

NVTC

Northern Virginia Transportation Commission

**NVTC COMMISSION MEETING
THURSDAY, JANUARY 5, 2006
8:00 PM.**

NVTC CONFERENCE ROOM

NOTE: A buffet supper will be available for attendees before the meeting.

AGENDA

1. Minutes of NVTC Meeting of December 1, 2005.

Recommended Action: Approval.

2. Election of 2006 Officers and Oath of Office.

NVTC's Executive Committee, serving as a nominating committee, has presented a slate of nominations for NVTC Chairman, Vice-Chairman and Secretary-Treasurer.

Recommended Action: Elect officers. Chairman Ferguson will administer the oath of office to the newly elected officers. The new chairman will present a small gift to Chairman Ferguson to honor him for his service.

3. Selection of NVTC Representatives to Boards and Committees.

NVTC's commissioners serve on the WMATA, VRE and Virginia Transit Association Boards. NVTC also has standing Executive and Legislative committees, with the Executive Committee to also serve as an audit committee.

Recommended Action: Act on the recommendations of NVTC's jurisdictions to elect two principal and two alternate members of the WMATA Board. Elect three principals and at least one alternate to the VRE Operations Board. Elect two principals and at least three alternate members of the VTA Board. Executive Committee membership is determined by the NVTC By-Laws while the new NVTC Chairman will appoint the Chairman and members of the Legislative Committee.



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4. Designation of NVTC Signatories and Pension Trustees.

Each year NVTC designates its new Secretary-Treasurer to join selected staff as signatories and pension trustees.

Recommended Action: Approve Resolution #2005.

5. Review of 2005 NVTC Accomplishments.

Using a standard performance-reporting format, NVTC staff will report to the commission on progress during calendar 2005.

Presentation Item.

6. Public Hearing on and Approval of NVTC's 2006 Workprogram and Meeting Schedule.

The draft workprogram and schedule have been available for review by the public for a month on NVTC's website and were discussed by local staff. Staff will provide a brief summary of the proposed workprogram preceding a public hearing.

Recommended Action: After a public hearing and consideration of the comments made by the public, approve the workprogram and schedule for 2006.

7. NVTC and VRE Audits for FY 2005.

NVTC and VRE's audit firm, PBGH LLP, has completed NVTC's audit, but not the VRE audit.

Recommended Action: Accept the NVTC audited financial statements and following receipt and acceptance of the VRE audit (expected at NVTC's February meeting) authorize staff to distribute them.

8. VRE Items

- A. Report from the VRE Operations Board (with minutes of the meeting of December 16, 2005) and from VRE's CEO--Information Item.
- B. FY 2007 VRE Budget and FY 2006 Budget Revisions—Action Item/Resolution #2006.
- C. Application to FRA for VRE Railcar Loan—Action Item/Resolution #2007.
- D. Referral to Jurisdictions of Financing Plan for VRE Railcars—Action Item/Resolution #2008.
- E. Increase Authorization for Sounder Railcars—Action Item/Resolution #2009.
- F. Closed Session on Entry of New VRE Jurisdictions (Section 2.2-3711.A (7) of the Virginia Code).

9. NVTC Draft FY 2007 Budget

A preliminary version was discussed in September, 2005 and forwarded to NVTC's jurisdictions. Action will be requested at the commission's February meeting. Budget expenditures and state and local contributions are virtually unchanged from FY 2006. The performance objectives and measures described in the 2006 workprogram are an integral part of this budget.

Discussion Item.

10. Legislative Items.

Staff will describe recent developments prior to the start of the 2006 General Assembly session.

Discussion Item.

11. WMATA Items.

A. Metro Board Digest for December, 2005.

B. FY 2007 Budget.

Information Item.

12. Regional Transportation Items.

A. NVTA's TransAction 2030 Transportation Plan Update.

B. Communications from Citizens.

Information Item.

13. NVTC Federal SmarTrip Grant Extended

FTA has agreed to NVTC's request and extended the grant for SmarTrip technical assistance through September 30, 2005.

Information Item.

14. NVTC Financial Reports for November, 2005.

Information Item.

MINUTES
NVTC COMMISSION MEETING – DECEMBER 1, 2005
NVTC CONFERENCE ROOM – ARLINGTON, VIRGINIA

The meeting of the Northern Virginia Transportation Commission was called to order by Chairman Ferguson at 8:05 P.M.

Members Present

David Albo
Sharon Bulova
Gerald Connolly
Adam Ebbin
Paul Ferguson
Jay Fiset
Ludwig Gaines
Robin Gardner (Alternate, City of Falls Church)
Catherine M. Hudgins
Tanya Husick (DRPT)
Dana Kauffman
Elaine McConnell
Gary A. Reese
Scott Silverthorne
Paul C. Smedberg (Alternate, City of Alexandria)
Mary Margaret Whipple
Christopher Zimmerman

Members Absent

Eugene Delgaudio
Jeannemarie Devoletes Davis
William D. Euille
David F. Snyder

Staff Present

Rhonda Gilchrest
Jana Lynott
Adam McGavock
Kala Quintana
Elizabeth Rodgers
Jennifer Straub (VRE)
Richard K. Taube
Dale Zehner (VRE)



Minutes of NVTC Meeting of November 3, 2005

On a motion by Mr. Connolly and a second by Mr. Zimmerman, the commission unanimously approved the minutes. The vote in favor was cast by commissioners Albo, Bulova, Connolly, Ferguson, Gaines, Gardner, Hudgins, Husick, Kauffman, McConnell, Reese, Smedberg, Whipple and Zimmerman.

VRE Items

Report from the VRE Operations Board and from VRE's CEO. Mr. Zehner reported that the CSXT tie replacement project is almost finished. As a result, on-time performance on the Fredericksburg Line is sliding upwards. Mr. Zehner stated that VRE submitted two applications to the Rail Advisory Board for consideration, including an application for the preliminary engineering of the Gainesville-Haymarket extension and the other for the third track on the Fredericksburg Line from Powell's Creek to Arkendale. Funding for these projects looks very favorable for VRE based on DRPT's ranking of 36 projects. For FY 2006, DRPT placed VRE's Gainesville-Haymarket study and engineering for the third track in Tier I. The remainder of the third track project (\$47.7 million) was spread over three years (FY2007-2009) and placed in Tier II. On November 30, 2005 the Rail Advisory Board recommended that both VRE Rail Enhancement Fund applications be forwarded to the Commonwealth Transportation Board for approval on December 15, 2005.

Mr. Zehner also announced that the annual VRE Santa Trains will run on December 10th. Ms. Bulova stated that her office sold out of Santa train tickets within the first hour. It is a very popular event. Mr. Zehner stated that there were approximately 5,000-6,000 tickets sold.

Railroad Operating Agreements. Ms. Bulova moved, with a second by Mr. Zimmerman, to approve Resolutions #2002 and #2003, which would authorize VRE's CEO to execute extensions to the existing operating agreements to July 31, 2006 with CSXT and Norfolk Southern, respectively. Other terms and conditions would remain unchanged. Both current agreements expire on December 31, 2005.

The commission then voted to approve the resolutions. The vote in favor was cast by commissioners Albo, Bulova, Connolly, Ferguson, Gaines, Gardner, Hudgins, Husick, Kauffman, McConnell, Reese, Smedberg, Whipple and Zimmerman. (Copies of Resolution #2003 and #2004 are attached.)

Changes to VRE's Delegated Authority. Ms. Bulova explained that the VRE Operations Board recommends commission approval of Resolution #2004, which would adopt a plan of action for a phased-in approach to increase the delegated authority to the VRE Operations Board from the commissions. It would require no change to the Master Agreement. Ms. Bulova gave a more detailed overview of the proposed changes. Responsibilities that would remain

at the commission level and not be delegated to the Operations Board would be the following:

- 1) Employment decisions (recruitment and termination) regarding the Chief Executive Officer.
- 2) State and federal grant applications.
- 3) Approval of legislative agendas.
- 4) Approval of strategic plan.
- 5) Other major policies, such as terms for new entrants.
- 6) Other actions reserved for the commissions by the Master Agreement, such as approving annual budgets/six-year financial plans.

Chairman Ferguson stated that this proposed action is a good balance and responsive to commissioners concerns. Mr. Zimmerman stated that this is a progressive approach where each year the commissions would approve the implementation of new phases of delegation. He expressed his opinion that this is the right direction that should be taken. Mr. Connolly stated that he is in favor of this action with the understanding that the commission will receive periodic updates on the status of VRE.

In response to a question from Mr. Smedberg, Ms. Bulova stated that the VRE Operations Board would determine the level of compensation of VRE's CEO within the confines of VRE's approved budget.

Ms. Bulova moved to approve Resolution #2004, with the understanding that the commission will receive periodic updates on VRE. Mr. Connolly seconded.

Mr. Connolly noted that this action does not preclude commissioners requesting that items come back to the commissions for discussion and/or action. Ms. Gardner observed that to her a review of level of compensation goes together with performance standards. She asked how the process would work and how the Operations Board would interact with the commissions? Ms. McConnell expressed her opinion that it is unfair to ask NVTC commissioners to evaluate VRE's CEO when they don't work closely with him. Ms. Bulova explained that this action would not delegate to the Operations Board the hiring or firing of the CEO. These issues would be brought to the commissions. Ms. Gardner asked if there are opposing opinions between the commissions and the Operations Board concerning the hiring or firing of the VRE CEO, who has the overriding authority?

Chairman Ferguson stated that NVTC will be provided with information about actions taken by the Operations Board and would have the right to override actions. Mr. Zimmerman also observed that the level of compensation of the CEO would be in the confines of VRE's approved budget, which will continue to be approved by the commissions. Ms. Bulova also stated that salary information is not hidden and is information provided to the commissions. Chairman Ferguson asked for a friendly amendment that NVTC be provided with

information agenda items concerning salary adjustments for the VRE CEO. Ms. Bulova and Mr. Zimmerman agreed to this amendment.

The commission then voted on the amended motion and it passed. The vote in favor was cast by commissioners Albo, Bulova, Connolly, Ferguson, Gaines, Gardner, Hudgins, Husick, Kauffman, McConnell, Reese, Smedberg, Whipple and Zimmerman. (A copy of Resolution #2004 is attached.)

NVTC's Legislative Agenda for 2006

Mr. Connolly reported that NVTC's Legislative Committee met on November 15th and put together NVTC's Legislative Agenda for 2006. He stated that it is unclear what is going to happen to transportation during the next General Assembly Session. Virginia has a new governor-elect who has made transportation a priority. The Legislative Agenda supports legislative actions for increasing and safeguarding state transportation funding. NVTC also supports the creation of a telework council. Mr. Taube explained that the commission is being asked to approve NVTC's Legislative Agenda and VRE's Legislative Agenda.

Mr. Silverthorne arrived at 8:30 P.M.

Mr. Connolly stated that NVTC needs to be vigilant and watch closely to make sure Northern Virginia transit funding is not raided.

Mr. Connolly moved, with a second by Mr. Zimmerman, to approve NVTC's and VRE's Legislative Agendas.

Chairman Ferguson noted that staff put together talking points that he used at Governor-Elect Kaine's Transportation Town Hall Meeting held in Manassas. He encouraged commissioners to use this information, which includes useful statistics.

Delegate Reese stated that he has given staff supplemental materials, including a copy of a letter he sent to the Virginia Attorney General requesting an opinion about general obligation bonds and revenue bonds and whether they could be combined for specific projects. He has also provided a copy of a letter to Governor-Elect Kaine about a transportation bonding system. He stated that it is important to put together a coalition of legislators to pass this legislation. Staff will provide copies of Delegate Reese's materials to commissioners.

Mr. Connolly requested copies of the two-page summary of NVTA's survey (included in the report on proposed dedicated funding for WMATA) to include in the materials for Fairfax County's legislative delegation breakfast on December 7th. In response to a question from Ms. Hudgins, Ms. Rodgers stated that this document is posted on NVTC's website.

The commission then voted on the motion and it passed. The vote in favor was cast by commissioners Bulova, Connolly, Ferguson, Gaines, Gardner, Hudgins, Husick, Kauffman, McConnell, Reese, Silverthorne, Smedberg, Whipple and Zimmerman. Delegate Albo abstained.

Mr. Connolly reminded commissioners that during the General Assembly Session last year, NVTC held a commission meeting in Richmond. He stated that NVTC should consider this again for this upcoming General Assembly Session, since last year was a good opportunity to mingle with General Assembly members. Delegate Albo stated that it is a good idea and useful to do. Ms. Bulova observed that VRE is not running trains to Richmond this year. Commissioners discussed it further and staff will look into it.

Chairman Ferguson noted that this is Delegate Reese's last meeting. On behalf of the commission, he thanked Delegate Reese for his contribution to NVTC. Delegate Reese stated that he is convinced that transportation needs should not be put into competition with other needs, such as Medicaid reform. He encouraged NVTC to support legislative efforts to treat transportation needs as vital capital projects.

Delegate Reese left the meeting at 8:40 P.M. and did not return.

NVTC's Senior Mobility Study Phase 1 Report

Ms. Lynott stated that NVTC staff has managed an ambitious year-long study of senior mobility issues with an emphasis on identifying transit service improvements that could better serve these individuals. NVTC staff focused on demographic analysis using Census data and GIS tools while consultants performed surveys, conducted focus groups and analyzed data. A large, multi-agency/jurisdiction technical committee met several times to provide guidance and expertise. Ms. Lynott introduced the consultants for this project: Steve Markenson and Kevin Pulls from WB&A Market Research and Buffy Ellis and Paul Napti from KFG Group.

Ms. Lynott gave an overview of the highlights of the study, Steve Markenson discussed the results of the telephone survey, and Buffy Ellis reviewed the study recommendations.

Mr. Fiset and Delegate Ebbin arrived at 9:03 P.M. and 9:05 P.M., respectively.

Mr. Kauffman observed that many of the problems seniors cited concerning public transportation (i.e., difficulty getting information, people not knowing they live close to fixed routes) also are problems of the general population.

Ms. Lynott concluded the presentation by stating that the study found fairly significant differences by community type and mode choice. Pedestrian friendly streets, transit oriented development and creating mixed use communities increases senior mobility. In the future, much of the growth of the senior population will occur outside the Beltway. No one solution will solve the problems seniors face. The final report is expected to be presented for commission approval in March, 2006. NVTC received another \$150,000 grant from VDOT to be applied to testing/piloting one or more of these study recommendations. A portion of the funds will be used for a public information campaign to get out the results of the study.

Mr. Connolly observed that Fairfax County was built for young couples with families and not built for seniors. There are not a lot of places for seniors to live. One of the challenges is to look at different housing types and think differently about zoning. Retirement communities and age restricted housing will need to be investigated. Loudoun and Prince William counties will also have the same issues. Ms. Bulova stated that it is important to look at what senior housing should be.

Senator Whipple stated that it may be more effective to direct the education process towards younger people to prepare them for their senior years. She questioned whether seniors 75+ who haven't taken transit would begin at that age.

Mrs. McConnell stated that the tax structure needs to be looked at to provide a way for seniors to be able to stay in their homes given large increases in property taxes. They shouldn't be forced out of their homes because of taxes.

Ms. Gardner stated that it is important to have mixed-use development where communities are near stores and transit to allow seniors to walk to their destinations.

Mr. Fisette stated that the Virginia Housing Development Authority has approved a tax credit policy, which would double the credits/points for applications for projects in Northern Virginia only which are transit oriented projects within one-fourth mile or less of a bus line or a rail station. He suggested that the concept of free access for seniors should be looked at to encourage transit usage. McDonald's has had a very successful senior campaign.

The Case for Increased Funding of Public Transportation in Northern Virginia

Mr. Taube explained that staff has prepared materials to assist in informing the Governor-Elect Kaine and General Assembly members about why they should support more funding for transit, especially in Northern Virginia. He asked for commissioner comments. Chairman Ferguson suggested shortening it to a one or two page length.

WMATA Items

Sale of Land at Vienna Metrorail Station. The WMATA Board decided to sell a controversial 3.75 acre parcel of land at the Vienna station to Pulte Home Corporation for \$6.5 million plus \$9 million in improvements to WMATA property and nearby land. The decision followed a recent public hearing on the sale conducted by WMATA.

Metro Parking. Mr. Kauffman stated that WMATA has decided to keep the parking gates open until 10:30 A.M. so that those drivers who can't find a space after the reserve spaces become available can get out of the parking lot without being charged a fee.

Regional Transportation Items

NVTA 2030 Transportation Plan Update Public Hearing. Mr. Taube announced that NVTA will conduct the hearing on December 6th.

Hydrogen Fuel Injection Technology. Fuel cell technology is in its infancy and even the most optimistic fuel cell proponents do not expect to see widespread fuel cell deployment for at least another fifteen years. The Canadian Hydrogen Energy Company (CHEC) has developed an innovative new way to use hydrogen power, and you don't have to wait years to see it work. The CHEC system is known as Hydrogen Fuel Injection, which uses electricity to create hydrogen. CHEC guarantees a minimum of ten percent reduction in fuel usage with the HFI system. There are also significant environmental benefits. NVTC staff is investigating the possibility of implementing a demonstration of HFI technology on local buses.

New Study on Federal Telework. A new study by the Telework Exchange shows the average federal employee spends 245 hours each year commuting to and from work. If all federal workers teleworked two days per week, 98 hours annually of commuting time would be saved per worker or 73.7 million hours in total. Commuting costs would be reduced by \$3.3 billion. About 2.7 million tons of air pollutants would be eliminated.

NVTC Financial Reports for October, 2005

The financial reports were provided to commissioners and there were no questions.

Notice of Public Hearing on NVTC's 2006 Work Program and Meeting Schedule

Mr. Taube stated that NVTC will conduct a public hearing at its next meeting on January 5, 2006 on its proposed 2006 Work Program and Meeting Schedule.

Notice of Appointment of a Nominating Committee for 2006 NVTC Officers

Chairman Ferguson has appointed the NVTC Executive Committee to serve as the Nominating Committee. Commissioners wishing to provide input should contact committee members. The proposed slate of officers will be reported on NVTC's website and mailed to commissioners prior to the January 5th meeting.

Other NVTC Business

Mr. Smedberg stated that at the Governor-Elect's town hall meeting the issue of public safety was raised concerning the ability of police, fire and other emergency vehicles to get through traffic congestion.

Adjournment

Without objection, Chairman Ferguson adjourned the meeting at 9:40 P.M.

Approved this 5th day of January, 2006.

Chairman

Secretary-Treasurer



RESOLUTION #2002

- SUBJECT:** Extend Operating Agreement with CSXT.
- WHEREAS:** The commissions currently have an Operating/Access Agreement with CSXT relating to VRE operations in the Fredericksburg to Washington corridor, with the agreement extension ending on December 31, 2005;
- WHEREAS:** Staff is currently engaged in discussions with CSXT concerning a new agreement and does not anticipate conclusion of these discussions prior to the expiration;
- WHEREAS:** A proposal to extend the existing agreement to July 31, 2006, without any changes, is expected from CSXT;
- WHEREAS:** The purpose of this extension is to allow time to negotiate and resolve the liability issues relating to a new agreement; and
- WHEREAS:** Necessary funding has been incorporated into the FY 2006 and FY 2007 budgets to allow VRE to continue its operations over CSXT tracks via this contract extension.

NOW, THEREFORE BE IT RESOLVED that the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to execute an extension of the Operating/Access Agreement with CSXT through July 31, 2006.

Approved this 1st day of December, 2005.

A handwritten signature in cursive script, appearing to read "Paul Ferguson", is written over a horizontal line.

Paul Ferguson
Chairman

David F. Snyder
Secretary-Treasurer



NVTC Northern Virginia Transportation Commission

RESOLUTION #2003

SUBJECT: Extend Operating 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 the agreement extension ending on December 31, 2005;

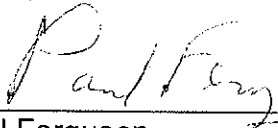
WHEREAS: A proposal to extend the existing agreement to July 31, 2006, without any changes, is expected from Norfolk Southern;

WHEREAS: The purpose of this extension is to allow time to negotiate and resolve the liability issues relating to a new agreement; and

WHEREAS: Necessary funding has been incorporated into the FY 2006 and FY 2007 budgets to allow VRE to continue its operations over CSXT tracks via this contract extension.

NOW, THEREFORE BE IT RESOLVED that the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to execute an extension of the Operating/Access Agreement with Norfolk Southern through July 31, 2006.

Approved this 1st day of December, 2005.



Paul Ferguson
Chairman

David F. Snyder
Secretary-Treasurer





RESOLUTION #2004

SUBJECT: Changes to VRE's Delegated Authority.

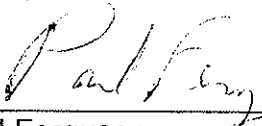
WHEREAS: The VRE Operations Board has duties described in the VRE Master Agreement as well as duties delegated to the Board from the commissions;

WHEREAS: At the request of NVTC, the Board examined alternative plans to revise the delegated authority in order to streamline and clarify VRE oversight, allow the commissions to focus on higher-level policy matters and provide more responsibility to the commissions' representatives on the Operations Board; and

WHEREAS: The VRE Operations Board is recommending a phased transition to increased levels of delegation with a careful evaluation of effectiveness before each subsequent step, all within the structure of the existing VRE Master Agreement.

NOW, THEREFORE BE IT RESOLVED that the Northern Virginia Transportation Commission hereby adopts the Recommended Policy on a Phased Transition to Full Delegation of Authority from the Commissions to the VRE Operations Board dated November 18, 2005.

Approved this 1st day of December, 2005.



Paul Ferguson
Chairman

David F. Snyder
Secretary-Treasurer



NVTC

Northern Virginia Transportation Commission

AGENDA ITEM #2

MEMORANDUM

TO: Chairman Ferguson and NVTC Commissioners
FROM: Rick Taube *Rick Taube*
DATE: December 29, 2005
SUBJECT: Election of NVTC Officers for 2006 and Oath of Office

NVTC's executive committee, serving as a nominating committee, has recommended the following slate of officers for NVTC for 2006.

Chairman: Hon. Gerald Connolly
Vice-Chairman: Hon. David Snyder
Secretary-Treasurer: Hon. William Euille

The commission should vote to select its 2006 officers. Chairman Ferguson will administer the following oath to the new officers:

I do solemnly swear that I will support the Constitution of the United States and the Commonwealth of Virginia and that I will faithfully discharge all the duties incumbent upon me as an officer of the Northern Virginia Transportation Commission, according to the best of my ability.

The newly elected chairman will present a gift to Chairman Ferguson.



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MEMORANDUM

TO: Chairman Ferguson and NVTC Commissioners
FROM: Rick Taube *Rick Taube*
DATE: December 29, 2005
SUBJECT: Selection of NVTC Representatives to Boards and Committees

The new NVTC chairman will announce NVTC nominations for the WMATA, VRE and VTA boards to be acted upon by the commission. The chairman will also announce his committee assignments. Incumbents are listed below:

WMATA Board

Principals

Hon. Dana Kauffman
Hon. Chris Zimmerman

Alternates

Hon Catherine M. Hudgins
Hon. William Euille

VRE Board

Principals

Hon. Sharon Bulova
Hon. Dana Kauffman
Hon. Elaine McConnell

Alternates

Hon. Chris Zimmerman

Virginia Transit Association Board of Directors

Principals

Hon. Sharon Bulova
Hon. Chris Zimmerman

Alternates

Hon. David F. Snyder
Hon. Mary Margaret Whipple
Richard K. Taube



NVTC Legislative Committee

Hon. Gerald Connolly (Chairman)
(Vacant) (House of Delegates)
Hon. Mary Margaret Whipple (Senate)
Hon. William Euille
Hon. Paul Ferguson
Hon. Scott Silverthorne
Hon. David F. Snyder
Hon. Eugene Delgaudio

NVTC Executive Committee

Hon. Gerald Connolly, Chairman (nominated)
Hon. David F. Snyder, Vice Chairman (nominated)
Hon. William Euille, Secretary-Treasurer (nominated)
Hon. Dana Kauffman, WMATA Board
Hon. Christopher Zimmerman, WMATA Board
Hon. Mary Margaret Whipple, General Assembly
Hon. Paul Ferguson, Immediate Past Chairman



AGENDA ITEM #4

MEMORANDUM

TO: Chairman Ferguson and NVTC Commissioners
FROM: Rick Taube *Rick Taube*
DATE: December 29, 2005
SUBJECT: Designation of NVTC Signatories and Pension Trustees

After NVTC's new Secretary-Treasurer is elected, NVTC should adopt the attached resolution #2005. The resolution will establish that the new officer is eligible to sign NVTC documents (including financial transactions) and to serve as trustee of NVTC's Employees' Pension Trust.



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RESOLUTION #2005

SUBJECT: Designation of NVTC Signatories and Pension Trustees.

WHEREAS: The Honorable _____ has been elected Secretary-Treasurer of NVTC for 2006; and

WHEREAS: NVTC desires that the person holding the office of Secretary-Treasurer be designated as an official signatory as well as a pension trustee.

NOW, THEREFORE BE IT RESOLVED that the Northern Virginia Transportation Commission hereby selects the following persons to serve as NVTC signatories (who are eligible to sign individually for any transaction of less than \$5,000 and with one other signatory for transactions of \$5,000 or greater) and the same individuals shall serve as NVTC employees' pension trustees.

Hon. _____
Richard K. Taube
Scott C. Kalkwarf
Coletia Quarles

Secretary-Treasurer
Executive Director
Director of Finance and Administration
Assistant Financial Officer

Approved 5th day of January, 2006.

Paul Ferguson
Chairman

David F. Snyder
Secretary-Treasurer



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AGENDA ITEM #5

MEMORANDUM

TO: Chairman Ferguson and NVTC Commissioners
FROM: Rick Taube *Rick Taube*
DATE: December 29, 2005
SUBJECT: Review of 2005 NVTC Accomplishments

Senior NVTC staff will present highlights on progress during 2005 on significant NVTC projects. Attached for your information are detailed progress reports for each of these projects prepared by the project managers.



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END-OF-YEAR REPORT ON PROGRESS ON SIGNIFICANT
NVTC PROJECTS

— December, 2005 —

PROJECT NAME: Regional Electronic Fare Payment System (SmarTrip)

PROJECT MANAGER: Adam McGavock

DESCRIPTION OF PROJECT: The Regional Electronic Fare Payment System project (more commonly known as SmarTrip) involves the purchase and installation of 387 SmarTrip compatible fareboxes on the buses of Arlington County ART, Alexandria DASH, City of Fairfax CUE, Fairfax County Connector, Loudoun County Transit, and PRTC's OMNIRide and OMNILink. The project also includes the integration of SmarTrip payment with the VRE fare collection system. All local systems will be connected to the Regional Customer Service Center (RCSC) through garage computer systems communicating through a Data Network Concentrator. The fareboxes and garage computer systems are being purchased from Cubic Transportation Systems Inc. WMATA is also planning to purchase and implement a network of Point-of-Sale devices to sell and add value to SmarTrip cards at participating retail locations throughout the WMATA compact area. NVTC has secured DRPT funding to purchase and operate 19 Point-of-Sale devices in Loudoun and Prince William counties. The SmarTrip project also includes a contract with the IBI Group to provide technical assistance for the installation of the fareboxes, garage computers, and fare payment integration.

MILESTONE ACCOMPLISHMENTS TO DATE:

NVTC executes contract with Cubic Transportation Systems – November 2001
NVTC executes contract with IBI Group, Inc. – November 2001
Loudoun County added to farebox and tech. assistance contracts – April 2002
Completed WMATA First article testing – August 2002
Began WMATA in service qualification testing – November 2002
Completed garage inspections in Northern Virginia – April 2003
Completed preliminary and final design review of equipment to be installed in Northern Virginia – April 2003
Secured DRPT grant to purchase and operate POS network for PRTC and Loudoun – June 2003
Secured additional DRPT funding for Technical Support contract – May 2004
Participating in design review process for RCSC and DNC – ongoing through January 2005
Design Review Process for RCSC and DNC completed – February 2005
Development of Maintenance and Training Plans – Ongoing
Completed Test Plan for System Integration Test of Regional System – October 2005
Completed Installation Plans for NVTC Properties – November 2005
Regional Operator Data System Design Review – December 2005

MILESTONES REMAINING:

Farebox and garage installations in Northern Virginia – Spring 2006
Data system integrity test – 2006
Final acceptance – 2007

PROJECT BUDGET STATUS:

Farebox purchase contract: \$5,250,042 (\$3,590,953 remaining) Funding from VDRPT grant of \$4,074,712, FTA grant of \$1,000,000 (with \$250,000 in matching VDRPT funds), and \$198,293 from Arlington County for additional fareboxes.

IBI Technical Asst. contract: \$320,884 (\$128,176 remaining) Funding from FTA grant of \$200,000 (with VDRPT matching funds of \$50,000) and VDRPT grants of \$34,184 and \$36,700.

ISSUES:

The last project update, provided to the NVTC board in June of 2005, indicated that the installation of the Northern Virginia SmarTrip fareboxes was scheduled for fall of 2005, subject to several dependencies. Unfortunately, several of these dependencies were not successfully completed. The SIRS testing (testing of the interface between the WMATA central computer and the Regional Customer Service Center, RCSC) was successfully completed in October of 2005, one month behind schedule. The Dual Format Card Integration testing (testing the interoperability of the WMATA legacy SmarTrip card format with the Nextfare4 RTA card format to be used in Northern Virginia) was scheduled for September of 2005. Unfortunately, there were numerous delays and setbacks in the development of the testing plan, and the dual format testing did not begin until November of 2005. This testing is scheduled for completion in January of 2006. The development and testing of the Regional Operator Data System (garage computers to be installed at NVTC properties and in Montgomery County) has also been delayed by several months, with that testing scheduled to begin in January of 2006. There was also an unforeseen problem with a 3rd party software package running on the WMATA Central Computer, which has delayed the ability of NVTC systems to connect to the WMATA Central Computer (an essential component of our testing). WMATA staff expects these problems to be successfully addressed by the end of January 2006. The NVTC installations are now scheduled for Spring of 2006, and are still subject to the same dependencies mentioned above.

In the summer of 2004, FTA rescinded the remaining balance of NVTC's \$200,000 FTA Demonstration Grant, due to lack of progress. These grant funds were reinstated in December of 2004, with the agreement that the funds would be spent by the end of November 2005. As of November 2005, there was still approximately \$45,000 of remaining grant funds. NVTC and FTA staff agreed to a 10-month extension, after which the remaining funds will be rescinded.

KEY PERFORMANCE MEASURES:

NVTC's primary role in this project is to manage the contract for the purchase of the fareboxes, and the technical assistance contract. During the past six months, NVTC staff represented the region in the continuing design review process, and in negotiations with Cubic. The design process determines the design and operation of the Regional Customer Service Center, financial clearing, and business rules for the other interactions between the regional agencies. The Cubic negotiations center around the testing of the regional system, the integration of the regional system with WMATA, the installation schedule for Northern Virginia, and the training plan for Northern Virginia agencies.

In terms of evaluating the performance of NVTC staff on this project, one could look at the outcome of the farebox installations this spring. If the installations proceed smoothly, that would be an indication that NVTC did an effective job in preparing the region. If there are no major problems with the fareboxes and garage computers, it would indicate that NVTC did an effective job of monitoring the testing processes, and ensuring the proper configuration for the installed devices. Judging NVTC's performance in the design review process will prove to be more difficult. It may take several years of operations before one could conclusively whether or not NVTC staff did an effective job of protecting the interests of the Northern Virginia systems during the design process.

In terms of meeting project deadlines, NVTC is dependent on the progress of WMATA, tied to the specifications written by WMATA and the contract with Cubic negotiated by WMATA.

NVTC's project manager is responsible for the \$5.9 million project budget.

END-OF-YEAR REPORT ON PROGRESS ON SIGNIFICANT
NVTC PROJECTS

— December 2005 —

PROJECT NAME: GPS Phone AVL Project

PROJECT MANAGER: Adam McGavock

DESCRIPTION OF PROJECT: This development/demonstration project, funded by the Virginia Department of Rail and Public Transportation, will focus on the development, testing and demonstration of a simple, inexpensive, and scalable system for providing real-time bus arrival information to passengers on suburban bus routes. The proposed system will collect time-stamped bus location data via GPS-enabled mobile phones. These data will then be transmitted via the mobile phone provider's network to a central computer, which will collect this time-stamped location data in a database. The central computer will then use the archived location data to predict when a bus will arrive at a given stop. This information will be provided to customers through an interactive voice response interface, and possibly through a text messaging system. The software that is developed will be the property of DRPT, and they will be able to distribute it to other systems in the Commonwealth, and possibly to systems outside of Virginia if they choose.

MILESTONE ACCOMPLISHMENTS TO DATE:

Contract Awarded – November 2005
Kickoff Meeting – December 2005

MILESTONES REMAINING:

Design of System Completed, Development Begins – February 2006
Development of System Completed, Testing Begins – April 2006
Testing Completed, In-Service Demonstration Begins – July 2006
Demonstration Complete – January 2007
Final Evaluation Report – March 2007

PROJECT BUDGET STATUS:

\$199,481 contract budget funded by DRPT grant

ISSUES:

None at this time

KEY PERFORMANCE MEASURES:

--\$199,481 managed per employee.
--Meet milestone dates within budget.

END-OF-YEAR REPORT ON PROGRESS ON SIGNIFICANT NVTC PROJECTS

— December 2005 —

PROJECT NAME: Transit Performance Database

PROJECT MANAGER: Adam McGavock

DESCRIPTION OF PROJECT: The Transit Performance Database provides monthly and/or annual performance data for transit systems operating in the NVTC jurisdictions. The database is accessible by the public through the NVTC website, and allows anyone to obtain performance information on these transit systems without having to make multiple calls, or disturb the transit system employees. Currently, the Transit Performance Database contains operating and revenue information for VRE, WMATA (Northern Virginia only), Alexandria DASH, Loudoun County Transit, Fairfax Connector, CUE, and GEORGE plus some information on PRTC's OmniRide and OmniLink.

MILESTONE ACCOMPLISHMENTS TO DATE:

Annual and/or monthly data on revenue miles, revenue hours, one-way passenger trips, passenger miles, and passenger revenues posted on website starting in January 2003

Update of monthly data – June 2003

Update of monthly data – December 2003

Update of monthly and annual data – April 2004

Update of monthly and annual data – December 2004

Update of monthly data – June 2005

Update of monthly and annual data – December 2005

MILESTONES REMAINING:

Updates of monthly performance data (VRE, WMATA, DASH) – June 2006

Updates of annual performance data, to coincide with Annual Performance Update – December 2006

PROJECT BUDGET STATUS:

Administrative function of NVTC, approximately 20 hours of staff time each quarter

ISSUES:

There is a great variation among local transit providers on how much operating information they provide to the public. Some systems only provide information through NTD reports, which lag far behind in terms of publication (the most current data available at this time from the NTD site is FY 2003). Other systems, such as DASH and VRE, provide comprehensive data to the public on a monthly basis. Ideally, NVTC would like to receive this level of detail from all of the systems in the jurisdictions. There are also difficulties with the WMATA ridership information for Northern Virginia.

WMATA does not provide breakdowns of Metrorail ridership by jurisdiction, which means that these numbers have to be aggregated and estimated from system-wide reports. In terms of Metrobus ridership, WMATA used to provide “highest average daily ridership” figures on a monthly basis for each of the bus routes operating in Northern Virginia. These provided a reasonable estimate of monthly Metrobus ridership in Northern Virginia. With the recent system-wide installation of the new SmarTrip fareboxes, WMATA should be able to provide more accurate and detailed ridership information for Northern Virginia Metrobus service, but apparently there have been some difficulties during the transition.

KEY PERFORMANCE MEASURES:

NVTC’s role in creating the Transit Performance Database is to collect data from local transit providers in a timely and accurate manner with minimal demands on the time of the employees at the local transit systems, and distribute this data via the NVTC website. The goal is to provide information to the public, and also to give local transit systems a place to which they can direct requests for data.

END-OF-YEAR REPORT ON PROGRESS ON SIGNIFICANT
NVTC PROJECTS

— December, 2006 —

PROJECT NAME: NTD Technical Assistance

PROJECT MANAGER: Adam McGavock

DESCRIPTION OF PROJECT: In order to bring additional federal transit funding to the region, transit systems in Northern Virginia must complete the annual National Transit Database report. The National Transit Database report collects extensive information on all aspects of a transit system's existence, including operating statistics (trips, miles, hours, passenger miles,) financial information, safety statistics, staffing, and funding sources. Although the new online reporting system is an improvement, the task is still very time-consuming. The purpose of this project is to assist the local transit systems with the more complex aspects of completing their annual NTD reports.

The consulting team puts together sampling plans, collects ridership data, completes NTD reporting forms, and performs any other tasks as requested by the individual systems. Annual costs for this consulting assistance are negotiated each year. Funding comes from a change in NVTC's subsidy allocation, which provides state aid funds "off the top" of NVTC's funding with the concurrence of local staff.

MILESTONE ACCOMPLISHMENTS TO DATE:

Proposals Evaluated and Contract Awarded - May 2003

Technical Advisory Committee assembled with representation from DRPT, Arlington, Alexandria, Fairfax County, Loudoun County, and the city of Fairfax. – June 2003

Kick-off meeting – June 2003

Create work plan for FY04 – July 2003

Negotiate price for FY04 work plan – July 2003

Compile stop lists and update routes – October 2003

Create work plan for FY 05 – June 2004

Negotiate price for FY 05 work plan – June 2004

Completion of FY 04 sampling – June 2004

FY 05 sampling begins – July 2004

Negotiate price for FY 06 work plan – June 2005

Completion of FY 05 sampling – June 2005

FY 06 sampling begins – July 2005

Completed Reports Submitted for CUE and Loudoun – Nov. 2005

MILESTONES REMAINING:

Meet with TAC to determine the course of action for next year, the first of two option years on this contract.

PROJECT BUDGET STATUS:

George Hoyt and Associates FY 05 contract: \$160,075 (\$56,913 remaining)

George Hoyt and Associates FY 06 contract: \$166,371 (\$145,690 remaining)

ISSUES:

None at this time.

KEY PERFORMANCE MEASURES:

At an annual cost of about \$160,000, the NTD contract provides assistance to the local jurisdictions in completing their annual NTD filings. These filings generate over five million dollars annually in FTA formula funds for WMATA, which represents a very strong return on the investment.

For FY 2005, completed NTD reports are due to be submitted to FTA before January 1, 2006.

END-OF-YEAR REPORT ON PROGRESS ON SIGNIFICANT
NVTC PROJECTS

— December, 2005—

PROJECT NAME: Air Quality Code Red Free Bus Fares

PROJECT MANAGER: Jana Lynott

DESCRIPTION OF PROJECT:

As part of a continuing regional air quality improvement strategy, this project provides free bus service on forecast Air Quality Code Red Ozone Action Days as an enticement to travelers to take public transportation. Participating providers include Arlington Transit, DASH, Fairfax Connector, CUE, Loudoun County Transit, Virginia Regional Transportation Association, Falls Church George, and WMATA's Metrobus.

NVTC is responsible for administering the CMAQ funds received for this project. Since project inception in 1999, CMAQ funds totaling \$3,098,500 have been made available to NVTC (includes FY06 CMAQ grant) for fare reimbursement and project incidentals.

MILESTONE ACCOMPLISHMENTS TO DATE:

__One forecast Code Red Day occurred on Saturday, August 13, 2005.

__All 2005 MOUs and Code Red Day invoices returned to NVTC (summer 2005).

MILESTONES REMAINING:

Process FY 2005 and FY 2006 CMAQ Grants.
Administer program during 2006 Ozone Season.

PROJECT BUDGET STATUS:

The current project budget of \$1,659,587 is available for free fare reimbursements in summer 2006. Based on an estimated weekday average cost of \$93,500 per day, which takes into account the increased fares and ridership, NVTC has sufficient funds to cover 17 forecast Code Red Days.

ISSUES:

NVTC did not submit an FY 2007 CMAQ grant because the carryover budget should be sufficient to cover Code Red Days in 2006.

KEY PERFORMANCE MEASURES:

___ Speed of processing invoices: NVTC submitted grant billings on the 20th of the month in which invoices were received from providers.

___ Prepared accurate forecasts of daily costs of free fares within 20% of actual costs to reduce likelihood of over- or under-budgeting CMAQ dollars.

___ \$1,659,000 managed per employee

___ Administrative costs charged to project = \$0

END-OF-YEAR REPORT ON PROGRESS ON SIGNIFICANT
NVTC PROJECTS

— December, 2005—

PROJECT NAME: Air Quality Code Red Free Bus Fares Evaluation Project

PROJECT MANAGER: Jana Lynott

DESCRIPTION OF PROJECT:

At the request of NVTC's Board members, staff obtained \$115,500 in the CMAQ grant funding to evaluate the effectiveness of offering free bus fares on Air Quality Code Red Days. This project is particularly timely given the challenges the region faces, both in meeting air quality requirements and addressing budget constraints. The evaluation includes a telephone survey targeted to the general population, an on-board bus survey of bus riders, and an analysis of emissions reductions.

MILESTONE ACCOMPLISHMENTS TO DATE:

During the spring and summer of 2003, NVTC procured a consultant (BMI-SG) to evaluate the program's effectiveness through the administration of a telephone survey, on-board survey and assessment of emissions reductions resulting in the use of the program. The telephone survey to test the public's general level of awareness was completed in August, 2003. The on-board survey was pre-tested on the first forecast Code Red Day of the season (June 25, 2003). Because the survey instrument was not complete on June 26, the second and last forecast Code Red Day of the season, the on-board survey could not be completed. Because of an absence in forecast Code Red days in 2004, and absence of a Code Red Day falling on a weekday in 2005, the on-board survey could not be completed.

The consultant prepared an interim report in December 2003 based on the findings of the telephone survey and initial analysis of reported ridership gains to provide a rough estimate of emissions reductions.

The consultant conducted an on-board bus survey of a sample of routes to gather baseline ridership data for a typical non-Code Red day.

On-board counters were re-trained June 13, 2005.

MILESTONES REMAINING:

None. Contract closed out. Remaining funds will be added to Code Red reimbursement budget.

PROJECT BUDGET STATUS:

\$77,841 (70%) of the \$110,500 consultant budget has been invoiced and paid.

ISSUES:

Lack of Code Red days has led to discontinuation of contract prior to on-board survey completion.

KEY PERFORMANCE MEASURES:

__ \$77,841 managed per employee.

__ Contract successfully closed.

END-OF-YEAR REPORT ON PROGRESS ON SIGNIFICANT
NVTC PROJECTS

— December, 2005—

PROJECT NAME: Transit Emergency Response Planning

PROJECT MANAGER: Jana Lynott

DESCRIPTION OF PROJECT:

With the support of member jurisdictions, NVTC staff began in November 2003, to host a series of planning meetings to develop emergency response plans for key Metrorail station areas in Northern Virginia. These plans outline alternative staging areas for buses should the Metrorail station be shut down. Plans include instructions on bus stop locations and signage and schedule information, public information, and supervision of operations to adjust to changing traffic patterns. Procedures for instituting bus bridges also are being verified. In addition, participants identify issues for regional discussion such as the retiming of traffic signals and parking enforcement. The final product will be a series of summary plans that outline the recommended emergency plan for each key station area. The product will be shared with the Regional Transit Operators Emergency Preparedness Group and MWCOG as input to its regional planning effort. NVTC is co-sponsoring these sessions with the local jurisdictions containing the station areas under discussion. NVTC's project manager is convening stakeholders, facilitating the discussions, keeping a record of the discussions, and drafting emergency response plans for each station area. Representatives of NVTC member jurisdictions, police, fire, local transit operators, WMATA, VDOT, and MWCOG are participating in these discussions.

MILESTONE ACCOMPLISHMENTS TO DATE:

__ Nine, two-hour emergency planning meetings held in 2005, including bus tours of the West and East Falls Church and Franconia-Springfield station areas. Three of these meetings were held in local emergency operations centers to facilitate participant knowledge of emergency response resources and staff.

__ Final draft plans have been developed for Pentagon, Rosslyn, Ballston, and King Street station areas. In March 2005, these plans were forwarded to WMATA's Assistant General Superintendent of Street Operations and Bus Central Communications for approval and action.

__ A final draft plan for the West Falls Church Station was completed summer 2005.

___Ms. Lynott and Ms. Rodgers observed the Gallant Fox III training exercise on June 8 and have incorporated lessons-learned into NVTC's incident response planning work.

___Ms. Lynott managed a summer intern's research on existing and planned communications infrastructure among transit providers and first responders to support NVTC's incident response planning efforts and transit's role in the development of the CAPCOM information coordination program and center.

___Ms. Lynott has delivered presentations at an NVTC board meeting, the Regional Incident Management Conference, the Regional Transit Operators Emergency Preparedness Group, and the WMATA JCC.

___Montgomery County requested WMATA to execute a similar planning effort modeled upon NVTC's work for key Metrorail station areas in D.C. and Maryland.

___WMATA budgeted \$100,000 toward this effort for FY 2006 using NVTC's model.

MILESTONES REMAINING:

Final draft emergency response plans are under development for Vienna, Huntington, and Franconia-Springfield Metro Stations with an estimated date of completion by the end of calendar year 2006.

PROJECT BUDGET STATUS:

The cost of this project is absorbed into NVTC's administrative budget. DRPT awarded NVTC a \$1,140 scholarship to cover incidentals, such as GIS maps.

ISSUES:

On the one hand, the success of this project depends on well-informed transit and emergency response personnel, as well as transit customers who have been educated in advance about how to respond to emergency scenarios. On the other hand, widespread advance knowledge of recommended response strategies could facilitate planning by those attempting to disrupt the transit system. NVTC's planning efforts are focused on more of the "day-to-day" incidents that affect the transit system; however, NVTC's project manager is involved in the larger regional effort coordinated by the MWCOG's and TPB, whose focus has been on catastrophic events. Her involvement in both efforts will ensure that agency efforts avoid planning gaps, as well as duplication of effort.

An additional issue is how the plans will be used once submitted to WMATA. No approvals have been forthcoming from WMATA.

KEY PERFORMANCE MEASURES:

__9 emergency response meetings were convened in 2005.

__Four station area plans were submitted incrementally to WMATA for approval in 2005, with a fifth completed.

__Once plans have all been submitted and approved by WMATA, all participants will evaluate whether the plan has been used effectively as a guide for responding to incidents at particular stations.

__Successful implementation of the plans is dependent upon the buy-in from many different institutional actors and individuals. Probable buy-in can be predicted by the attendance record of essential stakeholders expressed as a percentage of emergency planning meetings: (Metrobus operations 100%, and Metrorail operations 100%, Metro transit police 82%, local jurisdiction planning and operations staff 100%, local police 64%, local fire and rescue 45% and other agencies as appropriate for particular stations such as the Pentagon Force Protection Agency. These targets are based on actual attendance in 2004.

END-OF-YEAR REPORT ON PROGRESS ON SIGNIFICANT NVTC PROJECTS

— December, 2005—

PROJECT NAME: Northern Virginia Regional Transportation Plan Update

PROJECT MANAGER: Jana Lynott

DESCRIPTION OF PROJECT:

NVTC was requested by the NVTA to procure a consultant for the Northern Virginia Regional Transportation Plan Update. The TransAction 2030 Plan will serve as a regional vision for investments in priority transportation improvements. Ms. Lynott is responsible for contract negotiations and ensuring that \$1 million in RSTP project funds are expended according to the approved work plan, budget and schedule. She is also responsible for the management of the public involvement portion of the work and coordinates closely with Mr. Rick Canizales of Prince William County, who is the NVTA Interim Technical Committee's subcommittee chair and co-project manager, in overseeing the technical work of the project team.

MILESTONE ACCOMPLISHMENTS TO DATE:

___Worked closely with the NVTA survey subcommittee and survey consultant to write a telephone survey questionnaire. The NVTA telephone survey was presented to the NVTA in July 2005 by Dr. Rebecca Quarles of QSA Research and Strategy. Ms. Lynott presented the survey results to the NVTC in November 2005. Ms. Lynott spoke with several reporters following the release of the survey results, which resulted in more than fifteen news articles/broadcasts, including articles in the Washington Post, Washington Times, and coverage by major radio and TV networks. Ms. Lynott packaged and shared the final survey report with the NVTA and all members of the General Assembly in fall 2005. The survey underscores the importance of public transportation investments. It has been referenced widely by other staff at NVTC, WMATA, and other agencies.

___Facilitated the technical team review of the public information materials presented at the community events this summer. The project team staffed booths at seven community events this summer.

___Oversaw the production of technical materials for the December public hearing and was responsible for the overall planning and implementation of the open house and hearing. Ms. Lynott prepared and presented the staff presentation at the hearing and assisted the project team with answering citizen questions. Ms. Lynott received assistance with the open house and public hearing logistics from Elizabeth Rodgers and Kala Quintana of NVTC.

__ Coordinated closely with the consultant and the technical advisory team to deliver a set of project-based and network-based performance evaluation criteria that were approved by the NVTA in September 2005.

__ Responsible for working with the consultant team to execute the public outreach program, including the development and maintenance of the project website and delivery of a public involvement report (November 2005) and report on citizen comments received at the public hearing (December 2005).

__ Managed the development of a summary brochure that is scheduled to be approved by the NVTA and shared with the General Assembly in January 2006. This document succinctly communicates the extent of Northern Virginia's transportation needs and the planning process used to arrive at the region's set of priorities (The TransAction 2030 Plan).

__ Prepared and delivered monthly presentations to the NVTA on the status of the project.

__ Reviewed and approved monthly invoices and progress reports and closely tracked project expenditures against the budget

__ The project was awarded a \$40,000 VDOT pilot planning grant to complete the multi-modal analysis for the remaining four corridors. A contract by NVTC and NVRC was signed in December 2005 and the work is scheduled to be completed early 2006.

MILESTONES REMAINING:

__ Project Wrap-Up: NVTA approval of final document (March 2005)

PROJECT BUDGET STATUS:

__ Twelve invoices submitted to date totalling \$759,014 (or 76%) of \$1 million project budget remains.

ISSUES:

NVTC has less control over the progress of the work under this contract than other contracts, due to a number of factors. First, project management is a shared responsibility between NVTC's contract manager and the NVTA ITC subcommittee's chairman. Second, execution of a portion of the public involvement program will depend on "volunteers" from the NVTA ITC. Overall, this will ensure a better product than not having the active input from regional staff, but it does require a higher level of effort on part of the project managers to keep everyone informed and obtain feedback prior to decisions being made.

Several errors in the MWCOG modeling were identified during the technical analysis work, particularly in the area of transit ridership. Special meetings have been called with WMATA and VRE to obtain accurate ridership counts for each corridor. It is hoped that any remaining issues will be worked out in December 2005.

The NVTA has established a goal of reaching a broad cross-section of the general public. As such, the public involvement program was retooled to provide a number of standard and less common avenues for public input and outreach, including a scientific telephone survey, information booths and activities at community events such as county fairs, a website presentation and questionnaire, a toll free hotline, newsletters, and media outreach.

KEY PERFORMANCE MEASURES:

___ Schedule and budget adherence: The project is on schedule for completion by March 31, 2006 and under budget.

___ Outcome: NVTA should approve in March 2006 a TransAction 2030 Plan that meets the approved scope of work and has not exceeded the \$1 million RSTP grant and \$40,000 VDOT pilot planning grant budget.

___ For Quarters 1 & 2 of FY 2005, NVTC's administrative costs not billed to the project were under \$10,000 for the roughly \$1 million grant, or about \$0.01 per grant dollar. The target for FY 2005 is \$0.03, given extensive follow up negotiations with the contractor during the first few months of FY 2005.

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END-OF-YEAR REPORT ON PROGRESS ON SIGNIFICANT
NVTC PROJECTS

— December, 2005—

PROJECT NAME: Senior Transportation Study

PROJECT MANAGER: Jana Lynott

DESCRIPTION OF PROJECT:

NVTC received a state grant of \$114,000 effective July 1, 2004, to complete a study aimed at better understanding the transportation needs and preferences of Northern Virginia's seniors and the potential impact an aging population and its travel patterns will have on the transportation system and social well-being of seniors and what the transit systems can do to better serve these markets. Through the study, the consultant, advisory team, and NVTC staff identified public transit service improvements and estimated the costs to the region of providing those services.

MILESTONE ACCOMPLISHMENTS TO DATE:

___ Processed consultant contract (February 2005), one month earlier than goal.

___ Convened and facilitated five advisory team meetings with representatives from each of NVTC's jurisdiction's transit systems and social service agencies (2005).

___ Oversaw the development of a telephone survey of Northern Virginia seniors age 75 and older. Survey fieldwork completed May 2005.

___ Oversaw the implementation of five focus groups, including four with seniors and one with professionals who serve them (Summer 2005).

___ Presented overview of project to the Northern Virginia Aging Network (January 2005) and Prince William County Coalition for Human Services Transportation Committee (March 2005), and NVTC board (December 2005).

___ Completed the demographic analysis (November 2005).

___ Project team completed draft report (December 2005).

___ NVTC awarded an additional VDOT pilot planning grant of \$150,000 for phase II work. This work will refinement and testing of one or more of the recommendations from Phase I. Final scope of work to be set in cooperation with the advisory team early 2006.

MILESTONES REMAINING:

___ Complete Phase I final report (February 2005)

___ Share Phase I report conclusions region-wide (local boards and councils, TPB, WMATA, etc.) (2006)

___ Process Phase II VDOT Grant Agreement through NVRC. Work with advisory team to finalize scope of work (January 2006).

___ Ms. Lynott will present the results of this research at the Transportation Research Board conference (January 2006).

PROJECT BUDGET STATUS:

\$100% of the \$118,000 Phase I project budget spent.

ISSUES:

As the recommendations are developed for how member jurisdictions, transit systems, and other agencies should respond, NVTC staff will need to coordinate transit responses so that the outcome of the study will result in improved transit service at affordable costs.

KEY PERFORMANCE MEASURES:

___ By applying its GIS tools on the demographic analysis in-house, NVTC staff estimates a savings of about \$17,000 that would otherwise have been paid to a consultant.

___ Signed consulting contracts within four months of RFP release (March 2005).

___ Complete project by February 2006.

___ \$118,000 budget managed per employee.

___ Recommendations communicated to transit agencies that outline methods for an improved transit service at an affordable cost.

END-OF-YEAR REPORT ON PROGRESS ON SIGNIFICANT NVTC PROJECTS

— December, 2005 —

PROJECT NAME: Corridor-Specific Estimates of Travel Modal Shares in Northern Virginia's Major Commuting Corridors

PROJECT MANAGER: Elizabeth Rodgers

DESCRIPTION OF PROJECT: NVTC requested COG/TPB to assist with NVTC's goal of obtaining statistically reliable corridor-specific estimates of AM peak period travel modal shares. VDOT provided funding. This was achieved by incorporating two-day, mid-week, AM Peak Period (5:00AM to 10:00AM), inbound auto and transit person and vehicle counts be taken on segments of the major commuting routes in Northern Virginia with significant transit service and/or HOV facilities. The I-66 inner screen line was chosen for the Fall 2005 count. NVTC coordinated with the local transit agencies to obtain and report ridership numbers.

MILESTONE ACCOMPLISHMENTS TO DATE:

- NVTC produced a map displaying all screen lines and detailed scope of work.
- NVTC notified the participating transit agencies (Virginia Railway Express, Loudoun County Transit, PRTC, ART, Fairfax Connector, and Metro) about details and expectations of the count.
- Count of I-66 inner corridor took place September-October 2005.
- NVTC collected data from participating agencies.

MILESTONES REMAINING:

- NVTC compile Metro's data into electronic format.
- NVTC submit all data to COG/TPB.
- NVTC calculate mode shares for I-66.

PROJECT BUDGET STATUS:

- After evaluating the first report and if it is successful, will request continuing funding from VDOT for additional screen lines.

ISSUES: Notification to NVTC of the count by COG/TPB needed to be a month in advance. Some agencies, such as Metro, need a longer period of time to plan for personnel to perform the count.

END OF YEAR REPORT ON PROGRESS ON SIGNIFICANT
NVTC PROJECTS

— DECEMBER, 2005 —

PROJECT NAME: ELECTRONIC TRANSIT SCHEDULES

PROJECT MANAGER: Kala Quintana

DESCRIPTION OF PROJECT:

Convert NVTC jurisdictional bus and VRE schedules into an easy to access format that can be accessed and downloaded to both Personal Digital Assistants (PDA's), and Hand Held Computers, as well as cell phones with internet access. This value-added free service will be beneficial to Northern Virginia riders and could potentially attract more riders to the area's transit systems by placing the most up to date bus schedule information literally in the palms of their hands.

MILESTONE ACCOMPLISHMENTS TO DATE:

- Executed sole source contract with Redmon Group and forwarded schedules for VRE, DASH, Connector, CUE, GEORGE.
- All systems in Northern Virginia are now participating. PRTC added this service for their customers. WMATA is testing the technology on specific routes.
- Posters distributed to participating systems for advertising.
- Secured dedicated funding from participating jurisdictions for continuation of the program and graduated it from a pilot to a permanent program.
- Secured funding for promotion of handheld schedules.
- Monthly reports on user traffic provided.

MILESTONES REMAINING:

- Ongoing schedule maintenance.
- Tracking usage and popularity.
- Design and implement regional promotion campaign in Spring, 2006 for handheld schedules.

PROJECT BUDGET STATUS:

\$16,000 secured for one year of schedule updates and maintenance costs. Contract is on the fiscal year and to date in FY 2006 \$3,200 of the \$16,000 has been spent for schedule updates. \$12,800 remains for schedule changes January, 2006 – June 30, 2006.

An additional \$14,000 is secured for promotion. Staff is in the process of developing promotional campaign.

Project total: \$30,000.

ISSUES:

Ensure that participating transit systems submit their schedule changes in a timely fashion. Expanding the format to cover the newest Blackberry technology. Partnering with cell phone providers and portals to make location of the schedules and navigation faster and easier for users.

KEY PERFORMANCE MEASURES:

Schedules kept and maintained up to date—requires cooperation of jurisdictions.

Target is an increase in e-schedule usage at least 10% per quarter.

Third Quarter (July-Sept) averaged 116,480 page requests (schedule requests) per month

October & November averaged 135,167 page requests (schedule requests) = a 16% increase.

END OF YEAR REPORT ON PROGRESS ON SIGNIFICANT
NVTC PROJECTS

— DECEMBER, 2005 —

PROJECT NAME: NVTC WEB SITE DEVELOPMENT

PROJECT MANAGER: Kala Quintana

DESCRIPTION OF PROJECT:

Continue to update NVTC's website under the domain name: www.thinkoutsidethecar.org thereby continuing to establish NVTC as "*The* leading source of information on public transportation issues in Northern Virginia."

MILESTONE ACCOMPLISHMENTS TO DATE:

- Website has been "up and running" since February, 2003;
- Web was given a "face lift" and an updated look. Each page has been analyzed and updated accordingly. Reorganization of categories for easier navigation;
- Updated Key word search capability and renamed all files on the web site with more topic specific title;
- Easier site navigation and information is better organized;
- Archived all important NVTC historical data, records, photos and reports;
- Enhanced Interactivity, radio interviews, commercials, brochures, ListServ, Contact form and request or information forms;
- Special password protected area for MAC members, NVTC Board and staff;
- Created password access for emergency preparedness group;
- Continued to archive photos and important NVTC documents in PDF files and preserved on line;
- Created web maintenance protocol;

- Hired full time staff member to manage web site content in addition to other duties;
- Commission agendas are available electronically and preserved electronically; shifting from dependence on paper and reducing mailing costs. Also allows commissioners and staff to locate information in the kits quickly and easily through the key word search feature.
- Monthly reports measuring usage and visitor traffic.

MILESTONES REMAINING:

- Will continue to archive historical data, maps, reports and photographs to store on the NVTC web site. Thus providing easier access to the information by staff, users and visitors and safely preserving and securing the information in perpetuity.
- Continued updates and enhancements to the site as needed.
- Adding archival films and photos from NVTC's 40th anniversary, transit tours and other special events.

PROJECT BUDGET STATUS:

- Web hosting fees \$387 per quarter for a total of \$1,548 annually.

ISSUES:

- Upgraded web maintenance would cost up to \$5,000 annually. This would cover any additional audio files as well as regular maintenance costs as needed throughout the year.
- Keeping the "What's New" section current requires vigilance by staff.
- Measuring the number of site visits, collecting feedback from site users and spreading the word about the availability of the information on the site are ongoing challenges.

KEY PERFORMANCE MEASURES:

- Recent hits totaled over 822 unique visitors per month (a 25% increase from the first two quarters of this year), lasting 20 minutes on average per visit;
- Positive oral and written feedback from citizens (via e-mail), local officials and area staff that the site is useful and helpful to locate information quickly and easily.

END OF YEAR REPORT ON PROGRESS ON SIGNIFICANT
NVTC PROJECTS

— DECEMBER, 2005 —

PROJECT NAME: LEGISLATIVE INITIATIVES

PROJECT MANAGER: Kala Quintana

DESCRIPTION OF PROJECT:

Chris Zimmerman is the current President of the Virginia Transit Association (VTA). Rick Taube, chairs the VTA Legislative Committee. Each year NVTC and its jurisdictions adopt legislative agendas and work with VTA to pursue them actively at the state and federal levels, including letters and personal contact with legislators.

MILESTONE ACCOMPLISHMENTS TO DATE:

- Appeared before the General Assembly in support of NVTC's motor fuels user fee increase proposal;
- Held commission meeting in Richmond while the GA was in session;
- Helped to organize the Annual VTA Conference May 9-10, 2005;
- Enhanced legislative information on NVTC's web page and established interactive links for residents to contact their legislators;
- Appeared before local interest groups to promote NVTC's legislative agenda;
- Hosted Virginia's Secretary of Transportation at NVTC meeting for dialogue on HOV and Telework policies;
- Attended monthly regional legislative liaison meetings;
- Tracked reauthorization of TEA-21 and advocated favorable actions for transit;
- Planned and implemented NOVA Transit Tour (Sponsored by NVTC/PRTC/VTA) for legislators September, 2005. Worked closely with regional staffs;
- Planned VTA legislative sessions, assisted Executive Director in drafting VTA legislative agenda for 2006;

- Attended Governor-Elect Town Hall meeting in Manassas and assisted NVTC Chairman with a prepared statement.
- Assisted NVTC's officers in statements to CTB.
- Assisted NVTC and NVTA members in developing a legislative proposal for a dedicated quarter-cent sales tax for WMATA.

MILESTONES REMAINING:

- Work for NVTC's legislative agenda in the 2006 GA Session;
- Organize on-site NVTC/NVTA meeting during local government day during GA Session;
- Continued enhancement and addition of legislative information to NVTC's web page before 2006 General Assembly session;
- Tracking progress of BRAC and its impact on transportation in Northern Virginia;
- Working to promote federal funding of at least \$1.5 Billion for Metro.

PROJECT BUDGET STATUS:

NVTC staff time totaling about 250 hours annually plus VTA membership dues of \$800 and access to Legislative Alert Service at \$600.00.

ISSUES:

Ongoing need for more funding for transit from state and federal partners. Specifically, a dedicated source of funding for Metro and Northern Virginia's transit systems.

KEY PERFORMANCE MEASURES:

Funds from the state managed by NVTC in FY 2006 will total over \$170 million, up substantially from FY2005, in part due to actions by the General Assembly.

END OF YEAR REPORT ON PROGRESS ON SIGNIFICANT
NVTC PROJECTS

— DECEMBER, 2005 —

PROJECT NAME: PUBLIC OUTREACH

PROJECT MANAGER: Kala Quintana

DESCRIPTION OF PROJECT:

Promote NVTC as “The leading source of information on public transportation issues in Northern Virginia” through the use of Press Releases; Submission of Op-Eds to area print media like the Washington Post and The Connection Newspapers, The Fredericksburg Freelance Star, The Northern Virginia Examiner; Letters to the Editor and columnists like Steve Eldridge and Dr. Gridlock; participation with the TAGS executive board; and work with the NVTA, VTA, Dulles Corridor Rail Association, 511 implementation, and other groups.

MILESTONE ACCOMPLISHMENTS TO DATE:

- Press Releases
 - New Officers Announced (January, 2005)
 - NVTC supports Blue Ribbon Panel recommendations and SB1099 (January, 2005)
 - NVTC 2% Gas Tax Increase passes Senate (February, 2005)
 - Radio Interviews – WMAL & WAMU
 - Radio call in guest for WMAL – response to radio host criticism of NVTC press release and support of Blue Ribbon Panel.
 - NVTC responds to Heritage Foundation (April, 2005)
 - NVTA Survey results
 - Radio interviews (2);
 - Picked up by AP; Feature articles in Washington Post, Local TV Stations;
 - NVTA TransAction 2030 public hearing (December, 2005)

- Transit Ridership up over 128 million passenger trips (October, 2005)
- Op-eds
 - Series for Fredericksburg Freelance Star – dialogue with Heritage Foundation (April, 2005)
- TAGS Executive Board
 - Re-elected Secretary of the TAGS Board 2006 –2008;
 - Reorganizing TAGS as an advocacy organization for Springfield;
 - Assisted in the design and printing of the new TAGS brochure;
 - Assist in developing TAGS work program;
 - Developed membership promotional letter;
 - Working with design team to create TAGS first web site;
 - Promotion with Springfield Chamber of Commerce and Lee District Nights concerts;
 - Member of two subcommittees:
 - Marketing/Image development; and
 - Web site design.
- Jurisdictional Support
 - Active on 511 Feasibility Study and Steering committee
 - Arlington County
 - Expansion and maintenance of Electronic Schedule downloads/PDA project.
 - DATA – met with Jim Larsen to discuss assistance with the promotion of telework in Northern Virginia.
 - Supported DRPT with information for national and international presentations.

- Supported VTA on various projects including legislative activities and redesign of their web site.
- Ongoing support on special projects as needed for all jurisdictions
- Meetings with Metro Chair and WMATA staff regarding support during the Washington Post series on WMATA.
- Presentations
 - CTB presentations with Paul Ferguson and Gerry Connolly
 - Local interest groups
- Events
 - Attended various local events and activities
 - Ozone Action days Conference (May, 2005)
 - Attended VRE events (Richmond & Quantico)
 - Attended DCRA annual meeting and reception
 - NOVA Transit Tour for Legislators Dinner and Tour September, 2005.
 - Directed the planning and implementation of this effort to host General Assembly members.
 - Organized local jurisdictions, arranged presentations, tours, guest speakers, etc.
 - TransAction 2030 Public Hearing
 - Staff designed posters, flyers, electronic and print ads in house
 - Organized all aspects of the event.
- Advertising
 - TransAction 2030
 - E-schedules (in development)

- Other items
 - Began to manage a full-time research assistant.

MILESTONES REMAINING:

- Transportation Nuggets (monthly additions to the NVTC web page)

PROJECT BUDGET STATUS:

NVTC's marketing budget is extremely modest: \$5,000.

ISSUES:

Limited available funding for promotional efforts.

KEY PERFORMANCE MEASURES:

- Increased activity on NVTC web page – See Above
- Increased activity on PDA Handheld schedules page -- See Above
- Number of articles printed in local print and electronic media that mention NVTC – 20 (approx.)
- Number of Op-Eds published -- Two
- Number of presentations arranged and/or given -- Four
- Positive feedback and communications received from public via e-mail or telephone calls
 - E-mails – 14
 - Phone calls – 4
- Number of brochures or printed material distributed
 - Brochures distributed—250 (approx)

END-OF-YEAR REPORT ON PROGRESS ON SIGNIFICANT
NVTC PROJECTS

-- DECEMBER, 2005 --

PROJECT NAME: Motor Vehicle Fuels Sales Tax Audit and Collection Improvements

PROJECT MANAGER: Scott Kalkwarf

DESCRIPTION OF PROJECT: The purpose of this ongoing project is to enhance the Motor Vehicle Fuels Sales Tax revenue (MVFST) collected by NVTC on behalf of each member jurisdiction. This is accomplished in several ways, including NVTC's monitoring of MVFST revenues, and active coordination with MVFST Field Representatives and Taxation Department staff. The annual yield of tax revenues for NVTC is presently about \$30 million.

MILESTONES ACCOMPLISHMENTS TO DATE:

- NVTC has developed an electronic analysis of activity by taxpayer, period and jurisdiction of sale from information provided by the Department of Taxation. The analysis assists in the continual monitoring of the MVFST collections by flagging unusual activity based upon established thresholds for follow up and investigation by the MVFST Field Representatives. This has resulted in the reallocation of revenues among jurisdictions, the initiation of collection procedures against taxpayers and the confirmation of station registration changes. Additional analysis has resulted in funds returned to NVTC due to erroneous deductions.
- At NVTC's request, the Department has created and recently filled a new position for the MVFST, the Assistant Motor Fuels Specialist. One of the position's responsibilities is the creation and maintenance of an inventory of gas stations using various external sources such as the local jurisdiction business licensing departments, the DMV and the Department of Agriculture, and continually comparing this inventory to the Department's tax registration records. In addition, the employee assists the Field Representatives with various collection, inspection, administrative and follow-up tasks. The employee is based equally out of NVTC and PRTC's offices and also spends time in the field performing discovery work.
- A working relationship has been established with the MVFST Field Representatives through meetings and frequent communications. The continual interaction provides opportunities for the Field Representatives to discuss audit and collection results as well as issues and obstacles they face

while performing their daily tasks. These discussions include ways in which NVTC can assist the Field Representatives in being more effective and other ideas to maximize revenue collected.

- Established good contacts within senior management of the Department of Taxation and have communicated directly with Commissioner Thorson.
- At NVTC's request, the Department of Taxation has quickly filled vacant MVFST Field Representative positions with experienced auditors, most recently in May of 2004. Failure to keep these positions filled with experienced auditors most likely would result in decreased tax collections.
- As a result of NVTC communications with Department of Taxation supervisory staff, Field Representatives now receive timely customized reports from the Department, where previously they could not. In addition, the Field Representatives are now required to report their time by task and audit result to their supervisors, where previously they were not.
- With the assistance of the MVFST Field Representatives, NVTC developed and distributed a MVFST brochure. The primary purpose of this brochure is to educate gas station owners of their responsibilities in collecting and remitting the tax.

MILESTONES REMAINING:

- Continue the monitoring process of taxpayer activity for the purpose of identifying unusual activity for investigation and follow-up by the MVFST Field Representatives.
- Work with the Field Representatives and the new Assistant Motor Fuels Specialist to fully develop this new position with the focus on increasing motor fuels collections and the correct posting to the jurisdictions' accounts.
- Continue to maintain a close working relationship with Department of Taxation personnel.
- While developing the inventory of gas stations, NVTC will continue to explore the possibility of using GIS mapping capabilities to help analyze the revenue reporting of gas stations. The goal of this project is to increase the accuracy of station reporting by jurisdiction.

PROJECT BUDGET STATUS:

Funding for this project is primarily from the NVTC general and administrative budget. The salary and related costs for the MVFST Field Representatives and the Assistant Motor Fuels Specialist are deducted from the gross MVFST collections. Increased collections as a result of this project accrue to NVTC's jurisdictions' trust accounts.

ISSUES:

The Department of Taxation implemented a new computer system during 2005. As a result, four months of collections have been estimated during the conversion, with a reconciliation scheduled for January 2006. NVTC will closely analyze the post conversion reconciliation reports to verify that taxpayers are properly classified by jurisdiction and that the activity appears complete.

Department of Taxation staff has often been slow in responding to NVTC's requests, causing delays in implementing improvements. Through maintaining and improving the working relationship that has been established with the Field Representatives and other Department of Taxation staff, NVTC hopes to increase the level and speed of cooperation in the future.

KEY PERFORMANCE MEASURES:

The ultimate performance measure of this project is the increase in revenue as a result of implementing NVTC's ideas. It is difficult to readily determine the impact of most of the improvements individually and in total. For example, the Field Representatives have told NVTC they have received several calls as a result of the MVFST brochure. So the brochure, which NVTC prepared and distributed at minimal cost, no doubt has helped to educate the gas station owners of their responsibilities for collecting and remitting this tax; however, the increase in collections as a direct result cannot be determined.

Another performance measure is the number of ideas that have been developed as a result of NVTC's involvement in the MFVST area, which are listed above. The Field Representatives have communicated to NVTC that our involvement has made their jobs more efficient and effective in maximizing the revenue collected on behalf of the jurisdictions, although they are unable to quantify this.

It is expected that the newly created Assistant Motor Fuels Specialist position will have a significant impact on increasing collections and the proper allocation of revenue. NVTC is presently working with the Department to develop performance measures for the effectiveness of this new position. Examples may include the increase in audits and collection activities by the Field Representatives as a result of the new position. In addition, discoveries made by the Assistant Motor Fuels Specialist resulting in increased revenue will be able to be measured.

- Provide monthly charts at every commission meeting that show the MVFST collections by jurisdiction, as reported by the Department of Taxation.

- Notify jurisdiction staff within one week of NVTC discovering and confirming with the Department of Taxation significant reporting issues or errors.
- Monitor the administrative costs passed through by the Department of Taxation, and seek an explanation for changes in excess of 5% on an annual basis. Report this information to jurisdiction staff for review. Presently the administrative costs are approximately \$66,000, or 0.2% of collections.
- Conduct at least quarterly meetings with Field Representatives to review collection and audit results, and to discuss ways in which NVTC can assist in their efforts.
- Ensure that each jurisdiction's local taxing officers are contacted at least annually by the Assistant Motor Fuels Specialist for the purpose of comparing tax and license registration information.
- On a monthly basis after receiving taxpayer information from the Department of Taxation, perform calculations to flag deviations from pre-established thresholds, and contact MVFST staff within one week for further investigation.

END-OF-YEAR REPORT ON PROGRESS ON SIGNIFICANT
NVTC PROJECTS

-- DECEMBER, 2005 --

PROJECT NAME: FY 2006 and FY 2005 Transit Financial Assistance Allocation

PROJECT MANAGER: Scott Kalkwarf

DESCRIPTION OF PROJECT: Transit financial assistance received by NVTC on behalf of the member jurisdictions is allocated using the Subsidy Allocation Model (SAM) and held in trust for the restricted use by the member jurisdictions individually to support the programs of their respective governments. The revenue received and allocated by the SAM includes state operating and capital assistance for the Virginia jurisdictions' share of the WMATA operating and capital subsidies, state operating and capital assistance for the Virginia local system's operating and capital needs, VTA Metro Rail replacement and rehabilitation funds, Metro Capital Improvement Program bond proceeds (MCIP), and Motor Vehicle Fuels Sales Tax revenue (MVFAST). This is expected to equal about \$120 million in FY 2006.

The SAM formula is defined and established by NVTC board resolutions and the Code of Virginia. It is maintained and updated annually using the latest available budgeted and projected data for the upcoming fiscal year. Revenue recognized and received in a fiscal year is allocated by the SAM in effect for that fiscal year.

A SAM manual is maintained which includes for each fiscal year the detailed formula calculations, analysis of the component changes in the allocation percentages from the preceding year, the data sources including Metro and local budgeted operating and capital needs, projected MVFAST revenue, and all other data needed to compute the formula. Also included in the manual are the historical allocation factors, NVTC board resolutions defining the formula, notes of MAC discussions regarding the formula, implementation steps and formula development and maintenance procedures.

Cash flow projections are prepared about 30 days prior to the due date of the quarterly WMATA subsidy billings. These projections allow the jurisdiction staff to plan the amount and type of trust fund balances available for the upcoming WMATA payment. In addition, quarterly statements of the actual Trust Fund activity is provided to the jurisdiction staff for their use and review.

MILESTONE ACCOMPLISHMENTS TO DATE:

- Preliminary FY 2006 SAM calculations were prepared during the spring, with the final calculation prepared and approved by jurisdiction staff in September with the approval of the WMATA budget.

- Cash flow projections have been provided to jurisdiction staff in advance of the fourth quarter of FY 2005 and the first three quarters of FY 2006.
- An accounting of the actual Trust Fund activity on a cash basis for each quarter of FY 2005 and FY 2006 has been provided to jurisdiction staff for their review.
- Over \$100 million in revenue has been allocated to the jurisdictions during FY 2005 and approximately \$60 million has been allocated for the first half of FY 2006.

MILESTONES REMAINING:

- Allocate revenue, provide cash flow projections, and provide actual Trust Fund accounting to the jurisdiction staff for the remainder FY 2006.
- Provide the final FY 2006 SAM, Trust Fund allocations and activity to NVTC's auditors for examination in conjunction with the FY 2006 audit and compliance process.
- Gather input data needed to perform the final FY 2007 calculation. This data includes local capital and operating budgets, WMATA preliminary capital and operating budgets, motor vehicle fuels sales tax projections, and FY 2007 grant funding from DRPT.
- The final FY 2007 SAM formula is expected to be calculated in August 2006, and distributed to jurisdiction staff for their review. Once accepted, the formula will be used to allocate revenue received and recognized by NVTC during FY 2007 to the member jurisdictions. Reporting the projected and actual activity to the jurisdiction staff will continue during the fiscal year.

PROJECT BUDGET STATUS:

Costs relating to the transit financial assistance allocations are included in the NVTC general and administrative budget.

ISSUES:

The final SAM formula for each fiscal year is dependent upon the approved capital and operating budgets from WMATA and the local systems, the contracted state capital and operating assistance including amounts carried over from preceding fiscal years, actual MVFST revenue generated through June (received by NVTC in August), and the best projection of MVFST revenue for the upcoming fiscal year. Generally all of this data necessary for the final SAM formula is not available until August of each year.

The SAM formula itself is quite complex since it involves numerous hold harmless calculations that have been added through action of the NVTC board over the years to help resolve concerns with the equity of the formula.

KEY PERFORMANCE MEASURES:

The most important performance measure relating to the development of the SAM, the allocation of revenue and the accurate recording of all Trust Fund activity is the outcome of NVTC's required annual audit. As part of the annual audit and compliance

process, NVTC's audit firm examines the allocation formula and Trust fund activity, as well as reviews and assesses the adequacy of the internal controls in place. Since at least FY 2001 when Scott Kalkwarf was hired as the Director of Finance and Administration, no adjustments relating to the SAM or Trust Fund activity, material or otherwise, were identified by the auditors. In addition, no material deficiencies in internal control were discovered and no management letter comments relating to the SAM and Trust fund activity were issued.

Additional key performance measures include:

- NVTC will process 100% of the available Trust fund grant reimbursement requests within one week of receiving proper approved documentation. This will maximize the Trust investment earnings on the reimbursed funds.
- NVTC will disburse the WMATA subsidy payments on behalf of the member jurisdictions on the due date 100% of the time. This will allow the jurisdictions to maximize the Trust investment earnings and at the same time not be charged interest by WMATA for late payments.
- NVTC will provide cash flow projections to the jurisdictions within 25 days of the quarterly WMATA billing due date, allowing the jurisdictions to plan and approve the sources for their quarterly WMATA payments.
- NVTC will provide the actual Trust fund activity to the jurisdictions within 15 days of the end of each quarter. This allows for the reconciliation of jurisdiction records with NVTC on a timely basis.

END-OF-YEAR REPORT ON PROGRESS ON SIGNIFICANT
NVTC PROJECTS

-- DECEMBER, 2005 --

PROJECT NAME: FY 2006 and FY 2007 State Grant Applications

PROJECT MANAGER: Scott Kalkwarf

DESCRIPTION OF PROJECT: NVTC applies for state capital and operating assistance on behalf of the member jurisdictions. This includes assistance for the Virginia jurisdictions' share of the WMATA operating and capital subsidies and assistance for the Virginia local systems' operating and capital needs. In addition, demonstration and technical assistance is often requested for NVTC projects. Upon approval by DRPT, NVTC enters into the project agreements as the grantee and recipient of the project funds.

NVTC also applies for capital and operating assistance on behalf of VRE. Upon approval by DRPT, NVTC enters into the project agreements as the grantee.

MILESTONES ACCOMPLISHMENTS TO DATE:

For FY 2006 assistance:

- Notified jurisdiction staff to provide the local systems' operating and capital budgets to NVTC by January 11, 2005.
- Requested that WMATA provide detailed preliminary budget information by January 11, 2005 including jurisdiction's operating subsidies by mode, detailed operating budgets by mode, jurisdiction's capital requirements by program, and detailed capital budgets including federal funding requirements.
- Calculated the jurisdiction's share of WMATA's operating revenue and expenses and categorize expenses according to the state operating assistance requirements.
- Calculated the jurisdiction's share of WMATA's capital budgets, including the federal share and type of assistance attributable to the jurisdiction's subsidies.
- Reviewed operating and capital budgets submitted by jurisdiction staff.
- Determined the amount of assistance provided for WMATA capital subsidies in previous years available for carryover to the current fiscal year.
- Reviewed the operating, capital and other assistance requests prepared by VRE.
- Prepared summaries of the operating, capital and other assistance and reviewed this information with the Management Advisory Committee at the January 2005 meeting.
- Applied for over \$195 million in eligible operating, capital and project assistance for NVTC and VRE from DRPT by February 1, 2005.

- Calculated the jurisdiction's share of the actual FY 2004 WMATA operating expenses and submit the Certification of Operating Expenses to DRPT by February 1, 2005.
- Reviewed the actual FY 2004 local systems operating expenses and submitted the Certification of Operating Expenses or verified that the certification was submitted for each system to DRPT by February 1, 2005.
- Obtained commission approval for submitting assistance requests.

For FY 2007 assistance:

- Notified jurisdiction staff to provide the local systems' operating and capital budgets for FY 2007 by January 13, 2006.
- Received and reviewed WMATA's FY 2007 proposed budget, and requested additional schedules to complete the operating assistance application.

MILESTONES REMAINING:

- The milestones remaining for FY 2007 assistance are similar to those listed as accomplished for FY 2006.

PROJECT BUDGET STATUS:

Costs relating to the FY 2006 and FY 2007 state grant applications are included in the NVTC general and administrative budget.

ISSUES:

The operating and capital budget information from WMATA used to calculate the assistance requests is preliminary and the local subsidy requirements may change with the approved budget. Accordingly, the capital and operating assistance that NVTC requests may be different than the local subsidies billed by WMATA.

The assistance application deadline was moved from March 1st to the first business day in February beginning with the FY 2005 grant applications. The earlier that assistance applications are required to be filed, the greater the probability that actual needs will not match the assistance applied for.

Given the grant expiration dates and the restrictive nature of some grants, there is the potential for jurisdictions to be unable to spend all of their allotted funds. So far, NVTC has been very successful (with DRPT's assistance) in avoiding the lapse of significant project funds.

KEY PERFORMANCE MEASURES:

- Prepare and file assistance applications and certifications by the February due date.
- Provide outstanding capital grant schedules to jurisdiction staff on at least a quarterly basis.

- With DRPT, encourage local staff to promptly submit documentation to NVTC for grant invoicing so that local reimbursements may be received timely, and that grant contracts are fully drawn down by the expiration date.
- Process 100% of the available Trust fund grant reimbursement requests within one week of receiving proper approved documentation. This will maximize the Trust investment earnings on the reimbursed funds and maximize cash flow.
- Adhere to all requirements included in the grant contracts with DRPT, as measured by NVTC receiving from their auditors, unqualified compliance and audit opinions, and no management letter comments as related to the grant process.

END-OF-YEAR REPORT ON PROGRESS ON SIGNIFICANT
NVTC PROJECTS

-- DECEMBER, 2005 --

PROJECT NAME: The Case for Increased Funding of Public Transportation in Northern Virginia.

PROJECT MANAGER: Rick Taube

DESCRIPTION OF PROJECT:

PowerPoint compilation of arguments, facts and figures supporting NVTC's mission in general and the need for more state transit funding in particular. Serves as a resource for local jurisdictions, regional agencies, elected officials and others wishing to support NVTC's legislative objectives. Current document is about 150 pages, which can be readily excerpted into "bite size" pieces for specific presentations. The material is constantly updated and versions reviewed by the commission are available on NVTC's website.

MILESTONE ACCOMPLISHMENTS TO DATE:

The ongoing compilation is available in draft form for public use as of December, 2005.

MILESTONES REMAINING:

Upon completion of the ongoing update to MWCOC/TPB's financially constrained long-range plan, current and forecast data on regional spending for transit and highways will be available. This is expected in the next month.

PROJECT BUDGET STATUS:

Research and analysis costs are absorbed in NVTC's administrative budget.

ISSUES:

Data vary considerably on amounts received and spent for highways and transit in Northern Virginia, the Washington D.C. metropolitan area and statewide in Virginia. NVTC's compilation attempts to assemble all data and reconcile any differences to provide a standard reference.

KEY PERFORMANCE MEASURES:

The extent to which NVTC and its allies use the document and trust its veracity as well as, ultimately, whether they are successful in obtaining additional funding are possible measures.

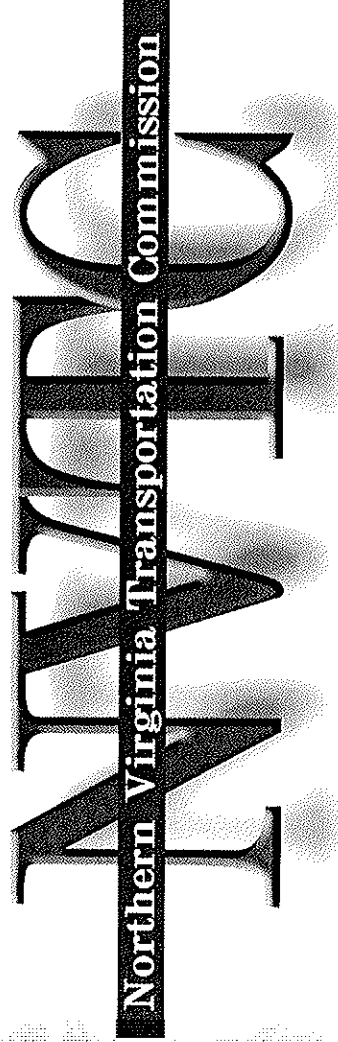
MEMORANDUM

TO: Chairman Ferguson and NVTC Commissioners
FROM: Rick Taube *Rick Taube*
DATE: December 29, 2005
SUBJECT: Public Hearing on and Approval of NVTC's 2006 Workprogram and Schedule

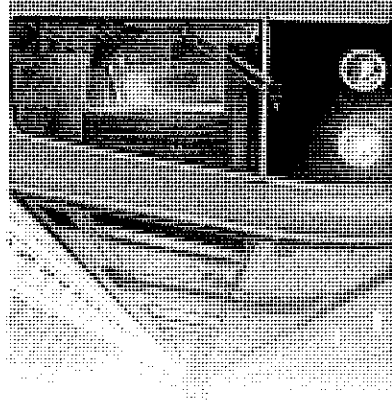
The attached draft workprogram and schedule have been posted on NVTC's website for a month for review by the public. Local staff discussed the workprogram on December 20th. Staff will provide a brief review prior to a public hearing.

Following the public hearing, the commission is asked to approve the 2006 workprogram and schedule with whatever revisions are appropriate based on the public's input.



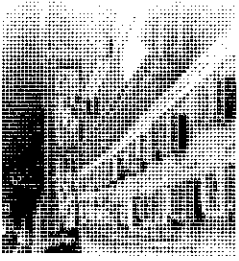


Thinking Outside the Car Since 1964

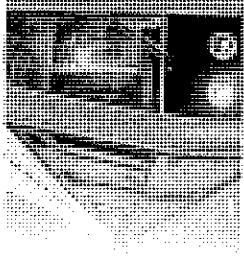


NVTC'S 2006 GOALS, OBJECTIVES WORKPROGRAM AND MEETING SCHEDULE

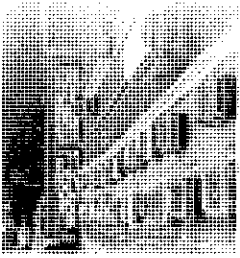
WHAT'S NEW FOR 2006?



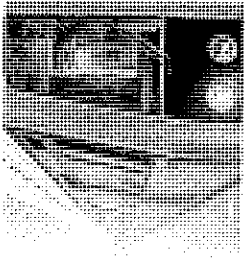
MEETING SCHEDULE



- First Thursday of each month.
- No meeting in August.
- February 9th meeting jointly with NVT A in Richmond at 5:30 p.m.

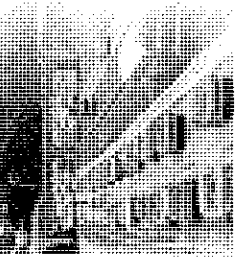


NVTC MISSION

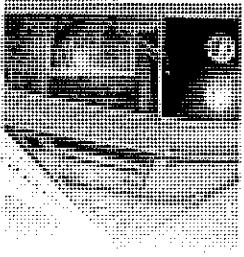


NO CHANGE:

To serve the public by providing a forum for elected officials to achieve an effective regional transportation network. Focusing primarily on transit, NVTC will develop strategies, identify funding sources, advocate for additional funding, prioritize allocations, oversee transit systems such as VRE and WMATA, and pursue new transit programs. NVTC will work to improve mobility, reduce traffic congestion, protect the environment and stimulate the regional economy by increasing transit and ridesharing use.

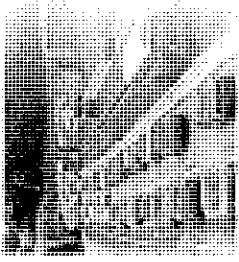


GOALS AND OBJECTIVES



NO CHANGE:

1. Develop policy and advocate favorable legislation.
2. Seek and advocate funding.
3. Coordinate transit service.
4. Manage grants, contracts and trust funds.
5. Provide oversight for WMATA and VRE.
6. Support coordinated regional efforts.
7. Deliver public information, marketing and customer service.



WORKPROGRAM ACTIONS



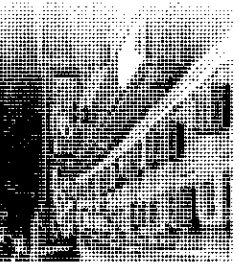
60 specific activities.

Closed out projects from 2005:

- Falls Church bus demo.
- Code Red Free Bus Fares Evaluation.

New for 2006:

- Demonstration of hydrogen-assisted transit diesel engines for air quality and fuel savings.
- Phase 2 of senior mobility project to test recommended transit strategies.
- Extend NVTTC administrative budget performance objectives to entire organization (currently in place for financial activities).

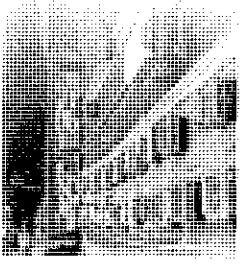


WORKPROGRAM ACTIONS



New for 2006:

- Additional Northern Virginia transit tours for General Assembly members.
- After evaluating the results of the initial effort and if it is found to be valuable, with COG/TPB and VDOT extend screen line traffic counts to determine transit mode shares in additional corridors.
- Monitor and confirm the required reconciliation of motor fuels tax collections by jurisdiction resulting from the Department of Taxation's transition to a new computer system.
- Manage a consulting contract to develop, test and demonstrate software to use mobile phone technology to locate transit vehicles and allow customers to receive real-time arrival information. Provide the results for use by smaller transit systems.



WORKPROGRAM ACTIONS

New for 2006:

- Pursue a specific legislative proposal for a quarter-cent dedicated sales tax in Metro's Virginia jurisdictions.
- Greater use of enhanced graphics and GIS-mapping in public outreach materials.
- Expanded support and advocacy for state, regional and local telework initiatives.



NVTTC'S 2006 GOALS, OBJECTIVES AND WORKPROGRAM

--DRAFT: December 1, 2005--



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2006 NVTC MEETING SCHEDULE
[Meetings at 8:00 P.M.]

<u>MONTH</u>	<u>DATE</u>	<u>AGENDA</u>
January	5	Elect officers. Select WMATA and VRE Board members, VTA representatives and NVTC Legislative Committee members. Conduct a public hearing and approve 2006 goals, schedule and workprogram. Approve FY 2007 VRE budget. Discuss draft NVTC FY 2007 budget.
February	2*	Approve FY 2007 NVTC budget. Review progress on state and federal legislative agenda. Approve NVTC and VRE state grant applications. Approve Phase 1 Senior Mobility Report.
March	2	Review progress on state and federal legislative agenda. Review progress on WMATA budget for FY 2007.
April	6	Review quarterly progress on NVTC's workprogram.
May	4	Approve comments on WMATA FY 2007 budget.
June	1	Focus on VRE performance and delegation.
July	6	Review mid-year progress on NVTC workprogram. Approve DRPT contracts for NVTC and VRE FY 2007 grants.
August		No meeting
September	7	Forward preliminary NVTC FY 2008 budget to local jurisdictions.
October	5	Review quarterly progress on NVTC's workprogram.
November	2	Approve FY 2006 NVTC and VRE audits.
December	7	Select NVTC Nominating Committee for 2007 officers. Approve legislative agenda for 2007. Review progress on 2006 workprogram and release draft 2007 workprogram for public review and comment.

*February meeting may be moved to February 9th in the General Assembly building in Richmond.

NVTC EXECUTIVE COMMITTEE
2006 MEETING SCHEDULE

[All meetings 7:00 - 8:00 P.M. prior to NVTC meetings in small conference room.]

<u>MONTH</u>	<u>DATE</u>	<u>Subject</u>
January	5	Legislative items.
February	2*	Legislative items. Review of NVTC and VRE FY 2007 grant applications.
March	2	Review General Assembly session.
April	6	Review quarterly progress on workprogram.
May	4	Review NVTC policies on topical transit issues.
June	1	Examine VRE performance and delegation.
July	6	Mid-year review of progress on workplan.
August		No meeting
September	7	Preliminary NVTC FY 2008 budget. Executive director performance review.
October	5	Review quarterly progress on workprogram.
November	2	FY 2006 NVTC and VRE audits.
December	7	Select NVTC Nominating Committee for 2007 officers. Consider 2007 legislative agenda. Review progress on 2006 workprogram and preview 2007 workprogram.

*February meeting may be cancelled if NVTC meets in Richmond.

NVTC MISSION STATEMENT

To serve the public by providing a forum for elected officials to achieve an effective regional transportation network. Focusing primarily on transit, NVTC will develop strategies, identify funding sources, advocate for additional funding, prioritize allocations, oversee transit systems such as VRE and WMATA, and pursue new transit programs. NVTC will work to improve mobility, reduce traffic congestion, protect the environment and stimulate the regional economy by increasing transit and ridesharing use.

GOALS AND ACTIONS FOR 2006

1. DEVELOP POLICY AND ADVOCATE FAVORABLE LEGISLATION

Goal: Devise and implement legislative strategies based on sound policy analysis to increase transit ridership, obtain adequate funding, and coordinate priorities with members and other agencies.

Actions:

1. With the support of local staff, identify transit issues that require policy decisions and assemble data and perform policy analyses to facilitate those decisions (e.g. fare integration, development of new technology, service expansion, customer safety and system security). Work with local legislative liaisons to develop strategies for improved transit funding and to educate General Assembly members about Northern Virginia's transit needs.
2. Adopt a state and federal legislative agenda and work with local jurisdictions, Virginia Transit Association (VTA) and other groups, as appropriate, to implement the agenda and the supporting NVTC policies. Work with delegations in Richmond and in Washington D.C. as needed to promote NVTC's approved agendas. Obtain reduced rate for on-line legislative monitoring service and share access with member jurisdictions. Provide legislative alerts to commissioners and local staff during the session. Focus on transit funding.
3. Participate on the American Public Transportation Association's (APTA) legislative and commuter rail committees to define and implement a federal legislative strategy as part of a broad, nationwide pro-transit coalition. Provide special assistance to areas contemplating new commuter rail service. Focus on improved public access to freight rail facilities.
4. Participate on VTA's executive, legislative and ad hoc committees to help define and implement an effective state legislative strategy for the transit industry and strengthen VTA as an organization and keep it responsive to Northern Virginia's concerns. Co-chair the annual Transit Day rally in Richmond and chair VTA's Legislative Committee and assist transit systems in special legislative promotions.
5. Prepare written testimony and appear at the CTB's annual pre-allocation hearings on public transit funding priorities and at the Transportation Planning Board (TPB) and other hearings as appropriate. Advocate NVTC's policies including balanced transportation and stable and reliable funding.

2. SEEK AND ADVOCATE FUNDING

Goal: Identify and implement cooperative strategies with member governments to gain additional transit revenues and work to obtain adequate, dedicated, stable and reliable financial support from the federal government and the commonwealth and the private sector.

Actions:

1. Through NVTC's Management Advisory Committee, coordinate with WMATA and local transit systems potential regional CMAQ and RSTP transit project applications to be submitted to the Northern Virginia Transportation Authority (NVTA) each year. Apply for funds and prepare air quality analyses at the request of NVTC's jurisdictions (e.g. Air Quality Code Red free bus fares).
2. Produce financial projections and analyze alternative funding mechanisms to bridge the growing gap between transit operating and capital needs versus available financial resources. Actively participate in regional and statewide efforts to define public transit needs and identify funding sources, such as corridor studies, TPB's vision plan and constrained financial plan update, VTrans 2025 and related studies such as the regional transportation funding adequacy report, and Northern Virginia's 2030 transportation plan update. Analyze funding proposals produced by those studies and identify policy issues for consideration by the commission. Maintain a PowerPoint presentation on "The Case for Increased Funding of Public Transportation in Northern Virginia."
3. Identify and seek to implement stable, reliable, permanent and dedicated funding sources for operating and capital expenses for WMATA, VRE and local transit systems. Begin by seeking a quarter-cent regional sales tax dedicated to WMATA. Safeguard the current sources of transit funding available to NVTC's local governments.
4. Organize improved information sharing between local governments and the Virginia Department of Taxation and more effective auditing to facilitate efficient collection of NVTC's two percent motor fuels tax and increased knowledge of taxpayer responsibility on the part of gas station owners. Use ArcView GIS tools to map databases of gas station locations to help monitor compliance by analyzing trends and deviations, using data to be supplied by the Department of Taxation. Provide office space for an administrative employee of the Department to assist in monitoring compliance. Employ database and spreadsheet models to identify unanticipated deviations for particular stations and jurisdictions. Monitor the required reconciliation of motor fuels tax collections by jurisdiction resulting from the Department of Taxation's transition to a new computer system.
5. Serve as the central point of contact for Northern Virginia transit system financial information. Periodically update NVTC's guidebook on sources of funding for transit projects. Work to make the detailed information in this guidebook more accessible. Identify and obtain funding for new transit projects that are recommended by NVTC's jurisdictions.

3. COORDINATE TRANSIT SERVICE

Goal: Work with all public and private transit providers to coordinate all transit service within Northern Virginia, with emphasis on understandable fares, convenient schedules, proper information, good customer service, efficient performance and access by disabled persons. Help to clarify roles of respective agencies and governments to avoid overlaps or gaps in jurisdiction. Work to improve the safe and orderly movement of people and goods, primarily by encouraging greater use of integrated public transit and ridesharing systems. Involve the public in identifying problems and solutions. Use NVTC's management advisory committee as a forum to work out cooperative solutions and keep local governments fully informed. Emphasize better bicycle and pedestrian access to transit facilities and services.

Actions:

1. Work with local governments to coordinate collection and dissemination of performance data for FTA's National Transit Database reports. Collect performance data and maintain a shared database that uses NTD and other sources. Manage consultants to continue NTD data collection for all of Northern Virginia's transit systems and oversee collective funding of this work that brings at least \$5 million annually of federal revenues to this region.
2. In cooperation with the Virginia Department of Rail and Public Transportation (DRPT), implement the detailed workprogram for NVTC's grant-funded project to install compatible fare collection systems for WMATA, VRE, and local bus systems, using SmarTrip technology. Manage \$5 million local transit system procurement of SmarTrip-compatible fareboxes from WMATA's contract with Cubic/GFI, new contracts for additional fareboxes and a separate contract for technical consulting on fare collection issues. Expend federal grant funds by the deadline and report to FTA on a detailed evaluation of the project and lessons for other grantees.
3. Manage a related contract with DRPT for SmarTrip point-of-sale devices for Loudoun County.
4. Assist Northern Virginia's transit systems in planning for the success of the regional SmarTrip customer service center/clearinghouse.
5. Manage the region's ongoing CMAQ-funded program to provide free bus fares during forecast Air Quality Code Red Ozone alerts.
6. Continue an ongoing project to provide free electronic transit schedules to persons using personal digital assistants and pocket computers. Ensure that transit schedules are kept current, work to expand to the entire metropolitan region and report regularly on performance. Develop an annual operational and promotional budget for funding by the local jurisdictions and manage the agreed upon marketing campaign.

7. Support the regional pedestrian safety initiatives and encourage bicycle and pedestrian use. Publicize and seek to expand "bike on rail" opportunities, especially on VRE in its new railcar procurement. Encourage all agencies to incorporate bike and pedestrian access at major transit centers and transfer locations. Assist VDOT in ensuring that the recommendations from its Northern Virginia Regional Bikeway and Trail Network study that focus on connections to transit are implemented. Support initiatives of such groups as the National Center for Bicycling and Walking and its Walkable Communities Workshops.
8. Assist NVTC jurisdictions, employers and transit operators in responding to job access and reverse commute opportunities by identifying funding and specific projects to demonstrate innovations.
9. Serve on regional task forces examining options for improved transit, such as WMATA's Regional Mobility Panel and the Pike Transit initiative.
10. Assist Northern Virginia's transit systems in monitoring progress on 511 traveler information telephone systems.
11. Utilize regional bus stop and route network databases to provide ready access to those analysis tools.

4. MANAGE GRANTS, CONTRACTS AND TRUST FUNDS

Goal: Facilitate the fair and equitable allocation of costs among governments, persons using transportation services and facilities and others who benefit. Manage grants fairly and effectively, according to state and federal laws and NVTC's policies. Invest trust fund assets prudently to maximize returns consistent with safety.

Actions:

1. Use NVTC's subsidy allocation model to incorporate the most recent WMATA and local budget information on transit costs, revenues and subsidies. Using NVTC's adopted allocation formula, determine each local government's share of NVTC assistance. Use their percentages to apportion shares of local contributions to NVTC's administrative budget. Maintain detailed spreadsheets to calculate NVTC's formula. Provide early estimates each year to assist local governments in budget planning.
2. Prepare and submit NVTC and VRE state grant applications (approximately \$200 million) due in February, 2006, using the new automated OLGA system.
3. Manage state grants to prepare proper billings, obtain timely reimbursements and file quarterly progress reports. Reprogram funds as needed, in consultation with NVTC's Management Advisory Committee, to be certain grant funds are spent on eligible projects within the state time limits. Work with grantor agencies to achieve the maximum feasible flexibility in using the funds in order to meet expiration deadlines with no loss of funds.
4. Prepare timely and accurate quarterly cash flow forecasts of transit assistance sources and uses for NVTC's local jurisdictions. Assist local jurisdictions in spending promptly the proceeds of state bond issues.
5. Prepare financial reports for NVTC's annual audit. Manage a multi-year audit services contract. Accomplish an unqualified auditors' opinion and provide to the appropriate regulatory agencies. Anticipate concerns of outside auditors and work to alleviate in advance any such concerns. Develop and implement appropriate responses to any concerns of auditors contained in management letters.
6. Maintain up-to-date compilations of state and federal grant regulations. Ensure staff is adequately trained in grant and project management and alerted to any changes in regulations. Maintain current procurement documents to facilitate prompt release of authorized requests for proposals and invitations for bids.
7. Promote NVTC as an effective grant-management agency to assist NVTC's jurisdictions. Approach other agencies to have NVTC apply for and manage such grants as CMAQ/ RSTP and TEIF.

8. As procurement officers, manage grant reimbursements for the consultant contract for the NVTA 2030 update of Northern Virginia's Transportation Plan, close out the contract upon completion of the extended scope of work and assist the Interim Technical Committee in managing the work tasks, as requested. Focus on public outreach and promotion of the updated plan, when it is adopted by NVTA.
9. Recognizing the aging population, manage grant-funded research on Senior Mobility trends in this region, tied to recommendations for transit systems to take advantage of these evolving markets. Use ArcView GIS tools for analysis and to illustrate results and recommendations. Manage consulting contracts for surveying and analyses. Complete the Phase 1 report. Execute contracts for Phase 2 and complete by December, 2006. Work with the transit systems to test and implement the recommendations.
10. To facilitate NVTC management accountability, work with NVTC staff and board members to accomplish performance-based budgeting at NVTC. The proposed FY 2007 budget incorporates 12 performance measures for NVTC's administrative and financial functions. For FY 2008, extend the performance budgeting to NVTC's grant management function.
11. Manage a consulting contract to develop and test low-cost software to use cell-phones mounted on buses to locate vehicles and allow customers to receive real-time arrival information. Provide the results for use at smaller transit systems around the commonwealth.

5. PROVIDE OVERSIGHT FOR WMATA AND VRE

Goal: Exercise leadership on issues pertaining to oversight of the WMATA and VRE systems, particularly budget and finance, to reduce costs and control the growth of local subsidies and fares while improving service quality. Effectively manage ongoing transit services for which NVTC is responsible and develop efficient management structures that facilitate regional cooperation and support.

Actions:

1. In January, appoint Virginia's two principal and two alternate members of the WMATA Board of Directors. Provide staff support to WMATA Board members. As needed, facilitate caucuses of Virginia's Board members and their staffs to develop consensus positions prior to committee and board meetings. Keep NVTC commissioners informed of pending WMATA Board decisions of regional significance.
2. Monitor the development of WMATA's budget. Provide recommendations to local jurisdictions and the WMATA Board, as appropriate.
3. Participate actively on WMATA's Jurisdictional Coordinating Committee.
4. Work with NVTC's MAC group to monitor WMATA's MetroAccess, focusing on cost sharing and performance issues.
5. Assist local and state officials in obtaining dedicated funding for WMATA in order to qualify for \$1.5 billion of proposed federal funding.
6. As co-owner of VRE, with assets of \$169 million and annual operating/capital budgets of over \$50 million, appoint NVTC's three principals and one alternate member of the VRE Operations Board, maintain close communications with PRTC and VRE staff, coordinate presentation of action items to the VRE Board and commissions, and monitor ongoing operations for consistency with the Master Agreement and approved budgets, customer service quality and NVTC jurisdictions' interests.
7. Support the VRE team as it negotiates with DRPT, CSXT, Norfolk Southern and Amtrak to agree on multi-year access and operations contracts and to clarify and accomplish rail service priorities in the Richmond-Washington, DC corridor.
8. Support annual VRE customer service surveys each spring and ridership surveys each October, by reviewing the design of the survey, providing on-board survey personnel, and processing results, including zip code verification.

9. As agreed with VRE management, assist in implementation of VRE projects as well as in the implementation of the VRE strategic plan and other initiatives. Focus on policy analysis (e.g. cost and service neutrality for new VRE entrants).
10. With NVTC's consulting resources, assist VRE in determining the best means to integrate with the regional SmarTrip fare collection system.

6. SUPPORT COORDINATED REGIONAL EFFORTS

Goal: Support coordinated regional efforts to improve air quality, conserve energy, and integrate land use and transportation. Pursue new transit opportunities and actively support telework.

Actions:

1. Seek opportunities to act on NVTC's policy of preserving future transit rights-of-way (e.g. on I-66) and WMATA's and VRE's policies promoting transit-oriented development.
2. Monitor the implementation by VDOT and the Virginia State Police of revised and improved policies for notifying and consulting with transit systems when lifting HOV restrictions during traffic emergencies. Support enhanced enforcement on all HOV facilities and utilize VDOT's promised real-time database to analyze performance and recommend solutions.
3. Participate in planning, preliminary engineering and environmental analysis for transit in the Dulles Corridor and other locations such as the Capital Beltway as requested by WMATA and/or DRPT.
4. Advocate coordination of the transit, vanpool and ridesharing components of planning studies by MWCOG, VDOT, DRPT, NVTA and others, and provide data if applicable.
5. Assist NVTC commissioners who are members of NVTA, TPB, and other regional groups and provide data, responses, NVTC meeting summaries and recommendations to these organizations as appropriate.
6. Work to establish NVTC as the chief advocate of Intelligent Transportation Systems (ITS) investments for transit, not by competing for scarce funding but by conducting low-cost demonstrations, evaluating the results, and more actively encouraging all of NVTC's transit providers to adopt similar technologies. Examples include: web-based automated bus stop information signs; on-board bus stop enunciators; passenger counters; automated maintenance devices; and alternative fuel technologies. Promote joint procurements for uniformity and cost savings. Help educate board members and the public. Utilize NVTC's web-based ITS performance methodology and link to similar methods made available by USDOT.

7. Develop information from research on this and other regions to help NVTA, WMATA and other transit organizations define lower-cost strategies for meeting congestion challenges in the short term using such mechanisms as exclusive transit lanes, bus rapid transit, priority lanes, queue jumping, jitneys, route-deviation transit, and real-time information devices. Publicize the results and work to achieve public acceptance. Work with the local jurisdictions to initiate appropriate demonstrations of these mechanisms.
8. From various published forecasts, plans and corridor studies, assemble mode split and other data to provide a convenient source of comprehensive transit market performance data. Use the data to encourage efficient transit management, expanded transit ridership and greater public awareness. Use newly available statistically significant traffic counts by MWCOG/TPB of persons traveling in Northern Virginia's major corridors in both peak flow and reverse commute directions. After evaluating their effectiveness and if they are found to be effective, advocate continued and expanded funding for these corridor traffic counts. Make this information available in user-friendly formats on NVTC's website.
9. Actively promote telework initiatives and encourage the commonwealth to take the lead with its own employees and the private sector.
10. Assist transit systems, VDOT, DRPT, TPB, MWCOG and others in developing and testing coordinated regional emergency response plans. Focus on developing a unified transit position to facilitate these plans. Conclude a series of transit emergency response planning workshops to focus on key station areas in Northern Virginia. Considerations include bus re-routing, traffic signalization, signs, and communications. Provide written summaries to assist transit operators and MWCOG in its regionwide program.
12. Examine public-private HOT lane proposals for the Beltway, I-95 and elsewhere and work to ensure adequate transit access and the use of toll revenues to help support transit operations.

7. DELIVER PUBLIC INFORMATION, MARKETING AND CUSTOMER SERVICE

Goal: Reach out to transit customers and the general public, listen to customer concerns and implement improvements to boost regional transit ridership.

Actions:

1. Serve as the central point of contact for the news media, interest groups and the general public for transit issues in Northern Virginia, making referrals to other transit agencies and local governments when appropriate. Initiate contacts with media representatives via calls and visits. Provide NVTC's reports, analyses and policies with easy to understand explanations of their content and significance. Help transit systems prepare to respond effectively to media and other public inquiries during emergencies and at other times by sponsoring seminars on best practices.
2. Provide the following resources to the public utilizing enhanced graphics and GIS-mapping:
 - a. Maintain and improve NVTC's website, to focus on informing the public about opportunities to be involved in regional transit and ridesharing planning;
 - b. Distribute NVTC's brochure, reports and agendas to encourage more public involvement, again emphasizing easy-to-use web-based applications;
 - c. Publish electronically an annual NVTC Handbook to provide a detailed description of the commission's history, mission and accomplishments, including the commission's workprogram, policies and by-laws;
 - d. Link to other regional transit databases to provide information about regional transit services to better inform the public;
 - e. Maintain a transit system performance database;
 - f. Staff transit information booths at fairs and other public events;
 - g. Prepare NVTC faxed/e-mailed alerts to persons wishing to be kept informed on some or all transit issues in Northern Virginia, with direct links to NVTC's website;
 - h. Distribute periodic "transit nuggets" with information about transit's success in a catchy format that can be posted on web-sites and used by transit advocates in educating the public;
 - i. Provide draft letters on NVTC's website for the use of citizens wishing to support NVTC's legislative and policy positions. Provide links to other groups supporting these positions; and

- j. Continue distribution of NVTC's monthly meeting materials primarily via NVTC's website with e-mailed notices.
3. Survey WMATA, VRE and local jurisdictions to compile innovative marketing activities, host coordination meetings, facilitate the Marketing and Outreach Specialists Consortium and report at least annually to the commission and jurisdictions.
4. Continue technical support for transit stores and Transportation Management Associations (e.g., serve on Boards of Directors and consultant selection committees). Assist with logo design, marketing, consultant selection, performance evaluation, fare collection, web design and customer service issues.
5. Look for opportunities to partner in order to stage events that will promote the effectiveness of transit and ridesharing and the need for additional transit funding.
6. Conduct periodic tours of transit systems and transit-oriented development for legislators, with the cooperation of NVTC's transit systems and local legislative liaisons.

NVTC

Northern Virginia Transportation Commission

AGENDA ITEM #7

MEMORANDUM

TO: Chairman Ferguson and NVTC Commissioners
FROM: Rick Taube *RT* and Scott Kalkwarf
DATE: December 29, 2005
SUBJECT: NVTC and VRE Audits for FY 2005

NVTC and VRE's audit firm, PBGH LLP, has completed NVTC's audit. However, VRE's audit is not yet finished. Accordingly, the commission is asked to accept the NVTC audit report, contingent on the successful completion of the VRE audit, expected next month. After NVTC reviews and approves the VRE audit (in February, 2006), both NVTC and VRE audits will be transmitted by staff to the list of regulatory agencies and bond holders and posted on NVTC's website.

NVTC received a completely clean audit with no management comments again this year. NVTC auditors will meet before the January 5th commission meeting with NVTC's Executive Committee and will be available at NVTC's meeting to respond to any questions.



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**NORTHERN VIRGINIA
TRANSPORTATION COMMISSION**

**Financial and Compliance Reports
Year Ended June 30, 2005**

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
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INDEPENDENT AUDITORS' REPORT

To the Commissioners
Northern Virginia Transportation Commission
Arlington, Virginia

We have audited the accompanying financial statements of the governmental activities and each major fund of Northern Virginia Transportation Commission as of and for the year ended June 30, 2005, which collectively comprise Northern Virginia Transportation Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Northern Virginia Transportation Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Northern Virginia Transportation Commission as of June 30, 2005, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 25, 2005 on our consideration of Northern Virginia Transportation Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis (pages 3 to 8) is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northern Virginia Transportation Commission's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PBGH, LLP

Harrisonburg, Virginia
August 25, 2005

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2005

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NORTHERN VIRGINIA TRANSPORTATION COMMISSION MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Northern Virginia Transportation Commission's (NVTC) financial performance provides an overview of NVTC's financial activities for the fiscal year that ended on June 30, 2005. Please read it in conjunction with the accompanying financial statements which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented include all of the activities of the NVTC which are part of the NVTC reporting entity using the integrated approach as prescribed by the Governmental Accounting Standards Board (GASB).

The government-wide financial statements present the financial picture of NVTC from the economic resources measurement focus using the accrual basis of accounting. Excluded from these statements are the activities of the jurisdiction trust funds, which are considered fiduciary funds and, therefore, not part of the primary government.

The fund financial statements include a set of statements for each of the two categories of funds—governmental and fiduciary. The governmental funds are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The fiduciary fund is prepared using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements. Reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach.

Government-Wide Financial Statements

The government-wide financial statements consist of the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets presents the assets and liabilities, with the difference between the two reported as net assets. The Statement of Activities shows in broad terms how the net assets changed during the fiscal year.

Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of NVTC is improving or declining. Net assets are reported in three categories; net assets invested in capital assets, net assets that are restricted in use, and net assets that are unrestricted. The revenue supporting the activities and programs are classified under three broad categories: operating grants and contributions, capital grants and contributions, and charges for services. While NVTC receives grant revenue used ultimately for capital purposes, the revenue is classified as operating since it is passed through to other entities. Accordingly, NVTC does not report revenues under the capital grants and contributions category.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The funds of the NVTC reporting entity can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year.

NVTC maintains two governmental funds: the General Fund and the Special Revenue Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for each of these funds. The General Fund includes the administrative, planning and project activities of NVTC. The Special Revenue Fund reports the intergovernmental revenue received by NVTC and allocated to the member jurisdictions by a formula maintained by NVTC. Once allocated, the funds are remitted to the fiduciary funds.

Fiduciary Funds. Fiduciary funds are used to account for resources held by NVTC for the benefit and restricted use of the programs of other governments. Additions to the fiduciary funds consist of revenue remitted from the Special Revenue Fund and investment income. Deductions from the fiduciary funds are disbursements directed by the individual member jurisdictions for restricted purposes. The accounting methods used for fiduciary funds are much like that used for proprietary funds. The two statements included for the fiduciary funds are the Statement of Fiduciary Net Assets, and the Statement of Changes in Fiduciary Net Assets.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Supplementary Information

Additional information is presented as a supplement to the basic financial statements. Although not required to be presented and not part of the basic financial statements, the schedules are included to provide additional information of interest to certain financial statement users.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This management discussion and analysis is required to present information on a government-wide basis. Because of NVTC's unique structure, the discussion included in the fund analysis section provides information that may be more meaningful.

As noted earlier, net assets may serve as a useful indicator of a government's financial position. As shown below, total assets exceeded liabilities by \$277,207. Net assets invested in capital assets of \$22,176 and unrestricted net assets of \$255,031 make up the balance of net assets. Please refer to the funds analysis for a discussion of the components and changes in the governmental activities.

Condensed Statements of Net Assets

	<u>June 30, 2005</u>	<u>June 30, 2004</u>	Increase (Decrease)
Current and other assets	\$ 1,153,351	\$ 554,426	\$ 598,925
Capital assets	22,176	29,660	(7,484)
Total assets	<u>1,175,527</u>	<u>584,086</u>	<u>591,441</u>
Long-term liabilities outstanding	31,650	33,711	(2,061)
Other liabilities	866,670	296,997	569,673
Total liabilities	<u>898,320</u>	<u>330,708</u>	<u>567,612</u>
Net assets:			
Invested in capital assets	22,176	29,660	(7,484)
Restricted	-	88,508	(88,508)
Unrestricted	255,031	135,210	119,821
Total net assets	<u>\$ 277,207</u>	<u>\$ 253,378</u>	<u>\$ 23,829</u>

The following table shows the revenues and expenses and the change in net assets of the governmental activities. For the fiscal year ending June 30, 2005, over \$97 million in revenues were reported, which is an increase of approximately \$11 million from the previous year, and similar to the increase in expenses. Net assets increased by \$23,829 from the previous year. A discussion of the key components of these changes is included in the funds analysis.

Changes in Net Assets

	<u>Fiscal Year Ended</u>		Increase (Decrease)
	<u>June 30, 2005</u>	<u>June 30, 2004</u>	
Revenue:			
Program revenues:			
Operating grants and contributions	\$ 97,633,114	\$ 86,388,203	\$ 11,244,911
Charges for services	14,767	7,410	7,357
General revenues:			
Interest income	9,911	4,627	5,284
Total revenue	<u>97,657,792</u>	<u>86,400,240</u>	<u>11,257,552</u>
Expenses:			
General and administration	785,883	800,646	(14,763)
Depreciation	14,840	14,244	596
Project costs	1,287,230	1,768,778	(481,548)
Payments to fiduciary funds	95,546,010	83,739,787	11,806,223
Total expenses	<u>97,633,963</u>	<u>86,323,455</u>	<u>11,310,508</u>
Increase (decrease) in net assets	23,829	76,785	(52,956)
Net assets, beginning of year	<u>253,378</u>	<u>176,593</u>	<u>76,785</u>
Net assets, end of year	<u>\$ 277,207</u>	<u>\$ 253,378</u>	<u>\$ 23,829</u>

FINANCIAL ANALYSIS OF THE REPORTING ENTITY'S FUNDS

Governmental Funds

General Fund. The General Fund reports the project, planning and administrative activities of NVTC. The unreserved fund balance represents the net resources available for spending at the end of the fiscal year.

NVTC adopts an annual operating budget for the planning and administrative activities of the General Fund for the purpose of determining the annual contributions from the member jurisdictions required to fund these activities. In addition, the various projects included in the General Fund have individual budgets. While certain administrative expenditures such as payroll and payroll related expenses are part of the annual operating budget, they may be included in project costs if they were incurred directly for a project. Since non-administrative project expenditures are generally fully funded from sources other than those for the planning and administrative activities, the unreserved fund balance is mainly the result of the planning and administrative activities of the General Fund.

As of June 30, 2005 the General Fund had a total fund balance of \$310,639 of which all was unreserved. While the fund balance increased by \$30,907 from June 30, 2004, the unreserved fund balance increased by \$119,415 and the balance reserved for projects decreased from \$88,508 to \$0. The unreserved fund balance increase is the result of favorable budget variances, while the decrease in the balance reserved for projects reflects the completion of the Falls Church Bus project. This multi-year demonstration project included the purchase and operation of clean diesel buses, with inception to date expenditures of about \$2.7 million. Funding for this project was from various federal, state and local sources, including NVTC contributions of \$109,057 over the life of the project.

Significant new projects during the fiscal year include the Senior Mobility project and the TransAction 2030 project.

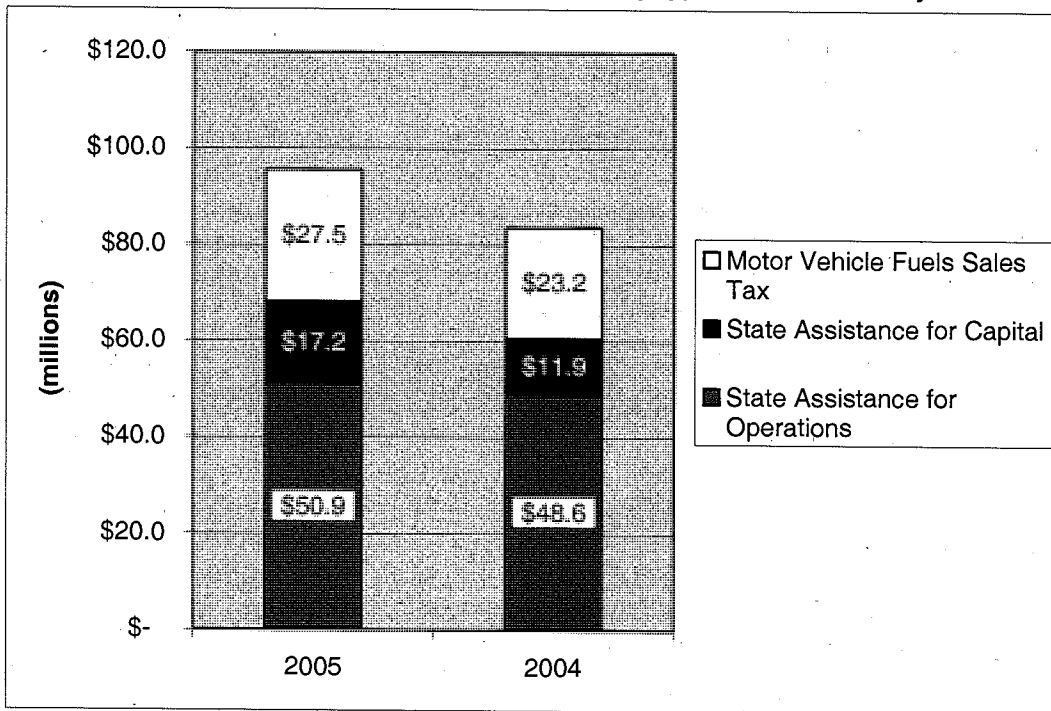
In terms of dollars expended, the TransAction 2030 project and the Falls Church Bus project were the most active during the fiscal year, making up 60% of the total \$1,287,230 direct project costs. In terms of project budgets, the SmarTrip program is by far the largest NVTC current project with outstanding maximum commitments of approximately \$4.2 million as of June 30, 2005. This multiyear project is funded using state, federal and local sources.

State and Federal funding sources for projects during the fiscal year totaled \$1,010,426. Other funding sources include interest and operating revenue of \$15,489 and local contributions from NVTC and other governments of \$261,315. NVTC's contributed expenses consist primarily of payroll and payroll related costs.

A portion of NVTC's general and administrative contributions, the Marketing program, and the Bus Data project, which are all part of the General Fund, receive funding from the state assistance for operating and the Motor Vehicle Fuels Sales tax. For the fiscal year, this equaled \$806,102 in state assistance and \$184 in sales tax, which is in addition to the revenue reported in the Special Revenue Fund.

Special Revenue Fund. The special revenue fund reports intergovernmental revenue for the jurisdictions' transit programs, including local bus systems and the operating and capital subsidies of the Washington Metropolitan Area Transit Authority ("WMATA"). The intergovernmental revenue includes state operating assistance, state capital assistance and the motor vehicle fuels sales tax. As the revenue is recognized by the special revenue fund, it is allocated using the Subsidy Allocation Model formula ("SAM"). This formula, which is defined and established by NVTC board resolution and the *Code of Virginia*, is maintained and updated annually by NVTC. After the revenue has been allocated by the SAM and each jurisdiction's share has been identified, the funds are remitted to a fiduciary fund for the restricted use by the member jurisdictions individually to support the programs of their respective locality.

Intergovernmental revenues increased approximately \$11.9 million (14%) from fiscal year 2004 to fiscal year 2005. A comparison of the revenue by type between fiscal years follows:



State assistance for operations is revenue from the state FTM/Admin formula assistance program. The \$2.3 million increase in assistance from fiscal year 2004 to fiscal year 2005 mirrored the increase in the state's Mass Transit Trust fund. This program is funded exclusively by the statutory formula of 73.5% of the Mass Transit Trust fund.

State assistance for capital received during fiscal year 2005 includes \$14.2 million from the capital formula assistance program, and \$3 million from the VTA 2000 program, while the fiscal year 2004 revenue is entirely from the formula assistance program. Similar to the FTM/Admin formula assistance, the capital formula assistance program receives its funding exclusively from the Mass Transit Trust fund, but at the statutory rate of 25%. While the revenue to the Mass Transit Trust fund increased by 5.7%, the state capital matching ratio decreased from 40% to 38%, or 5% as a result of an increase in statewide capital needs. An increase in NVTC's jurisdictions' eligible capital expenditures is the primary reason for the increase in capital formula assistance recognized by the special revenue fund from fiscal year 2004 to fiscal year 2005.

As mentioned above, the other component of the state assistance for capital is the VTA 2000 funding, which is reserved for the payment of certain WMATA capital expenditures when billed to the jurisdictions. 40% of this funding was contracted by the state directly with WMATA, while the remaining 60% was contracted with NVTC. Fiscal year 2005 was the first year that VTA 2000 funds were transferred to WMATA from NVTC, and accordingly recognized as revenue in the Special Revenue Fund.

The Motor Vehicle Fuels Sales tax is levied on the retail sales of gasoline within NVTC's jurisdictions. Sales tax revenue increased by \$4.3 million, or 18.5% from the previous fiscal year. This increase is consistent with the national average price increase of 18.1% for all grades of fuel over the same period, as calculated from U.S. DOE weekly price data. Overall demand and the price elasticity impacting demand and grade mix are some of the other factors that significantly effect revenue collections.

Fiduciary Fund

The fiduciary fund is a private purpose trust fund, which is titled the Jurisdiction Trust Fund.

Jurisdiction Trust Fund. The Jurisdiction Trust Fund holds the assets that were remitted from the special revenue fund and are accounted for on an individual jurisdiction basis. These funds are invested primarily in the Virginia Local Government Investment Pool, and are available for disbursement for restricted purposes by instructions of the member jurisdictions. The change in the fund balance from year to year is dependent upon the remittances from the special revenue fund, investment income and the amount each member jurisdiction instructs NVTC to disburse from the fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

NVTC's capital assets consist of office furniture, equipment, computer hardware and software. No significant changes have occurred in capital assets from the prior fiscal year.

NVTC has issued debt to finance, in part, the construction and purchase of the capital assets of the Virginia Railway Express (VRE). The debt and related capital assets are not recognized on the financial statements of NVTC, but rather on those of VRE. Complete financial statements for VRE can be obtained from the Director of Finance and Administration of NVTC at 4350 N. Fairfax Drive, Suite 720, Arlington, VA 22203, or by email to nvtc@nvtcd.org.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of NVTC's finances for all those interested. If you have any questions about this report or need additional financial information, contact the Director of Finance and Administration, Northern Virginia Transportation Commission, 4350 N. Fairfax Drive, Suite 720, Arlington, Virginia 22203, or by email to nvtc@nvtcd.org.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

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NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET ASSETS
June 30, 2005

ASSETS	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 285,946
Accounts receivable:	
Commonwealth of Virginia grants	279,565
Federal grants	18,211
Virginia Railway Express	16,269
Other	1,552
Advances, deposits and prepaid items	18,227
Restricted cash and cash equivalents	533,581
Capital assets:	
Office equipment and furniture	139,744
Less accumulated depreciation	(117,568)
Total assets	<u>1,175,527</u>
 LIABILITIES	
Accounts payable	296,057
Accrued salaries	9,877
Unearned revenue	3,197
Project funds advanced	533,581
Compensated absences:	
Due within one year	23,958
Due in more than one year	31,650
Total liabilities	<u>898,320</u>
 NET ASSETS	
Invested in capital assets	22,176
Unrestricted	255,031
Total net assets	<u>\$ 277,207</u>

The accompanying notes are an integral part of the financial statements.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF ACTIVITIES
For the year ended June 30, 2005

	Governmental Activities		
	Functions / Programs		
	Totals	Planning and Administrative	Jurisdiction Transit
Expenses:			
General and administration	\$ 785,883	\$ 785,883	\$ -
Depreciation	14,840	14,840	-
Project costs	1,287,230	1,287,230	-
Payments to fiduciary funds	95,546,010	-	95,546,010
Total expenses	97,633,963	2,087,953	95,546,010
Program revenues:			
Operating grants and contributions	97,633,114	2,087,104	95,546,010
Charges for services	14,767	14,767	-
Total program revenues	97,647,881	2,101,871	95,546,010
Net program expense	13,918	\$ 13,918	\$ -
General revenues:			
Interest income	9,911		
Change in net assets	23,829		
Net assets, beginning of year	253,378		
Net assets, end of year	\$ 277,207		

The accompanying notes are an integral part of the financial statements.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2005

	General Fund
ASSETS	
Cash and cash equivalents	\$ 285,946
Accounts receivable:	
Commonwealth of Virginia grants	279,565
Federal grants	18,211
Virginia Railway Express	16,269
Other	1,552
Advances, deposits and prepaid items	18,227
Restricted cash and cash equivalents	533,581
Total assets	\$ 1,153,351
LIABILITIES	
Accounts payable	\$ 296,057
Accrued salaries	9,877
Deferred revenue	3,197
Project funds advanced	533,581
Total liabilities	842,712
FUND BALANCES	
Unreserved	310,639
Total fund balance	310,639
Total liabilities and fund balance	\$ 1,153,351

Reconciliation of fund balance on the balance sheet for the governmental fund to the net assets of the governmental activities on the statement of net assets:

Fund balance - governmental fund	\$ 310,639
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources therefore are not reported in the funds. The cost of the assets is \$139,744 and the accumulated depreciation is \$117,568.	22,176
Compensated absences are liabilities not due and payable in the current period and therefore are not reported in the governmental fund.	(55,608)
	\$ 277,207

The accompanying notes are an integral part of the financial statements.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2005

	<u>Major Funds</u>		<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	
Revenues:			
Intergovernmental revenues:			
Contributions:			
Commonwealth of Virginia	\$ 658,150	\$ -	\$ 658,150
Local jurisdictions	310,000	-	310,000
Grants:			
Federal	42,926	-	42,926
Commonwealth of Virginia	984,404	68,025,163	69,009,567
Motor vehicle fuel sales tax	184	27,520,847	27,521,031
Project chargebacks, Virginia Railway Express	90,000	-	90,000
Local project contribution	1,440	-	1,440
Interest income	9,911	-	9,911
Charges for services	14,767	-	14,767
Total revenues	<u>2,111,782</u>	<u>95,546,010</u>	<u>97,657,792</u>
Expenditures:			
Current:			
General and administration	786,289	-	786,289
Project costs	1,287,230	-	1,287,230
Payments to fiduciary funds	-	95,546,010	95,546,010
Capital outlay	7,356	-	7,356
Total expenditures	<u>2,080,875</u>	<u>95,546,010</u>	<u>97,626,885</u>
Change in fund balances	30,907	-	30,907
Fund balances at beginning of year	279,732	-	279,732
Fund balances at end of year	<u>\$ 310,639</u>	<u>\$ -</u>	<u>\$ 310,639</u>

Change in fund balances - total governmental funds \$ 30,907

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	7,356
Deduct - depreciation expense	(14,840)

The change in compensated absences included in the expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

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Change in net assets of governmental activities \$ 23,829

The accompanying notes are an integral part of the financial statements.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
June 30, 2005

	<u>Jurisdiction Trust Fund</u>
ASSETS	
Cash and cash equivalents	\$ 77,111,433
Commonwealth of Virginia grants receivable	2,568,377
Motor fuels sales tax receivable	<u>5,111,309</u>
Total assets	<u>84,791,119</u>
LIABILITIES	
Unearned grant revenue	<u>10,004,704</u>
Total liabilities	<u>10,004,704</u>
NET ASSETS	
Net assets held in trust for member jurisdictions	<u>\$ 74,786,415</u>

The accompanying notes are an integral part of the financial statements.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND**

For the year ended June 30, 2005

	<u>Jurisdiction Trust Fund</u>
Additions:	
Contributions from government	\$ 95,546,010
Investment income	1,248,832
Total Additions	<u>96,794,842</u>
Deductions:	
Funds disbursed to WMATA:	
Metrorail capital	7,279,746
Metrobus capital	1,985,334
Metrorail operating	27,143,780
Metrobus operating	38,374,533
Metro debt service	7,412,500
Other funds disbursed:	
Other capital disbursements	5,359,469
Other operating disbursements	4,834,382
Total Deductions	<u>92,389,744</u>
Change in net assets	4,405,098
Net assets held in trust for member jurisdictions	
Beginning of year	70,381,317
End of year	<u><u>\$ 74,786,415</u></u>

The accompanying notes are an integral part of the financial statements.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

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NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Northern Virginia Transportation Commission ("NVTC") have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board ("FASB") issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements.

A. Reporting Entity

The Northern Virginia Transportation District (the "District") was created by the 1964 Acts of Assembly of the Commonwealth of Virginia, Chapter 630, to assume the powers and purposes of transportation districts under the Act. The transportation district comprises the cities of Alexandria, Fairfax, and Falls Church, and the counties of Arlington, Fairfax and Loudoun, and has all the powers granted transportation districts in the Act. The Act was created for the purpose of developing transportation systems necessary to the orderly growth and development of urban areas of the Commonwealth of Virginia for the safety, comfort, and convenience of its citizens and for the economical utilization of public funds. The District has no taxing power, although a tax imposed by the Virginia General Assembly is collected within the District's boundaries for its benefit. The Northern Virginia Transportation Commission is the governing body of the District, and was created pursuant to the Authorizing Legislation to manage and control the functions, affairs, and property of the District.

B. Government-wide and Fund Financial statements

The government-wide financial statements (the Statement of Net Assets and the Statement of Activities) report only information of the governmental activities supported by intergovernmental revenues and excludes the fiduciary activities of NVTC.

The government-wide Statement of Activities is designed to report the degree to which the direct expenses of a given function are offset by program revenues. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. The Motor Vehicle Fuels Sales tax is reported as program revenue because the Commonwealth of Virginia, not the NVTC, has the authority to collect this tax.

The government-wide Statement of Net Assets reports net assets as restricted when externally imposed constraints on those net assets are in effect. Internally imposed designations of resources are not presented as restricted net assets.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

Separate fund financial statements are provided for governmental funds and fiduciary funds. The governmental funds are reported on balance sheets and statements of revenues, expenditures and changes in fund balances (fund equity). The fiduciary funds are reported on a statement of fiduciary net assets and statements of changes in fiduciary net assets. The fiduciary funds are not included in the government-wide statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Intergovernmental revenues, consisting primarily of Federal and Commonwealth of Virginia grants, designated for payment of specific expenditures, are recognized at the time the expenditures are incurred. Any excess of revenues or expenditures at year-end are recorded as deferred revenue or accounts receivable, respectively. Derived tax revenues are recognized when the underlying transactions have occurred.

Governmental Fund Financial Statements – The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose NVTC considers revenues to be available if they are collected within 90 days of the end of the current fiscal year end. Expenditures are recorded when a liability is incurred under the full accrual method of accounting.

Fiduciary Funds – The financial statements of the fiduciary fund is reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above.

D. Fund Accounting

The financial activities are recorded in individual funds, each of which is deemed to be a separate accounting entity with a self-balancing set of accounts. Financial activities have been classified into the following major governmental and fiduciary funds:

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

1. Governmental Funds

General Fund – This fund accounts for all financial activities of NVTC not accounted for in other funds and includes project, planning and administrative activities.

Special Revenue Fund – This fund accounts for revenue from state capital grants, state operating grants, and motor vehicle fuels sales tax received from the Commonwealth of Virginia for NVTC member jurisdiction transit purposes. NVTC is required by statute to receive this revenue and allocate to the jurisdictions located within the transportation district based upon a formula developed and maintained by NVTC. Upon allocation, the revenue is transferred to a fiduciary fund where it is available for the jurisdictions' restricted use.

2. Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee capacity for the member jurisdictions. These funds are available to support the programs of the member jurisdictions, not the programs of the NVTC reporting entity.

Jurisdiction Trust Fund – The resources received from the Special Revenue Fund are invested and held in a fiduciary capacity for each member jurisdiction until such time as they are disbursed upon the instructions of the individual jurisdictions.

E. Budgeting

Although not statutorily required, NVTC adopts an annual operating budget for the planning and administrative activities of the General Fund. The budgeting process enables NVTC to determine the annual contributions required from the member jurisdictions and the Commonwealth of Virginia to fund its planning and administrative activities. Accumulated fund balances in excess of anticipated minimum operating cash requirements are recognized as a revenue source in subsequent budgets.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets

NVTC's capital assets are accounted for at cost in accordance with the capitalization policy and depreciated using the straight-line method over the following estimated useful lives:

Computer hardware and software	3 years
Office equipment	5 - 10 years
Office furniture	7 - 10 years

G. Deferred Revenue

Grant and project revenue that has been received, but not yet earned, is recorded as unearned revenue in the governmental and fiduciary funds. At the end of the current fiscal year, unearned revenue consists of project funds and reimbursable grant revenue received in advance of the related expenditures, as shown below:

	Governmental Activities	Fiduciary Funds	Total
Fiscal Year 2006 project funds	\$ 3,197	\$ -	\$ 3,197
VTA 2000 Metrorail Rolling Stock funds	-	10,004,704	10,004,704
	<u>\$ 3,197</u>	<u>\$ 10,004,704</u>	<u>\$ 10,007,901</u>

H. Indirect Expenditure Allocation

Employee benefits are allocated to projects based on direct labor charges. Overhead and other indirect costs are not charged to NVTC projects.

I. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

J. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are funds that are restricted for use by NVTC for the SmarTrip project. These funds have been contributed by member jurisdictions to be used only for the costs resulting from contract change orders with the project vendor.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences

Vacation leave is granted to all employees and is earned based upon the length of employment. Employees with up to 10 years of service may carryover a maximum of 240 hours of accumulated leave while employees with 11 or more years of service may carryover a maximum of 320 hours of leave. The Executive Director may carryover a maximum of 360 hours of leave. The allowed accumulated leave earned, yet not paid, has been recorded as a liability since the leave vests and an obligation to make payment exists if an employee terminates.

Sick leave may also be accumulated by employees. After five years of service NVTC employees are eligible to receive 25 percent of their accumulated sick leave, limited to \$5,000, upon separation. This amount has been recorded as a liability.

Note 2. DEPOSITS AND INVESTMENTS

At June 30, 2005 cash and cash equivalents consisted of the following, at cost which approximates fair value:

	Governmental Activities	Fiduciary Funds	Total
Cash	\$ 278,755	\$ -	\$ 278,755
Local Government Investment Pool	7,191	-	7,191
	285,946	-	285,946
Restricted:			
Local Government Investment Pool	533,581	77,111,433	77,645,014
Total	\$ 819,527	\$ 77,111,433	\$ 77,930,960

Deposits: All cash of NVTC is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia* or covered by federal depository insurance.

Investments: Statues authorize local governments and other public bodies to invest in obligations of the United States or its agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes; banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 2. DEPOSITS AND INVESTMENTS (Continued)

The Commission has investments in the LGIP. The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The fair value of the position of the LGIP is the same as the value of the pool shares, i.e., the LGIP maintains a stable net asset value of \$1 per share. The LGIP has been assigned an "AAAm" rating by Standard & Poors and all of the investments made by the commission are held here. The maturity of the LGIP is less than one year.

The Commission's investment policy establishes the maximum percentages of the portfolio permitted in each of the following instruments:

LGIP	100%
US Treasury Obligations	100%
Certificates of Deposit	75%
Bankers' Acceptances	50%
Repurchase Agreements	35%
Commercial Paper	25%

Note 3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005 was as follows:

	Beginning			Ending
	Balance	Increases	Decreases	Balance
Governmental activities:				
Capital assets, being depreciated:				
Office equipment and furniture	\$132,388	\$ 7,356	\$ -	\$ 139,744
Less accumulated depreciation for:				
Office equipment and furniture	(102,728)	(14,840)	-	(117,568)
Governmental activities capital assets, net	<u>\$ 29,660</u>	<u>\$ (7,484)</u>	<u>\$ -</u>	<u>\$ 22,176</u>

Depreciation expense was charged to the Governmental activities, planning and administrative \$ 14,840

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 4. JOINT VENTURE - VIRGINIA RAILWAY EXPRESS

Pursuant to a Master Agreement signed in 1989, NVTC and the Potomac and Rappahannock Transportation Commission ("PRTC") jointly (as the "Commissions") own and operate the Virginia Railway Express ("VRE"). VRE provides commuter rail service on two railroad lines originating in Fredericksburg and Manassas, Virginia and terminating at Union Station, Washington, D.C. The service uses existing track of the CSX Transportation Corporation ("CSX"), and the Norfolk Southern Railway Company, under respective operating access agreements. Trains are operated and maintained pursuant to a Purchase of Services Agreement between Amtrak and the Commissions.

VRE is managed by the Commissions. Certain functions have been delegated to the VRE Operations Board, consisting of three commissioners appointed from each of NVTC and PRTC and one representative of the Commonwealth of Virginia's Department of Rail and Public Transportation. The system is not currently configured for fare revenues alone to produce positive net income. In addition to fares, the project is financed with proceeds from the Commuter Rail Revenue Bond issues, Federal and Commonwealth of Virginia grants, and local jurisdictional contributions based on a population/ridership formula that is supplemented by voluntary donations from contributing jurisdictions. Participating jurisdictions include the counties of Fairfax, Prince William, and Stafford; and the cities of Manassas, Manassas Park, and Fredericksburg, Virginia. Contributing jurisdictions include Arlington County and the City of Alexandria, Virginia.

Commuter Rail Revenue Bonds have been issued in the name of NVTC for the VRE project. This debt and the capital assets acquired with the debt are not recognized on the financial statements of NVTC, but rather on those of VRE. Following is a schedule of the bonds outstanding as of June 30, 2005 as reported by VRE:

\$37,625,000 Commuter Rail Revenue Refunding Bonds, series 1993; due in annual maturities of \$3,950,000 to \$5,065,000 through July 2010, plus semi-annual interest at 4.9% to 5.25%	\$ 26,895,000
\$23,000,000 Commuter Rail Revenue Bonds, series 1997; due in annual maturities of \$955,000 to \$2,115,000 through July 2017, plus semi-annual interest at 4.7% to 6.0%	17,645,000
\$31,700,000 Commuter Rail Revenue Refunding Bonds, series 1998; due in annual maturities of \$105,000 to \$6,555,000 through July 1, 2014, plus semi-annual interest at 4.3% to 5.375%	25,000,000
	<u>69,540,000</u>
Plus (less) unamortized:	
Deferred loss	(1,885,292)
Discount	(154,913)
Premiums	554,040
Total bonded debt	<u>\$ 68,053,835</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 4. JOINT VENTURE – VIRGINIA RAILWAY EXPRESS (Continued)

The 1993, 1997 and 1998 Series Bonds are payable from a pledge of revenues attributable to VRE, including government grants, local jurisdictional contributions and passenger revenue. A financial guaranty bond guarantees payments of each bond series. Mandatory debt service requirements consist of the following:

Years Ended June 30,	Principal	Interest	Total Required
2006	\$ 5,010,000	\$ 3,550,539	\$ 8,560,539
2007	5,255,000	3,296,729	8,551,729
2008	5,520,000	3,027,016	8,547,016
2009	5,795,000	2,731,522	8,526,522
2010	6,105,000	2,411,369	8,516,369
2011-2015	35,825,000	6,622,227	42,447,227
2016-2018	6,030,000	499,770	6,529,770
	<u>\$ 69,540,000</u>	<u>\$ 22,139,172</u>	<u>\$ 91,679,172</u>

Deferred bond costs, consisting of bond issuance costs and insurance premiums are shown net of premium accumulated amortization. These costs are amortized on a straight-line basis over the life of the bonds. Amortization of deferred bond costs, approximating \$56,982, is included in interest expense in 2005.

The Indentures of Trust for the 1997 Commuter Rail Revenue Bonds required VRE to maintain a debt service reserve. During fiscal year 2000 VRE purchased a surety in substitution of the debt service reserve fund, releasing the proceeds from the reserve. The Indentures of Trust for the 1997 issue also require the maintenance of an operating reserve equivalent to one-third (33.3%) of annual budgeted operating expenses. As of June 30, 2005, VRE designated \$26,052,674 of its cash, the restricted bond interest and principal funds, inventory and receivables as this operating reserve. The reserves represented 73.9% of budgeted operating expenses, respectively.

Funds are invested by the Trustee pursuant to the Indentures of Trust and are classified as restricted. Funds held by the Trustee as of June 30, 2005 are as follows:

Bond Interest Fund	\$ 1,848,451
Bond Principal Fund	5,024,684
Total Held by Trustee	<u>\$ 6,873,135</u>

Capitalized lease:

\$2,717,409 capitalized lease obligation due \$39,347 monthly,
interest at 5.73%, maturing in 2009, collateralized with a
fare collection system with a carrying value of \$1,549,249 \$ 1,652,953

Financial information from VRE's fiscal year 2005 audited financial statements is shown below. Complete financial statements for VRE can be obtained from the Director of Finance and Administration of NVTC at 4350 N. Fairfax Drive, Suite 720, Arlington, VA 22203.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION**NOTES TO THE BASIC FINANCIAL STATEMENTS****Note 4. JOINT VENTURE - VIRGINIA RAILWAY EXPRESS (Continued)****VIRGINIA RAILWAY EXPRESS
STATEMENT OF NET ASSETS**

June 30, 2005

ASSETS

Current Assets:

Cash and cash equivalents	\$ 6,253,268
Accounts receivable	11,015,565
Inventory	1,910,706
Prepaid expenses	618,258
Restricted cash and cash equivalents	42,004,404
Total current assets	<u>61,802,201</u>

Other Assets:

Deferred bond costs, net	799,926
Financing cost	252,500
Capital assets (net of \$45,125,542 accumulated depreciation)	129,503,622
Total other assets	<u>130,556,048</u>
Total assets	<u>\$ 192,358,249</u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued liabilities	\$ 10,401,190
Deferred revenue	1,233,226
Contract retainage	513,657
Current portion of capital lease obligations	1,235,727
Current portion of long-term debt	5,010,000
Total current liabilities	<u>18,393,800</u>

Non-current Liabilities:

Capital lease obligations	25,577,226
Note payable	660,000
Bonds payable	63,043,835
Total non-current liabilities	<u>89,281,061</u>
Total liabilities	<u>107,674,861</u>

Net Assets:

Invested in capital assets, net of related debt	33,976,834
Restricted for liability insurance plan	12,439,017
Restricted for debt service and capital lease	29,565,387
Restricted grants or contributions	726,456
Unrestricted assets	7,975,694
Total net assets	<u>84,683,388</u>
Total liabilities and net assets	<u>\$ 192,358,249</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 4. JOINT VENTURE - VIRGINIA RAILWAY EXPRESS (Continued)

**VIRGINIA RAILWAY EXPRESS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS**

For the year ended June 30, 2005

Operating revenues	\$ 19,573,535
Operating expenses	<u>40,961,058</u>
Operating loss before depreciation	(21,387,523)
Depreciation	<u>(6,699,409)</u>
Operating loss	<u>(28,086,932)</u>
Non operating revenues (expenses):	
Subsidies:	
Commonwealth of Virginia grants	7,613,022
Federal grants	8,124,763
Jurisdictional operating contributions	6,352,999
Capital grants and assistance:	
Commonwealth of Virginia grants	3,778,146
Federal grants	9,824,036
In-kind and other local contributions	266,148
Interest income:	
Operating funds	214,888
Insurance trust	688,816
Other restricted funds	49,860
Interest, amortization and other non operating expenses, net	<u>(4,257,178)</u>
Total non operating revenues, net	<u>32,655,500</u>
Special and extraordinary items:	
Gain (loss) on sale of assets	<u>(3,640,928)</u>
Change in net assets	927,640
Net assets, beginning	<u>83,755,748</u>
Net assets, ending	<u>\$ 84,683,388</u>

Under an agreement entered into between NVTC and VRE for the current fiscal year, project charge backs to VRE for staff support equals \$90,000 for the fiscal year, and amounts due from VRE equaled \$16,269 as of June 30, 2005.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 5. PENSION PLAN

NVTC contributes to the Northern Virginia Transportation Commission Pension Trust (the "Plan"), a single employer public employees retirement system, contributory target benefit pension plan covering substantially all employees. Under the terms of the Plan, the normal retirement date is the July 1st closest to the participant's 65th birthday. Early retirement may be elected if the participant has attained age 55 with ten years of continuous service. Employees vest in the employer's contributions at the rate of 20% for each year of service until fully vested.

The plan is funded in amounts determined by an actuarial consultant. Employer contributions for the year ended June 30, 2005 totaled \$44,082 (11.4% of covered payroll). Required employee contributions for the year ended June 30, 2005 totaled \$9,487 (2.5% of covered payroll). Since 1994, participants have been required to contribute 2.0% of covered salary, not to exceed 50% of the aggregate gross annual contribution for benefits. NVTC contributes the balance of the cost of the Plan. NVTC's payroll for employees covered by the plan for the year ended June 30, 2005 was approximately \$387,000.

Note 6. OPERATING LEASES

NVTC leases office space under a 10-year agreement which expires December 31, 2010. Office rent under this lease totaled \$150,020 for the year ended June 30, 2005. The lease provides for an adjustment to the base rental for increases in basic costs. Escalation is limited to five percent per year in basic costs of building operation, maintenance and management and the actual increases in real estate taxes and electricity.

NVTC leases office equipment under a 60-month agreement which expires December 31, 2005. Monthly payments are at \$993. Payments under this lease totaled \$11,916 for the year ended June 30, 2005.

Future minimum lease payments required as of June 30, 2005 for the two operating leases are as follows:

Year Ended <u>June 30,</u>	
2006	\$ 152,991
2007	151,444
2008	155,987
2009	160,667
2010	165,486
2011	<u>83,966</u>
Total	<u>\$ 870,541</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 7. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

During fiscal year 2002 NVTC exercised an option included in a contract entered into by WMATA for equipment and services for the SmarTrip program. The option enabled NVTC to contract directly with the vendor on behalf of several transit systems for the Northern Virginia portion of the program, pursuant to the terms and conditions of the WMATA contract and additional terms and conditions negotiated with the vendor by NVTC. The maximum commitment outstanding under the terms of the agreement is \$4,027,824 as of June 30, 2005.

NVTC entered into a contract during fiscal year 2002 with a consulting firm to provide support service for the SmarTrip program. The maximum commitment outstanding under this agreement is \$186,953 as of June 30, 2005.

During fiscal year 2005, NVTC entered into a contract with a consulting firm for the TransAction project. The maximum commitment outstanding under this agreement is \$723,546 as of June 30, 2005.

NVTC entered into a contract during fiscal year 2005 with a consulting firm for the Senior Mobility project. The maximum commitment outstanding under this agreement is \$107,380 as of June 30, 2005.

A combination of Federal and Commonwealth of Virginia Grants and local funds are available to finance substantially all of the NVTC contracted services for the projects. Significant NVTC contracts include a sufficiency of funding clause in the event funding becomes unavailable.

All project expenditures are expensed as incurred, including expenditures for tangible assets developed through the SmarTrip program, as the equipment becomes the property of the transit systems upon completion of the contract.

The Commissions have outstanding commitments on behalf of VRE for construction of facilities and equipment. A combination of Federal and Commonwealth of Virginia grants will be used to finance these capital projects. The following is a summary of the more significant contractual commitments relating to VRE as of June 30, 2005:

Station and parking lots	\$	648,474
Railcars		22,343,900
Maintenance and layover yards		1,299,249
Track and signal improvements		12,098,632
Other administrative		841,816
	\$	<u>37,232,071</u>

In August 2004 VRE renewed a banking services agreement with SunTrust Bank. The agreement provides for up to \$1 million guidance line of credit maturing August 2005, including interest payable monthly on any outstanding balance at a rate of 30 day LIBOR plus 1%. The credit line is in the name of NVTC for the benefit of VRE.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 7. SIGNIFICANT COMMITMENTS AND CONTINGENCIES (Continued)

NVTC has received proceeds from several federal and state grant programs. In the event of an audit of these grants certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such findings may result in the refund of grant monies to the grantor agencies. Based on NVTC's policies and past experience, management believes that no refunds would be due in the case of an audit and accordingly no provision has been made in the accompanying financial statements for the refund of grant monies.

Note 8. PENDING GASB STATEMENTS

At June 30, 2005 the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by NVTC. The statements which might impact NVTC are as follows:

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* requires evaluation and reporting the effects of capital asset impairments and insurance recoveries when they occur. The provisions of Statement No. 42 will be effective for fiscal years beginning after December 15, 2004.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and required supplemental information. Statement No. 45 will be effective for periods beginning after December 15, 2008.

GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, establishes and modifies requirements related to restrictions of net assets resulting from enabling legislation. Statement No. 46 will be effective for periods beginning after June 15, 2005.

GASB Statement No. 47, *Accounting for Termination Benefits* establishes accounting standards for voluntary and involuntary termination benefits. The provisions of Statement No. 47 will be effective for fiscal years beginning after June 15, 2005.

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NORTHERN VIRGINIA TRANSPORTATION COMMISSION

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2005

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NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS BY JURISDICTION
JURISDICTION TRUST FUND
For the year ended June 30, 2005

	<u>City of Alexandria</u>	<u>Arlington County</u>	<u>City of Fairfax</u>	<u>Fairfax County</u>	<u>City of Falls Church</u>	<u>Loudoun County</u>	<u>Totals</u>
Additions:							
Contributions from primary government:							
Virginia General Assembly	\$ 11,752,250	\$ 19,697,121	\$ 1,240,746	\$ 34,648,552	\$ 686,494	\$ -	\$ 68,025,163
Motor Vehicle Fuels Sales Tax	1,998,702	2,864,827	932,980	15,472,493	766,414	5,485,431	27,520,847
Investment Income	45,385	164,497	57,192	591,527	28,836	361,395	1,248,832
Total Additions	13,796,337	22,726,445	2,230,918	50,712,572	1,481,744	5,846,826	96,794,842
Deductions:							
Funds disbursed to WMATA:							
Metrorail capital	1,011,921	4,932,517	184,444	949,276	201,588	-	7,279,746
Metrobus capital	-	1,342,718	1,800	537,369	103,447	-	1,985,334
Metrorail operating	2,877,489	11,396,942	389,191	12,157,716	322,442	-	27,143,780
Metrobus operating	8,120,330	3,879,313	433,925	25,123,600	817,365	-	38,374,533
Metro debt service	1,418,200	2,740,200	46,700	3,168,900	38,500	-	7,412,500
Other funds disbursed:							
Other capital disbursements	-	-	571,325	750,000	-	4,038,144	5,359,469
Other operating disbursements	-	142,992	1,220,880	341,000	-	3,129,510	4,834,382
Total deductions	13,427,940	24,434,682	2,848,265	43,027,861	1,483,342	7,167,654	92,389,744
Change in net assets	368,397	(1,708,237)	(617,347)	7,684,711	(1,598)	(1,320,828)	4,405,098
Net assets held in trust for member jurisdictions							
Beginning of year	3,982,427	12,470,479	3,537,910	29,859,663	1,846,262	18,684,576	70,381,317
End of year	\$ 4,350,824	\$ 10,762,242	\$ 2,920,563	\$ 37,544,374	\$ 1,844,664	\$ 17,363,748	\$ 74,786,415

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF GENERAL, ADMINISTRATIVE AND PROJECT EXPENDITURES
GENERAL FUND**

For the year ended June 30, 2005

	<u>Total</u>	<u>General and Administrative</u>	<u>Projects</u>
Expenditures:			
Advertising	\$ 1,112	\$ 476	\$ 636
Capital purchases	7,356	7,356	-
Commissioners' per diem	12,050	12,050	-
Computer expense	8,198	6,962	1,236
Conference registration and training	2,640	2,640	-
Copier duplicating	13,438	13,438	-
Disability insurance	2,751	2,083	668
Employee group insurance	60,610	45,901	14,709
Employee retirement	45,672	34,588	11,084
Employer payroll taxes	43,783	33,157	10,626
Leave - annual, holiday, and sick	82,878	62,765	20,113
Legal and auditing	12,225	12,225	-
Memberships and subscriptions	1,443	1,443	-
Miscellaneous	2,964	2,964	-
Office supplies	3,315	3,315	-
Office rent	150,563	150,563	-
Insurance and liability bonds	4,221	4,221	-
Parking	10,165	8,902	1,263
Postage and shipping	2,655	2,451	204
Project consultants & other project costs incurred	1,105,804	128	1,105,676
Public information	6,105	1,505	4,600
Salaries and wages	482,867	366,907	115,960
Telephone	5,026	4,912	114
Travel and meetings	13,034	12,693	341
	<u>\$ 2,080,875</u>	<u>\$ 793,645</u>	<u>\$ 1,287,230</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES
GENERAL FUND**

For the year ended June 30, 2005

	Senior Mobility	TransAction 2030	Bus Shelter	ITS	Marketing	Falls Church Bus	Bus Data Collection	SmarTrip	Code Red	Totals
Revenues:										
Federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,327	\$ -	\$ 35,599	\$ -	\$ 42,926
Commonwealth of Virginia	41,040	400,662	119,996	-	4,416	240,376	143,536	8,454	9,020	967,500
Local	1,440	-	-	-	-	-	-	-	-	1,440
Other revenue	-	-	-	-	184	15,305	-	-	-	15,489
NVTC match	36,807	18,362	-	447	86,258	91,475	1,235	24,445	846	259,875
Total revenue	\$ 79,287	\$ 419,024	\$ 119,996	\$ 447	\$ 90,858	\$ 354,483	\$ 144,771	\$ 68,498	\$ 9,866	\$ 1,287,230
Expenditures:										
Salaries and wages	\$ 23,825	\$ 11,983	\$ -	\$ 289	\$ 56,898	\$ 6,122	\$ 849	\$ 15,380	\$ 614	\$ 115,960
Fringe benefits	11,591	5,803	-	158	27,975	2,872	368	8,202	231	57,200
Advertising	636	-	-	-	-	-	-	-	-	636
Computer	-	-	-	-	1,236	-	-	-	-	1,236
Consultants	42,480	400,662	-	-	-	12,544	143,536	44,499	9,021	652,742
Postage	186	-	-	-	-	-	18	-	-	204
Telephone	27	-	-	-	72	7	-	.8	-	114
Travel	241	100	-	-	-	-	-	-	-	341
Parking	301	476	-	-	77	-	-	409	-	1,263
Public Information	-	-	-	-	4,600	-	-	-	-	4,600
Costs incurred	-	-	119,996	-	-	332,938	-	-	-	452,934
Total expenditures	\$ 79,287	\$ 419,024	\$ 119,996	\$ 447	\$ 90,858	\$ 354,483	\$ 144,771	\$ 68,498	\$ 9,866	\$ 1,287,230

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES
GENERAL FUND

Project Costs to Date - Active Projects

	Senior Mobility	TransAction 2030	Bus Shelter	ITS	Marketing	Falls Church		Bus Data Collection	SmarTrip	Code		Totals
						Bus	Church			Red	Red	
Revenues:												
Federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commonwealth of Virginia	41,040	400,662	285,799	100,000	221,417	1,601,879	113,067	1,123,889	1,537,675	1,537,675	2,838,835	4,513,864
Local	1,440	-	-	-	-	744,526	400,945	781,800	-	-	-	131,440
Other revenue	-	10,499	-	-	184	171,653	50,000	67,915	-	-	-	250,251
NVTC match	36,807	18,362	-	15,901	280,872	109,057	40,383	127,266	26,407	26,407	655,055	655,055
Total revenue	\$ 79,287	\$ 429,523	\$ 285,799	\$ 115,901	\$ 502,473	\$ 2,707,115	\$ 604,395	\$ 2,100,870	\$ 1,564,082	\$ 1,564,082	\$ 8,389,445	\$ 8,389,445
Expenditures:												
Bus Purchase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,240,978	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,240,978
Capital Outlays	-	-	-	-	17,556	-	-	-	-	-	-	17,556
Salaries and wages	23,825	18,343	-	10,581	259,394	87,895	37,397	84,194	16,704	16,704	538,333	538,333
Fringe benefits	11,591	9,076	-	5,097	119,108	37,931	15,892	39,045	8,025	8,025	245,765	245,765
Advertising	636	791	-	144	354	10,557	852	377	652	652	14,363	14,363
Computer	-	-	-	-	5,600	-	-	-	-	-	5,600	5,600
Consultants	42,480	400,662	-	100,000	-	13,499	548,965	154,860	74,516	74,516	1,334,982	1,334,982
Dues and memberships	-	-	-	-	770	-	-	-	-	-	770	770
Legal	-	-	-	-	-	12,814	-	-	-	-	12,814	12,814
Postage	186	-	-	40	-	537	861	15	329	329	1,968	1,968
Telephone	27	-	-	32	320	532	18	104	30	30	1,063	1,063
Office supplies	-	-	-	-	187	-	-	-	-	-	187	187
Travel	241	126	-	-	2,886	7,516	350	1,298	20	20	12,437	12,437
Parking	301	525	-	7	273	604	60	686	196	196	2,652	2,652
Public Information	-	-	-	-	96,025	-	-	-	3,161	3,161	99,186	99,186
Costs incurred	-	-	285,799	-	-	1,294,252	-	1,820,291	1,460,449	1,460,449	4,860,791	4,860,791
Total expenditures	\$ 79,287	\$ 429,523	\$ 285,799	\$ 115,901	\$ 502,473	\$ 2,707,115	\$ 604,395	\$ 2,100,870	\$ 1,564,082	\$ 1,564,082	\$ 8,389,445	\$ 8,389,445

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS
For the year ended June 30, 2005

Grant	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue		Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2005	Cumulative Expenditures
				6/30/2004	6/30/2005					
Northern Virginia Transportation Commission:										
Capital:										
Fiscal Year 2005	07/01/04	73005-9	\$ 12,868,173	\$ -	\$ 10,206,846	\$ 10,206,846	\$ -	\$ -	\$ 10,206,846	-
Fiscal Year 2005	07/01/04	73005-10	1,028,332	-	-	-	-	-	-	-
Fiscal Year 2005	07/01/04	73005-11	486,020	-	-	-	-	-	-	-
Fiscal Year 2005	07/01/04	73005-12	114,000	-	62,423	62,423	-	-	62,423	62,423
Fiscal Year 2005	07/01/04	73005-13	5,085,160	-	36,095	36,095	-	-	36,095	36,095
Fiscal Year 2004	07/01/03	73004-14	11,582,798	-	1,794,951	1,794,951	-	-	1,794,951	11,582,798
Fiscal Year 2004	07/01/03	73004-15	3,250,848	-	140,000	140,000	-	-	140,000	973,778
Fiscal Year 2004	07/01/03	73004-16	17,600	-	-	-	-	-	-	-
Fiscal Year 2004	07/01/03	73004-17	20,000	-	-	-	-	-	-	-
Fiscal Year 2004	07/01/03	73004-18	620,000	-	-	-	-	-	-	-
Fiscal Year 2004	07/01/03	73004-19	200,000	-	148,179	148,179	-	-	148,179	148,179
Fiscal Year 2003	07/01/02	73003-08	6,122,054	-	1,788,372	1,788,372	-	-	1,788,372	2,909,236
Fiscal Year 2003	07/01/02	73003-10	200,000	-	-	-	-	-	-	-
Fiscal Year 2003	07/01/02	73003-11	263,500	-	-	-	-	-	-	-
Fiscal Year 2003	07/01/02	73003-12	30,000	-	-	-	-	-	-	-
Fiscal Year 2002	07/01/01	73002-10	28,000	-	-	-	-	-	-	-
Fiscal Year 2002	07/01/01	73002-24	102,400	-	-	-	-	-	-	-
Fiscal Year 2001	07/01/00	100-73001-23-2	2,855,915	-	15,641	15,641	-	-	15,641	8,194
Fiscal Year 2000	07/01/99	477-73000-5-2	14,111,239	-	5,766	5,766	-	-	5,766	2,855,556
Fiscal Year 1999	07/01/98	477-73099-4-2	16,164,076	-	-	-	-	-	-	14,111,239
Fiscal Year 1998	07/01/97	477-73098-3-2	17,068,834	-	-	-	-	-	-	15,766,149
Fiscal Year 1997	07/01/96	477-73097-2-2	15,903,391	-	-	-	-	-	-	16,990,756
FTM/Admin (Operating):										
Fiscal Year 2005	07/01/04	72005-25	51,653,090	-	49,070,439	51,653,090	-	2,582,651	51,653,090	-
Fiscal Year 2004	07/01/03	72004-18	49,411,940	2,470,606	2,470,606	-	-	-	49,411,940	-
VTA 2000:										
Fiscal Year 2004	07/01/03	87001-02	27,000,000	(2,044,656)	10,939,950	2,979,902	2,979,902	(10,004,704)	2,979,902	-
WMATA Rolling Stock Demonstration \ Experimental:										
Fiscal Year 2005	07/01/04	71105-10	114,000	-	10,089	41,040	41,040	30,951	41,040	-
Fiscal Year 2004	07/01/03	71004-40	48,545	-	-	-	-	-	-	-
Fiscal Year 2002	01/01/02	71002-47	47,500	-	4,129	8,454	8,454	4,325	8,454	29,422
Fiscal Year 2001	07/01/00	477-71001-37-7	152,000	6,460	6,460	-	-	-	-	152,000
Marketing	04/30/02	100-73501-51-1	4,074,712	-	-	-	-	-	-	752,376
Intern:										
Fiscal Year 2005	07/01/04	71205-2	24,700	-	11,097	16,904	16,904	5,807	16,904	-
Regional STP Match:	08/01/04	47004-22	200,000	-	35,291	80,132	80,132	44,841	80,132	-
NOVA 2020 Plan Update										
TEIF - Other:										
Fiscal Year 1999	07/01/98	477-71699-56-1	310,900	(82,795)	157,581	240,376	240,376	-	310,900	-
Electric Bus										
Subtotal - NVTC										
				\$ 241,156,727	\$ 349,615	\$ 76,903,915	\$ 69,218,171	\$ (7,336,129)	\$ 196,968,578	

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS, Continued**
For the year ended June 30, 2005

Grant	Grant Number	Grant Award	Accrued (Deferred) Revenue		Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 06/30/05	Cumulative Expenditures
			08/30/04	06/30/05					
Virginia Railway Express									
Capital:									
Fiscal Year 2005	73005-14	\$ 2,717,108	\$ -	\$ -	\$ -	\$ 1,069,303	\$ 1,069,303	\$ -	\$ 1,069,303
Fiscal Year 2004	73004-20	4,825,414	247,001	1,582,140	1,407,510	1,407,510	72,371	4,015,464	4,015,464
Fiscal Year 2003	73003-13	5,192,803	50,956	446,047	799,809	799,809	404,718	4,813,530	4,813,530
Fiscal Year 2002	73002-12	462,070	-	5,565	5,565	-	-	124,431	124,431
Fiscal Year 2001	477-73001-22-1	5,397,972	64,754	95,687	30,933	30,933	-	4,979,530	4,979,530
Fiscal Year 1999	477-73099-1-2	3,773,845	562	1,685	6,023	6,023	4,900	3,741,992	3,741,992
FTM/Admin (Operating):									
Fiscal Year 2005	72005-31	5,640,579	-	5,170,000	5,640,579	5,640,579	470,579	5,640,579	5,640,579
Fiscal Year 2004	72004-19	5,830,562	281,534	291,534	-	-	-	5,830,562	5,830,562
Priority Transportation Fund Projects:									
Fiscal Year 2001	473-73001-50-1	10,000,000	373,674	2,170,610	1,798,938	1,798,938	-	8,939,598	8,939,598
VTA Transk Initiatives	100-73001-32-1	590,000	-	140,843	157,675	157,675	19,832	574,762	574,762
Quantico Creek Bridge Project Management	473-83001-1-3	240,000	-	59,171	59,171	59,171	-	240,000	240,000
Washington-Richmond High Priority Projects	473-80001-1-3	210,000	-	-	-	-	-	45,093	45,093
Other Special Projects:									
Fiscal Year 2003	77503-01	250,000	-	-	41,245	41,245	41,245	81,592	81,592
Woodbridge Station Platform									
Governor's Congestion Relief Prog.:									
Fiscal Year 2004 (various projects)	44504-15	950,000	-	-	-	-	-	-	-
CTB High-Speed Rail Capital:									
Fiscal Year 2000	478-73000-8-1	250,000	-	-	-	-	-	221,575	221,575
Quantico Creek Bridge									
Fiscal Year 2001	478-73000-26-1	600,000	-	-	-	-	-	523,379	523,379
AF Interlocking - Norfolk So.									
Fiscal Year 2003	80001-09	24,824	-	24,824	24,824	24,824	-	24,824	24,824
L'Enfant Plaza Area Study									
Regional STP Fiscal Year 2003:									
Burke Center Station Canopy	EN02-29-139	180,000	-	-	-	-	-	-	-
VTA 2000:									
Fiscal Year 2003	83001-04	6,137,000	-	253,886	253,886	253,886	-	253,886	253,886
Quantico Creek Bridge									
Interim:	71205-3	22,600	-	15,581	15,581	15,581	-	15,581	15,581
TEIF:									
FY 20005	71405-2	20,000	-	-	-	-	-	-	-
Wage Works Passport									
Technical Assistance:									
Fiscal Year 2005	71305-2	55,000	-	-	-	-	-	-	-
Gainesville-Haymarket Study									
Fiscal Year 2003	71003-42	100,000	-	-	-	-	-	-	-
I-66 Commuter Rail Study									
Subtotal - VRE									
			53,449,777	1,028,481	10,257,573	11,309,040	11,309,040	2,079,948	41,135,681
Total State Assistance			\$ 294,605,504	\$ 1,378,098	\$ 87,161,488	\$ 80,527,211	\$ 80,527,211	\$ (5,256,181)	\$ 238,104,259

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2005**

		Federal CFDA Number	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/04	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/05	Cumulative Expenditures
<u>Northern Virginia Transportation Commission</u>										
Federal Transit Administration										
		20.507	VA-26-7009	\$ 200,000	\$ -	\$ 17,388	\$ 35,599	\$ 35,599	\$ 18,211	\$ 123,889
	SmartTrip	20.507	VA-03-0062	1,037,879	-	7,327	7,327	7,327	-	1,037,879
	Hybrid Electric Buses			1,237,879	-	24,715	42,926	42,926	18,211	1,161,768
<u>Virginia Department of Rail and Public Transportation</u>										
		20.205	47004-22	800,000	-	141,163	320,530	320,530	179,367	320,530
	FHWA - NOVA 2020 Plan Update	20.205	401-47099-1-1	2,230,000	849	9,869	9,020	9,020	-	1,537,674
	FHWA - Code Red Program	20.205	47000-02	360,000	19,542	139,538	119,996	119,996	-	285,799
	FHWA - Bus Shelter Project			3,390,000	20,391	290,570	449,546	449,546	179,367	2,144,003
	Subtotal - NVTC			4,627,879	20,391	315,285	492,472	492,472	197,578	3,305,771
<u>Virginia Railway Express</u>										
		20.205	77501-02	447,500	124,200	124,200	-	-	-	447,500
	FHWA - Springfield Interchange			447,500	124,200	124,200	-	-	-	447,500
	Subtotal - VRE			447,500	124,200	124,200	-	-	-	447,500
	Total Federal Assistance			\$ 5,075,379	\$ 144,591	\$ 439,485	\$ 492,472	\$ 492,472	\$ 197,578	\$ 3,753,271

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NORTHERN VIRGINIA TRANSPORTATION COMMISSION

COMPLIANCE SECTION

YEAR ENDED JUNE 30, 2005

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**INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Commissioners
Northern Virginia Transportation Commission
Arlington, Virginia

We have audited the financial statements of Northern Virginia Transportation Commission, as of and for the year ended June 30, 2005, and have issued our report thereon dated August 25, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Northern Virginia Transportation Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northern Virginia Transportation Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Commissioners, management, the Auditor of Public Accounts, and other federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

PBGH, LLP

Harrisonburg, Virginia
August 25, 2005

**NORTHERN VIRGINIA TRANSPORTATION
COMMISSION**



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Mensel D. Dean
Gregory W. Geisert
Herman W. Hale
John L. Vincie, III
Keith L. Wampler
Daniel B. Martin
Sean R. O'Connell
Kevin D. Humphries
Bradford R. Jones
Virginia B. Miller
John E. Zigler, Jr.
Michael T. Kennison
Michael A. Garber

**INDEPENDENT ACCOUNTANTS' REPORT ON THE
APPLICATION OF AGREED-UPON PROCEDURES**

To the Commissioners
Northern Virginia Transportation Commission
Arlington, Virginia

We have performed the procedures enumerated below, which were agreed to by the Northern Virginia Transportation Commission (Commission) and the Commonwealth of Virginia, Department of Rail and Public Transportation, solely to assist you in evaluating whether the Commission is in compliance with the requirements of the *Master Agreement for Use of Commonwealth Transportation Funds* for the year ended June 30, 2005. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

- A. We performed the required procedures in accordance with Appendix A, page A-3 as found in the *Master Agreement for Use of Commonwealth Transportation Funds* without exception.
- B. We haphazardly chose nine disbursements for performing the agreed-upon procedures from the various state grants the Commission receives. For the nine disbursements that were chosen, we obtained the necessary records to perform the procedures on the following attributes required by the Master Agreement without exception.

The following attributes must be met by the Commission in order to be in compliance with the *Master Agreement for Use of Commonwealth Transportation Funds*:

- (1) Activities allowed and unallowed
- (2) Allowable costs/cost principles
- (3) Equipment and real property management
- (4) Matching, level of effort, or earmarking
- (5) Program income
- (6) Subrecipient monitoring
- (7) Special tests and provisions
- (8) Test corrective action taken on prior audit's findings

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the previously listed attributes. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Commission and the Commonwealth of Virginia, Department of Rail and Public Transportation and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Furthermore, this report is not intended to be and should not be used by anyone other than these specified parties.

PBGH, LLP

Harrisonburg, Virginia
August 25, 2005

NVTC

Northern Virginia Transportation Commission

AGENDA ITEM #8

MEMORANDUM

TO: Chairman Ferguson and NVTC Commissioners

FROM: Rick Taube *Rick Taube*

DATE: December 29, 2005

SUBJECT: VRE Items.

-
- A. Report from the VRE Operations Board (including minutes of the Board meeting of December 16, 2005) and from VRE's CEO--Information Item.
 - B. FY 2007 VRE Budget and FY 2006 Budget Revisions—Action Item/Resolution #2006.
 - C. Application to FRA for VRE Railcar Loan—Action Item/Resolution #2007.
 - D. Referral to Jurisdictions of Financing Plan for VRE Railcars—Action Item/Resolution #2008.
 - E. Increase Authorization for Sounder Railcars—Action Item/Resolution #2009.
 - F. Closed Session on Entry of New VRE Jurisdictions (Section 2.2-3711.A (7) of the Virginia Code).



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Report from the VRE Operations Board and VRE's Chief Executive Officer

Minutes of VRE's meeting of December 16, 2005 are attached for your information. Also attached is the report from VRE's CEO including ridership and on-time performance.



**VIRGINIA RAILWAY
EXPRESS**

**OPERATIONS BOARD
MEMBERS**

**ELAINE MCCONNELL
CHAIRMAN**

**MAUREEN S.
CADDIGAN
VICE CHAIRMAN**

**DANA KAUFFMAN
SECRETARY**

**ROBERT GIBBONS
TREASURER**

HILDA BARG

SHARON BULOVA

WALLY COVINGTON

WILLIAM GREENUP

JOHN D. JENKINS

KAREN RAE

DOUG WALDRON

**CHRISTOPHER
ZIMMERMAN**

**DALE ZEHNER
CHIEF EXECUTIVE
OFFICER**

1500 King Street, Suite 202
Alexandria, VA 22314-2730
(703) 684 - 1001
FAX: (703) 684 - 1313
Web Site: www.vre.org

MINUTES

**VRE OPERATIONS BOARD MEETING
PRTC HEADQUARTERS – PRINCE WILLIAM COUNTY, VIRGINIA
DECEMBER 16, 2005**

MEMBERS PRESENT	JURISDICTION
Sharon Bulova (NVTC)	Fairfax County
Maureen Caddigan (PRTC)	Prince William County
Robert Gibbons (PRTC)	Stafford County
John D. Jenkins (PRTC)	Prince William County
Dana Kauffman (NVTC)**	Fairfax County
Elaine McConnell (NVTC)	Fairfax County
Karen Rae	VDRPT

ALTERNATES PRESENT	JURISDICTION
Wally Covington (PRTC)	Prince William County
William Greenup (PRTC)	City of Fredericksburg/VHSRDC
Doug Waldron (PRTC)	City of Manassas

ALTERNATES ABSENT	JURISDICTION
Hilda Barg (PRTC)	Prince William County
Christopher Zimmerman (NVTC)	Arlington County

STAFF AND GENERAL PUBLIC	
Tamara Ashby – VRE	Wendy Lemieux – VRE
George Billmyer – citizen	Bob Liebbrandt – Prince William County
Donna Boxer - VRE	Steve Maclsaac – VRE counsel
Don Chism – VRE	April Maguigad – VRE
Steve Edwards – Sup. McConnell's office	Betsy Massie – PRTC staff
Sue Faulkner – Stafford County	Dick Peacock – citizen
Anna Gotthardt - VRE	Mark Roeber – VRE
Al Harf – PRTC staff	Brett Shorter - VRE
John Jordan – VRE	Jennifer Straub – VRE
Ann King – VRE	Rick Taube – NVTC staff
Mike Lake – Fairfax DOT	Dave Tyeryar – Prince William County
	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 McConnell called the meeting to order at 9:35 A.M. Following the Pledge of Allegiance, roll call was taken.

Approval of the Agenda – 3

Mr. Gibbons requested that the Closed Session be moved up in the Agenda as he would need to leave early for another meeting. Chairman McConnell agreed to move the Closed Session to directly follow the vote on the Consent Agenda items. Mr. Gibbons moved, with a second by Ms. Bulova, to approve the agenda as amended. The vote in favor was cast by Board Members Bulova, Caddigan, Gibbons, Jenkins, McConnell and Rae.

Minutes of the November 18, 2005, VRE Operations Board Meeting – 4

Ms. Bulova moved, with a second by Mr. Jenkins, to approve the minutes. The vote in favor to approve the minutes was cast by Board Members Bulova, Caddigan, Gibbons, Jenkins, McConnell and Rae.

Chairman's Remarks – 5

Chairman McConnell wished everyone a Merry Christmas and commented upon the great success of the recent Santa Train event. She also mentioned that she and Mr. Zehner met with Colonel Lauritzen of Fort Belvoir along with several members of his staff. It was decided that it is still too early in the process to determine how rail can help the personnel soon to be relocated to Fort Belvoir. She commented that she and Mr. Zehner would meet with Colonel Lauritzen again at a later date. At this time they've not had the chance to do a survey on where personnel on the base reside, nor had a chance to determine where they stand with a master plan.

Chief Executive Officer's Report – 6

Mr. Zehner reported that the tie program on the CSX line is complete and mentioned that Norfolk Southern completed their project during the summer. He mentioned that he spoke with CSX and they indicated that they want to come back and look at potentially replacing timbers at the bridge structures and switches. He commented that VRE will work with CSX to determine a schedule. Mr. Zehner also reported that the Santa Trains were extremely successful, with 6,200 riders out of five different stations, mentioning that the tickets sold out within hours. In regards to the Quantico Bridge project, he commented that it is on schedule and slated to be complete in 2007. The Manassas Park extension is expected to be completed today, with the canopy to be installed by the end of the year. The work on the Broad Run parking lot has slowed down due to

weather, but the hope is to get gravel down before the end of the year, with the asphalt going in during the warmer months.

Mr. Zehner also reported that as a result of various comments made by VRE riders, he has changed the previously scheduled “S” days on the 23rd and 30th of December to be full service days. While it had originally been thought that these would be light passenger days, a number of riders indicated that they did not have these days off. Mr. Zehner then discussed fuel, indicating that the cost per gallon still remains high and more volatile. He mentioned that on the 9th of December VRE bought a “futures” contract on 90% of the fuel that is issued to VRE at Crossroads at a price of \$1.97 per gallon, which includes the cost for delivery. The current price for diesel fuel is higher than the futures rate of \$1.97 per gallon.

With regards to the ongoing issues regarding liability insurance, Delegate Albo will sponsor a bill to cap liability claims at \$200 million in the upcoming legislation session in the House. Senator Saslaw will sponsor it in the Senate. It is Mr. Zehner’s hope that this will pass which should allow for a reduction in insurance premiums. On another note, the Commonwealth Transportation Board approved both of VRE’s applications for Rail Enhancement Funds – \$2.5 million for the third track from Powell’s Creek to Arkendale, which is for the preliminary engineering and environmental analysis; and \$700,000 for the Gainesville/Haymarket feasibility study. This study has to be matched by \$300,000 in private funds.

Mr. Zehner concluded his comments by stating that at 9:30 this morning the Governor is announcing his budget for the new fiscal year. Included in that budget will be \$15 million for the purchase of new VRE rail cars.

VRE Riders’ Comments – 7

Mr. Billmyer commented that when VRE deleted trains 334 and 323, VRE gave up two slots. As he understands it, CSX is allowing VRE to operate 32 trains and he hopes that VRE doesn’t give them a gift by not running an additional two trains. He suggested that one thing VRE could do would be to add on an earlier Fredericksburg train and reverse it to come back later, stating that VRE wouldn’t need extra equipment to do that. In addition, VRE won’t need to run a deadhead train back to Fredericksburg; the train could stop at Alexandria and Quantico as a reverse flow train. He also suggested that the mid-day train that runs back should not be run as a deadhead train; it should stop at Quantico and Alexandria since it is counted as one of the 32 trains. He then suggested that VRE could consider an alternative of running a train near the early train 300, but run it as a Zone Express train and the first one into Union Station would reverse.

Mr. Billmyer then commented on the BNSF railroad on the west coast. It has been warned that if the State of Washington, which is a very good state in the funding of rail, doesn’t increase capacity on the Portland Seattle line by 2009/2010, that corridor, plus the Sounder commuter trains, aren’t going to be allowed to run because there won’t be

any room for them. He mentioned that this is another example of a good railroad that is affected by freight and which has been given a warning four or five years in advance on what needs to be done in order to keep operating. In closing, he mentioned that Florida wants to run a commuter line out of Orlando and the state is planning to buy a section of line from CSX in order to split the lines because they don't want them running hazardous freight through their system.

Dick Peacock requested that the platform announcements be looked into, mentioning that he's heard complaints that announcements being made are contradictory to what is happening. He stated that the ticket vending machines need to be looked into at the Manassas station. They're just not working right. He ended his remarks by commenting that there were three fatalities this morning on the roads and that Virginia needs to spend more money on rail - which is safer.

Ms. Bulova requested that staff look into the suggestions that Mr. Billmyer made and report back to the Board.

Consent Agenda – 8

Mr. Gibbons moved, with a second by Ms. Caddigan, the following Consent Agenda:

Resolution #8A-12-2005: Authorization to Issue a Request for Proposals for Mechanical Engineering Consulting Services.

Resolution #8B-12-2005: Authorization to Issue an Invitation for Bids for Construction of a Canopy Extension at the Burke Centre Station.

The vote in favor was cast by Board Members Bulova, Caddigan, Gibbons, Jenkins, McConnell and Rae.

Closed Session

Ms. Bulova moved, with a second by Ms. Caddigan, the following motion:

Pursuant to the Virginia Freedom of Information Act (Section 2.2-3711A(7) of the Code of Virginia), the VRE Operations Board authorizes discussion in Closed Session concerning one legal matter relating to the terms and conditions for inclusion of new participating jurisdictions in the Master Agreement for Commuter Rail.

The vote in favor was cast by Board Members Bulova, Caddigan, Gibbons, Jenkins, McConnell and Rae. The Board entered into Closed Session at 9:53 A.M. Mr.

Kauffman entered the meeting during the Closed Session at 10:33 A.M. The Operations Board returned to Open Session at 10:55 A.M.

Ms. Bulova moved, with a second by Ms. Caddigan, the following certification:

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.

The vote in favor was cast by Board Members Bulova, Caddigan, Gibbons, Jenkins, Kauffman, McConnell and Rae.

Nominating Committee for VRE Officers – 9A

Chairman McConnell announced that the following Board Members are appointed to serve on the Nominating Committee: Mr. Jenkins, Mr. Kauffman, and Mr. Waldron. The Nominating Committee will provide nominations to the Board at the January 2006 meeting for a vote and ratification. Installation of the new officers will take place at the January 2006 VRE Operations Board meeting.

Ms. Bulova moved, with a second by Ms. Caddigan, to approve the resolution. The vote in favor was cast by Board Members Bulova, Caddigan, Gibbons, Jenkins, Kauffman, McConnell and Rae.

Referral of the Revised FY 2006 and Recommended FY 2007 VRE Operating and Capital Budget to the Commissions and Localities – 9B

The report for this action item was deferred to the end of the meeting. However, prior to his departure from the meeting at 10:59A.M., Mr. Gibbons commented that Stafford voted "No" to the recommended FY 2007 budget, but agreed to refer the budget to the Commissions for consideration. He was not present at the time of the actual vote.

Ms. Rae mentioned briefly that there may be a few modifications, particularly on the capital side that could positively impact the budget. Three quarters of the increase is going to be borne through state-revenue budgets set up at the current time.

[This item is continued following Action Item 9E]

Authorization to Apply to FRA for a Loan to Purchase 50 Railcars – 9C

Mr. Zehner reported that Resolution #9C-12-2005 would recommend that the Commissions authorize the Chief Executive Officer to submit an application to the Federal Railroad Administration (FRA) for a loan in an amount not to exceed \$72.5 million for the purchase of 50 railcars. This recommendation is based on future service demands, capacity constraints associated with the existing fleet, the extremely competitive price, and the delivery schedule. The application would be made for the maximum amount potentially needed and reduced if VRE receives additional funding.

On a motion by Mr. Kauffman, and a second by Ms. Bulova, the Board unanimously approved the resolution. The vote in favor was cast by Board Members Bulova, Caddigan, Jenkins, Kauffman, McConnell, and Rae.

Authorization to Refer Financing Scenarios for a 50 Railcar Purchase to Jurisdictions – 9D

Mr. Zehner explained that in April of 2005, the Operations Board was presented with a fleet management plan that included the purchase of 11 bi-level cab cars with an option to purchase 50 additional bi-level railcars. Staff is recommending that the entire 50-car option be exercised in April of 2006 based on future service demands, capacity constraints associated with the existing fleet, the extremely competitive price, and the delivery schedule. Due to uncertainty over the status and level of future earmarks, several financing scenarios are being considered. He mentioned that the jurisdictions will likely be required to assume some increase in local subsidy, depending on the final outcome of state allocations. Consequently, before asking for Board and Commission approval, VRE staff recommends referring the scenarios to the jurisdictions for comment.

On a motion by Ms. Caddigan, and a second by Mr. Jenkins, the Board unanimously approved the resolution. The vote in favor was cast by Board Members Bulova, Caddigan, Jenkins, Kauffman, McConnell, and Rae.

Authorization for Additional Sounder Authority – 9E

Mr. Zehner reported that VRE currently has two sets of equipment in service under a lease agreement with Sound Transit and that nearly \$6,200,000 has been authorized toward these leases which will be reached in February of 2006. In this action item, staff is recommending an increase in the authorization limit for the lease of these two sets of high capacity rail cars and is asking that the Operations Board recommend that the

Commissions authorize the Chief Executive Officer to incur an additional \$2,026,000 in expenditures toward this equipment leased with Sound Transit.

On a motion by Ms. Caddigan, and a second by Mr. Jenkins, the Board unanimously approved the resolution. The vote in favor was cast by Board Members Bulova, Caddigan, Jenkins, Kauffman, McConnell, and Rae.

Referral of the Revised FY 2006 and Recommended FY 2007 VRE Operating and Capital Budget to the Commissions and Localities – 9B

Following the approval of Action Items 9C through 9E, Mr. Zehner followed up with a presentation to the Board regarding the Revised FY 2006 and Recommended FY 2007 budgets. The major elements of the presentation were as follows:

- Continues the 30-train operation
- Projects average daily ridership of 17,400 passengers
- Assumes that the level of state funding on a percentage basis will be 30%.
- Requires additional funding for FY 2007 of \$3.3M. The primary causes are expenditure increases, as noted below:
 - Requirement for an additional \$500,000, for a total of \$1,000,000, to the Insurance Trust Fund in FY 2007
 - Increase in Amtrak contract expenditures of \$1,400,000
 - Increase in fuel expenditures of over \$1,200,000
 - Additional equipment maintenance of \$1,500,000
- Assumes a 6% fare increase, which provides additional revenue of \$1.4M
- Requires an additional local subsidy of \$1.9M
- Programs the following system capital initiatives for FY 2007:
 - Facilities infrastructure - \$400,000
 - Crossroads extension/maintenance - \$1,254,000
 - Fleet expansion 50-railcars - \$771,000
 - Rolling stock modifications - \$1,339,000
 - Washington Union Terminal project - \$500,000
 - Capital Fleet Expansion-Locomotive - \$268,000
 - Locomotive overhaul II - \$2,500,000

[Ms. Rae departed the meeting at 11:10 A.M. Before leaving, she stated her support for referring the budget to the Commissions.]

Mr. Zehner reported that the CAO Budget Task Force and the CAO's recommend a 7% overall fare increase combined with an increase in jurisdictional subsidy of \$1,710,274.

However, VRE staff recommends a 6% fare increase combined with an increase in jurisdictional subsidy of \$1,924,701. Mr. Harf commented that he concurred with the CAO task force recommendation. Mr. Taube commented that he concurred with VRE's staff recommendation.

Ms. Bulova moved, with a second by Ms. Caddigan, to refer Resolution #9B-12-2005 to the Commissions, recommending the 6% fare increase combined with an increase in jurisdictional subsidy of \$1,924,701. The vote in favor was cast by Board Members Bulova, Caddigan, Jenkins, Kauffman, and McConnell.

Adjournment

Without objection, Chairman McConnell adjourned the meeting at 11:30 A.M.

Approved this 20th day of January 2006.

Elaine McConnell
Chairman

Dana Kauffman
Secretary

CERTIFICATION

This certification hereby acknowledges that the minutes for the December 16, 2005, Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.



Anna Gotthardt



CHIEF EXECUTIVE OFFICER'S REPORT

December 2005

UPDATE ON CSX TRACK WORK

The CSX track work is nearing completion. Work resumed after the Thanksgiving holiday and the remaining 4,000 ties are expected to be replaced by December 16. Once complete, this long-standing project should show a marked improvement on VRE's on-time performance.

NEW RAIL CAR PURCHASE UPDATE

All sub-contractors working on the new Gallery Cars have been approved, as well as the design of all of the sub-systems. Nippon Sharyo has begun ordering material and progress is on schedule.

SYSTEM SAFETY PROGRAM PLAN

On Monday, December 5, 2005, VRE staff participated in a training session on our System Safety Plan. The session, conducted by VRE's safety consultant, consisted of a brief explanation of VRE's requirements and responsibilities for the next APTA/FRA audit, which will take place in December of 2006. In addition to preparing for audits, this program includes policy development and drill planning.

SMARTCARD UPDATE

Now that both Cubic and Scheidt & Bachmann have signed the non-disclosure agreements, VRE is meeting with WMATA to discuss functional limitations, timelines and system requirements in order for VRE to become part of the regional SmartTrip system.

ON-LINE FORUM

On Wednesday, December 7th, VRE hosted another on-line forum with our riders. During that one-hour session 44 questions were answered and posted. Many service related questions were addressed and the responses can be viewed on our web site.

SANTA TRAINS

VRE marked its 9th Annual Operation Lifesaver Santa train event on December 10, 2005. Tickets to all ten trains sold out within hours of being put on sale. Trains operated out of Fredericksburg, Manassas, Leeland Road, Burke Centre, and Woodbridge. Again this year, the

stations served as drop-off locations for the US Marine Corps Toys for Tots Campaign. Over a thousand toys were collected on the 10th and an additional onboard toy collection will take place on December 13th. While two Fredericksburg trains experienced delays due to signal problems on the CSX line, over 7,000 passengers were able to enjoy the event with all proceeds benefiting Operation Lifesaver. Sample Letters to Santa are attached.

VRE EARMARK

Congress has completed the final submission of the Transportation, Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies Appropriations Act, 2006. On November 18th the respective conference committees in the House and Senate agreed to the elements of the bill.

On November 30th, President Bush signed the measure into law (PL-109-115). That final version included an earmark of \$1.45M for VRE to pursue the extension of service to Gainesville-Haymarket.

VRE is appreciative of the efforts of Congressman Davis, who initiated the action in the House, and Congressman Wolf, who supported the inclusion of the amendment in the Appropriations Committee. Senator Allen and Senator Warner also supported this proposal during appropriation deliberations.

This earmark will allow Prince William County and VRE to seek a separate allocation for the Commonwealth to fully fund preliminary engineering and environmental work, both critical elements for the advancement of the Gainesville-Haymarket extension.

CAPITAL PROJECTS UPDATE

Brooke and Leeland Parking Expansion Feasibility Study - a kick-off meeting was conducted on 12/1/2005 and a draft report is expected by mid January.

Quantico Bridge Construction – construction remains on schedule with pile driving expected to be completed by January. Deck has been placed on 12 of the planned 36 spans.

Manassas Park Platform Extension - the concrete platform has been installed and final grading and landscaping is complete. Installation of the steel canopy, hand railing and electrical work are scheduled to be completed by 12/16/05.

Broad Run Parking (Old Barn Lot) - Prince William County began work on the parking facility on 11/28/2005. Weather permitting, construction should be completed by the end of December.

MONTHLY PERFORMANCE MEASURES – NOVEMBER 2005

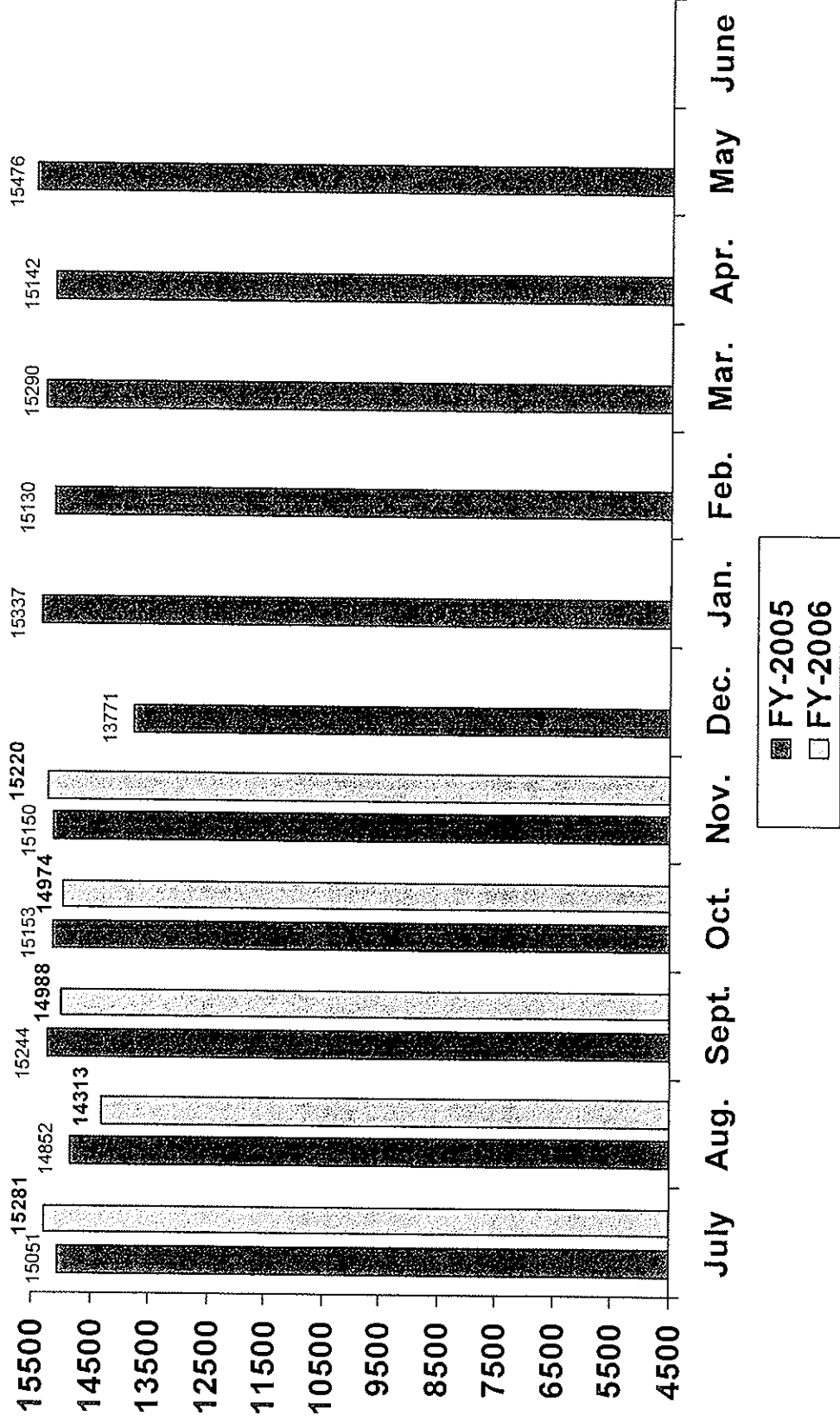
ANNUAL RIDERSHIP OVERVIEW		ANNUAL RIDERSHIP
VRE FY 2006 Passenger Totals		1,538,222
VRE FY 2005 Passenger Totals		1,553,827
PERCENTAGE INCREASE		(1%)

MONTHLY ON-TIME PERFORMANCE	ON-TIME PERCENTAGE
VRE November Fredericksburg OTP Average	66.1%
VRE November Manassas OTP Average	86.1%
VRE NOVEMBER OVERALL OTP AVERAGE	77.6%

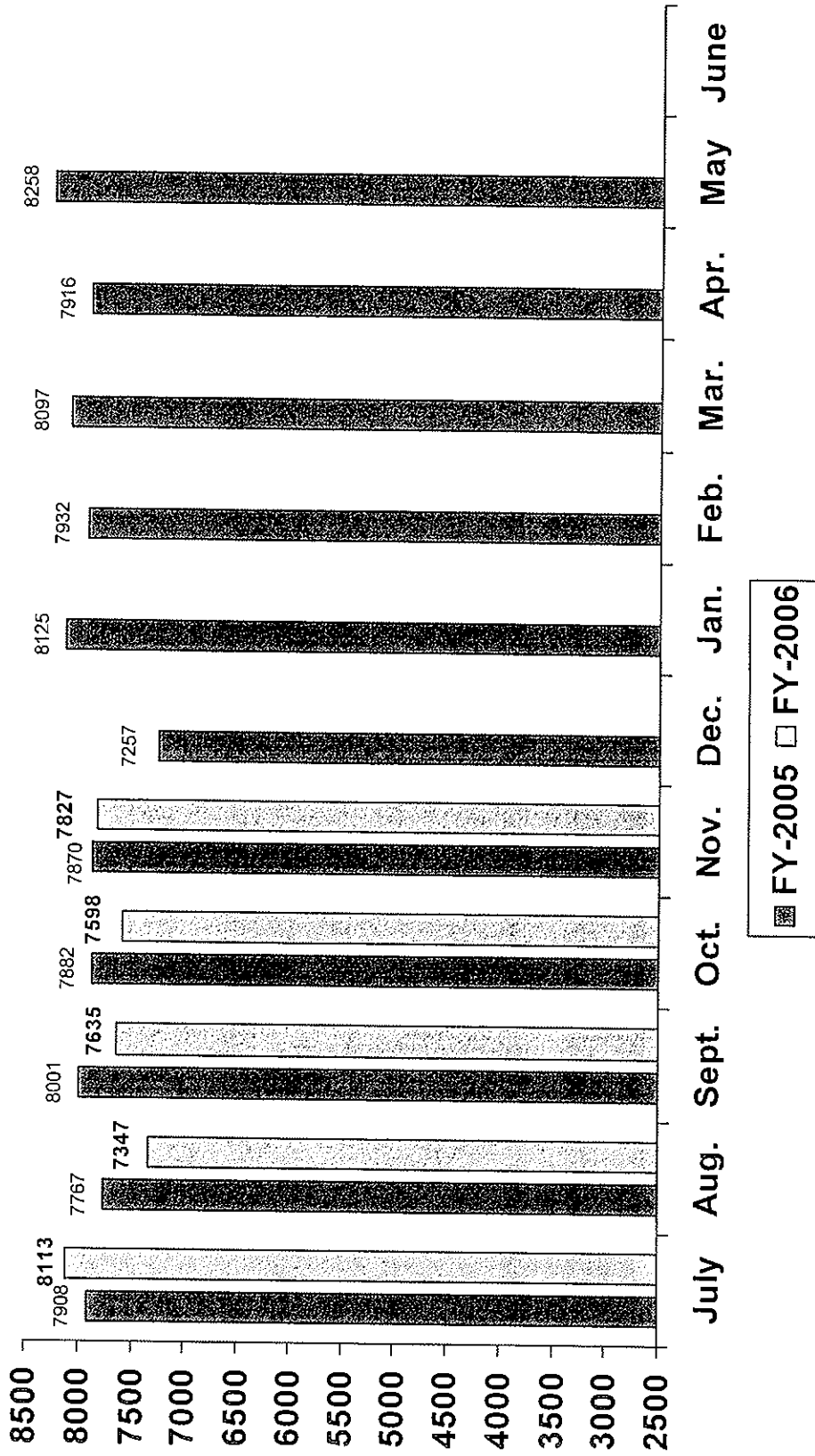
REASON	TOTALS	PERCENT
Signal/Switch Failure	25	19%
Slow Orders	8	6%
M/W	7	5%
Train Interference	53	41%
AMTRAK	15	11.5%
Freight	30	23.5%
VRE	8	6%
Mechanical Failure	9	7%
Late Turn	1	.5%
PAX Handling	3	2.5%
Weather	6	5%
Crew Related	3	2.5%
Other	15	11.5%
TOTAL	130	100%

FINANCIAL INDICATORS		OCTOBER 2005		
MEASURES		GOAL	ACTUAL	TREND
OPERATING RATIO		55%	67%	↑
BUDGETED FARE REVENUE YTD	\$6,632,844			
ACTUAL FARE REVENUE YTD	\$6,552,520			
CUMULATIVE VARIANCE	(\$80,324)		(\$80,324)	↓
PERCENT COLLECTED FY06 YTD		33.3%	32.9%	↓
PERCENT COLLECTED FY05 YTD			34.5%	
BUDGETED EXPENSES YTD	\$12,106,048			
OPERATING EXPENSES YTD	\$12,247,494			
CUMULATIVE VARIANCE	(\$141,446)		(\$141,446)	↓
PERCENT EXPENDED FY06 YTD		33.3%	33.7%	↓
PERCENT EXPENDED FY05 YTD			27.2%	

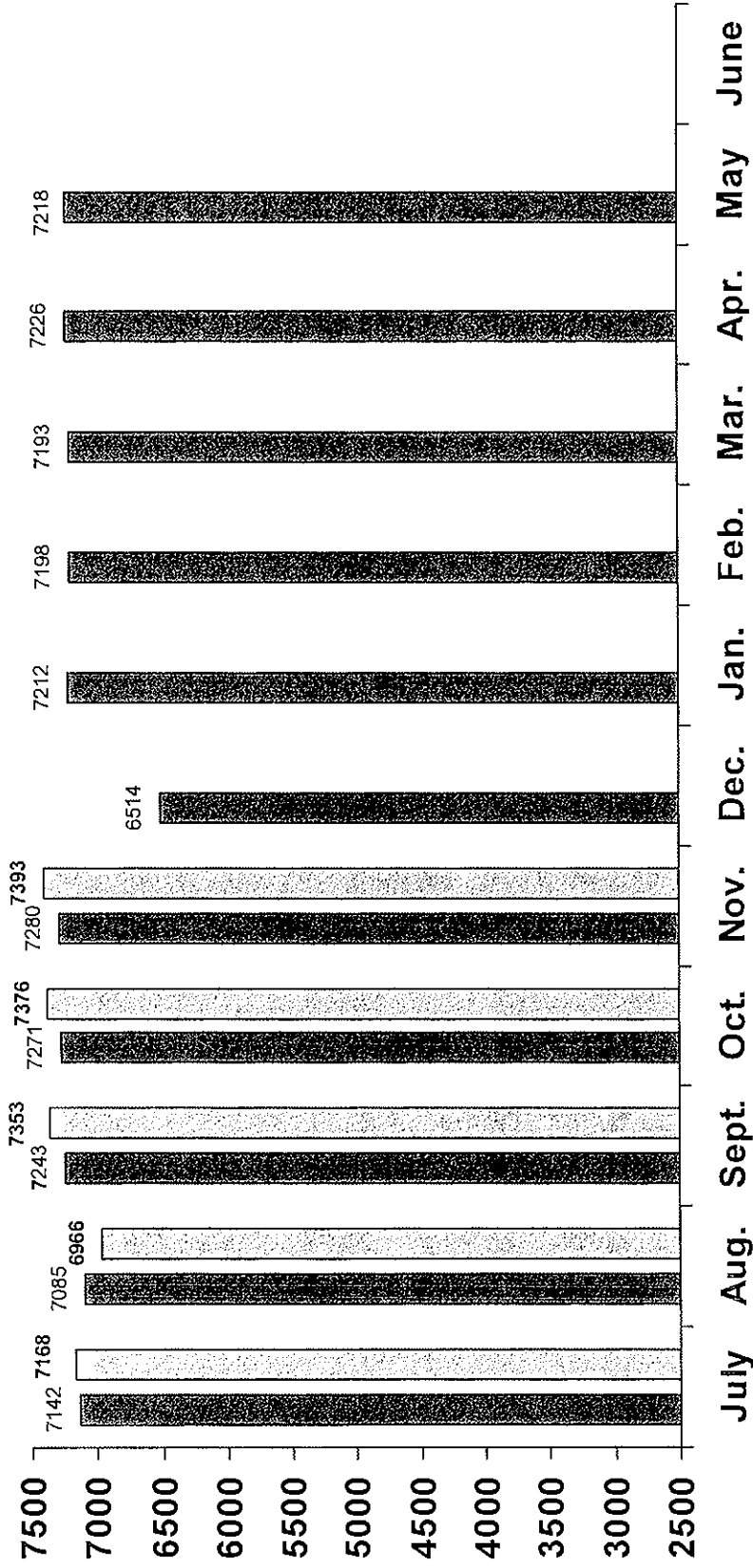
VRE Total Average Daily Ridership



VRE Average Daily Ridership Fredericksburg Line



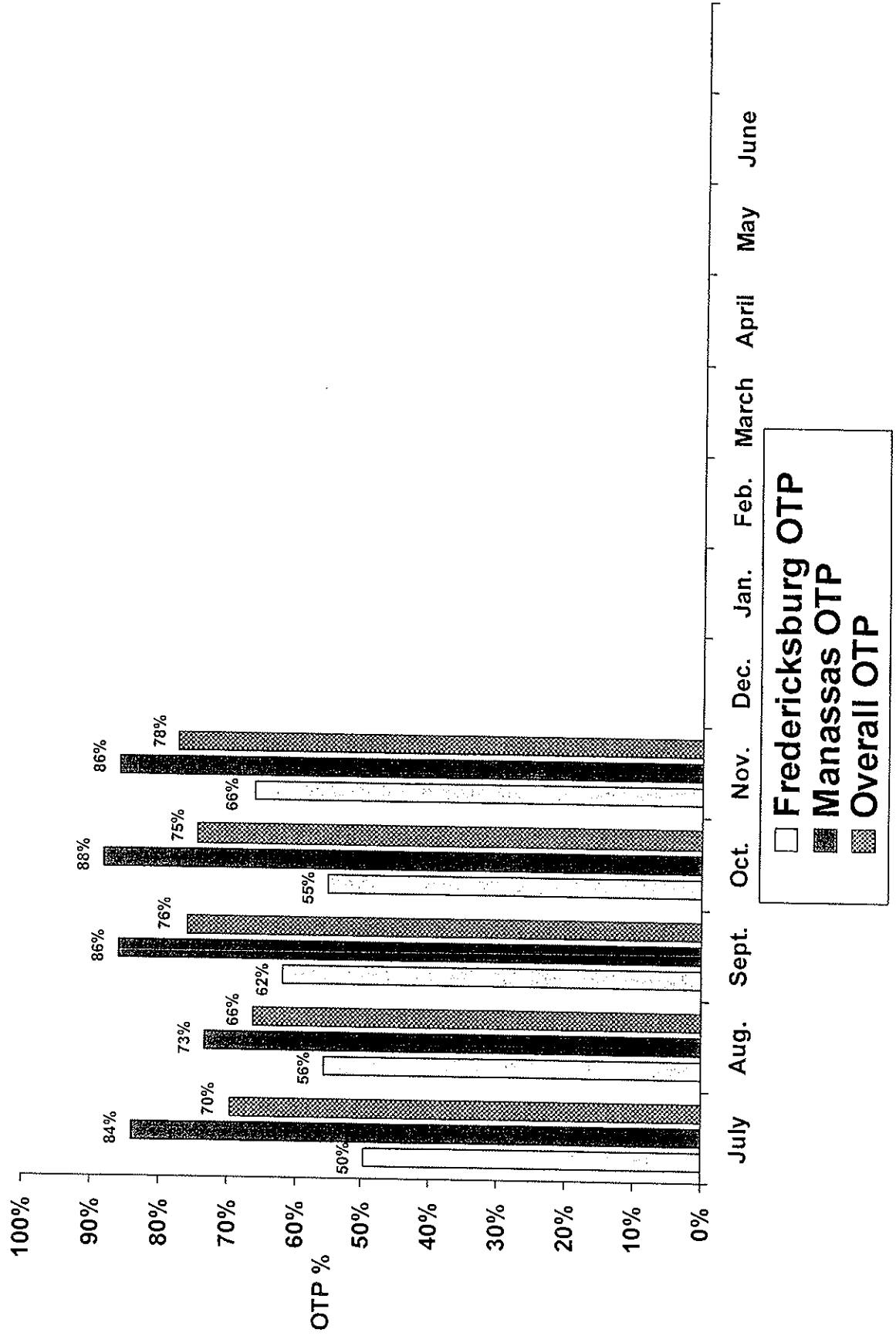
VRE Average Daily Ridership Manassas Line



FY-2005
 FY-2006

Average On-Time Performance

FY-2006



FY 2007 VRE Budget and FY 2006 Budget Revisions

The VRE Operations Board recommends approval of Resolution #2006. This resolution approves VRE's FY 2007 budget and mid-year revisions to the FY 2006 budget. Several attachments are provided, including the budget documents, a PowerPoint summary and the report of the Chief Administrative Officers' Task Force. The VRE Operations Board considered the recommendations of VRE staff for a six percent fare increase and of the CAO Task Force for a seven percent fare increase and voted in favor of a six percent fare increase.



RESOLUTION #2006

SUBJECT: FY 2007 VRE Budget and FY 2006 Budget Revisions.

WHEREAS: VRE's Master Agreement provides a process and schedule for producing a proposed budget for the next fiscal year;

WHEREAS: The VRE staff proposal for FY 2007 has been carefully reviewed by the Chief Administrative Officers' Budget Review Task Force;

WHEREAS: Staff has also proposed adjustments in the FY 2006 budget;

WHEREAS: The VRE Operations Board has reviewed the proposals and recommends approval.

NOW, THEREFORE BE IT RESOLVED that the Northern Virginia Transportation Commission hereby approves the VRE FY 2007 budget with a six percent fare increase and the revisions to the FY 2006 budget, recommends that VRE staff implement all of the recommendations of the Chief Administrative Officers Budget Review Task Force, and authorizes staff to forward the budgets to participating and contributing jurisdictions for action under the terms of the VRE Master Agreement;

BE IT FURTHER RESOLVED that the executive directors of NVTC and PRTC are authorized to submit to TPB and to FTA and other agencies, the appropriate TIP and grant applications for FY 2006 and 2007; and

BE IT FURTHER RESOLVED that the executive director of NVTC is authorized to submit to the commonwealth the approved budget as part of VRE's FY 2007 state aid application.


Approved 5th day of January, 2006.

Chairman

Secretary-Treasurer



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Draft FY 2007 Budget and Revised FY 2006 Budget

*Dale Zehner
December 16, 2005*



Agenda

- Bottom Line
- Budget assumptions
- Three critical budget issues
- Ridership estimates
- Recommendation



Bottom Line:

Short fall of \$3.3 Million

To fully fund VRE in FY 2007, we need a 6% fare increase and a subsidy increase of \$1.9 million

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FY 2007 Budget Assumptions

- Service level constant – 30 trains
- Average daily ridership up from 15,600 to 17,400
- Local subsidy used to fund operations and provide capital match
- Continue to focus on OTP, service quality and ridership gains

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Critical Issues for FY 2007

- Diesel fuel prices up over \$1.2 million from FY 2006 Budget
 - Prices have settled since Katrina
 - But 50% higher than FY 06 budget
 - Will continue to remain high

Fiscal Year	Fuel Cost	Total
FY 2006	\$1.40	\$1.79M
FY 2007	\$2.13	\$3.00M
Net Increase		\$1.21M

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Critical Issues for FY 2007 (con't)

- Insurance costs rising – general liability and terrorism
- Must make \$1 million contribution in FY 07
- Insurance Trust Fund balance falling
- DRM wants \$8 to \$10 million balance
- Must provide contributions to the Fund for at least the next five years

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Insurance Trust Fund

	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10
Beg Bal	15.30M	12.44M	9.84M	7.65M	7.47M	7.38M
Contribution	0M	0.50M	1.00M	3.00M	3.00M	3.50M
Premiums	(3.42M)	(3.40M)	(3.47M)	(3.54M)	(3.61M)	(3.68M)
Claims	0M	(0.05M)	(0.05M)	(0.05M)	(0.05M)	(0.05M)
Income	0.69M	0.48M	0.45M	0.53M	0.52M	0.53M
Admin Charge	(0.13M)	(0.13M)	(0.13M)	(0.13M)	(0.13M)	(0.13M)
Ending Bal	12.44M	9.84M	7.65M	7.47M	7.38M	7.55M

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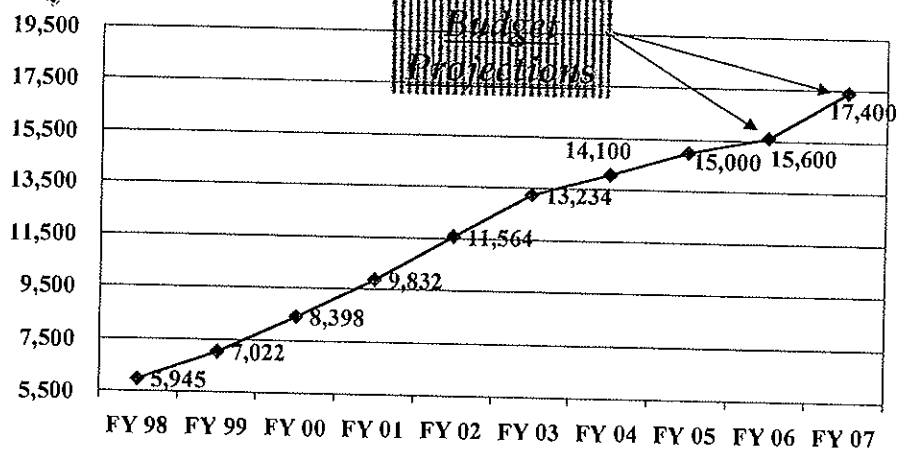
Critical Issues for FY 2007 (con't)

- Rising equipment maintenance costs
 - Exchanged 28 low capacity coaches for 45 high capacity cars made in the 1960's - dealing with older equipment
 - Twelve (12) more cars in service than last year
 - Amtrak mechanical costs up
 - Higher inventory quantities
 - Locomotives requiring more maintenance
 - Need to use outside contractors at VRE yards to maintain Gallery equipment

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Average Annual Daily Riders



Where Do the Riders Come From

Jurisdiction	Passengers	Percent
Prince William County	2,306	31.7%
Fairfax County	1,449	20.0%
Stafford County	1,212	16.7%
Spotsylvania County	815	11.2%
City of Manassas	389	5.4%
Fauquier County	258	3.6%
City of Fredericksburg	210	2.9%
City of Manassas Park	172	2.4%
All others	439	6.1%
Total	7,250	100.0%

#4 →

#6 →



FY 2007 Operating Expenses

- Operating expenses increased 13%
- Major incremental cost increases over FY 2006:

Station Maintenance	\$765K
Security	\$300K
Amtrak	\$1,900K
Equipment Operations	\$700K
Insurance	\$500K
Fuel	\$1,211K

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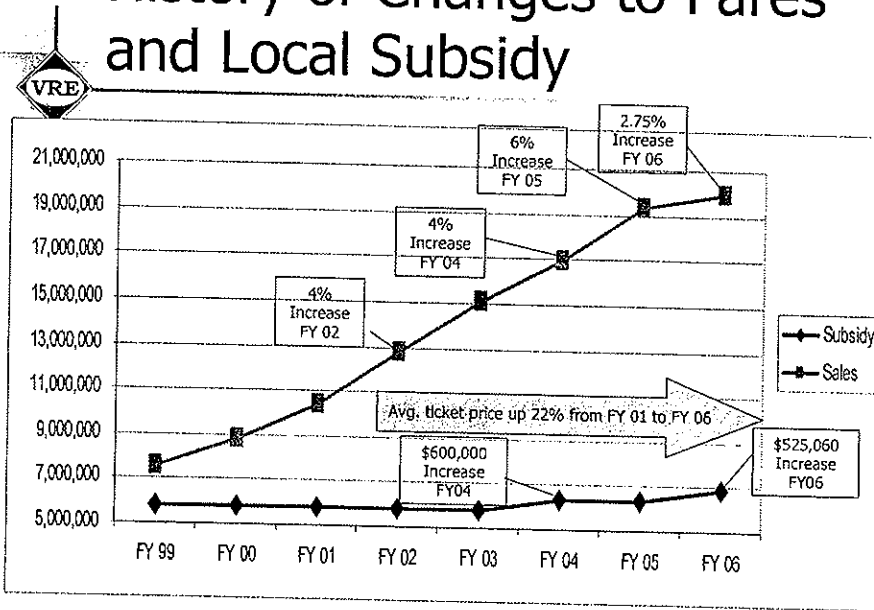


FY 2007 Operating and Capital Expenditures

Item	Amount	Percent
Amtrak contract	\$15,469,000	24.6%
Capital program	\$7,359,000	11.7%
Reserve	\$1,489,338	2.4%
Bond and Debt payments	\$11,092,087	17.7%
Lease access fees	\$8,475,000	13.5%
Equipment Leases	\$1,450,000	2.3%
Equipment Operations	\$4,069,448	6.5%
VRE Personnel Costs	\$3,327,940	5.3%
Fuel	\$3,000,000	4.8%
All other	\$7,104,432	11.2%
Total	<u>\$62,836,245</u>	

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History of Changes to Fares and Local Subsidy



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Capital Program

- FY 2007 program (less bond and debt) of \$7,359,000
- Projects included
 - Crossroads extension/maintenance
 - Mid-day storage
 - Locomotive overhaul
 - Rolling stock modifications

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CAO Recommendations

1. Implement fare and subsidy increase for FY 2007
2. Continue to pursue purchase of 50 new railcars
3. Seek options to purchase or lease four locomotives
4. Create policy that balances jurisdictions' ability to pay subsidies with services received & fare burden on customers
5. Reprogram \$750K to new railcar purchase
6. Aggressively pursue non-fare box revenue
7. Eliminate Free Ride Certificate (FRC) program
8. Continue fare evasion monitoring
9. Conduct cost-benefit analysis on locomotive improvements
10. Pursue fuel hedging
11. Utilize different method for contingency costs

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Local Subsidy Increase with 6% Fare Increase

	FY 2006	FY 2007	Change
Alexandria	102,621	107,752	5,131
Arlington	150,142	157,649	7,507
Fairfax	3,159,642	3,935,735	776,093
Fredericksburg	73,827	111,115	37,288
Manassas	276,306	428,436	152,130
Manassas Park	179,422	183,686	4,264
Prince William	2,236,676	2,961,241	724,565
Stafford	699,424	917,147	217,723
Total Subsidy	6,878,060	8,802,761	1,924,701

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Local Subsidy Increase with 7% Fare Increase



	FY 2006	FY 2007	Change
Alexandria	102,621	107,752	5,131
Arlington	150,142	157,649	7,507
Fairfax	3,159,642	3,885,335	725,693
Fredericksburg	73,827	102,199	28,372
Manassas	276,306	413,850	137,544
Manassas Park	179,422	177,249	(2,173)
Prince William	2,236,676	2,876,164	639,488
Stafford	699,424	868,136	168,712
Total Subsidy	6,878,060	8,588,334	1,710,274

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Local Subsidy Increase with 6% Fare Increase with Spotsylvania/Fauquier



	FY 2006	FY 2007	FY 2007 w/Fauquier	FY 2007 w/Fauq/Spots
Alexandria	102,621	107,752	107,752	107,752
Arlington	150,142	157,649	157,649	157,649
Fairfax	3,159,642	3,935,735	3,846,625	3,796,189
Fredericksburg	73,827	111,115	100,271	83,958
Manassas	276,306	428,436	407,686	377,276
Manassas Park	179,422	183,686	167,591	153,871
Prince William	2,236,676	2,961,241	2,836,625	2,665,529
Stafford	699,424	917,147	853,509	758,760
Spotsylvania				394,174
Fauquier			325,053	307,603
Total Subsidy	6,878,060	8,802,761	8,802,761	8,802,761

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Future Outlook - Six-Year Plan

Additional funding needed to reach 38 trains by 2012 as planned:

Year	Funding Needed for Operations and Capital Match	Unfunded Capital Needs	Total
2008	\$2.9 M	\$27.0 M	\$29.9 M
2009	\$2.6 M	\$33.6 M	\$36.2 M
2010	\$2.7 M	\$47.4 M	\$50.1 M
2011	\$2.6 M	\$48.8 M	\$51.4 M
2012	\$2.0 M	\$49.4 M	\$51.4 M

Note: Based on annual increase of 3% in subsidy and fare
No additional subsidy for 50-railcar option included
No additional subsidy for Gainesville/Haymarket included

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Recommendation

- VRE recommendations of 6% fare increase and \$1,924,701 increase in local subsidy
- CAO Task Force recommends of 7% fare increase and \$1,710,274 increase in local subsidy
- Next steps:
 - Approve FY 2007 proposed budget
 - Forward FY 2007 proposed budget to Commissions with recommendation for approval
 - Commissions forward budget to jurisdictions for appropriation

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Virginia Railway Express Operations Board

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AGENDA ITEM 9-B ACTION ITEM

TO: CHAIRMAN MCCONNELL AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: DECEMBER 16, 2005

**SUBJECT: REFERRAL OF THE REVISED FY 2006 AND RECOMMENDED
FY 2007 VRE OPERATING AND CAPITAL BUDGET TO THE
COMMISSIONS AND LOCALITIES**

RECOMMENDATION:

The VRE Operations Board is being asked to adopt the revised FY 2006 budget and the recommended FY 2007 VRE Operating and Capital Budget and refer them to the Commissions for their consideration, and that the Commissions, in turn, refer these recommendations to the jurisdictions for their formal review and adoption.

BACKGROUND:

In accordance with the VRE Master Agreement, which outlines the process for annual budget approval, the preliminary FY 2007 VRE Operating and Capital Budget was submitted for review at the August VRE Operations Board meeting. Since that time, it has been discussed by the Audit and Finance Committee and at several meetings of the CAO Task Force. The CAO Task Force met on December 9th to finalize their recommendations and discuss VRE responses to those recommendations. The CAO Task Force report is presented under separate cover.

DISCUSSION:

This document follows the adopted guidelines of the Board, developed in concert with jurisdictional chief administrative officers. The major elements are:

- Continues the 30-train operation
- Projects average daily ridership of 17,400 passengers
- Assumes that the level of State funding on a percentage basis will be 30%.
- Requires additional funding for FY 2007 of \$3.3M. The primary causes are expenditure increases, as noted below:
 - Requirement for an additional \$500,000, for a total of \$1,000,000, to the Insurance Trust Fund in FY 2007
 - Increase in Amtrak contract expenditures of \$1,400,000
 - Increase in fuel expenditures of well over \$1,200,000
 - Additional equipment maintenance of \$1,500,000
- Assumes a 6% fare increase, which provides additional revenue of \$1.4M
- Requires an additional local subsidy of \$1.9M
- Programs the following system capital initiatives for FY 2007:
 - Facilities infrastructure - \$400,000
 - Crossroads extension/maintenance - \$1,254,000
 - Fleet expansion 50-railcars - \$771,000
 - Rolling stock modifications - \$1,339,000
 - Washington Union Terminal project - \$500,000
 - Capital Fleet Expansion-Locomotive - \$268,000
 - Locomotive overhaul II - \$2,500,000

The CAO Budget Task Force and the CAO's recommend a 7% overall fare increase combined with an increase in jurisdictional subsidy of \$1,710,274. VRE recommends a 6% fare increase combined with an increase in jurisdictional subsidy of \$1,924,701.

FISCAL IMPACT

The FY 2007 operating budget is being recommended for full funding through a combination of increased ridership, an increase in fares, and an increase in local subsidy. The budget allows VRE to remain focused on its primary goal of quality service for the existing network.

Also attached is the six-year financial forecast for the period FY 2007 through FY 2012. The six-year forecast indicates that additional funding will be required to address base program needs, which assumes VRE will reach 38 trains by 2012. The additional operating costs for this expansion are included in the funded out-year requirements, as well as partial funding for the fleet financing and other system requirements needed to expand service to 38 trains.

The table below summarizes the remaining capital funding necessary to move to 38 trains by 2012. The following assumptions were made:

- Eighty percent of both the funded and unfunded needs is provided through federal funding.
- Thirty percent of the non-federal portion of both the funded and unfunded needs is provided by the state.
- The operating budget is fully funded first.

Year	Funding Needs for Operations and Capital Match	Unfunded Capital Needs	Total
2008	\$2.9M	\$27.0M	\$29.9M
2009	\$2.6M	\$33.6M	\$36.2M
2010	\$2.7M	\$47.4M	\$50.1M
2011	\$2.6M	\$48.8M	\$51.4M
2012	\$2.0M	\$49.4M	\$51.4M

*Excludes any network extensions.
Based on 3% increase on fares and subsidy
Doesn't include any additional jurisdictional increase for 50 railcars
Includes additional insurance costs of \$2M to \$2.5M*

CAO BUDGET TASK FORCE

The Chief Administrative Officers' Task Force report incorporates the following recommendations for FY 2007. The Task Force is in general agreement with the FY 2007 budget proposals and VRE is in general agreement with the recommendations of the Task Force.

1. VRE should implement a combined fare and local subsidy increase to ensure that funding is available to meet capital match requirements for federal grants and increased operating costs for FY 2007.

VRE Response: VRE faces a structural deficit with recurring revenues unable to match increasing expenses. Increased expenses include Amtrak (\$1.4M), liability insurance (\$0.5M, for a total biennial increase of \$1M), diesel fuel (\$1.2) and repairs and maintenance of railcars (\$1.5). The CAO Task Force has recommended funding the delta by a 7% fare increase of \$1.6M and a subsidy increase of \$1.7M. VRE recommends a 6% fare increase of \$1.4M and a subsidy increase of \$1.9M.

2. VRE should continue to pursue the purchase of 50 new railcars to maintain the current level of service and meet growing demand.

VRE Response: The total cost of the railcars is \$92.5 million. This purchase is advocated by VRE and is supported by both the CAO's and the Operations Board. This is necessary to maintain the current level of service. The contract offers competitive one-time prices and meets the delivery requirements. The option must be exercised by April 2006.

3. VRE should seek ways to program the purchase or lease of four locomotives needed to increase service from 30 trains to 38 in its six-year plan in FY 2012.

VRE Response: VRE requires four additional locomotives in order to increase service to 38 trains, each costing between \$2-\$3 million. Funding for additional locomotives is included in the 6-year plan, beginning in FY 2007.

4. VRE should recommend to the Operations Board consideration of adopting a policy that balances the jurisdictions' ability to pay respective subsidies with the level of service provided by VRE and the fare burden on VRE's customers.

VRE Response: The 6-year plan shows out-year operating expenses increasing for insurance and added trains. With limited fare increases, total subsidy could increase to \$12M-\$14M annually. The CAO Task Force recommends adoption of a policy that balances fare and subsidy constraints. VRE has proposed subsidy and fare increases as part of the 6-year plan.

5. VRE should consider reprogramming the \$750,000 for the Capital Needs Study to the acquisition of the new 50 railcar purchase.

VRE Response: VRE is comfortable making this adjustment.

6. VRE should continue to aggressively pursue non-fare box sources of revenue, such as advertising and vending machines on station platforms.

VRE Response: VRE continues to seek other marketing opportunities, including the selling of additional advertising space on Gallery cars as they are put in service.

7. VRE should eliminate the Free Ride Certificate Program beginning January 1, 2007, which will result in an additional \$70,000 in revenue in the second half of FY 2007.

VRE Response: Currently, FRC's are issued when the train is over 30 minutes behind schedule. Most of the delays are beyond VRE's control. While FRC's are a good customer service and retention tool, they have become administratively difficult. VRE will develop a plan to remove the FRC program in July 2007.

8. VRE should continue to be vigilant in monitoring fare evasion.

VRE Response: VRE has performed ticket reviews on over 50% of the trains. It has been determined that there are no significant problems. Approximately 3.1% of the tickets are not valid, which is within the industry standard. In March 2006, the Secret Shopper program will be in effect and provide added review of ticket checking.

9. VRE should conduct a cost-benefit analysis of installing new technology equipment in their diesel locomotives to minimize and/or stop idling as a fuel cost savings measure.

VRE Response: VRE is currently preparing an RFP for locomotive overhaul that will consider available technologies.

10. VRE should continue to investigate and consider fuel hedging to protect against large fluctuations in diesel fuel costs.

VRE Response: Diesel fuel prices are up 25% compared to the FY 2006 budget. PRTC/VRE is in the process of hiring a consultant to advise on fuel hedging to stabilize the price.

11. VRE should consider utilizing a different method of calculating its contingency costs as an expense savings.

VRE Response: Currently, the contingency is calculated at 2.5% of revenues (\$489K). The CAO Task Force recommends 1% of operating costs (\$429K). VRE feels strongly that lowering the contingency would not be prudent, given the recent increase in operating costs.

REVISED FY 2006 CAPITAL AND OPERATING BUDGET

The FY 2006 budget has been revised. There is an increase in both budgeted revenues and expenditures that result in a balanced budget. The revenue

increase is in state operating grants and, in order to balance the budget, an appropriation from reserve has been budgeted, in the amount of \$1.3M. The increases to operating expenditures are due to increased fuel expenses, access costs (with additional mid-day storage), an additional S/B technician, railcar maintenance and the facilities maintenance.

VIRGINIA RAILWAY EXPRESS
RECOMMENDED BUDGET
FOR FISCAL YEAR 2007
AND
REVISED BUDGET
FOR FISCAL YEAR 2006

DECEMBER 16, 2005

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RECOMMENDED FY 2007 BUDGET

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MISSION STATEMENT

The Virginia Railway Express, a joint project of the Northern Virginia Transportation Commission and the Potomac and Rappahannock Transportation Commission, will provide safe, cost-effective, accessible, customer-responsive, reliable rail passenger service as an integral part of a balanced, intermodal regional transportation system.

GOALS FOR FISCAL YEAR 2007

- Achieve at least a 55 percent operating ratio (cost recovery).
- Operate trains on time at least 95 percent of time.
- Achieve at least 17,400 average daily riders for FY 2007.

PERFORMANCE MEASURES FOR FISCAL YEAR 2007

MEASURE	PERFORMANCE MEASURE	TARGET
Safety	Injuries to Passengers	0
On-Time Performance	Percent On-time Each Month	95%
Average Daily Seat Occupancy	Utilization of Available Seating	95%
Operating Ratio	Ratio of Fare Income to Operating Costs	55%
Ridership Growth	Minimum Growth over Prior Year	4%

BUDGET ASSUMPTIONS FOR FISCAL YEAR 2007

Major Issues in FY 2007 Budget:

1. To sustain growth in service and ridership, additional operating funds are necessary over the FY 2006 level. Sources identified include the following:
 - a. Fare Increase
 - b. Decrease in State operating funding
 - c. Increase in Federal formula funds for capital

Sources of Funding (\$ in thousands)

The budget shown below assumes the following:

- a. Fare revenue will be \$24.8 million with a 6% fare increase.
- b. Level of state capital, federal capital and operating funding will be above the FY 2006 level.
- c. Local subsidy allocation increased \$1,924,701 with a 6% fare increase:

	FY2006	FY2007	Change	% change
Alexandria	\$ 102,621	\$ 107,752	\$ 5,131	5.0%
Arlington	150,142	157,649	7,507	5.0%
Fairfax County	3,159,642	3,935,735	776,092	24.56%
Fredericksburg	73,827	111,115	37,288	50.51%
Manassas	276,306	428,436	152,130	55.06%
Manassas Park	179,422	183,686	4,264	2.38%
Prince William County	2,236,676	2,961,241	724,565	32.39%
Stafford County	699,424	917,147	217,723	31.13%
Total	\$ 6,878,060	\$ 8,802,761	\$ 1,924,701	27.98%

Uses of Funding (\$ in thousands)

Key assumptions implicit in determining the operating expense for the FY 2007 budget includes the following:

- a. The return on investment of the insurance trust fund is estimated to be between 2.0% and 4.0% and the need for an additional \$500,000 contribution to the trust fund in FY 2007.
- b. Operation of 30 daily trains with an on-time performance of 95% or better.
- c. Continued incentive and performance agreements with AMTRAK.

SOURCE AND USES OF FUNDS

Fare increase		6%
Subsidy increase	\$1,924,701	
Number of Trains		30
Number of Passengers		17,400
<u>Sources (\$ in Thousands)</u>		
Fare Income	\$	24,820
Local Subsidy		8,803
State Operating Grant		7,400
State Capital Grant		2,883
Federal Capital Funding		11,789
Federal Operating Funding		6,780
Other Income		362
Total Sources		62,836
<u>Uses (\$ In thousands)</u>		
Operating Expenses	\$	42,896
Debt Service		9,153
Lease Expense		1,931
Federal Capital Program		7,359
Insurance & Operating Reserve		1,497
Total uses	\$	62,836

Six-Year Financial Plan

The final FY 2007 budget recommendation includes a six-year financial plan as required by the Master Agreement. The six-year financial plan was developed in conjunction with the VRE Phase II Strategic Plan and reviewed with CAO Budget Task Force. The VRE capital planning process is informed by the results of the Phase II Strategic Plan, which was approved by the Operations Board in May of 2004. Subsequently, planning assumptions through 2025 that are outlined in the Strategic Plan are the foundation of the CIP. The CIP is fiscally constrained and the program of projects is based on reasonably assumed funding only. Parking projects are assumed to be the responsibility of the jurisdiction, with VRE support and assistance, and are therefore not funded in the CIP. Potential earmarks are not shown in this document until after they are fully allocated by the funding agency.

Other Factors

- a. Fares: increase of \$4.9 million over the FY2006 level due to the increase in fares and continued growth in ridership.
- b. Local Subsidy: increase of \$1,974,701
- c. Inflation: 3 percent
- d. Merit/COLA: 6 percent
- e. Major capital additions
 - Crossroads extension/maintenance
 - Financing for the 11 cab cars
 - Mid-day storage
 - Locomotive overhaul
 - Rolling stock modifications

Virginia Railway Express Allocation Data
 October 19, 2005 - Proposed FY 2007 Budget
 Assumes Fare Increase of 6% and a Subsidy Increase of \$1.924M

<u>Jurisdictions</u>	[Col 1]	[Col 2]	[Col 3]	[Col 4]	[Col 5]	[Col 6]	
	Population 2005 Update	Population %	Contributors' Potential Share of Net Costs %	Contributors' Potential Share of Net Costs \$	Contributors' Maximum Share of Net Costs	5% Increase	
Contributors:							
Alexandria	134,200	7.1988%	0.7199%	\$200,601		\$107,752	
Arlington	193,200	10.3637%	1.0364%	\$288,793		\$157,649	
Contributors' Total	327,400	17.5625%					
	[Col 7]	[Col 8]	[Col 9]	[Col 10]	[Col 11]	[Col 12]	
	Population 2005 Update	Population %	- 10% Weight - Participants' Normalized % Population	October Survey Participants' AM Ridership	- 90% Weight - Participants' Ridership %	Participants' [10/90] Aggregate % of Costs	
Participants:							
Fairfax County	1,007,400	54.0393%	65.5518%	1,449	25.2581%	29.2875%	
Fredericksburg	21,100	1.1319%	1.3730%	210	3.6550%	3.4268%	
Manassas	37,000	1.9848%	2.4076%	389	6.7833%	6.3457%	
Manassas Park	12,400	0.6652%	0.8069%	172	3.0039%	2.7842%	
Prince William County	344,000	18.4530%	22.3842%	2,306	40.1782%	38.3988%	
Stafford County	114,900	6.1635%	7.4766%	1,212	21.1215%	19.7570%	
Participants' Total	1,536,800	82.4375%	100.0000%	5,738	100.0000%	100.0000%	
Population Total	1,864,200	100.0000%					
Costs	[Col 12] (repeated) Participants' [10/90] Aggregate %	[Col 13] Gross Costs \$	[Col 14] State Aid Interest & Misc Income \$	[Col 15] "System" Fare Revenue \$	[Col 16] Net Costs \$	[Col 17] Contributors' Payments Lesser of Col 6 or 4 \$	[Col 18] Participants' Net Costs \$
Alexandria						\$107,752	
Arlington						\$157,649	
Fairfax County	29.2875%	\$18,403,163	\$8,555,985	\$1,685,966			\$8,083,483
Fredericksburg	3.4268%	\$2,153,268	\$1,001,096	\$197,267			\$945,810
Manassas	6.3457%	\$3,987,397	\$1,853,818	\$365,297			\$1,751,441
Manassas Park	2.7842%	\$1,749,499	\$813,376	\$160,277			\$768,457
Prince William County	38.3988%	\$24,128,383	\$11,217,750	\$2,210,469			\$10,598,252
Stafford County	19.7570%	\$12,414,535	\$5,771,757	\$1,137,331			\$5,453,013
Total	100.0000%	\$62,836,245	\$29,213,782	\$5,756,606	\$27,865,857	\$265,401	\$27,600,456
Subsidy Calculation	[Col 19]	[Col 20]	[Col 18] (repeated) Participants' Net Costs \$	[Col 21] Proposed FY 2007 Budget Based on 10/19/05 Survey	[Col 22] Actual FY2006 Subsidy	[Col 23] Net Change \$	[Col 24] Net Change %
Alexandria	Oct Survey Participants' Fare Revenue %	Participants' Fare Revenue \$		\$107,752	\$102,621	\$5,131	5.00%
Arlington				\$157,649	\$150,142	\$7,507	5.00%
Fairfax County	21.758%	\$4,147,748	\$8,083,483	\$3,935,735	\$3,159,643	\$776,092	24.56%
Fredericksburg	4.379%	\$834,695	\$945,810	\$111,115	\$73,827	\$37,288	50.51%
Manassas	6.940%	\$1,323,005	\$1,751,441	\$428,436	\$276,306	\$152,130	55.06%
Manassas Park	3.068%	\$584,771	\$768,457	\$183,686	\$179,422	\$4,264	2.38%
Prince William County	40.062%	\$7,637,012	\$10,598,252	\$2,961,241	\$2,236,676	\$724,565	32.39%
Stafford County	23.794%	\$4,535,866	\$5,453,013	\$917,147	\$699,424	\$217,723	31.13%
Total	100.0000%	\$19,063,096	\$27,600,456	\$8,802,761	\$6,878,060	\$1,924,701	27.98%

<u>Fares</u>	[Col 25]
Participants Residents'	19,063,096.45
"System-wide"	5,756,605.55
FY 2006 Total	\$ 24,819,702.00

Virginia Railway Express Allocation Data
28-Nov-05

<u>Station</u>	<u>Valid Responses</u>	<u>Response Rate</u>	<u>Station Counts</u>	<u>Station Response</u>	<u>Avg. Fare</u>
Alexandria	10			1.0000	\$3.42
Backlick Road	42		123	2.9286	\$3.89
Broad Run	621		1031	1.6602	\$5.02
Brooke	244		360	1.4754	\$5.72
Burke Center	320		648	2.0250	\$4.20
Crystal City	3			1.0000	\$3.66
Franconia/Springfield	23		57	2.4783	\$3.62
Fredericksburg	950		1274	1.3411	\$5.84
Leeland Road	486		703	1.4465	\$5.43
Lorton	74		203	2.7432	\$4.16
Manassas	385		624	1.6208	\$4.98
Manassas Park	398		622	1.5628	\$5.03
Quantico	153		269	1.7582	\$5.13
Rippon Landing	230		457	1.9870	\$4.58
Rolling Road	154		385	2.5000	\$4.22
Woodbridge	201		481	2.3930	\$4.65
L'Enfant	0		0	#DIV/0!	\$0.00
Union Station	0		0	#DIV/0!	\$0.00
	====		====	====	====
Total	4,294	59.33%	7,237		

<u>Residence - Board</u>	<u>Valid Responses</u>	<u>% Residence</u>	<u>Station Counts</u>	<u>% Residence</u>	<u>Revenue</u>	<u>%</u>
Fairfax - Alexandria	1		1		\$3.42	
Fairfax - Backlick	41		120		\$466.78	
Fairfax - Broad Run	1		2		\$8.34	
Fairfax - Brooke	0		0		\$0.00	
Fairfax - Burke Centre	312		632		\$2,656.57	
Fairfax - Crystal City	0		0		\$0.00	
Fairfax - Francon/Springfield	20		50		\$179.44	
Fairfax - Lorton	73		200		\$832.38	
Fairfax - Manassas	0		0		\$0.00	
Fairfax - Manassas Park	40		63		\$314.17	
Fairfax - Quantico	0		0		\$0.00	
Fairfax - Rolling Road	153		383		\$1,614.08	
Fairfax - Woodbridge	0		0		\$0.00	
Fairfax -Total	641	19.8329%	1449.4	25.2186%	\$6,075.18	21.7580%
	===					
Fred - Alexandria	0		0		\$0.00	
Fred - Brooke	0		0		\$0.00	
Fred - Burke Center	0		0		\$0.00	
Fred - Fredericksburg	151		202		\$1,183.29	
Fred - Leeland Road	5		7		\$39.28	
Fred - Rolling Road	0		0		\$0.00	
Fred - Woodbridge	0		0		\$0.00	
Fred - Total	156	4.8267%	209.7	3.6493%	\$1,222.57	4.3786%
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Manassas - Alexandria	1		1		\$3.42	
Manassas - Broad Run	6		10		\$50.02	
Manassas - Burke Center	0		0		\$0.00	
Manassas - Manassas	217		352		\$1,750.83	
Manassas - Manassas Park	17		27		\$133.52	
Manassas - Rippon	0		0		\$0.00	
Manassas - Woodbridge	0		0		\$0.00	
<u>Manassas - Total</u>	<u>241</u>	7.4567%	<u>389.2</u>	6.7726%	<u>\$1,937.80</u>	6.9401%

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Man. Park - Manassas	1		2		\$8.51	
Man. Park - Manassas Park	109		170		\$848.00	
<u>Man. Park - Total</u>	<u>110</u>	3.4035%	<u>172.4</u>	2.9992%	<u>\$856.51</u>	3.0676%

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PWC - Alexandria	2		2		\$6.85	
PWC - Backlick Road	0		0		\$0.00	
PWC - Broad Run	409		679		\$3,409.92	
PWC - Brooke	1		1		\$8.43	
PWC - Burke Centre	1		2		\$8.51	
PWC - Crystal City	1		1		\$3.66	
PWC - Franconia Springfield	1		2		\$8.97	
PWC - Fredericksburg	1		1		\$7.84	
PWC - Leeland	0		0		\$0.00	
PWC - Lorton	0		0		\$0.00	
PWC - Manassas	163		264		\$1,315.14	
PWC - Manassas Park	226		353		\$1,775.04	
PWC - Quantico	37		65		\$333.54	
PWC - Rolling Road	229		455		\$2,085.13	
PWC - Rippon	1		3		\$10.55	
PWC - Woodbridge	199		476		\$2,212.31	
<u>PWC - Total</u>	<u>1271</u>	39.3255%	<u>2305.5</u>	40.1153%	<u>\$11,185.89</u>	40.0618%

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Stafford - Alexandria	1		1		\$3.42	
Stafford - Broad Run	4		7		\$33.35	
Stafford - Brooke	226		333		\$1,905.67	
Stafford - Burke Center	0		0		\$0.00	
Stafford - Crystal City	0		0		\$0.00	
Stafford - Franconia Springfield	0		0		\$0.00	
Stafford - Fredericksburg	59		79		\$462.35	
Stafford - Leeland Road	413		597		\$3,244.86	
Stafford - Lorton	1		3		\$11.40	
Stafford - Manassas Park	0		0		\$0.00	
Stafford - Quantico	109		192		\$982.60	
Stafford - Rippon	0		0		\$0.00	
Stafford - Woodbridge	0		0		\$0.00	
<u>Stafford - Total</u>	<u>813</u>	25.1547%	<u>1212.0</u>	21.0884%	<u>\$6,643.66</u>	23.7940%

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<i>All 6 Member Jurisdictions</i>	<i>Total</i>	<i>Total</i>	<i>Total</i>	<i>Total</i>	<i>Total</i>	<i>Total</i>
	3,232	100.0000%	5,747	99.8434%	\$27,921.62	100.0000%
===	===	===	===	===	===	===
Total Riders	3,232	75.2678%	5,747	79.1693%	\$27,921.62	76.8063%
<u>Systemwide Riders</u>						
Alexandria	5		5		\$17.12	
Backlick	1		3		\$11.38	
Broad Run	201		334		\$1,675.78	
Brooke	17		25		\$143.35	
Burke Centre	7		14		\$59.60	
Crystal City	2		2		\$7.33	
Franconia Springfield	2		5		\$17.94	
Fredericksburg	739		991		\$5,791.07	
Leeland Road	68		98		\$534.26	
Lorton	0		0		\$0.00	
Manassas	4		6		\$32.27	
Manassas Park	6		9		\$47.13	
Quantico	7		12		\$63.10	
Rippon	1		2		\$9.11	
Rolling Road	0		0		\$0.00	
Woodbridge	2		5		\$22.23	
Systemwide -Total	1062	24.7322%	1512	20.8307%	\$8,431.67	23.1937%
Grand total	4,294	100.0000%	7,259	100.0000%	\$36,353.29	100.0000%

FY07 VRE - Source and Use Budget Worksheet

LEVEL OF SERVICE FOR FY 2007

30 trains 17,400 average daily riders

Leases 7,975,000 CSXT 3,875,000
 Recapitalization 500,000 NS 2,100,000
 Add'l funding needed 8,475,000 Amtrak 2,000,000
 Total 7,975,000

USES OF FUNDS	STATE					FEDERAL		TOTAL
	FARE INCOME	INTEREST	EQUIP RENT AND MISC	LOCAL SUBSIDY	OTHER SOURCES	STATE OPERATING CAPITAL	STATE SSTP	
Operating Expenses	24,819,702	210,000	151,500	883,238	0	7,400,000	6,780,000	42,895,820
Non-Operating Expenses:								
Operating Reserve				489,338				489,338
Insurance Reserve				1,000,000				1,000,000
Debt Service (1993 & 1998)				4,664,740				6,663,914
Debt Service (Kawasaki 1997)				264,294		1,510,252		1,887,815
Debt Service (Gallery IV)				270,390		1,545,086		1,931,358
Fare Collection II				66,500		380,000		475,000
Office Loan				76,000				76,000
Other (Bad Debt/Admin)				58,000				58,000
Non-Operating Summary	0	0	0	6,889,268	0	0	3,435,358	12,581,425
Total Expenses (Subtotal)	24,819,702	210,000	151,500	7,772,591	0	7,400,000	6,780,000	55,477,245
Capital Projects:								
Facilities infrastructure	0	0	0	0	0	0	0	0
Cross/Roads extension/maintenance	400,000	0	0	56,000	0	24,000	0	480,000
Train storage	1,254,000	0	0	175,240	0	75,240	1,003,200	1,254,000
Fleet expansion	0	0	0	0	0	0	0	0
Fleet expansion 50 rail cars	771,000	0	0	107,940	0	46,260	538,400	771,000
Rolling stock mods	1,339,000	0	0	187,460	0	80,340	591,200	1,339,000
Capital project contingency	327,000	0	0	45,780	0	19,620	32,000	327,000
Platform Expansion Development	0	0	0	0	0	0	0	0
WUT project	0	0	0	0	0	0	0	0
Capital Fleet Expansion - Locomotive	500,000	0	0	70,000	0	30,000	400,000	500,000
Locomotive Overhaul II	268,000	0	0	37,320	0	16,080	0	268,000
Capital Project Summary	2,500,000	0	0	350,000	0	150,000	588,800	2,500,000
TOTAL	7,359,000	0	0	1,030,260	0	441,540	3,153,600	7,359,000

FY06 subsidy unfunded 6,878,060 (1,924,701)

Program	Match	Funding	Federal Amt.
Debt Service Gallery IV	local subsidy	5307	1,545,086
Debt Service Kawasaki	fare revenue	5307	1,510,252
Access lease funding	fare revenue	SSTP	6,780,000
Fare Collection II	fare revenue	5307	380,000
Rail Car Lease	fare revenue	5307	880,000
Cap Needs Assessment	fare revenue	5307	600,000
Project Management	fare revenue	5307	337,600
Project Management	fare revenue	5309	260,000
Scheidt/Bachman	fare revenue	5307	94,400
Construction Mgmt	fare revenue	5307	67,200
Rippon Parking Lease	fare revenue	5307	112,000
Security enhancements	fare revenue	5307	80,000
Fredericksburg P. Leases	fare revenue	5307	35,200
Subtotal	local subsidy	5307/5309	5,887,200
Capital Projects			18,368,938
Federal Cap Program			

Calculated Operating Reserve: 33% 14,155,621

Federal Reimbursement rate 80%
 State Match Reimbursement rate 30%

VRE Fiscal Year 2007 Proposed Budget Worksheet

	FY 2005 Actual	FY 2006 Adopted	FY 2007 Proposed
Revenue:			
VRE - Non-Departmental			
Fare Revenue	19,452,162	19,898,500	24,819,702
Miscellaneous Revenue	121,373	301,200	151,500
Jurisdictional Revenue	6,353,000	6,878,060	8,802,761
In-Kind Contributions	266,148	-	-
Federal Operating Grants	8,193,587	5,914,441	6,780,000
State Operating Grants	7,613,022	8,021,729	7,400,000
Federal Capital Grants	9,755,212	10,877,600	11,788,938
State Capital Grants	3,778,146	3,266,474	2,883,344
Interest Income	938,352	305,000	210,000
Total Revenue	56,471,002	55,463,004	62,836,245
Expenditures:			
VRE - Non-Departmental			
Liability Insurance	3,414,110	500,000	1,000,000
Contingency	-	130,000	489,338
DRM Admin	70,963	-	-
VRE-Financing-Administration Fees	10,166	8,000	8,000
Total VRE - Non-Departmental	3,495,239	638,000	1,497,338
Executive Mgmt and Planning			
Salaries/Fringes	418,092	293,887	494,633
Travel/Training/Employee Expenses	6,787	20,000	20,000
Board Member Expenses	1,850	3,800	4,000
Legal/Audit	103,722	167,700	920,700
Consulting/Professional/Other	214,314	150,000	70,000
Total Executive Mgmt and Planning	744,765	635,387	1,509,333
Administration			
Salaries/Fringes	259,338	272,537	325,441
Travel/Training/Employee Expenses	7,605	9,400	9,400
Communication/Other	292,587	231,600	271,000
Office Administration Expenses	144,598	85,500	140,000
Total Administration	704,128	599,037	745,841
Public Affairs/Marketing			
Salaries/Fringes	233,375	-	240,590
Travel/Training/Employee Expenses	3,965	-	3,500
Production/Media/Promotion/Other	461,057	585,000	525,000
Special Events/Other	3,136	-	3,500
Total Public Affairs/Marketing	701,533	585,000	772,590

VRE Fiscal Year 2007 Proposed Budget Worksheet

	FY 2005 Actual	FY 2006 Adopted	FY 2007 Proposed
Customer Service			
Salaries/Fringes	313,476	769,628	353,803
Travel/Training/Employee Expenses	32,126	27,600	19,000
Printing/Admin/Other	116,831	68,250	80,000
Total Customer Service	462,433	865,478	452,803
Budget and Finance			
Salaries/Fringes	442,317	514,176	563,553
Travel/Training/Employee Expenses	29,117	11,000	16,000
Audit/Maint Service Agreements	71,623	60,000	90,480
Retail Sales/TLC Commissions	515,452	515,000	480,000
Bank Discounts/Other	236,185	249,600	259,000
Total Budget and Finance	1,294,694	1,349,776	1,409,033
Communication and Info Tech			
Salaries/Fringes	330,368	272,413	370,208
Travel/Training/Employee Expenses	39,987	34,500	32,000
Computer Equipment/Software	255,098	159,000	183,000
Communications	226,922	276,900	290,000
Repairs and Maintenance - Fare Collection/Trip One	83,627	304,700	508,000
Total Communication and Info Tech	936,002	1,047,513	1,383,208
Construction and Cap Proj			
Salaries/Fringes	307,735	713,207	424,631
Travel/Training/Employee Expenses	43,347	33,400	44,000
Other Professional Services/Other Expenses	31,550	-	33,000
Total Construction and Cap Proj	382,632	746,607	501,631
Facilities Maintenance/Operations & Safety			
Salaries/Fringes	252,671	133,840	258,705
Travel/Training/Employee Expenses	2,686	3,400	2,700
Vehicle/Office/Other Professional Service	6,980	-	33,000
Station Electricity/Utilities/Taxes	660,018	368,981	524,500
Materials and Supplies - Stations	63,430	62,000	150,000
Repairs and Maintenance - Stations/Parking/Yards	1,028,304	1,214,700	1,589,700
Station/Yard Security	512,946	350,000	640,000
Total Facilities Maintenance	2,527,035	2,132,921	3,198,605
Purchasing and Contract Admin			
Salaries/Fringes	172,153	-	220,429
Travel/Training/Employee Expenses	5,134	-	5,000
Total Purch and Contract Admin	177,287	-	225,429

VRE Fiscal Year 2007 Proposed Budget Worksheet

	FY 2005 Actual	FY 2006 Adopted	FY 2007 Proposed
Equipment Operations			
Salaries/Fringes	120,190	231,041	214,448
Travel/Training/Employee Expenses	18,413	22,000	19,000
Consulting/Admin/Other Professional	813,058	913,000	485,000
Equipment/Warehouse Leases	1,856,606	1,951,200	1,672,000
Utilities	309,699	294,000	290,000
Deisel Fuel	2,308,156	1,788,948	3,000,000
Materials and Supplies - Equipment/Yards	101,439	37,000	363,000
Repairs and Maintenance - Rolling Stock	2,160,107	830,400	2,381,000
Car Cleaning	123,322	550,456	95,000
Total Equipment Operations	7,810,990	6,618,045	8,519,448
PRTC			
Professional Services	161,753	206,390	145,900
Total PRTC	161,753	206,390	145,900
NVTC			
Professional Services	91,792	80,000	88,000
Total NVTC	91,792	80,000	88,000
Amtrak			
Access Fees/Recapitalization	1,500,000	1,500,000	2,500,000
Contract Operations and Maintenance	14,318,603	14,058,260	15,469,000
Total Amtrak	15,818,603	15,558,260	17,969,000
Norfolk Southern			
Access Fees	2,149,759	2,196,961	2,080,000
Contract Operations and Maintenance	16,656	22,500	20,000
Total Norfolk Southern	2,166,415	2,219,461	2,100,000
CSXT			
Access Fees	161,792	82,600	175,000
Contract Operations and Maintenance	3,220,005	3,590,990	3,700,000
Total CSXT	3,381,797	3,673,590	3,875,000
CIP Expenditures			
CIP Expenditures	-	7,196,000	7,359,000
Total CIP Expenditures	-	7,196,000	7,359,000
CIP VRE - Non-Departmental			
Debt Service	4,047,229	11,311,539	11,084,087
Depreciation/Amortization	10,681,559	-	-
Total CIP VRE - Non-Departmental	14,728,788	11,311,539	11,084,087
Total Expenditures	55,585,886	55,463,004	62,836,245

PROPOSED
CAPITAL IMPROVEMENTS PROGRAM
FISCAL YEARS 2007 - 2012
VIRGINIA RAILWAY EXPRESS

December, 2005

Introduction

The Virginia Railway Express (VRE) Capital Improvements Program (CIP) for Fiscal Years 2007 - 2012 is an integrated set of projects and programs that will improve passenger safety, operational efficiency, and expand capacity. The capital improvements described on the following pages are designed to attract more riders through greater reliability, faster operating speeds and improved station access. In addition to project descriptions, this document also provides information on agency cooperation and programming criteria. Projects are included in the CIP as funded and partially funded.

The VRE capital planning process is informed by the results of the Phase II Strategic Plan, which was approved by the Operations Board in May of 2004. Subsequently, planning assumptions through 2025 that are outlined in the Strategic Plan are the foundation of the CIP. As the Strategic Plan is now over a year old, information is updated where possible i.e. through fleet planning.

The CIP is fiscally constrained and the program of projects is based on reasonably assumed funding only. Parking projects are assumed to be the responsibility of the jurisdiction, with VRE support and assistance, and are therefore not funded in the CIP. Potential earmarks are not shown in this document until after they are fully allocated by the funding agency.

VRE CIP Policy Statement

Policy Statement: The VRE Capital Improvement Program is designed to maintain VRE passenger equipment and facilities in a state of good repair and to accommodate growth within adopted service and safety standards. Federal grants are the principal source of funds for the VRE CIP. Therefore, policies and practices are designed to maximize federal financial participation in VRE capital programs.

VRE CIP Cooperation

VRE CIP activities are performed by staff from the Virginia Railway Express (VRE), Northern Virginia Transportation Commission (NVTC), and Potomac and Rappahannock Transportation Commission (PRTC). Jurisdictional staff, railroad representatives, and Virginia Department of Rail and Public Transportation (VDRPT) staff also participate in planning and CIP programming. A CIP committee made up of staff from VRE, NVTC, PRTC, and VDRPT meets monthly to coordinate these activities.

Programming Process

Project Identification: When considering projects for inclusion in the VRE CIP, a series of programming criteria is used to help organize the process. In order of importance, these criteria include:

- ❖ Provide full funding for adopted CIP projects mandated by legislation.
- ❖ Provide full funding for adopted CIP projects required by agreements with railroads, localities, or related entities.
- ❖ Identify and fund projects that maintain facilities and rolling stock in a state of good repair.
- ❖ Identify and fund projects that advance the VRE mission of increased riders while maintaining safety and reliability standards.
- ❖ Identify and fund projects that improve operational efficiency and costs.

CIP Programming: Within the CIP program, the highest priority projects are programmed for the early years whenever possible. Improvements that will be made by the railroads have been scheduled according to staff's understanding of when railroad forces will be available and mobilized. The CIP groups projects into the following categories:

NS and CSX Track and Signal Improvements
VRE Passenger Facilities
Yard Improvements
Rolling Stock
Administrative and System Projects

Board/Commission Approval: Once the program of projects has been developed, it is forwarded as part of the budget to the Operations Board. With their approval, the package goes to the commissions for final authorization. The VRE budget process begins in the summer, with final approval in January of each year.

CIP Document Organization

The CIP text provides information on construction projects planned for FY 2007 – FY 2012 based primarily on the Phase II Strategic Plan. These project descriptions include a summary regarding budget, funding and schedule. Administrative and/or on-going system projects are grouped together at the end of the document. The CIP is fiscally constrained and the program of projects is based on reasonably assumed funding only. Parking projects are assumed to be the responsibility of the jurisdiction, with VRE support and assistance, and are therefore not funded in the CIP. Potential earmarks are not shown in this document until after they are fully allocated by the funding agency.

NS and CSX Track and Signal Improvements

Project: Rippon Turnback Track

Location: Rippon, Virginia

Description: This project will construct a third mainline track on the outboard of the existing platform track, with the existing side platform converted to an island platform. A second side platform on the most westerly track (Track 3) will be added to give VRE universal access to all three tracks. VRE trains could then stop and change direction using the center track, enabling through traffic to use the outer tracks in either direction while the train is at the station. This will enable the operation of zone express service on the Fredericksburg Line.

Current Phase:

- conceptual preliminary planning environmental
 design/eng. procurement construction

Schedule: This project is estimated to take approximately 2-3 years to complete.

Budget:

- Total estimated cost: \$6.6 million
- Total CIP budget: \$2.5 million

Funding Source: Funding is made up of VRE federal formula funds. Local match is being provided for using state and local funds.

VRE Passenger Facilities

Project: Platform and Canopy Extensions

Description: As ridership grows, several platforms require extensions due to the need to run longer trains as well as accommodate the volume of people waiting on the platform. Canopies must also be expanded to allow for a covered waiting area for passengers and fare collection equipment. Once platform extension work is completed, second platforms will begin to be added to the system.

Current Phase:

- conceptual preliminary planning environmental
 design/eng. procurement construction

Schedule: Design work on the first canopy extension project, Burke Centre, is currently underway. Construction on the first platform extension project, Manassas Park, is underway and expected to be completed in November of 2005.

Budget:

- Total estimated cost: \$31.1 million
- Total CIP budget: \$3.6 million

Funding Source: Funding is made up of VRE federal formula funds. Local match is being provided for using state and local funds.

Yard Improvements

Project: Crossroads Yard Extension/Maintenance Facility

Description: The existing rolling stock storage yard at Crossroads must be expanded in order to allow additional fleet maintenance work to be performed at this facility. This work is difficult to perform downtown as capacity is constrained. Cost savings opportunities exist if additional services can be performed in VRE owned outlying facilities. Plans are underway to design and construct additional storage tracks as well as locomotive and train wash facilities.

Current Phase:

- conceptual preliminary planning environmental
 design/eng. procurement construction

Schedule: TBD

Budget:

- Total estimated cost: \$5 million
- Total CIP budget: \$5 million

Funding Source: Funding is made up of VRE federal formula funds. Local match is being provided for using state and local funds.

Project: Heavy Maintenance and Repair Facilities at the Broad Run and Crossroads Yards

Description: The existing rolling stock storage yards at the end of the Manassas and Fredericksburg lines will need to be expanded to accommodate additional rolling stock and performance of maintenance functions. Currently, the yard is overcrowded which makes moving or recoupling the fleet both time and labor intensive. The project scope would also include track expansions, maintenance and car washing facilities.

This project has been accelerated because VRE must perform a growing amount of fleet maintenance. This work is difficult to perform downtown as capacity is constrained. Cost savings opportunities exist if additional services can be performed in VRE owned outlying facilities.

Current Phase:

- conceptual preliminary planning environmental
 design/eng. procurement construction

Schedule: TBD

Budget:

- Total estimated cost: \$50 million
- Total CIP budget: \$9 million

Funding Source: Funding is made up of VRE federal formula funds. Local match is being provided for using state and local funds.

Project: Mid-day Storage

Description: This project is pursuing opportunities to increase mid-day rolling stock storage in Washington, D.C. adjacent to Washington Union Terminal. Several locations are currently being considered.

Current Phase:

- conceptual preliminary planning environmental
 design/eng. procurement construction

Schedule: TBD

Budget:

- Total estimated cost: \$10 million
- Total CIP budget: \$5 million

Funding Source: Funding is made up of VRE federal formula funds. Local match is being provided for using state and local funds.

Project: Track Extension – Broad Run and Crossroads Yards

Description: This project will extend the tracks at both the Broad Run and Crossroads yards to allow for additional equipment to be stored and serviced.

Current Phase:

- conceptual preliminary planning environmental
 design/eng. procurement construction

Schedule: TBD

Budget:

- Total estimated cost: \$10 million
- Total CIP budget: \$2.0 million

Funding Source: Funding is made up of VRE federal formula funds. Local match is being provided for using state and local funds.

Rolling Stock

Project: Capital Fleet Expansion – Coaches and Cabs

Description: In May of 2004, VRE awarded a contract to Sumitomo Corporation of America for the production of eleven new cab cars. The procurement included an option for 50 additional railcars (10 additional cab cars, 20 trailers with ADA toilets and lifts, and 20 trailers without toilets), which must be exercised by April of 2006. The CIP includes annual funding of \$1,932,000 for debt financing of the cab cars. An additional \$2.5 million annual allocation is also included toward exercising the option.

Current Phase:

- | | | |
|---|---|--|
| <input type="checkbox"/> conceptual | <input type="checkbox"/> preliminary planning | <input type="checkbox"/> environmental |
| <input checked="" type="checkbox"/> design/eng. | <input type="checkbox"/> procurement | <input type="checkbox"/> construction |

Schedule: TBD

Budget:

- Total estimated cost: \$93 million
- Total CIP budget: \$57.6 million

Funding Source: Funding for the annual debt financing is made up of VRE federal formula funds. Local match is being provided for using state and local funds.

Project: Capital Fleet Expansion – Locomotives

Description: As VRE's locomotives age and reach the end of their useful life, additional locomotives will need to be procured. The VRE Strategic Plan estimates that 20 new locomotives will need to be procured to meet VRE's fleet requirements.

Current Phase:

- conceptual preliminary planning environmental
 design/eng. procurement construction

Schedule: TBD

Budget:

- Total estimated cost: \$41 million
- Total CIP budget: \$4.6 million

Funding Source: Funding is made up of VRE federal formula funds. Local match is being provided for using state and local funds.

Project: Locomotive Overhaul II

Description: As the locomotive fleet ages, scheduled overhaul and maintenance must be undertaken. The GP39's and GP40's will both receive a major overhaul as part of this project.

Current Phase:

- conceptual preliminary planning environmental
 design/eng. procurement construction

Schedule: TBD

Budget:

- Total estimated cost: \$4.3 million
- Total CIP budget: \$4.3 million

Funding Source: Funding for the annual debt financing is made up of VRE federal formula funds. Local match is being provided for using state and local funds.

Administrative, System, and Reoccurring Projects

1. Bi-Level Acquisition – this project makes annual finance payments on the 13 bi-level Kawasaki railcars VRE purchased in 1995. The CIP programs an annual payment which represents the cost of financing this equipment over 20 years. **Annual payment in FY 2007 is \$1.8 million.**
2. Capital Fleet Expansion – Lease of Two Sets – this project makes annual lease payments for equipment leased while additional fleet is procured by VRE. **Annual allocation in FY 2007 is \$1,100,000.**
3. Capital Needs Assessment - The VRE Strategic Plan was completed in May, 2004 and provided a comprehensive look at operational opportunities and capital projects through 2025. This update to the Strategic Plan would update forecasts and projects estimates as well as include changes to planning assumptions, as requested by the Board. **Annual allocation in FY 2007 is \$750,000.**
4. Capital Project Contingency – funding is allocated to capital projects on an as needed basis due to circumstances such as unforeseen site conditions. Funding is allocated among projects following discussion with the CIP Committee. **Annual allocation in FY 2007 is \$327,000.**
5. Construction Management – funding is used to provide construction management services that require more technical expertise not available on staff. Specific needs can include on-site management of construction projects with specific environmental or historical elements. **Annual allocation in FY 2007 is \$84,000.**
6. Facilities Infrastructure Renewal - as VRE ages, some of the original facilities are in need of repairs and/or maintenance. Affecting each station, this project ranges from minor repairs to facility rehabilitation. Projects completed this past fiscal year include roof replacement at Rippon, joint replacement at the Woodbridge garage, and station painting. **Annual allocation in FY 2007 is \$400,000.**
7. Fare Collection II – the new fare collection system was implemented in August of 2002. This ongoing expense includes technical support, lease payments and maintenance. **Annual payment in FY 2007 is \$593,000.**

8. Fredericksburg Parking Lease Payments – this project funds ongoing lease payments to several small independent parking lots that were leased by VRE for passenger use. **Annual payment in FY 2007 is \$44,000.**

9. Grant and Project Management – funding allocated to this project supports staff grant work as well as project management. These expenses are capitalized into grants, reserving operating funds for the provision of service. **Annual allocation in FY 2007 is \$747,000.**

10. Rippon Lease – this is the final year of a five-year parking lease at the Rippon VRE station. This lease provides 320 parking spaces. **Annual payment in FY 2007 is \$140,000.**

11. Rolling Stock Modifications - project scope includes technical fieldwork that improves passenger travel and crew working conditions. Tasks may also include responding to requests for minor upgrades and safety mandates from the Federal Railroad Administration (FRA). Funding is allocated on an annual basis. **Annual allocation in FY 2007 is \$1,336,000.**

12. Security Enhancements - new to the federal grant appropriation last year, grantees must certify that at least 1% of funding received each fiscal year is being used for transit security projects. VRE's primary use of this funding is the Systems Safety consultant which is budgeted at \$75,000 per year. The remaining \$25,000 is used for security infrastructure projects. **Annual allocation in FY 2007 is \$100,000.**

13. Track Lease/Improvements - currently scheduled and proposed increases in commuter rail service have demonstrated the need for capitalized access. These improvements could include long-term leases, capital improvements and increased maintenance on the railroad tracks, stations, and terminals. This project occurs on an annual basis. **Annual allocation in FY 2007 is \$8,475,000.**

14. Washington Union Terminal Access, Capital Improvements - new to the CIP this year, this annual allocation is the result of the new Operating and Access agreement with Amtrak. Projects to be completed using this funding are negotiated by VRE and Amtrak each year. **Annual allocation in FY 2007 is \$500,000.**

Unfunded Potential Projects

As VRE's ridership continues to grow, capital needs have begun to outpace available resources. As a result, not all capital projects can be fully funded using just federal formula funds. While efforts continue to be made to seek funding from other sources, no funding is currently allocated to the following projects identified in the Phase II Strategic Plan.

Capital Project Funding Needed by Fiscal Year :

Project Description	Project Est.	Currently Funded	FY 2006/ Budget FY 2007	FY 2007/ Budget FY 2008	FY 2008/ Budget FY 2009	FY 2009/ Budget FY 2010	FY 2010/ Budget FY 2011	FY 2011/ Budget FY 2012
Capital Fleet Expansion – Coaches/Cabs	\$93 million	\$41.3 million		\$10.3 million	\$10.3 million	\$10.3 million	\$10.3 million	\$10.3 million
Capital Fleet Expansion – Locomotives	\$41 million	\$4.6 million		\$7.8 million	\$7.8 million	\$7.8 million	\$7.8 million	\$4.8 million
Canopy Extensions	\$1.1 million	\$700,000	\$200,000	\$200,000				
Heavy Maintenance and Repair Facility	\$50 million	\$9.0 million				\$13.8 million	\$13.8 million	\$13.3 million
Mid-day Storage	\$10 million	\$5 million			\$2.5 million	\$2.5 million		
Parking Expansions – Fburg Line	\$25 million	\$0		\$5 million	\$5 million	\$5 million	\$5 million	\$5 million
Parking Expansions – Manassas Line	\$10 million	\$0		\$2 million	\$2 million	\$2 million	\$2 million	\$2 million
Platform Extensions – Same Side	\$12 million	\$1.3 million	\$1.7 million	\$1.7 million	\$1.7 million	\$1.7 million	\$1.7 million	\$1.7 million
Platform Extensions – Off Side	\$18 million	\$495,000			\$4.3 million	\$4.3 million	\$4.3 million	\$4.3 million
Rippon Turnback Track	\$6.6 million	\$2.5 million						\$4.1 million
Track Extension - Yards	\$10 million	\$2 million					\$3.9 million	\$3.9 million
TOTAL:	\$276.7 million	\$67.1 million	\$1.9 million	\$27.0 million	\$33.6 million	\$47.4 million	\$48.8 million	\$49.4 million

VIRGINIA RAILWAY EXPRESS ASSUMPTIONS FOR SIX YEAR FORECAST

1. Operating ratio maintained at 70% or higher
2. Level of Service
 - a. 30 Trains for FY 2007
 - b. 32 Trains for FY 2008
 - i. Peak period Fredericksburg train added
 - c. 34 Trains for FY 2009
 - i. Peak period Manassas train added
 - d. 36 Trains for FY 2010
 - i. Peak period Fredericksburg train added
 - e. 38 Trains for FY 2011 and FY 2012
 - i. Peak period Manassas train added
3. Operating Costs
 - a. Increase in base costs varies by year
 - b. 3% increase projected to fares and subsidy
 - c. Excludes costs for 50 railcars
 - d. Includes costs for additional insurance
4. Fare Revenue
 - a. Increases through ridership growth
 - b. Fare increases indexed, assumed to be 3% per year
5. Other Revenue:
 - a. Interest income increases at 2% per year
 - b. Other income increases 4% per year
 - c. State operating grant increases at 3% per year
 - d. State capital grant increases at 6% per year
6. Grant Income:
 - a. Access lease funding (SSTP) equal to 80% of access lease expenses – assumes Commonwealth to fund access lease cost for all added trains
 - b. Federal capital program is shown as in six year CIP, funded and unfunded
 - c. No provision for earmarks after FY2006
7. Local Subsidy increased to \$8,802,761 for FY07 with 3.1% increases shown through FY2012; potential adjustment for future years to be determined

**SIX YEAR FORECAST
WITH EXPANDED SERVICE LEVELS
AND PHASE TWO STRATEGIC PLAN CAPITAL COSTS**

Six year plan - Fares indexed

	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12
Number of Trains	30	32	34	36	38	38
Manassas Line	16	16	18	18	20	20
Fredericksburg Line	14	16	16	18	18	18
Average Daily Ridership	17,400	19,200	20,500	21,800	23,100	24,000
Average Fare Price	5.88	5.85	6.03	6.21	6.40	6.59
Potential Operating Ratio	72%	73%	74%	74%	75%	76%

Use of Funds for Operations

Operating Expenses	34,420,820	38,586,879	42,023,523	45,582,198	49,266,410	52,209,598
Reserves (Operating/Insurance)	1,489,338	4,486,669	4,250,437	4,295,361	4,341,629	4,102,124
Track Lease Expense	8,475,000	8,814,000	9,166,560	9,533,222	9,914,551	10,311,133
Office Loan Payable	76,000	76,000	76,000	76,000	76,000	76,000
Equipment Lease	0	0	0	0	0	0
Debt Service (Gallery IV) + Fare Collection II	2,406,358	2,406,358	2,406,358	2,406,358	2,406,358	2,406,358
Other (Bad Debt/Admin)	58,000	60,900	63,945	67,142	70,499	74,024
Debt service (Kawasaki 1997)	1,887,815	1,893,231	1,879,648	1,881,548	1,879,248	1,736,948
Debt service (1993 & 1998)	6,663,914	6,653,785	6,646,875	6,634,871	6,629,545	6,757,700
Total Operating Costs	55,477,245	62,977,822	66,513,345	70,476,650	74,384,280	77,673,886

Sources of Funds For Operations

Fare Revenue	24,819,702	28,096,489	30,898,621	33,844,006	36,938,093	39,528,557
Interest Income	210,000	214,200	218,484	222,854	227,311	231,857
Other Income	151,500	157,560	163,662	170,417	177,234	184,323
State Operating Grant	7,400,000	7,622,000	7,850,660	8,086,180	8,328,765	8,578,628
State Capital Grant - 30% of non-federal Loan/Lease	2,441,804	2,831,637	2,828,749	2,825,247	2,823,526	2,853,434
Federal Grants:						
Access lease funding - SSTP	6,780,000	7,051,200	7,333,248	7,626,578	7,931,641	8,248,907
Federal operating funds (Debt service & loans)	3,435,338	3,807,105	3,787,461	3,976,834	4,175,675	4,384,459
Project Mgmt/Training - F'burg Parking Leases, Studi.	2,466,400	2,599,720	2,719,206	2,855,166	2,997,925	3,147,821
Total Operating Revenues	47,704,744	52,169,911	55,800,490	59,607,281	63,800,169	67,157,986
Surplus/(Deficit) for Operations	(7,772,501)	(10,807,912)	(10,712,855)	(10,869,370)	(10,984,070)	(10,515,900)
Local Subsidy	8,802,761	9,075,647	9,356,992	9,647,058	9,946,117	10,254,447
Net subsidy available for capital match	1,030,260	(1,732,265)	(1,355,863)	(1,222,311)	(1,037,953)	(261,453)

Use of Funds for Capital Program (1)

Capital Cost Base Program	7,459,000	8,560,000	8,871,000	10,611,000	11,392,000	12,213,000
Unfunded capital needs	1,900,000	27,000,000	33,600,000	47,400,000	48,800,000	49,400,000
Total Capital Program Costs	9,359,000	35,560,000	42,471,000	58,011,000	60,192,000	61,613,000

Sources of Funds for Capital Program

Federal Grants:						
Federal funding - 80% of base program	5,967,200	6,848,000	7,096,800	8,488,800	9,113,600	9,770,400
Federal funding - 80% of unfunded needs	1,520,000	21,600,000	26,880,000	37,920,000	39,040,000	39,520,000
Matching Funds						
State Capital Grants - 30% of non-federal costs (base)	447,540	513,600	532,260	636,660	663,520	732,780
State Capital Grants - 30% of non-federal costs (unfunded)	114,000	1,620,000	2,016,000	2,844,000	2,928,000	2,964,000
Net local subsidy available for capital match	1,030,260	(1,732,265)	(1,355,863)	(1,222,311)	(1,037,953)	(261,453)
Total Sources of Funding for Capital Program	9,079,000	28,849,335	35,169,197	48,667,149	50,727,167	52,725,727

Add'l funds required to fund Operations and Capital:

Additional required for operations/base program	14,000	2,930,665	2,597,803	2,707,851	2,632,833	1,971,279
Unfunded by fiscal year	266,000	3,780,000	4,704,000	6,636,000	6,832,000	6,916,000
Total for fiscal year	280,000	6,710,665	7,301,803	9,343,851	9,464,833	8,887,273
Cumulative Total	280,000	6,990,665	14,292,468	23,636,319	33,101,152	41,988,424

(1) Note: "Capital Program" does not include leases, debt service, administrative costs and other operating costs.
(2) Note: A 3% fare increase is being assumed annually, but will be evaluated and adjusted as necessary each fiscal year.

**Virginia Railway Express
Capital Improvement Program
FY07 - FY13**

(PF) = Partially Funded

PROJECT DESCRIPTION	FY06 FY07 Budget	FY07 FY08 Budget	FY08 FY09 Budget	FY09 FY10 Budget	FY10 FY11 Budget	FY11 FY12 Budget	FY12 FY13 Budget	Funding Source
NS and CSX Track and Signal Improvements								
Rippon Turnback Track						603		5309
						1,897		5307
Administration/Studies/Training								
Security Enhancements	100	100	100	100	100	100	100	5307
VRE Passenger Facilities								
Capital Project Contingency	10	200	200	200	223	200	200	5307
Facilities Infrastructure Renewal	317	217	217	217	217	217	217	5309
Platform Extensions - Same Side	400	400	400	400	833	833	833	5309
Platform Extensions, Fburg Line - Off Side				495				5309
WUT Access - Capital Improvements	500	1,000	1,000	1,000	1,000	1,000	1,000	5307
VRE Yard Improvements								
Crossroads Yard Extension/Maintenance Facility	1,254							5307
Heavy Maintenance and Repair Facility (PF)		452	500	1,339	2,212	750	1,000	5307
				1,191	1,712	858	1,500	5309
Mid-Day Storage								VTA 2000
Engineering Analysis		1,262	1,263					5307
		423	1,089	744				5309
Track Extension - Broad Run and Crossroads Yards (PF)		332	319	142	312	972	972	5307
Rolling Stock								
Capital Fleet Expansion (PF) - Exercise Option (Strategic Plan req. 20 loco, 61 cars total cost \$182 million)								FY03 Spending Bill
	98	2,212	1,850	828	1,448	2,051	3,167	5309
	673	288	650	1,672	1,052	449	1,500	5307
	268	268	268	268	268	268	268	5309
Locomotive Overhaul II				1,000	1,000	1,000	1,000	5307
	1,764							5309
Rolling Stock Mods								5307
	600							5309
	739	1,406	1,015	1,015	1,015	1,015	1,015	5307
5303 Total								
5307 Total	4,012	5,040	5,047	6,468	6,914	7,383	6,787	
5309 Total	3,447	3,520	3,824	4,143	4,478	4,830	5,985	
SSTP								
SSTP - 100%								
RSTP								
VTA 2000								
VDRPT								
BARMARKS/OTHER								
GRAND TOTAL	7,459	8,560	8,871	10,611	11,392	12,213	12,772	

difference

Note 1: Future project estimates are in today's dollar.

Note 2: Future years assume a 5% increase in federal formula dollars based on average ridership projections in the strategic plan.

Note 3: Earmarks are not shown in the CIP until after fully allocated.

Capital Funding Needed by Year	Capital Funding Needed by Year							PROJECT TOTAL
	FY06	FY07	FY08	FY09	FY10	FY11	FY12	
Capital Fleet Expansion - Coaches/Cabs, Proj Est \$93M		10,300	10,300	10,300	10,300	10,300	10,300	93,000
Capital Fleet Expansion - Locomotives, Proj Est \$41M		7,800	7,800	7,800	7,800	4,800	5,000	41,000
Canopy Extensions, Proj Est \$1.1M	200	200						1,100
Heavy Maintenance and Repair Facility, Project Est \$50M				13,800	13,800	13,300	9,100	50,000
Mid-day Storage, Proj Est \$10M			2,500	2,500				10,000
Parking Expansion - Fredericksburg Line, Proj Est \$25M		5,000	5,000	5,000	5,000	5,000		25,000
Parking Expansion - Manassas Line, Proj Est \$10M		2,000	2,000	2,000	2,000	2,000		10,000
Platform Extensions, Fburg Line - Same Side, Proj Est \$12M	1,700	1,700	1,700	1,700	1,700	1,700	1,800	12,000
Platform Extensions, Fburg Line - Off Side, Proj Est \$18M			4,300	4,300	4,300	4,300	800	18,000
Rippon Turnback Track, Proj Est \$6.6M						4,100	2,500	6,600
Track Extension - Yards, Project Est. \$10M					3,900	3,900	2,200	10,000
TOTAL:	1,900	27,000	33,600	47,400	48,800	49,400	31,700	276,700

Revisions made 11/2/05

Note 4: Potential unfunded capital needs do not yet include assumptions regarding service expansions.

Note 5: Match for annual 5307 and 5309 funding provided for using local funds unless otherwise noted.

VIRGINIA RAILWAY EXPRESS

REVISED

FISCAL YEAR 2006

BUDGET

DECEMBER 16, 2005

REVISED BUDGET ASSUMPTIONS FOR FY 2006

General Assumptions:

- Continues 30-train operation
- No change in estimated average daily ridership of 15,600

Revenue

- Fare revenue estimate increased from \$19.9M to \$20.0 based on revised estimates of step-up ticket type sales.

Expenses

- VRE operating costs increased \$4.2M
 - Amtrak costs increased \$1.1M
 - Fuel costs estimate increased \$1.3M
 - Railcar maintenance increased \$750K
 - Facilities and security costs increased by \$500K
 - Various other expenses increased by \$550K

Non Operating Funds

- State operating aid estimate increased \$3.1M
- Federal grants estimate decreased \$170K

Non-Operating Use of Funds

- Decreased budgeted reserves by \$989K

VRE Fiscal Year 2006 Amended Budget Worksheet

	FY 2006 Adopted	FY 2006 Amended	Change
Revenue:			
VRE - Non-Departmental			
Fare Revenue	19,898,500	20,048,500	150,000
Miscellaneous Revenue	301,200	151,200	(150,000)
Appropriation from Reserve	-	1,289,446	1,289,446
Jurisdictional Revenue	6,878,060	6,878,060	-
In-Kind Contributions	-	-	-
Federal Operating Grants/SSTP	5,914,441	5,744,841	(169,600)
State Operating Grants	8,021,729	11,109,630	3,087,901
Federal Capital Grants	10,877,600	10,877,600	-
State Capital Grants	3,266,474	3,266,474	-
Interest Income	305,000	305,000	-
Total Revenue	55,463,004	59,670,751	4,207,747

Expenditures:

VRE - Non-Departmental			
Liability Insurance	500,000	500,000	-
Contingency	130,000	380,000	250,000
DRM Admin	-	-	-
VRE-Financing-Administration Fees	8,000	8,000	-
Total VRE - Non-Departmental	638,000	888,000	250,000

Executive Mgmt and Planning

Salaries/Fringes	293,887	293,887	-
Travel/Training/Employee Expenses	20,000	20,000	-
Board Member Expenses	3,800	3,800	-
Legal/Audit	167,700	167,700	-
Consulting/Professional/Other	150,000	350,000	200,000
Total Executive Mgmt and Planning	635,387	835,387	200,000

Administration

Salaries/Fringes	272,537	272,537	-
Travel/Training/Employee Expenses	9,400	9,400	-
Communication/Other	231,600	231,600	-
Office Administration Expenses	85,500	85,500	-
Total Administration	599,037	599,037	-

Public Affairs/Marketing

Salaries/Fringes	-	-	-
Travel/Training/Employee Expenses	-	-	-
Production/Media/Promotion/Other	585,000	585,000	-
Special Events/Other	-	-	-
Total Public Affairs/Marketing	585,000	585,000	-

VRE Fiscal Year 2006 Amended Budget Worksheet

	FY 2006 Adopted	FY 2006 Amended	Change
Customer Service			
Salaries/Fringes	769,628	769,628	-
Travel/Training/Employee Expenses	27,600	27,600	-
Printing/Admin/Other	68,250	143,370	75,120
Total Customer Service	865,478	940,598	75,120
Budget and Finance			
Salaries/Fringes	514,176	514,176	-
Travel/Training/Employee Expenses	11,000	11,000	-
Audit/Maint Service Agreements	60,000	60,000	-
Retail Sales/TLC Commissions	515,000	515,000	-
Bank Discounts/Other	249,600	249,600	-
Total Budget and Finance	1,349,776	1,349,776	-
Communication and Info Tech			
Salaries/Fringes	272,413	272,413	-
Travel/Training/Employee Expenses	34,500	34,500	-
Computer Equipment/Software	159,000	159,000	-
Communications	276,900	276,900	-
Repairs and Maintenance - Fare Collection/Trip One	304,700	415,700	111,000
Total Communication and Info Tech	1,047,513	1,158,513	111,000
Construction and Cap Proj			
Salaries/Fringes	713,207	713,207	-
Travel/Training/Employee Expenses	33,400	33,400	-
Other Professional Services/Other Expenses	-	-	-
Total Construction and Cap Proj	746,607	746,607	-
Facilities Maintenance/Operations & Safety			
Salaries/Fringes	133,840	133,840	-
Travel/Training/Employee Expenses	3,400	3,400	-
Vehicle/Office/Other Professional Service	-	-	-
Station Electricity/Utilities/Taxes	368,981	459,131	90,150
Materials and Supplies - Stations	62,000	62,000	-
Repairs and Maintenance - Stations/Parking/Yards	1,214,700	1,461,367	246,667
Station/Yard Security	350,000	550,000	200,000
Total Facilities Maintenance	2,132,921	2,669,738	536,817
Purchasing and Contract Admin			
Salaries/Fringes	-	-	-
Travel/Training/Employee Expenses	-	-	-
Total Purch and Contract Admin	-	-	-

VRE Fiscal Year 2006 Amended Budget Worksheet

	FY 2006 Adopted	FY 2006 Amended	Change
Equipment Operations			
Salaries/Fringes	231,041	231,041	-
Travel/Training/Employee Expenses	22,000	22,000	-
Consulting/Admin/Other Professional	913,000	913,000	-
Equipment/Warehouse Leases	1,951,200	1,751,200	(200,000)
Utilities	294,000	294,000	-
Deisel Fuel	1,788,948	3,129,989	1,341,041
Materials and Supplies - Equipment/Yards	37,000	37,000	-
Repairs and Maintenance - Rolling Stock	830,400	1,580,400	750,000
Car Cleaning	550,456	550,456	-
Total Equipment Operations	6,618,045	8,509,086	1,891,041
PRTC			
Professional Services	206,390	206,390	-
Total PRTC	206,390	206,390	-
NVTC			
Professional Services	80,000	80,000	-
Total NVTC	80,000	80,000	-
Amtrak			
Access Fees/Recapitalization	1,500,000	2,000,000	500,000
Contract Operations and Maintenance	14,058,260	14,663,873	605,613
Total Amtrak	15,558,260	16,663,873	1,105,613
Norfolk Southern			
Access Fees	2,196,961	2,216,039	19,078
Contract Operations and Maintenance	22,500	22,500	-
Total Norfolk Southern	2,219,461	2,238,539	19,078
CSXT			
Access Fees	82,600	101,678	19,078
Contract Operations and Maintenance	3,590,990	3,590,990	-
Total CSXT	3,673,590	3,692,668	19,078
CIP Expenditures			
CIP Expenditures	7,196,000	7,196,000	-
Total CIP Expenditures	7,196,000	7,196,000	-
CIP VRE - Non-Departmental			
Debt Service	11,311,539	11,311,539	-
Depreciation/Amortization	-	-	-
Total CIP VRE - Non-Departmental	11,311,539	11,311,539	-
Total Expenditures	55,463,004	59,670,751	4,207,747

**REPORT OF THE CHIEF ADMINISTRATIVE OFFICERS'
FY 2007 VIRGINIA RAILWAY EXPRESS BUDGET REVIEW TASK FORCE**

**REPORT OF THE CHIEF ADMINISTRATIVE OFFICERS'
VIRGINIA RAILWAY EXPRESS
FY 2007 BUDGET REVIEW TASK FORCE**

December 16, 2005

**REPORT OF THE CHIEF ADMINISTRATIVE OFFICERS'
FY 2007 VIRGINIA RAILWAY EXPRESS BUDGET REVIEW TASK FORCE**

**REPORT OF THE CHIEF ADMINISTRATIVE OFFICERS'
FY 2007 VIRGINIA RAILWAY EXPRESS BUDGET
REVIEW TASK FORCE**

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**REPORT OF THE CHIEF ADMINISTRATIVE OFFICERS'
FY 2007 VIRGINIA RAILWAY EXPRESS BUDGET REVIEW TASK FORCE**

December 16, 2005

I. PRIMARY RECOMMENDATIONS

The CAO Task Force has 11 primary recommendations for the FY 2007 VRE budget.

1. VRE should implement a combined fare and local subsidy increase to ensure that funding is available to meet capital match requirements for federal grants and increased operating costs for FY 2007.
2. VRE should continue to pursue the purchase of 50 new railcars to maintain the current level of service and meet growing demand.
3. VRE should seek ways to program the purchase or lease of four locomotives needed to increase service from 30 trains to 38 in its six-year plan in FY 2011.
4. VRE should recommend to the Operations Board, consideration of adopting a policy that balances the jurisdictions' ability to pay respective subsidies with the level of service provided by VRE and the fare burden on VRE's customers.
5. VRE should consider reprogramming the \$750,000 for the Capital Needs Study to the acquisition of the new 50 railcar purchase.
6. VRE should continue to aggressively pursue non-fare box sources of revenue, such as advertising and vending machines on station platforms.
7. VRE should eliminate the Free Ride Certificate Program beginning January 1, 2007, which will result in an additional \$70,000 in revenue in the second half of FY 2007.
8. VRE should continue to be vigilant in monitoring fare evasion.
9. VRE should conduct a cost-benefit analysis of installing new technology equipment in their diesel locomotives to minimize and/or stop idling as a fuel cost savings measure.
10. VRE should continue to investigate and consider fuel hedging to protect against large fluctuations in diesel fuel costs.
11. VRE should consider utilizing a different method of calculating its contingency costs as an expense savings.

**REPORT OF THE CHIEF ADMINISTRATIVE OFFICERS'
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II. DISCUSSION OF RECOMMENDATIONS

1. **FY 2007 Budget** VRE's budget deficit is approximately \$3.3 million. It is clear from the Task Force review that VRE faces a structural deficit with recurring revenues unable to match increases in recurring expenses. Areas of major increase from the FY 2006 adopted budget include the following:

Amtrak expenses	\$2,410,000
Liability Insurance	\$500,000
Diesel fuel	\$1,200,000
Capital Needs Assessment	\$750,000
Repair and Maintenance of Gallery Cars	\$1,300,000
Repair and Maintenance of Sounder Cars	\$250,000

Major areas of expenditure in the VRE operating budget are shown below:

Amtrak Contract (including access fees to Union Station)	42%
Track Leases and other payments to NS and CSX	14%
Diesel Fuel	7%
Salary and Fringe Benefits (36 FTE)	8%
Repair & Maintenance (stations/rolling stock/tracks/locos/fare collection	10%

All together these areas account for approximately 81% of VRE's operating expenses.

Of particular concern to the CAO Task Force is the growth in Amtrak expenses. The Amtrak contract is a major driver of the VRE operating budget. These costs have increased from \$11.7 million in FY 2000 to \$17.9 in the FY 2007 preliminary budget or about 6.3 percent compounded per year. Amtrak expenses alone increased 15.5 percent or \$2.4 million in FY 2007 over the FY 2006 adopted budget of \$15.5 million. However, until such time as the train crews and the maintenance portion of the Amtrak contract can be competitively outsourced, VRE has little alternative but to accept these increases. It is the CAO Task Force's expectation that competitively outsourcing these portions of the Amtrak contract will slow the growth rate of these expenses.

The CAO Task Force recommends a 7% fare increase which will raise \$1,624,089 and a \$1,710,274 increase in jurisdictional subsidy to ensure that funding is available to meet VRE's capital match requirements and increased operating costs mentioned above. The jurisdictional subsidy will increase from \$6,878,060 in FY 06 to \$8,588,334 in FY 07 or 25%.

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- 2. Purchase of 50 Gallery Railcars** The total cost of the 50 Gallery railcar option is \$92.6 million. In FY 2006, the state allocated \$20 million to VRE for the purpose of acquiring new rolling stock. The VRE FY 2007 budget will use \$771,000 in FY 2007 and \$2.5 million in FY 2008 and beyond for debt service on the 50 Gallery railcars using these funds. While the \$771,000 is sufficient to meet the debt service obligations for FY 07, and additional \$2,066,551 in local subsidy or increased fare revenue over and above the \$2.5 million programmed in FY 08 and beyond in VRE's Six Year Plan will be required in order to purchase all 50 cars given the state funding currently available at this time (\$20 million). The CAO Task Force has reviewed other financing options which would result in lower debt service costs in FY 08 and beyond, but all these options include additional state funding which has not been allocated at this time. Of the 50 Gallery railcars, 21 are for replacements (11 Sounders & 10 Gallery cars that will be 50 years of age in 2008) and the remaining 29 will be used for the eight additional trains that VRE will be allowed to add as infrastructure improvements to the railroad are completed in accordance with the Memorandum of Understanding with CSX Railroad. Without these additional Gallery cars, VRE will be unable to increase the number of trains from 30 to 38 as set forth in VRE's six-year plan. It should be noted that if there is no additional procurement in the 2010 timeframe all new Gallery coaches would become replacement cars. VRE currently has an excellent opportunity to purchase these railcars at an attractive price for a limited time and should continue to pursue it.
- 3. Locomotives** In order to increase service to 38 trains in FY 2011, VRE will require four additional locomotives. Each locomotive is estimated to cost between \$2 and \$3 million. While VRE has demonstrated that it has sufficient locomotives for the short term, the CAO task force believes that the funding (lease or debt service) for these additional locomotives should be programmed in the Six-Year Plan.
- 4. VRE Six-Year Plan** It should be noted that VRE's Six-Year Plan includes a \$2 million increase in insurance premiums in FY 2008, as well as an increase in service on both the Fredericksburg and Manassas lines from 30 trains in FY 2007 to 38 trains per day in FY 2011. These out-year increases coupled with only a three percent yearly increase in the average fare prices over the same time period result in total jurisdictional subsidies in the range of \$12 to \$13 million per year compared with the adopted subsidy of \$6.9 million per year in FY 2006. These numbers do not include debt service costs for Gallery railcars (\$2 million per year) as noted above and only partial funding for additional locomotives in FY

**REPORT OF THE CHIEF ADMINISTRATIVE OFFICERS'
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2008 and beyond. Increases in ridership must be met with either increased jurisdictional subsidy or additional fare revenue, because VRE does not recover all of its operational costs. The CAO Task Force is concerned that subsidies at the level envisioned in the Six-Year Plan may not be sustainable and recommends that the Operations Board consider adopting a policy that balances the jurisdiction's ability to pay with the level of service provided by VRE and the fare burden on VRE's customers. The crafting of such a policy should include an examination of fare elasticity, and the effect substantial fare increases would have on VRE ridership.

5. **Capital Needs Assessment (\$750,000)** The CAO Task Force believes that the acquisition of 50 Gallery cars to replace existing Gallery cars that have reached the end of their useful life, and to expand service, is a more compelling need at this time than an update to the strategic plan which was completed in June 2004. Consequently, the CAO Task Force recommends that this money be reprogrammed to capital fleet expansion. The \$750,000 cost is 80 percent (\$600,000) federal formula funding received by VRE, with a local match of \$150,000.
6. **Reduction in Non-Farebox Revenue** The reduction in advertising revenue from \$250,000 in FY 2006 to \$100,000 in FY 2007 is a disappointment. It is unclear to the Task Force whether this reduction in advertising revenue is a general trend in the industry or is a result of specific conditions unique to VRE. The CAO Task Force recommends that VRE continue to be proactive in its pursuit of non-farebox sources of revenue, and investigate reasons for the advertising drop.
7. **Free Ride Certificate Program** The CAO Task Force supports the elimination of the Free Ride Certificate Program on January 1, 2007, as contained in the FY 2007 preliminary budget. A free ride certificate is issued to passengers on any train that arrives at a station 30 minutes or more behind schedule. This will result in additional revenue of \$70,000 during the second half of FY 2007.
8. **Fare Evasion** The CAO Task Force recommends that VRE continue to be vigilant in monitoring fare evasion. The proof-of-payment system VRE operates in much the same way that parking meters do. Fines must be high enough (currently not less than \$150 nor more than \$250) and enforcement frequent enough to produce a fare evasion level which remains in an acceptable range. VRE's currently fare evasion rate is approximately 3.1 percent.

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- 9. Locomotive Idling** The technology exists for retrofitting existing diesel locomotives with devices (auxiliary power units/automatic stop start controls/diesel driven heating systems) which permits significant reductions in diesel fuel use, emissions, and noise. Generally, the payback period for these devices is less than two years, although savings depend on climate, duty cycle and locomotive type. All VRE units are equipped with Hot Starts to keep the cooling water from freezing and the oil warm, although no funding is currently available beyond the hot start program to install additional equipment. VRE should conduct a cost-benefit analysis of installing this additional equipment in diesel locomotives and report back to the Operations Board whether the additional cost can be justified by May 2006.

- 10. Fuel Hedging** Fuel hedging is the process of either reducing or eliminating the range of probable energy costs over a future time period. This is done by "locking in" the price today for future needs. The CAO Task Force supports VRE's efforts in cooperation with the Potomac and Rappahannock Transportation Commission (PRTC) to reduce the large fluctuations in diesel fuel costs through the use of fuel hedging.

- 11. Contingency** The contingency in the FY 2007 preliminary budget is \$489,338. This is set at 2.5 percent of the FY 2005 actual fare and miscellaneous revenue. There are various financial standards used to budget for contingencies. The CAO Task Force suggests that another standard worthy of consideration is one percent of operating expenses. This would produce a slightly lower number of \$429,458 and result in a \$59,880 expenditure savings.

**REPORT OF THE CHIEF ADMINISTRATIVE OFFICERS'
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III. CAO BUDGET PROCESS

In January 1993, the Chief Administrative Officers (CAOs) of the Virginia Railway Express (VRE) jurisdictions established a process for reviewing VRE's annual budget proposals. Ultimately, the CAOs, the VRE Chief Executive Officer and the Executive Directors of the Northern Virginia Transportation Commission and Potomac and Rappahannock Transportation (the directors) and jurisdictional staff agreed to a process and schedule for reviewing VRE budgets.

This process generally includes meetings during July and August to discuss the jurisdictions' financial situations and provide the Chief Executive Officer with recommendations for jurisdictional subsidy levels. These meetings were held, and the proposed FY 2007 budget generally reflects the discussions at the meetings.

The process also includes a more detailed jurisdictional staff review of the Chief Executive Officers' budget proposal after it is presented to the Operations Board.

The VRE Chief Executive Officer presented the preliminary FY 2007 budget to the VRE Operations Board on August 19, 2005. This budget was referred to the local jurisdictions for review and comment. Since August, a staff task force, organized by CAOs of the VRE jurisdictions, has reviewed the preliminary budget and met with VRE staff, and Operation Board members of the VRE Audit/Finance Committee, to discuss it in detail. The directors have provided additional information regarding the budget which was helpful in the review.

This report includes the major questions presented to VRE staff from the task force members and the responses given. It also provides a summary of the jurisdictional staff's findings and recommendations for the FY 2007 budget. The following staff participated in the review:

Maria Mercedes-White, Alexandria
James Hamre, Arlington County
Tom Biesiadny, Fairfax County
Michael Lake, Fairfax County
Mark Whitley, Fredericksburg
Shelton Williams, Manassas
Kathleen Gammell, Manassas Park
Betsy Massie, Potomac and Rappahannock Transportation Commission
Robert Leibbrandt, Jr., Prince William County
Susan Faulkner, Stafford County
Cheryle Beagle, Stafford County

**REPORT OF THE CHIEF ADMINISTRATIVE OFFICERS'
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IV. QUESTION AND ANSWER DIALOGUE

Sources and Uses Spreadsheet:

1. Question. Total amounts available from 5307 and 5309 Federal sources total \$12,048,138 in FY 07. This is \$3,170,538 or 35.7% over the amount of \$8,877,600 shown in the FY 06 Adopted Sources and Uses spreadsheet. Are these amounts based on the new authorization levels contained the recently passed transportation reauthorization bill (TEA-LU)?
Answer. No, the assumed increase is 5% over the prior year level. Last year's number was artificially low because over \$2 million was set-aside to adjust for the delay in federal funding for track leases and was not reflected in the Source and Uses spreadsheet.

2. Question. Why has state capital assistance for debt service (1993 and 1998) decreased \$466,611 from \$2,579,054 in FY 06 to \$2,112,443 in FY 07? State capital match was budgeted at 30% in each year.
Answer. The FY 06 amount overstated the State contribution to the 1997 debt issue.

3. Question. If the \$2,053,249 in unfunded local subsidy is added to the adopted FY 06 subsidy what would be the percentage increase from FY 06 to FY 07?
Answer. 30%

4. Question. How much is a 1% increase in state capital match?
Answer. Using FY 06, VRE's capital assistance is \$6,045,131 which is a 63% state match. Therefore each percentage point increase in the capital matching ratio is worth \$96,000 in state assistance to VRE.

Operating Ratio:

5. Question. What is the operating ratio for the FY 06 Adopted and FY 07 preliminary budget? What would be the operating ratio in the FY 06 Adopted and the FY 07 preliminary budget if track and Union Station lease costs were included in the calculation?
Answer. In the FY 06 Adopted budget it is 73%. - With track and lease costs, 55%. FY 07 proposed budget is 70% - with track and lease costs, 56%.

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Six Year Financial Plan:

6. Question. When can the jurisdictions expect to receive VRE's 6 year financial plan?
Answer. You can expect to have the plan by the 2nd week of October.

Performance Measures:

7. Question. Please provide the following actual Section 15 (National Transit Database) information for FY 05 and estimates for FY 07.

05
 Passenger car revenue miles - 334,833
 Passenger car revenue hours -9,898
 Passenger Miles 109,255,834
 Passenger Trips - 3,654,271
 Section 15 Operating expenses - 40,071,463

07
 Passenger car revenue miles – 342,000
 Passenger car revenue hours -10,000
 Passenger Miles 114,500,000
 Passenger Trips - 3,840,000
 Section 15 Operating expenses – 42,000,000

8. Question. Please provide the FY 2005 actual results for the following VRE goals/performance measures adopted as part of the FY 2005 budget:

Performance Measure	Target	Actual
On-Time Performance	95%	85%
Average Daily Seat Occupancy	90%	93%
Injuries to Passengers	0	0
Minimum Ridership Growth over Prior Year	6%	7%
Operating Ratio	55%	66%

Provide an explanation for those goals/performance measures which did not meet targets. What was the on-time performance for the Manassas and Fredericksburg lines for FY 05?

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Answer.

Manassas Line	93%
Fredericksburg Line	77%
Overall	85%

On time performance remains degraded by CSX performance.

VRE Administrative/Operations:

9. Question. How much did VRE's operating expenses increase over the FY 06 adopted and what was the percentage increase?
Answer. \$5,097,597 (14%)
10. Question. Please provide a list describing the item and budgeted amount of any one-time non-recurring initiatives proposed in the FY 07 preliminary budget. The capital needs assessment study would be an example of a one-time cost.
Answer. Capital needs assessment (\$750k), IT equipment (laptops, TRIP servers, Nextel, train cell phones) \$77k.
11. Question. How many full-time equivalent permanent positions (FTE's) are budgeted in the FY 2007 preliminary budget? Can VRE allocate FTE's by department?
Answer. 36. Executive 3, Admin 5, Public Affairs 1, Marketing 1, Customer Service 5, Finance 6, IT 4, Construction/Cap Projects 4, Facilities 1, Purchasing/Contract Admin 3, Equipment Operations 2, Operations & Safety 1.
12. Question. Please provide an up-to-date organizational chart?
Answer. Attached.
13. Question. How much personnel turnover as a percentage of VRE's full time equivalent personnel did VRE experience in FY 05?
Answer. 2.25%
14. Question. Every year there is turnover in employees resulting in some budget savings. How is this savings captured in the salary and benefit projections contained in the FY 07 preliminary budget?
Answer. A factor of 2% turnover credit has been used.

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15. Question. What was the rationale for setting the operating reserve (reserve for contingencies) at 2.5% of FY 05 actual revenues? A typical standard is 1% of budgeted operating expenses.
Answer. The standard 1% of operating expenses would result in a reserve of \$412,651. The method used utilizes only fare and miscellaneous revenues, resulting in a reserve of \$489,623.
16. Question. What merit/cost of living percentage is budgeted for FY 07?
Answer. 2% COLA and 4% merit.
17. Question. Is it possible to negotiate a more favorable rate schedule with Virginia Power or Northern Virginia Electric Cooperative? What progress has been made investigating if some or all of the facilities may qualify for riding on the VML contract?
Answer. No. Currently VRE is being billed at the lowest rate structure (County – rates) for all VRE accounts. VRE has an agreement with VML/VACo (Virginia Power Steering Committee) for membership in the Virginia Energy Purchasing Governmental Association.
18. Question. Does all of the \$170K budgeted for legal services represent the retainer paid to Arlington County? If not, how much is budget for the Arlington retainer and what are the other amounts budgeted for?
Answer. Arlington County's retainer is \$50k. The balance pertains to various litigation and to other legal work including the acquisition of property.
19. Question. What is the basis for the \$15,055 increase in overtime pay in Communications and Information Technology?
Answer. The increased reflects actual projected expenditures, based on staffing of the Comm Room/TRIP during numerous service disruptions.
20. Question. What is the basis for the \$14,250 increase in temporary employees in budget and finance?
Answer. Temporary employees are being used to address the issues raised in the FY 2004 Management Letter in regard to the recording of fixed assets.
21. Question. What is the basis for the \$10,000 vehicle expense item in facilities maintenance?
Answer. VRE currently owns two vehicles. This line item reflects the ongoing cost of owning and operating these vehicles.

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22. Question. Why are retail sales commissions budgeted at the same amount in FY 06 and FY 07 when the FY 03 through FY 05 actuals show a downward trend at a time of increasing VRE ridership? What is the percentage commission that each vendor receives?
Answer. In previous fiscal years, vendors received varied commissions up to 8%. Now vendors receive a flat \$2.25/ticket, which has saved on commissions. The FY 07 budget has been adjusted down to \$400K.
23. Question. Under Communication and Information Technology what are the expenses for professional services and software licensing? Why have aggregate telephone expenses (TVM/TRIP/Fare Collection/Yards) and aggregate repairs and maintenance expenses (Fare Collection/Trip One/Trip Two/Public Address) increased substantially over FY 06 adopted numbers?
Answer. FY 05 actual expenses are fairly modest compared with the FY 07 proposed numbers. \$47K is for outside IT consulting support; \$33K is for the phone system, access licenses and Symantic licenses. Monthly expenses for Internet; pay, cell and office phones exceed \$21K/month. The increase to repairs and maintenance includes a second SB technician to provide needed services and the cost of maintenance and spare parts for the fare system after its acceptance in FY 2006; prior to that time, SB was responsible for these costs.
24. Question. Under Marketing – actual expenditures in FY 05 were about \$356K for agency fee, marketing production costs, and media advertising. Why is \$445K needed in FY 07?
Answer. As of the time of this report, there were still pending expenses that had yet to be posted. Expenses for FY 05 are expected to be approx \$450K.
25. Question. Why has yard security costs doubled from \$150K to \$300K in the FY 07 proposed budget?
Answer. Increased patrols at yards and bridges.
26. Question. Why do the Salaries of the Office of the COO fluctuate so greatly?
Answer. FY 04 had a vacancy in the CEO position for the majority of the fiscal year.
27. Question. What is the VRE Incentive Bonus?
Answer. This is the employee incentive program based on the customer satisfaction survey and actual fare revenue.

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28. Question. Why is there such a large increase in Office Rent/Parking for Administration in FY 05 Actual and preliminary FY 07?

Answer. In FY 2005, the rent for the warehouse at Broad Run was charged to this line item. It has now been moved to an account in equipment operations and the FY 2007 budget has been changed accordingly.

29. Question. What organization did VRE join in FY 05 to more than double memberships & dues?

Answer. The amount shown for FY 05 included two major membership costs that were later shifted appropriately to FY 06 – APTA (\$30,000) and Virginia Transit Association (\$18,000). Of the remaining increase between FY 04 and FY 05, \$18,000 was the FY 05 membership to VTA (a new membership for FY 05) and a \$5,000 increase in APTA dues.

30. Question. What publications did VRE subscribe to in FY 05 to increase periodicals and publications so drastically?

Answer. Washington Post employment ads were charged to this account in FY 05 (about \$17,000). In addition, there were new subscriptions to the Congressional Quarterly and the American Historical Press.

31. Question. Where were Public Affairs expenses budgeted in FY 06?

Answer. Public Affairs, Marketing and Customer Service were budgeted together prior to FY 07.

32. Question. Why does “Telephone Expense – Trip” more than double in FY 07?

Answer. See question number 23.

33. Question. What is the reason for the increase in 10-22-56100 Organizational Memberships and Dues?

Answer. See question number 29.

Capital Needs Assessment:

34. Question. Please provide a justification for the \$750K expenditure for the Capital Needs Assessment. What is the scope of work and why is it necessary at this time? Could this effort be phased over several years? Could a less ambitious goal be achieved with fewer resources?

Answer. This is for update of the strategic plan requested by a Board member. The scope includes an update of the ridership model, as well as inclusion of HOT

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lanes in the model, also as requested by a Board member. Staff could be amenable to discussing the scope; however, the Board will ultimately have to sign off on it.

35. Question. What method has been used to give the \$750,000 estimate for the capital assessment needs study? Has this contract already been signed?
Answer. This is a planning estimate based on previous work. The contract has not been signed since it requires FY 07 funding. See question 34.
36. Question. Please explain the 10-21-55300 Consulting – Operations. There is \$750,000 budgeted in this line item.
Answer. This the estimated cost to update the VRE Strategic Plan. See question 34.
37. Question. What was the average daily ridership in FY 05 for VRE passengers utilizing Amtrak trains?
Answer. 400 daily riders.
38. Question. Will VRE have the capacity in FY 07 to add cars to its existing trains in order to accommodate those riders now using Amtrak trains?
Answer. The fleet plan shows that we will not be able to realistically meet ridership demand in the next six-years.

AMTRAK:

39. Question. Why has the amount budgeted for VRE passenger charges on Amtrak trains increased by \$147,000 from FY 06 budgeted amount of \$982,300? Is the \$2.00 surcharge proving to be an insufficient incentive to switch to VRE trains? Should VRE consider an increase in the step up charge for VRE passengers boarding Amtrak trains?
Answer. It is not our goal to move all passengers from one train to another. Our goal is to recover some of the costs associated with carrying VRE passengers on Amtrak trains. If the Amtrak cross honoring program was eliminated, VRE could not accommodate all the riders on VRE trains.
40. Question. Is the amount VRE pays Amtrak for carrying VRE passengers still \$10 per passenger and is the minimum guarantee for Amtrak still approximately \$600,000 per year?
Answer. Yes.

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41. Question. \$50,000 was budgeted in FY 06 for inaugural and start up (morale boosters). The rationale for the expenditure was that VRE management wished to continue to recognize the efforts of the Amtrak crews as an incentive after Amtrak management cut out the incentive. Nothing, however, is budgeted in FY 07 for this program. Has this program been discontinued or has the funding been placed in another line item?
Answer. Currently the program is not budget in FY 07.
42. Question. What can be done to avoid being blindsided by unexpected increases in the Amtrak budget that happened at the end of the FY 06 budget process? Is Amtrak still required to provide a revised preliminary budget by December 1st to VRE?
Answer. The current agreement with Amtrak is for five years and requires Amtrak to work with VRE to move coach maintenance to the VRE yards. Amtrak is required to provide a preliminary budget for FY 07 by the December 1st.
43. Question. Do union work rules still require an assistant conductor on trains longer than 6 cars? What is the cost for adding an assistant conductor to a train? Of the 32 daily trains, how many trains will have more than 6 cars and require an assistant conductor in FY 07? If a train is longer than 6 cars and an assistant conductor is not available can it be placed in revenue service?
Answer. Yes, union rules require 2 conductors for six cars and three conductors for more than six. Should a third conductor not be available the train can still operate. We expect to operate 2 eight car sets in FY 07.
44. Question. Why is nothing budgeted for assistant conductors in FY 07?
Answer. All conductors, assistant conductors and engineers are accounted for under Engineer Labor.
45. Question. If it is VRE's intention to begin performing more maintenance at the outlying yards as evidenced by the \$568K increase in materials and supplies for equipment under Equipment Operations, why is there no corresponding decrease in Amtrak maintenance costs?
Answer. We are negotiating with Amtrak for the abolishment of ten maintenance positions at Ivy City by the end of the year. In addition, when the full coach maintenance is moved to the VRE yards by this spring a further reduction will be made in the Amtrak maintenance manning in Ivy City. Overall there will be a net reduction in maintenance costs.
46. Question. Under Amtrak, what is the reason for the 9% increase from the FY 06 approved budget to the FY 07 proposed budget for 10-82-71010 Engineer Labor?

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Answer. The current version shows a 5% increase plus \$180K for two conductors, for a total of \$4,470,000.

Diesel Fuel:

47. Question. How many gallons of diesel fuel does VRE use each year? What is VRE's current price for a gallon of diesel fuel and what price has been budgeted for FY 07? The FY 06 budgeted number was \$1.09.

Answer. We currently use 1.5M gallons per year. Price as of September 2, 2005 is \$2.41/gal, price as of September 9 was \$2.18. FY 06 budget was \$1.41 in the final version. FY 07 currently budgeted at \$2.13.

48. Question. Has VRE been able to quantify any diesel fuel savings now that wayside power is fully operational at the Broad Run and Crossroads Yards?

Answer. We save approximately \$1,000 per day or \$250K per year by not idling locomotives.

49. Question. Has VRE investigated procuring a portion of its diesel fuel requirements through the purchase of a futures contract? Clearly there is a risk given the fluctuation of diesel fuel prices but at least VRE would know what it is paying for fuel.

Answer. We have looked at this and will continue to do so. The markets have been too volatile in recent months.

50. Question. Has the Environmental Protection Agency issued standards and/or regulations for emissions from diesel fuel locomotives? Where is EPA in this process? What impact will these standards/regulations have on VRE? Will VRE have to purchase cleaner burning diesel fuel or cleaner burning locomotives? Can shutting the diesel engines off help older locomotives meet the new standards? What is the potential cost impact of these emission standards/regulations over the six year plan?

Answer. Yes - all new equipment manufactured after 1/1/05 must meet Tier II standards as stated in CFR (49 CFR 92). This rule will apply to newly purchased VRE locomotives. While VRE will not need to purchase cleaner burning diesel fuel, shutting off the engines has no bearing on our locomotives meeting the standards. Cost implications will be factored in when a decision to purchase new locomotives is made.

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51. Question. What operational procedures has VRE implemented to conserve the use of diesel fuel? The purchase of service agreement between Amtrak and the Commissions states that locomotives shall not be allowed to idle unnecessarily. The operator shall follow written instructions for idling and fuel conservation which shall be promulgated jointly between the operator and the commissions. Has such a policy been developed and has it been updated to reflect the addition of wayside power at Broad Run?
Answer. All locomotives and HEPs sitting for over 4 hours are to be shut down if ground power is available. Tracks 6, 7, and 8 at Broad Run are now using the new wayside power equipment.
52. Question. The technology exists for retrofitting existing diesel locomotives with devices (auxiliary power units/automatic start-stop controls/diesel driven heating systems) which permits significant reductions in diesel fuel use, emissions and noise. Generally, the payback period for these devices is less than 2 years although savings depend on climate, duty cycle and locomotive type. Would installation of these devices be cost-effective for VRE especially since the Ivy City coach yard has no wayside power.
Answer. All VRE units are equipped with Hot Starts to keep the cooling water from freezing and the oil warm. There is currently no funding available beyond this hot start program to install additional equipment.

Track/Station/Sounder Leases:

53. Question. What are the per mile track lease costs for Norfolk Southern and CSX in the FY 06 adopted budget and the FY 07 preliminary budget? What inflation factor is used and what is the inflation percentage built into the track lease costs? Has the Operating/Access agreement with Norfolk Southern been executed? If so, can jurisdictions receive a copy of the agreement? What is the status of negotiations with CSX? Is the CSX per mile track lease cost essentially an informed estimate and will there be any retroactive payments once a final contract is signed if budgeted estimates do not match whatever is agreed to contractually?
Answer. Per train mileage costs are \$15.53 in FY 06 and budgeted for \$16.15 in FY 07. Both are inflated by 4%. Both CSX and NS agreements are under negotiations and anticipate they will be completed by December 31, 2005. No retroactive payments are planned for access in either contract.
54. Question. If a Fredericksburg or Broad Run train is annulled how much does VRE save in CSX, Norfolk Southern and Amtrak Union Station access costs?
Answer. A Manassas Line train amounts to \$2,174 and a Fredericksburg Line

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train amounts to \$3,856.

55. Question. What percentages of trains were annulled on the CSX and NS lines in FY 05?
Answer. Less than one percent
56. Question. Why have CSX station lease costs fluctuated so widely since FY 03? E.g. \$193K in FY 03; \$80K in FY 04; \$161K in FY 05.
Answer. There appears to have been some items coded incorrectly in prior years. For the period 12/1/04 to 11/30/05, the annual station lease amount was \$138,558. Added to this are several smaller payments for Quantico and for pass-through real estate taxes.
57. Question. If VRE is expected to have only 11 sounder cars and 2 locomotives in FY 07 is \$1,200,000 lease expense still the right number? Are lease payments still made even if the equipment is out of service for maintenance?
Answer. Although we hope to reduce lease costs by finding cars less costly than the Sounder cars, the \$1.2 reflects the estimated cost for the number of cars needed.

Station Maintenance:

58. Question. In the FY 06 adopted budget \$250K was added for station maintenance. VRE's rationale for the increase was that increasing ridership has caused maintenance costs to rise at each station and parking facility. In addition the aging system continues to cost more to maintain. No additional services will be provided as a result of this increase; rather the current standard of maintenance will be maintained. The FY 07 budget request is \$250K less than the FY 06 adopted. Ridership is up and the facilities are one year older. What maintenance standards are being reduced? Could a facilities maintenance plan over the next six years be developed?
Answer. The original FY 2007 budget has been increased to reflect the \$1.5M included in the agenda item presented to the Operations Board on September 16th. VRE has a facilities maintenance plan that is used to schedule facilities maintenance projects, such as work currently underway at Rippon.
59. Question. Please explain the large increase for the "Repairs and Maintenance Fare Collection" budget under Communication and Info Tech of \$470,000? Scheidt/Bachman (TVM) costs; maintenance \$350k (includes \$70k for an additional technician); \$130k for spare parts.
Answer. See question number 23.

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60. Question. Under Communications & Information Technology, what is the reason for the increase in 10-36-68200 Repairs and Maintenance – Fare Collection?
Answer. See question number 5.
61. Question. What are the “Repairs and Maintenance – Trip Two” and why are they tripling in cost to \$30,000?
Answer. TRIP II is the system we use to monitor train movement, display real-time information on the Internet, and get information to passengers at the stations. The budgetary increase is for expected maintenance or modification to the current system. In addition, the current station hardware, in particular laptops have been in place for over 4 years and have exceeded their life expectancy.

Revenues:

62. Question. Estimate the amount of additional passenger revenue VRE would realize in FY 07 if:
- a. the fares were left unchanged
Answer. Total annual fare revenue of \$23.3M, based on the projected 17,400 average daily riders.
- b. if the fares were increased by 1%; 3%; 5%; 10%; and 15% respectively
Answer. \$208k, \$692k, \$1,140k, \$2,337k, \$3,490k, respectively.
- c. What would be the impact on average daily ridership for each of these fare increases? There will probably be little to no impact on ridership at the low end of the fare increases, but the high end of the fare increases may result in some ridership loss (fare elasticity).
Answer. We have not done any studies on fare elasticity, but since 55% of the riders are heavily subsidized and price is 3rd in their list of concerns about VRE according to the survey, our estimate is that only the 10% and 15% increases would have an impact in slowing ridership growth. However, this estimate is not based on any actual data.
63. Question. How many Free Ride Certificates were distributed in FY 05 and how many were redeemed? How much did the Free Ride Certificate program cost VRE in lost revenue in FY 05?
Answer. For the period 77,002 were distributed; 14,557 were redeemed; and lost revenue is estimated at \$75,551.

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64. Question. How many Free Ride Certificates were distributed between June 1, 2005 and August 30, 2005? How many passenger trips were taken on VRE trains between June 1, 2005 and August 30, 2005?
Answer. For the period, 46,181 were distributed; 4,418 were redeemed. A total 964,119 trips were taken during that time period
65. Question. Describe the methodology used to determine the estimated revenue loss from Free Ride Certificates redeemed in FY 05.
Answer. Ticket redeemed multiplied by average ticket cost
66. Question. When does VRE plan on beginning validation of Free Ride Certificates?
Answer. October 11, 2005
67. Question. Do passengers who board Amtrak trains utilizing a VRE ticket receive Free Ride Certificates if the Amtrak train is 30 minutes or more late?
Answer. No.
68. Question. Shouldn't the value of Free Ride Certificates redeemed be tracked in the detail budget under passenger revenues like customer refunds? The lack of visibility makes it difficult to track the revenue impact. Why can't this be tracked for budget purposes?
Answer. We would prefer to report periodically rather than to include in the financial statements.
69. Question. How many other commuter railroads offer free ride certificates?
Answer. Boston and Maryland had FRC programs and other commuter rail agencies have them, but they are not formal programs.
70. Question. Can free rider certificates issued and free ride certificates redeemed be included in the monthly CEO's report?
Answer. VRE does not collect this information monthly.
71. Question. In response to the CAO Task Force report in FY 06 which recommended that VRE provide the Operations Board with a recommendation to retain, modify or eliminate the Free Ride Certificate program, VRE recommended that a plan for implementation be developed that considers the timing of such an action, as well as alternative forms of incentives that could replace Free Ride Certificates. What is the status of this plan?
Answer. VRE's intention is to evaluate the elimination of the FRC program once railroad infrastructure improvements have been completed and on-time

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performance can be maintained at a satisfactory level.

72. Question. CSX's performance this summer at the Arkendale Crossover has generated legitimate concerns about CSX rail infrastructure improvements and the effects on VRE service. The dismal experience associated with the Arkendale Crossover could be repeated many times over since CSX has already begun a tie replacement program and the remainder of the Memorandum of Understanding projects are scheduled for completion over the next three plus years. Because VRE is only a tenant and does not control the railroad or work crews performing the work, VRE's ability to positively impact CSX's performance appears to be extremely limited. At the August 2005 VRE Operations Board meeting, it was suggested that a federal remedy be pursued (e.g., giving the VRE greater standing before the Surface Transportation Board on such issues). VRE suggested a wait-and-see approach for one more month to see whether the CSX manages the tie replacement program with any greater success having learned from the Arkendale experience. What conclusions has VRE reached?
Answer. Today, VRE is satisfied with CSX's implementation of the tie replacement program. We have had only one delay caused by the tie gang.
73. Question. What would be the financial and customer impact of lengthening the Free Ride Certificate threshold from 30 minutes to 1 hour?
Answer. This was done on a test basis during the CSX tie work. The customer feedback has been negative. It is estimated that the cost would half of what we currently incur.
74. Question. In FY 05 VRE determined that fare evasion on VRE trains was approximately 3.1%. How does VRE intend to monitor the fare evasion rates for the remainder of FY 06 and FY 07? How much is budgeted in FY 07 to conduct a sampling of VRE trains for fare compliance?
Answer. Fare evasion rates have traditionally been monitored by comparing total ridership to total fare revenue. Our review in spring of 2005 confirmed these numbers. We plan to do another round of ticket checking this fall after FRC's are once again validated, to reconfirm these numbers. Additionally, the advent of the secret shopper service will assist in this effort.
75. Question. VRE's 2005 customer survey asked if crew members checked tickets regularly with 24% reporting only poor to average. While this is an overall 4% improvement from 2004 some trains such as 300, 302 and 304 have a significantly higher percentage of customers reporting poor to average results compared with the system-wide average. What is VRE planning on doing between now and the end of FY 07 to improve this response? Shouldn't the goal

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be 90% good or excellent? Why can't this item be added as a goal/performance measure?

Answer. The goal is actually 100%. We have provided additional training to those conductors who received poor to average results on ticket checking. Additionally, the advent of the secret shopper service will give us an objective view of these trains.

76. Question. What is the status of the "secret shopper" program? How much is budgeted in FY 07 for this initiative?
Answer. The Operations Board and the Commissions will be asked to approve the contract this month.
77. Question. Are any of VRE's vendors delinquent in forwarding the revenue collected from fare card sales? When does VRE expect to implement smartcard?
Answer. No vendors are delinquent in paying their bills. The FC II system was accepted on September 19th and we meet with S&B to discuss SmarTrip implementation. Currently, S&B and Cubic are negotiating the terms of the Non-Disclosure agreement. Once this agreement has been signed, SmarTrip is still realistically 2-3 years out. However, an interim solution to accept Smart Benefits could be implemented sooner.
78. Question. How much of the \$2 step up charge is VRE actually collecting?
Answer. All proceeds are received when the purchase is from a TVM and \$1.75 when the purchase is from a vendor.
79. Question. How much revenue is budgeted in FY 06 for the \$2 step up charge for Amtrak trains? Can a line item for this revenue be created in the FY 06 budget detail?
Answer. Our intention is to add a line at in a future budget when we have more data.
80. Question. Can the jurisdictions get a breakdown of revenue by ticket type for the 1st quarter of FY 06? Are the discounts by ticket type achieving their stated objective?
Answer. The information will be provided at the end of the quarter.
81. Question. The FY 07 budgeted amount of advertising revenue remains the same as FY 06 at \$250K. What are the prospects, if any, for increasing this amount?
Answer. A contract renewal was signed in August in which VRE was projected to receive approximately \$100K; the budget has been changed accordingly.

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82. Question. What was VRE's actual average fare and the budgeted average fare in FY 05? What is the budgeted average fare in FY 06 and FY 07?
Answer. Actual average fare for FY 05 was \$5.19. Budgeted average fares for FY 05, FY 06 and FY 07 are \$4.97, \$5.10 and \$5.34, respectively.
83. Question. Special train revenue totals \$83,485 in FY 07 preliminary budget. Special train expenses include \$80,000 (Amtrak), \$20,000 (Norfolk Southern) and \$40,000 (CSX) for a total of \$140,000 for a budgeted deficit of \$56,515. FY 04 actuals show \$29,268 in revenue and \$98,845 in expenses for a loss of \$69,577. If it is VRE's policy not to operate special trains at a loss then the budgeted revenues should be adjusted to reflect budgeted costs.
Answer. All special revenue trains such as Clifton Days operate as break-even or for a profit. We also operate special trains to test equipment, move equipment between VRE yards, and Santa trains that are operated at cost with no corresponding fare revenue. *Amendment (11/14/05): Amtrak special train expense was previously decreased to \$60,000.*
84. Question. Can VRE break out how much fare revenue it received from special fares for 1) seniors, 2) disabled and 3) youth in FY 05? Federal regulations require VRE to offer ½ price fares for seniors and the disabled but are there any Federal/State regulations requiring ½ price fare for youth? Currently twenty-one is the maximum age that someone may purchase a youth fare. The youth fare was instituted to provide young patrons with safe and convenient transportation to and from school. If that person is over 18 and not a student, however, why should he/she be allowed to ride for ½ fare? If the purpose of the youth fare is to provide discounted fares for students shouldn't some type of school identification as well as proof of age be required?
Answer. There is not a regulation requiring half price fare for students. Adding the student ID requirement, for such a small population of riders, would add an unnecessary burden to the vendors. We cannot breakout the fare revenue received from special fares for 1) seniors, 2) disabled and 3) youth.
85. Question. What is the rationale for children 6 and under riding free? If anyone (no matter how young or old) occupies a seat shouldn't they have to pay something? Is it standard practice in the commuter railroad industry to have children 6 and under ride free?
Answer. The number of children on trains is not significant. This is a customer friendly initiative. All commuter rails permit children to ride free; however, there are differences in the applicable age.

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86. Question. Please explain the revenue stream as it relates to interest income. It seems that over the past three years, VRE has had a substantial (although declining) stream of investment income (FY 03 = \$1.26m; FY 04 = \$882k, FY 05 = \$900k). However, in FY 06 only \$305,000 was budgeted, and in FY 07 the staff only projects \$210,000.

Answer. The higher numbers in FY 03 through FY 05 reflect income from the insurance trust fund.

- VRE staff recommends doubling the insurance premiums for the trust fund from \$500,000 to \$1,000,000. How does the insurance trust fund tie into the investment earnings?

Answer. In FY 2006 and FY 2007, the trust fund earnings are not reflected in the budget since these earnings stay with the trust fund. The operating budget shows the amount of funds available for (non trust fund) operations.

- It appears that the potential use of the operating fund reserve to help cover operating costs pending the receipt of certain grants is leading to a decline in investment earnings from that source. Is this correct? If so, will we have a better understanding before the budget is finally adopted as to how much the reserve fund were needed to cover operating costs and what the timetable is for the grants to be received?

Answer. Yes, the current timetable is that grants will be received in January 2006.

87. Question. Do we have a good sense yet for whether the advertising revenue (forecasted for \$250,000 in FY 06 and FY 07) will increase and meet the revenue goal?

Answer. See question number 81.

88. Question. On the Revenue side, what is 10-11-46230 "Virginia Grant Aid – Other?" It went from \$1,800,000 in FY 06 to \$0 for FY 07.

Answer. It was from VTA-2000, for the Sounder lease, which has no funds available for FY07. Federal funds will be used for 80% of lease costs in FY 2007.

Mafersa Proceeds:

89. Question. Could VRE provide the CAO Task Force with a reconciliation of the proceeds from the Mafersa sale? How many Mafersa's were sold and how many does VRE still own? What are the prospects for selling the remaining Mafersas?

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Answer. We sold 33 coaches. Then leased back seven cab cars until the eleven Gallery cab cars are received. We still own five Mafersa coaches which the state has indicated they will purchase; however, the details of the purchase have not been worked out. We received \$9.6 million at the time cars were sold; the remaining \$3.64 million will be received when the leased cars are returned. Five million was placed in the Reserve Fund. A portion of the remaining \$4.6 million was used to provide local match for projects not included in the regular budget cycle and the rest has been used for ongoing working capital needs. At fiscal year-end, approximately \$1.5 million was held in cash and the remainder was tied up in receivable balances.

Insurance:

90. Question. Can VRE provide the CAO task force with a chart on the Insurance Trust Fund Activity from 1995 to the present including out year estimates through 2012?
Answer. Yes a chart will be provided separately.

CIP:

91. Question. When can the jurisdictions expect to receive the FY 07 – FY 12 CIP?
Answer. As discussed at the last CAO meeting, the CIP will be available in early October.
92. Question. Has any funding from the Rail Enhancement program been incorporated into the FY 07 through FY 12 CIP?
Answer. No, discretionary funding is only added to the CIP once received.

CSX Memorandum of Understanding:

93. Question. The CSX Memorandum of Understanding governs the phasing of infrastructure improvements to CSX tracks and how many VRE trains can be added as a result of those infrastructure improvements. What are the revised completion dates for Phases II, III, IV, and V of the CSX memorandum of understanding and how many more trains will VRE be permitted to operate at the end of each phase?

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Answer. See below:

Phase II - 1st Quarter 06 - no additional
Phase III - 4th Quarter 06 - 1 Manassas roundtrip
Phase IV - 3rd Quarter 2007 - 1 Fredericksburg roundtrip
Phase V - 4th Quarter 2007- 1 Fredericksburg roundtrip

Bi-Level Railcar Purchase:

94. Question. Could VRE update the ridership demand versus fleet availability graph appearing in the adopted VRE strategic plan to reflect changed conditions since it was adopted in June of 2004? The graph(s) should show how many seats/cars are needed over time based on the following:
- a. No fare increase through 2025 – We have done no tests on fare elasticity with regard to ridership. However, the assumption is that at much higher increases (at least double digit) it would start to have an impact on ridership, but probably a slight one due to the Metrocheck effect.
 - b. Annual fare increases of 1%, 3%, 5%, 10% and 15% per year through 2025
 - c. Return of the Sounder equipment in December 2007
 - d. Sale of the remaining Mafersa cars
 - e. Sale versus retention of the 13 Kawasaki cars

Answer. We'll discuss the Fleet Spreadsheet model at next VCC meeting.

95. Question. Based on the revised chart above, clarify how many of the 50 option Gallery cars are replacements for existing railcars and how many are for expanded service?

Answer. Through 2012, 21 new gallery coaches are replacements for 11 Sounders and 10 older Gallery coaches. If no follow-on procurement in the 2010 time frame, all 50 new Gallery coaches would be replacement cars.

96. Question. Please provide a list of the bi-level cars scheduled for replacement by time, showing the total number of seats that they carry?

Answer. 11 Sounders must be returned by Dec. 2007. Retire 5 Galleries in 2011, 5 more in 2012. Assume 150 seats per car.

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Car Schedule							
	2006	2007	2008	2009	2010	2011	2012
Mafersa	12	7	0	0	0	0	0
Kawasaki	13	13	13	13	13	13	13
Sounder	11	11	11	0	0	0	0
Gallery	45	45	45	45	45	40	35
New	0	0	11	53	61	61	61
Total	81	76	80	111	119	114	109
<i>Total Needed</i>	<i>74</i>	<i>77</i>	<i>83</i>	<i>90</i>	<i>101</i>	<i>108</i>	<i>108</i>

97. Question. Please provide a current inventory of VRE's fleet including the number, manufacturer type, seating capacity, single/bi-level, and current age. Identify which coaches are Gallery I/II/III. Are all coaches listed available for revenue service?

Answer. This information is attached.

98. Question. What is VRE's current coach spare ratio and what will be VRE's spare ratio for each of the scenarios above? What is the industry average?

Answer. VRE's spare ratio is assumed to be 10% in all scenarios. The industry average is 10%.

99. Question. What is the maximum life of a passenger railcar?

Answer. 40 years

100. Question. Of the 15 original Gallery I cars, the CIP reports that 5 had their trucks rebuilt resulting in an additional 40 years of life. Is this correct?

Answer. We have five Gallery I coaches. The trucks on all five coaches have been rebuilt and have a 40 year life; however, the doors, A/C, PAs, and other components will continue to age since they were not rebuilt.

101. Question. If the 50 bi-level railcar option is exercised, in whole or in part, in April 2006 when will these cars be placed in revenue service? If the cars will be delivered on an incremental basis, identify the increments.

Answer. Delivery of cars will begin in around July 2007. Four to five cars will be delivered each month over the next 12 months.

**REPORT OF THE CHIEF ADMINISTRATIVE OFFICERS'
FY 2007 VIRGINIA RAILWAY EXPRESS BUDGET REVIEW TASK FORCE**

102. Question. When are the 11 cab cars VRE ordered to replace the Sounder and Mafersa cab cars expected to be placed into revenue service?

Answer. Between December 2006 and February 2007.

103. Question. What is the current average age for all of VRE's rolling stock (passenger cars)? What is the average for the commuter rail industry?

Answer. The average age will be calculated and submitted October 15th.

104. Question. Does VRE plan on lengthening existing trains to 8 car maximum consist lengths before adding additional trains? How many cars would be needed to make all trains 8 cars long?

Answer. Not every train will be 8 cars – must juggle storage spaces and crew costs; see plan below.

Planned Trains	32	32	34	36	38	40	40
8-car	2	3	3	3	4	4	4
6-car	7	7	8	9	10	11	11
5-car	1	0	0	0	0	0	0
4-car	1	1	1	1	0	0	0
Railcars Needed	74	77	83	90	101	108	108

105. Question. Phase II of the strategic plan indicated that the VRE coach fleet in 2007 was expected to comprise 69 vehicles – 13 Kawasaki bi-levels, 45 Gallery cars, plus 11 new cab cars to replace the Mafersas. Is this still the plan or has the thinking changed?

Answer. See spreadsheet above.

106. Question. Based on the strategic plan description of the size and composition of VRE's fleet in 2007 it appears that the Gallery III purchase of 30 revenue service cars from Chicago Metra was intended to serve as replacements for the leased Sounders and the Mafersas. Is this correct?

Answer. We will discuss Fleet Spreadsheet model at next VCC meeting.

107. Question. At the present time VRE has a total mid-day storage of 69 spaces at the Ivy City Coach Yard and 20 additional at the mail track for a total of 89.

**REPORT OF THE CHIEF ADMINISTRATIVE OFFICERS'
FY 2007 VIRGINIA RAILWAY EXPRESS BUDGET REVIEW TASK FORCE**

Subtracting 11 locomotives results in a total coach capacity of 78. VRE currently has 61 cars in service leaving 17 spaces for additional coaches. Is this correct?
Answer. No. Although there are 20 additional spaces, they cannot all be used because of the configuration of the trains and operational constraints. In addition, contractually we only have 61 storage spaces, plus the 20 new. We "float" one trainset on an unofficial basis.

Other:

108. Question. What is "contingency" under VRE Non-Departmental Operating and who do you estimate?
Answer. See question number 15.
109. Question. Please explain the "Bond Interest Expense" in FY 06 not budgeted in FY 05 and does not appear to have corresponding revenue?
Answer. The bond interest expense on line 10-11-92100 in the FY 2006 budget represents debt service costs for the year, both principal and interest. The actual costs for FY 2005 show up on the line items for the individual bond issues. (The actual amount for FY 2005 is considerably lower than the FY 2006 budgeted amount, because principal is not an expense for financial statement purposes.) The revenue source for debt service, as shown on the Source and Uses statement is a combination of federal, state and local funds.
110. Question. "Maintenance Service Agreement." What is this item?
Answer. Under Budget and Finance, it is the annual maintenance service agreement for technical support for the Mitchell Humphrey accounting system.
111. Question. Under Communications & Information Technology, what is the reason for the increase in 10-36-62200 Telephone Expenses – TRIP? Is there a combination of this account with 10-36-62100 Telephone Expenses –TVM, which was zeroed out? I am afraid I do not know what the initials represent.
Answer. TVM is ticket vending machine. TRIP is train information provider. All telephone communications are combined under 62200.
112. Question. What are "other professional services" under Communication and Info Tech?
Answer. IT consulting support. See question number 23.

**REPORT OF THE CHIEF ADMINISTRATIVE OFFICERS'
FY 2007 VIRGINIA RAILWAY EXPRESS BUDGET REVIEW TASK FORCE**

113. Question. Line item with no code number under communication and info tech called "software licensing." What software is this referring to? Have you had any software licenses in the past?
Answer. See question number 23. It was broken out for ease of tracking in this budget.
114. Question. Two line items under Facilities Maintenance with no code number titled, "Water & Sewerage – Yards" and "Water & Sewerage – Stations" haven't been in the budget prior to FY 07. Why?
Answer. It was under "Equipment Operations 10-51-65500, but has been moved here.
115. Question. Line item: 66100-005. Please provide a list of the materials and supplies equipment at the projected cost of \$600,000.
Answer. For line item 10-51-67200 (old number (67200-005), that includes a \$500K placeholder for future expenditures. The specifics of the VRE budget for equipment operations and the Amtrak budget for maintenance are still under review.
116. Question. Line item: 68540-005. Should VRE continue to spend so much money on Repairs and Maintenance of the Gallery Cars?
Answer. We'll have to continue to maintain the older Gallery coaches until they are replaced with new coaches or the 50 car option is exercised.
117. Question. Are the Sounder Cars being returned prior to FY 07? If so, why spend \$350,000 on the repairs and maintenance for these cars?
Answer. VRE is required through its contract with Sound Transit to perform this work.
118. Question. Under Equipment Operations, what is the reason for the large increase in 10-51-67200 Materials and Supplies– Equipment?
Answer. See question number 115.
119. Question. Page 10 bottom line. Looking at the actual budgets for FY 03 and FY 04, it appears that there were over \$9 million in surpluses. How are surpluses used in future years?
Answer. The actual results are presented on a financial statement basis and don't represent "surplus". The increase to net assets (equity) was used to invest in capital assets, which are not shown as expenses on VRE's financial statements.

**REPORT OF THE CHIEF ADMINISTRATIVE OFFICERS'
FY 2007 VIRGINIA RAILWAY EXPRESS BUDGET REVIEW TASK FORCE**

120. Question. Looking at the fleet plan on slide #4 why are more trains the only option? Why couldn't VRE have more frequent trains (i.e. turns). This would allow VRE to have the assets they already have generating more revenue. Which is cheaper – adding additional trains or utilizing existing trains to provide additional service?

Answer. Turns are cheaper. We currently make 5 daily turns. Four turns are made on the Manassas Line and one on the Fredericksburg Line. Additional turns can be made under our 40 train limit as MOU projects are completed but they will have to be short turns (at Burke Centre and Cherry Hill or Rippon). Infrastructure will have to be constructed to permit the short turns. Turn trains also take up additional slots, meaning that the reverse move counts against us even though it doesn't provide us any additional peak capacity.

Response to questions raised at CAO Taskforce meeting of 10/13/05

121. Question. Should VRE move SSTP funds to Amtrak costs and use other federal funds for track leases, which would result in a reduction to the funds available for capital projects?

Answer. VRE looked into applying additional Amtrak expenses to SSTP funds and has added a \$500,000 annual Amtrak payment to the SSTP grant and \$500,000 to the CIP for access at Washington Union Terminal.

122. Question. Would you provide a copy of the Amtrak contract?

Answer. Copies will be provided at the CAO Taskforce meeting on November 15th.

123. Question. What is the payback period for fuel-saving technology?

Answer. There is funding in the FY07 capital program for a locomotive overhaul program. As the procurement is developed, options for fuel saving technology will be considered.

124. Question. Can VRE add ticket-checking as a performance measure, with a proposed goal of 90% of customers rating as good or excellent?

Answer. A measurement of ticket checking effectiveness will be part of the secret shopper program.

125. Question: Can VRE provide a spreadsheet showing the disposition of the Mafersa proceeds?

Answer. We are currently working on this.

Application to FRA for VRE Railcar Loan

The VRE Operations Board recommends approval of Resolution #2007. This resolution authorizes VRE's CEO to apply for up to \$72.5 million from the Federal Railroad Administration's (FRA) Railroad Rehabilitation and Improvement Financing Program (RRIF). If additional federal or state funds are obtained the amount could be reduced. The terms are very favorable (25 years, 4.91% interest, no pre-payment penalty). VRE must exercise the option on 50 railcars by April, 2006 to obtain the very desirable pricing and delivery schedule. This action does not commit the commissions to order the railcars or accept the loan.

NVTC Northern Virginia Transportation Commission

RESOLUTION #2007

SUBJECT: Application to FRA for VRE Railcar Loan.

WHEREAS: VRE staff is recommending that the entire 50-railcar option be exercised with Sumitomo in April of 2006;

WHEREAS: This recommendation is based on future service demands, capacity constraints associated with the existing fleet, the extremely competitive price, and the prompt delivery schedule;

WHEREAS: Each of the scenarios being considered to finance the option assumes VRE will apply to the FRA for a loan;

WHEREAS: VRE would apply in January, 2006 to allow for a review period by FRA of approximately two months; and

WHEREAS: The application would be for the maximum amount potentially needed and be reduced if VRE receives additional funding.

NOW, THEREFORE BE IT RESOLVED that the Northern Virginia Transportation Commission hereby authorizes the VRE Chief Executive Officer to submit an application to the Federal Railroad Administration (FRA) for a loan from the Railroad Rehabilitation and Improvement Financing Program (RRIF) in an amount not to exceed \$72.5 million for the purchase of 50 railcars.

Approved 5th day of January, 2006.

Chairman

Secretary-Treasurer



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AGENDA ITEM 9-C ACTION ITEM

TO: CHAIRMAN MCCONNELL AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: DECEMBER 16, 2005

RE: AUTHORIZATION TO APPLY TO FRA FOR A LOAN TO PURCHASE 50 RAILCARS

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to submit an application to the Federal Railroad Administration (FRA) for a loan in an amount not to exceed \$72.5 million for the purchase of 50 railcars.

BACKGROUND:

In April of 2005, the Operations Board was presented with a fleet management plan that included the purchase of 11 bi-level cab cars with an option to purchase 50 additional bi-level railcars. Last month, VRE made a presentation recommending that the entire 50-car option be exercised in April of 2006. This recommendation is based on future service demands, capacity constraints associated with the existing fleet, the extremely competitive price (between \$1.8 and \$2 million per car), and the delivery schedule (between July 2007 and June 2008). The 50-railcar option must be exercised by April, at which time VRE must pay \$8.6 million, which is 10% of the total option value for construction. The balance of construction costs would be due when the cars are delivered to VRE.

Due to uncertainty over the status and level of future earmarks, this presentation included information on several financing scenarios, listed below. Each of these scenarios assumes VRE will make an application to the FRA for financing. The loan is part of the Railroad Rehabilitation & Improvement Financing Program (RRIF) which was increased with the passage of TEA-LU. VRE has met with FRA to discuss making an application and received positive feedback from the administration. The loan is based

on the treasury borrowing rate (currently 4.91%), requires a 25-year pay back schedule, and includes no penalty for prepayments. The information below is an estimate and the actual rate will be calculated at the time of the loan.

Summary of Financing Scenarios						
Financing Scenario	State Funds	FRA Loan Amount	Est. Annual Debt Service	Source of Funding		
				Federal Formula Funds	Add'l State Amount	Subsidy Increase
1	\$20,000,000	\$72,500,000	\$5,450,000	\$2,500,000	\$890,000	\$2,070,000
2	\$40,000,000	\$52,500,000	\$3,950,000	\$2,500,000	\$430,000	\$1,010,000
3	\$50,800,000	\$41,700,000	\$3,135,000	\$2,500,000	\$190,000	\$445,000

VRE would make application in January to allow for a review period by FRA of approximately two months. While the application would be made for the maximum amount needed (\$72.5 million), there would be no obligation to execute this amount. If VRE receives additional funding, the loan amount would be reduced. If approved, VRE would return to the Operations Board this spring to seek approval to execute the loan. Any subsidy increase would not be needed until FY 2008 and, therefore, has no FY 2007 budget implication.

FISCAL IMPACT:

While the loan application itself has no fiscal impact, execution of the loan would require a financial commitment from VRE and the jurisdictions. VRE's CIP includes \$2.5 million annually for payment toward the annual debt service.

Referral to Jurisdictions of Financing Plan for VRE Railcars.

The VRE Operations Board recommends approval of Resolution #2008. This resolution authorizes VRE's CEO to refer to VRE's jurisdictions for review and comment a plan for financing the purchase of 50 new railcars. The favorable option must be exercised by April, 2006. The plan offers several scenarios together with implications for future local subsidies to help purchase the railcars.



RESOLUTION #2008

SUBJECT: Referral to Jurisdictions of Financing Plan for VRE Railcars.

WHEREAS: In April of 2005, the Operations Board was presented with a fleet management plan that included the purchase of 11 bi-level cab cars with an option to purchase 50 additional bi-level railcars;

WHEREAS: VRE staff is recommending that the entire 50-car option be exercised in April of 2006 based on future service demands, capacity constraints associated with the existing fleet, the extremely competitive price, and the prompt delivery schedule;

WHEREAS: Due to uncertainty over the status and level of future state and federal earmarks, several financing options are being considered; and

WHEREAS: The jurisdictions will likely be required to assume some increase in local subsidy.

NOW, THEREFORE BE IT RESOLVED that the Northern Virginia Transportation Commission hereby authorizes the VRE Chief Executive Officer to refer financing options for a 50-railcar purchase to the member jurisdictions for review and comment.

Approved 5th day of January, 2006.

Chairman

Secretary-Treasurer





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AGENDA ITEM 9-D ACTION ITEM

TO: CHAIRMAN MCCONNELL AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: DECEMBER 16, 2005

**RE: AUTHORIZATION TO REFER FINANCING SCENARIOS FOR A 50
RAILCAR PURCHASE TO JURISDICTIONS**

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to refer financing scenarios for a 50-railcar purchase to the member jurisdictions.

BACKGROUND:

In April of 2005, the Operations Board was presented with a fleet management plan that included the purchase of 11 bi-level cab cars with an option to purchase 50 additional bi-level railcars. Last month, VRE made a presentation recommending that the entire 50-car option be exercised in April of 2006. This recommendation is based on future service demands, capacity constraints associated with the existing fleet, the extremely competitive price (shown below), and the delivery schedule (between July 2007 and June 2008).

Per Car Cost for 50-Railcar Option				
	Cab Car (10)	Trailer with Toilet (20)	Trailer w/out Toilet (20)	Total Cost for 50 Railcars
Construction	\$1,900,750	\$1,693,945	\$1,656,647	\$86,019,340
Construction Oversight	\$42,976	\$42,976	\$42,976	\$2,148,814
Costs and Contingency	\$88,168	\$88,168	\$88,168	\$4,408,408
Total	\$2,031,894	\$1,825,089	\$1,787,791	\$92,576,612

Due to uncertainty over the status and level of future earmarks, several financing scenarios have been presented to the VRE Operations Board and are being considered by VRE and jurisdictional staff. As discussed in Agenda Item 9C, while VRE is seeking authority to make application to the FRA for financing, the jurisdictions will likely be required to assume some increase in local subsidy, depending on the final outcome of state allocations. Any subsidy increase would not be needed until FY 2008 and, therefore, has no FY 2007 budget implication.

As shown below, if VRE does not receive any additional funding from the state beyond the \$20 million currently allocated, the jurisdictions would be required to share a subsidy increase of \$2 million/year for 25 years. However, if the \$38.7 million from the Governor's Commission on Transportation in Urbanized Areas is approved as recommended and requires no more than a 20% match, state funds would reach \$50.8 million and the jurisdictions would only need to assume an additional \$445,000/year for 25 years.

Summary of Financing Scenarios						
Financing Scenario	State Funds	FRA Loan Amount	Est. Annual Debt Service	Source of Funding		
				Federal Formula Funds	Add'l State Amount	Subsidy Increase
1	\$20,000,000	\$72,500,000	\$5,450,000	\$2,500,000	\$890,000	\$2,070,000
2	\$40,000,000	\$52,500,000	\$3,950,000	\$2,500,000	\$430,000	\$1,010,000
3	\$50,800,000	\$41,700,000	\$3,135,000	\$2,500,000	\$190,000	\$445,000

While no formal action is being requested from the jurisdictions at this time, VRE is seeking comments and/or requests for information or clarification. Over the next several months, staff will continue to clarify state funding status and return to the Board in the spring with a formal request for action on the 50-railcar option.

FISCAL IMPACT:

While the referral itself has no fiscal impact, execution of the 50-railcar option would require a financial commitment from VRE and the jurisdictions. VRE's CIP includes \$2.5 million annually for payment toward the annual debt service.

Increase Authorization for Sounder Railcars

The VRE Operations Board recommends approval of Resolution #2009. This resolution authorizes VRE's CEO to increase the authorization to pay for leases of two sets of Sounder railcars. The increase would be \$2,026,000 for the two leases extending through June and December of 2007, respectively. This recommended action was included in the fleet plan presented to the Operations Board in November, 2005. Funds are available in VRE's CIP from state and federal grants.

NVTC Northern Virginia Transportation Commission

RESOLUTION #2009

SUBJECT: Increase Authorization for Sounder Railcars.

WHEREAS: VRE currently has two sets of equipment in service under a lease agreement with Sound Transit;

WHEREAS: Nearly \$6,200,000 has been authorized toward these leases and the limit will be reached in February, 2006; and

WHEREAS: The VRE Operations Board recommends increasing the authorization limit for the lease of two sets of high capacity railcars from Sound Transit through June and December of 2007.

NOW, THEREFORE BE IT RESOLVED that the Northern Virginia Transportation Commission hereby authorizes the VRE Chief Executive Officer to incur an additional \$2,026,000 in expenditures toward two sets of rolling stock leased from Sound Transit.

Approved 5th day of January, 2006.

Chairman

Secretary-Treasurer



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AGENDA ITEM 9-E ACTION ITEM

TO: CHAIRMAN MCCONNELL AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: DECEMBER 16, 2005

RE: AUTHORIZATION FOR ADDITIONAL SOUNDER AUTHORITY

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to increase the authorization limit by \$2,026,000 for the lease of two sets of high capacity rail cars from Sound Transit.

BACKGROUND:

VRE currently has two sets of equipment in service under a lease agreement with Sound Transit. Combined authorization approved in 2001, August of 2003, and May of 2004 total \$6.2 million toward these leases. The current authorization limit for this equipment will be reached in February. As a result, staff is recommending the continuation of the lease so that these vehicles can continue serving VRE's growing demand for train capacity.

Staff is requesting authority to retain one set through June of 2007 and the second set through December of 2007. VRE may elect to return vehicles earlier than this authorization would allow. This recommendation is consistent with the fleet plan presented to the Operations Board at the November meeting.

FISCAL IMPACT:

Funds for the project are included in VRE's Capital Improvement Program (CIP) as part of the Sounder Lease project. Funding for this project is from the VTA 2000 state grant for which no local match is required and a FY 2005 federal grant for which the local match is provided for using state and local funds.

Closed Session on Entry of New VRE Jurisdictions.

The following language may be used to convene the closed session:

Pursuant to the Virginia Freedom of Information Act (Section 2.2-3711A (7) of the Code of Virginia), the Northern Virginia Transportation Commission authorizes discussion in closed session concerning a legal matter relating to the entry of new VRE jurisdictions.

Upon the conclusion of the closed session:

The Northern Virginia Transportation Commission 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.

City further considers NoVa rail commute

A study by the Charlottesville Chamber of Commerce suggests local businesses would use a rail connecting to D.C.

Alex Sellinger, Cavalier Daily Senior Associate Editor

There is a market in the business community for a commuter rail between Charlottesville and the Washington, D.C., metro area, according to a survey released Wednesday by the Charlottesville Regional Chamber of Commerce.

The survey sought to gauge the interest of the Chamber's membership of 2,200 local businesses. Of the 231 members who responded, 67 percent said they would use a daily rail link with an estimated travel time of two hours and 25 minutes.

"This is a very preliminary question: Is there a market here?" Chamber President Timothy Hulbert said. "The answer is yes, there are already significant links between business in Charlottesville and D.C."

The survey began in October. At this time, there are no specific plans to complete such a rail link, but Hulbert said he hopes the survey will spur local officials to take action.

"We have shared this information with our elected officials," Hulbert said. "We would anticipate that they would see this and lead."

Other organizations have also noticed significant interest in getting a commuter rail. Meredith Richards, a founder of Charlottesville Citizens for Better Rail Alternatives, said 60 people attended a recent organizational meeting for the group and that she receives at least one e-mail per day about the issue. Interest in the University community is also very high, she said, and plans are underway to conduct more extensive surveys.

"We have received a tremendous -- a real outpouring -- of interest among students," Richards said. "Frankly, I'd like to see more student activism on this issue."

Richards said advocates planned to continue to demonstrate a market for the proposed rail and seek potential funding sources.

Proposals include working with the Virginia Department of Rail and Public Transportation to extend the Virginia Rail Express, currently running from Washington, D.C., Union Station to Manassas to Charlottesville twice a day.

The VDRT estimated it will cost \$2 million initially to improve existing tracks and then an additional \$1.5 million annually to operate the trains, according to Richards. The costs are contained because the VRE already owns the trains and pays to operate them in the Northern Virginia area, reducing the marginal cost of extending service to Charlottesville.

The VDRT representative knowledgeable about the project did not return a message left yesterday requesting confirmation of these cost estimates.

Currently, Amtrak offers daily service in Charlottesville to and from D.C. on the Crescent line. Yet the service is widely criticized for its poor on-time performance and lack of availability because seats are reserved for passengers taking longer trips.

"Amtrak is having severe managerial and funding problems," Richards said. "They are chronically late. We need reliable, on-time and accessible daily service to D.C. Amtrak is none of those things."

In the 2005 fiscal year, the Crescent's on-time service rating was 57 percent, according to Amtrak spokesperson Tracy Connell. In the year-to-date, which began Oct. 1, the line arrived on-time only 20 percent of the time. Connell attributed the poor performance to the fact that Norfolk-Southern owns the rails on the Crescent line and takes precedence over passenger trains. The problem has been aggravated by additional freight that is rerouted as a consequence of Katrina, she added.

If Charlottesville had VRE service, Richards said, passengers would be able to buy their tickets on the platform the day of travel on a first-come, first-serve basis. Commuter trains tend to have higher on-time percentages than long-distance routes.



The Cavalier Daily

FRIDAY, NOVEMBER 18, 2005

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AGENDA ITEM #9

MEMORANDUM

TO: Chairman Ferguson and NVTC Commissioners
FROM: Rick Taubé ^{RVT} and Scott Kalkwarf
DATE: December 29, 2005
SUBJECT: NVTC Draft FY 2007 Administrative Budget

At its September, 2005 meeting the commission discussed the preliminary FY 2007 administrative budget and authorized staff to forward it to NVTC's member jurisdictions to assist in their budget preparations. Traditionally, NVTC discusses its budget again each January prior to formal action in February.

You will recall that the attached budget would hold local contributions to the same amount (\$310,000) as in the past several years. Total expenditures also are virtually unchanged from the previous fiscal years. Each local jurisdiction is required by statute to pay a share of the budget that is proportional to the financial assistance received from NVTC. The requested shares are shown on page one of the budget. The budget includes performance objectives for NVTC's financial functions.



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PRELIMINARY BUDGET

**FISCAL YEAR
2007**

(July 1, 2006 – June 30, 2007)

September 1, 2005

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
BUDGETED FISCAL YEAR 2007 REVENUE
PRELIMINARY**

	<u>FY 2005 Actual</u>	<u>Approved Budget FY 2006</u>	<u>Preliminary Budget FY 2007</u>	<u>FY 2007-2006 Budget Increase (Decrease)</u>	<u>Percentage Change</u>
1 Commonwealth of Virginia	\$ 658,150	\$ 602,185	\$ 590,750	\$ (11,435)	-1.9%
2 Alexandria	49,918	47,780	42,408	(5,372)	-11.2%
3 Arlington	72,236	73,323	66,091	(7,232)	-9.9%
4 City of Fairfax	6,301	6,196	7,174	978	15.8%
5 Fairfax County	166,577	164,683	174,674	9,991	6.1%
6 Falls Church	2,602	3,197	3,581	384	12.0%
7 Loudoun	12,366	14,821	16,073	1,252	8.4%
Total Local Jurisdictions	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>-</u>	<u>0.0%</u>
8 Total Commonwealth of Virginia and Local Jurisdictions (Note 1)	968,150	912,185	900,750	(11,435)	-1.3%
9 Interest Earned	9,373	4,000	8,000	4,000	100.0%
10 Project Chargebacks (Note 2)	90,000	80,000	88,000	8,000	10.0%
11 Project Grant Billings	22,496	-	-	-	0.0%
12 Appropriated Surplus (Note 3)	(119,825)	109,000	144,000	35,000	32.1%
Total Revenue	<u>\$ 970,194</u>	<u>\$ 1,105,185</u>	<u>\$ 1,140,750</u>	<u>\$ 35,565</u>	<u>3.2%</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SCHEDULE OF FISCAL YEAR 2007 EXPENDITURES
PRELIMINARY**

	FY 2005 <u>Actual</u>	Approved Budget FY 2006	Preliminary Budget FY 2007	FY07 - FY06 Budget Increase (Decrease)	Percentage Change
<u>Personnel Costs</u>					
1 Salaries (Note 4)	\$ 565,339	\$ 582,384	\$ 649,150	\$ 66,766	11.5%
2 Intern	-	30,000	-	(30,000)	N/A
3 Temporary Employee Services	-	1,000	1,000	-	0.0%
Total Personnel Costs	<u>565,339</u>	<u>613,384</u>	<u>650,150</u>	<u>36,766</u>	<u>6.0%</u>
<u>Benefits</u>					
Employer's Contributions					
4 FICA	38,663	40,869	45,700	4,831	11.8%
5 Group Health Insurance (Note 5)	56,760	92,749	70,500	(22,249)	-24.0%
6 Retirement (Note 6)	45,672	48,800	49,500	700	1.4%
7 Workmans & Unemployment Compensation	5,800	3,000	4,250	1,250	41.7%
8 Life Insurance	3,169	3,150	3,500	350	11.1%
9 Long Term Disability Insurance	2,751	3,902	4,400	498	12.8%
Total Benefit Costs	<u>152,815</u>	<u>192,470</u>	<u>177,850</u>	<u>(14,620)</u>	<u>-7.6%</u>
<u>Administrative Costs</u>					
10 Commissioners Per Diem (Note 7)	12,050	13,800	21,700	7,900	57.2%
<u>Rents:</u>					
11 Office Rent (Note 8)	160,728	167,481	174,400	6,919	4.1%
12 Parking / Metrochek	150,563	156,681	162,900	6,219	4.0%
	10,165	10,800	11,500	700	6.5%
<u>Insurance:</u>					
13 Public Official Bonds	4,221	3,850	4,900	1,050	27.3%
14 Liability and Property	2,882	2,000	3,200	1,200	60.0%
	1,339	1,850	1,700	(150)	-8.1%
<u>Travel:</u>					
15 Conference Registration	15,674	23,000	22,950	(50)	-0.2%
16 Conference Travel	1,994	2,000	2,000	-	0.0%
17 Local Meetings & Related Expenses (Note 9)	2,139	5,000	5,000	-	0.0%
18 Training & Professional Development (Note 10)	11,009	12,000	12,200	200	1.7%
	532	4,000	3,750	(250)	-6.3%
<u>Communication:</u>					
19 Postage	7,681	12,500	10,600	(1,900)	-15.2%
20 Telephone - LD	2,655	6,000	4,600	(1,400)	-23.3%
21 Telephone - Local	888	1,500	1,300	(200)	-13.3%
	4,138	5,000	4,700	(300)	-6.0%
<u>Publications & Supplies</u>					
22 Office Supplies	18,258	29,100	29,800	700	2.4%
23 Duplication and Paper (Note 11)	3,315	5,000	4,300	(700)	-14.0%
24 Public Information (Note 12)	13,438	14,100	15,500	1,400	9.9%
	1,505	10,000	10,000	-	0.0%
<u>Operations:</u>					
25 Furniture and Equipment (Capital) (Note 13)	15,815	23,500	23,800	300	1.3%
26 Repairs and Maintenance	5,599	8,000	7,800	(200)	-2.5%
27 Computer Operations (Note 14)	260	1,000	1,000	-	0.0%
	9,956	14,500	15,000	500	3.4%
<u>Other General and Administrative</u>					
28 Subscriptions	5,388	6,400	6,400	-	0.0%
29 Memberships	31	500	400	(100)	-20.0%
30 Fees and Miscellaneous	1,412	1,300	1,400	100	7.7%
31 Advertising (Personnel/Procurement) (Note 15)	2,833	2,600	2,800	200	7.7%
	1,112	2,000	1,800	(200)	-10.0%
Total Administrative Costs	<u>239,815</u>	<u>279,631</u>	<u>294,550</u>	<u>14,919</u>	<u>5.3%</u>
<u>Contracting Services</u>					
32 Auditing (Note 16)	12,225	17,700	16,200	(1,500)	-8.5%
33 Consultants - Technical	-	1,000	1,000	-	0.0%
34 Legal	-	1,000	1,000	-	0.0%
Total Contract Services	<u>12,225</u>	<u>19,700</u>	<u>18,200</u>	<u>(1,500)</u>	<u>-7.6%</u>
Total Operating Program	<u>\$ 970,194</u>	<u>\$ 1,105,185</u>	<u>\$ 1,140,750</u>	<u>\$ 35,565</u>	<u>3.2%</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
Explanatory Notes to
Preliminary Fiscal Year 2007 Budget

1. Commonwealth of Virginia and Local Jurisdictional Contributions

Each NVTC jurisdiction is assigned a share of the local portion of NVTC's administrative budget based on its share of revenue received by NVTC on behalf of jurisdictions from all sources in the previous year. This procedure is required by state statute and results in changes in contributions from one year to another that vary for each jurisdiction depending on relative shares of revenue received. The allocation in this FY 07 budget is based on the FY 06 Subsidy Allocation Model.

2. Project Chargebacks

This line consists primarily of charges for NVTC staff support for the VRE project and reimbursed from VRE's budget.

3. Appropriated Surplus

Included as a source of revenue in the FY 07 budget is a projected excess accumulated surplus that is available to offset the proposed operating budget expenses. This surplus is in excess of the commission's anticipated minimum operating requirements.

4. Salaries

Salaries for fiscal year 2007 are budgeted to include merit increases for the existing staff. Step increases for merit incentive raises are included up to 5%, but no cost of living adjustments are provided. Each 1% of merit increases costs approximately \$6,500. Merit increases within the budget amount are awarded at the discretion of the executive director. The FY 07 budget includes nine regular staff positions, which is one more position than the FY 06 approved budget. The additional position is the result of converting an internship to a regular position.

5. Group Health Insurance

During the fourth quarter of FY 2005, the health insurance renewal rates experienced a significant decrease due primarily to a downward shift in the group age band. Prior experience over the past several years however indicates cost increases of as much as 31 percent annually. The FY 2007 budget includes a provision for increasing rates while using the present actual rates as the base.

6. Retirement

Employer pension contributions show a slight increase from the FY 06 budget due primarily to anticipated salary increases. The calculations for the target benefit plan are based on actuarial formulas using the salaries projected for FY 07.

7. Commissioners' Per Diem

The FY 2007 budget is based upon the regular meeting schedule, and includes per diems at the statutory rate of \$200 for senators and delegates, and \$50 for all other commissioners.

8. Office Rent

The administrative office lease was renewed during fiscal year 2001 for the period January 2001 through December 2010. Rent expense is budgeted based upon the fixed costs of the lease, with a provision for increases in common area expenses due to rising costs.

9. Local Meetings and Related Expenses

NVTC hosts numerous regional meetings for the benefit of member jurisdictions. Costs of accommodating numerous meetings are the largest component of this line item, which also includes the costs of NVTC staff traveling to meetings elsewhere in the region.

10. Training and Professional Development

Actual expenditures fluctuate with the changing needs of staff. While FY 05 expenditures were well below the budgeted level, a provision is maintained in the FY 07 budget for future staff training.

11. Duplication and Paper

Duplication costs are budgeted based upon a five year fixed price contract entered into during FY 2001. Because the contract expires in December 2005, a provision has been included in the FY 2007 budget for increased costs. The duplication expense of paper and staples which are not included in the contract have been budgeted based upon estimated usage levels.

12. Public Information

Public information includes the cost of various public outreach projects. For FY 06 and FY 07 an increase has been provided as a result of the expiration of NVTC's marketing grant.

13. Furniture and Equipment

This budget category provides for the replacement and acquisition of office furniture and equipment, including computer hardware. It is expected that during FY 07, computer hardware will need to be replaced or upgraded to support the operations of the commission.

14. Computer Operating Expense

Computer operating expenses include outside network consulting and services, software upgrades and supplies, and web hosting fees.

15. Advertising (Personnel/Procurement)

The FY 07 budget includes a provision for personnel and procurement advertising. An average of prior year costs was used to develop the budgeted amount as this category fluctuates from year to year.

16. Auditing

The FY 07 budget includes auditing fees according to the five-year contract with the present auditors plus a small contingency for additional services. A net decrease from FY 06 to FY 07 is the result of the bi-annual pension plan audit included in FY 06, offset by contracted cost increases.

APPENDIX

**PERFORMANCE BUDGET FOR NVTC'S
FINANCIAL MANAGEMENT FUNCTION**

DRAFT: September 1, 2005

For this first step in converting to full performance budgeting, a special pro-forma fund has been created to include the costs and revenues attributable to NVTC's financial management function. NVTC's Director of Finance and Administration and Assistant Financial Officer devote 100 percent of their efforts to this function. NVTC's Executive Director allocates a quarter of his time to this work. While NVTC's two secretaries and two senior planners/project managers spend about five percent each on invoice processing and grant billing procedures, those activities will be considered in the future as part of a "project management" function.

Regarding other expenses, it is assumed that a corresponding share of all other budget line items are attributable to this function. The same assumption is made for revenues. The attached Table 1 lists the derived costs and revenues for the commission's financial management function for FY 2007.

Table 2 lists 12 performance measures by category, with results for FY 2005 actual. Each year more results will be calculated to provide a historical record and establish favorable (or unfavorable) trends.

TABLE 1

**Northern Virginia Transportation Commission
Pro Forma Financial Management Fund**

	FY 2005 <u>Actual</u>	FY 2006 <u>Approved Budget</u>	FY 2007 <u>Preliminary Budget</u>
<u>Expenditures</u>			
Personnel ¹	\$178,500	\$186,400	\$195,200
Benefits ²	\$47,700	\$57,300	\$52,100
Administrative Costs ³	\$75,700	\$89,500	\$86,200
Contracting Services ¹	\$12,200	\$18,300	\$16,800
Total	\$314,100	\$351,500	\$350,300
<u>Revenues</u>			
Total ⁵	\$314,100	\$351,500	\$350,300

Notes:

1. Includes all salaries of the Director of Finance and Administration and the Assistant Controller and a quarter of the salary of the Executive Director.
2. Includes benefits of the above three positions.
3. Includes the same share of administrative costs as of salaries/benefits.
4. Includes the entire cost of NVTC auditors.
5. Assumes the same share of revenues as of expenses.

TABLE 2

NVTC PERFORMANCE BUDGET MEASURES
--Financial Management Function--

<u>Performance Measure</u>	<u>FY 2005 Actual</u>	<u>FY 2006 Budget</u>	<u>FY 2007 Proposed</u>
Input:			
1. Maintain tight budget controls to keep NVTC's total local contributions to NVTC's budget to no more than \$310,000 annually.	Yes \$310,000	Yes \$310,000	Yes \$310,000
2. Effectively manage trust fund assets at a ratio of at least \$35 million per full time equivalent financial management employee.	Yes \$38M		
Output:			
3. Produce acceptable state aid grant applications for WMATA, local bus systems and VRE each year (totaling at least \$140 million) by the state deadline (currently February 1 st).	Yes \$161M		
4. Produce a preliminary allocation of anticipated fiscal year revenues and expenses (totaling at least \$80 million) for each NVTC jurisdiction by June 1 st of each year using NVTC's subsidy allocation model and complete the final projection by September 1 st .	Yes \$97M	Yes \$112M	

	FY 2005 <u>Actual</u>	FY 2006 <u>Budget</u>	FY 2007 <u>Proposed</u>
--	--------------------------	--------------------------	----------------------------

Efficiency:

- | | | | |
|---|-----------------|--------------|--|
| 5. Effectively manage trust fund assets and grant revenues contracted at an administrative cost ratio of no more than \$0.005 per \$1 of assets and revenues. | Yes
\$0.004 | | |
| 6. By careful monitoring of Department of Taxation expenses and proactive work with the department's field auditors, seek to maintain the ratio of administrative costs passed through to NVTC at or below 0.3 percent of total motor fuel tax revenues (currently approaching \$30 million annually) credited to NVTC. | Yes
0.2% | | |
| 7. Effectively manage NVTC's employee flexible benefits program in house at an annual savings of at least \$100 per employee compared to outside management. | NA | Yes
\$118 | |
| 8. Co-own at least \$168 million of VRE assets at a management fee to VRE of no more than \$0.0005 per dollar of assets. | Yes
\$0.0005 | | |

Service Quality:

- | | | | |
|--|-----|--|--|
| 9. In each annual audit, no subsidy allocation or trust fund audit adjustments required by auditors as well as no material deficiencies in internal controls and no related material management letter comments. | Yes | | |
|--|-----|--|--|

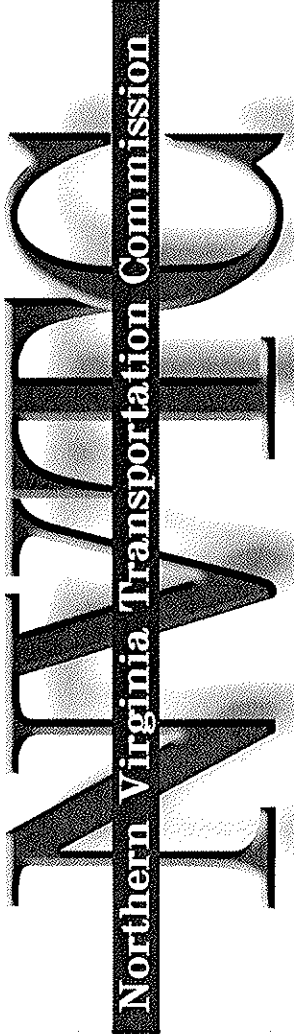
	FY 2005 <u>Actual</u>	FY 2006 <u>Budget</u>	FY 2007 <u>Proposed</u>
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10. All trust fund grant reimbursement requests from jurisdictions with proper documentation processed within five working days in order to maximize investment earnings and cash flow.	Yes		
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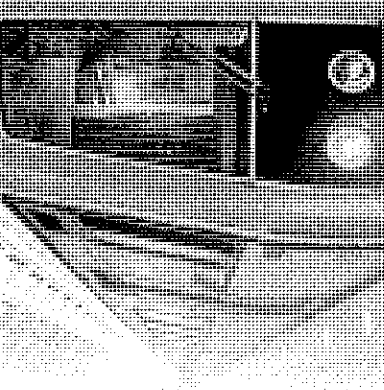
Outcome:

11. 100% timely subsidy payments to WMATA on behalf of jurisdictions to avoid any late payment penalties.	Yes		
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12. Working with NVTC's jurisdictions, achieve 100% of grant funds billed with no material lapsed funds returned to granting agencies.	Yes \$689 lapsed to close out two grants		
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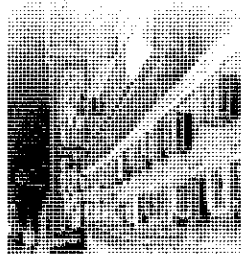
Thinking Outside the Car Since 1964



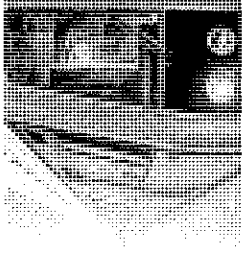
AGENDA ITEM #9

NVTC'S PRELIMINARY FY 2007 ADMINISTRATIVE BUDGET

-January 5, 2006-

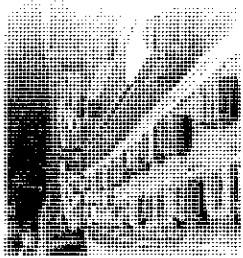


FOR DISCUSSION

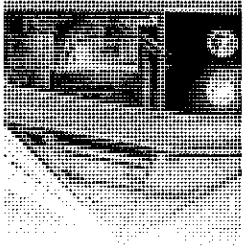


Discuss the preliminary NVTC budget.

Final action at NVTC will occur in
February, 2006.



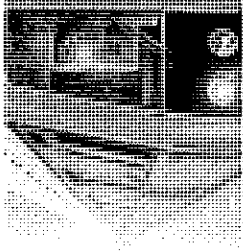
TOTAL EXPENSES



FY 2005 Actual	FY 2006 Budget	FY 2007 Preliminary Budget	%Change FY2007/2006
\$970,194	\$1,105,185	\$1,140,750	3.2%



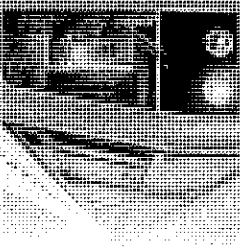
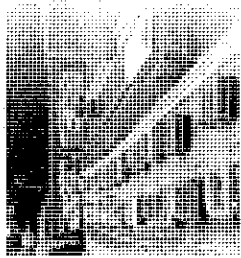
COST DRIVERS



Personnel: Up 6.0%--Convert intern to full time position.

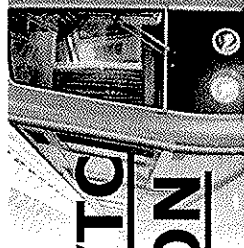
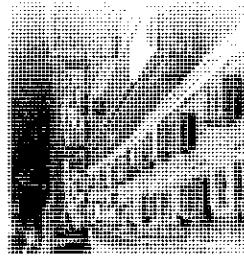
Benefits: Down 7.6%--Savings on health insurance.

Commissioners Per Diem: Up 57.2%--General Assembly members receive raise to \$200 from \$50 per meeting.



TOTAL REVENUES

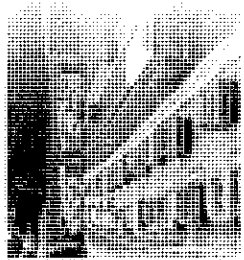
	FY 2005 Actual	FY 2006 Budget	FY 2007 Preliminary Budget	%Change FY2007/2006
Commonwealth	\$658,150	\$602,185	\$590,750	-1.9%
Local Jurisdictions	\$310,000	\$310,000	\$310,000	0
Other (Interest, Projects)	\$121,869	\$84,000	\$96,000	14.3%
Appropriated Surplus	(\$119,825)	\$109,000	\$144,000	32.1%
Total	\$970,194	\$1,105,185	\$1,140,750	3.2%



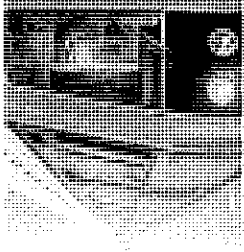
PERFORMANCE BUDGETING FOR NVTC FINANCIAL MANAGEMENT FUNCTION

Categories of Measures:

- 1) **Input**--budget or actual expenditures per employee.
- 2) **Output**--amount of accomplishment.
- 3) **Efficiency**--cost per unit of accomplishment.
- 4) **Service quality**--degree of satisfaction, accuracy or timeliness.
- 5) **Outcome**--percent of objective achieved.



PRO FORMA FINANCIAL MANAGEMENT FUND

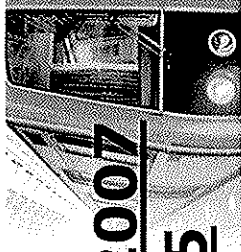


FY 2007
Preliminary
Budget
Personnel: \$195,200
Benefits: \$52,100
Administrative Costs: \$86,200
Contracted Services: \$16,800
Total \$350,300

[31% of NVTTC's total budget]



NVTC PERFORMANCE MEASURES FOR FY 2007 AND ACTUAL EXPERIENCE FOR FY 2005



Target Measure for FY 2007

Input:

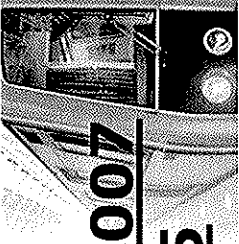
1. Maintain tight budget controls to keep NVTC's total local contributions to NVTC's budget to no more than \$310,000 annually.

2. Effectively manage trust fund assets at a ratio of at least \$35 million per full time equivalent financial management employee.

Measure Applied to Actual FY 2005

Yes
\$310,000

Yes
\$38M



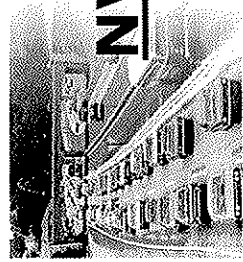
NVTC PERFORMANCE MEASURES FOR FY 2007 **AND ACTUAL EXPERIENCE FOR FY 2005**

Target Measure for FY 2007

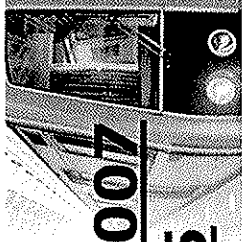
Measure Applied to Actual FY 2005

Output:

- | | |
|--|---------------|
| 3. Produce acceptable state aid grant applications for WMATA, local bus systems and VRE each year (totaling at least \$140 million) by the state deadline (currently February 1 st). | Yes
\$161M |
| 4. Produce a preliminary allocation of anticipated fiscal year revenues and expenses (totaling at least \$80 million) for each NVTC jurisdiction by June 1 st of each year using NVTC's subsidy allocation model and complete the final projection by September 1 st . | Yes
\$97M |



NVTC PERFORMANCE MEASURES FOR FY 2007 AND ACTUAL EXPERIENCE FOR FY 2005

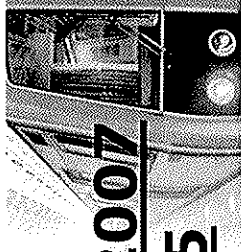


Target Measure for FY 2007

Measure Applied to Actual FY 2005

Efficiency:

- | | |
|---|----------------|
| 5. Effectively manage trust fund assets and grant revenues contracted at an administrative cost ratio of no more than \$0.005 per \$1 of assets and revenues. | Yes
\$0.004 |
| 6. By careful monitoring of Department of Taxation expenses and proactive work with the department's field auditors, seek to maintain the ratio of administrative costs passed through to NVTC at or below 0.3 percent of total motor fuel tax revenues (currently approaching \$30 million annually) credited to NVTC. | Yes
0.2% |



NVTC PERFORMANCE MEASURES FOR FY 2007 **AND ACTUAL EXPERIENCE FOR FY 2005**

Target Measure for FY 2007

Measure Applied to Actual FY 2005

Efficiency:

7. Effectively manage NVTC's employee flexible benefits program in house at an annual savings of at least \$100 per employee compared to outside management. NA

8. Co-own at least \$168 million of VRE assets at a management fee to VRE of no more than \$0.0005 per dollar of assets. Yes
\$0.0005



NVTC PERFORMANCE MEASURES FOR FY 2007 AND ACTUAL EXPERIENCE FOR FY 2005

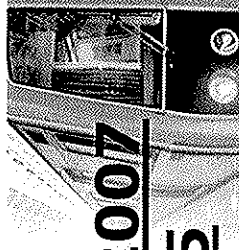


Target Measure for FY 2007

Measure Applied to Actual FY 2005

Service Quality:

- | | |
|--|-----|
| 9. In each annual audit, no subsidy allocation or trust fund audit adjustments required by auditors as well as no material deficiencies in internal controls and no related material management letter comments. | Yes |
| 10. All trust fund grant reimbursement requests from jurisdictions with proper documentation processed within five working days in order to maximize investment earnings and cash flow. | Yes |



NVTC PERFORMANCE MEASURES FOR FY 2007 AND ACTUAL EXPERIENCE FOR FY 2005

Target Measure for FY 2007

Measure Applied to Actual FY 2005

Outcome:

- | | |
|--|---|
| 11. 100% timely subsidy payments to WMATA on behalf of jurisdictions to avoid any late payment penalties. | Yes |
| 12. Working with NVTC's jurisdictions, achieve 100% of grant funds billed with no material lapsed funds returned to granting agencies. | Yes
\$689 lapsed to close out two grants |



AGENDA ITEM #10

MEMORANDUM

TO: Chairman Ferguson and NVTC Commissioners
FROM: Rick Taube *Rick Taube*
DATE: December 29, 2005
SUBJECT: Legislative Items.

Staff will describe recent developments prior to the start of the 2006 General Assembly session. A copy of NVTC's approved 2006 legislative agenda is attached for your information along with the description of the proposed quarter-cent sales tax to be dedicated to WMATA.

Governor Warner's General Fund budget proposal has several items of importance to NVTC that are described in the attachment, including:

- The remainder of taxes on insurance premiums directed to the Mass Transit Fund's capital program (\$27.5 million) to boost the state-matching share to about 50% (from about 25%);
- State matching funds for federal transit/rail earmarks statewide (\$26.1 million);
- Other projects such as Metrorail storage (\$20 million), VRE rolling stock (\$15 million), statewide bus purchase (\$10 million) and Telework (\$1 million).

Governor-Elect Kaine will hold another transportation forum on January 3rd at 6:30 p.m. at George Mason High School at 7124 Leesburg Pike. Staff will attend and provide a report.

Finally, another attachment from the NVTAlliance describes revenue forecasts for various sources that the Virginia Senate's START Task Force has released. On December 16th the group voted to endorse the concept of local option taxes.



4350 N. Fairfax Drive • Suite 720 • Arlington, Virginia 22203
Tel (703) 524-3322 • Fax (703) 524-1756 • TDD (800) 828-1120 • VA Relay Service
E-mail nvtc@nvtc.org • Website www.thinkoutsidethecar.org



NVTDC 2006 LEGISLATIVE AGENDA

Approved:
--December 1, 2005--



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Tel (703) 524-3322 • Fax (703) 524-1756 • TDD (800) 828-1120 • VA Relay Service
E-mail nvtc@nvtdc.org • Website www.thinkoutsidethecar.org

The Crisis in Transit Funding

A two-page listing of NVTC's legislative proposals is provided as Attachment 1.

NVTC joins the Virginia Municipal League, Virginia Association of Counties, Virginia Transit Association, Northern Virginia Transportation Authority, and many individual jurisdictions in calling upon the Governor and the General Assembly to make transportation the primary focus of the 2006 session of the General Assembly and to significantly increase transportation funding. Given the failure of the General Assembly to increase transportation revenues significantly since 1986 and the consequent decline in transportation funding, the commonwealth is experiencing disinvestment in its transportation infrastructure. Absent a major infusion of new and sustained investment in transportation NVTC fears a congestion and mobility crisis that will strangle economic growth and profoundly and negatively affect the quality of life of all our citizens.

Moving people (rather than vehicles) efficiently and safely should be the primary objective of the commonwealth's transportation policies and programs. State and regional studies show that transit investments must double to maintain the ability of our current transit systems to move people efficiently and safely and maintain transit's mode share.

A recent scientific survey in Northern Virginia showed conclusively that more than 85 percent are willing to pay more to expand public transportation services and relieve crowding on Metro and VRE. Currently local sources pay two-thirds of transit costs while the commonwealth pays only 20 percent. Despite the 95 percent statutory target for state transit formula assistance, the commonwealth provides a declining share. Since FY 2001, in Northern Virginia local general funds devoted to transit have grown by two thirds. NVTC's five jurisdictions supporting WMATA now pay 10 times more per capita from local sources for transit than any other transportation district in the entire commonwealth. More help is needed now from the commonwealth.

If NVTC's legislative proposals are enacted and the commonwealth meets its own 95% transit funding statutory target in FY 2007 and each succeeding year, this region's transit systems will accomplish such improvements as 90 additional Metro railcars to almost double the percentage of 8-car trains and postpone for several years the unmanageable congestion that Metro would otherwise experience; the Fairfax Connector would add new Richmond Highway corridor bus service as well as cross-country service and expanded park and ride facilities; Alexandria's DASH would acquire 20 buses, increase service, provide real-time transit information to riders and boost ridership by 20%; Arlington's ART would add up to 50,000 riders a day with streetcars through Columbia Pike, Crystal City and Potomac Yard together with a new station entrance at Ballston Metrorail and technological innovations in customer service; Loudoun County Transit could expand reverse commute service between West Falls Church

Metrorail and eastern Loudoun job centers with seven new buses to boost ridership and VRE could purchase 50 new railcars adding 2,000 new riders each day.

State Legislative Actions Required to Increase and Safeguard Funding

State Funding:

1. Provide significant increases in statewide transportation funding from stable, reliable and permanent sources to meet current transit needs and provide for the growth identified in VTrans 2025. Recognize that Northern Virginia has a major portion of statewide transit ridership and provides a very significant share of the commonwealth's financial resources by ensuring that this region receives its fair share.
2. Use state bonds as a tool to help resolve the transportation funding crisis. The commonwealth's self-imposed debt ceiling is much more conservative than many local governments in Virginia that also have earned the top bond rating. State tax revenues resulting from the economic growth created by investments in public transit will help to cover debt service.
3. Meet the commonwealth's statutory goal of funding 95 percent of eligible transit capital and operating costs (net of fares and federal assistance) from the Mass Transit Fund (MTF). For FY 2007 alone, this would require about \$200 million annually statewide in new funds, to build, operate and maintain the limited transit projects and constrained transit systems included in the CTB's six-year program. This is more than double the current level of state funding from the MTF.
4. After meeting the commonwealth's 95% target for formula assistance, proposals to increase other statewide transportation revenues should ensure that transit receives at least its current share (e.g., transit now receives 14.7 percent of the Mass Transit Fund and NVTC and VRE typically receive about 70 percent of that amount). Meeting Virginia's 95% transit formula assistance target and ensuring a fair share for transit of additional state revenues together will have the effect of elevating the commonwealth's emphasis on maintaining and replacing transit infrastructure to match the priority already placed on highway maintenance.
5. Local governments now fund a large share of transit costs and carefully monitor performance. Although more funds are needed in the current state transit assistance programs administered by the Virginia Department of Rail and Public Transportation, NVTC does not favor any changes in the allocation formulas themselves or in already stringent state audit requirements for these funds.
6. NVTC favors securing the funds in the Transportation Trust Fund by

adopting a constitutional amendment to prevent diversion of transportation funds to other uses.

7. VRE requires \$50 million to fully fund the federal match requirement for new railcars. Ideally these funds would come from new transit revenue sources that will not serve to reduce further the state's transit capital matching ratio. In addition, \$95 million would pay Virginia's share of 130 railcars for Metro. Another \$3.5 million would assist Loudoun County in purchasing additional buses. If one-time 100 percent state funding is provided, NVTC favors an amount at least as great as the proposal of the Governor's Commission on Transportation in Urbanized Areas which called for \$116 million for Northern Virginia transit projects, including partial funding for those listed here. Northern Virginia had sought at least 75% of the total funding to reflect its share of statewide ridership.

Regional Funding:

1. The Blue Ribbon Panel on Metro Funding has called for dedicated funding for WMATA. Representative Tom Davis III has introduced a bill to provide \$1.5 billion in federal funding over 10 years but it must be matched from dedicated state/local sources. NVTC urges the General Assembly to provide for a steady and predictable stream of revenue to secure these federal funds. Local surveys show that a sales tax increase is the preferred source. NVTC calls upon the General Assembly to increase the state sales and use tax by a quarter-cent in NVTC's five jurisdictions supporting Metro, subject to an affirmative vote by local governing bodies representing at least 90 percent of the population of the five jurisdictions supporting Metro in which the tax will be levied. Once these local actions have been taken and the tax is in effect, the legislation should state that the tax can only be eliminated by action of the local governing bodies representing at least 90 percent of the population of those five jurisdictions. The proceeds of the quarter-cent tax should be returned to NVTC to be held in trust for Metro subsidy payments entirely on a point-of-sale basis. The commonwealth should be required to maintain its level of funding effort to this region to ensure that the new tax results in a net increase in available funding. Funds received by NVTC from the new tax in excess of Metro's need might be available to reduce the future burden on local property taxes.
2. The Virginia Senate has approved for two straight sessions an increase in NVTC's existing two percent motor fuels tax to four percent. The House has not agreed. NVTC's gas tax proceeds are dedicated to Metro (except in Loudoun County which doesn't contribute to Metro) and, if increased, would help local governments meet their existing Metro obligations while the proposed new sales tax would cover unfunded shortfalls. NVTC favors an increase in this motor fuels user fee to four percent with the proviso that local property tax rates must be reduced from their current levels by the amount of this tax in the year that the increased gas tax rate goes into

effect. This same requirement was imposed in the original legislation implementing the two percent tax in FY 1981.

Other State Legislative Actions

1. As an incentive to promote transit-oriented development, NVTC supports legislation that would allow local jurisdictions located in clean air non-attainment areas to permit the voluntary transfer of development rights from lower density areas into districts well served by transit even when changes in zoning are not involved.
2. Recognizing the synergy between public transit and expanded commuter and intercity passenger rail services, NVTC favors requirements that would provide access to sources of state funding for freight railroads only if the private railroads provide matching funds, allow access for public passenger rail service on reasonable terms and agree to complete projects entrusted to them on time and on budget.
3. To assist VRE and its freight rail partners, amend Title 56 of the Virginia Code to fully limit rail passenger liability to no more than \$200 million per occurrence. VRE currently pays about \$3 million annually for insurance that provides \$250 million of protection. Its freight railroad partners are seeking \$500 million in coverage. The cap would help to mitigate their concerns.
4. NVTC supports legislative action that will safeguard the effectiveness of HOV lanes serving this region. More funding to the State Police for better enforcement, including the use of new technologies (such as photo enforcement and infra-red detection of occupants), appears to be a key to maintaining free-flowing traffic in these important lanes.
5. The General Assembly should enact further legislation supporting telework, including establishing a Telework Council. The commonwealth should also expand programs of free and discounted transit passes for its own employees to build on success in Northern Virginia and take full advantage of federal tax incentives.
6. Strengthen the multi-modal office under the Secretary of Transportation and appoint employees from that office to represent the commonwealth on Metropolitan Planning Organizations to achieve a better balance in planning and programming among modes. Retain DRPT as an independent department as the transition occurs to a true multi-modal approach.
7. Promote access management initiatives by requiring VDOT to consider alternatives for ensuring transit, pedestrian and bicycle access in those instances in which it is empowered to review developments.

Federal Legislative Actions

1. In enacting SAFETEA-LU, Congress recognized only some of the needs of WMATA as described in its Metro Matters campaign. Within the six-year horizon of that reauthorization, WMATA has documented needs for maintenance and rehabilitation as well as new railcars, buses and system improvements. WMATA has executed funding agreements with its local governments that require at least \$260 million in federal funding plus \$144 million for Homeland Security. In its new bill, Congress provided only about \$100 million. VRE also has documented needs for rail cars, locomotives, parking and platforms totaling almost \$200 million. Congress did not earmark any of these funds for VRE. NVTC urges Congress to appropriate funds to fully meet the needs of WMATA and VRE.
2. NVTC supports the objective of providing \$1.5 billion in federal funding for WMATA to be matched by dedicated state/local funding, as contained in HR 3496, the bill introduced by Representative Davis.
3. NVTC supports significant increases in security funding for local and regional transportation agencies in the Metropolitan Washington area.
4. This region's Metrochek program provides a strong incentive to use transit with tax-free, employer-provided transit benefits available up to \$105 per month. NVTC supports bills that would raise the monthly benefit levels to match those of parking (increasing with inflation to \$200).
5. NVTC supports federal restructuring and funding of Amtrak that will create a financially healthy enterprise. Any such restructuring should guarantee access to Amtrak facilities for commuter rail systems (especially Union Station for VRE) and maintain the ability of Amtrak to serve as a contract commuter rail operator at local option. NVTC does not favor plans that would require increased state funding for Amtrak to meet federal mandates.
6. NVTC favors federal legislation that would broaden the cap on commuter rail liability at a level no greater than \$200 million per occurrence. The current \$200 million cap applies only to rail passengers. Many freight railroads providing access to commuter rail systems are now demanding \$500 million in insurance. This change in the federal cap would protect public transit systems providing commuter rail service from the expense of unnecessary and excessive levels of insurance and in some cases allow access to freight facilities where it is now denied.

Attachment 1

NVTC 2006 Legislative Agenda

State Funding

1. Increase stable, reliable and permanent state funding for transit.
2. Use state bonded indebtedness as a tool to help resolve the transportation funding crisis.
3. Meet the commonwealth's statutory goal of funding 95% of eligible transit costs from the Mass Transit Fund. For FY 2007 alone, this would require an additional \$200 million (double the current level).
4. Ensure transit receives at least 14.7% of any new transportation revenues (transit's current share of the TTF). Meeting the 95% state transit formula assistance target and ensuring a fair share of new state transportation revenues for transit will have the effect of elevating the state priority placed on transit maintenance to match that placed on highway maintenance.
5. Maintain DRPT's existing transit allocation formulas and audit requirements.
6. Secure the TTF by adopting a constitutional amendment to prevent diversion of funds.
7. Provide funding for VRE and Metro railcars, Loudoun County buses and other transit improvements at least as great as that recommended by the Governor's Commission on Transportation in Urbanized Areas.

Regional Funding

1. Provide for a dedicated funding source for WMATA to secure \$1.5 billion of new federal funds. Dedicate to WMATA an increase in the state sales and use tax of a quarter-cent, subject to an affirmative vote by local governing bodies representing at least 90% of the population of the five jurisdictions supporting Metro in which the tax will be levied. Once the tax is in effect, the legislation should state that the tax can only be eliminated by action of local governing bodies representing at least 90% of the population of those five jurisdictions. Funds will be held in trust by NVTC. The commonwealth should be required to maintain its own level of transit funding effort.
2. Increase NVTC's 2% motor fuels tax to 4% to pay for existing Metro obligations (the sales tax would pay for currently unfunded obligations). As was the case in the 1980 2% legislation, provide a reduction in the property tax rate in the first year.

Other State Actions

1. Provide incentives to promote transit-oriented development.
2. Provide access to funding for freight railroads only if they provide matching funds, allow access to public passenger rail service on reasonable terms and agree to complete projects on time and on budget.
3. Amend Title 56 of the Virginia Code to fully limit passenger rail liability to no more than \$200 million per occurrence.
4. Safeguard the effectiveness of HOV lanes through improved enforcement.
5. Support telework including establishing a Telework Council.
6. Strengthen the multi-modal office under the Secretary of Transportation and retain DRPT as the transition occurs to a true multi-modal approach.
7. Promote access management initiatives by requiring VDOT to consider alternatives for ensuring transit, pedestrian and bicycle access.

Federal

1. Appropriate sufficient funds to fully meet the needs of WMATA and VRE.
2. Provide \$1.5 billion for WMATA over 10 years.
3. Increase security funding for local and regional transportation agencies in this region.
4. Raise the tax-free transit benefits (Metrochek) to match that available for parking (up to \$200 monthly).
5. Do not require increased state funding for a restructured Amtrak and preserve access to Amtrak facilities by commuter rail systems such as VRE.
6. Broaden the cap on commuter rail liability at a level no greater than \$200 million per occurrence.



PROPOSED VIRGINIA LEGISLATION TO PROVIDE A DEDICATED SOURCE OF FUNDING FOR WMATA

Report of a Joint Committee of the
Northern Virginia Transportation Commission and
Northern Virginia Transportation Authority

Approved by NVTC:
--December 1, 2005--



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RECOMMENDATIONS

The joint NVTC/NVTA committee is recommending legislation to be enacted at the 2006 Virginia General Assembly to dedicate to WMATA a quarter-cent increase in the sales and use tax in the five local jurisdictions financially supporting WMATA (Alexandria, Arlington, Fairfax (city), Fairfax County and Falls Church). For the tax to take effect, an affirmative vote would be needed by local governing bodies representing at least 90 percent of the population of these five jurisdictions. This action will provide over \$55 million annually to meet Virginia's share of the unfunded needs documented by the Blue Ribbon Panel. Maryland and the District of Columbia will also have to act to provide dedicated funding to cover their respective shares of the needs identified by the Panel. Details of the legislative proposal are listed in Attachment 1.

BACKGROUND

The Metro Blue Ribbon Panel confirmed in January, 2005 that a shortfall exists of required funding to support Metro of about \$300 million per year for FY 2008 through 2015. The Panel recommended a uniform regional sales tax of a quarter cent to be paired with an equal contribution from the federal government. The Panel called for the tax proceeds to be contributed to Metro based on point of sale, (which would result in 47.0% from Virginia, 19.0% from D.C. and 34.0% from Maryland. Current (FY2006) subsidy responsibilities for Metro have a significantly different allocation, with 25.6% for Virginia, 37.0% for D.C. and 37.4% for Maryland.

The Panel identified an additional shortfall of Metro Access (specialized transportation for persons with disabilities) funding of \$100 million annually but recommended that this funding issue should be deferred to another panel. Also, the Panel assumed local subsidies would grow at 5.3% annually, thereby continuing pressure on local property tax payers, even if Metro's cost recovery ratio was maintained at 57%.

Several regional groups have endorsed the need for a dedicated source of funding for WMATA documented in the Panel's report (MWCOG, TPB, NVTA, NVTC), while not necessarily agreeing to every detail. The jurisdictions are considering implementation of such a dedicated source of funding from either new or existing revenue sources. Representative Tom Davis has introduced a bill (HR 3496) that would provide \$1.5 billion of federal funding over 10 years, but only if all non-federal subsidies are dedicated, including a 50% match for the new federal funds. Currently only NVTC's two percent motor fuels tax is dedicated to Metro yielding about \$25 million annually.

NVTA and NVTC have formed a joint committee to recommend the approach that should be followed in Virginia to achieve a dedicated funding

source for WMATA and qualify for the anticipated \$1.5 billion of new federal funding. Members of the committee are listed in Attachment 2.

LEGISLATIVE PROPOSAL

Recent NVRTA and other survey evidence suggests that residents are willing to pay significant amounts for better transportation, especially public transit. (See Attachment 3).

Accordingly, the following statutory change is recommended for action in the 2006 Virginia General Assembly session:

Increase the state sales and use tax by a quarter-cent in NVTC's five jurisdictions supporting Metro, subject to an affirmative vote by local governing bodies representing at least 90 percent of the population of the five jurisdictions supporting Metro in which the tax will be levied. Once these local actions have been taken and the tax is in effect, the legislation should state that the tax can only be eliminated by action of local governing bodies representing at least 90 percent of the population of those five jurisdictions. The proceeds should be dedicated to Metro and held in trust by NVTC on a point of sale basis. The commonwealth should be required to maintain its financial level of effort to ensure that the new tax revenues result in a net increase in available transit funding in Northern Virginia.

YIELD OF NEW TAX VERSUS METRO'S NEED

As shown in Attachment 4, the Blue Ribbon Panel confirmed a \$300 million average annual shortfall from FY 2008 through 2015, of which Virginia's current formula share would be \$38.4 million at 25.6% of the \$150 million non-federal amount.

As can be seen in Attachment 5, the yield of a dedicated quarter cent sales tax within NVTC's five Metro jurisdictions is \$55.0 million as of FY 2005. The difference between the yield (\$55.0 million) and the need (\$38.4 million) is \$16.6 million. Some of these funds in excess of Metro's needs might provide the opportunity to reduce the future burden on local property taxes.

BENEFITS OF THE PROPOSAL

1. Takes advantage of the likely emphasis on transportation in the 2006 General Assembly and the likely desire of the new Governor to act promptly and responsibly to solve the transportation funding crisis.

2. Can be integrated into broader legislative proposals to do more to solve the crisis (e.g. \$200 million is needed in FY 2007 and each year thereafter statewide to permit the commonwealth to meet its target of covering 95% of eligible public transit costs and restore equity among state transit and highway maintenance policies).
3. Is consistent with survey evidence that there is significant frustration with traffic, that taxes must be raised to pay for improvements, that individuals are willing to pay hundreds of dollars a year for these improvements and that a sales tax is the preferred method among citizens of paying for transportation improvements.
4. Ensures that tax proceeds stay in this region and are not diverted to other uses.
5. Qualifies the region for \$1.5 billion in new federal funding if the federal legislation passes and if Maryland and D.C. act to provide their shares.
6. Produces measurable improvements in Metro performance (e.g. eight-car trains in 75% of the system), again assuming action by Maryland and D.C.
7. Provides the opportunity to reduce the future burden on local property taxes.
8. Can easily be expanded to include Loudoun County and PRTC jurisdictions if they wish to participate, although in those jurisdictions the 1/4 –cent for Metro could instead go to NVTA and/or to NVTC or PRTC for other eligible public transit investments (e.g. Loudoun County Transit, VRE, Omni Ride, Omni Link).
9. The proposal is easy to understand, simple to administer and should not require an expensive referendum while ensuring accountability to voters through required local government action.

Attachment 1

RECOMMENDED LEGISLATION TO CREATE A QUARTER-CENT SALES TAX DEDICATED TO WMATA

- At the 2006 Virginia General Assembly session, act to dedicate a quarter-cent sales and use tax in the five jurisdictions financially supporting WMATA (Alexandria, Arlington, Fairfax (city), Fairfax County and Falls Church).
- Require affirmative action by the local governing bodies representing at least 90 percent of the population of the five jurisdictions supporting Metro in which the tax will be levied. Once these local actions have been taken and the tax is in effect, the legislation should state the tax can only be eliminated by action of local governing bodies representing at least 90 percent of the population of those five jurisdictions.
- Direct the proceeds to the Northern Virginia Transportation Commission to be held in trust on a point-of-sale basis for those five local governments to use for payments to WMATA, as is done with the proceeds of a two percent motor fuels tax provided to NVTC since FY 1981.
- Require the commonwealth to maintain its financial level of effort to ensure that the new tax revenues result in a net increase in available transit funding in Northern Virginia.
- The anticipated yield of the quarter-cent sales tax (as of FY 2005) is at least \$55.0 million annually. The need documented by the Blue Ribbon Panel is \$38.4 million annually. Therefore, some of the difference in excess of Metro's needs might be available reduce the future burden on local property taxes.

Attachment 2

COMMITTEE MEMBERS

<u>NAME</u>	<u>TITLE</u>	<u>AFFILIATION</u>
Gerald Connolly	Chairman, Fairfax County Board of Supervisors	Vice-Chairman, NVTC NVTA Member
William Eulle	Mayor, City of Alexandria	NVTC Executive Committee and NVTA Member WMATA Board Alternate
Paul Ferguson	Member, Arlington County Board	Chairman, NVTC
Dana Kauffman	Member, Fairfax County Board of Supervisors, Lee District	NVTC Executive Committee Chairman, WMATA Board
William Mims	Senator, Virginia 33 rd District	NVTA Member
David Snyder	Member, City of Falls Church Council	Secretary-Treasurer, NVTC Chairman, NVTA
Margaret Vanderhye	Citizen	Member, NVTA
Mary Margaret Whipple	Senator, Virginia 31st District	NVTC Executive Committee
Christopher Zimmerman	Member, Arlington County Board	NVTC Executive Committee Vice-Chairman, NVTA WMATA Board Member

Attachment 3



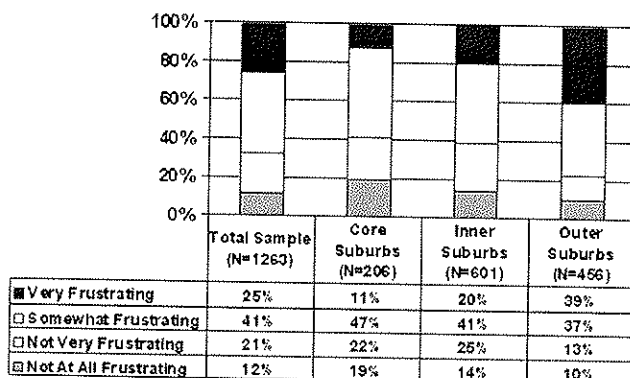
NORTHERN VIRGINIA RESIDENTS ARE FRUSTRATED WITH TRAFFIC AND WILLING TO PAY MORE FOR PUBLIC TRANSIT IMPROVEMENTS

Background

The Northern Virginia Transportation Authority is preparing a 2030 transportation plan with citizen input. The Authority surveyed 1,263 Northern Virginia adults in April and May, 2005. The survey had an overall margin of error of $\pm 2.5\%$ and allowed detailed examination of attitudes in each jurisdiction. The results were very encouraging regarding support and willingness to pay for public transit improvements throughout the region.

Frustration

Three-fourths of outer suburb residents are frustrated with their commuting trips and three-fifths are frustrated in the inner suburbs and core of the region.

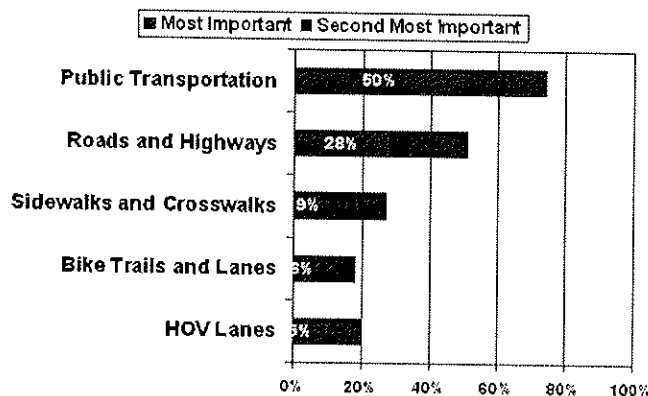


Preferred Projects

Commuters often selected public transit improvements as their first or second priority in corridors in which they actually travel. Examples include Metrorail in the Dulles Corridor (71% first or second priority); Metrorail from Dunn Loring to Maryland through Tysons Corner (74%); and Metrorail along I-66 to Centreville (52%).

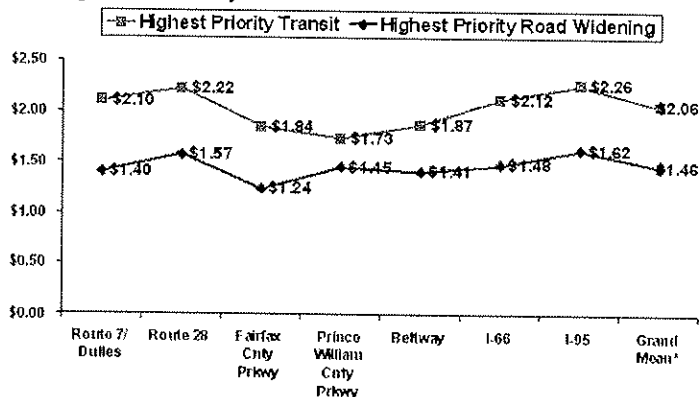
Preference for Transit

Overall, 74% picked transit as their first (50%) or second (24%) most important priority, with roads ranked next with only 51%. Surprisingly this preference for transit held steady over all jurisdictions. While 66% of transit users ranked transit as their top priority, almost half (48%) of non-transit users also picked transit first.



Willingness to Pay for Transit Benefits

Overall, persons traveling in each corridor would pay \$2.06 per day for top priority transit projects but only \$1.46 for highways. In virtually every corridor commuters were willing to pay more for transit. Examples include \$2.10 per day for Metrorail to Dulles; \$1.84 for priority buses on the Fairfax County Parkway; \$2.13 for express buses on the Beltway; \$2.12 for extending Metrorail to Centreville along I-66; and \$2.30 for extending VRE to Haymarket.

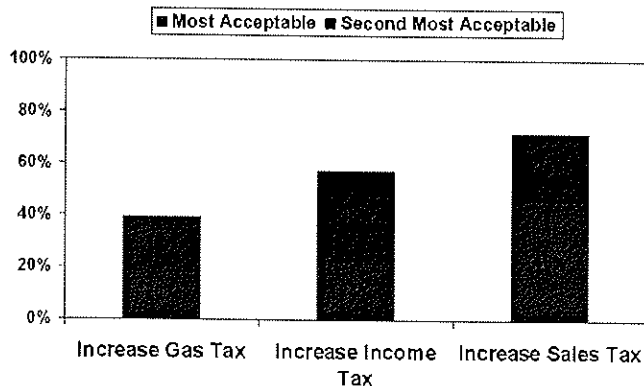


Paying for Expanded Transit and Reduced Crowding on Metro and VRE

Over a fifth of respondents would pay \$3 or more per day (well over a thousand dollars a year). Another two-fifths would pay between \$1 and \$3 per day. This is equivalent to a 60-cent gas tax per gallon (assuming 12,000 miles traveled per year at 20 miles per gallon). Only 15% would be unwilling to pay anything.

Acceptable Funding Methods

Respondents were asked to choose between three options, each of which raised \$175 million annually. A half-cent sales tax was the overwhelming top choice with 46%, versus 23% for an income tax increase and 20% for a gas tax increase. Combining first and second choices, the sales tax share was 72%, versus 57% for the income tax and 39% for the gas tax. Almost as many respondents favor using highway tolls for transit improvements (70%) as for highway improvements, a result that held across all jurisdictions.



Survey Implications

The survey shows conclusively that there is strong support for transportation improvements in general and transit in particular and that residents in all jurisdictions are willing to pay to relieve their frustrations with traffic.

For Further Information

Refer to NVTA's website www.novaregion.org for details on the survey and to NVTC's website www.thinkoutsidethecar.org for information about transit funding and service.

Attachment 4

APPROXIMATE ANNUAL WMATA SHORTFALL SUBSIDY SHARES
BY JURISDICTIONS
-- \$ millions --

	Blue Ribbon Panel	
	\$M	%
Federal	150.0	50.0%
Non-Federal	150.0	50.0%
Total	<u>300.0</u>	<u>100.0%</u>
Non-Federal		
MD	56.1	37.4%
DC	55.5	37.0%
VA	38.4	25.6%
Total Non-Federal	<u>150.0</u>	<u>100.0%</u>

Source: Blue Ribbon Panel Report.

Attachment 5

YIELD OF STATE SALES TAX
BY JURISDICTION
-- FY 2005 --

<u>Jurisdiction</u>	<u>1/4 cent</u>
Alexandria	\$ 5,907,412
Arlington	7,745,581
Fairfax (City)	2,828,953
Fairfax County	37,566,835
Falls Church	965,884
WMATA Subtotal	<u>\$ 55,014,665</u>

Source: Virginia Department of Taxation.

**2006 Transportation Investments:
Continuing the Progress**

Governor Mark Warner

December 2005

Transportation Proposal

		(in millions)		
		<u>FY 07</u>	<u>FY 08</u>	<u>Total</u>
1.	Deposit 1/3rd of insurance premiums to Priority Transportation Fund & Mass Transit Trust Fund	\$138.8	\$146.7	\$285.5
	a. <i>Auto premium taxes used to offset FRAN debt service</i> impact on Highway Construction Fund (formula) Relieves highway construction program of FRAN debt service repayment	111.3	117.6	228.9
	b. <i>Remainder of insurance premiums directed to transit capital</i> Sustainable new revenue to increase state share of capital costs. Increase will bring share to more than 50 percent	27.5	29.1	56.6
2.	Provide match for SAFETEA-LU Project Earmarks <i>Mandated statewide project list that the Commonwealth must match 20% over the life of SAFETEA-LU.</i> Provision of all required match up front allows 154 projects to be accelerated and relieves funding pressure on locals & TTF ; leverages \$567.9 million in federal funding for 154 projects Transit/Rail - \$26.1 m for 33 transit/rail projects; leverages \$104.6 m Highways - \$107.9 m for 83 projects; leverages \$431.7 m Operations - \$3.7 m for 10 projects; leverages \$14.7 m Bike/Ped - \$0.2 m for 4 projects; leverages \$0.9 m Facilities - \$4.0 m for 24 projects; leverages \$16.0 m	\$142.0		\$142.0
3.	Advance Major Mobility Federal Projects	\$143.0		\$143.0
	- Metrorail railcar storage	\$20		
	- VRE Rolling Stock	\$15		
	- Statewide bus purchase	\$10		
	- I-66 westbound – Idea 66 (2 projects)	\$16		
	- I-264/64 Interchange	\$30		
	- Route 164 Rail Relocation (Portsmouth)	\$15		
	- Route 460 Coalfields Connector	\$36		
	- Telework	\$1		
4.	Integrated Port Economic Initiative, including but not limited to:	\$54.0		\$54.0
	- Route 460 Intermodal Facility (Petersburg area)	\$9		
	Route 58 (Hillsville Bypass)	\$45		
TOTAL GF TRANSPORTATION PROPOSAL		\$477.8	\$146.7	624.5

Governor's 2006-2008 Biennial Budget Proposal

SAFETEA-LU EARMARKS

District	Type	Project Description	Locality	SAFETEA-LU Amount	General Fund Match	Total
Fredericksburg	highway	Widen Route 17 in Stafford	Stafford	\$1,000,000	\$250,000	\$1,250,000
Hampton	transit/rail	Double stack clearance of tunnels on the Norfolk and Western Mainline in Virginia located on the Heartland Corridor	Norfolk	\$5,000,000	\$1,250,000	\$6,250,000
Hampton	transit/rail	Hampton Roads Transit, VA - Southside Bus Facility	Hampton Roads	\$1,000,000	\$250,000	\$1,250,000
Hampton	transit/rail	T+D51 transit Southside Bus Facility	Hampton Roads	\$1,672,000	\$418,000	\$2,090,000
Hampton	transit/rail	Norfolk, VA - Final Design and Construction Southside Bus Facility	Norfolk	\$1,463,000	\$365,750	\$1,828,750
Hampton	transit/rail	Rail Relocation on I-64/I-664 Corridor in Portsmouth	Portsmouth	\$15,000,000	\$3,750,000	\$18,750,000
Hampton	transit/rail	Upgrade DOT crossing #467661K to constant warning time devices	Norfolk	\$137,360	\$34,340	\$171,700
Hampton	transit/rail	Upgrade DOT crossing #467662S to constant warning time devices	Norfolk	\$161,440	\$40,360	\$201,800
Hampton	transit/rail	Upgrade DOT crossing #467665M to constant warning time devices	Norfolk	\$155,680	\$38,920	\$194,600
Hampton	operations	Eastern Seaboard Intermodal Transportation Applications Center (ESTIAC) in Hampton Roads	Hampton Roads	\$1,200,000	\$300,000	\$1,500,000
Hampton	operations	Purchase specialized tunnel fire safety equipment in Hampton Roads	Hampton Roads	\$640,000	\$160,000	\$800,000
Hampton	highway	Catholic Bridge Protection for Veterans Memorial Bridge and the Berkeley Bridge in the Commonwealth of Virginia	Norfolk	\$560,000	\$140,000	\$700,000
Hampton	highway	Conduct planning and engineering for Hampton Roads Third Crossing and Interconnected Roadways	Hampton Roads	\$2,400,000	\$600,000	\$3,000,000
Hampton	highway	Construct improvements at I-264 interchange in Virginia Beach	Virginia Beach	\$9,400,000	\$2,350,000	\$11,750,000
Hampton	highway	Construct Maersk Terminal interchange in Portsmouth	Portsmouth	\$1,600,000	\$400,000	\$2,000,000
Hampton	highway	Construction and improvements from Route 60 to Mariners Museum and USS Monitor Center	Hampton Roads	\$1,000,000	\$250,000	\$1,250,000
Hampton	highway	Construction of Route 17 Dominion Boulevard, Chesapeake, VA.	Chesapeake	\$6,400,000	\$1,600,000	\$8,000,000
Hampton	highway	Dominion Boulevard improvements, Route 17, Chesapeake	Chesapeake	\$8,000,000	\$2,000,000	\$10,000,000
Hampton	highway	Final Design and Construction for improvements at I-64 and City Line Road, Virginia Beach and Chesapeake	Virginia Beach/Chesapeake	\$800,000	\$200,000	\$1,000,000
Hampton	highway	Hampton Roads Third Crossing - Segment 1	Hampton Roads	\$37,000,000	\$9,250,000	\$46,250,000
Hampton	highway	I-264/ Lymhaven Parkway/ Great Neck Road interchange	Virginia Beach	\$2,000,000	\$500,000	\$2,500,000
Hampton	highway	I-64/City Line Road interchange	Hampton Roads	\$5,000,000	\$1,250,000	\$6,250,000
Hampton	highway	I-64/City Line Road interchange in Virginia Beach	Virginia Beach	\$5,000,000	\$1,250,000	\$6,250,000
Hampton	highway	Improve transportation infrastructure for visitors to Jamestown 2007	Jamestown	\$425,520	\$106,380	\$531,900
Hampton	highway	National Park Service transportation improvements to Historic Jamestown in FY 2006	Jamestown	\$2,000,000	\$500,000	\$2,500,000
Hampton	highway	National Park Service transportation improvements to Historic Jamestown, Virginia	Jamestown	\$3,400,000	\$850,000	\$4,250,000
Hampton	highway	Preliminary Engineer, Design, and Construct improvements to Virginia Beach Blvd in Virginia Beach and Norfolk	Virginia Beach/Chesapeake	\$1,200,000	\$300,000	\$1,500,000
Hampton	highway	Widen Rolfe Highway from near the intersection of Rolfe Highway and Point Pleasant Road to the Surry ferry landing approach bridge	Surry	\$400,000	\$100,000	\$500,000
Hampton	highway	Widen Rolfe Highway to the Surry Ferry landing approach bridge in FY 2006	Surry	\$1,000,000	\$250,000	\$1,250,000
Lynchburg	highway	Construction of Virginia Blue Ridge Trail in Amherst County, VA	Amherst	\$240,000	\$60,000	\$300,000
Lynchburg	transit/rail	Upgrade Dot crossing #470515H to constant warning devices in Halifax	Halifax	\$35,520	\$8,880	\$44,400
Lynchburg	highway	Improvements to Route 15, Farmville	Farmville	\$1,000,000	\$250,000	\$1,250,000
Lynchburg	highway	Replacement of Robertson Bridge, Danville	Danville	\$1,456,320	\$364,080	\$1,820,400
Lynchburg	highway	Replacement of Robertson Bridge, Danville	Danville	\$5,000,000	\$1,250,000	\$6,250,000

Governor's 2006-2008 Biennial Budget Proposal

SAFETEA-LU EARMARKS								
District	Type	Project Description	Locality	SAFETEA-LU Amount	General Fund Match	Total		
Lynchburg	highway	Rivermont Ave. (Lynchburg) Bridge Improvements	Lynchburg	\$1,760,000	\$440,000	\$2,200,000		
Lynchburg	highway	Widening of Highway 15 in Farmville, Virginia	Farmville	\$1,349,760	\$337,440	\$1,687,200		
NOVA	transit/rail	Alexandria, VA Eisenhower Avenue Intermodal Station Improvements, including purchase of buses and construction of bus shelters	Alexandria	\$2,090,000	\$622,500	\$2,612,500		
NOVA	transit/rail	Alexandria, VA Royal Street Bus Garage Replacement	Alexandria	\$418,000	\$104,500	\$522,500		
NOVA	transit/rail	Arlington County, VA Columbia Pike Bus Improvements	Arlington	\$2,926,000	\$731,500	\$3,657,500		
NOVA	transit/rail	Arlington County, VA Crystal City--Potomac Yard Busway, including construction of bus shelters	Arlington	\$2,508,000	\$627,000	\$3,135,000		
NOVA	transit/rail	Arlington County, VA Pentagon City Multimodal Improvements	Arlington	\$1,672,000	\$418,000	\$2,090,000		
NOVA	transit/rail	City of Alexandria, VA - City-Wide Transit Improvements	Alexandria	\$1,000,000	\$250,000	\$1,250,000		
NOVA	transit/rail	City of Alexandria, VA - Potomac Yard Transit Improvements	Alexandria	\$1,000,000	\$250,000	\$1,250,000		
NOVA	transit/rail	City of Alexandria, VA - Replace Royal Street Bus Garage	Alexandria	\$3,000,000	\$750,000	\$3,750,000		
NOVA	transit/rail	City of Alexandria, VA - Valley Pedestrian and Transit	Alexandria	\$1,000,000	\$250,000	\$1,250,000		
NOVA	transit/rail	Fairfax County Virginia - Richmond Highway Initiative	Fairfax	\$2,000,000	\$500,000	\$2,500,000		
NOVA	transit/rail	Fairfax County, VA Richmond Highway (U.S. Route 1) Public Transportation Improvements	Fairfax	\$1,672,000	\$418,000	\$2,090,000		
NOVA	transit/rail	Falls Church, VA Falls Church Intermodal Transportation Center	Falls Church	\$1,672,000	\$418,000	\$2,090,000		
NOVA	transit/rail	Potomac & Rappahannock Transportation Commission, VA - Buses for Service Expansion	Northern Virginia	\$1,000,000	\$250,000	\$1,250,000		
NOVA	operations	Metropolitan Washington, D. C. Regional Transportation Coordination Program	Northern Virginia	\$1,600,000	\$400,000	\$2,000,000		
NOVA	operations	Physical demonstrations of the ongoing work at the Turner-Fairbank facility with respect to ultra-high performance concrete with ductility	Fairfax	\$2,500,000	\$625,000	\$3,125,000		
NOVA	highway	Expansion of Battlefield Parkway from East Market Street at Route 7 to Sycolin Road, SE	Leesburg, Loudoun	\$1,600,000	\$400,000	\$2,000,000		
NOVA	highway	Haymarket, VA - Washington Street improvements	Haymarket	\$400,000	\$100,000	\$500,000		
NOVA	highway	I-66 and Route 29 Gainesville Interchange Project	Gainesville	\$8,000,000	\$2,000,000	\$10,000,000		
NOVA	highway	I-66 and Route 29 Gainesville Interchange Project	Gainesville	\$5,600,000	\$1,400,000	\$7,000,000		
NOVA	highway	I-66 Improvements and Route 29 Interchange, Gainesville	Gainesville	\$20,000,000	\$5,000,000	\$25,000,000		
NOVA	highway	Route 50 Traffic Calming, Gilberts Corner	Gilberts Corner	\$8,000,000	\$2,000,000	\$10,000,000		
NOVA	highway	Vienna, VA Maple Avenue Improvement project.	Vienna	\$1,320,000	\$330,000	\$1,650,000		
NOVA	highway	Widen I-66 westbound inside the Capital Beltway	Northern Virginia	\$22,000,000	\$5,500,000	\$27,500,000		
NOVA	highway	Widen I-66 westbound inside the Capital Beltway from the Rosslyn Tunnel to the Dulles Connector Road.	Arlington & Fairfax	\$5,600,000	\$1,400,000	\$7,000,000		
NOVA	highway	Widen Route 29 between Eaton Place and Route 123 in Fairfax, City, VA	Fairfax City	\$2,400,000	\$600,000	\$3,000,000		
NOVA	highway	Widening I-95 between Rte 123 and Fairfax County Parkway	Fairfax	\$800,000	\$200,000	\$1,000,000		
NOVA	highway	Widening I-95 between Rte 123 and Fairfax County Parkway	Fairfax	\$10,000,000	\$2,500,000	\$12,500,000		
NOVA	highway	Widening I-95 between Rte. 123 and Fairfax County Parkway	Fairfax	\$2,000,000	\$500,000	\$2,500,000		
NOVA	highway	Northern Virginia Potomac Heritage National Scenic Trail	Fairfax	\$800,000	\$200,000	\$1,000,000		
NOVA	highway	Reitalize Main Street in Dumfries	Dumfries	\$580,000	\$145,000	\$725,000		
NOVA/Cuiperper	operations	The Journey Through Hallowed Ground Rt. 15 scenic corridor management planning and implementation, FY 2006	Rte. 15 from Gettysburg, PA to Orange, VA. Continues on Rte. 20 to Monticello.	\$1,000,000	\$250,000	\$1,250,000		
Richmond	transit/rail	Greater Richmond Transit, VA - Bus Operations/Maintenance Facility	Richmond	\$5,000,000	\$1,250,000	\$6,250,000		

Governor's 2006-2008 Biennial Budget Proposal

SAFETEA-LU EARMARKS

District	Type	Project Description	Locality	SAFETEA-LU Amount	General Fund Match	Total
Richmond	transit/trail	Richmond, VA Design & construction for a bus operations & maintenance facility for GRTC	Richmond	\$1,254,000	\$313,500	\$1,567,500
Richmond	transit/trail	Richmond, VA Renovation and construction for Main Street Station	Richmond	\$919,600	\$229,900	\$1,149,500
Richmond	highway	Conduct planning and engineering for Mayo Bridge in Richmond	Richmond	\$1,600,000	\$400,000	\$2,000,000
Richmond	highway	Construct I-95 interchange at Temple Ave, Colonial Heights	Colonial Heights	\$1,600,000	\$400,000	\$2,000,000
Richmond	highway	Construct South Airport Connector Road, Richmond International Airport	Richmond	\$2,000,000	\$500,000	\$2,500,000
Richmond	highway	Construct South Airport Connector, Richmond International Airport.	Richmond	\$400,000	\$100,000	\$500,000
Richmond	highway	Expansion of South Airport Connector Road (Clarkson Road to Charles City)	Richmond	\$6,240,000	\$1,560,000	\$7,800,000
Richmond	highway	Improvements to public roadways within the campus boundaries of the Virginia Biotechnology Park, Richmond	Richmond	\$1,000,000	\$250,000	\$1,250,000
Richmond	highway	Improvements to public roadways within the campus boundaries of the Virginia Biotechnology Park, Richmond, VA	Richmond	\$2,400,000	\$600,000	\$3,000,000
Richmond	highway	Widen Route 10 to six lanes from Route 1 to Meadowville Road, Chesterfield	Chesterfield	\$800,000	\$200,000	\$1,000,000
Richmond	highway	Construction of transportation related enhancements and infrastructure of the WMFA project.	Richmond	\$800,000	\$200,000	\$1,000,000
Salem	transit/trail	Roanoke VA - Roanoke Railway & Link Passenger facility	Roanoke	\$418,000	\$164,500	\$582,500
Salem	transit/trail	Roanoke, VA - Bus restoration in the City of Roanoke	Roanoke	\$209,000	\$52,250	\$261,250
Salem	transit/trail	Roanoke, VA - Improve Virginian Railway Station	Roanoke	\$209,000	\$52,250	\$261,250
Salem	transit/trail	Roanoke, VA - Intermodal Facility	Roanoke	\$167,200	\$41,800	\$209,000
Salem	operations	Smart Flood Research and Operations, Blacksburg	Blacksburg	\$6,000,000	\$1,500,000	\$7,500,000
Salem	operations	Center for Excellence in Surface Transportation Safety at Blacksburg Virginia Tech Transportation Institute	Blacksburg	\$750,000	\$187,500	\$937,500
Salem	highway	Construct 3.6 miles of Interstate 73 near Martinsville	Martinsville	\$615,680	\$153,920	\$769,600
Salem	highway	Construct I-73 near Martinsville	Martinsville	\$7,000,000	\$1,750,000	\$8,750,000
Salem	highway	Engineering and Right of Way for Interstate 73 in Roanoke County	Roanoke	\$1,200,000	\$300,000	\$1,500,000
Salem	highway	Engineering and Right of Way for Interstate 73 in Roanoke County	Roanoke	\$1,000,000	\$250,000	\$1,250,000
Salem	highway	Engineering and Right of Way to widen Route 221 in Forest, Virginia	Forest	\$1,000,000	\$250,000	\$1,250,000
Salem	highway	Liberty Street Construction in Martinsville, Virginia	Martinsville	\$236,800	\$59,200	\$296,000
Salem	highway	Repair Colorado Street bridge in Salem, Virginia	Salem	\$1,400,000	\$350,000	\$1,750,000
Salem	highway	Route 221 improvements in Forest	Forest	\$500,000	\$125,000	\$625,000
Salem	facility	Blue Ridge Music Center - install lighting/ steps, upgrade existing trail system and equip interpretative center with visitor information	Galax	\$1,200,000	\$300,000	\$1,500,000
Salem	facility	Craig County Trail - Improvements to trail in Craig County	Craig	\$120,000	\$30,000	\$150,000
Salem	facility	Rocky Knob Heritage Center - planning, design, site acquisition and construction for trail system and visitors center on Blue Ridge Parkway.	Patrick County	\$1,200,000	\$300,000	\$1,500,000
Salem	facility	Smith River Trail - Construction of trail along Smith River in Henry County	Henry	\$400,000	\$100,000	\$500,000
Salem / Staunton	operations	Smart Travel and Traffic Management System in Salem and Staunton District, Virginia	Salem & Staunton Districts	\$400,000	\$100,000	\$500,000
Statewide	transit/trail	Commonwealth of Va - Statewide Bus Capital Program	Statewide	\$15,000,000	\$3,750,000	\$18,750,000
Statewide	transit/trail	Heartland Corridor Project in VA, WV, & OH, \$90 M	Statewide	\$30,000,000	\$7,500,000	\$37,500,000
Statewide	operations	Interstate 81 ITS message signs	Statewide	\$500,000	\$125,000	\$625,000
Statewide	highway	Conduct study of Route 460 Corridor, Virginia	Statewide	\$4,000,000	\$1,000,000	\$5,000,000

Governor's 2006-2008 Biennial Budget Proposal

SAFETEA-LU EARMARKS						
District	Type	Project Description	Locality	SAFETEA-LU Amount	General Fund Match	Total
Statewide	highway	Construct dedicated truck lanes on I-81	Statewide	\$100,000,000	\$25,000,000	\$125,000,000
Statewide	highway	Manage freight movement and safety improvements to I-81	Statewide	\$3,500,000	\$875,000	\$4,375,000
Statewide	highway	Fi. 460 Improvements	Statewide	\$38,000,000	\$9,500,000	\$47,500,000
Staunton	highway	Construct access road and roadway improvements to Chessie development site, Clifton Forge	Clifton Forge	\$5,000,000	\$1,250,000	\$6,250,000
Staunton	highway	Improve Erickson Avenue and Stone Spring Road connection	Rockingham, Harrisonburg	\$1,040,000	\$260,000	\$1,300,000
Staunton	highway	Improve Route 42 (main Street) in Bridgewater	Bridgewater	\$600,000	\$150,000	\$750,000
Staunton	highway	Improve Route 42 (Main Street) in Bridgewater, Virginia	Bridgewater	\$500,000	\$125,000	\$625,000
Staunton	highway	Route 11 Improvements in Mauretown (Shenandoah County)	Mauretown	\$400,000	\$100,000	\$500,000
Staunton	highway	Route 11 Improvements in Mauretown, Virginia	Mauretown	\$500,000	\$125,000	\$625,000
Staunton	highway	Route 11 Interchange Improvements in Lexington, Virginia	Lexington	\$800,000	\$200,000	\$1,000,000
Staunton	highway	Widen Route 262 Augusta County	Augusta	\$800,000	\$200,000	\$1,000,000
Staunton	highway	Widen Route 262 in Augusta County	Augusta	\$3,000,000	\$750,000	\$3,750,000
Staunton	highway	Widen Route 262 in Bergton, Virginia	Bergton	\$2,000,000	\$500,000	\$2,500,000
Staunton	highway	Widen Route 820 in Bergton, Virginia	Bergton	\$1,240,000	\$310,000	\$1,550,000
Staunton	highway	National Park Service, Appalachian Trail, High Top Mountain land acquisition, FY 2006	Staunton	\$1,200,000	\$300,000	\$1,500,000
Staunton	facility	Clifton, VA Main Street parking and sidewalk improvements	Clifton	\$500,000	\$125,000	\$625,000
Staunton	bike/ped	Construct Old Mill Road extension	Clifton	\$200,000	\$50,000	\$250,000
	highway	Construct Old Mill Road extension		\$2,000,000	\$500,000	\$2,500,000
	highway	Mill Road Slip Ramp		\$3,000,000	\$750,000	\$3,750,000
	highway	Old Mill Road extension		\$400,000	\$100,000	\$500,000
	highway	Old Mill Road Extension		\$800,000	\$200,000	\$1,000,000
	highway	Glen Alton - design and construction of recreation trails, access and visitor information center		\$1,280,000	\$320,000	\$1,600,000
	facility			\$800,000	\$200,000	\$1,000,000
Total Virginia Earmarks				\$567,885,500	\$141,971,375	\$709,856,875
Total SAFETEA-LU Federal Funds for Projects				\$14,684,720	\$3,671,180	\$18,355,900
# of Projects	Type of Projects		General Fund Match Required	Total Funding		
10	operations		\$3,671,180	\$18,355,900		
24	facility		\$3,997,475	\$19,987,375		
33	transit/trail		\$26,141,700	\$130,708,500		
4	bike/ped		\$230,000	\$1,150,000		
83	highway		\$107,931,020	\$539,655,100		
154			\$141,971,375	\$709,856,875		

Governor's 2006-2008 Biennial Budget Proposal

SAFETEA-LU EARMARKS

District	Type	Project Description	Locality	SAFETEA-LU Amount	General Fund Match	Total
Bristol	highway	Chestnut Mountain Road - feasibility study, design and construction start for road improvement on National Forest lands	Wise/Dickenson	\$400,000	\$100,000	\$500,000
Bristol	highway	Improvements to Coalfields Connector, Route 460, Buchanan County	Buchanan	\$12,000,000	\$3,000,000	\$15,000,000
Bristol	facility	Bland County Trails and Visitor Center - establishment of multi-use trail network, associated facilities and begin work on visitor center	Bland	\$800,000	\$200,000	\$1,000,000
Bristol	facility	Bristol Train Station - historic preservation and rehabilitation of former Bristol, VA train station.	Bristol	\$400,000	\$100,000	\$500,000
Bristol	facility	Bristol Train Station - historic preservation and rehabilitation of former Bristol, VA train station.	Bristol	\$1,000,000	\$250,000	\$1,250,000
Bristol	facility	Daniel Boone Wilderness Trail Corridor - acquire site; design and construction of interpretative center, enhancement of trail corridor.	Scott & Lee Counties	\$2,560,000	\$640,000	\$3,200,000
Bristol	facility	Fries Train Station and Trail - restoration of former train station for use as visitors center and construction of trail along New River.	Grayson	\$800,000	\$200,000	\$1,000,000
Bristol	facility	Green Cove Station - improvements to existing Forest Service facility located at trailhead of Virginia Creeper Trail.	Washington County	\$80,000	\$20,000	\$100,000
Bristol	facility	High Knob Horse Trails - construction of horse riding trails associated facilities in High Knob area of Jefferson National Forest.		\$600,000	\$150,000	\$750,000
Bristol	facility	Pocahontas Trail - development and construction of trail from Bluestone Junction to Pocahontas adjacent to abandoned rail line.	Tazewell	\$400,000	\$100,000	\$500,000
Bristol	facility	Town of St Paul - restoration of historic Hillman House to serve as a trail system information center and construction of stations on trails.	St. Paul	\$120,000	\$30,000	\$150,000
Bristol	facility	Virginia Creeper Trail - Trail needs, including construction of restroom facilities at Watauga and Alvarado and parking expansion at Watauga.	Washington	\$680,000	\$170,000	\$850,000
Bristol	facility	Writer's Mill Trail and Renovation - design and construction of recreational trail and preservation of watermill for use as visitors center	Washington	\$400,000	\$100,000	\$500,000
Bristol	facility	Whitlop Station - completion of renovation of Whitlop Station (which serves as trailhead facility) including construction of trail.	Abingdon, Washington Co	\$80,000	\$20,000	\$100,000
Bristol	bike/pep	Ceres Recreation Trail and Center - design and construct pedestrian/bicycle trail community of Ceres and establish trail center	Bland	\$120,000	\$30,000	\$150,000
Bristol	bike/pep	Cranesnest Trail - construction of hiking, biking, horse trail from Route 83 to Cranestest Campground	Wise/Dickenson	\$520,000	\$130,000	\$650,000
Bristol	bike/pep	Town of Pound Riverwalk - construction of pedestrian riverwalk in Town of Pound	Pound	\$80,000	\$20,000	\$100,000
Culpeper	operations	Install Transportation Critical Incident Mobile Data Collection Device in Charlottesville.	Charlottesville	\$94,720	\$23,680	\$118,400
Culpeper	highway	Construct Meadowcreek Parkway Interchange, Charlottesville	Charlottesville	\$25,000,000	\$6,250,000	\$31,250,000
Culpeper	highway	Construct Meadowcreek Parkway Interchange, Charlottesville	Charlottesville	\$2,000,000	\$500,000	\$2,500,000
Culpeper	highway	Expand Route 15 29 in Culpeper, Virginia	Culpeper	\$1,600,000	\$400,000	\$2,000,000
Culpeper	highway	Reconstruction of the entranceway to Montpelier in Orange County, Virginia	Orange	\$800,000	\$200,000	\$1,000,000
Culpeper	highway	Replacement of the 635 Bridge in Orange County, VA	Orange	\$400,000	\$100,000	\$500,000
Culpeper	facility	Bealeton, Virginia - Intermodal Station Depot Relubrication Facilities	Bealeton	\$229,900	\$57,475	\$287,375
Fred/Hampton Rds	transil/trail		Roads District	\$2,717,000	\$679,250	\$3,396,250
Fredericksburg	transil/trail		Fredericksburg	\$2,090,000	\$522,500	\$2,612,500
Fredericksburg	highway	Widen Route 17 in Stafford	Stafford	\$4,000,000	\$1,000,000	\$5,000,000

Rick Taube

From: Kala Quintana
Sent: Monday, December 19, 2005 1:30 PM
To: Rick Taube
Subject: FW: Money Menu

FYI—

Kala

-----Original Message-----

From: Alliance Alert [mailto:mail@nvta.org]
Sent: Monday, December 19, 2005 11:32 AM
To: mail@nvta.org
Subject: Money Menu

NVTA Alliance Alert

December 19, 2005

Money Menu

The Virginia Senate's Finance and Transportation Committees' Statewide Analysis and Recommendation Task Force (START) has released the latest estimates as to what various funding options would generate on an annual basis.

Statewide Options

Motor Vehicle Titling Tax (Current Rate: 3% of sales price)	1% increase = \$202.8 million
Vehicle Registration Fee (Current Fee: \$29.50)	\$10 increase = \$70.1 million
Motor Fuels Tax (Current rate: \$.175 per gallon)	\$.01 increase = \$50 million
Diesel Fuel Excise Tax (Current tax: \$.16 per gallon)	\$.015 increase = \$18 million
General Sales Tax on Motor Fuels (Current Sales Tax: 0%)	5% tax = \$334 million (2004 data)
General Sales Tax on Auto Repairs (Current Sales Tax: 0%)	5% tax = \$58.3
Tire Excise Tax (Current: \$1.00 per tire)	\$2.00 increase/tire = \$10.6 million
Vehicle Rental Tax (Current tax: 10%)	1% increase = \$7.7 million
Lodging Fee (Current tax: 0%)	\$1/room/night = \$31 million

Regional Options

Northern Virginia

12/19/2005

Regional Income Tax	½% = \$202 million (2002 data)
Regional Sales Tax	0.5% = \$148.9 million (FY 2005 data)

Hampton Roads

Regional Income Tax	½% = \$57.4 million (2002 data)
Regional Sales Tax	0.5% = \$167.7 million (FY 2005 data)

START presented this data for informational purposes only. It has not officially endorsed any, but believes most should be on the table for consideration. At its December 16, 2005 meeting, the task force voted to endorse the concept of local option taxes, but not to specifically suggest the sales or income tax.

Contact Info

The Alliance Alert is a free online update on regional transportation issues and public involvement opportunities provided by the Northern Virginia Transportation Alliance. For more information on regional transportation issues and NVTA, please visit our website at www.nvta.org.

Top



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NVTC

Northern Virginia Transportation Commission

AGENDA ITEM #11

MEMORANDUM

TO: Chairman Ferguson and NVTC Commissioners
FROM: Rick Taube *Rick Taube*
DATE: December 29, 2005
SUBJECT: WMATA Items.

A. Metro Board Digest for December, 2005.

The report is attached for your information.

B. FY 2007 Budget

The WMATA Board set a subsidy ceiling of \$461 million (up 5.9% over FY 2006) and required no fare increase. The proposed budget of \$1,088 billion meets those targets. Additional unfunded initiatives would include a living wage (\$1.3 million); rail service improvements (\$4.0 million); and bus service improvements (\$7.4 million).

By April, 2006 the budget should be submitted to the jurisdictions for comment. The Budget Committee would consider those comments on June 8th and the Board would act to approve the budget on June 15th.

Virginia jurisdictions' operating subsidies would increase by \$7 million (6.7%) to total \$112 million.





December 15, 2005

MEMORANDUM FOR: Chairman and Members of the Board

SUBJECT: December Board Digest

Metrorail Completes Line Service Team Rollout

Metrorail established three line management teams this year to take responsibility for all rail transportation activities on specific rail lines, as one part of a comprehensive program to improve rail reliability. The initiative started on the Red Line, our oldest and busiest line, in May. The Blue/Orange Line team followed in September, and last week the Green/Yellow Line team reported to work. We appointed three WMATA veterans to lead each team. Both Red Line Service Director BJ Jones and the newly appointed Green/Yellow Line Service Director Rita Davis have been with Metro for 31 years. Blue/Orange Line Service Director Charlie Dziduch has put in 27 years with Metro. The line service directors are responsible for directing and supervising all employees who work on their respective lines, including train operators, station managers, custodians and customer service representatives. They also have responsibility for management of the various rail transportation divisions and facilities on their lines, and rail service planning and analysis.

The line management team concept grew out of our rail reorganization plan and the recommendations of the American Public Transportation Association peer review earlier this year. The review panel suggested appointing line managers who would be responsible for service from end-to-end as one way to improve rail reliability.

**Washington
Metropolitan Area
Transit Authority**

600 Fifth Street, NW
Washington, D.C. 20001
202-962-1234

*By Metrorail:
Judiciary Square-Red Line
Gallery Place-Chinatown
Red, Green, and
Yellow Lines*

*A District of Columbia,
Maryland and Virginia
Transit Partnership*

Early Winter Snowfalls Test Snow Readiness and Workshop for Area Employers Highlights Metro's Winter Preparations

Metro's snow plan for winter 2005-2006 essentially mirrors last year's plan. We intend to suspend above ground Metrorail service for significant storms leaving eight or more inches of snow. The level of bus service will depend on road conditions. However, any amount of snow and ice can hamper rail service when it gets into the undercarriage of the rail cars, covers the third rail, creates slippery conditions in stations and on buses, and/or produces slick road conditions. As in years past, Metrorail has a fleet of snow-fighting rail cars. This year, 690 rails cars have snow-hardened motors that are resistant to damage from snow ingestion and electrical shorts. In addition, we will have de-icing units on 20 trains, ice scraper collector shoes and heater tape to minimize the buildup of snow and ice on the tracks and third rail. In our arsenal of snow-fighting tools, we have 2,400 tons of bulk rock salt to treat roadways and parking lots, and 17,000, 50-pound bags of de-icer to treat sidewalks and station platforms. In addition, we have 71 tractors, 96 snow brooms and 113 snow blowers, and three contractors to call in when it snows four or more inches to help mainly with clearing parking lots.

For a significant snow that would force us to suspend above ground rail service, Metrorail would run limited service in the underground portions of the system only. The operation plan calls for six-car trains on all rail lines running every 20 minutes. We would need 180 rail cars to execute this plan and would store these cars underground overnight, so that they would be ready to go into service when the system opened the next morning. As with any amount of snowfall, the level of Metrobus service would depend on road conditions, and we would not be able to guarantee bus service to travel to all of the above ground portions of the rail system that did not have rail service. For any snow storm and severe weather events, we will coordinate efforts with local and federal governments, and participate in conference calls with the Metropolitan Washington Council of Governments.

On December 5 and 8, we put our snow-readiness to test when the region received a few inches of snowfall twice during the same week. Though snow accumulations fell short of predictions, Metro had approximately 700 employees available to support snow removal efforts around the clock. Metrorail service was generally unaffected by the early December snowfalls. Most Metrobus service ran on schedule, however,

several Metrobuses in northern Virginia were confined to main roads on the morning of December 6 because of icy conditions on side streets.

Throughout the winter, we plan to keep customers informed about bus or rail service disruptions due to inclement weather through a variety of means, including postings on the Web site, e-Alerts, customer service phone line, the local media, and e-mails sent to area employers and event venues. In addition, customers can pick up a free brochure, "Using Metro in a Snowstorm," in rail stations and buses. Posters and bus cards throughout the system also will outline the snow plan and give customers tips on using the system during a snowstorm.

Meanwhile, on Wednesday, December 14, we held the third annual Metro Behind the Scenes workshop on snow operations. Nearly 50 representatives of major area employers registered for the workshop that provided participants with the inner workings of Metro and about the federal government's decisions on closings during snowstorms. Metro Behind the Scenes gave regional employers—including the American Petroleum Institute, National Science Foundation and Campaign for Tobacco-Free Kids—an inside look of how Metro plans and prepares for snowstorms and other weather emergencies. Employers with representatives at the workshop will be able to provide this information to their employees, Metro's customers, and help them use public transportation most effectively during major snowstorms. The speakers discussed disruptions to rail and bus service, and the importance of developing an alternate route in case regular service is not available. In turn, attendees provided Metro with suggestions on ways it can communicate more effectively with customers during inclement weather. For the first time, a representative from the U.S. Office of Personnel Management—the federal agency that decides on closings or early dismissals in case of inclement weather—participated in the workshop, discussing what the agency considers in making those decisions.

Metro Honors Rosa Parks With Dedication of 1957 Historic Bus

Thank you for joining us on December 1, when we dedicated a 1957 historic Metrobus to the life and legacy of Rosa Parks as part of a national tribute to the icon whose refusal to give up her seat on a Montgomery, Alabama, city bus, sparked the civil rights movement. The American Public Transportation Association declared December 1 "A National Transit Tribute to Rosa Parks Day" to commemorate the 50th anniversary of Parks' courageous act of civil disobedience that triggered

the 1955 bus boycott in Montgomery, Alabama. Decals featuring the likeness of Parks, along with inscriptions honoring her, appear both on the inside and outside of the Rosa Parks Metrobus. The interior plaque reads: "The Washington Metropolitan Area Transit Authority dedicates this bus to the life and legacy of Rosa Parks, 1913-2005, the Mother of the Civil Rights Movement on the Fiftieth Anniversary of her act of defiance that changed the course of history and inspired us all."

In addition to dedicating the Rosa Parks Metrobus, Metrobus riders heard the following announcement throughout the day: "Today, Metro joins with transit providers throughout the nation in observing 'A National Transit Tribute to Rosa Parks Day.' December first marks the 50th anniversary of the 1955 bus boycott that Rosa Parks began in Montgomery, Alabama. We hope all Metro customers will join us in celebrating the day and observing the legacy of Rosa Parks."

The historic bus was most recently used during the Washington region's tribute to Rosa Parks after her death. The bus was part of the procession of vehicles, including two other Metrobuses, which transported Mrs. Parks' family members and other dignitaries to the U.S. Capitol, where her body lied in state. The 1957 bus also has been driven in the past three presidential inauguration parades and other special events throughout the region.

Metro Honors Employees of Distinction at Annual Awards Ceremony

Metro recognized the outstanding achievements of our employees at the 23rd Annual Employee Awards Ceremony yesterday, December 14. This year's theme, "Employees of Distinction," highlighted the efforts of both individuals and teams who have excelled in their professional roles during the year.

The employees recognized at the annual awards ceremony were selected by their peers and colleagues. The 2005 Annual Employee Award winners include:

Jackson Graham Memorial Award for Extraordinary Achievement*

Carmen E. Turner Memorial Award for Extraordinary Achievement*

Award for Meritorius Achievement

Jeffery P. Delinski, Metro Transit Police Department

Award for Safety & Security

Joseph M. Graham, Jr., Division of Customer Service and Operations/
Rail Service

Award for Safety & Security

Larry Mitchell, Division of Customer Service and Operations/ Rail
Service

Award in Equal Employment Opportunity

Sarah Reynolds, Division of Customer Service and Operations/ Rail
Service

Award for Valor

Calvert N. Sawyers, Division of Customer Service and Operations/ Rail
Service

100% Customer Service Award

Daniel Epps, III, Division of Customer Service and Operations/ Rail
Service

***CEO's Award for Teamwork—Division of Planning, Development,
Engineering and Construction (PDEC) Best Performance***

Arthur T. King, PDEC/Planning and Information Technology; **Lisle
Oliver**, PDEC/ Infrastructure Renewal Project Group; **Moses Dolo**,
PDEC/Chief Engineer, Vehicles; **Edgardo Medina**, PDEC/Engineering
and Architecture; **Darin Welt**, PDEC/Engineering and Architecture;
Theresa Cox, PDEC/Construction; **Michael C. Fries**, PDEC/
Infrastructure Renewal Project Group; **Jeffrey Knepp**,
PDEC/Construction; **Chin Lai**, PDEC/Construction; **Ruth McCormick**,
PDEC/ Infrastructure Renewal Project Group; **Lane E. McGee**, PDEC/
Infrastructure Renewal Project Group; **Ronald Moyer**, PDEC/ Chief
Engineer, Systems; **Arthur "Roy" Noyes**, PDEC/ Infrastructure Renewal
Project Group; **William Paine, Jr.**, PDEC/Engineering and Architecture;
Christopher Riggins, PDEC/Engineering and Architecture

CEO's Award for Teamwork—Return of Car 4018

Eddie E. Baltrusch, Department of Operations/Rail Service; **Ronald
Brown, Sr.**, Department of Operations/Rail Service; **Chris Bird**,
Department of Operations/Rail Service; **James Chapman**, Department
of Operations/Rail Service; **Charles Crutchfield**, Department of

Operations/Rail Service; **James Hadricky**, Department of Operations/Rail Service; **Charles Littlejohn**, Department of Operations/Plant Maintenance; **Richard McCarthy**, Department of Operations/Rail Service; **Joseph Mead**, Department of Operations/Rail Service; **Anthony Pupshis**, Department of Operations/Rail Service; **Ronald Settle**, Department of Operations/Rail Service; **Joseph Williams, Sr.**, Department of Operations/Rail Service

Corporate Culture Change Teamwork Award—Environmental Management Systems Team

Michael R. Brown, Department of Operations/Track and Structures/Systems Maintenance; **Charles A. Campbell**, Department of Operations/Plant Maintenance; **David Hardt**, Department of Operations/Rail Service; **Earl Harper**, Department of Operations/Rail Service; **Joan LeLacheur**, Division of Planning, Development, Engineering and Construction/Chief Engineer, Facilities; **Kevin Lyons**, Audit Safety and Oversight/Department of System Safety and Risk Protection; **Paul T. Miller**, Department of Operations/Track and Structures/Systems Maintenance; **Clyde Simmons**, Division of Planning, Development, Engineering and Construction/Chief Engineer, Facilities; **Diana Wood**, Audit Safety and Oversight/Department of System Safety and Risk Protection

Departmental Employees of the Year

Robert Page, Department of Finance; **Donna J. Henderson**, Office of General Counsel; **Ronald Rydstrom**, Department of Customer Communications, Marketing and Sales; **Patricia L. Washington**, Department of Operations/Bus Transportation; **Barbara McClain**, Department of Operations/Rail Transportation; **Gairy O. Johnson**, Department of Operations/Rail Transportation; **Edward Groves**, Department of Operations/Bus Maintenance; **Micah Y. Sam**, Metro Transit Police Department; **Paul F. Ludwig, IV**, Metro Transit Police Department; **Michael J. Pecoraro**, Metro Transit Police Department; **Tommy Call**, Metro Transit Police Department; **Shiva Pant**, Department of Public Affairs and Strategic Programs; **Robert Golden, Jr.**, Division of Planning, Development, Engineering and Construction/Chief Engineer, Vehicles; **Ronald Bodmer**, Department of System Safety and Risk Protection; **John Christodoulakis**, Division of Workforce Development and Administration

* The names of the Jackson Graham Memorial Award for Extraordinary Achievement and Carmen E. Turner Memorial Award for Extraordinary

Chairman and Members of the Board

Page 7

Achievement were not available at the time the Board Digest was in production.

Upcoming Events

December 16

Metro LunchTalk Online, chat session at metroopensdoors.com, noon.

December 19

Roundtable discussion with members of the news media about 2005 accomplishments and 2006 look-ahead; 10:30 a.m.

January 6

Metro LunchTalk Online, chat session at metroopensdoors.com, noon.

January 10

Dulles Corridor Steering Committee meeting, Dulles Project Office, 8 a.m.

January 11

Annual Martin Luther King, Jr. celebration; JGB Board room; time to be determined

If you have any questions, please let me know. Thank you.

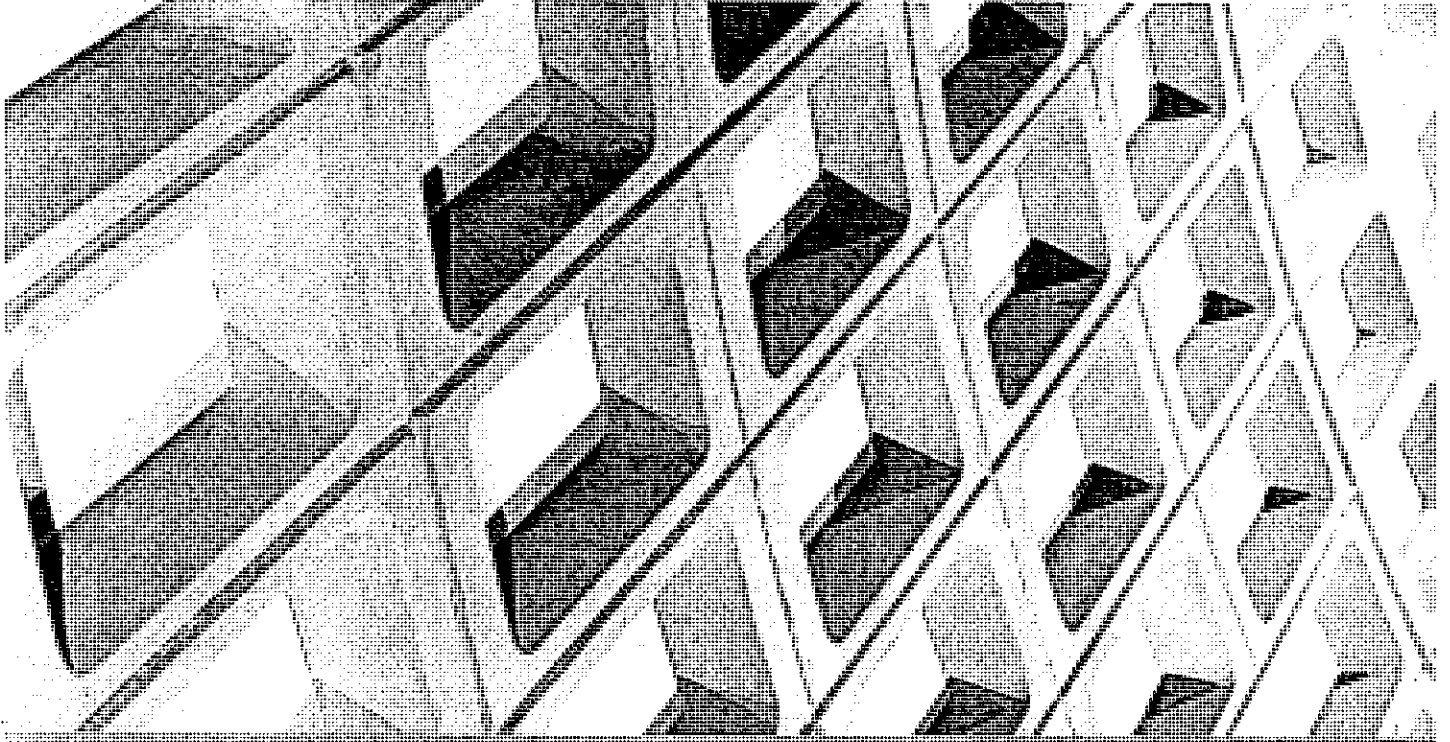


Richard A. White

General Manager and Chief Executive Officer

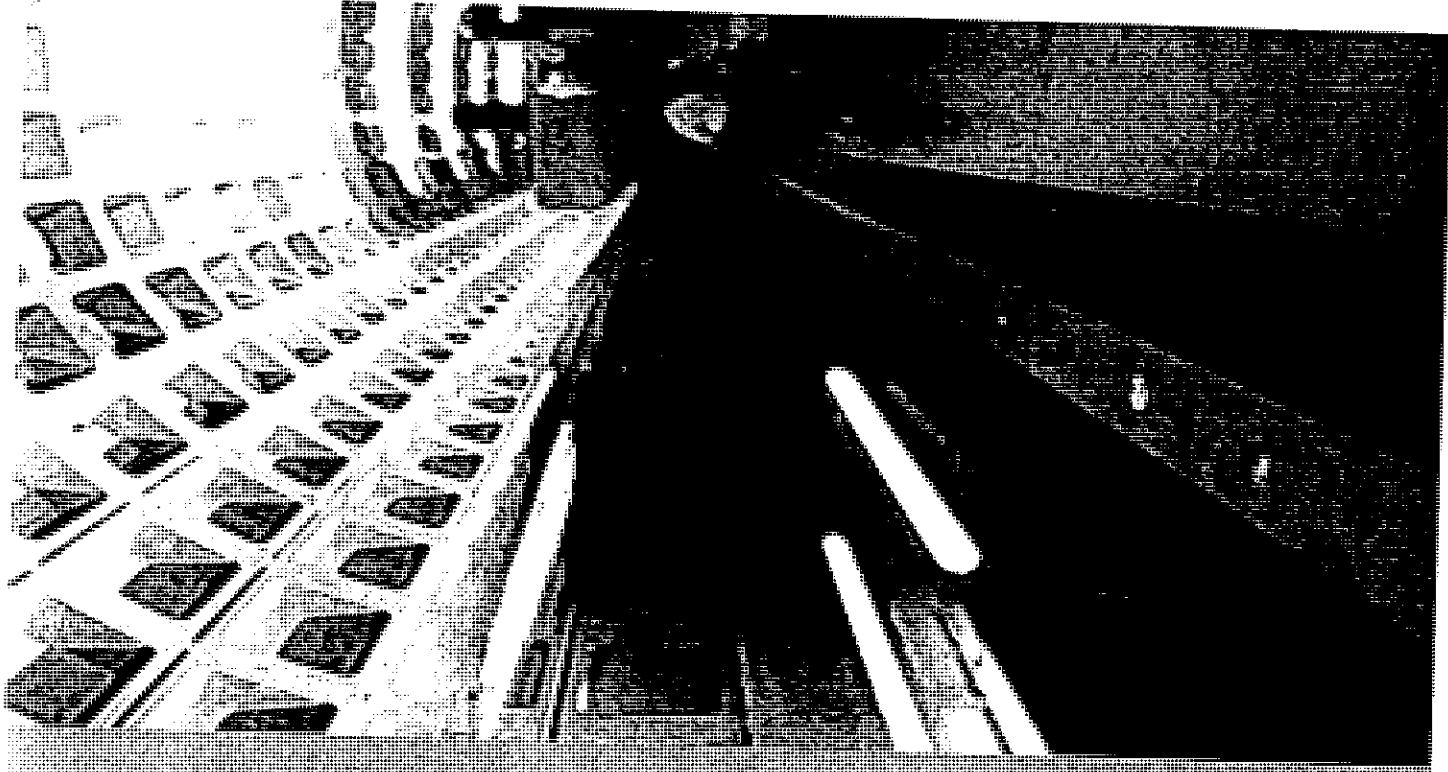
Proposed FY'07 Operating and Capital Budget

Budget Committee Meeting
Thursday, December 8, 2005



Board Guidance

- Develop an FY'07 budget with a subsidy ceiling of \$461 million (5.9% over FY'06)
- Offer best estimates of fuel costs and include staffing increases needed to implement recommendations of APTA Bus Peer Review
- Necessary cost containment should be included to achieve the targeted subsidy level
- Present an optional living wage program
- Management's proposal should not include a fare increase



Board Guidance Met

- Develop an FY'07 budget with a subsidy ceiling of \$461 million (5.9% over FY'06)

	FY2006 Adopted Budget	FY2007 Proposed Budget	Change
Revenue	\$579	\$627	\$48 8.3%
Expense	<u>1,014</u>	<u>1,088</u>	<u>74 7.3%</u>
Subsidy	<u>\$435</u>	<u>\$461</u>	<u>\$26 5.9%</u>

\$ Millions

The Budget in Detail - Expenses

\$1,013.8 FY2006/Adopted Budget

Base Budget Increases (Key Assumptions):

11.5	Minimal Pay Increases (4th Year Below Market/Inflation)
9.5	Health Insurance with \$3M Cost Shift to Employees
6.4	Diesel Budgeted at \$2.00/gallon
1.8	CNG & Natural Gas Inflation
(6.7)	Cost Containment
14.0	Inflation on All Other @ 2% - 3% Ranges
\$36.5	Base Inflation 3.5%

Base Budget Adjustments:

(3.5)	FY06 Safe, Clean, Reliable One-Time-Only Expenses
10.0	Pension Cost
7.6	Third Year of Claims Contribution Buildup
\$14.1	= 4% Cost Increase

Service Expansion and Improvements:

7.0	Metro Matters Rail Cars
4.0	Service Increase on MetroAccess
3.0	Baseball Service
3.0	CIP Impact - Operation of New Facilities
2.0	Elevator/Escalator Apprentice Program
2.8	Bus Supervision for Service Improvement
1.8	Bus Police Patrol Expansion
\$23.6	= 2.3% Cost Increase

\$1,088.0 FY2007/Proposed Budget 7.3% Expense Increase

\$ Millions

- Base budget increase is less than inflation
- \$23.6 million in service expansion and improvements

Operating Subsidy	FY2006 Approved Budget	FY2007 Proposed Budget	Change	
District of Columbia.....	\$166	\$175	\$9	5.4%
Montgomery County	77	81	4	5.2%
Prince George's County	88	93	5	5.7%
Maryland Total.....	<u>\$164</u>	<u>\$174</u>	<u>\$10</u>	6.1%
Alexandria	17	19	2	11.8%
Arlington County	29	31	2	6.9%
City of Fairfax	1	1	0	0.0%
Fairfax County	56	60	4	7.1%
Falls church	1	1	0	0.0%
Virginia Total.....	<u>\$105</u>	<u>\$112</u>	<u>\$7</u>	6.7%
Operating Subsidy.....	<u><u>\$435</u></u>	<u><u>\$461</u></u>	<u><u>\$26</u></u>	5.9%

\$ Millions

Note: Totals displayed may not add due to rounding. Exact subsidy values by jurisdiction are included in the presentation appendix and the Proposed Fiscal 2007 Budget book on page 212.

Wrap Up

- Overall operating budget up 7.3%, however the cost per passenger trip is increasing only 2.7% less than inflation
- No fare increase proposed
- Within guidance budget includes \$23.6 million for bus and rail service improvements
- Realistic revenue and expenditure projections included
- Will receive 164 new rail cars
- 20% of trains will have eight cars by December '06, 33 1/4 by December '07
- Complete delivery of 50 hybrid buses
- Procure 50 new buses for improved service
- Rehab additional 40 escalators and 25 elevators
- Increase fixed-route usage among paratransit patrons from 5% to 10%



MEMORANDUM

TO: Chairman Ferguson and NVTC Commissioners
FROM: Rick Taube, Jane Lynott, Kala Quintana, and Elizabeth Rodgers
DATE: December 29, 2005
SUBJECT: Regional Transportation Items.

A. NVTA's TransAction 2030 Transportation Plan Update.

In 2004, the NVTA requested staff to update the Northern Virginia 2020 Transportation Plan, completed by the NVTA's predecessor, the Transportation Coordinating Council (TCC), in 1999. Renamed TransAction 2030, this Plan sets regional transportation investment priorities between now and the year 2030.

Lacking a contracting department of its own, NVTA asked NVTC to procure a consultant to assist with this effort. NVTC staff is responsible for the management of the contract and for the public involvement portion of the work and coordinates closely with the NVTA Interim Technical Committee in overseeing the technical work of the project team.

December 6, 2005 Public Open House and Hearing

A major element of the public outreach program was an open house and hearing on December 6, 2005. This event was intended to present the initial results of the planning study to the public and get citizen feedback on the draft set of investment priorities. The event was held at George C. Marshall High School in Fairfax County.

Because of the NVTA's request to include a scientific telephone survey after the conclusion of contract negotiations with the consultant, NVTC took on the full responsibility of several public outreach tasks, including the planning and execution of the public hearing, media outreach, and the production of a narrated online presentation. In this way, the project team was able to keep the overall cost of the consultant contract at the previously negotiated cost of \$900,000.



The open house included numerous displays, maps, informational handouts, and a comment form. A project video of the online presentation and TV news clips, running in a continuous loop, provided participants with background of TransAction 2030. Information booths were staffed by jurisdictional and agency staff familiar with the TransAction 2030 planning analysis.

Approximately 50 citizens attended the meeting and were afforded an opportunity to speak with project staff. Fairfax County, Falls Church, and Arlington County were represented by the most citizens; however, a few attendees were from Alexandria, Manassas, and Loudoun County. Staff gave a twenty minute presentation with Q&A at 6:00 PM and at 7:00 PM. Twelve citizens testified during the formal public comment period and eight citizens filled out comment forms.

Ads were printed in the Washington Post and local papers in each jurisdiction, as well as in the Washington Hispanic. More than 1000 bus ads in both English and Spanish were placed on Northern Virginia buses. Staff distributed flyers at the Governor-elect's event in Manassas the week before the hearing. The ads included directions to the event by public transit and an announcement of a SmarTrip Card giveaway. Three speakers indicated that they had arrived at the event on public transit.

Other TransAction 2030 Activities

In addition to the public open house and hearing, the outreach program included the following elements:

- Information booths at seven community events (e.g., county and city fairs) during summer 2005. Each of these events were staffed by a team of consultants and jurisdiction/agency staff members.
- A scientific telephone survey administered to more than 1200 Northern Virginia citizens (Spring 2005)
- A website and telephone hot line
- One newsletter to kick-off the project was sent to more than 3000 citizens and community leaders.

The TransAction 2030 Plan introduces notable additions to Northern Virginia's planning and analysis. Through the introduction of the **Transit Level of Service Analysis (Transit LOS)**, we now have as good an understanding of the performance of our transit system as we do of our highway system. The Transit LOS uses five measures of transit performance:

1. Service coverage—How much of Northern Virginia's land area is served by public transportation?
2. Passenger load—How crowded are our trains and buses?

3. Frequency of service—How often can one hop a train or bus to travel between activity centers?
4. Hours of service—How many hours during a 24-hour period can one complete a trip between activity centers?
5. Travel time—How long does it take to complete a trip on public transit compared to what it what take to complete the same trip by car?

The TransAction 2030 Plan also introduces **Multi-modal Level of Service Analysis**—a way of understanding the interactions between modes (driving, taking the bus, bicycling, or walking) along an arterial. The TransAction 2030 Plan is the largest application to-date of Multimodal LOS Analysis. It is being done for each segment along arterials in the eight project corridors that make up the TransAction 2030 Plan.

TransAction 2030 provides Northern Virginia with a prioritized set of transportation investment needs. To arrive at these priorities, each of the projects was scored against a set of project-based evaluation criteria approved by the NVTA in September 2005. In addition, the performance of the entire transportation system will be evaluated against an approved set of **network-based performance evaluation criteria**.

The TransAction 2030 Plan calls for more than \$17 billion in system expansion, operations and preservation beyond the \$29 billion in planned investments already included in region's Constrained Long Range Plan (CLRP). The Plan calls for more than \$370 million in average annual transit investments between now and 2030 and more than \$300 million in average annual highway investments.

The highway network performance maps show that congestion levels have grown markedly since 1999. While CLRP investments will reduce the spread of congested conditions on area roadways, it is apparent that investments called for in the TransAction 2030 Plan are necessary to actually reduce levels of congestion on area roadways below those experienced today.

A final TransAction 2030 Plan is scheduled to be approved by the NVTA in the first quarter of 2005. In the meantime, staff is preparing a summary brochure of the project. A draft of this 12-page brochure was shared with the Virginia Senate's START group on December 16, 2005. A final brochure is scheduled to be approved by the NVTA on January 12, 2006 and will be mailed to members of the General Assembly shortly thereafter.

For more information on the TransAction 2030 plan, please contact Jana Lynott, NVTC (703) 524-3322 or jana@nvtcd.org.

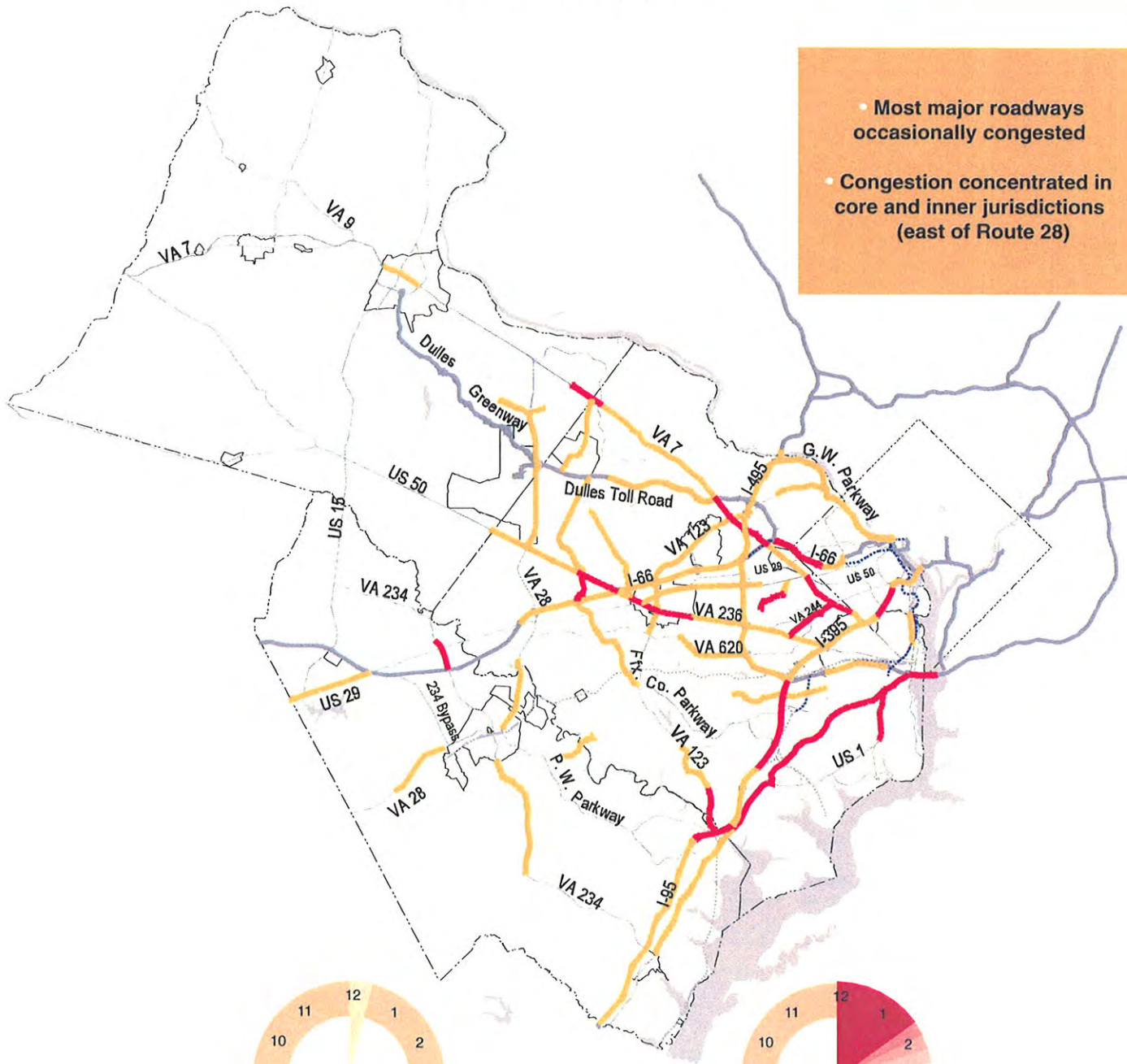
B. Communications from Citizens.

A letter is attached from Ed Tennyson about electrification of the track used by VRE.

Current System Performance

1999 Highway System

- Most major roadways occasionally congested
- Congestion concentrated in core and inner jurisdictions (east of Route 28)



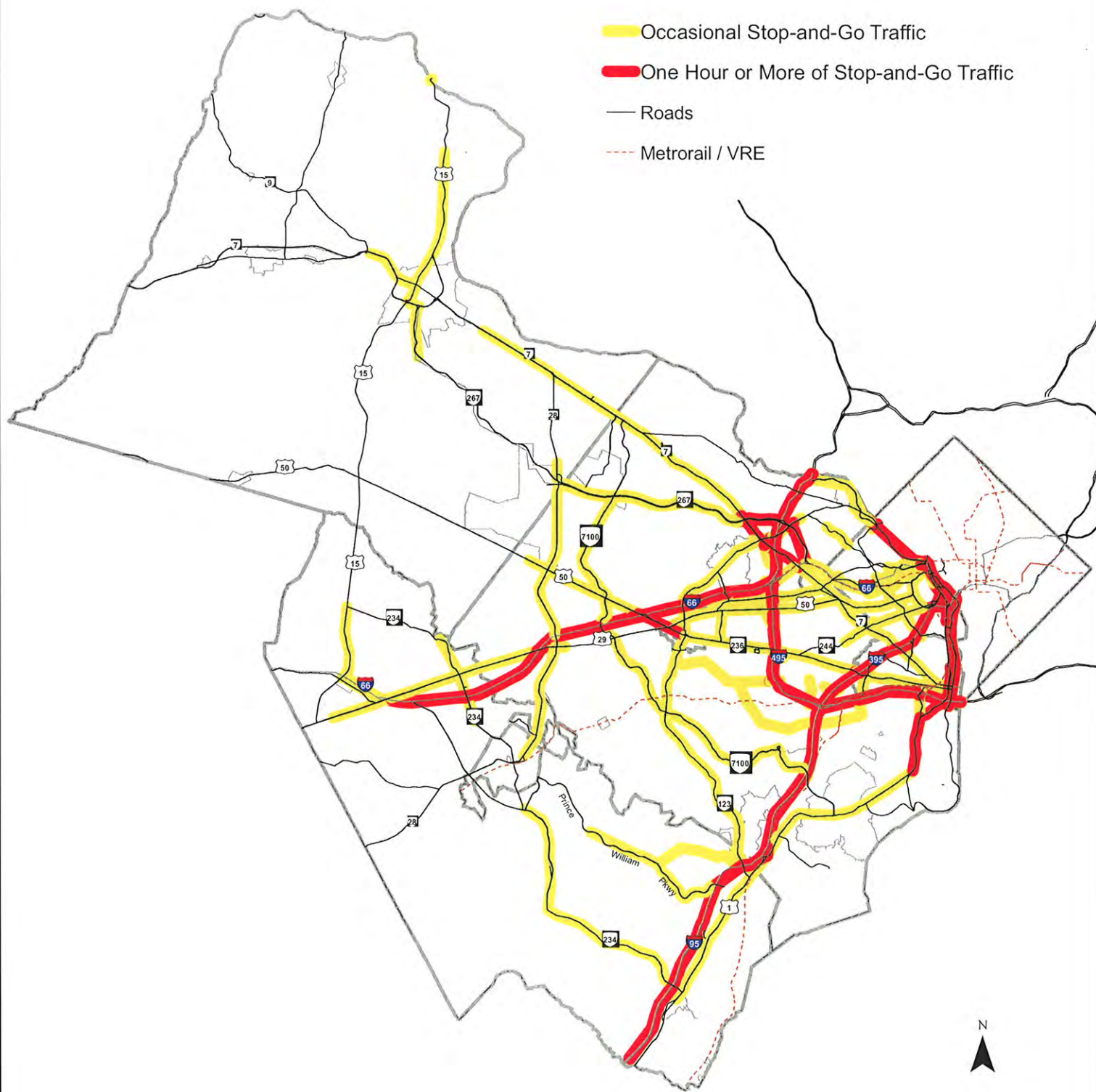
OCCASIONAL STOP-AND-GO TRAFFIC



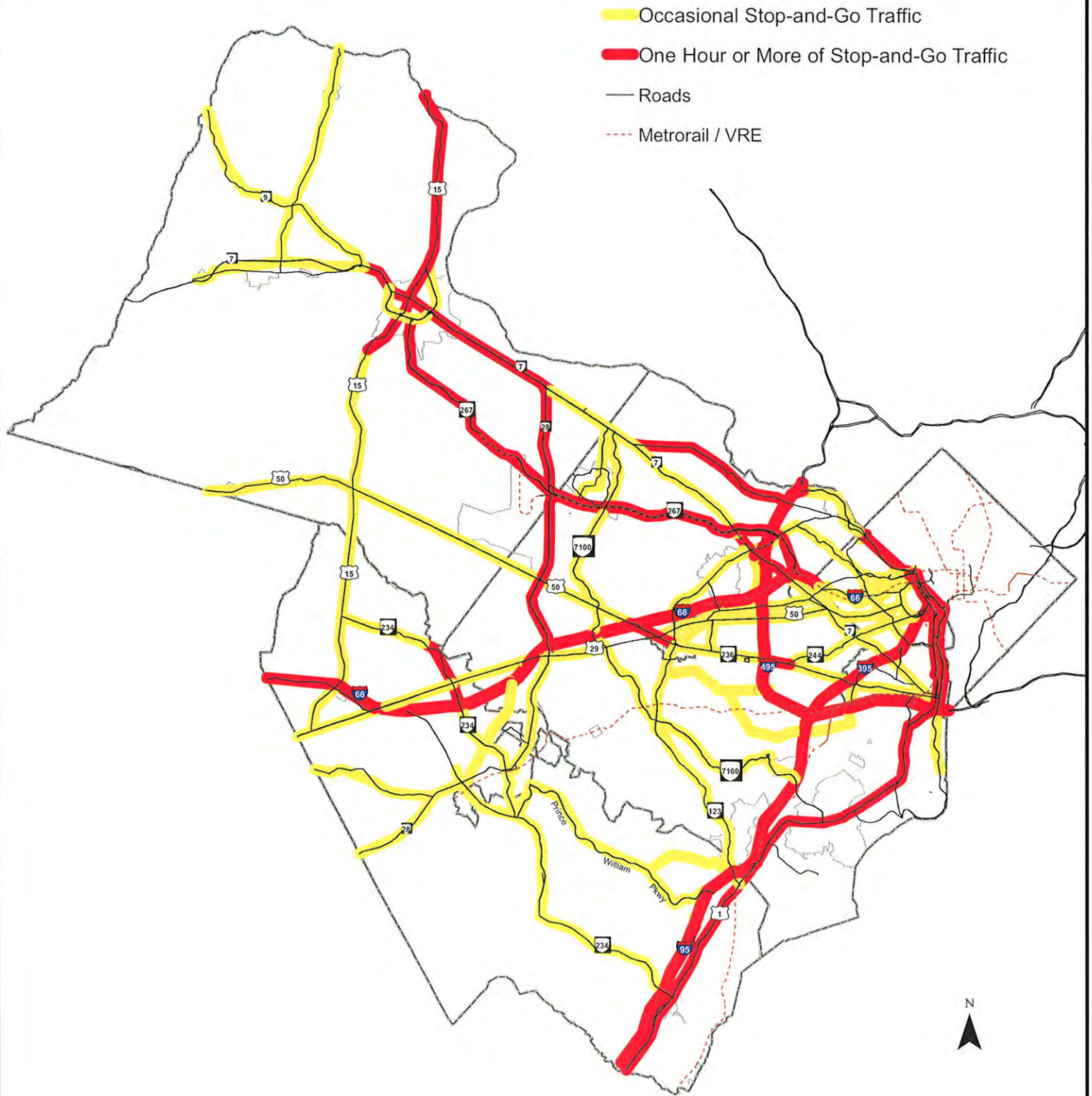
ONE HOUR OR MORE OF STOP-AND-GO TRAFFIC

Note: Represents peak hour, modeled conditions. Acceptable conditions are shown as gray.
Source: 2020 Plan, 1999.

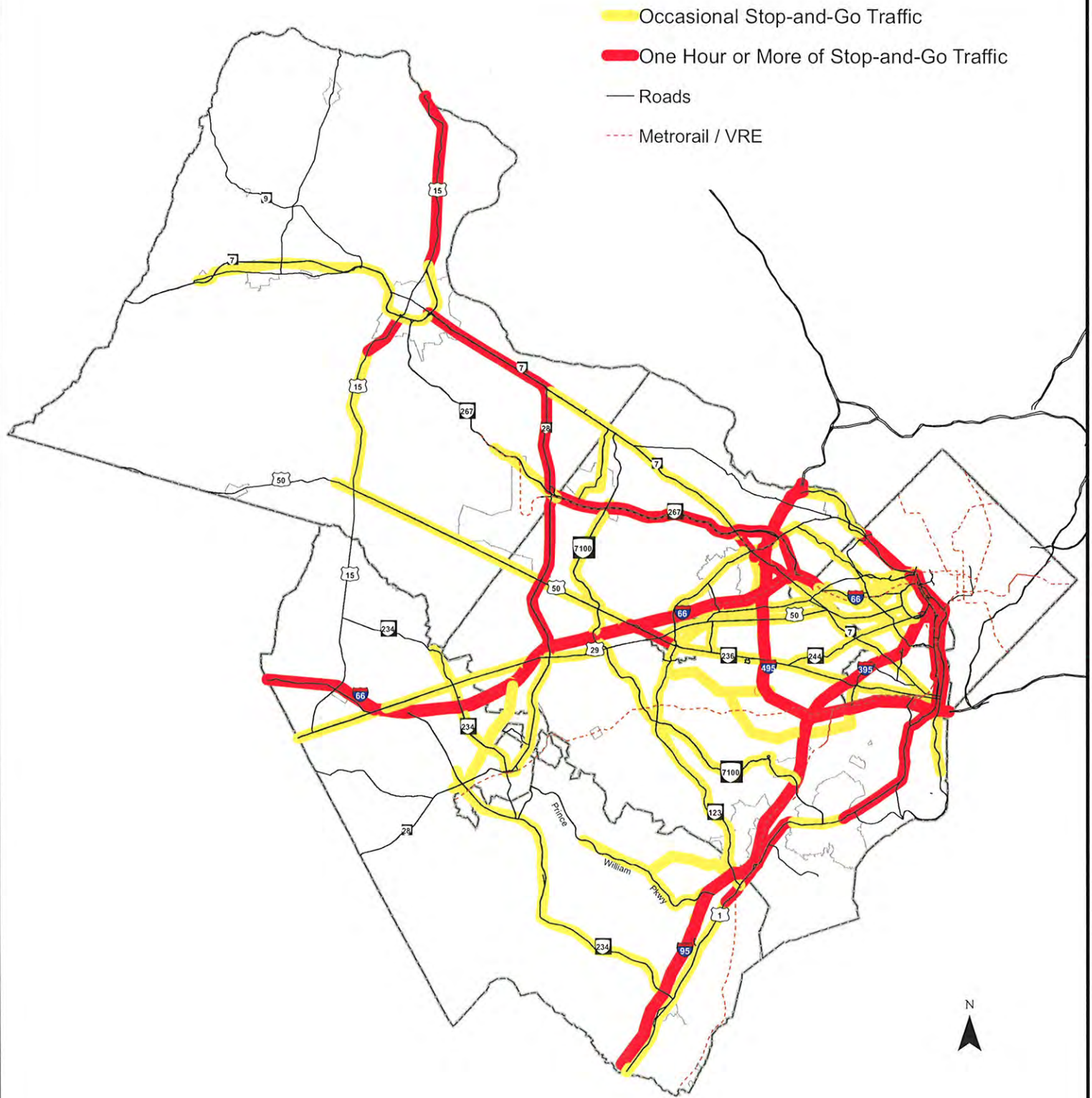
Highway System Peak Period Performance -- 2005



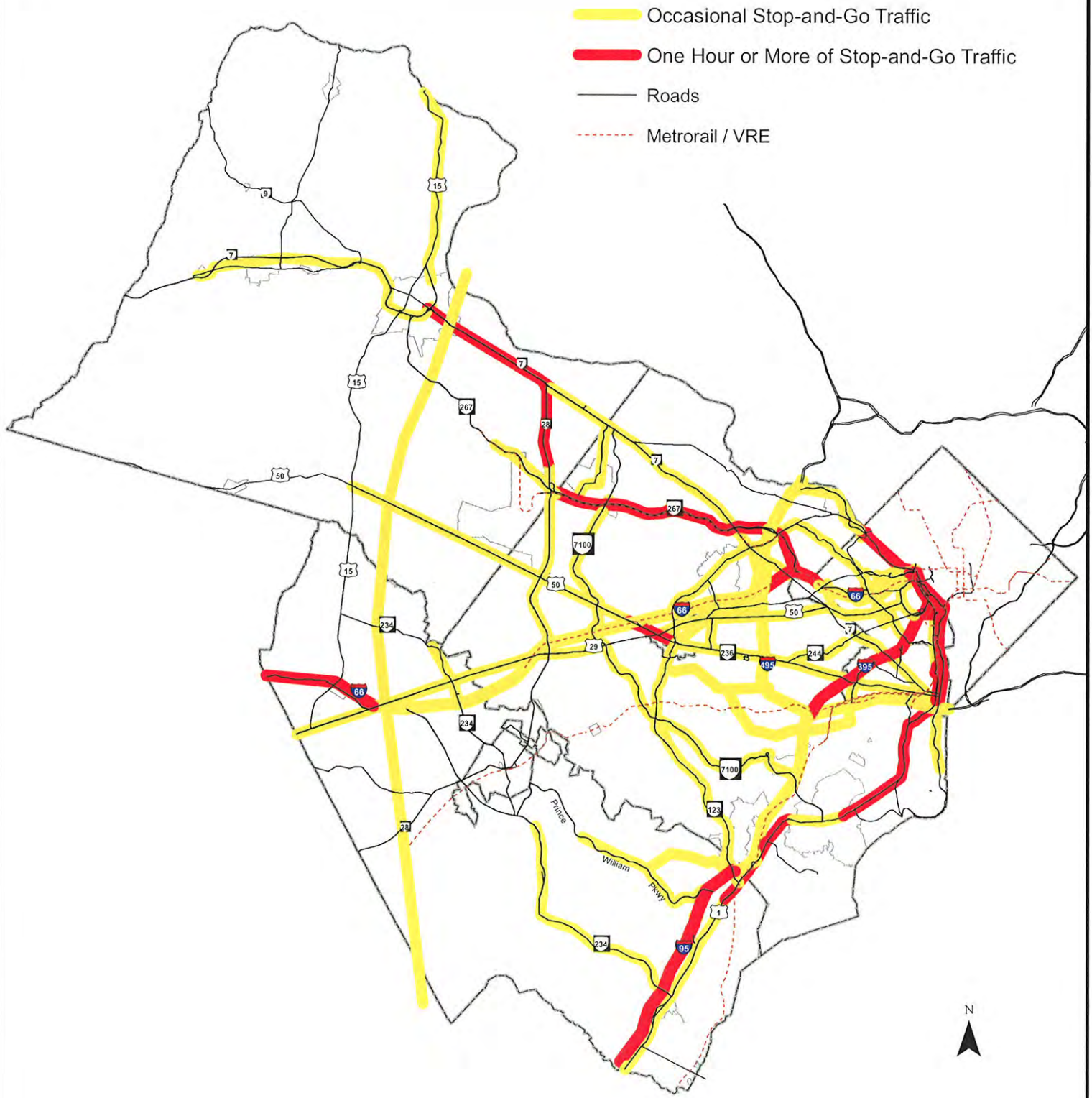
Highway System Peak Period Performance 2005 Network With 2030 Land Use

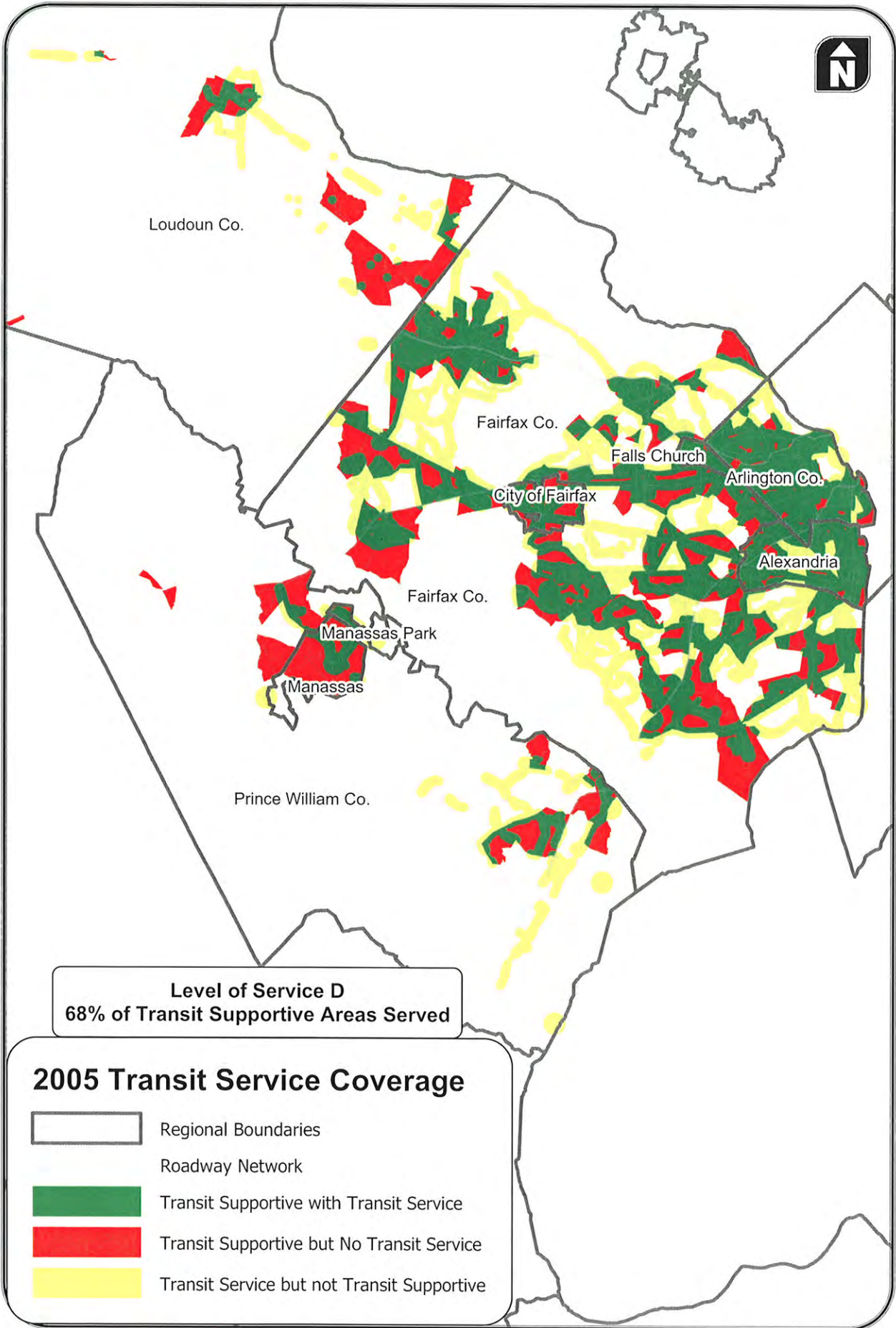


Highway System Peak Period Performance -- 2030 CLRP



Highway System Peak Period Performance TransAction 2030 Plan





B.

E.L. TENNYSON, P.E.
2233 ABBOTSFORD DRIVE, RFD 55
VIENNA, VA 22181-3220

REGISTERED
PROFESSIONAL ENGINEER

RECEIVED

(703) 281-7533

DEC 06 2005

The Honorable Paul Ferguson, Chairman
Northern Virginia Transportation Com'n,
4350 North Fairfax Drive, suite 720
Arlington, Va. 22203

December fifth 2005

Dear Chairman and Commissioners:

The minutes of the November 18th VRE Board Meeting twice mentioned the need to electrify the Arlington (Washington) to Richmond railroad line. (pages 3 and 7, items 9B and comments).

This may not be a popular issue to raise at this time but it is crucial if plans mature. Federal plans and funding call for improved (higher speed) passenger train service between Washington and Richmond extending on into North Carolina. The state of North Carolina already has a program in operation. I-95 certainly needs some relief. Travel safety needs the improvement better rail service would bring.

The Federal Railroad Administration has held public hearings on this matter. At one hearing, I pointed out that with forty weekday trains, VRE and corridor operations would conflict to the point of inoperability. FRA dismissed my concern with the retort that no corridor trains would operate at the prime times.

What kind of improved service would it be if it did not operate at prime time? The FRA does not seem to understand the public interest or successful railroad operations.

With forty trains per weekday, I expect eight VRE trains in Union Station, Washington during the peak hour, six of them in the same direction, a train every ten minutes. There must also be at least one Richmond and beyond train in that same hour, a train every 8.6 minutes.

The problem is that long distance trains must now change locomotives at Washington Union Station, needing two tracks for each one train. Changing locomotives requires air brake testing. It takes a couple of extra minutes that are not available.

CSX may not like it, but electrification is vitally essential for improved Richmond service. The rest of the world knows this but we do not seem to. Locomotives must run through from Boston or New York to Richmond. There is plenty of time and space to change locomotives in Richmond.

Electrification does not add cost. It is an investment that improves operations

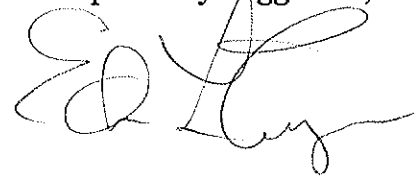
and reduces costs. It helps clean the air and reduce noise and foreign oil import deficits. It provides faster travel, saving a minute at each station and half a minute at each restricted curve. The VRE simulation said it would save ten minutes to Fredericksburg. I will assume it may save 15 minutes to Richmond. Fewer locomotives will be required by avoiding the change in Washington and with faster travel. VRE could save a Fredericksburg train crew with electrification. I will not think of it for Manassas.

I have some experience with this issue. Using city voted transit revenue bonds, I electrified ten miles of track in Philadelphia including about three miles of double track main freight line for electric passenger service. The railroad resisted because they had to pay rent to lease the improvement but we paid them to operate commuter service so it came out even. The courts found it to be in the public interest. Today, I guess that electrification may cost over a million dollars per wire mile, maybe \$ 290 million to Richmond, but it has a long life, so may cost only \$ 12 million per year spread over forty VRE trains and maybe 32 Richmond trains, only \$ 485 per train. The full cost of a Washington to Richmond train may be \$ 7,500 plus or minus, depending upon length. That is little more than six percent and it will save far more than that in time and money, making it a cost cutting measure.

Remember though, the absolute need is for capacity at Union Station.

This is not a critical issue to be decided next month, but it is extremely critical to long range plans and to our future. Start thinking about it now. It is not just a VRE issue. It is a regional issue and a federal issue with existing plans for interstate service.

Respectfully suggested,

A handwritten signature in cursive script, appearing to read "Ed Ferguson".



AGENDA ITEM #13

MEMORANDUM

TO: Chairman Ferguson and NVTC Commissioners
FROM: Rick Taube ^{RT} and Adam McGavock
DATE: December 29, 2005
SUBJECT: NVTC Federal SmarTrip Grant Extended.

NVTC has received the attached letter from FTA extending through September 30, 2006 the deadline for a grant to provide technical assistance for regional SmarTrip farebox installation. The grant was originally provided in 1996 but has not been used in its entirety so far due to project delays. At one time FTA rescinded the grant but was convinced to reinstate it through November 30, 2005. Remaining grant funds total about \$40,000.



4350 N. Fairfax Drive • Suite 720 • Arlington, Virginia 22203
Tel (703) 524-3322 • Fax (703) 524-1756 • TDD (800) 828-1120 • VA Relay Service
E-mail nvtc@nvtc.org • Website www.thinkoutsidethecar.org



U.S. Department
of Transportation
**Federal Transit
Administration**

Headquarters

400 Seventh St., S.W.
Washington, D.C. 20590

NOV 30 2005

Mr. Richard K. Taube
Executive Director
Northern Virginia Transportation Commission
4350 N. Fairfax Drive, Suite 720
Arlington, VA 22203

Dear Mr. Taube:

The Federal Transit Administration (FTA) has agreed to your request for an extension to the Cooperative Agreement funding the Northern Virginia Transportation Commission's regional fare integration project (FTA grant VA-26-7009). The cooperative agreement is extended ten months to September 30, 2006. After that date, the project will be closed.

As previously agreed, NVTC shall submit a final report prior to the end date to include the following:

- A discussion of how the clearinghouse and revenue sharing agreements were reached with partner agencies.
- A discussion of the total cost to NVTC of implementation, including discussion of costs shared with partner agencies.
- A discussion of projected benefits, including operational savings, ridership increases, customer satisfaction, and labor savings.
- A discussion of electronic payment standards, or lack thereof, and their impact on the project.

Sincerely,

Barbara A. Sisson
Associate Administrator for Research,
Demonstration and Innovation

cc:

Herman C. Shipman, FTA Region 3

Brian Glenn, Washington Metro Office, FTA Region 3

MEMORANDUM

TO: Chairman Ferguson and NVTC Commissioners
FROM: Scott Kalkwarf and Colethia Quarles
DATE: December 29, 2005
SUBJECT: NVTC Financial Reports for November, 2005.

The reports are attached for your information.

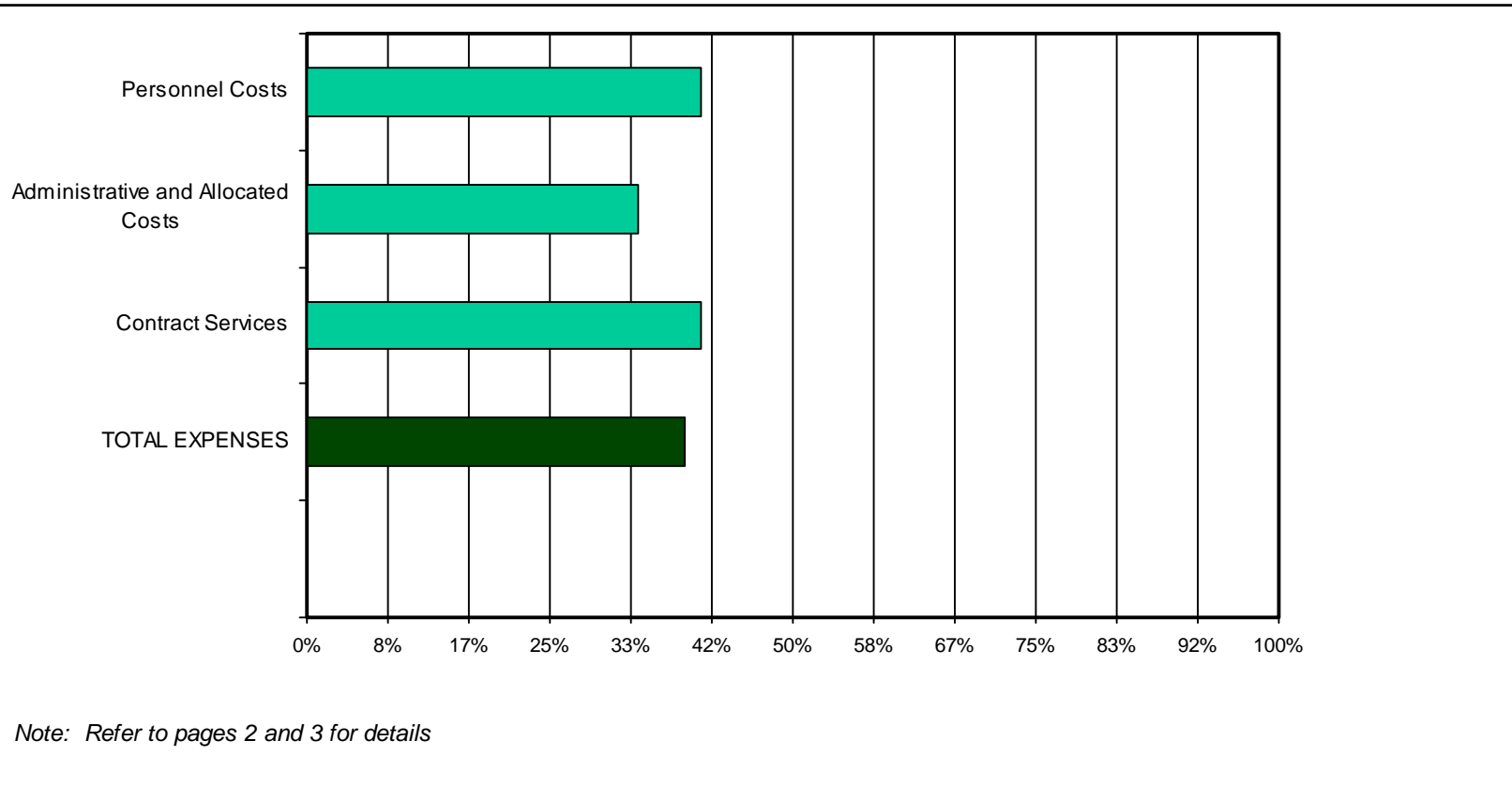


Northern Virginia Transportation Commission

Financial Reports

November, 2005

Percentage of FY 2006 NVTC Administrative Budget Used
November, 2005
(Target 41.67% or less)



NORTHERN VIRGINIA TRANSPORTATION COMMISSION
G&A BUDGET VARIANCE REPORT
November, 2005

	<u>Current Month</u>	<u>Year To Date</u>	<u>Annual Budget</u>	<u>Balance Available</u>	<u>Balance %</u>
<u>Personnel Costs</u>					
Salaries	\$ 53,766.95	\$ 269,304.44	\$ 612,384.00	\$ 343,079.56	56.0%
Temporary Employee Services	-	-	1,000.00	1,000.00	100.0%
Total Personnel Costs	53,766.95	269,304.44	613,384.00	344,079.56	56.1%
<u>Benefits</u>					
Employer's Contributions:					
FICA	2,857.90	17,084.57	40,869.00	23,784.43	58.2%
Group Health Insurance	5,056.02	17,590.49	92,749.00	75,158.51	81.0%
Retirement	4,761.75	19,453.75	48,800.00	29,346.25	60.1%
Workmans & Unemployment Compensation	-	885.00	3,000.00	2,115.00	70.5%
Life Insurance	286.41	1,381.29	3,150.00	1,768.71	56.1%
Long Term Disability Insurance	262.59	1,264.72	3,902.00	2,637.28	67.6%
Total Benefit Costs	13,224.67	57,659.82	192,470.00	134,810.18	70.0%
<u>Administrative Costs</u>					
Commissioners Per Diem	1,050.00	5,050.00	13,800.00	8,750.00	63.4%
<i>Rents:</i>					
Office Rent	13,262.18	68,686.70	167,481.00	98,794.30	59.0%
Parking	510.00	4,805.00	10,800.00	5,995.00	55.5%
<i>Insurance:</i>					
Public Official Bonds	22.80	617.00	3,850.00	3,233.00	84.0%
Liability and Property	-	300.00	2,000.00	1,700.00	85.0%
	22.80	317.00	1,850.00	1,533.00	82.9%
<i>Travel:</i>					
Conference Registration	1,458.20	3,949.12	23,000.00	19,050.88	82.8%
Conference Travel	340.00	340.00	2,000.00	1,660.00	83.0%
Local Meetings & Related Expenses	166.68	181.68	5,000.00	4,818.32	96.4%
Training & Professional Development	951.52	3,292.44	12,000.00	8,707.56	72.6%
	-	135.00	4,000.00	3,865.00	96.6%
<i>Communication:</i>					
Postage	450.64	4,273.16	12,500.00	8,226.84	65.8%
Telephone - LD	-	1,971.29	6,000.00	4,028.71	67.1%
Telephone - Local	127.46	498.78	1,500.00	1,001.22	66.7%
	323.18	1,803.09	5,000.00	3,196.91	63.9%
<i>Publications & Supplies</i>					
Office Supplies	1,266.26	6,024.90	29,100.00	23,075.10	79.3%
Duplication	273.14	1,008.76	5,000.00	3,991.24	79.8%
Public Information	993.12	5,016.14	14,100.00	9,083.86	64.4%
	-	-	10,000.00	10,000.00	100.0%

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
G&A BUDGET VARIANCE REPORT
November, 2005

	<u>Current Month</u>	<u>Year To Date</u>	<u>Annual Budget</u>	<u>Balance Available</u>	<u>Balance %</u>
<i>Operations:</i>	630.26	3,206.49	23,500.00	20,293.51	86.4%
Furniture and Equipment	199.99	199.99	8,000.00	7,800.01	97.5%
Repairs and Maintenance	-	-	1,000.00	1,000.00	100.0%
Computers	430.27	3,006.50	14,500.00	11,493.50	79.3%
<i>Other General and Administrative</i>	247.38	3,699.37	6,400.00	2,700.63	42.2%
Subscriptions	-	-	500.00	500.00	100.0%
Memberships	-	1,607.00	1,300.00	(307.00)	-23.6%
Fees and Miscellaneous	247.38	1,151.47	2,600.00	1,448.53	55.7%
Advertising (Personnel/Procurement)	-	940.90	2,000.00	1,059.10	53.0%
40th Anniversary	-	-	-	-	0
Total Administrative Costs	<u>18,387.72</u>	<u>95,506.74</u>	<u>279,631.00</u>	<u>184,124.26</u>	<u>65.8%</u>
	<u>Contracting Services</u>				
Auditing	-	8,000.00	17,700.00	9,700.00	54.8%
Consultants - Technical	-	-	1,000.00	1,000.00	100.0%
Legal	-	-	1,000.00	1,000.00	100.0%
Total Contract Services	<u>-</u>	<u>8,000.00</u>	<u>19,700.00</u>	<u>11,700.00</u>	<u>59.4%</u>
 Total Gross G&A Expenses	<u><u>\$ 85,379.34</u></u>	<u><u>\$ 430,471.00</u></u>	<u><u>\$ 1,105,185.00</u></u>	<u><u>\$ 674,714.00</u></u>	<u><u>61.0%</u></u>

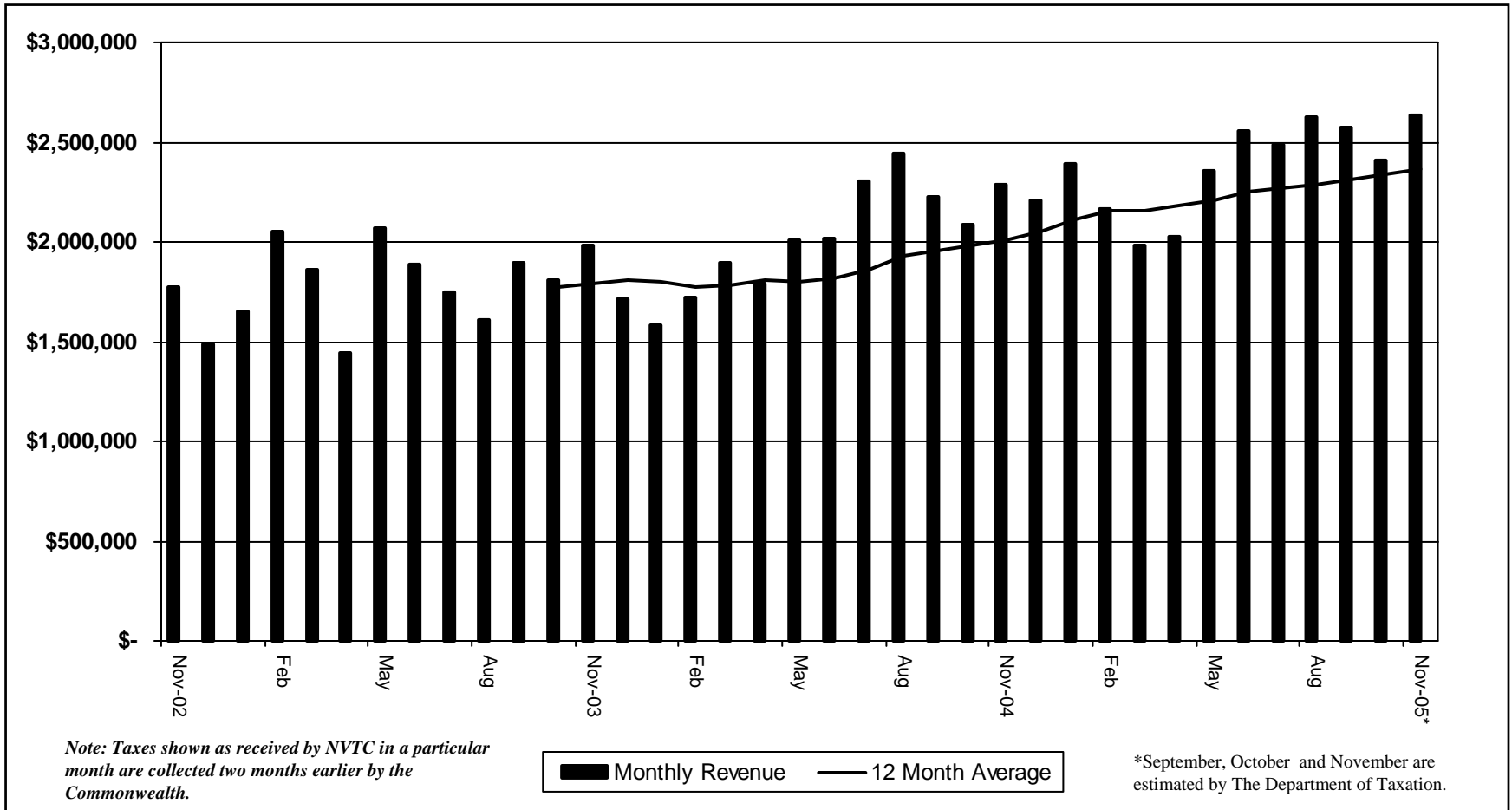
**NVTC
RECEIPTS and DISBURSEMENTS
November, 2005**

Date	Payer/ Payee	Purpose	Wachovia (Checking)	Wachovia (Savings)	VA LGIP	
					G&A / Project	Trusts
RECEIPTS						
1	DRPT	TransAction grant receipt			\$ 80,337.00	
1	DRPT	TransAction grant receipt			40,363.00	
7	DRPT	Senior mobility grant receipt			30,267.00	
7	DRPT	Code red grant receipt			6,447.00	
9	Dept. of Taxation	Motor vehicle fuels sales tax revenue				2,635,034.30
15	VRE	Reimbursement for staff support		13,897.96		
15	VTA	Expense reimbursement		159.22		
15	Staff	Expense reimbursement		24.61		
16	FTA	SmarTrip grant receipt			9,550.00	
16	DRPT	SmarTrip grant receipt			2,268.00	
17	DRPT	FTM/Admin grant receipt				5,000,604.00
25	DRPT	Code red grant receipt			14,472.00	
30	FTA	SmarTrip grant receipt			7,952.00	
30	FTA	SmarTrip grant receipt			11,195.00	
30	Banks	November investment income		221.17	2,943.64	202,930.69
			-	14,302.96	205,794.64	7,838,568.99
DISBURSEMENTS						
1-30	Various	NVTC project and administration	(173,919.61)			
1	BMI-SG Assoc.	TransAction update	(80,337.46)			
1	BMI-SG Assoc.	TransAction update	(40,362.73)			
9	BMI-SG Assoc.	Consulting - Code Red	(2,005.98)			
9	WBA	Consulting - Senior Mobility	(21,240.00)			
9	WBA	Consulting - Senior Mobility	(10,620.00)			
9	Arlington County	Code red costs incurred	(824.58)			
9	City of Alexandria	Code red costs incurred	(3,480.00)			
8	City of Fairfax	Other operating				(105,342.47)
8	City of Fairfax	Code red costs incurred			(136.00)	
16	IBI Group	Consulting - SmarTrip	(11,937.20)			
22	George Hoyt	Consulting - Bus Data	(15,399.67)			
28	Fairfax County	Code red costs incurred			(6,502.00)	
28	WMATA	Code red costs incurred			(7,970.00)	
28	Fairfax County	Other capital				(2,180,000.00)
30	Wachovia Bank	November service fees	(44.81)	(15.00)		
			(360,172.04)	(15.00)	(14,608.00)	(2,285,342.47)
TRANSFERS						
9	Transfer	From LGIP to checking	75,000.00		(75,000.00)	
16	Transfer	From LGIP to checking	80,000.00		(80,000.00)	
22	Transfer	From LGIP to checking	57,000.00		(57,000.00)	
22	Transfer	From LGIP to LGIP			15,399.67	(15,399.67)
			212,000.00	-	(196,600.33)	(15,399.67)
NET INCREASE (DECREASE) FOR MONTH			\$ (148,172.04)	\$ 14,287.96	\$ (5,413.69)	\$ 5,537,826.85

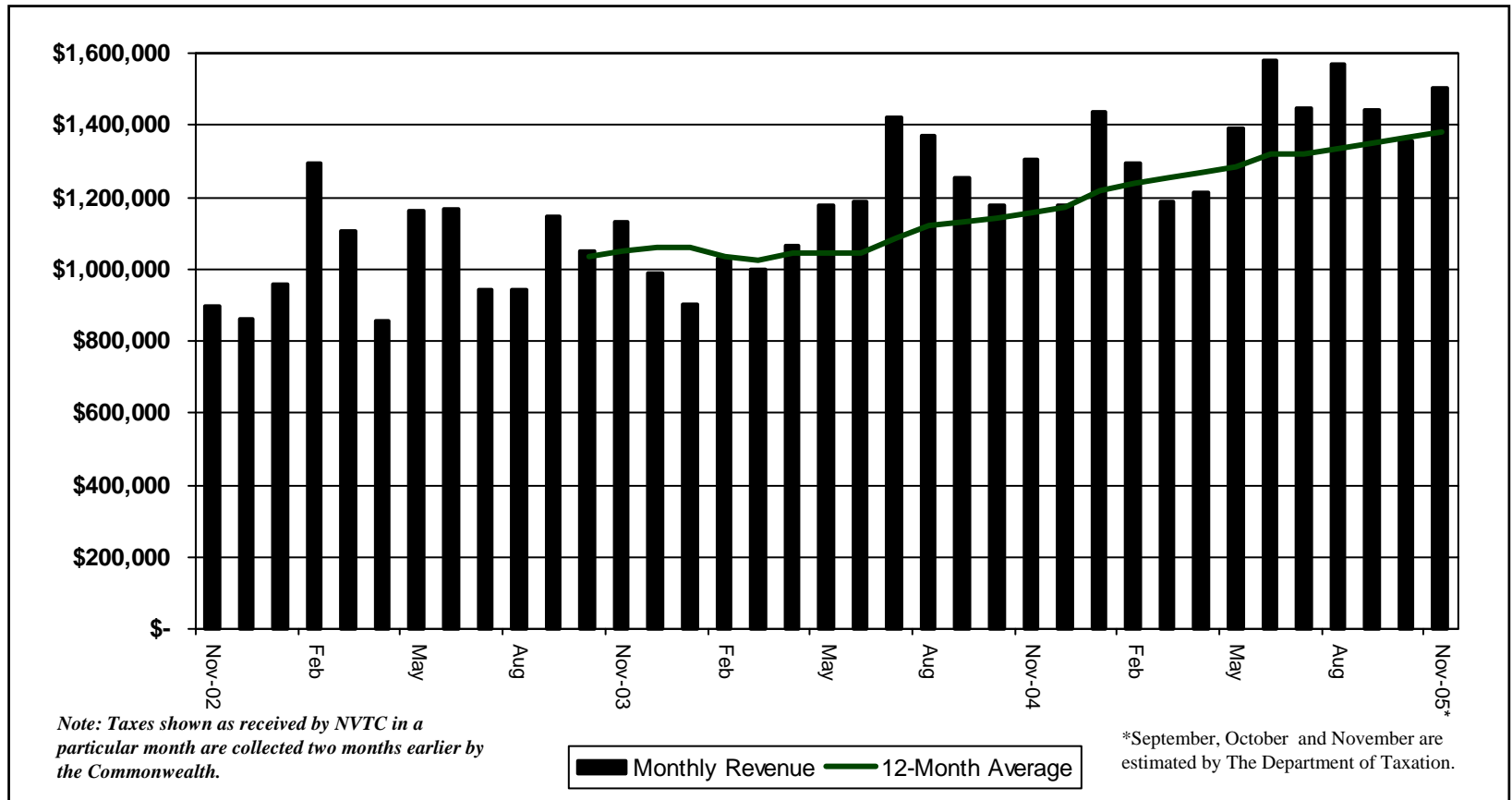
**NVTC
INVESTMENT REPORT
November, 2005**

<u>Type</u>	<u>Rate</u>	<u>Balance 10/31/05</u>	<u>Increase (Decrease)</u>	<u>Balance 10/31/05</u>	<u>NVTC G&A/Project</u>	<u>Jurisdictions Trust Fund</u>	<u>Loudoun Trust Fund</u>
<u>Cash Deposits</u>							
Wachovia: NVTC Checking	N/A	\$ 160,933.81	\$ (148,172.04)	\$ 12,761.77	\$ 12,761.77	\$ -	\$ -
Wachovia: NVTC Savings	3.23%	77,422.70	14,287.96	91,710.66	91,710.66	-	-
<u>Investments - State Pool</u>							
Nations Bank - LGIP	3.91%	60,058,625.42	5,532,413.16	65,591,038.58	856,407.26	45,629,580.78	19,105,050.54
		<u>\$ 60,296,981.93</u>	<u>\$ 5,393,115.39</u>	<u>\$ 65,695,511.01</u>	<u>\$ 960,879.69</u>	<u>\$ 45,629,580.78</u>	<u>\$ 19,105,050.54</u>

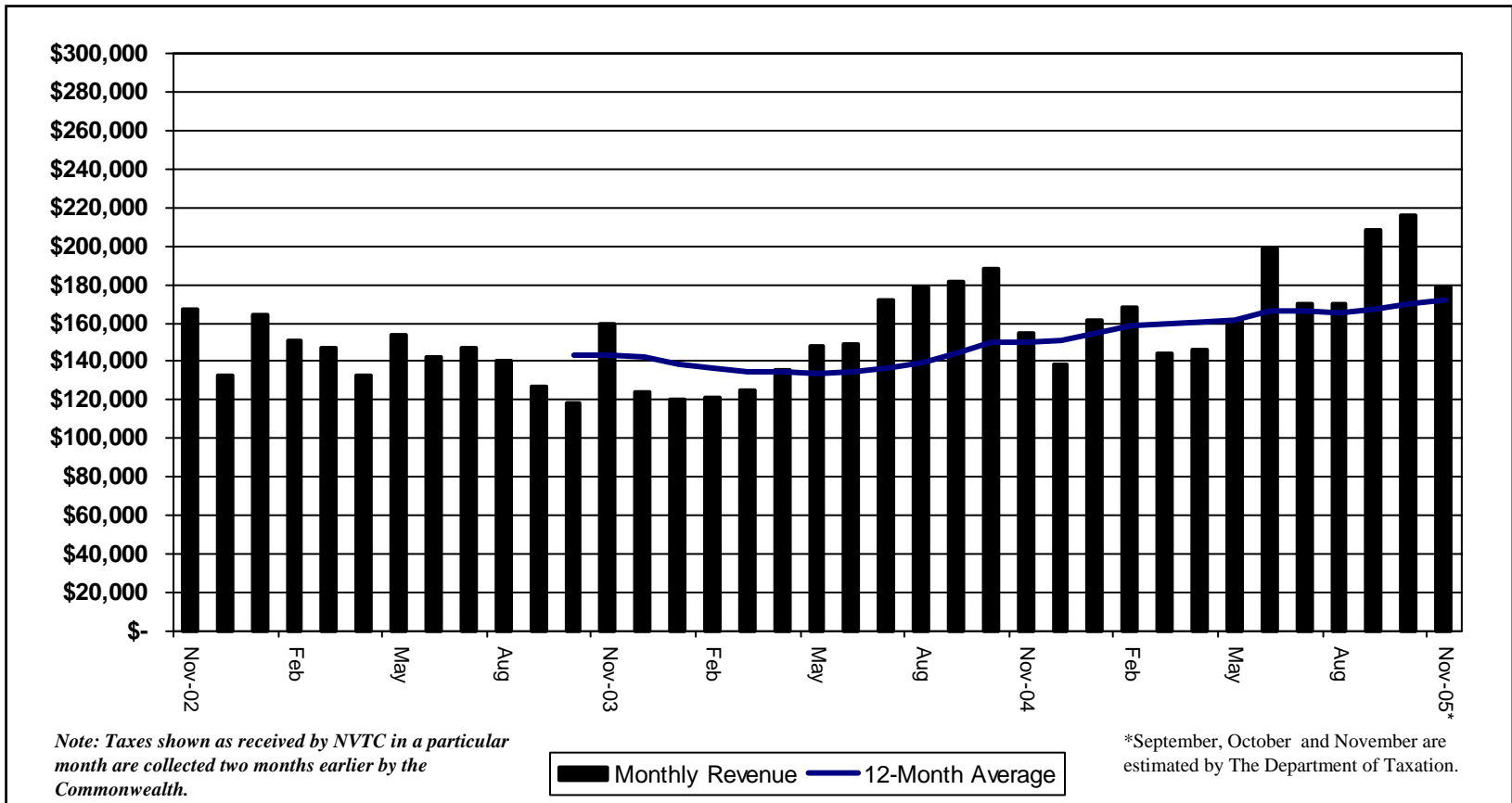
NVTC MONTHLY GAS TAX REVENUE ALL JURISDICTIONS FISCAL YEARS 2003-2006



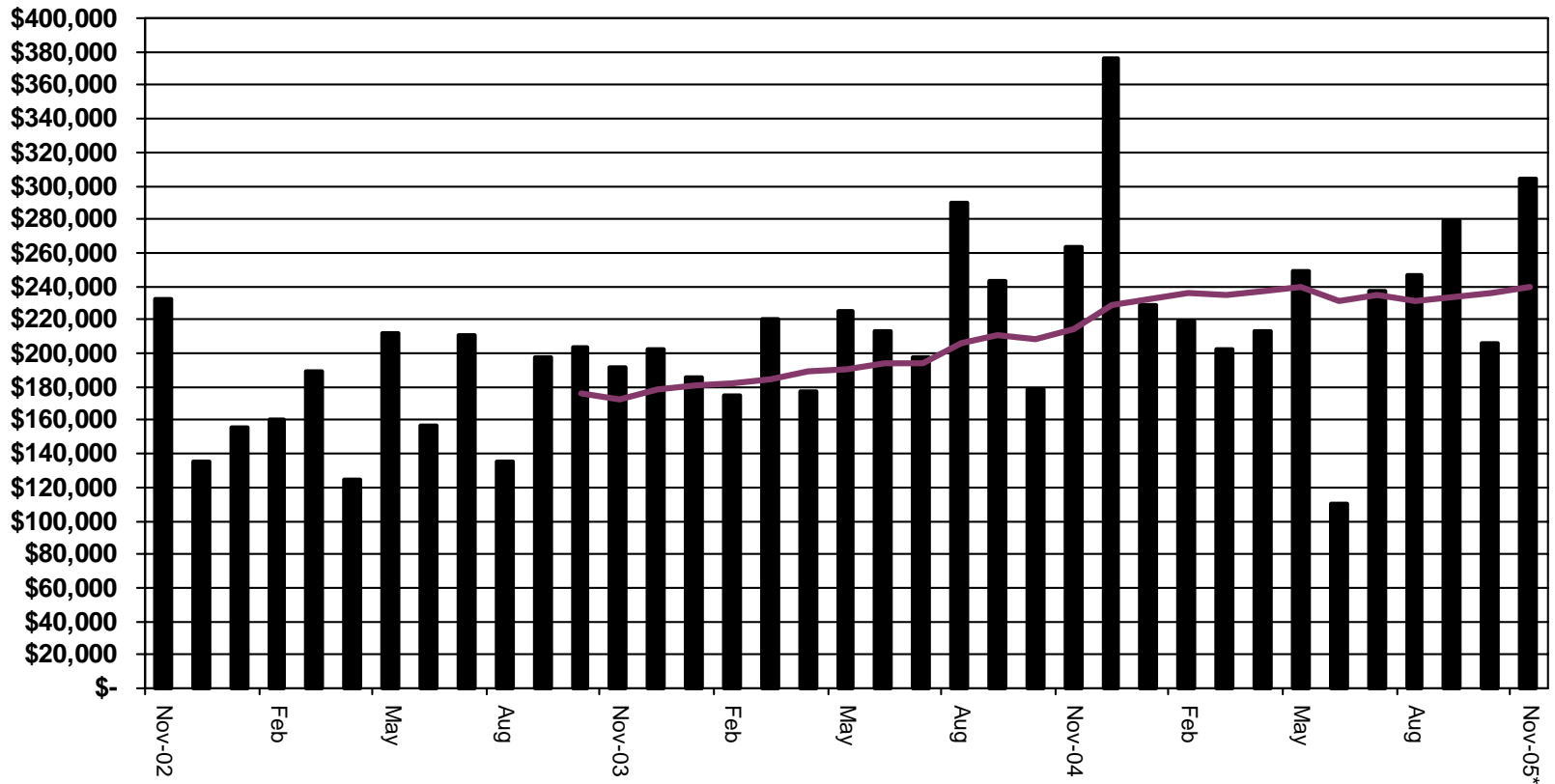
NVTC MONTHLY GAS TAX REVENUE FAIRFAX COUNTY FISCAL YEARS 2003-2006



NVTC MONTHLY GAS TAX REVENUE CITY OF ALEXANDRIA FISCAL YEARS 2003-2006



NVTC MONTHLY GAS TAX REVENUE ARLINGTON COUNTY FISCAL YEARS 2003-2006

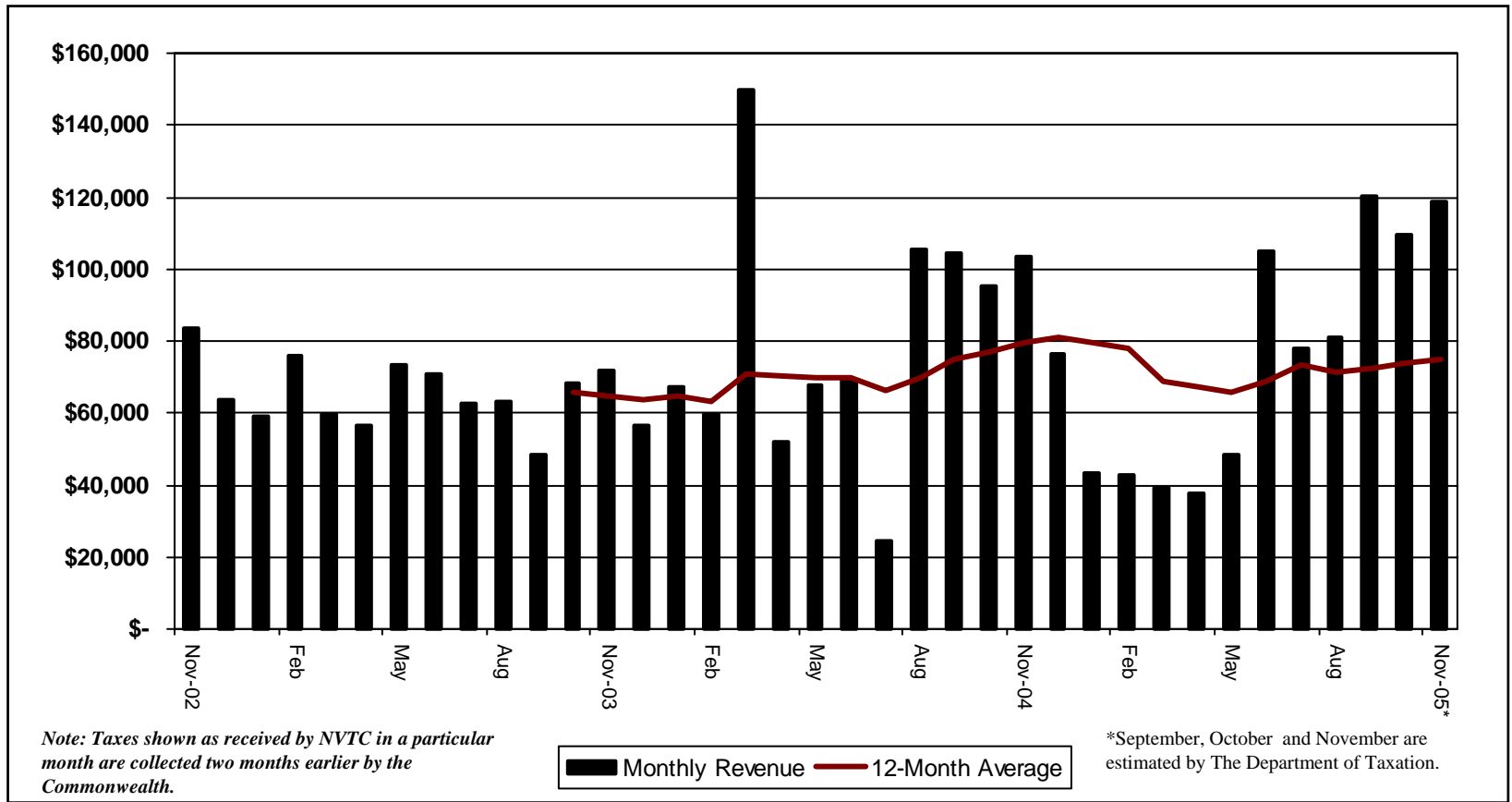


Note: Taxes shown as received by NVTC in a particular month are collected two months earlier by the Commonwealth.

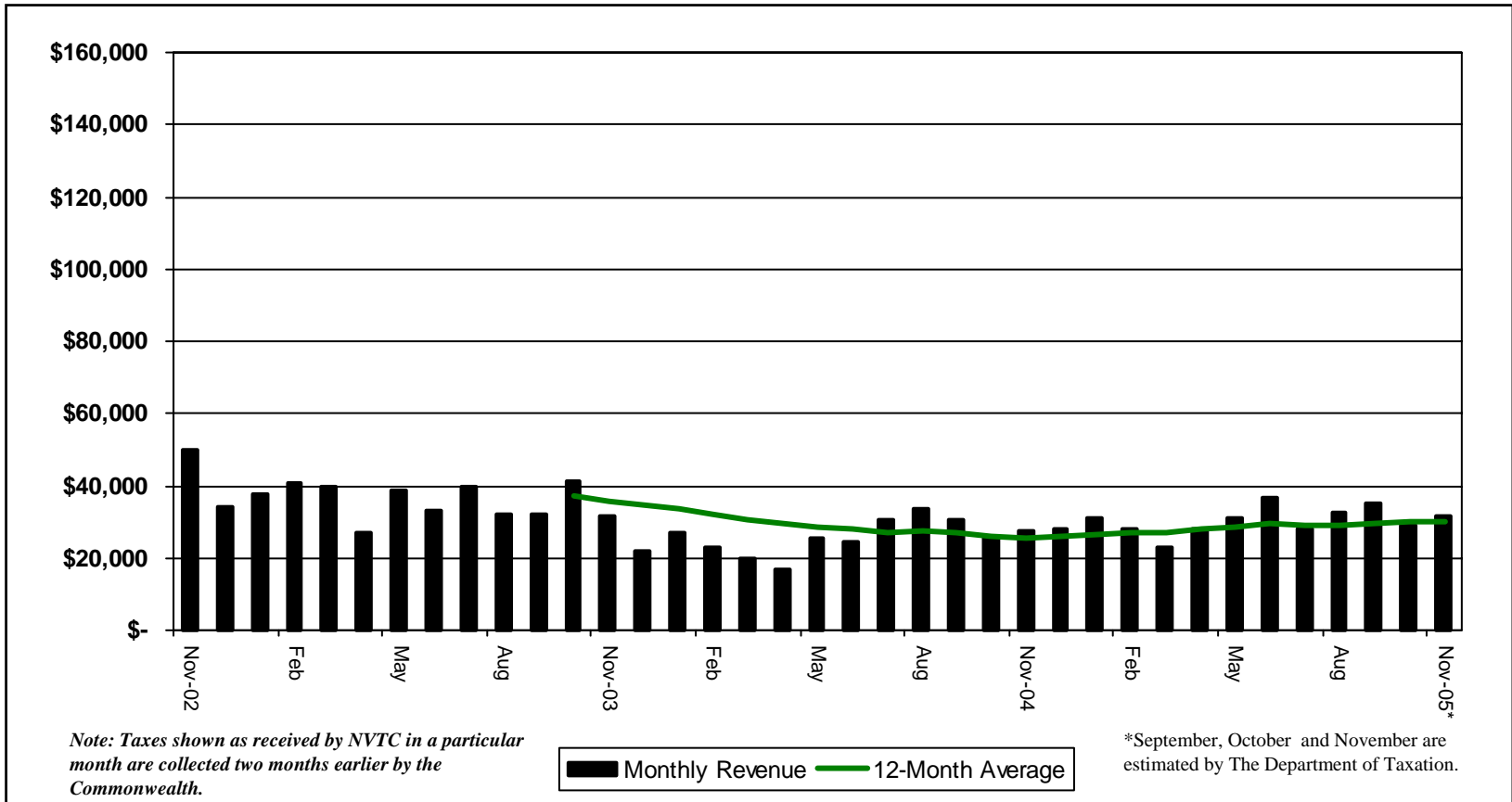
■ Monthly Revenue — 12-Month Average

*September, October and November are estimated by The Department of Taxation.

NVTC MONTHLY GAS TAX REVENUE CITY OF FAIRFAX FISCAL YEARS 2003-2006



NVTC MONTHLY GAS TAX REVENUE CITY OF FALLS CHURCH FISCAL YEARS 2003-2006



NVTC MONTHLY GAS TAX REVENUE LOUDOUN COUNTY FISCAL YEARS 2003-2006

