



NVTC COMMISSION MEETING
THURSDAY, DECEMBER 3, 2009
NVTC CONFERENCE ROOM

8:00 PM

NOTE: A buffet supper will be provided for attendees.

AGENDA

1. Minutes of the NVTC Meeting of November 5, 2009.

Recommended Action: Approval.

2. VRE Items

- A. Report from the VRE Operations Board and Chief Executive Officer--Information Item.
- B. Extend Lease Agreement with Manassas Regional Airport Authority--Action Item/Resolution #2135.

3. NVTC and VRE Audits for FY 2009.

PBGH LLP audits both NVTC and VRE. Representatives of the firm will be present to respond to questions.

Recommended Action: Authorize NVTC and VRE staff to distribute the audit reports to interested regulatory agencies, bond holders, other firms and individuals and to post the results on the NVTC and VRE websites.



4. WMATA Items.

A presentation will be provided on WMATA's Bus Priority Corridor Network. Other current items of interest will be reviewed.

Presentation Item.

5. NVTC and VRE Legislative Agendas for 2010.

NVTC Legislative Committee will recommend a state and federal legislative agenda. The committee met on November 10th to consider a staff draft. The VRE Operations Board has also recommended an agenda.

Recommended Action: Approve the NVTC committee's and the VRE Operation Board's proposed agendas and authorize staff to identify legislative sponsors and to actively pursue enactment of the recommendations.

6. Status of Transition to the 2.1% NVTC/PRTC Motor Fuels Tax.

Staff will provide details about the Virginia Department of Taxation's regulations and transition plans.

Recommended Action: If the commission identifies any areas of concern, appropriate steps should be authorized to resolve those concerns.

7. Draft 2010 NVTC Goals, Objectives, Schedule and Work Program.

Staff has drafted a document for public comment during December and at a public hearing as part of the NVTC meeting on January 7, 2010. Action on the document would occur on January 7th after the public hearing.

Recommended Action: Authorize NVTC staff to post the document on NVTC's website, schedule a public hearing for January 7, 2010 and request public comments.

8. Regional Transportation Items.

- A. U.S. Census American Community Survey Transit Facts.
- B. Subway Ridership Around the World.
- C. Energy Efficient, Technology Advanced Bus Shelters.
- D. Opening Ceremony for Alexandria DASH Bus Garage.

Information Item.

9. NVTC Nominating Committee for 2010 Officers.

NVTC's Executive Committee will again serve as the nominating committee. Election of officers will occur at NVTC's January 7, 2010 meeting.

10. NVTC Financial Items for October, 2009.

Information Item.



AGENDA ITEM #1

MINUTES
NVTC COMMISSION MEETING – NOVEMBER 5, 2009
NVTC CONFERENCE ROOM, ARLINGTON, VIRGINIA

The meeting of the Northern Virginia Transportation Commission was called to order by Chairman Zimmerman at 8:09 P.M.

Members Present

Charles Badger
Sharon Bulova
Adam Ebbin
William D. Euille
Jay Fiset
John Foust
Mark R. Herring
Pat Herrity
Catherine Hudgins
Mary Hynes
Dan Maller
Jeffrey McKay
Mary Margaret Whipple
Christopher Zimmerman

Members Absent

David Albo
Kelly Burk
Jeffrey Greenfield
Joe May
Thomas Rust
Paul Smedberg

Staff Present

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



Minutes of the September 3, 2009 NVTC Meeting

Mrs. Bulova moved, with a second by Senator Whipple, to approve the minutes. The vote in favor was cast by commissioners Badger, Bulova, Euille, Fissette, Foust, Herring, Herrity, Hudgins, Maller, Whipple and Zimmerman. Mrs. Hynes abstained since she was not present at the last meeting.

Mr. McKay arrived at 8:11 P.M. Chairman Zimmerman noted that Mr. Zehner and Mr. MacIsaac have not yet arrived since they are coming from the meeting at PRTC, and the commission discussed whether to wait to begin VRE items. There were no objections to beginning the discussion.

VRE Items

Report from the VRE Operations Board and Chief Executive Officer. Mrs. Bulova encouraged commissioners to read the minutes of the September 18th and October 16th VRE Operations Board meetings.

Approval of Spotsylvania County Membership Agreement and VRE Master Agreement Amendments. Mrs. Bulova reported that all of VRE's jurisdictions have acted affirmatively concerning approval of the Spotsylvania County membership agreement with VRE. The VRE Operations Board recommends commission approval of Resolution #2132, which would approve a membership agreement with Spotsylvania County and an amendment to the VRE Master Agreement. PRTC will also be requested to act at its November 5th meeting to approve and execute an amendment to its founding ordinance and to obtain certification from the Secretary of the Commonwealth that Spotsylvania County's membership in PRTC is effective February 15, 2010 and contingent upon all three agreements being in full force and effect on that date. PRTC must also forward the certification to the Spotsylvania County Board of Supervisors for entry into the minutes of a Board meeting by November 30, 2009.

Mrs. Bulova moved, with a second by Mr. Euille, to approve Resolution #2132 (copy attached).

Chairman Zimmerman asked how the recent election could affect potential Spotsylvania action. Mrs. Bulova stated that those board members that were friendly to VRE were reelected.

The commission then voted on the motion and it passed. The vote in favor was cast by Badger, Bulova, Euille, Fissette, Foust, Herring, Herrity, Hudgins, Hynes, Maller, McKay, Whipple and Zimmerman.

Additional VRE Locomotives. Mrs. Bulova stated that the Operations Board recommends approval of Resolution #2133, which would authorize VRE's CEO to modify the contract with Motive Power, Inc. to purchase three additional locomotives. This increases the total to 15 locomotives. The contract value would increase by \$10,997,829 plus a 10 percent contingency for a new total of \$60,579,992. Mrs. Bulova explained that the additional funds for two of the locomotives became available to VRE through Virginia's portion of the federal bonus obligation and other formula funds to be matched with funds from VRE's sale of Mafersa cars. Purchase of the third locomotive is dependent on approval by Congress of an earmark in the pending FY 2010 appropriations bill.

Mrs. Bulova moved, with a second by Senator Whipple, to approve Resolution #2133. The vote in favor was cast by commissioners Badger, Bulova, Euille, Fiset, Foust, Herring, Herrity, Hudgins, Hynes, Maller, McKay, Whipple and Zimmerman.

Closed Session -- VRE Operations/Maintenance Contract. There were no objections to waiting for Mr. Zehner and Mr. MacIsaac to arrive before entering into Closed Session. The commission would continue on with the other agenda items while they wait.

Status of I-66 Transit/TDM Study

Chairman Zimmerman explained that Corey Hill will also be coming directly from PRTC's meeting, where he is giving the same presentation. Since he has not yet arrived, it was suggested that this item be moved to the end of the agenda. There were no objections.

Status of New Regulations for the NVTC/PRTC Motor Fuels Tax

Mr. Taube reported that on January 1, 2010, distributors of motor fuels sold to retailers in the NVTC/PRTC districts will begin to pay a 2.1 percent tax and retailers will no longer collect a two percent tax on the retail pump price. NVTC and PRTC staff have met with officials of the Virginia Department of Taxation (TAX) to discuss plans for the transition. NVTC staff coordinated comments on a set of draft regulations circulated by TAX, but at this point, it is unclear how those comments will be incorporated. One concern is that significant motor fuel will escape taxation under the transition rules. Also, if the tax is not assessed on the actual sales price to retailers, but rather on a "cost price" paid by distributors (excluding transportation costs and certain administrative items), it could significantly reduce the yield to NVTC/PRTC. There is also the question

of how TAX will inform taxpayers during the transition. Depending on the final set of regulations, NVTC may wish to take some action at its December meeting.

Senator Whipple stated that it was Senator Saslaw's intent to bring more money to NVTC/PRTC through this legislative change. If this is not the case or if there are other problems, NVTC should convey its concerns to Senator Saslaw.

Delegate Ebbin arrived at 8:16 P.M.

In response to a question from Mr. Fiset, Mr. Taube explained that the legislation uses the word "sales price" while the TAX draft regulations use "cost price." Mr. Fiset said that this could produce a significant difference and should be considered a red flag. Mr. Taube stated that staff is monitoring this.

Mr. Maller wondered if this is the normal administrative process, when a final regulation of this importance is being promulgated that it is not available for review.

Legislative Items

Mr. Taube reported that NVTC's Legislative Committee is scheduled to meet on November 10th to put together NVTC's state and federal legislative agenda for 2010. Chairman Zimmerman announced that he has appointed Mr. Euille to serve as the chairman of the Legislative Committee.

WMATA Items

Mr. Taube reported that data on SmarTrip use through July, 2009 show strong growth among all local and regional transit systems. Loudoun County Transit customers lead the region with a 98.1 percent share. He also reported that ridership on WMATA is dropping below budget projects, so WMATA will need to find a way to fill the budget gap.

Mr. Taube also reported that NVTC co-sponsored a public forum with WMATA on October 21, 2009. Many NVTC commissioners attended along with other elected officials and members of the public. Chairman Zimmerman thanked everyone who attended. Mrs. Bulova stated that she was impressed with the large number of people from the disability community who attended the meeting, and appreciated hearing their comments.

Mr. Maller stated that WMATA has had technology issues, which has impacted service reliability and ridership. The incident that Montgomery County was faced with on November 4th with roadway signalization problems, which caused major traffic congestion, is not a short-term problem. He asked if it would impact WMATA ridership. Chairman Zimmerman stated that it will adversely impact Metrobus because the buses will get stuck in the same traffic caused by the signalization problem, but it should help Metrorail ridership.

In response to several questions from Mr. Maller, Mr. Taube stated that staff has compiled data on SmartBenefit usage on bus and rail by jurisdiction.

Delegate Ebbin asked if there is any explanation for the 98.1 percent SmarTrip card share of Loudoun County Transit. Chairman Zimmerman noted that most of the people using Loudoun County Transit are long haul commuters and probably many of them are receiving transit benefits.

Vanpool Incentive Program

Mr. Taube stated that NVTC is guiding a broad regional effort to initiate a new Vanpool Incentive Program that would increase vanpooling and allow WMATA to receive significantly more federal formula assistance to be shared among the participating regions. FAMPO has reserved \$100,000 of CMAQ funds available now for a design study. NVTC has applied to NVTA for \$100,000 CMAQ funds and PRTC has volunteered to provide that amount in FY 2010 if it will be restored in FY 2011. If NVTA acts positively at their meeting on November 12th, a RFP will be issued by FAMPO on November 13th. DRPT has agreed to serve as the project manager to ensure impartiality. The consultant selection committee has been chosen and should be ready to recommend award of contract for action by FAMPO and NVTC no later than January 7, 2010. The target for completion of design is no later than June 30, 2010.

Regional Transportation Items

Potomac River Ferry Demonstration. Mr. Taube stated that the feasibility study prepared for the Prince William County Board examined potential ferry service on the Potomac River. The study included trial runs with a ferry boat. The study concluded that service would be feasible but additional funding would be required. The Prince William Board will look for partners if it decides to proceed. Mrs. Bulova stated there was an interesting presentation given on this project at a Northern Virginia Regional

Commission meeting and she suggested that an abbreviated presentation be given at a future NVTC meeting.

Status of I-95/395 HOT Lanes Project. A memorandum from VDOT and DRPT consultants for an ongoing BRT operations study describes how the scope of that study will be altered to reflect reduced funding for the HOT Lanes project.

Transit Technologies–Bus Shelter Ads and Electric Power from Transit Customers. Mr. Taube stated that there are ads that change as they appear on bus shelter walls when activated by a camera tracking passengers' eyes. Also, technology is being tested in Tokyo, in which heavy foot traffic is being used to generate electricity for transit station lighting. Elements capable of generating electricity are embedded in floor tiles and covered by a mat. The pressure and vibration of commuter foot steps are converted to electricity. Mr. Taube reported that Fairfax County has applied for a grant to do something similar at Tysons Corner.

MWCOG Guaranteed Ride Home. Mr. Taube reported that the regional program to provide free rides for commuters who need to leave work for unexpected emergencies provided a record number of trips in FY 2009. A total of 3,096 trips (up slightly from 3,006 trips in FY 2008) were provided. With 11,000 persons registered, and each person eligible for up to four trips a year, the program is functioning as an effective "insurance policy" for commuters. The average cost to MWCOG is \$65 per trip.

Success of Virginia's Telework Day. The Governor's Office reported that teleworkers on the August 3rd Telework Day saved \$113,000, escaped driving 140,000 miles and avoided almost 76 tons of pollutants. A total of 4,057 persons participated statewide. If all eligible employees teleworked one day per week for a year, 602 million fewer miles would be driven, 360,800 tons of pollution avoided and \$807 million in commuting costs saved. This is equivalent to a \$1,822 average raise for each employee, plus saving 46 hours per person in commuting time.

Safe Trip I-95 Travel Time Website. A new website (www.i95travelinfo.org) uses real time vehicle data to allow travelers to view congestion and obtain travel times on the I-95 corridor from northern New Jersey through southern North Carolina.

Transit Call Centers and 511 Report. This report examines the status of transit systems interacting with the 511 transportation information systems promoted by the FCC.

Virginia Air Quality Improvements. The Governor's Office reports that between 1999 and 2009, Virginia experienced a 96 percent decrease in the number of days exceeding the national standard for ozone. In 1999 there were 76 "bad air days." In 2009 there were three (all in Northern Virginia). Northern Virginia's decline was from 48 days in 1999 to three in 2009. The Governor's Office media release attributed the improvements to several causes but did not mention public transit.

New Tysons Bus Services. Mr. Taube announced that the ribbon cutting ceremony for the new bus service from Woodbridge to Tysons Corner is scheduled for November 6th. This project is sponsored by the VDOT Mega Projects Office to help commuters during construction of the Beltway HOT Lanes and the Dulles Rail project. The buses will have four runs in each of the A.M. and P.M. peak periods. There will also be a bus that runs a loop around Tysons on 10-minute headways during lunchtime. Mr. Herrity observed that the buses from Woodbridge to Tysons will have WiFi capabilities. This should be looked at for long haul transit trips.

NVTC Financial Items for August and September, 2009

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

Closed Session – VRE Operating/Maintenance Contract

Since VRE staff has not yet arrived from PRTC, commissioners discussed whether to recess for a short time or to convene the Closed Session. Without objection, the commission decided to go into Closed Session.

Chairman Zimmerman moved, with a second by Mrs. Bulova, the following motion:

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 for the purpose of consultation with counsel concerning the requirements of the Public Procurement Act and a matter involving the expenditure of public funds where competition and bargaining is involved and where discussion in public would adversely affect NVTC's financial interests and its bargaining position and negotiating strategy.

The vote in favor was cast by commissioners Badger, Bulova, Ebbin, Euille, Fisette, Foust, Herring, Herrity, Hudgins, Hynes, Maller, McKay, Whipple and Zimmerman.

The commission entered into Closed Session at 8:40 P.M. and returned to Open Session at 10:15 P.M. During the Closed Session Senators Whipple and Herring left and did not return. When Mr. Zehner and his staff arrived, they joined the discussion in Closed Session.

Chairman Zimmerman moved, with a second by Mr. McKay, the following certification:

The Northern Virginia Transportation Commission certifies that, to the best of each member's knowledge and with no individual member dissenting, at the just concluded Closed Session:

1. Only public business matters lawfully exempted from open meeting requirements under the Freedom of Information Act were discussed; and
2. Only such public business matters as were identified in the motion by which the Closed Session was convened were heard, discussed or considered.

The vote in favor was cast by commissioners Badger, Bulova, Ebbin, Euille, Fisette, Foust, Herrity, Hudgins, Hynes, Maller, McKay and Zimmerman.

Mrs. Bulova moved to approve Resolution #2134 as amended and she read the entire resolution into the record. Mr. Herrity seconded. The resolution approves award of a five-year contract with Keolis Rail Services America for VRE operating and maintenance services and mobilization with a contract value of \$18,459,348 through June 30, 2011, and authorizes the VRE CEO to execute the contract on behalf of the commissions. The vote in favor was cast by Bulova, Ebbin, Euille, Fisette, Foust, Herrity, Hudgins, Hynes, Maller, McKay and Zimmerman. Mr. Badger abstained. (A copy of the resolution is attached.)

Chairman Zimmerman noted that Senators Whipple and Herring had to leave during the Closed Session but they both asked that the record reflect that if they had been present for the vote, they would have voted in favor of the resolution.

Adjournment

Chairman Zimmerman stated that the I-66 Transit/TDM Study update should be done at a future meeting. Mr. Hill stated that if commissioners or jurisdictional staff want individual briefings, he would be happy to meet with them.

Without objection, Chairman Zimmerman adjourned the meeting at 10:19 P.M.

Approved this 3rd day of December, 2009.

Christopher Zimmerman
Chairman

William Euille
Secretary-Treasurer



RESOLUTION #2132

SUBJECT: Approval of VRE Membership Agreement with Spotsylvania County and of Amendments to VRE Master Agreement.

WHEREAS: On August 18, 2009, the Board of Supervisors of Spotsylvania County approved and authorized execution of the following: (1) an Agreement Governing Spotsylvania County's Admission to Membership in PRTC and Participation in the VRE (the "VRE Membership Agreement"); (2) an amended VRE Master Agreement; (3) an amended PRTC Founding Ordinance and Master Agreement (the "PRTC Founding Ordinance");

WHEREAS: The VRE Membership Agreement must be approved by NVTC and PRTC, the amended VRE Master Agreement must be approved by PRTC, NVTC, and each Participating and Contributing Jurisdiction, and the PRTC Founding Ordinance must be approved by PRTC;

WHEREAS: In order to complete the required steps for Spotsylvania County to become a member of PRTC, a certification from the Secretary of the Commonwealth must be obtained stating that the requirements for enlarging PRTC have been complied with, and that certification must be entered into the minutes of a Spotsylvania County Board of Supervisors' meeting;

WHEREAS: The VRE Membership Agreement approved by Spotsylvania County provides that approval of the three agreements and completion of the certification process must occur by all required parties by November 30, 2009;

WHEREAS: The VRE Membership Agreement approved by Spotsylvania County provides that the effective date of Spotsylvania County's membership in PRTC and its participation in VRE is effective February 15, 2010, subject to each party's right to terminate the VRE Membership Agreement on 30 days notice prior to the effective date;

WHEREAS: The VRE Operations Board has recommended to PRTC and NVTC the following: (1) that the VRE Membership Agreement, as approved by Spotsylvania County, be approved by PRTC and NVTC by November 30, 2009; (2) that the amended VRE Master Agreement be forwarded to the



4350 N. Fairfax Drive • Suite 720 • Arlington, Virginia 22203

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Resolution #2132 continued

Participating and Contributing Jurisdictions for approval by them and by the Commissions, by November 30, 2009; and (3) that by November 30, 2009, PRTC approve the amended PRTC Founding Ordinance and obtain the certification of the Secretary of the Commonwealth that Spotsylvania County's membership in PRTC is effective February 15, 2010, and contingent upon the three agreements described herein being in full force and effect on that date;

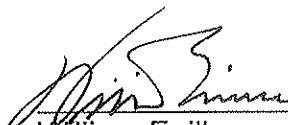
WHEREAS: On September 3, 2009, NVTC forwarded the amended VRE Master Agreement to the Participating and Contributing Jurisdictions for approval by them by October 31, 2009; and

WHEREAS: Each of the Participating and Contributing Jurisdictions has approved the amended VRE Master Agreement.

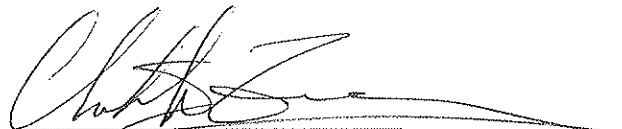
NOW, THEREFORE BE IT RESOLVED that the Northern Virginia Transportation Commission hereby approves the VRE Membership Agreement, as approved by Spotsylvania County, effective February 15, 2010, and authorizes the Chairman to execute it on behalf of the Commission; and

BE IT FURTHER RESOLVED that the Northern Virginia Transportation Commission hereby approves the amended VRE Master Agreement, effective February 15, 2010, and authorizes the Chairman to execute it on behalf of the Commission.

Approved this 5th day of November, 2009.



William Euille
Secretary-Treasurer



Christopher Zimmerman
Chairman

NVTC Northern Virginia Transportation Commission

RESOLUTION #2133

SUBJECT: Additional VRE Locomotives.

WHEREAS: VRE has a contract with Motive Power, Inc. for new locomotives and has currently ordered 12 with a contract value of \$48.4 million;

WHEREAS: VRE has identified funds that would permit the addition of three locomotives to the Motive Power contract at a cost of \$10,997,829 plus a 10 percent contingency; and

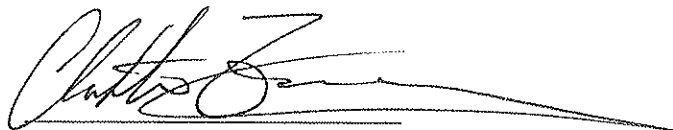
WHEREAS: VRE's Operations Board recommends that NVTC and PRTC approve this action.

NOW, THEREFORE, BE IT RESOLVED THAT the Northern Virginia Transportation Commission authorizes VRE's Chief Executive Officer to increase VRE's locomotive order with Motive Power, Inc. to 15 from 12, with the new contract value increasing to \$60,579,992 including contingency.

Approved this 5th day of November, 2009.



William Euille
Secretary-Treasurer



Christopher Zimmerman
Chairman





RESOLUTION #2134

SUBJECT: Award of VRE Operations/Maintenance Contract.

WHEREAS: Amtrak has been the sole source provider of VRE transportation and mechanical services under an Operations and Services contract since 1992 which expires June 30, 2010;

WHEREAS: VRE is legally required to undergo a competitive procurement process for these services consistent with federal and state law;

WHEREAS: Since 1992, VRE has developed all infrastructure needed for a third party contractor to perform the routine and intermediate maintenance on VRE locomotives and railcars that Amtrak currently provides;

WHEREAS: A competitive procurement, in which four proposals were received, has been completed;

WHEREAS: Staff ranked the firms and the VRE Operations Board recommended award of the contract by the commission to the top-ranked firm, Keolis Rail Services America; and

WHEREAS: In its proposal Keolis has committed to: safety; customer service; retain existing crews and honor current wages, benefits and seniority and provide a signing bonus; provide experienced managers; retain current maintenance providers; all at a lower cost than other proposals.

NOW, THEREFORE, BE IT RESOLVED THAT the Northern Virginia Transportation Commission approves award of a five-year contract with Keolis Rail Services America for VRE operating and maintenance services and mobilization with a contract value of \$18,459,348 through June 30, 2011, and authorizes the VRE CEO to execute the contract on behalf of the commissions.

Approved this 5th day of November, 2009.

Christopher Zimmerman
Chairman

William Euille



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Resolution #2129 continued

Secretary-Treasurer



AGENDA ITEM #2

TO: Chairman Zimmerman and NVTC Commissioners

FROM: Rick Taube

DATE: November 25, 2009

SUBJECT: VRE Items

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- A. Report from the VRE Operations Board and Chief Executive Officer--Information Item.
 - B. Extend Lease Agreement with Manassas Regional Airport Authority--Action Item/Resolution #2135.



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Report from the VRE Operations Board and Chief Executive Officer

Minutes will be provided from the Board meeting of November 20, 2009. The report from VRE's CEO is attached with ridership, on-time performance and financial information.

The deadline for completing actions with Spotsylvania County joining VRE/PRTC is November 30th and a report will be provided on the status. The Secretary of the Commonwealth has provided the required certification and the Spotsylvania County Board is scheduled to take the final required action on November 24th.

Finally, several responses are attached from NVTC/VRE Chairman Zimmerman to concerns expressed by Members of Congress and others prior to the award of contract to Keolis Rail Services America.



CHIEF EXECUTIVE OFFICER'S REPORT

November 2009

MONTHLY DELAY SUMMARY

	July	August	September	October
System wide				
Total delays	45	74	36	80
Average length of delay (mins.)	20	16	15	16
Number over 30 minutes	5	9	2	7
Days with Heat Restrictions/Total days	0/22	4/21	0/21	0/21
On-Time Performance	92.9%	87.8%	94.1%	86.9%
Fredericksburg Line				
Total delays	24	38	13	27
Average length of delay (mins.)	19	15	14	19
Number over 30 minutes	2	4	0	3
On-Time Performance	91.6%	86.1%	95.2%	90.1%
Manassas Line				
Total delays	21	36	23	53
Average length of delay (mins.)	21	17	16	14
Number over 30 minutes	3	5	2	4
On-Time Performance	94.0%	89.3%	93.2%	84.2%

SYSTEM RIDERSHIP

The year-to-date gain in ridership is 400 trips higher per day than October of last year which represents a 2.7% increase. The average daily ridership was 16,413. We are attributing this increase to the regular fall bump and the fact that October 1st marked the beginning of the new federal budget year in which all federal agencies have a transit subsidy of up to \$230.00. However, the year-to-date ridership is up 0.2% which indicates an overall slowing of the growth in ridership. A number of factors could be causing this; increased fares, rising unemployment and crowding on the trains. We'll continue to watch overall ridership and attempt to make adjustments to encourage further growth.

SYSTEM ON TIME PERFORMANCE

OTP on the Fredericksburg Line was 90.1% and the Manassas Line was 84.2%. System on time performance for October was 87.2%. We had a total of 80 delays out of 609 trains during the month of October, eight of which were mechanical. Most of the delays were due to congestion (38%) followed by switch and signal failures (18%). In addition, the Manassas line had several delays as a result of seasonal leaf oil issues. Overall system-wide on-time performance is 90% for the first four months of FY 2010.

HIGHEST RIDERSHIP DAY EVER

VRE experienced its highest ridership day ever on October 14, 2009. The total ridership was over 18,000. We also had seven days over 16,500 and four days over 17,000.

CSX SIGNAL SUSPENSION

Beginning Friday night, November 13th, after VRE service has concluded, CSX will conduct a signal suspension between Rippon and Alexandria. Work is not expected to be completed until after evening service on Monday, November 16th. Because all signals will be temporarily removed from service, all trains will have to stop and wait for individual authorization to proceed. This suspension will only affect Fredericksburg line trains. As a result, we decided to operate a very limited schedule on November 16th. Train 300, 304 and 310 will run in the mornings and trains 303, 307 and 313 will run in the evenings. While these trains will experience severe delays, some VRE riders do not have an alternative transportation option. As such, we decided to run limited service. Actual track work will take place south of Alexandria and north of Rippon.

Ultimately, this work will benefit VRE's Fredericksburg Line riders. The additional track between Alexandria and Franconia/Springfield is being built to speed up passenger trains. This area, also known as Franconia Hill, is the "ruling grade" on the Fredericksburg Line, meaning it is the steepest hill in VRE territory. The addition of the third track will allow VRE and Amtrak trains to more easily pass slower freight trains who take considerable time to climb this steep grade.

CAB SIGNAL NOW EXTENDS FROM RO TO VA

An Automatic Train Control (ATC) system with cab signals currently exists on the CSX RF&P Subdivision between Richmond, VA and Arlington, VA. However, the approximately two-mile segment of track from Arlington to the Virginia Avenue Tower in Washington, DC is controlled by a Centralized Traffic Control (CTC) system, without cab signals. This segment of track is the portion of the VRE network where rail traffic is most dense and the speeds are most restricted. VRE and CSX initiated a project to improve the efficiency and safety of VRE, Amtrak and CSX operations by filling in the "gap" with the ATC/cab signal system. Installing the signal system permits the signal status to be transmitted directly to the engineer in the cab, augmenting the fixed wayside signals as well as helping dispatchers safely intersperse trains at closer intervals and higher speeds. The project was completed October 25, 2009. The project was funded with Rail Enhancement Funding from the Commonwealth and a match provided by CSX.

BROOKE AND LEELAND PARKING EXPANSION UPDATE

VRE submitted the draft Environmental Assessment to FTA for approval of a parking expansion at Brooke. The preferred alternative is a surface parking lot to the south of the existing lot. Stafford County and VRE are working jointly to submit a hardship acquisition package to FTA for approval to purchase property at the proposed project location. As soon as

the property appraisal is complete, FTA will review the request. The proposed project will create an additional 200 surface lot parking spaces.

The Environmental Assessment for the Leeland Road parking lot expansion project is currently under review by FTA. VRE is taking a recommendation to the Operations Board this month to award a task order for final design. The design work will not begin until the environmental document is approved by FTA. The Stafford County Board of Supervisors approved a zoning reclassification of the PRTC parcel to allow for parking and a radio tower.

MONTHLY PERFORMANCE MEASURES – OCTOBER 2009

MONTHLY ON-TIME PERFORMANCE	ON-TIME PERCENTAGE
October Fredericksburg OTP Average	90.1%
October Manassas OTP Average	84.2%
VRE OCTOBER OVERALL OTP AVERAGE	87.2%

RIDERSHIP YEAR TO DATE	RIDERSHIP
VRE FY 2009 Passenger Totals	1,354,198
VRE FY 2008 Passenger Totals	1,350,981
PERCENTAGE CHANGE	0.2%

RIDERSHIP MONTH TO MONTH COMPARISON	
DESCRIPTION	MONTHLY RIDERSHIP
OCTOBER 2009	345,883
OCTOBER 2008	352,652
PERCENTAGE CHANGE	2.7% (NORMALIZED)
SERVICE DAYS (CURRENT/PRIOR)	21/22

Monthly Ridership and OTP: October 2009

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	4,106	4,380	8,486	88%	4,336	4,293	8,629	85%	17,115	86%
2	3,454	3,352	6,806	100%	3,452	3,861	7,313	100%	14,119	100%
3										
4										
5	4,049	4,273	8,322	88%	4,266	4,383	8,639	85%	16,961	86%
6	4,426	4,443	8,869	88%	4,411	4,546	8,957	85%	17,826	86%
7	4,358	4,303	8,661	94%	4,329	4,204	8,533	92%	17,194	93%
8	3,909	4,108	8,017	75%	4,284	4,210	8,494	62%	16,511	69%
9	3,362	3,532	6,894	88%	3,576	3,753	7,329	92%	14,223	90%
10										
11										
12										
13	4,104	4,129	8,233	88%	4,141	4,386	8,527	85%	16,760	86%
14	4,417	4,220	8,637	81%	4,272	5,066	9,338	100%	17,975	90%
15	3,877	4,309	8,186	81%	4,376	4,382	8,758	92%	16,944	86%
16	3,518	3,579	7,097	75%	3,961	4,298	8,259	85%	15,356	79%
17										
18										
19	4,086	3,973	8,059	69%	4,058	4,336	8,394	69%	16,453	69%
20	4,121	4,274	8,395	100%	4,282	4,280	8,562	100%	16,957	100%
21	4,036	4,022	8,058	75%	4,331	4,276	8,607	100%	16,665	86%
22	3,942	4,258	8,200	81%	4,165	4,463	8,628	92%	16,828	86%
23	3,405	3,454	6,859	94%	3,622	3,805	7,427	92%	14,286	93%
24										
25										
26	3,960	3,904	7,864	69%	4,050	4,279	8,329	0%	16,193	83%
27	4,205	4,383	8,588	81%	4,594	4,590	9,184	92%	17,772	86%
28	4,132	4,214	8,346	75%	4,470	4,402	8,872	92%	17,218	83%
29	3,923	4,331	8,254	81%	4,246	4,545	8,791	92%	17,045	86%
30	3,345	3,313	6,658	100%	3,719	3,882	7,601	100%	14,259	100%
31	82,735	84,754	167,489	84%	86,931	90,240	177,171	90%	344,660	87%
	Adjusted total:		167,543		Adjusted Total:		178,340	Adjusted Total:	345,883	

	Total Trips This Month:	345,883
# of Service Days:	21	Adjusted Total:
Manassas Daily Avg. Trips:	7,976	Prior Total FY-2010:
Fred'burg Daily Avg. Trips:	8,437	1,008,315
Total Avg. Daily Trips:	16,412	Total Trips FY-2010
	Adjusted Avg.:	1,354,198
	Adjusted Avg.:	44,455,982
	Adjusted Avg.:	Grand Total:
		45,810,180

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

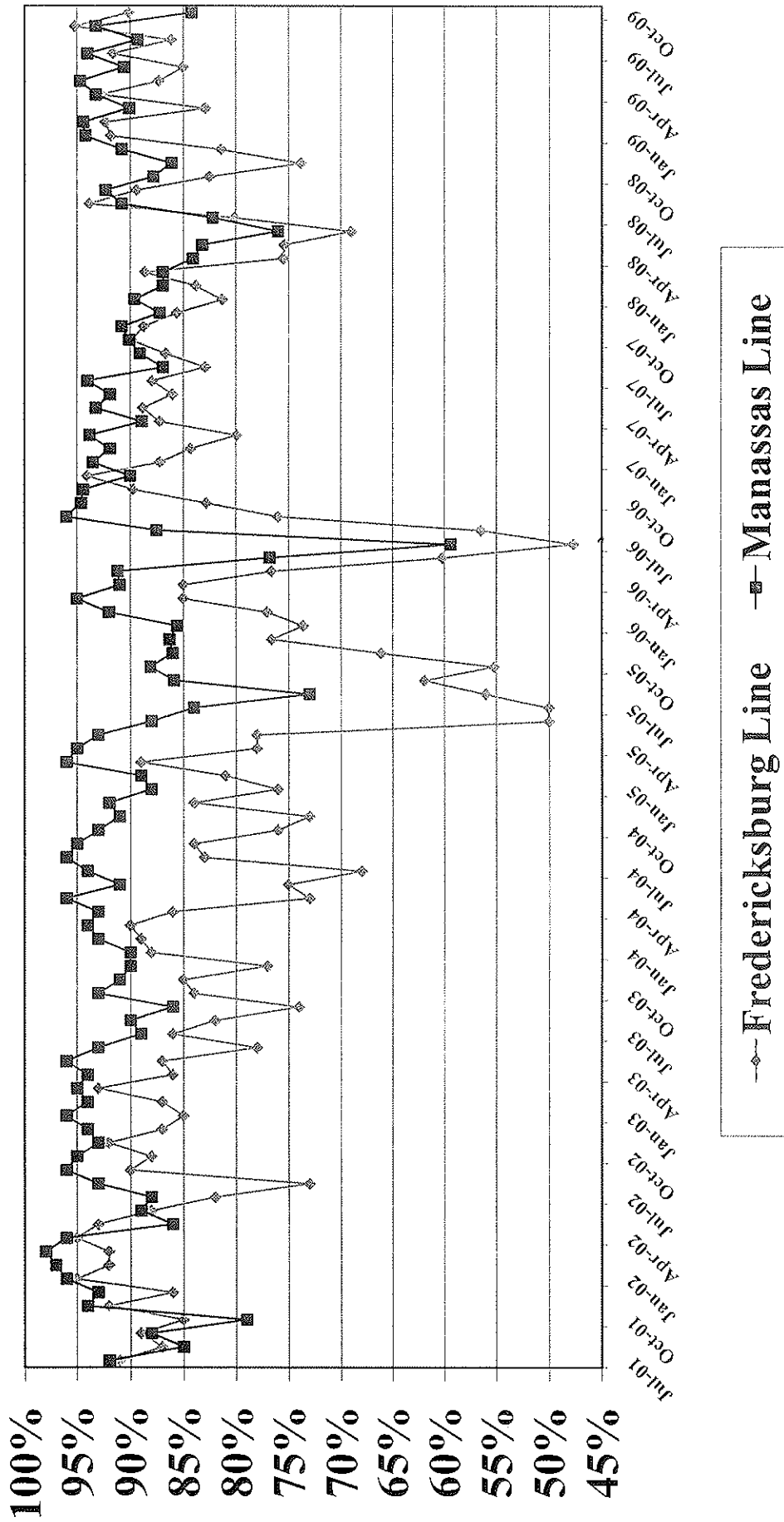
Monthly Ridership Changes: FY 2009 v. FY 2010

Current Month	MANASSAS				FREDERICKSBURG			
	Cumulative FY2009	Cumulative FY2010	% change	Cumulative FY2009	Cumulative FY2010	% change	Current Total	% change
July	154,066	163,100	5.9%	184,525	179,830	-2.5%	342,930	1.3%
August	298,659	317,944	6.5%	359,154	351,580	-2.1%	669,524	1.8%
September	456,054	479,425	5.1%	542,275	528,890	-2.5%	1,008,315	1.0%
October	620,865	646,968	4.2%	730,116	707,230	-3.1%	1,354,198	0.2%
November	746,905			875,201				
December	883,468			1,035,994				
January	1,021,679			1,192,914				
February	1,165,667			1,352,042				
March	1,328,811			1,527,273				
April	1,492,195			1,707,585				
May	1,640,938			1,867,882				
June	1,808,366			2,049,280				

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

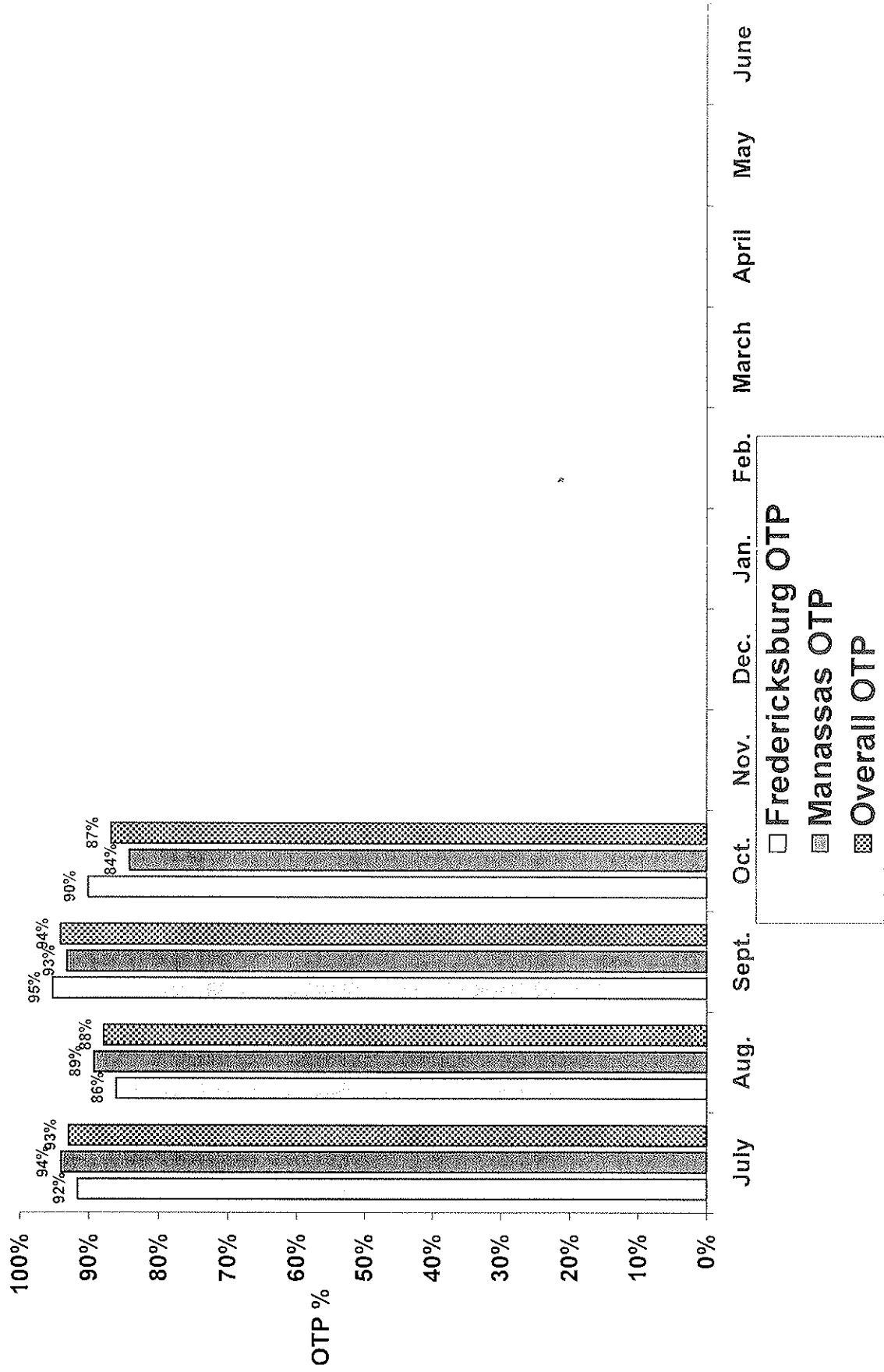
On-Time Performance

July 2001 – October 2009



Average On-Time Performance

FY-2010



FINANCIAL STATISTICS FOR OCTOBER 2009

Copies of the October 2009 Operating Budget Report are attached.

Fare income for the month of October 2009 was \$281,091 above the budget – a favorable variance of 12.48%. The cumulative variance for the year is 7.91% or \$721,038 above the adopted budget. Revenue in the first four months of FY 2010 is up 16.7% over FY 2009. This positive variance is the result of higher than anticipated ridership and the January and July 2009 fare increases.

A summary of the financial results (unaudited) as of October 2009 follows. Detail on the major revenue and expense categories are provided in the attached Operating Budget Report.

Measures		Goal	Actual
Operating Ratio		55%	82%
Budgeted Revenue	69,844,110		
Budgeted Revenue YTD	24,803,392		
Actual Revenue YTD	25,451,983		
Cumulative Variance	648,591		648,591
Percent Collected FY 07 YTD		35.51%	36.44%
Budgeted Expenses	69,844,110		
Budgeted Expenses YTD	23,841,843		
Operating Expenses YTD	22,842,557		
Cumulative Variance	999,286		999,286
Percent Collected FY 07 YTD		34.14%	32.71%
Net Income (Loss) from Operations			1,647,877

These figures are preliminary and unaudited.

VIRGINIA RAILWAY EXPRESS
FY 2010 Operating Budget Report
October 31, 2009

	CURR. MO. ACTUAL	CURR. MO. BUDGET	YTD ACTUAL	YTD BUDGET	YTD VARIANCE \$	YTD VARIANCE %	TOTAL FY10 BUDGET
OPERATING REVENUE							
Passenger Ticket Revenue	2,533,168	2,252,077	9,836,588	9,115,550	721,038	7.9%	26,917,683
Equipment Rental and Other	13,914	12,675	80,417	51,305	29,112	56.7%	151,500
Subtotal Operating Revenue	2,547,082	2,264,752	9,917,005	9,166,855	750,150	8.2%	27,069,183
Jurisdictional Subsidy (1)	-	-	7,660,457	7,660,457	-	0.0%	14,959,826
Federal/State/Other Jurisdictional Subsidy	2,548,347	2,448,879	7,864,477	7,898,192	(33,715)	-0.4%	27,185,101
Appropriation from Reserve	-	-	-	-	-	0.0%	400,000
Interest Income	2,329	31,992	10,044	77,888	(67,844)	-87.1%	230,000
Total Operating Revenue	5,097,758	4,745,624	25,451,983	24,803,392	648,591	2.6%	69,844,110
OPERATING EXPENSES							
Departmental Operating Expenses	4,217,599	3,932,827	14,925,526	15,904,170	978,644	6.2%	47,323,821
Debt Service	1,048,327	1,053,758	3,303,793	3,324,860	21,067	0.6%	13,582,380
Insurance	-	-	4,612,813	4,612,813	-	0.0%	5,095,000
Other Non-Departmental Expenses	-	-	425	-	(425)	-	3,842,909
Total Operating Expenses	5,265,926	4,986,585	22,842,557	23,841,843	999,286	4.2%	69,844,110
NET INCOME (LOSS) FROM OPERATIONS	(168,168)	(240,961)	2,609,426	961,548	1,647,878		
CALCULATED OPERATING RATIO							
			82%				

(1) Total jurisdictional subsidy is \$16,376,967. Portion shown is attributed to Operating Fund only.



Virginia Railway Express Operations Board

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

November 16, 2009

The Honorable Eleanor Holmes Norton
Congress of the United States
House of Representatives
Washington, DC 20515

BY EMAIL and MAIL

Dear Congresswoman Norton:

Thank you for your November 5, 2009 letter recommending that the Northern Virginia and Potomac and Rappahannock Transportation Commissions reconsider award of a contract to Keolis Rail Services America (Keolis).

The current Virginia Railway Express (VRE) contract with Amtrak was issued as a sole source when VRE began service in 1992. At that time, the sole source was justified because Amtrak was the only service provider able to perform the required operations and maintenance responsibilities. Since 2004, VRE has constructed the necessary maintenance infrastructure so that rail equipment maintenance can now be performed in VRE yards, and several viable private operators now providing commuter rail services in the United States are available to compete for a VRE contract. In the absence of a justifiable basis for a sole source procurement of Amtrak, **both Virginia and federal law require VRE to compete this contract.** In fact, the competitive process was something the Federal Transit Administration (FTA) has encouraged VRE to do for some time.

On November 5, 2009 both Commissions approved an award to Keolis Rail Services America. The award was made after a competitive procurement process executed in strict compliance with all applicable law, which resulted in one unambiguous winner. The four contractors who submitted proposals were scored on their demonstrated responsiveness to the specified evaluation criteria. **Keolis outscored the other three proposers on every one of the evaluation criteria by a substantial margin, and offered a lower price than any of the other proposers.** Keolis also took no exceptions to VRE's contract requirements

Northern Virginia
Transportation Commission
4350 North Fairfax Drive, Suite 720
Arlington, Virginia 22203
(703) 524-3322

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Potomac and Rappahannock
Transportation Commission
14700 Potomac Mills Road
Woodbridge, Virginia 22192
(703) 583-7782

The Honorable Eleanor Holmes Norton
November 16, 2009
Page Two

specified in the request for proposals. The outcome of the evaluation process compels the award to Keolis.

Regarding your concerns about a new railroad provider operating into Washington Union Station (WUS), VRE will work closely with Amtrak and our host railroads, CSX and Norfolk Southern, to ensure a safe operation. We are aware of the complex railroad environment, and we are assured that Keolis will be ready to operate on July 1, 2010 with the approval of VRE, FRA, and our host railroads. We expect the majority of the individual train operators to be the exact same individuals who operate the trains today.

Under the Keolis proposal, no American railroad jobs will be lost. Keolis will offer the forty-five conductors and engineers currently in VRE service the opportunity to join Keolis without any loss in compensation. While they have assumed a 70% transition to be conservative, they would welcome a 100% transition. In an effort to facilitate this move, Keolis will offer equivalent wages with no change in benefits or seniority as well as railroad retirement *and* a signing bonus. Any other personnel hired by Keolis will be qualified American railroaders. In addition, all thirty-one equipment maintenance personnel currently employed under contracts with Amtrak and VRE will be maintained by Keolis through subcontracts.

With regard to safety, Keolis is committed to rail safety and the safety of VRE's riders. Keolis has an impeccable safety record in Europe and that experience will be carried over to their operation in the United States. Because Federal Railroad Administration (FRA) requirements are law, every employee working on the VRE territory must qualify under FRA rules. Toward that end, Keolis will work with VRE's host railroads, CSX and Norfolk Southern, and the FRA to implement safety plans and procedures which meet all FRA requirements. **Keolis will not operate unless the FRA and the host railroads are satisfied that Keolis has met all safety and operational requirements prior to the start of operations on July 1, 2010.**

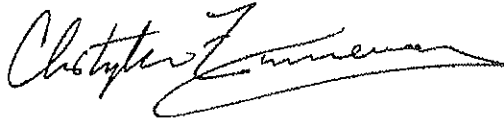
Concerning the investment of federal stimulus dollars, all stimulus funding provided to VRE was used to purchase three new American-made locomotives and will not be used to fund the Keolis contract.

Keolis brings solid rail experience to the American market with a U.S. management team that collectively has over 90 years of experience working for American railroads. **The competitive procurement process required by federal**

The Honorable Eleanor Holmes Norton
November 16, 2009
Page Three

and state laws has enabled VRE to increase the customer service to our riders while reducing total operating costs by \$1 million.

Sincerely,

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

Christopher Zimmerman
Chairman, Northern Virginia Transportation Commission

cc: Members of Northern Virginia Transportation Commission
Members of Potomac and Rappahannock Transportation Commission
Honorable Chairman James L. Oberstar
Honorable Chairman Bennie G. Thompson
Honorable Sheila Jackson Lee
Administrator Joseph C. Szabo

ELEANOR HOLMES NORTON
DISTRICT OF COLUMBIA

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE

SUBCOMMITTEES:

CHAIRWOMAN
ECONOMIC DEVELOPMENT,
PUBLIC BUILDINGS, AND EMERGENCY
MANAGEMENT

AVIATION

WATER RESOURCES AND ENVIRONMENT



Congress of the United States
House of Representatives
Washington, D.C. 20515

November 5, 2009

COMMITTEE ON
OVERSIGHT AND
GOVERNMENT REFORM

SUBCOMMITTEES:

FEDERAL WORKFORCE, POSTAL
SERVICE, AND DISTRICT OF COLUMBIA
* COVERS DISTRICT OF COLUMBIA ISSUES

COMMITTEE ON
HOMELAND SECURITY

SUBCOMMITTEES:

TRANSPORTATION SECURITY, AND
INVESTMENT PROTECTION
EMERGENCY COMMUNICATION,
PREPAREDNESS, AND RESPONSE

The Northern Virginia Transportation Commission
4350 North Fairfax Drive, Suite 720
Arlington, VA 22203

The Potomac and Rappahannock Transportation Commission
14700 Potomac Mills Road
Woodbridge, VA 22192

BY EMAIL and MAIL

Dear Chairman and Board Members:

As a member of the House Committees on Homeland Security and Transportation and Infrastructure, I request that your commissions delay the awarding of the contract for rail operations and maintenance services, which Virginia Railway Express (VRE) has recommended be awarded to Keolis Rail Services America (Keolis), until you conduct a review of the issues discussed in this letter.

In my role on both committees, I routinely perform oversight of the maintenance, operation and safety of the nation's transportation systems. I have significant concerns about the ability of a new railway to operate at Washington, D.C.'s Union Station and to participate in the national capital region's evacuation and disaster protocols. Importantly, I am concerned because I chair a committee that is having hearings on a major effort to completely renovate Union Station for expanded Amtrak, VRE, and MARC service, as well as future high speed rail lines. I also share the Federal Railroad Administration's (FRA) concerns about this contract, outlined in their November 4, 2009, letter to you. The VRE operating environment involves three passenger railroads and two Class I freight railroads, creating one of the busiest and most complex railroad environments in the United States. That environment is hyper-sensitive because of the Washington D.C. hub. The VRE operator must be able to seamlessly communicate with, and coordinate the operations of, transportation systems, and passenger and freight railroads of all kinds in the national capital region. A train operator must also be able to comply with FRA and other federal regulations. We understand that Keolis has never operated a rail service in the United States, which raises questions about how quickly it could get up to speed on federal regulations, especially regulations that involve the nation's capitol post 9/11.

We also understand that Keolis intends to retain only 60 to 70 percent of the VRE's current workforce. An important consideration in the selection of an operator for VRE is its ability to recruit and retain the most qualified workforce. This workforce must be cultivated

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through training and other programs designed to recruit and retain the best workforce. In particular, as VRE looks to expand its service northward, it seems likely that a reduction in force would reduce the quality of rail service, as well as rail safety, in the national capital region. VRE also recently received almost \$9.8 million in federal stimulus funds and \$3.8 million from Virginia's federal stimulus funds to create jobs and enhance America's infrastructure.

As a member of the Homeland Security Committee, and the sole federal congressional representative from the District of Columbia, I am very concerned that Keolis has apparently not submitted documentation of its operational safety or emergency evacuation plans for the national capital region to the FRA. The national capital region, which was hit on 9/11, is especially vulnerable to a terrorist attack, and protecting the safety of the national capital region needs to be our number one priority.

I urge you to consider the full array of qualifications of all competing operators to ensure the effective and safe operation of the railways in the national capital region. Thank you in advance for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Eleanor H. Norton". The signature is written in black ink and has a long horizontal flourish extending to the right.

Eleanor Holmes Norton
Member Transportation and Infrastructure Committee
Member Homeland Security Committee

Cc: Honorable Chairman James L. Oberstar
Honorable Chairman Bennie G. Thompson
Honorable Corrine Brown
Honorable Sheila Jackson Lee
Administrator Joseph C. Szabo



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November 16, 2009

The Honorable Corrine Brown
Congress of the United States
House of Representatives
Washington, DC 20515

BY EMAIL and MAIL

Dear Congresswoman Brown:

Thank you for your November 3, 2009 letter recommending that the Northern Virginia and Potomac and Rappahannock Transportation Commissions reconsider award of a contract to Keolis Rail Services America (Keolis).

The current Virginia Railway Express (VRE) contract with Amtrak was issued as a sole source when VRE began service in 1992. At that time, the sole source was justified because Amtrak was the only service provider able to perform the required operations and maintenance responsibilities. Since 2004, VRE has constructed the necessary maintenance infrastructure so that rail equipment maintenance can now be performed in VRE yards, and several viable private operators now providing commuter rail services in the United States are available to compete for a VRE contract. In the absence of a justifiable basis for a sole source procurement of Amtrak, **both Virginia and federal law require VRE to compete this contract.** In fact, the competitive process was something the Federal Transit Administration (FTA) has encouraged VRE to do for some time.

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The Honorable Corrine Brown
November 16, 2009
Page Two

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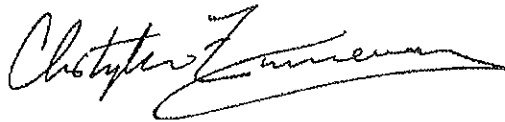
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The Honorable Corrine Brown
November 16, 2009
Page Three

and state laws has enabled VRE to increase the customer service to our riders while reducing total operating costs by \$1 million.

Sincerely,

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Christopher Zimmerman
Chairman, Northern Virginia Transportation Commission

cc: Members of Northern Virginia Transportation Commission
Members of Potomac and Rappahannock Transportation Commission
Honorable Chairman James L. Oberstar
Honorable Chairman Bennie G. Thompson
Honorable Sheila Jackson Lee
Administrator Joseph C. Szabo

Rick Taube

From: April Maguigad [amaguigad@vre.org] on behalf of Gotrains [Gotrains@vre.org]
Sent: Monday, November 16, 2009 10:33 AM
To: arjun91@aol.com
Subject: RE: Comments about Keolis

Dear Mr. Handa,

Thank you for writing. Mr. Zimmerman asked us to send you his response to your email. Please see below.

Sincerely,

April Maguigad
Director, Rail Operations

Dear Mr. Handa:

Thank you for writing me concerning the recent VRE procurement for rail service. After careful consideration, the service contract was awarded to Keolis Rail Services America, LLC. As this is the largest procurement that VRE has ever conducted, it is natural that riders would have some concerns about possible changes – as did Board and Commission members.

To understand how this decision came about, there are a few things you should know.

First, VRE was required, by both federal and state law, to put the service contract "out to bid" under a competitive procurement process.

Secondly, the actual process by which the procurement was conducted is prescribed by Virginia law. The process involves a 'request for proposals', which was issued last spring, with specific criteria identified for all bidders to respond to. The responses are then evaluated by a professional panel, which scores them based on their demonstrated responsiveness to the published evaluation criteria. The panel also conducts interviews.

In this case four firms submitted applications (including Amtrak). VRE Board members (as well as the Chief Executive Officer) had no role in the actual review, and didn't even know the names of the bidders, until after the panel concluded its evaluation.

When the final results were presented to the Board, one firm outscored all others on every one of the evaluation criteria, by a very wide margin. That firm was Keolis. (Amtrak actually finished third).

Keolis also offered the lowest price to VRE – by a million dollars a year.

Finally, Keolis offered to take on the existing employees, with comparable pay and benefits to that which they now enjoy, honor their seniority, and pay them each a signing bonus.

Under such circumstances there really wasn't a 'decision' for the VRE Board or the Commissions to make: A properly executed procurement process, with one unambiguous winner on both quality and price, leaves little scope for discretion on the part of policymakers. As a result, it is hardly surprising that every representative of both Commissions voted to support the award.

Keolis brings solid rail experience, with a U.S. management team that collectively has over 90 years of experience working for American railroads. The maintenance team is made up of the two firms currently providing maintenance services for VRE.

Keolis has an impeccable safety record in Europe; it is important to note that Federal Railroad Administration requirements are law. This means that every employee working on the VRE territory must qualify under FRA rules. Toward that end, Keolis will work with VRE's host railroads, CSX and Norfolk Southern, and the FRA to implement safety plans and procedures which meet all FRA requirements. **Keolis will not operate unless the FRA and the host railroads are satisfied Keolis has met all safety and operational requirements prior to the start of operations on July 1, 2010.**

In approving the contract award, the Commissions and VRE Board emphasized the importance of the employees who currently provide the service. An important component of this contract is the retention of the employees who provide service to VRE passengers every day. These men and woman are instrumental in VRE's success and safety, and we hope that they will choose to stay with the VRE family.

I hope this addresses your questions. Please do not hesitate to contact me if I may be of any further assistance.

Sincerely,

Christopher Zimmerman
Chairman, Northern Virginia Transportation Commission
Chairman, VRE Operations Board

Extend Lease Agreement with Manassas Regional Airport Authority

The VRE Operations Board recommends approval of Resolution #2135. This resolution authorizes the VRE Chief Executive Officer to extend the term of a lease agreement between VRE and the Manassas Regional Airport Authority for 59 months at a cost not to exceed \$81,960. The lease covers land on which 98 parking spaces are located at the VRE Broad Run station. The original lease was signed in February, 2005 for a five-year period. Funding is available from a FY 2009 federal grant with local and state funds providing the required match.



RESOLUTION #2135

SUBJECT: Extend Lease Agreement with Manassas Regional Airport Authority.

WHEREAS: In February, 2005 VRE executed a land lease with the Manassas Regional Airport Authority for a parking lot adjacent to the Broad Run VRE station;

WHEREAS: The existing lease will expire in January, 2010; and

WHEREAS: The VRE Operations Board recommends extending this agreement for an additional period of 59 months.

NOW, THEREFORE, BE IT RESOLVED THAT the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to extend the term of a lease agreement between VRE and the Manassas Regional Airport Authority in an amount not to exceed \$81,960 over a period of 59 months.

Approved this 3rd day of December, 2009.

Christopher Zimmerman
Chairman

William Euille
Secretary-Treasurer



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AGENDA ITEM 8-D
ACTION ITEM

TO: CHAIRMAN ZIMMERMAN AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: NOVEMBER 20, 2009

**RE: AUTHORIZATION TO EXTEND LEASE AGREEMENT WITH THE
MANASSAS REGIONAL AIRPORT AUTHORITY**

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to extend the term of a lease agreement between VRE and the Manassas Regional Airport Authority in an amount not to exceed \$81,960 over a period of fifty-nine (59) months.

BACKGROUND:

The Broad Run station is a heavily used station with parking demands currently at 117% of available capacity. There are currently 887 parking spaces, including a 98 space lot constructed on land leased from the Airport Authority.

In 2003, VRE was awarded funding through the Governor's Congestion Relief Program to complete parking expansion projects and access improvements at Manassas and Broad Run. As part of this project, property was identified adjacent to the Broad Run VRE station that is owned by the Manassas Regional Airport Authority. In February 2005, VRE entered into a five-year lease agreement and 98 parking spaces were subsequently constructed.

VRE recommends maintaining the surface parking lot afforded by the lease which will expire in January 2010. VRE staff is requesting an extension of fifty-nine (59) months at a cost not to exceed \$81,960 during that period.

FISCAL IMPACT:

Funding is included in the VRE CIP as part of the Broad Run project. Funding is available from a FY 2009 federal grant. The local match is provided using state and local funds.



AGENDA ITEM #3

TO: Chairman Zimmerman and NVTC Commissioners
FROM: Rick Taube and Scott Kalkwarf
DATE: November 25, 2009
SUBJECT: NVTC and VRE Audits for FY 2009

PBGH LLP audits both NVTC and VRE. Mike Garber, the partner in charge of the audits for PBGH, will be present to discuss the results. The VRE Operations Board has previously considered the VRE audit findings on November 20, 2009 and NVTC's Executive Committee (serving as the Audit and Financial Committee) will be briefed just prior to NVTC's business meeting. Following discussion, the commission will be asked to act to authorize NVTC's executive director and VRE's chief executive officer to distribute the audited financial statements to interested regulatory agencies, bond holders, other firms and individuals and to post the results on the NVTC and VRE websites.

For NVTC, there were two opinions from PBGH, both clean. There was no federal single-agency audit required this year because the threshold of federal grant billings was not exceeded. For FY 2009, NVTC's revenues increased by over \$50 million from the previous year to reach \$203 million.

For VRE, the two opinions were also unqualified. However, a finding was made in one opinion regarding internal controls, because a major item paid electronically in July, was not properly accrued as of June 30th. VRE staff has acted to correct the situation.



**NORTHERN VIRGINIA
TRANSPORTATION COMMISSION**

**Financial and Compliance Reports
Year Ended June 30, 2009**

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, each major fund, and the remaining fund information of Northern Virginia Transportation Commission as of and for the year ended June 30, 2009, which collectively comprise Northern Virginia Transportation Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Northern Virginia Transportation Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we express no such opinion. 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, each major fund, and the remaining fund information of Northern Virginia Transportation Commission as of June 30, 2009, 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 17, 2009 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 is presented for purposes of additional analysis 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.

PBGH, LLP

Harrisonburg, Virginia
November 17, 2009

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2009

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, 2009. 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, 2009, the Statement of Net Assets shows \$26,301,125 due from the Commonwealth of Virginia, of which \$5,725,583 is for motor fuels sales tax, and \$20,575,542 for grant revenue. This is an increase over the previous fiscal year which included receivables of \$8,671,727 in motor fuels sales tax and \$12,699,290 in grant revenue, totaling \$21,371,017. The approximate \$7.9 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. The \$2.9 million decrease in receivable for motor fuels tax is the result of declining fuel prices between periods. As of June 30, 2009, all but \$19,320 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 \$179,786. Net assets invested in capital assets of \$11,904 and unrestricted net assets of \$167,882 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, 2009 and 2008**

	<u>2009</u>	<u>2008</u>	Increase (Decrease)
Current and other assets	\$ 26,582,056	\$ 21,897,416	\$ 4,684,640
Capital assets	11,904	13,574	(1,670)
Total assets	<u>26,593,960</u>	<u>21,910,990</u>	4,682,970
Current and other liabilities	26,310,711	21,629,233	4,681,478
Long-term liabilities	103,463	65,269	38,194
Total liabilities	<u>26,414,174</u>	<u>21,694,502</u>	4,719,672
Net assets:			
Invested in capital assets	11,904	13,574	(1,670)
Unrestricted	167,882	202,914	(35,032)
Total net assets	<u>\$ 179,786</u>	<u>\$ 216,488</u>	<u>\$ (36,702)</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, 2009, approximately \$203 million in revenues were reported, which is an increase of approximately \$51 million from the previous year, and similar to the increase in expenses. Net assets decreased by \$36,702 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, 2009 and 2008**

	<u>2009</u>	<u>2008</u>	<u>Increase (Decrease)</u>
Revenue:			
Program revenues:			
Operating grants and contributions	\$ 203,309,370	\$ 151,714,866	\$ 51,594,504
General revenues:			
Interest income	8,194	25,330	(17,136)
Total revenue	<u>203,317,564</u>	<u>151,740,196</u>	<u>51,577,368</u>
Expenses:			
General and administration	980,377	925,439	54,938
Project costs	710,873	5,097,977	(4,387,104)
Payments to fiduciary fund	<u>201,663,016</u>	<u>145,706,640</u>	<u>55,956,376</u>
Total expenses	<u>203,354,266</u>	<u>151,730,056</u>	<u>51,624,210</u>
Change in net assets	(36,702)	10,140	(46,842)
Net assets, beginning of year	<u>216,488</u>	<u>206,348</u>	<u>10,140</u>
Net assets, end of year	<u>\$ 179,786</u>	<u>\$ 216,488</u>	<u>\$ (36,702)</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, 2009 the General Fund had a total fund balance of \$271,345, a decrease of \$25,610 from the prior year, of which all was unreserved. The decrease is the result of a budgeted drawdown of surplus funds, partially offset by a favorable budget variance.

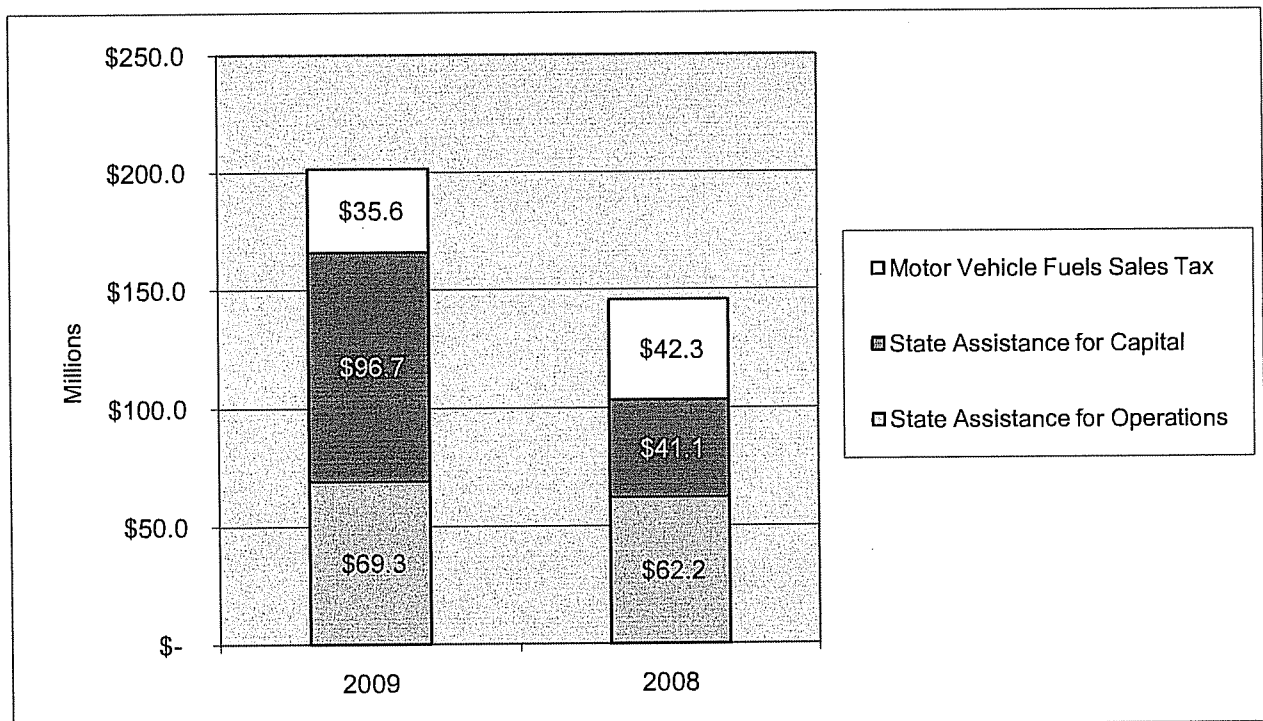
During fiscal year 2009, NVTC had seven active grant funded regional projects, with total direct costs of \$710,873. The Code Red project, which has been ongoing since fiscal year 1999, has been discontinued, and the remaining grant funds redirected to other projects in the region. The regional SmarTrip project, which has over approximately \$7.1 million in project costs to date, and the largest active project in terms of dollars expended, was substantially complete as of the end of the fiscal year.

State and Federal funding sources for projects during the fiscal year totaled \$540,229. Other funding sources include local contributions from NVTC and other governments of \$217,094. 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 \$878,047 in state assistance and 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 \$56 million (38%) compared to fiscal year 2008. 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 \$7.1 million increase in assistance from fiscal year 2008 to fiscal year 2009 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. In fiscal year 2008 and 2009, the FTM/Admin program received 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 2009 includes revenue from the Mass Transit Trust Fund, the Mass Transit Capital program, and special appropriations for capital. The state-wide capital program is funded at the statutory fixed rate of 25% of projected Mass Transit Trust Fund revenues. An additional \$60 million was available statewide through the Mass Transit Capital program, funded by revenue bonds. The substantial increase in the capital revenue recognized by the special revenue fund is due to an increase in NVTC's effective capital matching ratio, combined with an increase in capital costs invoiced to grants during the fiscal year.

The Motor Vehicle Fuels Sales tax is levied on the retail sales of gasoline and diesel fuel within NVTC's jurisdictions. Motor Vehicle Fuels Sales tax revenue decreased by \$6.7 million, or over 15%, from the previous fiscal year. This decrease is consistent with the national average price decrease 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 affect 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, 2009

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET ASSETS
June 30, 2009

ASSETS	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 234,748
Due from other governments:	
Commonwealth of Virginia	26,301,125
Virginia Railway Express	12,344
Local jurisdictions	8,798
Advances, deposits and prepaid items	25,041
Capital assets:	
Office equipment and furniture	131,448
Less accumulated depreciation	(119,544)
Total assets	<u>26,593,960</u>
 LIABILITIES	
Accounts payable	11,106
Accrued salaries	17,800
Due to fiduciary fund	26,281,805
Compensated absences:	
Due within one year	27,908
Due in more than one year	75,555
Total liabilities	<u>26,414,174</u>
 NET ASSETS	
Invested in capital assets	11,904
Unrestricted	167,882
Total net assets	<u>\$ 179,786</u>

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

	Governmental Activities		
	Functions / Programs		
	Totals	Planning and Administrative	Jurisdiction Transit
Expenses:			
General and administration	\$ 980,377	\$ 980,377	\$ -
Project costs	710,873	710,873	-
Payments to fiduciary fund	201,663,016	-	201,663,016
Total expenses	<u>203,354,266</u>	<u>1,691,250</u>	<u>201,663,016</u>
Program revenues:			
Operating grants and contributions	203,309,370	1,646,354	201,663,016
Net program expense	<u>(44,896)</u>	<u>\$ (44,896)</u>	<u>\$ -</u>
General revenues:			
Interest income	8,194		
Change in net assets	<u>(36,702)</u>		
Net assets, beginning of year	216,488		
Net assets, end of year	<u>\$ 179,786</u>		

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	Major Funds		Total Governmental Funds
	General Fund	Special Revenue Fund	
ASSETS			
Cash and cash equivalents	\$ 234,748	\$ -	\$ 234,748
Due from other governments:			
Commonwealth of Virginia	19,320	26,281,805	26,301,125
Virginia Railway Express	12,344	-	12,344
Local jurisdictions	8,798	-	8,798
Advances, deposits and prepaid items	25,041	-	25,041
	<u>\$ 300,251</u>	<u>\$ 26,281,805</u>	<u>\$ 26,582,056</u>
LIABILITIES			
Accounts payable	\$ 11,106	\$ -	\$ 11,106
Accrued salaries	17,800	-	17,800
Due to fiduciary fund	-	26,281,805	26,281,805
Total liabilities	<u>28,906</u>	<u>26,281,805</u>	<u>26,310,711</u>
FUND BALANCES			
Unreserved	271,345	-	271,345
Total fund balance	<u>271,345</u>	<u>-</u>	<u>271,345</u>
Total liabilities and fund balance	<u>\$ 300,251</u>	<u>\$ 26,281,805</u>	<u>\$ 26,582,056</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	\$ 271,345
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 \$131,448 and the accumulated depreciation is \$119,544.	11,904
Compensated absences are liabilities not due and payable in the current period and therefore are not reported in the governmental funds.	<u>(103,463)</u>
Net assets - governmental activities	<u>\$ 179,786</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, 2009

	Major Funds		Total Governmental Funds
	General Fund	Special Revenue Fund	
Revenues:			
Intergovernmental revenues:			
Contributions:			
Commonwealth of Virginia	\$ 723,380	\$ -	\$ 723,380
Local jurisdictions	310,001	-	310,001
Grants:			
Federal	189,880	-	189,880
Commonwealth of Virginia	352,256	166,019,079	166,371,335
Motor vehicle fuel sales tax	1,011	35,643,937	35,644,948
Project chargebacks, Virginia Railway Express	70,000	-	70,000
Local project contributions	(174)	-	(174)
Interest income	8,194	-	8,194
Total revenues	1,654,548	201,663,016	203,317,564
Expenditures:			
Current:			
General and administration	964,049	-	964,049
Project costs	710,873	-	710,873
Payments to fiduciary fund	-	201,663,016	201,663,016
Capital outlay	5,236	-	5,236
Total expenditures	1,680,158	201,663,016	203,343,174
Change in fund balances	(25,610)	-	(25,610)
Fund balances, beginning of year	296,955	-	296,955
Fund balances, end of year	\$ 271,345	\$ -	\$ 271,345

Change in fund balances - total governmental funds \$ (25,610)

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	5,236
Deduct - depreciation expense	(6,906)

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. (9,422)

Change in net assets of governmental activities \$ (36,702)

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
June 30, 2009

	<u>Jurisdiction Trust Fund</u>
ASSETS	
Restricted cash and cash equivalents	\$ 117,762,891
Due from special revenue fund - Commonwealth of Virginia grants	20,556,806
Due from special revenue fund - Motor fuels sales tax	<u>5,724,999</u>
Total assets	<u>144,044,696</u>
 NET ASSETS	
Net assets held in trust for member jurisdictions	<u>\$ 144,044,696</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, 2009

	<u>Jurisdiction Trust Fund</u>
Additions:	
Contributions from government	\$ 201,663,016
Investment income	1,875,754
Total additions	<u>203,538,770</u>
Deductions:	
Funds disbursed to WMATA:	
Metro Matters capital	49,447,289
Beyond Metro Matters capital	692,000
Metrorail operating	35,207,246
Metrobus operating	57,403,361
Metroaccess operating	8,401,963
Metro debt service	7,412,500
Other funds disbursed:	
Other capital disbursements	8,395,879
Other operating disbursements	17,561,766
Total deductions	<u>184,522,004</u>
Change in net assets	19,016,766
Net assets held in trust for member jurisdictions	
Beginning of year	<u>125,027,930</u>
End of year	<u><u>\$ 144,044,696</u></u>

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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:

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.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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.

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.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are funds held by the Trust Fund and are restricted for use by the member jurisdictions for certain transit purposes.

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% 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% 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.

L. Subsequent Events

Subsequent events have been evaluated through November 17, 2009, which was the date the financial statements were available to be issued.

Note 2. DEPOSITS AND INVESTMENTS

At June 30, 2009, cash and cash equivalents consisted of the following, at cost which approximates fair value:

	Governmental Activities	Fiduciary Fund	Total
Cash	\$ 112,129	\$ -	\$ 112,129
Local Government Investment Pool	122,619	-	122,619
	<u>234,748</u>	<u>-</u>	<u>234,748</u>
Restricted:			
Local Government Investment Pool	-	117,762,891	117,762,891
Total	<u>\$ 234,748</u>	<u>\$ 117,762,891</u>	<u>\$ 117,997,639</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 2. DEPOSITS AND INVESTMENTS (Continued)

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).

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, 2009, due from other governments consisted of the following:

	Planning and Administrative	Jurisdiction Transit	Total
Due from Commonwealth of Virginia:			
Motor fuel sales tax	\$ 584	\$ 5,724,999	\$ 5,725,583
Grants	18,736	20,556,806	20,575,542
	<u>19,320</u>	<u>26,281,805</u>	<u>26,301,125</u>
Due from Virginia Railway Express	12,344	-	12,344
Due from local jurisdictions	8,798	-	8,798
	<u>\$ 40,462</u>	<u>\$ 26,281,805</u>	<u>\$ 26,322,267</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 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	\$ 127,438	\$ 5,236	\$ (1,226)	\$ 131,448
Less accumulated depreciation for:				
Office equipment and furniture	(113,864)	(6,906)	1,226	(119,544)
Governmental activities capital assets, net	<u>\$ 13,574</u>	<u>\$ (1,670)</u>	<u>\$ -</u>	<u>\$ 11,904</u>

Depreciation expense was charged to the governmental activities, general and administrative \$ 6,906

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 then 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, 2009 as reported by VRE:

\$37,625,000 Commuter Rail Revenue Refunding Bonds, series 1993; due in annual maturities of \$4,810,000 to \$5,065,000 through July 2010, plus semi-annual interest at 4.9% to 5.25%	\$ 9,875,000
\$31,700,000 Commuter Rail Revenue Refunding Bonds, series 1998; due in annual maturities of \$125,000 to \$6,555,000 through July 1, 2014, plus semi-annual interest at 4.3% to 5.375%	24,550,000
	<u>34,425,000</u>
(Less) Plus unamortized:	
Deferred loss	(942,647)
Discount	(32,830)
(Premiums)	212,435
Total bonded debt, net	<u>\$ 33,661,958</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

The 1993 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 Ending June 30,	Principal	Interest	Total Required
2010	\$ 4,935,000	\$ 1,699,821	\$ 6,634,821
2011	5,195,000	1,434,545	6,629,545
2012	5,610,000	1,147,700	6,757,700
2013	5,910,000	841,794	6,751,794
2014	6,220,000	519,494	6,739,494
2015	6,555,000	176,165	6,731,165
	<u>\$ 34,425,000</u>	<u>\$ 5,819,519</u>	<u>\$ 40,244,519</u>

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 \$95,000, is included in interest expense in 2009. 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, 2009, VRE designated \$27,932,489 of its cash, inventory and receivables as this operating reserve. The reserves represented 56.18% 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, 2009 are as follows:

Bond Interest Fund	\$ 914,568
Bond Principal Fund	4,935,544
Total Held by Trustee	<u>\$ 5,850,112</u>

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

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 \$24,640,977	\$ 21,720,726
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NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Notes Payable – Gallery IV (60 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; in fiscal year 2009 the terms were amended to include ten additional Gallery railcars. The first ten of a series of promissory notes were authorized by the end of fiscal year 2009; 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 \$46,441 to \$146,358 through March 2033, plus quarterly interest at 4.74%	\$ 8,369,333
\$3,069,526 Promissory Note #2; due in quarterly maturities of \$16,666 to \$52,523 through March 2033; plus quarterly interest at 4.74%	3,003,463
\$7,673,804 Promissory Note #3; due in quarterly maturities of \$41,665 to \$131,304 through March 2033; plus quarterly interest at 4.74%	7,508,647
\$7,673,804 Promissory Note #4; due in quarterly maturities of \$41,883 to \$131,993 through March 2033, plus quarterly interest at 4.74%	7,547,934
\$5,400,287 Promissory Note #5; due in quarterly maturities of \$29,474 to \$92,885 through March 2033, plus quarterly interest at 4.74%	5,311,709
\$7,673,834 Promissory Note #6; due in quarterly maturities of \$41,883 to \$131,992 through March 2033, plus quarterly interest at 4.74%	7,547,963
\$7,673,814 Promissory Note #7; due in quarterly maturities of \$41,883 to \$131,991 through March 2033, plus quarterly interest at 4.74%	7,547,944
\$3,073,814 Promissory Note #8; due in quarterly maturities of \$16,868 to \$53,160 through March 2033, plus quarterly interest at 4.74%	3,039,885
\$2,350,000 Promissory Note #9; due in quarterly maturities of \$13,040 to \$41,096 through March 2033, plus quarterly interest at 4.74%	2,350,000
\$3,896,059 Promissory Note #10; due in quarterly maturities of \$22,505 to \$68,513 through March 2033, plus quarterly interest at 4.74%	3,896,059
	<u>\$ 56,122,937</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 ten promissory notes consist of the following:

Years Ending June 30,	Principal	Interest	Total Required
2010	\$ 1,268,952	\$ 2,637,840	\$ 3,906,792
2011	1,352,966	2,576,331	3,929,297
2012	1,414,744	2,514,553	3,929,297
2013	1,489,977	2,439,320	3,929,297
2014	1,558,396	2,370,901	3,929,297
2015-2019	8,994,866	10,651,617	19,646,483
2020-2024	11,382,580	8,263,903	19,646,483
2025-2029	14,410,980	5,235,503	19,646,483
2030-2033	14,249,476	1,467,711	15,717,187
	<u>\$ 56,122,937</u>	<u>\$ 38,157,679</u>	<u>\$ 94,280,616</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 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% 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 \$500,000 at June 30, 2009.

Under an agreement entered into between NVTC and VRE for the current fiscal year, project charge backs to VRE for staff support equals \$70,000 for the fiscal year, and amounts due from VRE equaled \$12,344 as of June 30, 2009.

Financial information from VRE's fiscal year 2009 audited financial statements is shown below. Complete financial statements for VRE can be obtained from the Director of Finance and Administration of NVTC at 4350 N. Fairfax Drive, Suite 720, Arlington, VA 22203.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

VIRGINIA RAILWAY EXPRESS
STATEMENT OF NET ASSETS

June 30, 2009

ASSETS	
Current Assets	
Cash and cash equivalents	\$ 5,901,750
Accounts receivable, net of allowance	18,018,045
Inventory	3,464,574
Prepaid expenses and other	548,371
Restricted cash, cash equivalent, and investments	14,326,630
Total current assets	<u>42,259,370</u>
Noncurrent Assets	
Deferred bond and lease costs, net	1,445,144
Capital assets (net of \$74,876,008 accumulated depreciation)	257,970,013
Total noncurrent assets	<u>259,415,157</u>
Total assets	<u>\$ 301,674,527</u>
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable and accrued liabilities	\$ 17,337,838
Unearned revenue	938,095
Contract retainage	1,389,913
Current portion of:	
Capital lease obligations	945,098
Long-term debt	4,935,000
Notes payable	1,328,952
Total current liabilities	<u>26,874,896</u>
Noncurrent Liabilities	
Capital lease obligations	20,775,628
Notes payable	55,293,985
Bonds payable, net	28,726,958
Compensated absences	257,539
Total noncurrent liabilities	<u>105,054,110</u>
Total liabilities	<u>131,929,006</u>
Net Assets	
Invested in capital assets, net of related debt	144,566,529
Restricted for liability insurance plan	8,229,082
Restricted for debt service and capital lease	5,850,112
Restricted grants or contributions	194,193
Unrestricted assets	10,905,605
Total net assets	<u>169,745,521</u>
Total liabilities and net assets	<u>\$ 301,674,527</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, 2009

Operating revenues	\$ 26,034,720
Operating expenses	50,792,704
Operating loss before depreciation	<u>(24,757,984)</u>
Depreciation	(10,445,041)
Operating loss	<u>(35,203,025)</u>
Nonoperating revenues (expenses):	
Subsidies:	
Commonwealth of Virginia grants	13,482,816
Federal grants	12,784,123
Jurisdictional contributions	17,275,500
Capital grants and assistance:	
Commonwealth of Virginia grants	12,228,446
Federal grants	14,702,198
Less: Pass-through to Fairfax County	(4,456,818)
Other local contributions	1,903,284
Interest income:	
Operating funds	129,620
Insurance trust	241,003
Other restricted funds	36,232
Interest, amortization and other nonoperating expenses, net	<u>(6,014,243)</u>
Total nonoperating revenues, net	<u>62,312,161</u>
Gain on disposal of assets	<u>4,218,641</u>
Change in net assets	31,327,777
Net assets, beginning	<u>138,417,744</u>
Net assets, ending	<u><u>\$ 169,745,521</u></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, 2009 totaled \$56,367 (9.7% of covered payroll). Required employee contributions for the year ended June 30, 2009 totaled \$11,526 (2.0% 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, 2009 was approximately \$582,000.

Note 7. OPERATING LEASES

NVTC leases office space under a 10-year agreement which expires December 31, 2010. Office rent under this lease totaled \$177,896 for the year ended June 30, 2009. 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, 2009.

Future minimum lease payments required as of June 30, 2009 for the operating leases are as follows:

<u>Year Ending June 30,</u>	
2010	\$ 170,155
2011	<u>86,300</u>
Total	<u>\$ 256,455</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	\$ 94,041	\$ 60,919	\$ 51,497	\$ 103,463	\$ 27,908

Note 9. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

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, 2009:

Stations and parking lots	\$ 3,962,971
Maintenance and layover yards	4,991,691
Track and signal improvements	367,074
Other administrative	180,192
Railcars	47,348,213
	<u>\$ 56,850,141</u>

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, 2009 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. 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.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes standards to enhance the usefulness of fund balance information by providing clearer fund balance classifications that comprise hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Statement No. 54 will be effective for periods beginning after June 15, 2010.

Management has not yet determined the effect these statements will have on its financial statements.

Note 11. Subsequent Events

In November 2009, the Commissions approved the award of a contract with Keolis Rail Services America for VRE operations and maintenance and mobilization in the amount of \$18.5 million through June 30, 2011; the current contract for these services with the National Railroad Passenger Corporation (Amtrak) will terminate on June 30, 2010. The mobilization period will occur during the second half of fiscal year 2010 and the first full year of contract services will be fiscal year 2011. The contract will; be for a five year period, with options for two five year extensions for a total potential contract term of 15 years.

In November 2009, the Commissions authorized the purchase of three additional locomotives from MotivePower, Inc. for \$12.1 million. This modification will increase the contract with MotivePower to 15 locomotives at a total value of \$60.6 million. The first locomotive is scheduled for delivery at the end of fiscal year 2010.

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 in amounts actuarially determined to meet the indemnification requirements of the Operating Access Agreements and the Purchase Service Agreements 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 coverage during any of the past three fiscal years.

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NORTHERN VIRGINIA TRANSPORTATION COMMISSION

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2009

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

Year Ended June 30, 2009

	City of <u>Alexandria</u>	Arlington <u>County</u>	City of <u>Fairfax</u>	Fairfax <u>County</u>	City of <u>Falls Church</u>	Loudoun <u>County</u>	<u>Totals</u>
Additions:							
Contributions from primary government:							
Commonwealth of Virginia	\$ 25,269,069	\$ 44,061,527	\$ 2,709,705	\$ 92,410,254	\$ 1,568,524	\$ -	\$ 166,019,079
Motor Vehicle Fuels Sales Tax	2,304,994	3,138,570	1,047,806	20,043,928	1,099,012	8,009,627	35,643,937
Investment Income	59,016	236,804	80,097	1,146,577	12,627	340,633	1,875,754
Total additions	27,633,079	47,436,901	3,837,608	113,600,759	2,680,163	8,350,260	203,538,770
Deductions:							
Funds disbursed to WMATA:							
Metro Matters capital	5,949,000	19,131,397	1,152,056	22,333,195	881,641	-	49,447,289
Beyond Metro Matters capital	-	261,000	6,000	417,000	8,000	-	692,000
Metro rail operating	5,471,209	11,335,271	435,889	17,628,043	336,834	-	35,207,246
Metrobus operating	12,109,925	3,456,742	515,711	40,202,917	1,118,066	-	57,403,361
Metroaccess operating	600,735	701,189	135,932	6,894,757	69,350	-	8,401,963
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	-	-	1,098	2,748,083	-	5,646,698	8,395,879
Other operating disbursements	-	173,809	1,075,025	14,557,496	-	1,755,436	17,561,766
Total deductions	25,549,069	37,799,608	3,368,411	107,950,391	2,452,391	7,402,134	184,522,004
Change in net assets	2,084,010	9,637,293	469,197	5,650,368	227,772	948,126	19,016,766
Net assets held in trust for member jurisdictions							
Beginning of year	6,306,046	15,397,223	5,004,363	76,259,014	873,119	21,188,165	125,027,930
End of year	\$ 8,390,056	\$ 25,034,516	\$ 5,473,560	\$ 81,909,382	\$ 1,100,891	\$ 22,136,291	\$ 144,044,696

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF GENERAL, ADMINISTRATIVE AND PROJECT EXPENDITURES
GENERAL FUND
Year Ended June 30, 2009

	<u>Total</u>	<u>General and Administrative</u>	<u>Projects</u>
Expenditures:			
Advertising	\$ 1,360	\$ 1,054	\$ 306
Capital purchases	5,236	5,236	-
Commissioners' per diem	15,850	15,850	-
Computer expense	5,027	3,479	1,548
Conference registration and training	305	305	-
Copier duplicating	10,252	10,252	-
Disability insurance	3,013	2,417	596
Employee group insurance	55,365	44,408	10,957
Employee retirement	57,627	46,222	11,405
Employer payroll taxes	49,382	39,609	9,773
Leave - annual, holiday, and sick	102,451	82,174	20,277
Legal and auditing	17,500	17,500	-
Memberships and subscriptions	1,338	1,338	-
Miscellaneous, repairs and maintenance	3,494	3,494	-
Office supplies	2,418	2,418	-
Office rent	178,436	178,436	-
Insurance and liability bonds	4,029	4,029	-
Parking and Metrochek	9,344	9,312	32
Postage and shipping	3,698	3,685	13
Project consultants and other project costs	525,644	-	525,644
Public information	15,460	575	14,885
Salaries and wages	603,005	487,623	115,382
Telephone	5,424	5,369	55
Travel and meetings	4,500	4,500	-
	<u>\$ 1,680,158</u>	<u>\$ 969,285</u>	<u>\$ 710,873</u>

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

Year Ended June 30, 2009

	HFI Demo	Jurisdiction Grants & Projects	GPS / AVL	Marketing	Bus Data Collection	SmarTrip	Code Red	Totals
Revenues:								
Federal Commonwealth of Virginia	\$ -	\$ 189,880	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 189,880
Local	1,885	21,098	29,223	13,622	141,045	-	143,476	350,349
NVTC match	(1,148)	31,884	13,000	117,710	1,149	(174)	2,833	(174)
								170,818
Total revenue	\$ 737	\$ 242,862	\$ 42,223	\$ 131,332	\$ 142,194	\$ 5,216	\$ 146,309	\$ 710,873
Expenditures:								
Salaries and wages	\$ 505	\$ 21,616	\$ 7,589	\$ 79,397	\$ 776	\$ 3,558	\$ 1,941	\$ 115,382
Fringe benefits	232	9,931	3,487	36,475	357	1,634	892	53,008
Advertising	-	306	-	-	-	-	-	306
Computer	-	-	-	1,548	-	-	-	1,548
Consultants	-	210,976	31,147	-	141,045	-	-	383,168
Postage and shipping	-	-	-	-	13	-	-	13
Telephone	-	25	-	27	3	-	-	55
Parking and metrochek	-	8	-	-	-	24	-	32
Public information	-	-	-	13,885	-	-	1,000	14,885
Costs incurred	-	-	-	-	-	-	142,476	142,476
Total expenditures	\$ 737	\$ 242,862	\$ 42,223	\$ 131,332	\$ 142,194	\$ 5,216	\$ 146,309	\$ 710,873

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

Project Costs to Date - Active Projects
Period Ended June 30, 2009

	HFI Demo	Jurisdiction Grants & Projects	GPS / AVL	Marketing	Bus Data Collection	SmarTrip	Code Red	Totals
Revenues:								
Federal	\$ -	\$ 189,880	\$ -	\$ -	\$ 113,067	\$ 1,200,000	\$ -	\$ 1,502,947
Commonwealth of Virginia	48,458	51,609	199,500	263,951	1,048,221	4,185,957	4,001,552	9,799,248
Local	-	-	-	-	50,000	1,426,523	-	1,476,523
Other revenue	-	-	-	-	-	67,915	-	67,915
NVTC match	3,996	48,355	35,343	678,922	46,218	223,643	56,335	1,092,812
Total revenue	\$ 52,454	\$ 289,844	\$ 234,843	\$ 942,873	\$ 1,257,506	\$ 7,104,038	\$ 4,057,887	\$ 13,939,445
Expenditures:								
Capital outlays	\$ -	\$ -	\$ -	\$ 17,556	\$ -	\$ -	\$ -	\$ 17,556
Salaries and wages	4,045	32,651	23,248	526,678	41,374	150,951	36,699	815,646
Fringe benefits	1,959	15,367	10,747	242,294	17,734	69,166	17,368	374,635
Advertising	-	306	448	354	852	377	652	2,989
Computer	-	-	404	11,912	-	-	-	12,316
Consultants	-	210,976	199,482	-	1,196,241	319,033	127,841	2,053,573
Dues and memberships	-	-	-	770	-	-	-	770
Postage	-	-	-	-	874	43	2,059	2,976
Telephone	-	25	-	787	21	125	83	1,041
Office supplies	-	-	-	187	-	-	-	187
Travel	-	-	-	3,310	350	1,298	68	5,026
Parking and metrochek	-	8	56	273	60	1,137	402	1,936
Public information	-	-	-	138,752	-	-	89,633	228,385
Costs incurred	46,450	30,511	458	-	-	6,561,908	3,783,082	10,422,409
Total expenditures	\$ 52,454	\$ 289,844	\$ 234,843	\$ 942,873	\$ 1,257,506	\$ 7,104,038	\$ 4,057,887	\$ 13,939,445

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS
 Year Ended June 30, 2009

Grant	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue		Cash		Revenue		Accrued (Deferred) Revenue		Cumulative Expenditures
				6/30/2008	6/30/2009	Received	Recognized	6/30/2009	6/30/2009			
Northern Virginia Transportation Commission												
Virginia Department of Rail and Public Transportation (DRPT)												
Capital:												
Fiscal Year 2009	7/1/2008 R	73009-35	\$ 375,375	\$ -	\$ 375,375	\$ -	\$ 375,375	\$ 375,375	\$ -	\$ -	\$ -	\$ 375,375
Fiscal Year 2009	7/1/2008 R	73009-36	3,372,681	-	3,372,681	-	3,372,681	3,372,681	-	-	-	3,372,681
Fiscal Year 2009	7/1/2008	73009-37	160,000	-	-	-	-	-	-	-	-	-
Fiscal Year 2009	7/1/2008	73009-38	160,000	-	-	-	-	-	-	-	-	-
Fiscal Year 2009	7/1/2008	73009-39	3,099,112	-	3,099,112	-	3,099,112	3,099,112	-	-	-	3,099,112
Fiscal Year 2009	7/1/2008	73009-40	400,000	-	-	-	-	-	-	-	-	-
Fiscal Year 2009	7/1/2008	73009-41	96,200	-	-	-	-	-	-	-	-	-
Fiscal Year 2009	7/1/2008	73009-42	6,084,800	-	-	-	-	-	-	-	-	-
Fiscal Year 2009	7/1/2008	73009-43	500,000	-	-	-	-	-	-	-	-	-
Fiscal Year 2009	7/1/2008	73009-44	4,626,150	-	-	-	-	-	-	-	-	-
Fiscal Year 2009	7/1/2008	73009-45	160,000	-	-	-	-	-	-	-	-	-
Fiscal Year 2009	7/1/2008	73009-46	863,168	-	-	-	-	-	-	-	-	-
Fiscal Year 2009	7/1/2008	73009-47	100,000	-	-	-	-	-	-	-	-	-
Fiscal Year 2009	7/1/2008	73009-48	5,038,800	-	-	-	369,450	369,450	-	369,450	-	369,450
Fiscal Year 2009	7/1/2008	73009-49	6,804,000	-	-	-	-	-	-	-	-	-
Fiscal Year 2009	7/1/2008	73009-50	630,400	-	-	-	630,400	630,400	-	630,400	-	630,400
Fiscal Year 2009	7/1/2008	73009-51	1,500,800	-	-	-	1,500,800	1,500,800	-	1,500,800	-	1,500,800
Fiscal Year 2009	7/1/2008	73009-52	84,000	-	-	-	-	-	-	-	-	-
Fiscal Year 2009	7/1/2008	73009-53	201,040	-	-	-	73,630	73,630	-	73,630	-	73,630
Fiscal Year 2009	7/1/2008	73009-54	203,201	-	-	-	-	-	-	-	-	-
Fiscal Year 2009	7/1/2008	73009-55	58,800	-	-	-	-	-	-	-	-	-
Fiscal Year 2009	7/1/2008	73009-56	67,200	-	-	-	-	-	-	-	-	-
Fiscal Year 2009	7/1/2008 R	73009-57	416,325	-	-	-	-	-	-	-	-	-
Fiscal Year 2009	7/1/2008	73009-58	120,000	-	-	-	-	-	-	-	-	-
Fiscal Year 2009	7/1/2008 R	73109-21	7,555,411	-	7,282,456	-	7,555,411	7,555,411	272,955	272,955	-	7,555,411
Fiscal Year 2009	7/1/2008 R	73109-22	8,554,868	-	8,554,868	-	8,554,868	8,554,868	-	-	-	8,554,868
Fiscal Year 2009	7/1/2008 R	73109-23	3,398,758	-	3,398,758	-	3,398,758	3,398,758	-	-	-	3,398,758
Fiscal Year 2009	8/12/2008	72508-12	125,400	-	-	-	-	-	-	-	-	-
Fiscal Year 2008	10/1/2008	72508-14	59,500	-	-	-	-	-	-	-	-	-
Fiscal Year 2008	8/12/2008	72508-16	59,500	-	-	-	-	-	-	-	-	-
Fiscal Year 2008	9/19/2008	72508-19	100,320	-	-	-	-	-	-	-	-	-
Fiscal Year 2008	1/4/2008	73006-30	40,000,000	-	38,770,400	-	38,770,400	38,770,400	-	-	-	38,770,400
Fiscal Year 2008	7/1/2007	73008-03	23,561,720	-	311,947	-	311,947	311,947	-	-	-	23,561,720
Fiscal Year 2008	7/1/2007	73008-05	473,070	-	-	-	-	-	-	-	-	429,000
Fiscal Year 2008	7/1/2007	73008-06	28,880	1,360	1,360	-	-	-	-	-	-	28,880
Fiscal Year 2008	1/4/2008	73008-16	20,000,000	-	5,000,000	-	5,000,000	5,000,000	-	-	-	5,000,000
Fiscal Year 2008	1/4/2008	73008-15	4,497,364	-	4,497,364	-	4,497,364	4,497,364	4,497,364	4,497,364	-	4,497,364
Fiscal Year 2008	10/16/2007	73008-17	2,139,112	-	1,063,401	-	1,063,401	1,063,401	-	-	-	1,063,401
Fiscal Year 2008	10/16/2007	73008-18	65,000	-	-	-	-	-	-	-	-	-

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)
Year Ended June 30, 2009

Grant	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2008	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2009	Cumulative Expenditures
Capital (continued)									
Fiscal Year 2008	10/16/2007	73008-19	\$ 88,000	\$ -	-	-	\$ -	\$ -	-
Fiscal Year 2008	10/16/2007	73008-20	2,113,800	-	-	1,857,012	1,857,012	1,857,012	1,857,012
Fiscal Year 2008	10/16/2007	73008-21	5,982,926	-	1,599,998	4,163,616	4,163,616	2,563,618	5,901,602
Fiscal Year 2008	10/16/2007	73008-23	2,400,000	-	-	-	-	-	-
Fiscal Year 2007	9/19/2008	72507-08	95,178	-	-	-	-	-	-
Fiscal Year 2007	8/12/2008	72507-31	118,973	-	-	-	-	-	-
Fiscal Year 2007	8/12/2008	72507-35	56,678	-	-	-	-	-	-
Fiscal Year 2007	7/1/2008	72507-32	56,678	-	21,098	21,098	21,098	-	21,098
Fiscal Year 2007	10/1/2008	72507-33	56,678	-	-	-	-	-	-
Fiscal Year 2007	7/1/2006	73007-18	92,400	-	92,400	92,400	92,400	-	92,400
Fiscal Year 2007	7/1/2006	73007-19	2,390,740	-	-	-	-	-	2,903
Fiscal Year 2007	7/1/2006	73007-20	348,480	5,981	5,981	-	-	-	254,315
Fiscal Year 2007	7/1/2006	73007-21	6,600	-	-	-	-	-	5,240
Fiscal Year 2007	7/1/2006	73007-22	9,952,611	2,658,205	2,812,954	5,541,376	5,541,376	5,386,627	9,310,816
Fiscal Year 2006	7/1/2005	73006-15	125,954	-	73,005	73,005	73,005	-	125,954
Fiscal Year 2006	7/1/2005	73006-16	566,479	-	471,284	471,284	471,284	-	566,479
Fiscal Year 2006	7/1/2005	73006-17	31,500	10,584	10,584	-	-	-	18,900
Fiscal Year 2006	7/1/2005	73006-18	1,028,000	432,705	432,705	-	-	-	1,028,000
Fiscal Year 2006	7/1/2005	73006-25	7,076,790	-	992,724	3,950,606	3,950,606	2,957,882	7,076,790
Fiscal Year 2006	7/1/2005	73006-26	256,000	-	-	256,000	256,000	256,000	256,000
Fiscal Year 2005	7/1/2004	73005-13	5,085,160	-	1,434,193	1,434,193	1,434,193	-	5,085,159
Fiscal Year 2004	7/1/2003	73004-15	3,250,848	-	319,112	319,112	319,112	-	3,250,848
Fiscal Year 2004	7/1/2003	73004-18	620,000	-	84,326	84,326	84,326	-	620,000
Fiscal Year 2003	7/1/2002	73003-08	6,122,054	3,100,000	3,211,769	111,769	111,769	-	6,122,054
Fiscal Year 2003	7/1/2002	73003-11	263,500	-	29,194	29,194	29,194	-	263,500
FTM/Admin (Operating):									
Fiscal Year 2009	7/1/2008 R	72009-29	57,645,223	-	57,645,223	57,645,223	57,645,223	-	57,645,223
Fiscal Year 2009	7/1/2008 R	72009-30	1,408,307	-	1,384,604	1,408,307	1,408,307	23,703	1,408,307
Fiscal Year 2009	7/1/2008 R	72009-31	2,196,326	-	2,159,364	2,196,326	2,196,326	36,962	2,196,326
Fiscal Year 2009	7/1/2008 R	72009-32	561,781	-	552,324	561,781	561,781	9,457	561,781
Fiscal Year 2009	7/1/2008 R	72009-33	88,310	-	86,824	88,310	88,310	1,486	88,310
Fiscal Year 2009	7/1/2008 R	72009-34	8,038,680	-	7,903,400	8,038,680	8,038,680	135,280	8,038,680
Fiscal Year 2008	7/1/2007	72008-29	52,172,310	4,347,692	4,347,692	-	-	-	52,172,309
Fiscal Year 2008	7/1/2007	72008-30	1,488,595	148,859	148,859	-	-	-	1,488,595
Fiscal Year 2008	7/1/2007	72008-31	1,998,432	199,843	199,843	-	-	-	1,998,432
Fiscal Year 2008	7/1/2007	72008-32	496,570	49,657	49,657	-	-	-	496,570
Fiscal Year 2008	7/1/2007	72008-33	61,192	6,119	6,119	-	-	-	61,192
Fiscal Year 2008	7/1/2007	72008-34	6,964,185	696,419	696,419	-	-	-	6,964,186

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)
 Year Ended June 30, 2009

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2008</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2009</u>	<u>Cumulative Expenditures</u>
<u>Northern Virginia Transportation Commission (continued)</u>									
Virginia Department of Rail and Public Transportation (DRPT) (continued)									
Demonstration \ Experimental:									
Fiscal Year 2007	7/1/2006	71107-08	\$ 86,600	\$ (3,873)	\$ (1,988)	\$ 1,885	\$ 1,885	\$ -	\$ 48,458
Hydrogen Fuel Injection									
Fiscal Year 2006	7/1/2005	71106-08	199,500	-	29,223	29,223	29,223	-	199,500
GPS AVL System									
Fiscal Year 2004	7/1/2003	71004-40	48,545	-	-	-	-	-	-
SmartTrip POS Devices									
Fiscal Year 2001	4/30/2002	100-73501-51-1	4,074,712	779,257	779,257	-	-	-	4,074,712
SmartTrip Expansion									
Intern:									
Fiscal Year 2006	7/1/2005	71206-07	24,700	-	-	2,916	2,916	2,916	10,625
Subtotal - DRPT			331,480,950	12,432,808	158,808,505	166,951,239	166,951,239	20,575,542	281,593,526
Virginia Department of Transportation (VDOT)									
STPG:									
Fiscal Year 2006	1/26/2006	N/A	150,000	14,214	14,214	-	-	-	91,480
Senior Transp. Phase 2									
Subtotal - VDOT			150,000	14,214	14,214	-	-	-	91,480
Total State Assistance - NVTC			331,630,950	12,447,022	158,822,719	166,951,239	166,951,239	20,575,542	281,685,006

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)
Year Ended June 30, 2009**

Grant	Grant Number	Grant Award	Accrued (Deferred) Revenue 06/30/08	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 06/30/09	Cumulative Expenditures
Capital:								
Fiscal Year 2009	7/20/2009	41009-53	\$	\$	\$	\$	\$	\$
Fiscal Year 2009	1/30/2009	72509-33	20,000	-	-	-	-	-
Fiscal Year 2009	7/1/2008	73009-59	135,850	839,907	1,354,868	1,354,868	514,961	1,354,868
Fiscal Year 2009	7/1/2008	73009-60	749,000	-	-	-	-	-
Fiscal Year 2008	1/30/2009	72508-21	125,400	12,722	53,963	53,963	41,241	53,963
Fiscal Year 2008	1/30/2009	72508-36	200,000	54,785	54,785	54,785	-	54,785
Fiscal Year 2008	1/30/2009	72508-48	191,680	680,553	579,050	579,050	-	1,766,476
Fiscal Year 2008	7/1/2007	73008-01	1,776,710	2,535,163	2,248,159	2,248,159	2,509,162	3,459,968
Fiscal Year 2008	7/1/2007	73008-02	3,459,968	4,654,131	7,163,293	7,163,293	-	7,163,293
Fiscal Year 2008	1/4/2008	73008-22	15,000,000	56,249	-	-	-	56,249
Fiscal Year 2008	3/16/2009	73008-28	62,192	-	4,088	4,088	193,024	193,024
Fiscal Year 2008	3/16/2009	73008-29	193,024	-	24,916	24,916	53,426	53,426
Fiscal Year 2008	6/16/2009	73008-55	58,247	-	2,940	2,940	-	2,940
Fiscal Year 2008	3/16/2009	73008-56	11,582	2,940	-	-	-	-
Fiscal Year 2008	3/16/2009	73008-57	31,200	-	-	-	-	-
Fiscal Year 2008	3/16/2009	73008-58	20,800	-	-	-	-	-
Fiscal Year 2008	3/16/2009	73008-59	170,637	-	-	-	-	-
Fiscal Year 2008	3/16/2009	73008-60	125,424	-	-	-	-	-
Fiscal Year 2008	3/16/2009	73008-61	145,600	-	-	-	-	-
Fiscal Year 2008	3/16/2009	73008-62	20,800	29,952	145,600	145,600	115,648	145,600
Fiscal Year 2008	3/16/2009	73008-63	46,800	863	863	863	-	863
Fiscal Year 2008	3/16/2009	73008-64	14,560	10,513	14,560	14,560	4,047	14,560
Fiscal Year 2008	3/16/2009	73008-65	198,848	119,119	119,119	119,119	-	119,119
Fiscal Year 2008	3/16/2009	73008-66	200,824	89,413	89,413	89,413	-	89,413
Fiscal Year 2008	3/16/2009	73008-69	10,400	-	-	-	-	-
Fiscal Year 2008	3/16/2009	73008-70	20,800	-	-	-	-	-
Fiscal Year 2008	3/16/2009	73008-71	73,632	-	-	-	-	-
Fiscal Year 2008	3/16/2009	73008-72	10,400	-	-	-	-	-
Fiscal Year 2008	3/16/2009	73008-73	8,718	-	-	-	-	-
Fiscal Year 2007	2/1/2008	72507-11	118,973	18,444	23,152	23,152	4,708	23,152
Fiscal Year 2007	2/1/2008	73007-24	282,779	-	45,945	45,945	45,945	143,010
Fiscal Year 2007	2/1/2008	73007-25	355,392	42,923	55,913	55,913	53,290	154,305
Fiscal Year 2007	4/15/2008	73507-07	750,000	-	-	-	-	-
Fiscal Year 2007	8/2/2007	72506-08	500,000	-	-	-	-	-
Fiscal Year 2006	8/2/2007	73006-28	1,771,812	138,837	800,233	800,233	695,465	1,350,253
Fiscal Year 2005	6/23/2008	73005-26	534,228	289,776	298,755	298,755	141,211	298,755

Virginia Railway Express

Virginia Department of Rail and Public Transportation (DRPT)

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)
 Year Ended June 30, 2009

<u>Grant</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 06/30/08</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 06/30/09</u>	<u>Cumulative Expenditures</u>
Virginia Railway Express (continued)								
Virginia Department of Rail and Public Transportation (DRPT) (continued)								
Capital (continued):								
Fiscal Year 2004	7/1/2003	\$ 4,825,414	\$ 40,997	\$ 213,702	\$ 172,705	\$ 172,705	\$ -	\$ 4,476,315
Fiscal Year 2003	7/1/2002	5,192,803	312,296	400,441	88,145	88,145	-	5,192,803
Capital - State Transit Partnership:								
Fiscal Year 2006	7/1/2005	20,000,000	(1,002,955)	-	1,002,955	1,002,955	-	20,000,000
New Railcar Purchase								
FTM/Admin (Operating):								
Fiscal Year 2009	7/1/2008	9,254,240	-	9,098,500	9,254,240	9,254,240	155,740	9,254,240
Fiscal Year 2008	7/1/2007	8,049,510	804,951	804,951	-	-	-	8,049,510
Other Special Projects:								
Fiscal Year 2003	3/11/2003	250,000	-	40,992	40,992	40,992	-	250,000
Woodbridge Station Platform								
Rail Enhancement Fund:								
Cherry Hill Station	4/15/2008	750,000	-	-	-	-	-	-
Gainsville/Haymarket Study	3/18/2008	700,000	-	585,878	700,000	700,000	114,122	700,000
Cherry Hill Station	4/15/2008	1,750,000	-	962,229	1,207,436	1,207,436	245,207	1,207,436
VTA 2000:								
Fiscal Year 2003	7/1/2002	6,137,000	131,890	138,355	6,465	6,465	-	4,243,497
Quantico Creek Bridge								
Intern:								
Fiscal Year 2007	7/1/2006	38,000	-	-	-	-	-	-
Fiscal Year 2006	7/1/2005	38,000	3,594	11,546	7,952	7,952	-	31,757
Technical Assistance:								
Fiscal Year 2009	7/20/2009	20,000	-	-	-	-	-	-
Gainsville/Haymarket								
Fiscal Year 2006	7/1/2006	20,000	-	-	-	-	-	-
Turn-back & Express Study								
Station Access Study	7/1/2005	100,000	-	-	2,451	2,451	2,451	82,551
Fiscal Year 2005	7/1/2004	55,000	30,213	32,499	2,286	2,286	-	55,001
Gainesville-Haymarket Study								
Transit Capital Fund:								
Quantico Creek Bridge	8/2/2007	257,000	-	-	-	-	-	-
Eligible expenditures accrued, not yet assigned to specific grants								
		N/A	-	-	109,466	109,466	109,466	109,466
Total State Assistance - VRE		88,527,724	1,189,789	21,865,383	25,674,708	25,674,708	4,999,114	70,150,598
Total State Assistance - NVTC and VRE		\$ 420,158,674	\$ 13,636,811	\$ 180,688,102	\$ 192,625,947	\$ 192,625,947	\$ 25,574,656	\$ 351,835,604

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

COMPLIANCE SECTION

YEAR ENDED JUNE 30, 2009

**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, 2009, and have issued our report thereon dated November 17, 2009. 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 17, 2009

VIRGINIA RAILWAY EXPRESS
Comprehensive Annual Financial Report



FOR THE YEARS ENDED JUNE 30TH, 2009 AND 2008

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, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

VIRGINIA RAILWAY EXPRESS

Comprehensive Annual Financial Report

YEARS ENDED JUNE 30, 2009 AND 2008



Prepared by:

Department of Finance

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Compliance Section

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Introductory Section





Virginia Railway Express

A Transportation Partnership

November 8, 2009

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, 2009. 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 2009. 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.

Profile of Virginia Railway Express

The Virginia Railway Express 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 2009, VRE operated 30 trains and served an average daily ridership of 15,754.

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 2009, VRE focused on improving systems that would ensure the future health of the rail line.

Fifteen new bi-level Gallery railcars were delivered during the fiscal year and placed in service, the completion of the purchase of 50 railcars that was approved in July 2007, and ten additional Gallery railcars were ordered during fiscal year 2009. These railcars have allowed VRE to replace aging and leased equipment as well as increase capacity. During fiscal year 2009, VRE placed orders for the construction of nine locomotives and an order for an additional three locomotives was placed in July 2009. Depending on the availability of funding, VRE would like to replace all 20 locomotives in the fleet. The new locomotives are more fuel efficient and less costly to maintain and will improve service reliability.

Many of VRE's station parking lots were at or above capacity and to address this limitation two major parking garage projects were opened in early fiscal year 2009. 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 is underway for parking expansion at both the Brooke and Leeland stations. Improvements at the Crossroads storage yard were completed during fiscal year 2009, including the construction of a service and inspection building and the extension of tracks for rolling stock storage. Similar improvements at the Broad Run storage yard were approximately 20% complete at year end and are expected to be finished by June 2010. Construction of a second platform and overhead pedestrian bridge is underway at the Woodbridge station and is expected to be finished in January 2010.

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. An update to the cost and timing of the major capital projects included in the plan will be prepared in fiscal year 2010. 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 soared and environmental concerns increased, commuters were drawn to transit alternatives. For VRE, much of this increased ridership was maintained even when fuel costs fell during the latter part of the fiscal year and VRE experienced its highest cumulative average daily ridership to date during fiscal year 2009. At the same time, the precipitous decrease in real estate values in Northern Virginia and throughout the Commonwealth and the general economic downturn have caused severe financial difficulty for the local and state 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 during morning and evening rush hour.

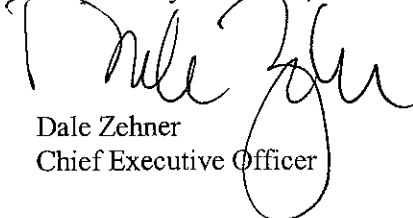
Awards and Acknowledgement

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, 2008. 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 VRE 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. Christopher Zimmerman, Arlington County
Vice-Chairman	Hon. Paul Milde, Stafford County
Treasurer	Hon. Wally Covington, Prince William County
Secretary	Hon. Sharon Bulova, Fairfax County

Members

Hon. Maureen Caddigan, Prince William County
Hon. John Jenkins, Prince William County
Hon. Matthew Kelly, City of Fredericksburg
Hon. Patrick Herrity, Fairfax County
Hon. Suhas Naddoni, City of Manassas Park
Kevin Page, VDRPT
Hon. George Schwartz, Stafford County
Hon. Paul Smedberg, City of Alexandria
Hon. Jonathan Way, City of Manassas

Alternates

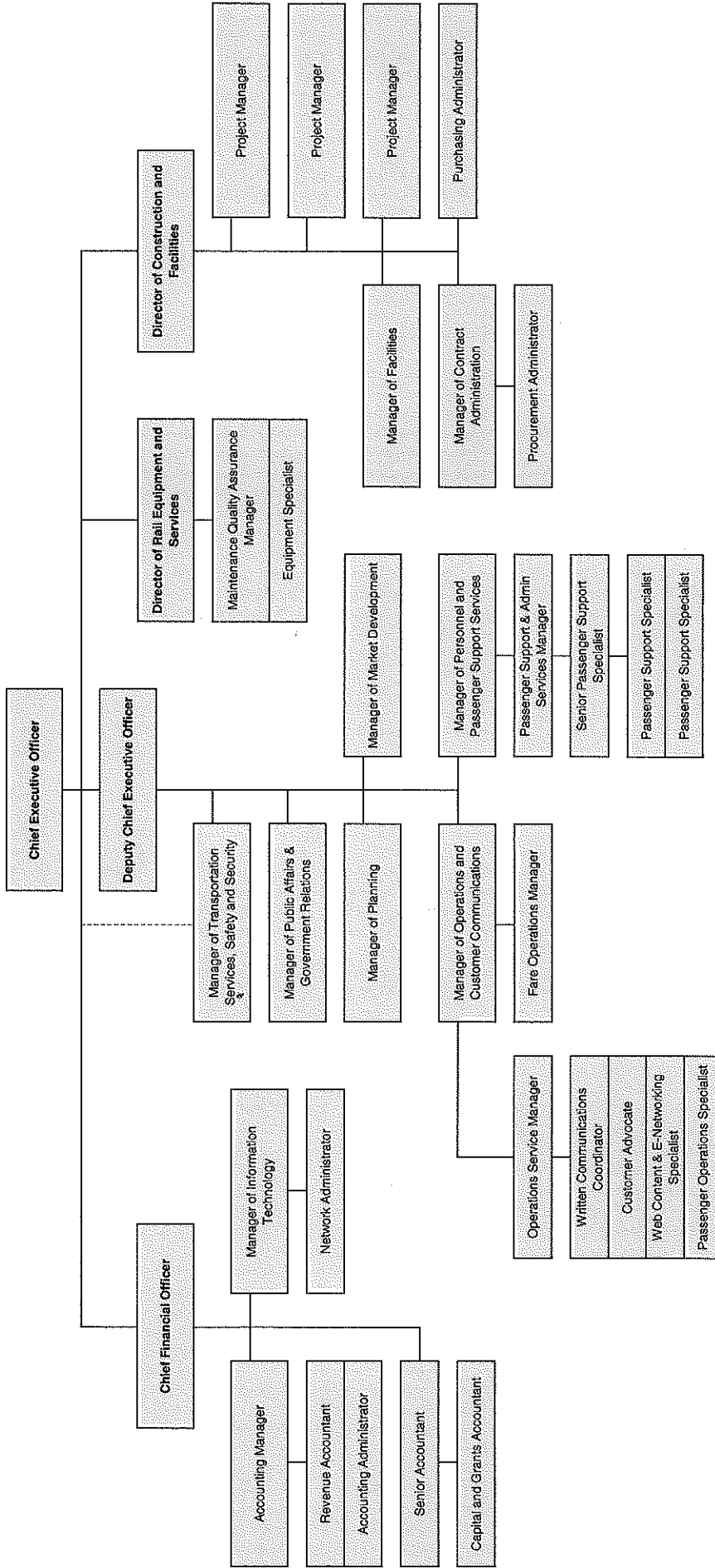
Hon. Marc Aveni, City of Manassas
Chip Badger, VDRPT
Hon. Harry Crisp, Stafford County
Hon. Mark Dudenhefer, Stafford County
Hon. Brad Ellis, City of Fredericksburg
Hon. Jay Fisette, Arlington County
Hon. Frank Jones, City of Manassas Park
Hon. Timothy Lovain, City of Alexandria
Hon. Michael May, Prince William County
Hon. Jeff McKay, Fairfax County
Hon. Martin Nohe, Prince William County
Hon. Brian Polk, Manassas Park
Hon. John Stirrup, Prince William County

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.
Richard Dalton

**Virginia Railway Express
Organizational Chart
June 2009**



Footnote: Manager of Transportation Services, Safety and Security reports to the CEO in matters related to safety and security.

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, 2009 and 2008, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Virginia Railway Express' internal control over financial reporting. Accordingly, we express no such opinion. 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 Virginia Railway Express as of June 30, 2009 and 2008, 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 4, 2009 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 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 4, 2009



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, 2009. 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 19.3 percent compared to the prior year, from \$21,821,334 to \$26,034,720. Ridership increased by 6.3 percent from 3,628,563 annual trips to 3,857,646.
- Operating expenses increased by 5.7 percent from \$48,063,499 to \$50,792,704.
- Non-operating revenue and capital grants decreased by 6.9 percent from \$73,398,727 to \$68,326,404. This decrease reflects the large federal grant drawn primarily in fiscal year 2008 for the purchase of rolling stock.
- The operating loss before depreciation was \$24,757,984, a decrease from the previous year of 5.7 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 \$31,327,777 from \$138,417,744 to \$169,745,521. At the end of the fiscal year, unrestricted net assets were \$10,905,605.
- During the fiscal year, capital assets, net of accumulated depreciation, increased by 14.0 percent, primarily as the result of the purchase of 15 new Gallery railcars and the initiation of construction of 10 additional Gallery railcars and 12 new locomotives, net of the sale of 13 Kawasaki railcars.

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, 2009, 2008, and 2007 is shown below:

Condensed Statements of Net Assets

	2009	2008	2007
ASSETS:			
Current and other assets	\$ 43,704,514	\$ 39,350,039	\$ 49,327,753
Capital assets, net	257,970,013	226,293,095	169,011,951
Total assets	301,674,527	265,643,134	218,339,704
LIABILITIES:			
Current portion of long-term debt	7,209,050	7,721,012	6,945,970
Other current liabilities	19,665,846	23,576,220	25,222,035
Non-current liabilities	105,054,110	95,928,158	76,568,208
Total liabilities	131,929,006	127,225,390	108,736,213
NET ASSETS:			
Invested in capital assets, net of related debt	144,566,529	114,677,949	87,827,971
Restricted	14,273,387	16,027,225	14,523,948
Unrestricted	10,905,605	7,712,570	7,251,572
Total net assets	\$ 169,745,521	\$ 138,417,744	\$ 109,603,491

Current Year

Net assets increased by approximately \$31.3 million, or 22.6 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, \$144.6 million or 85.2 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, \$14.3 million or 8.4 percent represents resources that are restricted for the liability insurance plan, debt service, and restricted grant funds less related liabilities.

Capital assets, net of accumulated depreciation, increased approximately \$31.7 million or 14 percent as the result of rolling stock and facilities additions.

Current liabilities decreased approximately \$4.4 million or 14.1 percent. Accrued expenses in the prior year reflected five Gallery railcars placed in service at year end which were funded with a note payable in the current year.

Noncurrent liabilities increased approximately \$9.1 million or 9.5 percent because of new debt incurred for the purchase of the remaining 15 of a 50 Gallery railcar purchase and the initiation of construction for ten additional Gallery railcars, less scheduled bond repayments during the year and the defeasance of the Series 1993 bonds.

Restricted net assets decreased approximately \$1.8 million or 10.9 percent.

Prior Year

Net assets increased approximately \$28.8 million, or 26.3 percent during the prior 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, 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, \$16 million or 11.6 percent represented resources that were restricted for the liability insurance plan and debt service, or were restricted grant funds less related liabilities.

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

Other current liabilities decreased approximately \$.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 approximately \$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 approximately \$1.5 million or 10.3 percent.

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.

	2009	2008	2007
Operating revenues:			
Passenger revenue	\$ 25,909,794	\$ 21,688,092	\$ 19,685,561
Equipment rentals and other	124,926	133,242	206,558
Total operating revenues	26,034,720	21,821,334	19,892,119
Non-operating revenues and capital grants:			
Subsidies and grants:			
Commonwealth of Virginia	25,711,262	25,755,293	21,725,539
Federal	23,029,503	31,741,415	23,504,005
Jurisdictional contributions	17,275,500	13,379,155	8,802,762
In-kind and local contributions	1,903,284	925,338	-
Insurance proceeds	-	262,676	-
Interest income	406,855	1,334,850	1,220,780
Total non-operating revenues and capital grants	68,326,404	73,398,727	55,253,086
Total revenues	94,361,124	95,220,061	75,145,205
Operating expenses:			
Contract operations and maintenance	18,694,757	17,433,267	16,982,189
Other operations and maintenance	12,575,004	11,562,892	10,130,233
Property leases and access fees	8,686,385	8,279,505	8,636,947
Insurance	3,866,438	4,099,475	5,169,441
Marketing and sales	1,477,554	1,537,243	1,161,206
General and administrative	5,492,566	5,151,117	5,164,332
Total operating expenses	50,792,704	48,063,499	47,244,348
Other expenses:			
Depreciation	10,445,041	10,640,098	9,875,593
Interest, financing costs and other	6,014,243	4,525,279	2,748,084
Total other expenses	16,459,284	15,165,377	12,623,677
Total expenses	67,251,988	63,228,876	59,868,025
Revenues over expenses before special items	27,109,136	31,991,185	15,277,180
Special item – gain (loss) on disposal of assets	4,218,641	(3,176,932)	(291,306)
Change in net assets	31,327,777	28,814,253	14,985,874
Net assets - beginning of year	138,417,744	109,603,491	94,617,617
Net assets - end of year	\$ 169,745,521	\$ 138,417,744	\$ 109,603,491

Revenues

Current Year

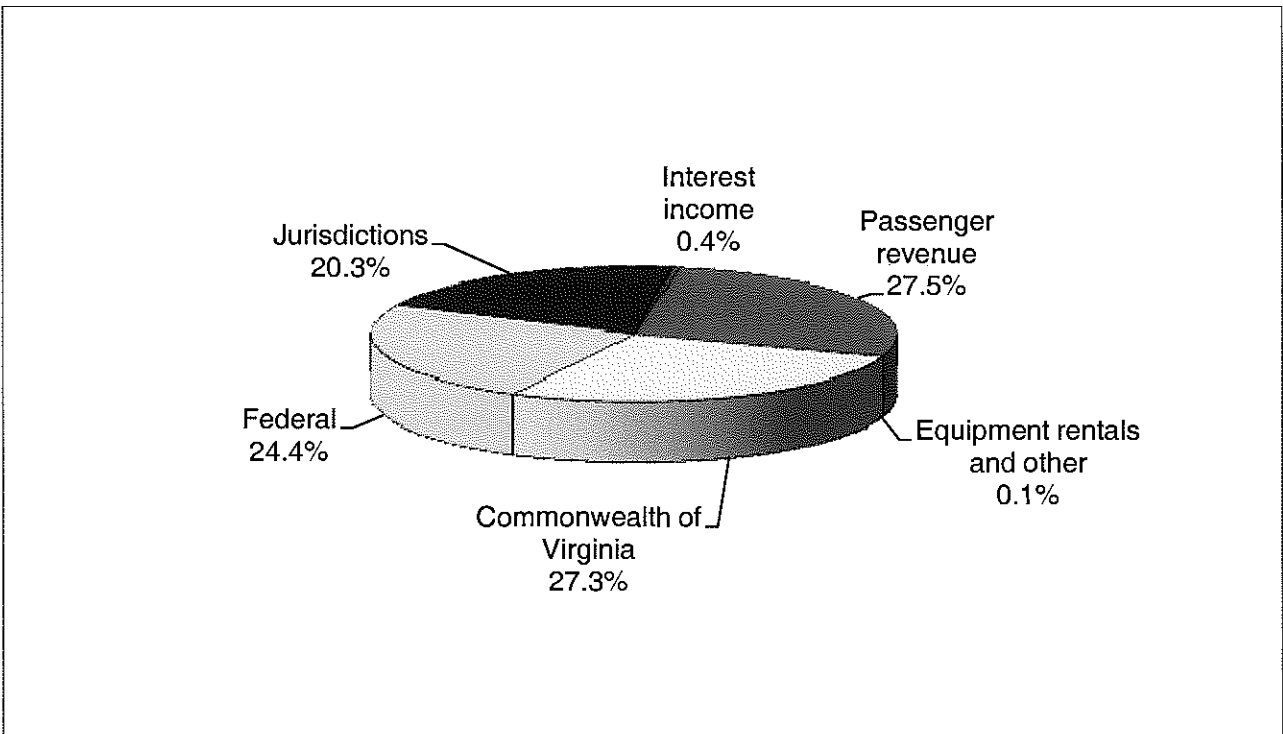
Total revenues for the current fiscal year decreased approximately \$.86 million or .9 percent. Operating revenues totaled \$26 million, an increase of 19.3 percent from the prior year.

Passenger revenue increased approximately \$4.2 million or 19.5 percent, the combined result of a 10 percent fare increase and an increase in ridership. Fares were increased 3 percent at the beginning of the year and an additional 7 percent midyear.

	June 30,		
	2009	2008	2007
Ridership	3,857,646	3,628,563	3,453,561
% Increase (Decrease)	6.3%	5.1%	(5.0%)

Subsidies and capital grants from the state and federal governments decreased approximately \$8.8 million or 15.2 percent; this decrease reflects the large federal grant drawn primarily in fiscal year 2008 for the purchase of railcars. Jurisdictional subsidies increased approximately \$3.9 million or 29 percent. In addition, VRE received \$1.9 million of in-kind and local contributions.

The following chart shows the major sources of revenues for the year ended June 30, 2009:



Prior Year

Total revenues for the prior fiscal year increased approximately \$20.1 million or 26.7 percent. Operating revenues totaled \$21.8 million, an increase of 9.7 percent from fiscal year 2007.

Passenger revenue increased approximately \$2.0 million or 10.2 percent, the combined result of a 6 percent fare increase and a 5.1% increase in ridership.

Subsidies and capital grants from the state and federal governments increased approximately \$12.3 million or 27.1 percent; the biggest increase was in capital grants 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.

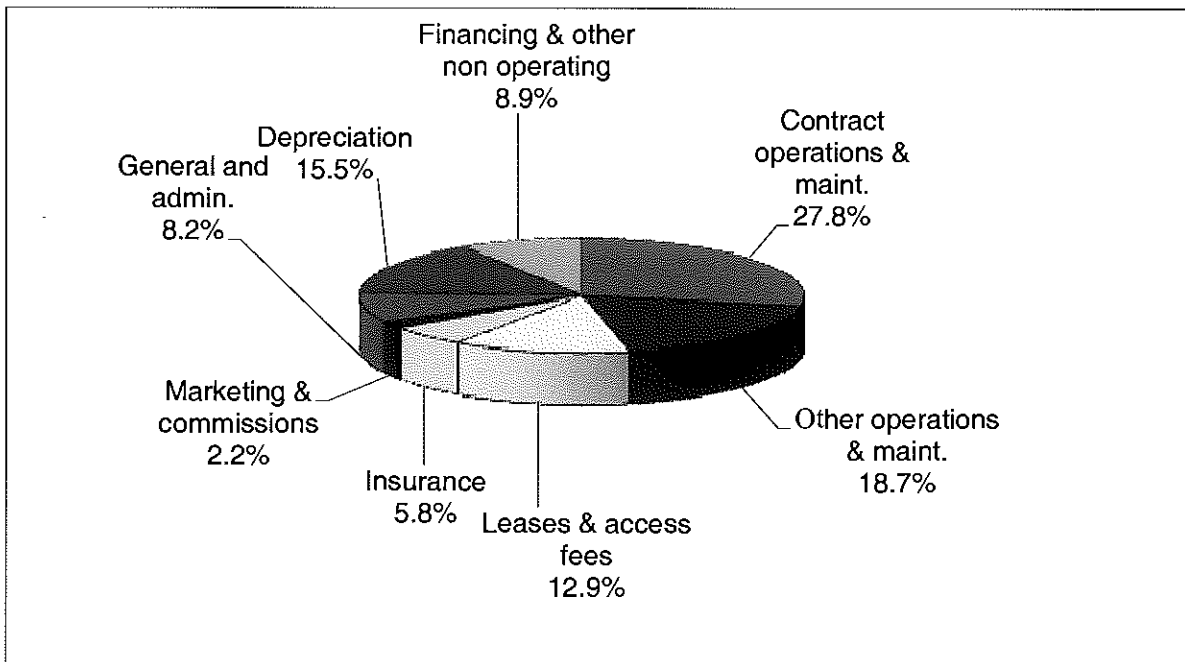
Expenses

Current Year

Total operating and other expenses including depreciation, increased approximately \$4 million or 6.4 percent. Operating expenses increased by \$2.7 million or 5.7 percent. Total operating expenses were approximately \$50.8 million compared to approximately \$48.1 million for the prior fiscal year.

Diesel fuel costs exceeded the amount for the prior year by approximately \$1 million or 21.8 percent. Train crew labor costs increased approximately \$1.2 million or 27.8 percent as the result of an Amtrak wage settlement and the transfer of certain costs from insurance to employee benefits. Liability insurance costs were lower than the previous year approximately \$1 million, primarily as the result of a one-time credit and insurance claims costs were higher by approximately \$.66 million. Track access and mid-day storage fees increased approximately \$.66 million or 8.4 percent as the result of contractual commitments. The gain on sale of assets of approximately \$4.2 million was the result of the sale of 13 Kawasaki railcars.

The following chart shows the major expense categories for the year ended June 30, 2009:



Prior Year

Total operating and other expenses including depreciation, increased approximately \$3.4 million or 5.6 percent. Operating expenses increased approximately \$.82 million or 1.7 percent. Total operating expenses were \$48.1 million compared to \$47.2 million for fiscal year 2007.

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 approximately \$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 approximately \$.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.

Capital Assets and Debt Administration

Capital Assets

VRE's investment in capital assets as of June 30, 2009 amounts to \$258 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.

	2009	2008	2007
Rolling stock	\$ 153,611,395	\$ 148,011,293	\$ 93,884,274
Vehicles	45,550	45,550	45,550
Facilities	76,785,604	59,713,775	58,716,180
Track and signal improvements	52,151,000	52,269,212	52,269,212
Equipment	7,850,081	7,796,280	6,329,601
Construction in progress	33,842,651	19,461,401	12,705,134
Equity in local properties	5,244,798	5,244,798	5,244,798
Office furniture and equipment	3,314,942	3,256,370	2,935,663
	<u>332,846,021</u>	<u>295,798,679</u>	<u>232,130,412</u>
Less accumulated depreciation	(74,876,008)	(69,505,584)	(63,118,461)
Total capital assets, net	<u>\$ 257,970,013</u>	<u>\$ 226,293,095</u>	<u>\$ 169,011,951</u>

Current Year

During fiscal year 2009, net investment in capital assets increased approximately \$31.7 million or 14 percent. Completed projects totaling approximately \$43.1 million were closed from construction in progress to their respective capital accounts and an additional \$2.24 million was charged directly to the capital accounts.

The major completed projects were: manufacture and purchase of 15 Gallery railcars (\$27.3 million); overhaul of locomotives (\$873,000); Crossroads Yard Expansion (\$7.1 million); and construction of the Manassas Parking Garage (\$10 million). In addition, 13 Kawasaki railcars and associated equipment with a net book value of approximately \$17.7 million were sold during the year, resulting in a gain on sale in the amount of \$4.2 million. The major additions to construction in progress during the fiscal year were for acquisition of additional railcars and locomotives, 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 2008, net investment in capital assets increased approximately \$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.

Debt Administration

At June 30, 2009, VRE had total debt outstanding of \$112,268,663. 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. In August 2008, \$14,300,000 of the Series 1997, Commuter Rail Revenue bonds were defeased and the outstanding debt was prepaid. Refunding bonds were not issued.

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. The promissory notes with the Federal Railroad Administration for the purchase of 60 Gallery railcars are secured by the revenues of VRE and the rolling stock.

	2009	2008	2007
Revenue bonds	\$ 34,425,000	\$ 53,755,000	\$ 59,275,000
Capital leases	21,720,726	23,044,557	24,506,707
Notes payable	56,622,937	27,530,555	605,000
Total	\$ 112,768,663	\$ 104,330,112	\$ 84,386,707

VRE has access to a line of credit of up to \$1 million with SunTrust Bank; the line was not utilized during 2009. 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.

A general fare increase of 6 percent was implemented at the beginning of fiscal year 2010, the third fare increase in thirteen months. The local subsidy for fiscal year 2010 was reduced by \$898,532 to a total of \$16,376,968, a reflection of the severe decline in local jurisdiction revenue. The level of state funding for transportation continues to be extremely volatile.

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.

Basic Financial Statements

VIRGINIA RAILWAY EXPRESS

STATEMENTS OF NET ASSETS

June 30, 2009 and 2008

ASSETS	2009	2008
Current Assets:		
Cash and cash equivalents	\$ 5,901,750	\$ 4,843,010
Accounts receivable:		
Federal grants	8,790,894	6,855,962
Commonwealth of Virginia grants	5,051,200	2,482,423
Trade receivables, net of allowance for doubtful accounts	4,126,931	2,270,933
Other receivables	49,020	497,905
Inventory	3,464,574	3,668,032
Prepaid expenses and other	548,371	451,159
Restricted cash, cash equivalents and investments	* 14,326,630	17,072,495
Total current assets	42,259,370	38,141,919
Noncurrent Assets:		
Deferred bond and lease costs, net	1,445,144	1,208,120
Capital assets:		
Rolling stock	153,611,395	148,011,293
Vehicles	45,550	45,550
Facilities	76,785,604	59,713,775
Track and signal improvements	52,151,000	52,269,212
Equipment	7,850,081	7,796,280
Construction in progress	33,842,651	19,461,401
Equity in local properties	5,244,798	5,244,798
Office furniture and equipment	3,314,942	3,256,370
	332,846,021	295,798,679
Less accumulated depreciation	(74,876,008)	(69,505,584)
Total capital assets, net	257,970,013	226,293,095
Total noncurrent assets	259,415,157	227,501,215
Total assets	\$ 301,674,527	\$ 265,643,134

LIABILITIES AND NET ASSETS	2009	2008
Current Liabilities:		
Accounts payable	\$ 6,459,391	\$ 5,446,859
Accounts payable – rolling stock	1,397,863	8,164,645
Payable to Commissions	1,131,576	1,034,088
Compensated absences	3,930	15,802
Accrued expenses	7,152,734	4,655,339
Accrued interest	1,192,344	1,670,319
Unearned revenue	938,095	1,679,514
Contract retainage	1,389,913	909,654
Notes payable	1,328,952	602,178
Current portion of capital lease obligations	* 945,098	1,323,834
Current portion of long-term debt	4,935,000	5,795,000
Total current liabilities	26,874,896	31,297,232
Noncurrent Liabilities:		
Capital lease obligations	20,775,628	21,720,723
Notes payable	55,293,985	26,928,377
Bonds payable, net	28,726,958	47,080,963
Compensated absences	257,539	198,095
Total noncurrent liabilities	105,054,110	95,928,158
Total liabilities	131,929,006	127,225,390
Net Assets:		
Invested in capital assets, net of related debt	144,566,529	114,677,949
Restricted for liability insurance plan	8,229,082	7,470,123
Restricted for debt service and capital lease	5,850,112	7,287,789
Restricted grants or contributions	194,193	1,269,313
Unrestricted assets	10,905,605	7,712,570
Total net assets	169,745,521	138,417,744
Total liabilities and net assets	\$ 301,674,527	\$ 265,643,134

VIRGINIA RAILWAY EXPRESS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Years Ended June 30, 2009 and 2008

	2009	2008
Operating Revenues:		
Passenger revenue	\$ 25,909,794	\$ 21,688,092
Equipment rentals and other	124,926	133,242
Total operating revenues	26,034,720	21,821,334
Operating Expenses:		
Contract operations and maintenance	18,694,757	17,433,267
Other operations and maintenance	12,575,004	11,562,892
Property leases and access fees	8,686,385	8,279,505
Insurance	3,866,438	4,099,475
Marketing and sales	1,477,554	1,537,243
General and administrative	5,492,566	5,151,117
Total operating expenses	50,792,704	48,063,499
Operating loss before depreciation	(24,757,984)	(26,242,165)
Depreciation	(10,445,041)	(10,640,098)
Operating loss	(35,203,025)	(36,882,263)
Nonoperating Revenues (Expenses):		
Subsidies:		
Commonwealth of Virginia grants	13,482,816	10,795,443
Federal grants	12,784,123	12,522,868
Jurisdictional contributions	17,275,500	13,379,155
Interest income:		
Operating funds	129,620	399,553
Insurance trust	241,003	400,204
Other restricted funds	36,232	535,093
Insurance proceeds	-	262,676
Interest, amortization and other nonoperating expenses, net	(6,014,243)	(4,525,279)
Total nonoperating revenues, net	37,935,051	33,769,713
Capital grants and assistance:		
Commonwealth of Virginia grants	12,228,446	14,959,850
Federal grants	14,702,198	19,218,547
Less: Pass-through to Fairfax County	(4,456,818)	-
Other local contributions	1,903,284	925,338
Total capital grants and assistance, net	24,377,110	35,103,735
Gain/(Loss) on disposal of assets	4,218,641	(3,176,932)
Change in net assets	31,327,777	28,814,253
Net Assets, beginning	138,417,744	109,603,491
Net Assets, ending	\$ 169,745,521	\$ 138,417,744

VIRGINIA RAILWAY EXPRESS

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2009 and 2008

	2009	2008
Cash Flows From Operating Activities:		
Receipts from customers	\$ 24,447,258	\$ 21,944,321
Payments to suppliers	(46,040,729)	(45,004,618)
Payments to employees	(3,842,570)	(3,308,598)
Net cash used in operating activities	(25,436,041)	(26,368,895)
Cash Flows From Noncapital Financing Activities:		
Governmental subsidies	42,947,801	35,932,131
Cash Flows From Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(33,571,366)	(36,753,440)
Capital grants and assistance	23,818,720	22,529,398
Pass through to Fairfax County	(4,456,818)	-
Proceeds from sale of capital assets	22,027,504	1,714,512
Principal paid on capital lease obligations	(1,323,831)	(1,462,510)
Principal paid on note	* (975,427)	(45,000)
Principal paid on bonds	(19,330,000)	(5,520,000)
Interest paid on capital lease obligation	(1,040,338)	(1,099,364)
Interest paid on bonds and note	(4,754,084)	(3,349,465)
Net cash used in capital and related financing activities	(19,605,640)	(23,985,869)
Cash Flows From Investing Activities:		
Interest received on investments	406,755	1,342,901
Decrease in cash and cash equivalents	(1,687,125)	(13,079,732)
Cash and Cash Equivalents, beginning	21,915,505	34,995,237
Cash and Cash Equivalents, ending	\$ 20,228,380	\$ 21,915,505
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:		
Operating loss	\$ (35,203,025)	\$ (36,882,263)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	10,445,041	10,640,098
Loss on disposal of inventory	296,811	162,969
Proceeds from sale of inventory	-	122,500
(Increase) decrease in:		
Accounts receivable	(1,855,998)	105,349
Inventory	(93,353)	(1,977,462)
Prepaid expenses	(97,212)	87,760
Increase (decrease) in:		
Accounts payable and accrued expenses	803,159	1,354,516
Deferred ticket sales	268,536	17,638
Net cash used in operating activities	\$ (25,436,041)	\$ (26,368,895)
Schedule of Noncash Capital Activities		
Capital assets acquired through accounts payable	\$ 5,534,131	\$ 10,094,963
Capital assets acquired through notes payable	30,067,809	26,970,555
Capital assets acquired through accrued liabilities	1,758,811	1,112,933
Capital assets acquired through in-kind contributions	517,664	-
	\$ 37,878,415	\$ 38,178,451

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 former 90 percent system ridership and 10 percent 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 \$14,326,630 and \$17,072,495 at June 30, 2009 and 2008, respectively, are comprised of funds related to bond compliance requirements, the balance in the Liability Insurance Plan, grant proceeds received in advance from the Commonwealth of Virginia, remaining proceeds from the sale of the Kawasaki rail cars 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 \$257,343 at June 30, 2009 and \$218,103 at June 30, 2008.

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, 2009.

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.

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.

Subsequent events: Subsequent events have been evaluated through November 4, 2009, which was the date the financial statements were available to be issued.

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, as described below, 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.

Credit Quality

Savings account or CD’s of any bank or savings and loan association within the Commonwealth of Virginia	Bank or savings and loan association must be a “qualified public depository”
Bankers’ acceptances	Institution must be “prime quality” as determined by one or more recognized rating services
Commercial paper	Must be “prime quality” as rated by two of the following: Moody’s (prime 1); S&P (A-1); Fitch (F-1); Duff and Phelps (D-1)
Corporate notes	Must be “high quality” as defined by ratings of at least AA by S&P and Aa by Moody’s
Negotiable certificates of deposit and negotiable bank deposit notes	Must have ratings of at least A-1 by S&P and P-1 by Moody’s for short term instruments and AA by S&P and Aa by Moody’s for long term instruments.

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, 2009, the book balance of VRE’s deposits with banks was \$349,284; 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, 2009, VRE had investments of \$5,799,366 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, 2009, VRE had \$8,229,082 invested in the Insurance Trust.

Accumulated bond interest and principal payments in the amount of \$5,850,112 at June 30, 2009 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, 2009, the carrying values and maturity of VRE's investments were as follows:

Investment Type	Fair Value	Maturities Less than 1 Year
LGIP	\$ 5,799,366	\$ 5,799,366
Insurance trust fund – pooled funds	8,229,082	8,229,082
Money market funds – U. S. Treasuries	5,850,112	5,850,112
Total investments	\$ 19,878,560	\$ 19,878,560

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 3. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	(Deletions) Reclassifications	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 19,461,401	\$ 57,521,120	\$ (43,139,870)	\$ 33,842,651
Capital assets being depreciated:				
Rolling stock	148,011,293	1,306,705	4,293,397	153,611,395
Vehicles	45,550	-	-	45,550
Facilities	59,713,775	880,000	16,191,829	76,785,604
Track and signal improvements	52,269,212	-	(118,212)	52,151,000
Equipment	7,796,280	53,801	-	7,850,081
Equity in local properties	5,244,798	-	-	5,244,798
Office furniture and equipment	3,256,370	-	58,572	3,314,942
Total capital assets being depreciated	276,337,278	2,240,506	20,425,586	299,003,370
Less accumulated depreciation for:				
Rolling stock	36,705,363	5,758,371	(5,074,617)	37,389,117
Vehicles	36,461	6,822	-	43,283
Facilities	14,676,743	1,904,254	-	16,580,997
Track and signal improvements	8,984,195	1,734,292	-	10,718,487
Equipment	5,532,039	619,682	-	6,151,721
Equity in local properties	2,197,796	149,852	-	2,347,648
Office furniture and equipment	1,372,987	271,768	-	1,644,755
Total accumulated depreciation	69,505,584	10,445,041	(5,074,617)	74,876,008
Total capital assets being depreciated, net	206,831,694	(8,204,535)	25,500,203	224,127,362
Totals	\$ 226,293,095	\$ 49,316,585	\$ (17,639,667)	\$ 257,970,013

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 3. Capital Assets (Continued)

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

Note 4. Related Party Transactions

VRE reimburses the Commissions for expenditures made on behalf of VRE. During 2009 and 2008, these payments included \$3,988,627 and \$3,633,886 of salary-related costs and \$4,801 and \$5,100 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 \$70,000 and \$75,000 to NVTC and \$127,178 and \$100,354 to PRTC during 2009 and 2008, respectively.

VRE also contracts with PRTC for connecting bus service to selected stations on an as needed basis. PRTC bus service costs amounted to \$1,273 and \$10,022 in 2009 and 2008, respectively. Amounts payable to NVTC and PRTC were \$12,344 and \$1,119,232 at June 30, 2009 and \$13,341 and \$1,020,747, respectively, at June 30, 2008.

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 must 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 1.70 percent of their average final compensation (AFC) for each year of credited service. 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) beginning in their second year of retirement. The COLA is limited to 5.00 percent per year. AFC is defined as the highest consecutive 36 months of reported compensation. The 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/2008annurept.pdf> or obtained by writing to the system's Chief Financial Officer 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 2009 was 11.49 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 2009 was 10.54 percent and .82 percent for group life insurance.

C. Annual Pension Cost

For fiscal year 2009, VRE's annual pension cost of \$341,018 was equal to VRE's required and actual contributions. The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50 percent (b) projected salary increases ranging from 3.75 percent to 5.60 percent per year, and (c) a cost-of-living adjustment of 2.50 percent per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50 percent. The actuarial value of the PRTC's assets is equal to the 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 projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years. VRE's annual pension cost of \$291,953 for fiscal year 2008 and \$267,896 for fiscal year 2007 was equal to VRE's actual and required contributions.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Defined Benefit Pension Plan (Continued)

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, 2009, 2008 and 2007 was \$2,967,956, \$2,769,945 and \$2,541,703 respectively.

D. Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the plan was 96.88 percent funded. The actuarial accrued liability for benefits was \$6,065,059 and the actuarial value of assets was \$5,875,612, resulting in an unfunded actuarial accrued liability (UAAL) of \$189,447. The covered payroll (annual payroll of active employees of the plan) was \$5,369,542 and the ratio of the UAAL to the covered payroll was 3.53 percent. The only other postemployment benefits offered by VRE are COBRA payments, which have been determined to be immaterial to the financial statements. *

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, 2009 and 2008, annual track usage fees totaled approximately \$5,744,000 and \$5,513,000, respectively, and facility and other identified costs totaled approximately \$463,000 and \$455,000, 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 \$21,206,000 in 2009 and \$19,555,000 in 2008. The current agreement will terminate on July 1, 2010.

VRE has entered into a series of operating leases with Titan Transit for locomotives. At June 30, 2009, three locomotives were under lease at an annual cost of approximately \$203,000. The leases will terminate during fiscal year 2012.

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, 2009:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Revenue Bonds	\$ 53,755,000	\$ -	\$ (19,330,000)	\$ 34,425,000	\$ 4,935,000
Capital Leases	23,044,557	-	(1,323,831)	21,720,726	945,098
Notes Payable	27,530,555	30,067,809	(975,427)	56,622,937	1,328,952
	104,330,112	30,067,809	(21,629,258)	112,768,663	7,209,050
Accrued Annual Leave	213,897	233,454	(185,882)	261,469	3,930
	\$ 104,544,009	\$ 30,301,263	\$ (21,815,140)	\$ 113,030,132	\$ 7,212,980

Revenue Bonds:

\$37,625,000 Commuter Rail Revenue Refunding Bonds, series 1993; due in annual maturities of \$4,810,000 to \$5,065,000 through July 2010, plus semi-annual interest at 4.9% to 5.25%	\$ 9,875,000
\$31,700,000 Commuter Rail Revenue Refunding Bonds, series 1998; due in annual maturities of \$125,000 to \$6,555,000 through July 1, 2014, plus semi-annual interest at 4.3% to 5.375%	24,550,000
	<u>34,425,000</u>
Plus (less) unamortized:	
Deferred loss	(942,647)
Discount	(32,830)
Premiums	212,435
Total bonded debt, net	<u>\$ 33,661,958</u>

The 1993 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
2010	\$ 4,935,000	\$ 1,699,821	\$ 6,634,821
2011	5,195,000	1,434,545	6,629,545
2012	5,610,000	1,147,700	6,757,700
2013	5,910,000	841,794	6,751,794
2014	6,220,000	519,494	6,739,494
2015	6,555,000	176,165	6,731,165
	<u>\$ 34,425,000</u>	<u>\$ 5,819,519</u>	<u>\$ 40,244,519</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 \$95,000 and \$71,500, is included in interest expense in 2009 and 2008, 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 percent) of annual budgeted operating expenses. As of June 30, 2009 and 2008, VRE designated \$27,932,489 and \$21,069,426 respectively, of its cash, inventory and receivables as this operating reserve. The reserves represented 56.18 percent and 48.02 percent of budgeted operating expenses for June 30, 2009 and 2008, 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, 2009 and 2008, are as follows:

	2009	2008
Bond Interest Fund	\$ 914,568	\$ 1,452,461
Bond Principal Fund	4,935,544	5,835,328
Total held by Trustee	<u>\$ 5,850,112</u>	<u>\$ 7,287,789</u>

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 \$24,640,977.

\$ 21,720,726

Future minimum lease payments as of June 30, 2009 are as follows:

Years Ended June 30,	Amount
2010	\$ 1,931,357
2011	1,931,357
2012	1,931,357
2013	1,931,357
2014	1,931,357
2015-2019	9,656,785
2020-2024	9,656,785
2025	1,931,357
Total minimum lease payments	<u>30,901,712</u>
Lease amount representing interest	<u>9,180,986</u>
Present value of lease payments	<u>\$ 21,720,726</u>

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt Obligations (Continued)

Notes Payable – Gallery IV (60 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; in fiscal year 2009 the terms were amended to include ten additional Gallery railcars. The first ten of a series of promissory notes were authorized by the end of fiscal year 2009; 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 \$46,441 to \$146,358 through March 2033, plus quarterly interest at 4.74%	\$ 8,369,333
\$3,069,526 Promissory Note #2; due in quarterly maturities of \$16,666 to \$52,523 through March 2033; plus quarterly interest at 4.74%	3,003,463
\$7,673,804 Promissory Note #3; due in quarterly maturities of \$41,665 to \$131,304 through March 2033; plus quarterly interest at 4.74%	7,508,647
\$7,673,804 Promissory Note #4; due in quarterly maturities of \$41,883 to \$131,993 through March 2033, plus quarterly interest at 4.74%	7,547,934
\$5,400,287 Promissory Note #5; due in quarterly maturities of \$29,474 to \$92,885 through March 2033, plus quarterly interest at 4.74%	5,311,709
\$7,673,834 Promissory Note #6; due in quarterly maturities of \$41,883 to \$131,992 through March 2033, plus quarterly interest at 4.74%	7,547,963
\$7,673,814 Promissory Note #7; due in quarterly maturities of \$41,883 to \$131,991 through March 2033, plus quarterly interest at 4.74%	7,547,944
\$3,073,814 Promissory Note #8; due in quarterly maturities of \$16,868 to \$53,160 through March 2033, plus quarterly interest at 4.74%	3,039,885
\$2,350,000 Promissory Note #9; due in quarterly maturities of \$13,040 to \$41,096 through March 2033, plus quarterly interest at 4.74%	2,350,000
\$3,896,059 Promissory Note #10; due in quarterly maturities of \$22,505 to \$68,513 through March 2033, plus quarterly interest at 4.74%	3,896,059
	<u>\$ 56,122,937</u>

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt Obligations (Continued)

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

Years Ended June 30,	Principal	Interest	Total Required
2010	\$ 1,268,952	\$ 2,637,840	\$ 3,906,792
2011	1,352,966	2,576,331	3,929,297
2012	1,414,744	2,514,553	3,929,297
2013	1,489,977	2,439,320	3,929,297
2014	1,558,396	2,370,901	3,929,297
2015-2019	8,994,866	10,651,617	19,646,483
2020-2024	11,382,580	8,263,903	19,646,483
2025-2029	14,410,980	5,235,503	19,646,483
2030-2033	14,249,476	1,467,711	15,717,187
	<u>\$ 56,122,937</u>	<u>\$ 38,157,679</u>	<u>\$* 94,280,616</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 \$500,000 and \$560,000 for the years ended June 30, 2009 and 2008, 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, 2009 and 2008.

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 \$254,407 at June 30, 2009 and \$223,701 at June 30, 2008.

The Division of Risk Management manages the Insurance Trust Fund pursuant to provisions of the Insurance Plan. Since November 2008, 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, 2009 and 2008 was as follows:

	2009	2008
Beginning balance, July 1	\$ 7,470,123	\$ 6,524,971
Contribution to reserves	4,345,000	4,950,000
Insurance premiums paid	(3,017,157)	(4,029,831)
Claims mitigation costs and losses incurred	(718,544)	(57,286)
Investment income	241,003	400,204
Actuarial and administrative charges	(70,343)	(67,935)
Transfer to VRE for small liability claims	(21,000)	-
Transfer to VRE for deductible	-	(250,000)
Ending balance, June 30	\$ 8,229,082	\$ 7,470,123

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, 2009, 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, 2009:

Stations and parking lots	\$	3,962,971
Railcars		47,348,213
Maintenance and layover yards		4,991,691
Track and signal improvements		367,074
Other administrative		180,192
Total	*	\$ 56,850,141

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, 2009, 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. 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.

Management has not yet determined the effect these statements will have on its financial statements.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 12. Subsequent Events

In November 2009, the Commissions approved the award of a contract with Keolis Rail Services America for VRE operations and maintenance and mobilization in the amount of \$18.5 million through June 30, 2011; the current contract for these services with the National Railroad Passenger Corporation (Amtrak) will terminate on June 30, 2010. The mobilization period will occur during the second half of fiscal year 2010 and the first full year of contract services will be fiscal year 2011. The contract will be for a five year period, with options for two five year extensions for a total potential contract term of 15 years.

VRE entered into contracts at various times in September 2008 through September 2009 to purchase fuel at set prices for delivery in July 2009 through June 2010. The fuel will be used in the normal course of operations and is not being purchased for resale. The total commitment is for 966,000 gallons of fuel at a cost of approximately \$2 million.

In November 2009, the Commissions authorized the purchase of three additional locomotives from MotivePower, Inc. for \$12.1 million. This modification will increase the contract with MotivePower to 15 locomotives at a total value of \$60.6 million. The first locomotive is scheduled for delivery at the end of fiscal year 2010.

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
2008	\$ 5,875,612	\$ 6,065,059	\$ 189,447	96.88%	\$ 5,369,543	3.53%
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%

Statistical Section



STATISTICAL SECTION

This portion of Virginia Railway Express' Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the entity's overall financial health. Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. VRE implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how VRE's financial performance has changed over time.	40 - 42
Other Statistical Information This schedule and service area map provides other information useful to certain readers of VRE's financial statements.	43 - 44
Demographic and Economic Information These schedules offer demographic and economic indicators to assist the reader understand the environment within which VRE's financial activities take place.	45 - 47

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF CHANGE IN NET ASSETS

Last Eight Fiscal Years
(Unaudited)

	2009	2008	2007	2006	2005	2004	2003	2002
Operating Revenues:								
Passenger revenue	\$ 25,909,794	\$ 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	124,926	133,242	206,558	442,517	121,373	188,256	292,086	206,796
Total operating revenues	26,034,720	21,821,334	19,892,119	19,895,953	19,573,535	17,117,885	15,340,348	12,960,010
Nonoperating Revenues:								
Commonwealth of Virginia grants	13,482,816	10,795,443	12,269,884	13,137,477	7,613,022	7,453,276	5,002,085	5,366,332
Federal grants	12,784,123	12,522,868	12,741,069	10,721,335	8,124,763	6,226,445	7,168,236	5,143,950
Jurisdictional contribution	17,275,500	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	12,228,446	14,959,850	9,455,655	1,769,727	3,778,146	4,238,109	6,150,235	7,915,624
Federal grants	14,702,198	19,218,547	10,762,936	12,796,829	9,824,036	6,689,765	8,597,822	11,080,201
Pass-through to Fairfax County	(4,456,818)	-	-	-	-	-	-	-
In-kind and other local contributions	1,903,284	925,338	-	-	266,148	3,143,319	457,149	699,375
Interest income:								
Operating funds	129,620	399,553	850,490	367,292	214,888	44,390	87,809	236,488
Insurance trust	241,003	400,204	329,252	721,919	688,816	837,583	1,171,667	1,180,707
Other restrictive funds	36,232	535,093	41,038	840,383	49,860	-	-	-
Insurance proceeds	-	262,676	-	-	-	-	-	-
Total nonoperating revenues	68,336,404	73,398,727	55,253,086	47,233,023	36,912,678	34,985,777	34,387,893	37,375,567
Total revenues	94,361,124	95,220,061	75,145,205	67,128,976	56,486,213	52,103,662	49,728,241	50,335,577
Operating Expenses:								
Contract operations and maintenance	18,694,757	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	12,575,004	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	8,686,385	8,279,505	8,636,947	8,986,974	8,769,866	8,163,632	7,307,905	6,308,712
Insurance	3,866,438	4,099,475	5,169,441	3,521,858	3,533,503	3,275,081	2,429,993	2,413,642
Marketing and sales	1,477,554	1,537,243	1,161,206	1,005,348	1,302,527	1,279,549	1,482,131	1,549,752
General and administrative	5,492,566	5,151,117	5,164,332	5,219,514	5,282,641	5,041,238	5,462,768	4,476,015
Depreciation	10,445,041	10,640,098	9,875,593	8,217,233	6,699,409	6,595,698	5,837,560	5,261,679
Total operating expenses	61,237,745	58,703,597	57,119,941	50,874,773	47,660,467	44,033,987	40,356,902	36,931,039
Nonoperating Expenses:								
Interest and amortization	6,014,243	4,525,279	2,748,084	4,953,443	4,257,178	4,323,776	3,960,846	6,250,481
(Gain) loss on sale of assets	(4,218,641)	3,176,932	291,306	1,366,531	3,640,928	-	-	-
Total nonoperating expenses, net	1,795,602	7,702,211	3,039,390	6,319,974	7,898,106	4,323,776	3,960,846	6,250,481
Total expenses	63,033,347	66,405,808	60,159,331	57,194,747	55,558,573	48,357,763	44,317,748	43,181,520
Change in net assets	\$ 31,327,777	\$ 28,814,253	\$ 14,985,874	\$ 9,934,229	\$ 927,640	\$ 3,745,899	\$ 5,410,493	\$ 7,154,057

Source: VRE's Audited Financial Statements.

NOTE: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2009 are available.

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF OUTSTANDING DEBT
Last Eight Fiscal Years
(Unaudited)

	2009	2008	2007	2006	2005	2004	2003	2002
Revenue Bonds:								
\$37,625,000 Commuter Rail Revenue Bond, Series 1993	\$ 9,875,000	\$ 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	24,550,000	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	21,720,726	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	500,000	560,000	605,000	660,000	720,000	780,000	840,000	900,000
\$57,038,363 FRA Notes(#1-#10)	56,122,937	26,970,555	-	-	-	-	-	-
Outstanding on June 30, 2009	\$ 112,768,663	\$ 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 2002-2009 are available.

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF JURISDICTIONAL CONTRIBUTIONS

Last Eight Fiscal Years
(Unaudited)

	2009	2008	2007	2006	2005	2004	2003	2002
Fairfax County	\$ 5,507,805	\$ 4,700,508	\$ 3,935,736	\$ 3,159,643	\$ 2,963,820	\$ 2,972,946	\$ 2,607,621	\$ 2,510,184
City of Fredericksburg	482,764	330,713	111,115	73,827	57,544	68,276	79,191	109,519
City of Manassas	938,897	655,077	428,436	276,306	270,924	270,494	286,196	329,215
City of Manassas Park	567,082	359,574	183,686	179,422	149,758	129,178	127,728	135,725
Prince William County	6,511,839	4,624,876	2,961,241	2,236,676	2,061,006	1,956,546	1,878,919	1,846,733
Stafford County	2,974,507	2,429,735	917,147	699,424	609,222	726,297	554,900	613,575
City of Alexandria	118,797	113,140	107,752	102,621	97,734	93,080	88,648	84,427
Arlington County	173,809	165,532	157,649	150,142	142,992	136,183	129,687	123,512
Total contributions	\$ 17,275,500	\$ 13,379,155	\$ 8,802,762	\$ 6,878,061	\$ 6,353,000	\$ 6,353,000	\$ 5,752,890	\$ 5,752,890

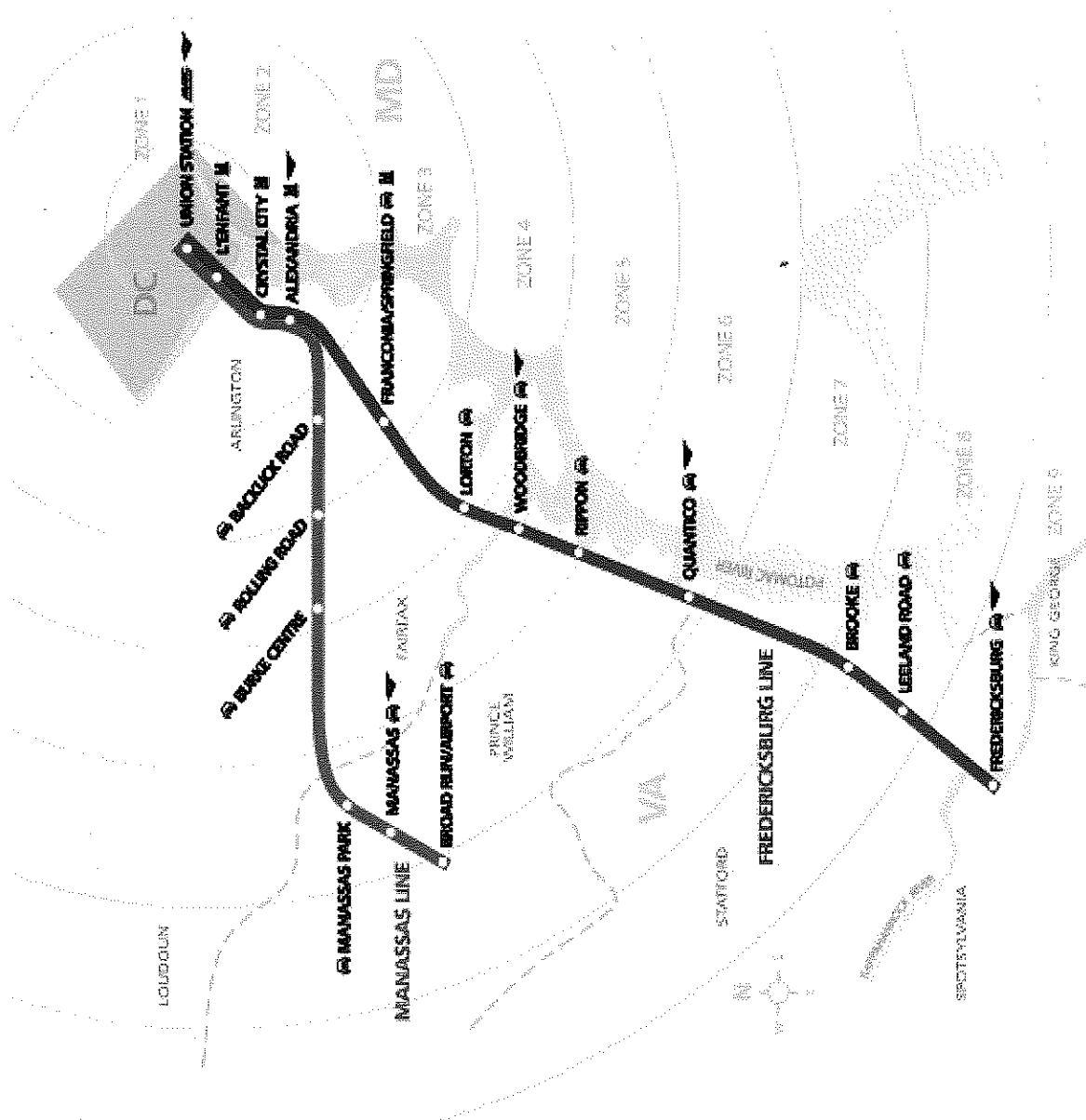
Source: VRE's Audited Financial Statements.

NOTE: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2009 are available.

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF MISCELLANEOUS STATISTICS
 Last Eight Fiscal Years
 (Unaudited)

	2009	2008	2007	2006	2005	2004	2003	2002
Rolling Stock (Owned or Leased)								
Locomotives	21	18	19	20	20	19	19	19
Railcars	91	89	90	90	90	90	86	86
Total rolling stock	112	107	109	110	110	109	105	105
Stations	18	18	18	18	18	18	18	18
Parking Spaces	8,504	7,284	7,273	7,273	7,009	6,354	5,980	5,980
Employees	37	37	36	36	34	32	28	28
Ridership and Fare Revenue Data:								
Total Ridership	3,857,646	3,628,563	3,453,561	3,637,043	3,763,740	3,562,299	3,296,272	2,798,016
Average Daily Ridership	15,754	14,662	13,982	14,667	15,238	14,720	13,291	11,467
Average Fare per Trip	\$ 6.66	\$ 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
(Unaudited)

Employers	2008			1999		
	Rank	Employees	Percentage of Total Jurisdictional Employment	Rank	Employees	Percentage of Total Jurisdictional Employment
Federal Government (1), (2), (3), (4)	1	73,945	N/A	1	32,310	N/A
Fairfax County Public Schools (1)	2	22,994	N/A	2	18,388	N/A
Fairfax County Government (1)	3	15,087	N/A	3	10,911	N/A
Arlington County Government and Schools (4)	4	10,264	N/A			
Prince William Public Schools (2)	5	9,720	N/A	5	5,853	N/A
Booz Allen Hamilton (1) (4)	6	8,000-11,000	N/A			
Inova Health System (1)	7	7,000-10,000	N/A	8	4,000-5,000	N/A
Northrop Grumman (1)	7	7,000-10,000	N/A	8	4,000-5,000	N/A
Science Applications International Corporation (1)	9	4,000-6,999	N/A	6	5,000-6,000	N/A
Federal Home Loan Mortgage (1)	9	4,000-6,999	N/A			
Lockheed Martin (1)	9	4,000-6,999	N/A			
Sprint (1)	9	4,000-6,999	N/A			
Kaiser Permanente (1)				4	10,000-11,000	N/A
TRW, Inc (1)				6	5,000-6,000	N/A
Bell Atlantic (4)				10	3,825	N/A

Sources:

(1), (2), (3), and (4) extracted and combined from the following sources:

- (1) Fairfax County fiscal year 2008 Comprehensive Annual Financial Report, Statistical Section, Table 4.2, page 250
- (2) Prince William County fiscal year 2008 Comprehensive Annual Financial Report, Statistical Section, Table 18, page 166
- (3) City of Alexandria fiscal year 2008 Comprehensive Annual Financial Report, Statistical Section, Table XIX, page 133
- (4) Arlington County fiscal year 2008 Comprehensive Annual Financial Report, Statistical Section, Table L, page 193

VIRGINIA RAILWAY EXPRESS

DEMOGRAPHICS AND ECONOMIC STATISTICS OF PARTICIPATING JURISDICTIONS

Fiscal Years 1999 to 2009
(Unaudited)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Fairfax County	Prince William County	City of Manassas	City of Manassas Park	Stafford County	Fredericksburg	City of Alexandria	Arlington County
2009 (all categories)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2008								
Population	N/A	360,411	36,666	13,950	122,800	22,410	141,000	208,000
Personal income (in thousands)	N/A	N/A	N/A	\$424,663	\$4,455,430	\$789,526	\$10,204,006	\$14,040,000
Per capita personal income	N/A	N/A	N/A	\$30,442	\$36,282	\$35,231	\$72,369	\$67,500
Unemployment rate	N/A	3.5%	4.8%	3.2%	3.4%	6.4%	2.2%	2.6%
2007								
Population	1,041,507	352,559	38,066	13,910	123,200	21,273	139,000	204,800
Personal income (in thousands)	\$70,500,650	\$16,715,928	N/A	\$419,253	\$4,294,238	\$710,837	\$9,507,531	\$13,004,800
Per capita personal income	\$67,691	\$40,004	N/A	\$30,140	\$35,571	\$33,415	\$68,400	\$63,500
Unemployment rate	2.2%	2.6%	2.7%	2.4%	2.7%	4.4%	2.2%	2.3%
2006								
Population	1,037,311	345,349	38,066	13,100	118,384	20,732	138,000	200,226
Personal income (in thousands)	\$67,111,947	\$15,494,963	N/A	\$380,385	\$4,207,840	\$662,387	\$8,835,057	\$12,132,694
Per capita personal income	\$64,698	\$38,728	N/A	\$29,037	\$35,544	\$31,950	\$64,022	\$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	333,335	37,000	12,900	116,545	20,458	135,000	198,267
Personal income (in thousands)	\$63,917,568	\$14,589,990	N/A	\$361,406	\$3,967,308	\$623,826	\$7,776,966	\$11,699,736
Per capita personal income	\$61,837	\$37,045	N/A	\$28,016	\$34,041	\$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	321,083	36,500	12,700	113,173	20,189	134,000	198,739
Personal income (in thousands)	\$58,830,183	\$13,355,974	N/A	\$343,776	\$3,644,396	\$607,669	\$7,435,257	\$11,497,250
Per capita personal income	\$57,547	\$34,989	N/A	\$27,069	\$32,202	\$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	309,647	36,300	12,300	108,994	20,076	135,000	196,925
Personal income (in thousands)	\$54,771,275	\$12,176,485	\$843,820	\$321,694	\$3,310,801	\$602,180	\$7,165,859	\$11,106,570
Per capita personal income	\$54,117	\$33,023	\$23,246	\$26,154	\$30,376	\$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	297,207	35,900	11,900	103,606	19,800	129,938	193,754
Personal income (in thousands)	\$52,744,891	\$11,492,607	\$805,706	\$305,128	\$3,105,569	\$561,508	\$7,009,871	\$10,685,146
Per capita personal income	\$52,512	\$32,071	\$22,443	\$25,641	\$29,975	\$28,359	\$52,344	\$55,148
Unemployment rate	3.4%	3.3%	4.3%	2.7%	2.9%	4.0%	N/A	2.7%

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Fairfax County	Prince William County	City of Manassas	City of Manassas Park	Stafford County	City of Fredericksburg	City of Alexandria	Arlington County
2001								
Population	984,366	283,814	35,500	11,200	98,060	19,279	130,403	189,983
Personal income (in thousands)	\$51,126,001	\$10,983,002	\$793,056	\$321,966	\$2,935,524	\$538,752	\$6,931,579	\$10,226,785
Per capita personal income	\$51,938	\$31,954	\$22,340	\$28,747	\$29,936	\$27,945	\$52,125	\$53,830
Unemployment rate	2.5%	2.4%	3.1%	1.0%	2.2%	3.7%	N/A	2.1%
2000								
Population	969,749	270,841	35,135	10,290	92,446	21,686	129,147	189,453
Personal income (in thousands)	\$48,522,361	\$10,228,409	\$757,201	\$285,640	\$2,658,655	\$575,872	\$6,122,938	\$9,384,744
Per capita personal income	\$50,036	\$31,036	\$21,551	\$27,759	\$28,759	\$26,555	\$48,106	\$49,536
Unemployment rate	1.6%	1.5%	1.7%	1.1%	1.7%	2.3%	N/A	1.1%
1999								
Population	946,371	262,414	34,800	9,300	94,400	21,686	121,700	183,716
Personal income (in thousands)	\$44,769,027	\$8,928,784	\$696,585	\$230,017	\$2,522,462	\$510,553	\$5,775,230	\$8,396,372
Per capita personal income	\$47,306	\$28,145	\$20,017	\$24,733	\$26,721	\$23,543	\$45,956	\$45,703
Unemployment rate	1.5%	2.0%	1.6%	1.2%	1.5%	3.3%	N/A	1.6%

Sources:

- (1) Fairfax County fiscal year 2008 Comprehensive Annual Financial Report, Statistical Section, Table 4.1, page 249
- (2) Prince William County fiscal year 2008 Comprehensive Annual Financial Report, Statistical Section, Table 16, page 165
- (3) City of Manassas fiscal year 2008 Comprehensive Annual Financial Report, Statistical Section, Table XII, page 114
- (4) City of Manassas Park fiscal year 2008 Comprehensive Annual Financial Report, Statistical Section, Table 14, page 119
- (5) Stafford County fiscal year 2008 Comprehensive Annual Financial Report, Statistical Section, Table S-14
- (6) City of Fredericksburg fiscal year 2008 Comprehensive Annual Financial Report, Statistical Section, Table 14, page 124
- (7) City of Alexandria fiscal year 2008 Comprehensive Annual Financial Report, Statistical Section, Tables XI, XIV & XXI, pages 126, 128 & 136
- (8) Arlington County fiscal year 2008 Comprehensive Annual Financial Report, Statistical Section, Table K, page 192

N/A = Not Available

Compliance Section



**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, 2009, and have issued our report thereon dated November 4, 2009. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as 09-01 to be a significant deficiency in internal control over financial reporting.

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 the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is a material weakness.

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*.

We noted certain matters that we reported to management of VRE in a separate letter dated November 4, 2009.

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 4, 2009

VIRGINIA RAILWAY EXPRESS
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2009

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

A. Material Weakness in Internal Control

09-01 Recognition of Accrued Expenses

Based on the adjustment made during VRE's annual audit, it does not appear that VRE's management was able to appropriately record all liabilities of VRE at year end. During the reconciliation process of accrued expenses at year end, management failed to record a material wire transfer associated with the acquisition of new locomotives in the correct accounting period. The proper recognition of expenses at year end is an essential process that allows for complete and accurate financial information. We recommend that management implement a policy that all transactions, including wire transfers, are reviewed and appropriately accounted for in the correct accounting period.

Management's Response

All payments made by check are rigorously reviewed in the months just prior to and after year-end to ensure that expenditures are recorded in the appropriate accounting period. Wire transfers, which are infrequent and few in number, have not been included in this secondary review. A specific review of all transactions made by wire transfers has now been added to the year-end procedures.



AGENDA ITEM #4

TO: Chairman Zimmerman and NVTC Commissioners
FROM: Rick Taube
DATE: November 25, 2009
SUBJECT: WMATA Items

Nat Bottigheimer, WMATA's Assistant General Manager of Planning and Joint Development will present information on plans for a regional Bus Priority Corridor Network.



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



AGENDA ITEM #5

TO: Chairman Zimmerman and NVTC Commissioners
FROM: Rick Taube
DATE: November 25, 2009
SUBJECT: NVTC and VRE Legislative Agendas for 2010

NVTC's Legislative Committee, chaired by Bill Euille, met on November 10th and recommended the attached draft NVTC legislative agenda for approval by the commission. VRE's Operation Board recommended the attached VRE legislative agenda for approval.

Also attached for your information are legislative agendas from the Virginia Transit Association and the Northern Virginia Transportation Authority. While these various agendas do not necessarily have identical language for each action item, their positions are consistent.

All of the agendas speak to the need for more state and federal transit funding. Virginia's CTB is expected to take final action in December on another sharp cut in state funding. As shown in the attached tables, NVTC's jurisdictions will sustain a reduction of \$6.5 million in mid-FY 2010, after a reduction of \$10.1 million in mid-FY 2009, both occurring after contracts had been signed and local transit budgets set. If DRPT had not been able to utilize one-time federal stimulus funds the FY 2010 reduction would have been even worse. The FY 2011 program is also expected to be reduced, perhaps drastically if previously authorized bonds are not sold by June or July, 2010.

A fact sheet is attached that links the need for a doubling of NVTC's motor fuels tax rate to the financial crisis at WMATA. It should help to educate legislators even if the tax increase is not enacted during this session.

Also attached is an example of a brochure to be used to present a condensed version of NVTC's legislative agenda to the General Assembly members and the public.

The Virginia Transit Association intends to host a transit reception on February 1, 2010 in Richmond's Old City Hall. More details will be available at NVTC's January 7th meeting. Also, VACO/VML's Local Government Day has been switched to February 11th so it is proposed that NVTC and NVTA meet jointly in Richmond on that day.





NVTC's 2010 STATE AND FEDERAL LEGISLATIVE AGENDA

--DRAFT: November 10, 2009--

Recommended by NVTC's Legislative Committee



4350 N. Fairfax Drive • Suite 720 • Arlington, Virginia 22203
Tel (703) 524-3322 • Fax (703) 524-1756 • TDD (800) 828-1120 • VA Relay Service
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STATE LEGISLATIVE ACTION ITEMS

Transit Funding Crisis

Northern Virginia relies on its effective transit network with 149 million trips in FY 2009 comprising three quarters of Virginia's total transit ridership.

The Northern Virginia Transportation Authority's TransAction 2030 plan establishes a need for transit investments in Northern Virginia of \$910 million annually (about half for operations and half for capital). Currently, NVTC's jurisdictions, their funding partners and transit customers spend almost \$700 million annually for WMATA, local buses and VRE, with the Commonwealth of Virginia providing a share of less than a quarter. If the state met its 95% statutory target of funding eligible transit expenses it would require another \$120.3 million for NVTC's WMATA jurisdictions in FY 2010.

The current crisis will persist. WMATA's budget alone faces a FY 2011 shortfall of \$144 million.

Accordingly, major new revenue sources for public transit must be enacted statewide and regionally during the 2010 General Assembly session, with these sources being stable, reliable, proven and permanent. Existing General Fund revenue streams should not be diverted to transit from other important priorities such as education and public safety.

1. **New revenue sources for public transit should be enacted that keep pace with inflation and do not decline as automobiles are driven less and become more fuel efficient.** Examples include: sales taxes (one percent yields \$1 billion statewide), indexed motor fuels taxes (10-cents generates almost \$500 million); vehicle miles traveled fees, state/regional income taxes and tolls and congestion pricing.
2. **Any new revenue measures for transportation, energy conservation, air quality or climate protection should dedicate an appropriate portion to public transit** because transit is an effective means to achieve the goals of such legislation. Transit currently receives 14.7% of Transportation Trust Fund revenues.
3. **Existing state transit funding sources should be protected from encroachment, either through diversion of revenues from the Transportation Trust Fund to non-transportation uses, from new intercity passenger rail initiatives, or from failure to issue previously authorized bonds.**
4. **The Virginia Department of Rail and Public Transportation (DRPT) should be required to honor signed contracts with local transit systems for state transit grants.** Otherwise, despite DRPT's best efforts, given the ongoing harsh

economic outlook, the practice of failing to provide contracted funds is likely to continue. Unfortunately, DRPT has cut back its transit assistance to NVTC by \$8.8 million (6.5%) in mid-FY 2009 and another \$5.4 million (4.9%) in mid-FY 2010, after contracts were signed with NVTC. The corresponding reductions for VRE were \$1.3 million (7.1%) in FY 2009 and \$1.1 million (5.7%) in FY 2010. To prevent this breach of contract from occurring again, **the commonwealth should act to guarantee its contractual commitments to transit operators.**

5. The commonwealth has a statutory responsibility to fund transportation. Therefore, **any new regional fees for public transit, including restoring previously authorized funds (HB 3202 of 2007) for the Northern Virginia Transportation Authority, should be imposed primarily by the state.**
6. **NVTC's 2.1% motor fuels tax on distributors should be increased to at least 4.2%.** The expected annual yield would increase from \$38.6 million in FY 2009 to about \$76 million, although the FY 2009 yield is well below the FY 2008 level and FY 2010 earnings to date are still lower. This tax is dedicated to WMATA, which faces a serious financial crisis.
7. **With the increased federal emphasis on intercity passenger and high-speed rail, Virginia should establish a new funding source** to fully match federal grants, to integrate service with existing local and regional transit providers, and to ensure that existing transit funds are not diminished (including the federal funds devoted each year by the CTB to VRE's track leases). **Virginia's existing Rail Enhancement Program should be made available to fund the operating expenses of eligible regional and intercity passenger rail services that have benefits commensurate with costs. Where freight railroads are the beneficiaries of these public investments, they should be required to agree to cooperate with publicly provided passenger rail services on equitable terms.**
8. 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. **The Commonwealth Transportation Board should be permitted to shift transit capital funds to cover eligible transit operating expenses temporarily during times of financial hardship.**
9. To facilitate the proper auditing of receipts of NVTC's 2.1% motor fuels tax on distributors (effective January 1, 2010), **amend Section 58.1-1724.1 of the Virginia Code to permit disclosure of tax information to NVTC's senior management and board.** [PRTC already has this ability.]

Safety Improvements

10. **Penalties for assaults on transit operators should be increased.**
11. Safety in accessing transit should be enhanced by **enacting legislation to require motorists to stop for pedestrians at marked crosswalks in intersections without traffic signals where posted speeds are 35 mph or less.**
12. **Amend Title 46 of the Virginia Code to specify penalties for pedestrians crossing tracks in front of commuter trains against signals.** Twenty other states have enacted similar legislation.
13. **Amend Title 56 of the Virginia Code to include third party claims in the liability cap for commuter rail operations.** The current cap excludes third party claims and private freight railroads demand very high levels of insurance from public commuter rail systems as a result.
14. **Amend the Virginia Code or insert budget language that would permit VRE at its discretion to use an independent third party or the Virginia Division of Risk Management to manage the VRE liability insurance plan and oversee the VRE Insurance Trust Fund.** Last year's budget bill contained this language.
15. **Revise penalties for avoiding VRE fares to provide fines for failure to possess a valid ticket as a Class IV misdemeanor and for fraudulently avoiding fares as a Class II misdemeanor.** The amended bill (SB 1066) passed by the 2009 General Assembly has had unintended consequences (ended prosecution by the Commonwealth's Attorney in Alexandria and many dismissed cases by judges).
16. **Permit transit systems (that do not currently possess the statutory authority) to require finger printing of job applicants to facilitate background checks using the FBI database.**
17. New public private partnerships and managed lanes with value pricing offer great promise for leveraging scarce public resources. But **vital protections must be included in such state-approved partnership agreements, including: requiring that lane and shoulder widths are sufficient for safe operation of transit vehicles; ensuring levels of performance of existing high occupancy vehicle facilities do not deteriorate and are allowed to accommodate growth; and mandating that local governments' concerns with congestion at points of access and egress and on parallel local streets are openly and meaningfully addressed.**

Other Legislative Actions

18. **Enact legislation to authorize NVTC to choose to provide equal per diem payments to 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.
19. In order to continue incentives to conserve energy, improve air quality and combat global warming, **extend the sunset of hybrid/special fuels vehicles exemptions from HOV requirements, while emphasizing enforcement and requiring VDOT to monitor performance to ensure continued acceptable travel times for other vehicles lawfully using HOV facilities.**

FEDERAL LEGISLATIVE ACTION ITEMS

Immediate and Ongoing Funding

1. As part of the process to restructure federal transportation programs and authorize multi-year funding, **provide immediate and ongoing funding for important Northern Virginia transit projects**, including as a top VRE priority new locomotives, parking expansion, platform extensions, mid-day storage and third main line improvements, and as a lesser priority, expansion of VRE to Gainesville-Haymarket. Other projects include acceleration of rail to Dulles and the Columbia Pike Streetcar, among others.
2. **Continue to appropriate new funding for WMATA of at least \$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.
3. **Make available funding for Metro Access from other relevant federal programs (e.g. HUD, HHS).**
4. **Include significant funding 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.**
5. **Provide immediate funding to facilitate needed transit and other transportation improvements to relieve congestion at BRAC-mandated facilities.**

Authorization of Improved Transportation Policies and Programs

6. The current multi-year authorization of federal surface transportation programs (SAFETEA-LU) has expired at the end of FY 2009. Many organizations have offered detailed recommendations for a major restructuring rather than fine-tuning existing programs, including the National Surface Transportation Policy and Revenue Commission in its Transportation for Tomorrow report among many other pertinent reports and recommendations. 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 and the Northern Virginia Transportation Authority among others. 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 agencies through intergovernmental partnerships, with greater decision-making authority for metropolitan areas and local governments.**

Equitable Tax Incentives for Transit Users

7. **In order to maintain increased tax-free monthly transit benefits of at least \$230 (to match the benefits currently available for parking), remove the sunset provision that would require a reduction at the end of 2010. Index the transit benefits to inflation.**
8. **Support other measures that encourage employers to get more involved in their employees' commutes through tax provisions.** For example, HR3271 would increase the dollar limits on transportation fringe benefits, clarify federal employee benefits, make self-employed persons eligible, emphasize parking cashout programs, provide vanpool investment credits, encourage bicycle access with fringe benefits and removal of architectural barriers, and provide credits for teleworking.

Rail Related Actions

9. **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 (49 USC 28301).**
10. **Additional federal funding should be provided to commuter rail systems to meet new federal Positive Train Control unfunded mandates.**

Promote Green Commuting

11. **Support grant and planning measures to encourage employers to get more involved in helping employees reduce their commutes.** For example, HR 3517 would establish employer advisory councils to assist MPO's by developing trip reduction and commuter benefit plans and encourage employer investments in such activities with federal matching grants.
12. **Enact the "Investment in Commuter Vanpooling Act" (HR 1571) which would allow governments to leverage private capital to create and expand vanpools by making vanpool passenger fare revenue an eligible source for local match of federal grants.**
13. **In addition to the above actions, provide further federal funding and other incentives to encourage alternative methods of commuting, including telework, bicycles, walking, vanpools as well as public transit.**

AGENDA ITEM 8-B
ACTION ITEM

TO: CHAIRMAN ZIMMERMAN AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: NOVEMBER 20, 2009

RE: AUTHORIZATION TO APPROVE THE 2010 LEGISLATIVE AGENDA

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions approve the 2010 VRE Legislative Agenda and authorize the Chief Executive Officer to actively pursue its elements.

BACKGROUND:

The VRE legislative agenda is formulated to advocate VRE priorities in coordination with the Commissions and local jurisdictions. Additional advocacy positions related to specific federal and state legislature are also presented.

FEDERAL

1. **Authorization of Transportation Legislation**

Congress has begun working on the elements for the next Reauthorization legislation as a follow-up to SAFETEA-LU, which expires in 2009. As such, in March VRE submitted several capital funding requests to Congress for their consideration for inclusion in the pending legislation. As of now, Congress has yet to definitively mark-up a bill which sets forth the projects for final inclusion. VRE will continue to pursue funding for all elements of the package, listed below in priority order.

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).

During the previous legislative session, the House passed SB 1066 but in doing so added considerable amendments to the language. Those amendments have left VRE in a position where the Commonwealth Attorney's Office will no longer handle VRE citations because of the onerous requirements. Delegate Jackson Miller and Senator Toddy Puller will advance respective bills in their chambers.

- Amend the Virginia Code to prohibit pedestrians from crossing public thoroughfares when trains are present. VRE has been working with CSX and Norfolk Southern to get legislation in the Code to match the nearly 20 other states who have similar laws. Again, this is another measure that we brought forth last year. We were able to get the bill all the way to the House floor before a procedural vote killed the bill.
- Amend the Virginia Code to allow VRE to, at its discretion, 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.

Last year, at the recommendation of Delegate May and Senator Colgan, VRE offered a budget amendment which provided permission to utilize a third party to manage the liability insurance plan. VRE would again request budget language to continue this authority and would also seek free standing legislation to codify this request in an effort to provide VRE greater standing toward a long term remedy to handle management and oversight of 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.

- Codify language before the Commonwealth Transportation Board or embed language within the Virginia Code that would mandate the Commonwealth continue its practice of funding VRE's track leases with federal funds received by the Commonwealth.

2. Funding Requests

VRE will continue to also advocate for state funding for the above Priority List of VRE Projects. VRE will not advocate that such funding come from existing transit sources. Additionally, as stated above, VRE is recommending continued advancement of a third mainline track in order to add capacity to the Fredericksburg line through the construction of a third main line track from Washington to Fredericksburg.

VRE will also seek relief from insurance costs via the 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. 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.

Policy

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

- Advocate the continued growth of state funding for transit.
- 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 necessary to implement the FY 2010 VRE Legislative Program. Based on the success of federal and/or state appropriations, some local match may be required.

2010 LEGISLATIVE PRIORITIES

AN AGENDA FOR JOB CREATION AND ACCESS

The Virginia Transit Association encourages the Virginia General Assembly to enact in its 2010 session the following 12 actions. Together they will help Virginia's 54 public transit systems and Transportation Demand Management (TDM) agencies perform a crucial role in providing access to jobs and boosting economic activity that creates jobs and generates state tax revenues.

According to research sponsored by the American Public Transportation Association, every \$10 million in capital investment in public transit yields \$30 million in increased business sales. Every \$10 million spent on operating public transit yields \$32 million in increased business sales. Half to two-thirds of transit riders on each of Virginia's transit systems are commuting to work. The Commonwealth's past investments in Metrorail are yielding almost 20 percent annually in increased state taxes through induced development.

For more information about public transit benefits see www.vatransit.com.

MAINTAIN AND INCREASE SUSTAINABLE INVESTMENTS IN TRANSIT/TDM

1. Transit/ TDM is seriously underfunded by the Commonwealth, as are investments in most other modes. Transit/TDM should be a top budget priority for existing funds available to the Commonwealth. Existing state transit/TDM funding sources should be protected from encroachment, either through diversion of revenues from the Transportation Trust Fund to non-transportation uses, for new intercity and high speed passenger rail initiatives, or due to failure to issue previously authorized bonds.
2. The Commonwealth should ensure that state transit grants promised in signed contracts with local transit systems are provided in full. In the middle of FY 2009, despite its best efforts DRPT was forced to sharply cut the transit assistance funds it had committed in executed grant agreements. This action seriously disrupted the budgets of Virginia's transit systems, forcing many to reduce service and/or raise fares. Given the ongoing harsh economic outlook, this unfortunate practice recurred in FY 2010.

3. New revenue sources should be enacted that sustainably keep pace with inflation and do not decline as automobiles become more fuel efficient. Examples include: sales taxes (one percent yields \$1 billion), indexed motor fuel taxes (10-cents generate \$500 million), vehicle miles traveled fees, state/regional income taxes and tolls.
4. Whatever the source of state funding, it should at a minimum meet the 95% statutory target for the state's share of transit operating/capital expenses. A significant share of any new revenue measure for transportation, energy conservation or climate protection should be dedicated for transit/TDM because transit investments are an effective means to achieve the goals of such legislation. Further, public transit systems need additional state funding to maintain effective service and to leverage the significant past and current investments by local governments. The current share of Transportation Trust Fund revenues dedicated to transit is 14.7%. The transit share of recent state bonds authorized for transportation is a minimum of 20%. In the past two years vehicle miles traveled by automobile are declining while Virginia's transit ridership has grown significantly for several years and has reached almost 200 million annual trips.
5. In regions that desire them, new regional transportation entities should be created by the Commonwealth in order to plan, advocate and help fund transit improvements. This is because effective regional transportation goes beyond local boundaries. The Commonwealth of Virginia has a primary responsibility to fund transportation. Therefore, any new regional fees for transit/TDM, including restoring previously authorized funds for the Northern Virginia Transportation Authority, should be imposed primarily by the state.
6. With the increased federal emphasis on intercity passenger and high-speed rail, Virginia should establish a new funding source to fully match federal grants, to integrate service with existing local and regional transit/TDM providers, and to ensure that existing transit/TDM funds are not diminished. Virginia's existing Rail Enhancement Program should be made available to fund the operating expenses of eligible regional and intercity passenger rail services that have benefits commensurate with costs. Where freight railroads are the beneficiaries of these public investments, they should be required to agree to cooperate with publicly provided passenger rail services on equitable terms.

INCREASED FLEXIBILITY IN TRANSIT/TDM FUNDING

7. 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/TDM since transit operations are equivalent to highway maintenance. The Commonwealth Transportation Board should be given the authority to temporarily allow the use of transit capital funds for operating expenses during times of financial crisis.

SAFETY IMPROVEMENTS

8. Give transit providers and contractors the same authority localities currently have to fingerprint job applicants so that all transit systems can access the Central Criminal Records Exchange of the Federal Bureau of Investigation to screen for criminal history record information regarding an applicant or contractor's employee. Without this access, background checks for bus and train operators and other transit personnel providing public services are incomplete and could pose a public safety hazard.
9. Penalties for assaults on transit operators should be increased.
10. Safety in accessing transit should be enhanced by requiring motorists to stop for pedestrians at marked crosswalks without traffic signals where posted speeds are 35 mph or less.
11. Enact penalties for pedestrians crossing tracks in front of commuter and light rail trains against signals.
12. New public-private partnerships and managed lanes with value pricing offer great promise for leveraging scarce public resources. But vital protections must be included, such as: requiring that lane and shoulder widths are sufficient for safe operation of transit vehicles; ensuring levels of performance of existing high occupancy vehicle facilities do not deteriorate; and mandating that local governments' concerns with congestion and points of access and egress are openly addressed.



**Jurisdiction and Agency Coordinating Committee
Northern Virginia Transportation Authority**

MEMORANDUM

TO: Martin E. Nohe, Chairman
Northern Virginia Transportation Authority

Members
Northern Virginia Transportation Authority

FROM: Tom Biesiadny, Chairman
Jurisdiction and Agency Coordinating Committee
Northern Virginia Transportation Authority

SUBJECT: Approval of 2010 Legislative Program (Item 6.C.)

DATE: November 6, 2009

Recommendation:

The Jurisdiction and Agency Coordinating Committee recommends that NVTA approve the proposed 2010 legislative program and direct staff to transmit it to the Northern Virginia delegation of the General Assembly and Congress.

Background:

In 2007, the General Assembly approved legislation (HB 3202) that resulted in increased transportation funding both in Northern Virginia and statewide. Unfortunately, the Virginia Supreme Court ruled that the General Assembly's delegation of taxing authority NVTA was unconstitutional. Despite an extended Special Session during Summer 2008 and additional efforts during the 2009 Session, the General Assembly has not enacted legislation to replace the regional transportation revenue included in HB 3202. Also, due to declining transportation revenues, the Commonwealth Transportation Board was been forced to cut \$3.7 billion from the Six Year Program. An additional \$900 million cut is expected later this year. As a result, increased transportation funding remains a high priority in the proposed 2010 legislative program. Attached is a draft 2010 Legislative Program. Although the proposed program is similar to the 2009 Program, there have been several changes. These include:

- The transportation funding position has been redrafted to reflect the severity of the transportation funding situation in Virginia.

Chairman Nohe

Member, Northern Virginia Transportation Authority

November 5, 2009

Page Two

- The position on appropriating Federal capital funds for the Washington Metropolitan Area Transit Authority has been revised to reflect the approval of the Compact amendment required by the Federal authorizing legislation.
- The position on capital funding for the Virginia Railway Express has been revised. (**Please note** that VRE, NVTC and PRTC have not yet approved their legislative programs. The NVTA position on VRE capital items may need to be adjusted after these agencies approve their programs).
- A new position on limiting liability related to commuter rail operations has been added.
- A new position on rest areas has been added.

Since NVTA adopted an initial bond project list in July 2007 and an initial Six Year Program in January 2008, and only limited economic stimulus funds have been provide to address these priorities, the Jurisdiction and Agency Coordinating Committee has not developed a new list of priority projects for this General Assembly session.

Jurisdiction and Agency Coordinating Committee members and I will be available at the November 12, 2009, NVTA meeting to answer questions.

Cc: Members, NVTA Jurisdiction and Agency Coordinating Committee

Northern Virginia Transportation Authority
2010 Legislative Program
DRAFT: November 2, 2009

STATE

TRANSPORTATION FUNDING

The lack of new transportation investment in the Commonwealth has reached a crisis. Over the past two years, the Commonwealth Transportation Board has cut **\$3.7 billion** from the Six Year Program and projections indicate that another cut of at least \$900 million will be necessary to further adjust the Six Year Program to match current revenue estimates. Revenues from ALL major state transportation funding sources continue to deteriorate. In addition, federal transportation funding levels remains uncertain. Secondary and urban system construction funds have essentially been eliminated, and the growth in maintenance spending in being reduced, even though costs are increasing overall. The Commonwealth is risking serious disinvestment in its existing transportation infrastructure that will be more difficult and more expensive to correct in the future. Today, approximately \$1 billion is needed to address existing deficient pavement conditions and approximately \$3.7 billion is needed to fix the Commonwealth's deficient bridges. Very shortly the Commonwealth will be out of options for ensuring the matches are available for the federal transportation funds the Commonwealth receives. Should this happen, Virginia would have to return federal transportation funds, further compounding the crisis. **Major new revenue sources for transportation must be enacted during the 2010 General Assembly session.**

NVTA continues to support additional state and regional transportation funding for highway, transit, bicycle and pedestrian improvements. In 2006, the region's TransAction 2030 Long-Range Transportation Plan estimated that Northern Virginia alone needs \$700 million per year in additional transportation funding to address the region's transportation problems. This figure has only increased since then since much of the major revenue sources included in HB 3202 have been eliminated.

NVTA seeks reinstatement of exclusive Northern Virginia revenues in the range of at least \$300 million annually, as well as Northern Virginia's portion of additional statewide revenues to address transportation needs not originally covered by the HB 3202 funding approved for Northern Virginia. Both the regional and statewide revenues should be provided from stable, reliable, proven and permanent source(s).

NVTA asks the General Assembly to adopt new statewide transportation revenue sources to bolster existing highway and transit revenue sources which are not generating sufficient funding to meet the Commonwealth's critical transportation needs or to meet the Commonwealth's statutory 95 percent share of eligible transit operating and capital costs (net of fares and federal assistance). This additional transit funding alone would require approximately \$166 million annually in new funds for the limited transit projects and eligible operating costs included in CTB's six-year program.

Any funding solutions must ensure that dedicated funding for Washington Metropolitan Area Transit Authority capital improvements and for Virginia Railway Express capital and operating expenses are addressed.

NVTA does not support diverting existing General Fund revenue streams to transportation. These General Funds are used for other important priorities of the Commonwealth; such are K-12 education, higher education and public safety. *(Updates previous position).*

BASE REALIGNMENT AND CLOSURE (BRAC) RECOMMENDATIONS

NVTA supports the inclusion of sufficient funding in the 2010-2011 budget to ensure significant fiscal resources to address the enormous planning and transportation issues associated with the Base Realignment and Closure Commission recommendations. This is particularly critical, because the BRAC relocations will occur in 2011, and there is significant lead time required to implement needed transportation improvements. *(Updates previous position).*

PEDESTRIAN SAFETY

NVTA supports revisions to Virginia's existing pedestrian legislation to clarify the responsibilities of drivers and pedestrians in order to reduce the number of pedestrian injuries and fatalities that occur each year. In particular, support legislation that would require motorists to stop for pedestrians in crosswalks at unsignalized intersections on roads where the speed is 35 mph or less. Recent events throughout the region have highlighted a growing concern for the safety of pedestrians attempting to cross streets. Many Northern Virginia jurisdictions are exploring a variety of means to effectively provide for pedestrian safety while avoiding both the potential for serious vehicular accidents and the potential for creating a false sense of security for the pedestrians. *(Reaffirms previous position).*

CHAPTER 527 TRAFFIC IMPACT ANALYSES

NVTA supports modifications to Chapter 527 Transportation and Land Use legislation and regulations to adjust timeframes for traffic impact analyses to be more consistent with local government review times and scheduled public hearings. In addition, the Comprehensive Plan amendment/updates section of the regulations should be further developed and improved to meet the needs of the process (especially dealing with multiple amendments at same time), and Low-volume rule traffic impact analysis requirements should be revised to address situations when existing roadway capacity is obviously sufficient to meet demands of a new development even though the development might otherwise cross the threshold for a traffic impact analysis. *(Reaffirms previous position).*

SECONDARY ROAD DEVOLUTION

NVTA opposes any legislative or regulatory moratorium on the transfer of newly constructed secondary roads to VDOT for the purposes of ongoing maintenance. NVTA also opposes any legislation that would require the transfer of secondary road construction and maintenance responsibilities to counties. (*Reaffirms previous position*).

FEDERAL

SURFACE TRANSPORTATION PROGRAM REAUTHORIZATION

The current Federal Surface Transportation Program was authorized in July 2005 by the Safe, Accountable, Flexible, and Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU). This legislation authorizes both highway and transit funding over a six-year period (FY 2004 to FY 2009) and establishes the policies and grant programs for distributing these funds. This authorization expired on September 30, 2009. Congress passed a one-month extension to the end of November 2009, and is now working on a further extension. Efforts are underway to develop a new surface transportation program for the period from Federal FY 2010 to FY 2015.

In preparation for discussions of the new authorization bill, various transportation groups, including the Transportation Planning Board, the American Association of State Highway and Transportation Officials and the American Public Transportation Associations are adopting principles and/or position statements. In addition, the National Surface Transportation Policy and Revenue Study Commission, one of two established by SAFETEA-LU, has released their report on the future structure of the surface transportation program. The other commission, called the National Surface Transportation Infrastructure Financing Commission has completed its report on potential future revenue sources. The U.S. Department of Transportation also released a position paper on the new authorization.

Throughout these various documents there are some common themes that are relevant to Northern Virginia. In general, there seems to be agreement that the current surface transportation program should not be “reauthorized.” Instead, a number of significant changes should be considered. These changes include:

- The level of Federal investment in the nation’s transportation infrastructure, including both maintenance of the existing system and expansion, must increase significantly;
- The distribution of funding within the Federal Surface Transportation Program must be simplified and the number of funding programs streamlined and consolidated. Successful programs such as the Regional Surface Transportation Program (RSTP) and the Congestion Mitigation and Air Quality (CMAQ) program should be retained in some form;
- The time required to complete the federal review process of significant new transportation projects must be reduced, and the approval process must be consistent across all modal administrations. In addition, federal implementation

- regulations should be streamlined;
- To recognize the uniqueness of metropolitan areas, greater decision-making authority for determining how transportation funding is spent should be given to local governments and regional agencies, such as the Northern Virginia Transportation Authority;
 - Energy efficiency and environmental protection must be addressed in the development of transportation projects; however environmental reviews should be conducted within specified timeframes, so that a project's environmental impacts can be identified and adequately addressed; and
 - Safety and security must continue to be an important focus of transportation projects. *(Updates previous position)*

DEDICATED FUNDING FOR WMATA

Now that Congress has authorized \$1.5 billion for the Washington Metropolitan Area Transit Authority's capital needs and the WMATA Compact has been amended as required by the Federal authorizing legislation, NVRTA calls upon Congress to appropriate these funds. *(Updates previous position)*.

FUNDING FOR THE VIRGINIA RAILWAY EXPRESS

NVRTA calls upon Congress to authorize Virginia Railway Express to secure federal appropriations under the new proposed Transportation Reauthorization legislation for the following items:

- Top priority is to satisfy core system-wide requirements including the acquisition of five additional Tier-II locomotives, parking expansion, platform extensions and mid-day storage of rail equipment.
- Secondary priority is for the expansion of commuter rail service on the Manassas line (NS) to Gainesville-Haymarket.

(Updates previous position.)

LIMITS ON COMMUTER RAIL RELATED LIABILITY

NVRTA calls upon Congress to approve legislation to broaden the applicability of existing statutory language in 49 USC, 28301 related to commuter rail related liability. The language should be amended to reflect the existing liability standard of a \$250M annual aggregate limit while broadening the cap beyond passenger rail related claims for property damage, bodily injury or death so that they apply to all claims brought by third parties.

FUNDING FOR TRANSPORTATION EMERGENCY PREPAREDNESS

NVTA calls upon Congress to provide increased security funding to local and regional transportation agencies in the metropolitan Washington area. *(Reaffirms previous position.)*

FUNDING FOR THE METROPOLITAN AREA TRANSPORTATION OPERATIONS COORDINATION (MATOC) PROGRAM

NVTA calls upon Congress to provide increased funding to transportation agencies in the metropolitan Washington area to continue funding for MATOC's operations. *(Updates previous position)*

COMMUTER BENEFITS

NVTA supports legislation that would permanently increase the level of tax-free transit benefits employers can provide to employees to \$230 per month, as a way to make transit service more attractive to commuters who currently drive alone. In addition, NVTA supports legislation to permanently extend the current transit benefit to all branches of the federal government. *(Reaffirms previous position.)*

REST AREA CONCESSIONS

In July 2009, the Commonwealth Transportation Board significantly reduced funding for interstate rest areas as a way to address reduced transportation revenues. This resulted in the closure of numerous rest areas statewide, including four in Northern Virginia. Current federal law prevents the Virginia Department of Transportation from procuring private concessionaires to operate commercial establishments at its rest areas, even though such arrangements were permitted in other states in the past. NVTA requests that Congress approve flexibility for Virginia to procure private concessionaires to operate commercial establishments at the rest areas which have been closed as a way to provide an important safety feature and comfort amenity to those who travel Virginia's interstate highways. *(New position).*

FUNDING FOR CONSTRUCTION OF AN I-66 TRUCK INSPECTION AND WEIGH STATION

NVTA advocates that funding be included in the Homeland Security budget for these I-66 inspection and weigh stations. *(Reaffirms previous position.)*

**FY 2010 STATE TRANSIT CAPITAL AND OPERATING
STATE ASSISTANCE THROUGH DRPT FOR NVTC SYSTEMS**
(in millions)

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

<u>APPROVED</u>	<u>MTTF</u> <u>@ 77%(capital)</u>	<u>MTCF</u> <u>@ 80%</u>	<u>TTF</u> <u>@ 100%</u>	<u>Total</u>	<u>Effective</u> <u>State %</u>	<u>Shortfall</u> <u>(see note)</u>
CAPITAL						
WMATA	\$ 20.3	\$ 7.7	\$ -	\$ 28.0	77.8%	\$ (6.2)
Local	-	13.0	1.4	14.5	81.6%	(2.4)
Subtotal	20.3	20.8	1.4	42.5	79.1%	(8.6)
VRE	7.6	2.8	0.1	10.5	78.0%	(2.3)
Subtotal	27.9	23.5	1.6	53.0	78.8%	(10.9)
FTM/ADMIN						
WMATA/Local	66.3			66.3	38.7%	(96.4)
VRE	8.7			8.7	61.4%	(4.7)
Subtotal	75.0			75.0	40.4%	(101.1)
COMBINED CAPITAL / FTM/ADMIN						
WMATA/Local	86.6			108.8	48.4%	(104.9)
VRE	16.3			19.2	69.6%	(7.0)
TOTAL	\$ 102.9			\$ 128.0	50.7%	\$ (112.0)

<u>REVISED</u>	<u>MTTF</u> <u>@ 71%(capital)</u>	<u>MTCF</u> <u>@ 80%</u>	<u>TTF</u> <u>@ 100%</u>	<u>Total</u>	<u>Effective</u> <u>State %</u>	<u>Shortfall</u> <u>(see note)</u>
CAPITAL						
WMATA	\$ 18.7	\$ 7.7	\$ -	\$ 26.4	71.9%	\$ (8.5)
Local	-	13.0	1.4	14.5	81.6%	(2.4)
Subtotal	18.7	20.8	1.4	40.9	75.1%	(10.9)
VRE	7.0	2.8	0.1	9.9	72.1%	(3.2)
Subtotal	25.7	23.5	1.6	50.9	74.4%	(14.0)
FTM/ADMIN						
WMATA/Local	62.5			62.5	36.5%	(100.1)
VRE	8.2			8.2	57.9%	(5.2)
Subtotal	70.7			70.7	38.1%	(105.4)
COMBINED CAPITAL / FTM/ADMIN						
WMATA/Local	81.2			103.4	45.8%	(111.0)
VRE	15.2			18.1	64.9%	(8.4)
TOTAL	\$ 96.4			\$ 121.5	47.9%	\$ (119.4)

<u>CHANGE</u>	<u>MTTF</u>	<u>MTCF</u>	<u>TTF</u>	<u>Total</u>	<u>% Change</u> <u>In Funding</u>
CAPITAL					
WMATA	\$ (1.6)	\$ -	\$ -	\$ (1.6)	-5.6%
Local	-	-	-	-	0.0%
Subtotal	(1.6)	-	-	(1.6)	-3.7%
VRE	(0.6)	-	-	(0.6)	-5.7%
Subtotal	(2.2)	-	-	(2.2)	-4.1%
FTM/ADMIN					
WMATA/Local	(3.8)			(3.8)	-5.7%
VRE	(0.5)			(0.5)	-5.7%
Subtotal	(4.3)			(4.3)	-5.7%
COMBINED CAPITAL / FTM/ADMIN					
WMATA/Local	(5.4)			(5.4)	-4.9%
VRE	(1.1)			(1.1)	-5.7%
TOTAL	\$ (6.5)			\$ (6.5)	-5.0%

**FY 2010 STATE TRANSIT CAPITAL AND OPERATING
STATE ASSISTANCE THROUGH DRPT FOR NVTC SYSTEMS
(in millions)**

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

Notes:

MTTF - Mass Transit Trust Fund. Funds are allocated by statute to the FTM/Admin Program (73.5%), the Capital Program (25%) and the Special Projects Program (1.5%). The statutory target percentage for the Capital Program is 95% of non-federal costs, while the target percentage for the FTM/Admin (formula) Program is 95% of certain operating expenses. The actual capital percentage and FTM/Admin funding are products of the state-wide needs and funds available in the subprograms.

MTCF - Mass Transit Capital Fund. \$60 million state-wide bond funds for select capital categories to be funded at 80%. To be eligible for this program, the funding must be directly linked to a specific asset with a significant useful life. Items such as debt service, preventative maintenance, and leases are not eligible.

TTF - Transportation Trust Fund. The required match to SAFETEA-LU, CMAQ and RSTP is funded at 100% from the TTF.

Assistance Available from Other Program Years:

NVTC will be utilizing \$15 million from a FY06 special appropriation for a portion of the FY10 Metro Matters subsidy. In FY09, NVTC utilized \$5 million of this funding for a portion of the FY09 Metro Matters subsidy. This funding was provided at 80% of costs and has not been included in the table above.

DRPT deducted \$5.6 million from NVTC's capital assistance request to account for a portion of the required local match to rail car funds to be utilized in FY09. The remaining local match of \$4.1M will be deducted from the FY11 Metro capital request.

Capital shortfall assumes target rate of 95% for all programs.

**FY 2009 STATE TRANSIT CAPITAL AND OPERATING
STATE ASSISTANCE THROUGH DRPT FOR NVTC SYSTEMS
(in millions)**

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

<u>APPROVED</u>	<u>MTTF</u> <u>@ 50%(capital)</u>	<u>MTCF</u> <u>@ 80%</u>	<u>TTF</u> <u>@ 100%</u>	<u>Total</u>	<u>Effective</u> <u>State %</u>	<u>Shortfall</u> <u>(see note)</u>
CAPITAL						
WMATA	\$ 25.6	\$ -	\$ -	\$ 25.6	50.0%	\$ (23.0)
Local	0.5	31.9	1.4	\$ 33.7	80.0%	(6.3)
Subtotal	26.0	31.9	1.4	59.3	63.6%	(29.3)
VRE	4.8	3.2	0.2	\$ 8.1	55.4%	(5.8)
Subtotal	30.8	35.1	1.5	67.4	62.5%	(35.1)
FTM/ADMIN						
WMATA/Local	76.4			76.4	45.2%	(84.3)
VRE	10.1			10.1	54.5%	(7.5)
Subtotal	86.5			86.5	46.1%	(91.8)
COMBINED CAPITAL / FTM/ADMIN						
WMATA/Local	102.4			135.7	51.7%	(113.6)
VRE	14.9			18.2	54.9%	(13.3)
TOTAL	\$ 117.3			\$ 153.9	52.1%	\$ (126.9)

<u>REVISED</u>	<u>MTTF</u> <u>@ 45.5%(capital)</u>	<u>MTCF</u> <u>@ 80%</u>	<u>TTF</u> <u>@ 100%</u>	<u>Total</u>	<u>Effective</u> <u>State %</u>	<u>Shortfall</u> <u>(see note)</u>
CAPITAL						
WMATA	\$ 23.3	\$ -	\$ -	\$ 23.3	45.5%	\$ (25.3)
Local	0.4	32.0	1.4	33.7	79.9%	(6.4)
Subtotal	23.7	32.0	1.4	57.0	61.1%	(31.7)
VRE	4.4	3.2	0.2	7.7	52.5%	(6.2)
Subtotal	28.0	35.1	1.5	64.6	59.9%	(37.9)
FTM/ADMIN						
WMATA/Local	69.9			69.9	41.4%	(90.7)
VRE	9.3			9.3	49.9%	(8.4)
Subtotal	79.2			79.2	42.2%	(99.1)
COMBINED CAPITAL / FTM/ADMIN						
WMATA/Local	93.6			126.9	48.4%	(122.4)
VRE	13.6			16.9	51.0%	(14.6)
TOTAL	\$ 107.2			\$ 143.8	48.7%	\$ (137.0)

<u>CHANGE</u>	<u>MTTF</u>	<u>MTCF</u>	<u>TTF</u>	<u>Total</u>	<u>% Change</u> <u>In Funding</u>
CAPITAL					
WMATA	\$ (2.3)	\$ -	\$ -	\$ (2.3)	-9.0%
Local	(0.0)	0.0	-	(0.0)	-0.1%
Subtotal	(2.3)	0.0	-	(2.3)	-3.9%
VRE	(0.4)	-	-	(0.4)	-5.3%
Subtotal	(2.8)	0.0	-	(2.7)	-4.1%
FTM/ADMIN					
WMATA/Local	(6.5)			(6.5)	-8.5%
VRE	(0.9)			(0.9)	-8.5%
Subtotal	(7.3)			(7.3)	-8.5%
COMBINED CAPITAL / FTM/ADMIN					
WMATA/Local	(8.8)			(8.8)	-6.5%
VRE	(1.3)			(1.3)	-7.1%
TOTAL	\$ (10.1)			\$ (10.1)	-6.5%

**FY 2009 STATE TRANSIT CAPITAL AND OPERATING
STATE ASSISTANCE THROUGH DRPT FOR NVTC SYSTEMS
(in millions)**

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

Notes:

MTTF - Mass Transit Trust Fund. Funds are allocated by statute to the FTM/Admin Program (73.5%), the Capital Program (25%) and the Special Projects Program (1.5%). The statutory target percentage for the Capital Program is 95% of non-federal costs, while the target percentage for the FTM/Admin (formula) Program is 95% of certain operating expenses. The actual capital percentage and FTM/Admin funding are products of the state-wide needs and funds available in the subprograms.

MTCF - Mass Transit Capital Fund. \$60 million state-wide bond funds for select capital categories to be funded at 80%. To be eligible for this program, the funding must be directly linked to a specific asset with a significant useful life. Items such as debt service, preventative maintenance, and leases are not eligible.

TTF - Transportation Trust Fund. The required match to SAFETEA-LU, CMAQ and RSTP is funded at 100% from the TTF.

Rail Enhancement Fund - An additional \$2.7 million has been programmed for the VRE Gainesville-Haymarket Extension, Cherry Hill Station, and Fredericksburg-DC Third Main Track projects. The funding includes FY09 revenue, carryover funds from prior years, and reprogrammed Rail Bond Funding. The average state percentage for these projects equals 67%. VRE may also benefit from other rail projects included in this program, however these projects are not included on this schedule since VRE will not be the direct recipient of this assistance.

NVTC will be utilizing \$5 million from a FY08 special appropriation for a portion of the FY09 Metro Matters subsidy. These funds are provided at 80% of costs, and have not been reflected in the above table.

Capital shortfall assumes target rate of 95% for all programs.



FACT SHEET

Amend Section 58.1-1720 of the Code of Virginia to Increase NVTC's 2.1% Motor Fuels Tax to 4.2%

- **NVTC is seeking an increase in its motor fuels tax in order to preserve WMATA's Metrorail, Metrobus and MetroAccess service in a time of crisis.** The proceeds of the tax are dedicated to WMATA, which is experiencing enormous budget pressures. WMATA needs to replace its deteriorating facilities and rolling stock while preserving levels of service that will enable the region to prosper economically and maintain the quality of life of its residents.
- NVTC has received the proceeds of a 2% motor fuels tax assessed at the retail pump since FY 1981 with the proceeds dedicated to WMATA. Effective January 1, 2010, the tax is assessed instead on distributors at a rate of 2.1%. The rate was increased slightly to reflect the smaller base on which the tax is levied. **The net effect of the change is unknown at this time, but there is no guarantee that the change will produce as much revenue.**
- The previous 2% tax on retailers yielded an average of about \$30.7 million annually in the past three years for the five NVTC jurisdictions supporting WMATA. **Collections in FY 2010 are down sharply due to the declining economy and reduced driving. At the same time WMATA's funding needs are growing rapidly.**
- **WMATA is the fourth largest transit system in the U.S. and the only major system without substantial dedicated funding.** NVTC's 2% tax has been WMATA's only dedicated funding source, although federal assistance has been authorized at the rate of \$150 million annually to be matched by a like amount from Virginia, Maryland and D.C. If and when the federal funds are appropriated, in combination with NVTC's 2.1% tax, these dedicated funds would still comprise less than 16% of WMATA's combined operating (\$1.36 billion) and capital (\$0.74 billion) annual budgets.
- Virginia's subsidy share of WMATA's FY 2010 budget is \$136 million for operations and \$45 million for capital, of which local and regional funds cover two-thirds. While the proposed increase in NVTC's motor fuels tax will not solve the entire funding problem, **an additional \$30 million or more annually would result in well over a third of Virginia's subsidy being covered by this dedicated source** and also relieve upward pressure on local property taxes in the midst of the housing slump.



- **Virginia's economy depends on WMATA.** Ridership totaled 223 million in FY 2009 on Metrorail, 134 million on Metrobus, and 2.1 million on MetroAccess (door to door service for persons with disabilities). These riders use WMATA to access jobs, shopping and other activities that generate economic value for the commonwealth.
- It is appropriate to ask the region's drivers to bear part of the cost of supporting WMATA through such user fees because motorists gain from reduced congestion (as well as cleaner air and reduced carbon emissions) and share in WMATA's success. The Texas Transportation Institute reports that **the region saves about a half billion dollars of congestion and fuel costs annually due to past investments in WMATA. Without WMATA's services, the metropolitan region would require 26 additional freeway lanes stretching for 1,400 lane miles.**
- WMATA faces enormous budget challenges. **The operating budget shortfall expected for FY 2011 is about \$144 million.** These expenditures cover system safety and transit police; electric power; bus, rail car and facilities maintenance; as well as labor and other operating costs.
- The **capital budget** covers bus and railcar midlife rehabilitation and replacement; facilities rehabilitation; replacement of obsolete bus garages; and upgrades of software and other technology. **The capital program has \$11.4 billion in needs over the next decade,** requiring replacement of hundreds of older railcars and replacement of system components (many have far exceeded their useful lives). NTSB recommendations in the aftermath of the June, 2009 Metrorail accident are likely to increase that total substantially.
- In the past two years, WMATA has cut 10% of its administrative work force, **reduced its overtime expenses 35%** and appealed a recent mandatory arbitration award of wage increases to its union employees that would cost an extra \$104.5 million over the next four years.
- The proposed increase in NVTC's motor fuels tax should be part of an effective strategy to resolve WMATA's long standing financial crisis and invest in Virginia's economic recovery.
- For further information please contact Rick Taube, NVTC's Executive Director, at rick@nvtcd.org.



Northern Virginia Transportation Commission

2010 Legislative Agenda

For a full copy of NVTC's 2010 Legislative Agenda visit:
www.thinkoutsidethecar.org



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



Northern Virginia Transportation Commission

2010 Legislative Agenda



State Action Items

Transit Funding Crisis

Northern Virginia relies on its effective transit network with 149 million trips in FY 2009 comprising three quarters of Virginia's total transit ridership.

The Northern Virginia Transportation Authority's TransAction 2030 plan establishes a need for transit investments in Northern Virginia of \$910 million annually (about half for operations and half for capital). Currently, NVTC's jurisdictions, their funding partners and transit customers spend almost \$700 million annually for WMATA, local buses and VRE, with the Commonwealth of Virginia providing a share of less than a quarter. If the state met its 95% statutory target of funding eligible transit expenses it would require another \$120.3 million for NVTC's WMATA jurisdictions in FY 2010.

The current crisis will persist. WMATA's budget alone faces a FY 2011 shortfall of \$144 million.

Accordingly, major new revenue sources for public transit must be enacted statewide and regionally during the 2010 General Assembly session, with these sources being stable, reliable, proven and permanent. Existing General Fund revenue streams should not be diverted to transit from other important priorities such as education and public safety.

1. Enact new revenue sources for public transit that keep pace with inflation and do not decline as automobiles are driven less and become more fuel efficient.
2. Dedicate an appropriate portion to public transit of any new revenue measures for transportation, energy conservation, air quality or climate protection.
3. Protect existing state transit funding sources from encroachment, either through diversion of revenues from the Transportation Trust Fund to non-transportation uses, from new intercity passenger rail initiatives, or from failure to issue previously authorized bonds.
4. Require the Virginia Department of Rail and Public Transportation (DRPT) to honor signed contracts with local transit systems for state transit grants. DRPT has cut back its transit assistance to NVTC by \$8.8 million (6.5%) in

mid-FY 2009 and another \$5.4 million (4.9%) in mid-FY 2010, after contracts were signed with NVTC. The corresponding reductions for VRE were \$1.3 million (7.1%) in FY 2009 and \$1.1 million (5.7%) in FY 2010.

5. Impose new regional fees for public transit, including restoring previously authorized funds (HB 3202 of 2007) for the Northern Virginia Transportation Authority.
6. Increase NVTC's 2.1% motor fuels tax on distributors to at least 4.2%. The expected annual yield would increase from \$38.6 million in FY 2009 to about \$76 million. This tax is dedicated to WMATA, which faces a serious financial crisis.
7. Establish a new funding source for intercity passenger and high-speed rail. Make Virginia's existing Rail Enhancement Program available to fund the operating expenses of eligible regional and intercity passenger rail services that have benefits commensurate with costs. Require freight railroads that are the beneficiaries of these public investments, to agree to cooperate with publicly provided passenger rail services on equitable terms.
8. Permit the Commonwealth Transportation Board to shift transit capital funds to cover eligible transit operating expenses temporarily during times of financial hardship. 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.
9. Amend Section 58.1-1724.1 of the Virginia Code to permit disclosure of tax information to NVTC's senior management and board to facilitate proper auditing.

Safety Improvements

10. Increase penalties for assaults on transit operators.
11. Require motorists to stop for pedestrians at marked crosswalks in intersections without traffic signals where posted speeds are 35 mph or less.

12. Amend Title 46 of the Virginia Code to specify penalties for pedestrians crossing tracks in front of commuter trains against signals.

13. Amend Title 56 of the Virginia Code to include third party claims in the liability cap for commuter rail operations.

14. Amend the Virginia Code or insert budget language that would permit VRE at its discretion to use an independent third party or the Virginia Division of Risk Management to manage the VRE liability insurance plan and oversee the VRE Insurance Trust Fund.

15. Revise penalties for avoiding VRE fares to provide fines for failure to possess a valid ticket as a Class IV misdemeanor and for fraudulently avoiding fares as a Class II misdemeanor.

16. Permit transit systems (that do not currently possess the statutory authority) to require finger printing of job applicants to facilitate background checks using the FBI database.

17. Include vital protections in state-approved public-private partnership agreements, including: requiring that lane and shoulder widths are sufficient for safe operation of transit vehicles; ensuring levels of performance of existing high occupancy vehicle facilities do not deteriorate and are allowed to accommodate growth; and mandating that local governments' concerns with congestion at points of access and egress and on parallel local streets are openly and meaningfully addressed.

Other Legislative Actions

18. Enact legislation to authorize NVTC to choose to provide equal per diem payments to its board members who are elected officials.

19. Extend the sunset of hybrid/special fuels vehicles exemptions from HOV requirements, while emphasizing enforcement and requiring VDOT to monitor performance to ensure continued acceptable travel times for other vehicles lawfully using HOV facilities.

Federal Action Items

Immediate and Ongoing Funding

1. Provide immediate and ongoing funding for important Northern Virginia transit projects.

2. Continue to appropriate new funding for WMATA of at least \$150 million annually.

3. Make available funding for Metro Access from other relevant federal programs (e.g. HUD, HHS).

4. Include significant funding for transit 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 disasters.

5. Provide immediate funding for transit improvements to relieve congestion at BRAC-mandated facilities.

Authorization of Improved Transportation Policies and Programs

6. The current multi-year authorization of federal surface transportation programs (SAFETEA-LU) has expired at the end of FY 2009. Many organizations have offered detailed recommendations for a major restructuring. Among the primary reasons 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 and the Northern Virginia Transportation Authority. Among the revisions with greatest benefit to NVTC's members are:

- Increase significantly the level of federal investment in U.S. transportation infrastructure, including maintenance of the existing system and expansion.

- Identify new methods 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.

- Apply fees for highway use that vary with numbers of auto occupants, types of vehicle miles driven and times and places driven to reduce congestion as well as provide revenues.

- Leverage available federal funds with national infrastructure banks and bonding programs.

- Create simplified, consolidated and streamlined federal transportation programs 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.

- Recognize urban mobility (and hence support for public transit) as a vital federal responsibility, through intergovernmental partnerships, with greater decision-making authority for metropolitan areas and local governments.

Equitable Tax Incentives for Transit Users

7. In order to maintain increased tax-free monthly transit benefits of at least \$230 (to match the benefits currently available for parking), remove the sunset provision that would require a reduction at the end of 2010. Index the transit benefits to inflation.

8. Support other measures that encourage employers to get more involved in their employees' commutes through tax provisions. For example, increase the dollar limits on transportation fringe benefits, clarify federal employee benefits, make self-employed persons eligible, emphasize parking cashout programs, provide vanpool investment credits, encourage bicycle access with fringe benefits and removal of architectural barriers, and provide credits for teleworking.

Rail Related Actions

9. Broaden the federal cap on commuter rail liability at a level no greater than \$200 million per occurrence to include third party protection for freight railroads on which commuter systems operate (49 USC 28301).

10. Provide additional federal funding to commuter rail systems to meet new federal Positive Train Control unfunded mandates.

Promote Green Commuting

11. Support grant and planning measures to encourage employers to get more involved in helping employees reduce their commutes. For example, develop trip reduction and commuter benefit plans and encourage employer investments in such activities with federal matching grants.

12. Enact the "Investment in Commuter Vanpooling Act" (HR 1571) which would allow governments to leverage private capital to create and expand vanpools by making vanpool passenger fare revenue an eligible source for local match of federal grants.

13. In addition to the above actions, provide further federal funding and other incentives to encourage alternative methods of commuting, including telework, bicycles, walking, vanpools as well as public transit.





AGENDA ITEM #6

TO: Chairman Zimmerman and NVTC Commissioners
FROM: Rick Taube
DATE: November 25, 2009
SUBJECT: Status of Transition to the 2.1% NVTC/PRTC Motor Fuels Tax

On January 1, 2010, distributors of motor fuels sold to retailers in the NVTC/PRTC districts will begin to pay a 2.1 percent tax and retailers will no longer collect a two percent tax on the retail pump price.

NVTC and PRTC staff have met with officials of the Virginia Department of Taxation (TAX) to discuss plans for the transition. NVTC staff coordinated comments on a set of draft regulations circulated by TAX. At this point it is unclear how those comments will be incorporated.

There were three main issues identified in NVTC's staff comments:

1. Will significant motor fuel escape taxation under the transition rules proposed by TAX?
2. If the tax is not assessed on the actual sales price to retailers, but rather on a "cost price" paid by distributors (excluding transportation costs and certain administrative items), will that significantly reduce the yield to NVTC/PRTC?
3. How will TAX inform and audit taxpayers during the transition?





NVTC staff will brief commissioners on the current status of the transition, with less than a month remaining before this significant change takes effect. If there are unresolved issues staff may ask the commission to authorize appropriate action.



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



AGENDA ITEM #7

TO: Chairman Zimmerman and NVTC Commissioners
FROM: Rick Taube
DATE: November 25, 2009
SUBJECT: Draft NVTC Goals, Objectives, Schedule and Work Program

The commission is asked to authorize staff to release the attached draft items for public review and comment. NVTC will conduct a public hearing at its January 7, 2010 meeting to receive comments. After the hearing, the commission will be asked to adopt its 2010 work program and meeting schedule.

The attachments have been reviewed by NVTC's Management Advisory Committee in November and will be considered again at its December meeting. In the meantime, any comments by commissioners are welcome.



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NVTC 2010 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	<ul style="list-style-type: none">-Manage consultants and auditors for collection and filing of National Transit Database reports (yields at least \$5 million for WMATA annually).-Manage and promote regional e-schedule project.-Analyze and report on bicycle access to transit.



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).

-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 2040 Update @ \$1 million).

-Maintain proper federal certifications and sub-recipient agreements.

-Manage Alexandria's federal grant-funded city wide bus technology project and grant funds (\$750,000), and manage federal grant funds for Alexandria's share of the Potomac Yard project and Eisenhower Valley transit improvements (\$5 million).

-Manage Arlington's federal grant funds for Potomac Yard (\$1 million).

-Manage federal grant funds for Fairfax County's projects for Metro Matters and access ramp improvements at Vienna Metro (\$1.6 million).

-Manage federal grant funds of \$1 million for Falls Church's intermodal transit center.

-Negotiate new multi-year NVTC office lease (current lease expires December 31, 2010).

5. WMATA and VRE

- Appoint WMATA and VRE Board members.
- Responsible for VRE assets co-owned with PRTC of \$301 million.
- Co-sponsor public forums to examine WMATA's budgets.
- Work with regional partners to complete the successor multi-year capital funding agreement to Metro Matters.

6. Coordinate 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.
- Help direct a cooperative regional consulting study to design a Vanpool Incentive Program to promote more vanpools and significantly increase earnings from federal formula assistance.

7. Public Outreach

- Maintain, improve and promote NVTC's website as the primary source of transit performance data for the region.
- Direct public outreach for NVTA's regional transportation plan update (TransAction 2040).



NVTC'S 2010 GOALS, OBJECTIVES AND WORK PROGRAM

--DRAFT: October 30, 2009--



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2010 NVTC Meeting Schedule

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

<u>MONTH</u>	<u>DATE</u>	<u>AGENDA</u>
January	7	Elect officers. Select WMATA and VRE Board members, VTA representatives and NVTC Legislative Committee members. Conduct a public hearing and approve 2010 goals, schedule and work program. Approve FY 2011 VRE budget. Approve NVTC FY 2011 budget.
February	11*	Review progress on state and federal legislative agenda. Approve NVTC and VRE state grant applications.
March	4	Review progress on state and federal legislative agenda.
April	1	Review progress on WMATA budget for FY 2011. Review completed 2010 General Assembly session.
May	6	Approve comments on WMATA FY 2010 budget.
June	3	Focus on regional transit performance.
July	1	Review mid-year progress on NVTC work program. Approve DRPT contracts for NVTC and VRE FY 2011 grants.
August		No Meeting.
September	2	Forward preliminary NVTC FY 2012 budget to local jurisdictions.
October	7	Review quarterly progress on NVTC's work program. Approve CTB pre-allocation testimony.
November	4	Approve FY 2010 NVTC and VRE audits.
December	2	Select NVTC Nominating Committee for 2011 officers. Approve legislative agenda for 2011. Review progress on 2010 work program and release draft 2011 work program 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
2010 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	7	Legislative items.
February	11	No meeting.
March	4	Review General Assembly session.
April	1	Review quarterly progress on work program.
May	6	Review NVTC policies on topical transit issues.
June	3	Examine VRE performance.
July	1	Mid-year review of progress on workplan. Meet with auditors to preview FY 2010 audit.
August		No meeting.
September	2	Preliminary NVTC FY 2012 budget. Executive director performance review.
October	7	Review quarterly progress on work program.
November	4	FY 2010 NVTC and VRE audits.
December	2	Select NVTC Nominating Committee for 2011 officers. Consider 2011 legislative agenda. Review progress on 2010 work program and preview 2011 work program.

NVTC MANAGEMENT ADVISORY COMMITTEE
2010 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	19	FY 2011 state grant application; NVTC administrative budget for FY 2011; NVTC legislative agenda.
February	16	Progress on legislative agenda.
March	16	Review of legislative accomplishments; WMATA FY 2011 budget issues.
April	20	To be determined.
May	18	To be determined.
June	15	Mid-year progress review on NVTC work program; 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	17	NVTC preliminary administrative budget for FY 2012.
September	21	Review draft CTB pre-allocation testimony.
October	19	NVTC audit for FY 2010.
November	16	Draft NVTC legislative agenda for 2011; first draft 2011 NVTC work program.
December	21	Proposed 2011 work program; VRE and NVTC budgets for FY 2012.

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, measure and report transit performance 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 2010

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. 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.

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. 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.
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 TransAction 2040 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. Organize improved information sharing between local governments and the Virginia Department of Taxation and more effective auditing to facilitate efficient collection of NVTC's 2.1 percent motor fuels tax and increased knowledge of taxpayer responsibility on the part of motor fuels distributors. 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 tax payers and jurisdictions. Monitor the required reconciliation of motor fuels tax collections by jurisdiction. Brief NVTC's MAC group regularly on processes, issues, and solutions.
4. 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 performance data requirements. Ensure that the data are consistent, timely and accurate. 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 fare collection databases and parts inventories. Work with NVTC's transit systems to continue to debug Nextfare 5 software and implement SmarTrip passes and Autoload. Serve on WMATA selection committees to identify potential bank card-based fare collection systems.
4. 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.

5. 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 their policies for bicycles on-board buses and railcars. Examine transit system websites and offer suggestions for better display of bike policies and procedures. Determine the extent to which bikes are used on each transit system and work with NVTC's jurisdictions to devise ways to increase bicycle access to transit.
6. Serve on regional task forces examining options for improved transit, such as WMATA's Regional Mobility Panel, the Pike Transit initiative and Falls Church's reevaluation of GEORGE bus service.

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 \$275 million) due on February 1, 2010, using DRPT's automated OLGA system.
3. Manage state grants to prepare proper billings and obtain timely reimbursements. Participate with VRE and NVTC jurisdictions in quarterly project status review meetings. Work with grantor agencies and grantees to achieve the maximum feasible flexibility in using the funds in order to meet expiration deadlines with no loss of funds.
4. Manage jurisdiction trust funds (average over \$100 million). 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 opportunities to comment on Master Agreement amendments and other policy changes.
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. Submit annual

certifications and maintain access to TEAM to ensure continued eligibility for FTA grants.

8. 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 (\$750,000). Work to integrate this system with WMATA's regional database and/or the Regionally Integrated Transportation Information System (RITIS).
9. As requested, 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. Work with Fairfax County to obtain federal grant funding for Metrobuses. Work with Falls Church to obtain federal grants for an intermodal transit center and transit study of Route 7. Currently NVTC has obtained and is billing federal grants for about \$7.5 million of jurisdictional projects.
10. Manage NVTA's regional transportation plan update (TransAction 2040) with an anticipated contract value of over \$1 million.
11. If asked by participating jurisdictions, serve as project manager for regional streetcar/light rail projects and assist jurisdictions in considering new and expanded projects (e.g. Route 7 transit alternatives with federal earmarks).
12. 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.
13. Negotiate a new multi-year NVTC office lease. The current lease expires December 31, 2010.
14. Investigate expended NVTC insurance coverage, including directors, errors and omissions policies.

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. Co-sponsor public forums with WMATA.
3. Participate actively on WMATA's Jurisdictional Coordinating Committee. Work to ensure the completion of the successor multi-year capital funding agreement to Metro Matters.
4. Assist local and state officials in determining Virginia's appropriate share of matching funds for \$1.5 billion of dedicated federal funding authorized by Congress for WMATA.
5. Continue to assist Loudoun County as it transitions to full participation in WMATA upon completion of the Dulles Rail project.
6. As co-owner of VRE (with assets of \$301 million, outstanding debt issued by NVTC of \$34 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 providing zip code verification.

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. Direct a cooperative regional consulting study to design a new Vanpool Incentive Program to increase vanpooling and qualify the region for significantly increased federal transit formula assistance. Work to obtain funding to implement the program when the design is approved.
2. Work to establish NVTC as the chief advocate of Intelligent Transportation Systems (ITS) investments for transit, by conducting low-cost demonstrations, evaluating the results, and more actively encouraging all of NVTC's transit providers to adopt similar (interoperable) technologies. Examples include: web-based automated bus stop information signs; on-board bus stop enunciators; passenger counters; automated maintenance devices; variable pricing of roads and parking; parking capacity electronic message signs; and alternative fuel technologies. Promote joint procurements for uniformity and cost saving and develop effective contract language to encourage non-proprietary technology. Help educate board members and the public. Work with VTA and ITSVA to provide forums for transit technology professionals, serve on the board of directors of ITSVA, and work to broaden RITIS to include real-time transit performance data in addition to highways.
3. Develop information from research on this and other regions to help NVTA, WMATA and other transit organizations define lower-cost strategies for meeting congestion challenges in the short term using such mechanisms as exclusive transit lanes, bus rapid transit, priority lanes, queue jumping, jitneys, route-deviation transit, 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.
4. 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.
5. 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 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.

6. Actively promote telework initiatives and encourage the commonwealth to take the lead with its own employees and the private sector.
7. 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.
8. 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 DRPT Transit Advisory Committees 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.
9. Assist Transportation Management Associations and Transportation Demand Management agencies (ridesharing, telework). Serve on boards of directors and competitive selection panels as requested.
10. 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.
11. 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.

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 and elected officials 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 2040).
3. Provide the following resources, primarily on NVTC's website, 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. Monitor NVTC and NVTA website performance with monthly and quarterly compilations of user statistics.
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. Assist APTA in local 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.) Reach out to "electronic hitchhiking" firms (e.g. NuRide) and car-sharing organizations (e.g. Zip Car) for joint promotion opportunities.
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. Assist Northern Virginia's transit systems in monitoring progress on 511 traveler information telephone systems.
9. Implement NVTC's federal Title VI program with active outreach to immigrants, simplified messages and NVTC/NVTA website accommodations.
10. Coordinate meetings with visiting delegations of transit system board members and other elected officials to describe this region's success with transit coordination, transit-oriented development and innovative transit finance.



AGENDA ITEM #8

TO: Chairman Zimmerman and NVTC Commissioners
FROM: Rick Taube and Adam McGavock
DATE: November 25, 2009
SUBJECT: Regional Transportation Items

A. U.S. Census American Community Survey Transit Facts.

In October of 2009, the U.S. Census Bureau released data from the 2006-2008 American Community Survey which compiles the commuting preferences of persons nationwide including the Washington D.C. metropolitan area. These data provide a detailed breakdown of demographic characteristics for each major category of commuter in the DC area: solo drivers, carpoolers and ride sharers, and transit users (see attachment).

Commuters were asked to identify which mode they used in the previous week to travel to and from work. If the commuter used different modes on different days, they were asked to identify the mode that was used most frequently, and that mode was designated as their chosen travel mode. If the commuter used multiple modes to make their journey to work (ie using a park and ride lot), they were asked to identify which mode covered the greatest distance, and that mode was designated as their chosen travel mode.

The survey found that 63.7% of the region's commuters drive alone, compared with 75.9% of commuters nationwide (the nationwide figure includes all locations in the U.S., including metropolitan and rural areas). Carpool users account for 10.7% of the region's commuters, compared with 10.6% for the



nation. Transit users account for 16.7% of the region's commuters compared with 4.9% for the nation. The numbers clearly show that the high quality transit service in the Washington D.C. area attracts commuters at a much higher rate than the national average. The numbers also seem to indicate that, despite the numerous HOV facilities and slug lines, commuters in the D.C. area are no more likely to carpool than the national average.

According to the survey, commuters in the D.C. area who drive alone are more likely to be male (52.8%) as are carpoolers (54.6%). Transit riders in the D.C. area are more likely to be female (52%). These numbers are not significantly different from the national figures for solo drivers (53.5%), carpoolers (56.3%), and transit riders (50.4%).

With a median age of 39.5 years, the average transit rider in the D.C. Metropolitan area is younger than the average solo driver (42.9 years), but slightly older than the average carpooler (39.4 years.) These numbers do not differ significantly from the national figures for transit riders (38.8 years), carpoolers (37.6 years) or solo drivers (41.9 years).

The median solo driver in the D.C. metro area has a higher annual income (\$51,558) than the median transit commuter (\$45,536), and considerably higher than the median carpool commuter (\$39,397.) These numbers differ significantly from the national median income figures for solo commuters (\$34,507), carpool commuters (\$25,953) and transit commuters (\$30,188), which is likely a result of the higher than average incomes in the D.C. metro area.

The high incomes of the D.C. metro area are also demonstrated by the fact that over three-quarters (76.5%) of transit commuters in this region have at least one car available for their commuting trip, and 40% have two or more vehicles available. The fact that three-quarters of transit commuters in the D.C. area choose to ride transit rather than driving is another indicator of the high quality transit available to this region. For transit commuters nationwide, only 63.6% have at least one vehicle available for their commuting trip, while 32.3% have two or more vehicles available.

Looking at the data for place of work in this region, it is surprising to note that only 25.3% of solo drivers and 30.6% of carpool commuters work outside of their state of residence, while 52.9% of transit commuters work outside their state of residence. This is a local phenomenon, as the national figures for solo drivers (3.5%), carpool commuters (4.3%) and transit commuters (9.1%) are all far lower. The high figure for transit users is likely a reflection of the high number of federal workers commuting from Maryland and Virginia to the District.

The mean travel time to work for transit commuters in the D.C. area (45.3 minutes) is substantially longer than the mean travel time to work for solo drivers (29.7 minutes) and carpool commuters (33.3 minutes.) This may be related to

the fact that a higher percentage of local transit commuters are crossing state lines, and likely making longer work trips, compared with drivers and carpoolers. The national figures for solo drivers (23.9 minutes), and carpool commuters (28.3 minutes) are well below the numbers for this region, a reflection of the region's traffic conditions. The national mean travel time to work for transit commuters (48.0 minutes) is actually higher than the local number, a result of the high-quality transit service in this region.

B. Subway Ridership Around the World.

The attached graph shows clearly the ridership of the world's largest subway systems compared to the size of their railcar fleets. It also shows the extent of each route network, the regional population and the average fare. As can be seen, WMATA has the second largest ridership in the U.S. and achieves that with a relatively modest railcar fleet. Ridership in Tokyo, Moscow and Seoul far exceed any U.S. system.

C. Energy Efficient, Technology Advanced Bus Shelters.

As shown on the attachment, San Francisco's Muni Transit System is installing state-of-the-art bus shelters in partnership with Clear Channel Communications. The shelters are made from recycled materials, will feed the power grid with photovoltaic screens, and feature Wi-Fi and real-time bus information.

D. Opening Ceremony for Alexandria DASH Bus Garage.

Alexandria officially opened the new William B. Hurd Transit Facility in a ceremony on November 21, 2009. A copy of the program is attached, including a description of the many contributions of Mr. Hurd to the success of the DASH system.


U.S. Census Bureau
American FactFinder
**Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan
 Statistical Area**
S0802. Means of Transportation to Work by Selected Characteristics

Data Set: 2006-2008 American Community Survey 3-Year Estimates

Survey: American Community Survey

NOTE: For information on confidentiality protection, sampling error, nonsampling error, and definitions, see Survey Methodology.

Subject	Total	Margin of Error	Car, truck, or van -- drove alone	Margin of Error	Car, truck, or van -- carpooled	Margin of Error	Public transportation (excluding taxicab)	Margin of Error
Workers 16 years and over	2,807,170	+/-8,571	1,865,941	+/-9,369	308,232	+/-5,426	385,201	+/-5,526
AGE								
16 to 19 years	3.2%	+/-0.1	2.5%	+/-0.1	5.3%	+/-0.4	3.0%	+/-0.3
20 to 24 years	8.6%	+/-0.1	7.7%	+/-0.2	9.8%	+/-0.6	11.1%	+/-0.5
25 to 44 years	46.1%	+/-0.1	46.0%	+/-0.2	48.3%	+/-0.9	48.0%	+/-0.7
45 to 54 years	23.8%	+/-0.1	24.8%	+/-0.2	21.8%	+/-0.7	22.1%	+/-0.6
55 to 59 years	9.0%	+/-0.1	9.4%	+/-0.2	7.4%	+/-0.4	8.4%	+/-0.4
60 years and over	9.4%	+/-0.1	9.6%	+/-0.2	7.4%	+/-0.5	7.5%	+/-0.4
Median age (years)	42.0	+/-0.1	42.7	+/-0.2	39.4	+/-0.5	39.7	+/-0.3
SEX								
Male	52.5%	+/-0.2	53.1%	+/-0.2	55.0%	+/-0.7	48.0%	+/-0.7
Female	47.5%	+/-0.2	46.9%	+/-0.2	45.0%	+/-0.7	52.0%	+/-0.7
RACE AND HISPANIC OR LATINO ORIGIN								
One race	98.3%	+/-0.1	98.4%	+/-0.1	98.2%	+/-0.2	98.4%	+/-0.2
White	59.6%	+/-0.2	62.0%	+/-0.3	53.1%	+/-1.0	46.6%	+/-0.8
Black or African American	24.3%	+/-0.2	23.2%	+/-0.3	21.9%	+/-0.8	37.2%	+/-0.8
American Indian and Alaska Native	0.3%	+/-0.1	0.3%	+/-0.1	0.3%	+/-0.1	0.2%	+/-0.1
Asian	8.6%	+/-0.1	8.6%	+/-0.2	11.1%	+/-0.6	7.3%	+/-0.4
Native Hawaiian and Other Pacific Islander	0.1%	+/-0.1	0.1%	+/-0.1	0.2%	+/-0.1	0.1%	+/-0.1
Some other race	5.4%	+/-0.1	4.3%	+/-0.2	11.5%	+/-0.6	7.1%	+/-0.6
Two or more races	1.7%	+/-0.1	1.6%	+/-0.1	1.8%	+/-0.2	1.6%	+/-0.2
Hispanic or Latino origin (of any race)	11.5%	+/-0.1	9.5%	+/-0.2	22.0%	+/-0.8	13.7%	+/-0.6
White alone, not Hispanic or Latino	54.1%	+/-0.2	57.2%	+/-0.2	43.7%	+/-0.9	40.5%	+/-0.7
CITIZENSHIP STATUS								
Native born	74.9%	+/-0.3	76.9%	+/-0.3	62.6%	+/-0.9	73.8%	+/-0.8
Foreign born	25.1%	+/-0.3	23.1%	+/-0.3	37.4%	+/-0.9	26.2%	+/-0.8
Naturalized U.S. citizen	11.3%	+/-0.2	12.1%	+/-0.3	12.1%	+/-0.6	8.8%	+/-0.5
Not a U.S. citizen	13.8%	+/-0.2	11.1%	+/-0.3	25.2%	+/-0.9	17.4%	+/-0.8
LANGUAGE SPOKEN AT HOME AND ABILITY TO SPEAK ENGLISH								
Speak language other than English	25.6%	+/-0.3	23.7%	+/-0.3	37.4%	+/-1.0	26.1%	+/-0.9
Speak English "very well"	14.8%	+/-0.3	14.7%	+/-0.3	16.1%	+/-0.8	14.9%	+/-0.7
Speak English less than "very well"	10.8%	+/-0.2	9.1%	+/-0.2	21.4%	+/-0.9	11.2%	+/-0.6
EARNINGS IN THE PAST 12 MONTHS (IN 2008 INFLATION-ADJUSTED DOLLARS) FOR WORKERS								
Workers 16 years and over with earnings	2,806,676	+/-8,595	1,865,776	+/-9,365	308,147	+/-5,422	385,184	+/-5,525
\$1 to \$9,999 or less	9.8%	+/-0.2	8.0%	+/-0.2	12.4%	+/-0.7	9.9%	+/-0.5
\$10,000 to \$14,999	4.9%	+/-0.1	4.4%	+/-0.1	5.2%	+/-0.4	5.4%	+/-0.4
\$15,000 to \$24,999	10.3%	+/-0.2	9.3%	+/-0.2	13.8%	+/-0.8	11.8%	+/-0.5
\$25,000 to \$34,999	11.4%	+/-0.2	11.3%	+/-0.2	13.5%	+/-0.6	11.2%	+/-0.5
\$35,000 to \$49,999	15.5%	+/-0.2	16.4%	+/-0.3	15.1%	+/-0.8	14.5%	+/-0.8

Subject	Total	Margin of Error	Car, truck, or van -- drove alone	Margin of Error	Car, truck, or van -- carpooled	Margin of Error	Public transportation (excluding taxicab)	Margin of Error
\$50,000 to \$64,999	12.5%	+/-0.2	13.5%	+/-0.2	11.5%	+/-0.5	11.3%	+/-0.6
\$65,000 to \$74,999	6.1%	+/-0.1	6.5%	+/-0.2	5.1%	+/-0.4	5.6%	+/-0.3
\$75,000 or more	29.5%	+/-0.2	30.6%	+/-0.3	23.4%	+/-0.7	30.3%	+/-0.8
Median earnings (dollars)	47,768	+/-358	50,490	+/-320	39,766	+/-832	46,734	+/-1,016
POVERTY STATUS IN THE PAST 12 MONTHS								
Workers 16 years and over for whom poverty status is determined	2,785,652	+/-8,912	1,861,872	+/-9,320	306,781	+/-5,492	383,397	+/-5,596
Below 100 percent of the poverty level	3.0%	+/-0.1	2.1%	+/-0.1	3.7%	+/-0.5	5.3%	+/-0.4
100 to 149 percent of the poverty level	3.0%	+/-0.1	2.4%	+/-0.1	3.7%	+/-0.4	4.6%	+/-0.4
At or above 150 percent of the poverty level	94.0%	+/-0.2	95.5%	+/-0.2	92.6%	+/-0.7	90.1%	+/-0.5
Workers 16 years and over	2,807,170	+/-8,571	1,865,941	+/-9,369	308,232	+/-5,426	385,201	+/-5,526
OCCUPATION								
Management, professional, and related occupations	49.9%	+/-0.3	50.5%	+/-0.4	41.3%	+/-0.9	53.1%	+/-0.9
Service occupations	14.3%	+/-0.2	13.1%	+/-0.2	15.7%	+/-0.7	17.4%	+/-0.8
Sales and office occupations	21.7%	+/-0.2	22.1%	+/-0.3	19.3%	+/-0.7	22.0%	+/-0.7
Farming, fishing, and forestry occupations	0.1%	+/-0.1	0.1%	+/-0.1	0.2%	+/-0.1	0.1%	+/-0.1
Construction, extraction, and maintenance occupations	7.6%	+/-0.1	7.5%	+/-0.2	16.3%	+/-0.9	3.3%	+/-0.4
Production, transportation, and material moving occupations	5.6%	+/-0.2	6.0%	+/-0.2	6.3%	+/-0.5	3.3%	+/-0.3
Armed forces	0.8%	+/-0.1	0.6%	+/-0.1	0.9%	+/-0.2	0.9%	+/-0.2
INDUSTRY								
Agriculture, forestry, fishing and hunting, and mining	0.4%	+/-0.1	0.3%	+/-0.1	0.4%	+/-0.1	0.1%	+/-0.1
Construction	7.0%	+/-0.2	6.7%	+/-0.2	16.0%	+/-0.8	2.8%	+/-0.4
Manufacturing	3.1%	+/-0.1	3.5%	+/-0.1	3.0%	+/-0.3	1.5%	+/-0.2
Wholesale trade	1.5%	+/-0.1	1.7%	+/-0.1	1.1%	+/-0.2	0.6%	+/-0.2
Retail trade	8.2%	+/-0.2	8.9%	+/-0.2	7.2%	+/-0.5	5.9%	+/-0.4
Transportation and warehousing, and utilities	3.7%	+/-0.1	4.2%	+/-0.1	2.9%	+/-0.3	2.3%	+/-0.3
Information and finance and insurance, and real estate and rental and leasing	10.5%	+/-0.2	11.1%	+/-0.2	7.4%	+/-0.5	9.1%	+/-0.5
Professional, scientific, management, and administrative and waste management services	20.2%	+/-0.2	19.6%	+/-0.3	17.2%	+/-0.7	22.4%	+/-0.6
Educational services, and health care and social assistance	17.6%	+/-0.2	19.3%	+/-0.3	15.3%	+/-0.7	11.7%	+/-0.6
Arts, entertainment, and recreation, and accommodation and food services	7.3%	+/-0.2	6.6%	+/-0.2	7.8%	+/-0.5	9.4%	+/-0.5
Other services (except public administration)	6.1%	+/-0.1	5.5%	+/-0.2	6.3%	+/-0.5	7.9%	+/-0.4
Public administration	12.9%	+/-0.2	11.2%	+/-0.3	13.8%	+/-0.6	24.5%	+/-0.7
Armed forces	1.6%	+/-0.1	1.4%	+/-0.1	1.6%	+/-0.2	1.6%	+/-0.2
CLASS OF WORKER								
Private wage and salary workers	69.8%	+/-0.3	71.9%	+/-0.4	70.1%	+/-0.9	63.3%	+/-0.7
Government workers	24.8%	+/-0.3	23.9%	+/-0.4	24.8%	+/-0.8	34.9%	+/-0.7
Self-employed workers in own not incorporated business	5.2%	+/-0.1	4.1%	+/-0.1	4.9%	+/-0.4	1.8%	+/-0.2
Unpaid family workers	0.1%	+/-0.1	0.1%	+/-0.1	0.2%	+/-0.1	0.1%	+/-0.1
PLACE OF WORK								
Worked in state of residence	73.9%	+/-0.3	77.5%	+/-0.3	71.3%	+/-0.9	46.4%	+/-0.8
Worked in county of residence	48.9%	+/-0.4	47.2%	+/-0.4	42.7%	+/-1.0	36.5%	+/-0.7
Worked outside county of residence	25.0%	+/-0.3	30.2%	+/-0.4	28.6%	+/-1.0	9.9%	+/-0.5
Worked outside state of residence	26.1%	+/-0.3	22.5%	+/-0.3	28.7%	+/-0.9	53.6%	+/-0.8

Subject	Total	Margin of Error	Car, truck, or van -- drove alone	Margin of Error	Car, truck, or van -- carpooled	Margin of Error	Public transportation (excluding taxicab)	Margin of Error
Workers 16 years and over who did not work at home	2,684,347	+/-8,718	1,865,941	+/-9,369	308,232	+/-5,426	385,201	+/-5,526
TIME LEAVING HOME TO GO TO WORK								
12:00 a.m. to 4:59 a.m.	3.7%	+/-0.1	3.8%	+/-0.1	4.6%	+/-0.4	2.5%	+/-0.3
5:00 a.m. to 5:29 a.m.	4.2%	+/-0.1	4.0%	+/-0.1	6.2%	+/-0.6	4.0%	+/-0.4
5:30 a.m. to 5:59 a.m.	5.3%	+/-0.1	5.0%	+/-0.2	7.2%	+/-0.6	5.5%	+/-0.5
6:00 a.m. to 6:29 a.m.	9.6%	+/-0.2	9.0%	+/-0.2	13.5%	+/-0.7	10.6%	+/-0.5
6:30 a.m. to 6:59 a.m.	9.5%	+/-0.2	9.6%	+/-0.2	10.8%	+/-0.6	9.6%	+/-0.5
7:00 a.m. to 7:29 a.m.	14.0%	+/-0.2	13.8%	+/-0.3	14.9%	+/-0.8	15.6%	+/-0.6
7:30 a.m. to 7:59 a.m.	11.6%	+/-0.2	11.7%	+/-0.2	11.1%	+/-0.7	12.4%	+/-0.5
8:00 a.m. to 8:29 a.m.	13.2%	+/-0.2	13.0%	+/-0.2	10.3%	+/-0.6	15.7%	+/-0.6
8:30 a.m. to 8:59 a.m.	7.7%	+/-0.2	8.0%	+/-0.2	5.1%	+/-0.4	7.1%	+/-0.4
9:00 a.m. to 11:59 p.m.	21.3%	+/-0.3	22.0%	+/-0.3	16.4%	+/-0.8	17.0%	+/-0.7
TRAVEL TIME TO WORK								
Less than 10 minutes	7.1%	+/-0.2	7.1%	+/-0.2	5.8%	+/-0.5	0.9%	+/-0.2
10 to 14 minutes	8.8%	+/-0.2	9.9%	+/-0.3	7.9%	+/-0.5	1.4%	+/-0.2
15 to 19 minutes	11.4%	+/-0.2	12.9%	+/-0.2	9.3%	+/-0.6	4.1%	+/-0.3
20 to 24 minutes	12.4%	+/-0.2	13.5%	+/-0.3	11.8%	+/-0.7	7.9%	+/-0.5
25 to 29 minutes	5.9%	+/-0.1	6.5%	+/-0.2	5.3%	+/-0.5	3.8%	+/-0.3
30 to 34 minutes	15.6%	+/-0.2	15.7%	+/-0.3	16.6%	+/-0.8	16.7%	+/-0.5
35 to 44 minutes	9.7%	+/-0.2	9.6%	+/-0.2	9.9%	+/-0.5	12.4%	+/-0.5
45 to 59 minutes	13.5%	+/-0.2	12.5%	+/-0.2	14.7%	+/-0.8	20.6%	+/-0.6
60 or more minutes	15.7%	+/-0.2	12.4%	+/-0.2	18.7%	+/-0.7	32.2%	+/-0.7
Mean travel time to work (minutes)	33.2	+/-0.2	30.9	+/-0.1	35.5	+/-0.4	46.8	+/-0.4
Workers 16 years and over in households	2,781,209	+/-8,667	1,860,487	+/-9,064	305,731	+/-5,670	382,461	+/-5,565
HOUSING TENURE								
Owner-occupied housing units	70.9%	+/-0.4	75.8%	+/-0.4	68.7%	+/-1.2	51.6%	+/-0.9
Renter-occupied housing units	29.1%	+/-0.4	24.2%	+/-0.4	31.3%	+/-1.2	48.4%	+/-0.9
VEHICLES AVAILABLE								
No vehicle available	5.4%	+/-0.2	1.1%	+/-0.1	4.5%	+/-0.5	22.6%	+/-0.7
1 vehicle available	23.2%	+/-0.3	20.3%	+/-0.3	23.6%	+/-0.9	35.2%	+/-0.9
2 vehicles available	39.3%	+/-0.4	42.1%	+/-0.4	38.2%	+/-1.0	28.6%	+/-0.8
3 or more vehicles available	32.1%	+/-0.4	36.6%	+/-0.4	33.7%	+/-1.1	13.6%	+/-0.6
PERCENT IMPUTED								
Means of transportation to work	5.4%	(X)	(X)	(X)	(X)	(X)	(X)	(X)
Time leaving home to go to work	10.2%	(X)	(X)	(X)	(X)	(X)	(X)	(X)
Travel time to work	8.9%	(X)	(X)	(X)	(X)	(X)	(X)	(X)
Vehicles available	0.6%	(X)	(X)	(X)	(X)	(X)	(X)	(X)

Source: U.S. Census Bureau, 2006-2008 American Community Survey

Data are based on a sample and are subject to sampling variability. The degree of uncertainty for an estimate arising from sampling variability is represented through the use of a margin of error. The value shown here is the 90 percent margin of error. The margin of error can be interpreted roughly as providing a 90 percent probability that the interval defined by the estimate minus the margin of error and the estimate plus the margin of error (the lower and upper confidence bounds) contains the true value. In addition to sampling variability, the ACS estimates are subject to nonsampling error (for a discussion of nonsampling variability, see Accuracy of the Data). The effect of nonsampling error is not represented in these tables.

Notes:

- Workers include members of the Armed Forces and civilians who were at work last week.
- Foreign born excludes people born outside the United States to a parent who is a U.S. citizen.
- Occupation codes are 4-digit codes and are based on Standard Occupational Classification 2000.
- Industry codes are 4-digit codes and are based on the North American Industry Classification System 2002 and 2007. The 2006 and 2007 ACS data are coded using NAICS 2002 while the 2008 ACS data use NAICS 2007 codes. Categories that differ between 2002 and 2007 NAICS are aggregated so that the 3 years of data are consistent in display and reflect the NAICS 2007 codes. The industry categories adhere to the guidelines issued in Clarification Memorandum No. 2, "NAICS Alternate Aggregation Structure for Use By U.S. Statistical Agencies," issued by the Office of Management and Budget.
- While the 2008 American Community Survey (ACS) data generally reflect the November 2007 Office of Management and Budget (OMB) definitions of metropolitan and micropolitan statistical areas; in certain instances the names, codes, and boundaries of the principal cities shown in ACS tables may differ from the OMB definitions due to differences in the effective dates of the geographic entities. The 2008 Puerto Rico Community Survey (PRCS) data generally reflect the November 2007 Office of Management and Budget (OMB) definitions of metropolitan and micropolitan statistical areas; in certain instances the names, codes, and boundaries of the principal cities shown in PRCS tables may differ from the OMB definitions due to differences in the effective dates of the geographic entities.
- Estimates of urban and rural population, housing units, and characteristics reflect boundaries of urban areas defined based on Census 2000 data. Boundaries for urban areas have not been updated since Census 2000. As a result, data for urban and rural areas from the ACS do not necessarily reflect the results of ongoing urbanization.

Explanation of Symbols:

- An "***" entry in the margin of error column indicates that either no sample observations or too few sample observations were available to compute a standard

error and thus the margin of error. A statistical test is not appropriate.

2. An '-' entry in the estimate column indicates that either no sample observations or too few sample observations were available to compute an estimate, or a ratio of medians cannot be calculated because one or both of the median estimates falls in the lowest interval or upper interval of an open-ended distribution.

3. An '-' following a median estimate means the median falls in the lowest interval of an open-ended distribution.

4. An '+' following a median estimate means the median falls in the upper interval of an open-ended distribution.

5. An '****' entry in the margin of error column indicates that the median falls in the lowest interval or upper interval of an open-ended distribution. A statistical test is not appropriate.

6. An '*****' entry in the margin of error column indicates that the estimate is controlled. A statistical test for sampling variability is not appropriate.

7. An 'N' entry in the estimate and margin of error columns indicates that data for this geographic area cannot be displayed because the number of sample cases is too small.

8. An '(X)' means that the estimate is not applicable or not available.

U.S. Census Bureau
American FactFinder
United States
S0802. Means of Transportation to Work by Selected Characteristics

Data Set: 2006-2008 American Community Survey 3-Year Estimates

Survey: American Community Survey

NOTE: For information on confidentiality protection, sampling error, nonsampling error, and definitions, see Survey Methodology.

Subject	Total	Margin of Error	Car, truck, or van -- drove alone	Margin of Error	Car, truck, or van -- carpooled	Margin of Error	Public transportation (excluding taxicab)	Margin of Error
Workers 16 years and over	140,261,584	+/-82,647	106,386,083	+/-90,596	14,862,201	+/-38,988	6,908,323	+/-29,082
AGE								
16 to 19 years	4.2%	+/-0.1	3.5%	+/-0.1	6.7%	+/-0.1	4.1%	+/-0.1
20 to 24 years	9.8%	+/-0.1	9.1%	+/-0.1	12.2%	+/-0.1	11.5%	+/-0.1
25 to 44 years	45.0%	+/-0.1	45.0%	+/-0.1	48.0%	+/-0.2	48.8%	+/-0.2
45 to 54 years	23.5%	+/-0.1	24.3%	+/-0.1	20.4%	+/-0.1	20.9%	+/-0.2
55 to 59 years	8.6%	+/-0.1	9.0%	+/-0.1	6.5%	+/-0.1	7.5%	+/-0.1
60 years and over	8.9%	+/-0.1	9.0%	+/-0.1	6.2%	+/-0.1	7.2%	+/-0.1
Median age (years)	41.3	+/-0.1	41.9	+/-0.1	37.6	+/-0.1	38.8	+/-0.1
SEX								
Male	53.8%	+/-0.1	53.5%	+/-0.1	56.3%	+/-0.1	49.6%	+/-0.2
Female	46.2%	+/-0.1	46.5%	+/-0.1	43.7%	+/-0.1	50.4%	+/-0.2
RACE AND HISPANIC OR LATINO ORIGIN								
One race	98.5%	+/-0.1	98.6%	+/-0.1	98.1%	+/-0.1	98.1%	+/-0.1
White	76.9%	+/-0.1	79.4%	+/-0.1	70.6%	+/-0.1	50.7%	+/-0.2
Black or African American	10.7%	+/-0.1	10.0%	+/-0.1	10.7%	+/-0.1	25.4%	+/-0.2
American Indian and Alaska Native	0.7%	+/-0.1	0.6%	+/-0.1	1.0%	+/-0.1	0.5%	+/-0.1
Asian	4.6%	+/-0.1	4.0%	+/-0.1	5.9%	+/-0.1	9.8%	+/-0.1
Native Hawaiian and Other Pacific Islander	0.1%	+/-0.1	0.1%	+/-0.1	0.2%	+/-0.1	0.2%	+/-0.1
Some other race	5.5%	+/-0.1	4.5%	+/-0.1	9.7%	+/-0.1	11.6%	+/-0.2
Two or more races	1.5%	+/-0.1	1.4%	+/-0.1	1.9%	+/-0.1	1.9%	+/-0.1
Hispanic or Latino origin (of any race)	13.8%	+/-0.1	11.9%	+/-0.1	23.0%	+/-0.1	22.9%	+/-0.2
White alone, not Hispanic or Latino	69.2%	+/-0.1	72.4%	+/-0.1	58.1%	+/-0.1	40.4%	+/-0.2
CITIZENSHIP STATUS								
Native	84.4%	+/-0.1	87.0%	+/-0.1	75.6%	+/-0.2	66.0%	+/-0.2
Foreign born	15.6%	+/-0.1	13.0%	+/-0.1	24.4%	+/-0.2	34.0%	+/-0.2
Naturalized U.S. citizen	6.7%	+/-0.1	6.3%	+/-0.1	7.3%	+/-0.1	13.0%	+/-0.1
Not a U.S. citizen	8.9%	+/-0.1	6.7%	+/-0.1	17.2%	+/-0.2	21.0%	+/-0.2
LANGUAGE SPOKEN AT HOME AND ABILITY TO SPEAK ENGLISH								
Speak language other than English	19.7%	+/-0.1	17.0%	+/-0.1	30.0%	+/-0.2	36.8%	+/-0.2
Speak English "very well"	10.7%	+/-0.1	10.1%	+/-0.1	12.1%	+/-0.1	17.3%	+/-0.1
Speak English less than "very well"	9.0%	+/-0.1	6.9%	+/-0.1	17.9%	+/-0.2	19.4%	+/-0.2
EARNINGS IN THE PAST 12 MONTHS (IN 2008 INFLATION-ADJUSTED DOLLARS) FOR WORKERS								
Workers 16 years and over with earnings	140,224,625	+/-82,378	106,370,328	+/-90,549	14,857,549	+/-38,974	6,908,008	+/-29,103
\$1 to \$9,999 or loss	14.1%	+/-0.1	12.0%	+/-0.1	18.2%	+/-0.1	16.6%	+/-0.1
\$10,000 to \$14,999	7.8%	+/-0.1	7.2%	+/-0.1	9.9%	+/-0.1	9.7%	+/-0.1
\$15,000 to \$24,999	15.9%	+/-0.1	15.3%	+/-0.1	19.8%	+/-0.1	16.8%	+/-0.2
\$25,000 to \$34,999	15.7%	+/-0.1	16.2%	+/-0.1	16.2%	+/-0.1	12.9%	+/-0.2

Subject	Total	Margin of Error	Car, truck, or van -- drove alone	Margin of Error	Car, truck, or van -- carpooled	Margin of Error	Public transportation (excluding taxicab)	Margin of Error
\$35,000 to \$49,999	16.9%	+/-0.1	18.0%	+/-0.1	15.0%	+/-0.1	13.6%	+/-0.1
\$50,000 to \$64,999	11.2%	+/-0.1	12.1%	+/-0.1	9.0%	+/-0.1	9.3%	+/-0.1
\$65,000 to \$74,999	4.4%	+/-0.1	4.7%	+/-0.1	3.3%	+/-0.1	4.0%	+/-0.1
\$75,000 or more	14.1%	+/-0.1	14.6%	+/-0.1	8.6%	+/-0.1	17.1%	+/-0.2

Median earnings (dollars)	32,294	+/-29	34,507	+/-43	25,953	+/-67	30,188	+/-131
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POVERTY STATUS IN THE PAST 12 MONTHS

Workers 16 years and over for whom poverty status is determined	139,148,986	+/-81,715	106,085,114	+/-90,011	14,779,141	+/-39,081	6,872,758	+/-29,240
Below 100 percent of the poverty level	6.0%	+/-0.1	4.8%	+/-0.1	8.7%	+/-0.1	10.6%	+/-0.1
100 to 149 percent of the poverty level	6.1%	+/-0.1	5.3%	+/-0.1	8.7%	+/-0.1	8.9%	+/-0.1
At or above 150 percent of the poverty level	87.9%	+/-0.1	89.9%	+/-0.1	82.6%	+/-0.1	80.5%	+/-0.2

Workers 16 years and over	140,261,584	+/-82,647	106,386,083	+/-90,596	14,862,201	+/-38,988	6,908,323	+/-29,082
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OCCUPATION

Management, professional, and related occupations	34.4%	+/-0.1	35.2%	+/-0.1	26.3%	+/-0.1	35.3%	+/-0.2
Service occupations	16.6%	+/-0.1	15.4%	+/-0.1	18.7%	+/-0.1	23.6%	+/-0.2
Sales and office occupations	25.6%	+/-0.1	26.4%	+/-0.1	20.9%	+/-0.1	26.1%	+/-0.2
Farming, fishing, and forestry occupations	0.7%	+/-0.1	0.5%	+/-0.1	1.7%	+/-0.1	0.3%	+/-0.1
Construction, extraction, and maintenance occupations	9.6%	+/-0.1	9.3%	+/-0.1	16.5%	+/-0.1	5.0%	+/-0.1
Production, transportation, and material moving occupations	12.6%	+/-0.1	12.8%	+/-0.1	15.5%	+/-0.1	9.4%	+/-0.1
Armed forces	0.4%	+/-0.1	0.3%	+/-0.1	0.3%	+/-0.1	0.1%	+/-0.1

INDUSTRY

Agriculture, forestry, fishing and hunting, and mining	1.8%	+/-0.1	1.4%	+/-0.1	2.8%	+/-0.1	0.6%	+/-0.1
Construction	7.6%	+/-0.1	7.0%	+/-0.1	14.3%	+/-0.1	4.0%	+/-0.1
Manufacturing	11.3%	+/-0.1	12.0%	+/-0.1	12.6%	+/-0.1	5.7%	+/-0.1
Wholesale trade	3.2%	+/-0.1	3.4%	+/-0.1	2.7%	+/-0.1	2.0%	+/-0.1
Retail trade	11.4%	+/-0.1	11.9%	+/-0.1	9.9%	+/-0.1	9.9%	+/-0.1
Transportation and warehousing, and utilities	5.1%	+/-0.1	5.5%	+/-0.1	3.8%	+/-0.1	3.9%	+/-0.1
Information and finance and insurance, and real estate and rental and leasing	9.6%	+/-0.1	9.6%	+/-0.1	6.4%	+/-0.1	14.6%	+/-0.1
Professional, scientific, management, and administrative and waste management services	10.2%	+/-0.1	9.4%	+/-0.1	9.9%	+/-0.1	15.6%	+/-0.1
Educational services, and health care and social assistance	20.9%	+/-0.1	21.5%	+/-0.1	18.5%	+/-0.1	19.6%	+/-0.2
Arts, entertainment, and recreation, and accommodation and food services	8.6%	+/-0.1	8.0%	+/-0.1	9.9%	+/-0.1	12.9%	+/-0.1
Other services (except public administration)	4.8%	+/-0.1	4.6%	+/-0.1	4.6%	+/-0.1	5.2%	+/-0.1
Public administration	4.7%	+/-0.1	5.0%	+/-0.1	3.9%	+/-0.1	5.8%	+/-0.1
Armed forces	0.8%	+/-0.1	0.6%	+/-0.1	0.7%	+/-0.1	0.3%	+/-0.1

CLASS OF WORKER

Private wage and salary workers	78.3%	+/-0.1	79.4%	+/-0.1	79.5%	+/-0.1	82.1%	+/-0.1
Government workers	14.9%	+/-0.1	15.6%	+/-0.1	13.7%	+/-0.1	14.6%	+/-0.1
Self-employed workers in own not incorporated business	6.5%	+/-0.1	4.9%	+/-0.1	6.4%	+/-0.1	3.2%	+/-0.1
Unpaid family workers	0.2%	+/-0.1	0.1%	+/-0.1	0.3%	+/-0.1	0.1%	+/-0.1

PLACE OF WORK

Worked in state of residence	96.2%	+/-0.1	96.5%	+/-0.1	95.7%	+/-0.1	90.9%	+/-0.1
Worked in county of residence	72.6%	+/-0.1	71.5%	+/-0.1	69.6%	+/-0.1	59.0%	+/-0.2

Subject	Total	Margin of Error	Car, truck, or van -- drove alone	Margin of Error	Car, truck, or van -- carpooled	Margin of Error	Public transportation (excluding taxicab)	Margin of Error
Worked outside county of residence	23.7%	+/-0.1	25.0%	+/-0.1	26.1%	+/-0.1	31.8%	+/-0.2
Worked outside state of residence	3.8%	+/-0.1	3.5%	+/-0.1	4.3%	+/-0.1	9.1%	+/-0.1
Workers 16 years and over who did not work at home	134,601,016	+/-85,904	106,386,083	+/-90,596	14,862,201	+/-38,988	6,908,323	+/-29,082
TIME LEAVING HOME TO GO TO WORK								
12:00 a.m. to 4:59 a.m.	4.0%	+/-0.1	4.1%	+/-0.1	4.7%	+/-0.1	2.7%	+/-0.1
5:00 a.m. to 5:29 a.m.	3.6%	+/-0.1	3.5%	+/-0.1	5.0%	+/-0.1	3.6%	+/-0.1
5:30 a.m. to 5:59 a.m.	5.0%	+/-0.1	4.9%	+/-0.1	6.2%	+/-0.1	4.4%	+/-0.1
6:00 a.m. to 6:29 a.m.	9.0%	+/-0.1	8.8%	+/-0.1	11.2%	+/-0.1	10.0%	+/-0.1
6:30 a.m. to 6:59 a.m.	10.5%	+/-0.1	10.7%	+/-0.1	11.5%	+/-0.1	9.0%	+/-0.1
7:00 a.m. to 7:29 a.m.	14.8%	+/-0.1	14.9%	+/-0.1	15.6%	+/-0.1	16.2%	+/-0.2
7:30 a.m. to 7:59 a.m.	13.2%	+/-0.1	13.9%	+/-0.1	11.4%	+/-0.1	10.7%	+/-0.1
8:00 a.m. to 8:29 a.m.	10.8%	+/-0.1	10.8%	+/-0.1	8.5%	+/-0.1	14.0%	+/-0.1
8:30 a.m. to 8:59 a.m.	5.5%	+/-0.1	5.6%	+/-0.1	4.1%	+/-0.1	5.5%	+/-0.1
9:00 a.m. to 11:59 p.m.	23.5%	+/-0.1	22.9%	+/-0.1	21.8%	+/-0.1	23.7%	+/-0.2
TRAVEL TIME TO WORK								
Less than 10 minutes	14.3%	+/-0.1	14.1%	+/-0.1	11.2%	+/-0.1	1.4%	+/-0.1
10 to 14 minutes	14.4%	+/-0.1	15.1%	+/-0.1	12.9%	+/-0.1	2.8%	+/-0.1
15 to 19 minutes	15.4%	+/-0.1	16.3%	+/-0.1	14.5%	+/-0.1	5.2%	+/-0.1
20 to 24 minutes	14.6%	+/-0.1	15.4%	+/-0.1	14.1%	+/-0.1	8.0%	+/-0.1
25 to 29 minutes	6.0%	+/-0.1	6.4%	+/-0.1	5.7%	+/-0.1	3.5%	+/-0.1
30 to 34 minutes	13.3%	+/-0.1	13.2%	+/-0.1	15.0%	+/-0.1	16.8%	+/-0.2
35 to 44 minutes	6.3%	+/-0.1	6.3%	+/-0.1	6.9%	+/-0.1	9.5%	+/-0.1
45 to 59 minutes	7.5%	+/-0.1	7.0%	+/-0.1	8.9%	+/-0.1	16.9%	+/-0.1
60 or more minutes	8.1%	+/-0.1	6.1%	+/-0.1	10.9%	+/-0.1	35.9%	+/-0.2
Mean travel time to work (minutes)	25.3	+/-0.1	23.9	+/-0.1	28.3	+/-0.1	48.0	+/-0.1
Workers 16 years and over in households	138,847,754	+/-80,171	106,049,508	+/-89,913	14,703,008	+/-39,477	6,806,155	+/-28,495
HOUSING TENURE								
Owner-occupied housing units	70.6%	+/-0.1	74.2%	+/-0.1	63.7%	+/-0.2	42.3%	+/-0.2
Renter-occupied housing units	29.4%	+/-0.1	25.8%	+/-0.1	36.3%	+/-0.2	57.7%	+/-0.2
VEHICLES AVAILABLE								
No vehicle available	4.3%	+/-0.1	1.0%	+/-0.1	5.5%	+/-0.1	36.4%	+/-0.2
1 vehicle available	20.9%	+/-0.1	19.5%	+/-0.1	23.6%	+/-0.1	31.3%	+/-0.2
2 vehicles available	42.4%	+/-0.1	44.7%	+/-0.1	39.6%	+/-0.2	21.7%	+/-0.2
3 or more vehicles available	32.4%	+/-0.1	34.8%	+/-0.1	31.3%	+/-0.2	10.6%	+/-0.1
PERCENT IMPUTED								
Means of transportation to work	4.5%	(X)	(X)	(X)	(X)	(X)	(X)	(X)
Time leaving home to go to work	10.2%	(X)	(X)	(X)	(X)	(X)	(X)	(X)
Travel time to work	8.1%	(X)	(X)	(X)	(X)	(X)	(X)	(X)
Vehicles available	0.7%	(X)	(X)	(X)	(X)	(X)	(X)	(X)

Source: U.S. Census Bureau, 2006-2008 American Community Survey

Data are based on a sample and are subject to sampling variability. The degree of uncertainty for an estimate arising from sampling variability is represented through the use of a margin of error. The value shown here is the 90 percent margin of error. The margin of error can be interpreted roughly as providing a 90 percent probability that the interval defined by the estimate minus the margin of error and the estimate plus the margin of error (the lower and upper confidence bounds) contains the true value. In addition to sampling variability, the ACS estimates are subject to nonsampling error (for a discussion of nonsampling variability, see Accuracy of the Data). The effect of nonsampling error is not represented in these tables.

Notes:

- Workers include members of the Armed Forces and civilians who were at work last week.
- Foreign born excludes people born outside the United States to a parent who is a U.S. citizen.
- Occupation codes are 4-digit codes and are based on Standard Occupational Classification 2000.
- Industry codes are 4-digit codes and are based on the North American Industry Classification System 2002 and 2007. The 2006 and 2007 ACS data are coded using NAICS 2002 while the 2008 ACS data use NAICS 2007 codes. Categories that differ between 2002 and 2007 NAICS are aggregated so that the 3 years of data are consistent in display and reflect the NAICS 2007 codes. The Industry categories adhere to the guidelines issued in Clarification Memorandum No. 2, "NAICS Alternate Aggregation Structure for Use By U.S. Statistical Agencies," issued by the Office of Management and Budget.
- While the 2008 American Community Survey (ACS) data generally reflect the November 2007 Office of Management and Budget (OMB) definitions of metropolitan and micropolitan statistical areas; in certain instances the names, codes, and boundaries of the principal cities shown in ACS tables may differ from the OMB definitions due to differences in the effective dates of the geographic entities. The 2008 Puerto Rico Community Survey (PRCS) data generally reflect the November 2007 Office of Management and Budget (OMB) definitions of metropolitan and micropolitan statistical areas; in certain instances the names, codes, and boundaries of the principal cities shown in PRCS tables may differ from the OMB definitions due to differences in the effective dates of the

geographic entities.

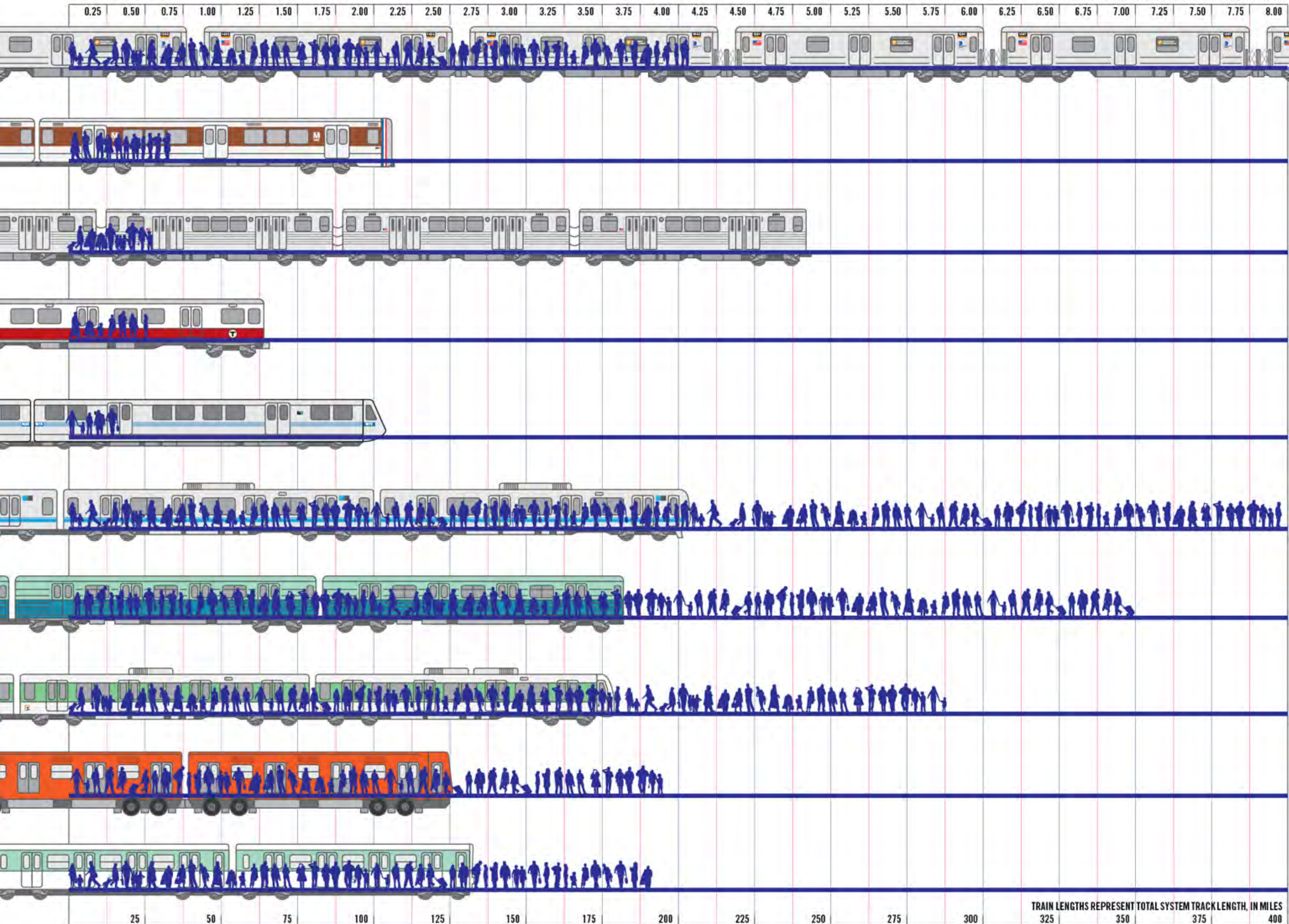
Estimates of urban and rural population, housing units, and characteristics reflect boundaries of urban areas defined based on Census 2000 data. Boundaries for urban areas have not been updated since Census 2000. As a result, data for urban and rural areas from the ACS do not necessarily reflect the results of ongoing urbanization.

Explanation of Symbols:

1. An "***" entry in the margin of error column indicates that either no sample observations or too few sample observations were available to compute a standard error and thus the margin of error. A statistical test is not appropriate.
2. An "-" entry in the estimate column indicates that either no sample observations or too few sample observations were available to compute an estimate, or a ratio of medians cannot be calculated because one or both of the median estimates falls in the lowest interval or upper interval of an open-ended distribution.
3. An "-" following a median estimate means the median falls in the lowest interval of an open-ended distribution.
4. An "+" following a median estimate means the median falls in the upper interval of an open-ended distribution.
5. An "****" entry in the margin of error column indicates that the median falls in the lowest interval or upper interval of an open-ended distribution. A statistical test is not appropriate.
6. An "*****" entry in the margin of error column indicates that the estimate is controlled. A statistical test for sampling variability is not appropriate.
7. An 'N' entry in the estimate and margin of error columns indicates that data for this geographic area cannot be displayed because the number of sample cases is too small.
8. An '(X)' means that the estimate is not applicable or not available.

TAKING THE TRAIN: THE MOST USED SUBWAY SYSTEMS IN THE U.S. AND AROUND THE WORLD.

SILHOUETTES REPRESENT DAILY SUBWAY RIDES, IN MILLIONS



TOP FIVE U.S. AND FOREIGN CITIES, BY ANNUAL SUBWAY RIDERSHIP

New York*
 CITY POPULATION: 8.2 million
 ANNUAL RIDES: 1.5 billion
 SINGLE RIDE FARE: \$2.00
 FOUNDED: 1904

Washington, D.C.
 CITY POPULATION: 580,000
 ANNUAL RIDES: 215.3 million per year
 SINGLE RIDE FARE: \$1.85 (average)
 FOUNDED: 1976

Chicago
 CITY POPULATION: 2.8 million
 ANNUAL RIDES: 190.3 million
 SINGLE RIDE FARE: \$2.25
 FOUNDED: 1947

Boston
 CITY POPULATION: 590,000
 ANNUAL RIDES: 187.5 million
 SINGLE RIDE FARE: \$1.70
 FOUNDED: 1897

San Francisco
 CITY POPULATION: 745,000
 ANNUAL RIDES: 100 million
 SINGLE RIDE FARE: \$1.50 (starting)
 FOUNDED: 1972

Tokyo
 CITY POPULATION: 8.7 million
 ANNUAL RIDES: 2.97 billion
 SINGLE RIDE FARE: \$1.79
 FOUNDED: 1927

Moscow
 CITY POPULATION: 10.2 million
 ANNUAL RIDES: 2.5 billion
 SINGLE RIDE FARE: \$0.53
 FOUNDED: 1935

Seoul, South Korea
 CITY POPULATION: 10.5 million
 ANNUAL RIDES: 2.1 billion
 SINGLE RIDE FARE: \$0.64
 FOUNDED: 1974

Mexico City
 CITY POPULATION: 8.8 million
 ANNUAL RIDES: 1.42 billion
 SINGLE RIDE FARE: \$0.14
 FOUNDED: 1969

Paris
 CITY POPULATION: 2.1 million
 ANNUAL RIDES: 1.39 billion
 SINGLE RIDE FARE: \$2.08
 FOUNDED: 1900

SOURCES: Subway systems' websites; world.nycsubway.org

*NEW YORK'S track length is almost three times that of Chicago's, totaling 660 miles.



Turning technology inside out

Wi-Fi:

According to the mayor's office, the first shelter at the intersection of Geary and Arguello boulevards is testing Wi-Fi connectivity for tech-savvy riders.

The Bus Stops Here

San Francisco has proven to be a role model for other cities when it comes to environmentally friendly measures. The city sets the green bar high by mandating recycling and composting ordinances, encouraging investment in rooftop solar power and installing electric car charging stations on city streets, among many other projects.

As part of a 20-year contract with Clear Channel Outdoor, the San Francisco Municipal Transportation Authority's bus stop shelters are being replaced with energy-efficient, technologically advanced structures. The new shelters not only feed the power grid, but also provide Wi-Fi and real-time bus information. As of press time, five of the new bus shelters were installed and all 1,100 will be finished by 2013. Here's a look at how they work.

General:

The new bus shelters are made from 70 percent recycled steel. Luridberg Design, the firm that devised the shelters, said metal from the old bus shelters will be recycled, as will approximately 4,000 glass panels. Clio Luridberg, CEO of Luridberg Design, said that the old glass panels have a lot of potential in their current form — he proposed using them in a public art project, which is currently on hold due to the economic recession.



Canopy:

The canopy is composed of 40 percent post-industrial polycarbonate, and the wavy design represents movement between spaces, according to Lundberg Design. Flexible photovoltaic screens are integrated into the roof and power the shelter's NextBus LED display and push-to-talk function, while sending excess energy into the power grid.



Lighting and Advertising:

Light-emitting diodes (LED) illuminate both ends of the shelters — one contains advertisements and the other an information box. Clear Channel's 20-year contract with the San Francisco Municipal Transportation Authority allows the company to sell advertising on the shelters in exchange for building and maintaining them.



NextBus Sign/ Push to Talk:

NextBus shelter signs provide real-time arrival information for the city's bus fleet. Buses are outfitted with global positioning systems that report their location and identification number to an information center. Arrival time estimates are sent wirelessly to the Internet, where they can be accessed by shelter signs, computers or mobile devices. Shelters also have a push-to-talk system that reads the NextBus information aloud for visually impaired riders.



William B. "Bill" Hurd

William B. "Bill" Hurd was the driving force behind the creation of the Alexandria Transit Company, more commonly known as DASH, and served as the Chairman of its Board of Directors for 23 years (1984-2006). As Chairman of the DASH Board, Hurd provided over two decades of extraordinary leadership and unparalleled service to public transit in the City of Alexandria. Hurd retired from the DASH Board in 2006, at the age of 91.

Born in Lynn, Massachusetts, on August 27, 1915, Hurd earned a B.A. in Political Science from the University of New Hampshire in 1937 and was awarded an internship at the National Institute of Public Affairs in Washington, D.C., from 1937 to 1938. Following his internship, he pursued post-graduate work in Public Administration at the American University while working for the Department of the Interior. From 1942 to 1946, he was on active duty with the United States Army Corps of Engineers—rising from the rank of 1st Lieutenant to Major in four years.

Hurd had a long and illustrious Federal career, during which he played an integral role in the birth and development of the United States federal public transportation program. At the time of his retirement in 1972, he was Associate Administrator of the Urban Mass Transportation Administration (UMTA). After his retirement, he became a transit consultant to a number of Virginia's transit systems during their reorganizations from private bus companies to municipally owned public bus systems.

Hurd was an extraordinary individual, who selflessly dedicated much of his adult life to the advancement and improvement of public transportation—not only in the City of Alexandria and Commonwealth of Virginia, but throughout the nation as well. In 1987, only three years after the inception of the DASH system, Hurd's tireless efforts led to its being awarded the American Public Transportation Association's ("APTA's") Outstanding Achievement Award for small bus systems. In 1988, APTA recognized Hurd's enormous contribution to the nation's public transit industry by inducting him into its Hall of Fame—a distinguished honor reserved only for exceptional transit professionals. Finally, in 2005, the Virginia Transit Association awarded Hurd the "Outstanding Contribution by a Public Official, Lifetime Achievement Award."

Hurd was also a mentor to many professionals in the nation's transit industry and has long been regarded as the consummate role model in the areas of systems inception, operation and management. Moreover, few have been more successful in garnering the respect and cooperation of governmental officials—matters indispensable to the successful operation of any public transit system.

Hurd's work in the national state and local transit industries was only one of his legacies. His commitment to the City of Alexandria also included service on the Alexandria Transportation Planning Board, the Alexandria Planning Commission, the Alexandria School Board, and the Northern Virginia Regional Planning Commission. In 2007, Hurd was named one of the twelve Alexandria's Living Legends.

Bill Hurd, the epitome of exemplary public service, passed away on October 25, 2008, at the age of 93. It is safe to say that there will never be another one like him.

Welcome to the The William B. Hurd Transit Facility

DASH

Grand Opening Ceremony

November 21, 2009



Alexandria City Council

Mayor William D. Euille

Vice Mayor Kerry J. Donley

Frank H. Fannon IV

Alicia Hughes

Rob Krupicka

Redella S. "Del" Pepper

Paul C. Smedberg

Alexandria Transit Company Board of Directors

Paul Abramson
Chairman

Ann Dorman
Vice-Chairman

James K. Hartmann
President

Byron C. Dixon

Sean Kumar

David "Max" Williamson

Sandra Wiener

Sandy Modell
General Manager

The William B. Hurd Transit Facility Alexandria Transit Company

Program of Events

8:00 a.m. City Council and ATC Board of Directors Facility Tour

8:30 a.m. Welcome
Paul R. Abramson, Chairman, ATC Board of Directors

Opening Remarks

Honorable William D. Euille, Mayor, City of Alexandria

James K. Hartmann, City Manager, City of Alexandria
President, Alexandria Transit Company

John Komoroske, Chairman, Alexandria Planning Commission

Charles Badger, Director, Virginia Department of Rail and Public Transportation

Bill Williamson, Region Vice-President, First Transit, Inc.

Sandy Modell, General Manager, Alexandria Transit Company

DASH Time Capsule

A time capsule will be buried outside of the new DASH facility. It will include various items, photos, and memorabilia that will provide a snapshot of our company, our employees, and our transit system, presently, and over the past 25 years. City Council members, ATC Board of Directors, and employees will have the opportunity to place an item in the capsule before it is sealed and buried in the ground. The time capsule will be unearthed in 20 years, so future City and DASH leaders and members of the DASH team can obtain a historical perspective of the system at the time the new DASH facility was built.

Ribbon Cutting

Refreshments
Administration office area

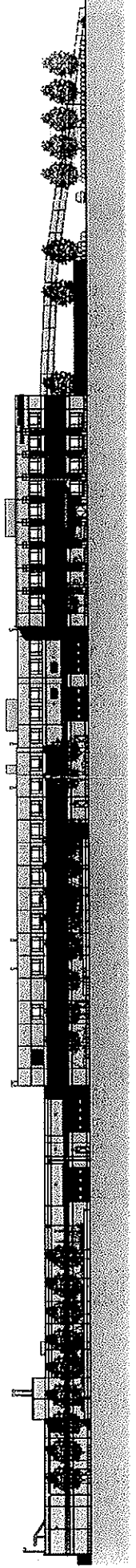
Tours of the William B. Hurd Transit Facility

Guests should gather inside the main lobby at the Business Center Drive entrance.

Tours will be offered until 11:00 a.m.

Grand Opening Mementos

Participants are invited to take home a memento of the Grand Opening available in the Administration lobby reception area.





AGENDA ITEM #9

TO: Chairman Zimmerman and NVTC Commissioners
FROM: Rick Taube
DATE: November 25, 2009
SUBJECT: NVTC Nominating Committee for 2010 Officers

NVTC's Executive Committee will again serve as the nominating committee. Their recommendations will be provided prior to NVTC's January 7, 2010 meeting at which election of 2010 NVTC officers will occur. Please provide your suggestions to members of the Executive Committee (Chris Zimmerman, Cathy Hudgins, Bill Euille and Mary Margaret Whipple).



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



AGENDA ITEM #10

TO: Chairman Zimmerman and NVTC Commissioners
FROM: Scott Kalkwarf and Colethia Quarles
DATE: November 25, 2009
SUBJECT: NVTC Financial Items for October, 2009

Attached for your information are NVTC financial reports for October, 2009.



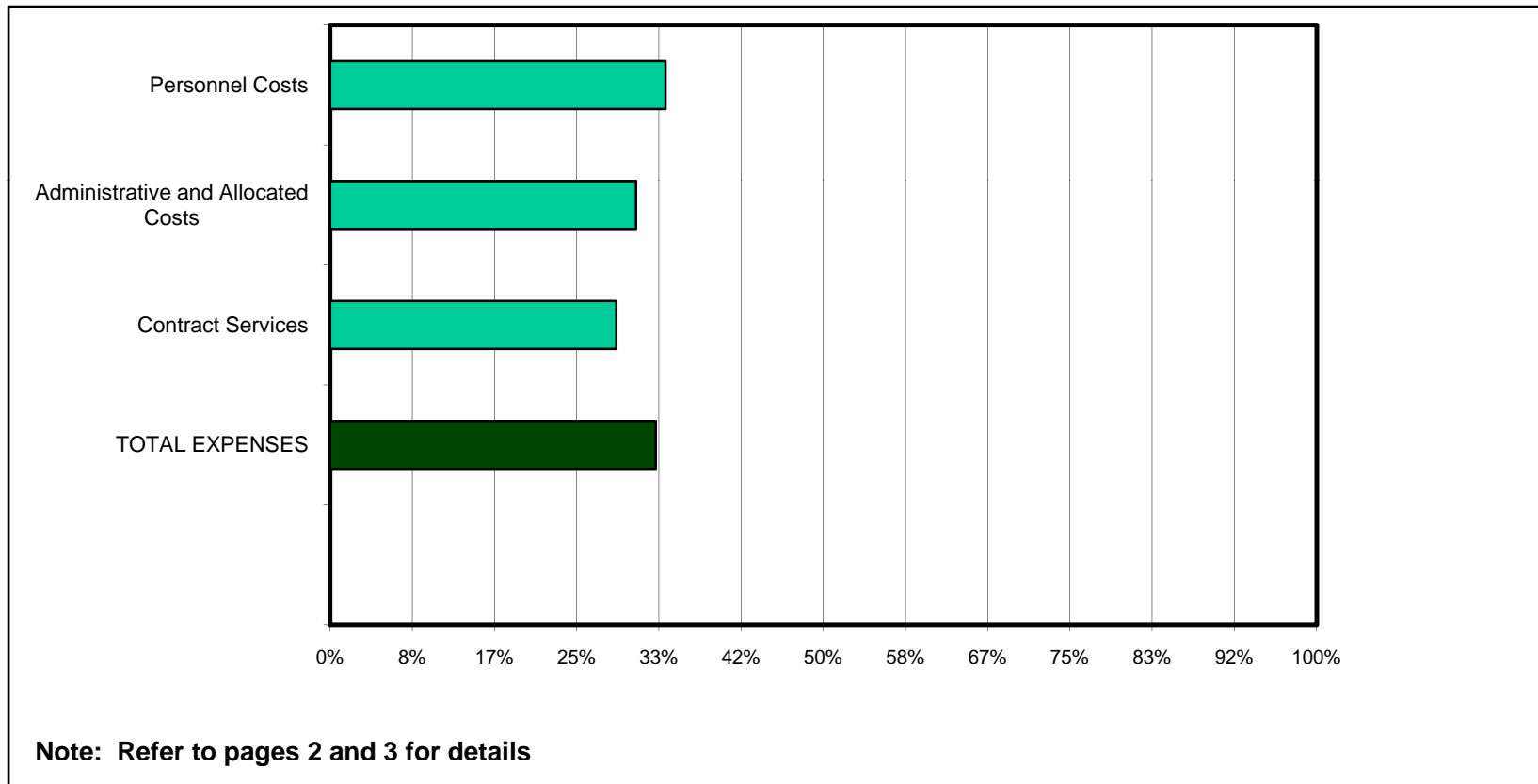
4350 N. Fairfax Drive • Suite 720 • Arlington, Virginia 22203
Tel (703) 524-3322 • Fax (703) 524-1756 • TDD (800) 828-1120 • VA Relay Service
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Northern Virginia Transportation Commission

Financial Reports

October, 2009

Percentage of FY 2010 NVTC Administrative Budget Used
October, 2009
(Target 33.33% or less)



NORTHERN VIRGINIA TRANSPORTATION COMMISSION
G&A BUDGET VARIANCE REPORT
October 2009

	<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	\$ 81,057.66	\$ 257,583.47	\$ 734,500.00	\$ 476,916.53	64.9%
Temporary Employee Services		-	-	-	
Total Personnel Costs	81,057.66	257,583.47	734,500.00	476,916.53	64.9%
<u>Benefits</u>					
Employer's Contributions:					
FICA	3,678.92	17,334.33	51,800.00	34,465.67	66.5%
Group Health Insurance	5,188.90	20,441.95	70,400.00	49,958.05	71.0%
Retirement	6,860.00	20,960.00	69,500.00	48,540.00	69.8%
Workmans & Unemployment Compensation	95.00	380.00	3,400.00	3,020.00	88.8%
Life Insurance	338.35	1,353.40	4,150.00	2,796.60	67.4%
Long Term Disability Insurance	288.43	1,157.49	4,100.00	2,942.51	71.8%
Total Benefit Costs	16,449.60	61,627.17	203,350.00	141,722.83	69.7%
<u>Administrative Costs</u>					
Commissioners Per Diem	1,300.00	4,500.00	17,450.00	12,950.00	74.2%
<i>Rents:</i>					
Office Rent	15,668.23	63,536.92	191,880.00	128,343.08	66.9%
Parking	14,989.23	59,956.92	179,980.00	120,023.08	66.7%
	679.00	3,580.00	11,900.00	8,320.00	69.9%
<i>Insurance:</i>					
Public Official Bonds	-	575.00	4,100.00	3,525.00	86.0%
Liability and Property		575.00	2,200.00	2,200.00	100.0%
			1,900.00	1,325.00	69.7%
<i>Travel:</i>					
Conference Registration	36.00	657.18	7,800.00	7,142.82	91.6%
Conference Travel			-	-	0.0%
Local Meetings & Related Expenses		91.10	2,500.00	2,408.90	96.4%
Training & Professional Development	36.00	566.08	5,000.00	4,433.92	88.7%
	-	-	300.00	300.00	100.0%
<i>Communication:</i>					
Postage	452.98	2,122.88	10,350.00	8,227.12	79.5%
Telephone - LD		211.28	4,000.00	3,788.72	94.7%
Telephone - Local	125.27	514.03	1,300.00	785.97	60.5%
	327.71	1,397.57	5,050.00	3,652.43	72.3%
<i>Publications & Supplies</i>					
Office Supplies	707.02	4,471.30	13,600.00	9,128.70	67.1%
Duplication		404.07	3,500.00	3,095.93	88.5%
Public Information	707.02	4,067.23	9,600.00	5,532.77	57.6%
	-	-	500.00	500.00	100.0%

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
G&A BUDGET VARIANCE REPORT
October 2009

	<u>Current Month</u>	<u>Year To Date</u>	<u>Annual Budget</u>	<u>Balance Available</u>	<u>Balance %</u>
<i>Operations:</i>	624.45	1,885.32	8,000.00	6,272.18	78.4%
Furniture and Equipment	157.50	157.50	-	-	0.0%
Repairs and Maintenance	-	-	1,000.00	1,000.00	100.0%
Computers	466.95	1,727.82	7,000.00	5,272.18	75.3%
<i>Other General and Administrative</i>	463.44	2,123.10	5,250.00	1,126.90	21.5%
Subscriptions	-	-	-	-	0.0%
Memberships	72.43	894.72	1,300.00	405.28	31.2%
Fees and Miscellaneous	391.01	1,228.38	950.00	(278.38)	-29.3%
Advertising (Personnel/Procurement)	-	-	1,000.00	1,000.00	100.0%
Total Administrative Costs	<u>19,252.12</u>	<u>79,871.70</u>	<u>258,430.00</u>	<u>176,715.80</u>	<u>68.4%</u>
	<u>Contracting Services</u>				
Auditing	-	7,500.00	25,600.00	18,100.00	70.7%
Consultants - Technical	-	-	-	-	0.0%
Legal	-	-	-	-	0.0%
Total Contract Services	<u>-</u>	<u>7,500.00</u>	<u>25,600.00</u>	<u>18,100.00</u>	<u>70.7%</u>
 Total Gross G&A Expenses	<u><u>\$ 116,759.38</u></u>	<u><u>\$ 406,582.34</u></u>	<u><u>\$ 1,221,880.00</u></u>	<u><u>\$ 813,455.16</u></u>	<u><u>66.6%</u></u>

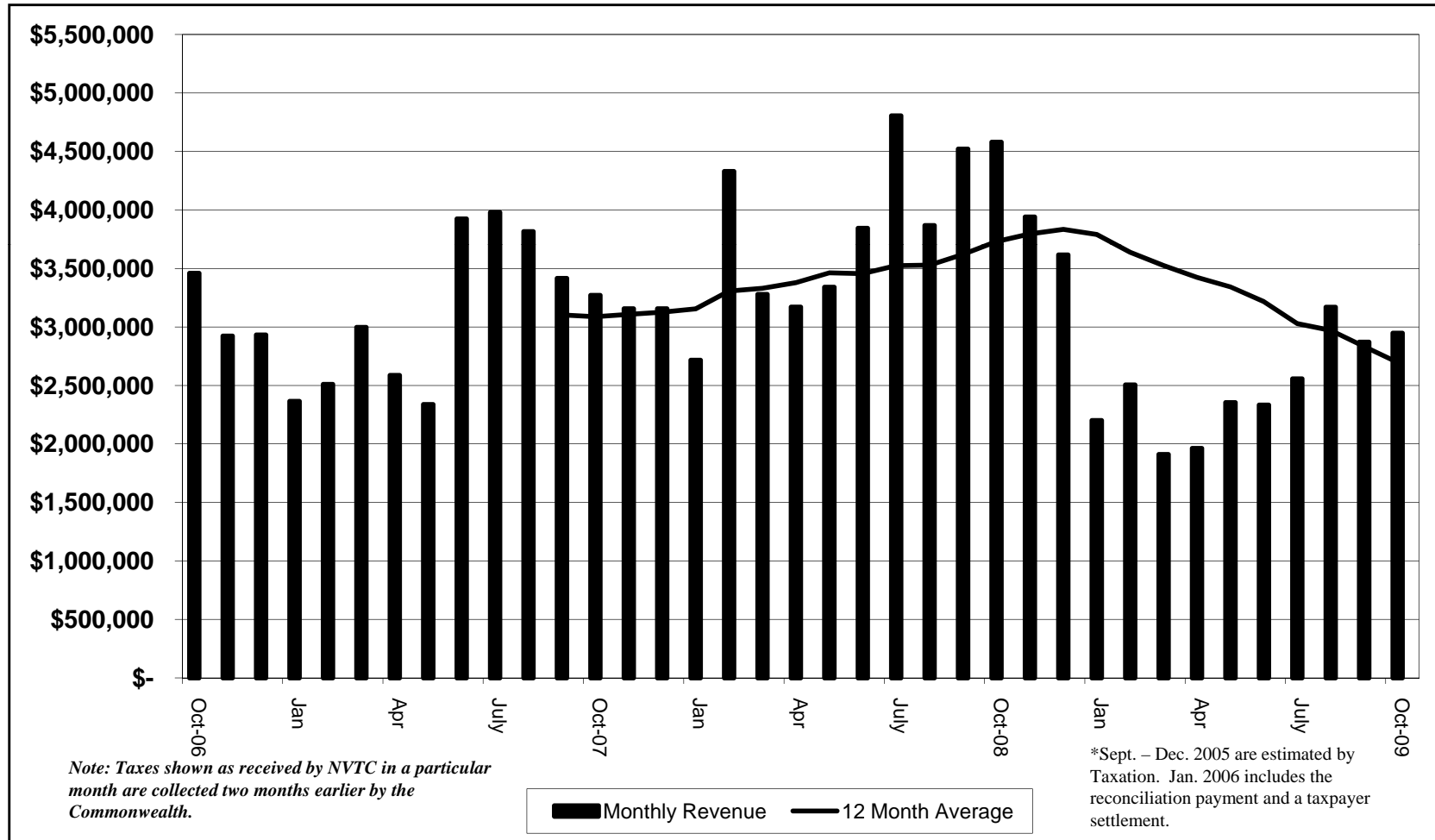
NVTC
RECEIPTS and DISBURSEMENTS
October, 2009

<u>Date</u>	<u>Payer/ Payee</u>	<u>Purpose</u>	<u>Wachovia (Checking)</u>	<u>Wachovia (Savings)</u>	<u>VA LGIP</u>	
					<u>G&A / Project</u>	<u>Trusts</u>
RECEIPTS						
1	City of Alexandria	G&A contribution		\$ 9,628.25		
6	VRE	Staff support		6,642.65		
3	Staff	Expense reimbursement		4.61		
9	DRPT	Capital grant receipt				148,698.00
9	DPRT	FTM/Admin grant receipt				283,898.00
15	DRPT	Capital grant receipt				841,711.00
19	Dept. of Taxation	Motor Vehicle Fuels Sales tax receipt				2,947,132.36
19	DRPT	FTM/Admin grant receipt				7,299,441.00
22	DRPT	FTM/Admin grant receipt				195,945.00
22	DRPT	Intern grant receipt			3,672.00	
30	DRPT	Capital grant receipt				158,813.00
31	Banks	Interest earnings		11.13	211.50	36,487.34
			<u>-</u>	<u>16,286.64</u>	<u>3,883.50</u>	<u>11,912,125.70</u>
DISBURSEMENTS						
1-31	Various	G&A expenses	(107,701.60)			
1	WMATA	Bus operating				(10,857,444.00)
1	WMATA	Paratransit operating				(2,529,568.00)
1	WMATA	Rail operating				(10,347,534.00)
1	WMATA	Metro Matters				(1,446,179.00)
1	WMATA	Beyond Metro Matters				(173,000.00)
1	WMATA	Debt service				(1,853,125.00)
1	WMATA	Other operating				(5,570.33)
16	Stantec	Consulting - Bus Data project	(23,479.92)			
21	City of Fairfax	Other operating				(278,914.12)
31	Wachovia	Bank charges	(15.47)			
			<u>(131,196.99)</u>	<u>-</u>	<u>-</u>	<u>(27,491,334.45)</u>
TRANSFERS						
16	Transfer	From LGIP to LGIP (Bus data project)			23,479.92	(23,479.92)
27	Transfer	From LGIP to checking	150,000.00		(150,000.00)	
			<u>150,000.00</u>	<u>-</u>	<u>(126,520.08)</u>	<u>(23,479.92)</u>
NET INCREASE (DECREASE) FOR MONTH			<u>\$ 18,803.01</u>	<u>\$ 16,286.64</u>	<u>\$ (122,636.58)</u>	<u>\$ (15,602,688.67)</u>

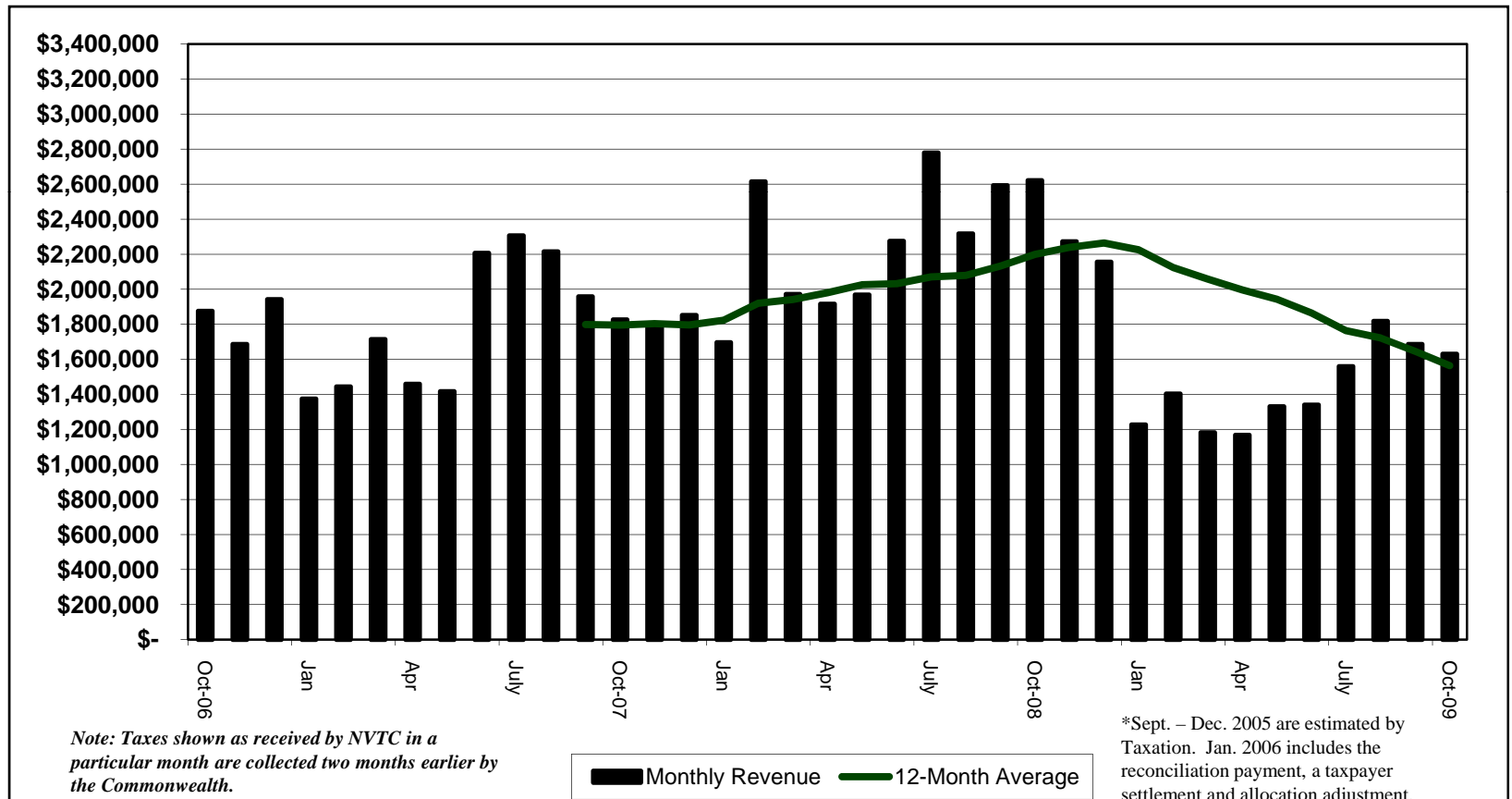
**NVTC
INVESTMENT REPORT
October, 2009**

<u>Type</u>	<u>Rate</u>	<u>Balance 9/30/2009</u>	<u>Increase (Decrease)</u>	<u>Balance 10/31/2009</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	\$ 147,524.49	\$ 18,803.01	\$ 166,327.50	\$ 166,327.50	\$ -	\$ -
Wachovia: NVTC Savings	0.100%	120,530.55	16,286.64	136,817.19	136,817.19	-	-
<u>Investments - State Pool</u>							
Nations Bank - LGIP	0.364%	140,984,919.85	(15,725,325.25)	125,259,594.60	570,509.84	102,388,553.88	22,300,530.88
		<u>\$ 141,252,974.89</u>	<u>\$ (15,812,872.18)</u>	<u>\$ 125,562,739.29</u>	<u>\$ 873,654.53</u>	<u>\$ 102,388,553.88</u>	<u>\$ 22,300,530.88</u>

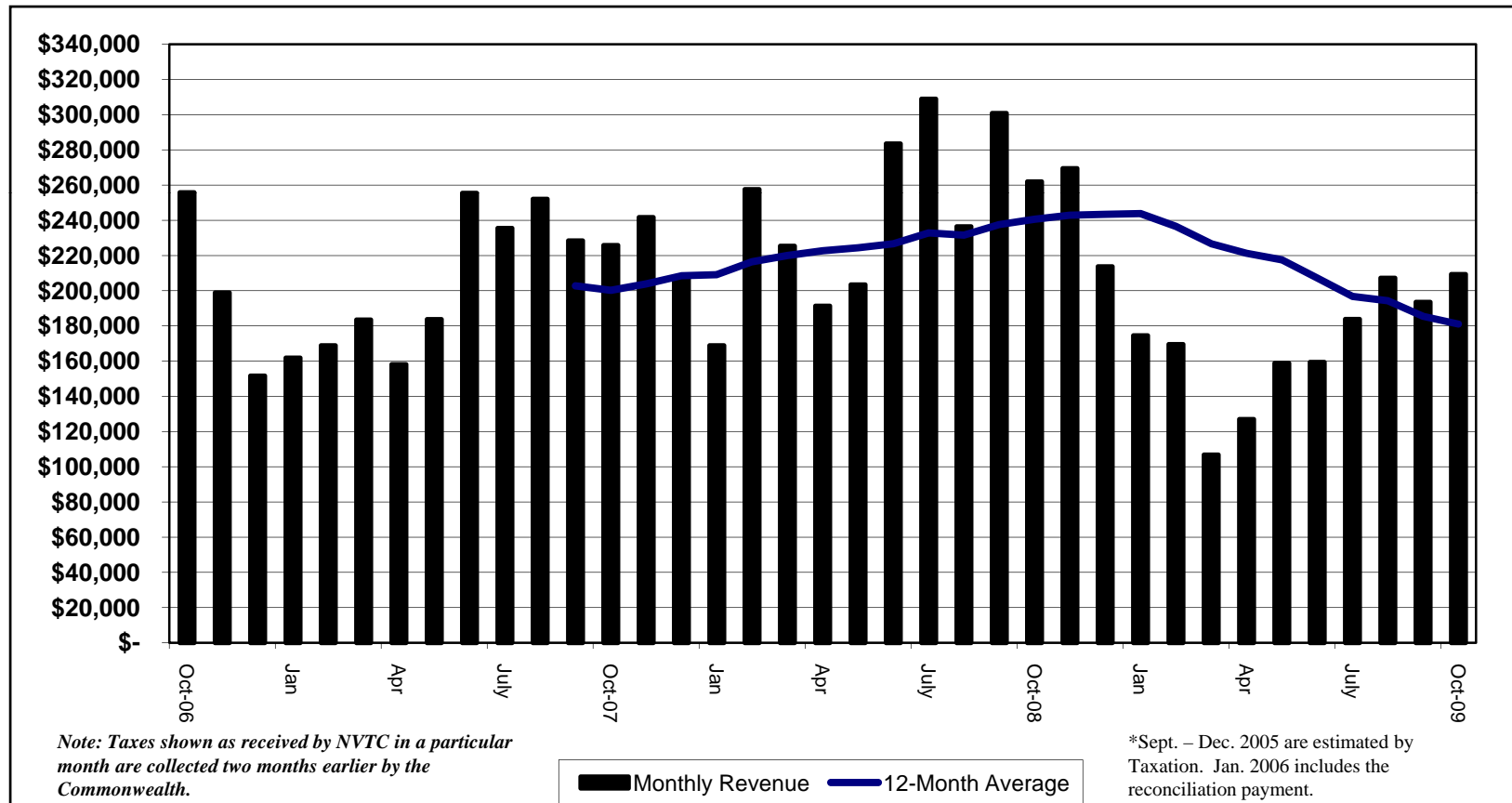
NVTC MONTHLY GAS TAX REVENUE ALL JURISDICTIONS FISCAL YEARS 2007-2010



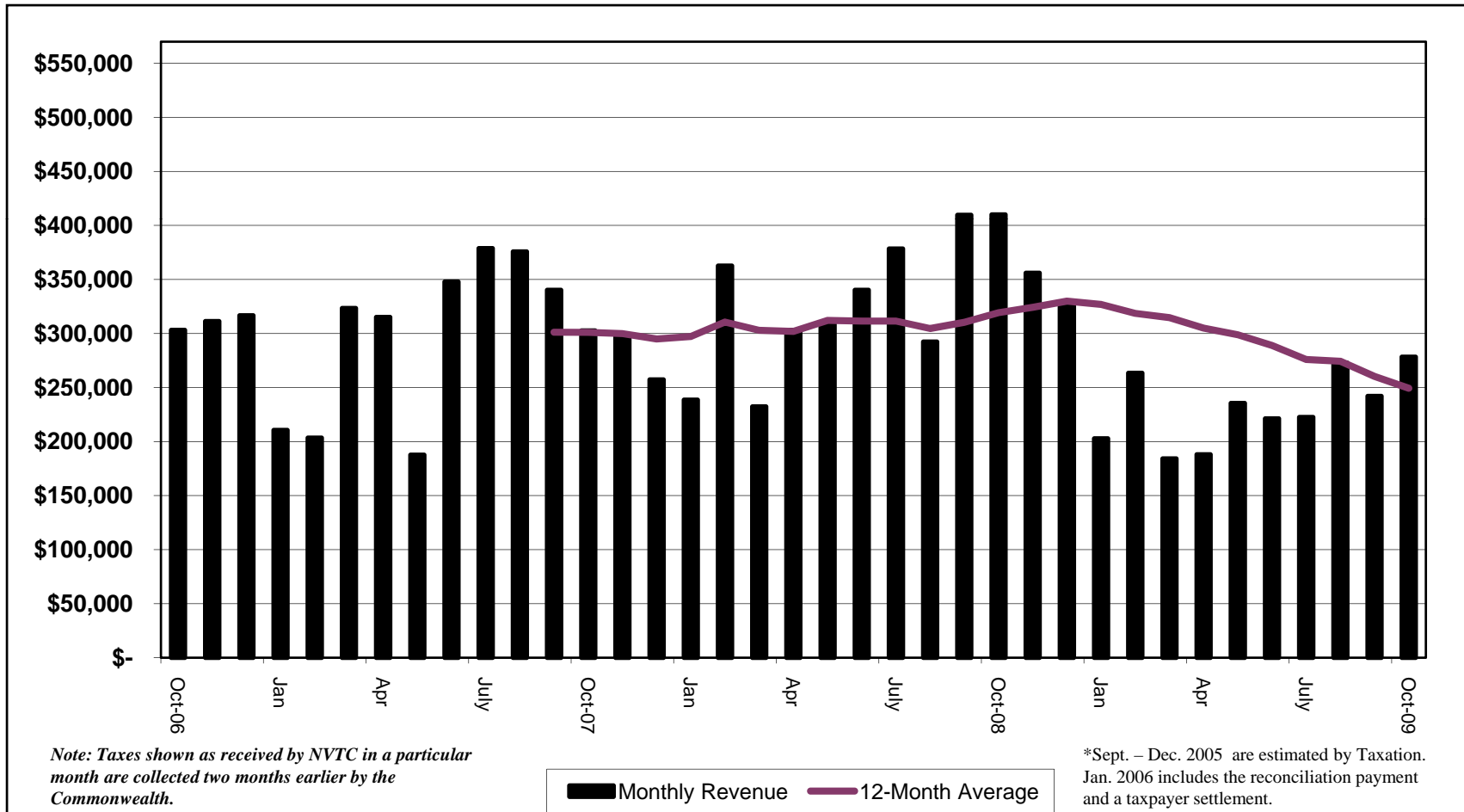
NVTC MONTHLY GAS TAX REVENUE FAIRFAX COUNTY FISCAL YEARS 2007-2010



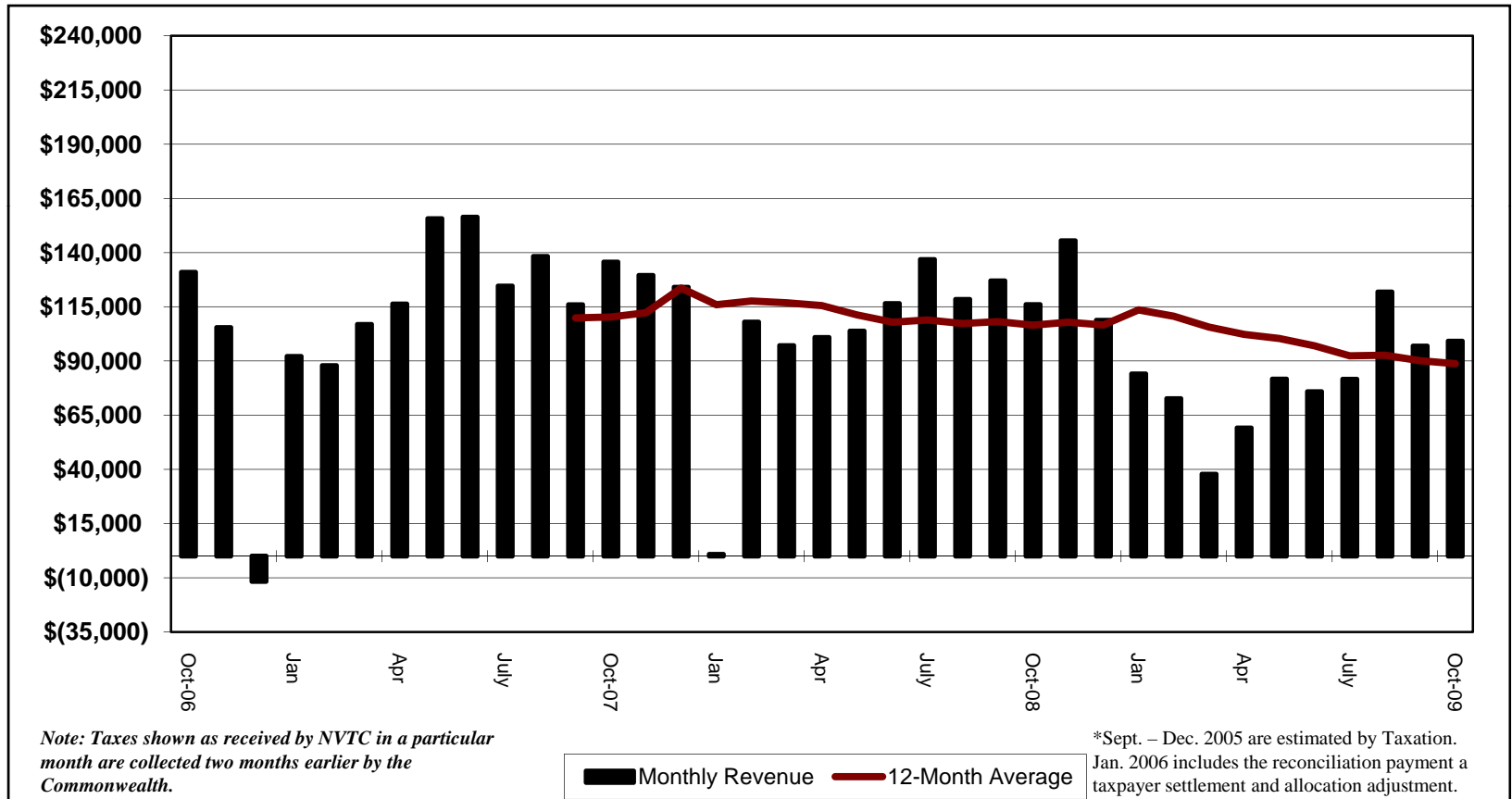
NVTC MONTHLY GAS TAX REVENUE CITY OF ALEXANDRIA FISCAL YEARS 2007-2010



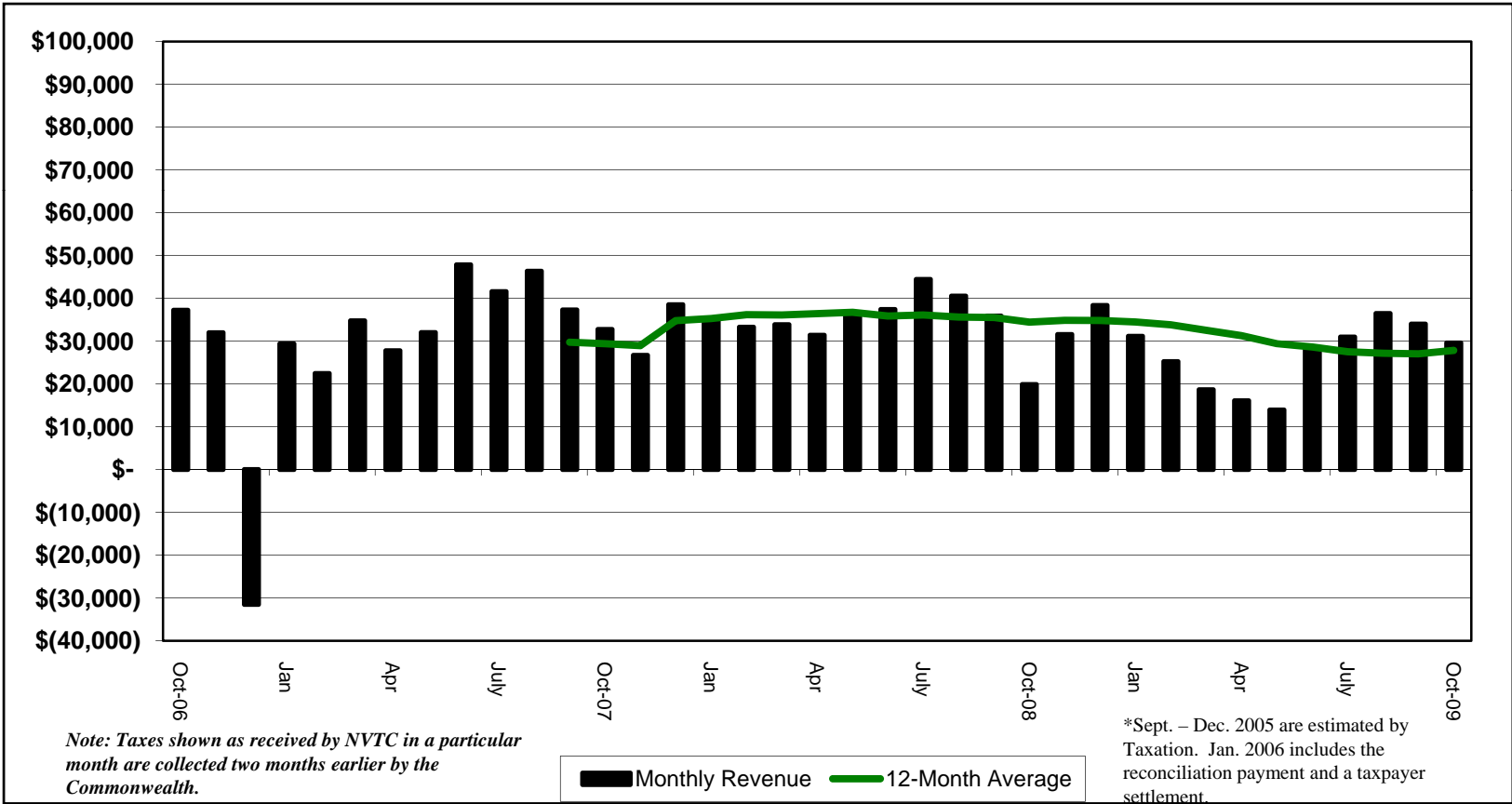
NVTC MONTHLY GAS TAX REVENUE ARLINGTON COUNTY FISCAL YEARS 2007-2010



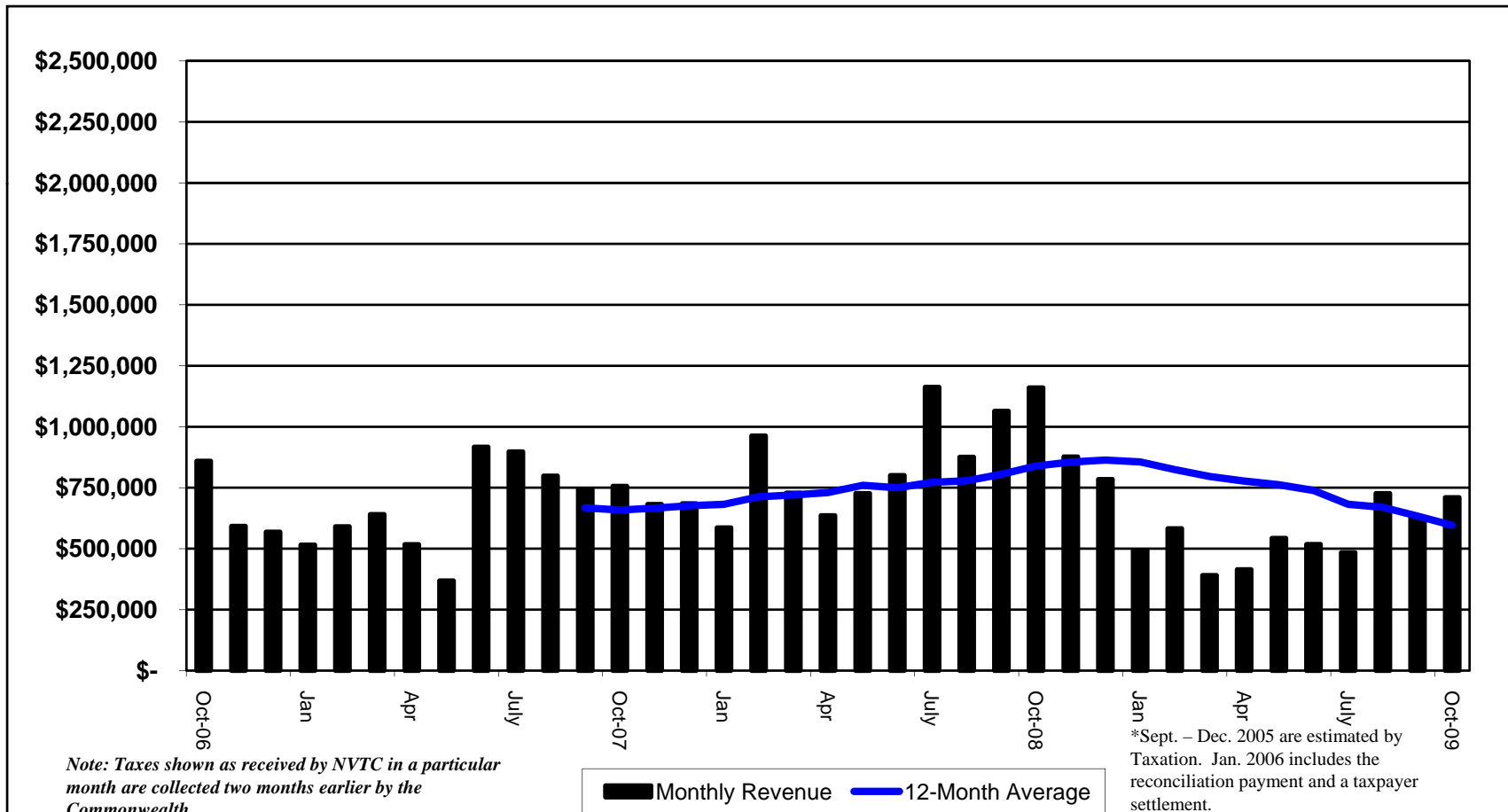
NVTC MONTHLY GAS TAX REVENUE CITY OF FAIRFAX FISCAL YEARS 2007-2010



NVTC MONTHLY GAS TAX REVENUE CITY OF FALLS CHURCH FISCAL YEARS 2007-2010



NVTC MONTHLY GAS TAX REVENUE LOUDOUN COUNTY FISCAL YEARS 2007-2010



MINUTES

VRE OPERATIONS BOARD MEETING
 PRTC HEADQUARTERS – PRINCE WILLIAM COUNTY, VIRGINIA
 NOVEMBER 20, 2009



VIRGINIA RAILWAY
 EXPRESS

BOARD MEMBERS

CHRIS ZIMMERMAN
 CHAIRMAN

PAUL MILDE
 VICE-CHAIRMAN

WALLY COVINGTON
 TREASURER

SHARON BULOVA
 SECRETARY

MAUREEN CADDIGAN
PATRICK HERRITY
JOHN JENKINS
MATTHEW KELLY
SUHAS NADDONI
KEVIN PAGE
GEORGE SCHWARTZ
PAUL SMEDBERG
JONATHAN WAY

ALTERNATES

MARC AVENI
CHARLES BADGER
HARRY CRISP
MARK DUDENHEFER
BRAD ELLIS
JAY FISETTE
FRANK JONES
TIMOTHY LOVAIN
MICHAEL MAY
JEFF McKAY
MARTIN NOHE
JOHN STIRRUP

DALE ZEHNER
 CHIEF EXECUTIVE
 OFFICER

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

MEMBERS PRESENT	JURISDICTION
Sharon Bulova (NVTC)	Fairfax County
Wally Covington (PRTC)	Prince William County
John D. Jenkins (PRTC)	Prince William County
Matthew Kelly (PRTC)	City of Fredericksburg
Paul Milde (PRTC)	Stafford County
Kevin Page	DRPT
George H. Schwartz (PRTC)	Stafford County
Jonathan Way (PRTC)	City of Manassas
Christopher Zimmerman (NVTC)	Arlington County

MEMBERS ABSENT	JURISDICTION
Maureen Caddigan (PRTC)	Prince William County
Patrick Herrity (NVTC)	Fairfax County
Suhas Naddoni (PRTC)	City of Manassas Park
Paul Smedberg (NVTC)	City of Alexandria

ALTERNATES ABSENT	JURISDICTION
Marc Aveni (PRTC)	City of Manassas
Charles Badger	DRPT
Brad Ellis	City of Fredericksburg
Harry Crisp (PRTC)	Stafford County
Mark Dudenhefer (PRTC)	Stafford County
Jay Fisetite (NVTC)	Arlington County
Frank C. Jones (PRTC)	City of Manassas Park
Timothy Lovain (NVTC)	City of Alexandria
Michael C. May (PRTC)	Prince William County
Jeff McKay (NVTC)	Fairfax County
Martin E. Nohe (PRTC)	Prince William County
John Stirrup (PRTC)	Prince William County

STAFF AND GENERAL PUBLIC	
Donna Boxer – VRE	Trinh Lam – VRE
Jennifer Buske – Washington Post	Bob Leibbrandt – Prince William County
Teresa Connaughton – citizen	Steve MacIsaac – VRE counsel
Heather Diez – VRE	April Maguigad – VRE
Mike Garber – PBGH LLC	Dick Peacock – citizen
Anna Gotthardt – VRE	Mark Roeber – VRE
Kelly Hannon – Free Lance-Star	Brett Shorter – VRE
Al Harf – PRTC staff	Rick Taube – NVTC staff
Ann King – VRE	Karen Vossenberg – citizen
Mike Lake -- Fairfax DOT	Dale Zehner – VRE

** Delineates arrival following the commencement of the Board meeting. Notation of exact arrival time is included in the body of the minutes.

Chairman Zimmerman called the meeting to order at 9:35 A.M. Following the Pledge of Allegiance, roll call was taken.

Approval of the Agenda – 3

Without objection, the Board approved the agenda as presented.

Minutes of the October 16, 2009, VRE Operations Board Meeting – 4

Mr. Kelly moved, with a second by Ms. Bulova, to approve the minutes. The vote in favor was cast by Board Members Bulova, Covington, Jenkins, Kelly, Milde, Page, Schwartz, Way and Zimmerman.

Chairman's Comments – 5

Chairman Zimmerman stated that as the year draws to a close, the VRE Operations Board will need to consider a new slate of officers for the next year. Chairman Zimmerman appointed the following members to serve with him on the Nominating Committee: Mr. Smedberg, Mr. Jenkins and Mr. Kelly. The Committee will report back to the Operations Board at the next meeting.

Chief Executive Officer's Report – 6

Mr. Zehner reported that VRE year-to-date ridership remains constant, with basically no increase or decrease. On-time performance for October was 87 percent, with 90 percent on the Fredericksburg line and 84 percent on the Manassas line. The Manassas line had some issues during October that involved a switch problem at Edsall, leaf oil delays, and four medical emergencies.

Mr. Zehner also reported that the cab signal project (from RO to the switch that leads into Union Station) was completed on October 25, 2009. This was the only segment on CSX tracks that did not have cab signals.

Concerning Spotsylvania membership, Mr. Zehner reported that the certification from the Secretary of the Commonwealth has been signed and it now needs to be read into the record at a meeting of the Spotsylvania Board, which should be done on November 24, 2009. After that, all items will be completed that need to be done for Spotsylvania to join VRE. Ms. Bulova asked when would be the first time Spotsylvania members would be joining the Operations Board. Mr. Zehner replied that the county would officially join VRE on February 15, 2010, so they would be voting members for the February VRE meeting. Chairman Zimmerman and Mr. Zehner have discussed inviting them to an earlier meeting to observe. Mr. Milde stated that he and Mr. Kelly already took the liberty of inviting them. Mr. Jenkins stated that it is an excellent idea to invite them but it

is also a matter of protocol to send a letter from the VRE Chairman to the Spotsylvania Board Chairman after November 24th. There were no objections.

Ms. Bulova explained that at a previous meeting she asked about the new Commonwealth intercity rail service from Washington, D.C. to Lynchburg that makes a stop at the Burke Centre VRE station. There was an issue raised by Amtrak about people being charged for that stop. Mr. Zehner stated that currently there is no additional charge at any station. Ms. Bulova requested information be brought back to the Board concerning the status of negotiations with Amtrak about charges to VRE for Union Station access and VRE charges to Amtrak for stops at VRE stations.

Mr. Covington observed that a constituent recently had his vehicle burglarized at the Broad Run station where the catalytic converter was stolen. Chairman Zimmerman stated that this is a problem VRE is having systemwide and Metro is also having some of the same issues. Mr. Zehner stated that parking garages tend to have more problems than the surface parking lots. Ms. Maguigad stated that there has been a slight increase in incidents at the Broad Run parking lot. VRE is continuing to distribute information to riders on how to better protect their property. Police are also monitoring the lots. Mr. Covington asked if VRE has cameras or monitors. Mr. Way stated that cameras are supposed to be installed at the Manassas parking garage, but he does not know the status. Police have been monitoring the garage regularly.

VRE Riders' and Public Comment – 7

Dick Peacock stated that students who are using the youth fare discount are not the ones who are violating the policy; it is the adults who are abusing the system. A way to prevent fraud for all the reduced fares is to stamp a large "RF" on reduced fare tickets. He also observed that the new intercity train has been successful and he is confident that the new administration in Richmond will continue to support this service. He is also pleased that Spotsylvania is joining VRE.

Karen Vossenburg, a resident of Fredericksburg, asked that the VRE Operations Board not discontinue the student fares. Her son was a student commuter for the last four years and attended Gonzaga High School in Washington, D.C. and her daughter is a current student at Visitation High School in Washington, D.C. She challenged VRE to fix the fraud problem and don't disadvantage the students. She asked if VRE could provide a form for students to have signed by a school principal and then be able to purchase tickets at VRE headquarters in Alexandria. That would eliminate the problem of fraud.

Teresa Connaughton, a resident of Prince William County, also asked that VRE keep the student reduced fares. She has two children that ride VRE, a son who rides to Washington, D.C. and a daughter to Alexandria everyday for school. VRE needs to do analysis of how many students use VRE before discontinuing the program.

Authorization to Forward the FY 2009 Audited Financial Statements and Management Letter to the Commissions – 8A

Mr. Zehner stated that the Operations Board is being asked to authorize him to forward to the Commissions for consideration VRE's financial statements for FY 2009 as audited. Resolution #8A-11-2009 would accomplish this. He introduced Mike Garber, VRE's auditor from PBGH, LLC.

Mr. Garber stated that the Audit and Finance Committee has had a more detailed presentation. The audit for FY 2009 has been completed and PBGH issued an unqualified opinion. The report finds that VRE's statements, in all material respects, fairly and accurately present the financial position of the organization. The auditors' report on internal controls lists one finding related to the recognition of accrued expenses. A locomotive progress payment was paid by wire in July and erroneously recorded in July, for work performed in June. The auditors were required to disclose this error as a weakness in internal control because of the materiality of the transaction as it crossed fiscal years. There was one other area that was determined that those internal controls already in place could be strengthened, but there were no mistakes made.

In response to a question from Mr. Jenkins, Mr. Garber stated that there are now controls in place that even with updated software, financial documents cannot be changed without other employees knowing it.

Mr. Jenkins moved, with a second by Ms. Bulova, to approve Resolution #8A-11-2009. The vote in favor was cast by Board Members Bulova, Covington, Jenkins, Kelly, Milde, Page, Schwartz, Way and Zimmerman.

Authorization to Approve the 2010 Legislative Agenda – 8B

Mr. Zehner stated that the Operations Board is being asked to recommend that the Commissions approve the 2010 VRE Legislative Agenda and authorize him as CEO to actively pursue its elements. Resolution #8B-11-2009 would accomplish this.

Mr. Zehner reviewed the Legislative Agenda. For federal, Congress has begun working on the elements for the next Reauthorization legislation as a follow-up to SAFETEA-LU, which expires in 2009. In March, VRE submitted several capital funding requests to Congress for their consideration for inclusion in the pending legislation. As of now, Congress has yet to definitely mark-up a bill which sets forth the projects for final inclusion. VRE will continue to pursue funding for all elements of the package. VRE's priority list of projects includes five new tier-two locomotives (\$20 million), parking expansion (\$35 million), platform extension/additions (\$25 million), expansion of commuter rail service to Gainesville/Haymarket (\$250 million), and 30 new railcars (\$66 million). VRE will also support rail advocacy efforts of APTA during the FY 2009-2010 Authorization process to better position public transportation for a larger share of funding in the new legislation.

On the federal level, VRE will also continue to advocate for the amendment of the United States code to cap liability insurance for commuter rail operations. CSX and Norfolk Southern 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.

VRE will continue to support work toward securing funding to build critical segments of high speed rail on the Fredericksburg line. VRE supports the Commonwealth's pending application for Tier 1 stimulus funding for high speed rail.

Several 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 total plan cost is estimated at \$20 million and includes construction of several 600 foot long passenger second platforms and canopies as well as associated pedestrian stairs, bridges, and elevators. The effort is now supported by Congressman Wittman and VRE supports efforts to obtain funding.

For the state, Mr. Zehner reviewed several important issues that have been identified for advancement by VRE during the upcoming legislative session in the General Assembly. VRE will continue to also advocate for state funding for its priority list of projects. VRE will not advocate that such funding come from existing transit sources. Additionally, VRE is recommending continued advancement of a third mainline track in order to add capacity to the Fredericksburg line through the construction of a third main line track from Washington to Fredericksburg. VRE will also seek relief from insurance costs via the 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. 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; encourage the Commonwealth to meet the statutory goals of funding 95 percent of eligible transit capital and operating costs from the Mass Transit Fund; and advocate the provision of annual funding to offset operational costs attributable to persons using VRE from non-member jurisdictions.

Mr. Kelly stated that he supports this Legislative Agenda and it seems to be moving in the right legislative direction. He stated that when looking at extending platforms, it would be a good idea to meet with Fredericksburg officials and CSX and to come to some agreement on what can be done to the Fredericksburg station for improvements so that funding can be sought. Mr. Zehner stated that staff is going through a design document based on the money Congresswoman Davis secured and he would be happy to go over it with Mr. Kelly on what will be done with the existing funds. Mr. Kelly stated that major improvements need to be made at the station. Mr. Page stated that DRPT

would be happy to be a part of the discussion as there is a high speed rail expansion initiative.

Mr. Zehner also noted that Fairfax County has requested that seeking funding for midday storage be added to the Legislative Agenda. He stated that it has been included in previous agendas over the past three years.

Ms. Bulova stated that Fairfax County staff has reviewed the Legislative Agenda and raised a number of issues; one of which had to do with "codifying language before the Commonwealth Transportation Board (CTB) or embedded language within the Virginia Code that would mandate the Commonwealth to continue its practice of funding VRE's track leases with federal funds received by the Commonwealth." Fairfax staff believes that this could backfire on VRE if the General Assembly does not approve these funds and could send a wrong message to CTB. Also, in addition to the mid-day storage issue, an explanation should be included about the purchase of 30 new railcars to replace the Gallery railcars.

Mr. Zehner stated that currently the Commonwealth pays 80 percent and VRE pays 20 percent for access payments to the railroads, but it is not listed in Virginia's Code. Chairman Zimmerman observed that it is not in dispute whether it would be good to have something written in law, but the issue is if seeking it is risky or not. He asked Mr. Page if he wished to offer an opinion. Mr. Page stated that the CTB exercises its powers of duty to spend those funds annually for VRE. Certainly when an issue is brought to the attention of the General Assembly there is a risk involved.

Ms. Bulova moved Resolution #8B-11-2009, with the elimination of the last bullet on page four related to the codification and to include in the priorities mid-day storage and the third track for Spotsylvania service, as well as an explanation of the railcars to replace existing gallery cars. Mr. Kelly seconded the motion.

Mr. Page stated that although he supports the content of VRE's Legislative Agenda, since it is a legislative issue, he will need to abstain from the vote. The Board then voted on the motion at it passed. The vote in favor was cast by Board Members Bulova, Covington, Jenkins, Kelly, Milde, Schwartz, Way and Zimmerman. Mr. Page abstained.

Authorization to Amend VRE Tariff to Modify the Youth Fare Policy – 8C

Mr. Zehner stated that the VRE Operations Board is being asked to authorize him to amend the VRE tariff to reflect changes to the youth fare policy to allow for an increase in the age of children riding free with a fare paying adult from 6 to age 10 and to eliminate the youth fare discount for youths age 11 through 21. Resolution #8C-11-2009 would accomplish this.

Mr. Zehner stated that VRE staff reviewed potential policy changes that could be made to enhance revenue without having a critical impact on ridership or service. For the last several months, VRE has accepted comments on the proposed changes. A public hearing was also held on November 2, 2009. Of the comments received, 70 percent

were against the proposed change and approximately 30 were in favor. Of those opposed, the majority represented students who travel on VRE to attend private schools or college students. Of those in favor, most felt that everyone utilizing a seat should pay full fare. It is estimated that about 80 youths ride VRE on a daily basis. Because it is a relatively low figure in comparison to the average daily ridership, consideration was given to continuing to offer the youth discount under an amended and more stringent process. However, staff ultimately found that because this program is not required and does not benefit the majority of VRE riders, it should be eliminated until a time when the budget is more favorable toward discretionary programs. It is estimated that it will save VRE \$100,000. As a side note, Mr. Zehner mentioned that he'd just been informed that state funding for VRE will be reduced another \$500,000 this year. Chairman Zimmerman also noted that there is constrained capacity.

Mr. Milde asked how the \$100,000 was calculated. Mr. Zehner explained that it was calculated looking at if the youth fare was eliminated, then those 80 people would be paying the full fare, or if they left the service, a full fare rider would be in their place.

In response to a question from Mr. Jenkins, Mr. Zehner stated that the current youth fare is half off the regular fare. Mr. Zehner also explained that staff can only estimate the number of students who ride VRE, since seniors and disabled also purchase reduced fare tickets. It is approximately 80 students for a total of 160 trips per day.

Mr. Kelly stated that it is important to keep costs down, but at the same time these types of discounted fares are fairly standard on transit systems. He moved that VRE defer the vote and ask staff to come back with an analysis on putting it into context of the budget constraints and cuts. He also asked that if the Board decides to keep the fare, what would staff recommend on how to continue to maintain it. Ms. Bulova seconded the motion.

Mr. Way expressed his opinion that he has a hard time viewing elimination of the youth fare as a cost savings and more of a selective fare increase against a more vulnerable population. He also stated that there are ample ways to deal with the fraud issue.

Mr. Covington stated that it is important to also look at how it will impact the jurisdiction's individual budgets and if we start discouraging students to attend private high schools, some may have to return to public schools which cost the jurisdictions \$15,000-\$20,000 annually. He stated that he hopes staff will revisit this issue.

Mr. Milde stated that the Board asked staff to look for cost savings. This issue started out more about the fraud aspect. Mr. Zehner stated that VRE has addressed the fraud issue by limiting where the tickets can be purchased and it is now more of a cost savings and revenue issue.

Chairman Zimmerman agreed that staff is doing their job by bringing cost savings options to the Board's attention, but it is also a policy issue. The biggest impact is long-term—if you can get people to become transit riders when they are young, they will more likely stay transit riders. He put it into context on the cost savings associated with eliminating this reduced fare in comparison to the amount of revenue generated by just

increasing the regular fares by a few pennies. A fare increase of one percent generates \$250,000 (which is six cents for an average regular fare of \$6). Chairman Zimmerman supports the motion to defer action because the issue still needs to be looks at in context of the budget. Mr. Covington reminded the Board that there is a lot more capacity in the summer. Mr. Milde asked if other transit providers give a 50 percent fare reduction to students.

The Board then voted on the motion to defer. The vote in favor was cast by Board Members Bulova, Covington, Jenkins, Kelly, Milde, Page, Schwartz, Way and Zimmerman.

Authorization to Extend Lease Agreement with the Manassas Regional Airport Authority – 8D

Mr. Zehner reported that the VRE Operations Board is being asked to recommend that the Commissions authorize him as CEO to extend the term of a lease agreement between VRE and the Manassas Regional Airport Authority in an amount not to exceed \$81,960 over a period of 59 months. Resolution #8D-11-2009 would accomplish this.

Mr. Zehner stated that the Broad Run station is a heavily used station with parking demands currently at 117 percent of available capacity. In February 2005, VRE entered into a five-year lease agreement for space from the Airports Authority that provided an additional 98 spaces. VRE recommends maintaining the surface parking lot afforded by this lease, which expires in January 2010.

Mr. Way moved, with a second by Mr. Kelly, to approve the resolution. The vote in favor was cast by Board Members Bulova, Covington, Jenkins, Kelly, Milde, Page, Schwartz, Way and Zimmerman.

Authorization to Award a Task Order for Final Design Work at the Leeland Road VRE Station – 8E

Mr. Zehner stated that Resolution #8E-11-2009 would authorize him to execute a task order with AECOM for final design of the parking expansion at the Leeland Road VRE station in an amount not to exceed \$271,000, plus a 10 percent contingency of \$27,100, for a total amount not to exceed \$298,100.

Mr. Zehner reported that the environmental assessment and preliminary engineering work on the parking expansion at Leeland Road station have been completed and the Federal Transit Administration is expected to issue final approval of the Environmental Assessment later this month. The recommended preferred alternative is a surface parking lot on the PRTC owned parcel to the west of the existing lot. The expansion goal is approximately 200 spaces. Once FTA approval is granted, design can begin and is estimated to take five months to complete. Following completion of design, VRE staff will return to the Board with a request to advertise the project for construction.

Mr. Schwartz moved, with a second by Mr. Milde, to approve the resolution. The vote in favor was cast by Board Members Bulova, Covington, Jenkins, Kelly, Milde, Page, Schwartz, Way and Zimmerman.

Authorization to Execute a Task Order for Design Services for a Train Wash Facility and Warehouse at the Broad Run Yard – 8F

Mr. Zehner reported that the Operations Board is being asked to authorize him to execute a task order with STV/RWA for design services for the train wash facility and warehouse at the Broad Run Yard in an amount of \$472,920, plus a 10 percent contingency of \$47,292, for a total amount not to exceed \$520,212. Resolution #8F-11-2009 would accomplish this.

He explained that the second phase of this project is the construction of a train wash facility and warehouse. As VRE currently leases a warehouse facility off-site, moving the warehouse to the yard will greatly improve efficiency. VRE equipment is currently washed at the Crossroads Yard, which will continue until this facility is completed.

Mr. Zehner stated that the proposed action item will authorize the award of a task order to perform the design and develop the plans and specifications for solicitation. The design is expected to take eight months to complete. Once the task order work has been completed, VRE staff will return to the Operations Board to gain authorization to issue a solicitation for construction.

Mr. Way asked hypothetically if the Gainesville/Haymarket extension was approved, would VRE be approving this action. Mr. Zehner responded that VRE would probably alternate train consists where one day they would start in Gainesville and the other day start at Broad Run, where they would be maintained and cleaned.

Mr. Schwartz moved, with a second by Mr. Milde, to approve the resolution. The vote in favor was cast by Board Members Bulova, Covington, Jenkins, Kelly, Milde, Page, Schwartz, Way and Zimmerman.

Authorization to Execute a Memorandum of Understanding with Fairfax County for the Lorton Second Platform Project – 8G

Mr. Zehner stated that the VRE Operations Board is being asked to authorize him as CEO to execute a Memorandum of Understanding (MOU) with Fairfax County for project management and match responsibilities related to the Lorton second platform project. Resolution #8G-11-2009 would accomplish this.

Mr. Zehner explained that a MOU with Fairfax County is needed to establish Fairfax County's contribution of the match and VRE management of the project. VRE will be responsible for procuring and contracting for the environmental analysis, preliminary engineering and final design of the project, with County coordination. The County will provide \$321,000 in local matching funds, for a project total of \$1,070,000. VRE will

manage the project on behalf of VRE and Fairfax County and work will include environmental analysis, preliminary engineering and final design. VRE staff will return to the Operations Board with a request for a solicitation to procure this work.

Ms. Bulova moved, with a second by Mr. Jenkins, to approve the resolution. The vote in favor was cast by Board Members Bulova, Covington, Jenkins, Kelly, Milde, Page, Schwartz, Way and Zimmerman.

Adjournment

Without objection, Chairman Zimmerman adjourned the meeting at 10:40 A.M.

Approved this 18th day of December 2009.

Christopher Zimmerman
Chairman

Sharon Bulova
Secretary

CERTIFICATION

This certification hereby acknowledges that the minutes for the November 20, 2009 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.

Rhonda Gilchrest

Rhonda Gilchrest



Transportation Communications International Union

An affiliate of the International Association of Machinists and Aerospace Workers



God Bless America

Robert A. Scardelletti
International President

November 20, 2009

Mr. Christopher Zimmerman, Chairman
Northern Virginia Transportation Authority (NVTA)
4031 University Drive, Suite 200
Fairfax, VA 22030

Mr. Alfred H. Harf, Executive Director
Potomac and Rappahanock Transportation Commission (PRTC)
14700 Potomac Mills Road
Woodbridge, VA 22191

Dear Sirs:

The Transportation Communications International Union (TCU) represents employees employed by Amtrak in the clerical and supervisory craft and class. Amtrak has been the contractor selected to provide commuter rail service known as Virginia Railway Express (VRE), which is operated by NVTA and PRTC. VRE has and continues to receive Federal Transit Administration (FTA) grants for various capital expenditures, including the acquisition of right of way and rolling stock. In conjunction with those grants, the Federal Government has imposed labor protective provisions binding on each authority as a condition of receiving federal funds (see attached).

The VRE Operations Board has recently put the contract for the provision of VRE service out for bid. Amtrak submitted a bid to continue as the operator, but it is our understanding that VRE has selected Keolis Railroad Services. We are concerned that TCU-represented employees may be adversely impacted as a result of the discontinuation of the Amtrak contract. If such an adverse impact occurs, we believe that TCU-represented employees are entitled to the labor protections imposed by the Federal Government because the proposed operational change is included in the term "project" as it is defined in the applicable protective provisions.



I would welcome the opportunity to discuss these issues with representatives of NVTA and PRTC. Please feel free to contact me about this matter at your earliest convenience.

Very truly yours,

A handwritten signature in cursive script, appearing to read "R.A. Scardelletti".

Robert A. Scardelletti
International President

Attachment

CC: M. B. Futhey, Jr., IP/UTU
P. T. Sorrow, NP/BLET
J. M. Parker, IVP

M. B. FUTHEY JR.
International President

ARTHUR MARTIN III
Assistant President

KIM N. THOMPSON
General Secretary and Treasurer

united
transportation
union



14600 DETROIT AVE.
CLEVELAND, OH 44107-4250
PHONE: 216-228-9400
FAX: 216-228-0937
www.utu.org

LEGAL DEPARTMENT

CLINTON J. MILLER III
General Counsel

KEVIN C. BRODAR
Associate General Counsel

ROBERT L. McCARTY
Associate General Counsel

November 30, 2009

Mr. Christopher Zimmerman, Chairman
Northern Virginia Transportation Authority
4031 University Dr., Ste. 200
Fairfax, VA 22030

Mr. Alfred H. Harf, Executive Director
Potomac and Rappahannock Transportation Commission
14700 Potomac Mills Road
Woodbridge, VA 22191

Dear Messrs. Zimmerman and Harf:

The United Transportation Union ("UTU") represents Conductors and Assistant Conductors employed by Amtrak. Amtrak has been the contractor providing commuter rail service known as Virginia Railway Express ("VRE"), which is operated by NVTA and PRTC. As VRE is a recipient of Federal Transit Administration ("FTA") grants, labor protective conditions were imposed as a result of receiving said funding.

UTU has become aware that Keolis Railroad Services has recently been awarded the contract for the commuter rail service business. UTU is concerned that the Amtrak employees it represents may be adversely affected by the loss of this contract. As such, UTU would like an opportunity to discuss the applicable labor protections due its members as a result of the operational changes, should UTU-represented members be adversely affected by this change.

Please feel free to contact me at your earliest convenience.

Sincerely,

Clinton J. Miller, III
General Counsel

cc: M. B. Futhey, Jr., International President
A. Martin, III, Assistant President
K. N. Thompson, General Secretary and Treasurer
A. L. Suozzo, General Chairperson



RECEIVED
11-30-09

Blue

AGENDA ITEM # 3



RSM McGladrey Network
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To the Honorable Commission Board Members
 The Northern Virginia Transportation Commission
 The Potomac and Rappahannock Transportation Commission
 Alexandria, Virginia

In planning and performing our audit of the financial statements of the Virginia Railway Express (VRE) for the year ended June 30, 2009, we noted a certain matter involving internal control and its operation that we consider to be a control deficiency under standards established by the American Institute of Certified Public Accountants. Control deficiencies involve matters coming to our attention relating to deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the VRE's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The following item we believe is a control deficiency that needs to be addressed by management:

Daily Revenue Reports

During the course of our audit it was noted that the daily revenue reports (TOM Reports) have the potential to be altered once they have been downloaded. While the reports have the potential to be altered, the individual responsible for the reconciliation and recording of daily revenue reports did not possess the software on their computer necessary to alter the reports. However, this does not mitigate the potential for these reports to be altered. We recommend that management implement a policy that only original documents are used during the reconciliation of daily revenue reports.

This report is intended solely for the information and use of management, members, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

If you have any questions concerning this comment, or if we can be of further assistance, please contact us. We thank you for the opportunity to conduct your audit for the year ended June 30, 2009 and express our appreciation to everyone for their cooperation during this engagement.

PBGH, LLP

Harrisonburg, Virginia
 November 4, 2009



RECEIVED

NOV 24 2009

COMMONWEALTH of VIRGINIA

Department of Taxation

November 19, 2009

Mr. Scott Kalkwarf
Director of Finance and Administration
Northern Virginia Transportation Commission
4350 N. Fairfax Dr., Suite 720
Arlington, Virginia 22203

Re: Memorandum of Understanding; Disclosure

Dear Mr. Kalkwarf:

In response to the Northern Virginia Transportation Commission's ("NVTC") for information concerning appeals of fuel tax assessments, we discussed our statutory authority to disclose this information. Unlike the Potomac-Rappahannock Transportation Commission ("PRTC"), which has specific disclosure authorization in *Va. Code* § 58.1-3, the NVTC must rely on the more general disclosure authorization in § 58.1-1724.1. The latter section limits disclosure to city and county officials. The attached agreement construes all the board members as finance officers charged with administering motor fuel sales tax revenue. However, only those board members who are also officials of a city or county can receive tax information.

As you know, this is considered a "stop-gap" approach until NVTC can seek specific disclosure authorization similar to the PRTC. We will begin disclosing information about any pending appeals of NVTC tax when:

- The signed agreement has been returned to TAX; and
- A city or county official and NVTC board member has been named as the "Designated Disclosure Officer" to whom the tax information will be sent.

If you have any questions about the agreement please contact Don Staples, TAX's disclosure officer, at (804) 786-1534.

Sincerely,


Janie E. Bowen
Tax Commissioner

c: Don Staples



**MEMORANDUM OF AGREEMENT
BETWEEN THE VIRGINIA DEPARTMENT OF TAXATION and
THE NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

This Memorandum of Agreement between the Department of Taxation (TAX) and The Northern Virginia Transportation Commission (NVTC) memorializes certain terms that shall govern the disposition of Administrative Appeals filed under *Virginia Code* § 58.1-1821 and Offers in Compromise filed under *Virginia Code* § 58.1-105 in cases where the subject tax liability is comprised, in whole or in part, of tax, penalty, or interest levied pursuant to the authority set out in *Virginia Code* § 58.1-1719, *et seq.* (Northern Virginia Retail Motor Fuel Sales Tax), and payable to NVTC. This agreement shall become effective as of the date when both parties have signed it, and shall remain in effect until terminated.

TERMS:

During the term of this agreement, TAX agrees to the following:

1. In the case of any administrative appeal or offer in compromise filed with TAX seeking relief from the payment of fuel tax payable to NVTC in an amount greater than \$25,000, TAX assess the merits of the appeal or offer in compromise and reach a preliminary conclusion about its disposition. In the event TAX's preliminary conclusion about the disposition results in at least a \$25,000 reduction in the amount of motor fuel sales tax initially assessed by TAX and billed to the taxpayer, TAX will notify the Designated Disclosure Officer of the appeal or offer and furnish the Designated Disclosure Officer with copies of the appeal and any papers submitted by the taxpayer in support of the appeal or offer in compromise; and with TAX's preliminary conclusion containing TAX's rationale for the proposed disposition. All such materials will be redacted to remove any confidential tax information not directly related to fuel tax. Such notice will be made by first class mail.
2. Unless otherwise provided, NVTC will have 30 days following notification from TAX to supply TAX with any additional information or analysis that it believes to be pertinent to the consideration of the appeal or offer. An extension of this time may be granted by TAX in cases where TAX deems circumstances to warrant an extension. In the event that the Tax Commissioner determines that it is essential to resolve the case more quickly, a shorter timeframe may be imposed.
3. TAX will inform the Designated Disclosure Officer of the final disposition of the case. If the final disposition deviates from TAX's preliminary conclusion, TAX will provide the Designated Disclosure Officer an explanation for the deviation.

During the term of this agreement, NVTC agrees to the following:

1. NVTC will designate one or more of its members or officers to be the "Designated Disclosure Officer" eligible to request and receive confidential tax information from TAX, and who will be responsible for ensuring that the requirements of this Memorandum with respect to such tax information are carried out. A Designated Disclosure Officer must be an officer of a city or county and a member of the NVTC or a person who is otherwise a person eligible to request confidential tax information pursuant to *Virginia Code* § 58.1-1724.1.
2. The Designated Disclosure Officer shall store the original and any copies of materials furnished to the in connection with an administrative appeal in a locked container in the office of the Designated Disclosure Officer, or in the office of the NVTC's Chief Financial Officer if the Designated Disclosure Officer does not have an office at the NVTC.
3. The Designated Disclosure Officer may distribute copies to other commission members who are officers of a city or county within the meaning of *Virginia Code* § 58.1-1724.1, and their legal counsel. The Designated Disclosure Officer shall inform every recipient of such copies:
 - a. That the documents contain confidential tax information;
 - b. That the documents may not be further copied or distributed and the recipient is subject to criminal penalties under *Va. Code* § 58.1-3 for unauthorized disclosure;
 - c. That any discussion of the contents of the documents with, or within hearing of, or the use of insecure electronic communications that result in interception of information by, any person who is not an authorized recipient of confidential tax information may be an unauthorized disclosure;
 - d. Any discussion of an appeal or offer, including the existence of such, in any public meeting is expressly prohibited; and
 - e. That recipients must store the documents in locked containers.
4. Upon notice from TAX that an affected appeal or offer has been granted, denied, or otherwise concluded, all documents containing confidential tax information furnished by TAX to the Designated Disclosure Officer, along with any attachments or copies created by NVTC, shall be returned immediately to the Designated Disclosure Officer who shall forthwith destroy all such materials by shredding or burning.
5. The Designated Disclosure Officer and NVTC will not further disclose, in whole or in part, any materials furnished to the Designated Disclosure Officer

by TAX except as provided in paragraph 3 above. The Designated Disclosure Officer and NVTC will not disclose the fact that an appeal or offer has been filed to anyone who is not authorized to receive confidential tax information.

CONSTRUCTION:

Nothing in this agreement shall be construed to mean that the Tax Commissioner has ceded, granted, or otherwise conveyed to NVTC, or its representatives, any authority to make a final determination of any affected appeal or offer, or to approve or disapprove any such final determination made by TAX.

MODIFICATION:

This agreement may be modified in writing from time to time as deemed mutually desirable and acceptable to the parties.

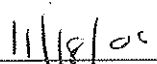
TERMINATION:

This agreement shall remain in effect until terminated. Either party to the agreement may terminate the agreement at any time by providing written notice to the other party at least 60 days prior to the termination date.

Signed on behalf of the
Department of Taxation by:



Janie Bowen
Tax Commissioner



Date

Signed on behalf of the -
Northern Virginia Transportation Commission by:

Date

December 3, 2009

Commissioner Janie E. Bowen
Virginia Department of Taxation
P.O. Box 27185
Richmond, Virginia 23261-7185

Dear Commissioner Bowen:

As you know, SB 1532 (Acts of Assembly 2009, Chapter 532) revised the method of assessing the motor fuels tax in the Northern Virginia and Potomac and Rappahannock Transportation Districts. We are writing to respectfully request that you revise sections of your department's Guidelines and Rules for the Motor Fuel Sales Tax (hereinafter referred to as "the Guidelines"). Specifically, we ask that you revise your definition of "sales price" to remove the exclusion of separately stated transportation and delivery charges and several other charges related to finance and credit. This will make your definition of sales price and cost price consistent.

Over the past several months, the staff of our two commissions and our member jurisdictions have repeatedly questioned the definition proposed by your staff. After the Guidelines were issued, your staff advised that the Virginia Code required the use of your department's proposed definition of sales price but, in the attached email from Mark Haskins (dated December 3, 2009), it is acknowledged that the Code does not apply in this case, and the stated justification for employing the current definition is a concern that a different definition of sales price would cause "confusion in the industry."

While it is entirely understandable that TAX would want to avoid creating confusion in its rule-making efforts, that aim needs to be reconciled with what our commissions fashion as the paramount aim -- insuring that all tax revenue the General Assembly intended in legislating the Code change is collected. If the Guidelines are left unchanged, it will surely result in a significant reduction of tax revenue to our commissions. As the attached example indicates, NVTC and PRTC stand to lose up to \$1 million annually. Especially during these trying times, the commissions require every possible dollar of revenue to support public transit, because those transit systems provide access to jobs and will help propel the Commonwealth back to financial health.

We regret that our request must be made so close to the deadline for implementation of the Guidelines but, as you know, we only were given an opportunity to review the final rules in the past week and had no way of knowing the Guidelines did not incorporate our earlier suggestions on this subject.

Feel free to contact either of us or our respective executive directors, Rick Taube of NVTC and Al Harf of PRTC, with any questions. We are looking forward to a favorable and timely response prior to the January 1st implementation date and the subsequent start of the General Assembly session.

Sincerely,

Christopher Zimmerman
Chairman, NVTC

Michael C. May
Chairman, PRTC

cc: Senator Richard Saslaw
Mark Haskins

Deconstructing TAX's Definitions of "Cost Price" and "Sales Price"

(\$/gallon of gasoline)

Provider:	Jobber	Distributor		
	Sells	Receives="Cost Price"	Sells	"Sales Price"
Fuel	\$1.50	\$1.50	\$1.50	\$1.50
Transportation	.03	.03	.06	.03
Credit/Other	.01	.01	.02	.01
State/Fed. Taxes	.36	.36	.36	.36
Markup/Admin. fees	.10	.10	.20	.20
Subtotal	2.00	2.00	2.14	2.10
NVTC/PRTC 2.1% tax	-	-	.045	.044
Grand Total			\$2.185	\$2.144

Note 1: To determine the distributor's "sales price," TAX guidelines exclude additional transportation costs and credit if separately stated. Thus, the "sales price" for taxation is lower than the actual selling price to the unaffiliated retailer. For the few sales to affiliated retailers, the greater of the "cost price" or the "sales price" applies for purposes of calculating the tax.

Note 2: In FY 2009, approximately 670 million gallons were taxed at retail in the NVTC district. Accordingly, a difference of \$.001 per gallon in the distributor's price subject to tax amounts to up to \$670,000 annually. Corresponding amounts for PRTC are about 360 million gallons for a tax loss of \$360,000 annually.

Note 3: Actual cost of fuel and all other costs are assumed for this example. MWCOG's consortium fuel prices for gasoline are about \$2.09 for regular, \$2.12 for mid-grade and \$2.29 for premium gasoline including delivery of \$.0274 per gallon and excluding federal fuel taxes of \$.184 per gallon and state fuel taxes of \$.175 per gallon

Note 4: Comparing the yield of the 2.1% tax on the sales price of \$2.10 per gallon in this example to the assumed current yield of the 2.0 percent tax at retail (assessed on the selling price of \$2.14 plus a retail markup), if the retailer's markup was \$.06 per gallon or more (about 2.7 percent of the retail pump price), the yield of the 2.0 percent tax on retailers would exceed the yield of the 2.1 percent tax on the distributor's "sales price."

Rick Taube

From: haskins, mark (TAX) [Mark.Haskins@tax.virginia.gov]
Sent: Thursday, December 03, 2009 1:22 PM
To: Rick Taube
Cc: White, William (TAX); Muse, Andrea (TAX); Mayer, Joseph (TAX)
Subject: Motor Fuel Sales Tax

Rick,

Andrea told me that you have questioned why TAX has excluded separately stated transportation and delivery charges from the "sales price." Under Va. Code § 58.1-609.5, separately stated transportation and delivery charges are excluded from the Retail Sales and Use Tax. You are correct that the language requiring the Motor Vehicle Fuel Sales Tax to be subject to the Virginia Retail Sales and Use Tax Act was deleted with the other changes made to the Motor Vehicle Fuel Sales Tax during the 2010 General Assembly session. However, to make the transition from the current Motor Vehicle Fuel Sales Tax to the new Motor Vehicle Fuel Sales Tax as simple as possible, TAX elected to use Retail Sales and Use Tax provisions in the Guidelines and Rules for the Motor Vehicle Fuel Sales Tax whenever possible. As many businesses are familiar with what is included in the "sales price" for the Retail Sales and Use Tax, using a different definition of "sales price" solely for the new Motor Vehicle Fuel Sales Tax would cause confusion in the industry.

I hope that this helps.

Mark C. Haskins

Policy Development Director

Virginia Department of Taxation

Post Office Box 27185

Richmond, VA 23261-7185

Phone - (804) 371-2296

FAX - (804) 371-2355

Email - mark.haskins@tax.virginia.gov

GUIDELINES AND RULES FOR THE MOTOR VEHICLE FUEL SALES TAX

November 19, 2009

These guidelines and rules ("Guidelines") are published by the Virginia Department of Taxation ("TAX") to provide guidance to persons who sell motor vehicle fuels at retail or wholesale regarding changes to the Motor Vehicle Fuel Sales Tax imposed in the Northern Virginia Transportation District and in the Potomac and Rappahannock Transportation District effective January 1, 2010 as a result of Senate Bill 1532 (*Acts of Assembly* 2009, Chapter 532).

The member localities of the Northern Virginia Transportation District are the Counties of Arlington, Fairfax and Loudoun and the Cities of Alexandria, Fairfax, and Falls Church; and the member localities of the Potomac and Rappahannock Transportation District are the Counties of Prince William and Stafford and the Cities of Fredericksburg, Manassas and Manassas Park. Agreements to be executed by November 30, 2009 would result in Spotsylvania County joining the Potomac and Rappahannock Transportation District effective February 15, 2010.

TAX is authorized to issue these Guidelines pursuant to *Va. Code* § 58.1-1719. These Guidelines apply to sales of fuel made on and after January 1, 2010. To the extent that there is a conflict between the existing Motor Vehicle Fuel Sales Tax Regulations (23 *Virginia Administrative Code (VAC)* 10-240-10 *et seq.*) and these Guidelines, these Guidelines supersede the regulations. TAX has worked with affected distributors and retailers to develop these Guidelines. As necessary, additional Guidelines will be published and posted on TAX's website, www.tax.virginia.gov.

Definitions

Terms used in the Motor Vehicle Fuel Sales Tax have the same meaning as those used in the Retail Sales and Use Tax, unless defined otherwise, as follows:

"Affiliate" means an individual or business that controls, is controlled by, or is under common control with another individual or business. A person controls an entity if the person owns, directly or indirectly, more than 10 percent of the voting securities of the entity. For the purposes of this definition "voting security" means a security that (i) confers upon the holder the right to vote for the election of members of the board of directors or similar governing body of the business or (ii) is convertible into, or entitles the holder to receive, upon its exercise, a security that confers such a right to vote. A general partnership interest shall be deemed to be a voting security.

"Distributor" means (i) any person engaged in the business of selling fuels in the Commonwealth who brings, or causes to be brought, into the Commonwealth from outside the Commonwealth any fuels for sale, or any other person engaged in the business of selling fuels in the Commonwealth; (ii) any person who makes,

Guidelines and Rules for the Motor Vehicle Fuel Sales Tax
November 19, 2009

Example 3:

Distributor sells fuel to the Commonwealth in a Transportation District for use in the state motor pool. Distributor collects the Motor Vehicle Fuel Sales Tax. Subsequently the Commonwealth requests a refund. Distributor provides the Commonwealth with a refund and deducts the refund from its Motor Vehicle Fuel Sales Tax Return and payment.

Example 4:

Distributor sells fuel to a retail dealer and collects the Motor Vehicle Fuel Sales Tax. The fuel is purchased at the pump for use in a church van. The owner of the church van cannot receive a refund for the Motor Vehicle Fuel Sales Tax as the tax was paid by the retail dealer. The retail dealer cannot receive a refund for the Motor Vehicle Fuel Sales Tax as the fuel was purchased for retail sale and is subject to the tax.

Example 5:

Distributor sells fuel to a retail dealer and collects the Motor Vehicle Fuel Sales Tax. The fuel is purchased at the pump for a government car using a United States Government National credit card. The Federal Government cannot receive a refund for the Motor Vehicle Fuel Sales Tax as the tax was paid by the retail dealer. The retail dealer cannot receive a refund for the Motor Vehicle Fuel Sales Tax as the fuel was purchased for retail sale and is subject to the tax.

Sales Price and Cost Price

For purposes of the Motor Vehicle Fuel Sales Tax, sales price means the total amount charged in money or other consideration by the distributor for the sale of fuels. This includes all applicable federal and state excise taxes and storage tank fees. No deduction is allowed for the cost of the property sold, the cost of materials used, labor or service costs, losses or any items of expense. However, sales price does not include the following amounts:

- Separately stated federal diesel fuel excise taxes. Separately stated federal diesel fuel excise taxes may be excluded from the sales price, however, any distributor who fails to exclude the federal diesel excise tax when collecting any sales tax may not deduct the federal diesel excise tax from his taxable sales. (Source: PD 88-68 (April 26, 1988))
- Any transportation and delivery charges if the charges are separately stated on the invoice; otherwise the tax must be computed on the total charge.

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- Any finance charges, carrying charges, service charges or interest from credit extended under conditional sale contracts or conditional contracts providing for deferred payments.
- Any bad check and late payment charges.
- Any charges for billing and collection services.

For purposes of the Motor Vehicle Fuel Sales Tax, cost price means the actual cost of the fuels in money or other consideration. Cost price includes all federal and state excise taxes and storage tank fees paid by the distributor and any transportation or delivery charges. Separately stated federal diesel fuel excise taxes may be excluded from the sales price, however, any distributor who fails to exclude the federal diesel excise tax when collecting any sales tax may not deduct the federal diesel excise tax from his taxable sales. No deduction is allowed for the cost of the property sold, the cost of materials used, labor or service costs, losses or any items of expense. In the case of fuel sold by the distributor to an affiliated entity, the sales price shall be the greater of the sales price established by the parties or the cost price of the fuel.

If a distributor is unable to determine the cost price, the distributor may use the sales price of the fuels to compute the tax liability.

Example 6:

Distributor sells fuel only to affiliated retail dealers. The cost price of the fuel is \$2.00 per gallon, but Distributor sells the fuel for \$1.50 per gallon to the affiliated retail dealers. Distributor would collect and remit the Motor Vehicle Fuel Sales Tax from the affiliated retail dealer at the time of the sale at the rate of 2.1 percent of the cost price (\$2.00 per gallon).

Consignment Sales by Distributors

The Motor Vehicle Fuel Sales Tax is imposed at the time of the sale by the distributor to the retail dealer. Fuel delivered to a retail dealer by a distributor on consignment is not subject to the Motor Vehicle Fuel Sales Tax until the sale is complete, *i.e.* when the fuel is sold at retail.

In situations where it may be impractical to separately state the Motor Vehicle Fuel Sales Tax on invoices or other billing statements, distributors selling fuel on consignment may include the Motor Vehicle Fuel Sales Tax in the sales price on the invoice or billing statement without prior approval from the Tax Commissioner. However, such distributors must keep records available for review by TAX documenting that the distributor correctly collected the Motor Vehicle Fuel Sales Tax.