



**NVTC COMMISSION MEETING
THURSDAY, JANUARY 4, 2007
8:00 PM.**

NVTC CONFERENCE ROOM

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

AGENDA

1. Minutes of NVTC Meeting of December 7, 2006.

Recommended Action: Approval.

2. Election of 2007 Officers and Oath of Office.

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

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

3. Selection of NVTC Representatives to Boards and Committees.

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

Recommended Action: Act on the recommendations of NVTC's jurisdictions to elect two principal and two alternate members of the WMATA Board. Elect three principals and at least one alternate to the VRE Operations Board. Elect two principals and at least three alternate members of the VTA Board. Executive Committee



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membership is determined by the NVTC By-Laws while the new NVTC Chairman will appoint the Chairman and members of the Legislative Committee.

4. Designation of NVTC Signatories and Pension Trustees.

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

Recommended Action: Approve Resolution #2047.

5. Review of 2006 NVTC Accomplishments.

NVTC staff will report to the commission on progress during calendar 2006.

Presentation Item.

6. Public Hearing on and Approval of NVTC's 2007 Workprogram and Meeting Schedule.

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

Recommended Action: After a public hearing and consideration of the comments made by the public, approve the workprogram and schedule for 2007.

7. VRE Items

- A. Report from the VRE Operations Board (with minutes of the meeting of December 15,2006) and from VRE's CEO--
Information Item.
- B. Consideration of Revisions to the VRE Master Agreement Relating to Governance and Subsidy Allocation—Information Item.
- C. Washington D.C. to Richmond Third Track Feasibility Study—
Information Item.

- D. FY 2008 VRE Budget and FY 2007 Budget Revisions—Action Item/Resolution #2048.
- E. Contract Amendment with Scheidt & Bachmann for Fare Collection Equipment Maintenance—Action Item/Resolution #2049
- F. Extend CSXT Operating/Access Agreement—Action Item/Resolution #2050.
- G. Extend NS Operating/Access Agreement—Action Item/Resolution #2051.

8. Award of Contract for Hydrogen Fuel Injection Bus Demonstration.

NVTC staff issued a request for proposals for this state-funded demonstration on December 8, 2007. A committee of staff from state and local agencies will review the proposals and recommend a firm.

Recommended Action: Authorize NVTC's executive director to execute a contract with the top-ranked firm and issue the notice to proceed.

9. Change Order for SmarTrip Farebox Contract.

Fairfax County is purchasing additional driver training and an additional garage data system. Alexandria is purchasing additional maintenance training.

Recommended Action: Authorize NVTC's executive director to execute a contract change order with Cubic Transportation Systems, Inc. for an amount not to exceed \$162,000. Funding will be provided by Fairfax County and Alexandria.

10. NVTC Draft FY 2008 Budget

A preliminary version was discussed in September, 2006 and forwarded to NVTC's jurisdictions. Action will be requested at the commission's February meeting. Budget expenditures and state and local contributions are virtually unchanged from FY 2007. The performance objectives and measures described in the 2007 workprogram are an integral part of this budget.

Discussion Item.

11. Legislative Items.

Staff will describe recent developments prior to the start of the 2007 General Assembly session.

Discussion Item.

12. WMATA Items.

A. FY 2008 Budget Proposal.

B. Results of the Regional Bus Conference.

Information Item.

13. Regional Transportation Items.

A. Transportation Technology Summit.

B. National Surface Transportation Policy and Revenue Study Commission.

C. Urban Partnership Agreements.

Information Item.

14. NVTC Financial Reports for November, 2006.

Information Item.



AGENDA ITEM #1

MINUTES

**NVTC COMMISSION MEETING – DECEMBER 7, 2006
NVTC CONFERENCE ROOM – ARLINGTON, VIRGINIA**

The meeting of the Northern Virginia Transportation Commission was called to order by Chairman Connolly at 8:20 P.M.

Members Present

Sharon Bulova
Gerald Connolly
Adam Ebbin
Paul Ferguson
Catherine M. Hudgins
Tanya Husick (DRPT)
Dana Kauffman
Timothy Lovain (Alternate, City of Alexandria)
Elaine McConnell
Scott Silverthorne
David F. Snyder
Mary Margaret Whipple
Christopher Zimmerman

Members Absent

David Albo
Eugene Delgaudio
Jeannemarie Devolites Davis
William D. Euille
Jay Fisette
Joe May
Thomas Rust
Paul Smedberg

Staff Present

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



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Oath of Office for New NVTC Alternate

Chairman Connolly administered the oath of office to Timothy Lovain, a new alternate for the city of Alexandria. Commissioners welcomed Mr. Lovain to NVTC.

Minutes of NVTC's Meeting of November 2, 2006

On a motion by Mrs. Hudgins and a second by Mrs. Bulova, the commission unanimously approved the minutes. The vote in favor was cast by commissioners Bulova, Connolly, Ebbin, Ferguson, Hudgins, Husick, Kauffman, Lovain, McConnell, Silverthorne, Snyder, Whipple and Zimmerman.

NVTC's Legislative Agenda for 2007

Mr. Taube reported that on November 29th NVTC's Legislative Committee conferred by teleconference to review a draft Legislative Agenda for state and federal actions in 2007. Chairman Connolly chaired that meeting and additional members participating on the call included Commissioners Euille, Ferguson and Snyder. NVTC's MAC group has also reviewed the draft agenda, which is compatible with the positions of NVTA and VRE.

Mr. Snyder moved, with a second by Mr. Zimmerman, to approve the 2007 Legislative Agenda. The vote in favor was cast by commissioners Bulova, Connolly, Ebbin, Ferguson, Hudgins, Husick, Kauffman, Lovain, McConnell, Silverthorne, Snyder, Whipple and Zimmerman.

Code Orange/Red Free Bus Fare Program

Mr. Taube stated that NVTC manages a program of free bus fares on forecast Code Red air quality days using CMAQ funds. It is proposed to expand the program to include forecast Code Orange days as well as forecast Code Red days. NVTC has available about \$1.4 million in carryover funds from summer of 2007, plus \$1.1 million of CMAQ funds approved by the NVTA on November 9, 2006. Of the new funds, \$50,000 would go for an evaluation of the effectiveness of the program and \$80,000 for promoting the project. Mr. Taube stated that the commission is asked to authorize NVTC staff to:

- 1) Utilize \$1.1 million of new CMAQ funding (advanced from the FY 2008 program).
- 2) Combine these new funds with \$1.4 million remaining unspent from previous NVTC CMAQ grants.

- 3) Broaden the existing eligibility for the program to reimburse free bus fares on days forecast by MWCOCG to be Code Orange as well as Code Red, beginning in summer of 2007.
- 4) Revise the administrative agreements with participating bus systems to reflect the changes.
- 5) Secure TIP amendments from TPB and contract amendments from DRPT, as required.
- 6) Issue a Request for Proposals for a consulting firm to conduct onboard bus passenger surveys and perform an evaluation of the program's effectiveness in accomplishing improved air quality.
- 7) Develop a marketing plan to promote the expanded program and measure the effectiveness of promotional techniques.
- 8) Return to NVTA's Interim Technical Committee by early September, 2007 with an interim report and to the commission by November 1, 2007 with a final evaluation report and recommendations for the future of the program.

Senator Whipple moved, with a second by Mrs. Bulova, to approve the recommendations.

Mr. Zimmerman stated that as this program gets bigger, it will be important to ask the hard question whether this is a good way to spend \$1 million of CMAQ funds. Mr. Taube explained that an evaluation will be conducted as part of the process, which will help answer that question. Mr. Zimmerman stated that information is needed about how many commuters riding on Code Red days are regular riders or are they actually changing their commute. He stated that he is skeptical about spending \$2.5 million without having a clear indication that this program is effective.

Senator Whipple expressed her concern about providing "free" service because a lot of people are going to be riding anyway. She suggested having a discounted fare. Mr. Taube stated that the survey could ask riders their intentions and what they would do if there were a smaller fare. He pointed out the difficulty with programming fare boxes on short notice.

Mr. Ferguson suggested using the funds to buy down bus fares over an extended period, since the goal is to increase bus ridership. Tom Biesaidny of Fairfax County explained that the goal of Ozone Alert Days is to increase ridership but more importantly to reduce emissions. Mr. Ferguson suggested providing buy downs during the summer months. In response to a question from Chairman Connolly, Mr. Biesiadny stated that Northern Virginia is committed through MWAQC to providing free fares on Code Red days as part of its contribution to reducing emissions.

Ms. Husick stated that the idea behind adding more funds this year was to give the Code Red program a full last swing to see what would happen if the program was well-promoted. Members of the Technical Committee have differing opinions on the effectiveness of the program.

Mrs. Hudgins stated that in regards to emissions reductions, it may be better to use the funds to promote stay-at-home and telework activities on Code Red days. Mr. Silverthorne observed that big companies, such as Capital One, are already doing that; however, there is no coordination on a regional basis.

Mrs. Hudgins suggested amending the motion to include looking into how to promote telework components through the Code Red program. Senator Whipple accepted the amendment. Chairman Connolly asked that the motion also include an amendment that would include some analysis to make sure that the program is generating new riders who don't normally ride. Senator Whipple stated that she would accept the amendment as long as it does not interrupt the time frame. Mr. Taube stated that it wouldn't.

Senator Whipple suggested that the survey ask detailed questions to get the most information possible. Mr. Taube stated that he would bring the survey back to the commission for review before it is implemented.

Chairman Connolly clarified that the amended motion is to approve the recommendation and to include telework as a component, to identify the extent of new ridership as well as to direct staff to bring back the survey to the commission for review. The motion passed with the following commissioners voting in favor of the motion: Bulova, Ebbin, Ferguson, Hudgins, Husick, Kauffman, Lovain, McConnell, Silverthorne, Snyder and Whipple. Chairman Connolly and Mr. Zimmerman voted no.

Authority to Issue a Request for Proposals for a Hydrogen Fuel Injection Bus Demonstration

Mr. Taube stated that the commission is asked to authorize release of the Request for Proposals. Up to \$86,600 is available in a state grant for this project. It is anticipated that staff will return to the commission on January 4, 2007 for authority to award the contract. The fuel injection system will be placed in service on four CUE buses in the city of Fairfax and fuel savings and emissions reductions will be measured and reported over the next nine months. The final report is expected to be completed in January, 2008.

In response to a question by Mr. Snyder, Mr. McGavock explained that there is no hydrogen stored on the buses and thus there is no potential danger.

On a motion by Mr. Zimmerman and a second by Mr. Ferguson, the commission unanimously authorized the release of the RFP. The vote in favor

was cast by commissioners Bulova, Connolly, Ebbin, Ferguson, Hudgins, Husick, Kauffman, Lovain, McConnell, Silverthorne, Snyder, Whipple and Zimmerman.

Authority to Execute a Contract for Senior Transit Training

Ms. Lynott stated that the commission is asked to authorize NVTC's executive director to sign a contract with the Partnership TMA of Montgomery County, Pennsylvania to provide group and individual instruction to 50-60 seniors as a pilot project on how to use public buses and trains in Northern Virginia. Authority is also requested to issue the notice to proceed upon receipt of insurance certifications and other requirements. The contract amount will not exceed \$85,000 and will be paid for with NVTC's \$150,000 VDOT/NVRC pilot planning grant for Phase II of the commission's Senior Mobility Project.

Senator Whipple observed that this seems like a lot of money since it averages out to approximately \$1,000 per person. Ms. Lynott responded that it is a two-day group training session in five locations across Northern Virginia, as well as the opportunity for 30 seniors to receive individual one-on-one instruction with a travel trainer.

Mr. Kauffman stated that he hopes the process is tied into senior citizen communities and that some senior center staff are trained to instill this knowledge to seniors and make it part of regular courses at the centers. Ms. Lynott stated that she has been working closely with senior center staff and they will be invited to attend the training sessions. Chairman Connolly observed that it is much more beneficial to train senior center staff because they can turn around and train many more seniors. Ms. Lynott stated that part of the pilot program is to learn the best way to train seniors and what works best to reaching out to seniors.

Senator Whipple stated that she sees the point in taking seniors on one-on-one trips, but suggested that, as well as one-on-one training, a trainer should take seniors two-at-a-time so they can go together and reinforce each other. A comparison can be made between one-on-one and training several at one time.

Mrs. Hudgins stated that the project seems very comprehensive and transferable. She asked if language minorities will also be targeted. Ms. Lynott explained that they are not being targeted at this time.

Mr. Taube stated that commissioners need to keep in mind that this is a pilot project and the evaluation process will be important. NVTC has developed a technique and will follow its effectiveness and measure if it works.

Mr. Zimmerman stated that the evaluation process is very important to determine what is most effective and what techniques work, because it impacts future funding decisions. Mr. Ferguson stated that the bottom line is to

encourage people to use transit who aren't currently doing so. He suggested local officials ride along during the training session.

Mrs. Hudgins expressed her concern that is important to give assistance to language minority communities. Different communities will need to be targeted differently.

Chairman Connolly stated that he cannot support the motion if only 50-60 seniors are being trained at that cost, but he can support it if the program is developing a template of techniques on how to train seniors to use Metro. Mr. Taube reassured the commission that this is the intent. Chairman Connolly also agreed with Ms. Hudgins that is important to look at other ethnic and minority groups.

Mr. Kauffman stated that it is important to train seniors to use transit in areas where they can easily access transit. Ms. Lynott explained that part of the selection criteria was that a person has to live within ¼ mile of a bus route.

Mr. Kauffman moved, with a second by Mr. Zimmerman, to authorize a contract be executed for senior transit training, with the understanding that the process will develop a template of techniques on how to train seniors to use Metro. The vote in favor was cast by commissioners Bulova, Connolly, Ebbin, Ferguson, Hudgins, Husick, Kauffman, Lovain, McConnell, Silverthorne, Snyder, Whipple and Zimmerman.

Authority to Purchase Additional SmarTrip Fareboxes and Associated Equipment

Mr. Taube explained that several local transit operators would like to equip their new vehicles with SmarTrip-compatible fareboxes, or make changes to their existing 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 its executive director to execute the proposed change order and to arrange with local jurisdictions to pay all of the costs totaling \$296,685. NVTC staff will ask each jurisdiction to provide a letter stating its intent to purchase the additional fareboxes and parts, and providing authorization for NVTC to do so on their behalf.

The change order provides for 22 additional SmarTrip fareboxes for Fairfax Connector (\$269,370), exchange of a "through the wall" cashbox vault for a standard vault and mobile bins for PRTC (\$27,315), and exchange of two "golden chassis" test beds for one portable data unit for all of Northern Virginia's transit systems (no cost impact).

Mrs. McConnell moved, with a second by Mrs. Bulova, to authorize the executive director to execute the proposed change order and to arrange with local jurisdictions to pay the costs.

In response to a question from Mrs. Hudgins, Mr. Taube explained that this is a change order and, if approved, the contract would be executed on December 8, 2006.

The commission then voted on the motion and it passed. The vote in favor was cast by commissioners Bulova, Connolly, Ebbin, Ferguson, Hudgins, Husick, Kauffman, Lovain, McConnell, Silverthorne, Snyder, Whipple 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 November 17, 2006 VRE Operations Board meeting.

Consent Agenda Items. Mrs. Bulova moved, with a second by Mrs. McConnell, to approve the following Consent Agenda items:

- Resolution #2024: VRE FY 2007 Audited Financial Statements.
- Resolution #2025: VRE 2007 Legislative Agenda.
- Resolution #2026: MOU with Manassas for Joint Parking Facility.
- Resolution #2027: MOU with Fredericksburg for ADA Parking.
- Resolution #2028: Contract for Variable Message Signs.

The vote in favor was cast by commissioners Bulova, Connolly, Ebbin, Ferguson, Hudgins, Husick, Kauffman, Lovain, McConnell, Silverthorne, Snyder, Whipple and Zimmerman.

Proposed Governance/Formula Master Agreement Changes. Mrs. Bulova reported that a task force of VRE Operations Board members and local/commission staff has recommended a set of changes to the Master Agreement. Membership on the VRE Operations Board would be altered with two votes for jurisdictions with at least 15 percent of ridership and one vote for all others. The subsidy allocation would also change over four years to eliminate the current population component and be based strictly on ridership.

Mr. Zehner gave a detailed presentation on the governance issues and the proposed changes to the Master Agreement and subsidy formula. He reviewed the current structure of the Operations Board and the proposed changes, which include expanding membership of the Board to include all member jurisdictions with voting proportionate to ridership. The allocation

formula, which would be phased in over a period of four years, would be based on system ridership with no population component. He reminded the commission that all authority ultimately resides with the two commissions.

Mr. Zimmerman observed that Arlington and Alexandria together would be paying over \$278,000 in subsidy, which is almost as much as what Fredericksburg or all Manassas Park would be paying, but Arlington and Alexandria will have no vote when a weighted vote based on ridership is called for, while all of the other jurisdictions will each have at least one vote. The new jurisdictions that may join VRE in the future will be small and yet still have a vote, but Arlington and Alexandria won't. Mr. Zehner stated that he will take these concerns back to the task force. He stated that Mrs. McConnell also had concerns that as the system expands Fairfax County could drop to one vote, but Fairfax County has been a major leader of the system since its inception. Chairman Connolly observed that if a jurisdiction's ridership percentage decreases, its subsidy also decreases. Mrs. Bulova stated that with this proposal every jurisdiction needs to give and take. Fairfax County would reduce its subsidy, but would also lose some representation. Smaller jurisdictions get a place at the table, but have to pay more.

Mrs. McConnell stated that the BRAC changes will significantly impact the I-95 corridor and VRE will be an important component for transporting commuters. In 1984 when VRE planning began, there were lots of struggles and hardship and Fairfax County carried the brunt of the costs of VRE. She stated that to lose its leadership now is really bothersome. There needs to be some security in this. Chairman Connolly stated that Mrs. McConnell has a good point. Equity needs to be achieved for Fairfax County taxpayers because the county has been unfairly subsidizing the VRE system for a long time. Fairfax County helped to create the system, subsidize it, and keep it running, but this is unrecognized. He also agreed with Mrs. Bulova that every jurisdiction has to give a little.

Mr. Kauffman stated that the challenge is compounded by the budget situation with jurisdictional subsidy increasing significantly. VRE is seeking state assistance to hold harmless the jurisdictions to soften the financial burden.

Mr. Ferguson asked how he can explain to his constituents in Arlington these proposed changes. Mr. Zehner stated that ridership was a driver in the allocation formula and membership on the Board. Mr. Zimmerman stated that if allocation formula is based on ridership, then Arlington's subsidy should be zero. Zero votes should mean zero dollars. Arlington's \$165,000 should count as much as Manassas Park's \$165,000. Arlington County has contributed to VRE since its inception. Mr. Ferguson expressed his opinion that he is somewhat insulted that Arlington does not get a vote. Arlington County is part of the team and contributes financially; however, if it's not part of the team, then it shouldn't have to contribute. Mrs. Bulova offered to take these concerns back to the task force.

Chairman Connolly is sympathetic to Arlington's point in general, but it is important to be practical and look at the dollars and cents. To reduce Fairfax County voting representation to two votes while paying \$4.5 million and to give Arlington one vote at \$165,000, isn't fair either. Mr. Ferguson suggested having the vote weighted based on subsidy shares. Mr. MacIsaac explained that the significant difference between Arlington and Alexandria as contributing jurisdictions is that they are not part of the debt issuance and therefore, not part of the risk.

Transportation Incident Response Planning

Ms. Lynott reported that there are completed draft plans for eight Metrorail stations in Northern Virginia. During rush hour on August 7th a power outage at Franconia/Springfield Metrorail station provided an opportunity to test out the emergency plans. It was a well-coordinated effort. The operations level personnel do know the plans and how to implement them and there's good communication within agencies. However more needs to be done to share information across agencies. There also needs to be a general communications protocol. On November 28th the region conducted a tabletop exercise to examine response plans, including those prepared by NVTC in cooperation with Northern Virginia transit systems. The focus of the simulation was on communication.

Mr. Ferguson left the meeting and did not return.

Chairman Connolly stated that he hopes the region doesn't spend a lot of money on planning for an unlikely scenario, where there would need to be a regionwide evacuation. There is a need to focus on sectoral evacuations and sheltering in place plans. Mrs. McConnell observed that a dirty bomb could affect a 26-mile radius and the region would need to be prepared to evacuate many people.

Mr. Snyder stated that an outstanding issue is who is in charge since there is no equivalent to an incident manager. There still is a gap and there needs to be a way to make sure that information is flowing between agencies and the public. It is important to create a regional entity that would fill that gap. Chairman Connolly stated that where the incident occurs would determine which jurisdiction is in charge.

Metro Items

Preliminary Budget for FY 2008. The presentation of the draft budget to WMATA's Budget Committee has been postponed.

Regional Bus Conference. The bus conference was held November 30th in Bethesda. Metro's new general manager, John Cato, attended the conference, although he hasn't officially started his tenure at WMATA.

FY 2006 Annual and First Quarter FY 2007 Finance Reports. For FY 2006 Metro ended \$3 million under budget with record ridership and revenue growth. Combined ridership systemwide was up 12 million from the previous year. But rail ridership leveled off in the first quarter.

New General Manager Selected. Mr. John 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.

Final Alignment for the Dulles Corridor Metrorail Project. FTA has approved the amended Record of Decision for the project, which signifies the end of the planning process and identifies the final project alignment for the 23-mile project, including the aerial portion through Tysons Corner.

Regional Transportation Items

Status of I-95 HOT/HOV Lanes. The transit task force chaired by DRPT Director Tucker met at NVTC on November 3rd and December 6th.

Status of Congestion Pricing Demonstration. Because of a requirement for congressional review, the anticipated release of program details in the *Federal Register* has been delayed. Staff will reconvene to consider next steps soon after the notice appears.

Status of FAMPO Request for Federal Funding. Ron Kirby of TPB intends to convene a meeting of designated recipients of federal formula assistance to learn of their reactions to the FAMPO proposal to divert some existing funds.

Notice of Public Hearing on NVTC's 2007 Work Program and Meeting Schedule

Chairman Connolly announced that at its meeting on January 4, 2007, NVTC will conduct a public hearing on its proposed 2007 Work Program and Meeting Schedule.

Notice of Appointment of a Nominating Committee for 2007 NVTC Officers

Chairman Connolly stated that he appointed the Executive Committee to serve as the Nominating Committee. The proposed slate of officers will be reported on NVTC's website and mailed to commissioners prior to the January 4th meeting at which the election of officers will occur.

NVTC Financial Items for October, 2006

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

Adjournment

Without objection, Chairman Connolly adjourned the meeting at 10:00 P.M.

Approved this 4th day of January, 2007.

Chairman

Secretary-Treasurer

NVTC Northern Virginia Transportation Commission

RESOLUTION #2042

SUBJECT: VRE FY 2006 Audited Financial Statements.

WHEREAS: The VRE Operations Board has contracted for the audit of its financial statements;

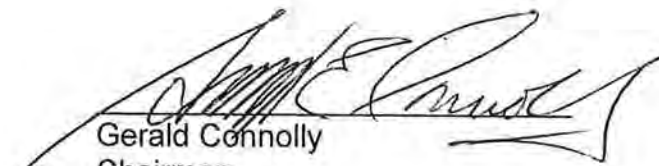
WHEREAS: Such an audit for FY 2006 has been conducted by the firm of PBGH, LLP;

WHEREAS: The auditors have issued an unqualified opinion that VRE's statements, in all material respects, fairly and accurately present the financial position of the organization; and

WHEREAS: A management letter has been produced by the auditors describing its recommendations.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to provide copies of VRE's financial statements for FY 2006 as audited to a distribution list of regulatory agencies, bondholders and others.

Approved this 7th day of December, 2006.


Gerald Connolly
Chairman

William Euille
Secretary-Treasurer



NVTC

Northern Virginia Transportation Commission

RESOLUTION #2043

SUBJECT: VRE 2007 Legislative Agenda.

WHEREAS: VRE is an essential part of traffic mitigation for the Northern Virginia and Metropolitan Washington region;

WHEREAS: The VRE Strategic Plan has identified certain critical needs for VRE if it is to provide reliable service and meet projected ridership growth;

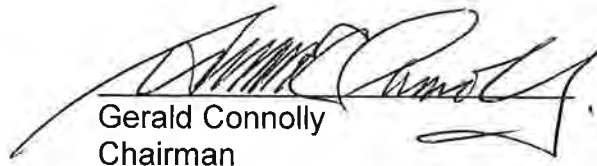
WHEREAS: The capital cost associated with these needs can be met through obtaining additional discretionary federal and state capital funding;

WHEREAS: The VRE Operations Board has recommended a detailed agenda of state and federal legislative actions; and

WHEREAS: VRE also intends to advocate positions with Congress and the Virginia General Assembly that are supportive of the transportation needs of VRE and the Northern Virginia region.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to actively pursue the VRE 2007 Legislative Agenda, in coordination with the local jurisdictional and commission staffs.

Approved this 7th day of December, 2006.


Gerald Connolly
Chairman

William Euille
Secretary-Treasurer



NVTC Northern Virginia Transportation Commission

RESOLUTION #2044

SUBJECT: MOU with Manassas for Joint Parking Facility.

WHEREAS: VRE and the city of Manassas have assembled over \$7 million for a parking expansion project at the Manassas VRE station;

WHEREAS: Manassas and VRE opted to combine two parking facility projects into one garage which will hold 520 parking spaces;

WHEREAS: The facility will be jointly owned and used;


WHEREAS: A Memorandum of Understanding (MOU) is required to outline understandings and responsibilities for each party to facilitate the construction, operation and maintenance of the parking facility, as well as ensure that all applicable grant conditions are met;

WHEREAS: Sixty percent of the parking facility will be paid for by VRE and made available for VRE commuters on a first-come, first served basis; and

WHEREAS: The remaining 40 percent of the facility will be paid for by Manassas and allocated for Old Town parking.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to enter into an agreement with Manassas for the construction and operation of a joint parking facility adjacent to the VRE Manassas station; the agreement will be executed only after approval by VRE's legal counsel.

Approved this 7th day of December, 2006.


Gerald Connolly
Chairman

William Euille
Secretary-Treasurer



NVTC Northern Virginia Transportation Commission

RESOLUTION #2045

SUBJECT: MOU with Fredericksburg for ADA Parking.

WHEREAS: Parking improvements are needed near VRE's Fredericksburg station to accommodate persons with disabilities in order to implement FTA recommendations for complying with the Americans with Disabilities Act;

WHEREAS: VRE has designed three new spaces for construction on land owned by the city;

WHEREAS: The design has been approved by the city and a MOU is needed to give VRE authority to construct the spaces and continue to use the parcel of land next to the VRE station for the life of the improvements; and

WHEREAS: VRE's legal counsel has approved this agreement.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to execute a memorandum of understanding with Fredericksburg to provide additional parking near VRE's Fredericksburg station to accommodate persons with disabilities in order to comply with the Americans with Disabilities Act.

Approved this 7th day of December, 2006.


Gerald Connolly
Chairman

William Euille
Secretary-Treasurer



NVTC Northern Virginia Transportation Commission

RESOLUTION #2046

SUBJECT: Contract for Variable Message Signs.

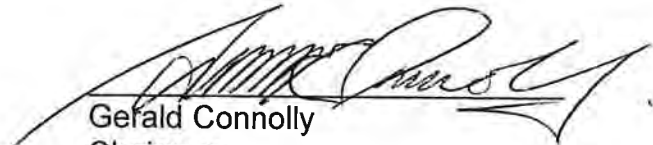
WHEREAS: VRE must replace the existing variable message sign system;

WHEREAS: The replacement program will also address upgrades to the PA and network communications system; and

WHEREAS: A competitive procurement was completed.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to enter into a contract with International Display Systems, Inc. for the replacement of VRE variable message signs in an amount not to exceed \$1,180,403, plus a contingency of \$177,060, for a total amount not to exceed \$1,357,463.

Approved this 7th day of December, 2006.


Gefald Connolly
Chairman

William Euille
Secretary-Treasurer





AGENDA ITEM #2

MEMORANDUM

TO: Chairman Connolly and NVTC Commissioners
FROM: Rick Taube
DATE: December 28, 2006
SUBJECT: Election of NVTC Officers for 2007 and Oath of Office.

NVTC's executive committee, serving as a nominating committee, has recommended the following slate of officers for NVTC for 2007.

Chairman: Hon. David Snyder
Vice-Chairman: Hon. William Euille
Secretary-Treasurer: Hon. Chris Zimmerman

The commission should vote to select its 2007 officers. Chairman Connolly will administer the following oath to the new officers:

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

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



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AGENDA ITEM #3

MEMORANDUM

TO: Chairman Connolly and NVTC Commissioners
FROM: Rick Taube
DATE: December 28, 2006
SUBJECT: Selection of NVTC Representatives to Boards and Committees.

The new NVTC chairman will announce NVTC nominations for the WMATA, VRE and VTA boards to be acted upon by the commission. Some of these actions may be contingent on subsequent ratification by local boards and councils. The chairman will also announce his committee assignments. Incumbents are listed below:

WMATA Board

Principals

Hon. Dana Kauffman
Hon. Chris Zimmerman

Alternates

Hon Catherine M. Hudgins
Hon. William Euille

VRE Board

Principals

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

Alternates

Hon. Chris Zimmerman

Virginia Transit Association Board of Directors

Principals

Hon. Sharon Bulova
Hon. Chris Zimmerman

Alternates

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



NVTC Legislative Committee

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

NVTC Executive Committee

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



AGENDA ITEM #4

MEMORANDUM

TO: Chairman Connolly and NVTC Commissioners
FROM: Rick Taube
DATE: December 28, 2006
SUBJECT: Designation of NVTC Signatories and Pension Trustees

After NVTC's new Secretary-Treasurer is elected, NVTC should adopt the attached resolution #2047. The resolution will establish that the new officer is eligible to sign NVTC documents (including financial transactions) and to serve as trustee of NVTC's Employees' Pension Trust.



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RESOLUTION #2047

SUBJECT: Designation of NVTC Signatories and Pension Trustees.

WHEREAS: The Honorable _____ 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. _____
Richard K. Taube
Scott C. Kalkwarf
Colethia Quarles

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

Approved this 4th day of January, 2007.

Chairman

Secretary-Treasurer





AGENDA ITEM #5

MEMORANDUM

TO: Chairman Connolly and NVTC Commissioners
FROM: Rick Taube
DATE: December 28, 2006
SUBJECT: Review of 2005 NVTC Accomplishments.

NVTC staff will present highlights on progress during 2006 on significant NVTC projects:

- Jana Lynott (Director, Transportation Planning)—Senior Travel Training Pilot.
- Adam McGavock (Director, Transportation Projects)—SmarTrip Fareboxes, Martha Project and NTD Data Collection.
- Kala Quintana (Director, Public Outreach)—Electronic Schedules.
- Scott Kalkwarf (Director, Finance and Administration)—Gas Tax Oversight.
- Elizabeth Rodgers (Research Assistant)—Corridor Traffic Counts.



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AGENDA ITEM #6

MEMORANDUM

TO: Chairman Connolly and NVTC Commissioners

FROM: Rick Taube

DATE: December 28, 2006

SUBJECT: Public Hearing on and Approval of NVTC's 2007 Workprogram and Schedule.

The attached draft workprogram and schedule have been posted on NVTC's website for a month for review by the public. Local staff discussed the workprogram on November 21st. Staff will provide a brief review prior to a public hearing.

Following the public hearing, the commission is asked to approve the 2007 workprogram and schedule with whatever revisions are appropriate based on the public's input.



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Northern Virginia Transportation Commission

Thinking Outside the Car Since 1964

**NVTC'S 2007 GOALS,
OBJECTIVES
WORKPROGRAM AND
MEETING SCHEDULE**

WHAT'S NEW FOR 2007?



MEETING SCHEDULE



- First Thursday of each month.
- No meeting in August.
- February 1st meeting in Richmond on Local Government Day at 5:30 p.m. in General Assembly Building.



NVTC MISSION



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



GOALS AND OBJECTIVES



- 1. Develop policy and advocate favorable legislation:** Increase transit ridership, obtain adequate funding and coordinate priorities.
- 2. Seek and advocate funding:** Stable and reliable transit funding from federal, state and private sources.
- 3. Coordinate transit service:** Understandable fares, convenient schedules, good customer service, efficient performance.
- 4. Manage grants, contracts and trust funds:** Allocate costs equitably, ensure compliance and invest safely and effectively.
- 5. Provide oversight for WMATA and VRE:** Reduce costs and control local subsidy growth, improve service quality, facilitate regional cooperation.
- 6. Support coordinated regional efforts:** Improve air quality, conserve energy, integrate land use and transportation, promote telework.
- 7. Deliver public information, marketing and customer service:** Inform transit customers, taxpayers, elected officials and the media, identify NVTC as the primary "data agency" for transit in Northern Virginia.



WORKPROGRAM ACTIONS



70 specific activities organized by goal.

New for 2007:

- Demonstration of hydrogen fuel injection transit diesel engines for air quality and fuel savings (final report due January, 2008).
- Phase 2 of senior mobility project to test recommended transit travel training strategies (training complete by July, 2007).
- Extend NVTC administrative budget performance objectives to entire organization for FY 2008 (currently in place for financial activities).
- Represent transit's interests in development of HOT lane proposals, BRAC-related congestion relief and possible USDOT congestion pricing demonstrations.



WORKPROGRAM ACTIONS



New for 2007:

- With COG/TPB and VDOT extend screen line traffic counts to corridors outside the Beltway to determine transit mode shares.
- Manage a consulting contract to develop, test and demonstrate software to use mobile phone technology to locate transit vehicles and allow customers to receive real-time arrival information. Provide the results for use by smaller transit systems (final report due December, 2007).
- Expand free bus fares to forecast Code Orange Air Quality Alert days and evaluate effectiveness.
- Manage new federal grant applications for Alexandria, Arlington and Fairfax County (\$2.5 million).



WORKPROGRAM ACTIONS



Major emphasis in 2007:

- Continue to advocate legislative proposals for dedicated funding for Metro as well as increased statewide transit assistance. Use GIS mapping tools and other techniques to educate legislators, media and the public.
- Agree on and implement a new VRE subsidy allocation formula and governance structure.
- Complete installation of SmarTrip fareboxes for all of Northern Virginia's local bus systems.



WORKPROGRAM ACTIONS



Ongoing significant activities in 2007:

- Submit state grant applications with over \$200 million of eligible reimbursable expenses.
- Manage \$120-150 million of trust fund revenues.
- Oversee \$217 million of co-owned VRE assets.
- Conduct tours of Northern Virginia transit facilities for legislators and senior state officials to demonstrate need for funding.



WORKPROGRAM ACTIONS



Ongoing significant activities in 2007:

- Employ database and spreadsheet models to ensure accurate allocation by the Virginia Department of Taxation of NVTC's two percent gas tax revenues (about \$35 million annually).
- Collect NTD transit system data to capture at least \$5 million annually of additional federal transit formula assistance.
- Update and promote electronic transit schedules.
- Complete emergency response plans for remaining key Metrorail stations and ensure WMATA's implementation.



NVTC'S 2007 GOALS, OBJECTIVES AND WORKPROGRAM

--DRAFT: December 7, 2006--



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2007 NVTC MEETING SCHEDULE

[Meetings at 8:00 P.M.]

<u>MONTH</u>	<u>DATE</u>	<u>AGENDA</u>
January	4	Elect officers. Select WMATA and VRE Board members, VTA representatives and NVTC Legislative Committee members. Conduct a public hearing and approve 2007 goals, schedule and workprogram. Approve FY 2008 VRE budget. Discuss draft NVTC FY 2008 budget. Award contract for the hydrogen fuel injection bus demonstration.
February	1*	Approve FY 2008 NVTC budget. Review progress on state and federal legislative agenda. Approve NVTC and VRE state grant applications. Authorize RFP for Alexandria ITS demonstration. Award contract for Code Orange/Red evaluation.
March	1	Review progress on state and federal legislative agenda. Review progress on WMATA budget for FY 2008. Award contract for Alexandria ITS demonstration. Review draft Code Orange/Red survey. Briefing on bus shelters.
April	5	Review quarterly progress on NVTC's workprogram.
May	3	Approve comments on WMATA FY 2008 budget.
June	7	Focus on VRE performance.
July	5	Review mid-year progress on NVTC workprogram. Approve DRPT contracts for NVTC and VRE FY 2008 grants.
August		No meeting.
September	6	Forward preliminary NVTC FY 2009 budget to local jurisdictions.
October	4	Review quarterly progress on NVTC's workprogram. Approve CTB pre-allocation testimony.
November	1	Approve FY 2007 NVTC and VRE audits. VRE delegation of authority. Consider final Code Orange/Red evaluation report.
December	6	Select NVTC Nominating Committee for 2008 officers. Approve legislative agenda for 2008. Review progress on 2007 workprogram and release draft 2008 workprogram for public review and comment.

*February meeting in the General Assembly building in Richmond starting at 5:30p.m.

NVTC EXECUTIVE COMMITTEE
2007 MEETING SCHEDULE

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

<u>MONTH</u>	<u>DATE</u>	<u>SUBJECT</u>
January	4	Legislative items.
February	1	No meeting.
March	1	Review General Assembly session.
April	5	Review quarterly progress on workprogram.
May	3	Review NVTC policies on topical transit issues.
June	7	Examine VRE performance.
July	5	Mid-year review of progress on workplan.
August		No meeting.
September	6	Preliminary NVTC FY 2009 budget. Executive director performance review.
October	4	Review quarterly progress on workprogram.
November	1	FY 2007 NVTC and VRE audits. VRE delegation of authority.
December	6	Select NVTC Nominating Committee for 2008 officers. Consider 2008 legislative agenda. Review progress on 2007 workprogram and preview 2008 workprogram.

NVTC MANAGEMENT ADVISORY COMMITTEE
2007 MEETING SCHEDULE

[All meetings begin at NVTC at 1:30 P.M. on the third Tuesday of each month. At each meeting the agenda and suggested material for the upcoming NVTC board meeting are reviewed.]

<u>MONTH</u>	<u>DATE</u>	<u>SUBJECT</u>
January	16	FY 2008 state grant application; NVTC administrative budget for FY 2008; NVTC legislative agenda.
February	20	Progress on legislative agenda. Review Code Orange/Red survey. Examine status of bus shelters prior to commission briefing.
March	20	Review of legislative accomplishments; WMATA FY 2008 budget issues.
April	17	Detailed examination of VRE delegation of authority.
May	21	Review progress on NVTC's workprogram.
June	19	Mid-year progress review on NVTC workprogram; authorize funding of scope of work for NTD data collection; authorize funding of scope of work for e-schedules maintenance and promotion.
July	17	No meeting.
August	21	NVTC preliminary administrative budget for FY 2009.
September	18	Review draft CTB pre-allocation testimony. Review draft final Code Orange/Red evaluation.
October	16	VRE delegation of authority; NVTC audit for FY 2007.
November	20	Draft NVTC legislative agenda for 2008; first draft 2008 NVTC work program.
December	18	Proposed 2008 workprogram; VRE and NVTC budgets for FY 2009.

NVTC MISSION STATEMENT

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

GOALS AND ACTIONS FOR 2006

1. DEVELOP POLICY AND ADVOCATE FAVORABLE LEGISLATION

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

Actions:

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

2. SEEK AND ADVOCATE FUNDING

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

Actions:

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

3. COORDINATE TRANSIT SERVICE

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

Actions:

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

region and report regularly on performance. Develop an annual operational and promotional budget for funding by the local jurisdictions and manage the agreed upon marketing campaign, including interior bus and bus shelter display ads and website promotions.

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

4. MANAGE GRANTS, CONTRACTS AND TRUST FUNDS

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

Actions:

1. Use NVTC's subsidy allocation model to incorporate the most recent WMATA and local budget information on transit costs, revenues and subsidies. Using NVTC's adopted allocation formula, determine each local government's share of NVTC assistance. Use their percentages to apportion shares of local contributions to NVTC's administrative budget. Maintain detailed spreadsheets to calculate NVTC's formula. Provide early estimates each year to assist local governments in budget planning.
2. Prepare and submit NVTC and VRE state grant applications (approximately \$200 million) due in February, 2007, using DRPT's automated OLGA system.
3. Manage state grants to prepare proper billings, obtain timely reimbursements and file quarterly progress reports. Reprogram funds as needed, in consultation with NVTC's Management Advisory Committee, to be certain grant funds are spent on eligible projects within the state time limits. Work with grantor agencies to achieve the maximum feasible flexibility in using the funds in order to meet expiration deadlines with no loss of funds.
4. Prepare timely and accurate quarterly cash flow forecasts of transit assistance sources and uses for NVTC's local jurisdictions. Assist local jurisdictions in spending promptly the proceeds of state bond issues.
5. Prepare financial reports for NVTC's annual audit. Manage a multi-year audit services contract. Accomplish an unqualified auditors' opinion and provide to the appropriate regulatory agencies. Anticipate concerns of outside auditors and work to alleviate in advance any such concerns. Develop and implement appropriate responses to any concerns of auditors contained in management letters.
6. Maintain up-to-date compilations of state and federal grant regulations. Ensure staff is adequately trained in grant and project management and alerted to any changes in regulations. Maintain current procurement documents to facilitate prompt release of authorized requests for proposals and invitations for bids.
7. Promote NVTC as an effective grant-management agency to assist NVTC's jurisdictions. Approach other agencies to have NVTC apply for and manage such grants as CMAQ/ RSTP and TEIF.

8. Apply for federal funds on behalf of Alexandria for demonstrations of new bus technologies made possible with citywide wi-fi access. Procure consulting assistance and manage the project for the city.
9. Apply for federal funds on behalf of Fairfax County for bus facility and service improvements in the Route 1 corridor. Work with Fairfax County's project manager to ensure timely compliance with all federal grant regulations.
10. Work with Alexandria and Arlington to determine if NVTC should apply for federal funds for BRT service improvements in the Crystal City/Potomac Yard corridor and for subsequent citywide transit improvements in Alexandria. If it is mutually agreed to proceed, seek authorization to execute administrative agreements with those jurisdictions. The agreements would specify the respective management responsibilities of all the parties and the timing of the future grant applications that NVTC will be called upon to submit.
11. As procurement officers, manage grant reimbursals for the consultant contract for the NVTA 2030 update of Northern Virginia's Transportation Plan, close out the contract upon completion of the extended scope of work and assist the Interim Technical Committee in managing follow up work tasks, as requested. Focus on public outreach and promotion of the updated plan.
12. Recognizing the aging population, manage grant-funded research on Senior Mobility trends in this region, tied to recommendations for transit systems to take advantage of these evolving markets. Manage consulting contracts for Phase 2 involving senior travel training. Continue to publicize the results of the Phase 1 study in conferences and seminars (e.g. AARP). Work with the transit systems to test and implement the recommendations. Complete multi-variate regression analyses to test hypotheses for TRB publication.
13. To facilitate NVTC management accountability, accomplish performance-based budgeting. The proposed FY 2008 budget incorporates 12 performance measures for NVTC's administrative and financial management functions as well as eight measures for the planning, project management, public outreach and legislative functions.
14. Manage a consulting contract to develop and test low-cost software to use cell-phones mounted on buses to locate vehicles and allow customers to receive real-time arrival information. Provide the results for use at smaller transit systems around the commonwealth.
15. Manage a grant-funded contract to equip four city of Fairfax CUE buses with hydrogen fuel injection systems to demonstrate for at least 9 months the air quality and fuel efficiency benefits compared to costs.

5. PROVIDE OVERSIGHT FOR WMATA AND VRE

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

Actions:

1. In January, appoint Virginia's two principal and two alternate members of the WMATA Board of Directors. Provide staff support to WMATA Board members. As needed, facilitate caucuses of Virginia's Board members and their staffs to develop consensus positions prior to committee and board meetings. Keep NVTC commissioners informed of pending WMATA Board decisions of regional significance.
2. Monitor the development of WMATA's budget. Provide recommendations to local jurisdictions and the WMATA Board, as appropriate.
3. Participate actively on WMATA's Jurisdictional Coordinating Committee.
4. Work with NVTC's MAC group to monitor WMATA's MetroAccess, focusing on cost sharing and performance issues.
5. Assist local and state officials in obtaining dedicated funding for WMATA in order to qualify for \$1.5 billion of proposed federal funding.
6. As co-owner of VRE (with assets of \$217 million, outstanding debt issued by NVTC of \$83 million and annual operating/capital budgets of over \$60 million) appoint NVTC's three principals and one alternate member of the VRE Operations Board, maintain close communications with PRTC and VRE staff, coordinate presentation of action items to the VRE Board and commissions, and monitor ongoing operations for consistency with the Master Agreement and approved budgets, customer service quality and NVTC jurisdictions' interests.
7. Support the VRE team as it negotiates with DRPT, CSXT, Norfolk Southern and Amtrak to agree on multi-year access and operations contracts and to clarify and accomplish rail service priorities in the Richmond-Washington, DC corridor.
8. Support annual VRE customer service surveys each spring and ridership surveys each October, by reviewing the design of the survey, providing on-board survey personnel, and processing results, including zip code verification.

9. As agreed with VRE management, assist in implementation of VRE projects as well as in the implementation of the VRE strategic plan and other initiatives. Focus on policy analysis (e.g. cost and service neutrality for new VRE entrants). Serve on a Task Force recommending revised subsidy allocation formulas and governance structures and work to obtain agreement from all Master Agreement signatories to implement the recommended changes.
10. With NVTC's consulting resources, assist VRE in determining the best means to integrate with the regional SmarTrip fare collection system.

6. SUPPORT COORDINATED REGIONAL EFFORTS

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

Actions:

1. Seek opportunities to act on NVTC's policy of preserving future transit rights-of-way (e.g. on I-66) and WMATA's and VRE's policies promoting transit-oriented development.
2. Monitor the implementation by VDOT and the Virginia State Police of revised and improved policies for notifying and consulting with transit systems when lifting HOV restrictions during traffic emergencies. Support enhanced enforcement on all HOV facilities and utilize VDOT's promised real-time database to analyze performance and recommend solutions.
3. Participate in planning, preliminary engineering and environmental analysis for transit in the Dulles Corridor and other locations such as the Capital Beltway and I-95/395 as requested by WMATA, VDOT, DRPT and/or local jurisdictions. For example, at VDOT's request represent transit's interests on a subcommittee of the Operations Committee for the I-95 Beltway HOT lanes project. NVTC is also a core project partner on VDOT/ FHWA's Integrated Corridor Management Initiative for I-66/50/29 (in Phase 1 a concept of operations is being developed). NVTC is also a stakeholder in the ongoing EIS review for the 14th Street Bridge project.
4. Advocate coordination of the transit, vanpool and ridesharing components of planning studies by MWCOG, VDOT, DRPT, NVTA and others, and provide data if applicable.
5. Assist NVTC commissioners who are members of NVTA, TPB, and other regional groups and provide data, responses, NVTC meeting summaries and recommendations to these organizations as appropriate.
6. Work to establish NVTC as the chief advocate of Intelligent Transportation Systems (ITS) investments for transit, not by competing for scarce funding but by conducting low-cost demonstrations, evaluating the results, and more actively encouraging all of NVTC's transit providers to adopt similar technologies. Examples include: web-based automated bus stop information signs; on-board bus stop enunciators; passenger counters; automated maintenance devices; and alternative fuel technologies. Promote joint procurements for uniformity and cost savings. Help educate board members and the public. Utilize NVTC's web-based ITS performance methodology and link to similar methods made available by USDOT. Complete evaluation reports on lessons learned from demonstrations of new technology for grant-funding agencies and other interested parties.

7. Develop information from research on this and other regions to help NVRTA, WMATA and other transit organizations define lower-cost strategies for meeting congestion challenges in the short term using such mechanisms as exclusive transit lanes, bus rapid transit, priority lanes, queue jumping, jitneys, route-deviation transit, and real-time information devices. Publicize the results and work to achieve public acceptance. Work with the local jurisdictions to initiate appropriate demonstrations of these mechanisms.
8. From various published forecasts, plans and corridor studies, assemble mode split and other data to provide a convenient source of comprehensive transit market performance data. Use the data to encourage efficient transit management, expanded transit ridership and greater public awareness. Use newly available statistically significant traffic counts by MWCOG/TPB of persons traveling in Northern Virginia's major corridors in both peak flow and reverse commute directions. Advocate continued and expanded funding for these corridor traffic counts. Make this information available in user-friendly formats on NVTC's website. Follow up on the successful screenline count on I-66 at Glebe Road with a new count on I-395 in cooperation with VDOT, TPB and local transit systems. Work to expand the counts and mode share calculations to screenlines in corridors outside the Beltway.
9. Actively promote telework initiatives and encourage the commonwealth to take the lead with its own employees and the private sector.
10. Assist transit systems, VDOT, DRPT, TPB, MWCOG and others in developing and testing coordinated regional emergency response plans. Focus on developing a unified transit position to facilitate these plans. Conclude a series of transit emergency response planning workshops to focus on key station areas in Northern Virginia. Considerations include bus re-routing, traffic signalization, signs, and communications. Provide written summaries to assist transit operators and MWCOG in its regionwide program. Develop a strategy to ensure testing and implementation by WMATA and implement the strategy in cooperation with Northern Virginia's transit systems. Monitor MWCOG's RESF 1 process for responses to severe emergencies and assist in developing MWCOG's Regional Transportation Coordination Plan for incidents of less severity.
11. Examine public-private HOT lane proposals for the Beltway, I-95 and elsewhere and work to ensure adequate transit access and the use of toll revenues to help support transit operations. Actively participate on the new DRPT Transit Task Force to articulate transit concerns and resolve any issues. Take the lead in assertively presenting a coordinated transit plan.
12. Assist area transit agencies and local governments in resolving an effort by the Fredericksburg Area MPO to divert some federal transit formula assistance away from WMATA. NVTC opposes this diversion.

13. Assist area transit agencies and local governments in preparing for the expected disruptions due to the Base Realignment and Closure Commission's recommendations to shift tens of thousands of new jobs to Ft. Belvoir/Engineering Proving Ground. Help articulate and advocate comprehensive transit improvements.
14. Lead a regional examination of how to respond to a new USDOT Congestion Pricing Initiative with possible demonstration sites in Northern Virginia. Coordinate with transit systems, local governments and TPB's Value Pricing Task Force. Describe the process as an invited speaker at the Transportation Research Board's annual meeting in January, 2007.
15. Monitor MWCOG groups seeking to integrate transportation and land use, including the Regional Mobility and Accessibility Scenario Study (RMAS).
16. Assist other MWCOG groups working for cleaner air, including MWAQC and Clean Air Partners.

7. DELIVER PUBLIC INFORMATION, MARKETING AND CUSTOMER SERVICE

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

Actions:

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

- j. Continue distribution of NVTC's monthly meeting materials primarily via NVTC's website with e-mailed notices.
 - k. Provide timely material for "blog sites" on relevant topics.
3. Survey WMATA, VRE and local jurisdictions to compile innovative marketing activities, host coordination meetings, facilitate transit topics for the Marketing and Outreach Specialists Consortium and the Northern Virginia Public Information Officers and report at least annually to the commission and jurisdictions. Cooperate with DRPT in establishing an annual statewide conference for Virginia transit communicators to share insights.
 4. Continue technical support for transit stores and Transportation Management Associations (e.g., serve on Boards of Directors and consultant selection committees). Assist with logo design, marketing, consultant selection, performance evaluation, fare collection, web design and customer service issues.
 5. Look for opportunities to partner in order to stage events that will promote the effectiveness of transit and ridesharing and the need for additional transit funding.
 6. Conduct periodic tours of transit systems and transit-oriented development for legislators and senior state officials, with the cooperation of NVTC's transit systems and local legislative liaisons.
 7. Monitor website performance with monthly and quarterly compilations of user statistics.



AGENDA ITEM #7

MEMORANDUM

TO: Chairman Connolly and NVTC Commissioners
FROM: Rick Taube
DATE: December 28, 2006
SUBJECT: VRE Items.

- A. Report from the VRE Operations Board (including minutes of the Board meeting of December 15, 2006) and from VRE's CEO--Information Item.
- B. Consideration of Revisions to the VRE Master Agreement Relating to Governance and Subsidy Allocation—Information Item.
- C. Washington D.C. to Richmond Third Track Feasibility Study—Information Item.
- D. FY 2008 VRE Budget and FY 2007 Budget Revisions—Action Item/Resolution #2048.
- E. Contract Amendment with Scheidt & Bachmann for Fare Collection Equipment Maintenance—Action Item/Resolution #2049.
- F. Extend CSXT Operating/Access Agreement—Action Item/Resolution #2050.
- G. Extend NS Operating/Access Agreement—Action Item/Resolution #2051.



Item #7A

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

Minutes of VRE's meeting of December 15, 2006 are attached for your information. Also attached is the report from VRE's CEO including ridership and on-time performance.



CHIEF EXECUTIVE OFFICER'S REPORT

December 2006

MONTHLY DELAY SUMMARY

	Aug-06	Sep-06	Oct-06	Nov-06
System wide				
Total delays	176	74	65	41
Average length of delay (mins.)	16	15.4	16	16.8
Number over 30 minutes	16	8	8	5
On-Time Performance	73.6%	87.2%	89.3%	92.6%
Fredericksburg Line				
Total delays	130	61	47	25
Average length of delay (mins.)	16.4	15.5	16.9	20.3
Number over 30 minutes	11	7	7	5
On-Time Performance	56.5%	76.5%	82.8%	89.9%
Manassas Line				
Total delays	46	13	18	16
Average length of delay (mins.)	15	15.3	13.7	11.9
Number over 30 minutes	5	1	1	0
On-Time Performance	87.5%	95.9%	94.6%	94.7%

On-time performance continues to improve. The Fredericksburg line was 89.9% on-time and the Manassas line was 94.7%. The total number of delays also decreased again this month from 65 to 41. We are pleased with this recent trend and continue to work toward improving on-time performance.

NTSB REPORT ON DERAILMENT RELEASED

The National Transportation Safety Board has published its final report on the derailment of Fredericksburg line train #304 on January 5, 2006. The National Transportation Safety Board determined that the probable cause of the derailment was an excessively worn and chipped switch point, which caused the lead truck of the fourth passenger car to derail. Contributing to the accident was CSX's delay in replacing a switch point that had been repeatedly identified as deteriorating. The five-page report includes photographs of both the derailed train and the switch point. A PDF copy of the report can be reviewed on VRE's website. The report is also available on NTSB's website at www.nts.gov/publicctn/2006/RAB0606.htm.

NEW RAIL CARS

The first two cars arrived on schedule on November 19th and have undergone preliminary over-the-road acceptance testing. An expected number of issues disclosed themselves during the tests, mostly related to electrical connectivity. Instrumented tests were performed to determine base levels for internal noise levels and ride quality. Other operational systems tests were

performed on test runs on December 2nd, with more to occur on December 17th. Training of conductors and engineers has taken place and mechanical training begins in mid-November and will conclude in January. Two additional cars arrived on December 10th.

One car was placed on static display at Union Station all day on December 6th. Dozens of passengers and interested citizens toured the car.

BURKE CENTRE- ST. MARY'S LOT OPENS

A second temporary parking lot opened on December 4th at St. Mary's Church. The EZ bus shuttle service will now operate from St. Mary's Church lot in the morning arriving at the Burke VRE station 10 minutes before each train (except for the first train #322). In the evening, the bus leaves the Burke Centre station five minutes after the train arrives and returns to the St. Mary's lot, an approximate 8-10 minute trip. One hundred free spaces are available at St. Mary's for VRE riders.

BUS SERVICE BETWEEN RICHMOND AND THE FREDERICKSBURG VRE STATION

The GRTC Transit System is looking into providing bus service between Richmond and the Fredericksburg VRE station. They are interested in learning more about commuting patterns and are conducting a survey to determine the demand for such transit service for this corridor. If the survey indicates that there is enough demand to provide bus service from Richmond to Fredericksburg, a plan will be implemented and more information will follow.

11TH ANNUAL TOYS FOR TOTS COLLECTION

VRE will be accepting donations for Toys for Tots on Wednesday, December 13th. To donate, passengers simply bring a new unwrapped toy on the train in the morning and leave it on their seat. VRE crews will collect the toys and donate them to Toys for Tots.

10TH ANNUAL SANTA TRAINS

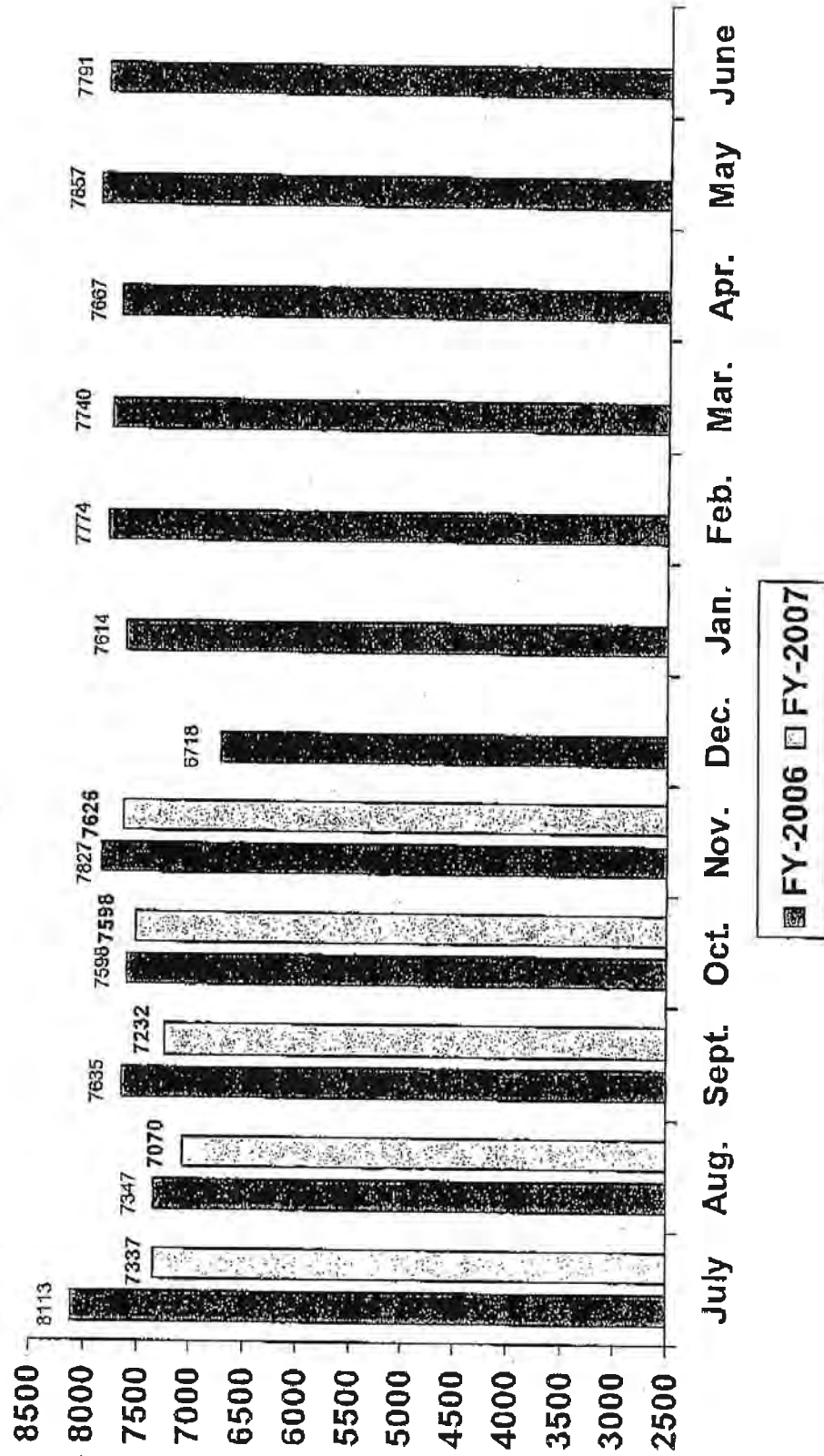
VRE conducted its 10th Annual Santa Trains on Saturday, December 9th. Twelve trains complete with Santas and some even with Mrs. Claus, traveled from the Fredericksburg, Leeland Road, Manassas, Burke Centre and Woodbridge VRE stations. Toys were also collected at each station where the trains originated for Toys for Tots.

MONTHLY PERFORMANCE MEASURES – November 2006

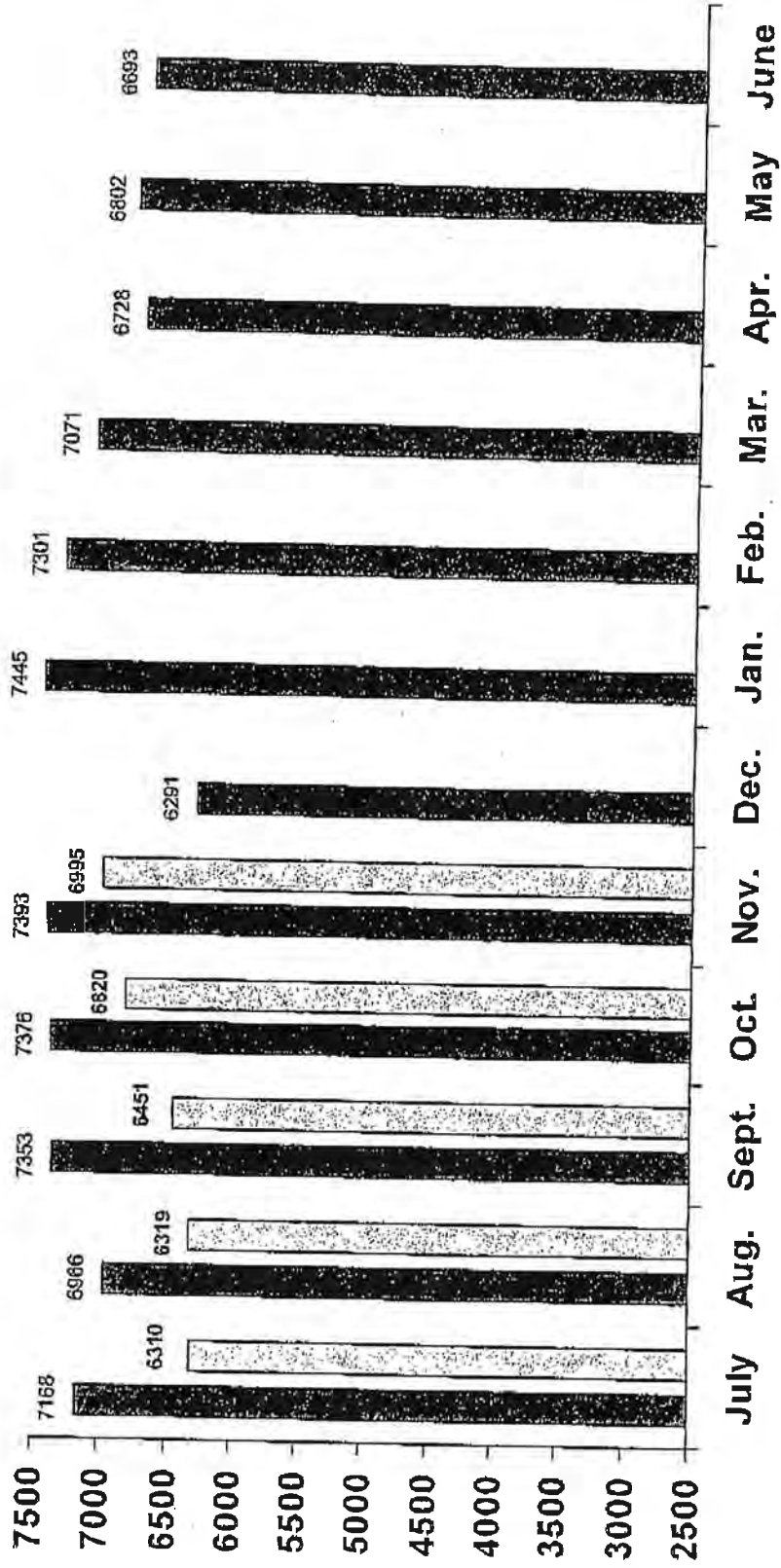
RIDERSHIP OVERVIEW		RIDERSHIP
VRE FY 2007 Passenger Totals (to date)	to be provided at mtg	
VRE FY 2006 Passenger Totals (to date)	1,809,362	
PERCENTAGE INCREASE	to be provided at mtg	
MONTHLY ON-TIME PERFORMANCE		ON-TIME PERCENTAGE
November Fredericksburg OTP Average	89.9%	
November Manassas OTP Average	94.7%	
VRE NOVEMBER OVERALL OTP AVERAGE	92.6%	
REASON	TOTALS	PERCENT
Signal/Switch Failure	2	5%
Slow Orders	2	5%
M/W	1	2%
Train Interference	12	29.5%
AMTRAK	4	10%
Freight	0	0%
VRE	8	19.5%
Mechanical Failure	6	15%
Late Turn	2	5%
PAX Handling	7	17%
Weather	8	19.5%
Crew Related	0	0%
Other	1	2%
TOTAL	41	100%

FINANCIAL INDICATORS	OCTOBER 2006			
MEASURES		GOAL	ACTUAL	TREND
OPERATING RATIO		55%	62%	↑
BUDGETED FARE REVENUE YTD	\$19,553,494			
ACTUAL FARE REVENUE YTD	\$18,727,659			
CUMULATIVE VARIANCE	(\$825,835)	0	(\$825,835)	↓
PERCENT COLLECTED FY 07 YTD		35.73%	34.22%	↓
BUDGETED EXPENSES	\$54,727,245			
BUDGET EXPENSES YTD	\$19,247,602			
OPERATING EXPENSES YTD	\$17,311,186			
CUMULATIVE VARIANCE	\$1,936,416	0	\$1,936,416	↑
PERCENT COLLECTED FY 07 YTD		35.17%	31.63%	
NET INCOME LOSS		0	1,110,581	↑

VRE Average Daily Ridership Fredericksburg Line



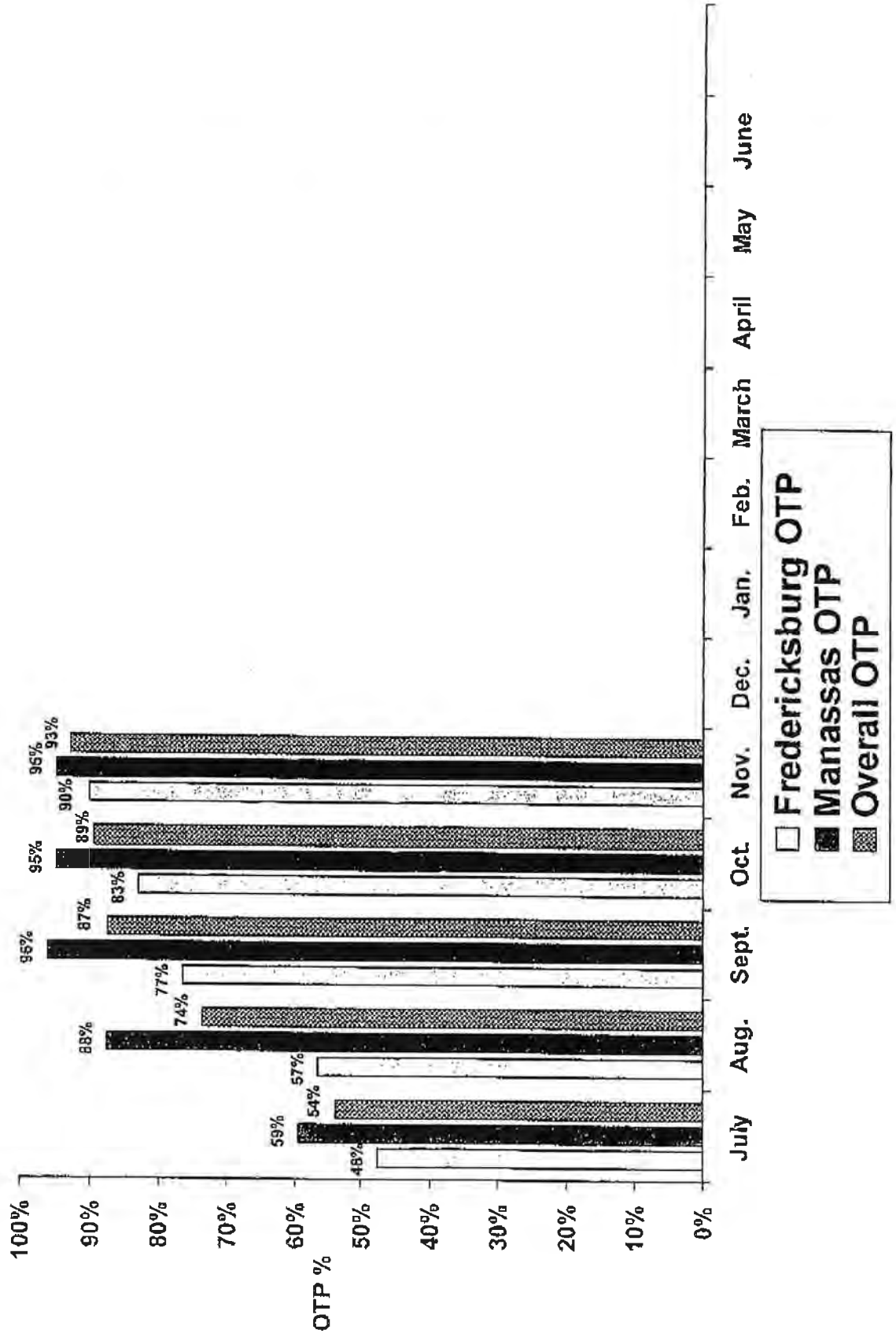
VRE Average Daily Ridership Manassas Line



FY-2006 □ FY-2007

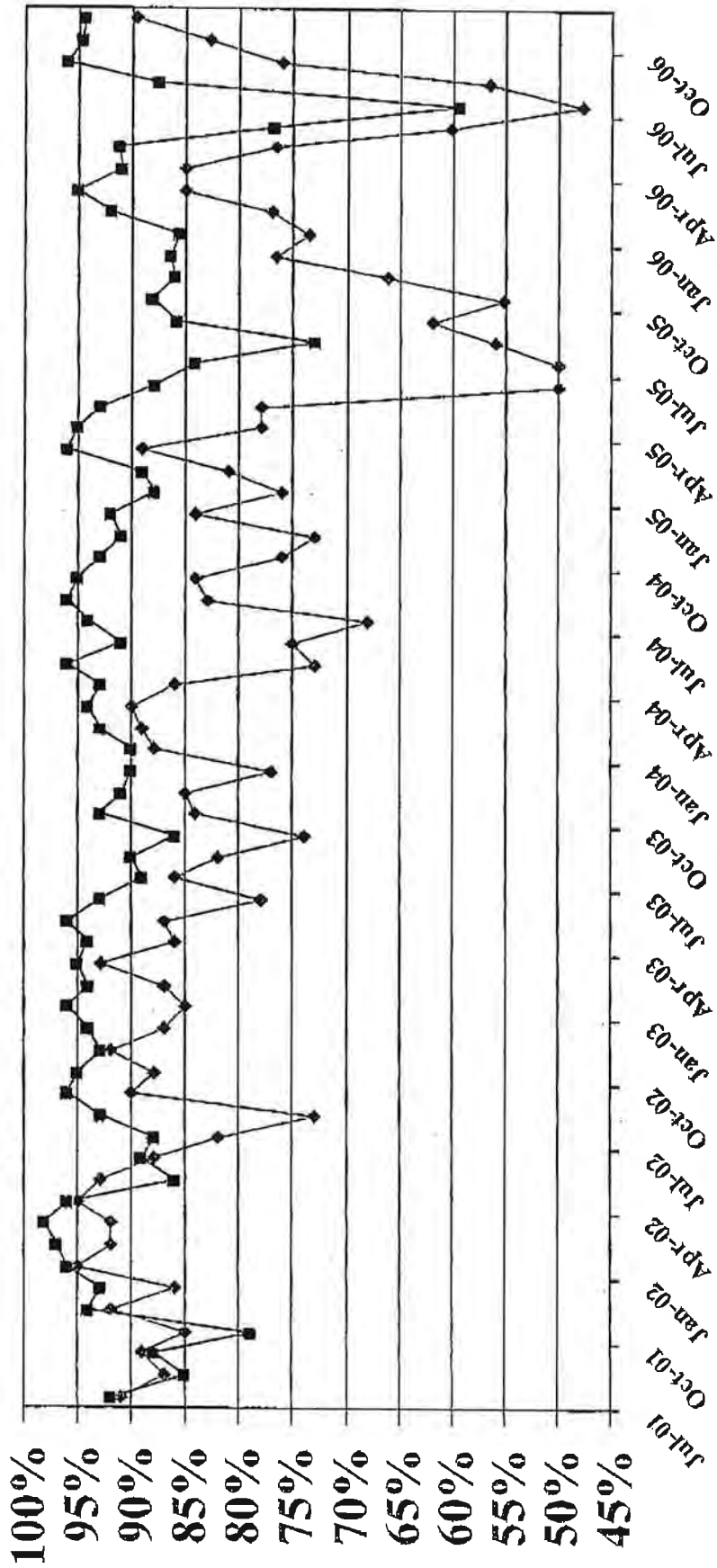
Average On-Time Performance

FY-2007



On-Time Performance

July 2001 – November 2006



◆ Frederickburg Line ■ Manassas Line



**VIRGINIA RAILWAY
EXPRESS**

**OPERATIONS BOARD
MEMBERS**

**MAUREEN CADDIGAN
CHAIRMAN**

**DANA KAUFFMAN
VICE CHAIRMAN**

**DOUG WALDRON
SECRETARY**

**SHARON BULOVA
TREASURER**

HILDA BARG

WALLY COVINGTON

ROBERT GIBBONS

WILLIAM H. GREENUP

JOHN D. JENKINS

ELAINE MCCONNELL

MATT TUCKER

**CHRISTOPHER
ZIMMERMAN**

**DALE ZEHNER
CHIEF EXECUTIVE
OFFICER**

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Web Site: www.vre.org

MINUTES

**VRE OPERATIONS BOARD MEETING
PRTC HEADQUARTERS – PRINCE WILLIAM COUNTY, VIRGINIA
DECEMBER 15, 2006**

MEMBERS PRESENT	JURISDICTION
Sharon Bulova (NVTC)**	Fairfax County
Maureen Caddigan (PRTC)	Prince William County
Robert Gibbons (PRTC)	Stafford County
Dana Kauffman (NVTC)	Fairfax County
Elaine McConnell (NVTC)**	Fairfax County
Kevin Page	VDRPT
Doug Waldron (PRTC)	City of Manassas

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

STAFF AND GENERAL PUBLIC	
Detrius Bolton – VRE	Trinh Lam – VRE
Donna Boxer – VRE	Bob Liebbrandt – Prince William County
Marv Dixon – City of Fredericksburg	Steve MacIsaac – VRE counsel
Matt Kelly – City of Fredericksburg	April Maguigad – VRE
Steve Edwards – Supervisor McConnell’s Office	Betsy Massie – PRTC staff
Anna Gotthardt – VRE	Dick Peacock – citizen
Al Harf – PRTC staff	Mark Roeber – VRE
Kelly Hannon-Free Lance Star	Brett Shorter – VRE
Christine Hoeffner – VRE	Jennifer Straub – VRE
Angela Horan – PW County Attorney	Dale Zehner – VRE
Mike Lake – Fairfax County	

** 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.

Minutes of the November 17, 2006, VRE Operations Board Meeting – 3

Mr. Waldron moved, with a second by Mr. Kauffman, to approve the minutes. The vote in favor to approve the minutes was cast by Board Members Caddigan, Gibbons, Kauffman, Page, Waldron and Zimmerman.

[Board Members Bulova and McConnell joined the meeting at 9:35 A.M.]

Approval of the Agenda – 4

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

Chairman's Comments – 5

Chairman Caddigan welcomed Kevin Page, the Director of Rail Transportation for VDRPT, who replaced George Conner. Chairman Caddigan reported that the 10th Annual Santa Trains on December 9th were very successful. She stated seeing the joy on the faces of the children made it all worthwhile. She also stated that the Quantico Base Commander has not received a response from CSXT regarding problems with rail gates. She asked that this information be conveyed to Mr. Westbrook.

Chief Executive Officer's Report – 6

Mr. Zehner reported that VRE ran 14 sold-out Santa Trains on December 9th. Three of the trains also had a Mrs. Claus on the train, which adds a special dimension. He would like to see more Mrs. Claus appearances added to future Santa trains. VRE collected over 3,000 toys and \$8,100 in cash for the Toys for Tots campaign.

[Mr. Greenup entered the meeting at 9:40 A.M.]

Mr. Zehner stated that Board Members should have already received invitations to the christening of the railcars on January 17th at 9:30 A.M. in Alexandria. Senator Warner and Congressmen Moran are expected to attend. He reported that on-time performance continues to improve with systemwide on-time performance for October at 92 percent. Ridership is also continuing to climb with nearly 100 more passengers per day for November compared to October. Currently, VRE has received four of the 11

new railcars, which will be put into service on January 8th (Trains 304 & 306), January 9th (Trains 324 & 328) and January 16th (Train 308).

Mr. Zehner also reported that VRE will be distributing 2007 ID badges for Board Members at the January 2007 meeting. Those Board Members who wish to have a new photo taken should contact staff.

Mr. Gibbons stated that the NTSB final report on the VRE derailment of Fredericksburg Train #304 on January 5, 2006, determined that the probable cause of the derailment was an excessively worn and chipped switch point. Contributing to the accident was CSX's delay in replacing a switch point that had been repeatedly identified as deteriorating. Mr. Gibbons stated that it is important for CSX to respond to the report.

VRE Riders' Comments – 7

Mr. Peacock asked how current Manassas Line ridership compares to ridership numbers from last year. Mr. Zehner offered to provide this information to Mr. Peacock. Mr. Peacock stated that the Manassas Line ridership has fallen and it is important to figure out why there is a decline, especially since the Manassas Line has better on-time performance than the Fredericksburg Line. He suggested conducting a survey of Manassas riders and encouraging them to recruit new riders. There still are parking spaces available at Manassas and Manassas Park. He also asked if there was a way to receive parking permits in Manassas for VRE riders who are not commuting daily to work, but are casual riders who still want to ride VRE. Ms Bulova stated that she would be interested in looking at where VRE is losing riders and at what stations.

Nominating Committee for VRE Officers – 8A

Chairman Caddigan suggested that Board Members Bulova, McConnell and Waldron serve with her on the Nominating Committee for the appointment of a new slate of officers for the upcoming term, which runs from January 2007 to December 2007. Resolution #8A-12-2006 would accomplish this. The Nominating Committee will report back to the Board at the January meeting. At that meeting the vote and installation of new officers will take place.

Mr. Waldron moved to approve the resolution and Mr. Jenkins seconded. The vote in favor was cast by Board Members Bulova, Caddigan, Gibbons, Kauffman, McConnell, Page and Waldron.

Referral of the Revised FY 2007 and Recommended FY 2008 VRE Operating and Capital Budget to the Commissions and Localities – 8B

Mr. Zehner reported that the CAO Budget Task Force met on December 6th to finalize their recommendations. The total budget increased by 2.5 percent, with lots of movement inside the budget to reduce costs. The Task Force recommends the following:

- A two percent fare increase providing additional revenue of \$432,461;
- An increase to the local subsidy of \$4,576,394;
- A deferral of capital costs of \$1.85 million;
- Reductions to the insurance contribution (\$250K); railcar washing (\$100K), marketing (\$50K), overtime (\$45K), and operations and safety (\$100K) budgets;
- Elimination of the Secret Shopper (\$75K) and FRC (\$60K) programs; and
- An increase to the Amtrak Step-Up charge from \$2 to \$5 for \$163,000 of additional revenue.

[Mr. Covington entered the meeting at 9:55 A.M. during the presentation.]

Mr. Zehner stated that at the time of the Task Force meeting he was in concurrence with the recommendations, but following a budget briefing to Fairfax County, he has changed his view about a fare increase. VRE has received strong opposition from riders about the fare increase. He stated that VRE has had five fare increases over the last six years. Riders have also expressed frustration with the other cuts VRE has implemented, including changing the Brooke Station from a Zone 6 to Zone 8, eliminating holiday service on five holidays, eliminating DASH and ART buses subsidy, eliminating Manassas Train #334, eliminating most holiday events, onboard activities and promotions, as well as the past year's on-time performance problems.

Mr. Zehner explained VRE's staff recommendation, which would keep the jurisdictional subsidy increase the same, eliminate the fare increase, but increase the Amtrak Step-Up from \$2 to \$10, which would make it cost neutral. The other CAO budget recommendations would remain the same. He stated that it is important to build back ridership to increase fare revenue. Mr. Gibbons expressed his concern that the CAO Task Force made recommendations that included a fare increase and VRE is recommending no fare increase. Ms. Bulova expressed her opinion that Mr. Zehner is doing the right thing by putting together a budget proposal that includes getting feedback from the jurisdictions, but also being flexible enough to listen to what the riders have to say. In the end, it is the Operations Board that makes the budget recommendation to the Commissions.

Ms. Bulova reminded the Board that originally the Step-Up program was started to help alleviate overcrowding on VRE, but it is expensive because VRE is subsidizing a more expensive service. With the new railcars arriving, VRE is now able to accommodate more riders on its own trains. It is now important to evaluate the value of the Step-Up

program. Mr. Zehner stated that a fare increase would impact 7,000 riders, while a Step-Up increase would affect about 150 riders. VRE cannot support subsidizing ridership on Amtrak trains with a VRE fare increase. A \$10 Step-Up fare increase will radically reduce ridership on Amtrak trains, which will basically be a service cut. However, the \$10 Step-Up VRE fare will still be less expensive than an Amtrak ticket. Also, half of the 150 Step-Up riders are outside of VRE jurisdictions, with the remaining mainly coming from Prince William, Fredericksburg and Stafford.

Mr. Zehner reviewed the history of the Insurance Trust Fund, which began with \$20 million in 1990 and was self-supporting from FY 1995 to FY 2002. The estimated balance at the end of FY 2007 will be \$6.1 million. The Division of Risk Management needs the balance restored to \$10 million, so VRE must contribute \$4.85 million in FY 2008. Mr. Page stated that VDRPT does not have the funds right now in any reserve funds that could be used to help VRE make a payment or contribution to the Trust Fund. He suggested that VRE staff meet with Chip Badger to discuss whether some annual insurance costs are eligible expenses under the state's transit program to provide subsidy of state funds. He also encouraged the Board to not defer or put off replenishing the Insurance Trust Fund, so it is available in the event of a catastrophic event.

Mr. Zehner stated that the remaining \$1.3 million for the purchase of 50 railcars and \$41 million to replace and add locomotives is not included in the FY 2008 budget. Both projects are included in VRE's legislative agenda and VRE will actively seek funding for them.

Ms. Bulova stated that she hopes at some point VRE can resume the Secret Shopper program because it is a quality control measure, but for now VRE riders are vigilant about communicating with VRE about problems. She also asked about administrative savings and about compensation in line with what jurisdictions are doing. She observed that the VRE budget includes up to an eight percent in the salary line items increase, while Fairfax County has an average 4-5 percent increase. She stated that if VRE limited its salary increase to four percent, it would save \$107,420.

Mr. Gibbons expressed concern that Stafford County's subsidy is projected to increase 152.4 percent from FY 2007 to FY 2008, from \$917,147 to \$2,315,147. Matt Kelly stated that Fredericksburg is also taking a big percentage hit. Frankly, this past year has been one of the worst years for Fredericksburg line riders with all the delays and low on-time performance. CSX payments are being maintained or are going up and this is a big issue for Fredericksburg riders. He expressed his opinion that CSX needs to have a financial stake in VRE so that if the trains don't run on-time, CSX would take a financial hit. The Fredericksburg City Council is not happy to hear that its subsidy is going to increase considerably after the worst year of VRE on-time performance while payments to CSX will increase. Ms. McConnell stated that she is not happy with CSX either. Mr. Kauffman observed that the Trust Fund requirements are being driven by CSX demands. The heat restrictions have caused problems. CSX is hitting VRE on its budget and customer service.

Mr. Kauffman also stated that he normally is in favor of reasonable fare increases, but VRE has seen a steady decrease in ridership. A fare increase now would be like VRE shooting itself in the foot. In regards to salary increases, he supports the reduction to four percent and using those dollars for the Trust Fund.

Mr. Gibbons observed that while dealing with governance issues and changes to the Master Agreement, this is the time to fix the CSX problems. He suggested seeking the help of the chairman of the Surface Transportation Board, who lives in Fredericksburg and is willing to help. Other legislators have offered to help to solve CSX issues. Mr. Page stated that VDRPT will be conducting a study in the spring on national best practices on railroad operations for environmental issues to determine if there is an engineering reasoning or risk that justifies the CSX heat restrictions. Mr. Zimmerman agreed that now is the time to look at strategies to deal with CSX.

Mr. Jenkins stated that Governor Kaine released his budget which includes \$125 million for rail and transit capital investments. He asked if this is factored in the VRE budget. Ms. Bulova stated that it would not affect the operating budget, but could help to buy down the insurance costs or other capital expenses.

Chairman Caddigan suggested Mr. Kelly head up a task force to deal with the CSX issue. Ms. McConnell stated that she will be down in Jacksonville after the holidays and offered to visit CSX headquarters, encouraging others to join her. Ms. Barg stated that Ms. McConnell's offer is a good idea.

Mr. Kauffman moved to approve Resolution #8B-12-2006, which would adopt the revised FY 2007 budget and the FY 2008 VRE Operating and Capital Budget as recommended by the VRE CEO and refer them to the Commissions for their consideration and subsequent referral to the jurisdictions for their formal review and adoption. He included an amendment that would reallocate \$100K to the Insurance Trust Fund from the salary line item. Ms. Bulova seconded and asked that a friendly amendment be included, which would also forward to the Commissions the recommendation that the jurisdictional subsidy be further reduced through seeking state funding assistance to reduce some of the costs to the jurisdictions. Mr. Kauffman agreed to Ms. Bulova's amendment. The Board then voted on the amended motion and it passed. The vote in favor was cast by Board Members Bulova, Caddigan, Gibbons, Kauffman, McConnell and Waldron. Mr. Page abstained, on behalf of the Commonwealth, since he is new to the Board and has just seen the budget for the first time.

Mr. Zehner stated that currently VRE employees receive cost of living increases based on a PRTC survey of its jurisdictions, with merit increases of up to four percent. Ms. Bulova stated that staff needs to work within the budgeted amount. Mr. Kauffman stated that it would not be tied to a specific percentage. Ms. Boxer clarified that VRE is not budgeting an eight percent salary increase, but has budgeted based on a combined

COLA and merit increase of 6%. Ms. Bulova stated that the budget line item for salaries increased by eight percent compared to the previous budget.

Authorization to Refer the Governance Proposal to the Governance Subcommittee for Additional Analysis – 8C

Chairman Caddigan reported that at the last Operations Board and Commission meetings, additional options and issues came to light which must be analyzed and discussed before a formal proposal can be made. She asked that the Governance Subcommittee and working group meet to discuss these issues.

Mr. Gibbons moved to approve Resolution #8C-12-2006, which would refer the proposal on subsidy and governance back to the Governance Subcommittee for additional analysis, and to include looking at the CSX issues. Ms. Bulova seconded the motion.

Ms. Bulova stated that this was the first time the Commissions had a chance to look at the proposed changes to the governance structure to accommodate future growth. One of the issues raised during the NVTC meeting was the issue of Alexandria and Arlington County, who are original contributing members, but would no longer have a vote under the new proposal. Mr. Zimmerman stated that he overall supports the change in governance structure; however, Arlington County and Alexandria will be together contributing a comparable amount of funding as Fredericksburg or Manassas, but not having a vote on the Operations Board.

The Board voted on the motion and it passed. The vote in favor was cast by Board Members Bulova, Caddigan, Gibbons, Kauffman, McConnell, Page and Waldron.

Authorization to Amend the Contract with Scheidt & Bachmann for Fare Collection Equipment Maintenance – 8D

Mr. Gibbons moved, with a second by Mr. Waldron, to approve Resolution #8D-12-2006, which would recommend that the Commissions authorize the VRE CEO to amend the Scheidt & Bachmann (S&B) contract to add one year of maintenance services 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. The vote in favor was cast by Board Members Bulova, Caddigan, Gibbons, Kauffman, McConnell, Page and Waldron.

Authorization to Amend a Task Order for General Fleet Maintenance – 8E

Mr. Gibbons moved, with a second by Mr. Waldron, to approve Resolution #8E-12-2006, which would authorize the CEO to amend a task order with STV, Inc. for general fleet maintenance by \$100,000 for a total task order value not to exceed \$854,030. The

vote in favor was cast by Board Members Bulova, Caddigan, Gibbons, Kauffman, McConnell, Page and Waldron.

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

Mr. Gibbons moved, with a second by Mr. Waldron, to approve Resolution #8F-12-2006, which would recommend that the Commissions authorize the VRE CEO to execute an extension of the existing Amended Operating/Access Agreement with CSXT to July 31, 2007. The vote in favor was cast by Board Members Bulova, Caddigan, Gibbons, Kauffman, McConnell, Page and Waldron.

Authorization to Extend Amended Operating/Access Agreement with Norfolk Southern – 8G

Mr. Gibbons moved, with a second by Mr. Waldron, to approve Resolution #8G-12-2006, which would recommend that the Commissions authorize the VRE CEO to execute an extension of the existing Amended Operating/Access Agreement with Norfolk Southern to July 31, 2007. The vote in favor was cast by Board Members Bulova, Caddigan, Gibbons, Kauffman, McConnell, Page and Waldron.

Adjournment

Chairman Caddigan announced that the next Operations Board meeting is scheduled for January 19, 2007. Without objection, Chairman Caddigan adjourned the meeting at 11:02 A.M.

Approved this 19th day of January 2007.

Chairman

Secretary

CERTIFICATION

This certification hereby acknowledges that the minutes for the December 15, 2006 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.

Rhonda Gilchrest

Rhonda Gilchrest

Consideration of Revisions to the VRE Master Agreement Relating to Governance and Subsidy Allocation.

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 by VRE Board members and additional issues surfaced at the ensuing NVTC and PRTC meetings. Significant increases in local subsidies in the proposed FY 2008 VRE budget have added a further complicating factor. The VRE Board is expected to consider these proposals again at its January, 2007 meeting.

AGENDA ITEM 8-C
ACTION ITEM

TO: CHAIRMAN CADDIGAN AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: DECEMBER 15, 2006

**RE: AUTHORIZATION TO REFER THE GOVERNANCE PROPOSAL
TO THE GOVERNANCE SUBCOMMITTEE FOR ADDITIONAL
ANALYSIS**

RECOMMENDATION:

The VRE Operations Board is being asked to refer the proposal on subsidy and governance back to the Governance Subcommittee for additional analysis.

BACKGROUND:

At the November Operations Board meeting, a presentation was made regarding a proposed change to the VRE Operations Board structure and subsidy allocation formula. The Operations Board requested that the presentation also be given to the Commissions at their December meetings. At both the Operations Board and Commission meetings, additional options and issues came to light which must be analyzed and discussed before a formal proposal can be made.

The VRE Chairman has requested that the issues to follow be discussed at the December Operations Board meeting. The Governance Subcommittee and working group would then review all applicable analysis and Operations Board and Commission comments in an effort to develop a final proposal. The final proposal would be presented to the Operations Board in January and the Commissions in February.

Outstanding Issues:

- Should changes be made to the distribution of non-jurisdictional fare revenue?
- Should two votes be a ceiling irrespective of ridership exceeding 15%
- Should jurisdictions be grandfathered after reaching 15% and having two votes?
- Should Commission voting be examined to reflect proposed Operations Board changes?
- Should Arlington and Alexandria receive voting privileges for the purpose of weighted voting?

FISCAL IMPACT:

There is no fiscal impact associated with forwarding the proposal.

Washington D.C. to Richmond Third Track Feasibility Study.

The 2006 General Assembly requested this study in HB 5012. The legislation asked for an analysis of the feasibility of constructing a third track in that corridor, as well as an identification of needed right-of-way and major environmental issues, development of an implementation plan with schedules and proposed financing, review of regulatory issues and estimates of the cost of electrification.

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.

Heat restrictions imposed by CSXT on VRE's operating speeds would not be eliminated by these investments. The report also highlights a funding shortfall of \$20 million to accomplish the capital improvements needed to permit the operation of four new passenger train roundtrips in the corridor. DRPT acknowledges:

Previous funds provided by the Commonwealth for these projects were not matched by CSX and the Commonwealth did not obtain an agreement that would protect the public investment by specifically establishing performance standards...

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;
- Identify a dedicated source of funding.

A cover letter describing the report from Matt Tucker of DRPT is attached for your information, along with excerpts from the report.



COMMONWEALTH of VIRGINIA

MATTHEW O. TUCKER
DIRECTOR

DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION
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December 4, 2006

Senator Martin E. Williams
Chairman, Senate Transportation Committee
General Assembly Building, Room 332
Richmond, Virginia 23219

Senator John H. Chichester
Chairman, Senate Finance Committee
General Assembly Building, Room 626
Richmond, Virginia 23219

Delegate Leo C. Wardrup, Jr.
Chairman, House Transportation Committee
General Assembly Building, Room 722
Richmond, Virginia 23219

Delegate Harry R. Purkey
Chairman, House Finance Committee
General Assembly Building, Room 415
Richmond, Virginia 23219

Delegate Vincent F. Callahan, Jr.
Chairman, House Appropriations Committee
General Assembly Building, Room
Richmond, Virginia 23219

Gentlemen:

Attached for your review is the "Washington D.C. to Richmond Third Track Feasibility Study" that was requested by the 2006 General Assembly session in HB 5012. In addition to an analysis of the feasibility of constructing a third track, this study responds to the General Assembly's direction to expand the scope to:

- (i) Identify needed right-of-way parallel to existing tracks, including right-of-way owned by CSX or by other parties;
- (ii) Identify major environmental issues;
- (iii) Develop an implementation plan based on the most optimal options, including the schedules for each phase of the project as well as financing for the project;
- (iv) Review legal and regulatory issues; and
- (v) Estimate the cost of powering passenger trains by electricity for a Third Track from Washington, D.C. to Richmond.

The Department of Rail and Public Transportation (DRPT) is charged with ensuring that the Commonwealth of Virginia achieves the highest public benefit for the dollars invested in our rail programs. There is no doubt that this is a high priority freight and

The Smartest Distance Between Two Points
www.drpt.virginia.gov

passenger rail corridor that will require significant investment in order to maintain and improve mobility for people and goods. DRPT is taking a strategic approach in studying this high priority corridor. Our new approach is based on establishing public benefits, identifying public/private partnership opportunities, and providing realistic cost estimates based on a comprehensive plan that identifies all of the improvements and issues that need to be addressed in the provision of reliable, sustainable, expandable, and efficient freight and passenger rail operations.

Without conducting a formal environmental review and preliminary engineering, DRPT is not able to provide a realistic cost estimate for advancing passenger rail in this high priority corridor. Accordingly, this report does not address the basic question of feasibility of the third track from a cost perspective.

The report provides a minimum/partial cost estimate of \$684 million in 2006 dollars for capital improvements for the construction of a nearly continuous third track along the entire length of the corridor and improvements to the connection between Richmond's Main Street Station and the Staples Mill Road Station in Henrico County. However, this minimum cost estimate omits key cost drivers such as the cost of right-of-way use or acquisition, utility relocation, escalation costs, and other important improvements such as the construction of a new bridge across the Potomac River between Arlington and Washington, D.C. to eliminate a critical bottleneck for fluid operations.

The \$684 million minimum/partial estimate also does not include the cost of electrification of the corridor. This option was analyzed in the report and the cost of electrification was estimated to be at least \$953 million in 2006 dollars, which is in addition to the cost of the third track. It should also be noted that heat restrictions are not eliminated as a result of the capital improvements reviewed in this study. Heat restrictions often lead to significant delays to passenger rail operations in the corridor due to CSX policy that limits train speeds during warm weather periods.

Significant investments have been made in the corridor with funds from the Virginia Transportation Act of 2000 (VTA 2000). Two new crossovers and major signal upgrades have been completed at Arkendale in Stafford County and Elmont in Hanover County. The new bridge across Quantico Creek will be completed by May 2007, and construction of approximately one mile of third track at L'Enfant Plaza is underway. Three additional sections of third track are in final design, and preliminary plans have been completed for track improvements in Richmond that will improve access to Main Street Station. Completion of these projects allows the operation of four new passenger train round trips, reduced travel time and improved reliability of all trains operating in the corridor. However, there is a funding shortfall of approximately \$20 million to complete these important projects. This shortfall is the result of the lack of preliminary engineering when the initial cost estimates were prepared, cost escalations, and adjustments to the projects to optimize their effectiveness. It is highly recommended that additional funding be provided to complete these projects.

Previous funds provided by the Commonwealth for these projects were not matched by CSX and the Commonwealth did not obtain an agreement that would protect the public investment by specifically establishing performance standards such as on-time performance for passenger rail service. Moving forward, DRPT highly recommends that the Commonwealth fully explore all options in this corridor. As part of this approach, the Commonwealth should identify opportunities for sharing costs and benefits of improvements in this corridor through public/private partnerships.

DRPT recommends that the Commonwealth take the following actions to advance passenger rail service in the Washington, D.C. to Richmond corridor:

- 1) **Complete the VTA 2000 Program of Projects.** An additional \$20 million is needed to complete all of the Washington, D.C. to Richmond corridor projects that are currently under final design.
- 2) **Complete a Comprehensive Alternatives Analysis.** This will include operational modeling, a review of alternate right-of-ways, and the analysis of public and private benefits that will lead to the identification of opportunities for cost sharing and leveraging of public and private resources. The Public Private Transportation Act (PPTA) may offer the opportunity to identify alternative right-of-ways. It is estimated that this effort will cost \$1 million and take 12 months to complete.
- 3) **Conduct Environmental Review and Preliminary Engineering.** A minimum of 30% engineering must be completed in order to determine the specific design for proposed improvements and to develop an accurate estimate of total costs. This task will include the preparation of all necessary environmental documentation. The estimated total cost is \$40 million and this will take 24 months to complete.
- 4) **Establish Agreements.** The Commonwealth has a long-term interest in this corridor and will need to assume a lead role if passenger rail is going to be successful in the corridor. Agreements must be executed between the Commonwealth and other stakeholders to establish the roles and responsibilities of each party in the construction, operations, management and governance of this rail corridor. These agreements must protect the Commonwealth's interests, allocate costs and benefits, and ensure long term access and performance for passenger rail service.
- 5) **Identify a dedicated source of funding for capital and operating costs in the corridor.** The Washington, D.C. to Richmond rail corridor represents an excellent opportunity for the Commonwealth to utilize rail to reduce traffic congestion and truck traffic in the I-95 corridor, where road expansion is very challenging due to cost and environmental concerns. Passenger rail, similar to highways, requires maintenance and incurs ongoing operating costs. Without funding and leadership from the Commonwealth, this corridor will never achieve

December 4, 2006

Page 4

its potential in terms of providing a viable alternative to the automobile. A source of funding must be secured before a comprehensive program of improvements can be finalized and construction can commence.

I look forward to working with the members of the General Assembly to provide fast, frequent and reliable passenger rail service between Washington, D.C. and Richmond.

Sincerely,

A handwritten signature in black ink that reads "Matt O. Tucker". The signature is written in a cursive style with a long horizontal line extending to the right.

Matthew O. Tucker

Cc: Honorable Pierce R. Homer

Attachment

**REPORT OF THE
VIRGINIA DEPARTMENT OF RAIL
AND PUBLIC TRANSPORTATION**

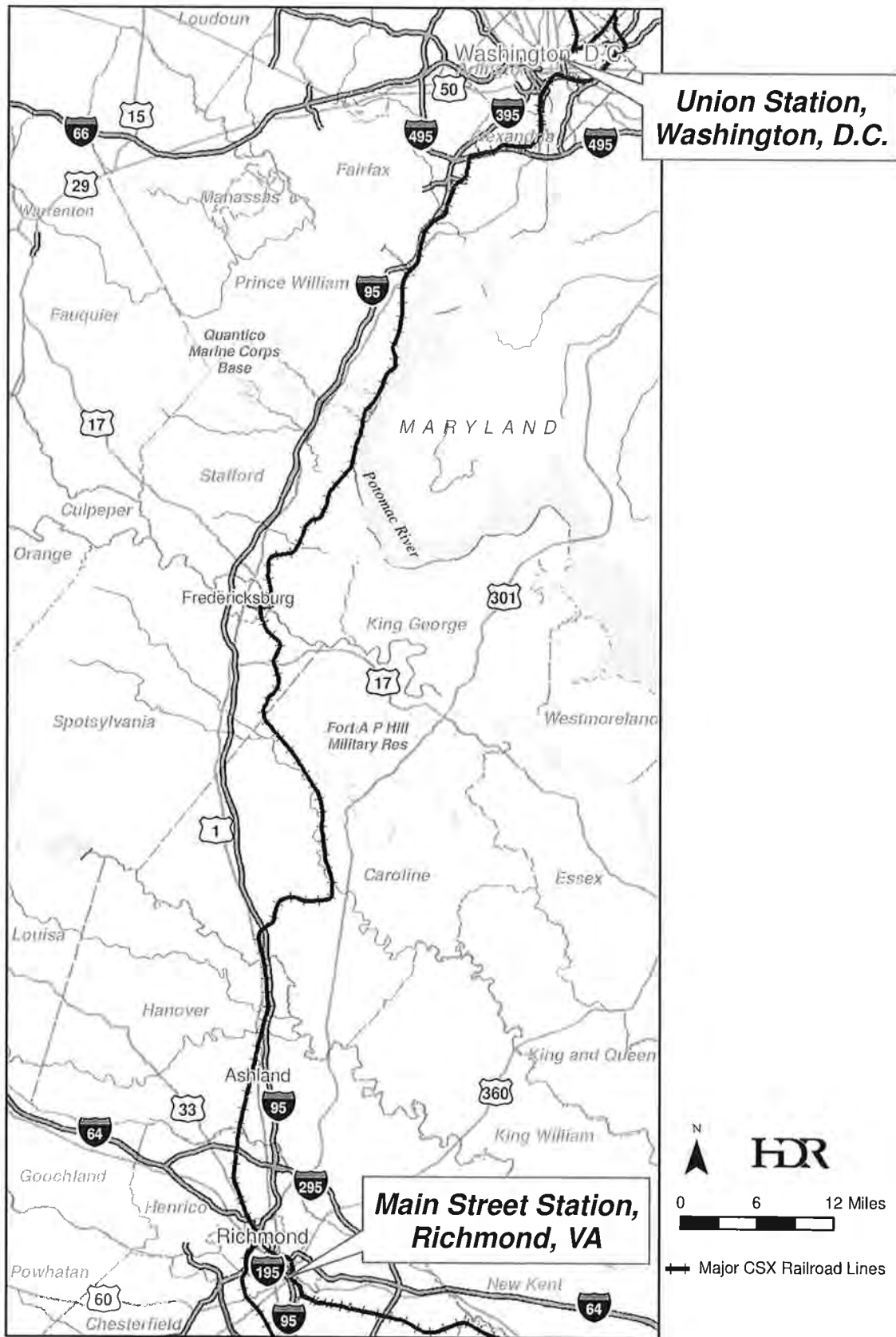
Washington, DC to Richmond Third Track Feasibility Study

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



HOUSE DOCUMENT NO. 78

**COMMONWEALTH OF VIRGINIA
RICHMOND
2006**

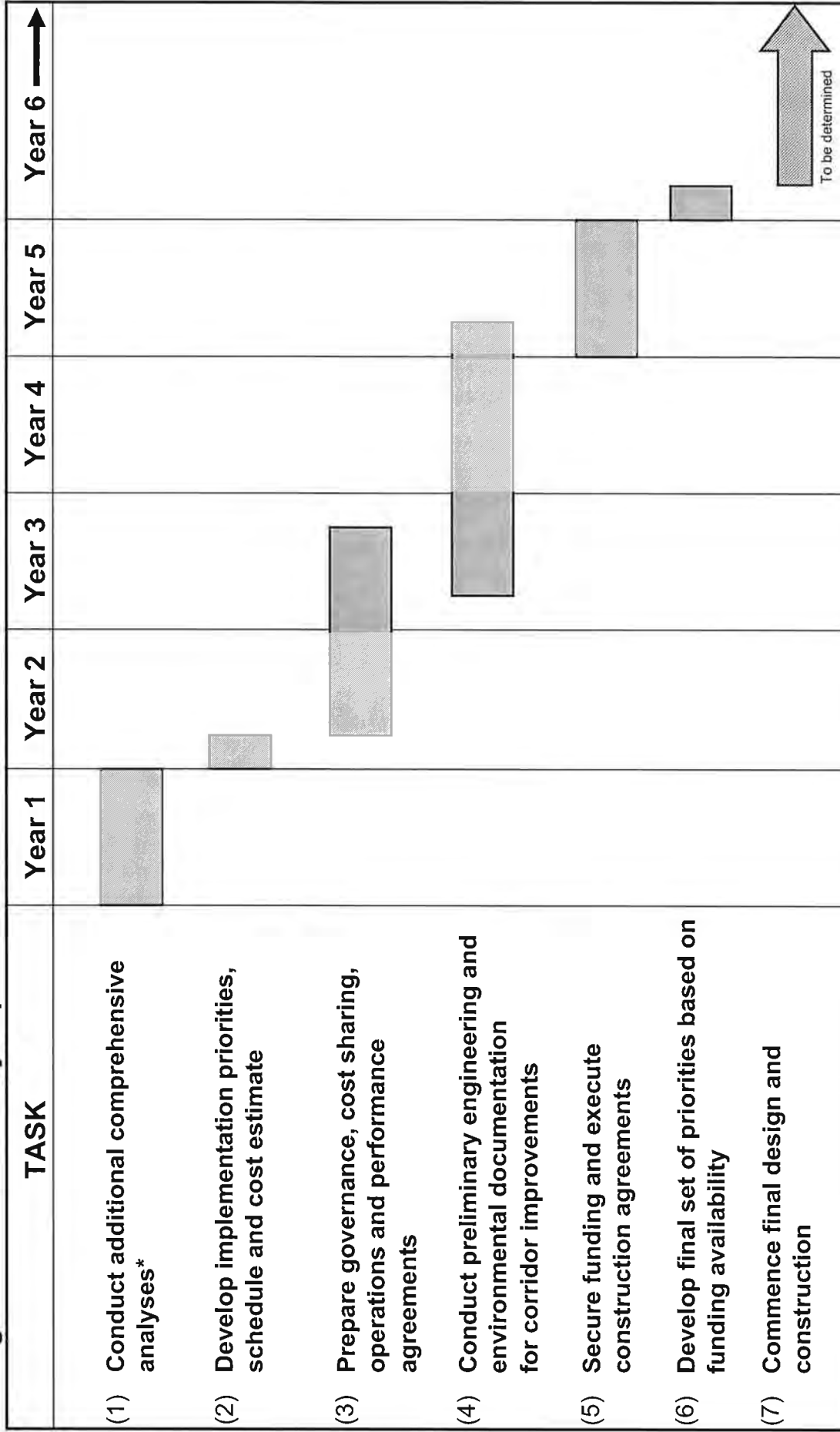


Third Track Feasibility Study
December 2006



Figure 1
Washington-Richmond
Corridor Map

Figure 9-1 - Preliminary Implementation Schedule



*Includes capacity, operations, alternative right-of-ways, ridership and benefits analyses. Also, develop governance strategy, performance standards, cost sharing and funding plan arrangements.

FY 2008 VRE Budget and FY 2007 Budget Revisions.

The VRE Operations Board recommends approval of Resolution #2048. This resolution would provide approval by NVTC of the FY 2008 VRE budget and authorize transmitting the budget to participating and contributing jurisdictions for their consideration and approval.

The proposed FY 2008 budget requires increased funding of \$7.7 million, of which \$4.6 million would come from increased local subsidies. Major factors driving the subsidy up include fuel costs, railroad operating agreements and declining ridership revenues.

Attachments provide budget details, including the recommendations of the Chief Administrative Officers Task Force that reviews VRE's staff proposed budget each year. In this case, VRE staff recommended and the VRE Board approved a different approach to fares than was recommended by the CAO Task Force. The proposed budget contains no fare increase, instead relying on a sharp increase in Amtrak step-up charges (fares for VRE customers using Amtrak trains). Also, \$100,000 was shifted from salary increases to the insurance reserve fund.

The VRE Operations Board also called upon the state to help defray some of the increased subsidy.

Before acting on the budget, NVTC commissioners should consider the impact of doing so on negotiations regarding changes in the VRE subsidy allocation formula.

NVTC staff identified three alternatives:

- 1) Approve the budget as recommended by the VRE Operations Board by adopting the attached Resolution #2048.
- 2) Add a caveat to the resolution that the commission expects the budget to be modified, before it is acted on by the local jurisdictions, to improve the subsidy allocation formula.
- 3) 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.



RESOLUTION #2048

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

WHEREAS: The VRE Master Agreement requires that the commissions be presented with a fiscal year budget for their consideration at their respective January meetings prior to the commencement of the subject fiscal year;

WHEREAS: The VRE Chief Executive Officer has provided the VRE Operations Board with the FY 2008 Operating and Capital Budget within the guidelines developed in concert with the jurisdictional chief administrative officers; and

WHEREAS: Staff and the VRE Operations Board recommended a budget built on an average daily ridership of 15,200 average riders and 30 trains.

NOW, THEREFORE BE IT RESOLVED that the Northern Virginia Transportation Commission approves the revised FY 2007 and recommended FY 2008 VRE Operating and Capital Budget recommended by the VRE Operations Board and authorizes staff to forward the FY 2008 budget to the local jurisdictions for inclusion in their budgets in accordance with the Master Agreement;

BE IT FURTHER RESOLVED that NVTC also 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 Transit Improvement Program and grant applications for FY 2007 and FY 2008; and

BE IT FURTHER RESOLVED that NVTC also authorizes its executive director to submit to the commonwealth the approved budget as part of the FY 2008 VRE state aid grant applications.

Approved this 4th day of January, 2007.

Chairman

Secretary-Treasurer



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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

Virginia Railway Express Allocation Data
 October 18, 2006 - Proposed FY 2008 Budget
 2% Fare Increase and \$4.58 M Subsidy Increase

12/22/2006

<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						

FY08 VRE - Source and Use Budget Worksheet

LEVEL OF SERVICE FOR FY 2008

30 trains

15,200 average daily riders

Leases
Recapitalization
Add'l funding needed

8,600,000
8,600,000

CSXT
NS
Amtrak
Total

4,000,000
2,300,000
2,300,000
8,600,000

USES OF FUNDS	STATE						FEDERAL		TOTAL		
	FARE INCOME	INTEREST	EQUIP RENT AND MISC	LOCAL SUBSIDY	OTHER SOURCES	STATE OPERATING CAPITAL	STATE SSTP	5307		5309	
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
Insurance Reserve				4,950,000							4,950,000
Debt Service (1993 & 1998)				5,123,414			1,530,371				6,653,785
Debt Service (Kawasaki 1997)				291,558			87,089		1,514,585		1,893,231
Debt Service (Gallery IV) (11 Cabcars)				297,429			88,842		1,545,086		1,931,357
Fare Collection II				73,150			21,850		380,000		475,000
Office Loan				76,000							76,000
Other (Bad Debt/Admin)				50,000							50,000
Debt Svc (Gallery IV-b) (50 rail cars)				215,600			64,400		1,120,000		1,400,000
Non-Operating Summary	0	0	0	11,508,089	0	0	1,792,552	0	4,559,670	0	17,860,311
Total Expenses (Subtotal)	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				69,454			20,746		0		451,000
CrossRoads/Broad Run extension				51,128			15,272		265,600		332,000
Mid-Day Storage				200,200			59,800		1,016,800	23,200	1,300,000
Rolling stock mods				185,724			55,476		964,800		1,206,000
Capital project contingency				46,200			13,800		66,400	173,600	300,000
WUT project				0			0		0		0
Capital Fleet Expansion - Locomotive				154,000			46,000		800,000		1,000,000
				154,000			46,000		540,800	259,200	1,000,000
Capital Project Summary	0	0	0	860,706	0	0	257,094	0	3,654,400	816,800	5,589,000
TOTAL	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)

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

Federal Reimbursement rate 80%
State Match Reimbursement rate 23%

Calculated Operating Reserve: 13,520,180
33%

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:

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

Schedule: TBD

Budget:

- Total estimated cost: \$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	FY 09	FY 10	FY 11	FY 12	FY 13	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	10,095,760	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	58,030,553	65,681,294	68,102,545	70,628,679	73,275,341	76,428,626	
Sources of Funds For Operations								
Fare Revenue	24,819,702	21,334,369	22,265,577	23,111,106	24,661,241	25,506,769	26,493,219	3.87% Annual ridership increase
Interest Income	210,000	214,200	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, Studle	1,865,400	2,727,200	2,863,560	3,006,738	3,157,075	3,314,929	3,480,675	
Total Operating Revenues	47,059,745	46,312,105	50,190,398	53,215,275	56,560,224	58,937,570	61,551,790	Increased base cost 5% per year
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	56,359,000	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:								
Federal funding - 80% of base program	80%	80%	80%	80%	80%	80%	80%	
Federal funding - 80% of unfunded needs								
Matching Funds								
State Capital Grants - non-federal costs (base)	486,540	257,094	249,366	416,384	491,616	540,570	545,898	37% Per VDRPT
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	43,259,842	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	

Capital

- (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 CSX Track and Signal Improvements								
Rippon Turnback Track							5309	
							5307	
Administration/Studies/Training								
Security Enhancements							5307	20% - DSRF
VRE Passenger Facilities								
Capital Project Contingency	83	108	133	158	183	208	5307	20% - DSRF
	217	217	217	217	217	217	5309	20% - DSRF
Facilities Infrastructure Renewal								
Facilities Infrastructure Renewal	451	500	550	600	650	700	5309	20% - DSRF
Platform Extensions - Same Side								
Platform Extensions, Fburg Line - Off Side							5309	20% - DSRF
WUT Access - Capital Improvements	1,000	1,000	1,000	1,000	1,000	1,000	5307	
VRE Yard Improvements								
Crossroads Yard Extension/Maintenance Facility							5307	20% - DSRF
Heavy Maintenance and Repair Facility (PF)								
		500	544	1,248	1,331	1,332	5307	
		50	1,079	974	806	819	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	42	312	1,118	1,051	5307	
Rolling Stock								
Sumifomo Acquisition - 50 Car Option (PF) <i>(Strategic Plan req. 20 loco, 61 cars)</i>							5309	
							5307	
Capital Fleet Expansion - Locomotives	676	732	732	620	732	500	5307	
	324	268	268	380	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							
	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		
Mid-day Storage (PF), Project Est \$10 million		1,856	1,648	13,812	11,501			
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		
		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	\$8,359	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

	FY 2007 Adopted	FY 2007 Amended	Change
Revenue:			
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

	<u>FY 2007 Adopted</u>	<u>FY 2007 Amended</u>	<u>Change</u>
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'
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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'
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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'
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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

Contract Amendment with Scheidt & Bachmann for Fare Collection Equipment Maintenance.

The VRE Operations Board recommends approval of Resolution #2049. This resolution authorizes VRE's Chief Executive Officer 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.

This contract provides two full-time maintenance technicians as well as parts that were previously under warranty, the addition of spare parts to inventory, and software maintenance. Funding is available in VRE's approved FY 2007 CIP and operating budget.



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.

Chairman

Secretary-Treasurer



AGENDA ITEM 8-D
ACTION ITEM

TO: CHAIRMAN CADDIGAN AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: DECEMBER 15, 2006

RE: AUTHORIZATION TO AMEND THE CONTRACT WITH SCHEIDT & BACHMANN FOR FARE COLLECTION EQUIPMENT MAINTENANCE

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to amend the Scheidt & Bachmann (S&B) contract to add one year of maintenance services 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.

BACKGROUND:

On June 16, 2000, the VRE Operations Board authorized a contract with S&B for the delivery of a new fare collection system. On October 31, 2002, the system was accepted and the four years of maintenance support began. This maintenance contract provides for two fare collection maintenance technicians and was originally set to expire on October 31, 2006. In September, the Operations Board authorized a three month contract extension, to January 31, 2007, to allow negotiations on a maintenance option with S&B to be completed.

The proposed amendment provides two full-time fare collection maintenance technicians and includes allowances for equipment troubleshooting, repair and parts replacement previously covered as part of the system warranty, replacement of spare parts inventory not included in the existing maintenance contract, and software maintenance (e.g., tariff changes, data recovery support, disaster recovery support, application configuration changes, etc.).

The contract amendment is for one year. Maintenance requirements for the fare collection system are expected to change once the VRE integration with the regional SmarTrip system is complete. This project is expected to begin in 2007. VRE will competitively procure the fare collection system maintenance for the combined VRE/SmarTrip system.

FISCAL IMPACT:

Funding for this project is included in VRE's Capital Improvement Program (CIP) as part of the Fare Collection project and in the FY2007 Operating Budget. The local match is provided for using state and local funds.

Extend CSXT Operating/Access Agreement.

The VRE Operations Board recommends approval of Resolution #2050. This resolution authorizes VRE's Chief Executive Officer to execute an extension of the existing amended operating/access agreement with CSXT to July 31, 2007. Negotiations over a new agreement have stalled over the level of required liability protection.



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.

Chairman

Secretary-Treasurer



AGENDA ITEM 8-F
ACTION ITEM

TO: CHAIRMAN CADDIGAN AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: DECEMBER 15, 2006

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

RECOMMENDATION:

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

BACKGROUND:

The VRE has an Operating/Access Agreement with CSXT related to VRE operations in the Fredericksburg to Washington corridor. That agreement, entered into in 1994, has been amended and extended several times, most recently this past June 2006, with an agreed upon extension to January 31, 2007. A further extension is being requested at this time to provide sufficient time to complete negotiation of a new agreement.

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

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

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

Recent concerns regarding on-time performance on the CSX line have been part of recent discussions with CSX. While on-time performance in November on the Fredericksburg line was 90%, VRE staff continue to work on this issue. Where possible, on-time performance issues are being included in contract negotiation efforts.

FISCAL IMPACT:

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

Extend NS Operating/Access Agreement.

The VRE Operations Board recommends approval of Resolution #2051. This resolution authorizes VRE's Chief Executive Officer to execute an extension of the existing amended operating/access agreement with NS to July 31, 2007. Negotiations over a new agreement have stalled over the level of required liability protection.



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.

Chairman

Secretary-Treasurer



AGENDA ITEM 8-G
ACTION ITEM

TO: CHAIRMAN CADDIGAN AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: DECEMBER 15, 2006

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

RECOMMENDATION:

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

BACKGROUND:

VRE has an Operating/Access Agreement with Norfolk Southern (NS) relating to VRE operations in the Manassas to Washington corridor. That agreement, entered into in 1999, has been amended and extended several times, most recently this past June 2006 with an agreed upon extension to January 31, 2007. A further extension is being requested at this time to provide sufficient time to complete negotiations of a new agreement.

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

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

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

FISCAL IMPACT:

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



AGENDA ITEM #8

MEMORANDUM

TO: Chairman Connolly and NVTC Commissioners
FROM: Adam McGavock
DATE: December 28, 2006
SUBJECT: Award Contract for Hydrogen Fuel Injection Bus Demonstration.

NVTC authorized staff to issue a Request for Proposals for this state-funded demonstration on December 8, 2007. A committee of staff from regional and local agencies has reviewed the proposals and recommended a firm. The commission is asked to authorize NVTC's executive director to execute a contract with _____ of _____ and to issue the notice to proceed.

The scope of work for this project is attached. It calls for installing the new technology on four CUE buses in the city of Fairfax to measure fuel savings and emissions reductions.



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NORTHERN VIRGINIA TRANSPORTATION COMMISSION
REQUEST FOR PROPOSALS

Project Description: **Hydrogen Fuel Injection Demonstration**

Request No. RFP # 07-03
Contact: Adam McGavock
Tel: (703) 524-3322
Fax: (703) 524-1756
Email: adam@nvtc.org

Issue Date: **December 8, 2006**

Written Questions Due: **December 15, 2006**

Proposal Due Date/Time: **December 28, 2006 @ 2:00 PM EST**

DESCRIPTION OF WORK: This contract will provide on a firm fixed price basis, all parts, labor, and associated materials necessary to equip four City of Fairfax CUE buses with retrofitted Hydrogen Fuel Injection systems, and to provide all necessary technical support and assistance to the City of Fairfax CUE Bus system throughout the course of the scheduled nine-month demonstration period. At the conclusion of the demonstration period, City of Fairfax CUE Bus system will retain full ownership of the HFI equipment, including all standard warranties and conditions.

OPTIONAL PRE-PROPOSAL CONFERENCE: An optional pre-proposal conference will be conducted at NVTC on December 18 at 2:00 PM EDT. Attendance is not required. The purpose of this conference is to allow potential Offerors an opportunity to ask questions and receive answers about this solicitation. You are encouraged to submit written questions to be discussed at the conference in advance to Adam McGavock at NVTC to help ensure more complete answers. Questions also may be presented orally or in writing at the meeting. Directions to the NVTC office are available on NVTC's web site at <http://www.thinkoutsidethecar.org>. If the Offeror does attend the pre-proposal conference, he or she should bring a copy of the RFP. Any changes resulting from this conference will be issued in a written addendum to the solicitation. Offerors should contact NVTC to place their name on the project distribution list to be assured of receiving any addenda.

ORAL PRESENTATIONS: Oral presentations with top-ranked firms are tentatively scheduled to be held on January 3, 2007 at NVTC. NVTC reserves the right to dispense with oral presentations.

TYPE OF CONTRACT AND DOLLAR LIMIT: Firm Fixed Price. The contract associated with RFP #07-03 will be paid for with NVTC's state grant. The final price of the contract will be determined following a review of proposals and contract negotiations.

TERM OF CONTRACT: The term of this contract will be 12 months from the date of execution.

NOTICE OF AWARD: Notice of contract award(s) made as a result of this solicitation is expected to be January 5, 2007, following action by NVTC's board.

Section B

Scope of Work

Background

The Northern Virginia Transportation Commission, using funds provided by the Virginia Department of Rail and Public Transportation, seeks to demonstrate the performance and applicability of Hydrogen Fuel Injection technology in a transit setting. Hydrogen Fuel Injection (HFI) is typically retrofitted to a diesel engine with a kit. Once installed, the HFI module uses a small amount of electricity from the engine alternator to catalyze tiny amounts of hydrogen from a tank of distilled water, which is stored in the engine compartment. This hydrogen is immediately pumped into the diesel engine's combustion chamber, where it combines with diesel fuel. Because hydrogen has a higher flash point than diesel fuel, the hydrogen does not start to burn before the diesel fuel combusts, and thus the timing of the combustion cycle is not affected. Hydrogen also burns at a higher temperature than diesel fuel, which leads to cleaner and more efficient combustion. HFI technology has earned widespread acceptance in the over the road trucking industry, where it has been proven to improve fuel economy and reduce emissions. NVTC staff has been unable to find any example of HFI technology being applied in the transit environment, in the United States. NVTC has received grant funding from the Virginia Department of Rail and Public Transportation for the purpose of purchasing, installing, demonstrating, and evaluating the performance of HFI on transit buses in Northern Virginia. The CUE bus system, serving the City of Fairfax, has agreed to serve as the "test bed" system for this demonstration.

Project Tasks

The project involves the purchase, installation, demonstration and evaluation of HFI systems/kits on four of the 30-foot Gillig Phantom buses operated by the City of Fairfax CUE bus system. These buses employ Cummins diesel engines.

The selected Offeror will perform an on-site installation of four HFI systems at the CUE bus facility in Fairfax. The HFI kit will first be installed on **one** demonstrator bus, which will be observed for one month. At that time, if the first bus is running satisfactorily, HFI kits will be installed on the remaining three demonstrator buses. The Offeror will need to coordinate the planning of this installation with the Fairfax CUE staff, and provide an installation plan to be approved by NVTC and CUE staff. All parts, materials, and labor will be the responsibility of the selected Offeror.

Once the HFI systems are installed, there will be a nine-month demonstration period, during which the fuel usage and maintenance requirements for each of the four demonstration vehicles will be closely monitored by NVTC and CUE staff.

At some point during or immediately after the demonstration, one of the four demonstration buses will undergo a regimen of emissions testing under the direction of Scott Wayne at the West Virginia Research Center for Alternative Fuels, Engines, and Emissions

(CAFEE). This testing will occur either at the West Virginia University campus, or at a mobile laboratory operated by CAFEE, depending on the timing and availability of the testing facilities.

At the conclusion of the demonstration, NVTC staff will produce a final report on the demonstration, with a discussion of the performance of the HFI system in all areas, and recommendations for the possibility of future transit deployments.

Tasks and Deliverables

- **Task 1: Purchase and Install HFI system on four buses** – Selected Offeror will be responsible for all aspects of installation of Hydrogen Fuel Injection systems on four City of Fairfax CUE buses. *[The contractor is solely responsible for this activity.]*
- **Task 2: Monitor performance during demonstration period**– CUE and NVTC staff will monitor the fuel efficiency and maintenance requirements of the four HFI demonstrator buses during the nine-month demonstration period. Selected Offeror will be responsible for responding to questions and inquiries in a timely manner, and ensuring that warranty provisions are honored. Selected Offeror will also provide assistance and technical support with troubleshooting problems and optimizing performance.
- **Task 3: Emissions testing at the WVU CAFEE laboratory**– One demonstrator bus will undergo a full regimen of emissions testing under the direction of Scott Wayne of the CAFEE laboratory, to determine if the performance of the HFI system meets the specifications for performance stated in the proposal. This testing will take place in Morgantown, at the West Virginia University facility, or at a mobile testing facility in Washington, DC. *[The contractor is not responsible for this activity.]*
- **Task 4: Final demonstration report** – At the conclusion of the demonstration period, NVTC staff will prepare a final project evaluation report which will examine all areas of the performance of the HFI system during the demonstration, and make recommendations for possible future deployments. *[The contractor is not responsible for this deliverable.]*
-

Project Schedule:

This contract will be awarded January 5th, 2007, and the demonstration period will last from no later than March of 2007 through January of 2008 (or at least nine months). Prior to the issuance of notice to proceed, NVTC and the contractor will reach agreement on any modifications to the project schedule and milestones included in the proposal.



AGENDA ITEM #9

MEMORANDUM

TO: Chairman Connolly and NVTC Commissioners
FROM: Adam McGavock
DATE: December 28, 2006
SUBJECT: Change Order for SmarTrip Farebox Contract.

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 its executive director to execute the proposed change order and to arrange with local jurisdictions to pay all of the costs totaling \$161,581. NVTC staff will then ask each jurisdiction to provide a letter stating its intent to purchase the additional fareboxes and parts, and providing authorization for NVTC to do so on their behalf. The change order provides for:

- Additional operator training to cover the entire staff of Fairfax Connector bus operators (\$26,000),
- Additional maintenance training to train the entire staff of Alexandria DASH bus mechanics (\$10,031),
- Purchase and installation of a garage data management system for the West Ox Road bus facility, for Fairfax Connector (\$125,000).



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AGENDA ITEM #10

MEMORANDUM

TO: Chairman Connolly and NVTC Commissioners
FROM: Rick Taube and Scott Kalkwarf
DATE: December 28, 2006
SUBJECT: NVTC Draft FY 2007 Administrative Budget

At its September, 2006 meeting the commission discussed the preliminary FY 2008 administrative budget and authorized staff to forward it to NVTC's member jurisdictions to assist in their budget preparations. Traditionally, NVTC discusses its budget again each January prior to formal action in February.

You will recall that the attached budget would hold local contributions to the same amount (\$310,000) as in the past several years. Each local jurisdiction is required by statute to pay a share of the budget that is proportional to the financial assistance received from NVTC. The requested shares are shown on page one of the budget. The budget also includes performance objectives.



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As usual, the preliminary budget would be funded primarily from the state transit program. Local contributions would be held constant (at \$310,000) with shares for each jurisdiction, as required by state statutes, based on assistance to be received from NVTC in FY 2007. The need for external funding is reduced by the use of unspent funds from previous years (\$83,000 is available to be applied to FY 2008).

The preliminary budget also shows the results of performance objectives included in the approved FY 2007 budget as applied to NVTC's financial management functions. These results are very favorable. For FY 2008, performance objectives are also recommended for NVTC's financial management, planning, project management, public outreach and legislative functions.



PRELIMINARY BUDGET

**FISCAL YEAR
2008**

(July 1, 2007 – June 30, 2008)

September 7, 2006

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
BUDGETED FISCAL YEAR 2008 REVENUE
PRELIMINARY**

	FY 2006 Actual	Approved Budget FY 2007	Preliminary Budget FY 2008	FY 2008-2007 Budget Increase (Decrease)	Percentage Change
1 Commonwealth of Virginia	\$ 602,185	\$ 590,750	\$ 718,350	\$ 127,600	21.6%
2 Alexandria	47,780	42,408	39,498	(2,910)	-6.9%
3 Arlington	73,323	66,091	63,653	(2,438)	-3.7%
4 City of Fairfax	6,196	7,174	6,857	(317)	-4.4%
5 Fairfax County	164,683	174,674	175,638	964	0.6%
6 Falls Church	3,197	3,581	3,533	(48)	-1.3%
7 Loudoun	14,821	16,073	20,821	4,748	29.5%
Total Local Jurisdictions	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>-</u>	<u>0.0%</u>
8 Total Commonwealth of Virginia and Local Jurisdictions (Note 1)	912,185	900,750	1,028,350	127,600	14.2%
9 Interest Earned	16,359	8,000	12,000	4,000	50.0%
10 Project Chargebacks (Note 2)	80,000	88,000	75,000	(13,000)	-14.8%
11 Project Grant Billings	7,444	-	-	-	0.0%
12 Appropriated Surplus (Note 3)	21,878	144,000	83,000	(61,000)	-42.4%
Total Revenue	<u><u>\$ 1,037,866</u></u>	<u><u>\$ 1,140,750</u></u>	<u><u>\$ 1,198,350</u></u>	<u><u>\$ 57,600</u></u>	<u><u>5.0%</u></u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SCHEDULE OF FISCAL YEAR 2008 EXPENDITURES
PRELIMINARY**

	FY 2006 <u>Actual</u>	Approved Budget FY 2007	Preliminary Budget FY 2008	FY08 - FY07 Budget Increase (Decrease)	Percentage Change
<u>Personnel Costs</u>					
1 Salaries (Note 4)	\$ 627,474	\$ 649,150	\$ 701,400	52,250	8.0%
2 Intern	-	-	-	-	N/A
3 Temporary Employee Services	-	1,000	1,000	-	0.0%
Total Personnel Costs	627,474	650,150	702,400	52,250	8.0%
<u>Benefits</u>					
Employer's Contributions					
4 FICA	42,676	45,700	48,900	3,200	7.0%
5 Group Health Insurance (Note 5)	42,313	70,500	65,750	(4,750)	-6.7%
6 Retirement (Note 6)	48,467	49,500	56,200	6,700	13.5%
7 Workmans & Unemployment Compensation	3,517	4,250	3,400	(850)	-20.0%
8 Life Insurance	3,388	3,500	3,750	250	7.1%
9 Long Term Disability Insurance	3,154	4,400	4,450	50	1.1%
Total Benefit Costs	143,515	177,850	182,450	4,600	2.6%
<u>Administrative Costs</u>					
10 Commissioners Per Diem (Note 7)	14,450	21,700	18,400	(3,300)	-15.2%
Rents:					
11 Office Rent (Note 8)	155,223	162,900	173,050	10,150	6.2%
12 Parking / Metrochek	11,470	11,500	11,900	400	3.5%
Insurance:					
13 Public Official Bonds	3,930	4,900	4,400	(500)	-10.2%
14 Liability and Property	1,999	3,200	2,600	(600)	-18.8%
14 Liability and Property	1,931	1,700	1,800	100	5.9%
Travel:					
15 Conference Registration	11,646	22,950	16,200	(6,750)	-29.4%
16 Conference Travel	1,831	2,000	2,000	-	0.0%
17 Conference Travel	2,229	5,000	4,500	(500)	-10.0%
17 Local Meetings & Related Expenses (Note 9)	6,489	12,200	6,200	(6,000)	-49.2%
18 Training & Professional Development (Note 1C)	1,097	3,750	3,500	(250)	-6.7%
Communication:					
19 Postage	10,017	10,600	11,600	1,000	9.4%
20 Telephone - LD	3,717	4,600	4,600	-	0.0%
21 Telephone - Local	1,133	1,300	1,200	(100)	-7.7%
21 Telephone - Local	5,167	4,700	5,800	1,100	23.4%
Publications & Supplies					
22 Office Supplies	21,155	29,800	23,800	(6,000)	-20.1%
23 Duplication and Paper (Note 11)	4,698	4,300	4,500	200	4.7%
24 Public Information (Note 12)	12,137	15,500	9,300	(6,200)	-40.0%
24 Public Information (Note 12)	4,320	10,000	10,000	-	0.0%
Operations:					
25 Furniture and Equipment (Capital) (Note 13)	12,612	23,800	25,650	1,850	7.8%
26 Repairs and Maintenance	4,096	7,800	12,650	4,850	62.2%
26 Repairs and Maintenance	749	1,000	1,000	-	0.0%
27 Computer Operations (Note 14)	7,767	15,000	12,000	(3,000)	-20.0%
Other General and Administrative					
28 Subscriptions	6,749	6,400	6,800	400	6.3%
29 Memberships	468	400	400	-	0.0%
30 Fees and Miscellaneous	2,007	1,400	1,700	300	21.4%
31 Advertising (Personnel/Procurement) (Note 15)	2,819	2,800	2,900	100	3.6%
31 Advertising (Personnel/Procurement) (Note 15)	1,455	1,800	1,800	-	0.0%
Total Administrative Costs	247,252	294,550	291,800	(2,750)	-0.9%
<u>Contracting Services</u>					
32 Auditing (Note 16)	19,625	16,200	19,700	3,500	21.6%
33 Consultants - Technical	-	1,000	1,000	-	0.0%
34 Legal	-	1,000	1,000	-	0.0%
Total Contract Services	19,625	18,200	21,700	3,500	19.2%
Total Operating Program	\$1,037,866	\$ 1,140,750	\$ 1,198,350	\$ 57,600	5.0%

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

Explanatory Notes to Preliminary Fiscal Year 2008 Budget

1. Commonwealth of Virginia and Local Jurisdictional Contributions

Each NVTC jurisdiction is assigned a share of the local portion of NVTC's administrative budget based on its share of revenue received by NVTC on behalf of jurisdictions from all sources in the previous year. This procedure is required by state statute and results in changes in contributions from one year to another that vary for each jurisdiction depending on relative shares of revenue received. The allocation in this FY 08 budget is based on the FY 07 Subsidy Allocation Model.

2. Project Chargebacks

This line consists primarily of charges for NVTC staff support for the VRE project and reimbursed from VRE's budget.

3. Appropriated Surplus

Included as a source of revenue in the FY 08 budget is a projected excess accumulated surplus that is available to offset the proposed operating budget expenses. This surplus is in excess of the commission's anticipated minimum operating requirements.

4. Salaries

Salaries for fiscal year 2008 are budgeted to include merit increases for the existing staff. Step increases for merit incentive raises are included up to 5%, but no cost of living adjustments are provided. Each 1% of merit increases costs approximately \$6,700. Merit increases within the budget amount are awarded at the discretion of the executive director. The FY 08 budget includes nine regular staff positions, which is unchanged from the FY 07 approved budget.

5. Group Health Insurance

Health insurance group policy rates remained about constant from the previous policy period ending April 30, 2005. The constant rates are a reflection of a lowered group expense ratio, a decrease in the average age of participants, offset by increasing health care costs. Changes in employee participation levels are the other factor impacting the overall expense realized by the Commission. Prior experience over the past several years however indicates cost increases of as much as 31 percent annually. The FY 2008 budget includes a provision for increasing rates while using the current policy period rates as the base.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
Explanatory Notes to Preliminary Fiscal Year 2008 Budget

6. Retirement

Employer pension contributions show a slight increase from the FY 07 budget due primarily to anticipated salary increases. The calculations for the target benefit plan are based on actuarial formulas using the budgeted salaries levels for FY 08.

7. Commissioners' Per Diem

The FY 2008 budget is based upon the regular meeting schedule, and includes per diems at the statutory rate of \$200 for senators and delegates, and \$50 for all other commissioners.

8. Office Rent

The administrative office lease was renewed during fiscal year 2001 for the period January 2001 through December 2010. Rent expense is budgeted based upon the fixed costs of the lease, with a provision for increases in common area expenses due to rising costs.

9. Local Meetings and Related Expenses

NVTC hosts numerous regional meetings for the benefit of member jurisdictions. Costs of accommodating numerous meetings are the largest component of this line item, which also includes the costs of NVTC staff traveling to meetings elsewhere in the region.

10. Training and Professional Development

Actual expenditures fluctuate with the changing needs of staff. While FY 06 expenditures were below the budgeted level, a provision is maintained in the FY 08 budget for future staff training.

11. Duplication and Paper

Duplication costs are budgeted based upon a five-year lease and maintenance contract entered into during FY 2006. The duplication expenses of paper and staples, which are not included in the contract, have been budgeted based upon estimated usage levels.

12. Public Information

Public information includes the cost of various public outreach projects.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
Explanatory Notes to Preliminary Fiscal Year 2008 Budget

13. Furniture and Equipment

This budget category provides for the replacement and acquisition of office furniture and equipment, including computer hardware. It is expected that during FY 2008, computer hardware will need to be replaced or upgraded to support the operations of the commission. The FY 2008 budget also includes one-half the expected cost of replacing the present phone system, which is anticipated to take place during FY 2009.

14. Computer Operating Expense

Computer operating expenses include outside network consulting and services, software upgrades and supplies, and web hosting fees.

15. Advertising (Personnel/Procurement)

The FY 08 budget includes a provision for personnel and procurement advertising. An average of prior year costs was used to develop the budgeted amount as this category fluctuates from year to year.

16. Auditing

The FY 08 budget includes auditing fees according to the five-year contract with the present auditors plus a small contingency for additional services. The budgeted increase from FY 07 to FY 08 is the result of the bi-annual pension plan audit included in FY 07, plus cost increases included in the contract.

APPENDIX 1

**PERFORMANCE BUDGET FOR NVTC'S
FINANCIAL MANAGEMENT FUNCTION**

September 7, 2006

For NVTC's conversion to full performance budgeting, a special pro-forma fund has been created to include the costs and revenues attributable to NVTC's financial management function. NVTC's Director of Finance and Administration and Assistant Financial Officer devote 100 percent of their efforts to this function. NVTC's Executive Director allocates a quarter of his time to this work. While NVTC's two secretaries and two senior planners/project managers spend about five percent each on invoice processing and grant billing procedures, those activities are considered as part of the "planning, project management and public outreach" function shown in Appendix 2.

Regarding other expenses, it is assumed that a corresponding share of all other budget line items are attributable to this function. The same assumption is made for revenues. The attached Table 1 lists the derived costs and revenues for the commission's financial management function for FY 2008.

Table 2 lists 12 performance measures by category, with results for FY 2006 actual, as well as for the FY 2007 budget if known at this time. Each year more results will be calculated to provide a historical record and establish favorable (or unfavorable) trends.

TABLE 1

**Northern Virginia Transportation Commission
Pro Forma Financial Management Fund**

	<u>FY 2006</u> <u>Actual</u>	<u>FY 2007</u> <u>Approved Budget</u>	<u>FY 2008</u> <u>Budget</u>
<u>Expenditures</u>			
Personnel ¹	\$192,500	\$195,200	\$215,300
Benefits ²	46,300	51,700	54,100
Administrative Costs ³	75,900	88,600	89,500
Contracting Services ⁴	19,600	16,800	20,300
Total	\$334,300	\$352,300	\$379,200
<u>Revenues</u>			
Total ⁵	\$334,300	\$352,300	\$379,200

Notes:

1. Includes all salaries of the Director of Finance and Administration and the Assistant Controller and a quarter of the salary of the Executive Director.
2. Includes benefits of the above three positions.
3. Includes the same share of administrative costs as of salaries/benefits.
4. Includes the entire cost of NVTC auditors and a proportion of legal and technical consultants.
5. Assumes the same share of revenues as of expenses.

TABLE 2

**NVTC PERFORMANCE BUDGET MEASURES
--Financial Management Function--**

<u>Performance Measure</u>	<u>FY 2006 Actual</u>	<u>FY 2007 Budget</u>	<u>FY 2008 Budget</u>
Input:			
1. Maintain tight budget controls to keep NVTC's total local contributions to NVTC's budget to no more than \$310,000 annually.	Yes \$310,000	Yes \$310,000	Yes \$310,000
2. Effectively manage trust fund assets at a ratio of at least \$35 million per full time equivalent financial management employee.	Yes \$42M		
Output:			
3. Produce acceptable state aid grant applications for WMATA, local bus systems and VRE each year (totaling at least \$140 million) by the state deadline (currently February 1 st).	Yes \$252M		
4. Produce a preliminary allocation of anticipated fiscal year revenues and expenses (totaling at least \$80 million) for each NVTC jurisdiction by June 1 st of each year using NVTC's subsidy allocation model and complete the final projection by September 1 st .	Yes \$112M	Yes \$109M	

	<u>FY 2006 Actual</u>	<u>FY 2007 Budget</u>	<u>FY 2008 Budget</u>
Efficiency:			
5. Effectively manage trust fund assets and grant revenues contracted at an administrative cost ratio of no more than \$0.005 per \$1 of assets and revenues.	Yes \$0.004		
6. By careful monitoring of Department of Taxation expenses and proactive work with the department's field auditors, seek to maintain the ratio of administrative costs passed through to NVTC at or below 0.3 percent of total motor fuel tax revenues (currently approaching \$36 million annually) credited to NVTC.	Yes 0.2%		
7. Effectively manage NVTC's employee flexible benefits program in house at an annual savings of at least \$100 per employee compared to outside management.	Yes \$118	Yes \$118	Yes \$118
8. Co-own at least \$168 million of VRE assets at a management fee to VRE of no more than \$0.0005 per dollar of assets.	Yes \$0.0004		
Service Quality:			
9. In each annual audit, no subsidy allocation or trust fund audit adjustments required by auditors as well as no material deficiencies in internal controls and no related material management letter comments.	Yes		

	<u>FY 2006 Actual</u>	<u>FY 2007 Budget</u>	<u>FY 2008 Budget</u>
10. All trust fund grant reimbursement requests from jurisdictions with proper documentation processed within five working days in order to maximize investment earnings and cash flow.	Yes		

Outcome:

11. 100% timely subsidy payments to WMATA on behalf of jurisdictions to avoid any late payment penalties.	Yes		
12. Working with NVTC's jurisdictions, achieve 100% of grant funds billed with no material lapsed funds returned to granting agencies.	No (\$55,700 lapsed in bus shelter grant)		

APPENDIX 2

**PERFORMANCE BUDGET FOR NVTC'S PLANNING,
PROJECT MANAGEMENT AND PUBLIC OUTREACH FUNCTIONS**

September 7, 2006

For NVTC's conversion to full performance budgeting, a special pro-forma fund has been created to include the costs and revenues attributable to NVTC's planning, project management and public outreach functions. NVTC's Executive Director allocates three-quarters of his time to this work. NVTC's two secretaries; three directors of planning, projects and public outreach; and one research assistant are included.

Regarding other expenses, it is assumed that a corresponding share of all other budget line items are attributable to this function. The same assumption is made for revenues. The attached Table 1 lists the derived costs and revenues for the commission's planning, project management and public outreach functions for FY 2008.

Table 2 lists 8 performance measures by category, with results for FY 2006 actual and FY 2007 budget if known at this time. Each year more results will be calculated to provide a historical record and establish favorable (or unfavorable) trends.

TABLE 1

**Northern Virginia Transportation Commission
Pro Forma Planning, Project Management, Public Outreach Fund**

	FY 2006 <u>Actual</u>	FY 2007 <u>Approved Budget</u>	FY 2008 <u>Budget</u>
<u>Expenditures</u>			
Personnel ¹	\$434,900	\$454,900	\$487,100
Benefits ²	97,200	126,100	128,400
Administrative Costs ³	171,400	206,000	202,200
Contracting Services ⁴	0	1,400	1,400
Total	\$703,500	\$788,400	\$819,100
<u>Revenues</u>			
Total ⁵	\$703,500	\$788,400	\$819,100

Notes:

1. Includes all salaries of NVTC employees except the Director of Finance and Administration, Assistant Controller and a quarter of the salary of the Executive Director.
2. Includes benefits as in Note 1.
3. Includes the same share of administrative costs as of salaries/benefits.
4. Includes the remainder of legal and technical consulting not allocated to the financial management function.
5. Assumes the same share of revenues as expenses.

TABLE 2

**NVTC PERFORMANCE BUDGET MEASURES
--Planning, Project Management and Public Outreach Functions--**

	<u>FY 2006 Actual</u>	<u>FY 2007 Budget</u>	<u>FY 2008 Budget</u>
<u>Performance Measure</u>			
Input:			
1. Actively manage five or more grant-funded projects with average annual revenues of at least \$100,000 per project.	Yes. Nine projects averaging \$109,417.		
Output:			
2. Through effective outreach, increase hits on electronic schedules web page by at least 15% to average over 9,800 per day (from 8,600 per day currently).			
3. Increase hits on NVTC's web page by at least 10% to average over 1,000 unique visitors per month (from 900 unique visitors per month currently).			
Efficiency:			
4. By assisting Northern Virginia jurisdictions in meeting annual deadlines for NTD reporting, achieve \$6.0 million or more in additional FTA formula funds for WMATA per \$190,000 of state grant funds spent on data collection.	Yes. \$5.3 million per \$160,000.		
5. By using NVTC's research assistant's skills in web management and GIS mapping, save at least \$50 per hour of paid consulting time totaling \$48,750 annually, net of software and other administrative costs.			

FY 2006
Actual

FY 2007
Budget

FY 2008
Budget

Service Quality:

6. Respond to 100% of public, board members and jurisdictional staff inquiries within 48 hours during the work week using mail, phone and e-mail logs (with subsequent follow up for more information if necessary).
7. Post 100% of NVTC meeting materials and approved reports on NVTC website within 24-hours of releasing to board members or approval by the board.

Outcome:

8. Complete acceptable final reports and close out project grants with no lapsed funds for Senior Mobility Phase 2, MARTHA (real-time bus arrival algorithm), hydrogen-bus demonstration and SmarTrip fareboxes.



Northern Virginia Transportation Commission

NVTC

Thinking Outside the Car Since 1964



AGENDA ITEM #3

NVTC'S PRELIMINARY FY 2008 ADMINISTRATIVE BUDGET

-September 7, 2006-



RECOMMENDED ACTION



Action is requested to authorize forwarding the preliminary budget to the jurisdictions for planning their local budgets.



TOTAL EXPENSES

FY 2006 Actual	FY 2007 Budget	FY 2008 Preliminary Budget	%Change FY2008/2007
\$1,037,866	\$1,140,750	\$1,198,350	5.0%



COST DRIVERS



Personnel: Up 6.8%(\$56,850)--75% of total budget. 5% average performance-based salary increase. No cost-of-living adjustment. Converted intern to full time position in FY 2006.

Rent: Up 6.0%(\$10,550).

Auditing: Up 22% (\$3,500).

Equipment: Up 62.2% (\$4,850)—Almost half the cost of replacing NVTC's telephone system in FY 2009 after 10-years.



TOTAL REVENUES

	FY 2006 Actual	FY 2007 Budget	FY 2008 Preliminary Budget	%Change FY2008/2007
Commonwealth	\$602,185	\$590,750	\$718,350	21.6%
Local Jurisdictions	\$310,000	\$310,000	\$310,000	0
Other (Interest, Projects)	\$103,803	\$96,000	\$87,000	(-9.4%)
Appropriated Surplus	\$21,878	\$144,000	\$83,000	(-42.4%)
Total	\$1,037,866	\$1,140,750	\$1,198,350	5.0%



PERFORMANCE BUDGETING FOR NVTC



Categories of Measures:

- 1) **Input**--budget or actual expenditures per employee.
- 2) **Output**--amount of accomplishment.
- 3) **Efficiency**--cost per unit of accomplishment.
- 4) **Service quality**--degree of satisfaction, accuracy or timeliness.
- 5) **Outcome**--percent of objective achieved.



PRO FORMA FINANCIAL MANAGEMENT FUND



	FY 2008 Preliminary <u>Budget</u>
Personnel:	\$215,300
Benefits:	54,100
Administrative Costs:	89,500
Contracted Services:	<u>20,300</u>
Total	\$379,200

[31.6% of NVTC's total budget]



NVTC FINANCIAL MANAGEMENT PERFORMANCE MEASURES FOR FY 2008 AND ACTUAL EXPERIENCE FOR FY 2005/06

Target Measure for FY 2008

Measure Applied to Actual:

	<u>FY 2005</u>	<u>FY 2006</u>
Input:		
1. Maintain tight budget controls to keep NVTC's total local contributions to NVTC's budget to no more than \$310,000 annually.	Yes \$310,000	Yes \$310,000
2. Effectively manage trust fund assets at a ratio of at least \$35 million per full time equivalent financial management employee.	Yes \$38M	Yes \$42M



NVTC FINANCIAL MANAGEMENT PERFORMANCE MEASURES



Target Measure for FY 2008

Measure Applied to Actual:

Output:

3. Produce acceptable state aid grant applications for WMATA, local bus systems and VRE each year (totaling at least \$140 million) by the state deadline (currently February 1st).

4. Produce a preliminary allocation of anticipated fiscal year revenues and expenses (totaling at least \$80 million) for each NVTC jurisdiction by June 1st of each year using NVTC's subsidy allocation model and complete the final projection by September 1st.

FY 2005

FY 2006

Yes

Yes

\$161M

\$252M

Yes

Yes

\$97M

\$112M



NVTC FINANCIAL MANAGEMENT PERFORMANCE MEASURES



Target Measure for FY 2008

Measure Applied to Actual:

Efficiency:

5. Effectively manage trust fund assets and grant revenues contracted at an administrative cost ratio of no more than \$0.005 per \$1 of assets and revenues.

6. By careful monitoring of Department of Taxation expenses and proactive work with the department's field auditors, seek to maintain the ratio of administrative costs passed through to NVTC at or below 0.3 percent of total motor fuel tax revenues (currently approaching \$36 million annually) credited to NVTC.

FY 2005

FY 2006

Yes

Yes

\$0.004

0.004

Yes

Yes

0.2%

0.2%



NVTC FINANCIAL MANAGEMENT PERFORMANCE MEASURES



Target Measure for FY 2008

Measure Applied to Actual:

Efficiency:

7. Effectively manage NVTC's employee flexible benefits program in house at an annual savings of at least \$100 per employee compared to outside management.

FY 2005

FY 2006

NA

Yes

\$118

8. Co-own at least \$168 million of VRE assets at a management fee to VRE of no more than \$0.0005 per dollar of assets.

Yes

Yes

\$0.0005

\$0.0004



NVTC FINANCIAL MANAGEMENT PERFORMANCE MEASURES



Target Measure for FY 2008

Measure Applied to Actual:

FY 2005

FY 2006

Service Quality:

9. In each annual audit, no subsidy allocation or trust fund audit adjustments required by auditors as well as no material deficiencies in internal controls and no related material management letter comments.

10. All trust fund grant reimbursement requests from jurisdictions with proper documentation processed within five working days in order to maximize investment earnings and cash flow.

Yes

Yes

Yes

Yes



NVTC FINANCIAL MANAGEMENT PERFORMANCE MEASURES



Target Measure for FY 2008

Measure Applied to Actual:

FY 2005

FY 2006

Outcome:

11. 100% timely subsidy payments to WMATA on behalf of jurisdictions to avoid any late payment penalties.

Yes

Yes

12. Working with NVTC's jurisdictions, achieve 100% of grant funds billed with no material lapsed funds returned to granting agencies.

Almost Yes.
\$689 lapsed to close out two grants

No. \$55,700 lapsed in state grant for bus shelters



PRO FORMA FUND FOR PLANNING, PROJECT MANAGEMENT AND PUBLIC OUTREACH



	FY 2008 Preliminary <u>Budget</u>
Personnel:	\$487,100
Benefits:	128,400
Administrative Costs:	202,200
Contracted Services:	<u>1,400</u>
Total	\$819,100

[68.4% of NVTC's total budget]



NVTC PLANNING, PROJECT MANAGEMENT AND PUBLIC OUTREACH PERFORMANCE MEASURES



Target Measure for FY 2008

Measure Applied to Actual:

FY 2006

Input:

1. Actively manage five or more grant contracts with average annual revenues of at least \$100,000 per project.

Yes. Nine Projects averaging \$109,417.



NVTC PLANNING, PROJECT MANAGEMENT AND PUBLIC OUTREACH PERFORMANCE MEASURES



Target Measure for FY 2008

Measure Applied to Actual:

FY 2006

Output:

2. Through effective outreach, increase hits on electronic schedules web page by at least 15% to average over 9,800 per day (from 8,600 per day currently).

3. Increase hits on NVTC's web page by at least 10% to average over 1,000 unique visitors per month (from 900 unique visitors per month currently).

NVTC PLANNING, PROJECT MANAGEMENT AND PUBLIC OUTREACH PERFORMANCE MEASURES



Target Measure for FY 2008

Measure Applied to Actual:

FY 2006

Efficiency:

4. By assisting Northern Virginia jurisdictions in meeting annual deadlines for NTD reporting, achieve \$6.0 million or more in additional FTA formula funds for WMATA per \$190,000 of state grant funds spent on data collection.

5. By using NVTC's research assistant's skills in web management and GIS mapping, save at least \$50 per hour of paid consulting time totaling \$48,750 annually, net of software and other administrative costs.

Yes. \$5.3 million per \$160,000.



NVTC PLANNING, PROJECT MANAGEMENT AND PUBLIC OUTREACH PERFORMANCE MEASURES



Target Measure for FY 2008

Measure Applied to Actual:

FY 2006

Service Quality:

6. Respond to 100% of public, board members and jurisdictional staff inquiries within 48 hours during the work week using mail, phone and e-mail logs (with subsequent follow up for more information if necessary).

7. Post 100% of NVTC meeting materials and approved reports within 24-hours of releasing to board members or approval by the board.

N.A.



NVTC PLANNING, PROJECT MANAGEMENT AND PUBLIC OUTREACH PERFORMANCE MEASURES



Target Measure for FY 2008

Measure Applied to Actual:

FY 2006

Outcome:

8. Complete acceptable final reports and close out project grants with no lapsed funds for Senior Mobility Phase 2, MARTHA (real-time bus arrival algorithm), hydrogen-bus demonstration and SmarTrip fareboxes.



AGENDA ITEM #11

MEMORANDUM

TO: Chairman Connolly and NVTC Commissioners
FROM: Rick Taube
DATE: December 28, 2006
SUBJECT: Legislative Items.

Staff will describe recent developments prior to the start of the 2007 General Assembly session. A copy is attached of a brochure used to transmit NVTC's legislative agenda to members of the General Assembly.



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Northern Virginia Transportation Commission

2007 Legislative Agenda



State Funding

NVTC calls upon the General Assembly to:

1. Increase stable, reliable and permanent state funding for transit.
2. Meet the commonwealth's statutory goal of funding 95% of eligible transit costs from the Mass Transit Fund. For FY 2007 alone, this would have required an additional \$230 million (the goal is triple the current level).
3. Ensure transit receives at least 14.7% of any new transportation revenues (transit's current share of the TTF). Meeting the 95% state transit formula assistance target and ensuring a fair share of new state transportation revenues for transit will have the effect of elevating the state priority placed on transit maintenance to match that placed on highway maintenance.
4. Dedicate most or all of \$339 million in the "caboose" bill to transit using the current MTF allocation shares (NVTC and VRE would receive 70%).
5. Use state bonded indebtedness as a tool to help resolve the transportation funding crisis with new sources of revenue for debt service.
6. Maintain DRPT's existing transit allocation formulas and audit requirements since they ensure accountability and direct funds to where the need is greatest.
7. Secure the TTF by adopting a constitutional amendment to prevent diversion of funds.



Regional Funding

NVTC asks the General Assembly to:

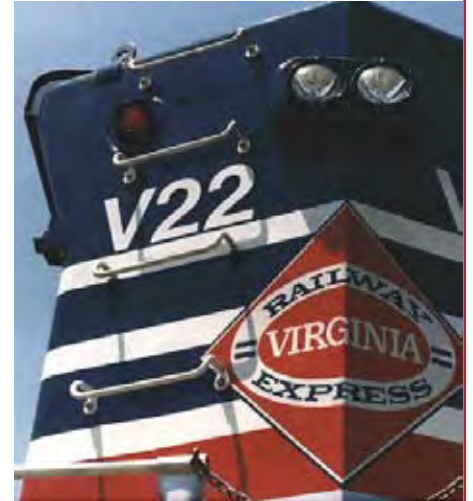
1. Provide a dedicated funding source for WMATA to secure \$1.5 billion of new federal funds. Absent a new statewide or regional transportation funding source, then dedicate to WMATA an increase in the state sales and use tax of a quarter-cent, subject to an affirmative vote by local governing bodies representing at least 90% of the population of the five jurisdictions supporting Metro in which the tax will be levied. Once the tax is in effect, the legislation should state that the tax can only be eliminated by action of local governing bodies representing at least 90% of the population of those five jurisdictions. Funds will be held in trust by NVTC or NVTA. The commonwealth should be required to maintain its own level of transit funding effort.
2. Increase NVTC's 2% motor fuels tax to 4% to pay for existing Metro obligations (the new dedicated sales tax would pay for currently unfunded obligations). As was the case in the 1980 2% legislation, provide a reduction in the property tax rate in the first year.
3. Adopt other regional transportation funding initiatives if all the proceeds stay in Northern Virginia and they do not absolve the state of its primary responsibility for transportation.



Other State Actions

NVTC favors legislative and administrative actions to:

1. Provide access to funding for freight railroads only if they provide matching funds, allow access to public passenger rail service on reasonable terms and agree to complete projects on time and on budget.
2. Develop a new state program to fully indemnify transit systems against terrorism-related claims.
3. Safeguard the effectiveness of HOV lanes through improved enforcement and protect transit and ridesharing interests in any HOT lane legislation.
4. Support telework including establishing a Telework Council.
5. Strengthen the multi-modal office under the Secretary of Transportation and retain DRPT as the transition occurs to a true multi-modal approach.
6. Examine changes in the Public-Private Transportation Act to create a more transparent process with greater local government and citizen involvement in decision-making.
7. Allow the option of paying the same per diems to all members of state-created boards and commissions as General Assembly members receive who serve on those bodies, in order to ensure equal treatment.
8. Turn over the Dulles Rail Project to the Metropolitan Washington Airports Authority to ensure that all Dulles Toll Road tolls remain in this region to pay for completion of the project. MWAA should be required to consult with affected local governments throughout the process.



Federal

NVTC asks Congress and the President to:

1. Provide \$1.5 billion for WMATA's unfunded capital needs over and above Metro Matters, to be matched by non-federal dedicated sources. Also restore \$160 million not provided in SAFETEA-LU for the Metro Matters program. This will help combat Greenhouse Gas emissions.
2. Provide at least \$50 million for VRE locomotives and other capital needs.
3. Prevent the imminent insolvency of the Highway Trust Fund and protect the Mass Transit Fund with increased and indexed motor fuel taxes, incentives for innovative financing and guaranteed authorizations for transit.
4. Increase security funding for local and regional transportation agencies in this region.
5. Raise the tax-free transit benefits (Metrochek) to match that available for parking (up to \$200 monthly).
6. Preserve access to Amtrak facilities by commuter rail systems such as VRE if Amtrak is restructured. Do not require increased state funding.
7. Broaden the cap on commuter rail liability at a level no greater than \$200 million per occurrence.
8. Provide new funding to mitigate traffic congestion at Fort Belvoir/EPG resulting from the BRAC recommendations and require that the U.S. Army complete the segment of the Fairfax County Parkway that provides access.
9. Require federal agencies considering relocating workplaces to consult with local and regional governing bodies regarding land use and transportation consequences and to incorporate their recommendations into federal decision-making.

Northern Virginia Transportation Commission

2007 Legislative Agenda

For a full copy of NVTC's 2007 Legislative Agenda visit:
www.thinkoutsidethecar.org



Northern Virginia Transportation Commission
4350 N. Fairfax Drive, #720
Arlington, VA 22203

Governor Kaine's proposed amendments to the 2006-2008 biennial budget

*A briefing for the Senate Finance Committee,
the House Appropriations Committee, and the
House Finance Committee*

December 15, 2006



Richard D. Brown
Director
Virginia Department
of Planning and Budget

Spending recommendations for transportation

GF \$ in millions

Transportation (In Total) \$158.7

Provide Transportation Initiative funding \$161.0

- Provides funding to supplement the \$339 million in the 2006 Transportation Initiative. The addition of \$161 million in general fund revenue will bring the total initiative to \$500 million dedicated to the following high priority transportation projects and initiatives:
 - ▶ \$305 million to advance construction of the Capital Beltway HOT lanes, Hillsville Bypass, I-64/I-264 interchange and Rt. 50 widening in Loudoun and Fairfax counties projects;
 - ▶ \$65 million for I-95 rail corridor improvements and to address Phase I of I-81 rail corridor improvements;
 - ▶ \$60 million for the following transit items: \$20 million to support rolling stock acquisition by the Washington Metropolitan Area Transit Authority, \$15 million for the Virginia Railway Express, \$10 million for the Hampton Roads Transit (Norfolk) Light Rail project, and \$15 million to support the Mass Transit Capital Assistance Program (e.g., provide greater reimbursement for local bus purchases);
 - ▶ Up to \$40 million for the Route 164 median rail relocation project, and at least \$10 million to initiate planning for the Craney Island eastward expansion project; and

Spending recommendations for transportation (continued)

GF \$ in millions

- ▶ \$20 million to support the Secretary of Transportation in implementing solicited private sector initiatives to employ highway, transit, demand management, and consumer technologies to reduce congestion and improve travel times in Northern Virginia and Hampton Roads.

Fund Real ID and decal system **\$13.1**

- Increases appropriation to address Virginia's compliance with the federal Real ID Act of 2005 and enhance the security of the driver's license issuance process, as well as funding a new vehicle decal system. Funding to come from information product fees collected by DMV but presently going to the general fund.

Provide funding for local service charges **\$1.0**

- Provides funding for service charges to be paid to counties and cities in which the Virginia Port Authority owns tax-exempt real estate.

Adjust auto insurance premium revenue **(\$16.4)**

- Adjusts transportation funding for fluctuations in the revenue derived from automobile insurance premiums.



WILLIAM J. HOWELL
SPEAKER

TWENTY-EIGHTH DISTRICT

COMMITTEE ASSIGNMENTS:
RULES (CHAIRMAN)

For Immediate Release:
December 14, 2006

Contact: G. Paul Nardo
(804) 698-1228
gpnardo@house.state.va.us

House Republicans Decry Governor's Transportation Funding Plan as "Way Too Low"

- *Speaker Says Governor's \$161 Million Fails to Approach 50% of \$475-\$550 Million Surplus --*
- *Chairman Wardrup Says Most Projects in Governor's Plan Could Have Already Been Funded --*
- *Governor Reverses Himself Again by Using General Fund Revenues for Transportation --*
- *Republican Leaders Challenge Governor Commitment to Land Use Reforms to Address Sprawl --*

RICHMOND, VA December 14, 2006 – Virginia House of Delegates Speaker William J. Howell (R-Stafford) expressed disappointment today over Governor Kaine's announcement of his transportation funding amendments to the 2006-2008 Biennial Budget. Characterizing the Governor's \$161 million proposed investment of \$475 - \$550 million in new state budget revenue revisions as "way too low," Speaker Howell reaffirmed House Republicans' commitment to devote at least 50% of those surplus revenues to transportation.

"Tomorrow, the Governor will announce that the Commonwealth is hundreds of millions of dollars in the black once again – an estimated \$475-\$550 million according to House budget experts," noted Speaker Howell. "Yet, he will only dedicate a small fraction of this surplus, \$161 million, to transportation. Once again, the Governor has demonstrated that his commitment to transportation does not compete with his desire to increase taxes. It is especially disappointing that the Governor attempted to characterize the \$339 million already designated by the General Assembly for transportation as new funding.

"I find it somewhat encouraging, however, that these proposed gubernatorial budget amendments at least included some funding for transportation. When he last sent us budget amendments in June, he failed to designate a single dollar for transportation."

After the General Assembly passed the 2006-2008 Biennial Budget, Governor Kaine submitted amendments to that budget, designating additional revenues to several projects, none of which included transportation. The House rejected the bulk of those amendments, stating at the time that surplus revenues should be prioritized toward transportation.

Delegate Leo C. Wardrup, Jr. (R-Virginia Beach), Chairman of the House Transportation Committee, expressed his frustration over the fact that most of the projects designated by the Governor in today's announcement already had been approved by the House during the General Assembly's Regular and Special Sessions this year.

-MORE-

"We could already have started most of these projects," remarked Wardrup, "if the Governor and his allies hadn't obstructed our efforts to fund them earlier this year. Now, these projects are likely to cost more and won't be finished as soon. I suppose it's better late than never, but this is another missed opportunity and failure of leadership by this Governor.

"Perhaps I should be encouraged by the Governor's decision to openly acknowledge the dedication of General Fund dollars to transportation. Because transportation is a core function of state government, we've been using moneys from the General Fund for this purpose for decades. The Governor and his allies, however, have tried to depict the use of these funds as pitting core services against one another. It isn't, and his willingness to devote \$161 million of surplus General Fund revenues to transportation is at least an improvement.

"Of course, Governor Kaine's new position on General Fund dollars for transportation isn't the only reversal by the Governor this week. His rediscovery of using bonds that he announced yesterday is encouraging as well. If he would join the House in supporting bonding packages like the ones we approved in the Regular and Special Sessions this year, Virginians would be well on their way to spending less time in traffic.

Howell made clear that House Republicans would continue to insist and work with forward-looking lawmakers so at least 50% of the state's nearly \$500 million surplus be dedicated to transportation, which they announced Monday. Yesterday, a group of Republican Delegates from Northern Virginia raised the ante even further, uniting behind a proposal to devote 100% of the surplus to transportation.

"It appears that the Commonwealth will be carrying a surplus of between \$475 million and \$550 million," Howell said. "By my math, that means we should be able to devote *at least* a quarter of a billion dollars in addition revenues to transportation, on top of the \$339 million that the House, the Senate and the Governor all agreed by statute last June to set aside solely for transportation. The Governor's figure of just \$161 million is way too low, and House Republicans are going to be insisting on a lot more."

Chairman Wardrup concluded, "It is time for the Governor to demonstrate leadership by adopting a comprehensive approach to transportation, truly making it the urgent priority he continually claims it to be. We would welcome him coming forward with a package that includes land use reforms to address growth, initiatives to improve departmental performance at VDOT, a healthier portion of surplus revenues, and a bonding initiative to give taxpayers a hedge against the inflating costs of road building. In the absence of the Governor coming forward with a comprehensive transportation package of his own, I hope that by the time the 2007 Session begins he'll support the House Republicans' plan that will include all of these key components to improve transportation in Virginia."

###



WILLIAM J. HOWELL
SPEAKER

TWENTY-EIGHTH DISTRICT

COMMITTEE ASSIGNMENTS:
RULES (CHAIRMAN)

FOR IMMEDIATE RELEASE

December 27, 2006

Contact: G. Paul Nardo
(804) 698-1228
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Speaker Howell Unveils House Republican Transportation-Land Use Reform Package

- *Speaker Announces House GOP Plan to Reduce Congestion by Managing Growth, Limiting Sprawl --*
- *Republican Delegates See Controlling Over-Development as Key to Transportation Solution --*
- *Localities to Receive Incentives to Increase Local Control, Responsibility over Growth and Roads --*
- *Landmark Reform Package Characterized as "Most Significant Advance Since Zoning" --*

RICHMOND, 27 December 2006 – At a Capitol Square news conference today, House of Delegates Speaker William J. Howell (R-Stafford) announced that House Republicans would make fundamental land use reforms – giving localities new powers to manage growth and limit sprawl – a central component of their transportation improvement package for the 2007 Session, which begins January 10, 2007. According to Howell, the initiatives amount to the most significant change to the Commonwealth’s approach to land use since the advent of zoning.

“For Virginians living in fast-growing communities, the effects of sprawl on transportation are readily apparent,” noted Speaker Howell. “I represent one of these communities, Stafford County, on the outskirts of Northern Virginia. In talking with lawmakers of both parties as well as business and community leaders, I know that residents from many Virginia communities witness first-hand the strains placed on Virginia’s transportation network by the Commonwealth’s antiquated approach to land use and planning. As was noted by the successful candidate for Governor in 2005, ‘Virginia cannot tax and pave its way out of congestion.’ We must adopt a bold new approach to better manage growth and to control sprawl. Today, we’re announcing a plan to do just that.”

Speaker Howell noted that the plan has much in common with one introduced by House Republicans during the 2006 Special Session. At that time, Howell announced the formation of a special subcommittee to review and examine the proposals – using the three-month period between the 2006 Special Session in September and the 2007 Regular Session in January to refine and strengthen the legislation as well as broaden and consolidate support for its passage. During today’s news conference, Howell also made clear that Delegates Clifford L. “Clay” Athey, Jr. (R-Warren), Jeffrey M. Frederick (R-Prince William), and Robert G. “Bob” Marshall (R-Prince William) would continue to lead the legislative effort to win General Assembly passage for these landmark reforms. Athey, Frederick, and Marshall sponsored different components of the proposal during the 2006 Special Session on Transportation.

The package has three main components, all of which are intended to grant more control over development to localities experiencing rapid residential growth.

- MORE -

The first component would allow localities to gain more efficient and effective use of existing infrastructure and roads by providing for the adoption of land use policies that focus growth in pre-designated “urban development areas.” This change would curtail growth in less-densely populated areas of localities, while targeting growth to the areas with the corresponding infrastructure to support it. Delegate Clay Athey will patron this reform bill.

To reinforce the effectiveness of this transportation and land-use plan, the second component would initiate a pilot program permitting participating localities to assess impact fees on development in areas that are currently more rural and less densely populated, often characterized as “open spaces.” It would be the first time that impact fees would be permitted on what is commonly known as “by-right” development in Virginia. In addition to impact-fee revenues, participating counties would receive funding from the state – and potentially the ownership of current equipment from the Virginia Department of Transportation (VDOT) – to maintain secondary roads within new “urban transportation service districts.” Delegate Jeff Frederick will patron this reform bill.

The third component would place a moratorium on the acceptance of new roads created by development into the VDOT-maintained system. The policy change would end the current increase in road miles that are automatically accepted by the state’s transportation agency and place responsibility with either the local government that approved the new subdivision and is participating in the urban development district program or a local neighborhood association. Delegate Bob Marshall will patron this reform bill.

Delegate Athey noted, “Speaker Howell and Delegates Marshall, Frederick, and I all live in communities where growth and its effects on transportation are felt everyday. Of course, the challenges in Prince William are more immediate than they are Warrenton, but there are communities in every region of the Commonwealth that will benefit from this new approach to managing growth and reducing the stress placed on our transportation system. Our existing laws in this area were adopted during the Great Depression. They aren’t just woefully outdated, they’re truly obsolete. For localities dealing with rapid residential growth and sprawl, this comprehensive and forward-looking plan is the most significant advance since zoning became commonplace over 40 years ago.”

“Of all the ideas proposed, floated, or introduced to improve transportation in Virginia, the public has expressed the most enthusiasm over initiatives that address the challenges of over-heated development,” said Speaker Howell. “When I charged the *Virginia Reform Initiative* with crafting ideas to address our 21st Century transportation challenge, it was my hope that an innovative, cutting-edge plan would be the result. I am pleased today to announce that these initiatives meet that standard, and that House Republicans, once again, are taking the lead in addressing the root cause of congestion and gridlock – namely growth and sprawl.

“These proposals are just one part of the comprehensive transportation plan House Republicans will be introducing for the 2007 Session. We’ve already made clear our commitment to requiring that no less than 50% of the surplus be dedicated to transportation. In the weeks ahead, we’ll be announcing our proposals to increase the accountability and responsiveness of VDOT. And of course, we’ll have a very specific, far-reaching proposal to provide a substantial injection of funding to jump-start and advance a number of critical transportation projects.

“For House Republicans, transportation is neither a wedge issue nor an occasional focus. We made improving transportation the single, most prominent component of our agenda for the 2005 and 2006 legislative sessions, and we were the first to call for the 2006 Special Session on Transportation. For 2007, combating sprawl to improve transportation will be the centerpiece of our agenda for Virginia. We are offering new ideas, initiating discussions, building consensus and working toward real progress – now, not later. It is my great hope for the new year that the Governor and legislators representing both chambers and both parties will join our efforts, seeking solutions over political advantage, and, in the process, improving the travel, commutes and overall quality of life for all Virginians.”

###

NOTE: See separate handout for more information about the 3 bills that directly tie transportation and land use.

House Republican Transportation Initiative: Combating Sprawl to Improve Transportation

Transportation cannot be addressed and its challenges cannot be solved if we continue to adhere to the outdated approach of just three elements: Tax. Spend. Build.

Sprawl has had an increasingly burdensome impact on the quality of life for all Virginians, especially those in urban and suburban areas. Ensuring that state government and localities work together, properly plan to handle growth, and employ the latest and most constructive tools in development design will go a long way toward better serving families, businesses and commuters throughout Virginia.

Any legislative plan to improve transportation that ignores one of the root causes of clogged roads and highways – Virginia’s 70-plus-year-old government land use policies – is inherently inadequate, shortsighted and flawed.

House Republicans are proposing a farsighted, innovative and comprehensive approach to addressing the challenge of sprawl and its effects on transportation – for the first time directly tying land use and transportation. These three bills are a major change in direction for Virginia.

URBAN DEVELOPMENT AREAS (UDA) Patron - Del. Athey

- **To curtail sprawl, limit traffic congestion and plan better, counties would be required – and towns and cities would be permitted – to create “Urban Development Areas” in their Comprehensive Plans.**

Urban Development Areas would have minimum residential densities of four units per acre or three times the density of the adjacent land outside of the UDA. Any development within the area would be on public or community water and sewer and incorporate new urbanism design including open space, mass transit, walking trails, denser development and a commercially zoned component – reducing the need to use the transportation system. Each locality would have to provide for a development area large enough to accommodate 20 years of population growth, according to data from the Virginia Employment Commission.

- Advances responsible growth by focusing development around urban centers with higher density and around existing utility services – water, sewer and transportation facilities.
- Promotes open space and rural land conservation while reducing stress on the transportation system by limiting large lot development in the rural areas of counties.
- Maximizes effective use of existing public facilities infrastructure to better enable localities to deal with the challenges of development and growth. Currently, many localities do not rationally plan if, where, and how growth should occur in local communities.

URBAN TRANSPORTATION SERVICE DISTRICTS (UTSD) Patron – Del. Frederick

- **To improve the relationship between state and local governments which will pay dividends over time, counties (ideally, fast-growing ones) would be given the opportunity to accept responsibility for the maintenance of all or a portion of their existing secondary (subdivision) road system, create new “Urban Transportation Service Districts,” and allow an impact fee to be charged for road maintenance.**

Any County which voluntarily chooses to enter into the pilot UTSD program would receive incentives for assuming this responsibility, including an amount equal to VDOT’s urban allocation formula for cities and towns (which is much more than VDOT normally spends on county roads), along with existing VDOT facilities and equipment used to maintain those roads. In addition, a participating County would receive any additional monies that Virginia is currently spending to maintain the roads that the locality creating the UTSD would now be assuming. The final monetary incentive would be the ability to collect full impact fees on new by-right development outside of the established Urban Transportation Service District.

- Modernizes and strengthens the state and local government partnership by fixing one of the largest disconnects in the current relationship – enabling the efficient and effective coordination of local land use decisions and taking into account their impact on the state’s transportation system.
- Repeals the Byrd Road Act of 1932, by which most Virginia counties (except Arlington and Henrico) have no responsibility for the maintenance of their local – or secondary – roads. With Virginia’s increasing population, historically rural counties have rapidly turned into bustling urban areas.
- Responds to skyrocketing road maintenance costs, which are the result of the ill-considered addition of secondary – largely subdivision – roads approved by localities, but which are then automatically required to be accepted by the Commonwealth into the state road system after one year.
- Allows for the collection of impact fees on new, by-right development located *outside of* the UTSDs established by fast-growing counties, resulting in development appropriately centered in and around existing urban areas and, thereby, combating sprawl and reducing traffic congestion.

LIMITS AND FLEXIBILITY ON SUBDIVISION ROADS Patron – Del. Bob Marshall

- **To address skyrocketing maintenance costs (which are consuming dollars that otherwise would be spent on new construction), VDOT would be required to define a “neighborhood road” and a “local collector road,” and would be prohibited from accepting for maintenance purposes any new “neighborhood roads” into the Commonwealth’s statewide system.**

Counties have approved subdivision streets totaling 3,200 line-miles, all of which have been added to the state transportation system since 1997 according to VDOT. That compares to about 60,000 center lane-miles in the total system. If county governments approved subdivisions, they would have to maintain the roads themselves (through an UTSD) or require local homeowners associations to do so.

- Aligns more accurately land-use decision-making authority with the consequences of those actions and provides for necessary funding going forward.
- Removes the stringent standard criteria currently imposed on neighborhood roads by VDOT because they no longer would be accepted into the state system.
- Strengthens further the partnerships between local land use decisions and state transportation system impacts by giving localities another opportunity to better plan for residential development.

Rick Taube

From: Linda Mcminimy [LMcminimy@cavtel.net]
Sent: Thursday, December 28, 2006 7:03 PM
To: Kathy.Ichter@fairfaxcounty.gov; 'Al H. Harf'; 'Alex Verzosa (averzosa@fairfax.va.us)'; 'Carol Snead'; 'Chip Badger'; 'Claudia Bolitho'; Corey Hill; 'Dale Zehner'; 'Dave Morgan'; Debra Swetnam; Dianna Morris; 'Donna Shaunese'; 'J.R. Mason-Goode'; James Toscano; 'John Lewis'; 'Kathy Beck'; 'Ken Pollock'; Kristy Joplin; 'Leon Alder'; 'Marc Adelman'; 'Mark McGregor'; 'Mark Rickards'; 'Mark Roeber'; 'Michael J. Carroll'; 'Michael Townes'; 'Nancy Gourley'; 'Rebecca Martin'; 'Reggie Smith'; 'Richard Drumwright'; Rick Taube; 'Rollo Axton'; Sandy Modell; 'Shiva Pant'; 'Tom Biesiadny'; Tucker, Matthew; 'Watterson Bill'; wfrank@cavtel.net; Chris Zimmerman; Christopher Zimmerman; Jack Hellewell; Joe Alexander; 'Lou Ramos'; Lsequeira, Loyda; Sally Thomas; Alexander Macaulay; 'Bernie Caton'; railva@wrichmond.com; gmilsky@macbur.com; 'Jayne B Whitney'; 'Kay Slaughter'; Lisa Guthrie; Michele Satterlund; Pat Carroll; 'Patty Nicoson'; 'Rich O'Hare'; 'Richard Peacock'; 'Stewart Schwartz'; 'Trip Pollard'; 'Viktoria W. Badger'
Subject: FW: Governor's News Release

Note that there are number of very knowledgable and strong members of the transit community on this new Commission!

From: Governors Update Mailing List [mailto:govupdate@governor.virginia.gov]
Sent: Thursday, December 28, 2006 1:33 PM
To: GovernorsUpdate mailing list
Subject: Governor's News Release

COMMONWEALTH OF VIRGINIA
Office of the Governor

Timothy M. Kaine
 Governor

FOR IMMEDIATE RELEASE
 December 28, 2006

Contact: Kevin Hall
Phone: (804) 225-4260
Cell Phone: (804) 393-9406
Internet: www.governor.virginia.gov

**GOVERNOR KAINE ANNOUNCES MEMBERS OF
 TRANSPORTATION ACCOUNTABILITY COMMISSION**

~ Commission will work to increase accountability, performance in state transportation programs ~

RICHMOND – Governor Timothy M. Kaine today announced the members of the Transportation Accountability Commission, established by Executive Order to ensure that the state’s transportation agencies deliver maximum value for taxpayers, implement rigorous management standards, and promote wise investments.

“We remain committed to a comprehensive strategy for transportation that includes a continued focus on reform and increased accountability for our transportation agencies. This part of an overall emphasis that includes improving the coordination between land use and transportation planning, and providing additional needed resources required to build, operate, and maintain a modern transportation

network," said Governor Kaine.

"Over the past five years, tremendous progress has been made in improving the on-time and on-budget performance of our transportation agencies. The members of this new Transportation Accountability Commission will recommend additional reform measures, and help us create a framework for the continuous evaluation of our transportation programs," the Governor said.

Governor Kaine established the Commission through Executive Order 37 in October, and previously announced the appointment of Norfolk Southern Corporation Senior Vice President **James A. Squires** as Chairman of the Commission.

The Executive Order requires the Commission to review the Commonwealth's existing methods of promoting accountability and performance in transportation; identify and recommend national best practices in accountability and performance for transportation; recommend quantifiable outcome measures for the major elements of the state's transportation program, including measures that incorporate effective land-use and transportation coordination; and recommend performance standards for state transportation executives and agencies. In recommending outcome measures, the Commission will consider where there are quantifiable ways to measure a transportation project's positive or negative community aspects.

The Commission will make an interim report to the Governor and General Assembly by May 30, 2007, and a final report by October 1, 2007.

To read the text of the Executive Order, visit:

http://www.governor.virginia.gov/Initiatives/ExecutiveOrders/2006/EO_37.cfm

The following individuals were appointed to the Commission:

Transportation Accountability Commission

The Honorable Charles C. Allen of Newport News, Vice Mayor of the City of Newport News;

Georjeane L. Blumling of Virginia Beach, Vice President of Marketing and Public Affairs for AAA Tidewater Virginia;

Young Ho Chang P.E. of Loudoun County, Senior Vice President of ATCS, PLC;

The Honorable Henry L. Connors Jr. of Fredericksburg, member of the Spotsylvania County Board of Supervisors and Vice President of Government and Public Affairs for CIT;

Mortimer L. Downey III of Fairfax County, Chairman of PB Consult, Inc.;

Kimberly A. C. Enochs, SPHR of Bedford County, Senior Vice President of Rutherford;

Douglas R. Fahl of Loudoun County, Executive Vice President of Dewberry & Davis, LLC;

Gary W. Fenchuk of Chesterfield County, President of East West Partners of Virginia, Inc.;

Mark B. Goodwin of Henrico County, Senior Vice President of Overnite Transportation Co.;

Geraldine Holmes of Portsmouth, retired;

Thomas G. Jewell of Loudoun County, president and owner of Carter Braxton Real Estate;

John M. Lewis Jr. of Chesterfield County, Chief Executive Officer of the GRTC Transit System;

Mark R. Merhige of Richmond, president of Shockoe Properties, Inc.;

Hugh E. Montgomery Jr. of Fredericksburg, Executive Director of the Institute for Defense and Homeland Security;

Dr. Rosemarie A. Pelletier of Loudoun County, president and founder of Public Private Solutions, Inc.;

M. Siddique Sheikh of Prince William County, owner of the Alexandria Service Center, Inc.;

The Honorable Sally H. Thomas of Charlottesville, member of the Albemarle County Board of Supervisors;

The Honorable Hunter R. Watson of Prince Edward County, First Vice President, Davenport & Company LLC and former member of the Prince Edward County Board of Supervisors;

James C. Wheat III of Richmond, Managing Partner of Colonade Capital, LLC;

Blair Williamson of Charlottesville, President of S.L. Williamson Company, Inc.

###



MY APTA

December 26, 2006

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COMMITTEES

CONFERENCES & CALENDAR

December 15, 2006

SERVICES & PROGRAMS

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GOVERNMENT AFFAIRS

Congress has passed a new continuing resolution (CR) that provides funding at Fiscal Year (FY) 2006 levels for most federal programs, including the federal transit and highway programs, through February 15, 2007.

INDUSTRY INFORMATION

The extension, the third of this fiscal year, was approved during the final late-night sessions of the House and Senate in the early morning hours of Saturday, December 9. After passing the CR and addressing other last-minute matters, the 109th Congress formally adjourned, ending its term of service. President Bush subsequently signed the CR later the same day. Congress adjourned without completing action on nine of the twelve annual appropriations bills, necessitating the passage of the new CR.

STANDARDS PROGRAM

The incoming 110th Congress will convene on January 4 and is expected to begin work immediately, staying in session throughout January and February. While the current CR runs through February 15, the incoming leadership of the House and Senate Appropriations Committees this week announced their intention to fund programs now under the CR by "passing a year-long joint resolution". They also announced that there will be "no Congressional earmarks in the joint funding resolution" that they will pass. They indicated that they would place a moratorium on all earmarks until a reformed process is put in place. While there is much ambiguity at this point on exactly how such a long-term bill will affect transit funding and transit earmarks, many have interpreted their comments to mean that current programs will be funded at the lower of the FY 2006 levels and FY 2007 levels as passed, which is the language in the current CR and which would mean the FY 2006 level for transit and highway programs. The appropriators did say, in the one statement they have released thus far, that they would do their best to make limited adjustments within the confines of the existing budget to address the nation's most important policy concerns.

MEDIA CENTER

The details of this agreement and the ultimate funding bill are unlikely to be finalized before Congress reconvenes in January. In addition, its

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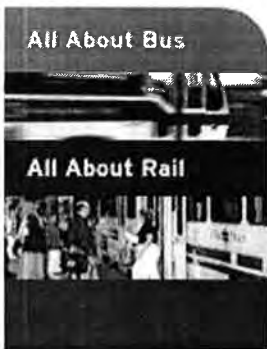
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implementation could be affected by the recent illness of Senator Tim Johnson (D-SD). If Senator Johnson were unable to return to serve in the 110th Congress, it is possible that the Democrats would not gain control of the Senate. APTA and its coalition partners are continuing to make the case for full funding of the levels authorized in FY 2007 under SAFETEA-LU.

ACTION CALL!

Contact your Senators, Representatives and their staffs with the following message:

- Urge them to support transit funding in FY 2007, in any long-term funding bill, at the level approved on June 14, 2006 by a vote of 406-22 in the House -- which at \$8.979 billion is \$4 million above the level authorized by SAFETEA-LU.

Congressional and Committee Leaders for the 110th Congress

While some decisions on committee leadership have not yet been finalized, and many assignments for rank and file members of respective committees are still to be completed, APTA has compiled the following information on leadership and committee leadership decisions that have been made at this point.

Senate Majority (Democratic) leadership

- **Majority Leader:** Harry Reid (NV)
- **Majority Whip:** Richard Durbin (IL)
- **Conference Vice Chair:** Charles Schumer (NY)
- **Conference Secretary:** Patty Murray (WA)
- **Policy Committee Chair:** Byron Dorgan (ND)
- **Campaign Committee Chair:** Charles Schumer (NY)

Minority (Republican) leadership

- **Senate Minority Leader:** Mitch McConnell (KY)
- **Senate Minority Whip:** Trent Lott (MS)
- **Conference Chair:** Jon Kyl (AZ)
- **Policy Committee Chair:** Kay Bailey Hutchison (TX)
- **Conference Vice Chair:** John Cornyn (TX)
- **Campaign Committee Chair:** John Ensign (NV)

House of Representatives Majority (Democratic) leadership

- **Speaker:** Nancy Pelosi (CA)
- **House Majority Leader:** Steny Hoyer (MD)
- **House Majority Whip:** James Clyburn (SC)
- **Conference Chair:** Rahm Emanuel (IL)

- **Conference Vice Chair:** John Larson (CT)

Minority (Republican) leadership

- **House Minority Leader:** John Boehner (OH)
- **House Minority Whip:** Roy Blunt (MO)
- **Conference Chair:** Adam Putnam (FL)
- **Conference Vice Chair:** Kay Granger (TX)
- **Conference Secretary:** John Carter (TX)
- **Policy Committee Chair:** Thad McCotter (MI)
- **Campaign Committee Chair:** Tom Cole (OK)

Authorizing Committees **Senate Banking Committee**

- **Chairman:** Christopher Dodd (CT)
- **Housing & Transportation Subcommittee Chairman:** Jack Reed (RI)
- **Ranking Member:** Richard Shelby (AL)
- **Subcommittee Ranking Member:** Wayne Allard (CO)

House Transportation & Infrastructure Committee

- **Chairman:** James Oberstar (MN)
- **Highways, Transit & Pipelines Subcommittee Chairman:** Peter DeFazio (OR)
- **Ranking Member:** John Mica (FL)
- **Subcommittee Ranking Member:**

Senate Homeland Security & Governmental Affairs Committee

- **Chairman:** Joe Lieberman (CT)
- **Ranking Member:** Susan Collins (ME)

House Homeland Security Committee

- **Chairman:** Bennie Thompson (MS)
- **Ranking Member:** Peter King (NY)

Appropriations Committees **Senate Appropriations Committee**

- **Chairman:** Robert Byrd (WV)
- **Transportation, Treasury, the Judiciary, Housing & Urban Development, & Related Agencies Subcommittee Chairman:** Patty Murray (WA)
- **Homeland Security Subcommittee Chairman:**
- **Ranking Member:** Kit Bond (MO)
- **Transportation Subcommittee Ranking Member:** Thad Cochran (MS)
- **Homeland Security Subcommittee Ranking Member:**

House Appropriations Committee

- **Chairman:** David Obey (WI)
- **Transportation, Treasury, & Housing & Urban Development, the Judiciary, District of Columbia Subcommittee Chairman:** John Olver (MA)
- **Homeland Security Subcommittee Chairman:**
- **Ranking Member:** Jerry Lewis (CA)
- **Subcommittee Ranking Member: Joe Knollenberg (MI)**
- **Homeland Security Subcommittee Ranking Member:** Harold Rogers (KY)



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AGENDA ITEM #12

MEMORANDUM

TO: Chairman Connolly and NVTC Commissioners
FROM: Rick Taube
DATE: December 28, 2006
SUBJECT: WMATA Items.

A. FY 2008 Proposed Budget.

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. Materials are attached.

B. Results of the Regional Bus Conference.

The attached summary describes the November 30th conference and the recommended next steps.



December 13, 2006



Hon. Jim Graham
Chair, Budget Committee
Board of Directors
Washington Metropolitan Area Transit Authority (WMATA)
600 Fifth Street, N.W.
Washington, D.C. 20001

Re: **Metro Needs to Pare its Own Costs and Increase Efficiency
Before Recommending FY'08 Fare Increases**

Dear Mr. Graham:

MetroRiders.Org applauds your comment in Monday's *Washington Post*, in response to the Metro staff's proposed \$64 million increase in FY'08 revenue primarily through fare increases, that "We have got to see what we can do in terms of efficiency before we talk to anyone about fare policy." Exactly right!

Metro riders already pay a greater share of Metro's operating costs than riders pay on all other major transit systems in the U.S. (except for New York City, but even that system has a \$2 fare cap). According to one calculation, Metro headquarters management staff grew by 73% during the last General Manager's tenure, and it hasn't been pared back by the temporary GMs who followed him.

Metrorail, Metrobus and MetroAccess riders have to pay their fair share of the increasing operating costs of an aging, peak-hour congested transit system but any FY'08 increase should be calculated only after Metro demonstrates it can operate frugally. Its proposed FY'08 operating budget, projecting a \$116 million shortfall, is padded with a 5% salary hike for management officials. As recently as last July, Metro staff projected an estimated \$83 million deficit for FY'08 (based in part on a 3% salary increase – close to the Federal Government's 3.1% increase).

What actions can the Metro Board take now to make Metro more efficient and cost conscious? Here are three suggestions:

1. **Get Metro employee overtime costs under control.** As the enclosed chart shows, overtime costs have been increasing rapidly in recent years, particularly for non-union employees, and totaled \$82.7 million in FY'06. This one cost item alone is greater than the total proposed fare increase on riders in FY'08.

2. **Fill the long-overdue Metro Inspector General position.** The Board resolved last April to have an IG hired and on board by October, with two new deputy IGs in place by year's end. By scheduling IG candidate interviews for this week, the Board has slowed down this process by a critical four months. The new IG staff is supposed to audit Metro operations for efficiency and redundancy; its impact on FY'08 costs will necessarily be less because of this delay.
3. **Eliminate Metro positions that are always "vacant" but funded.** Staff reportedly proposes to share the pain in the proposed new budget by eliminating only 34 vacant positions in a 10,000 employee agency. The Board should reduce the FY'08 budget to better realign authorized Metro positions with its historically high level of staff vacancies caused by turnover.

MetroRiders.Org looks forward to working in coming months with Metro's Board and staff, and the contributing jurisdictions, to refine the proposed FY'08 operating budget. If all other cost-saving and revenue-enhancing alternatives are exhausted, most Metro users would be willing to pay higher fares but only in exchange for better, more extensive transit services. Encouraging greater use of SmarTrip cards on buses as well as rail makes sense as do lower fares to encourage off-peak usage. However, charging area visitors \$10 for a SmarTrip card to pay a one-time parking fee at rail stations is still a major irritant; we look forward to the availability of (far cheaper) paper SmarTrip cards in FY'09.

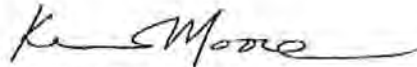
While our emphasis necessarily will be on eliminating proposed service reductions and fare adjustments that would seriously impact ridership, MetroRiders.Org may also propose additional expenditures for this budget – such as for anti-terrorist security and for better handling of customer complaints. The Forums section of our webpage, at www.metroriders.org, reflects high levels of dissatisfaction with Metro's (often non-responsive) responses to reports of customer problems and concerns.

Thanks for the opportunity to comment. MetroRiders.Org looks forward to working with Metro's Board in developing a budget that both controls costs and adds resources where needed, such as to critical customer service functions.

Sincerely,



Jack Corbett
Director

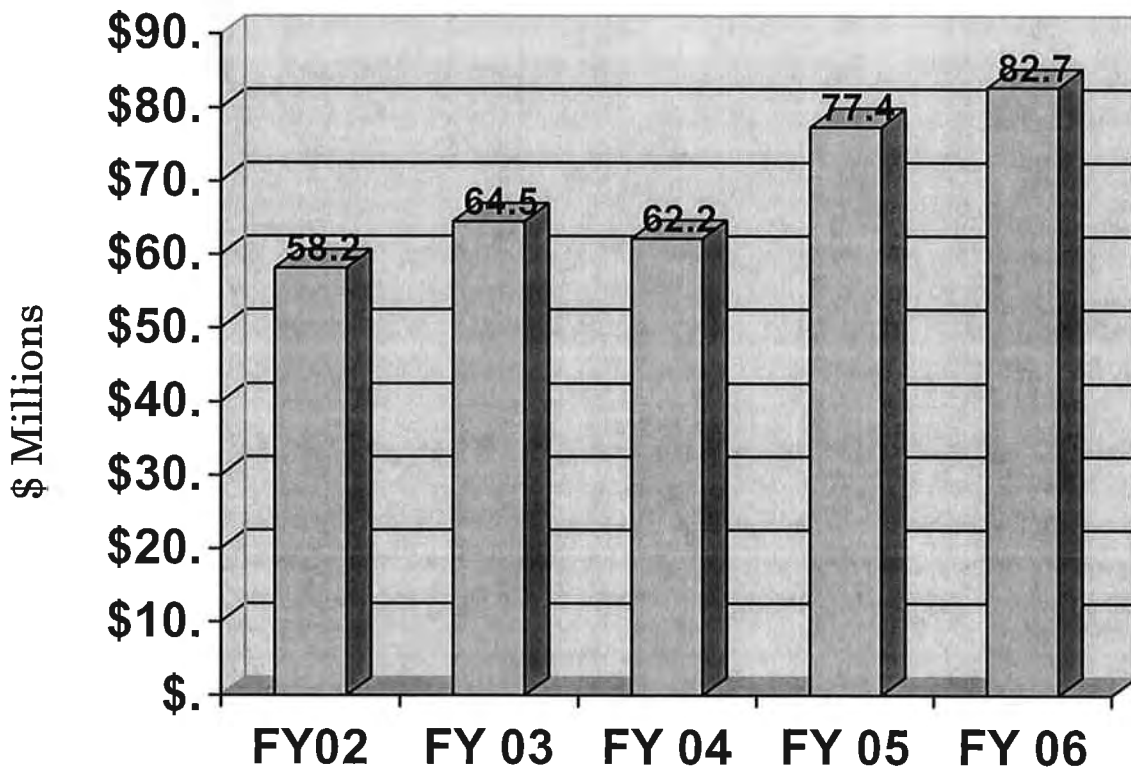


Kevin Moore
Director

Enclosure

cc: BoardofDirectors@wmata.com
MetroRiders.Org Policy Committee
Metro Riders Advisory Council

**METRO SHOULD CONTROL ITS EMPLOYEE
OVERTIME COSTS BEFORE PROPOSING FARE
INCREASES**



TOTAL METRO OVERTIME COSTS BY YEAR

Source: WMATA 11/06

Contact: MetroRiders.Org
www.metroriders.org
12/06



METRO



PROPOSED



FY 2008



BUDGET



Executive



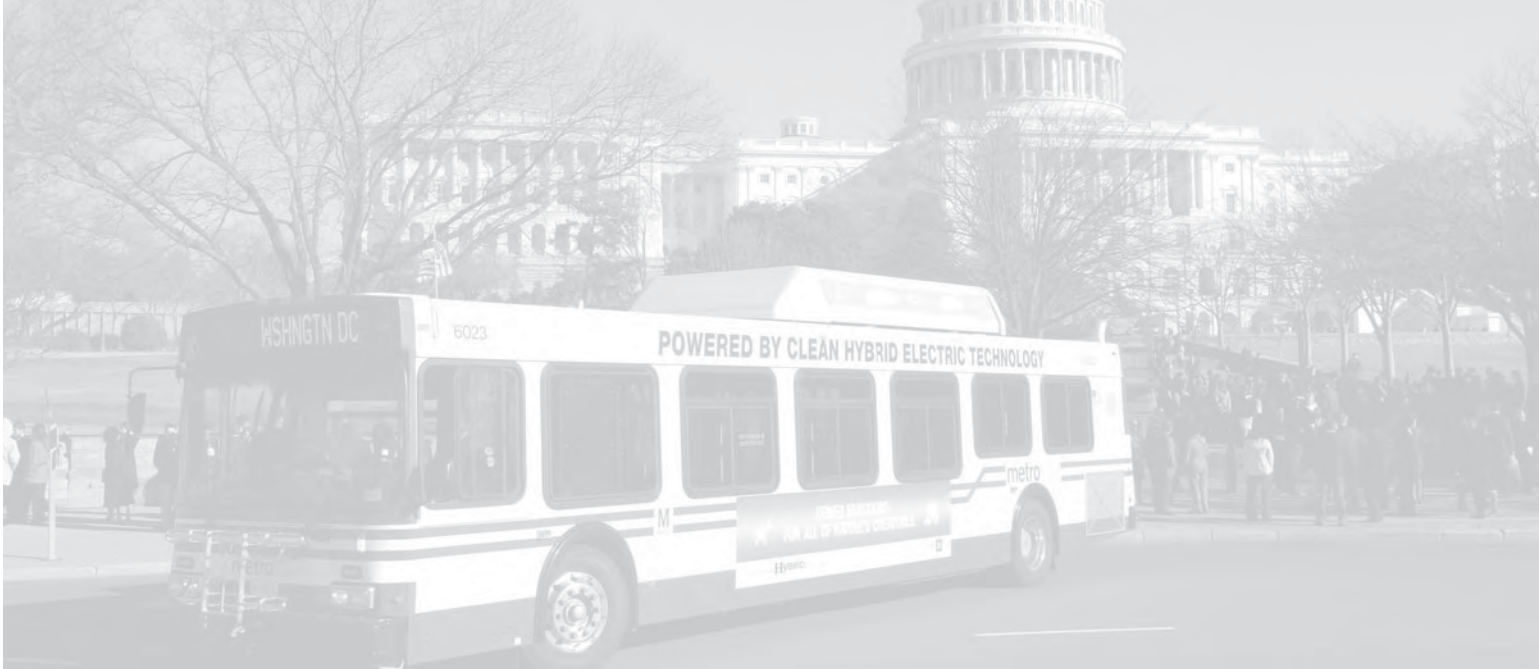
Summary



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On September 20, 1931, The Washington Post ran a headline with the title, “Will Washington Need a Subway?” More than 75 years later, the answer is a resounding “yes.” During 2006, Metrorail witnessed seven of the top ten ridership days in history and routinely provides over 700,000 passenger trips per day. Metrobus ridership is growing and provides 470,000 passenger trips per day.

It is an exciting time for Metro. However, it is also a time of transition and critical policy decisions. Our organization is not only experiencing a transition in leadership, but also in the way we function. Metro was set up to build a regional rail network and the original system is now complete. Our new focus is to continue improving customer service while maintaining Metro’s network of rail, bus and paratransit vehicles.

Metro is facing critical policy decisions. Metro leadership and our Board of Directors must continually evaluate service levels and revenue requirements. All decisions must be made in the interest of our customers, the states and local jurisdictions that provide financial support to Metro, the federal government and our many dedicated employees.

The purpose of this document is not only to communicate where we stand as an organization, but also to provide an executive summary of the proposed fiscal year (FY) 2008 budget. The summary is intended to support decisions as our Board moves forward with the budget process.

Metro is committed to ensuring that our customers receive a safe, reliable, cost-effective and responsive transit service. To that end, we developed a budget that will provide the best possible rail, bus and paratransit service to the region.

On behalf of Metro, I hope you find this a useful document and that it addresses any questions you may have about our mission and budget.



Jack Requa
Acting General Manager

Metro was set up to build a regional rail network and the original system is now complete. Our new focus is to continue improving customer service while maintaining Metro’s network of rail, bus and paratransit vehicles.

Metro Board of Directors

*Gladys W. Mack
Chairman*



Metro is governed by a Board of Directors consisting of 12 members. The Board is comprised of six voting and six alternate members. Maryland, the District of Columbia and Virginia each appoint two voting members and two alternates.

Gladys W. Mack is Chairman of the Board in 2006 and Principal Director for the District of Columbia. She served on the Metro Board from 1979 to June 1991 and joined again in April 1995. Mrs. Mack currently is Deputy Executive Director of the United Planning Organization.

*Charles Deegan
First Vice Chairman*



Charles Deegan is First Vice Chairman of the Board in 2006. He joined the Metro Board in May 2004 as Principal Director representing Prince George's County, MD. He is appointed to the Board by the Governor of Maryland.

*Christopher Zimmerman
Second Vice Chairman*



Christopher Zimmerman is Second Vice Chairman of the Board in 2006. He has served on the Metro Board as Principal Director representing Arlington County, VA, since January 1998. Mr. Zimmerman has served on the Arlington County Board since 1996.

Dana Kauffman



Dana Kauffman has served on the Metro Board since January 1996 and he was Chairman of the Board in 2005. He became the Principal Director representing Fairfax County, VA, in January 2001. Mr. Kauffman has served on the Fairfax County Board of Supervisors since January 1996.

Jim Graham



Jim Graham joined the Metro Board in January 1999 and is a Principal Director for the District of Columbia. Mr. Graham serves on the Council of the District of Columbia, representing Ward 1.

Ray Briscuso



Ray Briscuso joined the Metro Board in July 2006 and is a Principal Director representing Montgomery County, MD. He is appointed to the Board by the Governor of Maryland. Mr. Briscuso is the Principal of Briscuso and Associates, LLC, a consulting firm that serves the biotechnology and life sciences industry.

William D. Euille



William D. Euille joined the Metro Board in July 2000 as an Alternate Director representing the City of Alexandria, VA. Mr. Euille is currently the Mayor of Alexandria and has served on the Alexandria City Council since May 1994.

Marcell Solomon



Marcell Solomon joined the Board in March 2003 as an Alternate Director from Prince George's County, MD. Mr. Solomon currently practices law at Solomon & Martin in Greenbelt, MD.

Catherine Hudgins



Catherine Hudgins joined the Metro Board in January 2004 as an Alternate Director representing Fairfax County, VA. Mrs. Hudgins was elected to the Fairfax County Board of Supervisors in November 1999.

Gordon Linton joined the Metro Board in May 2004 as an Alternate Director representing Montgomery County, MD. Mr. Linton is a Senior Advisor and Vice President of Business Development for WageWorks, Inc.



Gordon Linton

Marion Barry joined the Board in January 2005 as Alternate Director for the District of Columbia. Mr. Barry serves on the Council of the District of Columbia, representing Ward 8.



Marion Barry

Michelle L. Pourciau joined the Board in November 2006 as Alternate Director for the District of Columbia. Ms. Pourciau is the Director of the District of Columbia Department of Transportation.



Michelle L. Pourciau

Agency Oversight

Riders' Advisory Council

On December 15, 2005, the Metro Board established a Riders' Advisory Council (RAC). This group allows Metro customers an unprecedented level of input on bus, rail and paratransit service.

The 21-member RAC includes six representatives from each jurisdiction, two at-large members and the head of Metro's Elderly and Disabled Transportation Advisory Committee. Dennis Jaffe currently serves as chairman.

Jurisdictional Coordinating Committee

The Jurisdictional Coordinating Committee (JCC) consists of staff members from the jurisdictions supporting Metro. The JCC was established by the Board of Directors to facilitate the exchange of information and viewpoints between jurisdictions and Metro staff. Meeting agendas are established by Metro staff and the JCC chairman and include items referred by the Board or Metro staff as well as items requested by JCC members. Gary Erenrich—representing Montgomery County, MD—currently serves as chairman.

Elderly and Disabled Transportation Advisory Committee

Metro's Elderly and Disabled Transportation Advisory Committee was created to address the needs of senior citizens and customers with disabilities. Its efforts have resulted in numerous service upgrades including gap reducers, which make it easier for customers who use wheelchairs to board Metrorail trains. Patrick Sheehan currently serves as chairman.



What Does Metro Do?

Metro, with over 10,000 employees, is a very large organization. However, its mission is very simple: to provide safe, reliable, cost-effective and responsive transit service to the Washington D.C. region. Metro provides three transit services: Metrorail, Metrobus and MetroAccess.

Metrorail

Metro was created in 1967 through an Interstate Compact. Construction of the Metrorail system began in 1969 and the first phase of Metrorail operation opened in 1976. Metro completed the originally planned 103-mile Metrorail system in early 2001. In 2004, Metro expanded the system, opening the Blue Line extension to Largo Town Center and New York Ave-Florida Ave-Gallaudet U station on the Red Line. Today, Metrorail operates a fleet of 950 rail cars providing over 200 million passenger trips annually.

Metrobus

In 1973, under direction from the U.S. Congress, Metro acquired four area bus systems and created Metrobus. Today, Metrobus operates a fleet of 1,477 buses providing over 130 million passenger trips annually.

MetroAccess

In 1994, Metro began providing MetroAccess, a paratransit service for people with disabilities unable to use fixed route transit service. MetroAccess operates a fleet of over 300 vans and sedans providing 1.6 million passenger trips annually.



Metrorail

On March 27, 1976, more than 51,000 people rode for free on 4.2 miles of a new heavy rail transit network. The new system was called Metrorail and provided service in the District of Columbia between Rhode Island Avenue and Farragut North stations on the Red Line. Two days later—on the first day of revenue service—19,913 passengers rode the system, completing 188 train trips.

A lot has changed since 1976. Metrorail is now the second busiest rail system in the country. The system provides over 700,000 passenger trips on an average weekday, maintains over 106 miles of rail and operates 86 stations throughout the District of Columbia, Maryland and Virginia. In recent years, Metrorail has expanded service hours, added new service for sporting events, served an increasing number of tourists and increased capacity through the use of eight-car trains during peak periods on the Orange Line. Metrorail plans to achieve 15 percent peak period eight-car trains by December 2006, 33 percent by December 2007, and 50 percent by December 2008. Along with these ongoing service improvements, Metrorail is introducing new system enhancements to improve customer flow and provide increased access to train information.

Metrorail is moving forward with several initiatives that will expand service, but do not have intensive capital requirements. In October 2006, Metrorail eliminated turnbacks during off-peak hours on the Red Line at Grosvenor station in Montgomery County, Maryland. Passengers traveling on the Red Line in the direction of Shady Grove station now have more frequent service. On December 31, 2006 Metrorail will extend its Yellow Line service to Fort Totten station during off-peak hours and on weekends. The extension will provide additional service to passengers in a growing corridor of the District of Columbia.



Metrorail is now the second busiest rail system in the country. The system provides over 700,000 passenger trips on an average weekday, maintains over 106 miles of rail and operates 86 stations throughout the District of Columbia, Maryland and Virginia.

Metrobus



In the summer of 2006, Metrobus received 417 new buses. These buses reduced the average age of the Metrobus fleet from 10 to less than seven years, significantly improving reliability and customer service.

In 1973, Metro acquired four local bus services, creating the Metrobus system. Metrobus quickly moved to drop transfer charges, extend senior citizen discounts regionwide and reduce fares on selected routes. Metrobus unified its bus appearance with a red, white and blue paint scheme and purchased 620 buses.

Today, Metrobus provides 470,000 passenger trips on an average weekday, operates a fleet of 1,477 buses on over 300 routes, and maintains 12,301 bus stops and 792 shelters. The majority of the Metrobus fleet consists of diesel powered vehicles, but close to one-third of the Metrobus fleet is now powered by compressed natural gas (CNG) and diesel hybrid electric power. Metrobus provides a true regional service with routes in the District of Columbia, Maryland and Virginia. Metrobus service is supplemented by local bus service from Ride On (Montgomery County, MD), TheBus (Prince George's County, MD), DASH (Alexandria, VA), ART (Arlington, VA) and Fairfax Connector (Fairfax, VA).

Board Chairman Gladys Mack dubbed 2006 the "Year of the Bus" for a reason. In the summer of 2006, Metrobus received 417 new buses (250 CNG, 117 advanced technology diesel and 50 hybrid electric). These buses reduced the average age of the Metrobus fleet from 10 to less than seven years, significantly improving reliability and customer service. The buses also helped Metrobus reach an important milestone. In April 2006, the entire Metrobus fleet became wheelchair accessible. Every Metrobus now has either a wheelchair ramp or lift, improving access for passengers with disabilities.

In September 2006, Metrobus—in coordination with the District of Columbia, Maryland and Virginia—made service changes in response to customer requests. The changes will improve service reliability and transfer connections between buses and trains. Metrobus is also attempting to make its service more convenient and accessible to customers through technology. Metrobus is testing a system to provide bus arrival times at specific stops. Additionally, schedules for Metrobus routes can now be downloaded to mobile devices.

MetroAccess

The Americans with Disabilities Act (ADA) of 1990 is a civil rights law that mandates accessibility of public transportation to people with disabilities. In response to ADA, MetroAccess service began in May of 1994, providing accessible shared-ride transportation for individuals unable to use fixed route service such as Metrobus or Metrorail. MetroAccess serves the entire Washington region, with daily trips serving the District of Columbia, Maryland and Virginia. Riders are eligible for MetroAccess if they have a disability that prevents them from reaching a transit stop, boarding a transit vehicle or reaching their destination using transit.

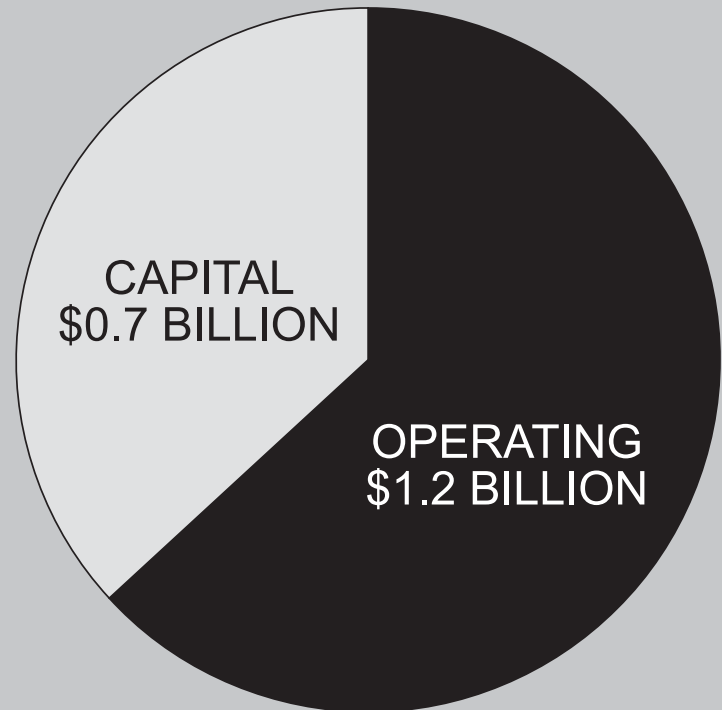
In its first year of service, MetroAccess provided 44,000 trips. Today, MetroAccess provides 1.6 million annual passenger trips—an average of 4,500 scheduled daily trips—to 16,000 registered customers. The MetroAccess fleet consists of over 300 vehicles including vans and sedans. MetroAccess provides its transit service through a paratransit contractor that schedules and oversees all rides.

With an aging population continuing to participate in the community, demand for MetroAccess is higher than ever. Besides MetroAccess, Metro is promoting several mobility options for people with disabilities. These options include: educating consumers that all Metro vehicles are accessible, encouraging transit use (MetroAccess customers ride Metrorail and Metrobus for free), instructing consumers in transit use and promoting other mobility options.



In its first year of service, MetroAccess provided 44,000 trips. Today, MetroAccess provides 1.6 million annual passenger trips—an average of 4,500 scheduled daily trips—to 16,000 registered customers.

Total Budget - \$1.9 Billion

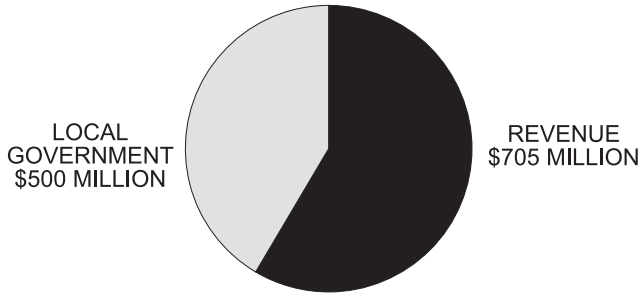


Metro's proposed FY 2008 annual budget is actually two budgets: a \$1.2 billion operating budget and a \$0.7 billion capital budget. The \$1.9 billion budget supports a transit network that provides significant benefits to the entire Washington D.C. region.

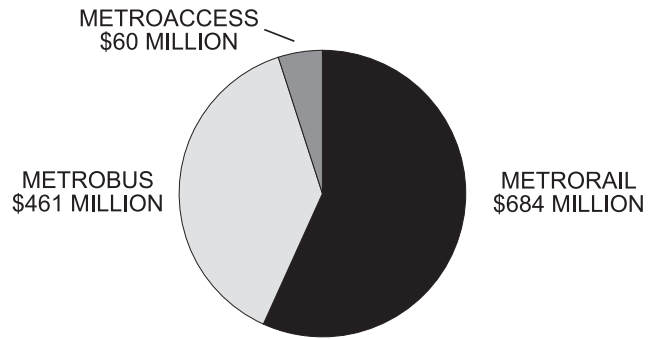
- Metro takes 580,000 cars off the road each weekday, benefiting non-transit riders by reducing traffic congestion.
- Without Metro, Washington D.C. would need an additional 150,000 parking spaces and the region would require an additional 1,400 highway lane miles.
- Metro eliminates more than 10,000 tons of pollution and saves the region over 75 million gallons of gasoline each year.
- The federal government is the single largest beneficiary of Metro's transit system: nearly half of all Metrorail stations are located at federal facilities and over 40 percent of peak ridership consists of federal employees.

Operating Budget - \$1.2 Billion

Where it Comes From



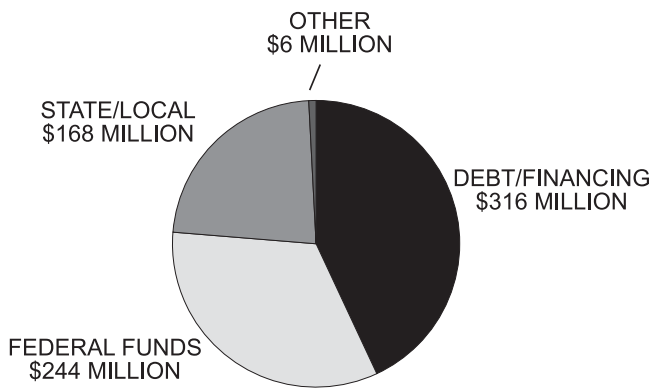
Where it Goes



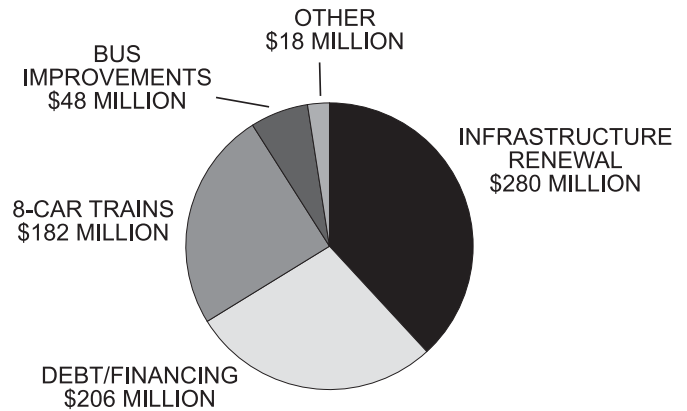
Metro's \$1.2 billion operating budget receives revenue from its customers. However, support from states and local jurisdictions make up the rest. The operating budget pays for items such as electricity for trains, fuel for buses and the employee payroll. These expenses go toward Metrorail, Metrobus and MetroAccess service.

Capital Budget - \$0.7 Billion

Where it Comes From



Where it Goes



Metro's \$0.7 billion capital budget receives its revenue from federal funds, state and local jurisdictions, and debt/financing. The capital budget pays for items such as infrastructure renewal (e.g., trackwork and communications upgrades) and new rail cars and buses.

Why is the Operating Budget Going Up?



Metro's proposed FY 2008 operating budget is \$1.2 billion, a net increase of \$100.1 million, or 9%, over the FY 2007 operating budget. This increase is linked to two areas: a \$116.4 million expense increase associated with cost drivers such as service expansion and inflation and a \$16.3 million net reduction due to management actions and recommendations.

	(\$ in millions)
FY 2007 Operating Budget	\$1,104.9
Expense Increase	\$116.4
Management Actions and Recommendations	(16.3)
SUBTOTAL (Net Increase)	\$100.1
Proposed FY 2008 Operating Budget	\$1,205.0

Expense Increase

Metro's expenses will increase by \$116.4 million in FY 2008. The expense increase is linked to three areas: inflation driven costs, base adjustments and service expansion.

Inflation driven costs increase the operating budget by \$69.2 million. This includes inflationary increases in employee salaries, health insurance and electricity and fuel costs.

FY 2008 EXPENSE INCREASE		(\$ in millions)
1. Inflation Driven Costs		
Union COLAs/Steps/Progressions		\$26.1
Electricity/Propulsion		10.5
Health Insurance Inflation (9%)		9.3
Non-Union Pay Raise (5%)		6.7
Information Technology		3.0
CNG		3.0
Other		10.6
	SUBTOTAL	\$69.2
2. Base Adjustments		
Workers' Compensation/Third Party Claims		\$12.7
Pension Funding		11.5
Utility Rate Increases		5.0
	SUBTOTAL	\$29.2
3. Service Expansion		
Operation of New Rail Cars		\$7.8
Paratransit Program		6.6
Annualize FY 2007 Service Change		3.6
	SUBTOTAL	\$18.0
	TOTAL	\$116.4

Base adjustments increase the operating budget by \$29.2 million. This includes increases for workers' compensation, pension funding and utility rates.

Service expansion increases the operating budget by \$18 million. This includes additional funds for the operation of new rail cars, improvements to the paratransit program and annualized FY 2007 service changes such as bus overcrowding relief and increased rail service.

Management Actions and Recommendations

Metro has taken action in a number of areas to cut costs and control spending. These actions total a net reduction of \$16.3 million and include \$29.2 million in administrative and service reductions offset by a \$12.9 million funding increase.

The \$15.6 million in administrative costs includes an across-the-board expense cut of five percent; the elimination of 34 positions; and reductions in other areas including consultant fees, travel and marketing. Metro will also receive a \$2.5 million tax credit for CNG fuel.

Metro is proposing \$13.6 million in bus and rail service reductions. Using an established productivity criteria program, Metro has identified certain services that are an inefficient use of funds (service reductions appendix on page 36).

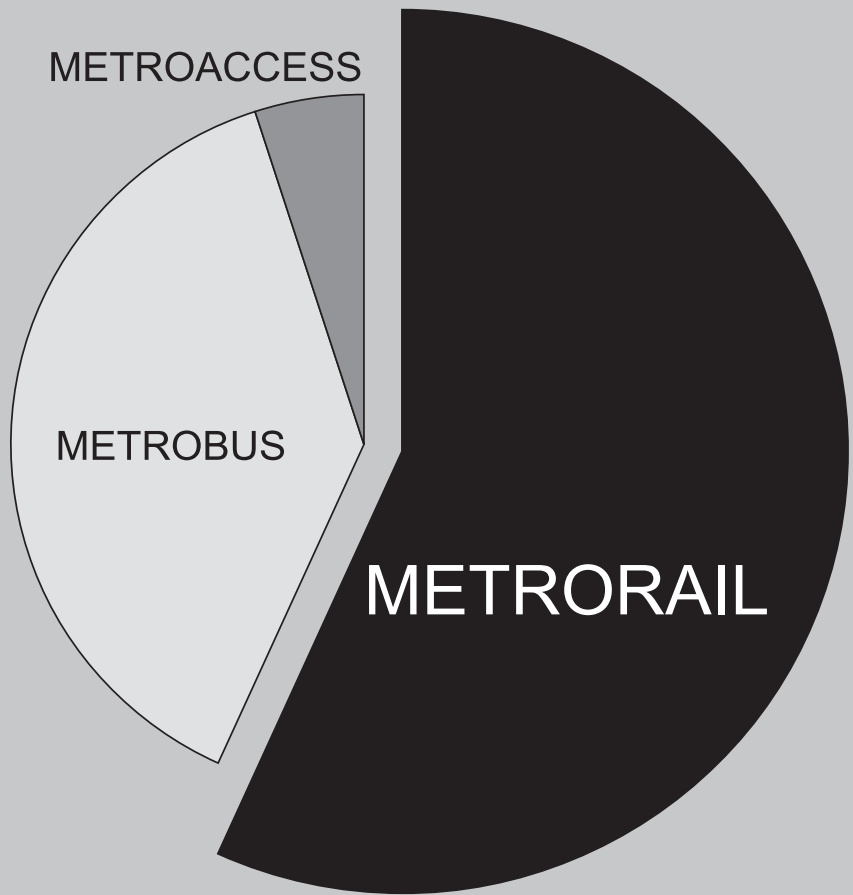
Metro is also proposing to increase funding by \$12.9 million. This includes \$12.1 million to replenish the depleted operating reserve and \$0.8 million to fund an organizational review.



MANAGEMENT ACTIONS AND RECOMMENDATIONS	
	(\$ in millions)
1. Management Actions to Reduce Expenses	
Base Budget Reduction (5%)	(\$6.2)
Eliminate 34 Positions	(3.1)
CNG Tax Credit	(2.5)
Marketing Effort	(2.0)
Professional and Technical/Travel	(1.8)
SUBTOTAL	(\$15.6)
2. Bus and Rail Service Reductions	
	(\$13.6)
3. Recommended Funding	
	\$12.9
TOTAL	(\$16.3)

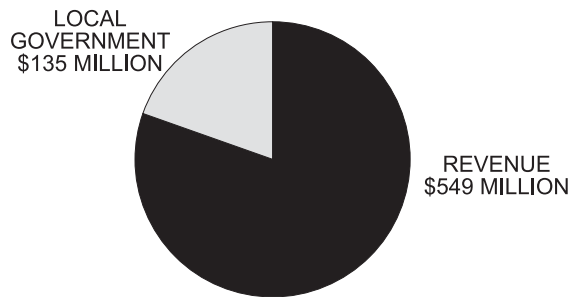
Metrorail Operating Budget

*Metro's \$1.2 billion
Operating Budget includes
\$684 million for Metrorail.*

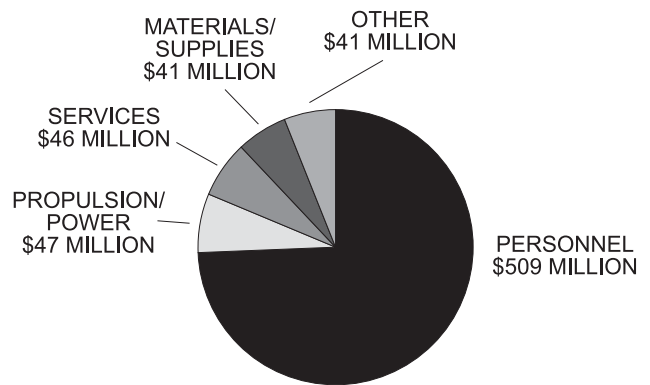


Metrorail Operating Budget - \$684 Million

Where it Comes From



Where it Goes



Metrorail Performance

Metrorail is committed to providing quality rail service to its customers. In this effort, Metrorail has identified two key performance measures: on-time performance and cost per revenue mile.

On-time performance in rail reflects the percent of all trains that arrive at heavy-use stations within two minutes of their scheduled arrival. Any deviation of more than two minutes counts against this measure. Metrorail expects on-time performance to improve as it completes major rehabilitation of its rail car fleet.

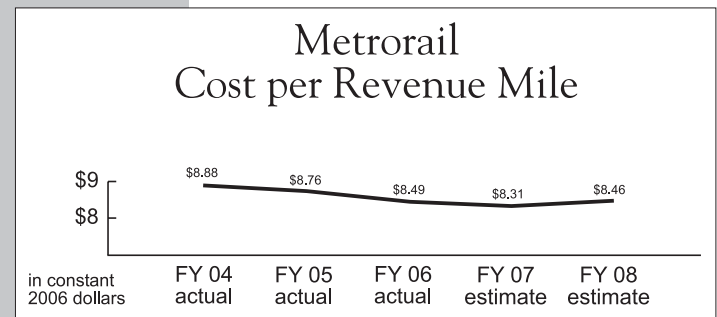
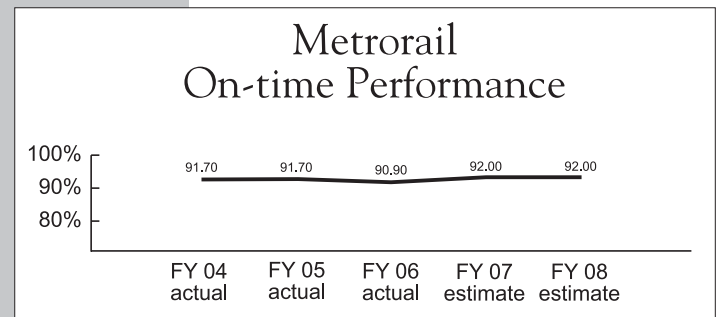
Cost per revenue mile measures how cost effectively Metrorail is delivering its service. From FY 2004 to 2007, Metrorail's cost per revenue mile (in constant 2006 dollars) has declined, an indicator of improving efficiency. A slight increase is anticipated in FY 2008 due to a deregulated power market in Maryland and other cost increases.

Metrorail Actions in FY 2008

In FY 2008, Metrorail is undertaking the following actions to improve performance and enhance customer service:

- Acquire and deploy 122 new rail cars (expected delivery by summer 2008) in addition to rehabilitation of current rail cars.
- Replace old mainline switches with more reliable equipment to reduce breakdowns and failures.
- Increase equipment reliability to reduce in-service delays and offloads as well as improve rail car interiors and exteriors.
- Replace 13 miles of rail track per year to maintain the system and reduce track-related mechanical failures.
- Continue customer outreach programs to address customer and employee concerns.
- Provide refresher training to supervisors and train operators focusing on safety, customer service and rail efficiency.

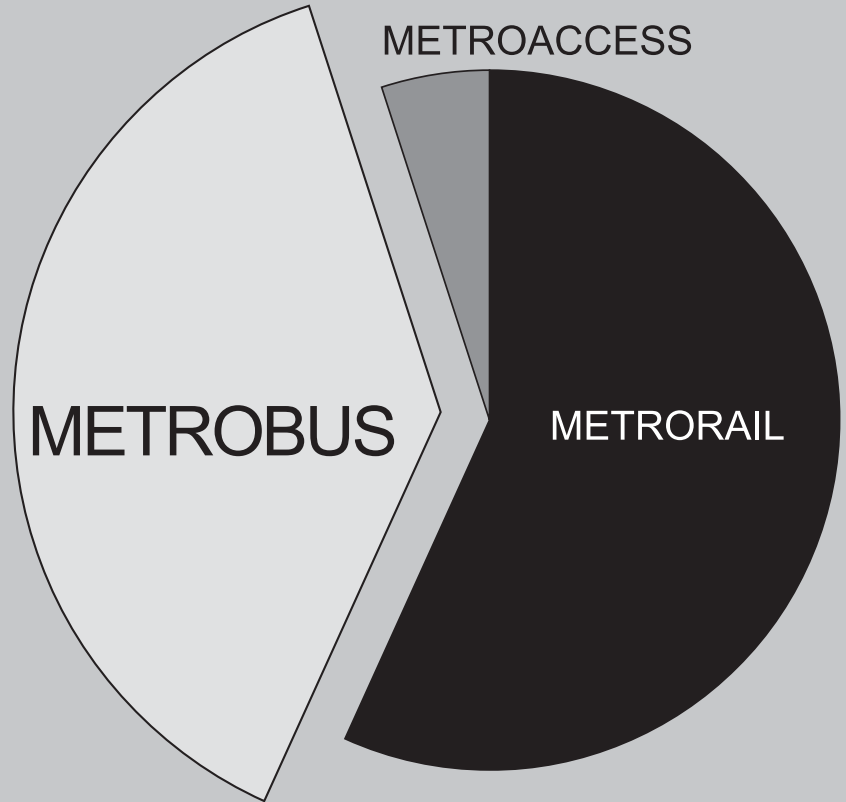
Metrorail expects on-time performance to improve as it completes major rehabilitation of its rail car fleet.



From FY 2004 to 2007, Metrorail's cost per revenue mile has declined, an indicator of improving efficiency.

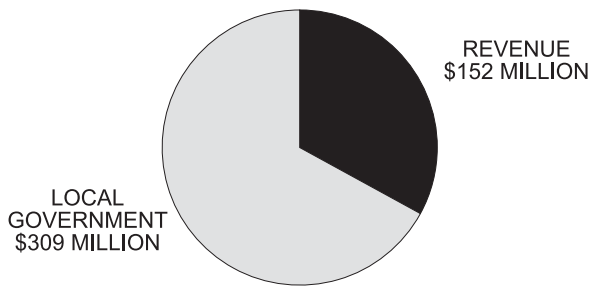
Metrobus Operating Budget

Metro's \$1.2 billion
Operating Budget includes
\$461 million for Metrobus.

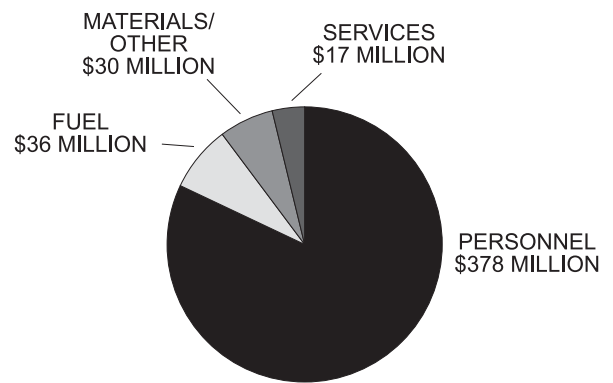


Metrobus Operating Budget - \$461 Million

Where it Comes From



Where it Goes



Metrobus Performance

Metrobus is committed to providing quality service to its customers. In this effort, Metrobus has identified two key performance measures: mean distance between failures and cost per revenue mile.

Mean distance between failures measures the number of miles, on average, a bus travels without mechanical failure. This measure indicates the overall reliability of the Metrobus fleet for its customers. Metro expects mean distance between failures to increase by 26 percent from FY 2004 to 2008. This anticipated change, with large increases expected in FY 2007 and 2008, is due to the delivery of new buses, improving fleet reliability.

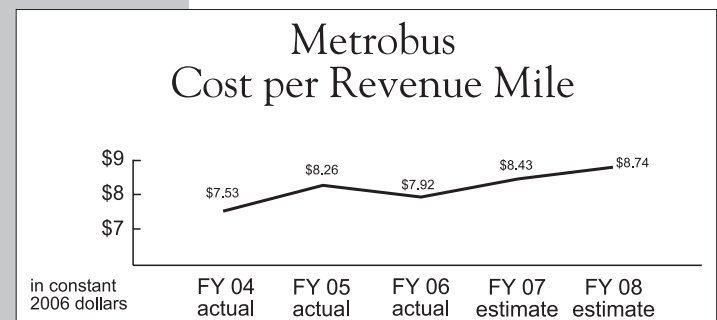
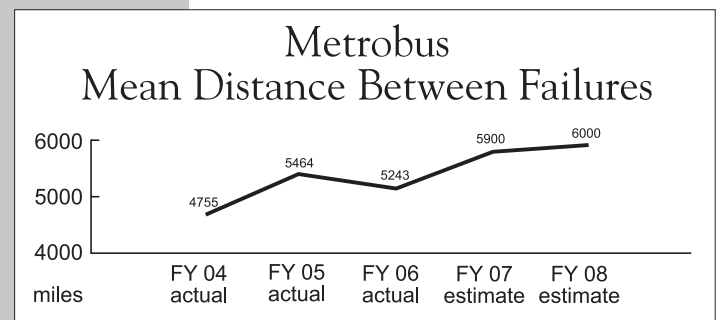
Cost per revenue mile measures how cost effectively Metrobus is delivering its service. From FY 2004 to 2007, Metrobus' cost per revenue mile (in constant 2006 dollars) has increased largely due to the volatility of fuel costs. In FY 2008, Metro expects the trend to continue due to increased expenses in areas such as customer service and security.

Metrobus Actions in FY 2008

In FY 2008, Metrobus is undertaking the following actions to improve performance and enhance customer service:

- Initiate a multi-year bus procurement to meet annual equipment needs through FY 2011, with 100 buses scheduled for arrival toward the end of FY 2008.
- New technologies (e.g., next bus arrival time system) will be expanded and integrated, providing better information and service to customers.
- One hundred existing buses will be completely overhauled to a "like new" condition.
- A new contract providing bus cleaning and sign maintenance service will provide a noticeable customer service improvement.
- Implementation of an on-board video camera surveillance program will enhance passenger security.

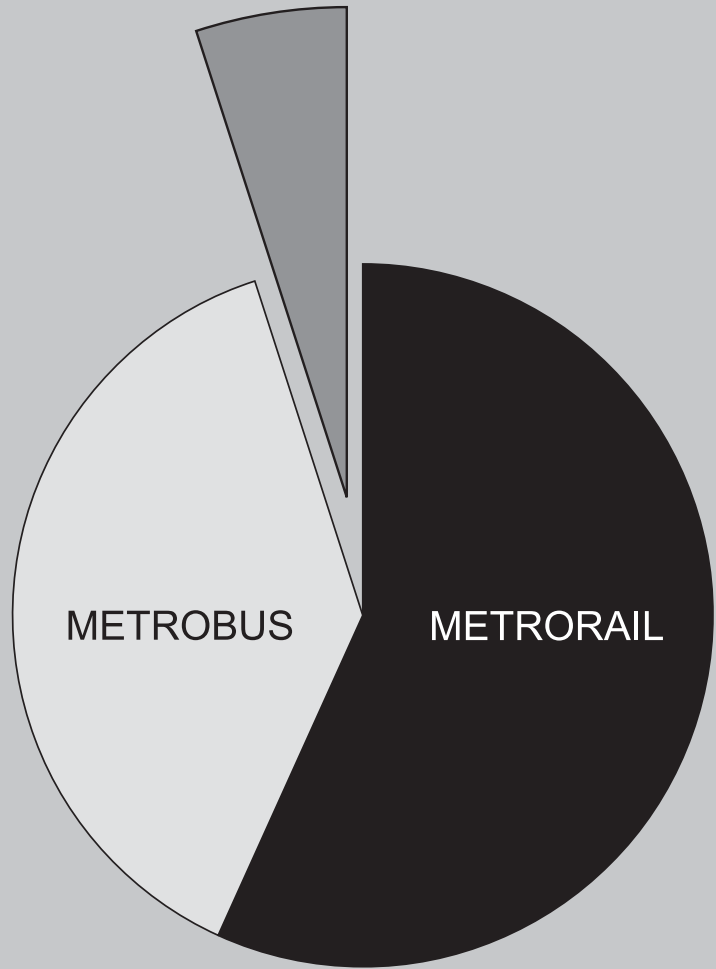
Metro expects mean distance between failures to increase by 26 percent from FY 2004 to 2008. This anticipated change, with large increases expected in FY 2007 and 2008, is due to the delivery of new buses, improving fleet reliability.



MetroAccess Operating Budget

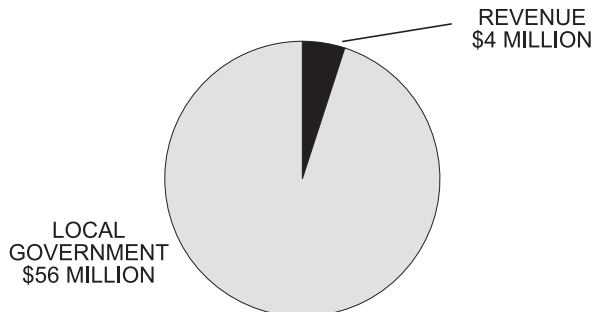
Metro's \$1.2 billion
Operating Budget includes
\$60 million for MetroAccess.

METROACCESS

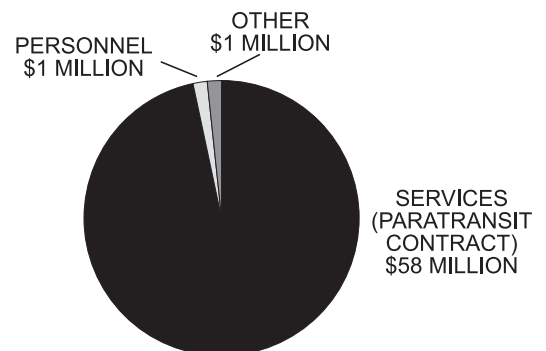


MetroAccess Operating Budget - \$60 Million

Where it Comes From



Where it Goes



MetroAccess Performance

MetroAccess is a shared-ride service transporting people with disabilities between specified addresses. MetroAccess has identified two key performance measures: on-time performance and average cost per passenger.

On-time performance represents the frequency with which MetroAccess services are provided within 15 minutes of the scheduled pick-up time. This is a major indicator used to gauge overall performance. MetroAccess expects on-time performance to improve in FY 2007 and 2008 as it realigns the scheduling process and increases its fleet size.

Average cost per passenger represents the operating cost for MetroAccess service per passenger and measures whether MetroAccess is meeting the needs of its customers in a cost-effective manner. MetroAccess expects average cost per passenger to increase in FY 2008 as costs to provide the service rise.

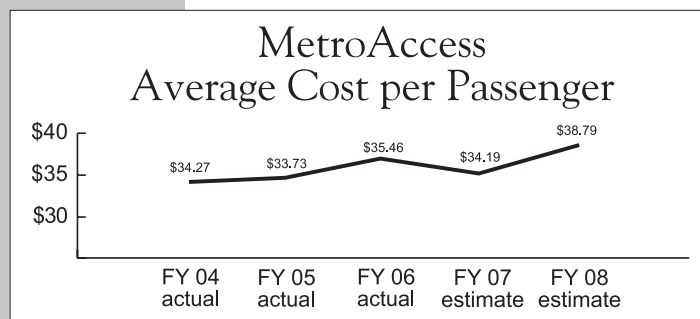
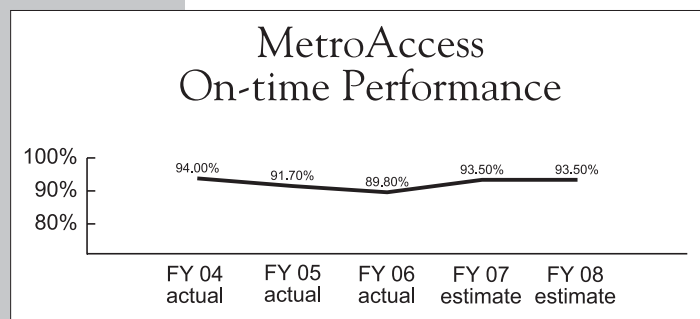
However, MetroAccess staff is proposing to use available federal funds for service improvements and initiatives to more efficiently manage demand and resources.

MetroAccess Actions in FY 2008

In FY 2008, MetroAccess is undertaking the following actions to improve performance and enhance customer service:

- The MetroAccess eligibility process will be realigned to educate and enable consumers to use transit and community transportation services to the extent their abilities allow.
- By offering attractive community transportation services through partnerships, Metro can shift current MetroAccess demand to more efficient transportation modes such as Metrorail and Metrobus.

MetroAccess expects on-time performance to improve in FY 2007 and 2008 as it realigns the scheduling process and increases its fleet size.



MetroAccess staff is proposing to use available federal funds for service improvements and initiatives to more efficiently manage demand and resources.



Metro Fare Policy

Metro's proposed FY 2008 budget will require critical decisions by Metro leadership and the Board of Directors. Metro staff is recommending a change in Metro fare policy, with four guiding principles:

1. Maximize the number of transit trips for each dollar of operating assistance.
2. Maximize the use of existing capacity.
3. Collect revenue in the most cost-effective manner.
4. Maintain jurisdictional/social equity.

Two possible solutions

Metro staff has identified two approaches to raising fares:

1. An across-the-board approach in which each fare is raised by a proportional amount.
2. A targeted increase that will help Metro grow and retain ridership in highly price sensitive markets.

Following the four fare policy guiding principles, Metro staff recommends the second solution.

What are the key benefits of the proposed fare policy changes?

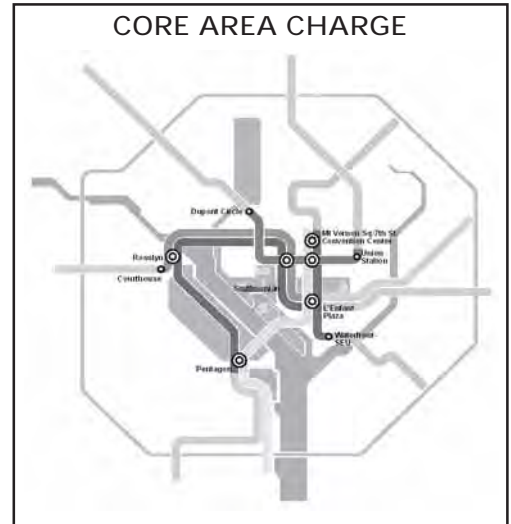
- Minimize the impact of fare changes on Metro's most price sensitive customers and those who use SmartTrip®.
- Lower fares in the off-peak.
- Encourage bus customers to use SmartTrip®, improving bus operations.
- Reduce fare evasion and lower operating costs.

What are the key changes in the proposal?

- Increase fares for customers paying with SmarTrip® at a lower rate than those paying cash. Metrobus customers paying with SmarTrip® will not see a fare increase and Metrorail customers paying with SmarTrip® will see a reduced fare increase.
- Provide rail-to-bus transfers and bus-to-bus transfers on SmarTrip® only, reducing costs and fare evasion.
- Eliminate the One Day bus pass, reducing costs and fare evasion.
- Eliminate tokens on Metrobus.
- Institute a core area charge for any passenger trip into, within and out of the core (bolded in map on right). This charge is intended to minimize the impact of a fare increase on reverse commuters.
- Reduce the fare for most off-peak trips.
- Charge non-Metro customers a higher parking fee than Metro customers.
- Charge a premium for short-term, metered parking.

How much will this raise fares?

The proposed fare increase will raise a total \$64 million. This will be Metro's first fare increase in three years and an average increase of roughly four percent per year since FY 2005. Average fares will increase by 32 cents for Metrorail and five cents for Metrobus. There is no impact on MetroAccess and parking fees will increase by 75 cents.



Metro proposes to institute a core area charge for any passenger trip into, within and out of the core. This charge is intended to minimize the impact of a fare increase on reverse commuters.

<i>Metrorail</i>	<i>Metrobus</i>
Revenue: \$50.6 million	Revenue: \$4.6 million
Average Fare: from \$1.95 to \$2.27	Average Fare: from \$0.81 to \$0.86
Impact on Ridership: -3.6%	Impact on Ridership: -3.1%
<i>MetroAccess</i>	<i>Parking</i>
Revenue: No change	Revenue: \$8.8 million
Average Fare: \$2.50	Average Fee: from \$3.67 to \$4.42
Impact on Ridership: None	Impact on Ridership: Negligible

Proposed FY 2008 Capital Budget

Metro's proposed FY 2008 capital budget is \$734 million.



Metro's proposed FY 2008 capital budget is \$734 million. The capital budget is linked to six major areas:

1. **Infrastructure Renewal Program (\$280 million):** maintains, rehabilitates and replaces Metro's infrastructure, trains and buses. This program includes funds for procurement of hybrid-electric buses, replacement of bus and rail support equipment, track work, rehabilitation of tunnels and aerial structures, communications upgrades and security improvements.
2. **Debt Service/Financing (\$206 million):** includes financing associated with the Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA). In FY 2000, Metro received a TIFIA loan guarantee to accelerate the Infrastructure Renewal Program. Metro is in the process of retiring this loan guarantee.
3. **Eight-Car Trains (\$182 million):** will allow Metrorail to add 184 new rail cars and have fifty percent of its peak hour trains operating in an eight-car configuration by December 2008. Eight-car trains will significantly increase Metrorail's passenger carrying capability and reduce crowding on station platforms. This program also includes funds for power system upgrades and maintenance yard expansion to support 8-car train operations.
4. **Bus Improvements (\$48 million):** includes procurement of new buses and construction of a new bus storage and maintenance facility in Fairfax County, Virginia. The new bus facility will be a joint-use facility with the Fairfax County government. This program also includes a variety of bus stop improvements and the development of Intelligent Transportation System features at various transit centers.
5. **Program Management (\$15 million):** capital program professional management support and financial consultants/fees for Metro's financing activities.
6. **Jurisdictional Sponsored Projects (\$3 million):** includes planning and development funds for capital projects sponsored by local jurisdictions.

Reporting on the Capital Budget

Internal Reporting

- Staff provides quarterly reports on the capital budget to the Board of Directors' Budget Committee.
- Throughout the year, project managers provide in-depth reports on their projects to the Board Budget Committee and Planning and Development Committee.

External Reporting

- Quarterly, Metro's General Manager and appropriate staff meet with Federal Transit Administration (FTA) officials to discuss the status of federally-funded projects.
- Each month, Metro staff meets the FTA's Project Management Oversight team to discuss federally-funded projects.
- Metro meets regularly with members of the JCC to discuss various Metro capital projects.

Managing the Capital Budget

Metro has recently established an internal Capital Program Advisory Committee to give guidance to staff during the development of the annual capital budget. In September 2006, Metro presented a framework for managing the capital improvement program to the Board of Directors that will:

- Reduce the funding shortfall identified within the capital program.
- Meet critical safety needs and all legal mandates.
- Keep existing customers by improving reliability and service.
- Develop projects to attract and accommodate new customers.
- Reinvest in infrastructure to reduce future costs.



Summary of State/Local Support



Metro receives both operating and capital support from the states and jurisdictions participating in its Interstate Compact agreement.

District of Columbia

Funds are appropriated each year by the District of Columbia City Council.

Maryland

Funds are appropriated each year by the Maryland General Assembly. Funds come from the Maryland Department of Transportation's Transportation Trust Fund (TTF). Most of the TTF revenue comes from motor fuel tax receipts, titling tax receipts, vehicle registration fees, and the corporate income tax.

Virginia

Five jurisdictions in Virginia support Metro: Arlington County, the City of Alexandria, Fairfax City, Fairfax County and the City of Falls Church.

Funds are provided to the Northern Virginia Transportation Commission to supplement the Virginia localities' share of support to Metro.

SUMMARY OF STATE/LOCAL SUPPORT

	Operating Budget	Capital Budget
	(\$ in millions)	(\$ in millions)
	FY 08	FY 08
District of Columbia	\$201.6	\$61.5
Maryland	\$199.3	\$60.2
Virginia		
City of Alexandria	\$21.6	\$7.4
Arlington County	36.5	14.7
Fairfax City	1.1	0.3
Fairfax County	65.5	23.3
City of Falls Church	1.6	0.5
SUBTOTAL	\$126.3	\$46.3
TOTAL	\$527.3	\$167.9

Notes: Numbers may not sum to total due to rounding. Operating support assumes proposed fare increase and includes debt service.

Dedicated Funding

The states and jurisdictions participating in Metro’s Interstate Compact and the federal government provide a tremendous level of financial support. Without this support, Metro would be unable to operate its system and invest in its infrastructure. However, Metro is now facing serious long-term financial difficulties, especially in the area of capital reinvestment. The region has been working with the U.S. Congress to increase federal funding, matched with dedicated funding from Maryland, Virginia and the District of Columbia to improve Metro’s financial stability.

Metro is the only major transit system in the United States without a significant dedicated funding stream. Metro receives less than two percent of its budget from dedicated funds.

In Northern Virginia, a two percent sales tax is levied on gasoline sellers and retailers (in addition to the 17.5¢ Virginia state tax). The Northern Virginia Transportation Commission uses these funds to supplement the Virginia localities’ share of Metro operating budget support.

As shown in the table on the right, Metro receives far less revenue from dedicated funding than other major U.S. transit systems. Absent a source of dedicated funding, it is difficult for Metro to engage in long term capital planning.

To avoid future funding crises, the region and the Congress have begun to consider increasing federal and state financial support for Metro beyond the current level of effort. This new level of effort would serve as a dedicated funding source for Metro. In order to provide Metro with dedicated funding, the region and federal government must continue their discussions and enact appropriate legislation.

Transit Agency	Share of Total Budget from Dedicated Funds
Dallas Area Rapid Transit Authority (DART)	76.6%
Los Angeles County Metropolitan Transportation Authority (LA Metro)	52.2%
Massachusetts Bay Transportation Authority (MBTA)	36.5%
Chicago Transit Authority (CTA)	26.1%
San Francisco Bay Area Rapid Transit District (BART)	22.0%
New York City Transit (MTA-NYC Transit)	19.7%
Southeastern Pennsylvania Transportation Authority (SEPTA)	12.0%
Metro	1.6%

Source: Brookings Institution

Next Steps in the Budget Development/Approval Process

December

Presentation on FY 2008 Proposed Budget to Board Budget Committee	12/14/06
Mail out draft Metro Matters Annual Work Plan to jurisdictions	12/15/06

January

Presentation on fare policy and possible service changes	1/11/07
Detailed review of revenue, expenses and unfunded operating items	1/11/07
Mail out Proposed Budget for review and comments	1/11/07
Special Board Budget Committee meeting (if necessary)	1/18/07
Board authorizes General Manager to conduct public hearings on fare policy and service changes	1/25/07

February

Detailed review of compensation and performance measures	2/1/07
Review of service levels for bus, rail and paratransit	2/1/07
Capital Improvement Program (CIP) update with policy discussion on debt levels and project deferrals	2/1/07
Special Board Budget Committee meeting (if necessary)	2/15/07
Fare policy and service change public hearings	2/22/07-3/1/07

March

Approval of FY 2008 Metro Matters Annual Work Plan	3/1/07
Proposed Operating Budget - Cost and Revenue Update	3/1/07
Detailed review of subsidy and deferred revenue	3/1/07
Special Board Budget Committee meeting (if necessary)	3/15/07
Receive jurisdictional comments on FY 2008 Proposed Budget	3/16/07
Close public record on fare policy and service changes	3/16/07

April

Proposed Operating Budget - Cost and Revenue Update	4/5/07
Staff report on fare policy and service change public hearings	4/5/07
Special Board Budget Committee meeting (if necessary)	4/19/07

May

Proposed Operating Budget and CIP Update	5/3/07
Submit FY 2008 Proposed Operating and Capital Budget to full Board for approval	5/3/07
Board approval of the FY 2008 Proposed Budget	5/10/07

July

Approved FY 2008 Budget becomes effective	7/1/07
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SUMMARY OF OPERATING REVENUE, EXPENSE, SUBSIDY & RIDERSHIP

(DOLLARS IN MILLIONS)

	Actual FY2005	Actual FY2006	Approved Budget FY2007	Proposed Budget FY2008	Change FY2007 vs. FY2008
<u>Operating Revenue</u>					
Metrorail	\$ 439.7	\$ 477.4	\$ 500.2	\$ 549.0	\$ 48.8
Metrobus	128.7	136.2	140.1	152.2	12.1
MetroAccess	2.8	3.2	3.6	4.0	0.4
Total Revenue	\$ 571.3	\$ 616.8	\$ 643.9	\$ 705.2	\$ 61.3

Operating Expense

Metrorail	\$ 545.0	\$ 597.6	\$ 620.8	\$ 683.9	\$ 63.0
Metrobus	369.4	398.8	427.7	460.8	33.0
MetroAccess	42.3	52.3	56.3	60.4	4.0
Total Expense	\$ 956.7	\$ 1,048.7	\$ 1,104.9	\$ 1,205.0	\$ 100.1

Operating Subsidy	\$ 385.4	\$ 431.9	\$ 461.0	\$ 499.8	\$ 38.8
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Cost Recovery Ratios

Metrorail	81%	80%	81%	80%
Metrobus	35%	34%	33%	33%
MetroAccess	7%	6%	6%	7%
System Total	60%	59%	58%	59%

Ridership (in millions)

Metrorail	195.2	205.6	214.1	205.0
Metrobus	126.8	131.1	133.6	132.0
MetroAccess	1.3	1.4	1.6	1.6
System Total	323.2	338.1	349.3	338.6

Operating Budget Line Items
(DOLLARS IN MILLIONS)

	Actual FY2005	Actual FY2006	Approved Budget FY2007	Proposed Budget FY2008	Change FY2007 vs. FY2008
<u>Operating Revenue</u>					
Passenger	\$ 476.8	\$ 505.4	\$ 530.3	\$ 578.9	\$ 48.6
DC Schools	4.3	4.7	5.0	5.0	0.0
Parking	35.7	38.6	40.0	50.7	10.7
Charter	2.1	2.0	2.0	2.0	0.0
Advertising	29.0	30.0	33.0	35.0	2.0
Joint Development	7.6	7.8	7.2	7.2	(0.0)
Fiber Optics	8.9	9.3	8.8	8.8	(0.0)
Interest	1.8	3.2	4.6	4.6	0.0
Other	5.0	15.8	13.0	13.0	(0.0)
Total Revenue	\$ 571.3	\$ 616.8	\$ 643.9	\$ 705.2	\$ 61.3
<u>Operating Expense</u>					
Personnel	\$ 723.5	\$ 780.3	\$ 821.9	\$ 887.8	\$ 65.9
Services	86.4	101.7	115.2	121.5	6.3
Supplies	67.8	70.9	69.3	71.0	1.7
Fuel & Power	56.5	68.8	71.3	83.1	11.7
Utilities	28.2	30.9	29.9	37.3	7.4
Casualty & Liability	9.1	10.9	12.9	18.0	5.1
Leases & Rentals	4.8	4.6	4.8	5.6	0.8
Miscellaneous	3.8	4.7	4.9	4.9	(0.0)
Reimbursements	(23.5)	(24.2)	(25.3)	(24.1)	1.3
Total Expenses	\$ 956.7	\$ 1,048.7	\$ 1,104.9	\$ 1,205.0	\$ 100.1
Operating Subsidy	\$ 385.4	\$ 431.9	\$ 461.0	\$ 499.8	\$ 38.8
Cost Recovery Ratio	60%	59%	58%	59%	

FY2008 PROPOSED OPERATING BUDGET
(DOLLARS IN MILLIONS)

	Proposed Budget FY2008	Metrobus	Metrorail	MetroAccess
<u>Operating Revenue</u>				
Passenger	\$ 578.9	\$ 117.3	\$ 457.6	\$ 4.0
DC Schools	5.0	2.9	2.1	-
Parking	50.7	-	50.7	-
Charter	2.0	2.0	-	-
Advertising	35.0	23.5	11.6	-
Joint Development	7.2	-	7.2	-
Fiber Optics	8.8	-	8.8	-
Interest	4.6	2.9	1.7	-
Other	13.0	3.7	9.3	-
Total Revenue	\$ 705.2	\$ 152.2	\$ 549.0	\$ 4.0
<u>Operating Expense</u>				
Personnel	\$ 887.8	\$ 378.0	\$ 508.6	\$ 1.1
Services	121.5	17.5	45.6	58.4
Supplies	71.0	30.0	40.9	0.1
Fuel & Power	83.1	35.6	47.4	-
Utilities	37.3	8.0	29.2	0.1
Casualty & Liability	18.0	5.6	12.3	0.0
Leases & Rentals	5.6	1.9	3.2	0.5
Miscellaneous	4.9	1.7	3.1	0.0
Reimbursements	(24.1)	(17.7)	(6.4)	-
Total Expense	\$ 1,205.0	\$ 460.8	\$ 683.9	\$ 60.4
Operating Subsidy	\$ 499.8	\$ 308.5	\$ 134.9	\$ 56.4
Cost Recovery Ratio	59%	33%	80%	7%

Metrorail Operating Budget
(DOLLARS IN MILLIONS)

	Actual FY2005	Actual FY2006	Approved Budget FY2007	Proposed Budget FY2008	Change FY2007 vs. FY2008
Operating Revenue					
Passenger	\$ 373.3	\$ 398.5	\$ 421.1	\$ 457.6	\$ 36.5
DC Schools	2.1	1.4	2.1	2.1	-
Parking	35.7	38.6	40.0	50.7	10.7
Charter	-	-	-	-	-
Advertising	8.7	9.0	10.0	11.6	1.5
Joint Development	7.6	7.8	7.2	7.2	(0.0)
Fiber Optics	8.9	9.3	8.8	8.8	(0.0)
Interest	0.8	1.3	1.7	1.7	0.0
Other	2.5	11.5	9.3	9.3	(0.0)
Total Revenue	\$ 439.7	\$ 477.4	\$ 500.2	\$ 549.0	\$ 48.8
Operating Expense					
Personnel	\$ 415.1	\$ 456.6	\$ 467.9	\$ 508.6	\$ 40.7
Services	31.0	34.7	43.6	45.6	2.0
Supplies	38.0	40.9	39.7	40.9	1.2
Fuel & Power	33.6	35.0	38.7	47.4	8.7
Utilities	21.7	23.2	23.4	29.2	5.8
Casualty & Liability	5.8	7.9	9.1	12.3	3.2
Leases & Rentals	3.0	2.9	2.5	3.2	0.6
Miscellaneous	2.1	2.7	3.1	3.1	0.0
Reimbursements	(5.4)	(6.2)	(7.1)	(6.4)	0.7
Total Expenses	\$ 545.0	\$ 597.6	\$ 620.8	\$ 683.9	\$ 63.0
Operating Subsidy	\$ 105.3	\$ 120.3	\$ 120.6	\$ 134.9	\$ 14.3
Cost Recovery Ratio	81%	80%	81%	80%	

Metrobus Operating Budget
(DOLLARS IN MILLIONS)

	Actual FY2005	Actual FY2006	Approved Budget FY2007	Proposed Budget FY2008	Change FY2007 vs. FY2008
Operating Revenue					
Passenger	\$ 100.6	\$ 103.9	\$ 105.6	\$ 117.3	\$ 11.7
DC Schools	2.2	3.4	2.9	2.9	-
Parking	-	0.0	-	-	-
Charter	2.1	2.0	2.0	2.0	0.0
Advertising	20.3	21.0	23.0	23.5	0.5
Joint Development	-	-	-	-	-
Fiber Optics	-	-	-	-	-
Interest	1.0	2.0	2.9	2.9	0.0
Other	2.5	4.0	3.7	3.7	(0.0)
Total Revenues	\$ 128.7	\$ 136.2	\$ 140.1	\$ 152.2	\$ 12.1
Operating Expense					
Personnel	\$ 307.8	\$ 323.2	\$ 352.2	\$ 378.0	\$ 25.8
Services	14.2	15.8	17.7	17.5	(0.2)
Supplies	29.8	29.9	29.6	30.0	0.4
Fuel & Power	22.9	33.9	32.7	35.6	3.0
Utilities	6.4	7.7	6.5	8.0	1.6
Casualty & Liability	3.3	3.0	3.8	5.6	1.8
Leases & Rentals	1.6	1.3	1.7	1.9	0.1
Miscellaneous	1.6	2.0	1.8	1.7	(0.0)
Reimbursements	(18.1)	(18.0)	(18.3)	(17.7)	0.6
Total Expenses	\$ 369.4	\$ 398.8	\$ 427.7	\$ 460.8	\$ 33.0
Operating Subsidy	\$ 240.7	\$ 262.6	\$ 287.7	\$ 308.5	\$ 20.9
Cost Recovery Ratio	35%	34%	33%	33%	

MetroAccess Operating Budget
(DOLLARS IN MILLIONS)

	Actual FY2005	Actual FY2006	Approved Budget FY2007	Proposed Budget FY2008	Change FY2007 vs. FY2008
Operating Revenue					
Passenger	\$ 2.8	\$ 3.0	\$ 3.6	\$ 4.0	\$ 0.4
DC Schools	-	-	-	-	-
Parking	-	-	-	-	-
Charter	-	-	-	-	-
Advertising	-	-	-	-	-
Joint Development	-	-	-	-	-
Fiber Optics	-	-	-	-	-
Interest	-	-	-	-	-
Other	-	0.3	-	-	-
Total Revenue	\$ 2.8	\$ 3.2	\$ 3.6	\$ 4.0	\$ 0.4
Operating Expense					
Personnel	\$ 0.7	\$ 0.5	\$ 1.8	\$ 1.1	\$ (0.7)
Services	41.3	51.2	53.9	58.4	4.6
Supplies	0.0	0.1	0.0	0.1	0.1
Fuel & Power	0.0	0.0	-	-	-
Utilities	0.1	0.1	0.1	0.1	0.0
Casualty & Liability	(0.0)	-	0.0	0.0	0.0
Leases & Rentals	0.2	0.5	0.5	0.5	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0
Reimbursements	(0.0)	-	-	-	-
Total Expenses	\$ 42.3	\$ 52.3	\$ 56.3	\$ 60.4	\$ 4.0
Operating Subsidy	\$ 39.4	\$ 49.0	\$ 52.7	\$ 56.4	\$ 3.6
Cost Recovery Ratio	7%	6%	6%	7%	

Capital Budget Appendix

Proposed Capital Improvement Program: FY 2008-2013

(dollars in millions)

CIP Program Elements	FY 2008 Budget	FY 2009 Projection	FY 2010 Projection	FY 2011 Projection	FY 2012 Projection	FY 2013 Projection	FY 2008-13 Total
A. Infrastructure Renewal Program							
• Rolling Stock: Bus	\$ 49,110	\$ 59,974	\$ 41,014	\$ 37,952	\$ 32,676	\$ 30,775	\$ 251,501
• Rolling Stock: Rail	0,339		5,000	3,065	3,686	92,325	104,415
• Passenger Facilities	54,305	64,634	58,871	68,997	59,285	52,228	358,320
• Safety and Security	11,000	11,000					22,000
• Maintenance Facilities	42,111	31,526	26,105	60,802	59,106	39,806	259,456
• Systems	40,120	90,449	88,303	152,084	75,260	61,002	507,218
• Track and Structures	40,214	44,968	45,479	51,716	44,725	41,597	268,699
• Information Technology	22,227	12,450	10,000	10,000	10,000	10,000	74,677
• Preventive Maintenance	20,700	20,700	20,700	20,700	20,700	20,700	124,200
Subtotal	\$ 280,126	\$ 335,701	\$ 295,472	\$ 405,316	\$ 305,438	\$ 348,433	\$ 1,970,486
B. Eight-Car Train Capital Initiative							
• Rail Cars	85,743	1,413	3,714	2,837	0,239		93,946
• Facilities	41,267	6,466					47,733
• Systems	54,635						54,635
Subtotal	\$ 181,645	\$ 7,879	\$ 3,714	\$ 2,837	\$ 0,239	\$ -	\$ 196,314
C. Bus Improvement Capital Initiative							
• Buses	26,500	20,700	34,610				81,810
• Garage	16,097	0,103					16,200
• Customer Facilities	5,580	5,360	1,460				12,400
Subtotal	\$ 48,177	\$ 26,163	\$ 36,070	\$ -	\$ -	\$ -	\$ 110,410
D. Reimbursable Capital Projects							
• Arlington Co. Capital Program Admin.	0,150						0,150
• Project Development	3,000	3,000	3,000	3,000	3,000	3,000	18,000
Subtotal	\$ 3,150	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 18,150
Subtotal: Capital Projects	\$ 513,098	\$ 372,743	\$ 338,256	\$ 411,153	\$ 308,677	\$ 351,433	\$ 2,295,360
E. Program Management							
• Program Management & Support	12,884	11,458	8,197	9,002	6,247	9,621	57,409
• Credit Facility	2,000	2,000	2,000	2,000	2,000	2,000	12,000
• Debt Service			114,963	75,417	121,348	125,867	437,595
Subtotal	\$ 14,884	\$ 13,458	\$ 125,160	\$ 86,419	\$ 129,595	\$ 137,488	\$ 507,004
Total CIP	\$ 527,982	\$ 386,201	\$ 463,416	\$ 497,572	\$ 438,272	\$ 488,921	\$ 2,802,364
• Debt Service and Financing	206,000	97,568	6,000		34,174	6,381	350,123
Total All Capital Needs	\$ 733,982	\$ 483,769	\$ 469,416	\$ 497,572	\$ 472,446	\$ 495,302	\$ 3,152,487

Sources of Funds for All Capital Needs: FY 2008-2013
and for Proposed Capital Budget: FY 2008

(dollars in millions)

	FY 2008 Budget	FY 2009 Projection	FY 2010 Projection	FY 2011 Projection	FY 2012 Projection	FY 2013 Projection	FY 2008-13 Total	FY 2008 Funds	
								CIP	Debt Service & Financing
A. Federal Funds:									
• Federal Formula Grant Funds:									
- Section 5307 Federal Grant	\$ 122.003	\$ 131.153	\$ 140.989	\$ 151.563	\$ 162.930	\$ 175.150	\$ 883.788	\$ 55.259	\$ 66.744
- Section 5309 Federal Grant	75.636	81.309	87.407	93.963	101.010	108.586	547.911	34.256	41.380
Subtotal - Fed. Formula Grants	\$ 197.639	\$ 212.462	\$ 228.396	\$ 245.526	\$ 263.940	\$ 283.736	\$ 1,431.699	\$ 89.515	\$ 108.124
• Federal Discretionary / SAFETEA-LU	35.000	35.000	34.000				104.000	35.000	
• Homeland Security - Transit & UASI	11.000	11.000					22.000	11.000	
Subtotal: Federal Funds	\$ 243.639	\$ 258.462	\$ 262.396	\$ 245.526	\$ 263.940	\$ 283.736	\$ 1,557.699	\$ 135.515	\$ 108.124
B. State and Local Funds:									
• District of Columbia	\$ 61.450	\$ 66.534	\$ 73.624	\$ 74.712	\$ 75.816	\$ 76.937	\$ 429.073	\$ 27.831	\$ 33.619
• Montgomery County	28.586	30.951	34.250	34.756	35.270	35.791	199.604	12.947	15.639
• Prince Georges County	31.610	34.224	37.871	38.430	38.998	39.575	220.708	14.316	17.294
Maryland Subtotal	\$ 60.196	\$ 65.175	\$ 72.121	\$ 73.186	\$ 74.268	\$ 75.366	\$ 420.312	\$ 27.263	\$ 32.933
• Alexandria	7.441	8.057	8.915	9.047	9.181	9.316	51.957	3.370	4.071
• Arlington County	14.732	15.788	17.471	17.729	17.991	18.257	101.968	6.672	8.060
• City of Fairfax	0.325	0.352	0.389	0.395	0.401	0.407	2.269	0.147	0.178
• Fairfax County	23.317	25.245	27.936	28.349	28.768	29.193	162.808	10.560	12.757
• Falls Church	0.471	0.510	0.564	0.573	0.581	0.590	3.289	0.213	0.258
Virginia Subtotal	\$ 46.286	\$ 49.952	\$ 55.275	\$ 56.093	\$ 56.922	\$ 57.763	\$ 322.291	\$ 20.962	\$ 25.324
Subtotal: State and Local Funds	\$ 167.932	\$ 181.661	\$ 201.020	\$ 203.991	\$ 207.006	\$ 210.066	\$ 1,171.676	\$ 76.056	\$ 91.876
C. Other Sources									
• Misc. Internal CIP Funding Sources				48.055	1.500	1.500	51.055		
• Passenger Revenue / Vertical Transp.	6.000	6.000	6.000				18.000		6.000
• Debt and Related Capital Sources	316.411	37.646					354.057	316.411	
Subtotal: Other Sources	\$ 322.411	\$ 43.646	\$ 6.000	\$ 48.055	\$ 1.500	\$ 1.500	\$ 423.112	\$ 316.411	\$ 6.000
Total	\$ 733.982	\$ 483.769	\$ 469.416	\$ 497.572	\$ 472.446	\$ 495.302	\$ 3,152.487	\$ 527.982	\$ 206.000

Service Reductions Appendix

Management Actions to Reduce/Eliminate Inefficient Service

In FY 2008, Metro is proposing \$13.6 million in service reductions. This includes \$7.1 million for Metrobus and \$6.5 million for Metrorail.

FY 2008 Proposed Service Reductions

Bus Service

Under Performing Routes	(\$ in millions)
Strategic Buses Reduction	(\$5.4)
Reduce Holiday Service	(1.4)
Subtotal	<u>(0.3)</u>
	(\$7.1)

Rail Service

New Car Substitution	
Weekend Service Hours	(\$3.9)
Close Underutilized Station Entrances	(1.8)
Reduce Holiday Service	(0.5)
Subtotal	<u>(0.3)</u>
	(\$6.5)

TOTAL SERVICE REDUCTIONS

(\$13.6)

Metrobus Service Reductions

Metro has five criteria to measure bus productivity: (1) route carries fewer than 300 passengers per day; (2) route carries fewer than 1.3 passengers per revenue mile; (3) route carries fewer than 10 passengers per trip; (4) subsidy per passenger exceeds \$4.80; and (5) cost recovery for the route is less than 12.4%. Metrobus is proposing three actions to reduce service:

- Eliminate routes failing to meet four out of five performance measures of productivity. Virginia routes: West Falls Church Shuttle (26 W); Vienna-Oakton (2 W); Kings Park (17A, B, F, M); Centerville North (12 C, D); Pimmit Hills (3 T); E. Falls Church Shuttle (26 A-E); McLean Ham/E. Falls Church (24 T); L RKY Run-Vienna (12 L and M); and Springfield (18E and F). District routes: Adams Morgan U St. Link (98). Routes to be eliminated cost between \$5.19 and \$12.56 per passenger while the average of all bus routes costs \$1.83 per passenger.
- Reduce number of strategic buses from 25 to 13. The purchase of new buses has improved the quality and reliability of the bus fleet, reducing the need for back-up buses.
- Scale back bus service on four holidays (Columbus, Veterans, Martin Luther King, and Presidents Day) and revert to holiday fares.

Metrorail Service Reductions

Metrorail is proposing to: (1) substitute new cars for out-of-service overhaul cars due to a shortage in the number of rail cars available; (2) open on weekends at 8 a.m.; (3) close underutilized station entrances on weekends; and (4) scale back rail service on four holidays (Columbus, Veterans, Martin Luther King, and Presidents Day) and revert to holiday fares.

Fare Proposal Appendix

Metrorail Fare Proposal Comparison - Peak Period

	Current	Across the Board	Proposed
Vienna to Metro Center	\$3.55	\$4.20	\$4.35
Clarendon to Metro Center	\$1.55	\$1.85	\$2.10
Franconia-Springfield to Metro Center	\$3.60	\$4.25	\$4.35
King St to Metro Center	\$2.35	\$2.80	\$3.00
Shady Grove to Metro Center	\$3.90	\$4.60	\$4.70
Silver Spring to Metro Center	\$2.30	\$2.75	\$2.95
Branch Ave to Metro Center	\$2.60	\$3.05	\$3.25
West Hyattsville to Metro Center	\$2.05	\$2.40	\$2.60
Largo to Metro Center	\$2.95	\$3.50	\$3.65
Cheverly to Metro Center	\$2.25	\$2.65	\$2.85
Rhode Island Ave to Metro Center	\$1.35	\$1.60	\$1.85
Anacostia to Metro Center	\$1.45	\$1.70	\$1.95
Vienna to Ballston	\$2.60	\$3.05	\$2.90
Franconia-Springfield to Crystal City	\$2.85	\$3.35	\$3.15
Clarendon to King St	\$2.35	\$2.75	\$2.60
Benning Rd to Columbia Heights	\$2.25	\$2.65	\$2.50
Branch Ave to U St	\$2.80	\$3.30	\$3.15
Wheaton to Silver Spring	\$1.40	\$1.65	\$1.55
Rhode Island Ave to Silver Spring	\$1.90	\$2.25	\$2.10

Metrorail Fare Proposal Comparison - Off-Peak

	Current	Across the Board	Proposed
Vienna to Metro Center	\$2.35	\$2.75	\$2.80
Clarendon to Metro Center	\$1.35	\$1.60	\$1.40
Franconia-Springfield to Metro Center	\$2.35	\$2.75	\$2.80
King St to Metro Center	\$1.85	\$2.15	\$2.00
Shady Grove to Metro Center	\$2.35	\$2.75	\$3.00
Silver Spring to Metro Center	\$1.85	\$2.15	\$1.95
Branch Ave to Metro Center	\$1.85	\$2.15	\$2.15
West Hyattsville to Metro Center	\$1.35	\$1.60	\$1.80
Largo to Metro Center	\$2.35	\$2.75	\$2.40
Cheverly to Metro Center	\$1.85	\$2.15	\$1.90
Rhode Island Ave to Metro Center	\$1.35	\$1.60	\$1.25
Anacostia to Metro Center	\$1.35	\$1.60	\$1.30
Vienna to Ballston	\$1.85	\$2.15	\$2.15
Franconia-Springfield to Crystal City	\$2.35	\$2.75	\$2.30
Clarendon to King St	\$1.85	\$2.15	\$1.95
Benning Rd to Columbia Heights	\$1.85	\$2.15	\$1.90
Branch Ave to U St	\$2.35	\$2.75	\$2.30
Wheaton to Silver Spring	\$1.35	\$1.60	\$1.30
Rhode Island Ave to Silver Spring	\$1.35	\$1.60	\$1.65



*Washington Metropolitan Area Transit Authority
600 5th Street, NW
Washington, DC 20001*

Results of the Regional Bus Conference

Presented to the Board of Directors:

Planning and Development Committee

December 21, 2006





Conference Facts/Showcase

Marriott Bethesda North Hotel and
Conference Center

Over 280 attendees plus 20
exhibitors

Showcases represented many
systems/agencies:

Fairfax County Connector

Fairfax City CUE

Prince George's THE BUS

Arlington Transit (ART)

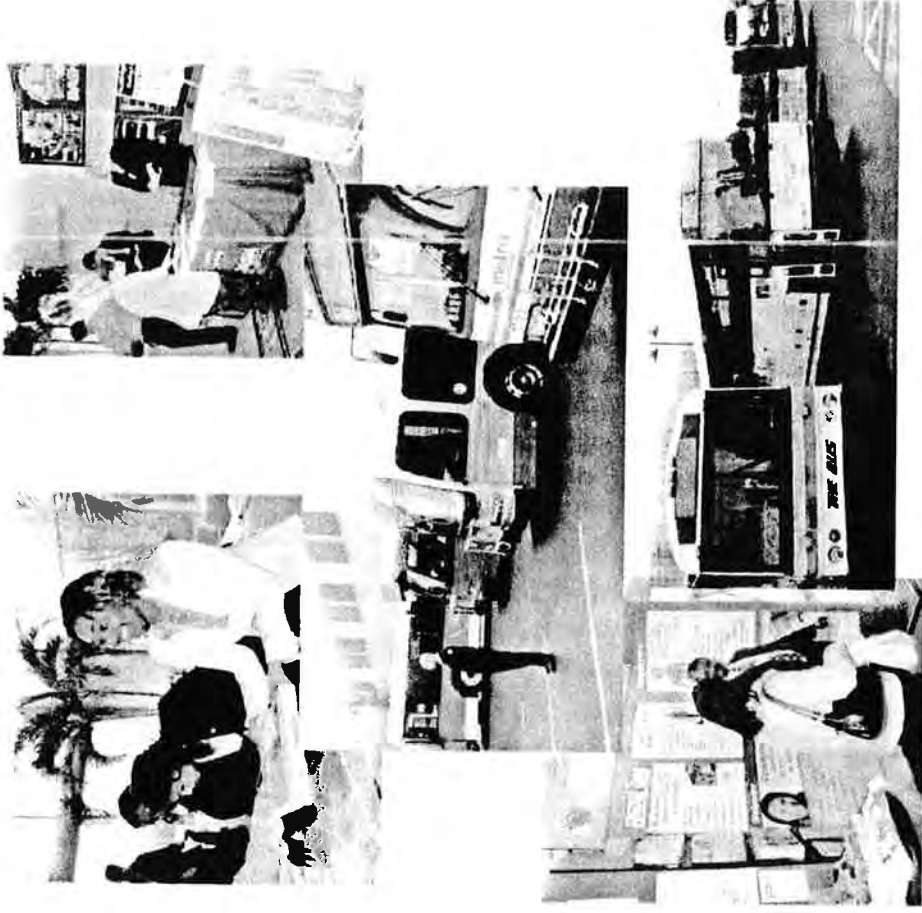
Alexandria DASH

Montgomery County Ride-On

District of Columbia Circulator

MTA Maryland Commuter Bus

Metrobus





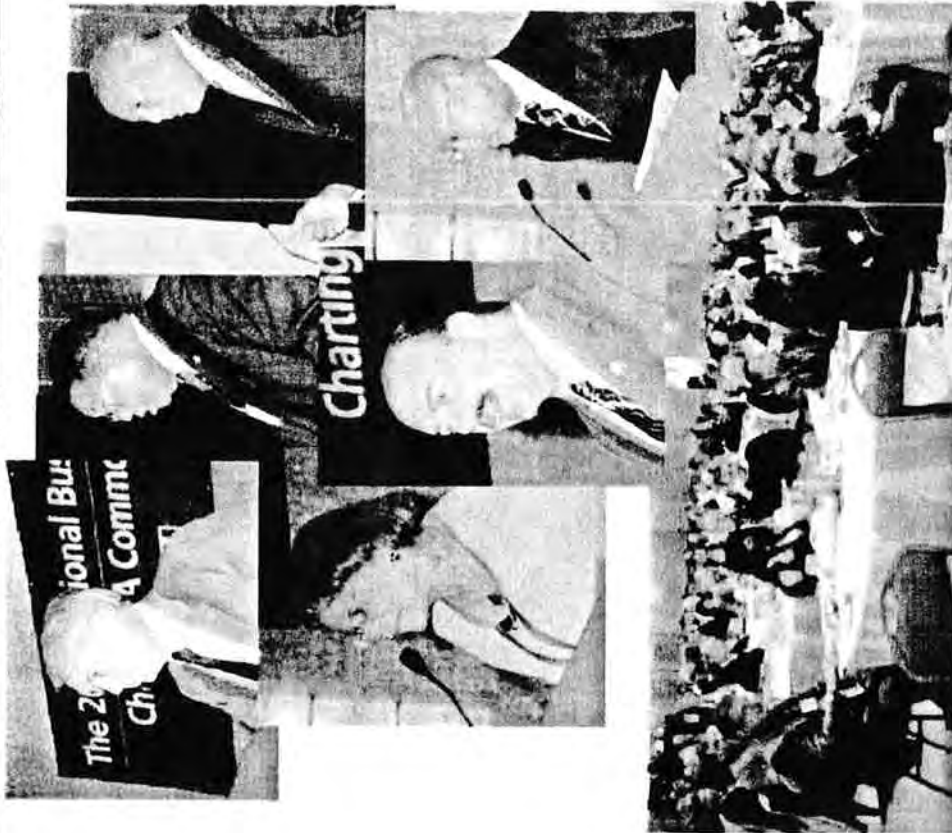
General Session

- *Opening Session*

- *Improving Bus Customer Service through Regional Integration*

- *National Best Practices*

- Traffic Management
- Transit Waiting Environment
- Service Integration
- Fare Policy

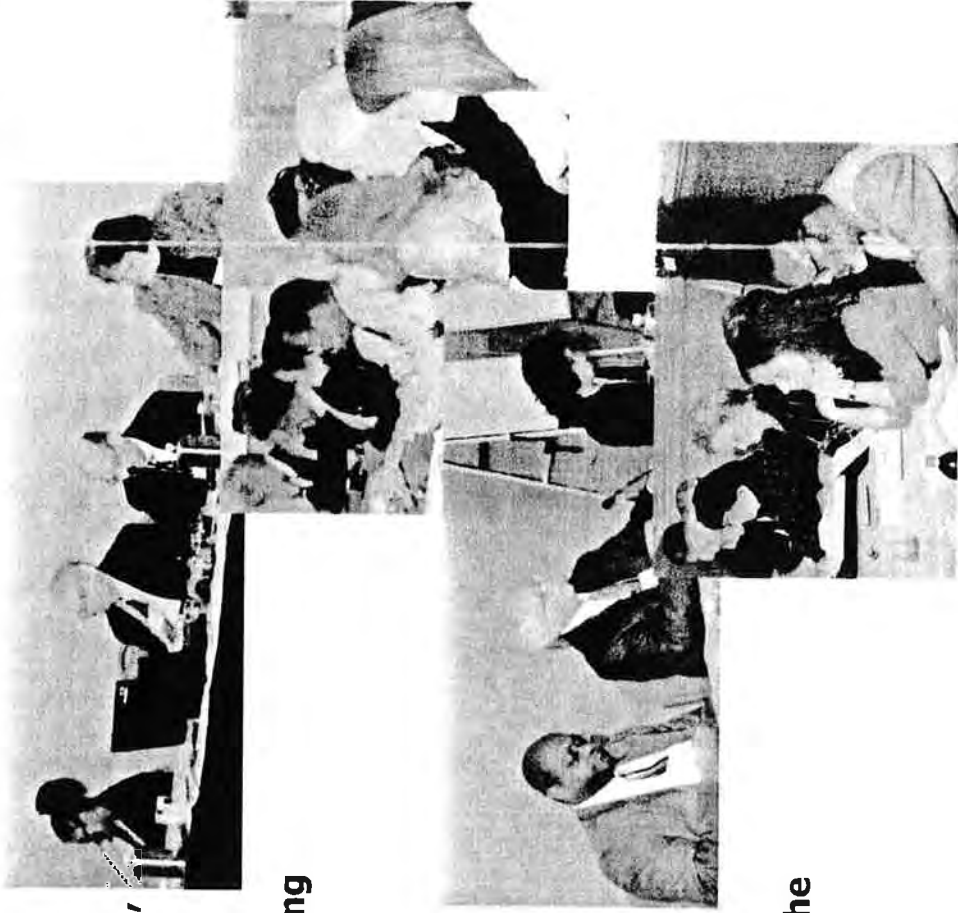




Break-Out Workshop Summaries

Service Integration

- Recommended developing a unique, multi-jurisdictional committee comprised of representatives from various agencies.
- Establish a new paradigm for planning coordinated corridor service that emphasizes marketing, information technology/communication and infrastructure.



Traffic Management

- An institutional action plan must be identified and implemented.
- The diversity of the issues, stakeholders, and policy makers is the most significant challenge facing regional traffic management.



Break-Out Workshop Summaries

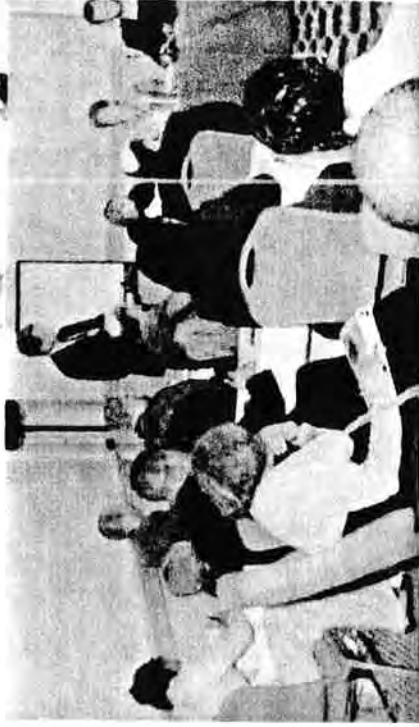
Bus Stops

- Concluded that action on bus stops is required on a regional basis.
- The discussion highlighted service change communication, maintenance, interactive multimedia trip planners, universal guidance on bus stop design, jurisdictional coordination.



Fare Policy

- Focused on promoting SmarTrip® convenience.
- Consensus was reached on the principles behind the policies discussed.
- Panel members wanted specific benchmarks met and action plans in place before the day pass and transfer were eliminated.





Participation from Diverse Agencies

Craig Keish, Southwest Airlines spoke about *Providing Outstanding Customer Service*



“ An unhappy customer shares experience with 15-30 people and a happy customer only 6 people.”



The conference provided the regional bus stakeholders a rare chance to meet, greet and share perspectives.





Regional Bus Services - Next Steps

Future plans lay out an aggressive role for WMATA in preparing strategies for meeting these future obligations.

1. Generate Conference Reports (hardcopy and web-based)
2. Lead WMATA's Planning and Joint Development Department's Interdepartmental Management Team
3. Create a Regional Bus Committee (Steering and Technical subcommittees)
4. Provide Annual budget estimates and funding requests
5. Implement Strategies



AGENDA ITEM #13

MEMORANDUM

TO: Chairman Connolly and NVTC Commissioners
FROM: Rick Taube
DATE: December 28, 2006
SUBJECT: Regional Transportation Items.

A. Transportation Technology Summit.

On December 7th and 8th, 2006, the Center for Innovative Technology hosted a Transportation Technology Roundtable at their Herndon headquarters. The purpose of this event was to bring together numerous transportation and technology professionals from public and private organizations across Virginia, to focus on this stated goal: *“To identify and prioritize opportunities for public-private partnership-based congestion relief projects in Northern Virginia that provide results quicker, more effectively and at lower costs.”* NVTC staff attended both days of the Roundtable.

The first day consisted mainly of presentations from Secretary Homer, DRPT, VDOT and MWCOG, which served to illustrate the depth and seriousness of the transportation issues facing the region. There was a great deal of interesting and important information presented, some of which was surprising. For example, one slide stated that a four percent drop in demand for our region’s road network would lead to a reduction in congestion-related delays of over 50%! The remainder of the first day consisted of a brief question and answer period following the presentations.

The second day again began with presentations, this time from FHWA, ITS America, and APTA. Again, the main theme was the transportation challenges facing the region, with an emphasis on technology-related solutions. Attendees were then assigned to breakout groups, and charged with the task of coming up with short and long term solutions to address both the supply and demand side of the transportation issues. After 90 minutes of intense discussion



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among the breakout groups, the attendees were again assembled in the main meeting room, and one representative from each of the four breakout groups reported back the results of their group's discussions. Telecommuting, telework centers, improved incident management, and better traveler information systems were the most commonly mentioned solutions from the breakout groups.

The session concluded with remarks from Secretary Homer and Technology Secretary Anish Chopra thanking the participants, and calling on all attendees to continue their important work toward the stated goal of congestion relief in Northern Virginia.

B. 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 a Blue Ribbon Panel of Transportation Experts. Details are attached.

C. 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 of state, regional and local staff on January 5th to begin to consider whether the region should seek to participate.



COMMONWEALTH of VIRGINIA

Aneesh P. Chopra
Secretary of Technology
804-786-9579

Office of the Governor

Post Office Box 1475
Richmond, Virginia 23218

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

November 15, 2006

Greetings:

Governor Kaine has challenged the technology and transportation communities to provide creative solutions to the transportation crisis that grips the Northern Virginia region. Although the Commonwealth and numerous local and regional entities have invested significantly in transportation technology, it is clear that smarter investments and better business decisions can help us to manage the transportation gridlock that affects the day-to-day lives of every Northern Virginian.

As a follow-up to that challenge, we would like to invite you to participate in a Technology Roundtable to be held December 7-8, 2006, at the Center for Innovative Technology, in Herndon, Virginia. You and a small number of other knowledgeable individuals can help us ask hard questions and seek real world transportation and technology solutions.

The goal of this Roundtable is to develop a common understanding of the transportation problems afflicting the region. Based on that common understanding, we will seek to engage the private sector technology communities, as well as several public and private transportation agencies, to identify and prioritize a very limited number of well-defined opportunities for either technological or leadership solutions.

The agenda for the Roundtable is attached. We believe that your knowledge and insight will be invaluable to these discussions and ask that you join us on December 7 and 8. Please let us know that you will be able to attend the Roundtable by responding to Dr. Gary R. Allen at his email, gary.allen@vdot.virginia.gov, by November 30, 2006. In addition, if you have any questions, please do not hesitate to contact us or Dr. Allen.

Sincerely,

Pierce R. Homer
Secretary of Transportation

Aneesh P. Chopra
Secretary of Technology

(Attachment)

Transportation Technology Summit
December 7-8, 2006
Center for Innovative Technology
2214 Rock Hill Road, Suite 600, Herndon, Virginia 20171

Goal: To identify and prioritize opportunities for public-private partnership-based congestion relief projects in Northern Virginia that provide results quicker, more effectively and at lower costs.

December 7, 2006

1:30 – 1:45 **Welcome, Opening Remarks and Goals of the Meeting**
The Honorable Pierce Homer, Secretary of Transportation
The Honorable Aneesh Chopra, Secretary of Technology

1:45 – 2:15 **Transportation in the National Capital Region**
Ron Kirby, Director of Transportation Planning, MWCOG

2:15 – 3:45 **Current State of Technology and Initiatives in Northern Virginia**
Presentations will provide details on specific activities in the Northern Virginia region including:

- *Traffic and incident management (to include integrated corridor management)*
- *Traveler information (highway and transit)*
- *Real-time data*
- *Signal system optimization*
- *Value pricing/tolling options*
- *Transit fare payment systems (SmarTrip)*
- *Rideshare systems and programs*
- *Field device communications master plan*
- *Private sector services and partnerships*
- *Other initiatives and programs*

3:45 – 4:00 **BREAK**

4:00 – 5:00 **Facilitated Discussion**
Workshop participants will be encouraged to ask any questions they have regarding how the Northern Virginia transportation network is designed and/or operated. Speakers from earlier segments will be available to respond to questions.

5:00 **Day 1 Closing Remarks and Adjournment—Secretary Homer**

Note: A social hour/dinner is being considered

December 8, 2006

8:00 –9:30 National/International Views, State of the Practice, Lessons Learned

- Jeff Paniati, Associate Administrator for Operations, Federal Highway Administration
- Neil Schuster, President and CEO, Intelligent Transportation Society of America
- TBD, American Public Transit Association

9:30 – 9:45 Charge to small groups

Gary Allen, VDOT Chief of Technology, Research and Innovation

9:45 – 11:30 Small Group Work

Participants will be assigned to groups to formulate concise problem statements defining a key transportation problem in the Northern Virginia Region and potential technology solutions.

11:30 – 11:45 Break

11:45 – 12:45 Plenary Discussion of Problem Statements

Results from the small group work will be reported out and discussed by all participants. Problem statements and potential technology solutions will be refined as necessary and prioritized.

12:45 – 1:00 Next Steps

Secretary of Technology, Aneesh Chopra
Secretary of Transportation, Pierce Homer

1:00 Adjourn



**National Surface
Transportation Policy
and Revenue Study
Commission**

December 6, 2006

Mr. Richard K. Taube
Executive Director
Northern Virginia Transportation Commission
4350 North Fairfax Drive
Suite 720
Arlington, VA 22203

DEC 11 2006
10:51 AM

Commissioners:

Mary Peters, Chair
Secretary
U.S. Department of Transportation

Jack Schenendorf, Vice Chair
Of Counsel
Covington and Burling, LLP

Frank Busalacchi
Secretary
Wisconsin Department of Transportation

Maria Cino
Deputy Secretary
U.S. Department of Transportation

Rick Geddes
Associate Professor
Department of Policy Analysis and
Management
Cornell University

Steve Heminger
Executive Director
Metropolitan Transportation
Commission San Francisco Bay Area

Frank McArdle
Senior Advisor
General Contractors Association of
New York

Steve Odland,
Chairman and CEO
Office Depot, Inc.

Patrick E. Quinn
Co-Chairman and President
American Trucking Associations, Inc.

Matt Rose
Chairman and CEO
Burlington Northern Santa Fe Railroad

Tom Skancke
CEO
The Skancke Company

Paul Weyrich
Chairman and CEO
Free Congress Foundation

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in the world."*

Susan Binder
Executive Director
(202)366-9208
susan.binder@dot.gov

Dear Mr. Taube:

We are delighted to invite you to serve on a Blue Ribbon Panel of Transportation Experts that has been formed by the National Surface Transportation Policy and Revenue Study Commission. The Commission was created by Congress to provide recommendations on the future needs and funding of the Nation's surface Transportation system.

As needed, the Commission will call upon you to inform its deliberations on issues involving your special area of expertise. The Commission activities are expected to continue until the end of 2007.

I hope you will find it possible to accept this invitation, and give the Commission the benefit of your valued counsel. Please indicate your acceptance or declination by returning the enclosed Acknowledgement of Invitation with your preferred contact information.

For further information, please feel free to contact Commission Executive Director, Ms. Susan J. Binder, at (202) 366-9208, or via e-mail at susan.binder@dot.gov.

Sincerely,

Mary E. Peters
Chair

Jack Schenendorf
Vice-Chair

Enclosure



AGENDA ITEM #14

MEMORANDUM

TO: Chairman Connolly and NVTC Commissioners
FROM: Scott Kalkwarf and Coletia Quarles
DATE: December 28, 2006
SUBJECT: NVTC Financial Reports for November, 2006.

The reports are attached for your information.



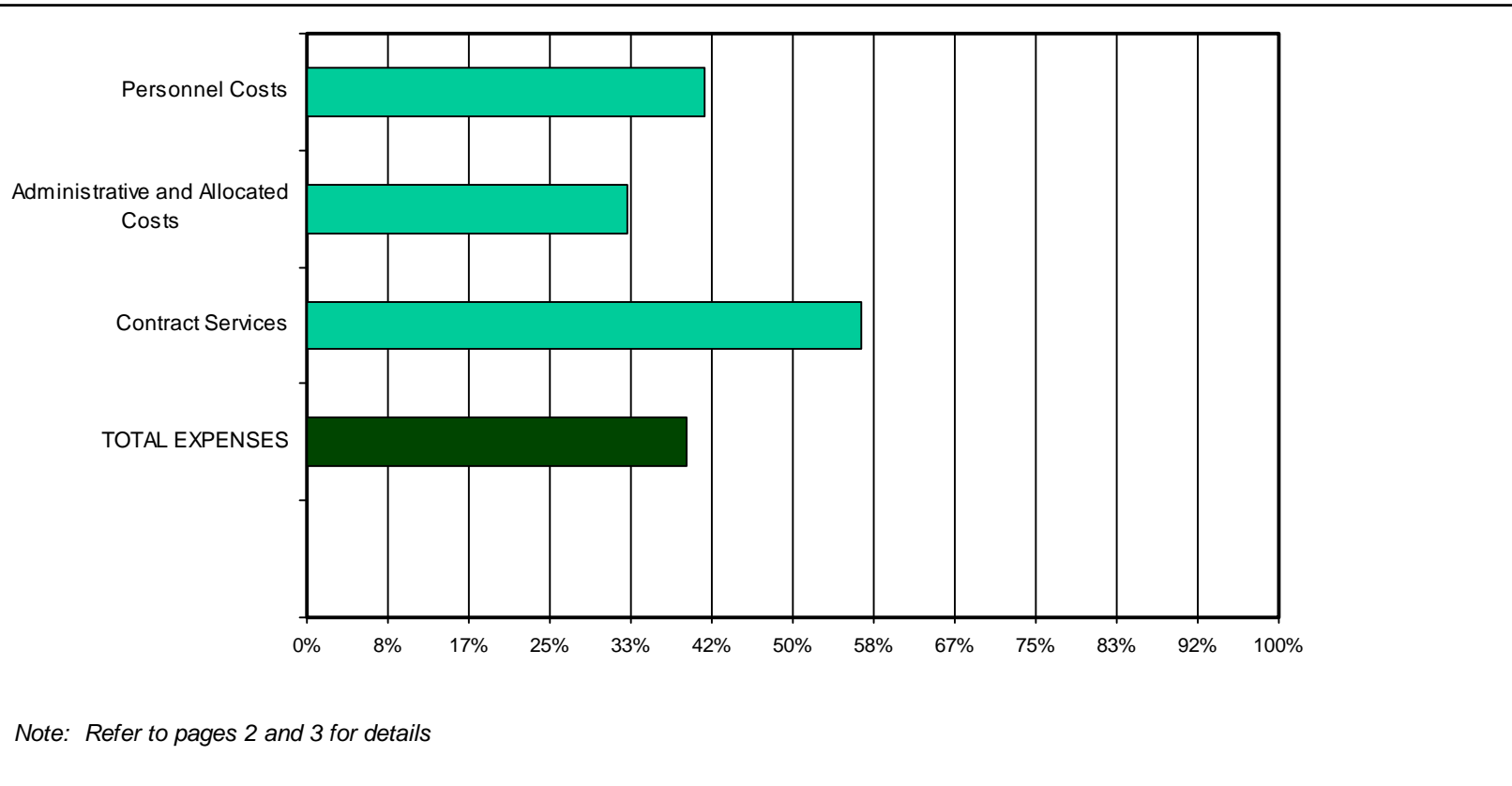
4350 N. Fairfax Drive • Suite 720 • Arlington, Virginia 22203
Tel (703) 524-3322 • Fax (703) 524-1756 • TDD (800) 828-1120 • VA Relay Service
E-mail nvtc@nvtc.org • Website www.thinkoutsidethecar.org

Northern Virginia Transportation Commission

Financial Reports

November, 2006

Percentage of FY 2007 NVTC Administrative Budget Used
November, 2006
(Target 41.66% or less)



NORTHERN VIRGINIA TRANSPORTATION COMMISSION
G&A BUDGET VARIANCE REPORT
November, 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	\$ 59,787.62	\$ 277,542.70	\$ 649,150.00	\$ 371,607.30	57.2%
Temporary Employee Services	-	-	1,000.00	1,000.00	100.0%
Total Personnel Costs	59,787.62	277,542.70	650,150.00	372,607.30	57.3%
<u>Benefits</u>					
Employer's Contributions:					
FICA	3,073.49	17,772.24	45,700.00	27,927.76	61.1%
Group Health Insurance	2,975.47	19,110.51	70,500.00	51,389.49	72.9%
Retirement	3,433.21	21,489.50	49,500.00	28,010.50	56.6%
Workmans & Unemployment Compensation	-	1,092.00	4,250.00	3,158.00	74.3%
Life Insurance	273.72	1,403.05	3,500.00	2,096.95	59.9%
Long Term Disability Insurance	277.16	1,374.32	4,400.00	3,025.68	68.8%
Total Benefit Costs	10,033.05	62,241.62	177,850.00	115,608.38	65.0%
<u>Administrative Costs</u>					
Commissioners Per Diem	1,650.00	5,250.00	21,700.00	16,450.00	75.8%
<i>Rents:</i>					
Office Rent	15,056.20	72,646.60	174,400.00	101,753.40	58.3%
Parking	13,364.20	67,054.60	162,900.00	95,845.40	58.8%
Parking	1,692.00	5,592.00	11,500.00	5,908.00	51.4%
<i>Insurance:</i>					
Public Official Bonds	100.00	703.00	4,900.00	4,197.00	85.7%
Liability and Property	100.00	500.00	3,200.00	2,700.00	84.4%
Liability and Property	-	203.00	1,700.00	1,497.00	88.1%
<i>Travel:</i>					
Conference Registration	758.08	5,182.52	22,950.00	17,767.48	77.4%
Conference Registration	-	1,315.00	2,000.00	685.00	34.3%
Conference Travel	76.00	2,277.64	5,000.00	2,722.36	54.4%
Local Meetings & Related Expenses	582.08	1,426.35	12,200.00	10,773.65	88.3%
Training & Professional Development	100.00	163.53	3,750.00	3,586.47	95.6%
<i>Communication:</i>					
Postage	1,232.36	4,327.29	10,600.00	6,272.71	59.2%
Postage	657.92	1,496.88	4,600.00	3,103.12	67.5%
Telephone - LD	110.84	527.01	1,300.00	772.99	59.5%
Telephone - Local	463.60	2,303.40	4,700.00	2,396.60	51.0%
<i>Publications & Supplies</i>					
Office Supplies	564.02	4,525.79	29,800.00	25,274.21	84.8%
Office Supplies	-	535.99	4,300.00	3,764.01	87.5%
Duplication	564.02	3,989.80	15,500.00	11,510.20	74.3%
Public Information	-	-	10,000.00	10,000.00	100.0%

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

	<u>Current Month</u>	<u>Year To Date</u>	<u>Annual Budget</u>	<u>Balance Available</u>	<u>Balance %</u>
<i>Operations:</i>	1,133.09	3,131.59	23,800.00	20,668.41	86.8%
Furniture and Equipment	151.19	151.19	7,800.00	7,648.81	98.1%
Repairs and Maintenance	475.00	1,410.71	1,000.00	(410.71)	-41.1%
Computers	506.90	1,569.69	15,000.00	13,430.31	89.5%
<i>Other General and Administrative</i>	325.93	2,597.81	6,400.00	3,802.19	59.4%
Subscriptions	-	-	400.00	400.00	100.0%
Memberships	140.00	1,483.00	1,400.00	(83.00)	-5.9%
Fees and Miscellaneous	185.93	1,114.81	2,800.00	1,685.19	60.2%
Advertising (Personnel/Procurement)	-	-	1,800.00	1,800.00	100.0%
40th Anniversary	-	-	-	-	0
Total Administrative Costs	20,819.68	98,364.60	294,550.00	196,185.40	66.6%
<u>Contracting Services</u>					
Auditing	3,025.00	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	3,025.00	10,525.00	18,200.00	7,675.00	42.2%
 Total Gross G&A Expenses	<u>\$ 93,665.35</u>	<u>\$ 448,673.92</u>	<u>\$ 1,140,750.00</u>	<u>\$ 692,076.08</u>	<u>60.7%</u>

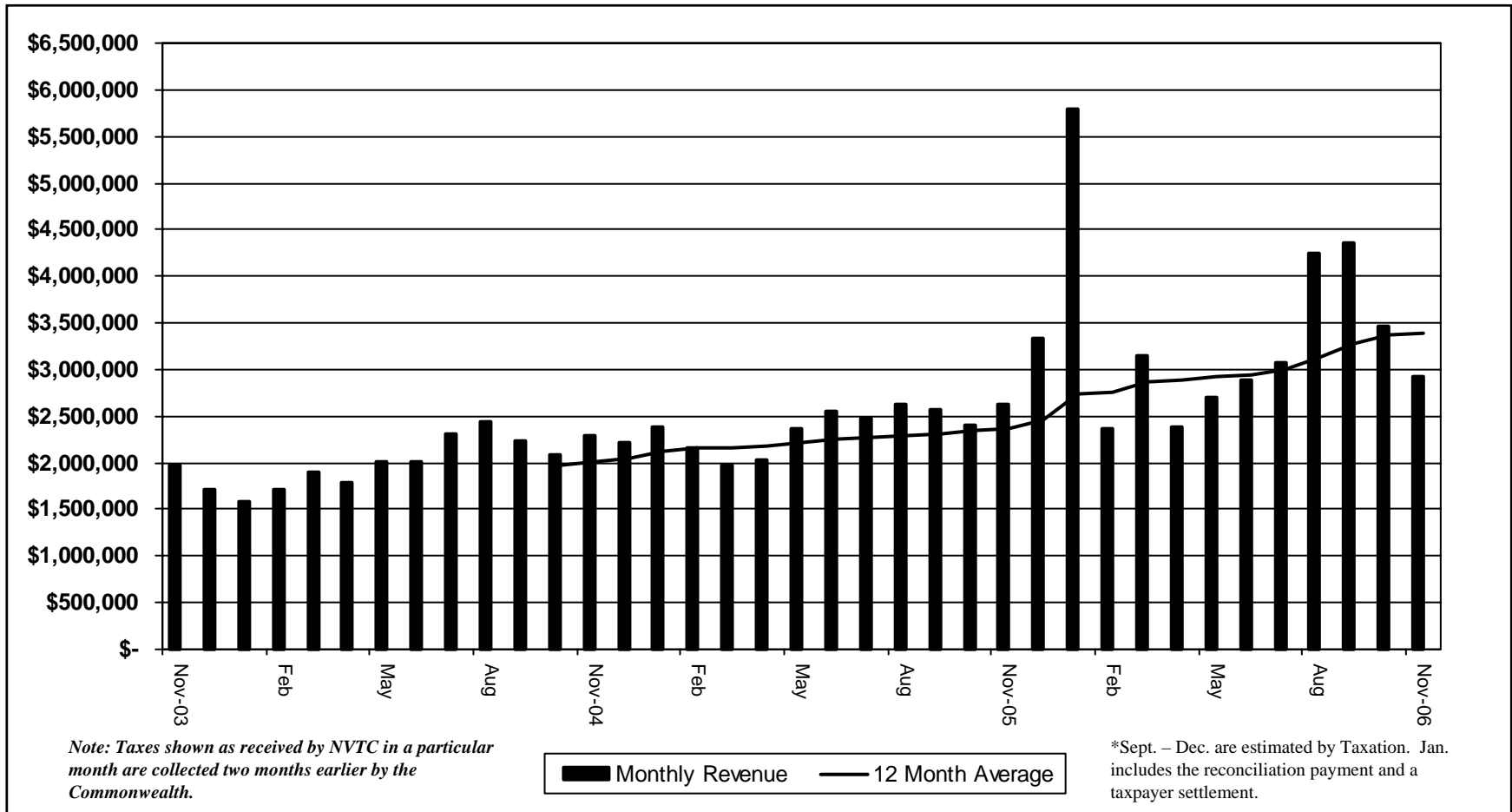
**NVTC
RECEIPTS and DISBURSEMENTS
November, 2006**

<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						
2	City of Fairfax	G&A contribution		\$ 3,587.00		
17	DRPT	FTM/Admin grant receipt				4,934,301.00
17	VRE	Staff support		7,651.81		
20	Dept. of Taxation	Motor vehicle fuels sales tax receipt				2,922,197.67
30	Banks	November interest		1,095.88	3,500.13	369,503.78
			<u>-</u>	<u>12,334.69</u>	<u>3,500.13</u>	<u>8,226,002.45</u>
DISBURSEMENTS						
1-30	Various	NVTC project and administration	(135,730.46)			
1	VHB	Consulting - TransAction	(39,998.61)			
16	City of Fairfax	Other operating				(143,461.91)
17	Vollmer Assoc.	Consulting - Bus Data	(13,329.20)			
30	Wachovia Bank	November service fees	(34.75)			
			<u>(189,093.02)</u>	<u>-</u>	<u>-</u>	<u>(143,461.91)</u>
TRANSFERS						
1	Transfer	From LGIP to checking	103,000.00		(103,000.00)	
9	Transfer	From LGIP to checking	38,000.00		(38,000.00)	
22	Transfer	From LGIP to checking	55,000.00		(55,000.00)	
			<u>196,000.00</u>	<u>-</u>	<u>(196,000.00)</u>	<u>-</u>
NET INCREASE (DECREASE) FOR MONTH			<u>\$ 6,906.98</u>	<u>\$ 12,334.69</u>	<u>\$ (192,499.87)</u>	<u>\$ 8,082,540.54</u>

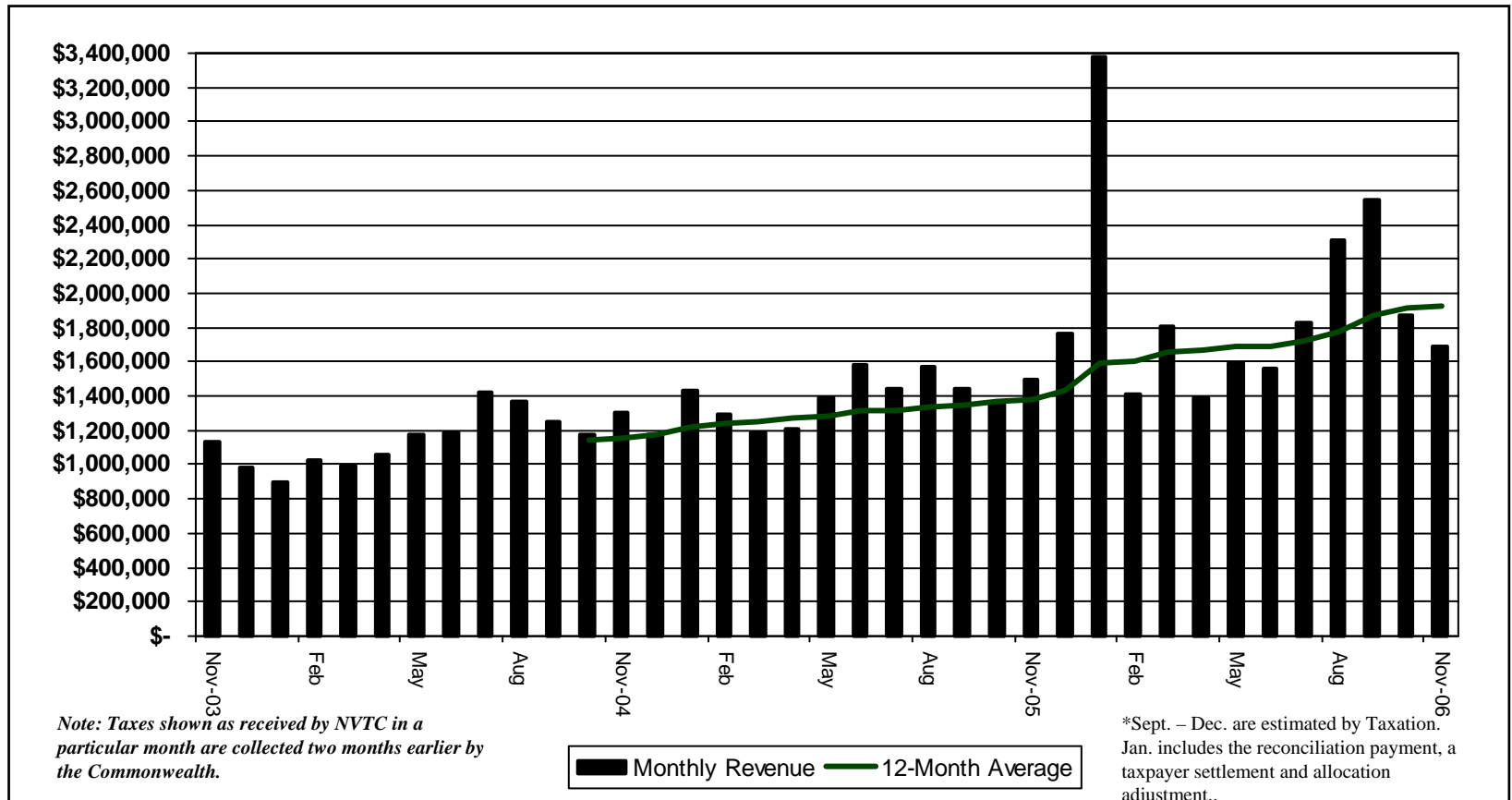
**NVTC
INVESTMENT REPORT
November, 2006**

<u>Type</u>	<u>Rate</u>	<u>Balance 10/31/2006</u>	<u>Increase (Decrease)</u>	<u>Balance 11/30/2006</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	\$ 23,466.36	\$ 6,906.98	\$ 30,373.34	\$ 30,373.34	\$ -	\$ -
Wachovia: NVTC Savings	4.70%	283,805.96	12,334.69	296,140.65	296,140.65	-	-
<u>Investments - State Pool</u>							
Nations Bank - LGIP	5.27%	83,010,356.89	7,890,040.67	90,900,397.56	760,148.38	60,101,648.18	30,038,601.00
		<u>\$ 83,317,629.21</u>	<u>\$ 7,716,782.47</u>	<u>\$ 91,226,911.55</u>	<u>\$ 1,086,662.37</u>	<u>\$ 60,101,648.18</u>	<u>\$ 30,038,601.00</u>

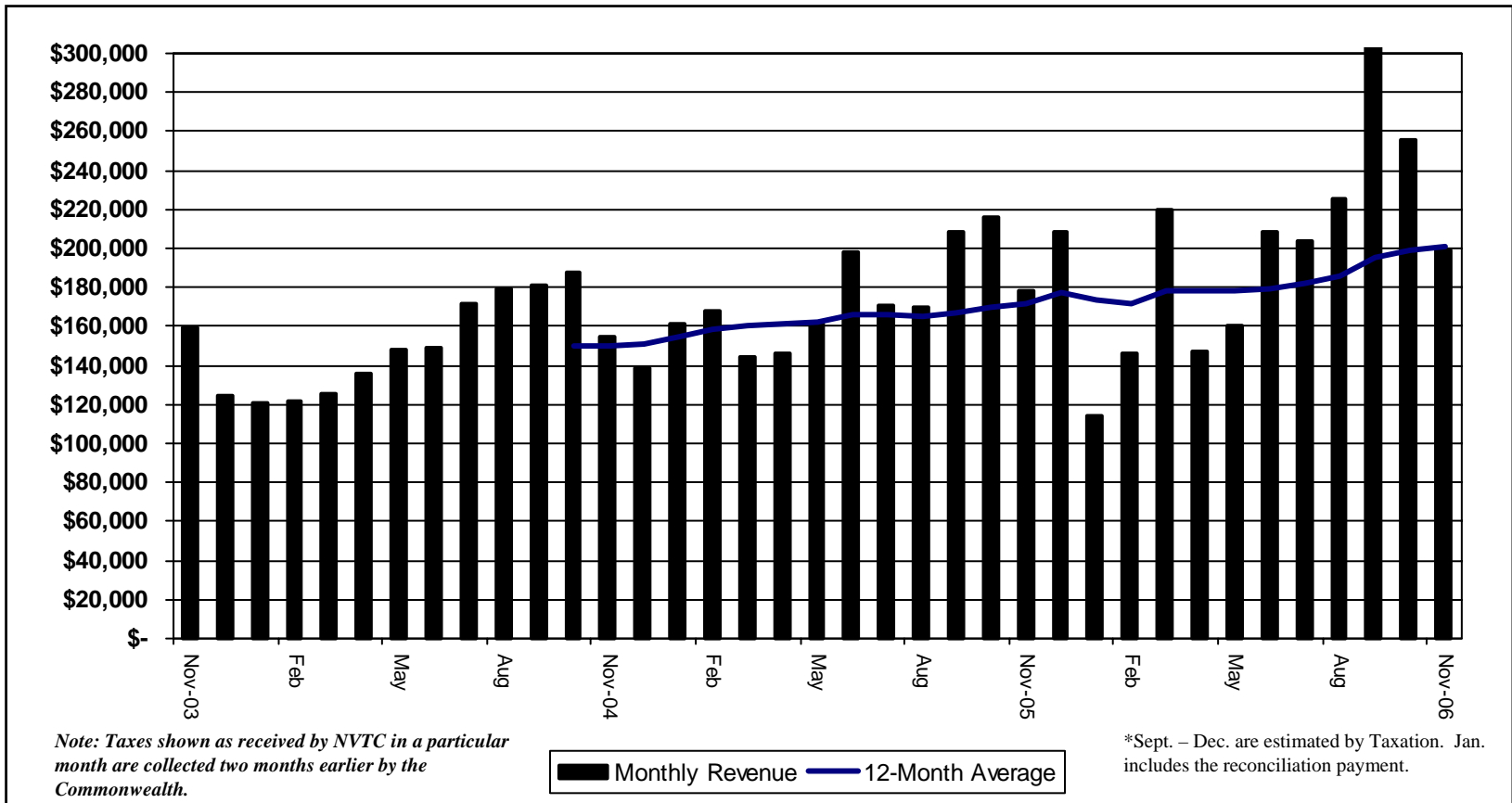
NVTC MONTHLY GAS TAX REVENUE ALL JURISDICTIONS FISCAL YEARS 2004-2007



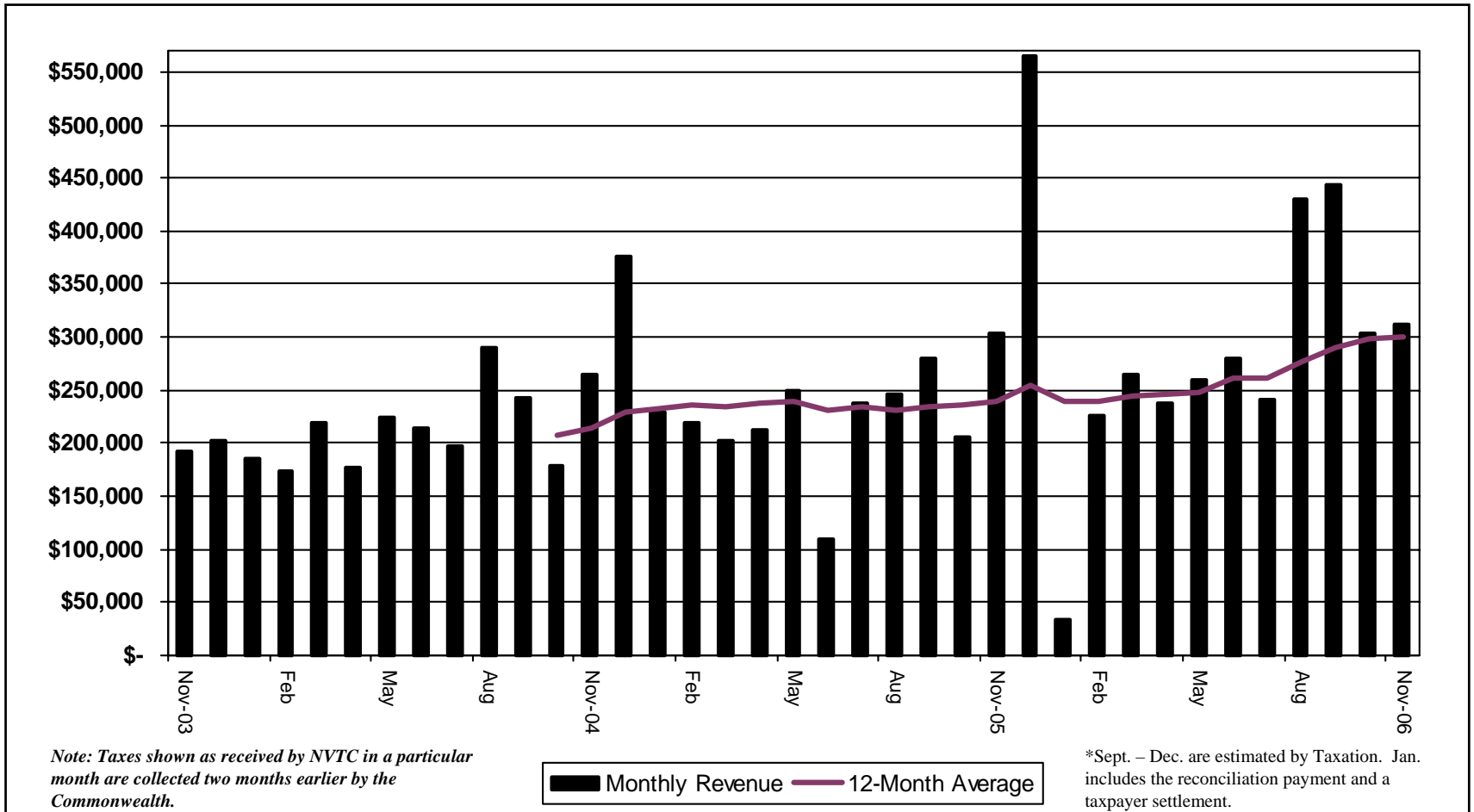
NVTC MONTHLY GAS TAX REVENUE FAIRFAX COUNTY FISCAL YEARS 2004-2007



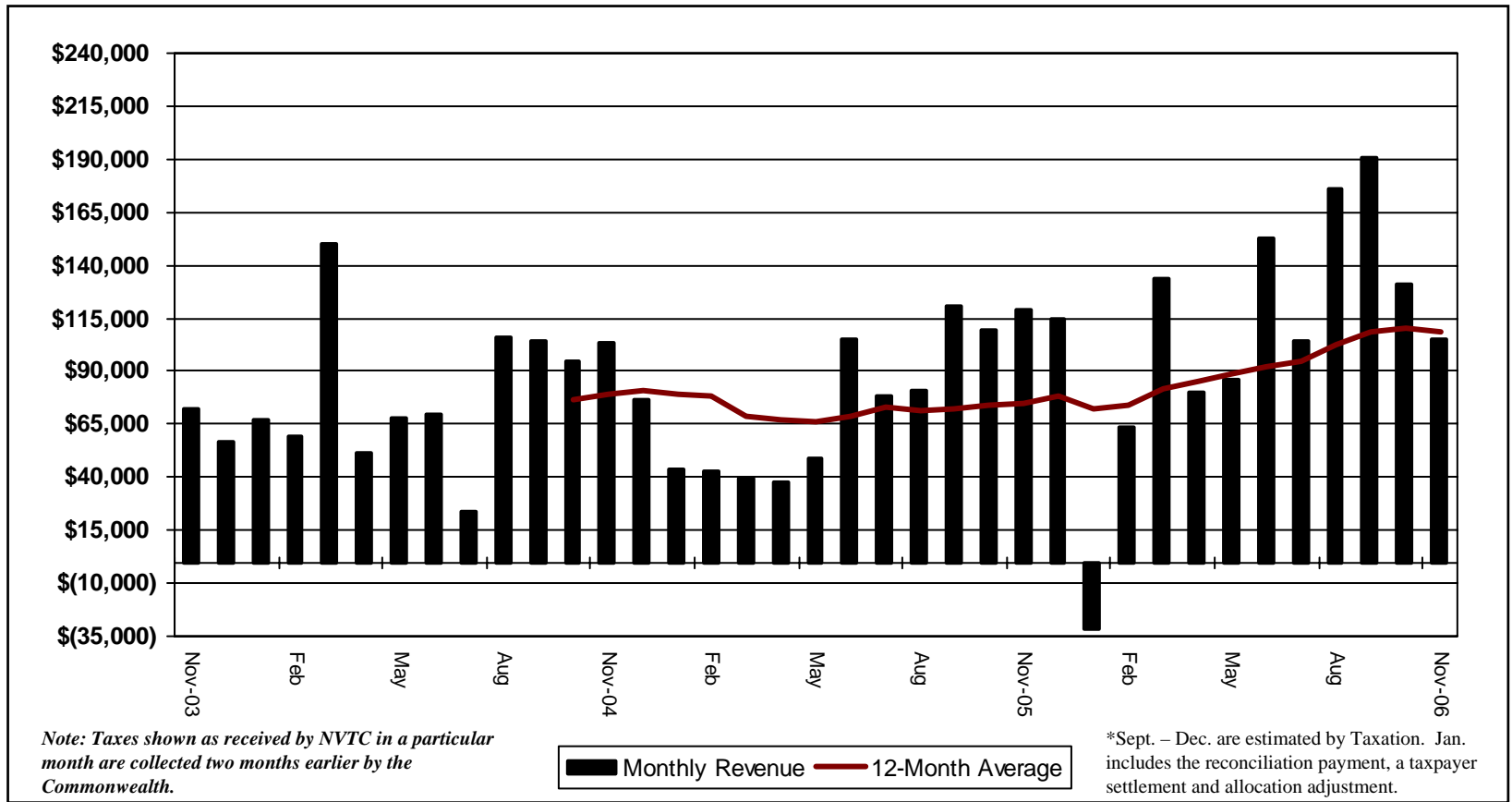
NVTC MONTHLY GAS TAX REVENUE CITY OF ALEXANDRIA FISCAL YEARS 2004-2007



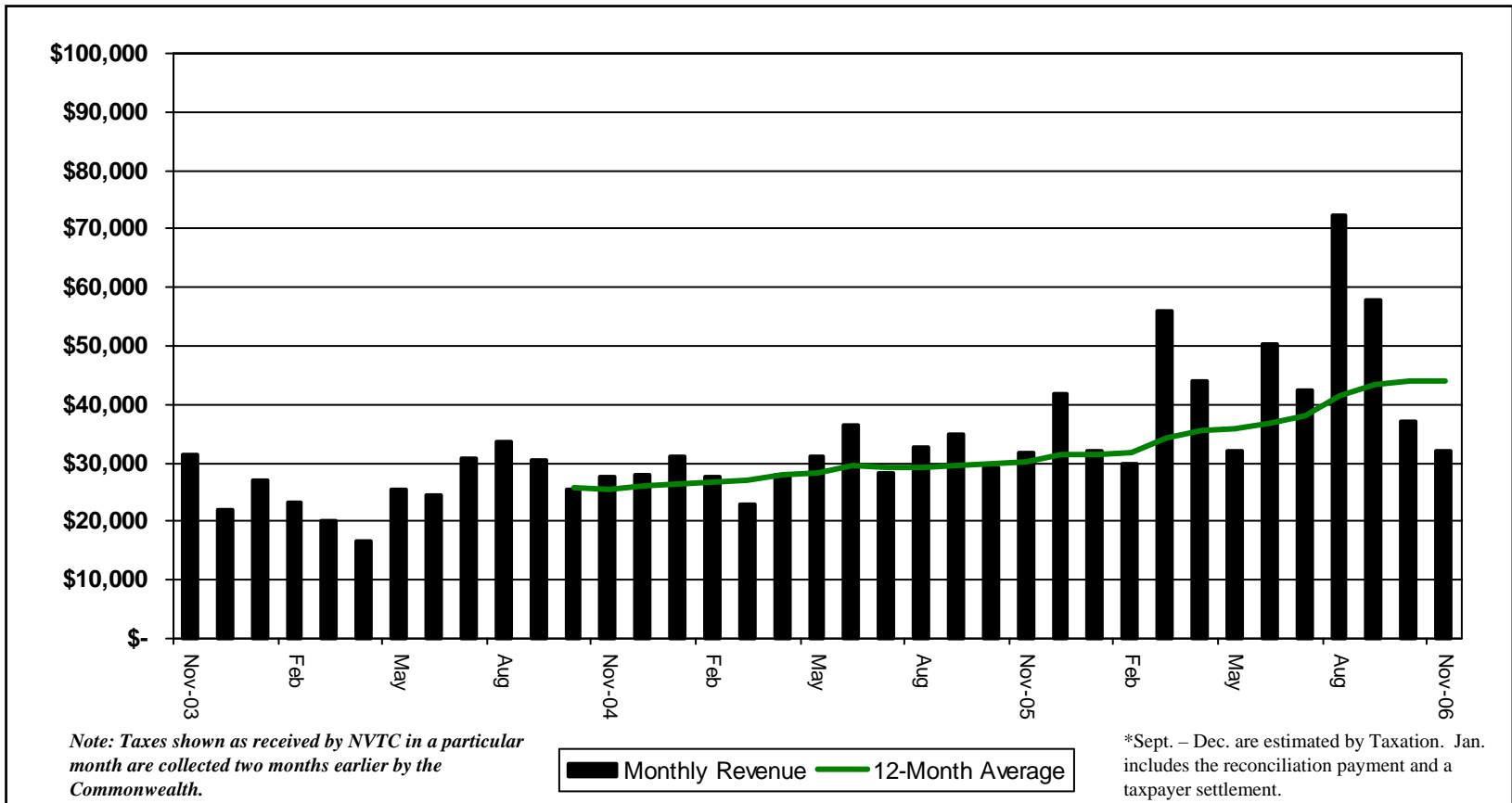
NVTC MONTHLY GAS TAX REVENUE ARLINGTON COUNTY FISCAL YEARS 2004-2007



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

