

**NVTC COMMISSION MEETING
THURSDAY, JULY 6, 2006
8:00P.M.**

NVTC CONFERENCE ROOM

NOTE: A barbeque buffet supper will be available for attendees prior to the meeting. Building management has promised the air conditioning will be working well.

AGENDA

1. Minutes of NVTC Meeting of June 1, 2006.

Recommended Action: Approval.

2. Mid-Year Review of Progress on NVTC Projects.

NVTC staff will present brief summaries of progress since the beginning of the calendar year on NVTC's major projects. Updated completion schedules will be provided.

Discussion Item.

3. VRE Items.

- A. Report from the VRE Operations Board and VRE Chief Executive Officer—Information Item.
- B. Status of Procurement of 50 Railcars—Information Item.
- C. Status of FAMPO Request for a Share of Sec. 5307 Formula Funds—Information Item.
- D. Extend Operating/Access Agreement with Norfolk Southern—Action Item/Resolution #2029.
- E. Extend Operating/Access Agreement with CSXT—Action Item/Resolution #2030.



4. NVTC State Aid Contract for FY 2007.

With the anticipated adoption of the FY 2007 state budget, DRPT will provide a state transit assistance contract to NVTC on behalf of Metro, VRE and local bus systems. NVTC staff will illustrate the anticipated flow of funds with comparisons to previous years.

Recommended Action: Authorize NVTC's executive director to execute the FY 2007 state aid contract.

5. Legislative Items.

Staff will review efforts to promote dedicated Metro funding and increased statewide transit funding.

Recommended Action: Direct NVTC staff about how best to advocate NVTC's legislative agenda.

6. Metro Items.

- A. NVTC Letters to Metro and Other Correspondence.
- B. Approval of FY 2007 Operating Budget and FY 2007-12 Capital Improvement Program.
- C. Metro Access Best Practices Report.
- D. Entertainment in Rail Stations.
- E. Regional Software Maintenance Agreement for SmarTrip Fareboxes.

Discussion Item.

7. Regional Transportation Items.

- A. US DOT Congestion Initiative.
- B. Car Sharing Improvements.
- C. 2006 APTA Public Transportation Fact Book.
- D. Mobility in Cities Database.
- E. Contactless Credit Cards—The Next Step in Regional Fare Payment?

Discussion Item.

8. NVTC Financial Items for May, 2006.

Reports are provided.

Information Item.

REMINDER: NO NVTC meeting in August. Next meeting September 7, 2006.

MINUTES
NVTC COMMISSION MEETING – JUNE 1, 2006
NVTC CONFERENCE ROOM – ARLINGTON, VIRGINIA

The meeting of the Northern Virginia Transportation Commission was called to order by Chairman Connolly at 8:08 P.M.

Members Present

Sharon Bulova
Gerald Connolly
Jeannemarie Devolites Davis
Adam Ebbin
Paul Ferguson
Corey Hill (DRPT)
Catherine M. Hudgins
Dana Kauffman
Joe May
Elaine McConnell
Thomas Rust
Paul Smedberg (Alternate, City of Alexandria)
David F. Snyder
Mary Margaret Whipple
Christopher Zimmerman

Members Absent

David Albo
Eugene Delgaudio
William D. Euille
Jay Fisette
Ludwig Gaines
Scott Silverthorne

Staff Present

Rhonda Gilchrest
Scott Kalkwarf
Jana Lynott
Adam McGavock
Steve MacIsaac (VRE)
Jennifer Straub (VRE)
Richard K. Taube
Dale Zehner (VRE)



Oath of Office

Chairman Connolly announced that Delegate Joe T. May and Delegate Thomas Rust have been appointed to NVTC. Chairman Connolly administered the oath of office to Delegates May and Rust. Commissioners welcomed them to NVTC.

New VDRPT Director

Mr. Taube announced that Governor Kaine has appointed Matthew O. Tucker as the new Director of the Virginia Department of Rail and Public Transportation. Mr. Hill stated that Mr. Tucker, currently of San Ramon, California, has extensive and successful experience in both the public and private sectors. He has strong Virginia ties, including senior level experience with the Greater Richmond Transit Company. Mr. Tucker is expected to begin in early July. Mrs. Bulova stated that she served on the selection committee and Mr. Tucker was extremely impressive. He seems very enthusiastic and very capable for this position, as well as being excited about returning to Virginia.

Minutes of NVTC Meeting of May 4, 2006

On a motion by Mr. Ferguson and a second by Mrs. Bulova, the commission unanimously approved the minutes. The vote in favor was cast by commissioners Bulova, Connolly, Ebbin, Ferguson, Hill, Hudgins, Kauffman, May, McConnell, Rust, Smedberg, Snyder, Whipple and Zimmerman.

Award of Option for Collection and Reporting of National Transit Database Information

Mr. Taube explained that NVTC awarded a contract in June, 2003 to Hoyt and Associates, Inc. for assistance in revising NTD sampling plans, collecting data and completing some or all required NTD forms to be submitted by Northern Virginia's local bus systems to the Federal Transit Administration. The initial term was three years with an option for an additional two years. Each year the exact scope of work is determined based on the precise needs of each participating transit system. By engaging such consulting expertise to ensure that all of NVTC's bus systems file reports each year, NVTC and local staff estimate that federal formula assistance (Section 5307) received by WMATA is about \$5 million greater than if NVTC's bus systems did not file reports, with a yield for NVTC's local jurisdictions in the form of reduced WMATA subsidies of about \$1.4 million annually.

Mr. Taube stated that funding for this contract is provided from the state aid received by NVTC. Local staff must be consulted each year on the proposed

budget before such funds are used. For FY 2007, the proposed budget is approximately \$176,000.

Mr. Zimmerman moved, with a second by Senator Whipple, to authorize NVTC's Executive Director to exercise the two-year option to the contract with Hoyt and Associates, Inc. The vote in favor was cast by commissioners Bulova, Connolly, Ebbin, Ferguson, Hill, Hudgins, Kauffman, May, McConnell, Rust, Smedberg, Snyder, Whipple and Zimmerman.

Legislative Items

Chairman Connolly asked General Assembly members to provide an update on what is happening in Richmond concerning the deadlock over the budget. Delegate May stated that there is progress being made. The Senate approved a version of the budget (substitute HB5002), which included about \$339 million of one-time transportation expenditures including \$20 million for WMATA projects, \$15 million for VRE railcars and \$1.5 million for VRE's Gainesville extension, among other projects. This version was sent to the House and was rejected so that it could go to a committee of conference. It is hoped and expected that after the budget is resolved certain regional transportation issues will be voted on at a Special Session in August or September. Delegate Rust stated that there is cautious optimism that something can be accomplished for Northern Virginia.

Senator Whipple stated that the budget provision of \$339 million would be used for transportation projects if there was a sustainable long-term comprehensive statewide plan adopted by November; otherwise the funds would be used elsewhere for non-transportation projects. In response to a question from Chairman Connolly, Senator Whipple stated that it is her understanding that the funds for VRE railcars and Metro are included in the \$339 million. Chairman Connolly observed that Northern Virginia would stand to lose a great deal if a budget cannot be approved. Mr. Zimmerman asked if the funds can be accessed for the railcar purchase if the budget isn't approved. Mr. Maclsaac stated that until the funds are appropriated VRE would be unable to use them. Chairman Connolly reminded commissioners that VRE must exercise its railcar purchase option by June 30, 2006. Chairman Connolly stated that this discussion is helpful to show NVTC's General Assembly members what is at stake—both VRE and Metro capital.

In response to a question from Mr. Smedberg, Delegate Rust stated that there are currently four bills before the House Finance Committee pertaining to transportation in Northern Virginia. He personally believes that there will be some funding allocation for Northern Virginia. Mr. Smedberg asked about a dedicated source of funding for Metro. Delegate Rust answered that it would be stable, reliable, long-term funding with an estimated \$400 million annually to stay in Northern Virginia. In response to a question from Chairman Connolly, Delegate Rust explained that the funds would go the Northern Virginia

Transportation Authority but jurisdictions would not get any unless they adopted the new taxes.

Senator Devolites Davis arrived at 8:22 P.M.

Mr. Smedberg asked about the status of state legislation that would provide a required match to the federal provision initiated by Congressman Davis for dedicated Metro funding. Chairman Connolly stated that it is his understanding that proposed state legislation includes this match provision. Senator Devolites Davis stated that she has also included \$25 million annually for VRE in her legislation.

VRE Items

Report from the VRE Operations Board and VRE Chief Executive Officer. Mrs. Bulova urged commissioners to read the minutes of the most recent Operations Board meeting.

Locomotive Fuel Options. Mrs. Bulova reported that the VRE Operations Board recommends approval of Resolution #2023, which would authorize VRE's CEO to exercise the second option year of a contract with Quarles Petroleum of Fredericksburg for delivery of diesel fuel to the Crossroads Yard. The cost of exercising this option will not exceed \$2.15 million for approximately 860,000 gallons. The VRE Operations Board also recommends approval of Resolution #2024. This resolution would authorize VRE's Chief Executive Officer to exercise the second option year of a contract with Mifco Heating Oil of Manassas for delivery of diesel fuel to the Broad Run Yard. The cost of exercising this option will not exceed \$1.6 million for approximately 630,000 gallons. Funding for both options is provided in the FY 2007 and FY 2008 VRE operating budgets.

On a motion by Mrs. Bulova and a second by Mrs. McConnell, the commission unanimously approved Resolutions #2023 and #2024. The vote in favor was cast by commissioners Bulova, Connolly, Devolites Davis, Ebbin, Ferguson, Hill, Hudgins, Kauffman, May, McConnell, Rust, Smedberg, Snyder, Whipple and Zimmerman. (A copy of the resolution is attached.)

Federal Railroad Administration Loan Costs. Mrs. Bulova stated that the VRE Operations Board recommends approval of Resolution #2025. This resolution would authorize VRE's Chief Executive Officer to pay to the Federal Railroad Administration (FRA) or its designee loan expenses related to VRE's purchase of 50 railcars. In response to a question from Chairman Connolly, Mr. Zehner stated that VRE is seeking a loan from FRA's Railroad Rehabilitation and Improvement Financing Program. Assuming a loan amount of \$57.5 million, FRA may charge a credit risk premium of \$575,000 to \$1,150,000. Funding is expected to be available in a state grant.

Mrs. Bulova moved, with a second by Mrs. McConnell, to approve Resolution #2025 (copy attached). The vote in favor was cast by commissioners Bulova, Connolly, Devolites Davis, Ebbin, Ferguson, Hill, Hudgins, Kauffman, May, McConnell, Rust, Smedberg, Snyder, Whipple and Zimmerman.

Option for Railcar Engineering/Inspection. Mrs. Bulova reported that Resolution #2026 would authorize VRE's Chief Executive Officer to exercise an option with STV, Inc. for engineering and inspection services for VRE's proposed 50-railcar purchase. The requested contract amount is \$2,149,000 plus a 15 percent contingency for a total of \$2,472,000. Funds are included in VRE's railcar financing plan. Chairman Connolly observed that if the railcar purchase is not exercised, this option would not be exercised.

Mrs. Bulova moved, with a second by Mrs. McConnell, to approve Resolution #2026 (copy attached). The vote in favor was cast by commissioners Bulova, Connolly, Devolites Davis, Ebbin, Ferguson, Hill, Hudgins, Kauffman, May, McConnell, Rust, Smedberg, Snyder, Whipple and Zimmerman.

Closed Session. Mrs. Bulova moved, with a second by Mr. Kauffman, the following motion to enter into 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 regarding one legal matter concerning the option to purchase railcars.

The vote in favor was cast by commissioners Bulova, Connolly, Devolites Davis, Ebbin, Ferguson, Hill, Hudgins, Kauffman, May, McConnell, Rust, Smedberg, Snyder, Whipple and Zimmerman. The commission entered into closed session at 8:30 P.M. and returned to open session at 8:59 P.M. Mrs. Bulova moved, with a second by Delegate Ebbin, the following certification:

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.

The vote in favor was cast by commissioners Bulova, Connolly, Devolites Davis, Ebbin, Ferguson, Hill, Hudgins, Kauffman, May, McConnell, Rust, Smedberg, Snyder, Whipple and Zimmerman.

Mrs. Bulova moved to approve Resolution #2027. In the event that the FY 2007 Commonwealth budget has not been approved which includes a \$15 million VRE grant, NVTC would delegate to the VRE Operations Board authority to 1) approve at its June 16, 2006 meeting, an alternative financial plan for the 50 VRE railcars within the parameters of the plan presented to the commissions; and 2) authorize the VRE Chief Executive Officer to execute the option for the 50 railcars based on this new financial plan. Mrs. McConnell seconded.

Mr. Snyder asked that the resolution be amended to include the following Whereas clause: "The alternate financial plan is an extraordinary measure that would sacrifice other important capital projects, but is necessary to save up to \$20 million relating to the railcar purchase." Mrs. Bulova and Mrs. McConnell agreed to accept this amendment.

The commission then voted on the amended resolution and it unanimously passed. The vote in favor was cast by commissioners Bulova, Connolly, Devolites Davis, Ebbin, Ferguson, Hill, Hudgins, Kauffman, May, McConnell, Rust, Smedberg, Snyder, Whipple and Zimmerman. (A copy of the resolution is attached.)

Mr. Snyder asked the General Assembly members for any suggestions of what NVTC can do to communicate the message of the importance of transportation funding. Delegate Rust observed that he is not hearing from individuals outside of transportation issues, such as teachers, public safety, human resources, etc. If something is not passed legislatively concerning transportation funding, the days of the budget surplus will come to an end, and funding will dry up for public education, safety and other interests. Everyone will be affected. He stated that the majority of the Northern Virginia delegation truly understands the problems this region faces with transportation issues, but they can't do it all by themselves.

Senator Devolites Davis observed that this region has the second worst traffic congestion in the nation, and yet she has not received comments from her constituents concerning this matter. She suggested a mailer with a tear-out postcard to send to their representatives. It is critical that those members from Northern Virginia delegation who are not onboard with solving the transportation problems in this region be inundated with some kind of pressure from the public. Delegate May stated that the real challenge will be to persuade the Finance Committee that Northern Virginia should be able to help itself. It is important to collect the money here and spend it here. Mrs. Bulova observed that her office receives numerous complaints about maintenance of roads.

Update on NVTC Projects

SmarTrip Farebox Procurement. Mr. McGavock reported that there has been significant progress made over the last six months, including the system integration testing. However, the Regional Customer Service Center is not

currently prepared to receive transactions from regional operations. WMATA has given the contractor six weeks notice to prepare for operations. NVTC staff continues to remind Cubic and WMATA that there are very significant milestones and deadlines associated with our funding for this project. For example, one of the FTA grants associated with this project will be rescinded at the end of September 2006 if it is not billed out. There may be problems with other funding sources along that same timeframe. Cubic and WMATA have agreed to accelerate the project schedule to accommodate NVTC's funding issues and are making every effort to begin installing SmarTrip fareboxes on buses in Northern Virginia before the end of September.

Senior Mobility. Ms. Lynott reviewed some of the implementation plans for Phase 2 of the study, including providing travel instruction to 50 seniors on how to use the fixed-route public transportation system, as well as developing a centralized information and referral service where seniors would be offered one-stop shopping for their transportation needs. Mrs. Hudgins stated that it is important that the 50 seniors being trained reflect the population that is being served.

Mr. Zimmerman moved, with a second by Mr. Kauffman, to authorize NVTC to send a letter to WMATA's Acting General Manager summarizing NVTC's senior mobility study and providing recommendations regarding WMATA's planned senior mobility development efforts. The vote in favor was cast by commissioners Bulova, Connolly, DeVolites Davis, Ebbin, Ferguson, Hill, Hudgins, Kauffman, May, McConnell, Rust, Smedberg, Snyder, Whipple and Zimmerman.

Chairman Connolly asked that copies of the study be provided to NVTC's new members, Delegates May and Rust.

WMATA Items

Mr. Kauffman reported that the WMATA Board approved a draft Management Exchange Program.

Mr. Smedberg asked if there has been any progress on the search process for a new General Manager. Chairman Connolly reported that there was an attempt by Maryland and the District of Columbia WMATA Board members to confirm Dan Tangherlini as General Manager without a search. This was in disregard of the agreement of the terms of his hiring as Acting General Manager, which was to provide him the position for a year to give him the opportunity to show his capabilities. A number of Northern Virginia officials met with Mr. Tangherlini before his appointment and told him that he is going to have to prove to Northern Virginia that he understands Northern Virginia's issues and that he would be the General Manager for the whole region—Maryland, the District of Columbia and Virginia. Chairman Connolly stated that his viewpoint is that the search process should not be rushed, and in actuality, the search

process strengthens Mr. Tangherlini if he ultimately is selected after reviewing the top nationwide candidates. Mr. Zimmerman agreed and stated there has been no search started, which was not his understanding of the agreement.

Mr. Kauffman stated that the next step is to define what the region wants in a General Manager, which should be a precursor to a search. Mrs. Hudgins stated that it would be helpful for WMATA to provide criteria for selecting a General Manager. The region can be better served by a search process since it can reaffirm that the Acting General Manager is right for job.

Mr. Smedberg moved to send a letter to WMATA Board Chairman Gladys Mack and copies to other Board members to urge them to come up with criteria for what kind of General Manager WMATA is looking for, without prejudice to the incumbent, and then to have some formalized search process. Mr. Snyder seconded. He stated that Metro is one of the major systems in the country and it is important to look at what talent is out there to hire someone who can bring original thinking and good management principles to Metro.

The commission then voted on the motion and it passed. The vote in favor was cast by commissioners Bulova, Connolly, Devolites Davis, Ebbin, Ferguson, Hill, Hudgins, Kauffman, May, McConnell, Rust, Smedberg, Snyder, Whipple and Zimmerman.

Regional Transportation Items

VDOT HOV Data. Mr. Taube reported that on May 8th VDOT's Northern Virginia District Administrator reconvened the HOV Enforcement Task Force to consider new data and the results of a new draft study. VDOT is considering extending HOV hours on I-95 and I-395. Northern Virginia VDOT staff has pledged they will work closely with local jurisdictions. VDOT will wait until after the July 1, 2006 deadline for obtaining clean fuel plates before any changes are made.

NuRide/Transit Partnerships. Mr. Taube reported that on May 16th NVTC's Management Advisory Committee heard from Steve Offutt of NuRide about recent developments and planned improvements in its nationwide ridematching programs, known as the Ride Network. There are now about 14,000 members nationwide with about 4,000 in the Washington Metropolitan area. Nationwide 300,000 shared trips have been taken by members so far. About a thousand new members are signing up each month. NuRide's approach is to facilitate one-time rides made available via the Internet with great flexibility. Both riders and drivers earn points that can then be redeemed for merchandise (such as Home Depot gift cards). These rewards are worth up to \$750 annually with an average member earning \$300-350 per year for five average trips each week at an average distance of 25 miles each. Total rewards to date are about \$1 million. Gas savings add another \$650-700 annually for the average member.

NuRide stores information about each member's auto so when a shared trip is taken, emissions and fuel savings can be calculated precisely.

Fairfax County's Connector is arranging a sponsorship that will go live soon. VRE will also initiate a sponsorship soon that will target persons driving to and from VRE stations for special prizes. By encouraging such ride matching VRE hopes to relieve crowding at its parking lots.

Virginia Transit Association Conference. VTA Director Linda McMinimy reported that VTA conducted a very successful conference in Alexandria May 11-13th. The program featured several nationally recognized experts on Smart Growth and included a tour of the Rosslyn-Ballston Corridor for a close-up look at enlightened transit-oriented development. Outgoing VTA President Chris Zimmerman was primarily responsible for encouraging and planning this successful conference.

Virginia Accelerates Telework Program. Chairman Connolly reminded commissioners that NVTC has called on previous state administrations to take telework seriously and create a Telework Council. Telework is a serious business in this region. Delegate Ebbin stated that at the last General Assembly session legislation was passed that would form a Telework Commission.

Senator Devolites Davis stated that what will really push the telework issue is preparing for a pandemic. Homeland Security is looking at this issue seriously because in the event of a pandemic the government needs to keep functioning. Mr. Hill stated that the commonwealth has modified its plans, but the big challenge is accessing information. The Commonwealth is working to break down these technical barriers.

NVTC Financial Items for April, 2006

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

Adjournment

Without objection, Chairman Connolly adjourned the meeting at 9:55 P.M.

Approved this 6th day of July, 2006.

Gerald E. Connolly
Chairman

William D. Euille
Secretary-Treasurer

NVTC Northern Virginia Transportation Commission

RESOLUTION #2023

SUBJECT: Crossroads Locomotive Fuel Option.

WHEREAS: VRE consumes approximately 860,000 gallons of fuel each year at the Crossroads Yard;

WHEREAS: VRE awarded a contract for the provision of fuel to Quarles Petroleum of Fredericksburg, Virginia in 2004, with a previous option year executed in September, 2005; and

WHEREAS: The first option year of this contract has been successfully completed prompting VRE staff and the VRE Operations Board to recommend the execution of a second option year.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to exercise the second option year of a contract with Quarles Petroleum of Fredericksburg, Virginia for the delivery of diesel fuel to the Crossroads Yard for VRE's locomotive fleet in an amount not to exceed \$2,150,000.

Approved this 1st day of June, 2006.


Gerald Connolly
Chairman

William Euille
Secretary-Treasurer



NVTC Northern Virginia Transportation Commission

RESOLUTION #2024

SUBJECT: Broad Run Locomotive Fuel Option.

WHEREAS: VRE consumes approximately 630,000 gallons of fuel each year at the Broad Run Yard;

WHEREAS: VRE awarded a contract for the provision of fuel to Mifco Heating Oil of Manassas, Virginia in 2004, with a previous option year awarded in 2005; and

WHEREAS: The first option year of this contract has been successfully completed prompting VRE staff and the VRE Operations Board to recommend the execution of a second option year.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to exercise the second option year of a contract with Mifco Heating Oil of Manassas, Virginia for the delivery of diesel fuel to the Broad Run Yard for VRE's locomotive fleet in an amount not to exceed \$1,600,000.

Approved this 1st day of June, 2006.


Gerald Connolly
Chairman

William Euille
Secretary-Treasurer



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NVTC Northern Virginia Transportation Commission

RESOLUTION #2025

SUBJECT: FRA Loan Costs.

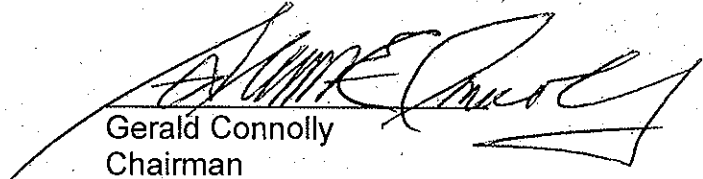
WHEREAS: The commissions authorized an application to FRA for a loan for 50 VRE railcars on January 5, 2006;

WHEREAS: The budget for the purchase of 50 railcars includes a line item for administrative costs and contingency of \$4.4 million; and

WHEREAS: FRA requires the payment of a credit risk premium which must be paid prior to the drawdown of loan funds and may amount to \$575,000-\$1,150,000.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to pay the Federal Railroad Administration (FRA), or related payee, for loan related expenses for the purchase of 50 railcars.

Approved this 1st day of June, 2006.


Gerald Connolly
Chairman

William Euille
Secretary-Treasurer



NVTC Northern Virginia Transportation Commission

RESOLUTION #2026

SUBJECT: Option for Railcar Engineering/Inspection.

WHEREAS: VRE intends to execute its option for the manufacture of 50 additional passenger railcars as included in the contract with Sumitomo Corporation;

WHEREAS: VRE has a contract with STV, Inc. for engineering and inspection services for the base order of 11 passenger railcars; and

WHEREAS: The contract with STV contains an option for engineering and inspection services for the manufacture of 50 additional cars.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to exercise the option with STV, Inc. for the provision of engineering and inspection services for the manufacture of 50 passenger railcars, with the contract amount not to exceed \$2,149,000, plus a 15% contingency of \$323,000, for a total contract value not to exceed \$2,472,000.

BE IT FURTHER RESOLVED THAT this option will not be executed until the option contract for 50 railcars with Sumitomo is initiated.

Approved this 1st day of June, 2006.


Gerald Connolly
Chairman

William Euille
Secretary-Treasurer



NVTC Northern Virginia Transportation Commission

RESOLUTION #2027

SUBJECT: Alternate Financial Plan for 50 Railcar Option.

WHEREAS: VRE has a contract with Sumitomo Corporation of America for the manufacture of 11 passenger railcars and this contract includes an option to purchase 50 additional railcars;

WHEREAS: In March and April, 2006, the VRE Operations Board and commissions, respectively, approved the execution of this 50 railcar option;

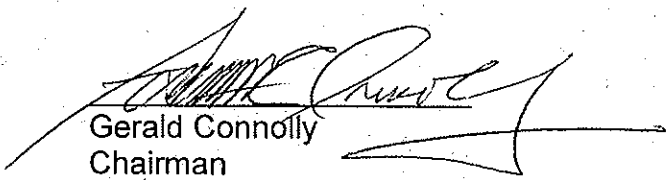
WHEREAS: The approved financial plan is dependent upon a \$15 million grant from the Commonwealth of Virginia which has not been provided because the General Assembly has not yet adopted a FY 2007 budget;

WHEREAS: An alternate financial plan, which requires VRE to reprogram its funding sources, has been developed and discussed by the VRE Operations Board and presented to the commissions; and

WHEREAS: The alternate financial plan is an extraordinary measure that would sacrifice other important capital projects, but is necessary to save up to \$20 million relating to the railcar purchase.

NOW, THEREFORE, BE IT RESOLVED that provided a FY 2007 Commonwealth budget has not been approved which includes a \$15 million VRE grant, the Northern Virginia Transportation Commission hereby delegates to the VRE Operations Board authority to 1) approve at its June 16, 2006 meeting, an alternative financial plan for the 50 VRE railcars within the parameters of the plan presented to the commissions; and 2) authorize the VRE Chief Executive Officer to execute the option for the 50 railcars based on this new financial plan.

Approved this 1st day of June, 2006.


Gerald Connolly
Chairman

William Euille
Secretary-Treasurer



NVTC Northern Virginia Transportation Commission

RESOLUTION #2028

SUBJECT: Search Criteria for Metro General Manager.

WHEREAS: NVTC appoints Virginia's members of the Board of Directors of the Washington Metropolitan Area Transit Authority;

WHEREAS: NVTC advocates and obtains funding for a successful regional Metro system; and

WHEREAS: WMATA has replaced its previous General Manager with an Interim General Manager who, it is NVTC's understanding, has been offered by the Metro Board a year to demonstrate his abilities to perform in the best interests of the entire region in this important leadership role.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission hereby instructs its Metro Board representatives to actively seek to have that Board identify the criteria it believes best define the desirable qualities of the next General Manager; and

BE IT FURTHER RESOLVED that based on those leadership qualities the Metro Board should commence soon a nationwide search to identify the candidate that best meets its criteria.

Approved this 1st day of June, 2006.


Gerald Connolly
Chairman

William Euille
Secretary-Treasurer



MEMORANDUM

TO: Chairman Connolly and NVTC Commissioners

FROM: Rick Taube, Scott Kalkwarf, Jana Lynott, Adam McGavock, Elizabeth Rodgers and Kala Quintana

DATE: June 29, 2006

SUBJECT: Update on NVTC Projects.

NVTC staff will provide brief PowerPoint presentations describing progress since the beginning of the year on major NVTC projects. Updated schedules will also be provided. Commissioners are encouraged to ask questions and offer suggestions.

1. Adam McGavock—Director of Transportation Projects.
 - A. SmarTrip Fareboxes (briefing at June 1st meeting).
 - B. National Transit Database Reporting (briefing at June 1st meeting).
 - C. GPS-Phone AVL Project. (MARTHA)
2. Jana Lynott—Director of Transportation Planning.
 - A. Senior Mobility (briefing at June 1st meeting).
 - B. TransAction 2030 Plan.
 - C. Transit Emergency Preparedness Plans.
3. Kala Quintana—Director of Public Outreach.
 - A. Electronic Transit Schedules.
 - B. Dedicated Metro Funding.
 - C. Other Public Outreach (511, Telework, TAGS, etc.)
4. Scott Kalkwarf—Director of Finance and Administration.
 - A. Allocation of Transit Assistance.
 - B. Gas Tax Oversight.
 - C. Audits.



5. Elizabeth Rodgers—Research Assistant.

- A. Code Red Free Bus Fares.
- B. Mode Share Corridor Analysis.
- C. NVTC Website.

6. Rick Taube—Executive Director.

- A. VRE Management Studies.
- B. Legislative Outreach.
- C. Performance Budgeting.

MEMORANDUM

TO: Chairman Connolly and NVTC Commissioners
FROM: Rick Taube and Scott Kalkwarf
DATE: June 29, 2006
SUBJECT: NVTC State Aid Contract for FY 2007

Each year DRPT sends a standard contract to NVTC in order to provide state aid. The commission should authorize its executive director to execute the contract on behalf of the commission.

The attachments provide a detailed examination of the funds to be included in the contract. One shows a total of \$92.5 million for NVTC and VRE in combined standard capital and operating assistance for FY 2007. The comparable amount for FY 2006 was \$93.7 million.

Considering all state aid programs, NVTC will manage \$94.3 million in FY 2007. Also, DRPT should provide \$40 million previously appropriated for Metro railcars to NVTC during July.

If the General Assembly ultimately provides more transportation funding, NVTC staff anticipates a future contract amendment from DRPT. Currently, the shortfall for NVTC in the standard transit assistance program for FY 2007 is \$158.6 million, reflective of an abysmal 22% capital matching ratio. This is the additional amount that would be received by NVTC if the commonwealth met its statutory target of 95% of eligible capital and operating expenses net of federal aid and fares. Last year, the shortfall was "only" \$75 million, or half as great as for FY 2007.



TENTATIVE FY 2007 STATE ALLOCATED TRANSIT CAPITAL, OPERATING AND SPECIAL PROJECT ASSISTANCE THROUGH DRPT FOR NVTC SYSTEMS, WITH FY 2006 COMPARISONS
(in millions)

(Includes only funding from current year funds for current year budgeted expenditures)

CAPITAL AND OPERATING ASSISTANCE PROGRAM:

	<u>FY 2007</u>		<u>FY 2006</u>		<u>Increase</u>	<u>FY 2007</u>
	<u>State</u>	<u>Matching</u>	<u>State</u>	<u>Matching</u>	<u>(Decrease)</u>	
	<u>Funds</u>	<u>%</u>	<u>Funds</u>	<u>%</u>	<u>From 06 - 07</u>	<u>Shortfall</u>
					<u>State</u>	
					<u>Funds</u>	
CAPITAL						
WMATA (see note)	\$ 10.2	@22%	\$ 12.9	@63%	\$ (2.7)	\$ (33.7)
Local	12.9	@22%	7.2	@63%	5.7	(42.9)
Subtotal	23.1		20.1		3.0	(76.6)
VRE	2.1	@22%	6.0	@63%	(3.9)	(7.0)
Subtotal	25.2		26.1		(0.9)	(83.6)
FTM/ADMIN						
WMATA/Local	59.2		60.0		(0.8)	(74.6)
VRE	8.1		7.6		0.5	(0.4)
Subtotal	67.3		67.6		(0.3)	(75.0)
COMBINED CAPITAL / FTM/ADMIN						
WMATA/Local	82.3		80.1		2.2	(151.2)
VRE	10.2		13.6		(3.4)	(7.4)
TOTAL	<u>\$ 92.5</u>		<u>\$ 93.7</u>		<u>\$ (1.2)</u>	<u>\$ (158.6)</u>

OTHER FY 07 PROGRAMS:

NVTC

State match to SAFETEA-LU, CMAQ & RSTP - \$1,516,050 (100%) (Transportation Trust Fund)

Hydrogen Fuel Injection Bus Demonstration Project - \$86,600 (95%) (State Demonstration Assistance Program)

VRE

State match to SAFETEA-LU - \$132,060 (100%) (Transportation Trust Fund)

Track Leases - \$6.8 million (80%) (Statewide STP)

Intern Program - \$38,000 (95%) (State Training & Intern Assistance Program).

Operational Study of Turn-back and Express Trains - \$20,000 (50%) (State Technical Assistance Program)

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
FY 2007 STATE ASSISTANCE CONTRACTS WITH DRPT**

	<u>State Assistance</u>	<u>State Assistance Program</u>
NVTC Contracts:		
WMATA Capital	\$ 10,167,882	MTF Capital Assistance Program
Local Capital	12,914,418	MTF Capital Assistance Program
FTM/Admin	59,211,621	Operating Assistance Program
Hydrogen Fuel Injection Demo	86,600	State Demonstration Assistance Program
Local SAFETEA-LU / CMAQ / RSTP match	1,516,050	TTF Capital Assistance Program
Total NVTC	<u>83,896,571</u>	
VRE Contracts:		
Capital	2,114,489	MTF Capital Assistance Program
FTM/Admin	8,064,078	Operating Assistance Program
Operational Turn-back Study	20,000	State Technical Assistance Program
SAFETEA-LU match	132,060	TTF Capital Assistance Program
Intern Program	38,000	State Training & Intern Assistance Program
Total VRE	<u>10,368,627</u>	
Grand Total	<u><u>\$ 94,265,198</u></u>	

MEMORANDUM

TO: Chairman Connolly and NVTC Commissioners
FROM: Rick Taube
DATE: June 29, 2006
SUBJECT: VRE Items

- A. Report from the VRE Operations Board and VRE Chief Executive Officer—Information Item.
- B. Status of Procurement of 50 Railcars—Information Item.
- C. Status of FAMPO Request for a Share of Sec. 5307 Formula Funds—Information Item.
- D. Extend Operating/Access Agreement with Norfolk Southern—Action Item/Resolution #2029.
- E. Extend Operating/Access Agreement with CSXT—Action Item/Resolution #2030.



Report from the VRE Operations Board and VRE Chief Executive Officer.

Minutes are attached from the VRE Operations Board meeting of June 16, 2006. Also attached is the report of VRE's CEO with ridership and on-time performance information.



CHIEF EXECUTIVE OFFICER'S REPORT

June 2006

MANASSAS RAIL FESTIVAL

On Saturday June 3rd, Historic Manassas hosted its 12th Annual Manassas Heritage Railway Festival from 10:00am – 5:00pm. VRE provided six excursion train rides, the majority of which sold out. Festivities also included model railroad displays; train memorabilia; an antique toy train display; Victorian games and demonstrations; an animal nursery; Peek-A-Boo-Choo-Choo; live music; and plenty of fabulous food. Visitors also got to tour a real antique caboose, visit the Norfolk Southern Exhibit Car, and explore a reconstructed antique track inspector car.

FIRST ANNUAL VRE COMPANY PICNIC

On Saturday, May 20th, VRE staff, family and friends gathered for the first ever VRE Company Picnic and Softball Game held at Fort Hunt Park. The event was so much fun that we've decided to make it an Annual Event.



CSX RAIL GANG APPRECIATION DINNER

On Tuesday, May 23rd at the Quantico VRE Station, CSX hosted an appreciation dinner for the Rail Gang currently working to replace the worn out sections of the curved rail between Woodbridge and Fredericksburg. The event was managed by VRE and catered by Dixie Bones. CSX and VRE plan to arrange something similar for the CSX Tie Gang when they begin their work in late August. The curve patch project began on April 10 and is expected to last through the end of June.

CAPITAL PROJECTS UPDATE

Rippon Station Rehabilitation - This month, the stair tower will be sand blasted and painted. As with the earlier station maintenance, this work will be performed on weekends.

Quantico Bridge - Preparation for track-work is underway. This fall, CSX will begin delivering track materials for installation. This project is on-time and expected to be completed in the second quarter of CY 2007.

MEET THE MANAGEMENT

VRE has completed half the Meet the Management schedule for 2006. The remainder of the schedule is outlined below.

Date	Station
June 14, 2006	Brooke
June 21, 2006	Manassas Park
June 28, 2006	Quantico
September 6, 2006	Burke Centre

Date	Station
September 13, 2006	Rippon
September 20, 2006	Rolling Road
September 27, 2006	Woodbridge
October 4, 2006	Backlick Road

EMERGENCY RESPONSE TRAINING

On June 3, 2006, a nine-hour training class (50% classroom – 50% field) was conducted by VRE and Amtrak at Crossroads yard for approximately 80 Spotsylvania County responders. Topics included information regarding environment, nomenclature, cars and locomotives.

LOST AND FOUND

VRE's Lost and Found department returned 84% of lost tickets during the month of May. Using VRE's shared Access Database, VRE staff locates owners as well as follows up on ticket reissues and makes special arrangements for passenger ticket recoveries.

AMTRAK RFP FOR EQUIPMENT MAINTENANCE

On May 1, 2006, Amtrak issued the equipment maintenance RFP. A mandatory pre-bid meeting was held at Crossroads Yard on May 22, 2006 and seven proposers attended. The meeting consisted of a tour of the yard and equipment, as well as a briefing. Proposals are currently due on June 23, 2006, but due to the high level of response and the need for ample time to answer questions, the closing date will be extended by about three weeks. The new mechanical sub-contractor is expected to be fully operational no later than September 30, 2006.

The award of this contract will lead to positive changes in VRE's current operation, including moving virtually all coach maintenance and repair work to VRE's yards (currently only the Gallery cars are maintained there) and significantly reducing the use of third parties to maintain and repair the Gallery cars.

VRE NEWSLETTER

Advertising for the VRE newsletter has been on the rise since its inception in 2004. Each issue can take two ads - one large ad on the back page that costs \$1,000 and another smaller one on the interior page that costs \$175. The large ad sold out for over 75% of the issues and the small ad for over 50%. VRE has done no advertising for this newsletter - all the ads are being placed based on word of mouth. Ads for home developments, bus routes, hospitals and realtors make up the bulk of the advertisers. And the best part is that each time we sell both ads in the newsletter, the publication "makes" \$10!

MONTHLY PERFORMANCE MEASURES – MAY 2006

ANNUAL RIDERSHIP OVERVIEW		ANNUAL RIDERSHIP
VRE FY 2006 Passenger Totals		3,342,323
VRE FY 2005 Passenger Totals		3,423,826
PERCENTAGE INCREASE		(2.38%)

MONTHLY ON-TIME PERFORMANCE	ON-TIME PERCENTAGE
VRE May Fredericksburg OTP Average	76.6%
VRE May Manassas OTP Average	91.2%
VRE MAY OVERALL OTP AVERAGE	83.9%

REASON	TOTALS	PERCENT
Signal/Switch Failure	15	15.5%
Slow Orders	6	6%
M/W	3	3%
Train Interference	48	49%
AMTRAK	7	7%
Freight	32	33%
VRE	9	9%
Mechanical Failure	5	5%
Late Turn	2	2%
PAX Handling	2	2%
Weather	6	6%
Crew Related	0	0%
Other	11	11.5%
TOTAL	98	100%

FINANCIAL INDICATORS		MAY 2006		
MEASURES		GOAL	ACTUAL	TREND
OPERATING RATIO		55%	61%	↑
BUDGETED FARE REVENUE YTD	\$16,707,083			
ACTUAL FARE REVENUE YTD	\$16,165,805			
CUMULATIVE VARIANCE	(\$541,278)	0	(\$541,278)	↓
PERCENT COLLECTED FY 06 YTD		83.33%	80.63%	↓
PERCENT COLLECTED FY 05 YTD			83.20%	
BUDGET EXPENSES YTD	\$33,562,677			
OPERATING EXPENSES YTD	\$32,274,199			
CUMULATIVE VARIANCE	\$1,288,478	0	\$1,288,478	↑
PERCENT EXPENDED FY 06 YTD		83.33%	80.13%	↑
PERCENT EXPENDED FY 05 YTD			85.40%	

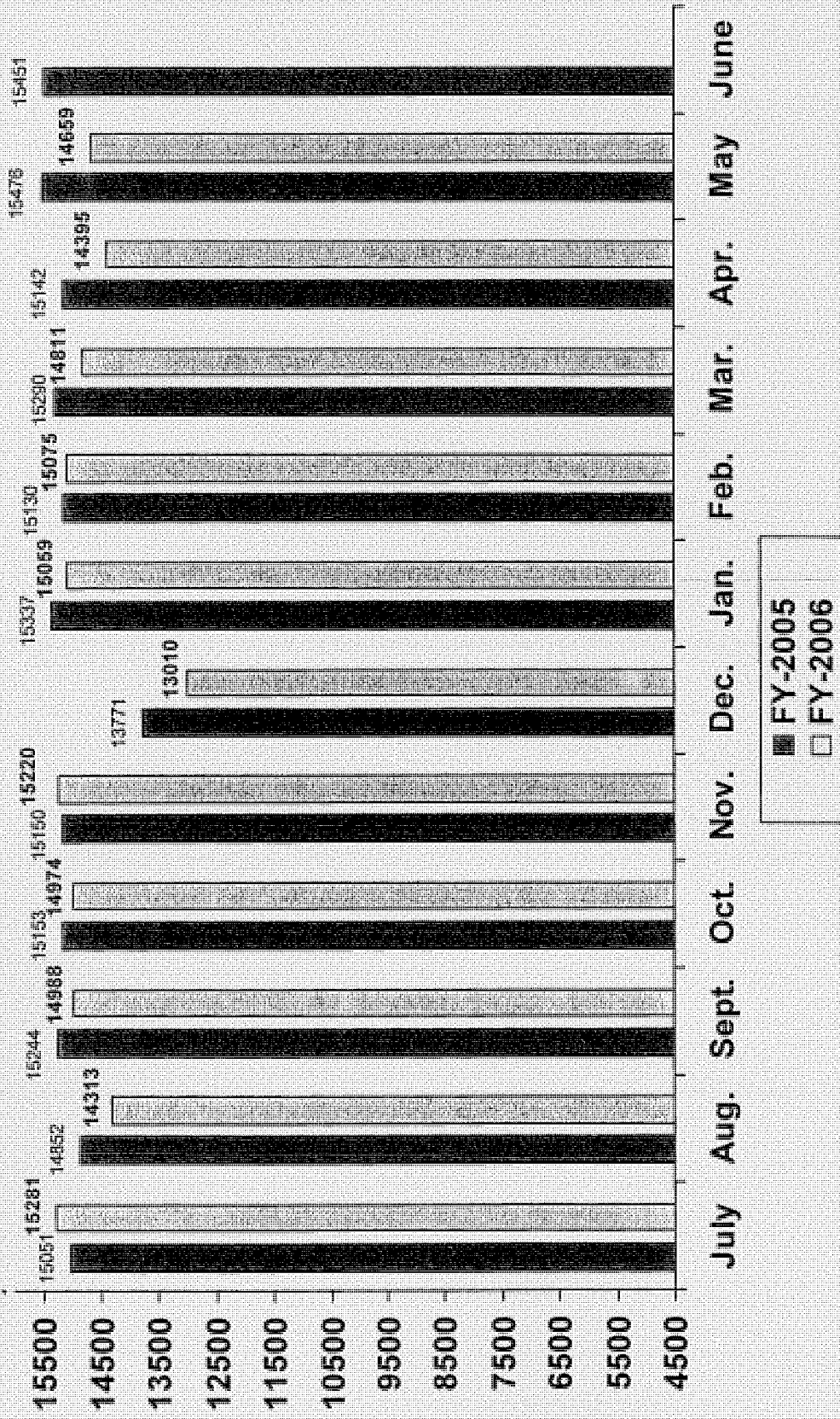
Monthly Ridership and OTP: May 2006

Date	Manassas AM	Manassas PM	Total Manassas	Actual OTP TD	Fredburg AM	Fredburg PM	Fredburg Total	Actual OTP TD	Total Trips	Actual OTP TD
1	3,927	3,438	7,005	69%	3,845	3,955	7,840	46%	14,845	59%
2	3,571	3,383	6,954	81%	4,052	4,007	8,059	77%	15,013	79%
3	3,660	3,413	7,073	100%	3,920	4,092	8,012	77%	15,085	90%
4	3,510	3,456	6,966	100%	3,744	3,841	7,585	92%	14,551	97%
5	3,102	2,833	5,935	100%	3,564	3,804	7,368	85%	13,303	93%
6										
7										
8	3,476	3,481	6,957	100%	4,029	3,730	7,759	100%	14,716	100%
9	3,609	3,378	6,987	100%	3,995	3,984	7,980	85%	14,947	93%
10	3,418	3,102	6,520	88%	3,780	3,885	7,645	92%	14,165	90%
11	3,471	3,139	6,610	75%	3,729	3,843	7,572	77%	14,162	76%
12	3,017	3,810	6,827	94%	3,439	3,566	7,007	92%	13,834	93%
13										
14										
15	3,471	3,615	7,086	100%	3,819	3,847	7,666	100%	14,752	100%
16	3,740	3,461	7,201	94%	3,726	4,164	7,890	77%	15,091	86%
17	3,626	3,580	7,216	94%	4,176	3,811	7,987	85%	15,203	90%
18	3,589	3,534	7,103	81%	3,974	3,927	7,901	92%	15,004	86%
19	2,839	3,011	5,850	94%	3,744	3,714	7,458	92%	13,308	93%
20										
21										
22	3,396	3,528	6,924	73%	3,731	4,121	7,852	69%	14,775	72%
23	3,434	3,552	6,986	86%	3,623	4,297	7,920	69%	14,906	79%
24	3,516	3,464	6,980	94%	4,023	4,028	8,051	46%	15,031	72%
25	3,411	3,403	6,814	94%	3,659	3,816	7,475	69%	14,289	83%
26	2,778	2,740	5,518	100%	3,231	3,460	6,691	62%	12,209	83%
27										
28										
29										
30	3,462	3,288	6,750	100%	3,658	3,911	7,569	62%	14,319	83%
31	3,689	3,640	7,309	89%	3,798	4,545	8,343	46%	15,652	69%
	75,312	74,259	149,571	91%	83,240	86,370	169,610	77%	319,191	84%
	Adjusted total:		149,639		Adjusted Total:		172,851	Adjusted Total:	322,490	

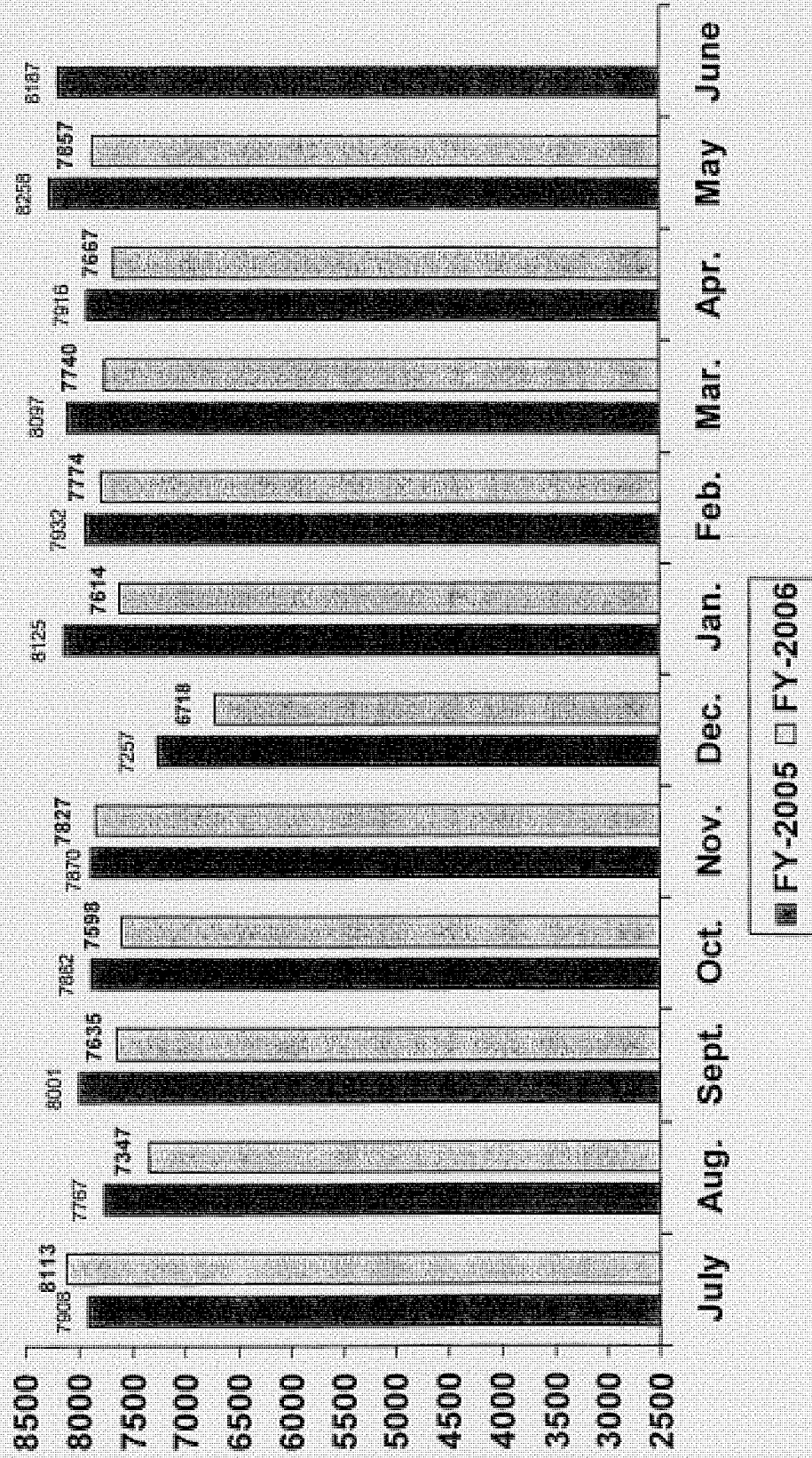
of Service Days: 22
 Total Trips This Month: 322,490
 Adjusted Total: 322,490
 Manassas Daily Avg. Trips: 6,799
 Adjusted Avg.: 6,802
 Prior Total FY-2006: 3,019,633
 Fredburg Daily Avg. Trips: 7,710
 Adjusted Avg.: 7,857
 Total Trips FY-2006: 3,342,323
 Total Avg. Daily Trips: 14,508
 Adjusted Avg.: 14,659
 Total Prior Years: 29,879,189
 Grand Total: 33,221,492

Note: Adjusted Averages & Totals include all VRE trips taken on Amtrak trains, but do not include "S" schedule days.
 * designates "S" schedule day

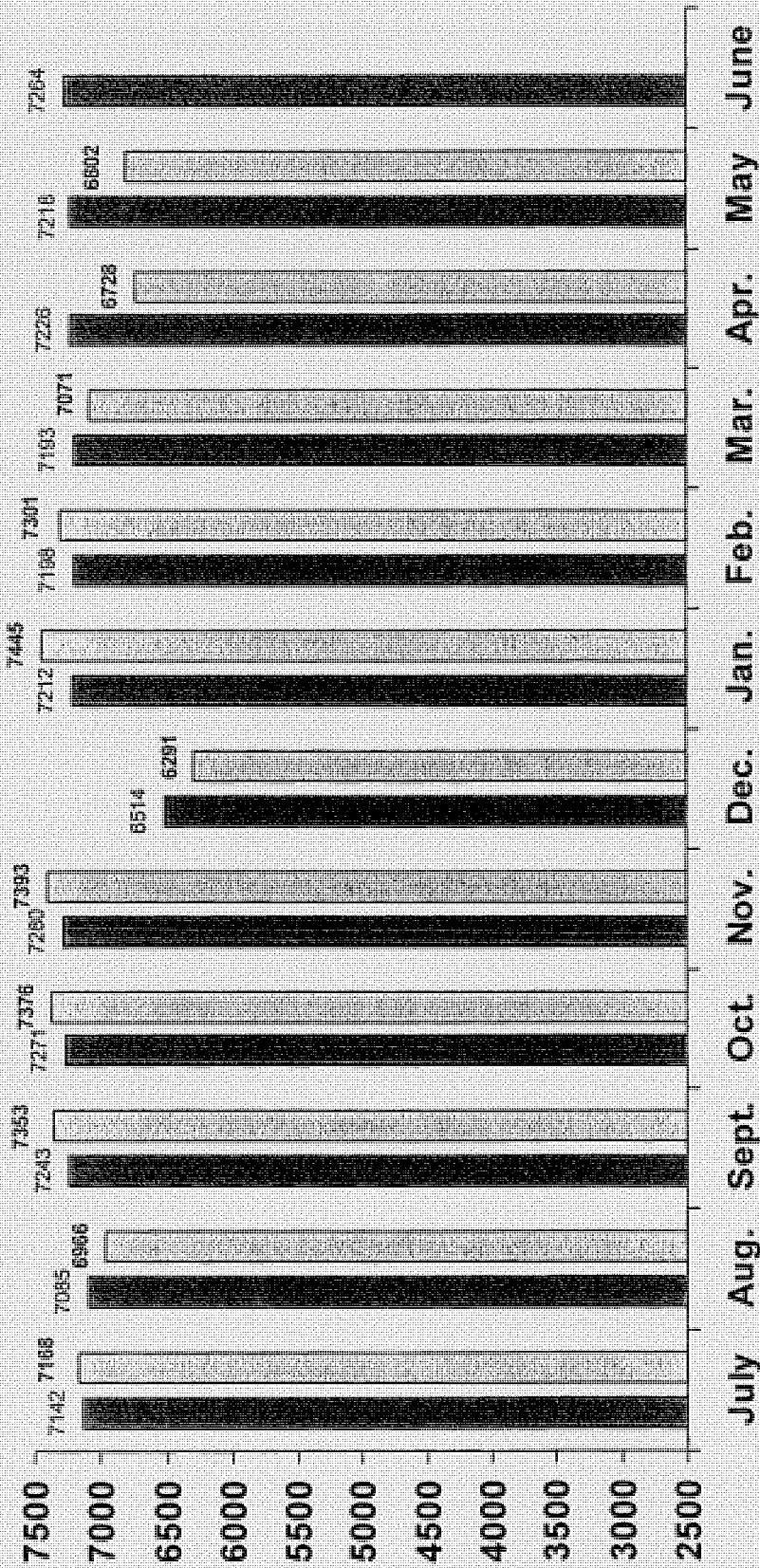
VRE Total Average Daily Ridership



VRE Average Daily Ridership Fredericksburg Line



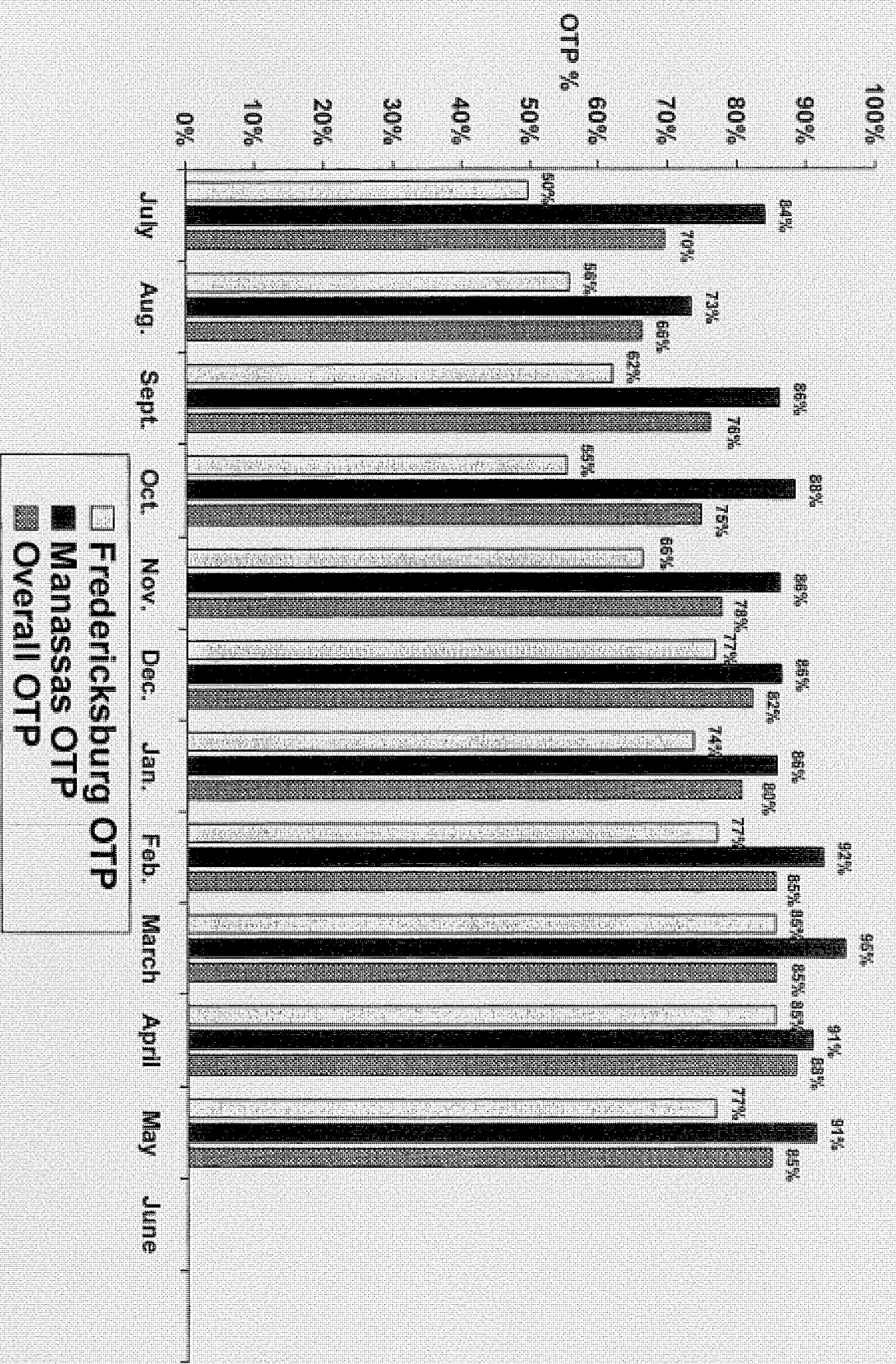
VRE Average Daily Ridership Manassas Line



■ FY-2005 □ FY-2006

Average On-Time Performance

FY-2006



All aboard?

Maintaining a healthy relationship between the board of directors and executive team could be a transit agency's wisest investment

BY LORI LUNDQUIST ACKEN

Although few transit agencies function without one — and because each is as individual as the region it serves — there is no single recipe for assembling a model board, or instructions for how it should operate. What is clear is that, while nothing can guarantee an agency's success, discord between its board of directors and executive team will all but assure its undoing, leaving riders in the lurch and the press in a lather.

That doesn't mean kid gloves must be handed out with every interaction. As is the case with most effective business relationships, there are fundamentals — mutual respect, honest communication and common goals chief among them.

How do you translate good business practices into good transit? Tailor those fundamentals to the specific personalities, processes and politics involved, say the board chairmen and top executives from two thriving agencies: Tri-County Metropolitan Transportation District of Oregon (TriMet), which has three expansion projects in various stages of planning, and Trinity Railway Express (TRE), whose Fort Worth, Texas, commuter-rail service has been on a ridership roll in recent quarters, including a 16.8 percent jump in fourth-quarter 2005.

Asked for insight into their own time-tested relationships, the execs recently shared some of the lessons they've learned when it comes to keeping their trains and agencies on track.

HOW DID YOU GET HERE?

The Urban Mass Transit Act of 1964 shifted operation of mass transportation systems from primarily private ownership to public administration. The legislation expanded transit's role in regional

progress and politics, and switched governance for the majority of the new agencies to policy boards whose composition is determined by local and state legislation. The number of members on the average transit board has changed little since, with most in the ballpark of nine, according to the Transit Cooperative Research Program (TCRP), a publicly funded information consortium headed by the Federal Transit Administration.

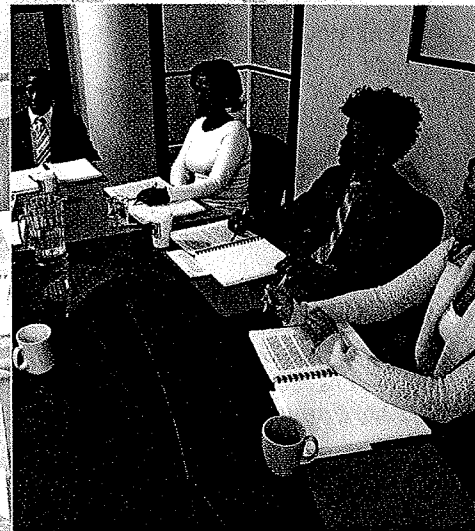
Despite frequent debates about the superiority of elected or appointed boards, *how* members get to the table is not as important as their ability to both serve an agency's ridership and to reflect it, as well, agency execs say.

"If you can get non-political players functioning in a political environment, there's sometimes a better focus on achieving the objectives and visions of the organization," says TRE Chief Operating Officer Peter Sklannik, whose two-decade transit career includes stints at Virginia Railway Express and MTA Long Island Rail Road. "If you're not an elected official, you don't have to worry about running for re-election the day you get appointed to the board."

The electoral process might even keep effective candidates at bay.

"Our board is appointed by the governor and confirmed by the Senate," says TriMet General Manager Fred Hansen, who previously served as Oregon's deputy state treasurer and deputy administrator for the U.S. Environmental Protection Agency.

"However, I would say that if all seven of our members were asked to stand for election to the board, none of them would say, 'That's the place where I am going to devote my energies.' But when the governor asks them [to serve], they



are willing to do that, and they are very, very good."

Directors and managers must share a commitment to both the organization they govern and to mass transit as a whole in order to be effective from the get-go, Sklannik and Hansen say.

In researching its *Public Transit Board Governance Guidebook*, the TCRP discovered that many members come to a transit board with little understanding of the complexities and stakeholders involved in operating a public transit system, and that it takes at least one year to gain sure footing in the role.

"It's incumbent on the organization to assist in that process," Sklannik stresses. "The more informed the board members are, the more effective they will be. How can you be effective if you don't know what the concerns, the weaknesses and the needs are?"

Which is not to say that members must become public transportation experts. Rather, they should be skilled in the planning, fund-raising and public relations functions that are equally vital to an agency's progress.

KNOW YOUR ROLE

It's also critical for board members to resist the urge to get involved in daily operations — an understandable pitfall when the room is populated with people geared toward getting things done.

"We're trying to expand this system to meet the needs of a tremendously growing population and a growing region," says TRE Chairman Paul Geisel, who is

the founder and professor emeritus at the University of Texas at Austin's School of Urban and Public Affairs. "We haven't got time to, say, worry about whether the maintenance contract is *exactly* right. You have to trust your managers."

TriMet Chairman George Passadore also cites expansion as his board's key responsibility beyond oversight and gov-

"Because I have had the opportunity to be a part of all the significant business organizations and community organizations — in which for most, I was also able to have a leadership role — I am able to make a contribution," says Passadore, a third-generation Portlander and retired regional chairman of Wells Fargo in Oregon and southwest Washington. "I do

about our direction," Hansen says. "They're not the CEO — that's what I am — and they hold me accountable for it."

DON'T ARM YOUR CRITICS

It's an internal system of checks and balances that also can help insulate an agency from attracting the wrong kind of



"You have to set up the time to build rapport among senior staff and the board."

— TriMet General Manager Fred Hansen

ernance. Because three-quarters of TriMet's revenue is generated via payroll tax paid by regional employers, the TriMet board members' wide-ranging community roles — including education, engineering and law enforcement — contribute to what Passadore considers to be an exceptional board-employer rapport, which is essential to system growth.

understand the community, and I am very much able to identify with the riders of the system."

And with the people tasked with making that system run.

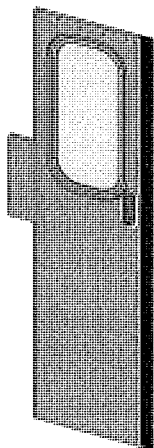
"Having been in such key business roles, George and a number of his members also understand what the appropriate role of a board is — that it's not to micro-manage issues, but to be very clear

attention from a different brand of stakeholder. Because mass transit is such a public — and often publicly funded — entity, it is a natural magnet for advocacy groups, rail critics and local media. Although the board-executive team can't control public perception, maintaining a genuinely united front goes a long way in maintaining genuine credibility.

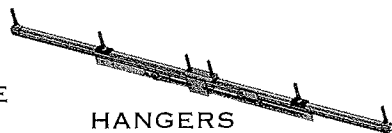
"I've been on boards where you open

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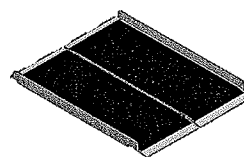
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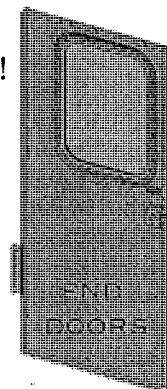
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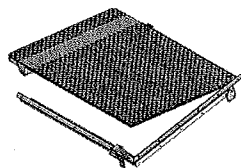
HANGERS



HANDICAP
BRIDGES



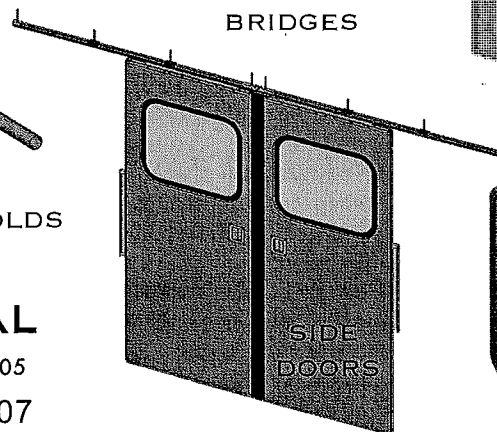
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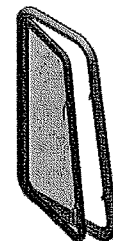
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the door and there's the reporter and you have no idea why," says TRE's Geisel. "Our staff keeps us very well informed ... and our priority is service to people. Getting to that, sticking to that and using that as the basis for every discussion and decision is extraordinarily important. It's very easy to be distracted — for good or for bad."

And while championing new ideas bolsters an agency's progress, fundamental goals must be held in common.

"We're not required to have a public forum at every board meeting, but we always do," Passadore says.

The TRE board televises its monthly meetings for a faithful audience of nearly 90,000 — an audience that isn't shy about greeting members with questions and comments when they spot officials on the agency's trains.

"We have legal counsel that provide some of the best opinions and recommendations that I've seen in my years

"You have to trust your managers."

— TRE Chairman Paul Geisel



"If in fact one [member] wants to play out very conservative politics that aren't shared across the board, you just end up having conflicts that aren't very bridgeable," Hansen says. "You can mask those problems for a while, but you can't really hide them."

Adds Geisel: "If you can get your board members to ask the questions that any media or any rider would ask, then you're doing good stuff."

Good stuff that will serve the community long after your faultfinders have moved on.

"The most common criticism, from those who enjoy criticizing, is cost per mile," says TriMet's Passadore. "When we built the first rail line here 25 years ago, the whole line consumed about a quarter of a million dollars. Today, that's small change. These rail lines are truly built for the future; their lifespan will go out 100 or more years. The critics are not the people that are paying for the majority of this system."

OPEN-DOOR POLICY

Sklannik and Geisel are quick to credit the Fort Worth area's robust council of governments and regional transportation council for bringing together all invested transportation authorities and cities, keeping politicians and volunteers alike at the transit table.

To help ensure customers and service remain top priorities, TriMet and TRE also keep a prominent place for the folks who board the trains.

in the business," says Sklannik. "Legal counsel at the 'T' will give you an answer when questions come up at the board meeting. You don't hear, 'Well, I'll have to get back to you.' You get an answer on the spot. When you are charged with doing business once a month, it's great to have that resource to keep things moving forward."

TIME: WELL SPENT

Of all the ingredients common to these and other successful board/management relationships, the universal binder may well be the investment of time.

"You have to set up the time to have that communication and that building of rapport among the senior staff and the board," says Hansen. "You can't just expect that goes along with [the role] and everything's fine until something goes wrong."

"This didn't just happen — it isn't that we all just woke up very logical one day," echoes Geisel. "I've been on this board for six years and we've had some turmoil that would just tear you to pieces because we've gone through huge changes in recent years. You must always be conscious that it could all come apart in a minute." **PR**

Lori Lundquist Acken is an Oconomowoc, Wis.-based free-lance writer and the former editor of Mass Transit magazine. Email comments or questions to prograil@tradepress.com.



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EXPRESS**

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CHAIRMAN**

**DANA KAUFFMAN
VICE CHAIRMAN**

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**SHARON BULOVA
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(703) 684 - 1001
FAX: (703) 684 - 1313
Web Site: www.vre.org

MINUTES

VRE OPERATIONS BOARD MEETING PRTC HEADQUARTERS – PRINCE WILLIAM COUNTY, VIRGINIA JUNE 16, 2006

MEMBERS PRESENT	JURISDICTION
Sharon Bulova (NVTC)	Fairfax County
Maureen Caddigan (PRTC)	Prince William County
Robert Gibbons (PRTC)	Stafford County
Corey Hill	VDRPT
Dana Kauffman (NVTC)	Fairfax County
Doug Waldron (PRTC)	City of Manassas

MEMBERS ABSENT	JURISDICTION
Elaine McConnell (NVTC)	Fairfax County

ALTERNATES PRESENT	JURISDICTION
Hilda Barg (PRTC)	Prince William County
Wally Covington (PRTC)**	Prince William County
William Greenup (PRTC)**	City of Fredericksburg/VHSRDC
John D. Jenkins (PRTC)	Prince William County
Christopher Zimmerman (NVTC)**	Arlington County

STAFF AND GENERAL PUBLIC	
Omar Arouna – VRE	Steve MacIsaac – VRE counsel
George Billmyer – citizen	Betsy Massie – PRTC
Sue Faulkner – Stafford County	Paul Milde – Stafford County Board of Supervisors
Al Harf – PRTC staff	Sirel Mouchantaf – VRE
Christine Hoeffner – VRE	Dick Peacock – citizen
Angela Horan – Prince William County Attorney	Mark Roeber – VRE
Ann King – VRE	Jennifer Straub – VRE
Mike Lake – Fairfax DOT	Rick Taube – NVTC staff
Wendy Lemieux – VRE	Lezlie Ungaro – VRE
Bob Liebbrandt – 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 Caddigan called the meeting to order at 9:30A.M. Following the Pledge of Allegiance, roll call was taken.

Approval of the Agenda – 3

Mr. Kauffman moved, with a second by Ms. Bulova, to approve the agenda. The vote in favor was cast by Board Members Bulova, Caddigan, Gibbons, Hill, Kauffman and Waldron.

Minutes of the June 16, 2006, VRE Operations Board Meeting – 4

Mr. Kauffman moved, with a second by Ms. Barg, to approve the minutes. The vote in favor to approve the minutes was cast by Board Members Bulova, Gibbons, Hill and Kauffman. Chairman Caddigan and Mr. Waldron abstained since they were absent from the May meeting.

Chairman's Comments – 5

Chairman Caddigan stated that while on vacation she had the opportunity to board a train in Barcelona, Spain. Barcelona's train system, with its efficiency, speed and cleanliness, is a role model for the train industry. She reported that she spoke with the Mayor of Quantico, who informed her that CSX has taken down two buildings on the Base, which might provide additional parking space for VRE. She also stated that she will be meeting with Manassas Park Mayor Jones on June 19th to keep the lines of communication open concerning VRE issues.

Chairman Caddigan asked Mr. Gibbons to provide an update on the FAMPO proposal. Mr. Gibbons stated that the planning district has been reorganized and has been divided into four sections: land use, transportation (MPO), air quality, and sewer and water. RADCO's name is being changed to the George Washington Planning District. Mr. Gibbons also stated that FAMPO is working on an agreement with FTA and MWCOG to acquire funds due to North Stafford for urbanized areas since the county is a part of the Fredericksburg MPO (FAMPO). A meeting on June 19th has been schedule to discuss this issue. Chairman Caddigan stated that there is concern regarding the formula and currently VRE decides what projects will be funded. In response to a question from Ms. Barg, Mr. Gibbons explained that North Stafford is in the Metropolitan Washington urbanized area and its funding is sitting at MWCOG. Stafford County is in the Fredericksburg MPO and those funds should be available to the County, which are estimated between \$156,000 - \$225,000.

In response to a question from Ms. Bulova, Mr. Harf explained that the funds are 5307 federal formula funds, which are associated with population and population density earnings. Stafford County's funds, if taken out the Metropolitan Washington MPO,

would not impact VRE, but would impact WMATA. Mr. Gibbons stated that the region will be impacted by BRAC and VRE needs to be the back bone of the transportation infrastructure along the I-95 corridor. Ms. Bulova asked if VDRPT has a position on this matter. Mr. Hill responded that the state is not in a position to discuss this issue until after the June 19th meeting. Chairman Caddigan asked VRE staff to be present at that meeting to represent VRE's interests. Mr. Kauffman also requested NVTC staff to attend.

[Mr. Covington arrived at 9:34 A.M.]

Mr. Zehner noted that the issues affecting VRE is the allocation of a portion of the 5307 funds. If Stafford took this funding from MWCOG it would fractionalize VRE's budget process. Currently, the VRE CIP is approved by the jurisdictions, the VRE Operations Board and Commissions. However, with Stafford County's proposal, a portion of the 5307 funding would be determined by FAMPO. Mr. Gibbons observed that this is a very complicated issue and he will brief the VRE Operations Board after the June 19th meeting.

Chief Executive Officer's Report – 6

Mr. Zehner reported that system-wide ridership is up two percent since May. Factors that might be contributing to a slower ridership increase are a growing number of passengers teleworking, flex hours, movement in military personnel and parking issues, especially on the Manassas Line. Mr. Zehner stated that on-time performance is at 84 percent for June, with 77 percent for the Fredericksburg Line. Mr. Zehner stated that he has talked to Jay Westbrook of CSX and requested that dispatching be moved to Baltimore, Maryland, which would provide more local control of dispatching. Mr. Gibbons stated that he would like to have another Town Hall meeting in September in Stafford to discuss VRE issues with the public.

Mr. Kauffman stated that it appears that Manassas Line ridership is having a greater decline compared to the Fredericksburg Line. This seems odd that the Fredericksburg Line would not be lower because of on-time performance. He asked for a report on this issue at the next meeting.

Mr. Zehner reported that he has had contact with Fairfax County staff concerning BRAC planning. On June 7th the Department of the Army had a scoping meeting for the environmental impact statement and the potential BRAC relocations to Fort Belvoir. A draft preliminary siting proposal is being done and, once completed, origins and destinations can be reviewed. This should be done late June/early July. Mr. Gibbons stated that concurrent environmental impact studies need to be done for Fort Belvoir and the I-95 corridor.

[Mr. Greenup arrived at 9:58 A.M.]

Mr. Zehner announced that the General Assembly still has not approved a state budget. He stated that if a budget is not approved by June 30, 2006, VRE operations should be fine for at least two months with its \$5 million reserve fund. Mr. Hill stated that it is his understanding that the issues that are holding up the budget are not transportation issues.

In response to a question from Mr. Covington, Mr. Waldron stated that progress is being made on the Manassas Parking Garage project. The City is holding a public hearing regarding issuing debt on June 26, 2006. It is anticipated that the contract will be signed soon, since agreement has already been reached on contract terms. The five level parking deck is a joint project between the City and VRE, in which three levels will be reserved for VRE riders and two for City residents. In response to a question from Mr. Gibbons, Mr. Waldron explained that the City is paying for two levels of the structure and the entire structure should be completed by the end of 2007. The delay has been due to the procurement of land, which was complicated by Delegate Parrish's death, since one of the parcels of land is owned by the Parrish family. The City already owns the second parcel of land.

VRE Riders' Comments – 7

Mr. Billmyer stated that many states are now partnering together on transportation projects. He gave several examples, including Utah and California jointly ordering diesel fuel to get a better price. Also, in New England there are six or seven states working together on extending rail service.

Mr. Billmyer stated that it would make sense if the Fredericksburg Line was losing ridership because of on-time performance issues, but it seems Manassas Line ridership is down. He reminded Board members that a few months ago VRE cut service on the Manassas Line and that might have impacted ridership. He stated that it is important to discuss adding service, not dropping service, during the 2008 budget discussions.

Mr. Peacock stated that he conducted a surprise inspection at several VRE stations and found one ticket vending machine at Broad Run not working. He expressed his disappointment with the House of Delegates not wanting to have any tax increase for a dedicated source of funding for transportation. The gasoline tax has not been raised for 20 years. If the Northern Virginia delegation is not united it will be difficult for the region to get the funding it needs. Traffic congestion in the Washington Metropolitan region is the third worst in the country. People aren't able to get to work on time, which creates a "gridlock tax," and traffic congestion can impact people's ability to get to hospitals quickly in the event of an emergency.

FY 2008 Budget Guidelines -- 8A

Mr. Zehner stated that the Budget Task Force is expected to begin meeting in July and a preliminary draft budget will be discussed at the August Operations Board meeting. Forecasting for FY 2008 at a time when the FY 2007 state budget is unresolved adds to the number of uncertainties facing VRE.

[Mr. Zimmerman arrived at 10:15 A.M.]

Mr. Gibbons moved, with a second by Ms. Barg, to approve Resolution #8A-06-2006 which directs staff in the development of the FY 2008 budget options for train operations and capital projects. The vote in favor was cast by Board Members Bulova, Caddigan, Gibbons, Hill, Kauffman, Waldron and Zimmerman.

Mr. Gibbons asked if Mr. Zehner as CEO has the authority to use the \$5 million reserve fund to operate VRE if the state budget is not approved. Mr. Zehner replied that the Board would need to provide that authority. Mr. Taube stated that it is his understanding that the VRE Operations Board has already approved an emergency spending policy that provides Mr. Zehner with the authority to spend funds after notifying VRE's Chairman and requesting action by the Board at its next meeting. Mr. MacIsaac agreed and stated that there is an emergency spending authority that is subject to Board ratification. Mr. Zehner also noted that jurisdictions are scheduled to pay their first subsidy payment (approximate total of \$4 million) on July 1st, which will help mitigate any cash flow issues.

Mr. Gibbons moved to provide authority to VRE's CEO to operate with reserve funds until the state budget is adopted and return to the Board if the reserve funds are depleted. Ms. Barg seconded the motion. The vote in favor was cast by Board Members Bulova, Caddigan, Gibbons, Hill, Kauffman, Waldron and Zimmerman.

Authorization to Extend Amended Operating/Access Agreement with Norfolk Southern - 8B

Mr. Zehner stated that Resolution #8B-06-2006 would recommend that the Commissions authorize VRE's CEO to execute an extension of the existing Amended Operating/Access Agreement with Norfolk Southern to January 31, 2007. Following detailed negotiation sessions with Norfolk Southern representatives, an agreement in principle was reached on all contract items with the exception of liability coverage. An extension of the current agreement is needed to attempt to resolve the insurance issue.

Ms. Barg moved, with a second by Ms. Bulova, to approve Resolution #8B-06-2006. The vote in favor was cast by Board Members Bulova, Caddigan, Gibbons, Hill, Kauffman, Waldron and Zimmerman.

Authorization to Extend Amended Operating/Access Agreement with CSXT – 8C

Mr. Zehner reported that Resolution #8C-06-2006 would recommend that the Commissions authorize VRE's CEO to execute an extension of the existing Amended Operating/Access Agreement with CSXT to January 31, 2007. Although preliminary agreement was reached in a number of areas, no agreement on liability coverage was reached.

Ms. Barg moved, with a second by Ms. Bulova, to approve Resolution #8C-06-2006. The vote in favor was cast by Board Members Bulova, Caddigan, Gibbons, Hill, Kauffman, Waldron and Zimmerman.

Authorization to Amend a Purchase Order for Gallery Car Air Conditioning Compressors – 8D

Mr. Zehner stated that Resolution #8D-06-2006 would authorize the CEO to amend a purchase order with H.M. Sweeny Corporation for the refurbishment and rebuilding of A/C compressors for Gallery cars by \$21,000 in an amount not to exceed \$49,327.

Ms. Barg moved, with a second by Ms. Bulova, to approve Resolution #8D-06-2006. The vote in favor was cast by Board Members Bulova, Caddigan, Gibbons, Hill, Kauffman, Waldron and Zimmerman.

Authorization to Issue an Invitation for Bids to Install Security Lighting at the VRE Yards – 8E

Mr. Zehner stated that the Operations Board is being asked to authorize him to issue an IFB to install perimeter security lighting at the Broad Run and Crossroads yards. Resolution #8E-06-2006 would accomplish this. This action would be part of VRE's ongoing effort to improve security system-wide. In response to a question from Mr. Gibbons, Mr. Zehner explained that in addition to improved illumination in the yards, the additional lighting will allow for better monitoring by video cameras planned to be installed in the future. Once installed, the new lighting system can be controlled separately in order to minimize utility usage. Upon receipt of bids, VRE staff will return to the Board to request authority to enter into a contract for construction. In response to a question from Mr. Kauffman, Mr. Zehner stated that motion detectors would trigger cameras and simultaneously notify security guards. In response to a question from Mr. Covington, Mr. Zehner stated that this work would not duplicate the new lights recently installed by Prince William County on Piper Lane.

Mr. Jenkins moved, with a second by Ms. Barg, to approve Resolution #8E-06-2006. The vote in favor was cast by Board Members Bulova, Caddigan, Gibbons, Hill, Kauffman, Waldron and Zimmerman.

Authorization to Lease Temporary Employee Facilities for the Crossroads Yard –8F

Mr. Zehner explained that the VRE Operations Board is being asked to authorize the CEO to enter into a lease with Modular Genius of Bel Air, Maryland for temporary employee facilities in a total amount not to exceed \$48,750 over a period of no more than 18 months. VRE has initiated relocation of inspection and some maintenance activities to the outlying yards. Last month, the Board authorized a solicitation for construction of a maintenance facility at the Crossroads Yard. As part of this project, employee amenities known as welfare facilities, including restrooms and showers, will be constructed for maintenance workers. Since maintenance work will be migrated to Crossroads beginning in August 2006, temporary welfare facilities must be provided in the interim. The anticipated lease term is one year, after which the facilities may be retained on a month-to-month basis. Staff evaluated both leasing and purchasing options and determined that leasing is more cost effective. Resolution #8F-06-2006 would authorize this lease.

Ms. Barg moved, with a second by Mr. Jenkins, to approve Resolution #8F-06-2006. The vote in favor was cast by Board Members Bulova, Caddigan, Gibbons, Hill, Kauffman, Waldron and Zimmerman.

Authorization to Issue a Task Order for General Fleet Maintenance – 8G

Mr. Zehner reported that the VRE Operations Board is being asked to authorize the VRE CEO to issue a task order to STV, Inc. under MEC IV for general fleet maintenance in an amount not to exceed \$277,015. Resolution #8G-06-2006 would accomplish this.

Mr. Jenkins moved, with a second by Ms. Barg, to approve the resolution. The vote in favor was cast by Board Members Bulova, Caddigan, Gibbons, Hill, Kauffman, Waldron and Zimmerman.

Secret Shopper Project – 9A

Ms. Lemieux provided the Board with an update about the Secret Shopper Project. She stated that three months of “Secret Shopper” data has been collected. The program sends a trained, anonymous auditor to visit each train and station once each month. These audits review the entire passenger experience on VRE including station cleanliness, dependability of fare collection equipment, accuracy of information posters, performance of on-board and mechanical crews and the quality of station announcements. Ms. Lemieux explained that the results show that VRE needs better communication between the crews and passengers. VRE staff have met with Amtrak to review the baseline appraisal of service and asked for a work plan that will improve

crew performance. She also explained that auditors can comment on outstanding efforts. "Searching for the Stars" enables VRE to commend crews who were observed going above and beyond their duties. In the first three months of this program, ten examples of noteworthy behavior were cited.

Other VRE Items

Mr. Jenkins reported that he rode the train from Rippon to Union Station and back recently, which provided him an opportunity to talk with passengers. He was impressed with VRE's service and did not hear any significant complaints from passengers. Mr. Gibbons and Mr. Greenup both discussed the conditions at the Fredericksburg train station where passengers can get confused about what side of the platform trains will arrive. Mr. Gibbons asked staff to talk with Amtrak about the confusion on the tracks.

Mr. Zimmerman reported that the use of transit is up throughout the region. Metro had the 8th highest ridership day on June 18th. This is the sixth time this month that Metro has broken a ridership record. Six of the top ten ridership days have occurred in the last two months. Mr. Gibbons also observed that many slug line parking lots are also over capacity.

Closed Session – 10

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

Pursuant to the Virginia Freedom of Information Act (Sections 2.2-3711A (1) and (7) of the Code of Virginia), the VRE Operations Board authorizes discussion in Closed Session regarding one personnel item; one legal matter concerning the option to purchase railcars; and one legal matter pertaining 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, Hill, Kauffman, Waldron and Zimmerman.

The Board entered into Closed Session at 10:30 A.M. and returned to Open Session at 11:00 A.M.

Ms. Bulova moved, with a second by Ms. Barg, 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, Hill, Kauffman, Waldron and Zimmerman.

Ms. Bulova moved, with a second by Ms. Barg, to approve Resolution #10A-06-2006, with one change to the second to last paragraph reading: "Whereas the alternate financing plan, as an extraordinary measure that would sacrifice or postpone other important capital projects, but is necessary to save up to \$20 million related to the railcar purchase." The vote in favor was cast by Board Members Bulova, Caddigan, Gibbons, Hill, Kauffman, Waldron and Zimmerman.

Adjournment

Mr. Hill announced that Governor Kaine has appointed Matthew Tucker as the new director of VDRPT. He will begin his duties on July 10, 2006.

Without objection, Chairman Caddigan adjourned the meeting at 11:02 A.M.

Approved this 16th day of August 2006.

Dana Kauffman
Vice Chairman

Doug Waldron
Secretary

CERTIFICATION

This certification hereby acknowledges that the minutes for the June 16, 2006, Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.

Rhonda Gilchrest

Rhonda Gilchrest

Status of FAMPO Request for a Share of Section 5307 Formula Funds.

The Metropolitan Planning Organization for the Fredericksburg area (known as FAMPO) is seeking to negotiate with the MPO for the Washington D.C. area (Transportation Planning Board) to capture a portion of federal formula transit funding now received by TPB and provided to WMATA. The northern portion of Stafford County was recently added to the Washington D.C. urbanized area as a result of the 2000 census. About \$150,000 annually is earned through the population factor of the federal formula as it applies to the northern portion of Stafford County. If the population density factor is also considered, that annual amount jumps to about \$250,000.

While this amount of funding may not in itself seem too significant, two additional considerations make this matter quite serious. First, if FAMPO is successful in capturing this funding from WMATA other jurisdictions may seek to do the same. If Loudoun and Prince William counties and the other non-Metro compact members of TPB demanded a portion of Section 5307 funding to go directly to them (or for projects in their jurisdictions), about \$1.6 to \$2.5 million annually is at stake.

Second, in the future, HOT lanes will add new fixed guideway miles (another factor in the Section 5307 formula) which could increase significantly the formula amount going to TPB and WMATA generated by non-WMATA Compact members of TPB.

A related issue is whether FAMPO should receive the formula earnings for the VRE track miles located in the FAMPO territory. Currently all such earnings go to TPB but are provided to VRE in their entirety. VRE then determines how to spend these funds in support of its capital projects. FAMPO would like not only to receive a portion of the VRE formula earnings but also determine how they are spent.

Other issues contested by FAMPO include the desire to receive from TPB the formula earnings for local bus service within North Stafford, citing the PRTC precedent (PRTC through action of the Metro Board now receives credit for earnings resulting from its OmniRide and OmniLink bus service outside the Metro Transit Zone). Also, FAMPO wants a bigger share of statewide federal formula assistance allocated by DRPT.

FAMPO conducted a workshop on these subjects on June 19, 2006 and may vote to adopt a formal position as early as next month. FAMPO's attorney is advising an aggressive strategy, including litigation if necessary, since he interprets regulatory language as favoring FAMPO's request and insists that FTA should act to favor FAMPO. Other legal staff dispute this assertion. FTA seems to be saying so far that it is up to TPB and FAMPO to decide. TPB staff is working with the NVTI Interim Technical Committee to review forecasts of

formula earnings by jurisdiction and Metro ridership generated by jurisdiction. Jurisdictions not paying for Metro whose residents use Metro would seem to have less of a case to seek to capture some of the formula funding now going to Metro.

However, FAMPO staff counters that these Metro passengers provide an economic boost to Metro jurisdictions and that the jurisdictions benefiting from jobs should provide the basic infrastructure to support them. When a staff consensus of TPB Virginia jurisdictions is achieved, TPB staff will seek a formal TPB action. At this time there is no formal TPB position guiding the informal staff discussions. NVTC staff intends to participate through the NVTA ITC and will keep NVTC commissioners advised.

Status of Procurement of 50 Railcars.

At its meeting of June 16, 2006 the VRE Operations Board proceeded with the alternative plan of financing approved by NVTC on June 1st. A copy is attached. VRE staff will provide an update.

Alternate Financing Scenarios for 50 Railcar Option

Background

- Original financing plan for 50 railcar option:

Source of Funding	Amount
2006 State Grant	\$20.0 million
FRA Loan	\$57.5 million
2007 State Grant	\$15.0 million
Total	\$92.5 million

- Option for 50 railcars must be exercised by June 30, 2006 – potentially prior to adoption of state budget and without a 2007 state grant (included in house, senate and governor budget requests).
- The FRA loan committee meets on June 27th and 28th, at which time a decision will be made on the VRE loan. We have received very positive feedback and expect a favorable response prior to the June 30th deadline.

Revised Strategy

- Execute option by substituting the following \$15 million in VRE controlled funds instead of the FY 2007 state grant.
- While this is an extraordinary measure that would sacrifice other important capital projects, this strategy is based on the need for the railcars, the price, schedule and the potential options listed below to ultimately fund the cars.
- If the FY 2007 state grant is received prior to May of 2008, when the \$15 million is needed, it will be used instead of the alternate financing plan. If it is not received by that time, VRE will reassess this plan as well as other options and return to the Operations Board for consideration of such options.

Amount	Funding Source	Risk
\$3.6 million	Sale of Mafersa Cars	Would allocate Connecticut payment for remaining cars to the option rather than to the reserve fund.
\$3.0 million	Reserve Fund	Reduces the reserve fund by over half and increases our dependence on the line of credit.
\$1.6 million	FY 2005 State Funds	Low risk but requires reprogramming of funds from maintenance yard project.
\$1.0 million	FY 2005 federal grant funding toward payment for cab cars	Low risk but requires reprogramming of funds from maintenance yard project (grant funding was originally programmed for a year).
\$2.2 million	FY 2006 federal grant funding	Defers important capital projects including platform and canopy extensions and rolling stock modifications.
\$3.6 million	\$3.6 million in FY 2007 federal grant funding	Uses preaward authority to delegate funds. Defers important capital projects including initiation of the heavy locomotive maintenance facility.
TOTAL: \$15 MILLION	Needed by May 2008	

TO: CHAIRMAN CADDIGAN AND THE VRE OPERATIONS BOARD
FROM: DALE ZEHNER
DATE: JUNE 16, 2006
RE: AUTHORIZATION TO APPROVE ALTERNATIVE FINANCING PLAN AND
AWARD OPTION TO PURCHASE 50 RAILCARS

RESOLUTION
10A-06-2006
OF THE
VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD

WHEREAS, VRE has a contract with Sumitomo Corporation of America for the manufacture of eleven passenger rail cars; and,

WHEREAS, this contract includes an option to purchase fifty additional railcars; and,

WHEREAS, in March and April, 2006, the VRE Operations Board and Commissions, respectively, approved the execution of this 50 railcar option in an amount not to exceed \$92.5 million; and,

WHEREAS, the approved financing plan is dependent upon a \$15 million grant in program support from the Commonwealth which has not yet been approved because the General Assembly has not adopted a FY 2007 budget; and,

WHEREAS, an alternate financing plan, which requires VRE to reprogram its funding sources at the expense of planned projects and funding reserves, was developed and discussed with the Operations Board on May 19, 2006; and,

WHEREAS, the alternate financing plan is an extraordinary measure that would ~~sacrifice~~ ^{or postpone} other important capital projects, but is necessary to save up to \$20 million relating to the railcar purchase; and,

WHEREAS, on June 1, 2006, the Commissions delegated authority to the Operations Board to approve this alternative financing plan, within the parameters of the plan presented to the Commissions for financing the fifty railcar option, and to authorize the Chief Executive Officer to execute the option for the fifty railcars.

NOW, THEREFORE, BE IT RESOLVED THAT, provided an FY 2007 Commonwealth budget has not been approved by June 30, 2006, which includes the aforesaid \$15 million grant, and the FRA loan is approved, the VRE Operations Board approves the following funding plan to finance the fifty railcar option and authorizes the Chief Executive Officer to execute the option for fifty railcars in an amount not to exceed \$92.5 million.

<u>Amount</u>	<u>Funding Source</u>
\$20.0 million	FY 2006 State Grant
\$57.5 million	FRA Loan
\$3.6 million	Sale of Mafersa Cars
\$3.0 million	Reserve Fund
\$1.6 million	FY 2005 State Funds
\$1.0 million	FY 2005 federal grant funding toward payment for cab cars
\$2.2 million	FY 2006 federal grant funding
\$3.6 million	\$3.6 million in FY 2007 federal grant funding
TOTAL: \$92.5 MILLION	

Extend Operating/Access Agreement with Norfolk Southern.

The VRE Operations Board recommends approval of Resolution #2029. This resolution authorizes VRE's Chief Executive Officer to execute a contract extension with Norfolk Southern through January 31, 2007. VRE staff has been unable to reach agreement on the required amount of liability insurance coverage. During the extension period, all existing contract terms will remain in effect.

RESOLUTION #2029

SUBJECT: Extend Operating/Access Agreement with Norfolk Southern.

WHEREAS: The commissions currently have an Operating/Access Agreement with Norfolk Southern for the Manassas to Washington corridor, with said agreement ending on July 31, 2006;

WHEREAS: VRE staff has reached an agreement in principle on many substantive items relating to a new agreement;

WHEREAS: The purpose of an extension to January 31, 2006 is to allow time to negotiate and resolve outstanding insurance issues; and

WHEREAS: Necessary funding has been incorporated into the FY 2007 VRE budget to allow VRE to continue its operation over Norfolk Southern tracks via this contact 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 January 31, 2007.

Approved this 6th day of July, 2006.

Gerald Connolly
Chairman

William Euille
Secretary-Treasurer





Virginia Railway Express Operations Board

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AGENDA ITEM 8-B ACTION ITEM

TO: CHAIRMAN CADDIGAN AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: JUNE 16, 2006

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

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to execute an extension of the existing Amended Operating/Access Agreement with Norfolk Southern to January 31, 2007.

BACKGROUND:

VRE has an Operating/Access Agreement with Norfolk Southern (NS) relating to VRE operations in the Manassas to Washington corridor. That agreement, entered into in 1999, has been amended and extended several times, most recently this past December 2005 with an agreed upon extension to July 31, 2006. A further extension is being requested at this time to provide sufficient time to complete negotiations of a new agreement.

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

Item	Current Contract	New Contract	Notes
Term	5 years	5 years with five 1 year automatic renewals	After fifth year either party can request changes at end of each year with 90 days notice
Escalator	4%/ year	AAR Index	Should reduce annual increase in base cost and per train mile charge
Incentive	None	Up to \$15K per month or \$50 per train	
Liability coverage	\$250M (no terrorism)	Want \$500M with terrorism	VRE not able fund or obtain \$500M in coverage – \$250M with terrorism is maximum VRE will offer

Subsequent to the Commissions' action, however, it became clear that an agreement on the level of liability coverage could not be reached and the contract could not be executed. Norfolk Southern insists on including \$500 million in liability and terrorism coverage in the new agreement. Currently, VRE has \$250 million in coverage. An extension of the current agreement is needed while staff continue to attempt to resolve the insurance issue. Although we were able to cap commuter rail liability at the state level, the legislation does not provide protection from gross negligence claims or claims of third parties, i.e. nonpassengers. Therefore, Norfolk Southern and CSXT continue to press for higher liability insurance coverage. VRE continues to pursue federal legislation with APTA to cap commuter rail liability at \$200 million.

FISCAL IMPACT:

Funding for the Norfolk Southern track access fees have been budgeted in the FY 2007 budget, including an escalation of 4% annually.

Extend Operating/Access Agreement with CSXT.

The VRE Operations Board recommends approval of Resolution #2030. This resolution authorizes VRE's Chief Executive Officer to execute a contract extension with CSXT through January 31, 2007. VRE staff has been unable to reach agreement on the required amount of liability insurance coverage. During the extension period, all existing contract terms will remain in effect.

RESOLUTION #2030

SUBJECT: Extend Operating/Access Agreement with CSXT.

WHEREAS: The commissions currently have an amended Operating/Access Agreement with CSXT for the Fredericksburg to Washington corridor, with said agreement ending on July 31, 2006;

WHEREAS: VRE staff is currently engaged in discussions with CSXT concerning a new agreement and does not anticipate conclusion of these discussions prior to the expiration of amended Operating/Access Agreement;

WHEREAS: The purpose of this extension to January 31, 2007 is to allow time to negotiate and resolve outstanding insurance issues; and

WHEREAS: Necessary funding has been incorporated into the FY 2007 VRE budget to allow VRE to continue its operation over CSXT tracks via this contact 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 January 31, 2007.

Approved this 6th day of July, 2006.

Gerald Connolly
Chairman

William Euille
Secretary-Treasurer





Virginia Railway Express Operations Board

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Web Site: <http://www.vre.org> • E-Mail: gotrains@vre.org

AGENDA ITEM 8-C ACTION ITEM

TO: CHAIRMAN CADDIGAN AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: JUNE 16, 2006

SUBJECT: AUTHORIZATION TO EXTEND AMENDED OPERATING/ACCESS AGREEMENT WITH CSXT

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to execute an extension of the existing Amended Operating/Access Agreement with CSXT to January 31, 2007.

BACKGROUND:

The VRE has an Operating/Access Agreement with CSXT related to VRE operations in the Fredericksburg to Washington corridor. That agreement, entered into in 1994, has been amended and extended several times, most recently this past December 2005, with an agreed upon extension to July 31, 2006. A further extension is being requested at this time to provide sufficient time to complete negotiation of a new agreement.

Since December 2005, numerous negotiation sessions have been held with CSXT representatives on the terms of a new, long-term agreement. Preliminary agreement was achieved in a number of areas to include:

- Term of the agreement
- Change in method of calculating the annual escalation
- Incentive agreement for improved on time performance
- Additional CSXT supervision in the VRE operating territory
- Approval of infrastructure improvements at VRE facilities

Progress has slowed, however, due to a failure to reach an agreement on the level of liability coverage. CSXT continues to insist on including a higher level of liability and terrorism coverage in the new agreement. Although we were able to cap commuter rail liability at the state level, the legislation does not provide protection from gross negligence claims or claims of third parties, i.e. nonpassengers. Therefore, CSXT and Norfolk Southern continue to press for higher liability insurance coverage. Currently, VRE has \$250 million in coverage. An extension of the current agreement is needed while this issue is resolved. In the meantime, VRE with APTA continues to pursue federal legislation to cap commuter rail liability at \$200 million.

FISCAL IMPACT:

Funding for the CSX track access fees have been budgeted in the FY 2007 budget, including an escalation of 4% annually.

MEMORANDUM

TO: Chairman Connolly and NVTC Commissioners
FROM: Rick Taube and Kala Quintana
DATE: June 29, 2006
SUBJECT: Legislative Items.

The General Assembly has passed a FY 2007 budget and returned to Richmond on June 28th to act on Governor Kaine's response. Plans for a special session on transportation, perhaps in September, are pending.

The budget does include \$339 million of General Funds for transportation, but removes specific earmarks for transit projects such as \$15 million for VRE railcars and \$20 million for WMATA. Those projects are eligible for funding from the \$339 million, however. Also, the Senate's contingency remains in effect for the \$339 million; this money will be spent on non-transportation needs if a transportation agreement is not reached by November 1st. Please refer to the attached explanatory material.

Also attached are a summary of and excerpts from the General Accountability Office's recent response to Representative Tom Davis regarding dedicated funding for Metro. Highlights include:

- 1) Metro's capital needs are even greater than the Blue Ribbon Panel stated.
- 2) Metro's share of dedicated funding is lower than all but two other major U.S. transit systems, one of which is Baltimore (this supports current indications that Maryland's willingness to provide dedicated funding for Metro may depend on a similar action for Baltimore).
- 3) Maryland's current Transportation Trust Fund approach does not qualify as dedicated funding.
- 4) Metro's unique role in the Nation's Capital should be considered by Congress in allocating funds.



The full GAO report is available on NVTC's website at www.thinkoutsidethecar.org/pdfs/GAOMay2006Report.pdf.

In light of these findings and the recent Virginia budget action, the commission should discuss exactly what should be sought for transit in the upcoming General Assembly special session, what should be the common message to the public and how to motivate the public to communicate to the General Assembly the need for immediate action to adequately fund public transit.

PROVIDING DEDICATED FUNDED FOR WMATA
GAO Report to Chairman Tom Davis,
Committee on Government Reform

On May 15, 2006, the Government Accountability Office, over the signature of Katherine Segued, Director, Physical Infrastructure Issues, filed a report with the Government Reform Committee at the request of the Chairman, commenting on a number of issues concerning the financial and political options of providing dedicated funding for WMATA. This report was released to the public last week.

GAO defines such dedicated funding as "(1) specific revenue sources are designated, (2) the revenue is designated to be provided to the transit agency, and (3) the revenue is not subject to appropriations."

GAO started with - and referenced - the findings of the COG/BoT/FCC Blue Ribbon Panel; then commenced its own research and analysis:

- 23 of the nation's 25 largest transit systems receive dedicated funds, providing both better, more reliable funding, and better long-range planning.
- One consideration of WMATA is the political feasibility of different sources which vary among the compact jurisdictions.
- GAO examined, compared, and considered sales tax, payroll or income tax, motor vehicle fuel tax, property tax, access fees, and vehicle registration fees. (See comparison chart on page 35)
- GAO reviewed the current legislative activity in the compact jurisdictions, as well as the history of efforts to provide stable and reliable funding in Maryland, Virginia, and DC.

GAO pointed out the following issues that must be resolved:

- The proportion of the compact jurisdictions' contributions to WMATA that should come from dedicated funding. Of the largest transit jurisdiction compared, an average of 70% of state and local funding comes from dedicated sources.
- Whether dedicate funding results in a net increase in state and local funding.
- Whether dedicated funding should be used for operations, capital expenditures, or both. (Most transit agencies use dedicated revenue for both)
- The extent of increased financial and managerial oversight necessary. (Other major transit agencies usually have members from funding entities, internal/external auditors or inspectors general)

GAO noted specific facts warranting Congressional and regional consideration:

- WMATA has unique demands placed on it in serving the national capital and the federal government.
- GAO estimates the budget shortfall to be actually greater than projected by the Blue Ribbon Panel.



Highlights of GAO-06-516, a report to the Chairman, Committee on Government Reform, House of Representatives

Why GAO Did This Study

A regional panel estimated that the Washington Metropolitan Area Transit Authority (WMATA)—Washington, D.C.'s, transit system—will have total budgetary shortfalls of \$2.4 billion over 10 years. The panel and others have noted that WMATA's lack of a significant dedicated revenue source may affect its ability to keep the system in good working order. Proposed federal legislation would make \$1.5 billion available to WMATA if the local governments established dedicated funding.

This report addresses (1) the characteristics of dedicated funding and its effects on transit agencies and governments; (2) how potential revenue sources compare in terms of stability, adequacy, and other factors; (3) major actions needed to establish dedicated funding for WMATA and the progress made to date; and (4) issues that dedicated funding poses for the region and WMATA.

To address these issues, GAO reviewed financial data for the nation's 25 largest transit agencies, interviewed officials from 6 transit agencies and from the state and local governments that support WMATA, and reviewed literature on the financing of mass transit.

GAO provided a draft of this report to WMATA and the Department of Transportation for review. Officials from these agencies provided technical clarifications that were incorporated in the report, as appropriate.

www.gao.gov/cgi-bin/getrpt?GAO-06-516.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Katherine A. Siggerud at (202) 512-2834 or siggerudk@gao.gov.

MASS TRANSIT

Issues Related to Providing Dedicated Funding for the Washington Metropolitan Area Transit Authority

What GAO Found

Dedicated funding, an important source of revenue for many transit agencies, is described by the Federal Transit Administration (FTA) as a specific revenue source—such as a sales or gas tax—that is designated to be used for transit and is not subject to appropriations. According to data transit agencies report to FTA, 23 of the 25 largest transit agencies have dedicated funding, although the transit agencies GAO spoke with vary in the extent to which their dedicated funding corresponds to FTA's description. Most transit agencies with dedicated funding receive such funding from multiple sources and use it on both operations and capital expenses. Generally, dedicated funding is subject to the same oversight as other expenditures and is viewed by transit agencies as having a positive effect on their financial health, particularly with regard to long-range planning. However, dedicated funding has potential drawbacks: For example, it is vulnerable to economic cycles, and it limits the budgetary flexibility of state and local governments.

Selecting a dedicated funding source for WMATA involves consideration of the funding source's year-to-year stability and its longer-run adequacy. For state and local governments, another consideration is the political feasibility of the tax or fee rate required to collect a specified amount of revenue from a particular funding source. Revenue sources that GAO analyzed—the sales tax, payroll or income tax, motor vehicle fuels tax, property tax, access fees, and vehicle registration fees—have different characteristics when assessed using these considerations. If governments increase their overall tax and fee revenues to provide additional funding for WMATA, there may be equity, efficiency, and administrative cost issues for their tax systems.

To establish dedicated funding and conform to the requirements of the proposed federal legislation, WMATA's supporting jurisdictions would need to enact separate legislation to direct a specific revenue source to WMATA and to amend the WMATA Compact. As of April 2006, legislation to dedicate a portion of sales tax revenues to WMATA had been enacted in the District of Columbia, but neither Maryland nor Virginia had enacted comparable legislation. The only jurisdiction to introduce a bill to amend the Compact has been Maryland, and this legislation was later withdrawn. The District of Columbia and Virginia have not begun steps to amend the Compact.

The federal government and the jurisdictions that support WMATA will need to resolve several issues should they choose to provide WMATA with dedicated funding, including (1) the proportion of the jurisdictions' payments to WMATA that come from dedicated funding and how to mitigate its risks; (2) whether dedicated funding will result in a net increase in payments to WMATA and how the size of each jurisdiction's payment will be determined; (3) whether dedicated funding should be used for operations, capital expenditures, or both; and (4) whether increased oversight of WMATA is needed to ensure dedicated funds are properly accounted for.

washingtonpost.com

Failure in Richmond

Faced with a transportation crisis, the state legislature punts.

Tuesday, June 20, 2006; A16

WHAT WAS supposed to happen by March 11 in Virginia finally occurred just this past weekend: Exhausted lawmakers in Richmond reached a budget deal, averting the risk of a shutdown in state government operations at the end of this month. The conferees heaved a sigh of relief at having achieved this basic function of legislative governance after three months in stealth special session. Good for them. We hope they'll excuse the rest of us for issuing a loud Bronx cheer, for in fact they have failed.

Principally, they have failed to address the single most momentous challenge facing the state at the outset of the 21st century, which is the parlous, sclerotic condition of its highways and transit systems. By failing to agree on any long-term, reliable funding to improve the transportation network, they also have failed to ensure the sustainability of Virginia's economic boom. It's not just asphalt they failed to provide; it's jobs, growth and a future.

Blame the Republicans, for this was a fight within and about the state GOP -- between moderate Republicans in the state Senate and fundamentalist anti-tax ideologues in the House of Delegates. So dysfunctional is the Republican Party of Virginia that GOP senators and delegates couldn't even agree on what they were fighting about. Senators, easily the more sensible of the two, were convinced they were haggling over transportation. For delegates, the fight was about proving their dogmatic purity -- and giving an energetic new Democratic governor a black eye in the bargain.

The result is a travesty. State transportation planners have spoken about a minimum need of \$1 billion a year in new transportation funding to make improvements, especially for the heavy traffic in Northern Virginia and Tidewater. In the event, the budget, shorn by the House of new taxes and fees, contains barely half that, and only for the next two years -- and even some of that may also be cut if there is no longer-term strategy agreed on by the two houses by this fall. Sadly, the prospects of fashioning any kind of long-term strategy are not good. That is largely because lawmakers from outside Northern Virginia and Tidewater do not feel the pain of the economically dynamic areas of the state.

Of course, the transportation problem is not going away; Virginia has done nothing to increase long-term funding for roads in 20 years, while population and traffic have multiplied. Even the extremists in the House acknowledge that the budget does too little for transportation (though, perversely, they blame the Senate). And all are acutely aware that without long-range resolution, maintenance will take up all available funds for roads within a few years, leaving nothing for new construction and other improvements.

Faced with such a failure -- and the prospect of punishment at the polls in 2007, when all 140 seats in the General Assembly are up for election -- the Republicans are already planning another special session for the summer or early fall. Given the party split, there's modest reason at best to think another session

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There's
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 in-need-of-a-
 bathroom-break
 fast.**

will come out better. If it does not, Virginians should use the next election to find more responsible leadership.

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Northern Virginia Transportation Authority

c/o Northern Virginia Regional Commission
3060 Williams Drive, Suite 510
Fairfax, Virginia 22031

June 13, 2006

The Honorable Brian J. Moran
Virginia House of Delegates
4154 Duke Street
Alexandria, VA 22304

Dear Delegate Moran:

On June 8, 2006, the Northern Virginia Transportation Authority (NVTA) met and discussed the General Assembly's progress toward adopting the Commonwealth's biennial budget and a transportation funding plan during the Special Session that began on March 27, 2006. We are disappointed that neither issue has been resolved.

The NVTA members urge that the Northern Virginia delegation work with their colleagues in the General Assembly to pass a biennial budget with all deliberate speed and adopt a meaningful transportation funding plan that infuses new investment with net additional investment into badly needed transportation facilities and services. As you know, the NVTA has previously adopted a position asking the General Assembly to adopt a significant increase transportation funding for all modes from stable, reliable, and permanent sources, including dedicated funding for the Washington Metropolitan Area Transit Authority (WMATA). While one-time infusions of transportation funds are appreciated, they do not address the region's on-going transportation needs.

If a new budget is not approved before June 15, 2006, the Commonwealth Transportation Board will be forced to adopt a Six Year Program that looks very similar to the one proposed in April 2006. This draft program cuts both Secondary and Urban system allocations by approximately 40 percent. If implemented, this will result in the cancellation or deferral of numerous highway construction projects in Northern Virginia at a time when even more projects are needed. In addition, the transit match ratio for FY 2007 will be 21 percent. Since Northern Virginia receives approximately 70 percent of the Commonwealth's transit funding, this low match ratio will be particularly detrimental to Northern Virginia's transit systems. This is especially true, since the local governments had to adopt their FY 2007 budgets by May 1, 2006, as mandated by state law. This match ratio may result in transit service cuts at the time when transit ridership has been growing in response to higher gas prices.

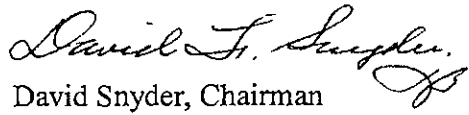
NVTA's TransAction 2030 Plan identifies the need for nearly \$700 million (in 2006 dollars) in additional transportation funding annually for the next 25 years. If this investment is made, Northern Virginia residents will see a tangible improvement in their mobility. This investment will also help us meet clean air requirements and improve the ability of the region to respond to man-made and natural disasters.

The Honorable Brian J. Moran
June 13, 2006
Page Two

Transportation helps Northern Virginia preserve and attract jobs that provide significant tax money for the rest of the state. Please ensure that your colleagues in the General Assembly understand that supporting transportation in Northern Virginia benefits everyone in the state.

The NVTa respectfully reiterated its request that you continue to work with your fellow General Assembly members to achieve both a statewide and a Northern Virginia specific transportation funding package that will address the needs of Northern Virginia residents. If you have any questions or need additional information, please call me at (703) 642-0700.

Sincerely,


David Snyder, Chairman
Northern Virginia Transportation Authority

Cc: Members, Northern Virginia Transportation Authority

The Honorable Timothy M. Kaine
Governor of Virginia
Patrick Henry Building
Richmond, Virginia 23218

May 9, 2006

Dear Governor Kaine,

Public transportation is an essential service for Virginia residents who rely on it daily. For many of our riders, transit service is essential to get to medical care, such as dialysis treatments, to get to the grocery store, to continue to live independently and to remain employed. In some regions, maintaining transit service is also essential to prevent the regional transportation network from reaching gridlock and to meet federal air quality requirements.

We appreciate your strong support for public transportation. However, in spite of your best efforts, the General Assembly has failed to pass legislation that provides additional, reliable revenues to maintain and expand public transit service. As a result the state share of funding for transit is declining substantially even as ridership surges across the state. While operating costs are increasing by 26%, the proposed six-year transportation plan will reduce the state share of transit operating and the state match ratio for transit capital will decline to 21%, an all time low.

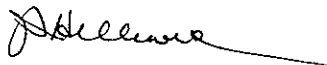
The unintended consequence is that some existing transit service will be cut and important capital projects may be deferred (increasing the cost). This will affect service and customers. Many local governments are working to fill the funding gap, but this is very difficult. They are being asked to shoulder a very significant increase in cost (26% statewide) on top of the major funding they already provide. This creates an undue and in many cases, an unsustainable burden. Attached are examples of the impacts around the state.

At a recent VML legislative committee meeting, Secretary Homer acknowledged that state transit investment is inadequate to support the existing network and provide reliability to transit operators and customers. *Maintaining transit service should have the same priority as road maintenance, especially at this time when ridership is up across the state. Reliable, frequent public transportation is needed now more than ever. This is not the time to reduce funds and service.*

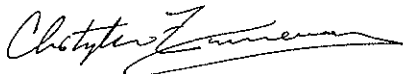
We ask you to use your powers as Governor to flex funds to at least maintain existing public transportation service. *Section 33.1-46.1* of the Code of Virginia provides broad powers to flex highway funds to mass transit operating and capital. Maintaining transit service requires both *operating* and *capital* funds, as the needs will vary from system to system. There may also be other options available to you.

Without your help we fear riders, especially the poor, elderly and disabled will suffer. We know you understand the needs and we urge you to intervene. Thank you for your consideration of our request.

Sincerely,



Jack Hellewell
VTA President



Chris Zimmerman
VTA Immediate Past President

Enclosures

TRANSIT SYSTEM IMPACTS OF THE PROPOSED SIX-YEAR TRANSPORTATION PLAN

JAUNT

JAUNT serves rural areas, providing independence, access to medical care, and employment for rural elderly, disabled and lower income populations in central Virginia.

State funding cut - \$27,000

Proposed fare increase range: 25% to 71%
(Rural base fares currently at \$1.75 to \$2.00)

Service Cuts:

- Eliminate some routes that provide rural dialysis service
- Eliminate Sunday service (people can't get to church), service to some rural senior centers will be reduced
- Connecting route to Lynchburg will be discontinued

Over the past five years, service expenses have risen 37%, but the local governments' contributions have risen 54% (state share only up 29%).

Impact: In light of the increased gas prices (which have also impacted the prices of tires and parts), JAUNT will have to cut both rural and urban services in Central Virginia. Because so many people with disabilities depend on JAUNT's services to get to work and get to medical care, you could expect to see people lose their jobs and their independence. Some who are currently living independently may have to move into nursing homes because they can no longer access medical care and other important services like grocery stores.

Lynchburg- GLTC

GLTC has a large percentage of transit dependent riders who rely on bus service to maintain employment, get to shopping and medical services.

GLTC plans to cut service by approximately 2,200 hours (3% of total service hours). Options include:

- Eliminate Sunday service
- End night service 1 hour earlier
- Eliminate one of several routes
- Reduce mid-day frequency on several routes (from 30 minutes to 60 minutes)
- Cancel proposed changes for FY07 - earlier morning start time; extra bus on a route that serves the retail "heart" of Lynchburg - and serves a new shopping center

Impact: Service cuts will reduce ridership as the service becomes less convenient. The cuts will affect access to employment for low-wage workers who work night and weekend shifts.

NVTC - Northern Virginia Transportation District Commission

Northern Virginia Transportation District Commission (NVTC) provides funds for WMATA and bus systems in NVTC jurisdictions; Arlington, Alexandria, Falls Church, Fairfax County and Fairfax City.

The Proposed Six Year Plan reduces the capital funding matching ratio to 21% from 63%, and will likely remain near 21% through at least FY 2009. The operating match for FY 2007 will drop 10% from the FY 2006 level.

In Northern Virginia, local governments have already adopted their budgets based on the reasonable expectation that the state aid would at least remain steady at its FY 2006 levels. Thus, compared to last year, local funding for transit in FY 2007 must increase in Northern Virginia by 85% (\$90 million).

Impact: NVTC localities will be forced to make massive service cuts and increase fares. Reducing funding for transit is exactly the wrong thing to do while gas prices are accelerating and commuters are crowding onto Northern Virginia public transit systems to seek relief.

PRTC- Potomac Rappahannock Transportation District Commission

PRTC provides commuter service through OmniRide and Intra-county service through Omnilink.

PRTC is compensating for reduced state capital funds by debt financing one of its major projects (a new commuter park-ride lot) that was going to be funded on a "pay-as-you-go" basis. As a result they will pay much more for the project over time but ease the up-front funding need.

Impact: PRTC will be forced to rely on fare increases of 5% increase for the commuter service, with base fares for commuter service already at \$3.80.

GRTC - Greater Richmond Transit Company

GRTC provides commuter service throughout the city of Richmond and has begun to expand service to surrounding counties in the Greater Richmond area.

GRTC will be forced to reduce service for new regional routes, including Route 82 Hull St/Winterpock Express (Chesterfield). This route began operations December of 2005 funded by \$300,000 in state grant funding per year. This level of funding supported three morning and three afternoon buses from Chesterfield into downtown Richmond. Ridership had grown so rapidly that by February, GRTC had to turn away riders due to overcrowding of buses, particularly on the 6:40 am and the 7:20 am buses. Rather than risk loss of Ridership, GRTC was able to add another trip 7:00 am and 5:00 pm to alleviate overcrowding and potential loss of riders. The cost of that additional round trip is \$65,000 per year after fare box revenues are taken into account. Once again, ridership is beginning to reach maximum capacity and GRTC cannot incur additional costs of adding more trips.

Impact: Just as ridership has suddenly spiked by 16%, GRTC will be forced to cut some its most popular new commuter regional routes that they've worked so hard to develop over the past few years. Without additional operating funds this route and others like it will lose ridership and momentum in this important growth area of the region.

Greater Roanoke Transit Company - Valley Metro

The Greater Roanoke Transit Company provides service to Roanoke and the surrounding areas through Valley Metro Bus Service.

Valley Metro will be unable to expand bus service this year, and in addition, is depending on a 4-5% increase in operational funding from the state simply to meet operational costs and maintain current service. If these funding needs are not met, service cuts would include:

- Removing a large portion of Saturday bus service
- Cutting back evening service by two hours
- Eliminate service to Allegheny County

Impact: Valley Metro will be forced to scrap all plans for expanding service, despite growing interest in transit throughout the surrounding region. Moreover, Valley Metro will be forced to cut existing service in the greater Roanoke area. Cuts will affect transit-dependent employees who are working weekend and Saturday shifts. The tourism industry in Roanoke will be most severely affected, as it is in need of expanded evening and weekend hours.

Rick Taube

From: Biesiadny, Tom [Tom.Biesiadny@fairfaxcounty.gov]
Sent: Tuesday, June 20, 2006 3:35 PM
To: Fatemeh.Allahdoust@VirginiaDOT.org; galtis@omniride.com; christopher.arabia@drpt.virginia.gov; tashby@arlingtonva.us; charles.badger@drpt.virginia.gov; Rich.Baier@ci.alexandria.va.us; john.barr@vdot.virginia.gov; unwanna.bellinger@fhwa.dot.gov; Henry.Bibber@herndon-va.gov; Biesiadny, Tom; Farid.Bigdeli@VirginiaDOT.org; tblaser@pwcgov.org; nbottigheimer@wmata.com; richard.burke@vdot.virginia.gov; lbyala@wmata.com; rcanizales@pwcgov.org; chu@ci.vienna.va.us; mclifford@mwkog.org; helen.cuervo@vdot.virginia.gov; William.Cuttler@VirginiaDOT.org; theresa.defore@virginiadot.org; Mark.Duceman@herndon-va.gov; Michael.Estes@virginiadot.org; Tom.Fahrney@virginiadot.org; afoster@omniride.com; dfuller@leesburgva.org; gfuller@ci.falls-church.va.us; kgammell@cityofmanassaspark.us; tplanner@mwkog.org; Gmg@Novaregion.org; Cgrow@leesburgva.org; michael.hackett@mwa.org; Renee.Hamilton@VirginiaDOT.org; Aharf@omniride.com; corey.hill@drpt.virginia.gov; randy.hodgson@virginiadot.org; choeffner@vre.org.; phomer@gov.state.va.us; tanya.husick@drpt.virginia.gov; Ichter, Kathy; wjia@wmata.com; bjohnson@pwcgov.org; Mkellogg@arlingtonva.us; Pubworks@ci.vienna.va.us; rkirby@mwkog.org; skubly@wmata.com; Lake, Michael R.; Tarsem.Lal@fhwa.dot.gov.; Claudia.Llana@VirginiaDOT.org; Jana Lynott; Smacisaac@arlingtonva.us; Mann_WW@vdot.state.va.us; jim.maslanka@alexandriava.gov; Mmassie@omniride.com; Robert.McDonald@VirginiaDOT.org; mmoon@ci.manassas.va.us; Pmoore@ci.manassas.va.us; spant@wmata.com; Valerie.Pardo@VirginiaDOT.org; gphillip@loudoun.gov; splante@town.purcellville.va.us; japrice@arlingtonva.us; Christopher.Reed2@VirginiaDOT.org; gus.robey@drpt.virginia.gov; ivan.rucker@fhwa.dot.gov; sharmila.samarasinghe@drpt.virginia.gov; wblocksanford@ci.falls-church.va.us; wshields@ci.falls-church.va.us; Bud.Siegel@VirginiaDOT.org; Asmith@Co.Loudoun.va.us; J.Sorenson@VirginiaDOT.org; Southworth, Dan; jstraub@vre.org; jchandler@leesburgva.gov; Rick Taube; elthomas@wmata.com; jvanzee@novaregion.org; gvega@arlingtonva.us; jveneziano@fairfaxva.gov; averzosa@fairfaxva.gov; rviola@arlingtonva.us; mwadda@ci.falls-church.va.us; jrWASHINGTON@wmata.com; viki.wellershaus@herndon-va.gov; mariamercedes.white@alexandriava.gov; Wolfenstein, Leonard; wayne.woodcock@vdot.virginia.gov; dzehner@vre.org
Cc: Ichter, Kathy; Axton, Rollo C.; Stevens, Richard F.; Rathbone, Daniel B.; Wigglesworth, Todd W.; Guy, Jay; Winstead, Carl D; Gallagher, Ellen; Strunk, Charlie; Luo, Caijun; k.srikanth@virginiadot.org
Subject: General Assembly Update - 6/20/06

Dear Interim Technical Committee Members,

The following is a summary of the General Assembly actions over the past two days related the transportation items in the state budget:

Governor Warner's introduced budget included \$624 million in one-time General Funds for transportation. These funds were earmarked for specific highway and transit projects; debt service on Federal Revenue Anticipation Notes (FRANs); matches for federal transportation earmarks and an increase in the transit match ratio. Of these earmarks, more than \$80 million would have been allocated to transportation projects and services in Northern Virginia. The budget recommended by the conference committee (HB 5002) deletes this funding and replaces it with two transportation earmarks totaling \$567 million.

The bill includes \$228 million in General Funds from auto insurance premium taxes to pay for debt service of FRANs. This will allow an equal amount of funding from the Transportation Trust Fund (TTF) to be allocated to projects through the formula. This earmark is essentially the same as recommended by Governor Warner.

In addition, the bill includes \$339 million in one-time General Funds for transportation. This one-time funding for transportation is "to be used to implement transportation legislation as may be adopted by

the General Assembly by November 1, 2006. Such legislation shall include a separate enactment clause allocating these funds.” If such legislation is not passed, the substitute reallocates these funds to other priorities, such as local school construction, capital construction and general tax relief. This approach was originally included in the Senate substitute to HB 5002.

The General Assembly members have indicated their intention to continue discussions on transportation funding, although it is unclear whether that discussion will be held soon after the General Assembly session to consider the Governor’s amendments to the budget on June 28, 2006, later this summer or not until the fall of 2006.

The budget also includes several other transportation items of interest to Northern Virginia:

- Clarifies that the state cannot reduce its support to a region or locality, if the localities and regions increase local revenues for transportation.
- Requires that the Intermodal Office under the Secretary of Transportation to work with the VDOT, the Department of Rail and Public Transportation (DRPT) and local governments to develop performance standards to measure the success of transportation projects funded with any revenues derived from legislation enacted by the General Assembly to provide local governments or regional authorities with dedicated transportation revenues. Such criteria shall measure performance, including but not limited to, improvements related to safety, connectivity, economic development, improved air quality, and traffic mitigation.
- Directs DRPT, in conjunction with the Secretary of Technology, to develop model guidelines outlining how to implement telework programs that will be provided to private companies across the Commonwealth to help promote expanded use of telework.
- Directs VDOT to explore the feasibility of establishing another matching program for localities. The intent is for VDOT to match local dollars generated by local transportation referendums on a basis of one state dollar for every two local dollars.
- Directs VDOT and DRPT to report on the number of rail crossings in Hampton Roads, Richmond and Northern Virginia. The report shall take into consideration the impediments to safety, mobility and economic development caused by rail crossings, as measured by the number of trains and frequency of train traffic, the vehicular traffic volumes at the crossings; and the lack of nearby rail and road alternatives. The report shall include an estimate of the costs to remove, relocate or remediate those rail crossings that have the greatest impact on communities.

HB 5002 was approved by the Senate yesterday (36-0) and by the House today (91-2).

MEMORANDUM

TO: Chairman Connolly and NVTC Commissioners
FROM: Rick Taube and Adam McGavock
DATE: June 29, 2006
SUBJECT: Metro Items.

A. NVTC Letters to Metro and other Correspondence.

Copies of correspondence are attached for your information.

B. Approval of FY 2007 Operating Budget and FY 2007-12 Capital Improvement Program.

On June 15, 2006, the WMATA Board of Directors approved a \$1.9 billion dollar operating and capital budget for Fiscal Year 2007. The budget includes \$1.1 billion for operating expenses, a nine percent increase over the FY 2006 operating budget, and \$461 million in subsidy payments, a 5.9 percent increase over the FY 2006 subsidy amount of \$434 million. The budget also includes \$734.5 in capital improvements, the majority of which will go towards 122 new railcars, 185 new buses, and elevator and escalator overhauls.

For the second consecutive year, there will be no fare increase for passengers using WMATA transit services. In addition, despite the strong urging of several Board members, the budget does not include funding for a Living Wage Provision for WMATA's contract employees. The WMATA Board will re-visit the living wage issue in November of 2006.

C. Metro Access Best Practices Report.

In response to a growing list of programmatic challenges relating to their MetroACCESS service, the WMATA Board of Directors created an Ad Hoc Committee in January 2006 to study these challenges and develop solutions. The Ad Hoc Committee was comprised of riders, advocates for the disabled, WMATA Board members, and experts in the field of human service transportation. On June 15, 2006, the Ad



Hoc Committee reported back to the WMATA Board with a list of 11 recommendations to improve MetroACCESS service.

The WMATA Board has approved the implementation of the first six recommendations from the Ad Hoc Committee Report, which do not have an associated cost impact. These recommendations include improvements to customer service and the scheduling process, a change to the cancellation policy, improved coordination with human service agencies, a clarification of passenger assistance policies, the hosting of a disability awareness event, and the expanded use of a customer call recording system.

The remaining five recommendations presented by the Ad Hoc Committee would have an associated cost impact. The WMATA Board has agreed to hire a paratransit expert to investigate the cost of implementing those recommendations, which include providing door-to-door service, increasing staffing at WMATA and MV Transportation (MetroACCESS contractor), adding more vehicles to the agency's MetroACCESS fleet, and providing same day cab service for users willing to pay a higher fare.

D. Entertainment in Rail Stations.

WMATA is considering a proposal to allow musicians and other entertainers to perform inside Metrorail stations, something that has never before been permitted by the transit authority. The goal would be to improve the overall experience for persons riding the Metrorail system, and to make Metrorail systems into a destination, and not simply a means to a destination.

The Metro Entertainment program would allow singers, dancers, musicians and actors to perform at selected locations inside Metrorail stations. Similar programs in Chicago, New York, and Paris served as guidance and inspiration for the proposed program. Metro is also looking for creative and innovative ways of financing the program, such as joint promotions.

Reaction from the WMATA Board of Directors has been generally favorable, with a request that any further development of the program should include an analysis on how the location of the performers would affect passenger flow and passenger safety.

Reaction from media sources has been predictably negative, with one journalist speculating that the idea resulted from paint thinner fumes inhaled by the WMATA board and management. Many media reports took the idea as an excuse to re-state their standard litany of WMATA criticisms.

WMATA Interim General Manager Dan Tangherlini discussed the Metro Entertainment Program in the context of other planned operational improvements for the transit system. “We’re looking at the holistic customer experience” noted Tangherlini, “We’re making sure customers are rewarded for their decision to ride Metro.”

E. Regional Software Maintenance Agreement for SmarTrip Fareboxes.

Upon completion of negotiations with the contractor, WMATA staff has authorized and released the SmarTrip Regional Software Maintenance Agreement for review and ratification by participating jurisdictions. Once WMATA has received concurrence from each of the regional partners, WMATA staff will issue Notice to Proceed to the contractor for the Nextfare4 contract, taking another step towards regional smartcard interoperability.

The provisions of the Regional Software Maintenance Agreement are critical to the success of local transit systems participating in the Regional SmarTrip Rollout, especially for smaller systems. Several systems in Maryland have elected to discontinue their participation in the regional SmarTrip rollout, and many cited the ongoing costs of operation as the main factor for their decision. Annual software maintenance, hardware maintenance, software licensing and technical support costs were estimated at \$70,000 per system. When you also consider the requirements for in-house staff time in terms of managing the system, which in some cases constitutes a full-time job, one can see how a small transit system with annual farebox revenues of just over \$100,000 and five full time staffers could be “priced out” of the program.

To ensure the financial viability of continued participation for local transit systems in Northern Virginia, NVTC staff worked with WMATA staff to develop the Regional Software Maintenance Agreement (RSMA). The RSMA consolidates the software maintenance contracts and licensing fees for WMATA and the local transit systems in the Washington Metro area, providing for substantial annual cost savings. The RSMA also centralizes many of the ongoing operational support tasks, reducing the staffing burden on local transit systems. In addition, the RSMA leverages WMATA’s extensive experience and expertise with programming and configuring electronic fare payment systems, again relieving local systems of a substantial workload. Without the RSMA, local systems would have to commit as much as \$70,000 annually to their smartcard system, and dedicate nearly an entire FTE staff position. Under the RSMA, the annual cost is reduced to \$35,000 for the first two years of operation (and \$23,000 annually for year 3 and beyond), and the staffing requirements for local transit systems become negligible.

(A)

5609 Justis Place
Franconia, VA 22310
Phone (Day or Evening) 703-971-4150
29 May 2006

RECEIVED
MAY 31 2006

Letters to the Editor
The Washington Post
1150 15th St. NW
Washington, D.C. 20071

Gentlemen:

The Metrorail Dulles extension routing through the Tysons Corner area is still under discussion due to cost considerations.

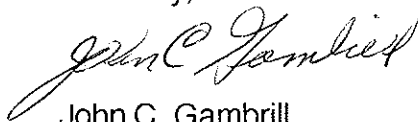
One approach--that hasn't been discussed recently--is to link Metrorail to the Tysons area with a rail shuttle service. It is my understanding that this was discussed earlier but was rejected due to local resident objections. This change to a rail shuttle service could result in a more satisfactory solution than either the subway or elevated designs being considered.

The idea is to provide rail shuttle service to the Tysons area from one Metrorail station located within the Dulles Access and Toll Road right-of-way. This would eliminate the four currently proposed Metrorail stations, subway, and/or elevated construction, and related operating expenses. The shuttle will provide a more effective and convenient circulation solution within the Tysons Corner area than the proposed four stations.

From a pedestrian-friendly approach, the current design doesn't appear practicable. The walking distances from the proposed stations appear too long; i.e., in excess of 600 to 1000 feet, to most destinations. To be pedestrian-friendly, this design must meet the needs of Tysons Corner residents, senior citizens, shoppers, workers, and commuters. A rail circulation system would also provide access between areas isolated by major highways passing through the region. This would help decrease congestion by reducing the need for auto traffic between these isolated areas. The circulation system should be considered an horizontal elevator with a no-fare concept to fully achieve the pedestrian-friendly appeal desired throughout the day and evening by Fairfax County officials.

It is critical that design decisions made now consider long-term needs, not just immediate short-term political and cost considerations.

Sincerely,


John C. Gambrill

Copy to:

Mr. Gerald Connolly, Chairman Fairfax County Board of Supervisors
Lee District Supervisor Dana Kauffman
Delegate Mark Sickles
Northern Virginia Transportation Commission



NVTC

Northern Virginia Transportation Commission

June 1, 2006

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and Public Transportation**
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Virginia General Assembly
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Sen. Mary Margaret Whipple
Del. David B. Albo
Del. Adam P. Ebbin

Executive Director
Richard K. Taubé

Dan Tangherlini
Interim General Manager
Washington Metropolitan Area Transit Authority
600 Fifth Street, N.W.
Washington, DC 20001

Dear Mr. Tangherlini:

The Northern Virginia Transportation Commission would like to share with you our final report on *Meeting the Transportation Needs of Northern Virginia's Seniors: Recommendations for Public Transit Systems and other Mobility Providers* and thank your staff for their contributions to this important study. A copy is enclosed.

We also wish to share with you our recommendations regarding WMATA's planned effort to develop a regional clearinghouse of transportation information for persons with disabilities. We are asking you to consider expanding WMATA's vision to include a "one-stop shopping" senior mobility resource center for the region.

Summary of NVTC Study

The NVTC study included a scientific telephone survey administered to more than 1600 seniors age 75 and older across Northern Virginia to ascertain senior travel patterns and mobility by land use type and to better understand the ways our transit operators can enhance their services to meet seniors transportation needs. Some of the notable results of this research include:

- Thirteen percent of Northern Virginia's older seniors reported having used fixed-route public transportation in the past month.
- Less than two percent of all trips taken by seniors are on public transportation.
- Current older users of the public transit system are generally healthy, wealthy, and active, as compared to older seniors who do not use public transportation. Nearly all get out of their homes at least three times per week and they are more than twice as likely as non-users to have walked to a destination in the past week. Their average household income is around

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\$60,000. Most also drive for a portion of their trips. High quality services are key to retaining and attracting older riders.

- Those seniors who live in walkable, mixed-use urban and town communities take a greater proportion of their trips on public transportation and on foot than do seniors from suburban and exurban areas.
- Those seniors who live in these walkable, mixed-use areas also take 20 percent more trips each week than seniors from suburban and exurban areas.

NVTC's study recognizes that the cost of paratransit service is high and puts forward recommendations on lower cost measures that would enhance seniors' transportation options. These include:

- Measures that encourage and support seniors' use of fixed-route public transportation through both service enhancements and attention to the built environment (e.g., transit oriented development); and,
- Supplemental transportation services for seniors with an emphasis on expanding volunteer driver and taxi subsidy programs.

Centralized Information and Referral Service

One of the recommendations favored by NVTC's advisory team was the development of a centralized information and referral service where seniors would be offered one-stop shopping for their transportation needs. This resource center would help seniors to navigate the complex network of regional and local fixed-route systems and specialized transportation services that are provided by a large number of public and non-profit agencies. Getting information on what services are appropriate for what types of travel and how to use a particular service is often not an easy task. Information resources are available but they may not include information on both fixed-route and specialized services; they may not be current, and there is not always a "real person" component to help seniors wade through the maze of services. Seniors often complain that they must call 10 different numbers at 10 different agencies to ascertain the transportation services available to them. They are intimidated by voice menus and would like to be able to speak directly with a real person.

In its February 2006 report on Improving Demand Responsive Service for People with Disabilities in the Washington region, the National Capital Region Transportation Planning Board recommended that the region develop a centralized information clearinghouse for persons with disabilities. It is NVTC's understanding that WMATA has begun work to develop a website with information on available services and eligibility requirements, as a first step toward such a centralized clearinghouse.

NVTC Recommendations:

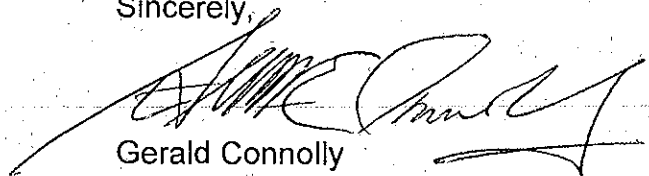
1. NVTC wishes to emphasize the importance of WMATA's website-based effort and encourage WMATA and regional partners to collectively work out the details of a more comprehensive regional clearinghouse, ascertain the cost of implementation, and identify potential funding sources.
2. NVTC strongly recommends that regional stakeholders work toward expanding the initial concept of the website-based clearinghouse to become a "one-stop-shopping" resource center designed to help both seniors and persons with disabilities meet their transportation needs.
3. NVTC also wishes to underscore the importance of a "real person" component in the design and implementation of this resource center, with an ultimate goal of going beyond information and referral to actually scheduling trips for seniors through a coordinated database of networked providers.
4. The cost of providing a regional clearinghouse or resource center of this magnitude would be significant; thus, a regional effort by stakeholders would best ensure program success.

NVTC's Ongoing Work

During the remainder of 2006, NVTC will conduct a pilot study and train 50 seniors in the use of the region's fixed-route public transportation system. We will then determine these seniors' continued use of public transportation over the course of the following year to evaluate the effectiveness of investments of this nature. Rikki Epstein and other WMATA staff have already been tremendously helpful in assisting NVTC staff in framing this program.

Thank you for your support of NVTC's efforts to enhance seniors' mobility options.

Sincerely,



Gerald Connolly
Chairman



NVTC

Northern Virginia Transportation Commission

June 2, 2006

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Hon. Gerald E. Connolly

Vice Chairman
Hon. David F. Snyder

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Hon. William D. Euille

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**Virginia Department of Rail
and Public Transportation**
Karen Rae

Virginia General Assembly
Sen. Jeannemarie Devoites Davis
Sen. Mary Margaret Whipple
Del. David B. Albo
Del. Adam P. Ebbin

Executive Director
Richard K. Taube

Gladys Mack
Chairman
WMATA Board of Directors
600 Fifth Street, N.W.
Washington, DC 20001

Dear Chairman Mack:

At its meeting of June 1, 2006, the Northern Virginia Transportation Commission unanimously adopted the enclosed resolution. As can be seen, the purpose of Resolution #2028 is to convey the strong and unanimous desire of NVTC that its representatives on the Metro Board do everything in their power to ensure that the Metro Board acts soon to establish the criteria by which it will evaluate applicants for its General Manager position. Following that essential action, the commission urges that a nationwide search be commenced to select the candidate that best meets those criteria. It is our understanding that this was the intention of the Metro Board when it replaced its previous General Manager with the current Interim General Manager.

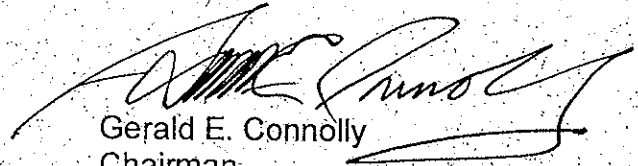
As you may be aware, NVTC appoints Virginia's representatives to the Metro Board from among its members. At each of our monthly business meetings, NVTC addresses Metro-related issues. The commission has, for example, been a very active advocate for dedicated funding for Metro. Our members, as local and state elected officials, frequently ride Metro, talk with your customers who are our constituents, and sincerely work for the best interests of the regional Metro system.

The economic vitality of Northern Virginia depends on the success of Metro. Therefore, we want to ensure that the most effective leader available from the nationwide talent pool is selected to be the next General Manager. We believe that there must be a process established and followed by the Metro Board to determine the qualifications to be used to select such a leader and then ensure that a thorough and fair search is conducted to identify the best candidate.

This desire by NVTC is without prejudice to the performance of the current Interim General Manager. It is our understanding that he has been offered a year as Interim General Manager to demonstrate his abilities to perform in the best interests of the entire region in this important leadership role. We believe if he is ultimately selected after a full vetting of all candidates meeting the board's criteria, his leadership would be strengthened by such a mandate.

In the meantime, please feel free to contact me with any questions.

Sincerely,



Gerald E. Connolly
Chairman

cc: Hon. Bill Euille
Hon. Cathy Hudgins
Hon. Dana Kauffman
Hon. Chris Zimmerman

NVTC

Northern Virginia Transportation Commission

RESOLUTION #2028

SUBJECT: Search Criteria for Metro General Manager.

WHEREAS: NVTC appoints Virginia's members of the Board of Directors of the Washington Metropolitan Area Transit Authority;

WHEREAS: NVTC advocates and obtains funding for a successful regional Metro system; and

WHEREAS: WMATA has replaced its previous General Manager with an Interim General Manager who, it is NVTC's understanding, has been offered by the Metro Board a year to demonstrate his abilities to perform in the best interests of the entire region in this important leadership role.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission hereby instructs its Metro Board representatives to actively seek to have that Board identify the criteria it believes best define the desirable qualities of the next General Manager; and

BE IT FURTHER RESOLVED that based on those leadership qualities the Metro Board should commence soon a nationwide search to identify the candidate that best meets its criteria.

Approved this 1st day of June, 2006.


Gerald Connolly
Chairman

William Euille
Secretary-Treasurer



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Steve Eldridge: Coup d'etat at Metro seems complete

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Steve Eldridge, The Examiner

Jun 20, 2006 7:00 AM (8 hrs ago)

WASHINGTON - I seems to me that the coup d'etat by the District at Metro is just about complete now. First the general manager was replaced in large part because of political elements from the District and the replacement just happened to be a former District transportation employee and someone who had served on Metro's board representing the needs of the District. It appears that a number of District residents and former District employees are finding work at Metro under this new regime. Now, District board Rep. Jim Graham has managed to remove one of the main stumbling blocks in the District's path by getting Maryland board Rep. Bob Smith fired for comments made unrelated to his work at Metro. The District wants to pay less for its role in Metro though an equal share of service (especially the loss-leader bus service) is inside its borders and it wants to have more of a say. Don't forget boys and girls that the District is roughly half the size of both Fairfax and Montgomery counties, which are not individually represented. If you can't win the battle through process, you win it though politics.

Entertainment on Metro rail stations

Regarding the idea to allow "entertainment" in Metro's rail stations, Michael writes: "Another idea from those that don't have to ride the train. Maybe they forget, that long before the new annoying voice that eventually people will ignore, that riders have had to suffer from train operators' attempts to sound like Radio DJ's and locomotive operators. Another excuse to bring an MP3 player. It isn't necessary. They haven't even gotten the tunnel advertisements installed for all the lines.

"The last thing people need is some magician playing tricks, a bad band or some clown juggling stuff in my face as I board the train. Especially first thing in the morning."

Seriously, anything but mimes. ... I hate mimes.

Kim starts off with a complaint about the entertainment idea, but then gets into something else: "This is supposed to make us forget about their inefficiencies and enjoy some music and entertainment while we are waiting. Not a chance! I would much rather see them spend time and effort on the real problems — my biggest beef is the Franconia-Springfield Kiss-and-Ride area. The garage is in the middle and the road circles around it. There are three lanes on the platform side of the garage. Kiss-and-Ride patrons will clog up all three lanes while waiting to pick someone up. The third lane is the lane that garage patrons use to get out of the garage and out of the station area. Yesterday it took me 30 minutes to get out of the garage and around the circle. It irritates me to no end because these people are driving to the kiss and ride because they are too cheap to actually park in the

HEADLINE HISTORY

- *Steve Eldridge: Coup d'etat at Metro seems complete
- Steve Eldridge: Red Line important to be pawn of politics
- Steve Eldridge: 'Corporat' screeching and Metro's ot noises
- Steve Eldridge: If you do own a car, what can you i Share one.
- Steve Eldridge: Danger of rushing Metro railcars
- Steve Eldridge: Maryland highway sensors to estim travel times
- Steve Eldridge: Catching railcar problems before th roll out is a relief
- Steve Eldridge: Dump the Pump Day gives Metro bo
- Steve Eldridge: Ah, summertime: A time whe commuters get a break
- Steve Eldridge: Bay Bridg Tunnel joins 21st century

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garage. Metro patrons who are paying for the train ride and garage parking, are inconvenienced by these inconsiderate people. Metro needs to monitor this situation and have metro police making sure the flow of traffic is not impeded by those waiting around."

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*Questions, comments, random musings? Write to
Steve@SprawlandCrawl.com.
Examiner*

Ray Briscuso

6-26-06

The Honorable Gerald Connelly,

Thank you for your June 2 letter to the WMATA Chairman and Board of Directors. As the newest member of the Board, I am happy to hear the thoughts of transportation and civic leaders especially the NRTC.

Please continue to copy me on your correspondence and use my new home address or better yet my office address below.

Warm regards
Ray Briscuso



PRESENTED AND ADOPTED:
SUBJECT: APPROVAL OF FISCAL 2007 OPERATING BUDGET

RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSPORTATION AUTHORITY

WHEREAS, The Board of Directors has received and considered the comments of the local jurisdictions and the public on the Proposed Fiscal 2007 Operating Budget; and

WHEREAS, The Board of Directors has approved changes to the Proposed Fiscal 2007 Operating Budget as shown in Appendix-A; and

WHEREAS, The Board of Directors has received and considered the requests of the local jurisdictions to establish the Fiscal 2007 Reimbursable Operating Projects; now, therefore, be it

~~RESOLVED~~, That the Board of Directors approves the Fiscal 2007 Operating Budget providing for Operating Revenues of \$643,900,000, Operating Expenses of \$1,104,900,000, and Operating Subsidy of \$461,000,000, as well as a Fiscal 2007 Debt Service requirement of \$27,484,200 for a Total Local Contribution of \$488,484,200; and be it further

RESOLVED, That the jurisdictional shares of the Fiscal 2007 Operating Subsidy, including the Debt Service requirement, are as follows, and as shown in Appendix-B:

<u>Fiscal 2007 Operating Budget</u>	
Operating Revenue	\$643,900,000
Operating Expense	<u>1,104,900,000</u>
Operating Subsidy	\$461,000,000
Debt Service	<u>27,484,200</u>
Total Local Contributions	<u><u>\$488,484,200</u></u>
 <u>Jurisdictional Allocations</u> 	
District of Columbia	\$185,087,100
Montgomery County	\$86,501,900
Prince George's County	<u>97,609,200</u>
Maryland Total	\$184,111,100
City of Alexandria	\$20,053,100
Arlington County	33,462,500
City of Fairfax	1,044,500
Fairfax County	63,163,300
City of Falls Church	<u>1,562,600</u>
Virginia Total	\$119,286,000
Total Local Contributions	<u><u>\$488,484,200</u></u>

and, be it further

RESOLVED, That the Reimbursable Operating Projects that will be undertaken are as follows:

**REIMBURSABLE OPERATING PROJECTS
FISCAL YEAR 2007**

Access-to-Jobs	358,800
Charles County Service	928,700
College Park - Bethesda	\$515,400
Columbia Pike Street Supervisor	85,000
Crofton - New Carrollton	232,300
DC Circulator	4,540,000
Electro Mechanical Tech Training Program	302,000
Falls Church Shuttle	287,100
Greenbelt - BWI	1,287,300
* Grosvenor Turnback	2,250,000
Maintain Pike Road Signals	2,800
Roslyn Station Supervisor	85,000
South East Shuttle Project	243,400
Springfield Circulator/Metro Park Shuttle	670,600
Tyson's Reverse Commute	305,800
** Yellow Line Extension to Fort Totten	5,750,000
Total	<u><u>\$17,844,200</u></u>

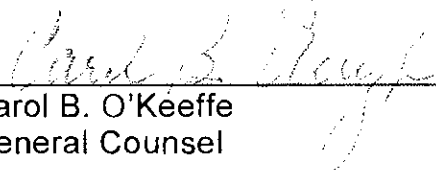
* Reflects a term of eighteen months

** Reflects a term of eighteen months and includes capital startup costs

and, be it further

RESOLVED, That this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency.



Carol B. O'Keeffe
General Counsel

Appendix-A
Fiscal 2007 Operating Budget
\$ Millions

	Revenue	Expense	Subsidy
Fiscal 2007 Proposed Budget	\$627.0	\$1,088.0	\$461.0
<u>1. Budget Updates:</u>			
a. Revenue Re-Estimate	\$13.6		(\$13.6)
b. Personnel Cost Re-Estimate		5.9	5.9
c. CNG Prices		0.0	0.0
d. Rail Car Acceptance		(3.6)	(3.6)
e. Software Fees		1.2	1.2
f. Inspector General Office		0.3	0.3
g. Bus Service Planners		0.0	0.0
h. Emergency Mgmt Training	0.3	0.3	0.0
i. Police Canine Unit	0.1	0.1	0.0
j. Diesel Swap		3.0	3.0
k. Eliminate Bus Routes 9B, 10P	(0.1)	(1.3)	(1.2)
l. Add Bus Route 9S	0.2	0.7	0.5
m. Rail Passenger Survey		0.5	0.5
<u>2. Policy Initiatives:</u>			
a. Advertising Revenue & Customer Service Initiatives	2.0	2.0	0.0
b. Service Levels:			
i. Bus Service Improvements		(1.8) +1.8	0.0
ii. Bus Overcrowding Relief		1.5	1.5
iii. Bus Priority Corridors		1.8	1.8
iv. Bus Security Posts		0.0	0.0
v. Holiday Service (4 Holidays)	0.8	1.8	1.0
vi. Rail Service (Off-peak Non-Seasonal)		1.6	1.6
vii. Update System Signage		0.5	0.5
viii. Yellow Line Extension			n/a
ix. Eliminate Red Line Turnbacks			n/a
c. Living Wage Procurements		0.6	0.6
Subtotal of Above	\$16.9	\$16.9	\$0.0
Fiscal 2007 Approved Budget	\$643.9	\$1,104.9	\$461.0

Budget Risks:

- a. Electricity and Propulsion Power
- b. Workers Comp and 3rd Party Claims Funding
- c. Labor Contract Settlements
- d. MetroAccess Service

Appendix-B
FISCAL 2007 APPROVED BUDGET
SUMMARY OF STATE/LOCAL OPERATING REQUIREMENTS

	DISTRICT OF COLUMBIA	MONTGOMERY COUNTY	PRINCE GEORGE'S COUNTY	CITY OF ALEXANDRIA	ARLINGTON COUNTY	FAIRFAX CITY	FAIRFAX COUNTY	FALLS CHURCH	TOTAL
METROBUS OPERATING SUBSIDY									
REGIONAL SUBSIDY	\$98,834,200	\$35,592,300	\$38,033,400	\$11,767,300	\$17,986,800	\$439,000	\$28,888,700	\$1,030,900	\$234,222,600
NON-REGIONAL	24,358,100	7,170,300	14,232,700	630,700	881,700	0	7,806,500	0	55,080,000
TOTAL BUS OPERATING	\$123,192,300	\$42,762,600	\$52,266,100	\$12,398,000	\$18,868,500	\$439,000	\$36,695,200	\$1,030,900	\$289,302,600
METRO RAIL OPERATING SUBSIDY									
BASE ALLOCATION	\$39,359,600	\$21,400,700	\$21,168,700	\$5,391,600	\$11,314,900	\$347,600	\$16,445,400	\$311,000	\$114,089,600
MAX FARE SUBSIDY	285,200	2,282,700	1,001,500	114,300	78,900	43,800	1,050,700	13,100	4,870,100
TOTAL RAIL OPERATING	\$39,644,800	\$23,683,400	\$22,170,200	\$5,505,900	\$11,393,800	\$391,400	\$17,496,100	\$324,100	\$118,959,700
PARATRANSIT SUBSIDY	\$11,918,700	\$15,188,400	\$18,300,000	\$731,000	\$460,000	\$167,400	\$5,803,100	\$169,100	\$52,737,700
OPERATING SUBSIDY	\$174,755,800	\$81,634,400	\$92,736,300	\$18,634,900	\$30,722,300	\$997,800	\$59,994,400	\$1,524,100	\$461,000,000
DEBT SERVICE	\$10,331,300	\$4,867,500	\$4,872,900	\$1,418,200	\$2,740,200	\$46,700	\$3,168,900	\$38,500	\$27,484,200
TOTAL LOCAL CONTRIBUTION	\$185,087,100	\$86,501,900	\$97,609,200	\$20,053,100	\$33,462,500	\$1,044,500	\$63,163,300	\$1,562,600	\$488,484,200

PRESENTED AND ADOPTED:

SUBJECT: APPROVAL OF FISCAL 2007 – 2012 CAPITAL IMPROVEMENT PROGRAM

RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSPORTATION AUTHORITY

WHEREAS, The Board of Directors has received and considered comments from the local jurisdictions on the Proposed Fiscal 2007 – 2012 Capital Improvement Program (CIP) and the adopted FY 2007 Metro Matters Annual Work Plan, consisting of the Metro Matters Infrastructure Renewal Program (IRP), Rail Cars and Facilities, Buses and Facilities, and Credit Facility, with the Security Program to be accomplished when sufficient Federal funding becomes available, and the System Access/Capacity Program (SAP) and the System Expansion Program (SEP); and

WHEREAS, The Proposed Fiscal 2007 – 2012 CIP is based on the Metro Matters Funding Agreement through Fiscal 2010 and the CIP components through Fiscal 2012; and

WHEREAS, The Metro Matters Funding Agreement is based on an expenditure schedule for all Metro Matters Program elements beginning in Fiscal 2006; and

WHEREAS, Each of the Contributing Jurisdictions has signed the Metro Matters Funding Agreement and has all the necessary power and authority to enter into the transactions contemplated by the Agreement and to carry out its individual obligations hereunder; and

WHEREAS, The Board of Directors has determined that \$15,700,000 in Fiscal 2005 projects not yet completed should be reauthorized for completion in Fiscal 2007 and \$12,500,000 in new critical projects should be included in the Fiscal 2007 IRP program element of the CIP containing the Beyond Metro Matters projects; and

WHEREAS, The Board of Directors has also determined that \$22,262,000 in Fiscal 2005 projects not yet completed should be reauthorized for completion in Fiscal 2007 including \$12,444,000 in the Rail Cars and Facilities Program element, \$7,000,000 in the Buses and Facilities Program element, and \$1,467,000 in System Expansion Planning, and \$1,351,000 in the Credit Facility Program element; now, therefore be it

RESOLVED, That the Board of Directors approves the Fiscal 2007 CIP to include the projects and funding identified in the Metro Matters Funding Agreement and beyond as follows: 1) the IRP Program element totaling \$293,421,000, including \$265,221,000 in expenditures and \$28,200,000 in obligation authority for reauthorized and new critical projects, the Rail Cars and Facilities Program element totaling \$293,404,000 in expenditures, the Buses and Facilities Program element totaling \$45,900,000 in expenditures, the Security Program element totaling \$45,600,000 in expenditures subject to receipt of federal funding, System Expansion Planning totaling \$1,467,000 in expenditures, the Credit Facility Program element totaling \$3,351,000 in expenditures, and Debt Service totaling \$26,261,000 in expenditures; and 2) the SAP totaling \$21,425,000 in expenditures; and 3) the SEP totaling \$3,714,000 in expenditures all of which are further defined in the Attachment; and be it further

RESOLVED, That the Board of Directors approves the Fiscal 2008 – 2012 CIP, subject to receipt of jurisdictional appropriations and federal grants in sufficient amounts, to include the projects and funding identified in the Metro Matters Funding Agreement and beyond as follows: 1) the IRP Program element totaling \$1,837,766,000 in expenditures, the Rail Cars and Facilities Program element totaling \$102,700,000 in expenditures, the Buses and Facilities Program element totaling \$110,410,000, the Security Program element totaling \$49,950,000 in expenditures, the Credit Facility Program element totaling \$6,000,000 in expenditures, and Debt Service totaling \$425,570,000 in expenditures; and 2) the SEP totaling \$15,000,000 in expenditures all of which are further defined in the Attachment; and be it further

RESOLVED, That the Board of Directors has reviewed the Fiscal 2006 preliminary CIP/Metro Matters expenditures and has determined that funds for certain critical projects which have not been fully expended in Fiscal 2006 and have no spending authority in Fiscal 2007 shall be carried over into Fiscal 2007 for expenditure until the Fiscal 2006 program is reconciled and presented to the Board Budget Committee unless otherwise directed by the Board of Directors; and be it further

RESOLVED, That as Fiscal 2006 closes there shall be continued budget authority assigned to those projects which have remaining work in progress that will not be completed by June 30, 2006, and the status of these projects will be included in the quarterly CIP reports to the Board Budget Committee; and be it further

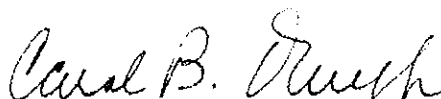
RESOLVED, That in order to implement the elements of the CIP, the Interim General Manager or Chief Financial Officer has authorization to 1) conduct public hearings; 2) file and execute grant applications on behalf of the Authority for funds from the Federal government and any other public or private entity consistent with the CIP; and be it further

RESOLVED, That the Chief Financial Officer is authorized to issue debt instruments, subject to Board approval of the final papers, in order to finance the projects identified in the Metro Matters Funding Agreement; and be it further

RESOLVED, The IRP Program element of Metro Matters is the same program as the CIP referenced in the TIFIA Loan Guarantee Agreement and related documentation; and be it finally

RESOLVED, That this Resolution will be effective immediately.

Reviewed as to form and legal sufficiency.



Carol B. O'Keeffe
General Counsel

Attachment: Capital Improvement Program Expenditures FY 2007 - 2012

Infrastructure Renewal Program 1/

(in millions \$)

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Total</u>
Rolling Stock: Bus							
Advanced Technology Diesel Replacement	6,000	1,610	38,474	41,014	67,023	-	154,121
CNG Modifications	8,100	-	-	-	-	-	8,100
Hybrid/Diesel Bus Procurement	0,400	47,500	21,500	-	-	-	69,400
Subtotal	\$ 14,500	\$ 49,110	\$ 59,974	\$ 41,014	\$ 67,023	\$ 74,352	\$ 305,973
Rolling Stock: Rail							
Rail Car Enhancements	1,100	-	-	1,000	1,000	-	3,100
2000/3000 series Breda Car Rehabilitation	1,700	-	-	-	-	-	1,700
4000 series Breda Car Rehabilitation	-	-	-	4,000	23,360	-	27,360
1000 Series Rohr Car Rehabilitation	-	-	-	-	1,040	-	1,040
Subtotal	\$ 2,800	\$ -	\$ -	\$ 5,000	\$ 25,400	\$ 25,021	\$ 58,221
Passenger Facilities							
Mechanical Systems Rehabilitation	9,621	15,456	15,999	20,763	24,249	-	86,088
Parking Lot Rehabilitation	2,985	6,790	7,127	8,010	14,621	-	39,533
Station Enhancement Program	6,291	6,291	6,291	4,190	7,055	-	30,118
Vertical Transportation Rehabilitation	18,625	21,500	19,997	15,350	19,050	-	94,522
Subtotal	\$ 37,522	\$ 50,037	\$ 49,414	\$ 48,313	\$ 64,975	\$ 55,392	\$ 305,653
Safety and Security Improvements							
Communications Upgrade	\$ 2,000	\$ 2,000	\$ 2,000	\$ -	\$ -	\$ -	\$ 6,000
Subtotal	\$ 2,000	\$ 2,000	\$ 2,000	\$ -	\$ -	\$ -	\$ 6,000
Maintenance Facilities							
Bus and Rail Support Equipment	17,250	9,515	10,019	12,829	18,906	-	68,519
Rail Work Equipment and Locomotives	1,171	3,240	4,130	3,269	4,004	-	15,814
Repairables	3,035	4,208	4,839	5,213	8,638	-	25,933
Structures, Field Bases, Yards, and Shops	7,800	2,589	7,838	13,678	22,430	-	54,335
Subtotal	\$ 29,256	\$ 19,552	\$ 26,826	\$ 34,989	\$ 53,978	\$ 61,213	\$ 225,814
Systems							
ATC and Power Systems Rehabilitation	15,429	32,334	40,858	45,916	87,266	-	221,803
Fare Collection Equipment	2,900	-	-	1,381	8,648	-	12,929
Regional Fare Integration	-	-	-	-	-	-	-
UPS and Electrical Systems Rehabilitation	1,677	4,220	6,433	10,717	15,654	-	38,701
Passenger Information Display System (PIDS)	-	-	-	-	4,000	-	4,000
Subtotal	\$ 20,006	\$ 36,554	\$ 47,291	\$ 58,014	\$ 115,568	\$ 89,171	\$ 366,604

Attachment: Capital Improvement Program Expenditures FY 2007 - 2012

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Total</u>
Track and Structures							
Right-of-Way Track and Structures Rehabilitation	14,804	13,148	11,441	22,709	18,675	-	80,777
Station and Tunnel Leak Mitigation	2,602	2,474	2,548	2,625	2,703	-	12,952
Subtotal	\$ 17,406	\$ 15,622	\$ 13,989	\$ 25,334	\$ 21,378	\$ 33,923	\$ 127,652
Information Technology							
Information Technology	3,800	4,000	4,000	4,488	5,478	-	21,766
Subtotal	\$ 3,800	\$ 4,000	\$ 4,000	\$ 4,488	\$ 5,478	\$ 23,918	\$ 45,684
Program Management and Support							
Financing	0.053	0.054	0.055	0.056	1.276	-	1.494
Program Administration	6,178	6,412	6,529	15,005	13,275	-	47,399
Subtotal	\$ 6,231	\$ 6,466	\$ 6,584	\$ 15,061	\$ 14,551	\$ 12,734	\$ 61,627
Preventive Maintenance							
Preventive Maintenance	20,700	20,700	20,700	20,700	20,700	7,284	110,784
Subtotal	\$ 20,700	\$ 20,700	\$ 20,700	\$ 20,700	\$ 20,700	\$ 7,284	\$ 110,784
Subtotal: IRP Projects	\$ 154,221	\$ 204,041	\$ 230,778	\$ 252,913	\$ 389,051	\$ 383,008	\$ 1,614,012
Financing Expenses							
TIFIA Financing Expenses	133,200	161,600	198,375	-	-	-	493,175
Vertical Transportation Financing Expenses	6,000	6,000	6,000	6,000	-	-	24,000
Subtotal	\$ 139,200	\$ 167,600	\$ 204,375	\$ 6,000	\$ -	\$ -	\$ 517,175
Total Expenditures	\$ 293,421	\$ 371,641	\$ 435,153	\$ 258,913	\$ 389,051	\$ 383,008	\$ 2,131,187
Rail Car Program							
Vehicles							
122 Rail Cars	\$ 105,100	\$ 30,850	\$ 8,500	\$ 3,400	\$ 1,900	\$ -	\$ 149,750
Facilities	\$ 85,210	\$ 40,320	\$ -	\$ -	\$ -	\$ -	\$ 125,530
Systems	\$ 103,094	\$ 17,730	\$ -	\$ -	\$ -	\$ -	\$ 120,824
Total Expenditures	\$ 293,404	\$ 88,900	\$ 8,500	\$ 3,400	\$ 1,900	\$ -	\$ 396,104

Attachment: Capital Improvement Program Expenditures FY 2007 - 2012

Bus Program

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Total</u>
Vehicles							
185 Buses	\$ 15,500	\$ 26,500	\$ 20,700	\$ 34,610	\$ -	\$ -	\$ 97,310
Garage Facility	\$ 24,400	\$ 16,200	\$ -	\$ -	\$ -	\$ -	\$ 40,600
Customer Facilities	\$ 6,000	\$ 6,100	\$ 6,300	\$ -	\$ -	\$ -	\$ 18,400
Total Expenditures	\$ 45,900	\$ 48,800	\$ 27,000	\$ 34,610	\$ -	\$ -	\$ 156,310

Security Program 2/

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Total</u>
Back-Up Operations Control Center	\$ 22,700	\$ 17,900	\$ 2,000	\$ -	\$ -	\$ -	\$ 42,600
Other Security Initiatives	\$ 22,900	\$ 16,900	\$ 8,300	\$ 4,850	\$ -	\$ -	\$ 52,950
Total Expenditures	\$ 45,600	\$ 34,800	\$ 10,300	\$ 4,850	\$ -	\$ -	\$ 95,550

System Expansion Planning 3/

	\$ 1,467	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,467
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Credit Facility and Debt Service

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Total</u>
Credit Facility	\$ 3,351	\$ 2,000	\$ 2,000	\$ 2,000	\$ -	\$ -	\$ 9,351
Debt Service	\$ 26,261	\$ 36,872	\$ 67,420	\$ 203,577	\$ 55,451	\$ 62,250	\$ 451,831
Total Expenditures	\$ 29,612	\$ 38,872	\$ 69,420	\$ 205,577	\$ 55,451	\$ 62,250	\$ 461,182

GRAND TOTAL EXPENDITURES \$ 709,404 \$ 583,013 \$ 550,373 \$ 507,350 \$ 446,402 \$ 445,258 \$ 3,241,800

1/ Safety and Security Improvements are Beyond Metro Matters in IRP

2/ Security Program is assumed to be 100% federally funded.

3/ Fiscal 2005 funding

4/ Fiscal 2011 and 2012 IRP includes Beyond Metro Matters expenditures

Attachment : System Access/Capacity Program FY 2007-2012 Projects Obligations

(in millions \$)

Major Jurisdiction / Sponsor / Project	Approved FY 06 & Prior	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	Total FY 2007-12	Total Project
All WMATA Jurisdictions									
All WMATA Jurisdictions									
• Buses	\$ 9,100							\$ -	\$ 9,100
• Buses (50)	17,100							-	17,100
• Bus Enhancements								-	-
• Intelligent Trans. Systems: Communications	1,562							-	1,562
• Metro Matters:									
• Rail Car Options (50 cars / 70 cars)									
• Brentwood Rail Yard	3,000							-	3,000
• Greenbelt Rail Yard	4,000							-	4,000
• Shady Grove Rail Yard	8,000							-	8,000
• Traction Power Upgrades	6,000							-	6,000
• Precision Stopping for ATC (a)	4,000							-	4,000
• Regional Bus Bike Racks	1,845							-	1,845
• Regional Customer Service Center	0,550							-	0,550
• Rail Cars (50)	120,000							-	120,000
• Rail Maintenance Yards and Shops	70,375							-	70,375
Subtotal: All WMATA Jurisdictions	\$ 245,332	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 245,332
District of Columbia									
District of Columbia Government									
• Downtown Circulator Buses	16,266							-	16,266
• Public Hearing on Minnesota Ave. Parking	0,050							-	0,050
• Station Name Changes: RI Ave. & Archives	0,211							-	0,211
• Washington Convention Center	31,374							1,500	31,374
• Yellow Line Extension 1/	-	1,500						-	1,500
• Navy Yard Station Modifications	0,500							-	0,500
• Adams Morgan-U Street Link Planning Study	0,050	0,100						0,100	0,150
Subtotal: District of Columbia	\$ 48,451	\$ 1,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,600	\$ 50,051
Maryland									
Maryland Mass Transit Authority (MD-MTA)									
• College Park Parking Facility	17,810							-	17,810
• New Carrollton Parking Facility	23,115							-	23,115
• FDA Transit Center at White Oak	0,308							-	0,308
• Takoma-Langley Park Transit Center	6,700							-	6,700
Subtotal	\$ 47,933	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,933
Montgomery County									
• Glenmont Parking Facility Design Work	1,600							-	1,600
• Grosvenor Parking Facility (b)	-							-	-
• Shady Grove Parking Facility (b)	-							-	-
• White Flint Parking Facility	17,390							-	17,390
Subtotal	\$ 18,990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,990
Subtotal: Maryland	\$ 66,923	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,923
Virginia									
City of Alexandria									
• King Street Station Improvements	16,600							-	16,600
Subtotal	\$ 16,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,600

Attachment : System Access/Capacity Program FY 2007-2012 Projects Obligations

(in millions \$)

Major Jurisdiction / Sponsor / Project	Approved FY06 & Prior	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	Total FY 2007-12	Total Project
Arlington County 2/									
• Arlington Capital Projects Program Administration	0.750	0.150	-	-	-	-	-	0.150	0.900
• Ballston-MU Station Improvements	16.000	9.000	-	-	-	-	-	9.000	25.000
• Clarendon Station Improvements	1.000	(0.500)	-	-	-	-	-	(0.500)	0.500
• Crystal City Canopy	0.300	0.075	-	-	-	-	-	0.075	0.375
• Rosslyn Station Improvements	0.650	0.350	-	-	-	-	-	0.350	1.000
• Crystal City-Potomac Yards Busway	0.813	2.500	-	-	-	-	-	2.500	3.313
• Columbia Pike Streetcars	-	1.500	-	-	-	-	-	1.500	1.500
• Columbia Pike Super Stops	-	2.000	-	-	-	-	-	2.000	2,000
• Pentagon City Station West Entrance Elevator	-	3.000	-	-	-	-	-	3.000	3,000
• Shirlington Bus Terminal	4.000	1.400	-	-	-	-	-	1.400	5,400
Subtotal	\$ 23.513	\$ 19.475	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19.475	\$ 42,988
Fairfax County									
• Huntington Parking Facility	31.183	-	-	-	-	-	-	-	31,183
• Vienna Parking Facility	\$ 27.100	-	-	-	-	-	-	-	\$ 27,100
• Vienna/Fairfax-GMU Parking Facility	\$ 1,000	-	-	-	-	-	-	-	\$ 1,000
• TAGS Shuttle Buses	\$ 0.611	-	-	-	-	-	-	-	\$ 0,611
Subtotal	\$ 59,894	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,894
Fair Oaks League									
• Fair Lakes Shuttle Buses	\$ 0.857	-	-	-	-	-	-	-	\$ 0,857
VA Department of Rail & Public Transportation									
• Alexandria Shop Expansion	0.200	-	-	-	-	-	-	-	0,200
• Dulles Corridor Buses	3.054	-	-	-	-	-	-	-	3,054
• Franconia/Springfield Parking Facility	16.609	-	-	-	-	-	-	-	16,609
• Pentagon Bus Terminals	0.291	-	-	-	-	-	-	-	0,291
• Virginia Bus Facility Expansion	0.900	-	-	-	-	-	-	-	0,900
• Virginia Bus Stop Boxes	0.120	-	-	-	-	-	-	-	0,120
• Virginia Bus Waiting Area	1.562	-	-	-	-	-	-	-	1,562
• Virginia Parking Lot Signage	1.000	-	-	-	-	-	-	-	1,000
• West Falls Church Bus Bay	1.000	-	-	-	-	-	-	-	1,000
• West Falls Church Parking Facility	17.367	-	-	-	-	-	-	-	17,367
Subtotal	\$ 42,960	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,960
• Vienna Station Improvements by Pulse Homes	-	0.350	-	-	-	-	-	0.350	0,350
Subtotal: Virginia	\$ 143,824	\$ 19,825	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,825	\$ 163,649
Total SAP Obligations	\$ 504,530	\$ 21,425	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,425	\$ 625,955

(a) Precision Stopping for ATC funding includes \$3.0 million appropriated prior to Metro Matters.

(b) Built by others.

1/ Contingent upon funding from District of Columbia.

2/ Arlington County project contingent upon approval.

Attachment: System Expansion Program FY 2007-2012 Projects Obligations (in millions \$)

Major Jurisdiction / Sponsor / Project	Approved FY06 & Prior	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	Total FY 2007-12	Total Project
All WMATA Jurisdictions									
All WMATA Jurisdictions									
• Project Development	\$ 16,338	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 18,000	\$ 34,338
Subtotal	\$ 16,338	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 18,000	\$ 34,338
District of Columbia									
District of Columbia Government									
• Anacostia Corridor Demonstration Project	8,270								8,270
Vehicle Procurement	8,900								8,900
Anacostia LRT Line	7,200								7,200
• New York Avenue Metrorail Station 1/	109,950								109,950
Subtotal	\$ 134,320	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 134,320
Maryland									
Maryland Mass Transit Authority (MD-MTA)									
• Largo Extension and Parking 1/	456,400	0,650						0,650	457,050
• Purple Line DEIS	10,600								10,600
Subtotal	\$ 467,000	\$ 0,650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0,650	\$ 467,650
Virginia									
Arlington Co. Project Development (Columbia Pike)	0,040	0,064						0,064	0,104
VA Dept. of Rail & Public Transportation									
• Dulles PE/NEPA	64,750	0,064						0,064	64,750
Subtotal	\$ 64,790	\$ 0,064	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0,064	\$ 64,854
Total SEP Obligations	\$ 682,448	\$ 3,714	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 18,714	\$ 701,162

1/ Includes \$500K for litigation support and \$150K for real estate condemnations.

Source of Funds for FY 2007-2012 CIP

(dollars in millions)

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY07-12</u> <u>Total</u>
Metro Matters Program							
Federal Funds	\$ 190.318	\$ 235.603	\$ 257.796	\$ 274.612	\$ 54.348	\$ 13.416	\$ 1,026.093
State and Local Funds (a)	141.651	164.782	178.661	198.020	198.020	184.184	1,065.318
Misc. Internal CIP Funds	19.700	6.000	6.000	6.000	5.836		43.536
Debt and Related Capital Sources	254.072	139.828	95.616	23.868			513.384
Estimated Carry-over from FY 2006	27.863						27.863
Subtotal	\$ 633.604	\$ 546.213	\$ 538.073	\$ 502.500	\$ 258.204	\$ 197.600	\$ 2,676.194
Future Federal Security Funds	45.600	34.800	10.300	4.850			95.550
Subtotal: Metro Matters	\$ 679.204	\$ 581.013	\$ 548.373	\$ 507.350	\$ 258.204	\$ 197.600	\$ 2,771.744
Beyond Metro Matters							
Federal Funds					\$ 179.182	\$ 226.536	\$ 405.718
State and Local Funds (a)	23.689	3.000	3.000	3.000	5.971	22.822	61.482
Other Grants	2.000	2.000	2.000				6.000
Private Sector Reimbursement	0.350				6.000	1.300	0.350
Misc. Internal CIP Funds	29.300				0.045		36.600
Debt and Related Capital Sources							0.045
Subtotal: Beyond Metro Matters	\$ 55.339	\$ 5.000	\$ 5.000	\$ 3.000	\$ 191.198	\$ 250.658	\$ 510.195
Total CIP	\$ 734.543	\$ 586.013	\$ 553.373	\$ 510.350	\$ 449.402	\$ 448.258	\$ 3,281.939

(a) See next table for specific state and local contributions.

Specific State and Local Contributions: FY 2007-2012 CIP

(dollars in millions)

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY07-12 Total
District of Columbia							
Metro Matters	\$ 51.880	\$ 60.351	\$ 65.435	\$ 72.525	\$ 72.525	\$ 67.458	\$ 390.174
Beyond Metro Matters	2.599	1.099	1.099	1.099	2.187	8.358	16.441
Subtotal	\$ 54.479	\$ 61.450	\$ 66.534	\$ 73.624	\$ 74.712	\$ 75.816	\$ 406.615
Maryland Jurisdictions							
Montgomery County							
Metro Matters	24.138	28.080	30.445	33.744	33.744	31.386	181.537
Beyond Metro Matters	0.511	0.511	0.511	0.511	1.017	3.889	6.950
Subtotal	\$ 24.649	\$ 28.591	\$ 30.956	\$ 34.255	\$ 34.761	\$ 35.275	\$ 188.487
Prince Georges County							
Metro Matters	26.683	31.040	33.654	37.301	37.301	34.695	200.674
Beyond Metro Matters	0.565	0.565	0.565	0.565	1.124	4.298	7.682
Subtotal	\$ 27.248	\$ 31.605	\$ 34.219	\$ 37.866	\$ 38.425	\$ 38.993	\$ 208.356
Maryland Department of Transportation							
Metro Matters							-
Beyond Metro Matters	0.650						0.650
Subtotal	\$ 0.650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.650
Subtotal: Maryland	\$ 52.547	\$ 60.196	\$ 65.175	\$ 72.121	\$ 73.186	\$ 74.268	\$ 397.493
Virginia Jurisdictions							
Alexandria							
Metro Matters	6.282	7.308	7.924	8.782	8.782	8.168	47.246
Beyond Metro Matters	0.133	0.133	0.133	0.133	0.265	1.013	1.810
Subtotal	\$ 6.415	\$ 7.441	\$ 8.057	\$ 8.915	\$ 9.047	\$ 9.181	\$ 49.056
Arlington County							
Metro Matters	12.311	14.321	15.527	17.210	17.210	16.007	92.586
Beyond Metro Matters	18.800	0.261	0.261	0.261	0.519	1.984	22.086
Subtotal	\$ 31.111	\$ 14.582	\$ 15.788	\$ 17.471	\$ 17.729	\$ 17.991	\$ 114.672
Fairfax, City of							
Metro Matters	0.274	0.319	0.346	0.383	0.383	0.356	2.061
Beyond Metro Matters	0.006	0.006	0.006	0.006	0.012	0.045	0.081
Subtotal	\$ 0.280	\$ 0.325	\$ 0.352	\$ 0.389	\$ 0.395	\$ 0.401	\$ 2.142
Fairfax County							
Metro Matters	19.685	22.900	24.828	27.519	27.519	25.596	148.047
Beyond Metro Matters	0.417	0.417	0.417	0.417	0.830	3.172	5.670
Subtotal	\$ 20.102	\$ 23.317	\$ 25.245	\$ 27.936	\$ 28.349	\$ 28.768	\$ 153.717
Falls Church							
Metro Matters	0.398	0.463	0.502	0.556	0.556	0.518	2.993
Beyond Metro Matters	0.008	0.008	0.008	0.008	0.017	0.063	0.112
Subtotal	\$ 0.406	\$ 0.471	\$ 0.510	\$ 0.564	\$ 0.573	\$ 0.581	\$ 3.105
Subtotal: Virginia	\$ 58.314	\$ 46.136	\$ 49.952	\$ 55.275	\$ 56.093	\$ 56.922	\$ 322.692
Total							
Metro Matters	\$ 141.651	\$ 164.782	\$ 178.661	\$ 198.020	\$ 198.020	\$ 184.184	\$ 1,065.318
Beyond Metro Matters	\$ 23.689	\$ 3.000	\$ 3.000	\$ 3.000	\$ 5.971	\$ 22.822	61.482
Total	\$ 165.340	\$ 167.782	\$ 181.661	\$ 201.020	\$ 203.991	\$ 207.006	\$ 1,126.800



②

MetroAccess Ad Hoc Committee Final Report Executive Summary

Purpose of Presentation

- Report to Board on Ad Hoc Committee's review and findings regarding MetroAccess
- Acknowledge Committee's efforts and achievements
- Seek Board approval for policy and procedural changes
- Seek Board approval to initiate and award a consultant contract for financial analysis of cost-bearing recommendations

Background

On February 16, 2006, the WMATA Board of Directors created an Ad Hoc Committee to examine MetroAccess (MACS) paratransit service and tasked the committee with making recommendations for the improvement of the service. The committee, comprised of a cross-section of riders, Board members, transit professionals, human service agencies, and advocates for people with disabilities, has concluded its work and has produced a final report with recommendations for the Board's review and consideration. Attached is the Best Practice Working Group Report which includes the 11 specific recommendations made to the MetroAccess Ad Hoc Advisory Committee.

Staff has taken the recommendations and broken them into two categories: Cost Neutral Service Changes and Actions beginning Cost Analysis.

Cost-Neutral Service Changes

The Ad Hoc Committee has recommended a number of procedural and policy changes that can be made with no financial impact to the Authority. Staff has reviewed all of these changes and agrees with the recommendation. In order to implement these changes certain policies and practices need to be changes. Those changes include:

- 1. WMATA should improve customer service and communication immediately (Committee Recommendation #1) (Within 2 months)**
 - a. Development of mission statement and messaging
 - b. Beta testing of forthcoming web-based technologies
 - c. Use of call recorder apparatus for quality monitoring (this apparatus is now installed and staff are being trained in its use presently)
 - d. Operations staff available during all hours of operation (ensure that this is communicated to all customers in various forms)
 - e. Involvement of customers in development of new policies through Interim Advisory Group (combined E&D and RAC resources), as well as through public hearings, web, and media broadcast to the public
 - f. Expanded use and wide distribution of all MetroAccess literature in accessible formats (included in CCMS communications plan for MACS and facilitated by ADAP)
 - g. Provide sensitivity training for MACS drivers and dispatchers
- 2. WMATA and MV Transportation should further utilize scheduling and software strategies immediately (Recommendation #2) (Within 2 months)**
 - a. Reduce 14-day advance reservations to 7 days
 - b. Explore scheduling by zone where possible (analysis now beginning)
 - c. Assign certain types of trip scheduling to individual schedulers for training and improved efficiency in future scheduling
- 3. WMATA should adopt a user-friendly late cancellation policy and monitor no-shows carefully within 6 months (Recommendation #6) (3 to 6 months)**
 - a. Late cancellation not implemented until less than 2 hours prior to scheduled trip
 - b. First no-show forgiven with courtesy notice

- c. Chronic no-shows on subscription service are specifically reviewed
 - d. Emphasize that a late cancellation is always preferable to a no-show
 - e. Specify guidelines on what constitutes a no-show
 - f. Positively reinforce absence of no-shows and/or late cancellations with some type of reward system
4. **WMATA should develop a safety policy and a passenger assistance policy to clarify what users can expect from the service in terms of additional assistance beyond the curb or the door. (Recommendation #8) (3 to 6 months)**
 5. **WMATA should clarify the relationship between human service transportation and ADA paratransit with regional and local partners within one year (Recommendation #9) (6 months or longer)**
 - a. Host a regional forum
 - b. Meet with Maryland Transportation Secretary Flanagan and human services agencies on coordination funding
 - c. Enhance WMATA (ADAP) travel training program
 - d. Work with agencies directly on coordination (i.e., pilot program that will begin with ARC in Prince George's County)
 - e. Work with agencies to enhance MACS driver sensitivity to needs of people with disabilities
 6. **The WMATA Board of Directors should host a Disability Awareness Event within one year (Recommendation #11) (6 months or longer)**
Staff has reviewed all of these changes and agrees with the recommendation. In order to implement these changes certain policies and practices need to be changed.

ACTIONS REQUIRING COST ANALYSIS

The remaining recommendations from the Ad Hoc Committee's final report carry cost implications and will require further analysis. Again, staff has reviewed all of these changes and agrees with the recommendation. These recommendations include:

1. **WMATA should implement a door-to-door policy within 6 months (Recommendation #7) (3 to 6 months)**
 - a. Reduce wait time in No-Show policy to 5 minutes concurrent with implementation of door-to-door service
 - b. Provide sufficient driver training as appropriate
 - c. Provide sufficient dispatcher training as appropriate
2. **WMATA should use internal resources and hire an experienced paratransit consultant to evaluate the cost impacts of recommendations from the Best Practices Working Group, particularly door-to-door service, and examine any proposed MV Transportation cost increases. Results should be provided within 2 months. (Recommendation #3) (Within 2 months)**
3. **WMATA should ensure that MV Transportation has adequate, experienced and stable staffing within 3 months (Recommendation #4) (3 to 6 months)**
 - a. Increase staffing levels in scheduling and dispatch functions (note that Critical Trip Team supports dispatch and customer service functions)
 - b. Driver compensation package (could include SmartBenefits, for example)
 - c. Review staffing levels and turnover periodically (currently being done)
 - d. Enhance employee training, and cross-train
4. **WMATA should strengthen contract oversight and monitoring within 3 months (Recommendation #5) (3 to 6 months)**
 - a. Increase MACS staff in audit, quality monitoring, customer service, and complaint resolution/response (staffing recommendations being reviewed—some augments may still be needed)
 - b. Revisit MACS fleet spare ratio and develop CIP for MACS and ensure adequate fleet size

for peak vehicle requirement

5. WMATA should examine the potential for a premium same-day service for MetroAccess customers in one year (Recommendation #10) (6 months or longer)

In order to fully understand the cost implication of these recommendations, staff recommends that we bring in an outside cost consultant to work with us, the local service providers and the interested community to develop a detailed cost analysis of the impact of these recommendations. The cost impact will be done in time to review with the interested community an the local jurisdictions in time to include a staff recommendation in the FY08 budget proposal.

Recommended Actions

WMATA fully endorses the recommendations of the MetroAccess Ad Hoc Committee and will take the following actions:

- A. Amend MetroAccess Late Cancellation and No-Show Policy to enable customers to cancel their trips without penalty up to two hours prior to the beginning of the scheduled pick-up window.
- B. Amend MetroAccess ADA Paratransit Plan so that customers can reserve MetroAccess trips up to seven days in advance of travel instead of fourteen days.
- C. Adopt the other cost-neutral recommendations as outlined in the committee's final report.
- D. Initiate and award a consultant contract, not to exceed \$50,000, for the financial analysis of the cost-bearing recommendations included in the committee's final report.

Attached: MetroAccess Ad Hoc Advisory Committee Final Report and Recommendations

Best Practices Working Group Report

DRAFT as of 06/01/06

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Appendix A: Peer Review

**Appendix B: Specific Operational Recommendations for
Reservations, Scheduling, Dispatching and Drivers and
Vehicle Operations**

Appendix C: Interim Report from Ad-Hoc Committee

Appendix D: List of Acronyms



Alternative formats of this document can be made available for persons with disabilities. Phone: 202.962.3321 or 202.962.3213 (TDD) Email: wklancher@mwkog.org. Allow 7 working days for preparation of the material.

Introduction

On February, 16, 2006 the Washington Metropolitan Area Transit Authority (WMATA) Board of Directors created an ad hoc committee to review WMATA's MetroAccess (MACS) paratransit service. The Board tasked the committee with recommending improvements for MetroAccess service because of difficulties experienced by customers with the transition to a new service provider.

The ad hoc committee's work was guided by the recommendations for improving MetroAccess service in the study "Improving Demand Responsive Services for People with Disabilities in the Washington Region" dated February 15, 2006 and conducted by the Transportation Planning Board (TPB). The study identified shortcomings in existing paratransit services and made recommendations based on innovative practices from around the country.

The ad hoc committee agreed to a general scope of work to review existing WMATA MetroAccess services to develop recommendations for improving service. The committee's scope includes:

- 1) Providing a venue for MetroAccess riders to give input into ways to improve service and incorporate rider recommendations
- 2) Reviewing "Best Practices" for paratransit service and identification of best practices for WMATA to implement
- 3) Developing a program for improving MetroAccess service and responding to recommendations made by the TPB Access For All (AFA) advisory Committee study "Improving Demand Responsive Services for People with Disabilities in the Washington Region"

Pursuant to the ad hoc advisory committee scope, the committee established a team paratransit industry experts and MetroAccess users to complete a review of "best practices" in paratransit services and to address issues raised in the AFA report. The Best Practices sub-committee is chaired by Wendy Klancher, from the Metropolitan Washington Council of Governments. Members of the sub-committee include:

- Dan Dalton, Easter Seals Project ACTION
- Jachebed Jordan, IONA Senior Services
- John Smolenski, MTA Deputy Administrator
- Harold Snider, Montgomery County Commission for People with Disabilities
- Penny Reeder, MetroAccess rider
- Mary Williams, Riders' Advisory Council
- Steve Yaffe, Fastran- Fairfax County
- Carolyn Bellamy, MetroAccess rider
- Elizabeth (Buffy) Ellis, KFH Group
- Christian T. Kent, Director of MetroAccess Services
- Jon Monson, MV Transportation.

The scope of the Best Practices working group included examining industry best practices and policies in paratransit service pertaining to:

- Reservations, scheduling, dispatch and driver/vehicle operations
- Door-to-door v. curb-to-curb service
- No shows and late cancellation policy
- Same day service
- Human service transportation coordination

The Best Practices working group met a total of X times from March XX, 2006 through May 15, 2006. Meetings were held on March XX, March 31, April 7, April 17, April 28, May 5 and May 15. Despite the rigorous meeting schedule, all meetings of the Best Practices working group were well attended and each meeting had lively discussion and full participation from all members.

The group utilized a number of facilitation discussion techniques—including group brainstorming sessions and a prioritization exercise for rating recommendations—during meetings to guide the discussions and deliberations. Despite a wide variety of backgrounds among the group members and an abundance of differing view points, group members talked openly throughout the process, and developed solid support for each of the 11 recommendations.

Resources Used to Develop Recommendations

Peer agency surveys, web based information, phone interviews and email were utilized to develop the attached peer review document (Appendix A) outlining the policies and practices of various U.S. transit provider paratransit programs.

The Best Practices Working Group developed comparative information regarding the paratransit services of 14 peer transit agencies, including:

- Maryland Transit Administration (MTA)
- Port Authority Transit, Pittsburgh (PAT)
- Tri-County Metropolitan Transportation District, Portland Oregon (TriMet)
- Metropolitan Transportation Authority, New York (MTA)
- Utah Transit Authority (UTA)
- Chicago Transit Authority (CTA)
- Massachusetts Bay Transportation Authority (MBTA)
- Regional Transit District of Denver (RTD)
- Bay Area Regional Transit, San Francisco (BART)
- King County Metro, Seattle (KC Metro)
- Southeastern Pennsylvania Transit Authority, Philadelphia (SEPTA)
- Transit Authority of River City, Louisville Kentucky (TARC)
- Metropolitan Transit Authority of Harris County, Houston Texas (Metro Houston)
- New Jersey Transit (NJ Transit)

The working group also utilized several expert reports on the issues facing paratransit services including: the Easter Seals Project ACTION brochure on *“Innovative Practices in Paratransit Service”*; the Federal Transit Administration (FTA) Transit Cooperative Research Program (TCRP) survey and report *“Practices in No-Show and Late Cancellation Policies in ADA Paratransit”*; and the National Council on Disability report *“The Current State of Transportation for People with Disabilities in the United States”*.

Furthermore, the *“Improving Demand Responsive Services for People with Disabilities in the Washington Region”* report of February 15, 2006 conducted by the Transportation Planning Board (TPB) informed and guided the scope and deliberations of the Best Practices Working Group.

The team also utilized and relied upon the expertise of Russell Thatcher and Rosemary Mathias of TranSystems, Inc. Russell Thatcher served as the consultant for the TPB Demand Responsive Study.

Finally, the expertise and knowledge of the individual members of the Best Practices Working Group was utilized to develop the recommendations contained within this final report. From the first-hand experiences of the MetroAccess users to the expertise of the paratransit professionals, the Best Practices Working Group recommendations were shaped by the expertise, experiences and ideas of the members of the working group.

Recommendations

The following 11 recommendations from the Best Practices Working Group of the MetroAccess Ad-Hoc Advisory Committee are the culmination of the working groups meetings, discussions, deliberations, research and prioritization efforts. All policy recommendations are noted by italics. Recommendations that have cost implications for WMATA, including recommendations 3, 4, 5 and 7, were discussed at the final meeting Ad Hoc Committee on May 24.

The final set of recommendations from the Best Practices Working Group were broken down by recommended implementation time frame—short-term, mid-term and long-term—and are accompanied by the Best Practices Working Groups agreed upon top three priorities from the full list of recommendations.

Short-Term (Within 2 months)

1. WMATA should improve customer service and communication immediately

A. The MetroAccess program needs a “Customer-First” focus.

- A “Customer-First” focus should be specified in a mission statement, adapted in management strategies, and embedded in personnel training and staff meetings
- Sensitivity training should be provided to reservationists, dispatchers and drivers to provide a better understanding of various mobility needs as well as the psyche of customers with disabilities

- Supervisors should use the telephone system to randomly monitor reservationists' and dispatchers' Customer First focus
- B. WMATA should fully test advance technology (i.e. web-based reservations) and train employees and users on the technology before implementation. Until thorough testing and training is complete and the MetroAccess system is running smoother, advanced technology should not be "rolled out". Pre-testing advanced technology with consumers is an important prerequisite.
 - C. WMATA should ensure stranded passengers calling after normal business hours have the option to quickly contact an employee for help and that consumers understand the availability of this option. (The "Where's My Ride" line now has a recorded message telling customers that someone is available to assist people after normal business hours).
 - D. WMATA should clearly communicate to customers MetroAccess policies and allow customers to comment on proposed new policies
 - E. WMATA should distribute MetroAccess materials widely in accessible formats. The MetroAccess users guide should be distributed to visually-impaired MetroAccess customers in the accessible format of their choice (electronic, large print or Braille) by June 30, 2006. In addition, these media should be distributed via newspapers, and accessible newspaper reading services, such as the Metropolitan Washington Ear Radio-Reading, and Dial-In newspaper reading service, as well as the National Federation of the Blind's NewsLine dial-in newspaper services

2. WMATA and MV Transportation should further utilize scheduling and software strategies immediately

- A. *WMATA should reduce 14-day advanced reservation window to 7 days.* This policy change may benefit MetroAccess by decreasing the number of cancellations, including late cancellations and no-shows.
- B. MV Transportation should take greater steps to keep vehicles and drivers in familiar geographic areas.
- C. MV Transportation should assign standing order (template) manifests by area to individual schedulers to encourage familiarity with the street network and empower them to oversee the efficiency and effectiveness of these routes.

3. WMATA should use internal resources and hire an experienced paratransit consultant to evaluate the cost impacts of recommendations from the Best Practices Working Group, particularly door-to-door service, and examine any proposed MV Transportation cost increases. Results should be provided within 2 months.

Mid-Term (3 to 6 months)

4. WMATA should ensure that MV Transportation has adequate, experienced and stable staffing within 3 months

- A. WMATA should ensure that MV provides adequate staffing for the scheduling and dispatch functions to ensure effective service, which may require MV to increase its staffing levels.
- Each MV scheduler manages between 70 and 125 runs. A run is defined as a list of trips for a driver and a vehicle, and includes a pull-out and pull-in time. The paratransit best practice should have schedulers managing about 40-50 runs, if runs have 15 to 20 trips on average. This “best practice” range varies based on the number of subscription trips and the type of scheduling software program used.
 - Each MV radio dispatcher manages approximately 90 weekday runs. The paratransit best practice indicates that each radio dispatcher should manage no more than 30 runs each. If all the mobile data terminals (MDT’s) are functioning properly on all vehicles, a dispatcher could reasonably manage around 35 to 50 runs each.
- B. WMATA should ensure that MV Transportation pay and benefits attract experienced and stable workforce
- C. WMATA should periodically review staffing levels and turn-over rates for MV Transportation and sub-contractor employees to ensure adequate and stable staffing levels.
- D. MV Transportation should enhance employee training.
- MV should hold periodic refresher sessions to exchange “best tips”, allow schedulers, dispatchers, reservationists and drivers to exchange perspectives, and discuss disability sensitivity issues.

5. WMATA should strengthen contract oversight and monitoring within 3 months

- A. WMATA should increase the number of staff in the Office of MetroAccess to allow for:
- Performance data verification;
 - Service quality monitoring;
 - Customer service; and
 - Complaint resolution and response.
- B. WMATA should ensure adequate MetroAccess vehicle availability by increasing the spare fleet ratio to the contract requirement of 12%.
- The current MetroAccess spare fleet ratio is 10%. The industry best practice and FTA guideline for a spare fleet ratio is 20%.
 - WMATA should also begin work on a more thorough Capital Plan to manage vehicle and equipment purchases and maintenance and identify the required spare ratio as the fleet ages.

6. *WMATA should adopt a user-friendly late cancellation policy and monitor no-shows carefully within 6 months*

- A. Revise the current late cancellation policy to allow customers to cancel up to two hours prior to scheduled trip
- B. The first no-show is automatically forgiven, but the customer is automatically sent a written copy of the no-show policy
- C. Review chronic no-show subscription customers for needed changes
- D. Emphasize to customers that a late cancellation is preferable than being a no show for the trip
- E. Set fair and consistent guidelines for what constitutes an acceptable no-show
- F. Explore the possibility of a “rider reward” program

7. *WMATA should implement a door-to-door policy within 6 months*

- A. Enact a door-to-door policy, but reduce the required driver wait time from 10 to 5 minutes
- B. Train drivers on appropriate door-to-door assistance for passengers with disabilities
- C. Train dispatchers on added service dimensions required with door-to-door

8. *WMATA should develop a safety policy and a passenger assistance policy to clarify what users can expect from the service in terms of additional assistance beyond the curb or the door.*

- The policy would help clarify to MetroAccess customers and organizations serving persons with disabilities, including client centers for persons with developmental disabilities what is reasonable to expect from MetroAccess service. This item is related to recommendation 9 below.

Long-Term (6 months and longer)

9. *WMATA should clarify the relationship between human service transportation and ADA paratransit with regional and local partners within one year*

- A. Working with the National Capital Region Transportation Planning Board, WMATA should host a regional forum to bring stakeholders together to discuss potential partnerships to best serve MetroAccess customers with developmental disabilities in Montgomery and Prince George’s county
- B. WMATA should meet with the Maryland Secretary of Transportation and human service agencies to discuss how state and federal funding for public transit and human service transportation can be used to more effectively and efficiently serve consumers
- C. WMATA should work with local transit and human service agencies to increase travel training on the fixed route system within 6 to 9 months.

- D. WMATA should work with local transit and human service agencies to provide more efficient specialized transportation services that could reduce demand for MetroAccess paratransit.
- E. WMATA should work with local transit agencies to sensitize all bus drivers to the needs of seniors and passengers with disabilities, as part of the Customer First focus.

10. WMATA should examine the potential for a premium same-day service for MetroAccess customers in one year

- A premium same-day service for MetroAccess customers should be considered with the appropriate limits on the program. A user fare between \$5.00 and \$10.00 is suggested. The program should be limited in terms of maximum total cab fare allowed and/or total trip distance and perhaps even the number of same-day trips a MetroAccess user can take.
- As part of consideration of a premium same-day service, WMATA should work in conjunction with the local jurisdictions to ensure that each of the compact jurisdictions has accessible cab availability

11. The WMATA Board of Directors should host a Disability Awareness Event within one year

- Recognizing that awareness and attitudes greatly impact key decisions about transportation for persons with disabilities, the WMATA Board members should be offered the opportunity to participate in an awareness event where they would travel with people with disabilities on Metrobus, Metrorail and MetroAccess, similar to the TPB Access for All Disability Awareness Day. The Riders Advisory Council and the Interim Users Advisory Group should be involved in organizing the event.

Priority Recommendations

At the final Best Practices Working Group Meeting on May 15 each participant provided their top three priority recommendations. Some of these recommendations are policy issues, and they are referenced in italics. The following recommendations are the top priorities for MetroAccess as determined by the Working Group members:

- *WMATA should implement a door-to-door policy (Recommendation #7);*
- WMATA should improve customer service and communication (Recommendation #1); and

WMATA should require MV to increase staffing levels for scheduling and dispatch functions (Recommendation #4 A).



Metro Entertainment Program Executive Summary

Purpose:

As an integral part of the community, Metro has been opening doors and helping to positively shape communities for 30 years. Metro has been the literal conduit that connects people in this geographically and culturally diverse Washington Metropolitan region. As a natural extension to this vital role, staff proposes consideration of a Metro Entertainment Program to further integrate the community at large into the Metro experience thereby providing a more enjoyable and dynamic experience for customers and visitors.

Accordingly, staff is providing this information to the Board regarding similar programs at other transit systems and seeking the Board's guidance on the various approaches which could be pursued to implement such a program in the Metro system. If ultimately approved, staff also would seek the Board's approval to amend the Authority's Use Regulations to meet the needs of the program and to seek changes to ordinances in the jurisdictions that support WMATA's current Use Regulations governing entertainment in the Metrorail system.

Background:

Entertainment is a standard feature in major transit systems around the globe. As Metro operates a world-class system in a region that contains what is arguably one of the world's most important cities, it is appropriate to extend such a feature to those who ride the Metro system. The goal of an entertainment program would be to enliven and humanize the customer environment and to attract more riders and revenue to the system, most notably during off-peak hours when operating costs are fixed regardless of ridership levels. Moreover, by staging performances that attract both current and prospective customers, Metro entertainment sites become exciting destinations and further strengthen the system's integration into the vibrant life of the region. In effect, Metro would be a place to come to rather than just through.

Since its inception, WMATA has not authorized performances by performers inside Metrorail stations as its Use Regulations prohibit this sort of activity except by Joint Promotions partners, such as radio stations, with the purpose of generating off-peak ridership. On such occasions, the promotions occur in unpaid or "free" areas of stations. To support WMATA's original Use Regulations, the jurisdictions long ago enacted ordinances precluding performances underground in the Metrorail system. Therefore, if an entertainment program were approved, staff would be seeking changes to those jurisdictional ordinances to support WMATA's revised Use Regulations with regard to the Metro Entertainment Program. Note that while waiting for jurisdictional changes, the entertainment program could still proceed above ground with the needed WMATA Use Regulation changes.

Other Transit Agencies:

Entertainment programs have been launched successfully in other major markets, including transit systems in New York City, Chicago and Paris, where entertainment activities are authorized with varying levels of control. New York MTA has the most unique program in that performers/entertainers (e.g., actors, dancers, vocalists, musicians, jugglers, pantomimes, magicians, orators) audition for access to stations. Volunteer professionals from the arts and entertainment industry audition the applicants before they are granted a permit. Chicago Transit Authority allows performances at designated stations that have the proper space and structure to support entertainment venues. Paris Metro operates with less demand on structure and supports the playing of musical instruments in the transit system.

Proposed Metro Entertainment Program:

WMATA's Entertainment program could be structured in various ways, none of which is mutually exclusive.

1. One element is the expanded Joint Promotions Partnership model which would allow for partners (such as Ringling Brothers, Shakespeare Theater, Washington Performing Arts Society, etc.) to present specific performances to promote their events. These Joint Promotions Partners would not provide ongoing performances and would be event-related. Given the empirical nature of their professionalism, they would bypass the audition process.
2. The second element would build upon the existing Arts in Transit Program which consists of permanent artwork in the system. This element would seek sponsorship monies to support paid entertainment at various times and in varying locations within the Metro system.
3. The third element of the proposed program could be called the "open audition" model. This would entail an Entertainment Selection Committee comprised of individuals from artistic disciplines throughout the region who reflect diverse artistic and cultural viewpoints. A committee would convene periodically to conduct auditions to ensure that performers selected for the program demonstrate the talents and skills required of their respective art form. Entertainers would perform at scheduled locations, days and times.

ACTION:

Management is seeking guidance on the Board's general interest in an entertainment program in the WMATA system and specifically their interest in the various elements described above.



Metro Entertainment Program Executive Summary

Purpose:

As an integral part of the community, Metro has been opening doors and helping to positively shape communities for 30 years. Metro has been the literal conduit that connects people in this geographically and culturally diverse Washington Metropolitan region. As a natural extension to this vital role, staff proposes consideration of a Metro Entertainment Program to further integrate the community at large into the Metro experience thereby providing a more enjoyable and dynamic experience for customers and visitors.

Accordingly, staff is providing this information to the Board regarding similar programs at other transit systems and seeking the Board's guidance on the various approaches which could be pursued to implement such a program in the Metro system. If ultimately approved, staff also would seek the Board's approval to amend the Authority's Use Regulations to meet the needs of the program and to seek changes to ordinances in the jurisdictions that support WMATA's current Use Regulations governing entertainment in the Metrorail system.

Background:

Entertainment is a standard feature in major transit systems around the globe. As Metro operates a world-class system in a region that contains what is arguably one of the world's most important cities, it is appropriate to extend such a feature to those who ride the Metro system. The goal of an entertainment program would be to enliven and humanize the customer environment and to attract more riders and revenue to the system, most notably during off-peak hours when operating costs are fixed regardless of ridership levels. Moreover, by staging performances that attract both current and prospective customers, Metro entertainment sites become exciting destinations and further strengthen the system's integration into the vibrant life of the region. In effect, Metro would be a place to come to rather than just through.

Since its inception, WMATA has not authorized performances by performers inside Metrorail stations as its Use Regulations prohibit this sort of activity except by Joint Promotions partners, such as radio stations, with the purpose of generating off-peak ridership. On such occasions, the promotions occur in unpaid or "free" areas of stations. To support WMATA's original Use Regulations, the jurisdictions long ago enacted ordinances precluding performances underground in the Metrorail system. Therefore, if an entertainment program were approved, staff would be seeking changes to those jurisdictional ordinances to support WMATA's revised Use Regulations with regard to the Metro Entertainment Program. Note that while waiting for jurisdictional changes, the entertainment program could still proceed above ground with the needed WMATA Use Regulation changes.

Other Transit Agencies:

Entertainment programs have been launched successfully in other major markets, including transit systems in New York City, Chicago and Paris, where entertainment activities are authorized with varying levels of control. New York MTA has the most unique program in that performers/entertainers (e.g., actors, dancers, vocalists, musicians, jugglers, pantomimes, magicians, orators) audition for access to stations. Volunteer professionals from the arts and entertainment industry audition the applicants before they are granted a permit. Chicago Transit Authority allows performances at designated stations that have the proper space and structure to support entertainment venues. Paris Metro operates with less demand on structure and supports the playing of musical instruments in the transit system.

Proposed Metro Entertainment Program:

WMATA's Entertainment program could be structured in various ways, none of which is mutually exclusive.

1. One element is the expanded Joint Promotions Partnership model which would allow for partners (such as Ringling Brothers, Shakespeare Theater, Washington Performing Arts Society, etc.) to present specific performances to promote their events. These Joint Promotions Partners would not provide ongoing performances and would be event-related. Given the empirical nature of their professionalism, they would bypass the audition process.
2. The second element would build upon the existing Arts in Transit Program which consists of permanent artwork in the system. This element would seek sponsorship monies to support paid entertainment at various times and in varying locations within the Metro system.
3. The third element of the proposed program could be called the "open audition" model. This would entail an Entertainment Selection Committee comprised of individuals from artistic disciplines throughout the region who reflect diverse artistic and cultural viewpoints. A committee would convene periodically to conduct auditions to ensure that performers selected for the program demonstrate the talents and skills required of their respective art form. Entertainers would perform at scheduled locations, days and times.

ACTION:

Management is seeking guidance on the Board's general interest in an entertainment program in the WMATA system and specifically their interest in the various elements described above.

MEMORANDUM

TO: Chairman Connolly and NVTC Commissioners
FROM: Rick Taube and Adam McGavock
DATE: June 29, 2006
SUBJECT: Regional Transportation Items.

A. U.S. DOT Congestion Initiative.

As explained in the attachment, the U.S. Department of Transportation has launched a new initiative to focus its resources on traffic jams on highways and at ports and airports. Partnership agreements will be signed with communities to demonstrate new techniques to relieve congestion and state legislation will be encouraged to provide private sector investment incentives.

A new federal study commission that convened in late May is charged with finding revenues for transportation investments that will reduce congestion.

One of the components of this federal congestion strategy is to establish a "Corridors of the Future" competition to identify three to five major multi-state growth corridors and determine a process to identify fast-track funding for needed improvements.

B. Car Sharing Improvements.

Flexcar, one of two major car sharing firms competing nationwide, announced on June 20th that it has named a new CEO, Mark Norman, who previously was President of Daimler Chrysler in Canada. Also, AOL founder Steve Case increased the ownership share of Flexcar held by his company, Revolution Living, to 85 percent from 55 percent. This new financing will allow the addition within two months of 150 cars to its fleet in seven markets including Washington D.C.

Increased demand has led Arlington County to expand its car sharing program with Zipcar, the other major firm competing nationwide with 1500 cars in five metropolitan markets. Ten cars are being added at



five new locations. A survey showed 60 percent of customers postponed purchasing a vehicle because of car sharing.

C. 2006 APTA Public Transportation Fact Book.

Among the interesting facts in this year's edition containing data for 2004:

- 33 million U.S. weekday transit passenger trips in the U.S. (with over 400,000 daily trips Northern Virginia transit has over one percent of the total).
- About 17% of fixed-route buses use alternative fuels and 20% of buses on order will use such fuels.
- For FY 2004, WMATA is the third largest transit system in the US ranked by passenger trips (398 million) and fifth in passenger miles (1.96 billion).
- About 358,000 persons are employed in public transit nationwide with average compensation (including fringes) of \$58,000 annually.
- Public transit rail and bus fatality rates per 100 million passenger miles are 0.3, compared to automobiles at 0.8 (or only a third as great).
- Nationwide \$28.5 billion was spent on transit operations for 9.6 billion trips, or about \$3.00 per trip. Fares covered about \$1 per trip.
- Nationwide \$13.2 billion was spent on transit capital improvements.
- An estimated \$3 in sales results from each \$1 in transit capital investments and \$3 in sales for each \$1 of operating expenditures. For every \$1 in public funds invested in transit, \$4 to \$9 in economic returns are generated.

D. Mobility in Cities Database.

The International Association of Public Transport (IUTP) headquartered in Brussels has published a monograph describing a database with 120 indicators for 50 worldwide cities as of 2001 (with comparisons to 1995).

Among the findings:

- The cost of transportation varies from an average of 5% of Gross Domestic Product (GDP) in densely populated cities with strong public transport use, to over 12% in less densely populated cities with heavy reliance on auto use. This difference is more pronounced in developing countries with low per capita GDP.
- Annual energy consumption for travel is lowest in higher density cities with good public transit, biking and walking opportunities. For example, with a mode share of less than 45% for autos, cities average energy consumption 80% less than cities with auto mode shares of 75% or greater.
- Public transit consumes 2.2 times less energy (including electric power generation) and costs 1.6 times less on average (including capital investments) than automobiles per passenger-kilometer in the 50 cities.
- Public transit's mode share drops off sharply as more downtown parking is provided. With less than 100 parking spaces per 1,000 jobs, transit's mode share averages 40%, while more than 500 parking spaces per 1000 jobs yields transit mode shares averaging 9.5%.

E. Contactless Credit Cards – The Next Step In Regional Fare Payment?

With the increasing popularity of contactless bank and credit cards (contactless cards use a smartcard chip rather than a magnetic stripe, and can be read without contacting the reader device), transit systems are already hearing from their customers, wondering why they cannot simply tap their bank card at the faregate, rather than using a transit fare card. This is a fair question, and it is a question that many in the industry are also asking. On the surface, it makes perfect sense. Instead of using a credit card to load value on to a smartcard, why not cut out the middleman, and just use the credit card at the faregate or farebox? Unfortunately, it is not quite so simple, and there are several reasons that you will not be using your bank card to board a bus or pass through a faregate any time soon.

One major issue is that banks, credit card companies, and transit providers all have different priorities and requirements for how they want their contactless smartcards to function. These differences are not insurmountable, but neither are they trivial, and it will likely be five to ten years before these differences are overcome. Transit systems

should also think carefully before they tie themselves to a particular bank or credit card issuer, as there are serious long-term implications.

One major operational issue with using your bankcard at a faregate has to do with transaction time. Credit card companies are not particularly concerned with time it takes to read your card and process the transaction, and thus they don't mind if the transaction takes up to one second. It is still much faster than swiping a magnetic stripe card. For transit systems, transaction time is a huge concern. With large numbers of people queuing at faregates during rush hour, transactions must be as fast as possible to maintain passenger flow and avoid bottlenecks. In addition, if the transaction does not register almost instantly, most passengers will tap a second time, which could either trigger a pass-back error, or charge an additional fare. WMATA SmarTrip transactions currently take 80 milliseconds, and WMATA staff considers 300 milliseconds to be the absolute maximum that can be allowed for smartcard transactions. Most other transit systems have a similar standard. Until banks and credit card issuers configure faster reading chips on their cards, they will never be fast enough to work in a transit environment.

The next major problem with using your bankcard as a transit fare-payment device has to do with transaction history. Banks and credit card issuers do not care if you use their card to buy coffee in the morning, lunch in the afternoon, and go shopping for furniture in the evening. Previous transactions have no bearing on future transactions, and for that reason, there is no reason to maintain a transaction history on the card. For the transit industry, keeping a transaction history on a smartcard is essential. If you are boarding a bus, the card needs to know that you boarded another bus 20 minutes ago so that you can be given a free transfer. If you are entering a faregate, the card needs to know that this is your tenth rail trip, so that your ten-trip pass can be voided. And if your system, like WMATA, charges distance-based fares, the card needs to know where you "tapped" to enter the system, so that the correct fare can be charged when you "tap" at your exit station. To maintain a transaction history suitable for usage in the transit industry, banks and credit card issuers would have to either fundamentally change the way in which the chips in their contactless cards are configured (to allow history to be tracked), or allow transit agencies to place transit applications on the chips of the cards that they issue (a major security risk). Neither of these scenarios is impossible, but it is highly unlikely that either will happen anytime soon.

The third major hurdle for using a bankcard on transit is how to deal with massive numbers of small dollar transactions. To cover their cost of processing, credit card companies charge participating vendors a

percentage of each transaction. This percentage is based on the average transaction value for the millions upon millions of transactions that they process. The “break even” value of a transaction for a credit card company is said to be in the vicinity of seven dollars. What benefit would there be for a credit card company to process millions of transit fare-payment transactions, most of which would fall between one and two dollars? It is a money-losing proposition. The solution is to develop what is called a “micro-payment” strategy to deal with a large, consistent number of low-dollar transactions. There are several of these strategies that are currently in the development phase, and most of them involve grouping the transactions for batch processing at a later time. The problem with aggregating and batch-processing multiple smartcard transit fare payments is the fraud issue. If several days pass between the payment and verification, the potential for charge-backs increases dramatically, and it is the transit agency that will absorb those costs. Again, this is not an insurmountable problem, but it will take time to develop a solution.

Banks and credit card issuers are already approaching transit systems in the United States, offering to replace their entire electronic fare payment infrastructure of cards, readers and computer systems free of charge. All they ask is that they receive a small percentage of each transaction, and that their cards be the only ones accepted on that system. Transit systems should think very carefully before accepting that offer. Allowing a bank or credit card issuer to essentially assume the role of electronic fare collection would tie a transit system inextricably to the bank or credit card issuer, and put the system at the mercy of a very large and powerful corporation. The bank or credit card issuer could raise fees, change business rules, change requirements for hardware and software, all without any discussion. They could also pull out and leave anytime, leaving the transit agency with no smartcard system.

The idea of using your bank or credit card to board a bus or a train is appealing for a number of reasons, as it simplifies the payment process, reduces the number of cards that one must carry, and gives the consumer one less thing to worry about. However, for the reasons detailed above, transit users should not be expecting the convenience of replacing their transit smartcard with a bank or credit card any time soon.

COVER STORY

Closing the Gap:
 Will Banks and
 Transit
 Create a **COMMON**
 Contactless Card?



convenience

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convenience

Quick Read

IT SEEMS natural that banks and transit agencies, both using the same contactless payment technology, would create a single card that commuters could tap on readers to pay fares and for such small purchases as newspapers and coffee. But banks have mixed feelings about transit riders, and operators are busy creating regional smart card schemes, meaning progress may be slow even as other forms of contactless payment gain ground.

payme

Authority in Washington, D.C.

And they are encouraged by the recent rush by banks and credit card issuers to offer contactless cards—using fundamentally the same tap-and-go technology many transit operators use—that consumers can use to quickly make small purchases. If contactless smart cards can be used for daily purchases of coffee and newspapers, why not for subway, train and bus fares?

Agreeing on a technology standard is, for once, not the problem. Both banks and transit agencies are using contactless smart cards based on the same international contactless standard, ISO 14443. "The technology is converging," says David deKozan, vice president of mar-

cards in 2005, vendor association Eurosmart says; other vendor estimates put yearly demand at up to 150 million cards. With millions of riders each day in the biggest cities, transit represents, in theory at least, a prime market for issuers looking to gain revenue and top-of-wallet position for their contactless credit and debit cards.

Supporters of such schemes point to existing electronic-money and transit projects in Hong Kong and Tokyo, where rail operator JR East issues the Suica transit card with a retail e-purse. Later this year, the 2.6 million Londoners who use Oyster contactless cards for transit soon could have an electronic money application as well. Washington D.C. transit officials have begun a pilot with

WOULDN'T COMMUTERS in such big cities as New York, London and Taipei love to use one card to pay for subway fares and for lunch?

keting for U.S.-based Cubic Transportation Systems.

What is more, the idea figures to have appeal to financial institutions introducing contactless cards. After all, wouldn't the many commuters who use mass transit in big cities like New York, London and Taipei love to have one card that gets them on the bus and also pays for lunch? Both sides see the appeal, but they each have very different priorities and requirements, which means progress may be by fits and starts.

"The main challenge is definitely not on the technical issues, as the smart card technology could perform complicated transactions," says Tony Yeung, operations manager at Hong Kong mass rail operator MTR Corp., and chairman of the information technology and innovation commission for international transit association UITP. "The main challenge is to bring different parties together into balanced business relationships."

The potential for convergence is there, largely because more than 100 cities around the world have introduced chip cards for mass transit fare payment in the past decade since Seoul and Hong Kong pioneered use of the technology.

More contactless transit cards are being issued each year. Transit consumed an estimated 95 million smart

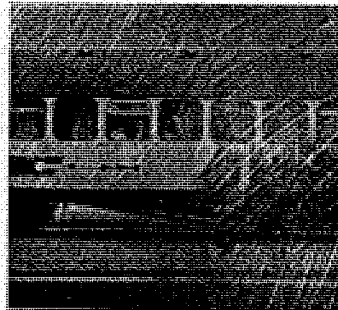
U.S. credit and debit card issuer Citibank that could involve 20,000 cards. In Singapore, QB Pte Ltd. has a contract to promote merchant acceptance of the ez-link contactless card issued by the main transit agency, the Land Transport Authority.

Financial institutions in South Korea issue credit cards that can be used for fare payment. Visa International, which says that since 2004 transit has been a common feature on Visa cards issued in South Korea, says card activation rates increase 27% and spending 9% when transit is involved. "We gave consumers another reason to use the cards," says Stephanie Ericksen, Visa International's vice president of product technology.

FOCUS ON RETAIL

But just because smart cards used for transit and retail purchases are close technological cousins doesn't mean the two sides will come together and flood the market with multiapplication cards anytime soon. For one thing, issuers of contactless payment cards have a big enough job now just getting the cards into the hands of consumers. "We continue to focus on the retail side for the time being," says Scott Rau, senior vice president, card services, for U.S.-based JPMorgan Chase & Co., which says it has issued more than 6 million contactless "blink" cards in the United States since June 2005 (see page 9).

Also, transit agencies are busy coming up with smart card schemes that can be used on neighboring, but different, transit systems, a process that often involves political and budgetary rivalries. Transit systems have



collection for Bay Area Rapid Transit, the largest of about two dozen transit operators in the San Francisco region. Another reason is that Octopus basically set up its own system for retail payments.

The Octopus e-purse is being used as a rough model by Transport for London as it adds an electronic purse to Oyster contactless transit cards, a TfL spokesperson says. TfL, though, cannot function as a bank. In mid-January, TfL was in final negotiations to add an electronic purse. Among the bidders were major banks Barclay's and Royal Bank of Scotland, along with a group that includes U.S.-based financial services company JPMorgan Chase, according to TfL. Transit and banking officials declined to comment further.

In southern Taiwan, banks are issuing the MasterCard-branded TaiwanMoney Card, which combines transit and retail functions on a dual-interface—that is, contact and contactless—chip that complies with the international EMV smart card standard. About 2,000 of the cards have been issued so far, says Art Kränzley, executive vice president at MasterCard International.

Seven cities in Taiwan worked together to help create this common transit card, which supports MasterCard's contactless credit and debit application, PayPass. Cards can be loaded at point-of-sale terminals and ATMs, and clearing and settlement takes place through cardholders' bank accounts, he says. Transit and nontransit payments will be made from separate purses.

In South Korea, at least a dozen issuers have in the past few years issued credit cards with contactless chips for transit fares, including postpaid fares. Commuters in Seoul can use the T-money transit and retail card. Updated transaction volumes for retail payments were not avail-

able, but an official involved with the project told *Card Technology* late last year that volumes were small.

Visa says its contactless cards issued in Korea have transit applications separate from the retail payment feature.

Cardholders can use their regular Visa accounts to buy transit passes, which are then stored on the chip, says Ericksen, the Visa vice president. Cardholders to cover fares from a prepaid transit account.

Issuers in South Korea and Japan also allow for

postpayment of fares. The Surutto-Kansai group, which operates transit for the Kansai region, Japan's second largest metropolitan area, since 2004 has issued postpaid "PiTaPa" cards. The group is made up of private transit operators, including those that also own department stores. The group collects fares monthly from cardholders' debit accounts. Customers can use the cards for retail purchases and to earn loyalty rewards. Cardholders undergo credit checks and face spending limits for both transit fares and retail purchases. A few credit card companies have also expressed interest in issuing cards.

Another model is to put a contactless chip for transit onto a card with a magnetic stripe for retail payment, as South Korean issuers have done in the past. That's what's also happening in a pilot in Washington, D.C. Since November 2004, a small number of Citibank magnetic stripe cards with 2K memory chips have been issued to commuters, says Garback, the agency's finance executive, as well as chairman of the Smart Card Alliance, a U.S.-based industry association. The pilot is scheduled to end in 2007, and will involve no more than 20,000 cards, according to current plans.

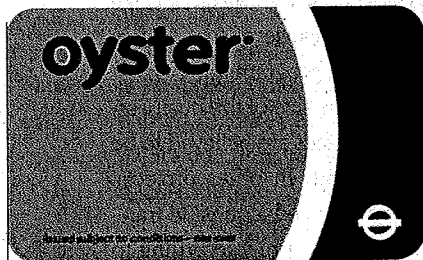
Convenience stores and cafes are located at exits and entrances of transit stations throughout the system, he adds. For now, the transit chips can be loaded at vending machines, but he hopes one day the cards could be loaded over the Internet, or tied to cardholder bank or credit accounts, something commuters can already do with transit-only smart cards in some cities. He declined to offer details about the progress of the pilot, and Citibank did not respond to requests for comment.

HESITATION FROM BANKS

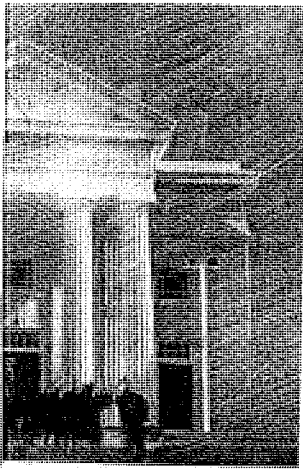
It is unclear just how interested banks are in working with contactless transit, especially with major banks mum about their plans. Garback says the interest is relatively light, but increasing. "Various agencies are getting into the conversation phase with banks," he says.

But the failure of previous bank-run e-purse programs, and the investment of European banks in contact smart card technology, may be giving them pause when it comes to transit, says Barjansky, of the RATP in Paris.

"Nobody has made money with an e-purse," he says. European issuers found it hard to make money on low-value retail purchases. Cardholders found that e-purses were inconvenient to load with value, and moved increasingly to debit cards. Barjansky adds that banks in Europe are busy with migrating to the EMV international



Oyster Card | The London transit card soon could have an e-purse.



smart card standard, making contactless transit less of a priority.

Another factor delaying efforts is that transit agencies are busy with their own fledgling smart card projects.

FIRST REGIONAL TRANSIT CARDS

In San Francisco, for instance, which has the third-highest median household income among major U.S. cities—and thus presumably commuters who banks would view as attractive customers—transit officials have been enthusiastic about establishing partnerships with banks. But for now their focus is on getting various Bay Area transit agencies to use a single smart fare card, a project that has been regularly delayed. Retail is not the main priority.

"This larger vision is just something that will have to wait," says Randy Rentschler, legislative director for the Metropolitan Transportation Commission, a San Francisco-area planning agency. He adds there has been little interest so far from banks about contactless transit in the Bay Area. "We really expected the banks to be the leaders," he says. "It surprised us that banks did not come in."

In the Netherlands, Trans Link Systems is developing a nationwide smart transit card. CEO Jeroen Kok says 10,000 cards have been issued so far, with 300,000 expected to be issued by the end of 2006. "Our philosophy is to first go with transit," he says. "That's difficult enough. There's still a lot of work to be done in this area (interoperable transit cards)."

Coming up with a common transit smart card is

would involve authorizing payments on the spot, the way bank cards work in many advanced countries. The alternative is to send those payments in batches overnight—this is called offline authentication. "The transit world is offline," says transit and contactless payment consultant Gary Yamamura, of U.S.-based Three Point Consulting.

Security and privacy also concern vendors and transit officials. But transit and payment functions could be divided on chips, with firewalls protecting the applications, says deKozan, of Cubic. This could be important because commuters might not want financial institutions to know where and when they use transit systems.

Another issue is how fees will be divided among transit agencies and card issuers, and whether new schemes will save transit agencies money.

"We don't want to pay any more than we pay today," says Barjansky. He could not say exactly how much the actual card, its delivery and management now cost except that it is no less than "several euros." At this stage, it is hard to say whether a transit operator would see savings if a bank issued that transit card.

As it stands, transit agencies are investing large sums of public monies on fare-collection upgrades and smart cards projects with no help from banks.

In the New York City area, for instance, the Port Authority Trans-Hudson commuter train system is testing a smart fare card system, a spokesman says. The test follows installation of new turnstiles in 13 rail stations, part of a \$69.9 million project. Long term, the agency hopes to play a part in expanding a smart card fare-collection

"OUR PHILOSOPHY is to go first with transit. That's difficult enough. There's still a lot of work to be done in this area."

probably the only concrete project that makes sense now for most transit agencies. That's because banks have shown few signs they are aggressively targeting the transit market, says Michael Laezza, vice president of sales for Australia-based transit systems vendor ERG Group.

Among the questions contributing to the hesitation is that of speed. Transit riders need to go through gates as quickly as possible; the top limit for a transit contactless transactions is about 250 milliseconds. Contactless transactions using the banks' "quick" EMV schemes are said to take a half second or more.

Another question is whether a joint card scheme

system to other New York-area transit agencies.

In effect, many transit agencies are becoming more involved in card issuing, not less. "If we are building the infrastructure and prove it works, could (the private sector) dream up a better solution?" asks Rentschler, who works with San Francisco transit agencies. "It's possible."

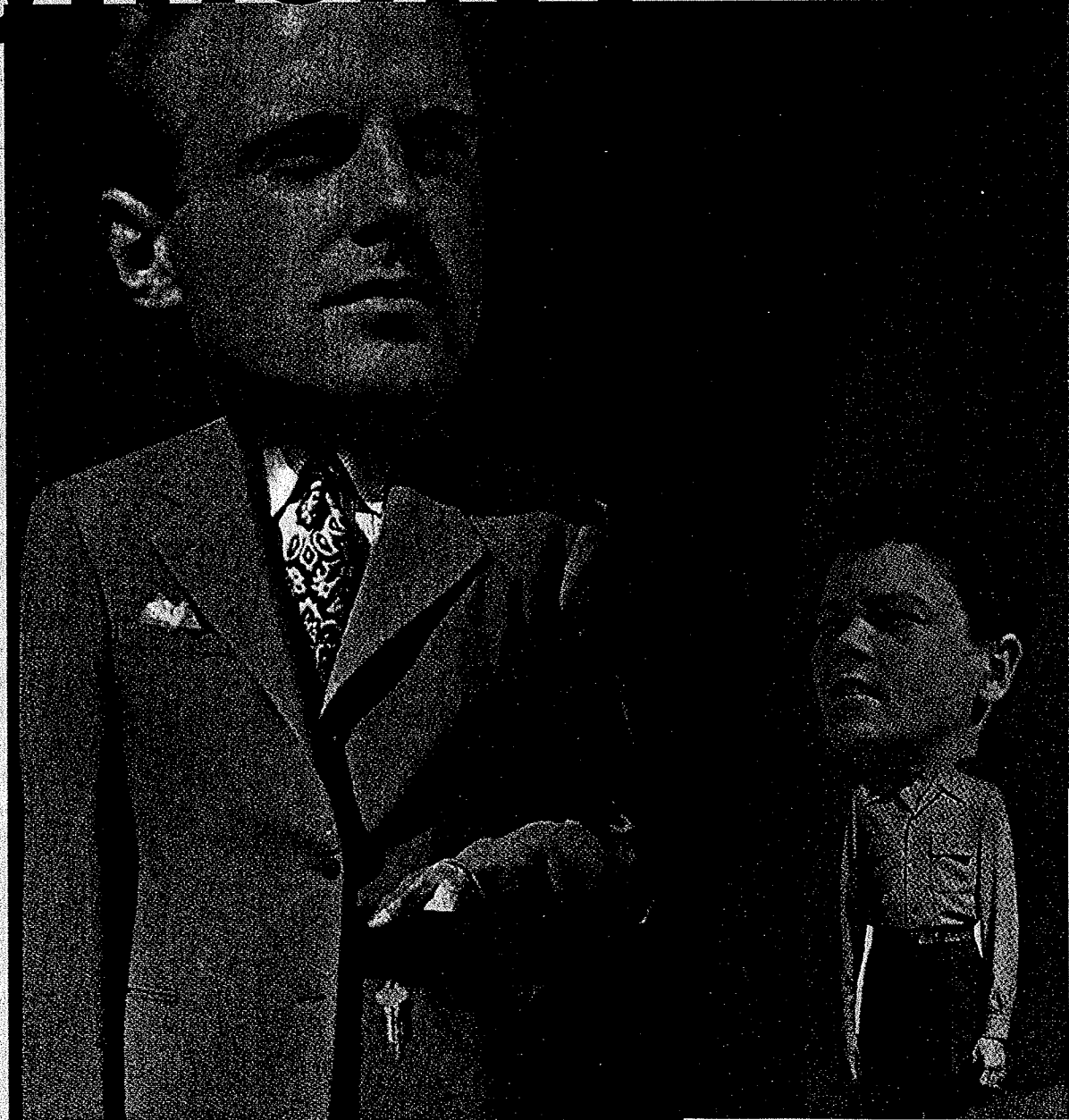
More talking between card issuers and banks is sure to come in 2006, especially if contactless payments prove popular among consumers, and transit agencies can successfully introduce smart fare cards that work across entire regions or nations. But it seems doubtful that agents will be able to leave ticketing booths anytime soon. **CT**

Contactless In New York: Time For A Reality Check

Nearly a year after contactless payment cards began to roll out, some merchants are seeing contactless transactions, while others wait and hope for more cards to be issued.

BY THAD RUETER

Payment?



Japan's Bold Move Into Mobile Credit

Hirokide Osaku, manager of the sixth floor of the flagship Kinokuniya bookstore in Tokyo's Shinjuku district, doesn't like the new point-of-sale reader from mobile network operator NTT DoCoMo, which allows his customers to tap their phones to make credit purchases.

He's had to make room for it on his counter and train his employees to use it. Just the same, he sees why Kinokuniya, Japan's largest bookstore chain, has rolled out new readers along with all new point-of-sale terminals at its 50 branches to accept DoCoMo's new "iD" credit brand.

"We didn't want other bookstores to get an advantage," he says. "Probably, in a few years, iD will be popular, so it's important to have it first."

DoCoMo is hoping other merchants in Japan will see this new way to pay as too good to pass up, but it isn't leaving things to chance. Japan's dominant mobile operator has been spending part of its cash hoard the past year buying up shares of merchant acquirers and, in a few cases, a stake in the merchants themselves. DoCoMo's goal is to have 100,000 stores and other merchant outlets accepting its brand of phone-based credit within the next year. It says

it was one quarter of the way toward achieving that goal at the end of March, with 25,000 outlets taking iD.

"This is something we can offer, a totally new value to the user, as well as to stores and credit card companies," Manabu Moriya, director of the credit brand at DoCoMo,

tells *Card Technology*. "The credit card market can grow due to the expanding range of our 'mobile-wallet' services, especially the smaller transactions, at supermarkets, convenience stores, and fast food."

And the operator upped the stakes last month, with the announcement of the much-anticipated launch of its own credit service, DCMX—the first time a mobile network operator has directly taken on banks and credit card



DoCoMo's Moriya | This is something we can offer that is totally new to the user.

companies for a share of merchant fees on retail transactions. (See story on page 52)

DoCoMo is leading Japan's grand experiment of

— continued on page 42

NY: Time For A Reality Check

Marianne Crimar works the day shift at the Little Pie Company of the Big Apple's store in the Chelsea district of lower Manhattan. Since January, she says, the store has accepted contactless payment cards, and even has a MasterCard International PayPass sticker on the front door.

Now if only her customers would start using contactless cards to buy pies, cookies, cakes and other baked goods.

"I haven't seen anyone use (contactless cards)," she says during a lull on a Thursday afternoon in March. The cards, which customers tap or wave at payment terminals, would save time at checkout, especially during holidays, when long lines can form. "I'm fast," Crimar says, "but not that fast."

About a year ago, JPMorgan Chase began to roll out its "blink" contactless credit card, first in Atlanta, then other cities, including New York. Chase had issued at least 7 million of the cards as of last month and others have followed. The American

contactless wave has drawn global interest.

At least 9 million contactless cards have been issued in the United States by American Express, and issuers

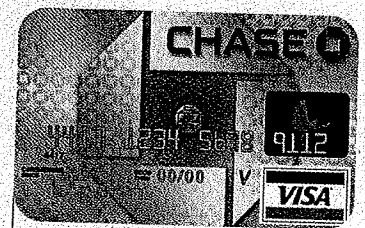
associated with MasterCard and Visa International. Contactless trials are taking place in Europe and Asia.

But the story about contactless, whether in New York City or Tokyo is one of cautious optimism and waiting, waiting, waiting.

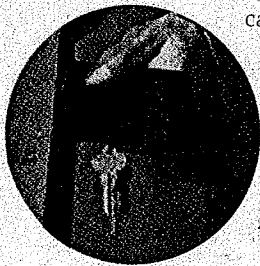
Several major merchants report growing, if still relatively small, use of contactless payment cards. A common plea from these merchants is for issuers to get more chip cards into consumers' wallets.

Detailed information about how many customers are using such cards remains hard to come by nearly a year into the contactless rollouts, though data

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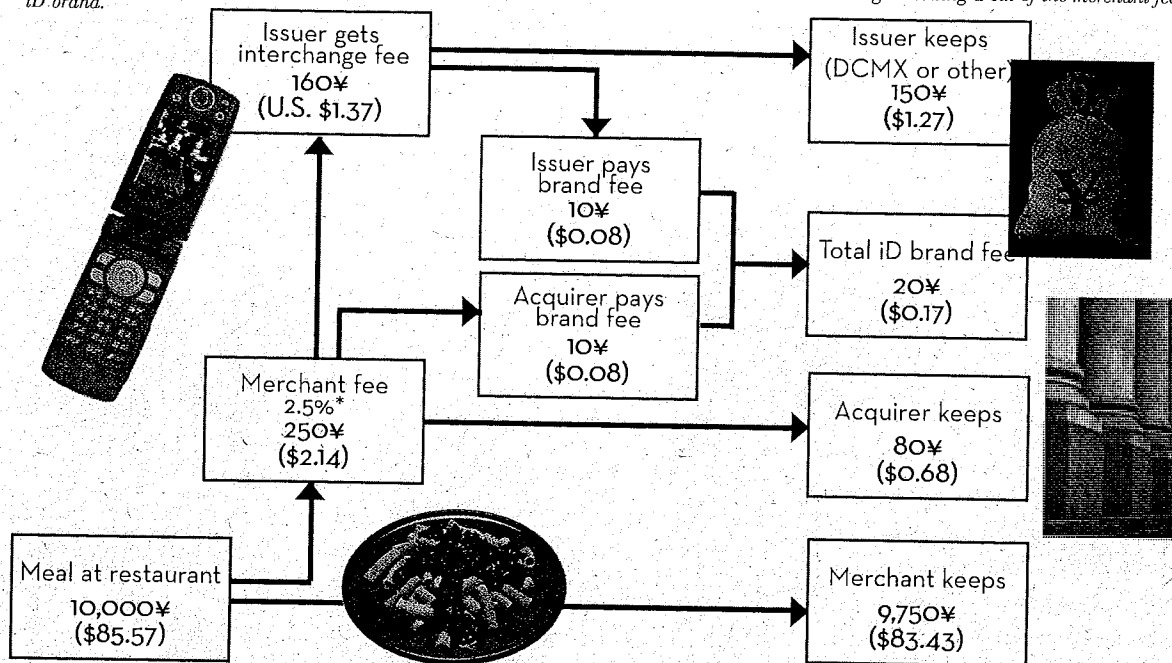
Going after cash | 'Blink' card is widely rolled out in New York area.



Japan's Bold Move Into Mobile Credit

DoCoMo's New Revenue Model

Japan's largest mobile network operator, NTT DoCoMo, has set up its own mobile credit brand, iD, and has signed up at least two credit card companies to issue applications for handsets. It will also become a credit issuer, with its "DCMX" service. It's counting on taking a cut of the merchant fees for this and the iD brand.



* While DoCoMo uses a 2.5% merchant fee as an example, it is below average for Japan, where merchant fees on payment card transactions range from 3% to 5%.

Source: NTT DoCoMo; graphic by Card Technology

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NY: Time For A Reality Check

Continued from page 40

has trickled out that suggests consumers are warming to contactless. Additionally, issuers and card organizations continue to push into new markets. This spring, for instance, one target has been major league baseball stadiums.

But even in New York City, where Chase has issued about 2 million "blink" cards, and where a marketing blitz has tried to convert more cash and conventional card transactions to chip, finding evidence of contactless payments is not easy.

In mid-March, *Card Technology* spent a day and a half in various parts of Manhattan visiting merchants who accept contactless cards and places where they would likely be used most often.

Half-hour stakeouts at three McDonald's, including one in busy Times Square, as well as two Duane Reade drug stores where clerks reported frequent use of contactless cards, failed to produce a single contactless transaction. Visits to other stores and restaurants that accept contactless payments—most of

them mom-and-pops and smaller chains—found clerks and managers who reported little use.

"Five people have used them in the past six months," says Bob Martin, owner of Andiamo, a fast food pizza restaurant in Manhattan. The speed of contactless transactions would help speed customers through his lines. "They (the issuers) didn't issue enough cards."

But issuers can't shoulder all the blame. Musette, a Manhattan bakery, has accepted a handful of contactless transactions since winter, according to Daniele Grösjean, who was working behind the counter. Yet the store has no visible sign saying it accepts contactless payments, and the payment terminal was hidden beneath the counter.

"There's not enough space on the counter," she explains, pointing to the spinach pies and other food that took up space near the cash register. Still, she adds, issuers and the card associations could create increased use of contactless payment cards by adver-

— continued on page 45

Japan's Bold Move Into Mobile Credit

Continued from page 42

combining credit cards with the ubiquitous mobile phone, carried by 90 million Japanese.

Since July 2004, the operator has sold more than 10 million phones embedded with contactless chips and short-range radio antennas that allow subscribers to tap the devices on readers for a range of services, from covering commuter train fares to paying for small purchases with electronic cash.



Visa's Yen | Visa's new contactless platform will not split Visa Japan's membership.

The operator has steadily increased the number of models of "osaifu-keitai," or mobile-wallet phones, it offers to 20. Only the newer models can accept downloads of a credit service, but it's clear

DoCoMo is pinning its mobile-wallet strategy on contactless credit. It hopes to collect at least 1.5% each time one of its subscriber's taps to charge a purchase. If they use another issuer's credit service stored on the same phone, DoCoMo would still take a "brand fee," as it strives to become the "Visa (International)" of mobile

credit, as one DoCoMo executive put it. (See chart on page 42).

DoCoMo hopes to tap a new revenue stream from payments to make up for stagnating revenue from its voice and data service. Industry sources have estimated a market in play of perhaps 60 trillion yen, or more than US\$500 billion, which takes in "low-value" purchases—3,000 yen or less. DoCoMo has also set its sights on higher-value transactions, even utility and medical bills.

To give its bold move into the world of consumer finance heft, DoCoMo a year ago paid nearly \$1 billion for a third of Japan's second largest credit card issuer Sumitomo Mitsui Card, part of one of Japan's largest banks, Sumitomo Mitsui Financial Group. In March, it announced a tie-up with Mizuho Bank, a subsidiary of Japan's No. 2 financial institution, Mizuho Financial Group. The two will jointly promote the iD brand and plan to put agents in each other's retail branches.

"There are three big banking groups in Japan: Mitsubishi (UFJ Financial Group), Sumitomo and Mizuho; DoCoMo is in two of them," says one observer.

Japan's other big financial institutions and its major card organizations are not sitting idly by as DoCoMo

NY: Time For A Reality Check

Continued from page 42

tising more.

It was different story at a Duane Reade pharmacy near 26th Street and Madison Avenue. A clerk at the front counter, declining to speak on the record, claimed "a lot" of customers are using contactless payment cards.

"It's easy to get a blink card," she said. The payment terminal, located at eye level and able to accept contactless cards branded by American Express, MasterCard and Visa, virtually stared the customer right in the face.

Duane Reade would not let individual store employees talk with the press on the record, but a company executive reported what he called "very good" data concerning contactless transaction volumes at the New York-based chain of 250 stores.

Chris Darrow, vice president and controller, says contactless payments make up 4% of card transactions at Duane Reade. Not counting drug purchases,

often made through health insurance, Duane Reade customers make 60% of their purchases with credit and debit cards. The average contactless transaction stands at about \$18. An average magnetic stripe credit card transaction is more than \$30, he says.

The chain started accepting contactless payment cards last year. American Express-, MasterCard- and Visa-branded cards make up roughly equal shares of magnetic stripe credit card transactions, but for contactless, MasterCard International is the clear leader. PayPass cards account for 70% of contactless transactions at Duane Reade, Darrow says. "MasterCard has gotten into the market much quicker than other (brands)," he says.

The picture is much the same in other areas. Sheetz, a 320-store convenience store and gasoline station chain based in Pennsylvania, is reporting fewer contactless transactions than expected. "The aggregate



Japan's Bold Move Into Mobile Credit

invades their turf. Mitsubishi UFJ, the world's largest bank in terms of assets, announced in March an agreement with Visa International to help Visa roll out its own contactless mobile credit platform throughout Japan. Mitsubishi said it would hand over the technology for its "Smartplus" mobile credit platform that its subsidiary UFJ Nicos launched late last year. Visa will incorporate this with the contactless payment specifications it is developing for Japan.

Visa in January dispatched Philip Yen, head of emerging products and technology for the Asia-Pacific region, to Tokyo. There he is helping oversee Visa's response to the DoCoMo challenge. Visa has already signed up a few of its smaller credit-card issuing members for the platform, which it plans to launch in May or June. The card organization and one of its members, Mitsubishi UFJ, predict they'll have 2 million handset-



waving consumers spending with the brand at 100,000 merchants outlets by 2008.

Yen, last month, was doing his best to play down the DoCoMo threat. "I need to thank DoCoMo for trying to open the (credit) market," he tells *Card Technology*. He also says the agreement with Mitsubishi UFJ won't damage relations with Sumitomo Mitsui, which has been Visa Japan's largest member. The Visa platform is open to all members, says Yen.

JCB, Japan's No. 1 credit card issuer and acquirer, was also minimizing the DoCoMo challenge. If DoCoMo can help break Japanese consumers of their attachment to cash, so much the better for all the players, says JCB. "Of course, there will be competition," says Atsushi Yoshida, of JCB's Brand Relations Promotions Group. "First, we have to increase the contactless market."

That's the official line, anyway. Last fall, JCB formed the "Mobile Payment Promotion Association," with more than 60 members, including DoCoMo's mobile operator

NY: Time For A Reality Check

numbers are not where we want them to be," says Rich Steckroth, manager of new business development. "The cards we expected to be out there by this time are not there yet."

He would not detail the number of contactless transactions except to say they are increasing. One encouraging sign for contactless backers is that he says the relatively few Sheetz customers who do use contactless cards are using them about 30% more frequently on average than customers who use magnetic stripe cards.



Art Kranzley | MasterCard exec says early results are in line with those of pilots.

But he adds Sheetz customers using contactless are spending "marginally" less per transaction than customers using magnetic stripe cards, though he declined to offer specific figures.

Customers are making "several thousand" contactless transactions each day throughout

the 547-store Wawa convenience store and gas station chain, says Bob Riesenbach, the company's manager of new initiatives.

That's still a small percentage of the chain's overall transactions, he adds. The store operates in Delaware, Maryland, New Jersey, Pennsylvania and Virginia, and offers a Visa-branded Wawa 'blink' credit card tied to a loyalty program.

Chase still declines to release detailed transaction figures, saying only they are growing by a "double-digit" percentage rate.

"Across the board, we are seeing the number of 'blink' transactions continue to rise month to month," says senior vice president Tom O'Donnell.

Despite the lack of contactless transactions in Manhattan witnessed by *Card Technology*, O'Donnell says transactions there are, indeed, increasing, especially with busy merchants, such as Duane Reade and McDonald's. "But it's still very early," he says.

Data from card organizations and other issuers were sketchy as well. MasterCard International, with at

rival KDDI, along with several credit card companies. JCB formed the group ostensibly to promote interoperability among the budding mobile credit brands. But it quickly became clear the "preferred" brand for this group would be "QUICPay," which JCB launched in 2004 for contactless cards and has expanded to credit applications on contactless mobile phones.

While JCB has invited DoCoMo and its partner Sumitomo Mitsui to join the group, they'd presumably have to give up iD, which DoCoMo is unlikely to do.

Besides the extra revenue from the credit business, DoCoMo is counting on its brand, among other new services and handset features, to keep subscribers loyal after next fall. That's when Japan finally permits subscribers to move to other operators while keeping their phone numbers. Number portability usually costs the dominant mobile operator in a market and DoCoMo, with 50 million subscribers, enjoys a 55% market share in Japan.

Far from just holding on to what it has, DoCoMo hopes iD will win it additional customers, an idea competitor UFJ Nicos scoffs at.

"Consumers don't change their handsets for payments," says Hidetoshi Yamada of the company's IT Business Planning Group. "If they want to pay at a restaurant with handsets, they may add the credit cards, but they don't change (operators)." On the other hand, Smartplus has been available on wallet phones from all three of Japan's major operators, including DoCoMo. The same would be

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least 5 million PayPass cards in circulation, declined to offer specifics about how the cards are being used by consumers.

But Arthur Kranzley, MasterCard's executive vice president who oversees PayPass, says results so far are "consistent" with results from a nine-month PayPass trial in Orlando that ended in September 2003.

That trial involved 16,000 cardholders and 60 retailer locations, including Boaters' World, Chevron gas stations, the Loews Universal Cineplex movie theater and parking spaces operated by the city of Orlando. PayPass users spent an average of \$21 per transaction, with 80% of transactions less than \$25. Merchants reported a 12% increase in transaction volumes.

To get more consumers to use contactless payment cards now that the rollouts have in full swing, MasterCard has run TV ads. And Chase has offered coupons through its blink Web site and run radio promotions.

Such efforts may be paying off. Consumers are much more aware of contactless payments, according to survey results released last September by Atlanta-based Synergistics Research.

It polled 613 American consumers 18 and older. One in five said they were aware of contactless payments, up from one in seven in 2004. "That's a fairly significant jump," says Synergistics CEO William McCracken.

Of those respondents who said they were aware of contactless payments, 42% said they were very likely or somewhat likely to use contactless

— continued on page 48

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Japan's Bold Move Into Mobile Credit

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true when Visa takes over the Smartplus platform. While DoCoMo could banish rival credit brands from its phones, it has given no indication it's prepared to do this.



Yamamoto | The contactless credit concept will suffer without interoperability.

But if the competing mobile credit schemes in Japan—iD, QUICPay and Visa—weren't enough to confuse consumers, Japan also has two contactless e-purses, Edy and Suica e-money. The e-purses are available both on contactless cards and mobile phones.

It means consumers may not know where they can use their particular brand of mobile payment. Complicating matters is that some stores will take more than one brand. For example, DoCoMo's iD will be accepted at the nearly 1,400 am/pm convenience stores throughout Japan, which have accepted Edy for more than three years. About 6,700 FamilyMart convenience stores will take iD as well as Suica. And Seven & I Holdings, which runs 7-Eleven stores in Japan, the country's largest such chain, plans to launch its own contactless e-purse cards next spring, good

at its more than 11,000 outlets. The service is expected also to be offered on mobile handsets.

The jumble of schemes and acceptance points could kill the market before it gathers steam if the major players don't reach agreement for common readers at the point-of-sale, say some observers. Since the number of acceptance points for contactless mobile credit is already thin, the backers of the schemes would do well to make their readers interoperable, says Masayuki Yamamoto, former head of emerging technology for Visa Japan, now a consultant.

"Once you try one solution, iD, you might look for other iD merchants, but you don't find them," he said in March. "Then the next month, you try to use it and only see Smartplus (Visa), and you never try to use it again."

The brand backers say they do see a budding problem and are talking to each other about combining terminals. But there are several obstacles to overcome.

All the mobile credit brands use FeliCa contactless chip technology from Japan's Sony Corp., and a security system developed by Sony and DoCoMo for their FeliCa Networks joint venture. But contactless readers would have to pack more memory and processing power to support

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payments. "That's a very strong number," he says.

But the most recognized contactless product was ExxonMobil's Speedpass, which has been on the market for several years. That was followed by American Express's ExpressPay, MasterCard's PayPass, Chase's 'blink' and Visa's contactless offering.

Just how much consumer demand exists for contactless payment cards is uncertain, though.

When Citizens Financial Group in January began to issue PayPass debit cards, few consumers likely were aware of the ongoing contactless rollouts, says Lisa Stanton, Citizens' senior vice president and director of card products and ATMs.

The bank decided to issue the cards after it bought U.S. bank Charter One in 2004 and needed to reissue PayPass cards to Charter One customers.

"We needed to replace those cards anyway, and

update our logo," she says. "It was a great time to get both things accomplished."

Citizens had issued at least 1 million contactless debit cards by April, and had plans to start issuing PayPass credit cards in early spring.

Consumer response? That's still a mystery, even for this smaller issuer. "We haven't heard much of anything pro or con," she says. "No news is good news."

That's not necessarily so if the news one is seeking is evidence consumers are actually using the cards. Perhaps it is too early to get an accurate read on the success of contactless in America.

Merchants on the whole are optimistic the transactions will come, and issuers show no signs of slowing down their rollouts. It may just be a matter of time. **CT**

MEMORANDUM

TO: Chairman Connolly and NVTC Commissioners
FROM: Scott Kalkwarf and Colethia Quarles
DATE: June 29, 2006
SUBJECT: NVTC Financial Items for May, 2006.

Reports are attached for your information.

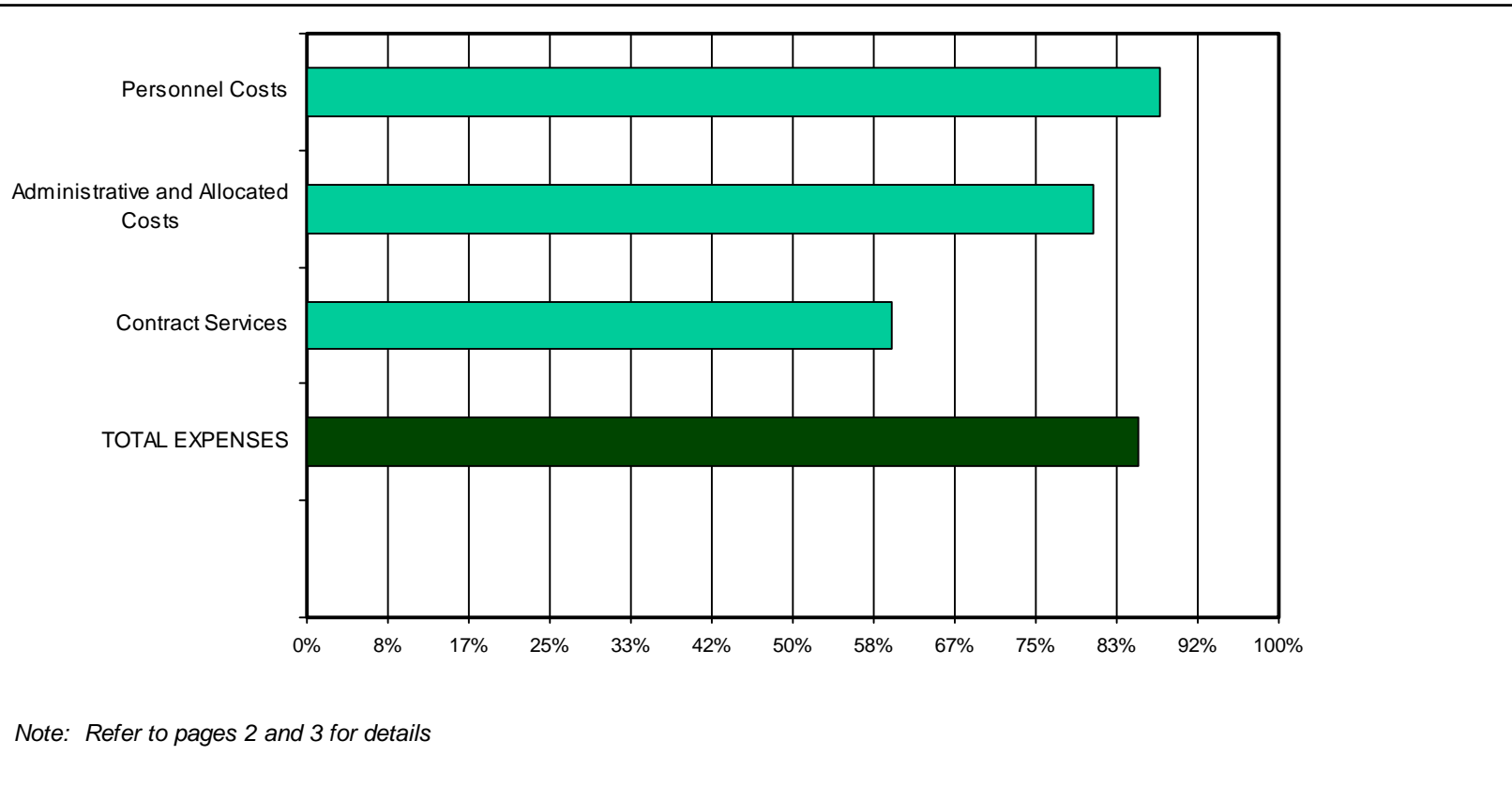


Northern Virginia Transportation Commission

Financial Reports

May, 2006

Percentage of FY 2006 NVTC Administrative Budget Used
May, 2006
(Target 91.67% or less)



NORTHERN VIRGINIA TRANSPORTATION COMMISSION
G&A BUDGET VARIANCE REPORT
May, 2006

	<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	\$ 50,420.38	\$ 572,394.07	\$ 612,384.00	\$ 39,989.93	6.5%
Temporary Employee Services	-	-	1,000.00	1,000.00	100.0%
Total Personnel Costs	50,420.38	572,394.07	613,384.00	40,989.93	6.7%
<u>Benefits</u>					
Employer's Contributions:					
FICA	3,383.56	39,194.89	40,869.00	1,674.11	4.1%
Group Health Insurance	6,330.86	42,685.65	92,749.00	50,063.35	54.0%
Retirement	3,890.75	44,437.80	48,800.00	4,362.20	8.9%
Workmans & Unemployment Compensation	25.57	3,613.80	3,000.00	(613.80)	-20.5%
Life Insurance	273.72	3,079.92	3,150.00	70.08	2.2%
Long Term Disability Insurance	269.61	2,878.88	3,902.00	1,023.12	26.2%
Total Benefit Costs	14,174.07	135,890.94	192,470.00	56,579.06	29.4%
<u>Administrative Costs</u>					
Commissioners Per Diem	900.00	12,050.00	13,800.00	1,750.00	12.7%
<i>Rents:</i>					
Office Rent	15,920.00	153,905.96	167,481.00	13,575.04	8.1%
Parking	13,700.00	142,945.96	156,681.00	13,735.04	8.8%
	2,220.00	10,960.00	10,800.00	(160.00)	-1.5%
<i>Insurance:</i>					
Public Official Bonds	100.00	3,329.80	3,850.00	520.20	13.5%
Liability and Property	100.00	1,399.00	2,000.00	601.00	30.1%
	-	1,930.80	1,850.00	(80.80)	-4.4%
<i>Travel:</i>					
Conference Registration	1,385.67	10,771.26	23,000.00	12,228.74	53.2%
Conference Travel	40.00	1,865.00	2,000.00	135.00	6.8%
Local Meetings & Related Expenses	1,195.40	2,229.09	5,000.00	2,770.91	55.4%
Training & Professional Development	150.27	6,373.17	12,000.00	5,626.83	46.9%
	-	304.00	4,000.00	3,696.00	92.4%
<i>Communication:</i>					
Postage	517.41	8,884.44	12,500.00	3,615.56	28.9%
Telephone - LD	18.00	3,564.67	6,000.00	2,435.33	40.6%
Telephone - Local	93.84	1,006.75	1,500.00	493.25	32.9%
	405.57	4,313.02	5,000.00	686.98	13.7%
<i>Publications & Supplies</i>					
Office Supplies	891.20	18,695.98	29,100.00	10,404.02	35.8%
Duplication	327.18	3,951.27	5,000.00	1,048.73	21.0%
Public Information	564.02	10,424.71	14,100.00	3,675.29	26.1%
	-	4,320.00	10,000.00	5,680.00	56.8%

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
G&A BUDGET VARIANCE REPORT
May, 2006

	<u>Current Month</u>	<u>Year To Date</u>	<u>Annual Budget</u>	<u>Balance Available</u>	<u>Balance %</u>
<i>Operations:</i>	-	12,887.62	23,500.00	10,612.38	45.2%
Furniture and Equipment	-	4,095.56	8,000.00	3,904.44	48.8%
Repairs and Maintenance	-	749.00	1,000.00	251.00	25.1%
Computers	-	8,043.06	14,500.00	6,456.94	44.5%
<i>Other General and Administrative</i>	383.99	5,720.49	6,400.00	679.51	10.6%
Subscriptions	-	-	500.00	500.00	100.0%
Memberships	100.00	2,007.00	1,300.00	(707.00)	-54.4%
Fees and Miscellaneous	283.99	2,587.12	2,600.00	12.88	0.5%
Advertising (Personnel/Procurement)	-	1,126.37	2,000.00	873.63	43.7%
40th Anniversary	-	-	-	-	0
Total Administrative Costs	<u>20,098.27</u>	<u>226,245.55</u>	<u>279,631.00</u>	<u>53,385.45</u>	<u>19.1%</u>
<u>Contracting Services</u>					
Auditing	-	11,875.00	17,700.00	5,825.00	32.9%
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>11,875.00</u>	<u>19,700.00</u>	<u>7,825.00</u>	<u>39.7%</u>
 Total Gross G&A Expenses	 <u>\$ 84,692.72</u>	 <u>\$ 946,405.56</u>	 <u>\$ 1,105,185.00</u>	 <u>\$ 158,779.44</u>	 <u>14.4%</u>

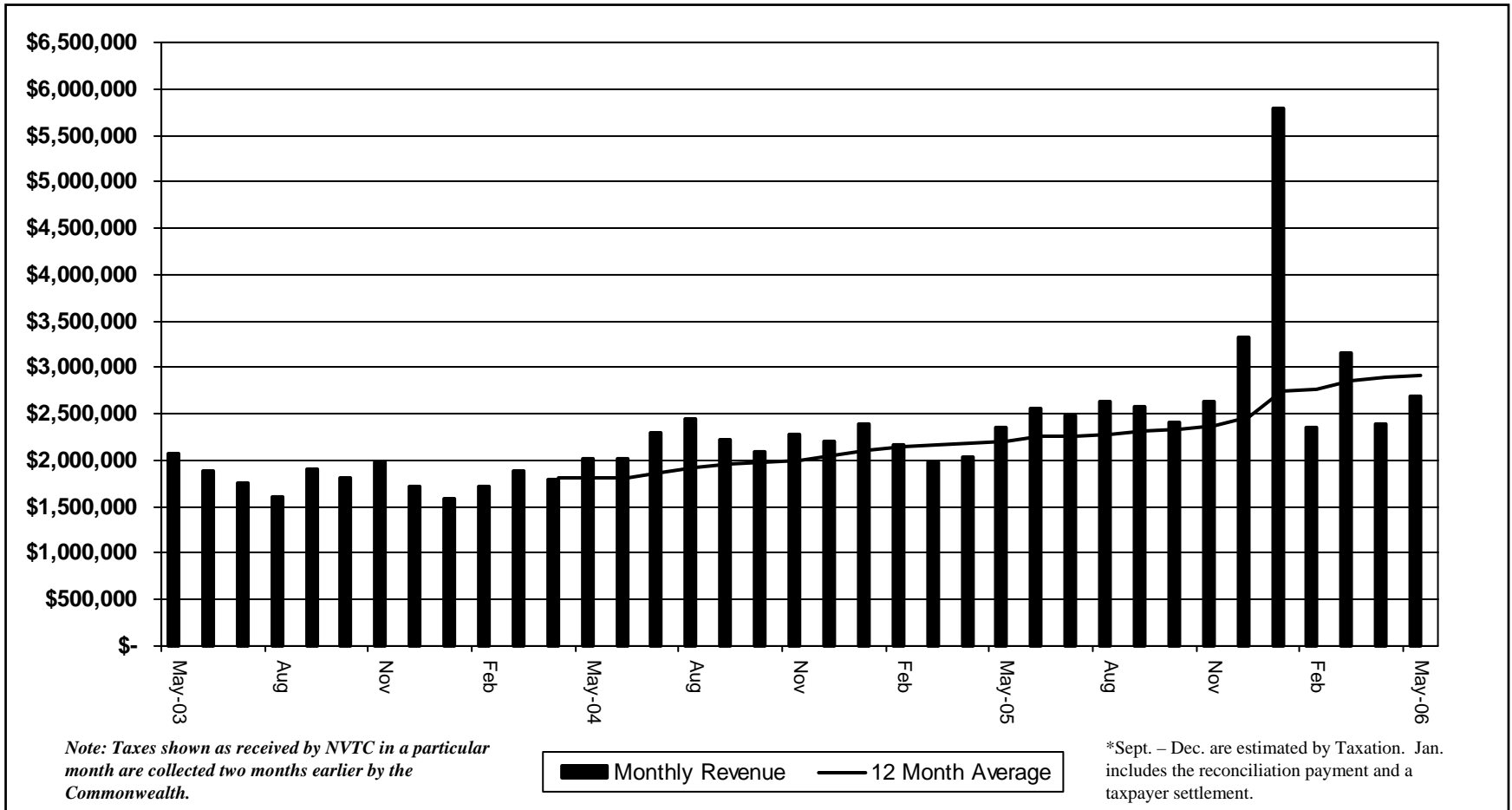
NVTC
RECEIPTS and DISBURSEMENTS
May, 2006

<u>Date</u>	<u>Payer/ Payee</u>	<u>Purpose</u>	<u>Wachovia (Checking)</u>	<u>Wachovia (Savings)</u>	<u>VA LGIP</u>	
					<u>G&A / Project</u>	<u>Trusts</u>
RECEIPTS						
4	Arlington County	G&A contribution		\$ 18,330.75		
5	DRPT	Capital grant receipt				3,232,354.00
5	DRPT	SmarTrip grant receipt			641.00	
5	VRE	Reimbursement for staff support		7,035.63		
9	Staff	Reimbursement of expenses		13.59		
12	Dept. of Taxation	Motor Vehicle Fuels Sales tax				2,691,817.62
17	FTA	SmarTrip grant receipt				7,136.00
17	DRPT	FTM/Admin grant receipt				5,000,604.00
31	DRPT	SmarTrip grant receipt				1,695.00
31	Banks	May investment income		1,017.11	2,069.34	324,758.85
			<u>-</u>	<u>26,397.08</u>	<u>2,710.34</u>	<u>11,258,365.47</u>
DISBURSEMENTS						
1-31	Various	NVTC project and administration	(97,870.11)			
18	IBI Group	Consulting - SmarTrip project	(8,919.76)			
18	Vollmer Associates	Consulting - Bus Data project	(8,940.13)			
25	City of Fairfax	Other operating				(127,493.16)
31	Wachovia Bank	May service fees	(58.01)			
			<u>(115,788.01)</u>	<u>-</u>	<u>-</u>	<u>(127,493.16)</u>
TRANSFERS						
11	Transfer	LGIP to checking	35,000.00		(35,000.00)	
19	Transfer	LGIP trust to LGIP project - Bus Data project			8,940.13	(8,940.13)
19	Transfer	LGIP to checking	16,000.00		(16,000.00)	
25	Transfer	LGIP to checking	50,000.00		(50,000.00)	
30	Transfer	LGIP trust to LGIP project - E schedule project			6,000.00	(6,000.00)
			<u>101,000.00</u>	<u>-</u>	<u>(86,059.87)</u>	<u>(14,940.13)</u>
NET INCREASE (DECREASE) FOR MONTH			<u>\$ (14,788.01)</u>	<u>\$ 26,397.08</u>	<u>\$ (83,349.53)</u>	<u>\$ 11,115,932.18</u>

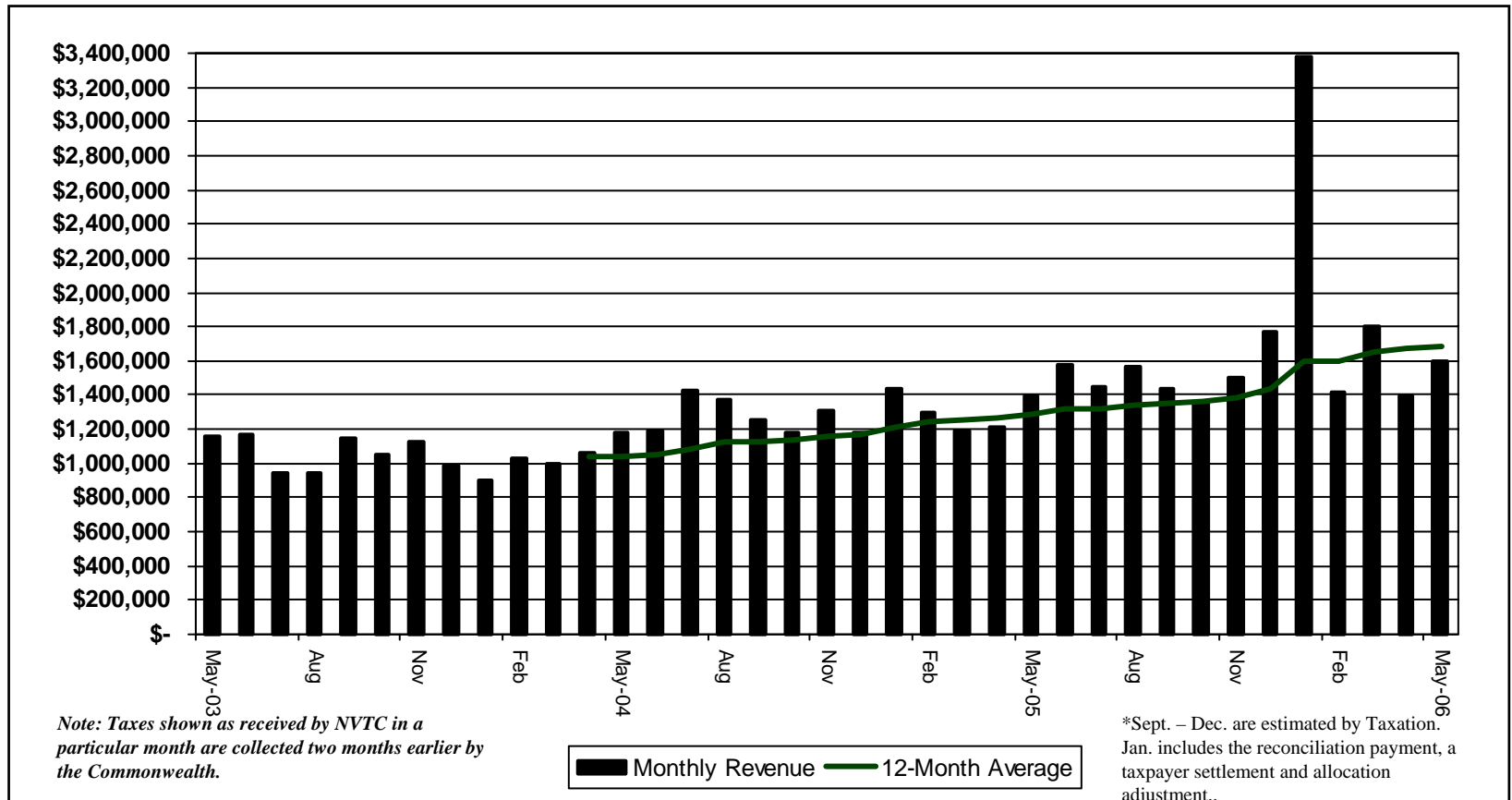
**NVTC
INVESTMENT REPORT
May, 2006**

<u>Type</u>	<u>Rate</u>	<u>Balance 4/30/2006</u>	<u>Increase (Decrease)</u>	<u>Balance 5/31/2006</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	\$ 36,224.11	\$ (14,788.01)	\$ 21,436.10	\$ 21,436.10	\$ -	\$ -
Wachovia: NVTC Savings	4.35%	243,348.89	26,397.08	269,745.97	269,745.97	-	-
<u>Investments - State Pool</u>							
Nations Bank - LGIP	4.87%	72,119,146.31	11,032,582.65	83,151,728.96	456,853.32	57,958,737.64	24,736,138.00
		<u>\$ 72,398,719.31</u>	<u>\$ 10,960,842.19</u>	<u>\$ 83,442,911.03</u>	<u>\$ 748,035.39</u>	<u>\$ 57,958,737.64</u>	<u>\$ 24,736,138.00</u>

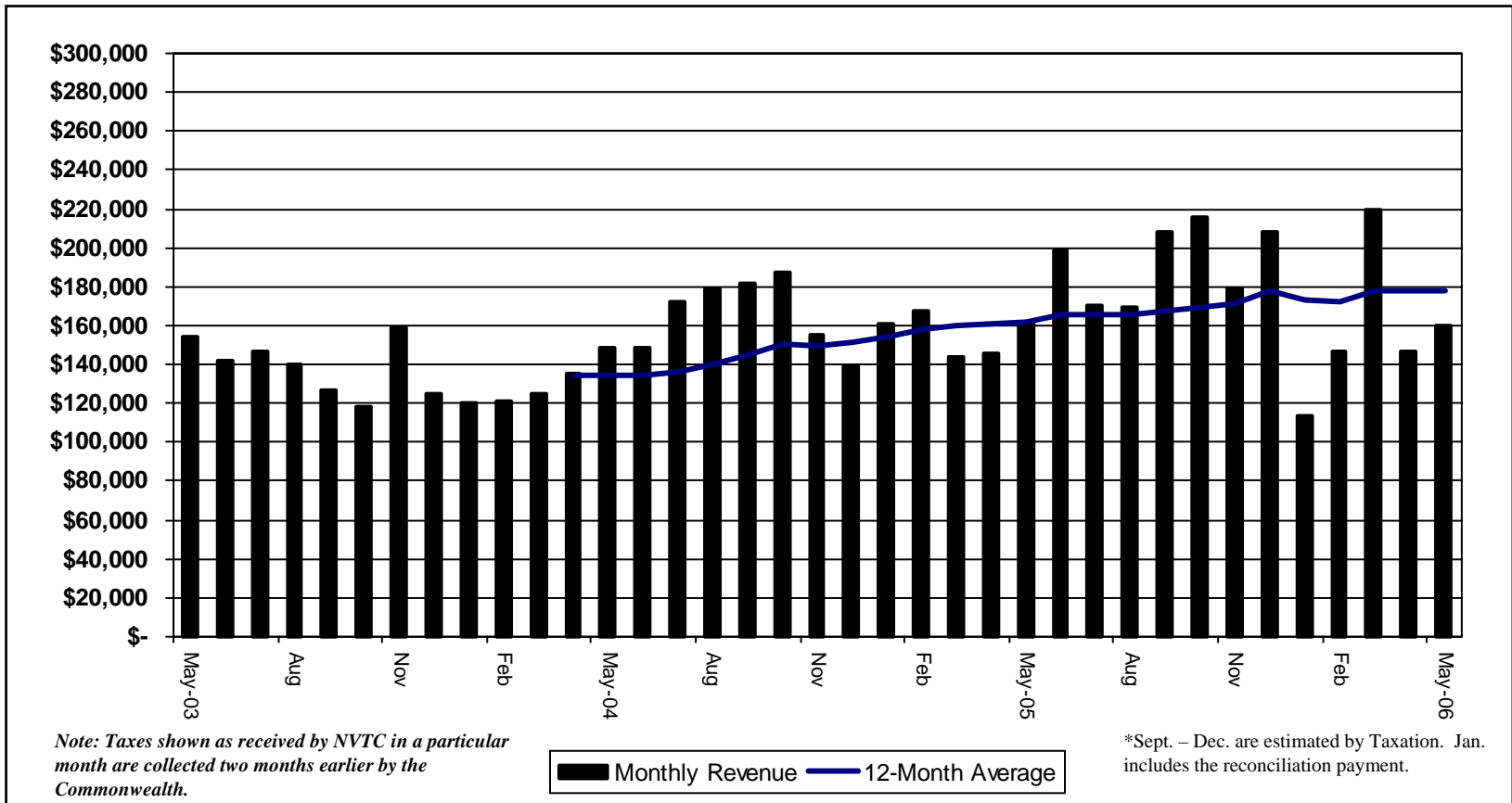
NVTC MONTHLY GAS TAX REVENUE ALL JURISDICTIONS FISCAL YEARS 2003-2006



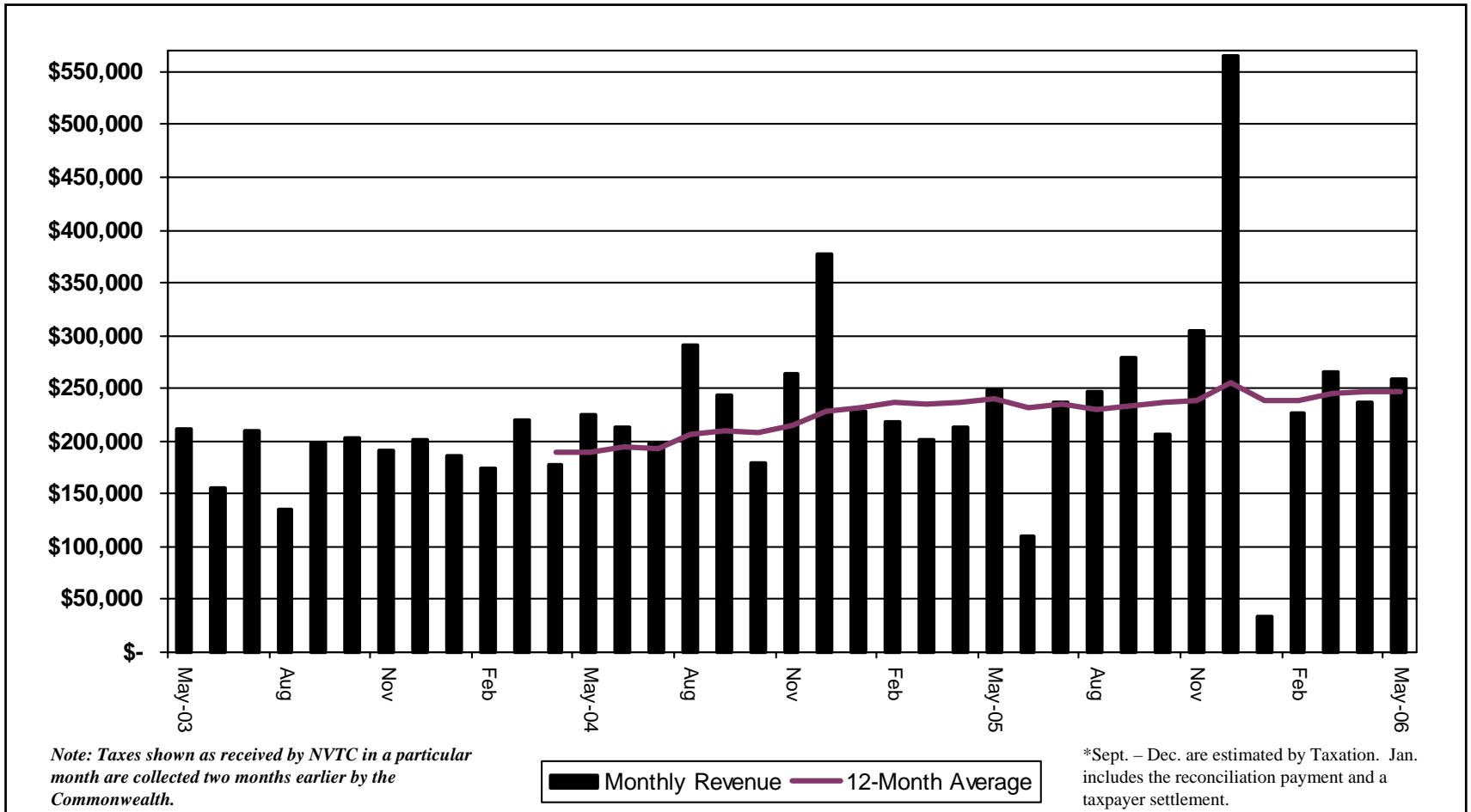
NVTC MONTHLY GAS TAX REVENUE FAIRFAX COUNTY FISCAL YEARS 2003-2006



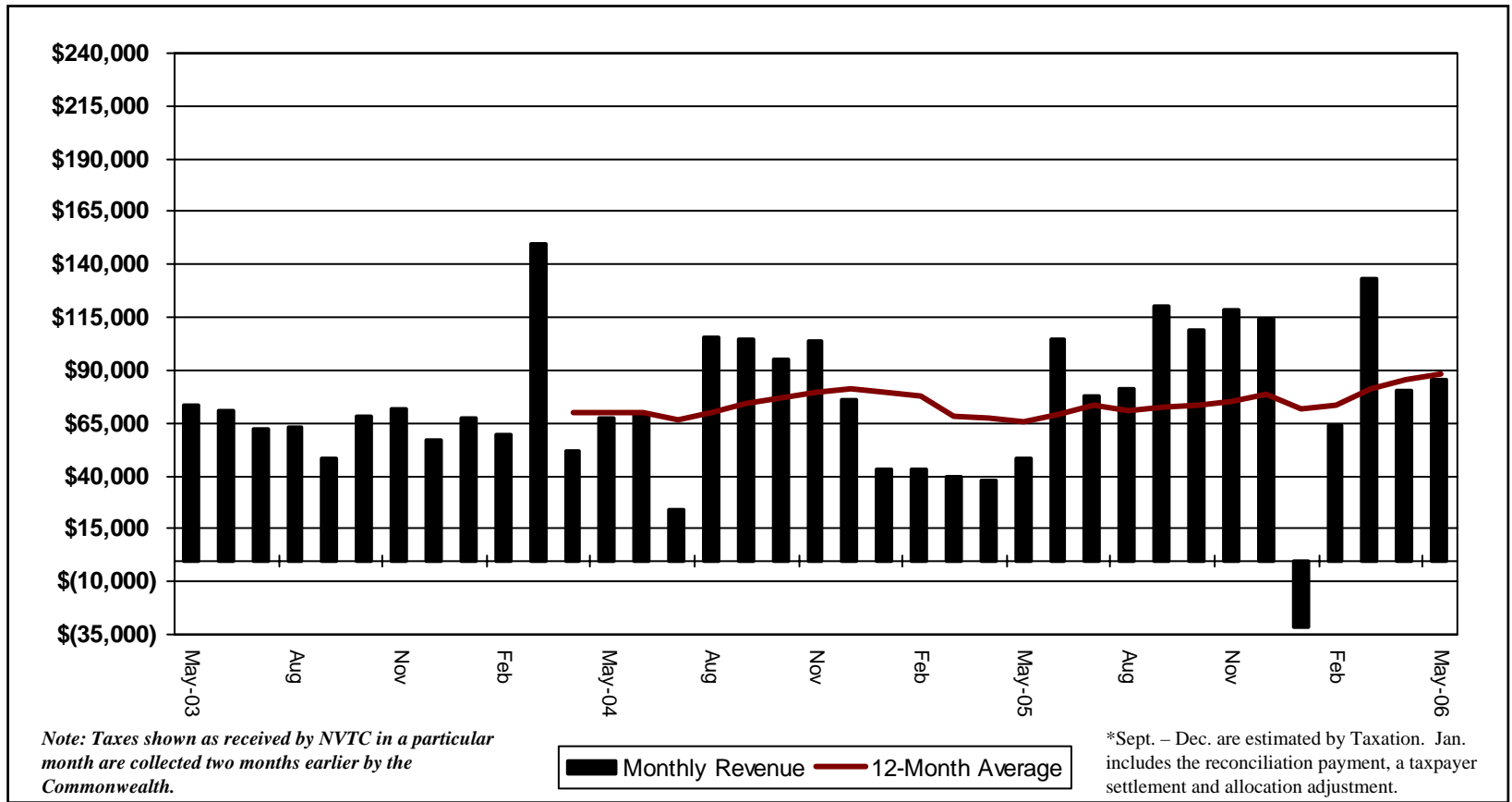
NVTC MONTHLY GAS TAX REVENUE CITY OF ALEXANDRIA FISCAL YEARS 2003-2006



NVTC MONTHLY GAS TAX REVENUE ARLINGTON COUNTY FISCAL YEARS 2003-2006



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

