



Virginia Railway Express Operations Board

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VRE OPERATIONS BOARD MEETING

AUGUST 15, 2008 9:30 AM

*PRTC HEADQUARTERS
14700 POTOMAC MILLS ROAD*

AGENDA

1. PLEDGE OF ALLEGIANCE
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF MINUTES FROM THE JUNE 20, 2008, VRE OPERATIONS BOARD MEETING
5. CHAIRMAN'S COMMENTS
6. CHIEF EXECUTIVE OFFICER'S REPORT
7. VIRGINIA RAILWAY EXPRESS RIDERS' AND PUBLIC COMMENTS
8. CONSENT AGENDA ITEMS
 - A. AUTHORIZATION TO ISSUE A REQUEST FOR PROPOSALS FOR THE REPAIR AND OVERHAUL OF AIR BRAKE EQUIPMENT
 - B. AUTHORIZATION TO ISSUE AN IFB FOR THE CONSTRUCTION OF A PLATFORM EXTENSION AT THE BURKE CENTRE STATION

9. ACTION ITEMS

- A. REFERRAL OF PRELIMINARY FY 2010 VRE OPERATING AND CAPITAL BUDGET TO THE COMMISSIONS & AUTHORIZATION TO SOLICIT COMMENTS FOR FY 2009 MID-YEAR FARE INCREASE
- B. AUTHORIZATION TO AUTHORIZATION TO AWARD CONTRACT FOR THE INTERIOR CLEANING OF PASSENGER RAILCARS
- C. AUTHORIZATION TO EXECUTE A FORCE ACCOUNT AGREEMENT WITH CSX TRANSPORTATION FOR THE WOODBRIDGE STATION EXPANSION PROJECT
- D. AUTHORIZATION TO AMEND A TASK ORDER FOR LOCOMOTIVE DIAGNOSTIC WORK
- E. AUTHORIZATION TO AMEND CURRENT OPTION YEAR AND EXERCISE FOURTH OPTION YEAR FOR FACILITIES MAINTENANCE SERVICES
- F. AUTHORIZATION TO EXECUTE A TASK ORDER WITH STV/RWA FOR DESIGN SERVICES FOR THE FREDERICKSBURG STATION INFRASTRUCTURE REPAIRS PROJECT
- G. AUTHORIZATION TO EXECUTE A LEASE AGREEMENT FOR LEASING ROOF SPACE FOR VHF RADIO COMMUNICATION SYSTEM
- H. AUTHORIZATION TO IMPLEMENT SALE OF THIRTEEN KAWASAKI RAILCARS

10. INFORMATION ITEM

- A. CUSTOMER OPINION SURVEY

11. CLOSED SESSION

THE NEXT VRE OPERATIONS BOARD MEETING

SEPTEMBER 19, 2008 - 9:30 AM



**VIRGINIA RAILWAY
EXPRESS**

BOARD MEMBERS

**JOHN JENKINS
CHAIRMAN**

**SHARON BULOVA
VICE-CHAIRMAN**

**CHRIS ZIMMERMAN
TREASURER**

**PAUL MILDE
SECRETARY**

**MAUREEN CADDIGAN
WALLY COVINGTON
MARV DIXON
PATRICK HERRITY
FRANK JONES
KEVIN PAGE
GEORGE SCHWARTZ
PAUL SMEDBERG
JONATHAN WAY**

ALTERNATES

**MARC AVENI
JAY FISETTE
MATT KELLY
TIMOTHY LOVAIN
MICHAEL MAY
JEFF McKAY
MARTIN NOHE
BRYAN POLK
JOHN STIRRUP
MATT TUCKER**

**DALE ZEHNER
CHIEF EXECUTIVE
OFFICER**

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MINUTES

**VRE OPERATIONS BOARD MEETING
PRTC HEADQUARTERS – PRINCE WILLIAM COUNTY, VIRGINIA
AUGUST 15, 2008**

MEMBERS PRESENT	JURISDICTION
Sharon Bulova (NVTC)	Fairfax County
Wally Covington (PRTC)	Prince William County
Patrick Herrity (NVTC)*	Fairfax County
John D. Jenkins (PRTC)	Prince William County
Paul Milde (PRTC)*	Stafford County
George H. Schwartz (PRTC)	Stafford County
Jonathan Way (PRTC)	City of Manassas
Christopher Zimmerman (NVTC)*	Arlington County

MEMBERS ABSENT	JURISDICTION
Maureen Caddigan (PRTC)	Prince William County
Marvin J. Dixon (PRTC)	City of Fredericksburg
Frank C. Jones (PRTC)	City of Manassas Park
Kevin Page	DRPT
Paul Smedberg (NVTC)	City of Alexandria

ALTERNATES PRESENT	JURISDICTION
Matthew Kelly (PRTC)	City of Fredericksburg

ALTERNATES ABSENT	JURISDICTION
Marc Aveni (PRTC)	City of Manassas
Jay Fisetite (NVTC)	Arlington County
Timothy Lovain (NVTC)	City of Alexandria
Michael C. May (PRTC)	Prince William County
Jeff McKay (NVTC)	Fairfax County
Martin E. Nohe (PRTC)	Prince William County
Bryan Polk (PRTC)	City of Manassas Park
John Stirrup (PRTC)	Prince William County
Matthew Tucker	DRPT

STAFF AND GENERAL PUBLIC	
George Billmyer – citizen	Betsy Massie – PRTC staff
Donna Boxer – VRE	Sirel Mouchantaf – VRE
Anna Gotthardt – VRE	Peyton Onks – Sup. Herrity's office
Al Harf – PRTC staff	Dick Peacock – citizen
Christine Hoeffner – VRE	Mark Roeber – VRE
Ann King – VRE	Sharmila Samarasinghe – VRE
Mike Lake – Fairfax County	Brett Shorter – VRE
Trinh Lam – VRE	Jennifer Straub – VRE
Bob Leibbrandt – Prince William County	Rick Taube – NVTC staff
Taryn Luntz – Washington Examiner	Sara Wolfenden – Stafford County
Steve MacIsaac – VRE counsel	Dale Zehner – VRE

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

Chairman Jenkins called the meeting to order at 9:35 A.M. Following the Pledge of Allegiance, roll call was taken. Chairman Jenkins suggested that the Board go ahead with discussion of non-action items while waiting for a quorum. There were no objections.

Chairman's Comments – 5

Chairman Jenkins reported that VRE continues to break ridership records. Ridership is 10.7 percent higher than it was last July 2007 and has increased for 13 consecutive months. VRE hit 16,000 daily passenger trips eight separate times during the month of July. Three of VRE's Top Ten Ridership days (over 16,285) occurred during July and on August 12th VRE had 16,801 passenger trips, which is the second highest ridership day in VRE's history. This is even more impressive since August is traditionally a lower ridership month because of passengers' vacation schedules. This is a good indication of the public's confidence in the VRE system.

Chairman Jenkins stated that he attended a public workshop on the Gainesville-Haymarket extension held on July 30th at Stonewall Jackson High School in Manassas. The project will consider an 11-mile rail extension, with up to three new stations, from the existing Manassas Station to the Town of Haymarket on the Norfolk Southern "B" Line. The workshop was the first opportunity for the public to hear details about the project and approximately 50 people attended. There was good interaction between the public, VRE staff and the project management team. There will be another public workshop scheduled in the near future.

[Mr. Herrity joined the discussion at 9:40 A.M.]

Chairman Jenkins announced that the ninth set of new railcars was delivered on August 14th and should be put into service during the week of August 18th. The last shipment of railcars is expected in September.

Chief Executive Officer's Report – 6

Mr. Zehner introduced Sharmila Samarasinghe, VRE's new Manager of Transportation Services, Safety and Security. Since Sharmila is a former employee of DRPT and NVTC, she is very familiar with VRE issues.

[Mr. Zimmerman entered the room at 9:43 A.M.]

Mr. Zehner announced that on-time performance has improved to an average 81 percent system wide for July and 90 percent to-date for August.

Mr. Zehner stated that the Brooke parking lot was experiencing capacity issues, but the lot was restriped during the last weekend in July, which gained an additional 68 spaces. The lot now has a total of 499 spaces.

Mr. Zehner announced that VRE was recently notified that its FY 2007 financial report qualified for GFOA's Certificate of Achievement for Excellence in Financial Reporting (CAFR). This is the highest form of recognition in governmental accounting and financial reporting. VRE received this award on its first submission. He recognized Donna Boxer and her staff for their outstanding work on the financial report.

Mr. Zehner also announced that VRE has been named the first place winner of the 29th Annual APTA AdWheel award for VRE's emergency response video designed for fire and rescue personnel.

Mr. Zehner stated that VRE completed the Triennial Review and VRE received no deficiencies from the Federal Transit Administration (FTA). He also reported that he traveled to Chicago on August 2nd to attend a luncheon to recognize the completion of construction of the final set of 50 Gallery railcars.

Mr. Zehner explained that as a result of a recommendation made by Mr. Peacock, VRE will be installing at least 100 new VRE pathfinder signs, mostly in the Stafford and Fredericksburg area. These signs direct people to VRE stations. In addition, new VRE logos, which are easier to read, will be put on five signs along the I-95 corridor.

Chairman Jenkins introduced Jonathan Way, who has been appointed by the Manassas City Council to serve on the VRE Operations Board replacing Doug Waldron. Board Members welcomed Mr. Way. Mr. Way stated that it is an honor to serve on the Board. VRE is a great cornerstone of the City. VRE provides a wonderful service to the community and the new parking garage in Manassas is a real asset.

Approval of the Agenda – 3

Mr. Zimmerman moved, with a second by Ms. Bulova, to approve the agenda. The vote in favor was cast by Board Members Bulova, Covington, Herrity, Jenkins, Kelly, Schwartz, Way and Zimmerman.

Minutes of the June 20, 2008, VRE Operations Board Meeting – 4

Mr. Zimmerman stated that on page 3, paragraph 3, "seven of its top ridership days" should be changed to read "three of its top ridership days."

Mr. Zimmerman moved, with a second by Mr. Covington, to approve the amended minutes. The vote in favor was cast by Board Members Bulova, Covington, Herrity, Jenkins, Kelly, Schwartz, Way and Zimmerman.

VRE Riders' and Public Comment – 7

George Billmyer observed that this is an interesting time because people are getting out of their cars and switching to transit. Transit ridership is significantly increasing across the country. Unfortunately there are capacity issues. Amtrak does not have the capacity and other commuter rail lines need more railcars. MARC is receiving a lot of bad press in the Baltimore Sun because of overcrowding issues. He stated that either the federal and/or state government need to provide funds for VRE to purchase more locomotives. He also stated that there is an interest in the auto insurance industry changing rates based on the number of miles driven. This would be another incentive for people to switch to transit. In conclusion, Mr. Billmyer stated that VRE needs more federal funding and should target the Department of Homeland Security and the Defense Department.

Dick Peacock agreed and stated that many of VRE riders work for the federal government, the military or their contractors, so VRE should contact these departments and seek funding. He does not understand why VRE has not received more federal funding for locomotives. VRE's ridership shows that it is a successful organization. He suggested contacting Senator Webb for his assistance. In response to a question from Mr. Peacock, Mr. Zehner stated that the Manassas Parking garage should be opening soon, most likely by the end of the month.

[Mr. Milde arrived at 9:55 A.M.]

Consent Agenda – 8

Ms. Bulova moved, with a second by Mr. Zimmerman, to approve the following Consent Agenda items:

Resolution #8A-08-2008: Authorization to Issue a Request for Proposals for the Repair and Overhaul of Air Brake Equipment

Resolution #8B-08-2008: Authorization to Issue an IFB for the Construction of a Platform Extension at the Burke Centre Station

The Board voted on the motion and it unanimously passed. The vote in favor was cast by Board Members Bulova, Covington, Herrity, Jenkins, Kelly, Milde, Schwartz, Way and Zimmerman.

Referral of Preliminary FY 2010 VRE Operating and Capital Budget to the Commissions and Authorization to Solicit Comments for FY 2009 Mid-Year Fare Increase – 9A

Mr. Zehner reported that VRE has a budget shortfall of \$1.6 million for the FY 2009 budget and a potential shortfall for the FY 2010 budget. These are hard times, with increased costs, and VRE is getting hit hard by rising fuel costs. However, on the

positive side, VRE is experiencing its highest ridership levels and its infrastructure is at its best ever, including new equipment, increased parking and improved on-time performance, which all have contributed to 13 months of ridership growth.

Mr. Zehner stated that passengers want more service, so it is important not to take the riders for granted. VRE has found that if passengers leave VRE for whatever reason (i.e., cost, on-time performance, schedule) they do not usually come back. Therefore, it is important to realize that the budget decisions that the Operations Board makes now could affect service for years to come.

Mr. Zehner reviewed some of the factors that are affecting the budget, including fuel costs and Amtrak issues. Jurisdictional staff has made it clear that they do not want any subsidy increase. VRE staff proposes a fare increase in January 2009 of six percent. Jurisdictional staff proposed 10 percent. The last fare increase was three percent in July 2008. VRE has never gone over six percent in the past. VRE may have to initiate another fare increase in FY 2010. Resolution #9A-08-2008 would authorize the CEO to refer the Preliminary FY 2010 VRE Operating and Capital Budget to the Commissions for their consideration, and that the Commissions, in turn, refer these recommendations to the jurisdictions for their review and comment. It would also authorize a public hearing to solicit comments for a potential FY 2009 mid-year fare increase.

Mr. Zehner explained that two one-time sources of funds will be available in FY 2009 to help fill the budget shortfall gap, including a \$700,000 credit for past insurance premium costs; and \$1.3 million of lower debt service costs as the result of the potential sale of the Kawasaki railcars. With a fare increase and use of the one-time funds, it would result in no subsidy increase for FY 2009. Mr. Zehner explained that some of the one-time revenue from the sale of the Kawasaki railcars would be used to balance the FY 2009 budget and the rest used (approximately \$1 million) for the FY 2010 budget.

Mr. Zehner cautioned that in regards to a fare increase, there is a threshold point where riders will begin to leave VRE. They have already had a three percent fare increase in July 2008. If the fare increase is too high and VRE begins to lose riders, it would have a negative impact on the FY 2010 fare revenue. In response to a question from Mr. Zimmerman, Chairman Jenkins asked what would be the alternative to not having a fare increase. Mr. Zehner responded that the alternative would be to increase jurisdictional subsidies in FY 2010 or cut service.

Mr. Zehner stated that staff conducted a survey of what some of the other commuter rail systems are doing. CalTran is considering a 5.3 percent mid-year fare increase; MetroLink a 5.5 percent mid-year fare increase; and Tri-Rail, MTA and Long Island Rail Road have no fare increases scheduled.

Mr. Zehner stated that currently the Preliminary FY 2010 VRE budget is not balanced. Staff will continue to meet with the CAO Task Force to work on balancing the budget over the next few months. The Operations Board will hear a progress report at its October 2009 meeting. Currently, there is \$8.6 million unfunded in the FY 2010 budget, due to significant uncertainties, including fluctuating fuel costs and unknown state funding.

Mr. Zehner reported that VRE's contract with Amtrak expires June 30, 2010. He stated that it will be important to have a competitive bid process for a new service contractor for both crew and maintenance functions. The new contractor must be in place operating service by July 1, 2010. In order to make this happen, VRE will have to incur mobilization costs during FY 2010 to put a new contractor in place. It is estimated that it could cost up to \$4.8 million. If Amtrak is the winning vendor, there would be no start-up costs. There are 4-5 contractors that are interested in operating VRE service. VRE staff is looking at ways to finance these potential mobilization costs, including spreading costs over several years, financing it, including it in the contract, or deferring portions. Staff will analyze this issue with legal counsel.

Mr. Milde asked if these costs could be amortized into the contract. Mr. Zimmerman stated that presumably Amtrak will submit a bid, which could be less than other bids because Amtrak would not have mobilization costs. Mr. Zehner stated that by July 1, 2010, VRE could have a new service provider depending on contract negotiations, which could result in additional contract savings. He stated that a new operator would give VRE the opportunity to take its service to a new level. There will probably be costs associated with that, but staff will not know until bids are submitted.

Board members discussed that VRE is not in the position to finance up to \$4.8 million for mobilization costs; therefore, it is important to have these costs folded into the contract and be the responsibility of the vendor.

Mr. Milde asked that since VRE will need to procure a service provider, would VRE consider hiring its own crew and engineers to run the trains. Mr. Zehner stated that it has not been considered to date, but staff could look into it. Mr. Zimmerman observed that the Long Island Rail Road is operated by its own employees and the system carries 300,000 passengers a day. Mr. Zehner added that Metro North also owns its tracks, operates it, and maintains its own system.

Mr. Zehner stated that several other budget issues that need to be resolved are restoring levels of the Insurance Trust Fund, at the direction of the Division of Risk Management, as well as VRE's reserve fund, which is at an insufficient level to meet unexpected shortfalls.

Mr. Zehner stated that staff and the CAO Task Force will work on the budget over the next several months. Issues that will be looked at are a FY 2010 fare increase, program and service cuts, a moratorium on earmarks, and/or termination of parking leases. He stated that additional work needs to be done on the proposed fare increase to incorporate comments made at this meeting, so he would feel more comfortable having Board Members review it again (by e-mail) before he submits it for public hearing.

Ms. Bulova stated that it is important to explain to riders VRE's situation and why a fare increase is needed. VRE would not be in this situation if the \$25 million in HB3202 funding had been available. The public needs to see the impact of VRE not receiving this funding, including a potential fare increase and/or service cuts. She suggested providing an analysis of the different funding streams showing the affect of not receiving

the HB3202 funds, as well as what could be done if the General Assembly reconvenes and provides funding. She also stated that VRE needs to look at ways to raise revenues from other sources.

Mr. Way pointed out that as fuel prices fluctuate, similarly the fare increase percentage could change. Chairman Jenkins stated that in reviewing the resolution, it seems general enough to give direction to VRE's CEO.

Mr. Way stated that a substantial fare increase and service cuts are not going to retain ridership. He asked if service cuts will be presented at the public hearings. Mr. Zehner stated for FY 2009 only a fare increase is proposed, with no service cuts.

Mr. Zimmerman moved, with a second by Mr. Milde, to approve the resolution.

Mr. Zimmerman stated that although he does not agree with everything in the presentation, he still feels it is important to go to public hearings to let riders know VRE's critical situation. He does not like fare increases, but it is even worse to cut service. It is his opinion that the best thing to do is to subsidize it because the benefits the jurisdictions receive is much greater than perceived. VRE needs to look more closely at alternative revenues. He stated that using one-time revenues for budget shortfalls is a bad idea. Having three fare increases in one year is also not a good idea. He suggested that VRE should conduct one set of hearings. VRE could stagger fare increases incrementally. Communication to the public is very important. Riders need to understand the alternatives—if there is no fare increase, there may be service cuts. He suggested a press release to start the educational process. Board Members discussed the concerns of having potentially three fare increases in one year and the merits of providing a complete picture of VRE's FY 2009 and FY 2010 budget implications at the public hearing.

Mr. Milde stated that it is important to make the correlation between the rise in the revenues from the two percent gas tax and how it ties into this process.

Chairman Jenkins stated that it is his understanding that the consensus of the Board is that it is concerned about the estimated \$4.8 mobilization costs for a new service provider and that these costs should be included in any bidder's proposal and VRE should not bear these costs. Staff will also provide Board Members with an updated budget strategy based on comments made today before going to public hearing.

Mr. Harf stated that if there is going to be another round of review by Board Members, then some of what has been discussed should be suppressed to the Commissions. Chairman Jenkins observed that the discussion will be included in the minutes and will be part of the public record.

The Board then voted on the motion and it passed. The vote in favor was cast by Board Members Bulova, Covington, Herrity, Jenkins, Kelly, Milde, Schwartz, Way and Zimmerman.

Authorization to Award Contract for the Interior Cleaning of Passenger Railcars – 9B

Mr. Zehner reported that the VRE Operations Board is being asked to authorize the VRE CEO to enter into a contract with Service Master Preferred Services of Woodbridge, Virginia, for the interior cleaning of the railcar fleet in the amount of \$325,000 per year, \$295,000 plus a contingency of \$30,000, for a total contract value not to exceed \$975,000 over a three year period. Resolution #9B-08-2008 would award the contract.

In response to a question from Mr. Way, Mr. Zehner explained that this solicitation was evaluated through a Request for Proposals process, which is not done on a straight lowest bid cost. This contractor is the current company providing this service to VRE. Mr. Covington asked if in the future this type of service could be done "in-house" as VRE continues to grow. Mr. Zehner replied yes.

Mr. Kelly moved with a second by Mr. Zimmerman, to approve the resolution. The vote in favor was cast by Board Members Bulova, Covington, Herrity, Jenkins, Kelly, Milde, Schwartz, Way and Zimmerman.

Authorization to Execute a Force Account Agreement with CSX Transportation for the Woodbridge Station Expansion Project – 9C

Mr. Zehner explained that the construction contract was awarded to Costello Construction in April 2008. A force account agreement with CSX is needed as a portion of the project involves shifting tracks and constructing an inner-track fence between the platforms. This agreement will allow for cost reimbursement to CSX for track shifting, flagging services, construction engineering and inspection. The Kiss and Ride portion of the project will be constructed with the Route 1/123 interchange project. Access points from the planned Kiss and Ride to the new Route 123 ramp are still being finalized with Prince William County and VDOT. Once the design is complete, a separate IFB will be released for construction. Resolution #9C-08-2008 would authorize VRE's CEO to execute a force account agreement with CSX Transportation for this project in the amount of \$756,994, plus a 15 percent contingency of \$113,549, for a total amount not to exceed \$870,543.

Mr. Covington moved, with a second by Mr. Kelly, to approve Resolution #9C-08-2008. The vote in favor was cast by Board Members Bulova, Covington, Herrity, Jenkins, Kelly, Milde, Schwartz, Way and Zimmerman.

Authorization to Amend a Task Order for Locomotive Diagnostic Work – 9D

Mr. Zehner explained that the Operations Board is being asked to authorize him to increase the authorization limit of a task order with Transportation Technologies, Inc. (TTI) for locomotive diagnostic work by \$125,000, for an amount not to exceed \$225,000. Resolution #9D-08-2008 would accomplish this.

Mr. Kelly moved, with a second by Mr. Milde to approve the resolution. The vote in favor was cast by Board Members Bulova, Covington, Herrity, Jenkins, Kelly, Milde, Schwartz, Way and Zimmerman.

Authorization to Amend the Current Option Year and Exercise the Fourth Option Year for Facilities Maintenance Services – 9E

Mr. Zehner reported that Resolution #9E-08-2008 would authorize the CEO to amend the current contract year of the facilities maintenance contract with NV Enterprises by \$200,000, for a total amount not to exceed \$2.2 million and exercise the fourth-year option in an amount not to exceed \$2.4 million. Since this maintenance contract draws from both operating and capital grant funds, several smaller grant funded projects are being pursued which require an increase to this year's contract value. These projects include L'Enfant storage track, two-way radio, and security lighting. The increase will not affect the current operating budget as funding is being drawn from grant funds, primarily from the Department of Homeland Security.

Mr. Zimmerman moved, with a second by Mr. Kelly, to approve Resolution #9E-08-2008. The vote in favor was cast by Board Members Bulova, Covington, Herrity, Jenkins, Kelly, Milde, Schwartz, Way and Zimmerman.

Authorization to Execute a Task Order with STV/RWA for Design Services for the Fredericksburg Station Infrastructure Repairs Project – 9F

Mr. Zehner explained that the Operations Board is being asked to authorize him to execute a task order with STV/RWA for design services for the Fredericksburg Station Infrastructure Repairs project in the amount of \$134,800, plus a ten percent contingency of \$13,480, for a total amount not to exceed \$148,280. Resolution #9F-08-2008 would accomplish this.

Mr. Kelly moved, with a second by Mr. Milde, to approve the resolution.

In response to a question from Mr. Zimmerman, Mr. Zehner explained that the original resolution mailed to Board Members prior to the meeting included a different amount that was increased by \$5,000.

In response to a question from Mr. Schwartz, Mr. Zehner explained that the station is owned by CSX and leased by VRE and services both VRE and Amtrak trains. CSX has maintained that the structure is safe and VRE has had engineers look at it and they

have determined it is safe. However, the structure supporting the platform has become a hazard for pedestrians walking below it due to falling debris. Over the years, track drainage has become clogged causing deterioration of concrete.

Mr. Zehner stated that VRE has received federal funding totaling approximately \$2.6 million for this effort. As adequate funding to perform a major rehabilitation does not exist, available grant funding will be used to reduce the risk of deteriorating concrete that may dislodge and fall on the station platforms and tracks. This effort will make safety improvements and modest architectural improvements which will address existing cosmetic and functional deficiencies.

The Board then voted on the motion and it passed. The vote in favor was cast by Board Members Bulova, Covington, Herrity, Jenkins, Kelly, Milde, Schwartz, Way and Zimmerman.

Authorization to Execute a Lease Agreement for Leasing Roof Space for VHF Radio Communication System – 9G

Mr. Zehner reported that Resolution #9G-08-2008 would authorize the CEO to execute a five year lease agreement with 1600 Prince Street Condominiums in Alexandria, Virginia to support the two-way radio project in an amount not to exceed \$52,031. The system requires the utilization of three tower locations. Previously, the Board approved lease agreements for two of the three tower locations, which are Alexandria, Fairfax County and Leeland Road Station. VRE's contractor will install the necessary equipment at each location and once work is completed at all three locations, VRE will begin operation of the VHF two-way radio. The initial lease will last for a term of five years, with a monthly lease fee of \$850, with a one percent annual escalation for the initial term. Upon completion of the first lease term, VRE has the option to renew the lease for three additional periods of five years each. VRE will return to the Board after the initial lease term.

Chairman Jenkins observed that once the two towers are operational it should provide 95 percent coverage for VRE. The remaining five percent would come from the installation at the Leeland Road Station. The Operations Board has already given authorization to begin installation at that station.

Ms. Bulova moved, with a second by Mr. Kelly, to approve Resolution #9G-08-2008.

In response to a question from Ms. Bulova, Mr. Zehner stated that all the funding comes from a Department of Homeland Security grant.

The Board then voted on the motion and it passed. The vote in favor was cast by Board Members Bulova, Covington, Herrity, Jenkins, Kelly, Milde, Schwartz, Way and Zimmerman.

Authorization to Implement Sale of 13 Kawasaki Railcars – 9H

Mr. Zehner stated that Resolution #9H-08-2008 would authorize him to implement the sale of 13 Kawasaki railcars to the Maryland Transit Authority. Back in June 2008, the Board authorized the sale of the Kawasaki cars and the purchase of ten new Gallery style railcars. Since that time, VRE and MTA staff has been working with FTA to complete the approval process of the sale. VRE has now received formal notice from FTA that the transfer of railcars has been approved. However, as part of this process, FTA requests a second resolution from VRE specifying the receiving grantee (MTA), a statement that the vehicles are no longer required by VRE, a list of the vehicles to be transferred including vehicle identification numbers and the remaining Federal interest that is transferred to the receiving grantee (MTA). The resolution fills the request. Mr. MacIsaac has reviewed the resolution and has determined that Commission approval is not necessary because they already approved the sale. In response to a question from Chairman Jenkins, Mr. Zehner stated that MTA is scheduled to take a final vote on the sale on August 21, 2008 and after that VRE could release the cars.

In response to a question from Mr. Way, Mr. Zehner explained that this sale will have no prejudicial implications for future federal funding for railcar purchases. Chairman Jenkins further explained that the Kawasaki railcars are not compatible with the rest of the VRE fleet. Mr. Milde also observed that it is not a net increase in costs when maintenance costs on the Kawasaki railcars are considered. This is a "win-win-win" situation.

Mr. Kelly moved, with a second by Ms. Bulova, to approve the resolution. The vote in favor was cast by Board Members Bulova, Covington, Herrity, Jenkins, Kelly, Milde, Schwartz, Way and Zimmerman.

Review of Customer Opinion Survey From May 2008 – 10

Mr. Zehner reported that VRE conducted its Annual Customer Opinion Survey on May 7, 2008. The survey measures the perceived strengths and weaknesses of service and programs. Overall, the results are fairly consistent with the 2006 survey. In 2007, the survey was conducted on-line as a pilot. Due to very low response, it was determined statistically invalid.

Mr. Zehner stated that the level of overall service quality is 71 percent, which is the highest it has been in five years. Nearly half of VRE riders noted that service has improved and only nine percent indicated that it had not. Riders continue to cite on-time performance as their primary concern, which was followed by cost and frequency of service. VRE's train crews received high marks for their knowledge of VRE operations, being helpful and their professional appearance. They are the face of VRE.

Mr. Covington observed that more males ride VRE compared to females. He asked if it was a trend and if females are concerned about safety. Ms. Bulova stated that part of the reason could be that some women may feel the need to drive an automobile in case of emergency or other issues with their children. Traditionally, VRE has always had

more male riders than female riders. Mr. Covington suggested that future surveys could include a question about personal safety to see if it is an issue.

Adjournment

On a motion by Ms. Bulova, and a second by Mr. Covington, the Board unanimously voted to adjourn. Chairman Jenkins adjourned the meeting at 11:20 A.M.

Approved this 19th day of September, 2008.

JOHN D. JENKINS
Chairman

PAUL MILDE
Secretary

CERTIFICATION

This certification hereby acknowledges that the minutes for the August 15, 2008 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.

Rhonda Gilchrest

Rhonda Gilchrest