



**NVTC COMMISSION MEETING**  
**THURSDAY, JANUARY 6, 2011**  
**MAIN FLOOR CONFERENCE ROOM**  
**2300 Wilson Blvd.**  
**Arlington, VA 22201**  
**8:00 PM**

NOTE: Please note new location. Parking instructions and directions are attached to the agenda. A buffet supper will be provided for attendees.

**AGENDA**

**1. Oath of Office for New NVTC Commissioners.**

If any new commissioners have been selected, Chairman Hudgins will administer the oath of office.

Recommended Action: Administer oath of office (if needed).

**2. Minutes of the NVTC Meeting of December 2, 2010.**

Recommended Action: Approval.

**3. VRE Items.**

A. Report from the VRE Operations Board and Chief Executive Officer—Information Item.

B. Approval of FY 2012 VRE Capital and Operating Budget, Revisions to the FY 2011 Budget and Master Agreement Amendment—Action Item / Resolution #2161.

C. Extend CSXT Operating Agreement—Action Item/ Resolution #2162.

[Item continued on next page.]



[Item #3 continued]

D. Extend Norfolk Southern Operating Agreement—Action Item/ Resolution #2163.

E. Keolis Contract Modification—Action Item/Resolution #2164.

#### **4. Election of Officers for 2011.**

NVTC's Executive Committee has recommended a slate of officers.

Recommended Action: Elect officers. Chairman Hudgins will administer the oath of office to the new officers. The new chairman will recognize Chairman Hudgins for her service as immediate past chairman.

#### **5. Metro Items.**

A report will be provided from the NVTC discussion group reviewing WMATA governance, funding and safety.

Recommended Action: If the discussion group is ready with a recommendation the commission will be asked to consider it.

#### **6. Selection of NVTC Representatives to Boards and Committees.**

NVTC's new chairman will announce nominations from the jurisdictions for the WMATA and VRE boards. He or she will also announce selections for NVTC's Legislative Committee. The commission will also select board members for the Virginia Transit Association.

Recommended Action: By adopting Resolution #2165, elect representatives to the WMATA and VRE and VTA boards. Some of these selections may be contingent on subsequent action by the jurisdictions to confirm their nominees, or on subsequent action by NVTC to modify its method of choosing WMATA Board members.

#### **7. Selection of NVTC Signatories and Pension Trustees.**

After NVTC's Secretary-Treasurer is elected, that person should be selected as a NVTC signatory and a pension trustee.

Recommended Action: Approve Resolution #2166.

## **8. Public Hearing on and Approval of NVTC's 2011 Work Program and Schedule.**

NVTC staff will provide a review of significant accomplishments in 2010 and an overview of the proposed schedule and work program for 2011. This document has been posted on NVTC's website since early December and has been previously reviewed by staff of local jurisdictions and regional and state agencies.

Recommended Action: After the staff presentation, conduct a public hearing. Upon the conclusion of the hearing, act to approve the 2011 schedule and work program, incorporating comments by commissioners and the public.

## **9. FY 2012 NVTC Administrative Budget.**

The identical preliminary budget was presented to the commission in September, 2010 and has been reviewed by jurisdiction and agency staff. Local and state contributions, staff size and NVTC expenditures are reduced.

Recommended Action: Approve the recommended budget.

## **10. Legislative Items.**

Copies of NVTC's approved legislative agenda have been widely distributed. The status of state and federal legislative actions will be reviewed.

Discussion Item.

## **11. Regional Transportation Items**

- A. Governor's Multimodal Strategic Plan
- B. Pentagon Transit Center Briefing

Information Item.

## **12. NVTC Financial Items for November, 2009.**

Information Item.

Note: The next NVTC meeting will be in the General Assembly Building in Room 3 West in Richmond. This will be a joint meeting with the Northern Virginia Transportation Authority from 5:30 to 6:30 P.M. on February 3, 2011.



AGENDA ITEM #1

**TO:** Chairman Hudgins and NVTC Commissioners  
**FROM:** Rick Taube  
**DATE:** December 30, 2010  
**SUBJECT:** Oath of Office for New NVTC Commissioners

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If any new commissioners have been selected to join NVTC they are required to receive an oath of office.

Chairman Hudgins will administer the following oath to any new commissioners:

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



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Agenda Item #2

MINUTES  
NVTC COMMISSION MEETING – DECEMBER 2, 2010  
NVTC CONFERENCE ROOM – ARLINGTON, VIRGINIA

The meeting of the Northern Virginia Transportation Commission was called to order by Chairman Hudgins at 8:17 P.M.

**Members Present**

Sharon Bulova  
Barbara Comstock  
John Cook  
Thelma Drake  
Adam Ebbin  
William D. Euille  
Jay Fisette  
John Foust  
Catherine Hudgins  
Mary Hynes  
Joe May  
Thomas Rust  
Paul Smedberg  
Lawrence Webb (alternate, city of Falls Church)  
Mary Margaret Whipple  
Christopher Zimmerman

**Members Absent**

Kelly Burk  
Jeffrey Greenfield  
Mark R. Herring  
Jeffrey McKay  
David F. Snyder

**Staff Present**

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



Chairman Hudgins suggested beginning the meeting with information items while waiting for Mr. Webb to arrive. There were no objections.

### VRE Items

Report from the VRE Operations Board and VRE Chief Executive Officer. Mr. Zehner reported that ridership continues to grow with an average daily ridership for the month of November at 17,700 daily passenger trips. On November 16<sup>th</sup> VRE hit its highest ridership day on record with 19,540 passenger trips. On-time performance was approximately 86 percent systemwide for November. VRE had several major delays, including one this morning. VRE is working to resolve some of these issues, including addressing locomotive repairs with Keolis bringing in more experts. The new locomotives should help this situation. VRE has received the first locomotive, which is already in revenue service. The second locomotive is being shipped on December 6<sup>th</sup> and then one will be shipped every two weeks. By April, 2011, VRE will have a new locomotive on every revenue train.

Delegate Rust asked if the delays are due to the change in operators. Mr. Zehner responded that the people maintaining the locomotives are the same people as before the change in operators, but the supervisors have changed. In hindsight, the previous supervisors did a very good job and had many years of experience.

Mr. Zehner announced that tickets for VRE's Santa Trains sold out in 40 minutes. The annual Santa Trains will run on December 11<sup>th</sup> at the Burke, Manassas, Woodbridge and Fredericksburg stations. Toys and monetary donations will be accepted on all Santa trains as part of the U.S. Marine Corps Toys for Tots campaign.

Mr. Zehner also reported that VRE will run a train to Richmond on January 26, 2011 to the Main Street Station for a VRE legislative reception for House and Senate members. NVTC commissioners will receive an invitation.

Mr. Webb arrived at 8:23 P.M. Chairman Hudgins suggested pausing the VRE items to administer the oath of office to Mr. Webb.

### Oath of Office for Mr. Webb

Chairman Hudgins welcomed Lawrence Webb, who serves as an alternate for the city of Falls Church. She then administered the oath of office to Mr. Webb. The commission welcomed him to NVTC.

### VRE Items Continued

FY 2010 Audited Financial Statements. Mrs. Bulova reported that the VRE Operations Board recommends approval of Resolution #2159, which would accept the completed audit report and would authorize staff to provide copies to the mailing list of interested agencies and firms and to release the audited financial statements to the public. The opinion from VRE's auditors, PBGH LLP, is unqualified (clean).

On a motion by Mrs. Bulova and a second by Mr. Smedberg, the commission unanimously approved the resolution (copy attached). The vote in favor was cast by commissioners Bulova, Comstock, Cook, Drake, Ebbin, Euille, Fisette, Foust, Hudgins, Hynes, May, Rust, Smedberg, Webb, Whipple and Zimmerman.

Sale of 10 VRE Locomotives. Mrs. Bulova stated that the VRE Operations Board recommends approval of Resolution #2160. This resolution authorizes VRE's CEO to execute an agreement with Motive Power Inc. to sell 10 GP 39 locomotives owned by VRE. The locomotives are not needed by VRE because new locomotives have been purchased.

Mrs. Bulova moved to approve Resolution #2160 (copy attached). Mr. Smedberg seconded.

In response to a question from Mrs. Hynes, Mr. Zehner stated that the sale price is \$25,000 per locomotive.

The commission then voted on the motion and it was unanimously passed. The vote in favor was cast by commissioners Bulova, Comstock, Cook, Drake, Ebbin, Euille, Fisette, Foust, Hudgins, Hynes, May, Rust, Smedberg, Webb, Whipple and Zimmerman.

### Minutes of the November 4, 2010 NVTC Meeting

On a motion by Mrs. Bulova and a second by Mr. Smedberg, the commission unanimously approved the minutes. The vote in favor was cast by commissioners Bulova, Comstock, Cook, Drake, Ebbin, Euille, Fisette, Foust, Hudgins, Hynes, May, Rust, Smedberg, Webb, Whipple and Zimmerman.

### NVTC Audit Results for FY 2010

Mr. Taube reported that Dwight Buracker from NVTC's audit firm, PBGH LLP, was present to describe the results of the annual audit for FY 2010. Mr. Buracker gave a brief review of the audit. PBGH has issued an unqualified (clean) opinion. He stated that NVTC is in compliance with all grant agreements for both state and federal funding.

In response to a question from Mrs. Drake, Mr. Buracker stated that PBGH LLP has been NVTC's auditor for the past seven years and he has been involved in all those audits.

Mrs. Drake observed that on page 13 it lists contributions from the commonwealth at \$749,380 and she questioned that amount since the commonwealth only provides approximately \$150,000 to NVTC. Mr. Kalkwarf stated that the way NVTC does its budget, the local contributions total \$310,000. The balance of NVTC's administrative budget is then taken off the top of state aid going to the jurisdictions, consistent with an allocation resolution approved by the commission. Mrs. Drake observed then it would be more appropriate to list this on the next line. Mr. Taube stated that the audit exhibit is in the same form as NVTC's budget, which is approved by the commission.

Mrs. Drake stated that she objects to this line because DRPT does not give \$749,000 to NVTC for its operations. She observed that this amount of funds could be going directly to the jurisdictions. Chairman Hudgins stated that it is her understanding that the role NVTC plays is to provide services for the jurisdictions.

Mr. Cook stated that he is hearing two different discussions of whether this money should be spent and whether it is accurately reflected in the audit. It may need to be worded differently.

Mrs. Bulova noted that the stream of revenue shows \$310,000 coming from the jurisdictions and the remaining \$749,000 coming from the commonwealth. Mr. Buracker stated that the funds originate from the commonwealth even though they are set aside for the jurisdictions to use at their discretion. The audit shows the source of the funding. Mrs. Drake stated that it should accurately reflect that it is money that goes to the local jurisdictions. Mr. Buracker stated that PBGH believes that it should be listed as it is because the commonwealth is the original source of funding.

Tom Biesiadny, of Fairfax County staff, stated that the funding is earned as local governments spend money on transit and then NVTC bills the commonwealth and receives back some reimbursement. When that money comes back to the region, funds are taken off the top for NVTC costs before going to the local governments. Because NVTC costs do not get allocated from each jurisdiction separately, the auditors are correct that it is coming from the commonwealth, but Mrs. Drake is also correct that if it wasn't being used for NVTC and NVTC's allocation resolution was changed by the commission, then the money would flow through the formula and be distributed among the jurisdictions.

Mr. Kalkwarf stated that to clarify it in the future, it could be disclosed as a footnote in the audit. Chairman Hudgins stated that the footnote could show how the allocation is made, and thus the audit could remain consistent that the funds come from the commonwealth. Senator Whipple suggested that adding the footnote would be a good idea.

Mrs. Drake stated that on page 14 and 15 of the audit it shows \$148 million in assets and she assumes that these funds are spent by the jurisdiction over the fiscal year but asked why it is collected up front. Mr. Buracker stated that the \$148 million is as of June 30, 2010 and the funds are available to the jurisdictions to draw at their



discretion. The funds include reimbursals from DRPT from previous transit expenditures by the jurisdictions as well as gas tax revenues. The first Metro payments occur at the beginning of July so a large portion of the \$148 million is probably already drawn down. Mr. Kalkwarf reminded commissioners that it is shown on an accrual basis not a cash basis. Also, the gas tax revenue has a two month delay.

Senator Whipple asked if auditors check with WMATA on how the funds are spent. Mr. Buracker responded that part of the audit procedure is to ask WMATA to confirm that the money received from NVTC has been allocated correctly. Mrs. Drake asked if WMATA provides invoices and Mr. Buracker responded that WMATA provides a confirmation letter, although the auditors could look at invoices if they needed to. Chairman Hudgins stated that the audit shows that NVTC maintains a very high standard of financial responsibility.

Mr. Euille moved, with a second by Mrs. Bulova, to authorize staff to distribute the audited financial statements, with the footnote added, to regulatory agencies, local and state jurisdictions, bond holders and other interested parties and to post the results on NVTC's website. The vote in favor was cast by commissioners Bulova, Comstock, Cook, Drake, Ebbin, Euille, Fisette, Foust, Hudgins, Hynes, May, Rust, Smedberg, Webb, Whipple and Zimmerman.

#### 2011 Legislative Agendas for NVTC and VRE

Chairman Hudgins reported that NVTC's Legislative Committee met on November 19<sup>th</sup> and recommends the Legislative Agenda for approval. It is consistent with past agendas. She stated that it includes a legislative request to provide equity for all NVTC commissioners' per diems. Currently, General Assembly members receive a higher per diem.

Chairman Hudgins stated that NVTC sent a letter to members of Congress urging them to renew the tax-free transit commuter benefit of \$230 monthly, which is otherwise due to drop back to \$120 monthly in January, 2011.

In response to a question from Delegate Rust, Mr. Taube explained that there has been some friction between Division of Risk Management and VRE over the management of the VRE Insurance Trust Fund. If it cannot be resolved, then it would be helpful to turn it over to another administrator. Legislation is needed to permit this option. Similar legislation was introduced in the last General Assembly session, but it did not pass. VRE is asking to include it again this year.

Mr. Euille moved, with a second by Mrs. Hynes, to approve the NVTC and VRE Legislative Agendas and authorize staff to distribute and work to accomplish them. The vote in favor was cast by Commissioners Bulova, Cook, Ebbin, Euille, Fisette, Foust, Hudgins, Hynes, Smedberg, Webb, Whipple and Zimmerman. Commissioners Comstock, Drake, May and Rust abstained.

## Draft NVTC Work Program for 2011

Mr. Taube explained that each year at this time NVTC staff prepares a draft work program for the coming year. It is reviewed by local staff and then presented to the commission for additional suggestions. Following discussion, the commission is asked to authorize staff to release the draft 2011 NVTC work program to the public for comment. Also, authorization is requested to schedule a public hearing on the work program for NVTC's January 6, 2011 meeting, prior to action that evening to approve the final work program. Ideas and comments from commissioners are welcome.

In response to a question from Mr. Cook, Mr. Taube explained that the goals are not in priority order. Mr. Cook suggested that this be noted in the work program.

In response to a question from Mr. Smedberg, Mr. Taube explained that as Metrorail is being extended to Loudoun County, the county will be expected to pay for Metro. The agreement signed with Loudoun County when it joined NVTC in 1991 says that at such a time that Loudoun begins to receive Metro service and is asked to pay for Metro, Loudoun will first reach agreement with the other NVTC jurisdictions about what the approach will be with the WMATA Board, which will ultimately decide what Loudoun County will have to pay. It is a two-part process.

Mr. Smedberg moved with a second by Mrs. Bulova, to authorize staff to release the draft 2011 NVTC work program to the public for comment and to schedule a public hearing on the work program for NVTC's January 6, 2011 meeting. The vote in favor was cast by commissioners Bulova, Comstock, Cook, Drake, Ebbin, Euille, Fiset, Foust, Hudgins, Hynes, May, Rust, Smedberg, Webb, Whipple and Zimmerman.

## Comments on Proposed Revisions to National Transit Database Reporting

Mr. Taube stated that the Federal Transit Administration has requested comments by December 6<sup>th</sup> on proposed revisions to its National Transit Database reporting. NTD reports are used to allocate federal formula assistance. In FY 2010, WMATA, VRE, PRTC and Fredericksburg Transit combined received almost \$260 million from these federal formula funds.

Mr. Taube further explained that NVTC and jurisdictional staff are particularly concerned about one of the proposed changes. If credit for miles travelled by public transit vehicles outside Urbanized Areas (UZA's) is diverted to rural areas, it will result in significant loss of funds to the Washington metropolitan region. The impact on VRE is likely to be particularly significant.

Mr. Zimmerman noted that under existing regulations, NVTC is trying, just like other areas of the country, to get reimbursements for vanpool miles from the federal government. Mr. Taube stated that this is true and if able to use vanpool miles from vanpools run by private owners, the region would receive more funding. Mr. Zimmerman stated that this is funding other metropolitan areas are receiving. It is fair and equitable to be able to claim the miles from all vanpools coming from outside the region since they are travelling into the system and those people are not paying taxes.

Mr. Taube further explained that if it was credited to rural areas, they would not be eligible for this type of transit funding and therefore the funds would be lost.

Mrs. Bulova moved, with a second by Mr. Webb, to send a letter to FTA commenting on the proposed revisions. The vote in favor was cast by commissioners Bulova, Comstock, Cook, Drake, Ebbin, Eulle, Fisette, Foust, Hudgins, Hynes, May, Rust, Smedberg, Webb, Whipple and Zimmerman. Mr. Smedberg asked that the congressional delegation be sent a copy of the letter. There were no objections.

Delegate May left the meeting at 9:00 P.M. and did not return.

### WMATA Items

Chairman Hudgins reported that on November 17<sup>th</sup> the Board of Trade and MWCOG released its report on WMATA Governance: Moving Metro Forward. At the last NVTC meeting, the commission adopted a process and schedule for discussions with the Commonwealth on WMATA governance, funding and safety. The first meeting occurred on November 23, 2010.

### Progress on the Upcoming NVTC Move to a New Office

Mr. Taube reported that NVTC is on track for its move to its new office at 2300 Wilson Boulevard, Suite 620 of the Navy League Building in Arlington. NVTC will be able to move into the new space in the last two weeks of December and must vacate its current office no later than December 31<sup>st</sup>. NVTC's January 6, 2011 meeting will take place in the first floor conference room at the new building.

### Regional Transportation Items

Pentagon Transit Security. Chairman Hudgins observed that communication between the jurisdictions, transit operators and the Pentagon has been a good model for the future on how to work together. Mr. Taube announced that another meeting is scheduled for next week.

CEO's for Cities Critique of Texas Transportation Congestion Measures. Mr. Taube stated that in the executive summary, this group estimates that TTI's annual report over estimated the costs of urban traffic congestion by almost \$50 billion. This is because the "green dividend" of wise land use decisions and investments in transit are not recognized by TTI. According to the author, in urban areas in which commuting trip lengths are shorter, TTI's methodology over estimates congestion costs. For example, Portland, Oregon has reduced its average trip lengths by 20 percent in the past 20 years. If other cities applied these lessons, their drivers could save annually 40 billion miles traveled, two billion gallons of gasoline and \$31 billion in fuel costs.

Mr. Taube stated that the TTI index shows congestion travel time delay divided by free flow travel time. Clearly, the longer the distance traveled, the smaller effect any

given level of delay will show in that index. Adjusting for varying trip differences alters the rankings significantly. While TTI ranked the Washington Metropolitan as second worst in the country, adjusting for travel distances drops this region to 14<sup>th</sup> place. Los Angeles drops from first to 16<sup>th</sup>. Nashville is worst in the new methodology (up from 31<sup>st</sup>) and Oklahoma City is next (up from 8<sup>th</sup>). Richmond ranks 4<sup>th</sup> (up from 44<sup>th</sup>) and shows the greatest shift of any city in the country.

#### NVTC Nominating Committee for 2011 Officers

Chairman Hudgins announced that she has appointed the executive committee to serve as the nominating committee and prepare the nominations for NVTC officers for 2011. The commission will be asked to elect its officers and representatives to various boards at its January 6, 2011 meeting. Commissioners with suggestions for nominations should contact an executive committee member.

#### NVTC Financial Items for October, 2010

Commissioners were provided with the financial items and there were no questions.

#### Closed Session

Mrs. Hynes moved, with a second by Mrs. Bulova, 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 item, pertaining to the annual performance review of NVTC's executive director.

The vote in favor was cast by commissioners Bulova, Comstock, Cook, Drake, Ebbin, Euille, Fissette, Foust, Hudgins, Hynes, Rust, Smedberg, Webb, Whipple and Zimmerman.

The commission entered into Closed Session at 9:14 P.M. and returned to Open Session at 9:55 P.M.

Mrs. Bulova moved, with a second by Mr. Zimmerman, 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, Comstock, Cook, Drake, Ebbin, Euille, Fissette, Foust, Hudgins, Hynes, Rust, Smedberg, Webb, Whipple and Zimmerman.

Mrs. Hynes moved that NVTC has determined that the performance of its executive director is excellent and that the commission agrees to provide to him the same total compensation for the contract year commencing August 1, 2010 as was provided for the contract years beginning August 1, 2007, consistent with the jurisdictions fiscal conditions and the current economic time. Mrs. Bulova seconded the motion. The vote in favor was cast by commissioners Bulova, Comstock, Cook, Drake, Ebbin, Euille, Fissette, Foust, Hudgins, Hynes, Rust, Smedberg, Webb, Whipple and Zimmerman.

On behalf of the commission, Chairman Hudgins thanked Mr. Taube for his work this year, and hopes he understands the financial concerns during these economic times. Mrs. Bulova explained that some of the discussion in closed session was about the commission wanting to provide more feedback to the executive director about goals and what the commission hopes to accomplish. NVTC's work program is good and there may be more things that can be added. The executive committee can talk to him in more detail.

### Adjournment

Without objection, Chairman Hudgins adjourned the meeting at 9:58 P.M.

Approved this 6<sup>th</sup> day of January, 2011.

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Chairman

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Secretary-Treasurer



AGENDA ITEM #3

**TO:** Chairman Zimmerman and NVTC Commissioners  
**FROM:** Rick Taube  
**DATE:** December 30, 2010  
**SUBJECT:** VRE Items

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- A. Report from the VRE Operations Board and Chief Executive Officer--Information Item.
- B. Approval of FY 2012 VRE Capital and Operating Budget, Revisions to the FY 2011 Budget and Master Agreement Amendment—Action Item / Resolution #2161.
- C. Extend CSXT Operating Agreement—Action Item/ Resolution #2162.
- D. Extend Norfolk Southern Operating Agreement—Action Item/ Resolution #2163.
- E. Keolis Contract Modification—Action Item/ Resolution #2164.



Item #3A

Report from the VRE Operations Board and Chief Executive Officer

Minutes will be provided from the VRE Operations Board's meeting of December 17, 2010. Also attached are ridership, financial and on-time performance reports.



# CHIEF EXECUTIVE OFFICER'S REPORT

December 2010

## MONTHLY DELAY SUMMARY

	August	September	October	November
<b>System wide</b>				
Total delays	112	86	65	80
Average length of delay (mins.)	26	30	19	31
Number over 30 minutes	24	20	10	17
Days with Heat Restrictions/Total days	3/22	0/21	0/20	0/20
On-Time Performance	82.7%	86.4%	88.9%	86.4%
<b>Fredericksburg Line</b>				
Total delays	65	51	35	34
Average length of delay (mins.)	23	19	18	28
Number over 30 minutes	8	6	4	9
On-Time Performance	77.9%	82.7%	87.5%	87.6%
<b>Manassas Line</b>				
Total delays	47	35	30	46
Average length of delay (mins.)	32	49	20	34
Number over 30 minutes	16	14	6	8
On-Time Performance	86.7%	89.6%	90.1%	85.3%

## SYSTEM RIDERSHIP

Average daily ridership for the month of November was 17,868, which marks the eleventh consecutive month where average daily ridership was above 17,000. The all-time highest ridership record was broken again on November 9 with 19,526 riders. Monthly ridership for November 2009 compared to November 2010 indicates an increase of 7.7%; while year-to-date ridership is 7.4% higher than last year.

## ON-TIME PERFORMANCE

System-wide on-time performance for the month of November was 86.4%. November on-time performance for the Fredericksburg line was 87.6% and the Manassas line was 85.3%. There were a number of major events that affected on-time performance for this month.

On the morning of November 5<sup>th</sup>, there was an incident at Union Station where Amtrak and MARC equipment hit one other and the equipment derailed. Neither train was carrying passengers but the crews did sustain injuries. While the incident occurred in the morning after most of VRE service was completed, it did affect our afternoon service. Initially, VRE trains only experienced ten to fifteen minute delays getting to Union Station, but then Manassas train #331 broke down at L'Enfant, creating a bottleneck for the rest of service. It was not until



approximately 7:30PM when the disabled train was coupled with another and began moving. As a result, the rest of the service suffered significant delays.

On November 18<sup>th</sup>, an Amtrak contractor left a commissary (food) cart too close to the track VRE operates on in Union Station. One of our trains struck it and a bottleneck was again created that delayed the next two hours of evening service.

Finally, on November 23<sup>rd</sup> at 7:19AM, train #328 experienced mechanical difficulties (ground fault relay) in between the Manassas Park and Burke Centre stations. At 7:47AM, after several unsuccessful attempts to get the train moving, the process to couple trains #328 and #330 was initiated. The Metro option was opened at 8:03AM for passengers wishing to seek alternative transportation at no cost. The coupled train began moving at 8:10AM but was unable to climb the hill between Manassas Park and Burke Centre due to the heavy load. Buses and cabs were called to Burke Centre just before 9:00AM. Train #332 immediately followed and picked up any remaining passengers. While these events did not bring down the average on-time performance, it did lengthen the average delay for the trains.

## **WOODBIDGE KISS AND RIDE**

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VRE received Operations Board approval in October to issue a task order to HDR, Inc. for the design of a Kiss & Ride facility at the Woodbridge Station. VRE subsequently issued the task order and a Notice to Proceed. A concept design was submitted to Prince William County in early November for County and VDOT review. Upon agency acceptance, the formal design process will commence. VRE anticipates design completion in early 2011, followed by construction in the summer.

## **NEW LOCOMOTIVES**

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We look forward to receiving our second new locomotive during the third week of December 2010, with additional locomotives arriving every two weeks after that. All twenty locomotives are expected on the property by July 2011.

## **GAINESVILLE-HAYMARKET**

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The VRE CEO signed the Addendum to the Rail Enhancement Fund (REF) agreement for the Gainesville-Haymarket Extension project on September 14, 2010 and returned it to DRPT for signature by NS and DRPT. The award of the consultant contract for environmental review and preliminary engineering is pending the execution of this Addendum.

## **BROOKE AND LEELAND PARKING UPDATE**

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VRE is continuing to work with Stafford County on the plan review process and obtaining the necessary permits for the Brooke and Leeland parking expansion projects. The final bid set will

be ready for procurement in spring 2011. This project will add an additional 200 parking spaces to each lot and sequencing will depend on available funding.

## **BROAD RUN PARKING**

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Prince William County has made significant headway in adding parking to the severely crowded Broad Run parking lot. The County estimates that an additional 180 spaces will become available for use on December 15, 2010. In the meantime, VRE is proceeding with the garage project by having issued an RFP for engineering services. Proposals are due on December 10, 2010. VRE staff expects to bring a recommendation to the Board for engineering and environmental services in February 2011.

## **SANTA TRAINS**

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The 14<sup>th</sup> running of the Annual Operation Lifesaver Santa Trains was held on Saturday, December 11<sup>th</sup>. This year, half of all tickets were offered for sale on-line through Pay Pal. Tickets went on sale the morning of November 29<sup>th</sup> and within 40 minutes all on-line tickets were sold out. All tickets at the vendors were sold out by Tuesday, November 30<sup>th</sup>. In addition to holiday family fun, this event is a means to distribute rail safety information and collect "Toys for Tots." The Marines collected hundreds of toys from the Woodbridge, Manassas, Fredericksburg and Burke Centre stations. Toys were also collected on board trains on December 8, 2010.

**MONTHLY PERFORMANCE MEASURES – NOVEMBER 2010**

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<b>MONTHLY ON-TIME PERFORMANCE</b>	<b>ON-TIME PERCENTAGE</b>
November Fredericksburg OTP Average	87.6%
November Manassas OTP Average	85.3%
<b>NOVEMBER OVERALL OTP AVERAGE</b>	<b>86.4%</b>

<b>RIDERSHIP YEAR TO DATE</b>	<b>RIDERSHIP</b>
VRE FY 2010 Passenger Totals	1,779,343
VRE FY 2009 Passenger Totals	1,656,569
<b>PERCENTAGE CHANGE</b>	<b>7.4%</b>

<b>RIDERSHIP MONTH TO MONTH COMPARISON</b>	
<b>DESCRIPTION</b>	<b>MONTHLY RIDERSHIP</b>
NOVEMBER 2010	342,832
NOVEMBER 2009	302,371
<b>PERCENTAGE CHANGE</b>	<b>7.7% (NORMALIZED)</b>
<b>SERVICE DAYS (CURRENT/PRIOR)</b>	<b>20/19</b>

# Monthly Ridership Changes: FY 2010 v. FY 2011

Current Month	MANASSAS				FREDERICKSBURG			
	Cumulative FY2010	Cumulative FY2011	% change	Cumulative FY2010	Cumulative FY2011	% change	Current Total	% change
July	163,100	177,199	8.6%	179,830	183,554	2.1%	360,753	5.2%
August	317,944	356,554	12.1%	351,580	369,561	5.1%	726,115	8.5%
September	479,425	531,826	10.9%	528,890	560,951	6.1%	1,092,777	8.4%
October	646,968	687,461	6.3%	707,230	749,050	5.9%	1,436,511	6.1%
November	795,248	842,550	5.9%	861,321	936,793	8.8%	1,779,343	7.4%
December	945,530			1,017,358				
January	1,110,585			1,185,171				
February	1,234,347			1,307,174				
March	1,430,590			1,511,240				
April	1,611,255			1,702,807				
May	1,778,326			1,876,822				
June	1,963,430			2,069,800				

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

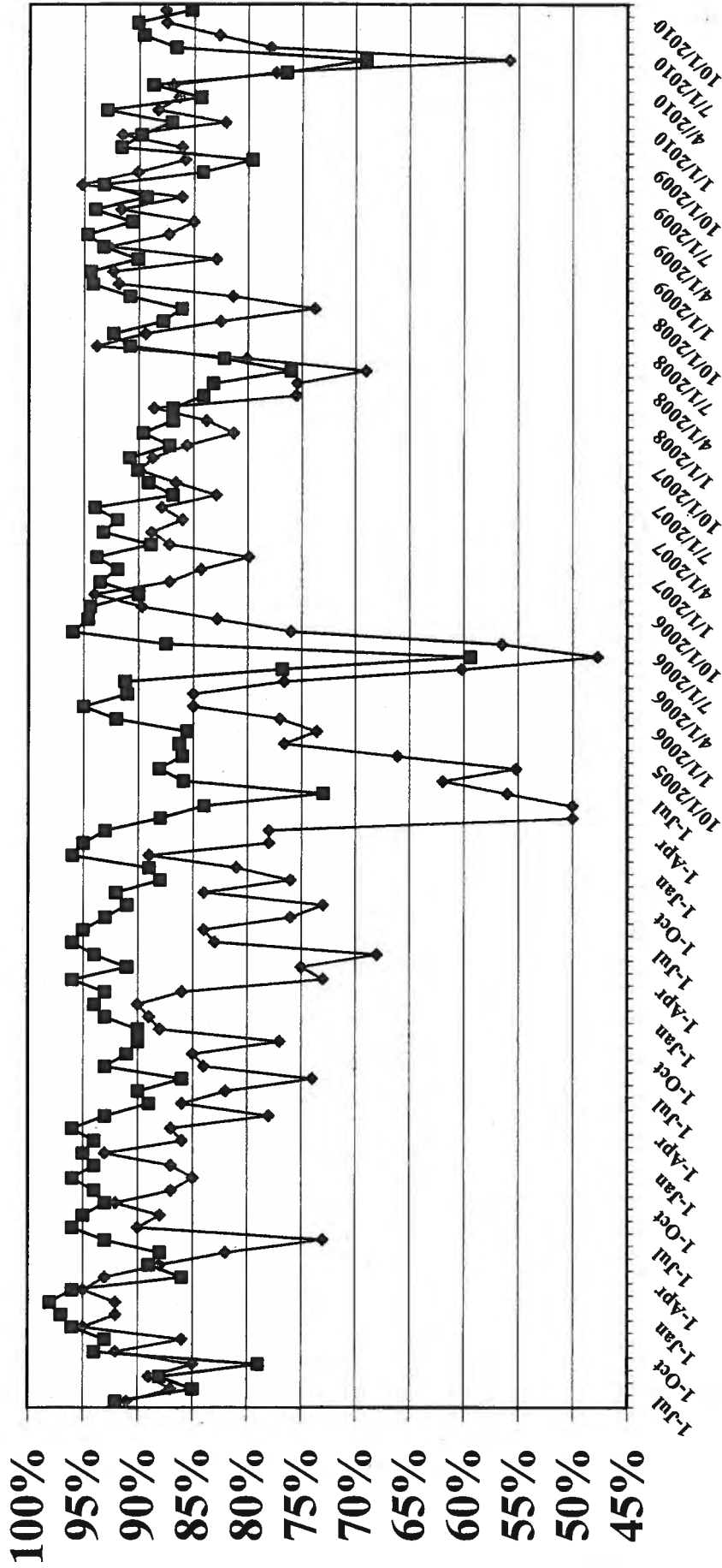
# Monthly Ridership and OTP: November 2010

Date	Manassas AM	Manassas PM	Total Manassas	Actual OTP TD	Fred'burg AM	Fred'burg PM	Fred'burg Total	Actual OTP TD	Total Trips	Actual OTP TD
1	4,239	3,984	8,223	94%	4,480	4,828	9,308	86%	17,531	90%
2	4,101	4,028	8,129	100%	4,505	4,842	9,347	71%	17,476	87%
3	4,118	4,549	8,667	100%	4,610	5,064	9,674	100%	18,341	100%
4	4,385	4,254	8,639	88%	5,017	4,998	10,015	93%	18,654	90%
5	3,713	3,343	7,056	56%	4,394	4,457	8,851	64%	15,907	60%
6										
7										
8	4,303	4,081	8,384	50%	4,728	4,990	9,718	100%	18,102	73%
9	4,680	4,320	9,000	100%	5,134	5,392	10,526	100%	19,526	100%
10	4,092	4,146	8,238	81%	4,809	5,071	9,880	93%	18,118	87%
11										
12	3,176	3,119	6,295	100%	3,613	3,808	7,421	93%	13,716	97%
13										
14										
15	4,495	4,378	8,873	100%	4,993	4,993	9,986	100%	18,859	100%
16	4,658	4,489	9,147	81%	5,084	5,309	10,393	71%	19,540	77%
17	4,277	4,298	8,575	81%	5,506	5,132	10,638	43%	19,213	63%
18	4,008	3,461	7,469	56%	4,837	5,287	10,124	79%	17,593	67%
19	3,841	3,797	7,638	100%	4,248	4,607	8,855	93%	16,493	97%
20										
21										
22	4,662	3,991	8,653	88%	4,860	5,048	9,908	93%	18,561	90%
23	3,735	3,832	7,567	56%	4,906	5,021	9,927	93%	17,494	73%
24	3,469	3,076	6,545	94%	4,001	4,459	8,460	93%	15,005	93%
25										
26*	758	547	1,305	100%	1,001	1,036	2,037	100%	3,342	100%
27										
28										
29	4,262	3,625	7,887	88%	4,833	4,901	9,734	100%	17,621	93%
30	4,455	4,166	8,621	100%	5,110	5,139	10,249	93%	18,870	97%
	79,427	75,484	154,911	85%	90,669	94,382	185,051	88%	339,962	86%
	<b>Adjusted total:</b>		<b>153,784</b>		<b>Adjusted Total:</b>		<b>185,706</b>	<b>Adjusted Total:</b>	<b>339,490</b>	

<b># of Service Days:</b>	19	<b>Total Trips This Month:</b>	342,832
<b>Manassas Daily Avg. Trips:</b>	7,746	<b>Prior Total FY-2011:</b>	1,436,511
<b>Fred'burg Daily Avg. Trips:</b>	9,253	<b>Total Trips FY-2011</b>	1,779,343
<b>Total Avg. Daily Trips:</b>	16,998	<b>Total Prior Years:</b>	48,489,212
		<b>Grand Total:</b>	50,268,555

# On-Time Performance

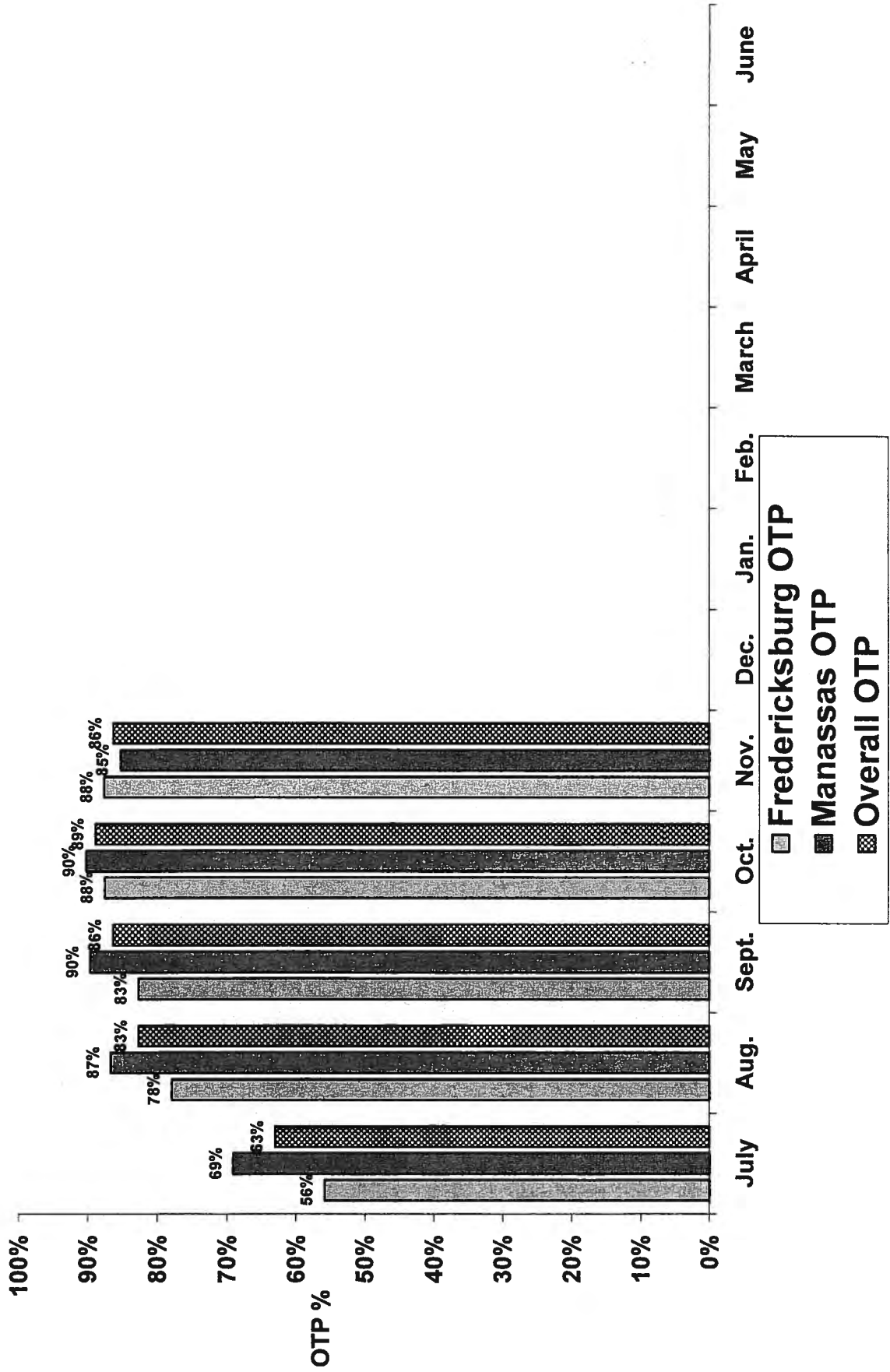
July 2001 – November 2010



◆ Fredericksburg Line     ■ Manassas Line

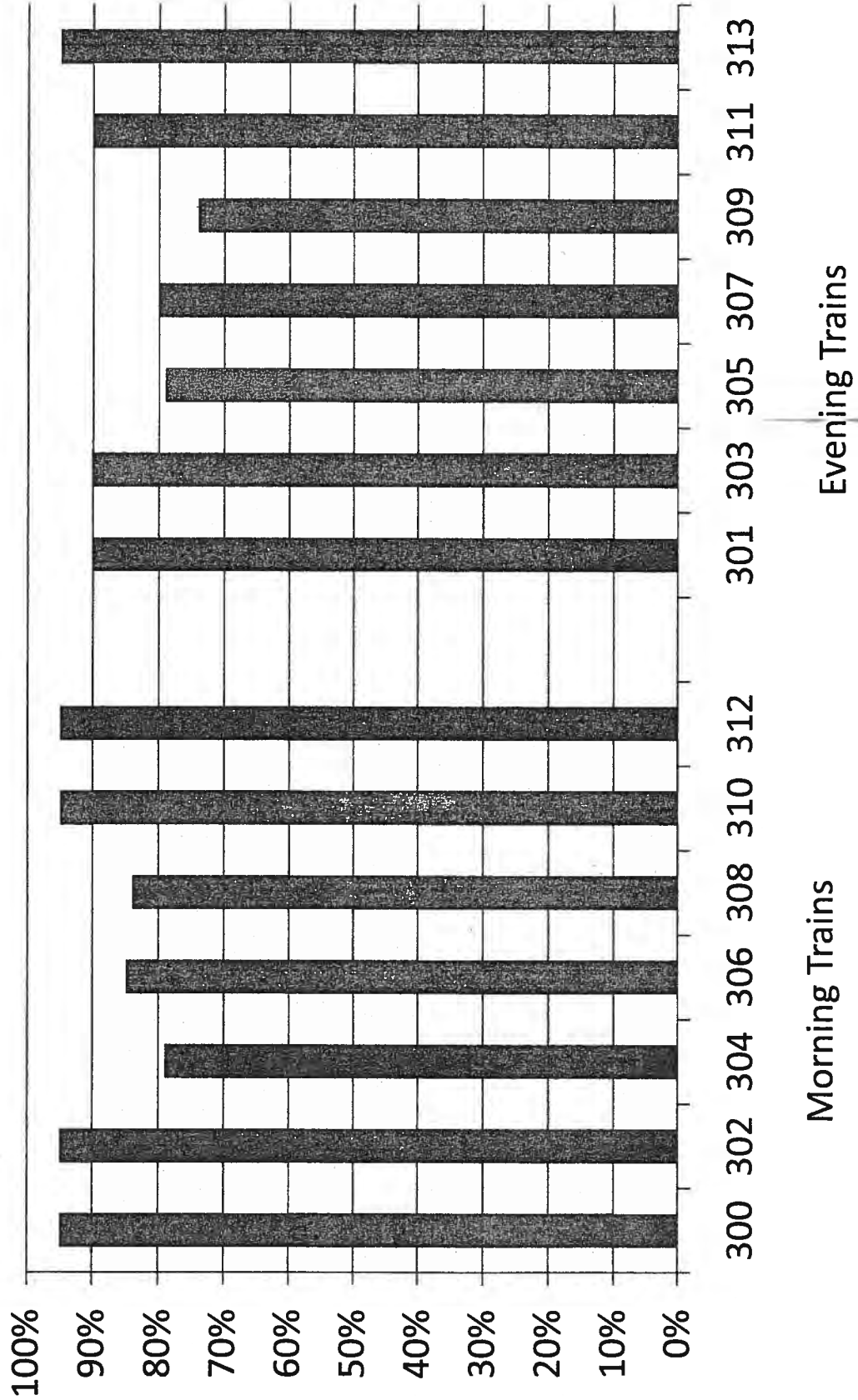
# Average On-Time Performance

## FY-2011



# On-Time Performance By Train

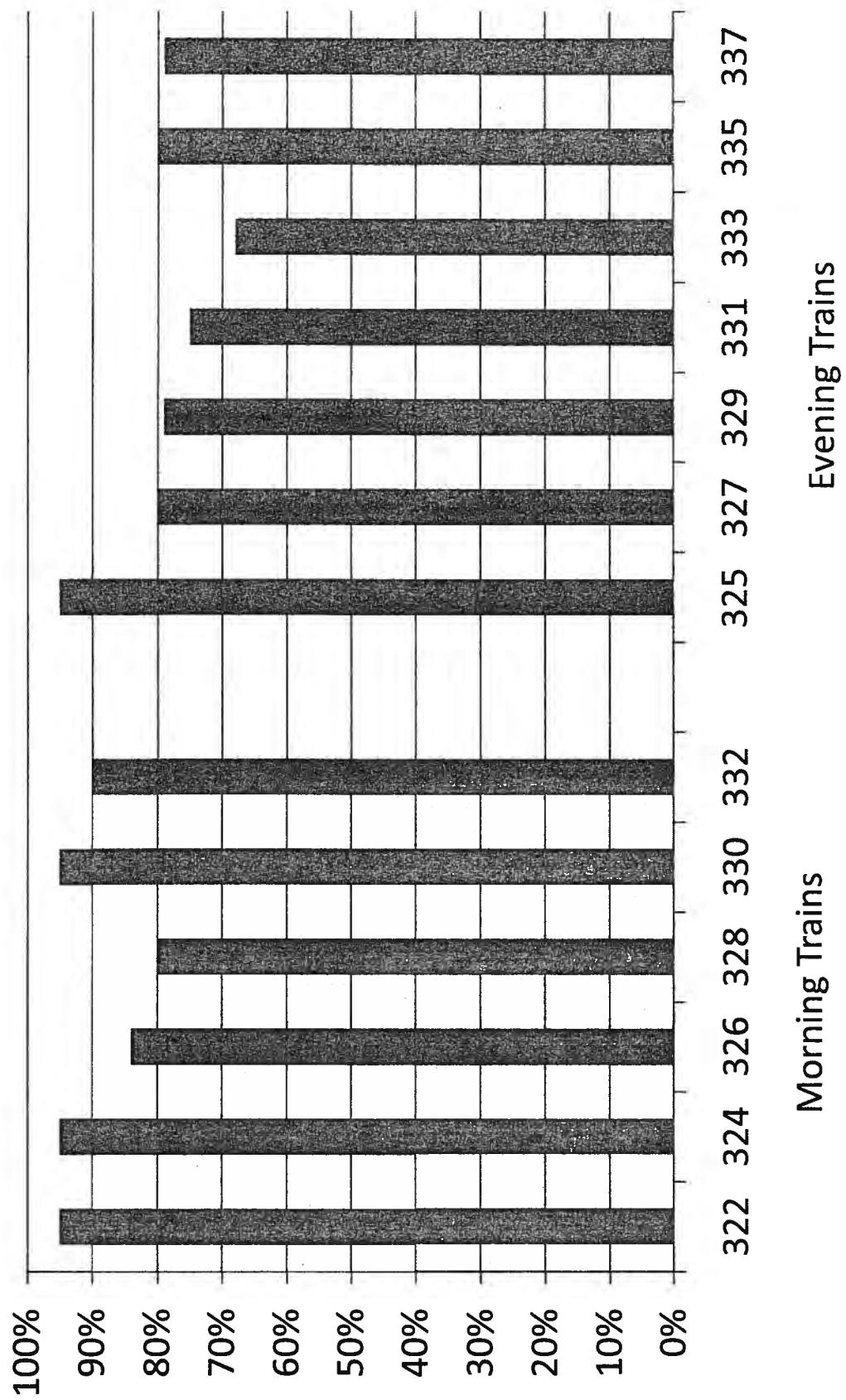
## Fredericksburg Line - November 2010





# On-Time Performance By Train

## Manassas Line – November 2010



## FINANCIAL STATISTICS FOR NOVEMBER 2010

Copies of the November 2010 Operating Budget Report are attached.

Fare income for the month of November 2010 was \$392,014 above the budget – a favorable variance of 17.51%. The cumulative variance for the year is 14.02% or \$1,631,783 above the adopted budget. Revenue in the first five months of FY 2011 is up 7.6% over FY 2010. This positive variance is the result of higher than budgeted ridership.

A summary of the financial results (unaudited) as of November 2010 follows. Detail on the major revenue and expense categories is provided in the attached Operating Budget Report.

Measures		Goal	Actual
Operating Ratio		55%	80%
<b>Budgeted Revenue</b>	71,507,521		
Budgeted Revenue YTD	29,959,338		
Actual Revenue YTD	31,431,413		
Cumulative Variance	1,472,075		1,472,075
Percent Collected FY 07 YTD		41.90%	43.96%
<b>Budgeted Expenses</b>	71,507,521		
Budgeted Expenses YTD	30,080,564		
Operating Expenses YTD	29,779,157		
Cumulative Variance	301,407		301,407
Percent Collected FY 07 YTD		42.07%	41.64%
<b>Net Income (Loss) from Operations</b>			1,773,482

These figures are preliminary and unaudited.

**VIRGINIA RAILWAY EXPRESS**  
**FY 2010 Operating Budget Report**  
**November 30, 2010**

	<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 FY11 BUDGET</b>
<b>OPERATING REVENUE</b>							
Passenger Ticket Revenue	2,631,058	2,239,044	13,274,811	11,643,028	1,631,783	14.0%	28,100,000
Equipment Rental and Other	34,945	12,032	70,768	62,566	8,202	13.1%	151,000
<b>Subtotal Operating Revenue</b>	<b>2,666,003</b>	<b>2,251,076</b>	<b>13,345,579</b>	<b>11,705,594</b>	<b>1,639,985</b>	<b>14.0%</b>	<b>28,251,000</b>
Jurisdictional Subsidy (1)	-	-	7,503,303	7,503,303	-	0.0%	14,711,289
Federal/State/Other Jurisdictional Subsidy	2,048,606	2,068,245	10,574,905	10,688,290	(113,385)	-1.1%	28,395,232
Appropriation from Reserve	-	-	-	-	-	0.0%	-
Interest Income	1,565	11,952	7,626	62,151	(54,525)	-87.7%	150,000
<b>Total Operating Revenue</b>	<b>4,716,174</b>	<b>4,331,273</b>	<b>31,431,413</b>	<b>29,959,338</b>	<b>1,472,075</b>	<b>4.9%</b>	<b>71,507,521</b>
<b>OPERATING EXPENSES</b>							
Departmental Operating Expenses	4,002,573	4,097,622	21,475,996	21,935,157	459,161	2.1%	52,308,142
Debt Service	815,665	808,702	4,155,303	4,120,407	(34,896)	-0.8%	13,599,978
Insurance	-	-	4,025,000	4,025,000	-	0.0%	4,025,000
Other Non-Departmental Expenses	-	-	122,858	-	(122,858)	-	1,574,401
<b>Total Operating Expenses</b>	<b>4,818,238</b>	<b>4,906,324</b>	<b>29,779,157</b>	<b>30,080,564</b>	<b>301,407</b>	<b>1.0%</b>	<b>71,507,521</b>
<b>NET INCOME (LOSS) FROM OPERATIONS</b>	<b>(102,064)</b>	<b>(575,051)</b>	<b>1,652,256</b>	<b>(121,226)</b>	<b>1,773,482</b>		
<b>CALCULATED OPERATING RATIO</b>							
			<b>80%</b>				

(1) Total jurisdictional subsidy is \$16,070,309. Portion shown is attributed to Operating Fund only.

Approval of FY 2012 VRE Capital and Operating Budget, Revisions to the FY 2011 Budget and Master Agreement Amendment

The VRE Operations Board recommends approval of Resolution #2161. This resolution approves VRE's FY 2012 capital and operating budget as well as revisions to VRE's FY 2011 budget.

For FY 2012 VRE would continue to operate 30 revenue trains each workday with projected average daily ridership of 17,350. There would be no fare increase. The total jurisdictional subsidy would be reduced to \$15.9 million, down over \$126,000 from FY 2011. With an amendment to VRE's Master Agreement, Alexandria and Arlington would no longer be required to increase their payments by five percent annually and could share in the overall subsidy reductions.

With passage by NVTC of Resolution #2161 (and similar action by PRTC) VRE's FY 2012 budget would be forwarded to participating and contributing jurisdictions for their consideration under the terms of the VRE Master Agreement. The amendment to the Master Agreement would also be forwarded to the jurisdictions for their action.



## RESOLUTION #2161

**SUBJECT:** FY 2012 VRE Budget, FY 2011 Budget Revisions and Master Agreement Amendment.

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

**WHEREAS:** The VRE Operations Board has recommended a FY 2012 budget reviewed by the jurisdictional chief administrative officers task force in cooperation with VRE staff;

**WHEREAS:** The VRE Operations Board has recommended revisions to the FY 2011 budget; and

**WHEREAS:** The VRE Operations Board has recommended an amendment for the VRE Master Agreement.

**NOW, THEREFORE BE IT RESOLVED** that the Northern Virginia Transportation Commission approves the revised FY 2011 and proposed FY 2012 VRE Operating and Capital Budgets recommended by the VRE Operations Board and authorizes staff to forward the FY 2012 budget to the local jurisdictions for inclusion in their budgets in accordance with the Master Agreement.

**BE IT FURTHER RESOLVED** that NVTC also authorizes the executive directors of both PRTC and NVTC to submit to the Transportation Planning Board of the National Capital Region and to the Federal Transit Administration or other federal agencies, the appropriate Transit Improvement Program and grant applications for FY 2011 and FY 2012.

**BE IT FURTHER RESOLVED** that NVTC also authorizes its executive director to submit to the commonwealth the approved budget as part of the FY 2012 VRE state aid grant applications.



**BE IT FURTHER RESOLVED** that NVTC approves an amendment to Sections VIII A(1)(a) and (b) of the VRE Master Agreement to no longer require Alexandria and Arlington to increase their local VRE subsidies by five percent annually, by striking "...by a factor of 5%" and adding "adjusted upwards or downwards each year by the same percentage of change as the total subsidy allocated among the PARTICIPATING JURISDICTIONS."

Approved this 6<sup>th</sup> day of January, 2011.

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Secretary-Treasurer

**AGENDA ITEM 9-A**  
**ACTION ITEM**

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

**FROM: DALE ZEHNER**

**DATE: DECEMBER 17, 2010**

**SUBJECT: REFERRAL OF THE REVISED FY 2011 AND RECOMMENDED  
FY 2012 VRE OPERATING AND CAPITAL BUDGETS TO THE  
COMMISSIONS AND LOCALITIES**

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**RECOMMENDATION:**

The VRE Operations Board is being asked to adopt the revised FY 2011 VRE Operating and Capital Budget and the recommended FY 2012 VRE Operating and Capital Budget, including a related amendment to the Master Agreement, and refer them to the Commissions for their consideration and subsequent referral to the jurisdictions for their formal review and adoption.

**BACKGROUND:**

In accordance with the VRE Master Agreement, which outlines the process for annual budget approval, the preliminary FY 2012 VRE Operating and Capital Budget was submitted for review at the August VRE Operations Board meeting. Since that time, it has been discussed at numerous meetings of the CAO Task Force. The CAO Task Force met on December 10<sup>th</sup> to present their final recommendations and discuss VRE responses to those recommendations.

**DISCUSSION:**

The major assumptions in the FY 2012 budget are as follows:

- Reduction of the jurisdictional subsidy to \$15,943,918, a decrease of \$126,392 compared to the FY 2011 level, with a mid-year payment by Spotsylvania County. The subsidy distribution formula is based on a

proposed change to the Master Agreement that would allow the subsidy amounts paid by Alexandria and Arlington to vary with the overall subsidy level, rather than increase by an automatic 5% each year.

- Projection of an average daily ridership of 17,350 passengers.
- Continuation of the expansion to a 32-train operation (30 revenue trains) proposed for implementation in FY 2011 with the addition of a turnback train on the Manassas line and the lengthening of one Manassas and one Fredericksburg line train at a net cost of \$417,000. This change will increase train seating capacity and provide additional mid-day storage.
- Projected fare revenue of \$30,580,000, with no fare increase.
- Capital matching funds from the State of 50% of the non-federal share, compared to 53% received in FY 2011.
- State operating funds of \$5.3 million, compared to \$7.5 million in FY 2010.
- Fuel estimated at \$2.70/gallon for a total cost of \$4.8 million.

The capital budget includes the following system capital initiatives for FY 2012:  
(local match is funded)

- Spotsylvania Third Track - \$5,900,000
- Mid-day storage - \$1,000,000
- Rolling stock (railcars) - \$5,749,000

The capital budget has also been revised to reflect changes made by the State in both their operating and capital grant programs. The number of capital projects has been reduced and State match funds will not be sought for costs that are operating in nature, since the net impact would be total lower funding. The State will only provide match funding for capital projects if grant funds will begin to be drawn during the fiscal year, which presents a risk for the large multi-year projects that make up the bulk of VRE's capital program. VRE will continue to work on alternatives with the State, including a shift between FY 2012 projects in the spring when more information will be available about project costs, available funding and start dates. In addition, funds have been reserved in the amended FY 2011 budget to provide a temporary match for the FY 2012 projects if State funding cannot be secured.

Material expenditure line item changes are noted below; adjustments are in comparison to the FY 2011 adopted budget.

- A Planning Department was created, with funds and existing positions transferred from Executive Management and Operations and Communications.
- Retail sales commissions in Budget and Finance were increased by \$484,000, based on WMATA's planned discontinuation of the Smart



Benefits card. This change could increase the use of more costly commuter stores for ticket purchases.

- Repairs and Maintenance decreased by \$695,000 to reflect the lower maintenance cost for new locomotives and the inclusion of funds for 4-year periodic maintenance (COT&S) for the new Gallery cars.
- Keolis contract costs are budgeted at a net decrease of \$680,000 to reflect a change to the insurance requirements and an annual increase of 1.2% based on the October CPI data, in accordance with the contract requirements.
- Amtrak costs for mid-day storage and services are increased by \$631,000 to reflect current contract provisions and the estimated increase to the AAR index for the first quarter of calendar 2011.

Based on discussions during last year's budget process, a revision to the VRE Master Agreement is being recommended to allow Arlington and Alexandria's subsidies to vary with the overall subsidy level, rather than increase by an automatic 5% each year. As such, a change to section VIII, Local Subsidies and Other Payments, Section A. Sharing of Costs and Revenues in Initial Years, is being recommended as follows:

“...the requested annual contributions shall not exceed the fixed amount indicated in Appendices E1 or E2, adjusted upwards or downwards each year by the same percentage of change as the total subsidy allocated among the Participating Jurisdictions ~~by a factor of 5%.~~”

The budget also includes a six-year financial forecast for the period FY 2011 through FY 2017. A six-year forecast was prepared that includes a 4% fare increase and a 0% subsidy increase in years FY 2013 – FY 2017.

## **REVISED FY 2011 OPERATING AND CAPITAL BUDGET**

The FY 2011 budget has been revised to reflect current projections for revenue and expenses. The major changes are as follows:

- Fare revenue is increased by \$1.9M based on current ridership projections to \$30.0M. Factors included current trends plus the impact of a transit benefit decrease.
- The State operating grant is decreased by \$224,000 to reflect the actual lower grant award.
- State capital grants are increased by \$2.1 million to reflect a higher match rate than originally budgeted.
- CIP expenditures and related federal funds are decreased by \$649,000 and \$519,000, respectively, to reflect a lower than anticipated federal formula allocation.

- Additional net costs of \$316,000 are added to allow for the mid-year addition of a turnback train on the Manassas line, plus the lengthening of one Manassas and one Fredericksburg train
- The IT budget is increased by \$115,000 for implementation of Wi-Fi capability on VRE's trains.
- The Amtrak budget for mid-day storage and services is increased by \$529,000 to reflect current contract provisions and a higher than anticipated AAR increase for FY 2011.
- \$1,165,000 is set-aside in the event that the State portion of the capital match for FY 2012 projects cannot be secured for the multi-year Spotsylvania third track and rolling stock projects.

# Virginia Railway Express Proposed FY 2012 Budget

December 17, 2010

## Overview

- Budget guidelines/assumptions
- Ridership/fare revenue/service changes
- State funding
- Capital projects
- Recommended budget
- Ridership survey
- Subsidy calculation
- Spotsylvania subsidy deferral



## Operations Board Guidelines

- Grow ridership and improve service levels
- Level or decrease total subsidy from FY 2011
- Maintain current fare levels
- Replace aging locomotives
- Maximize CIP funding for high priority projects
- Utilize fuel hedging to stabilize fuel costs
- Maintain insurance trust fund at \$10M
- Build VRE's level of working capital to two months of operating costs and maintain capital reserve

3



## FY 2012 Budget Assumptions

- Average daily ridership of 17,350 – 7.1% increase over FY 2011 Budget
- Expand to 32 trains by adding a turnback train on the Manassas line
  - Maintain 30 revenue trains
  - Extend one Manassas and one Fredericksburg consist with additional railcars
- No fare increase
- Continue funding high priority capital improvements
- Reduce jurisdictional subsidy to \$15.9 million (down \$126,392 from FY 2011)
- Fuel estimated at \$2.70/gallon or \$4.8 million

4



## Ridership and Revenue Issues

- Ridership
  - FY 2011 ADR - currently 17,400; budget - 16,200
  - FY 2012 ADR - estimated at 17,350
- Fare Revenue
  - FY 2012 fare revenue increased by \$2.5 million over FY 2011 budget
  - Change in federal transit benefit could:
    - Decrease or slow overall ridership growth
    - Reduce or decrease expected fare revenue
- Overall ridership between FY 2009 and FY 2010 up 4.6% to over 4M annually

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## Capacity Issues

- Trains are reaching capacity
- Options include:
  - Implement Manassas turnback train
  - Reduce cost of Step Up tickets on Amtrak trains
  - Utilize L'Enfant storage track
  - Build Crescent storage track near WUT
- Recommend implementation of Manassas turn train this year, initiation of L'Enfant storage track within one year

6



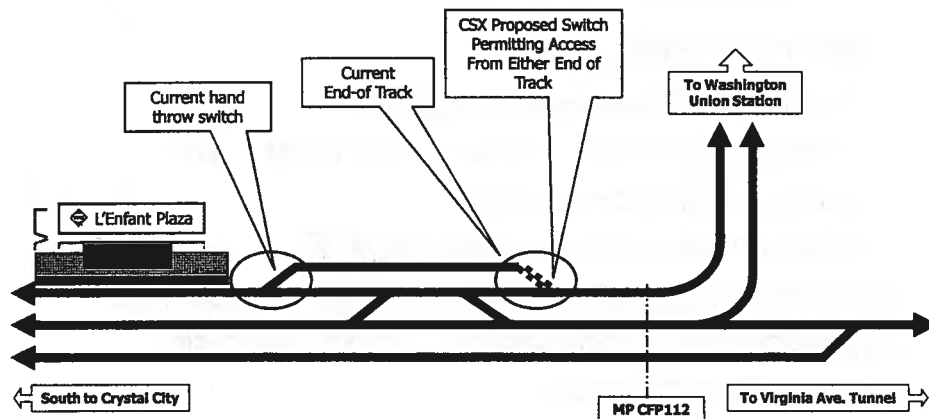
## Manassas Turnback Train

- One morning train would counter flow back to Broad Run for storage during the day – return in afternoon
- Reduces mid-day storage use by 7 units
- Allows addition of three cars to other consists
- Adds 450 seats to peak trains
- Will permit increase to overall ridership

7



## L'Enfant Storage Track



8



## State Funding

- Operating assistance estimated at \$5.3M
  - Down over \$2M from FY 2011 level of \$7.5M
  - Reflects planned formula changes by DRPT
- Capital match estimated at 50%
  - State will now only approve projects if expenses begin during fiscal year – will allow adjustments in the spring
  - Uncertain future for large multi-year projects (i.e. new railcars and Spotsylvania third track) – continuing to explore alternatives

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## State Funding - Continued

- Re-programming of match funds between projects from previous years now requires prior state approval
  - Could result in loss of state match and need for additional local funds
- Advanced use of state funds before CTB approval no longer allowed

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## Long Range Capital Projects

- Major funded projects – FY 2012:
  - Spotsylvania Third Track (\$5.9M)
    - Required as part of membership agreement
    - Funded over four years
  - Mid-day Storage (\$1.0M)
    - Additional storage required for train service to expand
  - Rolling Stock – New Railcars (\$5.7M)(partially funded)
    - Currently have 20 legacy railcars in need of replacement

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## Long Range Capital Projects

- Crucial unfunded projects:
  - Positive Train Control – cost unknown
  - 10-Year railcar truck overhaul
  - Heavy maintenance repair facility
    - Critical for long term and heavy rolling stock maintenance
    - Major operating savings realized
  - Legacy gallery railcar rehabilitation
    - Required only if no new railcars procured

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## Long Range Capital Projects

Project	Est Project Cost	FY12	FY13	FY14	FY15	FY16	FY17	Funded Total
Spotysvania Third Track	20.0M	5.9M	4.0M	6.0M	4.1M			20.0M
Mid-Day Storage	40.0M	1.0M	2.4M	3.2M	6.0M	1.8M		14.4M
Rolling Stock	50.4M	5.7M	1.9M	0.7M	0.8M	2.5M		11.6M
Fare Collection System	4.0M	*	2.0M					2.1M
Facilities Infra Renewal	N/A	*	0.5M	1.0M	0.1M	0.2M	*	1.9M
Rolling Stock Mods	N/A	*	*	*	*	*	*	0.3M
Heavy Maint Repair Facility	35.0M	*	*	*	0.3M	8.7M	7.8M	17.0M
Rolling Road Platform	2.0M	2.0M						2.0M
<b>Unfunded:</b>								
Heavy Maint Repair Facility	35.0M					18.0M		18.0M
Positive Train Control	15.0M		7.5M	7.5M				15.0M
10-Year Railtruck Overhaul	12.8M						11.3M	11.3M
Legacy Gallery Car Rehab	20.0M		7.0M	7.0M	6.0M			20.0M
Mid-Day Storage	40.0M		6.4M	6.4M	6.4M	6.4M		25.6M
Rolling Stock	50.4M	7.7M	7.7M	7.7M	7.7M	8.0M		38.8M

\* \$50k or less

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## Keolis Contract Changes

- Operations Board opted to defer inclusion of contingency when approving the first 18 months of contract
  - Proposed contract changes included in separate board item
- Insurance provisions – effective for FY 2012
  - Operating contract requires Keolis to insure VRE for first \$5M of losses caused by operator
  - Actual total premium costs much higher than anticipated
  - Budget assumes a change to indemnification requirements resulting in a savings of \$900K in FY 2012

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## Contract Changes Continued

- Changes to contract value – FY 2011
  - Layover facility - \$160K
  - Staffing for express and turnback train - \$675K
  - Training costs for new crews - \$275K
  - Locomotive repairs during transition to new fleet - \$325K
  - Insurance premium costs - \$325K
  - Additional contingency - \$500K
  - Incentive/penalty payments – (\$175K)
- Total \$2.1M – all items funded in FY 2011 budget

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## FY 2011/FY 2012 Budget Comparison

<i>Description</i>	<i>FY 2011</i>	<i>FY 2012</i>	<i>Difference</i>
Fare Revenue	28,100,000	30,580,000	2,480,000
Local Subsidy	16,070,309	15,943,917	(126,392)
State/Federal/Other	47,686,212	41,162,258	(6,523,954)
<b>Total</b>	<b>91,856,521</b>	<b>87,686,175</b>	<b>(4,170,346)</b>
Operating Expenses	40,288,142	40,905,821	617,679
Debt Payments	13,599,978	13,738,803	138,825
Capital Program	20,349,000	14,689,000	(5,660,000)
Access Fees	12,020,000	12,890,000	870,000
Contingency/Reserve	1,574,401	1,362,551	(211,850)
Insurance	4,025,000	4,100,000	75,000
<b>Total</b>	<b>91,856,521</b>	<b>87,686,175</b>	<b>(4,170,346)</b>

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# FY 2012 Operating and Capital Expense Budget

Keolis	\$ 17,296,045	19.7%
Capital Program	14,689,000	16.8%
Bond and Debt Payments	13,738,803	15.7%
Access Fees	12,890,000	14.7%
Fuel	4,760,000	5.4%
Insurance	4,100,000	4.7%
Operations Group	4,042,397	4.6%
Amtrak	3,652,000	4.2%
Equipment Operations	3,364,000	3.8%
Facilities Maintenance	2,825,500	3.2%
Other	6,328,431	7.2%
<b>Total</b>	<b>\$ 87,686,174</b>	<b>100.0%</b>

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# Ridership Changes

	Oct 10	Oct 09		
	Survey	Survey		
	FY 2012	FY 2011	Change	Change
Jurisdiction	Riders	Riders	In Riders	In %
Prince William County	3,047	3,011	36	1.2%
Fairfax County	2,110	2,000	110	5.5%
Stafford County	1,585	1,467	118	8.0%
Spotsylvania County	914	848	66	7.8%
City of Manassas	442	439	3	0.7%
City of Fredericksburg	316	262	54	20.6%
City of Manassas Park	302	268	34	12.5%
Other	814	745	69	9.3%
<b>Total</b>	<b>9,530</b>	<b>9,040</b>	<b>490</b>	

Ridership up 5.4%

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## Arlington/Alexandria Subsidy

- Board request made last year to analyze automatic 5% increase in Arlington and Alexandria's subsidies
- Recommend subsidy calculation method such that the increase/decrease is based on overall jurisdictional subsidy change for contributing members
- Provides equal treatment for all VRE jurisdictions
- Requires amendment to the Master Agreement, to be made as part of budget approval process

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## Jurisdictional Subsidy

Jurisdiction	FY 2011 Subsidy	FY 2012 Projected	Net Inc/(Dec)	% Change
Fairfax County	\$ 4,906,693	\$ 4,876,961	\$ (29,732)	-0.6%
Prince William County	6,384,660	5,859,007	(525,653)	-8.2%
Manassas	871,611	817,993	(53,618)	-6.2%
Manassas Park	544,763	566,504	21,741	4.0%
Stafford County	2,634,002	2,505,805	(128,197)	-4.9%
Spotsylvania County		577,020	577,020	N/A
Fredericksburg	405,980	420,566	14,586	3.6%
Alexandria	130,974	129,944	(1,030)	-0.8%
Arlington	191,624	190,117	(1,507)	-0.8%
<b>Total Subsidy</b>	<b>\$ 16,070,307</b>	<b>\$ 15,943,917</b>	<b>\$ (126,390)</b>	

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## Spotsylvania Subsidy Deferral by Fiscal Year

	100% FY 2010*	100% FY 2011	50% FY 2012	Total Deferral
Fairfax County	135,274	324,130	154,221	613,625
Fredericksburg	23,356	42,544	23,485	89,385
Manassas	31,826	71,245	32,827	135,898
Manassas Park	19,598	43,387	22,407	85,392
Prince William County	212,986	488,111	226,341	927,438
Stafford County	119,509	237,923	117,741	475,173
Spotsylvania	542,549	1,207,340	577,022	2,326,911

\*Note: Spotsylvania joined on February 15, 2010. Full credit of \$2.3M will be provided to jurisdictions in FY 2013

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## High Level of Volatility

Area	Change	Effect
Ridership	+/- 5%	+/- \$1.6M
Fuel	+/- 5% (\$.13)	+/- \$220K
Insurance	+/- 5%	+/- \$205K
State Operating	+/- 5%	+/- \$265K
State Capital	+/- 5%	+/- \$600K

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## Amended FY 2011 Budget

- Total budget increased by \$3.0M
- Revenues:
  - Increased fare revenue by \$1.9M due to increased ridership
  - Additional federal and state funding of \$1.5M
  - Reduction of transfer from reserve of \$0.4M
- Expenditures:
  - Manassas turn train for net cost of \$0.3M
  - Wi-Fi installation for a cost of \$0.1M
  - Additional Amtrak and access expenses of \$0.6M
  - Reduction in capital projects of \$0.6M
  - Reserve for state match of capital projects of \$1.2M
  - Additional operating reserve of \$1.3M for indenture requirements and locomotive inventory
- No fare increase or change in local subsidy

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## Next Steps

- Budget adoption schedule:
  - Submit budget to Commission on January 6<sup>th</sup>
  - If approved, forwarded to jurisdictions for final approval
  - Subsidy included in jurisdictions' FY 2012 budget

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# End of Presentation

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Questions?





CAO Task Force  
Review/Recommendations  
FY 12 VRE Preliminary  
Budget as of 12-6-2010

December 10, 2010

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**FY 12 VRE Budget**

- Total ridership July through October 2010 compared to same period last year:
  - ◆ Fredericksburg line up 5.9%
  - ◆ Manassas line up 6.3%
  - ◆ Overall system ridership up 6.1%
- Fare Revenue increases \$2.5 million or 8.9% from \$28.1 million in FY 11 to \$30.6 million in FY 12 – Uncertainties include:
  - ◆ Reduction of commuter benefit from \$230 to \$120 in January 2011 unless Congress extends it – the extension appears increasing unlikely
  - ◆ Estimates vary on impact – range from a 1% drop in weekday ridership (WMATA) to a 5% to 9% drop (TransitCenter)
  - ◆ WMATA notes that commuters tend to change habits slowly after considering their options so immediate effect probably won't be dramatic
- Parking lot are over capacity at Fredericksburg, Leeland, Broad Run and Manassas Park as of October 2010
  - ◆ Additional capacity of 170+ spaces at Broad Run will come on-line December 14, 2010  
→ 87% of VRE's ridership drives close to a VRE station

Date: 12/14/2010

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**FY 12 VRE Budget**

- Uncertain how riders will respond to reduction in commuter benefit
  - ◆ Possible that riders are not using all rides purchased on a monthly ticket due to commuter benefit
  - ◆ Fewer monthly and more 10 ride tickets will be sold – resulting a reduction in revenue
    - With monthly ticket VRE collects revenue whether or not passenger rides
    - With 10 ride ticket VRE only collects revenue when passenger rides
  - ◆ Riders may elect to use reduced commuter benefits until they are used up and then find alternate means of transportation to work e.g. slugging or driving
- VRE will need to sustain a high level of on-time performance to minimize ridership impact

Date: 12/14/2010

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### VRE FY 12 Delay Issues

- VRE runs 30 trains carries approximately 8,500 people a day
  - ◆ One train is 3.3%of VRE's daily schedule
- Train consists (locomotive and cars) vary in length and passenger load
- Trains 324 & 326 are both six cars long and carry a mid-week passenger load of 796 and 735 respectively totaling 1,531 or approximately 18% of the people riding VRE
- Train 337 has five cars and a mid-week passenger load of 250 or 2.9% of the people riding VRE
- Lengthy delays on high load trains have more negative consequences because they affect a higher percentage of VRE's passenger base

Date: 12/14/2010

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### FY 12 VRE Budget – New Initiative

- Lengthen one train on the Manassas line (2 cars) and one train on the Fredericksburg line (1 car)
- Add two turnback (non-revenue) trains on the Manassas line with mid-day storage at Broad Run
  - ◆ Frees up 3 mid-day storage slots that VRE can use at Washington Union Terminal
- Adds approximately 900 additional revenue seats per day

Date: 12/14/2010

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### VRE FY 12 Budget – New Initiative

- Breakdown of Expenditures and Revenue:
  - ◆ Increasing one Manassas train from 6 to 8 cars requires an additional assistant conductor - \$120K
  - ◆ Fuel, engineer labor, railroad access costs - \$657K
  - ◆ Contribution to Operating Reserve/Contingency - \$126K
  - ◆ Federal and State Access Fee Reimbursement (\$306)
  - ◆ Passenger Revenue (\$180K) from estimated additional 100 riders per day or 25,100 trips per year
  - ◆ Net Costs - \$417K

Date: 12/14/2010

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### VRE FY 12 Budget – Alternative

- Reducing Amtrak passenger step-up charge by \$5 from \$10 to \$5 would double VRE's Amtrak ridership from 120 passenger trips per day (60 riders) to 240 passenger trips per day (120 riders)
- Amtrak would still receive \$10 per trip but the cost would be split 50-50 with passenger
- Utilizes existing train service
- Cost \$400K
- Possible additional trips and fare revenue but VRE reluctant to budget based on lack of historical data to base projection

Date: 12/14/2010

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### VRE FY 12 Budget

Option	Additional Net Cost	Number of Additional Seats	Additional Trips per Day
Lengthening two trains and adding two tumbuck trains	\$417K	900	100
Reducing Amtrak Step Up	\$400K	120	—

Date: 12/14/2010

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### FY 12 VRE Budget – Fuel Tax Rev

Updated Projections (with NYMEX pricing as of 1/15/2010) for FY 12 Budget								
	FY11	FY12	FY13	FY14	FY15	Total	FY16	FY17
Price per Gallon	2.74258	2.88064	2.99464	2.88298	2.88298		2.88467	2.90469
Prince William	12,446,000	12,120,420	12,480,470	12,748,720	14,046,204	60,449,714	14,388,880	14,388,880
Stafford	4,183,720	4,304,273	4,481,284	4,867,792	4,987,414	22,334,573	4,889,270	4,889,270
Manassas	1,888,720	1,884,710	1,878,127	1,712,770	1,740,880	8,327,287	1,782,161	1,782,161
Manassas Park	841,614	862,730	1,014,680	1,076,960	1,062,461	6,860,744	1,888,881	1,888,881
Potomac/Dorkey	1,417,280	1,488,000	1,602,870	1,688,810	1,688,880	7,911,560	1,838,916	1,838,916
Springfield	4,183,720	4,354,972	4,481,284	4,827,792	4,987,414	22,334,573	4,889,270	4,889,270
	34,889,020	34,838,000	36,871,110	37,245,080	37,456,139	132,488,640	33,786,026	33,786,026
Projections Used in FY11 Budget (with NYMEX pricing as of 1/15/2009)								
	FY11	FY12	FY13	FY14	FY15	Total		
Price per Gallon	2.874	2.871	2.872	2.872	2.872		2.872	2.872
Prince William	12,614,000	12,614,000	12,614,000	12,614,000	14,268,810	62,728,810		
Stafford	4,252,840	4,389,200	4,581,767	4,920,077	4,920,120	21,163,074		
Manassas	1,881,180	1,879,887	1,870,742	1,714,214	1,708,280	8,262,287		
Manassas Park	852,820	872,110	1,025,200	1,085,110	1,069,467	5,125,107		
Potomac/Dorkey	1,444,380	1,523,170	1,636,180	1,698,880	1,682,880	7,918,280		
Springfield	4,183,720	4,354,972	4,481,284	4,745,992	4,889,460	22,655,428		
	34,919,620	35,799,167	36,691,002	37,266,280	38,718,819	132,603,398		
Difference	CHF(200)	28,846	8,108	(11,274)	(362,780)	(452,116)		
Percent Change	-1.2%	1.2%	0.2%	(1.1%)	(-0.9%)	(-0.3%)		

Date: 12/14/2010

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### FY 12 VRE Budget – 6 Year Plan

6 Year Plan Assumptions:

- ◆ Addition of 2 non-revenue (turnback) trains on Manassas line in FY 12
- ◆ Additional 2 revenue trains in FY 15 on Manassas line
- ◆ 4% fare increase programmed per year beginning in FY 13
- ◆ Amtrak Contract increases 6% per year primarily based on AAR index
- ◆ Keolis Contract increases 4% per year primarily based on CPI
- ◆ Track leases increase 4% per year
- ◆ Diesel fuel increases at the rate of 6% per year in FY 13 and beyond
- ◆ State Capital Match Rate programmed at 50% in FY 12 and at 40% in FY 13 and beyond
- ◆ State Operating Grant is programmed to increase at the rate of 3% per year
- ◆ No fare increase in FY 12

Date: 12/14/2010

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### FY 12 VRE Budget Subsidy 6 Yr Plan

- Subsidy projections do not include local match for \$128.7 million in VRE unfunded capital needs over the six year plan

VRE Subsidy	FY12 Proposed	FY13 Proposed	FY14 Proposed	FY15 Proposed	FY16 Proposed	FY17 Proposed
Alameda	\$129,944	\$131,427	\$133,634	\$134,341	\$138,259	\$180,320
Jefferson	\$196,117	\$197,287	\$199,545	\$197,611	\$168,497	\$134,402
Public County	\$4,878,941	\$4,745,831	\$4,858,323	\$4,138,792	\$3,884,915	\$2,818,769
Fredericksburg	\$428,568	\$408,334	\$413,447	\$358,898	\$340,823	\$288,828
Manassas	\$817,093	\$795,488	\$788,378	\$803,411	\$667,823	\$678,746
Manassas Park	\$346,394	\$339,849	\$362,385	\$488,343	\$462,414	\$442,399
Prince William	\$3,308,887	\$3,098,414	\$2,793,879	\$4,897,216	\$4,328,882	\$4,273,378
Stafford County	\$2,305,883	\$2,433,634	\$2,476,931	\$2,123,885	\$2,643,144	\$1,933,774
Syndehaus	\$977,828	\$1,467,212	\$1,184,991	\$1,817,242	\$989,871	\$977,440
<b>Total</b>	<b>\$15,425,917</b>	<b>\$14,633,998</b>	<b>\$14,799,164</b>	<b>\$14,654,445</b>	<b>\$13,548,428</b>	<b>\$12,848,328</b>
Percent Change Prior Year		-13.9%	1.89%	-14.39%	-8.97%	-4.37%

Date: 12/14/2010

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### CAO Task Force Recommendation

- Recommend that funding for turnbacks be approved but that the Operations Board defer a decision on implementation until the Spring 2011 after effects of reduction in commuter benefits is known
- Would be much less expensive to add cars to existing trains if mid-day storage were available - this highlights the need to make progress in acquiring additional mid-day storage at Washington Union Terminal
- Turnbacks would have to run reliably

Date: 12/14/2010

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**VIRGINIA RAILWAY EXPRESS**  
**RECOMMENDED BUDGET**  
**FOR FISCAL YEAR 2012**  
**AND**  
**REVISED BUDGET**  
**FOR FISCAL YEAR 2011**

**DECEMBER 17, 2010**

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## REVISED FY 2011 BUDGET

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## MISSION STATEMENT

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

## GOALS FOR FISCAL YEAR 2012

- Achieve at least a 55 percent operating ratio (cost recovery).
- Operate trains on time at least 92 percent of time.
- Achieve at least 17,350 average daily ridership.

## PERFORMANCE MEASURES FOR FISCAL YEAR 2012

MEASURE	PERFORMANCE MEASURE	TARGET
Safety	Injuries to Passengers	0
On-Time Performance	Percent On-time Each Month	92%
Average Daily Seat Occupancy	Utilization of Available Seating	95%
Operating Ratio	Ratio of Fare Income to Operating Costs	55%
Ridership Growth	Minimum Growth over Prior Year	3%

## BUDGET ASSUMPTIONS FOR FISCAL YEAR 2012

### Major Assumptions/Issues in FY 2012 Budget:

1. Subsidy level of \$15,943,918, a **decrease** of \$126,392 from the FY 2011 subsidy. Operations Board requested total jurisdictional subsidy be level or lower than the FY 2011 subsidy.
2. State funding for capital and operating are below FY 2011 amounts. The state operating grant is budgeted at 31% below the FY 2011 state award (a reduction from \$7.7M to \$5.3M). The state capital match is budgeted at 50%, a reduction from the FY 2011 award of 53%.
3. The total budget decreased by \$4.0M, due primarily to a reduction in federal earmarks, net of other increases.
4. Average daily ridership of 17,350 assumes a 30 revenue train operation and an overall 32 train schedule, which includes a turnback train on the Manassas line and the lengthening of one Manassas and one Fredericksburg train.
5. No fare increase proposed. Fare revenue is budgeted at \$30.6M.
6. Keolis contract costs are budgeted at a net decrease of \$680,000 to reflect a change to the insurance requirements and a CPI increase of 1.2%.
7. Amtrak costs for mid-day storage and services are increased by \$631,000 to reflect current contract provisions and the estimated increase to the AAR index.
8. Fuel costs continue to be volatile. Projected costs are in the amount of \$4.8M, based on a cost per gallon of \$2.70.

### Sources by Jurisdiction (\$ in thousands)

Jurisdiction	FY 2011	FY 2012	Net	Percent
Fairfax County	\$ 4,906,693	\$ 4,876,961	\$ (29,732)	-0.6%
Fredericksburg	405,980	420,566	14,586	3.6%
Manassas	871,611	817,993	(53,618)	-6.2%
Manassas Park	544,763	566,504	21,741	4.0%
Prince William County	6,384,660	5,859,007	(525,653)	-8.2%
Stafford County	2,634,002	2,505,805	(128,197)	-4.9%
Spotsylvania County	-	577,020	577,020	N/A
Alexandria	130,974	129,944	(1,030)	-0.8%
Arlington	191,624	190,117	(1,507)	-0.8%
<b>Total</b>	<b>\$ 16,070,307</b>	<b>\$ 15,943,916</b>	<b>\$ (126,391)</b>	

**Source and Use of Funds**

Fare Increase		0%
Subsidy Decrease	\$	126,392
Number of Trains		32
Average Daily Ridership		17,350
<b>Sources</b>		
Fare Revenue	\$	30,580,000
Local Subsidy		15,943,917
State Operating Grant		5,294,949
State Capital Grant used for Operations		5,558,256
State Capital Grant used for Capital Programs		1,664,900
Federal Capital Funding (SSTP)		10,312,000
Federal Capital Grant used for Operations		6,200,817
Federal Capital Grant used for Capital Programs		11,751,200
Other Income		380,136
<b>Total Sources</b>	<b>\$</b>	<b>87,686,175</b>
<b>Uses</b>		
Operating Expenses	\$	53,795,821
Debt Service		13,738,803
Federal Capital Program		14,689,000
Insurance, Operating Reserve, and Other		5,462,551
<b>Total Uses</b>	<b>\$</b>	<b>87,686,175</b>

**Six-Year Financial Plan**

The final FY 2012 budget recommendation includes a six-year financial plan as required by the Master Agreement. The six-year financial plan was reviewed with the CAO Budget Task Force. The VRE capital planning process reflects current priorities identified by the Operations Board as well as long-term planning assumptions through 2025 as outlined in the Phase II Strategic Plan, approved by the Operations Board in May 2004. The CIP is fiscally constrained and the program of projects is based on reasonably assumed funding only. Parking projects are assumed to be the responsibility of the jurisdiction, with VRE support and assistance, and are therefore not funded in the CIP.

Virginia Railway Express Allocation Data  
 October 6, 2010 Survey - Proposed FY 2012 Budget  
 No Subsidy Increase

Spotsylvania

11/27/10 S&U

12/9/2010

<u>Jurisdictions</u>	[Col 1]	[Col 2]	[Col 3]	[Col 4]	[Col 5]	[Col 6]	[Col 6a]
	Population 2008 Update	Population %	Contributors' Potential Share of Net Costs %	Contributors' Potential Share of Net Costs \$	Contributors' Maximum Share of Net Costs		
Contributors:							
Alexandria	141,738	6.7558%	0.6756%	\$295,659		\$130,974	\$129,944
Arlington	212,038	10.1066%	1.0107%	\$442,302		\$191,624	\$190,117
Contributors' Total	353,776	16.8623%					
	[Col 7]	[Col 8]	[Col 9]	[Col 10]	[Col 11]	[Col 12]	
Participants:	Population 2008 Update	Population %	Participants' Normalized % Population	October Survey Participants' AM Ridership	100 Weight- Participants' Ridership %	Participants' Aggregate % of Costs	
Fairfax County	1,036,473	49.40%	59.42%	2,110	24.21%	24.21%	
Fredericksburg	22,902	1.09%	1.31%	316	3.63%	3.63%	
Manassas	36,213	1.73%	2.08%	442	5.07%	5.07%	
Manassas Park	14,026	0.67%	0.80%	302	3.46%	3.46%	
Prince William County	386,934	18.44%	22.18%	3,047	34.96%	34.96%	
Stafford County	125,892	6.00%	7.22%	1,585	18.18%	18.18%	
Spotsylvania	121,809	5.81%	6.98%	914	10.49%	10.49%	
Participants' Total	1,744,249	83.14%	100.00%	8,716	100.00%	100.00%	
Population Total	2,098,025	100.00%					
<u>Costs</u>	[Col 12] (repeated) Participants' [5/95] Aggregate %	[Col 13] Gross Costs \$	[Col 14] State Aid Interest & Misc Income \$	[Col 15] "System" Fare Revenue \$	[Col 16] Net Costs \$	[Col 17] Contributors' Payments Lesser of Col 6 or 4	[Col 18] Participants' Net Costs \$
Alexandria						\$129,944	
Arlington						\$190,117	
Fairfax County	24.21%	\$21,227,956	\$9,964,976	\$668,179			\$10,517,317
Fredericksburg	3.63%	\$3,178,972	\$1,492,295	\$100,063			\$1,575,011
Manassas	5.07%	\$4,445,915	\$2,087,032	\$139,941			\$2,202,713
Manassas Park	3.46%	\$3,034,676	\$1,424,559	\$95,521			\$1,503,520
Prince William County	34.96%	\$30,656,722	\$14,391,093	\$964,963			\$15,188,767
Stafford County	18.18%	\$15,941,752	\$7,483,489	\$501,789			\$7,898,286
Spotsylvania	10.49%	\$9,200,183	\$4,318,814	\$289,589			\$4,558,199
Total	100.00%	\$87,686,175	\$41,162,258	\$2,760,044	\$43,763,873	\$320,061	\$43,443,812
<u>Subsidy Calculation</u>	[Col 19] Oct Survey Participants' Fare Revenue %	[Col 20] Participants' Fare Revenue \$	[Col 18] (repeated) Participants' Net Costs \$	[Col 21] Proposed FY 2012 Budget Based on 10/06/10 Survey	[Col 22] Actual FY2010 Subsidy	[Col 23] Net Change \$	[Col 24] Net Change %
Alexandria				\$129,944	\$130,974	(\$1,030)	-0.79%
Arlington				\$190,117	\$191,624	(\$1,507)	-0.79%
Fairfax County	20.938%	\$5,825,043	\$10,702,004	\$4,876,961	\$4,906,693	(\$29,732)	-0.61%
Fredericksburg	4.210%	\$1,171,097	\$1,591,663	\$420,566	\$405,980	\$14,586	3.59%
Manassas	5.091%	\$1,416,192	\$2,234,186	\$817,993	\$871,611	(\$53,618)	-6.15%
Manassas Park	3.446%	\$958,789	\$1,525,293	\$366,504	\$544,763	\$21,741	3.99%
Prince William County	34.344%	\$9,554,561	\$15,413,568	\$5,859,007	\$6,384,660	(\$525,654)	-8.23%
Stafford County	19.734%	\$5,490,116	\$7,995,921	\$2,505,805	\$2,634,002	(\$128,197)	-4.87%
Spotsylvania	12.236%	\$3,404,159	\$3,981,179	\$577,020	\$0	\$577,020	#DIV/0!
Total	100.0000%	\$27,819,956	\$43,443,812	\$15,943,917	\$16,070,307	(\$126,390)	-0.79%
<u>Fares</u>	[Col 25]						
Participants Residents'	27,819,956.14						
"System-wide"	2,760,043.86						
FY 2008 Total	\$30,580,000.00						

FY12 VRE - Source and Use Budget Worksheet

LEVEL OF SERVICE FOR FY 2012 32 trains 17,350 average daily riders 12,890,000 Amtrak 5,380,000  
 Leases 12,890,000 NS 2,940,000  
 Recapitalization 12,890,000 CSXT 4,570,000  
 Add'l funding needed 12,890,000 Total 12,890,000

USES OF FUNDS	SOURCES OF FUNDS						EARMARK/ OTHER	TOTAL
	FARE INCOME	INTEREST	EQUIP RENT AND MISC.	LOCAL SUBSIDY	STATE OPERATING CAPITAL	STATE STIP		
Operating Expenses	30,580,000	61,000	126,000	5,093,372	5,294,949	10,312,000	924,000	53,795,821
Non-Operating Expenses:								
Insurance Reserve	4,100,000			4,100,000				4,100,000
Operating Reserve/Contingency	1,362,551			1,362,551				1,362,551
Debt Svc (1998 Bond)	6,906,931			3,494,153				6,906,931
Debt Svc (Gallery IV) (11 Cabcars)	1,931,357			0	193,136		1,545,086	1,931,357
Office Loan	75,408			75,408				75,408
Other (Bad Debt/Admin)	50,000			50,000				50,000
Debt Svc 60 Railcars (Local)	110,442			110,442				110,442
Debt Svc 60 Railcars (Fed/State/Local)	4,664,665			466,466			3,731,732	4,664,665
Non-Operating Summary	19,201,354	0	0	9,577,645	193,136	0	5,276,817	19,201,354
Total Expenses (Subtotal)	72,997,175	61,000	126,000	14,671,017	5,558,256	10,312,000	6,200,817	72,997,175
Capital Projects:								
Facilities Infrastructure	10,000			2,000			8,000	10,000
Broad Run Maintenance	10,000			2,000			8,000	10,000
Fare Collection Upgrade	10,000			2,000			8,000	10,000
Rolling Stock	5,749,000			574,900			4,599,200	5,749,000
Rolling Stock Mods	10,000			2,000			8,000	10,000
Spotylvania Third Track	5,900,000			590,000			4,720,000	5,900,000
Mid-day Storage	1,000,000			100,000			800,000	1,000,000
Capital Project Summary	12,689,000	0	0	1,272,900	1,264,900	0	10,151,200	12,689,000
Earmarks/Capital:								
Rolling Road Platform Extension	2,000,000			0	400,000		1,600,000	2,000,000
Earmark Summary	2,000,000	0	0	0	400,000	0	1,600,000	2,000,000
TOTAL	87,686,175	61,000	126,000	15,943,918	7,223,156	10,312,000	7,801,817	87,686,175

USES OF FUNDS	SOURCES OF FUNDS						EARMARK/ OTHER	TOTAL
	FARE INCOME	INTEREST	EQUIP RENT AND MISC.	LOCAL SUBSIDY	STATE OPERATING CAPITAL	STATE STIP		
Operating Expenses	30,580,000	61,000	126,000	5,093,372	5,294,949	10,312,000	924,000	53,795,821
Non-Operating Expenses:								
Insurance Reserve	4,100,000			4,100,000				4,100,000
Operating Reserve/Contingency	1,362,551			1,362,551				1,362,551
Debt Svc (1998 Bond)	6,906,931			3,494,153				6,906,931
Debt Svc (Gallery IV) (11 Cabcars)	1,931,357			0	193,136		1,545,086	1,931,357
Office Loan	75,408			75,408				75,408
Other (Bad Debt/Admin)	50,000			50,000				50,000
Debt Svc 60 Railcars (Local)	110,442			110,442				110,442
Debt Svc 60 Railcars (Fed/State/Local)	4,664,665			466,466			3,731,732	4,664,665
Non-Operating Summary	19,201,354	0	0	9,577,645	193,136	0	5,276,817	19,201,354
Total Expenses (Subtotal)	72,997,175	61,000	126,000	14,671,017	5,558,256	10,312,000	6,200,817	72,997,175
Capital Projects:								
Facilities Infrastructure	10,000			2,000			8,000	10,000
Broad Run Maintenance	10,000			2,000			8,000	10,000
Fare Collection Upgrade	10,000			2,000			8,000	10,000
Rolling Stock	5,749,000			574,900			4,599,200	5,749,000
Rolling Stock Mods	10,000			2,000			8,000	10,000
Spotylvania Third Track	5,900,000			590,000			4,720,000	5,900,000
Mid-day Storage	1,000,000			100,000			800,000	1,000,000
Capital Project Summary	12,689,000	0	0	1,272,900	1,264,900	0	10,151,200	12,689,000
Earmarks/Capital:								
Rolling Road Platform Extension	2,000,000			0	400,000		1,600,000	2,000,000
Earmark Summary	2,000,000	0	0	0	400,000	0	1,600,000	2,000,000
TOTAL	87,686,175	61,000	126,000	15,943,918	7,223,156	10,312,000	7,801,817	87,686,175

Program	Funding	Federal Amt.	State Amt.
Soft Capital Projects	1,931,357	1,545,086	193,136
Debt Service 11 Cabcars	12,890,000	10,312,000	1,289,000
Access lease funding	110,442	-	-
Local only Debt Service 60 Railcars	5,007,5309	-	-
Fed/State/Lo Debt Service 60 Railcars	4,664,665	3,731,732	466,466
	5,007,5309	-	-
	5,007,5309	-	-
	5,007,5309	-	-
Grant & Project Management	425,000	340,000	42,500
Grant & Project Management	330,000	264,000	33,000
Construction Management	200,000	160,000	20,000
Security Enhancements	100,000	80,000	10,000
Signage Enhancements	100,000	80,000	10,000
Subtotal	20,751,463	11,751,200	5,538,236
Capital Projects/Earmarks	14,689,000	11,751,200	1,664,900
Federal Cap Program	35,440,463	28,264,017	7,223,156
Prior Year Funding	1,931,357	1,545,086	193,136

FY11 subsidy 16,070,310  
 FY12 subsidy increase/(decrease) (126,392)

Calculated Operating Reserve: 33%

Federal Reimbursement rate 80%  
 State Match Reimb rate MTF Cap 50%  
 State Match Reimb rate MT Cap 50%  
 State Earmark Match rate 20%

**VRE Fiscal Year 2012 Proposed Program Budget**

	<u>FY 2010 Amended</u>	<u>FY 2010 Actual</u>	<u>FY 2011 Budget</u>	<u>FY 2012 Proposed</u>
<b>Revenue:</b>				
<b>VRE - Non-Departmental</b>				
Fare Revenue	26,917,683	30,019,730	28,100,000	30,560,000
Miscellaneous Revenue	151,500	247,375	151,000	126,000
Appropriation from Reserve				
Jurisdictional Revenue	16,376,967	16,376,967	16,070,309	15,943,917
Other Revenue	-	-	-	193,136
Capital Reserve	-	-	536,250	-
Federal Operating Grants	15,064,175	14,055,249	16,694,686	16,512,817
State Operating/Non-Operating Grants	13,790,149	13,153,781	11,700,546	10,853,205
Federal Capital Grants	8,001,083	13,510,218	16,279,200	11,751,200
State Capital Grants	1,578,862	-	2,174,530	1,664,900
Interest Income	230,000	89,088	150,000	61,000
<b>Total Revenue</b>	<b>82,110,419</b>	<b>87,452,408</b>	<b>91,856,521</b>	<b>87,686,175</b>
<b>Expenditures:</b>				
<b>VRE - Non-Departmental</b>				
Liability Insurance	5,005,000	5,013,236	4,025,000	4,100,000
Operating Reserve/Contingency	1,842,909	1,105,184	1,574,401	1,362,551
Other	3,000,000	1,032,460	-	-
VRE-Financing-Administration Fees	-	-	-	-
<b>Total VRE - Non-Departmental</b>	<b>9,847,909</b>	<b>7,150,880</b>	<b>5,599,401</b>	<b>5,462,551</b>
<b>Executive Mgmt and Planning</b>				
Salaries/Fringes	605,323	569,602	599,835	480,508
Travel/Training/Employee Expenses	7,500	15,329	9,500	9,500
Board Member Expenses	1,500	2,158	3,000	3,000
Legal/Audit	75,000	95,400	75,000	75,000
Consulting/Professional/Other	70,500	49,770	54,000	47,000
<b>Total Executive Mgmt and Planning</b>	<b>759,823</b>	<b>732,259</b>	<b>741,335</b>	<b>615,008</b>
<b>Passenger Support Services</b>				
Salaries/Fringes	349,829	413,191	349,314	413,579
Travel/Training/Employee Expenses	7,000	4,263	10,000	9,500
Communication/Other	238,000	180,407	224,000	226,500
Office Administration Expenses	96,500	65,290	96,500	66,500
<b>Total Passenger Support Services</b>	<b>691,329</b>	<b>663,151</b>	<b>679,814</b>	<b>716,079</b>
<b>Public Affairs/Marketing</b>				
Salaries/Fringes	278,956	268,383	279,120	284,638
Travel/Training/Employee Expenses	5,500	601	9,550	9,550
Production/Media/Promotion/Other	185,000	150,187	447,725	447,725
Special Events/Other	7,500	400	7,500	7,500
<b>Total Public Affairs/Marketing</b>	<b>476,956</b>	<b>419,571</b>	<b>743,895</b>	<b>749,413</b>
<b>Planning</b>				
Salaries/Fringes			-	243,098
Travel/Training/Employee Expenses			-	34,100
Professional Services			-	115,600
Ticket Stock/R&M Fare Collection			-	620,000
<b>Total Planning</b>			-	<b>1,012,798</b>
<b>Customer Communications</b>				
Salaries/Fringes	518,619	477,084	521,271	426,865
Travel/Training/Employee Expenses	12,000	9,973	12,000	12,000
Printing/Admin/Other	935,000	797,668	978,500	295,000
<b>Total Customer Communications</b>	<b>1,465,619</b>	<b>1,284,725</b>	<b>1,511,771</b>	<b>733,865</b>
<b>Budget and Finance</b>				
Salaries/Fringes	631,025	651,507	632,981	693,218
Travel/Training/Employee Expenses	15,500	49,888	15,500	10,500
Audit/Maint Service Agreements	105,500	116,329	105,500	110,500
Retail Sales/TLC Commissions	750,000	849,300	681,000	1,170,000
Bank Discounts/Other	226,000	226,447	268,000	268,000
<b>Total Budget and Finance</b>	<b>1,728,025</b>	<b>1,893,471</b>	<b>1,702,981</b>	<b>2,252,218</b>
<b>Communication and Info Tech</b>				
Salaries/Fringes	191,720	213,155	191,835	195,672
Travel/Training/Employee Expenses	18,500	15,350	18,500	18,500
Computer Equipment/Software	210,000	159,082	210,000	210,000
Communications	385,000	365,826	400,000	400,000
Repairs and Maintenance - Fare Collection/Trip One	30,000	12,366	20,000	20,000
<b>Total Communication and Info Tech</b>	<b>835,220</b>	<b>765,779</b>	<b>840,335</b>	<b>844,172</b>

VRE Fiscal Year 2012 Proposed Program Budget

	FY 2010 Amended	FY 2010 Actual	FY 2011 Budget	FY 2012 Proposed
<b>Construction and Cap Proj</b>				
Salaries/Fringes	561,422	539,416	542,504	553,354
Travel/Training/Employee Expenses	14,500	33,714	26,000	21,000
Other Professional Services/Other Expenses	132,500	155,351	130,000	131,000
<b>Total Construction and Cap Proj</b>	<b>708,422</b>	<b>728,481</b>	<b>698,504</b>	<b>705,354</b>
<b>Facilities Maintenance/Operations &amp; Safety</b>				
Salaries/Fringes	241,777	253,339	233,356	218,629
Travel/Training/Employee Expenses	5,200	2,260	8,450	4,400
Vehicle/Office/Other Professional Service	96,500	94,350	93,500	90,000
Station Electricity/Utilities/Taxes	609,000	574,714	600,000	574,500
Materials and Supplies - Stations	100,000	50,922	20,000	35,000
Repairs and Maintenance - Stations/Parking/Yards	1,800,000	2,019,115	1,950,000	2,200,000
Station/Yard Security/Other	250,000	305,092	260,000	240,000
<b>Total Facilities Maint/Operations and Safety</b>	<b>3,102,477</b>	<b>3,299,792</b>	<b>3,165,306</b>	<b>3,362,529</b>
<b>Purchasing and Contract Admin</b>				
Salaries/Fringes	200,864	211,364	204,044	210,665
Travel/Training/Employee Expenses	62,748	57,958	63,702	65,088
<b>Total Purchasing and Contract Admin</b>	<b>263,612</b>	<b>269,322</b>	<b>267,746</b>	<b>275,753</b>
<b>Equipment Operations</b>				
Salaries/Fringes	377,803	393,987	378,029	379,587
Travel/Training/Employee Expenses	11,750	56,181	13,000	14,000
Consulting/Admin/Warehouse Management	110,000	121,769	120,000	155,000
Equipment/Warehouse Leases	210,000	183,062	210,000	67,000
Utilities	619,500	686,627	780,000	1,053,000
Diesel Fuel	4,667,205	3,755,262	4,474,498	4,760,000
Repairs and Maintenance - Rolling Stock	2,450,000	3,045,823	2,745,000	2,075,000
Warehouse Management	350,000	266,779	-	-
<b>Total Equipment Operations</b>	<b>8,796,258</b>	<b>8,509,490</b>	<b>8,720,526</b>	<b>8,503,587</b>
<b>PRTC</b>				
Professional Services	152,000	92,344	152,000	117,000
<b>Total PRTC</b>	<b>152,000</b>	<b>92,344</b>	<b>152,000</b>	<b>117,000</b>
<b>NVTC</b>				
Professional Services	70,000	70,000	70,000	70,000
<b>Total NVTC</b>	<b>70,000</b>	<b>70,000</b>	<b>70,000</b>	<b>70,000</b>
<b>Keolis</b>				
Contract Operations and Maintenance	-	191,504	17,972,929	17,296,045
<b>Total Keolis</b>	<b>-</b>	<b>191,504</b>	<b>17,972,929</b>	<b>17,296,045</b>
<b>Amtrak</b>				
Contract Operations and Maintenance	19,801,175	18,063,446	3,021,000	3,652,000
<b>Total Amtrak</b>	<b>19,801,175</b>	<b>18,063,446</b>	<b>3,021,000</b>	<b>3,652,000</b>
<b>Amtrak Access Fees</b>				
Access Fees	3,218,910	3,177,346	5,100,000	5,380,000
<b>Total Amtrak Access Fees</b>	<b>3,218,910</b>	<b>3,177,346</b>	<b>5,100,000</b>	<b>5,380,000</b>
<b>Norfolk Southern</b>				
Access Fees	1,890,000	1,890,234	1,965,000	2,385,000
Contract Operations and Maintenance	510,000	494,460	535,000	555,000
<b>Total Norfolk Southern</b>	<b>2,400,000</b>	<b>2,384,694</b>	<b>2,500,000</b>	<b>2,940,000</b>
<b>CSXT</b>				
Access Fees	3,708,950	3,586,374	3,900,000	4,030,000
Contract Operations and Maintenance	500,000	587,133	520,000	540,000
<b>Total CSXT</b>	<b>4,208,950</b>	<b>4,173,507</b>	<b>4,420,000</b>	<b>4,570,000</b>
<b>CIP Expenditures</b>				
CIP Expenditures	10,001,354	-	20,349,000	14,689,000
<b>Total CIP Expenditures</b>	<b>10,001,354</b>	<b>-</b>	<b>20,349,000</b>	<b>14,689,000</b>
<b>CIP VRE - Non-Departmental</b>				
Debt Service	13,582,380	12,861,226	13,599,979	13,738,803
<b>Total CIP VRE - Non-Departmental</b>	<b>13,582,380</b>	<b>12,861,226</b>	<b>13,599,979</b>	<b>13,738,803</b>
<b>Total Expenditures</b>	<b>82,110,419</b>	<b>66,730,990</b>	<b>91,856,521</b>	<b>87,666,175</b>
<b>Net</b>	<b>-</b>	<b>20,721,418</b>	<b>(1)</b>	<b>-</b>

**CAPITAL IMPROVEMENTS PROGRAM**

**FISCAL YEAR 2012**

**VIRGINIA RAILWAY EXPRESS**

**December 2010**



## Introduction

The FY 2012 Virginia Railway Express (VRE) Capital Improvement Program (CIP) is an integrated set of projects and programs that will improve passenger safety, operational efficiency, and expand capacity. The capital improvements described on the following pages are designed to attract more riders through greater reliability, faster operating speeds and improved station access. In addition to project descriptions, this document also provides information on agency cooperation and programming criteria. Projects are included in the CIP as funded and partially funded.

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

The CIP is fiscally constrained and the program of projects is based on reasonably assumed funding only. Parking and station projects are assumed to be the financial responsibility of the jurisdiction, with VRE support and assistance. These projects are not funded using VRE formula funding but may be listed in the CIP if appropriations have been received. Potential earmarks are not shown in this document until after they are fully allocated by the funding agency.

## VRE CIP Policy Statement

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

## Programming Process

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

- ❖ Provide full funding for adopted CIP projects mandated by legislation.
- ❖ Provide full funding for adopted CIP projects required by agreements with railroads, localities, or related entities.

- ❖ Identify and fund projects that maintain facilities and rolling stock in a state of good repair.
- ❖ Identify and fund projects that advance the VRE mission of increased riders while maintaining safety and reliability standards.
- ❖ Identify and fund projects that improve operational efficiency and costs.

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

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

## CIP Document Organization

The CIP text provides information on construction projects planned for FY 2012 – FY 2017 based primarily on the Phase II Strategic Plan. These project descriptions include a summary regarding budget, funding and schedule.

Administrative and/or on-going system projects are grouped together at the end of the document. The CIP is fiscally constrained and the program of projects is based on reasonably assumed funding only.

### **Project: Fare Collection III**

**Description:** VRE's current fare collection system was installed in 2002. As the lead time for a new fare collection system is several years, preliminary work is scheduled to begin this year.

#### **Current Phase:**

- conceptual       preliminary planning       environmental  
 design/eng.       procurement       construction

**Schedule:** A design and solicitation package for this new system is currently being developed. A solicitation is expected to be initiated in mid 2012.

#### **Budget:**

- Total estimated cost: TBD
- Total CIP budget: \$2.01 million
- Annual Operating Cost: to be estimated once system design has been initiated.

**Funding Source:** Funding is currently made up of federal formula funds.

### **Project: Heavy Maintenance and Repair Facility**

**Description:** Currently, VRE can perform equipment maintenance and running repairs at both the Crossroads and Broad Run yards. In the near future, VRE will also need to perform heavy repairs, including the replacement of traction motors and wheels, rather than have equipment sent off site for the work.

Current Phase:

- conceptual       preliminary planning       environmental  
 design/eng.       procurement       construction

Schedule:    TBD

Budget:

- Total estimated cost: \$35 million
- Total CIP budget: \$17.0 million
- Annual Operating cost: to be estimated once limits of facility design have been determined.

Funding Source: Funding is made up of VRE federal formula funds.

**Project:    Mid-day Storage**

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

Current Phase:

- conceptual       preliminary planning       environmental  
 design/eng.       procurement       construction

Schedule:    TBD

Budget:

- Total estimated cost: \$40 million
- Total CIP budget: \$14.3 million
- Annual Operating cost: to be estimated once limits of facility design have been determined.

Funding Source: Funding is made up of VRE federal formula funds.

**Project: Rolling Road Platform Project**

Description: VRE and Fairfax County have received CMAQ funding to pursue construction of a platform extension at the Rolling Road VRE station. This project will not only expand capacity on the platform, but also improve operational efficiency.

Current Phase:

- conceptual       preliminary planning       environmental  
 design/eng.       procurement       construction

Schedule: TBD

Budget:

- Total estimated cost: TBD
- Total CIP budget: \$2 million
- Annual Operating Cost: to be estimated once design has been initiated.

Funding Source: Funding is currently made up of CMAQ funding.

**Project: Rolling Stock Purchase**

Description: This project will procure a minimum of fifteen new railcars to replace the twenty existing Gallery cars currently in operation. Option to purchase up to fifty cars over a five year period is included in the procurement.

Current Phase:

- conceptual       preliminary planning       environmental  
 design/eng.       procurement       construction

Schedule: Development of solicitation specifications as well as financing options are currently underway. The solicitation will be released once financing for a minimum order can be obtained.

**Budget:**

- Total estimated cost: \$120 million for 50 railcars; \$50.4 million for 21 railcars to support current six year plan.
- Total CIP budget: \$11.6 million
- Annual Operating cost: development of lifecycle operating costs for new cars is in progress

**Funding Source:** Funding is made up of VRE federal formula funds.

**Project: Spotsylvania Third Track**

**Description:** The Spotsylvania Third Track project will design and construct a third track from Crossroads to Hamilton. This project is required to facilitate the opening of the new Spotsylvania VRE station by providing the needed track capacity for this new service.

**Current Phase:**

- conceptual       preliminary planning       environmental  
 design/eng.       procurement       construction

**Schedule:** Engineering and environmental work is expected to begin in January of 2011 and take eight months to complete.

**Budget:**

- Total estimated cost: \$20 million
- Total CIP budget: \$20 million
- Annual Operating cost: will be in the form of track lease payments to railroad based on usage

**Funding Source:** Funding is made up of VRE operating and federal formula funds.

## **Administrative, System, and Reoccurring Projects**

1. **Construction Management** – funding is used to provide construction management services that require more time than available through VRE staff. Specific needs can include on-site management of construction projects or assistance with specific environmental or historical elements. ***Annual allocation in FY 2012 is \$200,000.***
2. **Enhancement Grant** - grantees must certify that at least 1% of funding received each fiscal year is being used for transit enhancement projects. For FY 2012, VRE's primary use of this funding is lighting, pedestrian improvements, electronic customer communications and station and equipment signage. ***Annual allocation in FY 2012 is \$100,000.***
3. **Facilities Infrastructure Renewal** - as VRE ages, some of the original facilities are in need of repairs and/or maintenance. Affecting each station, this project ranges from minor repairs to facility rehabilitation. Projects anticipated for the upcoming fiscal year include station painting and windscreen installation. ***Annual allocation in FY 2012 is \$10,000.***
4. **Grant and Project Management** – funding allocated to this project supports staff grant work as well as project management. These expenses are capitalized into grants, reserving operating funds for the provision of service. ***Annual allocation in FY 2012 is \$755,000.***
5. **Rolling Stock Modifications** - project scope includes technical fieldwork that improves passenger travel and crew working conditions. Tasks may also include responding to requests for minor upgrades and safety mandates from the Federal Railroad Administration (FRA). Funding is allocated on an annual basis. ***Annual allocation in FY 2012 is \$10,000.***
6. **Security Enhancements** - grantees must certify that at least 1% of funding received each fiscal year is being used for transit security projects. VRE's primary use of this funding is the Systems Safety consultant. The remaining allocation is used for security infrastructure projects. ***Annual allocation in FY 2012 is \$100,000.***
7. **Sumitomo Acquisition (cab cars)** – this project makes annual finance payments on the 11 bi-level Sumitomo cab cars VRE purchased in 2006. The CIP programs an annual payment which represents the cost of financing this equipment over 25 years. ***Annual payment in FY 2012 is \$1,932,000.***
8. **Sumitomo Acquisition (50 bi-level option)** – this project makes annual finance payments on the 50 bi-level Sumitomo railcars VRE purchased in 2006. The CIP

programs an annual payment which represents the cost of financing this equipment over 25 years. **Annual payment in FY 2012 is \$3,608,000.**

9. Sumitomo Acquisition (10 railcars) – this project makes annual finance payments on the 10 bi-level Sumitomo railcars VRE purchased in 2008 to replace the Kawasaki railcars sold to Maryland. The CIP programs an annual payment which represents the cost of financing this equipment over 25 years. **Annual payment in FY 2012 is \$1,057,000.**

10. Track Lease/Improvements - currently scheduled and proposed increases in commuter rail service have demonstrated the need for capitalized access. These improvements could include long-term leases, capital improvements and increased maintenance on the railroad tracks, stations, and terminals. This project occurs on an annual basis. **Annual payment in FY 2012 is \$12,890,000.**

### Unfunded Potential Projects

As VRE's ridership continues to grow, capital needs have begun to outpace available resources. As a result, not all capital projects can be fully funded. While efforts continue to be made to seek funding from other sources, a list of unfunded projects is listed at the bottom of the chart below.

### FY 2012 – FY 2017 Projects

Project	Est							Funded Total
	Project Cost	FY12	FY13	FY14	FY15	FY16	FY17	
Spotsylvania Third Track	20.0M	5.9M	4.0M	6.0M	4.1M			20.0M
Mid-Day Storage	40.0M	1.0M	2.4M	3.2M	6.0M	1.8M		14.4M
Rolling Stock	50.4M	5.7M	1.9M	0.7M	0.8M	2.5M		11.6M
Fare Collection System	4.0M	*	2.0M					2.1M
Facilities Infra Renewal	N/A	*	0.5M	1.0M	0.1M	0.2M	*	1.9M
Rolling Stock Mods	N/A	*	*	*	*	*	*	0.3M
Heavy Maint Repair Facility	35.0M	*	*	*	0.3M	8.7M	7.8M	17.0M
Rolling Road Platform	2.0M	2.0M						2.0M
<b>Unfunded:</b>								
Heavy Maint Repair Facility	35.0M					18.0M		18.0M
Positive Train Control	15.0M		7.5M	7.5M				15.0M
10-Year Railtruck Overhaul	12.8M						11.3M	11.3M
Legacy Gallery Car Rehab	20.0M		7.0M	7.0M	6.0M			20.0M
Mid-Day Storage	40.0M		6.4M	6.4M	6.4M	6.4M		25.6M
Rolling Stock	50.4M	7.7M	7.7M	7.7M	7.7M	8.0M		38.8M

\* \$50k or less



## VIRGINIA RAILWAY EXPRESS ASSUMPTIONS FOR SIX YEAR FINANCIAL FORECAST

1. Operating ratio maintained at 55% or higher
2. Level of Service
  - a. 32 trains for FY 2012
    - i. Turnback train on the Manassas line
  - b. 32 trains for FY 2013
  - c. 32 trains for FY 2014
  - d. 34 trains for FY 2015
    - i. Manassas line train
  - e. 34 trains for FY 2016
  - f. 34 trains for FY 2017
3. Operating Costs
  - a. Increase in base costs varies by year, based on annual ridership increase
  - b. Keolis, Amtrak, fuel, track leases and debt service tracked separately
4. Fare Revenue
  - a. Increased 4% FY 2013 – FY 2017
5. Other Revenue:
  - a. Interest income increases at 0% per year
  - b. Other income increases 0% per year
6. Grant Income:
  - a. Access lease funding (SSTP) equal to 80% of access lease expenses – assumes Commonwealth to fund access lease cost for all added trains
  - b. Federal capital program is shown as in six year CIP
  - c. State operating based on grant increases at 3% per year
  - d. State capital grant matched at 35% in FY 2012; 40% in FY 2013 – FY 2017
  - e. No provision for earmarks
7. Local Subsidy:
  - a. Increased 0% FY 2012 – FY 2017

**FY12 Six Year Financial Forecast**

Description	FY11	FY12	FY13	FY14	FY15	FY16	FY17	Comments
Number of Trains	30	32	32	34	34	34	34	
Manassas Line	16	18	18	20	20	20	20	
Fredericksburg Line	14	14	14	14	14	14	14	
Average Daily Ridership	16,200	17,350	17,430	17,600	17,925	18,100	18,385	
Average Fare Price	6.91	7.30	7.30	7.60	7.90	8.21	8.54	4% FY13 - FY17
Potential Operating Ratio	75%	75%	75%	77%	77%	78%	80%	
<b>Use of Funds for Operations</b>								
Net Operating Expenses	14,819,715	15,197,777	15,267,853	15,416,765	15,701,449	15,854,741	16,104,388	Based on annual revenue increase
Reserves (Operating/Insurance)	5,599,401	5,462,551	4,615,829	4,886,214	5,296,092	5,131,931	5,189,309	Insurance payments per schedule
Amtrak (2)	3,021,000	3,652,000	3,871,120	4,103,387	4,349,590	4,610,566	4,887,200	
Keolis (3)	17,972,929	17,296,045	17,987,886	18,707,402	19,965,435	20,764,053	21,594,615	
Fuel (4)	4,474,498	4,760,000	5,045,600	5,348,338	5,875,782	6,228,307	6,602,006	
Track Lease Expense (6)	12,020,000	12,890,000	13,405,600	14,313,873	15,262,189	15,872,677	16,507,584	
Debt Service	13,549,978	13,688,803	13,685,942	13,684,031	8,474,114	8,471,528	8,468,942	
Other (Bad Debt/Admin)	50,000	50,000	50,000	50,000	50,000	50,000	50,000	
Total Operating Costs	71,507,520	72,997,175	73,929,830	76,510,008	74,974,631	76,983,802	79,404,042	
<b>Sources of Funds For Operations</b>								
Fare Revenue	28,100,000	30,580,000	31,822,553	33,418,245	35,396,757	37,172,025	39,267,624	2% Annual ridership increase
Interest Income	150,000	61,000	61,000	61,000	61,000	61,000	61,000	
Other Income	151,000	126,000	126,000	126,000	126,000	126,000	126,000	
Other Revenue	-	-	-	-	-	-	-	
State Operating Grant	7,702,562	5,294,949	5,453,798	5,617,412	5,785,934	5,959,512	6,138,297	
State Capital Grant	3,997,984	5,558,256	4,694,844	4,505,160	2,469,481	2,518,440	2,569,254	Includes debt service and soft capital revenue
Federal Grants:								
Access Lease Funding - SS/TP	9,616,000	10,312,000	10,724,480	11,451,088	12,209,751	12,698,141	13,206,067	
Federal Operating Funds (Debt service & loans)	5,365,086	5,276,817	5,276,817	5,276,817	5,276,817	5,276,817	5,276,817	
Other Federal Revenues	1,713,600	924,000	951,720	980,272	1,009,680	1,039,970	1,071,169	
Total Operating Revenues	56,796,232	58,133,022	59,111,212	61,436,004	62,335,421	64,851,906	67,716,229	
Surplus/(Deficit) for Operations	(14,711,289)	(14,864,153)	(14,818,618)	(15,074,004)	(12,639,210)	(12,131,896)	(11,687,813)	
Local Subsidy	16,070,309	15,943,918	15,943,918	15,943,918	15,943,918	15,943,918	15,943,918	0% FY13 - FY17 (Level Subsidy)
Net subsidy available for capital match	1,359,020	1,079,765	1,125,300	869,914	3,304,708	3,812,022	4,256,105	
<b>Use of Funds for Capital Program (1)</b>								
Capital Cost Base Program	20,349,000	14,689,000	10,894,000	11,043,000	11,238,000	11,273,000	10,015,000	
Total Capital Program Costs	20,349,000	14,689,000	10,894,000	11,043,000	11,238,000	11,273,000	10,015,000	
<b>Sources of Funds for Capital Program</b>								
Federal Grants:	80%	80%	80%	80%	80%	80%	80%	
Federal funding - 80% of base program	16,279,200	11,751,200	8,715,200	8,834,400	8,990,400	9,018,400	8,012,000	
Matching Funds								
State Capital Grants - non-federal costs	2,174,530	1,858,036	871,520	883,440	899,040	901,840	801,200	
Local/Other Funds	536,250	-	-	-	-	-	-	
Net local subsidy available for capital match	1,359,020	1,079,765	1,125,300	869,914	3,304,708	3,812,022	4,256,105	
Total Sources of Funding for Capital Program	20,349,000	14,689,000	10,712,020	10,587,754	13,194,148	13,732,262	13,069,305	
Add'l funds required to fund Operations and Capital:	(0)	0	181,980	455,246	(1,956,148)	(2,459,262)	(3,054,305)	
Additional required for operations/base program	(0)	0	181,980	637,226	(1,318,921)	(3,778,183)	(6,832,488)	Positive variance is deficit; negative is surplus
Cumulative Total to Fully Fund Ops and Cap								

(1) Note: "Capital Program" does not include leases, debt service, administrative costs and other operating costs.  
(2) Increase based on 6% (AAR) plus additional engineers/train crew  
(3) Increase based on 4% (CPI) plus additional engineers/train crew  
(4) Increase based on additional trains + 6%  
(5) Increase based on 4% per year + add'l track lease costs per train per line

**VIRGINIA RAILWAY EXPRESS**

**REVISED**

**FISCAL YEAR 2011**

**BUDGET**

**DECEMBER 17, 2010**

# REVISED BUDGET ASSUMPTIONS FOR FY 2011

## General Assumptions:

- Expand to 32-train operation (Manassas turnback train); continue with 30 revenue trains. Lengthen one Manassas and one Fredericksburg train to increase seating capacity and provide additional mid-day storage.

### Operating Revenue

- Fare revenue increased by \$1.9M based on current rider projections to \$30.0M. Factors included current ridership trends plus the impact of a transit benefit decrease.
- The State operating grant is decreased by \$224,000 to reflect the lower grant award.

### Expenses

- Additional net costs of \$316,000 to allow for the addition of the turnback train on the Manassas line, plus the lengthening of one Manassas and one Fredericksburg train.
- IT budget increased by \$115,000 for implementation of Wi-Fi capability.
- Amtrak increased by \$529,000 to reflect contract provisions and higher than anticipated index increases for FY2011.
- CIP expenditures are decreased by \$649,000 to reflect a lower federal formula allocation.

### Grant Funds

- State capital grants increased by \$2.1M to reflect a higher match rate than originally budgeted
- Federal capital grants decreased by \$519,000 to reflect the lower formula allocation
- Transferred resources from several capital projects to fund locomotive 19. Original projects were rolling stock modifications (\$250k), security/signage enhancements (\$20k), facilities infrastructure (\$100k), construction management (\$100k), Railcars 2011 (\$250k), fare collection upgrade (\$400k), mid-day storage (\$1.7M), and contingency (\$158k).

### Contribution to Reserves

- \$1,165,000 is set-aside in the event that the State portion of the capital match for FY 2012 projects cannot be secured for the multi-year Spotsylvania third track and rolling stock projects.

- \$1,000,000 is programmed to fund the initial inventory for the new locomotives, which would otherwise result in a reduction to working capital.

**VRE Fiscal Year 2011 Amended Budget**

	<u>FY 2011 Budget</u>	<u>FY 2011 Amended</u>	<u>Change</u>
<b>Revenue:</b>			
<b>VRE - Non-Departmental</b>			
Fare Revenue	28,100,000	30,000,000	1,900,000
Miscellaneous Revenue	151,000	151,000	-
Appropriation from Reserve		-	-
Jurisdictional Revenue	16,070,309	16,070,309	-
Other Revenue	-	-	-
Capital Reserve	536,250	165,000	(371,250)
Federal Operating Grants	16,694,686	16,830,686	136,000
State Operating/Non-Operating Grants	11,700,546	12,580,630	880,084
Federal Capital Grants	16,279,200	15,760,210	(518,990)
State Capital Grants	2,174,530	3,131,530	957,000
Interest Income	150,000	150,000	-
<b>Total Revenue</b>	<u>91,856,521</u>	<u>94,839,365</u>	<u>2,982,844</u>
<b>Expenditures:</b>			
<b>VRE - Non-Departmental</b>			
Liability Insurance	4,025,000	4,025,000	-
Operating Reserve/Contingency	1,574,401	1,873,141	298,740
Other/Appropriation to Reserves	-	2,166,841	2,166,841
VRE-Financing-Administration Fees	-	-	-
<b>Total VRE - Non-Departmental</b>	<u>5,599,401</u>	<u>8,064,982</u>	<u>2,465,581</u>
<b>Executive Mgmt and Planning</b>			
Salaries/Fringes	599,835	671,335	71,500
Travel/Training/Employee Expenses	9,500	9,500	-
Board Member Expenses	3,000	3,000	-
Legal/Audit	75,000	75,000	-
Consulting/Professional/Other	54,000	54,000	-
<b>Total Executive Mgmt and Planning</b>	<u>741,335</u>	<u>812,835</u>	<u>71,500</u>
<b>Passenger Support Services</b>			
Salaries/Fringes	349,314	407,814	58,500
Travel/Training/Employee Expenses	10,000	10,000	-
Communication/Other	224,000	224,000	-
Office Administration Expenses	96,500	96,500	-
<b>Total Passenger Support Services</b>	<u>679,814</u>	<u>738,314</u>	<u>58,500</u>
<b>Public Affairs/Marketing</b>			
Salaries/Fringes	279,120	279,120	-
Travel/Training/Employee Expenses	9,550	9,550	-
Production/Media/Promotion/Other	446,725	446,725	-
Special Events/Other	8,500	8,500	-
<b>Total Public Affairs/Marketing</b>	<u>743,895</u>	<u>743,895</u>	<u>-</u>
<b>Operations and Communications</b>			
Salaries/Fringes	521,271	391,271	(130,000)
Travel/Training/Employee Expenses	12,000	12,000	-
Printing/Admin/Other	978,500	978,500	-
<b>Total Operations and Communications</b>	<u>1,511,771</u>	<u>1,381,771</u>	<u>(130,000)</u>
<b>Budget and Finance</b>			
Salaries/Fringes	632,981	632,981	-
Travel/Training/Employee Expenses	16,000	16,000	-
Audit/Maint Service Agreements	105,000	105,000	-
Retail Sales/TLC Commissions	681,000	681,000	-
Bank Discounts/Other	268,000	268,000	-
<b>Total Budget and Finance</b>	<u>1,702,981</u>	<u>1,702,981</u>	<u>-</u>
<b>Communication and Info Tech</b>			
Salaries/Fringes	191,835	191,835	-
Travel/Training/Employee Expenses	18,500	18,500	-
Computer Equipment/Software	210,000	325,000	115,000
Communications	400,000	400,000	-
Repairs and Maintenance - Fare Collection/Trip One	20,000	20,000	-
<b>Total Communication and Info Tech</b>	<u>840,335</u>	<u>955,335</u>	<u>115,000</u>

VRE Fiscal Year 2011 Amended Budget

	<u>FY 2011 Budget</u>	<u>FY 2011 Amended</u>	<u>Change</u>
<b>Construction and Cap Proj</b>			
Salaries/Fringes	542,504	542,504	-
Travel/Training/Employee Expenses	26,000	26,000	-
Other Professional Services/Other Expenses	130,000	130,000	-
<b>Total Construction and Cap Proj</b>	<u>698,504</u>	<u>698,504</u>	<u>-</u>
<b>Facilities Maintenance/Safety &amp; Security</b>			
Salaries/Fringes	233,356	233,356	-
Travel/Training/Employee Expenses	8,450	8,450	-
Vehicle/Office/Other Professional Service	94,500	94,500	-
Station Electricity/Utilities/Taxes	599,000	599,000	-
Materials and Supplies - Stations	20,000	20,000	-
Repairs and Maintenance - Stations/Perking/Yards	1,950,000	1,950,000	-
Station/Yard Security	260,000	262,000	2,000
<b>Total Facilities Maintenance</b>	<u>3,165,306</u>	<u>3,167,306</u>	<u>2,000</u>
<b>Purchasing and Contract Admin</b>			
Salaries/Fringes	265,146	265,146	-
Travel/Training/Employee Expenses	2,600	2,600	-
<b>Total Purch and Contract Admin</b>	<u>267,746</u>	<u>267,746</u>	<u>-</u>
<b>Equipment Operations</b>			
Salaries/Fringes	378,029	378,029	-
Travel/Training/Employee Expenses	13,000	13,000	-
Consulting/Admin/Warehouse Management	120,000	120,000	-
Equipment/Warehouse Leases	210,000	210,000	-
Utilities	780,000	780,000	-
Diesel Fuel	4,474,498	4,564,498	90,000
Materials and Supplies - Equipment/Yards	-	-	-
Repairs and Maintenance - Rolling Stock	2,745,000	2,745,000	-
Car Cleaning	-	-	-
<b>Total Equipment Operations</b>	<u>8,720,526</u>	<u>8,810,526</u>	<u>90,000</u>
<b>PRTC</b>			
Professional Services	152,000	152,000	-
<b>Total PRTC</b>	<u>152,000</u>	<u>152,000</u>	<u>-</u>
<b>NVTC</b>			
Professional Services	70,000	70,000	-
<b>Total NVTC</b>	<u>70,000</u>	<u>70,000</u>	<u>-</u>
<b>Keolis</b>			
Contract Operations and Maintenance	17,972,929	18,112,929	140,000
<b>Total Keolis</b>	<u>17,972,929</u>	<u>18,112,929</u>	<u>140,000</u>
<b>Amtrak</b>			
Contract Operations and Maintenance	3,021,000	3,550,000	529,000
<b>Total Amtrak</b>	<u>3,021,000</u>	<u>3,550,000</u>	<u>529,000</u>
<b>Amtrak Access Fees</b>			
Access Fees	5,100,000	5,220,000	120,000
<b>Total Amtrak Access Fees</b>	<u>5,100,000</u>	<u>5,220,000</u>	<u>120,000</u>
<b>Norfolk Southern</b>			
Access Fees	1,965,000	2,135,000	170,000
Contract Operations and Maintenance	535,000	535,000	-
<b>Total Norfolk Southern</b>	<u>2,500,000</u>	<u>2,670,000</u>	<u>170,000</u>
<b>CSXT</b>			
Access Fees	3,900,000	3,900,000	-
Contract Operations and Maintenance	520,000	520,000	-
<b>Total CSXT</b>	<u>4,420,000</u>	<u>4,420,000</u>	<u>-</u>
<b>CIP Expenditures</b>			
CIP Expenditures	20,349,000	19,700,263	(648,737)
<b>Total CIP Expenditures</b>	<u>20,349,000</u>	<u>19,700,263</u>	<u>(648,737)</u>
<b>CIP VRE - Non-Departmental</b>			
Debt Service	13,599,978	13,599,978	-
Depreciation/Amortization	-	-	-
<b>Total CIP VRE - Non-Departmental</b>	<u>13,599,978</u>	<u>13,599,978</u>	<u>-</u>
<b>Total Expenditures</b>	<u>91,856,520</u>	<u>94,839,364</u>	<u>2,982,844</u>
<b>Net</b>	<u>0</u>	<u>0</u>	<u>0</u>

MASTER AGREEMENT FOR PROVISION OF COMMUTER  
RAIL SERVICES IN NORTHERN VIRGINIA --  
ESTABLISHMENT OF THE VIRGINIA RAILWAY EXPRESS

*Proposed Amendment 12-2010*

I. INTRODUCTION

A. PARTIES

This MASTER AGREEMENT is entered into between and among the Northern Virginia Transportation Commission, hereinafter referred to as "NVTC", the Potomac and Rappahannock Transportation Commission, hereinafter referred to as "PRTC", both of which shall collectively be referred to as "the COMMISSIONS," the jurisdictions of Fairfax County, the City of Manassas, Prince William County, Stafford County, the City of Manassas Park and the City of Fredericksburg, hereinafter referred to as the "PARTICIPATING JURISDICTIONS," and the jurisdictions of the City of Alexandria and Arlington County, hereinafter referred to as the "CONTRIBUTING JURISDICTIONS."

B. NAME OF THE COMMUTER RAIL SERVICE

The commuter rail service established hereby shall be known as the VIRGINIA RAILWAY EXPRESS.

C. PURPOSES

The purposes of this MASTER AGREEMENT are:

(1) to provide for the operation and maintenance of commuter rail service by acquiring the necessary capital equipment and financing therefor; to provide for the construction of necessary platforms, stations, parking areas, storage facilities, and all other facilities necessary for the operation of commuter rail service; to establish an adequate plan of insurance; and to pay for the operation and maintenance of a commuter rail service project consisting of trains making round trips on each of two lines originating in the Manassas area and the Fredericksburg area to Union Station in the District of Columbia, ("D.C. Service"), , or, as a contingency plan until the D.C. service can begin, to Crystal City, Virginia, ("Crystal City contingency plan"), according to formulae set forth herein;

(2) to agree and commit to a complete financial plan, and the procedure by which annual budgets shall be developed that are satisfactory to the PARTICIPATING and CONTRIBUTING JURISDICTIONS;

(3) to secure funding from state, federal and local sources for the capital and operating costs of the project and to allocate the costs thereof;

(4) to establish and organize responsibility for the administration and operation of commuter rail services and for the administration of contracts, leases and other agreements entered into by the COMMISSIONS for such service;

(5) to authorize the COMMISSIONS to execute all appropriate and necessary contracts with the National Railroad Passenger Service Corporation (Amtrak), the Richmond, Fredericksburg and Potomac Railroad Company (RF&P), the Southern Railway Company (Southern), the Consolidated Rail Corporation (Conrail), the Virginia Department of Transportation (VDOT), other appropriate federal agencies and agencies of the Commonwealth



of Virginia, and such other parties as may be required for the provision of the services contemplated hereby;

(6) to provide for land acquisition, the construction of station sites, platforms and parking facilities at mutually agreed locations, and the maintenance of rolling stock; and

(7) such other purposes as are necessary for the efficient capitalization and operation of the Virginia Railway Express.

#### D. EFFECTIVE DATE AND TERM

(1) Effective Date -- This Agreement shall be effective upon a date certain established by the COMMISSIONS, not more than thirty (30) days following the adoption of the pre-revenue service budget, the initial annual budgets for the D.C. service and the Crystal City contingency plan and the initial six (6) year financial plans for the D.C. Service and the Crystal City contingency plan, each provided for herein, by resolution of each of the PARTICIPATING JURISDICTIONS.

(2) After the effective date of the MASTER AGREEMENT, at such time as the COMMISSIONS may deem appropriate, the COMMISSIONS may:

(a) complete the procurement of rail equipment and locomotive vendors and award and execute contracts with such vendors for manufacture of rail passenger equipment and locomotives, such contracts to provide for the acquisition of locomotives and equipment sufficient for the D.C. Service or, at such time as the COMMISSIONS may so determine, in the event revenue service into the District of Columbia cannot occur prior to the start of commuter rail service, then locomotives and equipment sufficient for the Crystal City contingency plan; and

(b) issue bonds or notes in the name of NVTC to finance the purchase of rail passenger equipment and locomotives, insurance costs, and other costs of the commuter rail service as provided for in budgets approved by the parties hereto.

(3) The issuance of bonds by the COMMISSIONS shall not occur until the following conditions precedent have been complied with:

(a) Final agreement has been reached on a contract document ready for execution by Amtrak and the COMMISSIONS for the operation of commuter rail passenger equipment, and for the right to use Amtrak's tracks and facilities for the operation of commuter rail service.

(b) Final agreement has been reached on a contract document ready for execution by the RF&P and the COMMISSIONS for the right to use the RF&P's tracks and facilities for the operation of commuter rail service.

(c) Final agreement has been reached on a contract document ready for execution by the Southern and the COMMISSIONS for the right to use the Southern's tracks and facilities for the operation of commuter rail service.

(d) Final agreement has been reached on a contract document ready for execution by Conrail and the COMMISSIONS for the right to use Conrail's tracks and facilities for the operation of revenue commuter rail service into the District of Columbia, or for non revenue service from Crystal City, Virginia, to the District of Columbia as part of the Crystal City contingency plan.

(e) Final agreement has been reached on an insurance plan, mutually acceptable to the aforesaid railroad companies, the Virginia Division of Risk Management, and the COMMISSIONS, to cover the liabilities arising out of the operation of commuter rail service.

(4) Term -- This Agreement shall continue indefinitely unless terminated sooner as provided herein.

#### E. CONDITIONS PRECEDENT TO START OF RAIL SERVICE

The COMMISSIONS shall establish the starting date of commuter rail service, and the number of trains to be operated initially on each line, in accordance with the provisions of this MASTER AGREEMENT. Commuter rail service may begin contemporaneously or successively on both rail lines, as soon as practical after the effective date of this MASTER AGREEMENT, provided that such service shall not start on a line until the COMMISSIONS are satisfied that:

the station facilities on the line on which service is to begin are substantially ready for commuter service and rail passenger equipment capacity is available to carry at least 75% of estimated initial ridership on that line. Estimated initial ridership for the D.C. Service and for the Crystal City contingency plan shall be based upon the studies entitled Patronage and Revenue Forecasts for the Virginia Railway Express (May 1987) by R.H. Pratt and the Supplemental Patronage and Revenue Forecasts for the VRE (September 13, 1989), attached as Appendices A1 and A2, respectively.

#### F. CRYSTAL CITY CONTINGENCY PLAN

Subsequent to the effective date of this Master Agreement, and prior to the start of commuter rail service, the COMMISSIONS shall determine whether revenue service into the District of Columbia can occur. In the event that the factors necessary to enable the D.C. Service are not, or will not be, in place prior to the start of rail service, including the execution of an agreement with CONRAIL for the use of that railroad's tracks and facilities, then the COMMISSIONS may implement the Crystal City contingency plan authorized hereunder. In such event, those budgets and financial plans contained herein applicable to the Crystal City contingency plan shall determine the costs and expenses of the commuter rail service as funded by the parties hereto.

#### G. DEFINITIONS

As used in this MASTER AGREEMENT, the following words and terms shall have the following meanings unless the context shall indicate another meaning or intent:

(1) "Cost of Commuter Rail Service" shall mean operating and capital costs.

(2) "Capital Costs" shall mean those costs to be paid by the COMMISSIONS for capital items (other than costs, if any, classified as operating costs), including debt service, with respect to capital or operating costs which are financed with borrowed money or other types of deferred payment instruments.

(3) "Operating Costs" or "Operating Expenses" shall mean the expenses or costs of operating and maintaining the Virginia Railway Express, including, without limitation (unless otherwise specifically provided herein), costs of insurance, as defined for the purposes of this Agreement in Section VIII.B.(1), and costs of the COMMISSIONS which are not paid from bond proceeds, including operating reserves.

## II. ORGANIZATION

#### A. CO-ORDINATION BETWEEN NVTC AND PRTC

The COMMISSIONS shall enter into all agreements with third parties necessary to the establishment and operation of the Virginia Railway Express, and the Executive Directors

thereof shall coordinate the presentation of all matters requiring the COMMISSIONS' consent so that decisions required to be reached by both may be made in an efficient and timely fashion.

## B. ESTABLISHMENT OF THE OPERATIONS BOARD

(1) In order that the COMMISSIONS shall have an efficient mechanism for the formulation of operational policy and the execution of decisions required for the commuter rail service, the COMMISSIONS shall enter into an agreement setting forth the COMMISSIONS' relationship, duties and responsibilities regarding the commuter rail service, which agreement may be modified from time to time as the COMMISSIONS deem appropriate. The agreement shall establish a committee responsible to the COMMISSIONS which shall be known as the OPERATIONS BOARD to consist of the number of elected officials hereafter set forth from the governing bodies of each of the PARTICIPATING and CONTRIBUTING JURISDICTIONS selected by the COMMISSION of which the jurisdiction is a member from among its commissioners; and an ex officio representative of the Chairman of the Commonwealth Transportation Board selected as that Chairman shall determine. A copy of the aforesaid agreement, and any subsequent amendments thereto, shall be attached hereto and incorporated herein as Appendix B upon adoption by the COMMISSIONS.

(a) The CONTRIBUTING JURISDICTIONS shall each have one member on the OPERATIONS BOARD, and each may have one alternate appointed from its governing body in the same manner as regular members.

(b) The PARTICIPATING JURISDICTIONS shall each have a number of members on the OPERATIONS BOARD proportionate to the ridership from the jurisdiction as determined in accordance with Section VIII.C. Such number shall be as follows:

- (1) PARTICIPATING JURISDICTIONS with 25% or more of the total system ridership shall have three (3) members on the OPERATIONS BOARD;
- (2) PARTICIPATING JURISDICTIONS with 15% to 24% of total system ridership shall have two (2) members on the OPERATIONS BOARD; and
- (3) PARTICIPATING JURISDICTIONS with less than 15% of total system ridership shall have one (1) member on the OPERATIONS BOARD.
- (4) Each PARTICIPATING JURISDICTION may also have one alternate for each of its regular members appointed from its governing body in the same manner as regular members.

(2) The first members of the OPERATIONS BOARD shall be appointed not later than upon execution of this MASTER AGREEMENT, and shall continue as members until their successors shall have been selected, provided that under no circumstances, except in the case of the Chairman of the Commonwealth Transportation Board's representative, shall membership on the OPERATIONS BOARD continue after a member ceases to be both a member of a governing body from a PARTICIPATING or CONTRIBUTING JURISDICTION and a commissioner of his appointing transportation district commission.

(3) The OPERATIONS BOARD shall elect from among its members a chairman and such other officers as it may deem essential each to serve for a term of one year or until a successor is elected. All officers shall be eligible for reelection.

(4) The OPERATIONS BOARD shall endeavor to conduct its business by consensus to the extent possible. Nonetheless, each jurisdiction represented on the OPERATIONS BOARD shall be entitled to a vote with a weight proportionate to the jurisdiction's annual subsidy determined in accordance with Section VIII.A.(1) and (2) for the then current fiscal year, e.g., a jurisdiction paying 25% of the annual jurisdictional subsidy shall have a vote with a weight equal to 25% of the total. The members of the OPERATIONS BOARD from jurisdictions with more than one representative may each cast an individual vote with a weight based on an equal proportion of the jurisdiction's total voting weight. A quorum of the OPERATIONS BOARD shall consist of a majority of the members which shall include at least one member from a majority of the PARTICIPATING and CONTRIBUTING JURISDICTIONS. The presence of a quorum and a vote of the majority of members present, including at least one affirmative vote from a majority of the members from the PARTICIPATING and CONTRIBUTING JURISDICTIONS, which majority shall constitute not less than sixty percent (60%) of the total annual jurisdictional subsidy, shall be necessary for the OPERATIONS BOARD to take any action. The representative of the Chairman of the Commonwealth Transportation Board shall have one vote on the OPERATIONS BOARD.

(5) The OPERATIONS BOARD shall hold regular meetings at such locations and times as the members may determine, which meetings shall be called and conducted in accordance with such by-laws of the OPERATIONS BOARD as may be adopted by the members thereof. Roberts' Rules of Order, Revised shall govern those procedural matters not set forth in the by-laws.

#### C. FUNCTION OF OPERATIONS BOARD

The OPERATIONS BOARD shall serve as an advisory body to the COMMISSIONS and shall oversee the management, operation and control of operational decisions, functions, affairs and property of the commuter rail service on behalf of the COMMISSIONS, exercising such powers and authority as may be delegated to it by the COMMISSIONS.

(1) FINANCIAL MANAGEMENT -- The OPERATIONS BOARD shall oversee the management of all monies attributable to commuter rail service, including federal and state grant funds and local contributions, consistent with such terms and conditions as may be agreed upon for administration by the Virginia Division of Risk Management of a liability insurance plan. The financial management responsibilities of the OPERATIONS BOARD shall be specified by the COMMISSIONS in the agreement between them (Appendix B), and shall include supervision of funds collected from the sources identified in this MASTER AGREEMENT, maintenance of accounts, investments, and disbursement of funds in accordance with approved budgets.

(2) MAINTENANCE OF ACCOUNTS -- In order to ensure the proper management of the monies of the commuter rail service, for so long as the COMMISSIONS so determine, NVTC shall serve as the repository for all such monies, and shall perform all necessary accounting duties. NVTC shall disburse such funds only on direction of the OPERATIONS BOARD as authorized by the COMMISSIONS.

#### D. COMMUTER RAIL CHIEF EXECUTIVE OFFICER

At such time as the COMMISSIONS may direct, and in no event later than the start of service hereunder, the OPERATIONS BOARD shall recommend a CHIEF EXECUTIVE OFFICER for selection by the COMMISSIONS.

(1) The CHIEF EXECUTIVE OFFICER shall report directly to, and shall act at the direction of, the OPERATIONS BOARD.

(2) With the exception of matters expressly delegated by the COMMISSIONS or the OPERATIONS BOARD to the extent of its own authority, the CHIEF EXECUTIVE OFFICER shall act only upon the prior authorization of the OPERATIONS BOARD.

(3) The OPERATIONS BOARD may direct the CHIEF EXECUTIVE OFFICER to act only to the extent authorized by the COMMISSIONS.

(4) To the extent directed by the OPERATIONS BOARD, as authorized by the COMMISSIONS, the MANAGER shall be responsible for the proper administration of all day to day functions and affairs of commuter rail services, which responsibilities shall include but not be limited to:

(a) monthly reports to the COMMISSIONS regarding matters of administration and operation, including claims management and the financial condition of the commuter rail project;

(b) execution of annual budgets;

(c) day-to-day operational decisions incident to the provision of continuous commuter rail services, including those required in the event of emergency circumstances; and

(d) such other duties as may be delegated by the OPERATIONS BOARD and authorized by the COMMISSIONS.

(5) Until such time as the COMMISSIONS determine otherwise, the CHIEF EXECUTIVE OFFICER shall serve either as an employee of NVTC, paid by the COMMISSIONS as an operating expense, or an independent contractor similarly paid.

#### E. STAFF AND OTHER COMMITTEES

Upon the request of the OPERATIONS BOARD, the COMMISSIONS may employ staff, or retain independent contractors, to serve as technical advisors, consultants and the like useful in discharging the responsibilities of the COMMISSIONS and the OPERATIONS BOARD under this MASTER AGREEMENT, and may establish committees for the purposes set forth herein.

### III. FINANCIAL PLANS AND BUDGETS

#### A. PREPARATION OF SIX-YEAR FINANCIAL PLANS

Together with the annual budget, the preparation of which is provided for in Section III.C., the OPERATIONS BOARD shall annually prepare a revised six-year financial plan for approval by the COMMISSIONS as part of the budget approval process. The financial plan shall contain a six-year forecast and shall be the basis for annual budgets and requests by the COMMISSIONS for financial assistance from the PARTICIPATING JURISDICTIONS in accordance with the funding formulae set forth herein, as well as from the CONTRIBUTING JURISDICTIONS, and other funding sources. The initial six-year plans for service into the District of Columbia and for the Crystal City contingency plan are attached to this MASTER AGREEMENT as Appendices C1 and C2, respectively.

Formulation of the financial plan shall be guided by the following principles:

(1) Accurate and adequate estimates of the costs of operation shall be prepared for all aspects of the project operation, and a preliminary financial plan shall be formulated and presented by the OPERATIONS BOARD to the COMMISSIONS and transmitted to the

PARTICIPATING and CONTRIBUTING JURISDICTIONS on or before September 30 of the preceding fiscal year for their review. A final recommended financial plan shall be presented to the COMMISSIONS on or before December 1 for approval by the COMMISSIONS. The COMMISSIONS shall act by February 1, and, thereafter, transmit to the PARTICIPATING JURISDICTIONS the financial plan together with the budget for the next fiscal year and a request to budget and appropriate their share, as established herein, of the costs of commuter rail service determined pursuant to the formulae set forth in Section VIII.A.(2) for which commuter rail service revenues pledged to the payment thereof are estimated to be insufficient when calculated as provided in Section VIII. The COMMISSIONS shall simultaneously transmit to the CONTRIBUTING JURISDICTIONS a request to contribute to the costs of commuter rail service for the fiscal year.

(2) The COMMISSIONS shall utilize responsible debt financing to the extent that such is financially advantageous to the commuter rail project and is in the interests of the parties hereto. Provided, however, that in no event shall the COMMISSIONS issue a debt related to the commuter rail project, other than that initial debt necessary for the initial acquisition of equipment and facilities to begin service hereunder and the establishment of an insurance reserve, absent the unanimous consent of all parties hereto.

(3) With the exception of fares for the Crystal City contingency plan, fares shall be set to recover, initially, no less than 50% of the annual estimated operating costs unless otherwise agreed to unanimously by the PARTICIPATING JURISDICTIONS, and with the understanding that a shared objective of the COMMISSIONS and the PARTICIPATING JURISDICTIONS will be the periodic adjustment in the fare structure in order to achieve a minimum of 50 % recovery of operating costs from fare revenue.

(4) The costs of commuter rail service shall be borne by the PARTICIPATING JURISDICTIONS subject to, and in accordance with, the formula set forth in Section VIII.A.(2), below; however, the COMMISSIONS shall seek all state aid available to acquire rolling stock.

(5) Costs for parking lots, stations, and other capital costs as provided in Section IV. shall be the responsibility of the PARTICIPATING JURISDICTION in which the improvement is made; however, the COMMISSIONS shall seek financial assistance for these improvements from the Commonwealth's Mass Transit Fund and federal sources.

(6) The COMMISSIONS shall seek funds from the Commonwealth and federal government, and apply such funds for the performance of the responsibilities contained herein in accordance with the provisions of Section IV.B. hereof; no general obligation of PARTICIPATING or CONTRIBUTING JURISDICTIONS shall be required, or established hereby.

(7) Banking, investments, and accounting practices shall be governed by the requirements of state and federal grantor agencies, the terms of the agreement between the COMMISSIONS (Appendix B), operating contract(s), lease payments, and/or any indentures supporting borrowed funds.

(8) PARTICIPATING JURISDICTIONS may attempt to secure funds from private sources to off-set capital costs for which the PARTICIPATING JURISDICTION is responsible; however, securing such funds shall not serve to decrease the financial support which the PARTICIPATING JURISDICTION is otherwise entitled to receive under Section IV. herein.

(9) To the extent federal and state aid is available, the COMMISSIONS shall seek such to fund the costs of commuter rail service, and shall credit the PARTICIPATING JURISDICTIONS with their pro rata share of such aid based on the formula set forth in Section VIII.A.(2).

(10) Such other principles as may be agreed upon by the parties hereto.

## B. INITIAL ANNUAL BUDGETS

(1) The FY 1990 and estimated 1991 pre-revenue capital and operating budgets for the provision of commuter rail services are attached hereto and incorporated herein as Appendices D 1 and D2, and set forth expenses to be incurred prior to, and in preparation for, the start of commuter rail service. The parties hereto understand that approval of this Master Agreement includes approval of the FY 1990 budget, and agree that, upon approval of this Master Agreement, appropriations shall be made in accordance with the FY 1990 budget and payments shall be made in accordance therewith as directed by the COMMISSIONS.

(2) The estimated FY 1992 capital and operating budgets for the provision of commuter rail services into the District of Columbia and for the Crystal City contingency plan are attached hereto and incorporated herein as Appendices E1 and E2, respectively, and set forth the costs of commuter rail service for the start of commuter rail service and its first year of operation.

## C. PREPARATION OF SUBSEQUENT ANNUAL BUDGETS

Commencing with the budget for FY 1991, and consistent with the six-year financial plans (Appendices C 1 and C2) and subsequent revisions thereto, the OPERATIONS BOARD shall prepare a preliminary annual budget to cover the period from July 1 to June 30 of each fiscal year and submit it to the COMMISSIONS, the PARTICIPATING JURISDICTIONS, and the CONTRIBUTING JURISDICTIONS by September 30 of the preceding fiscal year for review and comment. The OPERATIONS BOARD shall receive all comment, written and oral. Thereafter, and upon consideration of the comments received, the OPERATIONS BOARD shall prepare a final recommended annual budget by December 1 for approval by the COMMISSIONS by February 1. Thereafter, the COMMISSIONS shall transmit to the PARTICIPATING JURISDICTIONS a request to budget and appropriate their respective shares of the cost of commuter rail service determined pursuant to the formulae set forth in Section VIII.A.(2) for which commuter rail service revenues pledged to the payment thereof are estimated to be insufficient when calculated as provided in Section VIII. The COMMISSIONS shall simultaneously transmit to the CONTRIBUTING JURISDICTIONS a request to budget and appropriate the funds identified for each in the final recommended annual budget. Once the PARTICIPATING and CONTRIBUTING JURISDICTIONS have budgeted and appropriated their respective shares, payment shall be made in accordance with the COMMISSIONS' directions.

In preparing the budget, and with the COMMISSIONS' authorization, the OPERATIONS BOARD may prepare and distribute all necessary requests for proposals or bid documents, and prepare requisite specifications, for all equipment, services, and supplies which may be required for the purposes hereof; and may request the COMMISSIONS to employ architects, engineers, consultants, and others as it may deem necessary to draft such specifications, to design structures, to estimate costs, or to advise with respect to insurance programs and the like.

## D. SHORTFALLS IN BUDGETED FUNDS

In the event budgeted funds are insufficient to meet the financial obligations of the COMMISSIONS for the costs of commuter rail service during any fiscal year, the OPERATIONS BOARD shall so advise the COMMISSIONS which shall then seek additional funding therefor from the PARTICIPATING JURISDICTIONS beyond that which has

heretofore been provided, and which is required for commuter rail services. To obtain such additional funding the COMMISSIONS shall direct the OPERATIONS BOARD to prepare a draft amended budget, which shall be transmitted by the OPERATIONS BOARD to the PARTICIPATING JURISDICTIONS for their review and comment. The OPERATIONS BOARD shall then submit a final amended budget to the COMMISSIONS for approval. Thereafter, the COMMISSIONS shall request the PARTICIPATING JURISDICTIONS to budget and appropriate their respective proportionate shares to fund the amended budget, and to make payment in accordance therewith as directed by the COMMISSIONS.

The governing bodies of each of the PARTICIPATING JURISDICTIONS hereby direct the County Executive, County Administrator, County or City Manager, or such other officer as may be charged with the responsibility for preparing the PARTICIPATING JURISDICTION'S budget, to submit a request to the governing body to budget and appropriate such additional proportionate share as the COMMISSIONS may deem necessary to fund an amended budget for commuter rail service.

#### E. LOCAL CONSIDERATION AND FUNDING

The adopted annual budget shall reflect, to the greatest extent practicable, the consensus of the PARTICIPATING JURISDICTIONS and the CONTRIBUTING JURISDICTIONS. Upon adoption of the budget by the COMMISSIONS, and in no event later than February 1 of each year, the COMMISSIONS shall transmit to the governing bodies of the PARTICIPATING JURISDICTIONS a request to budget and appropriate their respective proportionate shares of the cost of commuter rail service determined pursuant to the formulae set forth in Section VIII.A.(2) for which commuter rail service revenues pledged to the payment thereof are estimated to be insufficient when calculated as provided in Section VIII. The COMMISSION shall simultaneously transmit to the CONTRIBUTING JURISDICTIONS a request to budget and appropriate the funds identified for each in the adopted annual budget. In furtherance of the purposes of this MASTER AGREEMENT, the PARTICIPATING JURISDICTIONS hereby declare their intent to make sufficient annual appropriations to pay their share of the costs for commuter rail service determined pursuant to the formulae set forth in Section VIII.A.(2) for which commuter rail service revenues pledged to the payment thereof are estimated to be insufficient when calculated as provided in Section VIII, and to make payments pursuant to such appropriations as directed by the COMMISSIONS. Beyond the consideration of annual budgets, as such may be amended during the fiscal year, as provided for herein, it is not the intent of this MASTER AGREEMENT for the PARTICIPATING JURISDICTIONS to make a legally binding commitment beyond the fiscal year for which an appropriation is made, and the PARTICIPATING JURISDICTIONS' obligation to make such payments shall be subject to annual appropriations being made from time to time by the PARTICIPATING JURISDICTIONS for such purpose. No obligation for the expenditure of money by the PARTICIPATING JURISDICTIONS for the payment of Operating Costs, including insurance costs, and Capital Costs shall be incurred, except pursuant to legally enacted appropriations. Once such appropriations are made, the PARTICIPATING JURISDICTIONS shall make payments in accordance therewith and the COMMISSIONS shall be entitled to rely upon such payment being made.

The governing bodies of each of the PARTICIPATING JURISDICTIONS hereby direct the County Executive, County Administrator, County or City Manager, or such other officer as may be charged with the responsibility for preparing the PARTICIPATING JURISDICTION'S budget, to include in the budget for each fiscal year during which Operating Costs are incurred or debt for Capital Costs is outstanding, a request for an amount equal to that requested by the Commissions and sufficient to pay the costs of commuter rail service determined pursuant to the formulae set forth in Section VIII.A.(2) for which commuter rail service revenues pledged to the payment thereof are estimated to be insufficient when calculated as provided in Section VIII.



The CONTRIBUTING JURISDICTIONS shall be requested each fiscal year by the COMMISSIONS to budget and appropriate funds to assist in defraying the costs of commuter rail during the fiscal year. However, the CONTRIBUTING JURISDICTIONS shall not be obligated in any way to make an appropriation for any fiscal year, nor shall the CONTRIBUTING JURISDICTIONS be obligated to include such an appropriation in the proposed annual budget for consideration by the CONTRIBUTING JURISDICTIONS' governing bodies.

IV. STATION SITES AND CAPITAL GRANT FUNDING

A. Stations and/or platforms shall be located initially in the vicinity of the following sites:

RF&P Corridor	Southern Corridor
South Stafford	Manassas Airport* *
Brooke	Manassas
Quantico	Manassas Park****
Woodbridge	Burke Centre
Pohick/Lorton	Burke/Rolling Road
Franconia*	Backlick Road
	Joint Corridor
	Alexandria - Union Station
	Crystal City
	L'Enfant Plaza***
	Washington D.C. - Union Station***

\* subject to agreement with the Washington Metropolitan Area Transit Authority

\*\* subject to agreement between Manassas and Prince William County regarding cost sharing

\*\*\* provided the D.C. Service is implemented

\*\*\*\* the parties acknowledge and agree that, unless otherwise agreed, the City of Manassas Park shall be responsible for maintenance and control of the access road and parking lot at the Manassas Park station site. This responsibility shall not include maintenance of improvements within the railroad right-of-way.

B. Construction of stations, platforms, and parking lots shall be the responsibility of the PARTICIPATING JURISDICTIONS in which such are located, except as otherwise stated herein. The costs to construct stations, platforms, and parking lots shall be funded from a variety of sources, including federal and state grants and matching contributions from PARTICIPATING JURISDICTIONS. The foregoing funds shall be distributed to the PARTICIPATING JURISDICTION responsible for such costs in accordance with the formula set forth in Section VIII.A.(2). However, before distribution of federal and state grant monies to the PARTICIPATING JURISDICTIONS, such grant funds shall be applied by the COMMISSIONS to the costs listed below as follows:

Primary Facility Costs -- capital facility costs, specifically those required for the RF&P and Southern line storage facilities, the stations at Alexandria, Crystal City, L'Enfant Plaza, and Union Station, and platforms at all

remaining stations. Construction of the aforesaid facilities, and the costs therefor, shall be the responsibility of the COMMISSIONS and not of the PARTICIPATING JURISDICTIONS in which located.

Remaining federal and state funds, if any, will be distributed for:

1st Priority -- costs for remaining stations and parking lots

2nd Priority -- remaining capital facility costs, e.g., land acquisition

(1) RF&P Line -- Upon meeting the primary facility costs described above, the sums remaining from federal, state and local sources for station and parking lot construction purposes shall be allocated to the PARTICIPATING JURISDICTIONS based on the formula in Section VIII.A.(2), and shall be applied to the costs for construction of stations and parking lots on the RF&P line meeting minimum design standards established by the OPERATIONS BOARD and adopted by the COMMISSIONS. Remaining capital facility costs associated with stations and parking, e.g., land acquisition, shall be the responsibility of the PARTICIPATING JURISDICTION in which such facilities are located.

(2) Southern Line -- Similarly, upon meeting the aforesaid primary facility costs, the sums remaining from federal, state and local sources for station and parking lot construction purposes shall be allocated to the PARTICIPATING JURISDICTIONS based on the formula in Section VIII.A.(2), and shall be applied to the costs for construction of stations and parking lots on the Southern line meeting minimum design standards established by the OPERATIONS BOARD and adopted by the COMMISSIONS. Manassas shall use its good offices to obtain the use of a station located within the City which is owned and operated by the Southern . Remaining capital facility costs for stations and parking, e.g., land acquisition, shall be the responsibility of the PARTICIPATING JURISDICTION in which such facilities are located.

(3) Federal funds -- NVTC has applied for federal capital grant funding from the Urban Mass Transportation Administration of \$750,000.00 for the capital facility costs located on the RF&P line, which, upon receipt, shall be earmarked for, and applied by the COMMISSIONS to, such costs.

(4) State funds -- A share of the costs for stations, platforms, and parking lots on both of the lines has been requested by the COMMISSIONS from the Virginia Department of Transportation. VDOT, by agreement, will provide a maximum of \$8 million through FY 1990, which shall be applied as provided in subparagraphs (1) and (2), above.

(5) Local funds -- The PARTICIPATING JURISDICTIONS shall pay their proportionate share of the remaining capital costs, according to the procedures set out in subparagraphs (1) and (2), above.

C. The COMMISSIONS shall enter into a formal agreement with VDOT satisfactory to VDOT, for VDOT to design, construct and/or maintain parking lots and ancillary station area improvements (other than those constructed or maintained by any PARTICIPATING JURISDICTION), excluding platforms. The COMMISSIONS, through the OPERATIONS BOARD, shall reimburse VDOT for the costs of design and construction from the funds identified in approved budgets. In separate formal agreements with the appropriate COMMISSIONS and/or PARTICIPATING JURISDICTIONS, satisfactory to VDOT, VDOT shall be provided with the right of entry upon and use of those parking lots for which VDOT

accepts maintenance responsibility. The COMMISSIONS will be responsible for providing insurance for the parking lots, and will, to the extent possible, name the parties hereto as additional insureds on any property, casualty or liability policies obtained. In lieu of insurance policies, coverage by an insurance plan approved and/or operated by the Virginia Division of Risk Management or a self-insurance plan approved by the State Corporation Commission may be established.

D. With the exception of those cost items identified in Section IV.B. and C., each PARTICIPATING JURISDICTION in which a station site is located shall be responsible for the prompt construction of the station in accordance with minimum design standards established by the OPERATIONS BOARD and adopted by the COMMISSIONS, and for the costs thereof. The sites shall be constructed at or near the locations identified in Section IV.A. The COMMISSIONS shall be responsible for station improvements at L'Enfant Plaza and Union Station in the District of Columbia, and at Crystal City and Alexandria, as well as for capital costs for the RF&P and Southern line storage facilities. If all platforms cannot be in service on the first day of commuter rail service, level surfaces from which boarding can occur will be provided on a temporary basis, with permanent platforms provided as soon as possible.

E. All station sites and platforms shall be accessible to the handicapped.

F. Within the limits established in approved budgets, the COMMISSIONS may, based upon the OPERATIONS BOARD's recommendation, authorize contracts for custodial services, limited to trash pickup and snow removal, for all terminals, stations, platforms and parking lots except those areas maintained by Amtrak or VDOT. A condition of such contracts shall be the contractor's indemnification, through adequate insurance acceptable to the COMMISSIONS and evidenced by certificates of insurance, of the OPERATIONS BOARD, the COMMISSIONS, VDOT and the PARTICIPATING and CONTRIBUTING JURISDICTIONS against any claims, suits, judgments, or other legal proceedings arising out of the performance of contractual responsibilities by the contractor.

G. Upon the recommendation of the OPERATIONS BOARD, the COMMISSIONS may authorize contracts with vendors for vending operations such as newspaper and food sales at station sites. Such contracts shall contain the requirements stated above in Section IVY. Revenues from such sales shall be included in the annual budget to be applied to system costs, and shall not be returned directly to each PARTICIPATING JURISDICTION. Such vending operations shall be subject to all applicable state and local regulations.

H. Any of the PARTICIPATING JURISDICTIONS may provide for new or expanded stations, platforms, or parking lots at station sites within its territory, subject to approval by the COMMISSIONS. Financing for such shall be the sole responsibility of the PARTICIPATING JURISDICTION.

## V. CONTRACT OPERATIONS

### A. TRAIN OPERATION

(1) Subject to such requirements and limitations as may be set out in this MASTER AGREEMENT, upon the request of the OPERATIONS BOARD, the COMMISSIONS shall enter all appropriate agreements necessary to initiate and operate the commuter rail services, to provide associated parking facilities, and to provide an adequate insurance program as set forth in Section VII below.

(2) The contracts authorized hereby shall provide, at a minimum, three trains per line with the capacity to carry at least 75% of initial estimated ridership on a line each federal government workday, with an intended goal of four trains per line, on specified schedules. Such contracts shall further provide the option, to be approved by the COMMISSIONS, to add service and additional cars to each line within the agreed-upon financial limits set forth herein. Ridership estimates are provided in Appendices A1 and A2.

(3) The COMMISSIONS shall be responsible for obtaining necessary initial approvals by regulatory authorities for the commuter rail services, but each PARTICIPATING JURISDICTION shall be responsible for all necessary local permits and approvals in connection with construction of platforms, stations, terminals, and parking lots in its jurisdiction.

## B. ROLLING STOCK AND FACILITIES MAINTENANCE

The COMMISSIONS shall jointly enter into such agreements as they shall deem necessary and appropriate for the maintenance of the rolling stock and other equipment and facilities required for the commuter rail service.

## VI. SERVICE PLAN

### A. SCHEDULES

The OPERATIONS BOARD shall recommend, and the COMMISSIONS shall establish, initial schedules for commuter rail services into the District of Columbia and for the Crystal City contingency plan in consultation with the PARTICIPATING JURISDICTIONS, and appropriate means to amend the schedules as necessary.

The initial schedules shall establish the target level of service for each station, and for each line. The COMMISSIONS may adjust the schedules to accommodate day-to-day fluctuations in demand as such adjustments may be recommended by the OPERATIONS BOARD. However, the minimum level of service established as a target in the initial schedules shall not be reduced without the express consent of the affected jurisdictions.

### B. FARES

The initial fare structures for the D.C. service and for the Crystal City contingency plan shall be established by the COMMISSIONS upon the recommendation of the OPERATIONS BOARD, in consultation with the PARTICIPATING JURISDICTIONS.

(1) The COMMISSIONS may agree to discount the fares of employees of those railroads with which they contract for services hereunder as an offset against fees and charges under those contracts, and may adopt other fare structures from time to time as they shall best determine during the operation of commuter rail services, including special promotional fares, V.L.P. free passes, and the like; however, except for such special promotions, no fare shall be lower than those established by the initial fare structure absent the express unanimous consent of the PARTICIPATING JURISDICTIONS.

(2) Any PARTICIPATING JURISDICTION may purchase tickets at the current price for resale at rates less than those set forth in the initial fare structure or any subsequent fare structure established by the COMMISSIONS.

## VII. RISK MANAGEMENT

### A. INSURANCE PLAN ADMINISTERED BY DIVISION OF RISK MANAGEMENT

(1) In order to provide adequate insurance coverage for liabilities associated with commuter rail service, the parties hereto hereby establish the following requirements for administering claims, and paying settlements, judgments, awards and legal and other expenses which may arise out of such operations. The obligation of the COMMISSIONS under this section, including the provision of insurance, and the limits thereof, shall apply collectively, and not severally, to commuter rail operations over the lines of the Southern Railway Company, Amtrak and Conrail between the Manassas, Virginia area, and Union Station in the District of Columbia, and to commuter rail operations over the lines of the RF&P, Amtrak and Conrail between the Fredericksburg, Virginia area, and Union Station in the District of Columbia.

(2) The COMMISSIONS shall develop, fund, and maintain a liability insurance plan acceptable to, and administered by, the Virginia Division of Risk Management pursuant to Section 2.1-526.8:1 of the Code of Virginia, 1950, as amended, which provides insurance coverage in the annual aggregate sum of, at least, \$200,000,000.00. The insurance plan may include the use of a program of self-insurance, commercial insurance, or any other alternative insurance mechanism acceptable to the Division of Risk Management. Any portion of the insurance plan which is self-insured shall at all times be, as part of the Division of Risk Management's administration, acceptable to, and subject to continuing approval by, the Division of Risk Management.

(3) The COMMISSIONS' initial insurance plan is attached hereto and incorporated herein as Appendix F. Such plan shall provide coverage for all risks of loss or damage to persons or property which may be incurred by the COMMISSIONS, or by others and assumed by the COMMISSIONS under any contract, as a consequence of the operation of commuter rail services hereunder. The COMMISSIONS shall provide directly or by contract for defense or settlement of all claims, suits, causes, or actions to which they, or any insured as defined in Appendix F, may become subject, shall acquire or provide for such legal and other services as may be required for the purpose, and shall defend, indemnify, and hold harmless the PARTICIPATING JURISDICTIONS, the CONTRIBUTING JURISDICTIONS, and other non-participating member jurisdictions of the COMMISSIONS in the event any are named in a suit, cause, action, or claim arising from the provision of commuter rail services. The initial insurance plan may be amended by the COMMISSIONS from time to time, subject to the approval of the Division of Risk Management.

## B. FUNDING OF INSURANCE PLAN

(1) In order for the COMMISSIONS to carry out these obligations and for no other purpose, the PARTICIPATING JURISDICTIONS hereby agree to provide in the manner and in the amounts set forth in the annual budget, sufficient monies to fund the costs of the foregoing insurance plan. Such costs shall include any and all costs associated with securing, maintaining, and administering the insurance plan, all costs for defense and settlement of claims, suits, causes or actions covered by the plan, and shall specifically include, but not be limited to, the costs to purchase commercial insurance, to participate in alternative insurance mechanisms, and to obtain the services of the Division of Risk Management as administrator of the insurance plan.

(2) Insurance Plan -- Subject to the provisions of Section X governing non-appropriation of funds, each PARTICIPATING JURISDICTION shall budget and appropriate its respective share of the costs to provide the insurance plan to include, in its initial formulation, (i) a self-insurance reserve satisfactory to the Virginia Division of Risk Management to cover liabilities of less than \$5 million per occurrence, and (ii) a combination of retained risk and insurance coverage obtained through commercial carriers and alternative insurance mechanisms, including captive insurance companies, sufficient to cover liabilities which exceed \$5 million per

occurrence subject to an annual aggregate limit of liability of \$200 million. In accordance with the insurance plan, monies may be used to employ such lawyers, accountants, expert witnesses, and other services as may be required to defend any claim.

(3) Actuarial Evaluation -- At the end of the first year of commuter rail services, and periodically thereafter as the COMMISSIONS may determine, an actuarial evaluation of claims history will be undertaken to determine the adequacy of the insurance plan provided hereby, and the OPERATIONS BOARD shall propose to the COMMISSIONS, as part of the annual budget process, a revised insurance plan and funding therefor, with revised proportionate contributions thereto, to be approved in accordance with the budget approval process set forth herein.

(4) Loans From Commonwealth -- In the event that claims or judgments or other insurance costs exceed the amount available in the budget, the COMMISSIONS, with the consent of the PARTICIPATING JURISDICTIONS, may request from the Governor payment of up to \$5 million from a contingent loan fund established for that purpose by the 1988 Regular Session of the General Assembly.

In any fiscal year in which any part of the Loan for Major Claims provided in Section 4-5.02(b) of the 1988-1990 Budget Bill of the Commonwealth of Virginia, Chapter 800, 1988 Va. Acts, at page 1588, is received from the State Treasury by the COMMISSIONS, on account of the operation of the commuter rail project, the PARTICIPATING JURISDICTIONS agree, subject to Section X governing non-appropriation of funds, to repay such loan amounts in the fiscal year next following the year in which the loan proceeds were received, in the same proportions as are set out in Section VIIIA.(2)(b) hereof, upon such terms as the State Treasurer may require.

### C. CLAIMS ADMINISTRATION

Pursuant to the insurance plan, the COMMISSIONS shall contract with the Virginia Division of Risk Management to administer the insurance plan. The parties hereto further agree to accept the decision of the COMMISSIONS regarding settlement of claims and payment of judgments and awards. The COMMISSIONS will contract with Amtrak for the investigation and administration of claims, and for the settlement of or payment of any claim, judgment or award not in excess of \$10,000 without specific prior approval of the COMMISSIONS. The COMMISSIONS shall establish a policy with respect to the foregoing to be followed by Amtrak. Necessary risk management procedures shall be developed by a consultant and recommended by the OPERATIONS BOARD for consideration by the COMMISSIONS.

## VIII. LOCAL SUBSIDIES AND OTHER PAYMENTS

### A. SHARING OF COSTS AND REVENUES IN INITIAL YEARS

(1) The costs of commuter rail service shall be shared as follows:

(a) Alexandria shall contribute, prior to and in the first year of service, the fixed amounts indicated in Appendices D 1 and D2 and E 1 or E2, respectively. These monies will be considered a contribution and, therefore, Alexandria will not be subject to the formula payment defined in Section VIIIA.(2). Alexandria shall be requested to make subsequent annual contributions. However, the requested annual contributions shall not exceed the fixed amount indicated in Appendices E1 or E2, **adjusted upwards or downwards each year by the same percentage of change as the total subsidy allocated among the PARTICIPATING JURISDICTIONS. by a factor of 5%.**

(b) Arlington shall contribute, prior to and in the first year of service, the fixed amounts indicated in Appendices D 1 and D2 and E 1 or E2, respectively. These monies will be considered as a contribution and, therefore, Arlington County will not be subject to the formula payment defined in Section VIIIA.(2). Arlington shall be requested to make subsequent annual contributions. However, the requested annual contributions shall not exceed the fixed amount indicated in Appendices E1 or E2, *adjusted upwards or downwards each year by the same percentage of change as the total subsidy allocated among the PARTICIPATING JURISDICTIONS. by a factor of 5%.*

(2) (a) Subject to the provisions of Section X governing non-appropriation of funds, Fairfax County, Manassas City, Prince William County, Manassas Park, Fredericksburg City, and Stafford County shall budget their entire shares of the costs of commuter rail service determined according to the formulae set forth in Section VIIIA.(2)(b) below for which commuter rail service revenues pledged to the payment thereof are estimated to be insufficient when calculated as provided in Section VIII.

(b) The costs of commuter rail service, except those otherwise paid on some other specific basis, shall be apportioned among the PARTICIPATING JURISDICTIONS so that 90 percent of the total costs shall be determined by the number of the jurisdiction's residents riding commuter rail, and 10 percent of the costs shall be determined by the total population of each PARTICIPATING JURISDICTION, as follows:

(i) The costs of commuter rail service for the then current year, minus the net contributions of Arlington and Alexandria, shall be multiplied by 10%, and the resulting sum shall be apportioned among the PARTICIPATING JURISDICTIONS in the proportion their respective populations bear to the total population of all PARTICIPATING JURISDICTIONS as set forth in Section VIII.A.(4).

(ii) For the aforesaid year the remaining 90% of the costs of commuter rail service shall be apportioned among the PARTICIPATING JURISDICTIONS in accordance with the estimates of ridership set forth in Section VIII.A.(4)(b) and shown in Appendices A1 and A2 for years to and including the first year of commuter rail service, and in accordance with actual ridership for subsequent years as provided for in Section VIII.C.

(c) The above allocation formula shall be modified beginning with FY 2008, and phased in over the next ensuring three fiscal years in equal increments, to reduce the population component and increase the ridership component of the formula, such that by FY 2011, 100% of the costs of commuter rail service shall be apportioned among the PARTICIPATING JURISDICTIONS in accordance with actual ridership as provided for in Section VIII.C.

(3) Revenues -- For the purpose of determining the cost of commuter rail service for which revenues pledged to the payment thereof are estimated to be insufficient, revenues shall be attributed to each PARTICIPATING JURISDICTION based on the number of residents from that jurisdiction who ride the service, multiplied by the fares charged from that jurisdiction. During the first year of commuter rail service, estimated ridership revenue as set forth in Section VIII.A.(4) shall be used to apportion revenues. In subsequent years, actual ridership from the most recent year available shall be used to allocate revenues. The OPERATIONS BOARD shall recommend, and the COMMISSIONS shall establish a rider survey procedure to determine the residences of riders.

(a) Revenues from riders residing outside the PARTICIPATING JURISDICTIONS, or whose residence cannot be determined, shall be considered "system" revenues, and shall be used to reduce overall costs of commuter rail service before allocation to the PARTICIPATING JURISDICTIONS.

(b) Public or private bus operators honoring commuter rail tickets shall be reimbursed by the COMMISSIONS from passenger revenues by attribution of the value thereof to the account of the jurisdiction of residence of the bus rider. For such bus passengers residing outside the PARTICIPATING JURISDICTIONS, system revenue shall be used to reimburse the bus operator.

(4) Population and Ridership Figures

(a) Population figures to the extent used in any year, shall be the provisional estimates of the Center for Public Service, available as of December 1 of year preceding the applicable fiscal year for which a budget is being prepared. In the first year of service, the population figures identified below shall be used.

(b) Ridership figures shall be updated annually after the first year of service. Estimated ridership by jurisdiction for the first year of service are as follows:

D.C. SERVICE				
JURISDICTION	1988 POP	POP %	RIDERSHIP	RIDERSHIP %
Fairfax County	759,300	71.4972%	3,052	41.0878%
Manassas	23,300	2.1940%	95	1.2924%
Prince William County	194,700	18.3333%	3,252	43.7803%
Stafford County	55,900	5.2637%	486	6.5428%
Manassas Park	7,300	0.6874%	98	1.3193%
Fredericksburg	21,500	2.0245%	96	1.2924%
Total	1,062,000	100.0000%	7,428	100.0000%

CRYSTAL CITY CONTINGENCY PLAN				
JURISDICTION	1988 POP	POP %	RIDERSHIP	RIDERSHIP%
Fairfax County	759,300	71.4972%	1,512	26.9519%
Manassas	23,300	2.1940%	370	6.5955%
Prince William County	194,700	18.3333%	3,178	56.6488%
Stafford County	55,900	5.2637%	318	5.6684%
Manassas Park	7,300	0.6874%	112	1.9964%
Fredericksburg	21,500	2.0245%	120	2.1390%
Total	1,062,000	100.0000%	5,610	100.0000%

NOTE: The ridership estimates for the D.C. Service are taken from Exhibit 20 "1987 Passenger Trip Estimate by Jurisdiction of Residence" in Patronage and Revenue Forecasts for the Virginia Railway Express, May, 1987 (page 5-17). As indicated in Appendix A1, there are an additional 766 trips estimated to come from non-participating jurisdictions. These trips are not assigned to any PARTICIPATING JURISDICTION. The ridership estimates for the Crystal City contingency plan are taken from the Supplemental Patronage and Revenue Forecasts for the VRE (September 13, 1989).

(5) Totals



Total costs, revenues and subsidies, for each participating jurisdiction for the first year of commuter rail service, shall be in accordance with the initial annual budget as shown in Appendices E 1 or E2.

## B. PAYMENT PROCEDURES FOR PARTICIPATING JURISDICTIONS

(1) After adoption of the annual budget as provided for in Section III.B. and C. and E., above, each PARTICIPATING JURISDICTION shall pay to the COMMISSIONS, on the first business day in July, one half of the amount owed as the share of the cost of commuter rail service determined pursuant to the formulae set forth in Section VIII.A.(2). for which commuter rail service revenues pledged to the payment thereof are estimated to be insufficient when calculated as provided in Section VIII. Six months thereafter, on the first business day in January, the PARTICIPATING JURISDICTION shall pay the remaining half of the aforesaid amount to the COMMISSIONS. The COMMISSIONS shall provide notice to each of the PARTICIPATING JURISDICTIONS, thirty (30) days prior to the date on which payment is due, of the amount to be paid by the jurisdiction and the date when due. The amounts owed shall be paid on or before the due date specified by the COMMISSIONS. With the exception of funds for the insurance plan, all funds shall be accounted for by the COMMISSIONS as separate operating accounts for each PARTICIPATING JURISDICTION.

(2) The COMMISSIONS shall separately account for each PARTICIPATING JURISDICTION's payments for insurance, and the COMMISSIONS shall forward such funds to the Division of Risk Management. Payments for claims, judgments, awards and associated claims and adjusting expenses shall be paid from such funds by the Division of Risk Management in administering the self-insurance plan.

(3) After adoption of the annual budget, and the appropriation of the amount therein, the CONTRIBUTING JURISDICTIONS shall pay to the COMMISSIONS, on or before the first business day in July, the entire amount of their respective contributions, which sums shall be accounted for as system revenues and used to reduce overall costs.

(4) Upon receipt, passenger revenues shall be posted to each PARTICIPATING JURISDICTION's account, according to the agreed revenue allocation. If a payment is not made by a PARTICIPATING JURISDICTION, passenger revenues attributable to such PARTICIPATING JURISDICTION shall not be used to reduce the amount due by other PARTICIPATING JURISDICTIONS nor shall such failure to make payment result in an increase in the amount due by the other PARTICIPATING JURISDICTIONS. In instances where the actual revenues received and posted to a PARTICIPATING JURISDICTION are either greater or less than the revenues estimated to be received, the PARTICIPATING JURISDICTION shall be requested to pay any such deficit or the COMMISSIONS shall provide a credit against the PARTICIPATING JURISDICTION'S next year's payment.

(5) Any interest earned on unexpended balances attributed to each PARTICIPATING JURISDICTION's account shall be credited monthly to the account of the individual jurisdiction in proportion to the monthly totals of cash and fare revenues credited to the account of the jurisdiction.

(6) At the request of the OPERATIONS BOARD, the COMMISSIONS shall utilize the monies attributed to the PARTICIPATING JURISDICTIONS' accounts to make necessary operating cost payments consistent with the cost allocation formula contained in Section VIII.A.(2).

## C. SHARING OF COSTS AND REVENUES FOR SUBSEQUENT YEARS

Payments for costs for each year after the initial year of commuter rail services shall be calculated as follows:

Actual ridership from the most recent year available shall be used to determine allocated costs and revenues for the next year, according to the allocation formulae set out in Sections VIII.A.(2) and (3). The OPERATIONS BOARD will review the data and advise the COMMISSIONS and the PARTICIPATING JURISDICTIONS of each jurisdiction's projected share of the costs of commuter rail for the next year in September as part of the preliminary budget submission set forth in Section III.C. above. Arlington and Alexandria shall not participate in the revised allocation, but shall make such contributions as may be agreed upon. After final approval of a budget each year, and upon its effective date, the PARTICIPATING JURISDICTIONS shall pay to the COMMISSIONS one half of the amount owed for the cost of commuter rail service determined pursuant to the formulae set forth in Section VIII.A.(2) for which commuter rail service revenues pledged to the payment thereof are estimated to be insufficient when calculated as provided in Section VIII. The CONTRIBUTING JURISDICTIONS shall pay to the COMMISSIONS the entire amount of their respective contributions. Six months thereafter the PARTICIPATING JURISDICTIONS shall pay the remaining half of the aforesaid amount to the COMMISSIONS. Payments shall be made on the same basis as provided for in Section VIII.B.

#### D. ADDITIONAL CONSIDERATIONS

(1) Each PARTICIPATING JURISDICTION is encouraged to obtain contributions from developers and employers to offset the costs assigned to that PARTICIPATING JURISDICTION.

(2) An audit of accounts shall be conducted annually by the COMMISSIONS to establish any credit due to, or any payments owed by, PARTICIPATING JURISDICTIONS.

#### IX. MARKETING

The OPERATIONS BOARD shall prepare, annually, a marketing plan providing for programs of promotion, publicity and the pre-selling of passes through such means as direct mail, payroll deduction, banks and transportation management associations, for consideration and approval by the COMMISSIONS. The PARTICIPATING JURISDICTIONS shall share in the costs of the marketing plan according to the terms set forth in Section VIII.A.(2) of this MASTER AGREEMENT.

#### X. NON-APPROPRIATION OF FUNDS

The PARTICIPATING JURISDICTIONS pledge their best efforts to provide the funds necessary to support a successful, continuing program of commuter rail service in light of the long-term obligations to be incurred by the COMMISSIONS in order to initiate service. Notwithstanding any other provision of this MASTER AGREEMENT to the contrary, the obligations of a PARTICIPATING JURISDICTION under this MASTER AGREEMENT are expressly contingent upon the continuing appropriation of funds to its purposes by such PARTICIPATING JURISDICTION for each fiscal year. The failure of a PARTICIPATING or CONTRIBUTING JURISDICTION to make its payment shall not relieve the other jurisdictions of their obligations hereunder. The COMMISSIONS in their sole discretion may refuse to provide service to any PARTICIPATING JURISDICTION that fails to appropriate and pay its share of the cost of commuter rail service.

#### XI. WITHDRAWAL FROM MASTER AGREEMENT

A PARTICIPATING JURISDICTION or CONTRIBUTING JURISDICTION may terminate its involvement with commuter rail service and withdraw from the MASTER AGREEMENT upon terms and conditions, including those pertaining to outstanding third-party claims, mutually acceptable to all parties hereto. Unless so terminated, this MASTER AGREEMENT shall continue for any period while any bonds issued to finance the Virginia Railway Express are outstanding.

## XII. CHANGES AND AMENDMENTS

Upon mutual consent of all signatories, and subject to the approval of the COMMISSIONS' bond insurers, this MASTER AGREEMENT may be amended.

## XIII. SEVERABILITY

In the event any of the provisions of this MASTER AGREEMENT are determined to be in violation of any statute or rule of law to which this MASTER AGREEMENT is subject, then such provision(s) shall be deemed inoperative to the extent the provision(s) is contrary to the requirements of the law, and shall be deemed to be modified to conform with such statute or rule of law, or stricken entirely from this MASTER AGREEMENT.

## XIV. AUTHORIZED SIGNATURES

The undersigned individuals have been duly authorized to commit their respective organizations and jurisdictions to the terms of the MASTER AGREEMENT.

IN WITNESS WHEREOF, the duly authorized representatives of the parties hereto have executed this Master Agreement on the dates and year hereafter written:

NORTHERN VIRGINIA  
TRANSPORTATION COMMISSION

POTOMAC AND RAPPAHANNOCK  
TRANSPORTATION COMMISSION

Chairman

Chairman

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

FAIRFAX COUNTY

Chairman, Board of County  
Supervisors

\_\_\_\_\_  
Signature

PRINCE WILLIAM COUNTY

Chairman, Board of County  
Supervisors

\_\_\_\_\_  
Signature

CITY OF MANASSAS  
Mayor

\_\_\_\_\_  
Signature

STAFFORD COUNTY  
Chairman, Board of County Supervisors

\_\_\_\_\_  
Signature

CITY OF ALEXANDRIA  
Mayor

\_\_\_\_\_  
Signature

ARLINGTON COUNTY  
Chairman, County Board

\_\_\_\_\_  
Signature

CITY OF MANASSAS PARK  
Mayor

\_\_\_\_\_  
Signature

CITY OF FREDERICKSBURG  
Mayor

\_\_\_\_\_  
Signature

SPOTSYLVANIA COUNTY  
Chairman, County Board

\_\_\_\_\_  
Signature

## APPENDICES

- A1. Patronage and Revenue Forecasts for the Virginia Railway Express, R. H. Pratt (May 1987)
- A2. Supplemental Patronage and Revenue Forecasts for the VRE (September 13, 1988)
- B. Agreement between NVTC and PRTC
- C1. Initial Six Year Financial Plan for D.C. Service
- C2. Initial Six Year Financial Plan for Crystal City Contingency Plan
- D1. FY 1990 Pre-Revenue Capital and Operating Budget
- D2. Estimated FY 1991 Pre-Revenue Capital and Operating Budget for D.C. Service and Crystal City Contingency Plan
- E1. Estimated FY 1992 Capital and Operating Budget for D.C. Service
- E2. Estimated FY 1992 Capital and Operating Budget for Crystal City Contingency Plan
- F. Liability Insurance Plan

MASTER AGREEMENT FOR PROVISION OF COMMUTER  
RAIL SERVICES IN NORTHERN VIRGINIA --  
ESTABLISHMENT OF THE VIRGINIA RAILWAY EXPRESS

*Proposed Amendment 12-2010*

I. INTRODUCTION

A. PARTIES

This MASTER AGREEMENT is entered into between and among the Northern Virginia Transportation Commission, hereinafter referred to as "NVTC", the Potomac and Rappahannock Transportation Commission, hereinafter referred to as "PRTC", both of which shall collectively be referred to as "the COMMISSIONS," the jurisdictions of Fairfax County, the City of Manassas, Prince William County, Stafford County, the City of Manassas Park and the City of Fredericksburg, hereinafter referred to as the "PARTICIPATING JURISDICTIONS," and the jurisdictions of the City of Alexandria and Arlington County, hereinafter referred to as the "CONTRIBUTING JURISDICTIONS."

B. NAME OF THE COMMUTER RAIL SERVICE

The commuter rail service established hereby shall be known as the VIRGINIA RAILWAY EXPRESS.

C. PURPOSES

The purposes of this MASTER AGREEMENT are:

(1) to provide for the operation and maintenance of commuter rail service by acquiring the necessary capital equipment and financing therefor; to provide for the construction of necessary platforms, stations, parking areas, storage facilities, and all other facilities necessary for the operation of commuter rail service; to establish an adequate plan of insurance; and to pay for the operation and maintenance of a commuter rail service project consisting of trains making round trips on each of two lines originating in the Manassas area and the Fredericksburg area to Union Station in the District of Columbia, ("D.C. Service"), , or, as a contingency plan until the D.C. service can begin, to Crystal City, Virginia, ("Crystal City contingency plan"), according to formulae set forth herein;

(2) to agree and commit to a complete financial plan, and the procedure by which annual budgets shall be developed that are satisfactory to the PARTICIPATING and CONTRIBUTING JURISDICTIONS;

(3) to secure funding from state, federal and local sources for the capital and operating costs of the project and to allocate the costs thereof;

(4) to establish and organize responsibility for the administration and operation of commuter rail services and for the administration of contracts, leases and other agreements entered into by the COMMISSIONS for such service;

(5) to authorize the COMMISSIONS to execute all appropriate and necessary contracts with the National Railroad Passenger Service Corporation (Amtrak), the Richmond, Fredericksburg and Potomac Railroad Company (RF&P), the Southern Railway Company (Southern), the Consolidated Rail Corporation (Conrail), the Virginia Department of Transportation (VDOT), other appropriate federal agencies and agencies of the Commonwealth

of Virginia, and such other parties as may be required for the provision of the services contemplated hereby;

(6) to provide for land acquisition, the construction of station sites, platforms and parking facilities at mutually agreed locations, and the maintenance of rolling stock; and

(7) such other purposes as are necessary for the efficient capitalization and operation of the Virginia Railway Express.

#### D. EFFECTIVE DATE AND TERM

(1) Effective Date -- This Agreement shall be effective upon a date certain established by the COMMISSIONS, not more than thirty (30) days following the adoption of the pre-revenue service budget, the initial annual budgets for the D.C. service and the Crystal City contingency plan and the initial six (6) year financial plans for the D.C. Service and the Crystal City contingency plan, each provided for herein, by resolution of each of the PARTICIPATING JURISDICTIONS.

(2) After the effective date of the MASTER AGREEMENT, at such time as the COMMISSIONS may deem appropriate, the COMMISSIONS may:

(a) complete the procurement of rail equipment and locomotive vendors and award and execute contracts with such vendors for manufacture of rail passenger equipment and locomotives, such contracts to provide for the acquisition of locomotives and equipment sufficient for the D.C. Service or, at such time as the COMMISSIONS may so determine, in the event revenue service into the District of Columbia cannot occur prior to the start of commuter rail service, then locomotives and equipment sufficient for the Crystal City contingency plan; and

(b) issue bonds or notes in the name of NVTC to finance the purchase of rail passenger equipment and locomotives, insurance costs, and other costs of the commuter rail service as provided for in budgets approved by the parties hereto.

(3) The issuance of bonds by the COMMISSIONS shall not occur until the following conditions precedent have been complied with:

(a) Final agreement has been reached on a contract document ready for execution by Amtrak and the COMMISSIONS for the operation of commuter rail passenger equipment, and for the right to use Amtrak's tracks and facilities for the operation of commuter rail service.

(b) Final agreement has been reached on a contract document ready for execution by the RF&P and the COMMISSIONS for the right to use the RF&P's tracks and facilities for the operation of commuter rail service.

(c) Final agreement has been reached on a contract document ready for execution by the Southern and the COMMISSIONS for the right to use the Southern's tracks and facilities for the operation of commuter rail service.

(d) Final agreement has been reached on a contract document ready for execution by Conrail and the COMMISSIONS for the right to use Conrail's tracks and facilities for the operation of revenue commuter rail service into the District of Columbia, or for non revenue service from Crystal City, Virginia, to the District of Columbia as part of the Crystal City contingency plan.

(e) Final agreement has been reached on an insurance plan, mutually acceptable to the aforesaid railroad companies, the Virginia Division of Risk Management, and the COMMISSIONS, to cover the liabilities arising out of the operation of commuter rail service.



(4) Term -- This Agreement shall continue indefinitely unless terminated sooner as provided herein.

#### E. CONDITIONS PRECEDENT TO START OF RAIL SERVICE

The COMMISSIONS shall establish the starting date of commuter rail service, and the number of trains to be operated initially on each line, in accordance with the provisions of this MASTER AGREEMENT. Commuter rail service may begin contemporaneously or successively on both rail lines, as soon as practical after the effective date of this MASTER AGREEMENT, provided that such service shall not start on a line until the COMMISSIONS are satisfied that:

the station facilities on the line on which service is to begin are substantially ready for commuter service and rail passenger equipment capacity is available to carry at least 75% of estimated initial ridership on that line. Estimated initial ridership for the D.C. Service and for the Crystal City contingency plan shall be based upon the studies entitled Patronage and Revenue Forecasts for the Virginia Railway Express (May 1987) by R.H. Pratt and the Supplemental Patronage and Revenue Forecasts for the VRE (September 13, 1989), attached as Appendices A1 and A2, respectively.

#### F. CRYSTAL CITY CONTINGENCY PLAN

Subsequent to the effective date of this Master Agreement, and prior to the start of commuter rail service, the COMMISSIONS shall determine whether revenue service into the District of Columbia can occur. In the event that the factors necessary to enable the D.C. Service are not, or will not be, in place prior to the start of rail service, including the execution of an agreement with CONRAIL for the use of that railroad's tracks and facilities, then the COMMISSIONS may implement the Crystal City contingency plan authorized hereunder. In such event, those budgets and financial plans contained herein applicable to the Crystal City contingency plan shall determine the costs and expenses of the commuter rail service as funded by the parties hereto.

#### G. DEFINITIONS

As used in this MASTER AGREEMENT, the following words and terms shall have the following meanings unless the context shall indicate another meaning or intent:

(1) "Cost of Commuter Rail Service" shall mean operating and capital costs.

(2) "Capital Costs" shall mean those costs to be paid by the COMMISSIONS for capital items (other than costs, if any, classified as operating costs), including debt service, with respect to capital or operating costs which are financed with borrowed money or other types of deferred payment instruments.

(3) "Operating Costs" or "Operating Expenses" shall mean the expenses or costs of operating and maintaining the Virginia Railway Express, including, without limitation (unless otherwise specifically provided herein), costs of insurance, as defined for the purposes of this Agreement in Section VIII.B.(1), and costs of the COMMISSIONS which are not paid from bond proceeds, including operating reserves.

## II. ORGANIZATION

### A. CO-ORDINATION BETWEEN NVTC AND PRTC

The COMMISSIONS shall enter into all agreements with third parties necessary to the establishment and operation of the Virginia Railway Express, and the Executive Directors

thereof shall coordinate the presentation of all matters requiring the COMMISSIONS' consent so that decisions required to be reached by both may be made in an efficient and timely fashion.

## B. ESTABLISHMENT OF THE OPERATIONS BOARD

(1) In order that the COMMISSIONS shall have an efficient mechanism for the formulation of operational policy and the execution of decisions required for the commuter rail service, the COMMISSIONS shall enter into an agreement setting forth the COMMISSIONS' relationship, duties and responsibilities regarding the commuter rail service, which agreement may be modified from time to time as the COMMISSIONS deem appropriate. The agreement shall establish a committee responsible to the COMMISSIONS which shall be known as the OPERATIONS BOARD to consist of the number of elected officials hereafter set forth from the governing bodies of each of the PARTICIPATING and CONTRIBUTING JURISDICTIONS selected by the COMMISSION of which the jurisdiction is a member from among its commissioners; and an ex officio representative of the Chairman of the Commonwealth Transportation Board selected as that Chairman shall determine. A copy of the aforesaid agreement, and any subsequent amendments thereto, shall be attached hereto and incorporated herein as Appendix B upon adoption by the COMMISSIONS.

(a) The CONTRIBUTING JURISDICTIONS shall each have one member on the OPERATIONS BOARD, and each may have one alternate appointed from its governing body in the same manner as regular members.

(b) The PARTICIPATING JURISDICTIONS shall each have a number of members on the OPERATIONS BOARD proportionate to the ridership from the jurisdiction as determined in accordance with Section VIII.C. Such number shall be as follows:

- (1) PARTICIPATING JURISDICTIONS with 25% or more of the total system ridership shall have three (3) members on the OPERATIONS BOARD;
- (2) PARTICIPATING JURISDICTIONS with 15% to 24% of total system ridership shall have two (2) members on the OPERATIONS BOARD; and
- (3) PARTICIPATING JURISDICTIONS with less than 15% of total system ridership shall have one (1) member on the OPERATIONS BOARD.
- (4) Each PARTICIPATING JURISDICTION may also have one alternate for each of its regular members appointed from its governing body in the same manner as regular members.

(2) The first members of the OPERATIONS BOARD shall be appointed not later than upon execution of this MASTER AGREEMENT, and shall continue as members until their successors shall have been selected, provided that under no circumstances, except in the case of the Chairman of the Commonwealth Transportation Board's representative, shall membership on the OPERATIONS BOARD continue after a member ceases to be both a member of a governing body from a PARTICIPATING or CONTRIBUTING JURISDICTION and a commissioner of his appointing transportation district commission.

(3) The OPERATIONS BOARD shall elect from among its members a chairman and such other officers as it may deem essential each to serve for a term of one year or until a successor is elected. All officers shall be eligible for reelection.

(4) The OPERATIONS BOARD shall endeavor to conduct its business by consensus to the extent possible. Nonetheless, each jurisdiction represented on the OPERATIONS BOARD shall be entitled to a vote with a weight proportionate to the jurisdiction's annual subsidy determined in accordance with Section VIII.A.(1) and (2) for the then current fiscal year, e.g., a jurisdiction paying 25% of the annual jurisdictional subsidy shall have a vote with a weight equal to 25% of the total. The members of the OPERATIONS BOARD from jurisdictions with more than one representative may each cast an individual vote with a weight based on an equal proportion of the jurisdiction's total voting weight.. A quorum of the OPERATIONS BOARD shall consist of a majority of the members which shall include at least one member from a majority of the PARTICIPATING and CONTRIBUTING JURISDICTIONS, The presence of a quorum and a vote of the majority of members present, including at least one affirmative vote from a majority of the members from the PARTICIPATING and CONTRIBUTING JURISDICTIONS, which majority shall constitute not less than sixty percent (60%) of the total annual jurisdictional subsidy, shall be necessary for the OPERATIONS BOARD to take any action. The representative of the Chairman of the Commonwealth Transportation Board shall have one vote on the OPERATIONS BOARD.

(5) The OPERATIONS BOARD shall hold regular meetings at such locations and times as the members may determine, which meetings shall be called and conducted in accordance with such by-laws of the OPERATIONS BOARD as may be adopted by the members thereof. Roberts' Rules of Order, Revised shall govern those procedural matters not set forth in the by-laws.

#### C. FUNCTION OF OPERATIONS BOARD

The OPERATIONS BOARD shall serve as an advisory body to the COMMISSIONS and shall oversee the management, operation and control of operational decisions, functions, affairs and property of the commuter rail service on behalf of the COMMISSIONS, exercising such powers and authority as may be delegated to it by the COMMISSIONS.

(1) FINANCIAL MANAGEMENT -- The OPERATIONS BOARD shall oversee the management of all monies attributable to commuter rail service, including federal and state grant funds and local contributions, consistent with such terms and conditions as may be agreed upon for administration by the Virginia Division of Risk Management of a liability insurance plan. The financial management responsibilities of the OPERATIONS BOARD shall be specified by the COMMISSIONS in the agreement between them (Appendix B), and shall include supervision of funds collected from the sources identified in this MASTER AGREEMENT, maintenance of accounts, investments, and disbursement of funds in accordance with approved budgets.

(2) MAINTENANCE OF ACCOUNTS -- In order to ensure the proper management of the monies of the commuter rail service, for so long as the COMMISSIONS so determine, NVTC shall serve as the repository for all such monies, and shall perform all necessary accounting duties. NVTC shall disburse such funds only on direction of the OPERATIONS BOARD as authorized by the COMMISSIONS.

#### D. COMMUTER RAIL CHIEF EXECUTIVE OFFICER

At such time as the COMMISSIONS may direct, and in no event later than the start of service hereunder, the OPERATIONS BOARD shall recommend a CHIEF EXECUTIVE OFFICER for selection by the COMMISSIONS.

(1) The CHIEF EXECUTIVE OFFICER shall report directly to, and shall act at the direction of, the OPERATIONS BOARD.

(2) With the exception of matters expressly delegated by the COMMISSIONS or the OPERATIONS BOARD to the extent of its own authority, the CHIEF EXECUTIVE OFFICER shall act only upon the prior authorization of the OPERATIONS BOARD.

(3) The OPERATIONS BOARD may direct the CHIEF EXECUTIVE OFFICER to act only to the extent authorized by the COMMISSIONS.

(4) To the extent directed by the OPERATIONS BOARD, as authorized by the COMMISSIONS, the MANAGER shall be responsible for the proper administration of all day to day functions and affairs of commuter rail services, which responsibilities shall include but not be limited to:

(a) monthly reports to the COMMISSIONS regarding matters of administration and operation, including claims management and the financial condition of the commuter rail project;

(b) execution of annual budgets;

(c) day-to-day operational decisions incident to the provision of continuous commuter rail services, including those required in the event of emergency circumstances; and

(d) such other duties as may be delegated by the OPERATIONS BOARD and authorized by the COMMISSIONS.

(5) Until such time as the COMMISSIONS determine otherwise, the CHIEF EXECUTIVE OFFICER shall serve either as an employee of NVTC, paid by the COMMISSIONS as an operating expense, or an independent contractor similarly paid.

#### E. STAFF AND OTHER COMMITTEES

Upon the request of the OPERATIONS BOARD, the COMMISSIONS may employ staff, or retain independent contractors, to serve as technical advisors, consultants and the like useful in discharging the responsibilities of the COMMISSIONS and the OPERATIONS BOARD under this MASTER AGREEMENT, and may establish committees for the purposes set forth herein.

### III. FINANCIAL PLANS AND BUDGETS

#### A. PREPARATION OF SIX-YEAR FINANCIAL PLANS

Together with the annual budget, the preparation of which is provided for in Section III.C., the OPERATIONS BOARD shall annually prepare a revised six-year financial plan for approval by the COMMISSIONS as part of the budget approval process. The financial plan shall contain a six-year forecast and shall be the basis for annual budgets and requests by the COMMISSIONS for financial assistance from the PARTICIPATING JURISDICTIONS in accordance with the funding formulae set forth herein, as well as from the CONTRIBUTING JURISDICTIONS, and other funding sources. The initial six-year plans for service into the District of Columbia and for the Crystal City contingency plan are attached to this MASTER AGREEMENT as Appendices C1 and C2, respectively.

Formulation of the financial plan shall be guided by the following principles:

(1) Accurate and adequate estimates of the costs of operation shall be prepared for all aspects of the project operation, and a preliminary financial plan shall be formulated and presented by the OPERATIONS BOARD to the COMMISSIONS and transmitted to the

PARTICIPATING and CONTRIBUTING JURISDICTIONS on or before September 30 of the preceding fiscal year for their review. A final recommended financial plan shall be presented to the COMMISSIONS on or before December 1 for approval by the COMMISSIONS. The COMMISSIONS shall act by February 1, and, thereafter, transmit to the PARTICIPATING JURISDICTIONS the financial plan together with the budget for the next fiscal year and a request to budget and appropriate their share, as established herein, of the costs of commuter rail service determined pursuant to the formulae set forth in Section VIII.A.(2) for which commuter rail service revenues pledged to the payment thereof are estimated to be insufficient when calculated as provided in Section VIII. The COMMISSIONS shall simultaneously transmit to the CONTRIBUTING JURISDICTIONS a request to contribute to the costs of commuter rail service for the fiscal year.

(2) The COMMISSIONS shall utilize responsible debt financing to the extent that such is financially advantageous to the commuter rail project and is in the interests of the parties hereto. Provided, however, that in no event shall the COMMISSIONS issue a debt related to the commuter rail project, other than that initial debt necessary for the initial acquisition of equipment and facilities to begin service hereunder and the establishment of an insurance reserve, absent the unanimous consent of all parties hereto.

(3) With the exception of fares for the Crystal City contingency plan, fares shall be set to recover, initially, no less than 50% of the annual estimated operating costs unless otherwise agreed to unanimously by the PARTICIPATING JURISDICTIONS, and with the understanding that a shared objective of the COMMISSIONS and the PARTICIPATING JURISDICTIONS will be the periodic adjustment in the fare structure in order to achieve a minimum of 50 % recovery of operating costs from fare revenue.

(4) The costs of commuter rail service shall be borne by the PARTICIPATING JURISDICTIONS subject to, and in accordance with, the formula set forth in Section VIII.A.(2), below; however, the COMMISSIONS shall seek all state aid available to acquire rolling stock.

(5) Costs for parking lots, stations, and other capital costs as provided in Section IV. shall be the responsibility of the PARTICIPATING JURISDICTION in which the improvement is made; however, the COMMISSIONS shall seek financial assistance for these improvements from the Commonwealth's Mass Transit Fund and federal sources.

(6) The COMMISSIONS shall seek funds from the Commonwealth and federal government, and apply such funds for the performance of the responsibilities contained herein in accordance with the provisions of Section IV.B. hereof; no general obligation of PARTICIPATING or CONTRIBUTING JURISDICTIONS shall be required, or established hereby.

(7) Banking, investments, and accounting practices shall be governed by the requirements of state and federal grantor agencies, the terms of the agreement between the COMMISSIONS (Appendix B), operating contract(s), lease payments, and/or any indentures supporting borrowed funds.

(8) PARTICIPATING JURISDICTIONS may attempt to secure funds from private sources to off-set capital costs for which the PARTICIPATING JURISDICTION is responsible; however, securing such funds shall not serve to decrease the financial support which the PARTICIPATING JURISDICTION is otherwise entitled to receive under Section IV. herein.

(9) To the extent federal and state aid is available, the COMMISSIONS shall seek such to fund the costs of commuter rail service, and shall credit the PARTICIPATING JURISDICTIONS with their pro rata share of such aid based on the formula set forth in Section VIII.A.(2).

(10) Such other principles as may be agreed upon by the parties hereto.

#### B. INITIAL ANNUAL BUDGETS

(1) The FY 1990 and estimated 1991 pre-revenue capital and operating budgets for the provision of commuter rail services are attached hereto and incorporated herein as Appendices D 1 and D2, and set forth expenses to be incurred prior to, and in preparation for, the start of commuter rail service. The parties hereto understand that approval of this Master Agreement includes approval of the FY 1990 budget, and agree that, upon approval of this Master Agreement, appropriations shall be made in accordance with the FY 1990 budget and payments shall be made in accordance therewith as directed by the COMMISSIONS.

(2) The estimated FY 1992 capital and operating budgets for the provision of commuter rail services into the District of Columbia and for the Crystal City contingency plan are attached hereto and incorporated herein as Appendices E1 and E2, respectively, and set forth the costs of commuter rail service for the start of commuter rail service and its first year of operation.

#### C. PREPARATION OF SUBSEQUENT ANNUAL BUDGETS

Commencing with the budget for FY 1991, and consistent with the six-year financial plans (Appendices C 1 and C2) and subsequent revisions thereto, the OPERATIONS BOARD shall prepare a preliminary annual budget to cover the period from July 1 to June 30 of each fiscal year and submit it to the COMMISSIONS, the PARTICIPATING JURISDICTIONS, and the CONTRIBUTING JURISDICTIONS by September 30 of the preceding fiscal year for review and comment. The OPERATIONS BOARD shall receive all comment, written and oral. Thereafter, and upon consideration of the comments received, the OPERATIONS BOARD shall prepare a final recommended annual budget by December 1 for approval by the COMMISSIONS by February 1. Thereafter, the COMMISSIONS shall transmit to the PARTICIPATING JURISDICTIONS a request to budget and appropriate their respective shares of the cost of commuter rail service determined pursuant to the formulae set forth in Section VIII.A.(2) for which commuter rail service revenues pledged to the payment thereof are estimated to be insufficient when calculated as provided in Section VIII. The COMMISSIONS shall simultaneously transmit to the CONTRIBUTING JURISDICTIONS a request to budget and appropriate the funds identified for each in the final recommended annual budget. Once the PARTICIPATING and CONTRIBUTING JURISDICTIONS have budgeted and appropriated their respective shares, payment shall be made in accordance with the COMMISSIONS' directions.

In preparing the budget, and with the COMMISSIONS' authorization, the OPERATIONS BOARD may prepare and distribute all necessary requests for proposals or bid documents, and prepare requisite specifications, for all equipment, services, and supplies which may be required for the purposes hereof; and may request the COMMISSIONS to employ architects, engineers, consultants, and others as it may deem necessary to draft such specifications, to design structures, to estimate costs, or to advise with respect to insurance programs and the like.

#### D. SHORTFALLS IN BUDGETED FUNDS

In the event budgeted funds are insufficient to meet the financial obligations of the COMMISSIONS for the costs of commuter rail service during any fiscal year, the OPERATIONS BOARD shall so advise the COMMISSIONS which shall then seek additional funding therefor from the PARTICIPATING JURISDICTIONS beyond that which has

heretofore been provided, and which is required for commuter rail services. To obtain such additional funding the COMMISSIONS shall direct the OPERATIONS BOARD to prepare a draft amended budget, which shall be transmitted by the OPERATIONS BOARD to the PARTICIPATING JURISDICTIONS for their review and comment. The OPERATIONS BOARD shall then submit a final amended budget to the COMMISSIONS for approval. Thereafter, the COMMISSIONS shall request the PARTICIPATING JURISDICTIONS to budget and appropriate their respective proportionate shares to fund the amended budget, and to make payment in accordance therewith as directed by the COMMISSIONS.

The governing bodies of each of the PARTICIPATING JURISDICTIONS hereby direct the County Executive, County Administrator, County or City Manager, or such other officer as may be charged with the responsibility for preparing the PARTICIPATING JURISDICTION'S budget, to submit a request to the governing body to budget and appropriate such additional proportionate share as the COMMISSIONS may deem necessary to fund an amended budget for commuter rail service.

#### E. LOCAL CONSIDERATION AND FUNDING

The adopted annual budget shall reflect, to the greatest extent practicable, the consensus of the PARTICIPATING JURISDICTIONS and the CONTRIBUTING JURISDICTIONS. Upon adoption of the budget by the COMMISSIONS, and in no event later than February 1 of each year, the COMMISSIONS shall transmit to the governing bodies of the PARTICIPATING JURISDICTIONS a request to budget and appropriate their respective proportionate shares of the cost of commuter rail service determined pursuant to the formulae set forth in Section VIII.A.(2) for which commuter rail service revenues pledged to the payment thereof are estimated to be insufficient when calculated as provided in Section VIII. The COMMISSION shall simultaneously transmit to the CONTRIBUTING JURISDICTIONS a request to budget and appropriate the funds identified for each in the adopted annual budget. In furtherance of the purposes of this MASTER AGREEMENT, the PARTICIPATING JURISDICTIONS hereby declare their intent to make sufficient annual appropriations to pay their share of the costs for commuter rail service determined pursuant to the formulae set forth in Section VIII.A.(2) for which commuter rail service revenues pledged to the payment thereof are estimated to be insufficient when calculated as provided in Section VIII, and to make payments pursuant to such appropriations as directed by the COMMISSIONS. Beyond the consideration of annual budgets, as such may be amended during the fiscal year, as provided for herein, it is not the intent of this MASTER AGREEMENT for the PARTICIPATING JURISDICTIONS to make a legally binding commitment beyond the fiscal year for which an appropriation is made, and the PARTICIPATING JURISDICTIONS' obligation to make such payments shall be subject to annual appropriations being made from time to time by the PARTICIPATING JURISDICTIONS for such purpose. No obligation for the expenditure of money by the PARTICIPATING JURISDICTIONS for the payment of Operating Costs, including insurance costs, and Capital Costs shall be incurred, except pursuant to legally enacted appropriations. Once such appropriations are made, the PARTICIPATING JURISDICTIONS shall make payments in accordance therewith and the COMMISSIONS shall be entitled to rely upon such payment being made.

The governing bodies of each of the PARTICIPATING JURISDICTIONS hereby direct the County Executive, County Administrator, County or City Manager, or such other officer as may be charged with the responsibility for preparing the PARTICIPATING JURISDICTION'S budget, to include in the budget for each fiscal year during which Operating Costs are incurred or debt for Capital Costs is outstanding, a request for an amount equal to that requested by the Commissions and sufficient to pay the costs of commuter rail service determined pursuant to the formulae set forth in Section VIII.A.(2) for which commuter rail service revenues pledged to the payment thereof are estimated to be insufficient when calculated as provided in Section VIII.

The CONTRIBUTING JURISDICTIONS shall be requested each fiscal year by the COMMISSIONS to budget and appropriate funds to assist in defraying the costs of commuter rail during the fiscal year. However, the CONTRIBUTING JURISDICTIONS shall not be obligated in any way to make an appropriation for any fiscal year, nor shall the CONTRIBUTING JURISDICTIONS be obligated to include such an appropriation in the proposed annual budget for consideration by the CONTRIBUTING JURISDICTIONS' governing bodies.

IV. STATION SITES AND CAPITAL GRANT FUNDING

A. Stations and/or platforms shall be located initially in the vicinity of the following sites:

RF&P Corridor	Southern Corridor
South Stafford	Manassas Airport* *
Brooke	Manassas
Quantico	Manassas Park****
Woodbridge	Burke Centre
Pohick/Lorton	Burke/Rolling Road
Franconia*	Backlick Road
	Joint Corridor
	Alexandria - Union Station
	Crystal City
	L'Enfant Plaza***
	Washington D.C. - Union Station***

\* subject to agreement with the Washington Metropolitan Area Transit Authority

\*\* subject to agreement between Manassas and Prince William County regarding cost sharing

\*\*\* provided the D.C. Service is implemented

\*\*\*\* the parties acknowledge and agree that, unless otherwise agreed, the City of Manassas Park shall be responsible for maintenance and control of the access road and parking lot at the Manassas Park station site. This responsibility shall not include maintenance of improvements within the railroad right-of-way.

B. Construction of stations, platforms, and parking lots shall be the responsibility of the PARTICIPATING JURISDICTIONS in which such are located, except as otherwise stated herein. The costs to construct stations, platforms, and parking lots shall be funded from a variety of sources, including federal and state grants and matching contributions from PARTICIPATING JURISDICTIONS. The foregoing funds shall be distributed to the PARTICIPATING JURISDICTION responsible for such costs in accordance with the formula set forth in Section VIII.A.(2). However, before distribution of federal and state grant monies to the PARTICIPATING JURISDICTIONS, such grant funds shall be applied by the COMMISSIONS to the costs listed below as follows:

Primary Facility Costs -- capital facility costs, specifically those required for the RF&P and Southern line storage facilities, the stations at Alexandria, Crystal City, L'Enfant Plaza, and Union Station, and platforms at all



remaining stations. Construction of the aforesaid facilities, and the costs therefor, shall be the responsibility of the COMMISSIONS and not of the PARTICIPATING JURISDICTIONS in which located.

Remaining federal and state funds, if any, will be distributed for:

1st Priority -- costs for remaining stations and parking lots

2nd Priority -- remaining capital facility costs, e.g., land acquisition

(1) RF&P Line -- Upon meeting the primary facility costs described above, the sums remaining from federal, state and local sources for station and parking lot construction purposes shall be allocated to the PARTICIPATING JURISDICTIONS based on the formula in Section VIII.A.(2), and shall be applied to the costs for construction of stations and parking lots on the RF&P line meeting minimum design standards established by the OPERATIONS BOARD and adopted by the COMMISSIONS. Remaining capital facility costs associated with stations and parking, e.g., land acquisition, shall be the responsibility of the PARTICIPATING JURISDICTION in which such facilities are located.

(2) Southern Line -- Similarly, upon meeting the aforesaid primary facility costs, the sums remaining from federal, state and local sources for station and parking lot construction purposes shall be allocated to the PARTICIPATING JURISDICTIONS based on the formula in Section VIII.A.(2), and shall be applied to the costs for construction of stations and parking lots on the Southern line meeting minimum design standards established by the OPERATIONS BOARD and adopted by the COMMISSIONS. Manassas shall use its good offices to obtain the use of a station located within the City which is owned and operated by the Southern . Remaining capital facility costs for stations and parking, e.g., land acquisition, shall be the responsibility of the PARTICIPATING JURISDICTION in which such facilities are located.

(3) Federal funds -- NVTC has applied for federal capital grant funding from the Urban Mass Transportation Administration of \$750,000.00 for the capital facility costs located on the RF&P line, which, upon receipt, shall be earmarked for, and applied by the COMMISSIONS to, such costs.

(4) State funds -- A share of the costs for stations, platforms, and parking lots on both of the lines has been requested by the COMMISSIONS from the Virginia Department of Transportation. VDOT, by agreement, will provide a maximum of \$8 million through FY 1990, which shall be applied as provided in subparagraphs (1) and (2), above.

(5) Local funds -- The PARTICIPATING JURISDICTIONS shall pay their proportionate share of the remaining capital costs, according to the procedures set out in subparagraphs (1) and (2), above.

C. The COMMISSIONS shall enter into a formal agreement with VDOT satisfactory to VDOT, for VDOT to design, construct and/or maintain parking lots and ancillary station area improvements (other than those constructed or maintained by any PARTICIPATING JURISDICTION), excluding platforms. The COMMISSIONS, through the OPERATIONS BOARD, shall reimburse VDOT for the costs of design and construction from the funds identified in approved budgets. In separate formal agreements with the appropriate COMMISSIONS and/or PARTICIPATING JURISDICTIONS, satisfactory to VDOT, VDOT shall be provided with the right of entry upon and use of those parking lots for which VDOT

accepts maintenance responsibility. The COMMISSIONS will be responsible for providing insurance for the parking lots, and will, to the extent possible, name the parties hereto as additional insureds on any property, casualty or liability policies obtained. In lieu of insurance policies, coverage by an insurance plan approved and/or operated by the Virginia Division of Risk Management or a self-insurance plan approved by the State Corporation Commission may be established.

D. With the exception of those cost items identified in Section IV.B. and C., each PARTICIPATING JURISDICTION in which a station site is located shall be responsible for the prompt construction of the station in accordance with minimum design standards established by the OPERATIONS BOARD and adopted by the COMMISSIONS, and for the costs thereof. The sites shall be constructed at or near the locations identified in Section IV.A. The COMMISSIONS shall be responsible for station improvements at L'Enfant Plaza and Union Station in the District of Columbia, and at Crystal City and Alexandria, as well as for capital costs for the RF&P and Southern line storage facilities. If all platforms cannot be in service on the first day of commuter rail service, level surfaces from which boarding can occur will be provided on a temporary basis, with permanent platforms provided as soon as possible.

E. All station sites and platforms shall be accessible to the handicapped.

F. Within the limits established in approved budgets, the COMMISSIONS may, based upon the OPERATIONS BOARD's recommendation, authorize contracts for custodial services, limited to trash pickup and snow removal, for all terminals, stations, platforms and parking lots except those areas maintained by Amtrak or VDOT. A condition of such contracts shall be the contractor's indemnification, through adequate insurance acceptable to the COMMISSIONS and evidenced by certificates of insurance, of the OPERATIONS BOARD, the COMMISSIONS, VDOT and the PARTICIPATING and CONTRIBUTING JURISDICTIONS against any claims, suits, judgments, or other legal proceedings arising out of the performance of contractual responsibilities by the contractor.

G. Upon the recommendation of the OPERATIONS BOARD, the COMMISSIONS may authorize contracts with vendors for vending operations such as newspaper and food sales at station sites. Such contracts shall contain the requirements stated above in Section IVY. Revenues from such sales shall be included in the annual budget to be applied to system costs, and shall not be returned directly to each PARTICIPATING JURISDICTION. Such vending operations shall be subject to all applicable state and local regulations.

H. Any of the PARTICIPATING JURISDICTIONS may provide for new or expanded stations, platforms, or parking lots at station sites within its territory, subject to approval by the COMMISSIONS. Financing for such shall be the sole responsibility of the PARTICIPATING JURISDICTION.

## V. CONTRACT OPERATIONS

### A. TRAIN OPERATION

(1) Subject to such requirements and limitations as may be set out in this MASTER AGREEMENT, upon the request of the OPERATIONS BOARD, the COMMISSIONS shall enter all appropriate agreements necessary to initiate and operate the commuter rail services, to provide associated parking facilities, and to provide an adequate insurance program as set forth in Section VII below.

(2) The contracts authorized hereby shall provide, at a minimum, three trains per line with the capacity to carry at least 75% of initial estimated ridership on a line each federal government workday, with an intended goal of four trains per line, on specified schedules. Such contracts shall further provide the option, to be approved by the COMMISSIONS, to add service and additional cars to each line within the agreed-upon financial limits set forth herein. Ridership estimates are provided in Appendices A1 and A2.

(3) The COMMISSIONS shall be responsible for obtaining necessary initial approvals by regulatory authorities for the commuter rail services, but each PARTICIPATING JURISDICTION shall be responsible for all necessary local permits and approvals in connection with construction of platforms, stations, terminals, and parking lots in its jurisdiction.

## B. ROLLING STOCK AND FACILITIES MAINTENANCE

The COMMISSIONS shall jointly enter into such agreements as they shall deem necessary and appropriate for the maintenance of the rolling stock and other equipment and facilities required for the commuter rail service.

## VI. SERVICE PLAN

### A. SCHEDULES

The OPERATIONS BOARD shall recommend, and the COMMISSIONS shall establish, initial schedules for commuter rail services into the District of Columbia and for the Crystal City contingency plan in consultation with the PARTICIPATING JURISDICTIONS, and appropriate means to amend the schedules as necessary.

The initial schedules shall establish the target level of service for each station, and for each line. The COMMISSIONS may adjust the schedules to accommodate day-to-day fluctuations in demand as such adjustments may be recommended by the OPERATIONS BOARD. However, the minimum level of service established as a target in the initial schedules shall not be reduced without the express consent of the affected jurisdictions.

### B. FARES

The initial fare structures for the D.C. service and for the Crystal City contingency plan shall be established by the COMMISSIONS upon the recommendation of the OPERATIONS BOARD, in consultation with the PARTICIPATING JURISDICTIONS.

(1) The COMMISSIONS may agree to discount the fares of employees of those railroads with which they contract for services hereunder as an offset against fees and charges under those contracts, and may adopt other fare structures from time to time as they shall best determine during the operation of commuter rail services, including special promotional fares, V.L.P. free passes, and the like; however, except for such special promotions, no fare shall be lower than those established by the initial fare structure absent the express unanimous consent of the PARTICIPATING JURISDICTIONS.

(2) Any PARTICIPATING JURISDICTION may purchase tickets at the current price for resale at rates less than those set forth in the initial fare structure or any subsequent fare structure established by the COMMISSIONS.

## VII. RISK MANAGEMENT

### A. INSURANCE PLAN ADMINISTERED BY DIVISION OF RISK MANAGEMENT

(1) In order to provide adequate insurance coverage for liabilities associated with commuter rail service, the parties hereto hereby establish the following requirements for administering claims, and paying settlements, judgments, awards and legal and other expenses which may arise out of such operations. The obligation of the COMMISSIONS under this section, including the provision of insurance, and the limits thereof, shall apply collectively, and not severally, to commuter rail operations over the lines of the Southern Railway Company, Amtrak and Conrail between the Manassas, Virginia area, and Union Station in the District of Columbia, and to commuter rail operations over the lines of the RF&P, Amtrak and Conrail between the Fredericksburg, Virginia area, and Union Station in the District of Columbia.

(2) The COMMISSIONS shall develop, fund, and maintain a liability insurance plan acceptable to, and administered by, the Virginia Division of Risk Management pursuant to Section 2.1-526.8:1 of the Code of Virginia, 1950, as amended, which provides insurance coverage in the annual aggregate sum of, at least, \$200,000,000.00. The insurance plan may include the use of a program of self-insurance, commercial insurance, or any other alternative insurance mechanism acceptable to the Division of Risk Management. Any portion of the insurance plan which is self-insured shall at all times be, as part of the Division of Risk Management's administration, acceptable to, and subject to continuing approval by, the Division of Risk Management.

(3) The COMMISSIONS' initial insurance plan is attached hereto and incorporated herein as Appendix F. Such plan shall provide coverage for all risks of loss or damage to persons or property which may be incurred by the COMMISSIONS, or by others and assumed by the COMMISSIONS under any contract, as a consequence of the operation of commuter rail services hereunder. The COMMISSIONS shall provide directly or by contract for defense or settlement of all claims, suits, causes, or actions to which they, or any insured as defined in Appendix F, may become subject, shall acquire or provide for such legal and other services as may be required for the purpose, and shall defend, indemnify, and hold harmless the PARTICIPATING JURISDICTIONS, the CONTRIBUTING JURISDICTIONS, and other non-participating member jurisdictions of the COMMISSIONS in the event any are named in a suit, cause, action, or claim arising from the provision of commuter rail services. The initial insurance plan may be amended by the COMMISSIONS from time to time, subject to the approval of the Division of Risk Management.

## B. FUNDING OF INSURANCE PLAN

(1) In order for the COMMISSIONS to carry out these obligations and for no other purpose, the PARTICIPATING JURISDICTIONS hereby agree to provide in the manner and in the amounts set forth in the annual budget, sufficient monies to fund the costs of the foregoing insurance plan. Such costs shall include any and all costs associated with securing, maintaining, and administering the insurance plan, all costs for defense and settlement of claims, suits, causes or actions covered by the plan, and shall specifically include, but not be limited to, the costs to purchase commercial insurance, to participate in alternative insurance mechanisms, and to obtain the services of the Division of Risk Management as administrator of the insurance plan.

(2) Insurance Plan -- Subject to the provisions of Section X governing non-appropriation of funds, each PARTICIPATING JURISDICTION shall budget and appropriate its respective share of the costs to provide the insurance plan to include, in its initial formulation, (i) a self-insurance reserve satisfactory to the Virginia Division of Risk Management to cover liabilities of less than \$5 million per occurrence, and (ii) a combination of retained risk and insurance coverage obtained through commercial carriers and alternative insurance mechanisms, including captive insurance companies, sufficient to cover liabilities which exceed \$5 million per

occurrence subject to an annual aggregate limit of liability of \$200 million. In accordance with the insurance plan, monies may be used to employ such lawyers, accountants, expert witnesses, and other services as may be required to defend any claim.

(3) Actuarial Evaluation -- At the end of the first year of commuter rail services, and periodically thereafter as the COMMISSIONS may determine, an actuarial evaluation of claims history will be undertaken to determine the adequacy of the insurance plan provided hereby, and the OPERATIONS BOARD shall propose to the COMMISSIONS, as part of the annual budget process, a revised insurance plan and funding therefor, with revised proportionate contributions thereto, to be approved in accordance with the budget approval process set forth herein.

(4) Loans From Commonwealth -- In the event that claims or judgments or other insurance costs exceed the amount available in the budget, the COMMISSIONS, with the consent of the PARTICIPATING JURISDICTIONS, may request from the Governor payment of up to \$5 million from a contingent loan fund established for that purpose by the 1988 Regular Session of the General Assembly.

In any fiscal year in which any part of the Loan for Major Claims provided in Section 4-5.02(b) of the 1988-1990 Budget Bill of the Commonwealth of Virginia, Chapter 800, 1988 Va. Acts, at page 1588, is received from the State Treasury by the COMMISSIONS, on account of the operation of the commuter rail project, the PARTICIPATING JURISDICTIONS agree, subject to Section X governing non-appropriation of funds, to repay such loan amounts in the fiscal year next following the year in which the loan proceeds were received, in the same proportions as are set out in Section VIIIA.(2)(b) hereof, upon such terms as the State Treasurer may require.

### C. CLAIMS ADMINISTRATION

Pursuant to the insurance plan, the COMMISSIONS shall contract with the Virginia Division of Risk Management to administer the insurance plan. The parties hereto further agree to accept the decision of the COMMISSIONS regarding settlement of claims and payment of judgments and awards. The COMMISSIONS will contract with Amtrak for the investigation and administration of claims, and for the settlement of or payment of any claim, judgment or award not in excess of \$10,000 without specific prior approval of the COMMISSIONS. The COMMISSIONS shall establish a policy with respect to the foregoing to be followed by Amtrak. Necessary risk management procedures shall be developed by a consultant and recommended by the OPERATIONS BOARD for consideration by the COMMISSIONS.

## VIII. LOCAL SUBSIDIES AND OTHER PAYMENTS

### A. SHARING OF COSTS AND REVENUES IN INITIAL YEARS

(1) The costs of commuter rail service shall be shared as follows:

(a) Alexandria shall contribute, prior to and in the first year of service, the fixed amounts indicated in Appendices D 1 and D2 and E 1 or E2, respectively. These monies will be considered a contribution and, therefore, Alexandria will not be subject to the formula payment defined in Section VIIIA.(2). Alexandria shall be requested to make subsequent annual contributions. However, the requested annual contributions shall not exceed the fixed amount indicated in Appendices E1 or E2, *adjusted upwards or downwards each year by the same percentage of change as the total subsidy allocated among the PARTICIPATING JURISDICTIONS. by a factor of 5%.*

(b) Arlington shall contribute, prior to and in the first year of service, the fixed amounts indicated in Appendices D 1 and D2 and E 1 or E2, respectively. These monies will be considered as a contribution and, therefore, Arlington County will not be subject to the formula payment defined in Section VIIIA.(2). Arlington shall be requested to make subsequent annual contributions. However, the requested annual contributions shall not exceed the fixed amount indicated in Appendices E1 or E2, *adjusted upwards or downwards each year by the same percentage of change as the total subsidy allocated among the PARTICIPATING JURISDICTIONS, by a factor of 5%.*

(2) (a) Subject to the provisions of Section X governing non-appropriation of funds, Fairfax County, Manassas City, Prince William County, Manassas Park, Fredericksburg City, and Stafford County shall budget their entire shares of the costs of commuter rail service determined according to the formulae set forth in Section VIIIA.(2)(b) below for which commuter rail service revenues pledged to the payment thereof are estimated to be insufficient when calculated as provided in Section VIII.

(b) The costs of commuter rail service, except those otherwise paid on some other specific basis, shall be apportioned among the PARTICIPATING JURISDICTIONS so that 90 percent of the total costs shall be determined by the number of the jurisdiction's residents riding commuter rail, and 10 percent of the costs shall be determined by the total population of each PARTICIPATING JURISDICTION, as follows:

(i) The costs of commuter rail service for the then current year, minus the net contributions of Arlington and Alexandria, shall be multiplied by 10%, and the resulting sum shall be apportioned among the PARTICIPATING JURISDICTIONS in the proportion their respective populations bear to the total population of all PARTICIPATING JURISDICTIONS as set forth in Section VIII.A.(4).

(ii) For the aforesaid year the remaining 90% of the costs of commuter rail service shall be apportioned among the PARTICIPATING JURISDICTIONS in accordance with the estimates of ridership set forth in Section VIII.A.(4)(b) and shown in Appendices A1 and A2 for years to and including the first year of commuter rail service, and in accordance with actual ridership for subsequent years as provided for in Section VIII.C.

(c) The above allocation formula shall be modified beginning with FY 2008, and phased in over the next ensuing three fiscal years in equal increments, to reduce the population component and increase the ridership component of the formula, such that by FY 2011, 100% of the costs of commuter rail service shall be apportioned among the PARTICIPATING JURISDICTIONS in accordance with actual ridership as provided for in Section VIII.C.

(3) Revenues -- For the purpose of determining the cost of commuter rail service for which revenues pledged to the payment thereof are estimated to be insufficient, revenues shall be attributed to each PARTICIPATING JURISDICTION based on the number of residents from that jurisdiction who ride the service, multiplied by the fares charged from that jurisdiction. During the first year of commuter rail service, estimated ridership revenue as set forth in Section VIII.A.(4) shall be used to apportion revenues. In subsequent years, actual ridership from the most recent year available shall be used to allocate revenues. The OPERATIONS BOARD shall recommend, and the COMMISSIONS shall establish a rider survey procedure to determine the residences of riders.

(a) Revenues from riders residing outside the PARTICIPATING JURISDICTIONS, or whose residence cannot be determined, shall be considered "system" revenues, and shall be used to reduce overall costs of commuter rail service before allocation to the PARTICIPATING JURISDICTIONS.

(b) Public or private bus operators honoring commuter rail tickets shall be reimbursed by the COMMISSIONS from passenger revenues by attribution of the value thereof to the account of the jurisdiction of residence of the bus rider. For such bus passengers residing outside the PARTICIPATING JURISDICTIONS, system revenue shall be used to reimburse the bus operator.

(4) Population and Ridership Figures

(a) Population figures to the extent used in any year, shall be the provisional estimates of the Center for Public Service, available as of December 1 of year preceding the applicable fiscal year for which a budget is being prepared. In the first year of service, the population figures identified below shall be used.

(b) Ridership figures shall be updated annually after the first year of service. Estimated ridership by jurisdiction for the first year of service are as follows:

D.C. SERVICE				
JURISDICTION	1988 POP	POP %	RIDERSHIP	RIDERSHIP %
Fairfax County	759,300	71.4972%	3,052	41.0878%
Ma.nassas	23,300	2.1940%	95	1.2924%
Prince William County	194,700	18.3333%	3,252	43.7803%
Stafford County	55,900	5.2637%	486	6.5428%
Manassas Park	7,300	0.6874%	98	1.3193%
Fredericksburg	21,500	2.0245%	96	1.2924%
Total	1,062,000	100.0000%	7,428	100.0000%

CRYSTAL CITY CONTINGENCY PLAN

JURISDICTION	1988 POP	POP %	RIDERSHIP	RIDERSHIP%
Fairfax County	759,300	71.4972%	1,512	26.9519%
Manassas	23,300	2.1940%	370	6.5955%
Prince William County	194,700	18.3333%	3,178	56.6488%
Stafford County	55,900	5.2637%	318	5.6684%
Manassas Park	7,300	0.6874%	112	1.9964%
Fredericksburg	21,500	2.0245%	120	2.1390%
Total	1,062,000	100.0000%	5,610	100.0000%

NOTE: The ridership estimates for the D.C. Service are taken from Exhibit 20 "1987 Passenger Trip Estimate by Jurisdiction of Residence" in Patronage and Revenue Forecasts for the Virginia Railway Express, May, 1987 (page 5-17). As indicated in Appendix A1, there are an additional 766 trips estimated to come from non-participating jurisdictions. These trips are not assigned to any PARTICIPATING JURISDICTION. The ridership estimates for the Crystal City contingency plan are taken from the Supplemental Patronage and Revenue Forecasts for the VRE (September 13, 1989).

(5) Totals

Total costs, revenues and subsidies, for each participating jurisdiction for the first year of commuter rail service, shall be in accordance with the initial annual budget as shown in Appendices E 1 or E2.

#### B. PAYMENT PROCEDURES FOR PARTICIPATING JURISDICTIONS

(1) After adoption of the annual budget as provided for in Section III.B. and C. and E., above, each PARTICIPATING JURISDICTION shall pay to the COMMISSIONS, on the first business day in July, one half of the amount owed as the share of the cost of commuter rail service determined pursuant to the formulae set forth in Section VIII.A.(2). for which commuter rail service revenues pledged to the payment thereof are estimated to be insufficient when calculated as provided in Section VIII. Six months thereafter, on the first business day in January, the PARTICIPATING JURISDICTION shall pay the remaining half of the aforesaid amount to the COMMISSIONS. The COMMISSIONS shall provide notice to each of the PARTICIPATING JURISDICTIONS, thirty (30) days prior to the date on which payment is due, of the amount to be paid by the jurisdiction and the date when due. The amounts owed shall be paid on or before the due date specified by the COMMISSIONS. With the exception of funds for the insurance plan, all funds shall be accounted for by the COMMISSIONS as separate operating accounts for each PARTICIPATING JURISDICTION.

(2) The COMMISSIONS shall separately account for each PARTICIPATING JURISDICTION's payments for insurance, and the COMMISSIONS shall forward such funds to the Division of Risk Management. Payments for claims, judgments, awards and associated claims and adjusting expenses shall be paid from such funds by the Division of Risk Management in administering the self-insurance plan.

(3) After adoption of the annual budget, and the appropriation of the amount therein, the CONTRIBUTING JURISDICTIONS shall pay to the COMMISSIONS, on or before the first business day in July, the entire amount of their respective contributions, which sums shall be accounted for as system revenues and used to reduce overall costs.

(4) Upon receipt, passenger revenues shall be posted to each PARTICIPATING JURISDICTION's account, according to the agreed revenue allocation. If a payment is not made by a PARTICIPATING JURISDICTION, passenger revenues attributable to such PARTICIPATING JURISDICTION shall not be used to reduce the amount due by other PARTICIPATING JURISDICTIONS nor shall such failure to make payment result in an increase in the amount due by the other PARTICIPATING JURISDICTIONS. In instances where the actual revenues received and posted to a PARTICIPATING JURISDICTION are either greater or less than the revenues estimated to be received, the PARTICIPATING JURISDICTION shall be requested to pay any such deficit or the COMMISSIONS shall provide a credit against the PARTICIPATING JURISDICTION'S next year's payment.

(5) Any interest earned on unexpended balances attributed to each PARTICIPATING JURISDICTION's account shall be credited monthly to the account of the individual jurisdiction in proportion to the monthly totals of cash and fare revenues credited to the account of the jurisdiction.

(6) At the request of the OPERATIONS BOARD, the COMMISSIONS shall utilize the monies attributed to the PARTICIPATING JURISDICTIONS' accounts to make necessary operating cost payments consistent with the cost allocation formula contained in Section VIII.A.(2).

#### C. SHARING OF COSTS AND REVENUES FOR SUBSEQUENT YEARS

Payments for costs for each year after the initial year of commuter rail services shall be calculated as follows:



Actual ridership from the most recent year available shall be used to determine allocated costs and revenues for the next year, according to the allocation formulae set out in Sections VIII.A.(2) and (3). The OPERATIONS BOARD will review the data and advise the COMMISSIONS and the PARTICIPATING JURISDICTIONS of each jurisdiction's projected share of the costs of commuter rail for the next year in September as part of the preliminary budget submission set forth in Section III.C. above. Arlington and Alexandria shall not participate in the revised allocation, but shall make such contributions as may be agreed upon. After final approval of a budget each year, and upon its effective date, the PARTICIPATING JURISDICTIONS shall pay to the COMMISSIONS one half of the amount owed for the cost of commuter rail service determined pursuant to the formulae set forth in Section VIII.A.(2) for which commuter rail service revenues pledged to the payment thereof are estimated to be insufficient when calculated as provided in Section VIII. The CONTRIBUTING JURISDICTIONS shall pay to the COMMISSIONS the entire amount of their respective contributions. Six months thereafter the PARTICIPATING JURISDICTIONS shall pay the remaining half of the aforesaid amount to the COMMISSIONS. Payments shall be made on the same basis as provided for in Section VIII.B.

#### D. ADDITIONAL CONSIDERATIONS

(1) Each PARTICIPATING JURISDICTION is encouraged to obtain contributions from developers and employers to offset the costs assigned to that PARTICIPATING JURISDICTION.

(2) An audit of accounts shall be conducted annually by the COMMISSIONS to establish any credit due to, or any payments owed by, PARTICIPATING JURISDICTIONS.

#### IX. MARKETING

The OPERATIONS BOARD shall prepare, annually, a marketing plan providing for programs of promotion, publicity and the pre-selling of passes through such means as direct mail, payroll deduction, banks and transportation management associations, for consideration and approval by the COMMISSIONS. The PARTICIPATING JURISDICTIONS shall share in the costs of the marketing plan according to the terms set forth in Section VIII.A.(2) of this MASTER AGREEMENT.

#### X. NON-APPROPRIATION OF FUNDS

The PARTICIPATING JURISDICTIONS pledge their best efforts to provide the funds necessary to support a successful, continuing program of commuter rail service in light of the long-term obligations to be incurred by the COMMISSIONS in order to initiate service. Notwithstanding any other provision of this MASTER AGREEMENT to the contrary, the obligations of a PARTICIPATING JURISDICTION under this MASTER AGREEMENT are expressly contingent upon the continuing appropriation of funds to its purposes by such PARTICIPATING JURISDICTION for each fiscal year. The failure of a PARTICIPATING or CONTRIBUTING JURISDICTION to make its payment shall not relieve the other jurisdictions of their obligations hereunder. The COMMISSIONS in their sole discretion may refuse to provide service to any PARTICIPATING JURISDICTION that fails to appropriate and pay its share of the cost of commuter rail service.

#### XI. WITHDRAWAL FROM MASTER AGREEMENT

A PARTICIPATING JURISDICTION or CONTRIBUTING JURISDICTION may terminate its involvement with commuter rail service and withdraw from the MASTER AGREEMENT upon terms and conditions, including those pertaining to outstanding third-party claims, mutually acceptable to all parties hereto. Unless so terminated, this MASTER AGREEMENT shall continue for any period while any bonds issued to finance the Virginia Railway Express are outstanding.

**XII. CHANGES AND AMENDMENTS**

Upon mutual consent of all signatories, and subject to the approval of the COMMISSIONS' bond insurers, this MASTER AGREEMENT may be amended.

**XIII. SEVERABILITY**

In the event any of the provisions of this MASTER AGREEMENT are determined to be in violation of any statute or rule of law to which this MASTER AGREEMENT is subject, then such provision(s) shall be deemed inoperative to the extent the provision(s) is contrary to the requirements of the law, and shall be deemed to be modified to conform with such statute or rule of law, or stricken entirely from this MASTER AGREEMENT.

**XIV. AUTHORIZED SIGNATURES**

The undersigned individuals have been duly authorized to commit their respective organizations and jurisdictions to the terms of the MASTER AGREEMENT.

IN WITNESS WHEREOF, the duly authorized representatives of the parties hereto have executed this Master Agreement on the dates and year hereafter written:

NORTHERN VIRGINIA  
TRANSPORTATION COMMISSION

POTOMAC AND RAPPAHANNOCK  
TRANSPORTATION COMMISSION

Chairman

Chairman

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

**FAIRFAX COUNTY**

**Chairman, Board of County  
Supervisors**

\_\_\_\_\_  
Signature

**PRINCE WILLIAM COUNTY**

**Chairman, Board of County  
Supervisors**

\_\_\_\_\_  
Signature

**CITY OF MANASSAS  
Mayor**

\_\_\_\_\_  
Signature

**STAFFORD COUNTY  
Chairman, Board of County Supervisors**

\_\_\_\_\_  
Signature

**CITY OF ALEXANDRIA  
Mayor**

\_\_\_\_\_  
Signature

**ARLINGTON COUNTY  
Chairman, County Board**

\_\_\_\_\_  
Signature

CITY OF MANASSAS PARK  
Mayor

---

Signature

CITY OF FREDERICKSBURG  
Mayor

---

Signature

SPOTSYLVANIA COUNTY  
Chairman, County Board

---

Signature

## APPENDICES

- A1. Patronage and Revenue Forecasts for the Virginia Railway Express, R. H. Pratt (May 1987)
- A2. Supplemental Patronage and Revenue Forecasts for the VRE (September 13, 1988)
- B. Agreement between NVTC and PRTC
- C1. Initial Six Year Financial Plan for D.C. Service
- C2. Initial Six Year Financial Plan for Crystal City Contingency Plan
- D1. FY 1990 Pre-Revenue Capital and Operating Budget
- D2. Estimated FY 1991 Pre-Revenue Capital and Operating Budget for D.C. Service and Crystal City Contingency Plan
- E1. Estimated FY 1992 Capital and Operating Budget for D.C. Service
- E2. Estimated FY 1992 Capital and Operating Budget for Crystal City Contingency Plan
- F. Liability Insurance Plan

Extend CSXT's Operating Agreement

The VRE Operations Board recommends approval of Resolution #2162. This resolution extends the current operating agreement with CSXT through July 31, 2011 on the same terms while negotiations on a revised agreement continue. The current extension expires on January 31, 2011.



## RESOLUTION #2162

**SUBJECT:** Extend CSXT's Operating Agreement.

**WHEREAS:** The commissions currently have an amended operating/access agreement with CSXT relating to VRE operations in the Fredericksburg to Washington corridor, with said agreement ending on January 31, 2011;

**WHEREAS:** Staff is currently engaged in ongoing discussions with CSXT concerning a new agreement and does not anticipate conclusion of these discussions prior to the expiration of the amended operating/access agreement;

**WHEREAS:** A proposal to extend the existing agreement to July 31, 2011, without any changes, is expected from CSXT;

**WHEREAS:** The purpose of this extension is to allow time to negotiate and resolve the outstanding liability issues relating to a new agreement; and

**WHEREAS:** Necessary funding has been incorporated into the FY 2011 and FY 2012 VRE budgets to allow VRE to continue its operations over CSXT tracks via this contract extension.

**NOW, THEREFORE, BE IT RESOLVED THAT** the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to execute an extension of the existing amended operating/access agreement with CSXT to July 31, 2011.

Approved this 6<sup>th</sup> day of January, 2011

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Secretary-Treasurer



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**AGENDA ITEM 9-G**  
**ACTION ITEM**

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

**FROM: DALE ZEHNER**

**DATE: DECEMBER 17, 2010**

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

---

**RECOMMENDATION:**

The VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to execute an extension of the existing Amended Operating/Access Agreement with CSXT to July 31, 2011.

**BACKGROUND:**

The VRE has an Operating/Access Agreement with CSXT related to VRE operations in the Fredericksburg to Washington corridor. That agreement, entered into in 1994, has been amended and extended several times, most recently this past June, with an agreed upon extension to January 31, 2011. A further extension is being requested at this time to provide sufficient time to complete negotiation of a new agreement.

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

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



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

**FISCAL IMPACT:**

Funding for the CSX track access fee has been included in the FY 2011 and FY 2012 budgets, including an escalation of 4%.

Extend Norfolk Southern's Operating Agreement.

The VRE Operations Board recommends approval of Resolution #2163. This resolution extends the current operating agreement with Norfolk Southern through July 31, 2011 on the same terms while negotiations on a revised agreement continue. The current extension expires on January 31, 2011.



## RESOLUTION #2163

**SUBJECT:** Extend Norfolk Southern's Operating Agreement.

**WHEREAS:** The commissions currently have an amended operating/access agreement with Norfolk Southern relating to VRE operations in the Manassas to Washington corridor, with said agreement ending on January 31, 2011;

**WHEREAS:** Staff is currently engaged in ongoing discussions with Norfolk Southern concerning a new agreement and does not anticipate conclusion of these discussions prior to the expiration of the amended operating/access agreement;

**WHEREAS:** A proposal to extend the existing agreement to July 31, 2011, without any changes, is expected from Norfolk Southern;

**WHEREAS:** The purpose of this extension is to allow time to negotiate and resolve the outstanding liability issues relating to a new agreement; and

**WHEREAS:** Necessary funding has been incorporated into the FY 2011 and FY 2012 VRE budgets to allow VRE to continue its operations over Norfolk Southern tracks via this contract extension.

**NOW, THEREFORE, BE IT RESOLVED THAT** the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to execute an extension of the existing amended operating/access agreement with Norfolk Southern to July 31, 2011.

Approved this 6<sup>th</sup> day of January, 2011.

\_\_\_\_\_  
Chairman





---

Secretary-Treasurer



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**AGENDA ITEM 9-H**  
**ACTION ITEM**

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

**FROM: DALE ZEHNER**

**DATE: DECEMBER 17, 2010**

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

---

**RECOMMENDATION:**

The VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to execute an extension of the existing Amended Operating/Access Agreement with Norfolk Southern to July 31, 2011.

**BACKGROUND:**

VRE has an Operating/Access Agreement with Norfolk Southern (NS) relating to VRE operations in the Manassas to Washington corridor. That agreement, entered into in 1999, has been amended and extended several times, most recently this past June, with an agreed upon extension to January 31, 2011. A further extension is being requested at this time to provide sufficient time to complete negotiations of a new agreement.

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

Subsequent to the Commissions' action, however, it became clear that an agreement on the level of liability coverage could not be reached and the contract could not be executed. Norfolk Southern insists on including \$500 million in liability and terrorism coverage in the new agreement. Currently, VRE has \$250 million in coverage. An extension of the current agreement is needed while staff continues to attempt to resolve the insurance issue.

**FISCAL IMPACT:**

Funding for the Norfolk Southern track access fee has been budgeted in the FY 2011 and FY 2012 budgets, including an escalation of 4%.

Keolis Contract Modification

The VRE Operations Board recommends approval of Resolution #2164. This resolution increases the contract with Keolis Rail Services Virginia LLC for operating and maintenance services by \$2,085,000 to a new total not to exceed \$20,544,348 through June 30, 2011. It also removes the requirement that Keolis indemnify VRE for all liability claims up to \$5 million, effective July 1, 2011.

Several items are being added to the contract as listed on the attached memo, including service enhancements and increased locomotive maintenance. Liability insurance costs are passed through to VRE and have been greater than anticipated, so VRE will remove the indemnification requirement and will rely on its own insurance coverage.



**RESOLUTION #2164**

**SUBJECT:** Keolis Contract Modification.

**WHEREAS:** In November, 2009 the commissions approved a contract with Keolis Rail Services Virginia for VRE operating and maintenance services and mobilization in the amount of \$18,459,348 through June 30, 2011;

**WHEREAS:** The contract approval did not include funding for a contingency or for proposed service enhancements;

**WHEREAS:** Authorization is now being sought to modify the contract value to accommodate these and other items; and

**WHEREAS:** The requirement that the contractor indemnify VRE for the first \$5,000,000 in claims arising from the contract services has been found not to be cost effective and is also proposed for modification.

**NOW, THEREFORE BE IT RESOLVED** that the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to increase the contract with the Keolis Rail Services Virginia for operating and maintenance services and mobilization by \$2,085,000 for a total amount not to exceed \$20,544,348 through June 30, 2011.

**BE IT FURTHER RESOLVED** that NVTC authorizes the VRE Chief Executive Officer to remove the requirement that the contractor indemnify VRE for the first \$5,000,000 in claims arising from the contract services, effective July 1, 2011.

Approved this 6<sup>th</sup> day of January, 2011.

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Secretary-Treasurer





**AGENDA ITEM 9-B**  
**ACTION ITEM**

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

**FROM: DALE ZEHNER**

**DATE: DECEMBER 17, 2010**

**RE: AUTHORIZATION TO MODIFY THE CONTRACT FOR  
OPERATING AND MAINTENANCE SERVICES**

---

**RECOMMENDATION:**

The VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to modify the contract with Keolis Rail Services Virginia, LLC for operating and maintenance services by up to \$2,085,000 for a total amount not to exceed \$20,544,348 through June 30, 2011 and to remove the requirement that Keolis indemnify VRE for all liability claims arising from the contract service with a value up to \$5,000,000, effective July 1, 2011.

**BACKGROUND:**

On October 16, 2009, the Operations Board approved a contract with Keolis Rail Services Virginia for VRE operating and maintenance services and mobilization in the amount of \$18,459,348 through June 30, 2011. The Board authorization did not include approval for a contingency, items added during negotiations, or proposed service enhancements. The contract value for the mobilization period and the first full year of operations must now be modified to accommodate for the following:

- \$160,000 for crew layover facilities
- \$275,000 for additional training costs during mobilization. The initial budget for mobilization assumed that 70% of Amtrak employees would shift to Keolis.

- \$675,000 for the express train approved by the Operations Board in April 2010 and the turnback train included in the FY 2011 amended budget.
- \$325,000 for higher than anticipated liability premium costs in FY 2011 for the Keolis indemnification of VRE.
- \$325,000 for additional locomotive repair costs until the transition to the new fleet.
- \$500,000 of contingency funds for other equipment maintenance and/or capital needs, such as warranty work that will be reimbursed by the Gallery car manufacturer.

In addition, the contract with Keolis required the contractor to indemnify VRE for all liability claims arising out of contract services with a value up to \$5,000,000 and to purchase insurance coverage to back this responsibility. However, the cost of the insurance coverage, which is passed through to VRE, was more expensive than anticipated and did not result in lower premiums on VRE's own policies. As a result, approval is also being sought to remove this provision, effective for the contract year beginning July 1, 2011. An alternate mechanism, such as contractor responsibility for the first \$250,000 of damage to VRE property as is already included in the contract, will be used to achieve the desired outcome of shared responsibility for third party liability claims.

**FISCAL IMPACT:**

Funding for the contract modifications are included in the FY 2010 and FY 2011 operating budgets.



AGENDA ITEM #4

**MEMORANDUM**

**TO:** Chairman Hudgins and NVTC Commissioners  
**FROM:** Rick Taube  
**DATE:** December 30, 2010  
**SUBJECT:** Election of NVTC Officers for 2011 and Oath of Office.

---

NVTC's executive committee, serving as a nominating committee, has recommended the following slate of officers for NVTC for 2011.

Chairman: Hon. William Euille  
Vice-Chairman: Hon. Mary Hynes  
Secretary-Treasurer:

The commission should vote to select its 2011 officers. Chairman Hudgins will administer the following oath to the new officers:

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

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





AGENDA ITEM #5

**TO:** Chairman Hudgins and NVTC Commissioners  
**FROM:** Rick Taube  
**DATE:** December 30, 2010  
**SUBJECT:** WMATA Items

---

In November, the commission adopted a process and schedule for discussions with the Commonwealth on WMATA governance, funding and safety. The first meeting occurred on November 23<sup>rd</sup> and the second on December 2<sup>nd</sup>. A third is scheduled for January 5, 2011. Participants will describe the meeting and next steps. If a consensus recommendation is ready, the commission will be asked to consider it.

Chris Zimmerman has resigned from the WMATA Board. A copy of his announcement is attached.

NVTC's current Chairman, Cathy Hudgins is expected to serve as WMATA's Board Chairman for 2011. NVTC's Adam McGavock has been selected to chair WMATA's staff-level Jurisdictional Coordinating Committee for 2011.




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## **BREAKING NEWS — Zimmerman Resigns from Metro Board**

 December 16th, 2010 | Author: [ARLnow.com](#)



Arlington County Board Vice Chairman Chris Zimmerman, who will [soon take over as chairman of the county board](#), has resigned his position as a board member of the Washington Metropolitan Area Transit Authority, according to WTOP's Adam Tuss.

Zimmerman has represented Arlington on the Metro board since January 1998. He also serves on several other regional transportation boards.

Gordon Linton, a Metro board member representing Montgomery County, also resigned at a board meeting today.

*Update at 2:35 p.m. — We have been sent a copy of a letter Zimmerman sent to supporters explaining his [surprising and unexpected](#) resignation.*

*County board member Mary Hynes will be replacing Zimmerman on the Metro board, according to the letter.*

Dear Friends:

Today I announced that I will be stepping down from my role as Arlington's representative on the WMATA Board of Directors. On January 1st I will assume the Chairmanship of the Arlington County Board. In view of those responsibilities, and my desire to give greater focus to some of the needs within my county, I have decided that this is a good time for me to pass on the day-to-day duties of Metro representation.

I want to assure you that my commitment to transit and to Metro is as strong as ever, and I will continue to work for improvements to rail, bus, and paratransit services in our region. I will continue to serve on the Northern Virginia Transportation Commission (which is the governing body for WMATA in Virginia), as well as on the Transportation Planning Board for the National Capital Region, and the Northern Virginia Transportation Authority.

One benefit of this move is that another member will have the opportunity to become immersed in the daily issues involved in the system, increasing the level of direct knowledge about Metro significantly on the Arlington Board. And I am confident that my County will be well-represented, and the region well-served, by the member who will succeed me on the WMATA Board.

My colleague Mary Hynes will take over in January. Mary is an exceptional public official, and she is well-prepared for this role. For the last three years she has served on the Northern Virginia Transportation Commission, for which she is currently Secretary-Treasurer. Mary has a very personal connection to Metro. For many years, she and her family have lived about a block-and-a-half from the Clarendon Metro station. They have relied upon the system, and seen the changes Metro has brought to the community over the years. Mary is also a very experienced local elected official, having served Arlington since 1995 as a School Board and now a County Board Member. She is known for her responsiveness to constituent's concerns, and for paying close attention to details. Mary is also highly respected for her command of capital budgeting issues. She will be a strong advocate for riders, and a conscientious steward of the agency.

It has been a great privilege serving on the WMATA Board, and I appreciate all the help and support you have given me over the years in this role. I will be, as I have been, an ardent advocate for Metro, its riders, and the jurisdictions it serves. I look forward to continuing to work with all of you. There is much we need to do for the betterment of public transportation in our region, and for a bright future for Metro.

Thank you.

– Chris Zimmerman

### **Related Posts**

- [Before Metro Resignation, Zimmerman Expressed Frustration](#) December 20, 2010
- [BREAKING NEWS — Michael Brown Resigns as County Manager](#) October 1, 2010
- [Zimmerman Appointed to Transportation Task Force](#) September 17, 2010
- [Zimmerman Warns of Impending Doom at Metro](#) May 10, 2010

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## Metro board responds to outside critiques

### [Comments \(0\)](#)

Metro's board of directors has responded to recent criticisms of how it governs the agency -- by forming a committee.

A regional task force and the agency's official riders' representatives had offered recommendations on how the agency could improve in the wake of the deadly June 2009 Red Line train crash. Both reports offered pointed, yet differing critiques of the 14-member board of directors.

"The recommendations are worthy of full deliberations," said Fairfax County Supervisor Cathy Hudgins, who is expected to take over the Metro chairmanship in January.

The directors are forming a permanent committee of board members to look into governance issues. The panel, whose members will be chosen by the chairman, is tasked to come up with bylaws within 60 days on how committees should be structured and how the chairmanship should rotate. The chairman switches annually, but one recommendation called for longer terms to promote continuity.

The board also agreed to create an orientation program for current and new board members. That will be especially relevant following the resignations of longtime directors Christopher Zimmerman and Gordon Linton. More shuffling of the deck also is expected, bringing in new faces.

In response to additional critiques, the board said it plans to treat its ongoing search for a permanent general manager as a search for a chief executive officer. Both the reports from the Riders' Advisory Council and the Greater Washington Board of Trade and Metropolitan Washington Council of Governments called for the agency to seek a chief executive officer-style leader who has more autonomy in day-to-day leadership of the transit system.

Finally, the board has asked its attorney for a legal opinion on the role that the board's alternates play and whether it could change the veto power that jurisdictions currently hold.

D.C. Councilman and board member Jim Graham said the board was responding well to the calls for reform, reacting without defensiveness. "We've demonstrated our good faith and our open-mindedness in reviewing our structure," he said. "We are flexible and we are open and we are willing to improve."

But most changes would not begin before Virginia, Maryland and District officials are expected to weigh in early next month on the outside reports' recommendations. The governors of Maryland and Virginia and the D.C. mayor gave their transportation leaders 45 days to make a plan for reforming Metro. Those changes and other more substantial reforms could mean changing the compact that formed the agency, which requires the legislatures in all three jurisdictions to pass identical bills.

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**MEMORANDUM**

**TO:** Chairman Hudgins and NVTC Commissioners

**FROM:** Rick Taube

**DATE:** December 30, 2010

**SUBJECT:** Selection of NVTC Representatives to Boards and Committees.

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The new NVTC chairman will announce NVTC nominations for the WMATA, VRE and VTA boards to be acted upon by the commission. Some of these actions may be contingent on subsequent action by local boards and councils as their nominees may not be known by January 6<sup>th</sup>. Also, there may be subsequent action by NVTC to modify its method of choosing WMATA Board members. The chairman will also announce his or her committee assignments.

Resolution #2165 should be adopted.

Incumbents and vacancies are listed below:

WMATA Board

Principals

Hon. Catherine Hudgins

Vacant

Alternates

Hon. Jeffrey McKay

Hon. William Euille

VRE Board

Principals

Hon. Sharon Bulova

Hon. John Cook

Hon. Chris Zimmerman

Hon. Paul Smedberg

Alternates

Hon. Jeff McKay

Hon. Jay Fisette

-- vacant --



Virginia Transit Association Board of Directors

Principals

Hon. Chris Zimmerman  
Hon. William Euille

Alternates

Hon. Mary Margaret Whipple  
Richard K. Taube

NVTC Legislative Committee

Hon. William Euille (Chairman)  
Hon. Tom Rust (House of Delegates)  
Hon. Mary Margaret Whipple (Senate)  
Hon. Catherine Hudgins  
Hon. Mary Hynes  
Hon. Jeff Greenfield  
Hon. Dave Snyder  
Hon. Kelly Burk

NVTC Executive Committee

\_\_\_\_\_, Chairman (nominated)  
\_\_\_\_\_, Vice Chairman (nominated)  
\_\_\_\_\_, Secretary-Treasurer (nominated)  
Hon. Mary Margaret Whipple, General Assembly  
\_\_\_\_\_, (WMATA Board)  
Hon. Catherine Hudgins, (Immediate Past Chairman)





**RESOLUTION #2165**

**SUBJECT:** Selection of NVTC Representatives to Various Boards.

**WHEREAS:** NVTC is empowered to make appointments for the Board of Directors of the Washington Metropolitan Area Transportation Authority, the Virginia Railway Express and the Virginia Transit Authority;

**WHEREAS:** Some of NVTC's jurisdictions may not formally appoint their NVTC members prior to NVTC's January meeting and some may not be ready with recommendations; and

**WHEREAS:** A group of NVTC members is meeting periodically to discuss WMATA governance, funding and safety and may be ready at some point in the next few weeks or months with revised recommendations on Metro Board membership.

**NOW, THEREFORE, BE IT RESOLVED THAT** the Northern Virginia Transportation Commission hereby appoints the following persons to various boards, contingent upon possible subsequent action by NVTC's jurisdictions to alter their NVTC members for 2011 and their recommendations for members of the various boards, and contingent on potential subsequent action by the commission to implement recommendations to revise the Virginia membership of the WMATA Board.

**BE IT FURTHER RESOLVED THAT** the contingent appointments for 2011 are:

WMATA Board:

Principals

Hon. Cathy Hudgins  
Hon. Mary Hynes

Alternates

Hon. Jeff McKay  
Hon. Bill Euille

VRE Board:

Principals

Hon. Sharon Bulova  
Hon. John Cook  
Hon. Chris Zimmerman  
Hon. Paul Smedberg

Alternates

Hon. Jeff McKay  
Hon. Jay Fisette



**RESOLUTION #2165 cont'd**

VTA Board:

Principals

Hon. Chris Zimmerman  
Hon. Bill Euille

Alternates

Hon. Mary Margaret Whipple  
Rick Taube

Approved this 6<sup>th</sup> day of January, 2011.

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Chairman

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Secretary-Treasurer



AGENDA ITEM #7

**MEMORANDUM**

**TO:** Chairman Hudgins and NVTC Commissioners  
**FROM:** Rick Taube  
**DATE:** December 30 2010  
**SUBJECT:** Designation of NVTC Signatories and Pension Trustees

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After NVTC's new Secretary-Treasurer is elected, NVTC should adopt the attached resolution #2166. The resolution will establish that the new officer is eligible to sign NVTC documents (including financial transactions) and to serve as a trustee of NVTC's Employees' Pension Trust.



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**RESOLUTION #2166**

**SUBJECT:** Designation of NVTC Signatories and Pension Trustees.

**WHEREAS:** The Honorable \_\_\_\_\_ has been elected Secretary-Treasurer of NVTC for 2011; and

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

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

Hon. \_\_\_\_\_  
Richard K. Taube  
Scott C. Kalkwarf

Secretary-Treasurer  
Executive Director  
Director of Finance and Administration

**BE IT FURTHER RESOLVED** that the individuals listed above shall serve as NVTC employees' pension trustees, with the addition of NVTC's Assistant Financial Officer, Colethia Quarles.

Approved this 6<sup>th</sup> day of January, 2011.

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Secretary-Treasurer





AGENDA ITEM #8

**MEMORANDUM**

**TO:** Chairman Hudgins and NVTC Commissioners  
**FROM:** Rick Taube  
**DATE:** December 30, 2010  
**SUBJECT:** Public Hearing on and Approval of NVTC's 2011 Work Program and Schedule.

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The attached draft work program and schedule have been posted on NVTC's website for a month for review by the public. Local staff discussed the work program in November and December. NVTC staff will provide a brief review of 2010 accomplishments and plans for 2011 prior to a public hearing.

Following the public hearing, the commission is asked to approve the 2011 work program and schedule with whatever revisions are appropriate based on the public's input.





# **NVTC'S 2010 ACCOMPLISHMENTS AND 2011 GOALS, OBJECTIVES, WORK PROGRAM AND MEETING SCHEDULE**

1



*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.*

2



## GOALS AND OBJECTIVES



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

3



## 2010 MAJOR ACCOMPLISHMENTS



### **Legislative Advocacy:**

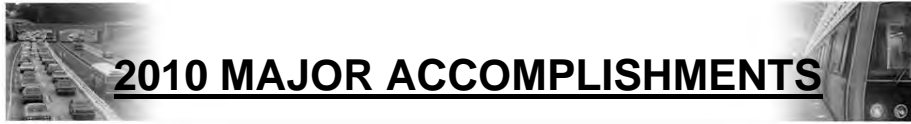
Prepared VTA and NVTC legislative agendas. Explained NVTC's positions to legislators, legislative committees and staffs.

### **New Funding:**

New federal grants obtained for NVTC's jurisdictions totaling about \$3.5 million.

Reconciled gas tax collections totaling \$35 million.

4



## **2010 MAJOR ACCOMPLISHMENTS**

### **Coordinate Transit Service:**

Conducted an extensive transit tour for 18 General Assembly members and senior executive branch staff.

Increased annual NTD federal formula assistance from FTA by \$1 million due to facilitating NVTC local transit systems' filings of performance data.

### **Manage Grants/Contracts/Trust Funds:**

Achieved flawless audit for NVTC and NVTA.

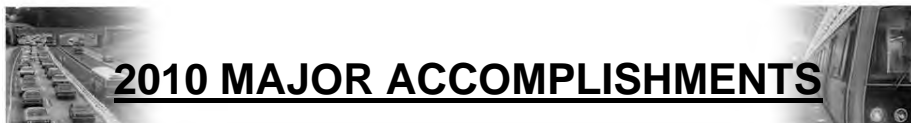
Responded to DRPT compliance review.

Managed trust fund assets of \$65 million per financial management employee at an administrative cost of less than \$0.003 per \$1 of assets.

### **Oversight of WMATA and VRE:**

Developed a process and schedule for discussions with DRPT on WMATA governance, funding and safety.

5



## **2010 MAJOR ACCOMPLISHMENTS**

### **Regional Coordination:**

Completed screenline mode share study outside the Beltway in the Dulles corridor and publicized results.

Initiated a multi-regional effort to develop a Vanpool Incentive Program, organized a technical committee, drafted scope of work for design and identified funds for the design study.

Coordinated security measures impacting Northern Virginia's transit providers at the Pentagon Transit Center and established improved lines of communication.

### **Public Information:**

Continued to serve as Public Information office for NVTA and maintain NVTA website and its "virtual office."

Received 3.7 million requests for e-schedules in 2010, up 23% since 2007.

Prepared media releases and alerts, set up over 25 TV and radio interviews, and worked with reporters on over 100 articles on transit issues.

6





## 2011 MEETING SCHEDULE



- First Thursday of each month (except February and August).
- No meeting in August.
- February 3<sup>rd</sup> meeting in Richmond on Local Government Day at 5:30 p.m. in General Assembly Building jointly with NVTA.

7



## 2011 WORK PROGRAM



### **Proposed FY 2012 Administrative Budget:**

\$1.2 million (reduced from FY 2011)

Includes \$291,315 local contributions (down 6% since FY 2002)

Eight employees (six full-time)

### **Work program activities:**

50 specific actions for 2011 organized by goal.

8



## **MAJOR ACTIVITIES FOR 2011**

### **Legislative Advocacy:**

Annual state and federal NVTC legislative agenda.

Annual VTA legislative agenda.

CTB pre-allocation testimony.

### **Funding:**

Maintain educational PowerPoint presentations on "How Transit is Organized in Northern Virginia" and "The Case for Increased Funding of Public Transportation in Northern Virginia."

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## **MAJOR ACTIVITIES FOR 2011**

### **Coordinate Transit Service:**

Manage consultants and auditors for collection of data and submission of NTD reports yielding \$6 million annually for WMATA over and above NVTC's costs.

### **Grants/Contracts/Trust Funds:**

Maintain NVTC subsidy allocation model (up to \$150 million distributed annually.)

Apply for up to \$250 million of state assistance annually.

Manage jurisdiction trust fund accounts with balances averaging over \$100 million.

Manage almost \$12 million of federal grants for local jurisdictional projects. Execute \$1.3 million in new federal grants.

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## **MAJOR ACTIVITIES FOR 2011**

### **WMATA and VRE:**

Appoint board members.

Co-own VRE assets of \$333.3 million.

Protect NVTC's jurisdictions' interests as new members of VRE and service expansion are considered.

Facilitate discussion with DRPT on WMATA governance, funding and safety to result in an consensus recommendation.

NVTC's Chairman will serve as WMATA's Chairman for 2011.

Chair WMATA's staff-level Jurisdictional Coordinating Committee for 2011.

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## **MAJOR ACTIVITIES FOR 2011**

### **Coordinated Regional Efforts:**

Maintain NVTC's transit performance database on-line and work continuously with DRPT and transit providers to verify accuracy and publicize results.

Coordinate transit studies in major corridors and publicize results.

### **Public Outreach:**

Maintain, improve and promote NVTC's website as the primary source of transit information in the region.

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

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## **NVTC 2011 WORK PROGRAM**

### **List of Products/Projects**

<b><u>Goal #</u></b>	<b><u>Products/Projects</u></b>
<b>1. Policy and Advocacy</b>	<ul style="list-style-type: none"><li>-Annual state and federal legislative agenda.</li><li>-Annual Virginia Transit Association legislative agenda.</li><li>-Provide subscription legislative tracking service to NVTC/PRTC jurisdictions/agencies.</li><li>-CTB pre-allocation testimony.</li></ul>
<b>2. Funding</b>	<ul style="list-style-type: none"><li>-Maintain PowerPoint presentations on the "Case for Increased Funding of Public Transit in Northern Virginia," "How Transit is Organized in Northern Virginia," and the "VRE Chronology."</li><li>-Reports to MAC and NVTC on reconciliation of Department of Taxation's motor fuel tax collections (\$35 million annually.)</li></ul>
<b>3. Coordination</b>	<ul style="list-style-type: none"><li>-Manage consultants and auditors for collection and filing of National Transit Database reports (yields at least \$6 million for WMATA annually).</li><li>-Manage and promote regional e-schedule project.</li></ul>
<b>4. Grants/Contracts/Trust Funds</b>	<ul style="list-style-type: none"><li>-Maintain and update NVTC's subsidy allocation model (up to \$150 million distributed annually).</li><li>-Apply on behalf of NVTC jurisdictions, WMATA and VRE for state grants (eligibility of up to \$250 million).</li><li>-Manage jurisdiction trust fund accounts (average over \$100 million).</li></ul>



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

-Manage NVTA's transportation plan update grants (TransAction 2040 Update @ \$500,000).

-Maintain proper federal certifications and sub-recipient agreements.

-Manage Alexandria's federal grant-funded city wide bus technology project and grant funds (\$737,000).

-Manage federal grant funds for NVTC's jurisdictions totaling \$11 million.

-Execute another \$1.3 million in federal grants in the first half of 2011.

## **5. WMATA and VRE**

-Appoint WMATA and VRE Board members.

-Co-own (with PRTC) VRE assets of \$333.3 million.

-Co-sponsor public forums to examine WMATA's budgets.

-NVTC's Chairman will serve as WMATA's Chairman for 2011.

-Chair WMATA's staff-level Jurisdictional Coordinating Committee for 2011.

## **6. Coordinate Regional Efforts**

-Maintain transit performance on-line database.

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

## **7. Public Outreach**

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

-Direct public outreach for NVTA's regional transportation plan update (TransAction 2040).



# **NVTC'S 2011 GOALS, OBJECTIVES AND WORK PROGRAM**

**--DRAFT: November 9, 2010--**



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### **2011 NVTC Meeting Schedule**

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

<u>MONTH</u>	<u>DATE</u>	<u>AGENDA</u>
January	6	Elect officers. Select WMATA and VRE Board members, VTA representatives and NVTC Legislative Committee members. Conduct a public hearing and approve 2011 goals, schedule and work program. Approve FY 2012 VRE budget. Approve NVTC FY 2012 budget.
February	3*	Review progress on state and federal legislative agenda. Approve NVTC and VRE state grant applications.
March	3	Review progress on state and federal legislative agenda.
April	7	Review progress on WMATA budget for FY 2012. Review completed 2011 General Assembly session.
May	5	Approve comments on WMATA FY 2012 budget.
June	2	Focus on regional transit performance.
July	7	Review mid-year progress on NVTC work program. Approve DRPT contracts for NVTC and VRE FY 2012 grants.
August		No Meeting.
September	1	Forward preliminary NVTC FY 2013 budget to local jurisdictions.
October	6	Review quarterly progress on NVTC's work program. Approve CTB pre-allocation testimony.
November	3	Approve FY 2011 NVTC and VRE audits.
December	1	Select NVTC Nominating Committee for 2012 officers. Approve legislative agenda for 2012. Review progress on 2011 work program and release draft 2012 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**  
**2011 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	6	Legislative items.
February	3	No meeting.
March	3	Review General Assembly session.
April	7	Review quarterly progress on work program.
May	5	Review NVTC policies on topical transit issues.
June	2	Examine VRE performance.
July	7	Mid-year review of progress on workplan. Meet with auditors to preview FY 2011 audit.
August		No meeting.
September	1	Preliminary NVTC FY 2013 budget. Executive director performance review.
October	6	Review quarterly progress on work program.
November	3	FY 2011 NVTC and VRE audits.
December	1	Select NVTC Nominating Committee for 2012 officers. Consider 2012 legislative agenda. Review progress on 2011 work program and preview 2012 work program.



**NVTC MANAGEMENT ADVISORY COMMITTEE**  
**2011 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	18	FY 2012 state grant application; NVTC administrative budget for FY 2012; NVTC legislative agenda.
February	15	Progress on legislative agenda.
March	15	Review of legislative accomplishments; WMATA FY 2012 budget issues.
April	19	To be determined.
May	17	To be determined.
June	14	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	16	NVTC preliminary administrative budget for FY 2013.
September	20	Review draft CTB pre-allocation testimony.
October	18	NVTC audit for FY 2011.
November	15	Draft NVTC legislative agenda for 2012; first draft 2012 NVTC work program.
December	20	Proposed 2012 work program; VRE and NVTC budgets for FY 2013.

## **NVTC MISSION STATEMENT**

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

## GOALS AND ACTIONS FOR 2010\*

### 1. DEVELOP POLICY AND ADVOCATE FAVORABLE LEGISLATION

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

#### **Actions:**

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

\*Note: Goals and actions are not listed in priority order.

## 2. SEEK AND ADVOCATE FUNDING

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

### **Actions:**

1. Identify and seek to implement stable, reliable, permanent and dedicated funding sources for operating and capital expenses for WMATA, VRE and local transit systems. Help coordinate regional efforts and prepare analysis tools, brochures and editorials to promote such funding. Safeguard the current sources of transit funding available to NVTC's local governments.
2. Produce financial projections and analyze alternative funding mechanisms to bridge the growing gap between transit operating and capital needs versus available financial resources. Actively participate in regional and statewide efforts to define public transit needs and identify funding sources, such as corridor studies, TPB's vision plan and constrained financial plan update, VTrans 2035 and Northern Virginia's TransAction 2040 transportation plan update. Analyze funding proposals produced by those studies and identify policy issues for consideration by the commission. Maintain up to date PowerPoint presentations on "The Case for Increased Funding of Public Transportation in Northern Virginia," "How Public Transportation is Organized in Northern Virginia," and the "VRE Chronology" to help educate elected officials, the media and the public.
3. Organize improved information sharing between local governments and the Virginia Department of Taxation and more effective auditing to facilitate efficient collection of NVTC's 2.1 percent motor fuels tax and increased knowledge of taxpayer responsibility on the part of motor fuels distributors. 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. Assist WMATA and Northern Virginia's transit systems in utilizing SmarTrip fareboxes and implementing efficient regional fare collection databases and parts inventories. Work with NVTC's transit systems to continue to debug Nextfare 5 software and implement SmarTrip passes and Autoload. Serve on WMATA selection committees to identify potential bank card-based fare collection systems.
4. Continue an ongoing project to provide free electronic transit schedules to persons using personal digital assistants and pocket computers. Ensure that transit schedules are kept current, work to expand to the entire metropolitan region and report regularly on performance. Develop an annual operational and promotional budget for funding by the local jurisdictions and manage the agreed upon marketing campaign, including interior bus and bus shelter display ads and website promotions.

5. Support regional pedestrian safety initiatives and encourage bicycle and pedestrian use. Publicize and seek to expand "bike on rail and bus" opportunities. Encourage all agencies to incorporate bike and pedestrian access at major transit centers and transfer locations. Assist VDOT in ensuring that the recommendations from its Northern Virginia Regional Bikeway and Trail Network study that focus on connections to transit are implemented. Support initiatives of such groups as the National Center for Bicycling and Walking and its Walkable Communities Workshops.
6. Serve on regional task forces examining options for improved transit, such as WMATA's Regional Mobility Panel and the Pike Transit initiative.
7. Help transit systems implement coordinated transit services to reduce the traffic impacts of the new BRAC installations due to open in 2011.

#### 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, 2011, 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. Respond to DRPT's new audit initiatives and grant policies and work with NVTC's jurisdictions to fine-tune the new procedures, if necessary, so they work to the advantage of all parties. Encourage DRPT to provide timely opportunities to comment on Master Agreement amendments and other policy changes.

8. 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.
9. Manage federal funds on behalf of Alexandria for demonstrations of new bus technologies. Procure consulting assistance and manage projects for the city, including a real-time bus arrival information system. Work to integrate this system with WMATA's regional database and/or the Regionally Integrated Transportation Information System (RITIS). Currently NVTC is managing \$737,000 of projects for the city.
10. As requested, work with Alexandria and Arlington to apply for federal funds for BRT service improvements in the Crystal City/Potomac Yard corridor, for subsequent citywide transit improvements in Alexandria, and for access improvements in Rosslyn. Work with Fairfax County to obtain federal grant funding for Metrobuses. Work with Falls Church to obtain federal grants for an intermodal transit center and if asked, a transit study of Route 7. **Currently NVTC has obtained and is billing federal grants for about \$11 million of jurisdictional projects and expects to execute another \$1.3 million in the first half of 2011. \***
11. **Manage NVTA's grants for the regional transportation plan update (TransAction 2040) with an anticipated contract value of \$500,000.**
12. If asked by participating jurisdictions, serve as project manager for regional streetcar/light rail projects and assist jurisdictions in considering new and expanded projects (e.g. Route 7 transit alternatives with federal earmarks, Pike Transit Initiative).
13. 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.

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\*Items in bold are new for 2011.



## 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. **NVTC's Chairman will serve as WMATA's Chairman for 2011. Also, NVTC staff will chair WMATA's staff-level Jurisdictional Coordinating Committee for 2011.** 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. **Facilitate discussion with DRPT on WMATA governance, funding and safety.**
5. **Assist Loudoun County as it transitions to full participation in WMATA upon completion of the Dulles Rail project.**
6. As co-owner of VRE (with assets of \$333.3 million, outstanding debt issued by NVTC of \$29.5 million and annual operating/capital budgets of over \$60 million) appoint NVTC's principal and alternate members of the VRE Operations Board, maintain close communications with PRTC and VRE staff, coordinate presentation of action items to the VRE Board and commissions, and monitor ongoing operations for consistency with the Master Agreement and approved budgets, customer service quality and NVTC jurisdictions' interests.
7. Support the VRE team as it negotiates with DRPT, CSXT, Norfolk Southern, Amtrak and Keolis to agree on multi-year access and operations contracts and to clarify and accomplish rail service priorities in the Richmond-Washington, DC corridor.
8. Support annual VRE customer service surveys each spring and ridership surveys each October, by providing zip code verification and on-board volunteers.

## 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 consulting study to design a new Vanpool Incentive Program to increase vanpooling and qualify the region for significantly increased federal transit formula assistance. Work to obtain funding to implement the program when the design is approved.
2. Work to establish NVTC as the chief advocate of Intelligent Transportation Systems (ITS) investments for transit, by conducting low-cost demonstrations, evaluating the results, and more actively encouraging all of NVTC's transit providers to adopt similar (interoperable) technologies. Examples include: web-based automated bus stop information signs; on-board bus stop enunciators; passenger counters; automated maintenance devices; variable pricing of roads and parking; parking capacity electronic message signs; and alternative fuel technologies. Promote joint procurements for uniformity and cost saving and develop effective contract language to encourage non-proprietary technology. Help educate board members and the public. Work with VTA and ITSVA to provide forums for transit technology professionals, serve on the board of directors of ITSVA, and **work to broaden RITIS to include real-time transit performance data from all of NVTC's transit systems. Develop a "virtual machine" for buses to consolidate several separate on-board computer systems and save money.**
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 and I-95/395 as requested by WMATA, VDOT, DRPT and/or local jurisdictions.

5. From various published forecasts, plans and corridor studies, assemble mode split and other data to provide a convenient source of comprehensive transit market performance data. Use the data to encourage efficient transit management, expanded transit ridership and greater public awareness. Use statistically significant traffic counts by MWCOG/TPB of persons traveling in Northern Virginia's major corridors. Make this information available in user-friendly formats on NVTC's website.
6. Actively promote telework initiatives and encourage the commonwealth to take the lead with its own employees and the private sector.
7. Examine public-private HOT lane proposals for the Beltway, I-95 and elsewhere and work to ensure adequate transit access and the use of toll revenues to help support transit operations. Actively participate on DRPT Transit Advisory Committees to articulate transit concerns and resolve any issues. Take the lead in assertively presenting a coordinated transit plan that protects the interests of transit systems and their customers.
8. Assist Transportation Management Associations and Transportation Demand Management agencies (ridesharing, telework). Serve on boards of directors and competitive selection panels as requested.
9. **Coordinate security measures impacting Northern Virginia's transit providers, including monitoring the Pentagon's progress in implementing its security plans.**
10. **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.**
11. **Examine opportunities to cooperate with Governor McDonnell's "Going Green with Virginia Transportation" initiative, including recognition of NVTC's new offices in the LEED certified Navy League Building.**

## 7. DELIVER PUBLIC INFORMATION, MARKETING AND CUSTOMER SERVICE

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

### **Actions:**

1. Serve as the central point of contact for the news media, interest groups and the general public for transit issues in Northern Virginia, making referrals to other transit agencies and local governments when appropriate. Initiate contacts with media representatives via calls and visits. Provide NVTC's reports, analyses and policies with easy to understand explanations of their content and significance. Help transit systems and elected officials prepare to respond effectively to media and other public inquiries during emergencies and at other times by sponsoring seminars on best practices. Establish media opportunities for NVTC board members to promote NVTC's mission.
2. Assist NVTA's public outreach mission, actively maintain NVTA's "virtual office" and website, and lead public outreach for NVTA's regional transportation plan update (TransAction 2040).
3. Provide the following resources 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. Monitor NVTC and NVTA website performance with monthly and quarterly compilations of user statistics.
4. Survey WMATA, VRE and local jurisdictions to compile innovative marketing activities, host coordination meetings, facilitate transit topics for the Marketing and Outreach Specialists Consortium and the Northern Virginia Public Information Officers and report at least annually to the commission and jurisdictions. Assist APTA in local marketing and public information activities. Help plan VTA conferences.

5. Continue technical support for transit stores and Transportation Management Associations (e.g., serve on Boards of Directors and consultant selection committees). Assist with logo design, marketing, consultant selection, performance evaluation, fare collection, web design and customer service issues. Compile and post on NVTC's website a list of transit stores and TMA's in the region.
6. Look for opportunities to partner in order to stage events and promotions that will emphasize the effectiveness of transit and ridesharing and the need for additional transit funding (e.g. Greater Washington Board of Trade, Google.) Reach out to "electronic hitchhiking" firms (e.g. NuRide) and car-sharing organizations (e.g. Zip Car) for joint promotion opportunities.
7. Implement NVTC's federal Title VI program with active outreach to immigrants, 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.



AGENDA ITEM #9

**TO:** Chairman Hudgins and NVTC Commissioners  
**FROM:** Rick Taube and Scott Kalkwarf  
**DATE:** December 30, 2010  
**SUBJECT:** NVTC Administrative Budget for FY 2012

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The commission is asked to approve the attached budget. It is the same budget reviewed in September. Local staff have reviewed it again in December. For FY 2012, NVTC staff is proposing a reduction in overall spending by 2.2 percent, with total expenditures dropping to \$1.195 million from \$1.221 million in the FY 2011 approved budget.

This reduction is possible, despite anticipated significant increases in insurance and other costs, primarily by reducing NVTC's staff to six full-time and two part-time positions. This reflects a reduction of one full-time position, which is currently unfilled. Despite the reduction in staff, NVTC's workprogram contains all of the activities previously authorized as well as new projects anticipated for calendar year 2011. This will be accomplished with improved productivity made possible by NVTC's skilled and experienced staff. A trial period has demonstrated that NVTC staff can maintain its level of performance without refilling the vacant senior level position at this time, by existing employees taking on additional duties.

Given the reduction in total spending, total contributions from state and local governments will be reduced by 2.4 percent and 6.0 percent, respectively, reflecting equal absolute reductions of \$18,685 each. Please refer to the footnote on page 1 of the budget for more detail.

State statutes require individual local shares of NVTC's administrative budget to be proportional to the amount of financial assistance each jurisdiction receives from NVTC.





**PRELIMINARY BUDGET**

**FISCAL YEAR  
2012**

**(July 1, 2011 – June 30, 2012)**

**--September 2, 2010 --**

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**BUDGETED FISCAL YEAR 2012 REVENUE**  
(Preliminary)

	<b>FY 2010 Actual</b>	<b>Approved Budget FY 2011</b>	<b>Preliminary Budget FY 2012</b>	<b>FY 2012-2011 Budget Increase (Decrease)</b>	<b>Percentage Change</b>
1 Commonwealth of Virginia*	\$ 749,380	\$ 773,080	\$ 754,395	\$ (18,685)	-2.4%
2 Alexandria	38,513	35,105	35,243	138	
3 Arlington	62,573	62,152	59,458	(2,694)	
4 City of Fairfax	6,765	5,822	6,142	319	
5 Fairfax County	179,609	186,288	174,499	(11,788)	
6 Falls Church	3,042	2,595	2,716	121	
7 Loudoun	19,497	18,038	13,257	(4,781)	
Total Local Jurisdictions	<u>309,999</u>	<u>310,000</u>	<u>291,315</u>	<u>(18,685)</u>	<u>-6.0%</u>
8 Total Commonwealth of Virginia and Local Jurisdictions (Note 1)	1,059,379	1,083,080	1,045,710	(37,370)	-3.5%
9 Interest and Other Revenue	1,488	10,000	2,000	(8,000)	-80.0%
10 Project Chargebacks (Note 2)	70,000	70,000	70,000	-	0.0%
11 Project Grant Billings	11,939	-	-	-	0.0%
12 Appropriated Surplus (Note 3)	2,298	58,800	77,700	18,900	32.1%
Total Revenue	<u>\$ 1,145,104</u>	<u>\$ 1,221,880</u>	<u>\$ 1,195,410</u>	<u>\$ (26,470)</u>	<u>-2.2%</u>

\*Note: NVTC applies for and receives state operating and capital assistance for its WMATA compact members' annual commitments to WMATA, those jurisdictions' local transit systems, and the general and administrative expenses of NVTC. NVTC allocates this revenue among the jurisdictions based on NVTC's Subsidy Allocation Model (SAM), and holds the funds in trust for the jurisdictions' transit use. Before the funding is allocated, NVTC's SAM resolution states that amounts are to be applied to WMATA debt service, certain NVTC projects, and a portion of the general and administrative budget of NVTC. The amount used for NVTC's general and administrative expenses is determined each year by NVTC's approved budget.



**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SCHEDULE OF FISCAL YEAR 2012 BUDGETED EXPENDITURES**  
(Preliminary)

				FY12 - FY11		
	FY 2010	Approved	Preliminary	Budget	Percentage	
	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>	<u>Increase</u>	<u>Change</u>	
		FY 2011	FY 2012	(Decrease)		
<u>Personnel Costs</u>						
1	Salaries	\$ 695,178	\$ 737,900	\$ 693,150	(44,750)	-6.1%
2	Intern	-	-	-	-	N/A
3	Temporary Employee Services	-	-	-	-	N/A
	Total Personnel Costs	<u>695,178</u>	<u>737,900</u>	<u>693,150</u>	<u>(44,750)</u>	<u>-6.1%</u>
<u>Benefits</u>						
Employer's Contributions						
4	FICA	47,431	52,400	48,250	(4,150)	-7.9%
5	Group Health Insurance	60,765	80,200	92,900	12,700	15.8%
6	Retirement	64,112	73,700	68,800	(4,900)	-6.6%
7	Workmans & Unemployment Compensation	1,531	2,950	3,100	150	5.1%
8	Life Insurance	3,796	4,300	4,000	(300)	-7.0%
9	Long Term Disability Insurance	3,247	3,950	3,650	(300)	-7.6%
	Total Benefit Costs	<u>180,882</u>	<u>217,500</u>	<u>220,700</u>	<u>3,200</u>	<u>1.5%</u>
<u>Administrative Costs</u>						
10	Commissioners Per Diem	16,200	16,850	16,850	-	0.0%
	<b>Rents:</b>	<b>188,288</b>	<b>182,180</b>	<b>185,100</b>	<b>2,920</b>	<b>1.6%</b>
11	Office Rent	178,972	170,980	172,900	1,920	1.1%
12	Parking / Metrochek	9,316	11,200	12,200	1,000	8.9%
	<b>Insurance:</b>	<b>5,595</b>	<b>4,100</b>	<b>5,600</b>	<b>1,500</b>	<b>36.6%</b>
13	Public Official Bonds	2,320	2,300	2,300	-	0.0%
14	Liability and Property	3,275	1,800	3,300	1,500	83.3%
	<b>Travel:</b>	<b>5,030</b>	<b>6,300</b>	<b>5,800</b>	<b>(500)</b>	<b>-7.9%</b>
15	Conference Registration	869	-	-	-	N/A
16	Non-Local & Conference Travel	822	2,000	1,500	(500)	-25.0%
17	Local Meetings & Related Expenses	3,264	4,000	4,000	-	0.0%
18	Training & Professional Development	75	300	300	-	0.0%
	<b>Communication:</b>	<b>8,127</b>	<b>10,200</b>	<b>9,900</b>	<b>(300)</b>	<b>-2.9%</b>
19	Postage	2,699	4,000	3,800	(200)	-5.0%
20	Telephone - LD	1,296	1,300	1,300	-	0.0%
21	Telephone - Local	4,132	4,900	4,800	(100)	-2.0%
	<b>Publications &amp; Supplies</b>	<b>15,561</b>	<b>13,500</b>	<b>15,100</b>	<b>1,600</b>	<b>11.9%</b>
22	Office Supplies	2,931	3,000	3,100	100	3.3%
23	Duplication and Paper	12,130	10,000	11,500	1,500	15.0%
24	Public Information	500	500	500	-	0.0%
	<b>Operations:</b>	<b>4,039</b>	<b>8,000</b>	<b>10,500</b>	<b>2,500</b>	<b>31.3%</b>
25	Furniture and Equipment (Capital)	-	-	3,000	3,000	N/A
26	Repairs and Maintenance	-	1,000	1,000	-	0.0%
27	Computer Operations	4,039	7,000	6,500	(500)	-7.1%
	<b>Other General and Administrative</b>	<b>4,554</b>	<b>5,350</b>	<b>5,350</b>	<b>-</b>	<b>0.0%</b>
28	Subscriptions	289	-	-	-	N/A
29	Memberships	1,474	1,300	1,400	100	7.7%
30	Fees and Miscellaneous	2,791	2,950	2,950	-	0.0%
31	Advertising (Personnel/Procurement)	-	1,100	1,000	(100)	-9.1%
	Total Administrative Costs	<u>247,394</u>	<u>246,480</u>	<u>254,200</u>	<u>7,720</u>	<u>3.1%</u>
<u>Contracting Services</u>						
32	Auditing	21,650	20,000	27,360	7,360	36.8%
33	Consultants - Technical	-	-	-	-	N/A
34	Legal	-	-	-	-	N/A
	Total Contract Services	<u>21,650</u>	<u>20,000</u>	<u>27,360</u>	<u>7,360</u>	<u>36.8%</u>
	Total Operating Program	<u>\$1,145,104</u>	<u>\$ 1,221,880</u>	<u>\$ 1,195,410</u>	<u>\$ (26,470)</u>	<u>-2.2%</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**Explanatory Notes to Fiscal Year 2011 Budget**

**1. Commonwealth of Virginia and Local Jurisdictional Contributions**

Each NVTC jurisdiction is assigned a share of the local portion of NVTC's administrative budget based on its share of revenue received by NVTC on behalf of jurisdictions from all sources in the previous year. This procedure is required by state statute and results in changes in contributions from one year to another that vary for each jurisdiction depending on relative shares of revenue received. The allocation in this FY 12 budget is based on the FY 11 Subsidy Allocation Model.

**2. Project Chargebacks**

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

**3. Appropriated Surplus**

Included as a source of revenue in the FY 12 budget is a projected excess accumulated surplus that is available to offset the proposed operating budget expenses. This surplus is in excess of the commission's anticipated minimum operating requirements.

**4. Salaries**

Salaries assume the reduction of one full time position from the FY 11 budget.

**5. Temporary Employee Services**

This item has been eliminated with the FY 10 budget. The item was originally established to provide additional staff support if required due to project demands or staff turnover.

**6. Group Health Insurance**

NVTC's health insurance group rates increased about 19% for the current policy period ending April 30, 2010. The FY 12 budget is based on the current actual rates with a minimal provision for increasing rates. Staff has investigated alternative health insurance plans and has not identified any more cost effective plans at this time.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**Explanatory Notes to Fiscal Year 2011 Budget**

**7. Retirement**

The budgeted amount of employer pension contributions for the target benefit pension plan is based on actuarial formulas using budgeted staff and salary levels for FY12. Because the formulas take into account factors in addition to payroll costs, such as years to retirement and investment return, changes in budgeted contributions do not necessarily change directly with budgeted payroll.

**8. Commissioners' Per Diem**

The FY 12 budget is based upon the regular meeting schedule, and includes per diems at the statutory rate of \$200 for senators and delegates, and \$50 for other commissioners, with a minimal contingency for increased attendance.

**9. Office Rent**

The administrative office lease expires December 31, 2010. Rent expense included in the FY12 budget is based upon the fixed costs included in the recently executed Letter of Intent for a new ten-year lease, with a provision for increases in common area expenses.

**10. Conference Registration**

This item has been eliminated with the FY 10 budget. Expenses charged to this item typically included the annual VTA and APTA conferences and a locally sponsored annual governmental accounting conference.

**11. Non-local and Conference Travel**

This item has been reduced to reflect the elimination of conferences in the budget.

**12. Local Meetings and Related Expenses**

NVTC hosts numerous regional meetings for the benefit of member jurisdictions. Costs of accommodating numerous meetings are the largest component of this line item, which also includes the costs of NVTC staff traveling to meetings elsewhere in the region. In prior budgets, this item is based on an average of previous year actual costs with an allowance for an increase in the number and cost of meetings. Effective with the FY 10 budget, the allowance has been eliminated and costs held below the average.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**Explanatory Notes to Fiscal Year 2011 Budget**

**13. Training and Professional Development**

Actual expenditures fluctuate with the changing needs of staff. However, effective with the FY 10 budget, this item has been reduced to include only the minimum costs for required staff training in financial management.

**14. Postage**

This item is based on prior years' actual costs, and has been reduced slightly from the FY 11 budget which assumes a reduction in the volume of mailings with increased reliance on electronic communications.

**15. Telephone**

The provision for additional staff cell and data services for senior management has been eliminated effective with the FY 10 budget.

**16. Office Supplies**

The FY 12 budget for this item is below the average of prior years' actual costs.

**17. Duplication and Paper**

Duplication costs are budgeted based upon the estimated costs to be negotiated under a new five-year lease and maintenance contract that will become effective on January 1, 2011. The duplication expenses of paper and staples, which are not included in the present contract, have been budgeted based upon estimated usage levels and rising costs.

**18. Public Information**

In prior budgets this category was available to provide funding for larger public outreach projects, including meetings, media events, educational seminars, legislator tours, brochures and other communication tools. Except for the annual legislative tracking costs (Lobbyist-in-a-Box), funding for this budget category has been eliminated effective with the FY 10 budget. Incidental and limited costs for public outreach, such as copying, printing and supplies will be charged to those respective accounts.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**Explanatory Notes to Fiscal Year 2011 Budget**

**19. Furniture and Equipment**

This budget category provides for the replacement and acquisition of office furniture and equipment, including computer hardware. The FY 12 budget includes a modest amount for the replacement of computer equipment, while the FY 10 and FY 11 budgets did not include any costs for this item.

**20. Computer Operating Expense**

Computer operating expenses include outside network consulting and services, software upgrades and supplies, web hosting fees, and a provision for disaster recovery efforts. The FY 12 budget is based on an average of prior year actual costs, with a small provision for disaster recovery costs.

**21. Advertising (Personnel/Procurement)**

The FY 12 budget includes a provision for personnel and procurement advertising. An average of prior years costs was used to develop the budgeted amount as this category fluctuates from year to year.

**22. Auditing**

NVTC entered into a three-year contract for auditing services beginning with the audit of FY 08, with two, two-year options. The budget is based on the costs assumed if the first option is exercised, which includes the cost of the bi-annual pension plan audit in FY 12.

**23. Consultants – Technical**

An allowance for non-grant funded technical assistance has been included in prior year budgets. Effective with the FY 10 budget, this allowance has been eliminated.

**24. Legal**

An allowance for legal costs has been included in prior year budgets. Effective with the FY 10 budget, this allowance has been eliminated. NVTC will rely entirely on donated legal services from its jurisdictions.



AGENDA ITEM #10

**TO:** Chairman Hudgins and NVTC Commissioners  
**FROM:** Rick Taube and Kala Quintana  
**DATE:** December 30, 2010  
**SUBJECT:** Legislative Items

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A copy of the brochure describing NVTC's 2011 Legislative Agenda is attached for your information. It has been widely distributed to General Assembly members and other interested parties.

Staff will review relevant state and federal legislative developments.

Legislative receptions are scheduled in Richmond in January for VRE on the 26<sup>th</sup> and for VTA on the 24<sup>th</sup>, both beginning at 5:30 p.m. NVTC will meet jointly with NVTA in Richmond on Local Government Day (February 3, 2011), also at 5:30 p.m.



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# Northern Virginia Transportation Commission

## *2011 Legislative Agenda*

For a additional copies of NVTC's 2011 Legislative Agenda visit:  
[www.thinkoutsidethecar.org](http://www.thinkoutsidethecar.org)



Northern Virginia Transportation Commission  
2300 Wilson Boulevard, Suite 620  
Arlington, VA 22201



# Northern Virginia Transportation Commission

## *2011 Legislative Agenda*



# State Action Items

# Federal Action Items

## Transit Funding Crisis

Here are the essential facts:

- Transit is very well used in Northern Virginia: 143 million transit passenger trips were taken in FY 2010 (75% of Virginia's total transit ridership);
- Currently about \$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 of Virginia has a statutory target of covering 95% of eligible transit costs throughout the entire state, but falls \$166 million short (as of FY 2011).
- State transit assistance is declining while funding needs are growing: Statewide transit operating costs grew to \$573 million in FY 2011 from \$505 million in FY 2009 while state aid fell to \$102 million from \$115 million.

Accordingly, there is a transit funding crisis that is getting worse. The Commonwealth must enact major new revenue sources for public transit during the 2011 General Assembly session, with these sources being stable, reliable, proven and permanent.

**1. New revenue sources for public transit should be enacted that keep pace with inflation and do not decline as automobiles are driven less and become more fuel efficient.** Examples include: sales taxes (one percent yields \$1 billion statewide), indexed motor fuels taxes (10-cents generates almost \$500 million); vehicle miles traveled fees, state/regional income taxes and tolls and congestion pricing. 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. Any new revenue measures for transportation, energy conservation, air quality or climate protection should dedicate an appropriate portion to public transit** because transit is an effective means to achieve the goals of such legislation. Transit currently receives only 14.7% of Transportation Trust Fund revenues while 34% of the Commonwealth's most recent bond issue was devoted to transit.
- 3. Existing state transit funding sources should be protected from encroachment, either through diversion of revenues from the Transportation Trust Fund to non-transportation uses or from new intercity passenger rail initiatives.**
- The commonwealth has a statutory responsibility to fund transportation. Therefore, **any new regional fees for public transit, including restoring previously authorized funds (HB 3202 of 2007) for the Northern Virginia Transportation Authority, should be imposed primarily by the state.**
- 5. NVTC's 2.1% motor fuels tax on distributors should be increased to at least 4.2%.** The expected annual yield would increase from \$35 million in FY 2010 to more than \$70 million. This tax is dedicated to WMATA in five of NVTC's jurisdictions. WMATA faces a continuing financial crisis.
- 6. With the increased federal emphasis on intercity passenger and high-speed rail, Virginia should establish a new funding source to fully match federal grants, to integrate service with existing local and regional transit providers, and to ensure that existing transit funds are not diminished (including the federal funds devoted each year by the CTB to VRE's track leases). Virginia's existing Rail Enhancement Program should be made available to fund the operating expenses of eligible regional and intercity passenger rail services that have benefits commensurate with costs. Where freight railroads are the beneficiaries of these public investments, they should be required to agree to cooperate with publicly provided passenger rail services on equitable terms.**

**7. Provide immediate funding to facilitate needed transit and other transportation improvements to relieve congestion at BRAC-mandated facilities.**

## Safety and Improvements

**8. 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.**

## Other Legislative Actions

**9. Amend the Virginia Code to further cap liability for commuter rail operations by including third party claims and terrorism.**

**10. 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.**

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



## 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 new funding for WMATA of at least \$150 million annually as previously authorized by Congress.** Such appropriations are needed to justify the new federal WMATA Board members.

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

**4. Include significant funding for transit as a critical strategy in any new spending measures that seek to conserve energy, enhance clean air, mitigate climate change, provide access to jobs, stimulate the economy and respond to emergencies and disasters.**

**5. Provide immediate funding to facilitate needed transit and other transportation improvements to relieve congestion at BRAC-mandated facilities.**

## Authorization of Improved Transportation Policies and Programs

**6. The current multi-year authorization of federal surface transportation programs (SAFETEA-LU) has expired at the end of FY 2009.** Many organizations have offered detailed recommendations for a major restructuring rather than fine-tuning existing programs, including the National Surface Transportation Policy and Revenue Commission in its Transportation for Tomorrow report 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 national infrastructure banks and bonding programs.**

**•Simplified, consolidated and streamlined federal transportation programs should be created with uniform, rigorous and comprehensive benefit/cost analyses across all modes, consideration of energy efficiency and environmental protection, inclusion of safety and security, and reduced federal review time.**

**•Urban mobility (and hence support for public transit) should be recognized as a vital federal responsibility, in cooperation with states, local governments and regional agencies through intergovernmental partnerships, with greater decision-making authority for metropolitan areas and local governments.**

## Equitable Tax Incentives for Transit Users

**7. In order to maintain increased tax-free monthly transit benefits of at least \$230 (to match the benefits currently available for parking), remove the sunset provision that requires a reduction at the end of 2010 to \$120.** 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 to include third party claims.** VRE's freight rail partners are demanding coverage of \$500 million.

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





## Metro applauds federal extension of transit benefit

For immediate release: December 17, 2010

 SHARE  PRINT

### Maximum transit benefit will remain at \$230

SmartBenefits® customers will continue to receive the same transit commuter tax benefit in 2011 thanks to an extension that keeps the maximum transit benefit allowed by federal law at \$230. Without the extension, the maximum benefit would have reverted to \$120 per month. The extension was included in tax legislation that was signed into law by President Obama today, Dec. 17.

"We are extremely grateful to the members of this region's Congressional delegation and other leaders in Congress for taking action to allow SmartBenefits® users to continue to receive the same transit benefits," said Metro Interim General Manager Richard Sarles. "This move benefits transit riders directly and ultimately reduces traffic congestion, as people are incentivized to use public transportation."

In addition to the one-year extension of the transit commuter tax benefit, the IRS has delayed the requirement to separate parking and transit benefits until Jan. 1, 2012. However, Metro is taking steps to separate parking and transit benefit accounts to comply with the federal mandate prior to the deadline. The change will be phased in over several months in 2011. Metro is notifying SmartBenefits® customers and employers about this extension.

In the National Capital Region, 285,000 employees currently receive transit benefits. At least 90,000 of these Metro commuters receive more than \$120 per month.

News release issued at 4:36 pm, December 17, 2010.



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Congress of the United States  
Washington, DC 20515

July 1, 2010

The Honorable Nancy Pelosi  
Office of the Speaker  
H-332, US Capitol  
Washington, DC 20515

Dear Speaker Pelosi and Majority Leader Reid,

We are writing to request consideration of the Commuter Benefits Equity Act (H.R.891/S.322) on the floor of the House and Senate prior to expiration of transit benefits provided by the American Recovery and Reinvestment Act (ARRA). We were proud to support ARRA partially because it provided our constituents with \$230 per month transit subsidies, which cover a greater percentage of the cost of transit in the Northern Virginia. With a robust mix of Metrorail, rail, bus, and vanpool transit, our region is reliant on strong federal transit benefits.

Rail service provided by the Washington Area Metropolitan Transit Authority has the highest fare box recovery rate in America. Fares for Virginia Railway Express and vanpools also exceed the \$120 per month level, to which the transit benefit will revert if we do not pass legislation to maintain it at \$230 per month.

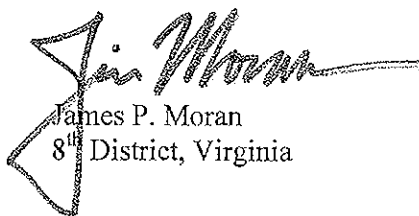
The federal government benefits directly from transit reimbursements of \$230 per month, because this subsidy reduces congestion on the crowded roadways in our region. These transit subsidies also reduce ground level ozone and greenhouse gas pollution in our area, which is a federally designated non-attainment area. These transit subsidies will become even more important as the military finishes job relocations associated with Base Realignment and Closure (BRAC) in 2011. Robust transit benefits are essential to minimize the increased congestion that will result from BRAC.

In order to give employers time to plan for continuation of the \$230 level of transit benefits, Congress would need to pass the Commuter Benefits Equity Act by September; human resources personnel will need to budget for 2011 transit benefits in the final quarter of 2010, which starts in October. We urge you to bring this legislation to the floor before then. Thank you for your consideration.

Sincerely,



Gerald E. Connolly  
11<sup>th</sup> District, Virginia



James P. Moran  
8<sup>th</sup> District, Virginia



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For Immediate Release  
 December 09, 2010

Contact  
 Stacey Johnson  
 Press Secretary  
 (804) 786-2211

## Governor McDonnell in Roanoke: \$4 Billion for Transportation – Will Announce Full Transportation Plan Next Month –

*\$400 Million for New Virginia Transportation Infrastructure Bank; Calls for Allowing Commonwealth to Issue \$1.1 Billion in Direct GARVEE Bonds; Issue up to \$1.8 Billion in Additional Transportation Bonds by End of Administration*

*Governor: "Right Now is the Best Opportunity to Get Roads Built in Modern Virginia History."*

**ROANOKE** - Governor Bob McDonnell previewed components of his transportation agenda for the 2011 General Assembly session today in a wide-ranging speech delivered at his Governor's Transportation Conference in Roanoke. The Governor's overall transportation vision focuses on maximizing all available resources and programs to get projects initiated during one of the most favorable road building periods in Virginia history. The Governor's proposals, when fully implemented, would pump \$4 billion into road, transit and rail projects in the Commonwealth over the next three years, dramatically speeding up congestion-reducing efforts and increasing job-creation and economic development efforts statewide.

### Highlights of the Governor's transportation proposals:

- Direct \$150 Million to transportation from budget surplus. These one-time funds will go to the Virginia Transportation Infrastructure Bank.
- Pass a constitutional amendment to permanently protect the Commonwealth Transportation Fund from transfers to the General Fund.
- Create "Virginia Transportation Infrastructure Bank" (VTIB) to multiply transportation dollars.
- Capitalize Bank with \$150 million from surplus and \$250 million from audit-identified funds; Goal is to provide an initial \$400 million and \$1 billion total during administration.
- Modify Virginia Code to authorize Direct GARVEE bonds. This would allow the Commonwealth to issue at least \$1.1 billion in direct GARVEE bonds and utilize toll credits for state match.
- Accelerate the sales of bonds from 2007 transportation legislation to max of \$600 million per year, providing ability to issue up to \$1.8 billion in bonds during remainder of the Administration. For every \$100 million spent on highway construction, it is estimated 3,000 jobs are created or supported.
- Increase the availability of Revenue Sharing, specifically eliminating the \$1 million cap per project and \$50 million program maximum.

Speaking about these proposals at the Transportation Conference the Governor noted, "I want to make clear, right now is the best time in modern Virginia history to get new roads and bridges built. First, construction prices have fallen dramatically due to competition and the state of the economy. Second, interest rates are at historic lows for our AAA bond rated state. Third, our citizens need the good jobs that will come with these projects. Fourth, we need to reduce congestion and build transportation infrastructure today. We need to get dollars out the door quickly, and road, transit and rail projects underway now. Leveraging our scarce transportation resources to make them go further is smart management."

The Governor continued, "Over the past two decades state support for transportation has not kept up with our growth as a Commonwealth. This has led to more congestion, longer commutes and missed economic opportunities. That trend must be reversed, and this is the time to do it. We have already, in just the first six months of this fiscal year, advertised almost double the amount of road work as during this same time period last year. By putting \$4 billion into transportation over the next three years we will continue that progress, and get more Virginians back to work in the process. There is nothing partisan about road building. There are not Republican or Democratic roads. I hope that Republicans and Democrats will come together to back these responsible, and necessary, portions of our transportation plan. We can't solve all of our transportation challenges all at once, but we can take significant steps forward over time. These portions of our plan are one of those steps, and implementing them will create good new jobs for our citizens today."

Secretary of Transportation Sean Connaughton added, "In this kind of construction climate there is no acceptable reason to not get every possible resource deployed to transportation projects. We are getting deals now that would have been unheard of just a few years earlier, and the interest rates are at historic lows. This package will get projects underway, and Virginians will see the results all across the Commonwealth. In particular, the Virginia Transportation Infrastructure Bank has the potential to revolutionize how projects are funded and moved forward in our state. Now, public and private sector entities will have a resource they can utilize to build projects that have previously not been funded, or underfunded. These transportation proposals are designed to speed up projects, and to maximize taxpayer dollars to the greatest extent possible. It will play a major role in driving the economic vitality of Virginia and getting our citizens back to work."

### Facts about the: "Virginia Transportation Infrastructure Bank"

- Initially, the Bank would be capitalized with \$250 million of audit-identified funds, and \$150 million from the budget surplus.
- Additional deposits will come from other sources, including future budget surpluses.
- The Bank will provide an initial \$400 million now and \$1 billion total during this administration.
- It will have a revolving loan fund for low interest rate loans and grants to localities, transportation and transit authorities, and private sector partners.
- It would be able to leverage three to five times the amount of funds deposited into it.
- Through grants, low interest loans and loan guarantees local governments can use the Bank to get their projects



Governor of Virginia  
 Bob McDonnell



Transportation Reform  
 Initiatives

Green Initiatives

- that have been not funded or underfunded in the current 6 year improvement plan.
- Examples of local projects that would be candidates for funding from the Bank are Dominion Boulevard in Chesapeake, and I-95/I-395 Hot Lanes in Northern Virginia. They would be candidates because of several factors:
  - Toll revenues could repay loan
  - Strong local support
  - Right-size project
  - Locality top priority

#### Facts about Direct GARVEE Bonds

- A GARVEE bond is a debt financed instrument that allows investors to be repaid through the use of future federal highway funds.
- The legislative proposal will also include a recommendation to modify Virginia Code to authorize Direct GARVEE bonds.
- Direct GARVEE bonds are sold for specific construction projects and use federal revenues for debt service.
- This would allow the Commonwealth to issue at least \$1.1 billion in direct GARVEE bonds and utilize toll credits for state match, freeing up cash for statewide and regional projects.
- Several projects that may immediately benefit from the combination of the Direct GARVEE bonds and toll credits include the Midtown Tunnel in Norfolk, the Broad Street Corridor in Richmond, 460 PPTA projects, I-95/I-395 Hot Lanes in Northern Virginia, and the Coalfields Expressway, as well as others.

#### The McDonnell Administration Transportation Record

- In April, the last of the Commonwealth's previously closed rest areas were re-opened within 90 days as promised during the campaign, signaling that *Virginia is Open for Business*.
- The Commonwealth obligated \$694 million in stimulus projects on time by September 30<sup>th</sup>, 2010, after being ranked last in the country in disbursement of funds in the fall of 2009.
- In April, the Commonwealth submitted a proposal to the Federal Highway Administration to allow Virginia to toll Interstate 95 at the North Carolina border. This proposal is supported by North Carolina Governor Bev Perdue.
- The Interstate 95 tolls will generate a minimum of \$30 million annually, with likely revenues closer to \$60 million.
- Governor authorized issuance of \$492 million in Capital Project Revenue Bonds in the summer of 2010. The bonds were authorized by the 2007 Transportation Act, but had not yet been authorized.
- Yesterday, the Administration issued a multimodal strategic plan for Virginia's transportation programs. This will create a road map for the future of transportation.
- Governor directed four audits of Virginia's transportation agencies and as a result a number of significant structural, policy and procedural changes to create new efficiencies and lessen the cost of doing business are being made.
- One audit examined the PPTA program.
- A new PPTA office has been created and new procedural guidelines implemented to streamline our process based on recommendations in KPHG's audit of the Commonwealth's PPTA program.
- Comprehensive VDOT performance audit made over 50 recommendations to improve VDOT operations and identified \$1.4 billion that can be invested in transportation projects.
- Secretary Connaughton outlined comprehensive audit implementation plan last month.
- The Governor announced Monday that VDOT will advertise more than 350 projects totaling \$1.1 billion in construction and maintenance contracts by year's end. This is almost double the work advertised in the first six months of last year.
- The Commonwealth has also increased advertisements for paving work by \$250 million compared to last year.
- This paving work will result in 50% more interstate lane miles, 15% more primary lane miles, and 65% more secondary lane miles scheduled for paving.
- Virginia also obtained verbal approval to use our \$450 million in federal toll credits, freeing up cash for other projects, as recommended by the audit.
- The Commonwealth Transportation Board has been authorized to program over \$500 million in federal revenue reserves to projects in the next six year improvement program.
- Administration is taking a number of steps to move forward with critical projects throughout the state.
- Working with private sector partners and localities to immediately move forward on the I-95/395 HOT Lanes project.
- Over \$71 million worth of spot improvements have been authorized by the CTB and are underway on I-66.
- 495 Hot Lanes work is progressing.
- Cooperating with public and private partners on Rail to Dulles; Phase 1 on Schedule for 2011.
- Administration canceled the previously dormant Route 460 PPTA project, and is evaluating 3 new proposals for the critical congestion reducing and emergency and military preparedness project.
- We expect to reach a comprehensive agreement with private sector partners on the Downtown Midtown Tunnel/MLK Extension project next year.
- PPTA - Hampton Roads Bridge Tunnel is in beginning stages.
- Just last week, along with Maryland Governor O'Malley and DC Mayor-elect Gray, in response to the *Moving Metro Forward* reports, the Governor requested a plan be put in place to optimize Metro's safety, governance and efficiency. That plan should be done in the coming weeks.

# # #



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 Secretary Connaughton's Bio

Office of the Governor Robert F. McDonnell I, Commonwealth of Virginia 2010



AGENDA ITEM #11

**TO:** Chairman Hudgins and NVTC Commissioners  
**FROM:** Rick Taube  
**DATE:** December 30, 2010  
**SUBJECT:** Regional Transportation Items

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**A. Governor's Multimodal Strategic Plan**

VTrans 2035 is the current Virginia statewide transportation plan and this strategic plan describes how VTrans 2035 will be implemented by the McDonnell Administration. The attached PowerPoint presentation describes the strategy to take action to achieve the vision and goals regardless of whether funding levels change.

**B. Pentagon Transit Center Briefing**

On December 8, 2010, a briefing for transit staff was held at the Pentagon to describe the status of ongoing security improvements and to anticipate the impacts on transit operators and their customers. The attached summary describes the plans. Transit staff provided comments that Pentagon staff agreed to consider.





Office of  
**INTERMODAL**  
Planning and Investment

# **Governor's Multimodal Strategic Plan**

**December, 2010**

# Multimodal Strategic Planning Team

David Tyeryar, Deputy Secretary of Transportation  
Office of Intermodal Planning and Investment

Booth #6  
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Department of Rail and  
Public Transportation (DRPT)

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Department of Motor Vehicles (DMV)

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Department of Transportation (VDOT)

Ben Mannell  
Katherine Graham  
Marsha Fiol

Motor Vehicle Dealer Board (MVDB)

Bruce Gould

Virginia Port Authority (VPA)

Jeff Florin  
Greg Edwards

# Vision and Accountability

The Multimodal Strategic Plan connects the vision for multimodal transportation to the actions, policies and programs of the Transportation Secretariat and its agencies.





# The Vision

## **Vision for Multimodal Transportation in Virginia**

*Virginia will have a coordinated system of roads, rails, ports, transit, bicycle, pedestrian and aviation resources that provides integrated and efficient options that meet citizen, visitor and business transportation needs.*

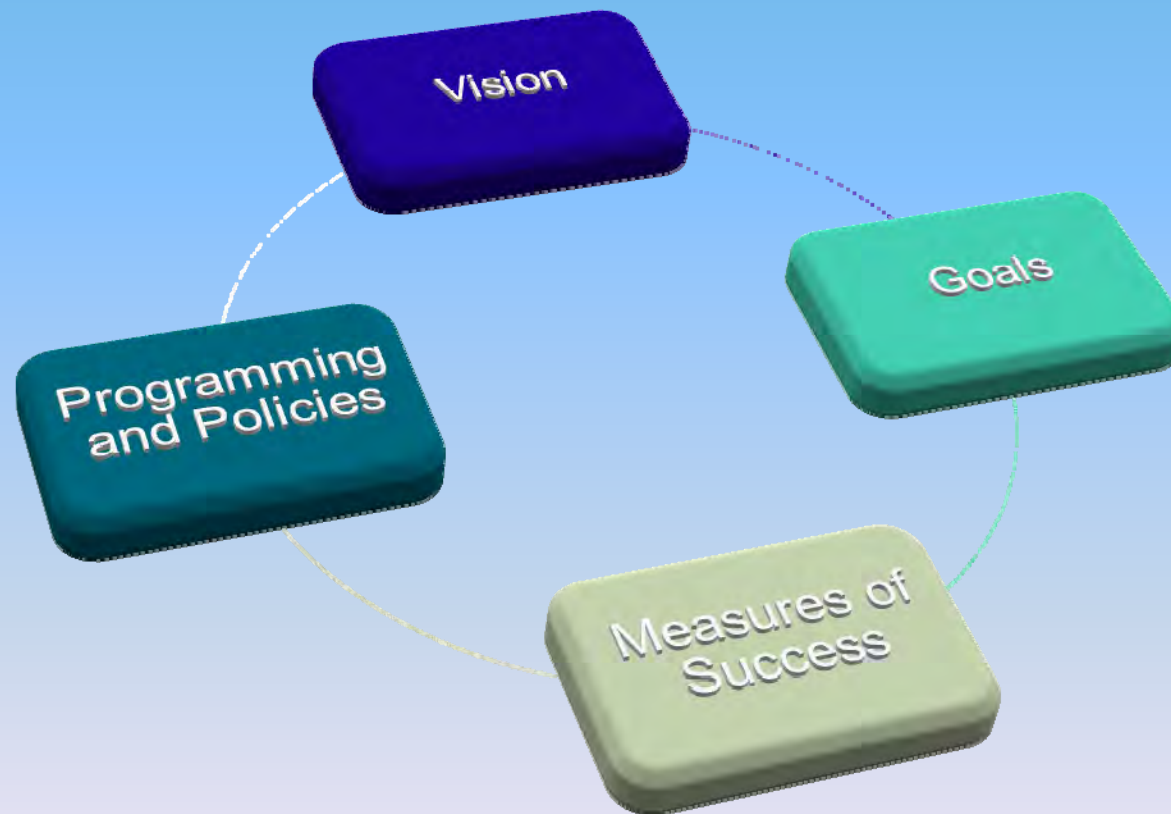
# Strategic Plan Development

- **Initial workshops (spring of 2010) set Vision**
- **Bi-monthly meetings from May to October established the Strategic Plan and its components**
- **Representatives of all 6 agencies in Transportation**
- **Strategic Plan is resource constrained**

## Strategic Plan – Why Resource Constrained

- **Objective is to take actions that will achieve the Vision and Goals regardless of funding levels**
- **Emphasis on transportation agency policies and administration of programs – for example, prioritization rather than expansion**
- **Seek to be more effective regardless of whether funding levels change**

# Foundation of the Plan



# VTrans2035 and the Strategic Plan

- VTrans2035 provides legally required multimodal transportation plan.
- Strategic Plan is the McDonnell Administration's means to implement the plan.

		Strategic Transportation Goals						
		Seamless Multimodal System	Economic Opportunity	Planning and Implementation Processes	Financial Support	Technology, Environmental Protection & System Management	Customer Focus	Improve Safety Across all Modes
VTrans2035 Goals	Safety and Security						✓	
	System Maintenance and Preservation	✓			✓	✓	✓	
	Mobility, Connectivity, and Accessibility	✓	✓			✓	✓	✓
	Environmental Stewardship					✓		
	Economic Vitality		✓					✓
	Coordination of Transportation and Land Use			✓	✓			
	Program Delivery			✓	✓		✓	

# Linkages between Goals and Measures

## Goals

Seamless Multimodal System

Economic Opportunity

Planning and Implementation Processes

Financial Support

Technology, Environmental Protection & System Management

Customer Focus

Improved Safety Across All Modes

Competent & Stable Workforce

## Measures of Success

Number of Intermodal Facilities

Percent of Cross-Trained Staff

Number of Fatalities, Crashes and Injuries

Incident Response Time

Return on Investment

Travel Time Reliability

Customer Service – Percent of Customers Satisfied

Percent of Assets in State of Good Repair

Decreased Rate of Growth of Vehicle Miles Traveled (VMT)

Number of Corridors of Statewide Significance (CoSS) Studies

# Linkages between Goals and Measures

Strategic Transportation Goals	Seamless Multimodal System	Economic Opportunity	Planning and Implementation Processes	Financial Support	Technology, Environmental Protection & System Management	Customer Focus	Improve Safety Across all Modes	Competent and Stable Workforce
Measures of Success								
Number of Intermodal Facilities	✓							
Percent of Cross- Trained Staff			✓					✓
Number of Fatalities, Crashes and Injuries							✓	
Incident Response Time							✓	
Return on Investment		✓						
Travel Time Reliability	✓							
Customer Service						✓		
State of Good Repair				✓	✓			
Decreased Rate of Growth of VMT					✓			
Number of CoSS Studies			✓					
Accessibility Index	✓				✓			

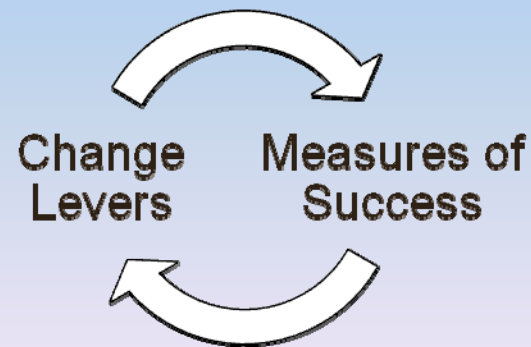
# Targeted Measures of Success

Measure of Success	Desired Trend	Control (C) or Influence (I)
Number of Intermodal Facilities	↑	C
Percent of Cross-Trained Staff	↑	C
Number of Fatalities, Crashes and Injuries	↓	I
Incident Response Time	↓	I
Return on Investment	↑	C
Travel Time Reliability	↑	I
Customer Service	↑	C
State of Good Repair	↑	C
Decreased Rate of Growth of VMT	↓	I
Number of CoSS Studies	↑	C
Accessibility Index	↑	I



# Change Levers

- Each measure is designed so that it relates to change levers that will allow the transportation agencies to respond to success or failure with policy actions.
- The process of evaluating measures of success and responding with change levers will be an ongoing cycle to move the transportation agencies towards stated vision and goals.



# Number of Intermodal Facilities

*Increase the number of intermodal facilities on the Corridors of Statewide Significance that are served by multiple modes.*

**Change levers:** If the desired trend in intermodal connectivity does not occur, adjustments to the outcome can be influenced by policy changes such as **incentivizing rail, barge, or other transportation options**; increasing freight rail investment; encouraging competitive freight rail access; **adjusting** Public-Private Transportation Act (**PPTA**) requirements regarding the incorporation of intermodal facilities; allowing **flexible funding** for intermodal facilities such as transit transfer centers; and **prioritizing funding** for projects that serve multiple modes.



# Percent of Cross-Trained Staff

*Establish a multimodal transportation planning training program that crosses all modal disciplines to increase the percentage of agency planning staff who have multimodal planning knowledge.*

**Change levers:** To strengthen performance under this measure, the transportation agencies could **consider a combination of recognition and incentives for participation in the cross-training program.** Job descriptions would be modified to reflect the training as a requirement as appropriate. The program also would be strengthened by reaching beyond the Secretariat to other state agencies involved in economic development, housing, and workforce development to participate and contribute to the training curriculum.



# Number of Fatalities, Crashes and Injuries

*Reduce the number of fatalities, injuries and crashes.*

**Change levers:** **Safety education** for port operations, transit and highway modes, and the aviation community is a key strategy for reducing the measured incidents. The Department of Motor Vehicles can contribute to success under this measure through **driver education programs** targeting safety issues such as aging drivers, distracted drivers, and others. **Coordination and partnerships with law enforcement agencies** are critical to success through enforcement of traffic safety laws. The transportation agencies can also **examine potential improvements to the transportation system** to improve incident prevention. In part, this can be accomplished by funding programs that target safety improvement such as the Highway Safety Improvement Program (HSIP) and Strategically Targeted Affordable Roadway Solutions (STARS).



# Incident Response Time

## *Improve incident response time*

**Change levers:** The transportation agencies impact system performance by **influencing response times through both planning and committing resources to programs and improvements.** Achieving improvement in response times may require dedicated resources in both areas.

Development of emergency plans is an example of administrative action, while highway safety service patrols and accessibility improvements for emergency vehicles (such as emergency vehicle-only turnarounds or access points on highways) relate directly to the transportation system.

**Coordination** with local emergency management, emergency response, and law enforcement agencies, as well as private operators is essential to make progress.



# Return on Investment

Maintain or improve program return on investment.

**Change levers:** If the desired trend in return on investment does not occur, **adjustments to the projects advanced to the Six-Year Improvement Program** would be recommended by the Office of Intermodal Planning and Investment.



# Travel Time Reliability



Improve travel time reliability:

- A. Improve on-time performance for transit and inter-city passenger rail;
- B. Reduce average annual hours of delay for roadways in Hampton Roads, Richmond, and Northern Virginia;
- C. Reduce average truck turnaround time at ports; and
- D. Improve navigational aid system reliability.

**Change levers:** Change levers are diverse, relating to the types of programs available to reduce travel times and improve travel time reliability. Examples include **prioritizing operational improvements, funding or incentivizing travel demand programs to reduce peak period travel on roadways, and education/awareness building of time-saving options** such as the Weigh-in-Motion program for trucks.

# Customer Service

Improved scores for customer service survey.

**Change levers:** The agencies relate to their customers in different ways, including facilities, services, and funding. The change levers are **the project development process and funding priorities for facilities, the customer interface for services, and the administrative processes for recipients of funding**. The levers for each agency are developed individually to meet the needs of their customers.





# State of Good Repair

Increase the percentage of assets by agency/mode considered to be in good repair by recognized standards.

**Change levers:** The information on the state of good repair will be used to target areas of critical need to **prioritize funding**.



# Decreased Rate of Growth of VMT

Decrease the rate of growth of VMT by increased use of public transportation, bicycles, walking, and alternative freight solutions.

**Change levers:** For passengers, **travel demand management strategies** such as telework and improvements to the availability and reliability of public transportation are the primary change levers. Success with freight depends on **improved intermodal connectivity and strategic capacity improvements** for rail and intermodal facilities.



# Number of CoSS Studies

Number of Corridors of Statewide Significance studies completed.

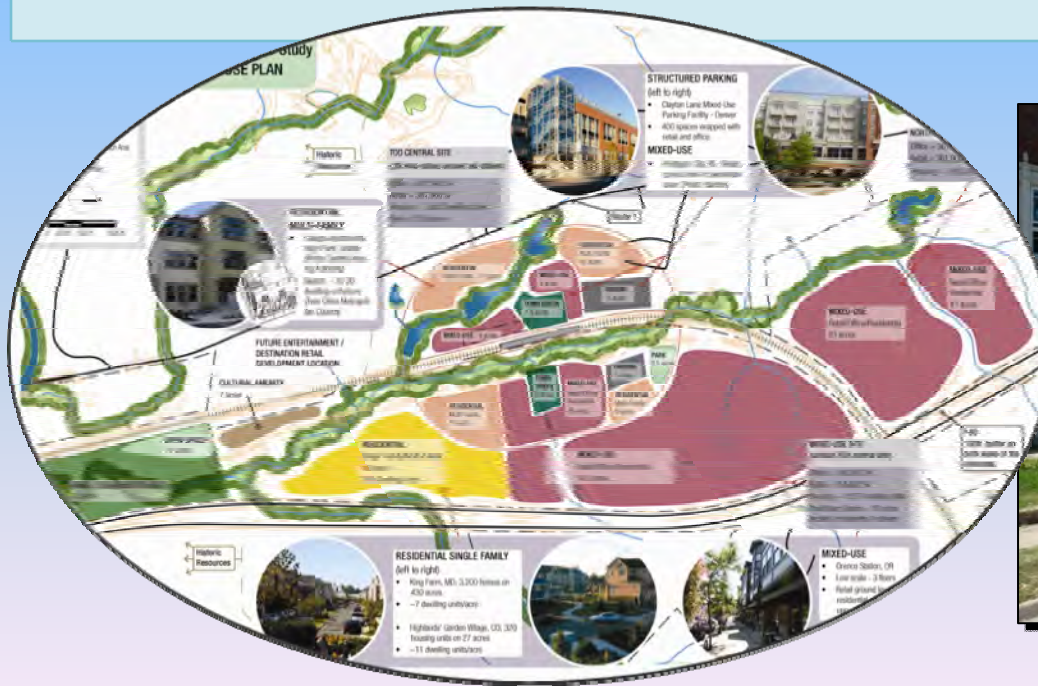
**Change levers:** The studies are intended to identify projects and prioritize investments as input to both the programming process and the PPTA process. Progress on the completion of the studies can be expedited by **prioritizing the studies, focusing on corridor subsections of greatest concern, or changing the administrative approach to funding and/or conducting the studies.**



# Accessibility Index

Improve accessibility to modes and activity centers.

**Change levers:** Transportation investment would be used as an **incentive for land use planning that provides improved accessibility** or otherwise better coordinates with transportation.



# Next Steps

- **Establish cycle of implementation and monitoring using the Strategic Plan**
- **Evolve Multimodal Strategic Planning Team into Multimodal Working Group**
- **Realign agency processes to support Strategic Plan**
- **Initiate outreach to law enforcement, housing, economic development, education, and others to coordinate data and initiatives on as-needed basis**



Washington Headquarters Services  
Defense Facilities Directorate



**PENTAGON SENTRY PROGRAM**  
Project Summary Update to the  
Northern Virginia Transportation Commission

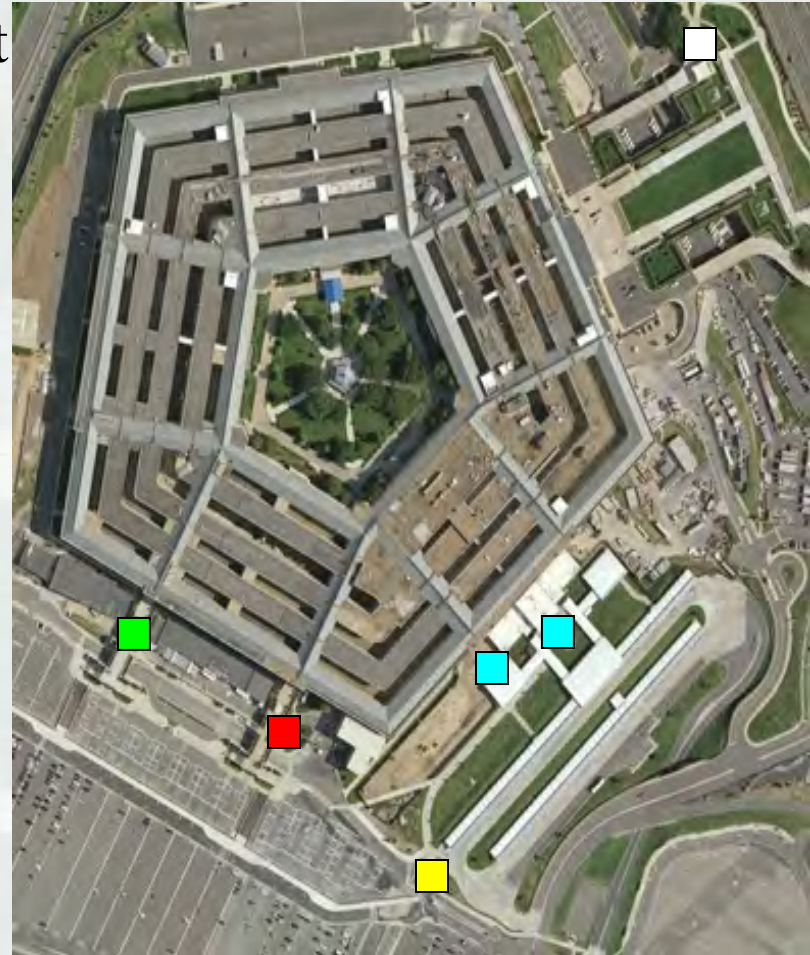
8 December 2010  
Sajeel S. Ahmed  
Acting Director, Defense Facilities Directorate

# Pentagon Sentry Program Summary

- Multi-year physical security upgrade
- Upgrade existing physical security systems on the Pentagon Reservation
- Enhance existing systems
- Discard antiquated systems
- Introduce new technology and process improvements

# FY 10 Pentagon Sentry Projects

- North Rotary Road and Fern Street Access Control Point
- Corridor 2 Bridge Entrance
- Corridor 3 Bridge Entrance
- Metro Entrance
- Corridor 8 Entrance





# ■ North Rotary and Fern Street Access Control Point Project



Existing North Rotary Road and Fern Street Access Control Point.

# ■ North Rotary and Fern Street Access Control Point Project



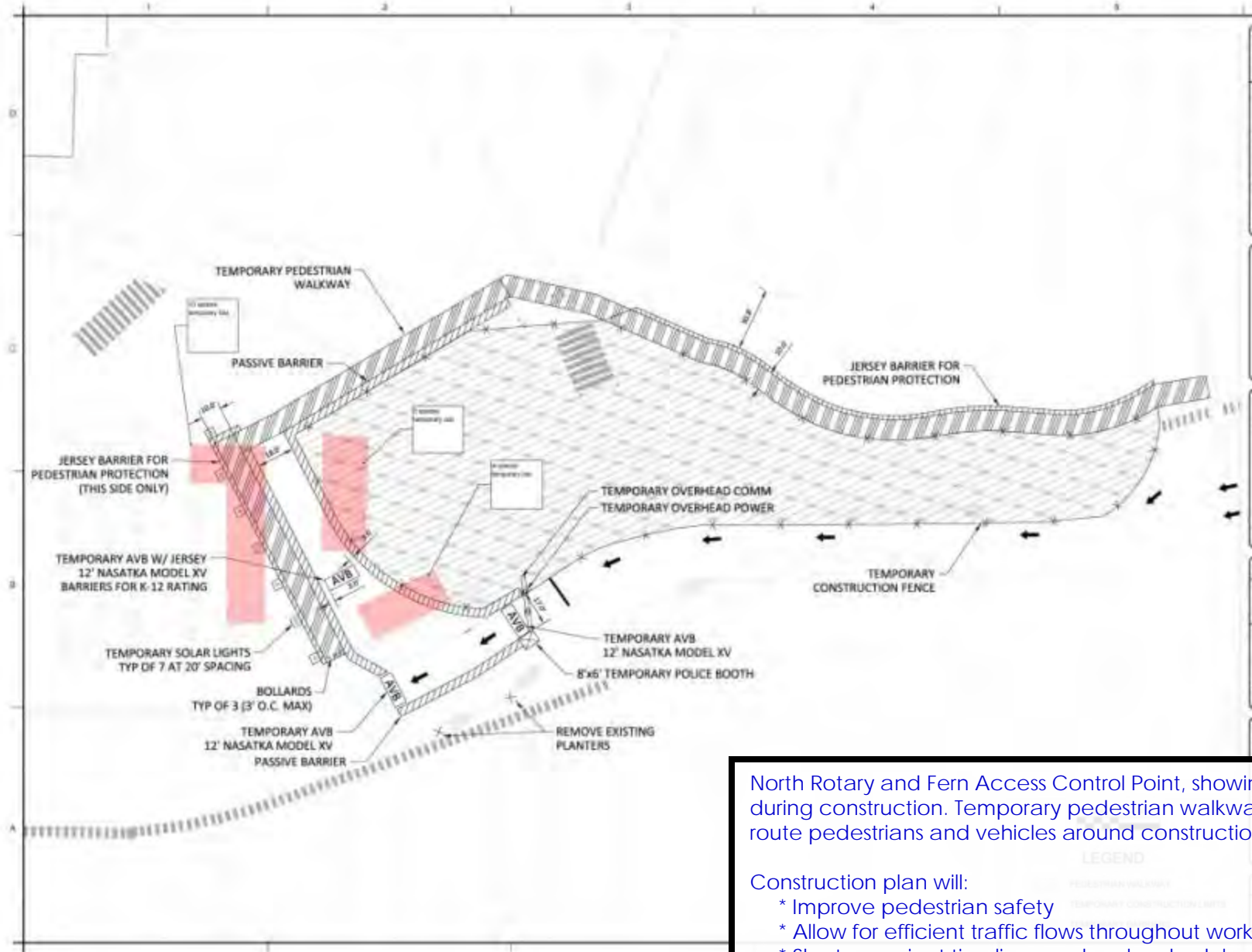
Existing North Rotary Road and Fern Street Access Control Point.

# North Rotary Road and Fern Street Access Control Point Project (Existing Condition)



Existing North Rotary Road and Fern Street  
Access Control Point.

# North Rotary Road and Fern Street (During Construction)



North Rotary and Fern Access Control Point, showing egress during construction. Temporary pedestrian walkway will route pedestrians and vehicles around construction zone.

LEGEND

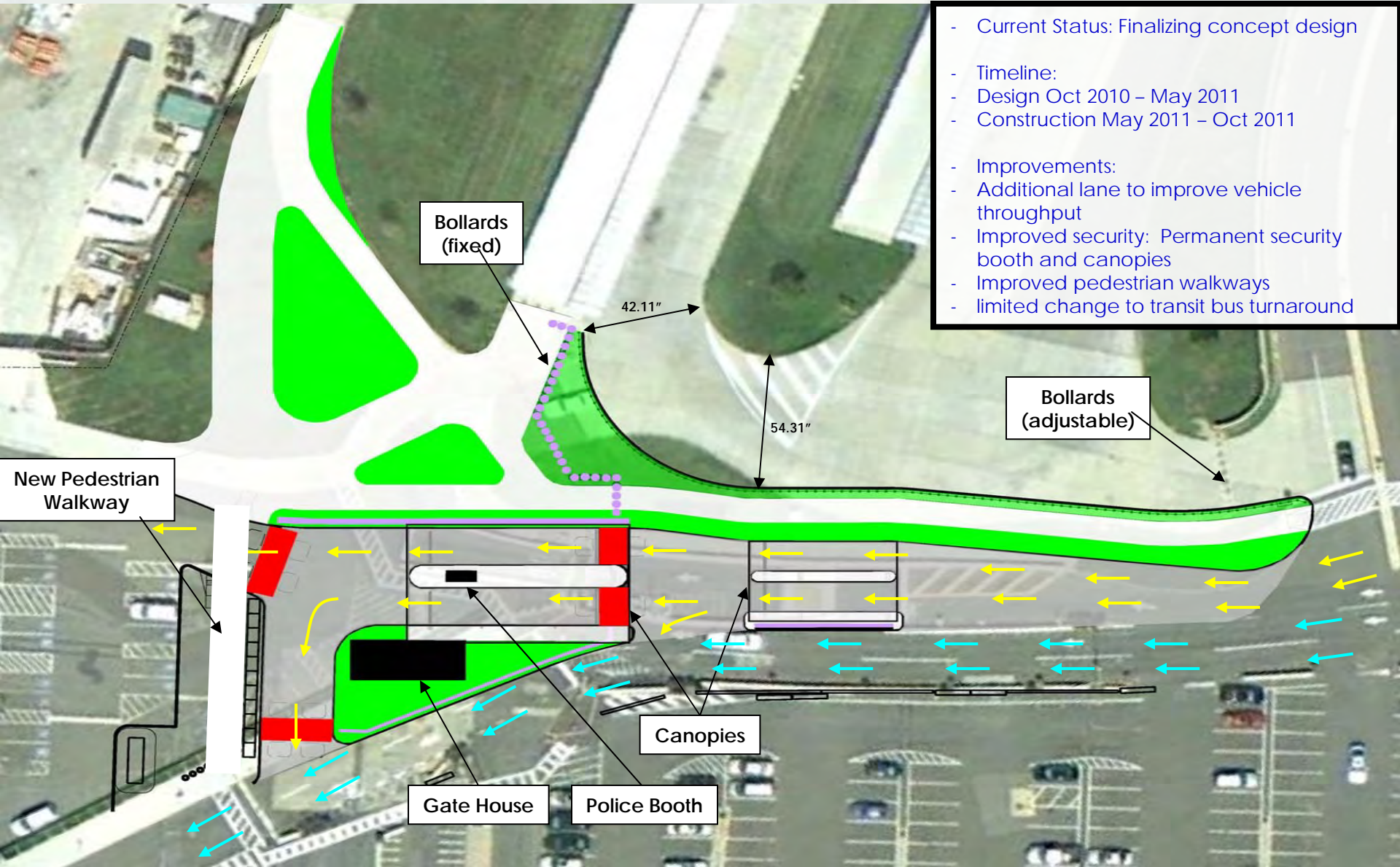
PEDESTRIAN WALKWAY

TEMPORARY CONSTRUCTION LIMITS

Construction plan will:

- \* Improve pedestrian safety
- \* Allow for efficient traffic flows throughout workday
- \* Shorten project timeline...no hourly schedule changes

# North Rotary Road and Fern Street Access Control Point Project (Final Concept)



- Current Status: Finalizing concept design
- Timeline:
  - Design Oct 2010 – May 2011
  - Construction May 2011 – Oct 2011
- Improvements:
  - Additional lane to improve vehicle throughput
  - Improved security: Permanent security booth and canopies
  - Improved pedestrian walkways
  - limited change to transit bus turnaround

Bollards  
(fixed)

Bollards  
(adjustable)

New Pedestrian  
Walkway

Canopies

Gate House

Police Booth

# Corridors 2 and 3 Bridge Booth Upgrades Project

■ Corridor 2 Entrance    ■ Corridor 3 Entrance



# Corridors 2 and 3 Bridge Booth Upgrades Project Concepts (Front View)

Current Status: Finalizing concept design

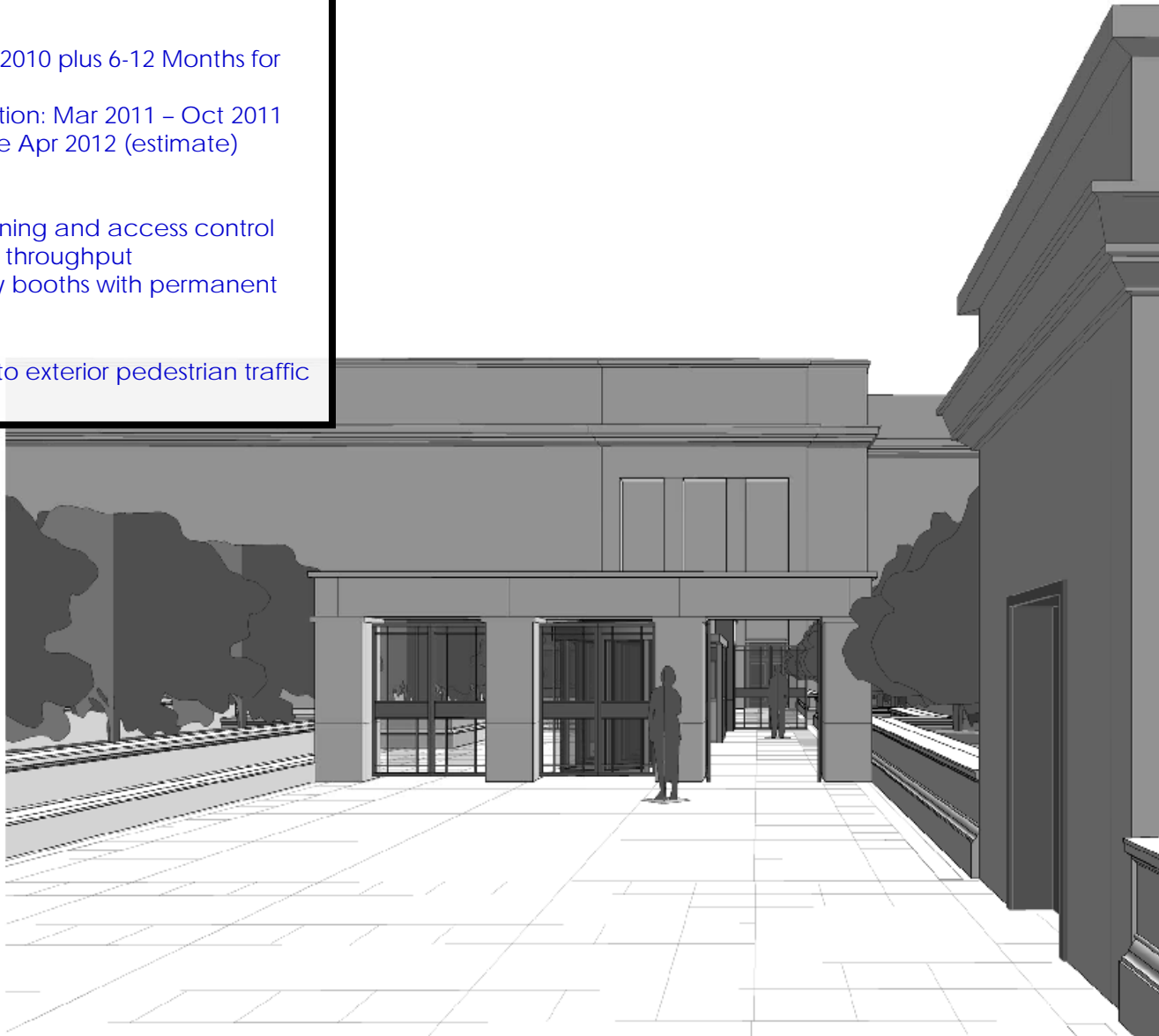
Timeline:

- Design start to Oct 2010 plus 6-12 Months for Approvals
- Corridor 2 construction: Mar 2011 – Oct 2011
- Corridor 3 complete Apr 2012 (estimate)

Improvements:

- Upgrade pre-screening and access control
- Improve employee throughput
- Replace temporary booths with permanent booths

No adverse impacts to exterior pedestrian traffic





# Metro Entrance Facility (MEF) Upgrade Project



Existing Metro Entrance Facility Aerial View



# Metro Entrance

## Concept Aerial View



Design build contract award: Aug 2011  
Construction Start: Oct 2011  
Construction Completion: Apr 2012

#### Project Scope:

- Construct permanent Visitor Center and employee entrance
- Demolish Temporary MEF; Remove security checkpoints and temporary canopy

#### Improvements:

- Improve employee, visitor, and tour group throughput
- Separate employees, visitors, and tour groups
- Upgrade pre-screening, signage and access control
- Public access to permanent covered walkways restored



# Corridor 8 Entrance Control Point Upgrade Project



Existing Corridor 8 Aerial View

# Corridor 8 Entrance Concept



Design Build Contract award: 8/2011  
Expected Construction Start: 10/2011  
Expected Construction Completion: 4/2012

#### Improvements:

- Improve employee and visitor throughput
- Separate employees and visitors
- Upgrade pre-screening, signage and access control



AGENDA ITEM #12

**TO:** Chairman Hudgins and NVTC Commissioners  
**FROM:** Scott Kalkwarf and Colethia Quarles  
**DATE:** December 30, 2010  
**SUBJECT:** NVTC Financial Items for November, 2010

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The financial reports for November, 2010 are attached for your information.



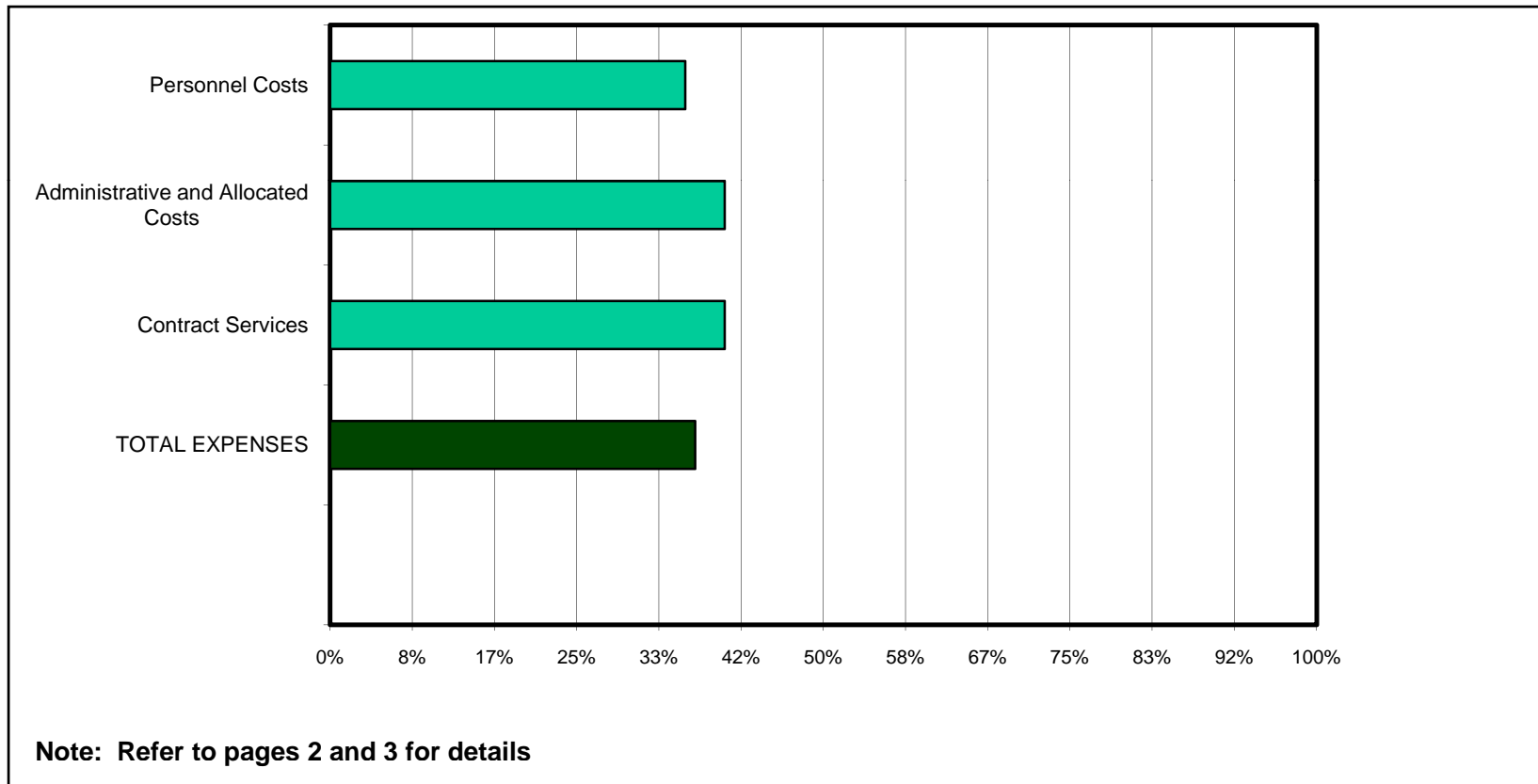
4350 N. Fairfax Drive • Suite 720 • Arlington, Virginia 22203  
Tel (703) 524-3322 • Fax (703) 524-1756 • TDD (800) 828-1120 • VA Relay Service  
E-mail [nvtdc.org](mailto:nvtdc.org) • Website [www.thinkoutsidethecar.org](http://www.thinkoutsidethecar.org)

# Northern Virginia Transportation Commission

Financial Reports

November, 2010

Percentage of FY 2011 NVTC Administrative Budget Used  
November, 2010  
(Target 41.67% or less)



**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**G&A BUDGET VARIANCE REPORT**  
**November 2010**

	<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	\$ 58,422.97	\$ 266,684.79	\$ 737,900.00	\$ 471,215.21	63.9%
Temporary Employee Services	-	-	-	-	
Total Personnel Costs	58,422.97	266,684.79	737,900.00	471,215.21	63.9%
<u>Benefits</u>					
Employer's Contributions:					
FICA	2,982.14	17,803.65	52,400.00	34,596.35	66.0%
Group Health Insurance	5,933.57	29,009.89	80,200.00	51,190.11	63.8%
Retirement	6,540.00	28,500.00	73,700.00	45,200.00	61.3%
Workmans & Unemployment Compensation	93.75	468.75	2,950.00	2,481.25	84.1%
Life Insurance	296.68	1,483.40	4,300.00	2,816.60	65.5%
Long Term Disability Insurance	252.81	1,516.86	3,950.00	2,433.14	61.6%
Total Benefit Costs	16,098.95	78,782.55	217,500.00	138,717.45	63.8%
<u>Administrative Costs</u>					
Commissioners Per Diem	1,700.00	5,350.00	16,850.00	11,500.00	68.2%
<i>Rents:</i>					
Office Rent	15,336.60	80,127.20	182,180.00	102,052.80	56.0%
Parking	(100.00)	2,900.00	11,200.00	8,300.00	74.1%
<i>Insurance:</i>					
Public Official Bonds	-	575.00	4,100.00	3,525.00	86.0%
Liability and Property	-	-	2,300.00	2,300.00	100.0%
	-	575.00	1,800.00	1,225.00	68.1%
<i>Travel:</i>					
Conference Registration	-	991.70	6,300.00	5,308.30	84.3%
Conference Travel	-	-	-	-	0.0%
Local Meetings & Related Expenses	-	92.74	2,000.00	1,907.26	95.4%
Training & Professional Development	-	898.96	4,000.00	3,101.04	77.5%
	-	-	300.00	300.00	100.0%
<i>Communication:</i>					
Postage	456.53	3,558.52	10,200.00	6,641.48	65.1%
Telephone - LD	(15.18)	1,360.10	4,000.00	2,639.90	66.0%
Telephone - Local	140.10	519.38	1,300.00	780.62	60.0%
	331.61	1,679.04	4,900.00	3,220.96	65.7%
<i>Publications &amp; Supplies</i>					
Office Supplies	1,176.86	4,825.48	13,500.00	8,674.52	64.3%
Duplication	13.15	358.60	3,000.00	2,641.40	88.0%
Public Information	1,163.71	4,466.88	10,000.00	5,533.12	55.3%
	-	-	500.00	500.00	100.0%

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
G&A BUDGET VARIANCE REPORT  
November 2010**

	<u>Current Month</u>	<u>Year To Date</u>	<u>Annual Budget</u>	<u>Balance Available</u>	<u>Balance %</u>
<i>Operations:</i>	79.95	1,173.75	8,000.00	6,826.25	85.3%
Furniture and Equipment	-	-	-	-	0.0%
Repairs and Maintenance	-	-	1,000.00	1,000.00	100.0%
Computers	79.95	1,173.75	7,000.00	5,826.25	83.2%
<i>Other General and Administrative</i>	195.76	1,547.58	5,350.00	3,802.42	71.1%
Subscriptions	-	-	-	-	0.0%
Memberships	-	205.00	1,300.00	1,095.00	84.2%
Fees and Miscellaneous	195.76	1,078.22	2,950.00	1,871.78	63.5%
Advertising (Personnel/Procurement)	-	264.36	1,100.00	835.64	76.0%
Total Administrative Costs	<u>18,945.70</u>	<u>98,149.23</u>	<u>246,480.00</u>	<u>148,330.77</u>	<u>60.2%</u>
	<u>Contracting Services</u>				
Auditing	-	8,000.00	20,000.00	12,000.00	60.0%
Consultants - Technical	-	-	-	-	0.0%
Legal	-	-	-	-	0.0%
Total Contract Services	<u>-</u>	<u>8,000.00</u>	<u>20,000.00</u>	<u>12,000.00</u>	<u>60.0%</u>
 Total Gross G&A Expenses	 <u>\$ 93,467.62</u>	 <u>\$ 451,616.57</u>	 <u>\$ 1,221,880.00</u>	 <u>\$ 770,263.43</u>	 <u>63.0%</u>



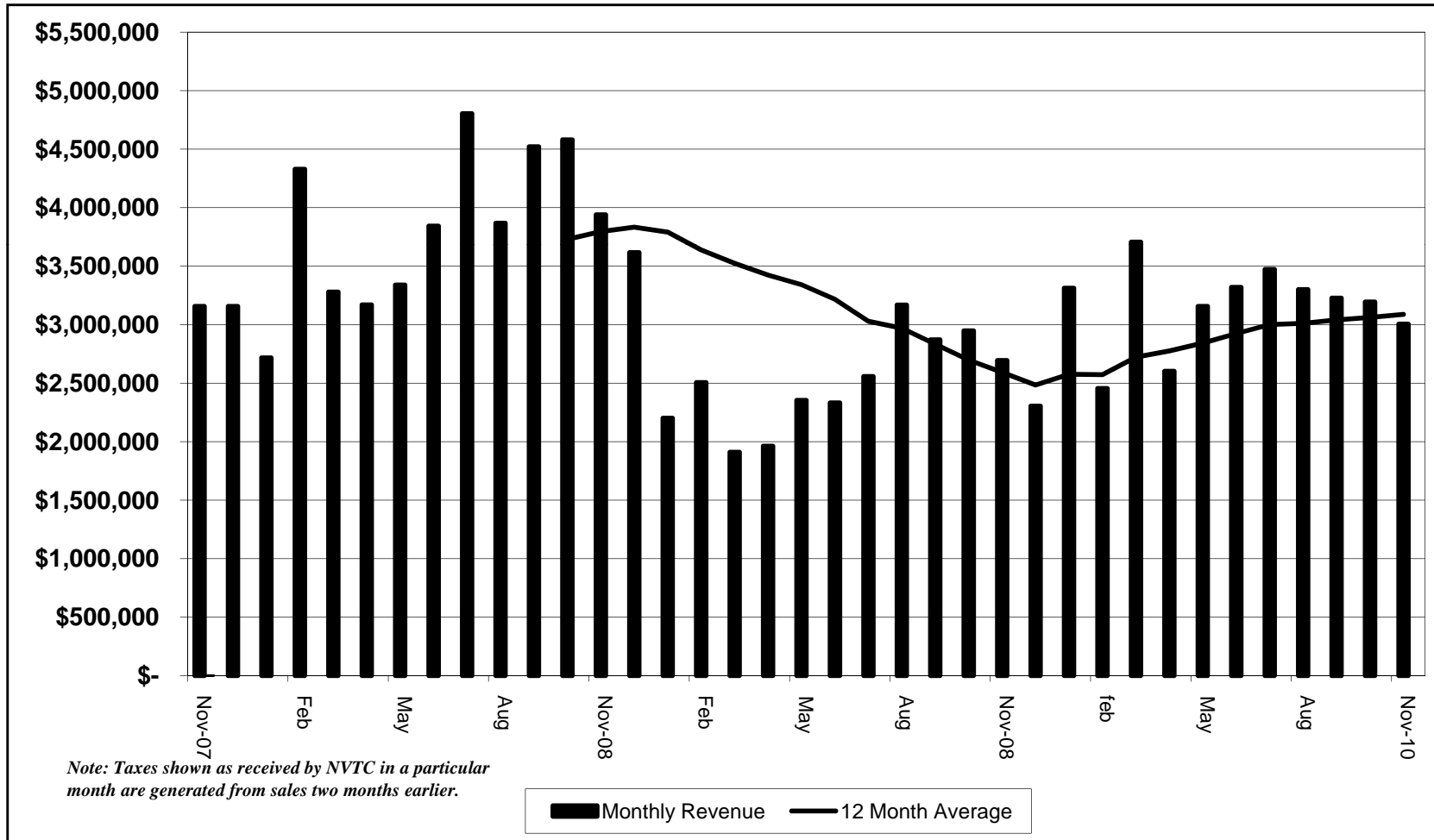
**NVTC**  
**RECEIPTS and DISBURSEMENTS**  
**November, 2010**

Date	Payer/ Payee	Purpose	Wachovia (Checking)	Wachovia (Savings)	VA LGIP	
					G&A / Project	Trusts
<b>RECEIPTS</b>						
2	FTA	Grant receipt - Potomac Yards				\$ 109,269.00
2	DRPT	Capital grant receipt - VRE			1,342,620.00	
9	DRPT	Capital grant receipt - VRE			32,128.00	
10	DRPT	Grant receipt - Potomac Yards				27,317.00
15	Dept. of Taxation	Motor Vehicle Fuels Sales tax				3,005,229.08
17	DRPT	FTM/Admin grant receipt				4,269,756.00
23	DRPT	Capital grant receipt				437,260.00
24	DRPT	Capital grant receipt - VRE			32,637.00	
26	DRPT	Capital grant receipt				4,293,317.00
26	DRPT	Capital grant receipt - VRE			19,722.00	
29	VRE	Staff support		6,231.42		
29	Staff	Reimburse expenses		15.18		
30	Banks	Interest earnings		10.70	99.56	21,621.70
			<u>-</u>	<u>6,257.30</u>	<u>1,427,206.56</u>	<u>12,163,769.78</u>
<b>DISBURSEMENTS</b>						
1-30	Various	G&A expenses	(179,763.32)			
2	VRE	Capital grants - VRE			(1,342,620.00)	
9	VRE	Capital grants - VRE			(32,128.00)	
17	Loudoun County	Other operating				(5,145,997.05)
17	Loudoun County	Other capital				(3,794,767.00)
18	Redmon Group	E Schedule	(3,601.60)			
24	VRE	Capital grants - VRE			(32,637.00)	
24	Stantec	Consulting - NTD project	(49,041.00)			
24	DRPT	Other operating	(28,697.00)			
26	VRE	Capital grants - VRE			(19,722.00)	
30	Wachovia Bank	Service fees	(31.34)	(12.00)		
			<u>(261,134.26)</u>	<u>(12.00)</u>	<u>(1,427,107.00)</u>	<u>(8,940,764.05)</u>
<b>TRANSFERS</b>						
24	Transfer	From LGIP to checking	280,000.00		(280,000.00)	
29	Transfer	From LGIP to LGIP (NTD project)			49,041.09	(49,041.09)
29	Transfer	From LGIP to LGIP			28,697.00	(28,697.00)
			<u>280,000.00</u>	<u>-</u>	<u>(202,261.91)</u>	<u>(77,738.09)</u>
<b>NET INCREASE (DECREASE) FOR MONTH</b>			<u>\$ 18,865.74</u>	<u>\$ 6,245.30</u>	<u>\$ (202,162.35)</u>	<u>\$ 3,145,267.64</u>

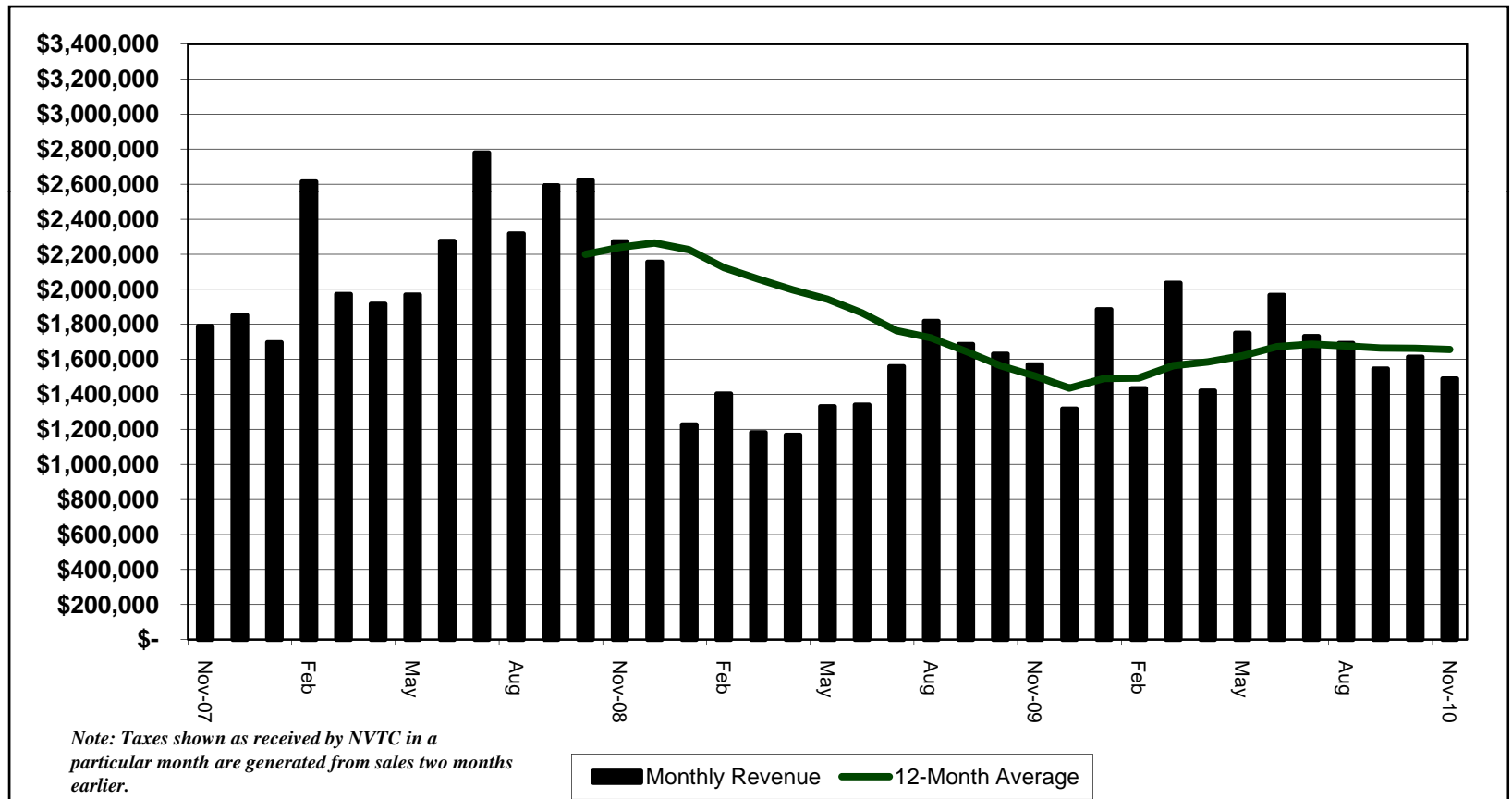
**NVTC  
INVESTMENT REPORT  
November, 2010**

<u>Type</u>	<u>Rate</u>	<u>Balance 10/31/2010</u>	<u>Increase (Decrease)</u>	<u>Balance 11/30/2010</u>	<u>NVTC G&amp;A/Project</u>	<u>Jurisdictions Trust Fund</u>	<u>Loudoun Trust Fund</u>
<b><u>Cash Deposits</u></b>							
Wachovia: NVTC Checking	N/A	\$ 88,226.48	\$ 18,865.74	\$ 107,092.22	\$ 107,092.22	\$ -	\$ -
Wachovia: NVTC Savings	0.500%	244,149.39	6,245.30	250,394.69	250,394.69	-	-
<b><u>Investments - State Pool</u></b>							
Nations Bank - LGIP	0.217%	122,080,828.15	2,943,105.29	125,023,933.44	401,190.84	111,805,012.54	12,817,730.06
		<u>\$ 122,413,204.02</u>	<u>\$ 2,766,053.98</u>	<u>\$ 125,381,420.35</u>	<u>\$ 758,677.75</u>	<u>\$ 111,805,012.54</u>	<u>\$ 12,817,730.06</u>

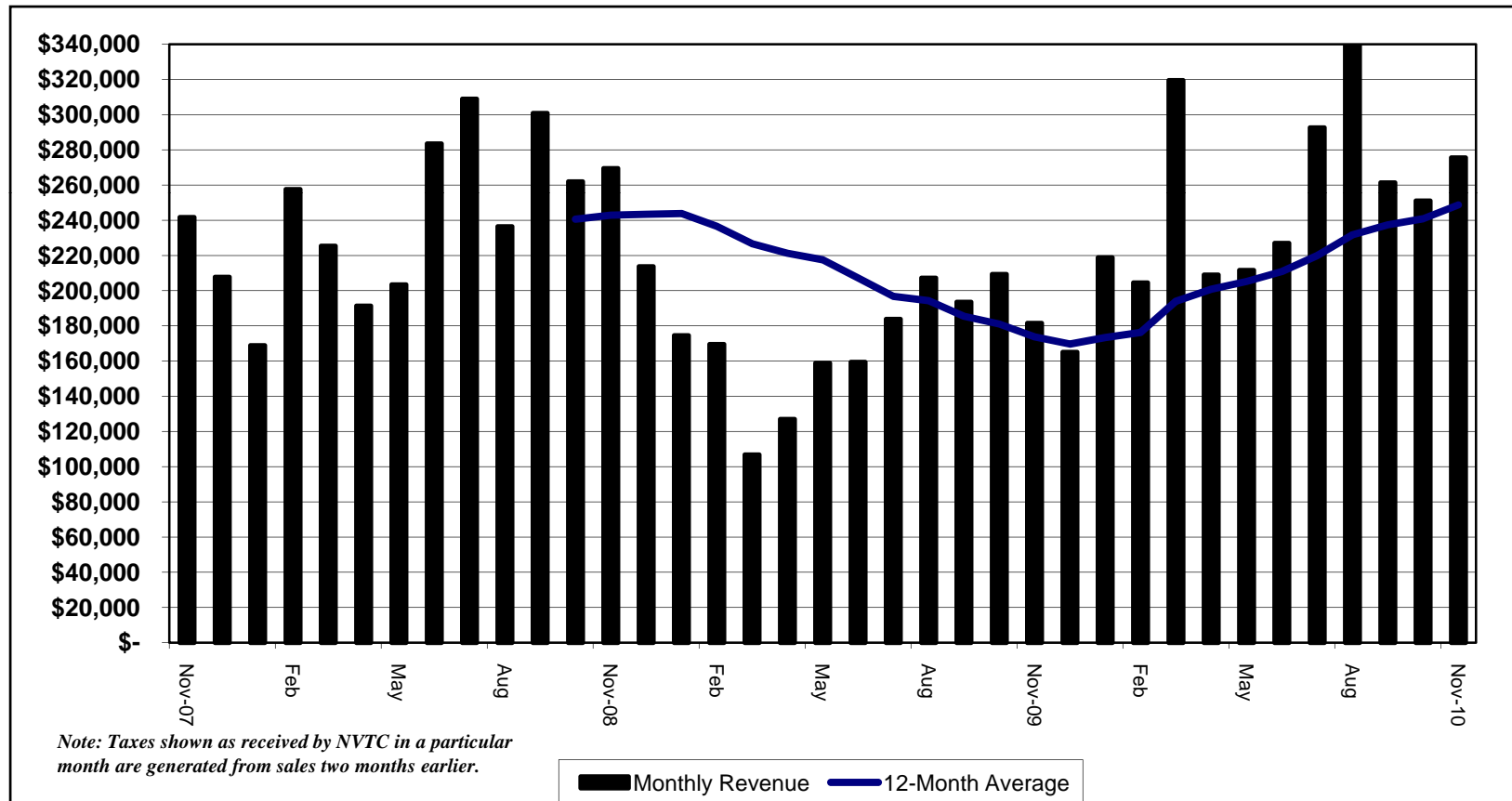
# NVTC MONTHLY GAS TAX REVENUE ALL JURISDICTIONS FISCAL YEARS 2008-2011



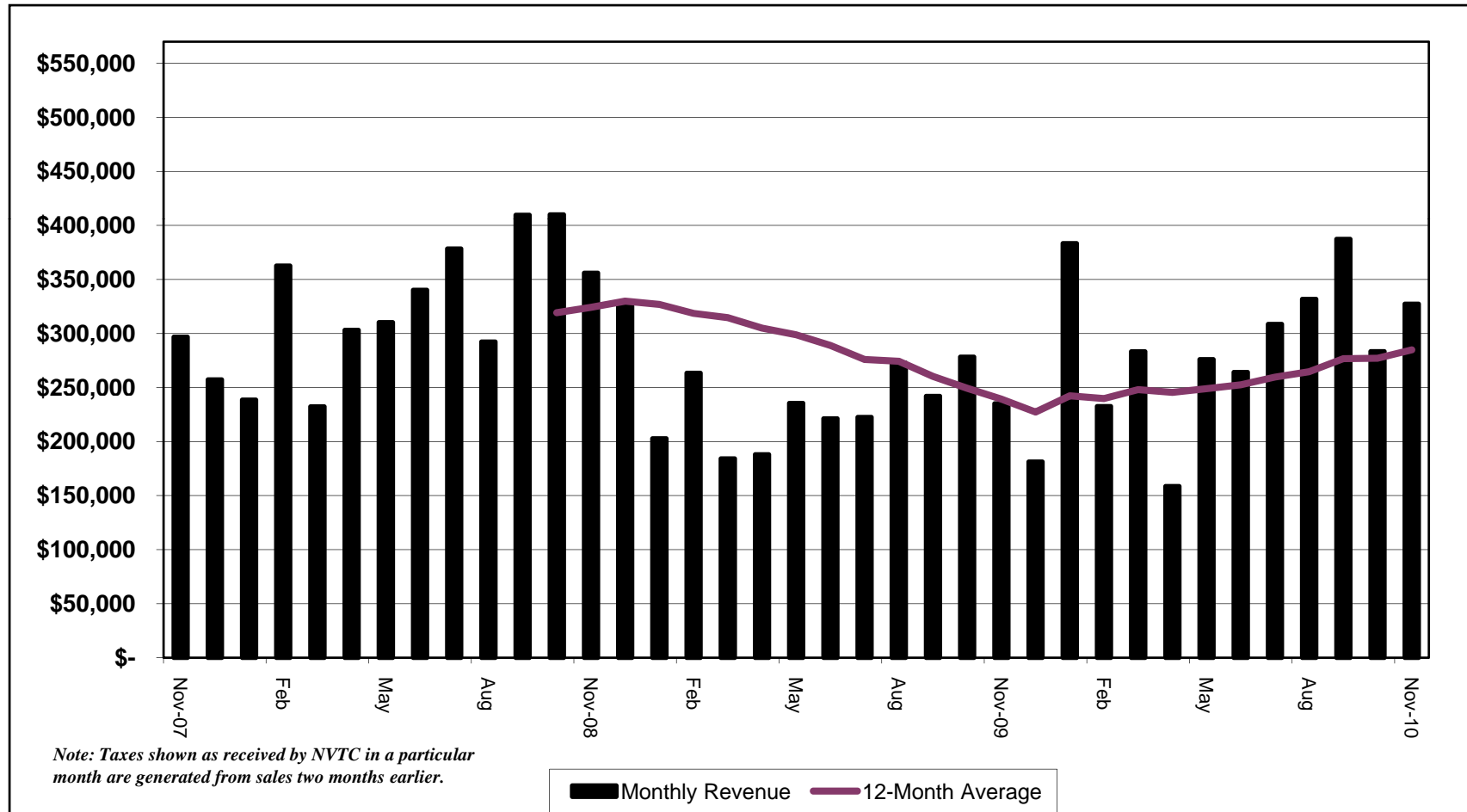
# NVTC MONTHLY GAS TAX REVENUE FAIRFAX COUNTY FISCAL YEARS 2008-2011



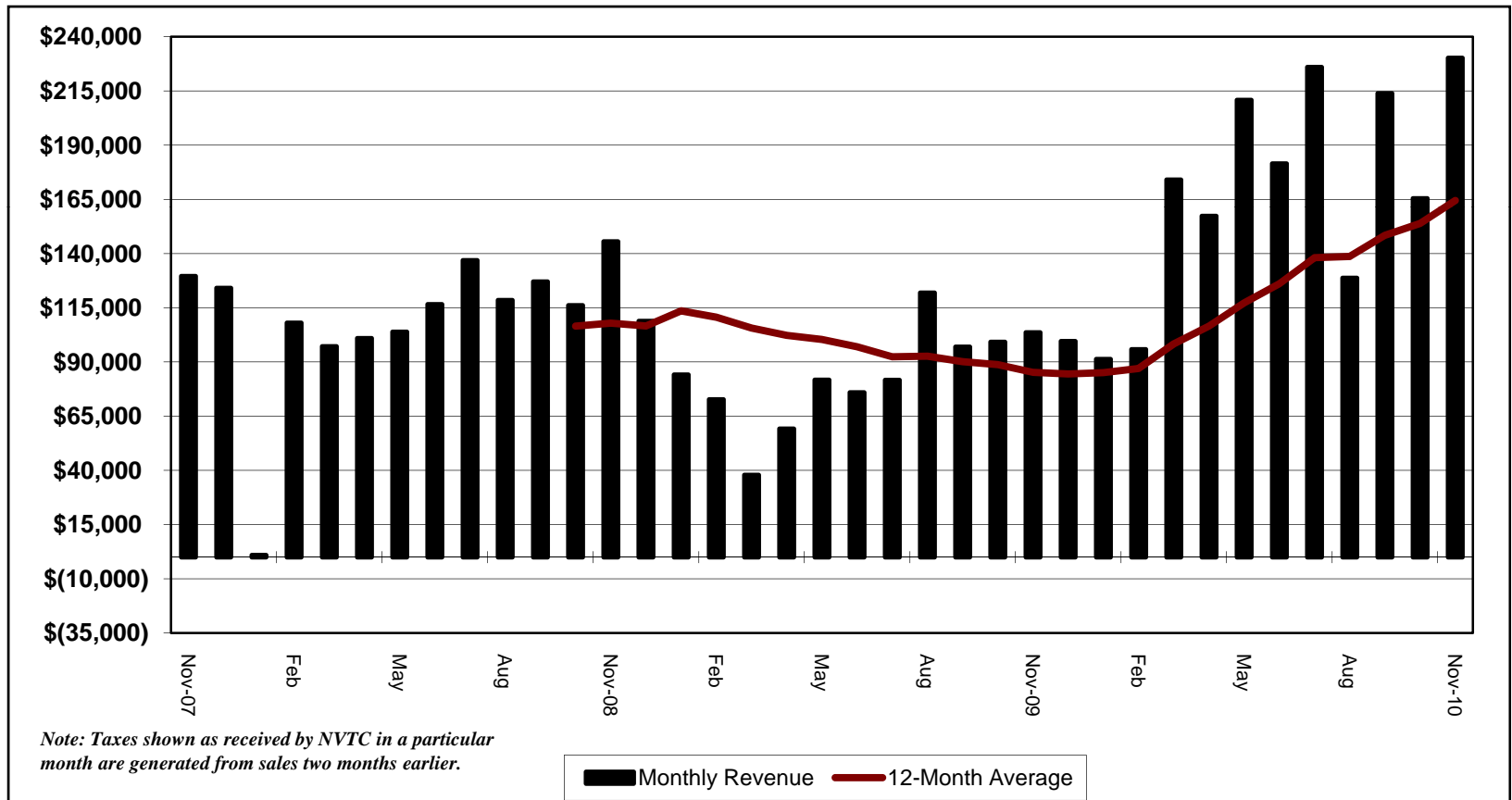
# NVTC MONTHLY GAS TAX REVENUE CITY OF ALEXANDRIA FISCAL YEARS 2008-2011



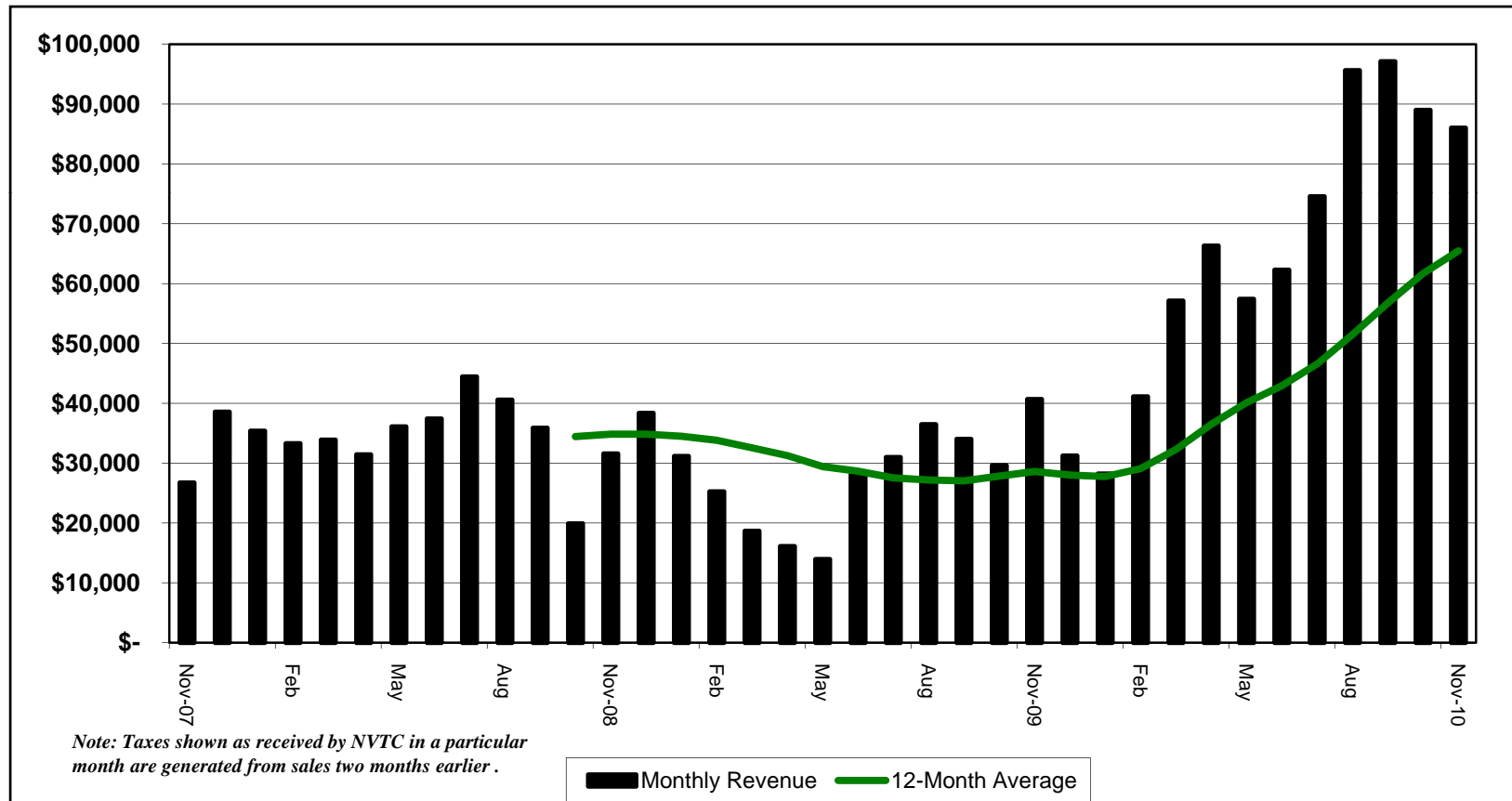
# NVTC MONTHLY GAS TAX REVENUE ARLINGTON COUNTY FISCAL YEARS 2008-2011



# NVTC MONTHLY GAS TAX REVENUE CITY OF FAIRFAX FISCAL YEARS 2008-2011

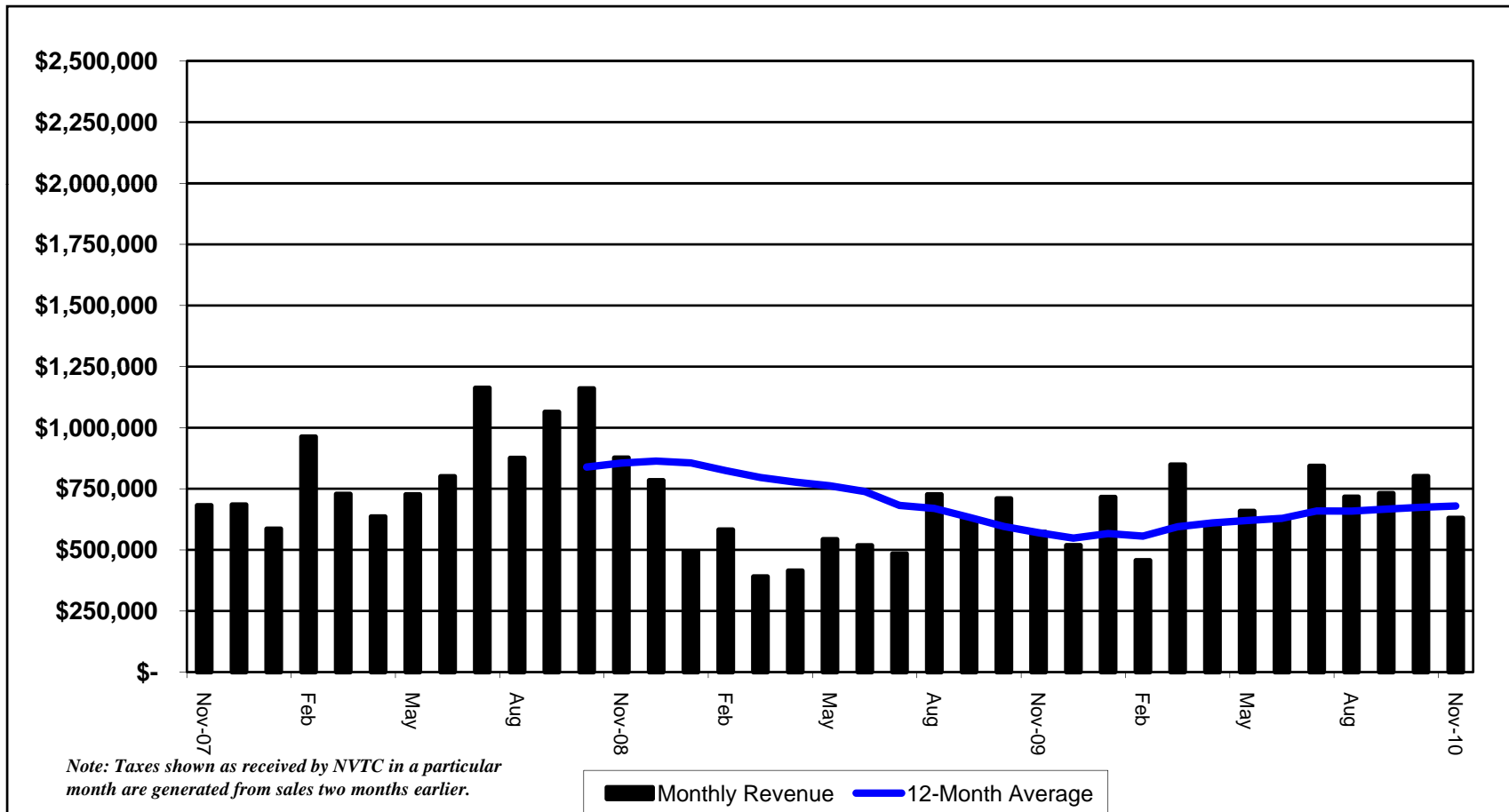


# NVTC MONTHLY GAS TAX REVENUE CITY OF FALLS CHURCH FISCAL YEARS 2008-2011





# NVTC MONTHLY GAS TAX REVENUE LOUDOUN COUNTY FISCAL YEARS 2008-2011





# MINUTES

## VRE OPERATIONS BOARD MEETING PRTC HEADQUARTERS – PRINCE WILLIAM COUNTY, VIRGINIA DECEMBER 17, 2010

### VIRGINIA RAILWAY EXPRESS

#### BOARD MEMBERS

**PAUL MILDE**  
CHAIRMAN

**SHARON BULOVA**  
VICE-CHAIRMAN

**PAUL SMEDBERG**  
TREASURER

**WALLY COVINGTON**  
SECRETARY

**MAUREEN CADDIGAN**  
**JOHN COOK**  
**THELMA DRAKE**  
**FREDERIC HOWE**  
**JOHN JENKINS**  
**SUHAS NADDONI**  
**GARY SKINNER**  
**SUSAN STIMPSON**  
**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
Wally Covington (PRTC)	Prince William County
Frederic Howe (PRTC)	City of Fredericksburg
John D. Jenkins (PRTC)	Prince William County
Paul Milde (PRTC)	Stafford County
Gary Skinner (PRTC)	Spotsylvania County
Paul Smedberg (NVTC)	City of Alexandria
Jonathan Way (PRTC)	City of Manassas
Christopher Zimmerman (NVTC)	Arlington County

MEMBERS ABSENT	JURISDICTION
Thelma Drake	DRPT
Suhas Naddoni (PRTC)	City of Manassas Park
Susan Stimpson (PRTC)	Stafford 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	Mike Lake – Fairfax DOT
Jennifer Buske – Washington Post	Bob Leibbrandt – Prince William County
Michelle Casciato – Prince William County	Steve MacIsaac – VRE counsel
John Duque – VRE	April Maguigad – VRE
Anna Gotthardt – VRE	Betsy Massie – PRTC staff
Al Harf – PRTC staff	Greg McFarland – NVTC staff
Chris Henry- VRE	Mark Roeber – VRE
Christine Hoeffner – VRE	Brett Shorter – VRE
Ann King – VRE	Dale Zehner – VRE

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

Chairman Milde called the meeting to order at 9:34 A.M. Following the Pledge of Allegiance, roll call was taken.

### Approval of the Agenda – 3

Mr. Zimmerman moved, with a second by Ms. Caddigan, to accept the agenda. The vote in favor was cast by Board Members Caddigan, Howe, Jenkins, Milde, Page, Skinner, Smedberg, Way and Zimmerman.

### Approval of the Minutes of the November 19, 2010 Operations Board Meeting – 4

Ms. Caddigan moved, with a second by Mr. Howe, to approve the minutes. The vote in favor was cast by Board Members Caddigan, Howe, Jenkins, Milde, Page, Skinner, Way and Zimmerman. Mr. Smedberg abstained since he was not in attendance at the last meeting.

### Chairman's Comments – 5

Chairman Milde reflected that as the year draws to a close, the VRE Operations Board needs to choose a new slate of officers for 2011. He served on the Nominating Committee along with Board Members Caddigan, Cook and Zimmerman, who recommend the following slate of officers:

Sharon Bulova – Chairman  
Wally Covington – Vice-Chairman  
Paul Smedberg – Secretary  
Susan Stimpson – Treasurer

There were no additional nominations. Chairman Milde moved to approve the slate of officers and Ms. Caddigan seconded. The vote in favor was cast by Board Members Caddigan, Howe, Jenkins, Milde, Page, Skinner, Smedberg, Way and Zimmerman.

Chairman Milde provided an overview of the highlights of the past year. VRE's average daily ridership was 17,429 for 2010. VRE continued to set ridership records throughout the year, with the highest day on November 16, 2010 when ridership reached 19,540 daily trips. On-time performance (OTP) for calendar year 2010 was 82 percent for the Fredericksburg line and 85 percent for the Manassas line. Spotsylvania County has been a member of VRE for almost a full year and the County has been very active in moving forward with its station development. VRE also acquired a new service provider during 2010. Keolis took over operations in July 2010 and while there have been some bumps in the road, riders have been comfortable with the new crews and train operations continue to improve.

Other highlights include the first new locomotive (V50) arrived and was put into service; completed several important capital projects (maintenance facilities at both yards,

Woodbridge second platform and PE and environmental work at Cherry Hill); and there are several capital projects underway (Brooke and Leeland parking expansions, Fredericksburg station rehabilitation, and the award of the Gainesville/Haymarket consulting contract); as well as adding an express train on the Fredericksburg line and seeing the successful start of the state-sponsored rail service.

#### Chief Executive Officer's Report – 6

Mr. Zehner reported that OTP for December has averaged 90 percent on the Fredericksburg line and 85 percent on the Manassas line, but there were major delays averaging once a week where they were in excess of an hour or more. Most of these severe delays were on the Manassas line. VRE has been receiving many complaints especially from Manassas riders. At his recommendation, Mr. Zehner explained that the individual responsible for maintenance has been reassigned and VRE has taken a more active role in maintenance issues. MotivePower experts are also at each yard providing expertise on maintaining locomotives. VRE has asked vendors to make recommendations for changes. VRE is still experiencing some issues with crews, but is working hard to address all these issues.

Mr. Zehner distributed a sample of the name tags and informational brochure prototype for the upcoming VRE legislative reception in January 2011. The brochure includes everything that was discussed at the last month's meeting. Extra copies will be produced for Board members to distribute at their individual offices.

Mr. Zehner reported that the Santa Train event was a success. VRE ran 11 trains out of four stations. The event was completely sold out and on-line tickets sold out in 40 minutes. VRE collected over \$10,000 in monetary contributions and 5,000 toys for the Toys for Tots campaign, which is a new all-time record for VRE. He also reported that both the House and the Senate passed the tax bill, which includes a one-year extension of the transit benefit.

[Ms. Bulova and Mr. Covington joined the meeting at 9:44 A.M. and 9:45 A.M., respectively.]

#### Operations Board Member's Time – 7

Mr. Way thanked Mr. Zehner for coming to a recent Manassas City Council meeting to discuss on-time performance. He asked if the major delays are the result of a learning curve with the new operator or more epidemic problems to the system. Mr. Zehner responded that it is a little bit of both. It is systematic with crews and maintenance, but every delay is different.

In response to a question from Mr. Howe, Mr. Zehner stated that once the Spotsylvania County station is open, it will relieve the parking congestion issues at the Fredericksburg station. There are not really any other options to increase VRE parking near the Fredericksburg station. There is an existing parking garage two blocks away

but there is a \$4 daily charge. Mr. Howe stated that it is important to address parking capacity when the Fredericksburg station parking capacity is at 111 percent, especially with ridership continuing to increase. He asked staff to help educate him on this issue so that the Fredericksburg City Council can find solutions. Ms. Bulova suggested creating a working group of city and VRE staff. Mr. Skinner observed that once the Spotsylvania County station is completed, the parking capacity problems in Fredericksburg will be solved since there should be ample parking space at the new station.

[Mr. Cook arrived at 9:51 A.M.]

Chairman Milde observed that WMATA is now searching passengers' bags and he asked if VRE has the same authority. Mr. Zehner suggested that this issue should be discussed at a future meeting with Mr. Maclsaac present. Mr. Zimmerman noted that the WMATA Board did not act on this authority. Bags will be scanned and not opened unless it is suspicious.

#### VRE Riders' and Public Comment – 8

There were no comments.

#### Referral of the Revised FY 2011 and Recommended FY 2012 VRE Operating and Capital Budgets to the Commissions and Localities – 9A

Mr. Zehner stated that the VRE Operations Board is being asked to adopt the revised FY 2011 VRE Operating and Capital Budget and the recommended FY 2012 VRE Operating and Capital Budget, including a related amendment to the Master Agreement, and refer them to the Commissions for their consideration and subsequent referral to the jurisdictions for their formal review and adoption. Resolution #9A-12-2010 would accomplish this.

Mr. Zehner stated that the top budget guidelines include continuing to grow ridership and improve service levels; maintain or decrease total subsidy from FY 2011; and maintain current fare levels. He also reviewed the major budget assumptions, which include:

- Reduction of the jurisdictional subsidy to \$15,943,918, a decrease of \$126,392 compared to the FY 2011 level, with a mid-year payment by Spotsylvania County. The subsidy distribution formula is based on a proposed change to the Master Agreement that would allow the subsidy amounts paid by Alexandria and Arlington to vary with the overall subsidy level rather than an automatic five percent increase each year.
- Projection of an average daily ridership of 17,350 passengers.
- Continuation of the expansion to a 32-train operation (30 revenue trains) proposed for implementation in FY 2011 with the addition of a turnback train on

the Manassas line and the lengthening of one Manassas and one Fredericksburg line train at a net cost of \$417,000. This change will increase train seating capacity and provide additional mid-day storage.

- Projected fare revenue of \$30,580,000 with no fare increase.
- Capital matching funds from the State of 50 percent of the non-federal share, compared to 53 percent in FY 2011.
- State operating funds of \$5.3 million, compared to \$7.5 million in FY 2010.
- Fuel estimated at \$2.70/gallon for a total cost of \$4.8 million.

Mr. Zehner noted that the capital budget includes three capital initiatives for FY 2012, with the local match funded, including Spotsylvania third track (\$5.9 million), mid-day storage (\$1 million) and railcar procurement (\$5.7 million). Mr. Zehner also reviewed the changes made by the State in their operating and capital grant programs and how VRE will address these changes.

Mr. Zehner observed that trains are reaching capacity with standees on many trains. Staff looked at several options to increase capacity, which include implementing a Manassas turnback train; reducing the cost of Step-Up tickets on Amtrak trains; utilizing L'Enfant storage tracks; and building Crescent storage track near Union Station. Staff recommends the implementation of the Manassas turnback train this year and the initiative of L'Enfant storage track within one year. The Manassas turnback train would be a morning train that would counter flow back to Broad Run for storage during the day and return to service in the afternoon. It would reduce mid-day storage use by seven units, which would allow an addition of three railcars to other consists. This would increase 450 seats to peak trains.

Mr. Zehner stated that staff has talked with CSXT officials and CSXT is willing to design and add a switch at L'Enfant to provide trains to go through to Union Station and then return back to L'Enfant for mid-day storage. It would cost VRE approximately \$3.2 million and could be completed in about a year. Chairman Milde observed that VRE still has the option of ending service of one train at L'Enfant and not continuing to Union Station. Mr. Zehner agreed but reminded the Board that it would impact 25 percent of VRE riders.

Mr. Zehner then reviewed the changes to the Keolis contract that affect the budget. The operating contract requires Keolis to insure VRE for the first \$5 million of losses caused by the operator. The actual total premium costs are much higher than originally anticipated. If the indemnification amount is reduced to \$300,000 - \$500,000, it would save VRE \$900,000 in FY 2012. The changes to the Keolis contract value for FY 2011 are fully funded and total \$2.1 million, which include layover facility (\$160,000); staffing for express and turnback trains (\$675,000); training costs for new crew (\$275,000); locomotive repairs during transition to new fleet (\$325,000); insurance premium costs (\$325,000); additional contingency (\$500,000) and incentive/penalty payments (\$175,000).

Mr. Way asked how many of these costs would VRE have still incurred if VRE stayed with Amtrak as the contract operator. Mr. Zehner replied that the training and insurance

costs would not have been incurred with Amtrak, as well as no incentive or penalty costs.

Mr. Zehner reviewed the changes in ridership as shown in the ridership survey conducted in October 2010. The biggest changes were to the cities of Manassas Park and Fredericksburg. The “other” category also changed drastically from 20 percent to 9.3 percent because Spotsylvania County ridership is now included. In response to a question from Mr. Howe, Mr. Zehner stated that the majority (five percent) of “other” riders come from Fauquier, Caroline and King George Counties.

In response to a question from Mr. Cook, Mr. Zehner stated that for budget reasons staff kept ridership projections flat instead of increasing. There are several initiatives that could impact ridership. Although the transit benefit has been extended another year, it will only be funded for half of FY 2012. Also, since the majority of VRE riders are federal employees, the new telework bill also could impact ridership. Mr. Zehner explained that staff estimates are on the conservative side so staff does not have to come back to the Board at a later time and ask for additional local funding.

Mr. Zehner stated that the resolution also approves a change to the FY 2011 budget which increased by \$3 million. There was increased fare revenue by \$1.9 million due to increased ridership; additional federal and state funding of \$1.5 million; and a reduction of transfer from reserve of \$0.4 million. He also reviewed the increased expenditures.

Mr. Zehner explained the approval process, which includes being presented at the January 6, 2011 Commission meetings. If approved, the budget will be forwarded to the jurisdictions for final approval. Jurisdictional approval will also be sought for the Master Agreement amendment.

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

#### Authorization to Modify the Contract for Operating Maintenance Services – 9B

Mr. Zehner reported that the VRE Operations Board is being asked to recommend that the Commissions authorize him to modify the contract with Keolis Rail Services Virginia, LLC for operating and maintenance services by up to \$2,085,000 for a total amount not to exceed \$20,544,348 through June 30, 2011 and to remove the requirement that Keolis indemnify VRE for all liability claims arising from the contract service with a value up to \$5 million, effective July 1, 2011. Resolution #9B-12-2010 would accomplish this.

Mr. Zehner explained that the contract value for the mobilization period and the first full year of operations must now be modified to accommodate for the following:

- \$160,000 for crew layover facilities;

- \$275,000 for additional training costs during mobilization (The initial budget for mobilization assumed that 70 percent of Amtrak employees would shift to Keolis);
- \$675,000 for the express train approved by the Board in April 2010 and the turnback train included in the FY 2011 amended budget;
- \$325,000 for higher than anticipated liability premium costs in FY 2011 for the Keolis indemnification of VRE;
- \$325,000 for additional locomotive repair costs until the transition to the new fleet; and
- \$500,000 of contingency funds for the equipment maintenance and/or capital needs such as warranty work that will be reimbursed by the Gallery car manufacturer.

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

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

Mr. Zehner reported that the VRE Operations Board is being asked to authorize him to amend the Scheidt & Bachmann contract for fare collection system maintenance to add one year of maintenance services in an amount of \$449,634 for a total contract value not to exceed \$7,436,037. Resolution #9C-12-2010 would accomplish this.

VRE's current contract with Scheidt & Bachmann expires on January 31, 2011. However, contract extensions are required for this work due to warranty issues and proprietary licenses. The proposed extension continues maintenance support and the provision of two full-time fare collection maintenance technicians plus allowances for equipment repair and parts replacement, replacement of spare parts inventory, and software maintenance (e.g. tariff changes, data recovery support, disaster recovery support, application configuration changes, etc.). The subject contract amendment also extends the maintenance agreement for one year.

Mr. Zimmerman moved, with a second by Mr. Cook, to approve Resolution #9C-12-2010. The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Covington, Howe, Jenkins, Milde, Page, Skinner, Smedberg, Way and Zimmerman.

Authorization to Issue a Task Order for Engineering and Environmental Analysis for the Crossroads to Hamilton Third Track Project – 9D

Mr. Zehner stated that the VRE Operations Board is being asked to authorize him to issue a task order to STV, Inc. for engineering and environmental services for the Crossroads to Hamilton Third Track project in the amount of \$743,365, plus a ten percent contingency of \$74,337, for a total amount not to exceed \$817,703. Resolution #9D-12-2010 would accomplish this.



Mr. Zehner explained that this authorization will complete the design of the approximately 2.5 miles of third track in Spotsylvania County. In addition to the engineering work, this task order also includes coordination with the new Spotsylvania VRE station and environmental impact analysis required by FTA. Mr. Zehner stated that once this work is done, VRE can move to the construction phase of the project.

Mr. Skinner moved, with a second by Mr. Howe, to approve the resolution.

In response to a question from Mr. Zimmerman, Mr. Zehner explained that Hamilton is the name of a switch that is located near Mine Road, which is basically halfway between Fredericksburg and the Crossroads Yard. This work is expected to be completed within six to eight months. The project is expected to cost approximately \$20 million, but VRE should have a more accurate projection of costs after the final design is completed. This area of the railroad has some unique engineering challenges because of steep slopes and water areas. Chairman Milde noted that this is the last capital improvement project that VRE is committed to complete under the CSXT agreement. Mr. Covington asked how long an environmental analysis is vested if VRE cannot begin construction immediately because of funding. Ms. Hoeffner answered that typically it is three years from signing of the agreement. Mr. Covington stated that the changing Chesapeake Bay regulations have Prince William County concerned, especially with the Gainesville/Haymarket extension. Mr. Zehner stated that these regulations should not slow down this particular project.

The Board then voted on the motion and it passed. The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Covington, Howe, Jenkins, Milde, Page, Skinner, Smedberg, Way and Zimmerman.

#### Authorization to Award a Contract for Technical Support Services for Procurement of an Automated Fare Collection System – 9E

Mr. Zehner stated that the VRE Operations Board is being asked to authorize him to award a contract to Booz Allen Hamilton for technical support services related to the procurement of the next generation VRE Automated Fare Collection system. The contract being requested in the amount of \$125,524 for base work, plus optional work of \$49,298 and a 10 percent contingency of \$17,438, for a total amount not to exceed \$192,305. Resolution #9E-12-2010 would accomplish this.

Mr. Zehner explained that the current fare collection system has been in revenue since October 2002. The ticket vending machines and ticket office machines are nearing the end of their useful life. Since the inception of service, the fare collection industry has been transitioning from the magnetic stripe technology, used by the current VRE equipment, to contactless smart cards, including related technologies such as mobile phone payment systems. This technology offers the potential for greater flexibility in the variety of ticket media utilized across all modes of transportation as well as reduced maintenance requirements. VRE plans to consider all of these new technologies in the system design as well as work to ensure that compatibility is achieved with the regional

SmarTrip program. Following a procurement process, the proposal by Booz Allen Hamilton was found to be the most responsive. The base scope of the work for this technical support includes an assessment of the current system, analysis of VRE requirements for a new system, a market assessment of new products/technologies, and development of a concept of operations for the new system. The option work, if awarded, would include the development of technical specifications and assistance with the procurement of the new system.

Mr. Howe moved, with a second by Ms. Bulova, to approve Resolution #9E-12-2010. The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Covington, Howe, Jenkins, Milde, Page, Skinner, Smedberg, Way and Zimmerman.

#### Authorization to Issue a Request for Proposals for Diesel Fuel Price Risk Management Consulting Services – 9F

Mr. Zehner explained that Resolution #9F-12-2010 would authorize him to issue a Request for Proposals (RFP) for diesel price risk management consulting services on behalf of both VRE and PRTC. Both entities have significant exposure to price fluctuations in the diesel fuel market. Based on a joint procurement issued by PRTC in 2005, both agencies currently contract for consulting services related to diesel fuel price risk management in order to secure expert advice on the management of this risk and to reduce the volatility of fuel costs. VRE's existing contract is with Linwood Capital, LLC and will expire in February of 2011, which results in the need for a new procurement. After competitive proposals have been evaluated, VRE staff will return to the Operations Board with a recommendation for award. The intention is for VRE and PRTC to jointly select the consultant but have separate contracts for services. The term of the contract will be for a five-year period.

Mr. Covington moved, with a second by Ms. Bulova, to approve the resolution.

Mr. Way asked how VRE intends to evaluate the competency of the risk management companies. Mr. Zehner deferred to Mr. Harf who was involved with the last selection process. Mr. Harf stated that it has to do with demonstrated fuel risk management experience for other transit agencies and entities. Mr. Smedberg asked what is the upper limit of the futures. Mr. Harf stated that it is far out as the suppliers will provide.

The Operations Board then voted on the motion and it passed. The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Covington, Howe, Jenkins, Milde, Page, Skinner, Smedberg, Way and Zimmerman.

#### Authorization to Extend Amended Operating/Access Agreement with CSXT – 9G

Mr. Zehner explained that a further extension is being requested at this time to provide sufficient time to complete negotiations of a new agreement. Agreement still cannot be reached on the level of liability coverage. CSXT continues to insist on including a higher level of liability and terrorism coverage in the new agreement. Although

commuter rail liability has been capped at the state level, the legislation does not provide protection from gross negligence claims or claims of third parties, i.e. nonpassengers. Therefore, CSXT continues to press for higher liability insurance coverage. An extension is needed to resolve this issue. Resolution #9G-12-2010 would recommend that the Commissions authorize the CEO to extend the agreement.

Mr. Zimmerman moved, with a second by Ms. Bulova, to approve the resolution.

In response to a question from Mr. Cook, Mr. Zehner stated that the insurance is off shore insurance, which is acquired through a broker. Mr. Harf asked if VRE has contacted the Division of Risk Management to make sure there will not be a backlash of the insurance reduction with the Keolis contract. Mr. Zehner stated that staff has discussed this with DRM and there is no issue. Mr. Way asked if VRE is comfortable with the insurance agents and that they are viable. Mr. Zehner responded that VRE purchases insurance from reputable companies, including Lloyds of London, Lexington, and Zurich. Ms. Boxer stated that VRE receives analysis of the brokers.

The Board then voted on the motion and it passed. The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Covington, Howe, Jenkins, Milde, Page, Skinner, Smedberg, Way and Zimmerman.

#### Authorization to Extend Amended Operating/Access Agreement with Norfolk Southern – 9H

Mr. Zehner explained that Resolution #9H-12-2010 would recommend that the Commissions authorize the CEO to extend the Amended Operating/Access Agreement with Norfolk Southern. Liability coverage is also the outstanding issue for this contract.

Mr. Jenkins moved, with a second by Mr. Zimmerman, to approve Resolution #9H-12-2010. The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Covington, Howe, Jenkins, Milde, Page, Skinner, Smedberg, Way and Zimmerman.

#### Adjournment

Chairman Milde asked staff to distribute the informational brochure for Board Member comments.

Mr. Jenkins reported that the parking expansion at the Broad Run station is complete and added 120 spaces.

Mr. Howe stated that he is trying to get Rob Whitman from CSX to visit the Fredericksburg station to put some pressure for additional funds for the station rehabilitation.

Without objection, Chairman Milde adjourned the meeting at 10:47 A.M.

Approved this 21<sup>st</sup> day of January, 2011.

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Paul Milde  
Chairman

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Wally Covington  
Secretary

**CERTIFICATION**

This certification hereby acknowledges that the minutes for the December 17, 2010 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.

*Rhonda Gilchrest*

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Rhonda Gilchrest



January 6, 2011

The Honorable Robert F. McDonnell, Governor  
Commonwealth of Virginia  
Patrick Henry Building, Third Floor  
1111 East Broad Street  
Richmond, VA 23219

Dear Governor McDonnell:

The Northern Virginia Transportation Commission has authorized me to summarize a productive series of discussions regarding governance reforms for the Washington Metropolitan Area Transportation Authority. Your Secretary of Transportation, Sean Connaughton, contacted NVTC to convey your desire for the Commonwealth of Virginia to have a greater role in ensuring the success of WMATA. Several state and local members of NVTC's board met with DRPT Director Thelma Drake and members of her staff on three separate occasions to consider how best to accomplish your request.

As a result of these productive discussions, the local government members of NVTC wish to summarize the outcome from their perspective:

The local government members of NVTC's board believe there is value in having the Commonwealth participate in the oversight of WMATA and welcome the Commonwealth as a partner in addressing various operating and capital challenges, including the safety, reliability, increase funding and long-term viability of the transit system on which our region and the Commonwealth so critically depend. These local members are willing to support appointment of a representative of the Commonwealth to the WMATA Board, but not at the expense of current local representation.

This local representation is critical, since the local governments interact with WMATA on a daily basis on a variety of local issues (including location of facilities, facility improvements, land use, transit-oriented development and levels of service) and also are responsible for providing funding to close WMATA's budget shortfalls. Further, WMATA's effectiveness depends on a close coordination with local transit services.



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

There is an immediacy to the effect of rail, bus, and paratransit operations to the local community that is felt much more acutely in Northern Virginia than in Richmond, far from the communities Metro serves. Citizens affected by delays, or by Metro-related construction, or operational changes like bus stop relocations will call their local officials and expect action.

NVTC's local representatives believe that your request should be addressed in the context of amendments to the WMATA Compact related to the composition of the WMATA Board and other issues. As part of the discussion of these amendments, NVTC's local representatives would like to reach an understanding with the Commonwealth on how positions will be determined on an expanded WMATA Board of Directors in a manner that will ensure a unified Virginia approach.

NVTC's local representatives pledge to work in good faith to bring about such an agreement by April 1, 2011 and thereafter to actively support its passage in the other Compact jurisdictions and the Congress.

In the interim, we will continue to work with your representatives through NVTC on a regular, on-going basis to ensure that your concerns on WMATA matters are addressed appropriately by the Board of Directors.

Thank you for your interest in enhancing the WMATA system. We look forward to continued productive discussions with you and your representatives that will lead to prompt and effective Compact amendments.

Sincerely,

William D. Euille  
NVTC Chairman

cc: The Honorable Sean Connaughton  
The Honorable Thelma Drake  
NVTC Chief Administrative Officers  
Richard Sarles, WMATA General Manager



**RESOLUTION #2165**

**SUBJECT:** Selection of NVTC Representatives to Various Boards.

**WHEREAS:** NVTC is empowered to make appointments for the Board of Directors of the Washington Metropolitan Area Transportation Authority, the Virginia Railway Express and the Virginia Transit Authority;

**WHEREAS:** Some of NVTC’s jurisdictions may not formally appoint their NVTC members prior to NVTC’s January meeting and some may not be ready with recommendations; and

**WHEREAS:** A group of NVTC members is meeting periodically to discuss WMATA governance, funding and safety and may be ready at some point in the next few weeks or months with revised recommendations on Metro Board membership.

**NOW, THEREFORE, BE IT RESOLVED THAT** the Northern Virginia Transportation Commission hereby appoints the following persons to various boards, contingent upon possible subsequent action by NVTC’s jurisdictions to alter their NVTC members for 2011 and their recommendations for members of the various boards, and contingent on potential subsequent action by the commission to implement recommendations to revise the Virginia membership of the WMATA Board.

**BE IT FURTHER RESOLVED THAT** the contingent appointments for 2011 are:

WMATA Board:

Principals

Hon. Cathy Hudgins  
 Hon. Mary Hynes

Alternates

Hon. Jeff McKay  
 Hon. Bill Euille

VRE Board:

Principals

Hon. Sharon Bulova  
 Hon. John Cook  
 Hon. Chris Zimmerman  
 Hon. Paul Smedberg

Alternates

Hon. Jeff McKay  
 Hon. Jay Fisette



**RESOLUTION #2165 cont'd**

VTA Board:

Principals

Hon. Chris Zimmerman  
Hon. Bill Euille

Alternates

Hon. Jeff McKay  
Rick Taube

Approved this 6<sup>th</sup> day of January, 2011.

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Chairman

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Secretary-Treasurer



**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
BUDGETED FISCAL YEAR 2012 REVENUE  
(Preliminary)**

	<u>FY 2010 Actual</u>	<u>Approved Budget FY 2011</u>	<u>Preliminary Budget FY 2012</u>	<u>FY 2012-2011 Budget Increase (Decrease)</u>	<u>Percentage Change</u>
1 Commonwealth of Virginia*	\$ 749,380	\$ 773,080	\$ 754,395	\$ (18,685)	-2.4%
2 Alexandria	38,513	35,105	35,243	138	
3 Arlington	62,573	62,152	59,458	(2,694)	
4 City of Fairfax	6,765	5,822	6,142	319	
5 Fairfax County	179,609	186,288	174,499	(11,788)	
6 Falls Church	3,042	2,595	2,716	121	
7 Loudoun	19,497	18,038	13,257	(4,781)	
Total Local Jurisdictions	<u>309,999</u>	<u>310,000</u>	<u>291,315</u>	<u>(18,685)</u>	<u>-6.0%</u>
8 Total Commonwealth of Virginia and Local Jurisdictions (Note 1)	1,059,379	1,083,080	1,045,710	(37,370)	-3.5%
9 Interest and Other Revenue	1,488	10,000	2,000	(8,000)	-80.0%
10 Project Chargebacks (Note 2)	70,000	70,000	70,000	-	0.0%
11 Project Grant Billings	11,939	-	-	-	0.0%
12 Appropriated Surplus (Note 3)	2,298	58,800	77,700	18,900	32.1%
Total Revenue	<u>\$ 1,145,104</u>	<u>\$ 1,221,880</u>	<u>\$ 1,195,410</u>	<u>\$ (26,470)</u>	<u>-2.2%</u>

\*Note: NVTC applies for and receives state operating and capital assistance for its WMATA compact members' annual commitments to WMATA, those jurisdictions' local transit systems, and the general and administrative expenses of NVTC. NVTC allocates this revenue among the jurisdictions based on NVTC's Subsidy Allocation Model (SAM), and holds the funds in trust for the jurisdictions' transit use. Before the funding is allocated, NVTC's SAM resolution states that amounts are to be applied to WMATA debt service, certain NVTC projects, and a portion of the general and administrative budget of NVTC. The amount used for NVTC's general and administrative expenses is determined each year by NVTC's approved budget. These expenses are funded by a combination of local funds (capped at \$310,000 in FY11), state operating funds for NVTC, and a portion of the state operating funds allocated by DRPT to NVTC's members. For FY11, NVTC budgeted for its general and administrative expenses \$615,060 of state operating funds allocated by the state to NVTC's members, \$158,020 allocated by DRPT that is attributable to NVTC's general and administrative expenses, and \$310,000 directly from the local jurisdictions.