



NVTC COMMISSION MEETING
THURSDAY, DECEMBER 4, 2008
NVTC CONFERENCE ROOM
8:00 P.M.

AGENDA

Note: A buffet supper will be provided for attendees.

1. Minutes of the NVTC Meeting of November 5, 2008.

Recommended Action: Approval.

2. Approval of NVTC and VRE Audits for FY 2008.

Auditors from PBGH LLP will be present to answer questions. They met previously with NVTC's Executive Committee. Both NVTC and VRE received clean audit reports.

Recommended Action: Authorize NVTC staff to forward the audit report and financial statements to a list of interested agencies, firms and individuals and to post the results on NVTC's website.

3. VRE Items.

Report from VRE's Operations Board and Chief Executive Office--Information Item.



4. I-95/395 HOT Lanes.

VDOT's contract project manager, Young Ho Chang, will be present with representatives of Fluor Transurban to provide a briefing and respond to questions.

Presentation Item.

5. NVTC's 2009 Legislative Agenda.

NVTC's Legislative Committee, members have reviewed individually a state and federal legislative agenda. VRE's legislative agenda is recommended by the VRE Operations Board.

Recommended Action: Approve NVTC's and VRE's legislative agendas.

6. Revised January, 2009 NVTC Meeting Date.

The first Thursday of January, 2009 falls on January 1st. Accordingly, a new date must be selected. NVTA is not expected to meet in January, 2009, so the second Thursday evening may be available for many commissioners.

Recommended Action: Change NVTC's January 1, 2009 meeting to January 8, 2009 at 8:00 p.m.

7. Draft NVTC Workprogram for 2009.

At its January, 2009 meeting, NVTC will conduct a public hearing on its proposed 2009 workprogram. A draft is provided for public comment.

Recommended Action: Authorize NVTC staff to release the draft 2009 workprogram for public comment and to advertise the public hearing for the night of NVTC's January, 2009 meeting.

8. NVTC Nominating Committee for 2009.

Chairman Euille will announce his selections for the Nominating Committee. NVTC's officers for 2009 will be elected at the January, 2009 commission meeting.

Information Item.

9. Metro Items.

- A. Metrorail Ridership at Virginia Stations.
- B. Metro Headquarters Relocation.
- C. TPB Report on Metro Access.
- D. Elimination of Paper Transfers.

Information Item.

10. Regional Transportation Items.

- A. Media Coverage of NVTC's Mode Share Results.
- B. Transit Ridership in Northern Virginia for the First Third of FY 2009.
- C. New Demographic Trends in Northern Virginia.
- D. Matt Tucker Leaving DRPT.

Information Item.

11. NVTC Financial Items for October, 2008.

Information Item.

12. Appreciation for Commissioner Gerald Connolly.

Gerry Connolly is leaving the commission after serving continuously since 1999.

Recommended Action: Act to provide a small gift in appreciation of his service.

13. Personnel Item (Section 2.2-3711 A(1) of the Code of Virginia).

Closed Session.



Agenda Item #1

MINUTES
NVTC COMMISSION MEETING – NOVEMBER 5, 2008
NVTC CONFERENCE ROOM – ARLINGTON, VIRGINIA

The meeting of the Northern Virginia Transportation Commission was called to order by Chairman Euille at 8:40 P.M.

Members Present

Charles Badger
Sharon Bulova
Adam Ebbin
William D. Euille
Jay Fisette
Mark R. Herring
Pat Herrity
Jeffrey McKay
Thomas Rust
David F. Snyder
Steven Stombres (alternate, City of Fairfax)
Christopher Zimmerman

Members Absent

David Albo
Kelly Burk
Gerald Connolly
Jeffrey Greenfield
Catherine Hudgins
Mary Hynes
Joe May
Paul Smedberg
Mary Margaret Whipple

Staff Present

Lynn Everett
Rhonda Gilchrest
Scott Kalkwarf
Greg McFarland
Adam McGavock
Kala Quintana
Rick Taube
Dale Zehner (VRE)



Oath of Office for New NVTC Alternate

Chairman Euille introduced Steven Stombres, a new NVTC alternate from the city of Fairfax. Chairman Euille administered the oath of office to Mr. Stombres. Commissioners warmly welcomed him to NVTC.

Minutes of the October 2, 2008 NVTC Meeting

Mr. Zimmerman moved, with a second by Mrs. Bulova, to approve the minutes. The vote in favor was cast by commissioners Badger, Bulova, Ebbin, Euille, Fiset, Herring, McKay, Rust, Snyder, Stombres and Zimmerman.

VRE Items

Report from the VRE Operations Board and Chief Executive Officer. Mrs. Bulova encouraged commissioners to read the VRE Operations Board minutes of October 17, 2008. Mr. Zehner reported that ridership is 9.5 percent higher for October compared to the same time last year. On-time performance also remains high.

Mr. Herrity arrived at 8:42 P.M.

Renewal of Banking Services. Mrs. Bulova stated that the VRE Operations Board recommends approval of Resolution #2116, which would authorize VRE's Chief Executive Officer to execute a contract with Sun Trust Bank for three years, with an option for two additional years. The cost of banking services will not exceed \$60,000 over the entire five-year period (\$12,000 per year). The contract also includes a \$1 million line of credit. Sun Trust Bank, which currently provides banking services for VRE and PRTC, was selected from five competitive proposals.

Ms. Bulova moved, with a second by Mr. Zimmerman, to approve Resolution #2116 (copy attached). The vote in favor was cast by commissioners Badger, Bulova, Ebbin, Euille, Fiset, Herring, Herrity, McKay, Rust, Snyder, Stombres and Zimmerman.

Mid-Year FY 2009 Fare Increase. Ms. Bulova stated that the VRE Operations Board recommends approval of Resolution #2117, which would authorize VRE's CEO to implement a seven percent fare increase effective January 1, 2009. The fare increase is needed to address budget shortfalls due to increased fuel costs, Amtrak labor settlement expenses, and increased locomotive maintenance costs. VRE has conducted extensive public hearings. Most riders understand the need for a fare increase, but feel strongly about no service reductions. VRE intends to hold local subsidies constant.

Mrs. Bulova moved, with a second by Mr. McKay, to approve Resolution #2117.

Mr. Zimmerman stated that the VRE Operations Board assumes that another mid-year fare increase will be needed in July 2009. He stated that VRE will need to closely monitor this because of the potential damage to ridership with these excessive fare increases. It is hard to get people to come back after losing them. Mr. Snyder stated that the record should reflect the reasons for a fare increase. Mrs. Bulova observed that VRE would not be in this position if the General Assembly had passed legislation regarding HB3202, which would have provided additional funding.

The commission then voted on the resolution and it passed. The vote in favor was cast by commissioners Badger, Bulova, Ebbin, Euille, Fisette, Herring, Herrity, McKay, Rust, Snyder, Stombres and Zimmerman. (A copy of the resolution is attached.)

Final Report on Mode Shares of Peak Commuters on I-95 Outside the Beltway

Mr. Taube thanked Valerie Pardo from VDOT's Northern Virginia District office for her help in acquiring funding for this work. He also introduced a new NVTC employee, Lynn Everett, who will be managing these studies for NVTC.

Mr. Taube explained that in fall of 2007 data on inbound traffic were collected at a screen line just outside the Beltway stretching from just west of I-95 all the way to the Potomac River. For the I-95/395 corridor, the two HOV lanes carried almost the same number of people as did the four general purpose lanes at the same time. A media release has been prepared summarizing the results and comparing studies completed in earlier years of other major commuting corridors in Northern Virginia, all of which show very high transit/ridesharing results.

Mr. Zimmerman observed that this information is very important, since it goes to the heart of what NVTC advocates. The results show that nearly half of persons traveling during the peak morning commute time are using transit or ridesharing. This data shows the huge return there is when people use transit or ride in multi-occupancy vehicles. He stated that it is important to find better ways to communicate this information to the public.

There were no objections to NVTC staff issuing the media release and posting the final report on the commission's website.

Final Report on NVTC's Real Time Bus Arrival Demonstration in Falls Church

Mr. McGavock reviewed highlights of the final report. He explained that the MARTHA system was conceived as an inexpensive means of providing real-time bus arrival information to passengers of suburban, small urban and rural transit systems. MARTHA utilizes open, non-proprietary software, inexpensive, off-the-shelf equipment, and proven technology. With a \$199,500 grant from DRPT, the MARTHA system was developed and tested using the Falls Church GEORGE bus system as a "test bed." The successful demonstration period ended in October, 2008. The software and documentation will be presented to DRPT for distribution. Recommendations to DRPT

include that the software be made available worldwide to the transit community; the software be reprogrammed to work with dedicated GPS tracking devices rather than cell phones; and a technical support services contract be used to maintain the software and manage updates and fix problems.

Mr. Snyder stated that not knowing when the buses are arriving at the bus stops is a real issue for riders. It is important to find a cost effective solution to this issue. In response to a question from Mr. Fiset, Mr. Badger stated that there are other systems that provide real-time information. Mr. Zimmerman stated that Arlington ART buses use a different type of system. The MARTHA system is attractive because of its low costs, but he does not know how it would translate to larger transit systems. Mr. Fiset asked if consideration has been given to having compatible and consistent real-time systems throughout the region. Mr. McKay stated that since it is a low-cost alternative, it would be useful for larger transit systems, too. He asked if there is anything prohibiting it from being used by a large system. Mr. McGavock stated that the technology could be used for larger transit systems, but may need some reprogramming. Currently, the design is targeted for systems with up to 50 buses.

Mr. Zimmerman stated that it would be useful to look at the pros and cons of different systems. DRPT could be instrumental in evaluating this. It is important to let people know what technology exists.

Senator Herring asked that NVTC include in a future agenda an update reporting on what DRPT does with this information.

There were no objections to NVTC staff posting this report on its website and providing the software, documentation and source code to DRPT.

Authorization to Award a Contract for a Tenant's Agent

Mr. Taube explained that last month the commission authorized the release of a Request for Proposals (RFP) for a tenant's agent. In response to the RFP, four firms submitted proposals by the October 24th deadline and were interviewed on October 29th. NVTC staff has checked references and ranked the most responsive and responsible proposers. The top-ranked firm is The Meyer Group of Washington, D.C. William J. Meyer, who is President of the firm, will be NVTC's lead agent.

Mr. Taube explained that NVTC will incur no direct expenses as landlords compensate tenants' agents upon completion of a new lease. Staff expects to return within the next few months to the commission with a report on available locations. Following a ranking of those locations, staff and the tenants' agent would then negotiate a lease and return to the commission for authorization to execute it.

Mr. Zimmerman moved, with a second by Mr. McKay, to authorize NVTC's executive director to negotiate and execute a contract with the top-ranked firm, and if not successful, to negotiate with the other firms in rank order until successful, and at that point to issue a notice to proceed. The vote in favor was cast by commissioners

Badger, Bulova, Ebbin, Euille, Fisette, Herring, Herrity, McKay, Rust, Snyder, Stombres and Zimmerman.

First Quarter FY 2009 Transit Ridership in Northern Virginia

Chairman Euille stated that staff has asked that this agenda item be deferred to the December meeting. There were no objections.

Metro Items

Ridership at Virginia's Metrorail Stations. Metrorail ridership remains very strong in Northern Virginia as well as throughout the entire system with many record days of ridership achieved during the last two months.

Possible Relocation of WMATA Headquarters. Mr. McKay reported that at its October meeting, NVTC discussed the proposal by the District of Columbia to relocate WMATA's headquarters. WMATA's consultant determined that this move would cost \$30 to \$70 million. WMATA staff has concluded that unless directed otherwise by the WMATA Board, staff will not pursue this issue.

Mr. McKay moved that NVTC recommend that the WMATA Board of Directors not approve a headquarters relocation, recognizing the urgent capital needs of Metro; the deteriorating financial situation; Metro not having \$30-\$70 million for this project; and that the proposal would benefit one jurisdiction. Mrs. Bulova seconded the motion. The vote in favor was cast by commissioners Badger, Bulova, Ebbin, Euille, Fisette, Herring, Herrity, McKay, Rust, Snyder, Stombres and Zimmerman.

Chairman Euille directed staff to prepare a letter to WMATA for his signature concerning this issue.

WMATA Customer Satisfaction Survey. The most recent in WMATA's customer satisfaction surveys (reported September 29, 2008) reveals that 85 percent of Metrorail riders and 78 percent of Metrobus riders are satisfied with the service. Results are based on monthly telephone surveys of 200 riders.

Credit Crisis Affects Metro. WMATA, like many other large U.S. transit systems, is facing uncertainty over past tax-advantaged leveraged lease transactions. Help has been requested from the U.S. Treasury.

Legislative Items

Chairman Euille reported that NVTC's Legislative Committee will meet in November, chaired by Mr. Connolly. Other members include commissioners Albo, Burk, Euille, Greenfield, Hynes, Snyder and Whipple. NVTC will be asked to adopt the legislative agenda at its December 4th meeting, together with a VRE legislative agenda recommended by the VRE Operations Board.

Regional Transportation Items

The Effect of Higher Gasoline Prices on Driving and Transit Ridership – Have We Reached a Tipping Point? Mr. Taube stated that staff examined the question raised by commissioners at previous NVTC meetings. Many factors influence this issue but no firm conclusion can be reached. While gas prices soared and driving (vehicle miles traveled) fell and transit ridership jumped all in the past few months, there are other factors that suggest that gas prices may not be the greatest determinant. Among these are the inflation-adjusted price of gas at \$4 is not much higher than gas prices in the early 1980's. Also, transit ridership has been trending up since the early 1990's and vehicle miles traveled started down a few months before gas prices began to soar.

Mr. Fisette stated that his initial reaction is that these results do not seem logical. He recognized that there are other factors involved, but behavior seemed to change when the cost of gas skyrocketed. Mr. Taube stated that it would be interesting to see if behavior changes as gasoline prices have plummeted in the last few months. People are also becoming more environmentally aware. Mr. Zimmerman commented on the approach to analyzing such issues typically used by economists.

How Northern Virginia Transit Systems are Organized. A PowerPoint presentation was provided to commissioners that describes the complex inter-relationship in Northern Virginia among the agencies that operate, plan and fund public transit. Mr. Taube stated that transit in this region performs efficiently and attracts increasing ridership with a local level of funding effort that far exceeds any other district in Virginia. He stated that this presentation will be posted on NVTC's website, continuously updated and used to educate policy makers and the public.

Try Transit Week. DRPT held its first annual Try Transit Week from September 22-25, 2008. NVTC supported this effort. DRPT received a total of 1,710 pledges to try transit, almost 1,000 from Northern Virginia, including 362 from the Woodbridge area. Mr. McKay observed that unfortunately the Fairfax Connector was experiencing a bus strike during this time and stated that he hopes this information will be noted in any written materials.

Prince William County HOT Lane Action. The Prince William County Board of Supervisors has gone on record unanimously demanding an appearance by VDOT and Transurban to answer questions and to provide documents, including all correspondence pertaining to the project.

NVTC Financial Items for September, 2008

Commissioners were provided with the financial reports and there were no questions or comments.

Closed Session – Personnel Item

Chairman Euille explained that a Closed Session is not needed, but he asked that the Executive Committee meet with Mr. Taube after the NVTC meeting.

Adjournment

Chairman Euille thanked commissioners for adjusting their schedules to accommodate this different meeting date. He also congratulated Mr. Connolly on being elected to the U.S. Congress.

Without objection, Chairman Euille adjourned the meeting at 9:36 P.M.

Approved this 4th day of December, 2008.

William D. Euille
Chairman

Gerald E. Connolly
Secretary-Treasurer



Agenda Item #2

TO: Chairman Euille and NVTC Commissioners
FROM: Rick Taube and Scott Kalwarf
DATE: November 26, 2008
SUBJECT: Approval of NVTC and VRE Audits for FY 2008.

Auditors from PBGH LLP will be present to answer questions. They will present their findings prior to NVTC's business meeting to the commission's Executive Committee. Both NVTC and VRE received clean opinions with no management comments. (NVTC staff also prepared NVTA's financial statements and they received a clean audit report as well.)

Copies of NVTC's and VRE's audited financial statements are attached. The commission is asked to authorize staff to forward these statements to a list of interested agencies, firms and individuals and to post the results on NVTC's website.



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**NORTHERN VIRGINIA
TRANSPORTATION COMMISSION**

**Financial and Compliance Reports
Year Ended June 30, 2008**

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
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INDEPENDENT AUDITORS' REPORT

To the Honorable Commission Board Members
Northern Virginia Transportation Commission
Arlington, Virginia

We have audited the accompanying financial statements of the governmental activities and each major fund of Northern Virginia Transportation Commission as of and for the year ended June 30, 2008, which collectively comprise Northern Virginia Transportation Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Northern Virginia Transportation Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Northern Virginia Transportation Commission as of June 30, 2008, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2008 on our consideration of Northern Virginia Transportation Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis (pages 3 to 9) is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northern Virginia Transportation Commission's basic financial statements. The accompanying supplementary information and Schedule of Expenditures of Federal Awards as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PBGH, LLP

Harrisonburg, Virginia
November 14, 2008

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2008

NORTHERN VIRGINIA TRANSPORTATION COMMISSION MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Northern Virginia Transportation Commission's (NVTC) financial performance provides an overview of NVTC's financial activities for the fiscal year that ended on June 30, 2008. Please read it in conjunction with the accompanying financial statements which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

NVTC maintains two governmental funds: the General Fund and the Special Revenue Fund. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for each of these funds. The General Fund includes the administrative, planning and project activities of NVTC. The Special Revenue Fund reports the intergovernmental revenue received by NVTC and allocated to the member jurisdictions by a formula maintained by NVTC. Once the allocation is determined, the funds are remitted to the fiduciary fund.

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

Notes to the Basic Financial Statements

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

Supplementary Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Current assets consist primarily of grant revenue and motor fuels sales tax due from the Commonwealth of Virginia. As of June 30, 2008, the Statement of Net Assets shows \$21,371,017 due from the Commonwealth of Virginia, of which \$8,671,726 is for motor fuels sales tax, and \$12,699,290 for grant revenue. This is an increase over the previous fiscal year which included receivables of \$7,795,236 in motor fuels sales tax and \$9,591,527 in grant revenue, totaling \$17,386,763. The approximate \$3.1 million increase in the receivable for grant revenue is due primarily to a large number of jurisdiction capital grants invoiced near the end of the fiscal year. As of June 30, 2008, all but \$1,059,154 of the amount due from the Commonwealth was for the jurisdiction transit function of NVTC, which is offset by a payable to the fiduciary fund.

As noted earlier, net assets may serve as a useful indicator of a government's financial position. As shown below, total assets exceeded liabilities by \$216,488. Net assets invested in capital assets of \$13,574 and unrestricted net assets of \$202,914 make up the balance of net assets. Please refer to the funds analysis for a discussion of the components and changes in the governmental activities.

**Condensed Statements of Net Assets
June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>
Current and other assets	\$ 21,897,416	\$ 18,635,482	\$ 3,261,934
Capital assets	13,574	12,804	770
Total assets	<u>21,910,990</u>	<u>18,648,286</u>	<u>3,262,704</u>
Current and other liabilities	21,629,233	18,404,058	3,225,175
Long-term liabilities	65,269	37,880	27,389
Total liabilities	<u>21,694,502</u>	<u>18,441,938</u>	<u>3,252,564</u>
Net assets:			
Invested in capital assets	13,574	12,804	770
Unrestricted	202,914	193,544	9,370
Total Net Assets	<u>\$ 216,488</u>	<u>\$ 206,348</u>	<u>\$ 10,140</u>

The following table shows the revenues and expenses and the change in net assets of the governmental activities. For the fiscal year ended June 30, 2008, approximately \$152 million in revenues were reported, which is an increase of approximately \$34 million from the previous year, and similar to the increase in expenses. Net assets increased by \$10,140 from the previous year. A discussion of the key components of these changes is included in the funds analysis.

Changes in Net Assets
Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>	<u>Increase</u> <u>(Decrease)</u>
Revenue:			
Program revenues:			
Operating grants and contributions	\$ 151,714,866	\$ 117,493,533	\$ 34,221,333
General revenues:			
Interest income	25,330	25,690	(360)
Total revenue	<u>151,740,196</u>	<u>117,519,223</u>	<u>34,220,973</u>
Expenses:			
General and administration	925,439	846,265	79,174
Project costs	5,097,977	2,920,023	2,177,954
Payments to fiduciary fund	<u>145,706,640</u>	<u>113,793,456</u>	<u>31,913,184</u>
Total expenses	<u>151,730,056</u>	<u>117,559,744</u>	<u>34,170,312</u>
Change in net assets	10,140	(40,521)	50,661
Net assets, beginning of year	<u>206,348</u>	<u>246,869</u>	<u>(40,521)</u>
Net assets, end of year	<u>\$ 216,488</u>	<u>\$ 206,348</u>	<u>\$ 10,140</u>

FINANCIAL ANALYSIS OF THE REPORTING ENTITY'S FUNDS

Governmental Funds

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

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

As of June 30, 2008 the General Fund had a total fund balance of \$296,955, an increase of \$42,344 from the prior year, of which all was unreserved. The increase is the result of a favorable budget variance, partially offset by a budgeted drawdown of surplus funds.

NVTC substantially completed two projects during the fiscal year; the Senior Mobility project and the SmarTrip project. Including these two projects, NVTC had eight active grant funded regional projects during the fiscal year, with total direct costs of \$5.1 million.

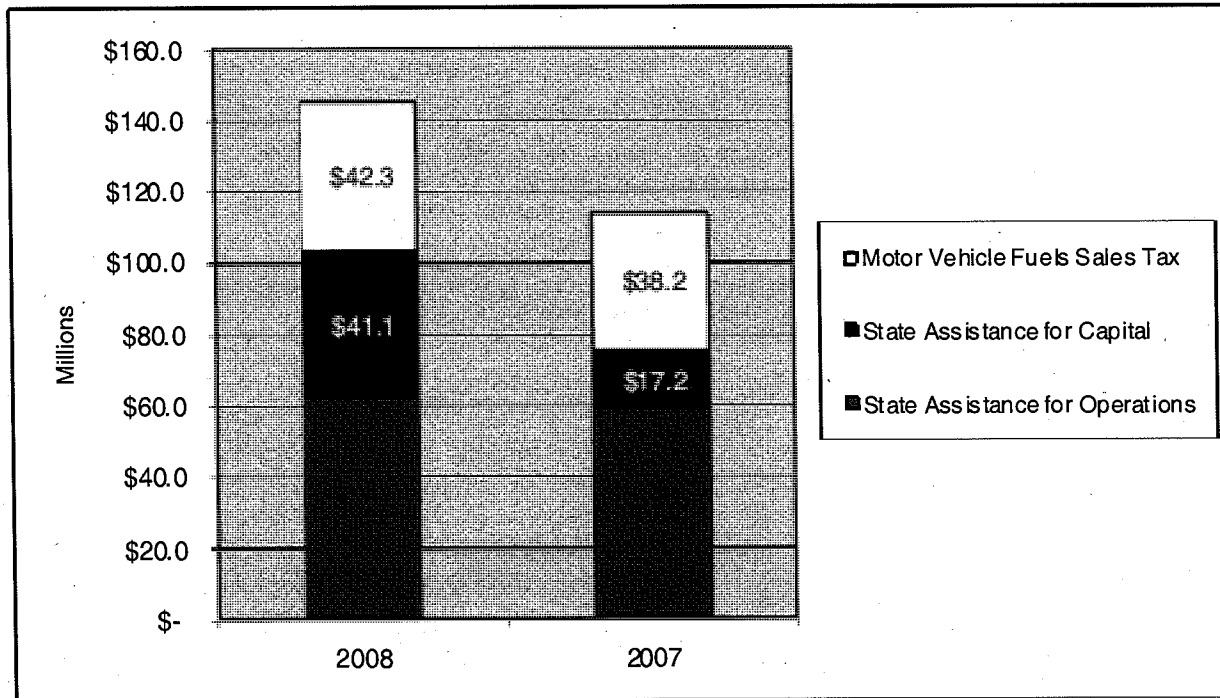
In terms of dollars expended, the SmarTrip regional fare and the Code Red projects were the most active during the fiscal year, making up 89% of the total direct project costs. In terms of project budgets, the SmarTrip program is by far the largest of NVTC's current projects with a total budget of \$7.0 million. This multiyear project is funded using state, federal and local sources.

State and Federal funding sources for projects during the fiscal year totaled \$4,286,155. Other funding sources include local contributions from NVTC and other governments of \$612,036. NVTC's contributions consist primarily of payroll and payroll related costs.

A portion of NVTC's general and administrative contributions, the Marketing program, and the Bus Data NTD collection project, which are all part of the General Fund, receive funding from the state assistance for operations and the Motor Vehicle Fuels Sales tax. For the fiscal year, this equaled \$234,408 in state assistance and \$387 in sales tax, which is in addition to the revenue reported in the Special Revenue Fund.

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

Intergovernmental revenues increased approximately \$31.9 million (28%) compared to fiscal year 2007. A comparison of the revenue by type between fiscal years follows:



State assistance for operations is revenue from the state FTM/Admin formula assistance program. The approximate \$3.8 million increase in assistance from fiscal year 2007 to fiscal year 2008 recognized by the special revenue fund mirrors the increase in assistance available from the state's Mass Transit Trust Fund combined with other appropriated funding. The FTM/Admin assistance program is funded at the statutory fixed rate of 73.5% of projected Mass Transit Trust Fund revenue. Starting in fiscal year 2008, the FTM/Admin program receives a portion of the state recordation tax to help fund the program.

State assistance for capital expenditures recognized by the special revenue fund during fiscal year 2008 includes \$41.1 million from the capital formula assistance program, compared to fiscal year 2007 revenue of \$16.2 million from the capital formula assistance program, and \$1 million from the VTA 2000 program. The substantial increase in the capital revenue is due to an increase in the effective capital matching ratio combined with a decrease in costs covered under the VTA 2000 program. The state capital matching ratio for fiscal year 2008 was 52% for most of NVTC's capital lines, and 80% for the balance. The fiscal year 2007 ratio was 22% for all capital lines.

The VTA 2000 program provides state funds from sources other than the Mass Transit Trust Fund and does not require a local match. The VTA funds were made available to the NVTC jurisdictions for the payment of certain WMATA capital expenditures.

The Motor Vehicle Fuels Sales tax is levied on the retail sales of gasoline within NVTC's jurisdictions. Sales tax revenue increased by \$4.1 million, or 10.7% from the previous fiscal year. This increase is consistent with the national average price increase for all grades over the same period, as calculated from U.S. DOE weekly price data. Overall demand, the price elasticity impacting demand and grade mix are some of the other factors that effect revenue collections.

Fiduciary Fund

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

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

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

REQUESTS FOR INFORMATION

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET ASSETS

June 30, 2008

ASSETS	Governmental Activities
Cash and cash equivalents	\$ 257,991
Due from other governments:	
Commonwealth of Virginia	21,371,017
Virginia Railway Express	13,441
Local jurisdictions	55,195
Advances, deposits and prepaid items	21,502
Restricted cash and cash equivalents	178,270
Capital assets:	
Office equipment and furniture	127,438
Less accumulated depreciation	(113,864)
Total assets	<u>21,910,990</u>
LIABILITIES	
Accounts payable	1,243,484
Accrued salaries	16,605
Due to fiduciary fund	20,311,806
Project funds advanced	28,566
Compensated absences:	
Due within one year	28,772
Due in more than one year	65,269
Total liabilities	<u>21,694,502</u>
NET ASSETS	
Invested in capital assets	13,574
Unrestricted	202,914
Total net assets	<u>\$ 216,488</u>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF ACTIVITIES**

Year Ended June 30, 2008

	<u>Governmental Activities</u>		
	<u>Functions / Programs</u>		
	<u>Totals</u>	<u>Planning and Administrative</u>	<u>Jurisdiction Transit</u>
Expenses:			
General and administration	\$ 925,439	\$ 925,439	\$ -
Project costs	5,097,977	5,097,977	-
Payments to fiduciary fund	145,706,640	-	145,706,640
Total expenses	<u>151,730,056</u>	<u>6,023,416</u>	<u>145,706,640</u>
Program revenues:			
Operating grants and contributions	151,714,866	6,008,226	145,706,640
Net program expense	<u>(15,190)</u>	<u>\$ (15,190)</u>	<u>\$ -</u>
General revenues:			
Interest income	<u>25,330</u>		
Change in net assets	10,140		
Net assets, beginning of year	206,348		
Net assets, end of year	<u>\$ 216,488</u>		

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	Major Funds		Total Governmental Funds
	General Fund	Special Revenue Fund	
ASSETS			
Cash and cash equivalents	\$ 257,991	\$ -	\$ 257,991
Due from other governments:			
Commonwealth of Virginia	1,059,211	20,311,806	21,371,017
Virginia Railway Express	13,441	-	13,441
Local jurisdictions	55,195	-	55,195
Advances, deposits and prepaid items	21,502	-	21,502
Restricted cash and cash equivalents	178,270	-	178,270
	<u>\$ 1,585,610</u>	<u>\$ 20,311,806</u>	<u>\$ 21,897,416</u>
LIABILITIES			
Accounts payable	\$ 1,243,484	\$ -	\$ 1,243,484
Accrued salaries	16,605	-	16,605
Due to fiduciary fund	-	20,311,806	20,311,806
Project funds advanced	28,566	-	28,566
Total liabilities	<u>1,288,655</u>	<u>20,311,806</u>	<u>21,600,461</u>
FUND BALANCES			
Unreserved	296,955	-	296,955
Total fund balance	<u>296,955</u>	<u>-</u>	<u>296,955</u>
	<u>\$ 1,585,610</u>	<u>\$ 20,311,806</u>	<u>\$ 21,897,416</u>

Reconciliation of fund balance on the Balance Sheet for the governmental funds to the net assets of the governmental activities on the Statement of Net Assets:

Fund balances - governmental funds	\$ 296,955
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources therefore are not reported in the funds. The cost of the assets is \$127,438 and the accumulated depreciation is \$113,864.	13,574
Compensated absences are liabilities not due and payable in the current period and therefore are not reported in the governmental funds.	<u>(94,041)</u>
Net assets - governmental activities	<u>\$ 216,488</u>

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2008

	<u>Major Funds</u>		<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	
Revenues:			
Intergovernmental revenues:			
Contributions:			
Commonwealth of Virginia	\$ 718,350	\$ -	\$ 718,350
Local jurisdictions	310,000	-	310,000
Grants:			
Commonwealth of Virginia	4,292,453	103,362,972	107,655,425
Motor vehicle fuel sales tax	387	42,343,668	42,344,055
Project chargebacks, Virginia Railway Express	75,000	-	75,000
Local project contributions	612,036	-	612,036
Interest income	25,330	-	25,330
Total revenues	<u>6,033,556</u>	<u>145,706,640</u>	<u>151,740,196</u>
Expenditures:			
Current:			
General and administration	885,578	-	885,578
Project costs	5,097,977	-	5,097,977
Payments to fiduciary fund	-	145,706,640	145,706,640
Capital outlay	7,657	-	7,657
Total expenditures	<u>5,991,212</u>	<u>145,706,640</u>	<u>151,697,852</u>
Change in fund balances	42,344	-	42,344
Fund balances at beginning of year	254,611	-	254,611
Fund balances at end of year	<u>\$ 296,955</u>	<u>\$ -</u>	<u>\$ 296,955</u>

Change in fund balances - total governmental funds \$ 42,344

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

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

Add - capital outlay	7,657
Deduct - depreciation expense	(6,887)

The change in compensated absences included in the expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (32,974)

Change in net assets of governmental activities \$ 10,140

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
June 30, 2008

	<u>Jurisdiction Trust Fund</u>
ASSETS	
Cash and cash equivalents	\$ 104,716,124
Due from special revenue fund - Commonwealth of Virginia grants	11,640,137
Due from special revenue fund - Motor fuels sales tax	<u>8,671,669</u>
Total assets	<u>125,027,930</u>
NET ASSETS	
Net assets held in trust for member jurisdictions	<u>\$ 125,027,930</u>

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
Year Ended June 30, 2008

	<u>Jurisdiction Trust Fund</u>
Additions:	
Contributions from government	\$ 145,706,640
Investment income	3,895,049
Total Additions	<u>149,601,689</u>
Deductions:	
Funds disbursed to WMATA:	
Metro Matters capital	7,134,857
Beyond Metro Matters capital	724,683
Metrorail operating	30,570,759
Metrobus operating	42,536,805
Metroaccess operating	6,290,235
Metro debt service	7,412,500
Other funds disbursed:	
Other capital disbursements	11,855,339
Other operating disbursements	15,233,421
Total Deductions	<u>121,758,599</u>
Change in net assets	27,843,090
Net assets held in trust for member jurisdictions	
Beginning of year	97,184,840
End of year	<u>\$ 125,027,930</u>

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-wide and Fund Financial Statements

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

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

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

Separate fund financial statements are provided for governmental funds and fiduciary funds. The governmental funds are reported on a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances (fund equity). The fiduciary fund is reported on a Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. The fiduciary fund is not included in the government-wide statements.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

D. Fund Accounting

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

1. Governmental Funds

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

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

2. Fiduciary Fund

The Fiduciary fund is used to report assets held in a trustee capacity for the member jurisdictions. This fund is available to support the programs of the member jurisdictions, not the programs of the NVTC reporting entity.

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

E. Budgeting

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets

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

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

G. Project Funds Advanced

Grant and project revenue that has been received, but not yet earned, is recorded as unearned revenue in the governmental and fiduciary funds.

H. Indirect Expenditure Allocation

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

I. Estimates

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

J. Restricted Cash and Cash Equivalents

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences

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

Sick leave may also be accumulated by employees. After five years of service, NVTC employees are eligible to receive 25 percent of their accumulated sick leave at the then current wage rate for hours in excess of 450, without limit. Employees hired prior to January 3, 2008 have the option of receiving a payment for 25 percent of accrued hours of sick leave with a maximum of \$5,000. The calculation producing the largest amount for each eligible employee has been recorded as a liability.

Note 2. DEPOSITS AND INVESTMENTS

At June 30, 2008, cash and cash equivalents consisted of the following, at cost which approximates fair value:

	Governmental Activities	Fiduciary Fund	Total
Cash	\$ 144,922	\$ -	\$ 144,922
Local Government Investment Pool	113,069	-	113,069
	<u>257,991</u>	<u>-</u>	<u>257,991</u>
Restricted:			
Local Government Investment Pool	178,270	104,716,124	104,894,394
Total	<u>\$ 436,261</u>	<u>\$ 104,716,124</u>	<u>\$ 105,152,385</u>

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

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 2. DEPOSITS AND INVESTMENTS (Continued)

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

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

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

Note 3. DUE FROM OTHER GOVERNMENTS

At June 30, 2008, due from other governments consisted of the following:

	Planning and Administrative	Jurisdiction Transit	Total
Due from Commonwealth of Virginia:			
Motor fuel sales tax	\$ -	\$ 8,671,669	\$ 8,671,669
Grants	1,059,211	11,640,137	12,699,348
	<u>1,059,211</u>	<u>20,311,806</u>	<u>21,371,017</u>
Due from Virginia Railway Express	13,441	-	13,441
Due from local jurisdictions	55,195	-	55,195
	<u>\$ 1,127,847</u>	<u>\$ 20,311,806</u>	<u>\$ 21,439,653</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, being depreciated:				
Office equipment and furniture	\$ 150,567	\$ 7,657	\$ (30,786)	\$ 127,438
Less accumulated depreciation for:				
Office equipment and furniture	(137,763)	(6,887)	30,786	(113,864)
Governmental activities capital assets, net	<u>\$ 12,804</u>	<u>\$ 770</u>	<u>\$ -</u>	<u>\$ 13,574</u>

Depreciation expense was charged to the governmental activities, general and administrative	<u>\$ 6,887</u>
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Note 5. JOINT VENTURE - VIRGINIA RAILWAY EXPRESS

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

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 5. JOINT VENTURE - VIRGINIA RAILWAY EXPRESS (Continued)

In July 2007, the Commissions adopted amendments to the VRE Master Agreement that expanded the Operations Board to include all member jurisdictions and provided for board representation proportionate to system ridership, and weighted voting proportionate to jurisdictional subsidy. In addition, the amendments apportioned jurisdictional subsidies on system ridership only, rather than the current 90% system ridership and 10% population formula. The amendment to the subsidy formula is being phased in over four years, beginning in fiscal year 2008. The amendments also allowed for greater autonomy for the Operations Board, with progressively more decisions made by the Board without referral to PRTC and NVTC.

Commuter Rail Revenue Bonds have been issued in the name of NVTC for the VRE project. This debt and the capital assets acquired with the debt are not recognized on the financial statements of NVTC, but rather on those of VRE. Following is a schedule of the bonds outstanding as of June 30, 2008 as reported by VRE:

\$37,625,000 Commuter Rail Revenue Refunding Bonds, series 1993; due in annual maturities of \$4,575,000 to \$5,065,000 through July 2010, plus semi-annual interest at 4.9% to 5.25%	\$ 14,450,000
\$23,000,000 Commuter Rail Revenue Bonds, series 1997; due in annual maturities of \$1,100,000 to \$2,115,000 through July 2017, plus semi-annual interest at 4.7% to 6.0%	14,635,000
\$31,700,000 Commuter Rail Revenue Refunding Bonds, series 1998; due in annual maturities of \$120,000 to \$6,555,000 through July 1, 2014, plus semi-annual interest at 4.3% to 5.375%	24,670,000
	<u>53,755,000</u>
Less unamortized:	
Deferred loss	(1,178,308)
Discount	(63,351)
(Premiums)	362,622
Total bonded debt	<u>\$ 52,875,963</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 5. JOINT VENTURE - VIRGINIA RAILWAY EXPRESS (Continued)

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

Years Ended June 30,	Principal	Interest	Total Required
2009	\$ 5,795,000	\$ 2,731,522	\$ 8,526,522
2010	6,105,000	2,411,369	8,516,369
2011	6,435,000	2,073,792	8,508,792
2012	6,780,000	1,714,648	8,494,648
2013	7,155,000	1,341,583	8,496,583
2014-2018	21,485,000	1,991,974	23,476,974
	<u>\$ 53,755,000</u>	<u>\$ 12,264,888</u>	<u>\$ 66,019,888</u>

Deferred bond and lease costs, consisting of issuance costs and insurance premiums are shown net of accumulated amortization. These costs are amortized on a straight-line basis over the life of the debt. Amortization of deferred bond and lease costs, approximating \$71,500, is included in interest expense in 2008. Federal arbitrage regulations apply to VRE's revenue bonds and the Gallery IV capitalized lease.

The Indentures of Trust for the 1997 Commuter Rail Revenue Bonds required VRE to maintain a debt service reserve. During fiscal year 2000, VRE purchased a surety in substitution of the debt service reserve fund, releasing the proceeds from the reserve. The Indentures of Trust for the 1997 issue also require the maintenance of an operating reserve equivalent to one-third (33.3%) of annual budgeted operating expenses. As of June 30, 2008, VRE designated \$21,069,426 of its cash, inventory and receivables as this operating reserve. The reserves represented 48.02% of budgeted operating expenses.

Funds are invested by the Trustee pursuant to the Indentures of Trust and are classified as restricted. Funds held by the Trustee as of June 30, 2008 are as follows:

Bond Interest Fund	\$ 5,835,328
Bond Principal Fund	1,452,461
Total Held by Trustee	<u>\$ 7,287,789</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 5. JOINT VENTURE - VIRGINIA RAILWAY EXPRESS (Continued)

VRE has entered into the following capitalized lease financings for its fare collection system and to acquire rail cars.

Capitalized lease – Fare Collection

\$2,717,409 capitalized lease obligation \$39,347 due monthly, interest at 5.73%, maturing in 2009, collateralized with a fare collection system with a carrying value of \$85,028	\$ 420,665
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Capitalized lease – Gallery IV

\$25,100,000 capitalized lease obligation \$965,679 due semi-annually, interest at 4.59%, maturing in 2025, collateralized with Gallery IV cars with a carrying value of \$25,537,014	\$ 22,623,892
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Under an agreement entered into between NVTC and VRE for the current fiscal year, project charge backs to VRE for staff support equals \$75,000 for the fiscal year, and amounts due from VRE equaled \$13,441 as of June 30, 2008.

Financial information from VRE's fiscal year 2008 audited financial statements is shown below. Complete financial statements for VRE can be obtained from the Director of Finance and Administration of NVTC at 4350 N. Fairfax Drive, Suite 720, Arlington, VA 22203.

Notes Payable – Gallery IV (50 cars)

In fiscal year 2008, VRE entered into an agreement with the Federal Railroad Administration for a loan of up to \$72.5 million to purchase 50 Gallery railcars. The first four of a series of promissory notes were authorized during the fiscal year; when all funds have been borrowed, the individual notes will be combined into a single note. The notes are secured by the revenues of VRE and the railcars.

\$8,553,421 Promissory Note #1; due in quarterly maturities of \$44,520 to \$56,965 through March 2033, plus quarterly interest at 4.74%	\$ 8,553,421
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\$3,069,526 Promissory Note #2; due in quarterly maturities of \$15,977 to \$20,443 through March 2033; plus quarterly interest at 4.74%	3,069,526
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\$7,673,804 Promissory Note #3; due in quarterly maturities of \$39,942 to \$51,107 through March 2033; plus quarterly interest at 4.74%	7,673,804
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\$7,673,804 Promissory Note #4; due in quarterly maturities of \$40,883 to \$51,374 through March 2033, plus quarterly interest at 4.74%	7,673,804
	<u>\$ 26,970,555</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 5. JOINT VENTURE - VIRGINIA RAILWAY EXPRESS (Continued)

Mandatory debt service requirements for the first four promissory notes consist of the following:

Years Ended June 30,	Principal	Interest	Total Required
2009	\$ 541,178	\$ 1,267,857	\$ 1,809,035
2010	607,576	1,242,089	1,849,665
2011	636,891	1,212,774	1,849,665
2012	665,972	1,183,693	1,849,665
2013	701,387	1,148,278	1,849,665
2014-2018	4,039,322	5,209,004	9,248,326
2019-2023	5,112,470	4,135,856	9,248,326
2024-2028	6,470,126	2,778,200	9,248,326
2029-2033	8,195,633	1,052,693	9,248,326
	<u>\$ 26,970,555</u>	<u>\$ 19,230,444</u>	<u>\$ 46,200,999</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 5. JOINT VENTURE - VIRGINIA RAILWAY EXPRESS (Continued)

**VIRGINIA RAILWAY EXPRESS
STATEMENT OF NET ASSETS**

June 30, 2008

ASSETS	
Current Assets	
Cash and cash equivalents	\$ 4,843,010
Accounts receivable, net of allowance	12,107,223
Inventory	3,668,032
Prepaid expenses and other	451,159
Restricted cash, cash equivalents, and investments	17,072,495
Total current assets	<u>38,141,919</u>
Noncurrent Assets	
Deferred bond and lease costs, net	1,208,120
Capital assets (net of \$69,505,584 accumulated depreciation)	226,293,095
Total noncurrent assets	<u>227,501,215</u>
Total assets	<u>\$ 265,643,134</u>
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable and accrued liabilities	\$ 20,987,052
Unearned revenue	1,679,514
Contract retainage	909,654
Current portion of:	
Capital lease obligations	1,323,834
Long-term debt	5,795,000
Notes payable	602,178
Total current liabilities	<u>31,297,232</u>
Noncurrent Liabilities	
Capital lease obligations	21,720,723
Notes payable	26,928,377
Bonds payable, net	47,080,963
Compensated absences	198,095
Total noncurrent liabilities	<u>95,928,158</u>
Total liabilities	<u>127,225,390</u>
Net Assets	
Invested in capital assets, net of related debt	114,677,949
Restricted for liability insurance plan	7,470,123
Restricted for debt service and capital lease	7,287,789
Restricted grants or contributions	1,269,313
Unrestricted assets	7,712,570
Total net assets	<u>138,417,744</u>
Total liabilities and net assets	<u>\$ 265,643,134</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 5. JOINT VENTURE - VIRGINIA RAILWAY EXPRESS (Continued)

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

Year Ended June 30, 2008

Operating revenues	\$ 21,821,334
Operating expenses	48,063,499
Operating loss before depreciation	<u>(26,242,165)</u>
Depreciation	<u>(10,640,098)</u>
Operating loss	<u>(36,882,263)</u>
Nonoperating revenues (expenses):	
Subsidies:	
Commonwealth of Virginia grants	10,795,443
Federal grants	12,522,868
Jurisdictional contributions	13,379,155
Capital grants and assistance:	
Commonwealth of Virginia grants	14,959,850
Federal grants	19,218,547
Other local contributions	925,338
Interest income:	
Operating funds	399,553
Insurance trust	400,204
Other restricted funds	535,093
Insurance proceeds	262,676
Interest, amortization and other nonoperating expenses, net	<u>(4,525,279)</u>
Total nonoperating revenues, net	<u>68,873,448</u>
Loss on disposal of assets	<u>(3,176,932)</u>
Change in net assets	28,814,253
Net assets, beginning	<u>109,603,491</u>
Net assets, ending	<u>\$ 138,417,744</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 6. PENSION PLAN

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

The plan is funded in amounts determined by an actuarial consultant. Employer contributions for the year ended June 30, 2008 totaled \$54,274 (9.3% of covered payroll). Required employee contributions for the year ended June 30, 2008 totaled \$10,914 (1.9% of covered payroll). Since 1994, participants have been required to contribute 2.0% of covered salary, not to exceed 50% of the aggregate gross annual contribution for benefits. NVTC contributes the balance of the cost of the Plan. NVTC's payroll for employees covered by the plan for the year ended June 30, 2008 was approximately \$663,000.

Note 7. OPERATING LEASES

NVTC leases office space under a 10-year agreement which expires December 31, 2010. Office rent under this lease totaled approximately \$170,770 for the year ended June 30, 2008. The lease provides for an adjustment to the base rental for increases in basic costs. Escalation is limited to five percent per year in basic costs of building operation, maintenance and management and the actual increases in real estate taxes and electricity.

NVTC leases office equipment under a five-year agreement which expires December 31, 2010. Minimum monthly payments equal \$389 per month. Payments under this lease totaled \$4,668 for the year ended June 30, 2008.

Future minimum lease payments required as of June 30, 2008 for the operating leases are as follows:

<u>Year Ending June 30,</u>	
2009	\$165,335
2010	170,155
2011	<u>86,300</u>
Total	<u>\$ 421,790</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 8. COMPENSATED ABSENCES

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Accrued annual leave	\$ 61,067	\$ 76,321	\$ 43,347	\$ 94,041	\$ 28,772

Note 9. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

During fiscal year 2006, NVTC entered into a contract with a consulting firm to develop the GPS/AVL system. The maximum commitment outstanding under this agreement is \$31,166.

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

All project expenditures are expensed as incurred, including expenditures for tangible assets, as the equipment becomes the property of the transit systems upon completion of the contract. Software developed under the GPS/AVL program will become available to all transit systems within the Commonwealth free of charge.

The Commissions have outstanding commitments on behalf of the VRE for construction of facilities and equipment. A combination of Federal and Commonwealth of Virginia grants will be used to finance these capital projects. The following is a summary of the more significant contractual commitments relating to VRE as of June 30, 2008:

Stations and parking lots	\$ 4,756,184
Maintenance and layover yards	1,806,473
Track and signal improvements	3,021,932
Other administrative	199,633
Railcars	28,552,096
	<u>\$ 38,336,318</u>

In June 2002, VRE entered into a borrowing with SunTrust Bank in the amount of \$900,000 to refinance a previous borrowing used to purchase the VRE offices. This note carries a repayment schedule of 15 years, with the terms of the note subject to revision June 2007. In November 2007 a new note was signed in the amount of \$600,000 at 4.31 percent interest with a 10 year amortization and a balloon payment after five years. The current note is secured by the office condominium. Principal of \$5,000 plus interest is payable monthly. The note had a balance of \$560,000 at June 30, 2008.

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 10. Pending GASB Statements

At June 30, 2008 the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by NVTC. The statements which might impact NVTC are as follows:

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, establishes standards from the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and required supplemental information. Statement No. 45 will be effective for periods beginning after December 15, 2007.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, establishes standards of accounting and financial reporting for intangible assets. Statement No. 51 will be effective for periods beginning after June 15, 2009.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Statement no. 53 will be effective for periods beginning after June 15, 2009.

Note 11. Subsequent Events

As of June 30, 2008, VRE borrowed a total of \$26,970,555 from the Federal Railroad Administration for the purchase of railcars. Additional promissory notes in the amount of \$20,747,935 were signed through September 2008, bringing the total borrowed to \$47,718,490.

In August 2008, \$14,300,000 of the Series 1997 Commuter Rail Revenue non-callable bonds were defeased and notices of redemption were sent to the holders of the callable bonds. Refunding bonds were not issued. The bonds were repaid because of the sale of the underlying assets, 13 Kawasaki railcars. The outstanding balance of the series 1997 bonds was \$14,635,000 at June 30, 2008.

Note 12. Risk Management

NVTC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is purchased to address these risks, including workers' compensation and employee health and accidental insurance. VRE's insurance plan consists of a combination of self-insurance reserves and purchased insurance. Settled claims have not exceeded coverage during any of the past three fiscal years.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2008

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS BY JURISDICTION
JURISDICTION TRUST FUND

Year Ended June 30, 2008

	City of Alexandria	Arlington County	City of Fairfax	Fairfax County	City of Falls Church	Loudoun County	Totals
Additions:							
Contributions from primary government:							
Commonwealth of Virginia	\$ 16,524,465	\$ 27,310,292	\$ 1,788,472	\$ 56,694,721	\$ 1,045,022	\$ -	\$ 103,362,972
Motor Vehicle Fuel Sales Tax	2,708,592	4,077,011	1,487,432	23,666,717	1,082,853	9,321,063	42,343,668
Investment Income	163,307	378,252	171,012	1,945,782	25,439	1,211,257	3,895,049
Total additions	19,396,364	31,765,555	3,446,916	82,307,220	2,153,314	10,532,320	149,601,689
Deductions:							
Funds disbursed to WMATA:							
Metro Matters capital	245,622	5,370,440	313,194	748,971	456,630	-	7,134,857
Beyond Metro Matters capital	33,250	261,000	5,433	417,000	8,000	-	724,683
Metro rail operating	3,635,339	12,528,538	430,696	13,619,188	356,998	-	30,570,759
Metrobus operating	10,364,635	3,198,610	472,342	27,446,773	1,054,445	-	42,536,805
Metroaccess operating	318,160	685,660	132,430	5,010,075	143,910	-	6,290,235
Metro debt service	1,418,200	2,740,200	46,700	3,168,900	38,500	-	7,412,500
Other funds disbursed:							
Other capital disbursements	2,100,000	1,122,417	3,843	3,581,227	-	5,047,852	11,855,339
Other operating disbursements	-	1,220,648	1,363,799	-	-	12,648,974	15,233,421
Total deductions	18,115,206	27,127,513	2,768,437	53,992,134	2,058,483	17,696,826	121,758,599
Change in net assets	1,281,158	4,638,042	678,479	28,315,086	94,831	(7,164,506)	27,843,090
Net assets held in trust for member jurisdictions							
Beginning of year	5,024,888	10,759,181	4,325,884	47,943,928	778,288	28,352,671	97,184,840
End of year	\$ 6,306,046	\$ 15,397,223	\$ 5,004,363	\$ 76,259,014	\$ 873,119	\$ 21,188,165	\$ 125,027,930

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF GENERAL, ADMINISTRATIVE AND PROJECT EXPENDITURES
GENERAL FUND
Year Ended June 30, 2008

	<u>Total</u>	<u>General and Administrative</u>	<u>Projects</u>
Expenditures:			
Advertising	\$ 1,017	\$ 1,017	\$ -
Capital purchases	7,657	7,657	-
Commissioners' per diem	15,450	15,450	-
Computer expense	5,671	4,123	1,548
Conference registration and training	2,069	2,069	-
Copier duplicating	10,534	9,559	975
Disability insurance	3,127	2,308	819
Employee group insurance	46,255	34,140	12,115
Employee retirement	55,504	40,967	14,537
Employer payroll taxes	48,421	35,739	12,682
Leave - annual, holiday, and sick	96,513	71,234	25,279
Legal and auditing	22,475	22,475	-
Memberships and subscriptions	2,028	2,028	-
Miscellaneous, repairs and maintenance	4,340	4,340	-
Office supplies	2,981	2,981	-
Office rent	170,621	170,621	-
Insurance and liability bonds	3,663	3,663	-
Parking and Metrochek	9,412	9,231	181
Postage and shipping	3,449	3,424	25
Project consultants and other project costs	4,838,612	-	4,838,612
Public information	58,700	500	58,200
Salaries and wages	570,695	437,864	132,831
Telephone	6,413	6,240	173
Travel and meetings	5,605	5,605	-
	<u>5,991,212</u>	<u>893,235</u>	<u>5,097,977</u>
Total expenditures	<u>\$ 5,991,212</u>	<u>\$ 893,235</u>	<u>\$ 5,097,977</u>

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

Year Ended June 30, 2008

	HFI Demo	Jurisdiction Grants & Projects	GPS / AVL	Senior Mobility	Marketing	Bus Data Collection	SmarTrip	Code Red	Totals
Revenues:									
Commonwealth of Virginia	\$ 46,573	\$ 9,910	\$ 64,380	\$ 18,687	\$ 5,324	\$ 229,084	\$ 2,569,402	\$ 1,342,795	\$ 4,286,155
Local	-	-	-	-	-	-	612,036	-	612,036
Other revenue	-	-	-	-	387	-	-	-	387
NVTC match	4,777	16,471	10,671	19,687	109,428	2,542	18,807	17,016	199,399
Total revenue	\$ 51,350	\$ 26,381	\$ 75,051	\$ 38,374	\$ 115,139	\$ 231,626	\$ 3,200,245	\$ 1,359,811	\$ 5,097,977
Expenditures:									
Salaries and wages	\$ 3,283	\$ 11,035	\$ 6,377	\$ 13,188	\$ 72,161	\$ 1,703	\$ 14,026	\$ 11,058	\$ 132,831
Fringe benefits	1,617	5,436	3,141	6,496	35,547	839	6,909	5,447	65,432
Computer	-	-	-	-	1,548	-	-	-	1,548
Consultants	-	-	65,068	17,713	-	229,084	4,990	32,901	349,756
Postage and shipping	-	-	-	-	-	-	-	25	25
Telephone	-	-	-	2	118	-	-	53	173
Parking and metrochek	-	-	7	-	-	-	-	174	181
Public information	-	-	-	-	5,765	-	-	52,435	58,200
Copier duplicating	-	-	-	975	-	-	-	-	975
Costs incurred	46,450	9,910	458	-	-	-	3,174,320	1,257,718	4,488,856
Total expenditures	\$ 51,350	\$ 26,381	\$ 75,051	\$ 38,374	\$ 115,139	\$ 231,626	\$ 3,200,245	\$ 1,359,811	\$ 5,097,977

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

Project Costs to Date - Active Projects
Period Ended June 30, 2008

	HFI Demo	Jurisdiction Grants & Projects	GPS / AVL	Senior Mobility	TransAction 2030	Marketing	Bus Data Collection	SmarTrip	Code Red	Totals
Revenues:										
Federal	\$ 46,573	\$ 30,511	\$ 170,277	\$ 205,478	\$ 1,039,996	\$ 248,606	\$ 113,067	\$ 1,200,000	\$ 3,858,076	\$ 1,313,067
Commonwealth of Virginia	-	-	-	4,000	-	-	907,176	4,185,957	-	10,692,650
Local	-	-	-	-	-	1,723	50,000	1,426,697	-	1,480,697
Other revenue	-	-	-	-	-	561,212	-	67,915	-	69,638
NVTC match	5,144	16,471	22,343	150,073	81,165	-	45,069	218,253	53,502	1,153,232
Total revenue	\$ 51,717	\$ 46,982	\$ 192,620	\$ 359,551	\$ 1,121,161	\$ 811,541	\$ 1,115,312	\$ 7,098,822	\$ 3,911,578	\$ 14,709,284
Expenditures:										
Capital outlays	\$ 3,540	\$ 11,035	\$ 15,659	\$ 100,360	\$ 53,498	\$ 17,556	\$ 40,598	\$ 147,393	\$ 34,758	\$ 17,556
Salaries and wages	1,727	5,436	7,260	46,080	24,852	205,819	17,377	67,532	16,476	854,122
Fringe benefits	-	-	448	965	791	354	852	377	652	392,559
Advertising	-	-	404	-	-	10,364	-	-	-	4,439
Computer	-	-	-	-	-	-	-	-	-	10,768
Consultants	-	-	168,335	135,713	992,014	-	1,055,196	319,033	127,841	2,798,132
Dues and memberships	-	-	-	398	462	770	-	-	-	770
Postage	-	-	-	354	52	760	861	43	2,059	3,823
Telephone	-	-	-	833	211	187	18	125	83	1,392
Office supplies	-	-	-	420	452	3,310	350	-	-	1,231
Travel	-	-	56	427	777	273	60	1,298	68	5,898
Parking	-	-	-	-	48,052	124,867	-	1,113	402	3,108
Public information	-	-	-	1,616	-	-	-	-	88,633	261,552
Copier duplicating	-	-	-	72,385	-	-	-	-	-	1,616
Costs incurred	46,450	30,511	458	-	-	-	-	6,561,908	3,640,606	10,352,318
Total expenditures	\$ 51,717	\$ 46,982	\$ 192,620	\$ 359,551	\$ 1,121,161	\$ 811,541	\$ 1,115,312	\$ 7,098,822	\$ 3,911,578	\$ 14,709,284

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS
 Year Ended June 30, 2008

Grant	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue	Cumulative Expenditures
				06/30/07				06/30/08	
Northern Virginia Transportation Commission									
Virginia Department of Rail and Public Transportation (DRPT)									
Capital:									
Fiscal Year 2008	01/04/08	73006-30	\$ 40,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2008	07/01/07	73008-03	23,561,720	23,249,773	23,249,773	23,249,773	23,249,773	-	23,249,773
Fiscal Year 2008	07/01/07	73008-04	3,854,493	3,854,493	3,854,493	3,854,493	3,854,493	-	3,854,493
Fiscal Year 2008	07/01/07	73008-05	473,070	429,000	429,000	429,000	429,000	-	429,000
Fiscal Year 2008	07/01/07	73008-06	28,880	27,520	28,880	28,880	28,880	1,360	28,880
Fiscal Year 2008	01/04/08	73008-16	20,000,000	-	-	-	-	-	-
Fiscal Year 2008	01/04/08	73008-15	4,497,364	-	-	-	-	-	-
Fiscal Year 2008	10/16/07	73008-17	2,139,112	-	-	-	-	-	-
Fiscal Year 2008	10/16/07	73008-18	65,000	-	-	-	-	-	-
Fiscal Year 2008	10/16/07	73008-19	88,000	-	-	-	-	-	-
Fiscal Year 2008	10/16/07	73008-20	2,113,800	-	-	-	-	-	-
Fiscal Year 2008	10/16/07	73008-21	5,982,926	-	-	-	-	-	-
Fiscal Year 2008	10/16/07	73008-23	2,400,000	-	-	-	-	-	-
Fiscal Year 2007	07/01/06	73007-18	92,400	-	-	-	-	-	-
Fiscal Year 2007	07/01/06	73007-19	2,390,740	2,903	-	-	-	-	2,903
Fiscal Year 2007	07/01/06	73007-20	348,480	248,334	254,315	254,315	254,315	5,981	254,315
Fiscal Year 2007	07/01/06	73007-21	6,600	5,240	-	-	-	-	5,240
Fiscal Year 2007	07/01/06	73007-22	9,952,611	1,111,235	3,739,905	3,739,905	3,739,905	2,658,205	3,769,440
Fiscal Year 2006	07/01/05	73006-15	125,954	52,949	-	-	-	-	52,949
Fiscal Year 2006	07/01/05	73006-16	566,479	-	-	-	-	-	95,195
Fiscal Year 2006	07/01/05	73006-17	31,500	-	10,584	10,584	10,584	10,584	18,900
Fiscal Year 2006	07/01/05	73006-18	1,028,000	346,949	779,654	779,654	779,654	432,705	1,028,000
Fiscal Year 2006	07/01/05	73006-25	7,076,790	3,126,184	3,024,000	3,024,000	3,024,000	-	3,126,184
Fiscal Year 2006	07/01/05	73006-26	256,000	-	-	-	-	-	-
Fiscal Year 2005	07/01/04	73005-10	1,028,332	965,965	-	-	-	-	1,028,332
Fiscal Year 2005	07/01/04	73005-11	486,020	-	-	-	-	-	477,736
Fiscal Year 2005	07/01/04	73005-13	5,085,160	2,655,721	954,738	954,738	954,738	-	3,650,966
Fiscal Year 2005	07/01/03	73004-15	3,250,848	1,711,926	-	-	-	-	2,931,736
Fiscal Year 2004	07/01/03	73004-18	620,000	81,182	-	-	-	-	535,674
Fiscal Year 2004	07/01/03	73004-19	200,000	-	-	-	-	-	200,000
Fiscal Year 2003	07/01/02	73003-08	6,122,054	-	3,100,000	3,100,000	3,100,000	-	6,010,285
Fiscal Year 2003	07/01/02	73003-11	263,500	22,322	-	-	-	-	234,306
Fiscal Year 2003	07/01/02	73003-12	30,000	-	-	-	-	-	30,000
FTM/Admin (Operating):									
Fiscal Year 2008	07/01/07	72008-29	52,172,310	47,824,617	52,172,309	52,172,309	52,172,309	4,347,692	52,172,309
Fiscal Year 2008	07/01/07	72008-30	1,488,595	1,339,736	1,488,595	1,488,595	1,488,595	148,859	1,488,595
Fiscal Year 2008	07/01/07	72008-31	1,998,432	1,798,589	1,998,432	1,998,432	1,998,432	199,843	1,998,432
Fiscal Year 2008	07/01/07	72008-32	496,570	446,913	496,570	496,570	496,570	49,657	496,570
Fiscal Year 2008	07/01/07	72008-33	61,192	55,073	61,192	61,192	61,192	6,119	61,192
Fiscal Year 2008	07/01/07	72008-34	6,964,185	6,267,767	6,964,186	6,964,186	6,964,186	696,419	6,964,186
Fiscal Year 2007	07/01/06	73007-24	59,211,613	4,934,302	-	-	-	-	59,211,613
Fiscal Year 2006	07/01/05	72006-49	60,007,252	-	-	-	-	-	60,007,252

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)
 Year Ended June 30, 2008

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 06/30/07</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 06/30/08</u>	<u>Cumulative Expenditures</u>
Northern Virginia Transportation Commission (continued)									
Virginia Department of Rail and Public Transportation (DRPT) (continued)									
Demonstration \ Experimental:									
Fiscal Year 2007	07/01/06	71107-08	\$ 86,600	\$ -	\$ 50,446	\$ 46,573	\$ 46,573	\$ (3,873)	\$ 46,573
Hydrogen Fuel Injection									
Fiscal Year 2006	07/01/05	71106-08	199,500	-	64,380	64,380	64,380	-	170,277
GPS AVL System									
Fiscal Year 2004	07/01/03	71004-40	48,545	-	-	-	-	-	-
SmartTrip POS Devices									
Fiscal Year 2001	04/30/02	100-73501-51-1	4,074,712	15,772	1,777,037	2,540,522	2,540,522	779,257	4,074,712
SmartTrip Expansion									
Transportation Demand Management:									
Fiscal Year 2006	07/01/05	71406-04	39,200	-	9,910	9,910	9,910	-	30,511
Directory Translation									
Intern:	07/01/05	71206-07	24,700	1,411	7,709	6,298	6,298	-	7,709
Fiscal Year 2006									
Subtotal - DRPT			331,039,239	9,665,937	104,206,161	107,012,295	107,012,295	12,472,437	239,482,224
Virginia Department of Transportation (VDOT)									
STPG:									
Fiscal Year 2006	01/26/06	N/A	150,000	42,160	46,635	18,689	18,689	14,214	91,480
Senior Transp. Phase 2									
Subtotal - VDOT			150,000	42,160	46,635	18,689	18,689	14,214	91,480
Subtotal - NVTC			331,189,239	9,708,097	104,252,796	107,030,984	107,030,984	12,486,651	239,573,704

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)
 Year Ended June 30, 2008

<u>Grant</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 06/30/07</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 06/30/08</u>	<u>Cumulative Expenditures</u>
Virginia Railway Express								
Virginia Department of Rail and Public Transportation (DRPT)								
Capital:								
	Fiscal Year 2008	\$ 1,776,710	\$ -	\$ 1,085,923	\$ 1,187,426	\$ 1,187,426	\$ 101,503	\$ 1,187,426
	Fiscal Year 2008	3,459,968	-	924,805	1,211,809	1,211,809	287,004	1,211,809
	Fiscal Year 2008	15,000,000	-	-	-	-	-	-
	Fiscal Year 2008	118,973	-	-	-	-	-	-
	Fiscal Year 2007	1,466,061	122,969	1,069,426	946,457	946,457	-	1,466,057
	Fiscal Year 2008	282,779	-	97,065	97,065	97,065	-	97,065
	Fiscal Year 2008	355,392	-	98,392	98,392	98,392	-	98,392
	Fiscal Year 2008	534,228	-	-	-	-	-	-
	Fiscal Year 2006	500,000	-	-	-	-	-	-
	Fiscal Year 2006	1,771,812	-	515,961	550,030	550,030	34,069	550,030
	Fiscal Year 2004	4,825,414	3,629	48,053	85,421	85,421	40,997	4,303,610
	Fiscal Year 2003	5,192,803	83,931	154,050	359,260	359,260	289,141	5,081,503
Capital - State Transit Partnership:								
	Fiscal Year 2006	20,000,000	(13,118,453)	-	12,115,498	12,115,498	(1,002,955)	18,997,045
New Railcar Purchase								
FTM/Admin (Operating):								
	Fiscal Year 2008	8,049,510	-	7,244,559	8,049,510	8,049,510	804,951	8,049,510
	Fiscal Year 2007	8,064,077	806,477	806,477	-	-	-	8,064,077
Other Special Projects:								
	Fiscal Year 2003	250,000	117,671	158,916	41,245	41,245	-	209,008
Woodbridge Station Platform								
Rail Enhancement Fund:								
	Cherry Hill Station	750,000	-	-	-	-	-	-
	Gainsville/Haymarket Study	700,000	-	-	-	-	-	-
	Cherry Hill Station	1,750,000	-	-	-	-	-	-
VTA 2000:								
	Fiscal Year 2003	6,137,000	459,049	895,094	567,935	567,935	131,890	4,237,032
Quantico Creek Bridge								
Intern:								
	Fiscal Year 2007	38,000	-	-	-	-	-	-
	Fiscal Year 2006	38,000	-	12,178	15,772	15,772	3,594	23,805
TEIF:								
	FY 2005	20,000	-	-	-	-	-	9,600
Wage Works Passport								

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)
 Year Ended June 30, 2008

<u>Grant</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 06/30/07</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 06/30/08</u>	<u>Cumulative Expenditures</u>
Virginia Railway Express (continued)								
Virginia Department of Rail and Public Transportation (DRPT) (continued)								
Technical Assistance:								
	Fiscal Year 2006							
	41006-54	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	71106-17	15,000	15,000	393	393	393	-	15,000
	71306-02	100,000	-	-	-	-	-	80,100
	Fiscal Year 2005							
	71305-2	55,000	-	-	30,213	30,213	30,213	52,715
	73000-29	257,000	-	-	-	-	-	-
	N/A	N/A	676,395	-	(289,552)	(289,552)	386,843	386,843
	81,527,727	(10,833,332)	13,126,292	25,066,874	1,107,250	54,120,627		
Subtotal - DRPT								
Virginia Department of Transportation (VDOT)								
	EN02-29-139	160,000	-	-	-	-	-	-
	160,000	-	-	-	-	-	-	-
	81,687,727	(10,833,332)	13,126,292	25,066,874	1,107,250	54,120,627		
	\$ 412,876,966	\$ (1,125,235)	\$ 117,379,088	\$ 132,097,858	\$ 13,593,901	\$ 293,694,331		

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2008

Federal CFDA Number	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/07	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 9/30/08	Cumulative Expenditures
		\$ 1,100,000	\$ -	\$ 391,806	\$ 644,075	\$ 644,075	\$ 252,269	\$ 644,075
20.205	47007-04							
20.205	47006-13	694,000	16,955	694,000	677,045	677,045	-	694,000
20.205	47005-11	290,000	268,325	290,000	21,675	21,675	-	290,000
20.205	401-47099-1-1	2,230,000	441,409	441,409	-	-	-	2,230,000
		<u>4,314,000</u>	<u>726,689</u>	<u>1,817,215</u>	<u>1,342,795</u>	<u>1,342,795</u>	<u>252,269</u>	<u>3,858,075</u>
		\$ 4,314,000	\$ 726,689	\$ 1,817,215	\$ 1,342,795	\$ 1,342,795	\$ 252,269	\$ 3,858,075
Total Federal Assistance								

Northern Virginia Transportation Commission

Virginia Department of Rail and
Public Transportation

FHWA - Code Red Program
 FHWA - Code Red Program
 FHWA - Code Red Program
 FHWA - Code Red Program

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

COMPLIANCE SECTION

YEAR ENDED JUNE 30, 2008

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2008**

Federal Grantor/State Pass-Through Grantor/ Program Title	Grant Number	Federal CFDA Number	Expenditures
Department of Transportation			
<u>Pass-through payments:</u>			
Virginia Department of Rail and Public Transportation:			
NVTC - Code Red Program	47007-04, 47006-13, 47005-11	20.205	\$ 1,342,795
Total federal awards expended			\$ 1,342,795

The accompanying note is an integral part of this financial statement.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Northern Virginia Transportation Commission and is presented on the modified cash basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Federal Financial Assistance – The Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133 define federal financial assistance as grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations or other assistance.

Direct Payments – Assistance received directly from the Federal government is classified as direct payments on the Schedule of Expenditures of Federal Awards.

Pass-through Payments – Assistance received in a pass-through relationship from entities other than the Federal government is classified as pass-through payments on the Schedule of Expenditures of Federal Awards.

Major Programs – The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish the criteria to be used in defining major programs. Major programs for NVTC were determined using a risk-based approach in accordance with OMB Circular A-133.

Catalog of Federal Domestic Assistance – The Catalog of Federal Domestic Assistance (CFDA) is a government-wide compendium of individual federal programs. Each program included in the catalog is assigned a five-digit program identification number (CFDA Number), which is reflected in the accompanying schedule.

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

To the Honorable Commission Board Members
Northern Virginia Transportation Commission
Arlington, Virginia

We have audited the financial statements of Northern Virginia Transportation Commission (NVTC), as of and for the year ended June 30, 2008, and have issued our report thereon dated November 14, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered NVTC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NVTC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of NVTC's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects NVTC's ability to initiate, authorize, record, process, or report financial data reliability in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of NVTC's financial statements that is more than inconsequential will not be prevented or detected by NVTC's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by NVTC's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

PBGH, LLP

Harrisonburg, Virginia
November 14, 2008



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Commission Board Members
Northern Virginia Transportation Commission
Arlington, Virginia

Compliance

We have audited the compliance of Northern Virginia Transportation Commission (NVTC), with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, that are applicable to its major Federal program for the year ended June 30, 2008. NVTC's major Federal program is identified in the Summary of Independent Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major Federal program is the responsibility of NVTC's management. Our responsibility is to express an opinion on NVTC's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards, specifications, and circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about NVTC's compliance with those requirements, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on NVTC's compliance with those requirements.

In our opinion, NVTC complied, in all material respects, with the requirements referred to above that are applicable to its major Federal program for the year ended June 30, 2008.

Internal Control Over Compliance

The management of NVTC is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered NVTC's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of NVTC's internal control over compliance.

A control deficiency in NVTC's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects NVTC's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by NVTC's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by NVTC's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

PBGH, LLP

Harrisonburg, Virginia
November 14, 2008

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008**

I. SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified: Yes No

Significant deficiency identified that is not considered to be material weaknesses Yes None Reported

Noncompliance material to financial statements noted Yes No

Federal awards:

Internal control over major programs:

Material weaknesses identified: Yes No

Significant deficiency identified that is not considered to be material weaknesses Yes None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 501(a) of Circular A-133? Yes No

Identification of major programs:

CFDA Number

Name of Federal Program or Cluster

20.205

Code Red Program

Dollar threshold used to distinguish between type A and type B programs \$300,000

Auditee qualified as low-risk auditee? Yes No

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008**

**II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO
BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT
AUDITING STANDARDS**

A. Significant Deficiencies in Internal Control

None Reported

B. Compliance Findings

None

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2008

There were no findings in the prior year.

Virginia Railway Express Comprehensive Annual Financial Report

FOR THE YEARS ENDED JUNE 30, 2008 and 2007



www.vre.org

Headquartered in Alexandria, Virginia

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Virginia Railway Express

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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Charles S. Cox

President

Jeffrey R. Emmer

Executive Director

VIRGINIA RAILWAY EXPRESS

Comprehensive Annual Financial Report

YEARS ENDED JUNE 30, 2008 AND 2007



Prepared by:

Department of Finance

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Introductory Section





Virginia Railway Express

A Transportation Partnership

November 8, 2008

To the Honorable Operations Board Members and Commissioners
The Virginia Railway Express
The Northern Virginia Transportation Commission
The Potomac and Rappahannock Transportation Commission

We are pleased to present the Virginia Railway Express' (VRE) comprehensive annual financial report for fiscal year ended June 30, 2008. This report conforms to accounting principles generally accepted in the United States of America (GAAP) and provides full disclosure of VRE's financial position and operations for fiscal year 2008. The information provided in this report assists the VRE Operations Board, Commissions and other officials in making management decisions and provides all interested parties with comprehensive financial data in a format that will enable them to gain a true understanding of VRE's financial affairs.

The report consists of management's representations concerning the finances of VRE. Consequently, management assumes responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, VRE's management has established a comprehensive internal control framework that is designed to protect VRE's assets from loss, theft, or misuse and to gather sufficient reliable information for the preparation of VRE's financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived. The evaluation of costs and benefits requires estimates and judgments by management.

VRE's financial statements have been audited by PBGH LLP, a firm of licensed certified public accountants, and have earned an unqualified opinion. The independent auditors' report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) is found immediately following the independent auditors' report. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

The independent audit of the financial statements was part of a federally mandated Single Audit designed to meet the special needs of federal grantor agencies. These reports are available in the compliance section of this report.

Profile of Virginia Railway Express

The Virginia Railway Express (VRE) is a joint venture of the Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportation Commission (PRTC). Both are political subdivisions of the Commonwealth of Virginia. VRE provides commuter rail service on two railroad lines originating in Fredericksburg and Manassas, Virginia, and terminating at Union Station, Washington, DC. VRE began operations in 1992 with 16 trains and 1,800 average daily riders. During fiscal year 2008, VRE operated 30 trains and served an average daily ridership of 14,662.

VRE is managed by the Commissions. Certain functions have been delegated to the VRE Operations Board, consisting of representatives of all contributing and participating jurisdictions and one representative of the Commonwealth of Virginia's Department of Rail and Public Transportation.

In accordance with the Master Agreement that created VRE, the Operations Board must prepare and submit a preliminary annual budget to the Commissions and the contributing and participating jurisdictions by September 30 of the preceding fiscal year for review and comment. A final recommended budget is prepared by December 1 for consideration by the Operations Board and the Commissions by February 1, followed by transmittal to the jurisdictions for appropriation.

Economic Conditions

Major Initiatives

During fiscal year 2008, VRE focused on improving systems that would ensure the future health of the rail line.

Thirty-five new bi-level Gallery railcars were delivered during the fiscal year and placed in service, as part of the purchase of 50 railcars that was approved in July 2006. The remaining 15 cars are scheduled to be received during the early part of fiscal year 2009. These cars will allow VRE to replace aging and leased equipment as well as increase capacity. Based on the availability of funding, the next steps in fleet improvement will be the purchase of 20 new locomotives, which will take place over a number of years.

Many of VRE's station parking lots were at or above capacity in 2008; to address this constraint, two major parking garage projects were substantially complete by the end of the year. A Fairfax County parking facility at Burke Centre opened in July 2008 and a parking deck in Manassas was opened in August 2008. For Fredericksburg line passengers, work began on the environmental analysis for parking expansion at both the Brooke and Leeland stations.

Long-Term Financial Planning

In order to help prioritize future needs and address potential future growth, a Long-Range Strategic Plan was completed in 2004. The plan identifies the projected ridership demand through 2025, and the capital and operating expenses necessary to meet the demand. It also examines potential network extensions, their impact on ridership, and the costs of such expansions. The Strategic Plan provides the technical underpinning for policy and planning decisions in the upcoming years. Funds have been set aside to prepare an update to the Strategic Plan. In addition, the annual budget includes both a multi-year capital program and a six-year forecast of revenue, expenses and funding sources.

Financial Environment

The current financial environment has resulted in a conundrum for VRE, as it has for many transit agencies. As the price of fuel has soared and environmental concerns have increased, commuters are drawn to transit alternatives; VRE experienced its highest average daily ridership to date in September 2008. At the same time that VRE itself is affected by the increased cost for fuel and other commodities, the precipitous decrease in real estate values in Northern Virginia has caused financial difficulty for the local governments that provide important subsidy funds for the VRE system. As a result, future VRE budgets will reflect a balance between meeting service needs, controlling subsidy levels and setting fares at a reasonable price.

The focus of the VRE Operations Board and VRE management continues to be the provision of safe, reliable commuter rail service to the citizens of Northern Virginia. With the Washington, DC metropolitan area designated as an ozone non-attainment area, public transit will play an increasingly vital role in addressing the area's need to improve air quality and reduce congestion. It is estimated that VRE takes the equivalent of one full lane of traffic off of both Interstate 95 and Interstate 66 each morning and evening rush hour.

Awards and Acknowledgement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Virginia Railway Express for its comprehensive annual financial report for the fiscal year ended June 30, 2007. This was the first year that VRE has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

This report could not have been prepared without the dedicated cooperation of the entire Finance staff. We would also like to thank the Operations Board and the Commissions for their continued support in planning and conducting the financial operations of VRE in a responsible, progressive fashion.

Respectfully submitted,

Dale Zehner
Chief Executive Officer

Donna Boxer, CPA
Chief Financial Officer

DIRECTORY OF PRINCIPAL OFFICIALS AND KEY PERSONNEL

Operations Board

Officers

Chairman	Hon. John Jenkins, Prince William County
Vice-Chairman	Hon. Sharon Bulova, Fairfax County
Treasurer	Hon. Christopher Zimmerman, Arlington County
Secretary	Hon. Paul Milde, Stafford County

Members

Hon. Maureen Caddigan, Prince William County
Hon. Wally Covington, Prince William County
Hon. Matthew Kelly, City of Fredericksburg
Hon. Patrick Herrity, Fairfax County
Hon. Frank Jones, City of Manassas Park
Hon. George Schwartz, Stafford County
Hon. Paul Smedberg, City of Alexandria
Kevin Page, VDRPT
Hon. Jonathan Way, City of Manassas

Alternates

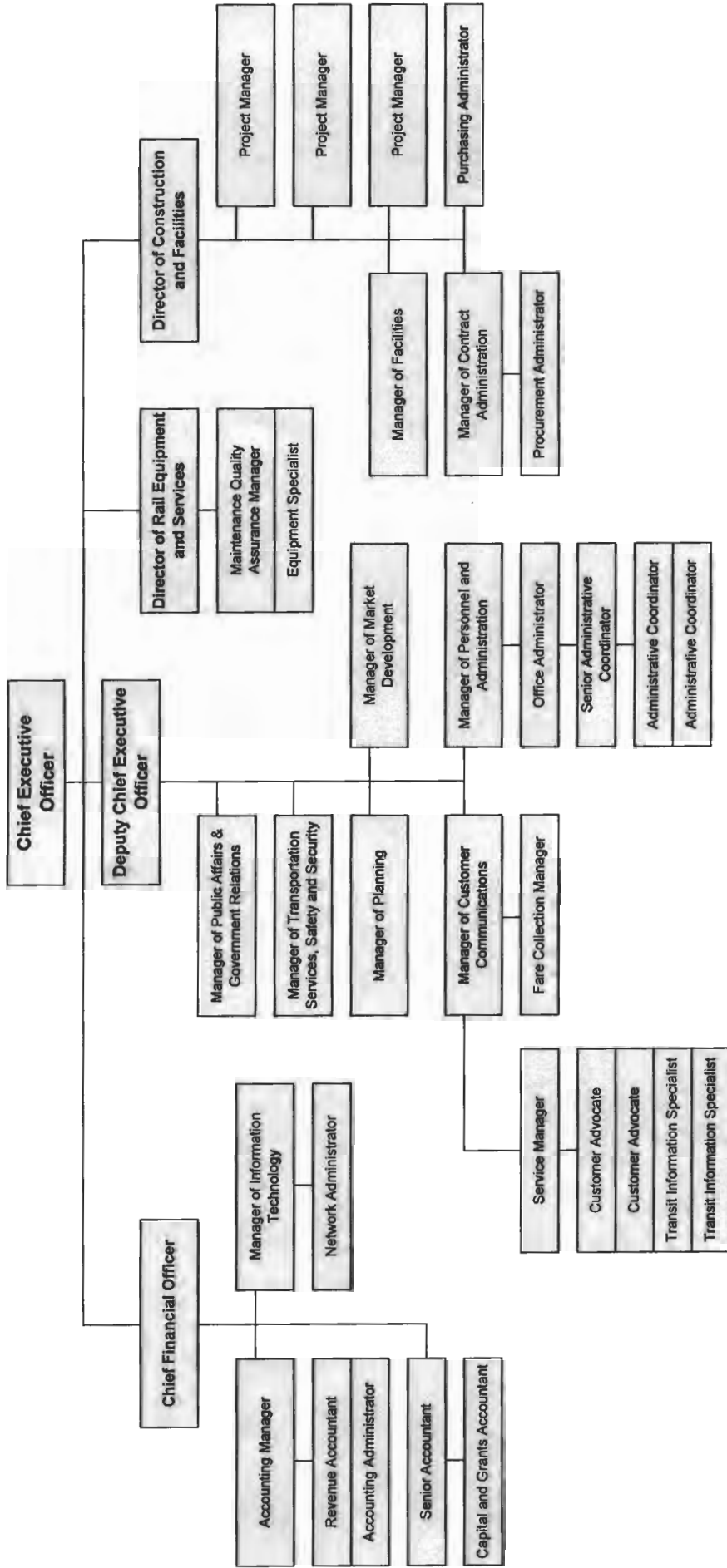
Hon. Marc Aveni, City of Manassas
Hon. Jay Fisette, Arlington County
Hon. Brad Ellis, City of Fredericksburg
Hon. Timothy Lovain, City of Alexandria
Hon. Jeff McKay, Fairfax County
Hon. Michael May, Prince William County
Hon. Martin Nohe, Prince William County
Hon. Brian Polk, Manassas Park
Hon. John Stirrup, Prince William County
Matthew Tucker, VDRPT

Management

Chief Executive Officer
Deputy Chief Executive Officer
Chief Financial Officer
Director, Construction and Facilities
Director, Rail Equipment and Services

Dale Zehner
Jennifer Straub
Donna Boxer, CPA
Sirel Mouchantaf, P.E.
Dennis Larson

Virginia Railway Express
Organizational Chart
June 2008



Financial Section



INDEPENDENT AUDITORS' REPORT

To the Honorable Commission Board Members
The Northern Virginia Transportation Commission
The Potomac and Rappahannock Transportation Commission

We have audited the accompanying financial statements of the Virginia Railway Express, a joint venture of the Northern Virginia Transportation Commission and the Potomac and Rappahannock Transportation Commission, as of and for the year ended June 30, 2008 and 2007, as listed in the table of contents. These financial statements are the responsibility of the Virginia Railway Express' management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Virginia Railway Express as of June 30, 2008 and 2007, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2008 on our consideration of the Virginia Railway Express' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The management's discussion and analysis on pages 8 through 16 and Schedule of Funding Progress on page 38 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise VRE's basic financial statements. The accompanying Schedule of Expenses of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

PBGH, LLP

Harrisonburg, Virginia
November 8, 2008



MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) of the Virginia Railway Express' activities and performance provides the reader with an introduction and overview of the financial statements of the Virginia Railway Express (VRE) for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-3 of this report and the financial statements which begin on page 17.

Financial Operations and Highlights

- Operating revenues increased by 9.7 percent compared to the prior year, from \$19,892,119 to \$21,821,334. Ridership increased by 5.1 percent from 3,453,561 annual trips to 3,628,563.
- Operating expenses, excluding depreciation, increased by 1.7 percent from \$47,244,348 to \$48,063,499.
- Non-operating revenue and capital grants increased by approximately 33 percent from \$55,253,086 to \$73,398,727. The biggest increases were in capital grants from the federal government and the Commonwealth of Virginia and jurisdictional contributions.
- The operating loss before depreciation was \$26,242,165, a decrease from the previous year of 4.1 percent. Local, federal and state support is accounted for as non-operating income and is used to offset these losses.
- VRE's total net assets increased by \$28,814,253, from \$109,603,491 to \$138,417,744. At the end of the fiscal year, unrestricted net assets were \$7,712,570.
- During the fiscal year, capital assets increased by 33.9 percent, primarily as the result of the purchase of 35 new Gallery railcars. In addition, 29 older railcars with a net book value of \$4,819,475 were sold during the year.

Overview of the Basic Financial Statements

This discussion and analysis are intended to serve as an introduction to the basic financial statements of the Virginia Railway Express. VRE's basic financial statements also include notes that provide in more detail some of the information in the basic statements.

Basic Financial Statements. VRE's statements are prepared in conformity with accounting principles generally accepting in the United States of America (GAAP) as applied to an enterprise using the accrual basis of accounting. Under this basis, revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred.

VRE's basic financial statements are the Statements of Net Assets; the Statements of Revenues, Expenses and Changes in Net Assets; and the Statements of Cash Flows. Comparative data for the prior fiscal year is provided for all three statements.

The Statements of Net Assets report VRE's net assets, the difference between assets and liabilities. Net assets are one way to measure financial position, but the reader should also consider other indicators, such as the rate of growth of operating subsidies, passenger fare levels, ridership, general economic conditions and the age and condition of capital assets.

The Statements of Revenues, Expenses and Changes in Net Assets report all of the revenues earned and expenses incurred during the reporting periods.

The Statements of Cash Flows provide information on cash receipts and cash payments during the reporting periods.

The basic financial statements can be found on pages 17-20 of this report.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 21-37 of this report.

Financial Analysis

Statements of Net Assets

As noted earlier, net assets may serve over time as an indicator of financial position, although other indicators should be considered as well. A condensed summary of VRE's net assets at June 30, 2008, 2007, and 2006 is shown below:

Condensed Statements of Net Assets

	2008	2007	2006
ASSETS:			
Current and other assets	\$ 39,350,039	\$ 49,327,753	\$ 81,065,102
Capital assets, net	226,293,095	169,011,951	135,482,041
Total assets	265,643,134	218,339,704	216,547,143
LIABILITIES:			
Current portion of long-term debt	7,721,012	6,945,970	6,550,118
Other current liabilities	23,576,220	25,222,035	32,446,091
Non-current liabilities	95,928,158	76,568,208	82,933,317
Total liabilities	127,225,390	108,736,213	121,929,526
NET ASSETS:			
Invested in capital assets, net of related debt	114,677,949	87,827,971	68,818,859
Restricted	16,027,225	14,523,948	17,226,881
Unrestricted	7,712,570	7,251,572	8,571,877
Total net assets	\$ 138,417,744	\$ 109,603,491	\$ 94,617,617

Current Year

Net assets increased by \$28.8 million, or 26.3 percent during the current fiscal year, due mainly to capital contributions that were used to fund rolling stock and facilities improvements.

The largest portion of VRE's net assets, \$114.7 million or 82.8 percent, represents its investment in capital assets (e.g., land, buildings, improvements, rolling stock and other equipment), less the related indebtedness outstanding used to acquire those capital assets. VRE uses these assets to provide services to its riders; consequently, these assets are not available for future spending. VRE's investment in its capital assets is reported net of accumulated depreciation and net of related debt. The resources required to repay this debt must be provided annually from operations and federal, state and local support since it is unlikely that the capital assets themselves will be liquidated to pay liabilities.

A portion of VRE's net assets, \$16 million or 11.6 percent represents resources that are restricted for the liability insurance plan and debt service, or are restricted grant funds less related liabilities.

Capital assets, net of depreciation, increased by \$57.3 million or 33.9 percent as the result of rolling stock additions.

Other current liabilities decreased by \$.87 million or 2.7 percent. The use of deferred grant revenue from the Commonwealth of Virginia for rolling stock additions was netted against an increase to accrued expenses to reflect five Gallery railcars placed in service at year end.

Noncurrent liabilities increased by \$19.4 million or 25.3 percent because of new debt incurred for the purchase of 35 Gallery railcars, less scheduled bond repayments during the year.

Restricted net assets increased by \$1.5 million or 10.3 percent.

Prior Year

Net assets increased by \$14.99 million, or 15.8 percent during the prior fiscal year, due mainly to capital contributions that were used to fund rolling stock and track improvements.

The largest portion of VRE's net assets, \$87.8 million or 80.1 percent, represented its investment in capital assets (e.g., land, buildings, improvements, rolling stock and other equipment), less the related indebtedness outstanding used to acquire those capital assets.

A portion of VRE's net assets, \$14.5 million or 13.3 percent represented resources that were restricted for the liability insurance plan and debt service or capital lease obligations, or were restricted grant funds less related liabilities.

Capital assets, net of depreciation, increased by \$33.5 million or 24.8 percent as the result of rolling stock additions and the Quantico Bridge project.

Current liabilities decreased by \$6.6 million or 17 percent because of the use of deferred grant revenue from the Commonwealth of Virginia for rolling stock additions during the year.

Noncurrent liabilities decreased by \$6.5 million or 7.9 percent because of scheduled bond repayments.

Restricted net assets decreased by \$2.7 million or 15.7 percent primarily because of a decrease to insurance trust fund assets.

Statements of Revenues, Expenses and Changes in Net Assets

The following financial information was derived from the Statements of Revenues, Expenses and Changes in Net Assets and reflects how VRE's net assets changed during the current and two prior fiscal years.

	2008	2007	2006
Operating revenues:			
Fare revenue	\$ 21,688,092	\$ 19,685,561	\$ 19,453,436
Equipment rentals and other	133,242	206,558	442,517
Total operating revenues	21,821,334	19,892,119	19,895,953
Non-operating revenues and capital grants:			
Subsidies and grants:			
Commonwealth of Virginia	25,755,293	21,725,539	14,907,204
Federal	31,741,415	23,504,005	23,518,164
Jurisdictional contributions	13,379,155	8,802,762	6,878,061
In-kind and local contributions	925,338	-	-
Insurance proceeds	262,676	-	-
Interest income	1,334,850	1,220,780	1,929,594
Total non-operating revenues and capital grants	73,398,727	55,253,086	47,233,023
Total revenues	95,220,061	75,145,205	67,128,976
Operating expenses:			
Contract operations and maintenance	17,433,267	16,982,189	14,619,521
Other operations and maintenance	11,562,892	10,130,233	9,304,325
Property leases and access fees	8,279,505	8,636,947	8,986,974
Insurance	4,099,475	5,169,441	3,521,858
Marketing and sales	1,537,243	1,161,206	1,005,348
General and administrative	5,151,117	5,164,332	5,219,514
Total operating expenses	48,063,499	47,244,348	42,657,540
Other expenses:			
Depreciation	10,640,098	9,875,593	8,217,233
Interest, financing costs and other	4,525,279	2,748,084	4,953,443
Total other expenses	15,165,377	12,623,677	13,170,676
Total expenses	63,228,876	59,868,025	55,828,216
Revenues over expenses before special items	31,991,185	15,277,180	11,300,760
Special item - loss on disposal of assets	3,176,932	291,306	1,366,531
Change in net assets	28,814,253	14,985,874	9,934,229
Net assets - beginning of year	109,603,491	94,617,617	84,683,388
Net assets - end of year	\$ 138,417,744	\$ 109,603,491	\$ 94,617,617

Revenues

Current Year

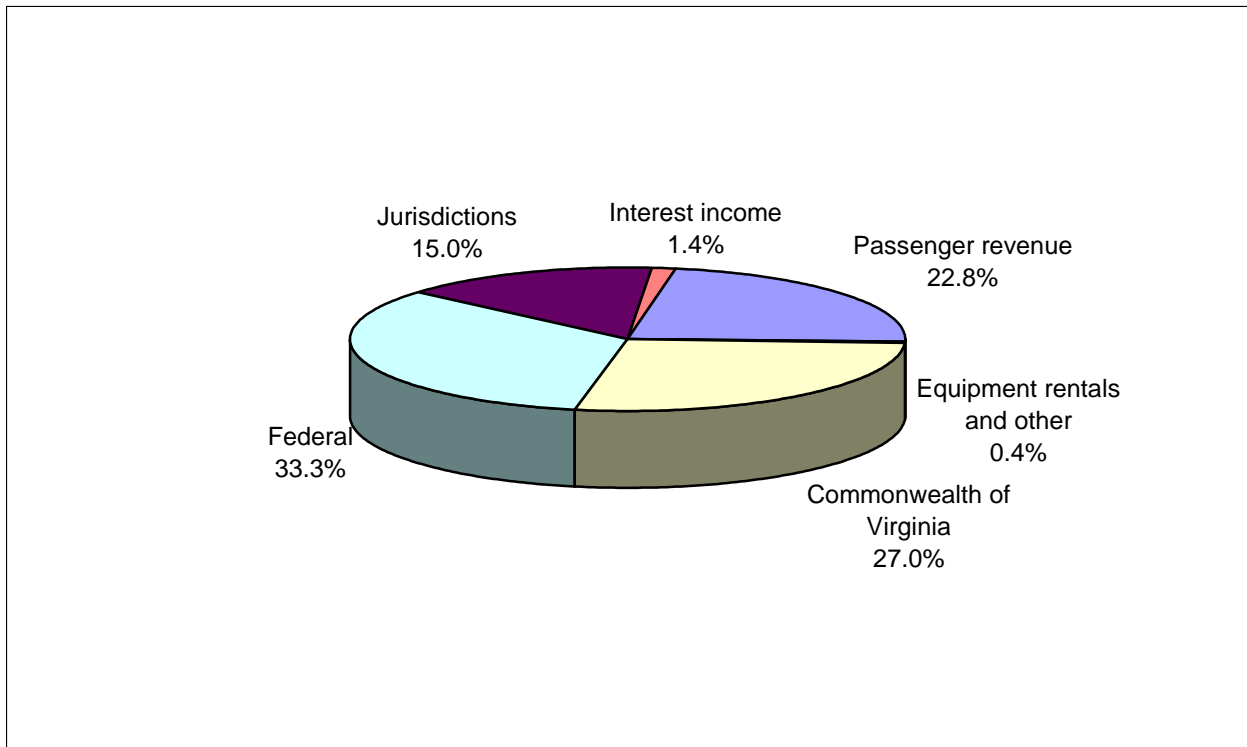
Total revenues for the current fiscal year increased by \$20.1 million or 26.7 percent. Operating revenues totaled \$21.8 million, an increase of 9.7 percent from the prior year.

Passenger revenue increased by \$2.0 million or 10.2 percent, the combined result of a 6 percent fare increase and an increase in ridership.

	June 30,		
	2008	2007	2006
Ridership	3,628,563	3,453,561	3,637,043
% Increase (Decrease)	5.1%	(5.0%)	(3.4%)

Subsidies and capital grants from the state and federal governments increased by \$12.3 million or 27.1 percent; the biggest increase was in capital grants from the federal government and the Commonwealth of Virginia for the purchase of additional railcars. Jurisdictional subsidies increased by \$4.6 million or 52 percent. In addition, VRE received \$.9 million for the local share of a parking deck.

The following chart shows the major sources of operating revenues for the year ended June 30, 2008:



Prior Year

Total revenues for the current fiscal year increased by \$8.0 million or 11.9 percent. Operating revenues totaled \$19.9 million, a decrease of .02 percent from the prior year.

Passenger revenue increased by \$232,125 or 1.2 percent, the combined result of a fare increase and a ridership decrease compared to the prior year. Ridership declined by 5 percent in fiscal year 2007 as the result of a decline in the system's on time performance during both fiscal years 2007 and 2006.

Subsidies and grants from the state and federal governments increased by \$6.8 million or 17.7 percent; the biggest increase was in capital grants from the Commonwealth of Virginia for the purchase of additional railcars. Jurisdictional subsidies increased by \$1.9 million or 28 percent.

Expenses

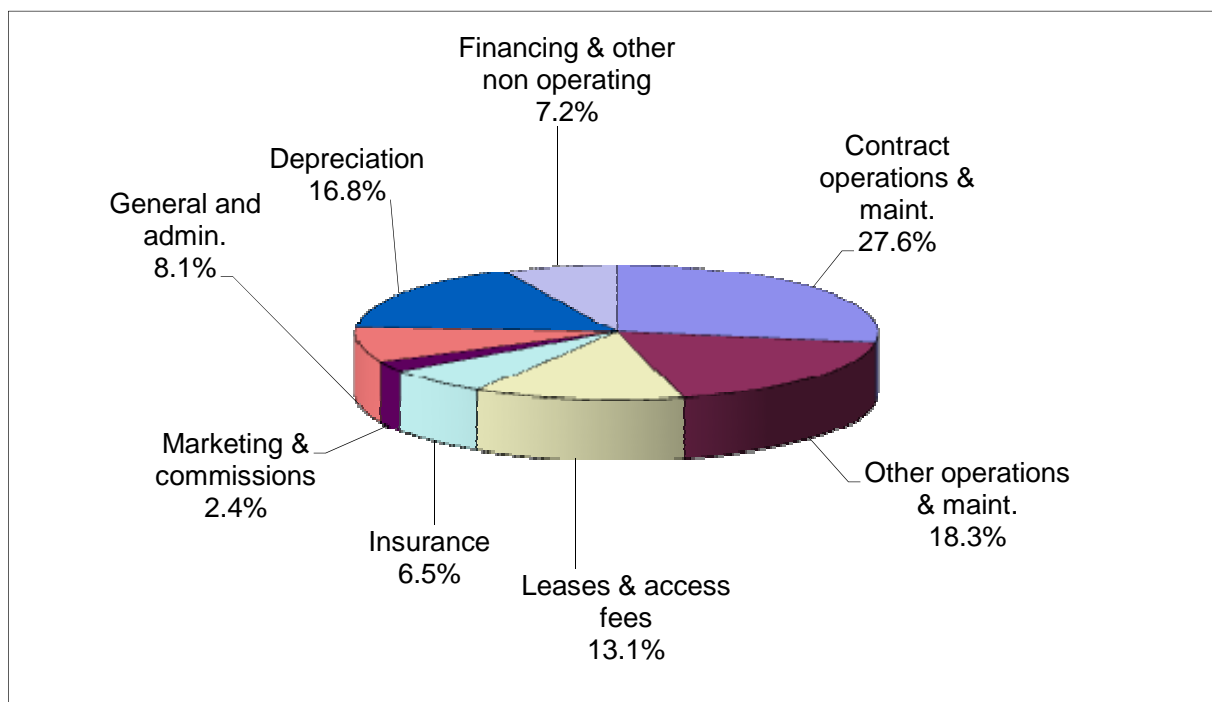
Current Year

Total operating and other expenses including depreciation, increased by \$3.4 million or 5.6 percent. Operating expenses increased by \$.82 million or 1.7 percent. Total operating expenses were \$48.1 million compared to \$47.2 million for the prior fiscal year.

The major cost increase was for diesel fuel, which exceeded the amount for the prior year by \$1.5 million or 48.3 percent. Insurance costs decreased by \$1.1 million or 20.7 percent because of a large multi-year claim that was paid in fiscal year 2007. Equipment lease costs decreased by \$.64 million or 61.2 percent as the result of the purchase of leased locomotives and the replacement of leased railcars with new Gallery cars.

The loss on sale of assets of \$3,176,932 was the result of the sale of 29 older railcars and related inventory.

The following chart shows the major operating expense categories for the year ended June 30, 2008:



Prior Year

Total operating and other expenses including depreciation increased by \$4.0 million or 7.2 percent. Operating expenses increased by \$4.6 million or 10.8 percent. Total operating expenses were \$47.2 million compared to \$42.7 million for the prior fiscal year; the major causes of this increase are described below.

Contract operations and maintenance increased by \$2.4 million or 16.2 percent. This increase was the result of increased parts and repair costs for aging equipment, contractual escalations, and the transition of maintenance operations from Amtrak's Washington Union Terminal to the VRE yards. Insurance premium and claims costs increased by \$1.6 million or 47 percent. General and administrative costs decreased by \$55,182 or 1.1 percent.

Capital Assets and Debt Administration

Capital Assets

VRE's investment in capital assets as of June 30, 2008 amounts to \$226.3 million (net of accumulated depreciation). This investment in capital assets includes rolling stock, stations and platforms, track and signal improvements, office facilities and equipment, and equity in local property. Acquisitions are funded using a variety of financing techniques, including loans and grants from federal, Commonwealth of Virginia and local sources.

	2008	2007	2006
Rolling stock	\$ 148,011,293	\$ 93,884,274	\$ 65,846,762
Vehicles	45,550	45,550	45,550
Facilities	59,713,775	58,716,180	58,494,479
Track and signal improvements	52,269,212	52,269,212	27,628,930
Equipment	7,796,280	6,329,601	5,608,372
Construction in progress	19,461,401	12,705,134	23,319,672
Equity in local properties	5,244,798	5,244,798	5,244,798
Office furniture and equipment	3,256,370	2,935,663	2,636,253
	295,798,679	232,130,412	188,824,816
Less accumulated depreciation	(69,505,584)	(63,118,461)	(53,342,775)
Total capital assets, net	\$ 226,293,095	\$ 169,011,951	\$ 135,482,041

Current Year

During fiscal year 2008, net investment in capital assets increased by \$57.3 million or 33.9 percent. Completed projects totaling \$57.5 million were closed from construction in progress to their respective capital accounts and an additional \$8.6 million was charged directly to the capital accounts.

The major completed projects were: manufacture and purchase of 35 Gallery railcars (\$62.1 million); overhaul of locomotives (\$863,083); L'Enfant storage track (\$551,644); panel windscreens (\$92,940); security lighting (\$323,353); Variable Message Sign system (\$1.4 million); work management software (\$108,180); and Quantico Hot site (\$129,592). In addition, 29 older railcars with a net book value of \$4,819,475 were sold during the year, resulting in a loss on sale in the amount of \$3,013,963; the bonus purchase option on a leased locomotive was exercised; and six leased railcars were returned to Sound Transit and the improvements recorded for those railcars were removed from VRE's accounts.

The major additions to construction in progress during the fiscal year were for acquisition of additional railcars, construction of parking facilities, and improvements to the stations and yards.

Additional information on VRE's capital assets and contractual commitments can be found in Note 3 to the financial statements.

Prior Year

During fiscal year 2007, net investment in capital assets increased by \$33.5 million or 24.75 percent. Completed projects totaling \$51.9 million were closed from construction in progress to their respective capital accounts and an additional \$2.3 million was charged directly to the capital accounts.

The major completed projects were: construction of 11 Gallery railcars (\$26.6 million); locomotive overhaul and recording of leased locomotives as capital leases (\$1.5 million); construction of a railroad bridge over Quantico Creek (\$24.6 million); installation of security cameras at stations (\$648,108); and installation of an emergency backup power generator at the Alexandria office (\$122,810). In addition, four leased railcars were returned to Sound Transit and the improvements recorded for those railcars were removed from VRE's accounts.

The major additions to construction in progress during the fiscal year were for acquisition of additional railcars.

Debt Administration

At June 30, 2008, VRE had total debt outstanding of \$104,330,112. The revenue bond debt for VRE is issued under the name of the Northern Virginia Transportation Commission (NVTC). VRE revenues back the bonds and VRE is responsible for making debt service payments. A financial guaranty bond guarantees payment of each bond series.

The capital leases for fare collection equipment and rolling stock are secured by the related equipment and the note payable for VRE's office condominium is secured by the real estate. In fiscal year 2008, NVTC, on behalf of VRE, entered into an agreement with the Federal Railroad Administration for a loan to purchase 50 Gallery railcars and the first four of a series of promissory notes were authorized during the fiscal year. These notes are secured by the revenues of VRE and the railcars.

	2008	2007	2006
Revenue bonds	\$ 53,755,000	\$ 59,275,000	\$ 64,530,000
Capital leases	23,044,557	24,506,707	25,577,224
Notes payable	27,530,555	605,000	660,000
Total	\$ 104,330,112	\$ 84,386,707	\$ 90,767,224

VRE has access to a line of credit of up to \$1 million with SunTrust Bank; the line was not utilized during 2008. For further information, please refer to Note 7 in the financial statements.

Economic Factors and Next Year's Budget

Population growth in Northern Virginia, especially in the outer suburbs, continues to remain robust. In combination with the congestion on major highways and on-going highway construction projects, this growth will continue to increase demand for VRE's service. The constraining factors to VRE growth are station parking, availability of seats, storage capacity, and the availability of subsidy funds.

In order to accommodate increases to fuel costs, access fees, equipment maintenance costs and contributions to the insurance trust fund, the local subsidy contribution for fiscal year 2009 was increased by \$3,896,346 to a total of \$17,275,500 and a general fare increase of 3 percent was implemented at the beginning of the year. In anticipation of state funding cuts for transportation in future years and a severe decline in local jurisdiction revenue, a second fare increase of 7% was approved for mid-year implementation.

Request for Information

This financial report is designed to provide a general overview of VRE's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, Virginia Railway Express, 1500 King Street, Alexandria, Virginia 22314-2730 or by e-mail to dboxer@vre.org.

VIRGINIA RAILWAY EXPRESS

STATEMENTS OF NET ASSETS

June 30, 2008 and 2007

ASSETS	2008	2007
Current Assets:		
Cash and cash equivalents	\$ 4,843,010	\$ 5,191,501
Accounts receivable:		
Federal grants	6,855,962	6,307,671
Commonwealth of Virginia grants	2,482,423	2,304,450
Trade receivables, net of allowance for doubtful accounts	2,270,933	1,927,783
Other receivables	497,905	456,550
Inventory	3,668,032	1,976,039
Prepaid expenses and other	451,159	538,920
Restricted cash, cash equivalents and investments	17,072,495	29,803,736
	<hr/>	<hr/>
Total current assets	38,141,919	48,506,650
Noncurrent Assets:		
Deferred bond and lease costs, net	1,208,120	821,103
	<hr/>	<hr/>
Capital assets:		
Rolling stock	148,011,293	93,884,274
Vehicles	45,550	45,550
Facilities	59,713,775	58,716,180
Track and signal improvements	52,269,212	52,269,212
Equipment	7,796,280	6,329,601
Construction in progress	19,461,401	12,705,134
Equity in local properties	5,244,798	5,244,798
Office furniture and equipment	3,256,370	2,935,663
	<hr/>	<hr/>
	295,798,679	232,130,412
Less accumulated depreciation	(69,505,584)	(63,118,461)
	<hr/>	<hr/>
Total capital assets, net	226,293,095	169,011,951
	<hr/>	<hr/>
Total noncurrent assets	227,501,215	169,833,054
	<hr/>	<hr/>
Total assets	\$ 265,643,134	\$ 218,339,704

LIABILITIES AND NET ASSETS	2008	2007
Current Liabilities:		
Accounts payable	\$ 5,446,859	\$ 4,763,036
Accounts payable – rolling stock	8,164,645	-
Payable to Commissions	1,034,088	694,523
Compensated absences	15,802	15,722
Accrued expenses	4,655,339	3,154,260
Accrued interest	1,670,319	1,765,133
Unearned revenue	1,679,514	13,840,874
Contract retainage	909,654	988,487
Notes payable	602,178	60,000
Current portion of capital lease obligations	1,323,834	1,365,970
Current portion of long-term debt	5,795,000	5,520,000
Total current liabilities	31,297,232	32,168,005
Noncurrent Liabilities:		
Capital lease obligations	21,720,723	23,140,737
Notes payable	26,928,377	545,000
Bonds payable, net	47,080,963	52,673,587
Compensated absences	198,095	208,884
Total noncurrent liabilities	95,928,158	76,568,208
Total liabilities	127,225,390	108,736,213
Net Assets:		
Invested in capital assets, net of related debt	114,677,949	87,827,971
Restricted for liability insurance plan	7,470,123	6,524,971
Restricted for debt service and capital lease	7,287,789	7,213,804
Restricted grants or contributions	1,269,313	785,173
Unrestricted assets	7,712,570	7,251,572
Total net assets	138,417,744	109,603,491
Total liabilities and net assets	\$ 265,643,134	\$ 218,339,704

VIRGINIA RAILWAY EXPRESS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS Years Ended June 30, 2008 and 2007

	2008	2007
Operating Revenues:		
Passenger revenue	\$ 21,688,092	\$ 19,685,561
Equipment rentals and other	133,242	206,558
	<hr/>	<hr/>
Total operating revenues	21,821,334	19,892,119
Operating Expenses:		
Contract operations and maintenance	17,433,267	16,982,189
Other operations and maintenance	11,562,892	10,130,233
Property leases and access fees	8,279,505	8,636,947
Insurance	4,099,475	5,169,441
Marketing and sales	1,537,243	1,161,206
General and administrative	5,151,117	5,164,332
	<hr/>	<hr/>
Total operating expenses	48,063,499	47,244,348
Operating loss before depreciation	(26,242,165)	(27,352,229)
Depreciation	<hr/>	<hr/>
	(10,640,098)	(9,875,593)
Operating loss	(36,882,263)	(37,227,822)
Nonoperating Revenues (Expenses):		
Subsidies:		
Commonwealth of Virginia grants	10,795,443	12,269,884
Federal grants	12,522,868	12,741,069
Jurisdictional contributions	13,379,155	8,802,762
Interest income:		
Operating funds	399,553	850,490
Insurance trust	400,204	329,252
Other restricted funds	535,093	41,038
Insurance proceeds	262,676	-
Interest, amortization and other nonoperating expenses, net	<hr/>	<hr/>
Total nonoperating revenues, net	33,769,713	32,286,411
Capital grants and assistance:		
Commonwealth of Virginia grants	14,959,850	9,455,655
Federal grants	19,218,547	10,762,936
Other local contributions	925,338	-
Total capital grants and assistance	35,103,735	20,218,591
Loss on disposal of assets	<hr/>	<hr/>
	(3,176,932)	(291,306)
Change in net assets	28,814,253	14,985,874
Net Assets, beginning	<hr/>	<hr/>
	109,603,491	94,617,617
Net Assets, ending	<hr/>	<hr/>
	\$ 138,417,744	\$ 109,603,491

VIRGINIA RAILWAY EXPRESS

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2008 and 2007

	2008	2007
Cash Flows From Operating Activities:		
Receipts from customers	\$ 21,944,321	\$ 20,236,255
Payments to suppliers	(45,004,618)	(45,928,100)
Payments to employees	(3,308,598)	(3,535,698)
Net cash used in operating activities	(26,368,895)	(29,227,543)
Cash Flows From Noncapital Financing Activities:		
Governmental subsidies	35,932,131	30,018,286
Cash Flows From Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(36,753,440)	(41,152,853)
Capital grants and assistance	22,529,398	12,254,212
Collection on note receivable	-	3,840,000
Proceeds from sale of capital assets	1,714,512	80,000
Principal paid on capital lease obligations	(1,462,510)	(1,342,321)
Principal paid on note	(45,000)	(55,000)
Principal paid on bonds	(5,520,000)	(5,255,000)
Interest paid on capital lease obligation	(1,099,364)	(1,162,089)
Interest paid on bonds and note	(3,349,465)	(1,320,305)
Net cash used in capital and related financing activities	(23,985,869)	(34,113,356)
Cash Flows From Investing Activities:		
Interest received on investments	1,342,901	1,296,387
Decrease in cash and cash equivalents	(13,079,732)	(32,026,226)
Cash and Cash Equivalents, beginning	34,995,237	67,021,463
Cash and Cash Equivalents, ending	<u>\$ 21,915,505</u>	<u>\$ 34,995,237</u>
Operating loss		
Operating loss	\$ (36,882,263)	\$ (37,227,822)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	10,640,098	9,875,593
Loss on disposal of inventory	162,969	-
Proceeds from sale of inventory	122,500	-
(Increase) decrease in:		
Accounts receivable	105,349	166,066
Inventory	(1,977,462)	385,824
Prepaid expenses	87,760	6,229
Increase (decrease) in:		
Accounts payable and accrued expenses	1,354,516	(2,611,501)
Unearned revenue	17,638	178,068
Net cash used in operating activities	\$ (26,368,895)	\$ (29,227,543)
Schedule of Noncash Capital Activities		
Capital assets acquired through accounts payable	\$ 10,094,963	\$ 2,272,152
Capital assets acquired through notes payable	26,970,555	-
Capital assets acquired through accrued liabilities	1,112,933	-
Capital assets acquired through capital lease	-	271,804

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Reporting Entity

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

VRE is managed by the Commissions. Certain functions have been delegated to the VRE Operations Board, which consists of representatives of all contributing and participating jurisdictions and one representative of the Commonwealth of Virginia’s Department of Rail and Public Transportation. The system is not currently configured for fare revenues alone to produce positive operating income. In addition to fares, the project is financed with proceeds from the Commuter Rail Revenue Bonds, a federal loan, various lease financings, Federal and Commonwealth of Virginia grants, and jurisdictional contributions based on a population/ridership formula that are supplemented by voluntary donations from contributing jurisdictions. Grants and contributions fund both operations and capital projects. Participating jurisdictions include the counties of Fairfax, Prince William, and Stafford; and the cities of Manassas, Manassas Park and Fredericksburg, Virginia. Contributing jurisdictions include Arlington County and the City of Alexandria, Virginia.

In July 2007, the Commissions adopted amendments to the VRE Master Agreement that expanded the Operations Board to include all member jurisdictions and provided for board representation proportionate to system ridership, and weighted voting proportionate to jurisdictional subsidy. In addition, the amendments apportioned jurisdictional subsidies on system ridership only, rather than the current 90% system ridership and 10% population formula. The amendment to the subsidy formula is being phased in over four years, beginning in fiscal year 2008. The amendments also allowed for greater autonomy for the Operations Board, with progressively more decisions made by the Board without referral to PRTC and NVTC.

Measurement Focus, Basis of Accounting

VRE prepares its financial statements using the accrual basis of accounting. The activities of VRE are similar to those of proprietary funds of local jurisdictions. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, VRE has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (“FASB”) pronouncements and Accounting Principles Board (“APB”) opinions issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Revenues and expenses: VRE distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses are those that result from providing services in connection with VRE's principal ongoing operation. The principal operating revenues of VRE are charges to customers which result in passenger revenues. Passenger revenues are recorded as revenue at the time services are performed. Cash received for services in advance is deferred until earned.

Operating revenues and expenses also include all revenues and expenses not associated with capital and related financing, noncapital financing, subsidies, or investing activities.

Revenue recognition: Intergovernmental revenues, consisting primarily of Federal and Commonwealth of Virginia grants, designated for payment of specific expenses, are recognized at the time that the expenses are incurred. Capital grants and assistance are recognized as additions are made to capital assets and other contributions are included in the Statements of Revenues, Expenses and Changes in Net Assets when expended. VRE records monetary and in-kind contributions as it assesses matching obligations to the jurisdictions or other construction partners. Any excess of grant revenues or expenses at year end are recorded as unearned revenue or accounts receivable, respectively.

Cash and investments: VRE considers all highly liquid investments with maturities of three months or less to be cash equivalents. Investments in U.S. government securities and commercial paper are carried at fair value based on quoted market prices. The investment in the Local Government Investment Pool (LGIP or Pool), a 2a7-like pool, is reported at the Pool's share price.

Restricted cash and cash equivalents: Restricted cash, cash equivalents and investments of \$17,072,495 and \$29,803,736 at June 30, 2008 and 2007, respectively, are comprised of funds related to bond compliance requirements, the Liability Insurance Plan and proceeds from the lease purchase of the Gallery IV-A railcars that had not been fully disbursed as of June 30, 2008. Also included in restricted cash are grant proceeds received in advance from the Commonwealth of Virginia and a small liability claims account.

Allowance for uncollectible accounts: VRE calculates its allowance for uncollectible accounts using historical collection data and specific account analysis. The allowance was \$218,103 at June 30, 2008 and \$98,495 at June 30, 2007.

Inventory: VRE has purchased an inventory of spare parts for rolling stock that is maintained and managed by Amtrak pursuant to its maintenance responsibilities under the Purchase of Services Agreement with the Commissions. In addition, VRE has established an inventory of parts for rolling stock at its own warehouse located at Broad Run. Inventory is stated at cost, which approximates market, and is valued using the first-in-first-out method.

Capital assets: For constructed assets, all costs necessary to bring assets to the condition and location necessary for the intended use are capitalized. Asset costs include allocation of certain common construction costs based on the relationship of associated direct costs. Assets constructed directly by jurisdictions in satisfaction of system financial responsibilities have been capitalized at the estimated fair market value as of the date of donation.

When assets are substantially complete and ready for use, these costs are transferred from construction in progress to property and equipment and depreciated. Major improvements and replacements of property are capitalized. Maintenance, repairs and minor improvements and replacements are expensed.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Costs of improvements to track and signal facilities owned by the railroads have been capitalized in recognition of the increased efficiency afforded VRE operations over their useful lives. The Commissions retain a residual interest in these assets such that net salvage value will be reimbursed by the railroads upon cessation of commuter rail service. Similarly, shared investments in jurisdictional facilities (“equity in local properties”) recognize the right of access for commuter rail patrons granted to the Commissions.

VRE capitalizes assets that have an initial cost of \$5,000 or more per unit and a useable life of two or more years.

Depreciation of all exhaustible equipment and buildings is charged as an expense against operations using the straight-line method over the following estimated useful lives:

Rolling stock	8-40 years
Vehicles	5 years
Facilities	30-40 years
Track and signal improvements	30 years
Equipment	5 years
Equity in local properties	35 years
Office furniture and equipment	3-10 years

When, in the opinion of management, certain assets are impaired, any estimated decline in value is accounted for as a non-operating expense. There were no impaired assets as of June 30, 2008.

Compensated absences: VRE employees are granted vacation leave based on length of employment. Employees with less than ten years of service may carry over a total of 225 hours of leave from year to year, while those with more than ten years may carry over 300 hours. Excess leave may convert to sick leave or may be paid out with the approval of the Chief Executive Officer. Employees may accumulate sick leave without limitation. Employees who separate in good standing after five or more years of service will be paid for 25 percent of their sick leave credit in excess of 450 hours. Certain employees may accumulate compensatory leave for overtime worked. Compensated absences are accrued when incurred.

Long-term obligations: Bond premiums, discounts, and deferred losses, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method.

Reclassification: Certain prior year information on the Statement of Net Assets for the year ended June 30, 2007 have been reclassified to be consistent with the classifications adopted for the year ended June 30, 2008.

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

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 2. Cash, Cash Equivalents and Investments

The VRE Operations Board has adopted a formal investment policy. The goal of the policy is to minimize risk and to ensure the availability of cash to meet VRE's expenditures, while generating revenue from the use of funds which might otherwise remain idle. The primary objectives of VRE's investment activities, in priority order, are: safety, liquidity and yield. The policy specifies eligible and ineligible investments; diversification requirements; maximum length of time for various types of investments; and the process for purchasing securities.

Interest rate risk: In accordance with its investment policy, VRE manages its exposure to declines in fair values by limiting the maturity of various investment vehicles, as indicated in the chart below.

Credit risk: The investment policy specifies credit quality for certain types of investments, in accordance with the *Code of Virginia*, and the policy specifies the qualifications for institutions providing depository and investment services. In addition, the Chief Financial Officer must conduct a quarterly review of the condition of each authorized financial institution and broker/dealer.

Concentration of credit risk: VRE's investment policy provides limitations on the percentage of the portfolio that can be invested in each type of security, as indicated in the following chart.

Custodial credit risk: For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, VRE may not recover its deposits. All cash of VRE is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia* or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50 percent of excess deposits to a collateral pool in the name of the State Treasury Board. If any member bank fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. With the ability to make additional assessments, the multiple bank collateral pool functions similarly to depository insurance. The Commonwealth of Virginia Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act. At June 30, 2008, the book balance of VRE's deposits with banks was \$978,166; these funds are swept into a U.S. Government Securities money market fund at the end of each business day.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 2. Cash, Cash Equivalents and Investments (Continued)

The limitations provided in the investment policy for maximum maturity and percentage of the portfolio for each category of investment are as follows:

	Length of Maturity	Percent Allowed
Bonds, notes, and other evidence of indebtedness of the United States	60 months or less	100%
Bonds, notes, and other evidence of indebtedness of the Commonwealth of Virginia	60 months or less	100%
Bonds, notes, and other evidence of indebtedness of any county, city, town, district, authority or other public body of the Commonwealth of Virginia	36 months or less	100%
Bonds and notes of FNMA and FHLB	36 months or less	75%
Savings accounts or CD's of any bank or savings and loan association within the Commonwealth of Virginia	12 months or less	20%
Money market mutual funds	13 months or less	60%
Repurchase agreements	24 months or less	20%
Bankers' acceptances	24 months or less	10%
Prime Quality Commercial Paper (no more than 5% from one issuer)	270 days or less	35%
High Quality Corporate Notes	24 months or less	50%
Certificates representing ownership in treasury bond principal	24 months or less	50%
LGIP	N/A	100%
Negotiable CD's and negotiable bank deposit notes	24 months or less	25%

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 2. Cash, Cash Equivalents and Investments (Continued)

At June 30, 2008, VRE had investments of \$6,178,317 in the LGIP. The LGIP is a professionally managed money market fund that invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 of the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at the Treasury Board's regularly scheduled monthly meetings. The fair value of the position of the LGIP is the same as the value of the pool shares, i.e., the LGIP maintains a stable net asset value of \$1 per share. The LGIP has been assigned an "AAAm" rating by Standard & Poor's.

The Commonwealth of Virginia Department of Treasury manages the VRE Insurance Trust. State statutes govern the portion of assets invested in the Commonwealth's pooled accounts, while the remainder is invested by an external portfolio manager. At June 30, 2008, VRE had \$7,470,123 invested in the Insurance Trust.

Unexpended lease proceeds for the purchase of additional railcars in the recorded amount at June 30, 2008 of \$574 were invested in U.S. Treasury money market accounts with SunTrust Bank. Accumulated bond interest and principal payments in the amount of \$7,287,789 at June 30, 2008 were held by the bond trustee, U.S. Bank, in U.S. Treasury money market accounts. Investments in U. S. Treasury money market accounts at SunTrust Bank and U.S. Bank have been assigned a "AAAm" rating by Standard & Poor's.

As of June 30, 2008, the carrying values and maturity of VRE's investments were as follows:

Investment Type	Fair Value	Maturities Less than 1 Year
LGIP	\$ 6,178,317	\$ 6,178,317
Insurance trust fund – pooled funds	7,470,123	7,470,123
Money market funds – U. S. Treasuries	7,288,363	7,288,363
Total investments	\$ 20,936,803	\$ 20,936,803

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 3. Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	Increases	(Deletions) Reclassifications	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 12,705,134	\$ 64,255,726	\$ (57,499,459)	\$ 19,461,401
Capital assets being depreciated:				
Rolling stock	93,884,274	8,413,117	45,713,902	148,011,293
Vehicles	45,550	-	-	45,550
Facilities	58,716,180	29,657	967,938	59,713,775
Track and signal improvements	52,269,212	-	-	52,269,212
Equipment	6,329,601	43,913	1,422,766	7,796,280
Equity in local properties	5,244,798	-	-	5,244,798
Office furniture and equipment	2,935,663	42,129	278,578	3,256,370
Total capital assets being depreciated	219,425,278	8,528,816	48,383,184	276,337,278
Less accumulated depreciation for:				
Rolling stock	34,898,175	6,060,163	(4,252,975)	36,705,363
Vehicles	27,351	9,110	-	36,461
Facilities	13,021,991	1,654,752	-	14,676,743
Track and signal improvements	7,241,888	1,742,307	-	8,984,195
Equipment	4,765,797	766,242	-	5,532,039
Equity in local properties	2,047,945	149,851	-	2,197,796
Office furniture and equipment	1,115,314	257,673	-	1,372,987
Total accumulated depreciation	63,118,461	10,640,098	(4,252,975)	69,505,584
Total capital assets being depreciated, net	156,306,817	(2,111,282)	52,636,159	206,831,694
Totals	\$ 169,011,951	\$ 62,144,444	\$ (4,863,300)	\$ 226,293,095

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 3. Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Increases	(Deletions) Reclassifications	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 23,319,672	\$ 41,385,209	\$ (51,999,747)	\$ 12,705,134
Capital assets being depreciated:				
Rolling stock	65,846,762	999,365	27,038,147	93,884,274
Vehicles	45,550	-	-	45,550
Facilities	58,494,479	47,076	174,625	58,716,180
Track and signal improvements	27,628,930	1,214,568	23,425,714	52,269,212
Equipment	5,608,372	43,760	677,469	6,329,601
Equity in local properties	5,244,798	-	-	5,244,798
Office furniture and equipment	2,636,253	6,831	292,579	2,935,663
Total capital assets being depreciated	165,505,144	2,311,600	51,608,534	219,425,278
Less accumulated depreciation for:				
Rolling stock	29,275,351	5,722,731	(99,907)	34,898,175
Vehicles	18,241	9,110	-	27,351
Facilities	11,400,919	1,621,072	-	13,021,991
Track and signal improvements	5,910,251	1,331,637	-	7,241,888
Equipment	3,922,038	843,759	-	4,765,797
Equity in local properties	1,898,094	149,851	-	2,047,945
Office furniture and equipment	917,881	197,433	-	1,115,314
Total accumulated depreciation	53,342,775	9,875,593	(99,907)	63,118,461
Total capital assets being depreciated, net	112,162,369	(7,563,993)	51,708,441	156,306,817
Totals	\$ 135,482,041	\$ 33,821,216	\$ (291,306)	\$ 169,011,951

Note 4. Related Party Transactions

VRE reimburses the Commissions for expenditures made on behalf of VRE. During 2008 and 2007, these payments included \$3,633,886 and \$3,371,124 of salary-related costs and \$5,100 and \$4,688 of administrative costs, respectively, which are functionally classified with similar payments made directly to vendors and contractors. In addition, VRE pays the Commissions for direct labor and associated indirect costs incurred for services rendered under budgeted activities for VRE. These staff support payments totaled \$75,000 and \$88,000 to NVTC and \$100,354 and \$144,378 to PRTC during 2008 and 2007, respectively.

VRE also contracts with PRTC for connecting bus service to selected stations on an as needed basis. PRTC bus service costs amounted to approximately \$10,022 and \$5,940 in 2008 and 2007, respectively. Amounts payable to NVTC and PRTC were \$13,341 and \$1,020,747 at June 30, 2008 and \$15,705 and \$678,819, respectively, at June 30, 2007.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Defined Benefit Pension Plan

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)
Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent employees of VRE participate in the VRS through PRTC. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with five years of service or at age 50 with at least 30 years of service, if elected by the employer, payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service. AFC is defined as the highest consecutive 36 months of reported compensation. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for an annual cost-of-living adjustment (COLA) limited to 5 percent per year beginning in their second year of retirement. VRS also provides death and disability benefits. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that included financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/pdf/publications/2007annurept.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5 percent of their annual reported salary to the VRS. VRE has assumed this 5 percent member contribution. In addition, VRE is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees.

VRE's contribution rate for retirement for fiscal year 2008 was 10.54 percent of annual covered payroll, inclusive of the 5 percent member contribution, and 1 percent for group life insurance. The contribution rate for retirement for fiscal year 2007 was 10.54 percent and -0- percent for group life insurance.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Defined Benefit Pension Plan (Continued)

C. Annual Pension Cost

For fiscal year 2008, VRE's annual pension cost of \$291,953 was equal to VRE's required and actual contributions. The required contribution was determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) 7.5 percent investment rate of return (b) projected salary increases ranging from 3.75 percent to 5.6 percent per year, and (c) a 2.50 percent per year cost-of-living adjustment. Both (a) and (b) included an inflation component of 2.50 percent. The actuarial value of the PRTC's assets exceeds modified market value of the assets (VRE's assets are not separated from PRTC's). This method uses techniques that smooth the effects of short term volatility in the market value of assets over a five year period. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 21 years. VRE's annual pension cost of \$267,896 for fiscal year 2008 and \$275,340 for fiscal year 2007 was equal to VRE's actual and required contributions.

To obtain more information pertaining to three-year trend information and a Schedule of Funding Progress for PRTC and VRE, a request should be sent to PRTC, 14700 Potomac Mills Road, Woodbridge, VA, 22192.

VRE's payroll for the employees covered by the VRS for the years ended June 30, 2008, 2007 and 2006 was \$2,769,945, \$2,541,703 and \$2,394,250, respectively.

D. Funded Status and Funding Progress

As of June 30, 2007, the most recent actuarial valuation date, the plan was 97.95% funded. The actuarial accrued liability for benefits was \$4,962,766 and the actuarial value of assets was \$4,861,087, resulting in an unfunded actuarial accrued liability (UAAL) of \$101,679. The covered payroll (annual payroll of active employees covered by the plan) was \$5,189,808 and ratio of the UAAL to the covered payroll was 1.9%.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 6. Operating Leases and Agreements

Operating Access Agreements with the CSX and Norfolk Southern railroads provide the Commissions the right to use tracks owned by the railroads in the provision of commuter rail passenger service. These agreements require the Commissions to pay the railroads a monthly base fee and to reimburse the railroads for any incremental cost incurred by the railroads as a result of providing tracks for commuter rail service. For the years ended June 30, 2008 and 2007, annual track usage fees totaled approximately \$5,513,000 and \$5,311,000, respectively, and facility and other identified costs totaled approximately \$455,000 and \$453,000, respectively.

Under the Purchase of Services Agreement, Amtrak operates and maintains the VRE service and rolling stock, and permits the Commissions to use its terminal, station, and equipment maintenance facilities at Union Station, Washington, D.C. Actual costs of these services, which are based on annual budgets prepared in advance by Amtrak, amounted to approximately \$19,555,000 in 2008 and \$18,586,000 in 2007. The current agreement will terminate on July 1, 2010.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt Obligations

The following is a summary of long-term liability activity for the year ended June 30, 2008:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Revenue Bonds	\$ 59,275,000	\$ -	\$ (5,520,000)	\$ 53,755,000	\$ 5,795,000
Capital Leases	24,506,707	-	(1,462,150)	23,044,557	1,323,834
Notes Payable	605,000	26,970,555	(45,000)	27,530,555	602,178
	84,386,707	26,970,555	(7,027,150)	104,330,112	7,721,012
Accrued Annual Leave	224,606	205,175	(215,884)	213,897	15,802
	<u>\$ 84,611,313</u>	<u>\$ 27,175,730</u>	<u>\$ (7,243,034)</u>	<u>\$ 104,544,009</u>	<u>\$ 7,736,814</u>

Revenue Bonds:

\$37,625,000 Commuter Rail Revenue Refunding Bonds, series 1993; due in annual maturities of \$4,575,000 to \$5,065,000 through July 2010, plus semi-annual interest at 4.9% to 5.25%	\$ 14,450,000
\$23,000,000 Commuter Rail Revenue Bonds, series 1997; due in annual maturities of \$1,100,000 to \$2,115,000 through July 2017, plus semi-annual interest at 4.7% to 6.0%	14,635,000
\$31,700,000 Commuter Rail Revenue Refunding Bonds, series 1998; due in annual maturities of \$120,000 to \$6,555,000 through July 1, 2014, plus semi-annual interest at 4.3% to 5.375%	<u>24,670,000</u>
	53,755,000
Plus (less) unamortized:	
Deferred loss	(1,178,308)
Discount	(63,351)
Premiums	<u>362,622</u>
Total bonded debt, net	<u>\$ 52,875,963</u>

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

Years Ended June 30,	Principal	Interest	Total Required
2009	\$ 5,795,000	\$ 2,731,522	\$ 8,526,522
2010	6,105,000	2,411,369	8,516,369
2011	6,435,000	2,073,792	8,508,792
2012	6,780,000	1,714,648	8,494,648
2013	7,155,000	1,341,583	8,496,583
2014-2018	21,485,000	1,991,974	23,476,974
	<u>\$ 53,755,000</u>	<u>\$ 12,264,888</u>	<u>\$ 66,019,888</u>

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt Obligations (Continued)

Deferred bond, lease and note costs, consisting of issuance costs and insurance premiums are shown net of accumulated amortization. These costs are amortized on a straight-line basis over the life of the debt. Amortization of deferred costs, approximating \$71,500 and \$67,000, is included in interest expense in 2008 and 2007, respectively. Federal arbitrage regulations apply to VRE's revenue bonds and the Gallery IV capitalized lease.

The Indentures of Trust for the 1997 Commuter Rail Revenue Bonds required VRE to maintain a debt service reserve. During fiscal year 2000, VRE purchased a surety in substitution of the debt service reserve fund, releasing the proceeds from the reserve. The Indentures of Trust for the bonds also require the maintenance of an operating reserve equivalent to one-third (33.3%) of annual budgeted operating expenses. As of June 30, 2008 and 2007, VRE designated \$21,069,426 and \$18,934,963 respectively, of its cash, inventory and receivables as this operating reserve. The reserves represented 48.02% and 44.93% of budgeted operating expenses for June 30, 2008 and 2007, respectively.

Funds are invested by the Trustee pursuant to the Indentures of Trust and are classified as restricted. Funds held by the Trustee as of June 30, 2008 and 2007, are as follows:

	2008	2007
Bond Interest Fund	\$ 5,835,328	\$ 1,604,229
Bond Principal Fund	1,452,461	5,609,575
Total held by Trustee	\$ 7,287,789	\$ 7,213,804

Capitalized Lease - Fare Collection

\$2,717,409 capitalized lease obligation; \$39,347 due monthly, interest at 5.73%, maturing in 2009, collateralized with a fare collection system with a carrying value of \$85,028

\$ 420,665

Future minimum lease payments as of June 30, 2008 are as follows:

Years Ended June 30,	Amount
2009	\$ 432,813
Lease amount representing interest	12,148
Present value of lease payments	\$ 420,665

Capitalized Lease - Gallery IV (11 cars)

\$25,100,000 capitalized lease obligation; \$965,679 due semi-annually, interest at 4.59%, maturing in 2025, collateralized with Gallery IV railcars with a carrying value of \$25,537,014

\$ 22,623,892

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt Obligations (Continued)

Future minimum lease payments as of June 30, 2008 are as follows:

Years Ended June 30,	Amount
2009	\$ 1,931,357
2010	1,931,357
2011	1,931,357
2012	1,931,357
2013	1,931,357
2014-2018	9,656,785
2019-2023	9,656,785
2024-2025	3,862,714
Total minimum lease payments	32,833,069
Lease amount representing interest	10,209,177
Present value of lease payments	<u>\$ 22,623,892</u>

Notes Payable – Gallery IV (50 cars)

In fiscal year 2008, VRE entered into an agreement with the Federal Railroad Administration for a loan of up to \$72.5 million to purchase 50 Gallery railcars. The first four of a series of promissory notes were authorized during the fiscal year; when all funds have been borrowed, the individual notes will be combined into a single note. The notes are secured by the revenues of VRE and the railcars.

\$8,553,421 Promissory Note #1; due in quarterly maturities of \$44,520 to \$56,965 through March 2033, plus quarterly interest at 4.74%	\$ 8,553,421
\$3,069,526 Promissory Note #2; due in quarterly maturities of \$15,977 to \$20,443 through March 2033; plus quarterly interest at 4.74%	3,069,526
\$7,673,804 Promissory Note #3; due in quarterly maturities of \$39,942 to \$51,107 through March 2033; plus quarterly interest at 4.74%	7,673,804
\$7,673,804 Promissory Note #4; due in quarterly maturities of \$40,883 to \$51,374 through March 2033, plus quarterly interest at 4.74%	7,673,804
	7,673,804
	\$ 26,970,555

Note 7. Long-Term Debt Obligations (Continued)

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Mandatory debt service requirements for the first four promissory notes consist of the following:

Years Ended June 30,	Principal	Interest	Total Required
2009	\$ 541,178	\$ 1,267,857	\$ 1,809,035
2010	607,576	1,242,089	1,849,665
2011	636,891	1,212,774	1,849,665
2012	665,972	1,183,693	1,849,665
2013	701,387	1,148,278	1,849,665
2014-2018	4,039,322	5,209,004	9,248,326
2019-2023	5,112,470	4,135,856	9,248,326
2024-2028	6,470,126	2,778,200	9,248,326
2029-2033	8,195,633	1,052,693	9,248,326
	<u>\$ 26,970,555</u>	<u>\$ 19,230,444</u>	<u>\$ 46,200,999</u>

Note Payable – VRE Offices:

In June 2002, VRE entered into a borrowing with SunTrust Bank in the amount of \$900,000 to refinance a previous borrowing used to purchase the VRE offices. This note carried a repayment schedule of 15 years, with the terms of the note subject to revision June 2007. In November 2007 a new note was signed in the amount of \$600,000 at 4.31 percent interest with a 10 year amortization and a balloon payment after five years. Principal of \$5,000 plus interest is payable monthly. The note is secured by the office condominium. The balance outstanding was \$560,000 and \$605,000 for the years ended June 30, 2008 and 2007, respectively.

Note 8. Short-Term Debt

VRE uses a revolving line of credit to finance certain grant-funded capital projects prior to the receipt of reimbursements from the granting agencies. The revolving line of credit was not used during the years ended June 30, 2008 and 2007.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 9. Liability Insurance Plan

VRE is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and natural disasters. The Virginia Department of Treasury, Division of Risk Management has established the terms of VRE's Commuter Rail Operations Liability Plan (the Insurance Plan). The Insurance Plan consists of a combination of self-insurance reserves and purchased insurance in amounts actuarially determined to meet the indemnification requirements of the Operating Access Agreements and the Purchase of Services Agreement and for liability and property damage. The Commissions indemnify each of the railroads in an amount up to \$250,000,000 for any claims against persons or property associated with commuter rail operations. Settled claims have not exceeded commercial coverage during any of the past three fiscal years. The liability for incurred but not reported claims was \$223,701 at June 30, 2008 and \$332,357 at June 30, 2007.

The Division of Risk Management manages the Insurance Trust Fund pursuant to provisions of the Insurance Plan. Since November 2007, all plan assets have been invested in the Department of Treasury common pool. Prior to that time, approximately one-half of plan assets were invested in the common pool, and the remainder was invested in a portfolio managed by external financial consultants. Activity in the Insurance Trust Fund for the years ended June 30, 2008 and 2007 was as follows:

	2008	2007
Beginning balance, July 1	\$ 6,524,971	\$ 10,204,517
Contribution to reserves	4,950,000	1,000,000
Insurance premiums paid	(4,029,831)	(3,980,262)
Claims mitigation costs and losses incurred	(57,286)	(1,020,135)
Investment income	400,204	329,252
Actuarial and administrative charges	(67,935)	41,599
Transfer to VRE for small liability claims	-	(50,000)
Transfer to VRE for deductible	(250,000)	-
Ending balance, June 30	<u>\$ 7,470,123</u>	<u>\$ 6,524,971</u>

An actuarial study is performed annually to determine the adequacy of the Insurance Trust Fund for the risk retained and to determine the required contribution to reserves.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 10. Contingencies and Contractual Commitments

At June 30, 2008, there were disputes between VRE and certain vendors. The amounts of any settlements, should they occur, are not determinable at this time. However, such amounts are not expected to be material in relation to the recorded amounts.

The Commissions have outstanding commitments for construction of facilities and equipment. A combination of Federal and Commonwealth of Virginia grants will be used to finance these capital projects. The following is a summary of the more significant contractual commitments, net of expenditures incurred as of June 30, 2008:

Stations and parking lots	\$	4,756,184
Railcars		28,552,096
Maintenance and layover yards		1,806,473
Track and signal improvements		3,021,932
Other administrative		199,633
Total	\$	38,336,318

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

Note 11. Pending GASB Statements

At June 30, 2008, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by VRE. The statements which might impact VRE are as follows:

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and required supplemental information. Statement No. 45 will be effective for periods beginning after December 15, 2007.

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, identifies circumstances requiring a liability to be reported for pollution remediation. Statement No. 49 will be effective for periods beginning after December 15, 2007.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, establishes accounting and financial reporting requirements for intangible assets, particularly in the areas of recognition, initial measurement, and amortization to reduce inconsistencies of reporting among state and local governments. Statement No. 51 will be effective for periods beginning after June 15, 2009.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Statement No. 53 will be effective for periods beginning after June 15, 2009.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 12. Subsequent Event

As of June 30, a total of \$26,970,555 had been borrowed from the Federal Railroad Administration for the purchase of railcars. Additional promissory notes in the amount of \$20,747,935 were signed through September 2008, bringing the total borrowed to \$47,718,490.

In August 2008, \$14,300,000 of the Series 1997, Commuter Rail Revenue non-callable bonds were defeased and notices of redemption were sent to the holders of the callable bonds. Refunding bonds were not issued. The bonds were repaid because of the sale of the underlying assets, 13 Kawasaki railcars. The outstanding balance of the series 1997 bonds was \$14,635,000 at June 30, 2008.

Required Supplementary Information

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF FUNDING PROGRESS

Virginia Retirement System

The information below is derived from the actuarial valuation report for the Potomac & Rappahannock Transportation Commission, which consolidates information for both PRTC and VRE employees. No separate data on funding progress is available solely for VRE.

Valuation as of June 30,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio Assets as % of AAL	Annual Covered Payroll	UAAL as a % of Covered Payroll
2007	\$ 4,861,087	\$ 4,962,766	\$ 101,679	97.95%	\$ 5,189,808	1.96%
2006	3,904,965	4,113,551	208,586	94.93%	4,766,179	4.38%
2005	3,224,034	3,541,143	317,109	91.05%	4,425,778	7.17%

Statistical Section



VIRGINIA RAILWAY EXPRESS

**SCHEDULE OF CHANGE IN NET ASSETS
Last Seven Fiscal Years**

	2008	2007	2006	2005	2004	2003	2002
Operating Revenues:							
Passenger revenue	\$ 21,688,092	\$ 19,685,561	\$ 19,453,436	\$ 19,452,162	\$ 16,929,629	\$ 15,048,262	\$ 12,753,214
Equipment rentals and other	133,242	206,558	442,517	121,373	188,256	292,086	206,796
Total operating revenues	<u>21,821,334</u>	<u>19,892,119</u>	<u>19,895,953</u>	<u>19,573,535</u>	<u>17,117,885</u>	<u>15,340,348</u>	<u>12,960,010</u>
Nonoperating Revenues:							
Commonwealth of Virginia grants	10,795,443	12,269,884	13,137,477	7,613,022	7,453,276	5,002,085	5,366,332
Federal grants	12,522,868	12,741,069	10,721,335	8,124,763	6,226,445	7,168,236	5,143,950
Jurisdictional contribution	13,379,155	8,802,762	6,878,061	6,352,999	6,352,890	5,752,890	5,752,890
Capital Grants and Assistance:							
Commonwealth of Virginia grants	14,959,850	9,455,655	1,769,727	3,778,146	4,238,109	6,150,235	7,915,624
Federal grants	19,218,547	10,762,936	12,796,829	9,824,036	6,689,765	8,597,822	11,080,201
In-kind and other local contributions	925,338	-	-	266,148	3,143,319	457,149	699,375
Interest income:							
Operating funds	399,553	850,490	367,292	214,888	44,390	87,809	236,488
Insurance trust	400,204	329,252	721,919	688,816	837,583	1,171,667	1,180,707
Other restrictive funds	535,093	41,038	840,383	49,860	-	-	-
Insurance proceeds	262,676	-	-	-	-	-	-
Total nonoperating revenues	<u>73,398,727</u>	<u>55,253,086</u>	<u>47,233,023</u>	<u>36,912,678</u>	<u>34,985,777</u>	<u>34,387,893</u>	<u>37,375,567</u>
Total revenues	<u>95,220,061</u>	<u>75,145,205</u>	<u>67,128,976</u>	<u>56,486,213</u>	<u>52,103,662</u>	<u>49,728,241</u>	<u>50,335,577</u>
Operating Expenses:							
Contract operations and maintenance	17,433,267	16,982,189	14,619,521	14,144,414	14,212,476	13,095,504	12,612,253
Other operations and maintenance	11,562,892	10,130,233	9,304,325	7,928,107	5,466,313	4,741,041	4,308,986
Property leases and access fees	8,279,505	8,636,947	8,986,974	8,769,866	8,163,632	7,307,905	6,308,712
Insurance	4,099,475	5,169,441	3,521,858	3,533,503	3,275,081	2,429,993	2,413,642
Marketing and sales	1,537,243	1,161,206	1,005,348	1,302,527	1,279,549	1,482,131	1,549,752
General and administrative	5,151,117	5,164,332	5,219,514	5,282,641	5,041,238	5,462,768	4,476,015
Depreciation	10,640,098	9,875,593	8,217,233	6,699,409	6,595,698	5,837,560	5,261,679
Total operating expenses	<u>58,703,597</u>	<u>57,119,941</u>	<u>50,874,773</u>	<u>47,660,467</u>	<u>44,033,987</u>	<u>40,356,902</u>	<u>36,931,039</u>
Nonoperating Expenses:							
Interest and amortization	4,525,279	2,748,084	4,953,443	4,257,178	4,323,776	3,960,846	6,250,481
Gain on sale of assets	3,176,932	291,306	1,366,531	3,640,928	-	-	-
Total nonoperating expenses	<u>7,702,211</u>	<u>3,039,390</u>	<u>6,319,974</u>	<u>7,898,106</u>	<u>4,323,776</u>	<u>3,960,846</u>	<u>6,250,481</u>
Total expenses	<u>66,405,808</u>	<u>60,159,331</u>	<u>57,194,747</u>	<u>55,558,573</u>	<u>48,357,763</u>	<u>44,317,748</u>	<u>43,181,520</u>
Change in net assets	<u>\$ 28,814,253</u>	<u>\$ 14,985,874</u>	<u>\$ 9,934,229</u>	<u>\$ 927,640</u>	<u>\$ 3,745,899</u>	<u>\$ 5,410,493</u>	<u>\$ 7,154,057</u>

Source: VRE's Audited Financial Statements.

NOTE: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2008 are available.

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF OUTSTANDING DEBT

Last Seven Fiscal Years

	2008	2007	2006	2005	2004	2003	2002
Revenue Bonds:							
\$37,625,000 Commuter Rail Revenue Bond, Series 1993	\$ 14,450,000	\$ 18,800,000	\$ 22,945,000	\$ 26,895,000	\$ 30,660,000	\$ 34,250,000	\$ 35,005,000
\$23,000,000 Commuter Rail Revenue Bond, Series 1997	14,635,000	15,690,000	16,690,000	17,645,000	18,555,000	19,430,000	21,070,000
\$31,700,000 Commuter Rail Revenue Bond, Series 1998	24,670,000	24,785,000	24,895,000	25,000,000	25,100,000	25,195,000	31,305,000
Capital Leases:							
\$271,804 Capitalized Lease Obligation	-	164,600	-	-	-	-	-
\$2,717,409 Capitalized Lease Obligation	420,665	855,119	1,265,433	1,652,951	2,018,938	2,364,591	2,691,039
\$25,100,000 Capitalized Lease Obligation	22,623,892	23,486,988	24,311,791	25,100,000	-	-	-
\$2,400,000 Capitalized Lease Obligation	-	-	-	-	-	262,222	534,198
\$297,691 Capitalized Lease Obligation	-	-	-	-	-	55,882	108,624
\$746,282 Capitalized Lease Obligation	-	-	-	-	-	94,961	247,109
Notes Payable:							
\$900,000 SunTrust Bank	560,000	605,000	660,000	720,000	780,000	840,000	900,000
\$26,970,555 FRA Notes(#1-#4)	26,970,555	-	-	-	-	-	-
Outstanding on June 30, 2008	\$ 104,330,112	\$ 84,386,707	\$ 90,767,224	\$ 97,012,951	\$ 77,113,938	\$ 82,492,656	\$ 91,860,970

Source: VRE's Audited Financial Statements.

NOTE: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2008 are available.

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF JURISDICTIONAL CONTRIBUTIONS
Last Seven Fiscal Years

	2008	2007	2006	2005	2004	2003	2002
Fairfax County	\$ 4,700,508	\$ 3,935,736	\$ 3,159,643	\$ 2,963,820	\$ 2,972,946	\$ 2,607,621	\$ 2,510,184
Fredericksburg	330,713	111,115	73,827	57,544	68,276	79,191	109,519
Manassas	655,077	428,436	276,306	270,924	270,494	286,196	329,215
Manassas Park	359,574	183,686	179,422	149,758	129,178	127,728	135,725
Prince William County	4,624,876	2,961,241	2,236,676	2,061,006	1,956,546	1,878,919	1,846,733
Stafford County	2,429,735	917,147	699,424	609,222	726,297	554,900	613,575
Alexandria	113,140	107,752	102,621	97,734	93,080	88,648	84,427
Arlington	165,532	157,649	150,142	142,992	136,183	129,687	123,512
Total contributions	\$ 13,379,155	\$ 8,802,762	\$ 6,878,061	\$ 6,353,000	\$ 6,353,000	\$ 5,752,890	\$ 5,752,890

Source: VRE's Audited Financial Statements.

VIRGINIA RAILWAY EXPRESS

**SCHEDULE OF MISCELLANEOUS STATISTICS
Last Seven Fiscal Years**

	2008	2007	2006	2005	2004	2003	2002
Rolling Stock (Owned or Leased)							
Locomotives	18	19	20	20	19	19	19
Railcars	89	90	90	90	90	86	86
Total rolling stock	107	109	110	110	109	105	105
Stations	18	18	18	18	18	18	18
Parking Spaces	7,227	7,284	7,273	7,273	7,009	6,354	5,980
Employees	37	36	36	34	32	28	28
Ridership and Fare Revenue Data:							
Total Ridership	3,628,563	3,453,561	3,637,043	3,763,740	3,562,299	3,296,272	2,798,016
Average Daily Ridership	14,662	13,982	14,667	15,238	14,720	13,291	11,467
Average Fare per Trip	\$ 5.98	\$ 5.70	\$ 5.40	\$ 5.17	\$ 4.76	\$ 4.64	\$ 4.54



VIRGINIA RAILWAY EXPRESS

PRINCIPAL EMPLOYERS OF PARTICIPATING JURISDICTIONS

Current Year and Nine Years Ago

Employers	2007			1998		
	Rank	Employees	Percentage of Total Jurisdictional Employment	Rank	Employees	Percentage of Total Jurisdictional Employment
Department of Defense (4)	1	47,700	N/A	1	N/A	N/A
Federal Government (1), (2), (3), (4)	2	33,190	N/A	2	21,900	N/A
Fairfax County Public Schools (1)	3	22,707	N/A	3	17,589	N/A
Fairfax County Government (1)	4	11,324	N/A	4	9,988	N/A
Prince William Public Schools (2)	5	9,443	N/A			
Arlington County Government and Schools (4)	6	7,014	N/A			
Booz Allen Hamilton (1) (4)	7	8,000-11,000	N/A			
Inova Health System (1)	8	7,000-10,000	N/A	5	9,000-10,000	N/A
Northrop Grumman (1)	8	7,000-10,000	N/A			
Science Applications International Corporation (1)	10	4,000-6,999	N/A	8	3,000-4,000	N/A
Federal Home Loan Mortgage (1)	10	4,000-6,999	N/A			
Lockheed Martin (1)	10	4,000-6,999	N/A			
Sprint (1)	10	4,000-6,999	N/A			
Bell Atlantic (5)				6	3,390	N/A
Geico Insurance (6)				7	3,100	N/A
Electronic Data Systems (1)				8	3,000-4,000	N/A
Prince William County Government (2)				10	2,536	N/A

Sources:

- (1), (2), (3), and (4) extracted and combined from the following sources:
- (1) Fairfax County fiscal year 2007 Comprehensive Annual Financial Report, Statistical Section, Table 4.2, page 236
- (2) Prince William County fiscal year 2007 Comprehensive Annual Financial Report, Statistical Section, Table 18, page 170
- (3) City of Alexandria fiscal year 2007 Comprehensive Annual Financial Report, Statistical Section, Table XIX, page 129
- (4) Arlington County fiscal year 2007 Comprehensive Annual Financial Report, Statistical Section, Table L, page 180

(1) and (4) extracted and combined from the following sources:

- (1) Fairfax County fiscal year 2007 Comprehensive Annual Financial Report, Statistical Section, Table 4.2, page 236
- (4) Arlington County fiscal year 2007 Comprehensive Annual Financial Report, Statistical Section, Table L, page 180

(5) Arlington County Department of Economic Development

(6) Stafford County fiscal year 2007 Comprehensive Annual Financial Report, Statistical Section, Table S-16

VIRGINIA RAILWAY EXPRESS

**DEMOGRAPHICS AND ECONOMIC STATISTICS OF PARTICIPATING JURISDICTIONS
Fiscal Years 1998 to 2008**

	Fairfax County (1)	Prince William County (2)	City of Manassas (3)	City of Manassas Park (4)	Stafford County (5)	City of Fredericksburg (6)	City of Alexandria (7)	Arlington County (8)
2008 (all categories)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2007								
Population	N/A	381,221	38,066	13,910	123,200	21,273	139,000	204,800
Personal income (in thousands)	N/A	N/A	N/A	\$419,253	\$4,382,347	\$710,837	\$9,507,531	N/A
Per capita personal income	N/A	N/A	N/A	\$30,140	\$35,571	\$33,415	N/A	\$63,500
Unemployment rate	N/A	2.6%	2.7%	2.4%	2.7%	4.4%	2.2%	2.3%
2006								
Population	1,037,311	371,178	38,066	13,100	120,170	20,732	138,000	200,226
Personal income (in thousands)	\$65,951,196	\$15,813,242	N/A	\$380,385	\$4,150,171	\$662,387	\$ 8,835,057	N/A
Per capita personal income	\$63,579	\$37,966	N/A	\$29,037	\$34,535	\$31,950	N/A	\$60,595
Unemployment rate	2.2%	2.3%	2.9%	2.3%	2.4%	4.2%	N/A	2.3%
2005								
Population	1,033,646	354,383	37,000	12,900	117,874	20,458	135,000	198,267
Personal income (in thousands)	\$62,317,484	\$14,618,081	N/A	\$361,406	\$3,952,197	\$623,826	\$7,776,966	N/A
Per capita personal income	\$60,289	\$36,693	N/A	\$28,016	\$33,529	\$30,493	\$61,147	\$59,010
Unemployment rate	2.5%	2.6%	2.8%	2.1%	2.4%	5.0%	N/A	2.5%
2004								
Population	1,022,298	336,820	36,500	12,700	114,513	20,189	134,000	198,739
Personal income (in thousands)	\$58,443,754	\$13,437,793	N/A	\$343,776	\$3,625,940	\$607,669	\$7,435,257	N/A
Per capita personal income	\$57,169	\$34,877	N/A	\$27,069	\$31,664	\$30,099	\$58,365	\$57,851
Unemployment rate	2.7%	2.6%	3.1%	2.0%	2.5%	6.0%	N/A	2.6%
2003								
Population	1,012,090	321,570	363,000	12,300	109,341	20,076	135,000	196,925
Personal income (in thousands)	\$54,633,630	\$12,176,485	\$843,820	\$321,694	\$3,315,547	\$602,180	\$7,165,859	N/A
Per capita personal income	\$53,981	\$32,882	\$23,246	\$26,154	\$30,323	\$29,995	\$53,711	\$56,400
Unemployment rate	3.1%	3.6%	3.5%	1.8%	2.9%	5.8%	N/A	2.3%
2002								
Population	1,004,435	309,351	35,900	11,900	104,232	19,800	129,938	193,754
Personal income (in thousands)	\$52,638,421	\$11,492,607	\$805,706	\$305,128	\$3,107,052	\$561,508	\$7,009,871	N/A
Per capita personal income	\$52,406	\$32,071	\$22,443	\$25,641	\$29,809	\$28,359	\$52,344	\$55,148
Unemployment rate	3.4%	3.3%	4.3%	2.7%	2.9%	4.0%	N/A	2.7%
2001								
Population	984,366	294,798	35,500	11,200	98,376	19,279	130,403	189,983
Personal income (in thousands)	\$51,063,002	\$10,983,002	\$793,056	\$321,966	\$2,935,933	\$538,752	\$6,931,579	N/A
Per capita personal income	\$51,874	\$31,895	\$22,340	\$28,747	\$29,844	\$27,945	\$52,125	\$53,830
Unemployment rate	2.5%	2.4%	3.1%	1.0%	2.2%	3.7%	N/A	2.1%

Compliance Section



VIRGINIA RAILWAY EXPRESS

**SCHEDULE OF EXPENSES OF FEDERAL AWARDS
Year Ended June 30, 2008**

Federal Grantor/ Program Title	Federal CFDA Number	Expenditures
DEPARTMENT OF HOMELAND SECURITY		
<u>Direct payments:</u>		
Urban Areas Security Initiative	97.075	\$ 959,088
Total Department of Homeland Security		\$ 959,088

See Note to Schedule of Expenses of Federal Awards.

VIRGINIA RAILWAY EXPRESS

NOTE TO SCHEDULE OF EXPENSES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation and Accounting

The accompanying Schedule of Expenses of Federal Awards includes the federal grant activity of VRE and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Federal Financial Assistance – The Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133 define federal financial assistance as grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations or other assistance.

Direct Payments – Assistance received directly from the Federal government is classified as direct payments on the Schedule of Expenses of Federal Awards.

Major Programs – The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish the criteria to be used in defining major programs. Major programs for VRE were determined using a risk-based approach in accordance with OMB Circular A-133.

Catalog of Federal Domestic Assistance – The Catalog of Federal Domestic Assistance (CFDA) is a government-wide compendium of individual federal programs. Each program included in the catalog is assigned a five-digit program identification number (CFDA Number), which is reflected in the accompanying schedule.

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

To the Honorable Commission Board Members
The Northern Virginia Transportation Commission
The Potomac and Rappahannock Transportation Commission

We have audited the financial statements of Virginia Railway Express (VRE) as of and for the year ended June 30, 2008, and have issued our report thereon dated November 8, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered VRE's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of VRE's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of VRE's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects VRE's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of VRE's financial statements that is more than inconsequential, will not be prevented or detected by VRE's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by VRE's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

PBGH, LLP

Harrisonburg, Virginia
November 8, 2008

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Commission Board Members
The Northern Virginia Transportation Commission
The Potomac and Rappahannock Transportation Commission

Compliance

We have audited the compliance of the Virginia Railway Express (VRE), with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, that are applicable to its major Federal program for the year ended June 30, 2008. VRE's major Federal program is identified in the Summary of Independent Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major Federal program is the responsibility of VRE's management. Our responsibility is to express an opinion on VRE's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards, specifications, and circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about VRE's compliance with those requirements, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on VRE's compliance with those requirements.

In our opinion, VRE complied, in all material respects, with the requirements referred to above that are applicable to its major Federal program for the year ended June 30, 2008.

Internal Control Over Compliance

The management of VRE is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered VRE's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of VRE's internal control over compliance.

A control deficiency in VRE's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects VRE's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by VRE's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by VRE's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

PBGH, LLP

Harrisonburg, Virginia
November 8, 2008

VIRGINIA RAILWAY EXPRESS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008**

I. SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified	_____ Yes	✓_____ No	
Significant deficiencies identified that are not considered to be material weaknesses	_____ Yes	✓_____	None Reported
Noncompliance material to financial statements noted	_____ Yes	✓_____	No

Federal awards

Internal control over major programs:

Material weaknesses identified	_____ Yes	✓_____ No	
Significant deficiencies identified that are not considered to be material weaknesses	_____ Yes	✓_____	None Reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____ Yes	✓_____ No	
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Identification of major program:

CFDA Number	Name of Federal Program
97.075	Urban Areas Security Initiative

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?	_____ Yes	✓_____ No	
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VIRGINIA RAILWAY EXPRESS

Page 2

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008**

II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

A. Significant Deficiencies in Internal Control

None Reported

B. Compliance Findings

None

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Agenda Item #3

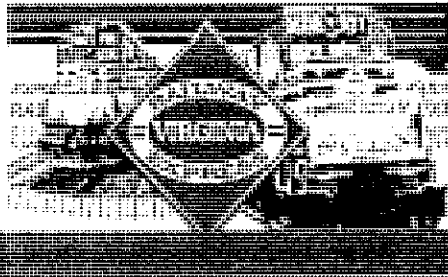
TO: Chairman Euille and NVTC Commissioners
FROM: Rick Taube
DATE: November 26, 2008
SUBJECT: VRE Items

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

Minutes will be provided from the November 21, 2008 meeting of the VRE Operations Board. Copies are attached of the most recent ridership and on-time performance reports.



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CHIEF EXECUTIVE OFFICER'S REPORT

November 2008

MONTHLY DELAY SUMMARY

	July	August	September	October
System wide				
Total delays	120	48	55	93
Average length of delay (mins.)	16	16	13	19
Number over 30 minutes	15	3	2	11
Days with Heat Restrictions/Total days	3/22	0/21	0/21	0/22
On-Time Performance	81.2%	92.1%	90.9%	85.4%
Fredericksburg Line				
Total delays	57	17	29	50
Average length of delay (mins.)	17	18	16	19
Number over 30 minutes	7	1	2	8
On-Time Performance	80.1%	93.7%	89.4%	82.5%
Manassas Line				
Total delays	63	31	26	43
Average length of delay (mins.)	14	15	11	18
Number over 30 minutes	8	2	2	3
On-Time Performance	82.2%	90.7%	92.3%	87.8%

SYSTEM RIDERSHIP

Average daily ridership in October was 16,030. October ridership in 2008 was 8.8% higher than in October 2007, with over 750 more riders. In addition, the ridership for the first four months of FY 2009 is 11.8% higher than the same period in FY 2008. We continue to break top ten ridership day records, with 4 days represented in October 2008. Two of those days saw more than 17,000 riders. In fact, now all of our top ten ridership days occurred in September and October 2008.

SYSTEM ON TIME PERFORMANCE

System wide on-time performance (OTP) was 85.4% in October, with an OTP of 82.5% on the Fredericksburg Line and 87.8% on the Manassas Line. We had a total of 93 delays out of 638 trains. Delays were attributed to disabled freight trains and leaf oil on the tracks causing loss of traction (Manassas line). The Manassas line did have three days in October with 100% on-time performance and the Fredericksburg Line had six days with 100% on-time performance.

SECOND PUBLIC WORKSHOP FOR GAINESVILLE-HAYMARKET STUDY

A second public workshop for the Gainesville-Haymarket Alternatives Analysis/Feasibility Study was held on October 22nd at Battlefield High School in Haymarket, VA. Fifty-two people attended the meeting, which included a review of the initial screening of rail and bus

alternatives being evaluated as part of the FTA-required Alternatives Analysis efforts. Specific issues raised during discussion at the meeting included: desire to see expanded transportation options as soon as possible; the need for greater, ongoing public outreach about the project; concern over station locations, their design and related traffic impacts; and concern for environmental impacts associated with the project such as impacts to natural areas and residential neighborhoods adjacent to the rail line.

An additional public workshop is planned for after the first of the year, once the consultant has completed its analysis. For more information on this project check the VRE web site at www.vre.org.

CROSSROADS MAINTENANCE FACILITY PROJECT

Construction of the new Service and Inspection building with a below ground inspection pit, overhead crane, car wash, and worker locker rooms is now complete at Crossroads. The train wash building is able to wash an eight car train set with a locomotive. Construction began in August 2007 and was completed in September 2008. The total cost of the project was \$7.2 million. This project greatly enhances VRE's ability to maintain its own fleet. Pictures of the building will be available at the November board meeting.

OPERATION LIFESAVER SANTA TRAINS

The 12th Annual Operation Lifesaver Santa Trains will operate on Saturday, December 13th. Tickets will go on sale in December at participating locations in Fredericksburg, Manassas, and Burke Centre. Tickets must be purchased in advance and proceeds go to benefit Operation Lifesaver. Toys for Tots will also be collected on that day at the stations where the trains will stop. Schedule and ticket information will be available on our web site in November.

TOYS FOR TOTS

This year, VRE will hold its 13th Annual Toys for Tots collection on Wednesday, December 10, 2008. Passengers on all morning trains are asked to leave an unwrapped toy and/or monetary donation for Toys for Tots on their seat when they reach their destination.

VRE passengers have been quite generous in the past and we look forward to ensuring that the U.S. Marine Corps will be able to distribute toys to less fortunate children that might not otherwise receive any gifts during the holidays.

WOODBIDGE DIRECT MAIL POSTCARD PROMOTION

We conducted a direct-mail postcard promotion similar to the one we did for Burke Centre and Manassas in order to increase parking at the Woodbridge station. The postcards were mailed out the week of Nov. 3rd and staff was available at the Woodbridge station to meet all morning trains and exchange the postcard for two Free Ride Certificates on Friday, November 14th. 52 postcards were redeemed, with 17 first-time riders. A new rider is worth \$3,000/yr. in revenue.

MONTHLY PERFORMANCE MEASURES – OCTOBER 2008

MONTHLY ON-TIME PERFORMANCE	ON-TIME PERCENTAGE
October Fredericksburg OTP Average	82.5%
October Manassas OTP Average	87.8%
VRE OCTOBER OVERALL OTP AVERAGE	85.4%

RIDERSHIP YEAR TO DATE	RIDERSHIP
VRE FY 2009 Passenger Totals	1,350,981
VRE FY 2008 Passenger Totals	1,208,548
PERCENTAGE CHANGE	11.8%

RIDERSHIP MONTH TO MONTH COMPARISON	
DESCRIPTION	MONTHLY RIDERSHIP
OCTOBER 2008	352,652
OCTOBER 2007	323,994
PERCENTAGE CHANGE	8.8%
SERVICE DAYS (CURRENT/PRIOR)	22/22

FINANCIAL STATISTICS FOR OCTOBER 2008

Copies of the October 2008 Operating Budget Report are attached.

Fare income for the month of October 2008 was \$311,616 above the budget – a favorable variance of 16.41%. The cumulative variance for the year is 14.87% or \$1,090,898 above the budget. This positive variance is the result of a substantial increase in ridership. Revenue in the first four months of FY 2009 is up 17.2% over FY 2008.

A summary of the financial results (unaudited) as of October 2008 follows. Detail on the major revenue and expense categories are provided in the attached Operating Budget Report.

Measures		Goal	Actual	Trend
Operating Ratio		55%	76%	↑
Budgeted Revenue	65,263,822			
Budgeted Revenue YTD	23,514,226			
Actual Revenue YTD	25,238,897			
Cumulative Variance	1,724,671		1,724,671	↑
Percent Collected FY 07 YTD		36.03%	38.67%	
Budgeted Expenses	65,263,822			
Budgeted Expenses YTD	22,115,734			
Operating Expenses YTD	21,233,219			
Cumulative Variance	882,515		882,515	↑
Percent Collected FY 07 YTD		33.89%	32.53%	
Net Income (Loss) from Operations			2,607,186	↑

These figures are preliminary and unaudited.

VIRGINIA RAILWAY EXPRESS
FY 2009 Operating Budget Report
October 31, 2008

	CURR. MO. ACTUAL	CURR. MO. BUDGET	YTD ACTUAL	YTD BUDGET	YTD VARIANCE \$	%	TOTAL FY09 BUDGET
OPERATING REVENUE							
Passenger Ticket Revenue	2,210,392	1,898,776	8,427,078	7,336,180	1,090,898	14.9%	21,490,692
Equipment Rental and Other	8,797	13,386	38,500	51,717	(13,217)	-25.6%	151,500
Subtotal Operating Revenue	2,219,189	1,912,161	8,465,578	7,387,897	1,077,681	14.6%	21,642,192
Jurisdictional Subsidy (1)	-	-	8,784,054	8,784,054	-	0.0%	16,361,819
Federal/State/Other Jurisdictional Subsidy	1,833,694	1,145,099	7,938,458	7,282,536	655,922	9.0%	27,049,811
Appropriation from Reserve	-	-	-	-	-	0.0%	-
Interest Income	15,315	15,462	50,807	59,739	(8,932)	-15.0%	210,000
Total Operating Revenue	4,068,198	3,072,722	25,238,897	23,514,226	1,724,671	7.3%	65,263,822
OPERATING EXPENSES							
Departmental Operating Expenses	3,716,803	3,840,332	14,000,384	14,878,932	878,548	5.9%	43,974,778
Debt Service	763,243	767,492	3,370,313	3,367,308	16,995	0.5%	15,022,547
Insurance	-	-	3,849,493	3,849,493	-	0.0%	5,275,000
Other Non-Departmental Expenses	9,029	-	13,029	-	(13,029)	-	991,497
Total Operating Expenses	4,489,075	4,607,823	21,233,219	22,115,734	882,514	4.0%	65,263,822
NET INCOME (LOSS) FROM OPERATIONS	(420,877)	(1,535,101)	4,005,678	1,398,492	2,607,186		

CALCULATED OPERATING RATIO

76%

(1) Total jurisdictional subsidy is \$17,275,500. Portion shown is attributed to Operating Fund only.

Monthly Ridership Changes: Fiscal Year 2008 vs. 2009

Current Month	MANASSAS			FREDERICKSBURG		
	Avg Daily FY2008	Avg Daily FY2009	% change	Avg Daily FY2008	Avg Daily FY2009	% change
July	6513	7003	7.52%	7393	8388	13.46%
August	6405	6885	7.49%	7379	8316	12.70%
September	6847	7495	9.46%	7652	8720	13.96%
October	6973	7491	7.43%	7754	8538	10.11%
November	6894			7707		
December	6081			7235		
January	6978			8148		
February	6842			8018		
March	6812			8050		
April	6988			8324		
May	6832			8094		
June	7123			8504		
Average growth			7.98%			12.56%
						10.41%

*Ridership figures are shown in passenger trips. Includes Amtrak cross honor train riders.

**Average daily ridership for May 2008 does not include 5/30/08 due to planned service disruption.

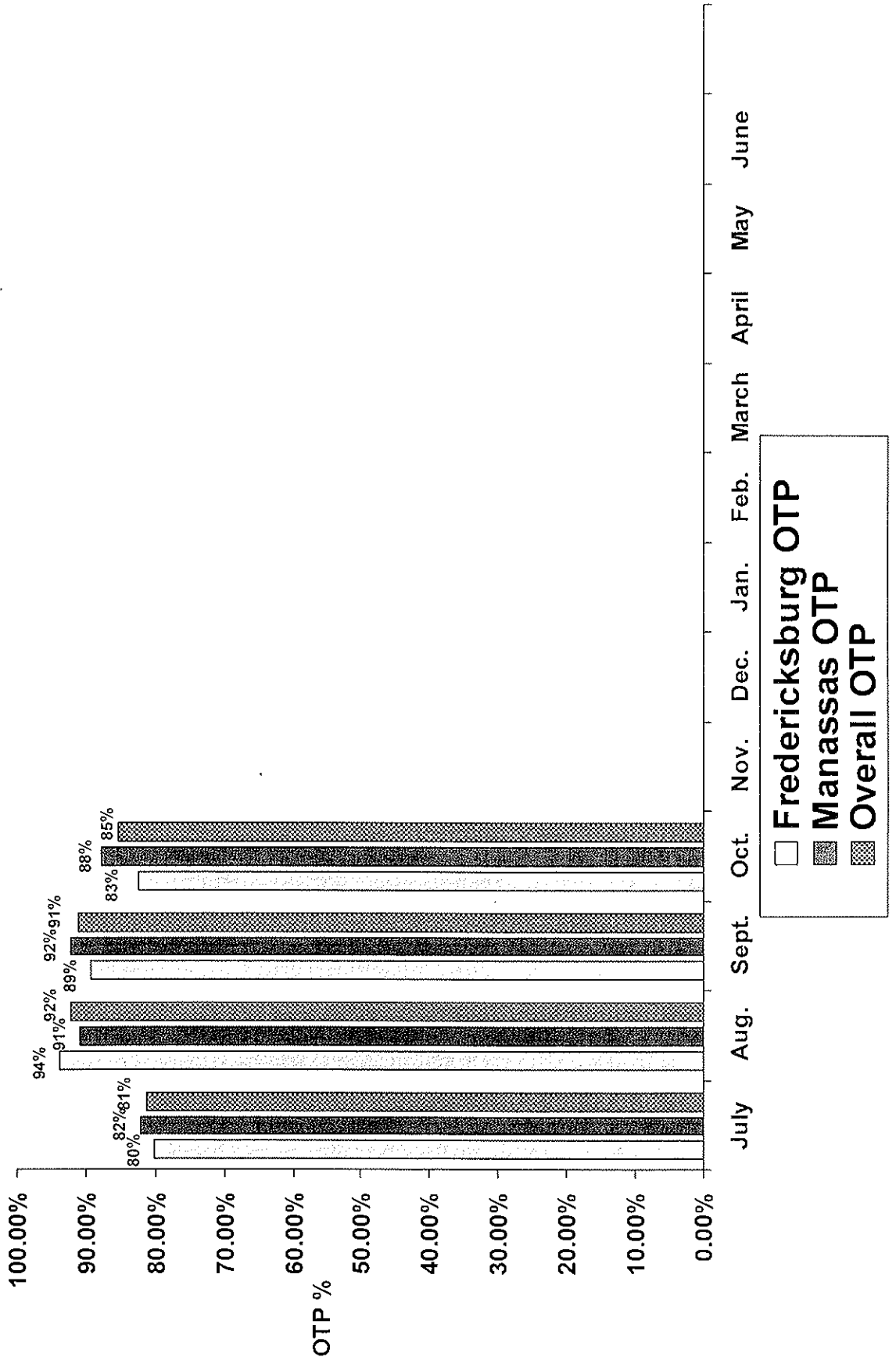
Monthly Ridership and OTP: October 2008

Date	Manassas AM	Manassas PM	Total Manassas	Actual OTP TD	Fred'burg AM	Fred'burg PM	Fred'burg Total	Actual OTP TD	Total Trips	Actual OTP TD
1	3,918	3,978	7,896	88%	4,273	4,506	8,779	77%	16,675	83%
2	3,985	3,951	7,936	94%	4,239	4,338	8,577	85%	16,513	90%
3	3,248	3,032	6,280	100%	3,582	3,858	7,438	77%	13,718	90%
4										
5										
6	3,812	3,889	7,701	94%	4,187	4,141	8,328	100%	16,029	97%
7	3,975	4,101	8,076	63%	4,259	4,770	9,029	62%	17,105	62%
8	3,965	4,112	8,077	94%	4,245	4,594	8,839	92%	16,916	93%
9	3,931	3,774	7,705	88%	4,262	4,651	8,913	85%	16,618	86%
10	3,138	3,114	6,252	100%	3,361	3,943	7,304	100%	13,556	100%
11										
12										
13										
14	3,742	3,666	7,408	94%	4,390	4,408	8,798	100%	16,206	97%
15	3,811	3,956	7,767	94%	4,492	4,630	9,122	85%	16,889	90%
16	3,900	3,777	7,677	88%	4,292	4,784	9,076	77%	16,753	83%
17	3,338	3,415	6,753	94%	3,517	3,875	7,392	92%	14,145	93%
18										
19										
20	3,775	3,827	7,602	94%	4,080	4,392	8,472	100%	16,074	97%
21	3,997	4,026	8,023	100%	4,269	4,420	8,689	85%	16,712	93%
22	3,893	3,970	7,863	75%	4,113	4,308	8,421	92%	16,284	83%
23	3,770	3,838	7,608	94%	4,228	4,629	8,857	77%	16,465	86%
24	3,172	3,237	6,409	94%	3,987	3,826	7,813	100%	14,222	97%
25										
26										
27	3,912	3,820	7,732	69%	4,396	4,266	8,662	100%	16,394	83%
28	3,952	4,042	7,994	81%	4,472	4,543	9,015	38%	17,009	62%
29	3,843	3,823	7,666	94%	4,360	4,491	8,851	77%	16,517	86%
30	3,830	3,970	7,800	94%	4,293	4,210	8,503	54%	16,303	76%
31	3,258	3,290	6,548	50%	3,590	3,954	7,544	62%	14,092	55%
	82,165	82,608	164,773	88%	90,887	95,535	186,422	83%	351,195	85%
	Adjusted total:		164,811		Adjusted Total:		187,841	Adjusted Total:	352,652	

	Total Trips This Month:	352,652
# of Service Days:	22	Adjusted Total:
Manassas Daily Avg. Trips:	7,490	Prior Total FY-2009:
Fred'burg Daily Avg. Trips:	8,474	Total Trips FY-2009
Total Avg. Daily Trips:	15,963	Total Prior Years:
	Adjusted Avg.: 16,030	Grand Total:
		41,949,317

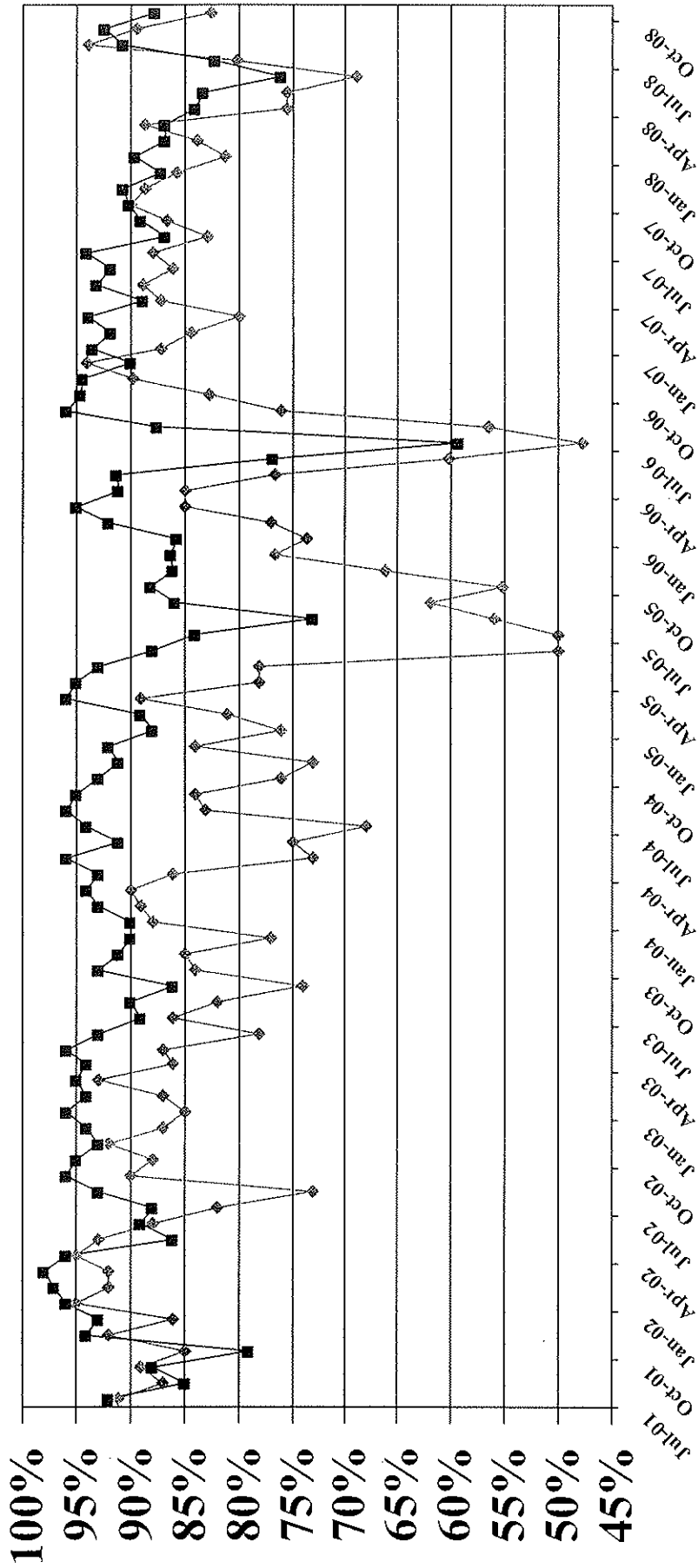
Note: Adjusted Averages & Totals include all VRE trips taken on Amtrak trains, but do not include "S" schedule days.
 * designates "S" schedule day

Average On-Time Performance FY-2009



On-Time Performance

July 2001 – October 2008



—◆— Frederickburg Line —■— Manassas Line



Agenda Item #4

TO: Chairman Eulle and NVTC Commissioners
FROM: Rick Taube
DATE: November 26, 2008
SUBJECT: I-95/395 HOT Lanes

VDOT's contract manager, Young Ho Chang, and representatives of Fluor Transurban will provide a short presentation on the status of the project and respond to questions.



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Agenda Item #5

TO: Chairman Euille and NVTC Commissioners
FROM: Rick Taube
DATE: November 26, 2008
SUBJECT: Legislative Items

NVTC's Legislative Committee members individually considered the attached agenda. Members include Bill Euille, Dave Snyder, Jeff Greenfield, Kelly Burk, Cathy Hudgins, Mary Hynes, Mary Margaret Whipple and Dave Albo.

VRE's legislative agenda, recommended by the VRE Operations Board is also attached.

The commission is asked to adopt the recommended NVTC and VRE legislative agendas. A copy of the 2008 NVTC agenda is attached. Upon approval, the 2009 agenda will be placed in a similar format and distributed electronically to the media, General Assembly members, local governments and interested individuals, as well as being posted on NVTC's website.

Also attached for your information is material about a new federal provision that permits tax free employer payments to employees for bicycle commuting (up to \$20 monthly). NVTC's employees will be eligible for such payments effective January 1, 2009.

Finally, revised state revenue estimates for FY 2009-2014 are shown on an attachment. This revised October, 2008 forecast shows very significant reductions compared to the June, 2008 forecast.



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SUMMARY OF NVTC'S 2009
STATE AND FEDERAL LEGISLATIVE AGENDA

State Legislative Action Items

Top Regional Priorities:

1. Promptly enact WMATA Compact amendments to qualify for \$150 million annual federal funding. Provide matching funds for Virginia's share from sources other than funds already destined for Northern Virginia.
2. Guarantee that HOT lanes projects do not result in a deterioration of safety and transit performance or impose financial burdens on local governments.

Need for Increased Investments in Public Transit:

3. Transit should be held harmless from any cuts in state funding. New funding sources should be enacted such as an increase in NVTC's motor fuels tax to four percent from two percent.
4. Ensure that any new state and regional funding for transit is consistent with NVTC and NVTA's eight principles which speak to the state's responsibility, the need for funding and the benefits of coordination.
5. The commonwealth should meet its statutory target of funding 95 percent of eligible transit operating and capital expenses. Budget language should provide flexibility to shift capital funds to operations to protect past investments.
6. Transit should receive 25 percent of any new statewide transportation funding.
7. If new regional funding is also provided it should be imposed primarily by the commonwealth.
8. Include at least 25 percent for transit in any new spending measures seeking to conserve energy, enhance clean air, mitigate climate change, provide access to jobs, stimulate the economy and respond to emergencies and disasters.
9. Regardless of whether state funds for transit increase or decrease, prioritize state funds to provide any required match for new federal stimulus programs aiding transit.

Preserving and Increasing Flexibility of Existing Transit Funding:

10. With no new funding or even declining funding for transit, shift flexible funds to transit projects that yield significant benefits, are ready to start and may have a partial federal match.
11. Issue more state bonds to fund transit projects. Act to increase transit's share of HB 3202 bonds to maintain at least the same absolute amounts as the size of bond issues decline.
12. Provide the same first draw on available funds to support transit operations as is now provided to highway maintenance.
13. Protect state Transportation Trust Fund revenues from diversion to non-transportation uses.

Rail Related Actions:

14. Fair terms of public passenger rail access should be required for any state funding provided for the benefit of freight railroads.
15. Amend Title 18 of the Virginia Code to provide increased fines and penalties as a low-level felony for individuals deliberately defrauding VRE when boarding VRE trains. Penalties for boarding without a ticket would remain unchanged.
16. Amend Title 46 of the Virginia Code to prohibit pedestrians from crossing public thoroughfares when trains are present. At least 20 other states have similar laws.
17. Amend Title 56 of the Virginia Code to allow VRE to enter into a contract to secure liability insurance for commuter rail operations utilizing an independent third party, rather than the Virginia Division of Risk Management, to manage claims processing and oversee the VRE Insurance Trust Fund.
18. Amend Title 56 of the Virginia Code to include third party claims in the liability cap for commuter rail operations since the existing cap excludes third party claims.
19. Adopt legislation excluding VRE from the CSX and Norfolk Southern- imposed requirement to purchase terrorism insurance coverage.

20. As the commonwealth seeks to provide more revenue to meet its statutory target of 95 percent of the eligible non-federal transit operating and capital expenses, VRE's jurisdictions should be made whole for unpaid subsidies from outlying jurisdictions whose residents use VRE without their local jurisdictions contributing to VRE's success.

Additional Legislative Request:

21. Authorize NVTC to choose to provide equal per diem payments for its board members who are elected officials.

Federal Legislative Action Items

Immediate and Ongoing Funding:

1. Fund important Northern Virginia priority projects as part of a federal stimulus package and ongoing federal programs.
2. Include at least 25 percent for transit in any new spending measures seeking to conserve energy, enhance clean air, mitigate climate change, provide access to jobs, stimulate the economy and respond to emergencies and disasters.

Assistance for WMATA:

3. Promptly appropriate \$1.5 Billion previously authorized for WMATA in order to justify new federal members on the WMATA Board.
4. Enact amendments to the WMATA Compact.

Authorization of Improved Transportation Programs:

5. Implement the policy principles of the Transportation Planning Board of the National Capital Region and others to accomplish increased federal investment in transportation infrastructure, new funding sources, infrastructure banks, streamlined programs and greater decision-making authority for metropolitan areas and local governments in federal, state and local partnerships.

Equitable Tax Incentives for Transit Users:

6. Increase tax-free monthly transit benefits to \$220 from \$120 to match the benefits currently available for parking.

Rail-Related Actions:

7. The federal cap on commuter rail liability should be broadened at a level no greater than \$200 million per occurrence to include third party protection for freight railroads on which commuter systems operate.
8. Additional federal funding should be provided to commuter rail systems to meet new federal Positive Train Control mandates.



2009 NVTC STATE AND FEDERAL LEGISLATIVE AGENDA

--DRAFT: November 19, 2008--
--Revised: November 26, 2008--



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STATE LEGISLATIVE ACTION ITEMS

Top Regional Priorities

1. **Promptly enact language agreed to by Virginia, Maryland and the District of Columbia to amend the Washington Metropolitan Area Transit Authority's Interstate Compact** and thereby qualify the metropolitan region to receive \$1.5 billion in new federal funding for WMATA over the next decade. **Provide new state funding for Virginia's share of the \$150 million annual non-federal required match, from sources other than funds already destined for Northern Virginia.**
2. **Direct the Virginia Secretary of Transportation to guarantee that in contracts with the private sector involving conversion of existing High Occupancy Vehicle facilities to High Occupancy Toll facilities, no deterioration in safety and performance of transit services provided on those facilities will be allowed and compensation will be provided to local governments forced to incur expenses to relieve congestion at access and egress points.**

As currently contemplated, very narrow shoulders and below standard lane widths threaten the safe operation of buses (for example, 11-ft. buses plus side mirrors would operate in 11-ft lanes with shoulders as narrow as two feet). Transit systems must be protected against any claims that result.

Regarding performance, currently buses operate in free-flow conditions (65 mph outside and 55 mph inside the Beltway) on the HOV lanes. Yet, minimum allowed speeds on the new HOT lanes may be 45 mph and queuing in hot spots may cause transit service to deteriorate. It is not acceptable for a publicly funded facility built for transit and ridesharing to be allowed to experience reductions in transit service quality. **The General Assembly should direct that caution be exercised in executing agreements with the private sector sponsors to mitigate unanticipated adverse consequences.**

Need for Increased Investments in Public Transit

3. Virginia's transit systems are experiencing unprecedented growth in ridership. At the same time, declining state and local assistance is placing increasing pressure on these systems to raise fares and/or cut service. Transit needs more funding to meet the challenges of congestion relief, clean air, greenhouse gas reduction, energy conservation, emergency response, access to jobs and

household savings. As the General Assembly considers how to respond to reduced transportation revenues, **transit should be held harmless from any cuts** to preserve the return on past investments.

State transportation revenues are not keeping up with inflation because most revenues come from a fixed fee per gallon of fuel and from new car licenses; both fuel purchases and car registrations are falling. Sources of revenue that would keep pace with inflation include sales taxes and indexed motor fuel taxes as well as ad valorem taxes such as NVTC's two percent motor fuels tax. **New sources such as these should be considered for statewide and regional transit funding. For example, NVTC favors an increase in its two percent motor fuels tax to four percent.**

4. **Ensure that any new state and regional funding for transit is consistent with the eight principles adopted by the Northern Virginia Transportation Authority, its local governments and other agencies such as NVTC.**

Those principles speak to:

- State responsibility for funding transportation;
 - Coordination with Northern Virginia local governments and other regions;
 - The need for at least \$700 million of additional annual funding to meet 2030 plan targets in Northern Virginia;
 - Stable, reliable and permanent funding sources;
 - Achieving regional goals as well as local priorities;
 - Northern Virginia receiving a fair share of any new statewide funding programs;
 - State responsibility to match federal interstate and primary earmarks;
 - Providing an ongoing revenue stream of new capital funding for WMATA with no sunset.
5. The commonwealth should retain its responsibility for funding transit and **act to meet the statutory target of 95 percent of eligible operating and capital assistance**. For FY 2009, another \$188 million was needed to meet this target, or which almost \$150 million was due for operating assistance. Where shortages of state transit funding occur, more flexibility should be provided to use capital assistance for operating costs in order to retain current service levels. **Budget language could provide this flexibility to combat a threatened 15 percent decline in state transit operating assistance for FY 2010.** For example, such

language could, on a one-time basis, give the Commonwealth Transportation Board the authority to direct the Virginia Department of Rail and Public Transportation to transfer funds from the mass transit capital fund to transit operating assistance to hold all grantees harmless from reduction of operating grants below FY 2009 levels.

6. **Increase transit's share to 25 percent of any new statewide funding for transportation**, whether or not it is directed to the Transportation Trust Fund (currently a 14.7 percent share for transit). This change was incorporated in SB 6009 that passed the Senate in the 2008 Special Session.
7. **The General Assembly should also provide new regional funding sources for transit and the fees should be imposed entirely by the state, or at least a mixture of state and locally imposed fees should be used.**
8. **Include significant funding (at least a 25 percent share) for transit as a critical strategy in any new spending measures that seek to conserve energy, enhance clean air, mitigate climate change, provide access to jobs, stimulate the economy and respond to emergencies and disasters.**
9. Regardless of whether state funds for transit increase or decrease, federal stimulus funds may be provided for eligible transit projects that are ready to go. **State funds should be prioritized to provide any required match** to be certain those new federal funds are used promptly to help boost Virginia's economy.

Preserving and Increasing Flexibility of Existing Transit Funding

10. If no new federal, state or regional revenues are provided for transit, and even if state funding declines, **state priorities should be set to shift flexible transportation funds to those transit projects and services that would yield immediate and long-term benefits (job access, clean air, energy savings, emergency response and climate protection), that are ready to start and that may have partial federal funding requiring a state match.** Transit projects focus on moving people, not only vehicles. Examples include 15 new VRE locomotives, expansion of VRE to Gainesville-Haymarket and additional capacity via a third main line in the Washington, D.C.–Fredericksburg corridor, as well as accelerating the Dulles rail project.
11. Governor Kaine has announced his intentions to make greater use of bonds to fill a budget shortfall in FY 2009 (about \$250 million more bonds). Rather than reserve such bonding for fiscal emergencies, **the General Assembly should**

encourage the commonwealth to routinely issue more bonds to support transit projects that yield significant benefits over the life of the bonds.

Given Virginia's conservative bonding practices in the past, additional capacity should be available without jeopardizing the commonwealth's vital AAA rating.

Further, revenues to cover debt service on bonds authorized in HB 3202 have declined and there is a likelihood that transit's amount will be reduced along with the total. Because HB 3202 required a minimum of 20 percent of the bonds to be used for transit, **the Commonwealth Transportation Board has the authority to increase transit's share above 20 percent. The CTB should do so and if not the General Assembly should act.** This is essential because bond funds (at an 80 percent state matching share) help offset a much lower matching ratio for capital-projects funded from the TTF.

12. The General Assembly should provide the same first draw on available funds to transit operations as is now provided to highway maintenance.

Current state policy stresses the need to maintain highways, with funds for capital projects diverted to maintenance if necessary to protect past investments and current levels of service. The same approach should apply to public transit since transit operations are equivalent to highway maintenance.

13. VTA supports legislation that would provide protections from diversion of Transportation Trust Fund revenues to non-transportation uses.

Rail Related Actions

14. Fair terms of public passenger rail access should be required for any state funding provided for the benefit of freight railroads.

15. Amend Title 18 of the Virginia Code to provide increased fines and penalties as a low-level felony for individuals deliberately defrauding VRE when boarding VRE trains. Penalties for boarding without a ticket would remain unchanged.

16. Amend Title 46 of the Virginia Code to prohibit pedestrians from crossing public thoroughfares when trains are present. At least 20 other states have similar laws.

17. Amend Title 56 of the Virginia Code to allow VRE to enter into a contract to secure liability insurance for commuter rail operations utilizing an independent third party, rather than the Virginia Division of Risk

Management, to manage claims processing and oversee the VRE Insurance Trust Fund.

18. **Amend Title 56 of the Virginia Code to include third party claims in the liability cap for commuter rail operations** since the existing cap excludes third party claims.
19. **Adopt legislation excluding VRE from the CSX and Norfolk Southern-imposed requirement to purchase terrorism insurance coverage.**
20. As the commonwealth seeks to provide more revenue to meet its statutory target of 95 percent of the eligible non-federal transit operating and capital expenses, **VRE's jurisdictions should be made whole for unpaid subsidies from outlying jurisdictions whose residents use VRE without their local jurisdictions contributing to VRE's success.**
21. **Legislation should specify that as the commonwealth initiates new intercity passenger rail service, ongoing operating and capital expenses should not come from the existing Mass Transit Fund and new intercity trains should not disrupt schedules of existing commuter trains.**

Additional Legislative Request

22. **Enact legislation to authorize NVTC to choose to provide equal per diem payments for its board members who are elected officials.** Currently, NVTC is required by state law to pay General Assembly members \$200 per meeting and other elected officials no more than \$50 per meeting.

FEDERAL LEGISLATIVE ACTION ITEMS

Immediate and Ongoing Funding

1. As part of the process to restructure federal transportation programs and authorize multi-year funding, and to provide a federal stimulus to jolt the economy, **provide immediate and ongoing funding for important Northern Virginia transit projects**, including 15 new locomotives for VRE costing \$65 million, expansion of VRE to Gainesville-Haymarket at \$250 million, VRE parking expansion at \$35 million and VRE platform extensions at \$25 million, and acceleration of such projects as rail to Dulles and the Columbia Pike Streetcar, among others.
2. **Include significant funding (at least a25 percent share) for transit as a critical strategy in any new spending measures that seek to conserve energy, enhance clean air, mitigate climate change, provide access to jobs, stimulate the economy and respond to emergencies and disasters.**

Assistance for WMATA

3. **Promptly appropriate new funding for WMATA of \$150 million annually as previously authorized by Congress.** Such appropriations are needed to justify the new federal WMATA Board members included in the authorization language.
4. **Promptly enact amendments to the WMATA Compact identical to those to be previously enacted in Virginia, Maryland and the District of Columbia.**

Authorization of Improved Transportation Programs

5. The current multi-year authorization of federal surface transportation programs (SAFETEA-LU) expires at the end of FY 2009. Many organizations have offered detailed recommendations for a major restructuring rather than fine-tuning existing programs. Among the primary reasons for this view are shortfalls in gasoline tax revenues flowing to the Highway Trust Fund, proliferation of separate programs with complex eligibility criteria and rampant earmarking, all without a unifying policy focus.

NVTC supports the policy principles adopted by the National Capital Region Transportation Planning Board and those of the American Public Transportation Association. Among the revisions with greatest benefit to NVTC's members are:

- **The level of federal investment in U.S. transportation infrastructure, including maintenance of the existing system and expansion, must increase significantly.**
- Recognizing that federal fixed per gallon taxes on motor fuels are no longer reliable sources of funding, **new methods must be identified that will grow along with the need to maintain existing facilities and support improvements and system expansions.** Temporary transfers of General Funds or raiding the Transit Trust Fund are not worthwhile strategies to resolve this long-term structural imbalance.
- **Fees for highway use that vary with numbers of auto occupants, types of vehicle miles driven and times and places driven should be used to reduce congestion as well as providing revenues.** New technologies make such variable pricing feasible.
- **Leverage available federal funds with national infrastructure banks and bonding programs.**
- **Simplified, consolidated and streamlined federal transportation programs should be created with uniform, rigorous and comprehensive benefit/cost analyses across all modes, consideration of energy efficiency and environmental protection, inclusion of safety and security, and reduced federal review time.**
- **Urban mobility (and hence support for public transit) should be recognized as a vital federal responsibility, in cooperation with states, local governments and regional Metropolitan Planning Organizations through intergovernmental partnerships, with greater decision-making authority for metropolitan areas and local governments.**

Equitable Tax Incentives for Transit Users

6. **Increase tax-free monthly transit benefits to \$220 from \$120 to match the benefits currently available for parking.**

Rail Related Actions

7. **The federal cap on commuter rail liability should be broadened at a level no greater than \$200 million per occurrence to include third party protection for freight railroads on which commuter systems operate.**
8. **Additional federal funding should be provided to commuter rail systems to meet new federal Positive Train Control mandates.**



Northern Virginia Transportation Commission

2008 Legislative Agenda



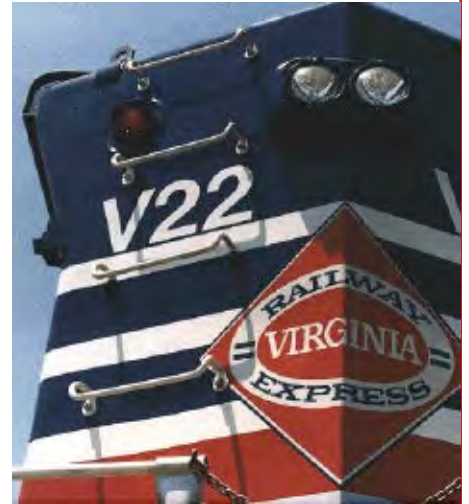
State Funding

NVTC calls upon the General Assembly to:

1. Recognize that NVTC's top priority is to protect the significant gains in state and regional funding for public transportation achieved during the 2007 General Assembly session. NVTC will also remind legislators that the commonwealth still falls far short of reaching its statutory target of 95 percent state funding of eligible net transit operating and capital costs. Another \$120 million was needed for FY 2008 for NVTC and VRE if the state intended to meet its statutory target. These funds would have paid for VRE locomotives and many other needed public transit investments.
2. Any proposed changes to the regional funding provisions of H.B. 3202 should be coordinated with Northern Virginia's jurisdictions in advance. Those Northern Virginia jurisdictions are not proposing any such changes.
3. If revenue is reduced or removed from the package of statewide transportation funding sources (e.g. abuser fees), the General Assembly must substitute at least as much revenue from another appropriate source to restore full funding.
4. NVTC favors the full participation of local governments in regional transit partnerships. As new transportation districts and authorities are created with the ability to collect new regional revenue sources, ensure that member jurisdictions adequately fund the transit systems serving their residents. For example, local jurisdictions whose residents use the Virginia Railway Express commuter rail system should be required to pay their fair share of VRE expenses.
5. Liability insurance is a significant expense for all of Virginia's transit systems. The General Assembly should require a study of effective remedies, including consideration of caps on liability. The General Assembly passed HB 371 in 2006 that caps liability for rail passenger accidents. Some details still need to be worked out. If additional protection is provided for freight railroads, those railroads should be: 1) compelled to offer access to their facilities to public rail passenger services on terms that are fair to all parties; and 2) with due consideration of federal liability limits, prohibited from demanding levels of insurance that exceed the state cap.
6. Fair terms of public passenger rail access should also be required for any state funding provided for the benefit of freight railroads.
7. In order to promote the safety and security of transit customers, employees and pedestrians, NVTC supports legislation to make it illegal for pedestrians to cross railroad tracks against warning signals. Also drivers should be required to stop for pedestrians in marked crosswalks on roads with posted speed limits of 35 miles per hour or less.
8. In considering legislation to boost energy conservation, the General Assembly should include measures to promote transit use and ensure that up to 20% of funding is available for energy efficient public transportation, since each person using public transit instead of driving alone saves an average of 273 gallons of gasoline per year.



9. PRTC has drafted legislation to compel the Virginia Department of Taxation to provide more information on collection of the regional two percent motor fuels tax to PRTC and NVTC. Also no compromise or settlement with a taxpayer shall be finalized by the Tax Commissioner without the consultation and consent of the relevant transportation district. The commissions' executive directors would be authorized to disclose to their board members the information received from the Tax Commissioner, subject to existing statutory safeguards. While NVTC appreciates the reasons for PRTC's action, NVTC is concerned that opening up its gas tax legislation for such amendments could have unintended consequences.
10. Ensure that additional state funding to address the adverse effects of the recommendations of the Base Realignment and Closure Commission (BRAC) includes an adequate amount to improve public transit and transportation demand management.
11. Examine changes in the Public-Private Transportation Act to create a more transparent process with greater local government involvement in decision making.
12. The Northern Virginia Transportation Commission asks the General Assembly to equalize the per diem payments allowed for its board members so that local and state elected officials earn identical payments for attending NVTC meetings.



Federal

NVTC asks Congress and the President to:

1. Provide at least \$1.5 billion for WMATA's unfunded capital needs over and above Metro Matters, with at least \$150 million annually to be matched 50/50 by non-federal sources. Federal legislation should actually dedicate funds, not just authorize federal funds and mandate state/local dedication. Direct participation in the governance of WMATA must be based on participation by the federal government as a funding partner. The \$1.5 billion of dedicated funding should result in one federal WMATA board member as long as the funding is provided. If the federal government agrees to participate as a full funding partner to the same extent as the current state and local partners, then the federal government should qualify for two voting members.
2. NVTC favors additional federal earmarks for WMATA's and VRE's top capital needs (e.g. capital improvements and locomotives, respectively) and for mitigating the adverse effects of the BRAC recommended actions through public transit and other means.
3. NVTC favors those provisions of S294, the Passenger Rail Investment and Improvement Act of 2007, which reauthorize Amtrak (VRE's contract operator), enable new federal grants in aid for rail corridor improvements, and authorize the Surface Transportation Board to investigate whether failure to achieve minimum passenger train performance is due to freight interference.
4. The federal cap on commuter rail liability should be broadened at a level no greater than \$200 million per occurrence to include third party protection for freight railroads on which commuter systems operate.
5. In the event of a strike against Amtrak, NVTC favors emergency legislation that would require employees to return to work so that VRE service could continue uninterrupted. This would insure that the 15,000 average daily trips served by VRE would not spill onto the region's already congested roads.

Northern Virginia Transportation Commission

2008 Legislative Agenda



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Northern Virginia Transportation Commission

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AGENDA ITEM 9-F
ACTION ITEM

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: OCTOBER 17, 2008

RE: AUTHORIZATION TO APPROVE THE 2008 LEGISLATIVE AGENDA

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions approve the VRE 2008 Legislative Agenda and authorize the Chief Executive Officer to actively pursue its elements.

BACKGROUND:

The VRE legislative agenda is formulated to complement the work set forth in the ratified VRE Strategic Plan (2004), which includes capital needs for rolling stock, long-term capital infrastructure and security and safety. Additional advocacy positions related to specific federal and state legislature are also presented.

FEDERAL

1. **Authorization of Transportation Legislation**

Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users (SAFETEA-LU) expires in 2009. As such, Congress has already started examining legislative alternatives for authorization of a new transportation bill for next year. Congress has set January as a beginning date for Congressional Committees to start drafting proposals and VRE intends to ensure that the Congressional delegation is aware of our needs. As such, VRE would continue to

pursue funding for all elements of our previous package, which has the support of the Governor and Northern Virginia Congressional delegation.

- o 15 new tier-two locomotives \$65 Million
- o Expansion of commuter rail service to Gainesville-Haymarket \$250 Million
- o Parking Expansion \$35 Million
- o Platform Extensions/Additions \$25 Million

TOTAL REQUEST: \$375 MILLION

VRE will also support the advocacy efforts of APTA during the FY 2009 Authorization process.

2. Federal Participation

VRE continues to work Capitol Hill to explore and expand legislative opportunities such as the \$5 million grant already received from Senator Webb for new locomotives. Additionally, VRE intends to continue discussions with the appropriate Congressional staff about issues of concern or interest to VRE, such as positive traction control mandates and increased federal mandates by the Federal Transit Administration and the Federal Railroad Administration.

VRE also plans to continue conversations with Congresswoman Eleanor Holmes Norton regarding possible inclusion in the DC appropriations legislation for economic stimulus given the growth and user demand at L'Enfant Plaza.

3. Federal Liability Cap

On the federal level, VRE will continue to advocate for the amendment of the United States Code to cap liability insurance for commuter rail operations. CSX and NS continue to request liability insurance of \$500 million per incident as an element of the new access agreements. VRE will promote amending the current federal liability cap of \$200 million to include third party claims.

4. Corridor Improvements

Over two years ago, the late Congresswoman Davis helped facilitate a working group of the Federal Railroad Administration, CSX and Amtrak to adopt a comprehensive plan for systematic corridor improvements along the Fredericksburg line. Proposed projects were required to have an immediate benefit to Fredericksburg line on-time performance. The following project, estimated to cost \$20.2 million, will be submitted for consideration in the FY 2010 appropriations and is now supported by Congressman Wittman. The project

includes construction of several 600 foot long passenger second platforms and canopies as well as associated pedestrian stairs, bridges, and elevators. Locations include Lorton, Rippon, Brooke and Leeland. These platforms would provide VRE additional flexibility and capacity by permitting passenger operations on both main lines.

STATE

1. Legislative

Several important issues have been identified for advancement by VRE during the upcoming legislative session in the General Assembly:

- Enact a legislative remedy to amend the Virginia Code to allow for increased fines and penalties to an individual deliberately trying to defraud VRE when boarding VRE trains (i.e. through the use of a counterfeit ticket).
- Amend the Virginia Code to prohibit pedestrians from crossing public thoroughfares when trains are present. VRE has been working with CSX and NS to get legislation in the Code to match the nearly 20 other states who have similar laws.
- Amend the Virginia Code to allow VRE to, at its choice, utilize an independent third party or the Virginia Division of Risk Management (DRM) to manage the liability insurance plan and oversee the VRE Insurance Trust Fund.
- Amend the Virginia Code to cap liability for commuter rail operations since the existing cap enacted in a prior session excludes third party claims. VRE will also seek exemption for freight railroads and VRE from liability for terrorism.

2. Funding Requests

Additionally, VRE is recommending continued advancement of the following positions and/or earmark requests:

- Locomotives – VRE will continue to seek funding for the acquisition of additional locomotives. This project has been supported by Governor Kaine and the General Assembly and VRE will again seek a one-time earmark to counter the loss of dedicated funding that would have been used to purchase additional locomotives.
- Gainesville-Haymarket Extension – VRE will continue to seek funding to support the expansion of commuter rail service in Western Prince William County. This project is a top transportation project for Prince William County. VRE will also support the efforts of the City of Manassas to obtain

funding for grade-separation projects related to the Gainesville-Haymarket extension.

- Third Main Line Track – VRE will continue to seek funding to add additional capacity on the Fredericksburg line through the construction of a third main line track from Washington to Fredericksburg.
- Insurance Trust Fund - due to rapidly increasing insurance costs, VRE has been unable to fully maintain the Insurance Trust Fund to the level desired by the Virginia Division of Risk Management. Due to rising insurance costs and decreasing reserves, annual payments have risen from \$1.5 million to just under \$5 million per year. VRE will pursue a one-time request for assistance from the General Assembly to replenish the Insurance Trust Fund.

VRE will also partner with local jurisdictional staff and the Virginia Transit Association to:

- Advocate the continued growth of state funding for transit and encourage the continued payment of rail access fees for VRE.
- Encourage the Commonwealth to meet the statutory goal of funding 95 percent of eligible transit capital and operating costs from the Mass Transit Fund.
- Advocate the provision of annual funding to offset operational costs attributable to persons using VRE from non-member jurisdictions.

FISCAL IMPACT:

There is no funding requirement necessary to implement the FY 2008 VRE Legislative Program. Based on the success of federal and/or state appropriations, some local match may be required.

Rick Taube

From: Kala Quintana
Sent: Wednesday, November 12, 2008 10:49 AM
To: Scott Silverthorne (scott.silverthorne@capitalone.com)
Subject: Bike Fringe Benefit Info (HR 1424) that you asked for...

Importance: High

Scott –

Good to hear from you. The info you rec'd is not a joke.

Here's the link to the Library of Congress web site and HR 1424:
<http://thomas.loc.gov/cgi-bin/query/F?c110:1:./temp/~c110TpRJSy:e140603:>

And to make things easier—here's the relevant text from HR 1424:

SEC. 211. TRANSPORTATION FRINGE BENEFIT TO BICYCLE COMMUTERS.

- (a) In General- Paragraph (1) of section 132(f) is amended by adding at the end the following:
 `{D} Any qualified bicycle commuting reimbursement.'.
- (b) Limitation on Exclusion- Paragraph (2) of section 132(f) is amended by striking `and' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting `, and', and by adding at the end the following new subparagraph:
 `{C} the applicable annual limitation in the case of any qualified bicycle commuting reimbursement.'.
- (c) Definitions- Paragraph (5) of section 132(f) is amended by adding at the end the following:
 `{F} DEFINITIONS RELATED TO BICYCLE COMMUTING REIMBURSEMENT-
 `{(i) QUALIFIED BICYCLE COMMUTING REIMBURSEMENT- The term `qualified bicycle commuting reimbursement' means, with respect to any calendar year, any employer reimbursement during the 15-month period beginning with the first day of such calendar year for reasonable expenses incurred by the employee during such calendar year for the purchase of a bicycle and bicycle improvements, repair, and storage, if such bicycle is regularly used for travel between the employee's residence and place of employment.
 `{(ii) APPLICABLE ANNUAL LIMITATION- The term `applicable annual limitation' means, with respect to any employee for any calendar year, the product of \$20 multiplied by the number of qualified bicycle commuting months during such year.
 `{(iii) QUALIFIED BICYCLE COMMUTING MONTH- The term `qualified bicycle commuting month' means, with respect to any employee, any month during which such employee--
 `{(I) regularly uses the bicycle for a substantial portion of the travel between the employee's residence and place of employment, and
 `{(II) does not receive any benefit described in subparagraph (A), (B), or (C) of paragraph (1).'.
- (d) Constructive Receipt of Benefit- Paragraph (4) of section 132(f) is amended by inserting `(other than a qualified bicycle commuting reimbursement)' after `qualified transportation fringe'.
- (e) Effective Date- The amendments made by this section shall apply to taxable years beginning after December 31, 2008.

Following is an interesting analysis of this new benefit:

Emergency Economic Stabilization Act of 2008 - H.R. 1424 (bailout) bill signed into law by President Bush includes expanding qualified transportation fringe benefits (Section 132(f)) to allow employers to reimburse employees with up to \$20.00 per month for bicycle commuters.

For most employees, those who ride transit or commuter highway vehicles (e.g., vanpools) can receive up to \$115.00 per month tax free. They can also receive \$220.00 per month tax free for qualified parking. IRS will be developing guidance to provide implementation details/parameters.

We should expect to see IRS guidance on how this will be implemented but we can look to the existing guidance to hazard a guess.

First, it isn't a tax deduction for individual commuters. Like the rest of Section 132(f), employers are permitted (not required) to allow employees to seek reimbursement of up to \$240 per year (assuming they regularly take to work for all 12 months). I would assume the employer can offer no reimbursement for bicycle commuters if they offer parking and/or transit subsidies. Or they can choose to offer less than \$20 per month, too. You'd have to assume that the individual will have to submit some receipts for reimbursement. Where the line is drawn as to what is reimbursable will have to be decided (e.g., bike helmets, lights, tires, routine maintenance, baseball cards for spokes (just kidding), etc.

Clearly, terms like "regularly uses" and "substantial portion" need to be clarified. It now says: "(1) regularly uses the bicycle for a substantial portion of the travel between the employee's residence and place of employment. While qualified transportation fringe benefits for commuter highway vehicles (e.g., vanpools) have a 90% use for commuting requirement, transit does not.

As a "reimbursement program", employers will not be able to pre-pay. Current guidance says "A payment made before the date an expense has been incurred or paid is not a reimbursement." This may mean that a person who purchases a bike in January with the intent to use it for commuting for the next 12 months, he or she may not get the full reimbursement amount (e.g., \$240) in the first month.

It is interesting to note that to receive the bicycle commuter benefit the individual cannot "receive any benefit described in subparagraph (A), (B), or (C) of paragraph (1)" so it excludes people who are already receiving a transit, commuter highway vehicle or parking benefit. I interpret this as meaning that the employee has to choose one or the other (transit/commuter highway vehicle/parking benefit OR bicycle benefit). This clause is in contrast to the current law that allows employees to combine parking and transit tax free amounts (e.g., cost of parking at a rail station and the rail fare). It

wouldn't appear that the new bicycle benefit will be an additional sweetener for a bike-to-bus or bike-to-bus program if transit subsidies are provided.

You can find the full bill (HR 1424) at <http://thecar.gov>.

See IRS Taxable Fringe Benefit Guide http://www.irs.gov/pub/irs-soi/04-48/fringe_benefits.pdf for more information about Qualified Transportation Fringe Benefits (Section 132(f)).

You may also be interested in IRS ruling in 2006 about when and how employer-provided transportation benefits provided through smart cards, debit or credit cards, or other electronic media are excluded from gross income under §§ 132(a)(5) and 132(f) of the Internal Revenue Code and from wages for employment tax purposes. See <http://www.irs.gov/pub/irs-soi/06-48/20064801021.pdf>.

Scott – as always we are happy to be of assistance. Please don't hesitate to contact me if you need anything else.

Best,

Kala

Kala L. Quintana

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NVTA Web: www.TheNoVaAuthority.org



Agenda Item #6

TO: Chairman Eulle and NVTC Commissioners
FROM: Rick Taube
DATE: November 26, 2008
SUBJECT: Revised NVTC January, 2009 Meeting Date

In January, 2009 NVTC's regular meeting date falls on January 1st. It is recommended that the commission act to change that meeting date to Thursday, January 8th. Since NVTA is not scheduled for that evening and the General Assembly will not be in session, that new date should be available for many commissioners.



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Agenda Item #7

TO: Chairman Euille and NVTC Commissioners
FROM: Rick Taube
DATE: November 26, 2008
SUBJECT: Draft NVTC Workprogram for 2009

At its January, 2009 meeting, NVTC will conduct a public hearing on its 2009 workprogram. A draft is attached. It has been reviewed by local staff. The new activities are shown in bold type.

The commission is asked to authorize staff to release the draft workprogram for public comment and to advertise the public hearing for NVTC's January, 2009 meeting.

Also attached is a short summary of the specific products and projects for which NVTC will be responsible in 2009. With a nine person staff (of which two are part-time), NVTC manages grant funds approaching \$200 million annually and co-owns VRE assets of \$138 million, in addition to its public outreach, legislative advocacy, transit performance monitoring, policy analysis, research and technology demonstrations.





NVTC FY 2009 WORK PROGRAM

List of Products/Projects

<u>Goal #</u>	<u>Products/Projects</u>
1. Policy and Advocacy	<ul style="list-style-type: none">-GIS maps of General Assembly districts showing transit routes and state transit funding shortfalls.-Annual state and federal legislative agenda.-Annual Virginia Transit Association legislative agenda.-Provide subscription legislative tracking service to NVTC/PRTC jurisdictions/agencies.-Post November, 2009 legislative tour of Northern Virginia transit and transit-oriented development.-CTB pre-allocation testimony.
2. Funding	<ul style="list-style-type: none">-Maintain PowerPoint presentations on the "Case for Increased Funding of Public Transit in Northern Virginia," "How Transit is Organized in Northern Virginia," and the "VRE Chronology."-Reports to MAC and NVTC on reconciliation of Department of Taxation's motor fuel tax collections (\$40 million annually.)-On-line guidebook on sources of funding for transit projects.



3. Coordination

-Manage consultants and auditors for collection and filing of National Transit Database reports (yields \$6 million for WMATA annually).

-Manage and promote \$1.5 million annual Ride Free program (free bus fares on forecast bad air days).

-Manage and promote regional e-schedule project.

4. Grants/Contracts/Trust Funds

-Maintain and update NVTC's subsidy allocation model (up to \$200 million distributed annually).

-Apply on behalf of NVTC jurisdictions, WMATA and VRE for state grants (eligibility of up to \$300 million).

-Provide up to 365 progress reports in FY 2009 to DRPT on WMATA and jurisdiction grant-funded projects, expected to double in FY 2010.

-Manage jurisdiction trust fund accounts (average over \$100 million).

-Prepare financial statements for fiscal year independent audits of NVTC and NVTA.

-Manage NVTA's transportation plan update (TransAction 2035 @ \$1 million).

-Manage Alexandria's federal grant-funded city wide bus technology project (\$1 million +), and obtain funds for its share of the Potomac Yard project (\$5 million authorized) and Eisenhower Valley transit improvements (\$1.9 million).

-Manage Arlington's federal grants for Potomac Yard (\$1.2 million so far) and authorized to obtain funds for CNG buses, Rosslyn Metrorail and other improvements totaling \$7.1 million.

-Obtain authorized federal funding for Fairfax County's projects in Route 1 corridor, Metro Matters, and access ramp improvements at Vienna Metro totaling \$51.0 million.

- Obtain authorized federal grant funding of \$2.1 million for Falls Church's intermodal transit center.

- Produce and adhere to performance based annual administration budget (\$1 million +).

- Implement low-cost software for automated bus location in Falls Church (MARTHA for GEORGE).

- Execute contract to provide buses for Falls Church's GEORGE.

- Manage test of hydrogen fuel injection technology in the city of Fairfax's CUE buses (\$100,000).

5. WMATA and VRE

- Appoint WMATA and VRE Board members.

- Responsible for VRE assets co-owned with PRTC of \$138 million.

6. Coordinated Regional Efforts

- Maintain transit performance on-line database.

- Using GIS tools, develop a report on per-capita transit ridership in areas actually served by transit.

- Direct annual mode share corridor studies and reports with VDOT and MWCOG.

7. Public Outreach

- Maintain, improve and promote NVTC's website as the primary source of transit performance data for the region.

- Direct NVTA's public outreach mission and maintain website.

- Direct public outreach for NVTA's regional transportation plan update (TransAction 2035).

- Produce podcasts to promote transit use.

- Maintain e-schedules for transit customers using NVTC's consultant.



NVTC'S 2009 GOALS, OBJECTIVES AND WORKPROGRAM

--DRAFT: November 18, 2008--



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2009 NVTC Meeting Schedule

[Meetings start at 8:00 P.M.]

<u>MONTH</u>	<u>DATE</u>	<u>AGENDA</u>
January	8	Elect officers. Select WMATA and VRE Board members, VTA representatives and NVTC Legislative Committee members. Conduct a public hearing and approve 2009 goals, schedule and workprogram. Approve FY 2010 VRE budget. Discuss draft NVTC FY 2010 budget.
February	5*	Approve FY 2010 NVTC budget. Review progress on state and federal legislative agenda. Approve NVTC and VRE state grant applications.
March	5	Review progress on state and federal legislative agenda. Review progress on WMATA budget for FY 2010.
April	2	Review completed 2009 General Assembly session.
May	7	Approve comments on WMATA FY 2010 budget.
June	4	Focus on regional transit performance. Renew Falls Church/WMATA/NVTC operating agreement for GEORGE.
July	2	Review mid-year progress on NVTC workprogram. Approve DRPT contracts for NVTC and VRE FY 2010 grants.
August		No Meeting.
September	3	Forward preliminary NVTC FY 2011 budget to local jurisdictions.
October	1	Review quarterly progress on NVTC's workprogram. Approve CTB pre-allocation testimony.
November	5	Approve FY 2009 NVTC and VRE audits.
December	3	Select NVTC Nominating Committee for 2010 officers. Approve legislative agenda for 2010. Review progress on 2009 workprogram and release draft 2010 workprogram for public review and comment.

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

NVTC EXECUTIVE COMMITTEE
2009 MEETING SCHEDULE

[All meetings 7:30 - 8:00 P.M. prior to NVTC meetings in the small conference room.]

<u>MONTH</u>	<u>DATE</u>	<u>SUBJECT</u>
January	8	Legislative items.
February	5	No meeting.
March	5	Review General Assembly session.
April	2	Review quarterly progress on workprogram.
May	7	Review NVTC policies on topical transit issues.
June	4	Examine VRE performance.
July	2	Mid-year review of progress on workplan. Meet with auditors to preview FY 2009 audit.
August		No meeting.
September	3	Preliminary NVTC FY 2011 budget. Executive director performance review.
October	1	Review quarterly progress on workprogram.
November	5	FY 2009 NVTC and VRE audits.
December	3	Select NVTC Nominating Committee for 2010 officers. Consider 2010 legislative agenda. Review progress on 2009 workprogram and preview 2010 workprogram.

NVTC MANAGEMENT ADVISORY COMMITTEE
2009 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	20	FY 2010 state grant application; NVTC administrative budget for FY 2010; NVTC legislative agenda.
February	17	Progress on legislative agenda.
March	17	Review of legislative accomplishments; WMATA FY 2010 budget issues.
April	21	To be determined.
May	19	To be determined.
June	16	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		No meeting.
August	18	NVTC preliminary administrative budget for FY 2011.
September	15	Review draft CTB pre-allocation testimony.
October	20	NVTC audit for FY 2009.
November	17	Draft NVTC legislative agenda for 2010; first draft 2010 NVTC work program.
December	15	Proposed 2010 workprogram; VRE and NVTC budgets for FY 2011.

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 2009*

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. Update and distribute 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. **Capitalize on opportunities as a new pro-transit administration takes office with a supportive Congress and the need to stimulate the economy. Emphasize a greater role for transit in authorizing the next six years of federal funding programs.** Conduct NVTC's February meeting on Local Government Day at the General Assembly in Richmond, **jointly with the Northern Virginia Transportation Authority.** 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.
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, chair VTA's Legislative Committee, **encourage NVTC board members to serve as VTA officers** and assist transit systems in special legislative promotions with NVTC's public outreach and web-design expertise.

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.
6. **After the November, 2009 elections, prepare and distribute detailed maps for each legislative district showing transit service and funding needs.**
7. **Perform research and policy analyses that support NVTC's legislative positions, such as monitoring the relationship between gas prices, vehicle miles traveled by automobiles and transit ridership.**

***Note : New initiatives for 2009 are shown in bold type.**

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 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 **2035** and Northern Virginia's **2035** transportation plan update. Analyze funding proposals produced by those studies and identify policy issues for consideration by the commission. Maintain **up to date** PowerPoint presentations on "The Case for Increased Funding of Public Transportation in Northern Virginia," "**How Public Transportation is Organized in Northern Virginia,**" and the "**VRE Chronology**" 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 **discrepancies** 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. Encourage transit systems to use the data to improve efficiency. Publish the data on NVTC's website. Help Northern Virginia's transit systems comply with DRPT's new performance data requirements. **Ensure that the data are consistent, timely and accurate. Determine interest in a regional performance measurement workshop (jointly with DRPT). Develop accurate performance data on per capita transit ridership for those areas actually served by transit. Use GIS to identify populations within range of transit routes. Develop a methodology and share with DRPT for statewide use.**
2. 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.
3. **Assist WMATA and Northern Virginia's transit systems in utilizing SmarTrip fareboxes and implementing efficient regional databases and parts inventories.**
4. Manage a related contract with DRPT for SmarTrip point-of-sale devices for Loudoun County.
5. Assist Northern Virginia's transit systems in planning for the success of the regional **initiatives such as the SmarTrip customer service center/clearinghouse and the elimination of paper transfers.**
6. Manage the region's ongoing CMAQ-funded program to provide free bus fares during forecast Air Quality Code Red Ozone alerts. **Continually analyze the effectiveness of the program and suggest ways to make it more efficient in reducing air pollution and greenhouse gases.**

7. 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.
8. Support regional pedestrian safety initiatives and encourage bicycle and pedestrian use. Publicize and seek to expand "bike on rail **and bus**" opportunities. 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. Poll transit systems to determine the extent of bicycles on-board buses and railcars. With this data, propose methods to increase such use.
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. **Identify opportunities to bring together universities and transit systems to enhance access to campuses and relieve parking pressure, partially funded with student fees.**
13. **Renew each June 30th the joint operating agreement with Falls Church, WMATA and NVTC for GEORGE. NVTC controls the buses.**

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 on February 1, 2009, 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 (**e.g. Burke Centre VRE canopy, Route 1 transit improvements**). 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. **Obtain agreements with sub-recipients to ensure compliance.**
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. Respond to DRPT's new audit initiatives and grant policies and work with NVTC's jurisdictions to fine-tune the new procedures, if necessary, so they work to the advantage of all parties. Encourage DRPT to provide timely grant contracts.
7. 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. **Obtain agreements with sub-recipients to ensure compliance.**

8. 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.
9. **Manage** federal funds on behalf of Alexandria for demonstrations of new bus technologies. Procure consulting assistance and manage projects for the city, **including a real-time bus arrival information system. Work to integrate this system with WMATA's regional database.**
10. 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.
11. Work with Alexandria and Arlington to apply for federal funds for BRT service improvements in the Crystal City/Potomac Yard corridor, for subsequent citywide transit improvements in Alexandria, and for access improvements in Rosslyn. 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.
12. **Manage NVTA's regional transportation plan update (TransAction 2035).**
13. If asked by Arlington and Fairfax County, serve as project manager for the Columbia Pike Streetcar project.
14. Provide accounting services to NVTA without charge **and manage any required NVTA audits. Also maintain financial records, obtain any needed insurance and notify regulatory agencies.**
15. Continue to publicize the results of the Phase 1 and Phase 2 **NVTC senior mobility studies**. Work with transit systems to test and implement the recommendations.
16. To facilitate NVTC management accountability, accomplish performance-based budgeting. The proposed FY 2010 budget incorporates 12 performance measures for NVTC's administrative and financial management functions as well as seven measures for the planning, project management, public outreach and legislative functions.
17. **Cooperate with DRPT to promote NVTC's MARTHA project that developed and tested** low-cost software using 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 **using open source software protocols. Develop a guidebook for transit systems to select appropriate bus arrival products. Seek a grant to modify MARTHA system to import Google Transit's route and stop data directly. Report to**

NVTC's board on the status of real-time bus arrival systems among NVTC's jurisdictions, including costs and benefits of each. Assist Falls Church with implementing the MARTHA system, including operating staff and customer surveys, if asked.

18. **Complete the final report on 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. Publicize the results to assist transit systems elsewhere. Seek to develop similar technologies using lessons learned.**

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. **Invite WMATA'S General Manager periodically to brief the entire NVTC Board on important issues.**
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 **\$1.5 billion of** dedicated funding **authorized by Congress** for WMATA.
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 principal and alternate members 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 and providing zip code verification.
9. As agreed with VRE management, assist in implementation of VRE projects as well as in the implementation of the VRE strategic plan and other initiatives. Focus on policy analysis (e.g. cost and service neutrality for new VRE entrants).

- 10. Protect NVTC's interests as additional jurisdictions are encouraged to join PRTC and become participating VRE members.**

6. COORDINATE 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 and is represented on a multi-agency Capital Beltway Southside study.
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; parking carousels; variable pricing of roads and parking; parking capacity electronic message signs; and alternative fuel technologies. Promote joint procurements for uniformity and cost saving. Advocate inter-operability. 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. **Coordinate comments for DRPT's ITS plan, with emphasis on non-proprietary devices and software, integration and proper ITS regional architecture.**

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, **vanpools** 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. **For example, consider ways in which vanpools could be encouraged with seed money, gas cards or temporary paid drivers. Obtain data on current vanpool use (origins/destinations) and examine whether data can be obtained to qualify WMATA to receive more FTA formula funds. Explore improved connections to VRE stations and other suburb to suburb commutes via taxis and vanpools.**
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. Advocate continued and expanded funding for these corridor traffic counts. Make this information available in user-friendly formats on NVTC's website. Work to expand the counts and mode share calculations.
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. Update a series of transit emergency response plans, focusing on key station areas in Northern Virginia, **Maryland and D.C. via the Regional Bus Operators Group meeting at WMATA.** Considerations include bus re-routing, traffic signalization, signs, and communications. 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 Advisory Committee to articulate transit concerns and resolve any issues. Take the lead in assertively presenting a coordinated transit plan **that protects the interests of transit systems and their customers.**

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. Assist other MWCOG groups working for cleaner air, including MWAQC and Clean Air Partners with an emphasis on reducing greenhouse gases through transit use.
15. **Coordinate access to potential ferry demonstrations originating in Prince William County that may seek to serve one or more of NVTC's jurisdictions.**
16. **Look for opportunities to apply lessons learned in NVTC's senior mobility study, parts 1 and 2, including enhanced travel training.**

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. Assist NVTA's public outreach mission actively **maintain NVTA's "virtual office" and website, and lead public outreach for NVTA's regional transportation plan update (TransAction 2035).**
3. 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.
4. 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. Assist APTA in marketing and public information activities. Help plan VTA conferences.
 5. 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. **Compile and post on NVTC's website a list of transit stores and TMA's in the region.**
 6. Look for opportunities to partner in order to stage events **and promotions** that will emphasize the effectiveness of transit and ridesharing and the need for additional transit funding (**e.g. Greater Washington Board of Trade, Google.**)
 7. **After the November, 2009 elections**, 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.
 8. Monitor NVTC and NVTA website performance with monthly and quarterly compilations of user statistics.
 9. Reach out to "electronic hitchhiking" firms (e.g. NuRide) and car-sharing organizations (e.g. Zip Car) for joint promotion opportunities.
 10. Help the region's transit systems receive recognition for outstanding achievements by pursuing awards (such as APTA's Ad Wheel for marketing excellence).

11. Upgrade NVTC's equipment and meeting facilities to improve public access. With budgeted funds, procure a new telephone system. Consider installation of an overhead projector, web-cam and sound system. Investigate streaming video of NVTC meetings.
12. Seek funding for additional public surveys, focus groups and "coffee talks" to test innovative fare and service initiatives.
13. Produce low-cost videos for the web on such topics as the "Agony of Auto Commuting;" "Adventures on the Bus;" "Seniors on Transit;" etc.
14. **Develop cooperative region-wide programs to introduce teenagers to transit, building on the success of Arlington's "I Ride" initiative.**
15. **Implement NVTC's federal Title VI program with active outreach to immigrants, simplified messages and NVTC/NVTA website accommodations.**



Agenda Item #8

TO: Chairman Euille and NVTC Commissioners
FROM: Rick Taube
DATE: November 26, 2008
SUBJECT: NVTC Nominating Committee for 2009

At its January, 2009 meeting, NVTC will elect its officers. To propose a slate for consideration at that meeting, Chairman Euille will appoint a committee. He will announce the committee members at the commission's December 4th meeting.



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Agenda Item #9

TO: Chairman Euille and NVTC Commissioners
FROM: Rick Taube
DATE: November 26, 2008
SUBJECT: Metro Items

A. Ridership at Virginia's Metrorail Stations.

Another in the monthly series of ridership charts is provided for your information. As can be seen, Metrorail ridership remains very strong in Northern Virginia.

B. Possible Relocation of WMATA Headquarters.

At the October 2nd NVTC meeting, commissioners discussed the proposal by the District of Columbia to relocate WMATA's headquarters. At its November 5th meeting, the commission acted to authorize a letter to the WMATA Board on this subject. WMATA's consultant determined this move would cost \$30 to \$70 million. A copy of the staff report is attached. At its November 20th meeting, a WMATA Board committee deferred discussion until January, 2009 at the request of a District of Columbia Metro Board member.

C. TPB Report on Metro Access.

As described in the attached article, TPB has released a report about Metro Access performance. Copies of the full report are available from NVTC staff on request. On November 20th, the WMATA Board approved the first Metro Access

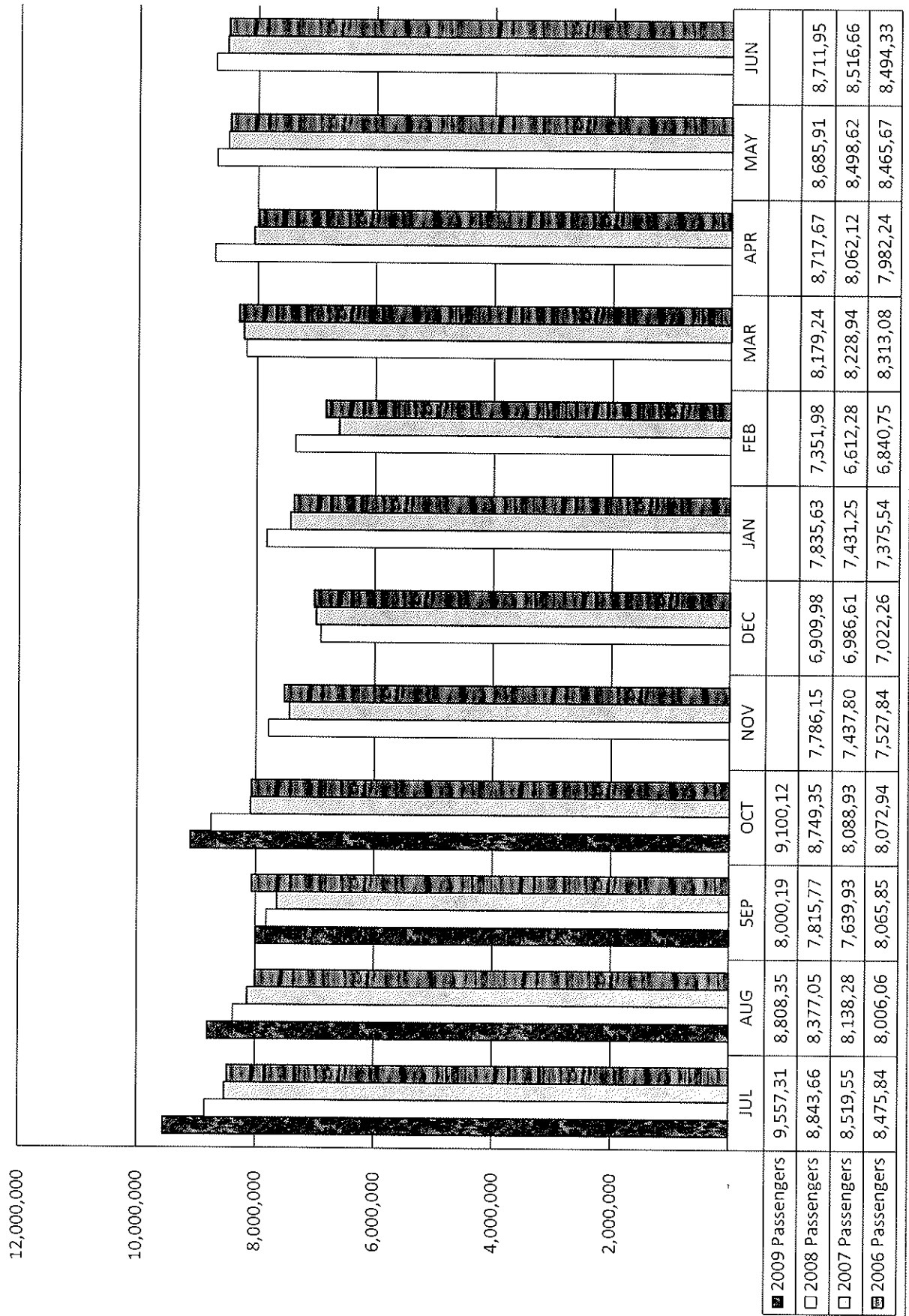


Revenue Vehicle Fleet Management program. The current fleet of 458 vehicles serves 21,000 customers and provided over 1.7 million trips in FY 2008. Ridership is forecast to reach 2.9 million by FY 2013. A copy is attached. Also, a copy is attached of "MetroAccess Ridership and Cost Projections 2008-2013."

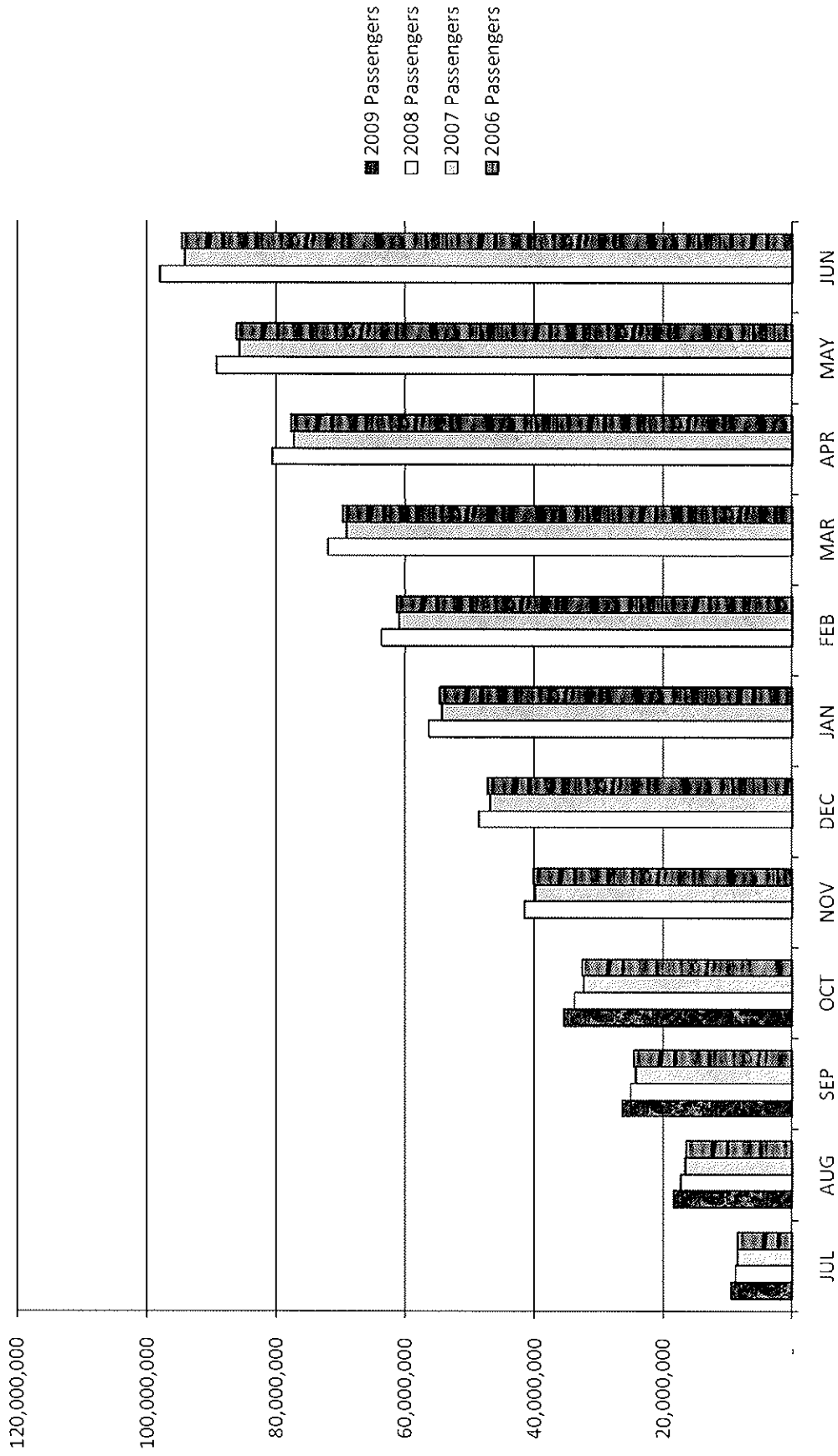
D. Elimination of Paper Transfers.

An attachment describes the intense effort to alert the public to this new approach, which is due to take effect on January 4, 2009.

Metrorail Monthly Northern Virginia Passenger Trips, FY 2006-FY 2009



Metrorail Cumulative Monthly Northern Virginia Passenger Trips FY2006 - FY2009





Washington Metropolitan Area Transit Authority
Board Action/Information Summary

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TITLE:

Possible relocation of WMATA's headquarters

PURPOSE:

Obtain Board direction as basis for further staff action.

DESCRIPTION:

For the past five years, WMATA staff have been researching the possibility of relocating WMATA's headquarters to a Metrorail station property.

At the request of the Board, WMATA solicited Compact jurisdictions for proposals, hired a consultant to analyze the economics of relocation, and made several presentations to the Board and individual Board members.

On June 12, 2008, Bolan Smart Associates made a detailed presentation to the Planning, Development and Real Estate Committee.

Relocation Considerations: A new building would conform to current standards of office building design and would allow for more efficient use of space. Relocation could anchor revitalization in a newly developing area of the region - interest has been expressed in Anacostia and New Carrollton. Relocation would also promote continued expansion of the Gallery Place Business and Entertainment District. The Capital Needs Inventory for FY 2011 - FY 2020 identifies \$24.5M in JGB renovation costs.

Relocation would remove WMATA's headquarters from the hub of the Metrorail system. Access to relocated headquarters could be more cumbersome for WMATA stakeholders, business partners, customers, field employees, and riders. Headquarters relocation planning would distract management from its top priority of providing service to its customers at a critical point in Metro's history. Net value of relocation costs range from (\$30 million) to (\$70 million).

Possible Relocation of WMATA's Headquarters

Presented to the Board of Directors:

Planning, Development and Real Estate Committee

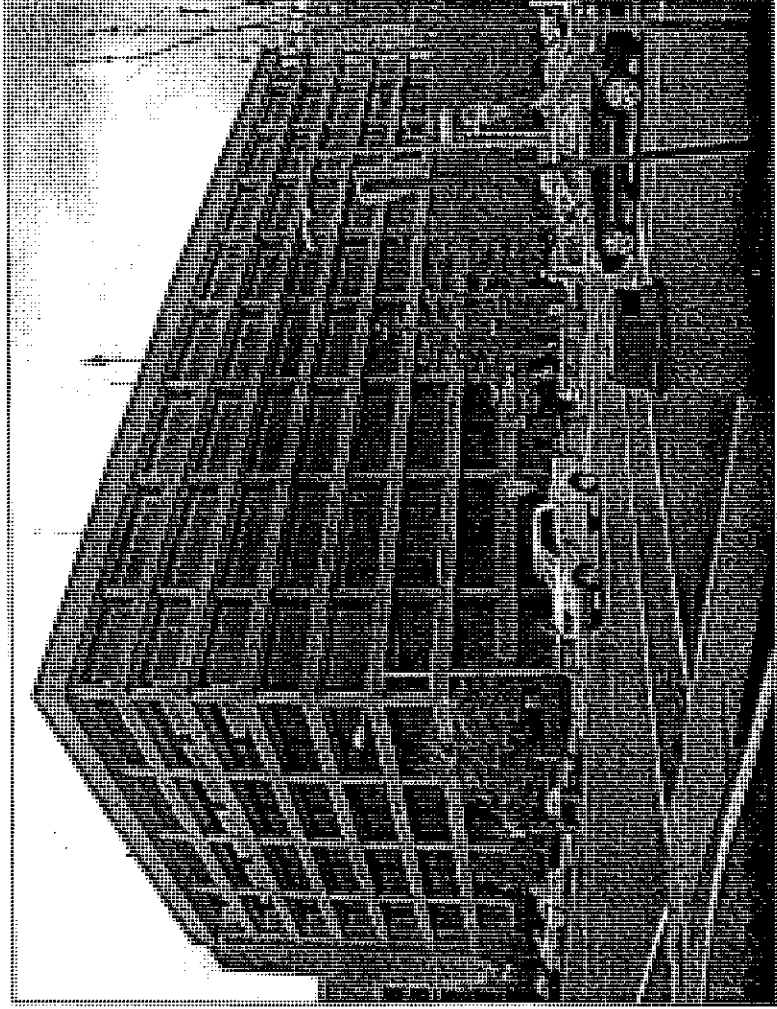
November 20, 2008





Purpose

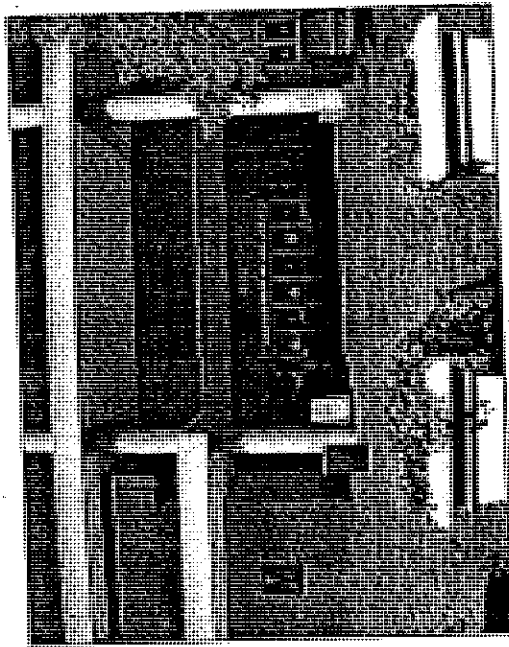
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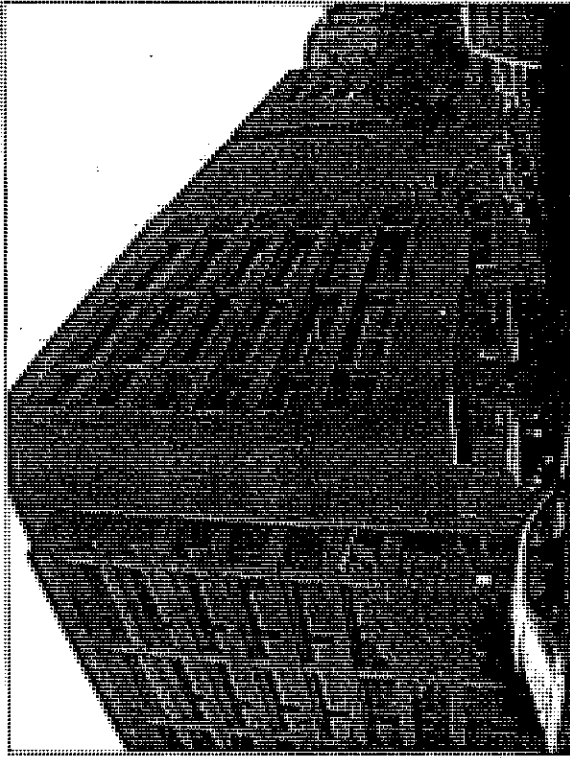
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Relocation Considerations



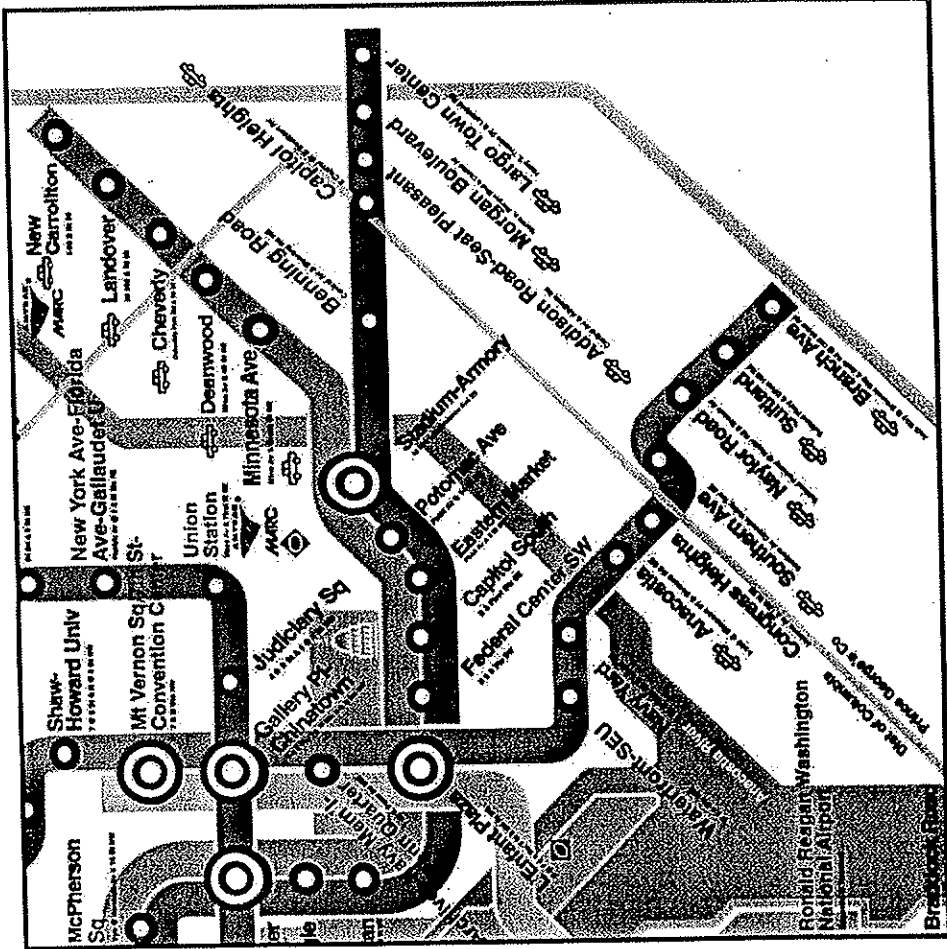
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- Relocation would promote continued expansion of Gallery Place Business and Entertainment District
- The Capital Needs Inventory for FY 2011 – FY 2020 identifies \$24.5M in JGB renovations costs



Relocation Considerations

(continued)

- Relocation would remove HQ from hub of Metrorail system
- Access to relocated headquarters could be more cumbersome for WMATA stakeholders, business partners, customers, field employees, and customers
- Headquarters relocation planning would distract management from its top priority of providing service to its customers at a critical point in Metro's history
- Net value of relocation costs range from (\$30 million) to (\$70 million)





Conclusion

Unless directed otherwise by Board, staff will not pursue this further.



Washington Metropolitan Area Transit Authority
Board Action/Information Summary

<input type="radio"/> Action <input checked="" type="radio"/> Information	MEAD Number:	Resolution: <input type="radio"/> Yes <input checked="" type="radio"/> No
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FUNDING IMPACT:

Board direction will determine funding impact, if any.

RECOMMENDATION:

Unless directed otherwise by Board, staff will not pursue this further.

Possible Relocation of WMATA's Headquarters

Presented to the Board of Directors:

Planning, Development and Real Estate Committee

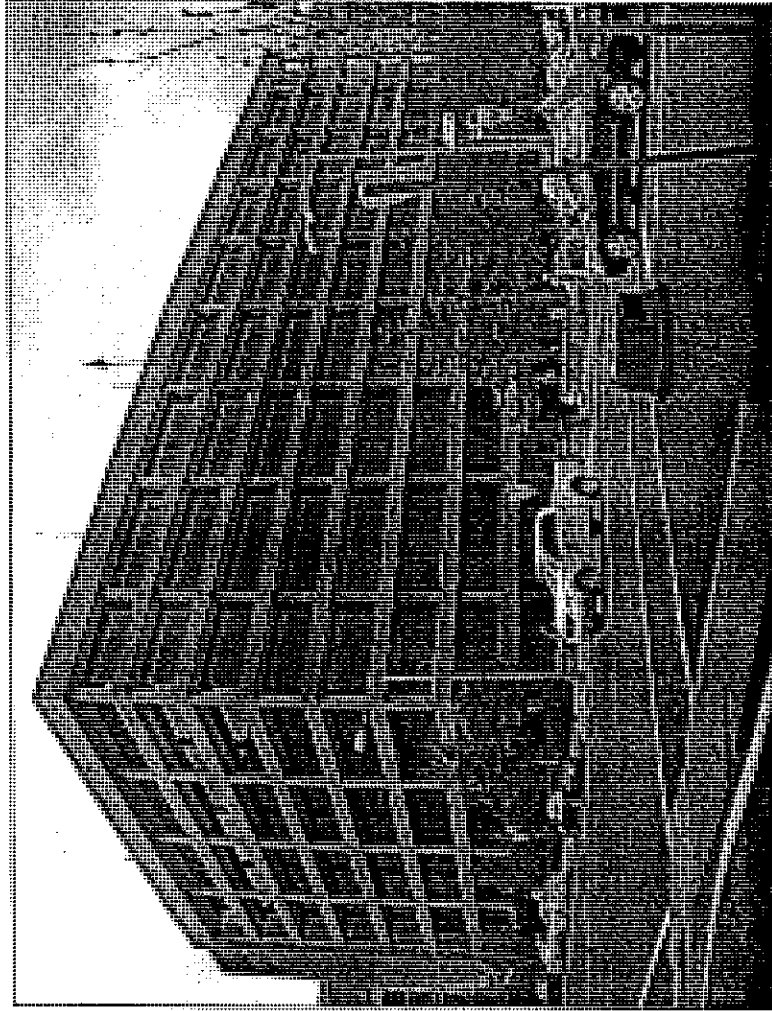
November 20, 2008





Purpose

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History

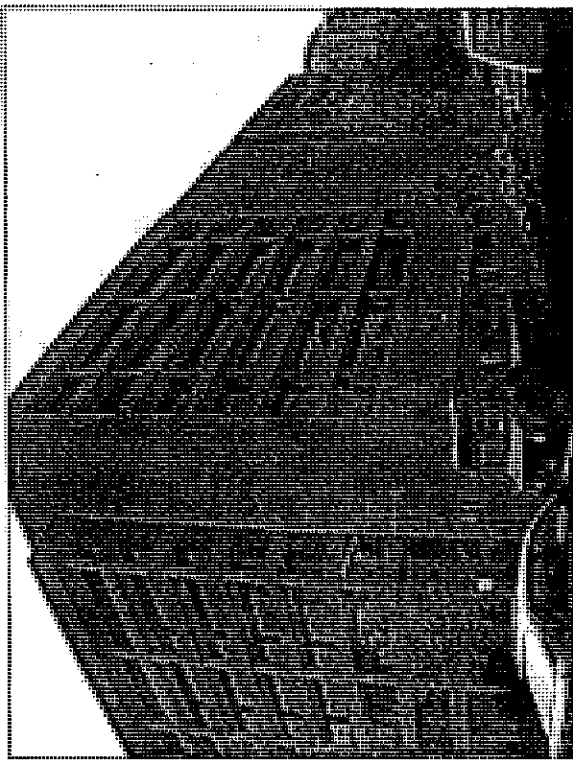
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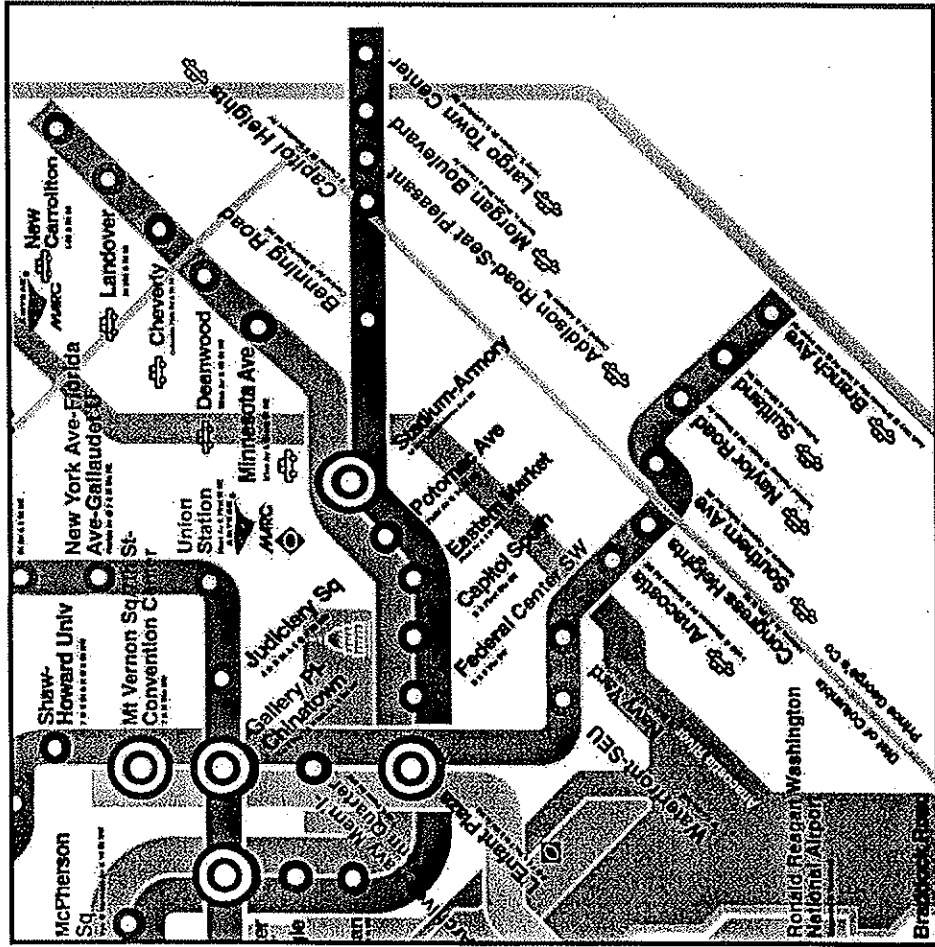




Relocation Considerations

(continued)

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Conclusion

Unless directed otherwise by Board, staff will not pursue this further.

washingtonpost.com



MetroAccess Staff Turnover Costly, Study Finds

By Lena H. Sun
Washington Post Staff Writer
Wednesday, November 19, 2008; B05

Metro's service for the disabled has improved significantly but high turnover among drivers -- 111 percent -- and other staff workers is costing Metro more money and adversely affecting riders, according to a report to be released today.

The study, to be presented to the National Capital Region Transportation Planning Board, is the most in-depth look at the troubled MetroAccess service since MV Transportation began running it two years ago. Across the region, 22,000 disabled people who are physically unable to take the subway or a regular bus depend on the door-to-door rides. Almost 70 percent of riders live in the Maryland and Virginia suburbs. They tend to be female, African American, older than 60 and poor, surveys show.

MetroAccess is Metro's fastest-growing service, with ridership increasing 16 percent since last year. It is also the most expensive, costing taxpayers \$68.2 million this fiscal year. Long the subject of rider complaints, MetroAccess hired MV Transportation in 2006 under a four-year, \$204 million deal. But the transition was poorly managed. Riders were stranded. Drivers got lost, took circuitous routes or failed to show up. Complaints overwhelmed Metro.

Since then, on-time performance has improved, more workers have been hired to book, schedule and dispatch trips, and the transit agency has invested "a significant amount of funding and resources," according to the 128-page independent review by TranSystems Corp. and the KFH Group.

MV was the low bidder for the contract, but Metro has spent more than \$4 million on service improvements, officials said.

At other transit agencies, MV has also been the low bidder, but the contract "ends up being even more expensive since MV is not able to deliver what they promised within their proposed budget," according to Wendy Klancher, a senior transportation planner for the planning board.

In particular, the report says MV's contract was "unusual." Unlike other paratransit contracts in major cities, MV acts as a broker and also operates more than 60 percent of the service. "That means MV is responsible for monitoring its own service and has the entire responsibility for reservations, scheduling and dispatching functions," the report says. In New York, Denver and Seattle, for example, one company handles reservations, scheduling and dispatch while other contractors provide the rides, which avoids conflicts of interest in scheduling.

Tim Lovain, who heads the board's task force that oversaw the review, said he found the MV contract worrisome. "MetroAccess should use a separate company for the call center and divide up the trips

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among more companies," he said. "Competition can cure a lot of ills."

Metro spokeswoman Angela J. Gates said in an e-mail: "We agree with the consultant's finding that we may need a different business model now that MetroAccess has grown to such a large size. We will be reviewing alternate business models in preparation for the next time the service is put out to bid."

The report also singles out high turnover among employees who provide the backbone of the service. Turnover among those who book rider trips is 121 percent; turnover for drivers is 111 percent, more than four times the industry average. Of the 800 drivers, almost 60 percent had experience of one year or less, meaning "it is very likely that [Metro] is paying for more vehicle hours of service than would be needed with a more stable, experienced workforce," the study found.

The main reason for high turnover was low wages and "very limited" benefits. Starting pay for drivers is \$11.75 an hour; after six months, the company covers 5 to 10 percent of total family health care costs, the report says.

"We are working in partnership with Metro to give even more realistic expectations of what each MetroAccess job entails," MV spokeswoman Nikki Frenney said. "This is a technically challenging and fast-paced environment where everyone from drivers to schedulers are expected to be compassionate, have adequate computer skills and be extremely flexible."

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Washington Metropolitan Area Transit Authority
Board Action/Information Summary

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TITLE:

MetroAccess Revenue Vehicle Fleet Management Plan

PURPOSE:

To request Board adoption of Metro's first MetroAccess Revenue Vehicle Fleet Management Plan. The Plan provides for the acquisition of accessible vehicles to update the aging MetroAccess fleet, and to support future growth of Metro's complementary ADA paratransit program.

DESCRIPTION:

The MetroAccess Revenue Vehicle Fleet Management Plan serves as a tool to provide information, analysis and recommendations on the current and projected fleet requirements of the MetroAccess service.

The current MetroAccess fleet of 458 vehicles serves over 21,000 customers, and delivered over 1.7M passenger trips in FY-2008. MetroAccess ridership increased 16% from FY-2007 to FY-2008. A December 2007 Metro-commissioned study of MetroAccess conducted by HLB Decision Economics, Inc. (HLB, Inc.), projects paratransit ridership growth on MetroAccess will exceed 2.87 million passenger trips per year by FY-2013.

During FY-2008, 65 paratransit vehicles were purchased using a federal Job Access Reverse Commute grant (JARC) to expand the MetroAccess fleet in order to meet growing customer demand. In June 2008, the Board approved capital funding for FY-2009 to purchase 115 vehicles for the MetroAccess fleet.

FUNDING IMPACT:

No Funding Impact. The adoption of the MetroAccess Fleet Management Plan is for planning purposes only and does not obligate the Authority or its Board of Directors to the Plan's projected requirements.

RECOMMENDATION:

Approval and adoption of the MetroAccess Fleet Plan.

PRESENTED AND ADOPTED:

SUBJECT: METROACCESS FLEET MANAGEMENT PLAN

PROPOSED
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WHEREAS, Submission of a comprehensive MetroAccess fleet management plan is required by the Federal Transit Administration as a result of the Authority's recent use of a federal Job Access Reverse Commute capital grant to purchase paratransit vehicles; and

WHEREAS, The Board of Directors recently established capital funding to procure vehicles for the MetroAccess fleet, and the Authority's staff has prepared the MetroAccess Revenue Vehicle Fleet Management Plan dated November 2008, to establish a comprehensive fleet management tool; and

WHEREAS, The MetroAccess Revenue Fleet Management Plan documents the Authority's processes and procedures for operating the MetroAccess fleet through Fiscal Year 2013; and

WHEREAS, The MetroAccess Revenue Vehicle Fleet Management Plan is a tool that provides proper planning for future MetroAccess vehicle needs, taking into consideration present and projected future ridership demand; and

WHEREAS, The MetroAccess Revenue Vehicle Fleet Plan is for planning purposes only and does not obligate the Authority or its Board of Directors to the Plan's projected requirements; and

WHEREAS, It is intended that the MetroAccess Revenue Vehicle Fleet Management Plan be updated on a regular basis and that the plan become a source of reference for the Authority's capital and operating budget preparation process; now, therefore be it

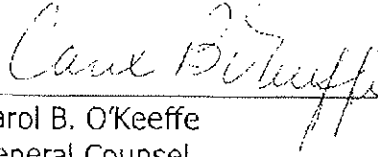
RESOLVED, That the Board of Directors adopts the MetroAccess Revenue Vehicle Fleet Management Plan dated November 2008, and attached hereto, for planning purposes, without obligation to any of the Plans' projected requirements; and be it further

RESOLVED, That the Board of Directors concurs with forwarding the MetroAccess Revenue Vehicle Fleet Plan to the Federal Transit Administration in support of the

federal Job Access Reverse Commute capital grant for the recent purchase of paratransit vehicles; and be it finally

RESOLVED, That this Resolution shall be effective immediately.

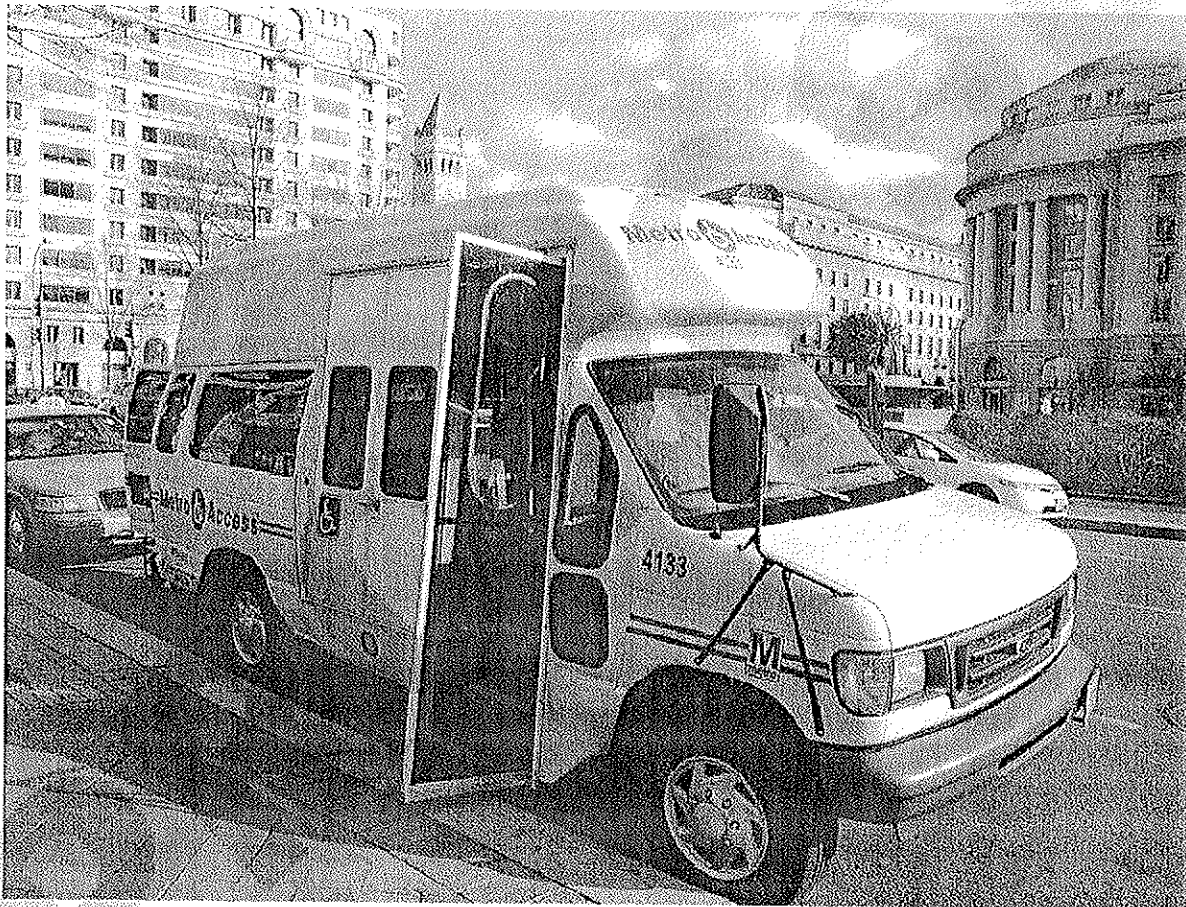
Reviewed as to form and legal sufficiency,



Carol B. O'Keeffe
General Counsel

PROPOSED

MetroAccess Revenue Vehicle Fleet Management Plan



November 2008



DEPARTMENT OF ACCESS SERVICES

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Purpose

The purpose of this report is to provide information, analysis and recommendations on the Washington Metropolitan Area Transit Authority's (Metro) current and projected fleet requirements for MetroAccess (MACS) paratransit service provided through contract by the Department of Access Services (ACCS).

The first section of the report provides an introduction, with background information on ACCS and the regional significance of Metro's specialized transportation service. The following sections will document the performance of MACS, referencing Metro statistics, regional studies and peer transit authority statistics. The remainder of the report will methodically chart the increased demand for paratransit service, the corresponding fleet needs and a summation of vehicle supply and demand.

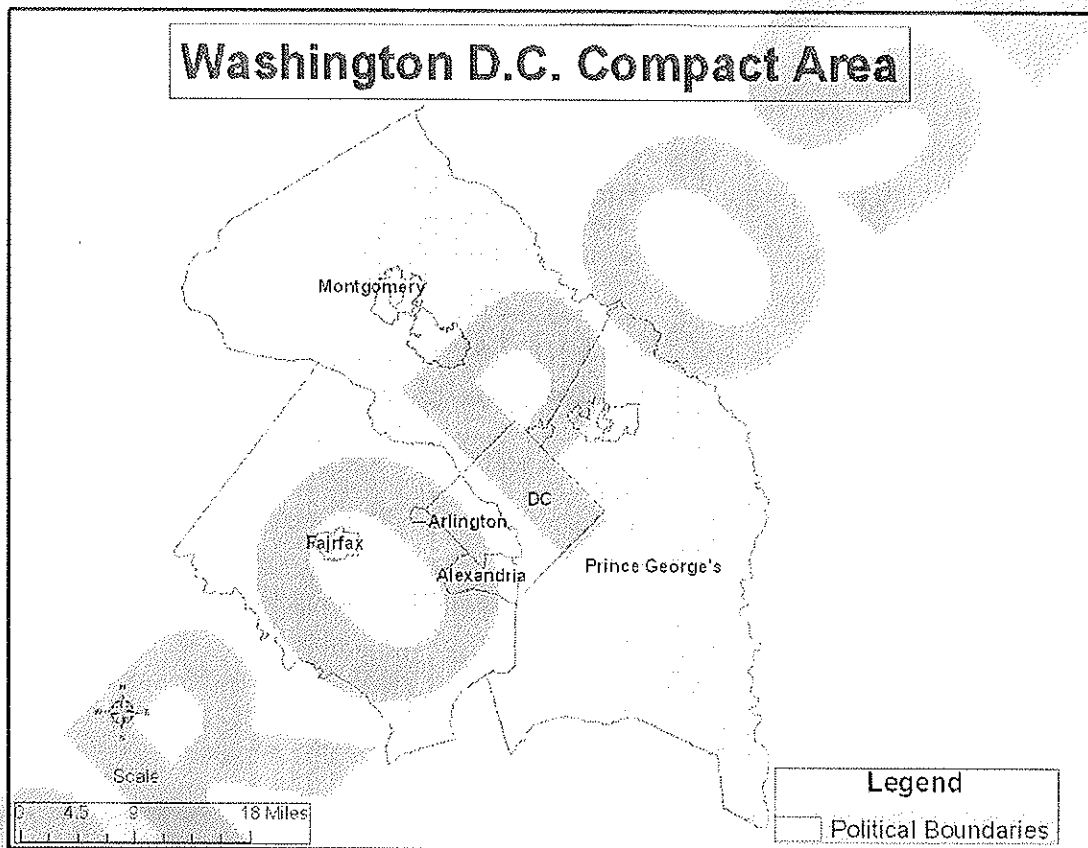
One of the objectives of our fleet management plan is to properly plan for and carry out the overall management of MACS vehicle fleet. Because demand continues to grow while Metro resources are scarce, the importance of having a plan cannot be overstated.

The intent is to update the plan on a regular basis and to have the plan become an input into the Authority's capital and operating budget preparation.

Section One: Introduction

Since the passage of the Americans with Disabilities Act of 1990, many issues have evolved regarding ADA complementary paratransit. One of the most acute issues faced by Metro has been the rapidly increasing demand for this service and its impact on operating cost and service quality. On May 16th, 1994, MACS began providing paratransit service for customers whose impairments kept them from using Metrorail, Metrobus or other fixed-route local service. Since then, MACS has become the largest provider of specialized transportation services in the Metro Compact area and now serves as the ADA complementary paratransit service for the region. Illustrated in Map 1-1, the Metro Compact area, created by Congress in 1967, defines by the Authority's Interstate Compact.

Map 1-1 METRO Compact Area



In addition to MACS, there are more than 60 local government and non-profit organizations providing specialized transportation services for people with disabilities in the region. In FY 2008, MACS ridership totaled over 1.7 million riders with an average monthly ridership of over 123,000 trips. According to the National Transit Database (NTD), Metro ranked 7th amongst our peer transit authorities in paratransit vehicle revenue miles with over 11 million miles traveled. Currently, the service has over nearly 1000 operators, over 450 vehicles, and over 1,000

eligibility applications processed every month. Between FY 2002 and FY 2007, the service has experienced an annual compound growth rate of 19.2%.

Growing Interest

In recent years, as a result of the increased demand for service and its impact on the operating budget, there has been growing interest in specialized transportation in the region. Demand for greater performance resonated with board members, citizen councils, political representatives and member agencies. Studies, events, board presentations and articles documenting the increased level of interest in specialized transportation services in the region can be found in the Appendix of this document.

“The Best Ride in the Nation”

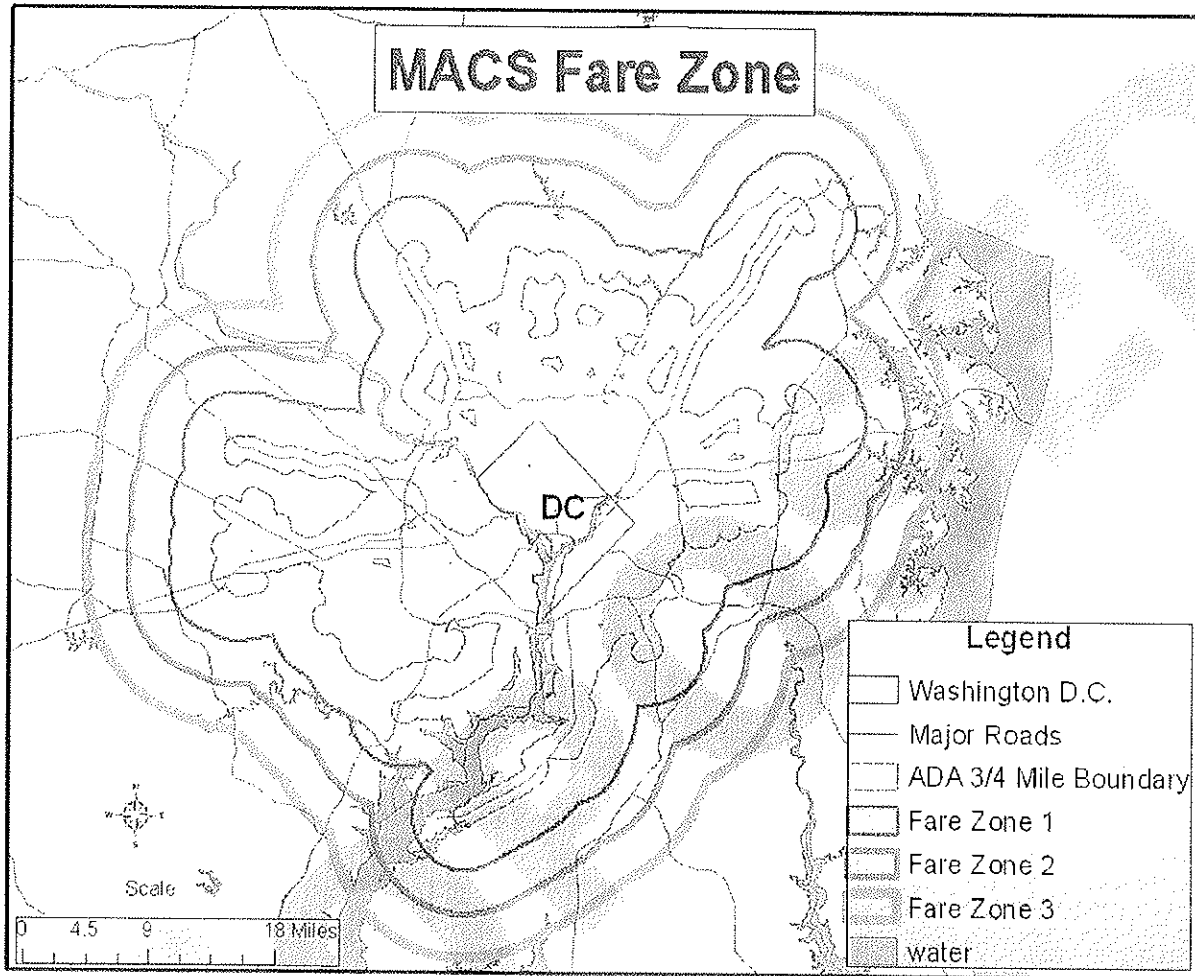
Improving performance is one of the ways in which we reach our goal of being the best ride in the nation. The challenges, and/or opportunities, associated with improved performance are greater for paratransit than for fixed route transit given the significantly higher per-passenger trip cost for paratransit services. Fixed route operations can absorb increased ridership (improved performance) on its routes until the vehicles are full with very little marginal cost per additional passenger trip. However, paratransit operations may have to add resources to service additional trips. Potentially, each new trip request represents a rider's unique origin, destination and the full cost of the resources associated with the provision of one trip.

In a study conducted for Metro in December 2007, HLB Decision Economics, Inc. (HLB, Inc.) noted that much of the ridership growth projected through FY 2013 is attributable directly to improvements in the quality of service. According to the latest statistics reported to the National Transit Database (NTD) Metro's cost per passenger trip for rail, bus and paratransit was \$2.34, \$3.54 and \$39.01, respectively.

Beyond ADA

Metro is required by law to provide complementary paratransit services within three-quarters of a mile of fixed route bus services and within a diameter of 1 ½ a mile of rail stations. If an area does not have fixed route service, complementary ADA paratransit service is not required. MACS provides service beyond ADA regulations. Metro's website informs current and future clients that the base fare for a trip on MACS is \$2.50. Any trip that begins or ends at a location which is more than 3/4 mile beyond the weekday, peak, fixed route service operated by Metro or its member jurisdictions requires an additional fare. Four (4) zones define the area beyond the weekday, peak, fixed route service area. Trips that begin or end in the zones pay a supplemental fee of one dollar (\$1) per zone. Map 1-2 depicts the MACS service area demarcated by the aforementioned fare zones.

Map 1-2 MACS Fare Zones



Current Fleet

The table below lists MACS' dedicated active revenue vehicle inventory. The dedicated active inventory is composed of vehicles provided by Metro for use only in MACS service. Vehicles are dispersed among garages through Washington, Maryland and Virginia, to meet demand for service and to be as close as possible to eligible customers, trip origins and destinations. Currently, MACS does not have enough equipment to sufficiently meet demand. As such, the service is supplemented by taxis and older vehicles in the fleet that otherwise would be retired.

Table 1-1: Current Fleet Vehicles

Vans	Sedans	Spare Ratio	Total Fleet
360	98	69	458

Organization of this document

Section Two summarizes and documents MACS performance, referencing Metro statistics, regional studies and peer transit authority statistics. Section Three provides specifics on the demand for revenue vehicles as they relate to quality of service and Metro's strategic initiatives. Also reviewed in this section is the planning process for developing peak vehicle requirements. Section Four assesses the current inventory and useful life of MACS revenue fleet vehicles. The remainder of the document focuses on vehicle needs for the duration of this fleet plan and the balance of vehicle supply and demand.

PROPOSED

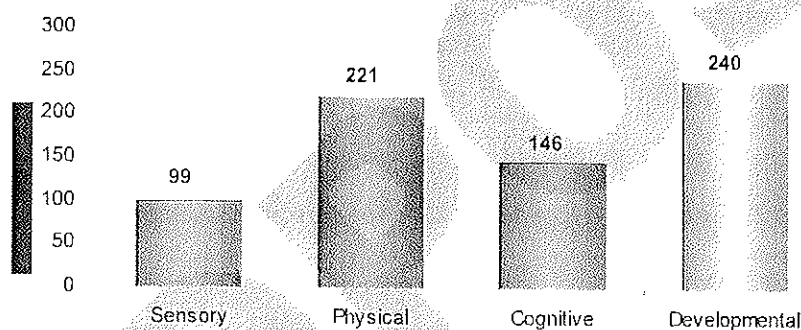
Section 2: Typology of Specialized Transit Services in the Washington D.C. Region

Regional Demand for Paratransit Services

Census Data

Census data provides information on the disabled population in the Washington region, which represents the pool of potential paratransit customers. Figure 2.1 shows the prevalence of different types of disabilities across the region. Based on the 2000 Census, 484,000 people, or 15% of the population in the Metro compact area, have a disability. Also, the 2000 Census indicates that people with disabilities are fifty percent more likely to live in poverty than their non-disabled counterparts. The most common type of disability is physical, although a substantial number of people have cognitive or sensory disabilities¹.

Chart 2.1 Types of Disabilities in the Washington Region
(Source: 2000 Census SF3)



Numbers refer to the Washington, DC-MD-VA Metropolitan Statistical Area

Table 2.1 displays data from the Metropolitan Council of Governments (COG) report titled, "Our Changing Region" further demonstrating the market potential of paratransit service in the region. There are well over 791,000 children and young adults between the ages of five and twenty-one years of age in the compact area. Approximately 59,000 or over 7% have a disability.

Of the adult population, 14.9%, or well over 303,000, are disabled. Accordingly, 36.4%, or over 122,000 of the senior population in the compact area is disabled.²

¹ National Capital Region Transportation Planning Board Metropolitan Washington Council of Governments, Improving Demand Responsive Services for People With Disabilities in the Washington Region, Page 8

² Metropolitan Council of Governments, Our Changing Region: Census 2000, vol. 1.3

Table 2.1 Disabled Populations in the Washington D.C. Compact Area

Jurisdiction	Population 5 to 20 years	% of Population with a disability (Ages 5 to 20 years)	Population 21 to 64 years	% of Population with a disability (Age 21 to 64 years)	Population 65 years and over	% of Population with a disability (Ages 65 years and over)
District of Columbia	112,797	10.0%	349,658	21.9%	66,478	42.5%
Montgomery County	184,200	6.8%	527,217	12.3%	93,319	32.7%
City of Gaithersburg	10,461	7.7%	33,365	13.2%	4,041	42.2%
City of Rockville	9,270	5.9%	28,163	12.2%	55	35.7%
City of Tacoma Park	3,438	6.4%	10,975	16.0%	1,374	38.9%
Prince Georges County	193,018	7.5%	479,163	19.1%	59,611	40.0%
City of Bowie	10,843	6.3%	30,271	12.9%	4,257	36.1%
City of College Park	10,486	4.5%	11,640	13.2%	1,734	44.2%
City of Greenbelt	4,115	6.3%	14,239	13.1%	1,453	36.9%
Maryland Suburbs	425,831	7.2%	1,135,033	15.4%	165,844	35.7%
Arlington County	25,055	8.2%	132,683	14.2%	16,369	37.1%
Fairfax County	205,610	7.1%	306,973	11.7%	73,696	32.1%
City of Alexandria	16,234	8.7%	90,216	13.4%	10,486	38.8%
City of Fairfax	3,852	9.1%	13,497	13.6%	2,386	32.4%
City of Falls Church	1,953	9.2%	6,481	9.7%	1,209	30.1%
Northern Virginia	252,704	6.9%	549,850	13.3%	104,146	34.0%
Metro Compact Area	791,332	7.5	2,034,541	14.9	336,468	36.4

Percentage of population with a disability for Frederick, Loudoun and Prince William County are included in the percentage totals.

Metro Service Levels

Data from the American Public Transportation Association (APTA) and FTA's National Transit Database provide information on Metro service levels relative to its peer agencies across the country. In FY 2004, APTA distributed a list of the 20 largest demand response transit agencies in the nation. MACS ranked 15 with over 1,112,400 trips. Since then, MACS has experienced an increase of nearly 55% from 1,112,400 to 1,721,677 trips in FY 2008. Additionally, MACS ranked 7th amongst our peer transit authorities in paratransit vehicle revenue miles with over 11 million miles traveled.

In 2006, NTD compiled information on the top transit (fixed route) systems in cities across the nation. This was accomplished by calculating the service area, total population, and all unlinked passenger trips to determine the total fixed route transit unlinked passenger trips per capita. Metro ranked third only behind New York and San Francisco-Oakland, California in this category.

When comparing the percentage of disabled citizens in the metropolitan areas served by the transit authorities recognized in FTA's top transit cities list, Metro has a comparable percentage of disabled citizens relative to the population in those metropolitan areas. Charts 2.3 and 2.4 graphically depict this information.

The implication is that paratransit ridership in the Metro service area will continue to grow consistent with Metro's position as a "top three" fixed route service provider.

Chart 2.2 Top Transit Cities

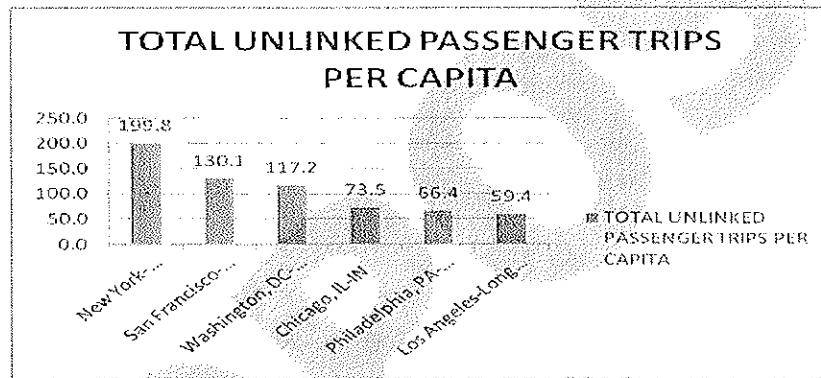
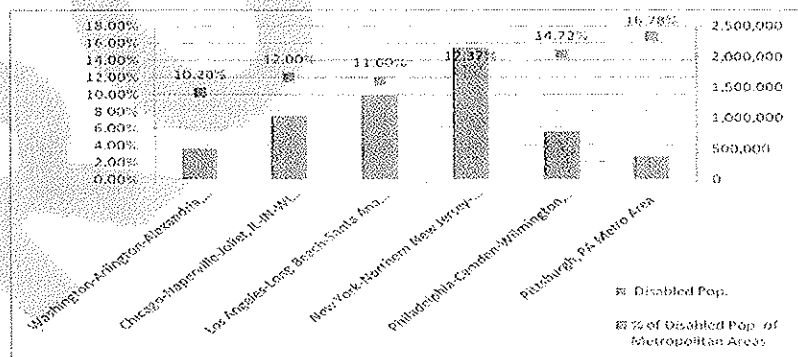
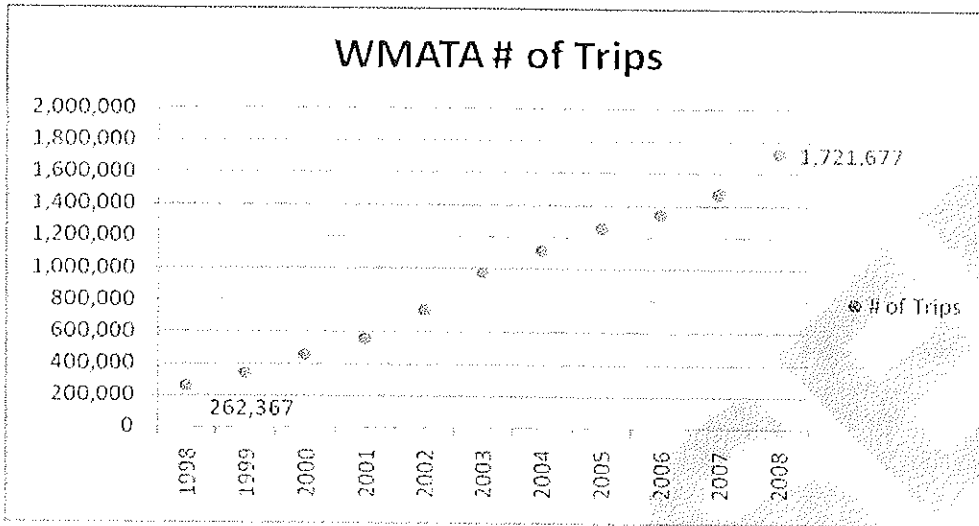


Chart 2.3 Percentage of Disabled Population in Metropolitan Areas



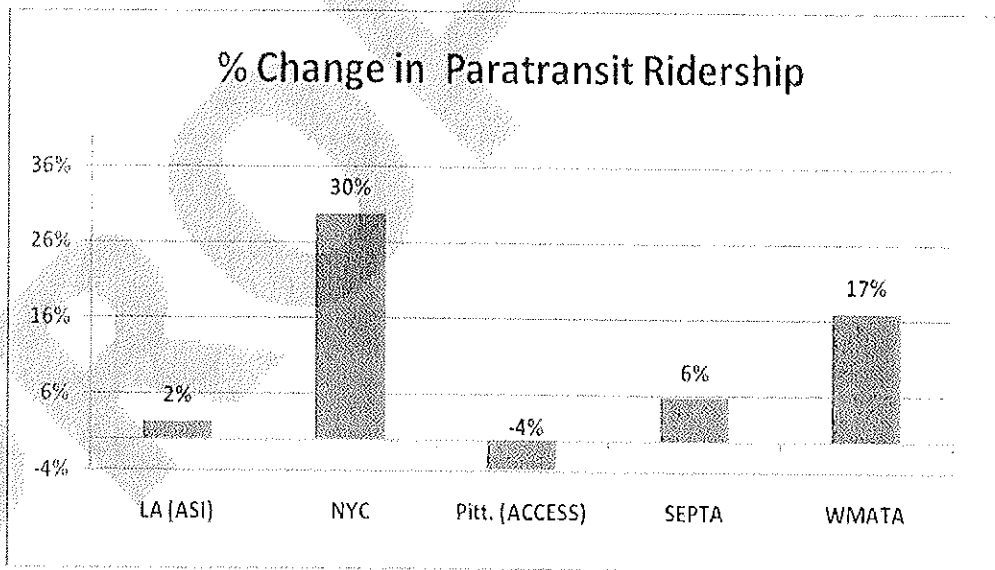
Although, the number of disabled citizens living in the region has an impact on the demand for paratransit service, estimates of the demand for paratransit stem from information about existing paratransit services and the customers who use these services. As depicted in Chart 2.5, NTD reported statistics show the annual number of MACS' trips increased by 556% since 1998.

Chart 2.4 Metro Growth in Ridership



Consistent with the trend of Metro's paratransit system rapidly growing to reflect overall Metro's fixed route transit size compared to other agencies and utilizing the previous three years of statistics, MACS trips grew at a faster rate than many similar services ranked on NTD's Top Transit Cities list. Trailing New York by approximately 12 percentage points, MACS paratransit trips grew approximately 17%, with SEPTA trailing at a distant third at 5.7%.

Chart 2.5 Change in Paratransit Ridership



Measuring Performance

As noted in Section 1, there has been growing interest in specialized transportation in the region caused by an escalating growth in demand for service and financial constraints. As pressure to improve performance ensues, senior management staff has responded by establishing, or re-establishing, baseline performance metrics to measure performance.

As with most performance measurement systems, the process begins with establishing goals and objectives for service. One of the operational performance goals associated with ACCS Strategic Plan is to expand MACS fleet to improve on-time-performance and decrease the number of missed and excessively late trips.

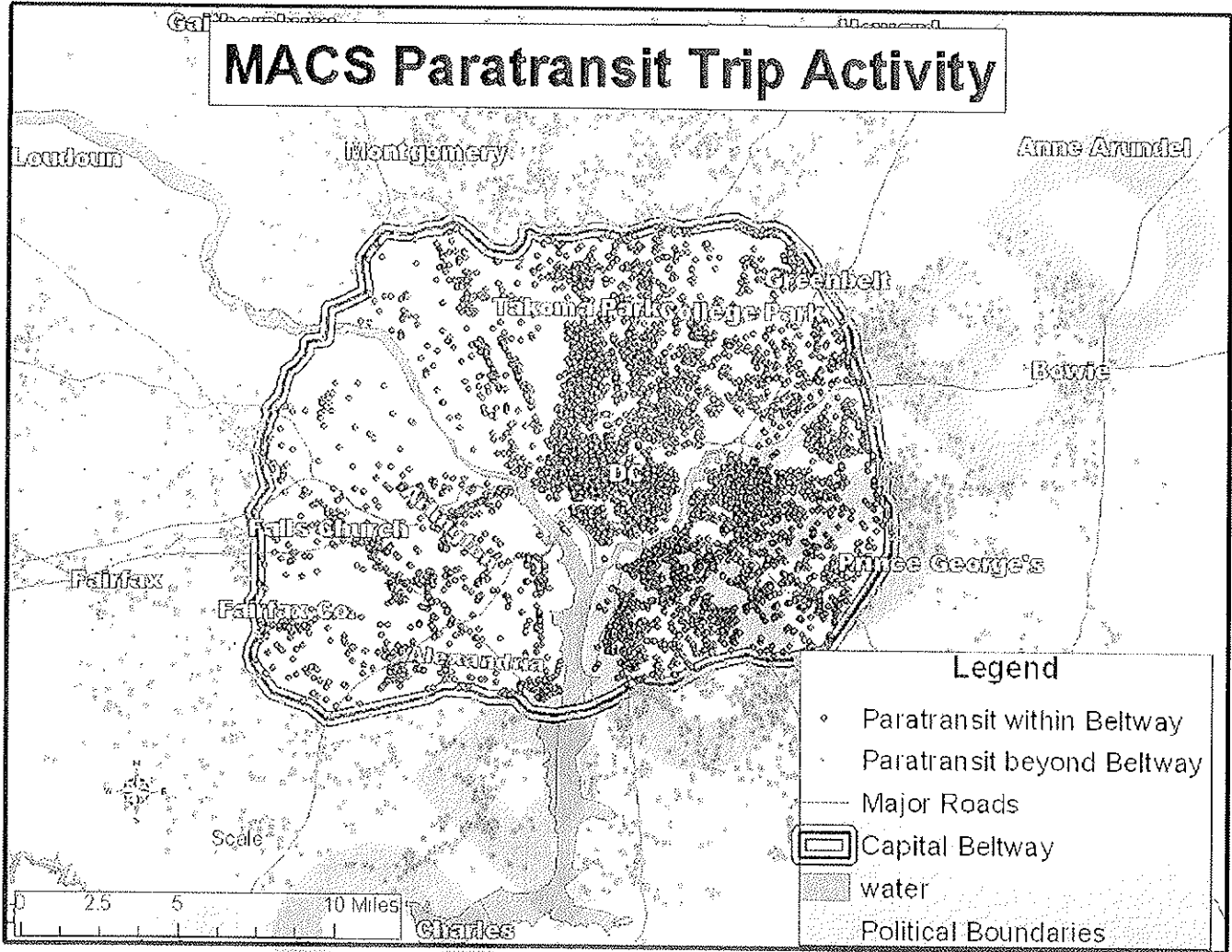
During the month of June 2008, with over 129,000 completed trips, MACS vehicles traveled over 1.5 million miles and provided over 138,000 hours of service. Utilizing all of the vehicles in the MACS fleet, revenue service hours and miles were approximately 85% of total platform hours and miles. System wide, On-Time Performance was 92.12%.

Factors Affecting Performance

The Washington D.C. region is the third most congested traffic area in the nation. Street congestion in highly urbanized areas directly affects average vehicle speed and passenger travel time. A continued decline in vehicle speed eventually will prompt an increase in the number of vehicles necessary to increase, or operate at, the present level of service.

Trips on the periphery benefit from the increase in vehicles; however, trips in highly congested areas require more time to perform trips within the established pick-up window of time. As depicted in Map 2-1, over 51% of performed trips in the region are destined to or originate within the Capital Beltway.

Map 2-1 MACS Paratransit Trip Activity



Charts 2-7 and 2-8 depict MACS trips by hour and time period, respectively. Chart 2-7 represents the traditional transit ridership pattern with the greatest number of trips occurring during the morning and evening peak hours of travel. Over 56% of MACS trips occur during these time periods. Over 34% of MACS trips occur during the base, or off-peak, period. The intensity of service operations and the duration to which MACS garages operate at, or beyond, the limits of the current fleet presents challenges associated with scheduling driver shifts, maintaining a consistent labor pool and the cost associated with the provision of MACS services. Additionally, intense usage of MACS vehicles impacts the rate of road calls, vehicle breakdowns and vehicle turnover.

Chart 2-6 MACS Trips by Hour

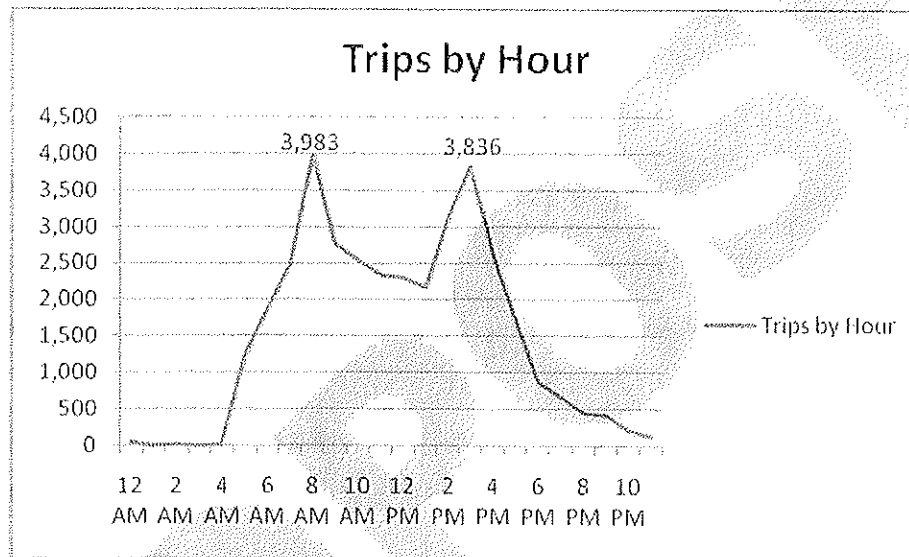
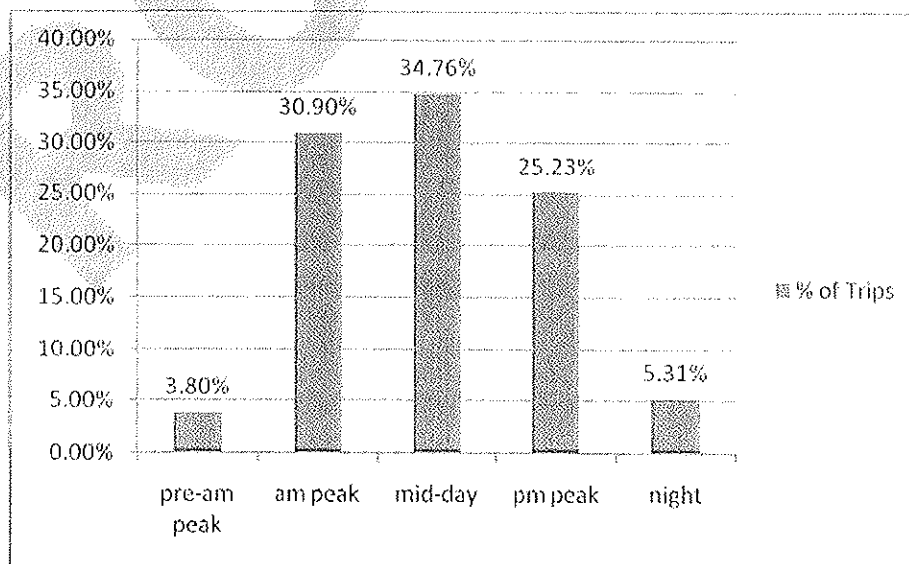


Chart 2-7 Percentages of MACS Trips by Time Period



Section Three: Demand for Revenue Vehicles

Quality of Service

Committed to providing exemplary customer service, ACCS is mindful of the public's perception of the service we provide. As such, one of ACCS internal goals is to deliver a high quality service that, to the greatest extent possible, shapes a positive image of MACS operations. Unlike the performance measures used to describe the quality of service reported to FTA and the vehicle performance measures used in the Highway Capacity Manual, passenger perception is the metric used by the public to measure the quality of transit system performance. Although we rely on our vehicle operators, schedulers, reservationist and customer service representatives to be our front line ambassadors, senior Metro staff have been working to reshape policies within the constraints of operating budgets and policy decisions to improve service delivery.

For MACS, maintaining good quality service becomes increasingly important because demand for paratransit service is growing. As such, demand for revenue vehicles intensifies over time. Since 1998 passenger trips increased over 556% from 262,367 to over 1.7 million trips in FY2008. A total of 129,000 trips occurred during the month of June 2008 alone. Over 64 percent of these trips were subscription trips to medical facilities and employee work sites.

The major element in providing the service depends heavily on the quality of the vehicles available to provide the service. A major element in providing a quality service is to have sufficient vehicles to meet the demand, and to adequately maintain the vehicles in a state of good repair and to replace overage vehicles when they reach the end of their useful life. This plan incorporates the following elements into providing sufficient vehicles that are reliable and the backbone of providing good quality service:

- The goal is to replace vehicles when they reach the end of their useful life, in order to ensure that the fleets reliable and does not exceed the manufacturer's life expectancy projections. This plan incorporates this strategy by replacing approximately ¼ of the fleet every year, and therefore maintaining an average vehicle age of 2 years.
- To maintain vehicles in a state of good repair requires a sustained maintenance program both for preventative maintenance and the capability to respond to vehicle mechanical failures. To provide a quality service while maintaining an ongoing maintenance program requires sufficient spare vehicles to ensure the daily pull-out requirements. This plan is developed around having a 15% spare ratio, which is the industry norm.
- Operational vehicles as part of the daily pull-out that are available to respond to the unanticipated demands, service interruptions, breakdowns or service delay problems. This plan incorporates these strategic operational spares by having 3% vehicles as part of the daily requirement.

MACS Service Operations

MACS service operations are "demand driven." That is, the quantity of service provided is dependent on the number passenger trips requested. Paratransit customers can reserve trips from one to seven days in advance. After the reservation occurs, changes occur in the schedule as new

trips occupy capacity within the system. Trips scheduled early in the seven day scheduling window take priority on the schedule. This may impact the times for riders with subsequent trip request. To the greatest extent possible, schedulers optimize the schedule in an attempt to achieve the following policy guidelines: (1) pick up passengers on time; and (2) utilize the least amount of time and vehicles. Schedulers analyze the schedule on a regular basis to make adjustments for subsequent trip requests, cancellations and to monitor supply and demand.

MACS currently has a mix of vans and sedans in its fleet. The fleet mix and availability are matched against the specific service needs. Integral to the scheduling process is the importance of placing accessible vehicles throughout the service area for optimal flexibility in a dynamic operating environment.

Cancellations

The impact of a cancelled trip on paratransit service operations varies by when the cancellation occurs. Cancellations made at different times have a tiered impact on service: the closer the cancellation occurs to the time of the scheduled pick-up, the more severe the impact.³ As such, schedulers finalize schedules as close to the day of travel as possible.

Once the schedules are built and adjustments are made for cancellations, manifests are created for operation. The result of this daily process is scheduled, and rescheduled, vehicle requirements by size and by trip location.

The Planning Process

The following describes the task of the planning process that determines fleet size:

- **Estimate Passenger Demand:** The first step in the service planning process is to determine demand for paratransit service. This is accomplished by actual counts of passenger trips coupled with estimates of future demand. Future demand estimates have been made by HLB Decision Economics, Inc. For the purpose of this fleet management plan, passenger demand is projected 5 years into the future, and takes into account regional growth estimates from the MWCOG.
- **Utilize Established Productivity Standards, Hours per Vehicle Year, Rides per Vehicle Year and the Resulting Vehicles Required.** This is a simple calculation that derives from strategic policy initiatives and existing vehicle statistics.
- **Determine Spare Vehicles:** On average, MACS vehicles travel well over 45,000 miles per year. Intensive use of vehicles drives frequent maintenance intervals. As such, Metro recommends that we maintain a 15% spare ratio.

³Transit Cooperative Research Program Report 124, Guidebook for Measuring, Assessing, and Improving Performance of Demand-Response Transportation

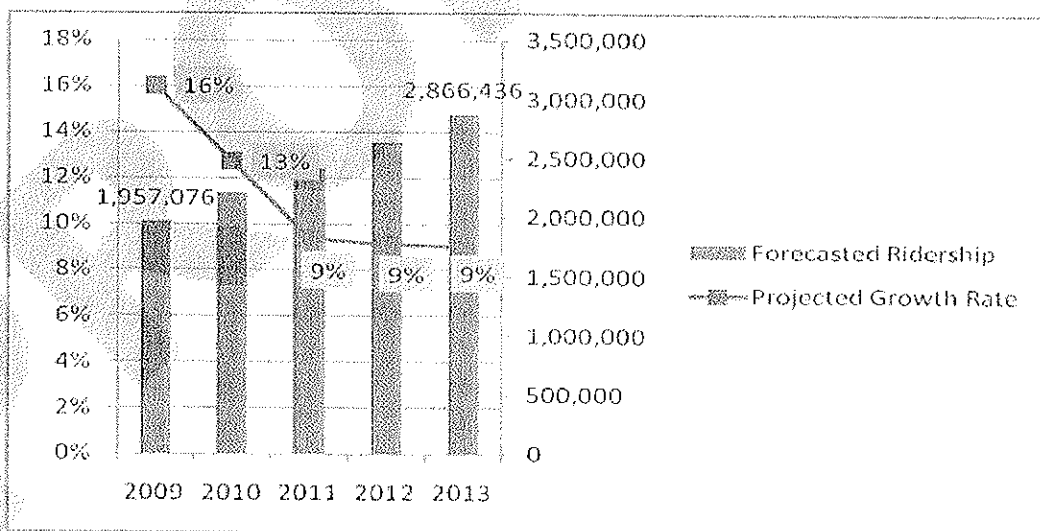
- Determine the Strategic Vehicle Requirement: Vehicle reliability history helps determine the number of vehicles needed as “strategic spares.” Strategic spares are vehicles staged during peak periods at key locations for quick replacement of breakdowns or for response to unusual circumstances, accidents, weather, unannounced major detours, or other unforeseen circumstances. They help ensure reliable service to the public. Three percent strategic vehicles will accommodate MACS’ daily operations needs.
- Determine Total Vehicles Needed: This is the sum of the vehicles required to maintain current productivity standards and those required to respond to observed and projected passenger demand.
- Determine Scheduled Procurement and Resulting Fleet Needs: A simple calculation resulting from the number of vehicles at the beginning of the year, the required expansion based on forecasted ridership and the required replacement vehicles.

Determining Demand

Regression analysis techniques using monthly operating data and other socio-economic data are used to quantify the cause and effect of paratransit demand. The study conducted by HLB, Inc. revealed, from a historical perspective, that the two key factors that shaped demand for MACS service is on-time performance and a seasonal trend accounting for the variations in trip demand.

As was mentioned in the previous section, MACS ridership increased 556% in ten years. Though ridership has been on an inclining rate of growth over the previous decade, the rate of growth is projected to decrease to an increase of less than 10% through the latter part of this fleet plan. Chart 3-1 displays the projected ridership statistics and growth rate for MACS through FY 2013.

Chart 3-1 Ridership Forecast and Fleet Needs



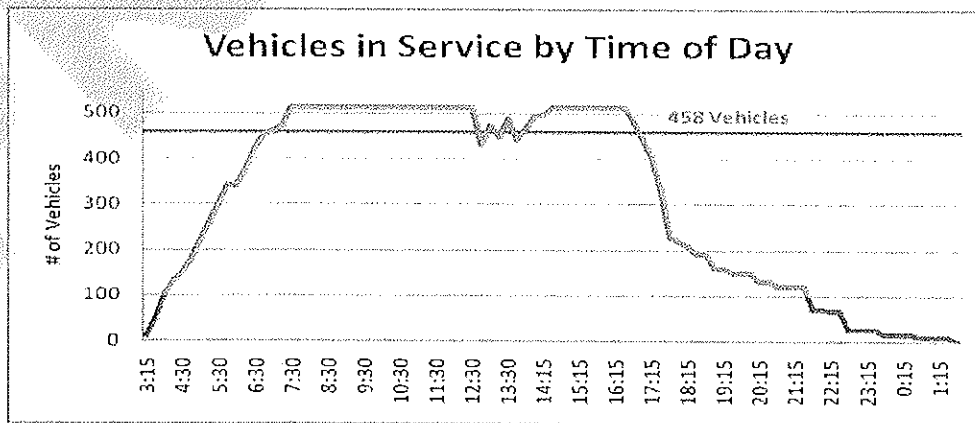
Current events not captured in the historical analysis may have an impact on paratransit demand. Recent reductions in federal funding levels for Health and Human Service (HHS) programs are having an impact on the client transportation services they provide. As program funds are reduced, client transportation services are being reduced or eliminated. The loss of HHS transportation related funds has the potential to increase paratransit demand. Paratransit systems in the region are already seeing evidence of “load transferring” by HHS agencies. To maintain service delivery levels, some social service agencies are eliminating agency-run client transportation programs all together or taking steps to reduce the cost of transportation services by referring clients to public transportation with partial or without any accompanying transportation funds. This almost always results in increased paratransit demand and in higher costs because many HHS clients are also eligible for ADA paratransit services. Though not factored into the paratransit demand analysis by HLB Inc., ACCS management staff is actively working with jurisdictions in the Metro Compact area to prevent load transferring in favor of more optimal use of regional transit resources.

Peak Vehicle Requirements

The Peak Vehicle Requirement is the total number of vehicles needed simultaneously in the peak periods to satisfy passenger demand while maintaining productivity standards, passenger trip length and on time performance. A comprehensive analysis of peak vehicle requirements should be conducted at least quarterly, with updates during the year as needed, based on actual patterns of demand, and planned use of taxis and other non-dedicated subcontractors, and a 15% spare ratio.

An illustration of this requirement, Chart 3.2 shows the total number of MACS vehicles in service by time of day without the traditional off-peak break during the midday. Demonstrating the intense usage of MACS vehicles, the chart informs us that for weekday service, between 6:45 a.m. to 5:00 p.m., nearly 100% of MACS fleet are in service. As was mentioned in the previous section, scheduling, driver shifts, labor and cost to operate the service are impacted by the duration of the intense usage of MACS fleet. In order to meet current demand, MACS uses a small amount of taxi service. In an effort to exercise greater control of MACS services, Metro is emphasizing the dedicated service model.

Chart 3.2 Vehicles in Service by Time of Day



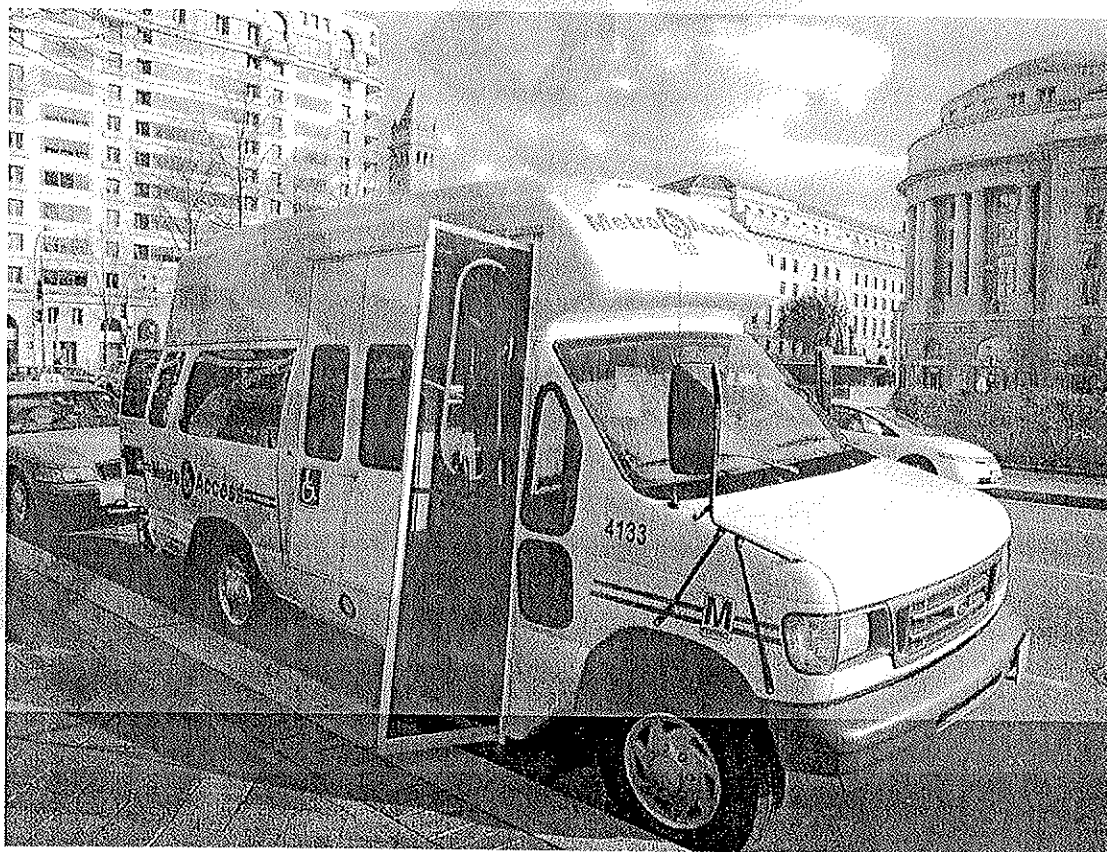
Section 4: Supply of Revenue Vehicles

Supply and the Useful Life of Revenue Vehicles

In 2007, FTA released the Useful Life of Transit Buses and Vans report to reassess the existing transit vehicle minimum service-life policy. The purpose and goal of the policy was to establish a minimum on the number of years (and/or miles) that transit vehicles must remain in-service to ensure that taxpayers obtain a sufficient return on the resources invested in capital transit purchases. This plan is based on the key assumption that vehicles are replaced every 4 years and/or when vehicles reach 150,000 to 300,000 miles.

In the report, the requirement recognizes five different service-life categories based on size and other vehicle characteristics. MACS Ford E-350 vehicle, pictured below, is represented by the Light Duty-4 Year/100,000 mile vehicle category. The majority of vehicles in this category are modified mini vans, modified and unmodified full size passenger vans and specially built buses using cutaway chassis.

The remainder of this revenue fleet plan reflects the status of MACS fleet after the procurement of 115 vehicles scheduled in FY 2009; 75 vehicles will be used to replace the oldest vehicles in MACS fleet with 40 vehicles to be utilized for fleet expansion.



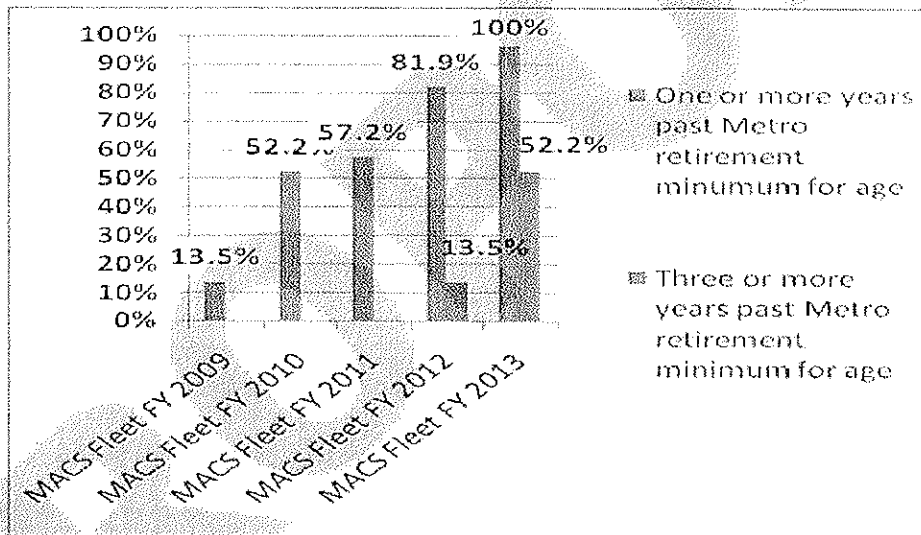
Vehicle Age

One of the key issues analyzed in the report was the actual ages at which transit operators are retiring their transit vehicles and how these ages compared to FTA minimums. Utilizing NTD data, FTA compared average retirement ages of transit operator's vehicles with the FTA minimum age requirement.

The NTD data suggest the average age of most transit vehicles in this category occur after FTA's service-life minimum requirement for age is met. The average age of most Light Duty-4 Year/100,000 mile vehicles are 5.6 years.

Chart 4-1 summarizes the percentage of MACS fleet that is, or will be, one or more years and three or more years past Metro's retirement minimum. In FY 2013, approximately 100% of the current fleet will past Metro's minimum service-life retirement for vehicle age. Unless replaced on a timely basis, the reliability of MACS service will be affected by vehicle breakdown and unscheduled vehicle repair. It is the goal of this plan to meet FTA's goal of replacing vehicles after 4 years. That would require MACS to establish a program to replace one-quarter of the fleet every year.

Chart 4.1 MACS Vehicles Past Metro Minimum Retirement Age



Vehicle Miles

At an average rate of 45,000 miles per year, MACS fleet vehicles eclipse Metro's minimum service-life requirement of 150,000 miles in 3.3 years. At this rate, within the current fleet, all vehicles surpass Metro's minimum service-life requirement in FY 2011. Chart 4-3 and Table 4-1 provide a depiction and summary statistics of the accumulation of vehicles surpassing MACS minimum service-life requirement for vehicle miles throughout the duration of this revenue fleet plan. Currently, 51 vehicles are above the minimum requirement for age and 151 vehicles are above the minimum requirement for mileage.

Chart 4-2 MACS Vehicles beyond minimum service-life miles

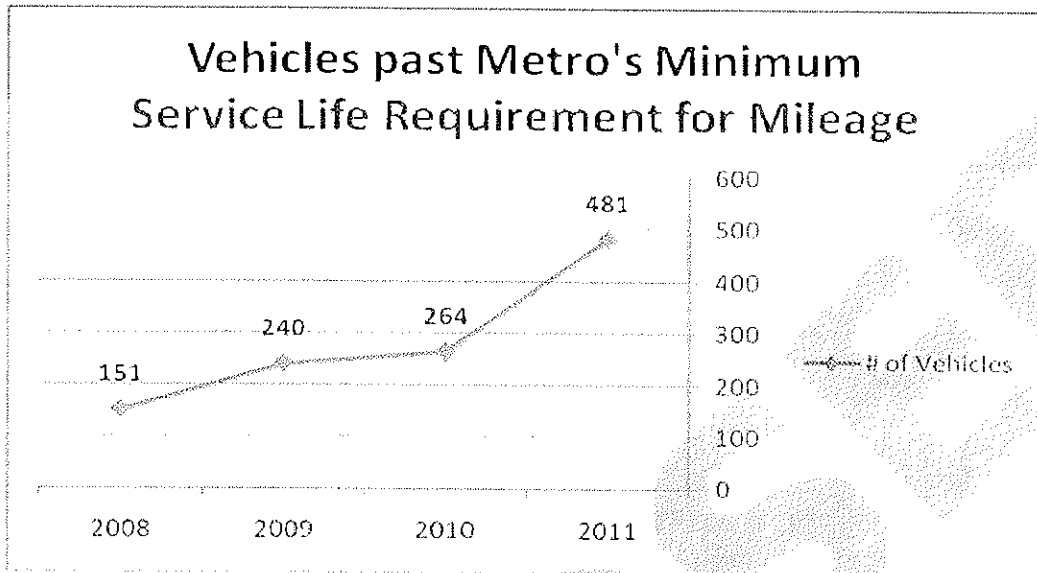


Table 4-1 Vehicle Inventory: Age and Mileage by Quadrants Denoting Corresponding Service-Life Standards

Mileage	2002 -2005	2006	2007	2008	2009	Total
(blank**)	16	1				17
0-49,999			4	123	90	217
50,000-99,999		7	17			24
100,000-149,999	3	82	4	<i>Metro Service-Life</i>		89
150,000-199,999	25	<i>Mileage Standard</i>				128
200,000-249,999	21					21
250,000-299,999	2					2
Grand Total	54	193	25	123	90	498

** Account for totaled vehicles and those scheduled for retirement

The Fleet

In FY 2009, after the procurement of the 115 vehicles mentioned above, MACS active revenue fleet will consist of 498 vehicles. The vehicle inventory includes the vehicles necessary for revenue service, maintenance requirements, spares and training. The inventory will consist of 405 vans and 93 sedans. Approximately 40% of the fleet will be comprised of calendar year 2006 vehicles and the average age of the fleet will be approximately 2.1 years of age.

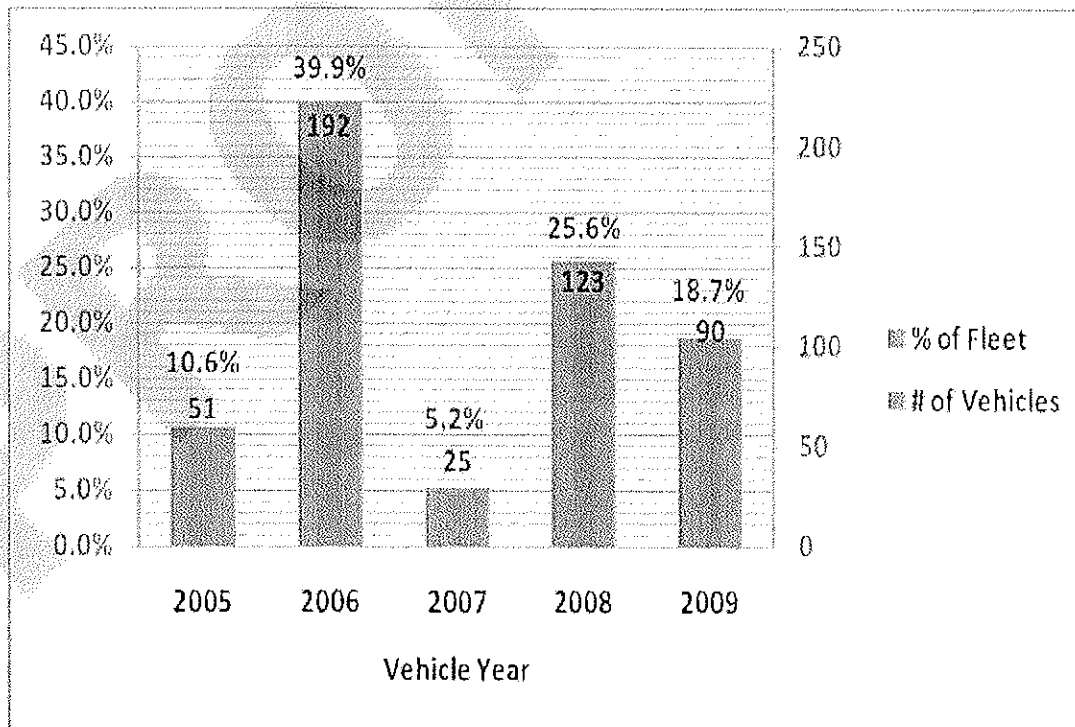
Table 4-2 FY 2009 Revenue Fleet

Vans	Sedans	Spare Ratio	Total Fleet
405	93	75	498

Since 2000, MACS fleet has accumulated over 53 million miles. Approximately 78% of those miles were accumulated on the E-350 vehicles, with Ford Taurus and Crown Victoria vehicles accumulating approximately 15% and 6% of the miles driven, respectively. Over the duration of this fleet plan, MACS will phase out the sedans and replace them with vans or other accessible vehicles as the sedans are retired from service.

The following chart provide information about the distribution of MACS fleet, or other accessible vehicles, by age and accumulated miles. Charts displaying the distribution of each vehicle type by age and accumulated miles can be found in the appendix of this document.

Chart 4.3 Percentages and Total Fleet by Vehicle Year (Age)



Section 5: Summary of Vehicle Demand

Planned Vehicle Procurement and Replacement

The MACS procurement cycle is designed to help ensure reliable service to seniors and disabled citizens in the region who are not able to access or navigate fixed route transit service. As such, three factors influence the revenue vehicle procurement cycle:

1. System Growth: Changes in passenger demand, service area and route coverage.
2. Age Replacement: Retirement of over age vehicles.
3. Availability of Funds: Metro capital program has many competing requirements.

Anticipated Growth

Section 3 presented the process for determining MACS vehicle requirements. This section presents the impact of anticipated growth on the fleet over the next five years. The need for the procurement of 1,184 vehicles through 2013 is as follows:

- FY09 115 vehicles
- FY10 0 vehicles
- FY11 341 vehicles
- FY12 365 vehicles
- FY13 363 vehicles

1,184 vehicles will be purchased between FY 2009 and FY 2013 with an ending fleet size of 926 vehicles, an expansion of 468 vehicles over the five year period. The remainder of vehicles will be for replacement.

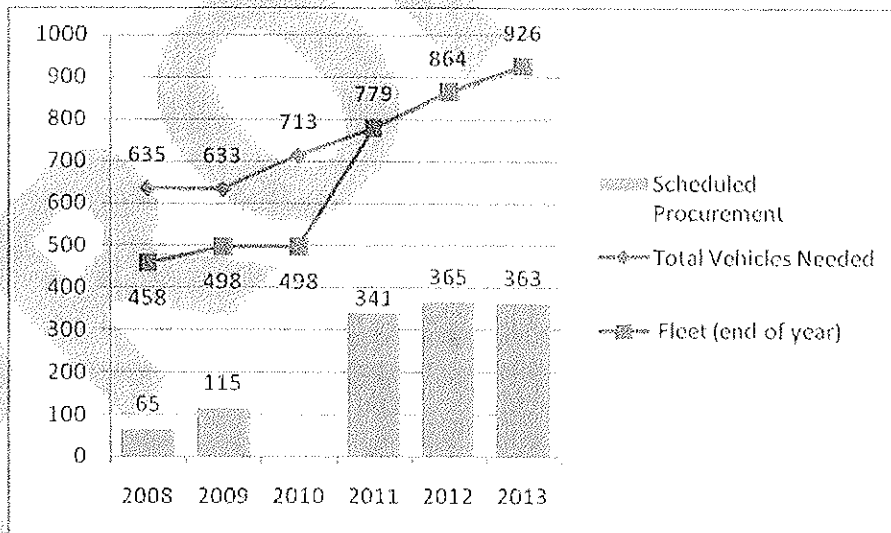
Table 5-1 is a summary showing projected ridership demand and the corresponding vehicles needed for the duration of this revenue fleet management plan. As discussed in the foregoing sections, this plan is a snapshot of an ongoing planning process. It takes into account the passenger demand for vehicles in revenue service and the demand that is placed on the fleet by the growth in paratransit ridership in the region. The plan ties operating requirements to the supply of vehicles in both the present fleet and with the addition of anticipated new vehicle purchases. The procurement schedule noted below reflects ACCS capital budget needs in Metro's FY 2011 – FY 2020 Capital Improvement Plan (CIP).

Table 5.1 MACS Ridership Growth and Anticipated Vehicle Procurement Requirement

Fiscal Year	2008	2009	2010	2011	2012	2013
Forecasted Ridership	1,687,015	1,957,076	2,205,659	2,411,390	2,630,039	2,866,436
Ridership Growth Rate	16%	16%	13%	9%	9%	9%
Required Pull-outs (fleet need)	530	536	604	660	721	785
Maintenance Spare (15%)	80	80	91	99	108	118
Strategic Spare (3%)	16	16	18	20	22	23
Taxi use reduction	9				13	
Total Vehicles Needed	635	632	713	779	864	926
Fleet (beginning of year)	458	458	498	498	779	864
Expansion	0	40	0	281	85	62
Scheduled Procurement	65	115	0	341	365	363
Fleet (end of year)	458	498	498	779	864	926
Annual Fleet Growth		16%	13%	9%	9%	9%

The statistics detailing the Total Vehicles Needed at the beginning of each fiscal year stem from the ridership projections established by HLB, Inc. For fiscal years 2008 through 2010, the end of year fleet statistics lag behind the recommended number of vehicles needed to meet the Required Pull-Outs for the following year. As shown in Chart 5-1, MACS fleet inventory does not surpass the required number of vehicles for daily pull-outs until the procurement of 341 vehicles in FY 2011.

Chart 5-1 Scheduled Procurements and MACS Vehicle Statistics



Conclusion

The information, analysis and recommendations on the current and projected fleet requirements in this plan represent the commitment required to ensure sufficient, reliable and safe vehicles in order to provide a series of realistic short term improvements in the MACS fleet and to provide a high quality of service to our customers.

Analysis of both Census Bureau data and Metro's position in levels of fixed route and paratransit service relative to other large transit agencies indicate that MACS will undergo continued growth in service.

This growth is consistent with prior growth history and confirmed by recent econometric ridership projections done by HLB, Inc.

"Load transferring", which is an indication of insufficient regional coordination, will have to be factored into future ridership projections if it is determined that MACS operations are impacted by additional passengers not considered in the HLB, Inc. analysis. ACCS management staff will monitor this situation closely and continue to work with jurisdictional partners to better leverage regional resources to meet demand beyond the ADA paratransit program.

Currently there are large numbers of MetroAccess vehicles whose service life will be exceeded within the next two years. Additionally, there are vehicles in the fleet that currently exceed FTA's Service Life Minimums.

Throughout the duration of the fleet plan, ridership is projected to increase from 1,721,677 in FY 2008 to well over 2.8 million passengers in FY 2013, requiring the procurement of 1,184 vehicles for growth, replacement and to ensure sufficient numbers of maintenance and operations spares.

The intense usage of MACS' fleet and the challenges associated with MACS garages operating at, or beyond, capacity will continue at least until FY 2011 when the fleet inventory exceeds the number of vehicles required for daily pull-outs.

ACCS is preparing to procure the vehicles noted in this plan in the next five years. The recommendations proposed in this plan will improve the mobility of seniors and disabled citizens in the region and improve the quality of life for those with mobility challenges.

In conclusion, the plan lays out a process that responds to the growth of specialized transportation demand in the region; minimizes operating cost by capitalizing the fleet, and ensures reliable service by keeping the average age of the fleet at or below FTA standards. As Metro implements this plan, MACS will be in a position to carry over 40% more passengers over the next 5 years efficiently and reliably. This ultimately positions Metro to be the best ride in the nation.

Appendix A: Growing Interest of Specialized Transportation Services in the Washington D.C. Region

- In December 2002, Metro contracted with Widener-Burrows and Associates (WB&A), to conduct a MACS Customer Satisfaction Survey. Of the five MACS services measured, the Application Process and the ability of MACS operators to arrive at an appointment on time received the lowest satisfaction scores.
- In September 2003, MACS Cost Containment Strategy was presented to Metro's Board of Directors.
- In December 2003, Metro commissioned the KFH Group to initiate the Specialized Transportation Study to provide information, analysis and recommendations on the cost effectiveness of the MACS delivery system. In addition, the study was designed to work with a Regional Task Force to compile information needed to work towards regional coordination of paratransit services and identify available coordination options.
- In October 2004, the Access for All (AFA) Advisory Committee of the National Capital Region Transportation Planning Board (TPB) sponsored the Disability Awareness Day event to highlight the transportation challenges faced by people with disabilities.
- During the months of April and December 2005, the study, "Improving Demand Responsive Services for People with Disabilities in the Washington Region" was commissioned by TPB and Metro.
- In January 2006, MACS changed contactors from LogistiCare to MV Transportation. Afterwards, a series of press releases document the transition and ensuing service improvements.
- Metro Board created the Ad Hoc MetroAccess Advisory Committee as part of its efforts to improve the service on February 23rd, 2006. Numerous improvements identified by Metro staff, the Ad Hoc Committee and consultants were implemented.
- In December 2006, Metro's Board approved more than \$6 million in improvements for MetroAccess, including switching from curb-to-curb to door-to-door service.
- Metro's Department of Access Services hosted a Disability Awareness Event and Forum on Accessible Transportation Options for People with Disabilities on Wednesday, November 28, 2007. Members of the Metro Board of Directors and the General Manager, Deputy General Manager and Assistant General Managers of Bus, Rail and ACCS were each paired with a customer with a disability from his or her jurisdiction. Each team traveled together on Metrobus, Metrorail or MACS from their local jurisdiction to Metro Headquarters for the Forum. Important goals of the Forum were to raise awareness of the critical role that accessible public transportation plays in the lives of people with

disabilities and to recognize that universal access benefits all customers while traveling on Metro.

- In June 2008, as a follow up to the Improving Demand Responsive Services for People with Disabilities in the Washington Region study, TPB and Metro commissioned Transystems, Inc. and the KFH Group to conduct an assessment of MACS operations. The report recognized significant improvements to MACS since the 2006 study but acknowledged that the HLB ridership projections highlight the need for systematic planning of fleet expansion.

PROPOSED

Appendix B: Fleet by Age and Accumulated Miles

Chart B-1 Distribution of Fleet by Vehicle Type and Vehicle Year (Age)

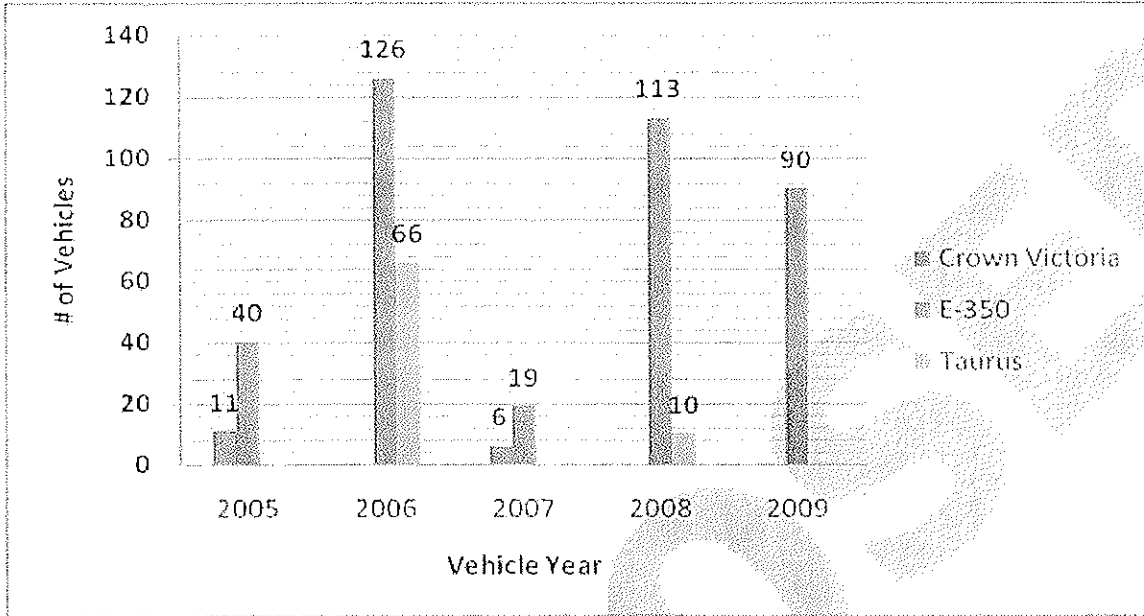
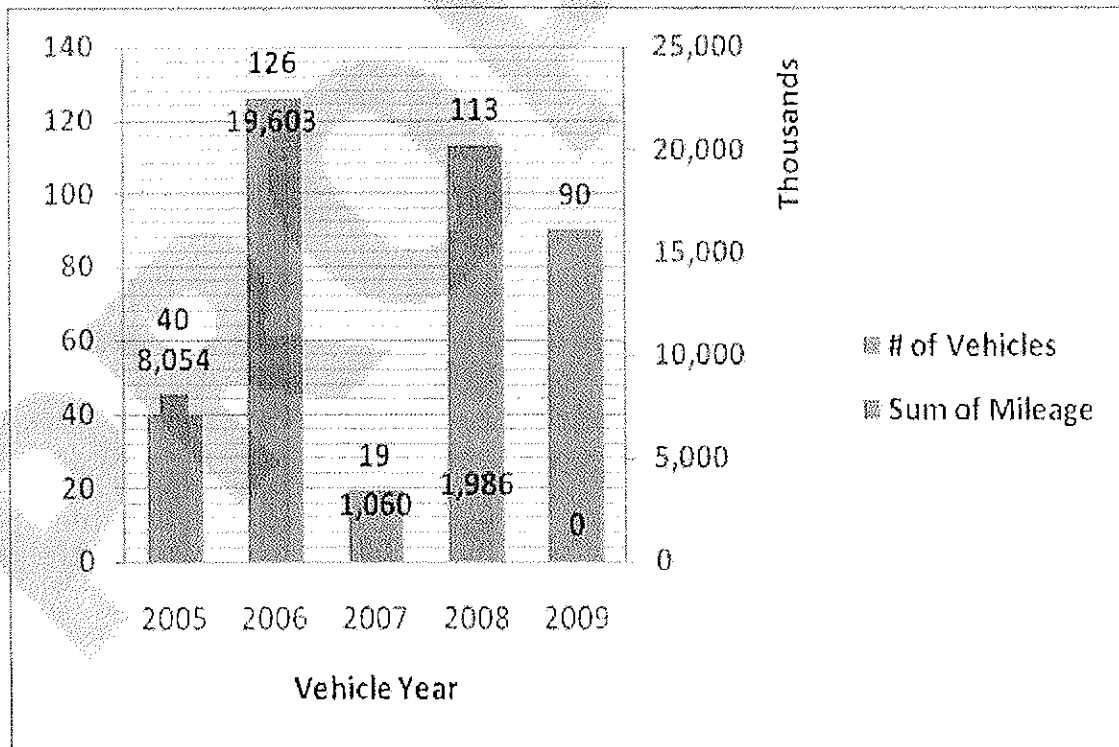


Chart B-2 Distribution of E-350 Vehicle by Age and Accumulated Miles



Glossary

ACCS: Metro's Department of Access Services

Americans with Disabilities Act of 1990 (ADA): The ADA is a wide-ranging civil rights law that prohibits, under certain circumstances, discrimination based on disability.

American Public Transportation Association (APTA): APTA serves as an advocate for the advancement of public transportation programs and initiatives in the United States. Since its founding in 1882, APTA has educated the public about the benefits of public transportation through organized bus, light rail, rapid transit and other programs. It lobbies Congress and local government bodies in favor of public transportation improvements and new developments.

Base Period: The time period between the morning and evening peak periods when transit service is generally scheduled on a constant interval; also known as "off-peak period".

Disability: a lack of ability relative to a personal or group standard. Disability may involve physical impairment, sensory impairment, cognitive or intellectual impairment, mental disorder (also known as psychiatric disability), or various types of chronic disease. A disability may occur during a person's lifetime or may be present from birth.

Developmental Disability: a term used to describe life-long disabilities attributable to mental and/or physical or combination of mental and physical impairments, manifested prior to age twenty-two. The term is used most commonly to refer to disabilities affecting daily functioning in three or more of the following areas:

- capacity for independent living
- economic self-sufficiency
- learning
- mobility
- receptive and expressive language
- self-care
- self-direction

Department of Health and Human Services: a Cabinet department of the United States government with the goal of protecting the health of all Americans and providing essential human services.

Federal Transit Administration: an agency within the United States Department of Transportation (DOT) that provides financial and technical assistance to local public transit systems. The FTA is one of ten modal administrations within the DOT.

MetroAccess (MACS): a shared ride, door-to-door paratransit service for people who cannot use public transportation due to a disability.

Metropolitan Washington Council of Governments (MWCOG): a regional consortium of local governments in the Washington D.C. metropolitan area. MWCOG also has members from

the Maryland and Virginia state governments, as well as the United States Congress which has jurisdiction over the District of Columbia. MWCOG is focused on regional issues including economic development, transportation, public safety, and the environment.

National Transit Database: is the Federal Transit Administration's (FTA's) primary national database for statistics on the transit industry.

Paratransit: Comparable transportation service required by the ADA for people with disabilities who are unable to use fixed-route transportation systems. (APTA)

Paratransit Eligibility: Paratransit eligibility relates to whether or not an individual can use the transportation entity's fixed route system. Thus, eligibility is a *functional* determination of a person's ability to use the regular transit system as it currently exists, and not simply a medical or psychiatric diagnosis.

Peak Period: Morning and afternoon time periods when transit riding is heaviest.

Peak/Base Ratio: The number of vehicles operated in passenger service during the peak period divided by the number operated during the base (off-peak) period.

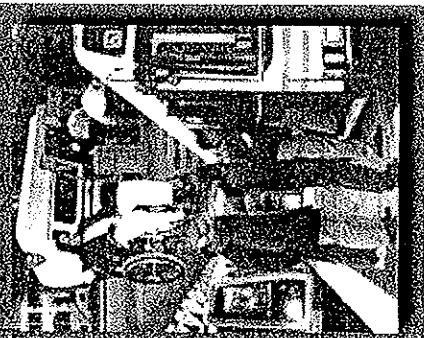
Washington Metropolitan Area Transit Authority (Metro) Compact area: The Metro transit zone that consists of the District of Columbia, the suburban Maryland counties of Montgomery and Prince George's and the Northern Virginia counties of Arlington, Fairfax and Loudoun and the cities of Alexandria, Fairfax and Falls Church.

MetroAccess Ridership and Cost Projections 2008-2013

Presented to the Board of Directors:

**Finance, Administration, and
Oversight Committee**

December 4, 2008

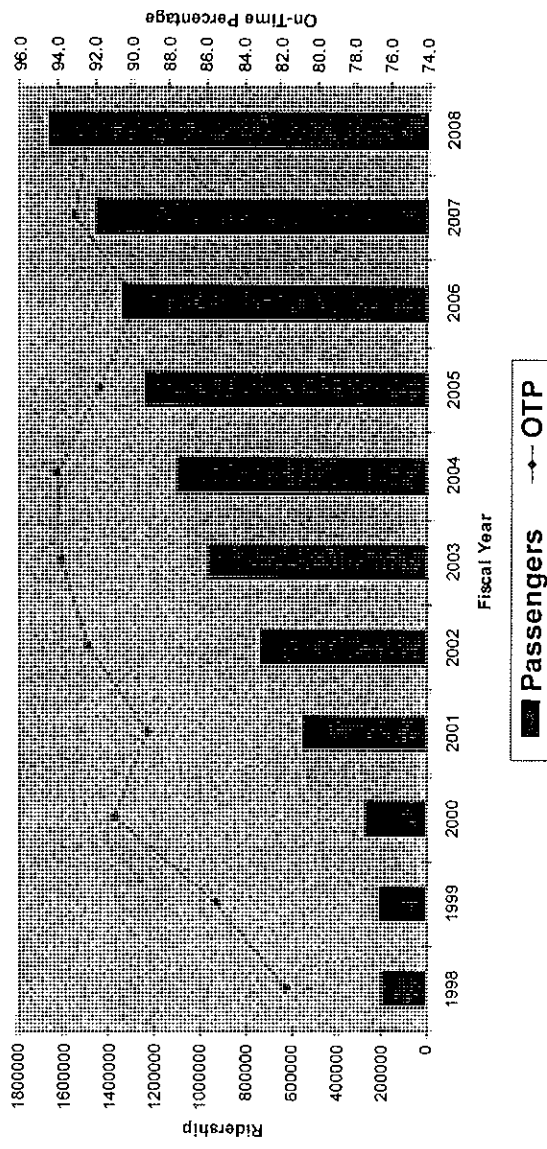




Ridership vs. On-Time Performance 1998-2008

- Prior to current contract, GPS data was not used for OTP calculations and 1/3 of service was provided by taxis
- Ridership has grown 556% over 10 years
- OTP has increased from 82% to 92% during the same period

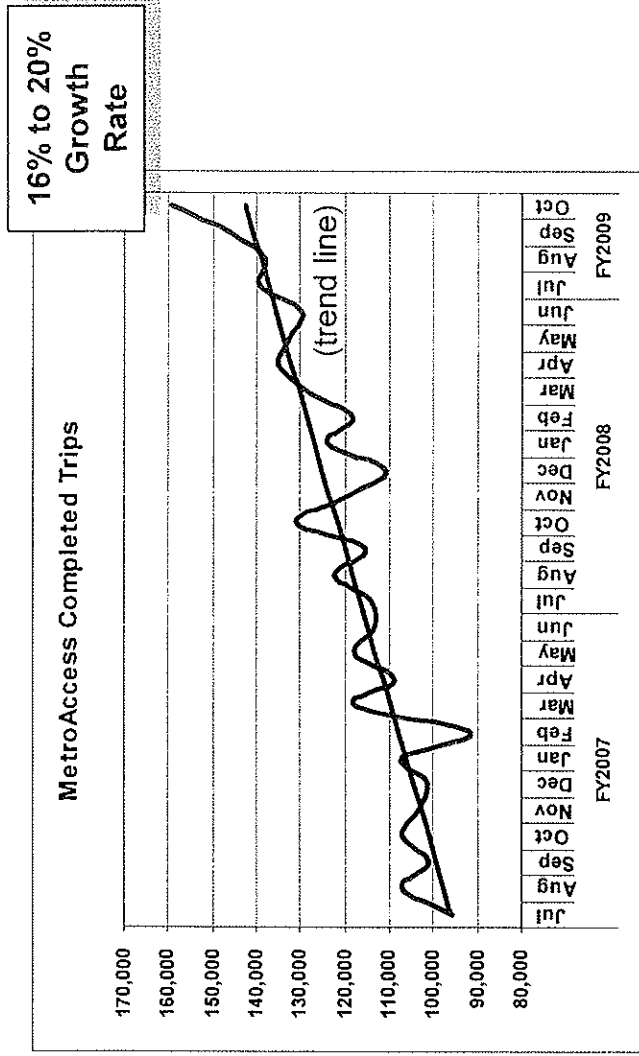
Starting in 2006, on-time performance (OTP) data supported by GPS and is more accurate





Current Ridership Trends

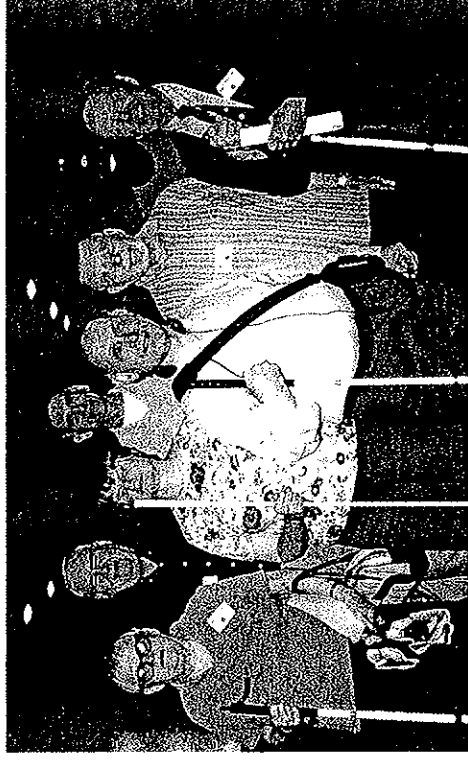
- FY 2008 ridership on MetroAccess was 16% higher on average than FY 2007; first quarter of FY 2009 is 20% over FY 2008
- Ridership increase is a combination of normal growth and a **response to service improvements** as confirmed by actuarial analysis





Factors Driving Ridership

- Investments in MetroAccess have produced improved service
 - ✓ Increased contract oversight and staffing
 - ✓ Expanded vehicle fleet
 - ✓ Less reliance on taxis
 - ✓ Technology enhancements
 - ✓ Door-to-door service
- Economic conditions
- Service is required by law (ADA)





Actuarial Analysis of Future Ridership

FISCAL YEAR	LOWER FORECAST	CENTRAL FORECAST	UPPER FORECAST
2008	1,672,376 13.7%	1,687,015 14.6%	1,701,062 15.6%
2009	1,920,821 14.9%	1,957,076 16.0%	1,991,824 17.1%
2010	2,133,896 11.1%	2,205,659 12.7%	2,282,735 14.6%
2011	2,292,686 7.4%	2,411,390 9.3%	2,550,275 11.7%
2012	2,463,095 7.4%	2,630,039 9.1%	2,841,803 11.4%
2013	2,627,102 6.7%	2,866,436 9.0%	3,188,236 12.2%

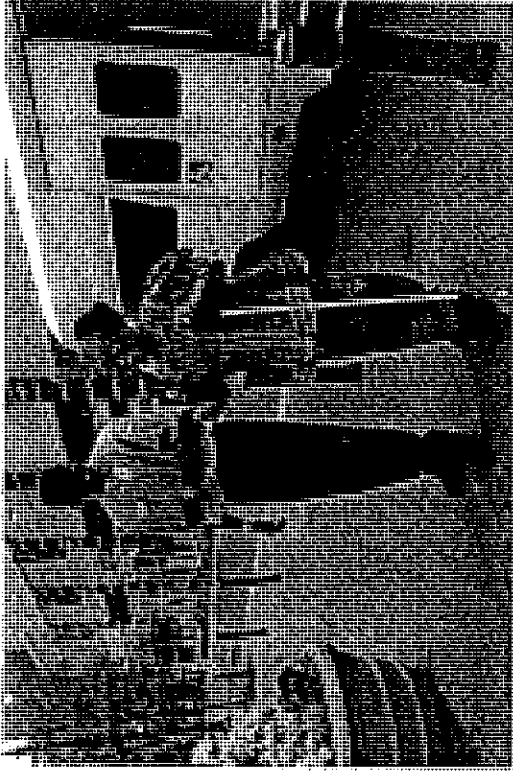
**FY 2008
Actual:
1,721,677
passengers**

- Annual ridership is expected to increase by at least 50% and could potentially double between now and FY 2013
- 80% confidence that ridership will fall within the range between the lower and upper forecast



Current Financial Impact

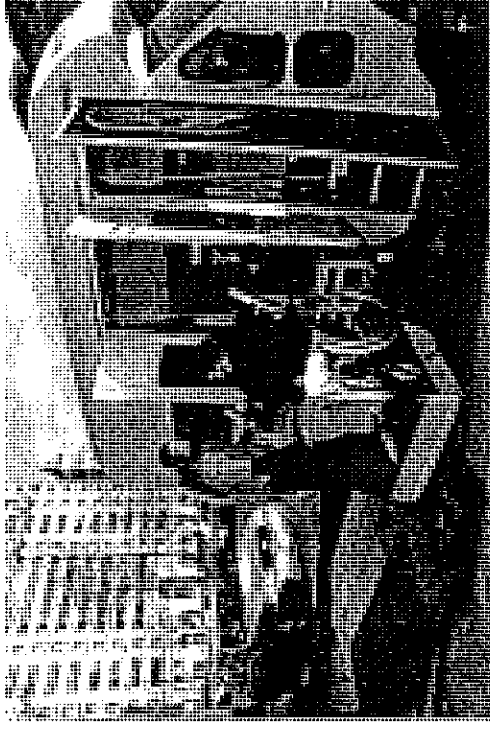
- FY 2008 operating budget was \$59.8M; ridership increase and required adjustments to infrastructure resulted in \$6.2M cost overrun
- FY 2009 operating budget is \$62.0M; continuation of FY 2008 trends projected to produce \$8.5M cost overrun
- FY 2009 revenue not tracking with ridership due to one-time payout of \$500K in free rides from legal settlement (\$214K since 8/15/08)





Future Financial Impact

- Assuming continued ridership trend, operating costs associated with the expanded fleet, and increased contract rates, operating budget for FY 2010 projected at \$79.9M
- Base period of multi-year paratransit contract authority will be exceeded at end of FY 2009; base period extends six months into FY 2010





Contract Status

- Contract base period is four years with two renewable options at two years each; total contract authority is \$540M
- Base period (\$203M) ends 1/14/10
- \$151M expended as of 9/30/08; monthly expenses at nearly \$6M will exhaust contract authority by 6/30/09
- Requires an additional \$44M in contracting authority to correspond with FY 2010 proposed budget





Access Services Current Initiatives

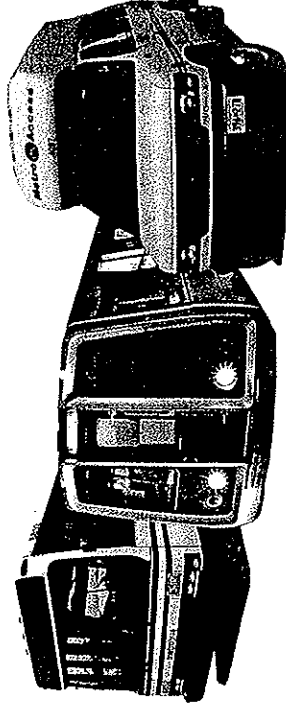
- **Metro-provided fuel** will produce a savings of approximately \$500K annually
- **Direct purchase of MetroAccess fleet vehicles** yielded nearly \$1.4M in savings for FY 2008/2009 purchases—to continue per Fleet Plan
- **Metro-provided operating facilities** will reduce deadhead costs in Fairfax County by an estimated \$300K annually; other properties being evaluated for further savings





Access Services Plan of Action

- **Strengthen eligibility certification process**—more emphasis on fixed-route options and less on assessments for those whose eligibility status is unlikely to change
- **Expand regional travel training initiatives for seniors and people with disabilities** through Metro and community resources and grants

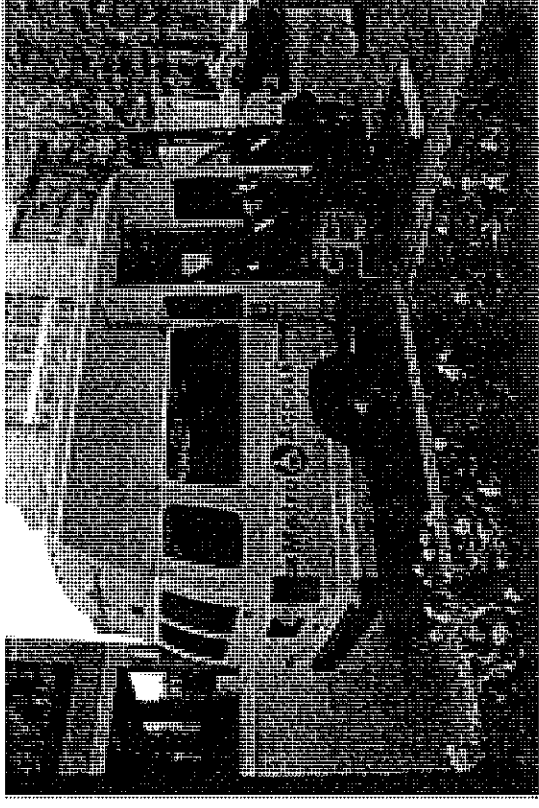


- **Promote free ride and reduced fare programs** (145K rides deferred CYTD @ \$37/trip = \$5.3M in savings); participation up by 59% over prior year



Policy Issues for Board Consideration

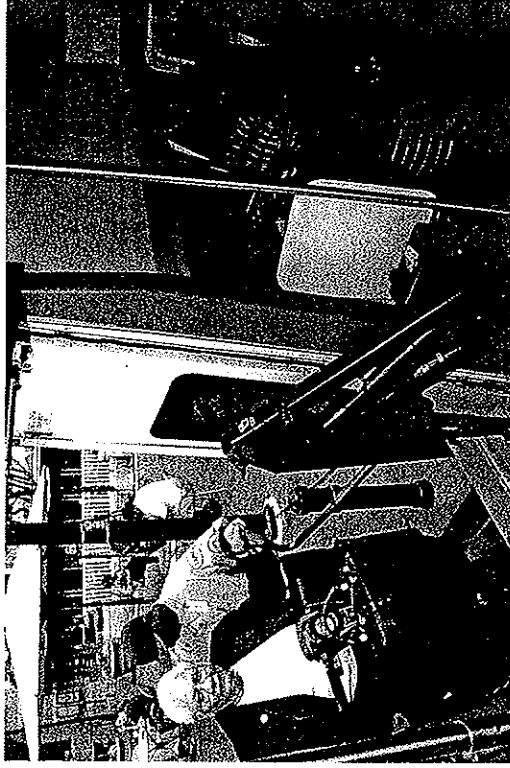
- Variance between reduced fare and free fare programs prompts increased MACS applications
- ADA allows for higher fare structure than currently being charged per Metro's Tariff
- MetroAccess exceeds ADA requirements by providing service beyond the 3/4-mile corridor around fixed-route
- Environment around Metro often inaccessible (i.e., bus stops)

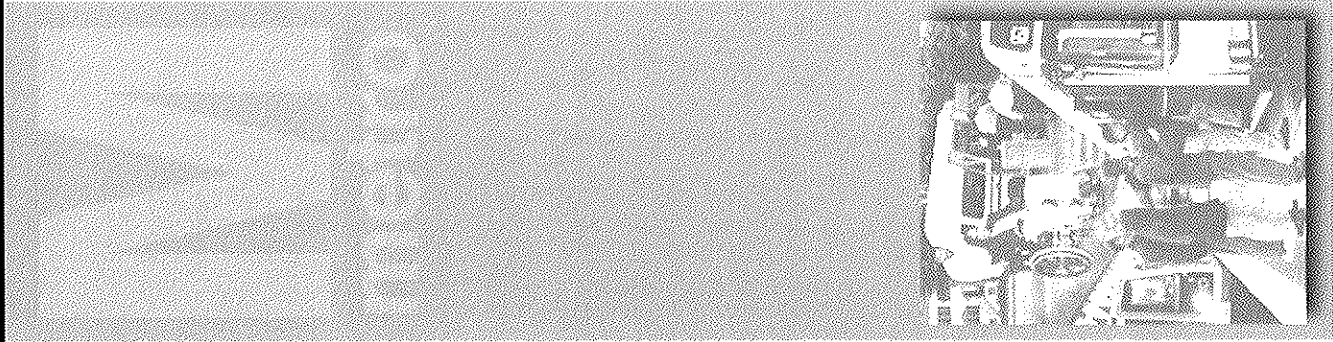




Next Steps

- Request for additional contract authority will be submitted in conjunction with the FY 2010 budget





Elimination of Paper Transfers

**JCC Update
November 21, 2008**

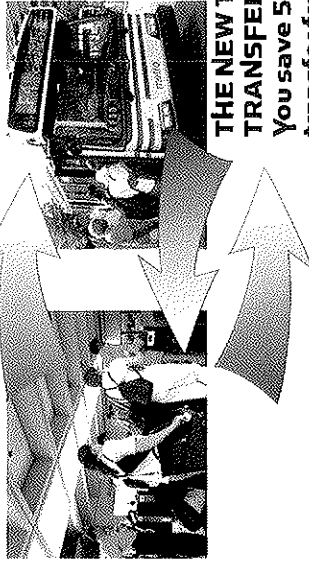




Elimination of Paper Transfers and Implementation of Two-Way Transfers

OUR TWO-WAY TRANSFERS WILL SAVE YOU MONEY COMING AND GOING.

THE OLD TRANSFER:
You saved 90¢ when you
transferred from rail to bus.



**THE NEW TWO-WAY
TRANSFER:**
You save 50¢ when you
transfer from rail to bus
or from bus to rail.

Two-way transfers will save an extra 10¢ on each commute. And every little bit helps. Bus-to-bus transfers are still free. But remember: paper transfers are going away. To transfer, use your handy SmarTrip® card.

- Paper transfers on Metrobus eliminated January 4, 2009.
- Two-way transfers to be implemented January 4, 2009
- The only way to transfer is via SmarTrip® card
- Transfer time will extend from two hours to three hours of unlimited travel in either direction.



INFORMATION ANYTIME 202-637-7000 TTY 202-638-3756



Expanding opportunity to purchase SmarTrip cards

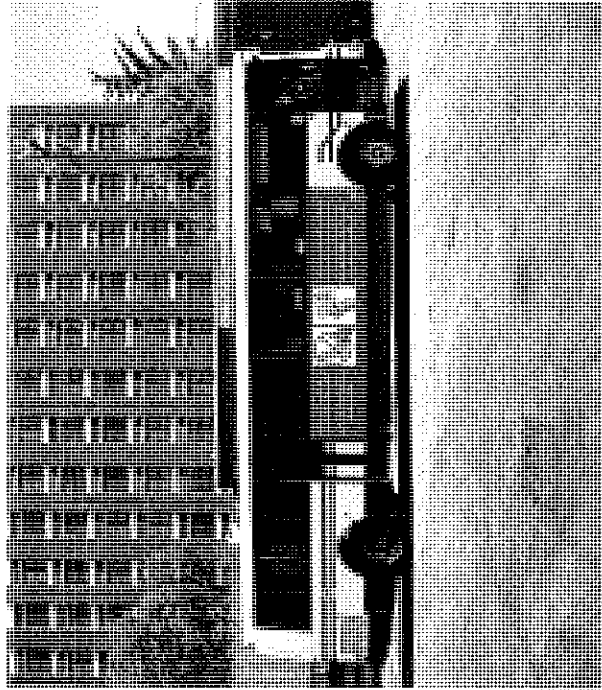
- **Currently, SmarTrip[®] cards are available for sale at more than 85 locations in the region**
- **Negotiations with CVS to sell SmarTrip[®] cards at 185 stores in the region are almost complete**
 - Expected by mid-December
 - Would create a significant, increased presence in all jurisdictions





Advertising

- Metro's advertising is hitting the streets, including 152 Exterior curb side Bus ads
- Interior Bus ads – fleet wide
- Metrobus Stop Information Ads
- Bus Shelter Ads
- 500 Interior railcar ads
- 25 Dioramas and 50 two-sheet posters in Metrorail Stations



Beginning January 4, 2009, Metro will not issue or accept paper transfers.

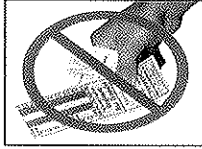
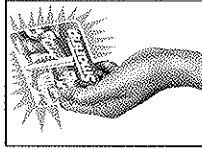
To get the rail-to-bus discount or to transfer free from bus to bus, you must use a SmarTrip® card.


For more information, pick up a flyer on this bus or at a rail station, visit MetroOpenDoors.com or call 202.637.7000 (TTY 202.638.3780). Thank you for your cooperation as we make the switch to a more efficient, paperless transfer system.

A partir del 4 de enero de 2009, Metro no emitirá ni aceptará boletos de transferencia de papel.

Para obtener el descuento de tren a autobús o para transferirse gratis de autobús a autobús, usted tendrá que usar la tarjeta SmarTrip®.

Para más información, pida un folleto en el autobús o estación de tren, o visite el sitio MetroOpenDoors.com o comuníquese al 202-637-7000 (para personas con discapacidades auditivas TTY 202-638-3780). Gracias por su cooperación durante nuestro cambio a un sistema más eficiente y sin uso de papel.



* Except when transferring to a bus with a higher fare.

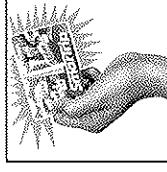


Take-One Flyers

- **Take-One Flyers:**
 - **230,000 English/Spanish printed for distribution:**
 - On Metrobuses and in Metrorail stations
 - Through social service organizations and at local events
 - **Including French, Korean, Vietnamese and Amharic versions are currently being distributed through Metro's LEP community contacts and Civil Rights database, and via the Local Government Language Access Coordinators (LGLAC)**



Beginning January 4, 2009, Metro will not issue or accept paper transfers.



To get the rail-to-bus discount or to transfer free from bus to bus*, you must use a SmartTrip® card.

The SmartTrip® card makes paying your bus fare easier than paying with cash. Plus, it's 10¢ cheaper to pay with SmartTrip® instead of cash.

SmartTrip® also makes transferring easier. And it saves Metro — and you, our customer — money on paper and printing. That's why we're discontinuing the paper transfers. After January 4, 2009, you must use a SmartTrip® card to get the reduced bus fare when transferring from rail to bus or to transfer free from bus to bus*.

As part of the switch to SmartTrip® only transferring, we will also extend the transfer time from two to three hours. Also, we will continue to sell the \$11 Weekly Metrobus pass.

For more information, or to find out how to buy a SmartTrip® card, please visit MetroOpensDoors.com or call 202-637-7000 (TTY 202-638-3780). Thank you for your cooperation as we make the switch to a more efficient, paperless transfer system.

* Except when transferring to a bus with a higher fare.








New- Hanger Cards

• 320,000 Grab Bar Hanger Cards distributed on bus
in 4 sets of 80,000

– Dates: 11/13, 11/25, 12/10 and 12/30




Beginning January 4, 2009,
Metro will not issue or accept
paper transfers.

To get the rail-to-bus discount
or to transfer free from bus to bus*,
you must use a Smart Trip® card.

The Smart Trip® card makes paying your bus fare easier than paying with cash. Plus, it's cheaper to pay with Smart Trip® instead of cash. Smart Trip® also makes transferring easier. And it saves Metro — and you, our customer — money on paper and printing. That's why we're discounting the paper transfers. After January 4, 2009, you must use a Smart Trip® card to get the reduced bus fare when transferring from rail to bus or to transfer "tag" from bus to bus*.



As part of the switch to Smart Trip®, only transferring on the 1, also extend the transfer time from two to three hours. Also, we will continue to sell the \$11 Weekly Metrobus pass.

For more information, or to find out how to buy a Smart Trip® card, please visit MetroDeposits.com or call 202-637-7005 (TTY 202-638-3380). Thank you for your cooperation as we make the switch to a more efficient, paperless transfer system.



* Transfer when transferring from bus to bus or from bus to rail.

Side A





A partir del 4 de enero de 2009,
Metro no emitirá ni aceptará boletos de
transferencia de papel.

Para obtener el descuento de tren a
autobús o para transferirse gratis de
autobús a autobús*, usted tendrá que
usar la tarjeta Smart Trip®.

El pago en efectivo al subir al autobús con la tarjeta Smart Trip® es más fácil que pagar con dinero. Además, es más barato pagar con la tarjeta Smart Trip® que con efectivo. La tarjeta Smart Trip® también facilita la transferencia y le ahorra dinero a usted, los usuarios del sistema y a Metro en costos de papel y de impresión. Por eso le vamos a dar un descuento en los boletos de transferencia de papel. Después del 4 de enero de 2009, usted debe usar una tarjeta Smart Trip® para obtener el descuento de descuento en la tarifa del autobús cuando se transfiere del tren al autobús*.

Como parte del cambio a la tarjeta Smart Trip®, el tiempo de transferencia se extenderá de dos a tres horas. Además, seguiremos vendiendo el boleto de \$11 por semana. Para obtener más información, o para saber cómo comprar la tarjeta Smart Trip®, por favor visite MetroDeposits.com o llame al 202-637-7005 (TTY 202-638-3380). Gracias por su cooperación al hacer el cambio a un sistema más eficiente y sin papel.



* Transferencia de autobús a autobús o de autobús a ferrocarril.

Side B



Print Advertising 1/4 Page, 4-Color Ad

- **General Market**
 - Washington Post Express
 - Washington Examiner
- **Hispanic Market**
 - El Tiempo Latino
 - Washington Hispanic
 - El Pregonero
- **Ethnic Markets**
 - Asian Fortune
 - Zethiopia
- **Community Papers**
 - Virginia
 - Fairfax/Annandale Times
 - Arlington Sun Gazette
 - Burke/Springfield/Fairfax Station Times
 - Falls Church News-Press
 - Alexandria Times
 - Mt. Vernon Gazette
 - Mt. Vernon Voice
 - Maryland
 - Gaithersburg Gazette
 - Rockville Gazette
 - Bethesda Gazette
 - Silver Spring Gazette
 - Wheaton Gazette
 - College Park/Greenbelt Gazette
 - Hyattsville/Port Towns Gazette
 - Landover/N Carrollton Gazette
 - Laurel Gazette
 - Bowie Star
 - Bowie Blade-News
 - Clinton/Ft. Washington Gazette
 - Prince George's The Sentinel
 - Washington, DC
 - Hill Rag
 - DC North
 - East of the River

In addition to paid media, all activities are supplemented by news coverage of press releases issued by Media Relations.



Web Page, Podcasts and Videos

- Metro established a web link devoted exclusively to paper transfers, link available on Metro's home page (See <http://www.wmata.com/riding/transfers.cfm>)
- English version of podcast available on www.metroopendoors.com
- Spanish, French, Korean, Vietnamese, and Amharic being developed
- English and Spanish videos on Metro's and YouTube's web sites (See http://www.youtube.com/watch?v=rYmWR7_ZyI and <http://www.youtube.com/watch?v=dhsNXyQM10>)



Two-Way (Balanced) Transfers

- With the new transfer pricing in January, rail riders transferring to bus will get 50¢ off of their bus fares and bus riders transferring to rail will get 50¢ off of their rail fares.
- Customers using both bus and rail to and from their destination will save \$.10 on their round-trip travel.
- The transfer period will be extended to three hours from two hours.



Agenda Item #10

TO: Chairman Euille and NVTC Commissioners
FROM: Rick Taube, Kala Quintana and Lynn Everett
DATE: November 26, 2008
SUBJECT: Regional Transportation Items

A. Media Coverage of NVTC's Mode Share Results.

The attached material illustrates that the commission's release on mode shares at the Beltway screenline in the I-95 corridor captured the attention of various media outlets.

B. First Third of FY 2009 Transit Ridership in Northern Virginia.

Very strong ridership gains persist for all systems. Although accurate Metrobus ridership data continue to be elusive, the estimates reported on the attachment are the best available.

C. New Demographic Trends in Northern Virginia.

The Northern Virginia Regional Commission has reported on some emerging trends that are expected to be confirmed in the next decennial census. Overall growth in the region in absolute terms may be close to growth measured in the past two censuses (350-370,000) but migration may occur from outer suburbs inward.

The attachment describes findings in more detail.

D. Matt Tucker Leaving DRPT.

The attached article describes Mr. Tucker's new position with the North County Transit District of California, effective January 5, 2009. Mr. Tucker is currently DRPT's Director and an alternate member of NVTC's board.





MEDIA RELEASE

For Immediate Release

November 13, 2008

Contact: Kala Quintana

703/ 524-3322 ext 104

kala@nvtdc.org

NORTHERN VIRGINIA TRANSIT AND RIDESHARING MATCH SINGLE-OCCUPANT VEHICLES IN MORNING COMMUTES ON I-95 OUTSIDE THE BELTWAY

Arlington, VA— The Northern Virginia Transportation Commission (NVTC) has released a new report on morning commuting in one of the region’s major corridors—I-95 just outside the Beltway. The report shows that nearly half of all commuters in this corridor are ridesharing or using transit.

With funding from the Virginia Department of Transportation (VDOT), staff of the Metropolitan Washington Council of Governments (MWCOC) counted traffic crossing a screen line stretching from just west of I-95 all the way to the Potomac River in the fall of 2007. The traffic counts also included bus and rail passengers.

Nearly half (47%) of the persons traveling during the peak hours of the morning commute (6:00 am – 9:00 am) across a screen line were using transit or ridesharing. The remaining travelers were driving alone.

Previous studies by MWCOC for VDOT and NVTC found significant shares of commuters were using transit and ridesharing. In the I-395 corridor in fall of 2006, inside the Beltway at a Glebe Road screen line (stretching from the George Washington Parkway in the east to Columbia Pike west of I-395), 34% of persons traveling inbound during the morning peak period used transit and another 31% were ridesharing. Only 35% drove alone.

Similarly, in the I-66 corridor at a 2005 screen line inside the Beltway at Glebe Road (stretching from Route 29 to the north to Route 50 to the south), during the inbound morning peak period, transit carried 37% and ridesharing comprised another 26%. Only 36% drove alone.

In the newly released report on the I-95 screen line, rail and bus passengers comprised 19% of the total and persons who were ridesharing totaled 28%.

Many people assume that there is little use of transit in areas outside the region's core employment locations. However, the screen line for this study was 10 miles away from the central employment area. Therefore it is particularly noteworthy that nearly half of the inbound morning peak travelers were not driving alone but in fact were either ridesharing or using bus and rail while crossing the screen line, indicating that both suburban and ex-urban commuters traveling in this corridor are relying heavily on ridesharing and transit.

Another significant finding was that the two I-95 HOV lanes carried an average of 3,100 persons per lane per hour during the 6:00 to 9:00 A.M. peak -- more than twice as many persons per lane per hour than those using the four northbound unrestricted lanes.

The full 40-page report contains detailed tables of data from the fall of 2007. It is available on NVTC's website at www.thinkoutsidethecar.org.

MWCOG recently completed another count in early October, 2008 at a screen line crossing I-66 just outside the Beltway. This information is now being compiled and analyzed.

NVTC is the leading source of information about public transportation issues in Northern Virginia. NVTC is a regional agency with the mission of managing traffic congestion, restoring clean air, boosting the economy and improving the quality of life for all of Northern Virginia's citizens through effective public transit and ridesharing networks. NVTC includes the counties of Arlington, Fairfax and Loudoun and the cities of Alexandria, Fairfax and Falls Church covering over 1,000 square miles with a population of 1.6 million. The agency manages up to \$200 million of state and federal grant funds each year for public transit and serves as a forum for its board of 20 state and local elected officials to resolve issues involving public transit and ridesharing. **For more information please visit www.thinkoutsidethecar.org or call 703-524-3322.**

NVTC



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More than half of I-95 Va. commuters ride alone

November 13, 2008 - 1:44pm
[Hank Silverberg](#), WTOP Radio

WASHINGTON - Could HOV lanes shorten everyone's commute? One survey suggests it's possible.

A Northern Virginia Transportation Commission study finds nearly half -- 47 percent -- of all Virginia commuters in the Interstate 95 corridor outside the Beltway either share a ride or use mass transit.

The study looked at I-95 commuters in the Newington area who drove between 6 a.m. and 9 a.m. The two HOV lanes - with buses and at least three people per vehicle - carry 3,100 people per lane, per hour during the morning rush.

"That's more than twice as many persons using the other four northbound unrestricted lanes," Northern Virginia Transportation Commission spokesperson Kala Quintana says.

Quintana says the figures are encouraging because of limited alternatives.

"Clearly, there's room for improvement along this corridor in terms of transit investments to give people even more options than they currently have available," Quintana says.

The same survey showed 53 percent of those commuters are also alone in their car -- a significantly higher number than people who commute from inside the Beltway.

The survey comes as Virginia prepares to convert HOV lanes to HOT lanes, which will allow single passenger vehicles to drive in the lanes if they pay a fee.

To read the entire survey, click [here](#).

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WUSA9.COM

More Virginians Are Sharing A Ride To Work

Posted By: Jay Mishkin ■ Date last updated: 11/13/2008 2:53:12 PM

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Study finds nearly half of all morning commuters are either ridesharing or taking transit.

ARLINGTON, Va. (WUSA) -- Nearly half of Virginia commuters who live along the I-95 corridor outside the beltway are either ridesharing or using public transit. That's according to a new study from the Northern Virginia Transportation Commission.

It found 28% of people on the move between six and nine in the morning are ride-sharing. Another 19% ride the rails or buses. Everyone else drives alone.

The report also found the two HOV lanes carried an average of 3,100 people per lane, per hour. That's more than twice the rate of the four regular lanes.

Click [HERE](#) to read the entire report.

Written by 9NEWS NOW



Print this Page

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RIDESHARING RISES ON I-95

November 14, 2008 9:14 am

By KELLY HANNON

Look to your right and left when you drive into Washington on Interstate 95.

Odds are, if you are outside the Capital Beltway, one of the vehicles you see will be a bus, carpool or vanpool.

Nearly half the region's morning traffic outside the Beltway is ridesharing, according to a report released yesterday by the Northern Virginia Transportation Commission.

Staff at the Metropolitan Washington Council of Governments counted cars crossing an area on I-95 north just outside the Beltway in Springfield. The count was conducted between 6 and 9 a.m. on weekdays in fall 2007.

Forty-seven percent of the traffic was ridesharing.

Within that group, 19 percent of the traffic was riding a bus, and 28 percent were in carpools or vanpools.

"What's significant about this is we were 10 miles outside the work center," said Kala Quintana, NVTC's director of public outreach, where transit is more difficult to find.

Quintana said the study shows if "we gave people more [transit] options, they would avail themselves of those options."

High Occupancy Vehicle lanes outside the Beltway get heavy use--not surprising to any commuters from the Fredericksburg area.

Each of the two HOV lanes at Springfield carried an average of 3,100 people an hour between 6 and 9 a.m. Four northbound lanes for general traffic moved around 1,566 people per hour, per lane.

"HOV lanes are holding their own and then some," Quintana said.

"Can you imagine if we didn't have that? Can you imagine how many more traffic lanes we'd have to have? We'd look like L.A.," Quintana said.

The commission can't say how higher gas prices would have changed the numbers.

Gas prices in Virginia were \$2.98 a gallon a year ago, which is lower than the record-high price of \$4.10 a gallon in July. This week, the average price in Virginia is \$2.10 a gallon.

But as recently as last month, the Fredericksburg area's free commuter matching service, GW RideConnect, had received 177 applications.

"I'm very pleased with that number, especially since gas prices have started to drop down," said Diana Utz, director of GWRideConnect. The program matches commuters with carpools, buses, or transit headed to their work destination.

Utz called the study's findings "encouraging and positive."

People who tried transit or ridesharing at the height of high gas prices may stick with their choice. "Once people try a lot of different modes, they stay with those modes," Utz said.

Kelly Hannon: 540/374-5436

Email: khannon@freelancestar.com

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One-Way Passenger Trips on Transit Systems Serving Northern Virginia

	<u>July-Oct 2008</u>	<u>July-Oct 2007</u>	<u>Percent Change</u>
Alexandria Transit (DASH)	1,455,279	1,398,204	4%
Alexandria - King Street Trolley	205,388	n/a	n/a
Arlington Transit (ART)	507,338	388,315	31%
City of Fairfax (CUE)	284,737	267,667	6%
Fairfax Connector	3,547,610	3,344,623	6%
Loudoun County Transit	320,092	254,000	26%
Virginia Regional Transit - Loudoun	198,400	151,765	31%
PRTC Omni Ride/Omni Link	1,042,556	951,592	10%
Virginia Railway Express	1,350,981	1,208,548	12%
WMATA Virginia Metrobus*	8,158,382	7,420,976	10%
WMATA Virginia Metrorail	35,466,289	33,785,842	5%
TOTAL	<u>52,537,052</u>	<u>49,171,532</u>	<u>7%</u>

Source: Northern Virginia transit systems compiled by NVTC.

FY 2008 Metrobus ridership data is being researched. FY 2009 data has been verified by WMATA.



Northern Virginia Regional Commission

NEWS RELEASE

New Demographic Trends Seen In Northern Virginia Population Shifts

November 13, 2008
NVRC 08.23

Contact: Barbara J. Gordon, Communications Director
703.642.4635

While the results of the 2010 U.S. Census are about two years away, some important demographic trends are emerging in Northern Virginia which may be in response to the impacts of home foreclosures, the financial meltdown, rising fuel costs and immigration enforcement dynamics. Northern Virginia may be experiencing what has been called a "demographic inversion" which describes a trend of migration from the outer suburbs to the inner suburbs, more urban suburbs and changes in cities.

In a presentation to the Northern Virginia Regional Commission recently, Ken Billingsley, NVRC's Director of Information and Demographic Services, said changes in metropolitan migration and settlement patterns are rearranging populations in different and more complex ways. Decades ago, residential development growth was centered in the inner-ring suburbs of Northern Virginia and later Fairfax County. During the past seven years, 75 percent of the net population increase has been along the outer-rim in Prince William and Loudoun counties and in Manassas and Manassas Park.

Based on latest estimates from the Center for Public Service, during the first seven years of this decade Northern Virginia's population has grown by 268,000 or approximately 38,000 people per year. Since population growth is slowing, Billingsley predicted the decennial Census count would be close to that recorded during the 1980s and 1990s, meaning three decades in a row with roughly the same net population increase — 350,000 to 370,000 — almost the same number of people living in Prince William County today.

"What makes this dramatically different from past historical cycles of metropolitan growth and decentralization is the rapid transition in the racial and ethnic makeup of the population," he said.

In the United States last year, Hispanics accounted for about half of the nation's population increase. Eighty percent of the population growth is in what is generally called the minority population, Billingsley said. "And it won't be long until all new population growth will come from these groups."

In Northern Virginia, recent population growth is coming from these groups:

- Hispanics 36%
- Asians 28%
- Non-Hispanic Whites 18%
- African Americans 14%
- Other 4%

About five years ago, the nation was projected to become “majority-minority” by 2050. With the newest Census projections, the date has been moved up eight years to 2042.

The nation’s school-age population, now 42 percent minority, will reach the “majority-minority” threshold by 2024. In Northern Virginia, the school-age population is about 44 percent minority; enrollment in public schools crossed the “majority-minority” threshold two years ago with Fairfax County leading the way.

The most dramatic indication of the demographic inversion in Northern Virginia is the movement of tens of thousands of immigrants and minorities to the outer suburbs, reversing a settlement pattern that had characterized suburbia for half century, Billingsley said.

In 1980, Prince William County was 90 percent white; by 1990, the figure had dropped to 80 percent. According to the latest (2007) Census estimates, Prince William County is 2 percentage points away from becoming majority-minority with 48 percent minority, the second highest in the region behind only Manassas Park.

During the past seven years, when Prince William County experienced the largest growth spurt in its history increasing by more than 80,000 people, 94 of every 100 new residents were a person of color — Hispanic, African-American, or Asian.

Next month the Census Bureau will release the most comprehensive information from the American Community Survey, a preliminary snapshot of the 2010 Census. In the last Census, foreign born in Northern Virginia comprised 1 of every 5 residents. Based on the latest American Survey estimates, the figure has risen to 1 of every 4 Northern Virginians.

Billingsley noted that the population shift and the demographic inversion are inextricably linked, with the predominantly minority families now finding the inner suburbs too expensive while non-Hispanic whites are returning to the cities and inner suburbs as they downsize their living spaces and look for urban amenities.

For more information about Northern Virginia’s demographic trends, contact Ken Billingsley at kbillingsley@novaregion.org or 703-642-4621. To view Billingsley’s presentation to the Northern Virginia Regional Commission visit <http://www.novaregion.org/index.asp?NID=907>.

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Virginia official picked to be NCTD director



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Tucker has worked at Calif. agency

By Michael Burge
UNION-TRIBUNE STAFF WRITER

November 21, 2008

CARLSBAD – The North County Transit District has tapped a Virginia state official who also has a background in California public transit to be its next executive director.

The transit board named Matthew O. Tucker, director of the Virginia Department of Rail and Public Transportation, to head the agency starting Jan. 5.

Tucker has headed the Virginia department, which is active in development of the state's rail systems and public transit, since 2006.

From 2001 to 2006 he was chief operating officer for the San Jose-based Santa Clara Valley Transportation Authority

David Druker, a North County Transit board member who served on the committee searching for a new executive director, said Tucker's experience in various systems made him the best choice among four finalists.

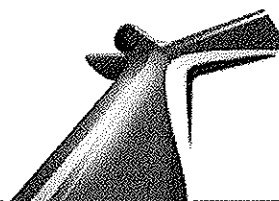
"He's done bus operations, light rail and a little bit of heavy rail," said Druker, a Del Mar City Council member. "He's got different ideas as to how to run our rail services."

Ed Gallo, the transit board chairman and an Escondido councilman, said Tucker's Santa Clara background gave him a solid California foundation.

"And he's worked in Virginia with federal agencies, so he's familiar with lobbying, so that was big," Gallo said.

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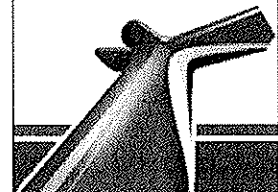
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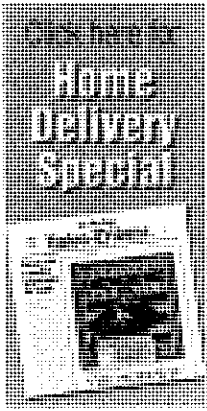
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Santa Clara Valley Transportation Authority carried 4.4 million passengers on its bus and light rail systems last month.

North County Transit moves about 1 million passengers a month on three systems – the Breeze bus line, the Coaster commuter rail between Oceanside and San Diego, and the Sprinter light rail between Oceanside and Escondido.

The district instituted the Sprinter service in March.

Tucker will take over the district as it struggles to maintain its service through budget cuts. The district this year has raised fares, cut bus routes and reduced staff by 10 percent, but its ridership has gone up 23 percent for July through October, compared with the same period last year.

Tucker will replace Karen King, who resigned in June to head Bakersfield's transit district. Former Carlsbad City Manager Ray Patchett has been serving as interim executive director since then.

Tucker's annual salary will be \$205,000. The district employs 530 people.

▪ Michael Burge: (760) 476-8230; michael.burge@uniontrib.com

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Rick Taube

From: Kala Quintana
Sent: Monday, November 24, 2008 3:29 PM
To: Rick Taube
Subject: FW: Governor's News Release

FYI

From: Governors Update Mailing List [mailto:govupdate@governor.virginia.gov]
Sent: Monday, November 24, 2008 2:30 PM
To: GovernorsUpdate mailing list
Subject: Governor's News Release

COMMONWEALTH OF VIRGINIA *Office of the Governor*

Timothy M. Kaine
Governor

FOR IMMEDIATE RELEASE
November 24, 2008

Contact: Gordon Hickey
Phone: (804) 225-4260
Cell Phone: (804) 291-8977
Internet: www.governor.virginia.gov

Jennifer Pickett, DRPT
(804) 786-7432
www.drpt.virginia.gov

GOVERNOR KAINE APPOINTS ACTING DIRECTOR OF DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION

~ Director Matthew Tucker takes leadership position at North County Transit District; Charles Badger to become Acting Director ~

RICHMOND – Governor Timothy M. Kaine today announced that Matthew O. Tucker, Director of the Virginia Department of Rail and Public Transportation, will resign effective December 12 to become General Manager and Chief Executive Officer of the North County Transit District in Oceanside, California. He will be responsible for the regional multimodal transportation system that operates commuter rail, light rail, public transportation and paratransit services in North San Diego County.

Governor Kaine also announced the appointment of Charles M. “Chip” Badger as acting director of DRPT.

“Matthew Tucker has helped to bring rail, transit, ridesharing and telework to the forefront of transportation planning in Virginia,” Governor Kaine said. “He has helped lead our efforts to expand and improve transportation choices in Virginia by supporting the first light rail system in Virginia, one of the largest Virginia Metrorail extensions in 30 years and most recently, a clear pathway to advance new intercity passenger rail service for our major transportation corridors. I am certain that Chip Badger will continue to support the strategic approach and initiatives begun by Matt Tucker.”

Chip Badger is the Deputy Director of the department, where he assists the agency director in carrying out all of Virginia's initiatives and support activities for rail and public transportation. He has worked for the Commonwealth for 36 years and has been a member of the management team for Virginia's rail and public transportation initiative since 1979.

Mr. Badger is a licensed professional engineer and holds Bachelor and Master of Science degrees in engineering from Virginia Tech and the University of Maryland, respectively.

"I am deeply honored to have worked with Governor Kaine and Secretary Homer. Together as a team, we have helped manage highway congestion, give people greater access to transit and increase the quality of life in Virginia," Tucker said. "The accomplishments that DRPT and its customers have achieved wouldn't have been possible without our customers, stakeholders and advocates. Thank you for the opportunity to serve the Commonwealth."

Matthew Tucker has served as the Director of DRPT since June 2006.

About DRPT

The Virginia Department of Rail and Public Transportation facilitates the movement of people and goods throughout Virginia. DRPT operates through three main areas of activity -- rail, public transportation and commuter services -- that promote congestion relief, economic development and mobility. The Department helps people and businesses find the smartest distance between two points. Visit the department at www.drpt.virginia.gov.

###



COMMONWEALTH of VIRGINIA

MATTHEW O. TUCKER
DIRECTOR

DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION
1313 EAST MAIN STREET, SUITE 300
RICHMOND, VA 23219

(804) 786-4440
FAX: (804) 786-7286
VIRGINIA RELAY CENTER
1-800-828-1120 (TDD)

November 21, 2008

Dear Colleague:

I'm writing to let you know that I have accepted a position as General Manager and Chief Executive Officer of the North County Transit District in San Diego, CA, responsible for the regional multimodal transportation system that operates commuter rail, light rail, public transportation and paratransit services in North San Diego County. In its thirty years of operation, North County Transit District has established a comprehensive regional transit network that serves commuters and residents in the San Diego area.

Consequently, I will resign as the Director of the Virginia Department of Rail and Public Transportation, effective December 12, 2008.

The accomplishments that DRPT and its customers have achieved are a credit to the team at DRPT, who are passionate, knowledgeable and dedicated professionals. These accomplishments wouldn't have been possible without our customers, partners and advocates. I would like to personally thank you for your support and dedication.

I am also deeply honored to have worked with Governor Kaine and Secretary Homer. Together as a team, we have all contributed toward advancing transit, rail and transportation demand management as integral components of our transportation system.

In 2007, we achieved new funding sources for rail and transit, with a record 42 percent increase in transit operating funds and an additional 20 percent from bond proceeds for transit capital projects. The bond program also provided an additional \$12.9 million each year for rail capital projects.

This year, we brought two major transit initiatives closer to the finish line in Northern Virginia and Hampton Roads as the Dulles Corridor Metrorail Project entered the final phase of project development and Norfolk Light Rail began construction.

Today, we're on the edge of a new frontier with the possibility of state participation in new intercity passenger rail service for the first time in Virginia history. We've also

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

November 21, 2008
Page Two

changed the way that our localities and regions think about transportation. In the past year, numerous localities have taken significant steps toward a unified transit vision to connect more people in more areas of Virginia than ever before.

I am certain that Governor Kaine and his team will continue to lead the Commonwealth even further with his vision for the future of transportation. Thank you for the opportunity to work with you. I wish you every success in the ongoing effort to improve transportation in Virginia, and I hope our paths will cross in the future.

Sincerely,


Matthew O. Tucker



Agenda Item #11

TO: Chairman Eulle and NVTC Commissioners
FROM: Scott Kalkwarf and Colethia Quarles
DATE: November 26, 2008
SUBJECT: NVTC Financial Items for October, 2008

Attached for your information are NVTC financial reports for October, 2008.

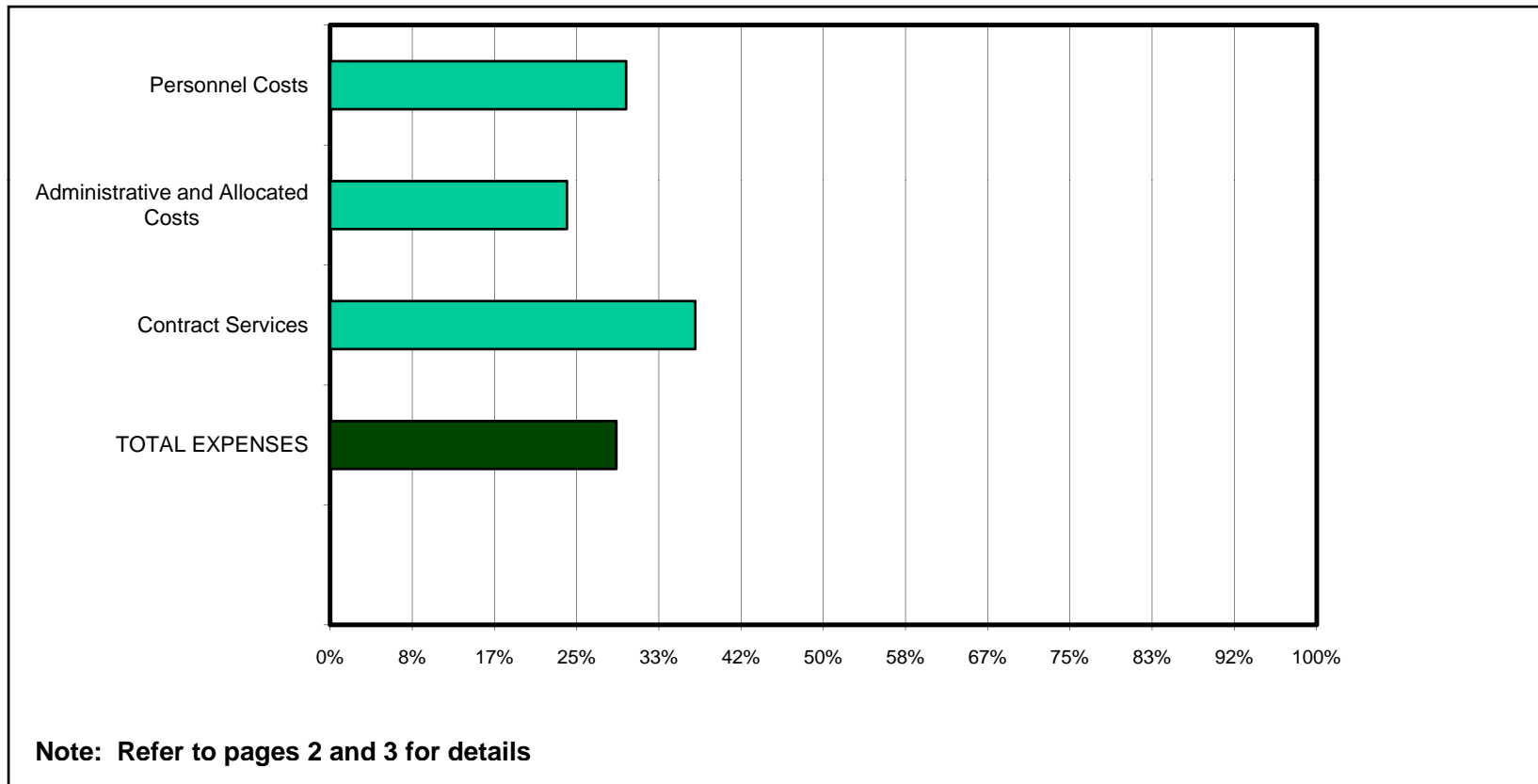


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Northern Virginia Transportation Commission

Financial Reports
October, 2008

Percentage of FY 2009 NVTC Administrative Budget Used
October, 2008
(Target 33.33% or less)



NORTHERN VIRGINIA TRANSPORTATION COMMISSION
G&A BUDGET VARIANCE REPORT
October, 2008

	<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	\$ 59,238.58	\$ 218,041.23	\$ 700,900.00	\$ 482,858.77	68.9%
Temporary Employee Services	-	-	1,000.00	1,000.00	100.0%
Total Personnel Costs	59,238.58	218,041.23	701,900.00	483,858.77	68.9%
<u>Benefits</u>					
Employer's Contributions:					
FICA	2,968.05	15,552.60	47,400.00	31,847.40	67.2%
Group Health Insurance	4,163.07	15,614.84	62,900.00	47,285.16	75.2%
Retirement	4,716.00	18,864.00	57,600.00	38,736.00	67.3%
Workmans & Unemployment Compensation	237.35	538.81	3,200.00	2,661.19	83.2%
Life Insurance	302.92	945.42	4,100.00	3,154.58	76.9%
Long Term Disability Insurance	223.23	1,024.56	4,400.00	3,375.44	76.7%
Total Benefit Costs	12,610.62	52,540.23	179,600.00	127,059.77	70.7%
<u>Administrative Costs</u>					
Commissioners Per Diem	1,050.00	3,450.00	42,000.00	38,550.00	91.8%
<i>Rents:</i>					
Office Rent	15,068.40	61,311.60	188,730.00	127,418.40	67.5%
Parking	14,534.40	58,137.60	176,780.00	118,642.40	67.1%
	534.00	3,174.00	11,950.00	8,776.00	73.4%
<i>Insurance:</i>					
Public Official Bonds	-	500.00	4,500.00	3,900.00	86.7%
Liability and Property	-	500.00	2,600.00	2,100.00	80.8%
	-	-	1,800.00	1,800.00	100.0%
<i>Travel:</i>					
Conference Registration	1,198.16	1,907.01	16,700.00	14,792.99	88.6%
Conference Travel	75.00	75.00	2,100.00	2,025.00	96.4%
Local Meetings & Related Expenses	405.45	517.55	4,700.00	4,182.45	89.0%
Training & Professional Development	717.71	1,314.46	6,400.00	5,085.54	79.5%
	-	-	3,500.00	3,500.00	100.0%
<i>Communication:</i>					
Postage	497.99	2,451.24	11,950.00	9,498.76	79.5%
Telephone - LD	34.34	661.18	4,700.00	4,038.82	85.9%
Telephone - Local	104.84	385.46	1,350.00	964.54	71.4%
	358.81	1,404.60	5,900.00	4,495.40	76.2%
<i>Publications & Supplies</i>					
Office Supplies	1,717.37	3,853.47	23,900.00	20,046.53	83.9%
Duplication	347.01	794.05	4,200.00	3,405.95	81.1%
Public Information	1,370.36	3,059.42	9,700.00	6,640.58	68.5%
	-	-	10,000.00	10,000.00	100.0%

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
G&A BUDGET VARIANCE REPORT
October, 2008

	<u>Current Month</u>	<u>Year To Date</u>	<u>Annual Budget</u>	<u>Balance Available</u>	<u>Balance %</u>
<i>Operations:</i>	571.95	1,513.80	25,650.00	24,136.20	94.1%
Furniture and Equipment	-	-	13,150.00	13,150.00	100.0%
Repairs and Maintenance	-	-	1,000.00	1,000.00	100.0%
Computers	571.95	1,513.80	11,500.00	9,986.20	86.8%
<i>Other General and Administrative</i>	687.31	2,602.77	6,950.00	4,347.23	62.6%
Subscriptions	-	-	400.00	400.00	100.0%
Memberships	72.43	489.72	1,800.00	1,310.28	72.8%
Fees and Miscellaneous	219.88	941.58	2,950.00	2,008.42	68.1%
Advertising (Personnel/Procurement)	395.00	1,171.47	1,800.00	628.53	34.9%
40th Anniversary	-	-	-	-	0
Total Administrative Costs	<u>20,791.18</u>	<u>77,589.89</u>	<u>320,380.00</u>	<u>242,690.11</u>	<u>75.8%</u>
	<u>Contracting Services</u>				
Auditing	-	7,500.00	18,000.00	10,500.00	58.3%
Consultants - Technical	-	-	1,000.00	1,000.00	100.0%
Legal	-	-	1,000.00	1,000.00	100.0%
Total Contract Services	<u>-</u>	<u>7,500.00</u>	<u>20,000.00</u>	<u>12,500.00</u>	<u>62.5%</u>
 Total Gross G&A Expenses	<u><u>\$ 92,640.38</u></u>	<u><u>\$ 355,671.35</u></u>	<u><u>\$ 1,221,880.00</u></u>	<u><u>\$ 866,108.65</u></u>	<u><u>70.9%</u></u>

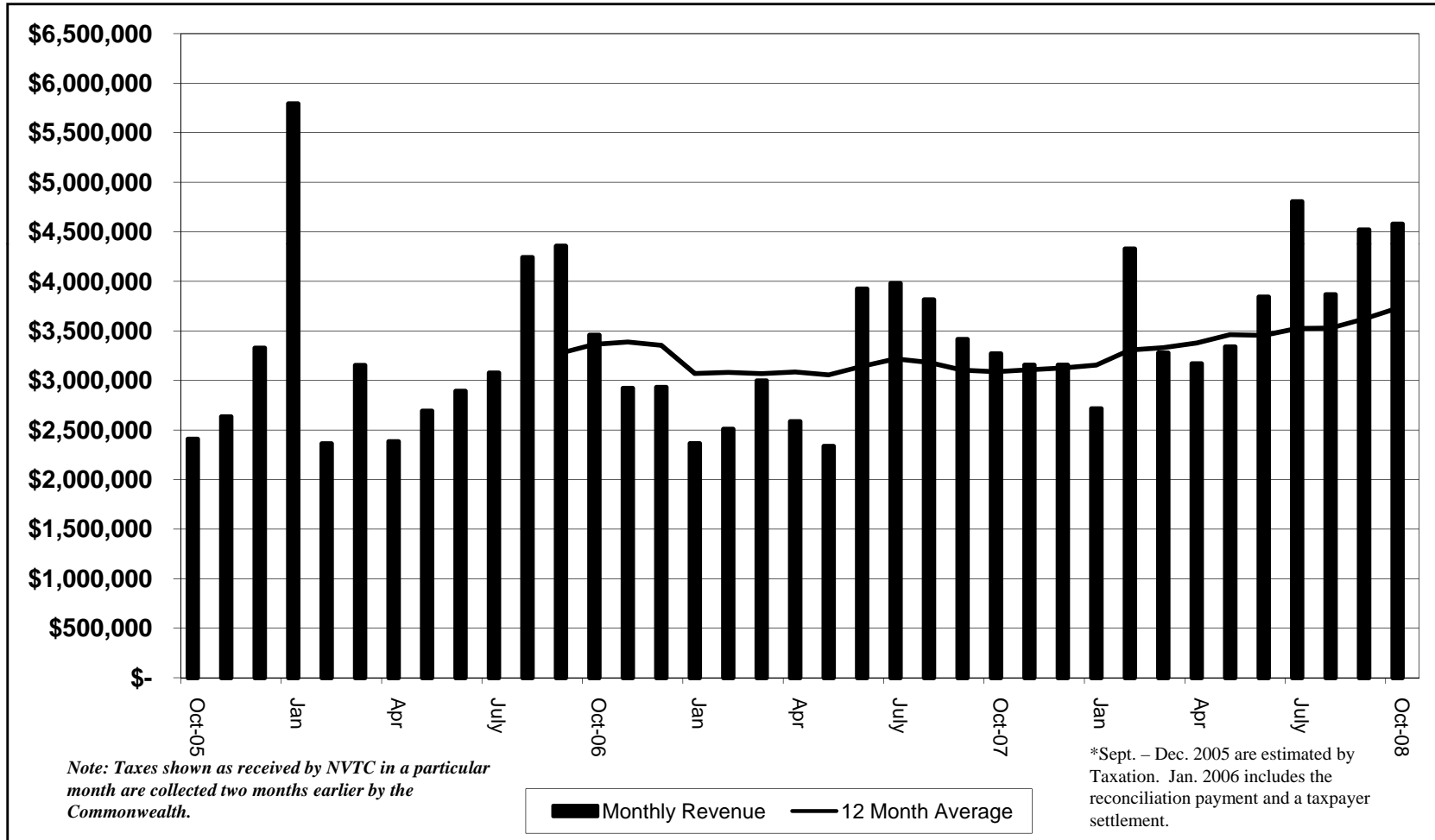
NVTC
RECEIPTS and DISBURSEMENTS
October, 2008

<u>Date</u>	<u>Payer/ Payee</u>	<u>Purpose</u>	<u>Wachovia</u>	<u>Wachovia</u>	<u>VA LGIP</u>	
			<u>(Checking)</u>	<u>(Savings)</u>	<u>G&A / Project</u>	<u>Trusts</u>
RECEIPTS						
3	City of Alexandria	G&A contribution		\$ 9,468.75		
9	DRPT	FTM/Admin grants receipts				398,359.00
10	VRE	Staff support		6,216.28		
16	Dept. of Taxation	Motor Vehicle Fuels Sales tax				4,579,654.28
17	DRPT	FTM/Admin grants receipts				8,269,325.00
21	DRPT	Capital grants receipt				269,998.00
21	DRPT	Code Red grant receipt			1,000.00	
23	Loudoun County	G&A contribution			5,751.75	
31	Staff	Reimbursement of expenses		12.20		
31	Banks	Interest earnings		96.41		
				<u>96.41</u>	<u>1,730.91</u>	<u>254,959.48</u>
			<u>-</u>	<u>15,793.64</u>	<u>8,482.66</u>	<u>13,772,295.76</u>
DISBURSEMENTS						
1-31	Various	NVTC project and administration	(88,126.23)			
1	WMATA	Bus operating				(14,434,947.00)
1	WMATA	Paratransit operating				(1,985,709.00)
1	WMATA	Rail operating				(8,121,866.00)
1	WMATA	Metro Matters				(2,991,350.00)
1	WMATA	Beyond Metro Matters				(173,000.00)
1	WMATA	Debt Service				(1,853,125.00)
8	City of Fairfax	Other operating				(371.63)
23	City of Fairfax	Other operating				(110,288.00)
23	Loudoun County	Other operating				(5,751.75)
24	Stantec	Bus Data project	(14,293.29)			
29	WMATA	Other operating				(48,350.00)
28	Loudoun County	Other operating				(1,020,383.43)
28	Loudoun County	Other capital				(5,646,697.54)
28	City of Fairfax	Other operating				(186,512.35)
31	Wachovia	Bank charges	(38.01)	(7.50)		
			<u>(102,457.53)</u>	<u>(7.50)</u>	<u>-</u>	<u>(36,578,351.70)</u>
TRANSFERS						
23	Transfer	From LGIP to LGIP (NTD project)			14,293.29	(14,293.29)
23	Transfer	From LGIP to checking	100,000.00		(100,000.00)	
			<u>100,000.00</u>	<u>-</u>	<u>(85,706.71)</u>	<u>(14,293.29)</u>
NET INCREASE (DECREASE) FOR MONTH			<u>\$ (2,457.53)</u>	<u>\$ 15,786.14</u>	<u>\$ (77,224.05)</u>	<u>\$ (22,820,349.23)</u>

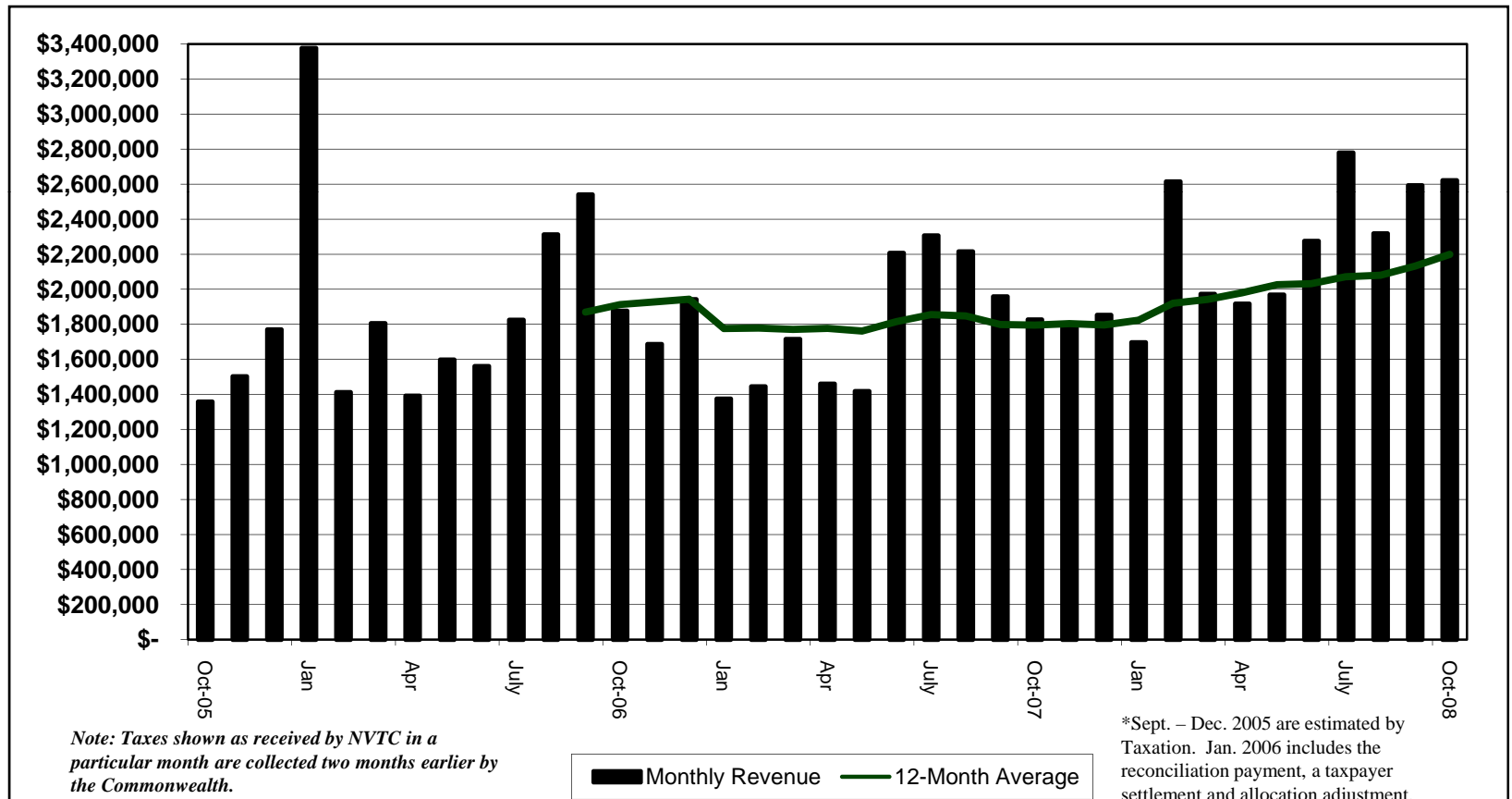
**NVTC
INVESTMENT REPORT
October, 2008**

<u>Type</u>	<u>Rate</u>	<u>Balance 9/30/2008</u>	<u>Increase (Decrease)</u>	<u>Balance 10/31/2008</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	\$ 88,208.07	\$ (2,457.53)	\$ 85,750.54	\$ 85,750.54	\$ -	\$ -
Wachovia: NVTC Savings	0.60%	179,199.70	15,786.14	194,985.84	194,985.84	-	-
<u>Investments - State Pool</u>							
Nations Bank - LGIP	2.82%	130,934,589.88	(22,897,573.28)	108,037,016.60	670,205.35	90,452,401.49	16,914,409.76
		<u>\$ 131,201,997.65</u>	<u>\$ (22,961,468.72)</u>	<u>\$ 108,317,752.98</u>	<u>\$ 950,941.73</u>	<u>\$ 90,452,401.49</u>	<u>\$ 16,914,409.76</u>

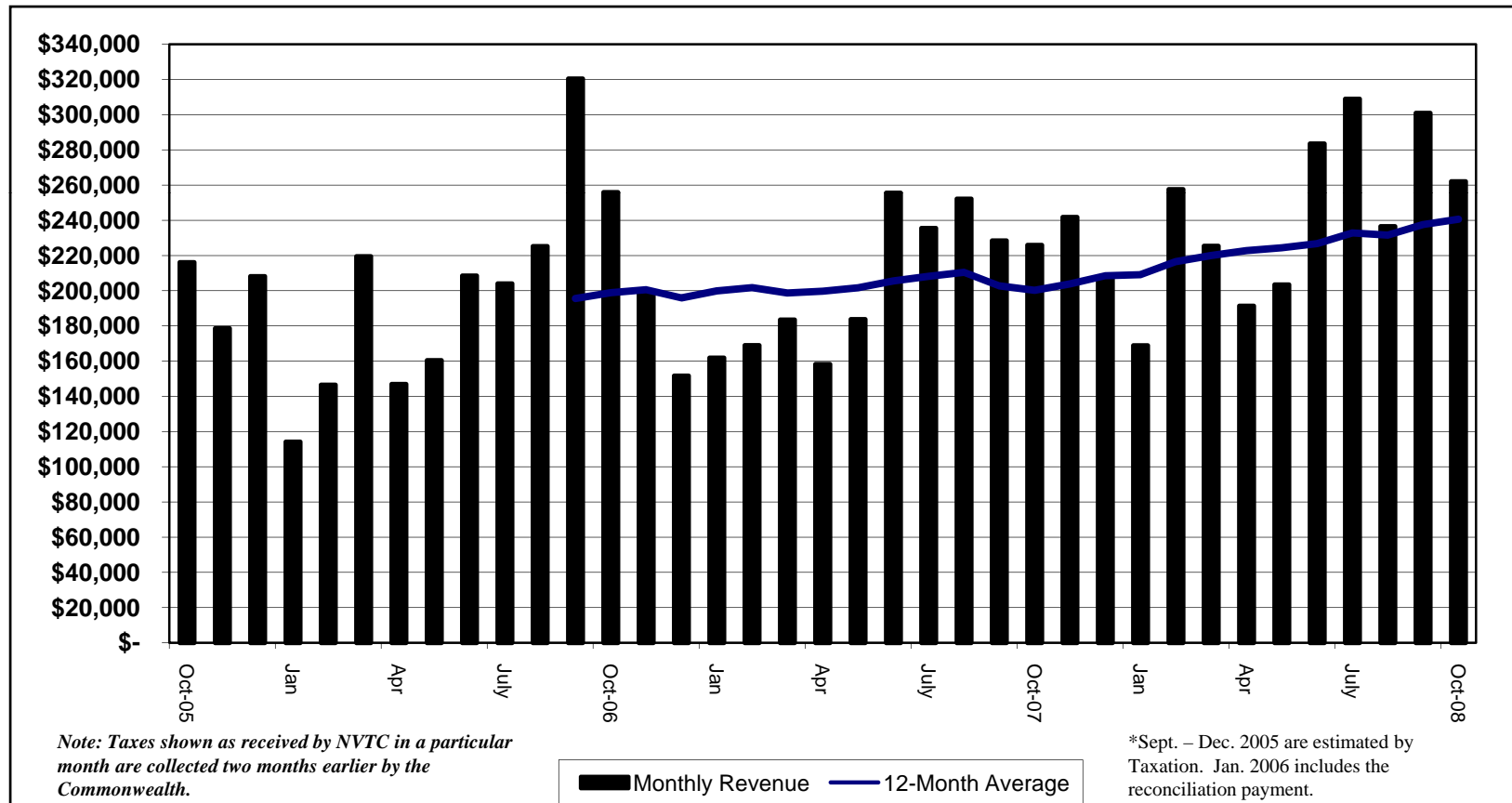
NVTC MONTHLY GAS TAX REVENUE ALL JURISDICTIONS FISCAL YEARS 2006-2009



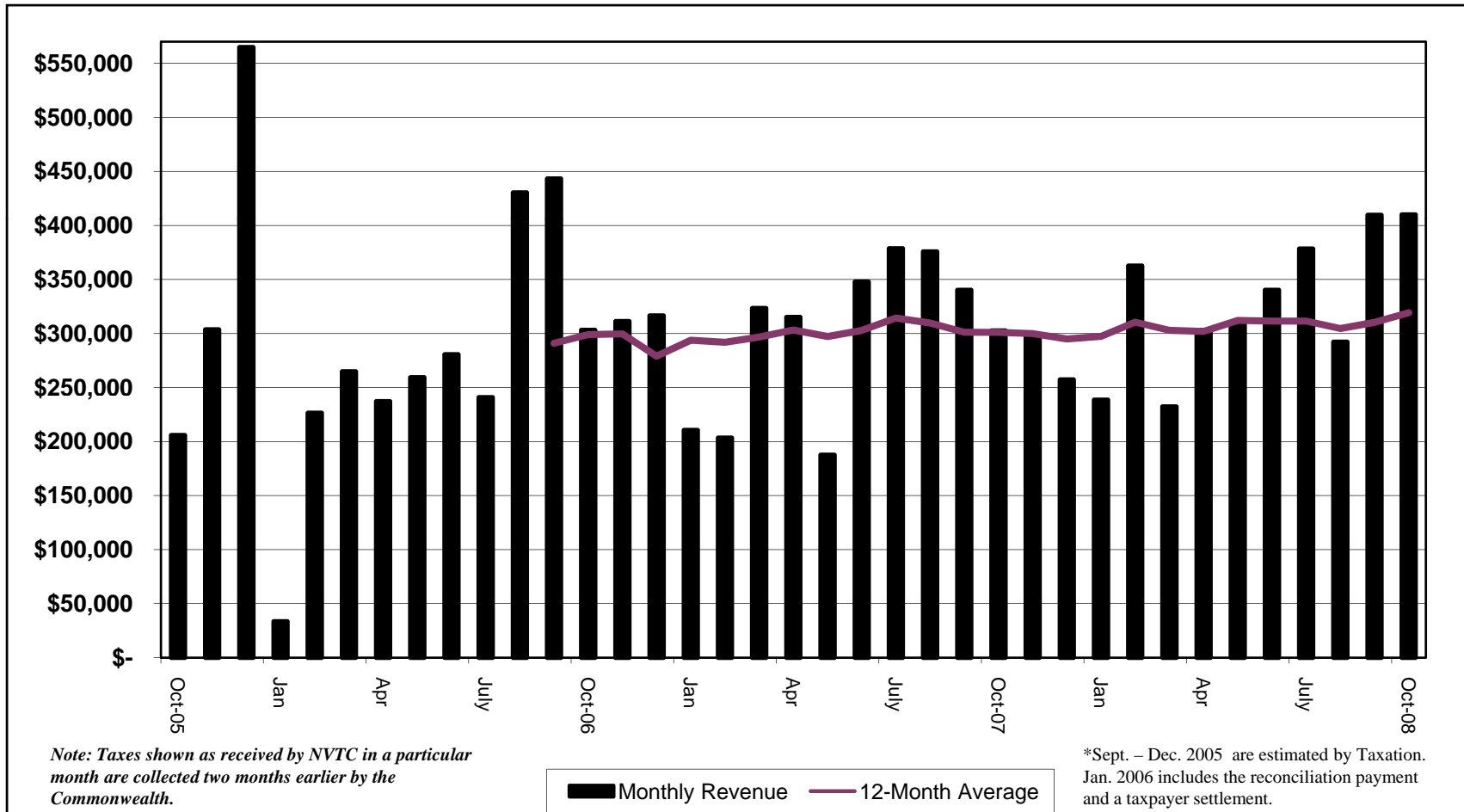
NVTC MONTHLY GAS TAX REVENUE FAIRFAX COUNTY FISCAL YEARS 2006-2009



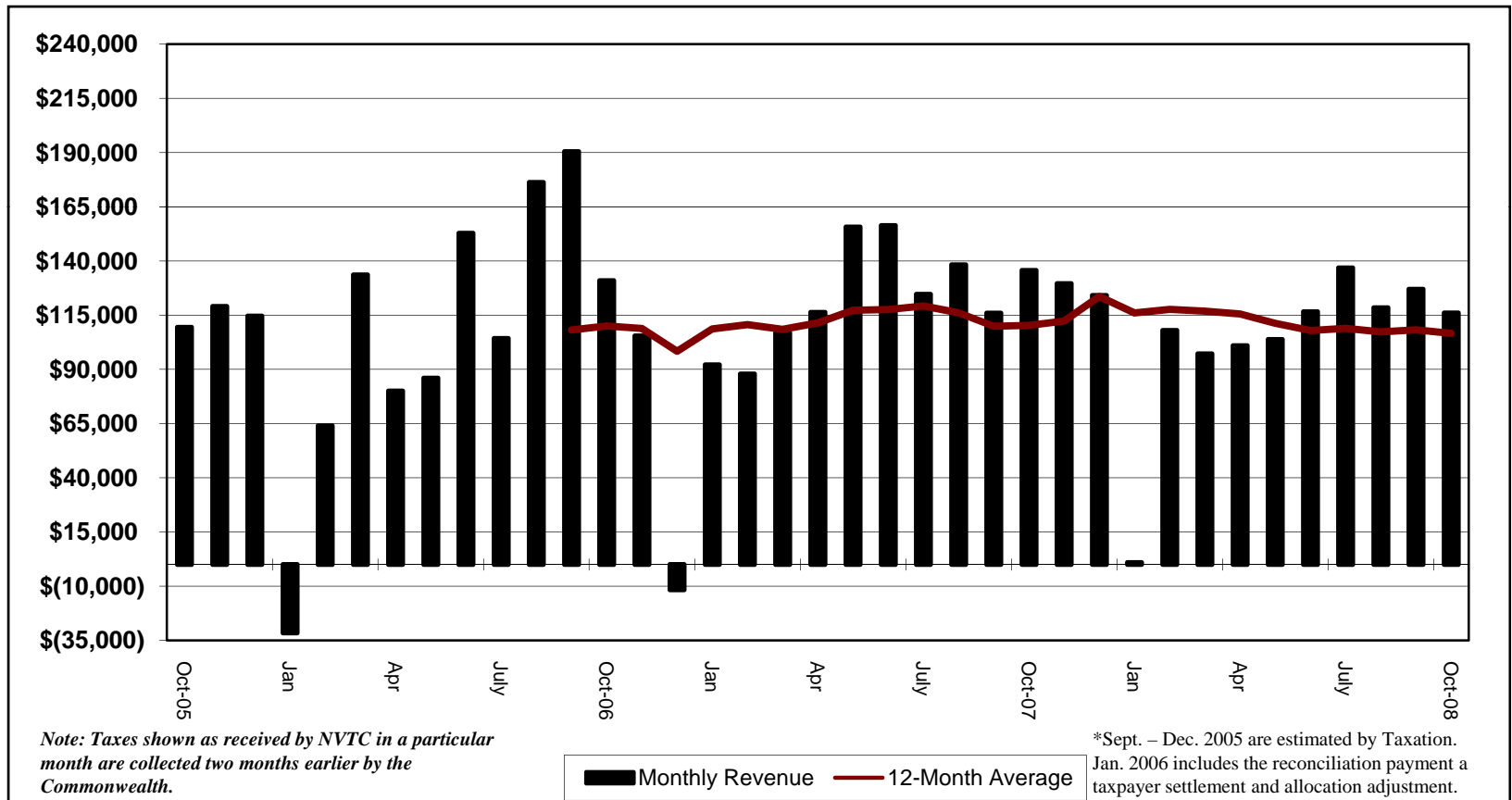
NVTC MONTHLY GAS TAX REVENUE CITY OF ALEXANDRIA FISCAL YEARS 2006-2009



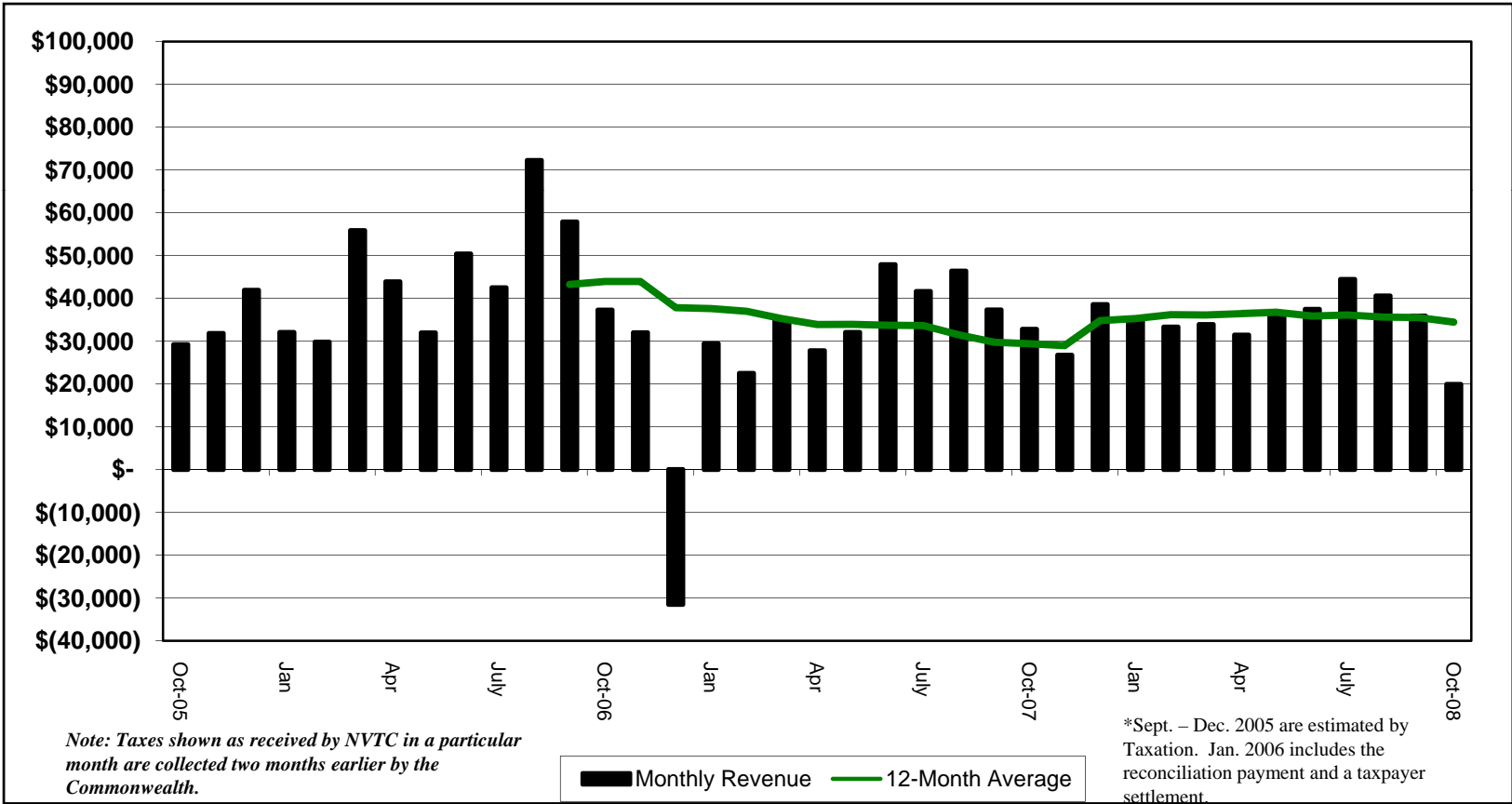
NVTC MONTHLY GAS TAX REVENUE ARLINGTON COUNTY FISCAL YEARS 2006-2009



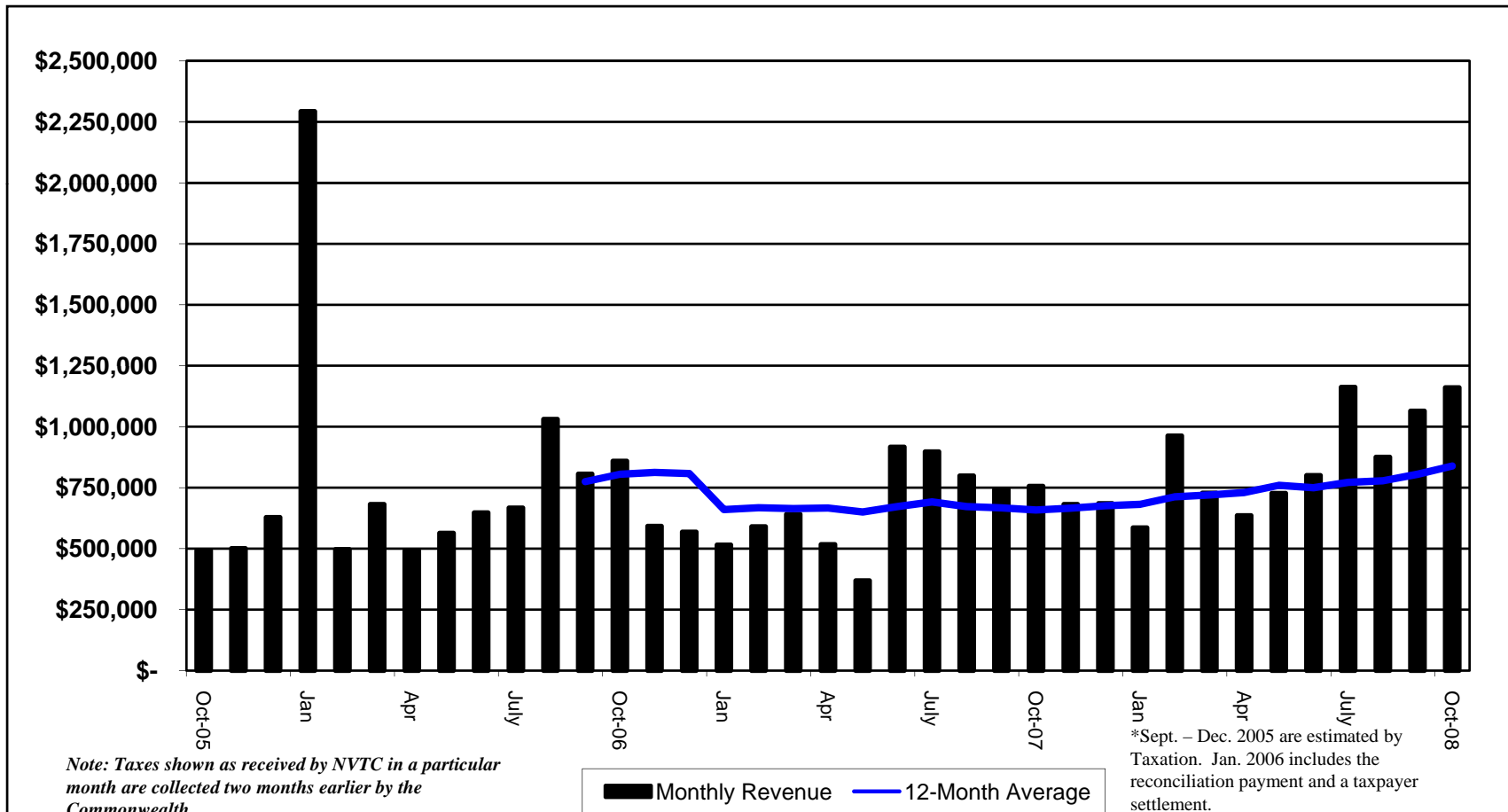
NVTC MONTHLY GAS TAX REVENUE CITY OF FAIRFAX FISCAL YEARS 2006-2009



NVTC MONTHLY GAS TAX REVENUE CITY OF FALLS CHURCH FISCAL YEARS 2006-2009



NVTC MONTHLY GAS TAX REVENUE LOUDOUN COUNTY FISCAL YEARS 2006-2009





Agenda Item #12

TO: Chairman Eulle and NVTC Commissioners
FROM: Rick Taube
DATE: November 26, 2008
SUBJECT: Appreciation for Commissioner Gerald Connolly

Gerry Connolly is leaving NVTC after serving continuously since 1999. The commission is asked to authorize staff to purchase a small engraved acrylic award to be presented to him in appreciation of his dedicated service.



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AGENDA ITEM #13

TO: Chairman Euille and NVTC Commissioners
FROM: Rick Taube
DATE: November 26, 2008
SUBJECT: Closed Session for Personnel Item

NVTC's Executive Committee is ready to discuss with commissioners the committee's recommendation for the annual performance review of NVTC's executive director.

To enter closed session:

Pursuant to the Virginia Freedom of Information Act (Section 2.2.-3711A (1) of the Code of Virginia), the Northern Virginia Transportation Commission authorizes discussion in Closed Session concerning a personnel item, pertaining to the annual performance review of NVTC's executive director.

Following the closed session:

The Northern Virginia Transportation Commission certifies that, to the best of each member's knowledge and with no individual member dissenting, at the just concluded Closed Session:

1. Only public business matters lawfully exempted from open meeting requirements under the Freedom of Information Act were discussed ; and
2. Only such public business matters as were identified in the motion by which the Closed Session was convened were heard, discussed or considered.





The Northern Virginia Transportation Authority

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SEP 18 2008

September 15, 2008

The Authority
for Transportation In Northern Virginia

The Honorable William Euille, Chairman
Northern Virginia Transportation Commission
4350 North Fairfax Drive, Suite 720
Arlington, Virginia 22203

Dear Chairman Euille:

At its meeting of September 11, 2008, the Northern Virginia Transportation Authority (NVT A) approved the enclosed resolution expressing its appreciation for the outstanding support provided by the many state and regional agencies and the jurisdictions of Northern Virginia over the last several years. The NVT A is particularly grateful for the increased level of support it received as it worked to implement HB 3202 after its approval in 2007.

Through the years with no dedicated funding and then this year's experience with dedicated funding ruled unconstitutional, the NVTC staff has provided extraordinary support and advice that has been critical to our operation. Especially noteworthy has been the staff support from:

- Rick Taube, who provided considerable assistance in selecting NVT A's office space and many of the Organizational Working Group's activities;
- Kala Quintana, who has served as our director of public outreach and provided creative and innovative approaches to NVT A's outreach efforts;
- Scott Kalkwarf, who has served as NVT A's accountant, providing critical financial management advice and maintaining our accounts; and
- Elizabeth Rodgers, who has been invaluable in developing and maintaining our web site.

All while accomplishing their primary support to NVTC!

Please extend NVT A's appreciation to all the NVTC staff who have been so helpful.

Sincerely,

Christopher Zimmerman
Chairman

Enclosure: as

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

- RESOLUTION 09-03 -

APPRECIATION FOR JURISDICTIONAL AND AGENCY SUPPORT

WHEREAS, the Northern Virginia Transportation Authority ("NVTA") was created by the General Assembly in 2002, to among other things, prepare a regional transportation plan for Northern Virginia; construct or acquire the transportation facilities included in the transportation plan; set regional transportation policies and priorities for regional transportation projects; provide general oversight of regional mass transit and congestion mitigation programs and regional transportation issues; develop regional transportation priorities and policies to improve air quality; advocate for the transportation needs of Northern Virginia; and collect taxes and fees authorized by law; and,

WHEREAS, from 2002 to 2007, there was limited funding authorized to support the activities that NVTA was directed to accomplish and therefore the local jurisdictions and regional transportation planning and operating agencies of Northern Virginia, along with state transportation agencies, agreed to support the activities of the NVTA by contributing staff resources from their jurisdictions and agencies; and,

WHEREAS, the significant progress made by NVTA from 2002 to 2007 was underpinned by the extraordinary professional support from jurisdictional and agency staffs that resulted in annual coordination of regional transportation priorities and recommendations to the National Capital Region Transportation Planning Board, the Commonwealth Transportation Board and the General Assembly; completion of *TransAction 2030* – a long range transportation plan for Northern Virginia; coordination of allocations for discretionary funding; coordination of legislative and advocacy issues; coordination of comments and action on major transportation projects affecting Northern Virginia ;and many other routine NVTA activities and actions; and,

WHEREAS, with the authorization of dedicated funding for NVTA by the General Assembly in 2007, the jurisdictional and agency staffs increased their contributed support to plan the plethora of actions necessary to establish an operating organization and immediately implement the authorized regional taxes and fees, coordinate an initial package of projects within a Six Year Plan, and design a major bond initiative;

WHEREAS, this increased effort involved staff from many non-transportation related disciplines, including law, finance, accounting, tax administration, debt management, public works, public affairs, legislative, purchasing and human resources; and

WHEREAS, on February 29, 2008, the Virginia Supreme Court ruled that the General Assembly did not have the authority under the Virginia Constitution to delegate its taxing powers to the NVTA; and,

WHEREAS, this staff continued to provide assistance to NVTA with refund activities and other on-going activities after the Court decision, including efforts to restore NVTA's funding;

WHEREAS, the Authority recognizes that, without the extraordinary support from jurisdictional and agency staffs, guided by outstanding staff leadership, it would have been impossible for the Authority to have achieved the progress it has to date;

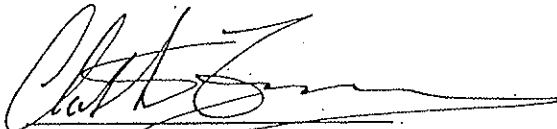
NOW, THEREFORE, BE IT RESOLVED, THAT the Northern Virginia Transportation Authority extends its appreciation to the counties of Arlington, Fairfax, Loudoun, and Prince William, and to the cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park, and to the the towns of Dumfries, Herndon, Leesburg, Purcellville, and Vienna as well as to the Northern Virginia Transportation Commission, the Northern Virginia Regional Commission, the Potomac and Rappahannock Transportation Commission, the Washington Metropolitan Area Transit Authority, the Virginia Railway Express, the Virginia Department of Transportation, the Virginia Department of Rail and Public Transportation, Department of Motor Vehicles, Department of Taxation, State Police, Clerks of the Court, the Motor Vehicle Dealer Board, and the staffs of the Secretary of Finance and Transportation, for their extraordinary support to the Authority over the past six years;

BE IT FURTHER RESOLVED THAT this expression of NVTA's appreciation be sent to the chief administrative officer in each of Northern Virginia's jurisdictions and to the executive directors of the Northern Virginia Transportation Commission, the Potomac and Rappahannock Transportation Commission, the Northern Virginia Regional Commission, the Washington Metropolitan Area Transit Authority, the Virginia Railway Express, and the Northern Virginia Regional Commission; the Virginia Department of Transportation Commissioner; and the Directors of the Virginia Department of Rail and Public Transportation; the Virginia Tax Commissioner and the Virginia Department of Motor Vehicles Commissioner; the Clerks of the Court; Town Managers; State Police; Motor Vehicle Dealer Board; and the Secretaries of Transportation and Finance;

BE IT FURTHER RESOLVED THAT letters of appreciation signed by the chairman be forwarded to the key staff members who have provided the leadership that ensured the achievement of the Authority's progress to date.

Approved by the Northern Virginia Transportation Authority on this 11th day of September 2008.

By:



Chairman

Attest:



Vice Chairman