



**NVTC COMMISSION MEETING
THURSDAY, FEBRUARY 1, 2007
5:30 P.M.**

**4TH FLOOR CONFERENCE ROOM 4 EAST
GENERAL ASSEMBLY BUILDING
RICHMOND, VIRGINIA**

Please note the special time and location of this meeting. NVTC will meet jointly with the Northern Virginia Transportation Authority.

AGENDA

1. Minutes of NVTC Meeting of January 4, 2007.

Recommended Action: Approval.

2. Award of Contract for Evaluation of Ozone Alert Free Bus Fares.

A review team of state and local staff is recommending award of a contract for evaluating the effectiveness of a revised program of free bus fares on forecast Code Orange and Red ozone alert days. Funds are provided entirely from the federal Congestion Mitigation and Air Quality program allocated by NVTA.

Recommended Action: Authorize NVTC's executive director to award a contract to MCV Associates, Inc. of Alexandria, Virginia and to issue the notice to proceed.

3. State Grant Applications for FY 2008.

NVTC's jurisdictions and VRE have documented over \$250 million of transit expenses eligible for state assistance.

Recommended Action: Approve Resolution #2052 that authorizes NVTC's executive director to submit the applications to DRPT.



4. VRE Items.

- A. Report from the VRE Operations Board (with minutes of the meeting of January 19, 2007) and from VRE's CEO—Information Item.
- B. Revised VRE Governance and Subsidy Proposal—Action Item/Resolution #2053.
- C. VRE FY 2008 Budget and Revised FY 2007 Budget—Action Item/Resolution #2054.

5. Correspondence.

Copies of several letters and notices are provided.

Information Item.

6. NVTC Financial Reports for December, 2006.

Information Item.

7. Legislative Items.

Joint Discussion with the Northern Virginia Transportation Authority.



AGENDA ITEM #1

MINUTES
NVTDC COMMISSION MEETING – JANUARY 4, 2007
NVTDC CONFERENCE ROOM – ARLINGTON, VIRGINIA

The meeting of the Northern Virginia Transportation Commission was called to order by Chairman Connolly at 8:11 P.M.

Members Present

Sharon Bulova
Gerald Connolly
Jeannemarie Devolites Davis
Adam Ebbin
William D. Euille
Paul Ferguson
Catherine M. Hudgins
Tanya Husick (DRPT)
Dana Kauffman
Thomas Rust
Scott Silverthorne
Paul Smedberg
David F. Snyder
Mary Margaret Whipple
Christopher Zimmerman

Members Absent

David Albo
Eugene Delgaudio
Jay Fisette
Joe May
Elaine McConnell

Staff Present

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



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Minutes of NVTC's Meeting of December 7, 2006

On a motion by Mrs. Bulova and a second by Delegate Rust, the commission unanimously approved the minutes. The vote in favor was cast by commissioners Bulova, Connolly, Devolites Davis, Ferguson, Hudgins, Husick, Kauffman, Rust, Silverthorne, Smedberg, Snyder and Zimmerman.

Election of 2007 Officers and Oath of Office

Chairman Connolly reported that NVTC's executive committee served as the nominating committee and has recommended the following slate of officers for 2007:

Chairman: Dave Snyder
 Vice-Chairman: Bill Euille
 Secretary-Treasurer: Chris Zimmerman

There were no further nominations and Mr. Ferguson moved, with a second by Mr. Smedberg, to approve the slate of officers. The vote in favor was cast by commissioners Bulova, Connolly, Devolites Davis, Ferguson, Hudgins, Husick, Kauffman, Rust, Silverthorne, Smedberg, Snyder and Zimmerman.

Chairman Connolly administered the oath of office to Mr. Snyder and Mr. Zimmerman. Newly elected Chairman Snyder expressed his pleasure and honor in serving with the other commissioners on NVTC. He presented a plaque to Mr. Connolly recognizing his service as last year's chairman. Mr. Connolly stated that it was a privilege to serve as NVTC's chairman. Despite a diversity of views, NVTC works well providing a common ground where transportation issues can be addressed through regional cooperation. He also thanked NVTC's General Assembly members for their efforts in seeking funding for this region's transportation needs.

Selection of NVTC Representatives to Boards and Committees

Chairman Snyder announced the following nominations for the WMATA, VRE and VTA boards, as well as committee assignments, for 2007:

WMATA Board

Principals: Dana Kauffman, Chris Zimmerman
 Alternates: Catherine Hudgins, Bill Euille

VRE Board

Principals: Sharon Bulova, Dana Kauffman, Elaine McConnell
 Alternates: Chris Zimmerman

Virginia Transit Association Board of Directors

Principals: Sharon Bulova, Chris Zimmerman

Alternates: Dave Snyder, Mary Margaret Whipple, Rick Taube

NVTC Legislative Committee

Gerry Connolly (Chairman)
 Dave Albo (House of Delegates)
 Mary Margaret Whipple (Senate)
 Bill Euille
 Paul Ferguson
 Scott Silverthorne
 Dave Snyder
 Eugene Delgaudio

NVTC Executive Committee

Dave Snyder, Chairman
 Bill Euille, Vice-Chairman
 Chris Zimmerman, Secretary-Treasurer and
 WMATA Board
 Dana Kauffman, WMATA Board
 Mary Margaret Whipple, General Assembly
 Gerry Connolly, Immediate Past Chairman

Mr. Zimmerman moved, with a second by Mr. Connolly, to approve the recommended selections for board and committee assignments, contingent on Fairfax County Board action at its January meeting. The vote in favor was cast by commissioners Bulova, Connolly, Devolites Davis, Ebbin, Ferguson, Hudgins, Husick, Kauffman, Rust, Silverthorne, Smedberg, Snyder, Whipple and Zimmerman.

Designation of NVTC Signatories and Pension Trustees

Chairman Snyder stated that Resolution #2047 would establish that Mr. Zimmerman, as the new Secretary-Treasurer, is eligible to sign NVTC documents, including financial transactions, and to serve as trustee of NVTC's Employees' Pension Trust.

On a motion by Mr. Connolly and a second by Mrs. Bulova, the commission unanimously approved the resolution (copy attached). The vote in favor was cast by commissioners Bulova, Connolly, Devolites Davis, Ferguson, Hudgins, Husick, Kauffman, Rust, Silverthorne, Smedberg, Snyder and Zimmerman.

Review of 2006 NVTC Accomplishments

NVTC staff provided highlights on progress made during 2006 on significant NVTC projects. Ms. Lynott reported on the Senior Transportation Study and as a result of comments made by Mrs. Hudgins at last month's meeting, staff is working to provide at least one group session in Spanish. Mrs. Hudgins suggested staff contact organizations that could provide free translating. Mr. Connolly stated that the Senior Korean Center would most likely be interested in helping if Korean translators are needed. Ms. Lynott also reported

that there has been strong support from senior center staff. Mr. Connolly stated that it is important to train senior center staff so they can turn around and train seniors.

Mr. Euille arrived at 8:22 P.M.

Mr. McGavock provided updates on the SmarTrip project, the regional customer service center, NTD data collection and the MARTHA project. Mr. Kalkwarf reported that he continues to monitor gas tax revenues and discovered over \$600,000 in gas tax revenue misallocated between NVTC jurisdictions. He has requested that the gas tax auditors begin doing a "desk review" to verify allocations.

Ms. Rodgers reviewed the work done on the I-66 Cordon traffic count. Six out of 10 commuters are using transit or HOV. Ms. Quintana reviewed the projects she has been working on for the last six months, including the electronic schedule project and public outreach. Commissioners listened to a four-minute story "Cities Lure White Collar Workers Onto Buses" that was reported on NPR news. Mrs. Hudgins stated that it would be helpful to hear what others are doing with bus service and how to move people to use buses. Chairman Snyder suggested Mrs. Hudgins request be included in the work program. He stated that it is important to look at ways to make bus service more reliable, attractive and available. Bus shelters are also important.

Mr. Connolly congratulated staff on their outstanding work over the last year.

Chairman Snyder observed that Mr. Euille had arrived and he administered the oath of office to Mr. Euille.

Public Hearing on and the Approval of NVTC's 2007 Workprogram and Schedule

Mr. Taube reviewed the draft workprogram and meeting schedule. A briefing on bus shelters will be held at the March meeting. The February meeting is scheduled to be held in Richmond so that NVTC's General Assembly members can participate. In regards to the workprogram, the three most important components are to advocate for more funding, fix VRE subsidy and governance concerns and get SmarTrip fareboxes installed on all Northern Virginia transit systems.

Chairman Snyder opened the meeting for public comment.

Ed Tennyson stated that his remarks are not meant to detract from NVTC's stellar performance, but there are issues that need to be addressed. He stated that the General Assembly must be told that part of their so-called surplus is caused by underfunding of transit operations. The law calls for 95 percent funding on non-labor transit expenses.

Mr. Tennyson also expressed his opinion that free bus fares should not be expanded for Code Orange days. He suggested that instead of free fares, a charge of 25-cents should be imposed, which will avoid waste and still support the program.

Regarding VRE's subsidy and governance issues, Mr. Tennyson stated that Arlington and Alexandria should be given a vote. Concerning Metro, NVTC should work with WMATA's new general manager to encourage Metro to restore efficiency and reliability. The proposed fare increase would reduce ridership, and thus add to congestion, pollution and traffic casualties.

Mr. Tennyson also stated that with the BRAC proposal for Fort Belvoir, the region must plan for Light Rail Transit on US 1, the Richmond Highway and from there to Springfield. Light Rail done right will lower operating costs per passenger-mile while boosting ridership and bypassing congestion. He also stated that Dulles Rail construction should start in 2007 because construction costs are rising. It is important for the region to identify the local matching funds required for this project. Mr. Tennyson provided NVTC with a copy of his complete comments.

There were no other citizens wishing to comment and Chairman Snyder closed the public hearing.

Mr. Zimmerman moved, with a second by Mr. Connolly, to approve NVTC's 2007 workprogram and schedule.

Chairman Snyder stated that Mrs. Hudgins comments on bus related issues should be included in the workprogram. He also expressed an interest in Light Rail and stated that he would like to see a study conducted. Mr. Connolly thanked Mr. Tennyson for his remarks and stated that they should be incorporated into the workprogram.

The commission then voted on the motion with the added comments and the motion passed. The vote in favor was cast by commissioners Bulova, Connolly, Devolites Davis, Euille, Ferguson, Hudgins, Husick, Kauffman, Rust, Silverthorne, Smedberg, Snyder and Zimmerman.

VRE Items

Report from the VRE Operations Board and VRE Chief Executive Officer. Mrs. Bulova urged commissioners to read the minutes of the December 15, 2006 VRE Operations Board meeting.

Consideration of Revisions to the VRE Master Agreement Relating to Governance and Subsidy Allocation. Mrs. Bulova reported that the VRE Operations Board has not completed its examination of these proposed changes to the Master Agreement. As discussed at the last NVTC meeting, several

concerns were raised and are being addressed. Also, significant increases in local subsidies in the proposed FY 2008 VRE budget have added a further complicating factor. The Governance Subcommittee is expected to meet on January 11th and the VRE Operations Board will discuss it again at its January 19th meeting.

Senator Whipple arrived at 8:55 P.M.

Washington D.C. to Richmond Third Track Feasibility Study. Mrs. Bulova reported that the feasibility study has been completed. DRPT's report, which was completed by HDR, Inc., does not rigorously address costs. It does offer a "minimum/partial cost estimate of \$684 million in 2006 dollars...for the construction of a nearly continuous third track," excluding costs of rights-of-way and a new bridge across the Potomac River. Electrification would add another \$953 million in 2006 dollars. In the report, DRPT suggests several follow up actions, including:

- Add \$20 million to complete already promised capital improvements;
- Complete a \$1 million, year-long alternatives analysis, perhaps involving the private sector through the PPTA;
- Complete environmental review and preliminary engineering for \$40 million over two years;
- Execute agreements with stakeholders; and
- Identify a dedicated source of funding.

FY 2008 VRE Budget and FY 2007 Budget Revisions. Mrs. Bulova moved, with a second by Mr. Connolly, to defer action on the budget until the next NVTC meeting to give the VRE Operations Board the opportunity to complete its examination of subsidy allocation and governance issues.

Mr. Connolly stated that it is important to give adequate time to the process so that the budget will reflect the subsidy allocation changes.

The commission then voted on the motion to defer and it passed. The vote in favor was cast by commissioners Bulova, Connolly, Devolites Davis, Euille, Ferguson, Hudgins, Husick, Kauffman, Rust, Silverthorne, Smedberg, Snyder, Whipple and Zimmerman.

Mr. Zehner reported that PRTC also deferred this action. He stated that there could be problems with the subsidy allocation issue. Mr. Connolly stated that if Fairfax County continues to pay 44 percent of the VRE budget, then it will insist on 44 percent of the vote.

Contract Amendment with Scheidt & Bachmann for Fare Collection Equipment Maintenance. Mrs. Bulova explained that the VRE Operations Board recommends approval of Resolution #2049, which would authorize VRE's CEO to amend the fare collection equipment contract with Scheidt & Bachmann to

provide one additional year of maintenance services for an amount not to exceed \$558,412, plus a contingency of \$29,500, for a total contract value not to exceed \$4,390,933.

Mr. Smedberg asked if VRE's fare collection system will be compatible with SmarTrip. Mr. Zehner stated that it is not currently compatible, but VRE is working to make it compatible.

On a motion by Mrs. Bulova and a second by Mr. Connolly, the commission unanimously approved Resolution #2049 (copy attached). The vote in favor was cast by commissioners Bulova, Connolly, Devolites Davis, Euille, Ferguson, Hudgins, Husick, Kauffman, Rust, Silverthorne, Smedberg, Snyder, Whipple and Zimmerman.

Extension of Railroad Operating/Access Agreements. Mrs. Bulova moved to approve Resolutions #2050 (CSXT) and #2051 (Norfolk Southern), which would authorize VRE's CEO to execute an extension of the existing amended operating/access agreements with CSXT and Norfolk Southern to July 31, 2007. Negotiations over new agreements have stalled over the level of required liability protection. Mr. Connolly seconded the motion. The vote in favor was cast by commissioners Bulova, Connolly, Devolites Davis, Euille, Ferguson, Hudgins, Husick, Kauffman, Rust, Silverthorne, Smedberg, Snyder, Whipple and Zimmerman. (Copies of the resolutions are attached.)

Award Contract for Hydrogen Fuel Injection Bus Demonstration

Mr. McGavock reported that NVTC issued a Request for Proposals for this state-funded demonstration. One proposal was received from Canadian Hydrogen Energy Corporation of Toronto, Canada for the purchase of four Hydrogen Fuel Injection (HFI) systems to be installed on four CUE buses. Fuel savings and emissions reductions will be measured. The company guarantees at least 10 percent reductions in fuel usage and there should be significant reductions in emissions.

Mr. Zimmerman moved, with a second by Mr. Connolly, to authorize NVTC's executive director to execute the contract and issue the notice to proceed.

In response to a question from Chairman Snyder, Mr. McGavock reviewed the technical aspects of the project. In response to a question from Mr. Zimmerman, Mr. Taube explained that the total contract amount would be \$55,000, NVTC received an \$86,000 grant from DRPT for this demonstration project, which will cover the costs of the HFI systems as well as the emissions testing to be done in West Virginia.

Mr. Connolly requested that for future meetings, staff include cost details and other important information in the memorandums.

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

Mr. Smedberg suggested issuing a press release.

Change Order for SmarTrip Farebox Contract

Mr. Taube reported that two local transit operators (Fairfax Connector and Alexandria DASH) would like to make changes to their existing SmarTrip equipment orders. Cubic is willing to provide and install this equipment as a change order to its existing contract with NVTC. Accordingly, the commission is asked to authorize the executive director to execute the proposed change order and to arrange with local jurisdictions to pay all of the costs totaling \$161,581. There would be no cost to NVTC.

Mr. Connolly, moved, with a second by Mrs. Hudgins, to approve the change order. The vote in favor was cast by commissioners Bulova, Connolly, Devolites Davis, Euille, Ferguson, Hudgins, Husick, Kauffman, Rust, Silverthorne, Smedberg, Snyder, Whipple and Zimmerman.

NVTC Draft FY 2007 Administrative Budget

Mr. Taube reported that the budget is the same as the preliminary budget that was presented to the commission in September. Traditionally, NVTC discusses its budget again in January prior to formal action in February.

In response to a question from Mr. Smedberg, Mr. Taube explained that Alexandria and Arlington's allocation in FY 2008 decreases but the proportion of funding that the jurisdictions received from NVTC also decreased.

Mr. Connolly expressed some concern regarding a quorum for the February meeting. He asked why the budget could not be adopted at this meeting. Mr. Taube stated that it has traditionally been formally adopted in February. In response to a question from Mr. Euille, Mr. Taube stated that local staffs have reviewed the budget.

Mr. Connolly moved, with a second by Mr. Zimmerman, to approve the budget. The vote in favor was cast by commissioners Bulova, Connolly, Devolites Davis, Euille, Ferguson, Hudgins, Husick, Kauffman, Rust, Silverthorne, Smedberg, Snyder, Whipple and Zimmerman.

Chairman Snyder stated that the action passed subject to legal counsel review and revoting if needed.

Legislative Items

Mr. Taube commended Senator Whipple, who has agreed to introduce legislation to provide the option of increasing per diem payments for local NVTC commissioners to receive the same amount as General Assembly members.

Chairman Snyder gave General Assembly members the opportunity to discuss legislative initiatives.

Senator Devolites Davis reported that she is filing a Northern Virginia Regional Transportation Bill and will make another attempt to get it approved. She stated that local government support is very important. Senator Whipple stated that she is also reintroducing legislation providing a 1/4-cent sales tax for Metro funding. Mr. Connolly observed that it's been 21 years since the gas tax has been increased.

Delegate Rust stated that he will introduce the same bill he introduced last Session, with one major change, dealing with recordation fees. His bill would provide well over \$300 million annually to NVRTA for Northern Virginia transportation projects.

Mr. Connolly expressed his personal view that NVTC should stay as flexible as possible on its positions to work with legislators to gain revenues. Chairman Snyder stated that the Executive Committee will monitor legislative initiatives and will keep commissioners informed. Commissioners had no objections to this approach. He thanked the legislators for their efforts in the past and in this upcoming General Assembly Session. Mr. Euille suggested NVTC send its legislative brochure to local Chief Administrative Officers.

In response to a question from Chairman Snyder, Ms. Quintana stated that a press release will be distributed regarding NVTC's Legislative Agenda.

Mr. Ebbin arrived at 9:32 P.M.

Metro Items

Proposed Budget for FY 2008. Metro staff proposed a budget that would require \$64 million of additional revenue, primarily through fare and local subsidy increases. Among the proposals is a call for greater use of congestion pricing by time period and station.

New General Manager. Mr. Kauffman announced that John Cato has been named WMATA's new general manager. His first day on the job is January 25th. Cato is a native of D.C. and has been serving as second in command at the Los Angeles MTA. He has particularly strong experience in bus operations and has pledged to continue customer service as Metro's top priority. Mrs. Hudgins stated that Mr. Cato should be invited to a future NVTC meeting.

Regional Transportation Items

Transportation Technology Summit. On December 7-8, 2006, the Center for Innovative Technology hosted a Transportation Technology Roundtable. The purpose of the event was to bring together numerous transportation and technology professionals from public and private organizations across Virginia. NVTC staff attended.

National Surface Transportation Policy and Revenue Study Commission. This commission, established by Congress in SAFETEA-LU, is due to report to Congress and the President by the end of 2007. NVTC's executive director has been invited to serve on the Blue Ribbon Panel of Transportation Experts.

Urban Partnership Agreements. The USDOT has announced more details about its program to encourage pilot projects of value pricing in congested urban areas. NVTC will host a meeting and state, regional and local staff on January 5th to begin to consider whether the region should seek to participate.

NVTC Financial Items for November, 2006

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

Adjournment

On a motion by Mr. Zimmerman and a second by Mrs. Bulova, the commission unanimously agreed to adjourn. Chairman Snyder adjourned the meeting at 9:35 P.M.

Approved this 1st day of February, 2007.

David F. Snyder
Chairman

Christopher Zimmerman
Secretary-Treasurer

NVTC

Northern Virginia Transportation Commission

RESOLUTION #2047

SUBJECT: Designation of NVTC Signatories and Pension Trustees.

WHEREAS: The Honorable Chris Zimmerman has been elected Secretary-Treasurer of NVTC for 2007; and


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

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

Hon. Chris Zimmerman	Secretary-Treasurer
Richard K. Taube	Executive Director
Scott C. Kalkwarf	Director of Finance and Administration
Coethia Quarles	Assistant Financial Officer

Approved this 4th day of January, 2007.


Chris Zimmerman
Secretary-Treasurer


David Snyder
Chairman



NVTC Northern Virginia Transportation Commission

RESOLUTION #2049

SUBJECT: Contract Amendment with Scheidt & Bachmann (S&B).

WHEREAS: On June 16, 2000, the VRE Operations Board authorized a contract with S&B for the delivery of a new fare collection system;


WHEREAS: On October 31, 2002, the system was accepted and maintenance support began;

WHEREAS: The current maintenance agreement is set to expire on January 31, 2007; and

WHEREAS: VRE needs to keep its fare collection system in operation.

NOW, THEREFORE BE IT RESOLVED that the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to amend the Scheidt & Bachmann (S&B) contract to add one year of maintenance services including additional spare parts, in an amount not to exceed \$558,412, plus a contingency of \$29,500, for a total contract value not to exceed \$4,390,933.

Approved this 4th day of January, 2007.


Chris Zimmerman
Secretary-Treasurer


David Snyder
Chairman



NVTC Northern Virginia Transportation Commission

RESOLUTION #2050

SUBJECT: Extend CSXT Operating/Access Agreement.

WHEREAS: The commissions currently have an amended Operating/Access Agreement with CSXT relating to VRE operations in the Fredericksburg to Washington corridor, with said agreement extension ending on January 31, 2007;

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

WHEREAS: A proposal to extend the existing agreement to July 31, 2007, without any changes to the current agreement, is expected from CSXT;

WHEREAS: The purpose of this extension is to allow time to negotiate and resolve the outstanding liability issues; and

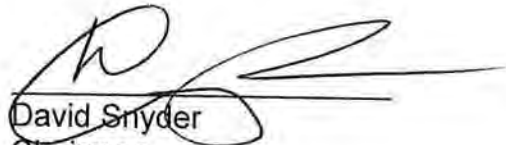
WHEREAS: Necessary funding has been incorporated into the FY 2007 budget to allow VRE to continue its operations over CSXT tracks via this contract extension.

NOW, THEREFORE BE IT RESOLVED that the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to execute an extension of the Amended Operating/Access Agreement with CSXT through July 31, 2007.

Approved this 4th day of January, 2007.



Chris Zimmerman
Secretary-Treasurer



David Snyder
Chairman



NVTC

Northern Virginia Transportation Commission

NVTC

RESOLUTION #2051

SUBJECT: Extend NS Operating/Access Agreement.

WHEREAS: The commissions currently have an amended Operating/Access Agreement with NS relating to VRE operations in the Manassas to Washington corridor, with said agreement extension ending on January 31, 2007;

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

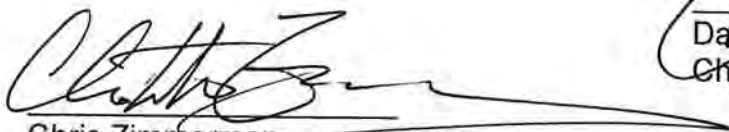
WHEREAS: A proposal to extend the existing agreement to July 31, 2007, without any changes to the current agreement, is expected from NS;

WHEREAS: The purpose of this extension is to allow time to negotiate and resolve the outstanding liability issues; and

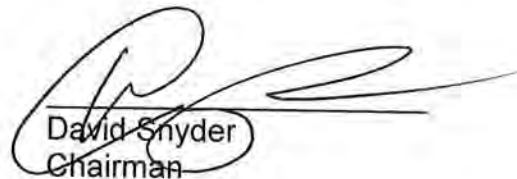
WHEREAS: Necessary funding has been incorporated into the FY 2007 budget to allow VRE to continue its operations over NS tracks via this contract extension.

NOW, THEREFORE BE IT RESOLVED that the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to execute an extension of the Amended Operating/Access Agreement with NS through July 31, 2007.

Approved this 4th day of January, 2007.



Chris Zimmerman
Secretary-Treasurer



David Snyder
Chairman



4 January 2007

BEFORE THE NORTHERN VIRGINIA TRANSPORTATION COMEN
Testimony on Work Program

NVTC has earned the 1996 APTA Award for the best performance. My comments are not meant to detract from NVTC's stellar performance. I thank you for your good, valuable, conscientious work, but we do have problems.

The General Assembly must be told that part of their so-called surplus is caused by underfunding transit operations. The law calls for 95 percent funding of non-labor transit expenses. The General Assembly must be educated to pay what it owes. Otherwise, local property taxes must go up, but we already pay our Commonwealth share, plus!

Do not expand free bus fares for Code Orange. Expand the program but charge a quarter. That will avoid waste and still support the program.

Your work on improving the VRE subsidy allocation looks promising, but do not exclude Arlington and Alexandria. Give them one vote.

Collecting NTD Base data is most worthwhile but make more use of the collected data to assure better transit management.

Metro's management has gone far downhill in the last few years. Please work with Mr. Catoe to restore efficiency and reliability. We can not abide nor tolerate the proposed fare increases. They will reduce ridership, add to congestion, pollution and traffic casualties. Do not cut service except where the cuts will not be noticed. Transit must be subsidized and subsidies must be increased with inflation. Metro in 2004 averaged 21.3¢ fare revenue per passenger-mile.

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The national average fare in 2004 was 19.9¢, bolstered by New York and Philadelphia with higher fares than WMATA Metro. New York can collect higher fare because of its pervasive subway and commuter rail systems, and high density with low auto ownership. Philadelphia's fare are based on a punitive transfer charge that is killing both ridership and cost effectiveness. We can not emulate New York and Philadelphia. The mean rate of fare in the other nine major city systems was only 16.2¢ per passenger-mile, almost 30% below WMATA. Conversely, WMATA was a low operating cost system compared to all but New York.

With the Department of Defense concentrating on Fort Belvoir we must plan for Light Rail Transit on US1, the Richmond Highway and from there to Springfield. The thorough VDOT study of Richmond Highway found that Bus Rapid Transit would reduce its capacity to more people. We must not waste capital on reducing capacity. Light Rail, done right, will lower operating cost per passenger-mile while boosting ridership and by-passing congestion.

We must start Dulles Rail construction in 2007. Construction costs are rising. We need it. Delay would be catastrophic. The elite engineering panel favoring a longer subway was flat out wrong on three counts. A bored tunnel will not reduce congestion. Stations must be dug out and tens of thousands of dump trucks must haul the dirt away to where? That will be intolerable. Subways do not cost less to maintain than aerial structures. Look at Miami and Baltimore with identical cars.

By law, federal aid can not be granted without local matching money in sight. Delay and digups will add half a billion dollars to the project. Unless we come up with the added local funds, the Tyson's Subway will kill the whole project as our Congressmen have warned us.

Thank you for your attention.

Ed Langer PE,

MAJOR TRANSIT SYSTEMS COST EFFECTIVENESS 2004

Metropolitan Area	Cost per Passenger-mile	Revenue Cost Ratio	% bus
New York	42.0 ¢	58.0%	11.4%
Boston	43.6 ¢	37.1%	15.8%
New Jersey	44.2 ¢	42.6%	32.6%
Chicago	46.7 ¢	38.6%	27.0%
National Capital	46.9 ¢	45.5%	21.3%
San Francisco	46.4 ¢	40.8%	17.0%
Los Angeles	49.0 ¢	26.8%	62.6%
Houston	49.9 ¢	19.7%	97.3%
Philadelphia	52.9 ¢	42.5%	37.9%
Baltimore	53.1 ¢	32.7%	54.0%
United States	54.0 ¢	36.9%	49.9%
Saint Louis	56.8 ¢	21.8%	48.6%
Dallas TX	73.0 ¢	13.0%	59.1%
Metro Rail	34.9 ¢	↻ 24.4%	↻ 100%
Metro Bus	90.7 ¢	↻ 61.3%	↻ 0

SOURCE: US DOT; FTA NTDB from APTA



AGENDA ITEM #2

MEMORANDUM

TO: Chairman Snyder and NVTC Commissioners
FROM: Rick Taube and Elizabeth Rodgers
DATE: January 25, 2007
SUBJECT: Award of Contract for Evaluation of Ozone Alert Free Bus Fares.

Recommended Action

The commission is asked to authorize the award of a contract and notice to proceed to MCV Associates, Inc. to conduct on-board surveys and analyze the effectiveness of free bus fares in Northern Virginia on Ozone Alert Days.

Source of Funding

The contract value is a firm fixed price of \$50,000 to perform the scope of work set forth in NVTC's Request for Proposals #07-04. The source of funds is the federal Congestion Mitigation and Air Quality program, as allocated by the Northern Virginia Transportation Authority. NVTC will receive the funds through the Virginia Department of Rail and Public Transportation.

Background

The commission authorized issuing the RFP at its December 7, 2006 meeting. The purpose is to continue the evaluation of the effectiveness of this ongoing program. This year free bus fares will be expanded to days on which MWCOG forecasts Code Orange, Red or Purple Ozone alerts. The principal method to conduct this evaluation will be a series of on-board bus passenger surveys. The commission will be asked to review the draft surveys at its March 1st meeting.

Only one firm responded to NVTC's RFP. MCV Associates, Inc. is located in Alexandria, Virginia and has performed similar studies for NVTC in the past, including a major bus passenger survey with 12,500 forms distributed. The firm is currently in its fourth year as a subcontractor to Volmer Associates, which is assisting NVTC and its jurisdictions with National Transit Database reporting.



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MCV's work consistently has met expectations and its proposed price is within the amount of available CMAQ funds. MCV is a certified Disadvantaged Business Enterprise.

MCV has teamed with J. Richard Kuzmyak, a transportation consultant who worked on the previous Code Red free bus fare evaluation. Mr. Kuzmyak is a registered professional engineer in Virginia with expertise in travel data and analysis.



AGENDA ITEM #3

MEMORANDUM

TO: Chairman Snyder and NVTC Commissioners

FROM: Rick Taube and Scott Kalkwarf

DATE: January 25, 2007

SUBJECT: NVTC's Authorization to Submit FY 2008 State Grant Applications.

NVTC's applications on behalf of WMATA, VRE and the commission's local jurisdictions are due February 1, 2007. To meet this deadline, NVTC staff will submit electronically the attached materials. They have been carefully reviewed by local staff. The commission is asked to adopt Resolution #2052, which confirms the commission's support of these applications and is a requirement of the Virginia Department of Rail and Public Transportation.

An attachment compares total eligibility for WMATA and the local bus systems for FY 2008 versus 2007. As can be seen, for NVTC's jurisdictions and WMATA the FY 2008 eligibility is about \$27.8 million greater than in FY 2007, consisting of \$26.5 million more for capital and \$1.3 million more for operations.

For VRE, the FY 2008 eligibility is \$9.8 million more than in FY 2007, consisting of \$4.1 million for capital and \$5.7 million for operations.

The amount of assistance actually received by NVTC for FY 2008 is likely to be much less than the eligible amount of \$290.7 million unless the General Assembly acts to provide significantly greater funding.

One additional VRE grant request is included. VRE is seeking up to \$38,000 for an intern.



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RESOLUTION #2052

SUBJECT: Approval of FY 2008 NVTC and VRE State Administrative/FTM, Capital, and Related Grant Applications and Authority to Apply for Funds from the Commonwealth Transportation Board, Federal Transit Administration and other Grant Agencies.

WHEREAS: The Northern Virginia Transportation Commission (NVTC) wishes to obtain state and federal grants to help defray NVTC, WMATA, local bus systems and Virginia Railway Express (VRE) operating and capital costs; to conduct a demonstration of a new method for injecting hydrogen into transit bus diesel engines to improve performance; and to support a VRE intern.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission's executive director is authorized, for and on behalf of NVTC and its members, 1) to execute and file an application to the Virginia Department of Rail and Public Transportation (DRPT), for grants of public transportation assistance for the fiscal year 2008 commencing July 1, 2007 in the amount of \$135,110,149 to defray the public transportation cost of NVTC and its members for administration, fuels, tires, lubricants and maintenance parts at a matching ratio of 95%; 2) to accept from DRPT grants in such amounts as may be awarded; and 3) to furnish DRPT such documents and other information as may be required for processing the grant request;

BE IT FURTHER RESOLVED that NVTC's executive director is authorized, for and on behalf of NVTC and its members, 1) to execute and file an application to DRPT, for grants of public transportation assistance for FY 2008 for capital expenses in an amount that will not exceed \$126,640,666 to defray up to 95 percent of the costs borne by NVTC and its members for equipment, facilities and the associated expenses of any approved capital grant; 2) to revise the capital portion of the application to reflect refined estimates by WMATA or local governments when they become available; 3) to accept from DRPT grants in such amounts as may be awarded; and 4) to furnish to DRPT such documents and other information as may be required for processing the grant request;



RESOLUTION #2052

BE IT FURTHER RESOLVED that NVTC's executive director is authorized, for and on behalf of NVTC and PRTC and their members, 1) to execute and file FY 2008 VRE applications to DRPT and to seek up to \$14,146,732 for FTM and administrative costs and up to \$14,855,351 for capital; 2) to revise the application to reflect refined estimates by VRE; 3) to accept from DRPT grants in such amounts as may be awarded; and 4) to furnish to DRPT such documents and other information as may be required for processing the grant request;

BE IT FURTHER RESOLVED that NVTC's executive director is authorized, for and on behalf of NVTC and PRTC and their members, 1) to execute and file an application to DRPT for a grant of financial assistance in the amount of \$38,000 to defray 95 percent of the costs of a VRE intern; 2) to accept from DRPT grants in such amounts as may be awarded; and 3) to furnish DRPT such documents and other information as may be required for processing the grant request;

BE IT FURTHER RESOLVED that NVTC certifies that the funds for all of the above grants will be used in accordance with the requirements of Section 58.1 638.A.4 of the Code of Virginia, that NVTC will provide matching funds in the ratio required by the Act, that the records of receipts of expenditures of funds granted to NVTC may be subject to audit by DRPT and by the State Auditor of Public Accounts, and that funds granted to NVTC for defraying the public transportation expenses of NVTC shall be used only for such purposes as authorized in the Code of Virginia; and

BE IT FURTHER RESOLVED that NVTC's executive director is authorized, for and on behalf of NVTC and its members, to furnish to TPB, CTB and other state and federal funding agencies such documents, information, assurances and certifications as may be required for pursuing the above grant requests and continuing previously awarded grants.

Approved this 1st day of February, 2007.

David F. Snyder
Chairman

Christopher Zimmerman
Secretary-Treasurer

**NVTC
SUMMARY OF STATE CAPITAL AND FORMULA GRANT ASSISTANCE APPLICATIONS
FOR FY 2008**

	<u>FY 08</u>	<u>FY 07</u>	<u>Increase (Decrease)</u>
<u>NVTC</u>			
<u>CAPITAL</u>			
Local Capital (see schedule A)			
Alexandria	235,000	1,584,000	(1,349,000)
City of Fairfax	3,000,000	30,000	2,970,000
Fairfax County	71,543,658	45,925,903	25,617,755
Arlington	4,978,820	10,586,998	(5,608,178)
Falls Church	-	95,178	(95,178)
Total	<u>79,757,478</u>	<u>58,222,079</u>	<u>21,535,399</u>
Eligibility amount @95%	<u>75,769,604</u>	<u>55,310,975</u>	<u>20,458,629</u>
WMATA Capital (see schedule B)			
Metro Matters Program	45,311,000	38,950,000	6,361,000
Beyond Metro Matters - IRP	-	-	-
BMM - Project Development	825,000	825,000	-
Debt Service	7,412,486	7,412,486	-
Total	<u>53,548,486</u>	<u>47,187,486</u>	<u>6,361,000</u>
Eligibility amount @95%	<u>50,871,062</u>	<u>44,828,112</u>	<u>6,042,950</u>
Total Capital	<u>133,305,964</u>	<u>105,409,565</u>	<u>27,896,399</u>
Eligibility amount @95%	<u>126,640,666</u>	<u>100,139,087</u>	<u>26,501,579</u>
<u>OPERATING FTM/ADMIN (see schedule C)</u>			
Eligibility amount @ 95%			
WMATA	116,307,509	114,971,184	1,336,324
Local	18,802,640	18,794,936	7,704
Total operating eligibility	<u>135,110,149</u>	<u>133,766,121</u>	<u>1,344,028</u>
<u>VRE</u>			
<u>CAPITAL (see schedule D)</u>			
Total budget (non-federal)	<u>15,637,212</u>	<u>11,306,314</u>	<u>4,330,898</u>
Eligibility amount @ 95%	<u>14,855,351</u>	<u>10,740,998</u>	<u>4,114,353</u>
<u>OPERATING FTM/ADMIN</u>			
Eligibility amount @ 95%	<u>14,146,732</u>	<u>8,492,732</u>	<u>5,654,000</u>

**NVTC
APPLICATION FOR STATE CAPITAL GRANT ASSISTANCE
LOCAL CAPITAL
FY 2008**

SCHEDULE A

	<u>TOTAL COST</u>	<u>FEDERAL</u>	<u>NON- FEDERAL</u>
CITY OF ALEXANDRIA			
Engine assembly, spare parts, ACM (5) - rebuild engines / trans.	125,000	-	125,000
Purchase passenger shelters (8)	80,000	-	80,000
Purchase support vehicles (1) - replace supervisory vehicle	30,000	-	30,000
	-	-	-
Total	<u>235,000</u>	-	<u>235,000</u>
CITY OF FAIRFAX			
Purchase replacement buse 35-ft (6) - alternative fuel	3,000,000	-	3,000,000
	-	-	-
Total	<u>3,000,000</u>	-	<u>3,000,000</u>
FAIRFAX COUNTY			
ADP software - transit software	55,000	-	55,000
Bus construction admin/maint facility - West Ox Op. Ctr.	25,000,000	-	25,000,000
Engine assembly, spare parts, ACM - major component repl.	200,000	-	200,000
Purchase ADP software - MIS fleet management system	250,000	-	250,000
Purchase fare collection equipment (15) - for expansion buses	225,000	-	225,000
Purchase misc equipment - equipment of new operating facility	3,500,000	-	3,500,000
Purchase radios (45) - for expansion buses	90,000	-	90,000
Purchase replacement 40' buses (15)	5,103,660	-	5,103,660
Purchase route signage - bus stop signs	60,000	-	60,000
Rehabilitate/rebuild buses (11) - rebuild buses for extended life	1,999,998	-	1,999,998
Shop equipment - for current transit standards	60,000	-	60,000
Construction of rail related facility - parking structure Vienna III	35,000,000	-	35,000,000
	-	-	-
Total	<u>71,543,658</u>	-	<u>71,543,658</u>
ARLINGTON			
Bus construction admin/maint facility - temp. ART facility	150,000	-	150,000
Bus engineering & design of admin/maint facility - ART facility	1,225,000	-	1,225,000
Debt service for bus equipment - mstr lease replacement buses	670,000	-	670,000
Construct bus transfer station - Shirlington	1,198,821	-	1,198,821
Construct bus transfer station - Lee Hwy & Glebe Rd	500,000	400,000	100,000
Construction of busway - Crystal City/Potomac Yards	475,000	-	475,000
Construction of enhanced bus shelters (9) - Columbia Pike corridor	3,549,996	2,839,997	709,999
WMATA SAP (non-regional) - renovate Pentagon City ped tunnel	450,000	-	450,000
	-	-	-
Total	<u>8,218,817</u>	<u>3,239,997</u>	<u>4,978,820</u>
CITY OF FALLS CHURCH			
	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>
GRAND TOTAL	<u><u>82,997,475</u></u>	<u><u>3,239,997</u></u>	<u><u>79,757,478</u></u>

**NVTC
 APPLICATION FOR STATE CAPITAL GRANT ASSISTANCE
 WMATA CAPITAL SUBSIDIES
 FY 2008**

SCHEDULE B

	<u>Alexandria</u>	<u>Arlington</u>	<u>Fairfax City</u>	<u>Fairfax County</u>	<u>Falls Church</u>	<u>Total</u>
Metro Matters Program (a)	7,308,000	14,321,000	319,000	22,900,000	463,000	45,311,000
Beyond MM - IRP (b)	-	-	-	-	-	-
BMM - Reimbursable (c)	-	-	-	-	-	-
BMM - Project Development (d)	133,000	261,000	6,000	417,000	8,000	825,000
Debt Service (e)	1,418,184	2,740,174	46,723	3,168,927	38,478	7,412,486
Total	<u>8,859,184</u>	<u>17,322,174</u>	<u>371,723</u>	<u>26,485,927</u>	<u>509,478</u>	<u>53,548,486</u>

(a) From the FY08 Metro Matters Annual Work Plan included in the FY08 proposed budget book.

(b) Beyond Metro Matters IRP is the IRP outside of Metro Matters. For FY08 this includes \$11M systemwide for safety and security funded entirely by Homeland Security grant funds

(c) Beyond Metro Matters Reimbursable projects - These are non-regional projects that the individual jurisdictions include on their respective state capital grant request based upon their understanding of the current year budgeted expenditures

(d) Beyond Metro Matters Project Development - Regional capital costs for project development activities not part of the Metro Matters funding agreement.

(e) Gross Revenue Transit Refunding Bonds Series 1993 and 2003 maturing FY 2011 and FY 2014 respectively.

NVTC

SCHEDULE C

APPLICATION FOR FTM/ADMIN OPERATING FORMULA ASSISTANCE
FY 2008

	LOCAL SYSTEMS					TOTAL	NVTC & WMATA	TOTAL NVTC
	Alexandria	City of Fairfax	Fairfax County	Arlington County	Falls Church	LOCAL SYSTEMS		
FY06 total operating expenses (certification)	10,590,482	2,631,521	36,905,973	8,194,081	324,281	58,646,338	253,985,161	312,631,499
FTM	1,676,000	457,389	5,803,374	1,260,799	76,207	9,273,769	41,961,686	51,235,455
Administrative Expenses	1,407,000	523,978	5,416,483	3,151,004	20,018	10,518,483	93,192,900	103,711,383
Other Operating Expenses	7,507,482	1,985,138	27,469,309	3,981,073	373,275	41,316,277	180,334,393	221,650,670
Total Operating Expenses	10,590,482	2,966,505	38,689,166	8,392,876	469,500	61,108,529	315,488,979	376,597,508
Total Operating Revenue	2,689,010	733,000	5,945,000	1,598,310	19,000	10,984,320	186,697,208	197,681,528
Deficit	7,901,472	2,233,505	32,744,166	6,794,566	450,500	50,124,209	128,791,771	178,915,980
Total Federal / Other State Operating Asst	-	-	7,445,000	-	-	7,445,000	-	7,445,000
Deficit before State Operating Assistance	7,901,472	2,233,505	25,299,166	6,794,566	450,500	42,679,209	128,791,771	171,470,980
Eligibility Amounts - FTM/Admin @ 95%	2,928,850	932,299	10,658,864	4,191,213	91,414	18,802,640	116,307,509	135,110,149

**NVTC
VRE
APPLICATION FOR STATE CAPITAL GRANT ASSISTANCE
FY 2008**

SCHEDULE D

	<u>Total Cost</u>	<u>Federal</u>	<u>Funding Source</u>	<u>Non-Federal</u>
1) Track Lease/Improvements	8,600,000	6,880,000	STP	1,720,000
2) Capital Cost of Contracting	1,856,000	1,484,800	FTA 5309	371,200
3) Fare Collection II	475,000	380,000	FTA 5307	95,000
3) Fare Collection II	123,000	98,400	FTA 5307	24,600
4) Grant and & Project Management/Training	325,000	260,000	FTA 5307	65,000
4) Grant and & Project Management/Training	275,000	220,000	FTA 5309	55,000
5) Security Enhancements	100,000	80,000	FTA 5307	20,000
6) Capital Project Contingency	83,000	66,400	FTA 5307	16,600
6) Capital Project Contingency	217,000	173,600	FTA 5309	43,400
7) Construction Management	200,000	160,000	FTA 5309	40,000
8) Facilities Infrastructure Renewal	450,000	360,000	FTA 5309	90,000
9) Fredericksburg Parking - Lease Lots	44,000	35,200	FTA 5307	8,800
10) WUT Access - Capital Improvements	1,000,000	800,000	FTA 5307	200,000
11) Mid-Day Storage	1,271,000	1,016,800	FTA 5307	254,200
11) Mid-Day Storage	29,000	23,200	FTA 5309	5,800
12) Track Extension -Broad Run & Crossroads	332,000	265,600	FTA 5307	66,400
13) Capital Fleet Expansion - Locomotives	324,000	259,200	FTA 5309	64,800
13) Capital Fleet Expansion - Locomotives	676,000	540,800	FTA 5307	135,200
14) Kawasaki Acquisition Payments	1,893,000	1,514,400	FTA 5307	378,600
15) Capital Lease Expansion - Lease of Sounder	486,000	388,800	FTA 5307	97,200
16) Rolling Stock Modifications	1,206,000	964,800	FTA 5307	241,200
17) Sumitomo Acquisition - 50 Car Option	1,112,000	889,600	FTA 5309	222,400
17) Sumitomo Acquisition - 50 Car Option	288,000	230,400	FTA 5307	57,600
18) Sumitomo Acquisition - Cab Cars	1,932,000	1,545,600	FTA 5309	386,400
19) Debt Service for Rail Projects	6,653,785	-		6,653,785
20) Platform Extension - Burke	1,000,000	800,000	CMAQ	200,000
21) Platform Extension - Broad Run	1,000,000	800,000	CMAQ	200,000
22) Capital Fleet Expansion - Railcars	17,125,000	13,700,000	Statewide ST	3,425,000
23) SAFETEA-LU 157 Bealton Station	627,000	501,600	FTA 5309	125,400
24) SAFETEA-LU 97 Fredericksburg Station	68,970	55,176	FTA 5309	13,794
25) Gainesville/Haymarket Extension	1,799,164	1,439,331	FTA 5309	359,833
Total	51,570,919	35,933,707		15,637,212



AGENDA ITEM #4

MEMORANDUM

TO: Chairman Snyder and NVTC Commissioners
FROM: Rick Taube
DATE: January 25, 2007
SUBJECT: VRE Items.

- A. Report from the VRE Operations Board (with minutes of the meeting of January 19, 2007) and from VRE's CEO—Information Item.
- B. Revised VRE Governance and Subsidy Proposal—Action Item/Resolution #2053.
- C. VRE FY 2008 Budget and Revised FY 2007 Budget—Action Item/Resolution #2054.



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Report from the VRE Operations Board and VRE CEO.

Copies of ridership and on-time performance reports are attached, as well as minutes from the VRE Operations Board meeting of January 19, 2007. Also provided are copies of articles about an ongoing fraud investigation and materials from a christening ceremony for new VRE railcars held January 17th.



CHIEF EXECUTIVE OFFICER'S REPORT

December 2006

MONTHLY DELAY SUMMARY

	Sep-06	Oct-06	Nov-06	Dec-06
System wide				
Total delays	74	65	41	47
Average length of delay (mins.)	15.4	16	16.8	23.8
Number over 30 minutes	8	8	5	9
On-Time Performance	87.2%	89.3%	92.6%	91.9%
Fredericksburg Line				
Total delays	61	47	25	17
Average length of delay (mins.)	15.5	16.9	20.3	27.1
Number over 30 minutes	7	7	5	4
On-Time Performance	76.5%	82.8%	89.9%	93.5%
Manassas Line				
Total delays	13	18	16	30
Average length of delay (mins.)	15.3	13.7	11.9	21.3
Number over 30 minutes	1	1	0	5
On-Time Performance	95.9%	94.6%	94.7%	90.0%

On-time performance has progressively improved since July and the number of railroad caused delays has dropped significantly. The Fredericksburg line was 93.5% on-time and the Manassas line was 90.0% on-time during the month of December. A review of December reveals that 58% of the delays in December were attributed to VRE and/or Amtrak. The largest number of delays was caused by interference of VRE and/or Amtrak trains (34%), passenger dwell times caused by heavy loads and handicapped passengers (24%), and VRE mechanical problems (10%). We are pleased with this upward trend and continue to work toward maintaining our on-time performance.

NEW RAIL CARS

On January 17th, a Christening ceremony will be held in Alexandria to introduce the first two new rail cars. The ceremony begins at 9:30am and guests will be invited to tour the cars and receive a demonstration of the automatic wheelchair lift. The new cars will be put into service beginning January 19th.

NURIDE PILOT PROGRAM

VRE is currently working on a pilot program with NuRide, Inc. which will test the concept of ridesharing to VRE stations and reducing parking demand. The program will be tested at the Fredericksburg and Broad Run stations being that they are at the end of each line and people tend to drive the furthest to get to these stations. NuRide will offer a reward to passengers when they sign up and share their first ride to a VRE station. In the next few months, VRE plans to announce the program via Train Talk as well as with an article in the on-board newsletter. If successful, the program will be broadened to include other stations.

QUANTICO BRIDGE CUT-IN

The Quantico Bridge is nearly complete and the next few months will be critical as new switches are cut-in and old switches removed. While VRE and CSX are working hard to minimize the impact to VRE trains, there will be three weeks in the upcoming months where VRE trains will be significantly impacted.

While the operating plan is not yet final, tentative plans are as follows. During the weeks of February 19 and April 2, all trains will operate under a signal suspension while CSX tests the signal system. Without signals, trains will be required to operate slower than normal. Trains will also need to check in with the dispatcher before entering the dark territory. As a result, VRE will only operate four trains in the morning and four trains in the evening on the Fredericksburg line. These trains will operate hourly and even with this reduced schedule, delays of 45 minutes should be expected.

During the week of March 26, all trains (northbound and southbound) will be forced to operate on a single track for nearly 15 miles. As a result, VRE will operate only 3 trains in the morning and 3 trains in the evening. Congestion in this single track area is also expected to cause delays of 45 minutes to VRE trains.

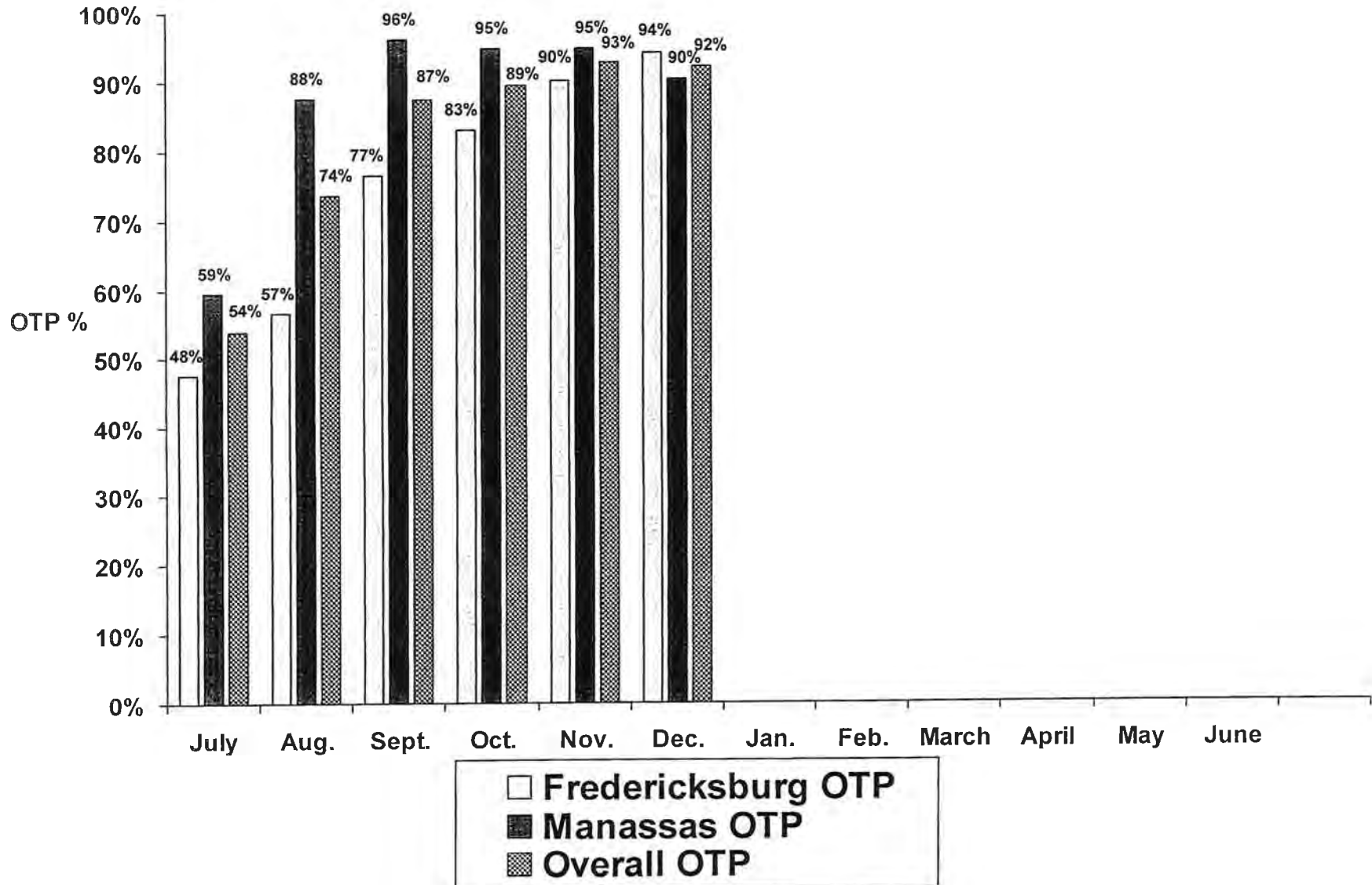
After the last signal suspension in April, the construction of the bridge will be complete and both spans will be fully operational. While there will be delays during these three weeks, the end result will be well worth it.

MONTHLY PERFORMANCE MEASURES – December 2006

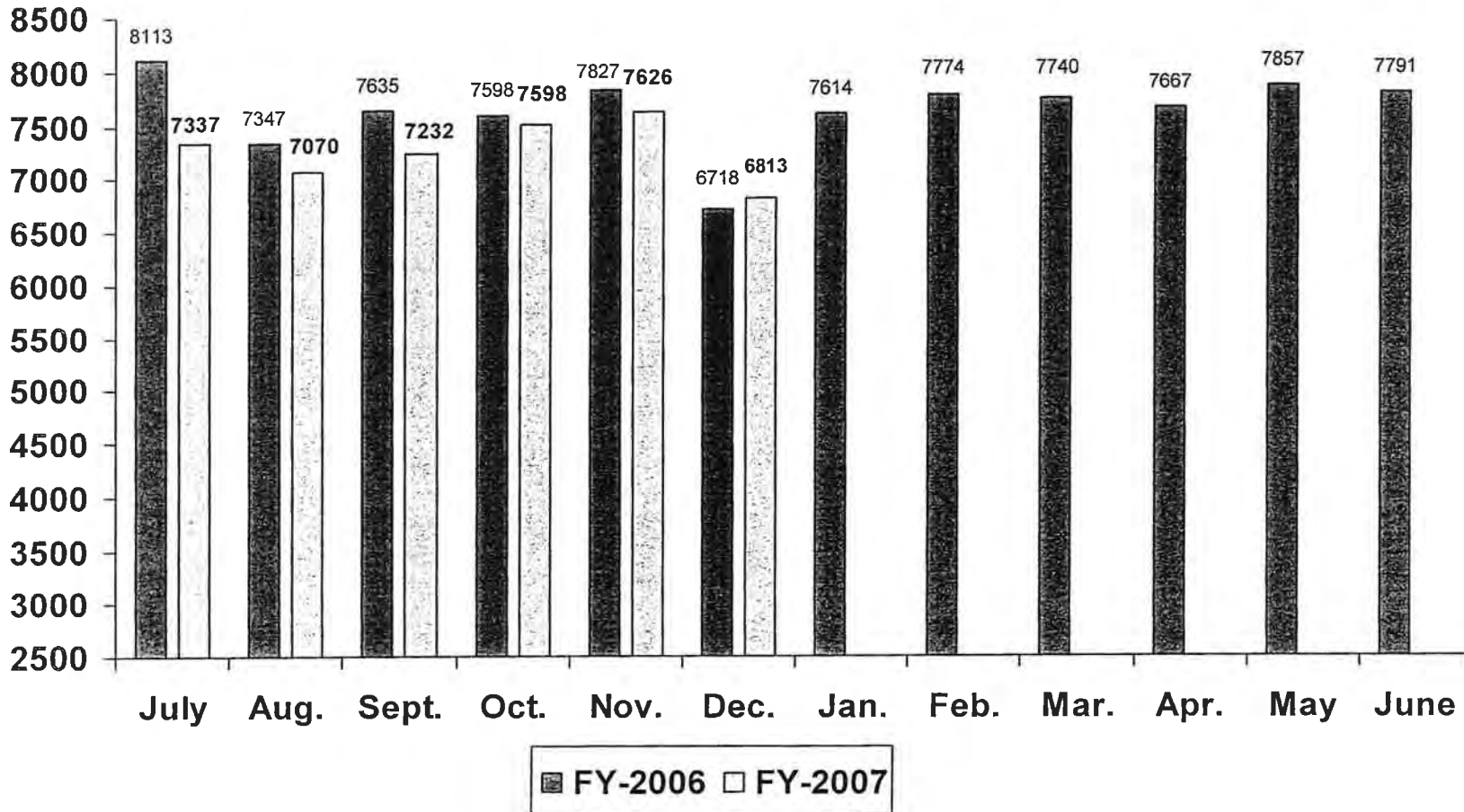
RIDERSHIP OVERVIEW		RIDERSHIP
VRE FY 2007 Passenger Totals (to date)		1,680,330
VRE FY 2006 Passenger Totals (to date)		1,809,362
PERCENTAGE INCREASE		-7.13%
MONTHLY ON-TIME PERFORMANCE		ON-TIME PERCENTAGE
December Fredericksburg OTP Average		93%
December Manassas OTP Average		90%
VRE DECEMBER OVERALL OTP AVERAGE		91.9%
REASON	TOTALS	PERCENT
Signal/Switch Failure	10	21%
Slow Orders	0	0%
M/W	1	2%
Train Interference	18	38%
AMTRAK	1	2%
Freight	8	17%
VRE	9	19%
Mechanical Failure	7	15%
Late Turn	2	4.5%
PAX Handling	5	11%
Weather	1	2%
Crew Related	2	4.5%
Other	1	2%
TOTAL	47	100%

FINANCIAL INDICATORS	NOVEMBER 2006			
MEASURES		GOAL	ACTUAL	TREND
OPERATING RATIO		55%	64%	↑
BUDGETED FARE REVENUE YTD	23,284,457			
ACTUAL FARE REVENUE YTD	22,951,325			
CUMULATIVE VARIANCE	(333,132)	0	(333,132)	↓
PERCENT COLLECTED FY 07 YTD		42.55%	41.94%	↓
BUDGETED EXPENSES	54,727,245			
BUDGET EXPENSES YTD	23,767,188			
OPERATING EXPENSES YTD	21,229,031			
CUMULATIVE VARIANCE	2,538,157	0	2,538,157	↑
PERCENT COLLECTED FY 07 YTD		43.43%	38.79%	
NET INCOME LOSS		0	2,205,025	↑

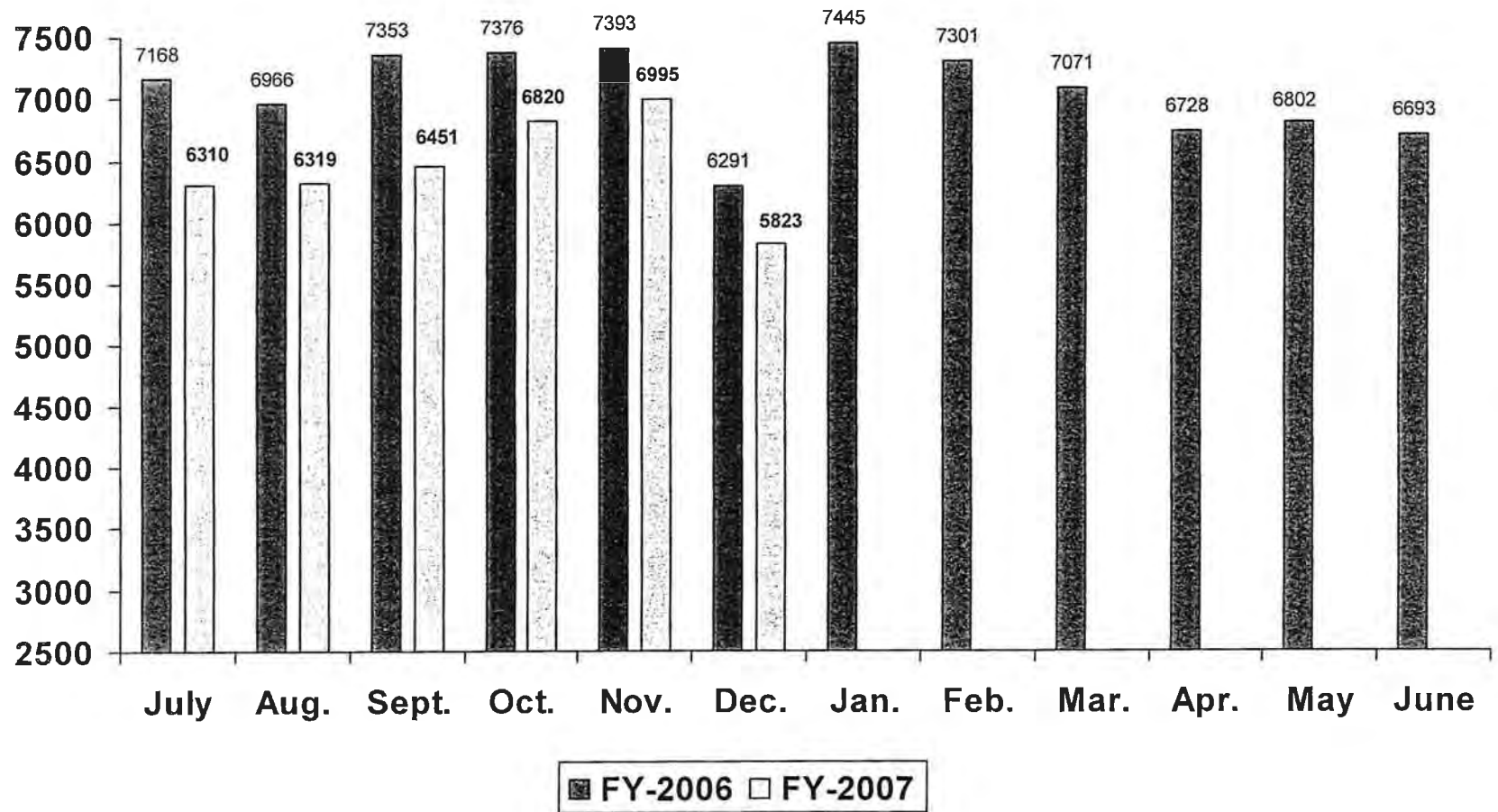
Average On-Time Performance FY-2007



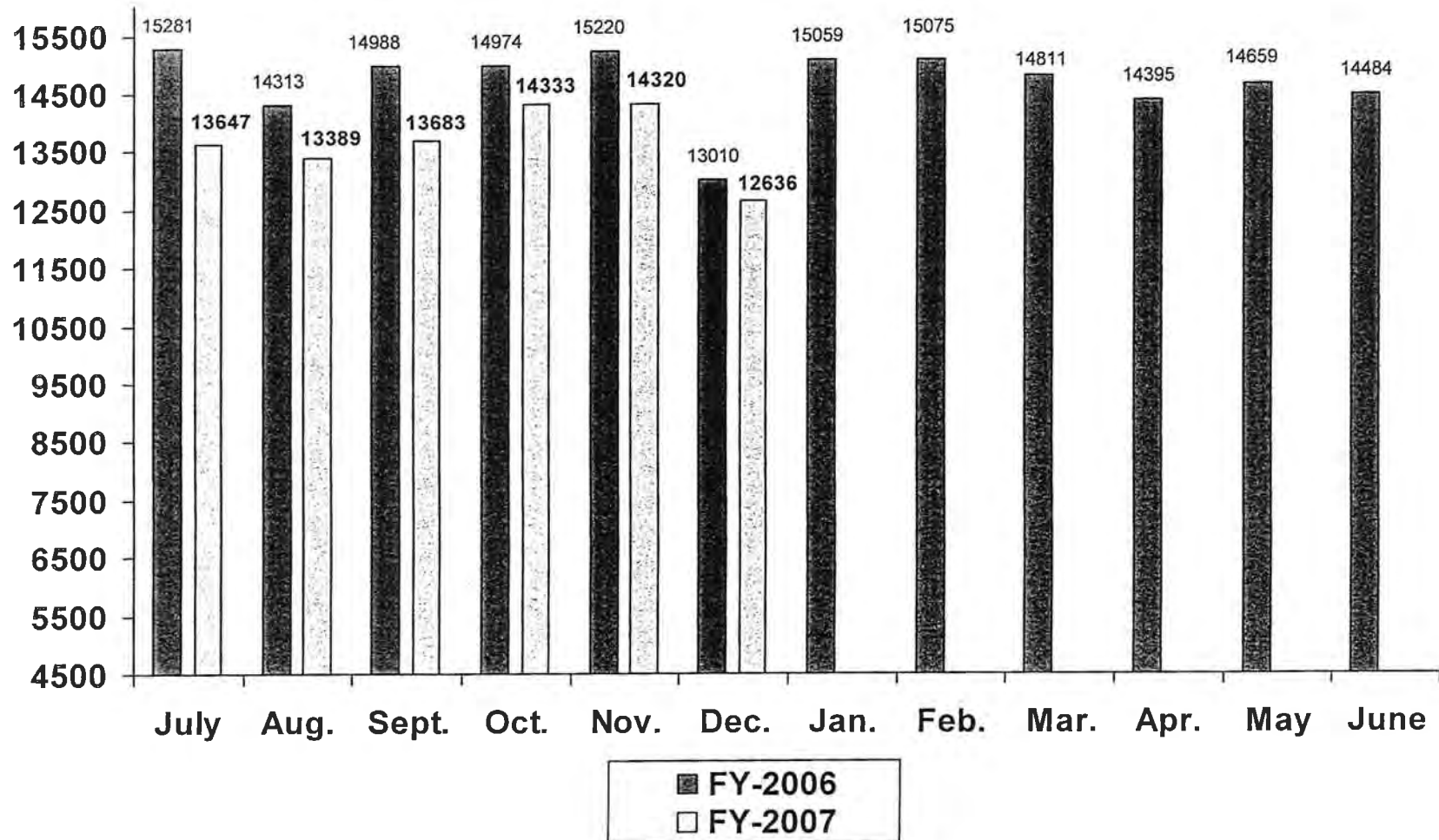
VRE Average Daily Ridership Fredericksburg Line



VRE Average Daily Ridership Manassas Line



VRE Total Average Daily Ridership





VRE UNVEILS HIGH CAPACITY RAIL CARS

Alexandria, VA, January 17, 2007 – The Virginia Railway Express (VRE) today unveiled the latest addition to the VRE fleet, with the christening of the first six new cab signal railcars. As Dale Zehner, VRE CEO, noted “This is a critical step toward fulfilling our commitment to improving Virginia Railway Express’ core system demands by bringing state-of-the-art equipment to our service and providing greater comfort for those choosing VRE as a commuting option.”

These railcars are the first of 11 new cab signal railcars to come onto the property and will be followed by the delivery of 50 additional bi-level railcars, beginning in December 2007. When all 61 units are operational, it will represent a 25 percent increase in seating capacity, allowing VRE to carry more passengers and take additional people off the area’s crowded roadways.

“Anyone who lives here knows that mass transit is critical to Northern Virginia,” said Congressman Moran, “and these new bi-level railcars are an important step in what I hope will be a series of steps taken by VRE to continue to help ease congestion, decrease pollution and improve the quality of life for all of Virginia’s citizens.”

“Without question, everyone, including the Operations Board, members of Congress and state officials have worked hard to ensure that VRE can get these much needed railcars,” said Congressman Tom Davis. “As far as I am concerned, this can’t happen fast enough for the riders in my district and throughout the region, who are clamoring for more seats on VRE.”

“These new railcars are great news for commuters in Northern Virginia and other parts of the Commonwealth. These cars will encourage more commuters to take the train to work and help relieve congestion in the I-95 and I-66 corridors, something that I have advocated since VRE first started running back in 1992,” said Senator Warner.

“The new bi-level railcars that we christen today pave the way for the next generation of capacity improvements included in VRE’s strategic plan,” said VRE Board Chairwoman Maureen Caddigan. “These new cars are a smarter and more efficient use of existing track space, allowing us to maximize seating capacity – and of course add more comfortable seats at the same time.”

Today, VRE is pleased to be able to bring to its riders the first new equipment since 1999 (13 bi-level railcars) in partnership with the Sumitomo Corporation of America, who is an industry leader in the manufacture of commuter railcars in America. The first of the 11 new bi-level railcars will be put into service beginning January 19th. The additional 50 railcars will be delivered to VRE between December of 2007 and October of 2008.

Each of the new bi-level cars will be equipped with more spacious 2-2 seating in the lower level – designed with input from VRE passengers. The cars will also provide passengers with the latest in amenities including push button doors, automated destination signs, automated station stop announcements and state-of-the-art heating and air conditioning systems. All of the cars will be fully compatible with VRE’s existing rail fleet, infrastructure, facilities and stations.

VRE is the nation’s tenth largest commuter rail system and provides more than 3.75 million trips per year on two rail lines and 31 commuter rail trains.

A M O D E R N C L A S S I C

THE GALLOPING HORSE

Virginia Railway Express



SUMITOMO
CORPORATION
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**NIPPON
SHARYO**

A M O D E R N C L A S S I C

THE GALLERY CAR

Virginia Railway Express

SPECIFICATIONS

Type	Cab (with toilet)	
Passenger Capacity (seat)	123 (or 117 + 2 wheelchairs)	
Tare Weight (lbs)	130,000	
Carbody Material	Stainless Steel	
Truck Frame	Cast Alloy	
Max. Operating Speed	79 mph	
Dimension	Length	85'
	Width	9' - 9"
	Height	15' - 11"
	Center Distance between Trucks	59' - 6"
	Truck Wheelbase	8' - 6"
Passenger Boarding	Low Level, Center Bi-parting Side Door	
Wheelchair / Disable Access	Wheelchair Lift, ADA Toilet, Wheelchair Space	
Air Conditioning	10 refrigeration tons/unit x 2	
Heating Capacity	32 kW (overhead & floor heaters combined)	
Electric System	480 VAC from Locomotive Head End Power	
Auxiliary Power	120 VAC / 32 VDC	
Battery Power	32 VDC	
Brake	26 C Type, Tread Brake	
Air Pressure	130-150 psi (operating/main reservoir)	
Coupler	AAR Type H	



SUMITOMO
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OF AMERICA



NIPPON
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JOHN WARNER
VIRGINIA

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January 16, 2007

Ms. Maureen Caddigan
Chairman
Virginia Railway Express Operations Board
1500 King Street
Alexandria, Virginia 22314-2730

Dear Chairman Caddigan and Friends of the VRE:

Thank you for the kind invitation to join you this morning! I had hoped to be with you as you celebrate the unveiling of the first installment of new rail cars to expand the service of Virginia Railways Express but, with the 110th Congress in session, my schedule has once again become unpredictable.

The service that VRE provides to the citizens of Virginia is an invaluable part of the region's multi-modal transportation network and these new rail cars will enable the number of riders to grow well beyond the 16,000 daily riders served today. I am pleased that VRE and the U.S. Department of Transportation's Federal Railroad Administration were able to work together in order to bring 61 new rail cars to Northern Virginia and I look forward to getting on board one of them myself.

Congratulations on this special day and for the contributions that VRE's passenger service makes each day to the Northern Virginia community.

With kind regards, I am

Sincerely,



John Warner

JW/vbr



Virginia Railway Express Operations Board

1500 King Street • Suite 202 • Alexandria, Virginia 22314-2730 • (703) 684-1001 • FAX (703) 684-1313
 Web Site: <http://www.vre.org> • E-Mail: gotrains@vre.org

AGENDA ITEM 11-A INFORMATION ITEM

TO: CHAIRMAN KAUFFMAN AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: JANUARY 19, 2007

RE: RIDERSHIP ANALYSIS BY STATION

At the December Operations Board meeting, Supervisor Bulova asked for information on which stations were experiencing the largest decline in ridership. The table below, based on a.m. boardings only, shows the largest percentage decline in ridership occurring at Franconia/Springfield and Manassas and the largest percentage increase in ridership occurring at Quantico.

Station	Ridership - October, 2005	Ridership - October, 2006	Change from Previous Year
Broad Run	1031	986	-4.6%
Manassas	624	534	-16.9%
Manassas Park	622	625	0.5%
Burke Centre	648	679	4.6%
Rolling Road	385	411	6.3%
Backlick	123	128	3.9%
Fredericksburg	1274	1295	1.6%
Leeland Road	703	707	0.6%
Brooke	360	375	4.0%
Quantico	269	381	29.4%
Rippon	457	452	-1.1%
Woodbridge	481	452	-6.4%
Lorton	203	213	4.7%
Franconia/Springfield	57	44	-29.5%
	7237	7282	0.6%

While ridership decreased during 2005 and portions of 2006, systemwide ridership has leveled out over the course of the year. Interestingly, ridership at the inner stations on the Manassas line increased while both Manassas and Broad Run declined. While Broad Run ridership is likely to have declined due to the parking shortage, anecdotal evidence also points to changing work dynamics of Manassas line passengers. The Manassas line has historically served older passengers and may be realizing the affects of baby-boomer retirement and reduced work schedules. While not reflected in these numbers, the fall of 2006 also saw parking decrease significantly at Burke Centre when the number of available spaces was reduced to allow for construction of the new Burke Centre parking garage.

The Fredericksburg line, while plagued with on-time performance problems, realized a ridership increase at most stations – even at the end of the line where parking is constrained. One notable exception was Franconia/Springfield where passengers likely used Metro during VRE's delays. Quantico saw a marked increase in ridership, likely because security has eased a bit since 2001 and base activities have increased. Woodbridge, however, saw ridership decrease despite the availability of parking. The good news is that since August, every successive month has seen an increase.

VRE is expecting this positive trend to continue and will report back in several months on the status.

2007 VRE OPERATIONS BOARD

Chairman: Dana Kauffman, NVTC, (Fairfax County)

Vice Chairman: Doug Waldron, PRTC, (City of Manassas)

Secretary: Elaine McConnell, NVTC (Fairfax County)

Treasurer: Paul Milde, PRTC, (Stafford County)

Member: Sharon Bulova, NVTC, (Fairfax County)

John Jenkins, PRTC (Pr William County)

Matt Tucker, VDRPT

Alternates

- Maureen Caddigan
- Wally Covington
- Robert Gibbons
- Matthew Kelly
- Hilda Barg
- Chris Zimmerman



**VIRGINIA RAILWAY
EXPRESS**

**OPERATIONS BOARD
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MATTHEW KELLY

MATT TUCKER

**CHRISTOPHER
ZIMMERMAN**

DALE ZEHNER
CHIEF EXECUTIVE
OFFICER

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MINUTES

**VRE OPERATIONS BOARD MEETING
PRTC HEADQUARTERS – PRINCE WILLIAM COUNTY, VIRGINIA
JANUARY 19, 2007**

MEMBERS PRESENT	JURISDICTION
Sharon Bulova (NVTC)	Fairfax County
Elaine McConnell (NVTC)**	Fairfax County
Paul Milde (PRTC)	Stafford County
John D. Jenkins (PRTC)	Prince William County
Dana Kauffman (NVTC)	Fairfax County
Alan Tobias	VDRPT
Doug Waldron (PRTC)	City of Manassas

ALTERNATES PRESENT	JURISDICTION
Hilda Barg (PRTC)	Prince William County
Maureen Caddigan (PRTC)	Prince William County
Wally Covington (PRTC)	Prince William County
Robert Gibbons (PRTC)	Stafford County
Matthew Kelly (PRTC)	City of Fredericksburg
Christopher Zimmerman (NVTC)**	Arlington County

STAFF AND GENERAL PUBLIC	
George Billmyer – citizen	Steve MacIsaac – VRE counsel
Donna Boxer – VRE	April Maguigad – VRE
Marv Dixon – City of Fredericksburg	Betsy Massie – PRTC staff
Steve Edwards – Supervisor McConnell's Office	Sirel Mouchantaf – VRE
Anna Gotthardt – VRE	Bob Owolabi – Fairfax County
Al Harf – PRTC staff	Dick Peacock – citizen
Christine Hoeffner – VRE	Lloyd Robinson – FAMPO
Angela Horan – PW County Attorney	Mark Roeber – VRE
Ann King – VRE	Larry Sternbane – VRE
Mike Lake – Fairfax County	Jennifer Straub – VRE
Trinh Lam – VRE	Rick Taube – NVTC staff
Bob Leibbrandt – 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 9:32 A.M. Following the Pledge of Allegiance, roll call was taken.

Approval of the Agenda – 3

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

Minutes of the December 15, 2006, VRE Operations Board Meeting – 4

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

Chairman Caddigan's Closing Remarks – 5

Chairman Caddigan stated that she'd had "big shoes" to fill as VRE Operations Board Chairman following Ms. McConnell's term as Chairman in 2005. Ms. McConnell has been integrally involved with VRE since before its inception and has played a big role in its success. Chairman Caddigan also thanked Mr. Zehner and his staff for their outstanding work. During 2006, the VRE Operations Board had to deal with some tough issues as well as look at ways to expand the system. She stated that one of the biggest accomplishments of 2006 was the new railcars. The Christening ceremony introducing the first two new railcars was held on January 17th in Alexandria. Congressmen Davis and Moran attended the event. Other accomplishments included completion of the Broad Run parking expansion, initiation of construction of the Burke Centre parking deck, completion of site plans and land acquisition for the Manassas parking deck, the Quantico Bridge, and progress made on moving maintenance to the rail yards. She thanked the Board for giving her the opportunity to serve as Chairman. Mr. Zehner presented a gift to Chairman Caddigan for her dedicated service to VRE.

Installation of New Officers – 6

Board Members Bulova, Caddigan, McConnell and Waldron served as the Nominating Committee. The committee recommends the following slate of officers and Board Members for 2007:

2007 Officers

Dana Kauffman, Chairman
Doug Waldron, Vice Chairman
Elaine McConnell, Secretary
Paul Milde, Treasurer

Board Members

Sharon Bulova (NVTC)
John Jenkins (PRTC)
Dana Kauffman (NVTC)
Elaine McConnell (NVTC)
Paul Milde (PRTC)
Matt Tucker (VDRPT)
Doug Waldron (PRTC)

Alternates

Hilda Barg (PRTC)
Maureen Caddigan (PRTC)
Wally Covington (PRTC)
Robert Gibbons (PRTC)
Matthew Kelly (PRTC)
Chris Zimmerman (NVTC)

There were no further nominations. Mr. Gibbons moved, with a second by Ms. Bulova, to approve the slate of officers. The vote in favor was cast by Board Members Bulova, Caddigan, Gibbons, Kauffman, Tobias and Waldron.

New Chairman's Comments – 7

Chairman Kauffman thanked Ms. Caddigan for her outstanding efforts as Chairman during 2006. He looks forward to serving as VRE's Chairman and going to Richmond to seek funding for VRE. Ridership may be down, but on-time performance has increased and he firmly believes that ridership will also increase and then the Board will be challenged with addressing capacity issues.

Ms. Bulova commended Ms. Caddigan for the outstanding job she did as Chairman during a very pivotal year with the purchase of the railcars and dealing with the governance issues. Ms. Bulova stated that she is also pleased to see the gavel pass to Mr. Kauffman, who will do a great job as Chairman.

[Mr. Zimmerman arrived at 9:49 A.M.]

Chief Executive Officer's Report – 8

Mr. Zehner reported that overall on-time performance (OTP) for December was at 92 percent, with Manassas at 90 percent and Fredericksburg at 94 percent, which is the highest it's been for many years. For January, OTP has been 95 percent systemwide. VRE is reaching its goal of 92 percent. He also reported that Ms. Maguigad recently

visited the CSX dispatching center in Jacksonville, Florida and will visit the Greenville center in the near future.

Mr. Zehner stated that ridership is climbing, with average daily ridership at 15,100, which is slightly higher than the previous year at the same time. This morning VRE put its two new railcars into service for the first time on Manassas trains #324 and #328. Next week two new railcars will debut on the Fredericksburg Line.

Mr. Zehner reported that construction of the Quantico Bridge is complete and now signal and track work needs to be done. There will be two two-week periods during which VRE will have to run restricted service while the work is being done. The work is scheduled for February 12 – 23, 2007 and March 26 – April 6, 2007. VRE will publicize this information to its passengers. Mr. Zehner explained that although VRE will have to cancel two trains, it will lengthen its other trains to accommodate more riders. Also double locomotives will be included on each train to insure no mechanical failures. VRE will do everything possible to minimize delays. Mr. Zehner predicts that once the bridge is totally completed, it will eliminate 20-30 percent of delays. In response to Mr. Gibbons, Mr. Zehner stated that he will provide the Board with the temporary modified schedule. Mr. Gibbons suggested that the Free Lance Star be asked to publish the temporary service changes.

Mr. Gibbons requested that at the next Operations Board meeting a progress report be provided regarding the third rail project. He stated that there is support for getting this project started instead of just continuing with studies.

VRE Rider's Comments – 9

Mr. Billmyer stated that VRE's arrival times are not listed on the electronic display board at Union Station. It only shows departure times. However, both arrival and departure times are listed for MARC trains. He asked that VRE look into correcting this. He also stated that ridership patterns are changing across the county. Trends are showing that riders are moving to mid-day and reverse trains. Commuter service should not be rush hour service only but should be a frequent service.

[Ms. McConnell arrived at 9:53 A.M.]

Mr. Billmyer objected to VRE's proposed benefit reductions, stating that in the past they have resulted in loss of ridership. Although he has never been a big fan of Free Ride Certificates (FRC's) if VRE eliminates them, riders may react negatively. Regarding the proposed Amtrak step-up increase, he stated that for those riders who use 10-trip tickets, it will be like paying double. Amtrak provides service on government holidays and weekends and VRE should not sock riders with the step-up fares on these days. Mr. Zehner stated that there will be a public hearing on the proposed changes to step-up fares and FRC's.

Mr. Peacock expressed his concern about ridership on the Manassas Line. In this region, people tend to leave the area every 3-4 years. New people might think the Manassas parking lots are full if they don't know about the additional parking available at ABC Photo. VRE needs more signage directing people to the additional parking.

Mr. Peacock observed that the progress report on VRE's capital projects does not include some of the projects Mr. Westbrook has mentioned at previous Operations Board meetings. Mr. Zehner explained the projects on that list are only projects managed by VRE and do not include projects managed by DRPT such as L'Enfant, third track, Franconia Hill and the third track in Fredericksburg. Mr. Peacock suggested including these projects in the report as an addendum so that riders know what new projects are moving forward.

Chairman Kauffman suggested the Board discuss Agenda Item #10A, which will be a lengthy discussion, after the other action items. There were no objections.

Authorization to Conduct Public Hearings Related to Proposed Tariff Amendments – 10B

Chairman Kauffman reported that the VRE Operations Board is being asked to authorize the CEO to solicit comments through public hearings related to the proposed increase in the Amtrak Step-Up fare and elimination of the FRC service guarantee program. Public hearings will be conducted in February and comments will be brought back to the Board in March. Resolution #10B-01-2007 would accomplish this.

Mr. Waldron moved, with a second by Ms. Bulova, to approve the resolution. The vote in favor was cast by Board Members Bulova, Jenkins, Milde, Kauffman, McConnell, Tobias and Waldron.

Authorization to Acquire Easements and Relocate Utilities for the Manassas Parking Garage Project – #10C

Chairman Kauffman stated that Resolution #10C-01-2007 would authorize the CEO to acquire utility easements and relocate utilities owned by Dominion Virginia Power as part of the Manassas Parking Garage project in an amount not to exceed \$416,000.

Mr. Waldron moved, with a second by Mr. Jenkins, to approve the resolution. The vote in favor was cast by Board Members Bulova, Jenkins, Milde, Kauffman, McConnell, Tobias and Waldron.

Authorization to Enter into an Agreement with Rappahannock Electric for Purchase of Electrical Power at the Crossroads Yard – 10D

Chairman Kauffman stated that the VRE Operations Board is being asked to authorize the CEO to enter into an agreement for the purchase of electrical power at the Crossroads storage yard with Rappahannock Electric Cooperative (REC). The agreement would be for five years, with a total value of \$52,500. Resolution #10D-01-2007 would accomplish this.

Mr. Milde moved, with a second by Mr. Waldron, to approve the Resolution. The vote in favor was cast by Board Members Bulova, Jenkins, Milde, Kauffman, McConnell, Tobias and Waldron.

Authorization to Refer the Governance Proposal to the Commission for Approval – 10A

Chairman Kauffman reported that the VRE Operations Board Subcommittee on Governance met on January 11th to discuss the issues identified for additional analysis at the November Operations Board and December Commission meetings.

Mr. Jenkins moved, with a second by Ms. Bulova, to move the proposal forward to the Commissions.

Mr. Zehner then gave a presentation on the governance proposal that responds to the issues raised at the Commission meetings. The first issue the Subcommittee looked at was crediting nonjurisdiction fare revenue to outlying jurisdiction as a means of recognizing the cost of nonmember riders using these stations. The Subcommittee recommends against including this because both the current and proposed allocation formulas already apply a higher per passenger fare revenue credit to the outer jurisdictions; currently there is no evidence of financial hardship to outer jurisdictions; and jurisdictions face different challenges (i.e. riders from inner jurisdictions do not always have seats).

Mr. Zehner stated that the second issue was whether a method should exist to protect the number of Board Members even if ridership growth causes a jurisdictions' ridership to drop below 15 percent and therefore permit only one Board Member. The Subcommittee recommends against this proposal as it is contrary to the principle of Board membership being linked to ridership.

Another issue discussed by the Subcommittee was regarding a jurisdiction with ridership substantially above 15 percent of total system ridership that is not recognized as such for purposes of Board membership even while paying a substantially higher subsidy. The Subcommittee recommends an additional Board Member if a jurisdiction reaches 25 percent of total system ridership, with the membership as follows:

Ridership of less than 15% = 1 Board Member
Ridership of 15-24% = 2 Board Members
Ridership of 25% of more = 3 Board Members

Mr. Zehner stated that as a result of a concern raised at the NVTC meeting about the initial proposal of no voting privileges for both Arlington and Alexandria in the event of a weighted vote, the Subcommittee recommends that when weighted voting is required, the weighting should be based on subsidy rather than ridership. An affirmative vote would still require approval by jurisdictions with at least 60 percent of the total subsidy. Under this proposal and based on current contributions, Arlington would receive 1.2 percent of the total vote and Alexandria would receive 0.8 percent of the total vote.

Mr. Zehner stated that another issue is when weighted voting is in effect, votes could be cast by jurisdiction or individual Board Members. The subcommittee recommends each Board Member cast an individual vote based on a prorata share of their jurisdictional percentage of subsidy, which would be analogous to TPB's practice.

Mr. Zehner stated that the final issue is what level of authority should the Commissions delegate to the Operations Board. The Subcommittee recommends formally including the delegation of authority plan in Appendix B of the Master Agreement, as well as examination as to if further delegation beyond the current plan is advisable. Delegation would not include items such as approval of the annual budgets, debt, disposition of property, legislative agendas, strategic plans and other major policy issues. Those items would be approved by the Commissions.

Mr. Tobias stated that VDRPT has serious concerns about this proposal because it basically disenfranchises the Commonwealth and has left VDRPT as the only Board Member without a weighted vote. The Commonwealth is a major funding partner of VRE and it is essential that the state continue to have a vote. Mr. Zehner observed that VDRPT would continue to have a vote at both Commissions, which has oversight over VRE. Mr. Gibbons stated that when one looks at the federal and state contribution, it's a substantial part of the budget. VDRPT's concerns should be addressed. If it has to be elected officials on the Board then a Delegate or Senator could serve as a Board Member to represent the Commonwealth. Chairman Kauffman stated that he will work with Mr. Zehner on this issue. Ms. Bulova stated that she wished VDRPT had raised these concerns earlier in the process. She suggested that CTB's Chairman be included in the discussions of this issue.

Mr. Zimmerman stated that the distinction between participating and contributing jurisdictions should be eliminated in the chart, since with the changes it is not needed. The maker and seconder of the motion agreed to include Mr. Zimmerman's comments into the spirit of the motion.

Mr. Jenkins stated that, in the spirit of moving this forward to the Commissions, VDRPT's concerns can be discussed at the Commission level.

Mr. Kelly stated that the City of Fredericksburg sees VRE as an important component of the region's transportation system. Regarding nonjurisdictional credit, the City of Fredericksburg is impacted by the 800+ nonjurisdictional riders boarding at Fredericksburg. The City agrees with the concept that currently Fairfax County is bearing an enormous share of the budget and that the subsidy should be changed. He asked for financial help for at least the first year and suggested Fairfax County work with the southern jurisdictions and possibly defer 20 percent to the other jurisdictions. The City needs some financial assistance, especially for the first year. Mr. Milde stated that the subsidy is also a concern for Stafford County, because the County's subsidy would increase to above \$2 million. It's a huge jump and the County would also like some relief. Chairman Kauffman stated that this is the reason for the phased-in approach to help lessen the increase to other jurisdictions. Fairfax County has been supporting VRE from the beginning and has paid its costs out of general funds, not out of the gas tax.

In response to a question from Mr. Milde, Mr. Zehner explained that the weighted voting technically only matters if there is a split vote. Mr. Milde observed that weighted voting is based on subsidy but membership is based on ridership. He stated that this seems biased toward some jurisdictions. He asked why not do it all on subsidy. Chairman Kauffman explained that the change was made to give Arlington and Alexandria a vote. Mr. Zehner stated that if membership is based on subsidy, it would change the Board membership (Fairfax would have 3, Prince William 3 and Stafford 2). The proposed plan has Board membership based on ridership to represent who is riding the trains. Mr. Zimmerman questioned what would be the problem with the change in Board membership since the votes are weighted.

Ms. McConnell observed that if the subsidy is based on ridership, why would a jurisdiction want to promote ridership. Ms. Caddigan stated that Prince William County has stepped up to the plate and will now pay the biggest share of the VRE budget, but it needs to get something in return. Ms. Barg also asked what incentive Prince William County would have to increasing ridership if it means an increase in subsidy and the County already has the most votes on the Operations Board.

Mr. Zehner stated that 20 percent of ridership comes from outside VRE jurisdictions. If 100 percent of ridership came from VRE jurisdictions, subsidy and ridership would basically be the same. He recommended that if Board membership were changed to be based on subsidy, the threshold would be change to 30% for another member.

Ms. Bulova stated that when the Subcommittee first started looking at this issue, the goal was to find a governance system that was fair and simple as possible. The more you deviate from that, the less fair it is and the harder it is to understand. Her inclination would be to stick with the original concept to base subsidy on ridership. Mr. Kelly agreed and stated that under the original proposal, Fairfax and Prince William Counties would have 50 percent of the vote, but if it changed they would have 65.7 percent and basically control the Board.

Mr. Zehner stated that the Strategic Plan indicates that system growth in the future will occur at the ends of the lines, which is currently restricted because of no parking and stations. Chairman Kauffman asked what the consequences would be as more jurisdictions join the system. Mr. Zehner stated that if Spotsylvania County were to join they would have approximately 10 percent of the ridership and have one member. Once a station was built in the county, ridership would substantially increase and the County's representation on the Board would increase. As more jurisdictions join, the power of the Board would also shift to the outer jurisdictions. This makes it attractive to new members who are considering joining VRE. Mr. Kelly stated that in regard to Spotsylvania joining VRE and the future of VRE, it is important to look at CSX and the third rail. Spotsylvania will be watching this issue. He is concerned that localities would have no say in those negotiations.

Mr. Gibbons observed that Arlington and Alexandria get the air quality benefit from VRE service. There is going to be a difference of opinions between PRTC and NVTC and he suggested having a member from each Commission serve as a "go between" to work through these issues and come to an agreement by May or June in order to meet budget deadlines.

Ms. McConnell reminded the new jurisdictions that in 1984 Fairfax County helped to start this system and put substantial amounts of money into VRE. Arlington and Alexandria were also there from the beginning regardless of what they got out of it. They deserve a vote.

Chairman Kauffman suggested that Mr. Milde's comments regarding having the voting and Board membership both based on subsidy be advanced to the Commissions for discussion.

Mr. Tobias again stated that the weighted system of voting is a concern because it doesn't give the Commonwealth a vote. The state has also been there from the beginning and contributed substantial funding for VRE. He was instructed to submit a revision that would provide two votes for the state, but he doesn't know how that would work with the current proposal.

Mr. Tobias moved that the motion be amended to include two votes for the Commonwealth.

Ms. Bulova observed that this issue will be brought to the Commissions for their discussion. There was no second to Mr. Tobias's motion.

Mr. Tobias also moved to have VRE recommend that the budgets move forward without the change in governance proposal.

Chairman Kauffman explained that the resolution would move forward both versions of the budget. Mr. Gibbons stated that he does not want the vote on the budget and vote on governance to be tied together. Mr. Maclsaac explained that the resolution is a

single action that would forward the initial budget based on the current 90/10 formula and at the same time forward the alternate budget based on the new subsidy and governance formula. The condition on the alternate budget is that all the jurisdictions have to approve it. If there isn't unanimous approval, then the original budget carries.

Mr. Tobias stated that with that explanation, he requested that his motion be amended to remove the second "Whereas" clause so that all the resolution would do would forward the existing budget at the current 90/10 formula. There was no second to the motion.

[Ms. Barg left the meeting at 10:13 A.M.]

Mr. Jenkins called the question. Chairman Kauffman asked for a roll call vote. The motion passed with the following Board Members voting in favor: Bulova, Jenkins, Milde, McConnell, Waldron and Kauffman. Mr. Tobias voted no.

Mr. Tobias requested that a meeting with VDRPT and VRE staff be scheduled prior to the Commission meetings to discuss the Commonwealth's concerns.

Ridership Analysis by Station – 11A

Chairman Kauffman observed that the agenda item shows data about which stations are experiencing the largest decline in ridership. Board members had no questions.

BRAC Update – 11B

Board Members were provided with a white paper on the impact of proposed BRAC actions at Fort Belvoir and the Quantico Marine Corps Base. Board Members had no questions.

Adjournment

Chairman Kauffman announced that the next Operations Board meeting is scheduled for February 16, 2007. Ms. Bulova moved, with a second by Ms. Caddigan, to adjourn the meeting. The vote in favor was cast by Bulova, Jenkins, Milde, Kauffman, McConnell, Tobias and Waldron. Chairman Kauffman adjourned the meeting at 11:17 A.M.

Approved this 16th day of February 2007.

Dana Kauffman
Chairman

Elaine McConnell
Secretary

CERTIFICATION

This certification hereby acknowledges that the minutes for the January 19, 2007 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.

Rhonda Gilchrest

Rhonda Gilchrest

Revised VRE Governance and Subsidy Proposal.

Attached is a PowerPoint presentation describing the recommendations of a subcommittee of the VRE Operations Board. The Board voted to approve those recommendations. The attached Resolution #2053 endorses the VRE Board action and signals NVTC's intent to execute amendments to the VRE Master Agreement to permit the new subsidy formula to be applied to VRE's budget, beginning in FY 2008.

Several issues not covered in the PowerPoint presentation were discussed at the January 19th VRE Board meeting. These include:

- 1) Should DRPT (or the Secretary of Transportation) receive as many as three board seats and weighted voting strength proportionate to the Commonwealth's financial contributions to VRE?
- 2) Should the assignment of board seats be proportional to relative local subsidy payments? The approved proposal assigns board seats based on relative ridership and weighted votes based on relative subsidy.
- 3) Should Fairfax County pay more than the subsidy amounts recommended to further cushion the impact on Fredericksburg and Stafford?
- 4) Should the quorum requirement be reworked so as not to distinguish between participating and contributing jurisdictions?

Only the last item was made part of the recommendation forwarded to the commissions. The exact wording of the change will be provided by VRE staff and legal counsel.



RESOLUTION #2053

SUBJECT: Revised VRE Governance and Subsidy Allocation.

WHEREAS: NVTC is a signatory to the VRE Master Agreement;

WHEREAS: NVTC has encouraged the VRE Operations Board to develop revised governance and subsidy allocation procedures that would provide a fairer sharing of subsidy costs based on relative ridership; and

WHEREAS: On January 19, 2007 the VRE Operations Board adopted such a set of recommended changes to the VRE Master Agreement.

NOW, THEREFORE BE IT RESOLVED that the Northern Virginia Transportation Commission commends the VRE Operations Board for its action; endorses the proposed changes; agrees to execute changes to the VRE Master Agreement to accomplish those recommendations when asked to do so by legal counsel; and asks participating jurisdictions also to adopt promptly the governance changes so they will apply to VRE's FY 2008 budget and beyond.

Approved this 1st day of February, 2007.

David F. Snyder
Chairman

Christopher Zimmerman
Secretary-Treasurer



Virginia Railway Express Proposed Changes to Governance Structure and Subsidy Formula



January 19, 2007



Background

- In February, the Operations Board initiated analysis of VRE's governance structure.
- Proposal made at the November Operations Board and December Commission meetings.
- Governance Proposal
 - Expand Operations Board to include all member jurisdictions with board seats and weighted voting proportionate to ridership
- Subsidy Allocation Proposal
 - Allocate subsidy based on system ridership – no population component
 - Phase subsidy change in over four years



New Issues for Consideration

- Should changes be made to:
 - method of distribution of non-jurisdictional fare revenue?
 - jurisdictions being grandfathered after reaching 15% and having two votes?
 - two board members as a ceiling irrespective of ridership exceeding 15%?
 - Arlington and Alexandria receiving voting privileges for the purpose of weighted voting?
 - the level of authority being delegated from the Commissions to the Operations Board?



Non-Jurisdictional Fare Revenue

- Issue – crediting nonjurisdictional fare revenue to outlying jurisdictions was proposed as a means of recognizing the cost of nonmember riders using these stations
- Subcommittee recommends against proposal due to:
 - both the current and proposed allocation formulas already apply a higher per passenger fare revenue credit to the outer jurisdictions
 - currently, no evidence of financial harm to outer jurisdictions
 - jurisdictions face different challenges – i.e. riders from inner jurisdictions do not always have seats



Grandfathering

- Issue – should a method exist to protect the number of board members even if ridership growth causes a jurisdiction's ridership to drop below 15% and therefore permit only one board member
- Subcommittee recommends against this proposal as it is contrary to the principle of a board membership linked to ridership



Two Seat Maximum

- Issue – a jurisdiction with ridership substantially above 15% of total system ridership is not recognized as such for purposes of Board membership even while paying a substantially higher subsidy
- Subcommittee recommends an additional Board member if a jurisdiction reaches 25% of total system ridership
- An additional member at 25% would mean:
 - Ridership of less than 15% = 1 Board member
 - Ridership of 15-24% = 2 Board members
 - Ridership of 25% or more = 3 Board members



Proposed Board Membership

<i>Jurisdiction</i>	<i>FY 2008 Ridership</i>	<i>Percentage of System Ridership</i>	<i>Number of Board Members</i>
Fairfax	1478	20.3%	2
Fredericksburg	204	2.8%	1
Manassas	347	4.8%	1
Manassas Park	201	2.8%	1
Prince William	2232	30.6%	3
Stafford	1309	17.9%	2
Alexandria	4	0.1%	1
Arlington	0	0%	1
Other	1520	20.9%	0
Total	7295		12



Arlington and Alexandria

- Issue – the initial governance proposal eliminated voting privileges of both Arlington and Alexandria in the event of a weighted vote
- Subcommittee recommends that when weighted voting is required, the weighting should be subsidy rather than ridership
- An affirmative vote would still require approval by jurisdictions with at least 60% of total subsidy
- Under this proposal, with current contribution
 - Arlington would receive 1.2% of the total vote
 - Alexandria would receive 0.8% of the total vote



New Issue – Voting

- Issue – when weighted voting is in effect, votes could be cast by jurisdiction or individual Board members
- Subcommittee recommends each Board member cast an individual vote based on a prorata share of their jurisdictional percentage of subsidy (analogous to TPB practice)



Weighted Voting Allocation

<i>Jurisdiction</i>	<i>Number of Board Members</i>	<i>Total Jurisdictional Vote*</i>	<i>Vote per Member*</i>
Fairfax	2	28.4%	14.2%
Fredericksburg	1	2.8%	2.8%
Manassas	1	5.5%	5.5%
Manassas Park	1	3.1%	3.1%
Prince William	3	37.3%	12.4%
Stafford	2	20.7%	10.4%
Alexandria	1	0.8%	0.8%
Arlington	1	1.2%	1.2%
Total	12	100%	

Note: percentage based on subsidy.



Delegation of Authority

- Issue – what level of authority should the Commissions delegate to the Operations Board
- Subcommittee recommends:
 - formally including the delegation of authority plan in Appendix B of new MA
 - examination as to if further delegation beyond the current plan is advisable
- Delegation should not include items such as approval of annual budgets, debt, disposition of property, legislative agendas, strategic plans and other major policy issues



Final Proposal

- All seats on Operations Board to be elected officials, except DRPT Director
- All jurisdictions to have seat on Operations Board
 - 25% or more of total system ridership = 3 members, 3 alternates
 - 15% – 24% of total system ridership = 2 members, 2 alternates
 - Less than 15% of total system ridership = 1 member, 1 alternate
 - Arlington and Alexandria = 1 member, 1 alternate each
 - Director of DRPT = 1 member
- Ridership calculated annually in October survey and used to determine:
 - board membership effective in January of each year
 - subsidy allocation effective for the next fiscal year



Operations Board

Quorum:
Majority of voting members
= 7 of 13

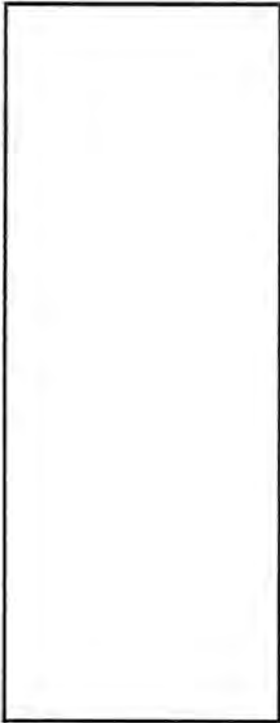
Majority of participating
jurisdictions = 4 of 6

P = Participating
C = Contributing
DRPT = Director of DRPT

Alexandria (C)

Arlington (C)

(DRPT)



- (P) Fairfax
- (P) Fairfax
- (P) PWC
- (P) PWC
- (P) Stafford
- (P) Stafford
- (P) Fredericksburg
- (P) Manassas
- (P) Manassas Park

Note: Any affirmative vote must represent 60% of total jurisdictional subsidy.



Current vs. Proposed Subsidy

Jurisdiction	FY 2008 Local Subsidy Allocation		
	90/10 (Current Formula)	100% Ridership (Proposed Formula*)	Difference
Fairfax	\$4,999,777	\$3,802,698	(\$1,197,079)
Fredericksburg	\$314,232	\$380,155	\$65,923
Manassas	\$627,365	\$738,213	\$110,848
Manassas Park	\$339,650	\$419,347	\$79,697
Prince William	\$4,504,312	\$4,986,568	\$482,256
Stafford	\$2,315,147	\$2,773,502	\$458,355
Alexandria	\$113,140	\$113,140	\$0
Arlington	\$165,532	\$165,532	\$0
Total	\$13,379,155	\$13,379,155	\$0



Proposed Subsidy with Phasing

	<i>Current</i> 90/10				<i>100%</i> Ridership
Jurisdiction	Formula	Year 1	Year 2	Year 3	Year 4
Alexandria	\$113,140	\$113,140	\$113,140	\$113,140	\$113,140
Arlington	\$165,532	\$165,532	\$165,532	\$165,532	\$165,532
Fairfax County	\$4,999,777	\$4,700,508	\$4,401,238	\$4,101,968	\$3,802,698
Fredericksburg	\$314,232	\$330,713	\$347,194	\$363,675	\$380,155
Manassas	\$627,365	\$655,077	\$682,789	\$710,501	\$738,213
Manassas Park	\$339,650	\$359,574	\$379,498	\$399,423	\$419,347
Prince William County	\$4,504,312	\$4,624,876	\$4,745,440	\$4,866,004	\$4,986,568
Stafford County	\$2,315,147	\$2,429,735	\$2,544,324	\$2,658,913	\$2,773,502
Total	\$13,379,154	\$13,379,154	\$13,379,154	\$13,379,154	\$13,379,154

Note: amounts do not reflect any potential future subsidy increase.



Next Steps

- Request Operations Board approve and forward final governance recommendation to NVTC on February 1 and PRTC on February 7
- Recommend Commissions adopt governance proposal and FY 2008 budget as a package
- Resolution would seek Commission approval of two budgets:
 - one based on current formula
 - one based on proposed formula amendment, as phased in, subject to unanimous approval by all jurisdictions



Next Steps

- Subcommittee recommends this approach due to:
 - MA requirement that Commissions' forward budget by February 1
 - MA requires budget adoption based on current subsidy formula
 - MA requires consent of any amendments by bond trustee and bond insurers
 - Further delay will trigger obligation to notify bond trustee that the terms of the Master Agreement have not yet been met
- VRE will continue to monitor the impact of Governor's Proposal on FY 2008 VRE Budget
- Per the Legislative Agenda, VRE will advocate for funding to hold the jurisdictions harmless assuming an amendment to the subsidy allocation formula

VRE FY Budget and Revised FY 2007 Budget.

This action to approve these budgets was deferred from the previous NVTC meeting. The VRE Operations Board recommends approval of Resolution #2054. As can be seen, pending the proposed changes to the subsidy allocation formula by amending the VRE Master Agreement, the recommended action requires forwarding two versions of the budget to the jurisdictions. Additional budget materials are attached for your information. Clearly, if the General Assembly provides new funding for VRE (\$30 million annually was proposed in the recent Republican plan), the local subsidy amounts would change.

NVTC

Northern Virginia Transportation Commission

RESOLUTION #2054

SUBJECT: Approval of FY 2008 VRE Budget and FY 2007 Budget Revisions.

WHEREAS: The VRE Master Agreement requires that the commissions transmit to the participating and contributing jurisdictions (“member jurisdictions”) no later than February 1 of each year an approved annual budget and a request to budget and appropriate their respective jurisdictional subsidy as set forth in the budget;

WHEREAS: The VRE Master Agreement provides that the participating jurisdictions will be requested by the commissions to budget, and thereafter appropriate, their entire share of the costs of commuter rail service as such share is calculated in accordance with the formula in the VRE Master Agreement, specifically, that 90 percent of the total costs be determined by the number of the jurisdiction’s residents riding commuter rail and 10 percent of the costs be determined by total population of each participating jurisdiction;

WHEREAS: In February, 2006, the VRE Operations Board initiated analysis of VRE’s governance structure and subsidy allocation formula;

WHEREAS: The VRE Operations Board has recommended that the Board should be expanded to include all member jurisdictions with board seats proportionate to system ridership and weighted voting proportionate to jurisdictional subsidy;

WHEREAS: The Board also has recommended that the VRE Master Agreement be amended to allocate the jurisdictional subsidy based on system ridership only rather than the current 90% system ridership and 10% population formula;

WHEREAS: This amendment to the subsidy formula is proposed to be phased in over four years; and

WHEREAS: The proposed changes require approval of an amendment to the VRE Master Agreement by the commissions and each of the member jurisdictions.

NOW, THEREFORE BE IT RESOLVED that the Northern Virginia Transportation Commission adopts the revised FY 2007 and recommended FY 2008 VRE Operating and Capital Budget and will forward the recommended FY 2008 VRE budget to each of the participating



RESOLUTION #2054

and contributing jurisdictions with a request that, in accordance with the VRE Master Agreement, they each include in their respective FY 2008 budgets their proportionate share of the VRE costs as set forth in the aforesaid FY 2008 VRE budget and thereafter appropriate such shares in the manner set forth in the VRE Master Agreement;

BE IT FURTHER RESOLVED that the Northern Virginia Transportation Commission does hereby:

- 1) Adopt and send to the member jurisdictions an alternate FY 2008 VRE Operating and Capital Budget which:
 - a) reflects the proposed change to the subsidy formula whereby total VRE costs are allocated among the member jurisdictions based on the number of the jurisdiction's residents riding commuter rail, as phased in over a four year period (FY 2008 through FY 2011); and
 - b) is effective contingent upon approval by the commissions and all member jurisdictions of the above described amendments to the VRE Master Agreement pertaining to Operations Board membership and the subsidy formula; and
- 2) Subject to the aforesaid contingency, request the member jurisdictions to include in their respective FY 2008 budgets, in accordance with the VRE Master Agreement, their proportionate share of the VRE costs as set forth in the aforesaid alternate FY 2008 VRE budget, in lieu of the initially recommended FY 2008 budget, and to thereafter appropriate such shares as set forth in the VRE Master Agreement;

BE IT FURTHER RESOLVED that the Northern Virginia Transportation Commission authorizes the Executive Directors of both PRTC and NVTC to submit to the Transportation Planning Board of the National Capital Region and to the Federal Transit Administration or other federal agencies, the appropriate VRE transit Improvement Program and grant applications for FY 2007 and FY 2008; and

BE IT FURTHER RESOLVED that the Northern Virginia Transportation Commission authorizes the Executive Director of NVTC to submit to the commonwealth the VRE approved budget as part of the FY 2008 state aid grant applications.

RESOLUTION #2054

Approved this 1st day of February, 2007.

David F. Snyder
Chairman

Christopher Zimmerman
Secretary-Treasurer

AGENDA ITEM 8-B
ACTION ITEM

TO: CHAIRMAN CADDIGAN AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: DECEMBER 15, 2006

**SUBJECT: REFERRAL OF THE REVISED FY 2007 AND RECOMMENDED
FY 2008 VRE OPERATING AND CAPITAL BUDGET TO THE
COMMISSIONS AND LOCALITIES**

RECOMMENDATION:

The VRE Operations Board is being asked to adopt the revised FY 2007 budget and the recommended FY 2008 VRE Operating and Capital Budget and refer them to the Commissions for their consideration and subsequent referral to the jurisdictions for their formal review and adoption.

BACKGROUND:

In accordance with the VRE Master Agreement, which outlines the process for annual budget approval, the preliminary FY 2008 VRE Operating and Capital Budget was submitted for review at the August VRE Operations Board meeting. Since that time, it has been discussed at numerous meetings of the CAO Task Force. The CAO Task Force met on December 6th to finalize their recommendations and to discuss VRE responses to those recommendations. The CAO Task Force report is presented under separate cover.

DISCUSSION:

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

- Continuation of the 30-train operation

- Projection of an average daily ridership of 15,200 passengers
- Capital match funds from the State of 23% of the non-federal share.

The capital budget includes the following system capital initiatives for FY 2008:

- Facilities infrastructure - \$400,000
- Crossroads extension/maintenance - \$332,000
- Rolling stock modifications - \$1,206,000
- Washington Union Terminal project - \$1,000,000
- Fleet expansion - locomotives - \$1,000,000

The budget requires additional funding for FY 2008, after various expenditure decreases, of \$7.7M. The primary causes are noted below:

- Increase of \$4.1 million (for a total contribution of \$5.1 million) to the Insurance Trust Fund. The Task Force recommended **reducing** this payment by \$250,000 in FY 2008.
- Increase in fuel expenditures of \$600,000
- Decrease to State revenue for capital match of \$700,000 as the result of the anticipated lower funding percentage
- Decrease to fare revenue of \$3.4 million as the result of lower ridership projections
- Contract escalations for Amtrak, CSX and Norfolk Southern of \$900,000.

The CAO Budget Task Force recommended the following to balance the FY 2008 budget:

- A 2% fare increase, which provides additional revenue of \$432,461
- An increase to the local subsidy of \$4,576,394
- A deferral of capital costs of \$1.85M and a reduction to the insurance contribution of \$250k.
- Reductions to the railcar washing (\$100k), marketing (\$50k), overtime (\$45k), and operations and safety (\$100k) budgets, and the elimination of the secret shopper (\$75k) and FRC (\$60k) programs.
- An increase to the Amtrak Step-Up charge from \$2 to \$5 for \$163,000 of additional revenue.

FISCAL IMPACT

The FY 2008 operating budget is being recommended for full funding through a combination of an increase in the Amtrak Step-Up ticket, an increase in local subsidy, the deferral of capital projects and various expenditure decreases. The budget allows VRE to remain focused on its primary goal of quality service for

the existing network. As described more fully in the section below, the proposed budget as presented here does not include a general fare increase, as recommended by the Task Force. Instead, changes are recommended to the Amtrak Step-Up program that will yield the same net fare revenue.

Also attached is the six-year financial forecast for the period FY 2008 through FY 2013. The six-year forecast indicates that additional funding will be required to address base program needs, which assumes VRE will reach 36 trains by 2013; the additional amount need in FY 2009 is projected to be \$3.1 million. The CIP identifies nearly \$430 million of unfunded capital needs for the period FY 2009 through FY 2013. If a substantial portion of this funding is not identified, the planned increase to 36 trains will not be possible.

RECOMMENDATIONS

The Chief Administrative Officers' Task Force report incorporates the following recommendations for FY 2008. The Task Force is in general agreement with the FY 2008 budget proposals and VRE is in general agreement with the recommendations of the Task Force. However, VRE staff cannot support the recommendation regarding a fare increase given the recent problems with on-time performance and the desire to continue to grow ridership.

Preliminary indications from riders suggest that VRE will lose riders if a fare increase for the fifth consecutive year is imposed in FY 2008. For the past several years, budget challenges have required VRE to make significant cuts in its annual budget including the elimination of service and annual fare increases. VRE management is extremely concerned that any further reduction in service and/or increase in fares will further degrade the VRE experience. VRE, therefore, recommends maintaining the existing service and fare level in FY 2008 to help maintain and potentially increase ridership and revenue.

Instead of a fare increase that affects nearly all riders, VRE is recommending an increase to the Step-Up fare from \$2 to \$10, the amount charged by Amtrak for each VRE rider on Amtrak trains. Approximately 150 riders per day use the Amtrak trains, for a net cost to VRE of about \$425,000. The proposed change will radically reduce the number of these riders, but will assure that those that remain pay the full cost of the program. In order to have the benefit of this change in FY 2008, the Step-Up fare increase will need to be implemented in early spring, followed by a survey of the reduced number of riders.

VRE has notified the CAO Task Force of its position and, with the exception of the fare increase, VRE supports the following CAO recommendations

1. VRE should reduce the contribution to the Insurance Trust Fund - \$250,000.

VRE Response: VRE has made this reduction in the budget. VRE faces the difficult task of attempting to restore the insurance trust fund to the required \$10 million balance over a several year period. The reduction in FY 2008 will have to be paid in a future year.

2. VRE should reduce the frequency of car washes from six times a year to four - \$100,000.

VRE Response: VRE has made this reduction in the budget. VRE would resist further cuts to this line item due to the impact on customer service.

3. VRE should reduce the station security budget - \$100,000.

VRE Response: VRE has made this reduction in the budget. This has no impact on passenger safety or security services. This was reduced to reflect last year's change of having parking lots patrolled by the jurisdictions rather than VRE contractors.

4. VRE should eliminate the Secret Shopper program for FY 2008 – \$75,000.

VRE Response: The Secret Shopper program has yielded positive results in the short time it was in place. We would like to see the program reinstated in FY 2009.

5. VRE should eliminate the Free Ride Certificate program beginning July 1, 2007 - \$60,000.

VRE Response: VRE has been hesitant in the past to eliminate this program because of issues with OTP. However, in recent months, OTP has improved. Additionally, the cost of FRC redemption has declined over the past few fiscal years.

6. VRE should reduce its marketing and special events budget -\$50,000.

VRE Response: VRE has made this reduction in the budget.

7. VRE should reduce its overtime and temporary services budget - \$45,000.

VRE Response: VRE has made this reduction in the budget. VRE's overtime has been directly tied to the FRC program. The elimination of the program will result in a reduction of overtime.

8. VRE should increase cost of Step-Up Ticket for VRE passengers using Amtrak trains - \$163,000.

VRE Response: As indicated above, VRE proposes an increase to the cost of the Step-Up ticket from the current \$2 to \$10. This recommendation is being made in an effort to eliminate the need for an overall 2% fare increase in FY 2008. In the past, this program was beneficial to VRE as our capacity was limited and these tickets allowed Amtrak to carry some of our passengers during our busiest times. As our capacity issues are no longer as pronounced, we have increased the cost for this premium service to more closely reflect our costs.

9. VRE should implement a combined fare and local subsidy increase to ensure that funding is available to meet capital match requirements for federal grants and increased operating costs for FY 2008 - \$432,461 and \$4,576,394.

VRE Response: VRE faces a structural deficit with recurring revenues unable to match increasing expenses, particularly in light of the large increase to insurance trust fund contributions and lower than anticipated ridership levels. The CAO Task Force has recommended a 2% fare increase of \$432k and a subsidy increase of \$4.6M.

10. VRE should defer the Mid-Day Storage project and reallocate grant revenues to the operating budget - \$1,856,000.

VRE Response: The project has been deferred. The L'Enfant track project will help alleviate the immediate need for additional mid-day storage. VRE would like to caution that this is a one-time reduction as these funds will need to be restored to the capital program in FY 2009.

REVISED FY 2007 CAPITAL AND OPERATING BUDGET

The FY 2007 budget has been revised, in accordance with the first quarter projection provided to the Operations Board in October. Fare revenue has been decreased by \$4.48 million to reflect the revised ridership projection and State grant revenue has been increased by \$2.5 million to reflect a higher than expected operating subsidy award and the use of 63% capital match left from the prior year grant. In addition, there were modifications to various line items to

better reflect current projections and staff assignments, which slightly reduced the deficit.

Staff recommends that the projected loss of \$1.9 million be funded with one-time funds. The source of these funds will be the \$3.6 million that will be received from the Connecticut Department of Transportation (ConnDOT) when the remaining seven Mafersa cars are sent to them. If additional operating budget savings or revenue can be identified during the latter half of the year, this amount will be reduced.

In November 2004 the Operations Board created a Reserve Fund to implement the reserve policy adopted in August 2004. The source of funding for the Reserve Fund was \$5 million in cash from the initial sale of the Mafersa cars and the receivable account for the \$3.6 million that was held by ConnDOT until the return of the final seven cab cars. As indicated above, \$1.9 million of the receivable amount will need to be used to fund operations in FY 2007 and only the remaining \$1.7 million will be available for future reserve purposes.

VIRGINIA RAILWAY EXPRESS
RECOMMENDED BUDGET
FOR FISCAL YEAR 2008
AND
REVISED BUDGET
FOR FISCAL YEAR 2007

DECEMBER 15, 2006
Revised December 19, 2006

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MISSION STATEMENT

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

GOALS FOR FISCAL YEAR 2008

- Achieve at least a 55 percent operating ratio (cost recovery).
- Operate trains on time at least 95 percent of time.
- Achieve at least 15,200 average daily riders for FY 2008.

PERFORMANCE MEASURES FOR FISCAL YEAR 2008

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

BUDGET ASSUMPTIONS FOR FISCAL YEAR 2005

Major Issues in the FY 2008 Budget:

1. Contributions to the Insurance Trust Fund. The State is requesting that VRE reinstate the trust fund balance to \$10M. This results in a budgeting increase from the FY 2007 amount of \$1M to a proposed amount of \$4.95M.
2. Ridership decreased during FY 2006 due to a number of factors, including OTP. This has caused a projected decrease in fare revenue of approximately \$3.4M. The issues have been resolved and VRE staff is committed to bringing these riders back into the system.
3. Fuel costs continue to be high. Projected increases are in the amount of \$600k.
4. To sustain service levels and ridership, additional operating funds are necessary over the FY 2007 level. Sources identified included a fare increase and/or additional jurisdictional subsidy.

Sources of Funding

The budget shown below assumes the following:

- a. Fare revenue will be \$21.4 million with no general fare increase. Step-Up fares will increase from \$2 to \$10.
- b. Average fare will be \$5.64.
- c. Federal funding is estimated at 80% of \$23 million, consistent with the FY 2007 level.
- d. Level of state capital match funding will be 23% of the amount not funded with federal funds, in accordance with the Department of Rail and Public Transport (DRPT) projections.
- e. State formula funds for operations will be similar to the amount received in FY 2007, also in accordance with DRPT projections.
- f. The local subsidy allocation will increase by \$4,576,393 to \$13,379,155.

Jurisdiction	FY 2007	FY 2008	Percent
Fairfax County	\$3,935,735	\$4,999,777	27.0%
Fredericksburg	111,115	314,232	182.8%
Manassas	428,436	627,365	46.4%
Manassas Park	183,686	339,650	84.9%
Prince William County	2,961,241	4,504,312	52.1%
Stafford	917,147	2,315,147	152.4%
Alexandria	107,752	113,140	5.0%
Arlington	157,649	165,532	5.0%
Total	\$8,802,761	\$13,379,155	

Uses of Funding

Key assumptions implicit in determining the operating expense for the FY 2008 budget include the following:

- a. Amtrak contract costs based on a growth rate of 5.75% (estimated AAR escalation rate)
- b. Access fees indexed at 4%
- c. Merit/COLA 4%

Source and Uses of Funds

Fare Increase		0%
Subsidy Increase	\$	4,576,393
Number of Trains		30
Number of Passengers		15,200
Sources		
Fare Revenue	\$	21,334,369
Local Subsidy		13,379,154
State Formula Grant		8,500,000
State Capital Grant used for Operations		1,949,366
State Capital Grant used for Capital Program		257,094
Federal Operating Funding (SSTP)		6,880,000
Federal Capital Funding used for Operations		7,286,870
Federal Capital Funding used for Capital Program		4,471,200
Other Income		361,500
Total Sources	\$	64,419,553
Uses		
Operating Expenses	\$	40,970,242
Debt Service		12,479,373
Federal Capital Program		5,589,000
Insurance and Operating Reserve		5,380,938
Total Uses	\$	64,419,553

Six-Year Financial Plan

The final FY 2008 budget recommendation includes a six-year financial plan as required by the Master Agreement. The six-year financial plan was developed in conjunction with the CAO Budget Task Force. The VRE capital planning process is informed by the results of the Phase II Strategic Plan, which was approved by the Operations Board in May of 2004. Planning assumptions through 2025 that are outlined in the Strategic Plan are the foundation of the CIP. The CIP is fiscally constrained and the program of projects is based on reasonably assumed

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

<u>Jurisdictions</u>	[Col 1]	[Col 2]	[Col 3]	[Col 4]	[Col 5]	[Col 6]	
	Population 2005 Update	Population %	Contributors' Potential Share of Net Costs %	Contributors' Potential Share of Net Costs \$	Contributors' Maximum Share of Net Costs		5% Increase
Contributors:							
Alexandria	135,200	7.1289%	0.7129%	\$217,136			\$113,140
Arlington	195,600	10.3137%	1.0314%	\$314,141			\$165,532
Contributors' Total	330,800	17.4427%					
	[Col 7]	[Col 8]	[Col 9]	[Col 10]	[Col 11]	[Col 12]	
Participants:	Population 2005 Update	Population %	- 10% Weight - Participants' Normalized % Population	October Survey Participants' AM Ridership	- 90% Weight - Participants' Ridership %	Participants' [10/90] Aggregate % of Costs	
Fairfax County	1,022,100	53.89%	65.28%	1,478	25.62%	29.58%	
Fredericksburg	21,200	1.12%	1.35%	204	3.54%	3.32%	
Manassas	36,700	1.94%	2.34%	347	6.02%	5.65%	
Manassas Park	13,100	0.69%	0.84%	201	3.48%	3.21%	
Prince William County	355,300	18.73%	22.69%	2,232	38.67%	37.07%	
Stafford County	117,300	6.19%	7.49%	1,309	22.68%	21.16%	
Participants' Total	1,565,700	82.56%	100.00%	5,771	100.00%	100.00%	
Population Total	1,896,500	100.00%					
<u>Costs</u>	[Col 12] (repeated) Participants' [10/90] Aggregate %	[Col 13] Gross Costs \$	[Col 14] State Aid Interest & Misc Income \$	[Col 15] "System" Fare Revenue \$	[Col 16] Net Costs \$	[Col 17] Contributors' Payments Lesser of Col 6 or 4	[Col 18] Participants' Net Costs \$
Alexandria						\$113,140	
Arlington						\$165,532	
Fairfax County	29.58%	\$19,273,755	\$8,787,725	\$1,475,712			\$8,927,881
Fredericksburg	3.32%	\$2,163,050	\$986,227	\$165,616			\$1,001,956
Manassas	5.65%	\$3,680,893	\$1,678,276	\$281,831			\$1,705,043
Manassas Park	3.21%	\$2,093,595	\$954,559	\$160,298			\$969,783
Prince William County	37.07%	\$24,154,955	\$11,013,271	\$1,849,446			\$11,188,923
Stafford County	21.16%	\$13,786,766	\$6,285,973	\$1,055,596			\$6,386,228
Total	100.00%	\$65,153,014	\$29,706,030	\$4,988,499	\$30,458,485	\$278,671	\$30,179,813
<u>Subsidy Calculation</u>	[Col 19]	[Col 20]	[Col 18] (repeated)	[Col 21]	[Col 22]	[Col 23]	[Col 24]
	Oct Survey Participants' Fare Revenue %	Participants' Fare Revenue \$	Participants' Net Costs \$	Proposed FY 2008 Budget Based on 10/18/06 Survey	Actual FY2007 Subsidy	Net Change \$	Net Change %
Alexandria				\$113,140	\$107,752	\$5,388	5.00%
Arlington				\$165,532	\$157,649	\$7,882	5.00%
Fairfax County	22.999%	\$3,928,103	\$8,927,881	\$4,999,777	\$3,935,735	\$1,064,043	27.04%
Fredericksburg	4.027%	\$687,724	\$1,001,956	\$314,232	\$111,115	\$203,117	182.80%
Manassas	6.310%	\$1,077,678	\$1,705,043	\$627,365	\$428,436	\$198,929	46.43%
Manassas Park	3.689%	\$630,133	\$969,783	\$339,650	\$183,686	\$155,964	84.91%
Prince William County	39.139%	\$6,684,611	\$11,188,923	\$4,504,312	\$2,961,241	\$1,543,071	52.11%
Stafford County	23.836%	\$4,071,082	\$6,386,228	\$2,315,147	\$917,147	\$1,397,999	152.43%
Total	100.0000%	\$17,079,331	\$30,179,813	\$13,379,154	\$8,802,761	\$4,576,393	51.99%
<u>Fares</u>	[Col 25]						
Participants Residents'	17,079,330.64						

"System-wide" 4,988,499.36

FY 2008 Total \$ 22,067,830.00

12/22/2006

FY08 VRE - Source and Use Budget Worksheet

LEVEL OF SERVICE FOR FY 2008 30 trains 15,200 average daily riders

Leases	8,600,000	CSXT	4,000,000
Recapitalization	-	NS	2,300,000
Add'l funding needed	8,600,000	Antrak	2,300,000
		Total	8,600,000

USES OF FUNDS	SOURCES OF FUNDS										TOTAL	
	STATE					FEDERAL						
	FARE INCOME	INTEREST	EQUIP RENT AND MISC	LOCAL SUBSIDY	OTHER SOURCES	STATE OPERATING	STATE CAPITAL	STATE SSTP	5307	5309		
Operating Expenses	40,970,242	21,334,369	210,000	151,500	1,010,359	0	8,500,000	156,814	6,880,000	2,507,200	220,000	40,970,242
Non-Operating Expenses:												
Operating Reserve/Contingency	430,938				430,938							430,938
Insurance Reserve	4,950,000				4,950,000							4,950,000
Debt Service (1993 & 1998)	6,653,785				5,123,414			1,530,371				6,653,785
Debt Service (Kawasaki 1997)	1,893,231				291,558			87,089	1,514,585			1,893,231
Debt Service (Gallery IV) (11 Cabcars)	1,931,357				297,429			88,842	1,545,086			1,931,357
Fare Collection II	475,000				73,150			21,850	380,000			475,000
Office Loan	76,000				76,000							76,000
Other (Bad Debt/Admin)	50,000				50,000							50,000
Debt Svc (Gallery IV-b) (50 rail cars)	1,400,000				215,600			64,400	1,120,000			1,400,000
Non-Operating Summary	17,860,311	0	0	0	11,508,089	0	0	1,792,552	0	4,559,670	0	17,860,311
Total Expenses (Subtotal)	58,830,553	21,334,369	210,000	151,500	12,518,448	0	8,500,000	1,949,366	6,880,000	7,066,870	220,000	58,830,553
Capital Projects:												
Facilities infrastructure	451,000				69,454			20,746		0	360,800	451,000
CrossRoads/Broad Run extension	332,000				51,128			15,272		265,600		332,000
Mid-Day Storage	1,300,000				200,200			59,800		1,016,800	23,200	1,300,000
Rolling stock mods	1,206,000				185,724			55,476		964,800		1,206,000
Capital project contingency	300,000				46,200			13,800		66,400	173,600	300,000
WUT project	0				0			0		0		0
Capital Fleet Expansion - Locomotive	1,000,000				154,000			46,000		800,000		1,000,000
Capital Project Summary	5,589,000	0	0	0	860,706	0	0	257,094	0	3,654,400	816,800	5,589,000
TOTAL	64,419,553	21,334,369	210,000	151,500	13,379,154	0	8,500,000	2,206,460	6,880,000	10,721,270	1,036,800	64,419,553

FY07 subsidy unfunded 8,802,761 (4,576,393)

Federal Reimbursement rate	80%
State Match Reimbursement rate	23%

Calculated Operating Reserve:	33%	13,520,180
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	Program	Funding	Federal Amt	State Amt
Debt Service Gallery IV	1,931,357	5307/5309	1,545,086	88,842
Debt Service Kawasaki	1,893,231	5307/5309	1,514,585	87,089
Access lease funding	8,600,000	SSTP	6,880,000	-
Fare Collection II	475,000	5307/5309	380,000	21,850
50 Railcars	1,400,000	5307/5309	1,120,000	64,400
Fleet Expansion	-	5307/5309	-	-
Rail Car lease	486,000	5307/5309	388,800	22,356
Project Management	325,000	5307/5309	260,000	14,950
Project Management	275,000	5307/5309	220,000	12,650
Scheidt/Bachman	123,000	5307/5309	98,400	5,658
Construction Mgmt	200,000	5307/5309	160,000	9,200
Cap Cost of Contracting	1,856,000	5307/5309	1,484,800	85,376
Security enhancements	100,000	5307/5309	80,000	4,600
Debt Service (1993 & 1998)	-	-	-	1,530,371
Fredericksburg P. Leases	44,000	5307/5309	35,200	2,024
Subtotal	17,708,588		14,949,366	1,949,366

FY08 VRE - Source and Use Budget Worksheet

12/22/06

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Capital Projects	<u>5,589,000</u>	5307/5309	<u>4,471,300</u>	<u>257,094</u>
Federal Cap Program	<u>23,297,588</u>		<u>18,638,070</u>	<u>2,206,460</u>

VRE Fiscal Year 2008 Proposed Budget Worksheet

	FY 2006 Actual *	FY 2007 Amended	FY 2008 Proposed
Revenue:			
VRE - Non-Departmental			
Fare Revenue	19,453,438	20,340,272	21,334,369
Miscellaneous Revenue	442,517	151,500	151,500
Appropriation from Reserve		1,879,430	
Jurisdictional Revenue	6,878,060	8,802,761	13,379,154
In-Kind Contributions	-	-	-
Federal Operating Grants	10,721,335	11,681,738	14,166,870
State Operating Grants	13,051,952	12,296,805	10,449,366
Federal Capital Grants	12,551,573	6,487,200	4,471,200
State Capital Grants	1,825,818	486,540	257,094
Interest Income	381,305	210,000	210,000
Total Revenue	65,305,998	62,336,246	64,419,553
Expenditures:			
VRE - Non-Departmental			
Liability Insurance	3,509,438	1,000,000	4,950,000
Contingency	-	489,338	430,938
Other	1,436,607	-	-
VRE-Financing-Administration Fees	-	8,000	-
Total VRE - Non-Departmental	4,946,045	1,497,338	5,380,938
Executive Mgmt and Planning			
Salaries/Fringes	422,742	494,633	551,831
Travel/Training/Employee Expenses	14,545	20,000	20,000
Board Member Expenses	2,622	4,000	4,000
Legal/Audit	179,116	170,700	150,000
Consulting/Professional/Other	368,082	70,000	202,200
Total Executive Mgmt and Planning	987,107	759,333	928,031
Administration			
Salaries/Fringes	285,759	325,441	322,127
Travel/Training/Employee Expenses	3,161	9,400	5,500
Communication/Other	218,541	251,000	223,250
Office Administration Expenses	87,098	140,000	105,000
Total Administration	594,559	725,841	655,877
Public Affairs/Marketing			
Salaries/Fringes	226,615	240,590	253,133
Travel/Training/Employee Expenses	11,150	3,500	6,000
Production/Media/Promotion/Other	230,393	525,000	475,000

*FY 2006 Actual presented on a financial statement basis.

VRE Fiscal Year 2008 Proposed Budget Worksheet

	FY 2006 Actual *	FY 2007 Amended	FY 2008 Proposed
Special Events/Other	17,881	3,500	10,000
Total Public Affairs/Marketing	486,039	772,590	744,133

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*FY 2006 Actual presented on a financial statement basis.

VRE Fiscal Year 2008 Proposed Budget Worksheet

	FY 2006 Actual *	FY 2007 Amended	FY 2008 Proposed
Customer Service			
Salaries/Fringes	449,841	453,803	484,917
Travel/Training/Employee Expenses	13,911	24,000	21,000
Printing/Admin/Other	237,844	665,000	729,500
Total Customer Service	701,596	1,142,803	1,235,417
Budget and Finance			
Salaries/Fringes	495,916	563,553	579,527
Travel/Training/Employee Expenses	21,657	16,000	28,000
Audit/Maint Service Agreements	188,741	90,480	115,000
Retail Sales/TLC Commissions	490,267	480,000	450,000
Bank Discounts/Other	194,179	259,000	206,000
Total Budget and Finance	1,390,760	1,409,033	1,378,527
Communication and Info Tech			
Salaries/Fringes	178,462	295,208	215,470
Travel/Training/Employee Expenses	84,460	32,000	94,500
Computer Equipment/Software	152,403	183,000	207,000
Communications	144,727	265,000	200,000
Repairs and Maintenance - Fare Collection/Trip One	298,121	38,000	20,400
Total Communication and Info Tech	858,173	813,208	737,370
Construction and Cap Proj			
Salaries/Fringes	434,707	424,631	489,779
Travel/Training/Employee Expenses	21,236	44,000	32,000
Other Professional Services/Other Expenses	157,094	33,000	156,000
Total Construction and Cap Proj	613,037	501,631	677,779
Facilities Maintenance/Operations & Safety			
Salaries/Fringes	262,704	258,705	273,042
Travel/Training/Employee Expenses	8,263	2,700	4,000
Vehicle/Office/Other Professional Service	14,376	33,000	43,000
Station Electricity/Utilities/Taxes	589,295	524,500	570,000
Materials and Supplies - Stations	55,764	150,000	100,000
Repairs and Maintenance - Stations/Parking/Yards	1,589,603	1,639,700	1,550,000
Station/Yard Security	517,414	490,000	640,000
Total Facilities Maintenance	3,037,419	3,098,605	3,180,042
Purchasing and Contract Admin			
Salaries/Fringes	176,721	220,429	235,646
Travel/Training/Employee Expenses	19,101	5,000	11,000
Total Purch and Contract Admin	195,822	225,429	246,646

VRE Fiscal Year 2008 Proposed Budget Worksheet

	FY 2006 Actual *	FY 2007 Amended	FY 2008 Proposed
Equipment Operations			
Salaries/Fringes	199,049	214,448	233,380
Travel/Training/Employee Expenses	19,651	19,000	33,000
Consulting/Admin/Warehouse Management	98,433	485,000	250,000
Equipment/Warehouse Leases	1,583,251	1,672,000	686,000
Utilities	368,572	290,000	482,500
Deisel Fuel	2,990,965	3,000,000	3,600,000
Materials and Supplies - Equipment/Yards	173,171	363,000	20,000
Repairs and Maintenance - Rolling Stock	1,996,864	2,381,000	1,225,000
Car Cleaning	297,766	95,000	350,000
Total Equipment Operations	7,727,722	8,519,448	6,879,880
PRTC			
Professional Services	145,107	145,900	175,000
Total PRTC	145,107	145,900	175,000
NVTC			
Professional Services	80,343	88,000	75,000
Total NVTC	80,343	88,000	75,000
Amtrak			
Access Fees/Recapitalization	2,056,793	2,000,000	2,300,000
Contract Operations and Maintenance	14,612,135	15,469,000	15,456,539
Total Amtrak	16,668,928	17,469,000	17,756,539
Norfolk Southern			
Access Fees	1,698,476	2,080,000	1,800,000
Contract Operations and Maintenance	435,957	20,000	500,000
Total Norfolk Southern	2,134,433	2,100,000	2,300,000
CSXT			
Access Fees	3,065,647	175,000	3,525,000
Contract Operations and Maintenance	411,902	3,700,000	475,000
Total CSXT	3,477,549	3,875,000	4,000,000
CIP Expenditures			
CIP Expenditures	-	8,109,000	5,589,000
Total CIP Expenditures	-	8,109,000	5,589,000
CIP VRE - Non-Departmental			
Debt Service	4,673,887	11,084,087	12,479,373
Depreciation/Amortization	8,554,051	-	-
Total CIP VRE - Non-Departmental	13,227,938	11,084,087	12,479,373
Total Expenditures	57,272,577	62,336,246	64,419,553

*FY 2006 Actual presented on a financial statement basis.

CAPITAL IMPROVEMENTS PROGRAM

FISCAL YEAR 2008

VIRGINIA RAILWAY EXPRESS

December 2006

Introduction

The FY 2008 Virginia Railway Express (VRE) Capital Improvements Program (CIP) is an integrated set of projects and programs that will improve passenger safety, operational efficiency, and expand capacity. The capital improvements described on the following pages are designed to attract more riders through greater reliability, faster operating speeds and improved station access. In addition to project descriptions, this document also provides information on agency cooperation and programming criteria. Projects are included in the CIP as funded and partially funded.

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

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

VRE CIP Policy Statement

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

VRE CIP Cooperation

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

Programming Process

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

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

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

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

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

CIP Document Organization

The CIP text provides information on construction projects planned for FY 2008 – FY 2013 based primarily on the Phase II Strategic Plan. These project descriptions include a summary regarding budget, funding and schedule.

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

Project: Capital Fleet Expansion – Purchase or Lease of Locomotives

Description: As VRE's locomotives age and reach the end of their useful life, additional locomotives will need to be procured. The VRE Strategic Plan estimates that 20 new locomotives will need to be procured to meet VRE's fleet requirements. Both lease and purchase opportunities will be pursued. As such, the CIP assumes annual debt financing of \$3.6 million per year for 20 years as a placeholder.

Current Phase:

- conceptual preliminary planning environmental
 design/eng. procurement construction

Schedule: TBD

Budget:

- Total estimated cost: \$41 million
- Total CIP budget: \$7.2 million
- Annual Operating Cost: no increase assumed as these are replacement vehicles

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

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

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

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

Current Phase:

- conceptual preliminary planning environmental
 design/eng. procurement construction

Schedule: TBD

Budget:

- Total estimated cost: \$50 million
- Total CIP budget: \$10.8 million
- Annual Operating cost: to be estimated once limits of facility design have been determined.

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

Project: Mid-day Storage

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

Current Phase:

- conceptual preliminary planning environmental
 design/eng. procurement construction

Schedule: TBD

Budget:

- Total estimated cost: \$10 million
- Total CIP budget: \$6.4 million
- Annual Operating cost: to be estimated once limits of facility design have been determined.

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

Project: Track Extension – Broad Run and Crossroads Yards

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

Current Phase:

- conceptual preliminary planning environmental
 design/eng. procurement construction

Schedule: TBD

Budget:

- Total estimated cost: \$10 million
- Total CIP budget: \$5.2 million
- Annual Operating cost: to be estimated once limits of facility design have been determined.

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

Administrative, System, and Reoccurring Projects

1. Capital Cost of Contracting - this project is a one-time deferral of capital funds for operating. VRE contracts for transit and maintenance services via a third party. The capital cost of contracting allows VRE to pay for the capital consumed on these assets from federal grants. **Annual allocation in FY 2008 is \$1,856,000.**
2. Capital Fleet Expansion – Lease of Sounder Sets – this project makes annual lease payments for equipment leased from Sound Transit while new cars are being delivered to VRE. **Annual allocation in FY 2008 is \$486,000.**
3. Capital Project Contingency – funding is allocated to capital projects on an as needed basis due to circumstances such as unforeseen site conditions. Funding is allocated among projects following discussion with the CIP Committee. **Annual allocation in FY 2008 is \$300,000.**
4. Construction Management – funding is used to provide construction management services that require more technical expertise not available on staff. Specific needs can include on-site management of construction projects with specific environmental or historical elements. **Annual allocation in FY 2008 is \$200,000.**
5. Facilities Infrastructure Renewal - as VRE ages, some of the original facilities are in need of repairs and/or maintenance. Affecting each station, this project ranges from minor repairs to facility rehabilitation. Projects completed this past fiscal year include pedestrian bridge replacement at Rippon and station painting. **Annual allocation in FY 2008 is \$451,000.**
6. Fare Collection II – the new fare collection system was implemented in August of 2002. This ongoing expense includes technical support, lease payments and maintenance. **Annual payment in FY 2008 is \$598,000.**
7. Fredericksburg Parking Lease Payments – this project funds ongoing lease payments to several small independent parking lots that were leased by VRE for passenger use. **Annual payment in FY 2008 is \$44,000.**
8. Grant and Project Management – funding allocated to this project supports staff grant work as well as project management. These expenses are capitalized into grants, reserving operating funds for the provision of service. **Annual allocation in FY 2008 is \$600,000.**

9. Kawasaki Acquisition Payment – this project makes annual finance payments on the 13 bi-level Kawasaki railcars VRE purchased in 1995. The CIP programs an annual payment which represents the cost of financing this equipment over 20 years. **Annual payment in FY 2008 is \$1,893,231.**

10. Rolling Stock Modifications - project scope includes technical fieldwork that improves passenger travel and crew working conditions. Tasks may also include responding to requests for minor upgrades and safety mandates from the Federal Railroad Administration (FRA). Funding is allocated on an annual basis. **Annual allocation in FY 2008 is \$1,200,000.**

11. Security Enhancements - new to the federal grant appropriation two years ago, grantees must certify that at least 1% of funding received each fiscal year is being used for transit security projects. VRE's primary use of this funding is the Systems Safety consultant which is budgeted at \$75,000 per year. The remaining \$25,000 is used for security infrastructure projects. **Annual allocation in FY 2008 is \$100,000.**

12. Sumitomo Acquisition (50 Car Option) – this project makes annual finance payments on the 11 bi-level Sumitomo cab cars VRE purchased in 2006. The CIP programs an annual payment which represents the cost of financing this equipment over 25 years. **Annual payment in FY 2008 is \$1,400,000.**

13. Sumitomo Acquisition (Cab Cars) – this project makes annual finance payments on the 50 bi-level Sumitomo railcars VRE purchased in 2006. The CIP programs an annual payment which represents the cost of financing this equipment over 25 years. **Annual payment in FY 2008 is \$1,931,357.**

14. Track Lease/Improvements - currently scheduled and proposed increases in commuter rail service have demonstrated the need for capitalized access. These improvements could include long-term leases, capital improvements and increased maintenance on the railroad tracks, stations, and terminals. This project occurs on an annual basis. **Annual allocation in FY 2008 is \$8,600,000.**

15. Washington Union Terminal Access, Capital Improvements - new to the CIP this year, this annual allocation is the result of the new Operating and Access agreement with Amtrak. Projects to be completed using this funding are negotiated by VRE and Amtrak each year. **Annual allocation in FY 2008 is \$1,000,000.**

Unfunded Potential Projects

As VRE's ridership continues to grow, capital needs have begun to outpace available resources. As a result, not all capital projects can be fully funded using

just federal formula funds. While efforts continue to be made to seek funding from other sources, a list of unfunded projects can be found on the Six Year Financial Forecast.

VIRGINIA RAILWAY EXPRESS ASSUMPTIONS FOR SIX YEAR FORECAST

1. Operating ratio maintained at 60% or higher
2. Level of Service
 - a. 30 Trains for FY 2008
 - b. 34 Trains for FY 2009
 - i. Peak period Fredericksburg train added
 - ii. Peak period Manassas train added
 - c. 34 Trains for FY 2010
 - d. 36 Trains for FY 2011
 - i. Peak period Fredericksburg train added
 - e. 36 Trains for FY 2011 through FY 2012
3. Operating Costs
 - a. Increase in base costs varies by year, based on annual ridership increase
 - b. Includes costs for additional insurance
 - c. Amtrak, fuel and debt service tracked separately
4. Fare Revenue
 - a. Increases through ridership growth
 - b. Fare base level
5. Other Revenue:
 - a. Interest income increases at 2% per year
 - b. Other income increases 4% per year
 - c. State operating grant increases at 9% per year, based on historic information
 - d. State capital grant increases per VDRPT
6. Grant Income:
 - a. Access lease funding (SSTP) equal to 80% of access lease expenses – assumes Commonwealth to fund access lease cost for all added trains
 - b. Federal capital program is shown as in six year CIP, funded and unfunded
 - c. No provision for earmarks after FY2007
7. Local Subsidy: No increase in local subsidy to show true cost of future increases

FY08 Budget Six Year Financial Forecast

Description	FY 07	FY 08	FY09	FY10	FY11	FY12	FY13	Comments
Number of Trains	30	30	34	34	36	36	36	
Manassas Line	16	16	18	18	18	18	18	
Fredericksburg Line	14	14	16	16	18	18	18	
Average Daily Ridership	17,400	15,200	15,800	16,400	17,500	18,100	18,800	Low Option Ridership Projection
Average Fare Price	5.68	5.64	5.64	5.64	5.64	5.64	5.64	No increase after FY08
Potential Operating Ratio	74%	66%	63%	62%	61%	60%	59%	
Use of Funds for Operations								
Net Operating Expenses	12,701,820	11,013,703	11,448,454	11,883,206	12,680,250	13,115,001	13,622,211	Based on annual revenue increase
Reserves (Operating/Insurance)	1,489,338	5,380,938	5,420,358	5,424,711	4,404,163	4,300,726	4,461,657	Insurance increase per schedule
Amtrak (4)	17,969,000	17,756,539	19,321,931	20,481,247	21,960,122	23,277,729	24,674,393	
Fuel (3)	3,000,000	3,600,000	4,436,000	4,879,600	5,692,560	6,261,816	6,887,998	
Track Lease Expense (2)	8,475,000	8,600,000	9,669,000	10,055,760	10,993,382	11,433,118	11,890,442	
Debt Service	11,034,087	12,429,373	15,333,051	15,322,897	14,840,321	14,826,176	14,828,111	
Other (Bad Debt/Admin)	58,000	50,000	52,500	55,125	57,881	60,775	63,814	Increased base cost 5% per year
Total Operating Costs	54,727,245	58,830,553	65,681,294	68,102,545	70,628,679	73,275,341	76,428,626	
Sources of Funds For Operations								
			3.95%	3.80%	6.71%	3.43%	3.87%	Annual ridership increase
Fare Revenue	24,819,702	21,334,369	22,265,577	23,111,106	24,661,241	25,506,769	26,493,219	
Interest Income	210,000	210,000	214,200	218,484	222,854	227,311	231,857	Increased base cost 2% per year
Other Income	151,500	151,500	157,560	163,862	170,417	177,234	184,323	Increased base cost 4% per year
State Operating Grant	7,400,000	8,500,000	9,265,000	10,098,850	11,007,747	11,998,444	13,078,304	Increased base cost 9% per year
State Capital Grant	2,396,805	1,949,366	2,260,497	3,141,303	3,497,701	3,631,747	3,630,142	
Federal Grants:								
Access lease funding - SSTP	6,780,000	6,880,000	7,735,200	8,044,608	8,794,706	9,146,494	9,512,354	
Federal operating funds (Debt service & loans)	3,435,338	4,559,670	5,428,804	5,430,324	5,048,484	4,934,644	4,940,917	
Project Mgmt/Training - F'burg Parking Leases, Studie	1,866,400	2,727,200	2,863,560	3,006,738	3,157,075	3,314,929	3,480,675	Increased base cost 5% per year
Total Operating Revenues	47,059,745	46,312,105	50,190,398	53,215,275	56,560,224	58,937,570	61,551,790	
Surplus/(Deficit) for Operations	(7,667,500)	(12,518,448)	(15,490,896)	(14,887,270)	(14,068,456)	(14,337,771)	(14,876,836)	
Local Subsidy	8,802,761	13,379,154	13,379,154	13,379,154	13,379,154	13,379,154	13,379,154	
Net subsidy available for capital match	1,135,261	860,706	(2,111,742)	(1,508,116)	(689,302)	(958,617)	(1,497,682)	
Use of Funds for Capital Program (1)								
Capital Cost Base Program	8,109,000	5,589,000	5,421,000	6,506,000	6,828,000	7,305,000	7,377,000	See attached schedule
Unfunded capital needs	1,900,000	44,527,000	58,359,000	86,713,000	89,026,000	88,721,000	63,877,000	See attached schedule
Total Capital Program Costs	10,009,000	50,116,000	63,780,000	93,219,000	95,854,000	96,026,000	71,254,000	
Sources of Funds for Capital Program								
Federal Grants:	80%	80%	80%	80%	80%	80%	80%	
Federal funding - 80% of base program	6,487,200	4,471,200	4,336,800	5,204,800	5,462,400	5,844,000	5,901,600	
Federal funding - 80% of unfunded needs	1,520,000	35,621,600	46,687,200	69,370,400	71,220,800	70,976,800	51,101,600	
Matching Funds	30%	23%	23%	32%	36%	37%	37%	Per VDRPT
State Capital Grants - non-federal costs (base)	486,540	257,094	249,366	416,384	491,616	540,570	545,898	
State Capital Grants - non-federal costs (unfunded)	114,000	2,048,242	2,684,514	5,549,632	6,409,872	6,565,354	4,726,898	
Net local subsidy available for capital match	1,135,261	860,706	(2,111,742)	(1,508,116)	(689,302)	(958,617)	(1,497,682)	
Total Sources of Funding for Capital Program	9,743,001	43,258,842	51,846,138	79,033,100	82,895,386	82,968,107	60,778,314	
Add'l funds required to fund Operations and Capital:								
Additional required for operations/base program	0	0	2,946,576	2,392,932	1,563,286	1,879,047	2,427,184	
Unfunded by fiscal year	265,999	6,857,158	8,987,286	11,792,968	11,395,328	11,178,846	8,048,502	
Total for fiscal year	265,999	6,857,158	11,933,862	14,185,900	12,958,614	13,057,893	10,475,686	
Cumulative Total to Fully Fund Ops and Cap	265,999	7,123,157	19,057,019	33,242,919	46,201,533	59,259,425	69,735,111	

(1) Note: "Capital Program" does not include leases, debt service, administrative costs and other operating costs.

(2) Increase based on 4% per year + add'l track lease costs per train per line

(3) Increase based on annual ridership increase rate + 10%

(4) Increase based on 6% (AAR) plus \$250k per train for additional engineers/train crew

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

(PF) = Partially Funded

PROJECT DESCRIPTION	FY07 FY08 Budget	FY08 FY09 Budget	FY09 FY10 Budget	FY10 FY11 Budget	FY11 FY12 Budget	FY12 FY13 Budget	Funding Source	Local Match Note: funding includes match
NS and ESX Track and Signal Improvements								
Rippon Turnback Track							5309 5307	
Administration/Student Training								
Security Enhancements							5307	20% - DSRF
VRX Passenger Facilities								
Capital Project Contingency							5307	20% - DSRF
	89	108	133	158	183	208	5309	20% - DSRF
Facilities Infrastructure Renewal	217	217	217	217	217	217	5309	20% - DSRF
Facilities Infrastructure Renewal	451	500	550	600	650	700	5309	20% - DSRF
Platform Extensions - Same Side							5309	20% - DSRF
Platform Extensions, Fburg Line - Off Side							5309	
WUT Access - Capital Improvements	1,000	1,000	1,000	1,000	1,000	1,000	5307	
VRX Yard Improvements								
Crossroads Yard Extension/Maintenance Facility							5307	20% - DSRF
Heavy Maintenance and Repair Facility (PF)		500	544	628	731	832	5307	
		50	107	178	266	379	5309	
Mid-Day Storage								
Engineering Analysis							VTA 2000	\$0 - 100% state funded
	1,271						5307	20% - DSRF
	29	1,095	1,041	369			5309	20% - DSRF
Track Extension - Broad Run and Crossroads Yards (PF)	332	136	142	312	1118	1851	5307	
Rolling Stock								
Sumitomo Acquisition - 50 Car Option (PF)							5309	
(Strategic Plan req. 20 loco, 61 cars)							5307	
Capital Fleet Expansion - Locomotives	676	732	732	620	732	500	5307	
	324	268	268	360	268	500	5309	
Locomotive Overhaul II							5307	
							5309	
							5307	
Rolling Stock Mods								
							5309	20% - DSRF
	1,206	815	900	950	1,000	1,050	5307	20% - DSRF
5303 Total								
5307 Total	4,568	3,291	3,351	4,288	5,364	5,141		
5309 Total	1,021	2,130	3,155	2,540	1,941	2,236		
SSTP								
SSTP - 100%								
RSTP								
VTA 2000								
VDRPT								
EARMARKS/OTHER								
GRAND TOTAL	5,589	5,421	6,506	6,828	7,305	7,377		

difference

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

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

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

Capital Funding Needed by year	Capital Funding Needed by year						
	FY07 FY08 Budget	FY08 FY09 Budget	FY09 FY10 Budget	FY10 FY11 Budget	FY11 FY12 Budget	FY12 FY13 Budget	
Capital Fleet Expansion - Second Buy, Project Est. \$159 million (Assumes Financing)					5,000	5,000	
Capital Fleet Expansion - Locomotives (PF) Project Est. \$41 million (Assumes Financing)		2,600	2,600	2,600	2,600	2,600	
Canopy Extension (PF), Project Est. \$5 million	1,000	1,000	1,000	1,000	632		
Gainesville Extension (Phase I) (PF) Project Est. \$280 million		5,000	54,500	54,500	54,500	54,500	
million			13,812	13,812	11,501		
Mid-day Storage (PF), Project Est \$10 million		1,856	1,648				
Parking Expansions - Fredericksburg Line, Project Est. \$25 million	5,000	5,000	5,000	5,000	5,000		
Parking Expansions - Manassas Line, Project Est. \$10 million	2,000	2,000	2,000	2,000	2,000		
Platform Extensions, Same Side (PF), Project Est. \$12 million	1,777	1,777	1,777	1,777	1,782	1,777	
million		4,376	4,376	4,376	4,872		
Third Track/Cherry Hill Project (PF) Project Est. \$72 million	34,750	34,750					
Track Extension - Broad Run and Crossroads Yards (PF), Project Est. \$10 million				3,961	834		
TOTAL:	44,527	58,359	86,713	89,026	88,721	63,877	

Revisions made 12/7/06

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

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

VIRGINIA RAILWAY EXPRESS

REVISED

FISCAL YEAR 2007

BUDGET

DECEMBER 15, 2006

REVISED BUDGET ASSUMPTIONS FOR FY 2007

General Assumptions:

- Continues 30-train operation
- Decrease to average daily ridership from 17,400 to 14,300

Operating Revenue

- Fare revenue estimate decreased by \$4.48 million from \$24.8 million to \$20.3 million based on revised average daily ridership

Expenses

- Budget amounts for Customer Service, Information Technology, Facilities and Operations & Safety realigned to reflect current projections and change to staff assignments.
- Decrease to Amtrak capital costs and associated grant funding to reflect actual needs. Net positive variance of \$100,000.

Grant Funds

- State grant revenue increased by \$2.5 million to reflect higher than budgeted operating subsidy award and the use of 63% capital match left from prior year grant.
- State and federal grant categories re-arranged to mirror how actual receipts are recorded.
- Decrease to federal grant funding for Amtrak capital costs per item above.

Non-Operating Use of Funds

- Use of one-time funds of \$1.88 million from the \$3.6 million that will be received from the Connecticut Department of Transportation when the remaining seven Mafersa cars are sent to them.

VRE Fiscal Year 2007 Amended Budget Worksheet

Revenue:	FY 2007 Adopted	FY 2007 Amended	Change
VRE - Non-Departmental			
Fare Revenue	24,819,702	20,340,272	(4,479,430)
Miscellaneous Revenue	151,500	151,500	-
Appropriation from Reserve	-	1,879,430	1,879,430
Jurisdictional Revenue	8,802,761	8,802,761	-
In-Kind Contributions	-	-	-
Federal Operating Grants (includes SSTP)	6,780,000	11,681,738	4,901,738
State Operating Grants	7,400,000	12,296,805	4,896,805
Federal Capital Grants	11,788,938	6,487,200	(5,301,738)
State Capital Grants	2,883,344	486,540	(2,396,804)
Interest Income	210,000	210,000	-
Total Revenue	62,836,245	62,336,246	(500,000)

Expenditures:

VRE - Non-Departmental			
Liability Insurance	1,000,000	1,000,000	-
Contingency	489,338	489,338	-
DRM Admin	-	-	-
VRE-Financing-Administration Fees	8,000	8,000	-
Total VRE - Non-Departmental	1,497,338	1,497,338	-

Executive Mgmt and Planning

Salaries/Fringes	494,633	494,633	-
Travel/Training/Employee Expenses	20,000	20,000	-
Board Member Expenses	4,000	4,000	-
Legal/Audit	170,700	170,700	-
Consulting/Professional/Other	70,000	70,000	-
Total Executive Mgmt and Planning	759,333	759,333	-

Administration

Salaries/Fringes	325,441	325,441	-
Travel/Training/Employee Expenses	9,400	9,400	-
Communication/Other	271,000	251,000	(20,000)
Office Administration Expenses	140,000	140,000	-
Total Administration	745,841	725,841	(20,000)

Public Affairs/Marketing

Salaries/Fringes	240,590	240,590	-
Travel/Training/Employee Expenses	3,500	3,500	-
Production/Media/Promotion/Other	525,000	525,000	-
Special Events/Other	3,500	3,500	-

VRE Fiscal Year 2007 Amended Budget Worksheet

	FY 2007 Adopted	FY 2007 Amended	Change
Total Public Affairs/Marketing	772,590	772,590	-
	28		

VRE Fiscal Year 2007 Amended Budget Worksheet

	FY 2007 Adopted	FY 2007 Amended	Change
Customer Service			
Salaries/Fringes	353,803	453,803	100,000
Travel/Training/Employee Expenses	19,000	24,000	5,000
Printing/Admin/Other	80,000	665,000	585,000
Total Customer Service	452,803	1,142,803	690,000
Budget and Finance			
Salaries/Fringes	563,553	563,553	-
Travel/Training/Employee Expenses	16,000	16,000	-
Audit/Maint Service Agreements	90,480	90,480	-
Retail Sales/TLC Commissions	480,000	480,000	-
Bank Discounts/Other	259,000	259,000	-
Total Budget and Finance	1,409,033	1,409,033	-
Communication and Info Tech			
Salaries/Fringes	370,208	295,208	(75,000)
Travel/Training/Employee Expenses	32,000	32,000	-
Computer Equipment/Software	183,000	183,000	-
Communications	290,000	265,000	(25,000)
Repairs and Maintenance - Fare Collection/Trip One	508,000	38,000	(470,000)
Total Communication and Info Tech	1,383,208	813,208	(570,000)
Construction and Cap Proj			
Salaries/Fringes	424,631	424,631	-
Travel/Training/Employee Expenses	44,000	44,000	-
Other Professional Services/Other Expenses	33,000	33,000	-
Total Construction and Cap Proj	501,631	501,631	-
Facilities Maintenance/Operations & Safety			
Salaries/Fringes	258,705	258,705	-
Travel/Training/Employee Expenses	2,700	2,700	-
Vehicle/Office/Other Professional Service	33,000	33,000	-
Station Electricity/Utilities/Taxes	524,500	524,500	-
Materials and Supplies - Stations	150,000	150,000	-
Repairs and Maintenance - Stations/Parking/Yards	1,589,700	1,639,700	50,000
Station/Yard Security	640,000	490,000	(150,000)
Total Facilities Maintenance	3,198,605	3,098,605	(100,000)
Purchasing and Contract Admin			
Salaries/Fringes	220,429	220,429	-
Travel/Training/Employee Expenses	5,000	5,000	-
Total Purch and Contract Admin	225,429	225,429	-

VRE Fiscal Year 2007 Amended Budget Worksheet

	FY 2007 Adopted	FY 2007 Amended	Change
Equipment Operations			
Salaries/Fringes	214,448	214,448	-
Travel/Training/Employee Expenses	19,000	19,000	-
Consulting/Admin/Other Professional	485,000	485,000	-
Equipment/Warehouse Leases	1,672,000	1,672,000	-
Utilities	290,000	290,000	-
Deisel Fuel	3,000,000	3,000,000	-
Materials and Supplies - Equipment/Yards	363,000	363,000	-
Repairs and Maintenance - Rolling Stock	2,381,000	2,381,000	-
Car Cleaning	95,000	95,000	-
Total Equipment Operations	8,519,448	8,519,448	-
PRTC			
Professional Services	145,900	145,900	-
Total PRTC	145,900	145,900	-
NVTC			
Professional Services	88,000	88,000	-
Total NVTC	88,000	88,000	-
Amtrak			
Access Fees/Recapitalization	2,500,000	2,000,000	(500,000)
Contract Operations and Maintenance	15,469,000	15,469,000	-
Total Amtrak	17,969,000	17,469,000	(500,000)
Norfolk Southern			
Access Fees	2,080,000	2,080,000	-
Contract Operations and Maintenance	20,000	20,000	-
Total Norfolk Southern	2,100,000	2,100,000	-
CSXT			
Access Fees	175,000	175,000	-
Contract Operations and Maintenance	3,700,000	3,700,000	-
Total CSXT	3,875,000	3,875,000	-
CIP Expenditures			
CIP Expenditures	8,109,000	8,109,000	-
Total CIP Expenditures	8,109,000	8,109,000	-
CIP VRE - Non-Departmental			
Debt Service	11,084,087	11,084,087	-
Depreciation/Amortization	-	-	-
Total CIP VRE - Non-Departmental	11,084,087	11,084,087	-
Total Expenditures	62,836,245	62,336,245	(500,000)

**REPORT OF THE CHIEF ADMINISTRATIVE OFFICERS'
VIRGINIA RAILWAY EXPRESS
FY 2008 BUDGET REVIEW TASK FORCE**

December 15, 2006

**REPORT OF THE CHIEF ADMINISTRATIVE OFFICERS'
FY 2008 VIRGINIA RAILWAY EXPRESS BUDGET REVIEW TASK FORCE**

**REPORT OF THE CHIEF ADMINISTRATIVE OFFICERS'
FY 2008 VIRGINIA RAILWAY EXPRESS BUDGET
REVIEW TASK FORCE**

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- I. Primary Recommendations
- II. Discussion of Recommendations
- III. CAO Budget Process
- IV. Question and Answer Dialogue

**REPORT OF THE CHIEF ADMINISTRATIVE OFFICERS'
FY 2008 VIRGINIA RAILWAY EXPRESS BUDGET REVIEW TASK FORCE**

December 15, 2006

I. PRIMARY RECOMMENDATIONS

The CAO Task Force has 10 primary recommendations for the FY 2008 VRE budget. The Task Force recommends that VRE:

1. Reduce contributions to the Insurance Trust Fund.
2. Reduce its budget and frequency of car washes from six times a year to four.
3. Reduce its station security budget.
4. Eliminate the Secret Shopper Program for FY 2008.
5. Eliminate the Free Ride Certificate Program beginning July 1, 2007.
6. Reduce its marketing and special events budget.
7. Reduce its overtime and temporary services budget.
8. Increase fares paid to Amtrak for VRE passengers using Amtrak trains.
9. Implement a combined fare and local subsidy increase to ensure that funding is available to meet capital match requirements for federal grants and increased operating costs for FY 2008.
10. Defer the Mid-Day Storage Project and reallocate grant revenues.

**REPORT OF THE CHIEF ADMINISTRATIVE OFFICERS'
FY 2008 VIRGINIA RAILWAY EXPRESS BUDGET REVIEW TASK FORCE**

II. DISCUSSION OF RECOMMENDATIONS

1. **FY 2008 Preliminary Budget** – The FY 08 Virginia Railway Express preliminary budget as of November 15, 2006 totals \$65,153,014, an increase of \$2,316,769 or 3.7% over the FY 07 adopted amount of \$62,836,245. Areas of major expenditure variance from the FY 2007 adopted budget include the following:

Insurance	\$4,100,000 increase
Fuel	\$ 600,000 increase
Contract escalations (Amtrak/CSX/NS)	\$1,200,000 increase
Fare Revenue	\$3,400,000 decrease

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

Amtrak Contract (including access fees to Union Station)	43.2%
Track Leases and other payments to CSX and NS	15.1%
Repair and Maintenance (stations/rolling stock/tracks/locos/fare collection)	9.9%
Salary and Fringe Benefits (36 full-time equivalent)	8.8%
Diesel Fuel	8.6%

These areas account for approximately 85.5% of VRE's operating expenses.

In examining VRE's FY 08 preliminary budget, the CAO Task Force wanted to avoid impacting VRE's core services. Consequently, no reductions are recommended to personnel, the number of trains, repair and maintenance of locomotives, rolling stock, fare equipment and facilities. Similarly, no adjustments to VRE's Capital Improvements Program are recommended with the exception of deferral of the amount programmed for mid-day storage in FY 08. Specific recommendations are shown below:

2. **CAO Task Force Recommended Expenditure Decreases (\$680,000):**

- A) **Contribution to Insurance Trust Fund (\$250,000)** – The VRE FY 08 preliminary budget recommended a total of \$5.1 million in payments to the insurance trust fund. This payment represented \$4.1 million for estimated insurance costs and \$1 million to rebuild the fund whose balance has been decreasing since FY 2002 due to the combination of lower interest rates and higher premiums for insurance. The CAO Task Force recommends that a \$750,000 contribution to rebuild the trust

**REPORT OF THE CHIEF ADMINISTRATIVE OFFICERS'
FY 2008 VIRGINIA RAILWAY EXPRESS BUDGET REVIEW TASK FORCE**

fund be budgeted in FY 08 resulting in a \$250,000 savings and that this contribution amount be reevaluated in FY 09 based on the insurance trust funds experience in FY 07.

- B) Exterior Coach Washing (\$100,000) – Exterior coach washing is currently provided by an outside contractor due to Amtrak's inability to wash coaches on a regular basis resulting in the buildup of dirt and other contaminants. Now that this dirt buildup has been removed and coaches can once again be washed on a regular basis, the CAO Task Force recommends that the frequency of washing be extended from every two months to every three months saving \$100,000 per year.

- C) Reduce Station Security (\$100,000) – The Operations and Safety department is responsible for programs providing station security. While the safety of VRE passengers and stations is and continues to be of paramount importance, the CAO Task Force believes that \$100,000 can be safely cut without compromising any of VRE's on-going security programs. It is important to note that even with the reduction, the FY 08 budgeted amount will still be \$73,000 more than the \$167,000 FY 06 actual expenditure

- D) Eliminate Secret Shopper Program (\$75,000) – Funding was initially provided for this program in FY 2005 with the first three months of survey data provided to the Operations Board in June 2006. Although providing some additional information, the CAO Task Force believes that the program by and large duplicates information received through other sources such as the VRE customer survey and customer e-mails and may be safely discontinued without affecting VRE's core services.

- E) Eliminate Free Ride Certificate Program (\$60,000) – The Free Ride Certificate program provides a free ride certificate to VRE passengers whose train arrives at station 30 minutes or more behind schedule. While the number of free ride certificates issued in FY 06 (125,000) has more than doubled since FY 04 (64,000) the value of free ride certificates redeemed has fallen from \$97K in FY 04 to \$60K in FY 06. Since the vast majority of reasons for issuing free ride certificates are for reasons beyond VRE's control and eliminating the program will save on overtime and other administrative costs and will allow the conductors to concentrate on other responsibilities, the CAO Task Force recommends that this program be discontinued in FY 08 saving \$60,000.

- F) Reduce Marketing Budget (\$50,000) – VRE has a combined budget for media advertising, agency fee and other special events that totals \$335,000 in FY 08.

**REPORT OF THE CHIEF ADMINISTRATIVE OFFICERS'
FY 2008 VIRGINIA RAILWAY EXPRESS BUDGET REVIEW TASK FORCE**

Although very little advertising was done in FY 05 and FY06 because the trains were at capacity, amounts spent in these areas in FY 03 (\$442,394) and FY 04 (\$343,966) when ridership was growing show that in spite of the considerable expenditures in these areas relatively few people according to the VRE's customer opinion survey's were influenced to try VRE for the first time by newspaper ads or radio commercials. Consequently, the CAO Task Force recommends that expenditures in these areas be reduced saving \$50,000 in FY 08.

- G) Temporary Employment and Overtime (\$45,000) – VRE has a combined total of \$84,000 in overtime and temporary employment monies budgeted in FY 08. The CAO Task Force recommends that these amounts be reduced by \$45,000 which will approximate the FY 2006 actual level of expenditure. It is expected that with the elimination of the free ride certificate program that the amounts required for overtime and temporary services should remain fairly constant.

3. CAO Task Force Recommended Revenue Increases (\$595,461):

- A) Amtrak Step Up Charges (\$163,000) – VRE currently charges \$2 per ticket for a VRE passenger to “step up” to an Amtrak train. Amtrak is considered a premium service since riders have more comfortable seating in an inter-city coach, better facilities (electrical outlets/food service) and the trip is quicker since Amtrak makes limited stops. VRE pays Amtrak \$10 for each VRE passenger and by contract has reserved a certain number of seats on each Amtrak train for VRE passengers. At present, the total of “step up” ticket and the daily trip cost embedded in the monthly or ten ride ticket does not equal the \$10 that VRE pays to Amtrak for each VRE passenger. Although in recent years Amtrak service has provided additional seats for VRE passengers when VRE trains were at or near capacity, this seems less of a problem this year when ridership has fallen. Consequently, the CAO Task Force recommends that the “step up” charge be increased from \$2 to \$5 per trip. This will result in a revenue increase of \$163,000 in FY 08.

- B) Fare Increase (\$432,461) – Although there is no VRE fare elasticity study available to gauge the impact on increased fares on ridership, there was a substantial concern among task force members that poor on time performance in FY 06 coupled with a substantial fare increase would severely impact VRE

ridership. Recognizing, however, that the current budget deficit must be addressed through all available sources, the CAO Task Force recommends a 2% fare increase. This will increase revenues by \$432,461 in FY 08.

**REPORT OF THE CHIEF ADMINISTRATIVE OFFICERS'
FY 2008 VIRGINIA RAILWAY EXPRESS BUDGET REVIEW TASK FORCE**

4. CAO Task Force Recommended Revenue Shift (\$1,856,000):

(A) Mid-Day Storage CIP Project (\$1,856,000) – The Mid-Day storage CIP project provides funding for pursuing opportunities to increase mid-day rolling stock storage in Washington D.C. adjacent to Washington Union Terminal. Currently, VRE has access to 61 mid-day storage spaces at Ivy City plus another 20 mid-day spaces on the mail track for a total of 81 spaces. Because additional trains are not programmed until FY 09 coupled with the addition of 14 mid-day storage spaces at L'Enfant which will become available in the spring of 2007, the CAO Task Force believes that the federal funding allocated to this project can be safely deferred for one year and the funding reallocated to support VRE's operating expenses. Federal grant revenues can be reallocated to support certain operating expenses through a provision known as the "Capital Cost of Contracting". This concept which allows transit agencies that contract for transit or maintenance service to pay for the capital consumed on the assets utilized to provide those transit or maintenance services. The net result will allow funding to be shifted from the Capital Improvements Program to the FY 08 operating budget thereby reducing the deficit.

5. Increase in Jurisdictional Subsidy:

All together, the combination of increasing costs and declining fare revenue result in a deficit of \$16,510,615 and increase of \$7,707,854 or 87.6% over the FY 07 adopted amount of \$8,802,761 in the VRE FY 08 preliminary budget.

Including all CAO Task Force recommended revenue and expenditure adjustments noted above increases the jurisdictional subsidy by \$4,576,393 or 52% from \$8,802,761 in FY 07 to \$13,379,154 in FY 08.

6. VRE Six Year Plan:

VRE's six year plan includes an increase in service of two trains on the Fredericksburg line and two trains on the Manassas lines in FY 09 and an additional two trains on the Fredericksburg line in FY 11 for a total of 36 trains over the six year plan. These service increases plus other operating increases produce total jurisdictional subsidy estimates of between \$15 and \$16 million per year in the out

years of the 6 year plan compared with the adopted subsidy of \$8.8 million in the FY

**REPORT OF THE CHIEF ADMINISTRATIVE OFFICERS'
FY 2008 VIRGINIA RAILWAY EXPRESS BUDGET REVIEW TASK FORCE**

07 adopted budget. It is important to note that these subsidy amounts do not include any of VRE's unfunded capital needs or any increase in the average fare levels beyond the proposed FY 08 fare increase of 2%. Increases in operational costs must be met with either jurisdictional subsidy or additional fare revenue since VRE does not recover all of its operational costs.

The CAO Task Force commends VRE for their work in breaking out the major cost drivers in the VRE budget, eliminating assumed fare and subsidy increases and other actions which produce a more accurate projection of expenses and revenues and potential jurisdictional subsidy in the six year plan.

7. VRE Budget Schedule:

The CAO Task Force work begins with the presentation of the VRE Preliminary Budget in August and concludes with the VRE budget adoption in December. While the period between August and December may seem like a substantial amount of time, the effort involved in coordinating meetings with numerous jurisdictions, the review and analysis of the detail budget, sources and uses statement, capital budget and six year plan, the drafting of questions, reviewing VRE's responses, drafting recommendations and jurisdictional meetings results in a fairly rigorous schedule with not much room for slippage. The Task Force requests that the preliminary detail budget and sources and uses statement be made available to jurisdictional staff for review at the same time the FY 09 preliminary budget is presented to Operations Board in August.

III. CAO BUDGET PROCESS

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

This process generally includes meetings during July and August to discuss the jurisdictions' financial situations and provide the Chief Executive Officer with recommendations for jurisdictional subsidy levels. These meetings were held, and the proposed FY 2008 budget generally reflects the discussions at the meetings.

The process also includes a more detailed jurisdictional staff review of the Chief

**REPORT OF THE CHIEF ADMINISTRATIVE OFFICERS'
FY 2008 VIRGINIA RAILWAY EXPRESS BUDGET REVIEW TASK FORCE**

Executive Officers' budget proposal after it is presented to the Operations Board.

The VRE Chief Executive Officer presented the preliminary FY 2008 budget to the VRE Operations Board on August 18, 2006. This budget was referred to the local jurisdictions for review and comment. Since August, a staff task force, organized by CAOs of the VRE jurisdictions, has reviewed the preliminary budget and met with VRE staff to discuss it in detail. The directors have provided additional information regarding the budget which was helpful in the review.

This report includes the major questions presented to VRE staff from the task force members and the responses given. It also provides a summary of the jurisdictional staff's findings and recommendations for the FY 2008 budget. The following staff participated in the review:

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



AGENDA ITEM #5

MEMORANDUM

TO: Chairman Snyder and NVTC Commissioners
FROM: Rick Taube
DATE: January 25, 2007
SUBJECT: Correspondence.

Attached are several letters and notices for your information:

- 1) January 6, 2007 letter to NVTC Chairman Snyder from Ed Tennyson on the subject of light rail transit;
- 2) January 11, 2007 letter to Secretary Homer from NVTA Chairman Zimmerman reiterating transit system concerns with the I-95/395 HOT lane proposal;
- 3) January 13, 2007 response from Governor Kaine to NVTC's letter seeking increased transit funding in the Governor's budget amendments;
- 4) January 18, 2007 letter to Secretary Homer from NVTC Chairman Snyder seeking \$40 million for Metro railcars;
- 5) January 19, 2007 letter from Secretary Homer to Rick Taube inviting participation in a new HOV Advisory Committee;
- 6) Notice of a January 29, 2007 legislative reception in Richmond sponsored by the Virginia Transit Association and others.



4350 N. Fairfax Drive • Suite 720 • Arlington, Virginia 22203
Tel (703) 524-3322 • Fax (703) 524-1756 • TDD (800) 828-1120 • VA Relay Service
E-mail nvtc@nvtc.org • Website www.thinkoutsidethecar.org

E.L. TENNYSON, P.E.
 2233 ABBOTSFORD DRIVE, RFD 55
 VIENNA, VA 22181-3220

RECEIVED

JAN 09 2007

①

REGISTERED
 PROFESSIONAL ENGINEER

6 January 2007

(703) 281-7533

The Honorable David F. Snyder, Chairman
 Northern Virginia Transportation Commission
 4350 North Fairfax Drive, suite 720
 Arlington VA 22203

Dear Chairman Snyder

At the January 2007 Commission meeting you cited the need and value of considering Light Rail Transit as a vital element in coping with our severe transportation, pollution, funding and congestion problems. At the same meeting I cited the need for Light Rail on Richmond Highway US1 to Fort Belvoir and Arlington and Fairfax Counties are well into planning Light Rail for Columbia Pike.

It is important for the NVT Commission to understand that Light Rail is neither a fad nor a temporary hot idea. It is a well established, well proven, successful, effective transit mode for application where Metro Rail would require impossible capital investment. It is not a substitute for Metro Rail. It can not replace low volume bus lines.

Tabulated below are objective measures of Light Rail value that we must consider in supporting a viable, useful, successful transportation system. The data is 2004 National Transit Data Base from FTA.

Operating 2004	Rail Rapid Transit	Commuter Rail	Light Rail	Diesel Bus
Cost per passenger-mile	33.0¢	35.4¢	56.3¢	75¢
Passenger-mile per vehicle mile	23.0	36.1	23.7	9.9
Passenger-mile per employee	304,045	384,207	192,595	100,777
Casualty Rate per mile	0.7	0.2	0.8	1.8
Annual passenger-mile per \$1M	200	170.8	141.5	101.8
Passenger-mile per gallon	54.6	55.4	39.9	31.4
Typical capital investment per passenger-mile	26.5¢	11.8¢	29.9¢	11.1¢
TOTAL COST per passenger-mile	59.5¢	47.2¢	86.2¢	86.1¢


Note that light rail has only half the casualty rate of buses, based on 2001 data. Since 2001, minor casualties have been excluded, but even so, Light Rail is safer than buses. Metro Rail is also. Commuter rail looks much safer because it carries so many more passenger-miles per boarding and alighting.

The Light Rail labor efficiency is almost double that of buses, but less than Commuter rail or rapid rail transit labor efficiency. We can not obtain Commuter rail efficiency where freight tracks do not go and rapid transit costs too much to justify the labor saving except where travel volumes are very high to defray the investment over billions of passenger-miles.

Transportation Research Board Special Report 1221 of 1989 documented the 35 to 43 percent gain in patronage from using Light Rail instead of bus on a specific route with similar characteristics. The 200 annual passenger-miles per capita for rail rapid transit is a low number including Cleveland, Baltimore and Miami as well as better patronized systems. WMATA Metro Rail and bus is 600 annual passenger-miles per capita, far above national average.

The total cost per passenger-mile data is for 2004. Once built, the investment per passenger-mile does not inflate much but operating costs inflate at an average rate of 2 1/2 percent forever. At mid-project life, bus costs would probably be \$1.34 per passenger-mile but light rail would be only \$1.22. Bus costs are higher in large cities.

The real advantage of Light Rail is not just cost savings and safety but also and more important is the attraction of so many more people from automobiles and the clean air benefits, saving 91 gallons of motor fuel per capita per year in the area served worth \$200 per year per capita. That will pay for Light Rail.

Respectfully suggested


2

Northern Virginia Transportation Authority

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

January 11, 2007

The Honorable Pierce Homer
Secretary of Transportation
Patrick Henry Building, 3rd Floor
1111 East Broad Street
Richmond, Virginia 23219

RECEIVED
JAN 17 2007

Dear Secretary Homer:

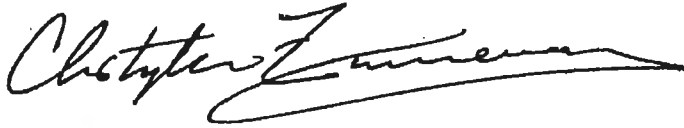
I am writing to follow-up on our September 28, 2006 letter to you regarding the I-95/395 HOT Lanes project ("the project"). As I noted in that letter, the NVTA was pleased to see the creation of the Transit Advisory Committee (TAC). Since then, the TAC has been working with the state and its private partners, Fluor/Transurban ("the project partners") on the development of a transit/TDM plan to take full advantage of the opportunities that the project presents and to insure that transit and high-occupancy vehicle (HOV) service quality is enhanced, not degraded, by it. My intention with this letter is to share our on-going concerns regarding the project and facilitate an opportunity to discuss those issues with you.

While progress is being made, the recent disclosure that the project partners are planning to include the construction component of the I-95/395 HOT lanes project in the region's FY 2008-2012 Transportation Improvement Program (TIP), is arousing concerns. Such action, before many serious questions posed by the TAC and other stakeholders have been satisfactorily addressed, is difficult to understand.

As I mentioned in my last letter, the I-95/395 HOV lanes are one of the most successful facilities in the state at moving people during the peak periods. This project is an opportunity to improve on this success, but only if we continue to prioritize its function as a transit and HOV facility. To help you more fully appreciate our concerns about this project, I have attached a summary of the issues that remain unresolved at this time, many of which have been communicated to you, or your staff, before.

Without satisfactory answers to the questions outlined in the attachment, the NVTA would hard-pressed to endorse the actions being sought by the project partners. Therefore, I would like to propose a meeting between members of the NVTA and you and your staff to discuss these issues, as well as the appropriate next steps for the project. We will be contacting you to arrange this meeting.

Sincerely,

A handwritten signature in black ink, appearing to read "Christopher Zimmerman". The signature is fluid and cursive, with a long horizontal flourish at the end.

Christopher Zimmerman
Chairman

Cc: Members, NVTA:

Julia Connally, CTB Member At-Large Urban
J. Douglas Koelemay, CTB Member Northern Virginia District
Cord A. Sterling, CTB Member At-Large Urban
Dennis Morrison, VDOT Northern Virginia Administrator
Matthew Tucker, DRPT
Rick Taube, NVTC
Al Harf, PRTC

I-95/395 HOT Lanes Project Outstanding Issues as of 1/11/07

1. First, the traffic analysis and demand forecasts, necessary for several reasons, remain undone. The analysis results and forecasts are essential to satisfy stakeholders that traffic entering and exiting the HOT lanes will not pose local traffic problems, and are also essential to assess where and what transit services are warranted. We know this is work in progress, but it is essential for making important determinations throughout the project.
2. These same traffic analysis and demand forecasts will have a major shaping influence on decisions about where to locate access and egress points throughout the corridor. Eads Street in Arlington County is a particularly sensitive issue, because it is both an access to a major transit transfer facility and the proposed terminus of the HOT lanes project. Transit and HOV traffic flow must be facilitated without compromising the service levels of the ramps.
3. Along those same lines, the project partners must demonstrate that the northern improvements do not overburden the roadway network at either termini, forcing additional improvements be made beyond the scope of the project. Should problems be identified, the project should be redesigned to mitigate the impacts.
4. The size, number, and location of transit center and park-and-ride facilities must be supported by the traffic and demand forecasts. The TAC has repeatedly objected to the notion that preliminary determinations made by the private partners at the "concept plan" stage -- six lots and 3,000 spaces -- are a limiting condition, since these preliminary determinations were without the benefit of traffic analysis or demand forecasts. In addition, connections to park and ride lots with existing capacity, like the Rt. 123 lot in Prince William County, should be examined. The ability of existing bus facilities at the Pentagon and Franconia-Springfield Metrorail stations and the proposed Lorton VRE transfer facility to cope with the additional bus and passenger demand must be considered as well. This cannot be ascertained without the traffic analysis and demand forecasts, and a transit plan consistent with the resources and requirements of the regional transit providers.
5. Questions remain about the viability of a continuous third lane in the existing HOV facility, given the variations in the overall width and lateral constraints of the existing barriers on outward expansion. More comprehensive engineering work must be completed to satisfy everyone that the third lane is feasible with sufficient shoulder width for safety considerations. We know that safety is a paramount concern of VDOT as well, and that VDOT will be going to great lengths to insure that there is no degradation, but the fact remains that this issue is unresolved.
6. There must be a detailed incident management plan that takes into account enforcement issues, automobile incidents, and transit vehicle emergencies. The

plan should also take into account mainline incidents and their impact on transit service in the HOT Lanes (deadhead buses, for example), and the diversion of traffic onto the HOT Lanes.

7. There must be a plan to ensure no service degradation specifically to transit and HOV, including the impact of dynamic tolling and incident management. The plan should have clear thresholds for service degradation for transit and vehicular traffic (that are more demanding than the thresholds embedded in SAFETEA-LU), and should address the procedures and thresholds for moving from HOV-3 to HOV-4.
8. The question of how much net toll revenue is expected and how much of this net revenue will be available for transit capital and operating costs is fundamentally important for determining how much transit service expansion is financially feasible. Work completed by the private partners to identify "transit opportunities" identifies gross costs of such service expansion, but not the level of subsidy required or its sources. Thus representations about how much transit service expansion is in the offing are not yet grounded in financial reality.
9. Questions about the compatibility of the HOT lanes project and traffic needs resulting from BRAC remain unanswered.
10. Questions about the compatibility of the HOT lanes project and plans under consideration as part of the 14th St. Bridge EIS remain uncertain, including the exploration of the continuation of HOT and/or HOV lanes over the 14th Street Bridge.
11. Opportunities for continued public interaction as the project evolves have not been clearly spelled out, and there are concerns that if the TIP action (and associated conformity determination) happens, stakeholders will be less able to hold the project partners accountable for insuring that the project is executed in a manner that addresses legitimate concerns. There needs to be a timeline spelling out the information flow, decision points, and opportunity for interaction with the project team. The TAC does provide some mechanism for participation; however the PPTA process is not a transparent one, and needs to be more specifically defined for this project.
12. Finally, the project partners must make a compelling case that the proposed Northern/Southern construction phasing makes the most sense for the region and the facility.



3

COMMONWEALTH of VIRGINIA

Office of the Governor

Timothy M. Kaine
Governor

January 12, 2007

RECEIVED
JAN 17 2007

The Honorable Gerald E. Connolly, Chairman
Northern Virginia Transportation Commission
4350 N. Fairfax Drive, Suite 720
Arlington, Virginia 22203

Dear Mr. Connolly: *Gerry;*

Thank you for your letter concerning funding for public transit investments for Northern Virginia in my 2007 budget recommendations.

I agree that any comprehensive solution must include significant investments in rail and mass transit. To that end, I have proposed using funds remaining in the 2006 Transportation Initiative, coupled with additional general fund surplus revenues, to enhance rail and transit travel in the Commonwealth. My proposed budget includes funding of \$35 million for new railcars for Metro and Virginia Railway Express, as well as \$15 million in general fund appropriation and \$10 million in nongeneral fund appropriation for the Mass Transit Capital Assistance Program, from which Northern Virginia localities receive funding for buses and bus facilities.

The use of one-time funding, while representing significant progress on specific projects, does not satisfy Virginia's ongoing transportation needs. I hope you will support me during this General Assembly session in securing long-term, sustainable transportation revenue necessary to move Virginia forward.

Thank you again for your letter.

Sincerely,

[Signature]
Timothy M. Kaine

TMK:cjd

c: The Honorable Jody M. Wagner, Secretary of Finance



NVTC

Northern Virginia Transportation Commission

4

January 18, 2007

Chairman
Hon. Gerald E. Connolly

Vice Chairman
Hon. David F. Snyder

Secretary/Treasurer
Hon. William D. Euille

Commissioners:

City of Alexandria
Hon. William D. Euille
Hon. Ludwig Gaines

Arlington County
Hon. Paul Ferguson
Hon. Jay Fisetle
Hon. Christopher Zimmerman

Fairfax County
Hon. Sharon Bulova
Hon. Gerald E. Connolly
Hon. Catherine Hudgins
Hon. Dana Kauffman
Hon. Elaine McConnell

City of Fairfax
Hon. Scott Silverthorne

City of Falls Church
Hon. David F. Snyder

Loudoun County
Hon. Eugene Delgaudio

**Virginia Department of Rail
and Public Transportation**
Matthew O. Tucker

Virginia General Assembly
Sen. Jeannemarie Devolites Davis
Sen. Mary Margaret Whipple
Del. David B. Albo
Del. Adam P. Ebbin
Del. Joe T. May
Del. Thomas D. Rust

Executive Director
Richard K. Taube

The Honorable Pierce Homer
Secretary of Transportation
1111 East Broad Street, 3rd Fl, Rm 3054
Richmond, VA 23219

Dear Secretary Homer:

I am writing to you to urgently request that \$40 million appropriated by the 2005 Virginia General Assembly for WMATA railcars be provided now to the Northern Virginia Transportation Commission.

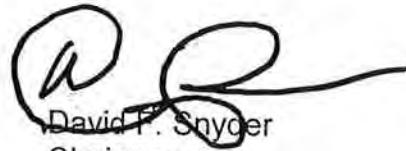
As confirmed in the attached letter from WMATA's Chief Financial Officer, \$260 million of federal funds was anticipated in the Metro Matters Funding Agreement for railcars and facilities from the SAFETEA-LU bill, but only \$104 million was actually authorized. Virginia's jurisdictions will be asked to provide 27 percent of the resulting \$156 million shortfall in railcar funding, or \$42.1 million over and above the commitments of the local signatories in the Metro Matters Agreement. It is important to note that receipt of the requested \$40 million in state funds will not reduce the amount of local funding committed by local governments to WMATA as part of the Metro Matters Agreement.

In light of this documented federal shortfall, we respectfully request that the \$40 million be provided to NVTC now to be held in trust to cover Metro railcar billings based on written instructions from NVTC's local jurisdictions. The jurisdictions have already determined the method to be used to allocate local shares of the \$40 million at NVTC.

As you may know, local governments are facing serious budget pressures this year while WMATA, VRE and many local bus systems are asking for sharply higher local subsidies. The release of previously appropriated state funds in this time of financial crisis is especially important.

Please feel free to contact Rick Taube at NVTC if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to be 'D. Snyder', with a long horizontal flourish extending to the right.

David F. Snyder
Chairman

cc: NVTC Commissioners
Matthew Tucker



January 18, 2007

RECEIVED

JAN 19 2007

Richard Taube
Executive Director
Northern Virginia Transportation Commission
4350 N. Fairfax Drive, Suite 720
Arlington, Virginia 22203

Dear Mr. Taube:

I am writing to follow up on the meeting held last week regarding the status of funding for rail cars as included in the Metro Matters agreement. This agreement assumed \$260 million in federal funding for rail cars. The federal funds available are \$104 million resulting in a shortfall of \$156 million. Virginia's share of this shortfall is approximately \$42 million. The \$40 million appropriated by the Virginia General Assembly in the FY 2006 budget comes close to meeting this shortfall.

I trust that this explanation will assist in seeking the release of the \$40 million in State funds.

If I can provide any additional information, please contact me at 202-962-1200.

Sincerely,

A handwritten signature in black ink, appearing to read 'H. Charles Woodruff II', written over a printed name and title.

H. Charles Woodruff II
Chief Financial Officer

**Washington
Metropolitan Area
Transit Authority**

600 Fifth Street, NW
Washington, D.C. 20001
202/962-1234

By Metrobus:
Routes D6, P6, 80, X2

By Metrorail:
Judiciary Square-Red Line
Gallery Place-Chinatown
Red, Green and
Yellow Lines

A District of Columbia,
Maryland and Virginia
Transit Partnership



5

COMMONWEALTH of VIRGINIA

Office of the Governor

Post Office Box 1475
Richmond, Virginia 23218

John W. Marshall
Secretary of Public Safety
804-786-5351

Pierce R. Homer
Secretary of Transportation
804-786-8032

January 19, 2007

Mr. Rick Taube
NVTC
4350 N.Fairfax Drive, Suite 720
Arlington, Virginia 22203

Dear Mr. Taube:

We are writing to ask you to participate on a newly formed committee to advise the Secretaries of Transportation and Public Safety on HOV issues in Northern Virginia.

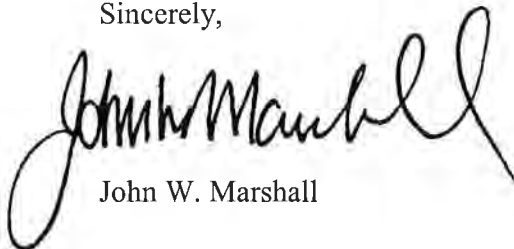
This HOV Advisory Committee will build on the success of a previous task force to deal with HOV enforcement issues. While that Task Force did an excellent job of dealing with that issue, its success has lead us to conclude that a special advisory committee should be created with a broader role related to the use and operation of the HOV lanes.

The HOV Advisory Committee will be charged with reviewing HOV issues in Northern Virginia and providing input to the Secretary of Transportation and the Secretary of Public Safety. Examples of topics for the committee to examine include addressing HOV lane enforcement, congestion mitigation strategies, operating hours, occupancy requirements, and legislative exemptions.

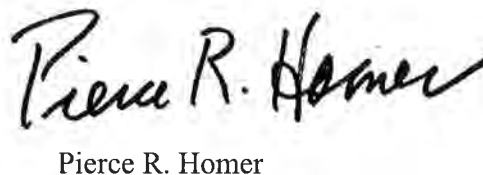
Dennis Morrison, NOVA District Administrator, will be in touch with you in the near future with information about the first meeting. Captain Counts of the Virginia State Police and Dennis Morrison will serve as co-chairs of this group.

I hope that you will accept this invitation to help us continue to improve the use and operations of the critically important HOV lanes.

Sincerely,



John W. Marshall



Pierce R. Homer

cc: Mr. David S. Ekern
Mr. Matthew O. Tucker
Colonel W. Steven Flaherty

(6)

TRANSPORTATION CHOICES

RECEPTION

Monday, January 29th, 5:30-7:30
Old City Hall, Lobby
1001 East Broad Street, Richmond

Hosted by
Virginia Transit Association

Sponsored by
AARP
Community Transportation Assoc. of VA
CSX Corporation
Dulles Corridor Rail Association
ECS Mid-Atlantic, LLC
Dulles Area Transportation Association
HDR Engineering
Norfolk Southern Corporation
Dulles Transit Partners
Orbital Sciences Corporation
Reston Limousine
Sonny Merryman, Inc.
Vanasse Hangen Brustlin, Inc.
Venable, LLP
Washington Airports Task Force

*Please RSVP by Tuesday, January 23^d
to Kristy Joplin at (804) 643-1166 or
mcmiminy_associates@cavtel.net*



AGENDA ITEM #6

MEMORANDUM

TO: Chairman Snyder and NVTC Commissioners
FROM: Scott Kalkwarf and Colethia Quarles
DATE: January 25, 2007
SUBJECT: NVTC Financial Reports for December, 2006.

The reports are attached for your information.



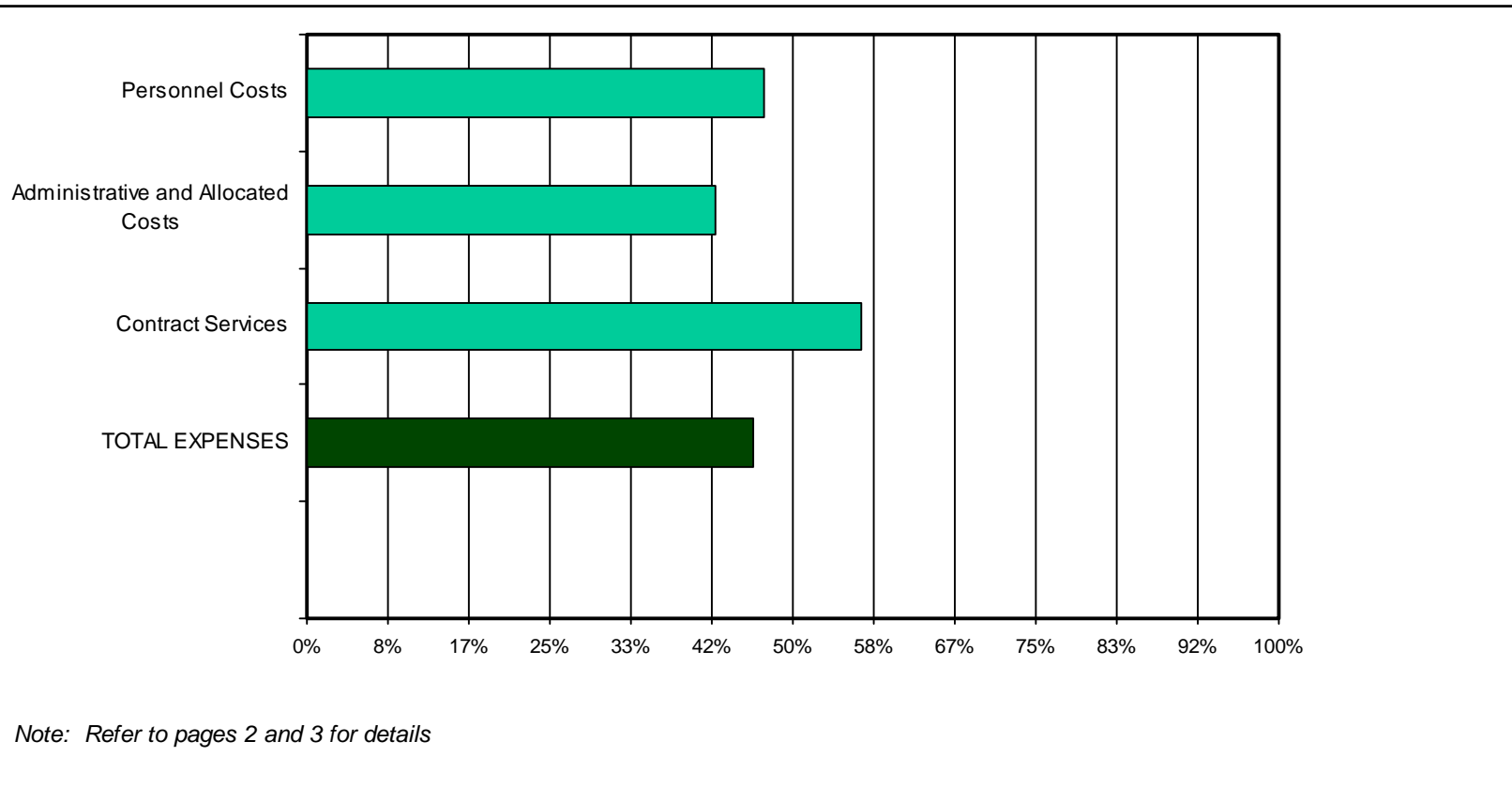
4350 N. Fairfax Drive • Suite 720 • Arlington, Virginia 22203
Tel (703) 524-3322 • Fax (703) 524-1756 • TDD (800) 828-1120 • VA Relay Service
E-mail nvtc@nvtc.org • Website www.thinkoutsidethecar.org

Northern Virginia Transportation Commission

Financial Reports

December, 2006

Percentage of FY 2007 NVTC Administrative Budget Used
December, 2006
(Target 50% or less)



NORTHERN VIRGINIA TRANSPORTATION COMMISSION
G&A BUDGET VARIANCE REPORT
December, 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	\$ 45,673.18	\$ 323,215.88	\$ 649,150.00	\$ 325,934.12	50.2%
Temporary Employee Services	-	-	1,000.00	1,000.00	100.0%
Total Personnel Costs	45,673.18	323,215.88	650,150.00	326,934.12	50.3%
<u>Benefits</u>					
Employer's Contributions:					
FICA	1,304.26	19,076.50	45,700.00	26,623.50	58.3%
Group Health Insurance	2,975.47	22,085.98	70,500.00	48,414.02	68.7%
Retirement	4,045.00	25,534.50	49,500.00	23,965.50	48.4%
Workmans & Unemployment Compensation	-	1,092.00	4,250.00	3,158.00	74.3%
Life Insurance	308.17	1,711.22	3,500.00	1,788.78	51.1%
Long Term Disability Insurance	285.45	1,659.77	4,400.00	2,740.23	62.3%
Total Benefit Costs	8,918.35	71,159.97	177,850.00	106,690.03	60.0%
<u>Administrative Costs</u>					
Commissioners Per Diem	1,800.00	7,050.00	21,700.00	14,650.00	67.5%
<i>Rents:</i>					
Office Rent	14,292.20	86,938.80	174,400.00	87,461.20	50.1%
Parking	930.00	6,522.00	11,500.00	4,978.00	43.3%
<i>Insurance:</i>					
Public Official Bonds	967.00	1,670.00	4,900.00	3,230.00	65.9%
Liability and Property	50.00	550.00	3,200.00	2,650.00	82.8%
	917.00	1,120.00	1,700.00	580.00	34.1%
<i>Travel:</i>					
Conference Registration	655.25	5,837.77	22,950.00	17,112.23	74.6%
Conference Travel	-	1,315.00	2,000.00	685.00	34.3%
Local Meetings & Related Expenses	135.47	2,413.11	5,000.00	2,586.89	51.7%
Training & Professional Development	279.78	1,706.13	12,200.00	10,493.87	86.0%
	240.00	403.53	3,750.00	3,346.47	89.2%
<i>Communication:</i>					
Postage	1,323.96	5,651.25	10,600.00	4,948.75	46.7%
Telephone - LD	744.87	2,241.75	4,600.00	2,358.25	51.3%
Telephone - Local	-	527.01	1,300.00	772.99	59.5%
	579.09	2,882.49	4,700.00	1,817.51	38.7%
<i>Publications & Supplies</i>					
Office Supplies	1,123.04	5,648.83	29,800.00	24,151.17	81.0%
Duplication	234.02	770.01	4,300.00	3,529.99	82.1%
Public Information	389.02	4,378.82	15,500.00	11,121.18	71.7%
	500.00	500.00	10,000.00	9,500.00	95.0%

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

	<u>Current Month</u>	<u>Year To Date</u>	<u>Annual Budget</u>	<u>Balance Available</u>	<u>Balance %</u>
<i>Operations:</i>	6,303.99	9,435.58	23,800.00	14,364.42	60.4%
Furniture and Equipment	-	151.19	7,800.00	7,648.81	98.1%
Repairs and Maintenance	5,160.00	6,570.71	1,000.00	(5,570.71)	-557.1%
Computers	1,143.99	2,713.68	15,000.00	12,286.32	81.9%
 <i>Other General and Administrative</i>	 355.93	 2,953.74	 6,400.00	 3,446.26	 53.8%
Subscriptions	-	-	400.00	400.00	100.0%
Memberships	-	1,483.00	1,400.00	(83.00)	-5.9%
Fees and Miscellaneous	291.93	1,406.74	2,800.00	1,393.26	49.8%
Advertising (Personnel/Procurement)	64.00	64.00	1,800.00	1,736.00	96.4%
40th Anniversary	-	-	-	-	0
Total Administrative Costs	<u>26,821.37</u>	<u>125,185.97</u>	<u>294,550.00</u>	<u>169,364.03</u>	<u>57.5%</u>
<u>Contracting Services</u>					
Auditing	-	10,525.00	16,200.00	5,675.00	35.0%
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>10,525.00</u>	<u>18,200.00</u>	<u>7,675.00</u>	<u>42.2%</u>
 Total Gross G&A Expenses	 <u>\$ 81,412.90</u>	 <u>\$ 530,086.82</u>	 <u>\$ 1,140,750.00</u>	 <u>\$ 610,663.18</u>	 <u>53.5%</u>

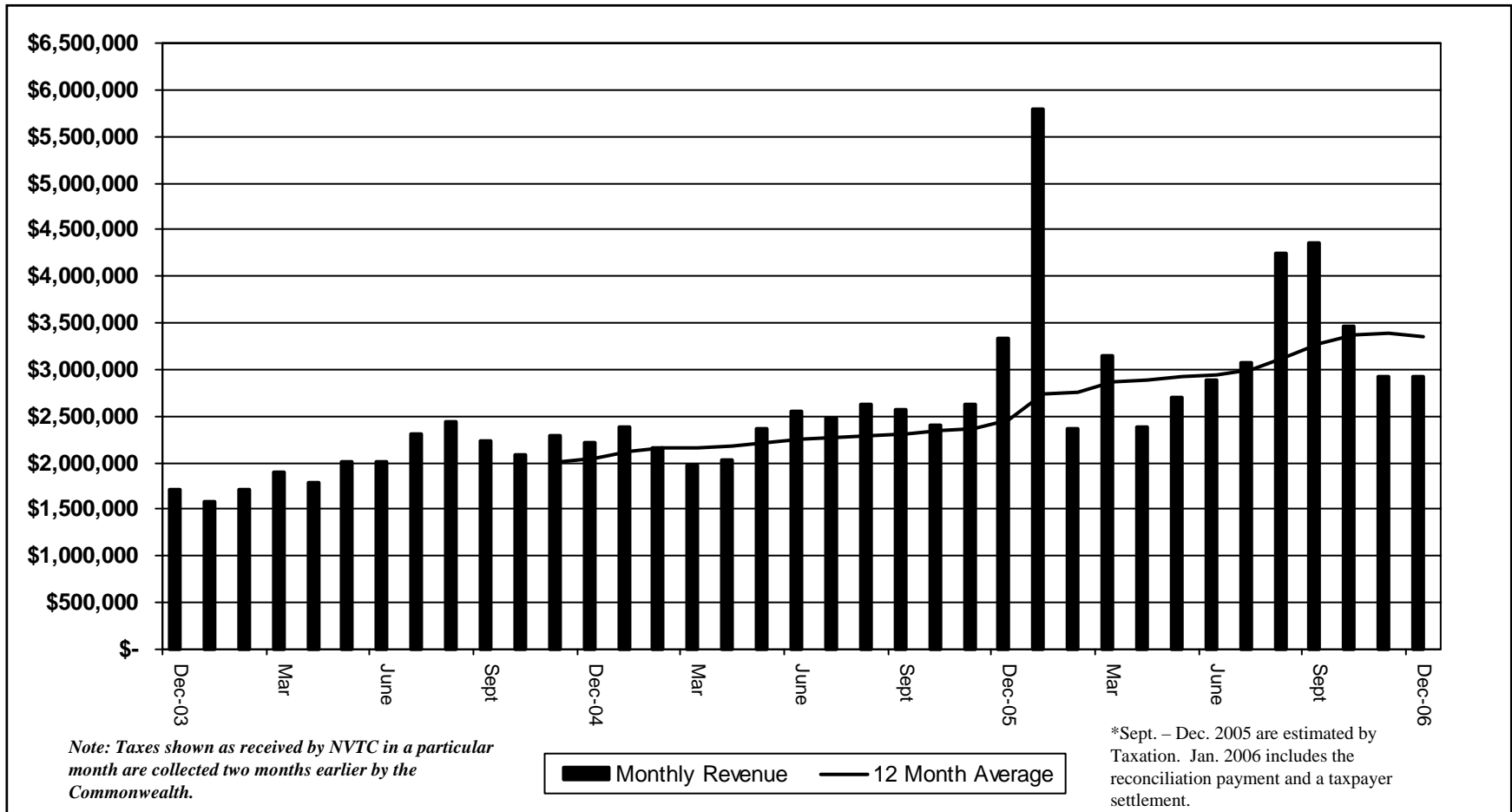
**NVTC
RECEIPTS and DISBURSEMENTS
December, 2006**

<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						
8	DRPT	SmarTrip grant receipt			\$ 7,748.00	
13	VRE	Staff support		7,643.63		
13	Staff	Expense reimbursement		73.59		
15	Dept. of Taxation	Motor vehicle fuels sales tax				2,931,845.97
19	DRPT	FTM/Admin grant receipt				4,934,301.00
31	Banks	December interest		1,063.43	3,275.06	421,286.93
			<u>-</u>	<u>8,780.65</u>	<u>11,023.06</u>	<u>8,287,433.90</u>
DISBURSEMENTS						
1-31	Various	NVTC project and administration	(99,766.63)			
7	Vollmer Assoc.	Consulting - NTD project	(17,440.81)			
12	IBI Group	Consulting - SmarTrip project	(8,155.89)			
27	WMATA	Other operating				(19,738.00)
31	Wachovia Bank	December service fees	(51.48)			
			<u>(125,414.81)</u>	<u>-</u>	<u>-</u>	<u>(19,738.00)</u>
TRANSFERS						
7	Transfer	From LGIP to checking	40,000.00		(40,000.00)	
12	Transfer	From LGIP to LGIP - NTD project			17,440.81	(17,440.81)
12	Transfer	From savings to checking	15,000.00	(15,000.00)		
20	Transfer	From LGIP to LGIP - NTD project			13,329.20	(13,329.20)
20	Transfer	From LGIP to checking	60,000.00		(60,000.00)	
			<u>115,000.00</u>	<u>(15,000.00)</u>	<u>(69,229.99)</u>	<u>(30,770.01)</u>
NET INCREASE (DECREASE) FOR MONTH			<u>\$ (10,414.81)</u>	<u>\$ (6,219.35)</u>	<u>\$ (58,206.93)</u>	<u>\$ 8,236,925.89</u>

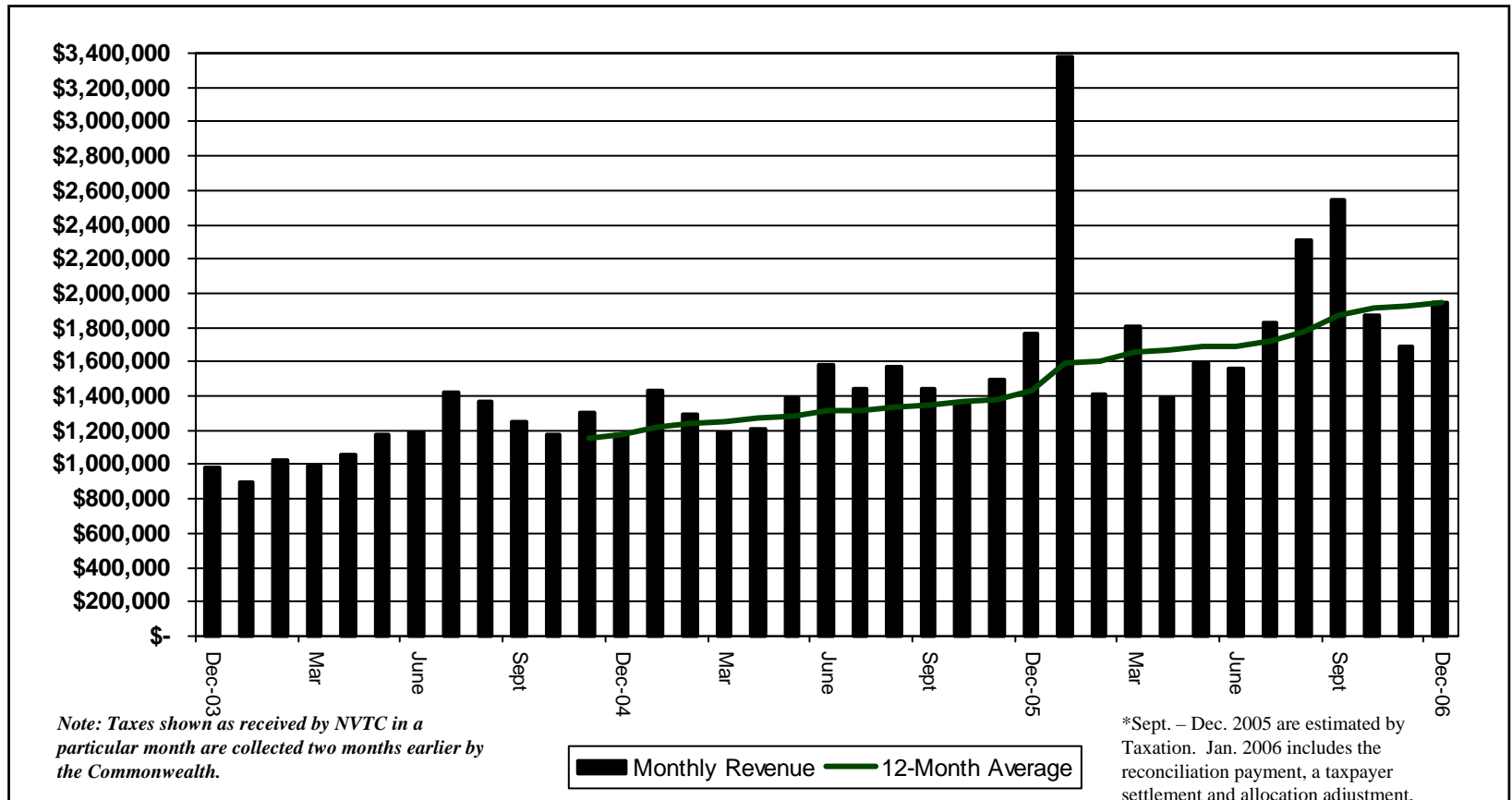
**NVTC
INVESTMENT REPORT
December, 2006**

<u>Type</u>	<u>Rate</u>	<u>Balance 11/30/2006</u>	<u>Increase (Decrease)</u>	<u>Balance 12/31/2006</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	\$ 30,373.34	\$ (10,414.81)	\$ 19,958.53	\$ 19,958.53	\$ -	\$ -
Wachovia: NVTC Savings	4.70%	296,140.65	(6,219.35)	289,921.30	289,921.30	-	-
<u>Investments - State Pool</u>							
Nations Bank - LGIP	5.29%	90,900,397.56	8,178,718.96	99,079,116.52	701,941.45	67,634,513.52	30,742,661.55
		<u>\$ 91,226,911.55</u>	<u>\$ 8,103,877.87</u>	<u>\$ 99,388,996.35</u>	<u>\$ 1,011,821.28</u>	<u>\$ 67,634,513.52</u>	<u>\$ 30,742,661.55</u>

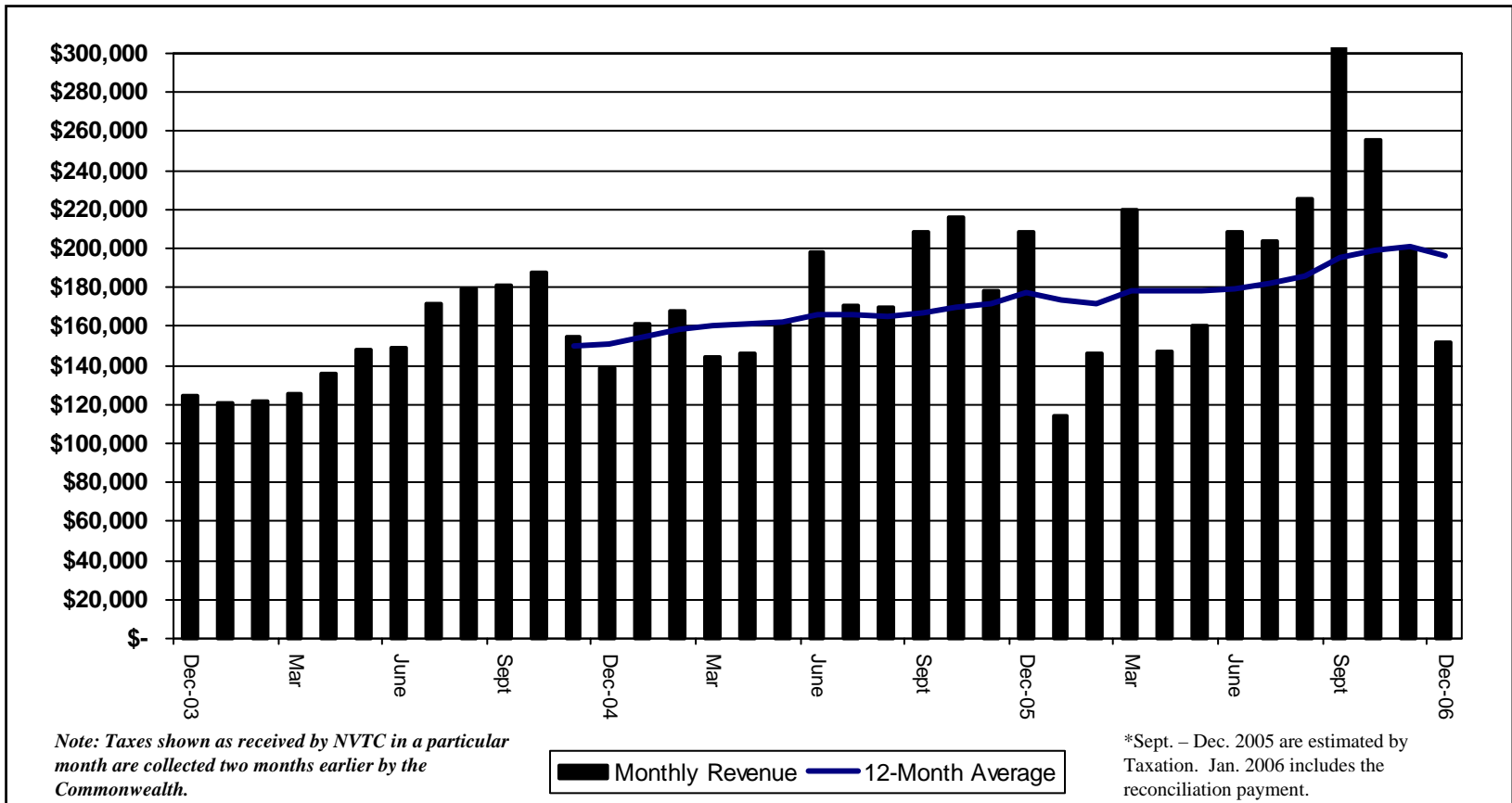
NVTC MONTHLY GAS TAX REVENUE ALL JURISDICTIONS FISCAL YEARS 2004-2007



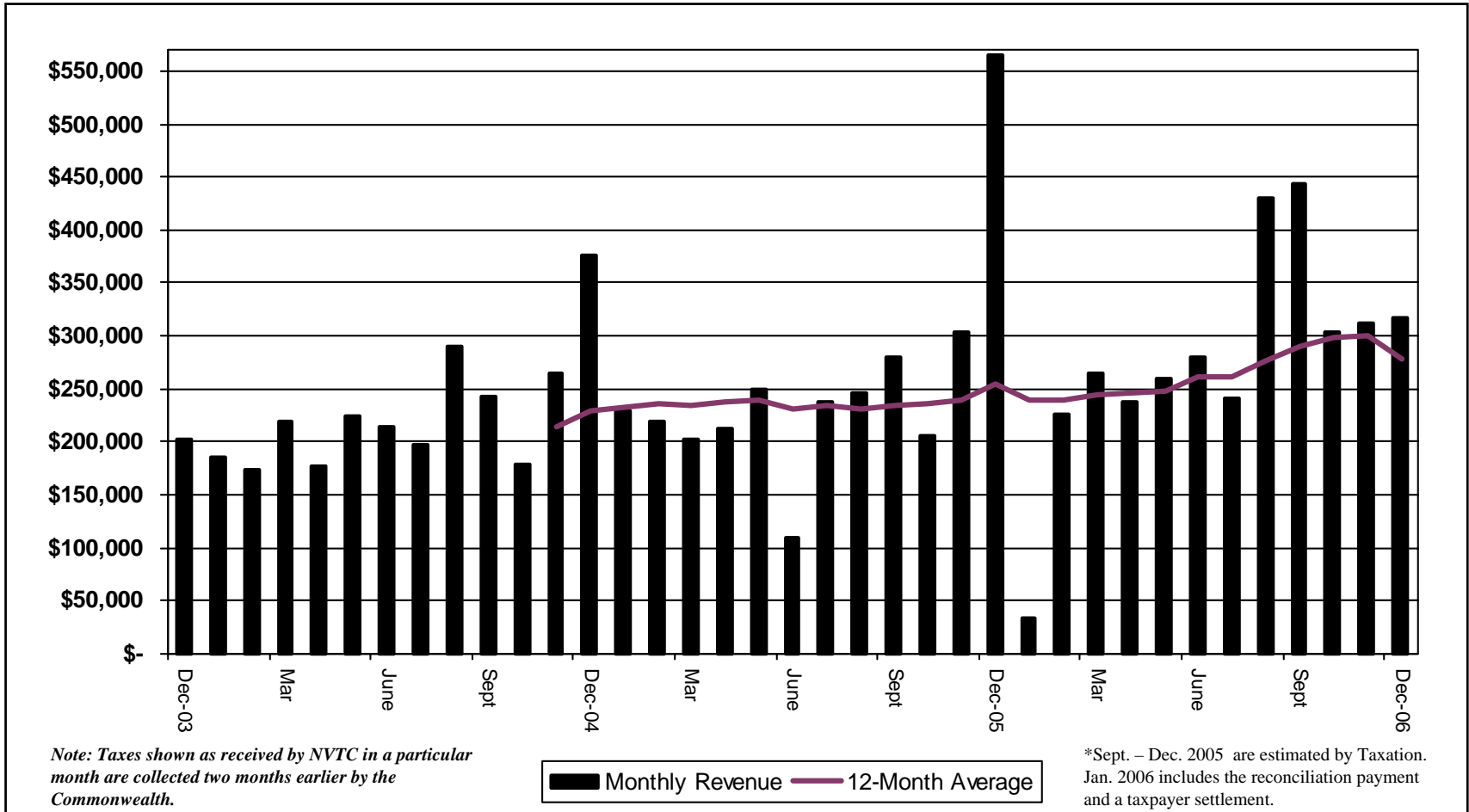
NVTC MONTHLY GAS TAX REVENUE FAIRFAX COUNTY FISCAL YEARS 2004-2007



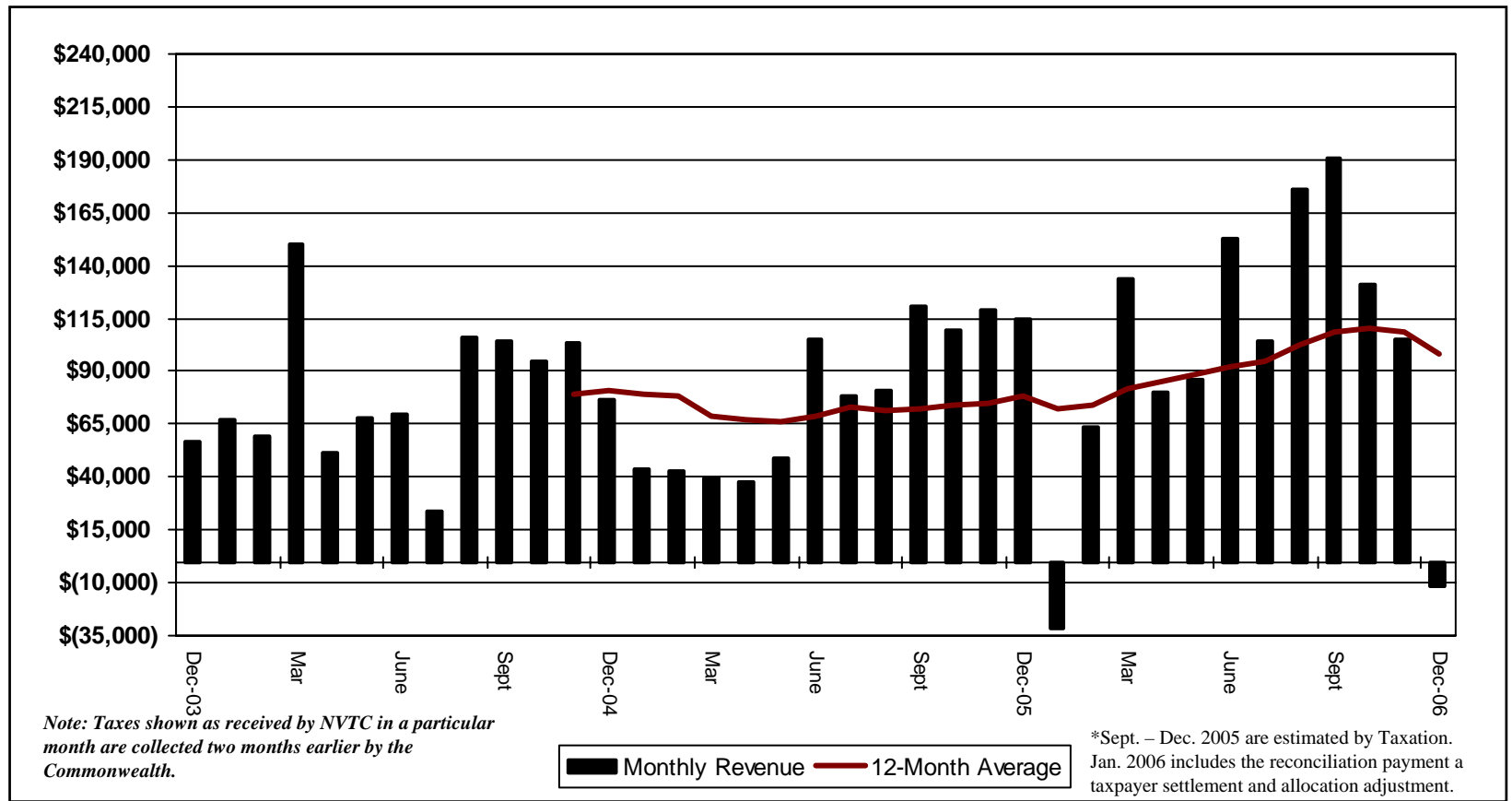
NVTC MONTHLY GAS TAX REVENUE CITY OF ALEXANDRIA FISCAL YEARS 2004-2007



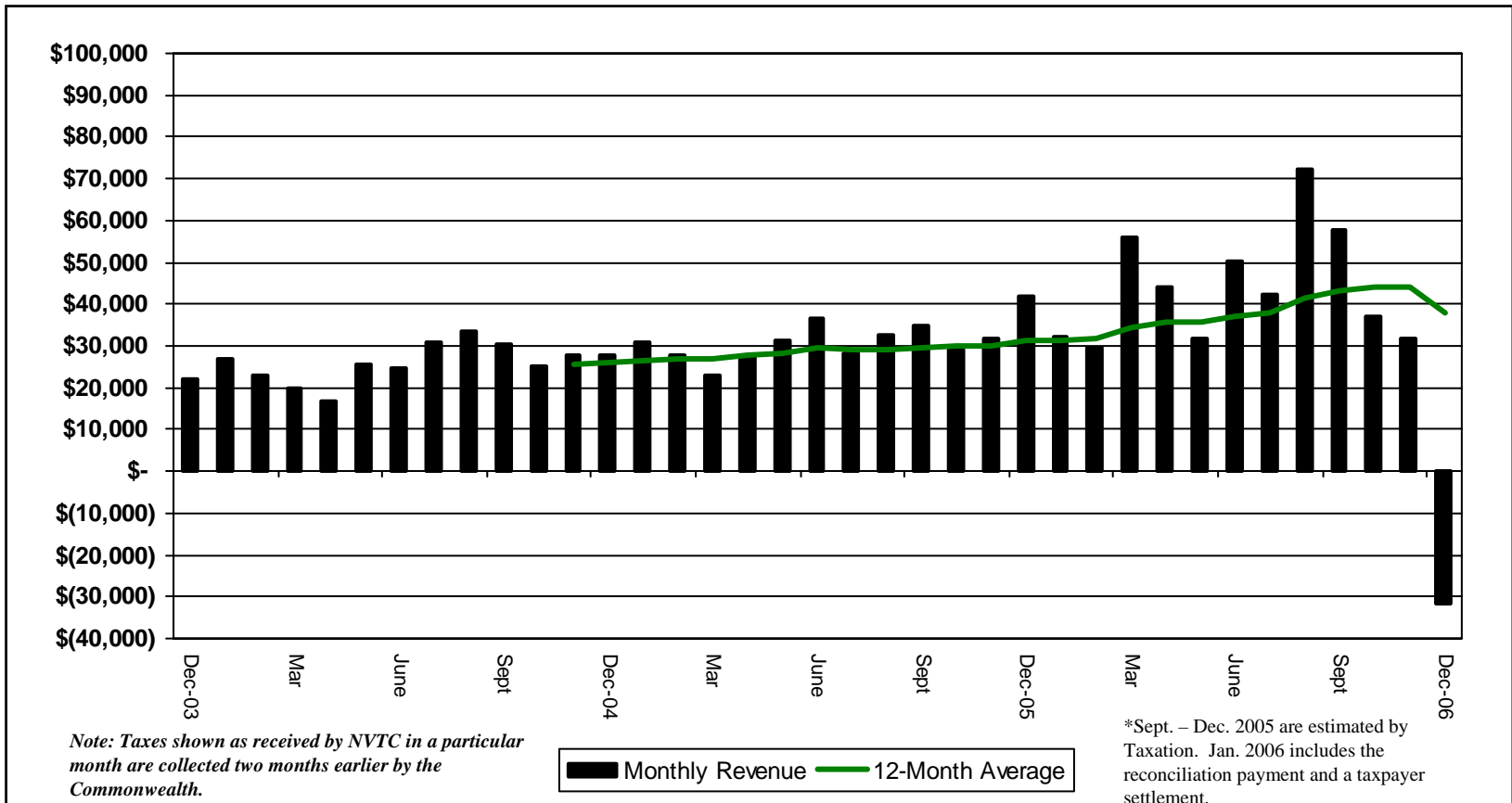
NVTC MONTHLY GAS TAX REVENUE ARLINGTON COUNTY FISCAL YEARS 2004-2007



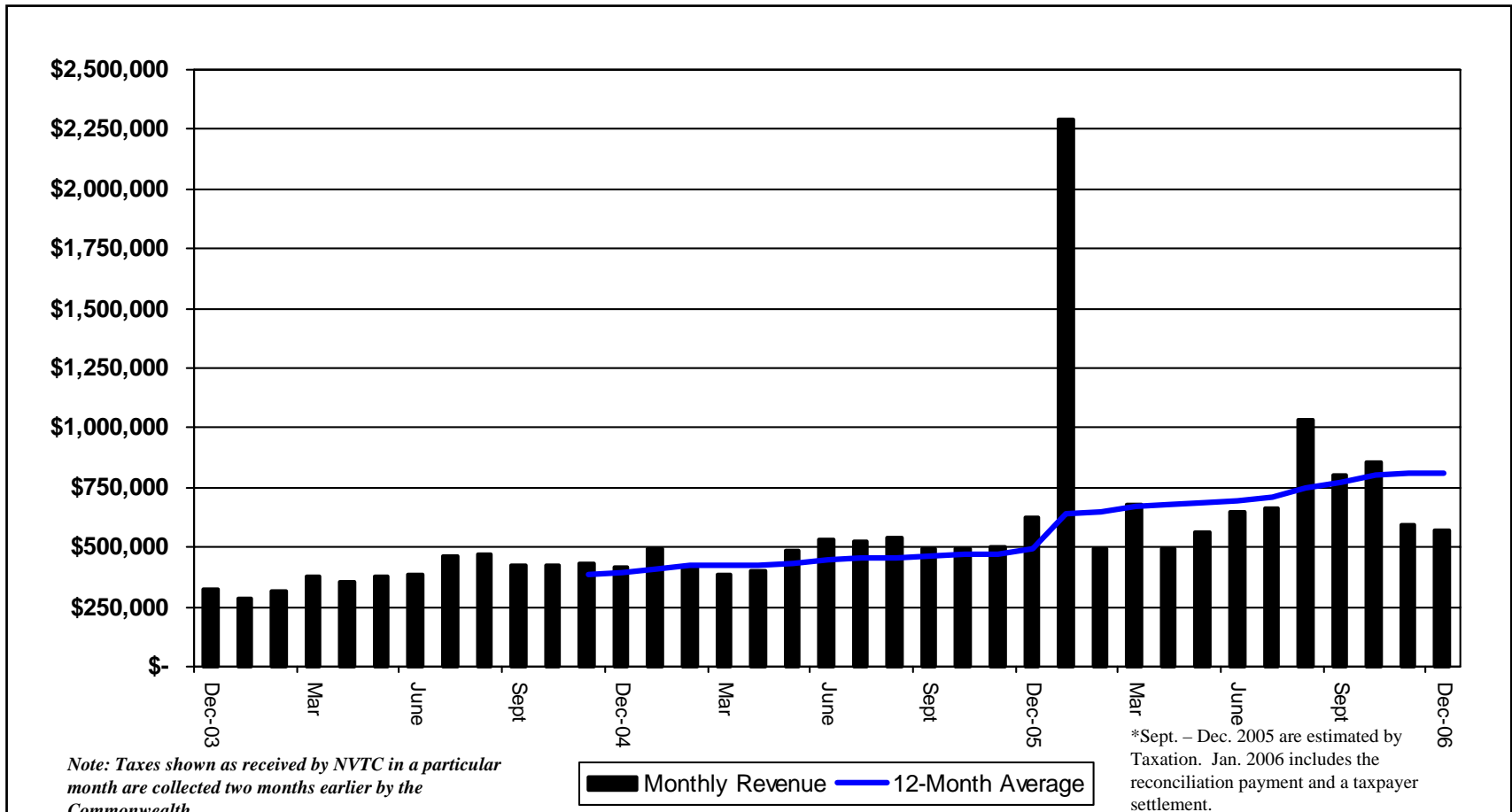
NVTC MONTHLY GAS TAX REVENUE CITY OF FAIRFAX FISCAL YEARS 2004-2007



NVTC MONTHLY GAS TAX REVENUE CITY OF FALLS CHURCH FISCAL YEARS 2004-2007



NVTC MONTHLY GAS TAX REVENUE LOUDOUN COUNTY FISCAL YEARS 2004-2007





AGENDA ITEM #7

MEMORANDUM

TO: Chairman Snyder and NVTC Commissioners
FROM: Rick Taube
DATE: January 25, 2007
SUBJECT: Legislative Items.

A discussion on legislation will be held jointly with members of the Northern Virginia Transportation Authority.



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