Review Process. He has asked Mr. Smedberg to serve as Chairman of the CEO Evaluation Committee along with Ms. Caddigan, Mr. Cook, Mr. Kelly and Mr. Way as members. Any other Board members interested in participating are welcome. Comments and recommendations are also encouraged and should be submitted to Mr. Smedberg.

Chairman Skinner stated also as part of the Management Audit Recommendations, staff will be looking at medium-term objectives, which span over the next two-three years. The Board will be periodically updated on progress being made. These objectives include conducting a comprehensive study of current and future staffing needs by discipline and organizational unit; updating human resources functions and procedures; developing a comprehensive IT strategy for VRE staff and customer interfacing systems; and revisiting procurement authorization thresholds.

Chairman Skinner announced the VRE Operations Board will hold a Work Session on the Gainesville-Haymarket Extension Project on July 21, 2016 following a brief Board Meeting. Mr. Allen stated the Operations Board will be briefed on the status of the project at the April meeting and then asked to adopt a draft Locally Preferred Alternative identifying station and yard locations at the July meeting. Formal adoption of the final version will be sought at the November 2016 meeting.

Mr. Allen stated that VRE plans to submit another HB2 application for the Gainesville-Haymarket Extension Project. Mr. Milde noted FAMPO submitted two HB2 applications for

VRE station improvement projects at the Brooke and Leland Stations. He wondered if they would have done better with a VRE endorsement or as a joint application with VRE. Mr. Allen stated that he does not think it would have made a difference but he would be happy to work more directly with FAMPO on future applications.

Chief Executive Officer's Comments –6

Mr. Allen introduced Amy Keady, who is VRE's new Contract Administrator. He provided highlights of safety and security initiatives over the last month. In January, VRE hosted a K9 training event at the Broad Run Yard. The event, sponsored by the Metropolitan Washington Council of Governments, had 70 dog teams participate from the CIA, Defense Intelligence Agency, FBI, and police departments from Arlington County, Fairfax County, George Mason University, Metropolitan Washington Airports Authority, and National Institute of Health, as well as the U.S. Capitol Police and the Virginia State Police.

Mr. Allen reported overall on-time performance for the month of January was 95 percent system-wide with 98 percent on the Manassas Line and 92 percent on the Fredericksburg Line. Average Daily Ridership for January was just under 18,000.

Mr. Allen gave an update on the Burke Centre Station Fence Project, which should be installed in March or April depending on the weather.

At the request of Chairman Skinner at the last meeting, Mr. Allen gave an update on the third track projects. He explained as the third track projects are completed, VRE earns additional train slots. Board Members were provided with a map showing the different third rail track projects. The Hamilton to Crossroads third track project is expected to be completed in March 2016.

VRE Riders' and Public Comment – 7

Board Members welcomed Mr. Peacock back. Mr. Peacock stated that he is pleased to hear the Burke Centre Station Fence Project is moving forward. He also praised the Gainesville-Haymarket Extension Project as a worthwhile project.

Consent Agenda – 8

Mr. Smedberg requested Item #8A be pulled from the Consent Agenda for discussion.

On a motion by Ms. Caddigan and a second by Ms. Bulova, the Board unanimously approved the following Consent Agenda Item:

- Resolution #8B-02-2016: Authorization to Issue an Invitation for Bid (IFB) for Repair and Overhaul of Air Brake Equipment

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

Authorization to Issue a Request for Proposals for Federal Legislative Services – 8A

Mr. Allen stated Resolution #8A-02-2016 would authorize him to issue a Request for Proposals (RFP) for Federal Legislative Services for a three-year base period with up to two additional one-year options.

[Mr. Naddoni arrived at 9:26 A.M.]

Mr. Allen explained over the last months VRE has been interacting with the offices of members of Congress, the Federal Rail and Transit Administrations on issues including Positive Train Control, the definition of the Northeast Corridor, Commuter Benefits, the reauthorization of the FAST Act Transportation Bill, and Commuter Rail Liability. This was initially done through a short-term contract, but staff feels there is an ongoing need for these types of services. With the new rail funding programs included in the FAST Act legislation, having expertise would be helpful when looking for funding opportunities. An Example of a project that could use this type of funding is the Long Bridge Project.

Mr. Smedberg stated coordination with NVTC and PRTC on these legislative issues is important. Mr. Allen stated VRE is already coordinating with the Commissions. Regarding financial impact, Mr. Smedberg asked about the current retainer amount. Mr. Allen stated that the recent short-term contract was for a \$5,000 a month. The retainer for the services in the RFP are estimated to be between \$5,000-\$10,000 per month. Mr. Allen agreed to bring the contract award back for Board action regardless of the contract amount.

Mr. Cook stated there is some benefit to having legislative expertise on the Fast Act provisions and other legislation. However, he is not in favor of hiring legislative services to provide legislative briefings to the Board or outreach to congressional delegation members. Operations Board Members already have those relationships and he would not want to delegate that responsibility to a lobbyist. He stated he would like to see this level of detail outlined in the RFP. Ms. Bulova stated she is supportive of the requested action. Fairfax County has a federal lobbyist and in-house legislative staff. She suggested when there are opportunities for coordination and aligning resources, VRE should coordinate with the jurisdictions.

In response to a question from Ms. Cristol, Mr. Allen gave an overview of VRE's state legislative contract with Aimee Perron Seibert to assist VRE at the state level. NVTC also retains her services through a separate contract.

Mr. Nohe requested the revised RFP be circulated to Board Members to make sure it has the correct level of specificity. In response to a question from Mr. Milde, Mr. Allen stated that his experience shows that the money spent for this type of service has a good return on the investment.

Ms. Bulova moved, with a second by Mr. Nohe, to approve Resolution #8A-02-2016. The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Cristol, Horsley, Jenkins, Kelly, Milde, Naddoni, Nohe, Skinner, Smedberg, Thomas and Way.

Concurrence with Financial Plan Direction – 9A

Mr. Allen asked the Operations Board to recommend Commission adoption of the VRE Financial Plan: Key Findings and Strategic Direction, which indicates their concurrence with the results of the Financial Plan analysis. This will assist in the process of identifying additional funding sources to implement this direction. Resolution #9A-02-2016 would accomplish this.

Mr. Allen stated as part of VRE's State Legislative Agenda, VRE is seeking a budget amendment to ask the Commonwealth Transportation Board (CTB) to review VRE's System Plan and financial analysis to see how VRE will benefit the Corridors of Statewide Significance.

Ms. Boxer gave an overview of the work done by VRE and PFM, including the Key Findings. In response to a question from Mr. Smedberg, Ms. Boxer stated one of the assumption is a three percent fare increase and three percent subsidy increase alternating every other year. It was agreed this assumption should be added to Attachment 9A.1, which includes Key Findings and Direction.

Ms. Hoeffner gave an overview of the two scenarios: Natural Growth and System Plan 2040. Mr. Kelly asked for the breakdown of operational costs.

Following a discussion regarding debt, Mr. Cook stated annual operating costs need to include debt service, operation revenue and operational costs in the overall number. Ms. Boxer stated debt service was not included because no additional debt was assumed. The cost is in capital, but it can be moved to be included in annual operating costs if borrowing is assumed.

Mr. Way observed under the System Plan 2040 scenario, off-peak trains will have less ridership but the farebox recovery rate basically remains the same between the two scenarios. Ms. Boxer explained it is partly due to the more efficient use of crews, facilities and equipment. Currently, VRE is paying for mid-day storage of trains, as well as hotels for crews to wait for evening service. VRE is getting no revenue during that time. With additional service, VRE runs more efficient service. Ms. Hoeffner also explained there is an expectation there will be an increase in ridership during peak periods, which results in boost in revenue by maximizing that core market.

In response to a question from Mr. Way, Ms. Hoeffner confirmed the System Plan 2040 scenario does not include system expansion outside of the current service territory. The only extension would be to Gainesville-Haymarket.

Melvin Waldrup from PFM summarized capital expenditures and funding for the Natural Growth and System Plan 2040 scenarios. Mr. Kelly observed both scenarios project growth in ridership. Parking is crucial to that growth. Mr. Waldrup stated parking expansion is built into the scenarios. Ms. Hoeffner explained the System Plan 2040 scenario is not an all or nothing plan; projects can come on-line as funding is identified.

Mr. Smedberg asked about the assumption of state assistance. Ms. Boxer stated that VRE talked with DRPT about projections. It is assumed operating will go down slightly and then

stay steady. For access fees, the state is currently paying 84 percent (predicted to stay the same through 2020) but that will drop to 50 percent.

Mr. Cook stated it is important to remember there are unfunded amounts to both scenarios. There is a limit to fare and subsidy increases. Therefore, the gap has to be filled with state funding. Ms. Bulova observed the resolution acknowledges there is a gap.

Ms. Boxer clarified the assumptions include existing state and federal operating programs, as well as VRE continuing to look for discretionary programs and new funding sources.

Mr. Cook suggested two slides should be added to the presentation. One explaining the baseline assumption of a three percent fare increase and three percent subsidy increase every other year. The next slide should explain both scenarios have unfunded sources. It needs to be obvious that the gap cannot be filled with additional fares and subsidies.

Mr. Nohe stated the value of the Financial Plan is to help VRE make decisions to get closer to the goal. The value of the presentation is to help colleagues at the local government level, state and federal legislators, agencies and the public to understand what VRE is up against. The existence of the unfunded gap is really important for people to understand. Unless the economic and political climates change dramatically, these other potential sources are not very realistic. It is that fact that helps VRE explain to the public, if they want longer trains, expanded service, the Gainesville-Haymarket extension, it means more local money is needed.

In response to Mr. Nohe's comments, Mr. Cook stated increased subsidies are already part of the assumptions. \$50-60 million is needed in state funding to fill the gap. The public needs to understand there will be no Gainesville-Haymarket Extension without state funding. The presentation needs to be simple and clear there needs to be a gas tax floor and future dedicated funding for VRE. Ms. Boxer stated the analysis showed VRE will eventually go out of business without additional revenue.

Mr. Way moved, with a second by Ms. Bulova, to approve Resolution #9A-02-2016.

Ms. Boxer suggested a wording change to Attachment 9.A. to read: "Operating expenses will escalate and additional revenue will be needed for VRE to be financially balanced over the long term, even assuming a 3% increase to fares and local subsidies in alternating years."

Chairman Skinner asked if VRE growth projections are realistic. Ridership will only increase as natural growth increases in the localities. Spotsylvania County has only increased population by one percent annually over the last four years. Ms. Hoeffner stated projections are calculated based on the tools available, which are growth projections developed by the Metropolitan Washington Council of Governments. They are traditionally used in transportation planning and projecting ridership. Data is provided by the jurisdictions and consolidated by MWCOC into a region wide projection. It is a 2.4 percent average growth per year. Also, VRE is capturing a larger portion of the growth in Spotsylvania because the growth is happening around the VRE stations.

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

Program Management Services – 10A

This agenda item was not discussed and will be brought back for the March meeting.

2016 Operations Board Action Calendar – 10B

Mr. Allen stated the calendar reflects scheduled committee meetings, updates and significant action items currently anticipated. Additional items will be presented as needed.

Legislative Update – 10C

Mr. Jungwirth gave a brief overview of legislative actions in the General Assembly that pertain to VRE. He reported all gas tax bills were included in Senator Wagner's SB742, which includes the gas tax floor, a gas tax increase from 2.1 to 3.0 percent in Northern Virginia and a floating gas tax in Hampton Roads. SB742 passed the Senate and now is in the House. Ms. Coyner stated this is an important time to convey to legislators the need for a gas tax floor. Mr. Marx stated the increase in the gas tax to three percent has an offset. Currently tax is collected for all grades at the regional level. The proposed legislation would change it to tax only regular gas at a statewide level.

Mr. Cook stated it is important for legislators who have expressed support for the Gainesville-Haymarket Extension Project to understand how critical support for the gas tax floor is to getting these types of projects funded.

The Board discussed drafting a letter urging support for the gas tax floor. Ms. Coyner stated NVTC is preparing to send something later today and she offered to share it with VRE. Mr. Way stated the letter should not just list the Gainesville-Haymarket project, but also the sustainability and viability of VRE depends on the gas tax floor.

After further discussion, the Board decided the letter should be a joint letter from VRE, NVTC, PRTC and NVTVA. Mr. Marx observed that this letter shouldn't take the place of individual Board members contacting legislators regarding their support of the gas tax floor.

Spending Authority Report – 10D

Mr. Allen stated there were no expenditures to report for January.

Operations Board Members Time – 11

There were no comments.

Adjournment

Ms. Bulova moved, with a second by Mr. Way, to adjourn. Without objection, Chairman Cook adjourned the meeting at 11:15 A.M.

Approved this 18th day of March 2016.

Signature on File

Gary F. Skinner

Chairman

Signature on File

Maureen Caddigan

Secretary

CERTIFICATION

This certification hereby acknowledges that the minutes for the February 19, 2016 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.



Rhonda Gilchrest