

VRE OPERATIONS BOARD MEETING

April 16, 2021



*The meeting will begin
momentarily*

Meeting materials are available at
vre.org/about/board/board-agenda-minutes/2021/April



Roll Call



Andrea Bailey
Prince William County



Preston Banks
Manassas Park



Elizabeth Bennett-Parker
Alexandria



Meg Bohmke
Stafford County



Katie Cristol
Arlington County



Margaret Franklin
Prince William County



Matt Kelly
Fredericksburg



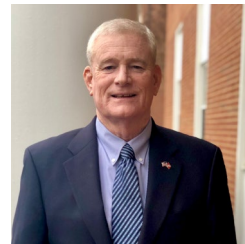
Jeanine Lawson
Prince William County



Mike McLaughlin
Virginia DRPT



Cindy Shelton
Stafford County



Gary Skinner
Spotsylvania County



Ralph Smith
Manassas



Dan Storck
Fairfax County



James Walkinshaw
Fairfax County



Resolution Finding the Need to Conduct the April 16, 2021 Operations Board Meeting Electronically

The declared emergency makes it both impracticable and unsafe for the VRE Operations Board to assemble in a single location on April 16, 2021, to discuss and transact the business of the VRE Operations Board.

Meeting by electronic means is authorized because the nature of the declared emergency makes it both impracticable and unsafe for the Operations Board to assemble in a single location on April 16, 2021, to discuss and transact the business of the Operations Board listed on the on April 16, 2021, Operations Board meeting agenda.

Meeting by electronic means is authorized because the items on the on April 16, 2021, Operations Board meeting agenda are statutorily required or necessary to continue operations of the Operations Board and the discharge of the Operations Board's lawful purposes, duties and responsibilities.

Items on the on April 16, 2021, Operations Board meeting agenda are encompassed within the continuity of operations ordinances adopted by several member localities of the Virginia Railway Express Operations Board to assure the continued operation of the government during the disaster posed by the public health emergency resulting from COVID-19.



Elizabeth Bennett-Parker
Chair
City of Alexandria



Approval of Agenda

1. Roll Call
2. Consent Agenda
 - A. Finding Need to Conduct the April 16, 2021 VRE Operations Board Meeting Electronically
 - B. Approval of Agenda
 - C. Authorization to Issue an Invitation for Bids for Repair and Overhaul of Air Brake Equipment
 - D. Authorization to Issue an Invitation for Bids for Rehabilitation of Wheelsets and Traction Motor Assemblies
3. Approval of Minutes from the March 19, 2021 VRE Operations Board Meeting
4. Chair's Comments
5. Chief Executive Officer's Report
6. VRE Riders' and Public Comment
7. Action Items
 - A. Authorization to Exercise a Contract Option and Amend a Task Order for Maintenance Services for VRE Facilities
7. Action Items (continued)
 - B. Authorization to Exercise a Contract Option for Custodial and Seasonal Services for VRE Facilities
 - C. Authorization to Execute Right of Entry Agreement for MCBQ Construction Activities Adjacent to the VRE Quantico Station Parking Lot
 - D. Recommend Authorization to Execute the Amended and Restated Operating Access Agreement and Amend the Master Lease Agreement with CSX
8. Information Items
 - A. Spending Authority Report
 - B. Construction Manager/General Contractor (CM/GC) Alternative Delivery Method
 - C. Use of Federal Relief Funds in the FY 2022 Operating Budget
9. Closed Session
10. Operations Board Members' Time



Authorization to Issue an Invitation for Bids for Repair and Overhaul of Air Brake Equipment

Summary:

This resolution will authorize a solicitation for the performance of required periodic maintenance of rolling stock air brake equipment as well as repairs following a malfunction or failure of service.

Authorization to Issue an Invitation for Bids for Rehabilitation of Wheelsets and Traction Motor Assemblies

Summary:

This resolution will authorize a solicitation for the rehabilitation of Gallery IV railcar wheelsets and locomotive traction motor assemblies. The contractor shall pick up and return wheelsets and traction motor assemblies to VRE's Maintenance and Storage facilities in Bristow and Fredericksburg, Virginia.



Elizabeth Bennett-Parker
Chair
City of Alexandria



Rich Dalton
VRE CEO



Approval of Minutes

March 19, 2021

WebEx Electronic Meeting with YouTube Live-Stream

Members Present

- Walter Alcorn (NVTC)
- Andrea Bailey (PRTC)
- Preston Banks (PRTC)
- Elizabeth Bennett-Parker (NVTC)
- Meg Bohmke (PRTC)
- Katie Cristol (NVTC)
- Margaret Franklin (PRTC)
- Jeanine Lawson (PRTC)
- Cindy Shelton (PRTC)
- Gary Skinner (PRTC)
- Dan Storck (NVTC)
- James Walkinshaw (NVTC)

Members Absent

- Matt Kelly (PRTC)
- Jennifer Mitchell (DRPT)
- Ralph Smith (PRTC)

Alternates Present

- Mike McLaughlin (DRPT)

Jurisdiction

- Fairfax County
- Prince William County
- City of Manassas Park
- City of Alexandria
- Stafford County
- Arlington County
- Prince William County
- Prince William County
- Stafford County
- Spotsylvania
- Fairfax County
- Fairfax County

- City of Fredericksburg
- Commonwealth of Virginia
- City of Manassas

- Commonwealth of Virginia



Elizabeth Bennett-Parker

VRE Operations Board Chair
City of Alexandria



Chair's Comments

Welcome everyone to the April VRE Operations Board meeting.

As a reminder, there will be a closed session as part of today's meeting and, afterwards, a Finance Committee meeting.



Elizabeth Bennett-Parker

VRE Operations Board Chair
City of Alexandria



Chair's Comments





Chair's Comments

Last week the Virginia Passenger Rail Authority (VPRA) Board appointed its first executive director. DJ Stadtler assumes his new role at the VPRA after spending the last 12 years as an executive vice president at Amtrak and prior to that working for the Federal Railroad Administration. Mr. Stadtler has joined us today and I will ask him to introduce himself and offer a few remarks.



DJ Stadtler
VPRA Executive Director



CEO Report

- Safety/COVID-19 Update
- Ridership
- Performance
- Project Spotlight



Rich Dalton

VRE CEO

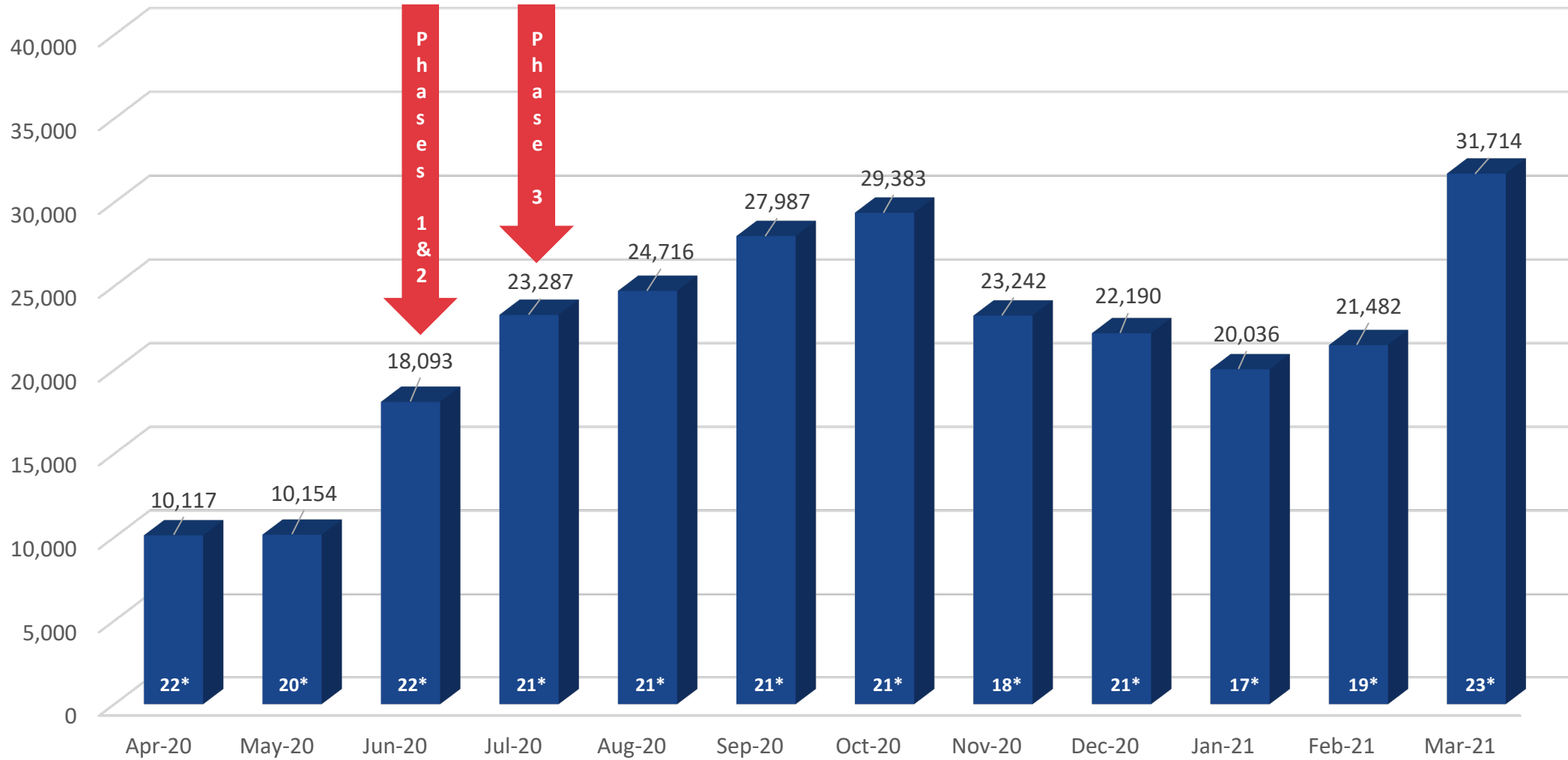


CEO Report – Safety / COVID 19 Update





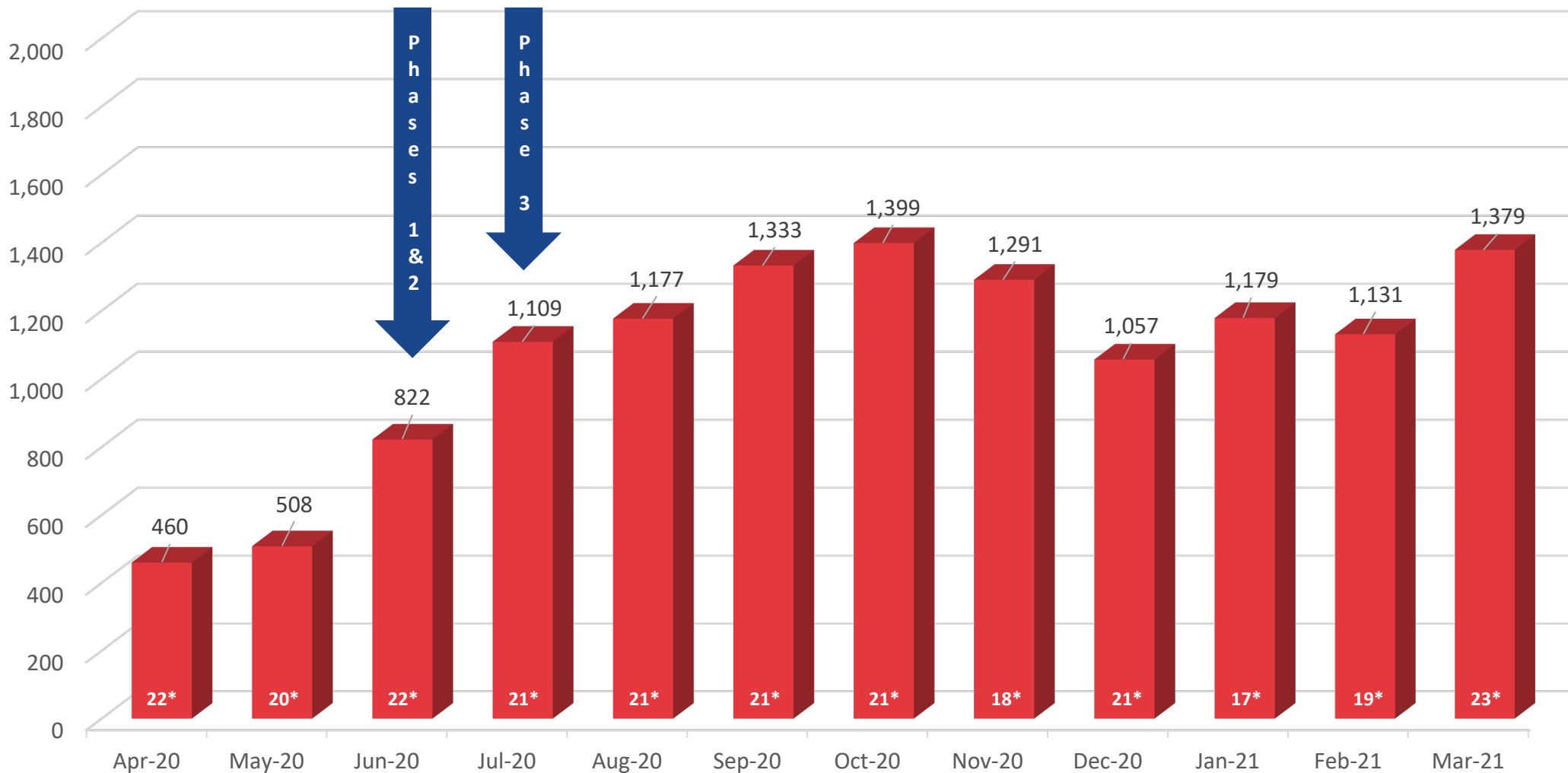
CEO Report – Monthly Ridership



*service days per month



CEO Report – Monthly Average Daily Ridership

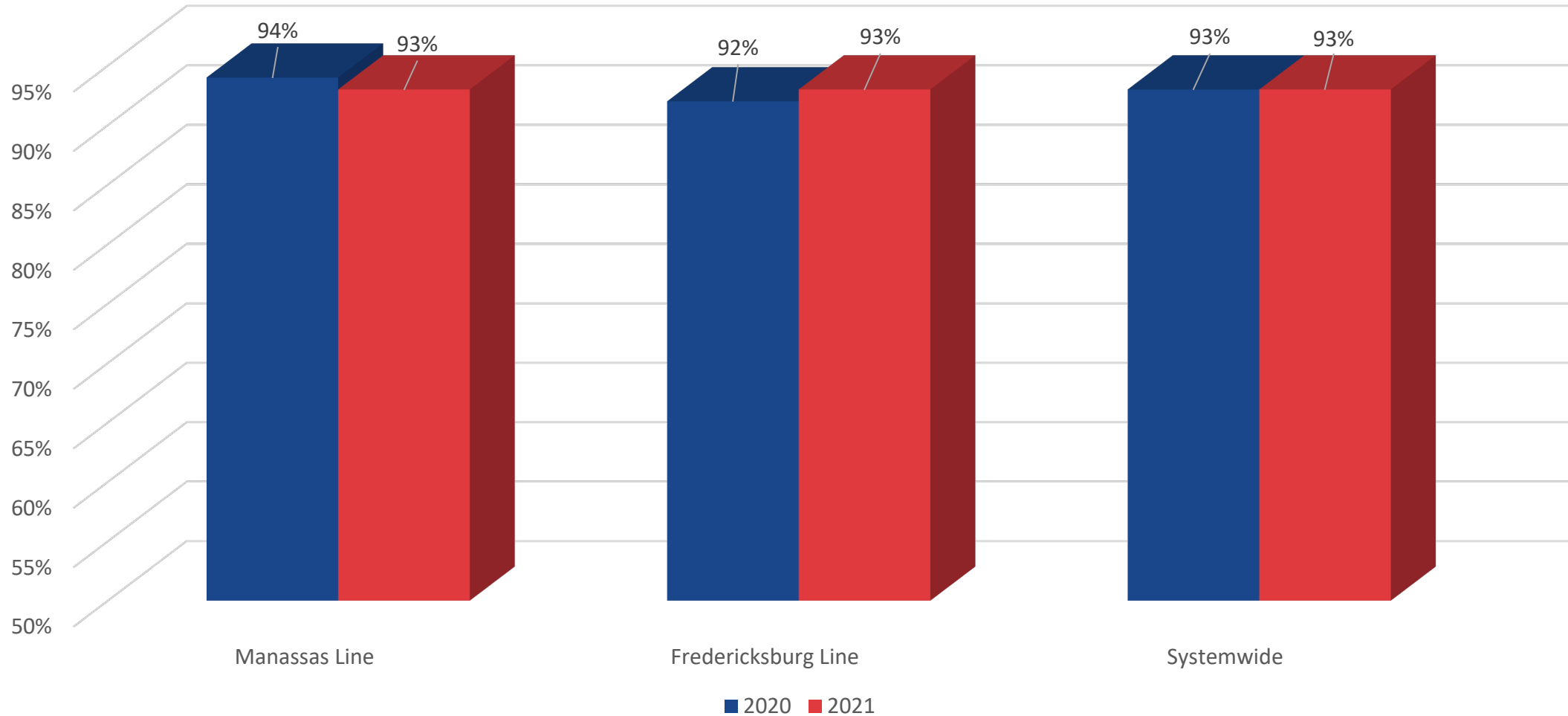


*service days per month



CEO Report – On-time Performance

March Comparisons





CEO Report – Project Spotlight – Railcar Procurement



[TO VIEW VIDEO, CLICK HERE](#)



CEO Report – Questions?





Virginia Railway Express Riders' and Public Comment



Elizabeth Bennett-Parker

VRE Operations Board Chair
City of Alexandria



Authorization to Exercise a Contract Option and Amend a Task Order for Maintenance Services for VRE Facilities

Recommendation:

The VRE Operations Board is asked to authorize the CEO to exercise the two-year option period of the contract with NVE, Inc. of Reston, Virginia for maintenance services for VRE facilities and to increase the contract value by \$2,386,778, plus a 10 percent contingency of \$238,678, for a total amount not to exceed \$6,150,870 for the original three-year contract term, which was in the amount of \$3,525,414, and two-year option period combined. This contract includes base work along with task order work.

The VRE Operations Board is also asked to authorize the CEO to amend a task order under the maintenance services for VRE facilities contract with NVE, Inc. for comprehensive on-call services, including miscellaneous repair, installation and inspection services, electrical, lighting, generator and plumbing service and repairs, HVAC service and repairs, and elevator service and repairs, in an amount of \$650,000, plus a 10 percent contingency of \$65,000, for a total of \$715,000. This will increase the total authorization for this task order from \$1,013,250, to a total amount not to exceed \$1,728,250.



Elizabeth Bennett-Parker
Chair
City of Alexandria



Rich Dalton
VRE CEO



Authorization to Exercise a Contract Option for Custodial and Seasonal Services for VRE Facilities

Recommendation:

The VRE Operations Board is asked to authorize the CEO to exercise the two-year option period of the contract with Fresh Air Duct Cleaning, LLC of Capitol Heights, Maryland, for custodial and seasonal services for VRE Facilities and to increase the contract value by \$4,481,662, plus a 10 percent contingency of \$448,166, for a total amount not to exceed \$11,300,047 for the original three-year contract term, which was in the amount of \$6,370,219, and two-year option period combined. This contract includes base work along with task order work.

Summary:

This action will provide ongoing custodial and seasonal services at 18 rail stations, two rail storage yards, headquarters and satellite office spaces.



Elizabeth Bennett-Parker
Chair
City of Alexandria



Rich Dalton
VRE CEO



Authorization to Execute Right of Entry Agreement for MCBQ Construction Activities Adjacent to the VRE Quantico Station Parking Lot

Recommendation:

The VRE Operations Board is asked to authorize the CEO to execute a right of entry agreement with the United States of America/Navy/NAVFAC for temporary construction activities, environmental sampling, and any other non-permanent actions required for construction activities related to the Marine Corps Base Quantico (MCBQ) parking project adjacent to the VRE Quantico station southern parking lot.

Summary:

MCBQ has requested right of entry access through their legal representation (NAVFAC) for construction activities adjacent to VRE facilities at the Quantico station, namely the southern parking lot and corresponding stormwater management basin. All construction activities will occur on the MCBQ side of the existing fence and shall not disrupt VRE operations or parking.



Elizabeth Bennett-Parker
Chair
City of Alexandria



Rich Dalton
VRE CEO

Action Item 7C



Authorization to Execute Right of Entry Agreement for MCBQ Construction Activities Adjacent to the VRE Quantico Station Parking Lot



Recommend Authorization to Execute the Amended and Restated Operating Access Agreement and Amend the Master Lease Agreement with CSXT

Recommendation:

The VRE Operations Board is asked to recommend the commissions authorize the CEO to execute the amended and restated operating access agreement and amended master lease agreement with CSX Transportation (CSXT).

Summary:

The amended and restated operating access agreement and amended master lease agreement reflect changes to the contractual relationship between the commissions and CSXT resulting from the right-of-way acquisition by the commonwealth. CSXT will continue to dispatch and maintain both CSXT and VPRA owned tracks resulting in a seamless VRE operation. The commissions will continue to lease station property from CSXT that is not part of the acquisition by the Commonwealth.



Elizabeth Bennett-Parker
Chair
City of Alexandria



Rich Dalton
VRE CEO



Spending Authority Report

On September 18, 2020, the VRE Operations Board approved an increase in the CEO's delegated spending authority from \$100,000 to \$200,000. It was resolved as part of that increased delegation that any purchase or contract award in the range of \$50,000 to \$200,000 would be communicated to the board as an information item.

- On March 9, 2021, VRE issued a task order to Vanasse Hangen Brustlin, Inc. in an amount not to exceed \$71,004 under the general planning consulting services contract to provide real estate acquisition negotiation services for the proposed purchase of the Contractors Storage LLC properties associated with the Broad Run Expansion project.
- On March 18, 2021, VRE amended an existing task order for passenger car truck overhaul oversight with STV Incorporated under the mechanical engineering consulting services contract to increase the total commitment for the task order by \$30,037 to an amount not to exceed \$122,148.

(continued)



Rich Dalton
VRE CEO



Spending Authority Report (continued)

- On March 18, 2021, VRE amended an existing task order for general engineering services with STV Incorporated under the mechanical engineering consulting services contract to increase the total commitment for the task order by \$67,141 to an amount not to exceed \$165,351.
- On March 18, 2021, VRE amended an existing task order for engineering services for life cycle maintenance with STV Incorporated under the mechanical engineering consulting services contract to increase the total commitment for the task order by \$65,815 to an amount not to exceed \$163,537.
- On March 26, 2021, VRE issued a sole source purchase order to Winchester Interconnect in the amount of \$99,994 to acquire new communication and multiple unit cables for VRE's fleet of locomotives and railcars.
- On March 31, 2021, VRE issued a blanket purchase order to Railroad Friction Products in an amount not to exceed \$60,000 to acquire new brake shoes on an as needed basis for VRE's fleet of locomotives and railcars.



Rich Dalton
VRE CEO

VRE OPERATIONS BOARD MEETING



Construction Manager / General Contractor (CM/GC) Presentation

April 16, 2021

Meeting materials are available at
vre.org/about/board/board-agenda-minutes/2021/April



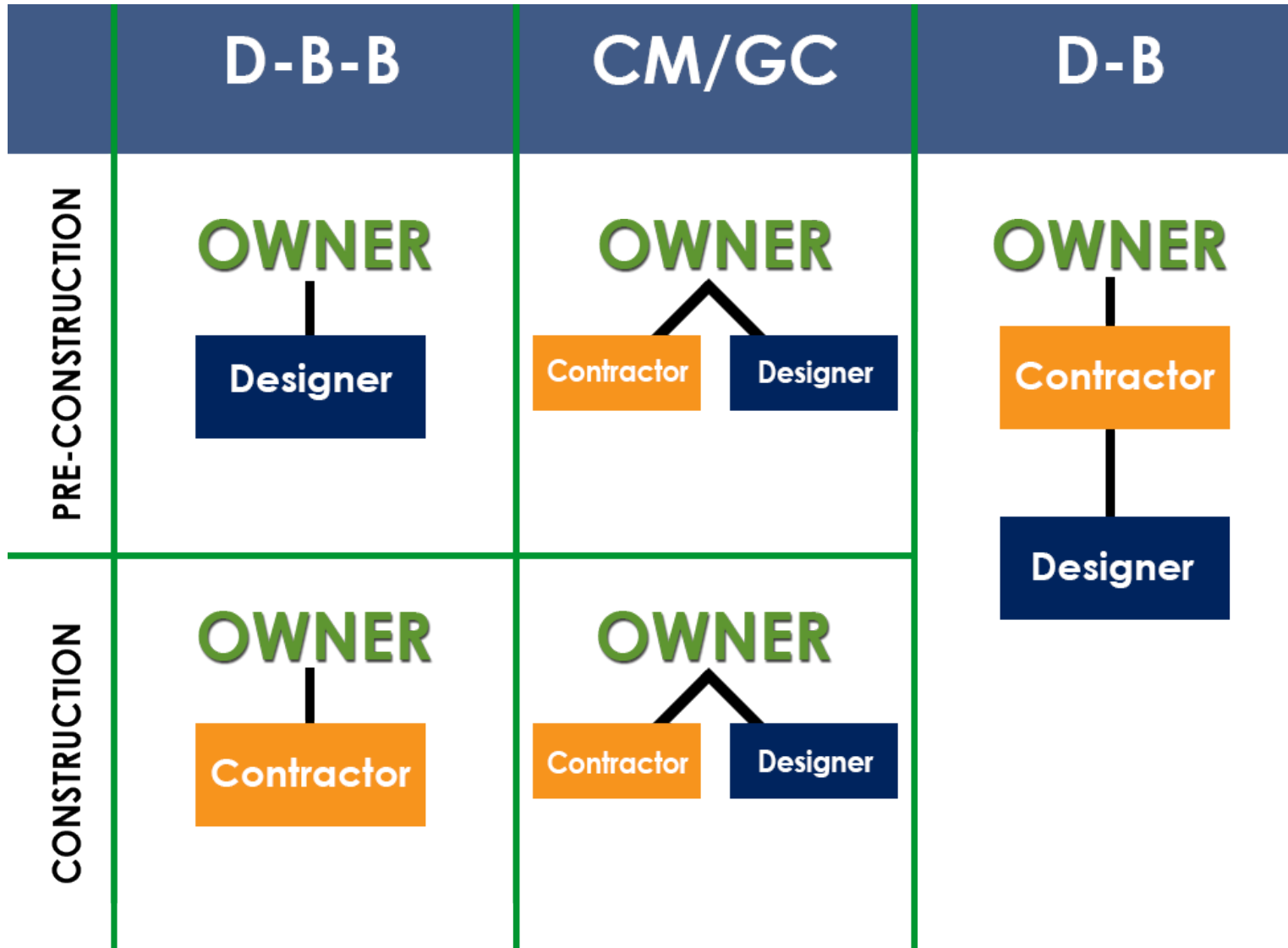
Construction Contract Mechanisms

- Design-Bid-Build (D-B-B)
 - Most Common / Traditional Method
 - Smaller / Less Complex Projects
- Construction Management / General Contractor (CM/GC)
 - Relatively New Delivery Method
 - Various Size Projects / Greater Complexity
- Design-Build (D-B)
 - Most common 'alternate delivery' method
 - Very large / complex projects





Construction Contract Mechanisms





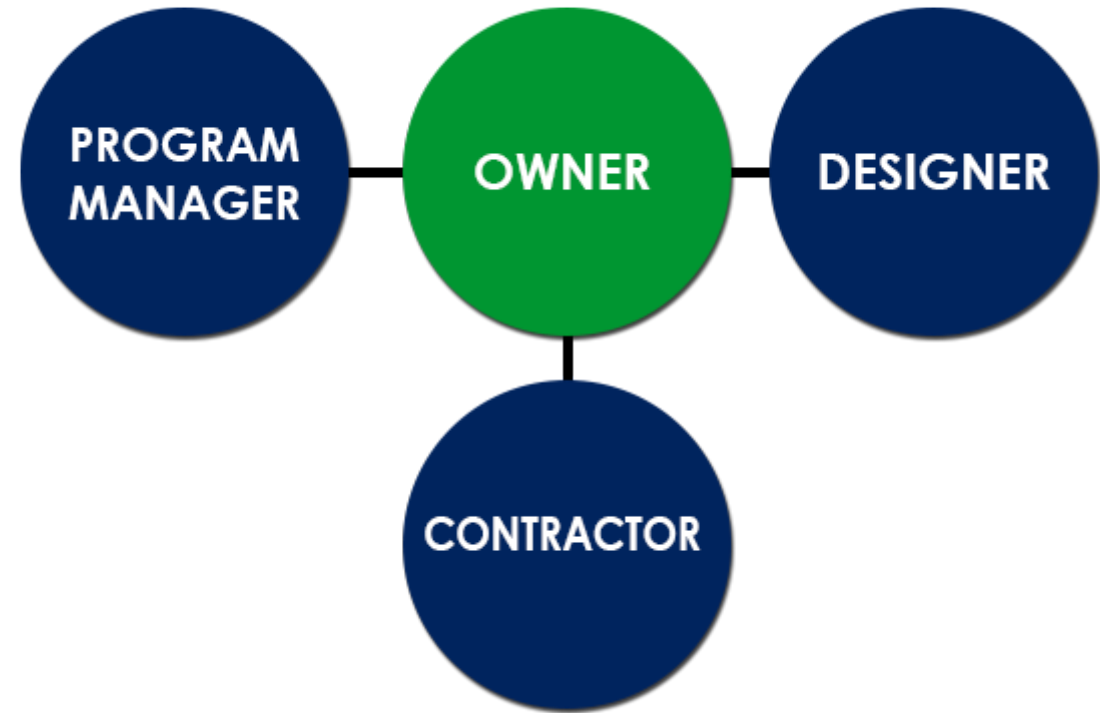
What Is Construction Manager/General Contractor (CM/GC) Alternative Delivery Method?

CM/GC = CMR = CMAR

Contract with Designer and Contractor

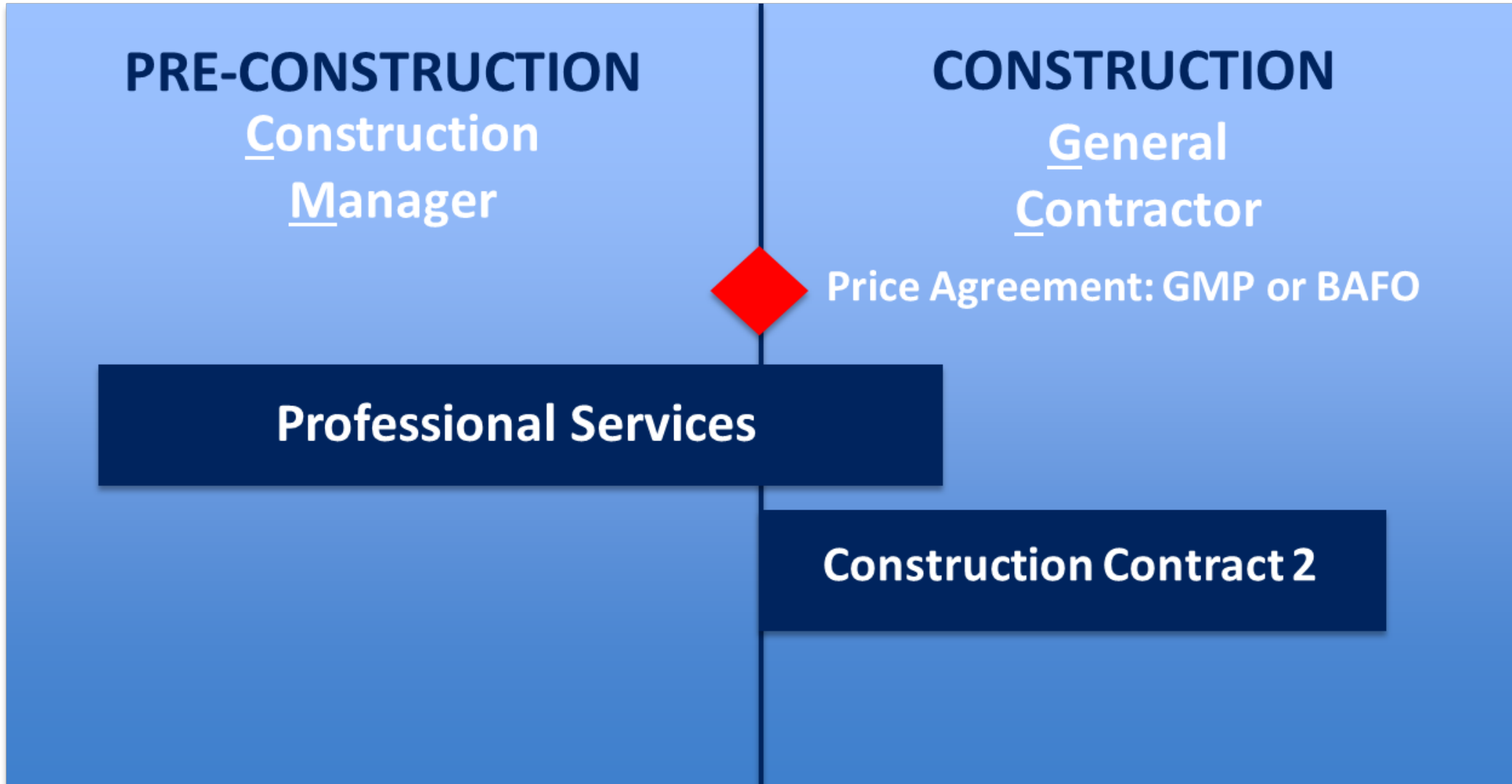
Two-Phase Contract with Contractor:

- Phase I:
Construction Management
- Phase II:
General Contracting



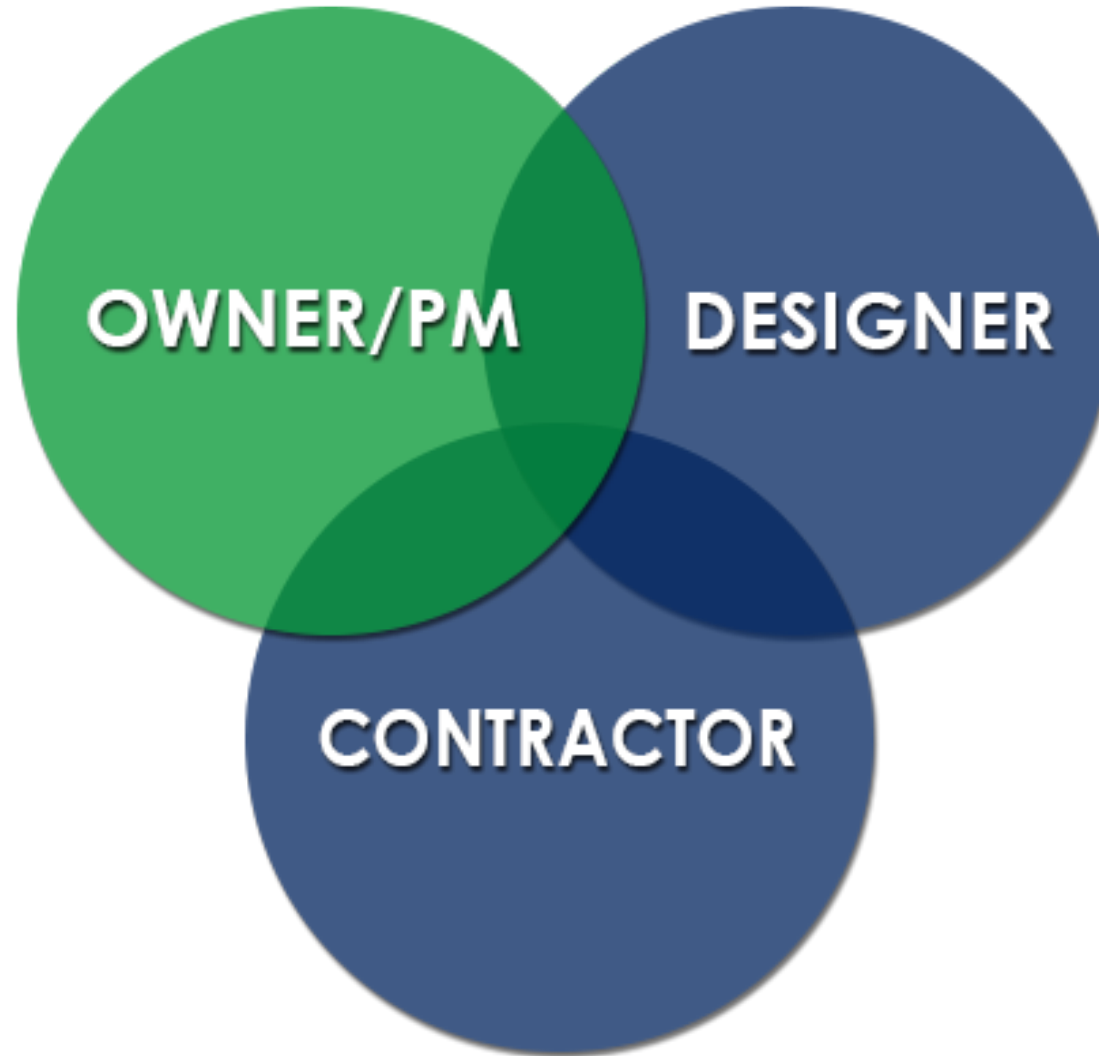


Two-Phase Contracting





CM/GC Collaboration





Why Owners Use CM/GC



MANAGE INHERENT
PROJECT RISKS



OPPORTUNITIES FOR
INNOVATION



***NEED FOR SPECIALIZED
QUALIFICATIONS***



BENEFITS FROM EARLY
PROCUREMENT

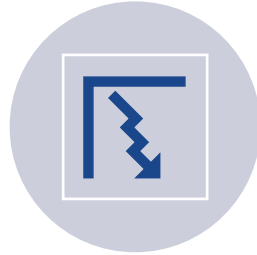


LIMITED OR FIXED
BUDGET

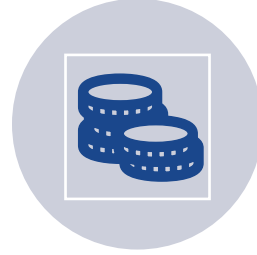




Owner Benefits



RISK REDUCTION
AND ALLOCATION



IMPROVED COST
CONTROL



IMPROVED
DESIGN QUALITY



SCHEDULE
OPTIMIZATION



COLLABORATION



CM/GC Risk Management

Analyze risk impacts and cost *before* the final schedule and cost of the project is determined

Jointly analyze, allocate, and mitigate risk earlier in the project

Manage risk that can adversely impact schedule and budget



Other Transportation Owners / Agencies



Commuter Railroads



Transit Agencies



State DOTs





Construction Manager/General Contractor Method

Project Traits	D-B-B	CM/GC	D-B
Risk Management	Very limited	Very effective	Best for risk shifting
Collaboration w/Designer & Contractor	Very limited	Very collaborative	Moderate collaboration, contractual limitations
Price Certainty	None, subject to over-runs and change orders	Very effective, early price certainty during project development	Very effective, early price certainty during project development
Schedule Acceleration/Compression	No ability to overlap design & construction, can accelerate construction with A+B	Ability to overlap design & construction, ability to optimize schedule not just accelerate	Ability to overlap design & construction, very effective for accelerating project delivery
Construction Quality	Low bid can compromise quality	Very beneficial to building a quality project	Very beneficial to building a quality project



Construction Manager/General Contractor Method

Project Traits	D-B-B	CM/GC	D-B
Innovation	Design innovation only, very limited opportunities for contractor innovation	Very effective for capturing design and construction innovation	Very effective for capturing design and construction innovation
Constructability	Very difficult to obtain construction input during design	Optimal delivery method for obtaining construction input before design is complete	Effective delivery method for obtaining construction input before design is complete
Owner Control	High level control	Optimal level of owner control	Somewhat limited owner control, more performance-based outcome
Competitive Pricing	High level	Somewhat limited, competitive markup not final project cost	Good competition, but usually limited to short-listed teams



CM/GC Method Additional Resources

Federal Highway Administration (FHWA)
[FHWA CM/GC Description and Fact Sheet](#)

Minnesota DOT – Benefits of CM/GC
[MnDOT Benefits](#)

Construction Management Association of America (CMAA)
[CMAA Owner's Guide to Delivery Methods](#)



For transportation projects with sensitive schedules and potential constructability challenges that require special qualifications and extraordinary contractor cooperation, such as those in busy urban areas, the Construction Manager/General Contractor (CM/GC) delivery method provides many benefits.



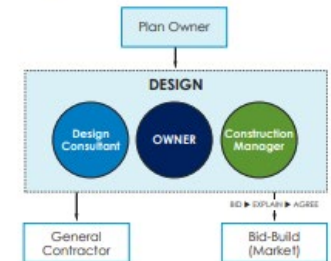
Other projects that are a good fit for the CM/GC method are those that have public involvement or include right-of-way or utility issues that could affect the overall schedule.

By getting the contractor involved early in the planning and design processes, project owners have the opportunity to incorporate a contractor's perspective into planning and design decisions, introduce innovations, improve the design quality and resolve potential third party issues. This allows them to deliver projects that reduce costly change orders, decrease risk, optimize the construction schedule and minimize impact to the traveling public.

INNOVATION DESCRIPTION

The CM/GC project delivery method consists of two phases—design and construction.

When the owner considers the design to be complete, the construction manager then has an opportunity to bid on the project based on the completed design and schedule. If the owner, designer and independent cost estimator agree that the contractor has submitted a fair price, the owner issues a construction contract and the construction manager then becomes the general contractor. The contractor acts as the consultant during the design process and can offer constructability and pricing feedback on design options and can identify risks based on the contractor's established means and



methods. As noted earlier, this process also allows the owner to be an active participant during the design process and make informed decisions on design options based on the contractor's expertise.

BENEFITS

- ▶ **Foster innovation.** The collaborative process encourages both contractor and project owner to look at all options including using innovative techniques or approaches that reduce time and cost — for example, use of Self-Propelled Modular Transporter (SPMT) for bridge moves and slide-in bridge technologies.
- ▶ **Reduce risk.** Contractor feedback during the design phase can reduce project costs because the owner is able to understand and mitigate risks identified early in project development. Any risk mitigation savings identified during the design phase accrue to the owner in a CM/GC arrangement.



VRE OPERATIONS BOARD MEETING

Construction Manager / General Contractor (CM/GC) Presentation

Dallas Richards, PE
Chief Engineer

Adeel Mysorewala, PE
Project Manager

Kristin Nutter
Manager of Procurement



Use of Federal Relief Funds in the FY 2022 Operating Budget

Jurisdiction	Approved Total FY 2022 Subsidy	Proposed Operating Subsidy Relief (74%)	Proposed Total FY 2022 Subsidy
Fairfax County	\$6,379,017	(\$4,721,011)	\$1,658,006
Prince William County	\$5,930,777	(\$4,389,276)	\$1,541,501
Stafford County	\$2,477,175	(\$1,833,319)	\$643,856
Spotsylvania County	\$1,503,754	(\$1,112,905)	\$390,849
Manassas	\$807,234	(\$597,421)	\$209,813
Manassas Park	\$468,364	(\$346,629)	\$121,735
Fredericksburg	\$367,089	(\$271,677)	\$95,412
Arlington	\$218,219	(\$161,500)	\$56,719
Alexandria	\$149,151	(\$110,384)	\$38,767
Total	\$18,300,780	(\$13,544,122)	\$4,756,658



Closed Session

Pursuant to the Virginia Freedom of Information Act (Section 2.2-3711.A(6) and (8) of the Code of Virginia), I move that the VRE Operations Board convene a closed meeting for the purpose of discussing the investment of public funds related to the provision of commuter rail service where competition or bargaining is involved, where, if made public initially, the financial interest of the commissions would be adversely affected, and for consultation with legal counsel and staff concerning the terms and conditions of an agreement for the provision of such public funds.



Jeanine Lawson
Vice Chair
Prince William County

VRE OPERATIONS BOARD CLOSED SESSION

April 16, 2021



*The livestream will
recommence following
this portion of the meeting*



Closed Session

The VRE Operations Board certifies that, to the best of each member's knowledge and with no individual member dissenting, at the just concluded closed session:

1. Only public business matters lawfully exempted from open meeting requirements under the Freedom of Information Act were discussed; and,
2. Only such public business matters as were identified in the motion by which the closed session was convened were heard, discussed or considered.



Jeanine Lawson
Vice Chair
Prince William County



Board Member Comment



Andrea Bailey
Prince William County



Preston Banks
Manassas Park



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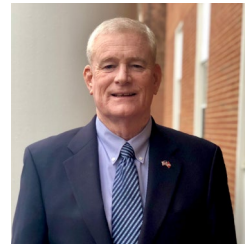
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Gary Skinner
Spotsylvania County



Ralph Smith
Manassas



Dan Storck
Fairfax County



James Walkinshaw
Fairfax County

VRE OPERATIONS BOARD MEETING

April 16, 2021



The meeting is adjourned

Meeting materials are available at
vre.org/about/board/board-agenda-minutes/2021/April

VRE FINANCE COMMITTEE MEETING



April 16, 2021

*The meeting will begin
momentarily*



VRE FINANCE COMMITTEE: UPDATE ON CROC-BACKED DEBT ISSUANCE

- 1) How did we get here?
- 2) VRE's funding commitment to the commonwealth
- 3) Major steps over the next 8-10 months
- 4) First step: update debt management principles



KEY MILESTONES LEADING TO TODAY

- **Mar 2018:** Commuter Rail Operating and Capital (C-ROC) fund created by General Assembly, VRE begins receiving funds in FY 2019
- **Dec 2019:** Landmark rail agreement announced by Gov. Northam for acquisition of right-of-way, construction of new Long Bridge, and other major capital improvements
- **Mar 2021:** Agreements reached between the commonwealth and CSX, VRE, and Amtrak for Transforming Rail in Virginia





C-ROC SUMMARY

- \$15 million per year to VRE from fuel taxes collected in NVTC/PRTC jurisdictions
- Flexible funding that can be used for operations, “pay as you go” (PAYGO) capital, or as backing for a debt issuance
- No more than 66% can be committed to annual debt service
- FY 2019-2021 C-ROC currently committed to station projects





VRE'S FUNDING COMMITMENT

- Built on two key assumptions:
 1. Right-of-way purchase from CSX is the foundation for other aspects of TRV
 2. VRE will need C-ROC to support expanded operations once new Long Bridge is complete

- VRE will contribute to TRV in two ways:
 1. Proceeds from a debt issuance backed by C-ROC that will assist in right-of-way purchase
 2. PAYGO capital funds for approximately 10 years that will support planned investments

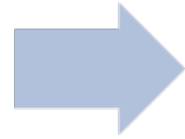
- For next 10 years, \$15 million per year committed to TRV, either as debt service or as PAYGO



KEY STEPS FOR DEBT ISSUANCE

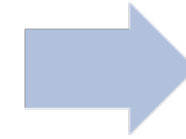
Update to Debt Policies

- **May 2021**



Financial Planning

- **3-4 months**
- Financial modeling
- Credit assessment
- Alternatives analysis and recommendation



Transaction Implementation

- **4-6+ months**
- Legal documentation
- Credit ratings
- Seek necessary approvals
- Select underwriter or lender



EXISTING FINANCIAL & DEBT MANAGEMENT PRINCIPLES

- Adopted in November 2013
- Best financial management practice to ensure long term affordability of debt, adequate liquidity, and prudent management
- Key elements
 - Matched to the organization's specific needs, achievable and sustainable over the long term
 - Embedded as part of the organization's financial management culture
 - Written and formally adopted
 - Commitment evidenced through adherence to policies in up and down financial cycles
- Developed in consideration of then-existing debt structure and options, tied to Master Agreement and local credit support of existing debt
 - Publicly sold debt and refinancings through NVTC
 - FTA financing under Railroad Rehabilitation and Improvement Financing Program (RRIF)
 - Issuance through the Virginia Resources Authority (VRA)



CROC-FOCUSED DEBT POLICIES

- Consistent with best financial management practices to periodically review and update policies to reflect changes
- Will add provisions specific to CROC-backed debt
- CROC-backed debt was not contemplated until 2018
 - CROC-backed debt will be new and totally separate from rest of VRE's financial resources
 - Legal security, credit and repayment of CROC-backed debt will differ completely from prior debt which has back stop of local jurisdictions
- Key elements:
 - Align with authorizing elements of C-ROC statutes and funding agreement with DRPT
 - Support investment grade credit ratings
 - Identify parameters and guidelines for debt issuance
 - Set thresholds for affordability



KEY DEBT-RELATED ELEMENTS OF FUNDING AGREEMENT

Debt to fund real property acquisition by VPRA

Debt service is highest priority use of C-ROC

Approximately 30-year term for debt

Debt service reserve fund as needed for credit enhancement

Maximum debt service of 66% of C-ROC (\$9.9 million)

After 10 years debt service limited to \$7.5 million/year

No credit support from commonwealth or jurisdictions

VRE FINANCE COMMITTEE MEETING



April 16, 2021

The meeting is adjourned