



**Virginia Railway
Express**

Paul Smedberg
Chairman

Maureen Caddigan
Vice-Chairman

Katie Cristol
Secretary

Paul Milde
Treasurer

Sharon Bulova
John C. Cook
John D. Jenkins
Matt Kelly
Jennifer Mitchell
Suhas Naddoni
Martin Nohe
Pamela Sebesky
Gary Skinner
Bob Thomas

Alternates

Ruth Anderson
Pete Burrus
Hector Cendejas
Libby Garvey
Jeanine Lawson
Jeff McKay
Wendy Maurer
Paul Trampe
Billy Withers
Mark Wolfe

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 17, 2017

Members Present	Jurisdiction
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
Martin Nohe (PRTC)	Prince William County
Pamela Sebesky (PRTC)	City of Manassas
Gary Skinner (PRTC)	Spotsylvania County
Paul Smedberg (NVTC)	City of Alexandria
Bob Thomas (PRTC)	Stafford County

Members Absent	Jurisdiction
Sharon Bulova (NVTC)	Fairfax County
Maureen Caddigan (PRTC)	Prince William County
Jennifer Mitchell	DRPT
Suhas Naddoni (PRTC)	City of Manassas Park

Alternates Present	Jurisdiction
Ruth Anderson (PRTC)	Prince William County
Pete Burrus	DRPT
Libby Garvey (NVTC)*	Arlington County

Alternates Absent	Jurisdiction
Hector Cendejas (PRTC)	City of Manassas Park
Jeanine Lawson (PRTC)	Prince William County
Jeff McKay (NVTC)	Fairfax County
Wendy Maurer (PRTC)	Stafford County
Paul Trampe (PRTC)	Spotsylvania County
Billy Withers (PRTC)	City of Fredericksburg
Mark Wolfe (PRTC)	City of Manassas

Staff and General Public	
Doug Allen – VRE	Scott Kalkwarf – NVTC
Monica Backmon – NVTA	John Kerins – Keolis
Donna Boxer – VRE	Cindy King – VRE
Alex Buchanan – VRE	Mike Lake – Fairfax County
James Davenport – Prince William DOT	Lezlie Lamb – VRE
Paul Dean – VRE	Bob Leibbrandt – Prince William County
Greg Deibler – VRE	Steve MacIsaac – VRE legal counsel
John Duque – VRE	Diana Marquez-Benz – VRE
Rhonda Gilchrest – NVTC	Eric Marx – PRTC
Chris Henry – VRE	Matthew McDermott – Amec Foster Wheeler
Tom Hickey – VRE	Lynn Rivers – Arlington County
Gerri Hill – VRE	Joe Swartz – VRE
Christine Hoeffner – VRE	Ciara Williams – DRPT
Pierre Holloman – City of Alexandria	Detrius Williams – VRE

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

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

Approval of the Agenda – 3

Chairman Smedberg stated the Agenda is amended to move Agenda Item #9C “Gainesville-Haymarket Extension Study Update” to immediately following the action items. He also noted a Closed Session is not needed. There were no objections.

Mr. Kelly moved, with a second by Mr. Milde, to approve the Amended Agenda. The vote in favor was cast by Board Members Anderson, Burrus, Cook, Cristol, Kelly, Milde, Nohe, Sebesky, Skinner, Smedberg and Thomas.

Approval of the Minutes of the January 27, 2017 Operations Board Meeting – 4

Mr. Milde moved, with a second by Mr. Skinner, to approve the Minutes. The vote in favor was cast by Board Members Burrus, Cook, Cristol, Kelly, Milde, Nohe, Skinner and Smedberg. Ms. Anderson, Ms. Sebesky and Mr. Thomas abstained.

Chairman’s Comments – 5

Chairman Smedberg welcomed a new Board Member, Pamela Sebesky, who serves on the Manassas City Council and is replacing Mr. Way on the Operations Board. He also welcomed Ruth Anderson, who serves on the Prince William County Board of Supervisors and has been appointed to serve as an Alternate on the Operations Board. She sat in for Ms. Caddigan.

Chief Executive Officer’s Report – 6

Mr. Allen gave an update on recent security and safety initiatives for January. VRE worked closely with Amtrak to provide safe service for the Presidential Inauguration activities. VRE staff also met with Norfolk Southern’s safety division to discuss safety issues. Mr. Allen reported on-time performance (OTP) for the month of January was 94 percent (96 percent on the Manassas Line and 93 percent on the Fredericksburg Line). Average Daily Ridership was strong at 19,900, which is a 10 percent increase compared to the same time last year.

[Mr. Jenkins arrived at 9:09 A.M.]

Mr. Allen invited Board Members to participate in the next scheduled Board Member Orientation on March 3rd or other ones being regularly scheduled in the future. He also introduced two new employees: Cindy King, Marketing Administrator, and Diana Marquez-Benz, Revenue Accountant.

Mr. Allen reported on February 8th he and Mr. Dalton met with Charles “Wick” Moorman, the new President and Chief Executive Officer of Amtrak, to discuss projects of interest to VRE, including mid-day storage and the Alexandria King Street Station. In response to a question from Chairman Smedberg, Mr. Allen stated the King Street Station is owned by

Amtrak (it was later confirmed the station is owned by the City of Alexandria and leased by Amtrak).

Mr. Allen stated staff is monitoring General Assembly legislation. He thanked Mr. Cook for accompanying him to meet with legislators to discuss the importance of VRE's long-term viability. Mr. Allen reported the Federal Transit Administration has announced it will withhold Section 5307 grant funds from Virginia until the Metro Safety Commission (MSC) is created, which will impact VRE funding. The General Assembly is currently considering legislation to create the MSC.

Mr. Jenkins announced the passing of Michele McQuigg, Prince William County's Clerk of the Circuit Court, on February 15, 2017. She had also served on the Prince William County Board of Supervisors and the Virginia House of Delegates.

Chairman Smedberg recognized the arrival of Libby Garvey, an Arlington County Board Member, who is a new Alternate on the VRE Operations Board. He invited her to the table. (She participated in the discussion but did not vote.)

VRE Riders' and Public Comment – 7

There were no comments.

Recommend Approval of Rail Enhancement Fund Applications and Authorization of Funds from Capital Reserves as Required Match – 8A

Mr. Allen asked the Operations Board to recommend approval of the submission of two rail Enhancement Fund (REF) applications. The first application is for L'Enfant Station Improvements and Fourth Track in the amount of \$3,180,000 and the second is for the Crystal City Station Improvements in the amount of \$1,010,000. Resolution #8A-02-2017 would recommend this as well as authorize the use of funds from capital reserves in the amount of \$303,000 as match to the REF grant for the Crystal City project.

Ms. Cristol moved, with a second by Mr. Milde, to approve Resolution #8A-02-2017.

Ms. Cristol stated she is happy to see the Crystal City Station project moving forward and asked for more information about the design phase. Mr. Hickey gave an overview of the design process. He explained the preliminary engineering and NEPA study for both locations are included in this design phase, which will be followed by the final design and construction phase. Funding strategies for the construction phase have yet to be identified. Mr. Nohe observed this action will use VRE capital reserve funds to advance a design study to the next stage of the project to the 30 percent level.

The Board then voted on the motion and it passed. The vote in favor was cast by Board Members Anderson, Cook, Cristol, Jenkins, Kelly, Milde, Nohe, Sebesky, Skinner, Smedberg and Thomas. Mr. Burrus abstained.

Authorization to Amend the Contract for Security Services – 8B

Chairman Smedberg stated the Operations Board is being asked to authorize the Chief Executive Officer to amend the current contract with SOS Security LLC of Parsippany, New Jersey for security services with an authorized amount of \$1,546,226, increasing the authorization by \$755,000 for a new total amount not to exceed \$2,301,226. Resolution #8B-02-2017 would accomplish this.

Mr. Allen explained these security services are needed for a wide variety of reasons, including making sure there is adequate security coverage at the storage yards, for active construction, and at project locations. In response to a question from Mr. Milde, Mr. Allen explained the increase in costs reflects an increase in needed security as a result of new construction. In response to a question from Mr. Skinner, Mr. Deibler stated this action is adding value to the current contract and is not a new procurement. New Horizons Security of Manassas, Virginia is VRE's current security contractor and has been recently acquired by SOS Security LLC.

Mr. Jenkins moved, with a second by Ms. Cristol, to approve Resolution #8B-02-2017. The vote in favor was cast by Board Members Anderson, Burrus, Cook, Cristol, Jenkins, Kelly, Milde, Nohe, Sebesky, Skinner, Smedberg and Thomas.

Authorization to Issue an MEC VI Task Order for the Cab Control Car Holding Brake Modification –8C

Chairman Smedberg stated the Operations Board is being asked to authorize the CEO to issue a Task order to STV, Inc., under the MEC VI Contract to support VRE with the installation of the Cab Control Car Holding Brake Modification in the amount of \$107,232, plus a 10 percent contingency of \$10,723, for a total amount not to exceed \$117,955. Resolution #8C-02-2017 would authorize this.

Mr. Milde moved, with a second by Mr. Skinner, to approve Resolution #8C-02-2017. The vote in favor was cast by Board Members Anderson, Burrus, Cook, Cristol, Jenkins, Kelly, Milde, Nohe, Sebesky, Skinner, Smedberg and Thomas.

Gainesville-Haymarket Extension Study Update –9E

Mr. Allen gave a brief status of what has transpired since the last VRE Operations Board meeting. VRE staff has met with Supervisors Nohe and Lawson, as well as Prince William County staff. Even though there has been acquisition of potential sites for the Broad Run Alternative, he stated VRE staff has determined there is still a viable site option at the current station site, although there could be additional costs, more needed coordination with Norfolk Southern, and land use issues.

Mr. Nohe stated in his view if this decision were easy, it would be the Gainesville extension. But there are major hurdles to overcome. The Prince William County Board needs to decide how the County wants to proceed. He is confident the County Board will make a decision soon, but he is less confident about what the decision will be. He explained the variables that create the challenges for Prince William County in making the decision of the two options. He hopes Prince William County staff can bring a recommendation to the County

Board at its March 7th meeting with action requested at the March 14th meeting, so it can be brought to the VRE Operations Board for its March 17th meeting.

Mr. Milde stated he will not be present for the March 17th meeting but he would vote against any option other than an extension to Gainesville, even though it will be more expensive. The I-66 and I-95 corridors will continue to grow.

Mr. Skinner asked about the timeline. Mr. Allen stated the first priority for either option (Broad Run Alternative or Gainesville extension) is to seek Norfolk Southern's approval.

The Board then had a lengthy discussion about funding options and challenges. Mr. Cook stated he does not pretend the answer is easy. He stated it might be helpful to hear from the state on funding. Mr. Burrus stated VRE has had a very successful ranking in the Smart Scale application process for platform improvements. However, the Smart Scale program has its fiscal limitations because there is only so much funding and a lot of transportation demand across the Commonwealth. For a perspective on federal funding challenges, Virginia's federal FASTLANE \$1.4 billion application for the Atlantic Gateway project included \$495 million in rail projects, but only received \$45 million for rail projects. He observed multiple funding sources for either GHX option will be needed for a project of this size.

Mr. Cook asked if funding is used to continue to study a Gainesville extension and then in the future determine VRE cannot acquire the needed funding, is it too late to shift back to the Broad Run Alternative option. He stated he would like to see a timeline of decision points and their ramifications. He also observed there are still funding challenges for operating costs associated with a Gainesville extension. He asked what assurances Prince William County can give that it can meet those funding obligations. It affects VRE and the other jurisdictions because there is a lot of funding at stake.

Ms. Anderson asked for staff to explain why the Gainesville-Haymarket extensions would not be considered competitive for New Starts funding. Mr. Allen explained the federal government uses a combination of criteria regarding ridership and land use potential. FTA is interested in extension projects that carry high volumes of daily riders. VRE carries a smaller number of people, but over longer distances. A VRE extension to Gainesville-Haymarket would not compete well with other New Starts projects. The Broad Run Alternative option would likely compete well for federal Core Capacity funding.

Briefing by DRPT on CTB Review of VRE 2040 Plan and Financial Plan – 9B

Mr. Burrus stated Virginia House Bill 30 instructed the Commonwealth Transportation Board's Rail Committee to review the VRE System Plan 2040 and other long-range planning efforts. In consultation with the CTB Rail Committee, DRPT conducted the review and submitted a report to the General Assembly. Mr. Burrus stated the scope of the review was estimating methodology, long-term service costs, and assumptions on funding resources. He reviewed the key findings:

- VRE's methodology is consistent with industry standards and regional growth expectations.

- VRE's system is poised to see significant gains in ridership by 2040 proportional to the investments made per the plan.
- VRE operating expense levels fall within industry norms.
- VRE has maintained 50 percent farebox recovery ratios.
- VRE fare structure is comparable to other systems.
- Additional analysis is needed to determine potential for changes to VRE's fare structure.
- VRE System Plan 2040 projects five percent biennial growth. Strategic Financial Forecast reduced this to three percent.
- Approximately nine percent of riders come from outside jurisdictions.
- State operating subsidies have been flat and VRE is assuming no growth for this source of revenue.
- Assuming state revenue growth consistent with the CPI would help VRE's operations funding challenges.

Mr. Burrus stated the report concludes VRE's concern regarding its long-term financial challenges are founded. The report calls for VRE to further study fare elasticity and to pursue higher growth in local subsidies. The state subsidy should maintain growth with CPI for operations. The full implementation of System Plan 2040 could have a significant positive effect on traffic volumes in the I-95 and I-66 corridors. He stated existing VRE ridership provides service levels similar to about 36 miles of interstate capacity, worth up to \$5.4 billion. VRE's Natural Growth Scenario provides service levels similar to approximately 58 lane miles of interest which could be valued as high as \$5.5-\$8.7 billion. The full implementation of VRE's System Plan 2040 benefit could equate to as much as 96 lane miles of travel demand today which could be valued as high as \$9-\$14 billion. In comparison, the projected capital cost for VRE's System Plan 2040 is \$4.1 billion. The cost to close the funding gap (\$15.5 million annually by 2040) is far less than just the construction of a mile of interstate in the I-66 corridor (\$95 million per mile).

Mr. Skinner observed in regards to increased jurisdictional subsidies, low gas prices are impacting gas tax revenues and there will be a point when some jurisdictions' subsidies will be more than the revenue they receive.

Mr. Cook thanked Mr. Burrus for this presentation. He stated it would be helpful for staff to look at an annual two percent fare increase and two percent subsidy increase compared to the current three percent every other year. He stated it is also unrealistic for the state to flat line its contribution for operating funds, so he is glad to see this addressed in the report. He asked if these changes could close the \$15 million gap over time.

Mr. Allen noted the report confirms riders are paying their fair share of the costs. Currently, VRE's farebox recovery is 58 percent, which is one of the highest in the country. The report also confirms the jurisdictions are doing their share. VRE service is in Corridors of Statewide Significance (COSS) and this study demonstrates the legitimate reason to ask the state to help with more funding.

Ms. Cristol thanked DRPT for validating VRE's argument for the need for additional funding. This report will be valuable as VRE prepares for the 2018 General Assembly

Session. Mr. Milde stated this study would also be helpful to make the argument for gas tax floor legislation. Mr. Burrus noted the study did not address this legislation.

Mr. Skinner asked for an electronic version of the report. Mr. Jenkins asked for the House document number for future reference and documentation. Mr. Allen stated staff plans to summarize the findings of the report in the next several months and will provide that information as well. Chairman Smedberg suggested using this information in conjunction with VRE's 25th anniversary. VRE has a great history and a great story—this study validates it.

Mr. Skinner asked about evaluating fare elasticity. Mr. Burrus explained it is complicated and will require a regional approach. He encouraged VRE to use expert technical support.

[Mr. Milde left the meeting at 10:46 A.M.]

VRE Positive Train Control (PTC) Implementation Plan Update – 9A

Mr. Allen reported VRE has been working to implement its Positive Train Control (PTC) requirements prior to the December 31, 2018 federal deadline with close coordination with the host railroads. VRE has installed the on-board PTC equipment on all VRE locomotives and cab control cars; procured a third-party provider for Hosted Back Office Service; developed training programs for operations and maintenance staff; submitted a revised PTC Implementation Plan; and surveyed for wayside Wi-Fi hotspots for software updates and crew initializations.

In response to a question from Mr. Skinner, Mr. Allen stated the primary focus is to procure and install Wi-Fi hotspots to support PTC, which will be completed before the first half of 2017, and then determine the capacity for providing Wi-Fi for passengers.

Ms. Cristol asked what happens if VRE has met all its PTC requirements, but the host railroads do not meet the deadline. Mr. Allen responded he does not see this happening since the host railroads are tracking to meet the deadline. Mr. Deibler stated VRE will receive a system safety certification by the Federal Railroad Administration.

VRE Operations Board Committee Assignments – 9C

Chairman Smedberg noted the written report lists the members of the various VRE committees, including the CEO Evaluation Committee, Capital Committee, and Audit Committee. Ms. Cristol is the new Chair of the Capital Committee.

Spending Authority Report – 9D

Mr. Allen stated the written report includes one reportable expenditure, which is a Purchase Order for \$57,500 to Fredericksburg Limousine for Passenger Shuttle Services at the Franconia-Springfield VRE Station to provide temporary shuttle service necessary due to elevator repairs on the Metro side of the station pedestrian bridge.

Operations Board Members Time – 11

Mr. Kelly stated FAMPO has set up a special committee to review the Smart Scale process because of significant concerns about changing rules during the application process and how congestion is evaluated. One question that impacts VRE is why projects in Spotsylvania County supporting VRE are not rated based on their overall impact to the entire system, which goes beyond jurisdictional lines. He stated committee recommendations are expected in April.

Mr. Kelly also noted Smart Scale projects in the southern jurisdictions could be in potential conflict with other projects in the north, such as the Gainesville-Haymarket Extension. Speaking for the smaller jurisdictions, Mr. Kelly stated the cities have seen reductions in funding for transportation and for maintenance of the roads. More and more transportation funds are being used to maintain their roads.

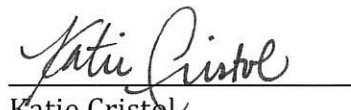
Adjournment

On a motion by Mr. Nohe and a second by Ms. Cristol, Chairman Smedberg adjourned the meeting at 10:56 A.M.

Approved this 17th day of March 2017.



Paul C. Smedberg
Chairman



Katie Cristol
Secretary

CERTIFICATION

This certification hereby acknowledges that the minutes for the February 17, 2017 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.



Rhonda Gilchrest