

**POTOMAC AND RAPPAHANNOCK
TRANSPORTATION COMMISSION**

RESOLUTION

MOTION: _____

**RESOLUTION NO. 09-01-_____
OFFICIAL COMMISSION MEETING
JANUARY 8, 2009**

SECOND: _____

**RE: AUTHORIZATION TO EXTEND AMENDED OPERATING/ACCESS
AGREEMENT WITH NORFOLK SOUTHERN**

WHEREAS, the Commissions currently have an Operating/Access Agreement with Norfolk Southern related to VRE Operations in the Manassas to Washington corridor, with said agreement ending on January 31, 2009; and

WHEREAS, staff has reached an agreement in principle on many substantive items relating to a new agreement following detailed negotiation sessions with Norfolk Southern representatives; and

WHEREAS, a proposal to extend the existing agreement to July 31, 2009, without any changes to the existing agreement is expected from Norfolk Southern; and

WHEREAS, the purpose of this extension is to allow time to negotiate and resolve the outstanding insurance issues relating to a new agreement; and

WHEREAS, necessary funding has been incorporated into the FY 2009 and FY 2010 budgets to allow VRE to continue its operations over Norfolk Southern tracks via this contract extension; and

WHEREAS, the VRE Operations Board recommends the following action.

NOW, THEREFORE, BE IT RESOLVED that the Potomac and Rappahannock Transportation Commission does hereby authorize the VRE Chief Executive Officer to execute an extension of the Amended Operating/Access Agreement with Norfolk Southern through July 31, 2009.



Virginia Railway Express Operations Board

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AGENDA ITEM 8-F ACTION ITEM

TO: CHAIRMAN KAUFFMAN AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: DECEMBER 19, 2008

SUBJECT: AUTHORIZATION TO EXTEND AMENDED OPERATING/ACCESS AGREEMENT WITH NORFOLK SOUTHERN

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to execute an extension of the existing Amended Operating/Access Agreement with Norfolk Southern to July 31, 2009.

BACKGROUND:

VRE has an Operating/Access Agreement with Norfolk Southern (NS) relating to VRE operations in the Manassas to Washington corridor. That agreement, entered into in 1999, has been amended and extended several times, most recently this past June, with an agreed upon extension to January 31, 2009. A further extension is being requested at this time to provide sufficient time to complete negotiations of a new agreement.

Following detailed negotiation sessions with Norfolk Southern representatives, an agreement in principle was reached on all contract items with the exception of liability coverage. The Operations Board and Commissions approved these terms at their June and July, 2005 meetings respectively, and authorized execution of a new agreement that conformed to each of those items.

Subsequent to the Commissions' action, however, it became clear that an agreement on the level of liability coverage could not be reached and the contract could not be executed. Norfolk Southern insists on including \$500 million in liability and terrorism coverage in the new agreement. Currently, VRE has \$250 million in coverage. An extension of the current agreement is needed while staff continues to attempt to resolve the insurance issue.

FISCAL IMPACT:

Funding for the Norfolk Southern track access fees have been budgeted in the FY 2009 and FY 2010 budgets, including an escalation of 4% annually.