



## **NVTC COMMISSION MEETING**

**THURSDAY, JANUARY 5, 2012  
MAIN FLOOR CONFERENCE ROOM  
2300 Wilson Blvd.  
Arlington, VA 22201  
8:00 PM**

NOTE: NVTC's Executive Committee meets at 7:30 P.M. and dinner will be available for all commissioners at that time. Commissioners are reminded that if they use paid underground parking for the meeting, their tickets will be validated by NVTC staff.

### **AGENDA**

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

If any new commissioners are present, they will receive the oath of office from Chairman Euille.

Recommended Action: Administer oath of office.

#### **2. Awards to Departing Commission Members.**

Several NVTC commissioners serving in 2011 will be leaving NVTC in 2012.

Recommended Action: Provide awards to those departing commissioners, including Senator Whipple with 25 years of service to NVTC.

#### **3. Election of NVTC Officers for 2012.**

NVTC's nominating committee has recommended a slate of NVTC officers for 2012.

Recommended Action: Act on the nominating committee's recommendations. Chairman Euille will administer the oath of office to the newly elected officers.



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#### **4. Minutes of the NVTC Meeting of December 1, 2011.**

Recommended Action: Approval.

#### **5. VRE Items.**

- A. Report from the VRE Operations Board and Chief Executive Officer--Information Item.
- B. VRE's FY 2013 Operating and Capital Budget and Revisions to the FY 2012 Budget--Action Item/Resolution #2178.
- C. Extension of the Norfolk Southern Operating Access Agreement--Action Item/Resolution #2179.

#### **6. NVTC's FY 2011 Audit.**

NVTC's audit firm, PBGH, LLP, will be represented at NVTC's meeting to respond to questions about the firm's audit of NVTC's 2011 financial statements. PBGH issued an unqualified opinion (favorable).

Recommended Action: Authorize NVTC staff to provide the audited financial statements to a list of interested regulatory agencies, bond holders, jurisdictions and individuals.

#### **7. Selection of NVTC's Representatives to the WMATA, VRE and VTA Boards of Directors and to NVTC's Executive and Legislative Committees.**

Each January NVTC chooses the members of those boards and committees for the calendar year.

Recommended Action: Elect the members of the WMATA, VRE and VTA Boards. The new chairman will announce his/her selections for NVTC's Legislative Committee. NVTC's By-Laws determine the members of the Executive Committee. Resolution #2180 is presented for action.

#### **8. Approval of NVTC's Official Signatories and Employees' Pension Trustees.**

The commission each year authorizes its Executive Director, Director of Finance and Administration and newly elected Secretary-Treasurer to serve as signatories for financial transactions exceeding \$5,000. Those persons plus the NVTC Assistant Financial Officer are selected to serve as NVTC's employees' pension trustees.

Recommended Action: Approve Resolution #2181.

## **9. Disadvantaged Business Enterprise Policy and Goal.**

Federal regulations require NVTC to adopt a policy and goal for the next three years and to provide regular reports to the Federal Transit Administration on progress in meeting these goals.

Recommended Action: Authorize staff to publish the recommended policy and goal, by adopting Resolution #2182, with the expectation of receiving public comment before March 1, 2012 and acting on the final policy and goal on that date.

## **10. NVTC By-Laws Amendments.**

Procedures for amending NVTC's By-Laws require consideration at two NVTC meetings. The proposed changes would clarify membership and procedures for NVTC's Executive Committee.

Recommended Action: Authorize a final action on the proposed changes to occur at NVTC's February, 2012 meeting.

## **11. Review of NVTC's 2011 Accomplishments.**

- A. Financial.
- B. Public Outreach and Legislative Advocacy.
- C. Project Management.
- D. Performance Reporting.
- E. Regional Coordination.

Information Item.

## **12. Public Hearing on and Adoption of NVTC's Work Program and Schedule for 2012.**

NVTC will conduct a public hearing prior to adopting its 2012 Work Program and schedule. An optional work program activity to enhance NVTC's legislative and public outreach is provided.

Recommended Action: Conduct a public hearing and then adopt NVTC's 2012 Work Program, with or without the optional legislative and public outreach proposal.

### **13. Approval of NVTC's FY 2013 Administrative Budget.**

The preliminary, FY 2013 budget provided by the commission to its member jurisdictions in September, 2011 reduced NVTC's expenditures. An optional proposal to expand NVTC's legislative and public outreach activities would increase the budget substantially.

Recommended Action: The commission should approve its preferred budget option to be consistent with the approved work program for 2012.

### **14. Virginia Vanpool Incentive Program.**

The commission previously has been briefed on the program. Grants for DRPT's FY 2013 program are due February 1, 2012 and DRPT has offered to consider a grant request for seed money to initiate the project. According to the current schedule, by April, 2012, after Congress renews its multi-year surface transportation authorization, costs would be incurred to set up the program. Applicants would begin to be accepted in January, 2013.

Recommended Action: The commission should authorize staff of the Potomac and Rappahannock Transportation Commission to apply for DRPT funding to initiate the project with the target implementation date of January, 2013. The commission should also authorize PRTC to assume sponsorship of NVTC's \$200,000 in CMAQ vanpool project funding and to apply for those funds. Resolution #2183 contains those provisions.

### **15. Legislative Items.**

Staff and commissioners will review the status of state and federal items of interest. NVTC's Legislative Agenda has been distributed in the form of a colorful electronic brochure. A discussion paper is provided that highlights the potential adverse consequences of combining NVTC and NVTA as Governor McDonnell has proposed.

Discussion Item.

### **16. WMATA Items.**

- A. NVTC's WMATA Board Members Report.
- B. Governors' Working Group Governance Recommendations.

Discussion Item.

**17. Regional Transportation Items.**

- A. NVRC's Dynamic Ridesharing Grant.
- B. I-95 HOV/HOTLanes Project Agreement.
- C. Proposed TPB BRAC Study.
- D. VTrans 2035 Update.

Information Item.

**18. NVTC's Public Outreach.**

Each month NVTC staff will provide examples of the commission's public outreach activities. An informative PowerPoint is attached describing the performance of Northern Virginia's transit systems and the institutional supporting structure.

Information Item.

**19. NVTC Financial Items for November, 2011.**

Information Item.



AGENDA ITEM #1

**TO:** Chairman Euille and NVTC Commissioners  
**FROM:** Rick Taube  
**DATE:** December 29, 2011  
**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 Euille 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

**TO:** Chairman Eulle and NVTC Commissioners

**FROM:** Rick Taube and Kala Quintana

**DATE:** December 29, 2011

**SUBJECT:** Awards to Departing Commissioners

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Several NVTC commissioners serving in 2011 will be leaving NVTC in 2012. Awards will be given, including special recognition of Senator Mary Margaret Whipple for 25 years of services.



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AGENDA ITEM #3

**TO:** Chairman Euille and NVTC Commissioners  
**FROM:** Rick Taube  
**DATE:** December 29, 2011  
**SUBJECT:** Election of NVTC Officers for 2012 and Oath of Office.

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NVTC's executive committee, serving as a nominating committee, has recommended the following slate of officers for NVTC for 2012.

Chairman: Hon. Jay Fisette  
Vice-Chairman: Hon. Jeff McKay  
Secretary-Treasurer:

The commission should vote to select its 2012 officers. Chairman Euille 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 Euille.



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AGENDA ITEM #4

MINUTES  
NVTC COMMISSION MEETING – DECEMBER 1, 2011  
NVTC CONFERENCE ROOM – ARLINGTON, VIRGINIA

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

**Members Present**

Sharon Bulova  
Barbara Comstock  
John Cook  
James Dyke  
William D. Euille  
Jay Fisette  
Catherine Hudgins  
Mary Hynes  
Joe May  
Jeffrey McKay  
Paul Smedberg  
Lawrence Webb (alternate for city of Falls Church)  
Mary Margaret Whipple  
Christopher Zimmerman

**Members Absent**

Kelly Burk  
Adam Ebbin  
John Foust  
Jeffrey Greenfield  
Mark R. Herring  
Thomas Rust  
David F. Snyder

**Staff Present**

Mariela Garcia-Colberg  
Rhonda Gilchrest  
Scott Kalkwarf  
Kala Quintana  
Rick Taube  
Dale Zehner (VRE)



## Minutes of the November 3, 2011 NVTC Meeting

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

### VRE Items

Report from the VRE Operations Board and Chief Executive Officer. Mr. Zehner reported that on-time performance (OTP) for the month of November was 95 percent systemwide and in October it reached an all time record high of 98 percent. Mr. Zehner stated that he is confident that VRE can maintain 90 percent or better OTP on a daily basis. He also reported that all 20 new locomotives are now in service. Ridership was up to a daily average of 19,500 for the month of November. VRE will run its annual Santa Trains on December 10<sup>th</sup>. VRE sold 7,600 tickets of which half were sold out in 12 minutes on-line and the other half sold out at different vendor locations by 2:00 P.M. the same day. VRE's annual Toys for Tots campaign is also underway. Mr. Zehner also reported that on December 6<sup>th</sup> VRE will host a delegation from China.

VRE's FY 2011 Audited Financial Statements. Mrs. Bulova reported that VRE's audit firm, PBGH, LLP, has completed its examination of VRE's financial statements and they have provided an unqualified (favorable) opinion. Resolution #2176 provides authorization for VRE's CEO and NVTC staff to provide the audited financial statements to NVTC's jurisdictions, a list of interested firms and individuals including bondholders and regulatory and funding agencies as well as the general public.

Mrs. Bulova moved, with a second by Mr. Smedberg, to approve Resolution #2176 (copy attached). The vote in favor was cast by commissioners Bulova, Comstock, Cook, Dyke, Euille, Fisette, Hudgins, Hynes, May, McKay, Smedberg, Webb, Whipple and Zimmerman.

Grant Agreement for King Street Station Pedestrian Tunnel. Mrs. Bulova stated that the VRE Operations Board recommends approval of Resolution #2177, which would authorize VRE's CEO to execute a locally administered project agreement for \$7,470,000. Also, VRE's CEO would receive authority to execute related agreements, permits and other documents. She explained that VRE has been awarded funding from the Federal Highway Administration's Rail Crossing and Rail Safety Program to provide for a new tunnel connecting the VRE/Amtrak station at King Street in Alexandria to the adjacent Metrorail station. VDOT will administer the funds and no match is required.

Mrs. Bulova moved, with a second by Mr. Smedberg to approve Resolution #2177.

Chairman Euille asked what role WMATA and the city of Alexandria have played in the project. Mr. Zehner replied that they are aware of the project and will be part of further planning. This specific action begins the process and allows VRE to receive the

funds. Chairman Euille stated that he is not opposed to the project, but the city planning staff has been working with developers looking to do project work around the King Street Metrorail station, as well as some possible development around the Amtrak station. He wants to make sure that all these projects are done in a holistic way and not “piece meal.” Mr. Zehner provided some history of this project, which began with a concept paper by WMATA. No detail planning has been done. Mr. Zehner noted that the project will take three or four years to complete and VRE will coordinate with WMATA and the city of Alexandria.

The Commission then voted on the motion and it passed. The vote in favor was cast by commissioners Bulova, Comstock, Cook, Dyke, Euille, Fisette, Hudgins, Hynes, May, McKay, Smedberg, Webb, Whipple and Zimmerman.

### NVTC's 2012 State and Federal Legislative Agenda

Chairman Euille reported that members of the Legislative Committee met on November 14<sup>th</sup> to prepare a legislative agenda for 2012. Mr. Taube explained that after the legislative agenda is approved, NVTC staff will prepare a colorful brochure to summarize its content and distribute it to the Northern Virginia General Assembly and congressional delegations. Mr. Taube asked for additional commission guidance on potential legislative efforts concerning WMATA Compact changes and the Governor's recommendation to merge NVTC and NVTa. NVTC staff has put together a discussion paper concerning this potential merger, including options to oppose it, endorse it, or find a way to alter the terms to make it more favorable.

Delegate Comstock suggested NVTC electronically send the legislative agenda to General Assembly members instead of spending money on printing and mailing a brochure. Mr. Taube stated that the brochure would also be available electronically. He further stated that commission meeting agenda materials are also available electronically for those who would rather not receive paper copies. Some General Assembly members have specifically requested hard copies to circulate among staff members. Delegate May suggested contacting each member to find out their preference.

Mrs. Bulova stated that she was puzzled when she first saw the new merger recommendation because in the past the recommendations were to merge NVTC, PRTC, VRE and NVTa. She observed that NVTa has basically no funding and isn't really functioning as it was intended. Other concerns are that NVTa consists of members from PRTC jurisdictions; also NVTC and NVTa have distinct duties with no overlapping responsibilities. She questioned what mission and work plan would be created by merging the two organizations. She is not opposed to streamlining or consolidating if it makes sense, but these two organizations don't fit. In response to a question from Mrs. Bulova, Mr. Taube clarified that his understanding of the merger recommendation is that NVTa would be the surviving agency and NVTC would only be preserved because it is mentioned in the Compact, and would be restricted to only appoint WMATA Board members.

In response to a question from Mrs. Hudgins, Mr. Taube stated that NVTA receives \$50,000 annually from VDOT but is not spending it given donated services from member jurisdictions. Mrs. Hudgins noted that NVTA is structured for a different purpose and the value of a merger would be lost. NVTC focuses on transit. Chairman Euille agreed.

Mr. Cook stated that he does not think that NVTC has a clear definition of what it does. It seems that NVTC just rubber stamps what is voted on at WMATA and VRE. NVTC needs to define its function. People looking from the outside in don't understand what these two organizations do. NVRC is the only planning entity in Virginia that does not do transportation planning. He expressed his opinion that rather than opposing the merger, NVTC should have a continuing conversation about restructuring these agencies.

Senator Whipple observed that this recommendation was probably made by people who looked at the names of the two organizations and thought there was overlap. They don't have a detailed understanding of what NVTC does. NVTC and NVTA are two very different organizations with different purposes. NVTC needs to better educate legislators and the public to understand what it does. She does not see anything to be gained by merging NVTC and NVTA.

Delegate May suggested General Assembly members present at this meeting abstain from any NVTC vote in case this merger recommendation turns into formal legislation. He stated that he was also surprised by the merger recommendation. That doesn't mean that it isn't important to consider it to see if improvements can be made. He would not be in favor of it unless it could be shown that this would be an organizational improvement. He suggested NVTC condense its comments into a responsible and manageable perspective. Mrs. Bulova agreed that comments should be succinct but stated that it is important to outline NVTC's mission and function compared to NVTA. It is also important to raise the issue of complications associated with a merger, such as NVTA having members from PRTC. She suggested that a fact sheet be prepared with this information. In response to a question from Chairman Euille, Mr. Taube stated that staff prepared materials last year that address many of these concerns.

Mr. McKay noted that NVTC was successful last year in warding off a merger and he asked for any suggestions from NVTC's General Assembly members on how to do so again. Delegate May stated that last year's recommendation was not well thought out and it didn't make sense to approve such a merger.

Mr. Taube also asked for guidance regarding possible legislative efforts concerning Metro Compact issues (Initiative #8). Mr. Dyke stated that it is his understanding that the Governors' Working Group will not recommend any legislative amendments for Compact changes during this upcoming General Assembly session. Mrs. Hynes stated that it would still be helpful for NVTC to go on record if there are Compact changes to be proposed that they should be developed cooperatively in a way that enhances the work that the WMATA Board has already done and preserves jurisdictional voices on the WMATA Board. Mrs. Hudgins agreed that it is important to

have a proactive statement. WMATA has made a great deal of progress over the last year and this is a great opportunity to acknowledge these efforts as well as convey the need for collaboration. Mr. Dyke agreed that collaboration is a key component.

Mrs. Hynes moved to approve the legislative agenda, including updating Initiative #8 to incorporate the comments made by commissioners. Mr. Taube stated that he could add a clause calling for developing changes collaboratively with a voice for local jurisdictions and WMATA Board members.

Mr. Cook stated that he has an issue with the current wording: "...doesn't diminish the role of local governments..." because it sounds to him like it is an objection to the Governor's appointee to the WMATA Board. He does not want this fight reopened. Chairman Euille disagreed that it would reopen the discussion. Mr. Zimmerman suggested the wording "...in a manner that insures appropriate representation of local governments."

Mr. Fisette asked if NVTC wants to take a legislative position on other WMATA Board governance issues, such as term limits or qualifications. Mr. Dyke stated that member qualifications, term limits, requirements for board members to use the system, etc. will be addressed at the state level and the three jurisdictions (Maryland, Virginia and the District of Columbia) will act in concert at the same time and will not involve Compact changes. Mrs. Hudgins stated that it is important for NVTC to initiate a discussion to look at the merits of different proposals. In response to a question from Mr. Fisette, Mrs. Hynes stated that WMATA is already working on some of these issues. In regards to issues such as qualifications and terms limits, NVTC has within its power the ability to have conversations about these issues. She personally doesn't think we need the Commonwealth to tell us what to do. She questioned if the Commonwealth is dictating the same to Hampton Roads or Richmond. There are not many issues that can be resolved without Compact changes.

Chairman Euille reviewed that the sense of the commission is to have discussions with representatives from the state and the Governors' Working Group, as opposed to making this part of NVTC's legislative agenda. Mr McKay pointed out that without having a more proactive statement about WMATA and what NVTC wants out of the Compact changes, it could hurt NVTC, which is what happened last year. During the last General Assembly session we were told that there would be no legislation dealing with WMATA Board seats but there was and changes resulted. NVTC is passing up an opportunity to proactively comment on WMATA Board governance and Compact amendments. He hopes NVTC will be a part of these conversations. Mr. Fisette stated that between now and the January meeting there should be more conversations with NVTC's WMATA Board members about these issues. Mr. Dyke stated that he can't guarantee certain results but can guarantee that he will do all he can to see that it is a collaborative effort. Mrs. Hudgins disagreed with Mr. McKay and stated that there was a clear voice during last year's General Assembly session, but there was just a different outcome. She is asking NVTC to step back until January.

Mr. Fisette moved, with a second by Mr. Smedberg, to approve the Legislative Agenda as amended.

Senator Whipple left the room to take a telephone call and was not present for the vote.

In response to a question from Mrs. Hynes, Chairman Euille responded that Initiative #9 (opposing consolidation) remains in the legislative agenda.

The commission then voted on the motion and it passed. The vote in favor was cast by commissioners Bulova, Cook, Euille, Fisette, Hudgins, Hynes, McKay, Smedberg, Webb and Zimmerman. Mr. Dyke and Delegates Comstock and May abstained.

### WMATA Items

Mrs. Hudgins reviewed information about the WMATA budget process. She explained that the discussion at today's WMATA Board meeting was about how to fill the \$124 million budget gap. They will look at fare structures and subsidy increases. In January 2012 the Commonwealth's representative takes a principal board seat and NVTC needs to determine how the other seats are divided among the jurisdictions. NVTC's Executive Committee has looked at two options. Option #1 has principal members from Fairfax County and the Commonwealth and alternates from Arlington and Alexandria. Option #2 has the same principal members but would rotate the alternate seat among the jurisdictions.

Senator Whipple returned to the discussion.

Mr. Fisette stated that NVTC's Executive Committee met and had a robust conversation about options. Five members were in favor of Option #1 and one had concerns. The key point is to protect the voice of local government and it is an important element to have all three jurisdictions (Alexandria, Arlington and Fairfax) at the table, whether voting or not to be a part of a local consensus. A recommendation will be made at NVTC's January meeting. Chairman Euille stated that even with approving Option #1 there is an underlying issue to what happens when the Commonwealth's representative is not present at a WMATA meeting. This still needs to be resolved. Mr. Fisette also noted that it was discussed whether this should be voted on for just the first year or to make it a principal position that will remain until NVTC chooses to change it. It was the consensus of the Executive Committee that there is a value to create a firm clear future and should there be changes that create different dynamics, such as a merger, NVTC could come back and revisit it. Chairman Euille noted that this is the simplest approach to take; otherwise Compact changes would be needed. Senator Whipple voiced her opinion that Option #1 is the better option because it is important to have each jurisdiction represented. Mr. Webb stated that he hopes this does not preclude the opportunity of a future alternate from Falls Church if the city's contributions increase.

Mr. McKay stated that he was the person during the Executive Committee discussion that had concerns. He does not object to Option #1 for the first year, but he

has a problem with Fairfax County giving up a seat indefinitely. Although he doesn't want to give up another jurisdiction's voice and just as Mr. Webb does not want to preclude Falls Church in the future, it is asking a lot for a jurisdiction that pays the largest percentage (54.8 percent) to lose a board seat. A solution still needs to be found and it's important to have continued regional cooperation. Chairman Euille concurred and then stated that it is important to solidify the first year and then have more discussions among all the jurisdictions to work out a long-term solution. Senator Whipple observed that the original intent of giving Fairfax County two seats on the Board (principal and alternate) was not because of the amount of its contribution. In fact, in earlier days Fairfax County didn't pay that much. Also, Arlington and Alexandria were considered to have the same interests, which lent itself to a principal/alternate partnership.

Mr. Cook stated that he can support Option #1 and noted that there is flexibility to change things in the future. The WMATA Board members ought to be thinking of themselves as WMATA Board member first and not representatives of their individual jurisdictions. One of the complaints about WMATA is that it is too parochial. In order for WMATA to work, members should not be focused on their jurisdictions. Mr. Zimmerman stated that having served for 13 years on the WMATA Board, there was not a problem of parochialism especially among the Virginia members. The culture was to work together for the good of the system. Mrs. Bulova expressed her support of Option #1 with the caveat that the commission will come back and look at it again. Eventually, there will be changes to the Compact and Loudoun County will begin to pay for Metrorail services and will want a voice.

Mr. Fisette moved, with a second by Senator Whipple, to approve Option #1 to be applied ongoing, which implies that if there are Compact amendments or other significant changes, NVTC can revisit it. Mrs. Bulova stated that she can support this if it is the understanding that if NVTC wishes to revisit this issue, it can do so. Mr. Fisette explained that there won't be an expectation that the option has to be approved each year.

Mr. McKay stated that there are still logistics that need to be discussed, such as how it works when the Commonwealth's representative isn't present. He does not want to vote on a motion that locks NVTC in. He suggested putting together a working group with the commonwealth and Virginia's WMATA Board members to work through these issues over the next year. The first year of Option #1 should be a trial period to evaluate. Mr. Zimmerman stated that he supports the motion but he also agrees with Mr. McKay that there needs to be a plan for how Virginia goes forward and functions at the WMATA Board level. NVTC may have to pay more attention to Metro issues and may need to direct more votes. Mr. Cook suggested NVTC form a subcommittee of the two principal and two alternates to discuss these issues and come back to NVTC with recommendations. Mr. Dyke noted that there have already been some discussions. It is fairly clear that we will work collaboratively and work as a team, so when going to Board meetings we will already know differences or agreements. He doesn't think a committee needs to be formed. Mrs. Hudgins asked that a report be brought back in January. Mr. Fisette asked if it would be helpful to ask the Executive Committee to work with Metro Board members. Chairman Euille stated that it is a good suggestion.

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

### NVTC's Draft Work Program and Schedule for 2012

Mr. Taube stated that a draft work program and schedule has been prepared to post on NVTC's website. The public will be invited to comment at a public hearing during NVTC's January 5, 2012 meeting. The work program reflects performance goals recommended by NVTC's Executive Committee. An optional work program and budget item has been added that would enhance NVTC's presence in Richmond during the General Assembly session and all year with other allies. It has significant budget implications that should be considered, since funds are not included in the FY 2012 or FY 2013 budgets. Mr. Taube also stated that Goal #8 has been added to the work program to strengthen NVTC as an organization.

Mrs. Bulova observed that NVTC has received a letter from Loudoun County expressing its opposition to NVTC adding a lobbyist program. (A copy of Chairman York's letter was provided to each commissioner). Mr. Fisette observed that there are a number of ways to accomplish these tasks and the Executive Committee will meet again before the January meeting to discuss this issue. Delegate Comstock expressed her opinion that it is not necessary to add a lobbyist because NVTC already has a good relationship with legislators. If NVTC can't expand its lobbying efforts with existing staff, she would not want to take funds away from the jurisdictions to pay for it. \$250,000 seems to be a high estimate.

Senator Whipple stated that it is important to not rule out a contract lobbyist. There is a local lack of knowledge about NVTC as an organization and transit in general in Northern Virginia. In the Senate there needs to be a higher level of knowledge about Northern Virginia's transit system, because it is different from the rest of the Commonwealth. NVTC needs to do a better job in educating legislators.

Mrs. Hudgins stated that it is a messaging issue. NVTC may not need to spend \$250,000 but the message of the importance of the region's transit system and its impact on the community needs to be broadcast to the General Assembly and throughout our region.

Delegate Comstock observed that the most effective lobbying effort is when NVTC members come to Richmond and lobby the issues themselves. Chairman Euille noted that it is more involved than that, because there needs to be a daily presence in Richmond monitoring legislation and meeting with legislators.

Mrs. Hynes stated that this is a long-term issue. NVTC is in a position where we aren't getting our position across. NVTC has the possibility to frame the argument in new ways. She sees NVTC as having a tremendous amount of knowledge that crosses jurisdictions but NVTC needs to build on what was done last year with the legislator

transit tour to educate legislators of the transit needs of this region. If this region thrives, the commonwealth thrives. Some commissioners feel that we aren't breaking through with our arguments and we need to do something different. NVTC has the possibility to frame the arguments in a new way. Delegate Comstock stated that it would be using taxpayers' funds to lobby for more taxpayer funds. Chairman Euille noted that the commission is not being asked to approve the work program tonight. It will be brought back for action at the January 2012 meeting.

Mr. Fisette moved, with a second by Mr. Zimmerman, to post the draft work program. The vote in favor was cast by commissioners Bulova, Comstock, Cook, Dyke, Euille, Fisette, Hudgins, Hynes, May, McKay, Smedberg, Webb, Whipple and Zimmerman.

### Regional Transportation Items

DRPT's Stakeholder Meeting in Northern Virginia. On November 8<sup>th</sup> DRPT conducted a Grantee Workshop in Northern Virginia. DRPT staff, including new Chief Operating Officer Kevin Page and Chief Financial Officer Steve Pittard led the meeting.

Georgia HOT Lanes Experiences. Georgia introduced HOT Lanes on I-85 earlier in October, but had a difficult beginning. During rush hour, motorists found themselves stranded in the general purpose lanes as the adjacent HOT Lanes were essentially unused. Drivers seem to balk at paying the stiff \$5.40 toll to enter the HOT lanes.

Governor's Transportation Conference. The conference is scheduled for December 7-9, 2011 in Norfolk, Virginia.

Top 10 Freeway Congestion Locations. The results of the 2011 Freeway Congestion Monitoring Program have been released from the MOITS Technical Subcommittee, which identifies the top 10 traffic bottlenecks in the Washington Metropolitan region.

### Status of NVTC's FY 2011 Audit

Although VRE's audited financial statements are complete, PBGH, LLP has not completed the audits for PRTC and NVTC. They will be provided at the January 5, 2012 commission meetings because a new financial accounting regulation (GASB 61) has complicated this year's audit, as has a determination by FTA that NVTC and PRTC should jointly include VRE in their financial statements.

### NVTC's Public Outreach

Each month NVTC staff will provide updates on how NVTC is communicating with the media, the public, transit allies and others that comprise NVTC's public outreach program. During November, staff sent letters to the Northern Virginia

congressional delegation in support of extending the current \$230 monthly commuter benefit. Also, staff provided information for a Washington Examiner reporter describing the proposed Vanpool Incentive Program. Other highlights include staff participation in discussions of the Virginia Transit Association's 2012 Legislative Agenda. Mr. Taube serves as the chairman of the VTA Legislative Committee. Staff also attended a Metropolitan Area Transportation Operations Coordination meeting held at VDOT headquarters to discuss the impacts to transit when VDOT decides to lift HOV restrictions.

#### NVTC Nominating Committee for 2012 Officers

Chairman Euille announced that the Executive Committee will serve as the Nominating Committee to recommend the 2012 slate of officers. The election will occur at NVTC's January 5, 2012 meeting.

#### NVTC Financial Items for October, 2011

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

#### Adjournment

On a motion by Mrs. Hudgins and a second by Mrs. Bulova, the commission unanimously agreed to adjourn. Chairman Euille adjourned the meeting at 10:03 P.M.

Approved this 5<sup>th</sup> day of January, 2012.

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Chairman

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Secretary-Treasurer



## RESOLUTION #2176

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

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

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

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

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

  
Jeffrey McKay  
Secretary-Treasurer

  
William Euille  
Chairman



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## RESOLUTION #2177

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

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

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

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


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

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

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

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

  
Jeffrey McKay  
Secretary-Treasurer

  
William Euille  
Chairman





AGENDA ITEM #5

**TO:** Chairman Euille and NVTC Commissioners

**FROM:** Rick Taube

**DATE:** December 29, 2011

**SUBJECT:** VRE Items

- 
- A. Report from the VRE Operations Board and VRE Chief Executive Officer--Information Item.
  - B. VRE's FY 2013 Operating and Capital Budget and Revisions to the FY 2012 Budget--Action Item/ Resolution #2178.
  - C. Extension of the Norfolk Southern Operating Access Agreement--Action Item/ Resolution #2179.



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

Minutes will be provided from the VRE Operations Board's meeting of December 16, 2011. Attached is the VRE CEO's monthly performance report. The Board approved the slate of officers for 2012:

Chairman: Wally Covington  
Vice-Chairman: Paul Smedberg  
Secretary: Susan Stimpson  
Treasurer: John Cook



# CHIEF EXECUTIVE OFFICER'S REPORT

December 2011

## MONTHLY DELAY SUMMARY

	August	September	October	November
<b>System wide</b>				
Total delays	49	67	11	27
Average length of delay (mins.)	44	19	15	28
Number over 30 minutes	19	3	1	5
Days with Heat Restrictions/Total days	3/23	0/20	0/20	0/20
On-Time Performance	92.9%	88.8%	98.2%	95.4%
<b>Fredericksburg Line</b>				
Total delays	32	35	6	12
Average length of delay (mins.)	45	14	19	14
Number over 30 minutes	12	0	1	1
On-Time Performance	90.1%	87.50%	97.9%	95.6%
<b>Manassas Line</b>				
Total delays	17	32	5	15
Average length of delay (mins.)	40	23	11	41
Number over 30 minutes	7	3	0	4
On-Time Performance	95.4%	90.0%	98.4%	95.2%

## SYSTEM RIDERSHIP

The average daily ridership (ADR) for November was 19,887, another VRE record. We had 2,000 more trips per day than November 2010, putting this year's ADR 11.3% higher than last November. Similarly, the year-to-date ridership five months into the year is 10.3% higher than last year. There were nine days of ridership over 20,000 in November. December has had three days so far, with two of those days registering in the top ten. The top ten days are below:

1	April 12, 2011	21,496
2	March 23, 2011	21,136
3	December 6, 2012	20,953
4	December 1, 2012	20,824
5	April 13, 2011	20,803
6	May 10, 2011	20,803
7	April 6, 2011	20,791
8	October 25, 2011	20,789
9	March 29, 2011	20,694
10	November 29, 2011	20,684

## SYSTEM ON-TIME PERFORMANCE

---

We operated 586 trains during November with only 27 delays. In addition, we achieved 10 days with 100% on-time performance. System wide on-time performance was 95.14% in November; with 95.38% on the Fredericksburg Line and 94.93% on the Manassas Line. There were no mechanical delays during the entire month.

## GAINESVILLE-HAYMARKET EXTENSION

---

Comments on the Addendum to the Rail Enhancement Fund (REF) agreement for the Gainesville-Haymarket Extension project have been received from Norfolk Southern. VRE is working with DRPT to respond to the comments and complete the agreement. The award of the consultant contract for environmental review and preliminary engineering is pending the execution of this Addendum.

## SUMMONS OVERVIEW

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In November, there were 122 cases of fare evasion that were brought before the court. Details are provided below:

Outcome	Occurrences	Fine	Court Costs
Continued	38		
Guilty with reduced fine	4	\$50.	\$81
Appealed	1		
Prepaid	31	\$100	\$81
Guilty	15	\$100	\$81
Guilty in absentia	13	\$100	\$116
Dismissed	2	0	0
Dismissed	0	0	\$81
Dismissed due to passenger Is under 18 years of age	1	0	0
Waived due to TVM issue	0	0	0
Waived with Proof of Monthly Ticket	17		

## CHINESE RAIL DELEGATION VISIT VRE

---

At the request of Governor McDonnell, VRE hosted a delegation from China who toured our facilities and rode VRE trains on December 6, 2011. The group was comprised of senior officials from the China Rail Group and Asia Power (subsidiaries of China Railway Engineering Corporation) who asked to visit with VRE to learn more about our commuter rail agency and see the operation first-hand. Feedback was very positive as the representative for the group already made contact with VRE about additional follow up and the potential for partnerships in the future.

## **FRANCONIA/SPRINGFIELD STATION**

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The Franconia Springfield station rehabilitation project is currently under construction. The project consists of stair rehabilitation, glass replacement, painting, and new tactile surfacing. The platform has two ramps and an elevator for ADA accessibility. All of these access points have been maintained and have remained open throughout construction. This project is expected to be completed by February 2012.

## **PARKING LOT REPAIRS AT MANASSAS PARK**

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Repairs to the Manassas Park parking lot took place over the first two weekends in December. Passengers were notified not to park in the lot during that timeframe.

## **SANTA TRAINS**

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Santa train tickets went on sale Monday, November 28, 2011, with online sales starting at 9 am. By 9:12am all online sales were sold out (with a limit of 6 tickets per person). Vendor sales closed at many locations before noon and the last tickets were sold by 2 pm. This is the fastest sell-out of tickets in Santa train history.

Santa trains will run from Fredericksburg and Woodbridge on the Fredericksburg line, and Burke Centre and Manassas on the Manassas line. In addition to Santa and Mrs. Claus, high school choral groups will perform on the trains and Operation Lifesaver will distribute information on rail safety. Track time is being donated by Norfolk Southern and CSX.

## **TOYS FOR TOTS**

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VRE collected 650 new, unwrapped toys and \$10,700 in cash and checks for "Toys for Tots" on Wednesday, December 7<sup>th</sup>. Toys will also be collected at the four Santa Train locations on Saturday, December 10<sup>th</sup>. This marks the 15<sup>th</sup> year that VRE has participated in the "Toys for Tots" program and is consistently one of the largest donators in the region.

## MONTHLY PERFORMANCE MEASURES – NOVEMBER 2011

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MONTHLY ON-TIME PERFORMANCE	ON-TIME PERCENTAGE
November Fredericksburg OTP Average	95.62%
November Manassas OTP Average	95.19%
VRE OCTOBER OVERALL OTP AVE.	95.39%

RIDERSHIP YEAR TO DATE	RIDERSHIP
VRE FY 2012 Passenger Totals	1,962,856
VRE FY 2011 Passenger Totals	1,779,343
PERCENTAGE CHANGE	10.3%

RIDERSHIP MONTH TO MONTH COMPARISON	
DESCRIPTION	MONTHLY RIDERSHIP
NOVEMBER 2011	381,587
NOVEMBER 2010	342,832
PERCENTAGE CHANGE	11.3%
SERVICE DAYS (CURRENT/PRIOR)	20/20

# Monthly Ridership and OTP: November 2011

Date	Manassas AM	Manassas PM	Total Manassas	Actual OTP TD	Fred'burg AM	Fred'burg PM	Fred'burg Total	Actual OTP TD	Total Trips	Actual OTP TD
1	5,055	5,226	10,281	100%	5,320	5,066	10,386	100%	20,667	100%
2	5,064	4,997	9,961	100%	4,859	5,263	10,122	100%	20,083	100%
3	4,974	4,905	9,879	100%	4,621	5,362	9,983	71%	19,862	87%
4	4,137	3,657	7,794	100%	4,633	4,599	9,232	100%	17,026	100%
5										
6										
7	4,764	4,588	9,352	94%	5,214	5,329	10,543	93%	19,895	93%
8	4,876	4,917	9,593	94%	5,198	5,279	10,477	93%	20,070	93%
9	4,942	4,881	9,823	100%	5,187	5,599	10,786	100%	20,609	100%
10	4,601	4,562	9,223	50%	4,768	5,452	10,218	93%	19,441	70%
11										
12										
13										
14	4,632	4,680	9,312	100%	4,964	4,801	9,765	100%	19,077	100%
15	4,858	4,828	9,686	94%	5,322	5,160	10,482	100%	20,168	97%
16	4,796	4,776	9,574	100%	5,379	5,332	10,711	86%	20,285	93%
17	5,107	4,935	10,042	100%	5,333	5,244	10,577	100%	20,619	100%
18	4,251	3,733	7,984	100%	4,418	4,691	9,109	100%	17,093	100%
19										
20										
21	4,787	4,834	9,621	75%	4,986	5,055	10,041	100%	19,662	87%
22	4,929	5,507	10,436	100%	4,902	5,337	10,239	100%	20,675	100%
23	4,243	3,247	7,490	100%	4,048	4,548	8,596	86%	16,088	93%
24										
25*	786	965	1,751	100%	936	1,041	1,977	100%	3,728	100%
26										
27										
28	5,119	4,768	9,887	100%	4,928	4,952	9,880	93%	19,767	97%
29	4,963	5,145	10,108	100%	5,250	5,326	10,575	100%	20,684	100%
30	4,884	5,107	9,991	100%	5,112	4,829	9,941	100%	19,932	100%
	91,626	90,160	181,788	95%	95,376	98,265	193,641	96%	375,429	95%
Adjusted total:			180,442				197,416	Adjusted Total:	377,859	

# of Service Days:	19	Total Trips This Month:	381,587	Adjusted Total:	377,859
Manassas Daily Avg. Trips:	9,069	Prior Total FY-2012:	1,581,269		
Fred'burg Daily Avg. Trips:	9,882	Total Trips FY-2012:	1,962,856		
Total Avg. Daily Trips:	18,771	Total Prior Years:	53,006,578		
		Grand Total:	54,969,434		

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

# **Monthly Ridership Changes:** **FY 2011 v. FY 2012**

Current Month	MANASSAS				FREDERICKSBURG			
	Cumulative FY2011	Cumulative FY2012	% change	Cumulative FY2011	Cumulative FY2012	% change	Current Total	% change
July	177,199	174,866	-1.3%	183,554	203,162	10.7%	378,028	4.8%
August	356,554	379,224	6.4%	369,561	430,255	16.4%	809,479	11.5%
September	531,826	561,165	5.5%	560,951	628,888	12.1%	1,190,053	8.9%
October	687,461	747,745	8.8%	749,050	833,524	11.3%	1,581,269	10.1%
November	842,550	929,938	10.4%	936,793	1,032,918	10.3%	1,962,856	10.3%
December	992,422			1,119,345			0	
January	1,156,798			1,311,930			0	
February	1,321,505			1,503,871			0	
March	1,530,573			1,744,670			0	
April	1,721,462			1,959,234			0	
May	1,916,908			2,172,606			0	
June	2,118,380			2,398,986			0	

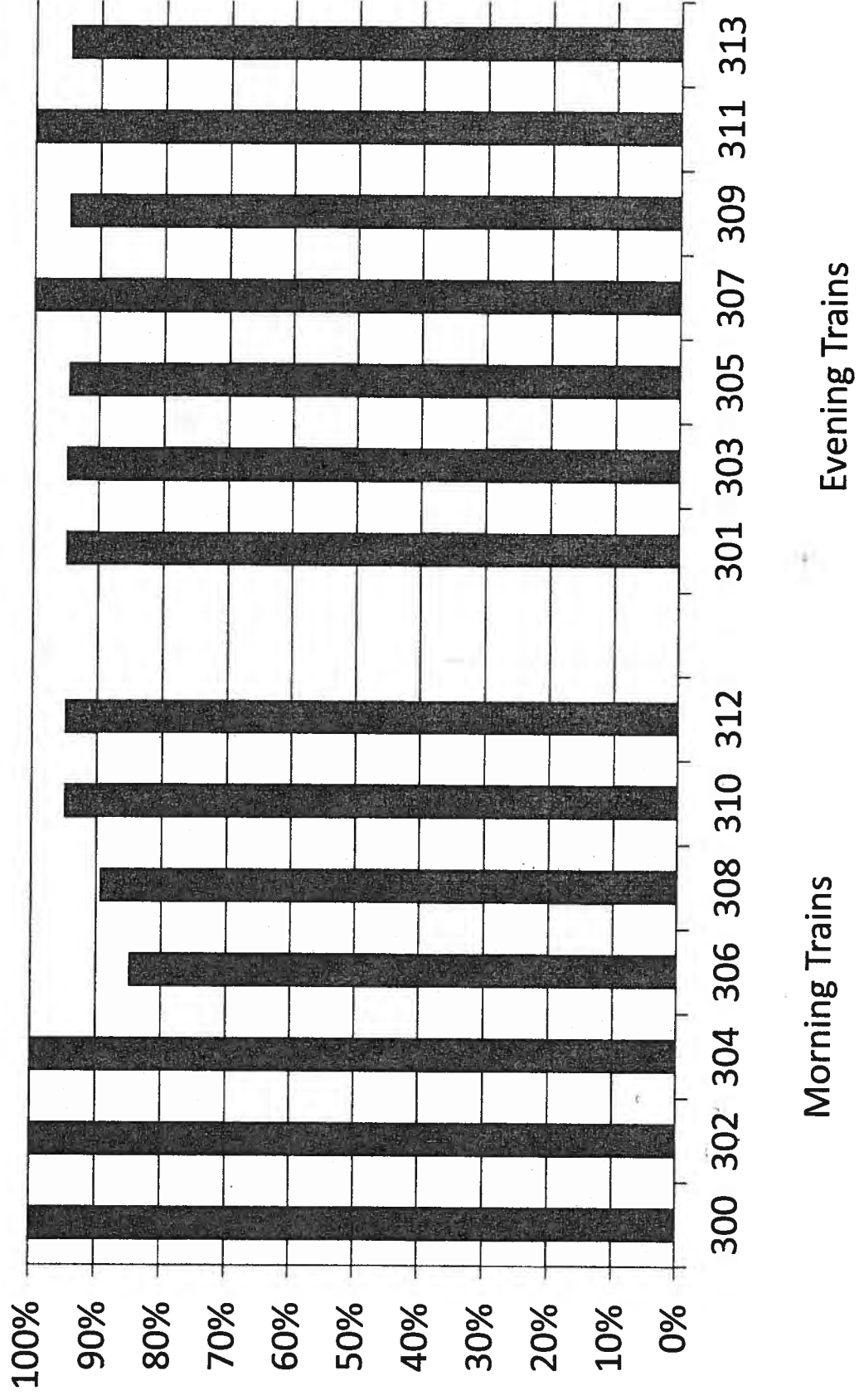
\*Ridership figures are shown in passenger trips. Includes Amtrak cross honor train riders.

## July 2001 – November 2011



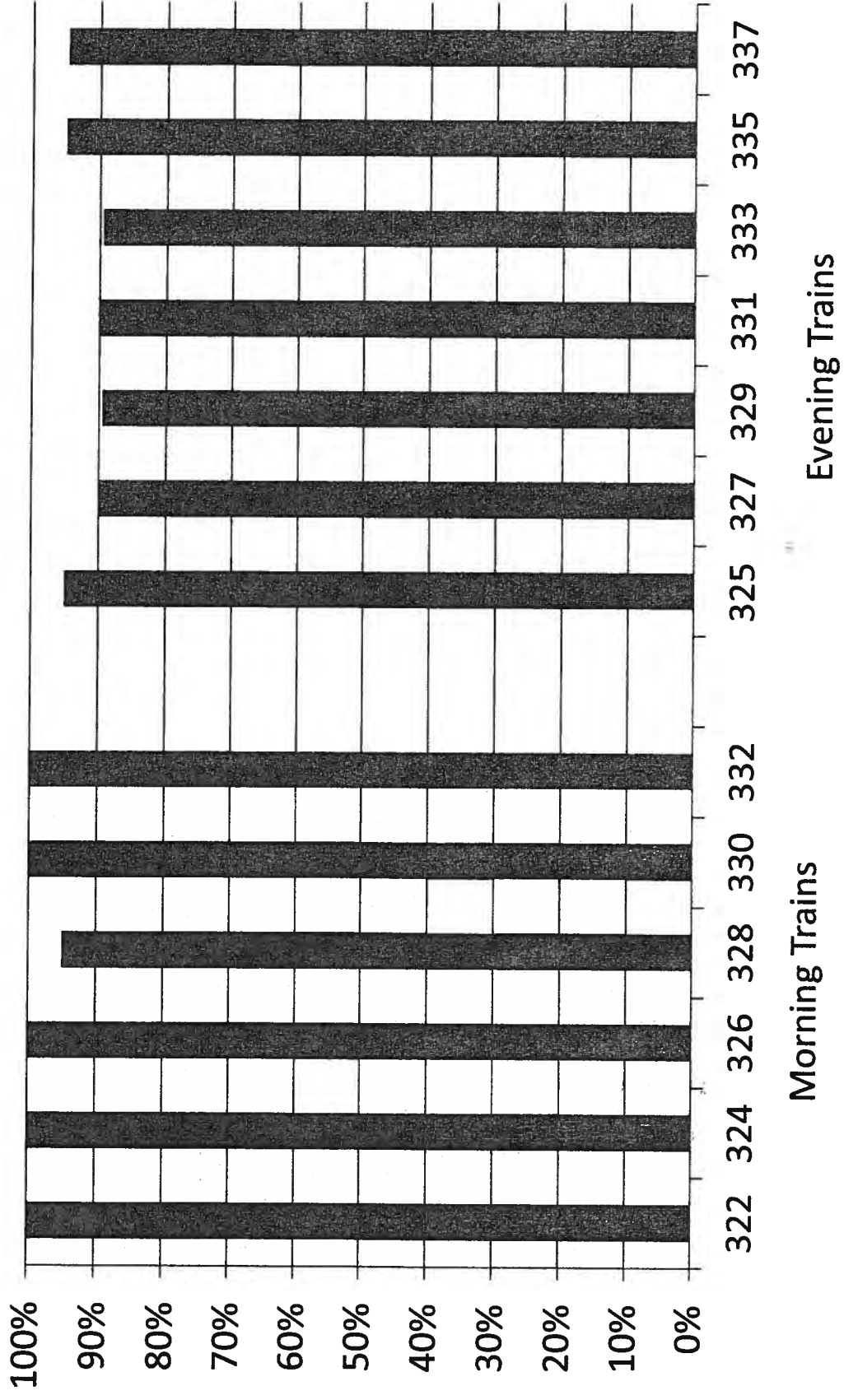
# On-Time Performance By Train

## Fredericksburg Line – November 2011



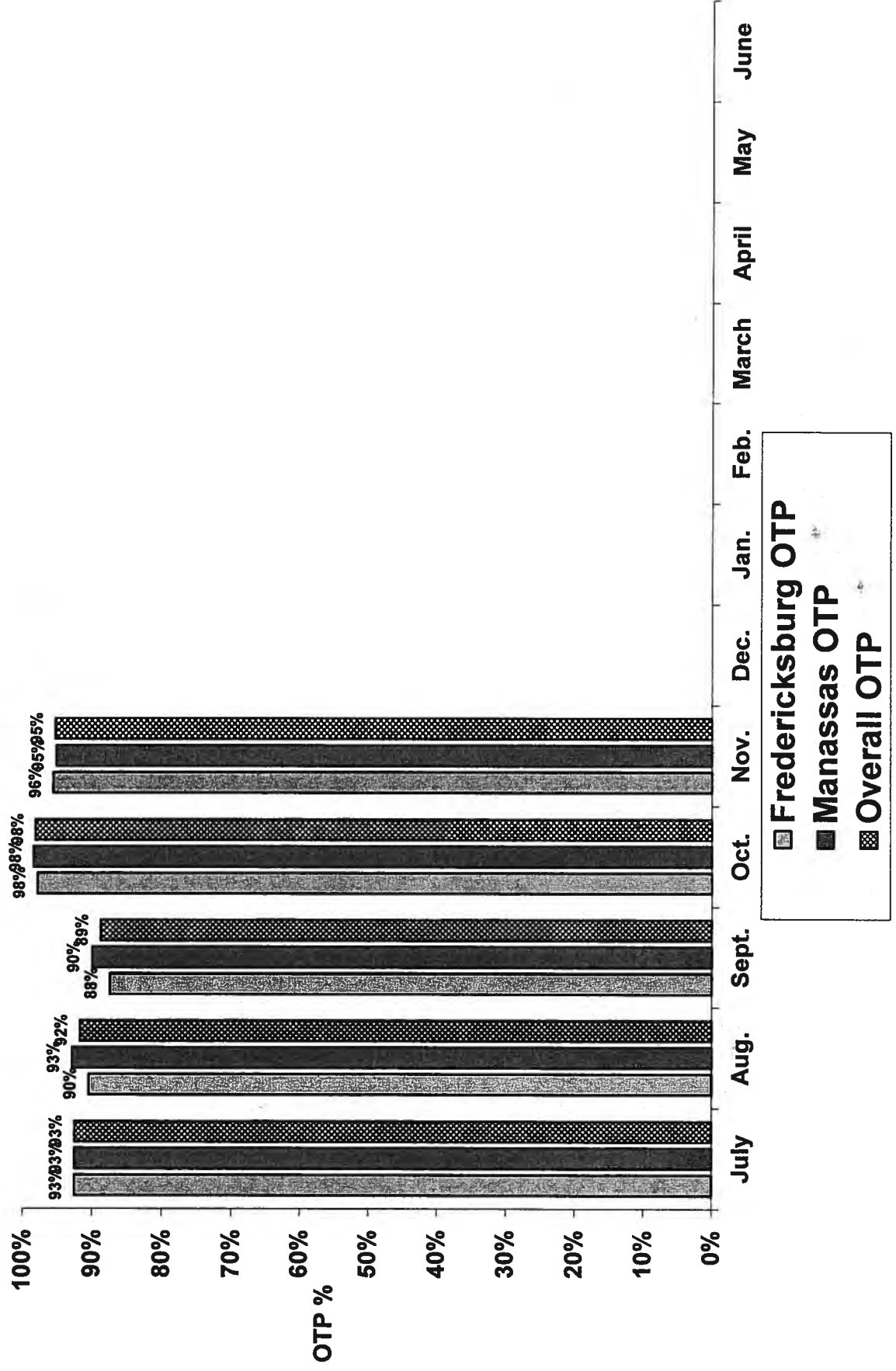
# On-Time Performance By Train

## Manassas Line – November 2011



# Average On-Time Performance

FY-2012



## FINANCIAL STATISTICS FOR NOVEMBER 2011

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

Fare income for the month of November 2011 was \$1,088,422 above the budget – a favorable variance of 42.54%. This large increase is primarily the result of WMATA's termination of the Smart Benefits voucher programs, as the vouchers are no longer allowed to be redeemed after November 30<sup>th</sup> and the vendors received an unprecedented volume of vouchers. The cumulative variance for the year is 22.02% or \$2,817,090 above the adopted budget. Revenue in the first five months of FY 2012 is up 17.6% over FY 2011. This positive variance is the result of higher than budgeted ridership and the Smart Benefits voucher program termination as noted above. November 2011 fare revenue is \$1.0M higher than November 2010. Staff anticipates a material reduction in ticket sales for December 2011.

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

Measures		Goal	Actual
Operating Ratio		55%	71%
<b>Budgeted Revenue</b>	72,997,175		
Budgeted Revenue YTD	29,788,118		
Actual Revenue YTD	32,740,940		
Cumulative Variance	2,952,822		2,952,822
Percent Collected YTD		40.81%	44.85%
<b>Budgeted Expenses</b>	72,997,175		
Budgeted Expenses YTD	29,559,339		
Operating Expenses YTD	29,632,309		
Cumulative Variance	(72,970)		(72,970)
Percent Expended YTD		40.49%	40.59%
<b>Net Income (Loss) from Operations</b>			2,879,852

These figures are preliminary and unaudited.

**VIRGINIA RAILWAY EXPRESS**  
**FY 2012 Operating Budget Report**  
**November 30, 2011**

	CURR. MO. ACTUAL	CURR. MO. BUDGET	YTD ACTUAL	YTD BUDGET	YTD VARIANCE \$	%	TOTAL FY12 BUDGET
<b>OPERATING REVENUE</b>							
Passenger Ticket Revenue	3,646,908	2,558,486	15,609,520	12,792,430	2,817,090	22.0%	30,580,000
Equipment Rental and Other	28,922	10,542	99,569	52,709	46,860	88.9%	126,000
<b>Subtotal Operating Revenue</b>	<b>3,675,830</b>	<b>2,569,028</b>	<b>15,709,089</b>	<b>12,845,139</b>	<b>2,863,950</b>	<b>22.3%</b>	<b>30,706,000</b>
Jurisdictional Subsidy (1)	-	-	7,843,479	7,843,479	-	0.0%	14,671,017
Federal/State/Other Jurisdictional Subsidy	1,684,021	1,651,604	9,183,539	9,073,982	109,557	1.2%	27,366,022
Appropriation from Reserve	-	-	-	-	-	0.0%	193,136
Interest Income	-	5,104	4,833	25,518	(20,685)	-81.1%	61,000
<b>Total Operating Revenue</b>	<b>5,359,851</b>	<b>4,225,735</b>	<b>32,740,940</b>	<b>29,788,118</b>	<b>2,952,822</b>	<b>9.9%</b>	<b>72,997,175</b>
<b>OPERATING EXPENSES</b>							
Departmental Operating Expenses	4,782,418	4,518,460	22,026,434	21,988,592	(37,842)	-0.2%	53,795,821
Debt Service	581,674	581,862	3,950,722	3,951,487	765	0.0%	13,738,803
Insurance	-	-	3,619,260	3,619,260	-	0.0%	4,100,000
Other Non-Departmental Expenses	26,756	-	35,893	-	(35,893)	-	1,362,551
<b>Total Operating Expenses</b>	<b>5,390,848</b>	<b>5,100,321</b>	<b>29,632,309</b>	<b>29,559,339</b>	<b>(72,970)</b>	<b>-0.2%</b>	<b>72,997,175</b>
<b>NET INCOME (LOSS) FROM OPERATIONS</b>	<b>(30,997)</b>	<b>(874,586)</b>	<b>3,108,631</b>	<b>228,780</b>	<b>2,879,852</b>		<b>-</b>

**CALCULATED OPERATING RATIO**

**71%**

(1) Total jurisdictional subsidy is \$15,943,917. Portion shown is attributed to Operating Fund only.



VIRGINIA RAILWAY EXPRESS

**SLEIGHBELLS  
DON'T ALWAYS RING.  
SOMETIMES THEY  
WHISTLE.**

HAPPY HOLIDAYS



VRE's FY 2013 Operating and Capital Budget and Revisions to the FY 2012 Budget

The VRE Operations Board recommends approval of Resolution #2178. This resolution adopts VRE's proposed FY 2013 operating and capital budget and revisions to the FY 2012 budget. Staff would be authorized to forward the budget to NVTC's participating and contributing jurisdictions for their consideration under the terms of the VRE Master Agreement.

The budget assumes average daily ridership of 19,000 and holds the number of trains constant at 32. A three percent increase in total local subsidy is included together with a three percent fare increase. Details are provided in the attached materials.



## RESOLUTION #2178

**SUBJECT:** VRE's FY 2013 Operating and Capital Budget and Revisions to the FY 2012 Budget.

**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 is recommending a FY 2013 Operating and Capital Budget within the guidelines developed in concert with the jurisdictional chief administrative officers; and

**WHEREAS:** The budget is built on an average daily ridership of 19,000 and 32 trains.

**NOW, THEREFORE, BE IT RESOLVED** that the Northern Virginia Transportation Commission adopts the revised FY 2012 and the recommended FY 2013 VRE Operating and Capital Budgets and directs its staff to forward the FY 2013 budget to the local jurisdictions for inclusion in their budgets and appropriations in accordance with the VRE Master Agreement.

**BE IT FURTHER RESOLVED** that NVTC 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 2012 and FY 2013.

**BE IT FURTHER RESOLVED** that NVTC authorizes its Executive Director to submit to the Commonwealth the approved budget as part of the FY 2013 VRE state aid grant applications.

Approved this 5<sup>th</sup> day of January, 2012.

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Chairman

---

Secretary-Treasurer



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**AGENDA ITEM 10-A**  
**ACTION ITEM**

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

**FROM: DALE ZEHNER**

**DATE: DECEMBER 16, 2011**

**SUBJECT: REFERRAL OF THE REVISED FY 2012 AND RECOMMENDED  
FY 2013 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 2012 VRE Operating and Capital Budget and the recommended FY 2013 VRE Operating and Capital Budget, and refer them to the Commissions for their consideration and subsequent referral to the jurisdictions for their formal review and adoption.

**BACKGROUND:**

In accordance with the VRE Master Agreement, which outlines the process for annual budget approval, the preliminary FY 2013 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 8<sup>th</sup> to present their final recommendations and discuss VRE responses to those recommendations.

## **DISCUSSION:**

The major assumptions in the FY 2013 budget are as follows:

- Jurisdictional subsidy of \$16,428,800, an increase of \$484,882 or 3% compared to the FY 2012 level. A payment by Spotsylvania County of the amounts waived in prior years will be a mid-year credit to the other jurisdictions.
- Fare increase of 3% and a projected average daily ridership of 19,000 passengers, which in combination increases projected fare revenue by \$3.9 million over the FY 2012 adopted budget amount to a total of \$34.5M.
- A reduction in federal formula funds for capital projects based on a reduction to VRE's FY 2012 award plus an additional 1% decrease in anticipated FY 2013 funding. Final projections continue to be decided at the congressional level.
- Continuation of a 32-train operation (30 revenue trains).
- Capital matching funds from the State of 50% of the non-federal share for new projects.
- State operating funds of \$6.1 million, compared to \$5.3M budgeted in FY 2012. Actual award for FY 2012 was \$6.9M.
- Fuel estimated at \$3.25/gallon for a total cost of \$5.6 million.

The capital budget includes the following system capital projects for FY 2013, including required local match:

- Spotsylvania third track - \$8.2M (completion of funding required for \$20.3M project)
- Fare collection upgrade - \$1.8M (completion of funding required for estimated cost of purchase and installation of new fare collection system – options will be reviewed after requirements study is completed)
- Rolling stock (railcars) - \$5.5M (second year of funding for multi-year project to purchase 15 replacement Gallery rail cars)

Material expenditure line item changes are noted below; adjustments are in comparison to the FY 2012 adopted budget.

- Fuel budget has increased by \$790k based on an average per gallon cost of \$3.25 compared to the FY 2012 adopted budget per gallon estimate of \$2.70.
- Retail sales commissions in Budget and Finance were increased by \$675,000, based on WMATA's discontinuation of the Smart Benefits card. This has caused the bulk of the ridership to purchase tickets through the

Commuter Direct system, which has a higher commission rate based on the higher level of service required.

- Equipment maintenance increased by \$500k to reflect additional oversight for the equipment maintenance contract and higher than anticipated costs for the required ten year periodic maintenance (COT&S) for the remaining older Gallery railcars.
- Keolis contract costs are budgeted at a net increase of \$710,000 to reflect a 3.5% increase to the 12-month October CPI, in accordance with the contract requirements.
- Access fee costs increased by \$1.1 million to reflect an estimated increase to the AAR index for the first quarter of calendar 2012 for Amtrak and the contractual increase of 4% for CSX and NS.

The budget also includes a six-year financial forecast for the period FY 2013 through FY 2018. A six-year forecast was prepared that includes a 4% fare increase in FY 2015 and FY 2017 plus a 0% subsidy increase in years FY 2014 – FY 2018.

### **REVISED FY 2012 OPERATING AND CAPITAL BUDGET**

The FY 2012 budget has been revised to reflect current projections for revenue and expenses. The major changes are as follows:

- Fare revenue is increased by \$2.4M based on current ridership projections to \$33.0M.
- The State operating grant is increased by \$1.5 to reflect the actual higher grant award.
- Access fee reimbursement decreased by \$600k based on transition to state funding of match to federal access fee grant; state match will not be available until older grant funds are depleted.
- State capital grants are increased by \$17.0 million and federal capital grants by \$15.6M to reflect the following:
  - Additional funding provided through DRPT for the Spotsylvania third track (\$4.6M) and purchase of replacement rail cars (\$17.6M)
  - STP (formerly bonus obligation) funds for locomotives (\$3.0M)
  - VDOT/locally administered project funds for the Alexandria tunnel (\$7.4M)
- Use of capital reserve for additional match for Spotsylvania third track, rail car projects (\$2.2M), and additional capital needs (\$1.5M)
- Increase of \$1.0M for higher cost per gallon of fuel

**TO: CHAIRMAN BULOVA AND THE VRE OPERATIONS BOARD**  
**FROM: DALE ZEHNER**  
**DATE: DECEMBER 16, 2011**  
**RE: REFERRAL OF THE REVISED FY 2012 AND RECOMMENDED**  
**2013 VRE OPERATING AND CAPITAL BUDGETS TO THE**  
**COMMISSIONS AND LOCALITIES**

**RESOLUTION**  
**10A-12-2011**  
**OF THE**  
**VIRGINIA RAILWAY EXPRESS**  
**OPERATIONS BOARD**

**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; and,

**WHEREAS**, the VRE Chief Executive Officer has provided the VRE Operations Board with the FY 2013 Operating and Capital Budget within the guidelines developed in concert with the jurisdictional chief administrative officers; and,

**WHEREAS**, VRE staff recommends a budget built on an average daily ridership of 19,000 and 32 trains.

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board does hereby recommend that the Commissions adopt the revised FY 2012 and recommended FY 2013 VRE Operating and Capital Budgets and forward the FY 2013 budget to the local jurisdictions for inclusion in their budgets and appropriations in accordance with the Master Agreement; and,

**BE IT FURTHER RESOLVED THAT**, the VRE Operations Board recommends that the Executive Directors of both PRTC and NVTC 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 2012 and FY 2013; and,

**BE IT FURTHER RESOLVED THAT**, the VRE Operations Board recommends that the Executive Director of NVTC be authorized to submit to the Commonwealth the approved budget as part of the FY 2013 state aid grant applications.

**VIRGINIA RAILWAY EXPRESS**  
**RECOMMENDED BUDGET**  
**FOR FISCAL YEAR 2013**  
**AND**  
**REVISED BUDGET**  
**FOR FISCAL YEAR 2012**

DECEMBER 16, 2011

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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 2013

- Achieve at least a 55 percent operating ratio (cost recovery).
- Operate trains on time at least 92 percent of time.
- Achieve at least 19,000 average daily ridership.

## PERFORMANCE MEASURES FOR FISCAL YEAR 2013

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 2013

### Major Assumptions/Issues in FY 2013 Budget:

1. Subsidy level of \$16,428,800, an increase of \$484,883 from the FY 2012 subsidy.
2. State funding for operations is projected at below the FY 2012 amount. The state operating grant is budgeted at 12% below the FY 2012 state award (a reduction from \$6.9M to \$6.1M). The state capital match is budgeted at 50%.
3. The total budget increased by \$1.0M.
4. Average daily ridership of 19,000 assumes a 30 revenue train operation and an overall 32 train schedule.
5. A 3% fare increase is proposed. Fare revenue is budgeted at \$34.5M.
6. Keolis contract costs are budgeted at a net increase of \$700,000 to reflect a CPI increase of 3.5%.
7. Amtrak costs for mid-day storage and services are increased by \$450,000 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 \$5.6M, based on a cost per gallon of \$3.25.

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

Jurisdiction	FY 2012	FY 2012	Net	Percent
Fairfax County	\$ 4,876,961	\$ 5,155,355	\$ 278,394	5.7%
Fredericksburg	420,566	421,616	1,050	0.2%
Manassas	817,993	777,205	(40,788)	-5.0%
Manassas Park	566,504	526,460	(40,044)	-7.1%
Prince William County	5,859,007	5,687,222	(171,785)	-2.9%
Stafford County	2,505,805	2,347,707	(158,098)	-6.3%
Spotsylvania County	577,020	1,183,444	606,424	N/A
Alexandria	129,944	133,894	3,950	3.0%
Arlington	190,117	195,897	5,780	3.0%
Total	\$ 15,943,917	\$ 16,428,799	\$ 484,882	

### **Source and Use of Funds**

Fare Increase		3%
Subsidy Increase	\$	484,883
Number of Trains		32
Average Daily Ridership		19,000
Sources		
Fare Revenue	\$	34,500,000
Local Subsidy		16,428,800
State Operating Grant		6,125,013
State Capital Grant used for Operations		5,585,212
State Capital Grant used for Capital Programs		1,157,800
Federal Capital Funding (SSTP)		11,200,000
Federal Capital Grant used for Operations		6,409,036
Federal Capital Grant used for Capital Programs		7,110,400
Other Income		186,300
Total Sources	\$	88,702,561
Uses		
Operating Expenses	\$	59,482,701
Debt Service		13,948,215
Federal Capital Program		8,888,000
Insurance, Operating Reserve, and Other		6,383,645
Total Uses	\$	88,702,561

### **Six-Year Financial Plan**

The final FY 2013 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.

<u>Jurisdictions</u>	[Col 1]	[Col 2]	[Col 3]	[Col 4]	[Col 5]	[Col 6]	[Col 6a]
	Population 2010 Update	Population %	Contributors' Potential Share of Net Costs %	Contributors' Potential Share of Net Costs \$	Contributors' Maximum Share of Net Costs		
Contributors:							
Alexandria	140,236	6.4678%	0.6468%	\$312,029		\$129,944	#DIV/0!
Arlington	208,051	9.5955%	0.9596%	\$462,919		\$190,117	#DIV/0!
Contributors' Total	348,287	16.0633%					
	[Col 7]	[Col 8]	[Col 9]	[Col 10]	[Col 11]	[Col 12]	
Participants:	Population 2010 Update	Population %	Participants' Normalized % Population	October Survey Participants' AM Ridership	100 Weight- Participants' Ridership %	Participants' Aggregate % of Costs	
Fairfax County	1,084,412	50.01%	59.59%	2,271	25.69%	25.69%	
Fredericksburg	24,420	1.13%	1.34%	329	3.73%	3.73%	
Manassas	37,881	1.75%	2.08%	458	5.18%	5.18%	
Manassas Park	14,387	0.66%	0.79%	305	3.45%	3.45%	
Prince William County	405,522	18.70%	22.28%	3,054	34.56%	34.56%	
Stafford County	130,006	6.00%	7.14%	1,521	17.21%	17.21%	
Spotsylvania	123,297	5.69%	6.77%	900	10.18%	10.18%	
Participants' Total	1,819,925	83.94%	100.00%	8,838	100.00%	100.00%	
Population Total	2,168,212	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						\$133,894	
Arlington						\$195,897	
Fairfax County	25.69%	\$22,790,290	\$9,705,187	\$689,993			\$12,310,377
Fredericksburg	3.73%	\$3,304,403	\$1,407,172	\$100,043			\$1,784,903
Manassas	5.18%	\$4,599,150	\$1,958,536	\$139,243			\$2,484,272
Manassas Park	3.45%	\$3,057,849	\$1,302,177	\$92,579			\$1,651,724
Prince William County	34.56%	\$30,655,798	\$13,054,694	\$928,127			\$16,559,001
Stafford County	17.21%	\$15,261,298	\$6,498,985	\$462,047			\$8,243,525
Spotsylvania	10.18%	\$9,033,772	\$3,847,009	\$273,504			\$4,879,672
Total	100.00%	\$88,702,561	\$37,773,761	\$2,685,536	\$48,243,264	\$329,791	\$47,913,473
<u>Subsidy Calculation</u>	[Col 19]	[Col 20]	[Col 18] (repeated)	[Col 21]	[Col 22]	[Col 23]	[Col 24]
	Oct Survey Participants' Fare Revenue %	Participants' Fare Revenue \$	Participants' Net Costs \$	Proposed FY 2013 Budget Based on 10/05/11 Survey	Actual FY2012 Subsidy	Net Change \$	Net Change %
Alexandria				\$133,894	\$129,944	\$3,950	3.04%
Arlington				\$195,897	\$190,117	\$5,780	3.04%
Fairfax County	22.490%	\$7,155,022	\$12,310,377	\$5,155,355	\$4,876,961	\$278,394	5.71%
Fredericksburg	4.285%	\$1,363,286	\$1,784,903	\$421,616	\$420,566	\$1,050	0.25%
Manassas	5.366%	\$1,707,066	\$2,484,272	\$777,205	\$817,993	(\$40,788)	-4.99%
Manassas Park	3.537%	\$1,125,265	\$1,651,724	\$326,460	\$566,504	(\$40,045)	-7.07%
Prince William County	34.172%	\$10,871,779	\$16,559,001	\$5,687,222	\$5,859,007	(\$171,785)	-2.93%
Stafford County	18.532%	\$5,895,819	\$8,243,525	\$2,347,707	\$2,505,805	(\$158,099)	-6.31%
Spotsylvania	11.618%	\$3,696,228	\$4,879,672	\$1,183,444	\$577,020	\$606,425	105.10%
Total	100.0000%	\$31,814,464	\$47,913,473	\$16,428,800	\$15,943,917	\$484,883	3.04%
<u>Fares</u>	[Col 25]						
Participants Residents'	31,814,464.18						
"System-wide"	2,685,535.82						
2013 \$	34,500,000.00						

LEVEL OF SERVICE FOR FY 2013

32 trains 19,000 average daily riders

Leases  
Recapitalization  
Total Access Fees

14,000,000

CSXT

Amtrak

5,640,000

NS

2,950,000

5,410,000

Total

14,000,000

SOURCES OF FUNDS									
USES OF FUNDS	FARE INCOME	INTEREST	EQUIP RENT	LOCAL SUBSIDY	OTHER SOURCES	STATE			TOTAL
						OPERATING	CAPITAL	STATE SSTP	
Operating Expenses	34,500,000	60,300	126,000	5,108,987	0	6,125,013	1,400,000	11,200,000	59,482,701
Non-Operating Expenses:									
Insurance Reserve	4,100,000			4,100,000					4,100,000
Operating Reserve/Contingency	2,283,645			2,283,645					2,283,645
Debt Svc (1998 Bond)	6,906,656			3,402,273	0		3,504,383		6,906,656
Debt Svc (Gallary IV) (11 Cabcars)	1,931,357			193,136			193,136	1,545,086	1,931,357
Debt Svc 8 Railcars (Fed/State/Local)	200,000			20,000			20,000	160,000	200,000
Office Loan	72,822			72,822			0		72,822
Other (Bad Debt/Admin)	50,000			50,000			0		50,000
Debt Svc 60 Railcars (Local)	110,442			110,442			467,694		110,442
Debt Svc 60 Railcars (Fed/State/Local)	4,676,938			467,694				3,741,550	4,676,938
Non-Operating Summary	20,331,860	0	0	10,700,012	0	0	4,185,212	0	20,331,860
Total Expenses (Subtotal)	34,500,000	60,300	126,000	15,808,999	0	6,125,013	5,585,212	11,200,000	79,814,561
Capital Projects:									
Facilities Infrastructure	500,000			50,000					500,000
Broad Run Maintenance	0			0					0
Fare Collection Upgrade	1,800,000			180,000					1,800,000
Rolling Stock	1,900,000			304,000					1,900,000
Rolling Stock Mods	50,000			10,000					50,000
Heavy Maintenance Repair Facility	138,000			13,800					138,000
Spoysylvania Third Track	4,000,000			240,000			560,000		4,000,000
Mid-day Storage	500,000			50,000					500,000
Capital Project Summary	8,888,000	0	0	619,800	0	0	1,157,800	0	8,888,000
Earmarks/Capital:									
Earmark Summary	0	0	0	0	0	0	0	0	0
TOTAL	88,702,561	34,500,000	60,300	126,000	16,428,799	0	6,125,013	6,743,012	88,702,561

FY12 subsidy surplus (deficit) 15,943,917  
3% subsidy increase (484,882)  
surplus (deficit) 484,882

(0)  
Load only  
Fed/State/Local Debt Service 60 Railcars  
Debt Service 8 Railcars

Soft Capital Projects				Funding		Federal Amt	
Debt Service 11 Cabcars				Program	State Amt		
Access lease funding				1,931,357	1,545,086		
Debt Service 60 Railcars				14,000,000	11,200,000		
Debt Service 60 Railcars				110,442	3,741,550		
Debt Service 8 Railcars				4,676,938	160,000		
Grant & Project Management				200,000	360,000		
Grant & Project Management				450,000	282,400		
Construction Management				353,000	160,000		
Security Enhancements				200,000	80,000		
Signage Enhancements				100,000	80,000		
Debt Service 1998 Bonds				100,000	80,000		
Subtotal				22,121,736	5,385,212		
Capital Projects/Earmarks				8,888,000	7,110,400		
Federal Cap Program				31,009,736	24,719,436		

Calculated Operating Reserve:  
33% 19,629,291

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 2013 Proposed Program Budget**

	<u>FY 2011 Amended</u>	<u>FY 2011 Actual</u>	<u>FY 2012 Budget</u>	<u>FY 2013 Proposed</u>
<b>Revenue:</b>				
<b>VRE - Non-Departmental</b>				
Fare Revenue	30,000,000	32,359,693	30,580,000	34,500,000
Miscellaneous Revenue	151,000	198,769	126,000	126,000
Appropriation from Reserve				
Jurisdictional Revenue	16,070,309	16,070,309	15,943,917	16,435,950
Other Revenue/Capital Reserve	165,000	-	193,136	-
Federal Operating Grants	16,830,686	15,776,511	16,512,817	17,609,036
State Operating/Non-Operating Grants	12,580,630	11,646,155	10,853,205	11,710,226
Federal Capital Grants	15,760,210	29,250,593	11,751,200	7,110,400
State Capital Grants	3,131,530	-	1,664,800	1,157,800
Interest Income	150,000	15,035	61,000	60,300
<b>Total Revenue</b>	<b>94,839,365</b>	<b>105,317,065</b>	<b>87,586,175</b>	<b>88,709,712</b>
<b>Expenditures:</b>				
<b>VRE - Non-Departmental</b>				
Liability Insurance	4,025,000	3,724,774	4,100,000	4,100,000
Operating Reserve/Contingency	4,039,981	-	1,362,551	2,283,645
Other	-	-	-	-
VRE-Financing-Administration Fees	-	-	-	-
<b>Total VRE - Non-Departmental</b>	<b>8,064,981</b>	<b>3,724,774</b>	<b>5,462,551</b>	<b>6,383,645</b>
<b>Executive Mgmt and Planning</b>				
Salaries/Fringes	671,336	519,203	480,508	496,689
Travel/Training/Employee Expenses	9,500	17,596	9,500	19,000
Board Member Expenses	3,000	1,550	3,000	3,000
Legal/Audit	75,000	70,000	75,000	75,000
Consulting/Professional/Other	54,000	13,191	47,000	38,000
<b>Total Executive Mgmt and Planning</b>	<b>812,836</b>	<b>621,540</b>	<b>615,008</b>	<b>631,689</b>
<b>Passenger Support Services</b>				
Salaries/Fringes	407,814	347,654	413,579	436,869
Travel/Training/Employee Expenses	10,000	9,330	9,500	13,200
Communication/Other	224,000	186,852	226,500	232,500
Office Administration Expenses	96,500	59,396	66,500	64,000
<b>Total Passenger Support Services</b>	<b>738,314</b>	<b>603,242</b>	<b>716,079</b>	<b>746,569</b>
<b>Public Affairs/Marketing</b>				
Salaries/Fringes	279,120	228,491	284,638	295,310
Travel/Training/Employee Expenses	9,550	8,483	9,550	11,950
Production/Media/Promotion/Other	447,725	227,143	447,725	453,675
Special Events/Other	7,500	10,576	7,500	15,500
<b>Total Public Affairs/Marketing</b>	<b>743,895</b>	<b>474,693</b>	<b>749,413</b>	<b>776,435</b>
<b>Planning</b>				
Salaries/Fringes	-	-	243,098	252,317
Travel/Training/Employee Expenses	-	-	14,100	15,300
Professional Services	-	-	135,600	341,800
Ticket Stock/R&M Fare Collection	-	-	620,000	665,000
<b>Total Planning</b>	<b>-</b>	<b>-</b>	<b>1,012,798</b>	<b>1,274,417</b>
<b>Customer Communications</b>				
Salaries/Fringes	391,271	370,269	426,865	466,194
Travel/Training/Employee Expenses	12,000	3,763	12,000	12,000
Printing/Admin/Other	978,500	773,569	295,000	295,000
<b>Total Customer Communications</b>	<b>1,381,771</b>	<b>1,147,601</b>	<b>733,865</b>	<b>773,194</b>
<b>Budget and Finance</b>				
Salaries/Fringes	632,981	523,615	693,218	681,979
Travel/Training/Employee Expenses	15,500	5,705	10,500	9,000
Audit/Maint Service Agreements	105,500	123,628	110,500	152,500
Retail Sales/TLC Commissions	681,000	971,796	1,170,000	1,845,000
Bank Discounts/Other	268,000	246,192	268,000	272,500
<b>Total Budget and Finance</b>	<b>1,702,981</b>	<b>1,870,936</b>	<b>2,252,218</b>	<b>2,960,979</b>
<b>Communication and Info Tech</b>				
Salaries/Fringes	191,835	166,802	195,672	207,057
Travel/Training/Employee Expenses	18,500	14,674	18,500	18,500
Computer Equipment/Software	325,000	198,397	210,000	525,000
Communications	400,000	445,110	400,000	350,000
Repairs and Maintenance - Fare Collection/Trip One	20,000	13,810	20,000	20,000
<b>Total Communication and Info Tech</b>	<b>955,335</b>	<b>838,793</b>	<b>844,172</b>	<b>1,120,557</b>

**VRE Fiscal Year 2013 Proposed Program Budget**

	<b>FY 2011 Amended</b>	<b>FY 2011 Actual</b>	<b>FY 2012 Budget</b>	<b>FY 2013 Proposed</b>
<b>Construction and Cap Proj</b>				
Salaries/Fringes	542,504	441,626	553,354	601,252
Travel/Training/Employee Expenses	26,000	27,914	21,000	26,000
Other Professional Services/Other Expenses	130,000	236,443	131,000	151,000
<b>Total Construction and Cap Proj</b>	<b>698,504</b>	<b>705,983</b>	<b>705,354</b>	<b>778,252</b>
<b>Facilities Maintenance/Operations &amp; Safety</b>				
Salaries/Fringes	233,356	187,770	218,629	232,303
Travel/Training/Employee Expenses	8,450	5,102	4,400	6,700
Vehicle/Office/Other Professional Service	93,500	104,355	90,000	77,000
Station Electricity/Utilities/Taxes	600,000	546,571	574,500	577,000
Materials and Supplies - Stations	20,000	22,576	35,000	15,000
Repairs and Maintenance - Stations/Parking/Yards	1,950,000	1,883,303	2,200,000	2,820,000
Station/Yard Security/Other	262,000	322,183	240,000	285,000
<b>Total Facilities Maint/Operations and Safety</b>	<b>3,167,306</b>	<b>3,071,860</b>	<b>3,362,529</b>	<b>4,013,003</b>
<b>Purchasing and Contract Admin</b>				
Salaries/Fringes	265,146	219,411	273,753	291,534
Travel/Training/Employee Expenses	2,600	365	2,000	2,500
<b>Total Purchasing and Contract Admin</b>	<b>267,746</b>	<b>219,776</b>	<b>275,753</b>	<b>294,034</b>
<b>Equipment Operations</b>				
Salaries/Fringes	378,029	316,270	379,587	393,982
Travel/Training/Employee Expenses	13,000	42,626	14,000	38,000
Consulting/Admin/Warehouse Management	120,000	168,387	155,000	325,000
Equipment/Warehouse Leases	210,000	167,610	67,000	-
Utilities	780,000	807,200	1,053,000	1,092,000
Diesel Fuel	4,564,498	3,958,172	4,760,000	5,550,000
Repairs and Maintenance - Rolling Stock	2,745,000	3,312,116	2,075,000	2,395,000
Warehouse Management	-	-	-	-
<b>Total Equipment Operations</b>	<b>8,810,527</b>	<b>8,772,381</b>	<b>8,503,587</b>	<b>9,793,982</b>
<b>PRTC</b>				
Professional Services	152,000	64,624	117,000	144,000
<b>Total PRTC</b>	<b>152,000</b>	<b>64,624</b>	<b>117,000</b>	<b>144,000</b>
<b>NVTC</b>				
Professional Services	70,000	58,351	70,000	70,000
<b>Total NVTC</b>	<b>70,000</b>	<b>58,351</b>	<b>70,000</b>	<b>70,000</b>
<b>Keolis</b>				
Contract Operations and Maintenance	18,112,929	17,859,480	17,296,045	17,925,457
<b>Total Keolis</b>	<b>18,112,929</b>	<b>17,859,480</b>	<b>17,296,045</b>	<b>17,925,457</b>
<b>Amtrak</b>				
Contract Operations and Maintenance	3,550,000	3,478,592	3,652,000	4,097,000
<b>Total Amtrak</b>	<b>3,550,000</b>	<b>3,478,592</b>	<b>3,652,000</b>	<b>4,097,000</b>
<b>Amtrak Access Fees</b>				
Access Fees	5,220,000	5,218,657	5,380,000	5,640,000
<b>Total Amtrak Access Fees</b>	<b>5,220,000</b>	<b>5,218,657</b>	<b>5,380,000</b>	<b>5,640,000</b>
<b>Norfolk Southern</b>				
Access Fees	2,135,000	1,965,843	2,385,000	2,370,000
Contract Operations and Maintenance	535,000	514,239	555,000	580,000
<b>Total Norfolk Southern</b>	<b>2,670,000</b>	<b>2,480,082</b>	<b>2,940,000</b>	<b>2,950,000</b>
<b>CSXT</b>				
Access Fees	3,900,000	3,729,829	4,030,000	4,960,000
Contract Operations and Maintenance	520,000	440,942	540,000	450,000
<b>Total CSXT</b>	<b>4,420,000</b>	<b>4,170,771</b>	<b>4,570,000</b>	<b>5,410,000</b>
<b>CIP Expenditures</b>				
CIP Expenditures	19,700,263	-	14,689,000	8,888,000
<b>Total CIP Expenditures</b>	<b>19,700,263</b>	<b>-</b>	<b>14,689,000</b>	<b>8,888,000</b>
<b>CIP VRE - Non-Departmental</b>				
Debt Service	13,599,979	-	13,738,803	13,948,215
<b>Total CIP VRE - Non-Departmental</b>	<b>13,599,979</b>	<b>-</b>	<b>13,738,803</b>	<b>13,948,215</b>
<b>Total Expenditures</b>	<b>94,839,365</b>	<b>55,382,136</b>	<b>87,685,175</b>	<b>88,619,428</b>

**CAPITAL IMPROVEMENTS PROGRAM**

**FISCAL YEAR 2013**

**VIRGINIA RAILWAY EXPRESS**

**December 2011**

## **Introduction**

The FY 2013 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, approved by the Operations Board in May of 2004, and the July 2011 Strategic Plan retreat. The 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 2013 – FY 2018 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. The lead time for a new fare collection system is several years and preliminary work is underway.

#### Current Phase:

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

Schedule:    The requirements for a new fare collection system are under development, with several alternatives currently under consideration. A design and solicitation package for this new system will be developed based on the system requirements. A solicitation is expected to be initiated in mid 2012.

#### Budget:

- Total estimated cost: \$3.5M – 7.0M
- FY 2013 CIP budget: \$1.8 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
- FY 2013 CIP budget: \$0.1 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 the pursuit of opportunities to increase mid-day rolling stock storage in Washington, D.C.

Current Phase:

- ☐ conceptual      ☒ preliminary planning      ☐ environmental  
☐ design/eng.      ☐ procurement      ☐ construction

Schedule:      TBD

Budget:

- Total estimated cost: \$40 million
- FY 2013 CIP budget: \$0.5 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 Stock Purchase**

Description: Fifteen new railcars are required to replace the twenty outdated legacy Gallery cars currently in operation, and another six cars are needed to support the current six year plan. The 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:     The solicitation for the first group of cars is scheduled to be awarded during FY 2012.

Budget:

- Total estimated cost: \$120 million for 50 railcars; \$60.1 million for 21 railcars to support current six year plan.
- FY 2013 CIP budget: \$5.5 million
- Annual Operating cost: development of lifecycle operating costs for new cars is in progress

Funding Source: Funding comes from federal formula funds, federal STP funds, state bond funds and the VRE capital reserve.

**Project:     Spotsylvania Third Track**

Description: Design and construction of a third track from Crossroads to Hamilton. This project is a contractual requirement and will provide the track capacity for the new station being constructed by Spotsylvania County.

Current Phase:

- ☐ conceptual     ☐ preliminary planning     ☐ environmental  
☒ design/eng.     ☐ procurement     ☐ construction

Schedule:     Project is scheduled to be completed in FY13.

Budget:

- Total estimated cost: \$20.3 million
- FY 2013 CIP budget: \$8.2 million
- Annual Operating cost: will be in the form of track lease payments to railroad based on usage

Funding Source: Funding comes from federal formula funds, federal STP funds, state Rail Enhancement Funds, and the VRE capital reserve.

## **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 2013 is \$200,000.***

2. Enhancement Grant – federal grantees must certify that at least 1% of funding received each fiscal year is being used for transit enhancement projects. VRE's primary use of this funding is for lighting, pedestrian improvements, electronic customer communications and station and equipment signage. ***Annual allocation in FY 2013 is \$100,000.***

3. Facilities Infrastructure Renewal - as the VRE facilities age, there is an increasing need for repairs and improvements. Projects anticipated for the upcoming fiscal year are various station rehabilitations including elevators. ***Annual allocation in FY 2013 is \$500,000.***

4. Grant and Project Management – funding allocated to this project supports staff project management and grant administration. ***Annual allocation in FY 2013 is \$805,000.***

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 2013 is \$50,000.***

6. Security Enhancements – federal grantees must certify that at least 1% of funding received each fiscal year is being used for transit security projects. Projects include systems safety consulting, security drills with first responders and security infrastructure projects. ***Annual allocation in FY 2013 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 2013 is \$1,932,000.***

8. Sumitomo Acquisition (60 bi-level option) – this project makes annual finance payments on the 50 bi-level Sumitomo railcars VRE purchased in 2006 and 10 in 2008. The CIP programs an annual payment which represents the cost of financing this equipment over 25 years. ***Annual payment in FY 2013 is \$4,787,000.***

9. Railcar Acquisition (15 railcars) – this project makes annual finance payments related to the proposed purchase of 15 bi-level railcars to replace the 20 legacy railcars. The CIP programs an annual payment to finance a portion of the cost of this equipment over 25 years. ***Annual payment in FY 2013 is \$200,000.***

10. Track Lease/Improvements – this project provides funding for the annual cost of using tracks and other infrastructure owned by the VRE host railroads. Costs include long-term leases, capital improvements and increased maintenance on the railroad tracks, stations, and terminals. ***Annual payment in FY 2013 is \$14,000,000.***

### **Unfunded Potential Projects**

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

## FY 2013 – FY 2018 Projects

Priority	Project	Est Project Cost	Prior to FY13	FY13	FY14	FY15	FY16	FY17	FY18	Funded Total
<b>Funded:</b>										
1	Spotsylvania Third Track	20.3	5.9	4.0						9.9
1	Spotsylvania Other Funding		6.2	4.2						10.4
2	Rolling Stock 15 Railcars	60.1	5.7	1.9	6.8	4.8				19.2
2	Rolling Stock 15 Other Funding		16.8	3.6						20.4
2	Rolling Stock 6 Railcars						0.8	1.7	1.6	4.1
3	Fare Collection System	4.9	3.1	1.8						4.9
4	Heavy Maint Repair Facility	35.0		0.1	1.1	3.5	7.4	5.1		17.2
5	Facilities Infra Renewal	N/A		0.5	0.5	0.1	0.2	*	0.3	1.6
6	10 Year Railtruck Overhaul	12.8		*	*	*	*	1.5	6.4	7.9
7	Enhancement Grant	N/A		0.1	0.1	0.1	0.1	0.1	0.1	0.6
8	Enhancement Grant	N/A		0.1	0.1	0.1	0.1	0.1	0.1	0.6
9	Construction Management	N/A		0.2	0.2	0.2	0.2	0.2	0.2	1.2
10	Grant & Project Mgmt	N/A		0.8	0.8	0.9	0.9	0.9	0.9	5.2
11	Rolling Stock Mods	N/A		*	*	*	*	*	*	-
12	Mid-Day Storage	40.0		0.5						0.5
N/A	Debt Service - 60 Railcars	N/A		4.7	4.7	4.7	4.7	4.7	4.7	28.2
N/A	Debt Service - 11 Cabcars	N/A		1.9	1.9	1.9	1.9	1.9	1.9	11.4
N/A	Debt Service - 8 Railcars	N/A		0.2	0.6	0.6	0.6	0.6	0.6	3.2
	<b>Total</b>	<b>173.1</b>	<b>37.7</b>	<b>24.6</b>	<b>16.8</b>	<b>16.9</b>	<b>16.9</b>	<b>16.8</b>	<b>16.8</b>	<b>146.5</b>
<b>Unfunded:</b>										
1	Positive Train Control	6.0		3.0	3.0					6.0
2	Rolling Stock 15 Railcars	60.1			3.7					3.7
2	Rolling Stock 6 Railcars								12.7	12.7
3	Other Platform Extensions	N/A		2.0	2.0	2.0	2.0	2.0	2.0	12.0
4	Heavy Maint Repair Facility	35.0						17.8		17.8
5	Facilities Infra Renewal	N/A				0.4	0.3	0.5	0.2	1.4
6	10-Year Railtruck Overhaul	12.8						4.9		4.9
7	Gainesville/Haymarket	256.0		8.0	14.0	76.0	77.0	78.0	3.0	256.0
8	Lorton Platforms	10.7	2.7		8.0					10.7
9	Rippon Extension/2nd Plat	10.9			10.9					10.9
10	Broad Run Parking	21.4	3.4		18.0					21.4
11	Cherry Hill Track	79.9	4.9		75.0					79.9
12	Mid-Day Storage	40.0		6.0	6.0	6.5	7.0	7.0	7.0	39.5
	<b>Total</b>	<b>532.8</b>	<b>11.0</b>	<b>19.0</b>	<b>140.6</b>	<b>84.9</b>	<b>86.3</b>	<b>110.2</b>	<b>24.9</b>	<b>476.9</b>

\* \$50k or less

### Notes:

Projects are shown at 100% cost; federal reimbursement is 80%, unless otherwise noted

\$60.4 in Rolling Stock equates to 21 railcars

Rolling Stock FY12-FY15 total \$39.6M for 15 railcars, which includes \$36 in RRIF

Unfunded Rolling Stock in FY14 is remaining amount to purchase 15 cars

Lorton Platform unfunded is regional CMAQ FY13-FY17, but shown as unfunded

Rippon Extension prior funding is regional CMAQ FY13-FY18, but shown as unfunded

## **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 2013
  - b. 32 trains for FY 2014
  - c. 34 trains for FY 2015
    - i. Manassas line train
  - d. 34 trains for FY 2016
  - e. 34 trains for FY 2017
  - f. 34 trains for FY 2018
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 3% in FY 2013
  - b. Increased 4% in FY 2015
  - c. Increased 4% in 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
    - i. Decreased by 1% from FY 2012 award
    - ii. Level funding FY 2013 – FY 2018
  - c. State operating based on grant with no annual increase
  - d. State capital grant matched at 50% in FY 2013; 40% in FY 2014 – FY 2018
  - e. No provision for earmarks
7. Local Subsidy:
  - a. Increased 3% in FY 2013
  - b. No increase in FY 2014 – FY 2018

**FY13 Six Year Financial Forecast**

Description	FY12	FY13	FY14	FY15	FY16	FY17	FY18	Comments
<b>Number of Trains</b>	32	32	32	34	34	34	34	
Manassas Line	18	18	18	20	20	20	20	
Fredericksburg Line	14	14	14	14	14	14	14	
<b>Average Daily Ridership</b>	17,350	19,000	19,400	19,900	20,100	20,200	20,300	
<b>Average Fare Price</b>	7.02	7.29	7.29	7.58	7.58	7.89	7.89	4% - FY15 & FY17
<b>Potential Operating Ratio</b>	75%	76%	75%	76%	74%	75%	73%	
<b>Use of Funds for Operations</b>								
<b>Net Operating Expenses</b>	15,197,777	17,827,110	18,202,418	18,671,552	18,859,206	18,953,033	19,046,860	Based on annual revenue increase
<b>Reserves (Operating/Insurance)</b>	4,562,551	4,383,645	4,556,255	4,300,000	4,500,000	4,500,000	4,500,000	No reserve requirement after FY14
<b>Amtrak (2)</b>	3,652,000	4,087,000	4,342,820	4,603,389	4,879,593	5,172,368	5,482,710	
<b>Keolis (3)</b>	17,296,045	18,008,591	18,728,934	20,119,253	20,924,023	21,760,984	22,631,423	
<b>Fuel (4)</b>	4,760,000	5,550,000	5,883,000	6,448,340	6,835,241	7,245,355	7,680,077	
<b>Track Lease Expense (5)</b>	12,890,000	14,000,000	14,560,000	15,529,288	16,150,460	16,796,478	17,468,337	
<b>Debt Service</b>	13,688,803	13,898,215	14,298,890	7,388,972	7,386,386	7,383,800	7,381,214	
<b>Other (Bad Debt/Admin)</b>	50,000	50,000	50,000	50,000	50,000	50,000	50,000	
<b>Total Operating Costs</b>	72,997,175	79,814,561	80,922,317	77,110,795	79,684,909	81,862,019	84,240,621	
<b>Sources of Funds For Operations</b>								
<b>Fare Revenue</b>	30,580,000	34,500,000	35,367,787	37,730,501	38,109,702	39,831,275	40,028,459	Annual ridership increase
<b>Interest Income</b>	61,000	60,300	60,300	60,300	60,300	60,300	60,300	
<b>Other Income</b>	126,000	126,000	126,000	126,000	126,000	126,000	126,000	
<b>Other Revenue</b>								
<b>State Operating Grant</b>	5,294,949	5,125,013	6,125,013	6,125,013	6,125,013	6,125,013	6,125,013	Includes debt service and soft capital revenue
<b>State Capital Grant</b>	5,558,266	5,585,212	4,504,396	1,787,864	1,836,664	1,887,064	1,939,064	
<b>Federal Grants:</b>								
Access Lease Funding - SSTRP								
Federal Operating Funds (Debt service & loans)								
Other Federal Revenues								
<b>Total Operating Revenues</b>	58,133,022	64,005,562	64,550,908	64,962,983	65,878,498	68,157,947	68,935,374	1% annual decrease
<b>Surplus/(Deficit) for Operations</b>	(14,864,153)	(15,808,999)	(16,371,408)	(12,147,803)	(13,706,410)	(13,704,071)	(15,305,247)	
<b>Local Subsidy</b>	15,943,918	16,428,799	16,428,799	16,428,799	16,428,799	16,428,799	16,428,799	0% FY14 - FY18 (Level Subsidy)
<b>Net subsidy available for capital match</b>	1,079,765	619,800	57,391	4,280,996	2,722,389	2,724,728	1,123,552	
<b>Use of Funds for Capital Program (1)</b>								
<b>Capital Cost Base Program</b>	14,689,000	8,888,000	8,463,000	8,430,000	8,398,000	8,366,000	8,403,000	
<b>Total Capital Program Costs</b>	14,689,000	8,888,000	8,463,000	8,430,000	8,398,000	8,366,000	8,403,000	
<b>Sources of Funds for Capital Program</b>								
<b>Federal Grants:</b>								
Federal funding - 80% of base program	11,751,200	7,110,400	6,770,400	6,744,000	6,718,400	6,692,800	6,722,400	80%
<b>Matching Funds</b>								
State Capital Grants - non-federal costs	1,858,036	1,157,900	871,520	883,440	899,040	901,840	801,200	
Local/Other Funds								
Net local subsidy available for capital match	1,079,765	619,800	57,391	4,280,996	2,722,389	2,724,728	1,123,552	
<b>Total Sources of Funding for Capital Program</b>	14,689,001	8,888,000	7,699,311	11,908,436	10,339,829	10,319,368	8,647,152	
<b>Add'l funds required to fund Operations and Capital:</b>								
<b>Additional required for operations/base program</b>								
<b>Cumulative Total to Fully Fund Ops and Cap</b>	0	0	(763,689)	3,478,436	1,941,829	1,953,368	244,152	Negative variance is deficit; positive is surplus
	0	0	(763,689)	2,714,747	4,656,576	6,609,944	6,854,097	

(1) Note: "Capital Program" does not include leases, debt service, administrative costs and other operating costs.

(2) Increase based on 6% (AAR)

(3) Increase based on 4% (CPI) + additional engineers/train crew

(4) Increase based on 6% + additional trains

(5) Increase based on 4% per year + add'l track lease costs per train per line

**VIRGINIA RAILWAY EXPRESS**

**REVISED**

**FISCAL YEAR 2012**

**BUDGET**

**DECEMBER 16, 2011**

## REVISED BUDGET ASSUMPTIONS FOR FY 2012

### ☐ Revenue

- Fare revenue increased by \$2.4M to a total of \$33.0M based on current ridership trends, moderated by the impact of an assumed transit benefit decrease.
- The State operating grant is increased by \$1.6M to reflect the higher grant award. State match grants for federal access reimbursement decreased by \$600k; match funds cannot be used until older federal grant funds are depleted. Other match funds increased by \$115k.
- VRE's allocation of federal formula funds decreased by \$1.1M. To accommodate this decrease, an available prior year state grant of \$833K for debt service will be used for a portion of principal and interest costs for the Gallery railcars.

### ☐ Expenses

- Fuel costs were increased by approximately \$1 million to reflect higher per gallon fuel costs.
- Retail sales commissions were increased by \$300,000 to reflect higher ridership and WMATA's discontinuation of the Smart Benefits card, which has caused the bulk of the ridership to purchase tickets through Commuter Direct, a more costly system.
- Repairs and Maintenance – Rolling Stock increased by \$730k due to:
  - Higher than anticipated costs for COT&S, Coupler maintenance, air conditioning, air brakes and windows on the remaining Legacy railcars (\$300k)
  - Development of a more efficient process to deploy sand to prevent locomotive leaf oil and ice slippage (\$70k)
  - Railcar deep cleaning services to supplement daily cleaning (\$160k)
  - STV mechanical oversight at both Crossroads and Broad Run yards per approved contract (\$200k)
- CSX access fees increased by \$170,000 to reflect new contract provisions
- Keolis contract operations and maintenance was increased by \$250k to reflect higher than anticipated incentive payments.

### ☐ Capital Program

- CIP expenditures and related state and federal grants increased by \$34.7M for the following projects:
  - Additional funding provided through DRPT for the Spotsylvania third track (\$4.6M) and purchase of replacement railcar (\$17.6M) projects. VRE match of \$2.2M provided from the capital reserve.

- Federal STP (formerly bonus obligation) funds for locomotives (\$3.0M) to replace earlier earmark funds.
  - VDOT/locally administered project funds for the Alexandria tunnel (\$7.4M).
- In addition, \$1,425,000 from the capital reserve is programmed to fund the following costs:
  - Project costs that exceed available grant funds for the trainwash facilities at Broad Run (\$750k) and Crossroads (\$250K) and the Woodbridge Kiss and Ride (\$150K)
  - Safety system enhancements consisting of pit covers and fall protection and provision for electrical service for locomotive jacks at VRE maintenance facilities (\$275k)

**VRE Fiscal Year 2012 Amended Budget**

	<b>FY 2012 Adopted</b>	<b>FY 2012 Amended</b>	<b>Change</b>
<b>Revenue:</b>			
<b>VRE - Non-Departmental</b>			
Fare Revenue	30,580,000	33,000,000	2,420,000
Miscellaneous Revenue	126,000	126,000	-
Appropriation from Reserve	-	50,000	50,000
Jurisdictional Revenue	15,943,917	15,943,917	-
Other Revenue	193,136	193,136	-
Capital Reserve	-	3,595,848	3,595,848
Federal Operating Grants	16,512,817	15,543,094	(969,724)
State Operating/Non-Operating Grants	10,853,205	12,844,731	1,991,526
Federal Capital Grants	11,751,200	27,343,100	15,591,900
State Capital Grants	1,664,900	18,654,000	16,989,100
Interest Income	61,000	61,000	-
<b>Total Revenue</b>	<b>87,686,175</b>	<b>127,354,825</b>	<b>39,668,650</b>
<b>Expenditures:</b>			
<b>VRE - Non-Departmental</b>			
Liability Insurance	4,100,000	4,100,000	-
Operating Reserve/Contingency	1,362,551	2,254,353	891,802
Other/Appropriation to Reserves	-	-	-
VRE-Financing-Administration Fees	-	-	-
<b>Total VRE - Non-Departmental</b>	<b>5,462,551</b>	<b>6,354,353</b>	<b>891,802</b>
<b>Executive Mgmt and Planning</b>			
Salaries/Fringes	480,508	480,508	-
Travel/Training/Employee Expenses	9,500	9,500	-
Board Member Expenses	3,000	3,000	-
Legal/Audit	75,000	75,000	-
Consulting/Professional/Other	47,000	47,000	-
<b>Total Executive Mgmt and Planning</b>	<b>615,008</b>	<b>615,008</b>	<b>-</b>
<b>Passenger Support Services</b>			
Salaries/Fringes	413,579	413,579	-
Travel/Training/Employee Expenses	9,500	9,500	-
Communication/Other	226,500	226,500	-
Office Administration Expenses	66,500	69,500	3,000
<b>Total Passenger Support Services</b>	<b>716,079</b>	<b>719,079</b>	<b>3,000</b>
<b>Public Affairs/Marketing</b>			
Salaries/Fringes	284,638	284,638	-
Travel/Training/Employee Expenses	9,550	9,550	-
Production/Media/Promotion/Other	447,725	447,725	-
Special Events/Other	7,500	7,500	-
<b>Total Public Affairs/Marketing</b>	<b>749,413</b>	<b>749,413</b>	<b>-</b>
<b>Planning</b>			
Salaries/Fringes	243,098	243,098	-
Travel/Training/Employee Expenses	34,100	34,100	-
Professional Services	115,600	140,600	25,000
Ticket Stock/R&M Fare Collection	620,000	620,000	-
<b>Total Planning</b>	<b>1,012,798</b>	<b>1,037,798</b>	<b>25,000</b>
<b>Operations and Communications</b>			
Salaries/Fringes	426,865	426,865	-
Travel/Training/Employee Expenses	12,000	12,000	-
Printing/Admin/Other	295,000	295,000	-
<b>Total Operations and Communications</b>	<b>733,865</b>	<b>733,865</b>	<b>-</b>
<b>Budget and Finance</b>			
Salaries/Fringes	693,218	693,218	-
Travel/Training/Employee Expenses	10,500	10,500	-
Audit/Maint Service Agreements	110,500	110,500	-
Retail Sales/TLC Commissions	1,170,000	1,470,000	300,000
Bank Discounts/Other	268,000	268,000	-
<b>Total Budget and Finance</b>	<b>2,252,218</b>	<b>2,552,218</b>	<b>300,000</b>
<b>Communication and Info Tech</b>			
Salaries/Fringes	195,672	195,672	-
Travel/Training/Employee Expenses	18,500	18,500	-
Computer Equipment/Software	210,000	250,000	40,000
Communications	400,000	400,000	-
Repairs and Maintenance - Fare Collection/Trip One	20,000	20,000	-
<b>Total Communication and Info Tech</b>	<b>844,172</b>	<b>884,172</b>	<b>40,000</b>

**VRE Fiscal Year 2012 Amended Budget**

	<b>FY 2012 Adopted</b>	<b>FY 2012 Amended</b>	<b>Change</b>
<b>Construction and Cap Proj</b>			
Salaries/Fringes	553,354	553,354	-
Travel/Training/Employee Expenses	21,000	21,000	-
Other Professional Services/Other Expenses	131,000	131,000	-
<b>Total Construction and Cap Proj</b>	<b>705,354</b>	<b>705,354</b>	<b>-</b>
<b>Facilities Maintenance/Safety &amp; Security</b>			
Salaries/Fringes	218,629	218,629	-
Travel/Training/Employee Expenses	4,400	4,400	-
Vehicle/Office/Other Professional Service	90,000	90,000	-
Station Electricity/Utilities/Taxes	574,500	574,500	-
Materials and Supplies - Stations	35,000	35,000	-
Repairs and Maintenance - Stations/Parking/Yards	2,200,000	2,250,000	50,000
Station/Yard Security	240,000	240,000	-
<b>Total Facilities Maintenance</b>	<b>3,362,529</b>	<b>3,412,529</b>	<b>50,000</b>
<b>Purchasing and Contract Admin</b>			
Salaries/Fringes	210,665	210,665	-
Travel/Training/Employee Expenses	65,088	65,088	-
<b>Total Purch and Contract Admin</b>	<b>275,753</b>	<b>275,753</b>	<b>-</b>
<b>Equipment Operations</b>			
Salaries/Fringes	379,587	379,587	-
Travel/Training/Employee Expenses	14,000	14,000	-
Consulting/Admin/Warehouse Management	155,000	155,000	-
Equipment/Warehouse Leases	67,000	67,000	-
Utilities	1,053,000	1,053,000	-
Diesel Fuel	4,760,000	5,800,000	1,040,000
Repairs and Maintenance - Rolling Stock	2,075,000	2,805,000	730,000
Warehouse Management	-	-	-
<b>Total Equipment Operations</b>	<b>8,503,587</b>	<b>10,273,587</b>	<b>1,770,000</b>
<b>PRTC</b>			
Professional Services	117,000	117,000	-
<b>Total PRTC</b>	<b>117,000</b>	<b>117,000</b>	<b>-</b>
<b>NVTC</b>			
Professional Services	70,000	70,000	-
<b>Total NVTC</b>	<b>70,000</b>	<b>70,000</b>	<b>-</b>
<b>Keolis</b>			
Contract Operations and Maintenance	17,296,045	17,546,045	250,000
<b>Total Keolis</b>	<b>17,296,045</b>	<b>17,546,045</b>	<b>250,000</b>
<b>Amtrak</b>			
Contract Operations and Maintenance	3,652,000	3,652,000	-
<b>Total Amtrak</b>	<b>3,652,000</b>	<b>3,652,000</b>	<b>-</b>
<b>Amtrak Access Fees</b>			
Access Fees	5,380,000	5,380,000	-
<b>Total Amtrak Access Fees</b>	<b>5,380,000</b>	<b>5,380,000</b>	<b>-</b>
<b>Norfolk Southern</b>			
Access Fees	2,385,000	2,385,000	-
Contract Operations and Maintenance	555,000	555,000	-
<b>Total Norfolk Southern</b>	<b>2,940,000</b>	<b>2,940,000</b>	<b>-</b>
<b>CSXT</b>			
Access Fees	4,030,000	4,200,000	170,000
Contract Operations and Maintenance	540,000	540,000	-
<b>Total CSXT</b>	<b>4,570,000</b>	<b>4,740,000</b>	<b>170,000</b>
<b>CIP Expenditures</b>			
CIP Expenditures	14,689,000	50,857,848	36,168,848
<b>Total CIP Expenditures</b>	<b>14,689,000</b>	<b>50,857,848</b>	<b>36,168,848</b>
<b>CIP VRE - Non-Departmental</b>			
Debt Service	13,738,803	13,738,803	-
<b>Total CIP VRE - Non-Departmental</b>	<b>13,738,803</b>	<b>13,738,803</b>	<b>-</b>
<b>Total Expenditures</b>	<b>87,686,175</b>	<b>127,354,825</b>	<b>39,668,650</b>
<b>Net</b>	<b>-</b>	<b>(0)</b>	<b>(0)</b>



# Virginia Railway Express Proposed FY 2013 Budget

December 16, 2011



# Overview

- Major concerns for FY 2013 budget
- Budget guidelines/assumptions
- Ridership/fare revenue/service changes
- State funding
- Federal funding
- Capital projects
- Recommended budget
- Ridership survey
- Subsidy calculation
- Spotsylvania subsidy deferral
- FY 2012 Amended Budget



# Major Concerns

- Need to sustain fare revenue to balance budget
- Cannot permit degradation of service
- Must sustain high value service levels – requires:
  - On-time performance consistently above 90%
  - High level of customer service by crews and VRE
- Need to fund increasing fuel prices
- Must maintain facilities and equipment in good state of repair
- Must adjust for federal and state funding decrease



# Operations Board Guidelines

- Sustain current level of overall service; expand service if funding available
- Evaluate subsidy based on federal and state funding levels and jurisdiction's ability to replace shortfalls
- Evaluate current fare levels
- Maximize CIP funding to maintain service levels
- Utilize fuel hedging to stabilize fuel costs
- Sustain working capital at two months of operating costs and retain a capital reserve



# Strategic Plan Retreat

- Fares should be indexed and increased to maintain service levels and maximize ridership
- Priority should be given to hold subsidy level
- Other priorities:
  1. With limited funding maintain existing system and service levels
  2. Add trains/lengthen trains
  3. Expand existing service



# FY 2013 Budget Assumptions

- Estimate average daily ridership of 19,000 – 9.5% increase over FY 2012 Budget
- Maintain current 32 trains (30 revenue)
- Requires 3% fare increase – close to CPI index of 3.53%
- Requires increase in jurisdictional subsidy to \$16.4 million (up \$485K from FY 2012) – 3% increase
- Continues funding high priority capital improvements
- Fuel estimated at \$3.25/gallon or \$5.6 million per year - 16.6% increase over FY 2012



# High Level of Volatility

Area	Change	Effect
Ridership	+/- 5%	+/- \$1.7M
Fuel	+/- 5% (\$0.16)	+/- \$270K
Insurance	+/- 5%	+/- \$205K
State Operating	+/- 5%	+/- \$300K
State Capital	+/- 5%	+/- \$240K



# Ridership and Revenue Issues

- Ridership

- FY 2012 ADR - 18,000; budget – 17,350
- FY 2013 ADR - estimated at 19,000

- Fare Revenue

- FY 2013 fare revenue increased by \$3.9 million over FY 2012 budget
  - Expect slowing of ridership growth
  - Reduction in growth of fare revenue
  - Total fare revenue must increase to balance budget
- Assumes federal transit benefit reduced from \$230 to \$125



# State Funds

- Operating assistance estimated at \$6.1M
  - Down from \$6.9M received in FY 2012
  - Substantially less than FY 2008 when \$10.1M
- Capital match estimated at 50%
  - State will now only approve projects if expenses begin during fiscal year – will allow adjustments in the spring
- In FY 2012 – major commitment to VRE priority capital projects
- FY 2013 and beyond – state funds will be severely strained



# Federal Formula Funds

- Assistance budgeted at \$13.5M (1% decrease)
- Budget for FY 2012 was \$14.8M
- Actual is for FY 2012 came in at \$13.7M
- FY 2013 federal funding uncertain and may need to be revised downward

# Long Range Capital Projects

- Major funded projects – FY 2013:
  - Spotsylvania Third Track (\$8.2M)
    - Required as part of membership agreement
    - Fully funded in FY 2013
    - Significant additional state funds
  - Rolling Stock – 15 New Railcars (\$5.5M)
    - Currently have 20 legacy railcars in need of replacement
    - Significant additional state funds
    - May be underfunded; currently in flux



# Long Range Capital Projects

- Crucial unfunded projects:
  - Positive Train Control – cost unknown
    - Currently unfunded at \$6.0M over two years
    - Actual cost unknown
  - 10-Year railcar truck overhaul
  - Heavy maintenance repair facility (\$17.8M unfunded)
    - Total project cost \$35.0M
    - Critical for long term and heavy rolling stock maintenance
    - Major operating savings realized
  - Legacy gallery railcar rehabilitation
    - Required only if no new railcars procured



# Long Range Capital Projects - Funded

Priority	Project	Est Project Cost	Prior to FY13	FY13	FY14	FY15	FY16	FY17	FY18	Funded Total
	<b>Funded:</b>									
1	Spotsylvania Third Track	20.3	5.9	4.0						9.9
1	Spotsylvania Other Funding		6.2	4.2						10.4
2	Rolling Stock 15 Railcars	60.1	5.7	1.9	6.8	4.8				19.2
2	Rolling Stock 15 Other Funding		16.8	3.6						20.4
2	Rolling Stock 6 Railcars						0.8	1.7	1.6	4.1
3	Fare Collection System	4.9	3.1	1.8						4.9
4	Heavy Maint Repair Facility	35.0		0.1	1.1	3.5	7.4	5.1		17.2
5	Facilities Infra Renewal	N/A		0.5	0.5	0.1	0.2	*	0.3	1.6
6	10 Year Railtruck Overhaul	12.8		*	*	*	*	1.5	6.4	7.9
7	Enhancement Grant	N/A		0.1	0.1	0.1	0.1	0.1	0.1	0.6
8	Enhancement Grant	N/A		0.1	0.1	0.1	0.1	0.1	0.1	0.6
9	Construction Management	N/A		0.2	0.2	0.2	0.2	0.2	0.2	1.2
10	Grant & Project Mgmnt	N/A		0.8	0.8	0.9	0.9	0.9	0.9	5.2
11	Rolling Stock Mods	N/A		*	*	*	*	*	*	-
12	Mid-Day Storage	40.0		0.5						0.5
N/A	Debt Service - 60 Railcars	N/A		4.7	4.7	4.7	4.7	4.7	4.7	28.2
N/A	Debt Service - 11 Cabcars	N/A		1.9	1.9	1.9	1.9	1.9	1.9	11.4
N/A	Debt Service - 8 Railcars	N/A		0.2	0.6	0.6	0.6	0.6	0.6	3.2
	<b>Total</b>	<b>173.1</b>	<b>37.7</b>	<b>24.6</b>	<b>16.8</b>	<b>16.9</b>	<b>16.9</b>	<b>16.8</b>	<b>16.8</b>	<b>146.5</b>

\* \$50k or less



# Long Range Capital Projects - Unfunded

Priority	Project	Est Project Cost	Prior to FY13	FY13	FY14	FY15	FY16	FY17	FY18	Funded Total
	<b>Unfunded:</b>									
1	Positive Train Control	6.0		3.0	3.0					6.0
2	Rolling Stock 15 Railcars	60.1			3.7					3.7
2	Rolling Stock 6 Railcars								12.7	12.7
3	Other Platform Extensions	N/A		2.0	2.0	2.0	2.0	2.0	2.0	12.0
4	Heavy Maint Repair Facility	35.0						17.8		17.8
5	Facilities Infra Renewal	N/A				0.4	0.3	0.5	0.2	1.4
6	10-Year Railtruck Overhaul	12.8						4.9		4.9
7	Gainesville/Haymarket	256.0		8.0	14.0	76.0	77.0	78.0	3.0	256.0
8	Lorton Platforms	10.7	2.7		8.0					10.7
9	Rippon Extension/2nd Plat	10.9			10.9					10.9
10	Broad Run Parking	21.4	3.4		18.0					21.4
11	Cherry Hill Track	79.9	4.9		75.0					79.9
12	Mid-Day Storage	40.0		6.0	6.0	6.5	7.0	7.0	7.0	39.5

\* \$50k or less



# FY 2012/FY 2013 Budget Comparison

<b>Description</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>Difference</b>
Fare Revenue	\$30,580,000	\$34,500,000	\$3,920,000
Local Subsidy	\$15,943,917	\$16,428,799	\$484,882
State/Federal/Other	\$41,162,258	\$37,773,762	(\$3,388,496)
Total	\$87,686,175	\$88,702,561	\$1,016,386
Operating Expenses	\$40,905,821	\$45,482,701	\$4,576,880
Debt Payments	\$13,738,803	\$13,948,215	\$209,412
Capital Program	\$14,689,000	\$8,888,000	(\$5,801,000)
Access Fees	\$12,890,000	\$14,000,000	\$1,110,000
Contingency/Reserve	\$1,362,551	\$2,283,645	\$921,094
Insurance	\$4,100,000	\$4,100,000	\$0
Total	\$87,686,175	\$88,702,561	\$1,016,386

Increase of  
1.2%



# The \$4.6M Operating Increase

- Fuel: \$790K
  - \$2.70/gal vs. \$3.25/gal
  - Level consumption
- Keolis: \$710K
  - 3.5% CPI increase (required by contract)
  - Increase to incentive cost net of decrease to maintenance
- R&M – Railcars: \$320K
  - Higher than anticipated cost for required COT&S on Legacy cars
- Retail Sales Commissions: \$670K
  - Higher ticket sales and transition to Commuter Direct



# The \$4.6M Operating Increase

- Facilities Maintenance: \$600K
  - Roof replacement at Leeland and Rippon
  - Concrete repairs at Springfield, Brooke, and Burke
  - Track maintenance at yards
  - Station lighting replacement
  - Painting of Leeland and Backlick
  - Tactile replacement at Crystal City and Leeland
- Equipment Operations: \$280K
  - Oversight at both rail yards, initiated in FY 2012
- Amtrak: \$445K
  - Contractual increased – estimated 5.0% AAR index increase



# FY 2013 Operating and Capital Budget

Keolis	\$ 18,008,591	20.3%
Capital Program	8,888,000	10.0%
Bond and Debt Payments	13,948,215	15.7%
Access Fees	14,000,000	15.8%
Fuel	5,555,000	6.3%
Operations Group	4,153,384	4.7%
Insurance	4,100,000	4.6%
Amtrak	4,097,000	4.6%
Equipment Operations	3,850,000	4.3%
Facilities Maintenance	3,430,000	3.9%
Other	8,677,372	9.8%
Total	\$ 88,707,561	100.0%



# Ridership Changes

	Oct 11		Oct 10		
	Survey		Survey		
	FY 2013		FY 2012	Change	Change
Jurisdiction	Riders		Riders	in Riders	in %
Prince William County	3,054		3,047	7	0.2%
Fairfax County	2,271		2,110	161	7.6%
Stafford County	1,521		1,585	(64)	-4.0%
Spotsylvania County	900		914	(14)	-1.5%
City of Manassas	458		442	16	3.6%
City of Fredericksburg	329		316	13	4.1%
City of Manassas Park	305		302	3	1.0%
Other	701		814	(113)	-13.9%
<b>Total</b>	<b>9,539</b>		<b>9,530</b>	<b>9</b>	



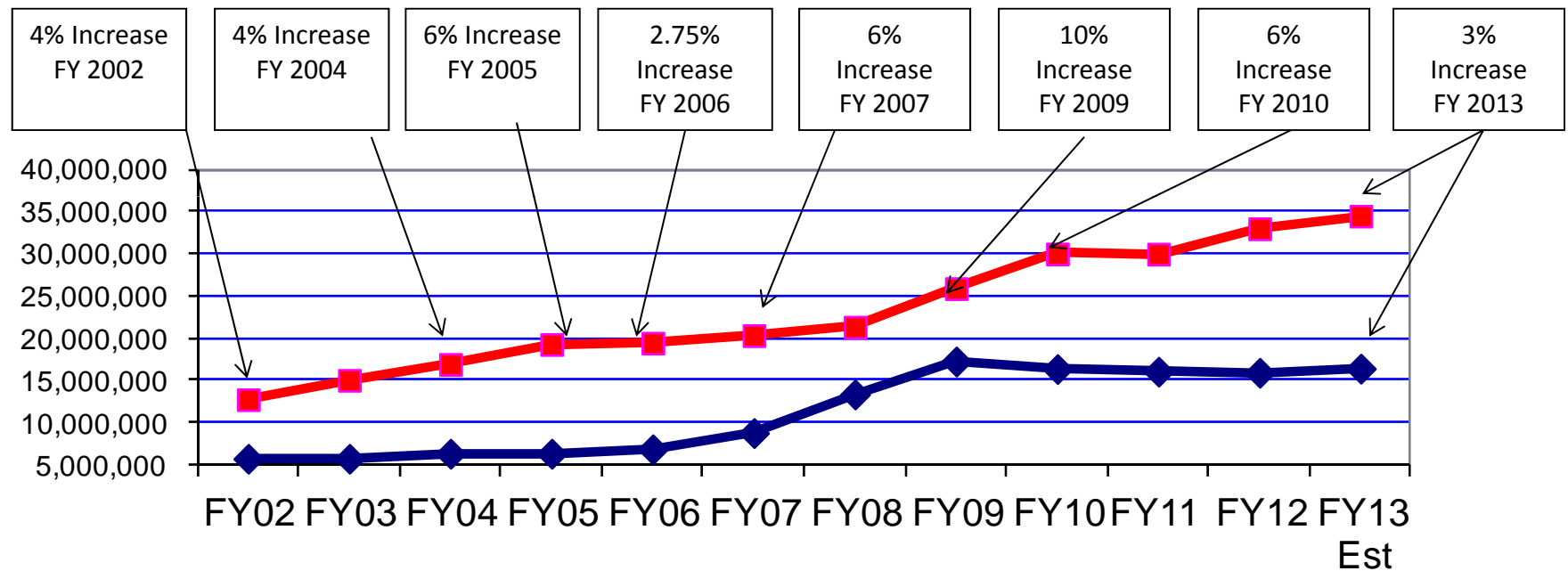
# Jurisdictional Subsidy with 3% Increase

	FY 2012	FY 2013	Net	%
Jurisdiction	Subsidy	Projected	Inc/(Dec)	Change
Fairfax County	\$ 4,876,961	\$ 5,155,355	\$ 278,394	5.7%
Prince William County	5,859,007	5,687,222	(171,785)	-2.9%
Manassas	817,993	777,205	(40,788)	-5.0%
Manassas Park	566,504	526,460	(40,044)	-7.1%
Stafford County	2,505,805	2,347,707	(158,098)	-6.3%
Spotsylvania County	577,020	1,183,444	606,424	105.1%
Fredericksburg	420,566	421,616	1,050	0.2%
Alexandria	129,944	133,894	3,950	3.0%
Arlington	190,117	195,897	5,780	3.0%
<b>Total Subsidy</b>	<b>\$ 15,943,917</b>	<b>\$ 16,428,800</b>	<b>\$ 484,883</b>	<b>3.0%</b>

Spotsylvania pays 100% of subsidy as opposed to the FY12 amount of 50%



# Changes in Fare and Subsidy



Total Fare Revenue ———  
Total Subsidy ◆————◆

FY 2009 had two fare increases; 3% in July 08 & 7% in Jan 09

# Effect of Spotsylvania Deferral

	<b>Total Subsidy FY 2013</b>	<b>Second Half Subsidy Due</b>	<b>Total Deferral</b>	<b>Net Payment January 2013</b>
Alexandria	\$ 133,894	-	-	-
Arlington	\$ 190,117	-	-	-
Fairfax County	\$ 5,155,355	\$ 2,577,678	\$ (644,090)	\$ 1,933,587
Fredericksburg	\$ 421,616	\$ 210,808	\$ (82,552)	\$ 128,256
Manassas	\$ 777,205	\$ 388,603	\$ (134,543)	\$ 254,059
Manassas Park	\$ 526,460	\$ 263,230	\$ (84,758)	\$ 178,472
Prince William County	\$ 5,687,222	\$ 2,843,611	\$ (925,898)	\$ 1,917,713
Stafford County	\$ 2,347,707	\$ 1,173,854	\$ (455,067)	\$ 718,787
Spotsylvania	\$ 1,183,444	\$ 591,722	N/A	\$ 591,722
	\$ 16,423,020	\$ 8,049,505	\$ (2,326,908)	\$ 5,722,596



# Next Steps

- Budget adoption schedule:
  - Submit budget to Commission on January 5<sup>th</sup>
  - If approved, forwarded to jurisdictions for final approval
  - Subsidy included in jurisdictions' FY 2013 budget



# End of Presentation

*Questions?*



Extension of the Norfolk Southern Operating Access Agreement

The VRE Operations Board recommends approval of Resolution #2179. This resolution extends the existing agreement with Norfolk Southern to July 31, 2012. The current agreement expires January 31, 2012.

The purpose of the extension is to allow more time to negotiate unresolved insurance issues. The terms of the current agreement would continue during the extended period.



## RESOLUTION #2179

**SUBJECT:** Extension of Norfolk Southern Operating Access Agreement.

**WHEREAS:** The commissions currently have an operating/access agreement with Norfolk Southern relating to VRE operations in the Manassas to Washington corridor, with said agreement ending on January 31, 2012;

**WHEREAS:** Staff has reached an agreement in principle on many substantive items relating to a new agreement following detailed negotiation sessions with Norfolk Southern representatives;

**WHEREAS:** A proposal to extend the existing agreement to July 31, 2012, without any changes to the existing agreement 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 2012 and FY 2013 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, 2012.

Approved this 5<sup>th</sup> day of January, 2012.

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Chairman

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Secretary-Treasurer



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**AGENDA ITEM 10-C**  
**ACTION ITEM**

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

**FROM: DALE ZEHNER**

**DATE: DECEMBER 16, 2011**

**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, 2012.

**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, 2012. 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.

Progress slowed, however, due to a failure to reach an agreement on the level of liability coverage. Despite this progress, an extension of the current agreement is needed while this issue is resolved. Recent informal discussions with Norfolk Southern indicate that they may be ready to restart negotiations. The major issue in the negotiation remains the level of liability coverage.

**FISCAL IMPACT:**

Funding for the Norfolk Southern track access fee has been budgeted in the FY 2012 and FY 2013 budgets, including an escalation of 4%.



AGENDA ITEM #6

**TO:** Chairman Euille and NVTC Commissioners

**FROM:** Rick Taube and Scott Kalkwarf

**DATE:** December 29, 2011

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

---

Representatives from NVTC's audit firm, PBGH LLP will be present to describe the results of their annual audit for FY 2011. They again issued an unqualified (clean) opinion that NVTC's financial statements, in all material respects, fairly and accurately present the financial position of the organization. A clean report was also issued on the internal control of NVTC's financial reporting, compliance and other matters. No management letter was provided.

Regarding compliance with the federal OMB Circular A-133, the report reads that NVTC complied in all material respects with those requirements. However, an item was discovered that is required to be reported. NVTC staff did not properly submit the June 30, 2010 financial statements to the Federal Audit Clearinghouse (FAC) by the required due date. This occurred because NVTC staff did not receive the email notification with log-in credentials, and therefore failed to electronically activate its filing. To guard against this recurring, NVTC staff has initiated a system to generate an internal reminder, whether or not the email notice is received from the FAC.

After discussion, the commission is asked to accept the audit report and to authorize staff to provide copies of the audited financial statements to the mailing list of interested agencies and firms, and release the information to the public.



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**NORTHERN VIRGINIA  
TRANSPORTATION COMMISSION**

**Financial and Compliance Reports  
Year Ended June 30, 2011**

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
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**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2011**



## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the Northern Virginia Transportation Commission (Commission) as of and for the year ended June 30, 2011, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the Commission as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2011 on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (pages 3 to 13) and the required supplementary information (page 52) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

PBGH, LLP

Harrisonburg, Virginia  
December 20, 2011

## **NORTHERN VIRGINIA TRANSPORTATION COMMISSION MANAGEMENT'S DISCUSSION AND ANALYSIS**

This discussion and analysis of Northern Virginia Transportation Commission's (NVTC) financial performance provides an overview of NVTC's financial activities for the fiscal year that ended on June 30, 2011. Please read it in conjunction with the accompanying financial statements which follow this section.

### **FINANCIAL HIGHLIGHTS**

#### **Highlights for Government-wide Financial Statements**

The government-wide financial statements report information about the NVTC reporting entity as a whole using the economic resources measurement focus and accrual basis of accounting.

- NVTC's assets exceeded liabilities by \$80.8 million on a government-wide basis as of June 30, 2011. Of this total, \$80.6 million is for business-type activities with the balance for governmental activities
- For the fiscal year, grants, contributions and other revenue net of transfers of NVTC's governmental activities amounted to \$146.7 million. Expenses were approximately equal to revenue.
- For the fiscal year, revenues and transfers of NVTC's business-type activities were \$63.4 million. Expenses amounted to \$34.4 million.

#### **Highlights for Fund Financial Statements**

The fund financial statements provide detailed information about NVTC's funds using the current financial resources measurement focus and modified accrual basis of accounting.

- NVTC's governmental funds reported an increase in fund balance of \$70,745 for fiscal year 2011, compared to an increase of \$3,172 for fiscal year 2010. The governmental funds balance as of June 30, 2011 totaled \$345,262 compared with \$274,517 at the end of the previous fiscal year.
- During the fiscal year, the proprietary fund net assets increased by approximately \$29.0 million, from \$51.5 million to \$80.5 million.
- NVTC's fiduciary fund reported a decrease of \$14.6 million in net assets held in trust for member jurisdictions, from \$148.6 million to \$134.0 million.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

### **Government-Wide Financial Statements**

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

Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the NVTC reporting entity is improving or declining. Net assets are one way to measure financial position, but the reader should also consider other indicators, such as for the business-type activities, the rate of growth of operating subsidies, passenger fare levels, ridership, general economic conditions and the age and condition of capital assets.

Revenue is classified as program or general revenues. Program revenues are further classified as charges for services, operating grants and contributions, and capital grants and contributions. Expenses are reported by functions and programs. Transfers between the governmental activities and business-type activities are reported under the general revenues section.

### **Fund Financial Statements**

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

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

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

**Proprietary Fund.** The proprietary fund is used to account for NVTC's share of the Virginia Railway Express (VRE) joint venture. The fund is used to account for the same functions reported as business-type activities in the government-wide financial statements. The three statements included for the proprietary fund are the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows.

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

### **Notes to the Basic Financial Statements**

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

### **Required Supplementary Information**

Additional information that is required by accounting principles generally accepted in the United States to be presented as a supplement to the basic financial statements.

### **Supplementary Information**

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

## **FINANCIAL ANALYSIS OF THE NVTC REPORTING ENTITY AS A WHOLE**

### **Statement of Net Assets**

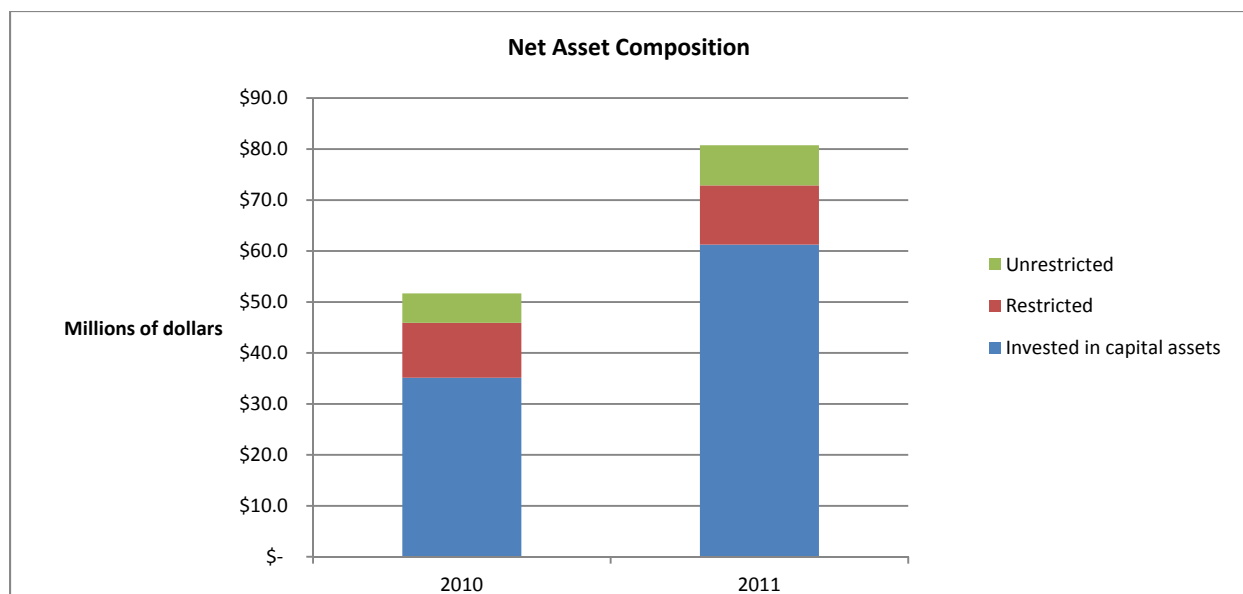
The following table presents a summary of the Statement of Net Assets for the NVTC reporting entity as of June 30, 2011 and 2010:

#### **Summary of Net Assets As of June 30,**

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Primary Government</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Assets:						
Current and other assets	\$ 16,073,312	\$ 8,582,875	\$ 24,108,555	\$ 22,799,581	\$ 40,181,867	\$ 31,382,456
Capital assets	61,080	5,559	161,102,623	140,462,409	161,163,703	140,467,968
Total assets	16,134,392	8,588,434	185,211,178	163,261,990	201,345,570	171,850,424
Liabilities:						
Current and other liabilities	15,836,458	8,338,352	14,888,752	15,421,143	30,725,210	23,759,495
Long-term liabilities	89,138	78,161	89,773,230	96,316,917	89,862,368	96,395,078
Total liabilities	15,925,596	8,416,513	104,661,982	111,738,060	120,587,578	120,154,573
Net assets:						
Invested in capital assets, net	61,080	5,559	61,211,996	35,149,338	61,273,076	35,154,897
Restricted	-	-	11,585,848	10,753,522	11,585,848	10,753,522
Unrestricted	147,716	166,362	7,751,352	5,621,070	7,899,068	5,787,432
Total net assets	\$ 208,796	\$ 171,921	\$ 80,549,196	\$ 51,523,930	\$ 80,757,992	\$ 51,695,851

As noted earlier, net assets may serve as a useful indicator of a government's financial position. As shown above, total assets exceeded liabilities by \$80.8 million, an increase of \$29.1 million over the previous fiscal year. The largest portion of net assets, \$61.3 million or 75.9 percent, represents the investment in capital assets (e.g., land, building, improvements, rolling stock, equipment and software). These assets are used to provide service to riders; consequently, these assets are not available for future spending. The investment in capital assets is reported net of accumulated depreciation, amortization and related debt. The resources required to repay this debt must be provided annually from operations and federal, state and local support since it is unlikely the capital assets themselves will be liquidated to pay liabilities.

A portion of the net assets, \$11.6 million or 14.3 percent represents resources that are restricted for the commuter rail liability insurance plan, debt service, and the purchase of replacement rolling stock.



Capital assets, net of accumulated depreciation and amortization, increased approximately \$20.7 million or 14.7 percent as the result of rolling stock and facilities additions.

Current assets consist primarily of grant revenue and motor fuel sales tax due from the Commonwealth of Virginia for governmental activities, and restricted and non-restricted cash, cash equivalents, and investments for the business-type activities. As of June 30, 2011, approximately \$19.3 million was due from the Commonwealth of Virginia, of which \$9.1 million is for motor fuel sales tax, and \$10.2 million for grant revenue. This is an \$8.0 million or 71.5 percent increase from the previous fiscal year, of which motor fuels sales tax receivables increased \$2.3 million and grant revenue increased \$5.7 million. The \$5.7 million increase in the receivable for grant revenue is due primarily to an increase in the final operating assistance due for the fiscal year, and an increase in the number of jurisdiction capital grants invoiced near the end of the fiscal year. The \$2.3 million increase in motor fuel sales tax due is primarily the result of increasing fuel prices between periods. As of June 30, 2011, \$3.6 million of the amount due from the Commonwealth was for the commuter rail service, \$15.5 million was for the jurisdiction transit function of NVTC, and \$86,689 was for general and administrative and projects. Cash, cash equivalents and investments increased approximately 3.4%, and totaled \$15.8 million, of which all but \$305,082 was for the business-type activities of the commuter rail service.

Net assets of the jurisdiction trust fund are not reported in the entity-wide statement of net assets, as they are considered fiduciary funds and are held in trust for the NVTC member jurisdictions restricted use.

## Statement of Changes in Net Assets

The following table shows the revenues and expenses and the change in net assets of the NVTC reporting entity for the fiscal years ended June 30, 2011 and 2010:

### Summary of Changes in Net Assets Fiscal Years Ended June 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues						
Charges for services	\$ -	\$ -	\$ 13,043,303	\$ 12,679,759	\$ 13,043,303	\$ 12,679,759
Operating grants and contributions	102,853,466	114,108,201	5,229,291	5,302,771	108,082,757	119,410,972
Capital grants and contributions	-	-	21,786,052	1,737,091	21,786,052	1,737,091
General revenues						
Intergovernmental:						
Commuter rail	23,379,749	23,738,000	-	-	23,379,749	23,738,000
Motor vehicle fuel sales tax	43,812,756	36,135,996	-	-	43,812,756	36,135,996
Interest	856	1,376	6,069	42,884	6,925	44,260
Other	8,316	-	-	-	8,316	-
Transfers	(23,379,749)	(23,738,000)	23,379,749	23,738,000	-	-
Total revenues	146,675,394	150,245,573	63,444,464	43,500,505	210,119,858	193,746,078
Expenses:						
General and administration	2,332,225	1,654,549	-	-	2,332,225	1,654,549
Jurisdiction transit	144,306,294	148,598,889	-	-	144,306,294	148,598,889
Commuter rail	-	-	34,419,198	33,087,134	34,419,198	33,087,134
Total expenses	146,638,519	150,253,438	34,419,198	33,087,134	181,057,717	183,340,572
Change in net assets	36,875	(7,865)	29,025,266	10,413,371	29,062,141	10,405,506
Beginning net assets	171,921	179,786	51,523,930	41,110,559	51,695,851	41,290,345
Net assets, ending	\$ 208,796	\$ 171,921	\$ 80,549,196	\$ 51,523,930	\$ 80,757,992	\$ 51,695,851

For the fiscal year ended June 30, 2011, revenues totaled \$210.1 million, compared to \$193.7 million in the preceding year, an increase of \$16.4 million or 8.5 percent. Expenses decreased \$2.3 million or 1.2%. A discussion of the key components of these changes is included in the funds analysis.

## **FINANCIAL ANALYSIS OF THE REPORTING ENTITY'S FUNDS**

### **Governmental Funds**

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

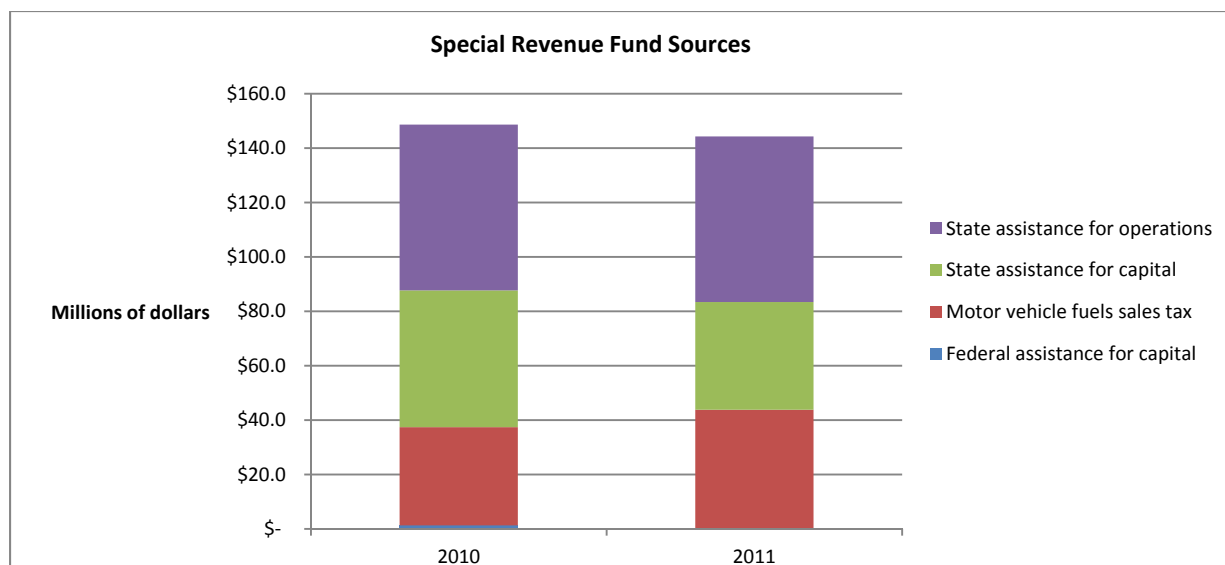
NVTC adopts an annual operating budget for the planning and administrative activities of the General Fund for the purpose of determining the annual contributions from the member jurisdictions required to fund these activities. In addition, the various projects included in the General Fund have individual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

As of June 30, 2011 the General Fund had a total fund balance of \$345,262 of which \$39,185 was nonspendable and \$306,077 was unassigned. The fund balance increased \$70,745 or 25.8 percent from the preceding year due to a favorable budget variance, offset by a budgeted drawdown of surplus funds.

During fiscal year 2011, NVTC's regional projects incurred a total of \$1,379,016 in direct costs. Six of these projects were funded with state and federal sources totaling \$1,205,590. The \$173,426 in other funding sources includes local contributions from NVTC to primarily cover payroll and payroll related costs.

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

Intergovernmental revenues decreased approximately \$3.0 million or 2.0 percent from the previous fiscal year. A comparison of the revenue by type between fiscal years follows:



State assistance for operations is revenue from the state FTM/Admin formula assistance program. Operating assistance remained about constant between fiscal years, as did the state-wide assistance available for the operating assistance program. The FTM/Admin assistance program is funded at the statutory fixed rate of 73.5% of projected Mass Transit Trust Fund revenue. Since fiscal year 2009, the FTM/Admin program receives a portion of the state recordation tax to help fund the operating program.

State assistance for capital expenditures recognized by the special revenue fund during fiscal year 2011 decreased \$10.7 million or 21.3 percent from the previous fiscal year. This decrease is primarily the result of a greater amount of eligible expenses invoiced during the previous fiscal year, combined with various state participation rates for different classes of assets and fluctuating rates from year to year. State assistance for capital expenditures during the fiscal year includes revenue from the Mass Transit Trust Fund, the Mass Transit Capital program, the Transportation Trust Fund, and the NTD bond program. The state-wide capital program is funded at the statutory fixed rate of 25% of projected Mass Transit Trust Fund revenues. The fiscal year 2011 program allocated an additional \$42.4 million from the Mass Transit Capital program for state-wide needs.

Effective January 1, 2010, the Motor Vehicle Fuel Sales tax is levied on distributors of gasoline and diesel fuel for deliveries within NVTC's jurisdictions at the rate of 2.1%. Prior to this, the tax was levied on the retail sales at the rate of 2%. The Department of Taxation, the state agency responsible for administering the tax, has not determined the impact on revenue collections with the change in the tax. However, NVTC's analysis indicates it is most likely not significant. Motor Vehicle Fuel Sales tax revenue increased by \$7.7 million or 21.3 percent from the previous fiscal year. This increase is consistent with the national average price increase for all grades of gasoline over the same period, as calculated from U.S. DOE weekly price data. Overall demand, the price elasticity impacting demand, grade mix, and taxpayer compliance are some of the other factors that affect revenue collections.

### **Proprietary Fund**

The proprietary fund captures NVTC's portion of the financial activity of the joint venture Virginia Railway Express (VRE) commuter rail service. Assets owned by NVTC and the Potomac and Rappahannock Transportation Commission (PRTC) for the VRE operations have been funded by a variety of sources including federal assistance with PRTC as grantee, Commonwealth of Virginia assistance with NVTC-VRE as grantee, local contributions, and various loans and other financing arrangements for which one or both Commissions have served as issuer, borrower, or in other related capacities. For financial statement reporting purposes, assets, liabilities and operations are assigned and allocated to NVTC and PRTC based on asset ownership, named entity on debt instruments, and sources of funding.

NVTC's share of operating revenue increased about \$0.4 million or 2.8%, while operating expenses increased \$1.0 million or 4.5%. Capital contributions and transfers increased \$19.7 million or 43.6 percent, reflecting the significant investment in capital assets during the year.

In order to present a full and accurate picture of VRE operations, all financial transactions related to the commuter rail program reported separately in the financial statements of NVTC and PRTC are combined in a separate set of financial statements. These audited financial statements can be obtained from the Director of Finance and Administration of NVTC at 2300 Wilson Blvd., Suite 620, Arlington, VA 22201.

### **Fiduciary Fund**

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

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

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

The details of capital assets as of June 30, 2011 and 2010 are as follows:

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2011	2010	2011	2010	2011	2010
Rolling stock	\$ -	\$ -	\$ 109,195,303	\$ 87,926,088	\$ 109,195,303	\$ 87,926,088
Vehicles	-	-	49,916	37,081	49,916	37,081
Facilities	-	-	46,167,777	39,049,578	46,167,777	39,049,578
Track and signal improvements	-	-	26,342,184	26,075,500	26,342,184	26,075,500
Equipment and software	-	-	4,196,719	4,388,161	4,196,719	4,388,161
Construction in progress	-	-	15,841,673	21,408,789	15,841,673	21,408,789
Equity in local properties	-	-	2,622,399	2,622,399	2,622,399	2,622,399
Furniture, equipment and software	88,443	131,448	1,880,058	1,862,332	1,968,501	1,993,780
	88,443	131,448	206,296,029	183,369,928	206,384,472	183,501,376
Less accumulated depreciation and amortization	27,363	125,889	45,193,406	42,907,519	45,220,769	43,033,408
<b>Total capital assets, net</b>	<b>\$ 61,080</b>	<b>\$ 5,559</b>	<b>\$ 161,102,623</b>	<b>\$ 140,462,409</b>	<b>\$ 161,163,703</b>	<b>\$ 140,467,968</b>

NVTC's investment in capital assets as of June 30, 2011 amounted to \$161.2 million which represents an increase of \$20.7 million or 14.7 percent over last year. Completed projects totaling approximately \$32.5 million were closed from construction in progress to their respective capital accounts and an additional \$0.1 million was charged directly to the capital accounts.

The major completed projects were: manufacture of 13 new locomotives; construction of a second platform and pedestrian overpass at the Woodbridge station; Fredericksburg station viaduct and platform rehabilitation; and the construction of a maintenance facility at the Broad Run yard. Seven older locomotives were sold during the year for a combined net loss recognized by NVTC of approximately \$135,000. The major additions to construction in progress during the fiscal year were for the acquisition of new locomotives, and improvements to the stations and yards.

### **Debt Administration**

At June 30, 2011, the commissions had total debt outstanding of \$107.7 million, of which \$98.0 million is reported by NVTC. The revenue bond debt is issued under the name of the NVTC. The bonds are secured by a pledge of VRE operations revenue. A debt service insurance policy guarantees payment of each bond series.

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

	2011	2010
Revenue bonds	\$ 24,295,000	\$ 29,490,000
Capital leases	9,983,326	10,387,814
Notes payable (includes RRIF)	63,685,611	64,189,851
<b>Total</b>	<b>\$ 97,963,937</b>	<b>\$ 104,067,665</b>

VRE operations uses a revolving line of credit in the name of NVTC of up to \$1 million with SunTrust Bank; the line was not utilized during 2011.

### **Economic Factors and Next Year's Budget**

It is expected that operating assistance recognized by the Special Revenue fund will increase over 20% from fiscal year 2011 levels, as reflected in the fiscal year 2012 state assistance program. Likewise, the amount of capital assistance appropriated to NVTC increased for fiscal year 2012, however, the actual amount of revenue that will be recognized during the fiscal year is dependent on when eligible capital costs are incurred.

The U.S. Energy Information Administration forecasts a 9% increase in the average price of gasoline nationwide for fiscal year 2012. If that forecast holds true for the NVTC region, and the historical relationship between gas prices and motor fuel sales tax collections continue, a similar percentage increase in gas tax revenue for the Special Revenue fund should be realized.

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

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

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of NVTC's finances for all those interested. If you have any questions about this report or need additional financial information, contact the Director of Finance and Administration, Northern Virginia Transportation Commission, 2300 Wilson Boulevard, Suite 620, Arlington, Virginia 22201, or by email to [scott@nvtcd.org](mailto:scott@nvtcd.org).

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2011**

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET ASSETS**  
June 30, 2011

ASSETS	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
Cash and cash equivalents	\$ 305,082	\$ 3,973,565	\$ 4,278,647
Due from other governments:			
Commonwealth of Virginia	19,265,628	-	19,265,628
Federal	74,267	-	74,267
Trade accounts receivable, net	-	1,477,627	1,477,627
Other receivables	17,085	119,837	136,922
Inventory	-	1,888,504	1,888,504
Deposits and prepaid items	39,185	186,488	225,673
Restricted cash, cash equivalents and investments	-	11,533,744	11,533,744
Internal balances	(3,627,935)	3,627,935	-
Deferred bond and lease costs, net	-	1,300,855	1,300,855
Capital assets:			
Rolling stock	-	109,195,303	109,195,303
Vehicles	-	49,916	49,916
Facilities	-	46,167,777	46,167,777
Track and signal improvements	-	26,342,184	26,342,184
Equipment and software	-	4,196,719	4,196,719
Construction in progress	-	15,841,673	15,841,673
Equity in local properties	-	2,622,399	2,622,399
Furniture, equipment and software	88,443	1,880,058	1,968,501
Less accumulated depreciation and amortization	(27,363)	(45,193,406)	(45,220,769)
Total assets	16,134,392	185,211,178	201,345,570

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET ASSETS**  
June 30, 2011

<b>LIABILITIES</b>	<b>Primary Government</b>		<b>Total Primary Government</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
Accounts payable	\$ 170,160	\$ 1,122,889	\$ 1,293,049
Accounts payable - rolling stock	-	546,428	546,428
Accrued expenses	19,200	2,152,625	2,171,825
Accrued interest	-	850,974	850,974
Due to fiduciary fund	15,538,690	-	15,538,690
Deferred revenue	-	517,907	517,907
Lease liability	79,803	-	79,803
Contract retainage	-	1,835,371	1,835,371
Noncurrent liabilities:			
Due within one year:			
Compensated absences	28,605	1,104	29,709
Notes payable	-	1,734,009	1,734,009
Capital lease obligations	-	517,445	517,445
Bonds payable, net	-	5,610,000	5,610,000
Due in more than one year:			
Compensated absences	89,138	125,855	214,993
Notes payable	-	61,951,602	61,951,602
Capital lease obligations	-	9,375,881	9,375,881
Bonds payable, net	-	18,319,892	18,319,892
Total liabilities	<u>15,925,596</u>	<u>104,661,982</u>	<u>120,587,578</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	61,080	61,211,996	61,273,076
Restricted for liability insurance plan	-	5,026,484	5,026,484
Restricted for debt service and capital lease	-	6,259,239	6,259,239
Restricted grants or contributions	-	300,125	300,125
Unrestricted	147,716	7,751,352	7,899,068
Total net assets	<u>\$ 208,796</u>	<u>\$ 80,549,196</u>	<u>\$ 80,757,992</u>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2011

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total Primary Government
Primary government:							
Governmental activities:							
General and administration	\$ 2,332,225	\$ -	\$ 2,359,248	\$ -	\$ 27,023	\$ -	\$ 27,023
Jurisdiction transit	144,306,294	-	100,494,218	-	(43,812,076)	-	(43,812,076)
Total governmental activities	146,638,519	-	102,853,466	-	(43,785,053)	-	(43,785,053)
Business-type activities:							
Commuter rail	34,419,198	13,043,303	5,229,291	21,786,052	-	5,639,448	5,639,448
Total business-type activities	34,419,198	13,043,303	5,229,291	21,786,052	-	5,639,448	5,639,448
Total primary government	\$ 181,057,717	\$ 13,043,303	\$ 108,082,757	\$ 21,786,052	(43,785,053)	5,639,448	(38,145,605)
General revenues:							
Intergovernmental revenue - commuter rail					23,379,749	-	23,379,749
Intergovernmental revenue - motor vehicle fuel sales tax					43,812,756	-	43,812,756
Interest income					856	6,069	6,925
Other					8,316	-	8,316
Transfers					(23,379,749)	23,379,749	-
Total general revenues and transfers, net					43,821,928	23,385,818	67,207,746
Change in net assets					36,875	29,025,266	29,062,141
Net assets, beginning of year					171,921	51,523,930	51,695,851
Net assets, end of year					\$ 208,796	\$ 80,549,196	\$ 80,757,992

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2011

	<b>Major Funds</b>		
	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 305,082	\$ -	\$ 305,082
Due from other governments:			
Commonwealth of Virginia	3,726,938	15,538,690	19,265,628
Federal	74,267	-	74,267
Due from proprietary fund	12,314	-	12,314
Other receivables	17,085	-	17,085
Deposits and prepaid items	39,185	-	39,185
Total assets	<u>\$ 4,174,871</u>	<u>\$ 15,538,690</u>	<u>\$ 19,713,561</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 170,160	\$ -	\$ 170,160
Accrued salaries	19,200	-	19,200
Due to proprietary fund	3,640,249	-	3,640,249
Due to fiduciary fund	-	15,538,690	15,538,690
Total liabilities	<u>3,829,609</u>	<u>15,538,690</u>	<u>19,368,299</u>
<b>FUND BALANCES</b>			
Nonspendable			
Deposits and prepaid items	39,185	-	39,185
Unassigned	306,077	-	306,077
Total fund balance	<u>345,262</u>	<u>-</u>	<u>345,262</u>
Total liabilities and fund balance	<u>\$ 4,174,871</u>	<u>\$ 15,538,690</u>	<u>\$ 19,713,561</u>

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

Fund balances - governmental funds	\$ 345,262
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$88,443 and the accumulated depreciation and amortization is \$27,363.	61,080
Lease liability only recognized in the government-wide financial statements.	(79,803)
Compensated absences are liabilities not due and payable in the current period and, therefore, are not reported in the governmental funds.	(117,743)
Net assets - governmental activities	<u>\$ 208,796</u>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
Year Ended June 30, 2011

	<b>Major Funds</b>		<b>Total</b>
	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Governmental Funds</b>
Revenues:			
Intergovernmental revenues:			
Grants and contributions:			
Commonwealth of Virginia	\$ 24,607,926	\$ 100,494,218	\$ 125,102,144
Local jurisdictions	310,000	-	310,000
Federal	749,812	-	749,812
Motor vehicle fuel sales tax	680	43,812,076	43,812,756
Project chargebacks	70,000	-	70,000
Local project contributions	1,259	-	1,259
Interest income	856	-	856
Other income	8,316	-	8,316
Total revenues	<u>25,748,849</u>	<u>144,306,294</u>	<u>170,055,143</u>
Expenditures:			
Current:			
General and administration	857,601	-	857,601
Project costs	1,379,016	-	1,379,016
Payments to fiduciary fund	-	144,306,294	144,306,294
Capital outlay	61,738	-	61,738
Total expenditures	<u>2,298,355</u>	<u>144,306,294</u>	<u>146,604,649</u>
Other Financing Uses:			
Transfer out	<u>(23,379,749)</u>	<u>-</u>	<u>(23,379,749)</u>
<b>Change in fund balances</b>	<b>70,745</b>	<b>-</b>	<b>70,745</b>
Fund balances, beginning of year	<u>274,517</u>	<u>-</u>	<u>274,517</u>
Fund balances, end of year	<u><u>\$ 345,262</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 345,262</u></u>

Change in fund balances - total governmental funds \$ 70,745

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

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

Add - capital outlay	61,738
Deduct - depreciation and amortization expense	(6,217)

Amortization of lease liability is only recognized in the government-wide financial statements.	(79,803)
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The change in compensated absences included in the expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>(9,588)</u>
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Change in net assets of governmental activities	<u><u>\$ 36,875</u></u>
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*The accompanying notes are an integral part of the financial statements.*

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUND**  
June 30, 2011

**ASSETS**

Current Assets:

Cash and cash equivalents	\$ 3,973,565
Accounts receivable:	
Due from general fund	3,640,249
Trade receivables, net of allowance for doubtful accounts	1,477,627
Other receivables	119,837
Inventory	1,888,504
Prepaid expenses and other	186,488
Restricted cash, cash equivalents and investments	<u>11,533,744</u>

<b>Total current assets</b>	<u>22,820,014</u>
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Noncurrent Assets:

Deferred bond and lease costs, net	<u>1,300,855</u>
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Capital assets:

Rolling stock	109,195,303
Vehicles	49,916
Facilities	46,167,777
Track and signal improvements	26,342,184
Equipment and software	4,196,719
Construction in progress	15,841,673
Equity in local properties	2,622,399
Furniture, equipment and software	<u>1,880,058</u>
	206,296,029
Less accumulated depreciation and amortization	<u>(45,193,406)</u>

<b>Total capital assets, net</b>	161,102,623
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<b>Total noncurrent assets</b>	<u>162,403,478</u>
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<b>Total assets</b>	<u><u>\$ 185,223,492</u></u>
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**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUND**  
June 30, 2011

**LIABILITIES AND NET ASSETS**

Current Liabilities:	
Accounts payable	\$ 1,122,889
Accounts payable – rolling stock	546,428
Due to general fund	12,314
Compensated absences	1,104
Accrued expenses	2,152,625
Accrued interest	850,974
Unearned revenue	517,907
Contract retainage	1,835,371
Notes payable	1,734,009
Current portion of capital lease obligations	517,445
Current portion of bonds payable	<u>5,610,000</u>
<b>Total current liabilities</b>	<u>14,901,066</u>
Noncurrent Liabilities:	
Capital lease obligations	9,375,881
Notes payable	61,951,602
Bonds payable, net	18,319,892
Compensated absences	<u>125,855</u>
<b>Total noncurrent liabilities</b>	<u>89,773,230</u>
<b>Total liabilities</b>	<u>104,674,296</u>
Net Assets:	
Invested in capital assets, net of related debt	61,211,996
Restricted for liability insurance plan	5,026,484
Restricted for debt service and capital lease	6,259,239
Restricted grants or contributions	300,125
Unrestricted	<u>7,751,352</u>
<b>Total net assets</b>	<u>80,549,196</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 185,223,492</u></u>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUND**  
Year Ended June 30, 2011

Operating Revenues:	
Passenger revenue	\$ 12,963,177
Equipment rentals and other	80,126
	<hr/>
Total operating revenues	13,043,303
	<hr/>
Operating Expenses:	
Contract operations and maintenance	8,572,905
Other operations and maintenance	5,186,034
Property leases and access fees	4,708,397
Insurance	1,621,955
Marketing and sales	601,713
General and administrative	2,388,917
	<hr/>
Total operating expenses	23,079,921
	<hr/>
Operating loss before depreciation and amortization	(10,036,618)
Depreciation and amortization	<hr/> (6,109,103)
	<hr/>
Operating loss	(16,145,721)
	<hr/>
Nonoperating Revenues (Expenses):	
Subsidies:	
Jurisdictional contributions	5,229,291
Interest income:	
Operating funds	5,877
Other restricted funds	192
Interest, amortization and other nonoperating expenses, net	<hr/> (5,094,371)
	<hr/>
Total nonoperating revenues, net	140,989
	<hr/>
Loss before capital contributions and transfers	(16,004,732)
	<hr/>
Capital contributions and transfers:	
Repayment to Commonwealth of Virginia	(4,515)
Other local contributions	33,450
Contribution from PRTC	21,757,117
Transfers in	23,379,749
	<hr/>
Total capital contributions and transfers	45,165,801
	<hr/>
Loss on disposal of assets	(135,803)
	<hr/>
Change in net assets	29,025,266
Net assets, beginning	<hr/> 51,523,930
Net assets, ending	<hr/> \$ 80,549,196

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
Year Ended June 30, 2011

Cash Flows From Operating Activities:	
Receipts from customers	\$ 13,298,860
Payments to suppliers	(23,263,632)
Payments to employees	(1,646,385)
Net cash used in operating activities	<u>(11,611,157)</u>
Cash Flows From Noncapital Financing Activities:	
Governmental subsidies	<u>18,370,937</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(25,964,277)
Capital grants and assistance	9,553,268
Proceeds from sale of capital assets	75,000
Principal paid on capital lease obligations	(494,488)
Principal paid on notes	(1,654,016)
Principal paid on bonds	(5,195,000)
Interest paid on capital lease obligation	(471,191)
Interest paid on bonds and notes	(4,525,203)
Contribution from PRTC	22,430,350
Net cash used in capital and related financing activities	<u>(6,245,557)</u>
Cash Flows From Investing Activities:	
Interest received on investments	<u>6,029</u>
Increase in cash and cash equivalents	520,252
Cash and Cash Equivalents, beginning	14,987,057
Cash and Cash Equivalents, ending	<u><u>\$ 15,507,309</u></u>
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:	
Operating loss	\$ (16,145,721)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	6,109,103
Loss on disposal of assets	13,818
(Increase) decrease in:	
Accounts receivable	138,767
Other receivables	22,146
Inventory	(508,576)
Prepaid expenses and other	122,821
Increase (decrease) in:	
Accounts payable and accrued expenses	(1,458,159)
Unearned revenue	94,644
Net cash used in operating activities	<u><u>\$ (11,611,157)</u></u>
Schedule of Noncash Capital Activities:	
Capital assets acquired through accounts payable	\$ 804,870
Capital assets acquired through notes payable	1,149,776
Capital assets acquired through accrued liabilities	1,437,916
Capital assets acquired through in-kind contributions	98,684
	<u><u>\$ 3,491,246</u></u>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUND**  
June 30, 2011

	<u><b>Jurisdiction Trust Fund</b></u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 118,421,124
Due from special revenue fund - Commonwealth of Virginia grants	6,427,396
Due from special revenue fund - Motor fuels sales tax	<u>9,111,294</u>
Total assets	<u>133,959,814</u>
<b>NET ASSETS</b>	
Net assets held in trust for member jurisdictions	<u><u>\$ 133,959,814</u></u>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND**

Year Ended June 30, 2011

	<u><b>Jurisdiction Trust Fund</b></u>
Additions:	
Contributions from government	\$ 144,306,294
Investment income	252,712
Total additions	<u>144,559,006</u>
Deductions:	
Funds disbursed to WMATA:	
Capital improvement program	10,868,498
Project development	353,000
Metrorail operating	25,696,502
Metrobus operating	60,821,384
MetroAccess operating	11,683,861
Metro debt service	7,467,558
Other funds disbursed:	
Other capital disbursements	12,793,250
Other operating disbursements	29,477,080
Total deductions	<u>159,161,133</u>
 <b>Change in net assets</b>	 (14,602,127)
Net assets held in trust for member jurisdictions	
Beginning of year	148,561,941
End of year	<u><u>\$ 133,959,814</u></u>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2011**

## **NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS**

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#### **Note 1. Summary of Significant Accounting Policies**

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

##### **A. Reporting Entity**

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

The NVTC and Potomac and Rappahannock Transportation Commission (PRTC) reporting entities each include a portion of the financial activity of the joint venture Virginia Railway Express (VRE) commuter rail service. Pursuant to a Master Agreement signed in 1989, NVTC and PRTC jointly (as the "Commissions") own and operate VRE. Assets for VRE operations have been purchased in the name of the Commissions and funded primarily by grants, loans or other financing arrangements for which one or both Commissions have served as grantee, issuer, borrower, or in other related capacities. VRE provides commuter rail service on two railroad lines originating in Fredericksburg and Manassas, Virginia and terminating at Union Station, Washington, D.C. The service uses existing track of the CSX Transportation Corporation ("CSX"), and the Norfolk Southern Railway Company, under respective operating access agreements. Trains are operated and maintained pursuant to an agreement between the Commissions and Keolis Rail Services Virginia, LLC, and Amtrak provides the Commissions with access to and storage and other services at Union Station.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

#### B. Government-wide and Fund Financial Statements

The government-wide financial statements (the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of NVTC. Governmental activities, which are supported by intergovernmental revenues, are reported separately from the business-type activities of the VRE joint venture, which rely to a significant extent on charges for services.

The government-wide Statement of Activities is designed to report the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers who use services provided by a given function, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

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

Separate fund financial statements are provided for governmental funds, proprietary fund, and fiduciary fund. The governmental funds are reported on a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances (fund equity). The proprietary fund is reported on a Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows. The fiduciary fund is reported on a Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. The fiduciary fund is not included in the government-wide statements. Eliminations have been made to minimize the double counting of internal activities.

#### C. Measurement Focus and Basis of Accounting

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

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

#### C. Measurement Focus and Basis of Accounting (Continued)

**Proprietary Fund** – The financial statements of the proprietary fund, are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses are those that result from providing services in connection with the principal ongoing operation. The principal operating revenues are charges to customers which result in passenger revenues. Passenger revenues are recorded as revenue at the time services are performed. Cash received for services in advance is deferred until earned. Operating revenues and expenses also include all revenues and expenses not associated with capital and related financing, noncapital financing, subsidies, or investing activities. Intergovernmental revenues, consisting primarily of Commonwealth of Virginia grants, designated for payment of specific expenses, are recognized at the time that the expenses are incurred. Capital grants and assistance are recognized as additions are made to capital assets and other contributions are included in the Statements of Revenues, Expenses and Changes in Net Assets when expended. Monetary and in-kind contributions are recorded as matching obligations to the jurisdictions or other construction partners as assessed. Any excess of grant revenues or expenses at year end are recorded as unearned revenue or accounts receivable, respectively.

NVTC reports the following major enterprise fund:

#### Commuter Rail Service Fund

The Commuter Rail Service Fund accounts for NVTC's portion of operation and maintenance costs for commuter rail service, financed by charges for services and operating and capital received from the Commonwealth of Virginia.

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

#### D. Budgeting

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

#### E. Other Significant Accounting Policies

##### 1. Cash and investments

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

#### E. Other Significant Accounting Policies (Continued)

2. Restricted cash and cash equivalents

Restricted cash, cash equivalents, and investments as reported in the Statement of Net Assets are comprised of funds related to bond compliance requirements, the balance in the Liability Insurance Plan, proceeds from the sale of rolling stock, and a small liability claims account.

Restricted cash and cash equivalents as reported by the Trust fund are funds restricted for use by the member jurisdictions for certain transit purposes.

3. Allowance for uncollectible accounts

The allowance for uncollectible accounts is calculated by using historical collection data and specific account analysis. The allowance was \$100,440 at June 30, 2011.

4. Inventory

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

5. Prepaid expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements using the consumption method.

6. Capital assets

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

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

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

#### E. Other Significant Accounting Policies (Continued)

##### 6. Capital assets (Continued)

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

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

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

When, in the opinion of management, certain assets are impaired, any estimated decline in value is accounted for as a non-operating expense. There were no impaired assets as of June 30, 2011.

##### 7. Compensated absences

Vacation leave for NVTC employees is granted to all full and part-time employees and is earned based upon the length of employment. Employees with zero through 9 years of service may carryover a maximum of 240 hours of accumulated leave while employees with 10 to 15 complete years of service may carryover a maximum of 320 hours of leave. For greater than 15 years, the maximum carryover is 360 hours of leave. The allowed accumulated leave earned, yet not paid has been recorded as a liability since the leave vests and an obligation to make payment exists if an employee terminates. The executive director may authorize the conversion of excess vacation leave to sick leave.

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

#### E. Other Significant Accounting Policies (Continued)

7. Compensated absences (Continued)

The employees of the VRE joint venture are paid through PRTC and are subject to PRTC's leave policies. VRE employees are granted vacation leave based on length of employment. Employees with less than ten years of service may carry over a total of 225 hours of leave from year to year, while those with more than ten years may carry over 300 hours. Excess leave may convert to sick leave or may be paid out with the approval of the Chief Executive Officer.

VRE employees may accumulate sick leave without limitation. Employees who separate in good standing after five or more years of service will be paid for 25 percent of their sick leave credit in excess of 450 hours. Certain employees may accumulate compensatory leave for overtime worked. Compensated absences are accrued when incurred.

8. Long-term obligations

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

9. Fund equity

In the fund financial statements, the governmental fund reports classifications of fund balance as follows:

*Nonspendable fund balance* – amounts that are not in a spendable form or are required to be maintained intact (such as prepaid items, inventory, and the principal of a permanent fund that is legally or contractually required to be maintained intact).

*Unassigned fund balance* – residual balance of the General Fund that has not been restricted, committed, or assigned to specific purposes within the General Fund.

NVTC will consider the use of restricted, committed, or assigned funds prior to the use of unassigned fund balance.

10. Indirect expenditure allocation

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

#### E. Other Significant Accounting Policies (Continued)

##### 11. Net assets

Net assets represent the difference between assets and liabilities. The caption net assets "invested in capital assets, net of related debt" consists of capital assets, net of accumulated depreciation and amortization, reduced by retainage and the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt, excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by NVTC or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NVTC first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

##### 12. Estimates and assumptions

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

### Note 2. Deposits and Investments

At June 30, 2011, cash, cash equivalents, and investments consisted of the following, at cost which approximates fair value:

	Governmental Activities	Business-type Activities	Fiduciary Fund	Total
Cash	\$ 215,856	\$ 332,130	\$ -	\$ 547,986
LGIP	89,226	3,641,435	-	3,730,661
	<u>305,082</u>	<u>3,973,565</u>	<u>-</u>	<u>4,278,647</u>
Restricted:				
LGIP	-	248,021	118,421,124	118,669,145
Insurance trust fund – pooled funds	-	5,026,484	-	5,026,484
Money market funds – U.S. Treasuries	-	6,259,239	-	6,259,239
	<u>-</u>	<u>11,533,744</u>	<u>118,421,124</u>	<u>129,954,868</u>
<b>Total</b>	<u>\$ 305,082</u>	<u>\$ 15,507,309</u>	<u>\$ 118,421,124</u>	<u>\$ 134,233,515</u>

Maturities of all investments are less than one year.

## NORTHERN VIRGINIA TRANSPORTATION COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS

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#### Note 2. Deposits and Investments (Continued)

##### Deposits

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

##### Investments

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

As of June 30, 2011, the reporting entity had investments of \$122,399,806 in the LGIP for governmental activities, business-type activities, and the fiduciary fund. The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The fair value of the position of the LGIP is the same as the value of the pool shares, i.e., the LGIP maintains a stable net asset value of \$1 per share. The LGIP has been assigned an "AAAm" rating by Standard & Poor's.

The Commonwealth of Virginia Department of Treasury manages the VRE Insurance Trust. State statutes govern the portion of assets invested in the Commonwealth's pooled accounts, while the remainder is invested by an external portfolio manager. At June 30, 2011, a total of \$10,052,968 was invested in the Insurance Trust, of which \$5,026,484 is included in the NVTC reporting entity. Beginning with fiscal year 2011, any earnings on these investments are retained by the Commonwealth of Virginia.

Accumulated bond interest and principal payments in the amount of \$6,259,239 at June 30, 2011 were held by the bond trustee, U.S. Bank, in U.S. Treasury money market accounts. Investments in U. S. Treasury money market accounts at SunTrust Bank and U.S. Bank have been assigned a "AAAm" rating by Standard & Poor's.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 2. Deposits and Investments (Continued)

NVTC's investment authority and permitted instruments are contained in resolutions approved by the NVTC Board. NVTC's investment policy objectives are to generate revenue while balancing risk and ensuring the availability of cash to meet the Commission's and the jurisdictions' expenditure requirements. The objectives are prioritized in the following order: safety, liquidity, and return on investments. Allowable investments are restricted to instruments permitted by the *Code of Virginia*, with maximum percentages of the portfolio permitted in each of the following instruments:

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

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

#### Credit risk

The investment policy specifies credit quality for certain types of investments, in accordance with the *Code of Virginia*, and the policy specifies the qualifications for institutions providing depository and investment services.

#### Custodial credit risk

For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, deposits may not be recovered. All cash of the reporting entity is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia* or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50 percent of excess deposits to a collateral pool in the name of the State Treasury Board. If any member bank fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. With the ability to make additional assessments, the multiple bank collateral pool functions similarly to depository insurance. The Commonwealth of Virginia Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act.

#### Interest rate risk

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 2. Deposits and Investments (Continued)

#### Concentration of credit risk

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

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

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

### Note 3. Due From Other Governments

At June 30, 2011, due from other governments consisted of the following:

	Project and Administrative	Jurisdiction Transit	Total
Due from Commonwealth of Virginia:			
Motor fuel sales tax	\$ 131	\$ 9,111,294	\$ 9,111,425
Grants	3,726,807	6,427,396	10,154,203
	3,726,938	15,538,690	19,265,628
Due from Federal Transit Administration:			
Grants	74,267	-	74,267
	\$ 3,801,205	\$ 15,538,690	\$ 19,339,895

Amounts due from the Commonwealth for the Project and Administrative activities include \$3,640,249 for commuter rail and \$86,559 for other projects.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 4. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets being depreciated or amortized:				
Furniture, equipment and software	\$ 131,448	\$ 61,738	\$ (104,743)	\$ 88,443
<b>Total accumulated depreciation or amortization</b>	125,889	6,217	(104,743)	27,363
<b>Governmental activities capital assets, net</b>	<u>\$ 5,559</u>	<u>\$ 55,521</u>	<u>\$ -</u>	<u>\$ 61,080</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated or amortized:				
Construction in progress	\$ 21,408,789	\$ 26,956,768	\$ (32,523,884)	\$ 15,841,673
Capital assets being depreciated or amortized:				
Rolling stock	87,926,088	-	21,269,215	109,195,303
Vehicles	37,081	12,835	-	49,916
Facilities	39,049,578	-	7,118,199	46,167,777
Track and signal improvements	26,075,500	-	266,684	26,342,184
Equipment and software	4,388,161	65,043	(256,485)	4,196,719
Equity in local properties	2,622,399	-	-	2,622,399
Furniture, equipment and software	1,862,332	17,726	-	1,880,058
<b>Total capital assets being depreciated or amortized</b>	161,961,139	95,604	28,397,613	190,454,356
Less accumulated depreciation or amortization for:				
Rolling stock	21,634,241	3,553,409	(3,809,761)	21,377,889
Vehicles	23,491	2,073	-	25,564
Facilities	9,255,089	1,184,149	-	10,439,238
Track and signal improvements	6,228,393	909,153	-	7,137,546
Equipment and software	3,400,022	268,407	(13,455)	3,654,974
Equity in local properties	1,248,749	74,926	-	1,323,675
Furniture, equipment and software	1,117,534	116,986	-	1,234,520
<b>Total accumulated depreciation or amortization</b>	42,907,519	6,109,103	(3,823,216)	45,193,406
<b>Total capital assets being depreciated or amortized, net</b>	119,053,620	(6,013,499)	32,220,829	145,260,950
<b>Business-type activities capital assets, net</b>	<u>\$ 140,462,409</u>	<u>\$ 20,943,269</u>	<u>\$ (303,055)</u>	<u>\$ 161,102,623</u>

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 4. Capital Assets (Continued)

Depreciation and amortization expenses for the year ended June 30, 2011 charged to the functions of the primary government are as follows:

	Governmental Activities	Business-type Activities
<b>Primary Government:</b>		
General and administration	\$ 6,217	\$ -
Commuter rail	-	6,109,103

### Note 5. Joint Venture – Virginia Railway Express

The NVTC reporting entity and the PRTC reporting entity contain their respective shares of the financial activity of the VRE joint venture. In order to present a full and accurate picture of VRE operations, all financial transactions related to the commuter rail program are combined in a separate set of financial statements. These audited financial statements can be obtained from the Director of Finance and Administration of NVTC at 2300 Wilson Blvd., Suite 620, Arlington, VA 22201.

Assets owned by the Commissions for the VRE operations have been funded by a variety of sources including federal assistance with PRTC as grantee, Commonwealth of Virginia assistance with NVTC-VRE as grantee, local contributions, and various loans and other financing arrangements for which one or both Commissions have served as issuer, borrower, or in other related capacities.

The federal grant agreements control the use and disposal of property acquired with federal grant funds. If property is removed from service prior to the end of its useful life, the grant recipient may be required to return to the grantor agency the federal assistance expended on that property. In addition, permission of the grantor agency is required if property is disposed of prior to the end of its useful life or at any time for an amount in excess of \$5,000.

The Master Agreement for the use of Commonwealth of Virginia Transportation Funds control the use and disposal of property acquired with state grant funds. If any project equipment are not used for the purpose for which they were purchased for the duration of their useful lives, the Commonwealth has the option of requiring the grantee to relinquish title to the project equipment or remit an amount equal to the proportional share of the fair market value based upon the ratio of participation by the state. For facilities, the Commonwealth requires an amount equal to the proportional share of fair market value based upon the ratio of participation by the state be remitted.

Pursuant to a Master Agreement signed in 1989, NVTC and PRTC jointly (as the "Commissions") own and operate VRE. VRE provides commuter rail service on two railroad lines originating in Fredericksburg and Manassas, Virginia and terminating at Union Station, Washington, D.C. The service uses existing track of the CSX Transportation Corporation ("CSX"), and the Norfolk Southern Railway Company, under respective operating access agreements. The provisions of the 1998 agreement with Amtrak for maintenance of equipment, access to Union Station, and train operations terminated on June 25, June 28 and July 9, 2011, respectively.

## **NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

### **NOTES TO THE FINANCIAL STATEMENTS**

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#### **Note 5. Joint Venture – Virginia Railway Express (Continued)**

VRE is managed by the Commissions. Certain functions have been delegated to the VRE Operations Board, consisting of three commissioners appointed from each of NVTC and PRTC and one representative of the Commonwealth of Virginia's Department of Rail and Public Transportation. The system is not currently configured for fare revenues alone to produce positive net income. In addition to fares, the project is financed with proceeds from the Commuter Rail Revenue Bond issues, lease financing, Federal and Commonwealth of Virginia grants, and local jurisdictional contributions based on a population/ridership formula that is supplemented by voluntary donations from contributing jurisdictions. Grants and contributions fund both operations and capital projects. Participating jurisdictions include the counties of Fairfax, Prince William, Spotsylvania, and Stafford; and the cities of Manassas, Manassas Park, and Fredericksburg, Virginia. Contributing jurisdictions include Arlington County and the City of Alexandria, Virginia. In February 2011 the VRE Master Agreement was amended to include Spotsylvania County as a participating jurisdiction. Spotsylvania County's share of the VRE annual subsidy from February 2011 through the middle of fiscal year 2012 has been deferred until 60 days after the beginning of fiscal year 2013.

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 5. Joint Venture – Virginia Railway Express (Continued)

Financial information from VRE's fiscal year 2011 audited financial statements is shown below.

#### VIRGINIA RAILWAY EXPRESS STATEMENT OF NET ASSETS June 30, 2011

##### ASSETS

Current Assets	
Cash and cash equivalents	\$ 9,921,706
Accounts receivable:	
Due from PRTC – funded by FTA	14,533,706
Federal grants – other	121,412
Commonwealth of Virginia grants	3,640,249
Trade and other, net of allowance	3,927,195
Inventory	4,715,458
Prepaid expenses and other	465,647
Restricted cash, cash equivalent, and investments	16,808,248
<b>Total current assets</b>	<u>54,133,621</u>
Noncurrent Assets	
Deferred bond and lease costs, net	1,396,804
Capital assets (net of \$85,815,038 accumulated depreciation and amortization)	322,205,246
<b>Total noncurrent assets</b>	<u>323,602,050</u>
<b>Total assets</b>	<u>\$ 377,735,671</u>

##### LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable and accrued liabilities	\$ 10,155,637
Unearned revenue	1,293,177
Contract retainage	3,670,741
Current portion of:	
Capital lease obligations	1,034,890
Long-term debt	5,610,000
Notes payable	1,734,009
<b>Total current liabilities</b>	<u>23,498,454</u>
Noncurrent Liabilities	
Capital lease obligations	18,751,762
Notes payable	61,951,602
Bonds payable, net	18,319,892
Compensated absences	314,250
<b>Total noncurrent liabilities</b>	<u>99,337,506</u>
<b>Total liabilities</b>	<u>122,835,960</u>
Net Assets	
Invested in capital assets, net of related debt	210,039,494
Restricted for liability insurance plan	10,052,968
Restricted for debt service and capital lease	6,259,239
Restricted grants or contributions	600,250
Unrestricted assets	27,947,760
<b>Total net assets</b>	<u>254,899,711</u>
<b>Total liabilities and net assets</b>	<u>\$ 377,735,671</u>

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 5. Joint Venture – Virginia Railway Express (Continued)

**VIRGINIA RAILWAY EXPRESS  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
Year Ended June 30, 2011**

Operating revenues	\$ 32,568,192
Operating expenses	<u>57,628,912</u>
<b>Operating loss before depreciation and amortization</b>	<b>(25,060,720)</b>
Depreciation and amortization	<u>(12,218,203)</u>
<b>Operating loss</b>	<b>(37,278,923)</b>
Nonoperating revenues (expenses):	
Subsidies:	
Commonwealth of Virginia grants	12,806,509
Federal grants – with PRTC as grantee	16,157,284
Jurisdictional contributions	16,070,307
Interest income:	
Operating funds	14,675
Other restricted funds	384
Interest, amortization and other nonoperating expenses, net	<u>(5,566,829)</u>
<b>Total nonoperating revenues, net</b>	<b>39,482,330</b>
Capital grants and assistance:	
Commonwealth of Virginia grants	7,506,606
Federal grants – with PRTC as grantee	40,136,130
Federal grants – NVTC and other	3,308,513
Other local contributions	<u>406,331</u>
<b>Total capital grants and assistance</b>	<b>51,357,580</b>
Loss on disposal of assets	<u>(271,606)</u>
<b>Change in net assets</b>	<b>53,289,381</b>
Net assets, beginning	<u>201,610,330</u>
Net assets, ending	<u><b>\$ 254,899,711</b></u>

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### **Note 6. Intergovernmental Revenues, Commonwealth of Virginia**

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.

NVTC also applies for and receives state operating and capital assistance for the Virginia Railway Express commuter rail service.

### **Note 7. Pension Plans**

Employees of the reporting entity are covered under three separate plans. The NVTC Pension Trust covers eligible employees of the Governmental activities of NVTC, while the Virginia Retirement System covers the eligible employees of the Business-type activities of the VRE joint venture under two plans.

#### **NVTC – Target Benefit Plan**

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

The plan is funded in amounts determined by an actuarial consultant. Employer contributions for the year ended June 30, 2011 totaled \$62,882 (10.7% of covered payroll). Required employee contributions for the year ended June 30, 2011 totaled \$11,803 (2.0% of covered payroll). Since 1994, participants have been required to contribute 2.0% of covered salary, not to exceed 50% of the aggregate gross annual contribution for benefits. NVTC contributes the balance of the cost of the Plan. NVTC's payroll for employees covered by the plan for the year ended June 30, 2011 was approximately \$590,000.

#### **VRE – Defined Benefit Plan**

##### **A. Plan Description**

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

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

## NORTHERN VIRGINIA TRANSPORTATION COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS

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#### Note 7. Pension Plans (Continued)

##### VRE – Defined Benefit Plan (Continued)

###### A. Plan Description (Continued)

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

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

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

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5 percent; under Plan 2, the COLA cannot exceed 6 percent. During years of no inflation or deflation, the COLA is 0 percent. The VRS also provides death and disability benefits. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report which includes financial statements and required supplementary information for VRS. A copy of that report may be obtained from their website at <http://www.varetire.org/Pdf/Publications/2010-Annual-Report.pdf> or obtained by writing to the system's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 7. Pension Plans (Continued)

#### VRE – Defined Benefit Plan (Continued)

##### B. Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5 percent of their compensation toward their retirement. All or part of the 5 percent member contribution may be assumed by the employer. In addition, VRE is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. VRE's contribution rate for the fiscal year ended June 30, 2011 was 10.92 percent of annual covered payroll, *inclusive of the 5 percent member contribution, and VRE also contributed 0.28 percent for group life insurance.*

##### C. Annual Pension Cost

For fiscal year 2011, VRE's annual pension cost of \$334,185 was equal to the VRE's required and actual contributions. The share included in the NVTC reporting entity equals \$105,715.

##### Three-Year Trend Information for VRE

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

The fiscal year 2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.0 percent, (b) projected salary increases ranging from 3.75 percent to 5.60 percent per year for general government employees and 3.5 percent to 4.75 percent for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50 percent per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.5 percent. The actuarial value of the PRTC's assets is equal to the modified market value of assets (VRE's assets are not separated from PRTC's). This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five year period. PRTC's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 7. Pension Plans (Continued)

#### VRE – Defined Benefit Plan (Continued)

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

As of June 30, 2010, the most recent actuarial valuation date, the plan was 87.87 percent funded. The actuarial accrued liability for benefits was \$8,539,776 and the actuarial value of assets was \$7,503,689, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,036,087. The covered payroll (annual payroll of active employees of the plan) was \$5,733,383 and the ratio of the UAAL to the covered payroll was 18.07 percent. The only other postemployment benefits offered by VRE are COBRA payments, which have been determined to be immaterial to the financial statements.

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

### Note 8. Operating Leases

#### Governmental activities

NVTC leases office space under a 125-month agreement which commenced on January 1, 2011 and expires May 31, 2021. The lease provides for 3% annual increases in base rent over the term of the lease, and the pass through of a proportionate share of the annual increases in common building expenses. The lease contains a provision for the abatement of the first five months of rent. For the government-wide financial statements, the cumulative minimum rent for the entire lease is amortized on a straight-line basis over the lease term, with an equal amount of rent expense recognized each month. Rent expense for Governmental Activities as reported in the government wide financial statements totals \$178,693 of which \$93,836 is for the present lease (\$14,033 paid plus \$79,803 additional amortization), and \$83,966 for the lease which expired December 31, 2010.

NVTC entered into a 5-year office equipment lease and maintenance agreement, both of which expire December 31, 2015. Minimum monthly payments under these agreements equal \$459 per month, with payments totaling \$2,724 for the year ended June 30, 2011.

As of June 30, 2011, the minimum long-term lease commitments were as shown below:

Fiscal Year	Amount
2012	\$ 176,444
2013	181,579
2014	186,860
2015	192,307
2016	195,166
2017-2021	1,033,318
Total	<u>\$ 1,965,674</u>

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### **Note 8. Operating Leases (Continued)**

#### **Business-type activities**

Operating Access Agreements with the CSX and Norfolk Southern railroads provide the Commissions the right to use tracks owned by the railroads in the provision of commuter rail passenger service. These agreements require the Commissions to pay the railroads a monthly base fee and to reimburse the railroads for any incremental cost incurred by the railroads as a result of providing tracks for commuter rail service. For the year ended June 30, 2011, annual track usage fees totaled approximately \$6,210,000, of which \$2,484,100 is recognized by the NVTC reporting entity, and facility and other identified costs totaled approximately \$454,000, of which \$181,600 is recognized by the NVTC reporting entity.

Under the former Purchase of Services Agreement dated March 1, 1998 Amtrak operated and maintained the VRE service and rolling stock, and permitted the Commissions to use its terminal, station, and equipment maintenance facilities at Union Station, Washington, D.C. The provisions of the 1998 agreement for maintenance of equipment, access to Union Station, and train operations terminated on June 25, June 28 and July 9, 2010, respectively.

The new agreement between Amtrak and the Commissions for access to and storage of equipment at Union Station and mid-day maintenance, electrical power and other services became effective on June 28, 2010. Actual cost for the year ended June 30, 2011 was approximately \$8,759,000, of which \$3,503,600 was recognized by the NVTC reporting entity. Costs in future years will be adjusted based on changes to various published costs indices and the number of trains that have access to and are stored and serviced at the terminal.

During fiscal year 2010 the Commissions entered into a contract with Keolis Rail Services Virginia, LLC for train operations and maintenance for a five year period beginning June 25, 2010. The actual cost of train operations and maintenance for the year ended June 30, 2011, based on an annual budget prepared in advance, was approximately \$18,151,000 including a small amount for the completion of mobilization services, of which \$7,260,400 is recognized by the NVTC reporting entity. Costs in future years will be adjusted for service additions or deletions and annual changes to the Consumer Price Index.

VRE has entered into a series of operating leases with Titan Transit for locomotives. For the year ended June 30, 2011, lease costs totaled approximately \$168,000, of which \$67,200 is recognized by the NVTC reporting entity. These leases are scheduled to terminate during the first quarter of fiscal year 2012.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 9. Long-Term Debt Obligations

The following is a summary of long-term liability activity for the year ended June 30, 2011:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Primary Government:</b>					
Governmental Activities					
Compensated absences	\$ 108,155	\$ 59,199	\$ (49,611)	\$ 117,743	\$ 28,605
<b>Total governmental activities</b>	108,155	59,199	(49,611)	117,743	28,605
Business-type activities					
Revenue bonds	29,490,000	-	(5,195,000)	24,295,000	5,610,000
Capital leases	10,387,814	-	(494,488)	9,893,326	517,445
Notes payable	64,189,851	1,149,776	(1,654,016)	63,685,611	1,734,009
	104,067,665	1,149,776	(7,343,504)	97,873,937	7,861,454
Compensated absences	119,393	100,387	(92,821)	126,959	1,104
<b>Total business-type activities</b>	104,187,058	1,250,163	(7,436,325)	98,000,896	7,862,558
<b>Total Primary Government</b>	<b>\$ 104,295,213</b>	<b>\$ 1,309,362</b>	<b>\$ (7,485,936)</b>	<b>\$ 98,118,639</b>	<b>\$ 7,891,163</b>

### Revenue Bonds

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

\$ 24,295,000

Plus (less) unamortized:

Deferred loss

(471,325)

Premiums

106,217

**Total bonded debt, net**

**\$ 23,929,892**

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

Years Ending June 30,	Principal	Interest	Total Required
2012	\$ 5,610,000	\$ 1,147,700	\$ 6,757,700
2013	5,910,000	841,794	6,751,794
2014	6,220,000	519,494	6,739,494
2015	6,555,000	176,166	6,731,166
	<b>\$ 24,295,000</b>	<b>\$ 2,685,154</b>	<b>\$ 26,980,154</b>

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 9. Long-Term Debt Obligations (Continued)

Deferred bonds, lease and notes cost, consisting of issuance costs and insurance premiums are shown net of accumulated amortization. These costs are amortized on a straight-line basis over the life of the debt. Amortization of deferred costs, approximating \$76,700, is included in interest expense. Federal arbitrage regulations apply to the revenue bonds and the Gallery IV capitalized lease.

The Indentures of Trust for the 1997 Commuter Rail Revenue Bonds required that a debt service reserve be maintained. During fiscal year 2000, a surety in substitution of the debt service reserve fund was purchased, releasing the proceeds from the reserve. The Indentures of Trust for the bonds also require the maintenance of an operating reserve equivalent to one-third (33.3 percent) of annual budgeted operating expenses. As of June 30, 2011, \$37,325,284, of the VRE cash, inventory and receivables comprise this operating reserve. The reserves represent 64.90 percent of budgeted operating expenses for June 30, 2011.

Funds are invested by the Trustee pursuant to the Indentures of Trust and are classified as restricted. Funds held by the Trustee as of June 30, 2011, are as follows:

Bond Interest Fund	\$ 649,234
Bond Principal Fund	5,610,005
Total held by Trustee	<u>\$ 6,259,239</u>

### Capitalized Lease - Gallery IV (11 cars)

	Total	NVTC Reporting Entity
\$25,100,00 capitalized lease obligation (NVTC reporting entity, \$12,550,000); \$965,679 due semi-annually (NVTC reporting entity, \$482,840), interest at 4.59%, maturing in 2025, collateralized with Gallery IV railcars with a carrying value of \$22,827,036 (NVTC reporting entity, \$11,413,518)	<u>\$ 19,786,652</u>	<u>\$ 9,893,326</u>

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

Years Ending June 30,	Total	NVTC Reporting Entity
2012	\$ 1,931,357	\$ 965,679
2013	1,931,357	965,679
2014	1,931,357	965,679
2015	1,931,357	965,678
2016	1,931,357	965,678
2017-2021	9,656,785	4,828,392
2022-2025	7,725,428	3,862,714
Total minimum lease payments	27,038,998	13,519,499
Lease amount representing interest	7,252,346	3,626,173
Present value of lease payments	<u>\$ 19,786,652</u>	<u>\$ 9,893,326</u>

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 9. Long-Term Debt Obligations (Continued)

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

In fiscal year 2010, an agreement in the name of NVTC was entered into with the Federal Railroad Administration for a loan of up to \$72.5 million to purchase 50 Gallery railcars; in fiscal year 2011 the terms were amended to include ten additional Gallery railcars. The first 15 of a series of promissory notes were authorized by the end of fiscal year 2011; when all funds have been borrowed, the individual notes will be combined into a single note. The notes are secured by the revenues of VRE and the railcars.

\$8,553,421 Promissory Note #1, due in quarterly maturities of \$51,149 to \$146,358 through March 2033, plus quarterly interest at 4.74%	\$ 7,975,251
\$3,069,526 Promissory Note #2, due in quarterly maturities of \$18,356 to \$52,523 through March 2033, plus quarterly interest at 4.74%	2,862,040
\$7,673,804 Promissory Note #3, due in quarterly maturities of \$45,889 to \$131,304 through March 2033, plus quarterly interest at 4.74%	7,155,091
\$7,673,804 Promissory Note #4, due in quarterly maturities of \$46,129 to \$131,993 through March 2033, plus quarterly interest at 4.74%	7,192,528
\$5,400,287 Promissory Note #5, due in quarterly maturities of \$32,462 to \$92,885 through March 2033, plus quarterly interest at 4.74%	5,061,599
\$7,673,834 Promissory Note #6, due in quarterly maturities of \$46,129 to \$131,992 through March 2033, plus quarterly interest at 4.74%	7,192,556
\$7,673,814 Promissory Note #7, due in quarterly maturities of \$46,129 to \$131,991 through March 2033, plus quarterly interest at 4.74%	7,192,537
\$3,073,814 Promissory Note #8, due in quarterly maturities of \$18,578 to \$53,160 through March 2033, plus quarterly interest at 4.74%	2,896,747
\$2,350,000 Promissory Note #9, due in quarterly maturities of \$14,362 to \$41,096 through March 2033, plus quarterly interest at 4.74%	2,239,347
\$3,896,059 Promissory Note #10, due in quarterly maturities of \$23,943 to \$68,513 through March 2033, plus quarterly interest at 4.74%	3,733,323
\$1,989,000 Promissory Note #11, due in quarterly maturities of \$12,295 to \$35,178 through March 2033, plus quarterly interest at 4.74%	1,916,994
\$2,640,000 Promissory Note #12, due in quarterly maturities of \$16,417 to \$46,977 through March 2033, plus quarterly interest at 4.74%	2,559,808
\$2,780,343 Promissory Note #13; due in quarterly maturities of \$17,290 to \$49,473 through March 2033, plus quarterly interest at 4.74%	2,695,887

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 9. Long-Term Debt Obligations (Continued)

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

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

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

Years Ended June 30,	Principal	Interest	Total Required
2012	\$ 1,674,009	\$ 2,975,370	\$ 4,649,379
2013	1,763,030	2,886,349	4,649,379
2014	1,843,988	2,805,391	4,649,379
2015	1,932,958	2,716,421	4,649,379
2016	2,022,564	2,626,815	4,649,379
2017-2021	11,698,521	11,548,374	23,246,895
2022-2026	14,802,186	8,444,709	23,246,895
2027-2031	18,734,765	4,512,130	23,246,895
2032-2033	8,833,590	465,170	9,298,760
	\$ 63,305,611	\$ 38,980,729	\$ 102,286,340

#### Note Payable – VRE Offices

In June 2002, a borrowing was entered into in the name of NVTC with SunTrust Bank in the amount of \$900,000 to refinance a previous borrowing used to purchase the VRE offices. This note carried a repayment schedule of 15 years, with the terms of the note subject to revision June 2007. In November 2007 a new note was signed in the amount of \$600,000 at 4.31 percent interest with a 10 year amortization and a balloon payment after five years. Principal of \$5,000 plus interest is payable monthly. The note is secured by the office condominium. The balance outstanding was \$380,000 for the year ended June 30, 2011.

### Note 10. Short-Term Debt

VRE operations uses a revolving line of credit in the name of NVTC to finance certain grant-funded capital projects prior to the receipt of reimbursements from the granting agencies. The revolving line of credit was not used during the year ended June 30, 2011.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 11. Risk Management and Liability Insurance Plan

NVTC and the VRE commuter rail operation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and natural disasters. Commercial insurance is purchased to address these risks, including workers' compensation and employee health and accidental insurance. The Virginia Department of Treasury, Division of Risk Management has established the terms of VRE's Commuter Rail Operations Liability Plan (the Insurance Plan). The Insurance Plan consists of a combination of self-insurance reserves and purchased insurance in amounts actuarially determined to meet the indemnification requirements of the Operating Access Agreements and the Purchase of Services Agreement and for liability and property damage. The Commissions indemnify each of the railroads in an amount up to \$250,000,000 for any claims against persons or property associated with commuter rail operations. Settled claims have not exceeded commercial coverage during any of the past three fiscal years. The liability for incurred but not reported claims was approximately \$307,000 at June 30, 2011, of which \$153,500 was included in the NVTC reporting entity.

The Division of Risk Management manages the Insurance Trust Fund pursuant to provisions of the Insurance Plan. Since November 2010, all plan assets have been invested in the Department of Treasury common pool. Prior to that time, approximately one-half of plan assets were invested in the common pool, and the remainder was invested in a portfolio managed by external financial consultants. Activity in the Insurance Trust Fund for the years ended June 30, 2011 was as follows:

	Total	NVTC Reporting Entity
Beginning balance, July 1	\$ 9,511,797	\$ 4,755,899
Contribution to reserves	4,525,000	2,262,500
Insurance premiums paid	(3,711,476)	(1,855,738)
Claims mitigation costs and losses incurred	(190,585)	(95,293)
Actuarial and administrative charges	(81,768)	(40,884)
Ending balance, June 30	<u>\$ 10,052,968</u>	<u>\$ 5,026,484</u>

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

### Note 12. Significant Commitments and Contingencies

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 12. Significant Commitments and Contingencies (Continued)

#### Governmental activities

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

All project expenditures are expensed as incurred, including expenditures for tangible assets, as the equipment becomes the property of the transit systems upon completion of the contract.

#### Business-type activities

At June 30, 2011, there were disputes between VRE and certain vendors. The amounts of any settlements, should they occur, are not determinable at this time. However, such amounts are not expected to be material in relation to the recorded amounts.

The Commissions have outstanding commitments for construction of facilities and equipment. A combination of Federal (with PRTC as grantee) and Commonwealth of Virginia grants (with NVTC-VRE as grantee) and local funds will be used to finance these capital projects. The following is a summary of the more significant contractual commitments, net of expenditures incurred as of June 30, 2011:

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

The federal grant agreements control the use and disposal of property acquired with federal grant funds. If property is removed from service prior to the end of its useful life, the grant recipient may be required to return to the grantor agency the federal assistance expended on that property. In addition, permission of the grantor agency is required if property is disposed of prior to the end of its useful life or at any time for an amount in excess of \$5,000. At the end of fiscal year 2011, VRE was holding the proceeds of the sale of older equipment in the amount of \$450,250 in a restricted account, to be used for the purchase of replacement rolling stock, of which \$225,125 is included in the NVTC reporting entity. Included in other receivables is \$150,000 due to VRE from the sale of rolling stock, of which \$75,000 is included in the NVTC reporting entity. Once collected, the proceeds will be used for the purchase of replacement rolling stock.

The Master Agreement for the use of Commonwealth of Virginia Transportation Funds control the use and disposal of property acquired with state grant funds. If any project equipment or facilities are not used for the purpose for which they were purchased for the duration of their useful lives, the Commonwealth has the option of requiring the grantee to relinquish title to the project equipment or remit an amount equal to the proportional share of the fair market value based upon the ratio of participation by the state.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### **Note 13. Pending GASB Statements**

At June 30, 2011, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the NVTC reporting entity. The statements which might impact NVTC are as follows:

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

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

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

### **Note 14. Subsequent Events**

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2011**

## NORTHERN VIRGINIA TRANSPORTATION COMMISSION

### SCHEDULE OF FUNDING PROGRESS

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#### Virginia Retirement System

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

Valuation as of June 30,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio Assets as % of AAL	Annual Covered Payroll	UAAL as a % of Covered Payroll
2010	\$ 7,503,689	\$ 8,539,776	\$ 1,036,087	87.87%	\$ 5,733,383	18.07%
2009	6,809,891	6,996,387	186,496	97.33%	5,743,627	3.25%
2008	5,875,612	6,065,059	189,447	96.88%	5,369,542	3.53%

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2011**

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS BY JURISDICTION**  
**JURISDICTION TRUST FUND**  
Year Ended June 30, 2011

	<u>City of Alexandria</u>	<u>Arlington County</u>	<u>City of Fairfax</u>	<u>Fairfax County</u>	<u>City of Falls Church</u>	<u>Loudoun County</u>	<u>Totals</u>
Additions:							
Contributions from primary government:							
Commonwealth of Virginia	\$ 13,226,888	\$ 24,127,735	\$ 1,288,391	\$ 61,111,307	\$ 694,160	\$ 45,737	\$ 100,494,218
Motor vehicle fuel sales tax	2,950,932	3,793,481	1,753,466	24,299,978	1,258,368	9,755,851	43,812,076
Interest income	10,247	62,794	2,304	140,740	873	35,754	252,712
Total additions	<u>16,188,067</u>	<u>27,984,010</u>	<u>3,044,161</u>	<u>85,552,025</u>	<u>1,953,401</u>	<u>9,837,342</u>	<u>144,559,006</u>
Deductions:							
Funds disbursed to WMATA:							
Capital improvement program	-	4,059,316	332,011	6,199,150	278,021	-	10,868,498
Project development	-	130,500	6,000	208,500	8,000	-	353,000
Metrorail operating	4,798,054	5,916,000	352,510	14,419,135	210,803	-	25,696,502
Metrobus operating	8,587,065	8,384,000	618,562	41,976,191	1,255,566	-	60,821,384
MetroAccess operating	868,533	-	209,590	10,487,849	117,889	-	11,683,861
Metro debt service	1,418,200	2,740,200	46,700	3,168,901	93,557	-	7,467,558
Other funds disbursed:							
Other capital disbursements	-	-	12,746	2,660,000	-	10,120,504	12,793,250
Other operating disbursements	-	4,868,528	2,183,135	15,701,878	19,056	6,704,483	29,477,080
Total deductions	<u>15,671,852</u>	<u>26,098,544</u>	<u>3,761,254</u>	<u>94,821,604</u>	<u>1,982,892</u>	<u>16,824,987</u>	<u>159,161,133</u>
Change in net assets	516,215	1,885,466	(717,093)	(9,269,579)	(29,491)	(6,987,645)	(14,602,127)
Net assets held in trust for member jurisdictions							
Beginning of year	<u>7,645,874</u>	<u>33,075,078</u>	<u>2,364,981</u>	<u>81,608,630</u>	<u>750,617</u>	<u>23,116,761</u>	<u>148,561,941</u>
End of year	<u>\$ 8,162,089</u>	<u>\$ 34,960,544</u>	<u>\$ 1,647,888</u>	<u>\$ 72,339,051</u>	<u>\$ 721,126</u>	<u>\$ 16,129,116</u>	<u>\$ 133,959,814</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF GENERAL, ADMINISTRATIVE AND PROJECT EXPENDITURES**  
**GENERAL FUND**  
**Year Ended June 30, 2011**

	<u>Total</u>	<u>General and Administrative</u>	<u>Projects</u>
Expenditures:			
Advertising	\$ 264	\$ 264	\$ -
Capital purchases	61,738	61,738	-
Commissioners' per diem	17,550	17,550	-
Computer expense	3,372	1,824	1,548
Conference registration and training	124	124	-
Copier duplicating	8,331	8,331	-
Disability insurance	3,034	2,405	629
Employee group insurance	76,876	60,943	15,933
Employee retirement	65,182	51,673	13,509
Employer payroll taxes	72,346	57,352	14,994
Leave - annual, holiday and sick	69,451	55,058	14,393
Legal and auditing	17,320	17,320	-
Memberships and subscriptions	594	594	-
Miscellaneous	2,892	2,892	-
Moving and disposal	6,031	6,031	-
Office supplies	3,701	3,701	-
Office rent	99,862	99,862	-
Insurance and liability bonds	4,365	4,365	-
Parking and Metrochek	9,008	9,008	-
Postage and shipping	3,160	3,160	-
Project consultants and other project costs	1,195,157	-	1,195,157
Public information	12,381	693	11,688
Salaries and wages	554,058	442,943	111,115
Telephone and data	7,240	7,190	50
Travel and meetings	4,318	4,318	-
	<u>\$ 2,298,355</u>	<u>\$ 919,339</u>	<u>\$ 1,379,016</u>
Total expenditures	<u>\$ 2,298,355</u>	<u>\$ 919,339</u>	<u>\$ 1,379,016</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES  
GENERAL FUND  
Year Ended June 30, 2011**

	<u>Jurisdiction Grants &amp; Projects</u>	<u>ITS</u>	<u>GPS / AVL</u>	<u>Marketing</u>	<u>Bus Data Collection</u>	<u>Vanpools</u>	<u>TransAction 2040 Update</u>	<u>Totals</u>
Revenues:								
Federal	\$ 384,222	\$ 264,511	\$ -	\$ -	\$ -	\$ 101,079	\$ -	\$ 749,812
Commonwealth of Virginia	27,317	29,390	-	11,689	258,633	25,269	103,480	455,778
Local	-	1,259	-	-	-	-	-	1,259
NVTC match	-	23,281	536	122,007	671	21,384	4,288	172,167
Total revenues	<u>\$ 411,539</u>	<u>\$ 318,441</u>	<u>\$ 536</u>	<u>\$ 133,696</u>	<u>\$ 259,304</u>	<u>\$ 147,732</u>	<u>\$ 107,768</u>	<u>\$ 1,379,016</u>
Expenditures:								
Salaries and wages	\$ -	\$ 15,168	\$ 349	\$ 78,438	\$ 437	\$ 13,930	\$ 2,793	\$ 111,115
Fringe benefits	-	8,116	187	41,972	234	7,454	1,495	59,458
Computer	-	-	-	1,548	-	-	-	1,548
Consultants	-	295,157	-	-	258,633	126,348	103,480	783,618
Costs incurred	411,539	-	-	-	-	-	-	411,539
Telephone and data	-	-	-	50	-	-	-	50
Public information	-	-	-	11,688	-	-	-	11,688
Total expenditures	<u>\$ 411,539</u>	<u>\$ 318,441</u>	<u>\$ 536</u>	<u>\$ 133,696</u>	<u>\$ 259,304</u>	<u>\$ 147,732</u>	<u>\$ 107,768</u>	<u>\$ 1,379,016</u>

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

Project Costs to Date - Active Projects

Period Ended June 30, 2011

	<u>Jurisdiction Grants &amp; Projects</u>	<u>ITS</u>	<u>GPS / AVL</u>	<u>Marketing</u>	<u>Bus Data Collection</u>	<u>Vanpools</u>	<u>TransAction 2040 Update</u>	<u>Totals</u>
Revenues:								
Federal	\$ 699,670	\$ 264,511	\$ -	\$ -	\$ 113,067	\$ 101,079	\$ -	\$ 1,178,327
Commonwealth of Virginia	180,116	29,390	199,500	288,389	1,552,726	25,269	103,480	2,378,870
Local	5,000	1,259	-	13,500	50,000	-	-	69,759
NVTC match	71,102	23,281	38,505	924,909	47,213	21,384	13,540	1,139,934
Total revenues	<u>\$ 955,888</u>	<u>\$ 318,441</u>	<u>\$ 238,005</u>	<u>\$ 1,226,798</u>	<u>\$ 1,763,006</u>	<u>\$ 147,732</u>	<u>\$ 117,020</u>	<u>\$ 4,766,890</u>
Expenditures:								
Capital outlays	\$ -	\$ -	\$ -	\$ 17,556	\$ -	\$ -	\$ -	\$ 17,556
Salaries and wages	47,718	15,168	25,343	686,781	42,026	13,930	8,874	839,840
Fringe benefits	22,963	8,116	11,814	325,438	18,077	7,454	4,560	398,422
Advertising	306	-	448	354	852	-	-	1,960
Computer	-	-	404	15,008	-	-	-	15,412
Consultants	442,735	295,157	199,482	-	1,700,746	126,348	103,480	2,867,948
Dues and memberships	-	-	-	770	-	-	-	770
Postage	-	-	-	-	874	-	-	874
Telephone and data	108	-	-	909	21	-	-	1,038
Office supplies	-	-	-	187	-	-	-	187
Travel	-	-	-	3,310	350	-	-	3,660
Parking and Metrochek	8	-	56	577	60	-	106	807
Public information	-	-	-	163,106	-	-	-	163,106
Events	-	-	-	12,802	-	-	-	12,802
Costs incurred	<u>442,050</u>	<u>-</u>	<u>458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>442,508</u>
Total expenditures	<u>\$ 955,888</u>	<u>\$ 318,441</u>	<u>\$ 238,005</u>	<u>\$ 1,226,798</u>	<u>\$ 1,763,006</u>	<u>\$ 147,732</u>	<u>\$ 117,020</u>	<u>\$ 4,766,890</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS  
Year Ended June 30, 2011**

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2010</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2011</u>	<u>Cumulative Expenditures</u>
<b><u>Northern Virginia Transportation Commission</u></b>									
<b>Virginia Department of Rail and Public Transportation (DRPT)</b>									
Capital:									
Fiscal Year 2011	10/5/2010	72511-04	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2011	10/5/2010	73011-29	53,000	-	-	-	-	-	-
Fiscal Year 2011	10/5/2010	73011-30	249,524	-	-	-	-	-	-
Fiscal Year 2011	10/5/2010	73011-31	344,500	-	-	-	-	-	-
Fiscal Year 2011	10/5/2010	73011-32	362,361	-	-	-	-	-	-
Fiscal Year 2011	10/5/2010	73011-34	530,000	-	214,864	214,864	214,864	-	214,864
Fiscal Year 2011	10/5/2010	73011-35	74,200	-	-	-	-	-	-
Fiscal Year 2011	10/5/2010	73011-38	66,250	-	-	-	-	-	-
Fiscal Year 2011	10/5/2010	73011-39	651,900	-	-	-	-	-	-
Fiscal Year 2011	10/5/2010	73011-40	795,000	-	12,889	12,889	12,889	-	12,889
Fiscal Year 2011	10/5/2010	73011-41	6,890	-	6,755	6,755	6,755	-	6,755
Fiscal Year 2011	10/5/2010	73011-42	2,544,000	-	-	-	-	-	-
Fiscal Year 2011	10/5/2010	73011-43	2,120,000	-	-	636,560	636,560	636,560	636,560
Fiscal Year 2011	10/5/2010	73011-44	689,000	-	-	-	-	-	-
Fiscal Year 2011	10/5/2010	73011-45	106,000	-	-	-	-	-	-
Fiscal Year 2011	10/5/2010	73011-46	336,550	-	-	-	-	-	-
Fiscal Year 2011	10/5/2010	73011-47	132,500	-	-	-	-	-	-
Fiscal Year 2011	10/5/2010	73011-48	530,000	-	15,274	15,274	15,274	-	15,274
Fiscal Year 2011	10/5/2010	73011-49	212,000	-	-	-	-	-	-
Fiscal Year 2011	10/5/2010	73011-50	265,000	-	-	-	-	-	-
Fiscal Year 2011	10/5/2010	73011-51	185,500	-	33,019	33,019	33,019	-	33,019
Fiscal Year 2011	10/5/2010	73011-52	265,000	-	265,000	265,000	265,000	-	265,000
Fiscal Year 2011	10/5/2010	73011-53	530,000	-	-	-	-	-	-
Fiscal Year 2011	10/5/2010	73011-60	3,928,618	-	3,928,617	3,928,617	3,928,617	-	3,928,617
Fiscal Year 2011	10/5/2010	73011-61	30,280	-	29,180	29,180	29,180	-	29,180
Fiscal Year 2011	10/5/2010	73011-62	5,685,112	-	5,452,946	5,452,946	5,452,946	-	5,452,946
Fiscal Year 2011	10/5/2010	73011-63	437,250	-	419,629	419,629	419,629	-	419,629
Fiscal Year 2011	10/5/2010	73011-65	2,463,424	-	7,705,795	7,705,795	7,705,795	-	7,705,795
Fiscal Year 2011	10/5/2010	73011-66	14,288,470	-	-	-	-	-	-
Fiscal Year 2010	12/28/2010	72510-18	221,540	-	-	-	-	-	-
Fiscal Year 2010	8/18/2010	72510-57	60,000	-	27,317	27,317	27,317	-	27,317
Fiscal Year 2010	7/2/2009	73010-25	3,384,000	-	3,051,900	3,051,900	3,051,900	-	3,051,900
Fiscal Year 2010	7/2/2009	73010-26	792,000	113,164	278,455	165,291	165,291	-	278,455
Fiscal Year 2010	7/2/2009	73010-27	320,000	-	71,771	71,771	71,771	-	71,771
Fiscal Year 2010	7/2/2009	73010-28	1,200,000	-	390,276	390,276	390,276	-	1,200,000
Fiscal Year 2010	7/2/2009	73010-29	3,600,000	-	-	-	-	-	-

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)  
Year Ended June 30, 2011**

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2010</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2011</u>	<u>Cumulative Expenditures</u>
<b><u>Northern Virginia Transportation Commission (continued)</u></b>									
<b>Virginia Department of Rail and Public Transportation (DRPT) (continued)</b>									
Capital (continued):									
Fiscal Year 2010	7/2/2009	73010-30	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2010	7/2/2009	73010-31	80,000	-	-	-	-	-	-
Fiscal Year 2010	7/2/2009	73010-32	996,000	-	-	-	-	-	-
Fiscal Year 2010	7/2/2009	73010-33	812,000	-	-	-	-	-	-
Fiscal Year 2010	7/2/2009	73010-34	54,400	-	-	-	-	-	-
Fiscal Year 2010	7/2/2009	73010-35	171,200	-	171,201	171,201	171,201	-	171,201
Fiscal Year 2010	7/2/2009	73010-36	800,000	-	184,960	184,960	184,960	-	184,960
Fiscal Year 2010	7/2/2009	73010-37	800,000	-	800,000	800,000	800,000	-	800,000
Fiscal Year 2010	7/2/2009	73010-40	13,946,240	-	6,303,954	6,303,954	6,303,954	-	12,678,400
Fiscal Year 2010	7/2/2009	73010-41	7,725,600	-	1,318,400	1,318,400	1,318,400	-	7,725,600
Fiscal Year 2010	7/2/2009	73010-42	635,250	-	-	-	-	-	577,501
Fiscal Year 2010	7/2/2009	73010-43	5,707,240	-	-	-	-	-	5,188,399
Fiscal Year 2010	7/2/2009	73110-10	2,387,837	-	1,200,566	1,200,566	1,200,566	-	1,715,097
Fiscal Year 2010	7/2/2009	72509-21	156,270	-	-	-	-	-	-
Fiscal Year 2010	7/2/2009	72509-22	190,190	-	-	-	-	-	-
Fiscal Year 2009	7/1/2008	73009-37	160,000	-	-	-	-	-	-
Fiscal Year 2009	7/1/2008	73009-38	160,000	-	5,894	5,894	5,894	-	70,017
Fiscal Year 2009	7/1/2008	73009-40	400,000	-	144,807	144,807	144,807	-	233,913
Fiscal Year 2009	7/1/2008	73009-42	6,084,800	-	-	-	-	-	-
Fiscal Year 2009	7/1/2008	73009-43	500,000	-	500,000	500,000	500,000	-	500,000
Fiscal Year 2009	7/1/2008	73009-44	4,626,150	-	-	-	-	-	-
Fiscal Year 2009	7/1/2008	73009-45	160,000	-	19,685	19,685	19,685	-	19,685
Fiscal Year 2009	7/1/2008	73009-46	863,168	-	-	-	-	-	-
Fiscal Year 2009	7/1/2008	73009-47	100,000	-	-	-	-	-	-
Fiscal Year 2009	7/1/2008	73009-49	6,804,000	-	636,942	636,942	636,942	-	6,804,000
Fiscal Year 2009	7/1/2008	73009-53	201,040	-	105,822	105,822	105,822	-	201,041
Fiscal Year 2009	7/1/2008	73009-54	203,201	-	81,553	81,553	81,553	-	203,201
Fiscal Year 2009	7/1/2008	73009-55	58,800	-	-	57,302	57,302	57,302	57,302
Fiscal Year 2009	7/1/2008	73009-56	67,200	-	35,139	35,139	35,139	-	67,200
Fiscal Year 2009	7/1/2008	73009-57	416,325	13,478	13,478	315,507	315,507	315,507	328,985
Fiscal Year 2009	7/1/2008	73009-58	120,000	-	-	-	-	-	-
Fiscal Year 2009	7/2/2009	72508-08	150,480	-	-	-	-	-	-
Fiscal Year 2009	7/2/2009	72508-09	175,560	-	-	-	-	-	-
Fiscal Year 2009	7/2/2009	72508-10	100,320	-	-	-	-	-	-
Fiscal Year 2008	8/12/2008	72508-12	125,400	-	-	-	-	-	-

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)  
Year Ended June 30, 2011**

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2010</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2011</u>	<u>Cumulative Expenditures</u>
<b><u>Northern Virginia Transportation Commission (continued)</u></b>									
<b>Virginia Department of Rail and Public Transportation (DRPT) (continued)</b>									
Capital (continued):									
Fiscal Year 2008	8/5/2010	72508-13	\$ 59,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2008	10/1/2008	72508-14	59,500	-	-	-	-	-	-
Fiscal Year 2008	8/12/2008	72508-16	59,500	-	-	-	-	-	-
Fiscal Year 2008	9/19/2008	72508-19	100,320	-	-	-	-	-	-
Fiscal Year 2008	7/2/2009	72508-45	712,460	-	39,166	146,318	146,318	107,152	146,318
Fiscal Year 2008	7/2/2009	73008-47	99,000	-	7,275	7,275	7,275	-	7,275
Fiscal Year 2008	1/4/2008	73006-30	40,000,000	-	-	-	-	-	38,770,400
Fiscal Year 2008	7/1/2007	73008-05	473,070	-	-	-	-	-	429,000
Fiscal Year 2008	10/16/2007	73008-17	2,139,112	-	-	-	-	-	1,965,471
Fiscal Year 2008	10/16/2007	73008-18	65,000	-	5,479	5,479	5,479	-	5,479
Fiscal Year 2008	10/16/2007	73008-19	88,000	-	24,000	24,000	24,000	-	24,000
Fiscal Year 2008	10/16/2007	73008-20	2,113,800	3,482	101,670	98,188	98,188	-	2,113,800
Fiscal Year 2008	10/16/2007	73008-21	5,982,926	52,836	53,286	450	450	-	5,975,899
Fiscal Year 2007	7/2/2009	72507-06	142,768	-	-	-	-	-	-
Fiscal Year 2007	9/19/2008	72507-08	95,178	-	-	-	-	-	-
Fiscal Year 2007	8/12/2008	72507-31	118,973	-	-	-	-	-	-
Fiscal Year 2007	8/12/2008	72507-35	56,678	-	-	-	-	-	-
Fiscal Year 2007	7/1/2008	72507-32	56,678	6,190	28,327	29,390	29,390	7,253	56,678
Fiscal Year 2007	10/1/2008	72507-33	56,678	-	-	-	-	-	-
Fiscal Year 2007	7/1/2006	73007-19	2,390,740	-	-	-	-	-	2,903
Fiscal Year 2007	7/1/2006	73007-20	348,480	-	-	-	-	-	254,315
Fiscal Year 2007	7/1/2006	73007-21	6,600	-	-	-	-	-	5,240
Fiscal Year 2007	7/1/2006	73007-22	9,952,611	-	-	-	-	-	9,370,408
Fiscal Year 2007	7/2/2009	72507-29	166,563	-	-	-	-	-	-
Fiscal Year 2007	7/2/2009	72507-30	95,178	-	-	-	-	-	-
Fiscal Year 2006	7/1/2005	73006-17	31,500	-	-	-	-	-	26,528

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)  
Year Ended June 30, 2011**

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2010</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2011</u>	<u>Cumulative Expenditures</u>
<b><u>Northern Virginia Transportation Commission (continued)</u></b>									
<b>Virginia Department of Rail and Public Transportation (DRPT) (continued)</b>									
FTM/Admin (Operating):									
Fiscal Year 2011	10/5/2010	72011-26	\$ 51,237,065	\$ -	\$ 46,967,316	\$ 51,237,065	\$ 51,237,065	\$ 4,269,749	\$ 51,237,065
Fiscal Year 2011	10/5/2010	72011-27	1,289,658	-	1,160,688	1,289,658	1,289,658	128,970	1,289,658
Fiscal Year 2011	10/5/2010	72011-28	2,047,408	-	1,842,668	2,047,408	2,047,408	204,740	2,047,408
Fiscal Year 2011	10/5/2010	72011-29	416,747	-	375,072	416,747	416,747	41,675	416,747
Fiscal Year 2011	10/5/2010	72011-30	22,214	-	22,214	22,214	22,214	-	22,214
Fiscal Year 2011	10/5/2010	72011-31	6,914,903	-	6,223,416	6,914,903	6,914,903	691,487	6,914,903
Fiscal Year 2010	7/2/2009	72010-25	1,135,037	40,485	40,485	-	-	-	1,135,037
Fiscal Year 2010	7/2/2009	72010-26	2,129,710	75,962	75,962	-	-	-	2,129,710
Fiscal Year 2010	7/2/2009	72010-27	468,380	16,704	16,704	-	-	-	468,380
Fiscal Year 2010	7/2/2009	72010-28	7,876,960	280,956	280,956	-	-	-	7,876,960
Fiscal Year 2010	7/2/2009	72010-30	50,188,024	893,867	893,867	-	-	-	50,188,024
Fiscal Year 2010	7/2/2009	72010-31	79,470	2,834	2,834	-	-	-	79,470
Demonstration \ Experimental:									
Fiscal Year 2011									
NVTA Transaction 2040	11/22/2011	47010-21	100,000	-	10,433	20,695	20,695	10,262	20,695
Fiscal Year 2010									
Vanpool	7/13/2010	72510-66	40,000	-	23,762	26,009	26,009	2,247	26,009
Fiscal Year 2007									
Hydrogen Fuel Injection	7/1/2006	71107-08	86,600	-	-	-	-	-	48,458
Fiscal Year 2004									
SmarTrip POS Devices	7/1/2003	71004-40	48,545	-	45,737	45,737	45,737	-	45,737
Fiscal Year 2001									
Intern:									
Fiscal Year 2006	7/1/2005	71206-07	24,700	3,454	3,454	-	-	-	22,565
<b>Total State Assistance - NVTC</b>			<b>\$ 293,114,774</b>	<b>\$ 1,503,412</b>	<b>\$ 91,670,859</b>	<b>\$ 96,640,351</b>	<b>\$ 96,640,351</b>	<b>\$ 6,472,904</b>	<b>\$ 243,999,227</b>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)**  
Year Ended June 30, 2011

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2010</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2011</u>	<u>Cumulative Expenditures</u>
<b>Virginia Railway Express</b>									
<b>Virginia Department of Rail and Public Transportation (DRPT)</b>									
Capital:									
Fiscal Year 2011	10/5/2010	73011-72	\$ 2,238,131	\$ -	\$ 1,043,643	\$ 1,348,766	\$ 1,348,766	\$ 305,123	\$ 1,348,766
Fiscal Year 2011	7/22/2011	73111-20	135,899	-	-	-	-	-	-
Fiscal Year 2010	3/18/2010	72510-19	141,075	-	-	83,595	83,595	83,595	83,595
Fiscal Year 2010	6/10/2011	72510-51	720,474	-	-	-	-	-	-
Fiscal Year 2010	6/10/2011	72510-74	50,000	-	-	-	-	-	-
Fiscal Year 2010	1/21/2011	72510-75	821,902	-	-	-	-	-	-
Fiscal Year 2010	8/25/2010	73010-45	1,545,440	-	1,545,440	1,545,440	1,545,440	-	1,545,440
Fiscal Year 2010	8/25/2010	73010-46	168,108	-	160,000	160,000	160,000	-	160,000
Fiscal Year 2010	8/25/2010	73010-47	46,400	-	23,358	27,285	27,285	3,927	27,285
Fiscal Year 2010	8/25/2010	73010-48	39,360	-	34,255	39,360	39,360	5,105	39,360
Fiscal Year 2010	8/25/2010	73010-49	95,520	-	-	-	-	-	-
Fiscal Year 2010	8/25/2010	73010-50	24,000	-	-	-	-	-	-
Fiscal Year 2010	8/25/2010	73010-51	210,880	-	-	-	-	-	-
Fiscal Year 2010	8/25/2010	73010-52	64,000	-	-	14,545	14,545	14,545	14,545
Fiscal Year 2010	8/25/2010	73010-53	446,292	-	266,275	266,275	266,275	-	266,275
Fiscal Year 2010	8/25/2010	73010-54	284,270	-	283,868	283,868	283,868	-	283,868
Fiscal Year 2010	8/25/2010	73010-55	293,230	-	292,572	292,572	292,572	-	293,230
Fiscal Year 2010	7/1/2009	73010-56	945,000	-	-	-	-	-	-
Fiscal Year 2010	8/25/2010	73010-57	178,780	-	96,168	129,958	129,958	33,790	129,958
Fiscal Year 2010	7/1/2009	73010-58	4,734,800	394,629	3,449,165	3,054,536	3,054,536	-	4,734,800
Fiscal Year 2010	8/25/2010	73010-59	39,040	-	-	-	-	-	-
Fiscal Year 2010	8/25/2011	73010-60	29,148	-	1,609	6,051	6,051	4,442	6,051
Fiscal Year 2010	8/25/2011	73010-61	68,810	-	64,551	68,637	68,637	4,086	68,810
Fiscal Year 2010	8/25/2011	73010-62	29,148	-	3,627	20,575	20,575	16,948	20,575
Fiscal Year 2010	8/25/2011	73010-63	4,620	-	-	-	-	-	-
Fiscal Year 2010	8/25/2011	73010-64	14,000	-	-	-	-	-	-
Fiscal Year 2010	8/25/2011	73010-65	32,340	-	22,357	28,365	28,365	6,008	28,365
Fiscal Year 2010	8/25/2011	73010-66	280,000	-	272,312	280,000	280,000	7,688	280,000
Fiscal Year 2010	8/25/2011	73010-67	51,838	-	32,128	38,468	38,468	6,340	38,468
Fiscal Year 2010	8/25/2011	73010-69	14,000	-	-	-	-	-	-
Fiscal Year 2010	3/18/2010	73010-70	1,774,000	-	1,774,000	1,774,000	1,774,000	-	1,774,000
Fiscal Year 2010	8/25/2011	73010-71	893,120	-	396,137	893,120	893,120	496,983	893,120
Fiscal Year 2009	7/2/2010	47009-30	660,000	-	660,000	660,000	660,000	-	660,000
Fiscal Year 2009	1/30/2009	72509-33	135,850	-	71,529	135,850	135,850	64,321	135,850
Fiscal Year 2009	9/1/2009	72509-74	270,000	4,263	4,263	37,708	37,708	37,708	109,269
Fiscal Year 2009	7/1/2008	73009-59	3,694,477	-	-	-	-	-	3,694,477

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)**  
Year Ended June 30, 2011

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2010</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2011</u>	<u>Cumulative Expenditures</u>
<b>Virginia Railway Express (continued)</b>									
<b>Virginia Department of Rail and Public Transportation (DRPT) (continued)</b>									
Capital (continued):									
Fiscal Year 2009	7/1/2008	73009-60	\$ 749,000	\$ -	\$ 27,549	\$ 78,048	\$ 78,048	\$ 50,499	\$ 78,048
Fiscal Year 2009	8/25/2010	73109-16	61,832	-	61,832	61,832	61,832	-	61,832
Fiscal Year 2009	8/25/2010	73109-38	75,680	-	-	-	-	-	-
Fiscal Year 2008	1/30/2009	72508-21	125,400	-	125,400	125,400	125,400	-	125,400
Fiscal Year 2008	1/30/2009	72508-48	191,680	-	5,761	38,252	38,252	32,491	131,525
Fiscal Year 2008	7/20/2009	72508-58	537,902	-	-	-	-	-	-
Fiscal Year 2008	7/1/2007	73008-01	1,776,710	7,127	7,127	-	-	-	1,776,710
Fiscal Year 2008	3/16/2009	73008-56	11,582	395	1,276	881	881	-	11,582
Fiscal Year 2008	3/16/2009	73008-58	20,800	-	-	1,906	1,906	1,906	1,906
Fiscal Year 2008	3/16/2009	73008-59	374,061	133,641	237,132	137,440	137,440	33,949	313,304
Fiscal Year 2008	3/16/2009	73008-65	198,848	-	28,965	28,965	28,965	-	198,848
Fiscal Year 2008	3/16/2009	73008-69	10,400	4,157	4,157	614	614	614	10,202
Fiscal Year 2008	3/16/2009	73008-70	20,800	-	-	-	-	-	-
Fiscal Year 2008	3/16/2009	73008-71	73,632	-	-	-	-	-	-
Fiscal Year 2008	3/16/2009	73008-72	10,400	5,931	10,400	4,469	4,469	-	10,400
Fiscal Year 2008	3/16/2009	73008-73	8,718	-	-	-	-	-	-
Fiscal Year 2007	2/1/2008	72507-11	118,973	-	81,617	81,617	81,617	-	118,973
Fiscal Year 2007	2/1/2008	73007-24	218,880	1,986	15,011	15,765	15,765	2,740	171,133
Fiscal Year 2007	2/1/2008	73007-25	355,392	79,516	103,067	40,526	40,526	16,975	280,492
Fiscal Year 2006	8/2/2007	72506-08	500,000	94,157	100,553	6,396	6,396	-	100,553
Fiscal Year 2006	8/2/2007	73006-28	1,771,812	170,938	311,162	143,091	143,091	2,867	1,611,732
Fiscal Year 2005	6/23/2008	73005-26	475,396	7,915	7,915	-	-	-	475,396
Fiscal Year 2004	7/1/2003	73004-20	4,825,414	75,588	104,424	36,406	36,406	7,570	4,785,316
Capital - State Transit Partnership:									
FTM/Admin (Operating):									
Fiscal Year 2011	10/5/2010	73011-32	7,480,189	-	6,732,172	7,478,707	7,478,707	746,535	7,478,707
Fiscal Year 2010	7/1/2009	73010-32	8,077,470	288,110	288,110	-	-	-	8,077,470
Other Special Projects:									
Rail Enhancement Fund:									
Cherry Hill Station	4/15/2008	76507-07	750,000	-	483,900	560,594	560,594	76,694	586,765
Eligible expenditures accrued, not yet assigned to specific grants		N/A	N/A	1,691,577	-	(114,777)	(114,777)	1,576,800	(114,777)
<b>Total State Assistance - VRE</b>			<u>49,994,923</u>	<u>2,959,930</u>	<u>19,234,787</u>	<u>19,915,106</u>	<u>19,915,106</u>	<u>3,640,249</u>	<u>42,927,624</u>
<b>Total State Assistance - NVTC and VRE</b>			<u>\$ 343,109,697</u>	<u>\$ 4,463,342</u>	<u>\$ 110,905,646</u>	<u>\$ 116,555,457</u>	<u>\$ 116,555,457</u>	<u>\$ 10,113,153</u>	<u>\$ 286,926,851</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2011**

	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/10</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/11</u>	<u>Cumulative Expenditures</u>
<b><u>Northern Virginia Transportation Commission</u></b>									
<b>Federal Transit Administration</b>									
City of Alexandria ITS Project	20.500	VA 04-0013	\$ 226,710	\$ -	\$ 88,548	\$ 117,561	\$ 117,561	\$ 29,013	\$ 226,710
City of Alexandria ITS Project	20.514	VA 26-0017	353,249	-	110,684	146,950	146,950	36,266	353,249
Alexandria Potomac Yards Env Analysis	20.507	VA 95-0077	240,000	-	109,269	109,269	109,269	-	109,269
Vanpool Incentive Feasibility Study	20.507	VA 95-2084	160,000	-	92,091	101,079	101,079	8,988	101,079
Crystal City/Potomac Yard Busway	20.500	VA 03-0112	777,422	-	274,953	274,953	274,953	-	274,953
			<u>1,757,381</u>	<u>-</u>	<u>675,545</u>	<u>749,812</u>	<u>749,812</u>	<u>74,267</u>	<u>1,065,260</u>
<b>Virginia Department of Rail and Public Transportation</b>									
NVTA Transaction 2040 Plan Update	20.205	47010-21	<u>400,000</u>	<u>-</u>	<u>41,733</u>	<u>82,783</u>	<u>82,783</u>	<u>41,050</u>	<u>82,783</u>
<b>Total Federal Assistance - NVTC</b>			<u>2,157,381</u>	<u>-</u>	<u>717,278</u>	<u>832,595</u>	<u>832,595</u>	<u>115,317</u>	<u>1,148,043</u>
<b><u>Virginia Railway Express</u></b>									
<b>Virginia Department of Rail and Public Transportation</b>									
Bonus Obligation Funding (STP)	20.205	47009-30	<u>3,300,000</u>	<u>-</u>	<u>3,300,000</u>	<u>3,300,000</u>	<u>3,300,000</u>	<u>-</u>	<u>3,300,000</u>
<b>Total Federal Assistance - NVTC and VRE</b>			<u>\$ 5,457,381</u>	<u>\$ -</u>	<u>\$ 4,017,278</u>	<u>\$ 4,132,595</u>	<u>\$ 4,132,595</u>	<u>\$ 115,317</u>	<u>\$ 4,448,043</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**COMPLIANCE SECTION**

**YEAR ENDED JUNE 30, 2011**

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2011**

<b>Federal Granting Agency/ Grant Program/Grant Number</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
Department of Transportation		
<u>Direct Payments:</u>		
Federal Transit Administration:		
State Grant Number:		
VA 04-0013	20.500	\$ 117,561
VA 95-0077	20.507	109,269
VA 95-2084	20.507	101,079
VA 03-0112	20.500	<u>274,953</u>
<b>Total federal transit cluster</b>		<u>602,862</u>
State Grant Number:		
VA 26-0017	20.514	<u>146,950</u>
<b>Total direct payments</b>		<u>749,812</u>
<u>Passthrough Payments:</u>		
Virginia Department of Rail and Public Transportation:		
Surface Transportation Program funding (STP)	20.205	82,783
Bonus Obligation Funding (STP)	20.205	<u>3,300,000</u>
		<u>3,382,783</u>
<b>Total federal awards expended</b>		<u><u>\$ 4,132,595</u></u>

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

## NORTHERN VIRGINIA TRANSPORTATION COMMISSION

### NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

---

#### Note 1. Summary of Significant Accounting Policies

##### A. Basis of Presentation and Accounting

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

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

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

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

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

*Cluster of Programs* – Closely related programs that share common compliance requirements are grouped into clusters of programs. A cluster of programs is considered as one federal program for determining major programs. The following are the clusters administered by NVTC: Federal Transit – Capital Investment Grants and Federal Transit – Formula Grants.



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

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

We have audited the financial statements of the Northern Virginia Transportation Commission (Commission) as of and for the year ended June 30, 2011, and have issued our report thereon dated December 20, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis.

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

### Compliance and Other Matters

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

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

PBGH, LLP

Harrisonburg, Virginia  
December 20, 2011

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS THAT COULD HAVE A DIRECT  
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the Northern Virginia Transportation Commission (Commission) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The Commission's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

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

In our opinion, the Commission complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 11-01.

## Internal Control Over Compliance

The management of the Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

The Commission's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Commission's response and, accordingly, we express no opinion on it.

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

PBGH, LLP

Harrisonburg, Virginia  
December 20, 2011

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2011**


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## I. SUMMARY OF AUDITOR'S RESULTS

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Federal awards**

Internal control over major programs:

Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction – Bonus Obligation Funding

Federal Transit Cluster:

20.500	Federal Transit - Capital Investment Grants
20.507	Federal Transit - Formula Grants

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

Auditee qualified as low-risk auditee?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2011**

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II. FINANCIAL STATEMENT FINDINGS

None

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Compliance Findings:

11-01 Submission of Audited Financial Statements to Federal Audit Clearinghouse (FAC)

During the course of our audit, it was noted that management did not submit the June 30, 2010 financial statements to the Federal Audit Clearinghouse (FAC) by the required due date. We recommend that management implement a policy to ensure the timely submission of the financial statements to the FAC by the required due date.

Management's Response:

Management agrees that internal control processes could be enhanced to reduce the possibility of this finding from occurring in the future. The internal control policies for financial reporting have been modified to require the Director of Finance and Administration, and the Assistant Financial Officer to independently from one another maintain electronic reminders of the due date for filing the financial statements with the FAC, and to conform with the FAC that the financial statements have been filed prior to the due date.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Year Ended June 30, 2011**

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There were no audit findings reported in the prior year's single audit.



AGENDA ITEM #7

**TO:** Chairman Euille and NVTC Commissioners

**FROM:** Rick Taube

**DATE:** December 29, 2011

**SUBJECT:** Selection of NVTC Representatives to the WMATA, VRE and VTA Boards of Directors and to NVTC's Executive and Legislative 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 5<sup>th</sup>.

Resolution #2180 should be adopted.

Nominees are listed below:

WMATA Board

Principals

Hon. Catherine Hudgins

James Dyke, Esq.

Alternates

Hon. Mary Hynes

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



Hon. Jay Fisette, Chairman (nominated)  
Hon. Jeff McKay, Vice Chairman (nominated)  
, Secretary-Treasurer (nominated)  
Hon. Tom Rust, General Assembly  
James Dyke, Esq., WMATA Board  
Hon. Catherine Hudgins, WMATA Board  
Hon. William Euille, (Immediate Past Chairman)



## RESOLUTION #2180

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

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

**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.

**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 2012 and their recommendations for members of the various boards.

**BE IT FURTHER RESOLVED THAT** the contingent appointments for 2012 are:

**WMATA Board:**

Principals

Hon. Cathy Hudgins  
James Dyke, Esq.

Alternates

Hon. Mary Hynes  
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

**VTA Board:**

Principals

Hon. Chris Zimmerman  
Hon. Bill Euille

Alternates

Rick Taube

Approved this 5<sup>th</sup> day of January, 2012.

\_\_\_\_\_  
Chairman

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





AGENDA ITEM #8

**TO:** Chairman Euille and NVTC Commissioners  
**FROM:** Rick Taube  
**DATE:** December 29, 2011  
**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 #2181. 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 #2181

**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 5<sup>th</sup> day of January, 2012.

\_\_\_\_\_  
Chairman

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



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AGENDA ITEM #9

**TO:** Chairman Euille and NVTC Commissioners

**FROM:** Rick Taube and Mariela Garcia-Colberg

**DATE:** December 29, 2011

**SUBJECT:** Disadvantaged Business Enterprise Goal

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As explained in the attached memorandum, the commission is asked to adopt Resolution #2182. This resolution establishes a Disadvantaged Business Enterprise (DBE) policy and a three-year goal for NVTC's federally funded projects. The goal is at least 5.6 percent by value of NVTC's federally funded projects to be performed by Certified Disadvantaged Business Enterprises. NVTC's subrecipients must also adhere to this policy and attempt to meet the goal. NVTC must report to the Federal Transit Administration regularly on progress in achieving this goal.

In the recent past, PRTC established the goal for itself, NVTC and VRE and processed the mandatory reports. FTA now requires NVTC to establish its own goal and report individually. The proposed NVTC goal remains the same as that of PRTC and VRE. NVTC's policy and goal must be available to the public for 45 days for comment before NVTC acts to approve them in final form. Accordingly, the resolution authorizes staff to advertise the proposed policy and goal for public comment with the expectation that final action will occur at NVTC's March 1, 2012 meeting.



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## **RESOLUTION #2182**

**SUBJECT:** Disadvantaged Business Enterprise Policy and Goal.

**WHEREAS:** The Federal Transit Administration (FTA) requires grant recipients to adopt policies and goals for awarding contracts to certified Disadvantaged Business Enterprises (DBE);

**WHEREAS:** NVTC has relied on PRTC to adopt such policies and goals and file mandatory reports on behalf of NVTC (and VRE), but now FTA is requiring NVTC to adopt its own policy and goal and file its own reports; and

**WHEREAS:** NVTC desires to maintain continuity with PRTC and VRE.

**NOW, THEREFORE BE IT RESOLVED** that the Northern Virginia Transportation Commission hereby authorizes its staff to publish immediately the proposed policy and goal of at least 5.6 percent of its federally funded contract value to be awarded to DBE's for the three-year period of 2012-2014. Staff is also authorized to seek public comment prior to March 1, 2012 with a final proposed policy and goal, reflecting public comment, to be brought to NVTC for action on that date.

Approved this 5<sup>th</sup> day of January, 2012.

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Chairman

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Secretary-Treasurer



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To: Rick Taube

From: Mariela Garcia-Colberg

Date: December 22, 2011

RE: Disadvantaged Business Enterprise (DBE) Policy and Goal Methodology

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## **BACKGROUND**

As of March 3, 2010, the United States Department of Transportation (DOT) issued a new final rule affecting the implementation and management of the Department's Disadvantage Business Enterprise (DBE) program. The new rule requires Federal Transit Administration (FTA) recipients to submit their DBE goal and goal setting methodology to the FTA once every three years.

Northern Virginia Transportation Commission's (NVTC) organization goal and methodology submission was due on August 1, 2010 and was meant to cover federal fiscal years 2011, 2012 and 2013. The Potomac & Rappahannock Transportation Commission (PRTC) submitted a combined goal and methodology report that also included Virginia Railway Express (VRE) and NVTC on the due date of August 1<sup>st</sup>, 2010. Soon after, FTA informed PRTC and NVTC that it would not accept combined reports anymore, as it had previously done. PRTC proceeded to submit his own report but NVTC did not. Upon further communications with FTA, NVTC has finally established that NVTC's DBE Program will be due on February 28, 2012, and NVTC's Three Year DBE Goal should be submitted by March 31, 2012.

NVTC's goals should be active now, and should apply to the projects NVTC have coming up. This means that NVTC will be creating a goal for a deadline that has already passed (was due August 1, 2011), and should apply to Fiscal Years 2012 – 2014 (October 1, 2011 to September 30, 2014). The next goal will be due on August 1, 2014, and apply to Fiscal Years 2015 – 2017 (October 1, 2014 to September 30, 2017).

## **PROPOSED DBE PROGRAM POLICY**

(must be signed and dated to become official)

Policy: NVTC is committed to the participation of Disadvantaged Business Enterprises (DBE) in the award and administration of USDOT assisted contracts.



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Objectives: In order to accomplish this policy, NVTC will:

1. Appoint a DBE liaison officer, who shall have direct, independent access to NVTC's Executive Director concerning DBE program matters. The liaison officer shall be responsible for implementing all aspects of NVTC's DBE program. NVTC's DBE liaison officer is Mariela Garcia-Colberg.
2. Thoroughly investigate the full extent of services offered by financial institutions owned and controlled by socially and economically disadvantaged individuals in NVTC's community and make reasonable efforts to use these institutions. NVTC will also encourage its prime contractors to use such institutions.
3. The DBE liaison officer, together with NVTC's director of finance, will create and establish prompt payment mechanisms for all contractors and subcontractors and provide appropriate means to enforce the requirements of these mechanisms. These shall be included in all of NVTC's Request for Proposals, Invitations for Bid and resulting project contracts.
4. NVTC's DBE program will include a monitoring and enforcement mechanism to ensure that work committed to DBEs at contract award or subsequently ( *e.g.*, as the result of modification to the contract) is actually performed by the DBEs to which the work was committed. This mechanism will include a written certification that NVTC has reviewed contracting records and monitored work sites in its district for this purpose. This monitoring will be conducted as part of the close-out reviews for a contract.
5. The monitoring and enforcement mechanism will provide for a running tally of actual DBE attainments (*i.e.*, payments actually made to DBE firms), including a means of comparing these attainments to commitments.
6. In order to foster small business participation, NVTC will include an element to structure contracting requirements to facilitate competition by small business concerns, taking all reasonable steps to eliminate obstacles to their participation, including unnecessary and unjustified bundling of contract requirements that may preclude small business participation in procurements as prime contractors or subcontractors.
7. NVTC will incorporate all of the DBE program objectives in its agreements with subrecipients. NVTC will monitor the performance of these subrecipients and will implement appropriate mechanisms to ensure compliance with the DBE program requirements.
8. In the event that a subrecipient fails to comply with DBE program requirements, NVTC may terminate the subrecipient's agreement for default. Termination shall

be effective by serving a notice of termination on the subrecipient setting forth the manner in which the subrecipient is in default.

## PROPOSED GOAL SETTING METHODOLOGY

NVTC's overall goal must be based on demonstrable evidence of the availability of ready, willing and able DBEs relative to all businesses ready, willing and able to participate in NVTC's USDOT-assisted contracts.

There are several steps that need to be completed in order to establish DBE goals. The first step in establishing an overall goal for DBE participation is to establish a base figure for the relative availability of DBE vendors within NVTC's service area (Northern Virginia and Washington, DC). In order to determine NVTC's base figure, NVTC will use the goal already set by PRTC which is another USDOT recipient in the same market. PRTC has already set its overall goal in compliance with federal regulations. PRTC has set its FY10-12 goal at **5.6%** which also applies to the Virginia Railway Express (VRE). PRTC and NVTC co-own VRE, so that it is sensible to retain continuity among NVTC, PRTC and VRE.

After determining NVTC's base figure, the second step is to adjust for differences between PRTC and NVTC's contracting program, if any. After studying PRTC's contracting program and comparing it to that of NVTC, NVTC believes the two are comparable and utilize the same types of firms. NVTC's USDOT assisted projects expected to be initiated during the federal fiscal period 2012-2014 include construction of a Falls Church intermodal transit facility; preliminary design of Alexandria Potomac Yard transit improvements including final design and construction of entrances; design of an intermodal station on Eisenhower Avenue; design, construction and project management of King Street Metrorail access improvements; and design and construction of improvements for Alexandria Transit. Firms that will be utilized include general management, planning services, engineering services, and construction.

Then, the federal DBE regulations require that the base goal should be adjusted using past participation rates of DBEs on USDOT-funded projects. Past participation percentages are derived from **actual commitments** to DBE certified firms by the prime contractor for the past three federal fiscal year reporting periods for completed projects. In NVTC's case, that would be FY, '09, '10 and '11. NVTC had no completed federal projects during the period with DBE participation. The adjusted goal is then calculated by adding the base goal percentage to the median percentage, from the previous three years, and then dividing by two.

### Past Participation of NVTC

Year	FFY 2011	FFY 2010	FFY 2009
Percent of total dollars to DBE	0	0	0

Using 0% as the median percentage for past participation would result in the following formula used to calculate the adjusted base goal:

<b><i>Adjusted Goal</i></b>	<b><i>Formula</i></b>
<b>%</b>	$=([base]5.6\%+[median] 0\%) / 2$

**Calculated Proposed Goal = 2.8%**

However, NVTC wishes to maintain the same goal as PRTC and VRE, which is **5.6%**.

## **NEXT STEPS**

An important part of setting the DBE goal is public participation. NVTC must consult with minority, women's and general contractor groups, community organizations and others which could be expected to have information about DBEs.

Once the NVTC board has provided provisional approval for the proposed NVTC DBE policy and goal, NVTC must post a notice of the proposed overall DBE policy and goal, informing the public that the proposal and its rationale are available for public inspection during normal business hours at NVTC offices for a period of 30 days and public comment for 45 days from the date the notice. NVTC must publish its overall goal with general circulation media and available minority-focused media. If public comments are received, the goal must be reconsidered and reviewed by NVTC commissioners prior to approval.



AGENDA ITEM #10

**TO:** Chairman Euille and NVTC Commissioners  
**FROM:** Rick Taube  
**DATE:** December 29, 2011  
**SUBJECT:** NVTC By-Laws Amendments

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During its consideration of 2012 performance goals, NVTC's board members expressed an interest in clarifying certain procedures set forth in NVTC's By-Laws. The attached proposed changes are meant to accomplish such clarification.

Specifically, it is stated that open meeting requirements in the Virginia Code will apply to NVTC's Executive Committee and the committee chairman has the authority to determine who is able to participate in lawfully convened closed sessions of that committee.

Also, in order to strengthen the capability of the Executive Committee to recommend policy actions to the full board of NVTC, it is recommended that the Chairman of the Fairfax County Board be a permanent member of the Executive Committee (if that person serves on NVTC).

The current By-Laws require action at two successive meetings of NVTC before any changes are adopted, so after discussion the commission is asked to act to approve the proposed changes, subject to ratification at NVTC's February 9<sup>th</sup> meeting in Richmond.



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**Proposed Amendments to the**  
**NVTC BY-LAWS**

**--November 21, 2011--**

## **NORTHERN VIRGINIA TRANSPORTATION COMMISSION** **BY-LAWS**

Adopted 3 Mar. 66  
Revised 4 Aug. 66  
Revised 9 Jan. 69  
Revised 5 Jun. 75  
Revised 6 May. 81  
Revised 11 Jul. 85  
Revised 3 Oct. 85  
Revised 3 Jan. 90  
Revised 1 Mar. 90  
Revised 1 Jul. 04

### **1. PARTICIPATING GOVERNMENTS**

- A. The following local governments, comprising the Northern Virginia Transportation District (Section 15.2-4503.1 of the Virginia Code) are eligible to participate in the Northern Virginia Transportation Commission, with representatives as noted:

- (1) Fairfax County --Five members
- (2) Arlington County --Three members
- (3) City of Alexandria --Two members
- (4) City of Fairfax--One member
- (5) City of Falls Church --One member
- (6) Loudoun County\* --One member

- B. In addition, the chairman of the Commonwealth Transportation Board designates one ex officio member of the commission.

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\* Loudoun County's membership is governed by the terms of an agreement dated December 14, 1989 between NVTC and the county.

C. The General Assembly of Virginia is represented by two senators and four delegates.

D. Additional counties and cities may be added to the transportation district and shall appoint one representative.

E. NVTC has adopted a policy that permits its local governments to appoint alternates to vote in the absence of their principal members.

## 2. MEETINGS

### A. Regular Public Meetings

Regular public meetings will be held on the first Thursday night of each month unless two thirds of the members shall consent to an alternate date. If the meeting night occurs on a holiday, the commission shall designate a substitute night as a matter of business during a prior meeting.

### B. Quorum and Action by Commission

Section 15.2-4512 of the Virginia Code stipulates the requirements of a quorum and action by the commission. A quorum requires eleven members including individuals representing four jurisdictions. However, while the General Assembly is in session, NVTC's General Assembly members shall not be counted in determining a quorum. General Assembly members on the commission represent the Commonwealth of Virginia and not the jurisdictions from which they are elected. The presence of a quorum and a vote of the majority of the members necessary to constitute a quorum of all the members appointed to the commission, including an affirmative vote

from at least one commissioner from a majority of the jurisdictions represented at the meeting, shall be necessary to take any action.

Notwithstanding the provisions of Section 2.2-3708, members of the General Assembly may participate in the meetings of the commission through electronic communications while the General Assembly is in session.

### **3. RULES OF PROCEDURE**

Robert's Rules, as amended shall apply.

### **4. OFFICERS**

- A. The officers of the commission shall be elected from the membership of the commission and shall serve terms of one year, or until their successors are elected, and may succeed themselves.
- B. The officers and their duties shall be as follows:
  - (1) Chairman: The chairman presides at meetings of the commission, represents the commission before the United States Congress, the Virginia Assembly, and other commissions, and is the commission's spokesman in matters of policy.
  - (2) Vice Chairman: The vice chairman shall, in the absence or disability of the chairman, perform the duties and exercise the powers of the chairman.

(3) Secretary-Treasurer: The secretary-treasurer shall monitor the financial administration of the commission including the funds and investment of funds and securities of the commission and monitor financial records and the issuance of such reports as required by law, i.e., annual audit and other financial statements as determined by the commission. He or she shall direct staff to present monthly reports of the financial condition of the commission, giving the status and basis for all investments and of all money and other valuable effects in the name or in the credit of the commission.

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C. Election of the officers shall take place annually at the January meeting of the commission, and the officers shall serve until their successors are duly elected. Notice of meeting must state that election of officers will be a matter of business at the meeting.

## 5. EMPLOYEES

A. The Commission shall employ an executive director who shall hire and direct such other employees as may be necessary to perform the functions of the commission.

B. The duties, qualifications, terms, compensation and related benefits of employees shall be prescribed in NVTC's Administrative Regulations as adopted and amended from time to time by the commission and executive director.

Deleted: Personnel Policies

**6. ACCOUNTS AND RECORDS**

- A. The Virginia Code stipulates the types of records to be maintained by the commission.
- B. The annual report of the commission shall be for the fiscal year period.
- C. The official minutes of the commission shall be in the custody of the executive director of the commission who shall certify copies and abstracts of the minutes when required.

**7. BONDING OF COMMISSIONERS AND EMPLOYEES**

- A. The commission shall secure a public official bond for the faithful performance of duties in the amount of:
  - (1) \$5,000 for each member of the commission except the secretary-treasurer:
  - (2) \$25,000 for the secretary treasurer.The bonds shall be filed with and preserved by the Comptroller of the Commonwealth.
- B. The commission shall secure a fidelity bond for the faithful performance of duties in the amount of:
  - (1) \$1,000,000 for the executive director; and
  - (2) As directed for other members of the commission staff and officers as appropriate. The executive director's and staff bonds will be held by the commission.

## 8. FINANCES

### A. Fiscal Year

The fiscal year shall begin the first day of July in each year.

### B. Budget

(1) The executive director shall submit a proposed budget for the succeeding fiscal year prior to the month of January.

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(2) The budget approved by the executive committee shall be submitted to the commission at its January meeting. The notice of this meeting must state that the budget for the coming fiscal year is to be a matter of business at the meeting.

Deleted: February

(3) The administrative expenses of the commission, to the extent funds for such expenses are not provided from other sources, shall be allocated among the component governments on the basis of the relative shares of state and federal transit aids allocated by the commission among its component governments, as stated in the Virginia Code.

### C. Audit

The books of the commission shall be audited by a certified public accountant or accountants, and the audit report shall be included in the annual report.

## 9. COMMITTEES

### A. Executive Committee

- (1) Membership: There shall be an executive committee consisting of the chairman, the immediate past chairman if still a member of the commission, the vice chairman, the secretary-treasurer, the commission's principal members of the WMATA Board, the chairman of the Fairfax County Board of Supervisors (if serving on NVTC) and one member of the General Assembly. The legislative commissioner on the executive committee shall be appointed by the senior member of the legislative commissioners in length of service in the General Assembly.

**Deleted:** both of the commission's WMATA representatives

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- (2) Duties: The executive committee shall:

- (a) Review the work program of the commission and advise the executive director on activities within policies set by the commission.
- (b) Identify and present to the commission policy issues related to transportation improvements and the administration of NVTC.
- (c) Review the current administration of the commission including the expenditure and investment of commission funds.
- (d) Consider and make recommendations to the commission on the substantive program areas for commission activity and for the establishment and disestablishment of subcommittees required for each activity.

**Deleted:** Information on these matters shall continue to be provided at least quarterly to the commission.

- (e) Regularly report its deliberations to the commission.
- (f) Regularly review the performance of the executive director at least annually, including establishing performance goals and recommending any changes in compensation to the full commission.
- (g) Function as an audit committee by reviewing periodic financial reports, responding to recommendations from NVTC's auditors and meeting with those auditors as needed.

(3) Meetings:

- (a) Each January the commission shall establish a meeting schedule for the executive committee.
- (b) Quorums, notices, minutes and other open meeting requirements contained in the Virginia Code shall be adhered to.
- (c) The executive committee chairman shall control the agendas for these meetings and shall determine who is eligible to participate in closed sessions of the committee.

B. Other Committees

The commission shall, at its January annual organizational meeting, or thereafter, establish such committees as it deems appropriate. Such committees shall continue throughout the calendar year unless dissolved. The chairman of the commission shall designate the chairman and membership of each such committee. These committees shall adhere to all open meeting requirements contained in the Virginia Code.

**10. AMENDMENT TO BY-LAWS**

- A. The By-Laws may be altered or amended by the presentation of such proposed alterations or amendments at one meeting with explanations of the proposed changes. Action on the proposed changes shall be taken at the following or subsequent meetings. Notice of proposed action to amend the By-Laws shall be included in the meeting notice.
- B. The enactment of a change of the By-Laws requires a majority vote of the full commission.



AGENDA ITEM #11

**TO:** Chairman Euille and NVTC Commissioners

**FROM:** Rick Taube, Scott Kalkwarf, Kala Quintana, Claire Gron and Mariela Garcia-Colberg

**DATE:** December 29, 2011

**SUBJECT:** Review of NVTC's 2011 Accomplishments

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The attached short PowerPoint reports some of the commission's accomplishments during the past calendar year, as a prelude to consideration of NVTC's proposed work program for 2012 in the next agenda item.

Also attached is a set of transit performance reports for FY 2011 that illustrate NVTC's role as a research and public information agency, among its several other functions.



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# **NVTC'S 2011 ACCOMPLISHMENTS**

**--January 5, 2012--**



# **Financial Accomplishments**



- Carefully monitored receipt of \$43.8 million of regional gas taxes, up \$5.7 million (15%) from the previous fiscal year.
- Very actively pursued proper allocation of gas taxes by jurisdiction with the result that \$1.6 million has been correctly reallocated to date.
- Managed \$63 million of trust fund assets per NVTC financial employee at an administrative cost of \$0.003 per dollar.
- Invoiced and/or booked \$126 million of revenue in FY 2011.
- Invoiced \$1.2 million of federal and state funds for projects managed by NVTC staff, up 87% from FY 2010.
- Continued to serve as co-owner of VRE assets that grew 10% in FY 2011 to total \$367 million.
- Achieved a favorable audit for FY 2011.



# **Public Outreach and Legislative Accomplishments**



- Completed a detailed state and federal legislative agenda for NVTC and a state agenda for the Virginia Transit Association. Served as VP for Legislative Affairs for the Transportation Association of Greater Springfield (TAGS).
- Developed detailed information to assist legislators and jurisdiction staff in considering the proposed consolidation of NVTC, PRTC , VRE and NVTA. The proposal was strongly and successfully opposed by NVTC and its jurisdictions.
- Served as Public Information Officer for NVTA as well as NVTC, responding to public and media inquiries and actively promoting favorable coverage.
- Depending on the issue, worked with allies for more effective public information and legislative advocacy, including representatives of the Sierra Club, Northern Virginia Transportation Alliance, TAGS, and Coalition for Smarter Growth, among others.
- Received over 4 million requests for e-schedules (up 27% since 2007) and 10,848 NVTC web-site visits (up 17% since 2010).



# **Project Management** **Accomplishments**



- Continued to lead the multi-region effort to initiate a new Vanpool Incentive Program. The business plan was completed showing potential earnings of \$6 million annually. With DRPT's cooperation, significant progress was made in identifying sources of seed money for the profit-making project. NVTC also managed the grants for the \$200,000 study.
- NVTC is managing the grant for the \$500,000 TransAction 2040 regional transportation plan update that will be completed in 2012. NVTC is also leading the public outreach components of the plan, resulting in \$250,000 in contract cost savings.
- NVTC accepted the lead role in managing the \$350,000 federally funded (\$437,500 with required matching funds) project to analyze multi-modal options in the Route 7 corridor (King Street Alexandria to Tysons Corner) with the involvement of four of NVTC's jurisdictions. A draft scope of work is being reviewed by staff with the objective of seeking state matching funding by the February 1, 2012 application deadline.
- For Alexandria, Arlington and Falls Church, NVTC is managing ongoing federal grants with matching funds totaling over \$13 million, with another \$6 million pending approval.



# **Performance Reporting**



- NVTC compiles transit performance data from each of the transit systems operating within Northern Virginia.
- The data are transformed into easily understood graphs, charts and tables and actively disseminated to the public including posting on NVTC's website.
- The data are used to craft messages encouraging more funding for public transit, given the demonstrated benefits of such investments.
- The results for FY 2011 are attached to this agenda item. Ridership rose modestly overall, despite the ongoing economic downturn and the resulting transit service cutbacks and increased fares. VRE's ridership and on-time performance were spectacular, and other local bus systems showed solid growth.



## **Regional Coordination**



- Over a period of several months, NVTC staff led negotiations among NVTC's jurisdictions to agree on a course of action for Loudoun County's participation in NVTC when the county begins to pay for service from WMATA. The proposed resolution has been shared with NVTC's Executive Committee and action by the full commission will be initiated when the Loudoun County Board so requests.
- Organized responses to the Pentagon's efforts to revise access to bus bays at the Pentagon Transit Center. Plans could have disrupted service to the 30,000 customers using that hub each work day.
- Actively representing NVTC's transit operators on DRPT's SJR 297 stakeholder group. That study has very significant implications for the amount of state transit assistance this region may receive in the future.

# FY 2011 TRANSIT PERFORMANCE UPDATE

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Figure	Title
1	Public Transit Systems Operating in Northern Virginia - Operating Statistics and Performance Indicators, FY 2011
2	Northern Virginia Average Weekday and Annual Public Transit Passenger Trips, FY 2010-2011
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3A	FY2010-2011 Metrorail Ridership Summary, Average Daily Passenger Trips by Station (Weekday)
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4	FY2010-2011 Metrorail Ridership Summary, Annual Passenger Trips by Station
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6	Metrorail Annual Northern Virginia Passenger Trips, FY1996-2010
7	VRE Monthly Passenger Trips, FY2010-2011
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9	Northern Virginia Metrobus Average Daily Passenger Trips, FY2010-2011
10	Northern Virginia Metrobus Annual Passenger Trips, FY2010-2011
11	Metrobus Northern Virginia Passenger Trips, Monthly Totals, FY2010-2011
12	Metrobus Northern Virginia Annual Passenger Trips, FY1996-2011
13	ART Annual Passenger Trips, FY1994-2011
14	CUE Annual Passenger Trips, FY1994-2011
15	DASH Annual Passenger Trips, FY1984-2011
16	Fairfax Connector Annual Passenger Trips, FY1994-2011
17	Loudoun County Transit Annual Passenger Trips, FY1995-2011
18	PRTC Omni Ride Annual Passenger Trips, FY1994-2011
19	PRTC Omni Link Annual Passenger Trips, FY1995-2011

**Figure 1: Public Transit Systems Operating in Northern Virginia**  
**Operating Statistics and Performance Indicators, FY 2011**

	<a href="#">Fairfax Connector</a>	Potomac and Rappahannock Transportation Commission		<a href="#">Virginia Railway Express (VRE)</a>	<a href="#">Alexandria DASH</a>	<a href="#">City of Fairfax CUE</a>	<a href="#">Arlington Transit (ART)</a>	<a href="#">Loudoun County Transit</a>	Washington Metropolitan Area Transit Authority	
		<a href="#">Omni Ride</a>	<a href="#">Omni Link</a>						<a href="#">Metrobus (Northern Virginia)</a>	<a href="#">Metrorail (Northern Virginia)</a>
Annual Passenger Trips	10,283,313	2,297,425	1,029,274	4,645,591	3,750,737	910,549	2,261,129	1,210,542	20,401,587	98,053,085
Vehicle Miles	10,149,299	2,253,793	775,195	366,019	1,571,633	448,251	1,484,626	2,822,247	13,178,133	23,693,281
Passenger Miles	78,317,936	53,474,051	4,647,749	144,938,917	9,151,661	3,305,207	4,748,414	38,610,834	62,319,583	555,848,976
Fleet Size	258	116	23	127	64	12	46	56	1492 *	1134*
Average Age of Fleet (years)	5.2	7.5	6.3	18	7.0	5.0	4.17	6	7.5 *	20*
Average Weekday Boardings	35,883	8,939	3,746	18,377	12,933	3,180	8,056	4,891	69,810	328,088
Average Trip Length (miles)	9.16	23.30	4.50	29.90	2.40	3.60	2.10	37.82	3.05 *	5.67 *
On Time Performance	98%	Not Available		87.2%	94.55%	95.0%	98.0%	95.0%	74.95% *	89.4% *
Operating Costs	\$59,128,915	\$14,919,610	\$8,669,526	\$57,628,912	\$12,177,387	\$2,852,207	\$7,884,300	\$8,659,266	\$16,307,000	\$231,787,000

Source: Operating Information obtained directly from individual transit systems

\* WMATA sytemwide data

**Figure 2: Northern Virginia Average Weekday and Annual Public Transit Passenger Trips, FY 2010 - 2011**

<b>System</b>	<b>Average Weekday Passenger Trips, FY 2010</b>	<b>Average Weekday Passenger Trips, FY 2011</b>	<b>Annual Passenger Trips, FY 2010</b>	<b>Annual Passenger Trips, FY 2011</b>
<a href="#">Metrorail Virginia</a>	327,304	328,088	98,463,817	98,053,085
<a href="#">Metrobus Virginia</a>	72,079	69,810	20,556,094	20,401,587
<a href="#">Fairfax Connector</a>	34,356	35,883	9,643,793	10,283,313
<a href="#">VRE</a>	16,673	18,377	4,106,589	4,645,591
<a href="#">DASH</a>	13,544	12,933	3,805,551	3,750,737
<a href="#">PRTC Omni Ride</a>	8,602	8,939	2,176,322	2,297,425
<a href="#">PRTC Omni Link</a>	3,701	3,746	1,000,027	1,029,274
<a href="#">CUE</a>	3,331	3,180	932,055	910,549
<a href="#">ART</a>	7,109	8,056	1,990,402	2,261,129
<a href="#">Loudoun County Transit</a>	3,997	4,897	967,957	1,210,542
<b>Total</b>	490,696	493,909	143,642,607	144,843,232

Note: Ridership on WMATA reimbursable services such as REX, PikeRide, and TAGS is included in the Metrobus Virginia ridership figure.

**Figure 3: FY 2010-FY2011 Metrorail Ridership Summary**  
**Average Daily Passenger Trips by Station**

Station	Weekday FY 2010	Saturday FY 2010	Sunday FY 2010	Weekday FY 2011	Saturday FY 2011	Sunday FY 2011
<b>Stations in Alexandria*</b>						
Blue/Yellow Line Stations						
Braddock Road	8,497	3,622	2,202	8,609	3,667	2,239
Van Dorn Street	7,021	3,343	1,988	7,022	3,236	1,901
Eisenhower Avenue	4,488	2,289	1,246	3,981	2,367	1,341
King Street	16,868	9,016	5,965	15,787	8,659	5,288
<b>Total Alexandria:</b>	<b>36,873</b>	<b>18,270</b>	<b>11,401</b>	<b>35,399</b>	<b>17,930</b>	<b>10,769</b>
<b>Stations in Arlington</b>						
Orange Line Stations						
East Falls Church	7,764	4,659	2,818	7,638	4,525	2,699
Ballston	23,619	10,839	6,304	23,119	10,156	5,695
Virginia Square	7,885	3,041	1,763	7,765	2,981	1,692
Clarendon	8,137	5,470	2,935	8,121	5,133	2,444
Courthouse	14,313	7,087	4,208	14,240	6,553	3,836
Rosslyn	32,903	13,242	9,362	33,010	12,901	8,923
Blue/Yellow Line Stations						
Arlington Cemetery	2,982	4,870	4,258	2,787	4,542	3,846
Pentagon	31,010	4,975	3,679	32,013	4,711	2,840
Pentagon City	31,648	22,688	13,755	31,866	22,204	14,104
Crystal City	27,844	10,490	6,729	28,615	10,344	6,854
National Airport	11,295	7,142	10,549	11,616	7,898	11,496
<b>Total Arlington:</b>	<b>199,401</b>	<b>94,502</b>	<b>66,360</b>	<b>200,790</b>	<b>91,948</b>	<b>64,430</b>
<b>Stations in Fairfax County*</b>						
Orange Line Stations						
Vienna	26,254	12,077	6,542	26,340	11,921	6,705
Dunn Loring	10,051	4,737	2,642	9,923	4,533	2,639
West Falls Church	19,953	5,400	3,423	20,280	5,806	3,465
Blue/Yellow Line Stations						
Huntington	16,379	6,428	4,083	17,067	7,028	4,550
Franconia-Springfield	18,393	8,572	4,838	18,288	8,356	4,776
<b>Total Fairfax:</b>	<b>91,030</b>	<b>37,214</b>	<b>21,529</b>	<b>91,899</b>	<b>37,644</b>	<b>22,136</b>
<b>Total Virginia:</b>	<b>327,304</b>	<b>149,986</b>	<b>99,290</b>	<b>328,088</b>	<b>147,522</b>	<b>97,335</b>

\*Van Dorn Street is paid for by Alexandria and Fairfax County on a 50/50 basis

**Figure 3A: FY 2010-2011 Metrorail Ridership Summary  
Average Daily Passenger Trips by Station (Weekday)**

Station	Weekday FY 2010	Weekday FY 2011	Total Change FY 10-11	Percentage Change FY 10-11
<b>Stations in Alexandria*</b>				
Blue/Yellow Line Stations				
Braddock Road	8,497	8,609	112	1%
Van Dorn Street	7,021	7,022	1	0%
Eisenhower Avenue	4,488	3,981	-506	-11%
King Street	16,868	15,787	-1,081	-6%
<b>Total Alexandria:</b>	<b>36,873</b>	<b>35,399</b>	<b>-1,474</b>	<b>-4%</b>
<b>Stations in Arlington</b>				
Orange Line Stations				
East Falls Church	7,764	7,638	-127	-2%
Ballston	23,619	23,119	-500	-2%
Virginia Square	7,885	7,765	-120	-2%
Clarendon	8,137	8,121	-16	0%
Courthouse	14,313	14,240	-73	-1%
Rosslyn	32,903	33,010	107	0%
Blue/Yellow Line Stations				
Arlington Cemetery	2,982	2,787	-195	-7%
Pentagon	31,010	32,013	1,003	3%
Pentagon City	31,648	31,866	219	1%
Crystal City	27,844	28,615	771	3%
National Airport	11,295	11,616	321	3%
<b>Total Arlington:</b>	<b>199,401</b>	<b>200,790</b>	<b>1,389</b>	<b>1%</b>
<b>Stations in Fairfax County*</b>				
Orange Line Stations				
Vienna	26,254	26,340	86	0%
Dunn Loring	10,051	9,923	-127	-1%
West Falls Church	19,953	20,280	327	2%
Blue/Yellow Line Stations				
Huntington	16,379	17,067	688	4%
Franconia-Springfield	18,393	18,288	-105	-1%
<b>Total Fairfax:</b>	<b>91,030</b>	<b>91,899</b>	<b>869</b>	<b>1%</b>
<b>Total Virginia:</b>	<b>327,304</b>	<b>328,088</b>	<b>784</b>	<b>0%</b>

\*Van Dorn Street is paid for by Alexandria and Fairfax County on a 50/50 basis

**Figure 3B: FY 2010-2011 Metrorail Ridership Summary  
Average Daily Passenger Trips by Station (Saturday)**

Station	Saturday FY 2010	Saturday FY 2011	Total Change FY 10-11	Percentage Change FY 10-11
<b>Stations in Alexandria*</b>				
Blue/Yellow Line Stations				
Braddock Road	3,622	3,667	45	1%
Van Dorn Street	3,343	3,236	-108	-3%
Eisenhower Avenue	2,289	2,367	79	3%
King Street	9,016	8,659	-356	-4%
<b>Total Alexandria:</b>	<b>18,270</b>	<b>17,930</b>	<b>-340</b>	<b>-2%</b>
<b>Stations in Arlington</b>				
Orange Line Stations				
East Falls Church	4,659	4,525	-133	-3%
Ballston	10,839	10,156	-683	-6%
Virginia Square	3,041	2,981	-60	-2%
Clarendon	5,470	5,133	-337	-6%
Courthouse	7,087	6,553	-534	-8%
Rosslyn	13,242	12,901	-341	-3%
Blue/Yellow Line Stations				
Arlington Cemetery	4,870	4,542	-327	-7%
Pentagon	4,975	4,711	-265	-5%
Pentagon City	22,688	22,204	-484	-2%
Crystal City	10,490	10,344	-145	-1%
National Airport	7,142	7,898	756	11%
<b>Total Arlington:</b>	<b>94,502</b>	<b>91,948</b>	<b>-2,554</b>	<b>-3%</b>
<b>Stations in Fairfax County*</b>				
Orange Line Stations				
Vienna	12,077	11,921	-155	-1%
Dunn Loring	4,737	4,533	-204	-4%
West Falls Church	5,400	5,806	406	8%
Blue/Yellow Line Stations				
Huntington	6,428	7,028	599	9%
Franconia-Springfield	8,572	8,356	-215	-3%
<b>Total Fairfax:</b>	<b>37,214</b>	<b>37,644</b>	<b>431</b>	<b>1%</b>
<b>Total Virginia:</b>	<b>149,986</b>	<b>147,522</b>	<b>-2,463</b>	<b>-2%</b>

\*Van Dorn Street is paid for by Alexandria and Fairfax County on a 50/50 basis

**Figure 3C: FY 2010-2011 Metrorail Ridership Summary**  
**Average Daily Passenger Trips by Station (Sunday)**

Station	Sunday FY 2010	Sunday FY 2011	Total Change FY 10-11	Percentage Change FY 10-11
<b>Stations in Alexandria*</b>				
Blue/Yellow Line Stations				
Braddock Road	2,202	2,239	38	2%
Van Dorn Street	1,988	1,901	-87	-4%
Eisenhower Avenue	1,246	1,341	95	8%
King Street	5,965	5,288	-678	-11%
<b>Total Alexandria:</b>	<b>11,401</b>	<b>10,769</b>	<b>-632</b>	<b>-6%</b>
<b>Stations in Arlington</b>				
Orange Line Stations				
East Falls Church	2,818	2,699	-119	-4%
Ballston	6,304	5,695	-610	-10%
Virginia Square	1,763	1,692	-71	-4%
Clarendon	2,935	2,444	-491	-17%
Courthouse	4,208	3,836	-372	-9%
Rosslyn	9,362	8,923	-439	-5%
Blue/Yellow Line Stations				
Arlington Cemetery	4,258	3,846	-412	-10%
Pentagon	3,679	2,840	-838	-23%
Pentagon City	13,755	14,104	349	3%
Crystal City	6,729	6,854	124	2%
National Airport	10,549	11,496	947	9%
<b>Total Arlington:</b>	<b>66,360</b>	<b>64,430</b>	<b>-1,930</b>	<b>-3%</b>
<b>Stations in Fairfax County*</b>				
Orange Line Stations				
Vienna	6,542	6,705	163	2%
Dunn Loring	2,642	2,639	-3	0%
West Falls Church	3,423	3,465	42	1%
Blue/Yellow Line Stations				
Huntington	4,083	4,550	467	11%
Franconia-Springfield	4,838	4,776	-62	-1%
<b>Total Fairfax:</b>	<b>21,529</b>	<b>22,136</b>	<b>607</b>	<b>3%</b>
<b>Total Virginia:</b>	<b>99,290</b>	<b>97,335</b>	<b>-1,955</b>	<b>-2%</b>

\*Van Dorn Street is paid for by Alexandria and Fairfax County on a 50/50 basis

**Figure 4: FY 2010-2011 Metrorail Ridership Summary**  
**Annual Passenger Trips by Station**

Station	Weekday FY 2010	Saturday FY 2010	Sunday FY 2010	Weekday FY 2011	Saturday FY 2011	Sunday FY 2011
<b>Stations in Alexandria*</b>						
Blue/Yellow Line Stations						
Braddock Road	2,221,249	187,810	113,846	2,237,006	191,424	116,598
Van Dorn Street	1,836,318	173,024	102,352	1,825,047	168,866	99,229
Eisenhower Avenue	1,173,619	118,928	64,361	1,034,395	123,599	69,820
King Street	4,412,213	466,936	307,850	4,105,206	451,432	274,758
<b>Total Alexandria:</b>	<b>9,643,399</b>	<b>946,698</b>	<b>588,408</b>	<b>9,201,655</b>	<b>935,322</b>	<b>560,405</b>
<b>Stations in Arlington</b>						
Orange Line Stations						
East Falls Church	2,030,051	240,577	145,908	1,985,175	234,992	139,919
Ballston	6,170,629	561,555	325,745	6,007,162	528,735	296,354
Virginia Square	2,059,542	157,280	90,884	2,017,501	154,929	87,830
Clarendon	2,125,610	283,975	151,920	2,110,331	266,405	127,028
Courthouse	3,738,370	367,009	216,542	3,699,594	341,230	200,610
Rosslyn	8,597,699	684,555	478,982	8,574,321	672,999	470,188
Blue/Yellow Line Stations						
Arlington Cemetery	785,547	250,336	219,354	725,043	236,818	202,382
Pentagon	8,101,401	256,485	187,017	8,318,806	245,741	150,408
Pentagon City	8,280,512	1,178,140	712,173	8,287,838	1,157,321	733,945
Crystal City	7,277,995	544,067	346,379	7,435,004	542,236	358,017
National Airport	2,956,186	371,577	550,747	3,022,298	413,115	598,100
<b>Total Arlington:</b>	<b>52,123,542</b>	<b>4,895,557</b>	<b>3,425,649</b>	<b>52,183,073</b>	<b>4,794,522</b>	<b>3,364,783</b>
<b>Stations in Fairfax County*</b>						
Orange Line Stations						
Vienna	6,867,724	622,416	336,966	6,845,761	623,505	349,609
Dunn Loring	2,629,375	244,378	135,886	2,579,538	236,760	137,578
West Falls Church	5,218,375	280,050	176,339	5,270,591	304,246	184,661
Blue/Yellow Line Stations						
Huntington	4,282,746	332,304	211,527	4,436,506	367,065	236,858
Franconia-Springfield	4,811,048	441,630	249,800	4,753,480	437,106	250,061
<b>Total Fairfax:</b>	<b>23,809,268</b>	<b>1,920,779</b>	<b>1,110,518</b>	<b>23,885,876</b>	<b>1,968,681</b>	<b>1,158,767</b>
<b>TOTAL VIRGINIA:</b>	<b>85,576,208</b>	<b>7,763,033</b>	<b>5,124,575</b>	<b>85,270,604</b>	<b>7,698,525</b>	<b>5,083,955</b>

\*Van Dorn Street is paid for by Alexandria and Fairfax County on a 50/50 basis

**Figure 4A: FY 2010-2011 Metrorail Ridership Summary**  
**Annual Passenger Trips by Station (Weekday)**

Station	Weekday FY 2010	Weekday FY 2011	Total Change FY 10-11	Percentage Change FY 10-11
<b>Stations in Alexandria*</b>				
Blue/Yellow Line Stations				
Braddock Road	2,221,249	2,237,006	15,757	1%
Van Dorn Street	1,836,318	1,825,047	-11,271	-1%
Eisenhower Avenue	1,173,619	1,034,395	-139,224	-12%
King Street	4,412,213	4,105,206	-307,006	-7%
<b>Total Alexandria:</b>	<b>9,643,399</b>	<b>9,201,655</b>	<b>-441,744</b>	<b>-5%</b>
<b>Stations in Arlington</b>				
Orange Line Stations				
East Falls Church	2,030,051	1,985,175	-44,876	-2%
Ballston	6,170,629	6,007,162	-163,467	-3%
Virginia Square	2,059,542	2,017,501	-42,040	-2%
Clarendon	2,125,610	2,110,331	-15,279	-1%
Courthouse	3,738,370	3,699,594	-38,776	-1%
Rosslyn	8,597,699	8,574,321	-23,377	0%
Blue/Yellow Line Stations				
Arlington Cemetery	785,547	725,043	-60,504	-8%
Pentagon	8,101,401	8,318,806	217,405	3%
Pentagon City	8,280,512	8,287,838	7,326	0%
Crystal City	7,277,995	7,435,004	157,008	2%
National Airport	2,956,186	3,022,298	66,112	2%
<b>Total Arlington:</b>	<b>52,123,542</b>	<b>52,183,073</b>	<b>59,531</b>	<b>0%</b>
<b>Stations in Fairfax County*</b>				
Orange Line Stations				
Vienna	6,867,724	6,845,761	-21,963	0%
Dunn Loring	2,629,375	2,579,538	-49,836	-2%
West Falls Church	5,218,375	5,270,591	52,216	1%
Blue/Yellow Line Stations				
Huntington	4,282,746	4,436,506	153,760	4%
Franconia-Springfield	4,811,048	4,753,480	-57,568	-1%
<b>Total Fairfax:</b>	<b>23,809,268</b>	<b>23,885,876</b>	<b>76,608</b>	<b>0%</b>
<b>Total Virginia:</b>	<b>85,576,208</b>	<b>85,270,604</b>	<b>-305,604</b>	<b>0%</b>

\*Van Dorn Street is paid for by Alexandria and Fairfax County on a 50/50 basis

**Figure 4B: FY 2010-2011 Metrorail Ridership Summary**  
**Annual Passenger Trips by Station (Saturday)**

Station	Saturday FY 2010	Saturday FY 2011	Total Change FY 10-11	Percentage Change FY 10-11
<b>Stations in Alexandria*</b>				
Blue/Yellow Line Stations				
Braddock Road	187,810	191,424	3,614	2%
Van Dorn Street	173,024	168,866	-4,158	-2%
Eisenhower Avenue	118,928	123,599	4,672	4%
King Street	466,936	451,432	-15,503	-3%
<b>Total Alexandria:</b>	<b>946,698</b>	<b>935,322</b>	<b>-11,376</b>	<b>-1%</b>
<b>Stations in Arlington</b>				
Orange Line Stations				
East Falls Church	240,577	234,992	-5,585	-2%
Ballston	561,555	528,735	-32,820	-6%
Virginia Square	157,280	154,929	-2,352	-1%
Clarendon	283,975	266,405	-17,571	-6%
Courthouse	367,009	341,230	-25,779	-7%
Rosslyn	684,555	672,999	-11,555	-2%
Blue/Yellow Line Stations				
Arlington Cemetery	250,336	236,818	-13,519	-5%
Pentagon	256,485	245,741	-10,743	-4%
Pentagon City	1,178,140	1,157,321	-20,819	-2%
Crystal City	544,067	542,236	-1,831	0%
National Airport	371,577	413,115	41,539	11%
<b>Total Arlington:</b>	<b>4,895,557</b>	<b>4,794,522</b>	<b>-101,035</b>	<b>-2%</b>
<b>Stations in Fairfax County*</b>				
Orange Line Stations				
Vienna	622,416	623,505	1,089	0%
Dunn Loring	244,378	236,760	-7,619	-3%
West Falls Church	280,050	304,246	24,197	9%
Blue/Yellow Line Stations				
Huntington	332,304	367,065	34,761	10%
Franconia-Springfield	441,630	437,106	-4,524	-1%
<b>Total Fairfax:</b>	<b>1,920,779</b>	<b>1,968,681</b>	<b>47,903</b>	<b>2%</b>
<b>Total Virginia:</b>	<b>7,763,033</b>	<b>7,698,525</b>	<b>-64,508</b>	<b>-1%</b>

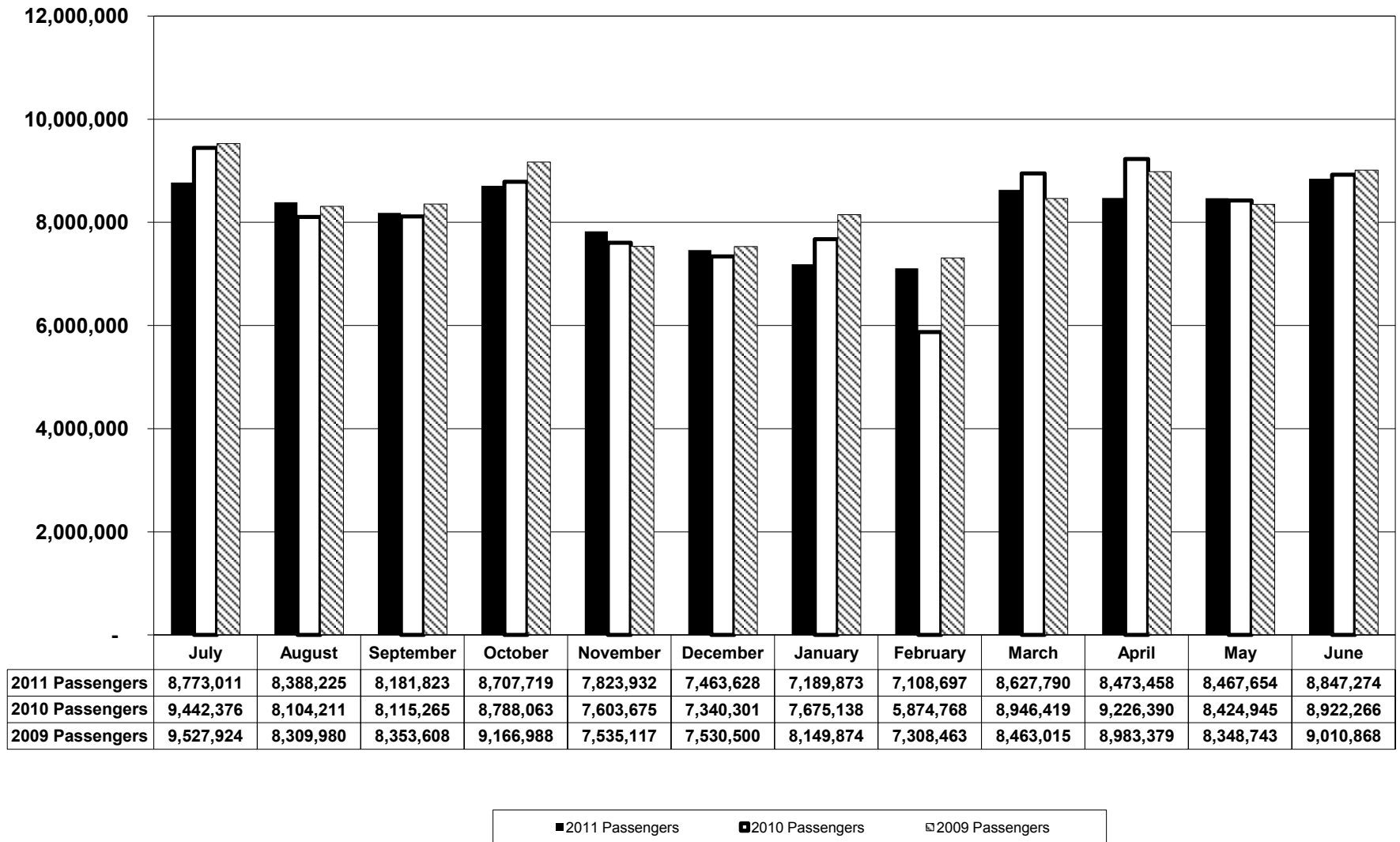
\*Van Dorn Street is paid for by Alexandria and Fairfax County on a 50/50 basis

**Figure 4C: FY 2010-2011 Metrorail Ridership Summary**  
**Annual Passenger Trips by Station (Sunday)**

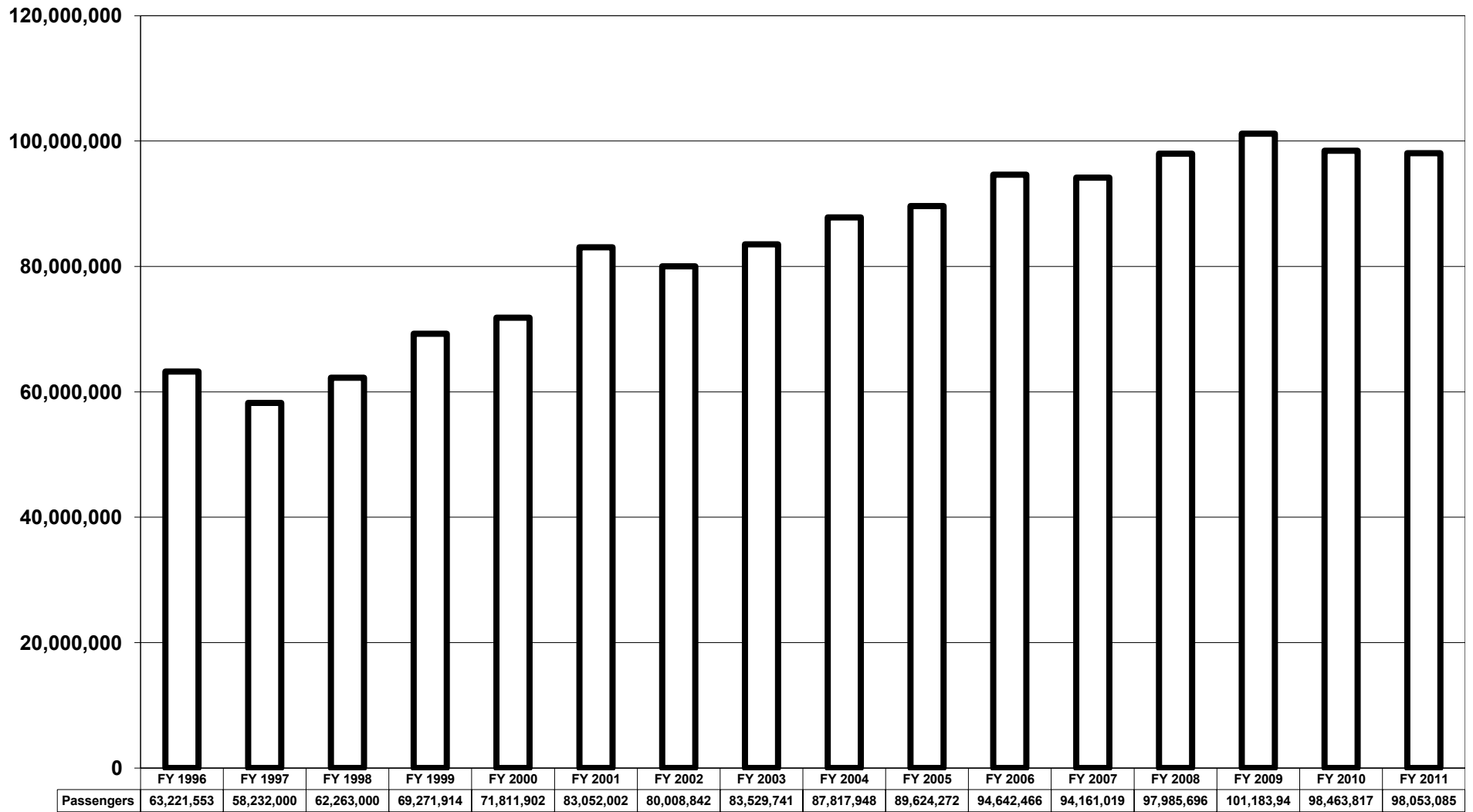
Station	Sunday FY 2010	Sunday FY 2011	Total Change FY 10-11	Percentage Change FY 10-11
<b>Stations in Alexandria*</b>				
Blue/Yellow Line Stations				
Braddock Road	113,846	116,598	2,753	2%
Van Dorn Street	102,352	99,229	-3,123	-3%
Eisenhower Avenue	64,361	69,820	5,459	8%
King Street	307,850	274,758	-33,092	-11%
<b>Total Alexandria:</b>	<b>588,408</b>	<b>560,405</b>	<b>-28,003</b>	<b>-5%</b>
<b>Stations in Arlington</b>				
Orange Line Stations				
East Falls Church	145,908	139,919	-5,989	-4%
Ballston	325,745	296,354	-29,390	-9%
Virginia Square	90,884	87,830	-3,054	-3%
Clarendon	151,920	127,028	-24,891	-16%
Courthouse	216,542	200,610	-15,931	-7%
Rosslyn	478,982	470,188	-8,794	-2%
Blue/Yellow Line Stations				
Arlington Cemetery	219,354	202,382	-16,971	-8%
Pentagon	187,017	150,408	-36,609	-20%
Pentagon City	712,173	733,945	21,773	3%
Crystal City	346,379	358,017	11,638	3%
National Airport	550,747	598,100	47,353	9%
<b>Total Arlington:</b>	<b>3,425,649</b>	<b>3,364,783</b>	<b>-60,866</b>	<b>-2%</b>
<b>Stations in Fairfax County*</b>				
Orange Line Stations				
Vienna	336,966	349,609	12,643	4%
Dunn Loring	135,886	137,578	1,692	1%
West Falls Church	176,339	184,661	8,322	5%
Blue/Yellow Line Stations				
Huntington	211,527	236,858	25,331	12%
Franconia-Springfield	249,800	250,061	261	0%
<b>Total Fairfax:</b>	<b>1,110,518</b>	<b>1,158,767</b>	<b>48,249</b>	<b>4%</b>
<b>Total Virginia:</b>	<b>5,124,575</b>	<b>5,083,955</b>	<b>-40,620</b>	<b>-1%</b>

\*Van Dorn Street is paid for by Alexandria and Fairfax County on a 50/50 basis

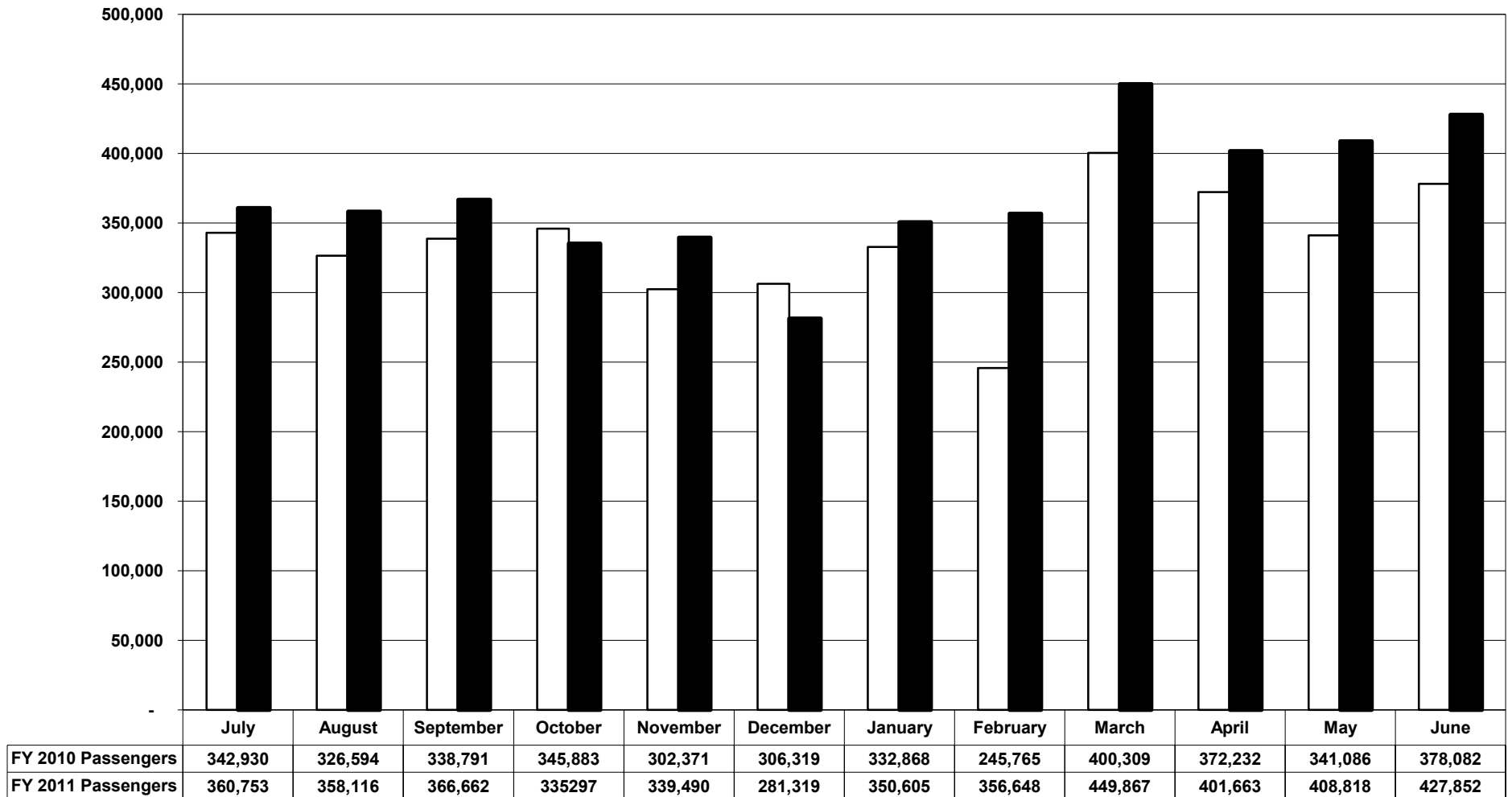
**Figure 5: Metrorail Monthly Northern Virginia Passenger Trips, FY2009 - FY2011**



**Figure 6: Metrorail Annual Northern Virginia Passenger Trips, FY 1996 - 2011**

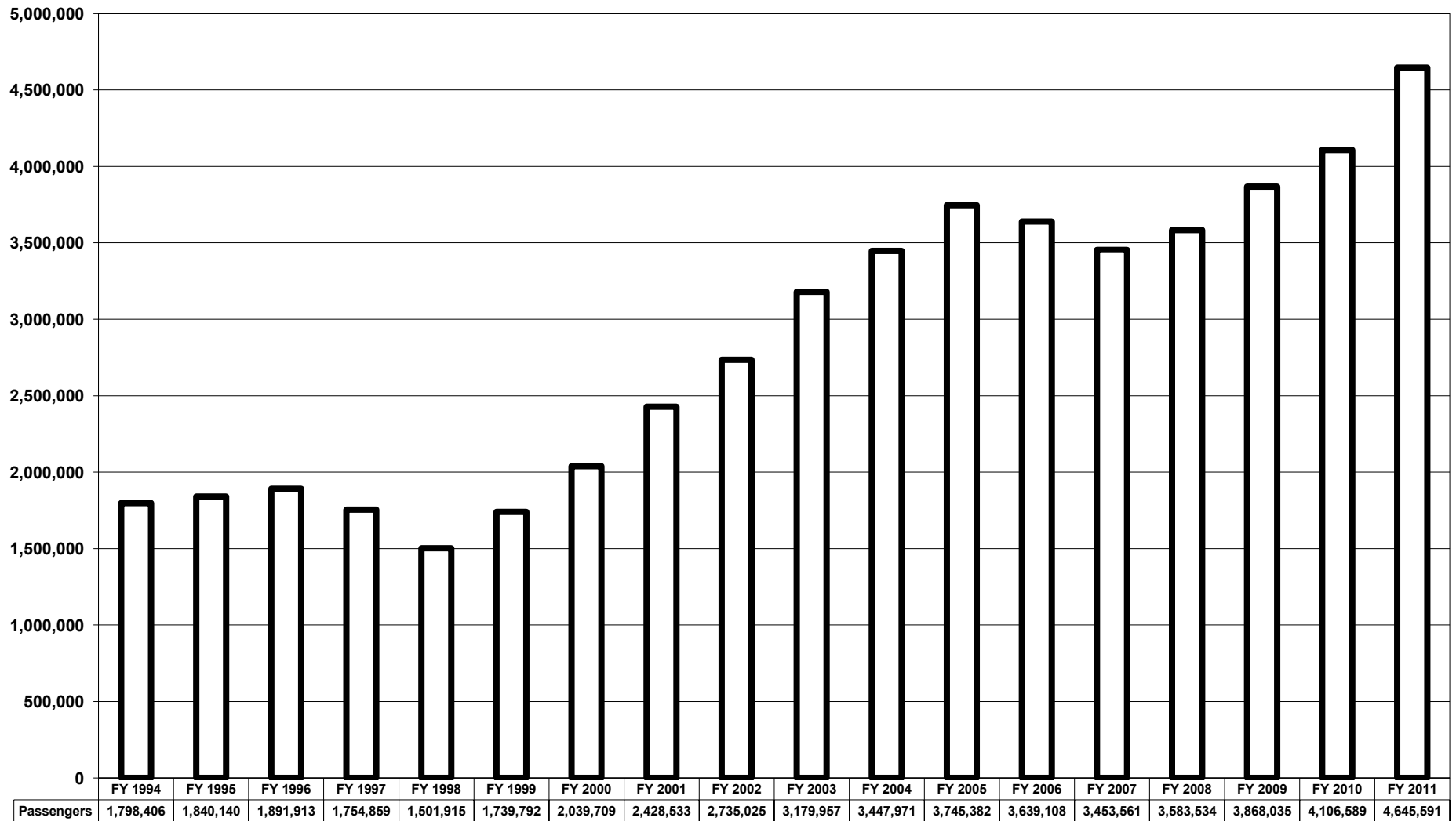


**Figure 7: VRE Monthly Passenger Trips, FY 2010 - 2011**



FY 2010 Passengers
  FY 2011 Passengers

**Figure 8: VRE Annual Passenger Trips, FY 1994 - FY 2011**



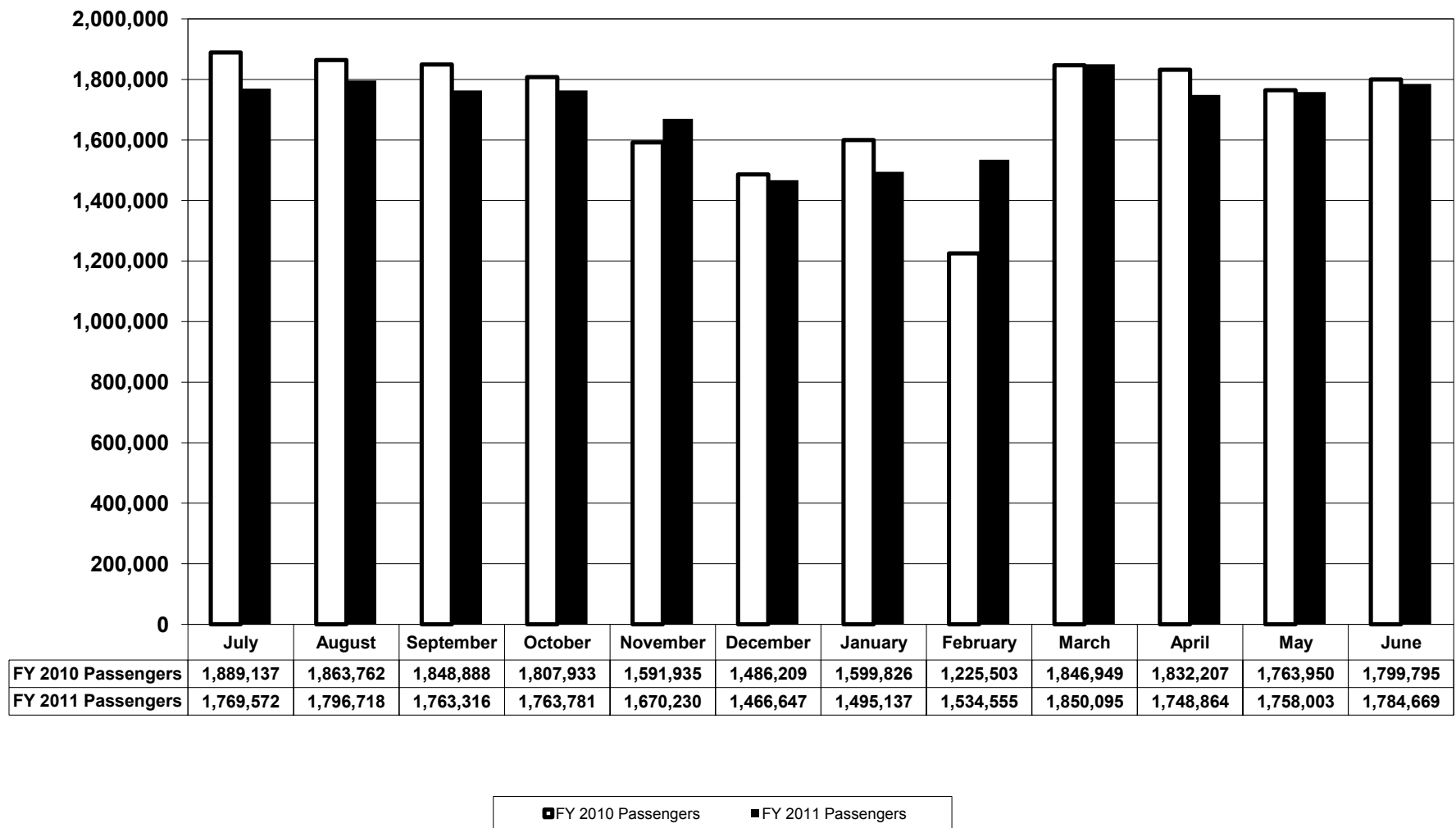
**Figure 9: Northern Virginia Metrobus Average Daily Passenger Trips, FY 2010 - FY 2011**

	Weekday FY 10	Saturday FY 10	Sunday FY 10	Weekday FY 11	Saturday FY 11	Sunday FY 11
<b>Ballston Terminal Services</b>						
1A,B,C, E,F,Z	4,852	2,843	1,892	4,655	2,853	1,803
2A,B,C,G	3,435	1,811	690	3,257	1,764	628
10B	2,454	1,702	995	2,375	1,597	945
22A	1,609	509		1,485	529	
23A,C	3,561	2,163	1,374	3,421	2,116	1,400
24M,P	835			<i>Discontinued</i>		
25 A, C, and D (also serve Pentagon Terminal)	1,391	388	325	1,387	378	308
25B	1,362	549		1,365	520	
38B	3,608	1,810	1,278	3,645	1,999	1,350
Subtotal	23,108	11,775	6,555	21,590	11,755	6,434
<b>Rosslyn Terminal Services</b>						
3A,B,E	2,447	882	620	2,382	899	451
4A,B,E,H	2,113	698	408	2,018	689	376
Subtotal	4,560	1,579	1,028	4,399	1,589	827
<b>Pentagon Terminal Services</b>						
7A,B,C,D, E,F,H,P,W,X, Y	4,544	1,466	1,158	4,755	1,539	1,145
8S,W,X,Z	1,196			1,257		
9A,E	1,606	974	677	1,668	1,012	644
10A,E	2,418	1,486	856	2,396	1,385	788
13F,G	823	110	92	402	114	84
16A,B,D,E,J,P	6,694	4,286	2,662	5,858	4,198	2,744
16L	223			197		
16G,H,K	3,908	2,438	1,444	3,786	2,428	1,536
17 Series	1,454			1,449		
18 Series	1,569			1,511		
21A,D	534			549		
28F,G	750			792		
29C,E,G,H,X	1,044			1,072		
Subtotal	26,764	10,760	6,888	25,692	10,677	6,940
<b>Other Terminal Services</b>						
REX	3,627	1,889	756	3,494	1,912	774
11Y	410			426		
15K,L	436			446		
15M	144			153		
24T	178			156		
TAGS Shuttle	753			586		
28A,X	4,880	3,436	2,737	5,002	3,843	3,011
29K,N	2,184	1,035		2,105	1,031	
2T	815	515	301	735	493	263
3T	783	319		747	293	
3Y	328			359		
9S	1,361			1,409		
16F				649		
16Y	1,185			1,290		
28T	564			572		
Subtotal	17,648	7,194	3,794	18,128	7,573	4,049
<b>Metrobus Total-Virginia*</b>	72,079	31,309	18,264	69,810	31,593	18,250
* Excludes holidays.						

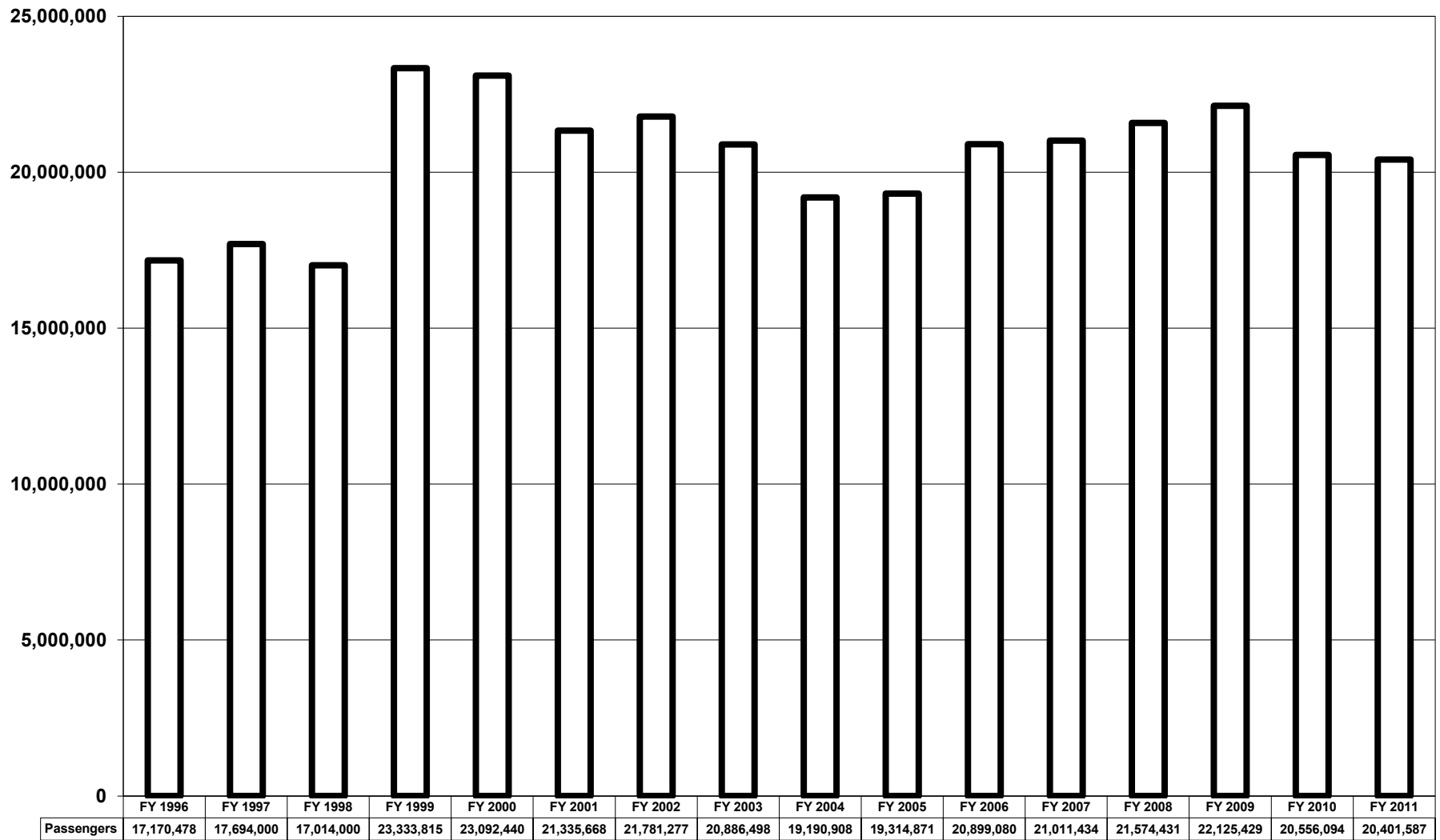
Figure 10: Northern Virginia Metrobus Annual Passenger Trips, FY 2010 - FY 2011						
	Weekday FY 10	Saturday FY 10	Sunday FY 10	Weekday FY 11	Saturday FY 11	Sunday FY 11
<b>Ballston Terminal Services</b>						
1A,B,C, E,F,Z	1,232,474	147,835	105,288	1,177,658	148,359	108,188
2A,B,C,G	872,543	94,173	37,964	824,030	91,734	37,651
10B	620,917	88,509	55,724	600,763	83,028	56,708
22A	407,124	26,464		375,771	27,484	
23A,C	900,973	112,482	75,584	865,571	110,036	84,001
24M,P	50,943			Discontinued		
25 A, C, and D (also serve Pentagon Terminal)	350,407	20,162	17,874	350,943	19,637	18,506
25B	343,202	28,568		345,356	27,035	
38B	912,870	94,129	70,295	922,244	103,930	81,003
Subtotal	5,691,453	612,322	362,729	5,462,336	611,243	386,057
<b>Rosslyn Terminal Services</b>						
3A,B,E	619,008	45,840	34,706	602,581	46,759	27,038
4A,B,E,H	534,693	36,286	22,838	510,462	35,850	22,576
Subtotal	1,153,701	82,126	57,544	1,113,043	82,609	49,614
<b>Pentagon Terminal Services</b>						
7A,B,C,D, E,F,H,P,W,X, Y	1,154,253	76,251	63,692	1,202,912	79,942	68,616
8S,W,X,Z	301,411			318,117		
9A,E	406,407	50,656	37,220	422,044	52,635	38,650
10A,E	611,662	77,250	47,937	606,273	72,034	47,280
13F,G	207,370	5,164	4,577	101,630	5,943	5,043
16A,B,D,E,J,P	1,700,308	222,880	149,091	1,481,958	218,304	164,613
16L	55,851			49,850		
16G,H,K	992,559	126,781	80,836	957,862	126,258	92,155
17 Series	367,606			366,600		
18 Series	395,893			382,342		
21A,D	133,952			138,851		
28F,G	189,122			200,382		
29C,E,G,H,X	263,108			271,258		
Subtotal	6,779,502	558,982	383,353	6,500,079	555,116	416,357
<b>Other Terminal Services</b>						
REX	917,675	98,232	41,587	884,016	99,444	46,453
11Y	102,915			107,841		
15K,L	110,346			112,817		
15M	36,117			38,777		
24T	44,390			39,524		
TAGS Shuttle	189,727			148,133		
28A,X	1,239,510	178,690	153,261	1,265,564	199,849	180,662
29K,N	552,557	53,795		532,508	53,618	
2T	207,017	26,789	16,556	186,021	25,639	15,799
3T	197,366	16,573		189,034	15,249	
3Y	82,706			90,765		
9S	342,949			356,351		
16F				164,075		
16Y	299,684			326,335		
28T	141,625			144,738		
Subtotal	4,464,584	374,079	211,404	4,586,499	393,799	242,914
<b>Metrobus Total-Virginia*</b>	18,089,240	1,627,509	1,015,030	17,661,957	1,642,767	1,094,942
* Excludes holidays.						

\* Excludes holidays.

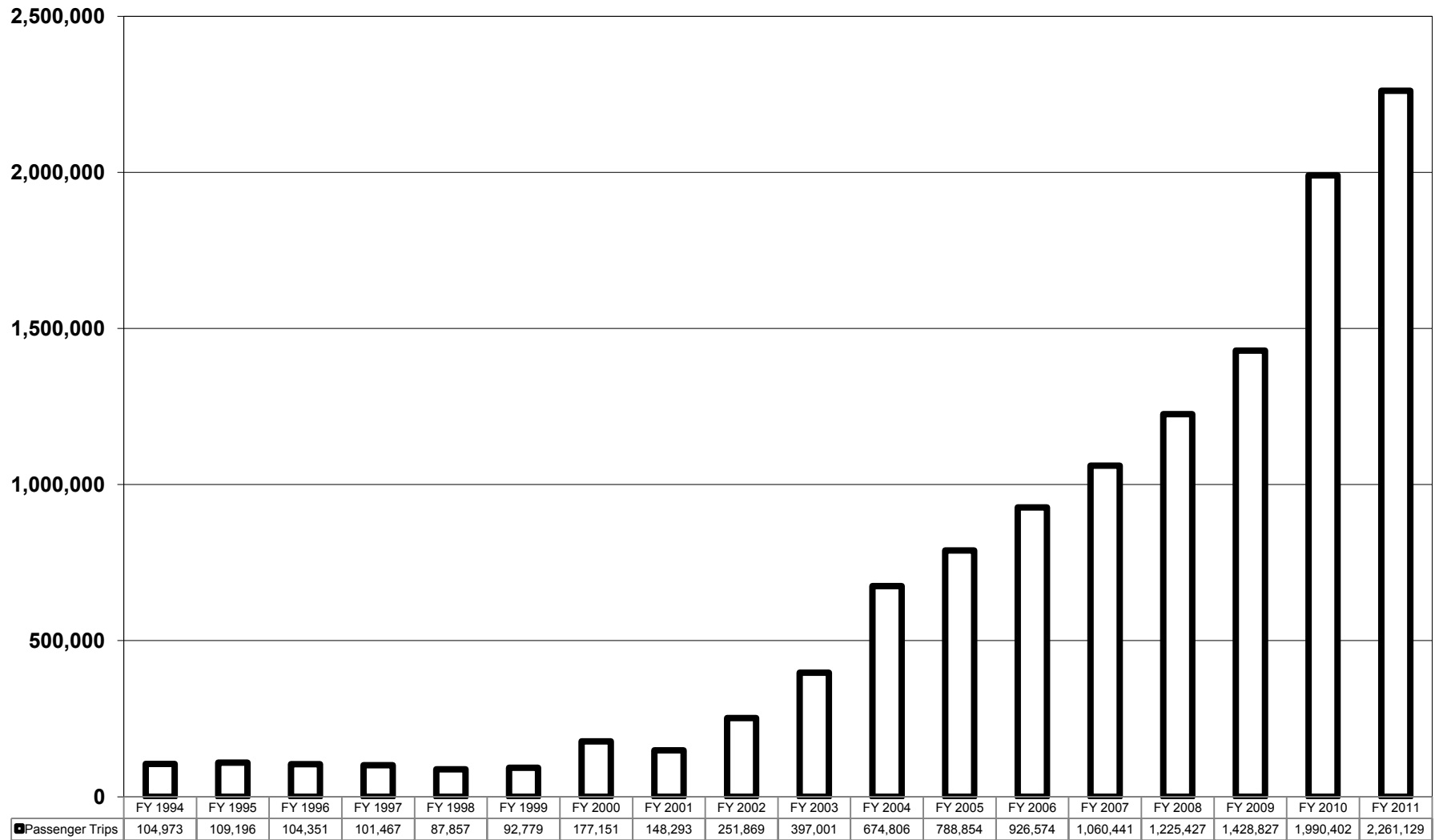
**Figure 11: Metrobus Northern Virginia Passenger Trips  
Monthly Totals, FY2010 - 2011**



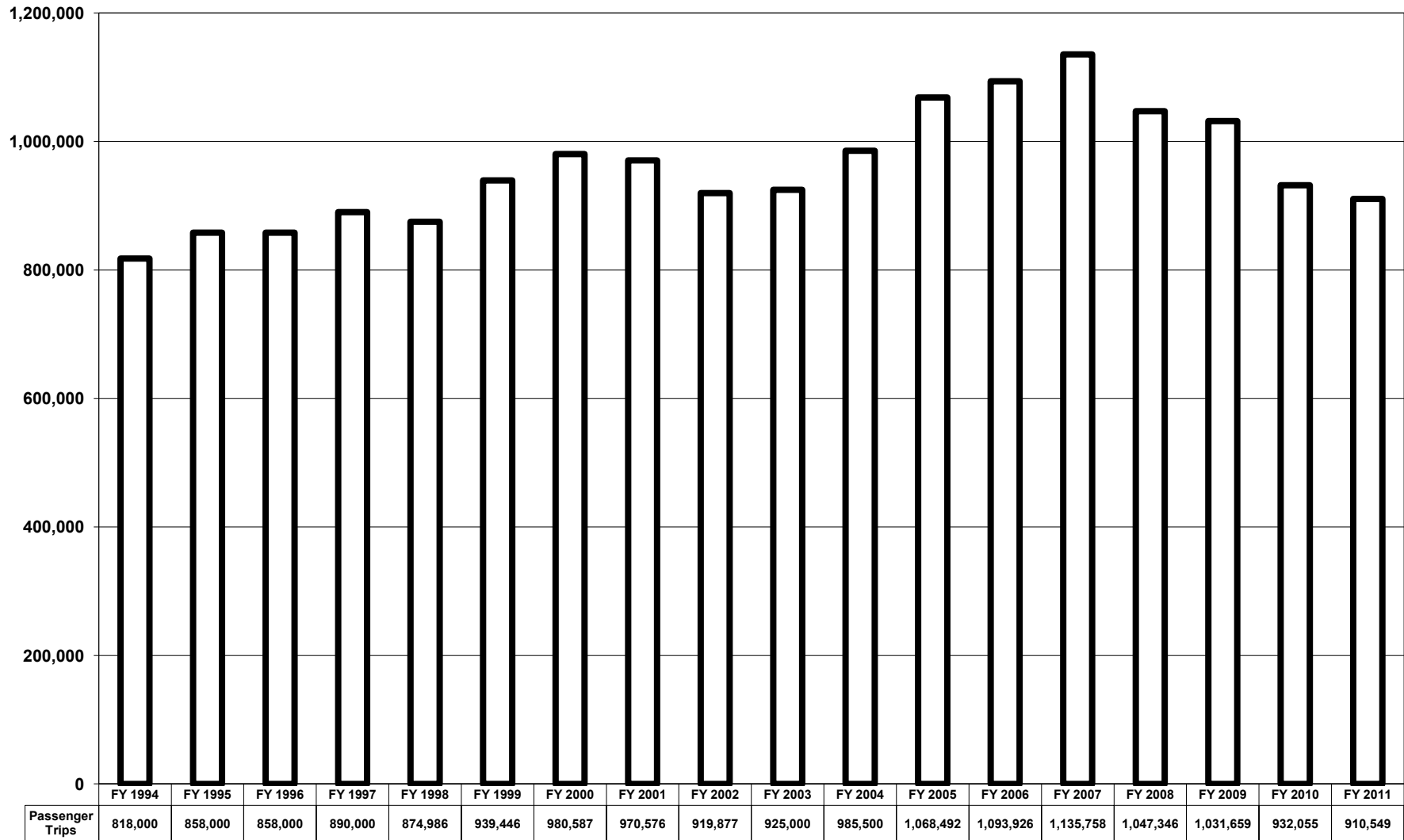
**Figure 12: Metrobus Northern Virginia Annual Passenger Trips,  
FY 1996 - FY 2011**



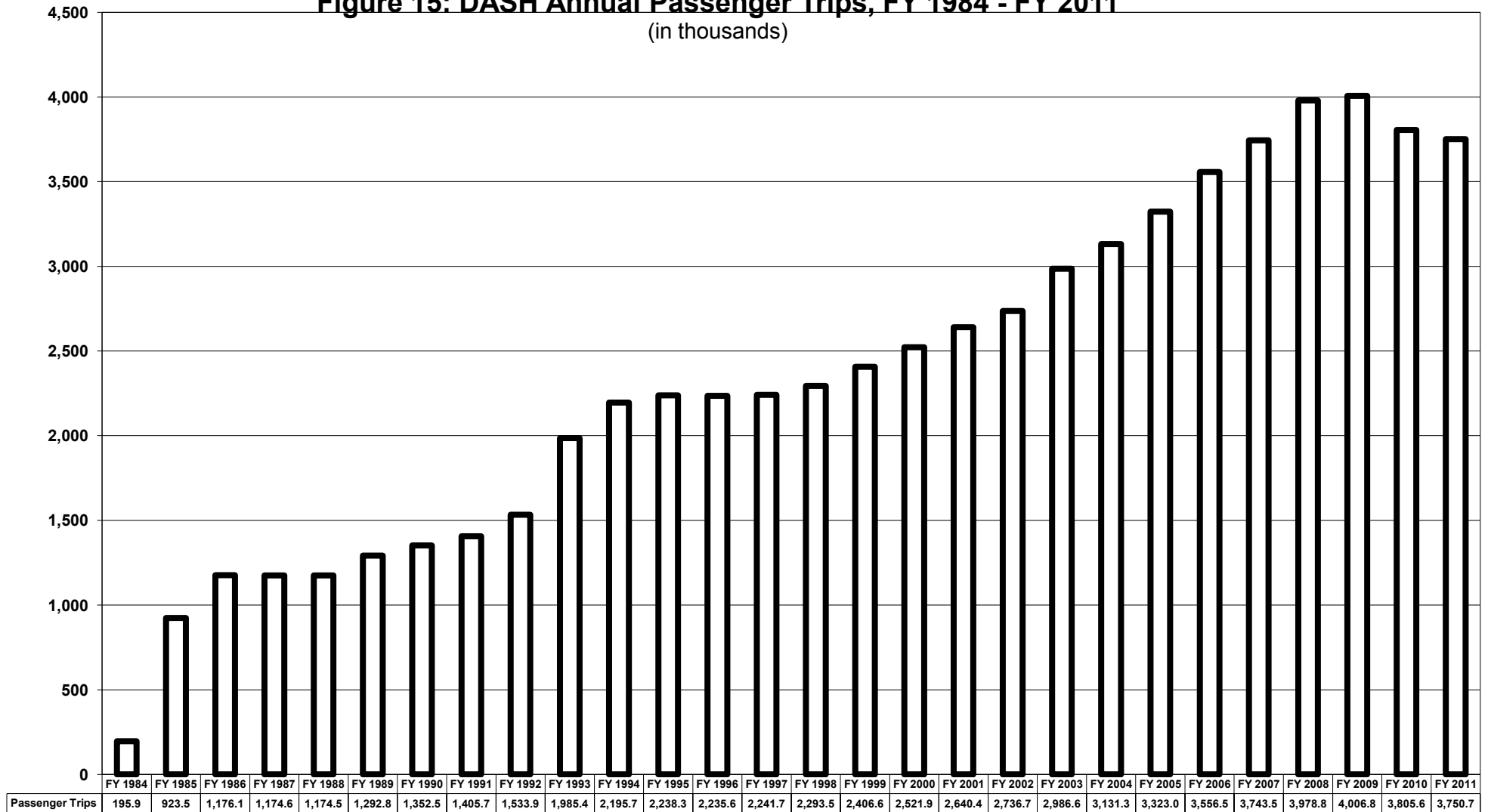
**Figure 13: ART Annual Passenger Trips, FY 1994 - FY 2011**



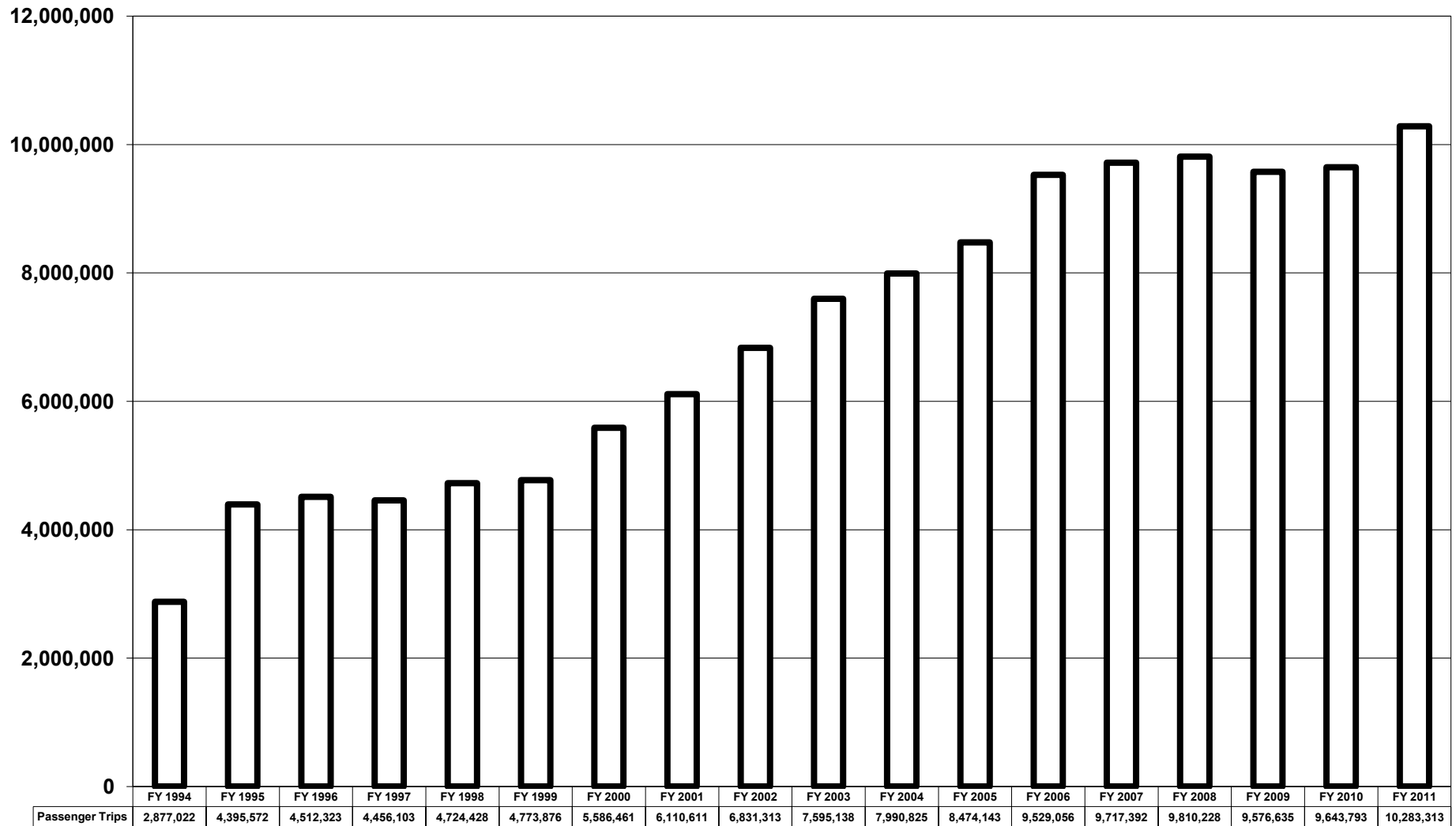
**Figure 14: CUE Annual Passenger Trips, FY 1994 - FY 2011**



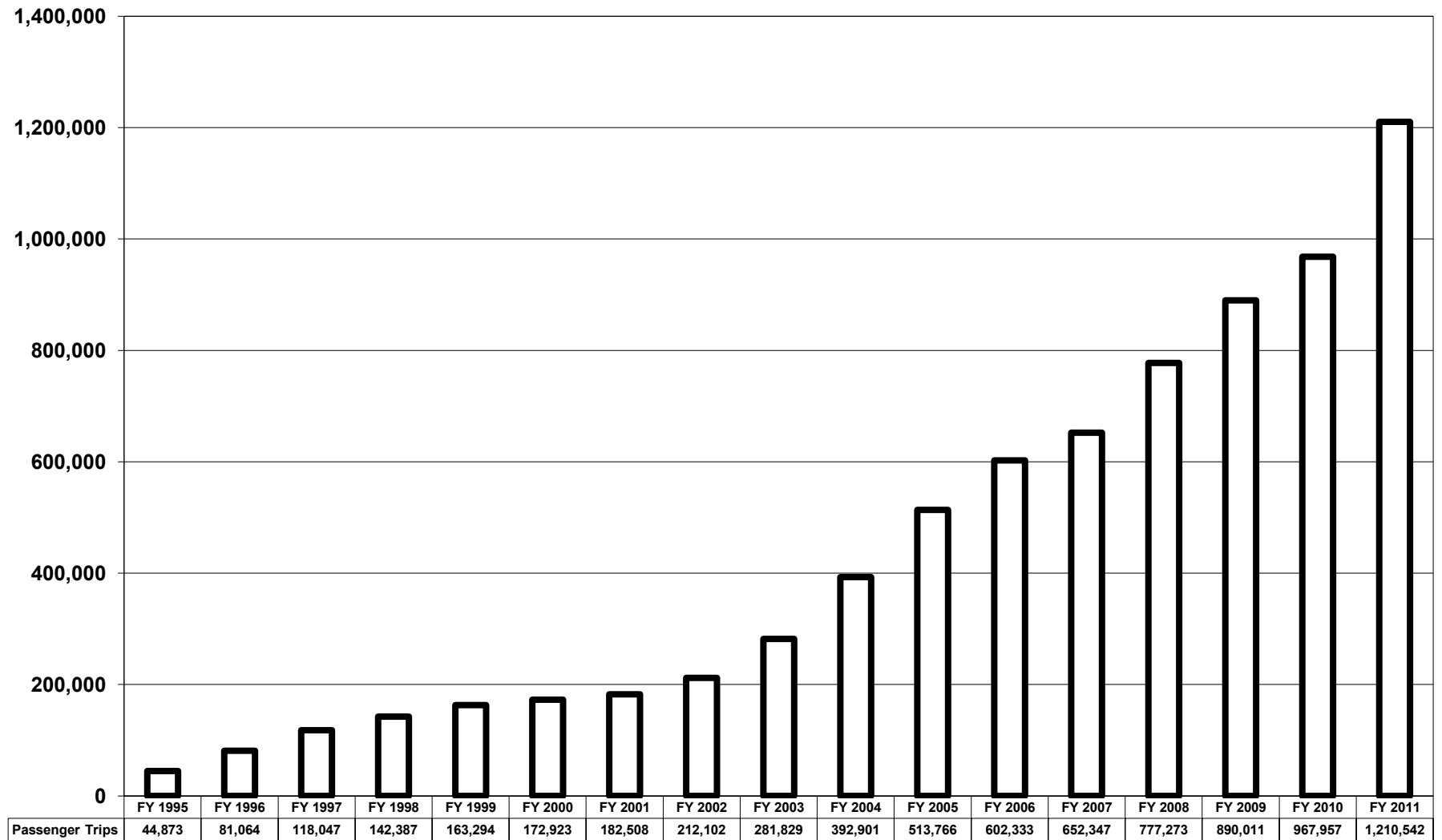
**Figure 15: DASH Annual Passenger Trips, FY 1984 - FY 2011**  
(in thousands)



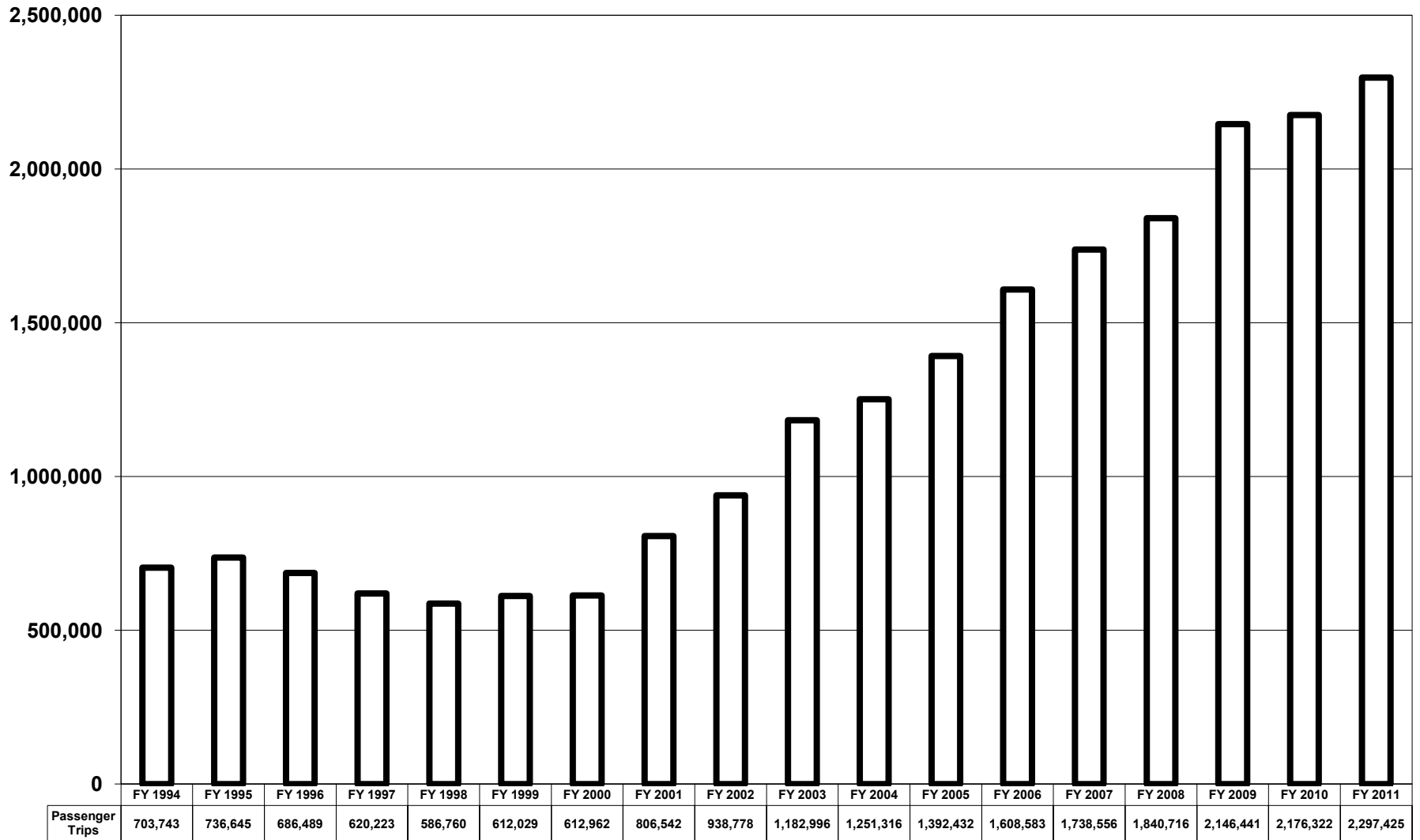
**Figure 16: Fairfax Connector Annual Passenger Trips, FY 1994 - FY 2011**



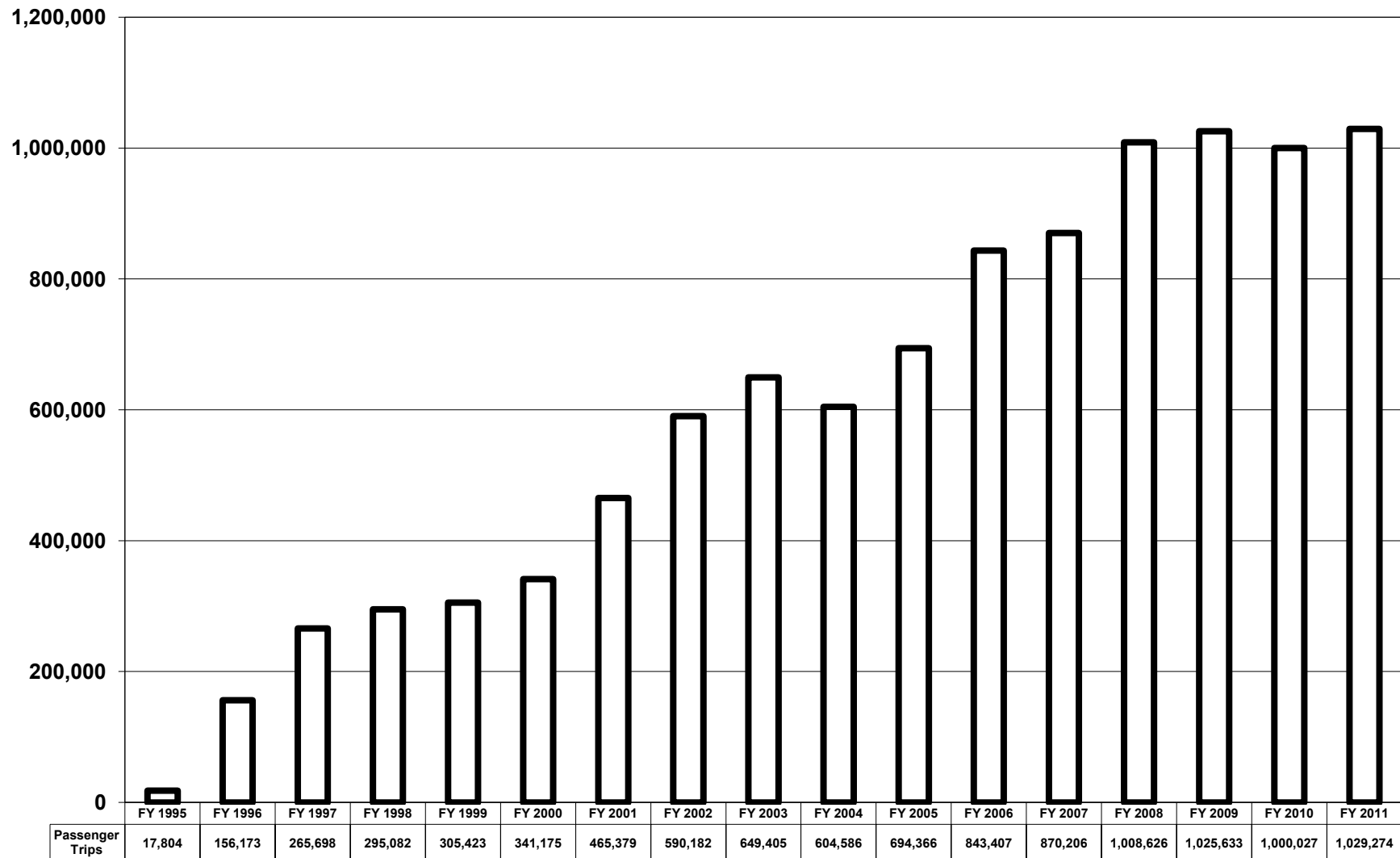
**Figure 17: Loudoun County Transit Annual Passenger Trips, FY 1995 - FY 2011**



**Figure 18: PRTC Omni Ride Annual Passenger Trips, FY 1994 - FY 2011**



**Figure 19: PRTC Omni Link Annual Passenger Trips, FY 1995 - FY 2011**





AGENDA ITEM #12

**TO:** Chairman Euille and NVTC Commissioners

**FROM:** Rick Taube

**DATE:** December 29, 2011

**SUBJECT:** Public Hearing on and Adoption of NVTC's 2012 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. Also attached is a summary list of NVTC's products and services.

Because the NVTC Board expressed a desire to upgrade NVTC's statewide image and to have an expanded presence in Richmond, NVTC staff prepared an optional work program component. The costs are substantial and NVTC's budgets for FY 2012 and FY 2013 would need to be adjusted if the NVTC Board chooses to include the option. As shown in the attached letter from Loudoun County, there is expressed opposition to the option from some quarters.


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.



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## NVTC 2012 Work Program List of Products/Projects

Goal #	Products/Projects
1. Policy and Advocacy	<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>• District specific legislative maps showing transit service.</li> <li>• CTB pre-allocation testimony.</li> <li>• Messages, strategies and plans to support requests for increased funding.</li> </ul>
2. Funding	<ul style="list-style-type: none"> <li>• Maintain PowerPoint presentations on “How Transit is Organized in Northern Virginia,” “The Need for Effective Public Transit” and the “VRE Chronology.”</li> <li>• Reports to MAC and NVTC on reconciliation of Department of Taxation’s motor fuel tax collections (\$44 million annually.)</li> </ul>
3. Coordination	<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> </ul>
4. Grants/Contracts/Trust Funds	<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> <li>• Prepare financial statements for fiscal year independent audits of NVTC and NVTa.</li> <li>• Manage NVTa’s transportation plan update grants (TransAction 2040 Update @ \$500,000).</li> <li>• Maintain proper DBE goals and other federal certifications and sub-recipient agreements.</li> <li>• Manage federal grant funds for NVTC’s jurisdictions totaling \$13 million, with another \$6 million pending approval.</li> </ul>
5. WMATA and VRE	<ul style="list-style-type: none"> <li>• Appoint WMATA and VRE Board members.</li> <li>• Co-own (with PRTC) VRE assets of \$367 million.</li> <li>• Adopt a resolution defining terms of participation for Loudoun County’s role in NVTC after the county begins to pay for WMATA service, and seek favorable terms for the county from the WMATA Board.</li> </ul>
6. Coordinate Regional Efforts	<ul style="list-style-type: none"> <li>• Maintain transit performance on-line database.</li> <li>• Implement a Vanpool Incentive Program to promote more vanpools and significantly increase earnings from federal formula assistance.</li> </ul>
7. Public Outreach	<ul style="list-style-type: none"> <li>• Maintain, improve and promote NVTC’s website as the primary source of transit performance data for the region.</li> <li>• Direct public outreach for NVTa’s regional transportation plan update (TransAction 2040).</li> <li>• Initiate an e-mail communications to educate the public about important transit facts as part of an effective strategy.</li> </ul>
8. Strengthen NVTC as an Organization	<ul style="list-style-type: none"> <li>• Involve NVTC’s board members in crafting effective performance goals, including new messages to educate the public and reenergize legislative advocacy.</li> <li>• Reconstitute NVTC’s Executive Committee and revise the By-Laws.</li> </ul>




Northern Virginia Transportation Commission

*Thinking Outside the Car Since 1964*

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

1



## **NVTC MISSION**

*To serve the public by providing a forum for elected officials to achieve an effective regional transportation network. Focusing primarily on transit, NVTC will develop strategies, identify funding sources, advocate for additional funding, prioritize allocations, oversee transit systems such as VRE and WMATA, 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



## **2012 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.
- 8. Strengthen NVTC as an organization:** Improve internal and external communication and renew the emphasis on developing effective action plans and strategies.

3



## **2012 MEETING SCHEDULE**

- First Thursday of each month (except February and August).
- No meeting in August.
- February 9<sup>th</sup> meeting in Richmond on Local Government Day at 5:30 p.m. in General Assembly Building jointly with NVTA.

4



## **2012 WORK PROGRAM**



### **Proposed FY 2013 Administrative Budget:**

\$1.194 million (reduced from FY 2011)

Includes \$284,247 local contributions, down 8.3% since FY 2002. Considering inflation, local contributions would be almost \$400,000 now if they kept pace with the Consumer Price Index.

Eight employees (six full-time)

### **Work program activities:**

55 specific actions for 2012 organized by goal.

5



## **MAJOR ACTIVITIES FOR 2012**



### **Legislative Advocacy:**

- Annual state and federal NVTC legislative agenda.
- Annual VTA legislative agenda.
- CTB pre-allocation testimony.
- District-specific legislative maps showing transit service.
- New legislative strategies and increased presence in Richmond.

### **Funding:**

- Use educational PowerPoint presentations on "How Transit is Organized in Northern Virginia" and "The Need for Effective Transit" to support strong and effective messages favoring increased funding
- Frequent meetings with senior auditors of the Virginia Department of Taxation (TAX) to pursue proper allocation of motor fuel tax revenues. Coordination with TAX and Department of Motor Vehicles to provide a smooth transition in July, 2013.

6



## **MAJOR ACTIVITIES FOR 2012**



### **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 \$13 million of federal grants for local jurisdictional projects. Pursue another \$6 million in pending federal grants.

7



## **MAJOR ACTIVITIES FOR 2012**



### **WMATA and VRE:**

- Appoint board members.
- Co-own VRE assets of \$367 million.
- Adopt a resolution defining terms of participation for Loudoun County's role in NVTC after the county begins to pay for WMATA service and seek favorable terms for the county from the WMATA Board.

### **Coordinate 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.
- Implement by April, 2012 a Vanpool Incentive Program to promote more vanpools and significantly increase earnings from federal formula assistance.

8



## **MAJOR ACTIVITIES FOR 2011**



### **Public Outreach:**

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

### **Strengthen NVTC:**

- Involve NVTC board members in crafting effective performance goals, including new messages to educate the public and reenergize legislative advocacy.
- Reconstitute NVTC's Executive Committee and revise the commission's By-Laws.



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

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



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### **2012 NVTC Meeting Schedule**

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

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

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

**NVTC EXECUTIVE COMMITTEE**  
**2012 MEETING SCHEDULE**

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

<u>MONTH</u>	<u>DATE</u>	<u>SUBJECT</u>
January	5	Legislative items.
February	9	No meeting.
March	1	Review General Assembly session.
April	5	Review quarterly progress on work program.
May	3	Review NVTC policies on topical transit issues.
June	7	Examine VRE performance.
July	5	Mid-year review of progress on work plan and Executive Director's performance goals. Meet with auditors to preview FY 2012 audit.
August		No meeting.
September	6	Preliminary NVTC FY 2014 budget.
October	4	Review quarterly progress on work program.
November	1	FY 2012 NVTC and VRE audits.
December	6	Select NVTC Nominating Committee for 2013 officers. Consider 2013 legislative agenda. Review progress on 2012 work program and preview 2013 work program. Executive Director's performance review. Establish performance goals for 2013 contract year.

**NVTC MANAGEMENT ADVISORY COMMITTEE**  
**2012 MEETING SCHEDULE**

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

<u>MONTH</u>	<u>DATE</u>	<u>SUBJECT</u>
January	17	FY 2013 state grant application; NVTC legislative agenda.
February	21	Progress on legislative agenda.
March	20	Review of legislative accomplishments; WMATA FY 2013 budget issues.
April	17	Prepare CTB testimony on draft six-year program.
May	15	To be determined.
June	19	Mid-year progress review on NVTC work program; authorize funding of scope of work for NTD data collection; authorize funding of scope of work for e-schedules maintenance and promotion.
July		No meeting.
August	21	NVTC preliminary administrative budget for FY 2014.
September	18	Review draft CTB pre-allocation testimony.
October	16	NVTC audit for FY 2012.
November	20	Draft NVTC legislative agenda for 2013; first draft 2013 NVTC work program.
December	18	Proposed 2013 work program; VRE and NVTC budgets for FY 2014.

## **NVTC MISSION STATEMENT**

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

## **GOALS AND ACTIONS FOR 2012\***

### **1. DEVELOP POLICY AND ADVOCATE FAVORABLE LEGISLATION**

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

#### **Actions:**

1. With the support of local staff, identify transit issues that require policy decisions and assemble data and perform policy analyses to facilitate those decisions (e.g. fare integration, development of new technology, service expansion, customer safety, system security **and the business case for and value of public transit**).
2. Adopt a state and federal legislative agenda and work with local jurisdictions, Virginia Transit Association (VTA) and other groups, as appropriate, to implement the agenda and the supporting NVTC policies. Work with delegations in Richmond and in Washington D.C. as needed to promote NVTC's approved agendas. Emphasize a greater role for transit in authorizing the next six years of federal funding programs. Conduct NVTC's February meeting on Local Government Day at the General Assembly in Richmond, jointly with the Northern Virginia Transportation Authority. Obtain reduced rate for on-line legislative monitoring service and share access with member jurisdictions. Provide legislative alerts to commissioners and local staff during the session. Focus on transit funding.
3. **With the NVTC jurisdictions' legislative liaisons, devise and implement effective strategies to implement NVTC's annual Legislative Agenda. Reach out to newly elected legislators to provide support for public transit investments and NVTC's legislative agenda. Prepare informative district-specific legislative maps showing transit service and performance for all members of the Northern Virginia delegation. Emphasize educating legislators about the benefits of public transit using NVTC's policy analysis tools.**
4. Participate on the American Public Transportation Association's (APTA) legislative and commuter rail committees to define and implement a federal legislative strategy as part of a broad, nationwide pro-transit coalition. Provide special assistance to areas contemplating new commuter rail service.
5. Participate on VTA's executive, legislative and ad hoc committees to help define and implement an effective state legislative strategy for the transit industry and strengthen VTA as an organization and keep it responsive to Northern Virginia's concerns. Co-chair VTA events, chair VTA's Legislative Committee, encourage NVTC board members to serve as VTA officers and assist transit systems in

special legislative promotions with NVTC's public outreach and web-design expertise.

6. Prepare written testimony and appear at the CTB's annual pre-allocation hearings on public transit funding priorities and at the Transportation Planning Board (TPB) and other hearings as appropriate. Advocate NVTC's policies including balanced transportation and stable and reliable funding.
7. **Develop messaging and a plan to educate the public about the need for Commonwealth transit funding as a means to accomplish legislative action, as well as the benefits of public transit throughout the Commonwealth.**

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

## 2. SEEK AND ADVOCATE FUNDING

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

### **Actions:**

1. Identify and seek to implement stable, reliable, permanent and dedicated funding sources for operating and capital expenses for WMATA, VRE and local transit systems. Help coordinate regional efforts and prepare analysis tools, brochures and editorials to promote such funding. Safeguard the current sources of transit funding available to NVTC's local governments.
2. Produce financial projections and analyze alternative funding mechanisms to bridge the growing gap between transit operating and capital needs versus available financial resources. Actively participate in regional and statewide efforts to define public transit needs and identify funding sources, such as corridor studies, TPB's Region Forward initiative and constrained financial plan update, VTrans 2035 and Northern Virginia's TransAction 2040 transportation plan update. Analyze funding proposals produced by those studies and identify policy issues for consideration by the commission. Maintain up to date PowerPoint presentations on "The Case for Increased Funding of Public Transportation in Northern Virginia," "How Public Transportation is Organized in Northern Virginia," and the "VRE Chronology" to help educate elected officials, the media and the public.
3. Organize improved information sharing between local governments and the Virginia Department of Taxation and more effective auditing to facilitate efficient collection of NVTC's 2.1 percent motor fuels tax and increased knowledge of taxpayer responsibility on the part of motor fuels distributors. **Cooperate with the Virginia Department of Motor Vehicles as a possible transition is considered, and share NVTC's monitoring tools to ensure more accurate allocations of tax revenues to NVTC's jurisdictions.** Employ database and spreadsheet models to identify unanticipated discrepancies for particular tax payers and jurisdictions. Monitor the required reconciliation of motor fuels tax collections by jurisdiction. Brief NVTC's MAC group regularly on processes, issues, and solutions.
4. Serve as the central point of contact for Northern Virginia transit system financial information. Identify and obtain funding for new transit projects that are recommended by NVTC's jurisdictions.

### 3. COORDINATE TRANSIT SERVICE

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

#### **Actions:**

1. Work with local governments to coordinate collection and dissemination of performance data for FTA's National Transit Database reports. Collect performance data and maintain a shared database that uses NTD and other sources. Encourage transit systems to use the data to improve efficiency. Publish the data on NVTC's website. Help Northern Virginia's transit systems comply with DRPT's performance data requirements. Ensure that the data are consistent, timely and accurate.
2. Manage consultants to continue NTD data collection for all of Northern Virginia's transit systems and oversee collective funding of this work that brings at least \$6 million annually of federal revenues to this region.
3. Support regional pedestrian safety initiatives and encourage bicycle and pedestrian use. Publicize and seek to expand "bike on rail and bus" opportunities. Encourage all agencies to incorporate bike and pedestrian access at major transit centers and transfer locations. Assist VDOT in ensuring that the recommendations from its Northern Virginia Regional Bikeway and Trail Network study that focus on connections to transit are implemented. Support initiatives of such groups as the National Center for Bicycling and Walking and its Walkable Communities Workshops.
4. Serve on regional task forces examining options for improved transit, such as WMATA's Regional Mobility Panel and the Pike Transit initiative (light-rail).
5. Help transit systems implement coordinated transit services to reduce the traffic impacts of the new BRAC installations.

#### 4. **MANAGE GRANTS, CONTRACTS AND TRUST FUNDS**

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

##### **Actions:**

1. Use NVTC's subsidy allocation model to incorporate the most recent WMATA and local budget information on transit costs, revenues and subsidies. Using NVTC's adopted allocation formula, determine each local government's share of NVTC assistance. Use their percentages to apportion shares of local contributions to NVTC's administrative budget. Maintain detailed spreadsheets to calculate NVTC's formula. Provide early estimates each year to assist local governments in budget planning.
2. Prepare and submit NVTC and VRE state grant applications (approximately \$250 million due on February 1, 2012, using DRPT's automated OLGA system).
3. Manage state grants to prepare proper billings and obtain timely reimbursements. Participate with VRE and NVTC jurisdictions in quarterly project status review meetings. Work with grantor agencies and grantees to achieve the maximum feasible flexibility in using the funds in order to meet expiration deadlines with no loss of funds.
4. Manage jurisdiction trust funds (average over \$100 million). Prepare timely and accurate quarterly cash flow forecasts of transit assistance sources and uses for NVTC's local jurisdictions (average about \$150 million annually). Assist local jurisdictions in spending promptly the proceeds of state bond issues.
5. Prepare financial reports for NVTC's annual audit. Manage a multi-year audit services contract. Accomplish an unqualified auditors' opinion and provide to the appropriate regulatory agencies. Anticipate concerns of outside auditors and work to alleviate in advance any such concerns. Develop and implement appropriate responses to any concerns of auditors contained in management letters.
6. **As part of a renewed effort by NVTC to cooperate with DRPT in a shared mission to protect and enhance public transit, encourage DRPT to provide timely opportunities to comment on Master Agreement amendments and other policy changes before they are presented for execution.**

7. Maintain up-to-date compilations of state and federal grant regulations. Ensure staff is adequately trained in grant and project management and alerted to any changes in regulations. Maintain current procurement documents to facilitate prompt release of authorized requests for proposals and invitations for bids. Obtain agreements with sub-recipients to ensure compliance. Submit annual certifications and maintain access to TEAM to ensure continued eligibility for FTA grants.
8. As requested, work with Alexandria and Arlington to apply for federal funds for BRT service improvements in the Crystal City/Potomac Yard corridor, for subsequent citywide transit improvements in Alexandria, and for access improvements in Rosslyn. Work with Falls Church to obtain federal grants for an intermodal transit center. **For the region, manage the federal grant and project to complete a multimodal transit study of Route 7. Currently NVTC has obtained and is billing federal grants for over \$11 million of jurisdictional projects and expects to execute another \$850,000 in the first half of 2012.**
9. Manage NVTA's grants for the regional transportation plan update (TransAction 2040) with a contract value of \$500,000.
10. **Actively seek opportunities to** assist jurisdictions in considering new and expanded projects (light rail, technology and other initiatives).
11. Provide accounting services to NVTA without charge and manage any required NVTA audits. Also maintain financial records, obtain any needed insurance and notify regulatory agencies.

## 5. PROVIDE OVERSIGHT FOR WMATA AND VRE

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

### **Actions:**

1. In January, appoint Virginia's two principal and two alternate members of the WMATA Board of Directors. Provide staff support to WMATA Board members. As needed, facilitate caucuses of Virginia's Board members and their staffs to develop consensus positions prior to committee and board meetings. Keep NVTC commissioners informed of pending WMATA Board decisions of regional significance. Invite WMATA'S General Manager periodically to brief the entire NVTC Board on important issues.
2. Monitor the development of WMATA's budget. Provide recommendations to local jurisdictions and the WMATA Board, as appropriate. Co-sponsor public forums with WMATA.
3. Participate actively on WMATA's Jurisdictional Coordinating Committee.
4. **Assist Loudoun County as it transitions to full participation in WMATA upon completion of the Dulles Rail project while working with NVTC's WMATA Board representatives to obtain an acceptable agreement between Loudoun County and WMATA and keeping all of NVTC's jurisdictions fully informed.**
5. As co-owner of VRE (with assets of **\$378** million, outstanding debt issued by NVTC of **\$25** million and annual operating/capital budgets of over \$60 million) appoint NVTC's principal and alternate members of the VRE Operations Board, maintain close communications with PRTC and VRE staff, coordinate presentation of action items to the VRE Board and commissions, and monitor ongoing operations for consistency with the Master Agreement and approved budgets, customer service quality and NVTC jurisdictions' interests.
6. Support annual VRE customer service surveys each spring and ridership surveys each October, by providing zip code verification and on-board volunteers.
7. **Continue to encourage WMATA to use NVTC's emergency response plans for key Metrorail stations in Virginia as a template to complete plans for all of WMATA's stations.**

## 6. COORDINATE REGIONAL EFFORTS

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

### **Actions:**

1. Help direct a cooperative regional effort to provide a new Vanpool Incentive Program to increase vanpooling and qualify the region for significantly increased federal transit formula assistance. Work to obtain funding to implement the program **by April, 2012**.
2. Work to establish NVTC as the chief advocate of Intelligent Transportation Systems (ITS) investments for transit, by conducting low-cost demonstrations, evaluating the results, and more actively encouraging all of NVTC's transit providers to adopt similar (interoperable) technologies. Examples include: web-based automated bus stop information signs; on-board bus stop enunciators; passenger counters; automated maintenance devices; variable pricing of roads and parking; parking capacity electronic message signs; and alternative fuel technologies. Promote joint procurements for uniformity and cost saving and develop effective contract language to encourage non-proprietary technology. Help educate board members and the public.
3. Develop information from research on Metropolitan Washington and other regions to help NVRTA, WMATA and other transit organizations define lower-cost strategies for meeting congestion challenges in the short term using such mechanisms as exclusive transit lanes, bus rapid transit, priority lanes, queue jumping, jitneys, route-deviation transit, vanpools and real-time information devices. Publicize the results and work to achieve public acceptance. Work with the local jurisdictions to initiate appropriate demonstrations of these mechanisms.
4. Participate on technical committees assisting in planning, preliminary engineering and environmental analysis for transit in the Dulles Corridor and other locations such as the Capital Beltway, I-66 and I-95/395 as requested by WMATA, VDOT, DRPT, **MWCOG** and/or local jurisdictions.
5. Actively promote telework initiatives. Assist Transportation Management Associations and Transportation Demand Management agencies (ridesharing, telework). Serve on boards of directors and competitive selection panels as requested.
6. Continue to examine public-private HOT lane proposals for the Beltway, I-95 and elsewhere and work to ensure adequate transit access and the use of toll revenues to help support transit operations. Actively participate on DRPT Transit Advisory Committees to articulate transit concerns and resolve any issues.

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

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

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

### **Actions:**

1. Serve as the central point of contact for the news media, interest groups and the general public for transit issues in Northern Virginia, making referrals to other transit agencies and local governments when appropriate. Initiate contacts with media representatives via calls and visits. Provide NVTC's reports, analyses and policies with easy to understand explanations of their content and significance. Establish media opportunities for NVTC board members to promote NVTC's mission. **Enhance communication with NVTC board members so they are fully aware of the extent of these efforts and their results.**
2. Assist NVTA's public outreach mission, actively maintain NVTA's "virtual office" and website, and lead public outreach for NVTA's regional transportation plan update (TransAction 2040).
3. Provide the following resources to the public, primarily on NVTC's website, utilizing enhanced graphics:
  - a. Maintain and improve NVTC's website, to focus on informing the public about opportunities to be involved in regional transit and ridesharing planning;
  - b. Distribute NVTC's brochure, reports and agendas to encourage more public involvement, again emphasizing easy-to-use web-based applications;
  - c. Publish electronically an annual NVTC Handbook to provide a detailed description of the commission's history, mission and accomplishments, including the commission's workprogram, policies and by-laws;
  - d. Link to other regional transit databases to provide information about regional transit services to better inform the public;
  - e. Maintain a transit system performance database;
  - f. **Actively promote these web resources so the public is aware of them.**
4. Survey WMATA, VRE and local jurisdictions to compile innovative marketing activities, host coordination meetings, facilitate transit topics for the Marketing and Outreach Specialists Consortium and the Northern Virginia Public

Information Officers and report at least annually to the commission and jurisdictions. Assist APTA in local marketing and public information activities. Help plan VTA conferences.

5. Continue technical support for transit stores and Transportation Management Associations (e.g., serve on Boards of Directors and consultant selection committees). Assist with logo design, marketing, consultant selection, performance evaluation, fare collection, web design and customer service issues. Compile and post on NVTC's website a list of transit stores and TMA's in the region.
6. Look for opportunities to partner in order to stage events and promotions that will emphasize the effectiveness of transit and ridesharing and the need for additional transit funding
7. Implement NVTC's federal Title VI program with active outreach to **non-English speaking persons, including** simplified messages and NVTC/NVTA website accommodations.
8. Coordinate meetings with visiting delegations of transit system board members and other elected officials to describe this region's success with transit coordination, transit-oriented development and innovative transit finance.
9. **With active NVTC Board participation, devise more effective methods to communicate to the public the outstanding performance of public transit in Northern Virginia, including but not limited to developing a guiding strategy and unified message, and providing frequent email communications in an easily recognized format.**

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

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

### **Actions:**

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

**Project Name:** Legislative Affairs Proposal

## Northern Virginia Transportation Commission

# NVTC Legislative Affairs

## Scope of Work

Prepared by NVTC Staff



14 November 2011

# Scope of Work

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## 1. Background

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

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

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

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

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

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

## 2. Project objectives

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

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

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

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

### 3. Desired outcomes

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

### 4. Project scope

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

## 5. Budget

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

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

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

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

## 6. Coordination activities

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

## 7. Project Approach

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



Loudoun County, Virginia

[www.loudoun.gov](http://www.loudoun.gov)

Board of Supervisors – MSC #01

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December 1, 2011

Northern Virginia Transportation Commission  
2300 Wilson Boulevard, Suite 620  
Arlington, VA 22201

Re: Information Item – Legislative Initiative

Dear Members of the Commission:

It has come to our attention that the Commission has on its Agenda for this evening an Information Item that proposes a legislative program for the Northern Virginia Transportation Commission ("NVTC"). Based on the content of the item, it appears that the NVTC staff has proposed the creation of a lobbyist program and affiliated position(s) at a cost of \$250,000 annually, to be paid out of member contributions, including Loudoun County. According to our understanding of the process, the intent is for this item to be presented this evening for consideration and comment, but not for action. A follow-up Action item is proposed for the Commission's January 6, 2012 Meeting.

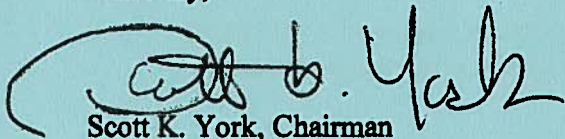
Unfortunately, the timing of this item is occurring during a transition period for the Board of Supervisors. As you may be aware, our Board will have seven of nine new members as of January 1, 2012, and because of this transition, we were unable to have a Board member present at your meeting tonight.

As the Chairman of the Board, who will be returning in January, I would like to express significant concern regarding this proposal. Each of NVTC's member jurisdictions has individual representation programs in Richmond, which, when collectively applied, is a more meaningful expression of regional positions than a single voice from NVTC can or will be. Further, to the extent that positions put forward from NVTC conflict with those of Loudoun County, we will strongly object to our transportation dollars being diverted to fund an NVTC lobbying program. Finally, as 85% of the funds for NVTC are allocated by the Commonwealth of Virginia, it is our opinion that the use of State grant funds for lobbying purposes places our precious transportation funds further at risk.

The Loudoun County Board of Supervisors will have its 2012 organizational and planning meeting on January 3, 2012, and I will propose that we both affirm our representative to NVTC and also adopt a formal position against this proposal.

It is my sincere hope that each of you will consider the disadvantage that this potentially places us in and will oppose this proposed program.

Sincerely,

A handwritten signature in dark ink, appearing to read "Scott K. York". The signature is stylized with a large, sweeping initial "S" and a prominent "Y".

Scott K. York, Chairman  
Loudoun County Board of Supervisors

C: Board Elect  
Tim Hemstreet, County Administrator



AGENDA ITEM #13

**TO:** Chairman Euille and NVTC Commissioners

**FROM:** Rick Taube and Scott Kalkwarf

**DATE:** December 29, 2011

**SUBJECT:** NVTC Administrative Budget for FY 2013

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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, with total expenditures dropping to \$1.194 million.

This reduction is possible, despite anticipated significant increases in insurance and other costs, primarily by maintaining NVTC's staff at six full-time and two part-time positions. NVTC's workprogram contains all of the activities previously authorized as well as new projects anticipated for calendar year 2012. This will be accomplished with improved productivity made possible by NVTC's skilled and experienced staff.

Given the reduction in total spending, total contributions from state and local governments will be reduced by 2.4 percent respectively. 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.

In the previous agenda item regarding NVTC's 2012 Work Program, if the commission wishes to include the optional legislative advocacy activities, NVTC's FY 2012 and FY 2013 will have to be adjusted accordingly. The attached alternate page one of the budget shows the effects on the FY 2013 NVTC budget.



**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**BUDGETED FISCAL YEAR 2013 REVENUE**  
(Proposed)

	<b>FY 2011 Actual</b>	<b>Approved Budget FY 2012</b>	<b>Proposed Budget FY 2013</b>	<b>FY 2013-2012 Budget Increase (Decrease)</b>	<b>Percentage Change</b>
1 Commonwealth of Virginia*					
NVTC	\$ 158,020	\$ 185,590	\$ -		
NVTC Jurisdictions	615,060	568,805	-		
	<u>773,080</u>	<u>754,395</u>	<u>736,093</u>	<u>(18,302)</u>	<u>-2.4%</u>
2 Alexandria	35,105	35,243	32,259	(2,984)	
3 Arlington	62,152	59,458	51,994	(7,464)	
4 City of Fairfax	5,822	6,142	7,684	1,542	
5 Fairfax County	186,288	174,499	169,504	(4,996)	
6 Falls Church	2,595	2,716	2,813	97	
7 Loudoun	18,038	13,257	19,993	6,736	
Total Local Jurisdictions	<u>310,000</u>	<u>291,315</u>	<u>284,247</u>	<u>(7,068)</u>	<u>-2.4%</u>
8 Total Commonwealth of Virginia and Local Jurisdictions (Note 1)	1,083,080	1,045,710	1,020,340	(25,370)	-2.4%
9 Interest and Other Revenue	860	2,000	2,000	-	0.0%
10 Project Chargebacks (Note 2)	70,000	70,000	70,000	-	0.0%
11 Project Grant Billings	-	-	-	-	0.0%
12 Appropriated Surplus (Note 3)	(67,655)	77,700	102,000	24,300	31.3%
Total Revenue	<u>\$ 1,086,285</u>	<u>\$ 1,195,410</u>	<u>\$ 1,194,340</u>	<u>\$ (1,070)</u>	<u>-0.1%</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, state operating funds for NVTC, and a portion of the state operating funds allocated by DRPT to NVTC's members. The amount of assistance attributable to NVTC's expenses for FY 2013 will be known when the approved Six Year Improvement Plan is approved in 2012.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SCHEDULE OF FISCAL YEAR 2013 BUDGETED EXPENDITURES**  
(Proposed)

	<b>FY 2011 Actual</b>	<b>Approved Budget FY 2012</b>	<b>Proposed Budget FY 2013</b>	<b>FY13 - FY12 Budget Increase (Decrease)</b>	<b>Percentage Change</b>
<b><u>Personnel Costs</u></b>					
1 Salaries	\$ 661,110	\$ 693,150	\$ 697,950	4,800	0.7%
2 Intern	-	-	-	-	N/A
3 Temporary Employee Services	-	-	-	-	N/A
Total Personnel Costs	661,110	693,150	697,950	4,800	0.7%
<b><u>Benefits</u></b>					
<b>Employer's Contributions</b>					
4 FICA	43,841	48,250	48,100	(150)	-0.3%
5 Group Health Insurance	71,345	92,900	103,500	10,600	11.4%
6 Retirement	65,182	68,800	64,900	(3,900)	-5.7%
7 Workers & Unemployment Compensation	2,455	3,100	3,300	200	6.5%
8 Life Insurance	3,568	4,000	4,000	-	0.0%
9 Long Term Disability Insurance	3,034	3,650	3,700	50	1.4%
Total Benefit Costs	189,425	220,700	227,500	6,800	3.1%
<b><u>Administrative Costs</u></b>					
10 Commissioners Per Diem	17,550	16,850	10,000	(6,850)	-40.7%
<b><u>Rents:</u></b>					
	<b>161,823</b>	<b>185,100</b>	<b>189,500</b>	<b>4,400</b>	<b>2.4%</b>
11 Office Rent	152,815	172,900	177,700	4,800	2.8%
12 Parking / Metrochek	9,008	12,200	11,800	(400)	-3.3%
<b><u>Insurance:</u></b>					
	<b>4,365</b>	<b>5,600</b>	<b>6,400</b>	<b>800</b>	<b>14.3%</b>
13 Public Official Bonds	2,300	2,300	2,300	-	0.0%
14 Liability and Property	2,065	3,300	4,100	800	24.2%
<b><u>Travel:</u></b>					
	<b>4,877</b>	<b>5,800</b>	<b>5,800</b>	<b>-</b>	<b>0.0%</b>
15 Conference Registration	-	-	-	-	N/A
16 Non-Local & Conference Travel	901	1,500	1,500	-	0.0%
17 Local Meetings & Related Expenses	3,852	4,000	4,000	-	0.0%
18 Training & Professional Development	124	300	300	-	0.0%
<b><u>Communication:</u></b>					
	<b>9,964</b>	<b>9,900</b>	<b>8,740</b>	<b>(1,160)</b>	<b>-11.7%</b>
19 Postage	3,160	3,800	3,400	(400)	-10.5%
20 Telephone and Data	6,804	6,100	5,340	(760)	-12.5%
<b><u>Publications &amp; Supplies</u></b>					
	<b>12,724</b>	<b>15,100</b>	<b>10,600</b>	<b>(4,500)</b>	<b>-29.8%</b>
22 Office Supplies	3,701	3,100	3,200	100	3.2%
23 Duplication and Paper	8,331	11,500	6,900	(4,600)	-40.0%
24 Public Information	692	500	500	-	0.0%
<b><u>Operations:</u></b>					
	<b>3,372</b>	<b>10,500</b>	<b>11,500</b>	<b>1,000</b>	<b>9.5%</b>
25 Furniture and Equipment (Capital)	-	3,000	4,000	1,000	N/A
26 Repairs and Maintenance	-	1,000	1,000	-	0.0%
27 Computer Operations	3,372	6,500	6,500	-	0.0%
<b><u>Other General and Administrative</u></b>					
	<b>3,755</b>	<b>5,350</b>	<b>5,100</b>	<b>(250)</b>	<b>-4.7%</b>
28 Subscriptions	289	-	-	-	N/A
29 Memberships	305	1,400	1,200	(200)	-14.3%
30 Fees and Miscellaneous	2,897	2,950	3,000	50	1.7%
31 Advertising (Personnel/Procurement)	264	1,000	900	(100)	-10.0%
Total Administrative Costs	218,430	254,200	247,640	(6,560)	-2.6%
<b><u>Contracting Services</u></b>					
32 Auditing	17,320	27,360	21,250	(6,110)	-22.3%
33 Consultants - Technical	-	-	-	-	N/A
34 Legal	-	-	-	-	N/A
Total Contract Services	17,320	27,360	21,250	(6,110)	-22.3%
Total Operating Program	<u>\$1,086,285</u>	<u>\$ 1,195,410</u>	<u>\$ 1,194,340</u>	<u>\$ (1,070)</u>	<u>-0.1%</u>

# **NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

## **Explanatory Notes to Fiscal Year 2013 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 13 budget is based on the FY 12 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 13 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**

The FY13 budget assumes the same staff level as FY12.

### **5. Group Health Insurance**

NVTC's health insurance group rates increased about 10% for the current policy period ending April 30, 2011, and 19% in the year prior. The FY 13 budget is based on the current actual rates with a provision for increasing rates. Staff has investigated alternative health insurance plans and has not identified any more cost effective plans at this time.

### **6. 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 FY13. 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.

# **NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

## **Explanatory Notes to Fiscal Year 2013 Budget**

### **7. Commissioners' Per Diem**

The FY 12 budget is based upon the regular meeting schedule, and includes per diems at the statutory rate of \$50 for commissioners other than senators and delegates, with a minimal contingency for increased attendance. Effective July 1, 2011, NVTC is no longer responsible for reimbursing the state for the \$200 per diem of senators and delegates.

### **8. Office Rent**

The administrative office lease was renewed during fiscal year 2011 for the period January 2011 through May 2021. Rent expense included in the FY13 budget is based upon the fixed costs of the lease, with a provision for increases in common area expenses. The new lease includes a provision which abated rent payments for a portion of fiscal year 2011. For budget purposes, a portion of this abatement was used to purchase furniture, and the cost has been charged to the office rent budget line.

### **9. 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.

### **10. 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.

### **11. 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.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**Explanatory Notes to Fiscal Year 2013 Budget**

**12. Postage**

This item is based on prior years' actual costs, and has been reduced slightly from the FY 12 budget which assumes a reduction in the volume of mailings with increased reliance on electronic communications.

**13. Telephone and Data**

As part of the move to new leased office space, NVTC purchased a new phone system to replace the antiquated system previously owned. This new system has allowed NVTC to utilize newer technology at a lower monthly cost. A bundled fixed cost agreement with a new telephone and data provider was entered into during fiscal year 2011, for a significant savings and greater functionality than the previous arrangements.

**14. Office Supplies**

The FY 13 budget for this item is below the average of prior years' actual costs.

**15. Duplication and Paper**

During fiscal year 2011, NVTC negotiated a five year copier lease and service contract for considerable savings over the previous arrangement. The duplication expenses of paper and staples, which are not included in the contract, have been budgeted based upon estimated usage levels.

**16. 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 2013 Budget**

### **17. Furniture and Equipment**

This budget category provides for the replacement and acquisition of office furniture and equipment, including computer hardware. The FY 13 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. As explained in note 8, new furniture was purchased during fiscal year 2011 and charged to the office rent expense line for budget purposes.

### **18. 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 13 budget is based on an average of prior year actual costs, with a small provision for disaster recovery costs.

### **19. Advertising (Personnel/Procurement)**

The FY 13 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.

### **20. 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 of the first two year option.

### **21. 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.

### **22. 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.

**OPTIONAL LEGISLATIVE ADVOCACY AND PUBLIC OUTREACH  
NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
BUDGETED FISCAL YEAR 2013 REVENUE  
(Proposed)**

	<b>FY 2011 Actual</b>	<b>Approved Budget FY 2012</b>	<b>Proposed Budget FY 2013</b>	<b>FY 2013-2012 Budget Increase (Decrease)</b>	<b>Percentage Change</b>
1 Commonwealth of Virginia*					
NVTC	\$ 158,020	\$ 185,590	\$ -		
NVTC Jurisdictions	615,060	568,805	-		
	<u>773,080</u>	<u>754,395</u>	<u>936,093</u>	<u>181,698</u>	<u>24.1%</u>
2 Alexandria	35,105	35,243	32,259	(2,984)	
3 Arlington	62,152	59,458	51,994	(7,464)	
4 City of Fairfax	5,822	6,142	7,684	1,542	
5 Fairfax County	186,288	174,499	169,504	(4,996)	
6 Falls Church	2,595	2,716	2,813	97	
7 Loudoun	18,038	13,257	19,993	6,736	
Total Local Jurisdictions	<u>310,000</u>	<u>291,315</u>	<u>284,247</u>	<u>(7,068)</u>	<u>-2.4%</u>
8 Total Commonwealth of Virginia and Local Jurisdictions (Note 1)	1,083,080	1,045,710	1,220,340	174,630	16.7%
9 Interest and Other Revenue	860	2,000	2,000	-	0.0%
10 Project Chargebacks (Note 2)	70,000	70,000	70,000	-	0.0%
11 Project Grant Billings	-	-	-	-	0.0%
12 Appropriated Surplus (Note 3)	(67,655)	77,700	102,000	24,300	31.3%
Total Revenue	<u>\$ 1,086,285</u>	<u>\$ 1,195,410</u>	<u>\$ 1,394,340</u>	<u>\$ 198,930</u>	<u>16.6%</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, state operating funds for NVTC, and a portion of the state operating funds allocated by DRPT to NVTC's members. The amount of assistance attributable to NVTC's expenses for FY 2013 will be known when the approved Six Year Improvement Plan is approved in 2012.



AGENDA ITEM #14

**TO:** Chairman Euille and NVTC Commissioners  
**FROM:** Rick Taube  
**DATE:** December 29, 2011  
**SUBJECT:** Virginia Vanpool Incentive Program

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The commission is asked to approve Resolution #2183.

At NVTC's November 3, 2011 meeting, Frank Spielberg of VHB presented the findings of an extensive consulting study sponsored by NVTC, PRTC and the George Washington Regional Commission with project management assistance from DRPT.

Implementing the project to encourage more vanpooling while collecting and filing data would result in significant earnings of additional federal transit formula assistance.

As explained in Mr. Spielberg's presentation, a few remaining issues must be resolved before the commissions are asked to formally endorse the program and authorize its implementation. However, it is clear that substantial seed money must be provided to cover a two to three-year period from the start of the program until federal transit formula funds are available. DRPT staff invited the project sponsors to apply for assistance for FY 2013, with the understanding that any DRPT assistance will only be temporary and will not support the program beyond the initial two to three-year period until federal funds become available.

Because PRTC will be the agency managing the project on behalf of the three sponsoring commissions, PRTC will submit the grant application. NVTC is asked to endorse the PRTC request for DRPT funds.

Also, NVTC currently has \$200,000 of CMAQ funding reserved for this project. Because PRTC will be administering the project on behalf of NVTC (and GWRC), PRTC should apply for NVTC's reserved CMAQ funding.

Resolution #2183 would authorize PRTC to apply for the DRPT and CMAQ funds.



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## **RESOLUTION #2183**

**SUBJECT:** Virginia Vanpool Incentive Program.

**WHEREAS:** The Northern Virginia Transportation Commission (NVTC) has supported a study by VHB that developed a business plan for a Northern Virginia Vanpool Incentive Program, co-sponsored with the Potomac and Rappahannock Transportation Commission (PRTC) and the George Washington Regional Commission (GWRC);

**WHEREAS:** The business plan shows that the proposed program will return several million dollars annually above program costs in new federal transit formula assistance and result in reduced WMATA subsidies for NVTC's jurisdictions as well as providing congestion relief and environmental benefits;

**WHEREAS:** Because there is a two to three-year lag in receiving the new federal funds after the program begins, a source of seed money must be identified;

**WHEREAS:** PRTC will manage the new program on behalf of itself and NVTC and GWRC;

**WHEREAS:** The Virginia Department of Rail and Public Transportation (DRPT) has indicated its willingness to consider an application from PRTC for seed money for the project; and

**WHEREAS:** NVTC has received authorization for \$200,000 of federal Congestion Mitigation and Air Quality (CMAQ) funding for the project.

**NOW, THEREFORE, BE IT RESOLVED THAT** the Northern Virginia Transportation Commission hereby authorizes PRTC to seek start-up funding for the Vanpool Incentive Program on behalf of PRTC, NVTC and GWRC from the FY 2013 DRPT grant program, with applications due by February 1, 2012.

**BE IT FURTHER RESOLVED THAT** the Northern Virginia Transportation Commission requests that the Northern Virginia Transportation Authority's (NVTA) Jurisdictional and Agency Coordinating Committee (JACC) transfer sponsorship of \$200,000 of approved CMAQ funding from NVTC to PRTC so that PRTC can obtain the grant funds for the project.

Approved this 5<sup>th</sup> day of January, 2012

\_\_\_\_\_  
Chairman

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



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**POTOMAC AND RAPPAHANNOCK  
TRANSPORTATION COMMISSION**

**RESOLUTION**

**MOTION:** \_\_\_\_\_

**RESOLUTION NO. 12-01-\_\_\_\_  
OFFICIAL COMMISSION MEETING  
JANUARY 5, 2012**

**SECOND:** \_\_\_\_\_

**RE: PROVISIONAL ENDORSEMENT OF NORTHERN VIRGINIA REGIONAL  
VANPOOL INCENTIVE PROGRAM AND PROVISIONAL APPROVAL OF  
PRTC'S PARTICIPATION IN THE PROGRAM AS PROPOSED**

**WHEREAS**, the Northern Virginia Transportation Commission (NVTC), the George Washington Regional Commission (GWRC), the Virginia Department of Rail and Public Transportation (VDRPT), and Potomac and Rappahannock Transportation Commission (PRTC) have collaborated on a design of a vanpool incentive program ("the program") to increase the number of vanpools in Northern Virginia and generate additional Federal Transit Administration (FTA) Section 5307 formula funds to pay for the program and generate net regional income for other FTA Section 5307 qualifying purposes; and

**WHEREAS**, the program as proposed would be administratively housed at PRTC, with PRTC bearing the responsibility for managing the program on a reimbursable basis; and

**WHEREAS**, the program is ultimately expected to be financially self-supporting, but requires "bridge funding" for the first two and a half-years of program operation because the Section 5307 formula funds the program is expected to earn for the region would not materialize before then; and

**WHEREAS**, NVTC, GWRC, and PRTC management ("the program sponsors") are actively seeking a funding source for the bridge funding; and

**WHEREAS**, VDRPT management has expressed its support for a state-sponsored solution to the "bridge funding" requirement and its willingness to try to facilitate a state-sponsored solution; and

**WHEREAS**, VDRPT has suggested that PRTC submit an application to VDRPT for the bridge funding as part of the FY 2013 state grant funding cycle; and

**ITEM 12-B.3**

**(33 PAGES)**

**WHEREAS**, grant applications for FY 2013 funding must be submitted no later than February 1, 2012; and

**WHEREAS**, there continues to be unsettled issues that bear upon the viability and success of the program; and

**WHEREAS**, PRTC management has fashioned a set of terms and conditions for the PRTC to provisionally endorse the program and PRTC's participation in the program so a grant application can be submitted to VDRPT notwithstanding the unsettled issues; and

**WHEREAS**, the PRTC has considered the terms and conditions proposed by PRTC management as a basis for the PRTC's provisional endorsement, and agrees that a provisional endorsement as recommended is warranted.

**NOW, THEREFORE, BE IT RESOLVED** that the Potomac and Rappahannock Transportation Commission does hereby provisionally endorse the program and PRTC's participation in it, including the submission of an application to the VDRPT for bridge funding, subject to the following provisos:

1. The Federal reauthorization happens, with no material changes to the Section 5307 program that would be damaging to the program as proposed. Management proposes to hold off on any spending actions until this is certain, which as noted earlier will be known on or around the end of March 2012 assuming the Congress does what it has said it intends to do.
2. The bridge funding is secured, with no match or pay-back obligation. While VDRPT staff has simply encouraged PRTC to submit a "bridge funding" application by February 1<sup>st</sup>, with no assurances that the application will be approved let alone assurances that it will be 100% funding requiring no pay-back (since VDRPT has no authority to pledge these things), this is included among the provisos so the Commission is assured that anything less would require further consultation and action by the Commission before the program is launched. As noted earlier, a decision on the prospective application would be made by the CTB no later than June 2012, which is months earlier than the program schedule envisions for program launch. While there is \$300,000 of CMAQ funds already secured to begin incurring costs, management proposes to hold off on any expenditures funded by the existing CMAQ funds until such time as there is a confirmation that the bridge funding will be forthcoming. That could mean holding off on expenditures until June 2012 when the CTB normally approves the next fiscal year's funding which, while later than the program schedule now envisions, is a necessary safeguard in management's view to insure that expenditures don't begin on a program that can't be sustained.

3. The facts about FTA's prescription for vanpool program rules don't doom the prospective program's success. As noted earlier, FTA's "tests" of what constitutes public sponsorship are showing signs of becoming more exacting, though further fact-finding is necessary to ferret out precisely what FTA intends. Once FTA's intentions are fully understood, the program sponsors will need to assess the implications on the program as now conceived, and confer with the existing vanpool stakeholders as has been done throughout the course of the program design effort to ascertain the likely impacts of any changes that may be required. This fact-finding and consultation would happen over the next couple of months so the outcome is known by the spring of 2012.




Potomac and Rappahannock  
Transportation Commission

14700 Potomac Mills Road  
Woodbridge, VA 22192

January 5, 2012

TO: Chairman Jenkins and Commissioners

FROM: Alfred H. Harf   
Executive Director

RE: Provisional Endorsement of Northern Virginia Regional Vanpool Incentive Program and Provisional Approval of PRTC's Participation in the Program as Proposed

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Recommendation:

Provisionally endorse the subject program and provisionally approve PRTC's participation in the program as proposed.

Background:

For the past year or so, PRTC has been collaborating with the Northern Virginia Transportation Commission (NVTC), the George Washington Regional Commission (GWRC), and the Virginia Department of Rail and Public Transportation (VDRPT)<sup>1</sup> on the development of a prospective vanpool incentive program ("the program"), periodically consulting with jurisdictional/agency staffs and other stakeholders to invite reactions and keep them fully informed. The program has two envisioned aims: (1) to increase the number of vanpools in Northern Virginia; and (2) to generate additional Federal Transit Administration (FTA) Section 5307 formula funds for the region to pay for the program and generate net regional income for other FTA Section 5307 qualifying purposes. Work on the development of the prospective program began after NVTC and GWRC collectively secured \$200,000 of CMAQ dollars for consultant assistance, and a team led by VHB was selected at the conclusion of a competitive procurement to assist the program sponsors on the effort.

At the November 2011 Commission meeting, a presentation was made by VHB's Frank Spielberg describing the completed work and the proposed parameters of the program (copy appended here for your ease of reference; attachment one). The Commission was not asked to consider an action at the time because issues described in the presentation were still under investigation, so management indicated that action would be sought when the issues were sufficiently settled to permit the Commission to decide whether the program warrants

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<sup>1</sup> Hereinafter, PRTC, NVTC, and GWRC will be collectively referred to as the "program sponsors."

endorsement. The most important of those issues was (is) the “bridge funding” required to initiate the program, since the Section 5307 funding the program is expected to earn doesn’t begin to materialize until 2+ years after the program commences. Stated differently, while the program is expected to be financially self-supporting once the Section 5307 funds materialize, other funds are required to pay for program expenses during the first 2+ years.

In his November 2011 presentation, Mr. Spielberg observed that the required bridge funding amounts to between \$5-7 million spread over a two and one half year period, and he went on to say that possible sources of the bridge funding were being actively explored. The range reflects the fact that two program scenarios have been developed – one premised on the continuation of the federally authorized commuter benefit program and the others premised on its cessation. The former has a higher “bridge funding” need because more vanpool program participants are envisioned in that scenario. It appears likely that the commuter benefit will survive (though it may be rolled back to a \$125 per month maximum), so the higher of the two bridge funding estimates is probably operative.<sup>2</sup>

Since the November 2011 presentation, the program sponsors have continued to seek a “bridge funding” source. Regionally allocated CMAQ funds have been nixed by jurisdictional staff because of competing priorities, but state sources (e.g., state-controlled federal funds and 100% state funds) have real promise. VDRPT Director Drake and her staff have signaled a desire to facilitate a state-sponsored solution, though any such solution will naturally require the Secretary of Transportation’s and the Commonwealth Transportation Board’s (CTB) approval. Because the “bridge funding” quest is off the state fiscal year funding cycle, it is difficult for a state-sponsored solution to be cemented right away, and VDRPT staff has suggested that the state-sponsored solution be sought via a VDRPT FY 2013 grant application that would have to be submitted to VDRPT before February 1<sup>st</sup>. VDRPT would then make a recommendation to the CTB, and the CTB would act on that recommendation in June when decisions on all applications for the upcoming fiscal year are made.

Four other points made in the course of the November 2011 presentation warrant reiteration here. First, the program sponsors are recommending that the program reside administratively at PRTC. PRTC would be responsible for managing the program, in conformance with policies collectively defined by the program sponsors. Staff would need to be

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<sup>2</sup> The scenario premised on the continuation of the commuter benefit is the same no matter what the maximum allowable benefit is (i.e., \$230 per month as it is as this staff report is being written or \$125 per month as it will be beginning January 1, 2012 if the Congress does not act. Congressional action is necessary before January 1, 2012 to sustain the benefit at the \$230 per month level, so we will know this outcome when the Commission meets on January 5<sup>th</sup>.

Chairman Jenkins and Commissioners

January 5, 2012

Page 3

recruited/hired and contract support would need to be procured as defined by the proposed program, with these and other program expenses paid for largely by program resources.<sup>3</sup>

Second, NVTC has secured \$200,000 of CMAQ funds and GWRC staff anticipated securing \$100,000 of CMAQ funds for initial program start-up. Analyses of anticipated cash flow appearing in the November 2011 presentation indicate that the \$300,000 combined amount would be sufficient to cover expenses incurred through September 2012 assuming work commences as shown in the schedule. Thereafter, the bridge funding discussed above would be necessary, and it is reasonable to assume that bridge funding approved by the CTB in June would be available by the fall of 2012.

Third, Section 5307 revenues would be shared by PRTC, NVTC, and GWRC based on where the vanpool miles are driven. Total reported vanpool miles would be calculated each year, and the shares of those miles within specified geographic areas would be calculated as well. Miles within the WMATA Compact Area as a percentage of the total miles would be NVTC's share, and that share would be WMATA's to use as it sees fit. Miles driven in Prince William, Manassas, and Manassas Park as a percentage of total miles would be PRTC's share, and that share would be the Commission's to use as it sees fit with the investments confined to those three jurisdictions. Miles driven in the GWRC jurisdictional area as a percentage of the total miles would be the GWRC governing board's to use as it sees fit, with the investments confined to those jurisdictions. In all cases, only investments eligible for Section 5307 funding would be permitted.

Fourth, estimates of program generated earnings indicate that net earnings will amount to more than five million dollars annually, based on conservative assumptions about vanpool participation.

While a number of issues remain unsettled as discussed in the next section of this staff report, management is seeking the Commission's provisional endorsement of the program and PRTC's participation in the program because the February 1<sup>st</sup> deadline for a VDRPT application looms. In an ideal world, the Commission's endorsement would be sought only after the unsettled issues are resolved and then only if they've been resolved in a favorable manner, but circumstances are compelling management to seek the Commission's endorsement now, subject to a number of provisos such that the program launch occurs only if those provisos are met.

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<sup>3</sup> While the proposed program is expected to become financially self-supporting, not all of its expenses will qualify for the Section 5307 funds the program is expected to generate. Thus, there will surely be a need for some non-federal funding, though the amount of said funding would be more than offset by the generated program income available for other expenditures.

The summary of the unsettled issues follows:

1. Federal reauthorization. As the Commission knows, the Congress has not legislated a multi-year reauthorization bill as yet, opting to enact a series of short-term extensions. The latest such extension expires on March 31, 2012, and both the House and Senate seem resolute about finally enacting a multi-year bill before then. Both chambers have also signaled their intention to sustain existing funding levels at a minimum, and there's every reason to believe based on what has been seen or said that the Section 5307 program will be sustained as well. That said, the two chambers are far apart on key reauthorization issues (e.g., the duration of the reauthorization; the source(s) of funding that will be proposed as a supplement to the federal motor fuels tax in order to sustain existing funding levels, etc.), so the timing and exact complexion of reauthorization remains uncertain. This is a key issue for the vanpool program, because it is premised on the continuation of the Section 5307 program in substantially the same form as it exists today.
2. The commuter benefit. As noted earlier, whether the commuter benefit is sustained or ceases bears directly on the complexion of the vanpool program, though viable scenarios have been fashioned in either event. We will know before the Commission's January 5<sup>th</sup> meeting whether the Congress acts to sustain the maximum allowable benefit at the \$230 per month level or lets it revert to \$125 per month, but whatever the Congress elects to do, it could be temporary (e.g., another one year extension at \$230 per month or a reversion to \$125 per month that the Congress later changes<sup>4</sup>).
3. Emerging policy from the Federal Transit Administration (FTA). Recent communications from the FTA to the public sponsors of existing vanpool programs and the FTA's latest set of presentation materials for National Transit Database (NTD) training sessions signal an FTA intention to be more prescriptive about vanpool program rules for NTD data reporting. While PRTC, NVTC, GWRC and the consultant study team ("the formulators") have understood from the get-go that vanpools must meet a number of requirements to qualify for NTD data reporting (e.g., be publicly sponsored; be open to the public; be subject to reporting quality control checks to insure that the data being submitted is credible; fulfill ADA requirements; etc.), FTA's "tests" of what constitutes public sponsorship are showing signs of

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<sup>4</sup> Bills have been introduced on both the Senate and House sides to create parity between the maximum allowable transit benefit and the maximum allowable parking benefit, and the idea of eliminating the benefit completely remains as a possibility in the context of deficit reduction.

becoming more exacting. Management is doing further fact-finding to insure that FTA's intentions are fully understood and, depending on what is learned, the program as it is now conceived may need to be recalibrated.

4. The "bridge funding" arrangements. The program as now conceived presumes that the bridge funding is 100% funding with no pay-back requirement. If the source of the bridge funding is CMAQ, it would be 100% funding because CMAQ funding is matched by the state as a matter of policy. Other sources might require a match, however, and if a match were required, PRTC, NVTC, and GWRC would need to regroup to figure out how a match could be funded. The same holds true for any pay-back requirement. PRTC, NVTC, and GWRC have expressed a strong preference for a 100% funding solution, with no payback (see PRTC's email communications to VDRPT staff; attachment two), but it remains uncertain at this point whether this will happen.

Mindful of these uncertainties, management is seeking the Commission's endorsement of the program and PRTC's participation on the program on a provisional basis. As noted earlier, a provisional endorsement is necessary for management to prepare a grant application for the "bridge funding" before February 1<sup>st</sup>, as VDRPT has suggested.

I'll turn now to a discussion of the provisos. They are:

1. The Federal reauthorization happens, with no material changes to the Section 5307 program that would be damaging to the program as proposed. Management proposes to hold off on any spending actions until this is certain, which as noted earlier will be known on or around the end of March 2012 assuming the Congress does what it has said it intends to do.
2. The bridge funding is secured, with no match or pay-back obligation. While VDRPT staff has encouraged PRTC to submit a "bridge funding" application by February 1<sup>st</sup>, it is seemingly not in the position to assure that the application will be approved let alone assure that it will be 100% funding requiring no pay-back (since decisions of this sort reside with the Secretary of Transportation and the CTB). Thus, this is included as a proviso so the Commission is assured that anything less would require further consultation with the Commission and a separate action before the program is launched. As noted earlier, a decision on the prospective application would be made by the CTB no later than June 2012, which is months earlier than the program schedule envisions for program launch. While \$300,000 of CMAQ funds has been

identified as a source for initial expenditures, management proposes to hold off on any expenditures until such time as there is a confirmation that the bridge funding will be forthcoming. That could mean holding off on expenditures until June 2012 when the CTB normally approves the next fiscal year's funding which, while later than the program schedule now envisions, is a necessary safeguard in management's view to insure that expenditures don't begin on a program that can't be sustained.

3. The facts about FTA's prescription for vanpool program rules don't doom the prospective program's success. As noted earlier, FTA's "tests" of what constitutes public sponsorship are showing signs of becoming more exacting, though further fact-finding is necessary to ferret out precisely what FTA intends. Once FTA's intentions are fully understood, the program sponsors will need to assess the implications on the program as now conceived, and confer with the existing vanpool stakeholders as has been done throughout the course of the program design effort to ascertain the likely impacts of any changes that may be required. This fact-finding and consultation would happen over the next couple of months so the outcome is known by the spring of 2012.

Fiscal Impact:

Not applicable.

Attachments: As stated



AGENDA ITEM #15

**TO:** Chairman Euille and NVTC Commissioners  
**FROM:** Rick Taube and Kala Quintana  
**DATE:** December 29, 2011  
**SUBJECT:** Legislative Items

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A copy of the brochure describing NVTC's 2012 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.

Attached are articles and media releases describing Governor McDonnell's 2012 Transportation funding plan and budget proposal. Also, a concise discussion paper prepared by NVTC staff is provided that describes the potential adverse consequences of combining NVTC and NVTA, as Governor McDonnell proposed.

A legislative reception is scheduled in Richmond for the Virginia Transit Association on the 30<sup>th</sup> of January in the late afternoon. NVTC will meet jointly with NVTA in Richmond on Local Government Day (February 9, 2012), also at 5:30 p.m.



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**Richmond Times-Dispatch**

HealthDiagnosticLaboratoryInc.

[Home -> Top Stories](#)**Top Stories****McDonnell wants to increase portion of sales tax going to roads**

Posted: 12/09/2011 12:00 AM

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Gov. Bob McDonnell wants to incrementally increase the portion of the state sales tax that is dedicated to transportation to 0.75 percent from 0.5 percent over the next eight years, raising it first to 0.55 percent for the coming two-year budget.

McDonnell's office estimated that the increase to 0.55 percent could generate an estimated \$110 million over the two years.

It's among a group of proposals that McDonnell unveiled Thursday as part of his transportation plan for the 2012 General Assembly session. He spoke before about 700 industry professionals gathered for the 2011 Governor's Transportation Conference in Norfolk.

He also wants to increase to 75 percent the share of year-end surpluses diverted to transportation after constitutional requirements are met, dedicate to roads the first 1 percent in revenue growth over 5 percent each year, and shift portions of tax revenue growth attributable to state-funded transportation infrastructure projects back to transportation.

"There's a clear nexus between building these assets and economic development," he said.

Virginians pay a 5 percent sales tax, of which 0.5 percent currently goes to transportation. The rest either goes to the general fund — which pays for services such as education, health care and law enforcement — or to localities.

A bill introduced in 2010 that would have obligated to roads a 75 percent share of the surplus after constitutional mandates are satisfied passed the House and died in the Senate Finance Committee. Currently, two-thirds of the unencumbered surplus goes to transportation.

Alexandria Mayor William Euille, chairman of the Northern Virginia Transportation Commission, applauded McDonnell's attention to transportation but continued a push for new revenues that are "stable, reliable, proven and permanent."

"We don't want funding today and then it's not sustainable, it's not there in future years," he said. "We applaud the governor's efforts, but certainly it hasn't gone far enough."

The Northern Virginia Transportation Alliance called McDonnell's proposals insufficient. It said, for instance, that at the end of eight years the proposed increase in sales-tax revenue for transportation would produce upward of \$300 million per year for maintenance, "but still falls short of the \$500-\$600/million/year needed to completely stop the drain."

McDonnell also will seek to expand the Transportation Department's revenue-sharing program to include maintenance. As of now, the state matches local money dollar-for-dollar on capital improvements.

State Transportation Secretary Sean T. Connaughton has said Virginia is expected to run out of state money to build new roads by about 2017.

Road maintenance is the first priority for funding in Virginia, but the recession has sapped funding for the state's aging transportation system by billions of dollars, and money intended for new construction has been used to cover maintenance.

In Norfolk, McDonnell was interrupted at the onset of his remarks by protesters who appeared to represent a local Occupy movement. McDonnell responded to the protesters, telling the audience that everyone should have a voice in our democracy and be heard.

Tucker Martin, McDonnell's spokesman, said about a half-dozen people were escorted out and the program continued.

The governor plans to announce additional proposals and more details of his transportation package in the next month. He presents his budget to the legislature's money committees on Dec. 19.

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# **Governor McDonnell Outlines 2012 Transportation Plan**

*~Introduces funding, promotion, and policy framework at 2011 Governor's Transportation Conference in Norfolk~*

## **\*Governor's 2011 Transportation Package Was Biggest Investment in Roads and Rail in Commonwealth in 25 Years\***

**NORFOLK** – Speaking to more than 700 industry and transportation agency professionals during the 2011 Governor's Transportation Conference in Norfolk, Governor Bob McDonnell today outlined his transportation policy and funding plans for the upcoming 2012 General Assembly Session. The governor called for changes in laws governing the allocation of future surpluses to transportation, dedicating portions of revenue growth attributable to transportation infrastructure projects to transportation, increasing the portion of sales tax dedicated to transportation, the establishment of an Interstate 85 Connector Economic Development and Promotion Zone to encourage businesses to invest in Virginia and ship through Virginia ports, and the advancement of Virginia's commercial space flight programs. The governor's new proposals follow the successful passage of his 2011 transportation agenda, which put the most new funding into roads and rail in the state in 25 years.

"Transportation and economic development and prosperity are inextricably linked," said Governor McDonnell. "Whether it's the infrastructure needed to move people and goods, or certain transportation-related industries poised for major growth and job creation, we must continue to make progress in improving our transportation networks if Virginia is to remain economically competitive. During my administration, we have made much progress, but we still have much more to do. That is why I am following up on last year's historic \$4 billion transportation funding package with an aggressive transportation program to continue to get Virginia out of gridlock and spur our economic recovery through job creation, forward-thinking investments, and promotion of Virginia's resources to attract additional private-sector development."

Virginia has made significant advances in transportation under the McDonnell administration. These include, among others:

- A historic investment in transportation of \$4 billion over the next three years, done without raising taxes. This is the biggest infusion of new funding for transportation in Virginia in 25 years.
- Reopening 19 closed rest areas and developing innovative new partnerships with the private sector to offset rest area maintenance and operating costs
- Completing four audits of transportation agencies resulting in the identification of more than \$1.4 billion in unspent transportation funds and a more streamlined project development process to expedite construction and maintenance work
- Creating the Office of Transportation Public-Private Partnerships
- Developing a new multimodal strategic plan that focuses on supporting economic opportunity, improving planning and implementation processes, and a renewed emphasis on customer satisfaction
- Working with the Federal Highway Administration to move forward with tolling Interstate 95
- Recent signings of major public-private transportation agreements including;
  - The Downtown-Midtown Tunnel/MLK Extension Project
  - The I-95 HOT Lanes Project
  - The Pound Connector and Doe Branch sections of Coalfields Expressway
  - The next eight-mile phase of Route 58 improvements along the 36-mile corridor between Hillsville and Stuart
- Advancing the I-85 Connector, a new interstate-style Route 460 between Petersburg and Suffolk

“While the governor’s transportation package, which passed with broad bi-partisan support this year, set the framework for investing \$4 billion over three years—the largest investment in decades—Virginia must continue its focus on transportation to ensure future generations can depend upon our transportation network to move the goods and services necessary to keep the Commonwealth thriving,” said Secretary of Transportation Sean T. Connaughton. “It is all about investing in our transportation network now to create jobs and help Virginia recover from the struggling economy. Last year’s legislation enabled us to accelerate the issuance of \$1.8 billion in previously authorized transportation bonds at a time when VDOT is seeing near historically low interest rates, and the Commonwealth Transportation Board will issue \$1.1 billion in federally backed direct GARVEE bonds to better leverage our federal transportation dollars to support major congestion reducing PPTA projects. The newly created Virginia Transportation Infrastructure Bank will help leverage other local and private-sector capital for transportation projects through the issuance of low interest rate loans. Because of these efforts, nearly 900 project phases are moving forward and thousands of jobs have been supported in Virginia.”

An independent economic analysis by Chmura Economics showed that once fully implemented, last year’s transportation package would grow the Virginia economy by over \$13 billion and sustain an additional 104,000 jobs. This year’s package will build upon that impact.

### **2012 Transportation Plan Highlights**

The governor’s proposed transportation plan for 2012 includes the following revenue-enhancements and policies to promote transportation investment:

- Increasing transportation’s share of year-end surpluses to 75 percent. This measure will provide transportation with additional revenues without jeopardizing other key areas of need. Over the past 2 years, \$100 million in surplus has been sent to transportation.
- Authorizing the Commonwealth Transportation Board to implement a version of tax-increment financing. When the state funds a major new piece of transportation infrastructure, transportation should receive a portion of the growth in state tax revenues that result from economic development surrounding the project. These revenues will be reinvested in additional projects that can help spur additional development.
- Increasing the dedicated transportation allocation of the sales tax from .5 percent to .75 percent over the next 8 years. During the upcoming budget, increasing the dedicated sales tax percentage to .55 percent generating over \$110 million in new transportation funding going to maintenance
- Proposing that the first 1 percent in revenue growth over 5 percent each year be dedicated to transportation
- Expanding VDOT’s Revenue Sharing Program to include maintenance. Currently, the state will match local money dollar-for-dollar on capital improvements within a locality. Enabling maintenance projects to be eligible for this program will help make our maintenance dollars go farther.
- Legislation to restructure and fund the Virginia Commercial Space Flight Authority and turn it into a true independent agency to develop the Mid-Atlantic Regional Spaceport into the number one commercial space flight facility in the nation
- Legislation to promote the Port of Virginia by eliminating some of the bureaucratic processes with which the Virginia Port Authority must comply and creating the I-85 Connector Economic Development and Promotion Zone, wherein companies shipping goods through the port or engaged in maritime commerce can operate income tax free for their first two years in operation

The governor will announce additional proposals and more detail of this year’s transportation package over the next month leading up to 2012 General Assembly session.

**Rick Taube**

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**From:** Northern Virginia Transportation Alliance [mailto:[mail@nvta.ccsend.com](mailto:mail@nvta.ccsend.com)] on behalf of Northern Virginia Transportation Alliance [mailto:[mail@nvta.org](mailto:mail@nvta.org)]  
**Sent:** Thursday, December 08, 2011 5:24 PM  
**To:** Rick Taube  
**Subject:** Governor's Proposals Lack Immediacy

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## NVTA Alliance Alert

December 8, 2011

### Sense of Urgency or Acknowledgment of Need For Public to Pay Fair Share Still Lacking

Governor Bob McDonnell opened his remarks at his Governor's Transportation Conference by stating, "When you are a one-term governor, you are in a hurry to get things done."

However, the benefits of what the Governor proposed would occur at various points far in the future as opposed to providing the immediate, sustained, new revenue Virginia's transportation program needs and Northern Virginia's private and public sectors have long advocated.

The Governor said additional proposals and details would be announced prior to the start of the 2012 General Assembly. So it remains possible that new, sustainable revenue is part of the Governor's plan. Today's announcement included the following:

- **Future State Surpluses:** Increase the percent of surplus state dollars dedicated to transportation to 75%. (Surpluses are not annual or predictable.)
- **Tax Increment Financing:** Transportation investments spur economic development. However, currently all new state revenue generated by such development goes to the General Fund. Under this proposal a percentage of this new, project-related revenue would go to transportation. (Road and transit projects can take a decade or more to complete. New revenues are also years/decades away.)
- **Revenue Sharing:** Make local maintenance projects eligible for state revenue sharing funds. (This helps leverage local funds but does not increase state funds.)
- **Retail Sales and Use Tax:** Increase transportation's share of the exiting 5% sales tax from .5% to .75% over an 8-year period and use revenue to lessen the maintenance fund drain on the Transportation Trust Fund for construction. (At the end of eight years this produces upwards of \$300 million/year for maintenance, but still falls short of the \$500-\$600/million/year needed to completely stop the drain. And during that 8-year period \$1-\$2 billion more in construction funds would be shifted to maintenance. Not to mention the fact that the General Fund would lose hundreds of millions.)
- **Revenue Growth:** In years in which state revenue growth exceeds 5%, dedicate the first additional 1% to transportation. (Revenue growth has not approached 5% for several years and there is no way of projecting how

frequently it will occur in future years.)

To read the Governor's press release, [click here](#).

The Governor also noted that gasoline tax revenues continue to decline due to greater vehicle mileage. Not said is the fact that this means that motorists are driving more and paying less in taxes per mile and therefore could be asked to pay higher tax rates that in today's dollars would still be less than those paid 25 years ago.

Again the Governor promises, "There's more to come."

**However,**

**--most of what was promised today  
will come much later, rather than sooner.**

Follow us on 

***The Northern Virginia Transportation Alliance is the only organization focused solely on making better transportation a reality for Northern Virginia citizens and businesses.***

#### **Contact Info**

The Alliance Alert is a free online update on regional transportation issues and public involvement opportunities provided by the Northern Virginia Transportation Alliance. For more information on regional transportation issues and NVTA, please visit our website at [www.nvta.org](http://www.nvta.org).



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Northern Virginia Transportation Alliance | 1600 Anderson Road | 3rd Floor | McLean | VA | 22102



## Northern Virginia leaders push for road dollars

By: Liz Essley | 12/03/11 8:05 PM

Examiner Staff Writer

Northern Virginia leaders are invoking a "transportation funding crisis" to clamor for more dollars from the General Assembly in 2012, saying the Governor's \$3 billion transportation plan last year wasn't enough to ease congestion in the economic hub of the state.

A group of 26 businesses and advocacy groups banned together this week to sign a resolution calling on Gov. Bob McDonnell and state lawmakers to find \$400 million per year in funds dedicated for transportation.

"Transportation is not a cost; it's an investment. Investment in transportation creates jobs, creates economic investment, broadens your tax base, holds other taxes down for the general population," said Bob Chase, who signed the resolution for the Northern Virginia Transportation Alliance.

The top 10 bottlenecks for the region, according to the newly released National Capital Region Transportation Planning Board's 2011 Aerial Congestion Survey:

1. Northbound Interstate 395 (from Washington Boulevard to Jefferson Davis Highway)  
From 8:30 to 9:30 a.m., average speed is 5 mph.
2. (tie) Inner Loop Interstate 495 (from Georgetown Pike to George Washington Memorial Parkway)  
From 5:30 to 6:30 p.m., average speed is 5-10 mph.
2. (tie) Southbound I-395/Southwest Freeway (from 4th Street to 12th Street)  
From 6 to 7 p.m., average speed is 5-10 mph.
4. Eastbound Interstate 66 (from Leesburg Pike to the Dulles Access Road)  
From 6 to 7 p.m., average speed is 7-12 mph.
5. (tie) Inner Loop I-495 (from Maryland Route 355/Interstate 270 to Maryland Route 185/Connecticut Avenue)  
From 4:30 to 5:30 p.m., average speed is 10-15 mph.
5. (tie) Outer Loop I-495 (from Dulles Toll Road to Chain Bridge Road)  
From 5:30 to 6:30 p.m., average speed is 10-15 mph.
7. (tie) Outer Loop I-495 (from Interstate 95 to New Hampshire Avenue)  
From 8 to 9 a.m., average speed is 12-20 mph.
7. (tie) Inner Loop I-495 (from Gallows Road to Arlington Boulevard)  
From 8 to 9 a.m., average speed is 12-20 mph.
9. (tie) Eastbound I-66 (from Virginia Route 234 Bypass to Sudley Road)  
From 7 to 8 a.m., average speed is 15-25 mph.
9. (tie) Westbound 11th Street Bridge (from Interstate 295 to Southeast Freeway)  
From 7:30 to 8:30 a.m., average speed is 15-25 mph.

A separate group of local leaders, called the Northern Virginia Transportation Commission, have also decried a "transit funding crisis," calling on Richmond to pass "major new revenue sources," including a higher gas tax, for trains and buses.

"Judging from the decline with the service in Metro and the deterioration on our highways, the state has not done an adequate job funding Northern Virginia's transportation needs for some time," said Dave Snyder, a member of the Commission and vice mayor of Falls Church.

Local leaders blamed the state for funneling dollars to projects in southern Virginia while ignoring the desperate claims of congested northern Virginians. They also criticized the McDonnell administration for only finding one-time sources of funding instead of annual taxes.

But others said Virginia should be cautious about how it finds and spends its transportation dollars.

"We shouldn't just throw money at the problem. No successful business would do that. They really need to be watch-dogging how that administration is spending the \$3.3 billion they were given by the legislature this year," said Stewart Schwartz, executive director of the Coalition for Smarter Growth.

Secretary of Transportation Sean Connaughton did not return requests for comment.

[lessley@washingtonexaminer.com](mailto:lessley@washingtonexaminer.com)

URL: <http://washingtonexaminer.com/local/virginia/2011/12/northern-va-leaders-push-road-dollars/1970431>

December 19, 2011

Contact: Jeff Caldwell

Phone: (804) 225-4260

Email: [Jeff.Caldwell@Governor.Virginia.Gov](mailto:Jeff.Caldwell@Governor.Virginia.Gov)

## **Governor McDonnell Unveils 2013-2014 Budget**

*Budget Invests in Core Functions of Government; Prioritizes State Spending; Does not Raise Taxes*

McDonnell: "We will not raise taxes on hardworking Virginians. This is a budget that embraces reform and sets priorities, makes Richmond live within its means and requires state government to be more efficient and effective. It positions Virginia for job creation and economic growth in the years ahead."

**RICHMOND** – Governor Bob McDonnell unveiled his two-year budget for Fiscal Years 2013 and 2014, as well as his amendments to the concluding Fiscal Year 2012 budget, in a speech to the Joint Money Committees of the General Assembly this morning in Richmond. The Governor's budget includes the greatest employer funding of the Virginia Retirement System in state history, provides significant new resources for higher education and K-12, prioritizes funds for transportation maintenance, and supplies more tools for job creation efforts in the state. The budget focuses state spending on the core functions of government, and on policies most directly tied to job creation and economic development, while not raising taxes. The full text of the Governor's remarks to the Joint Money Committees can be found here:

<http://www.governor.virginia.gov/utility/docs/Address%20to%20the%20Joint%20Money%20Committees%20December%2019,%202011.pdf>

Speaking about the first two-year budget of his administration, the Governor remarked, "In these difficult times for Virginia and our country, each state is responsible for how it chooses to navigate forward. In the Commonwealth, we have chosen a path of fiscal responsibility, accountability and restraint. Over the past two years we have eliminated \$6 billion in budget shortfalls, and set spending back to nearly 2007 levels. We have not raised taxes. During that same period we have put historic new funding into transportation and job creation, and we have made the tough choices about where limited taxpayer dollars should be directed to best spur private sector job creation. We have seen the results. Virginia has the lowest unemployment rate in the Southeast, and the third-lowest rate east of the Mississippi River. Compared to the first month of our administration, 63,000 more Virginians are working today. Our commitment to responsible budgeting has led to two consecutive budget surpluses. Now, as state revenues begin to recover and our economy continues to turn around, we must diligently exercise the fiscal restraint and responsibility that has fueled this success."

The Governor continued, "The budget bill that I am presenting today reflects the core priorities of government and our administration. It recognizes the realities of this economy. This is not a status quo period in Virginia history, thus, this is not a status quo budget. This budget prioritizes spending, ideas and policies that promote job creation, economic development and entrepreneurship. It reforms, restructures and reinvests in programs that work and make government more efficient and effective and accountable. It funds well key budget areas like education and transportation that lay the foundation for a prosperous future for our citizens. It helps solve specific big problems, like our near broken pension system, an underfunded transportation infrastructure system, and a higher education system in which tuitions have doubled in the last ten years. And it builds up cash reserves and liquidity as insurance to provide us flexibility in addressing the potential impacts of adverse future economic events and to ensure that we maintain Virginia's critically important Aaa bond rating."

He concluded, "This is a budget marked by tough decisions demanded by this difficult economy. Virginia citizens and businesses live on budgets and make tough decisions every day. Richmond must continue to do so as well. It is critically important that we do. When we live within our means and make government work better, we create the conditions in which private sector job creation can flourish and the citizens of Virginia can innovate, achieve and find the opportunities for success they need and deserve."

General fund revenues are expected to grow 3.3 percent in fiscal year 2013 and 4.5 percent in fiscal year 2014.

### **Selected Highlights of the Governor's Biennial Budget:**

- Recommends \$2.21 billion in total employer contributions to Virginia's Retirement System.
- This is the largest state contribution and the largest total employer contribution to VRS in history.
- Provides \$200 million in new funding for Virginia's higher education system to make college more affordable and accessible for Virginia students.
- Directs an additional \$438 million in total new state funding to public education for the next biennium.
- Requires reform initiatives for K-12 education that focus on performance by requiring the Department of Education to include in the annual School Performance Report Card for school divisions the percentage of each division's annual operating budget allocated to instructional costs, with a goal of increasing classroom spending to 65% of the budget.
- Provides much needed liquidity in the state budget by leaving an unappropriated balance in the budget of \$31.4 million, which is significantly greater than the \$5 to \$10 million that is normally left on the bottom line, reflecting the need for a greater cushion given economic uncertainty.
- Stabilizes Virginia's finances by growing the Rainy Day Fund by \$132 million in FY 2013 and \$168 million in FY 2014.
- The Rainy Day Fund should double in size by end of FY 2014 with continued revenue growth, exceeding \$600 million.
- Places \$50 million into a new Federal Action Contingency Fund (FACT Fund), a cash reserve, that can be used to mitigate a variety of negative impacts on Virginia related to likely future adverse federal budget actions which cannot be addressed by the Rainy Day Fund.
- This Fund will be used to replace certain losses in direct federal grants; provide incentives to retain or consolidate federal facilities in Virginia, much like how the Commonwealth currently handles BRAC; address federal tax policy changes from conformity; and help businesses impacted by federal procurement or defense contracts as they change to other customers.
- Appropriates \$40 million in new funding for continued aggressive economic development efforts to encourage and facilitate private sector job creation.
- Includes provision for up to a 3% bonus to full-time state employees on Dec. 1, 2012 if the state collectively saves at least twice the cost of the bonus \$160 million. This one-time bonus, if achieved, would also save Virginia taxpayers at least \$83 million.
- Increases the dedicated transportation allocation of the sales tax from .5% to .75% over the next 8 years.
- During the upcoming budget, the dedicated sales tax percentage will be increased to .55%, generating over \$110 in critical new transportation funding for maintenance.
- Increases mental health funding by \$30 million to continue transition to more community based care.
- In the FY 2012 budget amendments, \$50 million is appropriated to eliminate the accelerated sales tax for 96% of all previously impacted retailers.

A full breakdown of all the Governor's budget actions can be found here:

[http://www.governor.virginia.gov/utility/docs/2013-2014 Budget Summary.pdf](http://www.governor.virginia.gov/utility/docs/2013-2014%20Budget%20Summary.pdf)

# Fiscal Years 2012-2014 Biennial Budget Summary

## Caboose Budget Bill

- Focuses on technical changes necessary to accommodate the reforecast of certain service demands and unforeseen costs for the remainder of the current biennium
- Includes appropriations for select items that were reserved from last year's surplus. These include:
  - \$67.2 million for transportation
  - \$30 million for the Federal Action Contingency Trust (FACT) reserve
  - \$8.9 million for interest to the federal government on the Unemployment Compensation Trust Fund
  - \$7.5 million to meet our BRAC commitments for Oceana Naval Air Station
  - \$7.4 million in supplemental funding for local sheriffs' offices
- Overall, general fund spending in the Caboose Budget Bill declines by \$157.8 million
- Available general fund resources increase by \$386 million primarily due to the balance carried forward from last year's surplus and an additional \$131 million from the revised general fund forecast for FY2012
- The unexpended general fund balance in the Caboose Bill is \$546 million, which is carried forward through the next biennium as a beginning balance.

## 2012-2014 Biennium Budget

- Equals \$84.9 billion for state government operations
  - General fund makes up approximately 41% or \$34.5 billion of this figure
  - Non-general fund portion is about 59% or \$50.3 billion
- General fund resources (including balance, revenue and transfers) exceed spending for the biennium.
- The unappropriated balance remaining on June 30, 2014 is \$31.4 million, which is significantly greater than the \$5 to \$10 million that is normally left on the bottom line, reflecting the need for a greater cushion given the economic uncertainty.
- Will be supported by a bill to update our fixed-date conformity to the Internal Revenue Code will adjust our income tax structure for federal tax provisions enacted during 2011. This will conform to the temporary increase in the federal earned income tax credit reducing our FY2013 general fund revenues by \$7 million
- Recommends that we fully conform to Section 199 Internal Revenue Code provisions for fiscal year 2013, which allow a deduction of 9% for certain expenses involved in domestic production activities. This policy change will reduce revenues by \$10 million.
- Takes into consideration the reenactment of Chapter 723, 2011 Acts of Assembly, which increases the amount of credit an individual may claim for long-term care insurance premiums from 15% to 30% of the amount paid. This will reduce general fund revenues by \$1.2 million in each year of the next biennium.

### **VRS Funding**

- There is a critical need to fund VRS.
- As of the June 30, 2011 valuation, the funding status of the retirement system was 70.6% for state employees and 66.6% for teachers.
- According to JLARC's review of state and local retirement benefits released Dec. 12, 2011, VRS projections are that funded ratios for state employees' and teachers' plans could reach lows of 63% and 61%, respectively, in 2013.
- From 2009 to 2011, the gap between the VRS liabilities and assets on hand to pay such liabilities increased 69%, from \$11.8 billion to \$19.9 billion. This gap is due in large part from a lack of funding prior to this administration and the VRS board's recent lowering of the board's investment rate assumption from 7.5% to 7.0% ,which is a more conservative assumption on rate of return.
- Fully funds the regular contribution rates assuming 8.0% rate of return, 2.5% inflation, and 30-year amortization
  - These are the same assumptions as used by the VRS actuary, with the exception of the rate of return which is set at the level normally used by the General Assembly.
- The total VRS rate is 8.76% for state employees and 11.66% for teachers, of which 1.0% and 1.4%, respectively, are included for the payback of deferred contributions
- These numbers speak to total employer contributions not increases or incremental changes. These numbers also assume payroll for state employees as of July 1, 2011 and total creditable compensation for teachers for fiscal year 2011. The data are for employer contributions, which do not include contributions from state or local employees.
- Total Employer Contributions to VRS for FY2013 and FY2014 will be \$2.21 billion (\$875.9 million GF). Specifically, VRS will receive total employer contributions of \$596.9 million (\$270.3 million GF) for state employees and \$1.61 billion (state and local) (\$605.6 million GF) for teachers during this upcoming biennium.
- This is the largest employer contribution to VRS in history
- Payback of Deferred Contributions to VRS for FY2013 and FY2014 will be \$264.5 million (\$104.7 million GF), which is included in the total employer contributions described above. Specifically, VRS will receive payback of deferred contributions of \$67.1 million (\$30.4 million GF) for state employees and \$197.4 million (\$74.3 million GF) for teachers during this upcoming biennium.
- This budget fully funds the first two installments of the 10-year payback of deferred contributions.
- This proposed total employer contribution of \$2.21 billion to VRS for FY2013 and FY2014 will be the largest total employer contribution to the Virginia Retirement System of any two-year period in history.
- The \$2.21 billion in employer contributions being recommended to VRS for FY2013 and FY2014 marks a significant additional commitment compared to FY2011 and FY2012 contribution total for state employees and teachers, which totaled \$915.2 million. Specifically, for FY2011, total employer contributions to VRS totaled \$74.1 million for state employees and \$271.3 million for teachers. In FY2012, it is estimated that total contributions will be \$108.5 million for state employees and \$461.3 million for teachers.

- Of the total employer contributions set forth above, localities, as employers, will be making significant contributions toward VRS solvency for their teachers and local employees.
- Previously, the next largest total employer contributions for state employees and teachers took place during FY2007 and FY2008, which totaled \$1.72 billion, compared with the recommended \$2.21 billion for FY2013 and FY2014.

### **Higher Education**

- There is no more important investment Virginians can make than in the future of those students who are currently studying to become the next leaders of this great Commonwealth.
- Comparing FY 2004 to the introduced FY 2014 budget, general fund support for educational and general activities in public institutions of higher education will have increased by 19.5 percent. During that same time period, student enrollment is expected to grow by more than 25 percent, and the percentage of general fund support to non-general fund support (tuition and fees) going toward academic activities will decrease from 48.4% to 26.5%.
- The Top Jobs legislation unanimously passed by the General Assembly in 2011 with broad bi-partisan support provided the roadmap to success, and this year's budget will dramatically increase higher education funding for the first time in a decade.
- As directed by the Top Jobs legislation, public higher education institutions have developed six-year plans that identify the various initiatives they could pursue to help enhance retention and graduation rates, encourage more STEM and underrepresented graduates, enhance research and support economic development, as well as identify ways to become more efficient in their operations.
- It is now time for our government to invest the resources needed to ensure the success of this partnership.
- The proposed budget includes \$100 million per year to enhance studies in science, technology, engineering, math and healthcare (STEM-H), to make college degrees more affordable for students and public and private universities, and to further the goal set last year to award 100,000 new degrees in the next 15 years.
- It removes a \$10 million per year budget reduction that was to be imposed on the state's public higher education institutions.
- From the \$100 million in new money each year, the following areas are funded:
  - \$25.5 million per year to provide additional support for public higher education institutions' base operating costs
  - \$20.4 million per year as incentive funding in support of public higher education institutions' efforts to graduate students, especially if those students are STEM-H majors, graduate in less time than normal, and are considered an underrepresented group based on age and income
  - \$16.2 million per year to account for enrollment growth by public higher education institutions between academic year 2009-10 and academic year 2010-11, representing more than 8,400 more students

- \$12.4 million per year to support cancer and high-tech research at our higher education institutions, as well as funding for competitive research grant awards
- \$8.2 million per year to support other STEM-H related initiatives at entities that support higher education
- \$6.4 million per year to increase financial assistance to students
- \$5.8 million per year to increase the Tuition Assistance Grant (TAG) award to Virginia students attending private, non-profit higher education institutions from the present \$2,650 to \$2,750
- \$5.1 million per year to support institution specific STEM-H, graduation and retention and economic development initiatives at public higher education institutions consistent with the goals in the Top Jobs legislation
- Although higher education receives no reductions the proposed biennial budget, it does direct each public higher education institution to set aside the equivalent of three percent of its general fund support for educational and general operations (\$34.7 million) in FY 2013 and five percent (\$57.8 million) in FY 2014 to reallocate toward the goals of the Top Jobs legislation.
- This funding will be released to the schools once they have a plan approved by the Secretary of Education on how they plan to utilize this funding in support of Top Jobs.

### **K-12 Education Funding**

- We cannot expect to grow our economy in the future if we do not educate our children today.
- The proposed budget provides an additional \$438 million in total new funding for public education for the next biennium.
- This funding recognizes the rising costs of the Standards of Quality and demonstrates our commitment to make significant investments in the retirement system for teachers.
- The proposed budget identifies more than \$1.6 million dollars each year that will be redirected to new programs to be more effective at reaching those children who are most at-risk.
- Beginning with this budget, we are going to get serious about measuring the return on our investment of taxpayer dollars by requiring all school divisions to report the percentage of spending on instruction
- The proposed budget provides funding to support the transition to new performance-based evaluation models for our public schools.
- Total funding for public education has outpaced enrollment growth significantly using the time period of FY2002-2011 as used by the recent JLARC review. During this time period, the public education direct aid appropriation grew by 41% and unadjusted ADM enrollment grew by 6%, which resulted in funding 6.8 times the rate of enrollment growth.

The budget includes:

- \$913,016 in each year of the biennium to pay the testing fees for all 10<sup>th</sup> grade students enrolled in a public school in Virginia to take the Preliminary SAT exam
- \$1,000,000 in each year of the biennium for Communities in Schools
- \$308,655 in each year of the biennium to provide support grants to school divisions for standard diploma graduates
  - As part of this effort, the Department of Education will be reducing the types of diplomas offered in Virginia from seven to three – standard, advanced and special diplomas
- Reform initiatives for K-12 education that focus on performance by requiring the Department of Education to include in the annual School Performance Report Card for school divisions the percentage of each division's annual operating budget allocated to instructional costs
- \$300,000 in fiscal year 2013 and \$400,000 in fiscal year 2014 to establish a comprehensive pilot initiative to recruit students to major in the fields of mathematics and science to help alleviate the shortage of qualified teachers in these fields
- \$500,000 in fiscal year 2013 and \$100,000 in fiscal year 2014 to fund a pilot initiative to attract, recruit, and retain high-quality diverse individuals to teach science, technology, engineering, or mathematics (STEM) subjects in Virginia's middle and high schools
- \$80,000 in fiscal year 2013 to provide one-time planning and implementation grants to support the establishment of Governor's Health Science Academies
- \$67,897 in each year of the biennium to support implementation of a Youth Development Academy pilot program for rising 9<sup>th</sup> and 10<sup>th</sup> grade students in a selected region of the Commonwealth
- \$325,000 in each year of the biennium for the Virtual Virginia program to support the statewide implementation of the required Economics and Personal Finance course, ensuring that sufficient student slots are available to accommodate statewide demand for the course. This increase is being supported by the transfer of funding from the Mentor Teacher in Hard-to-Staff Schools account, which is being eliminated.
- \$385,138 in each year of the biennium to address an increase in GED testing costs. This increase is being supported by the transfer of funding from the Mentor Teacher in Hard-to-Staff Schools account, which is being eliminated.

## **Health and Human Resources**

### **Medicaid Utilization and Inflation**

- DMAS / Medicaid GF appropriation has grown from \$1.57 billion in FY2002 to \$2.82 billion in FY2011, a growth of 80%.
- This compares to CPI-based inflation of 25.8% over the period and an indexed medical inflation of 44.2% over the same period.
- Virginia's population grew at 10% in the same period
- State expenditures for Medicaid has increased 96% from FY 2002 to FY 2011. Without the enhanced federal match in FY 2011, this growth rate would have been 139%. For comparison, medical inflation has increased 44% over the same period.
- Medicaid's share of state GF expenditures has grown from 15.8% in FY 2002 to 19.5% in FY 2011.
- Medicaid enrollment is projected to increase 1.7% in FY 2013 and more than 40% in FY 2014 due to Federal Health Care Reform.
- The 35.8% growth in GF spending for Medicaid that is not tied to inflation is due to policy changes (additional and expanded waiver services, community mental health services, provider rate changes, etc.) and to increased utilization.
- The proposed budget includes:
  - \$173 million GF in FY 2013 and \$477.5 million GF in FY 2014
  - \$650.5 million GF for the biennium
  - General fund growth of 11.4% in FY 2013 and 8.0% in FY 2014
  - Total fund growth of 23.4% in FY 2014 due to federal Health Care Reform (Federal government pays 100% of new the cost of the new population)
- Managed care will expand to 24,000 individuals in the Roanoke area on January 1, 2012 and to 49,000 individuals in Southwest Virginia on July 1, 2012. These expansions are projected to save \$5.5 million GF in FY 2013 and \$6.2 million GF in FY 2014.

### **Federal Mandates**

The budget includes:

- \$6.7 million GF in new funding to address federal mandates.
  - \$3.1 million is required to comply with federal provider screening regulations as required by the Affordable Care Act which adds \$1.1 billion in federal funds due to the expansion of Medicaid on Jan. 1, 2014 to all adult individuals with income up to 133 percent of the federal poverty level. It is estimated that this will add over 400,000 Virginians to Medicaid.
- Federal funding of \$108.5 million for a rate increase for primary care doctors is included in 2013 and 2014
- \$3.1 million to conduct an eligibility review as part of the federal Payment Error Rate Measurement program
- \$529,668 for federally-required changes to the Medicaid Management Information System to update code sets used for claims processing

### **Provider Rates**

- Normal inflation for hospitals, nursing facilities, outpatient rehabilitation facilities, and home health providers are withheld.
- There are no provider rate reductions in this budget.
- The rental rate floor used for nursing facility capital rental rates is allowed to increase from 8.0% to 9.0%, which will increase reimbursement to nursing facilities by \$10 million (\$5.0 million GF) a year.
- Primary care rates for physicians are increased to the Medicare rate beginning Jan. 1, 2013, through Dec. 31, 2014, as a result of the Affordable Care Act. The federal government is paying 100% of the costs. Federal funds of \$108.5 million are included in the budget for this.

### **Behavioral Health**

- Over the last 10 years, general fund spending for behavioral health, substance abuse and intellectual disability services has grown from just over \$406 million in FY 2002 to \$543 million in FY 2011.
- In that time, there has been a concerted effort to decrease reliance on institutional settings and increase the availability of community services through the community services boards and the use of Medicaid waiver program.
- The introduced budget continues our commitment to improving services for the developmentally disabled and reducing census in state facilities.
- An additional \$30 million is to be deposited into the Behavioral Health and Developmental Services Trust Fund to expand access to community-based services, including additional home and community-based waiver slots and other transitional services aimed at moving individuals out of state training centers and into more integrated settings.
- The Department of Behavioral Health and Developmental Services is actively working to identify those individuals in state facilities who have expressed a desire to move into the community and, with the approval of the Secretary of Health and Human Services, will secure additional waiver slots as needed.
- Combined with the funds provided in fiscal year 2012, the state will have the resources to make significant progress in reforming our system of care while negotiations with the Department of Justice continue.
- \$6.4 million is provided to continue operation of the Virginia Center for Behavioral Rehabilitation, which continues to grow at a rate of five admissions per month.

### **Department of Health:**

- State funding for health safety net providers has increased by 20.2% from 2002 to 2011 (please note that in FY13, some are cut 2% and in FY14, all are cut 50%.)
- The introduced budget includes \$1.1 million in state funding to address the shortage of medical facility inspectors. The additional funding allows the Virginia Department of Health to hire 13 full-time medical facility inspectors.

### **Public Assistance Eligibility Systems**

- \$10.8 million is provided to complete the modernization of the Commonwealth's social services eligibility systems. The general fund investment will draw down an estimated \$52.8 million in federal dollars over the 2012-2014 biennium.
  - Current eligibility systems being used by local departments of social services are more than 20 years old and are running on obsolete technology.
  - The existing system is both difficult for local eligibility workers to use and programmers to maintain; factors that have adversely impacted error rates and operational costs.
  - Initiative will address these issues by replacing the existing eligibility applications and further incorporating determinations that are currently handled off-system. The system will further improve operational efficiencies by eliminating hardcopy workflow and storage through the use of document imaging.
  - The implementation of this project is a critical component of the state's plan to meet eligibility workload pressures associated with servicing over 400,000 additional Medicaid applicants as a result of federal health care reform.
  - The timing of the project also serves to considerably reduce its general fund cost as several of its components are expected to be eligible for 90 percent federal cost sharing.

### **Child Welfare Services (Adoption Subsidies)**

- Over the past six years, statewide adoptions have increased 21.2% while the foster care caseload has decreased more than 24% over the last five years.
- State support is provided (\$6.4 million in FY 2012 and \$8.4 million in each year of the biennium) to ensure that the adoption subsidy program has sufficient funding to meet anticipated expenditures for the next three fiscal years.
- Expenditures in the adoption program represent the costs of contractual obligations with adoptive parents.

### **Supplemental Nutrition Assistance Program (SNAP) – Formerly Food Stamps**

- The introduced budget includes funding to support the electronic benefits transfer (EBT) transactional cost associated with providing Supplemental Nutrition Assistance Program (SNAP) benefits due to an increasing caseload.
- In addition, one-time funding is provided to spread out the issuance of Supplemental Nutrition Assistance Program (SNAP) benefits over seven calendar days with payments occurring every three days (on the 1st, 4th and 7th days of the month). Implementing multiple benefit disbursements each month will relax the pressure on retailers and allow inventory to be replenished between SNAP issuances.

### **Comprehensive Services Act:**

- Spending for the Comprehensive Services Act continues to slow due to reforms over the last several years and efforts by local governments to concentrate on keeping youth in the community.
- As a result, the state is able to recoup \$24.8 million appropriated for services in FY 2012, and an additional reduction of \$22.4 million in the next biennium to reflect a significant reduction in anticipated expenditures.

## **Public Safety**

- From FY 2004 to the introduced FY 2014 budget, state general fund support for public safety has grown by 24%, while state support for sheriffs and commonwealth's attorneys has grown by 27%.
- Much of this growth occurred between FY 2005 and FY 2009, resulting primarily from a steadily growing inmate population and the resulting need for new prison and jail space, increasing support for law enforcement, and the costs of salary increases before FY 2009 for the large number of employees working in law enforcement and corrections.
- Since FY 2009, growth has either leveled off or decreased due to the leveling of the number of state inmates, and even a decline in juvenile offenders and local responsible inmate populations consistent with the lower rates of crime
- Because of the leveling off of the state inmate population while new prison and jail capacity has been built assuming a growing inmate population, the state has been able to close a number of correctional facilities.
- The proposed budget includes modest funding for additional state troopers, as well as additional jail per diem funding and operating costs for a new regional jail.
- It also includes the closing of the Mecklenburg Correctional Center, one of our most expensive older prisons to operate on a per inmate basis.
  - Although every effort is being taken to find alternative jobs for the employees of this prison, as well as focusing other job growth efforts in that area, the reality is that this prison was not presently needed given the state's available prison capacity and expected inmate population.
- Budget also includes an additional \$11.7 million in FY 2013 for facilitation of legislation that will be proposed by the Governor to increase penalties for repeat drug dealers

## **Economic Development**

- Since the beginning of this administration, more than \$5.5 billion in private capital investment has been committed to be added in the Commonwealth and Virginia has added 62,800 net new jobs.
- More than 6,000 of these jobs are in the Southwest and the Valley and more than 18,500 are in the Northern Virginia.
- In order to continue to create new jobs in Virginia, over the last two years, an additional \$100 million has been added to the budget for targeted economic development efforts.
- The proposed budget includes:
  - \$40 million to help continue our economic development efforts
  - \$10 million over the 2012-2014 biennium to implement an innovative program to encourage collaborative research in the biosciences involving a research consortium to be initially comprised of the University of Virginia, Virginia Commonwealth University, Virginia Polytechnic Institute and State University, George Mason University and the Eastern Virginia Medical School, which will contact with private entities, foundations and other governmental sources to

capture and perform cutting-edge research in the areas of cancers, infectious diseases, neurodegenerative disorders and allergy and inflammatory diseases.

- \$2 million to the Major Employment and Investment Project Site Planning Grant Fund to help local governments attract new investment. Additional
- An additional \$2 million in each fiscal year to support non-credit courses in the Virginia Community College System and an additional \$250,000 in each year for the Jobs for Virginia Graduates Program.
- \$2 million for an advanced manufacturing development, training and marketing program for the skills necessary to support workforce development by the Tobacco Commission and the Commonwealth Center for Advanced Manufacturing
- \$2 million over the biennium to support the Governor's Agriculture and Forest Industries Development Fund which is tailored to the unique characteristics of the agriculture and forestry industries.
- \$2.3 million in funding to improve the Commonwealth's marketing to the cyber security industry and for modeling and simulation to foster growth and diversification by leveraging resources from a variety of existing sources to support research and outreach activities.
- \$61.9 million to meet current existing business commitments and grants that started before and during the last two years

## **Natural Resources**

### **Water Quality**

- Included in the budget are actions to improve water quality in Commonwealth waters positioning Virginia to achieve TMDL (Total Maximum Daily Load) goals reflected in Virginia's Watershed Implementation Plan as submitted to the federal Environmental Protection Agency.
- Most notably, the budget includes the \$50.3 million in general fund appropriation for the mandatory deposit to the Water Quality Improvement Funds (WQIF) within the Department of Conservation and Recreation (DCR) and the Department of Environmental Quality (DEQ).
  - Of the total \$50.3 million, 90%, or \$45.3 million is designated for help with the abatement of point source pollution (wastewater)
  - 10%, or \$5.0 million, for non-point source pollution (such as run off or indirect pollution)
  - The budget designates the full \$5.0 million WQIF deposit in the Department of Conservation and Recreation for deposit to the Natural Resources Commitment Fund for the Virginia Agricultural Best Management Practices Cost Share Program.
- In addition, to help localities with planning for implementing stormwater management mandates, we will use current and unobligated cash balances in the Water Quality Improvement Fund reserve (approximately \$5.0 million) for technical assistance to be provided for land conservation.

### **Land Preservation**

- In order to help preserve and protect Virginia's lands for future generations, included in the current budget and continued for the next two years is \$5.0 million for land conservation in the Virginia Land Conservation Fund.
- An additional \$2.0 million over the biennium will be deposited to the Civil War Site Preservation Fund for grants to purchase (and to ensure permanent protection of) battlefield lands and easements.
  - These monies will allow the Department of Historic Resources to leverage more than \$1.0 million each year in matching federal grants and private donations to preserve important battlefield lands.

## **State Employees Compensation and Benefits**

### **Bonus**

- Proposed budget includes provisions for up to a 3% bonus to full-time state employees on Dec. 1, 2012.
- Full-time employees must be employed by the Commonwealth as of April 1, 2011, and still employed as of November 24, 2012, must have received at least a "meet expectations" rating in their latest performance evaluation and have no active standards of conduct violations
- Statewide discretionary unspent general fund appropriations on June 30, 2011 must meet or exceed twice the general fund cost of the bonus
- This provides an incentive for state agencies and their employees to find ways to make government more efficient and will prevent the unnecessary expenditure of funds toward the end of the fiscal year.
- Cabinet secretaries will set savings targets for agencies within their secretariat. Each agency will be responsible for funding the bonus out of its unspent discretionary appropriations.

### **Health Insurance**

- The proposed 2012-2014 budget includes funding that recognizes the end of the subsidy that has artificially kept employer and employee premiums lower than they would have otherwise been.
- The Commonwealth has been extremely successful in controlling state employee health care costs. Consequently, there will only be minimal increases in employee health care premiums.
- The total funding recommendation for the biennium is \$100.3 million from the general fund.
- The budget provides for only minor changes in employee health care, some cost containment actions, eliminating co-payments for diabetes medications and supplies, and providing coverage for annual eye exams for those with expanded benefits.
- There are no increases to employee deductibles or copayments.

## **Transportation**

The governor's proposed 2012 legislative plan for transportation includes the following NGF budget action to promote transportation investment:

- Increasing the dedicated transportation allocation of the sales tax from .5% to .75% over the next 8 years.
- During the upcoming budget, the dedicated sales tax percentage will be increased to .55%, generating over \$110 million in new transportation funding for maintenance.
- In addition to the above proposed legislation, the Caboose budget bill for FY2012 recommends \$67.2 million for the Virginia Transportation Infrastructure Bank from the FY2011 GF surplus as required by applicable Code.

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## How Virginia can make 'devolution' work

By John Cook, Published: December 9

As identified recently in The Post, the potential "devolution" of responsibility for local, or secondary, roads may headline the Virginia General Assembly's agenda when it convenes in January. Local control of local roads is the system used by 47 states and by Virginia's cities. The Fairfax County executive, staff and other leaders across the commonwealth all agree that this system has clear benefits in terms of increased responsiveness and meeting neighborhood needs.

I understand the trepidation of some county leaders to take on this responsibility ["Why road 'devolution' is a bad deal for Northern Virginia," Local Opinions, Dec. 4]. Yet if it is done correctly (a big if), the devolution of secondary roads could bring positive change to Northern Virginia roadways. Here's what is needed to make devolution work:

- The state must convey ownership of the road, not just maintenance responsibilities, to counties. This would give localities the benefit of making not just maintenance decisions but also design and construction determinations without the obstacle of Richmond oversight. If we maintain the roads, we should own them.
- The funding formula must be adjusted. Currently, the state gives cities \$10,000 to \$17,000 per lane mile to maintain secondary roads. Arlington is paid \$16,100 per lane mile and Henrico receives \$9,000. But because of a woefully out-of-date formula that treats all Virginia counties as rural jurisdictions, the state Department of Transportation spends only \$5,000 to \$6,000 on secondary road maintenance in Fairfax, Loudoun and Prince William counties. If the state is to cede responsibility of secondary roads, it must include with that a more realistic urban funding formula.
- Devolution must be applied statewide. Because the state's current transportation funding formulas provide adequate resources for rural counties, state legislators from rural areas don't recognize the road maintenance problem that exists elsewhere in Virginia. These jurisdictions need to be included in any devolution plan then, so that we don't run the risk of fighting, and losing, the same state funding battles currently being waged.
- The state must improve its support for primary roads and transit. Richmond says it seeks secondary road devolution in part to provide more funds for road construction and transit service. If counties accept local control of secondary roads, then the state needs to keep up its end of the bargain and provide additional funding for

primary roads and interstates, as well as for transit such as Metro, Virginia Railway Express and bus rapid transit.

- The state must provide localities with the mechanisms to fund local road management. There is no question that Northern Virginia counties, if they became owners of local roads, would not follow the current state practice of inadequate funding. A change, however, will not be inexpensive, and the state should not expect this funding to come from property taxes, which are high enough and have little bearing on the decisions of transportation users. With devolution, the commonwealth must give localities the ability to consider a menu of transportation-related fees, such as registration and titling fees, to pay for road improvements. Our residents know that rehabilitating, maintaining and enhancing our secondary road system will take money. They also know that any state funding program will result in Northern Virginia dollars going first to Richmond to be spread around the state, with only pennies returning. Under local control, all funds raised in the localities should stay there and benefit their residents.

If these measures are taken, devolution may be painful for local supervisors who have to make difficult choices. But quite frankly, that is what our constituents rightly expect. The results will be mowed medians, filled potholes, repaved roads and a local transportation system befitting our region. The only realistic alternative is more of the same, and no one should be satisfied with that.

### **John Cook , Burke**

The writer, a Republican, is the supervisor for Fairfax County's Braddock District.

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## **Discussion of Governor McDonnell's Proposal to Consolidate NVTC and NVTA**

### **Proposal**

Governor McDonnell has proposed consolidating the Northern Virginia Transportation Commission (NVTC) and the Northern Virginia Transportation Authority (NVTA):

*"The Northern Virginia Transportation Commission (NVTC) would be consolidated with the Northern Virginia Transportation Authority (NVTA) so that the NVTA would assume all powers and responsibilities of the NVTC. The merger would create a singular, unified group to represent Northern Virginia's localities on transportation issues."*

*"Under the consolidation, the powers and duties of the NVTC would be assumed by the NVTA, except that the NVTC would remain as a subsidiary solely for the purposes of appointing Virginia's representation to the WMATA Board of Directors."*

The consolidation proposal purports to *"provide for more direct funding of transit, consolidate duplicative organizations, and create one unified organization for improving transportation in Northern Virginia."*

The Governor has not provided an explanation of how his proposal achieves any of these goals. As explained below, instead it appears to create further complications for transportation planning, coordination and implementation for the region.

The proposed consolidation does not recognize significant complications of NVTC's co-ownership of the Virginia Railway Express (VRE). It also overlooks the fact that there is no overlap in operations and expertise between NVTC and NVTA. NVTA has no staff or budget and therefore no financial savings will occur from consolidation.

### **Overview of Organizations**

Each organization was created at a different time in order to address unique transportation issues that were locality specific.

- NVTC was established in 1964. It includes six jurisdictions. Its responsibilities include appointing Virginia's members of the Washington Metropolitan Area Transit Authority (WMATA) Board, managing Northern Virginia gas tax revenues, managing transit projects and grants for its jurisdictions, coordinating transit services, conducting transportation research and initiating innovations for local transit systems.
- VRE, Northern Virginia's commuter rail service, began service in 1992 and is jointly owned by NVTC and the Potomac Rappahannock Transportation Commission (PRTC), so that the effects on PRTC and its member jurisdictions must be considered in the proposed consolidation, including NVTC- issued bonds for VRE and a complex multi-jurisdiction Master Agreement executed by NVTC.
- NVTA, created in 2002, includes nine jurisdictions plus a representative of several towns. It was tasked with long-range transportation planning, programming highway and other transportation funds, and advocating for Northern Virginia's transportation needs. NVTA has no staff, no official offices (only a mailbox and phone number), and minimal funding of \$50,000 annually provided by VDOT to cover incidental mailbox, telephone and meeting expenses (which NVTA is not spending given volunteer efforts of staff of its member jurisdictions).

While a combined transportation agency could be developed, consolidation would require significant effort, detract from each agency's current mission, and almost certainly function no more effectively than the separate agencies, given their unique missions. Many unanticipated consequences would result.

### **Agency Funding and Governance**

	NVTA	NVTC
Total Staff	0	6 FT; 2 PT
Total Budget in FY2012	\$0	\$1.2 Million
Financial Assets	\$116,000	\$148 Million held for member jurisdictions. Co-ownership of \$378 million of VRE assets
Support from State General Fund	\$0	\$0
Lease Agreements	\$0	\$2 Million for 10-year Office Lease
Bonds	\$0	\$25 Million in outstanding bonds for VRE
Board Meetings in FY2011	3	9
Total Board Members (Excluding Alternates)	17	20

**Conclusion:** NVTC is an active organization with a small staff and significant financial resources and commitments. NVTA has not received anticipated funding and has no staff.

### **Agency Responsibilities**

	NVTA	NVTC
Coordinates Local and Regional Transit Services		X
Co-owns VRE (Commuter Rail)		X
Appoints Virginia's Members of the WMATA Board		X
Receives 2.1% Motor Vehicle Tax Which Funds Member Jurisdictions' WMATA and other Transportation Expenses		X
Issued Bonds and Manages Trust Funds For Member Jurisdictions		X
Allocates CMAQ/RSTP Federal Funds and Other Funds That May Be Made Available By the General Assembly or Federal Government	X	
Prioritizes Transportation Projects and Agrees on Project Funding	X	
Agrees on Unified Virginia Positions On Issues to be Acted On By the Regional Metropolitan Planning Organization	X	
Prepares Unconstrained Long-Range Regional Surface Transportation Plan	X	
Demonstrates New Transit Technology		X
Advocates for Public Transit in General		X
Compiles Transit Performance Data and Educates the Public		X
Serves as Trustee for State Transit Assistance		X

**Conclusion:** No overlapping responsibilities.

## **Rationale for Consolidation, Per the Governor's Recommendation**

### *Rationale 1: "Provide more direct funding of transit"*

- The member jurisdictions of NVTC, NVTA and VRE have adopted different and complex approaches to allocating revenue and shares of their administrative budgets, either statutorily or through other agreements, that best meet the region's objectives. None of these jurisdictions is seeking a change in funding allocations.
- In Northern Virginia, transportation spending priorities are developed in a collaborative manner, transit services are effectively and closely coordinated, and no territorial conflicts exist between the agencies.
- No state general funds are used for the agencies' administrative budgets.

### *Rationale 2: "Consolidate duplicative organizations"*

- Currently the two agencies serve different territories. Consolidating these agencies could result in jurisdictions voting on issues outside their boundaries/interests.
- To ensure that all issues are properly addressed, the consolidated agency would likely have to include subcommittees to address specific areas, thereby creating further bureaucratic layers.

### *Rationale 3: "Create one unified organization for improving transportation in Northern Virginia."*

- In 2008, the Transportation Planning Board (TPB) reconfirmed a cooperative planning approach that avoids overlapping and competing planning responsibilities in an agreement executed by TPB, VDOT, DRPT, WMATA, NVTC, NVRC and others. If the region were failing to meet these federally mandated requirements, federal transportation funds would be withheld.

**Conclusion:**        **The Governor has not provided evidence that his proposal achieves any of his stated objectives.**

## **Additional Adverse Consequences from the Proposal**

### *Governance*

- Currently NVTA and NVTC have 37 combined board members, primarily local elected officials, General Assembly members and the Governor's appointees. Methods for appointments for the new consolidated agency would have to be resolved. Additionally, decisions would have to be made regarding whether representation would be allocated based on population, financial contribution, or other criteria. Such criteria may upset the current balance of decision-making authority in the two organizations that is currently producing effective outcomes.
- Given NVTC's current role in selecting Virginia's WMATA board members, it is likely that reshuffling the organization will affect the way those selections are made, creating winners and losers. For example, NVTA's board includes DRPT's Director, the Administrator of the Northern Virginia District of VDOT, two citizen members appointed by the Governor, the mayor of a town and three General Assembly members that may not all be from NVTC's WMATA jurisdictions.

### *Legal Issues*

- Issues related to bonds, leases, and other legal documents must be reviewed and resolved. For example, in contrast to NVTA, NVTC has liability protection tailored to its ownership of VRE and also has negotiated labor agreements supporting millions of dollars in federal transit grants that would have to be unwound if NVTC ceases to be an active and free-standing organization.

- NVTC is cited specifically in the WMATA Compact, which can only be amended with identical actions by the Virginia, Maryland and D.C. legislative bodies and the U.S. Congress. Creating NVTC as a subsidiary of NVTA solely for the purposes of appointing the WMATA representatives would be problematic if conflicts with the Compact resulted.
- Unforeseen consequences may occur due to widespread technical amendments to the Virginia Code that would be required for this undertaking. For example, would Northern Virginia's local governments need to be excluded from the opportunities available to the rest of the state in the Transportation District Act? As competing interests become involved, amendments may become even more complex and create still further unintended consequences.

### *Funding*

- NVTC is a transit organization and receives 75% of its administrative budget from state transit funds. Subsuming NVTC within NVTA (a non-transit organization) would result in loss of that state funding source and require local General Funds to be used. Some NVTA members would also have to begin to pay the costs of two transportation agencies (PRTC and NVTA) where today they only pay for one (PRTC). Accordingly, the proposal is another unfunded state mandate.

### **Conclusions**

1. No evidence exists that the consolidation proposal achieves the stated goals.
2. NVTC is already results oriented, is a good steward of taxpayer dollars, has been recognized nationally as an outstanding public agency, consistently ensures sound investments in transit and has done so since 1964.
3. There is significant local opposition to the proposal because there is deep skepticism that consolidation would serve any constructive purpose. Consolidation has been previously proposed, evaluated, and rejected by the local governments and regional agencies that are directly affected because the disadvantages far outweighed any perceived advantages.
4. In considering previous proposals to do away with NVTC, some have expressed serious concerns that NVTC's carefully negotiated sharing agreement for transit funds will be overturned and the new organization will tilt the balance of funding toward more roads and less transit.
5. It took at least two years for the General Assembly to create NVTA alone. Consolidation of NVTC and NVTA, with repercussions for VRE and PRTC, would require even more evaluation and planning to accomplish. This, tied with the negotiation of acceptable terms for all parties needed to overcome complex funding, governance, and legal issues, would be costly and time consuming. It is a distraction when time, funding and other limited resources could be better spent addressing the individual agencies' missions and the region's critical transportation needs.
6. If, despite an absence of any factual basis for supporting consolidation of NVTA and NVTC, the General Assembly wishes to proceed, it would be less disruptive to absorb NVTA into NVTC than to attempt the opposite as the Governor has proposed. NVTC has staff, offices and funding and meets monthly. Given the legislative complexity of such a merger, the 2012 General Assembly could call for the requested consolidation to be completed in at least two stages, with a detailed study of alternatives and suggested legislation slated for completion in 2012 with enactment of the preferred alternative occurring in the 2013 General Assembly.

# Federal Legislative Action Items

## Immediate and Ongoing Funding

1. As part of the process to restructure federal transportation programs and authorize multi-year funding, provide immediate and ongoing funding for important Northern Virginia transit projects.
2. Continue to appropriate funding for WMATA of at least \$150 million annually as previously authorized by Congress. In recognition of the federal role on the WMATA Board, federal appropriations should continue to ensure the safety and reliability of the region's transit system, on which a large portion of the federal workforce depends.
3. Make available funding for Metro Access from other relevant federal programs, such as those of the U.S. Department of Housing and Human Development and the U.S. Department of Health and Social Services.
4. Include significant funding for transit as a critical strategy in any new spending measures that seek to conserve energy, enhance clean air, mitigate climate change, provide access to jobs, stimulate the economy and respond to emergencies and disasters.
5. Provide immediate funding to facilitate needed transit and other transportation improvements to relieve congestion at BRAC-mandated facilities.

## Authorization of Improved Transportation Policies and Programs

6. The current multi-year authorization of federal surface transportation programs (SAFETEA-LU) expired at the end of FY 2009. Many organizations have offered detailed recommendations for a major restructuring rather than fine-tuning existing programs, including the National Surface Transportation Policy and Revenue Commission in its Transportation for Tomorrow report and the Miller Center's Well Within Reach: America's New Transportation Agenda, among many other pertinent reports and recommendations. Among the primary reasons for this view are shortfalls in gasoline tax revenues flowing to the Highway Trust Fund, proliferation of separate programs with complex eligibility criteria and rampant earmarking, all without a unifying policy focus.

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

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

- Recognizing that federal fixed per gallon taxes on motor fuels are no longer reliable sources of funding, **new methods must be identified that will grow along with the need to maintain existing facilities and support improvements and system expansions.** Temporary transfers of General Funds or raiding the Transit Trust Fund are not worthwhile strategies to resolve this long-term structural imbalance.

- Fees for highway use that vary with numbers of auto occupants, types of vehicle miles driven and times and places driven should be used to **reduce congestion as well as providing revenues.** New technologies make such variable pricing feasible.

- Leverage available federal funds with loans and bonding programs.

- Simplified, consolidated and streamlined federal transportation programs should be created with uniform, rigorous and comprehensive benefit/cost analyses across all modes, consideration of energy efficiency and environmental protection, inclusion of safety and security, and reduced federal review time.

- Urban mobility (and hence support for public transit) should be recognized as a vital federal responsibility, in cooperation with states, local governments and regional agencies through intergovernmental partnerships, with greater decision-making authority for metropolitan areas and local governments.

## Equitable Tax Incentives for Transit Users

7. Make permanent the existing tax-free monthly transit benefits of at least \$230 (to match the benefits currently available for parking). Index the transit benefits to inflation.

## Rail Related Actions

8. Additional federal funding should be provided to commuter rail systems to meet new federal Positive Train Control unfunded mandates contained in the U.S. Rail Safety Act of 2008.

9. Amend the current liability cap of \$200 million to include third party claims.

## Promote Green Commuting

10. Allow governments to leverage private capital to create and expand vanpools by making vanpool passenger fare revenue an eligible source for local match of federal grants.

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



# 2012 LEGISLATIVE AGENDA



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# State Legislative Action Items

## The Transit Funding Crisis

Here are the essential facts:

- Transit is very well used in Northern Virginia with 145 million annual transit passenger trips (75% of Virginia's total transit ridership)

The benefits to the region and entire Commonwealth are enormous. They include:

- Annual congestion relief valued at about \$1 billion;
  - Metro alone reduces one million car trips per day;
  - Energy savings approaching \$10,000 annually per driver or 40 million gallons of gas saved annually for the Washington, DC region;
  - Cleaner air and reduced greenhouse gas emissions including 200 tons of volatile organic compounds and 0.5 million tons of CO<sub>2</sub> avoided in this region each year, with environmental savings valued at \$9.5 million annually;
  - Access to jobs and "green" jobs in the transit industry;
  - Transit oriented development boosting economic values and hence state and local tax revenues;
  - Metro has \$235 billion of real estate value around its system and provides access to two million jobs (54%);
  - Mobility for senior citizens and persons with disabilities.
- Currently over \$700 million annually is spent on Northern Virginia's transit for capital and operations by customers and federal, state and local governments;
  - The Commonwealth has consistently failed to meet its own statutory target of covering 95% of eligible transit costs throughout the entire state. In FY 2011, the commonwealth fell \$166 million short.
  - Well over \$900 million annually is needed (source: NVTA's TransAction 2030 Plan);
  - Congress has not reauthorized federal transit assistance programs. The American Public Transportation Association estimates that Virginia alone could lose \$100 million annually under a plan introduced to the U.S. House of Representatives.
  - This leaves a gap of over \$200 million annually in Northern Virginia extending into the future;

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

## The following options for statewide and regional revenue sources should be considered:

- New statewide revenue sources for public transit should be enacted. They should at least keep pace with inflation and should not decline as automobiles are driven less and become more fuel efficient. Examples include: sales taxes (one percent yields \$1 billion statewide), indexed motor fuels taxes (10-cents generates almost \$500 million); vehicle miles traveled fees, state/regional income taxes and tolls and congestion pricing. One-time revenue sources are welcome but they are not sufficient to resolve the ongoing transit funding crisis; immediate, continuous and sustainable funding is essential.
- NVTC's 2.1% motor fuels tax on distributors should be increased to at least 4.2%. The expected annual yield would increase from \$43.8 million in FY 2011 to more than \$87.6 million. This tax is dedicated to WMATA in five of NVTC's jurisdictions. WMATA faces a continuing financial crisis. Its Capital Needs Inventory for the next decade totals \$13.3 billion with emphasis on maintaining a state of good repair and responding to federal safety recommendations.
- The Commonwealth should impose other new regional taxes and fees for public transit, including restoring previously authorized funds for the Northern Virginia Transportation Authority (HB 3202 in 2007 created several new regional revenue sources with significant funds reserved for WMATA and VRE).
- Any new statewide revenue measures for transportation, energy conservation, air quality or climate protection should dedicate an appropriate portion to public transit because transit is an effective means to achieve the goals of such legislation. Transit currently receives only 14.7% of Transportation Trust Fund revenues while 34% of the Commonwealth's most recent bond issue was devoted to transit.
- Existing state transit funding sources should be protected from encroachment, either through diversion of revenues from the Transportation Trust Fund to non-transportation uses or from new intercity passenger rail initiatives. New state priorities should not be funded at the expense of local priorities contained in approved regional plans.
- If federal transit assistance programs benefiting primarily WMATA are cut back, the Commonwealth must make up the difference in order to preserve existing transit services, since local funding sources are dependent on property tax revenues that remain seriously depressed.
- Provide funding to facilitate needed transit and other transportation improvements to relieve congestion at BRAC-mandated facilities.

# State Legislative Action Items

## WMATA Governance and Regional Coordination

- NVTC supports favorable changes in the WMATA Compact and other legislative actions developed collaboratively with a voice for local governments and WMATA Board members. Such changes should enhance the improvements already implemented by the WMATA Board in a manner that ensures appropriate representation of local governments on the WMATA Board.
- NVTC opposes efforts to consolidate separate agencies facilitating Northern Virginia's successful transit services where such consolidation would not result in significant savings and will cause serious unintended consequences.
- Decisions on governance of local transit systems should be determined through agreements among the parties, not by legislation. Important considerations in determining effective governance of local transit systems include provision of sustainable funding by those jurisdictions represented on the board and direct access to local decision-makers by customers and tax payers.
- As state-mandated transit studies of various corridors are considered, established regional and local priorities should be incorporated.



## Improved Efficiency

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

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

## Safety

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

## VRE and other Rail-Related Legislative Actions

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





AGENDA ITEM #16

**TO:** Chairman Euille and NVTC Commissioners

**FROM:** Rick Taube and Claire Gron

**DATE:** December 29, 2011

**SUBJECT:** WMATA Items.

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A. WMATA Board Members' Report.

NVTC's WMATA Board members will have the opportunity to bring relevant matters to the attention of the commission.

B. Governors' Working Group Governance Recommendations.

Attached is a copy of the report dated December 13, 2011. Among the recommendations that would seem to have impacts on NVTC are proposals that "appointing authorities" implement ridership and attendance expectations for board members with annual reporting requirements; submit an annual compensation letter to the Virginia Secretary of Transportation; transition to a system of staggered, four-year terms with a maximum two term limit; and develop an overarching Board composition concept and experiential qualifications for Board members with an aim of achieving a balance of subject matter expertise.



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## Virginia lawmaker threatens Dulles Metro funding

By: [Liz Essley](#) | 11/22/11 8:10 PM

Examiner Staff Writer

A Virginia lawmaker is threatening to block state funding for the second phase of the Dulles Metro rail project unless the board in charge of the project eliminates what is perceived to be a union-friendly labor agreement with the contractor and subjects itself to greater public scrutiny.

The legislation filed by Del. Bob Marshall, R-Prince William, would block \$150 million in state funding for the rail project, which would extend Metro from Reston to Loudoun County, unless the Metropolitan Washington Airports Authority agrees to subject itself to the state's freedom of information laws and allows the state to audit the \$6 billion rail project.

Marshall also would forbid the airports authority from entering into any labor agreement with the project's contractor. The authority earlier said it would mandate a labor agreement that some worried would promote the hiring of union labor even though Virginia is a right-to-work state.

"I am highly suspicious of MWAA. There is no outside accountability," Marshall said. "We're not made of money in Virginia."

The airports authority ran afoul of Northern Virginia leaders earlier this year when the authority decided to build an underground Metro station at Dulles despite its higher costs and the objections of counties that would be paying for it.

But Secretary of Transportation Sean Connaughton said the state's current funding agreement already solves the problems the bill addresses, since it already creates an oversight committee, allows Virginia to audit the rail project and won't allow for any labor agreement that contradicts Virginia right-to-work laws.

"There will be no discrimination against any contractor or subcontractor based on union affiliation," he said. "The administration is committed to getting the project done as long as it is the lowest price we can get and doesn't violate our laws."

Del. Joe May, R-Leesburg, chairman of the House Transportation Committee, said he thought MWAA was already becoming more open.

"Frankly we're already moving toward attempting to correct some of the issues along that line," he said. "I think there's a pretty high probability that the state will approve funding. Let's face it, this is a major part of Virginia's transportation system. We're very far down the road."

MWAA board chairman Charles Snelling said in an e-mail that the authority was committed to the agreement it made with the state for the second phase of the project.

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THE WASHINGTON EXAMINER

### Examiner Archives

- [Board OKs Dulles Rail funding but wants more money \(11-16-11\)](#)
- [Dulles Rail board promises more transparency \(11-5-11\)](#)

URL: <http://washingtonexaminer.com/local/virginia/2011/11/va-lawmaker-threatens-dulles-metro-funding>



## MEMORANDUM

**TO:** NVTC Commissioners

**FROM:** Thelma Drake

**DATE:** December 9, 2011

**SUBJECT:** WMATA Governance Working Group

As you know, the Governors of Virginia and Maryland along with the Mayor of the District of Columbia created a Governance Working Group (GWG) to address WMATA governance challenges. Since January 2011 the GWG has met regularly to discuss issues pertaining to WMATA governance. On December 13, 2011, the GWG will publicly release its initial Recommendation Report. The report represents the GWG's recommended actions to be taken not only by the Board but the three Signatories of the WMATA Compact. Along with the recommendations below, the GWG recommends that the jurisdictions work together over the coming year to identify any issues that require changes to the Compact with a goal of submitting legislation to that end in 2013.

### **Recommendations for the WMATA Board:**

The report encourages the Board to continue working to successfully integrate a well defined strategic planning process into Board operations. Specifically, the GWG recommends that the Board:

- Establish a clear budget development and performance measurement process and schedules;
- Coordinate the budget planning process with funding jurisdictions; and
- Develop a multi-year strategic plan, established in the Bylaws, so that it is incorporated into the regular, ongoing activities of the Board and agency.

As a way to promote leadership and regional cooperation, the report recommends that a Board Chair serve at least two consecutive years but no more than four and urges the Board to reduce the frequency of Board and Committee meetings where appropriate.

To help facilitate more efficient Board meetings, the report recommends that the Board commit to implementing a system of smaller committees with a stronger role for Committee Chairs, whereby each committee consists of at least four but no more than eight Board members.

The report will call for the Board to abide by the tenets set out in the Bylaws and revised Procedures, which require a jurisdiction that anticipates using its jurisdictional veto to provide advance notice and call on the Board Chair to attempt to resolve the conflict in advance of an actual Board vote.



Because public input is critical, the report further encourages the Board and Board staff to enhance the public's awareness of WMATA's public communication and response policies and suggests the Board examine the Open Meetings laws of the three jurisdictions to mirror as closely as possible the policies for Executive Sessions.

As a compliment to an orientation process for WMATA Board members, the report suggests implementation of an orientation program for jurisdictional staff and other key stakeholders involved in WMATA.

**Legislation at the Jurisdictional Level:**

The report recommends adopting legislation at the jurisdictional level in order to achieve a more balanced and effective Board that calls for:

- Implementing ridership, attendance and reporting requirements;
- Codifying Board member qualification requirements; and
- Transitioning the Board appointments to a system of staggered terms with term limits, whereby Board members and alternates are limited to two consecutive 4-year terms.

The report supports the Tri-State Oversight Commission's (TOC) previous efforts to better establish and formalize the relationship between the Board and TOC as well as TOC's development of a proposed safety-related Compact amendment which would further define, clarify and bolster TOC's legal oversight and enforcement authority.

**Memorandum of Understanding:**

The report recommends that a Memorandum of Understanding (MOU) be signed by the three transportation Executives addressing an annual review of Board performance and working towards an overall balance of expertise represented on the board. Specifically, the goals of the MOU are to:

- Set a general, overarching Board composition concept;
- Review and discuss WMATA's annual assessment of Board performance;
- Accept recommendations from the WMATA Governance Committee suggesting beneficial areas of subject matter expertise which subsequent Board appointees could provide;
- Commit to an annual joint meeting with the Governors, Mayor, WMATA General Manager and Chief Executive Officer and Board Chair to discuss WMATA progress and challenges; and
- Evaluate the Board's implementation of the GWG's recommendations approximately one year after the release of the report.

**Rick Taube**

---

**From:** Swartz, Joseph (DRPT) [Joseph.Swartz@drpt.virginia.gov]  
**Sent:** Tuesday, December 13, 2011 10:04 AM  
**To:** Rick Taube  
**Subject:** FW: Governance Work Group Releases Final Recommendations Report

Good Morning Rick,  
Below is the press release and link for the GWG Recommendations Report.

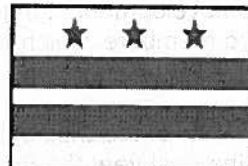
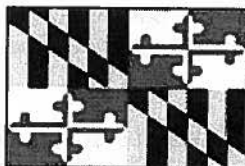
Joe Swartz  
DRPT  
571-447-3802

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**From:** Kovac, Kimberly (DRPT)  
**Sent:** Tuesday, December 13, 2011 10:01 AM  
**To:** Kovac, Kimberly (DRPT)  
**Subject:** Governance Work Group Releases Final Recommendations Report

Please see the announcement below.

Kim Kovac  
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## **Governance Work Group Releases Final Recommendations Report on Improving WMATA Governance and Announces Regional Summit Swift Action Currently Underway**

Kim Kovac  
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804-225-3748

Jack Cahalan  
Erin Henson  
MDOT  
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John Lisle  
DDOT  
202-671-2004

**December 13, 2011**

The Governance Work Group (GWG), created by Virginia Governor Bob McDonnell, Maryland Governor Martin O'Malley and District of Columbia Mayor Vincent C. Gray to advance Washington Metropolitan Area Transit Authority (WMATA) governance reform, today released its final recommendations for improving regional coordination among the WMATA Board of Directors and establishing greater focus on long-term, high-level policy.

This report, which is the result of extensive collaboration among the GWG and stakeholders, recommends actions to be taken not only by the Board but also through the adoption of legislation at the jurisdictional level and a Memorandum of Understanding to be signed by the Transportation Executives in Maryland, Virginia and the District of Columbia.

**Swift action is currently underway on key governance reforms.**

Governors O'Malley and McDonnell and Mayor Gray recently re-emphasized the call for a multi-year, regionally-focused chairmanship by encouraging the Board to re-elect Board Chair Catherine Hudgins for a second year. Legislation, which will establish Board member qualifications, reporting requirements and term limits, will be introduced in each of the three jurisdictions' upcoming legislative sessions. The GWG report also recommends the convening of an annual, regional summit with the Governors and Mayor, WMATA General Manager and Chief Executive Officer and Board Chair to review WMATA's progress and remaining challenges. **The first regional summit with Governors O'Malley and McDonnell and Mayor Gray is scheduled for January 13, 2012.**

The GWG recommends the following specific actions to increase accountability and transparency, improve regional coordination and focus the Board on high-level policy and long-term strategic planning:

- The Board should commit to a system of smaller committees with a stronger role for Committee Chairs;
- The appointing authorities should implement ridership and attendance expectations for Board members with annual reporting requirements;
- The entity responsible for a Board member's compensation should submit an annual compensation letter to the Secretary or Director of Transportation;
- The Board Chair should serve at least two but no more than four consecutive years; and
- The Board should coordinate the budget planning process with the funding jurisdictions and establish a process in the Bylaws to develop a long-term strategic plan that is incorporated into the regular, ongoing activities of the Board and agency.

In order to establish a more coordinated appointment process for Board members and to ensure continuity on the Board, the GWG recommends transitioning to a system of staggered, four year terms with a maximum two term limit. In addition, the report calls for the development of a general, overarching Board composition concept and experiential qualification requirements for Board members, which will help further an effective and constructive balance of subject matter expertise.

Mr. Terry Bellamy, Director of the District Department of Transportation thanked the WMATA Board for their continued efforts to date: "Over the past year the Board has taken significant steps to improve governance, leadership and accountability at WMATA and these efforts remain ongoing. I look forward to continued cooperation with the Board and the Board's Governance Committee as we move forward with this process and begin implementing these recommendations for advancement."

Maryland Secretary of Transportation Beverley Swaim-Staley emphasized the importance of the Metro transit system to the region: "Throughout this process we have maintained an aggressive approach to strong concerns about WMATA performance and accountability. Input from stakeholders and others has been instrumental in identifying recommendations for more effective and efficient Board operations. Ultimately, our goal is to ensure the safety, security and reliability of the Metro system and its services. We must continue to work together to achieve these long term improvements if we are to successfully meet the region's transit needs."

Virginia Secretary of Transportation Sean Connaughton emphasized that while the GWG's final report is an important step in the right direction "there remains much work to be done by all involved. We now move into the phase where we introduce and adopt legislation at the jurisdictional level, implement the various recommendations and provide for a recurring, meaningful review of the Board and agency's performance."

The final GWG Recommendations Report can be viewed here:

# TRANSFORMING GOVERNANCE OF THE WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

\* \* \* \* \*

## GOVERNANCE WORK GROUP RECOMMENDATIONS REPORT



December 13, 2011



*presented by*

**Director Terry Bellamy**  
District of Columbia

**Secretary Beverley K. Swaim-Staley**  
State of Maryland

**Secretary Sean T. Connaughton**  
Commonwealth of Virginia

*to*

**Mayor Vincent C. Gray**  
District of Columbia

**Governor Martin O'Malley**  
State of Maryland

**Governor Robert F. McDonnell**  
Commonwealth of Virginia

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## EXECUTIVE SUMMARY

On January 10, 2011, Virginia Governor Bob McDonnell, Maryland Governor Martin O'Malley and District of Columbia Mayor Vincent C. Gray announced an implementation plan and schedule that presented actions to be taken by the Signatories and the WMATA Board of Directors to address WMATA's governance challenges. They created a Governance Work Group (GWG), comprised of the Transportation Secretaries for Virginia and Maryland and the District's Director of Transportation to implement some of these actions, with appropriate input from appointing authorities, local jurisdictions and stakeholders.

Since the release of the implementation plan, the GWG has met regularly, in a spirit of cooperation, to discuss important regional issues pertaining to WMATA governance. Over the past year, the WMATA Board and Governance Committee have also worked diligently to undertake an impressive self-review, resulting in the Board's first-ever Bylaws, revised Procedures and Code of Ethics and the initiation of WMATA's strategic plan.

This report represents the GWG's recommended actions to be taken not only by the Board but the three Signatories and transportation executives. The GWG recommends that the successful implementation of these reforms include action taken by the Board, legislation adopted at the jurisdictional level and a Memorandum of Understanding, to be signed by the three transportation executives.

### ***Recommendations to the Board***

While the GWG recognizes that the Board's new Bylaws and strategic planning process are an encouraging step towards reforming and enhancing Board governance, the GWG encourages the Board to continue working toward their successful integration into Board operations. Specifically **the GWG also recommends** that the Board:

- Establish a clear budget development and performance measurement process and schedules;
- Coordinate the budget planning process with funding jurisdictions; and
- Develop a multi-year strategic plan, established in the Bylaws, so that it is incorporated into the regular, ongoing activities of the Board and agency.

As a way to promote leadership and regional cooperation with a focus on long-term policy, **the GWG recommends** that a Board Chair serve at least two consecutive years but no more than four. This recommendation can be implemented without amending the Compact as the Compact requires that the Board hold an annual election, but does not prohibit the reelection of the incumbent Chair. Furthermore, **the GWG urges** the Board to review the Board and committee meeting schedule and reduce the frequency of meetings where appropriate.

With regard to modifying the size and/or structure of the board or the role of the alternate Board members, at this time the **GWG recommends** that the Board commit to implementing a system of smaller committees with a stronger role for Committee Chairs, whereby each committee consists of at least four but no more than eight Board members. The GWG believes that this restructuring would encourage the localities to work together within each member jurisdiction to develop a consensus on Board policy considerations prior to formal committee votes. The

streamlining of committee operations will help facilitate more efficient Board meetings with a focus on high-level, long-term policy. In addition, the GWG believes that smaller committees will provide greater opportunities for Board members to specialize in a specific area of interest and gain expertise.

**The GWG encourages** the Board to abide by the tenets set out in the Bylaws and revised Procedures, which require a jurisdiction that anticipates using its jurisdictional veto to provide advance notice and call on the Board Chair to attempt to resolve the conflict in advance of an actual Board vote.

The GWG recognizes the need for a timely and accessible public input process that ensures the Board receives comments in advance of its decision-making. While the Board's Bylaws and Procedures are a positive step in accomplishing this goal, **the GWG further encourages** the Board and Board staff to enhance the public's awareness of WMATA's public communication and response policies. In addition, **the GWG reiterates** its suggestion that the Board examine the Open Meetings laws of the three jurisdictions to mirror as closely as possible the policies for Executive Sessions.

In addition to an orientation process for WMATA Board members, **the GWG recommends** that the WMATA staff implement an orientation program for jurisdictional staff and other key stakeholders involved in WMATA.

### ***Legislation at the Jurisdictional Level***

In order to provide a coordinated process for appointing Board members, with an appropriate mix of attributes and qualifications, the GWG recommends adopting legislation at the jurisdictional level. Specifically, in order to achieve a more balanced and effective Board, **the GWG recommends** that the legislation:

- Implement ridership, attendance and reporting requirements;
- Codify Board member qualification requirements; and
- Transition the Board appointments to a system of staggered terms with term limits, whereby Board members and alternates are limited to two consecutive 4-year terms.

Taking into account the various jurisdictions' treatment of Board member compensation, **the GWG recommends** that the WMATA Board member compensation policy be determined by each jurisdiction and the federal government respectively, provided that the entity responsible for compensation annually discloses the amount of, and justification for, the compensation for each Board member. The issue of compensation for Board service by salaried elected officials and public sector employees remains open for discussion within the GWG. That discussion will be influenced by the frequency of and time commitment for Board and committee meetings, which will be reduced in the future as the Board spends more time on high-level policy and less on day-to-day WMATA operations.

**The GWG believes** that the structure of WMATA's State Safety Oversight (SSO) program, currently operated by the Tri-State Oversight Committee (TOC), needs to evolve into a more robust entity with enforcement authority. The GWG supports the TOC's previous efforts to better establish and formalize the relationship between the Board and the TOC through

comments on the Bylaws. In addition, the GWG supports the TOC's development of a proposed safety-related Compact amendment which would further define, clarify and bolster the TOC's legal oversight and enforcement authority. The GWG will continue to work with the TOC as discussions remain underway.

### ***Memorandum of Understanding***

**The GWG recommends** that a Memorandum of Understanding be signed by the three transportation executives to ensure the practice of a meaningful, annual review of Board performance, the furtherance of a coordinated appointment process, and an overall balance of expertise represented on the board. Specifically, the goals of the Memorandum of Understanding are to:

- Set a general, overarching Board composition concept;
- Review and discuss WMATA's annual assessment of Board performance;
- Accept recommendations from the WMATA Governance Committee suggesting beneficial areas of subject matter expertise which subsequent Board appointees could provide;
- Commit to an annual joint meeting with the Governors, Mayor, WMATA General Manager and Chief Executive Officer and Board Chair to discuss WMATA progress and challenges; and
- Evaluate the Board's implementation of the GWG's recommendations approximately one year after the release of this report.

The GWG looks forward to continued cooperation and collaboration with WMATA Staff, the Board and the Governance Committee throughout the process of implementing the various recommendations discussed in greater detail throughout this report. The GWG will continue to work together to draft legislation and other implementation and review mechanisms necessary to ensure the meaningful review of the WMATA Board's performance, progress and remaining challenges.

## **INTRODUCTION**

The Governance Work Group (GWG) was tasked with making initial recommendations on WMATA governance reform with a focus on the following seven issues:

1. Defined roles and responsibilities for the Board and Chair;
2. A recommendation on whether and how to require the Board to focus on high-level policy and objectives, and act as a regional body so that it takes official regional, rather than unofficial individual, action;
3. A recommended coordinated process for appointing Board members with an appropriate mix of attributes and qualifications, including staggered terms and a uniform compensation process;
4. A recommendation on whether the jurisdictional veto should be limited;
5. A recommendation on whether to establish a legal State Safety Oversight (SSO) entity with enforcement powers and in what form;
6. A recommendation on whether and how to require the Board to decide matters through a clear, accessible public input process; and
7. A defined role for the federal government in WMATA governance.

Comprehensive efforts to improve governance, leadership, and accountability at WMATA are ongoing. The GWG recognizes the extensive work of the WMATA Board over the past year and appreciates the opportunities for continued collaboration with WMATA Staff, the Board and the Board's Governance Committee.

The WMATA Board of Directors adopted new Procedures and their first-ever set of Bylaws in July 2011. The Bylaws outline a comprehensive scope of Board roles and responsibilities as well as clarify the Board's focus on policy, financial direction and Metro's relationship with its customers and jurisdictional partners. The GWG submitted formal written comments in response to the draft documents, offering suggestions for clarification and mechanisms for enhanced Board effectiveness. In addition, the GWG was afforded the opportunity to present an update on its work to date and a general overview of recommendations for reform to the Governance Committee in late May 2011.

The following GWG recommendations are the result of extensive research regarding best practices of peer transit agencies, continuous cooperation and collaboration between the member jurisdictions, stakeholder input and public comments. The U.S. Government Accountability Office's (GAO) separate analysis of WMATA governance, released on June 30, 2011 also helped to inform the GWG's approach to WMATA governance and ongoing deliberations on potential Compact amendments.

## **RECOMMENDATIONS**

### **I. Defined Roles and Responsibilities of the Board and Chair**

A review of thirteen peer transit agencies revealed that eight have formally developed roles and responsibilities for their Boards. WMATA's Bylaws are a valuable first step in ensuring that the Board has clearly identified roles and responsibilities and will act as a governing and policy-

making body. In developing the Bylaws, the WMATA Board conducted a self-assessment of its operations and thus far, it proves to have been an effective review. Bylaw Article II states that, “the Board is primarily responsible for policy, financial direction and WMATA’s relationships with its customers, jurisdictional partners and signatories,” and sets out clear, overarching responsibilities with further details, including:

1. Ensure Safe and Reliable System
2. Exercise Fiduciary Responsibility
3. Engage in Strategic Regional Leadership
4. Oversee Planning, Operations and Customer Service
5. Exercise Individual Responsibility as a Member of the Board
6. Evaluate the CEO, Board Secretary, General Counsel and Inspector General

A transit system’s success requires all governance entities to have clearly delineated roles and responsibilities and a commitment to adhere to them. To that end, the WMATA Board’s Bylaws adequately outline broad, overarching Board responsibilities with clear, specific objectives within each topic area. However, further refinement to the individual objectives, including regularly scheduled performance measure reviews, will enable the Board to set key targets and ensure transparency, accountability and stakeholder input.

Furthermore, additional coordination is needed between WMATA and the funding jurisdictions to establish best practices. **The GWG recommends** that the WMATA Board:

- Establish clear budget development and performance measurement process and schedules;
- Develop a multi-year strategic plan; and
- Coordinate the budget planning process with funding jurisdictions.

In addition, the GWG concurs with the GAO report’s observation that there is a high frequency of WMATA Board meetings. **The GWG recommends** that the Board review its annual schedule of Board and Board Committee meetings and reduce the frequency of meetings where appropriate. As indicated in comments made to the board by the GWG in May 2011, “*it is not necessary that every committee meet monthly or that any committee be a committee of the whole.*” Furthermore, as will be discussed in greater detail later in this report, the GWG specifically recommends that the WMATA Board reduce the size of each of its committees to include at least four, but no more than eight, Board members.

In an effort to maintain clear Board member roles and responsibilities and facilitate effective communication, **the GWG recommends** that the WMATA staff implement an orientation program for jurisdictional staff and other key stakeholders involved in WMATA governance. Currently, the Board’s Bylaw, Article XII.B only requires the Governance Committee to “implement an orientation program to assist all Board members in understanding the transit system and their individual and Board roles and responsibilities, while building cohesion among Members.”

## Board Chair

Seven of the thirteen peer transit agencies reviewed have formally developed roles or responsibilities for their Chairs. The WMATA Board's Bylaws outlined a clear description of the Chair's role and responsibilities. Bylaw Article III states that the Board Chair is "dedicated to facilitating the work of the Board, encouraging the creation of common ground and consensus that moves the Board's work forward in a manner that promotes and enhances WMATA's overall mission."

Article III further details the Board Chair's roles and responsibilities in the categories of facilitating the work of the Board, establishing a strong Board and CEO relationship and fostering Board communication with external stakeholders." In addition, Bylaw Article III provides that the Chair "shall be elected without regard to jurisdiction of residence or representation," and Bylaw Article III follows the Compact §7 requirement to annually elect a Chair without further requirements or limitations, thus permitting a Chair to serve more than a single one-year term.

The GWG applauds the Board's action to eliminate the practice of annual, jurisdictional rotation of the Chair position. The GWG believes that a multi-year Chair term provides greater stability, consistency and leadership to the Board. It is important to note that under this revised structure, the Chair position would still be voted on annually by the members of the Board.

**Furthermore, the GWG recommends** that a Chair serve for at least two consecutive years but no more than four years. Based upon a review of peer agency practices, Board Chair term lengths are typically between one and three years, as was the case at nine of the thirteen agencies examined. Of the remaining four agencies, one had a Chair term length of four years, one had a six year limit and two allowed Chairs to serve indefinitely.

## **II. Board Focus on High-Level Policy, Acting as a Regional Body**

A governance report by the WMATA Riders Advisory Council (RAC) urged the WMATA Board to spend more time discussing and developing policies on issues such as land use, fares, budget and service. The RAC report stated that, "the Board currently spends very little time defining high-level policy... The Board needs to devote the necessary time to define broad policies with which to shape later decisions." The RAC report also called on the Board to "act as a regional body rather than as individuals."

**The GWG believes** that a transit board has three main areas of responsibility:

1. Setting the strategic direction of the transit agency and monitoring progress;
2. Providing management support in implementing the strategic and operating plan; and
3. Assuring corporate control of the agency that reflects its public roles and responsibilities.

While WMATA has made progress on elements of strategic planning, **the GWG has identified** this as an opportunity to significantly benefit the governance of the agency and encourages the Board to continue to take a stronger role in strategic management. This is a vehicle for the Board to exercise its responsibility for setting the policy direction of the agency. The

Transportation Research Board (TRB) has also identified several key transit board responsibilities associated with strategic and business planning, including: a focus on policy; being strategic; achieving goals and improving transit system performance.

For WMATA – operating in a large, diverse metropolitan region – a strategic planning process may help develop regional consensus behind policies, by reflecting the input of jurisdictions, riders and other stakeholders. This in turn should enhance long term organizational continuity and give clearer direction to staff to manage the system, perhaps reducing a frequent practice at WMATA of setting policy on an ad hoc basis; often bringing inappropriate or unnecessary operational issues to the Board. Strategic planning is a key Board activity and can create the environment among the Board, management and stakeholders to improve internal and external relationships.

To be effective, strategic planning is not a one-time event, but an ongoing, dynamic process. It must be linked to the annual budget process, capital programming and prioritization and agency performance measures. The Board should adopt both a mission and vision of the agency, multi-year strategic goals and annual objectives to achieve those goals. The Board should also set performance measures and milestones based on objectives in order to monitor progress. To be effective, the Board should align or re-align resources to achieve these goals.

One clear key to success in strategic management is effective involvement of stakeholders. The process of developing a plan should include mechanisms to involve stakeholders and improve transparency and public input. A well crafted strategic planning process – with direct Board involvement – will focus the Board on establishing policies, provide for a longer-term focus, improve communication with stakeholders and establish buy-in around a longer term direction for the agency.

The WMATA Board of Directors launched a strategic planning effort during the summer of 2011, which the GWG applauds. However, **the GWG recommends** that a process be established in the Bylaws, to ensure that strategic planning is incorporated into the regular, ongoing activities of the Board and agency. It appears that strategic planning efforts have been attempted in the past at WMATA, but it was viewed as a responsibility of the staff. Many transit agencies and Boards have requirements for performance-based and strategic management planning practices, including the following:

- Los Angeles County MTA
- New York MTA
- Philadelphia SEPTA
- San Francisco MTA
- Dallas DART
- Portland TriMet

In addition, the U.S. Congress considers strategic management so vital that it has mandated that all federal agencies have a strategic planning process. Under the Government Performance and Results Act agencies are required to develop multi-year strategic plans, annual performance plans, and annual performance reports.

While the WMATA Board of Directors' Bylaws and accompanying Work Plan identify the importance of developing and implementing a Strategic Plan, **the GWG recommends** that this task be further clarified, outlined and developed so that the Bylaws sufficiently reflect the agency's vision and mission and subsequently incorporate its goals, objectives, performance measures, and review/reporting mechanisms in the future.

With regard to the Board's ongoing strategic planning process, there are many areas that the Board, agencies and stakeholders can consider to improve communication and business practices:

- Develop and share a Strategic Plan for the agency that includes a shared Mission and Vision that is widely communicated, understood and shared by stakeholders.
- Develop Specific Goals that help to implement the strategic plan and guide development of supporting actions, such as business plans, budgets, performance measures and other plans.
- Introduce a more detailed and longer range Business Planning process to assure that the Board and Stakeholders understand the longer term consequences of actions proposed today and to improve long term continuity.
- Assure that cooperative financial planning is a two-way street with the contributing jurisdictions providing funding forecasts that can be used for advanced planning and the Agency supporting more detailed and multi-year forecasts of needs.

Specifically, **the GWG provided the following comments** on the WMATA Board's draft Bylaws:

- *Article II.B.1: Propose that the business plan update be conducted at a specific interval rather than simply "from time to time."*
  - a. *RECOMMENDED LANGUAGE: the Board shall approve a six-year business plan, which is updated every two years.**In general, with regard to the overall financial process, the Board should provide a more structured work plan in the development of the budget and ensure that WMATA provides appropriate financial reporting to the funding partners.*

The comments submitted to the Board by the GWG also stated that the GWG is open to alternative timeframes, other than the proposed six-year business plan, and encourages the Board to commit to developing a multi-year business plan. While the final version of the Bylaws did not incorporate the GWG recommendation verbatim, the Board did address the need for a more consistent schedule for updates and the provision now reads as follows:

Article II.C.2: Create and adopt a budget, the fare structure, service levels and a business plan which shall be updated regularly.

- *Article II.C.10: In addition to the adoption of "key performance and service standards" that "provide policy guidance regarding the quantity and quality of service," the Board should include language requiring a review mechanism to be implemented on a regular basis in order to measure and/or monitor such performance and service standards.*

This provision, which is now found under Article II.C.5, was not revised by the Board. Therefore, **the GWG further urges** the Board to adopt language in the Bylaws that require a performance and service review mechanism be implemented on a regular basis.

The WMATA Board continues to explore Strategic Planning and the development of Key Performance Indicators (KPIs). As identified on the Board's Work Plan, they will integrate KPI information with Strategic Planning to assure safe and reliable service from Metro, in order to ensure and maintain a high performing organization. **The GWG recommends** that the detailed work developed in these Strategic Planning sessions be adequately reflected and updated in the Board's Bylaws and Procedures.

Additionally, improved and enhanced coordination is needed between WMATA and the funding jurisdictions to establish a timely budget development process, in order to coordinate with executive and legislative budget cycles in the jurisdictions. There is a need for more clarity with regard to GM/CEO responsibilities and Board responsibilities in the budget development process. **The GWG urges the Board** to ensure that the WMATA staff continues to provide timely and consistent budget updates and financial reports to the funding partners.

**The GWG recommends** that the WMATA General Manager and Chief Executive Officer develop an annual work plan, similar to the New York Metropolitan Transportation Authority that outlines what is reviewed by the Board in each month. In order to improve the WMATA budget planning process, **the GWG suggests** that further research be conducted on ways to increase coordination among WMATA and the budget cycles of the three jurisdictions. The potential for streamlining WMATA's financial and KPI reporting process through enhanced jurisdictional coordination should also be explored.

Specifically, **the GWG provided the following comment** to the Board's draft Bylaws:

*Article II.C.8: ADD: The Board shall provide for a structured budget process that is developed in consultation with the funding jurisdictions and includes key milestones in the process for coordination and input. Additionally, the annual budget shall include a multi-year fiscal plan with projected expenses and revenues, which is developed in consultation with the jurisdictions.*

The GWG welcomes the following Bylaw provision:

Article II.C.3 Provide for a structured budget process developed in consultation with jurisdictional funding partners, including key milestones in the process for coordination and input. The GWG looks forward to the Board's successful implementation of this recommendation and will continue to work with the Board and the funding jurisdictions to ensure adequate coordination, planning and communication.

### **III. Coordinated Board Member Appointment Process**

The WMATA Board of Directors falls in line with the majority of its peer transit agencies with a Board comprised of both elected officials and non-elected officials. However, WMATA makes no stipulations regarding Board members' places of residence and only one of its members, a federal representative, is required to be a regular rider of the Metro system. In addition,

historically there have been no formal experiential qualification requirements for Board members. Furthermore, unlike all of its peers, the WMATA Board does not have a formal policy regarding term lengths and limits; members may serve indefinitely at the discretion of the authority that appoints them.

Given the variance in board membership nationally and the variances in how the three WMATA jurisdictions appoint board members, **the GWG recommends** a balanced approach to the issue of member qualifications, terms and compensation. While consistency is helpful, the jurisdictions each have a unique history and individual sets of local circumstances to consider on the issue of board member qualifications, and length of service. The important policy goal for the appointing authorities is to ensure that their representation and process for selecting members supports the mission of the WMATA Board and contributes to a positive direction for the system. In order to achieve a balanced and effective Board, **the GWG recommends** that the following initiatives be implemented:

#### **A. Ridership and Attendance; Reporting Requirement**

**The GWG recommends** that each jurisdiction adopt legislation requiring Principal Directors and Alternates to use the WMATA system's bus, rail or paratransit service on a regular basis in order to familiarize themselves with customer service, operational and performance issues. In addition, the legislation should require the Board members to submit annual reports to the Governor or Mayor, where applicable, affirming his or her use of the system as a rider, and documenting attendance at WMATA Board and assigned Board committee meetings and any other meeting where they serve in their official WMATA Board member capacity. This would enable each Signatory to ensure that his/her appointees adequately complete their service obligations, and would allow him/her to take affirmative steps to enforce active participation, if necessary.

#### **B. Experiential Requirement/ Tri-Jurisdictional Appointment Process**

The GWG recommends that the three Signatories develop an expectant list of qualifications and experiences to be represented by the overall Board. Once the priorities are identified, they can be used as a selection criteria mechanism in filling vacancies on the Board as they arise. In addition, the transportation executives should confer annually to review Board composition and Board member commitment by using a checklist of the qualities and experiences they have deemed priorities. This would include information from the Committee and Board meeting attendance records of the WMATA Board members and Alternates for the previous year.

**The GWG recommends** that each jurisdiction adopt legislation that formalizes expectations for the balance of qualifications and experiences of Board members and promotes consistency across the region. For example, Board members should be required to have experience in at least one of the following areas: transit, transportation or land use planning; transit, transportation or other public sector management; engineering; finance; public safety; homeland security; human resources or law.

**The GWG also recommends** that the Governance Committee be afforded an opportunity to provide input to the appointing authorities when a Board member vacancy arises. The

Governance Committee could provide an advisory letter to the applicable appointing authorities identifying the experiences and qualifications that would be most helpful to the overall Board composition when filling the vacancy.

In addition to developing and adopting legislative requirements, **the GWG recommends** that a Memorandum of Understanding be signed by the three transportation executives as an additional implementation mechanism to ensure the practice of a meaningful, annual review of Board performance, the furtherance of a coordinated appointment process, and an overall balance of expertise represented on the board. Specifically, the goals of the Memorandum of Understanding are to:

- Set a general, overarching Board composition concept;
- Review and discuss WMATA's annual assessment of Board performance;
- Accept recommendations from the WMATA Governance Committee suggesting beneficial areas of subject matter expertise which subsequent Board appointees could provide;
- Commit to an annual joint meeting with the Governors, Mayor, WMATA General Manager and Chief Executive Officer and Board Chair to discuss WMATA progress and challenges; and
- Evaluate the Board's implementation of the GWG's recommendations approximately one year after the release of this report.

### **C. Board Member Terms and Term Limits**

The National Capital Region Transportation Planning Board's review of thirteen peer transit agencies shows a range of requirements with respect to the length of Board member terms and the use of term limits. Among these agencies, terms range from two to seven years with seven boards utilizing four year terms. Only three of the boards mandate term limits with the range of the combined terms running between six and twelve years. Transit board member terms tend to range from two to seven years.

In WMATA's history there have been over one-hundred board members (including alternates) and only a dozen or so have served for eight or more years. Existing requirements by the appointing authorities are inconsistent: Maryland established three year terms and the General Services Administration (GSA) appointed members have four-year term limits.

**The GWG recommends** that WMATA board members and alternates be limited to two consecutive four-year terms. This would allow elected officials serving consecutive four-year terms to maintain consistent representation but also ensure Board vitality and allow for a frequent review of a Board member's commitment.

In order to implement this proposal, Maryland, Virginia and the District of Columbia should adopt legislation which would provide for a transition into a new system of staggered, four-year terms with a maximum limit of two consecutive terms. For purposes of the overall term limits, an initial appointment of less than three years should not be counted. Additionally, the GWG recommends that members be allowed to continue service until replaced or reappointed by the respective appointing authority to prevent extended vacancies.

#### **D. Board Member Compensation & Appropriateness of Elected Officials serving on the Board**

Current compensation policies differ significantly between the jurisdictions and are impacted by elected officials and federal or state employees who may serve on the WMATA Board. In some cases, members are not allowed to receive any compensation. In others, some appointing authorities have combined the duties of Board members and/or alternates with related job duties which have blurred the distinctions on how members are compensated for activities directly related to the WMATA Board.

Given the disparity, **the GWG recommends** that the WMATA Board member compensation policy be developed by the jurisdictions and the federal government respectively, provided that the entity responsible for compensation annually discloses the amount of and justification for the compensation of each Board member. The issue of compensation for Board service by salaried elected officials and public sector employees remains open for discussion within the GWG. That discussion will be influenced by the frequency of and time commitment for Board and Committee meetings, which will be reduced in the future as the Board spends more time on high-level policy and less on day-to-day WMATA operations.

Given the variance in how the three jurisdictions deal with the issue of elected official representation on the WMATA Board, **the GWG does not have a recommendation** on this topic other than to maintain that the Signatories' overriding goal should be to ensure the necessary qualifications and experiences are represented by the overall Board.

#### **IV. Use of the Jurisdictional Veto**

The WMATA Compact reserves the right of any Signatory jurisdiction to veto an action of the majority of the Board of Directors. The veto option is provided in the Compact by the requirement that all Board actions received at least one affirmative vote from each Signatory of the Compact. The so-called jurisdictional veto protects the interests of each Signatory, requiring a higher threshold of regional consensus on critical matters. Viewed negatively, the Compact creates the opportunity for one jurisdiction to leverage use of the veto for parochial, or narrow, interests.

In practice, over the past 35 years, the three jurisdictions have used the veto only rarely and usually to reinforce a position on a particular financial matter. In the last three years the veto has been used only once, to emphasize a point, over a relatively modest allocation of funds.

The jurisdictional veto remains a fallback safety mechanism for each jurisdiction to protect itself while simultaneously providing a strong incentive for the negotiation of controversial matters. The threat of jurisdictional veto ensures serious discussion and protects any one jurisdiction from being unilaterally forced to accept the decision of the other two.

The Board's Bylaws, Article VIII, part H, establish a means to resolve inter-signatory disputes without the use of the jurisdictional veto, and Article III, part A.7 makes it the Chair's responsibility to facilitate this process. The Bylaws also seek to avoid situations in which the jurisdictional veto might be exercised, by encouraging active communication and collegiality

among Board members, the setting of common goals and consensus building. (*See: Article II.D.4 and Article III.A.5*) The revised Procedures IV, part C. Board and Committee Meetings-Limiting Jurisdictional Vetoes, establishes that, “every Board member, will, whenever possible, provide advance notice to the Chair whenever he or she intends to exercise a jurisdictional veto. The Chair will facilitate the resolution of such disputes in order to limit jurisdictional vetoes.” Ideally such notice will be provided no later than the conclusion of the Board Committee meeting with jurisdiction on the matter.

The GWG understands that there is a role for the jurisdictional veto in WMATA governance. For the reasons outlined above **the GWG supports** the Board’s Bylaws and revised Procedures, which require a jurisdiction that anticipates using its veto to provide advance notice and to follow the steps called for in the Board’s Procedures for such action. The GWG will continue to assess the Board’s use of the jurisdictional veto and if necessary will review potential alternatives to address any mis-use.

The GWG understands that the intent of the advance notice requirement is to call attention to the seriousness of the matter subject to a jurisdictional veto and to initiate an intensified discussion and negotiations period under the leadership of the Board Chair in order attempt to resolve the conflict in advance of an actual Board vote.

While the GWG believes that current WMATA Board members understand the negative consequences of exercising a veto and the repercussions of abusing this privilege, the GWG remains committed to working together and with the Board to ensure efficient and effective Board operations. The GWG will re-visit this issue and identify any opportunities for improvement or alternative approaches, if necessary, at an annual review of the Board’s implementation of the GWG’s recommendations for governance reforms.

## **V. Strengthening the State Safety Oversight Agency**

Following a series of safety incidents involving passenger and employee fatalities on the WMATA Metrorail system and the executive and legislative branches of the U.S. government proposing to provide regulatory authority to the Federal Transit Administration (FTA) for enhancing State Safety Oversight (SSO) programs across the nation, Governor O’Malley, Governor McDonnell, and then-DC Mayor Adrian Fenty met in April, 2010 to agree on a plan of action, entitled *Moving the TOC Forward*, for addressing WMATA’s safety problems and improving the Tri-State Oversight Committee (TOC), the State Safety Oversight (SSO) agency for the WMATA Metrorail system designated under federal law and regulation. As a result of this meeting the Governors and Mayor granted authority and policy-making discretion to the Maryland and Virginia Transportation Secretaries and the Director of the District Department of Transportation (DDOT), as the TOC Executive Committee, to formulate uniform policies and protocols for the TOC and solve oversight issues in a more rapid and efficient manner.

The current structure and function of the TOC has presented challenges in the implementation of the SSO program. TOC is not a legal entity, but was created by the three member jurisdictions through an MOU in 1997. Thus, the TOC lacks clear authority to conduct oversight that is not dependent upon the acquiescence of WMATA.

**The GWG believes** that improving transportation safety is a major priority throughout the Washington region. As such, the TOC should be provided the authority to institute and enforce safety program activities.

The TOC submitted the following comments on the Board's draft Bylaws and **the GWG agrees** that the Board's inclusion of this language in the Bylaws establishes and formalizes the Board's relationship with the TOC:

- *Article XII.B: ADD LANGUAGE IN SMALL CAPS: ... the [Safety and Security] Committee reviews the WMATA System Safety Program Plan for consistency with safety goals, receives AND RESPONDS TO periodic reports AND COMMUNICATIONS from the Tri-State Oversight Committee (TOC), WHICH IS RECOGNIZED BY WMATA AND DESIGNATED BY THE COMMONWEALTH OF VIRGINIA, THE STATE OF MARYLAND, AND THE DISTRICT OF COLUMBIA AS THE STATE SAFETY OVERSIGHT AGENCY OVER WMATA'S RAIL FIXED GUIDEWAY SYSTEM, and works with THE TOC, Federal Transit Administration and the National Transportation Safety Board, as appropriate, to review the status of Authority safety and to assure that all safety recommendations from any internal or external safety review or investigation are handled expeditiously and effectively.*

The *Moving the TOC Forward* document proposed a *Metro Safety Commission* (MSC) which would replace the current TOC and exist as a distinct legal entity created by the District of Columbia, Maryland, and Virginia. Unlike the current TOC, the new MSC would have its own governance organization, employees, and legal/administrative structure, and would be created through a multistate Compact among the three jurisdictions and ratified by Congress, or as an amendment to the existing Compact governing WMATA. However, an enhanced oversight entity like this type of MSC may require significantly more resources to operate than is currently allotted for the TOC. While the jurisdictions are not opposed to allotting more resources to the TOC, given current fiscal constraints, any proposed, immediate enhancement to the TOC's oversight structure would be most prudent if undertaken using existing resources.

Currently, staff from the three member jurisdictions, along with the TOC and its Executive Committee, are evaluating the opportunity to draft a Compact amendment to create an MSC as a successor to the TOC, with a defined organizational structure and clear legal authority to conduct safety and security oversight of WMATA's Metrorail system. The specific duties, authority, and responsibilities of the MSC would be defined in the Compact amendment and operated by an entity equivalent in staff and resources to the current TOC.

Pursuing this option allows for increased oversight of WMATA's safety, security and service reliability without adding unnecessary financial burdens or additional levels of bureaucracy. Instead, the new MSC would build upon the strengths of the current TOC while operating with an enhanced degree of authority and responsibility. **The GWG supports** the TOC's recent actions to bolster its enforcement authority and strengthen its relationship with the WMATA Board.

## **VI. Public Input in Board Decision-Making Process**

According to the Report on Governance of WMATA by the Riders' Advisory Council (RAC), Board decision-making should include a clear and accessible public input process. The RAC suggested that before voting on most decisions the WMATA Board should allow more time for information to be shared with the public for input to be solicited. The Transportation Research Board (TRB) has also noted key recommendations related to public outreach, including: 1) public involvement should be early and proactive; 2) timely information should be provided to the public; and, 3) explicit consideration should be given to the public input collected. The GWG shares an interest in creating opportunities for meaningful and timely public input to the WMATA Boards' decision-making process.

Through the WMATA Compact, there has always been a robust Public Hearing requirement for Board actions on fare and service changes. The Board established a public comment process at Board meetings a number of years ago and created the Riders' Advisory Council (RAC) and the Accessibility Advisory Committee to receive more formal public input from a representative group of riders and system users.

The WMATA Board Governance Committee has recognized the concerns and recommendations of the RAC by proposing expanded public input opportunities, including the following:

- The opportunity for the public to speak at WMATA Board Committee meetings at the Committee Chair's discretion;
- The removal of limitations on the frequency that an individual can offer comments to the WMATA Board during the public comment period;
- The institution of a proscribed methodology for Board members to collectively respond to communications from the public both directly and through the General Manager/Chief Executive Officer; and
- Procedures to encourage the posting of all or nearly all Committee and Board public session agenda material on the WMATA website in advance of meetings.

**The GWG welcomes** the extension of the Public Comment period process to Committee meetings and encourages Committee Chairs to maximize the topics open for public input at these meetings. **The GWG also encourages** the Board and staff to inform the public about the process which WMATA uses to respond to communications addressed to the Board.

Specifically **the GWG submitted the following comment** on the Board's draft Bylaws:

- *Article VII – ADD: The Board empowers the CEO to establish appropriate public and stakeholder involvement processes that allow for early and proactive engagement to inform board policy decision-making.*

While this specific language was ultimately not included in the Bylaws, the GWG is encouraged by the Board's Procedures, III. A-C pertaining to Board communication with the public. The GWG remains committed to working together to ensure meaningful public participation and will continue to work with the Board and WMATA staff, to continue to improve the WMATA public input process.

## **VII. Use of Executive Session**

The GWG believes that an excessive use of Executive Sessions reduces Board transparency and may result in the Board reaching decisions without adequate public review. Therefore, **the GWG urges the Board** to limit the use of Executive Sessions, provide more detail on items on Executive Session agendas and take matters that have been discussed in Executive Session to a public Committee review and discussion as well as a Board meeting for action to allow time for adequate public review.

Specifically, **the GWG provided the following comments** on the WMATA Board's draft Bylaws and Procedures in order to clarify statements of purpose and process for Executive Sessions:

- *Article X, Sections A & B: COMMENT: In finalizing the bylaws, WMATA should give consideration to the Open Meetings laws of the jurisdictions, to mirror as closely as possible the policies for executive sessions, including the allowable exceptions for closed sessions and procedures for them.*
- *Article X, Section B. Procedures for Executive Session: ADD the following language to the second paragraph:*

*“Agenda items that the Board wishes to remove from a published Board or Committee agenda should only be removed from the Board or Committee agenda in a public session of the Board or Committee and the reason for removal should be publicly stated.”*

The GWG reiterates its recommendation that the Board give consideration to the Open Meetings laws of the jurisdictions, to mirror as closely as possible the policies for executive sessions, including the allowable exceptions for closed sessions and their corresponding procedures.

In addition, while the GWG's suggested language was not included in the Board's Bylaws, the GWG is encouraged by the Board's Procedures. VI, which state that, “at the conclusion of each executive session, the Board or Committee shall reconvene in an open meeting to certify by an affirmative vote that only those matters identified prior to convening the executive session and only matters authorized by Bylaws Article X were heard, considered or discussed in the preceding executive session.” The GWG will continue to assess the need for any additional guidelines as necessary.

## **VIII. Role of the Federal Government**

The federal General Services Administration appoints primary members and alternates to serve on the WMATA Board on behalf of the federal government. The first federal members of the Board were appointed for terms of four years. In addition, one of the primary federal Board members must be a regular passenger and customer of WMATA's bus or rail service. Expansion of the WMATA Board to include two federal appointments was a key condition to the Congress and President's approval of a ten year, \$1.5 billion authorization of federal funds for WMATA's Capital Improvement program. **The GWG will continue to work with** the appropriate

Congressional delegations and representatives of the federal government on WMATA governance reform as necessary.

## **IX. Structure and Size of the Board**

The GWG received compelling comments from various perspectives on the issue of the role of the alternates and potential modifications to the Board's structure and size. While some stakeholders oppose the current role of the alternates on the WMATA Board, and specifically their ability to vote at the committee level, others value the opportunity for individual jurisdictional representation that is provided by the alternates.

At this time, **the GWG recommends** that the Board commit to implementing a system of smaller committees with a stronger role for Committee Chairs. Based upon various public comments, stakeholder input and discussions with the Board, the GWG encourages the Board to implement a revised committee structure whereby each committee consists of at least four but no more than eight Board members. The GWG believes that this restructuring would encourage the localities to work together within each member jurisdiction to develop a consensus on Board policy considerations prior to formal committee votes. The streamlining of committee operations will help facilitate more efficient Board meetings with a focus on high-level, long-term policy. In addition, the GWG believes that smaller committees will provide greater opportunities for Board members to specialize in a specific area of interest and gain expertise.

Moving forward, the role of the alternate Board members and the overall size of the Board will remain important items for discussion. While smaller committees and a stronger role for the committee Chair should ultimately improve Board functionality, the GWG will continue to explore alternative options. For example, if the revised committee structure does not result in more effective Board operations, the GWG may pursue other structural changes, such as reducing the role of the alternate Board members in order to make the Board smaller and more efficient.

## **CONCLUSION**

This report represents the initial phase of recommendations for advancing WMATA governance reform and was developed in consensus among the three jurisdictional partners. The GWG has met regularly, in a spirit of cooperation, to discuss important regional issues pertaining to WMATA governance. Recent actions taken by the WMATA Board and Governance Committee, including the adoption of Bylaws and revised Procedures, have not only been instructive to the work of the GWG but also demonstrate that the Board understands the need for reform.

The GWG looks forward to continued cooperation and collaboration with WMATA Staff, the Board and the Governance Committee throughout the process of implementing the Bylaws and Procedures, developing a strategic plan, coordinating a budget planning process and putting into practice the various GWG recommendations. The GWG will continue to work together to introduce legislation in each jurisdiction in the near future, in order to employ several of these recommendations and requirements in greater detail. The U.S. Government Accountability Office report, initiated by Senator Mikulski, continues to be invaluable in assisting both the

WMATA Board and the regional funding partners in these efforts. Furthermore, the GWG remains committed to working together to ensure the practice of a timely and meaningful review of WMATA's performance, progress and remaining challenges.

## **APPENDIX I**

### **GWG RECOMMENDATIONS REPORT *IMPLEMENTATION MECHANISMS***

#### **Recommendations to the Board**

The GWG applauds the Board's recent efforts to improve governance and encourages the successful implementation of the first-ever Bylaws and recently revised Procedures. The GWG also recommends the following:

- The Board Chair serves at least two but no more than four consecutive years;
- The Board commits to implementing a system of smaller committees with a stronger role for the Committee Chair, whereby each committee consists of a minimum of four but no more than eight Board members;
- Coordinates the WMATA budget planning process with the funding jurisdictions;
- Establish a clear budget development and performance measurement process and schedules;
- Establish a process in the Bylaws to ensure the strategic planning is incorporated into the regular, ongoing activities of the Board and agency;
- Review the Board's annual schedule of Board and Board committee meetings and reduce the frequency of meetings where appropriate;
- Abide by the advance notice and conflict resolution tenets of the Bylaws and Procedures when there is the potential for use of the jurisdictional veto;
- Enhance the public's awareness of WMATA's public communication and response policies;
- Limit the use of Executive Sessions, provide more detail on items on Executive Session agendas and examine the Open Meetings laws of the three jurisdictions to mirror as closely as possible the policies for Executive Sessions.

#### **Recommendations to the WMATA General Manager and Chief Executive Officer**

- Develop an annual work plan, similar to the New York Metropolitan Transportation Authority that outlines what is reviewed by the Board in each month.

#### **Recommendations to the WMATA Staff**

- Develop and implement an orientation program for jurisdictional staff and other key stakeholders involved in WMATA.

#### **Legislation at the Jurisdictional Level**

The three jurisdictions will work together to introduce legislation in the 2012 legislative session to:

- Implement ridership, attendance and reporting requirements, including:
  - Expectation that Board members are regular riders of the system;
  - Annual reporting requirement indicating attendance at Board and Board-related meetings and affirming his or her use of the system as a rider.

- Codify Board member qualification requirements:
  - Board members shall have experience in at least one of the following:
    - Transit, transportation or land use planning;
    - Transit, transportation or other public sector management;
    - Engineering;
    - Finance;
    - Public safety;
    - Homeland security;
    - Human resources;
    - Law; or
    - Knowledge of the region’s transportation issues derived from working on regional transportation issue resolution.
- Transition the Board appointments to a system of staggered 4-year terms with a maximum limit of two consecutive terms; and
- Require that the entity responsible for compensation annually discloses the amount, and justification for, the compensation for each Board member.

### **Memorandum of Understanding**

The goals of the Memorandum of Understanding, to be signed by the three transportation executives, are:

- Set a general, overarching Board composition concept;
- Review and discuss WMATA’s annual assessment of Board performance;
- Accept recommendations from the WMATA Governance Committee suggesting beneficial areas of subject matter expertise which subsequent Board appointees could provide;
- Commit to an annual joint meeting with the Governors, Mayor, WMATA General Manager and Chief Executive Officer and Board Chair to discuss WMATA progress and challenges; and
- Evaluate the Board’s implementation of the GWG’s recommendations approximately one year after the release of this report.

### **Potential Compact Amendments Currently Under Review**

- Discussions remain ongoing among the Tri-State Oversight Committee (TOC) executives regarding the potential for amending the Interstate Compact or proposing other federal legislation, in the next year or two, to strengthen the existing TOC and provide it with greater enforcement authority.
- The goal is to create a Metro Safety Commission (MSC), as successor to the Tri-State Oversight Committee (TOC), with a defined organizational structure and clear legal authority to conduct safety and security oversight of WMATA’s Metrorail system.

## News Release

For immediate release: December 13, 2011



### Metro welcomes Governance Work Group recommendations

Metro's Board of Directors today expressed appreciation for the Governance Work Group's recognition of its governance progress and committed to continuing the important reforms it began earlier this year.

"We have established a strong foundation on which to continue strengthening Metro's governance and we look forward to working closely with all of the jurisdictions to move further down our path of improvement," said Metro Board Chair Catherine Hudgins. "The recommendations provide us with important guidance to continue improving the regional governance of Metro, including the roles and responsibilities of the Board, as well as opportunities to strengthen safety oversight and enhance public engagement."

Earlier this year, WMATA's Board of Directors set out a governance work plan that sought to address modernizing Board leadership, strengthening governing structure, improving Board-CEO partnership and strengthening public dialogue. Since that time, the Board adopted its first-ever permanent bylaws, advanced work on a strategic plan, began a process for multiyear budgeting, and implemented a more robust orientation program for new Board members to inform them about their role and responsibilities. Also, the Board undertook the creation of a business plan that will provide a road map for the region, jurisdictions and management.

The Board also approved a new Code of Ethics to clarify the Board's duties to avoid all conflicts of interest, including actions that create an appearance of conflict, as well as to expand the definition of household members who must also avoid conflicts. The Code also formalizes the process by which Board members are recusing themselves from participating in matters when they have a conflict of interest or the appearance of a conflict.

News release issued at 11:07 am, December 13, 2011.

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AGENDA ITEM #17

**TO:** Chairman Euille and NVTC Commissioners  
**FROM:** Rick Taube, Mariela Garcia-Colberg and Claire Gron  
**DATE:** December 29, 2011  
**SUBJECT:** Regional Transportation Items.

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A. NVRC's Dynamic Ridesharing Grant.

As explained in more detail in the attached memorandum, the Northern Virginia Regional Commission has been awarded a competitive grant to help relieve congestion related to the new BRAC facilities in Northern Virginia.

B. I-95 HOV/HOT Lanes Project Agreement.

The McDonnell Administration has announced the execution of the project agreement valued at close to \$1 billion with Fluor-Transurban. Attachments provide details.

C. Proposed TPB BRAC Study.

As shown in the attached description, TPB staff is proposing to postpone its central cordon count in order to examine the impact of BRAC relocations. The study would cost about \$300,000, including funds transferred from WMATA bus passenger counts. Hot spots will be identified as part of this initial baseline study. A future phase would examine conditions three to four years later.

D. VTrans 2035 Update.

The Commonwealth Transportation Board (CTB), with the assistance of the Office of Intermodal Planning and Investment (OIPI), located within the Office of the Secretary of Transportation, is tasked with developing a statewide transportation plan per Section 33.1-23.03 of the Code of Virginia which includes an "assessment of capacity needs for all corridors of statewide significance, regional networks, and improvements to promote urban development areas."



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Earlier this year, the General Assembly revised Section 33.1-23.03 to require the plan to be updated, at a minimum, every four years (previously five years) to better coincide with gubernatorial administrations.

Completed in 2009, VTrans2035 is Virginia's operative long-range multimodal transportation plan. In accordance with Section 33.1-23.03, as amended, OIPI is preparing the VTrans2035 Update for submission in January 2013. The VTrans2035 Update is expected to serve as a bridge between VTrans2035 and VTrans2040, due in 2015.

On December 14, OIPI, with the help of a consultant team, held regional forums throughout the state in order to obtain input on the framework elements of VTrans2035. Agenda items included a presentation by Deputy Secretary of Transportation David Tyeryar and breakout sessions to discuss refining VTrans2035 goals and priorities. Topics of discussion during the forum included the designation of a new north-south Corridor of Statewide Significance (CoSS) in Northern Virginia, devolution of road maintenance, BRAC, and the Public-Private Transportation Act (PPTA) process. According to OIPI, input from the regional forums will be used to:

- 1) Update VTrans2035 goals and priorities
- 2) Link the goals and priorities through performance measures
- 3) Create the framework that leads towards performance-based planning

Outcomes will be presented to the Commonwealth Transportation Board (CTB) in January 2012.

Unfortunately, representatives from all but one jurisdiction in Northern Virginia were absent from the regional forum. NVTC staff is working with the consultant team to ensure that all stakeholders are notified of future events.



**TO:** Rick Taube

**FROM:** Mariela Garcia-Colberg

**DATE:** November 28, 2011

**SUBJECT:** Dynamic Ridesharing Grant

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The Northern Virginia Regional Commission's (NVRC) has received a grant from the Department of Transportation in the amount of \$447,200 to initiate a dynamic ridesharing program to relieve the traffic impacts of the Base Closure and Realignment Commission's (BRAC) mandated changes in Northern Virginia. The grant will be administered by the Northern Virginia District Office of VDOT.

Dynamic ridesharing is a type of informal carpooling where riders and drivers share rides with each other with as little as a few minutes notice, using technology to communicate with each other. The idea is that drivers are provided with a convenient way of saving money while riders are provided with an affordable alternative to public transportation. Another advantage to dynamic ridesharing is that neither the driver nor the riders will have to deal with rigid carpooling schedules.

In the case of the NVRC's proposal, the project is a BRAC initiative to reduce traffic impacts from the closure of five military installations. These installations are relocating employees from transit oriented locations to non transit locations. Phase 1 of the proposal will only assist employees of Fort Belvoir (Belvoir) and Marine Base Quantico (Quantico). The pilot project will cost \$600,000 and will require a \$120,000 state/local or DOD match.

The main concept of the project is to connect employees via their smart phone which will utilize dynamic ridesharing software. Both the riders and the drivers will receive incentives from participating in the program. The target of the program is to get 500 drivers to sign in. An interesting part of the project is that it will evaluate the impact of providing commuters with "fall back" transit and vanpool options in real time on carpooling behavior and ridesharing.

Interestingly, the Belvoir website links its employees with all transportation alternatives including vanpooling. The Marine Base Quantico website is equally forthcoming, and explains all transit options. Accordingly, an employee can quickly learn that the Virginia



Railway Express (VRE) uses Quantico as one of its many daily stops and that the base has a VRE shuttle service in the morning and in the afternoon.

Commuter bus service is also available on base with daily routes including Pentagon and community stops. Notwithstanding this information, most employees of both Quantico and Belvoir drive alone to work. As of 2008, employees of Belvoir and Quantico were commuting to work in the following way: drive alone 84.8%, VRE 2.5%, carpool 5.5%, bicycle .5%, bus 9%, walk .2%, vanpool 4.4%, Metrorail .6% and other .5%.<sup>1</sup> There is obviously a huge opportunity to move more of these employees into public transit.

It is unclear how NVRC will work the dynamic ridesharing program. For example, will dynamic ridesharing be restricted to just employees? Apparently, the ridesharing app does not restrict access. In other words, anyone who is going to Fort Belvoir, whether an employee or not, can access the app and give or take a ride to the fort.

Obviously, this would be a question for the technical advisory group. NVRC has not formed this group so far but it will probably be constituted soon. Jason Conley of Avego Corporation gave a presentation to NVTC's MAC back in April, 2011. Avego Corporation is one of the first corporations to create the technology necessary for real time ridesharing. Avego provides a free iPhone app that riders and drivers can download to connect with each other in real time. According to the Avego website: "The system combines the GPS-enabled real-time ride-matching with fully automated payment transaction management, real-time passenger information, safety features, and commute reporting to enable more flexible and verifiable carpooling."

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<sup>1</sup> Data result from Oct 2008 Survey. See <http://www.belvoir.army.mil/rideshare/>

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## For Immediate Release

## Contact

December 06, 2011

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Virginia Department of Transportation  
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## Governor McDonnell Announces I-95 HOV/HOT Lanes Project in Northern Virginia Advances – Construction could begin as soon as spring 2012 –

**RICHMOND** – Governor Bob McDonnell announced today that the Virginia Department of Transportation (VDOT) and Fluor-Transurban have come to an in-principle agreement on the major commercial terms to build the I-95 High Occupancy Vehicle/High Occupancy Toll (HOV/HOT) Lanes Project in Northern Virginia. Agreement on the commercial terms means both parties have established the major tenets of a contract. This step forward enables VDOT and Fluor-Transurban to finalize the details of a comprehensive agreement and financing package for the \$940 million project.

"Through this action, we will put to work nearly \$1 billion in private sector investment to address one of Virginia's most critical transportation needs," said Governor McDonnell. "The project will bring congestion relief and new travel choices to Northern Virginians. It will also provide an economic boost by supporting nearly 8,000 jobs over the construction period and stimulating \$2 billion in economic activity."

The in-principle agreement was negotiated between Fluor-Transurban, VDOT Commissioner Greg Whirley, and Virginia's new Office of Transportation Public-Private Partnerships (OTPP). The project is being financed and constructed under Virginia's Public-Private Transportation Act with \$843 million financed by Fluor-Transurban, with financial close targeted to occur in mid 2012. The state contribution is \$97 million, which will be used in part to advance construction activities as early as spring 2012.

The project will expand the existing HOV facility on I-95 to create 29 miles of HOV/HOT Lanes between Edsall Road in Fairfax County and Garrisonville Road in Stafford County, with improved access to major Virginia employment centers and military sites. Motorists will have an option to pay a toll to use the HOT Lanes, while carpools with three people or more and buses will have free access to the lanes.

"Virginia recognizes it must get the most out of its existing transportation assets and find innovative solutions to move people and freight more efficiently," said Transportation Secretary Sean T. Connaughton. "With HOT lanes on both the Beltway and I-95, we will create a region-wide network of managed lanes that will enable travelers to get to and from some of Virginia's most important employment centers and military sites."

To maximize the benefits of the new HOT Lanes network, the Commonwealth will invest \$200 million to expand bus service in Spotsylvania, Stafford, Prince William and Fairfax counties, and construct more than 3,000 new park and ride spaces.

Whirley added, "VDOT expects carpools and other travelers who use the existing HOV lanes will see faster, and more reliable commuting times when HOT lanes are introduced. The project will help keep traffic moving with improved enforcement and incident response, and by eliminating what is one of the worst traffic bottlenecks in the region at Dumfries."

Key aspects of the agreement require Fluor-Transurban to:

- Provide a fixed-price, fixed-date, design-build contract
- Finance, design and build the facility; manage and fund all operations and maintenance for a period of 73 years following construction
- Share revenue with the Commonwealth at agreed upon rates to fund other transportation improvements in the corridor should the HOT Lanes be a financial success
- Provide substantial contract opportunities for Disadvantaged Business Enterprises and Small, Women and Minority-Owned businesses
- Maintain free access for High Occupancy Vehicles (HOV) meeting state eligibility requirements and buses
- Manage traffic levels over the long-term to facilitate quality, reliable travel for HOV and buses
- Develop and operate a dynamic tolling system. Tolls will vary based on demand to provide fast, reliable travel times. All tolls will be paid with an E-ZPass and there will be no toll booths. Electronic signs will alert travelers to current toll rates so they can make an informed choice whether or not to use the HOT Lanes.
- Return the asset to the Commonwealth in good working order at the end of the agreement

VDOT will continue to own and oversee all aspects of the facility to ensure the HOV/HOT lanes are constructed, operated and maintained in accordance with agreed-upon standards.

The I-95 HOV/HOT lanes will:

- Expand the I-95 HOV lanes from two to three lanes for 14 miles from Edsall Road to the Prince William Parkway, improve six miles of existing HOV lanes from the Prince William Parkway to Route 234, and extend the HOV lanes for nine miles from Dumfries in Prince William County to Garrisonville Road in Stafford County, alleviating the worst bottleneck in the region. Stafford County would have HOV lanes for the first time.
- Provide a seamless connection to the I-495 HOT Lanes (under construction) and Tysons Corner
- Allow free travel for carpools with three or more persons as well as buses, vanpools, motorcycles and emergency vehicles. Charge single-person vehicles a toll based on time of day and travel distance.

The Department of Rail and Public Transportation recently completed a study to fully maximize the benefits of the HOV/HOT lanes by identifying multi-modal solutions. Recommendations include an additional 9,575 park and ride spaces (over 3,000 of those spaces will

be provided by VDOT); expanded transit routes and services from Spotsylvania, Stafford, Prince William and Fairfax counties, including adding 46 buses; 750 off-site parking spaces and shuttle services at the Franconia-Springfield Metrorail station; and vanpool, carpool and telework program assistance. Improvements are or will be funded in the Commonwealth's Six-Year Improvement Program.

Go to [www.VirginiaDOT.org](http://www.VirginiaDOT.org) for more information.

# # #

**National Capital Region Transportation Planning Board**  
Metropolitan Washington Council of Governments  
777 North Capitol Street, N.E., Suite 300, Washington, D.C. 20002-4290

C.

MEMORANDUM

TO: TPB Technical Committee

FROM: Richard I. Roisman, AICP  
Senior Transportation Planner

DATE: December 2, 2011

RE: New Proposed FY 2012 UPWP project – Regional BRAC and Federal Employment Consolidation Impact Analysis

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In response to concerns that have been raised about the impact of BRAC and other major Federal employment consolidation efforts on the regional transportation system, this project proposes to perform a "baseline-plus" analysis of major regional employment sites impacted by the recent and ongoing Base Realignment and Closure (BRAC) action and additional Federal initiatives to consolidate agency locations. Because of the urgent need to address the effects of these job shifts on regional transportation, this project would replace the spring 2012 Central Employment Area Cordon Count. The cordon count would be postponed for one year and occur in spring 2013 (FY 2013).

This project would be funded from two sources:

1. Reprogramming \$250,800 in the FY 2012 basic work program from the Central Employment Area Cordon Count (Item 5A) to the Regional BRAC and Federal Employment Consolidation Impact Analysis
2. Reprogramming \$50,000 in the FY 2012 WMATA technical assistance program for Bus Passenger Counts in Support of the 2012 Central Employment Area Cordon Count (Item 6D, number 4) to Bus Passenger Counts in Support of the Regional BRAC and Federal Employment Consolidation Impact Analysis

Data for true baseline "before" (e.g., before any significant BRAC and other Federal relocations) conditions will be gathered from existing sources, as most if not all of the sites to be analyzed have been previously monitored by state and local transportation agencies. TPB staff will supplement these and other data at the analysis sites by collecting inbound vehicle classification and occupancy data (including bicycles) during the time that more employees are being transferred to these destinations. When these data are analyzed together with other available information on traffic volumes, transit patronage, network performance, proposed network improvements and travel demand management (TDM) plans, and final employee

allocations (both sending and receiving sites) for BRAC and other large Federal facilities, a snapshot of regional impacts can be developed to illustrate the "on the ground" conditions now, as well as identify hotspots that may need to be addressed for the sites to successfully accommodate the influx of new travel. Table 1 shows the list of proposed analysis sites; these locations are subject to refinement based on further feedback from MDOT, VDOT, DDOT, and WMATA.

Following completion of this study, the sites will then be revisited for a phase 2 "after" analysis within 3 to 5 years, after regional trip distribution patterns have fully adjusted to the BRAC actions and other Federal worker relocations and most of the proposed network improvements around these employment sites have been implemented. No employees will be surveyed directly, but information will be sought on the number of employees ridesharing, teleworking, or using an alternative work schedule at each site. Existing data sources will be used as much as possible; new data will be collected where it can inform the analysis more fully from a spatial-temporal standpoint (locations or time periods not previously observed or data not sufficiently current) or by improving the data type (vehicle occupancy counts).

#### **Scope of Work:**

- Analyze existing observed data and information in recent BRAC and Federal relocation studies and associated studies and plans – current and planned employment levels, traffic and transit volumes from military post commands, state and local DOTs, WMATA and local transit operators, base TDM plans – conduct pre-count coordination and site visits.
- Where needed to augment existing data, collect and process for quality control / quality assurance new traffic and transit counts. At most locations, data collection will take place at the entrances or gates to the facilities, though it may be necessary to monitor nearby transit stops for alighting passengers. Data collection will take place in the inbound direction only from 5 A.M. to 10 A.M. during winter and spring 2012 on Tuesdays, Wednesdays and Thursdays only. Collected data will yield vehicle trips as well as person trips by mode for each employment center. Persons arriving on bicycles and by transit will be included in the count.
- Prepare report documenting results of regional analysis, hotspot identification, and issues associated with the regional BRAC transition and other Federal consolidation initiatives. The report will contain an appendix with count data for each site, showing AM peak period inbound person and vehicular volumes, average auto occupancy, transit modal share and peak hour information. Counts will be aggregated to 30 minute intervals.

Oversight: TPB Technical Committee

Estimated Cost: \$300,800

Products: Report and Data files

**Table 1: Regional BRAC and Federal Employment Consolidation Impact Analysis Sites (subject to refinement based on agency feedback)**

<i>Name</i>	<i>Location</i>	<i>Jobs Received Under Relocation / Consolidation</i>
<b>District of Columbia Sites (3)</b>		
Department of Homeland Security / St. Elizabeth's Campus*	District of Columbia	14,000
Joint Base Anacostia Bolling	District of Columbia	650
Washington Navy Yard	District of Columbia	TBD
<b>Maryland Sites (5)</b>		
Federal Research Center White Oak*	Montgomery County	4,500
Fort Detrick	Frederick County	1,500
Joint Base Andrews	Prince George's County	1,600
Naval Surface Warfare Center, Indian Head Division	Charles County	Reduction
Walter Reed National Military Medical Center and Uniformed Services University of the Health Sciences	Montgomery County	2,500
<b>Virginia Sites (5)</b>		
Army National Guard Readiness Center	Arlington County	1,200
Fort Belvoir	Fairfax County	4,000
Fort Belvoir North	Fairfax County	8,500
Mark Center	City of Alexandria	6,400
Marine Corps Base Quantico	Prince William County, Stafford County	2,500

\*Relocation independent of BRAC

Start - As soon as OK to reprogram funds  
Report - End June 2012



AGENDA ITEM #18

**TO:** Chairman Euille and NVTC Commissioners

**FROM:** Rick Taube and Kala Quintana

**DATE:** December 29, 2011

**SUBJECT:** NVTC Public Outreach

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

NVTC staff arranged on very short notice a staging area near the Franconia/Springfield Metrorail station for PRTC buses. PRTC contacted NVTC staff and requested assistance locating a staging area for their buses in the downtown Springfield area during a major emergency that would disrupt normal OmniRide bus operations. After some review staff determined that Springfield Mall would be an ideal location and we used our marketing contacts at Springfield Mall to make the request for PRTC. Springfield Mall is currently working with PRTC staff to allow the use of part of an underutilized section of their parking lot as a staging area for PRTC's OmniRide buses during these emergency events.

As shown in the attached photo, staff assisted VRE in its very popular annual Santa Trains activity on December 10<sup>th</sup>, serving as "Mrs. Claus" on the Fredericksburg line.

A media response was prepared on short notice regarding the Governor's transportation funding plan. Staff coordinated interviews for NVTC officers with the Washington Post, the Washington Examiner and the Washington Times (see attached).

Several media representatives were briefed on the unintended consequences of the Governor's proposal to consolidate NVTC and NVTA. A concise discussion paper on the subject was prepared and circulated.

On November 30, 2011 staff participated in the Northern Virginia Transportation Alliance (NVTA) Flash Mob event in Herndon, VA. Staff addressed the transportation crisis and NVTC's 45+ year role in working to solve the transportation problems the



region faces. A sizable group of legislators, business leaders and special interest groups attended the event.

Staff delivered a legislative update to the Transportation Association of Greater Springfield and secured a sponsorship for the upcoming VTA reception in Richmond, VA.

Finally, staff updated its PowerPoint “How Public Transportation is Organized in Northern Virginia.” This document is being used in NVTC’s ongoing efforts to educate the public about the effectiveness of transit in this region and its need for more funding. A copy is attached for your review and comment.

Statement of Bill Euille on the Governors proposal for transportation funding plan:

*“On behalf of my colleagues and all Northern Virginians, we are pleased that Governor McDonnell recognizes the transportation funding crisis.*

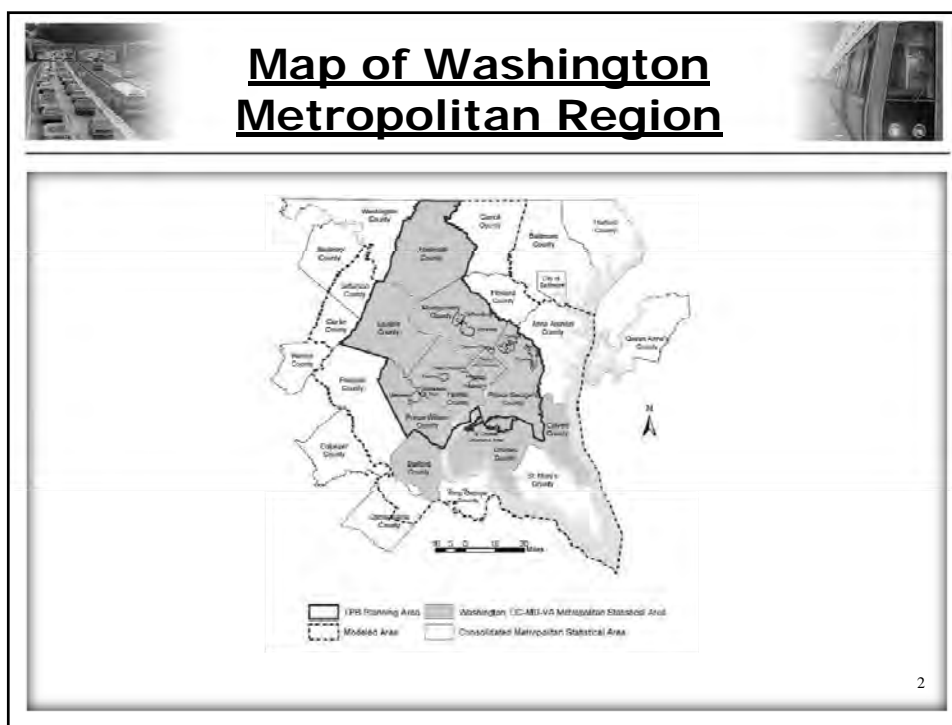
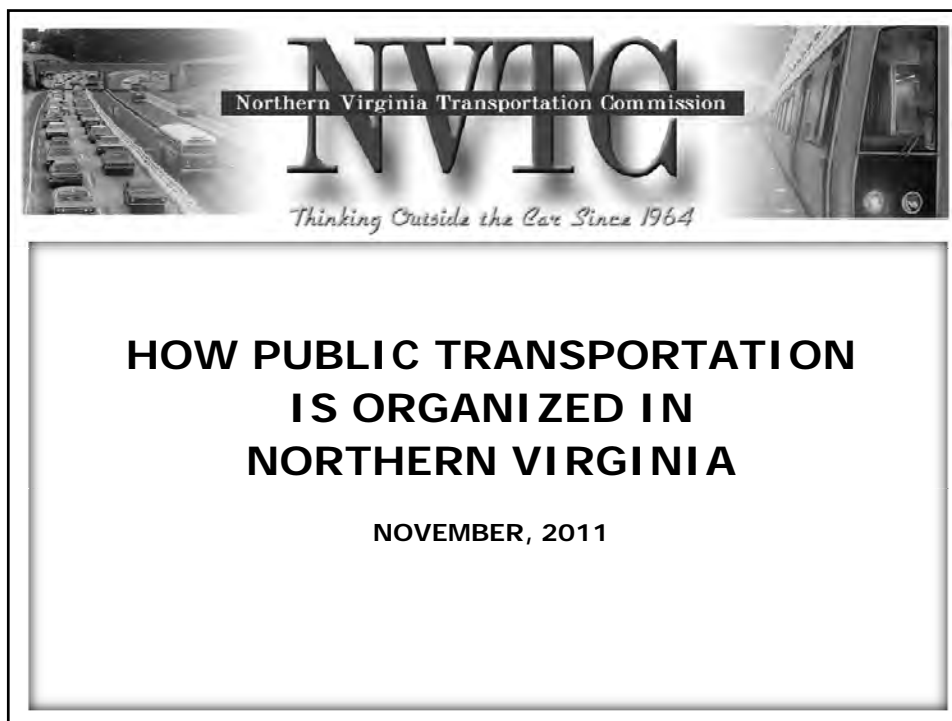
*While Governor McDonnell is seeking to earmark a portion of future General Fund tax revenues that may become available to the Commonwealth through economic recovery, NVTC is on record as favoring immediate new revenues for transit that are stable, reliable, proven and permanent. Accordingly, we would like to see the Governor proposing new, dedicated revenue sources that do not reduce the state's General Fund or local government's property tax base.*

*We also note the absence of any mention of funds for public transit. We trust the Governor will provide further details soon spelling out how public transit will benefit.*

*Finally, the Governor's mention of tax increment financing for state-funded projects deserves further elaboration, since local governments now derive benefits from transit-induced economic development. We trust that the Governor does not intend to shift existing property tax revenues used by local governments for essential local services such as transit, police, fire and schools to go instead to the state.*

*Our local governments, business leaders and transportation advocacy groups all agree that simply shuffling monies from one pot to another is not adequate to maintaining Virginia's status as the best place to do business in the United States. We have \$700 million in unmet transportation needs in Northern Virginia alone.*

*The DC Metro area is #1 for congestion in the country and that's not going to change until NEW, LONG-TERM, SUSTAINABLE funding is identified, approved and implemented.”*





## Summary



- Public transit in Northern Virginia is coordinated and performs exceptionally well.
- Routes do not overlap, services are not duplicated, and systems do not compete.
- The institutions providing, planning and funding transit in Northern Virginia are many and their interrelationships are complex, but they have evolved for good reasons, function effectively and have well-defined individual responsibilities.
- In general those entities providing the most funding exercise the most control.
- While all participants continue to strive for improvements, there is no compelling need to alter the current institutional structure.

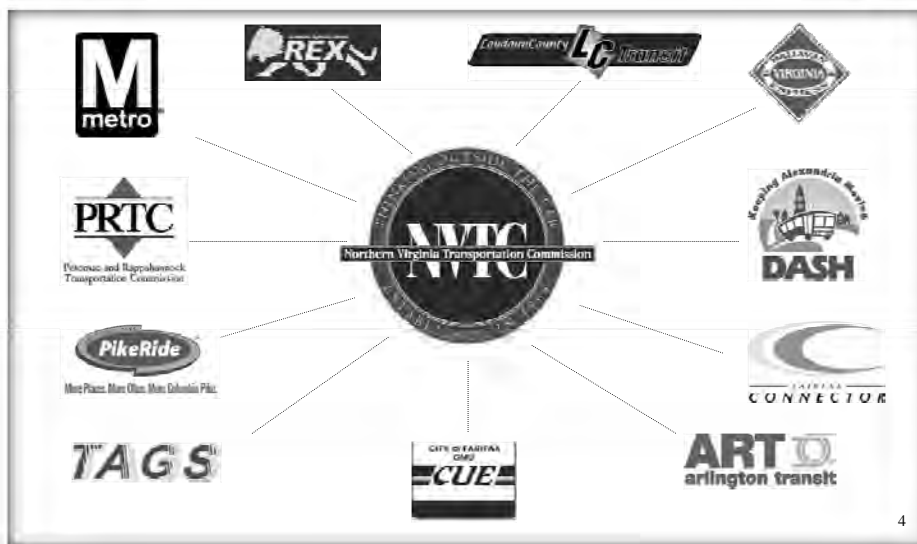


3



## Northern Virginia's Interconnected Transit Systems

In Northern Virginia: 145 million trips in FY 2011



4



## Ridership Data for FY 2011 Show Continued Positive Regional Transit Performance

### Strong transit performance in Northern Virginia:

- FY 2011 results show 145 million trips, up 5 percent compared to FY 2007.
- 22% ridership growth here since 2001.
- For example, the Virginia Railway Express (VRE) is experiencing all-time high ridership now exceeding 20,000 daily riders. All of its top 10 ridership days have occurred in 2011.
- 76% of Virginia's transit ridership is in Northern Virginia.
- Northern Virginia's 2.2 million residents took 65 transit trips per capita in FY 2011, while in NVTC's WMATA jurisdictions residents took 96 (transit trips per capita, statewide, excluding Northern Virginia, was 8).
- Transit and ridesharing carry as much as two-thirds of commuters in our major corridors in peak periods.



5



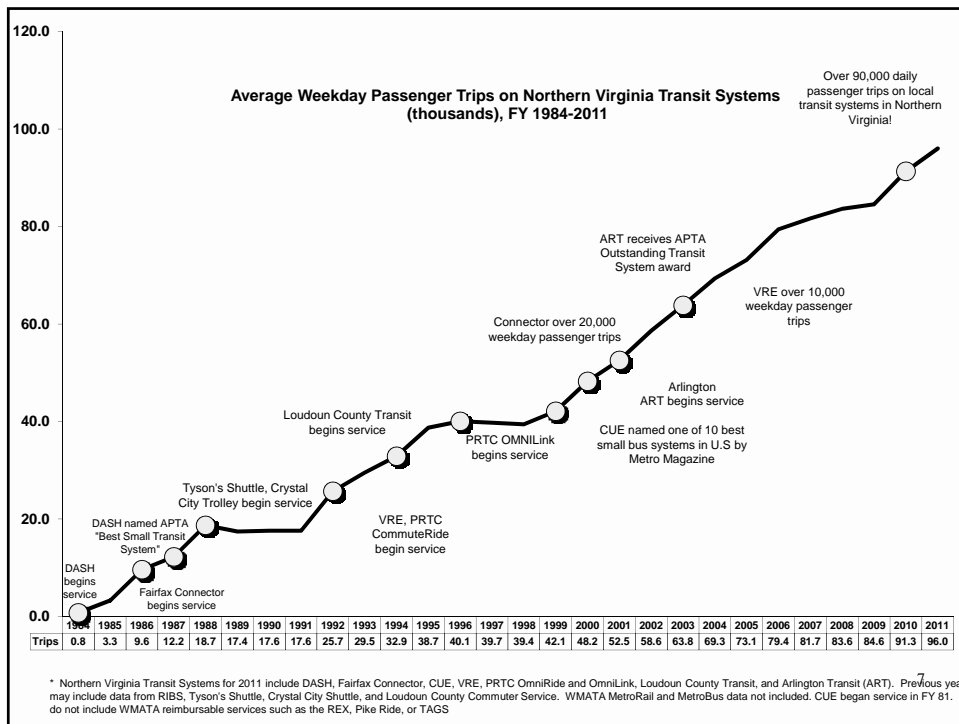
## Total Transit Ridership Growth NoVA FY 2007-2011

Transit Provider	FY 2007 Passenger Trips	FY 2008 Passenger Trips	FY 2009 Passenger Trips	FY 2010 Passenger Trips	FY 2011 Passenger Trips
<b>Metrorail (Northern Virginia)</b>	94,161,091	97,985,696	101,183,949	98,463,817	98,053,085
<b>Metrobus (Northern Virginia)</b>	21,011,434	21,574,431	22,125,429	20,556,094	20,401,587
<b>Fairfax Connector</b>	9,717,392	9,810,228	9,576,635	9,643,793	10,283,313
<b>Alexandria DASH Bus</b>	3,743,449	3,978,773	4,006,825	3,805,551	3,750,737
<b>Virginia Railway Express (VRE)</b>	3,453,561	3,583,534	3,868,035	4,106,589	4,645,591
<b>PRTC OMNI Ride Bus</b>	1,738,556	1,840,616	2,146,441	2,176,322	2,297,425
<b>City of Fairfax CUE Bus</b>	1,135,758	1,047,346	1,031,659	932,055	910,549
<b>Arlington Transit</b>	1,060,441	1,225,427	1,428,827	1,990,402	2,261,129
<b>PRTC OMNI Link Bus</b>	944,917	1,008,568	1,025,633	1,000,027	1,029,274
<b>Loudoun County Transit</b>	652,347	777,273	890,011	967,957	1,210,542
<b>Total</b>	<b>137,618,946</b>	<b>142,831,892</b>	<b>147,283,444</b>	<b>143,642,607</b>	<b>144,843,232</b>

\*Preliminary.

Annual Transit Ridership in NoVA has Increased 5% since 2007.

6



Average Weekday Passenger Trips							
Northern Virginia Local Transit Systems							
FY	DASH	Connector	CUE	VRE	PRTC	ART	LCT
1991	5,100	8,550	2,780				
1992	5,456	8,550	3,400				
1993	6,900	9,610	3,100	5,597	2,730		
1994	7,604	10,605	3,305	7,170	2,864		
1995	7,604	16,465	3,552	7,361	2,964		
1996	7,815	16,700	3,380	7,670	3,174		
1997	7,751	17,000	3,191	7,150	3,671		
1998	7,963	17,499	3,131	6,081	3,695		
1999	8,354	17,636	3,100	7,078	3,857	420	648
2000	8,689	20,494	3,435	8,414	5,350	714	710
2001	9,172	22,537	3,423	9,877	5,083	588	730
2002	9,330	24,765	3,250	11,467	6,153	837	838
2003	10,235	27,765	3,282	13,291	7,186	976	1,152
2004	10,864	28,590	3,438	14,540	7,635	2,640	1,642
2005	11,288	29,775	3,739	15,115	8,076	2,992	2,189
2006	12,178	33,154	3,831	14,785	9,611	3,528	2,449
2007	12,785	33,877	3,988	13,982	10,610	3,812	2,606
2008	13,657	33,901	3,713	14,662	11,218	4,243	3,156
2009	14,033	30,278	3,651	15,754	12,638	4,926	3,614
2010	13,544	34,356	3,331	16,673	12,303	7,109	3,997
2011	12,933	35,883	3,180	18,377	12,685	8,056	4,897



## Costs of Operation



- All of Northern Virginia's transit systems have held their inflation-adjusted operating costs relatively steady over the past few years.
- Bus systems serving short passenger trips have lower costs per trip than bus and rail systems serving primarily long distance trips.
- Conversely, bus and rail systems with long distance customers have lower costs per passenger mile.
- Similarly, operating costs recovered from passenger fares vary with type of service offered. Short-haul feeder routes to rail stations recover much lower percentages than express bus routes and rail services. For example, VRE recovers over 50% and Metrorail over 70% while Metrobus recovers 33%.

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## Local Level of Effort



- It now costs over \$882 million dollars annually to operate, maintain and invest in public transit in Northern Virginia.
- Local sources (fares, 2.1% gas tax, local subsidies) provide about 60%.
- The latest available data show that, NVTC's jurisdictions had a local level of effort of \$269 per person. The next largest effort was in the Richmond District at \$26.17 per person.



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## **Many Separate Institutions, Each with Well-Defined Responsibilities**

- As shown on the following chart and in the appendix, there are nine distinct agencies providing public transit regionally and locally in Northern Virginia.
- There are seven additional regional and state agencies with some role in planning transit in Northern Virginia.
- Most of these local, regional, and state agencies, as well as federal agencies such as Federal Transit Administration, Federal Highway Administration and Federal Railroad Administration have a role in funding transit.

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## **Summary of Agencies Planning, Operating and Funding Public Transit**

<b><u>Organization</u></b>	<b><u>Primary Responsibilities</u></b>
Federal Transit Administration (FTA)	Federal formula and discretionary funding and safety regulation.
Federal Highway Administration (FHWA)	Flexible federal funding available for transit.
Federal Railroad Administration (FRA)	Federal loans and grants for passenger rail systems and safety regulation.
Department of Rail and Public Transportation (DRPT)	State transit formula and discretionary grants, statewide planning, technical assistance.
Virginia Department of Transportation (VDOT)	State funding and in Northern Virginia-planning, technical assistance and ITS architecture.

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## **Summary of Agencies Planning, Operating and Funding Public Transit**

### Funding and Planning:

<b><u>Organization</u></b>	<b><u>Primary Responsibilities</u></b>
Metropolitan Washington Airports Authority (MWAA)	Manage Dulles Rail Extension and Dulles Toll Road as well as Dulles and Reagan airports.
Metropolitan Washington Council of Governments (MWCOCG)	Modeling, transportation and air quality data collection, vision and constrained planning.
Transportation Planning Board (TPB)	Metropolitan Planning Organization, Transportation Improvement Program, regionwide priorities. Federal statutory responsibility for constrained long-range plan and period calculation of available funding resources.
Northern Virginia Transportation Authority (NVTA)	Northern Virginia multi-modal unconstrained transportation plan, funding priorities, legislative advocacy, project implementing.
Northern Virginia Transportation Commission (NVTC)	Collect and manage 2.1% gas tax for Metro, coordinate state grant applications, co-own VRE, demonstrations of innovative technologies, appoint Metro Board members, legislative advocacy

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## **Summary of Agencies Planning, Operating and Funding Public Transit**

### Transit Operators:

<b><u>Organization</u></b>	<b><u>Primary Responsibilities</u></b>
Washington Metropolitan Area Transit Authority (WMATA)	Major regional transit provider of rail, bus and paratransit service.
Potomac & Rappahannock Transportation Commission (PRTC)	Co-own VRE, 2.1% gas tax for members' transportation, coordinate VRE's federal grants, operate Omni Ride (commuter bus) and Omni Link (demand-responsive local bus).
Virginia Railway Express (VRE)	Transit Provider of regional commuter rail service.
Virginia Regional Transit	Transit Provider of regional rural and local bus service.
Fairfax Connector	Transit Provider of local, BRT, commuter, circulator, and feeder bus service.
Loudoun County Transit (LCT)	Transit Provider of long distance commuter bus service.
Arlington Transit (ART)	Transit Provider of local and circulator bus service.
Alexandria DASH	Transit Provider of local bus service.
City of Fairfax CUE	Transit Provider of circulator bus service.

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## **What Factors Contribute to Effective Coordination of Public Transit in Northern Virginia?**



- While there are many individual agencies, each has a well-established historic role. Agency staffs interact regularly and frequently in many venues and share information.
- Many of the same local and state elected officials serve on agency and transit system boards, providing the opportunity for learning and coordination at the same time they can focus on areas of special interest.
- In general, the region has organized its transit systems according to the principle that those sponsors providing the most funding should exercise the most control. Local sources of funding (property tax, passenger fares, regional 2.1% gas tax) cover about two-thirds of total transit costs, with state and federal aid covering the remainder.



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## **What Factors Contribute to Effective Coordination of Public Transit in Northern Virginia?**



- Because local government funds and customer fares cover over 60% of Northern Virginia's transit capital and operating costs, not only are locally controlled transit systems responsive to the needs of customers, but they also maintain tight controls on spending.
- In fact, Northern Virginia has by far the greatest per capita transit ridership, per capita local funding effort and overall transit efficiency of any district in Virginia. Northern Virginia recognizes transit's importance and therefore focuses on effective coordination.
- In general, regional agencies (TPB, WMATA, NVT, NVTC, PRTC) help coordinate these local services to be certain their combined operations offer an integrated system.

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## **Why Do Most Northern Virginia Localities Operate Separate Transit Systems?**



- Local systems were created to provide service at least as effective as WMATA at lower cost.
- WMATA had more costly labor agreements than those available to new local systems. Also, new transit systems hired new drivers who started at the low end of longevity-based pay scales.
- WMATA was less flexible (requiring consensus among three "states" and extensive public hearings). Also, most local bus systems did not use federal funding and thereby avoided costly rules and regulations.

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## **Why Do Most Northern Virginia Localities Operate Separate Transit Systems?**



- Local bus systems generally took over low density feeder routes from Metrobus, thereby improving service quality and overall efficiency. Metrobus concentrated on long-distance, multi-jurisdictional routes.
- Local bus systems can better reflect local conditions, values and goals and are an aid to local development and a source of civic pride.



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## **Why Do Most Northern Virginia Localities Operate Separate Transit Systems?**



- When NVTC wished to initiate new commuter rail service, local governments within and outside NVTC considered the relative benefits of expanding NVTC and chose instead to create a contiguous district (known as the Potomac and Rappahannock Transportation Commission). This allowed the new 2% motor fuels tax (now 2.1%) to be used for VRE and other transportation in the new district while retaining NVTC's focus on WMATA. NVTC and PRTC have never voted differently on significant VRE issues and VRE is achieving unprecedented ridership gains.

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## **Examples of Effective Regional Transit Coordination**



### Route Planning and Service Integration:

- NVTC conducted a region-wide analysis of transit services to identify gaps and overlapping services. The study led to new services operated by Fairfax Connector and other local systems to fill the gaps.
- NVTC managed a study of transit opportunities in the Route 1 corridor of Fairfax and Prince William counties. WMATA, the Fairfax Connector and PRTC now have added (and continue to add) new services there, including the unique REX service which is functionally equivalent to Bus Rapid Transit (BRT).
- DRPT conducted a consulting study of how to expand transit services in the I-95/395 corridor as HOT lanes are added, stretching from Spotsylvania County to the Pentagon. All of the affected jurisdictions and transit systems participated.
- NVTA introduced a unique method of describing corridor specific transit improvements in its 2030 transportation plan, as well as generating unprecedented levels of public involvement using innovative techniques.

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## **Examples of Effective Regional Transit Coordination**



### Route Planning and Service Integration:

- WMATA operates a core network of regional bus routes in which Maryland, Virginia, and D.C. share subsidies. Its non-regional routes are operated at the request of individual jurisdictions with subsidies paid by the requesting jurisdictions. WMATA has recently completed its Metrobus Priority Corridor Network Plan which reflects a strategy for improving its travel times, reliability, capacity, productivity and system access. It is consistent with WMATA's Regional Transportation Vision, Regional Bus Study, Core Capacity Study and APTA Peer Review.
- Service provided by local bus systems is integrated with that of Metrobus wherever possible. For example, REX on Route 1 in Fairfax County operates at 15 minute intervals at limited stops while Fairfax Connector service is provided every 30 minutes to more stops. In combination they provide 10 minute headways.
- MWCOG/TPB's Regional Bus Subcommittee meets regularly to identify top priority bus system integration projects for the entire metropolitan area.

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## **Examples of Effective Regional Transit Coordination**



### Performance Measurement:

- For the past several years, MWCOG staff (using VDOT funds) performed traffic studies in major commuting corridors for NVTC. The studies measure the performance of various commuting modes (transit and ridesharing provide up to three-quarters of peak period trips in major corridors).
- NVTC provides consulting assistance to its local bus systems to complete annual National Transit Database reports, thereby earning an additional \$6 million annually in federal funds for WMATA.



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## **Examples of Effective Regional Transit Coordination**

### Agency Cooperation:

- MWAA has taken over management of the vital rail extension to Dulles Airport and into Loudoun County. Fairfax Connector operates BRT service in the corridor as a precursor to rail and Loudoun County Transit connects points further west with core destinations.
- NVTAA has operated very successfully for several years in planning and setting priorities despite a lack of funding and no staff. Only extensive cooperation among jurisdictions and agencies volunteering their staffs make that possible.
- Northern Virginia's transit systems also actively participate in the Virginia Transit Association, which provides a forum for statewide advocacy and coordination. Most also are members of the American Public Transportation Association for coordination with U.S. and Canadian transit systems.

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## **Examples of Effective Regional Transit Coordination**

### Fare Integration:

- With DRPT's funding and NVTC's leadership, each of Northern Virginia's regional and local bus systems uses the same SmarTrip fareboxes and regional clearinghouse. Also these systems offer SmartBenefits (access to monthly tax-free employer-provided transit passes up to \$230). Pass products and the ability to have funds automatically transferred to SmarTrip cards are now available.
- Fare systems are very similar. For example, the Fairfax Connector has acted to mirror the structure of Metrobus.

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## **Examples of Effective Regional Transit Coordination**



### Emergency Response:

- After September 11, 2001, NVTC assembled all of the region's transit operators together with first responders (police, fire, EMT), and developed emergency response plans for WMATA's key Metrorail stations in Northern Virginia, including designated alternative routes and staging areas. A region-wide transit operators group is now extending this work to the entire metropolitan area under the auspices of WMATA.

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## **More Examples of Effective Regional Transit Coordination**



### Cooperative Customer Service:

- Customers using WMATA's trip planning tools (on-line or by telephone), VRE's real-time train monitoring system and NVTC's e-schedules receive up-to-date information on local bus systems as well as Metrorail and Metrobus.
- Most jurisdictions operate transit stores at which fare media of Northern Virginia's transit systems are available together with schedules and other information.



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## **More Examples of Effective Regional Transit Coordination**

### Technologies:

- NVTC initiated a demonstration of hybrid and other clean-fuel alternatives that led to the creation of the Falls Church GEORGE bus system.
- NVTC developed two new real-time bus arrival information systems. One, successfully tested on Falls Church's GEORGE, is a low-cost, non-proprietary system. Customers call a telephone number with their bus stop location and are told the arrival time of the next bus. In an open source format, it is available for improvements being developed by university classes and others. The second system is more sophisticated and was developed for Alexandria's DASH.
- WMATA is testing a single log-in by drivers using Smartcards that will integrate access on each Metrobus to SmartTrip fareboxes; Clever Devices maintenance monitoring, voice annunciators and automatic passenger counters; GE digital video cameras; Motorola radios; Orbital GPS devices; and Luminator destination signs.

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## **Conclusions**

- Public transit performs exceptionally well in Northern Virginia overall and especially compared to other districts of Virginia.
- The institutions governing the provision of transit service and its planning and funding are many and seemingly complex, but they have evolved for good reasons, have well-defined individual responsibilities, and support the principle of providing the greatest control to those providing the most funding.
- From the transit customer's perspective, services are seamless. They share common customer information, e-schedules, SmartTrip fare collection and trip planning. Customers care about reliability of service, not the logo on the side of bus.
- All participants continue to strive for more efficiency, interconnections and coordination, and there is always room for improvement. That is why there are several forums with regular meetings to identify and resolve any problems, including those of TPB, WMATA, NVTA, and NVTC among others.

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## **Appendix: Individual Agencies Providing Transit Planning, Operations and/or Funding in Northern Virginia**



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## **Federal Transit Administration**

### **Role:**

- Administers federal formula and discretionary grants for transit through a regional office in Philadelphia and headquarters in Washington D.C.
- For FY 2011, NVTC identified about \$161 million in federal funds, or 19% of the total \$840 million spent on transit operations and capital in Northern Virginia.
- Enforces and audits extensive rules on planning, labor protection, procurement, U.S. manufacturing of transit vehicles, charters, safety and grant requirements.



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## **Federal Highway Administration**



### **Role:**

- Provides flexible funding for such transit sources as Congestion Mitigation and Air Quality. Northern Virginia's process for such funding calls for initial requests from transit operators with their board's approval, prioritization by the Jurisdictional and Agency Coordinating Committee (JACC) of NVTA, approval by NVTA, approval by TPB and approval by CTB, provision of funds by FHWA to VDOT, and contracting with DRPT.
- While the above process is lengthy, it ensures regional priorities are met and is accomplished routinely within a set schedule each year.



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## **Federal Railroad Administration**



### **Role:**

- Administers limited grant programs and more extensive loans for passenger rail service (utilized by VRE to purchase railcars).
- Requires adherence to safety programs and regulations by freight and passenger rail operators.



Federal Railroad  
Administration

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## **Virginia Department of Rail and Public Transportation**



### **Role:**

- Created July 1, 1992 (formerly a division of VDOT).
- Provides formula and discretionary funding for transit through Richmond and Northern Virginia offices.
- For FY 2011, expected funding for NVTC, VRE and WMATA totaled \$166 million or about 21% of the \$798 million total.
- Audits compliance and performance of transit systems, developing an on-line asset management system, requires six-year capital improvement programs from each transit system.
- Conducts corridor transit studies such as Route 29, BRT (SJR 122) and I-95/495 HOT lanes.
- Member of TPB, NVTA, NVTC, PRTC and VRE boards.
- Member of Commonwealth Transportation Board (which allocates funds available from the state).



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## **Northern Virginia District of Virginia Department of Transportation**



### **Role:**

- Provides funding for regional planning efforts through MWCOG and has its own modeling staff emphasizing multi-modal involvement.
- Funded annual mode share corridor studies including transit.
- Maintains regional ITS architecture.
- With headquarters office maintains Northern Virginia's TIP and statewide STIP (necessary to qualify for federal funding).
- Manages HOV lanes used by transit systems and compiles performance data.
- Serves as a member of CTB, TPB and NVTA.



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## **Metropolitan Washington Airports Authority**



### **Role:**

- Governed by a Board of appointees from Maryland, D.C., Virginia, Congress and the U.S. President, it manages Virginia's Reagan National and Dulles airports under a long-term lease with congressional review.
- Now responsible for managing the extension of rail in the Dulles Corridor and using Dulles Toll Road revenues to help fund the project.



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## **Metropolitan Washington Council of Governments**



### **Role:**

- Serves as policy forum for suburban Maryland, Virginia and D.C. on issues such as transportation and air quality.
- Provides modeling and databases for population, employment and transportation forecasts.
- Operates Commuter Connections Network (carpooling/vanpooling).
- In 1966 recognized by the federal government as the agency responsible for comprehensive regional planning and agreed with TPB to use that agency as its Transportation Policy committee.



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## **Transportation Planning Board of the National Capital Region**

### **Role:**

- Serves as the Metropolitan Planning Organization (MPO) for the region as defined in federal transportation planning regulations.
- Now includes representatives of 17 cities and counties, plus several state and regional transportation agencies.
- MWCOG's Director of Transportation is lead staff of TPB.
- Produces long-range plans (constrained, vision) with statutory responsibility for the constrained long range plan and for periodic assessments of available funding resources.
- Approves and updates 6-year Transportation Improvement Program (TIP).
- Provides air quality analyses.
- Maintains technical and other committees (including regional bus operators).
- Providing transportation input to the Metropolitan Washington Air Quality Committee which produces the region's clean air plans and conformance strategies. Violations would jeopardize federal transportation funds.



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## **Northern Virginia Regional Commission**

### **Role:**

- One of Virginia's planning district commissions, it is responsible for state planning reviews (A-95) with coordinated comments on federally funded projects.
- Provides a forum for resolution of land use and environmental issues.
- A 1971 contract with MWCOG recognizes TPB's official transportation responsibilities and avoids duplication of effort with other regional bodies.
- Lead agency in responding to traffic congestion issues resulting from the Defense Base Closure and Realignment (BRAC) Commission's recommendations.



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## **Northern Virginia Transportation Authority**



### **Role:**

- Created by Virginia General Assembly in 2001 and consists of 16 members, including one local government official from each of its nine localities.
- Completes and updates Northern Virginia's unconstrained multi-modal transportation plan, the most recent through 2030, with the 2040 update due for completion in 2012.
- Sets priorities for Northern Virginia's desired transportation projects and regional funding (e.g. CMAQ). Forwards Virginia's portion of each year's TIP to TPB for approval.
- Legislative advocacy.
- Implementation of projects.
- Currently no external funding and staff. It relies entirely on volunteer work by its member jurisdictions.



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## **Northern Virginia Transportation Commission**



### **Role:**

- Created in 1964 by Virginia's General Assembly.
- 20-member board of state and local elected officials.
- Allocates up to \$200 million annually of transit assistance to member jurisdictions (covering 1,000 square miles with a population of 1.8 million).
- Collects and manages regional 2.1% gas tax dedicated to WMATA.
- Serves as a forum for resolving transit issues and coordinating services.
- Co-owner of VRE and issues bonds for VRE.
- Appoints two voting and two alternate members of WMATA's Board of Directors and four voting members plus four alternates to VRE's Board.
- Conducts transit demonstration projects.
- Manages state and federal grant-funded projects.
- Coordinates transit services.



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## **Washington Metropolitan Area Transit Authority**



### Governance:

- Created in 1968 by interstate compact. Amendments to the compact require identical language by Maryland's Legislature, District of Columbia's Council, Virginia's General Assembly and the U.S. Congress. Metro's board has eight voting members, two from each of Maryland, D.C., Virginia and the federal government.
- No action passes the board without at least one affirmative vote from each of the three "state" jurisdictions.
- In Virginia, NVTC's original five members are compact signatories (Arlington and Fairfax counties and the cities of Alexandria, Fairfax and Falls Church). Loudoun County, as a member of NVTC in 1990, is also part of the transit zone but isn't required to fund Metro as it currently is not served.
- Metro operates subway and regional bus service with 10,000 employees and an operating budget of about \$1.5 billion annually.



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## **Washington Metropolitan Area Transit Authority**



### Performance:

#### Metrorail

- 286.5 million trips as of FY 2011, of which 98 million were in Virginia.
- Second largest rail transit system in the U.S.
- Cost recovery of about 70%.

#### Metrobus

- 124.9 million trips as of FY 2011, of which 21 million were in Virginia.
- Sixth largest bus transit system in the U.S.
- Cost recovery of over 24% (since many routes feed Metrorail)

#### Metro Access

- 2.2 million trips as of 2011 system-wide, up 292% from \_0.5 in 2001.



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## **Washington Metropolitan Area Transit Authority**



### **Funding:**



In FY 2011, system-wide budget of \$1.471 billion for operations and \$712 million for capital. Within Virginia, NVTC's WMATA jurisdictions used \$82.6 million of local funds to meet a total bill of \$530.1 million. Other sources were ---- (\$227.9 million), NVTC's 2.1% gas tax (\$30 million), federal aid (\$86 million) and NVTC allocated state aid (\$103.6 million). Thus, combined local sources (local, 2.1% gas tax and fares) met 64% of the total Virginia bill. The funding information for WMATA, VRE and the local bus systems to follow is projected by NVTC using budgeted DRPT and regional gas tax data.

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## **Potomac and Rappahannock Transportation Commission's Omni Ride and Omni Link**



### **Governance:**

- Created in 1986. Governed by a board of appointees from its six member jurisdictions (Prince William, Spotsylvania and Stafford counties and the cities of Fredericksburg, Manassas and Manassas Park).
- Co-owns VRE and allocates regional 2.1% motor fuels tax available to its members for any transportation purpose.
- Operates Omni Ride long-distance commuter bus service and Omni Link which is local, demand responsive service.



### **Performance:**

- As of FY 1993, provided 2,730 average weekday trips. By FY 2011, the total is \_\_\_\_.
- Annual totals for FY 2011: Omni Ride= 2,297,425; Omni Link= 1,029,274.

### **Funding:**

- In FY 2011, PRTC budgeted about \$31.8 million for operations and capital, consisting of \$19.7 million of local contributions and fares (\_\_\_\_%), \$5.2 million of state aid (\_\_\_\_%), \$6.8 million of federal aid (\_\_\_\_%), and \$\_\_\_\_ million from other sources including carryover funding (\_\_\_\_%).

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## **Virginia Railway Express**



### **Governance:**

- Created in 1988 by Master Agreement and co-owned by NVTC and PRTC.
- Recently expanded its board structure to offer a greater role for all of its members based on relative ridership and Spotsylvania County joined. .
- The commissions employ a Chief Executive Officer to oversee the VRE staff and delegate most spending decisions within approved budgets to the VRE Board.
- Major budget decisions remain the responsibility of NVTC and PRTC.
- Employees of Keolis Rail Services, Inc. operate the trains.
- Rights-of-way leased by VRE from CSXT, NS and Amtrak.



### **Performance:**

- As of FY 1993, provided 5,597 average weekday trips and 1,404,961 annually. By FY 2011, the weekday average was 18,377, and the annual total was 4,465,591.

### **Funding:**

- In FY 2011, VRE had available new funds of about \$97.6 million for operations and capital, consisting of \$43 million of local contributions and fares (44%), \$14.1 million of state aid (14%) and \$40.5 million of federal aid (42%).

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## **Virginia Regional Transit**



### **Governance:**

- A 501(c)(3) non-profit organization headquartered in Purcellville (Loudoun County). Began service in August 1990. Serves 17 jurisdictions in 10 Virginia counties. Each jurisdiction names the services (e.g. Front Royal Area Transit, Town of Orange Transit). Operates several routes in the Town of Leesburg and within Loudoun County.



### **Performance (Northern Virginia):**

- FY 2005= 54,690 trips.
- FY 2011= 735,843 trips.

### **Funding:**

- FY 2011 operating budget of \$4.0 million, of which \$1.9 million is federal, \$0.6 million state, \$1.5 million local and the remainder from private sources.

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## **Alexandria DASH**



### **Governance:**

- Alexandria Transit Company (ATC) created by city and hires a private management company. Drivers work for ATC.
- Buses owned by city.
- Created in 1984.



### **Performance:**

- FY 1984 ridership= 753 average weekday.
- FY 2011 ridership= 12,933 average weekday.
- FY 2011 annual ridership= 3,750,737.

### **Funding:**

- In FY 2011, Alexandria provided \$15.7 million from local funds and another \$2.8 million in gas tax funds for WMATA (out of \$33.8 million, including an allocated portion of federal funding going directly to WMATA). For DASH, \$6.1 million of local funds were used out of a total bill of \$10.3 million.

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## **Arlington Transit (ART)**



### **Governance:**

- Owned by Arlington County. All buses are natural gas powered. Operated under contract to a private management company employing drivers. Created in 1999.



### **Performance:**

- As of FY 1999, ART provided 420 passenger trips on an average weekday.
- By FY 2011, ART carried 8,056 on an average weekday.
- FY 2011 annual ridership= 2,261,129.

### **Funding:**

- In FY 2011, Arlington provided \$26.5 million from local funds and another \$3.3 million from regional gas tax for WMATA (out of a total of \$60 million including an allocated portion of federal funding going directly to WMATA.) For ART, Arlington used \$9.8 million of local funds to help meet a \$15.9 million bill.

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## **City of Fairfax CUE**



### **Governance:**

- Owned and operated by the city of Fairfax using their own employees. George Mason University makes a substantial contribution so their students ride free. Began service in FY 1981.



### **Performance:**

- As of FY 1986 carried 1,450 average weekday trips. By FY 2011, that measure increased to 3,180.
- FY 2011 annual ridership= 910,549.

### **Funding:**

- In FY 2011, the city used \$1.7 million of regional gas tax proceeds for WMATA (out of a total of \$2.0 million including an allocated portion of federal funding going directly to WMATA.) For CUE, the city spent \$1.3 million of local funds to help meet a \$2.0 million total bill.

49



## **Fairfax Connector**



### **Governance:**

- Owned by the county. Organized into two divisions. Operated under contract by private management companies. Drivers work for the private companies. Began in 1985.



### **Performance:**

- FY 1986 average weekday ridership= 3,550.
- FY 2011 average weekday ridership= 35,883.
- FY 2011 annual ridership= 10,283,313.

### **Funding:**

- In FY 2011, the county used \$40.8 million of local funds and another \$21 million of regional gas tax for WMATA (out of a total of \$115.2 million including an allocated portion of federal funding going directly to WMATA.) For the Connector, \$46.6 million of local funds were used for bills of \$69.6 million.

50



## **Loudoun County Transit**



### **Governance:**

- Owned by the county. Operated under contract to a private management company. Drivers work for the private company. Began in its present form in FY 1994. The county purchased buses beginning in 2003.

### **Performance:**

- FY 1999 average weekday ridership=648.
- FY 2011 average weekday ridership= 4,897.
- FY 2011 annual ridership= 1,210,542.

### **Funding:**

- Net transit payments for FY 2011 were \$12.8 million.

51



## **Other Branded Services**



### **REX:**

BRT-like service with distinctive purple livery and yellow lion logo. Operated in Route 1 corridor by WMATA under contract to Fairfax County. Limited stops.

### **TAGS:**

Transportation Association of Greater Springfield owns the buses and contracts with WMATA to operate neighborhood feeder services to businesses and the Franconia-Springfield Transportation Center (Metrorail).

### **PikeRide:**

Enhanced regional Metrobus service along Columbia Pike partially funded by Arlington County. Very frequent service. Distinctive logo, bus stops and passenger information displays.

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### **For More Information**



Go to: [www.thinkoutsidethecar.org](http://www.thinkoutsidethecar.org)

Northern Virginia Transportation Commission

2300 Wilson Boulevard, #620

Arlington, VA 22201

703-524-3322



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AGENDA ITEM #19

**TO:** Chairman Euille and NVTC Commissioners  
**FROM:** Scott Kalkwarf and Colethia Quarles  
**DATE:** December 29, 2011  
**SUBJECT:** NVTC Financial Items for November, 2011

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

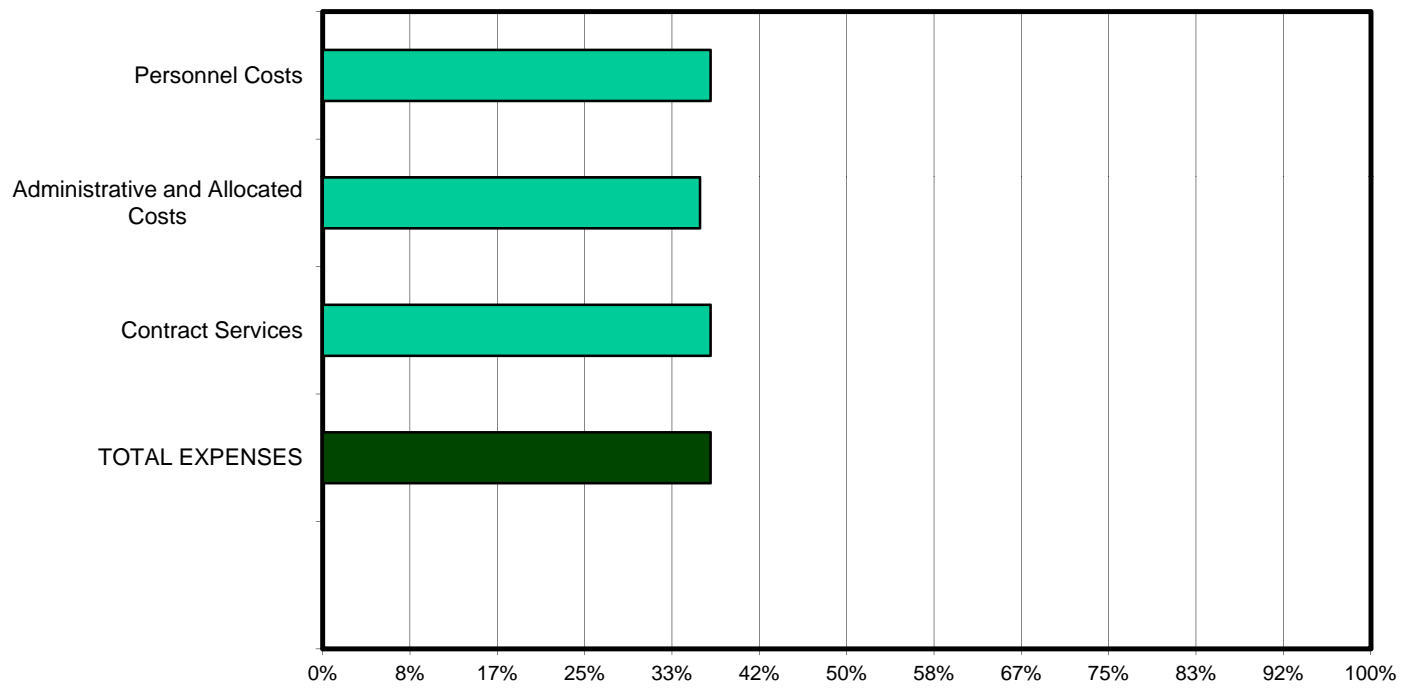


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Tel (703) 524-3322 • Fax (703) 524-1756 • TDD (800) 828-1120  
E-mail [nvtc@nvtc.org](mailto:nvtc@nvtc.org) • Website [www.thinkoutsidethecar.org](http://www.thinkoutsidethecar.org)

# Northern Virginia Transportation Commission

Financial Reports  
November, 2011

Percentage of FY 2012 NVTC Administrative Budget Used  
November, 2011  
(Target 41.67% or less)



**Note: Refer to pages 2 and 3 for details**

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

	<b><u>Current Month</u></b>	<b><u>Year To Date</u></b>	<b><u>Annual Budget</u></b>	<b><u>Balance Available</u></b>	<b><u>Balance %</u></b>
<b><u>Personnel Costs</u></b>					
Salaries	\$ 77,339.29	\$ 265,107.77	\$ 693,150.00	\$ 428,042.23	61.8%
Temporary Employee Services	-	-	-	-	
Total Personnel Costs	77,339.29	265,107.77	693,150.00	428,042.23	61.8%
<b><u>Benefits</u></b>					
Employer's Contributions:					
FICA	3,176.71	18,469.76	48,250.00	29,780.24	61.7%
Group Health Insurance	2,765.58	26,039.00	92,900.00	66,861.00	72.0%
Retirement	1,415.00	22,375.00	68,800.00	46,425.00	67.5%
Workmans & Unemployment Compensation	59.87	59.87	3,100.00	3,040.13	98.1%
Life Insurance	235.08	1,374.12	4,000.00	2,625.88	65.6%
Long Term Disability Insurance	147.21	1,158.45	3,650.00	2,491.55	68.3%
Total Benefit Costs	7,799.45	69,476.20	220,700.00	151,223.80	68.5%
<b><u>Administrative Costs</u></b>					
Commissioners Per Diem	1,100.00	3,900.00	16,850.00	12,950.00	76.9%
<i>Rents:</i>	<i>14,922.55</i>	<i>74,007.75</i>	<i>185,100.00</i>	<i>111,092.25</i>	<i>60.0%</i>
Office Rent	14,092.55	70,526.25	172,900.00	102,373.75	59.2%
Parking	830.00	3,481.50	12,200.00	8,718.50	71.5%
<i>Insurance:</i>	<i>400.65</i>	<i>1,780.65</i>	<i>5,600.00</i>	<i>3,819.35</i>	<i>68.2%</i>
Public Official Bonds	100.00	200.00	2,300.00	2,100.00	91.3%
Liability and Property	300.65	1,580.65	3,300.00	1,719.35	52.1%
<i>Travel:</i>	<i>28.44</i>	<i>835.10</i>	<i>5,800.00</i>	<i>4,964.90</i>	<i>85.6%</i>
Conference Registration	-	-	-	-	0.0%
Conference Travel	-	96.33	1,500.00	1,403.67	93.6%
Local Meetings & Related Expenses	28.44	738.77	4,000.00	3,261.23	81.5%
Training & Professional Development	-	-	300.00	300.00	100.0%
<i>Communication:</i>	<i>441.60</i>	<i>3,054.93</i>	<i>9,900.00</i>	<i>6,845.07</i>	<i>69.1%</i>
Postage	25.02	873.26	3,800.00	2,926.74	77.0%
Telecommunication	416.58	2,181.67	6,100.00	3,918.33	64.2%
<i>Publications &amp; Supplies</i>	<i>985.98</i>	<i>3,851.99</i>	<i>15,100.00</i>	<i>11,248.01</i>	<i>74.5%</i>
Office Supplies	103.95	636.65	3,100.00	2,463.35	79.5%
Duplication	482.03	2,815.34	11,500.00	8,684.66	75.5%
Public Information	400.00	400.00	500.00	100.00	20.0%

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

	<u>Current Month</u>	<u>Year To Date</u>	<u>Annual Budget</u>	<u>Balance Available</u>	<u>Balance %</u>
<i>Operations:</i>	-	879.00	10,500.00	9,621.00	91.6%
Furniture and Equipment	-	-	3,000.00	3,000.00	0.0%
Repairs and Maintenance	-	-	1,000.00	1,000.00	100.0%
Computers	-	879.00	6,500.00	5,621.00	86.5%
<i>Other General and Administrative</i>	285.76	2,361.34	5,350.00	2,988.66	55.9%
Subscriptions	-	-	-	-	0.0%
Memberships	72.43	577.15	1,400.00	822.85	58.8%
Fees and Miscellaneous	213.33	1,169.19	2,950.00	1,780.81	60.4%
Advertising (Personnel/Procurement)	-	615.00	1,000.00	385.00	38.5%
Total Administrative Costs	<u>18,164.98</u>	<u>90,670.76</u>	<u>254,200.00</u>	<u>163,529.24</u>	<u>64.3%</u>
<u>Contracting Services</u>					
Auditing	-	10,000.00	27,360.00	17,360.00	63.5%
Consultants - Technical	-	-	-	-	0.0%
Legal	-	-	-	-	0.0%
Total Contract Services	<u>-</u>	<u>10,000.00</u>	<u>27,360.00</u>	<u>17,360.00</u>	<u>63.5%</u>
 Total Gross G&A Expenses	 <u><u>\$ 103,303.72</u></u>	 <u><u>\$ 435,254.73</u></u>	 <u><u>\$ 1,195,410.00</u></u>	 <u><u>\$ 760,155.27</u></u>	 <u><u>63.6%</u></u>

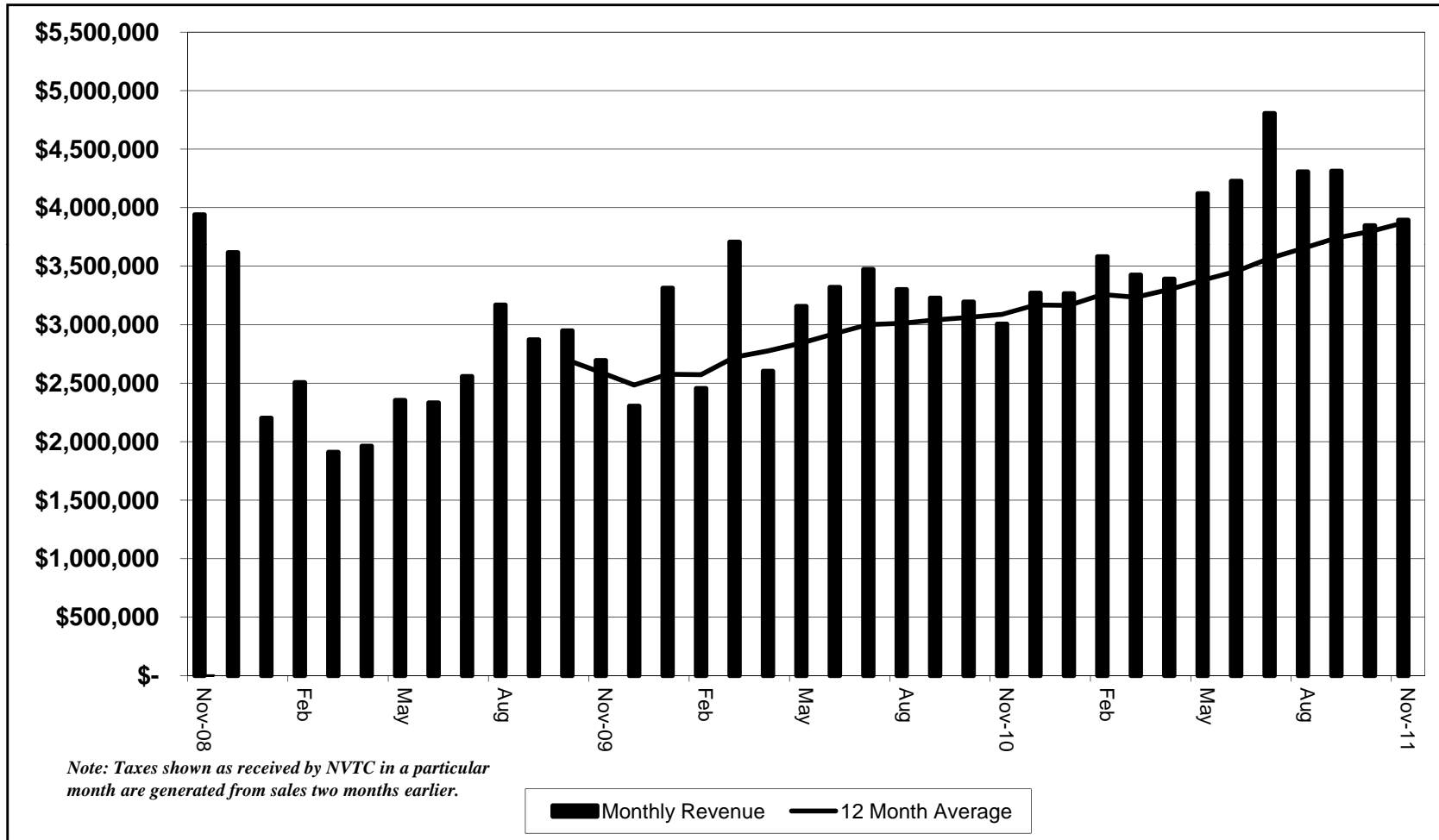
**NVTC**  
**RECEIPTS and DISBURSEMENTS**  
**November, 2011**

Payer/			Wells Fargo	Wells Fargo	VA LGIP	
Date	Payee	Purpose	(Checking)	(Savings)	G&A / Project	Trusts
RECEIPTS						
2	DRPT	Capital grants receipts				\$ 522,254.00
4	DRPT	Capital grant receipt				4,328.00
7	DRPT	Capital grant receipt				50,475.00
7	VRE	Staff support		6,261.81		
8	DRPT	Capital grant receipt				464,449.00
9	DRPT	Vanpool project grant receipt			3,199.00	
10	DRPT	Capital grant receipt - VRE			337,102.00	
10	FTA	Vanpool project grant receipt			12,795.00	
14	DRPT	Capital grants receipts				146,000.00
14	DRPT	Capital grants receipts - VRE			855,482.00	
15	DRPT	NVTA update grant receipt			48,413.00	
15	DRPT	Capital grants receipts - VRE			55,806.00	
17	DRPT	Operating grant receipt				15,466.00
17	DRPT	Capital grants receipts				6,344,478.00
17	DRPT	Capital grant receipt - VRE			72,745.00	
18	VRE	Staff support		6,394.21		
18	DRPT	Operating grant receipt				5,165,528.00
18	DRPT	Capital grant receipt - VRE			32,638.00	
18	Dept. of Taxation	Motor Vehicle Fuels Sales tax receipt				3,893,533.71
21	DRPT	Capital grant receipt				1,000,465.00
23	DRPT	Capital grant receipt - VRE			21,126.52	
25	DRPT	Capital grant receipt - VRE			402.00	
30	DRPT	Capital grants receipts				966,964.00
30	DRPT	Vanpool project grant receipt			2,242.00	
30	DRPT	Capital grants receipts - VRE			22,681.00	
30	Banks	Investment earnings		2.49	108.12	16,105.94
			-	12,658.51	1,464,739.64	18,590,046.65
DISBURSEMENTS						
1-30	Various	G&A expenses	(98,084.11)			
10	Stantec	Consulting, bus data project	(23,676.25)			
10	VRE	Capital grants			(337,102.00)	
10	VHB	Consulting, vanpool project	(15,993.34)			
10	Arlington County	Other capital				(15,897,530.00)
14	VRE	Capital grants			(855,482.00)	
15	Cambridge	Consulting, NVTA update	(48,412.60)			
15	VRE	Capital grants			(55,806.00)	
17	VRE	Capital grants			(72,745.00)	
18	VRE	Capital grants			(32,638.00)	
23	VRE	Capital grants			(21,126.52)	
25	VRE	Capital grants			(402.00)	
30	VRE	Capital grants			(22,681.00)	
30	Banks	Service fees	(31.74)	(19.04)		
			(186,198.04)	(19.04)	(1,397,982.52)	(15,897,530.00)
TRANSFERS						
3	Transfer	From LGIP to checking	100,000.00		(100,000.00)	
10	Transfer	From LGIP to LGIP (bus data project)			23,676.25	(23,676.25)
16	Transfer	From LGIP to checking	150,000.00		(150,000.00)	
			250,000.00	-	(226,323.75)	(23,676.25)
NET INCREASE (DECREASE) FOR MONTH			\$ 63,801.96	\$ 12,639.47	\$ (159,566.63)	\$ 2,668,840.40

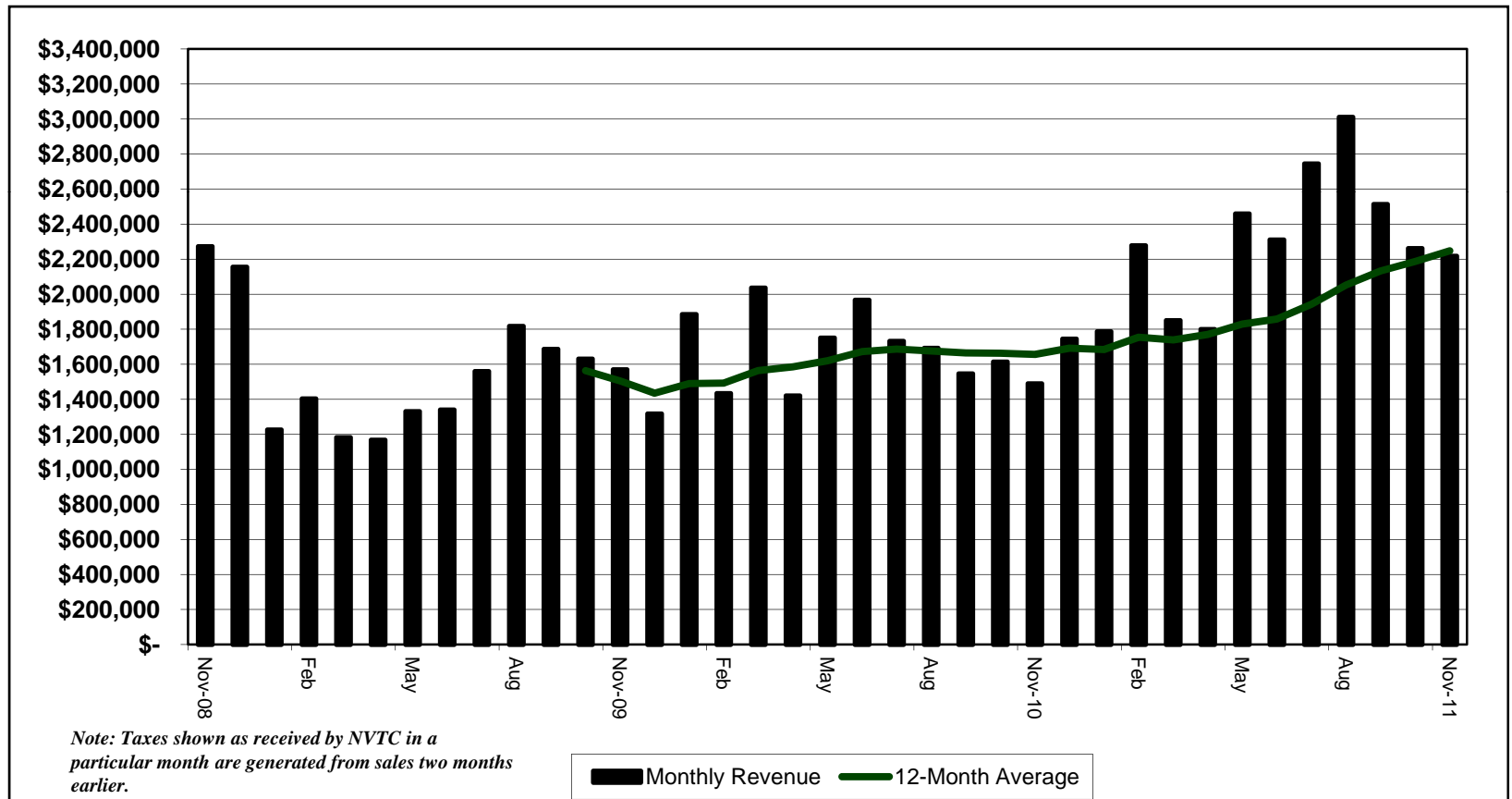
**NVTC  
INVESTMENT REPORT  
November, 2011**

<b>Type</b>	<b>Rate</b>	<b>Balance 10/31/2011</b>	<b>Increase (Decrease)</b>	<b>Balance 11/30/2011</b>	<b>NVTC G&amp;A/Project</b>	<b>Jurisdictions Trust Fund</b>	<b>Loudoun Trust Fund</b>
<b><u>Cash Deposits</u></b>							
Wells Fargo: NVTC Checking	N/A	\$ 15,465.56	\$ 63,801.96	\$ 79,267.52	\$ 79,267.52	\$ -	\$ -
Wells Fargo: NVTC Savings	0.020%	61,308.08	12,639.47	73,947.55	73,947.55	-	-
<b><u>Investments - State Pool</u></b>							
Bank of America - LGIP	0.165%	120,734,057.54	2,509,273.77	123,243,331.31	750,020.16	103,760,082.55	18,733,228.60
		<u>\$ 120,810,831.18</u>	<u>\$ 2,676,139.43</u>	<u>\$ 123,396,546.38</u>	<u>\$ 903,235.23</u>	<u>\$ 103,760,082.55</u>	<u>\$ 18,733,228.60</u>

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



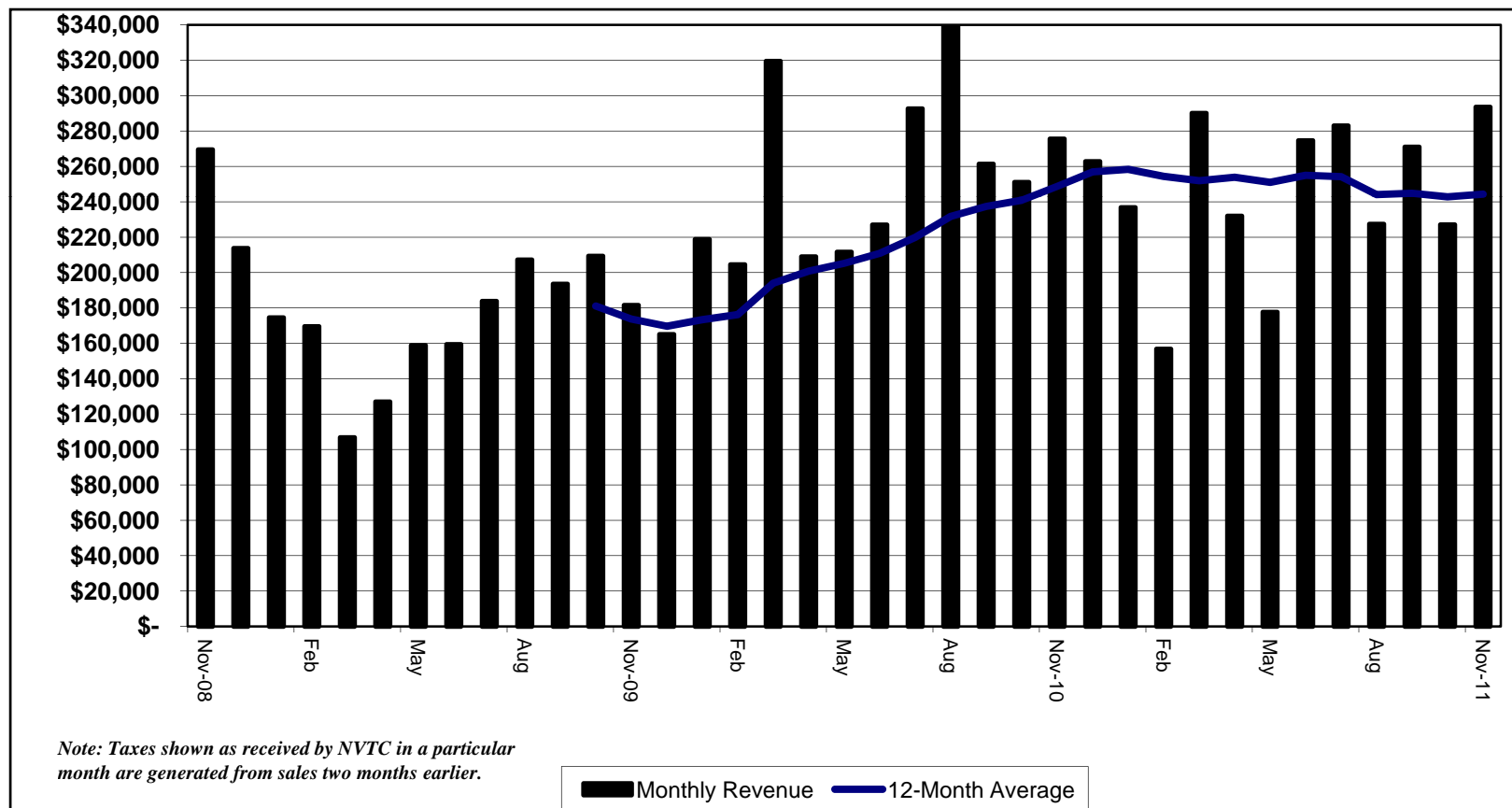
# NVTC MONTHLY GAS TAX REVENUE FAIRFAX COUNTY FISCAL YEARS 2009-2012



# NVTC MONTHLY GAS TAX REVENUE

## CITY OF ALEXANDRIA

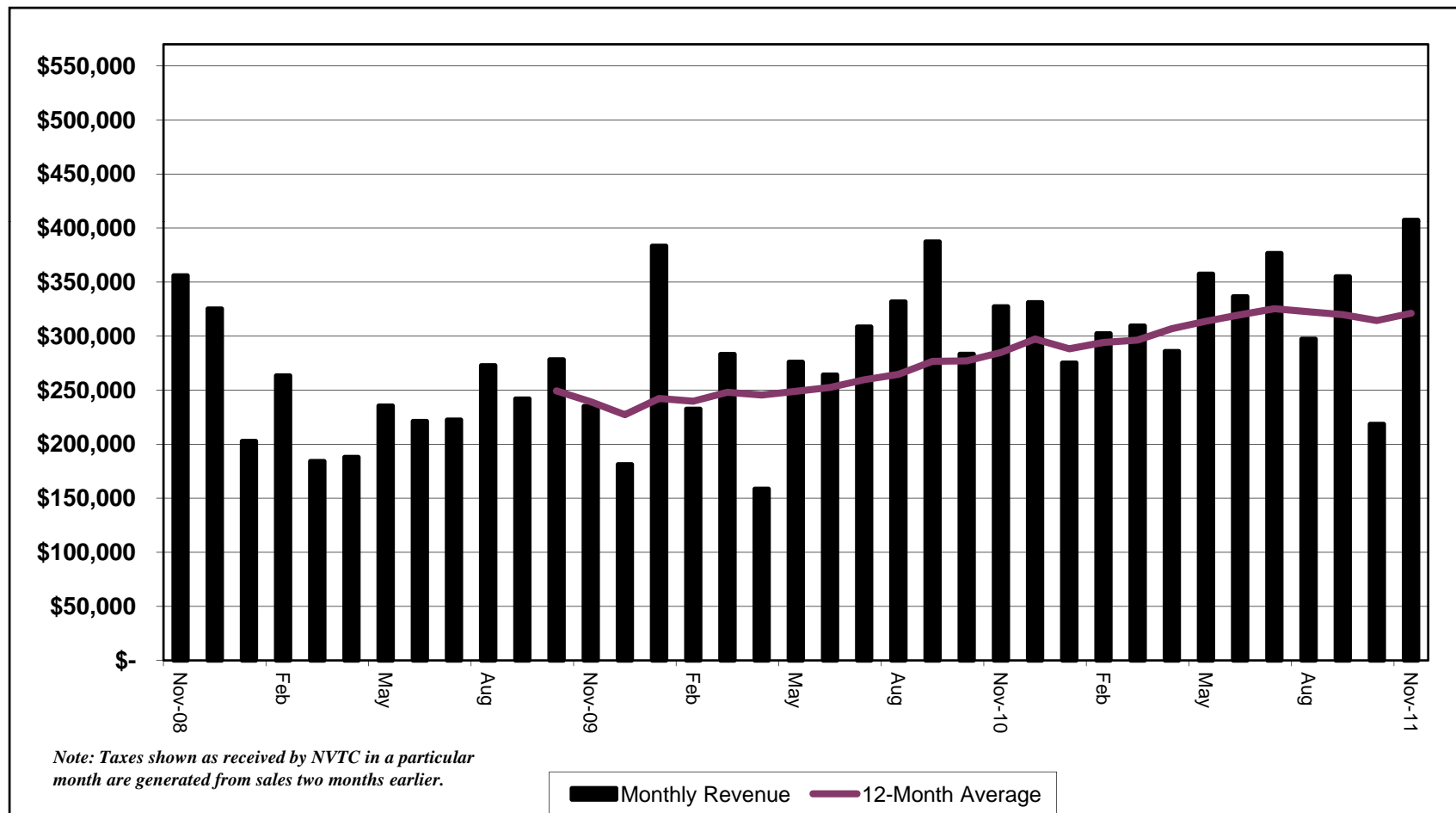
### FISCAL YEARS 2009-2012



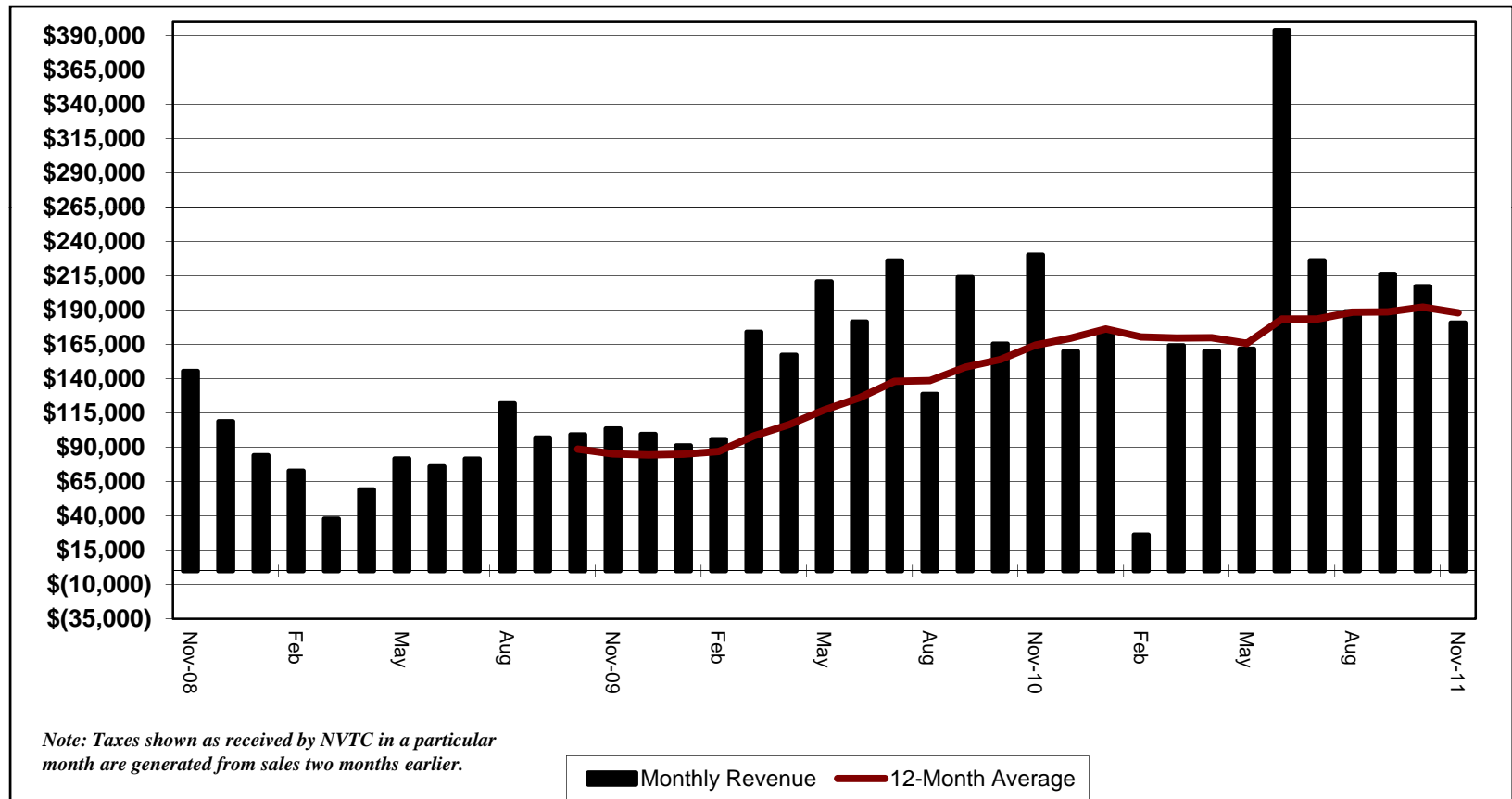
# NVTC MONTHLY GAS TAX REVENUE

## ARLINGTON COUNTY

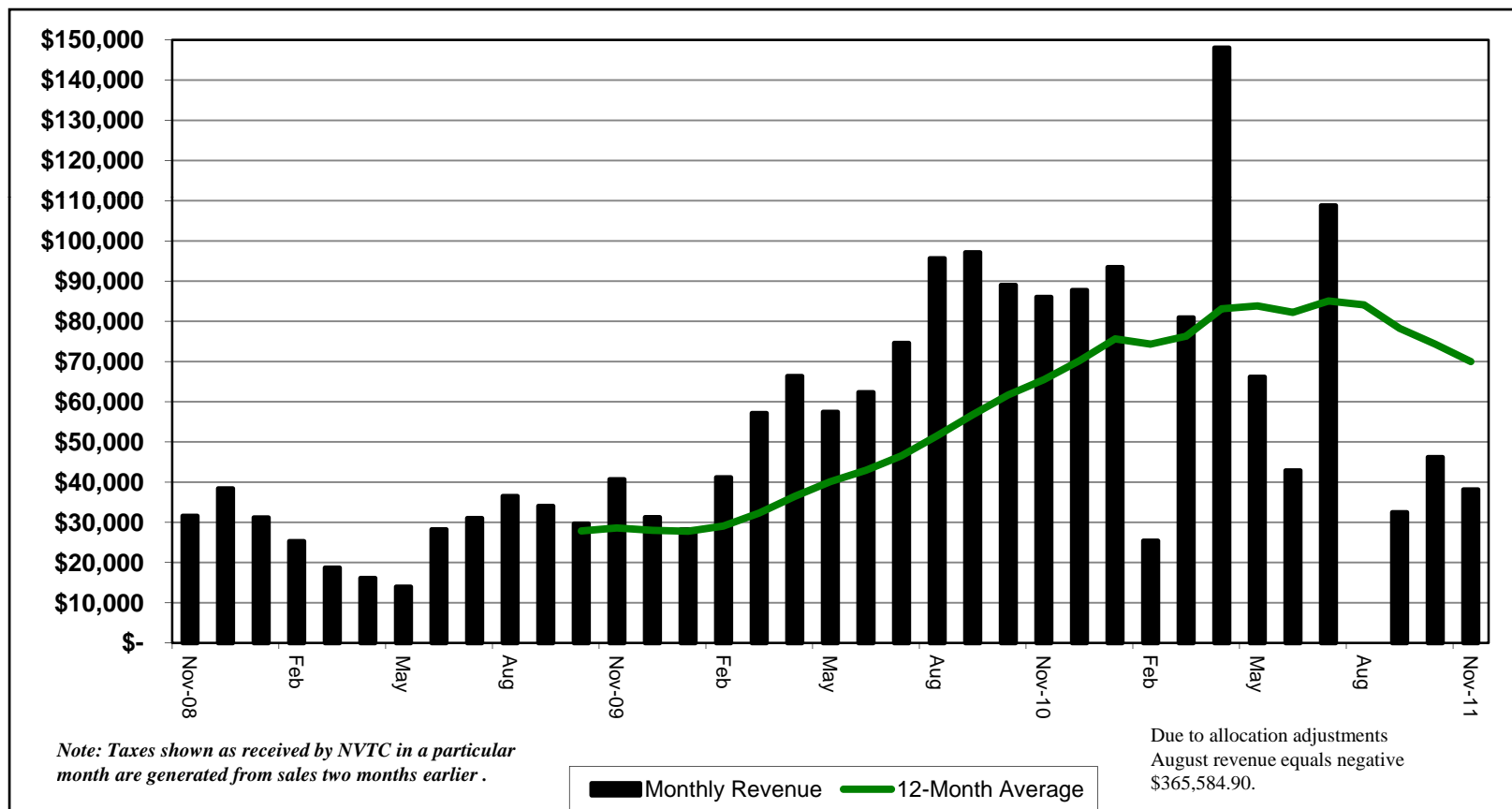
### FISCAL YEARS 2009-2012



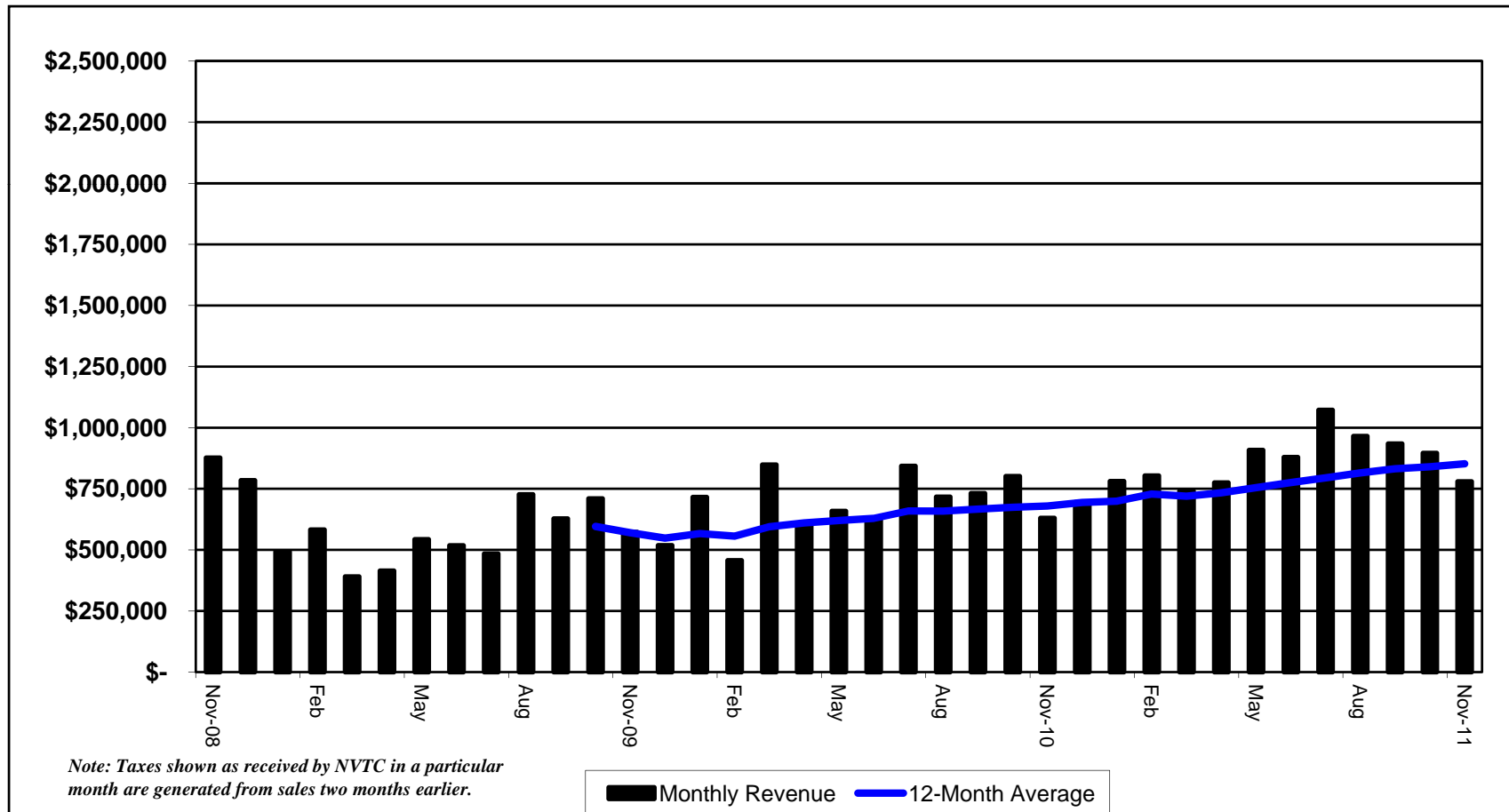
# NVTC MONTHLY GAS TAX REVENUE CITY OF FAIRFAX FISCAL YEARS 2009-2012



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



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



# NVTC

Northern Virginia Transportation Commission

## AGENDA ITEM #3

**TO:** Chairman Euille and NVTC Commissioners

**FROM:** Rick Taube *RRT*

**DATE:** December 29, 2011

**SUBJECT:** Election of NVTC Officers for 2012 and Oath of Office.

---

NVTC's executive committee, serving as a nominating committee, has recommended the following slate of officers for NVTC for 2012.

Chairman: Hon. Jay Fisette  
Vice-Chairman: Hon. Jeff McKay  
Secretary-Treasurer: Hon. Paul Smedberg

The commission should vote to select its 2012 officers. Chairman Euille 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 Euille.





## RESOLUTION #2181

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

**WHEREAS:** The Honorable Paul Smedberg 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. Paul Smedberg  
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 5<sup>th</sup> day of January, 2012.

\_\_\_\_\_  
Chairman

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



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## **RESOLUTION #2184**

**SUBJECT:** Coordination Among NVTC's WMATA Board Members.

**WHEREAS:** The Northern Virginia Transportation Commission (NVTC) is charged in the WMATA Compact with appointing Virginia's members of the WMATA Board;

**WHEREAS:** Until January of 2012, NVTC has selected only local elected officials to represent the commission on the WMATA Board;

**WHEREAS:** NVTC's WMATA Compact member jurisdictions provide significant funding for WMATA and serve as "fundors of last resort" when WMATA has budget shortfalls; in addition the locally elected members of NVTC have direct and continuous contact with their constituents who provide the majority of WMATA's subsidies through their local taxes and fares;

**WHEREAS:** These local elected officials have always maintained a very high level of cooperation and coordination to ensure that the interests of Virginia's taxpayers and transit customers are well represented;

**WHEREAS:** In 2011 the Virginia General Assembly approved Governor McDonnell's budget amendment requiring NVTC to select the designee of the Virginia Secretary of Transportation as one of NVTC's voting members on the WMATA Board; and

**WHEREAS:** This change necessitates a reexamination of the methods used to coordinate the positions of NVTC's WMATA Board members to ensure that they maintain a unified approach that continues to maximize the best interests of Northern Virginia's taxpayers and transit customers.

**NOW, THEREFORE BE IT RESOLVED THAT** NVTC urges its local jurisdiction WMATA Compact members and the Commonwealth to work together to achieve what is best for WMATA and the taxpayers and transit customers of this region. In addition, all WMATA Board members should, prior to significant actions at the WMATA Board, provide sufficient notice to each other so that any differences can be resolved to mutual satisfaction if possible.



**BE IT FURTHER RESOLVED THAT** NVTC's member jurisdictions and the Commonwealth are urged to coordinate positions on all of the region's significant transit issues through NVTC, such as the Silver Line Metrorail extension, among others.

**BE IT FURTHER RESOLVED THAT** NVTC agrees to continue to monitor the performance of WMATA through its appointees to the WMATA Board, with regular reports at commission meetings; if problems of coordination among NVTC's WMATA Board appointees surface during the following year the commission will work to achieve appropriate solutions.

**BE IT FURTHER RESOLVED THAT** in light of the state's control of 50 percent of the appropriation power associated with participation in WMATA, the Northern Virginia Transportation Commission urges the Commonwealth of Virginia to provide sustainable and dedicated revenues to support WMATA, in order to ensure the safety and reliability of the Metro system and the economic sustainability of our region.

Approved this 5<sup>th</sup> day of January, 2012

---

Jay Fisette  
Chairman

---

Paul Smedberg  
Secretary-Treasurer



**VIRGINIA RAILWAY  
EXPRESS**

BOARD MEMBERS

**SHARON BULOVA**  
CHAIRMAN

**WALLY COVINGTON**  
VICE-CHAIRMAN

**SUSAN STIMPSON**  
TREASURER

**PAUL SMEDBERG**  
SECRETARY

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

ALTERNATES

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

**DALE ZEHNER**  
CHIEF EXECUTIVE  
OFFICER

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

# MINUTES

**VRE OPERATIONS BOARD MEETING  
PRTC HEADQUARTERS – PRINCE WILLIAM COUNTY, VIRGINIA  
DECEMBER 16, 2011**

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
Susan Stimpson (PRTC)	Stafford County
Christopher Zimmerman (NVTC)*	Arlington County

MEMBERS ABSENT	JURISDICTION
Thelma Drake	DRPT
Suhas Naddoni (PRTC)	City of Manassas Park
Jonathan Way (PRTC)	City of Manassas

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	Bob Leibbrandt – Prince William County
Rich Dalton – VRE	Steve MacIsaac – VRE counsel
Patrick Durany – Supervisor Jenkins' Aid	Jennifer Mouchantaf – VRE
Jeremy Flores – VRE	Sirel Mouchantaf – VRE
Anthony Foster – DRPT	Mark Roeber – VRE
Thomas Gibson – citizen	Mike Schaller – citizen
Anna Gotthardt – VRE	Scott Shenk – Free Lance Star
Al Harf – PRTC staff	Brett Shorter – VRE
Chris Henry – VRE	Rick Taube – NVTC staff
Christine Hoeffner – VRE	John Touhy – VRE
Ann King – VRE	Dale Zehner – VRE
Mike Lake – Fairfax County DOT	

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

Chairman Bulova called the meeting to order at 9:33 A.M. Following the Pledge of Allegiance, roll call was taken.

### Approval of the Agenda – 3

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

### Approval of the Minutes of the November 18, 2011 Operations Board Meeting – 4

Mr. Milde moved, with a second by Mr. Jenkins, to approve the minutes. The vote in favor was cast by Board Members Bulova, Cook, Covington, Howe, Jenkins, Milde, Page and Stimpson. Mr. Skinner abstained.

[Ms. Caddigan entered the meeting at 9:35 A.M.]

### Chairman's Comments and Results of the Nominating Committee – 6

Chairman Bulova reported that looking back over the last year, VRE has had another very good year, with outstanding on-time performance and continued growth in ridership. On-time performance averaged 92.6 percent for the past calendar year, which is the best ever in VRE history and almost nine percent better than last year.

[Mr. Zimmerman joined the meeting at 9:36 A.M.]

Chairman Bulova also noted that all of the 20 new locomotives are in service. VRE also completed several important projects, including the rehabilitation of the Fredericksburg station, maintenance facilities at the Crossroads and Broad Run yards, and the second platform at Woodbridge.

Chairman Bulova announced that the Nominating Committee has recommended the following slate of officers for 2012:

Chairman:	Wally Covington
Vice-Chairman:	Paul Smedberg
Secretary:	Susan Stimpson
Treasurer:	John Cook

There were no further nominations. The Board then unanimously approved the adopted slate of officers as submitted by the Nominating Committee.

## Chief Executive Officer's Report – 7

Mr. Zehner reported that ridership for the month of November was at 19,887 average daily riders, which breaks another record for VRE. Through December, daily ridership is averaging 19,696. The month of December is historically a slower month because of the holidays, but VRE has already seen three top ten ridership days exceeding 21,000 daily riders during December. For calendar year 2011 there have been 60 days of over 20,000 daily trips. Year-to-date VRE has grown in ridership by 10 percent. On-time Performance (OTP) for November was 96 percent on the Fredericksburg line and 95 percent for the Manassas line. For the first 15 days of December, OTP was 95 percent on the Fredericksburg line and 94 percent on the Manassas line.

Mr. Zehner reported that VRE's Toys for Tots campaign was a success with 3,000 toys and \$11,000 in cash donations being collected. Tickets for the Santa Trains sold out on the first day. On-line tickets sold out within 12 minutes and tickets available at distribution outlets sold out by 2:00 P.M.

Mr. Zehner announced that April Maguigad, VRE's Director of Rail Operations, will be leaving VRE to accept a new position at CalTrains in San Francisco. She will be missed by VRE staff and riders. She was the architect of several innovative projects, including the express train, the Security Blanket Program, and eight-car trains. Mr. Milde noted that April and her husband are very active in their community and will be missed there as well. Chairman Bulova asked staff to prepare a letter from the Operations Board to thank her for her service at VRE. There were no objections.

Mr. Zehner reviewed the VRE Lost and Found Program. Over the last year VRE riders have lost 1,846 items on the trains, including 300 cell phones, 85 wallets, 26 lap tops, and a set of false teeth. VRE was able to return 1,569 items back to their owners, which is an 85 percent return rate. He commended VRE staff as well as the crews for their outstanding work. This is VRE's highest return rate. The Lost and Found Program is an extremely important component of VRE's customer service. Ms. Stimpson stated that she is astounded that VRE has such a high return rate. This certainly reflects VRE's strength in customer service. Chairman Bulova noted that the hallmark of VRE is its relationship with the customers. They are part of the VRE family and VRE looks out for them. The Lost and Found Program is an example of that relationship.

Mr. Zehner also reported that at the request of Governor McDonnell, VRE hosted a delegation from China who toured VRE facilities and rode a VRE train out to Manassas and back on December 6<sup>th</sup>. The group was comprised of senior officials from the China Rail Group and Asia Power (subsidiaries of China Railway Engineering Corporation). Feedback was very positive as the representative of the group already made contact with VRE about additional follow-up and the potential for partnerships in the future.

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

Mr. Howe asked if the parking utilization at 92 percent for Fredericksburg has been adjusted to reflect the recent loss of parking spaces. Mr. Zehner replied that it has not been adjusted yet. Mr. Howe then observed that with the loss of these spaces, parking is approaching full capacity. The City of Fredericksburg has increased parking fees for deck parking, which will impact VRE riders. There is a need to look for creative parking solutions for the Fredericksburg area. He continues to be concerned that there are no easy solutions to this problem. The City of Fredericksburg feels that it is doing the best that it can to support non-city residents, but it is reaching a breaking point. He commended Sirel Mouchantaf for his work on the rehabilitation of the Fredericksburg station and the follow-up report, which will be provided to Congressman Whitman and the state delegation. It is his hope that work on a long-range plan to refurbish the platform will continue.

Ms. Caddigan stated that in case she is not at the January meeting, she wanted to thank Chairman Bulova for her outstanding leadership as VRE's chairman for 2011. Ms. Stimpson echoed those sentiments and stated that she, as part of the Executive Committee, has gotten to watch Chairman Bulova in action over the last year and has learned a great deal from her.

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

Thomas Gibson stated that he is present to address an issue about VRE's fare evasion policy. He bought a ten-trip ticket on October 17<sup>th</sup>, which was the first day of his internship. On his return afternoon trip he forgot to validate his ticket and when asked by the conductor for his ticket, he offered to get off at the next station to validate. However, the conductor issued him a summons. He has no criminal record and is now at risk for a misdemeanor conviction, which will undoubtedly show up on future background checks. This will cause his character to be questioned and since his intention is to serve as an officer in the military, this greatly complicates his chances of selection in an already tough selection environment. He is not a criminal and did not intend to take advantage of the ticket validation system. He is concerned that he will receive a criminal conviction for a ride that he already paid for with a ten-trip ticket and clearly intended to use. According to VRE staff, once a citation is written, the only recourse is to plead the case to the judge. Mr. Gibson requested that VRE write a formal letter for him to take to court stating that the issue has been resolved and that VRE does not wish a guilty verdict. He thanked Mr. Milde for responding as his Board Supervisor. Mr. Gibson stated that he understands the policy and admits that he made a mistake but a misdemeanor conviction is too strict and severe for his first day riding VRE. From a financial perspective with the cost of the ticket and what he has gone through, he cannot ride VRE again.

Chairman Bulova thanked Mr. Gibson for bringing this issue to the Board's attention. Unfortunately, some riders try to evade fares and VRE needs a fare policy. She asked staff if a person is convicted of a misdemeanor, does it go on his criminal record. Mr.

MacIssac stated that it his understanding that it is a civil penalty and does not end up of a person's criminal record. However, a fraudulent ticket would.

Ms. Stimpson observed that this issue has been discussed at length by the Board at previous meetings and this is the same scenario she asked about. She thought citations were at the discretion of the conductors. Mr. Zehner explained that the local CAO's have put pressure on VRE to make sure that VRE is getting all of its fare revenue and hence, VRE has pressured Keolis crews to strictly enforce the fare evasion policy. The policy needs to be consistent and a ticket is either valid or it's not. The responsibility is on the rider to validate.

Mr. Cook asked Mr. MacIsaac to return at next month's meeting with an exact answer between what the difference is between a misdemeanor and an infraction. He stated that there are two separate issues that should not be mixed up. The issue whether to enforce 100 percent of the time is different from the issue whether it is a misdemeanor or an infraction. His opinion is that it should not be a misdemeanor and should be no different than getting parking ticket. Once the ticket is paid, it does not go on your permanent record. The problem is that if it is a misdemeanor then there is no choice but to have it resolved by the court. VRE needs a legal opinion on this matter.

Mr. Milde noted that the more fare evasion is enforced, the more offenders are caught who are trying to scam the system. Purchasing a 10-trip ticket is not the same as paying for your ticket. A person buys 10 credits and can then validate it for a ticket. It is important to validate. He offered his personal help to Mr. Gibson. Mr. Skinner stated that VRE should go after those riders that are misusing the system and they should not be allowed to ride VRE if they continually misuse it. VRE is a family and it should be decided on an individual case-by-case basis. It is his opinion that the Operations Board should help this young man through this problem. VRE should not support the bad guy but should support those that made an honest mistake. He would like to see the Board at a minimum write a letter on behalf of Mr. Gibson.

Mr. Zimmerman expressed his opinion that it is not the role of the Operations Board to be involved in individual cases nor is the role of the crew. He raised this issue last time when the Board discussed the fare evasion policy. While it is clear that VRE needs to have a system it can enforce, it should not treat its customers as criminals for something than can easily and unintentionally happen. This is a mistake and not in the long-term interest of VRE. VRE should look at this issue. He would like VRE to reexamine the fare policy. Mr Covington agreed that VRE does not need to judge cases at the Operations Board meetings. He suggested Mr. Gibson go to the Alexandria Commonwealth Attorney and ask for a "null process" which can be presented prior to court. However, VRE still needs to have a policy discussion. Ms. Caddigan thanked Mr. Gibson for coming and wished that he had been treated better by the conductor. She would like a letter written on his behalf. Chairman Bulova expressed her regret that VRE has lost him as a rider and hopes he will reconsider and return to VRE. VRE cares about its customers and how they are treated. While a letter will not be sent by the Operations Board, VRE will work with him on this situation and the Board will also look at the policy. In response to a question from Mr. Smedberg, Mr. Gibson stated that his court date is scheduled for February 7, 2012.

## Consent Agenda – 9

Mr. Zimmerman moved, with a second by Mr. Milde, to approve the following consent agenda items:

Resolution #9A-12-2011: Authorization to Issue a RFP for Passenger Car Waste System Services.

Resolution #9B-12-2011: Authorization to Issue a RFP for the Installation of Inspection Pit Covers and Fall Protection at VRE Maintenance Facilities.

Resolution #9C-12-2011: Authorization to Issue a RFP for Hazardous Waste Removal.

Resolution #9D-12-2011: Authorization to Issue a RFP for Proposals for Railcar Air Conditioning Services.

Resolution #9E-12-2011: Authorization to Issue a RFP for the Purchase and Installation of Security Cameras.

Mr. Milde asked again for more fiscal impact information on action items in the future. Mr. Zehner stated that these consent items are just approving the solicitation process. Usually fiscal information is not included because staff does not want to reveal that type of information for competitive bids. Additional fiscal data is provided when these items return for further action.

Mr. Cook asked if signs will be put up along with security cameras. Mr. Zehner responded that VRE has some surveillance cameras but there are no signs. Mr. Cook stated that signs enhance the effectiveness of deterring crime. Mr. Skinner asked if the intent of the RFP is to have cameras at every station. Mr. Zehner explained that Agenda Item #9E is for cameras funded by Homeland Security and does not include cameras for every station. These cameras are not intended for monitoring vandalism, but more for operational and customer service purposes, such as seeing trains come into the station, how many people on the platform, etc.

Mr. Cook asked if VRE could include an option for additional cameras in the RFP, since purchasing more quantity usually lowers the individual cost. There is a vandalism/theft problem at the Burke Centre Station. He stated that at least VRE could get the cost information and then decide if it is financially viable to add more cameras. Mr. Zehner stated that VRE could do a joint procurement with Fairfax County, but the issue is who will pay for the additional cameras. Chairman Bulova suggested Fairfax County staff work with VRE staff to look at opportunities to enhance the county's use of camera surveillance.

In response to a question from Mr. Milde, Mr. Zehner stated that the scope for hazardous waste disposal is very similar to the previous scope of work. It is an on-call service when needed. Ms. Mouchantaf explained that a base element of the contract is

training for crews on how to treat hazardous waste and how to dispose of it properly. Mr. Zehner also stated that it includes annual cleaning of the drip pans at the maintenance yards.

The Board then voted on the Consent Agenda. The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Covington, Howe, Jenkins, Milde, Page, Skinner, Smedberg, Stimpson and Zimmerman.

#### Referral of the Revised FY 2012 and Recommended FY 2013 VRE Operating and Capital Budgets to the Commissions and Localities – 10A

Chairman Bulova reported that local staff have been involved with the development of the FY 2013 budget. The budget was submitted for review at the August VRE Operations Board meeting and since that time, it has been discussed at numerous meetings of the CAO Task Force. The CAO Task Force met on December 8<sup>th</sup> to present their final recommendations and discuss VRE responses to those recommendations. The VRE Operation Board is being asked to adopt the revised FY 2012 VRE Operating and Capital Budget and the recommended FY 2013 VRE Operating and Capital Budget, and refer them to the Commissions for their consideration and subsequent referral to the jurisdictions for their formal review and adoption. Resolution #10A-12-2011 would accomplish this.

Mr. Zehner explained that for the FY 2013 budget to balance, VRE must sustain fare revenue, which makes up 40 percent of the budget. Therefore, VRE cannot let service degrade.

Mr. Zehner reviewed the major budget assumptions, which include:

- Jurisdictional subsidy of \$16,428,800, which is an increase of three percent compared to the FY 2012 level.
- Fare increase of three percent and projected average daily ridership of 19,000 passengers.
- A reduction in federal formula funds for capital projects based on a reduction to VRE's FY 2012 award plus an additional one percent decrease anticipated for FY 2013 funding. Final projections continue to be decided at the congressional level.
- Continuation of a 32-train operation (30 revenue trains).
- Capital matching funds from the Commonwealth of 50 percent of the non-federal share for new projects.
- State operating funds of \$6.1 million.
- Fuel estimated at \$3.25/gallon for a total cost of \$5.6 million.

Mr. Zehner stated that the anticipated state operating assistance of \$6.1 million is down from the FY 2012 amount of \$6.9 million. Mr. Milde noted that staff underestimates this amount every budget cycle and is very conservative in its estimates. Last year VRE staff estimated state operating assistance at \$5.3 million, but in actuality VRE received

\$6.9 million. Chairman Bulova stated that it is critical that staff prepare the budget very conservatively. Mr. Zehner stated that last April DRPT provided additional funding after the VRE budget was approved for the Spotsylvania third track and rolling stock. Ms. Stimpson asked if the \$5.5 million for rolling stock includes funds from selling the 20 legacy railcars. Mr. Zehner responded that the legacy cars are not worth much. VRE sold 10 to the Army for \$250,000, which equates to \$25,000 per car.

In response to a question from Mr. Milde, Mr. Zehner stated that VRE has a fare recovery ratio of close to 70 percent. With the shift in lower state and federal assistance, passengers are also paying that five percent difference, so it's closer to 75 percent. The Board then discussed fuel consumption. Mr. Harf stated that jurisdictions realize more in revenue gain than the increased expense VRE would have if fuel prices go up.

Mr. Zehner reviewed the ridership data from the Master Agreement Survey conducted in October 2011. The results are basically the same as the previous year. Mr. Milde observed that it did not capture the 10 percent ridership growth. Mr. Zehner explained that it is just a snapshot of a day in VRE service.

Mr. Howe stated that with recent Board changes, should Spotsylvania decide not to move forward with its station, VRE needs to think about the loss of \$1.1 million. Mr. Skinner responded that as scheduled Spotsylvania County will give back \$600,000 to VRE jurisdictions in January and \$2.3 million in July 2012. In response to Mr. Howe's statement, they are just rumors. He does not think there will be a problem. Spotsylvania County is required to pack back the funds. He will do all he can to convince new Board Members to see the benefits of VRE to the County.

Mr. Zehner reviewed the history of past fare increases. There has been no fare increase for three years and the proposed three percent is relatively small compared to other increases in the past. Chairman Bulova stated that by moving this action forward, it does not adopt the fare increase, it is just part of the budget and a fare increase would come back for Operations Board approval following a public hearing process.

Mr. Milde moved, with a second by Mr. Skinner, to approve Resolution #10A-12-2011. The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Covington, Howe, Jenkins, Milde, Page, Skinner, Smedberg, Stimpson and Zimmerman.

#### Authorization to Amend the Contract with Scheidt & Bachmann for Fare Collection Equipment Maintenance – 10B

Mr. Zehner reported that the Operations Board is being asked to authorize him to amend the Scheidt & Bachmann contract on fare collection system maintenance in order to add three years and five months of maintenance services in an amount not to exceed \$2,438,931, for a total contract value not to exceed \$9,876,968. Resolution #10B-12-2011 would accomplish this.

Mr. Zehner explained that at last month's meeting the Board requested additional information on pricing and other options to extend the contract, which was provided to Board Members following that meeting. No concerns were raised based on the information provided.

Mr. Milde moved, with a second by Mr. Zimmerman, to approve Resolution #10B-12-2011. The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Covington, Howe, Jenkins, Milde, Page, Skinner, Smedberg, Stimpson and Zimmerman.

#### Authorization to Extend the Amended Operating/Access Agreement with Norfolk Southern – 10C

Mr. Zehner reported that the VRE Operations Board is being asked to recommend that the Commissions authorize him to execute an extension of the existing Amended Operating/Access Agreement with Norfolk Southern to July 3, 2012. Resolution #10C-12-2011 would accomplish this.

In response to a question from Mr. Zimmerman, Mr. Zehner explained that VRE negotiated a new contract with CSXT effective July 1, 2011. A new agreement still needs to be reached with Norfolk Southern. It is hoped that this will be the last extension request.

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

#### Authorization to Amend the Air Conditioning Services Contract – 10D

Mr. Zehner explained that approval of Resolution #10D-12-2011 would authorize him to execute a contract amendment in the amount of \$250,000 for the VRE air conditioning services contract, for a total contract value not to exceed \$600,000. In February of 2009, the VRE Operations Board authorized a contract with RAM Industrial Services, Inc. of Camp Hill, Pennsylvania for the purpose of providing air conditioning repair for VRE passenger cars. Based on concerns regarding the performance of the air conditioning of VRE's legacy fleet, VRE and RAM conducted a complete evaluation of the legacy car fleet air conditioning systems in February 2011. Structural and system components were identified as being in need of repair and/or replacement. As allowed in the contract, VRE has subsequently been scheduling repair services with RAM. VRE has 11 more legacy railcars in need of air conditioning repairs prior to the return of warm weather. This contract amendment will allow for a continuation of this work during the winter months until the RAM contract expires in March 2012.

Mr. Zimmerman moved, with a second by Mr. Milde, to approve Resolution #10D-12-2011. The vote in favor was cast by Board Members Bulova, Caddigan, Cook,

Covington, Howe, Jenkins, Milde, Page, Skinner, Smedberg, Stimpson and Zimmerman.

Authorization to Award a Contract for the Purchase of Wetland Mitigation Credits for the Parking Lot Expansion Project at the Brooke Station – 10E

Mr. Zehner stated that the VRE Operations Board is being asked to authorize him to award a contract to Buena Vista Holdings LLC, of Richmond, Virginia to purchase wetland mitigation credits for the parking lot expansion project at the Brooke Station. The total contract value shall be \$49,255, plus a five percent contingency of \$2,463, for a total amount not to exceed \$51,718. Resolution #10E-12-2011 would accomplish this. Mr. Milde moved, with a second by Ms. Stimpson, to approve Resolution #10E-12-2011. The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Covington, Howe, Jenkins, Milde, Page, Skinner, Smedberg, Stimpson and Zimmerman.

Authorization to Amend the Parking Lease at Rippon Station – 10F

Mr. Zehner explained that the VRE Operations Board is being asked to authorize him to extend the current lease agreement with Kettler for 320 parking spaces at the Rippon Station. The lease extension would be in the amount of \$158,475 for one year. Resolution #10F-12-2011 would accomplish this.

Mr. Zehner stated that back in 2002, VRE leased 320 parking spaces from Hazel Land, which was instrumental in reducing the parking shortage at this station where the parking lot was routinely 97 percent full. The lease agreement was subsequently assigned by Hazel Land to Kettler and extended for five years through March 2012. In March 2011, a Proffer Statement/Development Plan submitted by Kettler was approved by Prince William County, which includes the construction of a parking garage by Kettler on the County owned property where the current parking lot is located. The Plan further stipulates that until such time that the parking garage is constructed and available for use, Kettler shall continue to allow VRE to lease the surface parking at an annual increase in rent of two percent per year.

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

VRE Transit Development Plan (TDP) – 11A

Chairman Bulova stated that DRPT requires all public transit operators receiving state funding to prepare, adopt and submit a Transit Development Plan (TDP). DRPT initiated the preparation of a TDP for VRE in June 2011, with assistance from their on-call consultants Connetics Transportation Group and Atkins. She stated that a presentation can be given at the January 2012 VRE Operations Board meeting if requested.

## VRE Mission Statement – 11B

Chairman Bulova reminded Board Members that Mr. Way requested a discussion about VRE's Mission Statement. Since Mr. Way is not present at this meeting, she suggested this item be deferred to the January 2012 meeting. There were no objections.

## Closed Session – 12

Ms. Caddigan moved, with a second by Mr. Howe, the following motion:

Pursuant to the Virginia Freedom of Information Act (Sections 2.2-3711A (1) of the Code of Virginia), the VRE Operations Board authorizes a Closed Session for the purpose of discussion of two personnel matter.

The vote in favor was cast by Board Members Bulova, Caddigan, Cook, Covington, Howe, Jenkins, Milde, Page, Skinner, Smedberg, Stimpson and Zimmerman.

The Board entered into Closed Session at 11:09 A.M. and they returned to Open Session at 11:48 A.M. Mr. Smedberg moved, with a second by Mr. Howe, the following certification:

The VRE Operations Board 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 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 Board Members Bulova, Caddigan, Cook, Covington, Howe, Jenkins, Milde, Page, Skinner, Smedberg, Stimpson and Zimmerman.

Mr. Smedberg moved to approve the Seventh Amendment to the Chief Executive Officer's employment agreement brought forward by the Evaluation Committee as discussed in Closed Session and authorize the Chairman to execute the amendment on behalf of the Board. Mr. Howe seconded the motion. 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, Skinner, Smedberg, Stimpson and Zimmerman. Mr. Page abstained.

### Adjournment

Without objection, Chairman Bulova adjourned the meeting at 11:52 A.M.

Approved this 20<sup>th</sup> day of January, 2012.

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Wally Covington  
Chairman

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Susan Stimpson  
Secretary

### **CERTIFICATION**

This certification hereby acknowledges that the minutes for the December 16, 2011 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.



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Rhonda Gilchrest

**REPORT OF THE  
SECRETARY OF TRANSPORTATION**

**Report on the Progress in Meeting the  
Request of Senate Joint Resolution 297**

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



**SENATE DOCUMENT NO.**

**COMMONWEALTH OF VIRGINIA  
RICHMOND  
2011**



## COMMONWEALTH of VIRGINIA

THELMA DRAKE  
Director

DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION  
600 East Main Street, Suite 2102  
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VIRGINIA RELAY CENTER  
1-800-828-1120 (TDD)

December 30, 2011

The Honorable Robert F. McDonnell  
Governor of Virginia  
Patrick Henry Building, 3rd Floor  
1111 East Broad Street  
Richmond, Virginia 23219

Honorable Yvonne B. Miller  
Chairman, Senate Transportation Committee  
General Assembly Building, Room 315  
Richmond, Virginia 23219

Honorable Joe T. May  
Chairman, House Transportation Committee  
General Assembly Building  
P.O. Box 406  
Richmond, Virginia 23218

Lady and Gentlemen:

Attached for your review is a report on progress to study the issues relating to transit in the Commonwealth, particularly the Commonwealth's funding processes. As directed in the 2011 Acts of Assembly [SJ 297], the Virginia Department of Rail and Public Transportation was instructed to address the issues of performance, prioritization, stability, and allocation. The Department has conducted this study in cooperation with transit stakeholders, transit systems, local governments, and metropolitan planning organizations, as well as other interested parties. The emphasis of the research was to bring an understanding of trends related to transit program design and formula distribution mechanisms in use by other states to the questions raised in Virginia and to test a variety of alternative formula mechanisms for the Virginia public transit program. As much progress has been made in this effort, this interim report is provided by the Virginia Department of Rail and Public Transportation to provide an overview of work conducted and to set forth next steps to complete this important study effort and report its findings to the General Assembly by September 2012.

Sincerely,

  
Thelma Drake

<b>PROJECT PURPOSE.....</b>	<b>2</b>
<b>I. PROJECT APPROACH AND STAKEHOLDER OUTREACH.....</b>	<b>2</b>
<b>II. CURRENT FUNDING ALLOCATION .....</b>	<b>3</b>
<b>III. SCENARIOS SELECTED FOR INITIAL STUDY .....</b>	<b>3</b>
<b>IV. SCENARIOS SELECTED FOR FURTHER STUDY .....</b>	<b>4</b>
<b>V. NEXT STEPS .....</b>	<b>4</b>

## **Project Purpose**

Senate Joint Resolution No. 297, passed during the 2011 General Assembly, directed the Virginia Department of Rail and Public Transportation (DRPT) to study issues relating to transit in the Commonwealth, particularly the Commonwealth's funding processes. The resolution instructs DRPT to address in its study the following issues: performance, prioritization, stability, and allocation. DRPT has conducted this study in cooperation with transit stakeholders, transit systems, local governments, and metropolitan planning organizations, as well as other interested parties. The emphasis of the research was to bring an understanding of trends related to transit program design and formula distribution mechanisms in use by other states to the questions raised in Virginia and to test a variety of alternative formula mechanisms for the Virginia public transit program. This interim report provides an overview of work conducted and results to date.

## **Project Approach and Stakeholder Outreach**

To address the legislative mandate of the Senate Joint Resolution No. 297, DRPT adopted an approach based on activities discussed below.

DRPT convened a working group of transit professionals for the purpose of developing stakeholder interaction on possible performance measures. The group met three times for day-long meetings.<sup>1</sup> Stakeholder input was gathered on the advantages and disadvantages of: 1) the current system, 2) potential changes to the system, and 3) specific performance measures considered for distribution formulas.

As a first step, DRPT and its study team developed a technical memorandum<sup>2</sup> that documents and affirms a common understanding of the existing distribution process for public transit funds managed by DRPT. This description created a baseline with respect to the current flow of funding for transit at the state level. This flow is derived from a series of legal authorities that for the most part are embodied in codified Virginia law and supplemented by appropriations actions and policy direction from the Commonwealth Transportation Board (CTB). This aspect of the analysis also enables the study team to distinguish between which changes to the funding mechanisms would require changes in legislation as opposed to administrative changes.

DRPT and its study team reviewed and distilled, for purposes of discussion with the Stakeholder Advisory Committee, nationwide trends in funding distribution practices, and the resulting experiences of other transit providers. This research led to the identification of a wide range of

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<sup>1</sup> Further information on the meetings, committee, and study can be found on the DRPT website at <http://www.drpt.virginia.gov>.

<sup>2</sup> This technical memorandum that provides details of the flow of funding documented for the study can be found on DRPT's website at: [http://www.drpt.virginia.gov/activities/files/DRPT\\_Technical\\_Memo\\_final.pdf](http://www.drpt.virginia.gov/activities/files/DRPT_Technical_Memo_final.pdf)

possible distribution factors and program structures, including traditional and performance-based approaches. DRPT and the study team consulted with the Stakeholder Advisory Committee to develop options for the distribution of State operating assistance, and identified data needs for use in possible distribution formulas. Data collection for the initial testing of these concepts demonstrated that not all data considered for use in distribution formulas is currently uniformly available for all transit providers. The data led to the development of possible distribution formulas.

DRPT and the study team then tested the performance-based distribution formulas chosen by DRPT, analyzed results, and presented results to the stakeholder group. Several “rounds” of formulas were developed and tested. At the initial stage, specific projections of distributions using these formulas were illustrative, but these initial trials helped the study team and stakeholders understand the implications of various approaches to selecting factors. Since these results were strongly influenced by data availability issues, DRPT and the study team developed a second set of funding options, tested them, and analyzed results. Findings raised numerous questions, as well as alternatives that look promising for future investigation. Based on the outcomes of the scenario testing to date, DRPT has determined that additional research and testing would be necessary prior to developing a comprehensive set of recommendations for changes to current fund allocation methods.

#### **Current Funding Allocation: Advantages and Disadvantages**

To consider the appropriate criteria by which alternative options might be evaluated, an assessment of the current mechanisms, including the perceptions of stakeholders, was conducted. The Stakeholder Advisory Committee convened by DRPT provided valuable input to assessing the advantages and disadvantages of the current system.

#### **Scenarios Selected for Initial Study**

The scenarios were constructed in order to test funding options that addressed the policy issues raised in SJR 297. Research and input from the stakeholder group show that there are numerous metrics for consideration, each with their definitional and source issues, particularly among the different modes of transit. The purpose of testing at this stage was to identify the practical aspects of manipulating the factors and to isolate, if possible, the relationships among the factors and across the recipients. Bias of some degree is introduced with every variable, including the current process. However, it is noted that it is possible to design combinations of programs to compensate for the bias inherent in any one program formula.

As explained above, the analysis of formula options was conducted in two basic “rounds.” The initial analysis of formula options was based on four scenarios and compared against a baseline of expected funding under the current structure and funding levels as well as an increase in funding of 25 percent. The scenarios included factors such as service area population,

population density, fiscal stress index, passenger miles, and cost per passenger mile. The progression from the first through fourth scenario was cumulative and meant to test these structures for feasibility and to provide some insight into the impacts of additional and more sophisticated factors.

#### **Scenarios Selected for Further Study**

Based on the lessons learned from the first round's illustrative findings about factors and data availability, DRPT and the study team investigated another series of formula allocation options for operating assistance grants which built on the concepts tested in the first analysis. This effort led to the exploration of a tier structure whereby transit agencies were classified by area type consistent with the definitions used by the Federal Transit Administration (rural, small urban and large urban) and performance oriented factors.

Five scenarios were tested based on combinations of the performance measures listed below. The data sources were consistent with the selection rules used during the first round of analysis. Since the performance attributes adopted as factors related to transit providers rather than service areas, the National Transit Database information was most suited to satisfying data requirements.

- Ridership per revenue hour (in terms of passenger trips);
- Ridership per revenue mile (in terms of passenger trips);
- Operating cost per revenue hour (using the inverse in order to reward lower costs);
- Operating cost per revenue mile (using the inverse in order to reward lower costs); and
- Assumed Amount of Locally Derived Revenue.

#### **Next Steps**

DRPT has determined that additional research should be conducted to address SJR 297 prior to making recommendations on changes to the current allocation system. This interim report provides an overview of work conducted and results to date. DRPT will continue to work with stakeholders to explore improvements to the current allocation system.

Further research will consider:

- Possible alternative factors, formula structures and formula combinations;
- Implications of possible formulas;
- Additional potential data sources; and

- Possible transition strategies from the current system to a revised system.  
DRPT anticipates that this supplementary research will be completed by August of 2012, with recommendations for changes to the General Assembly to be provided by September of 2012.