



## **NVTC COMMISSION MEETING**

**THURSDAY, DECEMBER 1, 2011  
MAIN FLOOR CONFERENCE ROOM  
2300 Wilson Blvd.  
Arlington, VA 22201  
8:00 PM**

NOTE: NVTC's Executive Committee meets at 7:00 P.M. and dinner will also be available. Commissioners are reminded that if they use paid underground parking for the meeting, their tickets will be validated by NVTC staff.

### **AGENDA**

#### **1. Minutes of the NVTC Meeting of November 3, 2011.**

Recommended Action: Approval.

#### **2. VRE Items.**

- A. Report from the VRE Operations Board and Chief Executive Officer--Information Item.
- B. VRE's FY 2011 Audited Financial Statements--Action Item/Resolution #2176.
- C. Grant Agreement for King Street Station Pedestrian Tunnel--Action Item/Resolution #2177.

#### **3. NVTC's 2012 State and Federal Legislative Agenda.**

Several members of NVTC's Legislative Committee met on November 14<sup>th</sup> and they are proposing a legislative agenda. Further discussion is requested on NVTC's position regarding WMATA Compact Amendments. Staff has provided additional discussion materials.

Recommended Action: Approval of Legislative Agenda.



#### **4. WMATA Items.**

- A. Vital Signs Monthly Report.
- B. NVTC's WMATA Board Members Report.
- C. NVTC's Policies for Selecting its WMATA Board Members.
- D. Review of Capital Needs Inventory, Preliminary Capital Improvement Program and Early Dulles Estimates.
- E. Agreement on Dulles Rail Phase 2.

Recommended Action: Determine policies to guide the selection of NVTC's 2012 NVTC WMATA Board members to occur at the commission's January 5, 2012 meeting.

#### **5. NVTC's Draft Work Program and Schedule for 2012.**

NVTC will conduct a public hearing at its January 5, 2012 meeting prior to adopting its 2012 Work Program and schedule. Commissioners are asked to review the proposed draft. It includes some optional items with budget implications.

Recommended Action: Authorize staff to post the draft Work Program and schedule on NVTC's website and announce a public hearing on the document to be held at NVTC's January 5, 2012 meeting.

#### **6. Regional Transportation Items.**

- A. DRPT's Stakeholder Meeting in Northern Virginia.
- B. Georgia HOT Lanes Experiences.
- C. Governor's Transportation Conference December 7-9, 2011.
- D. Top 10 Freeway Congestion Locations.

Information Item.

#### **7. Status of NVTC's FY 2011 Audit.**

A new financial accounting regulation (GASB 61) and FTA's determination that NVTC and PRTC should jointly include VRE in their financial statements have delayed completion of this year's audit. The report is expected to be available at NVTC's January 5, 2012 meeting.

Information Item.

**8. NVTC's Public Outreach.**

Each month NVTC staff will provide examples of the commission's public outreach activities.

Information Item.

**9. NVTC Nominating Committee for 2012 Officers.**

Chairman Euille will announce his appointments to the nominating committee. The election of NVTC's officers will occur on January 5, 2012.

Information Item.

**10. NVTC Financial Items for October, 2011.**

Information Item.



AGENDA ITEM #1

MINUTES  
NVTC COMMISSION MEETING – NOVEMBER 3, 2011  
NVTC CONFERENCE ROOM – ARLINGTON, VIRGINIA

The meeting of the Northern Virginia Transportation Commission was called to order by Chairman Euille at 8:12 P.M.

**Members Present**

Sharon Bulova  
James Dyke  
Adam Ebbin  
William D. Euille  
Jay Fiset  
John Foust  
Mark R. Herring  
Catherine Hudgins  
Mary Hynes  
Jeffrey McKay  
Thomas Rust  
Paul Smedberg  
David F. Snyder  
Mary Margaret Whipple  
Christopher Zimmerman

**Members Absent**

Kelly Burk  
Barbara Comstock  
John Cook  
Jeffrey Greenfield  
Joe May

**Staff Present**

Mariela Garcia-Colberg  
Rhonda Gilchrest  
Claire Gron  
Scott Kalkwarf  
Jennifer Mouchantaf (VRE)  
Kala Quintana  
Mark Roeber (VRE)  
Rick Taube





### Minutes of October 6, 2011 NVTC Meeting

Mrs. Bulova moved, with a second by Mr. Fisette, to approve the minutes.

Mr. Fisette introduced a wording change request from Mrs. Drake on page 9, paragraph 3 to read:

Mrs. Drake stated that according to a Virginia Senate Finance Committee study Northern Virginia contributes 27 percent of the taxes and gets back 32 percent. She added that Northern Virginia receives 72% of DRPT's operating assistance and 89% of DRPT's capital funds. It is unfair that the state is characterized as never providing funding to the region. The commonwealth contributes \$102.5 million and Northern Virginia taxpayers contribute \$54.5 million of Northern Virginia's WMATA obligations, which Mrs. Drake stated is shown in NVTC's graph distributed at this meeting.

Mrs. Bulova and Mr. Fisette, as the maker and seconder of the motion, agreed to include this as a friendly amendment. The commission then voted on the amended motion and it passed. The vote in favor was cast by commissioners Bulova, Dyke, Ebbin, Euille, Fisette, Foust, Herring, Hudgins, Hynes, McKay, Rust, Snyder, Whipple and Zimmerman. Mr. Smedberg abstained.

### WMATA Items

Mrs. Hudgins noted that the Vital Signs Report shows that performance is up, except for fleet reliability and escalators, which reflects improvements being made throughout the system. Bus ridership is increasing while rail ridership is slightly declining. She discussed some of the possible factors including that many customers of Metrobus must find lower-cost travel alternatives. Sometimes they choose not to stay with rail, even if it brings inconveniences. Mrs. Hynes stated that it is interesting to note that rail ridership on the weekends has not declined and actually is up slightly, despite full station closures and bus bridges during construction and repairs. These riders are making transit choices for their lifestyles and sticking with Metrorail. In regards to escalators, it is her understanding that WMATA is taking a new approach so when there is a problem, instead of fixing only one little thing, the entire escalator is being assessed. This is causing longer delays initially but in the long run the time between break downs will be greater with this preventative maintenance. Mrs. Hudgins stated that escalator replacement needs to be a priority.

Mr. Zimmerman observed that the Vital Signs Report includes only data through June 2011. He is especially interested in current data dealing with rail fleet reliability. Mr. McKay stated that updated data was provided at today's WMATA Board meeting and it can be provided to NVTC commissioners.

## VRE Items

Mrs. Bulova stated that Mr. Zehner was not able to attend the meeting and she introduced VRE's Deputy CEO, Jennifer Mouchantaf. Ms. Mouchantaf stated that the VRE Operations Board did not meet in October. However, the month of October was an historic month for VRE. VRE reached it's highest on-time performance (OTP) ever in VRE's history with 98.17 percent OTP (97.8 percent for the Fredericksburg line and 98.4 percent for the Manassas line). For October, VRE operated 600 trains with only 11 delays. VRE is seeing the results of all the investments that have been made over the last few years, including new locomotives, railcars, track improvements and second platforms. She also reported that on-time performance was slightly lower in September (88 percent systemwide) because of significant delays due to heavy rains and flooding, including a track wash-out.

Ms. Mouchantaf reported that VRE ridership continues to increase. For October, average daily ridership was 19,316, which is nine percent higher compared to the same time last year. VRE also had two more top ten ridership days. She also gave some details about VRE's Annual Master Agreement Survey which was conducted on October 5<sup>th</sup>. The data are being entered and analyzed and will be introduced to the Operations Board as part of the FY 2013 budget process in the next few months.

Ms. Mouchantaf announced that on November 11<sup>th</sup> VRE will conduct its annual full scale emergency drill, which is required by the federal government. It will be the first time VRE has conducted one inside the Beltway. It will occur in the city of Alexandria and VRE is looking for volunteers to participate. Mr. McKay stated that he went last year and it is well worth it to watch it happen. It is also a valuable learning opportunity for local law enforcement and public safety crews.

Mrs. Bulova reported that all of VRE's new locomotives are now in service. Also, there are no action items for the commission to consider at this meeting.

## Virginia Vanpool Incentive Program

Mr. Taube introduced Frank Spielberg of VHB to present the findings of an extensive consulting study sponsored by NVTC, PRTC and GWRC (Greater Washington Regional Commission) with project management assistance from DRPT. Many regional and local staff members have been involved in the development of the proposed program. Staff received a briefing on November 1<sup>st</sup>.

Mr. Spielberg reported that there are almost 400 existing vanpools estimated by GWRC in this region, most of which are in the I-95 corridor. These vanpools transport over 4,000 persons daily (1.1 million annually); reduce 1.9 million annual daily auto trips; reduce 400,000 daily vehicle miles (100 million annually); save over 20,000 gallons of gasoline daily; and reduce CO<sub>2</sub> emissions per passenger mile by 75 percent. The purpose of the program is to support existing vanpools in Northern Virginia, promote further growth of vanpooling, and to capture additional federal transit funds available to areas with vanpool programs. The Federal Transit Act Section 5307

defines vanpools as “transit” and sponsors can receive funds distributed to metropolitan areas based on transit revenue miles, passenger miles and other factors. There are over 50 areas that are currently reporting vanpool data and receiving additional funds.

Mr. Spielberg provided estimates of potential revenue generated for this region through this program. Northern Virginia would earn approximately \$3.4 million of additional Section 5307 funds in FY 2013 and that would continue to increase over the years with the region earning approximately \$6.7 million by FY 2017. However, federal funds are not received until at least two years after data are reported. Therefore, other funding sources would be required to cover the first 2 - 2 ½ years of operation. The funds would be allocated, based on recent data: WMATA – 50 percent; PRTC – 25 percent and GWRC – 25 percent. The 5307 funds could be used for program management and operation (but probably not financial support payments to van operators); any transit capital expense; mobility management; and some ability to “flex” funds to other transportation needs.

Mr. Spielberg stated that there are two different scenarios depending on the outcome of the potential transit benefits changes. Scenario 1A (Federal Employee SmartBenefits remain) would pay participating vans \$200 per month for data collection and non-subsidized participants would receive \$50 per month to help induce others to use vanpools. Scenario 2A (Federal Employee SmartBenefits end) would pay participating vans \$200 per month for data collection but no passenger subsidy. The fate of SmartBenefits should be decided this year.

Mr. Spielberg explained that the program would run as a joint project of NVTC, PRTC and GWRC. PRTC would act as the lead agency with costs to be reimbursed by the program. A Memorandum of Understanding between these parties would need to be reached, as well as agreement with WMATA regarding allocation of the 5307 funding.

Mr Spielberg stated that the recommendation is that if the SmartBenefits is not continued, the program should be started under Scenario 2A. Passenger subsidy could be added later if the transit benefit is restored. Also, the vanpool program is contingent on the continuation of current federal transit formula funding programs. Reauthorization may not be achieved before March, 2012. It is likely that the Section 5307 program will continue but there could be changes. It is suggested that the program proceed with development but delay launch until resolution of the federal transportation program is known. He also reviewed the program schedule, which calls for the program to be in operation by January 2, 2013.

Mr. Spielberg reminded commissioners that startup funding is required for the first 2-2 ½ years until 5307 funds are generated. It will take \$300,000 for costs up to September 30, 2012 to set up the program. At least \$200,000 has been reserved with CMAQ funding and GWRC is expected to come up with another \$100,000. After that, the bridge funding until 5307 funds are received would be \$7.4 million for Scenario 1A and \$5.2 million for Scenario 2A. Possible sources of funding are state grants and loans from sponsoring agencies.

Mr. Spielberg reviewed the outstanding issues, including sources of funding, how to pay for program expenses not eligible for Section 5307 funding; source of local match (20 percent) for program expenses eligible for 5307 funding; and the mechanics of net Section 5307 revenue sharing.

In response to a question from Mr. Fisette, Mr. Spielberg stated that GWRC is a planning commission for the southern portion of Stafford County, the city of Fredericksburg, Spotsylvania County, Caroline County and King Georges County. Mr. Rust asked if there are other areas in the state with existing vanpool programs and, if so, would they impact the funding that comes to Northern Virginia. Mr. Spielberg replied that Hampton Roads and Richmond both have programs operated by transit agencies. This area is different because vanpool operations grew organically. In reference to funding, there would be very minor impact to any other vanpool program if Northern Virginia began this program because the pool of nationwide funding is so large.

Mr. McKay observed that with some strict Homeowners Association (HOA) requirements, many vanpool drivers cannot park their vehicles at their homes or in their neighborhoods. He asked if Mr. Spielberg has any recommendations for local governments to help these vanpool drivers to find places to park their vans close to their homes. Mr. Spielberg stated that the best solution is to provide a public park-and-ride lot. Also, many vanpool drivers have been able to negotiate agreements with churches, and some retail stores, to use their parking lots.

### Legislative Items

Chairman Euille reported that NVTC's Legislative Committee will meet on November 14, 2011 at 4:00 P.M. to prepare a legislative agenda for 2012. He asked commissioners to propose legislative items for consideration by the committee. They can submit them to staff over the next several days.

Mr. Taube stated that, as discussed during the Vanpool Incentive Program presentation, the federal transit benefit will drop to \$125 per month unless Congress acts by the end of 2011. A draft letter to Congressman Connolly has been prepared urging Congress to continue the current transit benefit level. In response to Mr. Zimmerman, Mr. Taube explained that it will also be sent to all members of the Northern Virginia congressional delegation.

Mr. Zimmerman moved, with a second by Mr. McKay, to authorize NVTC's chairman to sign and send the letters.

Mr. Fisette noted that the priority is that the benefits not be reduced but he suggested that the letter should also include the guiding principle that parking and transit benefits should be equal. Mrs. Hynes stated that she heard that the parking benefit is expected to increase by \$10.

Mr. Zimmerman accepted Mr. Fisette's suggestion as a friendly amendment. Mr. McKay concurred.

Mrs. Hudgins stated that the language needs to reflect that the transit piece is a critical part of it. Mr. Zimmerman suggested language: "In no case should the transit benefit fall below the parking subsidy." There were no objections.

The commission then voted on the motion and it passed. The vote in favor was cast by commissioners Bulova, Dyke, Ebbin, Euille, Fisette, Foust, Herring, Hudgins, Hynes, McKay, Rust, Smedberg, Snyder, Whipple and Zimmerman.

Mrs. Hynes stated that the Legislative Committee will discuss WMATA Compact amendments that NVTC may wish to pursue. She encouraged commissioners to provide comments or concerns before the Legislative Committee meeting. For her, the size of the WMATA Board is an important issue. Chairman Euille stated that the governors' working group will be making its report soon. Mr. Dyke agreed with Mrs. Hynes and urged commissioners to get comments in quickly so they can be communicated to the working group.

#### NVTC Financial Items for September, 2011

The financial reports were provided to commissioners and they had no questions.

#### Closed Session

Mr. Zimmerman moved, with a second by Mr. Smedberg, the following motion:

Pursuant to the Virginia Freedom of Information Act (Sections 2.2-3711A(1) of the Code of Virginia), the Northern Virginia Transportation Commission authorizes discussion in Closed Session concerning a personnel matter regarding the annual performance review of NVTC's Executive Director.

The vote in favor was cast by commissioners Bulova, Dyke, Ebbin, Euille, Fisette, Foust, Herring, Hudgins, Hynes, McKay, Rust, Smedberg, Snyder, Whipple and Zimmerman.

The commission entered into Closed Session at 8:48 P.M. and returned to Open Session at 9:35 P.M.

Mrs. Hynes moved, with a second by Mr. Foust, the following certification:

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

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

The vote in favor was cast by commissioners Bulova, Dyke, Ebbin, Euille, Fisette, Foust, Herring, Hudgins, Hynes, McKay, Rust, Smedberg, Snyder, Whipple and Zimmerman.

Mr. Fisette moved, with a second by Mr. McKay, to endorse the Executive Director's performance review and the recommendations contained in a November 4<sup>th</sup> memorandum from the NVTC Executive Committee. The vote in favor was cast by commissioners Bulova, Dyke, Ebbin, Euille, Fisette, Foust, Herring, Hudgins, Hynes, McKay, Rust, Smedberg, Snyder, Whipple and Zimmerman. Mr. Fisette was appointed to meet with Mr. Taube to communicate the results of the review.

### Adjournment

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

Approved this 1<sup>st</sup> day of December, 2011.

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William D. Euille  
Chairman

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Jeffrey McKay  
Secretary-Treasurer

# NVTC

Northern Virginia Transportation Commission

# NVTC

## AGENDA ITEM #2

**TO:** Chairman Eulle and NVTC Commissioners  
**FROM:** Rick Taube  
**DATE:** November 21, 2011  
**SUBJECT:** VRE Items

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- A. Report from the VRE Operations Board and VRE Chief Executive Officer--Information Item.
- B. VRE's FY 2011 Audited Financial Statements--Action Item/ Resolution #2176.
- C. Locally Administered Project Agreement for King Street Station Pedestrian Tunnel--Action Item/ Resolution #2177.



2300 Wilson Boulevard • Suite 620 • Arlington, Virginia 22201  
Tel (703) 524-3322 • Fax (703) 524-1756 • TDD (800) 828-1120  
E-mail [nvtc@nvtc.org](mailto:nvtc@nvtc.org) • Website [www.thinkoutsidethecar.org](http://www.thinkoutsidethecar.org)

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

Minutes will be provided from the VRE Operations Board's meeting of November 18, 2011. Also attached is the VRE CEO's monthly performance report. A favorable letter to Dr. Gridlock from Ed Tennyson is also provided. Results of the annual VRE customer survey are also attached.





# CHIEF EXECUTIVE OFFICER'S REPORT

November 2011

## MONTHLY DELAY SUMMARY

	July	August	September	October
<b>System wide</b>				
Total delays	45	49	67	11
Average length of delay (mins.)	27	44	19	15
Number over 30 minutes	9	19	3	1
Days with Heat Restrictions/Total days	5/20	3/23	0/20	0/20
On-Time Performance	92.5%	92.9%	88.8%	98.2%
<b>Fredericksburg Line</b>				
Total delays	21	32	35	6
Average length of delay (mins.)	15	45	14	19
Number over 30 minutes	0	12	0	1
On-Time Performance	92.5%	90.1%	87.50%	97.9%
<b>Manassas Line</b>				
Total delays	24	17	32	5
Average length of delay (mins.)	38	40	23	11
Number over 30 minutes	9	7	3	0
On-Time Performance	92.5%	95.4%	90.0%	98.4%

## SYSTEM RIDERSHIP

The average daily ridership (ADR) for October was 19,561 - an all time high. We had about 1,108 more trips per day than October 2010, putting this year's ADR 10.8% higher than last October. Similarly, the year-to-date ridership four months into the year is 10.1% higher than last year. There were eight days of ridership over 20,000 in October and November has had two days so far. The top ten days are below:

1	April 12, 2011	21,496
2	March 23, 2011	21,136
3	April 13, 2011	20,803
3	May 10, 2011	20,803
5	April 6, 2011	20,791
6	October 25, 2011	20,789
7	March 29, 2011	20,694
8	November 1, 2011	20,667
9	October 4, 2011	20,612
10	May 18, 2011	20,596

## SYSTEM ON-TIME PERFORMANCE

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VRE is celebrating its highest OTP month ever! We attribute this record to the many initiatives recently undertaken to improve VRE, including new locomotives and coaches and the major track replacement programs implemented by the host railroads. We operated 600 trains during the month with only 11 delays and had 11 days with 100% on-time performance. System wide on-time performance was 98.17% in October; with 97.86% on the Fredericksburg Line and 98.44% on the Manassas Line.

## GAINESVILLE-HAYMARKET EXTENSION

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Revisions to the Addendum to the Rail Enhancement Fund (REF) agreement for the Gainesville-Haymarket Extension project are still underway. The award of the consultant contract for environmental review and preliminary engineering is pending the execution of this Addendum.

## LOCOMOTIVE PROCUREMENT

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The twentieth and final locomotive was delivered to VRE on September 28<sup>th</sup>. It passed inspection and completed a test run on October 1<sup>st</sup>. With all the locomotives now delivered, VRE enters into the two year warranty period.

## SUMMONS OVERVIEW

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In October, there were 98 cases of fare evasion that were brought before the court. Details are provided below:

<b>Outcome</b>	<b>Occurrences</b>	<b>Fine</b>	<b>Court Costs</b>
Continued	4		
Appealed	0		
Prepaid	28	\$100	\$81
Guilty	3	\$100	\$81
Guilty in absentia	22	\$100	\$116
Dismissed	5	0	0
Dismissed	12	0	\$81
Dismissed due to conductor no longer in service	0	0	0
Waived due to TVM issue	0	0	0
Waived with Proof of Monthly Ticket	24		

## **WOODBIDGE STATION KISS AND RIDE**

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The Woodbridge Kiss and Ride is underway and will be completed in four months. Once finished, it will provide an access lane and pull-off area on the east side of Route 1 for commuters who wish to use the VRE station.

## **VRE'S ANNUAL EMERGENCY DRILL**

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On Saturday, November 12<sup>th</sup>, VRE will hold its annual, federally required, full scale drill. This year the drill will be held inside the beltway, in Alexandria, which is a first for VRE. The drill allows local first responders to test their skills in responding to a train emergency while giving VRE the opportunity to gauge the preparedness of our crew and railroad partners.

The drill will act out criminal activity onboard a train and include “victims” to help first responders practice a wide range of emergency response exercises. These drills continue to be extremely beneficial to both VRE and participating emergency responders.

**MONTHLY PERFORMANCE MEASURES – October 2011**

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<b>MONTHLY ON-TIME PERFORMANCE</b>	<b>ON-TIME PERCENTAGE</b>
October Fredericksburg OTP Average	97.86%
October Manassas OTP Average	98.44%
<b>VRE OCTOBER OVERALL OTP AVE.</b>	<b>98.17%</b>

<b>RIDERSHIP YEAR TO DATE</b>	<b>RIDERSHIP</b>
VRE FY 2012 Passenger Totals	1,581,269
VRE FY 2011 Passenger Totals	1,436,511
<b>PERCENTAGE CHANGE</b>	<b>10.1%</b>

<b>RIDERSHIP MONTH TO MONTH COMPARISON</b>	
<b>DESCRIPTION</b>	<b>MONTHLY RIDERSHIP</b>
OCTOBER 2011	391,216
OCTOBER 2010	335,297
<b>PERCENTAGE CHANGE</b>	<b>10.8% (NORMALIZED)</b>
<b>SERVICE DAYS (CURRENT/PRIOR)</b>	<b>20/19</b>

# Monthly Ridership and OTP: October 2011

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										
2										
3	4,785	4,609	9,394	94%	5,418	5,243	10,661	100%	20,055	97%
4	5,036	4,995	10,031	94%	5,222	5,359	10,581	100%	20,612	97%
5	4,855	4,486	9,341	100%	5,048	5,016	10,064	100%	19,405	100%
6	4,731	4,370	9,101	100%	5,199	5,195	10,394	100%	19,495	100%
7	3,985	3,929	7,914	100%	3,900	3,594	7,494	93%	15,408	97%
8										
9										
10										
11	4,671	4,665	9,336	100%	5,414	5,311	10,725	100%	20,061	100%
12	4,931	4,798	9,729	100%	5,400	5,400	10,800	93%	20,529	97%
13	4,934	5,029	9,963	100%	5,021	4,707	9,728	100%	19,691	100%
14	4,148	4,019	8,167	100%	4,304	4,370	8,674	100%	16,841	100%
15										
16										
17	4,695	4,850	9,545	94%	4,933	4,970	9,903	100%	19,448	97%
18	4,920	4,683	9,603	100%	5,126	5,175	10,301	86%	19,904	93%
19	4,423	4,897	9,320	100%	5,505	5,346	10,851	100%	20,171	100%
20	4,912	4,937	9,849	100%	5,328	5,256	10,584	100%	20,433	100%
21	4,221	3,963	8,184	100%	4,532	4,444	8,976	100%	17,160	100%
22										
23										
24	4,691	4,390	9,081	100%	4,539	4,984	9,523	93%	18,604	97%
25	5,012	5,036	10,048	100%	5,306	5,435	10,741	100%	20,789	100%
26	4,969	4,939	9,908	100%	5,203	5,259	10,462	100%	20,370	100%
27	4,712	4,759	9,471	94%	4,961	5,340	10,301	100%	19,772	97%
28	4,220	3,998	8,218	94%	4,711	4,366	9,077	93%	17,295	93%
29										
30										
31	4,450	4,875	9,325	100%	5,158	4,838	9,996	100%	19,321	100%
	93,301	92,227	185,528	98%	100,228	99,608	199,836	98%	385,364	98%
	Adjusted total:		186,580		Adjusted Total:		204,636	Adjusted Total:	391,216	
	# of Service Days:		20		Total Trips This Month:		391,216	Adjusted Total:	391,216	
	Manassas Daily Avg. Trips:		9,276	Adjusted Avg.:	Prior Total FY-2012:		1,190,053			
	Fred'burg Daily Avg. Trips:		9,992	Adjusted Avg.:	Total Trips FY-2012:		1,581,269			
	Total Avg. Daily Trips:		19,268	Adjusted Avg.:	Total Prior Years:		53,006,578			
					Grand Total:		54,587,847			

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

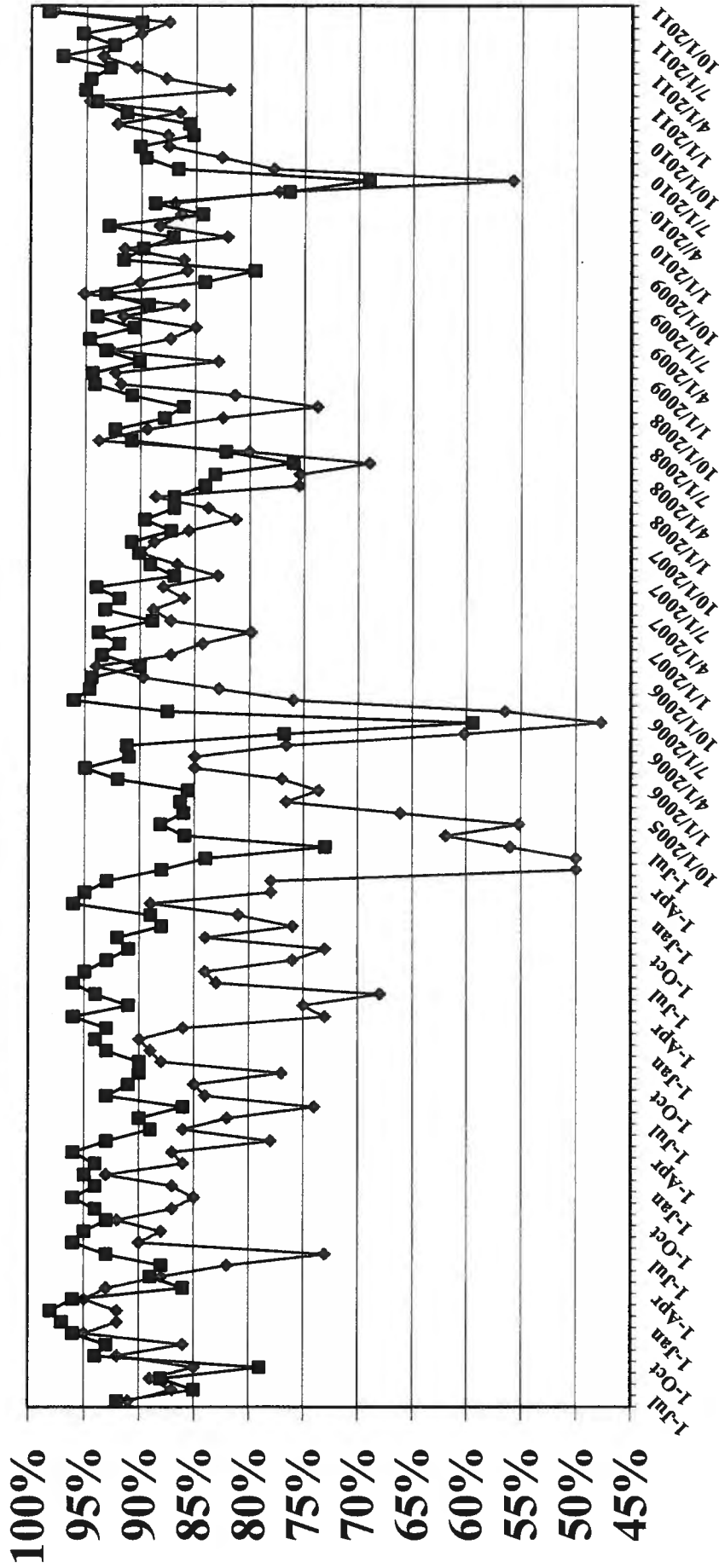
# Monthly Ridership Changes: FY 2011 v. FY 2012

Current Month	MANASSAS				FREDERICKSBURG			
	Cumulative FY2011	Cumulative FY2012	% change	Cumulative FY2011	Cumulative FY2012	% change	Current Total	% change
July	177,199	174,866	-1.3%	183,554	203,162	10.7%	378,028	4.8%
August	356,554	379,224	6.4%	369,561	430,255	16.4%	809,479	11.5%
September	531,826	561,165	5.5%	560,951	628,888	12.1%	1,190,053	8.9%
October	687,461	747,745	8.8%	749,050	833,524	11.3%	1,581,269	10.1%
November	842,550			936,793			0	
December	992,422			1,119,345			0	
January	1,156,798			1,311,930			0	
February	1,321,505			1,503,871			0	
March	1,530,573			1,744,670			0	
April	1,721,462			1,959,234			0	
May	1,916,908			2,172,606			0	
June	2,118,380			2,398,986			0	

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

# On-Time Performance

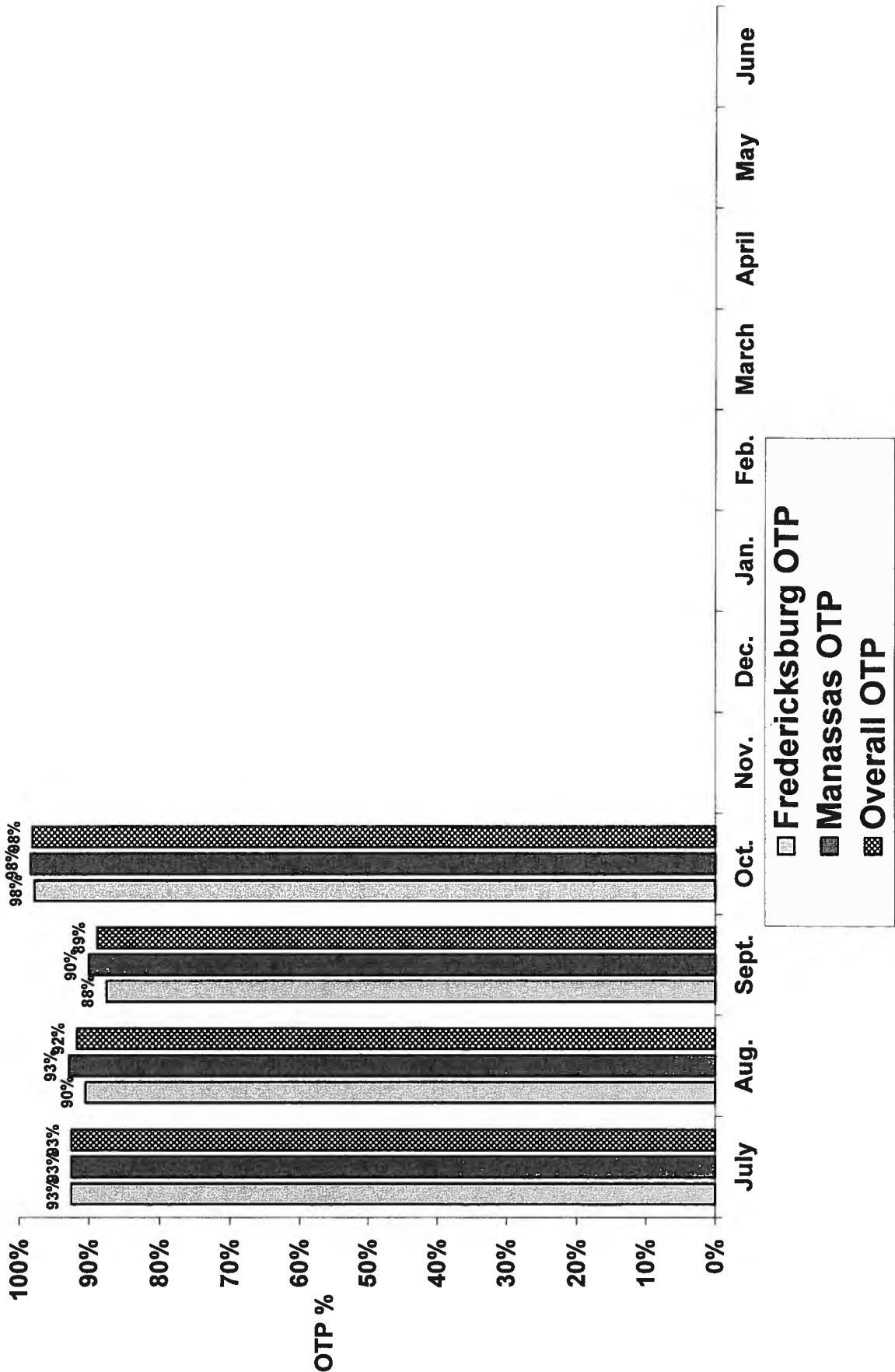
July 2001 – October 2011



—◆— Fredericksburg Line    —■— Manassas Line

# Average On-Time Performance

## FY-2012





## FINANCIAL STATISTICS FOR OCTOBER 2011

A copy of the October 2011 Operating Budget Report is attached.

Fare income for the month of October 2011 was \$728,385 above the budget – a favorable variance of 29.89%. This large increase is primarily the result of WMATA's termination of the Smart Benefits voucher program. The cumulative variance for the year is 16.89% or \$1,728,668 above the adopted budget. Revenue in the first four months of FY 2012 is up 12.4% over FY 2011. This positive variance is the result of higher than budgeted ridership and the Smart Benefits voucher program termination as noted above.

A summary of the financial results (unaudited) as of October 2011 follows. Detail on the major revenue and expense categories is provided in the attached Operating Budget Report.

Measures		Goal	Actual
Operating Ratio		55%	70%
<b>Budgeted Revenue</b>	72,997,175		
Budgeted Revenue YTD	25,562,383		
Actual Revenue YTD	27,379,515		
Cumulative Variance	1,817,132		1,817,132
Percent Collected YTD		35.02%	37.51%
<b>Budgeted Expenses</b>	72,997,175		
Budgeted Expenses YTD	24,459,017		
Operating Expenses YTD	24,241,461		
Cumulative Variance	217,556		217,556
Percent Expended YTD		33.51%	33.21%
<b>Net Income (Loss) from Operations</b>			2,034,688

These figures are preliminary and unaudited.

**VIRGINIA RAILWAY EXPRESS**  
**FY 2012 Operating Budget Report**  
**October 31, 2011**

	<b>CURR. MO. ACTUAL</b>	<b>CURR. MO. BUDGET</b>	<b>YTD ACTUAL</b>	<b>YTD BUDGET</b>	<b>YTD VARIANCE \$</b>	<b>%</b>	<b>TOTAL FY12 BUDGET</b>
<b>OPERATING REVENUE</b>							
Passenger Ticket Revenue	3,165,038	2,436,653	11,962,612	10,233,944	1,728,668	16.9%	30,580,000
Equipment Rental and Other	26,537	10,040	70,647	42,167	28,480	67.5%	126,000
<b>Subtotal Operating Revenue</b>	<b>3,191,575</b>	<b>2,446,693</b>	<b>12,033,259</b>	<b>10,276,112</b>	<b>1,757,147</b>	<b>17.1%</b>	<b>30,706,000</b>
Jurisdictional Subsidy (1)	-	-	7,843,479	7,843,479	-	0.0%	14,671,017
Federal/State/Other Jurisdictional Subsidy	1,703,937	1,672,236	7,499,518	7,422,378	77,140	1.0%	27,366,022
Appropriation from Reserve	-	-	-	-	-	0.0%	193,136
Interest Income	-	4,861	3,259	20,414	(17,155)	-84.0%	61,000
<b>Total Operating Revenue</b>	<b>4,895,512</b>	<b>4,123,789</b>	<b>27,379,515</b>	<b>25,562,383</b>	<b>1,817,132</b>	<b>7.1%</b>	<b>72,997,175</b>
<b>OPERATING EXPENSES</b>							
Departmental Operating Expenses	4,512,977	4,266,346	17,244,015	17,470,132	226,117	1.3%	53,795,821
Debt Service	581,689	581,862	3,369,048	3,369,625	577	0.0%	13,738,803
Insurance	-	-	3,619,260	3,619,260	-	0.0%	4,100,000
Other Non-Departmental Expenses	-	-	9,137	-	(9,137)	-	1,362,551
<b>Total Operating Expenses</b>	<b>5,094,667</b>	<b>4,848,207</b>	<b>24,241,461</b>	<b>24,459,017</b>	<b>217,556</b>	<b>0.9%</b>	<b>72,997,175</b>
<b>NET INCOME (LOSS) FROM OPERATIONS</b>	<b>(199,154)</b>	<b>(724,418)</b>	<b>3,138,055</b>	<b>1,103,366</b>	<b>2,034,689</b>		<b>-</b>
<b>CALCULATED OPERATING RATIO</b>							
			<b>70%</b>				

(1) Total jurisdictional subsidy is \$15,943,917. 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](mailto:gotrains@vre.org)

## AGENDA ITEM 10-A INFORMATION ITEM

**TO: CHAIRMAN BULOVA AND THE VRE OPERATIONS BOARD**

**FROM: DALE ZEHNER**

**DATE: NOVEMBER 18, 2011**

**RE: REVIEW OF CUSTOMER OPINION SURVEY FROM MAY 2011**

---

VRE conducted its annual customer service survey on board all VRE trains during the morning of May 11, 2011. The survey provides riders an opportunity to evaluate VRE operations and performance as a system. Approximately 5,600 passengers completed the survey, which is about the same number as last year.

When comparing results to the previous year's survey, VRE scored higher in several categories including ticket checking, quality of website, and most importantly, on-time performance. The biggest improvement was seen in the reliability of the ticket vending machines, scoring six percentage points higher than in 2010. Given the age of the machines, this is an impressive improvement.

Despite these positive results, about half of the graded categories received scores lower than last year. While on-time performance is the most important concern of the riders, seat availability is next. At the time of the survey, more than half of trains (18) were regularly over 90% capacity. With the majority of those trains (11) over 100% capacity, these crowded conditions were likely to have caused riders to score as they did. While cars have been added to certain trains and the Amtrak step-up ticket cost reduced by half, work continues to make improvements to this area in particular.

Crew scores were also not as high as expected given the positive anecdotal feedback we have been receiving from our passengers. The overall crew performance dropped two percentage points from last year, when Amtrak was operating the service. Given that the crews had not yet been on the job for a

year, we suspect that their developing skills, such as making station and delay announcements, caused them to rank lower than the previous, more seasoned operators. We are optimistic that next year's results will be better.

One of the highlights of the results is that our riders find the level of fares as compared to quality and service has improved. In fact, this category improved by 5%, the best improvement year-to-year since the survey started. In addition, overall service quality was rated 78% percent, the highest since 2003. While specific components of our system were identified for improvement, only 9% of respondents felt that service declined from last year.

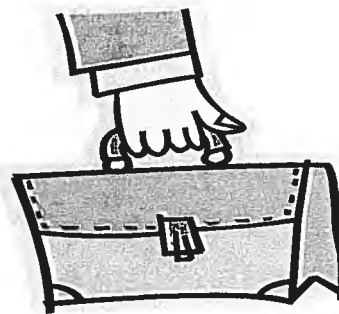
The survey results are illustrated in the attached summary. Full results will be made available on the VRE Website as downloadable Microsoft Word or PDF files following the Operations Board meeting.



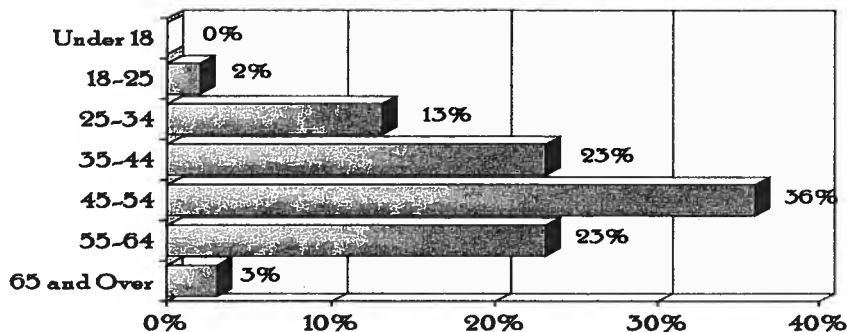
**2011**

**Passenger  
Survey Results**

# Rider Demographics



## Age



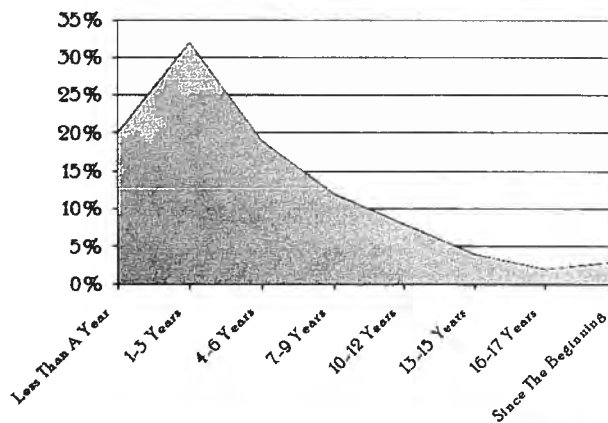
## Gender

- 61% Male
- 39% Female

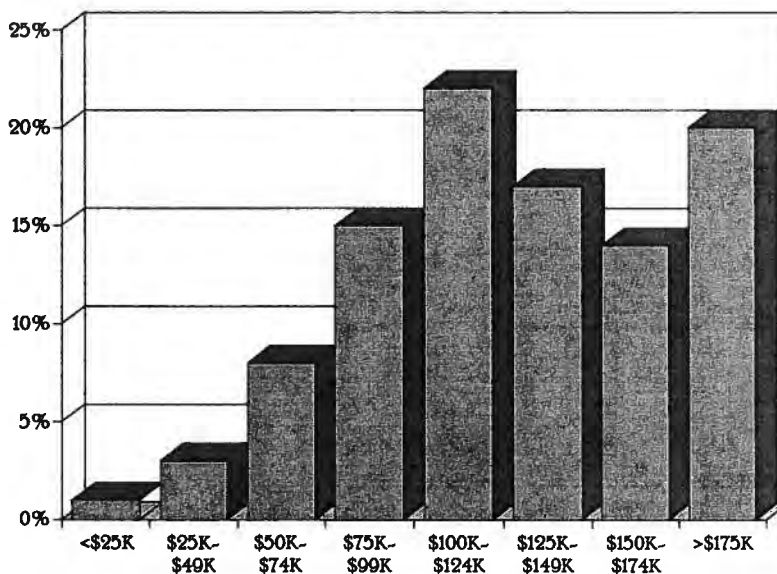
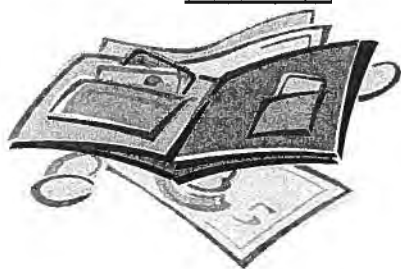
## Sector of Employment

- 66% Government
- 5% Military
- 22% Private
- 3% Association
- 1% Self Employed
- 3% Other

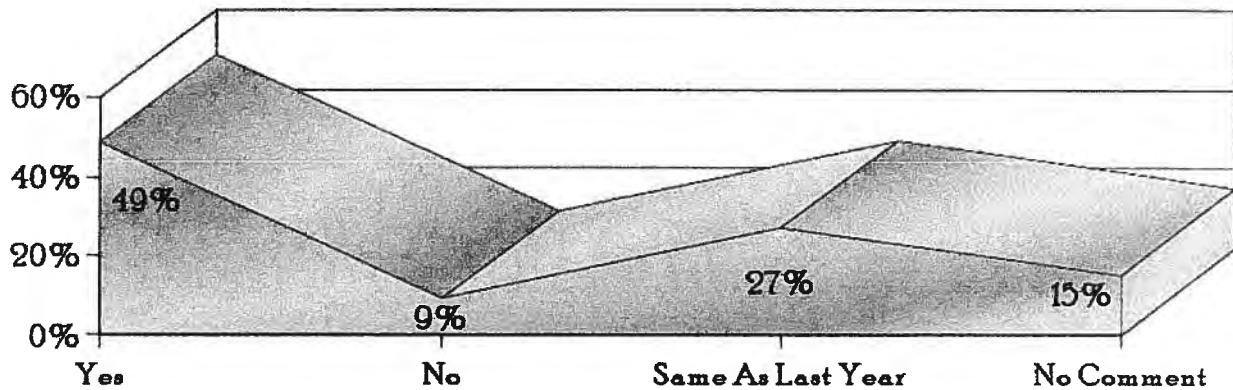
## Years Riding



## Household Income



## Has Service Improved?

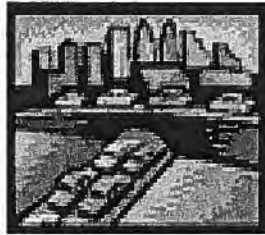


## Top Concerns About Service

- On-Time Performance - 40%
- Lack of Seats - 18%
- Cost - 12%

## Top 3 Reasons for Switching to VRE

1. Traffic
2. New Job
3. New Home



## Riders Traveling On

- Monthly Tickets - 72%
- Ten-Trip Tickets - 21%
- Five-Day Passes - 2%
- Transit Link Cards - 2%

## Did You Know?

- 35% of riders think that more seats should be VRE's top priority over the next year, compared with 27% who think it should be more frequent service.
- 90% of riders would not use Wi-Fi on the train if they had to pay for it.
- 74% of riders have a Smart Phone.
- Roughly 1/4 of riders are proficient in another language (in addition to English)
- 30% of riders own more than two cars



# VRE Report Card

% of riders who rated us with an A or B

	<u>2011</u>	<u>2010</u>
<u>Customer Service:</u>		
Responsiveness of VRE Staff	85%	85%
Friendliness of VRE Staff	83%	84%
VRE Follow-Up to Delays or Problems	50%	51%
Lost and Found	68%	67%
Usefulness of Rail Time	72%	70%
Timeliness of E-mail Responses	51%	53%
Quality of E-mail Responses	56%	60%
Quality of Website	74%	73%
Timeliness of Website Information	67%	67%
Timeliness of Train Talk	65%	67%
Quality of Train Talk	69%	69%
Overall Communication with Passengers	67%	67%
 <u>Train Crew Members:</u>		
Are Knowledgeable About VRE Operations	83%	89%
Are Helpful	84%	88%
Are Courteous	83%	86%
Make Regular Station Announcements	75%	80%
Make Timely Delay Announcements	68%	71%
Check Tickets Regularly	78%	73%
Present A Professional Appearance	91%	91%
Overall Crew Performance	85%	87%
 <u>VRE Operations:</u>		
Convenience of Schedules	59%	61%
On-time Performance	62%	58%
Cleanliness of Trains	89%	87%
Cleanliness of Stations	83%	81%
Communication between VRE Staff & Riders	71%	72%
Automated Telephone System	59%	58%
Reliability of Ticket Vending Machines	51%	45%
Ease of Buying a Ticket	70%	69%
Ease of Using Metrocheks	61%	66%
Station Parking Availability	56%	58%
Public Address System On Train	52%	56%
Public Address System On Platform	45%	52%
Timeliness of Platform Information	40%	45%
Personal Security at Station & On Train	63%	66%
Safety of Train Equipment	79%	79%
Station Signage	67%	68%
Lighting at Morning Station	79%	79%
Lighting at Evening Station	79%	79%
Traffic Circulation	49%	52%
Level of Fare for Quality and Value of Service	63%	58%
Overall Service Quality	78%	77%



DR. GRIDLOCK

# For exemplary transit investment, just look at VRE



ROBERT THOMSON

**Dear Dr. Gridlock:**

Inside the Capital Beltway, we have no space for many new or wider highways. If we take property, we lose tax base and population. Transit-oriented development is the only way to go, other than down. It will not cost. It will save.

Because politicians are too cowardly and self-centered to raise motor fuel taxes, Maryland Gov. Martin O'Malley (D) excepted, we must look to bonds, but not general obligation bonds. They raise taxes in the future.

Virginia Gov. Robert F. McDonnell (R) is the worst example. To avoid a tax increase, he has sold a few billion dollars in bonds to meet his highway budget, but the next governor will have to start paying them back, compounding the problem in spades with no trumps.

Virginia Railway Express showed how to solve this problem. In 1991, politicians despaired of finding money to fund VRE. The Northern Virginia Transportation Commission staff came up with a solution: Sell \$99 million in commission bonds to Wall Street to cover 70 percent of VRE's start-up investment. The state and cities served by VRE could come up with the balance.

To meet private enterprise requirements, the commission had to give bondholders a mortgage on the rolling stock and pledge the fare revenue to bondholders to sink the bonds. But it was such a good deal that after a very few years, the commission was able to refinance the bonds at a lower interest rate. In a few more years, those bonds will be paid off.

To pay the operational expenses for VRE, the local counties and cities must ante up annual appropriations, but this is a tiny slice of their budgets. It is helped by savings on bus operations and improved property values.

Many VRE riders are substituting the rail for cars, so there are savings for them in downtown parking costs and automobile insurance and motor fuel. We need those savings. Last year, we sent \$400 billion abroad



GERALD MARTINEAU/THE WASHINGTON POST

Passengers board the Virginia Railway Express during afternoon rush hour at the L'Enfant Plaza stop. Although it was plagued with problems in recent years, the commuter-rail line has seen ridership soar.

to buy oil. Little of that money comes back.

We also save on 160 miles of highway lanes that VRE make unnecessary. That is probably a savings of \$1.6 billion.

Help us break our gridlock. Apply these thoughts to the vital Purple Line.

*Ed Tennyson, Vienna*

**DG:** Tennyson, a frequent commenter on transportation issues in the Washington region, is a consulting engineer and former deputy secretary of transportation for Pennsylvania. In this letter, he responded to my account on our Oct. 23 Commuter page outlining transportation improvements planned in Northern Virginia.

VRE, which got off to a shaky start, has turned into a transportation success story. The railroad says it removes the equivalent of a lane of traffic from interstates 66 and 95 during peak commuting hours. Travelers, whether they drive or take the train, can see the payoff on their investment, but there's still not much will to pay for the transportation system we want.

But the VRE start-up seems

like an ice age ago. In Maryland, O'Malley has done a remarkable thing in asking the General Assembly to consider an increase in the gas tax, not only to finance road work but also for transit and other transportation projects. In this new age, a leader who suggests a tax increase to finance improvements without announcing his retirement at the same time is either foolhardy or courageous.

The governor's Blue Ribbon Commission on Maryland Transportation Funding proposed a phased-in tax increase of 15 cents a gallon. It's not clear whether the General Assembly will want to be so brave, nor is it certain how Maryland would go about financing what many of us hope will be the next big project in the Washington region: the Purple Line transit path across Montgomery and Prince George's counties.

**WHAT'S UP ON I-270?**  
**Dear Dr. Gridlock:**

What is going on on the stretch of Interstate 270 just above the split north of Interstate 495? The shoulders

between the north and south lanes are blocked off with concrete barriers, but nobody seems to be working in that area.

*Nancy Eddy,  
North Chevy Chase*

**DG:** Recently, I have seen crews in this work zone between the Capital Beltway and Old Georgetown Road, where the Maryland State Highway Administration is embarked on a \$2.6 million safety and resurfacing project that began in late summer.

David Buck, a spokesman for the highway administration, said planners knew going in that they couldn't complete the resurfacing part this year, because cold weather will set in. So workers got the project started by placing new, more robust jersey barriers by the inside shoulders of I-270.

Crews are working every day the weather is favorable to remove the old barrier, install the new one and make drainage improvements, Buck said. This work, behind the barriers during the day with no lane closings, will continue through next month.

After the weather warms in the spring, crews will come in at night to grind down and resurface the 1.2-mile section at the south end of I-270. They should be done by June.

**RIGHT ON RED**  
**Dear Dr. Gridlock:**

Have local laws changed, or does a right turn on red still require a full stop — meaning the wheels of the vehicle have stopped turning — unless there is an arrow or sign indicating that the turn can be without a stop? It is apparent that many drivers are either ignorant of this or choose to ignore it, but as a motorist, pedestrian and bicyclist, it frightens me.

*Steve Brown, Bowie*

**DG:** The number of drivers acting as though they have a virtual green arrow allowing right turns is indeed scary. Some drivers were irate when Montgomery County put up more "No turn on red" signs, but I think more jurisdictions should consider such safety measures.

*thomsonr@washpost.com*

**ONLINE**

Robert Thomson is The Washington Post's Dr. Gridlock. He is online Mondays at noon to take all of your transit questions. For up-to-the-minute traffic reports from The Post's transportation team, go to [www.washingtonpost.com/drgridlock](http://www.washingtonpost.com/drgridlock).


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**To text us about something you've seen,** send the word "DCALERT" and your message to WPOST (98999).

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Dr. Gridlock appears Thursdays in Local Living and Sundays in the Metro section. **Send e-mails for publication to:** [drgridlock@washpost.com](mailto:drgridlock@washpost.com) **or write to:** Dr. Gridlock, 1150 15th St. NW, Washington, D.C. 20071. Please include your name, community and telephone numbers.

-  Text Size
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## For exemplary transit investment, just look at VRE

By ROBERT THOMSON, Wednesday, October 19, 10:18 AM

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alt-tag

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**What's up on I-270?**

VRE's FY 2011 Audited Financial Statements

VRE's audit firm, PBGH, LLP has completed its examination of VRE's financial statements. They provided an unqualified (favorable) opinion. Resolution #2176 provides authorization for VRE's Chief Executive Officer and NVTC staff to provide the audited financial statements to NVTC's jurisdictions, a list of interested firms and individuals including bondholders and regulatory and funding agencies as well as the general public.



## RESOLUTION #2176

**SUBJECT:** VRE's FY 2011 Audited Financial Statements.

**WHEREAS:** VRE's FY 2011 audit has been conducted by the firm of PBGH, LLP; and

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

**NOW, THEREFORE, BE IT RESOLVED** that the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer and NVTC staff to provide VRE's audited financial statements for FY 2011 to NVTC's jurisdictions and a list of interested firms and individuals, including bondholders and regulatory and funding agencies as well as the general public.

Approved this 1<sup>st</sup> day of December, 2011.

---

William Euille  
Chairman

---

Jeffrey McKay  
Secretary-Treasurer



2300 Wilson Boulevard • Suite 620 • Arlington, Virginia 22201  
Tel (703) 524-3322 • Fax (703) 524-1756 • TDD (800) 828-1120  
E-mail [nvtc@nvtc.org](mailto:nvtc@nvtc.org) • Website [www.thinkoutsidethecar.org](http://www.thinkoutsidethecar.org)

# **VIRGINIA RAILWAY EXPRESS**

**Comprehensive Annual Financial Report**

**YEARS ENDED JUNE 30, 2011 AND 2010**



Prepared by:

Department of Finance

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## Introductory Section





# Virginia Railway Express

## A Transportation Partnership

November 10, 2011

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 comprehensive annual financial report for fiscal year ended June 30, 2011 for the Virginia Railway Express (VRE), a commuter rail service jointly owned and operated by the Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportation Commission (PRTC). NVTC and PRTC are political subdivisions of the Commonwealth of Virginia. VRE is not a legal entity and is considered a joint venture of the two Commissions for accounting purposes. As used in this report, VRE refers to those activities that are carried out jointly or individually by NVTC and PRTC to operate the commuter rail activities described below.

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 2011. 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 auditor's 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 auditor's 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**

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 2011, VRE operated 32 trains and served an average daily ridership of 18,377.

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. PRTC is the recipient of federal grants for the rail service and NVTC is the recipient of state grants for the rail service, with certain minor exceptions. All non-contract staff are employees of PRTC.

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 2011, VRE focused on improving systems that would ensure the future health of the rail line.

During fiscal year 2009, VRE placed orders for the construction of nine locomotives. An additional six locomotives were ordered during fiscal year 2010 and five more were approved for purchase by the Commissions in the early months of fiscal year 2011. The first new locomotive was delivered to VRE in June 2010 and 13 were received and in service by the end of fiscal year 2011. The new locomotives are more fuel efficient and less costly to maintain and will improve service reliability.

Construction of a second platform and overhead pedestrian bridge at the Woodbridge station was completed and opened for service in the early part of the fiscal year. For Fredericksburg line passengers, design work was completed for the expansion of parking at both the Brooke and Leeland stations and the Fredericksburg station renovation was completed and opened for service. Improvements at the Broad Run storage yard, including the construction of a service and inspection building and the extension of tracks for rolling stock storage were also completed during the fiscal year. Work continued on the design of 11 miles of third track in Stafford and Prince William counties, with construction slated to begin in fiscal year 2012.

Work continued on an upgrade to the current fare collection system to ensure compliance with the Payment Card Industry (PCI) standards for data security, with completion scheduled for early in fiscal year 2012. In addition, a requirements study for a new fare collections system was initiated.

The contract with Keolis Rail Services Virginia, LLC for train operations and maintenance service began on June 25, 2010, although Amtrak continued to operate revenue trains for the VRE service through July 9, 2010. After that date, Amtrak provided access to and storage for VRE trains at Union Station in Washington, DC and mid-day mechanical and other services.

### **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 identified the projected ridership demand through 2025, and the capital and operating expenses necessary to meet the demand. It also examined potential network extensions, their impact on ridership, and the costs of such expansions and provided 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 was completed in fiscal year 2011 and is the basis for the annual development of the capital program. The annual budget includes both a multi-year capital program and a six-year forecast of revenue, expenses and funding sources.

## **Financial Environment**

The current financial environment has resulted in a conundrum for VRE, as it has for many transit agencies. As the price of fuel has soared, environmental concerns increased, and highways became even more crowded, commuters have been drawn to transit alternatives. For VRE, ridership has been further strengthened by investments in new equipment and an increase in the transit subsidy available to many area residents. As a result, VRE experienced its highest cumulative average daily ridership to date during fiscal year 2011. At the same time, the general economic downturn has caused severe financial difficulty for the local, state and federal governments that provide important subsidy funds for the VRE system. As a result, future VRE budgets will continue to reflect a balance between meeting service needs, controlling local 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, 2010. 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. Sharon Bulova, Fairfax County
Vice-Chairman	Hon. Wally Covington, Prince William County
Treasurer	Hon. Susan Stimpson, Stafford County
Secretary	Hon. Paul Smedberg, City of Alexandria

#### Members

Hon. Maureen Caddigan, Prince William County  
Hon. John Cook, Fairfax County  
Thelma Drake, VDRPT  
Hon. Frederic Howe, City of Fredericksburg  
Hon. John Jenkins, Prince William County  
Hon. Paul Milde, Stafford County  
Hon. Suhas Naddoni, City of Manassas Park  
Hon. Gary Skinner, Spotsylvania County  
Hon. Jonathan Way, City of Manassas  
Hon. Christopher Zimmerman, Arlington County

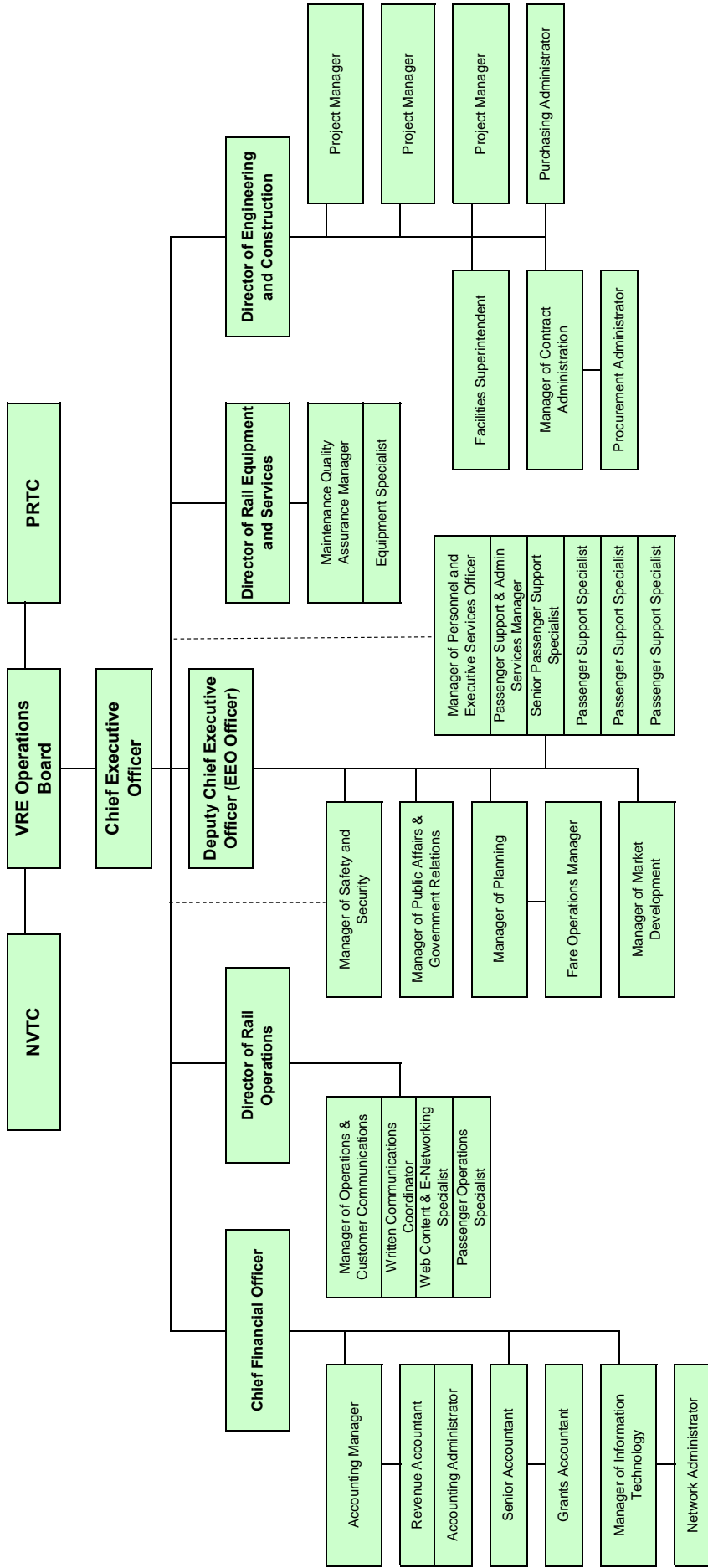
#### Alternates

Hon. Marc Aveni, City of Manassas  
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. Robert Krupicka, City of Alexandria  
Hon. Jerry Logan, Spotsylvania County  
Hon. Michael May, Prince William County  
Hon. Jeff McKay, Fairfax County  
Hon. Martin Nohe, Prince William County  
Kevin Page, VDRPT  
Hon. John Stirrup, Prince William County

### Management

Chief Executive Officer	Dale Zehner
Deputy Chief Executive Officer	Jennifer Mouchantaf
Chief Financial Officer	Donna Boxer, CPA
Director, Rail Equipment and Services	Richard Dalton
Director, Rail Operations	April Maguigad
Director, Engineering and Construction	Sirel Mouchantaf, P.E.

Virginia Railway Express  
Organizational Chart  
June 2011



Footnote: Manager of Safety and Security reports to the CEO in matters related to safety and security.  
 Manager of Personnel reports to the CEO in matters related to EEO.



## Financial Section





## INDEPENDENT AUDITOR'S 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, 2011 and 2010, 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Virginia Railway Express as of June 30, 2011 and 2010, 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 10, 2011 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 40 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 10, 2011



## 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, 2011. 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 7.6 percent compared to the prior year, from \$30,267,105 to \$32,568,192. Ridership increased by 12.0 percent from 4,033,230 annual trips to 4,517,366. The methodology for calculating passenger trips was changed during fiscal year 2011 to reflect detraining prior to the inner city stations; this contributed to a ridership increase in excess of the increase to revenue.
- Operating expenses increased by 9.6 percent from \$52,594,511 to \$57,628,912 as the result of higher costs for access fees, contract operations and maintenance, and diesel fuel and utilities.
- Non-operating revenue and capital grants increased by 34.6 percent from \$71,605,975 to \$96,406,739. This increase reflects the large federal grants drawn in fiscal year 2011 for the purchase of locomotives (with either PRTC or NVTC as grantee).
- The operating loss before depreciation was \$25,060,720, an increase from the previous year of 12.2 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 \$53,289,381 from \$201,610,330 to \$254,899,711 primarily as the result of capital contributions for construction of locomotives. At the end of the fiscal year, unrestricted net assets were \$27,947,760.
- During the fiscal year, capital assets, net of accumulated depreciation and amortization, increased by 14.7 percent, primarily as the result of progress on the construction of 20 new locomotives.

### 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 21-39 of this report.

## Financial Analysis

### Statements of Net Assets

As noted earlier, net assets may serve over time as an indicator of financial strength, although other indicators should be considered as well. A condensed summary of VRE's net assets at June 30, 2011, 2010, and 2009 is shown below:

#### Condensed Statements of Net Assets

	2011	2010	2009
<b>ASSETS:</b>			
Current and other assets	\$ 55,530,425	\$ 52,448,311	\$ 43,704,514
Capital assets, net	322,205,246	280,924,816	257,970,013
<b>Total assets</b>	<b>377,735,671</b>	<b>333,373,127</b>	<b>301,674,527</b>
<b>LIABILITIES:</b>			
Current portion of long-term debt	8,378,899	7,816,356	7,209,050
Other current liabilities	15,119,555	17,571,445	19,665,846
Non-current liabilities	99,337,506	106,374,996	105,054,110
<b>Total liabilities</b>	<b>122,835,960</b>	<b>131,762,797</b>	<b>131,929,006</b>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	210,039,494	163,430,867	143,176,616
Restricted	16,912,457	15,526,729	14,273,387
Unrestricted	27,947,760	22,652,734	12,295,518
<b>Total net assets</b>	<b>\$ 254,899,711</b>	<b>\$ 201,610,330</b>	<b>\$ 169,745,521</b>

## **Current Year**

Net assets increased by approximately \$53.3 million, or 26.4 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, \$210.0 million or 82.4 percent, represents its investment in capital assets (e.g., land, buildings, improvements, rolling stock, equipment and software), 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 amortization and net of related debt. The resources required to repay this debt must be provided annually from operations and federal (with PRTC as grantee), state and local support since it is unlikely that the capital assets themselves will be liquidated to pay liabilities.

A portion of VRE's net assets, \$16.9 million or 6.6 percent represents resources that are restricted for the liability insurance plan, debt service, and the purchase of replacement rolling stock.

Capital assets, net of accumulated depreciation and amortization, increased approximately \$41.3 million or 14.7 percent as the result of rolling stock and facilities additions.

Current liabilities decreased approximately \$1.9 million or 7.4 percent as the result of a decrease to accrued expense related to a \$1.5 million payment to Amtrak for VRE's share of a retroactive wage settlement and accrued payments for the purchase of rolling stock combined with an increase to contract retainage.

Noncurrent liabilities decreased approximately \$7.0 million or 6.6 percent because of scheduled bond and note repayments during the year.

Restricted net assets increased approximately \$1.4 million or 8.9 percent.

## **Prior Year**

Net assets increased by approximately \$31.9 million, or 18.8 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, \$163.4 million or 81.1 percent, represented its investment in capital assets (e.g., land, buildings, improvements, rolling stock, equipment and software), less the related indebtedness outstanding used to acquire those capital assets.

A portion of VRE's net assets, \$15.5 million or 7.7 percent represented resources that are restricted for the liability insurance plan, debt service, and restricted grant funds less related liabilities.

Capital assets, net of accumulated depreciation and amortization, increased approximately \$23 million or 8.9 percent as the result of rolling stock and facilities additions.

Current liabilities decreased approximately \$1.5 million or 5.5 percent as the result of a decrease to accounts payable.

Noncurrent liabilities increased approximately \$1.3 million or 1.3 percent because of new debt incurred for the purchase of ten additional Gallery railcars, less scheduled bond and note repayments during the year.

Restricted net assets increased approximately \$1.3 million or 8.8 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.

	2011	2010	2009
Operating revenues:			
Passenger revenue	\$ 32,368,123	\$ 30,019,730	\$ 25,909,794
Equipment rentals and other	200,069	247,375	124,926
<b>Total operating revenues</b>	<b>32,568,192</b>	<b>30,267,105</b>	<b>26,034,720</b>
Non-operating revenues and capital grants:			
Subsidies and grants:			
Commonwealth of Virginia	20,313,115	24,093,271	25,711,262
Federal – with PRTC as grantee	56,293,414	29,963,107	27,432,583
Federal – NVTC and other	3,308,513	402,355	53,738
Pass-through to Fairfax County	-	-	(4,456,818)
Jurisdictional contributions	16,070,307	16,376,968	17,275,500
In-kind and local contributions	406,331	680,631	1,903,284
Interest income	15,059	89,643	406,855
<b>Total non-operating revenues and capital grants</b>	<b>96,406,739</b>	<b>71,605,975</b>	<b>68,326,404</b>
<b>Total revenues</b>	<b>128,974,931</b>	<b>101,873,080</b>	<b>94,361,124</b>
Operating expenses:			
Contract operations and maintenance	21,405,930	20,291,361	18,694,757
Other operations and maintenance	12,949,155	12,055,009	12,575,004
Property leases and access fees	11,756,531	9,482,367	8,686,385
Insurance	4,049,906	3,864,366	3,866,438
Marketing and sales	1,502,434	1,259,048	1,477,554
General and administrative	5,964,956	5,642,360	5,492,566
<b>Total operating expenses</b>	<b>57,628,912</b>	<b>52,594,511</b>	<b>50,792,704</b>
Other expenses:			
Depreciation and amortization	12,218,203	11,337,406	10,445,041
Interest, financing costs and other	5,566,829	5,682,935	6,014,243
<b>Total other expenses</b>	<b>17,785,032</b>	<b>17,020,341</b>	<b>16,459,284</b>
<b>Total expenses</b>	<b>75,413,944</b>	<b>69,614,852</b>	<b>67,251,988</b>
Revenues over expenses before special items	53,560,987	32,258,228	27,109,136
Special item – gain (loss) on disposal of assets	(271,606)	(393,419)	4,218,641
<b>Change in net assets</b>	<b>53,289,381</b>	<b>31,864,809</b>	<b>31,327,777</b>
Net assets - beginning of year	201,610,330	169,745,521	138,417,744
Net assets - end of year	<b>\$ 254,899,711</b>	<b>\$ 201,610,330</b>	<b>\$ 169,745,521</b>

## Revenues

### Current Year

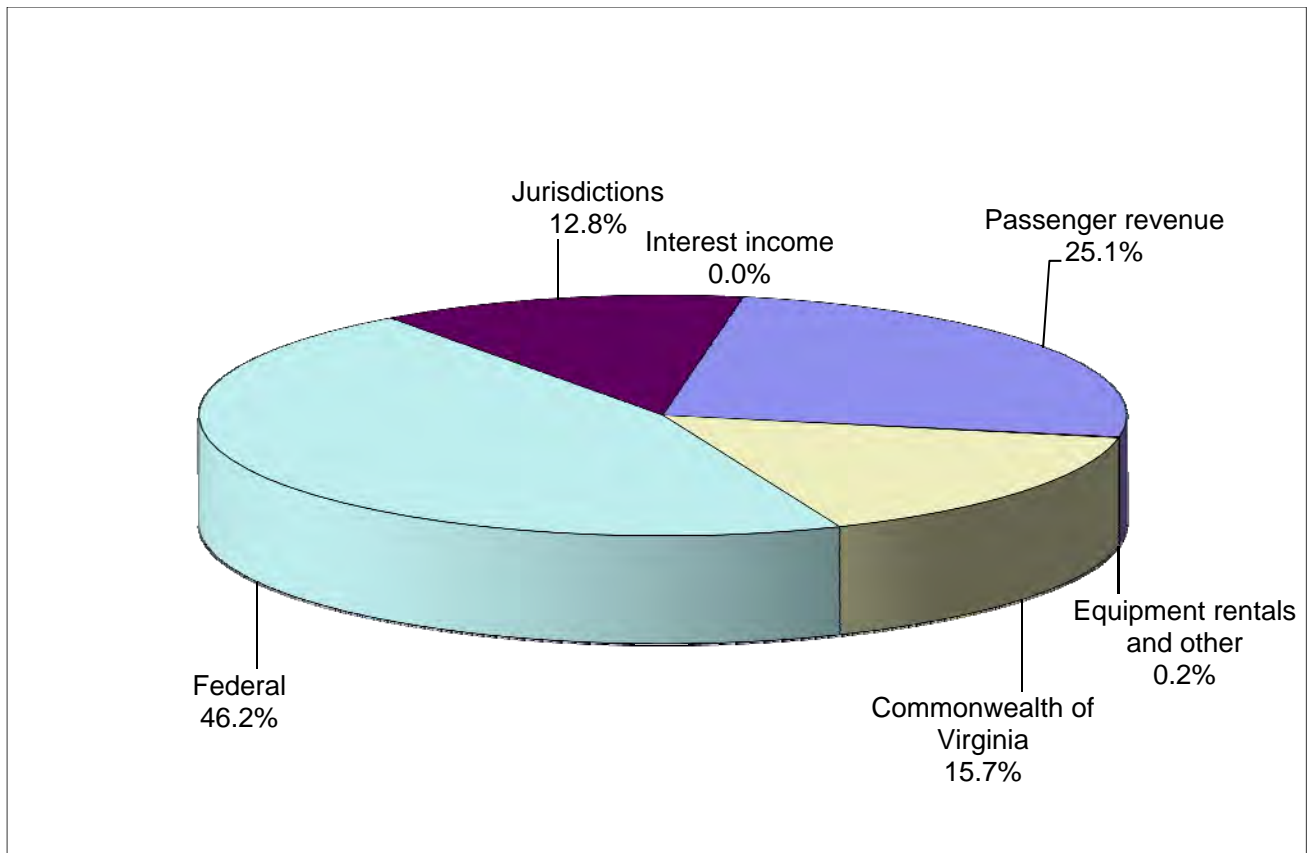
Total revenues for the current fiscal year increased approximately \$27.1 million or 26.6 percent. Operating revenues totaled \$32.6 million, an increase of 7.6 percent from the prior year.

Passenger revenue increased approximately \$2.3 million or 7.8 percent as the result of an increase in ridership.

	June 30,		
	2011	2010	2009
Ridership	4,517,366	4,033,230	3,857,646
% Increase (Decrease)	12%	4.6%	6.3%

Subsidies and capital grants increased approximately \$25.5 million or 46.7 percent; this increase reflects the grants for the purchase of locomotives. Jurisdictional subsidies decreased approximately \$.3 million or 1.9 percent. In addition, VRE received \$.4 million of in-kind and local contributions.

The following chart shows the major sources of revenues for the year ended June 30, 2011:





## Prior Year

Total revenues for the prior fiscal year increased approximately \$7.5 million or 8 percent. Operating revenues totaled \$30.3 million, an increase of 16.3 percent from the prior year.

Passenger revenue increased approximately \$4.1 million or 15.9 percent, the combined result of a 7 percent midyear fare increase in 2009 and an increase in ridership.

Subsidies and capital grants increased approximately \$5.7 million or 11.7 percent; this increase reflects the grants for the purchase of locomotives. Jurisdictional subsidies decreased approximately \$.9 million or 5.2 percent. In addition, VRE received \$.7 million of in-kind and local contributions.

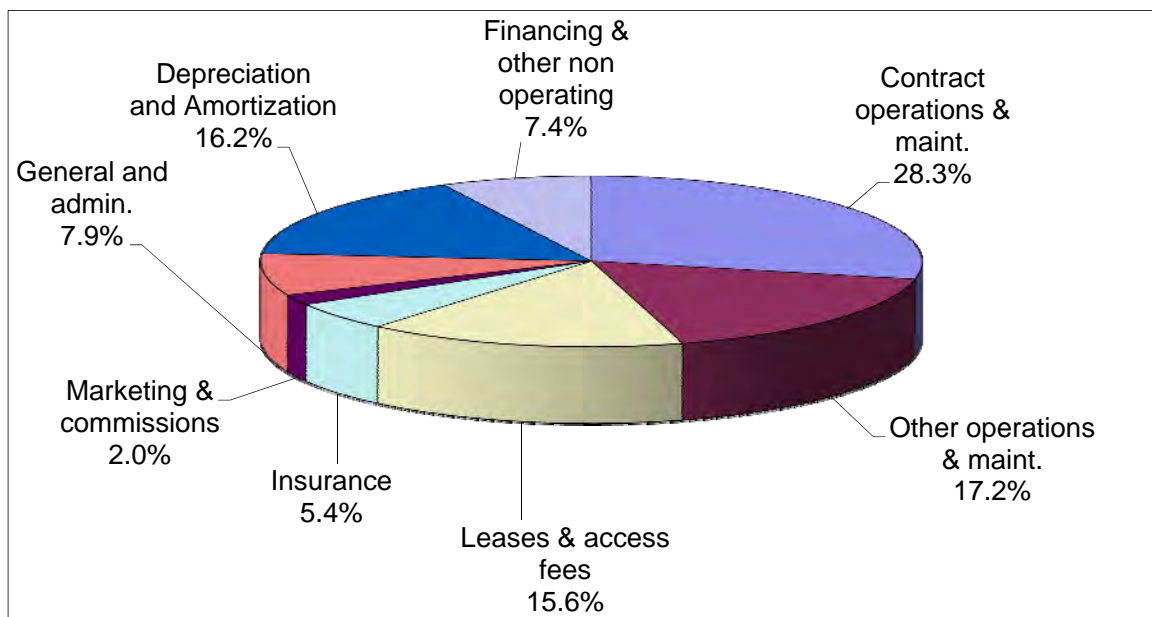
## **Expenses**

### Current Year

Total operating and other expenses, including depreciation and amortization, increased approximately \$5.8 million or 8.3 percent. Operating expenses increased by \$5 million or 9.6 percent. Total operating expenses were approximately \$57.6 million compared to approximately \$52.6 million for the prior fiscal year.

Property leases and access fees increased by approximately \$2.3 million or 24.0 percent as the result of regular contractual increases and a new contract with Amtrak for access to Union Station. Contracted operation and maintenance costs increased by approximately \$1.1 million or 5.5 percent because of the inclusion in the new contract of certain liability insurance costs and warehouse and facilities services and additional costs for maintenance of the older locomotives. Diesel fuel and utility costs combined were higher than the amounts for the prior year by approximately \$1 million or 22.2 percent, primarily as the result of substantial increases to the price of diesel fuel and the use of stand-by power for idling locomotives. Ticket sales expense increased by \$.12 million or 14.5 percent as the result of higher ticket sales, insurance costs increased by \$.19 million or 4.8 percent and professional services increased by \$.21 million or 43.4% for several grant funded studies and construction oversight. Depreciation and amortization increased by approximately \$.88 million or 7.8 percent and net interest and financing costs decreased by \$.11 million or 2 percent.

The following chart shows the major expense categories for the year ended June 30, 2011:



## Prior Year

Total operating and other expenses, including depreciation and amortization, increased approximately \$2.4 million or 3.5 percent. Operating expenses increased by \$1.8 million or 3.6 percent. Total operating expenses were approximately \$52.6 million compared to approximately \$50.8 million for fiscal year 2009.

Contracted operation and maintenance costs increased by approximately \$1.6 million or 8.5 percent because of the one-time costs of transitioning to a new operation and equipment maintenance contractor during the fiscal year. Diesel fuel costs were less than the amount for the prior year by approximately \$1.9 million or 33.4 percent, primarily as the result of a substantial decrease to the price of diesel fuel. Property leases and access fees increased by approximately \$.77 million or 9 percent as the result of contractual increases and marketing costs decreased by approximately \$.31 million or 63.8 percent, a reflection of the decision not to conduct any marketing campaigns during the fiscal year. Depreciation and amortization increased by approximately \$.89 million or 8.5 percent and net interest and financing costs decreased by \$.33 million or 5.5 percent.

## **Capital Assets and Debt Administration**

### **Capital Assets**

VRE's investment in capital assets as of June 30, 2011 amounts to \$322 million (net of accumulated depreciation and amortization). This investment in capital assets includes rolling stock, stations and platforms, track and signal improvements, office facilities, equipment and software, and equity in local property. Acquisitions are funded using a variety of financing techniques, including loans and grants from varying government agencies and other local sources.

	2011	2010	2009
Rolling stock	\$ 218,390,607	\$ 175,852,176	\$ 153,611,395
Vehicles	99,832	74,162	45,550
Facilities	92,335,553	78,099,155	76,785,604
Track and signal improvements	52,684,367	52,151,000	52,151,000
Equipment and software	8,393,438	8,776,321	7,850,081
Construction in progress	31,683,346	42,817,578	33,842,651
Equity in local properties	5,244,798	5,244,798	5,244,798
Furniture, equipment and software	3,760,116	3,724,664	3,314,942
	<u>412,592,057</u>	<u>366,739,854</u>	<u>332,846,021</u>
Less accumulated depreciation and amortization	(90,386,811)	(85,815,038)	(74,876,008)
<b>Total capital assets, net</b>	<u>\$ 322,205,246</u>	<u>\$ 280,924,816</u>	<u>\$ 257,970,013</u>

### Current Year

During fiscal year 2011, net investment in capital assets increased approximately \$41.3 million or 14.7 percent. Completed projects totaling approximately \$65 million were closed from construction in progress to their respective capital accounts and an additional \$.19 million was charged directly to the capital accounts.

The major completed projects were: manufacture of 13 new locomotives (\$50.8 million); construction of a second platform and pedestrian overpass at the Woodbridge station (\$6.1 million); Fredericksburg station viaduct and platform rehabilitation (\$2.2 million); and the construction of a maintenance facility at the Broad Run yard (\$5.8 million). Seven older locomotives were sold during the year for a combined net loss on sale in the amount of approximately \$270,000. The major additions to construction in progress during the fiscal year were for the acquisition of new locomotives, and improvements to the stations and yards.

Additional information on VRE's capital assets and contractual commitments can be found in Note 3 and 10 to the financial statements.

### **Prior Year**

During fiscal year 2010, net investment in capital assets increased approximately \$23 million or 8.9 percent. Completed projects totaling approximately \$24.9 million were closed from construction in progress to their respective capital accounts and an additional \$1.3 million was charged directly to the capital accounts.

The major completed projects were: manufacture and purchase of 10 Gallery railcars (\$22.8 million); Burke platform extension (\$1.2 million); the cab signal project (\$.5 million); and the two-way radio project (\$.4 million). Two older locomotives were sold during the year, a warehouse at the Amtrak Ivy City yard was converted to Amtrak ownership, and equipment was transferred to the purchaser of older Gallery cars and to the new contract operator for a combined net loss on sale in the amount of \$.4 million. The major additions to construction in progress during the fiscal year were for the acquisition of new locomotives, improvements to the stations and yards, expansion of parking facilities, and an upgrade to the fare collection system.

### **Debt Administration**

At June 30, 2011, VRE had total debt outstanding of \$107,767,263. The revenue bond debt is issued under the name of the Northern Virginia Transportation Commission (NVTC). The bonds are secured by a pledge of VRE revenue. A debt service insurance policy guarantees payment of each bond series.

The Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportation Commission (PRTC) are co-lessees of the capital lease for rolling stock, which is secured by the related equipment. The note payable for VRE's office condominium was issued by NVTC and is secured by the real estate. The promissory notes with the Federal Railroad Administration for the purchase of 60 Gallery railcars are issued by NVTC, but both NVTC and PRTC are signatories on each note. The notes are secured by the revenues of VRE and the rolling stock.

	2011	2010	2009
Revenue bonds	\$ 24,295,000	\$ 29,490,000	\$ 34,425,000
Capital leases	19,786,652	20,775,627	21,720,726
Notes payable (includes RRIF)	63,685,611	64,189,851	56,622,937
<b>Total</b>	<b>\$ 107,767,263</b>	<b>\$ 114,455,478</b>	<b>\$ 112,768,663</b>

VRE has access to a line of credit of up to \$1 million with SunTrust Bank; the line was not utilized during 2011. 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.

No general fare increase was budgeted for fiscal year 2012. The local subsidy for fiscal year 2012 was reduced by \$126,391 to a total of \$15,943,916, a reflection of the decline in local jurisdiction revenue. The level of state funding for transportation continues to be volatile and the level of federal formula funding may be considerably more variable than it has been in the past.

## **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](mailto:dboxer@vre.org).

**VIRGINIA RAILWAY EXPRESS**

**STATEMENTS OF NET ASSETS**

**June 30, 2011 and 2010**

<b>ASSETS</b>	<b>2011</b>	<b>2010</b>
Current Assets:		
Cash and cash equivalents	\$ 9,921,706	\$ 10,042,748
Accounts receivable:		
Due from PRTC – funded by FTA	14,533,706	13,843,349
Federal grants - other	121,412	190,368
Commonwealth of Virginia grants	3,640,249	2,959,930
Trade receivables, net of allowance for doubtful accounts	3,689,528	4,036,020
Other receivables	237,667	104,958
Inventory	4,715,458	3,445,580
Prepaid expenses and other	465,647	772,322
Restricted cash, cash equivalents and investments	16,808,248	15,579,409
<b>Total current assets</b>	<b>54,133,621</b>	<b>50,974,684</b>
Noncurrent Assets:		
Deferred bond and lease costs, net	1,396,804	1,473,627
Capital assets:		
Rolling stock	218,390,607	175,852,176
Vehicles	99,832	74,162
Facilities	92,335,553	78,099,155
Track and signal improvements	52,684,367	52,151,000
Equipment and software	8,393,438	8,776,321
Construction in progress	31,683,346	42,817,578
Equity in local properties	5,244,798	5,244,798
Furniture, equipment and software	3,760,116	3,724,664
	412,592,057	366,739,854
Less accumulated depreciation and amortization	(90,386,811)	(85,815,038)
<b>Total capital assets, net</b>	<b>322,205,246</b>	<b>280,924,816</b>
<b>Total noncurrent assets</b>	<b>323,602,050</b>	<b>282,398,443</b>
<b>Total assets</b>	<b>\$ 377,735,671</b>	<b>\$ 333,373,127</b>

<b>LIABILITIES AND NET ASSETS</b>	<b>2011</b>	<b>2010</b>
Current Liabilities:		
Accounts payable	\$ 2,675,346	\$ 3,386,946
Accounts payable – rolling stock	1,092,856	1,609,565
Payable to Commissions	847,743	496,560
Compensated absences	2,757	1,462
Accrued expenses	4,610,277	7,978,407
Accrued interest	926,658	1,065,082
Unearned revenue	1,293,177	1,056,857
Contract retainage	3,670,741	1,976,566
Notes payable	1,734,009	1,632,381
Current portion of capital lease obligations	1,034,890	988,975
Current portion of bonds payable	5,610,000	5,195,000
<b>Total current liabilities</b>	<b>23,498,454</b>	<b>25,387,801</b>
Noncurrent Liabilities:		
Capital lease obligations	18,751,762	19,786,652
Notes payable	61,951,602	62,557,470
Bonds payable, net	18,319,892	23,747,340
Compensated absences	314,250	283,534
<b>Total noncurrent liabilities</b>	<b>99,337,506</b>	<b>106,374,996</b>
<b>Total liabilities</b>	<b>122,835,960</b>	<b>131,762,797</b>
Net Assets:		
Invested in capital assets, net of related debt	210,039,494	163,430,867
Restricted for liability insurance plan	10,052,968	9,511,797
Restricted for debt service and capital lease	6,259,239	5,980,313
Restricted grants or contributions	600,250	34,619
Unrestricted assets	27,947,760	22,652,734
<b>Total net assets</b>	<b>254,899,711</b>	<b>201,610,330</b>
<b>Total liabilities and net assets</b>	<b>\$ 377,735,671</b>	<b>\$ 333,373,127</b>

## VIRGINIA RAILWAY EXPRESS

### STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS Years Ended June 30, 2011 and 2010

	2011	2010
Operating Revenues:		
Passenger revenue	\$ 32,368,123	\$ 30,019,730
Equipment rentals and other	200,069	247,375
	<u>32,568,192</u>	<u>30,267,105</u>
<b>Total operating revenues</b>	<b>32,568,192</b>	<b>30,267,105</b>
Operating Expenses:		
Contract operations and maintenance	21,405,930	20,291,361
Other operations and maintenance	12,949,155	12,055,009
Property leases and access fees	11,756,531	9,482,367
Insurance	4,049,906	3,864,366
Marketing and sales	1,502,434	1,259,048
General and administrative	5,964,956	5,642,360
	<u>57,628,912</u>	<u>52,594,511</u>
<b>Total operating expenses</b>	<b>57,628,912</b>	<b>52,594,511</b>
<b>Operating loss before depreciation and amortization</b>	<b>(25,060,720)</b>	<b>(22,327,406)</b>
Depreciation and amortization	<u>(12,218,203)</u>	<u>(11,337,406)</u>
<b>Operating loss</b>	<b>(37,278,923)</b>	<b>(33,664,812)</b>
Nonoperating Revenues (Expenses):		
Subsidies:		
Commonwealth of Virginia grants	12,806,509	13,153,781
Federal grants – with PRTC as grantee	16,157,284	14,525,795
Jurisdictional contributions	16,070,307	16,376,968
Interest income:		
Operating funds	14,675	23,893
Insurance trust	-	65,164
Other restricted funds	384	586
Interest, amortization and other nonoperating expenses, net	<u>(5,566,829)</u>	<u>(5,682,935)</u>
<b>Total nonoperating revenues, net</b>	<b>39,482,330</b>	<b>38,463,252</b>
Capital grants and assistance:		
Commonwealth of Virginia grants	7,506,606	10,939,490
Federal grants – with PRTC as grantee	40,136,130	15,437,312
Federal grants – NVTC and other	3,308,513	402,355
Other local contributions	406,331	680,631
	<u>51,357,580</u>	<u>27,459,788</u>
<b>Total capital grants and assistance</b>	<b>51,357,580</b>	<b>27,459,788</b>
Loss on disposal of assets	<u>(271,606)</u>	<u>(393,419)</u>
<b>Change in net assets</b>	<b>53,289,381</b>	<b>31,864,809</b>
Net Assets, beginning	<u>201,610,330</u>	<u>169,745,521</u>
Net Assets, ending	<u>\$ 254,899,711</u>	<u>\$ 201,610,330</u>

**VIRGINIA RAILWAY EXPRESS**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2011 and 2010**

	2011	2010
Cash Flows From Operating Activities:		
Receipts from customers	\$ 33,206,301	\$ 30,393,082
Payments to suppliers	(58,125,397)	(48,894,869)
Payments to employees	(3,759,123)	(4,660,169)
<b>Net cash used in operating activities</b>	<b>(28,678,219)</b>	<b>(23,161,956)</b>
Cash Flows From Noncapital Financing Activities:		
Governmental subsidies	46,219,491	44,513,699
Cash Flows From Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(51,928,553)	(26,997,485)
Capital grants and assistance	48,635,100	23,537,414
Proceeds from sale of capital assets	150,000	300,000
Principal paid on capital lease obligations	(988,975)	(945,099)
Principal paid on notes	(1,654,016)	(1,384,221)
Principal paid on bonds	(5,195,000)	(4,935,000)
Interest paid on capital lease obligation	(942,382)	(986,259)
Interest paid on bonds and notes	(4,525,203)	(4,637,040)
<b>Net cash used in capital and related financing activities</b>	<b>(16,449,029)</b>	<b>(16,047,690)</b>
Cash Flows From Investing Activities:		
Interest received on investments	15,054	89,724
<b>Increase in cash and cash equivalents</b>	<b>1,107,297</b>	<b>5,393,777</b>
Cash and Cash Equivalents, beginning	25,622,157	20,228,380
Cash and Cash Equivalents, ending	\$ 26,729,454	\$ 25,622,157
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:		
Operating loss	\$ (37,278,923)	\$ (33,664,812)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	12,218,203	11,337,406
Loss on disposal of assets	34,505	44,780
(Increase) decrease in:		
Accounts receivable	346,492	90,911
Other receivables	55,297	(83,696)
Inventory	(1,269,878)	(77,041)
Prepaid expenses and other	306,675	(223,951)
Increase (decrease) in:		
Accounts payable and accrued expenses	(3,326,910)	(704,315)
Unearned revenue	236,320	118,762
<b>Net cash used in operating activities</b>	<b>\$ (28,678,219)</b>	<b>\$ (23,161,956)</b>
Schedule of Noncash Capital Activities		
Capital assets acquired through accounts payable	\$ 1,609,739	\$ 2,441,232
Capital assets acquired through notes payable	1,149,776	8,951,135
Capital assets acquired through accrued liabilities	2,875,831	2,909,466
Capital assets acquired through in-kind contributions	197,367	341,344
<b>\$ 5,832,713</b>	<b>\$ 14,643,177</b>	



# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies

#### Reporting Entity

The Virginia Railway Express (VRE) is accounted for as 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 an agreement between the Commissions and Keolis Rail Services Virginia, LLC and Amtrak provides the Commissions with access to and storage and other services at Union Station.

Assets for VRE operations have been purchased in the name of the Commissions and funded primarily by grants, loans or other financing arrangements for which one or both Commissions have served as grantee, issuer, borrower, or in other related capacities. In order to present a full and accurate picture of VRE operations, all financial transaction related to the commuter rail program are combined in this report. In addition, an allocation of the VRE assets and obligations are reflected in the financial reports of 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, a lease financing, Federal (with PRTC as grantee) 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, Spotsylvania and Stafford; and the cities of Manassas, Manassas Park and Fredericksburg, Virginia. Contributing jurisdictions include Arlington County and the City of Alexandria, Virginia. In February 2010 the VRE Master Agreement was amended to include Spotsylvania County as a participating jurisdiction. Spotsylvania County's share of the VRE annual subsidy from February 2010 through the middle of fiscal year 2012 has been deferred until 60 days after the beginning of fiscal year 2013.

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 2009. 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.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### 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. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. VRE has elected not to follow subsequent private-sector guidance.

**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 (with PRTC as grantee) and Commonwealth of Virginia (with NVTC as grantee) 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 \$16,808,248 and \$15,579,409 at June 30, 2011 and 2010, respectively, are comprised of funds related to bond compliance requirements, the balance in the Liability Insurance Plan, proceeds from the sale of rolling stock 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 \$324,000 at June 30, 2011 and \$301,000 at June 30, 2010.

**Inventory:** VRE has purchased an inventory of spare parts for rolling stock that is maintained and managed at the Commission’s warehouse located at Broad Run. As the result of the transfer of maintenance operations to Keolis Rail Services Virginia, inventory that was previously maintained by Amtrak was shifted to the VRE warehouse in June and July 2010. Inventory is stated at cost, which approximates market, and is valued using the first-in-first-out method.

**VIRGINIA RAILWAY EXPRESS**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Measurement Focus, Basis of Accounting (Continued)**

*Prepaid expenses:* Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements using the consumption 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 or amortized. Major improvements and replacements of property are capitalized. Maintenance, repairs and minor improvements and replacements are expensed.

Costs of improvements to track, stations 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, with the exception of software purchases, which are only capitalized if the initial cost is \$15,000 or more. The GASB Statement No. 51 accounting and financial reporting requirements for intangible assets were implemented during fiscal year 2010.

Interest is capitalized on qualifying construction in progress projects until they have reached the point of substantial completion. For those projects financed with tax-exempt debt, the amount of capitalized interest equals the difference between the interest cost associated with the borrowing to finance the project and the interest earned from temporary investment of the debt proceeds. Capitalized interest is amortized using the straight-line method over the useful life of the asset.

Depreciation and amortization of all exhaustible equipment, buildings and intangibles 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 and software	5 years
Equity in local properties	35 years
Furniture, equipment and software	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, 2011.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Measurement Focus, Basis of Accounting (Continued)

**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.

### Note 2. Cash, Cash Equivalents and Investments

**Deposits.** Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”), Section 2.2-4400 et., seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

**Investments.** Statutes authorize local governments and other public bodies to invest in obligations of the United States or 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).

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.

## VIRGINIA RAILWAY EXPRESS

### NOTES TO FINANCIAL STATEMENTS

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

**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.

Investment	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.

**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, 2011, the book balance of VRE's deposits with banks was \$830,025; 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

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

**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.

**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.

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

Investment	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	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

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

At June 30, 2011, VRE had investments of \$9,587,421 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, 2011, VRE had \$10,052,968 invested in the Insurance Trust. Beginning with fiscal year 2011, any earnings on these investments are retained by the Commonwealth of Virginia.

Accumulated bond interest and principal payments in the amount of \$6,259,239 at June 30, 2011 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, 2011, the carrying values and maturity of VRE's investments were as follows:

Investment Type	Fair Value	Maturities Less than 1 Year
LGIP	\$ 9,587,421	\$ 9,587,421
Insurance trust fund – pooled funds	10,052,968	10,052,968
Money market funds – U. S. Treasuries	6,259,239	6,259,239
Total investments	\$ 25,899,628	\$ 25,899,628

Subsequent to year-end, Standard & Poor's downgraded the credit quality of the debt of the United States to AA+ which affects the assets held by the LGIP and the money market funds at SunTrust Bank and U.S. Bank. The rating assigned to all of these funds by Standard & Poor's has remained at AAAM. Fitch Ratings and Moody's Investors Services have affirmed their AAA rating for the United States but Moody's has left the debt on "outlook negative."

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	(Deletions) Reclassifications	Ending Balance
Capital assets not being depreciated or amortized:				
Construction in progress	\$ 42,817,578	\$ 53,913,536	\$ (65,047,768)	\$ 31,683,346
Capital assets being depreciated or amortized:				
Rolling stock	175,852,176	-	42,538,431	218,390,607
Vehicles	74,162	25,670	-	99,832
Facilities	78,099,155	-	14,236,398	92,335,553
Track and signal improvements	52,151,000	-	533,367	52,684,367
Equipment and software	8,776,321	130,086	(512,969)	8,393,438
Equity in local properties	5,244,798	-	-	5,244,798
Furniture, equipment and software	3,724,664	35,452	-	3,760,116
<b>Total capital assets being depreciated or amortized</b>	<b>323,922,276</b>	<b>191,208</b>	<b>56,795,227</b>	<b>380,908,711</b>
Less accumulated depreciation or amortization for:				
Rolling stock	43,268,482	7,106,819	(7,619,521)	42,755,780
Vehicles	46,981	4,145	-	51,126
Facilities	18,510,178	2,368,298	-	20,878,476
Track and signal improvements	12,456,787	1,818,305	-	14,275,092
Equipment and software	6,800,044	536,814	(26,909)	7,309,949
Equity in local properties	2,497,499	149,851	-	2,647,350
Furniture, equipment and software	2,235,067	233,971	-	2,469,038
<b>Total accumulated depreciation or amortization</b>	<b>85,815,038</b>	<b>12,218,203</b>	<b>(7,646,430)</b>	<b>90,386,811</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>238,107,238</b>	<b>(12,026,995)</b>	<b>64,441,657</b>	<b>290,521,900</b>
<b>Totals</b>	<b>\$ 280,924,816</b>	<b>\$ 41,886,541</b>	<b>\$ (606,111)</b>	<b>\$ 322,205,246</b>



# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Increases	(Deletions) Reclassifications	Ending Balance
Capital assets not being depreciated or amortized:				
Construction in progress	\$ 33,842,651	\$ 33,882,630	\$ (24,907,703)	\$ 42,817,578
Capital assets being depreciated or amortized:				
Rolling stock	153,611,395	636,844	21,603,937	175,852,176
Vehicles	45,550	28,612	-	74,162
Facilities	76,785,604	589,083	724,468	78,099,155
Track and signal improvements	52,151,000	-	-	52,151,000
Equipment and software	7,850,081	38,738	887,502	8,776,321
Equity in local properties	5,244,798	-	-	5,244,798
Furniture, equipment and software	3,314,942	33,868	375,854	3,724,664
<b>Total capital assets being depreciated or amortized</b>	<b>299,003,370</b>	<b>1,327,145</b>	<b>23,591,761</b>	<b>323,922,276</b>
Less accumulated depreciation or amortization for:				
Rolling stock	37,389,117	6,061,113	(181,748)	43,268,482
Vehicles	43,283	3,698	-	46,981
Facilities	16,580,997	2,145,809	(216,628)	18,510,178
Track and signal improvements	10,718,487	1,738,300	-	12,456,787
Equipment and software	6,151,721	648,323	-	6,800,044
Equity in local properties	2,347,648	149,851	-	2,497,499
Furniture, equipment and software	1,644,755	590,312	-	2,235,067
<b>Total accumulated depreciation or amortization</b>	<b>74,876,008</b>	<b>11,337,406</b>	<b>(398,376)</b>	<b>85,815,038</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>224,127,362</b>	<b>(10,010,261)</b>	<b>23,990,137</b>	<b>238,107,238</b>
<b>Totals</b>	<b>\$ 257,970,013</b>	<b>\$ 23,872,369</b>	<b>\$ (917,566)</b>	<b>\$ 280,924,816</b>

### Note 4. Related Party Transactions

VRE reimburses the Commissions for expenditures made on behalf of VRE. During 2011 and 2010, these payments included \$4,142,917 and \$4,055,280 of salary-related costs and \$4,925 and \$6,138 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 \$70,018 and \$70,000 to NVTC and \$78,254 and \$92,345 to PRTC during 2011 and 2010, respectively.

VRE also contracts with PRTC for connecting bus service to selected stations on an as needed basis. PRTC bus service costs amounted to approximately \$9,577 and \$5,226 in 2011 and 2010, respectively. Amounts payable to NVTC and PRTC were \$12,314 and \$835,429 at June 30, 2011 and \$12,914 and \$483,646, respectively, at June 30, 2010.

## VIRGINIA RAILWAY EXPRESS

### NOTES TO FINANCIAL STATEMENTS

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#### 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 VRE employees are automatically covered by VRS upon employment through PRTC. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRE service as credit in their plan.

VRS administers two defined benefit plans for VRE (PRTC) employees – Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for VRE (PRTC) members is 1.70 percent. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00 percent; under Plan 2, the COLA cannot exceed 6.00 percent. During years of no inflation or deflation, the COLA is 0.00 percent. 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 which includes financial statements and required supplementary information for VRS. A copy of that report may be obtained from their website at <http://www.varetire.org/Pdf/Publications/2010-Annual-Report.pdf> or obtained by writing to the system's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 5. Defined Benefit Pension Plan (Continued)

#### 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 compensation toward their retirement. All or part of the 5 percent member contribution may be assumed by the employer. 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 the fiscal year ended June 30, 2011 was 10.92 percent of annual covered payroll, *inclusive of the 5 percent member contribution, and VRE also contributed 0.28 percent for group life insurance.*

#### C. Annual Pension Cost

For fiscal year 2011, VRE's annual pension cost of \$334,185 was equal to the VRE's required and actual contributions.

#### Three-Year Trend Information for VRE

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	\$341,017	100.0%	\$ -
June 30, 2010	365,253	100.0%	-
June 30, 2011	334,185	100.0%	-

The fiscal year 2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 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 for general government employees and 3.50 percent to 4.75 percent for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, 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 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. PRTC's 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, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

## VIRGINIA RAILWAY EXPRESS

### NOTES TO FINANCIAL STATEMENTS

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#### Note 5. Defined Benefit Pension Plan (Continued)

##### D. Funded Status and Funding Process

As of June 30, 2010, the most recent actuarial valuation date, the plan was 87.87 percent funded. The actuarial accrued liability for benefits was \$8,539,776 and the actuarial value of assets was \$7,503,689, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,036,087. The covered payroll (annual payroll of active employees of the plan) was \$5,733,383 and the ratio of the UAAL to the covered payroll was 18.07 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 (AAL) 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, 2011 and 2010, annual track usage fees totaled approximately \$6,210,000 and \$6,139,000, respectively, and facility and other identified costs totaled approximately \$454,000 and \$419,000, respectively.

Under the former Purchase of Services Agreement dated March 1, 1998 Amtrak operated and maintained the VRE service and rolling stock, and permitted 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 \$21,241,000 in 2010. The provisions of the 1998 agreement for maintenance of equipment, access to Union Station, and train operations terminated on June 25, June 28 and July 9, 2010, respectively.

The new agreement between Amtrak and the Commissions for access to and storage of equipment at Union Station and mid-day maintenance, electrical power and other services became effective on June 28, 2010. Actual cost for the year ended June 30, 2011 was approximately \$8,759,000. Costs in future years will be adjusted based on changes to various published costs indices and the number of trains that have access to and are stored and serviced at the terminal.

During fiscal year 2010 the Commissions entered into a contract with Keolis Rail Services Virginia, LLC for train operations and maintenance for a five year period beginning June 25, 2010. The amount paid to Keolis during fiscal year 2010 for mobilization to establish the new service and the first several days of operations amounted to approximately \$2,080,000. The actual cost of train operations and maintenance for the year ended June 30, 2011, based on an annual budget prepared in advance, was approximately \$18,151,000, including a small amount for the completion of mobilization services. Costs in future years will be adjusted for service additions or deletions and annual changes to the Consumer Price Index.

VRE has entered into a series of operating leases with Titan Transit for locomotives. For the years ended June 30, 2011 and 2010, lease costs totaled approximately \$168,000 and \$183,000, respectively. These leases are scheduled to terminate during the first quarter of 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, 2011:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Revenue Bonds	\$ 29,490,000	\$ -	\$ (5,195,000)	\$ 24,295,000	\$ 5,610,000
Capital Leases	20,775,627	-	(988,975)	19,786,652	1,034,890
Notes Payable	64,189,851	1,149,776	(1,654,016)	63,685,611	1,734,009
	114,455,478	1,149,776	(7,837,991)	107,767,263	8,378,899
Compensated Absences	284,996	250,968	(218,957)	317,007	2,757
	<u>\$ 114,740,474</u>	<u>\$ 1,400,744</u>	<u>\$ (8,056,948)</u>	<u>\$ 108,084,270</u>	<u>\$ 8,381,656</u>

Revenue Bonds:

\$31,700,000 Commuter Rail Revenue Refunding Bonds, series 1998; due in annual maturities of \$5,610,000 to \$6,555,000 through July 1, 2014, plus semi-annual interest at 5.375%.

\$ 24,295,000

Plus (less) unamortized:

Deferred loss

(471,325)

Premiums

106,217

Total bonded debt, net

\$ 23,929,892

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

Years Ended June 30,	Principal	Interest	Total Required
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	176,166	6,731,166
	<u>\$ 24,295,000</u>	<u>\$ 2,685,154</u>	<u>\$ 26,980,154</u>

**VIRGINIA RAILWAY EXPRESS**

**NOTES TO FINANCIAL STATEMENTS**

**Note 7. Long-Term Debt Obligations (Continued)**

Deferred bonds, lease and notes cost, 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 \$76,700 and \$101,500, are included in interest expense in 2011 and 2010, 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, 2011 and 2010, VRE designated \$37,325,284 and \$35,395,025 respectively, of its cash, inventory and receivables as this operating reserve. The reserves represented 64.90 percent and 66.19 percent of budgeted operating expenses for June 30, 2011 and 2010, 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, 2011 and 2010, are as follows:

	2011	2010
Bond Interest Fund	\$ 649,234	\$ 785,313
Bond Principal Fund	5,610,005	5,195,000
Total held by Trustee	<u>\$ 6,259,239</u>	<u>\$ 5,980,313</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 \$22,827,036. \$ 19,786,652

Future minimum lease payments as of June 30, 2011 are as follows:

Years Ended June 30,	Amount
2012	\$ 1,931,357
2013	1,931,357
2014	1,931,357
2015	1,931,357
2016	1,931,357
2017-2021	9,656,785
2022-2025	<u>7,725,428</u>
Total minimum lease payments	27,038,998
Lease amount representing interest	7,252,346
Present value of lease payments	<u>\$ 19,786,652</u>

## VIRGINIA RAILWAY EXPRESS

### NOTES TO FINANCIAL STATEMENTS

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#### Note 7. Long-Term Debt Obligations (Continued)

Notes Payable – Gallery IV (60 cars)

In fiscal year 2010, 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 2011 the terms were amended to include ten additional Gallery railcars. The first 15 of a series of promissory notes were authorized by the end of fiscal year 2011; 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 \$51,149 to \$146,358 through March 2033, plus quarterly interest at 4.74%	\$	7,975,251
\$3,069,526 Promissory Note #2; due in quarterly maturities of \$18,356 to \$52,523 through March 2033, plus quarterly interest at 4.74%		2,862,040
\$7,673,804 Promissory Note #3; due in quarterly maturities of \$45,889 to \$131,304 through March 2033, plus quarterly interest at 4.74%		7,155,091
\$7,673,804 Promissory Note #4; due in quarterly maturities of \$46,129 to \$131,993 through March 2033, plus quarterly interest at 4.74%		7,192,528
\$5,400,287 Promissory Note #5; due in quarterly maturities of \$32,462 to \$92,885 through March 2033, plus quarterly interest at 4.74%		5,061,599
\$7,673,834 Promissory Note #6; due in quarterly maturities of \$46,129 to \$131,992 through March 2033, plus quarterly interest at 4.74%		7,192,556
\$7,673,814 Promissory Note #7; due in quarterly maturities of \$46,129 to \$131,991 through March 2033, plus quarterly interest at 4.74%		7,192,537
\$3,073,814 Promissory Note #8; due in quarterly maturities of \$18,578 to \$53,160 through March 2033, plus quarterly interest at 4.74%		2,896,747
\$2,350,000 Promissory Note #9; due in quarterly maturities of \$14,362 to \$41,096 through March 2033, plus quarterly interest at 4.74%		2,239,347
\$3,896,059 Promissory Note #10; due in quarterly maturities of \$23,943 to \$68,513 through March 2033, plus quarterly interest at 4.74%		3,733,323
\$1,989,000 Promissory Note #11; due in quarterly maturities of \$12,295 to \$35,178 through March 2033, plus quarterly interest at 4.74%		1,916,994
\$2,640,000 Promissory Note #12; due in quarterly maturities of \$16,417 to \$46,977 through March 2033, plus quarterly interest at 4.74%		2,559,808
\$2,780,343 Promissory Note #13; due in quarterly maturities of \$17,290 to \$49,473 through March 2033, plus quarterly interest at 4.74%		2,695,887

**VIRGINIA RAILWAY EXPRESS**

**NOTES TO FINANCIAL STATEMENTS**

**Note 7. Long-Term Debt Obligations (Continued)**

Notes Payable – Gallery IV (60 cars) (Continued)

\$1,541,791 Promissory Note #14; due in quarterly maturities of \$9,644 to \$27,595 through March 2033, plus quarterly interest at 4.74%	\$	1,503,763
\$1,149,776 Promissory Note #15; due in quarterly maturities of \$7,235 to \$20,704 through March 2033, plus quarterly interest at 4.74%		<u>1,128,140</u>
	\$	<u><u>63,305,611</u></u>

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

Years Ended June 30,	Principal	Interest	Total Required
2012	\$ 1,674,009	\$ 2,975,370	\$ 4,649,379
2013	1,763,030	2,886,349	4,649,379
2014	1,843,988	2,805,391	4,649,379
2015	1,932,958	2,716,421	4,649,379
2016	2,022,564	2,626,815	4,649,379
2017-2021	11,698,521	11,548,374	23,246,895
2022-2026	14,802,186	8,444,709	23,246,895
2027-2031	18,734,765	4,512,130	23,246,895
2032-2033	8,833,590	465,170	9,298,760
	<u>\$ 63,305,611</u>	<u>\$ 38,980,729</u>	<u>\$ 102,286,340</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 \$380,000 and \$440,000 for the years ended June 30, 2011 and 2010, 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, 2011 and 2010. The line of credit is in NVTC's name and they are obligated for any outstanding balance.



# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### 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 approximately \$307,000 at June 30, 2011 and \$284,000 at June 30, 2010.

The Division of Risk Management manages the Insurance Trust Fund pursuant to provisions of the Insurance Plan. Since November 2010, 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, 2011 and 2010 was as follows:

	2011	2010
Beginning balance, July 1	\$ 9,511,797	\$ 8,229,082
Contribution to reserves	4,525,000	5,005,000
Insurance premiums paid	(3,711,476)	(3,639,323)
Claims mitigation costs and losses incurred	(190,585)	(68,329)
Investment income	-	65,164
Actuarial and administrative charges	(81,768)	(79,797)
Ending balance, June 30	<u>\$ 10,052,968</u>	<u>\$ 9,511,797</u>

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

## VIRGINIA RAILWAY EXPRESS

### NOTES TO FINANCIAL STATEMENTS

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#### Note 10. Contingencies and Contractual Commitments

At June 30, 2011, 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 (with PRTC as grantee) and Commonwealth of Virginia grants and local funds 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, 2011:

Stations and parking lots	\$	3,473,961
Rolling Stock		8,953,685
Maintenance and layover yards		1,915,297
Track and signal improvements		668,212
Other administrative		562,031
<b>Total</b>	<b>\$</b>	<b>15,573,186</b>

VRE has received proceeds from several federal (with PRTC as grantee) 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. The federal grant agreements control the use and disposal of property acquired with federal grant funds. If property is removed from service prior to the end of its useful life, the grant recipient may be required to return to the grantor agency the federal assistance expended on that property. In addition, permission of the grantor agency is required if property is disposed of prior to the end of its useful life or at any time for an amount in excess of \$5,000. At the end of fiscal year 2011, VRE was holding the proceeds of the sale of older equipment in the amount of \$450,250 in a restricted account, to be used for the purchase of replacement rolling stock. Included in other receivables is \$150,000 due to VRE from the sale of rolling stock. Once collected, the proceeds will be used for the purchase of replacement rolling stock.

## VIRGINIA RAILWAY EXPRESS

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 11. Pending GASB Statements**

At June 30, 2011, 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. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, improves financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. Statement No. 62 will be effective for periods beginning after December 15, 2011.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. Statement No. 63 will be effective for periods beginning after December 15, 2011.

#### **Note 12. Subsequent Events**

VRE entered into contracts at various times from May 2011 through September 2011 to purchase fuel at set prices for delivery in July 2011 through June 2012. The fuel will be used in the normal course of operations and is not being purchased for resale. The total commitment is for 798,000 gallons of fuel at a cost of approximately \$2.5 million.

## **Required Supplementary Information**

## VIRGINIA RAILWAY EXPRESS

### SCHEDULE OF FUNDING PROGRESS

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#### 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
2010	\$ 7,503,689	\$ 8,539,776	\$ 1,036,087	87.87%	\$ 5,733,383	18.07%
2009	6,809,891	6,996,387	186,496	97.33%	5,743,627	3.25%
2008	5,875,612	6,065,059	189,447	96.88%	5,369,542	3.53%

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## 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.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how VRE's financial performance has changed over time.	42 - 44
<b>Other Statistical Information</b> This schedule and service area map provides other information useful to certain readers of VRE's financial statements.	45 - 46
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to assist the reader understand the environment within which VRE's financial activities take place.	47 - 49



**VIRGINIA RAILWAY EXPRESS**

**SCHEDULE OF CHANGE IN NET ASSETS**

Last Ten Fiscal Years

(Unaudited)

	June 30,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Operating Revenues:</b>										
Passenger revenue	\$ 32,368,123	\$ 30,019,730	\$ 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	200,069	247,375	124,926	133,242	206,558	442,517	121,373	188,256	292,086	206,796
<b>Total operating revenues</b>	<b>32,568,192</b>	<b>30,267,105</b>	<b>26,034,720</b>	<b>21,821,334</b>	<b>19,892,119</b>	<b>19,895,953</b>	<b>19,573,535</b>	<b>17,117,885</b>	<b>15,340,348</b>	<b>12,960,010</b>
<b>Nonoperating Revenues:</b>										
Commonwealth of Virginia grants	12,806,509	13,153,781	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 - with PRTC as grantee	16,457,284	14,525,795	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	16,070,307	16,376,968	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	7,506,606	10,939,490	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 - with PRTC as grantee	40,136,130	15,437,312	14,648,460	18,259,459	10,363,653	12,245,939	9,824,036	6,689,765	8,597,822	11,080,201
Federal grants - NVTC and other	3,308,513	402,355	53,738	939,088	399,283	550,890	-	-	-	-
Pass-through to Fairfax County	406,331	680,631	(4,456,818)	925,338	-	-	-	-	-	-
In-kind and other local contributions	-	-	1,903,284	-	-	-	266,148	3,143,319	457,149	699,375
Interest income:										
Operating funds	14,675	23,893	129,620	399,553	850,490	367,292	214,888	44,390	87,809	236,488
Insurance trust	-	65,164	241,003	400,204	329,252	721,919	688,816	837,583	1,171,667	1,180,707
Other restrictive funds	384	586	36,232	535,093	41,038	840,383	49,860	-	-	-
Insurance proceeds	-	-	-	262,676	-	-	-	-	-	-
<b>Total nonoperating revenues</b>	<b>96,406,739</b>	<b>71,605,975</b>	<b>68,326,404</b>	<b>73,378,727</b>	<b>55,253,086</b>	<b>47,233,023</b>	<b>36,912,678</b>	<b>34,985,777</b>	<b>34,387,893</b>	<b>37,375,567</b>
<b>Total revenues</b>	<b>128,974,931</b>	<b>101,873,080</b>	<b>94,361,124</b>	<b>95,200,061</b>	<b>75,145,205</b>	<b>67,128,976</b>	<b>56,486,213</b>	<b>52,103,662</b>	<b>49,728,241</b>	<b>50,335,577</b>
<b>Operating Expenses:</b>										
Contract operations and maintenance	21,405,930	20,291,361	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	12,949,155	12,055,009	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	11,756,531	9,482,367	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	4,049,906	3,864,366	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	1,502,434	1,259,048	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	5,964,956	5,642,360	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 and amortization	12,218,203	11,337,406	10,445,041	10,640,098	9,875,593	8,217,233	6,699,409	6,595,698	5,837,560	5,261,679
<b>Total operating expenses</b>	<b>69,847,115</b>	<b>63,931,917</b>	<b>61,237,745</b>	<b>58,703,597</b>	<b>57,119,941</b>	<b>50,874,773</b>	<b>47,660,467</b>	<b>44,033,987</b>	<b>40,356,902</b>	<b>36,931,039</b>
<b>Nonoperating (Revenues) Expenses:</b>										
Interest and amortization	5,566,829	5,682,935	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	271,606	393,419	(4,218,641)	3,176,932	291,306	1,366,531	3,640,928	-	-	-
<b>Total nonoperating expenses, net</b>	<b>5,838,435</b>	<b>6,076,354</b>	<b>1,795,602</b>	<b>7,702,211</b>	<b>3,039,390</b>	<b>6,319,974</b>	<b>7,898,106</b>	<b>4,323,776</b>	<b>3,960,846</b>	<b>6,250,481</b>
<b>Total expenses</b>	<b>75,685,550</b>	<b>70,008,271</b>	<b>63,033,347</b>	<b>66,405,808</b>	<b>60,159,331</b>	<b>57,194,747</b>	<b>55,558,573</b>	<b>48,357,763</b>	<b>44,317,748</b>	<b>43,181,520</b>
<b>Change in net assets</b>	<b>\$ 53,289,381</b>	<b>\$ 31,864,809</b>	<b>\$ 31,327,777</b>	<b>\$ 28,794,253</b>	<b>\$ 14,985,874</b>	<b>\$ 9,934,229</b>	<b>\$ 927,640</b>	<b>\$ 3,745,899</b>	<b>\$ 5,410,493</b>	<b>\$ 7,154,057</b>

Source: VRE's Audited Financial Statements.

**VIRGINIA RAILWAY EXPRESS**

**SCHEDULE OF OUTSTANDING DEBT  
Last Ten Fiscal Years  
(Unaudited)**

	June 30,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Revenue Bonds:</b>										
\$37,625,000 Commuter Rail Revenue Bond, Series 1993	\$ -	\$ 5,065,000	\$ 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	24,295,000	24,425,000	24,550,000	24,670,000	24,785,000	24,895,000	25,000,000	25,100,000	25,195,000	31,305,000
<b>Capital Leases:</b>										
\$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	19,786,652	20,775,627	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
<b>Notes Payable:</b>										
\$900,000 SunTrust Bank	380,000	440,000	500,000	560,000	605,000	660,000	720,000	780,000	840,000	900,000
\$67,139,275 FRA Notes (#1-#15)	63,305,611	63,749,851	56,122,937	26,970,555	-	-	-	-	-	-
<b>Outstanding as of June 30</b>	<b>\$ 107,767,263</b>	<b>\$ 114,455,478</b>	<b>\$ 112,768,663</b>	<b>\$ 104,330,112</b>	<b>\$ 84,386,707</b>	<b>\$ 90,767,224</b>	<b>\$ 97,012,951</b>	<b>\$ 77,113,938</b>	<b>\$ 82,492,656</b>	<b>\$ 91,860,970</b>
<b>Debt per Capita:</b>										
Outstanding as of June 30	\$ 107,767,263	\$ 114,455,478	\$ 112,768,663	\$ 104,330,112	\$ 84,386,707	\$ 90,767,224	\$ 97,012,951	\$ 77,113,938	\$ 82,492,656	\$ 91,860,970
Total Participating Jurisdictional Population	N/A	N/A	1,986,630	1,952,149	1,929,724	1,912,009	1,887,518	1,858,580	1,830,595	1,797,039
Debt per Capita	N/A	N/A	\$ 56.76	\$ 53.44	\$ 43.73	\$ 47.47	\$ 51.40	\$ 41.49	\$ 45.06	\$ 51.12
<b>Outstanding Debt as a Percentage of Personal Income:</b>										
Outstanding as of June 30	\$ 107,767,263	\$ 114,455,478	\$ 112,768,663	\$ 104,330,112	\$ 84,386,707	\$ 90,767,224	\$ 97,012,951	\$ 77,113,938	\$ 82,492,656	\$ 91,860,970
Total Personal Income	N/A	N/A	127,270,690,000	122,047,443,000	116,526,831,000	110,472,002,000	104,379,105,000	96,986,464,000	90,536,955,000	86,708,640,000
Total Outstanding Debt as a Percentage of Personal Income	N/A	N/A	0.09%	0.09%	0.07%	0.08%	0.09%	0.08%	0.09%	0.11%

Source: VRE's Audited Financial Statements.

**VIRGINIA RAILWAY EXPRESS**

**SCHEDULE OF JURISDICTIONAL CONTRIBUTIONS**

**Last Ten Fiscal Years**

**(Unaudited)**

	June 30,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Fairfax County	\$ 4,906,693	\$ 4,995,535	\$ 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	405,980	508,503	482,764	330,713	111,115	73,827	57,544	68,276	79,191	109,519
City of Manassas	871,611	883,443	938,897	655,077	428,436	276,306	270,924	270,494	286,196	329,215
City of Manassas Park	544,763	537,496	567,082	359,574	183,686	179,422	149,758	129,178	127,728	135,725
Prince William County	6,384,660	6,173,028	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	2,634,002	2,971,727	2,974,507	2,429,735	917,147	699,424	609,222	726,297	554,900	613,575
City of Alexandria	130,974	124,737	118,797	113,140	107,752	102,621	97,734	93,080	88,648	84,427
Arlington County	191,624	182,499	173,809	165,532	157,649	150,142	142,992	136,183	129,687	123,512
<b>Total contributions</b>	<b>\$ 16,070,307</b>	<b>\$ 16,376,968</b>	<b>\$ 17,275,500</b>	<b>\$ 13,379,155</b>	<b>\$ 8,802,762</b>	<b>\$ 6,878,061</b>	<b>\$ 6,353,000</b>	<b>\$ 6,353,000</b>	<b>\$ 5,752,890</b>	<b>\$ 5,752,890</b>

Source: VRE's Audited Financial Statements.

**VIRGINIA RAILWAY EXPRESS**

**SCHEDULE OF MISCELLANEOUS STATISTICS**

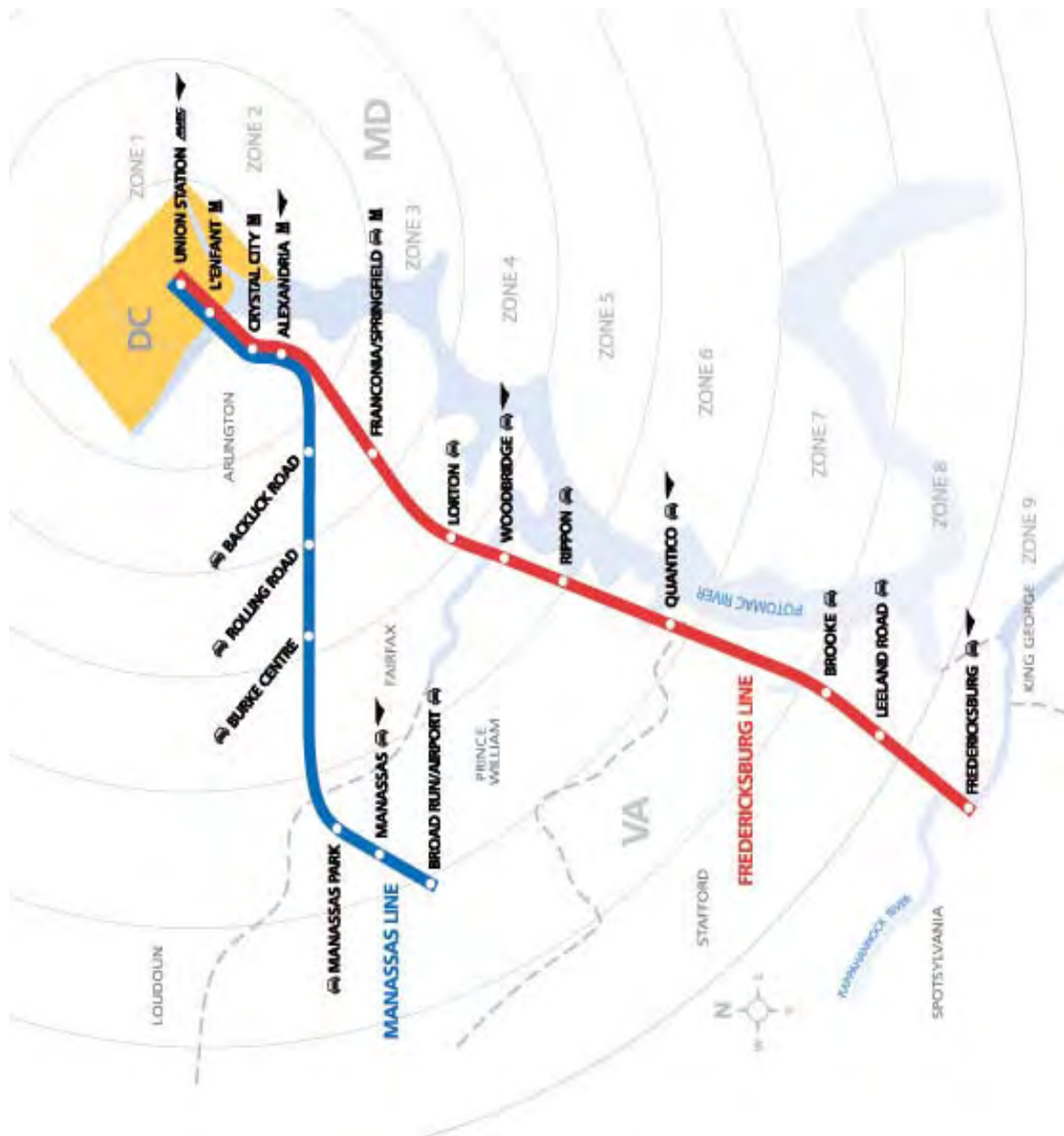
**Last Ten Fiscal Years**

**(Unaudited)**

	June 30,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Rolling Stock (Owned or Leased)										
Locomotives	25	20	21	18	19	20	20	19	19	19
Railcars	101	95	91	89	90	90	90	90	86	86
<b>Total rolling stock</b>	<b>126</b>	<b>115</b>	<b>112</b>	<b>107</b>	<b>109</b>	<b>110</b>	<b>110</b>	<b>109</b>	<b>105</b>	<b>105</b>
Stations	18	18	18	18	18	18	18	18	18	18
Parking Spaces	8,644	8,508	8,504	7,227	7,284	7,273	7,273	7,009	6,354	-
Employees	37	37	37	37	36	36	34	32	28	28
Ridership and Fare Revenue Data:										
Total Ridership	4,517,366	4,033,230	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	18,377	16,673	15,754	14,662	13,982	14,667	15,238	14,720	13,291	11,467
Average Fare per Trip	\$ 7.17	\$ 7.44	\$ 6.66	\$ 5.98	\$ 5.70	\$ 5.40	\$ 5.17	\$ 4.76	\$ 4.64	\$ 4.54

(1) The methodology for calculating passenger trips was changed during fiscal year 2011 to more accurately reflect boardings and detrainings prior to the inner city stations. This increased total ridership and decreased average fare per trip.

Source: VRE staff



**VIRGINIA RAILWAY EXPRESS**

**PRINCIPAL EMPLOYERS OF PARTICIPATING JURISDICTIONS**

**Current Year and Nine Years Ago  
(Unaudited)**

	2010			2001		
	Rank	Employees	Percentage of Total Jurisdictional Employment	Rank	Employees	Percentage of Total Jurisdictional Employment
Fairfax County Public Schools (1)	1	22,852	N/A	1	20,445	N/A
Federal Government (1)	2	17,370	N/A	2	11,993	N/A
Fairfax County Government (1)	3	11,184	N/A	3	10,383	N/A
Booz Allen Hamilton (1)	4	7,000-10,000	N/A	7	4,000-5,000	N/A
Inova Health System (1)	4	7,000-10,000	N/A	4	9,000-10,000	N/A
US Patent Trademark Office (2)	4	2,000-10,000	N/A			
US Department of Defense (2)	4	2,000-10,000	N/A	5	7,545	N/A
Science Applications International Corporation (1)	8	4,000-6,999	N/A	6	5,000-6,000	N/A
Federal Home Loan Mortgage (1)	8	4,000-6,999	N/A	9	3,000-4,000	N/A
Northrop Grumman (1)	8	4,000-6,999	N/A			
George Mason University (1)	8	4,000-6,999	N/A			
Lockheed Martin (1)	8	4,000-6,999	N/A			
American Management System (1)				7	4,000-5,000	N/A
Verizon (1)				9	3,000-4,000	N/A
Exxon Mobil Corporation (1)				9	3,000-4,000	N/A

Sources:

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

(1) Fairfax County fiscal year 2010 Comprehensive Annual Financial Report, Statistical Section, Table 4.2, page 254

(2) City of Alexandria fiscal year 2010 Comprehensive Annual Financial Report, Statistical Section, Table XIX, page 135

**VIRGINIA RAILWAY EXPRESS**

**DEMOGRAPHICS AND ECONOMIC STATISTICS OF PARTICIPATING JURISDICTIONS**

**Fiscal Years 2001 to 2011**

**(Unaudited)**

	Fairfax County (1)	Prince William County (2)	City of Manassas (3)	City of Manassas Park (4)	Stafford County (5)	City of Fredericksburg (6)	City of Alexandria (7)	Arlington County (8)
<b>2011 (all categories)</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>2010</b>								
Population	N/A	379,166	35,648	12,042	125,892	23,193	150,006	212,200
Personal income (in thousands)	N/A	N/A	N/A	\$391,776	\$4,977,140	\$860,368	\$10,441,443	\$15,217,499
Per capita personal income	N/A	N/A	N/A	\$32,534	\$39,535	\$37,096	N/A	\$71,713
Unemployment rate	N/A	5.9%	7.4%	5.8%	5.7%	9.6%	4.8%	4.3%
<b>2009</b>								
Population	1,074,227	366,092	35,883	11,410	122,800	22,818	144,100	209,300
Personal income (in thousands)	\$77,325,008	\$18,937,687	N/A	\$382,695	\$4,759,728	\$846,457	\$10,178,071	\$14,841,044
Per capita personal income	\$71,982	\$43,877	N/A	\$33,540	\$38,760	\$37,096	N/A	\$70,908
Unemployment rate	5.2%	5.7%	6.4%	6.5%	5.4%	9.2%	2.8%	4.7%
<b>2008</b>								
Population	1,050,315	360,610	36,666	11,533	121,736	22,410	140,879	208,000
Personal income (in thousands)	\$74,385,409	\$17,566,024	N/A	\$394,715	\$4,625,968	\$831,321	\$10,204,006	\$14,040,000
Per capita personal income	\$70,822	\$42,620	N/A	\$34,225	\$38,000	\$37,096	\$72,220	\$67,500
Unemployment rate	3.4%	3.3%	4.8%	3.2%	3.4%	5.7%	2.9%	2.6%
<b>2007</b>								
Population	1,041,507	352,828	38,066	11,527	120,723	21,273	139,000	204,800
Personal income (in thousands)	\$70,500,650	\$16,932,501	\$904,067	\$390,604	\$4,497,555	\$789,143	\$9,507,531	\$13,004,800
Per capita personal income	\$67,691	\$41,607	\$23,750	\$33,886	\$37,255	\$35,733	\$70,632	\$63,500
Unemployment rate	2.2%	2.5%	2.7%	2.4%	2.6%	4.1%	2.2%	2.3%
<b>2006</b>								
Population	1,037,311	345,852	38,066	11,652	120,170	20,732	138,000	200,226
Personal income (in thousands)	\$67,111,947	\$16,056,949	\$922,642	\$380,385	\$4,291,511	\$740,817	\$8,835,057	\$12,132,694
Per capita personal income	\$64,698	\$40,158	\$24,238	\$32,645	\$35,712	\$34,013	\$65,141	\$60,595
Unemployment rate	2.2%	2.6%	2.9%	2.3%	2.4%	4.0%	2.6%	2.3%
<b>2005</b>								
Population	1,033,646	333,786	37,000	11,369	117,674	20,776	135,000	198,267
Personal income (in thousands)	\$63,917,568	\$14,986,283	\$909,336	\$361,406	\$4,021,156	\$706,654	\$7,776,966	\$11,699,736
Per capita personal income	\$61,837	\$38,053	\$24,577	\$31,789	\$34,172	\$31,862	\$61,147	\$59,010
Unemployment rate	2.5%	3.0%	2.8%	2.1%	2.7%	4.8%	3.1%	2.5%
<b>2004</b>								
Population	1,022,298	321,537	36,500	10,930	114,513	20,063	134,000	198,739
Personal income (in thousands)	\$58,830,183	\$13,703,067	\$849,793	\$343,776	\$3,687,891	\$639,247	\$7,435,257	\$11,497,250
Per capita personal income	\$57,547	\$35,908	\$23,282	\$31,453	\$32,205	\$31,862	\$58,365	\$57,851
Unemployment rate	2.7%	3.1%	3.1%	2.0%	2.8%	5.1%	3.2%	2.6%
<b>2003</b>								
Population	1,012,090	310,048	36,300	10,881	109,341	20,010	135,000	196,925
Personal income (in thousands)	\$54,771,275	\$12,402,464	\$843,820	\$321,394	\$3,320,030	\$605,543	\$7,165,859	\$11,106,570
Per capita personal income	\$54,117	\$33,643	\$23,246	\$29,537	\$30,364	\$30,262	\$53,711	\$56,400
Unemployment rate	3.1%	3.9%	3.5%	1.8%	3.1%	5.4%	2.9%	2.3%

	Fairfax County (1)	Prince William County (2)	City of Manassas (3)	City of Manassas Park (4)	Stafford County (5)	City of Fredericksburg (6)	City of Alexandria (7)	Arlington County (8)
<b>2002</b>								
Population	1,004,435	297,738	35,900	10,662	104,232	19,737	129,938	193,754
Personal income (in thousands)	\$52,744,891	\$11,619,339	\$805,706	\$305,129	\$3,123,208	\$589,071	\$7,009,871	\$10,685,146
Per capita personal income	\$52,512	\$32,570	\$22,443	\$28,618	\$29,964	\$29,846	\$52,344	\$55,148
Unemployment rate	3.4%	3.6%	4.3%	2.7%	3.0%	5.9%	3.8%	2.7%
<b>2001</b>								
Population	984,366	284,301	35,500	10,290	98,376	19,279	130,403	189,983
Personal income (in thousands)	\$51,126,001	\$11,175,436	\$793,056	\$321,966	\$2,943,808	\$579,141	\$6,931,579	\$10,226,785
Per capita personal income	\$51,938	\$32,515	\$22,340	\$31,289	\$29,924	\$30,040	\$52,125	\$53,830
Unemployment rate	2.5%	2.5%	3.1%	1.0%	2.2%	3.6%	2.5%	2.1%

Sources:

- (1) Fairfax County fiscal year 2010 Comprehensive Annual Financial Report, Statistical Section, Table 4.0, page 253
- (2) Prince William County fiscal year 2010 Comprehensive Annual Financial Report, Statistical Section, Table 16, page 163
- (3) City of Manassas fiscal year 2010 Comprehensive Annual Financial Report, Statistical Section, Table XIII, page 118
- (4) City of Manassas Park fiscal year 2010 Comprehensive Annual Financial Report, Statistical Section, Table 14, page 131
- (5) Stafford County fiscal year 2010 Comprehensive Annual Financial Report, Statistical Section, Table S-14, page 109
- (6) City of Fredericksburg fiscal year 2010 Comprehensive Annual Financial Report, Statistical Section, Table 14, page 130
- (7) City of Alexandria fiscal year 2010 Comprehensive Annual Financial Report, Statistical Section, Tables XI & XIV, pages 128 & 130
- (8) Arlington County fiscal year 2010 Comprehensive Annual Financial Report, Statistical Section, Table K

N/A = Not Available



# Compliance Section



**INDEPENDENT AUDITOR'S 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 the Virginia Railway Express, as of and for the year ended June 30, 2011, and have issued our report thereon dated November 10, 2011. 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

Management of Virginia Railway Express is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Virginia Railway Express' 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 Virginia Railway Express' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Virginia Railway Express' internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Virginia Railway Express' financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 Virginia Railway Express' 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 10, 2011



Locally Administered Project Agreement for King Street Station Pedestrian Tunnel

The VRE Operations Board recommends approval of Resolution #2177. This resolution authorizes VRE's Chief Executive Officer to execute a locally administered project agreement for \$7,470,000. Also, VRE's CEO would receive authority to execute related agreements, permits and other documents.

VRE has been awarded funding from the Federal Highway Administration's Rail Crossing and Rail Safety Program. VDOT will administer the funds. No match is required.

The funds will provide for a new tunnel connecting the VRE/Amtrak station at King Street in Alexandria to the adjacent Metrorail station. The project will take three or four years to complete. More details are provided in the attachment.



**RESOLUTION #2177**

**SUBJECT:** Locally Administered Project Agreement for King Street Station Pedestrian Tunnel.

**WHEREAS:** VRE made a request for funding to the Virginia Department of Transportation for the King Street Station pedestrian tunnel project;

**WHEREAS:** Funding was approved via the Federal Highway Administration's (FHWA) Rail Crossing and Rail Safety Program;

**WHEREAS:** The project will improve ADA access, eliminate the at-grade track crossing, upgrade the eastern VRE/Amtrak platform, and improve capacity and operational flexibility; and

**WHEREAS:** VDOT has requested that VRE manage the project, requiring the execution of a locally administered project agreement.

**NOW, THEREFORE, BE IT RESOLVED** that the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to execute a locally administered funding agreement for the King Street station pedestrian tunnel project in the amount of \$7,470,000.

**BE IT FURTHER RESOLVED** that NVTC designates signature authority to the VRE CEO for the execution of other agreements, permits and documents related to the implementation of this project.

Approved this 1<sup>st</sup> day of December, 2011.

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William Euille  
Chairman

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Jeffrey McKay  
Secretary-Treasurer



2300 Wilson Boulevard • Suite 620 • Arlington, Virginia 22201  
Tel (703) 524-3322 • Fax (703) 524-1756 • TDD (800) 828-1120  
E-mail [nvtc@nvtc.org](mailto:nvtc@nvtc.org) • Website [www.thinkoutsidethecar.org](http://www.thinkoutsidethecar.org)

**AGENDA ITEM 9-F**  
**ACTION ITEM**

**TO: CHAIRMAN BULOVA AND THE VRE OPERATIONS BOARD**

**FROM: DALE ZEHNER**

**DATE: NOVEMBER 18, 2011**

**RE: AUTHORIZATION TO EXECUTE A GRANT AGREEMENT FOR  
THE KING STREET STATION PEDESTRIAN TUNNEL PROJECT**

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**RECOMMENDATION:**

The VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to execute a Locally Administered Project agreement for the King Street station pedestrian tunnel project in the amount of \$7,470,000 as well as designate signature authority to the CEO for the execution of other agreements, permits, and/or documents related to the implementation of this project.

**BACKGROUND:**

In September of 2008, the Washington Metropolitan Area Transit Authority (WMATA) completed a station access study to investigate options to improve pedestrian traffic around the VRE/Amtrak and Metrorail King Street stations. Among many options considered was construction of a new tunnel from the VRE/Amtrak station directly to the Metrorail station. This project would improve ADA access, eliminate the at-grade track crossing, and upgrade the eastern VRE/Amtrak platform. Capacity and operational flexibility would also be improved by allowing passenger trains to use the eastern tracks.

VRE sought funding from the Virginia Department of Transportation (VDOT) for design and construction of the King Street Station pedestrian tunnel project. Funding was approved via the Federal Highway Administration (FHWA) Rail

Crossing and Rail Safety program, which is administered through VDOT. VDOT has requested that VRE manage the project, requiring the execution of a Locally Administered Project agreement. VRE staff and legal counsel have reviewed the agreement and the final version is acceptable to all parties. No match is required for this grant.

Upon execution of the grant agreement, VRE will seek Operations Board approval for the issuance of an RFP for design services. The project is expected to take 3-4 years to complete.

**FISCAL IMPACT:**

There is no fiscal impact associated with executing this grant agreement.



**TO: CHAIRMAN BULOVA AND THE VRE OPERATIONS BOARD**  
**FROM: DALE ZEHNER**  
**DATE: NOVEMBER 18, 2011**  
**RE: AUTHORIZATION TO EXECUTE A GRANT AGREEMENT FOR**  
**THE KING STREET STATION PEDESTRIAN TUNNEL PROJECT**

**RESOLUTION**  
**9F-11-2011**  
**OF THE**  
**VIRGINIA RAILWAY EXPRESS**  
**OPERATIONS BOARD**

**WHEREAS**, VRE made a request for funding to the Virginia Department of Transportation for the King Street Station pedestrian tunnel project; and,

**WHEREAS**, funding was approved via the Federal Highway Administration (FHWA) Rail Crossing and Rail Safety program, with no local match required, and,

**WHEREAS**, the project will improve ADA access, eliminate the at-grade track crossing, upgrade the eastern VRE/Amtrak platform, and improve capacity and operational flexibility; and,

**WHEREAS**, VDOT has requested that VRE manage the project, requiring the execution of a Locally Administered Project agreement.

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board recommends that the Commissions authorize the Chief Executive Officer to execute a Locally Administered Project agreement for the King Street station pedestrian tunnel project in the amount of \$7,470,000; and,

**BE IT FURTHER RESOLVED THAT**, the VRE Operations Board recommends that the Commissions designate signature authority to the CEO for the execution of other agreements, permits, and/or documents related to the implementation of this project.



AGENDA ITEM #3

**TO:** Chairman Euille and NVTC Commissioners  
**FROM:** Rick Taube  
**DATE:** November 21, 2011  
**SUBJECT:** NVTC's 2012 State and Federal Legislative Agenda

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Following discussion, the commission is asked to approve the attached proposed 2012 state and federal NVTC legislative agenda and to approve the attached recommended VRE legislative agenda. NVTC's proposed legislative agenda incorporates all of the VRE items recommended by the VRE Operations Board.

On November 14<sup>th</sup>, several members of NVTC's Legislative Committee met to prepare a legislative agenda for 2012.

Members of the committee are:

Bill Euille, Chairman  
Kelly Burk  
Jeff Greenfield  
Cathy Hudgins  
Mary Hynes  
Tom Rust  
Dave Snyder  
Mary Margaret Whipple

Participants in the November 14<sup>th</sup> discussion were Chairman Euille, Mary Hynes, Mary Margaret Whipple and Jay Fisette. Staff present were Rick Taube, Kala Quintana, Noelle Dominguez and Joe Swartz. A copy of the agenda is attached. After it is approved, NVTC staff will prepare a colorful brochure to summarize its content and distribute it to the Northern Virginia General Assembly and congressional delegation.

The commission should discuss any proposed amendments to the WMATA Compact to be included in the Legislative Agenda. Discussion materials are provided. If the commission is on record favoring specific changes, then its views may be



considered by the Governors and Mayor who are readying their own proposed Compact amendments.

NVTC staff will work closely with the legislative liaisons of its jurisdictions as well as the Virginia Transit Association and other allies to accomplish the agenda. Staff will also present an optional proposal to enhance NVTC's presence in Richmond in response to the NVTC Board's guidance. It is provided below as part of Agenda Item #5.

Also attached for your information is a description of the unanimous approval in a U.S. Senate committee of a two-year surface transportation reauthorization bill and a new proposal in the House of Representatives.



## NVTC's 2012 STATE AND FEDERAL LEGISLATIVE AGENDA

Legislative Committee DRAFT: November 15, 2011  
Revised: November 21, 2011



2300 Wilson Boulevard • Suite 620 • Arlington, Virginia 22201  
Tel (703) 524-3322 • Fax (703) 524-1756 • TDD (800) 828-1120  
E-mail [nvtc@nvtdc.org](mailto:nvtc@nvtdc.org) • Website [www.thinkoutsidethecar.org](http://www.thinkoutsidethecar.org)

## STATE LEGISLATIVE ACTION ITEMS

### Transit Funding Crisis

Here are the essential facts:

- Transit is very well used in Northern Virginia with 145 million annual transit passenger trips (75% of Virginia's total transit ridership);
- The benefits to the region and entire Commonwealth are enormous. They include:
  - Annual congestion relief valued at about \$1 billion;
  - Metro alone reduces one million car trips per day;
  - Energy savings approaching \$10,000 annually per driver or 40 million gallons of gas saved annually for the Washington, DC region;
  - Cleaner air and reduced greenhouse gas emissions including 200 tons of volatile organic compounds and 0.5 million tons of CO<sub>2</sub> avoided in this region each year, with environmental savings valued at \$9.5 million annually;
  - Access to jobs and "green" jobs in the transit industry;
  - Transit oriented development boosting economic values and hence state and local tax revenues;
  - Metro alone creates \$235 billion of real estate value around its system and provides access to two million jobs (54%);
  - Mobility for senior citizens and persons with disabilities.
- Currently over \$700 million annually is spent on Northern Virginia's transit for capital and operations by customers and federal, state and local governments;
- Well over \$900 million annually is needed (source: NVTA's TransAction 2030 Plan);
- This leaves a gap of over \$200 million annually in Northern Virginia extending into the future;
- The Commonwealth has consistently failed to meet its own statutory target of covering 95% of eligible transit costs throughout the entire state. In FY 2011, the commonwealth fell \$166 million short.

- Congress has not reauthorized federal transit assistance programs. The American Public Transportation Association estimates that Virginia alone could lose \$100 million annually under a plan introduced to the U.S. House of Representatives.

**As the transit funding crisis is getting worse, the Commonwealth must enact major new revenue sources for public transit during the 2012 General Assembly session, with these sources being stable, reliable, proven and permanent, in order to maintain a state of good repair and enhance capacity to promote job growth. The following options for statewide and regional revenue sources should be considered:**

1. **New statewide revenue sources for public transit should be enacted. They should at least keep pace with inflation and should 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. One-time revenue sources are welcome but they are not sufficient to resolve the ongoing transit funding crisis; immediate, continuous and sustainable funding is essential.
2. **NVTC's 2.1% motor fuels tax on distributors should be increased to at least 4.2%.** The expected annual yield would increase from \$43.8 million in FY 2011 to more than \$87.6 million. This tax is dedicated to WMATA in five of NVTC's jurisdictions. WMATA faces a continuing financial crisis. Its Capital Needs Inventory for the next decade totals \$13.3 billion with emphasis on maintaining a state of good repair and responding to federal safety recommendations.
3. **The Commonwealth should impose other new regional taxes and fees for public transit, including restoring previously authorized funds for the Northern Virginia Transportation Authority (HB 3202 in 2007 created several new regional revenue sources with significant funds reserved for WMATA and VRE).**
4. **Any new statewide 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 only 14.7% of Transportation Trust Fund revenues while 34% of the Commonwealth's most recent bond issue was devoted to transit.
5. **Existing state transit funding sources should be protected from encroachment, either through diversion of revenues from the Transportation Trust Fund to non-transportation uses or from new intercity passenger rail initiatives.** New state priorities should not be funded at the expense of local priorities contained in approved regional plans.

6. **If federal transit assistance programs benefiting primarily WMATA are cut back, the Commonwealth must make up the difference** in order to preserve existing transit services, since local funding sources are dependent on property tax revenues that remain seriously depressed.
7. **Provide funding to facilitate needed transit and other transportation improvements to relieve congestion at BRAC-mandated facilities.**

#### WMATA Governance and Regional Coordination

8. **NVTC supports changes in the WMATA Compact developed cooperatively with Virginia, Maryland, D.C. and the federal government that will enhance the improvements already implemented by the WMATA Board in a manner that does not diminish the role of local governments on the WMATA board. [NVTC should agree on specific amendments to the Compact that preserve NVTC's role in appointing Virginia's members of the WMATA Board].**
9. **NVTC opposes efforts to consolidate separate agencies facilitating Northern Virginia's successful transit services** where such consolidation would not result in significant savings and will cause serious unintended consequences.
10. **Decisions on governance of local transit systems should be determined through agreements among the parties, not by legislation.** Important considerations in determining effective governance of local transit systems include provision of sustainable funding by those jurisdictions represented on the board and direct access to local decision-makers by customers and tax payers.
11. **As state-mandated transit studies of various corridors are considered, established regional and local priorities should be incorporated.**

#### Improved Efficiency

12. **NVTC supports a proposed shift to the Department of Motor Vehicles from the Department of Taxation in administering the motor fuels tax collected in NVTC's and PRTC's districts.** This would be accomplished in two phases. First, in 2012 legislation TAX and DMV would be required to report on a transition plan and second, in the 2013 General Assembly session, the plan would be approved and implementation could begin July 1, 2013. The 2012 legislation should include revisions to the existing statute to provide penalties for misallocation of revenues among jurisdictions. Also, a re-examination of the existing three-year statute of limitations should be performed (currently some audits may not be completed within the three-year limit) and if necessary, modifications should be included in the 2012 legislation.

13. **Amend the Virginia Public Investment Act to permit transit systems to buy and sell exchange traded fuel futures contracts to reduce costs** and provide a reserve for any fuel budget shortfalls.

### Safety

14. Safety in accessing transit should be enhanced by **enacting legislation to require motorists to stop for pedestrians in marked crosswalks at unsignalized intersections where posted speeds are 35 mph or less and at unsignalized crosswalks in front of schools.**

### VRE and other Rail-Related Legislative Actions

15. **Amend the Virginia Code to further cap liability for commuter rail operations by including third party claims and terrorism.**
16. **Allow VRE, at its discretion, to utilize an independent third party or the Division of Risk Management to manage VRE's liability insurance plan and trust fund.**
17. **Amend the Virginia Code to allow VRE to receive interest on the Insurance Trust Fund.** While past practice allowed VRE to receive interest from these funds, an Executive Order last session changed the policy. The proceeds are now given to the Commonwealth despite the fact that the Insurance Trust Fund was established and is replenished with local funds.
18. **Amend the Virginia Code to increase maximum fines for repeat offenders travelling on VRE trains with an invalid or fraudulent ticket.**
19. **Amend the Virginia Code to allow VRE to recoup a portion of the fines imposed on fare evasion cases.** Currently, when a conductor is required to attend court, VRE must pay for their appearance in court as well as for another conductor to be on the train. Cumulatively, this puts the financial burden for prosecution on VRE while all fines are directed to the Commonwealth Literary Fund.
20. **Amend Chapter 774 of the Virginia Code to eliminate the annual index increase in the aggregate awardable liability claim a rail passenger can make per incident.** Under the current Code, the threshold (now \$100,000) will be increased each year based on the percentage of change in the medical care component of the Consumer Price Index (as published by the Bureau of Labor Statistics). The first increase is set to take place in January 2012. The existing statute could increase the current \$250 million liability insurance threshold imposed by the Class 1 freight railroads.



21. **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.**
22. **Where freight railroads are the beneficiaries of state investments, they should be required to agree to cooperate with publicly provided passenger rail services on equitable terms.**

## 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.**
2. **Continue to appropriate funding for WMATA of at least \$150 million annually as previously authorized by Congress.** In recognition of the federal role on the WMATA Board, federal appropriations should continue to ensure the safety and reliability of the region's transit system, on which a large portion of the federal workforce depends.
3. **Make available funding for Metro Access from other relevant federal programs,** such as those of the U.S. Department of Housing and Human Development and the U.S. Department of Health and Social Services.
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) 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 and the Miller Center's Well Within Reach: America's New Transportation Agenda, 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 loans 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. **Make permanent the existing tax-free monthly transit benefits of at least \$230 (to match the benefits currently available for parking). Index the transit benefits to inflation.**

Rail Related Actions

8. **Additional federal funding should be provided to commuter rail systems to meet new federal Positive Train Control unfunded mandates contained in the U.S. Rail Safety Act of 2008.**
9. **Amend the current liability cap of \$200 million for rail passenger service to include third party claims.**

Promote Green Commuting

10. **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.**
11. **Provide further federal funding and other incentives to encourage alternative methods of commuting, including telework, bicycles, walking, vanpools as well as public transit.**

### **Additional WMATA Board Related Discussion Items**

1. How should local representation on the WMATA Board be restored or enhanced? Possible options for Compact amendments include:
  - a. A larger board with three principals and three non-voting alternates from each of the four jurisdictions to total 12 votes;
  - b. Five principals and no alternates from each of the four jurisdictions to total 20 votes; and
  - c. Some other solution that does not increase the size of the board from its current size of eight voting members.
2. Which of NVTC's WMATA Board appointees will serve as Jim Dyke's alternate and what understanding will there be, if any, about that alternate's obligations to cast votes per Mr. Dyke's wishes. Should this be a formal NVTC policy or even a Compact amendment?
3. Should NVTC establish policies describing the qualifications and balance of skill sets for its WMATA Board appointees? Does NVTC favor a Compact amendment to establish such standards?
4. Should NVTC establish a policy regarding term limits for its WMATA Board appointees? Does NVTC favor a Compact amendment to establish such a limit?
5. Does NVTC favor a Compact amendment to establish a term limit for the WMATA Board chairman?
6. In considering Compact amendments, does NVTC favor retaining the current role of alternates (participate fully and vote in committees but do not vote at the full board except in the absence of their principal)?
7. Does NVTC favor eliminating the jurisdictional veto at WMATA with a Compact amendment?

**AGENDA ITEM 9-C**  
**ACTION ITEM**

**TO: CHAIRMAN BULOVA AND THE VRE OPERATIONS BOARD**

**FROM: DALE ZEHNER**

**DATE: NOVEMBER 18, 2011**

**RE: AUTHORIZATION TO APPROVE THE 2012 LEGISLATIVE AGENDA**

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**RECOMMENDATION:**

The VRE Operations Board is being asked to recommend that the Commissions approve the 2012 VRE Legislative Agenda and authorize the Chief Executive Officer to actively pursue the elements set forth in the document.

**BACKGROUND:**

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

**FEDERAL**

1. **Request for Capital Appropriations and Authorization of Transportation Legislation**

Congress has continued to pass continuing resolutions to fund transportation initiatives since the expiration of SAFETEA-LU. Recently, both the House and Senate have circulated versions of a proposed new reauthorization bill for transportation. With that in mind, VRE must continue to outreach to the

Congressional delegation and critical Congressional members/staff to ensure that our needs are appropriately addressed in the legislation. Without this advocacy, VRE will limit its chances to secure appropriations for capital investment (if and when earmarks are once again made available). VRE will continue to pursue funding requests as follows, listed in priority order:

Priority List of VRE Projects for Inclusion in the Reauthorization Bill

1. 50 new high capacity railcars*	\$100 Million
2. Train Storage of Rail Equipment	\$35 Million
3. Positive Train Control	\$6 Million
4. Parking Expansion	\$40 Million
5. Platform Extensions/Additions	\$40 Million
6. Expansion of commuter rail service to Gainesville/Haymarket	\$250 Million

**TOTAL REQUEST: \$490 MILLION**

\*Highest priority project with immediate need

VRE will also continue to support APTA in their advocacy efforts regarding the need to maintain the existing level of federal funding as well as gain additional funding for public transportation.

2. Positive Train Control

Under the language of the US Rail Safety Improvement Act of 2008, Congress mandated that the Federal Railroad Administration fully implement Positive Train Control (PTC) by 2015. VRE continues to work with federal agencies and the host railroads to ensure compliance by the deadline. VRE's initial implementation plan has been approved by FRA and efforts are underway to find funding to help defray implementation costs.

3. Corridor Improvements

VRE will continue to partner and support the efforts of the Commonwealth and our host railroads to secure funding to improve railroad capacity on both lines. This includes, but is not limited to, additional high speed rail funding for the Powell's Creek to Arkendale project.

In addition, VRE continues to work with Congressional and private sector interests on potential public-private partnerships that could bring improvements to the rail and public transportation networks at L'Enfant and Washington Union Terminal. Under both proposals, VRE has been asked to comment on conceptual ideas.

Should the Maryland Avenue and/or Union Station redevelopment efforts expand, additional VRE involvement would be required.

#### 4. Commuter Benefits

The American Reinvestment and Recovery Act (ARRA) contained a provision that created temporary parity between parking and transit commuter benefits. This provision raised transit benefits up to \$230 per month, which was the same as the amount allowed for parking. The benefit is set to expire at the end of the year. VRE will advocate for at least one additional extension, with the long range goal being permanent inclusion of the commuter benefit into the Internal Revenue Code. Without these efforts, Congress will either roll the subsidy level back to its prior amount (\$125 per month, by virtue of a recent IRS COLA change) or eliminate the program altogether.

#### 5. Federal Liability Cap

VRE continues to advocate for modified language in the federal code regarding liability insurance coverage. While we have had success bringing the attention to the Virginia delegation, our efforts on the federal level were hampered by the fact that not all commuter rail agencies face the same challenges as VRE (other agencies are self-insured, protected by state law, or carry lower premiums). VRE will promote amending the current federal liability cap of \$200 million to include third party claims.

### STATE

#### 1. State Funding

VRE will partner with VTA and the local jurisdictions to advocate for an increase in the state's transportation investment, including continued growth of state funding for transit and for the Commonwealth to meet the statutory goal of funding 95 percent of eligible transit capital and operating costs from the Mass Transit Fund.

As directed by the Operations Board, VRE will also continue to advocate for its current share of state allocated funding as well as secure appropriations in the upcoming budget cycle; all while being mindful of other public transportation partners. Projects would mirror those listed above in the federal program. VRE will also monitor the impact of the Federal Passenger Rail Investment and Improvement Act (PRIIA) which, beginning in October 2013, will require states with specified AMTRAK intercity trains to bear certain costs that are currently

federally borne. As a funding source has not yet been identified for Virginia, VRE will work to protect existing funding levels for local transit providers.

## 2. Legislative Policy

VRE has also identified the following issues for consideration during the upcoming legislative session of the General Assembly:

- Amend the Virginia Code to cap liability for commuter rail operations. The existing cap enacted in a prior session excludes third party claims. VRE will also seek exemption for both freight railroads and VRE from liability for terrorism.
- Amend the Virginia Code to allow VRE to receive interest on the Insurance Trust Fund. While past practice allowed VRE to receive interest from these funds, an Executive Order last session changed the policy. The proceeds are now given to the Commonwealth despite the fact that the Insurance Trust Fund was established and is replenished with local funds.
- Seek both a short term (budget amendment allowing VRE such latitude) and a long term remedy (amending 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.
- Amend the Virginia Code to allow the Courts to increase fines for repeat offenders travelling on VRE trains with an invalid or fraudulent ticket.
- Amend the Virginia Code to allow VRE to recoup a portion of the fines imposed on fare evasion cases. Currently, when a conductor is required to attend court, VRE must pay for their appearance in court as well as for another conductor to be on the train. Cumulatively, this puts the financial burden for prosecution on VRE while all fines are directed to the Commonwealth Literary Fund.
- Amend Chapter 774 of the Virginia Code to increase the aggregate awardable liability claim a rail passenger can make per incident (as requested by the Virginia Trial Lawyers Association in 2006). Under the current Code, the threshold (now \$100,000) will be amended upward each year based on the percentage change in the medical care component of the Consumer Price Index (as published by the Bureau of Labor Statistics). The first increase is set to take place in January 2012. This policy could increase the existing \$250 million liability insurance threshold imposed by



the Class 1 freight railroads. VRE would advocate for the elimination of the annual index increase.

**FISCAL IMPACT:**

There is no direct funding impact associated with adopting this agenda. As in the past, local match would be required if federal and/or state appropriations are received.

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# LEGISLATIVE Alert

AMERICAN PUBLIC TRANSPORTATION ASSOCIATION



November 18, 2011

## CONGRESS PASSES FISCAL YEAR (FY) 2012 TRANSPORTATION APPROPRIATIONS BILL; FURTHER CONTINUING RESOLUTION INCLUDED IN CONFERENCE AGREEMENT

On Thursday, the House and Senate passed the Conference Report on a package of three appropriations bills, including the Fiscal Year (FY) 2012 Transportation, Housing and Urban Development and Related Agencies (THUD) Appropriations bill. The Conference Committee itself approved the bill with near unanimous bipartisan support, by a vote of 38-1. The House passed the bill 298-121, while the Senate approved it with a vote of 70-30. The bill now heads to the President, who is expected to sign it, thereby completing work on the FY 2012 budget for the Department of Transportation.

Included in the Conference Report is an extension of the current FY 2012 Appropriations Continuing Resolution (CR), which expires today, November 18. Congress needed to act to pass the extension to avoid a potential government shutdown of those agencies not included in the three-bill "minibus" package. The latest CR allows the government to continue its operations through December 16, giving Congress nearly a month to wrap up work on the remaining FY 2012 spending bills.

The conference report provides a total of \$10.6 billion in FY 2012 funding for the Federal Transit Administration (FTA), a 3 percent increase over FY 2011 funding levels. Increased funding was provided to the Formula and Bus Grant programs which will receive \$8.3 billion, an \$18 million increase, as well as the New Starts Capital Investment Grant Program, which is funded at \$1.9 billion in FY 2012, a \$358 million increase over the FY 2011 level. The bill includes legislative language limiting the federal share for FTA New Starts projects to 60 percent (up from 50 percent proposed in the House version of the bill). The bill also retains language contained in the Senate version directing bus rapid transit (BRT) projects to be funded under the Bus and Bus Facilities program rather than the New Starts program. Under this provision, the following BRT projects will still be administered as part of the New Starts program, but funded with bus program dollars in FY 2012:

CA Fresno, Fresno Area Express	\$17,800,000
CA Oakland, East Bay BRT	25,000,000
CA San Francisco, Van Ness Ave BRT	30,000,000
FL Jacksonville, JTA BRT	6,443,200
MI Grand Rapids, Silver Line BRT	12,887,943
TX El Paso, Mesa Corridor BRT	13,540,000
WA King County, RapidRide E BRT	21,629,000
WA King County, RapidRide F BRT	15,880,000
CT Hartford-New Britain Busway	45,000,000

The conference agreement identifies the following New Starts projects as being funded under the bill:

NY Long Island Rail Road East Side Access	\$203,424,000
NY Second Avenue Subway	186,566,000
TX Dallas Northwest/Southeast	81,606,000
UT Salt Lake City Mid Jordan LRT	78,889,510
UT Salt Lake City Weber County	52,047,490
VA Northern VA Dulles	90,832,000
WA Seattle University Link LRT	104,078,000
MN Central Corridor LRT	93,144,000
FL Orlando Central Florida	47,308,000
CO Denver Eagle	140,920,000
TX Houston North Corridor	94,616,000
TX Houston Southeast Corridor	94,616,000
UT Salt Lake City Draper	100,468,000

Additional programs funded in the conference report include \$500 million for National Infrastructure Investment (TIGER) grants and \$150 million for Washington Metropolitan Area Transit Authority (WMATA). The bill also includes a provision, originally offered as an amendment in the House THUD subcommittee markup by Representative John Carter (R-TX), which makes up to \$100 million in grants for fuel or electricity costs associated with the operation of transit vehicles to be classified as capital maintenance expenses under the Transit Formula and Bus grants program.

The FTA's research program, which among other programs funds studies through the Transit Cooperative Research Program (TCRP), was cut by nearly 25 percent, down from \$58.9 million in FY11 to \$44 million in FY 2012. Additionally, zero funding was provided for either the greenhouse gas and energy reduction (TIGGER) grant program or Livable Communities Initiative.

On the rail side, the bill provides \$1.6 billion in FY 2012 for Federal Railroad Administration (FRA) programs. Despite an amendment in the Senate which provided \$100 million for high-speed and intercity passenger rail grants, the conference report zeroed out FY 2012 funding for this program. Funding for Amtrak capital grants was set at \$952 million, a \$30 million increase from the previous year's funding level, as well as \$466 million for Amtrak operating grants - a significant decrease from the FY 2011 enacted level of \$562 million.

The final funding levels for Department of Transportation portion of the Conference Report can be found in the table below.

TABLE 1

Program	FY 2011 Enacted (Millions)	FY 2012 Conference Report (Millions)	Change from FY 2011 to FY 2012	
			Millions	Percent
<b>Federal Transit Administration</b>				
Total New Budget Authority for All FTA Programs	10,297.2	10,608.3	311.1	3.0%
Formula and Bus Program Total	8,343.2	8,360.6	17.4	0.2%
§ 5307 Urbanized Area Formula (a)	4,151.7	4,160.4	8.7	0.2%
§ 5340 Growing States and High Density States (a)	464.0	465.0	1.0	0.2%
§ 5311 Rural Formula (a)	464.0	465.0	1.0	0.2%
§ 5310 Elderly and Disabled (a)	133.2	133.5	0.3	0.2%
§ 5317 New Freedom (a)	92.3	92.5	0.2	0.2%
§ 5308 Clean Fuels (a)	51.4	51.5	0.1	0.2%
§ 3038 Over-the-Road Bus (a)	8.8	8.8	0.0	0.2%
§ 5309(m)(2)(B) Fixed-Guideway Modernization (a)	1,663.0	1,666.5	3.5	0.2%
§ 5309(m)(2)(c) Bus and Bus Facilities (a)	982.0	984.0	2.0	0.2%
§ 5305 Planning (a)	113.3	113.5	0.2	0.2%
§ 5316 Job Access and Reverse Commute (a)	164.2	164.5	0.3	0.2%
§ 5320 Alternative Transportation in Parks (a)	26.8	26.9	0.1	0.2%
§ 5335 National Transit Database (a)	3.5	3.5	0.0	0.2%
§ 5339 Alternatives Analysis (a)	24.9	25.0	0.1	0.2%
New Starts and Extensions	1,596.8	1,955.0	358.2	22.4%
Research and University Centers	58.9	44.0	-14.9	-25.3%
Federal Transit Administration Operations	98.7	98.7	0.0	0.0%
Energy Efficiency/Greenhouse Gas Reduction (TIGGER)	49.9	0.0	-49.9	-100.0%
WMATA Preventive Maintenance and Capital	149.7	150.0	0.3	0.2%
<b>Federal Railroad Administration</b>				
High Speed and Intercity Passenger Rail	0	0	0.0	---
Amtrak Operating Grants	561.9	466.0	-95.9	-17.1%
Amtrak Capital and Debt Service	921.8	952.0	30.2	3.3%
Positive Train Control	0	0	0.0	---
<b>Office of the Secretary of Transportation</b>				
National Infrastructure Innovation and Finance Fund/National Infrastructure Bank	0	0	0.0	---
Livable Communities	0	0	0.0	---
National Infrastructure Investments (TIGER)	526.9	500.0	-26.9	-5.1%
(a) Individual programs under Formula and Bus Program funding are not specified in the Appropriation Bill. The amounts listed for FY 2012 are twice the amount authorized in P.L. 112-30 for the period October 1, 2011 through March 31, 2012.				

## SPEAKER AND HOUSE COMMITTEE CHAIRS ANNOUNCE FIVE-YEAR SURFACE TRANSPORTATION BILL TO BE FUNDED THROUGH ENERGY EXPLORATION

On Thursday morning, Speaker of the House John Boehner (R-OH), House Transportation and Infrastructure Committee Chairman John Mica (R-FL), House Natural Resources Committee Chairman Doc Hastings (R-WA) and other Republican Members of Congress announced their plans to introduce the "American Energy & Infrastructure Jobs Act," which they insisted will be considered in the House before the end of calendar year 2011. The Speaker indicated that the bill will include a five-year surface transportation reauthorization bill, as well as legislation expanding offshore oil and gas drilling, expanded oil shale production, and Arctic National Wildlife Reserve oil exploration. Speaker Boehner said the bill will be introduced as H.R. 7, however, few details on the specifics of the bill, such as total spending or programmatic distribution of dollars were given.

For questions on these issues, please contact Brian Tynan of APTA's Government Affairs Department at (202) 496-4897, or [btynan@apta.com](mailto:btynan@apta.com).



AGENDA ITEM #4

**TO:** Chairman Euille and NVTC Commissioners  
**FROM:** Rick Taube and Claire Gron  
**DATE:** November 21, 2011  
**SUBJECT:** WMATA Items.

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A. Vital Signs Report through September 2011.

The quarterly report prepared by WMATA staff is provided for your information.

B. WMATA Board Members' Report.

NVTC's WMATA Board members will have the opportunity to bring relevant matters to the attention of the commission. Attached is information about aligning WMATA strategically with Region Forward and a study of the business case for WMATA.

C. NVTC's Policies for Selecting Its WMATA Board Members.

In January, 2012 NVTC will select two principal and two alternate members of the WMATA Board. There are still several policy issues that are unresolved, as set forth in the attachment. Commissioners should discuss and resolve these issues so that the selection of WMATA Board members in January can be accomplished effectively.

D. Review of Capital Needs Inventory, Preliminary Capital Improvement Program and Early Dulles Estimates.

The attachments show an increase to \$13.3 billion from \$11.4 billion in 2009 in the 10-year capital needs estimate. Much of the increase results from 43 new projects needed to maintain a good state of repair and to implement the NTSB safety recommendations. The updated 2013-18 six-year capital budget will cover over \$5 billion of projects and must be ready for adoption in June of 2012.



Also attached are early estimates of FY 2013 Metrorail ridership (down from the 2012 budget), Metrobus ridership (up) and MetroAccess ridership (down).

Dulles fixed costs will be incurred in FY 2013 but operating costs may shift to FY 2014, depending on the ultimate start date. Dulles ridership assumes an initial annual rate of 9 million new passenger trips.

E. Agreement on Dulles Rail Phase 2.

MWAA, Loudoun County and others have acted to approve a new funding agreement brokered by USDOT Secretary LaHood. Please see the attached article.

# NVTC Monthly Summary of Systemwide Metrorail and Metrobus Performance Through September, 2011

## System-wide Ridership Data (millions of one-way passenger trips)

	Jul	Aug	Sep		Jul	Aug	Sep
<b>CY 2011 Metrorail</b>	19.50	18.40	18.00	<b>CY 2011 Metrobus</b>	10.60	11.40	11.20
<b>CY 2010 Metrorail</b>	20.20	18.50	17.80	<b>CY 2010 Metrobus</b>	10.40	10.60	10.50

Source: WMATA Vital Signs Reports

### Operating Budget

**Month-to-Month Budget Variance (\$ Millions)**

	Sep-10	Sep-11	Sep-11	
	Actual	Actual	Budget	Variance
<b>Revenue</b>	\$66.8	\$66.5	\$67.9	-2%
<b>Expense</b>	\$118.5	\$114.9	\$122.3	6%
<b>Subsidy</b>	\$51.7	\$48.4	\$54.4	11%
<b>Cost Rec.</b>	56%	58%	56%	2%

**Fiscal Year-To-Date Budget Variance (\$ Millions)**

	Sep-10	Sep-11	Sep-11	
	Actual	Actual	Budget	Variance
<b>Revenue</b>	\$204.6	\$206.2	\$207.3	-1%
<b>Expense</b>	\$358.7	\$364.6	\$365.6	0%
<b>Subsidy</b>	\$154.1	\$158.4	\$158.3	0%
<b>Cost Rec.</b>	57%	57%	57%	0%

Source: WMATA Monthly Financial Reports

### On-Time

**Bus On-Time Performance**

	CY 2010	CY 2011
<b>Sep</b>	71.7%	72.2%
<b>Aug</b>	74.7%	76.4%
<b>Jul</b>	72.8%	75.5%
<b>Jun</b>	73.0%	74.1%
<b>May</b>	73.8%	74.5%
<b>Apr</b>	73.8%	76.3%

*Target = 78%*

**Rail On-Time Performance**

	CY 2010	CY 2011
<b>Sep</b>	89.7%	90.8%
<b>Aug</b>	89.2%	91.4%
<b>Jul</b>	88.6%	88.6%
<b>Jun</b>	89.9%	90.4%
<b>May</b>	90.6%	90.9%
<b>Apr</b>	90.3%	91.0%

*Target = 90%*

Source: WMATA Vital Signs Reports

### Safety

**Preventable and Non-Preventable Passenger Injury Rate (per million passengers)\***

	Jun	Jul	Aug
<b>CY 2011</b>	1.99	1.65	1.43
<b>CY 2010</b>	2.25	1.69	1.78

\* Includes Metrorail, rail facilities, Metrobus, and Metroaccess

**Crime Rate (per million passengers)**

	Jun-11	Jul-11	Aug-11
<b>Bus</b>	0.45	0.47	0.79
<b>Rail</b>	5.16	6.06	4.02
<b>Parking</b>	3.5	3.39	3.15

**Customer Complaint Rate (per million passengers)**

	Jul	Aug	Sep
<b>CY 2011</b>	121	117	136
<b>CY 2010</b>	150	138	129

Source: WMATA Vital Signs Reports

### Reliability

**Bus Fleet Reliability by Fuel Type**

**Miles Without Service Interruption**

	CNG	Hybrid	Clean D.	Other
<b>Sep-11</b>	6,946	8,900	6,021	4,300
<b>Sep-10</b>	9,165	11,361	10,300	4,798

**Rail Fleet Reliability by Series (Target = 41,832)**

**Miles Without Service Interruption**

	1000	5000	6000	Fleet Avg.
<b>Sep-11</b>	37,775	47,304	112,619	50,829
<b>Sep-10</b>	43,908	34,094	77,921	43,420

**Escalator Availability**

(Target = 89%)

<b>Sep-11</b>	84.4%
<b>Sep-10</b>	89.7%

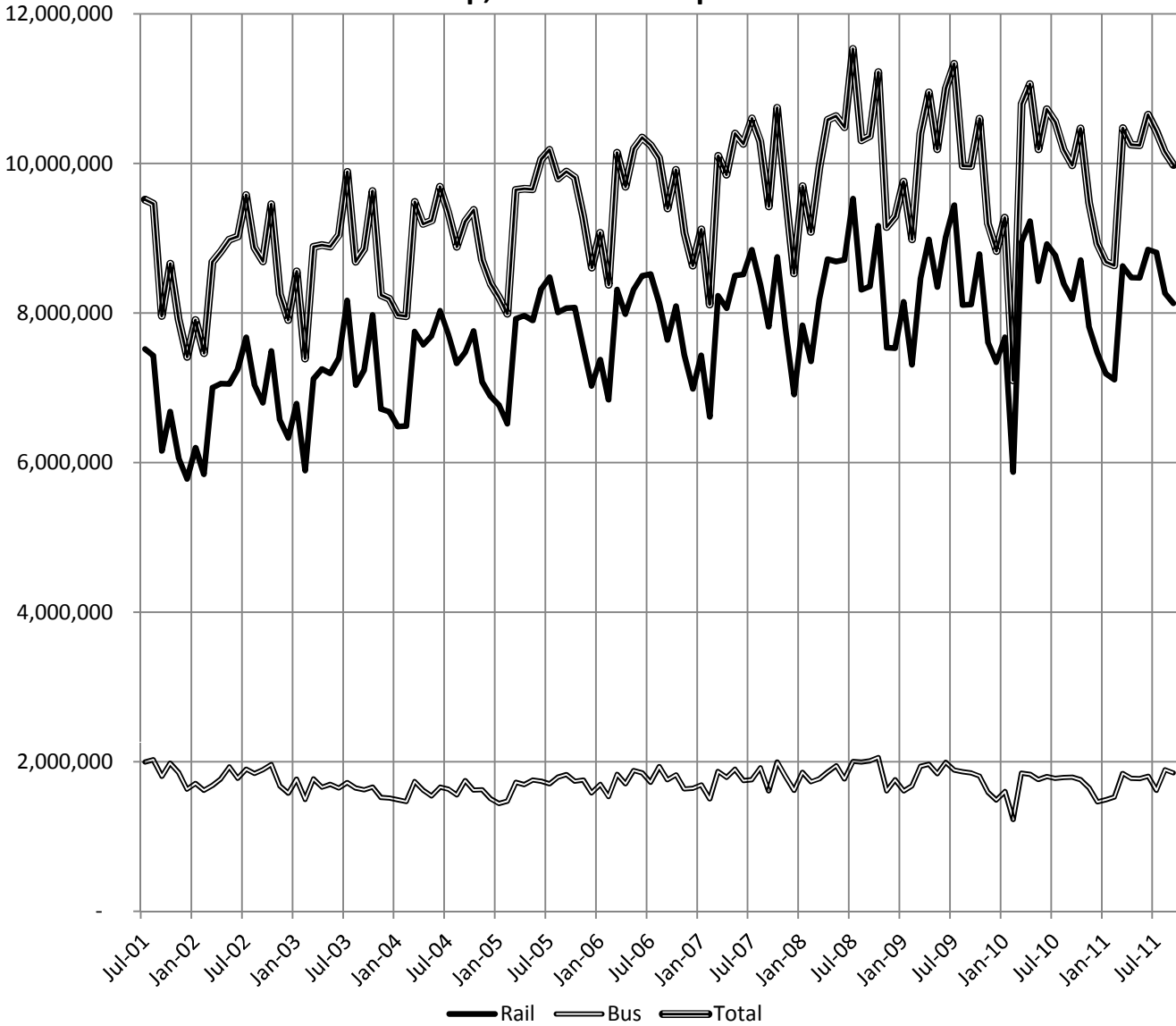
**Elevator Availability**

(Target = 97.5%)

<b>Sep-11</b>	94.5%
<b>Sep-10</b>	94.9%

Source: WMATA Vital Signs Reports

## Northern Virginia Metrobus, Metrorail, and Combined Monthly Ridership, June 2001 - September 2011



Northern Virginia Ridership Data (thousands of one-way passenger trips)						
	Apr	May	Jun	Jul	Aug	Sep
Metrorail CY 2011	8,473.5	8,467.7	8,847.3	8,807.8	8,261.9	8,127.3
Metrorail CY 2010	9,226.4	8,424.9	8,922.3	8,773.0	8,388.2	8,181.8
Metrorail 5 yr. Avg.	8,594.4	8,454.3	8,731.2	9,021.3	8,263.6	8,021.3
Metrobus CY 2011	1,777.8	1,774.8	1,802.5	1,615.8	1,893.7	1,848.7
Metrobus CY 2010	1,832.2	1,764.0	1,799.8	1,776.7	1,790.7	1,792.0
Metrobus 5 yr. Avg.	1,831.0	1,865.2	1,831.9	1,829.6	1,901.4	1,803.1





Washington Metropolitan Area Transit Authority

# Vital Signs Report: 2011 3rd Quarter Results

A Scorecard of Metro's  
Key Performance Indicators

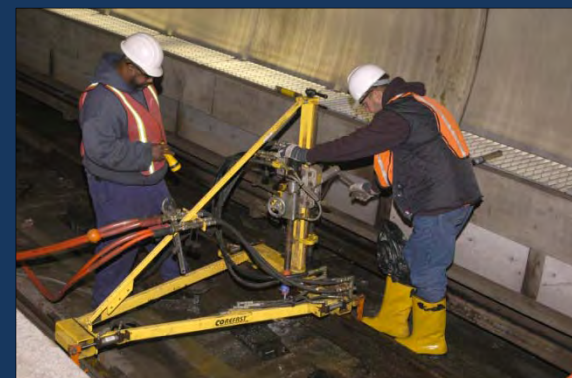
Customer Service and Operations Committee

November 3, 2011



# Purpose of Presentation

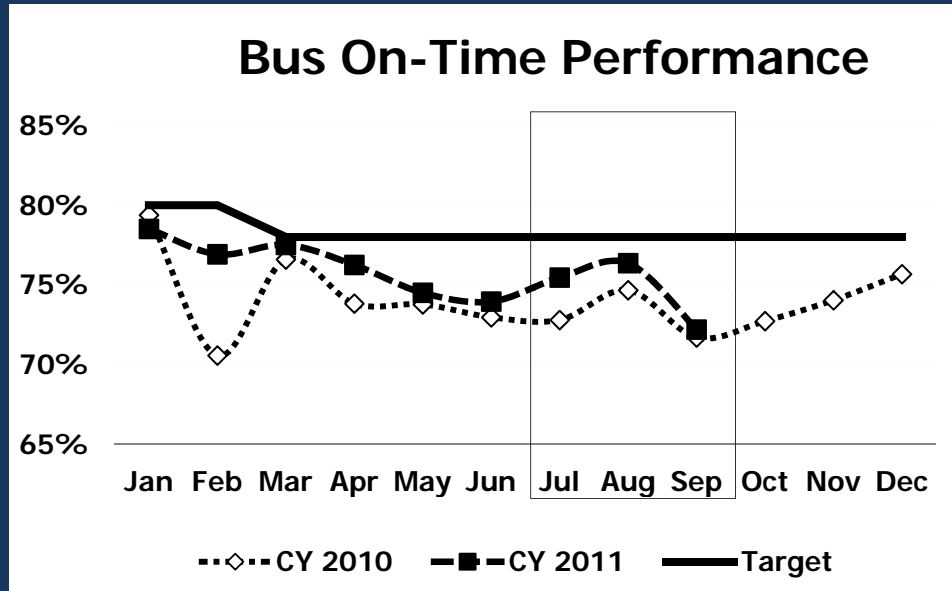
- Summarize the quarterly results for Metro's Key Performance Indicators (KPIs)
- Highlight actions being taken to improve performance





# Vital Signs

## Metrobus On-time Performance



### Why Did Performance Change?

- Improved on-street service monitoring helped performance remain above last year's results
- September performance declined as congestion increased at the end of the vacation season

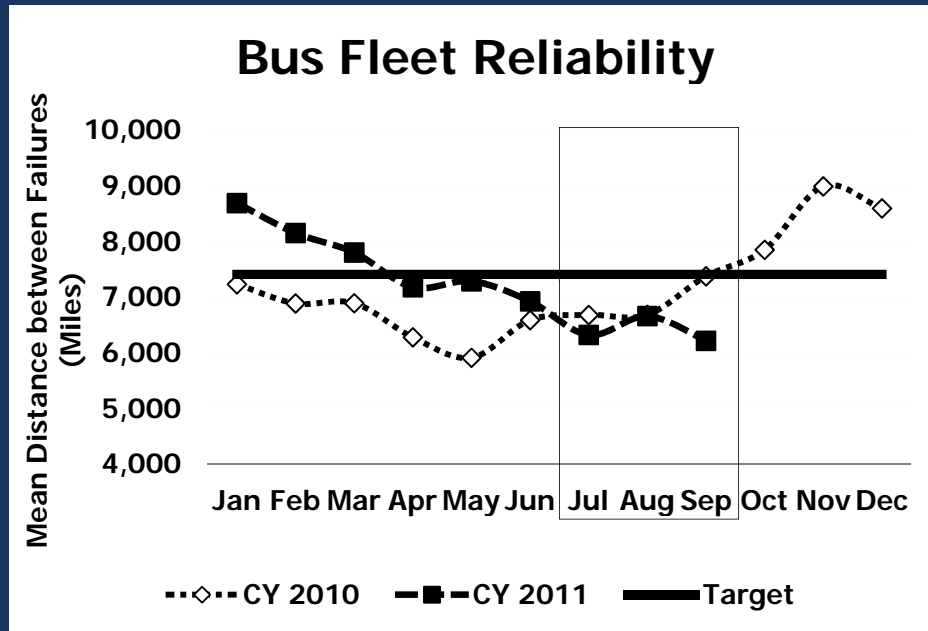
### Actions to Improve Performance:

- Upon Board approval, implement budget-neutral service improvements
- Encourage Service Operations Managers to use real-time technologies including NextBus to manage service on the street



# Vital Signs

## Metrobus Fleet Reliability



### Why Did Performance Change?

- Increased road calls due to heat-related HVAC failures
- Continuing trouble with new Hybrid emission and cooling systems

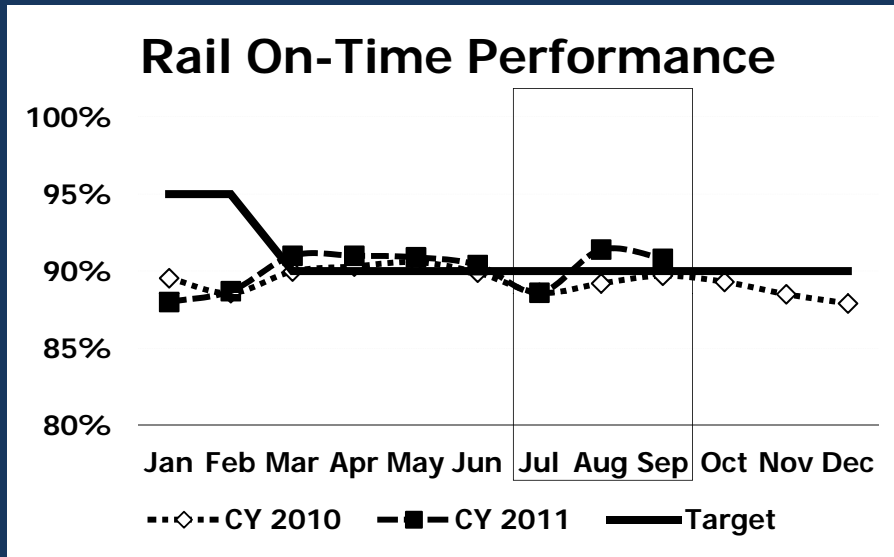
### Actions to Improve Performance:

- Continue two campaigns to address Hybrid emissions and cooling systems
- Continue complete engine change-out on entire CNG fleet
- Begin prep on Diesel fleet in anticipation of cold weather



# Vital Signs

## Metrorail On-time Performance



### Why Did Performance Change?

- New operators in July became familiar with their schedules
- Mid-day track work and preparation for weekend track work impacted on-time performance

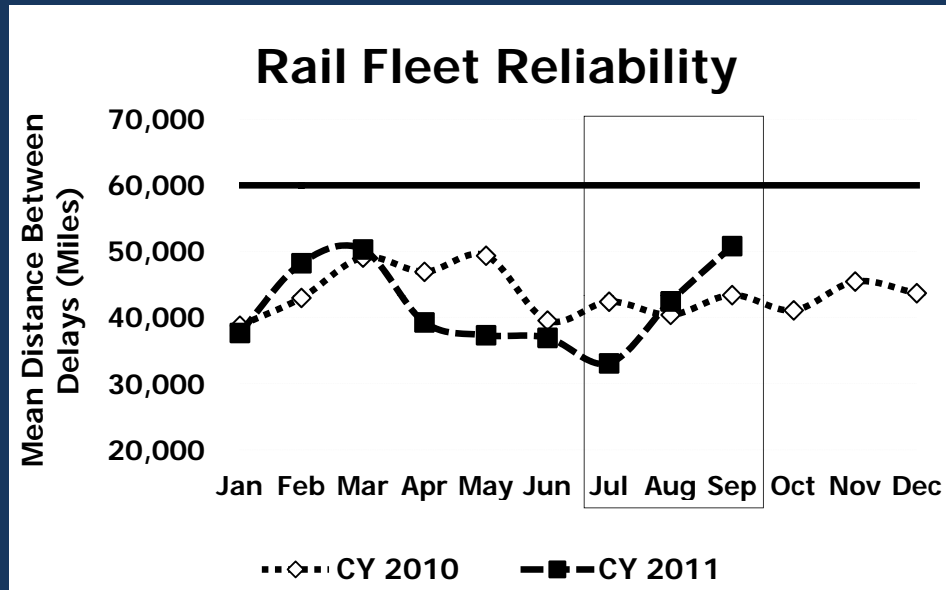
### Actions to Improve Performance:

- Implement new procedure to improve synchronization between OCC, terminal supervisors and operators for on-time dispatch of trains from terminals
- Prepare supervisors to better manage on-time performance



# Vital Signs

## Metrorail Fleet Reliability



### Why Did Performance Change?

- Hottest July on record resulted in large number of cars out of service due to HVAC failures
- August and September improvements due to progress on door campaign and brake system repairs

### Actions to Improve Performance:

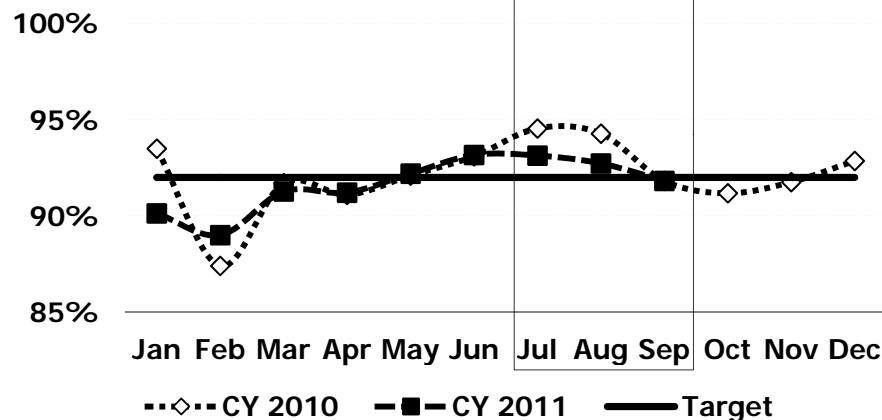
- Continue to implement door system solutions, the biggest cause of delay
- Set up wheel truing machines in anticipation of flats in the fall season due to leaves



# Vital Signs

## MetroAccess On-time Performance

### MetroAccess On-Time Performance



### Why Did Performance Change?

- MetroAccess continued to manage performance to the target level, through improved dispatch procedures and service monitoring

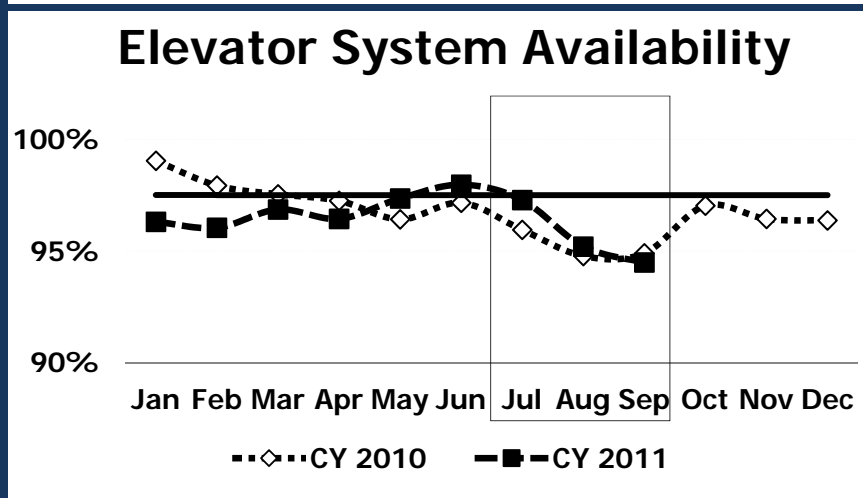
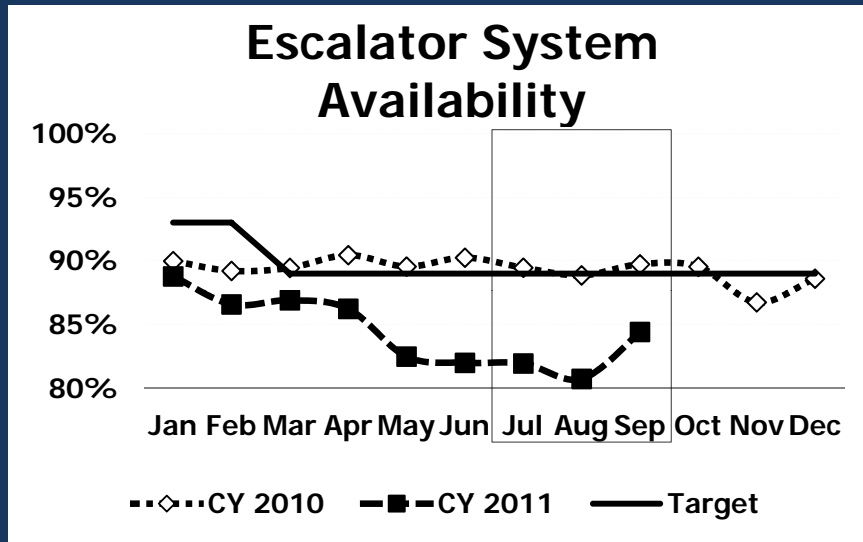
### Actions to Improve Performance:

- MetroAccess staff will continue to evaluate the whole program including eligibility, education, fixed route access, and providing quality service



# Vital Signs

## Escalator Availability



## Why Did Performance Change?

- Attained efficiency improvements from reorganizing maintenance into east and west teams
- Preventive maintenance compliance continued to improve
- Earthquake and heavy rains reduced availability in August

## Actions to Improve Performance:

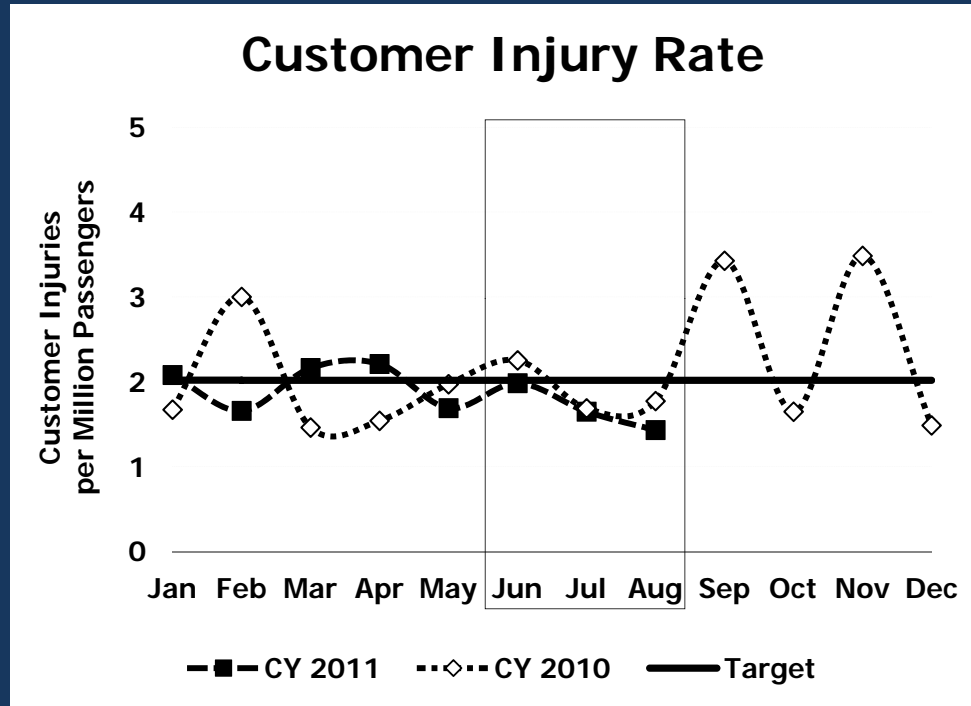
- Implement new business model concept to supplement in-house staff
- Improve parts inventory management
- Address shortage of skilled elevator mechanics





# Vital Signs

## Customer Injury Rate



### Why Did Performance Change?

- Customers are sustaining injuries riding the bus (44%), in rail stations and parking facilities (22%), on escalators (22%), and riding the rail system (5%)
- Decline in bus collisions resulted in lower overall injury rate

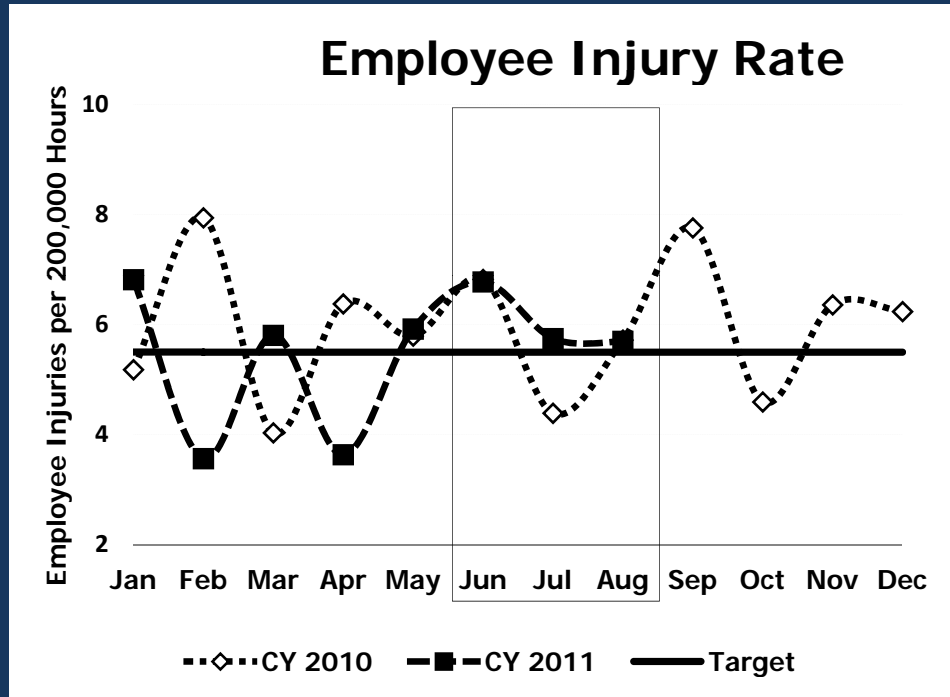
### Actions to Improve Performance:

- Implement campaign to reinforce defensive driving and safe driving behaviors
- Safety officers will partner with Bus Service Operations Managers



# Vital Signs

## Employee Injury Rate



### Why Did Performance Change?

- June employee injuries were above average due to increased “Struck by Object” injuries
- Main cause of injuries remained straining, slips/trips/falls and bus collisions

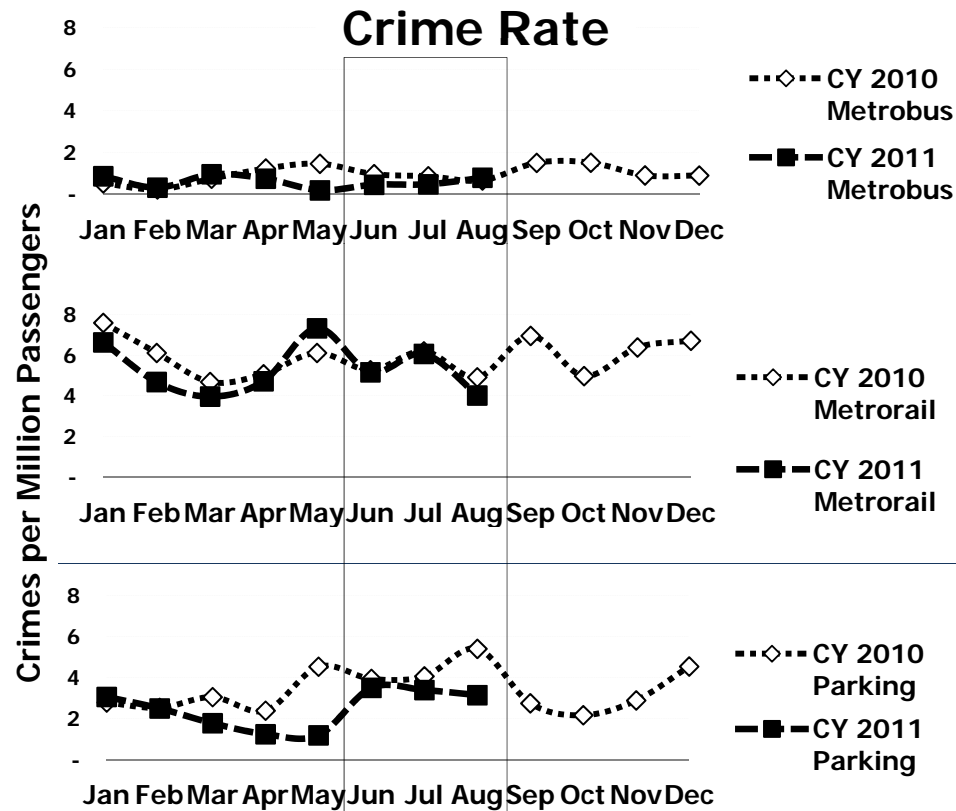
### Actions to Improve Performance:

- Give demonstrations of proper form to lift, push and pull
- Continue to provide injury investigation training to supervisors
- Continue to require training instructors to conduct ride-alongs



# Vital Signs

## Crime Rate



### Why Did Performance Change?

- Deployed more officers, opened access to local enforcement agencies and moved observation towers to address parking lot crime
- Reduction of small electronic device robberies in August due to increased ridership awareness campaigns and changes to patrol patterns.

### Actions to Improve Performance:

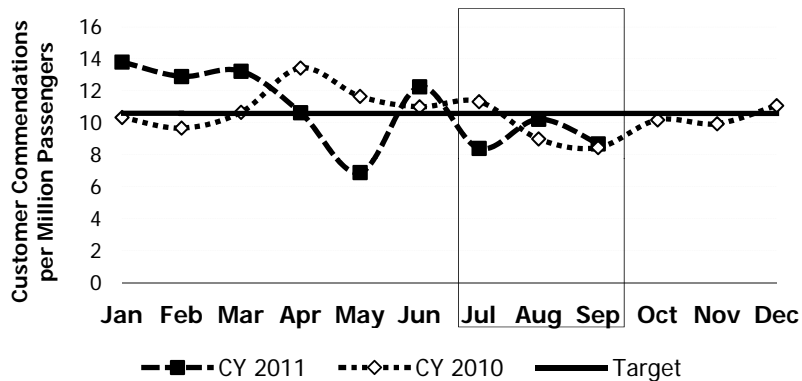
- Report observations of valuables in vehicles via mail out to customers
- Monitor the adjustments made to patrol of rail stations for the start of school



# Vital Signs

## Customer Comment Rate

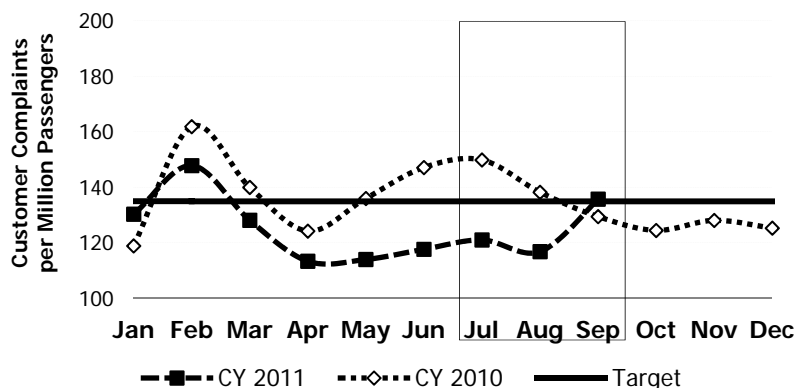
### Customer Commendation Rate



### Why Did Performance Change?

- The three-month commendation trend illustrates the recognition of Metrorail's safe handling of the earthquake in August
- Riders and bus operators adjusting to service changes and new bus stop placement caused an increase in September's complaint rate

### Customer Complaint Rate



### Actions to Improve Performance:

- Test improvements to the SmarTrip® program
- Begin using a new daily report of call center performance



# Vital Signs

## Metro's KPIs 2011 Quarter 3

Continue to monitor performance and identify actions to improve



*Inform, Promote, Unify*



Washington Metropolitan Area Transit Authority

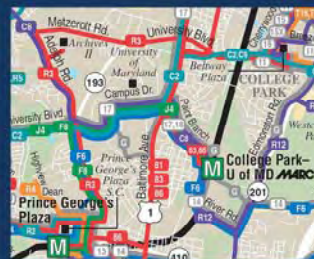
## Aligning Metro's Future with Region Forward – The Vision for Transit

November 17, 2011



## Purpose

- Board endorsement of proposed Mission and Vision statements
  - Seek stakeholder input Nov – Jan.
- Highlight regional benefits of Metro
- Define Metro roles
  - Strategically align Metro with *Region Forward*



2

Metro Board has endorsed supporting *Region Forward* and desires to strategically align Metro with the Region's planning guide.



## Proposed Mission and Vision

*Why does Metro Exist?...*

Mission:

Metro should provide safe, reliable and cost effective public transit services that move the region forward

*Where is Metro Going?...*

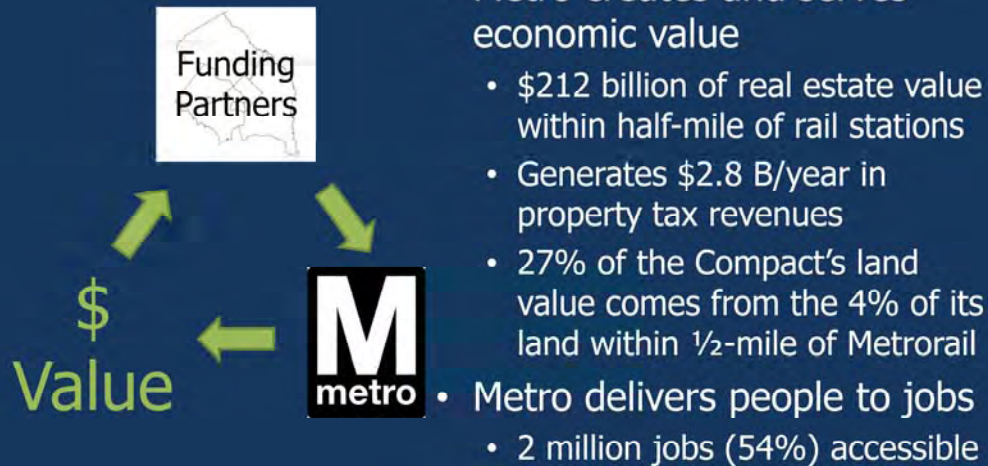
Vision:

Metro will be the Nation's Safest and Best Ride





## Metro is an Economic Engine



Metro has recently completed a study. The purpose of the study was to create a business case for reinvestment in Metro and articulate Metro's critical role in the Washington region. Regionally, Metro is already recognized for its impact on mobility, but transport-only measurements do not tell the whole story. This project was undertaken to look beyond basic transportation measures to quantify other benefits that have accrued to the region.

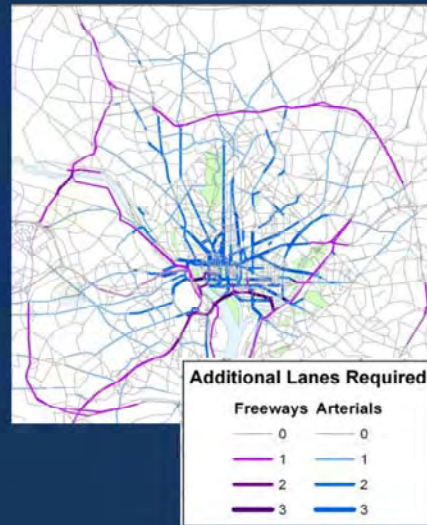
Proximity to transit, especially high quality, frequent, high capacity rail has shown to increase property values. Proximity attracts residential, commercial, and retail development that would otherwise occur elsewhere, likely in a more auto-oriented area. Additionally, proximity enables people to access homes, jobs, shopping by transit, foot, or bike, reducing auto-oriented infrastructure (i.e. parking) and allowing that land to be used for the highest and best use. In terms of the Washington area, the study estimated that there is \$212 billion of real estate value within a half mile of all rail stations in the Metro system. This has resulted in \$2.8 billion annually in property tax revenues to the compact jurisdictions. Additionally, development around transit stations tends to be denser, enabling more value to come from a smaller footprint. In the case of Washington, 27% of the compact's land value can be found on the 4% of the total land that is within a half mile of Metro's rail stations.

Business choose to locate near Metro stations because it expands their pool of employees and customers. Many people in the Washington region live a car-free life – either by choice or by necessity – and rely on Metro to access their jobs. Others choose to commute by public transit for a variety of other reasons. 54% of all regional jobs (2 million in total) are with a half mile of Metro stations, with another 300,000 accessible within a mile of Metro stations.



## Metro Preserves the Capitol Region

- 45% transit market share to the core
- Without Metro, downtown would need 200,000 more parking spaces
- Without Metro:
  - 1 million car trips per day
  - 2 Beltway's worth of pavement
  - Congestion fractures our regional economy



Even with a 45% total transit mode share to the core during the peak period, the Washington region has some of the highest traffic congestion levels in the US. To understand the impacts on the region's road infrastructure, the study removed all transit (bus and rail) from the TPB's existing travel demand model and expanded the road network to meet existing levels of congestion. This resulted in an understanding of the benefits of transit with respect to auto-oriented infrastructure. In addition to what is added – 1 million more daily cars trips, 2 additional Beltway's worth of pavement, 200,000 more parking spaces, and a fractured economy due to congestion – it is also as much a story of what the region would forego if transit were omitted. Open space would be overrun by roads. Existing development would be overrun by highways and road infrastructure. Future development would be more expensive as significantly more parking would be needed. Streets would be wider, resulting in less walkable, less livable communities.



## Metro Makes the Region Competitive

- Metro makes possible a place that draws workers and jobs
  - “Companies are recruiting and targeting the next generation of talented workers, the Generation Y/millennials... who increasingly prefer urban lifestyles with mass transit.”
- Security: rail can evacuate 120,000+ people/hour



Source: Jeffrey Spivak, "Urban Office Momentum", *Urban Land*, September 14, 2011

Regions are competing against one another for innovative companies and the employees who work there. Though the Washington region has the consistency brought about by the federal government as the largest employer in the region, there is still the desire to diversify and attract leading edge companies. Metro's high quality, high frequency service enables these companies to attract the best and brightest, many of whom are interested in living an urban lifestyle which includes walking, biking, and taking public transit.

Metro provides an indispensable part of the Capital Region's emergency preparedness. On September 11, 2001, Metro facilitated the safe evacuation of hundreds of thousands of people. This would be impossible without high capacity heavy rail. But even apart from a major event such as September 11<sup>th</sup>, Metro enables multiple special events to occur, such as the Cherry Blossom Festival, 4<sup>th</sup> of July, Marine Corps Marathon, and presidential inaugurations. None of these events could accommodate the same level of participation without Metro.



## Metro Makes the Region Livable

- Saves households time and money
  - Time savings: \$705M/year
  - Auto savings: \$340M/year
- Saves 40 million gallons of gas/year
- Cleans the air



Lastly, Metro increases the quality of life and affordability of living in the nation's capital. Using public transit provides a faster commute and allows individuals and families to have fewer cars or no car in comparison to those who do not use Metro. About 20% of Metrorail riders and 53% of Metrobus riders are from car-free households. For all regional households, Metro enables a time savings of \$705 million annually and savings associated with car ownership and operation of \$340 million annually. Using Metro also saves on the purchase and use of 40 million gallons of gas annually, which improves air quality. About 260 tons of volatile organic compounds (VOC) and 0.5 million tons of CO<sub>2</sub> are avoided in the region due to people's choices to use Metro and reduce their auto use. The subsequent environmental savings is approximately \$9.5 million annually.





## Region Forward Concepts

- Accessibility: Walkable, mixed use communities with transport choices
- Sustainability: Healthy air, water, and land, renewable energy sources, and a smaller carbon footprint
- Prosperity: Resilient economy and pre-eminent knowledge hub
- Livability: Vibrant, safe, and healthy neighborhoods



In 2010, Region Forward was presented to address the interrelated challenges of population growth, aging infrastructure, traffic congestion, energy costs, environmental restoration and protection, affordable housing and sustainable development, and education, economic and health disparities by developing four key concepts to guide future planning decisions. The concepts are accessibility, sustainability, prosperity and livability. Within each concept, specific goals, targets, and indicators were developed to assist the region in regularly measuring progress.

The specific goals for each concept are provided at the conclusion of this presentation and on the Region Forward website ([www.regionforward.org](http://www.regionforward.org))



Though public transit acts as a backbone to the region's ability to achieve almost all of Region Forward's goals, Metro's main contribution to *Region Forward* is expected to be in support of the accessibility goals. Metro specific contributions are to (i) increase mobility in the region by enabling non-single occupancy vehicle (SOV) choices by as many people as possible; (ii) support the development of regional activity centers by connecting people and employment through improved or new transit services; and (iii) ensuring the financial sustainability of transit such that ongoing system maintenance and improvements can be undertaken at the same time as planning and expansion to accommodate future growth.



## Improve Mobility in the Region

- Operator: Support local plans for extensions; play limited role in mobility conversations
- Convener: Assemble jurisdictions to strategize how to increase regional non-SOV mode share and integrate services
- Advocate: Articulate benefits of increasing non-SOV mode share; recommend approaches to serve activity centers
- Leader: Lead customer-focused integration, adopt goal to increase mode share; prioritize improvements to serve activity centers
- Partnerships: State and local transportation departments, other transit agencies, TPB
- Assets to Leverage: Extensive experience as planner, integrator, and operator of regional transit system;

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Many regional activity centers (RAC) are unserved or underserved by transit, especially those in more suburban locations. As part of Region Forward, jobs and housing are to be targeted in RACs, which will require the provision of new or additional transit service to accommodate employee and resident needs. By addressing capacity in the core, providing a seamless customer experience, improving station access, improving the efficiency of surface transit, and expanding transit service in the region where demand merits, there is opportunity to provide mode choice and increase the viability of non-SOV use among RACs.

The main challenge to improving mobility is jurisdictional control of land use decisions that support transit ridership.

As an operator, Metro would maintain its existing services and support jurisdictions plans for extensions and additional service. Metro would take a limited role in growing the regional transit system. As a convener, Metro would assemble the jurisdictions to discuss issues and solutions, but would rely on the jurisdictions to implement new transit service and integrate the services into the region. As an advocate, Metro would articulate benefits of increasing transit use, provide information on matching transit with land use decisions, recommend specific approaches for serving RACs, and provide a framework for integration. As the leader, Metro would identify and adopt a goal to increase regional transit mode share, which would include specific land use guidance on what is needed from the jurisdictions to support different transit modes. The investments needed to serve the RACs and meet the goal(s) would be prioritized in the capital and operating programs as part of a regional transit expansion program.

Applicable Region Forward targets include:

- Increase share of walk, bike, and transit trips
- All RAC will have transit accessibility (bus or rail)
- Reduce VMT per capita
- The region's transport system will give priority to management, performance, maintenance, and safety of all transport modes and facilities
- Transportation investments will link RAC



## Support Development of Regional Activity Centers

- Operator: Follow jurisdictions' lead on plans and implementation around stations
- Convener: Assemble jurisdictions and developers to enable development opportunities
- Advocate: Articulate benefits and provide data on TOD; recommend opportunities for joint development
- Leader: Maximize development opportunities on Metro property
- Partnerships: State and local land use/planning departments, TPB
- Assets to Leverage: Capital investments, daily operations, existing development around transit

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Land around some of the existing transit stations has yet to be maximized through TOD. By further developing the property for residential and commercial purposes, there is the possibility to improve station access, improve the efficiency of surface transit, expand transit services in the region, and increase ridership, especially through reverse commuting (i.e. from the core to Tysons or Prince George's County) and during off-peak hours when seats are available. Partnerships are needed with the state and local land use/planning departments and the TPB as the key challenge to TOD is that jurisdictional control over the land use and zoning decisions. Additionally, while Metro owns some of the land around some of its stations, much of the remaining land within a 0.5 – 1 mile of the stations has fragmented ownership.

As an operator, Metro would continue to follow the jurisdictions' leads on development plans, while minimizing their role in joint development. As a convener, Metro would assemble jurisdictions and developers to enable TOD opportunities, but would rely on these groups to make TOD a reality. As an advocate, Metro would continue to articulate the benefits of TOD and identify and recommend joint development opportunities to the jurisdictions. As a leader, Metro would develop as much as possible on its property, putting forth a plan to guide the development of the remaining non-Metro owned parcels to maximize transit use.

Applicable Region Forward targets include:

- By 2020, housing and transportation costs in RAC will not exceed 45% of area median income
- Increase share of walk, bike, and transit trips
- All RAC will have transit accessibility (bus or rail)
- Transportation investments will link RAC
- Beginning in 2012, at least 80% of new or preserved affordable units will be in RAC
- Reduce pedestrian and bicycle fatalities across the region





## Ensure Financial Sustainability for Transit

- Operator: Identify gaps and request annual funding support
- Convener: Assemble jurisdictions to publicly discuss long-term funding needs and impacts
- Advocate: Articulate need for long-term funding commitments; communicate analysis and enhanced budgeting process
- Leader: Obtain authority for dedicated ops/cap funding; link costs to value created
- Partnerships: Funding jurisdictions, state legislatures, TPB
- Assets to Leverage: 35 years of infrastructure investment, cross-jurisdictional transit service, technological innovation

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Operations and maintenance (O&M) costs are on the rise – fuel, labor, energy, and other costs continue to impact the organization. These costs are expected to outpace ridership growth, resulting in larger subsidies across WMATA’s services. While capital funding has been provided for system maintenance and state of good repair (SOGR) projects, there is no funding to address the projected 30-40% percent increase in transit usage. The key challenge to creating a financially sustainable transit agency that can continue SOGR and maintenance work, while also planning and constructing a next generation Metro is the lack of long-term funding commitments or a dedicated funding source. Partnerships are needed with the funding jurisdictions, state legislatures and the TPB to support Metro with a reliable consistent funding source that can be used to support and plan for the long-term.

As an operator, Metro would continue at the status quo – identifying gaps and long-term needs (i.e. Capital Needs Inventory) and continuing to request funding support annually. As a convener, Metro would regularly publicly assemble jurisdictions to discuss long-term funding needs and impacts of inaction. As an advocate, Metro would continue to articulate the need for long-term funding commitments from its jurisdictions, using detailed analysis to identify costs and benefits of such funding. Metro leadership and Board members would meet with key decision makers across the region to highlight the agency’s needs, how this will help to achieve Region Forward’s goals, and the results of inaction. As the region’s leader, Metro would obtain authority and create a dedicated source for operations and capital funding.



## Missions and Visions

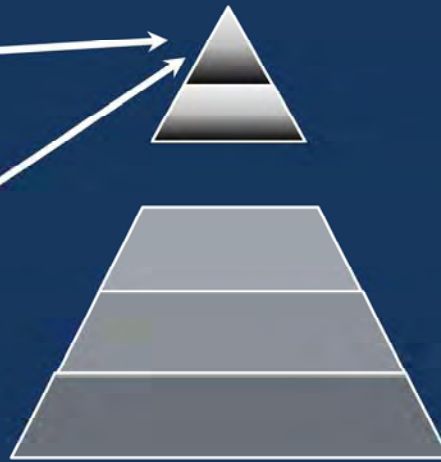
### Capstone Elements of a Strategic Plan

#### MISSION STATEMENT

Defines what an organization does, or why an organization exists

#### VISION STATEMENT

Describes how an organization desires to work, or a desired future state for the organization



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Attributes of a good Mission Statement:

- Simple and clear
- Somewhat inspirational; propel the organization toward positive growth
- Long-term in nature
- Easy to understand and communicate

The Vision Statement should be

- Broad, inspiring and a reach – in short, visionary
- It can be transformation (we will become...) or comparative (the best...)
- It can be about the organization or about the service provided
- The vision should speak to a broad audience
- It should be an aspiration and resonate with riders, staff, and stakeholders
- It should contain a “catch phrase”



## Mission: Why Does Metro Exist?

Existing Mission: Metro operates and maintains a safe, reliable and effective transit system that enhances mobility, improves the quality of life, and stimulates economic development in the Washington metropolitan area.

Proposed Mission: Metro should provide safe, reliable and cost effective public transit services that move the region forward.



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A Mission Statement defines the organization's purpose and primary objectives and answers the questions – what do we do? How do we do it? For whom do we do it? It is internally focused.

Metro's existing mission was adopted on September 30, 2010. The mission defines Metro's critical role in the region and as a public sector entity, it also provides the socially justifiable reasons for its existence. The current mission speaks to safety, reliability, and effectiveness – all standard transportation roles. But it also speaks to a bigger picture of what public transit does for the region as a whole – improving quality of life and stimulating economic development.

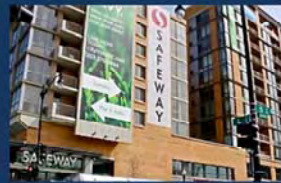
The proposed new mission is more concise and reflects the Board's desire to strategically align Metro with *Region Forward* and its concepts of Accessibility, Sustainability, Prosperity and Livability, implying that Metro is the backbone to enable the region to prosper and exceed its future needs.



## Vision: Where is Metro Going?

Existing Vision: Best Ride in the Nation

Proposed Vision: Metro will be the Nation's Safest and Best Ride



A vision statement helps to answer the question of what Metro wants to become and where is Metro going in the future. Though brevity and being a catch phrase are needed, a vision statement also needs to be meaningful, feasible, and able to provide direction.

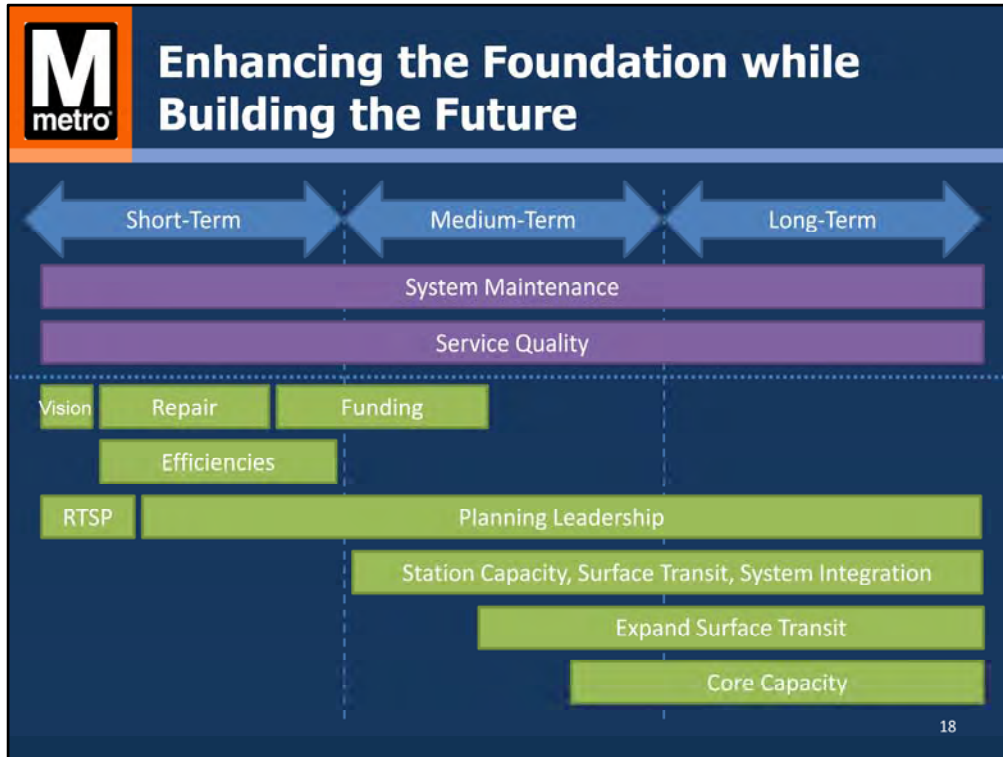
The proposed vision slightly modifies the existing vision by incorporating safety, a top priority now as we bring the Nation's transit system back into a state of good repair.



## Board Discussion and Q&A



# Appendix



Metro recognizes the need to improve service quality, bring the system to a state of good repair, and undertake ongoing system maintenance. These represent the fundamental elements that need to be at the forefront of Metro every day to enhance the foundation and maintain the region’s infrastructure investments. However, to support *Region Forward* and create a regional transportation system that can withstand the expected population growth and transition to a system of the future, Metro also needs to be planning for the medium- and long-term. As shown in the region and in cities across the country, expanding high capacity transit infrastructure is expensive and takes a long time to plan, design, and build (i.e. Dulles Silver Line ~13 years from start of EIS to opening of Phase 1; Second Avenue Subway ~ 16 years from start of EIS to opening of Phase 1; Purple Line ~17 years from start EIS to opening). Planning for the future and undertaking ongoing system maintenance and improvements to system quality should not be considered mutually exclusive.

With the creation of a new Strategic Plan, Metro will continue to work to prove its regional value by getting its house in order and showing efficiency gains throughout the system. In parallel, a Regional Transit System Plan (RTSP) is under development to provide a long-range plan to address the next thirty years. The plan is expected to address core capacity, station access, surface transit corridors, and connections to/between new and emerging activity centers. Combined, these projects can help Metro make a case for a sustainable funding source that will ensure that the organization can meet its short-term and long-term needs.





## Possible Supporting Values

Metro endorses *Region Forward* and its vision to shape a more accessible, sustainable, prosperous, and livable region.

To support *Region Forward*, Metro will increase regional mobility and connect communities by:

- Anchoring the region's high quality transit network by continuous improvement and innovation;
- Providing a safe, secure, reliable, affordable, and seamless regional transit offering to our customers;
- Increasing passenger comfort and meeting future demand by expanding capacity to/in the core;
- Increasing the speed, reliability and efficiency of surface transit;





## Possible Supporting Values, continued

- Supporting the development of vibrant, compact, livable communities;
- Expanding safe and direct multimodal access to transit by implementing a walking and biking master plan;
- Ensuring fiscal stewardship by using resources wisely and advocating for dedicated funding source;
- Promoting environmental stewardship in our facilities and services by
- Partnering with our member jurisdictions and the general public to create a public transit system that carries the region now and into the future

NVTC's WMATA Board Representation for 2012 and Beyond

Assumptions:

1. The cities of Fairfax and Falls Church have never had representatives on the WMATA Board and each pays less than one percent of WMATA subsidies. Therefore, they should not be considered for Board membership (unless additional seats are provided through Compact amendments).
2. Loudoun County currently pays no WMATA subsidies so should not be considered for current Board membership. When Loudoun County begins to pay for Metrorail service, if Compact amendments create additional seats it could be considered for membership at that time.
3. The commonwealth would retain one voting seat by virtue of the Governor's budget amendment which is assumed to remain in force.
4. Fairfax County pays by far the largest subsidy of NVTC's five WMATA jurisdictions and should continue to have a voting member.

Alternative Configurations

Alternative #1: Fixed

<u>Principals:</u>	<u>Alternates:</u>
Fairfax County	Arlington
Commonwealth	Alexandria

Alternative #2: Rotating

<u>Principals:</u>	<u>Alternates:</u>				
	2012	2013	2014	2015	Etc.
Fairfax County	Arlington	Fairfax Co.	Fairfax Co.	Arlington	Fairfax Co.
Commonwealth	Alexandria	Arlington	Alexandria	Alexandria	Arlington

Considerations:

- In support of Alternative #1, Fairfax County has a permanent voting seat, so it may be considered unfair to exclude Arlington or Alexandria from any representation on the WMATA Board in one year out of every three.
- In support of Alternative #2, Fairfax County currently pays about 54.8% of WMATA subsidies versus 27.8% for Arlington and 15.2% for Alexandria. Accordingly, Fairfax County should have slightly more than half of the four seats over time (56.1%).



# Washington Metropolitan Area Transit Authority

## Review of Capital Needs Inventory and Preliminary Capital Improvement Program

Finance and Administration Committee

November 3, 2011



## Purpose

- Provide an update on the six-year Capital Program
  - Background of Capital Needs Inventory (CNI) and Capital Improvement Program (CIP) Development
  - FY2011 Annual Budget Reconciliation
  - Updated Capital Needs Inventory
  - Updated Capital Improvement Program FY2013-2018



# Background - Capital Needs Inventory

- Capital Needs Inventory (CNI) – developed in 2009
  - Prioritized list of capital needs to maintain safety and reliability
    - In-depth look at physical assets: vehicles, facilities, operating systems, IT, track and maintenance equipment
  - \$11.4 billion over 10 years
  - Performance and customer/demand projects
    - Performance= rehabilitation of 30-year old track, replacement of rail cars and buses and replacement/rehabilitation of oldest garages
    - Customer/demand= fleet expansion, power upgrades, and safety and security enhancements
  - Provided basis for Capital Improvement Program moving forward



# Background - Capital Improvement Program

- Capital Improvement Program (CIP) – began in FY2011
  - \$5.0 billion over six years (FY2011-2016)
  - Safety and urgent state of good repair projects from CNI
    - Addressed need to replace, upgrade or rehabilitate old or outdated vehicles, facilities, track and customer amenities
  - First year = \$854 million





# Background - Annual Reconciliation

- July 1, 2010, Metro and its jurisdictional funding partners entered into the Capital Funding Agreement (CFA) for Metro's Capital Improvement Program
- CFA requires annual reconciliation of the following transactions in the CIP:
  - Actual compared to planned expenditures for projects and activities
  - Actual compared to scheduled Allocated Contribution of each Contributing Jurisdiction
  - Projected Allocated Contributions of each Contributing Jurisdiction
  - Actual compared to budgeted amount of Federal grant funds received
  - Current forecast of expenditures
  - Estimated cost to complete remaining projects/activities and expected sources of those funds



# FY2011 Annual Reconciliation Summary

- Amended budget was \$854 million
- 90% or \$769 million obligated (45% increase from FY2010)
- 71% or \$611 million expended (60% increase from FY2010)
- \$76 million or 9% of total program funds are net remaining assets
  - 80% federal and 20% local
  - Unexpended in FY2011 expected to be obligated and expended by end of FY2013
- Estimate forecast to complete through FY2016 is \$4.5 billion





# FY2011 Review of Capital Project Delivery Program

- 88 new Hybrid Electric buses received
- All 241 planned MetroAccess vehicles received and placed into service
- Escalator replacements are ongoing at Foggy Bottom Station and modernizations were completed at Dupont Circle (mezzanine to platform escalators), Farragut North, Franconia-Springfield, Gallery Pl-Chinatown, Judiciary Square, Metro Center, Union Station, and Wheaton Stations





# FY2011 Review of Capital Project Delivery Program (cont.)

- Design work commenced with extensive customer input on 7000 Series rail cars
- Track rehabilitation work included replacement of:
  - 72,544 linear feet of running rail (50% increase from FY2010)
  - 22,070 fasteners (91% increase from FY2010)
  - 14,564 track cross ties (102% increase from FY2010)
  - 1,364 welds (1,086% increase from FY2010)





# FY2011 Review of Capital Project Delivery Program (cont.)

- Completed kiosk enlargement at Rhode Island Station
- Installed concrete pavers and non-skid tiles at Shady Grove Station
- Launched new Intranet Portal, upgraded Maximo (Metro's Asset Management System), and implemented Metro ID Badge and Physical Access Control System
- IFO Enterprise Financial System Implementation





# Budget vs. Actual Expenditures

<b>Table 1 - FY2011 Budget by Category</b> (Dollars in millions)					
	<b>Adopted 06/30/10</b>	<b>Current Amended</b>	<b>Through 06/30/11</b>	<b>%</b>	<b>%</b>
	<b>Budget (1)</b>	<b>Budget (2)</b>	<b>Actual (3)</b>	<b>Expended</b>	<b>Obligated</b>
A. Vehicles / Vehicle Parts	\$ 310.4	\$ 338.6	\$ 281.3	83.1%	91.4%
B. Rail System Infrastructure Rehabilitation	91.6	113.9	78.5	68.9%	100.0%
C. Maintenance Facilities	67.5	58.1	34.9	60.0%	84.6%
D. Systems and Technology	56.4	88.0	55.2	62.7%	84.0%
E. Track and Structures	62.6	76.9	56.5	73.5%	88.0%
F. Passenger Facilities	68.3	113.7	78.9	69.4%	97.8%
G. Maintenance Equipment	41.1	42.7	20.6	48.2%	71.2%
H. Other Facilities	6.4	19.0	2.9	15.3%	58.3%
I. Program Management	5.0	4.0	2.5	62.1%	62.6%
J. Safety	-	-	-	0.0%	0.0%
<b>Total Use of Funds</b>	<b>\$ 709.3</b>	<b>\$ 854.9</b>	<b>\$ 611.2</b>	<b>71.5%</b>	<b>90.0%</b>

(1) Attachment 1 - Original Capital Funding Agreement

(2) Budget adjusted by various amendments, reprogrammings, and Metro Matters rollover

(3) Per PeopleSoft General Ledger (ACCT records)

- Variance between adopted and amended budget derived from Board approved Metro Matters rollover \$132M, amendments \$14M, and reprogramming \$47M



# Metro Supports the Region

- Metropolitan Washington Council of Government's Region Forward (2010)
  - Regional sustainability, accessibility, and livability goals, targets, and indicators focused on transit and activity centers
- Metro's services and investments are critical to achieving the region's goals:
  - Increasing transit mode share
  - Providing access to regional activity centers





# Metro Benefits the Region

- Saves the Capitol region millions of hours per day from being lost to traffic congestion
- Saves the average family thousands per year in car ownership and operating expenses
- Boosts property values; adding more value to residential and commercial properties within near rail stations
- Enables a wide variety of special events that would otherwise be difficult or impossible to serve
- Moves federal workers - 40% of the weekday trips on Metrorail are made by federal employees
- Without Metro, the region would need to build over 1,000 lane-miles of highway to maintain current speeds; equivalent to building two additional Capital Beltways



# Capital Needs Inventory

- FY2011-2020 ten-year CNI originally totaled \$11.4 billion when prepared in 2009
- During the first year of the ten-year CNI, investments totaled \$854 million
- Capital needs continue to grow
  - Revisions to existing project needs, \$0.4 billion
  - 43 new projects (187 total) including NTSB Recommendations and State of Good Repair, \$1.5 billion
- Updated ten-year CNI now totals \$13.3 billion in 2011

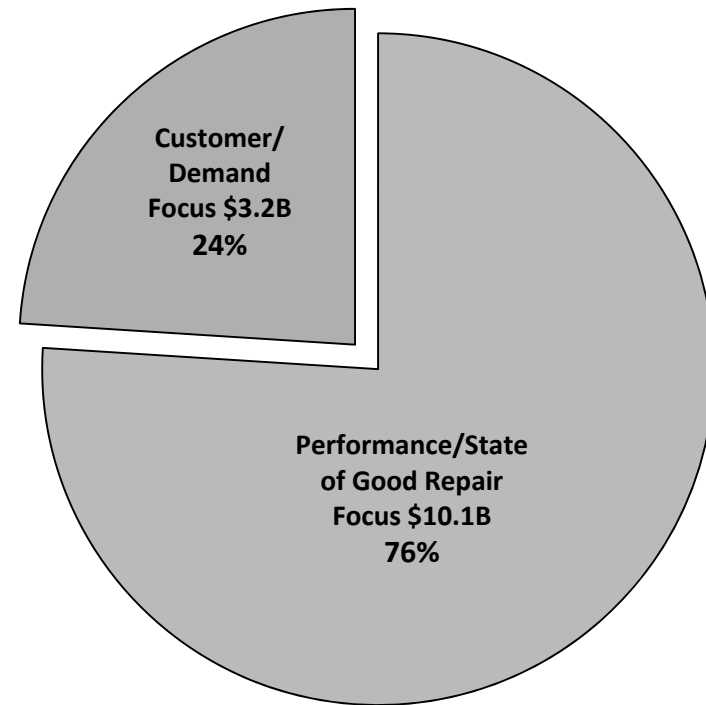




# Capital Needs Inventory (cont.)

Metro's Capital needs: \$13.3 billion

- Performance/State of Good Repair Focus:
  - Projects that maintain and replace assets on a regular life cycle basis to deliver the same level of service
- Customer/Demand Focus:
  - Projects that help meet growing ridership and improve the rider's experience



Safety needs are included throughout the CNI





# Capital Needs Inventory (cont.)

Category (\$ in millions)	Original FY2011-20 CNI (2009)	Funded CIP FY2011-16	Additional CNI Needs	Updated FY2011-20 CNI (2011)	Funded CIP FY2011-18	Unfunded CNI
Vehicle/Vehicle Parts	\$3,621	\$2,150	\$412	\$4,033	\$2,777	\$1,256
Rail System Infrastructure Rehabilitation	1,822	752	284	2,106	948	1,158
Maintenance Facilities	2,251	745	(161)	2,090	698	1,392
Systems and Technology	1,088	394	(120)	968	682	285
Track and Structures	585	327	749	1,334	501	833
Passenger Facilities	1,739	283	284	2,023	654	1,369
Maintenance Equipment	241	233	370	611	475	136
Other Facilities	85	37	42	127	55	72
Project Management and Support	-	36	36	36	40	(4)
<b>Total</b>	<b>\$11,431</b>	<b>\$4,957</b>	<b>\$1,897</b>	<b>\$13,328</b>	<b>\$6,831</b>	<b>\$6,497</b>



# Major Additions to Updated CNI

- Performance/State of Good Repair Projects:

- NTSB Recommendation Projects
- Escalator Replacement
- Yard System Renovations
- Utility Service Cable Replacement
- Upgrade TPSS Ventilation Systems
- Facilities Rehabilitation/Roof Management
- Radio Project - Supplemental Coverage



- Customer/Demand Projects:

- Access & Capacity Improvements (Union Station, Foggy Bottom, Gallery Place and Shady Grove)
- Construction of Core and System Capacity Improvements



# Updated CIP FY2013-2018

- Annual budget call to Capital project managers
- Continued Capital Program Prioritization Process, which started with the ARRA, CNI, and FY2011 CIP
  - Agency goals linked to project prioritization
  - CPAC-T recommendations to the Executive Leadership Team and GM/CEO



# Capital Improvement Program

- The Updated CIP FY2013-2018 Capital Budget
  - Each year the six-year CIP is updated; new projects are evaluated against set criteria linked to Metro's goals
  - Major objectives are safe and reliable service and maintain a state-of-good-repair
  - Funding comes from (1) federal appropriations including Formula and PRIIA Grants, (2) state and local contributions, and (3) long and short-term borrowing
  - The basis of this core program is the ten-year CNI
  - Urgent state of good repair



# FY2013-2018 Major Capital Projects

- Escalator Replacement
- NTSB Recommendations
- Red Line rehabilitation from DuPont Circle to Silver Spring
- Orange/Blue Line rehabilitation from National Airport to Stadium Armory
- Union Station and Gallery Place Access & Capacity Improvements (Planning/Engineering)
- 1000 Series Rail Car Replacement and HVAC Rehabilitation
- Rail Car Safety & Reliability Enhancements



# FY2013-2018 Financial Plan

The FY2013-2018 CIP is a six-year, \$5.2 billion program that includes:

## 1. Federal Funds

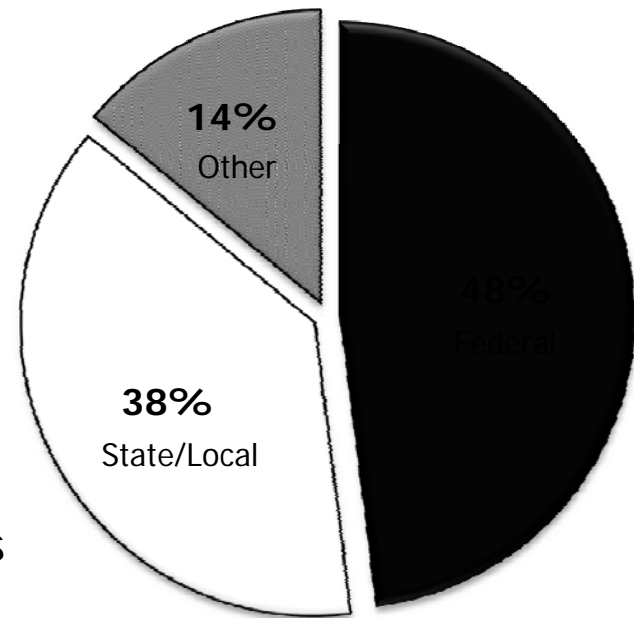
- \$1.6 billion in Federal Formula Funds
- \$900 million in Federal PRIIA grants

## 2. State and Local Funds

- \$391 million Formula match
- \$900 million PRIIA match
- \$675 million in System Performance Funds

## 3. Other Funds

- \$109 million from other sources, including Metro Matters rollover, CIP rollover, security grants, and real estate proceeds
- \$636 million in debt-backed financing





# FY2013-2018 Proposed Sources

Sources (\$ in millions)	FY2013	%	FY2013-18
Formula Grants	\$241	25%	\$1,565
PRIIA Grant	150	16%	900
CMAQ Grant	4	0%	17
DHS Grants	11	1%	15
State/Local Funds	173	18%	1,066
PRIAA Match	150	16%	900
CMAQ Match	1	0%	4
Other Funds	89	9%	109
Financing	133	14%	637
<b>Total</b>	<b>\$952</b>	<b>100%</b>	<b>\$5,213</b>



# FY2013-2018 Proposed Uses

Category (\$ in millions)	FY2013 CIP	%	FY2013-18 CIP
Vehicle/Vehicle Parts	\$180	19%	\$2,220
Rail System Infrastructure Rehabilitation	110	12%	772
Maintenance Facilities	213	22%	486
Systems and Technology	111	12%	514
Track and Structures	51	5%	359
Passenger Facilities	97	10%	437
Maintenance Equipment	162	17%	363
Other Facilities	23	2%	25
Project Management and Support	6	1%	35
<b>Total</b>	<b>\$952</b>	<b>100.0%</b>	<b>\$5,213</b>





# Risks to the FY2013-2018 Financial Plan

- Possible loss of \$150 million in PRIIA plus \$150 million local match
- Possible decrease in FTA Formula Funds
- Safety projects will be funded; all other projects vulnerable to cuts
- Customer impacts:
  - More frequent train delays
  - Worsening reliability
  - Deteriorating station conditions
  - Longer lines and less customer information





## Next Steps

- October to December – Present to local jurisdictions and Jurisdictional Coordinating Committee
- November – Addendum publication of Capital Needs Inventory
- December – Quarterly Capital Progress Update
- January 13 – Present proposed budget to FA Committee
- March & April – Public hearings, if necessary
- June 2012 – Board adoption of the FY2013 Operating and Capital Budgets
- July 1, 2012 – FY2013 begins



# Appendix

A greater level of detail is provided in a supplemental handout, as follows:

- Appendix 1: Annual Budget Reconciliation
- Appendix 2: Updated FY13-18 CIP



# FY2013 Passenger Ridership

- Current forecast is a slight decline in rail trips and a slight increase in bus trips

## Ridership

(Trips in Millions)	FY2009 <u>Actual</u>	FY2010 <u>Actual</u>	FY2011 <u>Actual</u>	FY2012 <u>Budget</u>	FY2013 <u>Projection</u>	<u>% Change</u>	<u>Variance to FY11 Actual</u>
Metrorail	222.9	217.2	217.1	220.7	215.2	-3%	-1%
Metrobus	133.8	123.7	125.1	124.1	125.1	1%	0%
MetroAccess	2.1	2.4	2.3	2.5	2.2	-10%	-6%
<b>Total</b>	<b>358.7</b>	<b>343.3</b>	<b>344.5</b>	<b>347.3</b>	<b>342.5</b>	<b>-1%</b>	<b>-1%</b>

- With weather events and track work, weekend ridership is holding steady

## Average Weekend Ridership

(Trips in Millions)	FY2009 <u>Actual</u>	FY2010 <u>Actual</u>	FY2011 <u>Actual</u>	FY2012 <u>Budget</u>	FY2013 <u>Projection</u>	<u>% Change</u>	<u>Variance to FY11 Actual</u>
Metrorail	0.61	0.59	0.60	0.60	0.63	4%	4%
Metrobus	0.37	0.34	0.35	0.33	0.35	6%	0%



# Dulles Operating Expenses

- Fixed costs will be incurred in FY2013 no matter the start date
- Variable costs are required, but shift to FY2014 depending on start date

	Opening mid-FY2014 FY2013	Adjusted opening date* FY2013	FY2014
\$ Millions			
<b><u>Fixed Costs</u></b>			
Labor	\$ 4	\$ 4	\$ 4
Technology	<u>1</u>	<u>1</u>	<u>1</u>
	\$ 5	\$ 5	\$ 5
<b><u>Variable Costs</u></b>			
Labor	\$ 14	\$ 7	\$ 37
Communications and Training	1	1	2
Technology	<u>-</u>	<u>-</u>	<u>0</u>
	\$ 15	\$ 8	\$ 38
<b>Total</b>	<b><u>\$ 20</u></b>	<b><u>\$ 13</u></b>	<b><u>\$ 43</u></b>

\* Assumes 3 month incremental shift of start date



# Dulles Revenue Estimate

- Dulles estimates for 6 months of service in FY2014

(Trips in Millions)	FY2014 <u>Estimate</u>	Average <u>Fare</u>	<u>Annual</u>
New Passengers Trips	4.5	\$ 3.00	9.0
Current passengers who will adjust their travel route	2.7	\$ 0.75	5.4
<b>Total</b>	<u>7.2</u>		<u>14.4</u>

- FY2014 revenue estimate for Dulles

(\$ in Millions)	FY2014 <u>Estimate</u>	<u>Annual</u>
Fare from new trips	\$ 13	\$ 27
Fare of additional distance fees	<u>2</u>	<u>4</u>
<b>Total Revenue</b>	<b>\$ 15</b>	<b>\$ 31</b>

- Recovery ratio for passenger rail revenue in FY2011 was 69.5%
- When Dulles is included, it is estimated to be 69.0%



# The Washington Post

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## LaHood says deal reached on how to fund \$2.9 billion second phase of Dulles rail project

**By Associated Press, Published:  
November 11**

McLEAN, Va. — Federal, state and local officials have reached a deal on how to fund the final, nearly \$3 billion phase of the project to extend Metrorail to Dulles International Airport and Loudoun County.

The deal, announced Friday, includes a \$150 million commitment in state funds from Virginia and federal loan assistance through the U.S. Department of Transportation.

“This is a huge win for the Washington metropolitan region,” Transportation Secretary Ray LaHood said in a statement. “This project will create thousands of good paying jobs, bolster the economy, and relieve traffic congestion in northern Virginia.”

Construction has already begun on the first phase of what will be known as the Silver Line, with Phase One extending Metro from Falls Church through Tysons Corner to Reston. But there had been no agreement on who would pay for the final stretch.

Loudoun County Board of Supervisors Chairman Scott York said the agreement, hammered out Thursday, was made possible by the commitments of state and federal funding to supplement the pledges that had already been made by Fairfax and Loudoun counties and the Metropolitan Washington Airports Authority, which is managing the project.

The federal component comes from the availability of low-interest loan financing. Without that, the interest rates on the latter years of the project financing would have approached junk-bond status, York said.

Future increases in tolls on the Dulles Toll Road will help pay for the project. While tolls are sure to go up, the exact amount of the increases are not known.

York said projected increases will be calculated next month, but the deal puts measures in place to help keep those rates in check. The measures include slashing nearly \$1 billion from the project by agreeing to build the station at Dulles Airport above ground rather than below, shrinking the size of some rail yards, and pursuing

public-private partnerships to build parking garages at the Metro stations.

York said the total estimated cost of Phase Two now stands at about \$2.9 billion.

A spokesman for Virginia Gov. Bob McDonnell did not return calls seeking comment Friday.

The deal still must be approved by state and county governments.

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## Airports board approves financing agreement for Phase 2 of Dulles rail

By **Dana Hedgpeth**, Published: November 16

The authority overseeing the \$6 billion Metrorail extension to Loudoun County approved an agreement Wednesday for the financing of the second phase, a decision that moves the controversial project closer to construction.

The Metropolitan Washington Airports Authority (MWAA), which also operates Reagan National and Dulles International airports, also approved a “project labor agreement” to build the nearly 12 miles of rail line, which will run from Reston to Dulles and terminate at Ryan Road in Loudoun.

Financing for the Dulles rail extension, officially known as the Silver Line, has been debated for years.

The first phase is under construction and is expected to open to riders in December 2013, although concerns have been raised recently that it could be as much as \$150 million over budget.

One of the biggest disputes in building the second phase was whether a rail station at Dulles should be aboveground or underground and closer to the main terminal, at a greater cost.

For the past four months, stakeholders — including MWAA officials, representatives from Loudoun and Fairfax counties and Metro, which will operate and maintain the Silver Line — have met with U.S. Transportation Secretary Ray LaHood to reach an agreement. Last week, the group agreed on a deal that codified how the partners would pay for the \$2.8 billion second leg. Each stakeholder’s respective board has to sign off on the deal. Loudoun approved it Tuesday night, and Fairfax is expected to approve it in December.

As part of the deal, the two counties and the airports authority are expected to receive federal loan assistance to finance their portion on the project. MWAA officials said they expect to receive about \$250 million in federal loans.

The two counties are expected to seek public-private partnerships to build parking garages and the Route 28 station in Fairfax. Virginia agreed to put \$150 million into the deal. They are expected to put out a request for bids in the spring.

But concern remains that Dulles Toll Road users, whose payments go in large part to help pay for the rail project, will see much higher rates.

Bob Brown, chairman of the board’s finance committee, said he worries that if the counties can’t come up with their contributions, responsibility will revert to MWAA and ultimately be passed on to drivers.

“We have gotten an agreement together, but we haven’t really made any progress toward moving tolls,” he said.

Tom Davis, board vice chairman, noted that the second phase of the Dulles rail line still has “a lot of land mines ahead of us.”

“The future is going to call for higher tolls, higher subsidies,” he said. “This is not for free, but this is in Virginia and the region’s future.”

After the meeting, board Chairman Charles Snelling and Mame Reiley, who chairs the Dulles rail committee, would not say whether they would consider imposing a toll on the access road to the airport to help pay for the new rail line.

“We will look at all options,” Reiley said. “We do believe in shared sacrifice.”

The labor deal the board approved Wednesday will include rates, overtime, work hours, training and define which jobs can be done by union versus non-union workers.

Some Virginia lawmakers had expressed concern that such an agreement would be in violation of the state's right to work laws. But airports authority board members said the agreement abides by state law.

The airports authority board has come under increased scrutiny for how it operates and oversees the Dulles rail project. Virginia lawmakers asked the U.S. Department of Transportation's Inspector General to do an audit of the quasi-public entity. The review is due this spring.

Rep. Frank R. Wolf (R-Va.) also has introduced legislation to change the structure of the MWAA board. He's proposed increasing it from 13 to 17 members. It would include adding two members from Virginia and one each from the District and Maryland. Board members could also be removed "for cause."

The House is expected to vote Thursday on the legislation, which is part of the Department of Transportation appropriations bill. The Senate is expected to vote Friday.

Reiley called Wolf's legislation a "form of intimidation."

"It's simply expanding [the size of the board]," she said. "It doesn't make sense to me."

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# NVTC

Northern Virginia Transportation Commission

# NVTC

## AGENDA ITEM #5

**TO:** Chairman Euille and NVTC Commissioners

**FROM:** Rick Taube

**DATE:** November 21, 2011

**SUBJECT:** NVTC's Draft Work Program and Schedule for 2012

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A draft document is attached for your review and authorization to post it on NVTC's website. The public will be invited to comment at a public hearing during NVTC's meeting of January 5, 2012.

The work program reflects performance goals recommended by NVTC's Executive Committee.

An optional work program and budget item is also attached for your review. It would enhance NVTC's presence in Richmond during the General Assembly session and all year with other allies. It does have significant budget implications that should be considered prior to requested action on January 5<sup>th</sup>.



2300 Wilson Boulevard • Suite 620 • Arlington, Virginia 22201  
Tel (703) 524-3322 • Fax (703) 524-1756 • TDD (800) 828-1120  
E-mail [nvtc@nvtc.org](mailto:nvtc@nvtc.org) • Website [www.thinkoutsidethecar.org](http://www.thinkoutsidethecar.org)



# **NVTC'S 2012 GOALS, OBJECTIVES AND WORK PROGRAM**

**--DRAFT: November 21, 2011--**



2300 Wilson Boulevard • Suite 620 • Arlington, Virginia 22201  
Tel (703) 524-3322 • Fax (703) 524-1756 • TDD (800) 828-1120  
E-mail [nvtc@nvtdc.org](mailto:nvtc@nvtdc.org) • Website [www.thinkoutsidethecar.org](http://www.thinkoutsidethecar.org)

### **2012 NVTC Meeting Schedule**

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

<u>MONTH</u>	<u>DATE</u>	<u>AGENDA</u>
January	5	Elect officers. Select WMATA and VRE Board members, VTA representatives and NVTC Legislative Committee members. Conduct a public hearing and approve 2012 goals, schedule and work program. Approve FY 2013 VRE budget. Approve NVTC FY 2013 budget.
February	9*	Review progress on state and federal legislative agenda. Approve NVTC and VRE state grant applications.
March	1	Review progress on state and federal legislative agenda.
April	5	Review progress on WMATA budget for FY 2013. Review completed 2012 General Assembly session.
May	3	Approve comments on WMATA FY 2013 budget.
June	7	Focus on regional transit performance.
July	5	Review mid-year progress on NVTC work program. Approve DRPT contracts for NVTC and VRE FY 2013 grants.
August		No Meeting.
September	6	Forward preliminary NVTC FY 2014 budget to local jurisdictions.
October	4	Review quarterly progress on NVTC's work program. Approve CTB pre-allocation testimony.
November	1	Approve FY 2012 NVTC and VRE audits.
December	6	Select NVTC Nominating Committee for 2013 officers. Approve legislative agenda for 2013. Review progress on 2012 work program and release draft 2013 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**  
**2012 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	5	Legislative items.
February	9	No meeting.
March	1	Review General Assembly session.
April	5	Review quarterly progress on work program.
May	3	Review NVTC policies on topical transit issues.
June	7	Examine VRE performance.
July	5	Mid-year review of progress on work plan and Executive Director's performance goals. Meet with auditors to preview FY 2012 audit.
August		No meeting.
September	6	Preliminary NVTC FY 2014 budget.
October	4	Review quarterly progress on work program.
November	1	FY 2012 NVTC and VRE audits.
December	6	Select NVTC Nominating Committee for 2013 officers. Consider 2013 legislative agenda. Review progress on 2012 work program and preview 2013 work program. Executive Director's performance review. Establish performance goals for 2013 contract year.

**NVTC MANAGEMENT ADVISORY COMMITTEE**  
**2012 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	17	FY 2013 state grant application; NVTC legislative agenda.
February	21	Progress on legislative agenda.
March	20	Review of legislative accomplishments; WMATA FY 2013 budget issues.
April	17	Prepare CTB testimony on draft six-year program.
May	15	To be determined.
June	19	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	21	NVTC preliminary administrative budget for FY 2014.
September	18	Review draft CTB pre-allocation testimony.
October	16	NVTC audit for FY 2012.
November	20	Draft NVTC legislative agenda for 2013; first draft 2013 NVTC work program.
December	18	Proposed 2013 work program; VRE and NVTC budgets for FY 2014.

## **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 2012\*

### 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, system security **and the business case for and value of public transit**).
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. **With the NVTC jurisdictions' legislative liaisons, devise and implement effective strategies to implement NVTC's annual Legislative Agenda. Reach out to newly elected legislators to provide support for public transit investments and NVTC's legislative agenda. Prepare informative district-specific legislative maps showing transit service and performance for all members of the Northern Virginia delegation. Emphasize educating legislators about the benefits of public transit using NVTC's policy analysis tools.**
4. 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.
5. 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, 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.

6. 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.
7. **Develop messaging and a plan to educate the public about the need for Commonwealth transit funding as a means to accomplish legislative action, as well as the benefits of public transit throughout the Commonwealth.**

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\*Note: Goals and actions are not listed in priority order. New items are highlighted in bold.

## 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 Region Forward initiative 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. **Cooperate with the Virginia Department of Motor Vehicles as a possible transition is considered, and share NVTC's monitoring tools to ensure more accurate allocations of tax revenues to NVTC's jurisdictions.** 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. 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.
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 \$6 million annually of federal revenues to this region.
3. 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.
4. Serve on regional task forces examining options for improved transit, such as WMATA's Regional Mobility Panel and the Pike Transit initiative (light-rail).
5. Help transit systems implement coordinated transit services to reduce the traffic impacts of the new BRAC installations.

#### 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 \$250 million due on February 1, 2012, 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 (average about \$150 million annually). 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. **As part of a renewed effort by NVTC to cooperate with DRPT in a shared mission to protect and enhance public transit, encourage DRPT to provide timely opportunities to comment on Master Agreement amendments and other policy changes before they are presented for execution.**

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. 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 Falls Church to obtain federal grants for an intermodal transit center. **For the region, manage the federal grant and project to complete a multimodal transit study of Route 7. Currently NVTC has obtained and is billing federal grants for over \$11 million of jurisdictional projects and expects to execute another \$850,000 in the first half of 2012.**
9. Manage NVTA's grants for the regional transportation plan update (TransAction 2040) with a contract value of \$500,000.
10. **Actively seek opportunities to** assist jurisdictions in considering new and expanded projects (light rail, technology and other initiatives).
11. 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.

## 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.
4. **Assist Loudoun County as it transitions to full participation in WMATA upon completion of the Dulles Rail project while working with NVTC's WMATA Board representatives to obtain an acceptable agreement between Loudoun County and WMATA and keeping all of NVTC's jurisdictions fully informed.**
5. As co-owner of VRE (with assets of **\$378** million, outstanding debt issued by NVTC of **\$25** 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.
6. Support annual VRE customer service surveys each spring and ridership surveys each October, by providing zip code verification and on-board volunteers.
7. **Continue to encourage WMATA to use NVTC's emergency response plans for key Metrorail stations in Virginia as a template to complete plans for all of WMATA's stations.**

## 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. Help direct a cooperative regional effort to provide 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 **by April, 2012**.
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.
3. Develop information from research on Metropolitan Washington 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 on technical committees assisting in planning, preliminary engineering and environmental analysis for transit in the Dulles Corridor and other locations such as the Capital Beltway, I-66 and I-95/395 as requested by WMATA, VDOT, DRPT, **MWCOG** and/or local jurisdictions.
5. Actively promote telework initiatives. Assist Transportation Management Associations and Transportation Demand Management agencies (ridesharing, telework). Serve on boards of directors and competitive selection panels as requested.
6. Continue to 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.



7. Assist WMATA in negotiating a new Memorandum of Understanding for transit access with the Pentagon, by identifying important issues for all the transit systems using that facility and helping to explain concerns to Pentagon staff.

## 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. Establish media opportunities for NVTC board members to promote NVTC's mission. **Enhance communication with NVTC board members so they are fully aware of the extent of these efforts and their results.**
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 to the public, primarily on NVTC's website, utilizing enhanced graphics:
  - 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. **Actively promote these web resources so the public is aware of them.**
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
7. Implement NVTC's federal Title VI program with active outreach to **non-English speaking persons, including** simplified messages and NVTC/NVTA website accommodations.
8. 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.
9. **With active NVTC Board participation, devise more effective methods to communicate to the public the outstanding performance of public transit in Northern Virginia, including but not limited to developing a guiding strategy and unified message, and providing frequent email communications in an easily recognized format.**

## **8. STRENGTHEN NVTC AS AN ORGANIZATION**

Goal: Through improved internal and external communication and a renewed emphasis on developing effective action plans and strategies, enhance NVTC's visibility within the region and state and educate the public and legislators about NVTC's unique role in the complex structure of transportation agencies.

### **Actions:**

- 1. Improve communication with NVTC's Executive Committee, Metro representatives and the full NVTC Board.**
- 2. Develop or clarify NVTC policies and procedures for such activities as media contacts, closed meetings, roles of the board chair, By-Laws for the Executive Committee, etc.**
- 3. Revise the Executive Director's job description to refocus more time on external activities, with guidance from the NVTC Board as to which activities within that job description should receive less attention.**
- 4. Complete a 360 degree performance assessment of the Executive Director prior to his next performance review.**
- 5. Take the initiative and exert leadership to assure that NVTC is viewed across the state as a go-to organization for transit strategy and innovation related to relieving congestion.**

**Project Name:** Legislative Affairs Proposal

## Northern Virginia Transportation Commission

# NVTC Legislative Affairs

## Scope of Work

Prepared by NVTC Staff



14 November 2011

# Scope of Work

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## 1. Background

The Northern Virginia Transportation Commission (NVTC) and its member jurisdictions are facing unprecedented challenges to the core mission of *"planning and developing a transportation system for Northern Virginia...for the safety, comfort and convenience of its citizens and for the economical utilization of public funds."*

WMATA is struggling financially to maintain a state of good repair, upgrade its system safety and initiate new service in the Dulles Corridor.

Legislation enacted in 2011 has eroded local representation on the WMATA Board. In addition there are legitimate threats on the horizon to change the WMATA compact agreement that would erode that local representation even further, despite the significant investments made by Northern Virginians and their local governments in WMATA since its inception. Local concern is legitimate because the new state control on the WMATA Board did not come with any guarantee of increased long-term financial commitment.

The Governor's Reform Commission has also recommended the consolidation of NVTC with the Potomac and Rappahannock Transportation Commission (PRTC) along with the Northern Virginia Transportation Authority (NVTA) and by default VRE, since it is owned jointly between NVTC and PRTC.

Traditionally, NVTC has relied heavily on the expertise, support and goodwill of its member jurisdictions to support and advance the annual legislative agenda since NVTC's agenda reflects the consensus wishes of those jurisdictions. However, with the significant threats that NVTC is now facing NVTC should consider new ways to carry its own legislative agenda forward and not rely so heavily on the resources of the local jurisdictions.

These immediate and ongoing threats to the goals and mission of NVTC are placing new strains on already over-burdened local staff. At the request of the NVTC Board, staff is presenting this scope of work for the expansion of NVTC's Legislative Affairs program in order to manage an effective response.

## 2. Project objectives

Hire a full-time, experienced legislative affairs professional and a contractor, if needed, to manage local, state and federal legislative issues year-round to advocate for and advance the legislative objectives identified and approved by the NVTC Board.

This individual would work with NVTC's Executive Director and the Director of Communications to implement the legislative agenda; develop and maintain relationships

with legislators, stakeholders and affiliated organizations; and identify opportunities throughout the Commonwealth that will help NVTC and its member jurisdictions aggressively pursue the identified legislative goals.

NVTC will maintain a high level of legislative communications with NVTC members, General Assembly members, the congressional delegation, the business community and stakeholders. The legislative program will be supported with an overall media and outreach strategy that will enhance NVTC's public profile.

### 3. Desired outcomes

Enhance the transportation funding structure by advocating for new, long-term dedicated revenues for public transportation through legislation. Ensure that any WMATA compact amendment changes restore the local role on the WMATA Board. Support only those changes to the existing structure of transportation agencies in Northern Virginia that enhance efficiency without unintended consequences.

### 4. Project scope

- Expand existing job descriptions for the Executive Director and the Director of Communications to focus more heavily on legislative activities.
- Hire a new, full-time employee at NVTC dedicated to legislative affairs.
- Hire a contractor to support NVTC's legislative agenda during the 45-60 (depending on the year) day General Assembly session.
- Secure temporary office space in Richmond during the General Assembly session.
- Attend any and all related and appropriate transportation meetings, events, and activities in Richmond while the General Assembly is in session.
- Obtain memberships in various private stakeholder groups and cooperate with statewide organizations (e.g. VML, VACo, NVTA (Alliance)).
- Attend meetings, conferences and transportation related events throughout the Commonwealth in order to network (VML, VACo, Governors Transportation Conference, VTA Conference).
- Track legislation and advocate NVTC's legislative agenda at the federal level as appropriate including networking at APTA conferences.
- Emphasize support for NVTC's legislative program in the commission's overall media outreach strategy.

## 5. Budget

Cost: \$200K - \$250K annually *(see cost breakdown below)*

NVTC staff surveyed its member jurisdictions for advice, insight and guidance on implementing a legislative affairs program and developing the proposed budget. NVTC staff feels that the cost estimates provided are as accurate as they can be given the information provided at the jurisdictional and transit operator level.

Current staff of NVTC’s jurisdictions, WMATA and VRE devoted to legislative advocacy (full and part-time) total 16 (excluding non-NVTC VRE jurisdictions).

Item	Amount
Percent of work hours	Executive Director: 15% (up from 10%) Director of Communications: 25% (up from 15%) Legislative Affairs Manager: 100% (up from 0%) Contractor: 100% (up from 0%)
ANNUAL Costs	Salaries of the Executive Director and Director of Communications are already covered in the existing NVTC budget Legislative Affairs Manager (includes cost of benefits): \$115K Contractor support: \$50K (General Assembly ONLY) - \$100K (year-round) Office Space in Richmond (January – March): \$5K (includes unlimited copying, phone and internet access) if sublet from local jurisdiction. IT/mobile: \$10K (\$7,500 one-time, \$2,500 ANNUAL) Memberships: \$1,400 (annual) Lodging per diem (@ \$112/night GSA) \$10K (annual) Meal per diem (@\$66/day GSA): \$6K (annual)



## 6. Coordination activities

Organization	Interface
Virginia Executive Branch	Governors Transportation Conference, CTB hearings, one-on-one briefings
VML VACo	State-wide activities including legislative conferences
NVTA (Alliance)	Conferences and events. Access to a variety of stakeholders in the business community
County Economic Development Organizations	Conferences, Meetings and Events
Chambers of Commerce	Conferences, Meetings and Events
State legislators	Conferences, Meetings and Events; Hearings, sub-committees; study committees
Congressional delegation	Meetings and Events; Hearings
Local elected officials	Regular interaction and updates
Public and Media	Periodic e-mails to interested individuals for educational purposes

## 7. Project Approach

- Immediately secure additional funding from NVTC's jurisdictions to expand the FY2012 NVTC budget to pay for increased legislative affairs management commencing in January, 2012.
- Interview and hire a full-time legislative affairs manager as soon as possible (*this may take time*) while concurrently researching and hiring a contractor to serve our immediate needs for the 2012 General Assembly session. Staff has a list of qualified contractors who could meet our needs in the interim.
- By December, 2011 finalize the 2012 legislative agenda; outlining specific legislative goals which will limit the threats to NVTC's mission and maximize opportunities.



AGENDA ITEM #6

**TO:** Chairman Euille and NVTC Commissioners  
**FROM:** Rick Taube and Claire Gron  
**DATE:** November 21, 2011  
**SUBJECT:** Regional Transportation Items.

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A. DRPT's Grantee Workshop in Northern Virginia.

On November 8, 2011, DRPT conducted a Grantee Workshop in Northern Virginia. DRPT staff, led by new Chief Operating Officer Kevin Page and Chief Financial Officer Steve Pittard, covered several important topics. Among the highlights:

1. DRPT contemplates few changes to the Grantee Handbook and any such changes will be highlighted to permit grantees to easily find them in the lengthy document. The goal is to provide any such changes before the February 1<sup>st</sup> due date for FY 2013 grant applications.
2. The on-line application tool (called OLGA) is still being improved. DRPT staff promised that sufficient digits are now available to accommodate WMATA's large budget.
3. Telework tax credits (available through 2013) and a TDM program reduced in scope from previous years were described.
4. DRPT's widespread planning efforts as well as the updated VTRANS2035 were described. Webinars on the plan update will be held on December 14<sup>th</sup>. No details were provided about the scope of work for the SuperNova plan. DRPT does plan to establish two separate stakeholder groups and is proceeding now to retain consultants.
5. No DRPT legislative initiatives are planned.



6. The SJR 297 study will produce an interim report to the General Assembly with a final report to be ready by June, 2012. The outline presented by Mr. Pittard showed DRPT's antagonism to the current 95% statutory target for state transit assistance and mentioned tests of various new formula factors including fiscal stress indexes that could penalize Northern Virginia. Members of the stakeholders group will have an opportunity to review the interim draft in late November with comments due within a few days.
7. COO Page discussed a possible change in DRPT's approach to the six-year program. He led a discussion of programming funds for specific transit projects over a multi-year period in a manner similar to that now done for highway projects.
8. For FY 2013, DRPT intends to rewrite the existing Master Agreement with grantees to incorporate the previous three amendments, perhaps with some revised language. The new version should be shared with grantees before the February 1<sup>st</sup> deadline for applications.
9. DRPT welcomes requests for funding for demonstrating new technologies.
10. The federal PRIIA legislation requires states to entirely fund state Amtrak routes, which for Virginia presents a \$110 million hole in the six-year program. DRPT will continue to try to protect the Transit Trust Fund from being diverted.
11. COO Page indicated that Northern Virginia's vanpool incentive program shows great promise and DRPT should try to find seed money to start the project. Mr. Pittard added that a local match may also be required, and since DRPT does not currently fund vanpools as a separate mode, any assistance would be limited to a two or three-year demonstration.

B. Georgia HOT Lanes Experiences.

While not typical, the adverse experiences of Georgia in implementing HOT lanes are described in the attachment.

C. Governor's Transportation Conference December 7-9, 2011.

The attachment shows the agenda for this annual conference to be held in Norfolk December 7-9, 2011.

D. Top 10 Freeway Congestion Locations.

As shown on the attached excerpts from a presentation to a MWCOG/TPB subcommittee, Northern Virginia has the dubious distinction of hosting six of the region's top ten freeway congestion locations (bottlenecks) based on density. The worst location is Northbound I-395 from VA 27 (Washington Boulevard) to VA 110 (Jefferson Davis Highway) from 8:30 to 9:30 A.M.

In addition, all but one of the top ten congested corridors (based on travel time) during the A.M. and P.M. peak periods are located at least partially in Northern Virginia. The I-395 corridor also tops this travel time congestion list. At that location, speed drops to an average 23 miles per hour from 5:00 A.M. through 5:00 P.M., with weekly hours of congestion totaling 73.

The data were collected in the second quarter of 2011. The program is repeated every three years since 1993.

Article from: [www.thenewspaper.com/news/36/3616.asp](http://www.thenewspaper.com/news/36/3616.asp)

10/19/2011

## Georgia HOT Lanes Create Congestion, Disappointment

*Federally funded Georgia tolling project creates congestion so significant that governor intervenes.*

Georgia's introduction of high occupancy toll (HOT) lanes on Interstate 85 at the beginning of the month has already turned into a public relations disaster. During rush hour, motorists found themselves stranded in the general purpose lanes as the adjacent HOT lane -- constructed and maintained with their tax dollars -- were essentially unused. Drivers balked at paying the stiff \$5.40 entrance tax for permission to enter, leaving the existing lane space to go to waste. Governor Nathan Deal (R) intervened swiftly on October 6 to order the State Road and Tollway Authority (SRTA) to lower the cost of using the toll lane.



"Looking at what we've learned from our first four work days with the HOT lanes, I've asked SRTA to improve utilization of the express lanes," Deal said in a statement. "In the short term, the toll rate will lower -- starting with Thursday afternoon's commute -- but the effective rate will continue to change to regulate speed and volume."

The HOT lanes idea was hailed from the start as an important advance in the region's transportation network. Using \$110 million in federal gas tax dollars, a system of gantries was set up requiring drivers to install an electronic transponder, called the Peach Pass, if they wished to pay to use a 15-mile stretch of the freeway that previously had been set aside as a high-occupancy vehicle (HOV), free for the use of anyone carrying an extra passenger in his vehicle. The change to the HOT format was hailed as a proven concept.

"The opening of the I-85 Express Lanes will represent a new era in transportation innovation," SRTA Executive Director Gena L. Evans, said on September 16.

After the project actually opened for business, motorist Howard Rodgers quickly racked up more than 1500 electronic and hardcopy signatures on a [petition calling for a halt to the HOT lanes](#).

"By removing the existing HOV lane for use as a toll lane the state has created daily traffic jams and backlogs causing greater pollution, increased travel times, and an extra tax on the citizens of Gwinnett County and points north during times of economic decline," the petition states. "The adjustable toll system amounts to a monopoly on the travel lane requiring customer to pay a higher surcharge (price gouging) for the ability to arrive to or from work in a timely manner."

Deal forced state officials to ask the Federal Highway Administration for permission to allow vehicles with two, as opposed to three, people on board to use the express lanes for free. I-85 is not the only HOT lane to fail. In Washington State, the State Route 167 HOT lanes are on their third year in operation. According to the third-quarter financial results, it cost \$173,939 more in toll collection expenses to operate the lanes than was generated in revenue in fiscal 2011.

# Conference Registration Form

## Commonwealth of Virginia Governor's Transportation Conference - Transportation Agency December 7-9, 2011 Marriott Waterside Norfolk • Norfolk, Virginia

Please print or type—complete a separate form for each participant

Name _____		
Title _____		
Organization _____	*Org.'s FID# _____	
Address _____		
City _____	State _____	Zip _____
Daytime Phone No. _____		Fax No. _____
E-mail _____	Signature _____	

### Registration fee: \$240 Standard Participant

Please indicate the agency you are affiliated with:

- |   |   |
|---|---|
| <input type="checkbox"/> Department of Rail and Public Transportation | <input type="checkbox"/> Department of Motor Vehicles |
| <input type="checkbox"/> Virginia Port Authority                      | <input type="checkbox"/> Department of Aviation       |
| <input type="checkbox"/> Motor Vehicle Dealer Board                   |   |

### Optional fee(s):

- \$45 Wednesday Guest Reception Ticket, Reception guest name: \_\_\_\_\_
- \$45 Thursday Guest Banquet Ticket, Banquet guest name: \_\_\_\_\_

### Refund and Cancellation Policy

Requests for refunds will be honored when received seven calendar days prior to the program. However, another person may be substituted at any time for this program. A \$60 administrative fee will be deducted for cancellations. In the unlikely event that this program is cancelled or postponed due to insufficient enrollments or unforeseen circumstances, the university will fully refund registration fees but cannot be held responsible for any other expenses, including cancellation or change charges assessed by airlines, hotels, travel agencies, or other organizations.

For weather or disaster-related program cancellation or postponement information, please call 540-231-9489.

*\*Necessary to process a refund payable to any company, agency or government.  
The information you provide is subject to the Freedom of Information Act guidelines.*

**Method of payment:** *Payment of registration fees is required prior to program attendance. Registration will be processed when payment is received.*

- Check enclosed (Make payable to: Treasurer, Virginia Tech CE)
- Credit Card:     Visa     MC     AmEx  
*(Credit Card payment may be mailed, faxed, or given to registrar over the phone. No credit card information will be processed by voice mail or email.)*

Cardholder name \_\_\_\_\_

Cardholder signature \_\_\_\_\_ Date \_\_\_\_\_

Card No. \_\_\_\_\_ Exp. Date \_\_\_\_\_

Return with payment by **November 30, 2011** (no staples, tape, or paper clips, please) to:

Conference Registrar  
Continuing and Professional Education  
Virginia Tech, Mail Code 0272  
702 University City Blvd.  
Blacksburg, VA 24061

phone: 540/231-5182  
fax: 540/231-3306 (for credit card registrations only)

<b>Office Use</b>	Received
	AMT: _____
	CC/CHK#: _____
	DATE: _____

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	<p><b><i>“Virginia – The Gateway to the World”</i></b></p> <p style="text-align: right;">Wednesday, December 7, 2011</p>
9:00 a.m. to 6:00 p.m.	<b>Registration</b>
9:00 a.m. – 5:00 p.m.	<i>Transportation Village – Host: City of Norfolk Corner of Granby &amp; Main Sts., Downtown Norfolk</i>
10:00 a.m. – 12:00 noon	<p style="text-align: right;"><i>Projects in Action – Tours</i></p> <ol style="list-style-type: none"> <li>1. <i>A River Tour of APMT Terminals, the Midtown Tunnel, and Jordan Bridge Projects aboard the “Carrie B”</i></li> <li>2. <i>“RIDE the TIDE!” - Norfolk Light Rail Tour</i></li> </ol>
1:00 – 2:15 p.m.	<p><b>Conference Welcome</b> <b>Mistress of Ceremonies</b> Cathy Lewis – WHRO Public Media</p> <p><b>Presentation of Colors</b> United States Coast Guard, Honor Guard</p> <p><b>National Anthem</b> Carlos J. Clanton Executive Director Norfolk Education Foundation</p> <p><b>Welcome</b> The Honorable Paul Fraim Mayor, City of Norfolk</p> <p><b>Welcome &amp; Call to Order</b> <b>Opening Remarks &amp; Conference Goals</b> <b>“Virginia – The Gateway to the World”</b> The Honorable Sean T. Connaughton Secretary of Transportation Commonwealth of Virginia</p> <p><b>Opening Guest Speaker</b> Victor M. Mendez Federal Highway Administrator</p>

2:00 - 3:30 p.m.

**Opening Plenary Session**

**Title:** Projects of Statewide and Regional Significance

**Moderator:** *The Honorable Sean T. Connaughton*  
*Secretary of Transportation*  
*Commonwealth of Virginia*

**Panelists:**

**1. Interstate 81 Truck Climbing Lanes**

- Dana M. Martin, Commonwealth Transportation Board, Salem District
- Richard L. Caywood, P.E., Salem District Administrator
- Brian C. Stieritz, P.E., Senior Vice President, Director of Design Build/Construction, CH2M Hill

**2. HOT Lanes on Interstate 495**

- J. Douglas Koelemay, Commonwealth Transportation Board, Northern Virginia District
- Garrett W. Moore, P.E., Northern Virginia District Administrator
- Ken Daley, President, International Development, Transurban

**3. Coalfields Expressway- Coal Synergy project**

- Jim D. Bowie, Commonwealth Transportation Board, Bristol District
- Michael A. Russell, P.E., Bristol District Administrator
- Vaughan Groves, Executive Vice President and General Counsel, Alpha Natural Resource, Inc.

**4. I-295 Meadowville Interchange**

- Thomas A. Hawthorne, P.E., Richmond District Administrator
- Steve Ordnung, Operations Manager, Curtis Contracting
- James J. L. Stegmaier, County Administrator, Chesterfield County

**5. Midtown & Downtown Tunnels and M. L. King Expressway Extension**

- Aubrey L. Layne, Jr., Commonwealth Transportation Board, Hampton Roads District
- Dennis W. Heuer, P.E., Hampton Roads District Engineer
- Karl Reichelt, Executive Vice President, Skanska Infrastructure Development, Americas

3:30 – 3:45 p.m.

**Break**



Wednesday, December 7, 2011  
(Cont'd)

3:45 – 5:00 p.m.

**PLENARY SESSION – Virginia Commercial Space Flight Authority**

**Title:** Launching the Future from Virginia's Commercial Spaceport, MARS

**Moderator:** Dr. Billie M. Reed, Executive Director, Virginia Commercial Space Flight Authority

**Panelists:**

- Dr. Peter Wegner, Director of the U.S. Department of Defense, Operationally Responsive Space Program
- Tom Shelley, President, Space Adventures
- Patti Grace Smith, President, PGS Consulting

5:00 – 5:30 p.m.

**Break**

5:30 - 7:30 p.m.

**Reception, Dinner**

	Thursday, December 8, 2011
7:00 a.m. – 5:00 p.m.	<b>Registration</b>
7:00 – 8:00 a.m.	<b>Continental Breakfast</b>
9:00 a.m. – 5:00 p.m.	<b>Transportation Village – Host: City of Norfolk Corner of Granby &amp; Main Sts., Downtown Norfolk</b>
8:30 – 9:30 a.m.	<p><b>PLENARY SESSION – Virginia Port Authority</b></p> <p><b>Title:</b> The Importance of Multimodal Transportation to Virginia’s Global Competiveness: A Customer Perspective</p> <p><b>Moderator:</b> Jerry Bridges, Executive Director, Virginia Port Authority</p> <p><b>Panelists:</b></p> <ul style="list-style-type: none"> <li>- Frank J. Baragona, President, CMA-CGM (America) LLC <i>(invited)</i></li> <li>- Christopher Osen, Vice President, MeadWestvaco</li> <li>- Jeffrey S. Heller, Group Vice President, International Intermodal, Norfolk Southern Corporation</li> <li>- Mike Quillen, Chairman, Alpha Natural Resources, Inc.</li> <li>- Edward D. Whitmore, President, Norfolk Tug Company</li> </ul>
9:30 – 9:45 a.m.	<b>Break</b>
10:00 a.m.- 12 noon	<p><b>Projects in Action – Tours</b></p> <p><b>1. A River Tour of APMT Terminals, the Midtown Tunnel, and Jordan Bridge Projects aboard the “Carrie B”</b></p> <p><b>2. “RIDE the TIDE!” - Norfolk Light Rail Tour</b></p>
9:45 - 10:45 a.m.	<p><b>PLENARY SESSION – Department of Rail and Public Transportation</b></p> <p><b>Title:</b> Creating Connections Through Transportation Choice</p> <p><b>Moderator:</b> Thelma Drake, Director, Department of Rail and Public Transportation</p> <p><b>Panelists:</b></p> <ul style="list-style-type: none"> <li>- Philip Shucet, President and CEO, Hampton Roads Transit <i>(invited)</i></li> <li>- Quintin Kendall, Regional Vice President, State Government Affairs, CSX Transportation <i>(invited)</i></li> <li>- Jeff Mann, Senior Director for Strategic Partnership, Amtrak <i>(invited)</i></li> <li>- Amy Inman, Manager of Transit Planning, Virginia Department of Rail and Public Transportation <i>(invited)</i></li> </ul>

	Thursday, December 8, 2011 (Cont'd)
10:45 – 11:00 a.m.	<b>Break</b>
11:00 a.m. – 12:00 noon	<p><b>PLENARY SESSION – Virginia Department of Motor Vehicles</b></p> <p><b>Title:</b> DMV: Gateway to Service</p> <p><b>Moderator:</b> Richard D. Holcomb, Commissioner, Department of Motor Vehicles</p> <p><b>Panelists:</b></p> <ul style="list-style-type: none"> <li>- The Honorable William A. Hazel, Jr., MD, Secretary of Health and Human Resources</li> <li>- Kathleen Hancock, PE, PhD, Director, Center for Geospatial Information Technology &amp; Associate Professor, Charles E. Via Department of Civil and Environmental Engineering, Virginia Tech</li> </ul>
12:00 noon - 1:15 p.m.	<b>Lunch</b>
1:30 – 2:00 p.m.	<p><b>The Honorable Robert F. McDonnell</b> <b>Governor</b> <b>Commonwealth of Virginia</b></p>
2:00 – 4:00 p.m.	<p><i>Projects in Action – Tours</i></p> <ol style="list-style-type: none"> <li>1. <i>A River Tour of APMT Terminals, the Midtown Tunnel, and Jordan Bridge Projects aboard the “Carrie B”</i></li> <li>2. <i>“RIDE the TIDE!” - Norfolk Light Rail Tour</i></li> </ol>
2:00 – 2:15 p.m.	<b>Break</b>
2:15 – 3:15 p.m.	<p><b>PLENARY SESSION – Virginia Department of Transportation</b></p> <p><b>Title:</b> Advancing the Governor’s Transportation Program: The Economic and Operational Benefits of the VDOT Business Plan</p> <p><b>Moderator:</b> Gregory A. Whirley, Commissioner, Virginia Department of Transportation</p> <p><b>Panelists:</b></p> <ul style="list-style-type: none"> <li>- Charles A. Kilpatrick, P.E., Chief Deputy Commissioner, VDOT</li> <li>- Jeffrey C. Southard, Executive Vice President, Virginia Transportation Construction Alliance</li> </ul>

	Thursday, December 8, 2011 (Cont'd)
3:15 – 3:30 p.m.	<b>Break</b>
3:30 – 4:30 p.m.	<p><b>PLENARY SESSION – Virginia Department of Aviation</b></p> <p><b>Title:</b> Virginia's Global Aviation Access</p> <p><b>Moderator:</b> Randall Burdette, Director, Virginia Department of Aviation</p> <p><b>Panelists:</b></p> <p>Jack Potter, CEO, Metropolitan Washington Airports Authority (<i>invited</i>)</p> <p>Nancy Van Duyne, Vice President, Congressional Affairs, United Airlines</p> <p>Thomas O. Loehr, Executive Vice President, Crosspointe, Rolls-Royce North America Inc. (<i>invited</i>)</p>
4:30 – 5:45 p.m.	<p><b>PLENARY SESSION – Virginia Motor Vehicle Dealer Board</b></p> <p><b>Title:</b> Alternative Fuel Infrastructure in Virginia</p> <p><b>Introduction:</b> Bruce Gould, Executive Director, Motor Vehicle Dealer Board</p> <p><b>Moderator:</b> Alleyn Harned, Virginia Clean Cities</p> <p><b>Panelists:</b></p> <ul style="list-style-type: none"> <li>- John Phillips, Phillips Oil and Gas - Biofuels</li> <li>- Jim Norris, Business Development, Manager Clean Energy.</li> <li>- Cathie J. France, Deputy Director for Energy Policy, Department of Mines, Minerals &amp; Energy</li> <li>- Larry Bolling, Director, Maritime Technical Services, Maersk Line Limited</li> <li>- Andy Flavin, Alternative Energy Policy Research Analyst, Dominion Resources Services, Inc.</li> </ul>
5:30 – 6:00 p.m.	<b>Break</b>
6:00 – 8:00 p.m.	<b>Reception &amp; Dinner</b>

	Friday, December 9, 2011
7:00 – 8:00 a.m.	<b>Continental Breakfast</b>
8:00 - 10:30 a.m.	<p><b>PLENARY SESSION</b></p> <p><b>Title:</b> Transportation Funding</p> <p><b>Moderator:</b> The Honorable Sean T. Connaughton, Secretary of Transportation Commonwealth of Virginia</p> <p><b>Panelists:</b></p> <ul style="list-style-type: none"> <li>- Gregory A. Whirley, Commissioner, Virginia Department of Transportation</li> <li>- Richard D. Holcomb, Commissioner, Virginia Department of Motor Vehicles</li> <li>- Thelma D. Drake, Director, Virginia Department of Rail &amp; Public Transportation</li> <li>- Tony Kinn, Director, Office of Transportation Public-Private Partnerships</li> </ul>
10:30 – 10:45 a.m.	<b>Break</b>
10:45 - 11:45 a.m.	<p><b>PLENARY SESSION</b></p> <p><b>Title:</b> Transportation Funding – Cont'd</p> <p><b>Moderator:</b> The Honorable Sean T. Connaughton, Secretary of Transportation Commonwealth of Virginia</p> <p><b>Topics:</b></p> <ul style="list-style-type: none"> <li>- 2012 Funding Legislation</li> <li>- DoAV and VCSFA Competitive Analysis</li> <li>- Maritime Competitive Analysis</li> <li>- Other Transportation Initiatives</li> </ul>
11:45 a.m. – 12:15 p.m.	<p><b>The Honorable William J. Howell, Speaker of the Virginia House of Delegates (invited)</b></p> <p><b>Title: General Assembly 2012 – A Preview</b></p>
12:15 – 12:30 p.m.	<b>Break</b>
12:30 p.m.	<b>Luncheon &amp; Adjournment</b>

# Results of the 2011 Freeway Congestion Monitoring Program

MOITS Technical Subcommittee

November 8, 2011

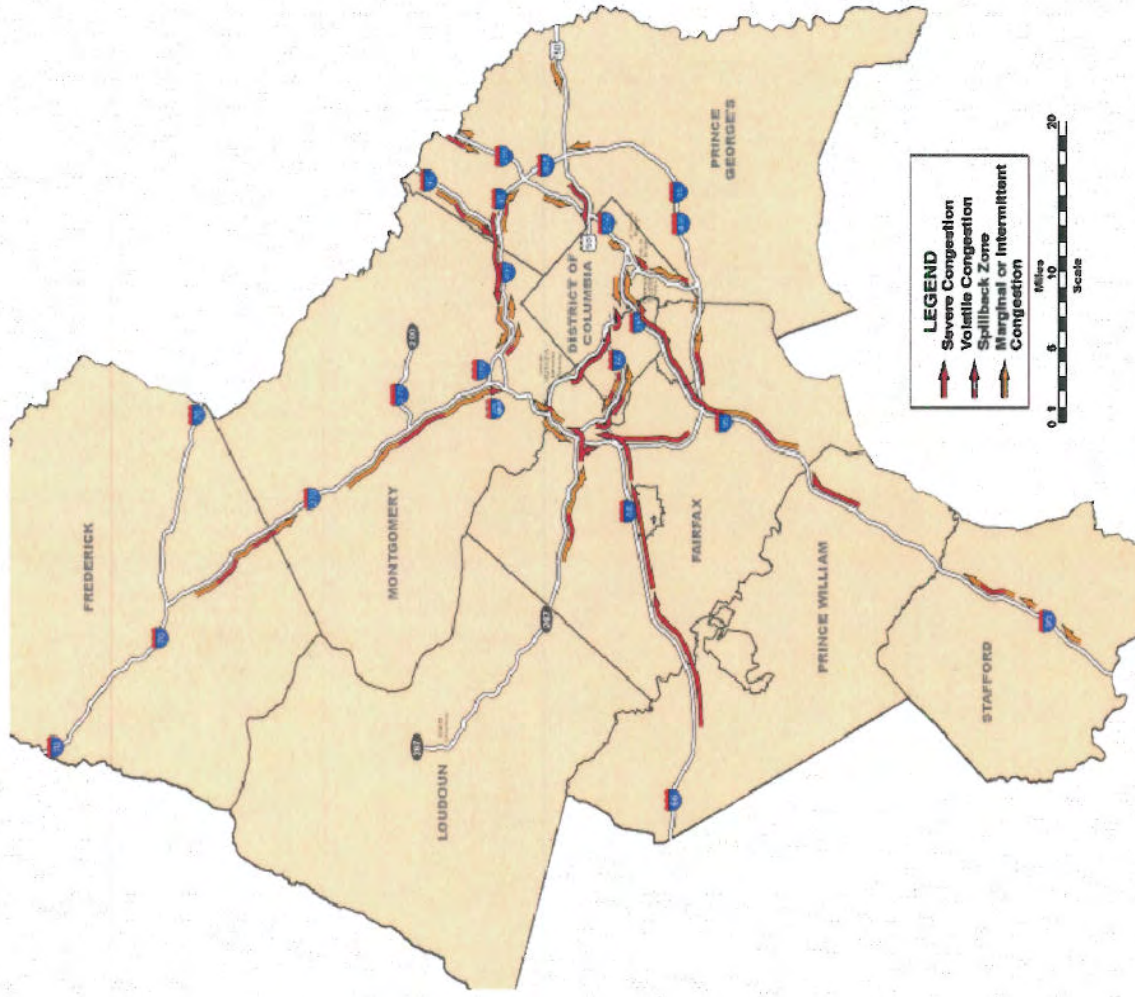
- **Background**
  - Program in existence since 1993 and repeated every three years
  - Cover 3 hours of AM and PM peak period
  - 4 days of overlapping pictures
  - Vehicles counted and density of the facility calculated
  - Volume and speed estimated using density.
  - Performance depicted as levels of service
  - Performance compared with previous surveys



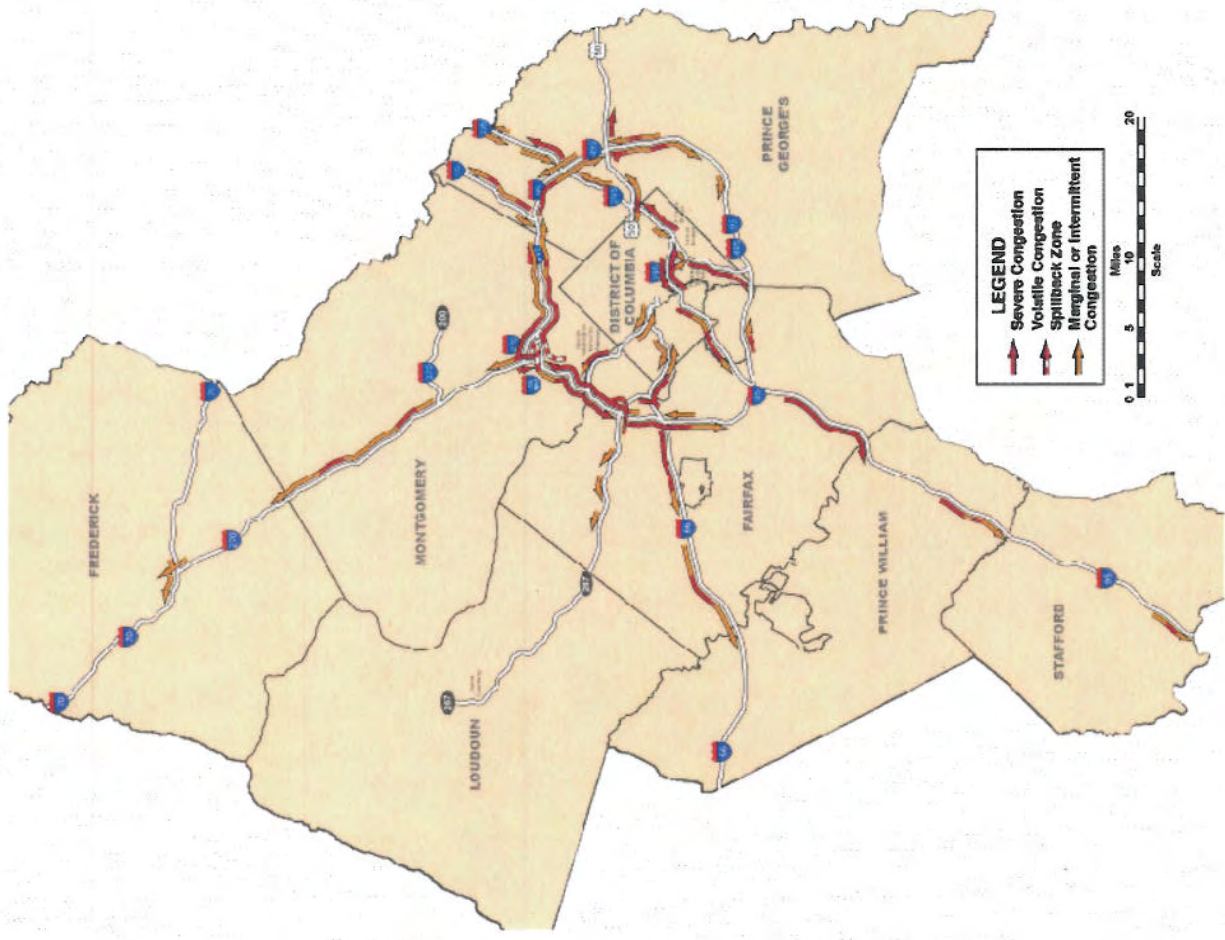
- Findings
  - “Top Ten” congested locations (bottlenecks) based on density
  - “Top Ten” congested corridors (5 AM and 5 PM) based on travel time
  - Changes to the performance over time whether improvement or degradation
  - Identifying reasons for performance improvement
  - INRIX speed data on freeways



# 2011 AM Peak Period Performance



# 2011 PM Peak Period Performance





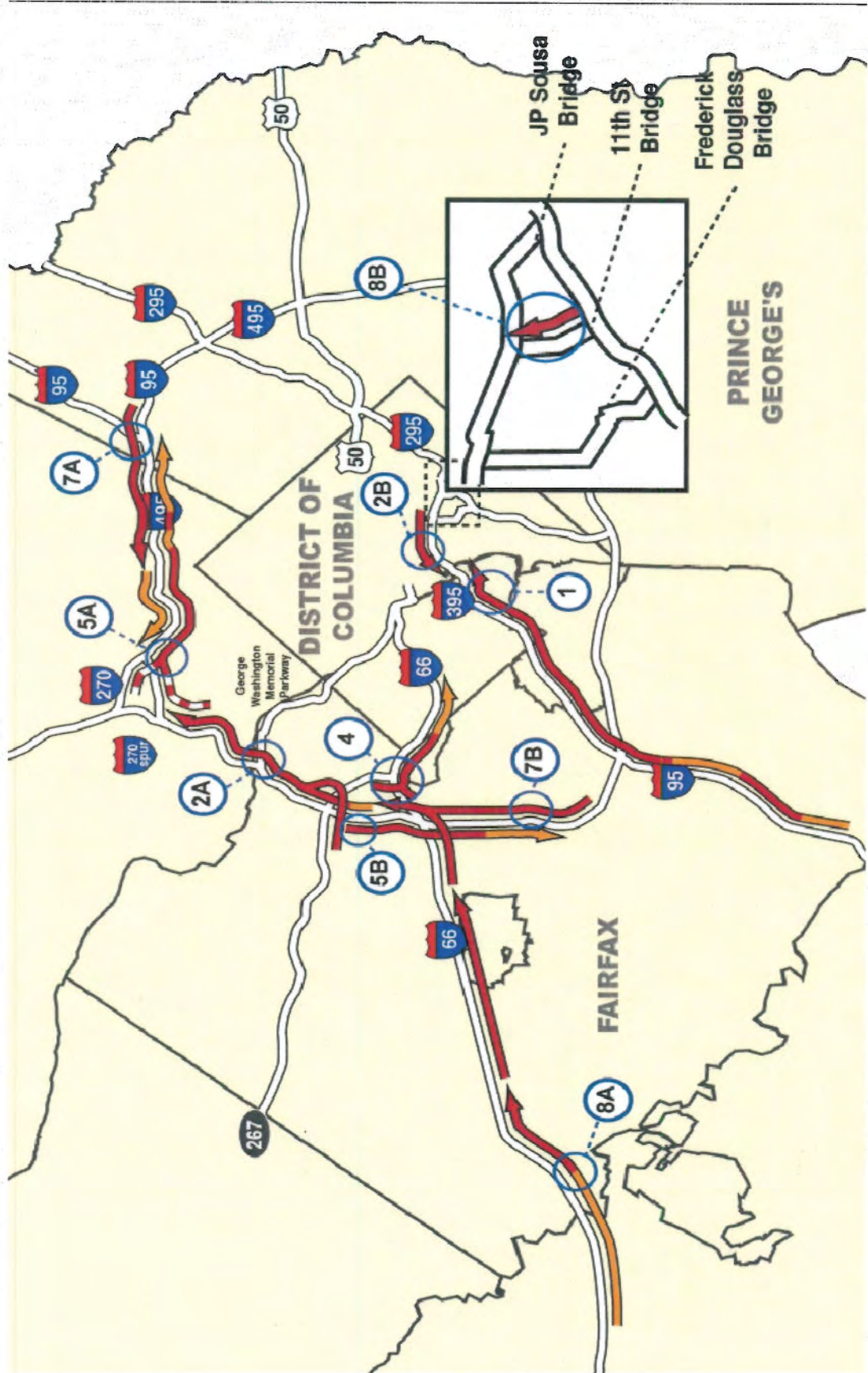
# 2011 Top Ten Bottlenecks

Rank	Route	From	To	Density	Speed Range
1*	NB I-395 (8:30 to 9:30 AM)	VA 27 (Washington Blvd)	VA 110 (Jefferson Davis Hwy)	1455	1455 MPH
2A	IL I-495 (5:30 to 6:30 PM)	VA 193 (Georgetown Pike)	George Washington Mem Pkwy	1255 to 10 MPH	
2B	SB I-395/SW Fwy (6:00 to 7:00 PM)	4th St	12th St	1255 to 10 MPH	
4	EB I-66 (6:00 to 7:00 PM)	VA 7 (Leesburg Pike)	Dulles Access	1157 to 12 MPH	
5A	IL I-495 (4:30 to 5:30 PM)	MD 355 / I-270	MD 185 (Connecticut Ave)	11010 to 15 MPH	
5B*	OL I-495 (5:30 to 6:30 PM)	VA 267 (Dulles Toll Rd)	VA 123 (Chain Bridge Rd)	11010 to 15 MPH	
7A	OL I-495 (8:00 to 9:00 AM)	I-95	MD 650 (New Hampshire Ave)	10512 to 20 MPH	
7B*	IL I-495 (8:00 to 9:00 AM)	Gallows Rd	US 50 (Arlington Blvd)	10512 to 20 MPH	
8A	EB I-66 (7:00 to 8:00 AM)	VA 234 Bypass	VA 234 (Sudley Rd)	9515 to 25 MPH	
8B*	WB 11th St Bridge (7:30 to 8:30 AM)	I-295	Southeast Fwy	9515 to 25 MPH	

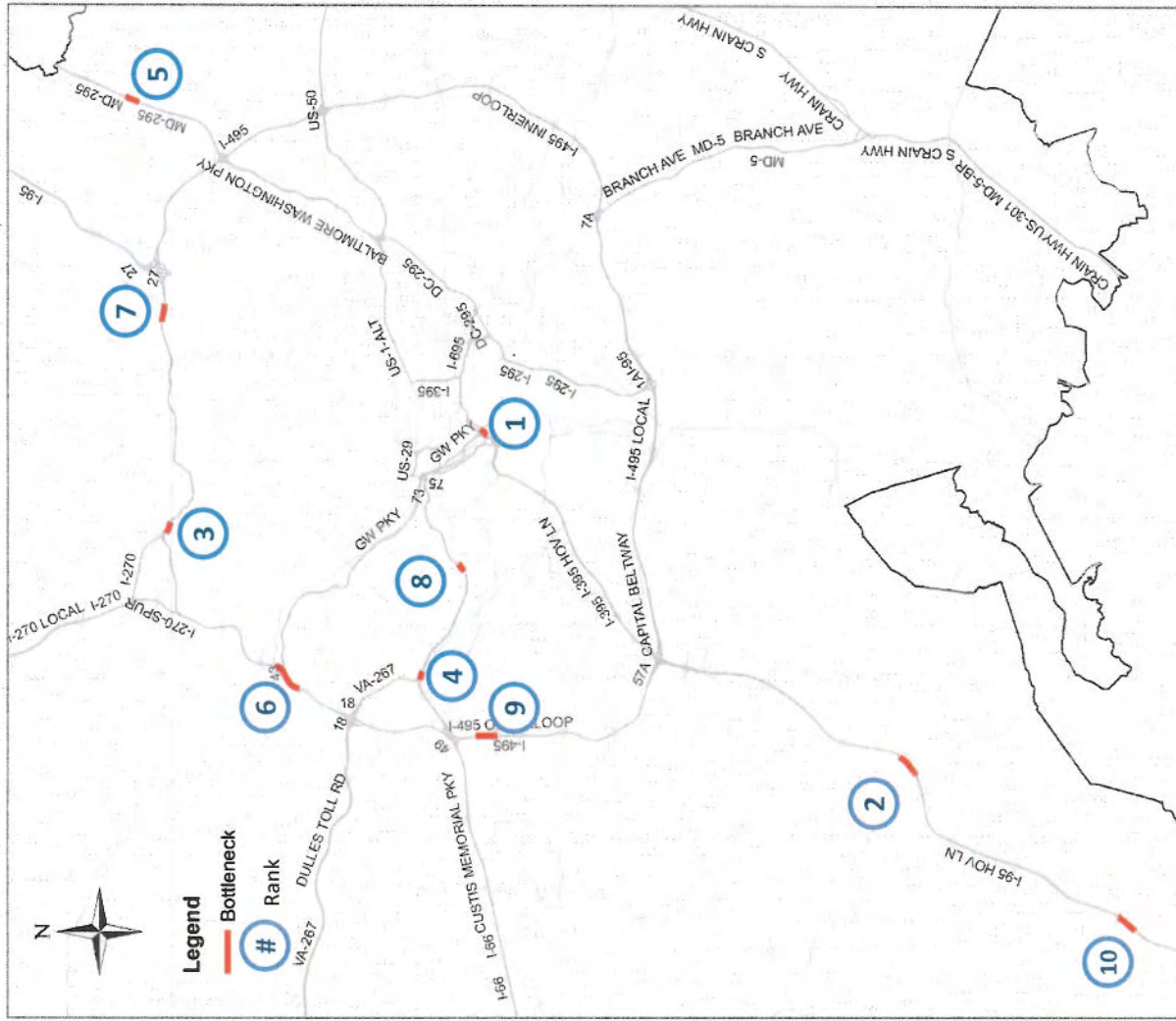
\* While impacted by construction, these links are historically congested



# 2011 Top Ten Bottlenecks



## INRIX 2<sup>nd</sup> Quarter Ten Congested Locations



Rank	Road/ Direction	Location	Speed when congested (mph)	Weekly hours of congestion
1	I-395 NB	11TH ST/EXIT 11	23	73
2	I-95 SB	US-1/EXIT 161	29	57
3	I-495 IL	MD-355//EXIT 34	26	35
4	I-66 EB	VA-267/EXIT 67	33	49
5	MD-295 NB	POWDER MILL RD	30	42
6	I-495 OL	GW PKWY/EXIT 14	31	44
7	I-495 OL	MD-650/EXIT 28	28	33
8	I-66 WB	FAIRFAX DR/EXIT 71	35	48
9	I-495 IL	US-50//EXIT 50	33	43
10	I-95 HOV SB	END OF HOV	35	44



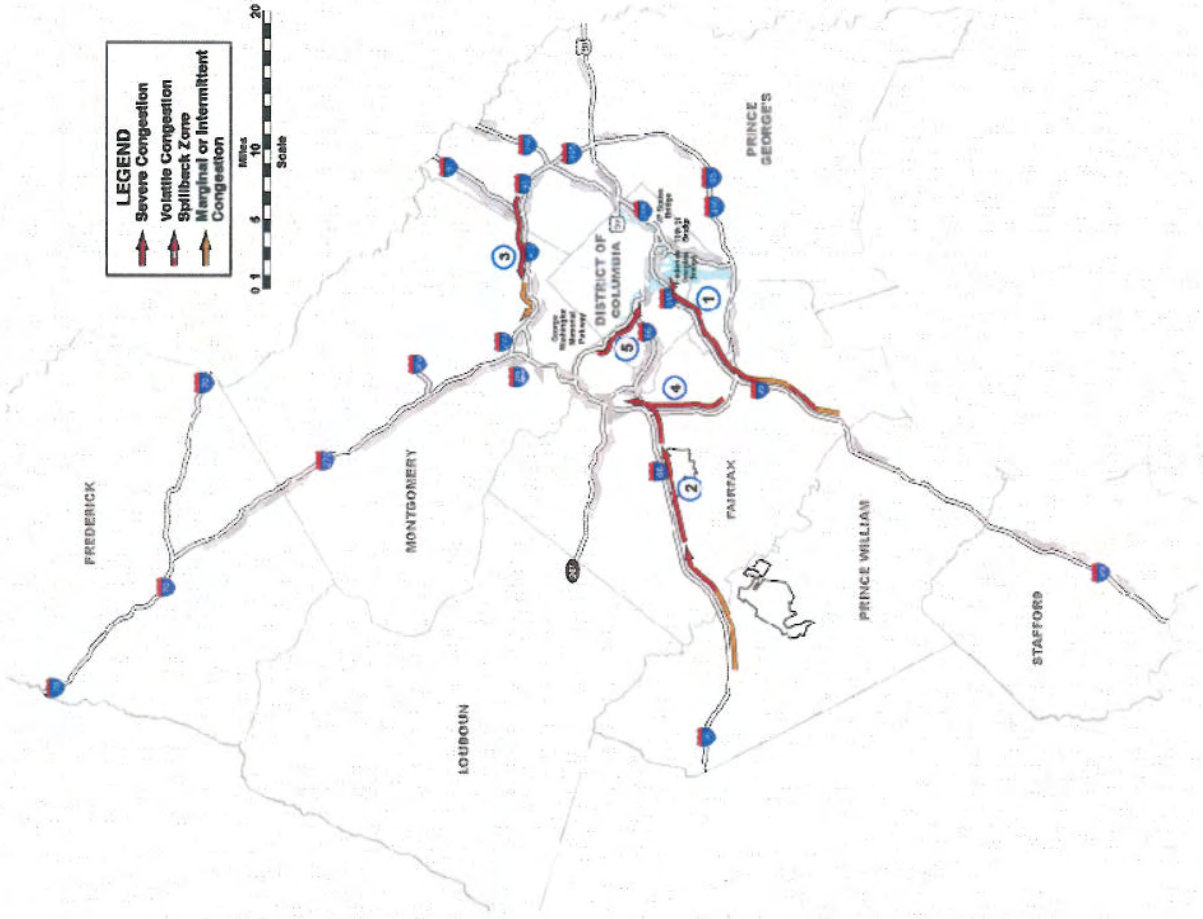
## AM Peak

Site Name	Road Name	Time	Direction	From	To	Queue Length (miles)	Estimated Travel Time (minutes)	Estimated Speed (mph)	Estimated Delay (minutes)
Site #1	I-95/I-395	7:30 – 8:30	Northbound	US 1	GWMP	18.3	62.8	18	44.4
Site #2	I-66	7:00 – 8:00	Eastbound	VA 234 Bypass	I-495	19.4	48.0	24	28.6
Site #3	I-495	7:00 – 8:00	Outerloop	US 1	I-270	10.0	28.7	21	18.7
Site #4	I-495	8:00 – 9:00	Innerloop	I-95	I-66	8.0	24.9	19	16.9
Site #5	GWMP	7:30 – 8:30	Eastbound	Chain Bridge Rd	I-66	5.3	16.5	19	11.2

## PM Peak

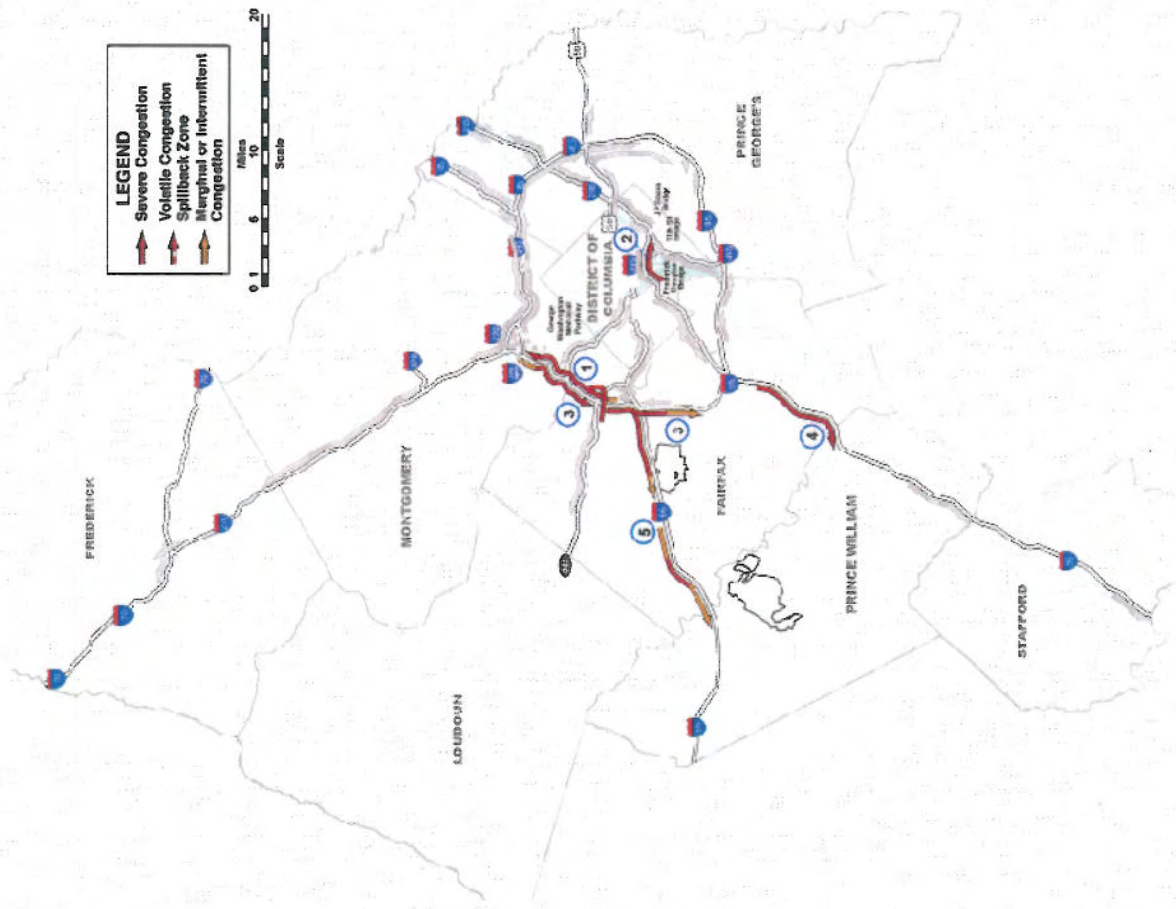
Site Name	Road Name	Time	Direction	From	To	Queue Length (miles)	Estimated Travel Time (minutes)	Estimated Speed (mph)	Estimated Delay (minutes)
Site #1	I-495	5:30 – 6:30	Innerloop	VA 7 (Leesburg Pike)	I-270 Spur	10.3	41.8	15	31.5
Site #2	I-395	5:00 – 6:00	Northbound	VA 110 (Jeff. Davis Hwy)	Pennsylvania Ave	4.3	19.2	13	14.9
Site #3	I-495	4:30 – 5:30	Outerloop	MD 187 (Old Georgetown Rd)	VA 236 (Little River Turnpike)	8.8	22.6	23	13.8
Site #4	I-95	4:30 – 5:30	Southbound	I-495	VA 123 (Gordon Blvd)	9.7	22.4	26	12.8
Site #5	I-66	4:30 – 5:30	Westbound	I-495	VA 234 (Sudley Rd)	16.8	28.3	36	11.5

# 2011 AM Longest Delay Corridors





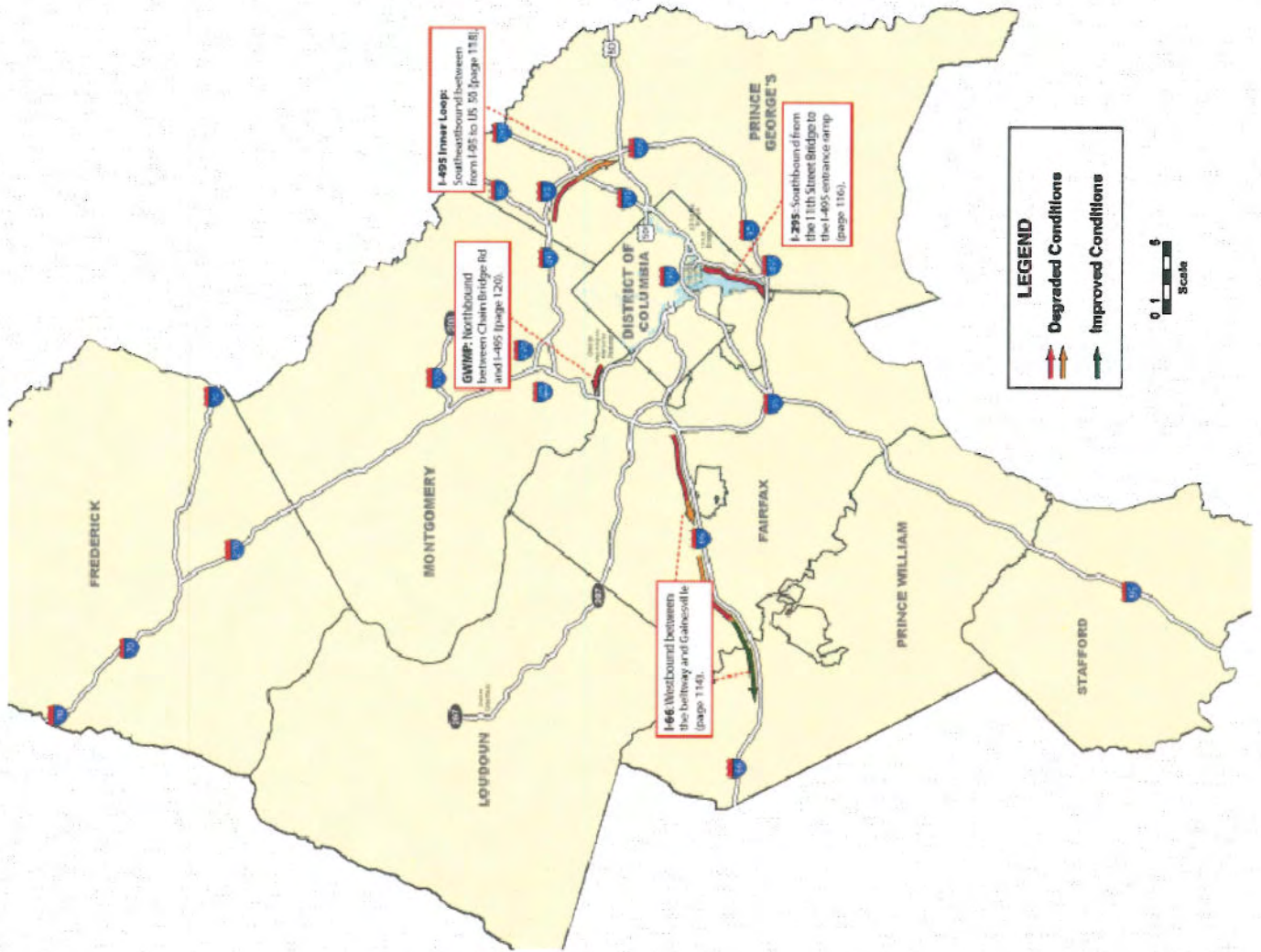
# 2011 PM Longest Delay Corridors





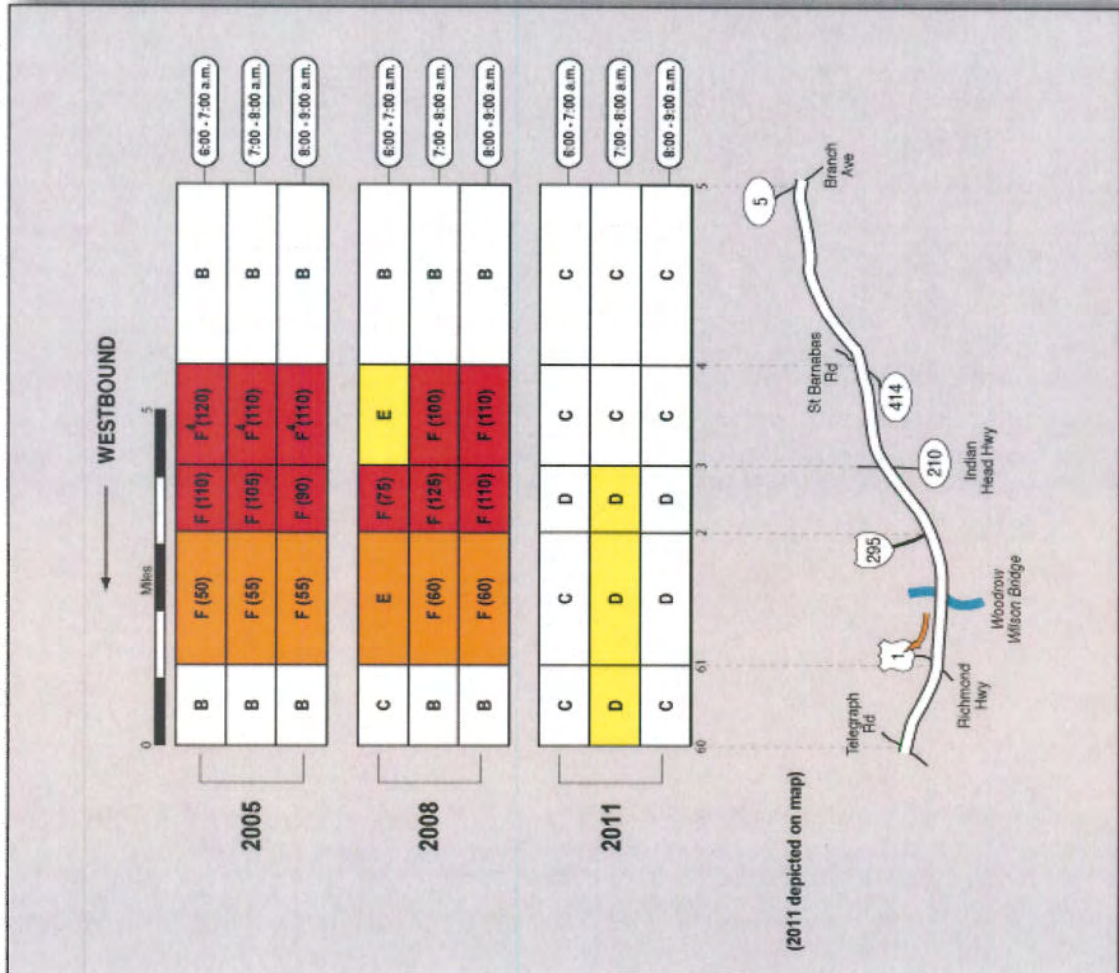


# 2011 Significant Changes PM Peak Period





# Changes to I-95 as a result of Wilson Bridge Improvements





**Capital Beltway / I-95 Maryland (Prince George's County) - Morning**

2002



2011





# I-395 Virginia (Arlington County) - Morning

Photo Set One: 2008



Photo Set One: 2011



Photo Set Two: 2008



Photo Set Two (above and right):  
This pair shows the normal configuration of the lanes at the GWP merge in 2008, and then it shows the modifications needed for the rehabilitation work in 2011.

Photo Set One (Above):

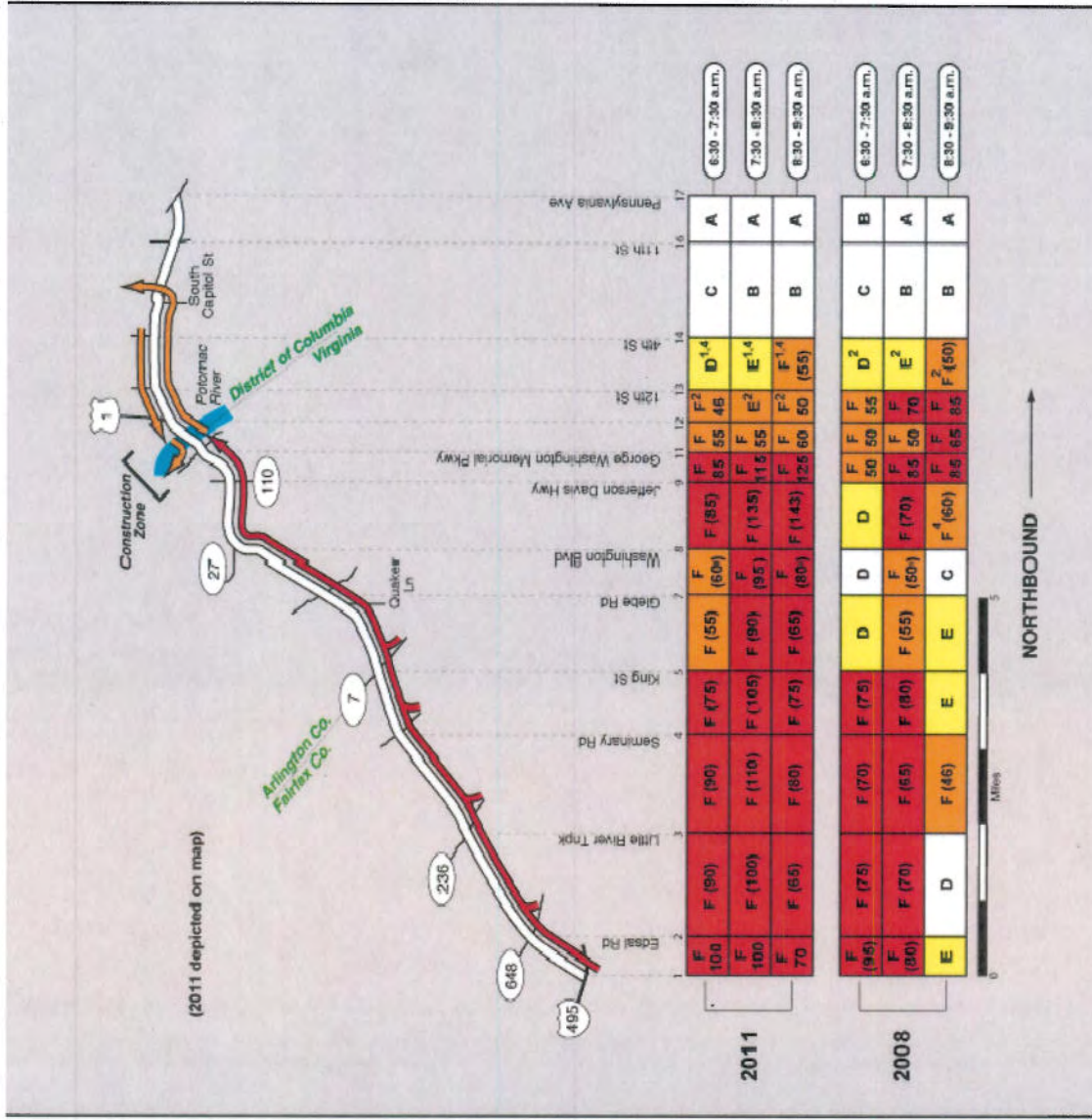
The top photograph from 2008 shows normal flow in the vicinity of Quaker Lane and Glebe Rd, in-between the two large congestion zones. The bottom photo from 2011 shows the extremely high densities that typically extended for a large part of the distance.

Photo Set Two: 2011





# Changes to I-395 high demand





# MD 295 Maryland (Prince Georges County) and DC 295 (Kenilworth Ave NE / District of Columbia) -

**Photo Set One: 2005**



**Photo Set One: 2011**



**Photo Set One:** This pair of photographs show the reconfiguration of the Nannie Helen Burroughs Ave NE interchange between 2005 and 2011. Note the lengthened deceleration lane to the right side of the 2011 image.

**Photo Set Two: 2005**



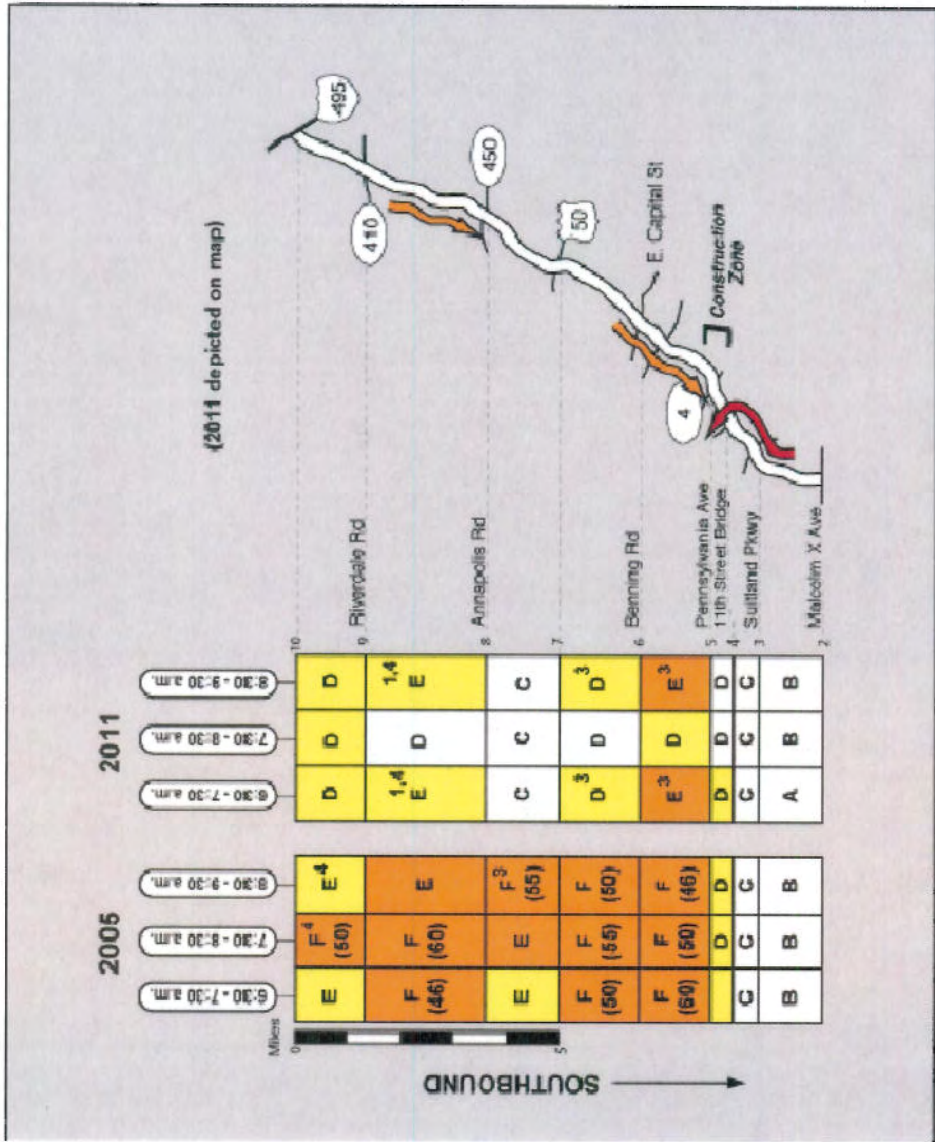
**Photo Set Two:** These photographs show the 2005 (top) and 2011 (bottom) configuration of the DC 295 bridge across the Northeast Corridor railroad right-of-way; note the absence of a significant merge lane in the 2005 photograph, and the friction that caused for southbound traffic on DC 295.

**Photo Set Two: 2011**





# Changes to I-295





General - Purpose Lanes

HOV Lanes



Year	Lee Hwy 43	Sudley Rd 47	Lee Hwy 52	Sully Rd 53	Lee Hwy 43	Sudley Rd 47	Lee Hwy 52	Sully Rd 53
2011	B	F <sup>4</sup> (70)	F (50)	F (70)	A	D	E	E
	E <sup>4</sup>	F (95)	F (66)	F (70)	B	F (55)	F (50)	D
	B <sub>4</sub>	F <sup>4</sup> (80)	F (70)	F (75)	B	F (50)	F (55)	D
2008	C	F <sup>4</sup> (46)	E	F (55)	C	C	C	C
	C	F <sup>4</sup> (75)	F (60)	F (70)	D	E	C	C
	B	F <sup>4</sup> (50)	F (55)	F (65)	B	C	C	C
2005	F (75)	F (55)	D	F <sup>1</sup> (55)	NO HOV			
	F (65)	F (60)	E <sup>4</sup>	F <sup>1</sup> (75)	C	C	C	C
	F (75)	F (50)	D <sup>4</sup>	F <sup>1</sup> (46)	A	C	C	B

6:00 - 7:00 a.m.  
7:00 - 8:00 a.m.  
8:00 - 9:00 a.m.



EASTBOUND →



# I-66 Virginia (Prince William County) - Morning

Photo Set One: 2005



Photo Set One: 2011



Photo Set One: both photographs show I-66 at the Lee Highway interchange in Gainesville. The 2005 photograph (top) shows eastbound congestion in 2005 to widening; the 2011 photograph (bottom) shows that free flow conditions prevailed here during the 2011 survey period (as the during 2008; see graphic).

Photo Set Two: 2005



Photo Set Two: 2011



Photo Set Two: these two photos show how congestion has filled in east of Gainesville; the interchange at Sudley Road in Manassas is shown (2005 top; 2011 bottom).



## Future of the Congestion Monitoring Program

- Goal
  - To identify the location, extent, duration of congestion
  - To provide data to other teams within DTP- volume, speed, and vehicle classes
  - Provide support data in the development of the CMP
  - Coverage of Freeways and Arterial highways in both urban and rural settings
  - Coverage of congestion among non-motorized travel such as congestion on bicycle and pedestrian facilities
  
- Data Sources
  - We collect, purchase data
  - Technology used to collect data
  
- Issues
  - How often do we collect the data
    - Daily, weekday/weekend, monthly/seasonal variation
  - Extent of data collection coverage
    - Geography, all highways versus sample of highways
  - Quality of the data based on the source of data
  - Cost

# NVTC

Northern Virginia Transportation Commission

# NVTC

## AGENDA ITEM #7

**TO:** Chairman Euille and NVTC Commissioners

**FROM:** Rick Taube and Scott Kalkwarf

**DATE:** November 21, 2011

**SUBJECT:** Status of NVTC's FY 2011 Audit

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Although VRE's audited financial statements are complete (Agenda Item #2B above), PBGH, LLP has not completed those of PRTC and NVTC. They will be provided at the January 5<sup>th</sup> commission meetings.

A new financial accounting regulation (GASB 61) has complicated this year's audit, as has a determination by the Federal Transit Administration that NVTC and PRTC should jointly include VRE in their financial statements.



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E-mail [nvtc@nvtc.org](mailto:nvtc@nvtc.org) • Website [www.thinkoutsidethecar.org](http://www.thinkoutsidethecar.org)



AGENDA ITEM #8

**TO:** Chairman Eulle and NVTC Commissioners  
**FROM:** Rick Taube and Kala Quintana  
**DATE:** November 21, 2011  
**SUBJECT:** NVTC Public Outreach

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Each month NVTC staff will provide examples of communication with the media, the public, transit allies and others that comprise NVTC's public outreach work program.

During November, staff provided letters to the Northern Virginia congressional delegation in support of extending the current \$230 monthly commuter benefit. Also, staff provided information for a Washington Examiner reporter describing the proposed Vanpool Incentive Program.

Staff participated in a discussion of funding strategies for the upcoming General Assembly session sponsored by the Northern Virginia Transportation Alliance. Staff also will lead on November 30<sup>th</sup> the discussion of the 2012 Legislative Agenda of the Virginia Transportation Association in Richmond. VTA's agenda was prepared by the chairman of VTA's Legislative Committee (Rick Taube).

Staff also attended the November Metropolitan Area Transportation Operations Coordination meeting held at VDOT headquarters to discuss the impacts to transit when VDOT decides to lift HOV restrictions. Staff led the discussion of options for outreach to the transit community as well as to the public.

Examples of these activities are attached for your information.





## Northern Virginia to monitor van pools to get federal money

By: Liz Essley | 11/06/11 8:05 PM

Examiner Staff Writer

Northern Virginia officials think they may have found a new source of transit funding -- and all they have to do is monitor van pools that already exist.

The Northern Virginia Transportation Commission is considering tapping into a federal program that would give the region as much as \$6 million a year for public transportation projects in exchange for keeping tabs on the region's van pools.

Local van pools -- operated privately by companies or commuter groups -- charge passengers a monthly or weekly fee for weekday trips into D.C. The transportation commission estimates that van pools alone eliminate an entire lane of car traffic on Interstate 95. A 2008 study found 861 van pools in the region but noted that there were probably many more.

Organizing the vans under formal monitoring would generate federal rewards.

"Once it's rolling, it's a cash cow for the region. It's untapped resources. And quite frankly from NVTC's perspective, with no new revenues on the horizon, what else do we have at this point?" said NVTC spokesman Kala Quintana. "These are federal dollars that are not being collected by the region simply because we haven't been able to collect the data."

The downside? The program would cost between \$5 million and \$7 million to set up. Local governments will have to contribute money to pay van pool drivers to collect data about mileage and passenger numbers. And local leaders are waiting to make sure the federal funding survives budget cuts now being considered by Congress.

### Examiner Archive

- Vanpooling can keep you and your wallet happy (7-13-08)



EXAMINER FILE

Local van pools — operated privately by companies or commuter groups — charge passengers a monthly or weekly fee for weekday trips into D.C.

"It's long overdue, and it's very inspiring in terms of opportunities to address traffic congestion and the environment and getting more cars off the road," said Alexandria Mayor Bill Euille, chairman of the transportation commission.

NVTC Secretary and Fairfax Supervisor Jeff McKay agreed.

"It is a win-win for everyone," he said. Where Fairfax will get the startup money, however, is unclear, he said.

"We're going to have to figure out where that's coming from. This is not a countywide priority at this point, because it's in its infancy."

The federal dollars that local jurisdictions receive from the program could be used to promote van pools or to pay for things such as Metro.

Virginia counties farther south -- represented by the George Washington Regional Commission and the Potomac and Rappahannock Transportation Commission -- would also contribute to the van pool program.

### Examiner Coverage

- More Washington transportation coverage

lessley@washingtonexaminer.com

URL: <http://washingtonexaminer.com/local/virginia/2011/11/nva-monitor-van-pools-get-federal-money>



**Chairman**

Hon. William D. Euille

**Vice Chairman**

Hon. Jay Fisette

**Secretary/Treasurer**

Hon. Jeffrey McKay

**Commissioners:**

**City of Alexandria**

Hon. William D. Euille

Hon. Paul Smedberg

**Arlington County**

Hon. Jay Fisette

Hon. Mary Hynes

Hon. Christopher Zimmerman

**Fairfax County**

Hon. Sharon Bulova

Hon. John Cook

Hon. John Foust

Hon. Catherine M. Hudgins

Hon. Jeffrey McKay

**City of Fairfax**

Hon. Jeffrey C. Greenfield

**City of Falls Church**

Hon. David Snyder

**Loudoun County**

Hon. Kelly Burk

**Virginia Department of Rail  
and Public Transportation**

Hon. Thelma Drake

**Virginia General Assembly**

Sen. Mark R. Herring

Sen. Mary Margaret Whipple

Del. Barbara J. Comstock

Del. Adam P. Ebbin

Del. Joe T. May

Del. Thomas D. Rust

**Executive Director**

Richard K. Taube

November 4, 2011

The Honorable Gerald E. Connolly  
327 Cannon House Office Building  
United States House of Representatives  
Washington, DC 20515

Dear Representative Connolly:

I am writing to urge you to continue the current commuter benefit that permits employers to provide up to \$230 per month as a tax-free public transit incentive. Unless Congress acts, this transit benefit, which currently matches the benefit to employees who drive and receive subsidized parking, will drop precipitously to \$125 at the end of this year. The parking benefit will actually increase to \$240. In no case should transit commuter benefits be allowed to fall below the parking benefit.

The Northern Virginia Transportation Commission coordinates public transit services providing over 145 million passenger trips in Northern Virginia in FY 2011. NVTC co-owns one of the eight systems providing that service; the Virginia Railway Express commuter rail system itself carries more than 4.5 million passengers annually.


One of the most important factors contributing to these significant ridership levels is the availability of the \$230 monthly commuter benefit. For example, 67% of VRE customers currently receive these benefits from employers. VRE fares from Fredericksburg to Union Station in the District of Columbia are \$285.50 for a monthly pass (\$20.60 per day using more expensive single-ride tickets). If the transit benefit amount is allowed to return to the previous \$120 level, fewer employees will ride and more will drive. This will further clog our congested highways. Others without access to automobiles will no longer be able to afford to get to work.

WMATA reports that 268,000 employees currently receive the monthly transit benefits in this region. An estimated 42% now receive more than the \$125 level and many would be disadvantaged if the maximum were permitted to drop from the \$230 level. As our economy struggles to return to prosperity, access to jobs should not be jeopardized. Please work with your colleagues to ensure that the \$230 monthly public transit benefit is extended. Ideally it would be made permanent and be indexed to inflation.

The monthly benefit was raised to \$230 in the American Recovery and Reinvestment Act of 2009, Section 1151 and extended to the end of 2011 in the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010. Pending bills would extend the benefit, including S1034, which is currently in the Senate Finance Committee and HR 2412, which is in the House Ways and Means Committee. We ask that you please exert your maximum effort to support this legislation.

Please feel free to contact me with any questions.

Sincerely,



William D. Euille  
Chairman

cc: NVTC's Congressional Delegation  
Secretary Sean Connaughton



# NVTC

Northern Virginia Transportation Commission

# NVTC

## AGENDA ITEM #9

**TO:** Chairman Euille and NVTC Commissioners

**FROM:** Rick Taube

**DATE:** November 21, 2011

**SUBJECT:** NVTC Nominating Committee for 2012 Officers

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Chairman Euille will announce his appointments to NVTC's nominating committee for 2012 officers. The election will occur at NVTC's January 5, 2012 meeting.



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# NVTC

Northern Virginia Transportation Commission

# NVTC

## AGENDA ITEM #10

**TO:** Chairman Euille and NVTC Commissioners

**FROM:** Scott Kalkwarf and Colethia Quarles

**DATE:** November 21, 2011

**SUBJECT:** NVTC Financial Items for October, 2011

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The financial report for October, 2011 is attached for your information.



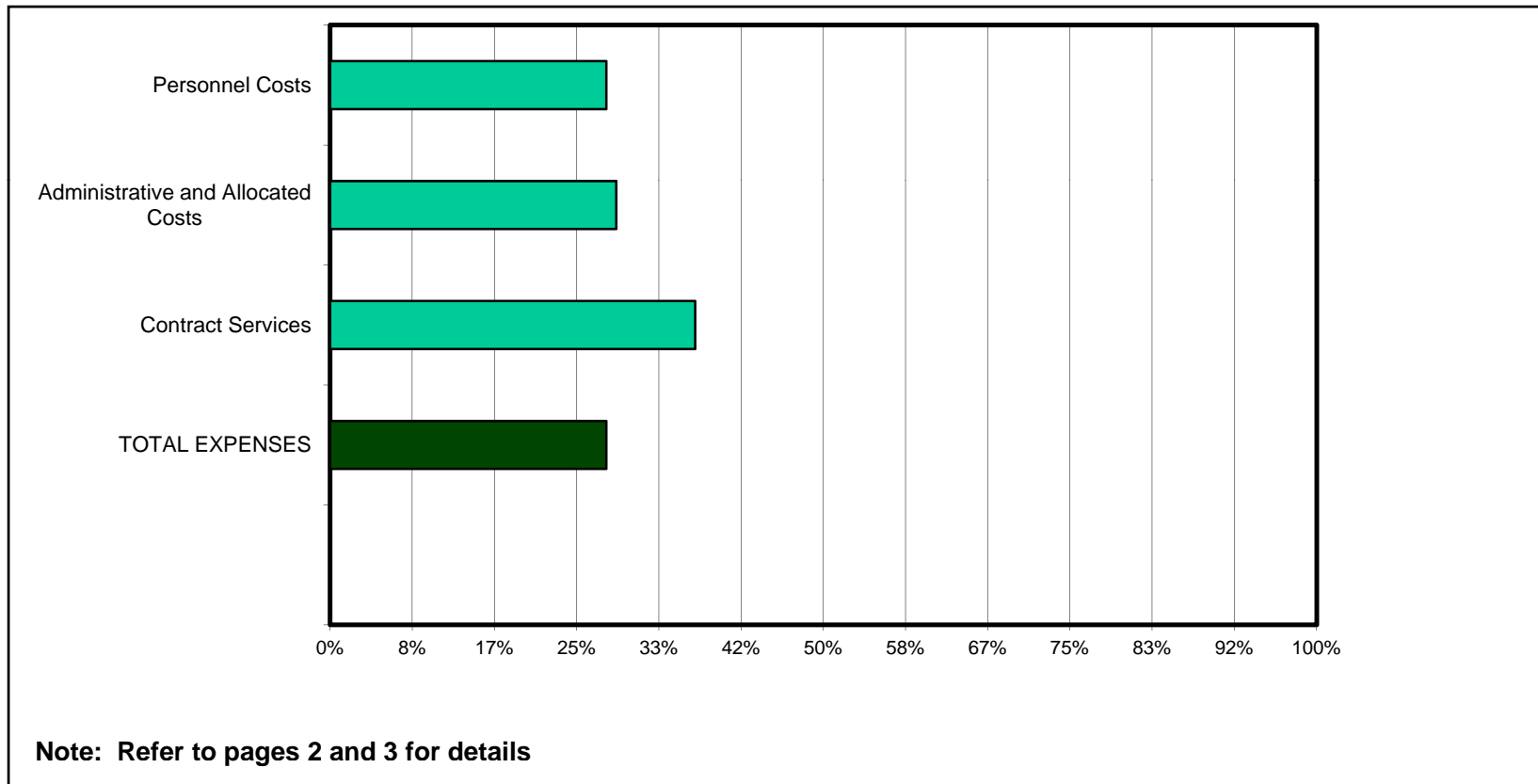
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# Northern Virginia Transportation Commission

Financial Reports

October, 2011

Percentage of FY 2012 NVTC Administrative Budget Used  
October, 2011  
(Target 33.34% or less)



**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**G&A BUDGET VARIANCE REPORT**  
**October 2011**

	<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	\$ 40,618.75	\$ 187,768.48	\$ 693,150.00	\$ 505,381.52	72.9%
Temporary Employee Services	-	-	-	-	
Total Personnel Costs	40,618.75	187,768.48	693,150.00	505,381.52	72.9%
<u>Benefits</u>					
Employer's Contributions:					
FICA	2,367.98	15,293.05	48,250.00	32,956.95	68.3%
Group Health Insurance	4,307.89	23,273.42	92,900.00	69,626.58	74.9%
Retirement	5,240.00	20,960.00	68,800.00	47,840.00	69.5%
Workmans & Unemployment Compensation	-	-	3,100.00	3,100.00	100.0%
Life Insurance	235.08	1,139.04	4,000.00	2,860.96	71.5%
Long Term Disability Insurance	252.81	1,011.24	3,650.00	2,638.76	72.3%
Total Benefit Costs	12,403.76	61,676.75	220,700.00	159,023.25	72.1%
<u>Administrative Costs</u>					
Commissioners Per Diem	1,150.00	2,800.00	16,850.00	14,050.00	83.4%
<i>Rents:</i>					
Office Rent	14,104.05	59,085.20	185,100.00	126,014.80	68.1%
Parking	11.50	2,651.50	12,200.00	9,548.50	78.3%
<i>Insurance:</i>					
Public Official Bonds	-	100.00	2,300.00	2,200.00	95.7%
Liability and Property	320.00	1,280.00	3,300.00	2,020.00	61.2%
<i>Travel:</i>					
Conference Registration	-	-	-	-	0.0%
Conference Travel	-	96.33	1,500.00	1,403.67	93.6%
Local Meetings & Related Expenses	710.33	710.33	4,000.00	3,289.67	82.2%
Training & Professional Development	-	-	300.00	300.00	100.0%
<i>Communication:</i>					
Postage	92.97	848.24	3,800.00	2,951.76	77.7%
Telecommunication	415.76	1,765.09	6,100.00	4,334.91	71.1%
<i>Publications &amp; Supplies</i>					
Office Supplies	484.37	532.70	3,100.00	2,567.30	82.8%
Duplication	796.14	2,333.31	11,500.00	9,166.69	79.7%
Public Information	-	-	500.00	500.00	100.0%

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**G&A BUDGET VARIANCE REPORT**  
**October 2011**

	<u>Current Month</u>	<u>Year To Date</u>	<u>Annual Budget</u>	<u>Balance Available</u>	<u>Balance %</u>
<i>Operations:</i>	387.00	879.00	10,500.00	9,621.00	91.6%
Furniture and Equipment	-	-	3,000.00	3,000.00	0.0%
Repairs and Maintenance	-	-	1,000.00	1,000.00	100.0%
Computers	387.00	879.00	6,500.00	5,621.00	86.5%
<i>Other General and Administrative</i>	369.34	2,075.58	5,350.00	3,274.42	61.2%
Subscriptions	-	-	-	-	0.0%
Memberships	72.43	504.72	1,400.00	895.28	63.9%
Fees and Miscellaneous	296.91	955.86	2,950.00	1,994.14	67.6%
Advertising (Personnel/Procurement)	-	615.00	1,000.00	385.00	38.5%
Total Administrative Costs	<u>18,829.96</u>	<u>72,505.78</u>	<u>254,200.00</u>	<u>181,694.22</u>	<u>71.5%</u>
	<u>Contracting Services</u>				
Auditing	10,000.00	10,000.00	27,360.00	17,360.00	63.5%
Consultants - Technical	-	-	-	-	0.0%
Legal	-	-	-	-	0.0%
Total Contract Services	<u>10,000.00</u>	<u>10,000.00</u>	<u>27,360.00</u>	<u>17,360.00</u>	<u>63.5%</u>
 Total Gross G&A Expenses	<u><u>\$ 81,852.47</u></u>	<u><u>\$ 331,951.01</u></u>	<u><u>\$ 1,195,410.00</u></u>	<u><u>\$ 863,458.99</u></u>	<u><u>72.2%</u></u>

**NVTC  
RECEIPTS and DISBURSEMENTS  
October, 2011**

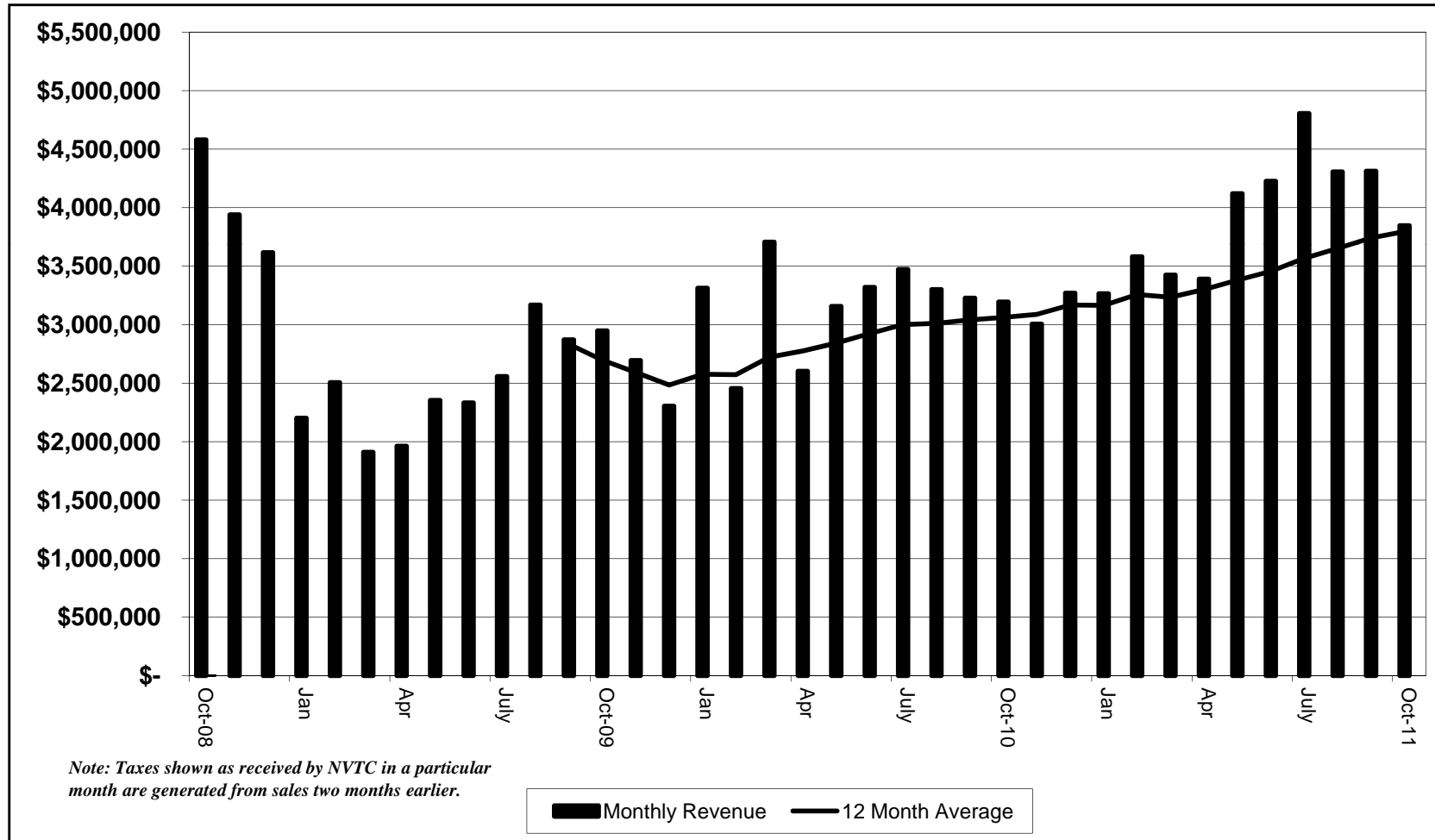
<u>Date</u>	<u>Payer/ Payee</u>	<u>Purpose</u>	<u>Wells Fargo (Checking)</u>	<u>Wells Fargo (Savings)</u>	<u>VA LGIP</u>	
					<u>G&amp;A / Project</u>	<u>Trusts</u>
<b>RECEIPTS</b>						
3	City of Alexandria	G&A contribution		\$ 9,628.25		
5	DRPT	Capital grant receipts				542,520.00
5	Loudoun County	G&A contribution			3,314.25	
6	DRPT	Capital grant receipts - VRE			14,072.00	
7	Arlington County	G&A contribution		14,864.50		
12	Dept. of Taxation	Motor Vehicle Fuels Sales tax receipt				3,845,992.22
13	DRPT	Operating assistance grant receipts				733,162.00
13	DRPT	Capital grant receipts				641,795.00
13	DRPT	Capital grant receipts - VRE			89,029.00	
14	DRPT	Operating assistance grant receipts				4,603,459.00
14	DRPT	Capital grant receipts				99,840.00
14	DRPT	Capital grant receipts - VRE			750,447.00	
18	DRPT	NVTA update grant receipt			30,031.00	
21	DRPT	Operating assistance grant receipts			754,395.00	5,587,123.00
21	DRPT	Operating assistance grant receipts - VRE			3,118,510.00	
24	DRPT	Operating assistance grant receipts				20,662,112.00
28	DRPT	Capital grant receipts				30,090.00
28	TIAA-CREF	2010 Operating expense refund		7,509.71		
31	Banks	Investment earnings		0.86	53.04	12,727.53
			<u>-</u>	<u>32,003.32</u>	<u>4,759,851.29</u>	<u>36,758,820.75</u>
<b>DISBURSEMENTS</b>						
1-31	Various	G&A expenses	(74,942.89)			
3	WMATA	Metrobus operating				(14,687,097.00)
3	WMATA	MetroAccess operating				(3,110,162.00)
3	WMATA	Metrorail operating				(7,870,247.00)
3	WMATA	Capital improvement program				(1,518,254.00)
3	WMATA	Project development				(173,000.00)
3	WMATA	Debt service (1993 & 2003)				(1,852,616.00)
3	WMATA	Debt service - Metro Matters				(26,474.00)
5	Loudoun County	Other operating				(3,314.25)
6	VRE	Capital grant receipts			(14,072.00)	
13	VRE	Capital grant receipts			(89,029.00)	
14	VRE	Capital grant receipts			(750,447.00)	
18	Cambridge	NVTA update project	(30,031.16)			
21	VRE	Operating assistance grant receipts			(3,118,510.00)	
31	Banks	Service fees	(43.49)	(11.66)		
			<u>(105,017.54)</u>	<u>(11.66)</u>	<u>(3,972,058.00)</u>	<u>(29,241,164.25)</u>
<b>TRANSFERS</b>						
			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET INCREASE (DECREASE) FOR MONTH</b>			<u>\$ (105,017.54)</u>	<u>\$ 31,991.66</u>	<u>\$ 787,793.29</u>	<u>\$ 7,517,656.50</u>

**NVTC  
INVESTMENT REPORT  
October, 2011**

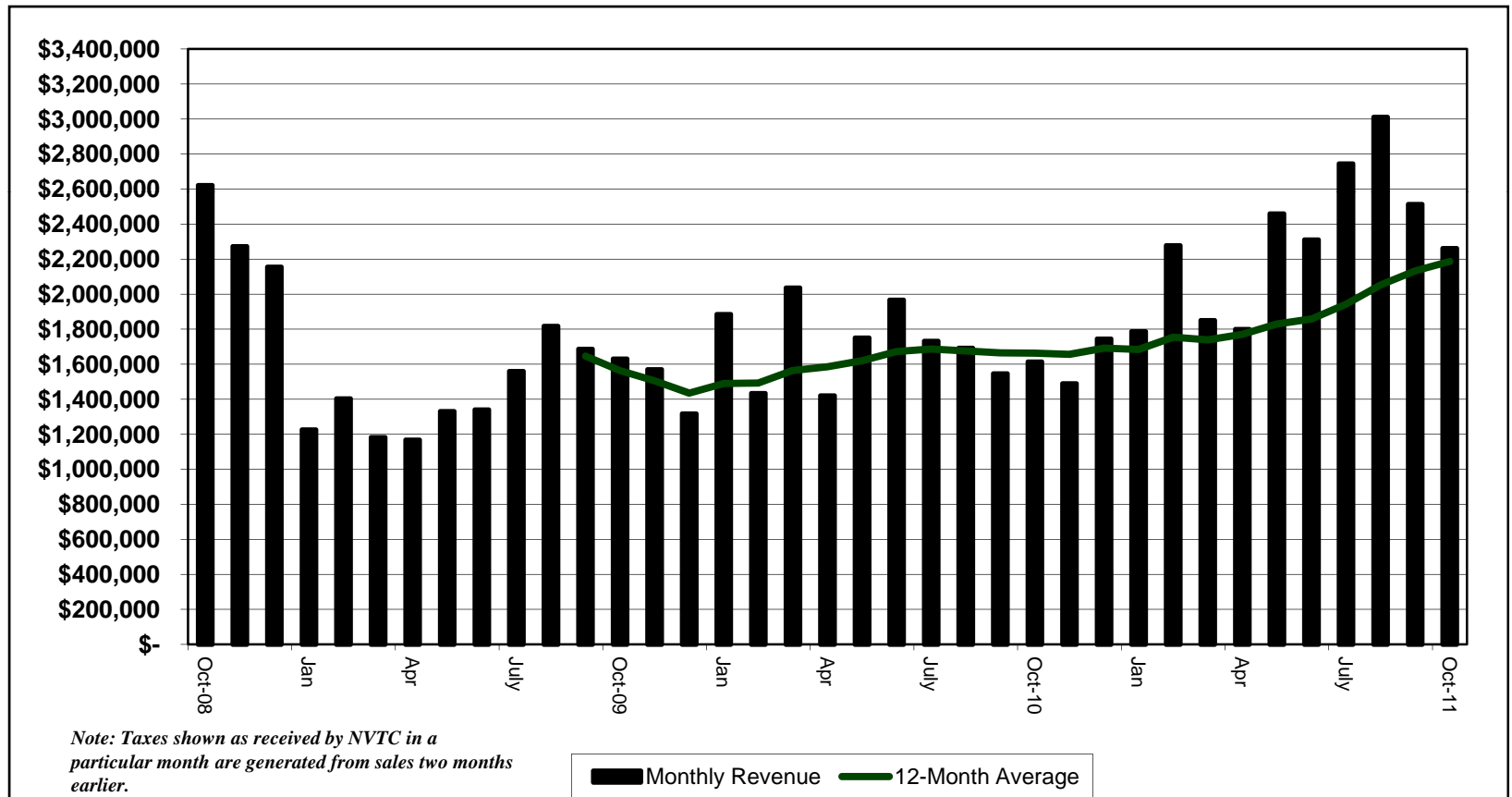
<u>Type</u>	<u>Rate</u>	<u>Balance 9/30/2011</u>	<u>Increase (Decrease)</u>	<u>Balance 10/31/2011</u>	<u>NVTC G&amp;A/Project</u>	<u>Jurisdictions Trust Fund</u>	<u>Loudoun Trust Fund</u>
<b><u>Cash Deposits</u></b>							
Wells Fargo: NVTC Checking	N/A	\$ 120,483.10	\$ (105,017.54)	\$ 15,465.56	\$ 15,465.56	\$ -	\$ -
Wells Fargo: NVTC Savings	0.020%	29,316.42	31,991.66	61,308.08	61,308.08	-	-
<b><u>Investments - State Pool</u></b>							
Bank of America - LGIP	0.152%	112,428,607.75	8,305,449.79	120,734,057.54	909,586.79	101,868,846.01	17,955,624.74
		<u>\$ 112,578,407.27</u>	<u>\$ 8,322,848.14</u>	<u>\$ 120,810,831.18</u>	<u>\$ 986,360.43</u>	<u>\$ 101,868,846.01</u>	<u>\$ 17,955,624.74</u>



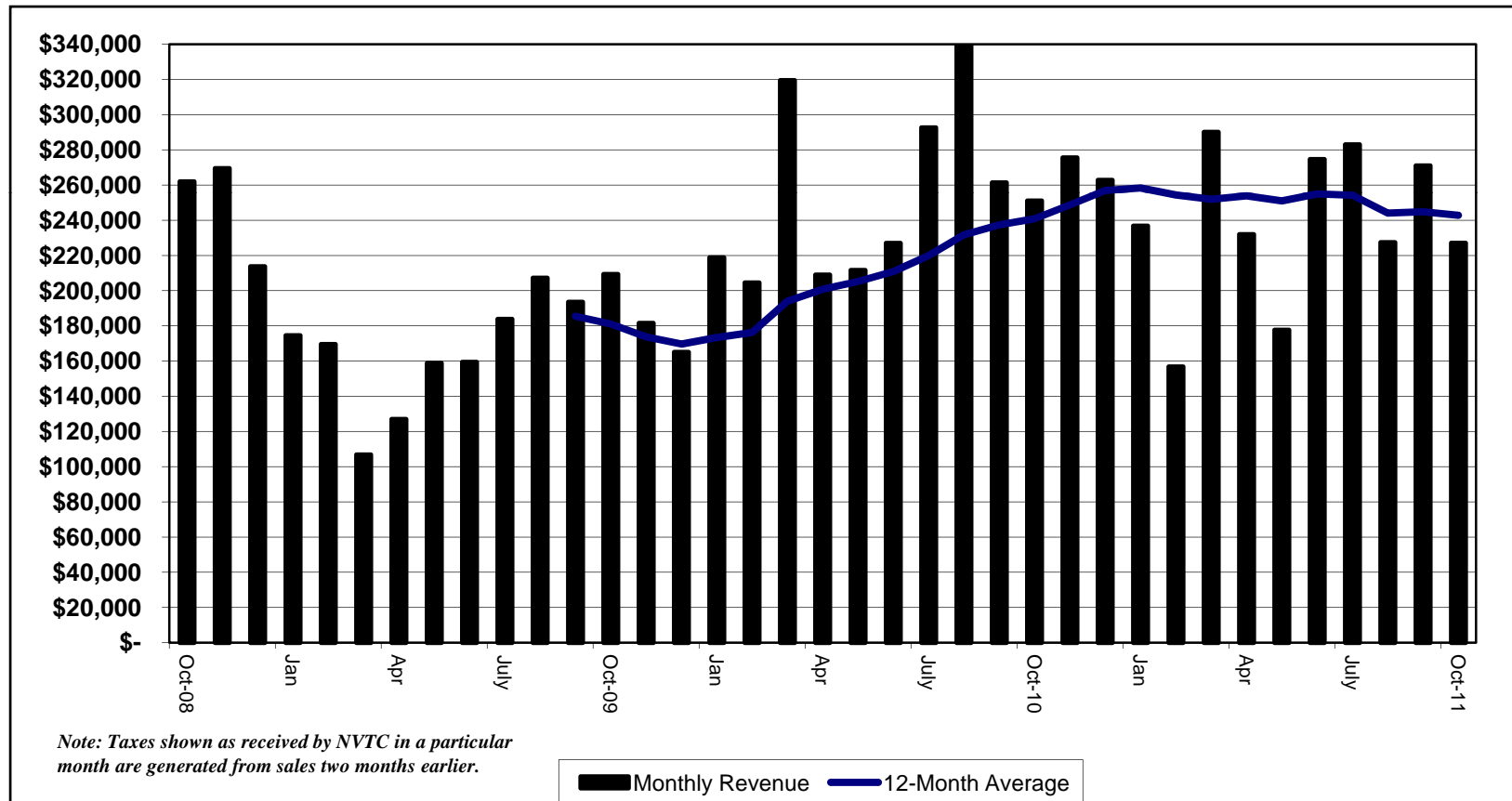
# NVTC MONTHLY GAS TAX REVENUE ALL JURISDICTIONS FISCAL YEARS 2009-2012



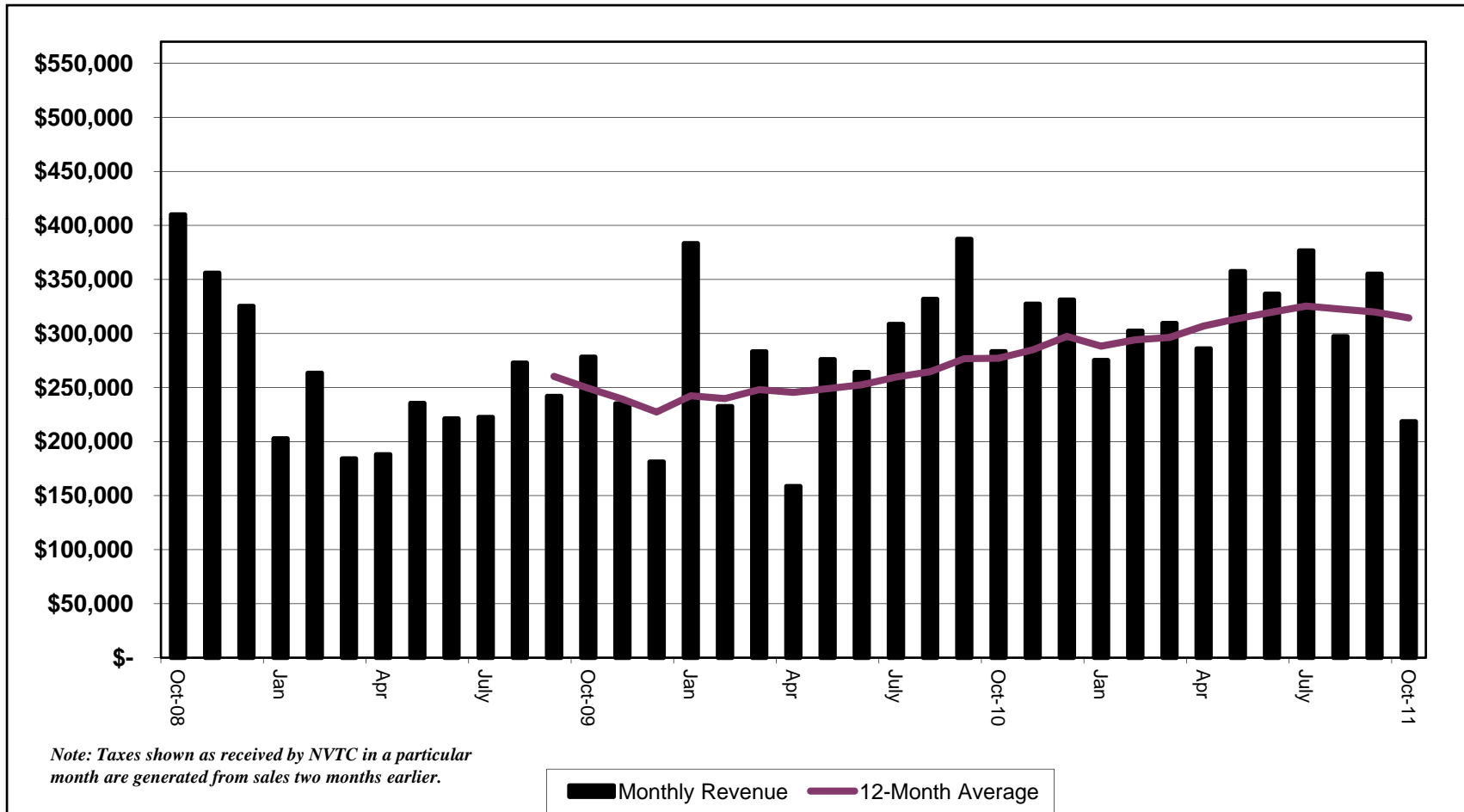
# NVTC MONTHLY GAS TAX REVENUE FAIRFAX COUNTY FISCAL YEARS 2009-2012



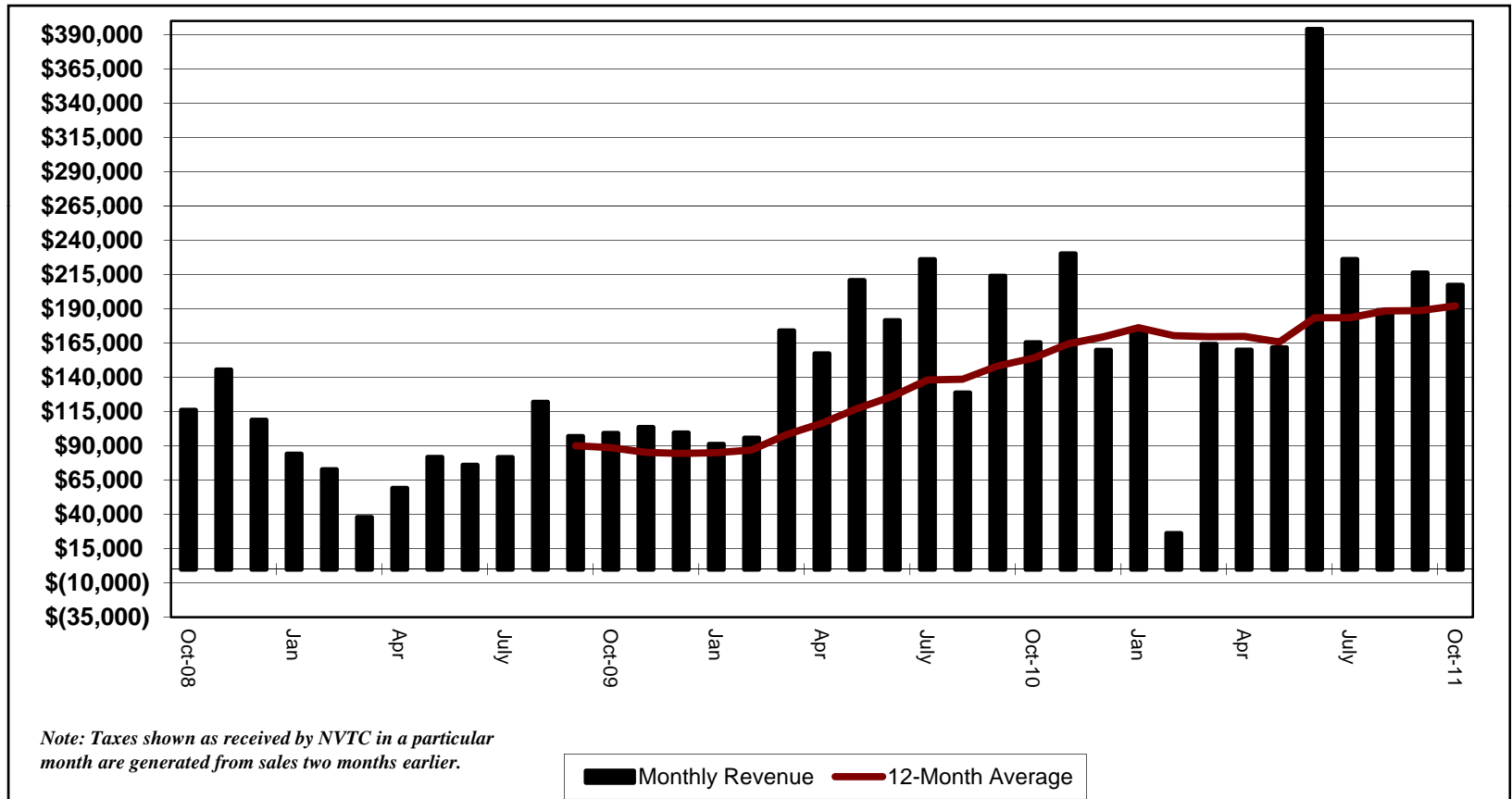
# NVTC MONTHLY GAS TAX REVENUE CITY OF ALEXANDRIA FISCAL YEARS 2009-2012



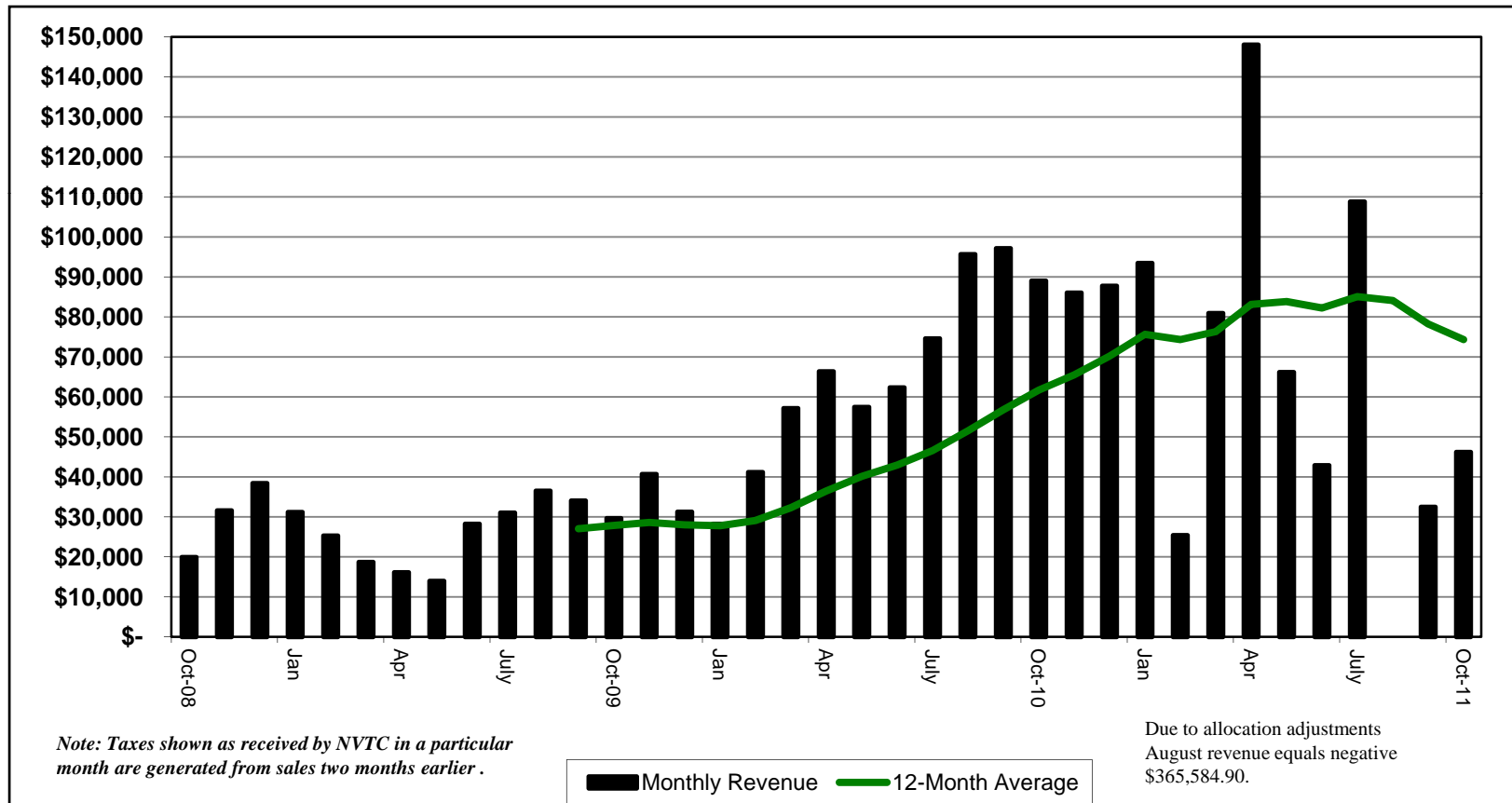
# NVTC MONTHLY GAS TAX REVENUE ARLINGTON COUNTY FISCAL YEARS 2009-2012



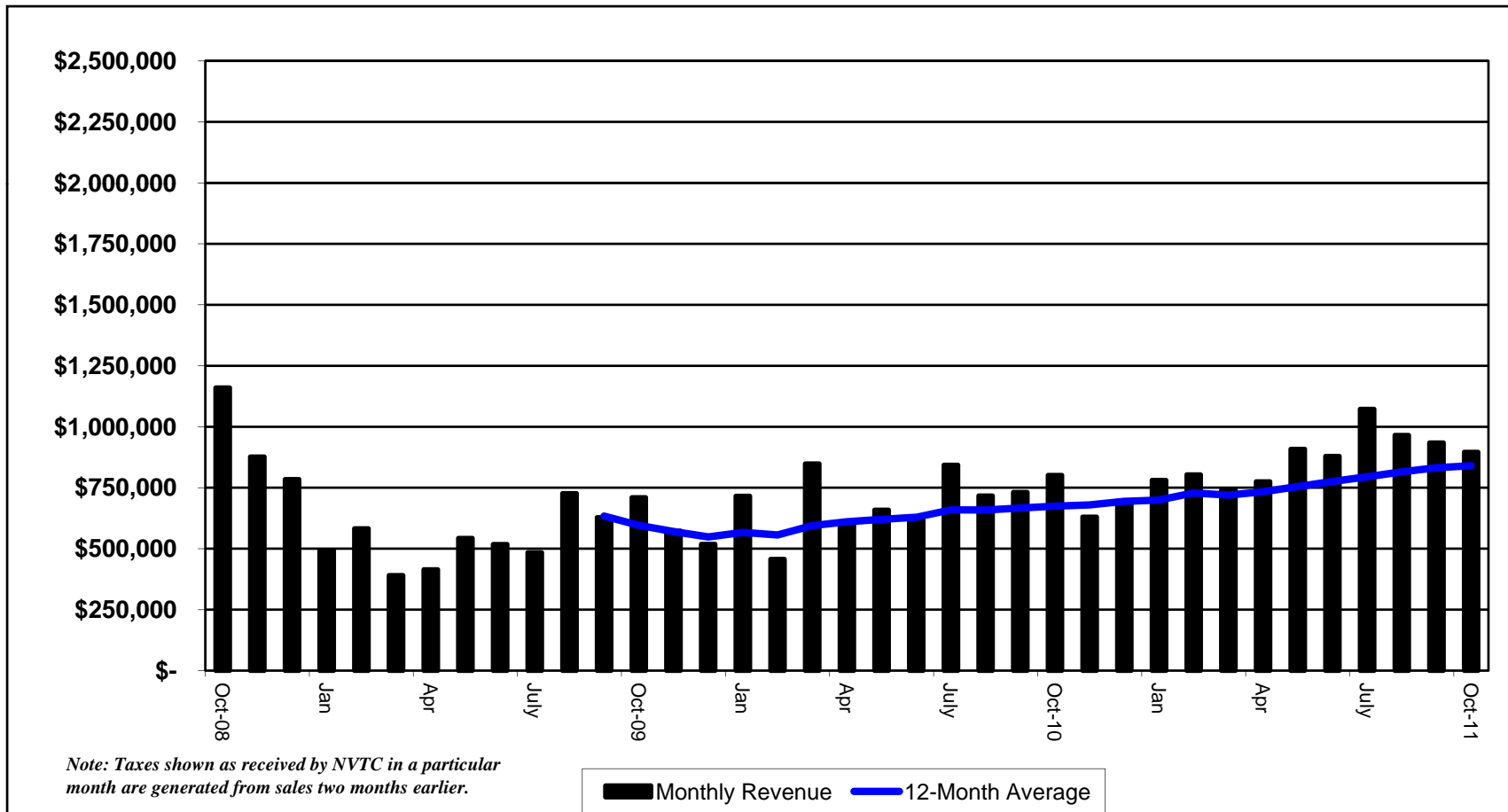
# NVTC MONTHLY GAS TAX REVENUE CITY OF FAIRFAX FISCAL YEARS 2009-2012



# NVTC MONTHLY GAS TAX REVENUE CITY OF FALLS CHURCH FISCAL YEARS 2009-2012



# NVTC MONTHLY GAS TAX REVENUE LOUDOUN COUNTY FISCAL YEARS 2009-2012





# MINUTES

## VRE OPERATIONS BOARD MEETING PRTC HEADQUARTERS – PRINCE WILLIAM COUNTY, VIRGINIA NOVEMBER 18, 2011

### VIRGINIA RAILWAY EXPRESS

#### BOARD MEMBERS

**SHARON BULOVA**  
CHAIRMAN

**WALLY COVINGTON**  
VICE-CHAIRMAN

**SUSAN STIMPSON**  
TREASURER

**PAUL SMEDBERG**  
SECRETARY

**MAUREEN CADDIGAN**  
**JOHN COOK**  
**THELMA DRAKE**  
**FREDERIC HOWE**  
**JOHN JENKINS**  
**PAUL MILDE**  
**SUHAS NADDONI**  
**GARY SKINNER**  
**JONATHAN WAY**  
**CHRIS ZIMMERMAN**

#### ALTERNATES

**MARC AVENI**  
**HARRY CRISP**  
**MARK DUDENHEFER**  
**BRAD ELLIS**  
**JAY FISETTE**  
**FRANK JONES**  
**ROB KRUPICKA**  
**JERRY LOGAN**  
**MICHAEL MAY**  
**JEFF McKAY**  
**MARTIN NOHE**  
**KEVIN PAGE**  
**JOHN STIRRUP**

**DALE ZEHNER**  
CHIEF EXECUTIVE  
OFFICER

1500 King Street, Suite 202  
Alexandria, VA 22314-2730

MEMBERS PRESENT	JURISDICTION
Sharon Bulova (NVTC)	Fairfax County
Maureen Caddigan (PRTC)	Prince William County
John Cook (NVTC)	Fairfax County
Frederic Howe (PRTC)	City of Fredericksburg
John D. Jenkins (PRTC)	Prince William County
Paul Milde (PRTC)	Stafford County
Suhas Naddoni (PRTC)	City of Manassas Park
Paul Smedberg (NVTC)	City of Alexandria
Susan Stimpson (PRTC)	Stafford County
Jonathan Way (PRTC)	City of Manassas
Christopher Zimmerman (NVTC)	Arlington County

MEMBERS ABSENT	JURISDICTION
Wally Covington (PRTC)	Prince William County
Thelma Drake	DRPT
Gary Skinner (PRTC)	Spotsylvania County

ALTERNATES PRESENT	JURISDICTION
Kevin Page	DRPT

ALTERNATES ABSENT	JURISDICTION
Marc Aveni (PRTC)	City of Manassas
Harry Crisp (PRTC)	Stafford County
Mark Dudenhefer (PRTC)	Stafford County
Brad Ellis (PRTC)	City of Fredericksburg
Jay Fiset (NVTC)	Arlington County
Frank C. Jones (PRTC)	City of Manassas Park
Rob Krupicka (NVTC)	City of Alexandria
Jerry Logan (PRTC)	Spotsylvania County
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	Betsy Massie – PRTC staff
David Cheeney – KHA	Jennifer Mouchantaf – VRE
Patrick Durany – Supervisor Jenkins' Aid	Sirel Mouchantaf – VRE
Mike Garber – PBGH, LLC	Dick Peacock – citizen
Al Harf – PRTC staff	Lynn Rivers – Arlington County
Chris Henry – VRE	Mark Roeber – VRE
Christine Hoeffner – VRE	Mike Schaller – citizen
Ann King – VRE	Scott Shenk – Free Lance Star
Mike Lake – Fairfax County DOT	Brett Shorter – VRE
Lezlie Lamb – VRE	Alex Sugatan – VRE
Bob Leibbrandt – Prince William County	Rick Taube – NVTC staff
Steve MacIsaac – VRE counsel	Dale Zehner – VRE
April Maguigad – VRE	

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



Chairman Bulova called the meeting to order at 9:38 A.M. Following the Pledge of Allegiance, roll call was taken.

### Approval of the Agenda – 3

Mr. Zimmerman moved, with a second by Mr. Howe, to approve the agenda. The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Howe, Jenkins, Milde, Naddoni, Page, Stimpson, Way and Zimmerman.

### Approval of the Minutes of the September 19, 2011 Operations Board Meeting – 4

Mr. Milde moved, with a second by Ms. Stimpson, to approve the minutes. The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Howe, Jenkins, Milde, Page, Stimpson, Way and Zimmerman. Mr. Naddoni and Mr. Smedberg abstained.

### Chairman's Comments – 6

Chairman Bulova reported that VRE reached its highest on-time performance in VRE's history in October with an overall 98.17 percent on-time performance (OTP) with 97.86 percent on the Fredericksburg line and 98.44 percent on the Manassas line. New equipment and other improvements to the system have paid off to improve OTP. All 20 new locomotives have arrived and are in service. This investment has really paid off as far as efficiency, OTP and the health of the system. Ridership also continues to grow, with a year-to-date 10 percent increase compared to last year. Chairman Bulova appointed the current VRE officers to serve as the Nominating Committee to recommend a slate of officers for 2012.

### Chief Executive Officer's Report – 7

Mr. Zehner reported that OTP for November is currently at 94 percent systemwide. The new equipment is working well and the relationships with the railroads are also running smoothly, which minimizes rail traffic on the rail lines. He reported that last Thursday (November 10<sup>th</sup>) the Manassas line had a major delay on Train #327, which resulted in the train being two hours late. There was a light mist with falling leaves and wind, which caused the wet leaves to stick to the tracks resulting in the train being restricted to one mile per hour. This type of problem has happened before with falling leaves, but this time it was aggravated by the mist. He explained that the contact between the wheel and rail is very small and the wet leaves produce a lubrication (leaf oil) and slippage becomes a serious problem.

Mr. Zehner announced that the emergency drill on November 12<sup>th</sup> was a success. It was held in Alexandria, which is the first time it has been held inside the Beltway. Thirty emergency personnel participated in the drill, including staff from VRE, Keolis, NS, CSX, FRA, TSA, Alexandria Fire and Policy, a fire unit from Arlington County, the

Alexandria Office of Emergency Management, and the Regional Hospital Coordination Center. VRE is planning to have another larger emergency drill in May 2012.

Mr Zehner also reported that VRE's annual Master Agreement Survey was conducted on October 5<sup>th</sup>. The survey results will be presented to the VRE Operations Board in December as part of the budget discussion. He also announced that the annual Santa Trains are scheduled for December 10<sup>th</sup>. Tickets go on sale on November 28<sup>th</sup>, in which half will be sold on-line and the other half at five different locations. The annual VRE Toys for Tots campaign will be held on December 7<sup>th</sup> and toys will also be accepted during Santa Trains.

Mr. Naddoni stated that he has been a regular VRE rider for six years and never heard about the leaf oil problem. The incident on November 10<sup>th</sup> caused major inconveniences for VRE riders. He suggested that VRE write some articles about restrictions associated with leaves on the tracks, just like they have done for summer heat restrictions. Mr. Zehner responded that VRE has written articles as well as sent email alerts and will continue to do so. Chairman Bulova suggested VRE do a comprehensive article, such as "Nature Happens" and how VRE responds to different weather scenarios. Mr. Cook stated that it is important to keep the message positive. Weather can have a major impact on those that drive their automobiles too.

#### Operations Board Member's Time – 8

Mr. Howe discussed the parking situation in Fredericksburg. Two parking lots have been lost and parking utilization is at 92 percent. Parking enforcement in the city public lots will be in full force, especially during the holiday season. The City is also looking at raising the public parking deck fees, potentially doubling the fee. He has spoken with Mr. Skinner about identifying a transfer parking lot for Spotsylvania riders. This is a big problem and will impact riders, especially Spotsylvania riders.

Mr. Way stated that as a follow-up to the discussion at the Strategic Planning Retreat, he wants to make sure that the Board will add a discussion about VRE's mission statement to a future agenda.

#### VRE Riders' and Public Comment – 9

Mr. Peacock encouraged the Board to approve Agenda Item #9F "Authorization to Execute a Grant Agreement for the King Street Station Pedestrian Tunnel Project." The tunnel will provide great connectivity and easy access to the Metro system and other bus connections. It will make VRE service more attractive. He noted that with increased ridership, he does not see why VRE cannot charge more for advertising rates. He suggested that the state gasoline tax be restructured based on the price of gas, which would be similar to the sales tax. This would provide more revenue as the price of fuel increases.

Authorization to Forward the FY 2011 Audited Financial Statements and Management Letter to the Commissions – 9A

Chairman Bulova reported that the VRE Operation Board is being asked to authorize the CEO to forward to the Commissions for consideration VRE's audited financial statements for FY 2011. Resolution #9A-11-2011 would accomplish this. She introduced Mike Garber from VRE's audit firm of PBGH, LLC. Mr. Garber stated that he met with the Audit and Finance Committee prior to this meeting and reviewed the financial statements in more detail. LBGH, LLC has issued an unqualified opinion, which is the best opinion that can be given, regarding the financial statements and the financial controls and compliance statement. Their report finds that VRE's statements, in all material respects, fairly and accurately present the financial position of the organization.

Mr. Garber stated that for FY 2011, VRE spent \$54 million in capital projects and VRE is seeing the benefits of upgrading its system by increased ridership and revenue. VRE did it all without increasing additional debt. VRE is continuing to pay down the debt and for FY 2011 VRE paid down approximately \$8 million just in principal, not including interest.

Mr. Way asked if VRE's contribution to the retirement system is fully funded. Mr. Garber responded that since VRE and PRTC are jointly with the Virginia Retirement System and one actuarial report is done for both VRE and PRTC combined, it is hard to separate out just VRE. However, VRE funds everything it is required to pay. In his viewpoint, anything above 80 percent is considered fully funded and VRE is at 88 percent, which in his opinion is a good ratio.

Mr. Milde moved, with a second by Ms. Caddigan, to approve Resolution #9A-11-2011. The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Howe, Jenkins, Milde, Naddoni, Page, Stimpson, Way and Zimmerman.

Authorization to Issue an IFB for the Purchase of Wetland Mitigation Credits for the Parking Lot Expansion Project at the Brooke Station – 9B

Chairman Bulova stated that the Operations Board is being asked to authorize the CEO to issue an Invitation for Bids (IFB) for the purchase of wetland mitigation credits for the parking lot at the Brooke VRE station. Resolution #9B-11-2011 would accomplish this. Mr. Zehner explained that VRE has completed the design of approximately 234 additional parking spaces located to the south of the existing lot and access road. At the September 2011 meeting, the Board authorized the award of a construction contract to Tavares Concrete Company, Inc. to build the parking lot. Prior to the construction, the Department of Environmental Quality (DEQ) requires that VRE purchase 0.623 wetland credits to mitigate for on-site wetlands that will be disturbed during the construction project. Mr. Zehner stated that following a public procurement, staff will conduct a review of the bids and return to the Board with a recommendation for award, most likely at the December meeting.

Mr. Milde asked for a timeline for this project and the Leeland parking project. Mr. Zehner responded that according to the contract with Tavares Concrete Company, it would be completed within 12 months after notice to proceed, so probably by January 2013. In response to a question from Mr. Milde, Mr. Zehner stated that the cost estimate for the mitigation credits should range between \$50,000 - \$100,000. Ms. Stimpson stated that it was her understanding that these two lots were supposed to be completed by spring 2012. Mr. Zehner stated that they were rebid, which delayed construction by at least three months. Tavares has said it could be completed 12 months from notice to proceed. There are several power poles that need to be moved, as well as mitigation issues that need to be resolved.

Mr. Milde moved, with a second by Ms. Stimpson, to approve Resolution #9B-11-2011. The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Howe, Jenkins, Milde, Naddoni, Page, Stimpson, Way and Zimmerman.

Authorization to Approve the 2012 VRE Legislative Agenda – 9C

Mr. Zehner reported that the VRE Operations Board is being asked to recommend that the Commissions approve the 2012 VRE Legislative Agenda and authorize him to actively pursue the elements set forth in the document. Resolution #9C-11-2011 would accomplish this.

Mr. Zehner explained that the Legislative Agenda is formulated to advocate VRE priorities in coordination with the Commissions and local jurisdictional staff. At the federal level, VRE is seeking \$490 million for projects to be included in the Reauthorization Bill. The priority list includes:

1. 50 New High Capacity Railcars	\$100 million
2. Train Storage of Rail Equipment	\$ 35 million
3. Positive Train Control	\$ 6 million
4. Parking Expansion	\$ 40 million
5. Platform Extensions/Additions	\$ 40 million
6. Expansion of Commuter Rail Service To Gainesville/Haymarket	<u>\$250 million</u>
Total	\$490 million

Mr. Zehner also stated that VRE will continue to support the current commuter benefit level and to advocate that parking and transit benefits are equal. The benefit is set to expire at the end of the year if Congress does not act. VRE will also continue to advocate for modified language in the federal code regarding liability insurance coverage to be capped at \$200 million to include third party claims.

Mr. Zehner reviewed the state Legislative Agenda, which includes advocating for increased funding. VRE has also identified several policy issues for consideration during the upcoming legislative session of the General Assembly:

- Amend the Virginia Code to cap liability for commuter rail operations, including third party claims. VRE will also seek exemption for both freight railroads and VRE from liability for terrorism.
- Amend the Code to allow VRE to receive interest from the Insurance Trust Fund. While past practices allowed VRE to receive interest from these funds, Governor McDonnell issued an Executive Order that changed the policy.
- Seek both a short term (budget amendment allowing VRE such latitude) and a long term remedy (amending 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.
- Amend the Virginia Code to allow the Courts to increase fines for repeat offenders travelling on VRE trains with an invalid or fraudulent ticket.
- Amend the Virginia Code to allow VRE to recoup a portion of the fines imposed on fare evasion cases. Currently, when a conductor is required to attend court, VRE must pay for their appearance in court as well as for another conductor to be on the train. Cumulatively, this puts the financial burden for prosecution on VRE while all fines are directed to the Commonwealth Literary Fund.
- Amend Chapter 774 of the Virginia Code that increases the aggregate awardable liability claim a rail passenger can make per incident. Under the current Code, the threshold (\$100,000) will be amended upward each year based on the percentage change in the medical care component of the Consumer Price Index. The first increase is set to take place in January 2012. This policy could increase the existing \$250 million liability insurance threshold imposed by the Class 1 freight railroads. VRE would advocate for the elimination of the annual index increase.

In response to a question from Mr. Milde, Mr. Zehner explained that the Governor issued an Executive Order that calls for interest from all Trust Funds to go to the Commonwealth. Ms. Boxer explained that in FY 2010, VRE received approximately \$65,000 in interest from its Insurance Trust Fund. It is about one percent, which is a relatively low amount, but interest rates won't always be low. It is also important for VRE to receive these funds to help defray premium costs.

Mr. Way asked if priority #2 (train storage) should be moved to priority #1 if the \$35 million is needed to maintain the VRE system. Mr. Zehner responded that it is not needed unless VRE receives funding for additional railcars.

Following several questions from Board Members concerning the fraudulent ticket policy, Mr. Zehner explained that the number of repeat offenders is rising. People are willing to gamble that they won't get caught because the fine is considerably less than the cost of a monthly ticket.

Mr. Taube asked for clarification on the bullet point dealing with amending Chapter 774 of the Virginia Code. Mr. Roeber explained that VRE wants the indexing removed because there is no precedent for increasing the liability for passenger rail. Mr. Milde suggested changing the wording “to increase” to “that increases” to better clarify it.

Mr. Smedberg moved, with a second by Mr. Milde, to approve the resolution with Mr. Milde’s wording change. The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Howe, Jenkins, Milde, Naddoni, Stimpson, Way and Zimmerman. Mr. Page abstained.

#### Authorization to Amend the Contract with Scheidt & Bachmann for Fare Collection Equipment Maintenance – 9D

Mr. Zehner explained that approval of Resolution #9D-11-2011 would authorize him to amend the contract with Scheidt & Bachmann for fare collection system maintenance in order to add three years and five months of maintenance services in an amount not to exceed \$2,418,110, for a total contract value not to exceed \$9,856,147.

Mr. Zehner explained that the current maintenance agreement is set to expire on January 31, 2012 and a further contract extension for this work is required due to warranty issues and proprietary licenses. The proposed extension continues the support of two full-time technicians, while also adding a software support module which has become necessary due to increasingly stringent requirements for data security and compliance with the Payment Card Industry (PCI) standards. This agreement provides for equipment preventive maintenance and repair, replenishment of the fare collection spare parts inventory, software revisions, and updates required for fare collection database maintenance and to maintain PCI compliance. The subject contract agreement also aligns the term of the maintenance agreement with the VRE fiscal calendar.

Mr. Smedberg asked for clarification of what period the contract will cover. Ms. Mouchantaf explained that the contract extension would go through June of 2015, but the fiscal impact only specified funding through FY 2013 because no budget has been developed for FY 2014 and FY 2015. Mr. Zehner responded that the current maintenance contract expires January 31, 2012 and covers a three year period. The contract was originally approved in 2000 and extensions were approved in 2006, 2007 and 2011. Ms. Stimpson stated that this is a lot of money for two employees, software and some parts. Mr. Zehner responded that the fare collection system must meet stringent standards from the Payment Card Industry. The security and software are constantly needing to be changed, which is pretty standard. Mr. Milde also expressed his opinion that this seems expensive. He would like to see more details before having to vote. With the small amount of information provided, it’s hard to know what VRE is getting for that amount of money. Mr. Howe and Ms. Stimpson agreed that they would like more information. Chairman Bulova asked staff if this action could wait to receive more information. Mr. Zehner agreed that it can be brought back for the December meeting. Mr. Naddoni stated that he works in the software and IT industry and it seems

high to him as well. Mr. Milde stated that having information about what other bids or proposals were received and how they compare in price would be helpful. He asked that, in the future, agenda items of this magnitude provide more information. Ms. Stimpson agreed and stated that they are held accountable to the voters on how funds are being spent.

Mr. Way moved, with a second by Mr. Naddoni, to defer action on this item to the December meeting.

Mr. Howe asked staff to provide one month and two months extension options if the Board cannot vote before the contract expires. Chairman Bulova suggested Board Members contact staff if they would like to be personally briefed by staff before the next meeting. Mr. Cook also asked that staff recommend a threshold amount. For Fairfax County this is not a big number but he understands the comfort level differs with different Board Members. This way we can find a fair level that the majority of the Board can approve. Chairman Bulova noted that there probably was more information provided when the contract was first approved, but this is a contract extension and some of the newer Board Members weren't part of that vote. Ms. Stimpson agreed with Mr. Cook's suggestion.

The Board then voted on the motion to defer action. The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Howe, Jenkins, Milde, Naddoni, Page, Stimpson, Way and Zimmerman.

Mr. Cook moved, with a second by Ms. Stimpson, to authorize staff to come back with a recommendation on a threshold amount. The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Howe, Jenkins, Milde, Naddoni, Page, Stimpson, Way and Zimmerman.

#### Authorization to Amend Contract and Award Contract Options for the Purchase and Delivery of Locomotive Fuel to VRE Yards – 9E

Mr. Zehner stated that the VRE Operations Board is being asked to authorize him to amend the existing contracts with Quarles Petroleum, Inc. of Fredericksburg, Virginia for fuel at the Crossroads Yard and Griffith Energy Services, Inc. of Manassas, Virginia for fuel at the Broad Run Yard for the year ending June 30, 2012. The second contract option with Quarles Petroleum, Inc. is being recommended to increase in an amount not to exceed \$3.2 million for the period of one year. The contract option with Griffith Energy Services, Inc. is being recommended to increase in an amount not to exceed \$2.6 million for the period of one year. The Board is also being asked to authorize the CEO to exercise the third option year with Quarles Petroleum, Inc. in an amount not to exceed \$3.1 million for the period of one year ending June 30, 2013. The contract option for the third year with Griffith Energy Services, Inc. is being recommended in an amount not to exceed \$2.5 million for the same period. Resolution #9E-11-2011 would accomplish all this.

Mr. Zehner explained that the budget and contract authorization for the second option year was based on a fuel price of \$2.70 per gallon. The current estimate projects that the actual average price will be in the range of \$3.20 to \$3.40 per gallon, which requires an increase to both contracts: \$550,000 to Quarles Petroleum, Inc. and \$450,000 to Griffith Energy Services, Inc. Without the purchase of fixed price contracts, this increase would be higher. Mr. Smedberg noted that a recent Wall Street Journal article reported that fuel prices are expected to rise.

Mr. Zehner stated that both contracts allow VRE to lock in future fixed fuel prices. VRE has been able to reduce cost volatility through the use of this fixed price mechanism as the fixed price is based on futures purchased by the suppliers. Exercising the option years before expiration allows VRE to maximize the use of this mechanism. The cost of the third option year is based on a cost of \$3.25 per gallon and a slight reduction in usage. Mr. Zehner stated that with the new locomotives, fuel consumption is down five percent.

Mr. Milde moved, with a second by Mr. Naddoni, to approve Resolution #9E-11-2011. The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Howe, Jenkins, Milde, Naddoni, Page, Stimpson, Way and Zimmerman.

#### Authorization to Execute a Grant Agreement for the King Street Station Pedestrian Tunnel Project – 9F

Mr. Zehner explained that the VRE Operations Board is being asked to recommend that the Commissions authorize him to execute a Locally Administered Project Agreement for the King Street station pedestrian tunnel project in an amount of \$7,470,000 as well as designate signature authority to the CEO for the execution of other agreements, permits, and/or documents related to the implementation of this project. Resolution #9F-11-2011 would accomplish this.

Mr. Zehner stated that in September 2008, the Washington Metropolitan Area Transit Authority (WMATA) completed a station access study to investigate options to improve pedestrian traffic around the VRE/Amtrak and Metrorail King Street stations. Among the many options considered was construction of a new tunnel from the VRE/Amtrak station directly to the Metrorail station. This project would improve ADA access, eliminate the at-grade track crossing, an upgrade the eastern VRE/Amtrak platform. Capacity and operational flexibility would also be improved by allowing passenger trains to use the eastern tracks. VRE sought funding from DRPT for design and construction of this project. Funding was approved via the Federal Highway Administration Rail Crossing and Rail Safety Program, which is administered through VDOT. VDOT has requested that VRE manage the project, requiring the execution of a Locally Administered Project Agreement. VRE staff and legal counsel have reviewed the agreement and the final version is agreeable to all parties. No match is required for this grant. Upon execution of the grant agreement, VRE will seek Operation Board approval for the issuance of a RFP for design services. The project is expected to take three to four years.



Mr. Smedberg moved to approve the resolution. Mr. Howe and Ms. Caddigan jointly seconded the motion. Mr. Way suggested a friendly amendment to include in the resolution that no local match is required. Mr. Smedberg and the seconders agreed to include this in the main motion.

Mr. Milde noted that this is an historic area near the Masonic Temple and VRE could run into problems. Mr. Zehner stated that it will be a completely new tunnel. Currently this area is a choke point.

The Board then voted on the motion and it passed. The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Howe, Jenkins, Milde, Naddoni, Page, Stimpson, Way and Zimmerman.

#### Review of Customer Opinion Survey from May 2011 – 10A

Mr. Zehner reported that VRE conducted its annual customer survey on board all VRE trains during the morning of May 11, 2011. The survey provides riders an opportunity to evaluate VRE operations and performance. Approximately 5,600 passengers completed the survey, which is about the same number as last year. When comparing results to the previous year's survey, VRE scored higher in several categories, including ticket checking, quality of website, and most importantly, on-time performance. The biggest improvement was seen in the reliability of the ticket vending machines, scoring six percentage points higher than in 2010. This is impressive given the age of the machines.

Mr. Zehner stated that despite these positive results, about half of the graded categories received scores lower than last year. While on-time performance is the most important concern for riders, seat availability is next. At the time of the survey, more than half of the trains (18) were regularly over 90 percent capacity. With the majority of those trains (11) over 100 percent capacity, these crowded conditions were likely to have caused riders to score as they did. While cars have been added to certain trains and the Amtrak step-up ticket cost reduced by half, work continues to make improvements to this area in particular.

Mr. Zehner also noted that crew scores were also not as high as expected given the positive feedback VRE has been receiving from its passengers. The overall crew performance dropped two percentage points from last year when Amtrak was operating the service. Given that the crews have not been on the job for a full year at the time of the survey, staff suspects that their developing skills caused them to rank lower than the previous, more seasoned operators. VRE staff is optimistic that the results will be better next year.

One of the highlights of the results is that riders find the level of fares as compared to the quality and service has improved. This category improved by five percentage points, which is the best improvement year-to-year since the survey started. Overall service quality was rated 78 percent, the highest since 2003. While specific components

of the VRE system were identified for improvement, only nine percent of respondents felt that service declined from last year.

Mr. Milde stated that VRE does not need a survey to know service has improved. He noted that VRE has so many new riders and questioned how they would know if service improved. He suggested including some type of question that determines how long they have been riding. Mr. Zimmerman observed that the survey already includes this. Mr. Zehner stated that 20-30 percent of VRE riders are new riders.

Mr. Smedberg noted that timeliness of platform information was down five percentage points. Did VRE receive any comments about this issue? Ms. Maguigad responded that there were no specific comments but it was a learning process for the crews and there should be improvement with the next survey. Mr. Smedberg also asked if there is an industry standard for monthly tickets and has it increased over the years. Mr. Zehner stated that it has increased over the years. For federal employees who receive the \$230 commuter benefit, they purchase monthly tickets even if they don't ride every day. Mr. Naddoni observed that 70 percent of riders' household income is about \$100,000 so most riders can afford to ride VRE regardless of the commuter benefit. Mr. Zimmerman stated that the commuter benefit is not intended to subsidize low income riders, but is to encourage people to use transit. They could also certainly afford parking fees. The \$230 transit benefit is the closest to becoming equal to the parking incentive.

Mr. Way stated that according to the survey, 90 percent of riders would not use Wi-Fi service if there is a charge. Therefore, he asked if VRE should just discontinue this project. Mr. Milde noted that VRE never intended to charge for this service.

Chairman Bulova stated that the survey provides good feedback from the riders; the gender breakdown is interesting. The majority of VRE riders can be characterized as an older gentleman with a good income. She reminded Board Members that Keolis had not even operated VRE service for a full year when the survey was conducted. She concluded with the observation that VRE riders feel part of the VRE family. Mr. Smedberg asked if next year's survey could include a breakdown of what jurisdiction a rider resides, or at least by zone or by station.

#### Closed Session – 11

Chairman Bulova noted that a closed session is not needed. She stated that the Executive Committee met prior to this meeting and finalized the evaluation form for the CEO performance evaluation. This form will be provided to Board Members and will be discussed during a Closed Session at the December meeting.

#### Briefing on Rippon Station – 12

Mr. Zehner explained that at the Rippon Station there is a pedestrian overpass that goes over the tracks and comes down to a platform. Adjacent to the platform is a wildlife refuge that was off limits but now is open to the public. Now the public would like access across the overpass to get to the refuge. However, VRE's agreement with

CSXT states that the use of the facility can only be used for commuter rail purposes. There are also several other issues, including the issue of access from the platform down to the ground, whether access should be ADA accessible, and liability issues.

Mr. Maclsaac further explained that this item is being brought to the Board as an information item for discussion purposes. No action is being requested at this time. This request would put VRE in a position that would open itself up to claims for injuries. Claims could go against CSXT and VRE. A developer would build the stairs from the platform to the ground but VRE would have to maintain it and eventually it would need to be replaced when it was needed.

Mr. Maclsaac explained that the most complicated issue is liability, most of which would be small claims and would be paid out of the \$2 million self insurance retention plan but VRE would have to replace the funds if claims had to be paid out. There is a statute that would provide CSX and VRE some protection but it is mostly untested. There could be a larger claim, such as a death occurring, and that would come out of a commercial insurance policy. Staff has checked with DRM and VRE's insurance broker. At the commercial level, the broker feels VRE would be covered. However, CSXT would not. Staff also raised the possibility that Prince William County or the Prince William Park Authority would buy \$2 million in insurance coverage for VRE.

Ms. Caddigan explained that this request came from the Woodbridge Supervisor and Senator Connolly. She agreed that Board Members need more information before being asked to vote on this. She asked Mr. Maclsaac to work with Prince William County counsel on this issue. In response to a question from Mr. Smedberg, Mr. Maclsaac stated that VRE's current overpass would not need to be updated. He stated that the developer would build the stairwell from the ground to the platform. He doesn't know why they would put in an ADA ramp because there are no trails at the refuge. Use of VRE's elevator would be needed. In response to a question from Mr. Zimmerman, Mr. Maclsaac stated that the ADA issue is important. Mr. Zimmerman observed that if another entity pays for an insurance policy to cover this and the capital costs were also taken care of, then it would just be the cost of maintenance. Mr. Howe stated that there is no access to this land and the rail line slices through it. He asked what is the vision for use of the wetlands with only one entry; he questioned if the time of use can be restricted to the weekends because it would impact VRE parking and also asked if VRE can ask for funding for a maintenance account. He stated that if the county or whomever is going to fund it, VRE needs adequate notice if they cancel it. Lastly, if the developer is going to put in a ramp, then will it be accessible for bike riders?

[Ms. Stimpson and Mr. Milde left the meeting at 11:07 A.M. and did not return.]

Chairman Bulova stated that it would be nice to provide access if it is possible, but there are more complications than originally anticipated. She asked if there is some kind of trail at the refuge. Mr. Zehner stated that there are no paths and it is totally undeveloped. It is not a pristine property but pathways could be developed. The bike issue needs to be looked at because people will not be able to carry their bike up and down the pedestrian overpass. Ms. Caddigan stated that it is her understanding that

there are no trails there currently, but there will be in the future. Mr. Cook stated the VRE should try to make this station have a cross purpose if the issues can be resolved. The parking lot is empty on the weekends. VRE should be open to this to make all its facilities multi use.

Adjournment

Mr. Smedberg moved, with a second by Mr. Howe, to adjourn the meeting. The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Howe, Jenkins, Naddoni, Page, Way and Zimmerman. Chairman Bulova adjourned the meeting at 11:15 A.M.

Approved this 16<sup>th</sup> day of December, 2011.

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Sharon Bulova  
Chairman

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Paul Smedberg  
Secretary

**CERTIFICATION**

This certification hereby acknowledges that the minutes for the November 18, 2011 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.

*Rhonda Gilchrest*

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Rhonda Gilchrest



# Closing the Gap

(\$ in Millions)

	<b>Actual</b>	<b>Approved Budget</b>	<b>Preliminary Budget</b>	<b>Variance to</b>	<b>%</b>
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b></b>
Revenues	\$ 807	\$ 812	\$ 809	(\$ 3)	0%
Net Expenses	1,357	1,434	1,555	(\$ 121)	-8%
<b>Subsidy</b>	<b>\$ 550</b>	<b>\$ 622</b>	<b>\$ 746</b>	<b>(\$ 124)</b>	<b>-20%</b>

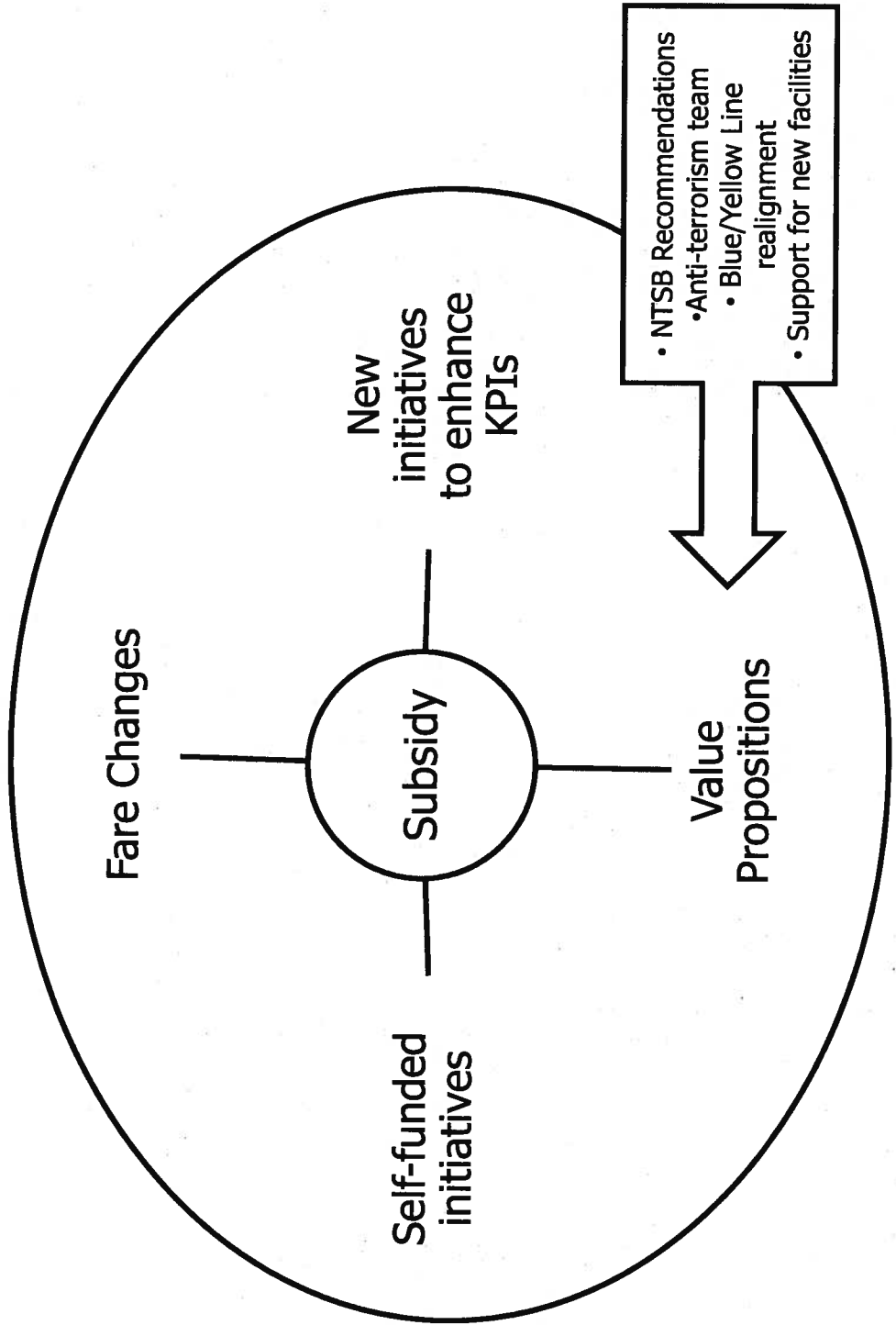
## Recommendations

- Jurisdictional support of initiatives to enhance the state of good repair and increase safety and security
- Funding support for Dulles operating expense for transition
- Fare changes based on customer input that better meet the fare policy principles



# Operating Budget Gap Overview

\$124 Million





## Fare Adjustment Concepts

Concepts for fare change proposal:

- Eliminate peak-of-the-peak surcharge
- Simplify fares for rail paper farecards and cash on bus
- Replace rail day pass with simple visitor zone rail fare
- Adjust off-peak fares to simplify pricing
- Modify fare and allowable media to speed limited-stop bus routes
- Adjust reserved parking program to match customer demand
- Lower bike locker fees in response to customer demand

Resolution 2007-47 - Biennial fare adjustments are to be tied to the consumer price index (CPI) compounded over 2 years, which is 5.7%

- Increase SmarTrip® base fare, increment and max fare on rail
- Increase SmarTrip® fare on regular bus

Ensure fare concepts under evaluation consider the impact on MetroAccess operations and riders





# Fare Concepts Bus Fare Changes

- Increase local bus fares by CPI
  - Results in 10¢ increase
  - No change to express or airport routes
- Round cash boarding fee to nearest dollar, replacing cash surcharge
  - \$2 for local bus
  - \$4 for express bus
  - No change to airport routes: \$6

Estimated Impact	
Ridership	(1.2 M)
Revenue	\$9.2 M



Vs.



## Related Fare Policy Principles

- Equitable fares
- Establish mechanism for easily determined fares
- Encourage use of cost effective fare media



# Fare Concepts

## Rail Fare Increase

- Increase rail fares by CPI
  - Results in 10¢ increase to base fare
  - And proportional increases to mileage-based fare increments
- Increase max fare from \$5.45 to \$6
- Set off-peak fares to 75% of peak fares
  - Restructure off-peak fares to resemble peak fare structure with a discount

Estimated Impact	
Ridership	(2.9 M)
Revenue	\$57 M

### Related Fare Policy Principle

- Equitable fares





## Fare Concepts

# Rail Fare Increase Alternative Option

Estimated Impact	
Ridership	(1.6 M)
Revenue	\$48 M

- No change in peak rail fares
- No change in max fare
- Index off-peak fares to 90% of peak fares
  - Restructure off-peak fares to resemble peak fare structure with a discount

## Related Fare Policy Principle

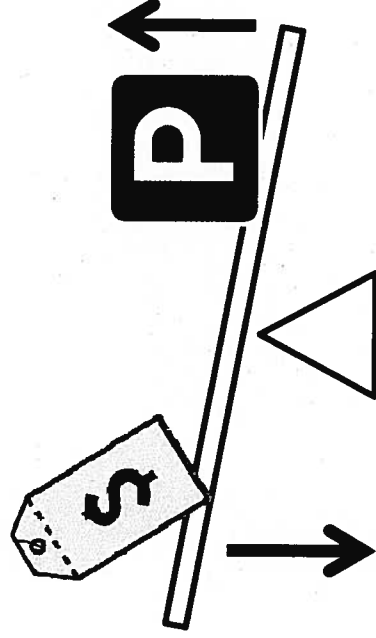
- Equitable fares

**No Peak Period  
Rail Fare Increase!**



# Fare Concepts Parking Fee Changes

- Increase park-and-ride fee by 25¢
- Balance supply and demand of reserved permit parking
  - Reduce permit fee at select, low-demand stations
  - Increase available reserved parking permits at high-demand stations
- Increase enforcement at kiss-and-ride Meters
- Decrease bike locker rental fee
  - \$120 per year from \$200



Estimated Impact	
Ridership	(0.1 M)
Revenue	\$3.4 M

- ### Related Fare Policy Principles
- Equitable fares
  - Maximize use of existing capacity



# Fare Concepts

## Rail Fare Simplification

- Remove Peak of the Peak (POP) surcharge on rail
- Change paper farecard pricing from distance-based to two-zone system
  - \$3 for all trips within "visitor zone"
  - \$6 for all other trips
  - Eliminate 1-day pass & cash surcharge

Estimated Impact	
Ridership	(0.1 M)
Revenue	\$4.1 M



- ### Related Fare Policy Principles
- Improve customer satisfaction
  - Establish mechanism for easily determined fares
  - Encourage use of cost effective fare media







Loudoun County, Virginia  
www.loudoun.gov

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Board of Supervisors – MSC #01  
1 Harrison Street, S.E., 5th Floor, P.O. Box 7000, Leesburg, VA 20177-7000  
Telephone (703) 777-0204 • Fax (703) 777-0421 • email: bos@loudoun.gov

December 1, 2011

Northern Virginia Transportation Commission  
2300 Wilson Boulevard, Suite 620  
Arlington, VA 22201

Re: Information Item – Legislative Initiative

Dear Members of the Commission:

It has come to our attention that the Commission has on its Agenda for this evening an Information Item that proposes a legislative program for the Northern Virginia Transportation Commission (“NVTC”). Based on the content of the item, it appears that the NVTC staff has proposed the creation of a lobbyist program and affiliated position(s) at a cost of \$250,000 annually, to be paid out of member contributions, including Loudoun County. According to our understanding of the process, the intent is for this item to be presented this evening for consideration and comment, but not for action. A follow-up Action item is proposed for the Commission’s January 6, 2012 Meeting.

Unfortunately, the timing of this item is occurring during a transition period for the Board of Supervisors. As you may be aware, our Board will have seven of nine new members as of January 1, 2012, and because of this transition, we were unable to have a Board member present at your meeting tonight.

As the Chairman of the Board, who will be returning in January, I would like to express significant concern regarding this proposal. Each of NVTC’s member jurisdictions has individual representation programs in Richmond, which, when collectively applied, is a more meaningful expression of regional positions than a single voice from NVTC can or will be. Further, to the extent that positions put forward from NVTC conflict with those of Loudoun County, we will strongly object to our transportation dollars being diverted to fund an NVTC lobbying program. Finally, as 85% of the funds for NVTC are allocated by the Commonwealth of Virginia, it is our opinion that the use of State grant funds for lobbying purposes places our precious transportation funds further at risk.

The Loudoun County Board of Supervisors will have its 2012 organizational and planning meeting on January 3, 2012, and I will propose that we both affirm our representative to NVTC and also adopt a formal position against this proposal.

It is my sincere hope that each of you will consider the disadvantage that this potentially places us in and will oppose this proposed program.



Sincerely,

A handwritten signature in black ink, appearing to read "Scott K. York". The signature is written in a cursive style with a large, sweeping initial "S" that loops around the first part of the name.

Scott K. York, Chairman  
Loudoun County Board of Supervisors

C: Board Elect  
Tim Hemstreet, County Administrator



**The Governor's Reform and Restructuring Commission's Recommendation to Merge  
the Northern Virginia Transportation Authority and the Northern Virginia Transportation  
Commission**

**Issues for Discussion**

**December 1, 2011**



2300 Wilson Boulevard • Suite 620 • Arlington, Virginia 22201  
Tel (703) 524-3322 • Fax (703) 524-1756 • TDD (800) 828-1120  
E-mail [nvtc@nvtdc.org](mailto:nvtc@nvtdc.org) • Website [www.thinkoutsidethecar.org](http://www.thinkoutsidethecar.org)

Governor McDonnell has proposed the following for General Assembly action in the 2012 session:

**Consolidate the of the Northern Virginia Transportation Commission and the Northern Virginia Transportation Authority**

The Northern Virginia Transportation Commission (NVTC) would be consolidated with the Northern Virginia Transportation Authority (NVTA) so that the NVTA would assume all powers and responsibilities of the NVTC. The merger would create a singular, unified group to represent Northern Virginia's localities on transportation issues.

*The Northern Virginia Transportation Commission is a regional body comprised of 20 commissioners. Of the commissioners, thirteen are selected from local government officials in Northern Virginia, six are appointed by the General Assembly, and one represents the Secretary of Transportation. The NVTC allocates transit funding provided by the state among the member jurisdictions and is responsible for selecting Virginia's representation on the WMATA Board of Directors. The Northern Virginia Transportation Authority is a seventeen member regional transportation authority charged with developing a regional transportation plan, including mass transit, and has the authority to administer locally imposed taxes and fees to support issuance bonds for the construction of regional transportation projects.*

*Under the consolidation, the powers and duties of the NVTC would be assumed by the NVTA, except that the NVTC would remain as a subsidiary solely for the purposes of appointing Virginia's representation to the WMATA Board of Directors. The consolidation will provide for more direct funding of transit, consolidate duplicative organizations, and create one unified organization for improving transportation in Northern Virginia.*

*The Secretary of Transportation recommended the merger in 2011.*

NVTC should take a position on the Governor's proposal. Three alternatives are discussed below:

**1. Oppose any form of consolidation:**

- NVTC and NVTA have distinct duties (see attachment) with no overlapping responsibilities.
- NVTA has no budget or staff so there can be no financial savings.
- Combining the two organizations with differing geographic boundaries will be more difficult to manage and create longer and more frequent NVTA board meetings and require much more complex by-laws defining which members can vote on which matters.
- Given NVTC's current role in selecting Virginia's WMATA board members, it is likely that reshuffling the organization will affect the way those selections are made, creating winners and losers. For example, NVTA's board includes DRPT's Director, the Administrator of the Northern Virginia District of VDOT, two citizen members appointed by the Governor, the mayor of a town and three General Assembly members that may not all be from NVTC's WMATA jurisdictions.
- Given the existence of the Transportation District Act, it will be very difficult to draft legislation that gives NVTC's powers to NVTA, since NVTC's jurisdictions would be free to form another transportation commission to replace NVTC unless the General Assembly acts to exclude Northern Virginia from that Act.
- Restricting NVTC to a NVTA subsidiary acting only on WMATA Board selections suggests one NVTC meeting per year. How will NVTA administer NVTC's gas tax allocations, which are restricted to WMATA's jurisdictions, given the participation of Prince William County, Manassas and Manassas Park?
- Will Prince William County, Manassas, Manassas Park and the town included in NVTA be willing to begin to pay for NVTA staff? The new NVTA staff must take over the responsibilities of the current NVTC staff which manages over \$10 million of federal grants and a multitude of existing district-wide projects for NVTC jurisdictions.
- NVTC obtains almost 75% of its operating budget from state transit funds. Presumably NVTC would not be eligible. Will NVTA jurisdictions be willing to fund the administrative costs from local General Revenues?

- NVTC is co-owner of VRE with bonds of \$25 million outstanding. Will bondholders object to the diminution of NVTC? Also, who will own NVTC's share of VRE's \$375 million of assets?
- Because NVTC specializes in public transit and NVTA specializes in prioritizing funding for all surface transportation, and given different statutory requirements for selecting voting members, some different elected officials currently represent the same jurisdiction on NVTA and NVTC. Will the merged entity have an expanded board or will jurisdictions be forced to choose which elected official will retain his or her seat?
- NVTC and NVTA meet jointly once a year in Richmond for coordination of legislative advocacy. This demonstrates that a formal merger is not required to achieve a unified approach.
- In considering previous proposals to do away with NVTC, some have expressed serious concerns that NVTC's carefully negotiated sharing agreement for transit funds will be overturned and the new organization will tilt the balance of funding toward more roads and less transit.
- Northern Virginia's localities were opposed to previous efforts to consolidate this region's transportation agencies.

**2. Recognize that the General Assembly will be favorably disposed to approve the Governor's request, so try to alter the terms somewhat to reduce the damage to Northern Virginia's jurisdictions.**

- Consolidating NVTA into NVTC would eliminate the complexities of unwinding NVTC's VRE bonds and co-ownership of VRE and would not adversely affect the allocation and oversight of \$45 million in regional motor fuels taxes currently managed by NVTC.
- NVTC is fully staffed and is currently performing many of NVTA's administrative tasks (web-site, public outreach, audit). NVTA has no staff or office facilities.
- NVTA meets much less frequently than NVTC's monthly board meetings.
- The administrative costs of the expanded organization would not need to be shifted entirely to the local governments if it retained its NVTC identity.

**3. Endorse the Governor's proposal:**

- NVTA meets infrequently, has no staff or financial resources so a consolidation with a fully staffed organization could make sense if the "unintended" consequences listed above can be identified and overcome.

- Given the legislative complexity of such a merger, the 2012 General Assembly could call for the requested consolidation to be completed in at least two stages, with a detailed study of alternatives and suggested legislation for completion in 2012 with enactment of the preferred alternative occurring in the 2013 General Assembly. It took at least two years to craft acceptable legislation to create NVTA.