



MONTHLY COMMISSION MATERIALS

March 2017

MEETING OVERVIEW – March 2, 2017

Action items include:

- Approve Minutes of the February 7th NVTC Meeting
- Authorize Comments on the Six-Year Improvement Program (SYIP) to CTB
- Amend the Vanpool Incentive Program MOU
- Appoint Tim Lovain to the VRE Operations Board

Other Meeting Highlights:

- Presentation by WMATA General Manager/CEO Paul Wiedefeld
- WMATA Board Report
- Update on Metro Safety Commission Legislation and other General Assembly Legislation
- Update on NVTC Committees
- VRE Report

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**NVTC COMMISSION MEETING
THURSDAY, MARCH 2, 2017
MAIN FLOOR CONFERENCE ROOM
2300 Wilson Blvd.
Arlington, VA 22201**

7:30 P.M.

6:45 P.M. Executive Committee (dinner available at 6:40 P.M.)

AGENDA

1. Opening Remarks
2. **ACTION ITEM: Approve the Minutes of the February 2, 2017 NVTC Meeting**
3. **ACTION ITEM: Approve the CONSENT AGENDA** (subject to approval by the Chairman)
 - A. Authorize the Chairman or His Designee to Comment on the Six-Year Improvement Program (SYIP) Before the Commonwealth Transportation Board
 - B. Approve Resolution #2334: Authorize the Executive Director to Execute an Amended Vanpool Incentive Program Memorandum of Understanding
 - C. Approve Resolution #2335: Appoint Tim Lovain to Serve on the Virginia Railway Express Operations Board as an Alternate
4. Washington Metropolitan Area Transit Authority
 - A. Presentation by WMATA General Manager/CEO Paul Wiedefeld
 - B. Board of Directors Report
 - C. Committee Reports
 - D. Other WMATA News
 - E. Virginia Ridership and Parking Facility Utilization
 - F. Schedule of Upcoming Board Decisions
5. Department of Rail and Public Transportation (DRPT) Report
 - A. DRPT Report
 - B. Metro Safety Commission

6. Report of the Chairs of NVTC Committees

- A. Governance and Personnel Committee
- B. Legislative and Policy Committee

7. Virginia Railway Express

- A. VRE CEO Report and Minutes
- B. Positive Train Control Update
- C. DRPT Report on VRE's 2040 System Plan Review

8. Economic Value of High Capacity Transit in Northern Virginia

9. NVTC FY2017 2nd Quarter Ridership Report

10. Executive Director Report

- A. Executive Director Newsletter
- B. NVTC Financial Items

**MINUTES
NVTC COMMISSION MEETING – FEBRUARY 2, 2017
EAST READING ROOM – PATRICK HENRY BUILDING
RICHMOND, VIRGINIA**

The meeting of the Northern Virginia Transportation Commission was called to order by Chairman McKay at 4:06 P.M.

Members Present

Sharon Bulova
John Cook
Katie Cristol
Christian Dorsey
Libby Garvey
Catherine Hudgins
David LaRock
James LeMunyon
Jeff McKay
Ron A. Meyer
J. Randall Minchew
Jennifer Mitchell (Alternate, Commonwealth of VA)
David Snyder
Jennifer Wexton

General Assembly Members

Absent During Session

David Albo
Adam Ebbin

Members Absent

Jim Corcoran
John Foust
Jeff Greenfield
Matt Letourneau
Tim Lovain
Paul Smedberg

Staff Present

Karen Finucan Clarkson
Andrew D'huyvetter
Rhonda Gilchrest
Kate Mattice
Aimee Perron Siebert
Doug Allen (VRE)
Paul Dean (VRE)
Joe Swartz (VRE)

Opening Remarks

Chairman McKay welcomed special guests and legislators, including Secretary of Transportation Aubrey Layne, Assistant Secretary of Transportation Nick Donohue, Commonwealth Transportation Board Member Marty Williams, DRPT Director Jennifer Mitchell, Senator Jennifer Wexton and Delegate Richard Sullivan. (Delegate Vivian Watts arrived later in the meeting.)

Chairman McKay also thanked Delegate Minchew and his staff for assisting NVTC to reserve this meeting space.

Chairman McKay explained that action items are being moved to the beginning of the meeting while there is still a quorum. There were no objections.

Chairman McKay also announced that WMATA General Manager/CEO Paul Wiedefeld will join NVTC at its March 2nd meeting to discuss WMATA issues.

Minutes of the January 5, 2017 NVTC Commission Meeting

Senator Wexton moved, with a second by Mrs. Bulova, to approve the minutes. The vote in favor was cast by Commissioners Bulova, Cook, Cristol, Dorsey, Garvey, Hudgins, McKay, Myer, Mitchell, Snyder and Wexton.

FY2018 State Transit Assistance Applications

Ms. Mattice stated that Resolution #2332 has been updated to include the final totals for the state assistance applications, which were due to DRPT on February 1st. NVTC applied for state operating and capital transit assistance on behalf of its five WMATA jurisdictions for the local bus systems and for their share of WMATA subsidies. NVTC also submits state assistance applications on behalf of VRE.

Ms. Mattice also noted NVTC is seeking state technical assistance funding from DRPT for FY2018 for \$150,000 (total project cost \$300,000 with state share at 50 percent) to conduct a conceptual engineering study of the Envision Route 7 project. NVTC is also seeking state assistance from DRPT's Intern Program to support NVTC's Fellows Program for FY2018.

Mr. Snyder moved, with a second by Ms. Cristol, to approve Resolution #2332. The vote in favor was cast by Commissioners Bulova, Cook, Cristol, Dorsey, Garvey, Hudgins, McKay, Myer, Mitchell, Snyder and Wexton.

VRE Sale of Seven Legacy Passenger Railcars

Ms. Bulova stated that the VRE Operations Board recommends the Commissions authorize the VRE CEO to execute an agreement for the sale of the remaining seven

Legacy passenger railcars to The Foxville & Northern Railroad Company, LLC of Pelion, South Carolina for the sum of \$3,500. Resolution #2333 would accomplish this.

Ms. Bulova moved, with a second by Ms. Garvey, to approve Resolution #2333. The vote in favor was cast by Commissioners Bulova, Cook, Cristol, Dorsey, Garvey, Hudgins, McKay, Myer, Mitchell, Snyder and Wexton.

Update on the Metro Safety Commission Legislation

Chairman McKay thanked Secretary Layne for taking time out of his busy schedule to come update NVTC on the Metro Safety Commission (MSC) legislation. Secretary Layne reported that the bills establishing a Metro Safety Commission were reported out of both the House and Senate Transportation Committees this week. Senator Barker's bill (SB1251) received a unanimous vote, as did Delegate LeMunyon's bill (HB2136) with a friendly amendment from Delegate Minchew. The amendment, supported by the McAuliffe administration, requires Virginia's Secretary of Transportation to work with NVTC to commence discussions on revisiting the Metro compact. The talks would focus on recommendations to reform WMATA's Board, labor costs, pension deficit, safety and efficiency.

Delegate LaRock joined the meeting at 4:14 P.M.

Secretary Layne explained that Delegate Minchew's amendment includes an emergency clause that requires 80 percent of the House to vote in favor otherwise Delegate LeMunyon will remove the amendment and the MSC legislation will move forward. Secretary Layne stated that it is a good compromise. From Virginia's perspective, the Commonwealth wants to send a message that Virginia is serious about WMATA reform.

Delegate Minchew and Delegate Vivian Watts arrived at 4:16 P.M.

Secretary Layne asked Delegate Minchew to speak to his amendment. Delegate Minchew stated that this is important legislation. Knowing that the WMATA Compact cannot be amended quickly, it was important to protect Virginia's interests moving forward. He wants to see WMATA Compact reform and for WMATA to become a world-class system.

Chairman McKay thanked all those involved in reaching this compromise. It is important for all three jurisdictions (Maryland, Virginia and the District of Columbia) to pass the MSC legislation since federal funding could be at stake. He observed that NVTC as an organization has been a consistent voice seeking Metro reforms. Virginia is interested in reform but also acknowledged Maryland and the District need to be part of the solution. He is pleased to see NVTC is included in the process and looks forward to working with the Secretary of Transportation.

Ms. Cristol stated Delegate LeMunyon introduced a resolution (HJ617) which called for the Governor to open and review the WMATA Compact. Secretary Layne stated that HJ617 was not considered by the Committee in lieu of the new amendment proposed by Delegate Minchew. Secretary Layne noted that the McAuliffe Administration felt strongly

that the process should not be politicized, which could cause a problem reaching consensus among the three jurisdictions. Therefore, the Secretary of Transportation (and not the Governor) will coordinate with NVTC to engage with Maryland and the District to look at reforms.

Mr. Snyder thanked all those involved in reaching this compromise. He stated that this puts a marker down that the issues will be addressed. WMATA is important to the region as well as the federal government since many government employees use Metro to commute to work. He is also pleased to see that NVTC will have a role, which will keep the localities involved as key stakeholders. As Compact jurisdictions, they have certain financial and legal responsibilities. He hopes this will send a message to Maryland and the District that we all need to work cooperatively to resolve the issues at WMATA.

Ms. Bulova also thanked Delegate Minchew for his contributions. It is important to pass identical language by all three jurisdictions and Delegate Minchew's amendment sets the ball into motion to work together to address WMATA Compact issues. Secretary Layne agreed that the administration and legislators found a way to come together to move things forward. This has been a theme throughout the last four years of the McAuliffe Administration and some significant progress has been made on important issues, such as the I-66 legislation last year and now the MSC legislation.

Mr. Dorsey asked about the substance of the amendment. Secretary Layne replied that DRPT has initiated work on several of the issues noted in the amendment. There is also a great deal of work and analysis that has already been done by other organizations. He observed that the messenger may be just as important as the message. NVTC will be brought into the process. Mr. Dorsey predicted that the price for having some of these discussions with the other WMATA partners will be deeper conversations about funding issues. Secretary Layne observed that some of the comments coming from other WMATA Board members have not been helpful. Mr. Cook cautioned not to waste a lot of time waiting for retractions. The focus needs to be on getting people in the room to start a discussion.

Ms. Hudgins observed that WMATA performed when it needed to perform for the two-days of service for the Inauguration followed by the Women's March, but it took a lot of behind the scenes to make that happen. WMATA experienced its second highest ridership record for the day of the Women's March. She stated that for this Compact process to work, close and constant attention will be needed. She agreed with Mr. Dorsey that without a funding discussion, nothing will happen.

Mr. Meyer thanked Delegate Minchew for his efforts, which will start the discussion of Compact reform. This is a great compromise amendment. Regarding funding, he observed that it will be difficult for the jurisdictions and the Commonwealth to make up the funding gap alone. To get additional funding (federal, state and local) it will be important to look at Compact reforms. Secretary Layne stated that he is a firm believer of the concept that before you ask for more money you need to provide proof you are using the money you have been given wisely. Understanding where WMATA stands today and how it compares to other benchmarks, such as other transit systems, will be key. WMATA General Manager Wiedefeld is doing a good job of moving us there but he

would even admit Metro is not where it needs to be. Secretary Layne stated that it is a financial story, a political story, and a Metro story—of what it can become.

Chairman McKay thanked Secretary Layne for his comments. He stated that nothing is more critical to the region than getting Metro fixed. He reminded everyone that there will be a great opportunity to continue this discussion at next month's meeting with Mr. Wiedefeld.

Delegate Minchew left the meeting at 4:42 P.M.

Presentation by CTB Member Marty Williams

Chairman McKay introduced Marty Williams, CTB member and Chair of the Transit Capital Project Revenue Advisory Board (RAB). Mr. Williams stated that during the 2016 General Assembly Session, the Transit Capital Project Revenue Advisory Board was established by HB1359 to examine the effects of the loss of state transit capital funds, identify additional sources of revenue, and develop proposals for prioritization of transit capital funds.

Mr. Williams stated that the General Assembly charged the Revenue Advisory Board with developing a project-based prioritization methods for DRPT's transit capital program. It is to be modeled on the Smart Scale prioritization process. This has some challenges as it is applied to transit. It will have different formulas but the same guiding principles as Smart Scale.

Mr. Williams noted that when he started in the General Assembly in 1995, no one cared about buses except legislators from Northern Virginia. There is a cultural change going on where more regions are interested in buses. For example, the City of Richmond is depending more and more on transit. Legislators in other parts of the Commonwealth are also beginning to recognize the economic value that Northern Virginia brings to the entire Commonwealth.

Mr. Williams stated that the RAB submitted to the Governor and the General Assembly an Interim Report in January 2017. The next RAB meeting is scheduled for March 6th and the final report to the General Assembly is due by August 1, 2017.

Delegate LeMunyon arrived at 4:49 P.M.

DRPT Director Mitchell stated that DRPT estimates \$110 million a year will be lost in funding and that includes funds going to WMATA and DRPT's capital program. State revenues won't even cover State of Good Repair needs in the future. She stated that DRPT, the Revenue Advisory Board and TSDAC understand this is a heavy lift and a lot of work needs to be accomplished before next July. It will be important to demonstrate the economic benefits of transit to the state. DRPT has hired a consultant to help with this work. Mr. Williams stated it is also important to show how transit benefits the business community in order to gain their support, which will be critical to get legislation passed in the future. Chairman McKay observed that it will need to be a statewide effort—legislators, local governments, state officials, business community, and citizens.

Mr. Snyder stated it is important to collectively calculate the costs of inaction. It is also important for people to understand the full economic picture—transportation in Northern Virginia provides the basis for a huge flow of revenues to the rest of the Commonwealth. There needs to be a broader understanding of the entire financial structure of the Commonwealth to highlight the fact that by allowing Northern Virginia to solve its transportation problems, it is increasing and preserving the flow of dollars to Richmond and in turn allows other regions to provide what their citizens need far beyond just transportation, such as paying for teachers and police officers.

Mr. Williams stated there is a much greater recognition by legislators that Northern Virginia is an economic engine, but cautioned Northern Virginia not to make it “us against them.” It needs to be a partnership. Ms. Garvey observed that the message is important and asked if it would be good idea to hire a messaging consultant.

Ms. Mattice reviewed the work NVTC is currently doing, with assistance from staff from the Metropolitan Washington Council of Governments, the Transportation Planning Board and WAMATA, to look at the benefits of Metro to the entire Commonwealth. The messaging will be important as this work moves forward.

Ms. Cristol stated it was helpful to hear Ms. Mattice’s presentation to the VRE Operations Board on the work of the RAB and TSDAC. She would like more information on the revenue sources being considered. Ms. Mitchell responded that this work is just beginning. Chairman McKay stated that it is important to “paint the picture” of what happens if we do nothing.

Department of Rail and Public Transportation

DRPT Director Mitchell reported the proposed budget legislation includes six new DRPT staff positions and an increase in passenger rail funding to help fund these positions. The Atlantic Gateway Project includes \$500 million in rail projects that DRPT will be responsible for managing. DRPT needs to have a more hands-on approach in managing these projects to help contain cost overruns. These new positions will be dedicated to managing the Atlantic Gateway projects. She reviewed several other budget amendments DRPT is also monitoring. Ms. Mitchell also reported that state grant applications were due by February 1st and DRPT will now begin the review process.

Virginia Railway Express

VRE CEO Doug Allen gave a brief update on VRE activities. VRE met with DRPT and CSX staff to discuss rail issues, including the Atlantic Gateway project. Coordination will be key for this very congested I-95 rail corridor. A program office is being set up where all the engineers can collaborate.

Mr. Allen reported VRE continues to reach out to legislators to convey VRE’s need for additional funding to remain viable and/or to expand the system (\$45-\$60 million annually). VRE will seek legislation next Session. He stated DRPT’s consultant confirmed

VRE's Financial Plan analysis is accurate and went further and put a value on the level of service capacity VRE provides today. VRE provides approximately \$4 billion in capacity in terms of equivalent capacity compared to widening highways in Northern Virginia. With VRE's next level of service adding longer trains, the amount increases to \$7 billion and under full expansion it would be \$14 billion.

Mr. Allen gave a brief update on the Gainesville-Haymarket Extension Study. Prince William County is working diligently to look at the alternatives. He expects the VRE Operations Board will reach a conclusion soon on the preferred alternative.

Comments by General Assembly Member Vivian Watts

Delegate Watts asked to share a few observations before she left. She stated that the financial issues with transit do not sit in isolation. Some of the reasons it is getting more attention in Richmond is due to the 2013 federal government sequestration and its impact to Northern Virginia's economic engine. The most convincing argument to date of the region's needs is the SafeTrack tour she participated in where she saw the deteriorated rail ties. That is a better message to the rest of the state, since often they assume the Metro system is sophisticated and shiny. She stated that the funding from HB2313 for Northern Virginia was accurate as to what was projected in 2013. This is stable funding and comes from diverse sources. We do not have the diversity of the tax base of our urban jurisdictions. Going back to the counties to find a funding source would bring back the real estate tax. She concluded by stating that all these battles need to be fought simultaneously to weave a tapestry rather than going from crisis to crisis.

Mr. Meyer asked about potential legislation to replace the gas tax. Delegate Watts stated that in 2013 it started with a proposal to eliminating the gas tax. Many legislators are wary of any perceived tax increase and are focused on local politics rather than the broader health of the Commonwealth's economy.

Since Delegate LeMunyon missed the earlier MSC discussion, Ms. Mitchell expressed her appreciation to Delegate LeMunyon for all his time spent on the MSC legislation.

Delegate Watts left the meeting.

Washington Metropolitan Area Transit Authority

Ms. Hudgins reported WMATA held a public hearing on the budget last week and the WMATA Board will begin deliberations on the budget at their next Board meeting.

Executive Director Report

Ms. Mattice stated that she had nothing to add to her written report.

Adjournment

Mr. Meyer moved, with a second by Ms. Hudgins, to adjourn the meeting. Without objection, Chairman McKay adjourned the meeting at 5:31 P.M.

Approved this 2nd day of March 2017.

Jeffrey C. McKay
Chairman

Matthew F. Letourneau
Secretary-Treasurer



RESOLUTION #2332

SUBJECT: FY2018 State Transit Assistance Applications

WHEREAS: The Northern Virginia Transportation Commission (NVTC) wishes to obtain state and federal grants to help defray NVTC, WMATA, local bus systems and Virginia Railway Express (VRE) operating and capital costs.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission's Executive Director is authorized, for and on behalf of NVTC and as an agent for its members:

- 1) To execute and file applications to the Virginia Department of Rail and Public Transportation (DRPT) for grants of public transportation assistance for FY2018 commencing July 1, 2017 in the amount of \$590.2 million in eligible operating costs to defray a portion of the public transportation cost of NVTC and its members for operations;
- 2) To accept from DRPT and execute grants in such amounts as may be awarded; and
- 3) To furnish DRPT such documents and other information as may be required for processing the grant requests.

BE IT FURTHER RESOLVED that NVTC's Executive Director is authorized, for and on behalf of NVTC and its members:

- 1) To file applications to DRPT for grants of public transportation assistance for FY2018 for capital expenses totaling \$221.5 million in costs (\$137.0 million non-federal) to defray the costs borne by NVTC and its members for capital expenditures, with a minimum four percent local participation required;
- 2) To revise the capital portion of the application to reflect refined estimates by WMATA or local governments when they become available;
- 3) To accept from DRPT and execute grants in such amounts as may be awarded; and
- 4) To furnish to DRPT such documents and other information as may be required for processing the grant request.

BE IT FURTHER RESOLVED that NVTC's Executive Director is authorized, for and on behalf of NVTC and PRTC and their members:

- 1) To file FY2018 VRE applications to DRPT in the amount of \$52.2 million for operating costs, \$89.4 million in total costs for capital (\$36.5 million non-federal), and to request \$2.9 million from the Rail Enhancement Program;
- 2) To revise the application to reflect refined estimates by VRE;
- 3) To accept from DRPT and execute grants in such amounts as may be awarded; and
- 4) To furnish to DRPT such documents and other information as may be required for processing the grant request.

BE IT FURTHER RESOLVED that NVTC's Executive Director is authorized, for and on behalf of NVTC:

- 1) To file an application for Technical Assistance with DRPT for the Envision Route 7 project in the amount of \$300,000, with state funds anticipated at 50 percent;
- 2) To accept from DRPT and execute the grant in such amount as may be awarded;
- 3) To furnish to DRPT such documents and other information as may be required for processing the grant request; and
- 4) To secure the required local match from the participating NVTC jurisdictions.

BE IT FURTHER RESOLVED that NVTC's Executive Director is authorized, for and on behalf of NVTC:


- 1) To file an application with DRPT under the Intern Program in the amount of \$50,000, with state funds anticipated at 80 percent;
- 2) To accept from DRPT and execute the grant in such amount as may be awarded; and
- 3) To furnish to DRPT such documents and other information as may be required for processing the grant request.

BE IT FURTHER RESOLVED that NVTC certifies that the funds for all of the above grants will be used in accordance with the requirements of Section 58.1 638.A.4 of the Code of Virginia, that NVTC will provide matching funds in the ratio required by the Act, that the records of receipts of expenditures of funds granted to NVTC may be subject to audit by DRPT and by the State Auditor of Public Accounts, and that funds granted to NVTC for defraying the public transportation expenses of NVTC shall be used only for such purposes as authorized in the Code of Virginia.

BE IT FURTHER RESOLVED that NVTC's Executive Director is authorized, for and on behalf of NVTC and its members, to furnish to the Transportation Planning Board, the Commonwealth Transportation Board, and other state and federal funding agencies such documents, information, assurances and certifications as may be required for pursuing the above grant requests and continuing previously awarded grants.

BE IT FURTHER RESOLVED that NVTC's Executive Director is authorized to amend the above described applications at the request of NVTC's member jurisdictions to include the most recent information and project costs.

Approved this 2nd day of February, 2017.



Jeffrey E. McKay
Chairman

Matthew F. Letourneau
Secretary-Treasurer



RESOLUTION #2333

SUBJECT: Authorize the VRE CEO to Execute an Agreement for the Sale of Seven Legacy Passenger Railcars

WHEREAS: In February of 2013, the VRE Operations Board authorized the VRE Chief Executive Officer to sell the remaining Legacy Gallery railcars in anticipation of the delivery of new railcars;

WHEREAS: VRE posted a Request for Interest (RFI) on the VRE website for public sale;

WHEREAS: A proposal was received from The Foxville & Northern Railroad Company, LLC for the purchase of the V413, V415, V421, V424, V426, V427 and V428 railcars;

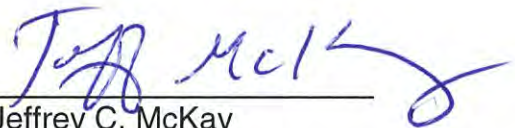
WHEREAS: VRE anticipates receiving new railcars that will be put into service in the spring of 2017 to replace these Legacy Gallery railcars;

WHEREAS: Upon execution of this sales agreement, no Legacy Gallery railcars will remain in inventory and the Request for Interest (RFI) will be closed; and

WHEREAS: The VRE Operations Board recommends the following action.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission hereby authorizes the VRE Chief Executive Officer to execute an agreement for the sale of seven Legacy Gallery passenger railcars to The Foxville & Northern Railroad Company, LLC of Pelion, South Carolina, for the sum of \$3,500.

Approved this 2nd day of February 2017.



Jeffrey C. McKay
Chairman

Matthew F. Letourneau
Secretary-Treasurer

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TO: Chairman McKay and NVTC Commissioners

FROM: Kate Mattice, Scott Kalkwarf and Karen Finucan-Clarkson

DATE: February 23, 2017

SUBJECT: Consent Agenda (Subject to Chairman Approval)

ACTION ITEM: Approve the Consent Agenda

A. Authorize the Chairman or His Designee to Comment on the Six-Year Improvement Program (SYIP) Before the Commonwealth Transportation Board

The Commission is being asked to authorize the chairman or his designee to comment on the FY2018-2024 SYIP before the Commonwealth Transportation Board (CTB). It is anticipated that the CTB will hold public comment meetings in April, but the date has yet to be identified. NVTC typically uses the spring SYIP hearing to articulate our priorities with regards to state funding programs.

Background

The SYIP outlines planned spending for transportation projects proposed for construction, development or study for the next six years. Updated annually, the SYIP is the means by which the CTB meets its statutory obligation under the Code of Virginia to allocate funds to interstate, primary, secondary and urban highway systems, public transit, ports and airports, and other programs for the immediate fiscal year.

Proposed Topics for Comment

NVTC's comments will align with the [2017 Federal and State Legislative and Policy Agenda](#), approved by the Commission in December 2016. Topics to be addressed in the testimony would include:

- Need for dedicated and sustainable sources of funding for transit in the Commonwealth. NVTC will highlight the looming fiscal cliff and the work being done by the Transit Service Delivery Advisory Committee and the Transit Capital Project Revenue Advisory Board to identify and prioritize the use of new sources of revenue.
- NVTC's commitment to work with the Commonwealth on identifying and implementing reforms to ensure the near- and long-term viability of WMATA.
- Continued use of interstate toll revenues to expand transit options for commuters.

- Support for the Atlantic Gateway program, with a focus on improvements affecting Virginia Railway Express.

B. Approve Resolution #2334: Authorize the Executive Director to Execute an Amended Vanpool Incentive Program Memorandum of Understanding

The Commission is being asked to approve Resolution #2334 authorizing the Executive Director to execute an amended Memorandum of Understanding (MOU) with the Potomac and Rappahannock Transportation Commission (PRTC) and the George Washington Regional Commission (GWRC), which corrects the formula allocating vanpool miles among the three entities.

Background

In July 2012, the Commission authorized the Executive Director to enter into an MOU with PRTC and GWRC, establishing the Northern Virginia Vanpool Incentive Program. The purpose of the program is to leverage the use of vanpools in the region as a means to receive additional Federal Transit Administration (FTA) formula funding while also promoting increased vanpooling in the Northern Virginia Area. The program seeks to take advantage of a FTA permissible use of reporting vanpool mileage as a credit to FTA's National Transit Database, from which FTA allocates formula funding.

FY 2018 will be the first year in which the region will receive the benefit of these additional miles. Through this program, NVTC's share of the FTA funding, which is directed to WMATA, is currently projected to be about \$1.4 million in FY2018, and over \$2.0 million in FY2019.

It was recently determined the formula as written in the original MOU does not reflect the original intent of the program sponsors, specifically as it relates to the allocation of outside of NVTC, PRTC and GWRC's boundaries. The amended MOU includes revised language correcting the allocation formula. The impact of this revision is primarily between PRTC and GWRC, while NVTC experiences a slightly greater percentage of the allocation.

C. Approve Resolution #2335: Appoint Tim Lovain to Serve on the Virginia Railway Express Operations Board as an Alternate

The Commission is asked to appoint Tim Lovain to serve on the VRE Operations Board as an Alternate for Mr. Smedberg. The City of Alexandria notified NVTC that the City Council appointed Mr. Lovain to VRE at its February 14th Council meeting.



RESOLUTION #2334

SUBJECT: Authorize the Executive Director to Execute an Amended Vanpool Incentive Program Memorandum of Understanding

WHEREAS: The Northern Virginia Transportation Commission (NVTC), the Potomac and Rappahannock Transportation Commission (PRTC) and the George Washington Regional Commission (GWRC) agreed to sponsor the Vanpool Incentive Program (VIP) through a Memorandum of Understanding (MOU) executed in July, 2012;

WHEREAS: The purpose of the Vanpool Incentive Program is to promote increased vanpooling, provide assistance through marketing, rate publication, ride-matching, and payment of \$200 per vanpool for submitting data necessary to qualify for federal Section 5307 funding from the Federal Transit Administration (FTA);

WHEREAS: It was determined that the formula included in Section D, Subsection 4(c) and (d) of the VIP MOU, which allocates vanpool mileage to NVTC, PRTC and GWRC, does not reflect the original intent of the program sponsors; and

WHEREAS: An MOU has been prepared with revised formula language which the program sponsors agree reflects the original intent.

NOW, THEREFORE, BE IT RESOLVED that NVTC authorizes its Executive Director to execute the Vanpool Incentive Program's Amended Memorandum of Understanding.

Approved this 2nd day of March, 2017.

Jeffrey C. McKay
Chairman

Matthew F. Letourneau
Secretary-Treasurer

AMENDMENT TO THE VANPOOL ALLIANCE AGREEMENT

Section D, Subsection 4 is amended as follows:

“Strike c and d, and insert the following:

- c.** *The net Program earnings (i.e. the gross Program earnings less the Program expenses) are to be allocated between NVTC, PRTC and GWRC as follows: NVTC, PRTC and GWRC shall receive the percentage of attributable miles traversing the individual jurisdictions proportional to the total sum of miles traversing all three jurisdictions. Miles traversed outside of NVTC, PRTC and GWRC jurisdictions shall be allocated according to these same percentages. The NVTC share of net Program earnings shall accrue directly to WMATA for expenditure at WMATA’s discretion, while the net Program earnings of PRTC and GWRC shall be at the discretion of their governing bodies.*

c.1 *For the purposes of this MOU, NVTC, PRTC and GWRC are defined geographically as follows: NVTC shall include the total land area of Loudoun, Fairfax and Arlington Counties, including cities and towns within those counties; PRTC shall include the total land area of Prince William County, including cities and towns with that county; GWRC shall include the total land area of the City of Fredericksburg and Caroline, King George, Spotsylvania and Stafford Counties, including cities and towns within those counties.*

c.2 *As an illustrative example, for FY15 allocation of net program earnings, Subsection D.4.c results in the following distribution of miles and net program revenues:*

Total Miles	NVTC Share (%)	PRTC Share (%)	GWRC Share (%)
6,954,443 (100%)	2,798,467.66 (51.98%)	1,353,334.60 (25.14%)	1,232,327.30 (22.89%)
Net Earnings	NVTC Share (%)	PRTC Share (%)	GWRC Share (%)
\$2,683,887 (100%)	\$1,394,983 (51.98%)	\$674,612 (25.14%)	\$614,292 (22.89%)

- d.** *PRTC shall draw down earnings from FTA equal to the shares of PRTC and GWRC, and shall make the GWRC funds available for GWRC expenditure, provided that GWRC adheres to all FTA grant requirements, and provided that PRTC is reimbursed from earnings proceeds for the administrative cost of this drawdown, over and above the “Program expenses” cited in D.4.c above.”*



RESOLUTION #2335

SUBJECT: Appoint Tim Lovain to the VRE Operations Board as an Alternate

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

WHEREAS: On January 7, 2017, NVTC appointed Paul Smedberg to serve as a Principal Member of the VRE Operations Board representing the City of Alexandria; and

WHEREAS: The City of Alexandria has subsequently appointed Tim Lovain to serve as Mr. Smedberg's Alternate to the VRE Operations Board.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission hereby appoints and confirms Tim Lovain to serve as an Alternate to the VRE Operations Board.

Approved this 2nd day of March, 2017.

Jeffrey C. McKay
Chairman

Matthew F. Letourneau
Secretary-Treasurer

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TO: Chairman McKay and NVTC Commissioners

FROM: Kate Mattice and Andrew D'huyvetter

DATE: February 23, 2017

SUBJECT: Washington Metropolitan Area Transit Authority (WMATA)

The WMATA Board members will provide highlights of recent WMATA activities:

A. Presentation by WMATA General Manager/CEO Paul Wiedefeld

WMATA General Manager/CEO Paul Wiedefeld will join NVTC at its March meeting to discuss Metro issues.

B. Board of Directors Report

- Public Comment Period Closed on the Proposed FY2018 Operating Budget and FY2018-2023 Capital Improvement Program

WMATA held a public hearing on the [proposed FY2018 Budget](#) on Monday, January 30th at WMATA Headquarters, and the public outreach process closed on February 6th. A final decision on potential service changes and fee increases will be made in conjunction with the final FY2018 Budget, public outreach report, and equity analysis. The FY2018 Budget, FY2018-2023 Capital Improvement Plan (CIP), and Capital Funding Agreement (CFA) are anticipated to be considered and approved by the Board in March 2017.

- Joint Development Agreements and Other Station Related Actions

At the February 23, 2017 meeting, the WMATA Board will take action on Joint Development Agreements and other matters related to projects at [Grosvenor-Strathmore Station](#) and [College Park Station](#). The Board is also expected to take action on a [connection agreement between WMATA and Arlington County](#) for a county-owned pedestrian tunnel at the Pentagon City Metro Station.

- 2017 Committee Assignments

On February 23, 2017, the WMATA Board of Directors will take action on [2017 Committee Assignments](#).

C. Committee Reports

1. Finance Committee

At its February 23, 2017 meeting, the Finance Committee will receive the [FY2017 Second Quarter Financial Update](#) which includes a progress report on capital investments and FY2017 operating results through the second quarter, including ridership, revenue, and expenses. Due to lower than budgeted ridership in part due to SafeTrack service interruptions, operating revenue is approximately \$65 million below budget through the second quarter. This has been offset by a \$59 million decline in expenses due to aggressive management actions and lower energy costs. Throughout the first half of the year the total operating subsidy has a negative variance of \$6 million.

Total capital investment through the second quarter of FY2017 is the highest ever at \$599 million. This is mainly due to the accelerated delivery rate of new rail cars and track and structure rehabilitation due to SafeTrack. WMATA is currently on pace to exceed the amended budget of \$1.1 billion by the end of the fiscal year.

2. Customer Service, Operations, and Security Committee

On February 9, 2017, the Customer Service, Operations, and Security Committee received an update on the [Annual Security Report](#). This update covered crime trends and initiatives in 2016. When compared to 2015, Part I crime was reduced by about 4.7 percent, bus operator assaults were reduced by 14 percent, and there was a 40 percent increase in citations for fare evasion.

3. Safety Committee and SafeTrack




▪ Safety Committee

At its February 23, 2017 meeting, the Safety Committee will receive the [2016 Annual Safety Report](#). The employee injury rate increased by one percent when compared to the previous year. The number of customer injuries actually declined, but the customer injury rate increased by one percent given lower ridership when compared to 2015.

▪ SafeTrack

WMATA released schedule information for the [remainder of the SafeTrack surges](#) between February and June 2017. The SafeTrack program will conclude in late June, and WMATA will then shift to a regimen of preventive maintenance. The surges are summarized below:

Surge Projects and Alternate Travel Options (Click on individual surges for more details)

Date	Duration	Lines	Impact	Area Affected
February 11 - 28	18 days		Line Segment Shutdown	Rosslyn to Pentagon
March 4 - April 9	37 days	 	Continuous Single Track	Phase 1: Braddock Rd to Huntington/Van Dorn St Phase 2: King St to Huntington (Yellow Line only)

The exact dates and duration of the surges below will be announced when known.

April-May	TBD		Continuous Single Track	Greenbelt to College Park
May-June	TBD		Continuous Single Track	Minnesota Ave to New Carrollton
June	TBD		Continuous Single Track	Shady Grove to Twinbrook

If you have any questions or need assistance planning your trip, please call Metro Customer Service at 202-637-7000. Riders are encouraged to sign up for [MetroAlerts](#) to receive updated information about service disruptions by text or email.

[Surge #12](#) is ongoing, which has shut down the Blue Line between Rosslyn and the Pentagon. [Surge #13](#) will start on March 4th and involves continuous single tracking between Braddock Road to Huntington/Van Dorn Street Stations.

WMATA has also scheduled additional [planned Metrorail track work](#) that includes additional single tracking and weekend shutdowns. WMATA also released a [progress report](#) on Surge #11.

NVTC continues to host weekly SafeTrack calls to coordinate the Northern Virginia stakeholders.

D. Other WMATA News

- [WMATA General Manager Increases Accountability with New Controls on Absenteeism](#)

The General Manager [announced new controls on absenteeism](#) intended to improve productivity and reduce the use of overtime. This is part of the management team's efforts to reduce operating expenses.

- [WMATA Began Retiring 4000 Series Railcars](#)

In February, WMATA began [retiring the 4000 series](#), the system's least reliable rail cars. The 4000 series travel an average of only 27,259 miles between delays, in contrast to the best performing 6000 series that travel more than 103,000 miles between delays. Under

the Back2Good program, WMATA has committed to having all 1000 and 4000 series cars out of passenger service by the end of 2017 to drive down delays experienced by customers. Railcar mechanical issues accounted for nearly two-thirds of delays in 2016.

▪ WMATA FY2017 2nd Quarter Update to the Virginia General Assembly

During the 2015 legislative session, the Virginia General Assembly passed an amendment to the 2014-2016 biennium budget (item 439 #1c) requiring the Washington Metropolitan Area Transit Authority (WMATA) to provide quarterly reports on the actions taken to address recommendations cited in the Federal Transit Administration's (FTA) Full Scope of Systems Review of WMATA dated June 10, 2014. WMATA recently provided their seventh quarterly report to the General Assembly and DRPT on the topic. WMATA has submitted all Corrective Action Plan documentation to the FTA for review and the FTA has now closed 15 out of 20 items. The FTA is performing follow up reviews on the remaining five items.

E. Virginia Ridership and Parking Facility Utilization

WMATA Virginia Ridership December 2015 – 2016			
	December 2015	December 2016	Percent Change
Metrorail			
Total	7,779,817	6,455,940	-17.0%
Weekday Average	272,379	238,178	-12.6%
Metrobus			
Total	1,598,991	1,453,554	-9.1%
Weekday Average	63,051	59,453	-5.7%
MetroAccess			
Total	26,635	26,702	+0.25%

WMATA Virginia Parking Facility Usage December 2015 – 2016				
Station/Lot	December 2015	Y-T-D FY16	December 2016	Y-T-D FY17
Huntington	63%	69%	62%	65%
West Falls Church	49%	55%	34%	49%
Dunn Loring	70%	76%	46%	53%
Vienna	72%	80%	50%	57%
Franconia	61%	68%	55%	53%
Van Dorn	101%	108%	99%	97%
East Falls Church	111%	119%	106%	113%
Wiehle-Reston East	79%	88%	64%	79%
Northern Virginia Total	67%	74%	55%	61%

F. Schedule of Upcoming Board Decisions

Key Issues	Meeting	Date
Annual 2016 Safety Report (I)	Safety Committee	February 23, 2017
FY2017 Second Quarter Financial Update (I)	Finance Committee	February 23, 2017
Pentagon City Connection Agreement (A)	Board of Directors	February 23, 2017
Vital Signs Annual Report (I)	Customer Service, Operations and Security Committee	March 9, 2017
Board Member Responsibilities in Transit System Safety and Safety Culture (I)	Safety Committee	March 13, 2017

Anticipated Information (I) and Action (A) Items	WMATA Board Date Target
Capital Funding Agreement (A)	March 2017
FY2018 Budget and FY2018-2023 CIP Approval (A)	March 2017

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January 31, 2017

The Honorable Ronald A. Villanueva
Virginia House of Delegates
House Transportation Committee
General Assembly Building
P.O. Box 406
Richmond, VA 23218

The Honorable S. Chris Jones
Virginia House of Delegates
House Appropriations Committee
General Assembly Building
P.O. Box 406
Richmond, VA 23218

The Honorable Thomas K. Norment
Virginia Senate
Senate Finance Committee
General Assembly Building
P.O. Box 396
Richmond, VA 23218

The Honorable Emmett W. Hanger, Jr.
Virginia Senate
Senate Finance Committee
General Assembly Building
P.O. Box 296
Richmond, VA 23218

The Honorable Charles W. Carrico, Sr.
Virginia Senate
Senate Transportation Committee
General Assembly Building
P.O. Box 396
Richmond, VA 23218

Ms. Jennifer Mitchell
Director, Virginia DRPT
600 East Main Street, Suite 2102
Richmond, VA 23219

Dear Chairman Villanueva, Chairman Jones, Co-Chair Norment, Co-Chair Hanger, Chairman Carrico and Director Mitchell:

During the 2015 legislative session, the Virginia General Assembly passed an amendment to the 2014-2016 biennium budget (item 439 #1c) requiring the Washington Metropolitan Area Transit Authority (WMATA) Board of Directors to provide quarterly reports on the actions taken to address recommendations cited in the Federal Transit Administration's (FTA) Full Scope of Systems Review of WMATA dated June 10, 2014.

The quarterly reports are required to be submitted no more than 30 days after the close of each quarter of the fiscal year to the Director of the Virginia Department of Rail and Public Transportation and the Chairmen of the Virginia House and Senate Transportation Committees and the Virginia House Appropriations and Senate Finance Committees. Please find the enclosed report that represents WMATA's latest progress in addressing findings from the FTA Full Scope of Systems Review. This represents WMATA's seventh quarterly report (Q2, FY 17).

**Washington
Metropolitan Area
Transit Authority**

600 Fifth Street, NW
Washington, DC 20001
202/962-1234

www.metroopensdoors.com

*A District of Columbia,
Maryland and Virginia
Transit Partnership*

Chairman Villanueva, Chairman Jones, Co-Chair Norment, Co-Chair Hanger,
Chairman Carrico and Director Mitchell
Page 2

On September 30, 2015, WMATA received the FTA's Financial Management Oversight Testing and Validation Plan which outlines and prioritizes the items and areas to be tested that are most critical to assuring FTA that WMATA has achieved the necessary systematic fixes to its financial controls. The Plan includes 20 action items grouped into three categories with WMATA deliverables from October 2015 through December 2016. All action items were completed by the FTA defined due dates, and FTA's onsite follow-up review continued through December 9, 2016.

On December 22, 2016, FTA provided the results of their most recently completed review which closed out the remainder of action items (listed under Category A in report) linked to their decision on the removal of electronic drawdown restrictions for all grants awarded after July 1, 2015. FTA's December 22, 2016 letter confirmed that WMATA has implemented the necessary corrective actions resulting in the decision to reinstate WMATA's electronic funds drawdown privileges for all grants awarded after July 1, 2015. This represents a major milestone for WMATA and significant progress toward addressing the FTA's Full Scope of Systems Review.

The enclosure provides a detailed summary of the FTA Testing and Validation Plan status as of December 31, 2016.

If you have any further questions, please contact Gregory Potts, Virginia Government Relations Officer, at 202-962-2756 or gpotts@wmata.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul J. Wiedefeld", with a stylized flourish at the end.

Paul J. Wiedefeld
General Manager and
Chief Executive Officer

Enclosure

Washington Metropolitan Area Transit Authority

Virginia General Assembly and Virginia Department of Rail and Public Transportation Financial Management Oversight Quarterly Updates Q2, FY 2017 (October – December 2016)

The purpose of this report is to provide an update to the Virginia General Assembly and the Virginia Department of Rail and Public Transportation (DRPT) on the Washington Metropolitan Area Transit Authority's (WMATA) status as it relates to WMATA's Corrective Action Plans (CAP's) in response to the Federal Transit Administration's (FTA) Financial Management Oversight (FMO) Review Report.

FMO Background and History

The FMO Review examined WMATA's internal control effectiveness over compliance with FTA financial management systems from April 1, 2012 through March 31, 2013. In view of the FMO results, FTA restricted WMATA's access to Electronic Clearing House Operation (ECHO) reimbursement of capital costs in March 2014, requiring WMATA to manually submit reimbursement requests along with relevant supporting documentation for review and approval prior to reimbursement. The FMO Draft Report issued on March 13, 2014 contained 45 recommendations addressing nine findings and five Advisory Comments:

- **Three Material Weaknesses**
 - Budget Controls
 - Controls over Reporting of Federal Expenditures
 - Procurement Controls
- **Six Significant Deficiencies**
 - Audit Committee Oversight
 - Cash and Grant Management Controls
 - Controls over FTA Funded Asset
 - Access Controls over Financial Management System
 - Controls over Job Order Contracts
 - Improve Federal Financial Reporting Process & Procedures
- **Five Advisory Comments**
 - Improve Payroll and HR Documented Procedures
 - Organizational Structure
 - Entity-wide Risk Assessment
 - Risk Assessment of Financial Management System (FMS)
 - FMS Contingency Planning Controls

WMATA's Management Responses to the FMO Report were submitted to the FTA on April 10, 2014 and included 65 CAP items to address the 45 recommendations. The Final FMO Report issued on June 10, 2014 incorporated WMATA's Management Responses, including the timeline for document submission. All responses were deemed sufficient in addressing the FMO recommendations.

As of June 30, 2015, WMATA has submitted on time documentation for **all 65** FMO CAP items. However, the FTA has explicitly stated that FMO recommendations will remain open until FTA performs follow-up reviews to formally close the items.

On September 30, 2015, FTA issued its FMO Testing and Validation Plan which outlined and prioritized specific items and areas to be tested. The overall purpose of the testing is to obtain a high rate of compliance with each requirement to assure FTA that WMATA has achieved the necessary systematic fixes to its financial management controls. The Testing and Validation Plan includes 20 action items grouped into three categories:

- Category A includes ten action items required to remove ECHO restrictions for all grants awarded after July 1, 2015.
- Category B includes three action items required to remove ECHO restrictions for all grants awarded prior to July 1, 2015.
- Category C includes seven action items required for FMO closeout, but not conditional for the removal of ECHO restriction.

Status as of December 31, 2016

In continuation of FTA validation efforts which began back in October 2015, FTA completed the FMO Review Snapshot Test on December 9, 2016. The FMO Review Snapshot Test was designed to evaluate three of the 20 action items from the original Testing and Validation Plan issued on September 30, 2015. The Snapshot Test assessed financial control compliance with FTA requirements for activities funded by FTA between July 1, 2015 and March 31, 2016. The FMO Review Snapshot Test also included an in-depth review to assess performance of WMATA's Funds Management System, which was implemented on July 1, 2016 and serves as a significant improvement to WMATA's control environment.

Based upon the results of this review and other related control testing and validation efforts, FTA concluded that WMATA had implemented the necessary corrective actions and made sufficient progress in resolving all findings for the Category A action items on the original Testing and Validation Plan. On December 22, 2016, FTA lifted WMATA's ECHO restriction and reinstated WMATA's electronic funds drawdown privileges for all grants awarded after July 1, 2015.

Figure 1 provides a summary of the FTA Testing and Validation Plan status as of December 31, 2016. All action items were completed by the FTA defined due dates and FTA has deemed 15 closed, while the five remaining items are at various stages of FTA review. WMATA will continue to work with FTA to close the five outstanding action items in Categories B and C.





Ongoing Compliance Monitoring

WMATA's Office of Internal Assurance and Compliance (IACO) continues to monitor WMATA's progress toward improved financial management controls, including those implemented in response to the FMO Report. IACO also continues to monitor and report on internal controls and ongoing compliance with periodic reports to WMATA's Board of Directors.













WMATA will continue to work with FTA to meet the deliverable expectations of FTA's Testing and Validation Plan, as well as continue to provide quarterly FMO updates to the Virginia General Assembly and DRPT. The next quarterly report will be provided no later than April 30, 2017.









Figure 1

FTA Testing and Validation Plan Category Legend	
A	Required to remove ECHO restriction for grants awarded after July 1, 2015
B	Required to remove ECHO restriction for grants awarded prior to July 1, 2015
C	Additional items for FMO closeout

FTA Testing and Validation Plan Status							
	Closed		FTA Testing In-Progress		Submitted		Not Due

Note: FTA’s Testing and Validation Plan includes 20 action items and related deliverables primarily aligned to the removal of Electronic Clearing House Operation (ECHO) restrictions.

Action Item No.	Testing and Validation Action Item	WMATA Deliverable Due Date	Estimated FTA Validation Timeline	FTA Testing and Validation Plan Category	Testing and Validation Status
1	Document process for identifying and mapping labor costs and ensuring labor costs have not been previously drawn down.	10/30/2015	11/29/2015	A	 (Closed)
2	Develop policies and procedures for correct calculation and application of Fringe Benefit costs.	10/30/2015	11/29/2015	A	 (Closed)
3	Ensure only allowable costs are reported in the FFRs and train staff on reviewing invoices for allowable costs.	11/16/2015	12/16/2015	A	 (Closed)
4	Ensure the approval process for preparation of FFRs is documented, that FFRs are reviewed by someone other than the preparer, and indirect costs are properly reported on the FFRs for applicable grants.	11/16/2015	12/16/2015	A	 (Closed)
5	Ensure full and open competition practices are followed in procuring products and services. Ensure procedures for determining whether procurements will be funded using Federal or local sources are properly utilized. Ensure all components of procurement files are assembled timely and procurement file checklists are used.	11/30/2015	12/30/2015	A	 (Closed)
6	Ensure proper controls and access within the financial management system environment.	11/30/2015	12/30/2015	A	 (Closed)
7	Train staff to consistently implement labor and fringe benefit processes.	12/31/2015	1/30/2016	A	 (Closed)
8	Ensure that only procurements properly suited for the Job Order Contracts (JOC) contracting mechanism are competed within the pool of JOC contractors.	3/31/2016	4/30/2016	A	 (Closed)
9	Ensure expenditures are charged to Federal grants in accordance with approved budgets.	11/30/2016	12/23/2016	A	 (Closed)
10	Ensure draw down of FTA funds is only made on the Federal share of expenditures incurred.	11/30/2016	12/23/2016	A	 (Closed)
11	Document process for identifying and mapping "pre- ECHO suspension" labor costs and ensuring those labor costs have not been previously drawn down.	10/31/2015	11/30/2015	B	 (Closed)
12	Provide a dataset with detailed information for each grant reconciled as of 9/30/2015.	11/16/2015	12/16/2015	B	 (Closed)

Action Item No.	Testing and Validation Action Item	WMATA Deliverable Due Date	Estimated FTA Validation Timeline	FTA Testing and Validation Plan Category	Testing and Validation Status
13	Complete the reconciliation of all costs charged to all active grants to the allowable budget categories, or Activity Line Items (ALIs), specified in the Federal awards.	12/31/2016	1/30/2017	B	 (In-Progress)
14	Ensure Milestone Progress Reports (MPR) include all required elements upon submission to FTA.	10/30/2015	11/29/2015	C	 (Closed)
15	Obtain approval of Indirect Cost Proposal.	11/15/2015	12/15/2015	C	 (Closed)
16	Improve controls over time reporting.	12/31/2015	1/30/2016	C	 (In-Progress)
17	Ensure any WMATA OIG audit findings (internal/external) are addressed timely.	12/31/2015	1/30/2016	C	 (In-Progress)
18	Ensure that the FTA has been notified of all disposed federally funded assets, that the proceeds from disposals have been handled appropriately - including any property losses, and that all other recommendations from this finding are implemented.	1/31/2016	3/1/2016	C	 (In-Progress)
19	Repay the FTA for overdrawn amounts after completion of reconciliation.	12/31/2016	1/30/2017	C	 (In-Progress)
20	Ensure information used to report expenditures in the FFRs is consistent with the information used to report expenditures in other annual reports.	1/16/2016	2/15/2016	C	 (Closed)

Agenda Item #5: Department of Rail and Public Transportation



TO: Chairman McKay and NVTC Commissioners

FROM: Kate Mattice

DATE: February 23, 2017

SUBJECT: Department of Rail and Public Transportation (DRPT)

A. DRPT Report

DRPT Director Jennifer Mitchell will provide an update on DRPT activities at the March meeting. The monthly [Department of Rail and Public Transportation \(DRPT\) Report](#) is attached.

B. Metro Safety Commission

DRPT Director Mitchell will provide an update on the status of the Metro Safety Commission (MSC) legislation. More information on the MSC and other legislation is provided in the Legislative and Policy Committee Report (Agenda Item #6B).

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COMMONWEALTH of VIRGINIA

Jennifer L. Mitchell
Director

Virginia Department of Rail and Public Transportation
600 E. Main Street, Suite 2102
Richmond, VA 23219

Ph: 804-786-4440
Fax: 804-225-3752
Virginia Relay Center
800-828-1120 (TDD)

TO: Chairman McKay and NVTC Commissioners

FROM: Jennifer Mitchell, Director

DATE: February 17, 2017

SUBJECT: DRPT Update

General Update

On February 10, the Federal Transit Administration (FTA) informed Governor Terry McAuliffe, Governor Larry Hogan, and Mayor Muriel Bowser that it is withholding \$8.9 million of FY17 apportioned urbanized area formula funds for the District of Columbia, Maryland, and Virginia until a State Safety Oversight Program (SSOP) for the Washington Metropolitan Area Transportation Authority (Metrorail) is certified. The withheld funds will be released upon certification of the Metro Safety Commission as the SSOP for Metrorail. This amount is 5% of the apportioned urbanized area funding for FY17 and affects local systems in Roanoke, Richmond, and Virginia Beach as well as Northern Virginia. The FTA also informed DRPT that it is withholding \$405,724 of the Virginia statewide urbanized area funding for "designated recipients" operating local transit in Blacksburg, Bristol, Charlottesville, Fredericksburg, Harrisonburg, Lynchburg, Staunton, Williamsburg, and Winchester. FTA also stated that in the absence of a certified SSOP, future appropriations could also be subject to withholding including funds for the remainder of FY17.

DRPT's FY18 grant application cycle closed on February 1. DRPT project managers are actively reviewing funding requests, and DRPT is preparing the draft FY18 Six Year Improvement Program (SYIP). The draft is anticipated to be presented to the CTB in April.

DRPT published updated (TDP) requirements on February 14. The new guidelines can be found at <http://www.drpt.virginia.gov/media/2011/drpt-tdp-requirements-feb2017.pdf> and also on the OLGA website under News & Information. Rather than a fixed six year plan, a ten year rolling TDP is now required. Grantees will be required to update their original TDP documents and have the accountable executive approve it rather than submit an annual update letter. Submitting the fleet inventory will no longer be required if a Transit Asset Management (TAM) plan is in place. Consistency with the region's Transportation Improvement Program (TIP) is desired.

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Transit Service Delivery Advisory Committee (TSDAC)

The TSDAC met on February 14 in Richmond. The meeting was lived streamed and is archived at <http://www.windrosemedia.com/windstream/vdot-transportation/>.

A proposal for allocation of capital funding was discussed. Replacement vehicles, facilities, equipment, technology, and minor fleet and facility expansions would fall under State of Good Repair (SGR)/minor enhancement. Major expansion, including new facilities and fixed guideway projects, would be scored in six factor areas similar to Smart Scale (congestion mitigation, economic development, accessibility, safety, environmental quality, and land use). The illustrative process assumes that a minimum funding level would be established for SGR, and funding could be moved from major expansion into SGR but not vice versa. The TSDAC concurred with the illustrative allocation methodology for the purpose of preparing funding scenarios for further discussion.

Next steps include a trend analysis, confirmation of project categories, and evaluation of scenarios. Proposed scenarios will be prepared based on two revenue scenarios, including a base case and additional funding to fill all existing gaps (bonds and PRIIA). Three allocation scenarios will be evaluated: an illustrative 80% state match, application of the current TSDAC tiers, and state match needed to fund all SGR needs. The next TSDAC meeting is scheduled for March 31. The meeting materials, including the presentation and illustrative allocation flow chart, are available for viewing on the DRPT website at: <http://www.drpt.virginia.gov/transit/major-transit-initiatives/transit-service-delivery-advisory-committee/>.

Transit Capital Project Revenue Advisory Board (RAB)

The next meeting of the RAB is scheduled for March 8 from 10:00 AM to 2:00 PM at the VDOT Auditorium in Richmond. An update on TSDAC prioritization and revenue sources will be discussed at the meeting, which will be live streamed at <http://www.windrosemedia.com/windstream/vdot-transportation/>.

An interim report for the RAB was submitted to the General Assembly on January 1, 2017 and is available website at the following: <http://www.drpt.virginia.gov/media/1994/2017-rab-report.pdf>. The final report is due by August 1, 2017.

I-66 Corridor Improvements

VDOT and Express Mobility Partners (EMP) are continuing outreach to elected officials and neighborhood associations regarding the Transform I-66: Outside the Beltway project. An initial Financial Plan is expected to be submitted to the Federal Highway Administration (FHWA) in April and financial close is anticipated in July or sooner. DRPT will soon be in contact with Fairfax County and PRTC to begin discussions of the agreements that will be needed between the Commonwealth and those entities for future I-66 corridor transit service to be provided by the Fairfax Connector and PRTC OmniRide and funded by the annual transit payments from EMP. The first annual transit payment is expected by December 2021 for transit services beginning in 2022.

VDOT and EMP also continue to meet with WMATA to negotiate a three party project coordination agreement since EMP will be working on I-66 in close proximity to the Metrorail Orange Line. EMP has also identified temporary office space in the Fair Lakes area for a one year lease and will eventually establish construction offices for each of the three project construction segments.

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I-95/395 Express Lanes

On February 16, the CTB approved a resolution authorizing the VDOT commissioner to enter into a Memorandum of Understanding (MOU) with the FHWA regarding the extension of the I-95 Express Lanes. The tolling MOU replaces a June 27, 2012 agreement. A 2.2 mile reversible extension of the southbound I-95 Express Lane ramp is expected to open in fall 2017 and the northbound ramp will open in summer 2018. The longer ten mile southern extension of the I-95 Express Lanes to Fredericksburg, funded by the Atlantic Gateway FAST LANE grant, is anticipated to be under construction in spring 2019 and to be completed by fall 2021.

Smart Scale

Revised project scores for Round 2 projects and are available on the Smart Scale website at http://smartscale.org/documents/2018_smart_scale_project_scores.pdf. There were minor shifts in the rank of projects and the order of funding within the staff recommended funding scenario. An additional \$9.7 million is available in the District Grant Program for Northern Virginia after the staff scenario changes and due to earmarks. The CTB was briefed at its workshop on February 15 and will consider potential revisions to the recommended funding scenario on March 14. The revised funding scenario will be presented at the May CTB meeting.

DC2RVA

DRPT is awaiting comments from the Federal Railroad Administration (FRA) on the Draft Environmental Impact Statement (DEIS) before publishing the document. Many of the proposed DC2RVA recommendations in Northern Virginia are also part of Virginia's Atlantic Gateway initiative and will improve VRE operations. In Northern Virginia, staff recommendations include additional track on railroad segments between Occoquan and Franconia, from Franconia to Alexandria through Fairfax County, and in Arlington County on the approach to the Long Bridge over the Potomac River. Outreach into Northern Virginia will be ramped up as part of the Atlantic Gateway project.

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Agenda Item #6: Report of the Chairs of NVTC Committees



TO: Chairman McKay and NVTC Commissioners

FROM: Kate Mattice

DATE: February 23, 2017

SUBJECT: Report of the Chairs of NVTC Committees

The chairs of the newly created Governance and Personnel Committee and the Legislative and Policy Committee will report to the Commission.

A. Governance and Personnel Committee

John Cook, chair of the Governance and Personnel Committee, will give an update on the initial work being done to form this committee. The Governance and Personnel Committee will hold its first meeting on March 7th at 7:30 P.M. at NVTC (Suite #620). All NVTC committee meetings are open to the public. The Committee will be coordinating with the Secretary of Transportation, through the Department of Rail and Public Transportation, to “develop, propose, and seek agreement on reforms related to the following:

- i. *The legal and organizational structure of WMATA;*
- ii. *The composition and qualifications of the WMATA Board of Directors and the length of terms of its members;*
- iii. *Labor costs and labor relations;*
- iv. *Measures necessary to resolve WMATA’s unfunded pension liability and other postemployment benefits;*
- v. *Measures necessary to better ensure the safety of ridership and employees, including safety in the event of a homeland security emergency in the national capital area; and*
- vi. *Financial and operational improvements necessary to ensure that WMATA’s performance is at least as efficient as its closest comparable transit systems in the United States.”**

*source: [WMATA/ MSC Enactment Clause \(HB 2136\)](#)

The Governance and Personnel Committee plans to meet monthly with quarterly half or full-day sessions for the coming year.

B. Legislative and Policy Committee

Katie Cristol and Jeff Greenfield, co-chairs of the Legislative and Policy Committee, will brief the Commission on legislative issues. NVTC's legislative liaison, Aimee Perron Siebert from the Hillbridge Group, will also give an update on General Assembly actions related to transportation.

NVTC did not initiate the introduction of any bills this General Assembly session, but did follow some closely, such as those establishing a regional gas tax floor and a Metro Safety Commission (MSC). The 2017 Session will end, Sine Die, on Saturday February 25th with all legislative action now focused on the reconciliation of bills that are in dispute and finalizing the budget.

Metro Safety Commission

Both the House ([HB2136](#)) and Senate ([SB1251](#)) MSC bills now contain enactment language directing the Secretary of Transportation and NVTC to work together to review the 1966 WMATA Compact ([see item #4 for text of enactment clause](#)) and consider potential changes. Both MSC bills await floor action. Neither will be signed by the Governor until April to allow time to make changes if Maryland amends its bill. The Virginia bills are designed to become law immediately upon signing by the Governor.

Del. LeMunyon, who patroned HB2136, also introduced a resolution ([HJ617](#)), requesting that the Governor work with Maryland and the District "to identify possible improvements to the agreement, particularly with regard to the governance, financing, and operation of WMATA."

A few House budget items also address the WMATA Compact. [Item 448 #1h](#) directs "the Secretary of Transportation and NVTC to work with the other signatories of the WMATA compact to seek reforms to that compact and to report quarterly to the legislature on the progress of such discussions." [Item 436 #3c](#) calls for a comprehensive review of the Compact by the Secretary of Transportation in order to identify issues requiring reform.

Meanwhile at the federal level, on February 10, 2017 the [Federal Transit Administration notified the transit systems](#) in the District of Columbia, Maryland, and Virginia that effective immediately it would [withhold five percent of FY2017 transit formula funds until a new State Safety Oversight Program \(SSOP\), also known as the Metro Safety Commission \(MSC\), is certified for the rail operations of the WMATA](#). The funds will be withheld until the jurisdictions pass identical MSC legislation and meet related requirements in order for FTA to certify a new SSOP for Metrorail.

On February 13, 2017, Virginia legislators [wrote a letter to the Secretary of Transportation, Elaine Chao, and urged her to reinstate FTA's transit funding](#).

Gas Tax Floor

A floor on the regional gas tax will have to wait until next year. [HB2103](#) (Levine) was defeated in a House Finance Subcommittee. [SB1092](#) (Petersen) was rolled into [SB1456](#) (Wagner), which passed the Senate floor 26-12 before being tabled in the House Finance Committee. As it was a voice vote, no delegates went on the record against the bill, which received broad support from road builders and chambers of commerce, alongside the transit community and localities.

Atlantic Gateway Project

A House [budget item calls upon VDOT to work with Fairfax County](#) on a replacement of the bridge over Route 1 included in the [Atlantic Gateway Project](#).

DRPT, meanwhile, requested seven new positions for the Atlantic Gateway Project, which are included in the Governor's introduced budget. The House recommended reducing the number to four and the Senate recommended reducing it to three.

Twelve House and Senate members are reconciling all the budget differences and will present a final conference report to be voted on before adjournment.

House Leadership

Speaker William Howell [announced his retirement](#) and a new leadership team has already been voted in by the House Republican caucus: Delegate Kirk Cox (R-Colonial Heights) was elected as Speaker-Designee and will be the 55th Speaker of the House; Delegate Todd Gilbert (R-Shenandoah) was elected as Majority Leader-Designee; Majority Caucus Chairman Tim Hugo (R-Fairfax) and Majority Whip Jackson Miller (R-Manassas) were each also re-elected unanimously.

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U.S. Department
of Transportation

**Federal Transit
Administration**

Executive Director

1200 New Jersey Avenue, SE
Washington, DC 20590

FEB 10 2017

The Honorable Larry Hogan
Governor of Maryland
Office of the Governor
State House
Annapolis, MD 21401

The Honorable Terry McAuliffe
Governor of Virginia
Office of the Governor
State Capitol
Richmond, VA 23219

The Honorable Muriel Bowser
Mayor of District of Columbia
John A. Wilson Building
1350 Pennsylvania Avenue
Washington, DC 20004

Dear Governor Hogan, Governor McAuliffe, and Mayor Bowser:

On February 8, 2016, the U.S. Department of Transportation (the Department) advised you that your respective jurisdictions may be subject to the withholding of up to five percent of the available Federal fiscal year 2017 Urbanized Area formula funds (formula funds) if you did not collectively establish a State Safety Oversight Program (SSOP) for the rail operations of the Washington Metropolitan Area Transit Authority (Metrorail), certified by the Federal Transit Administration (FTA), by February 9, 2017. A federally compliant SSOP has not been established. Therefore, as explained below, FTA is withholding the full five percent of your Urbanized Area formula funds until a certified SSOP for Metrorail is in place.

Federal law requires that states with federally-funded rail transit agencies establish a State Safety Oversight Agency (SSOA) responsible for safety oversight of those agencies pursuant to an SSOP. Currently, the SSOA responsible for conducting safety oversight of Metrorail is the Tri-State Oversight Committee (TOC).

On October 9, 2015, following a number of accidents and incidents and a demonstrated pattern of safety lapses involving Metrorail, FTA immediately assumed lead responsibility for safety oversight of Metrorail until the three jurisdictions replace the TOC with a fully compliant SSOA.

On February 8, 2016, the Department and FTA made a further finding under a provision of the recently-enacted Fixing America's Surface Transportation (FAST) Act that the TOC's SSOP was inadequate and that the TOC "is incapable of providing adequate safety oversight consistent with prevention of substantial risk of death or personal injury." FTA, therefore, would continue to administer the safety oversight of Metrorail.

Also, on February 8, 2016 the Department and FTA advised you that given the inadequacy of the TOC's SSOP, the two States and the District must create a new SSOP, which includes creation of a new SSOA, compliant with Federal requirements and certified as such by FTA, by February 9, 2017. As the Department and FTA explained at the time, under Federal public transportation safety law (49 U.S.C. § 5329(e)(8)(C)), failure to meet that deadline would put the three jurisdictions at risk of losing up to five percent of the annual Urbanized Area formula funds (49 U.S.C. § 5307) available throughout each jurisdiction.

Your jurisdictions recognized the need for a new Metrorail SSOA in a 2010 White Paper, and in 2012, Federal law significantly changed the requirements for SSOPs and SSOAs. However, the jurisdictions did not undertake meaningful efforts towards establishing a new SSOP and crafting supporting legislation until after FTA assumed the TOC's safety oversight responsibilities. In the meantime, because the jurisdictions did not fulfill the statutory safety responsibility, FTA has been forced to divert approximately \$6 million dollars a year from critical national transit safety programs to provide direct safety oversight of Metrorail.

The FTA staff has worked with Maryland, Virginia, and the District of Columbia to develop a federally compliant SSOP, but as of today, only the District of Columbia Council has passed the legislation necessary to make the new SSOP a reality. Even after Maryland and Virginia enact legislation, substantial work will remain in developing a federally compliant SSOP.

For these reasons, FTA is immediately withholding five percent of fiscal-year 2017 Urbanized Area formula funds to transit systems in Maryland, Virginia, and the District of Columbia. Under the current continuing budget resolution, which provides FTA funding through April 28, 2017, the amount to be withheld from all three jurisdictions totals approximately \$8.9 million. In the absence of a certified SSOP, future appropriations will also be subject to withholding, including additional funds for the remainder of fiscal year 2017.

Formula funds withheld will be associated with the following Urbanized Areas:

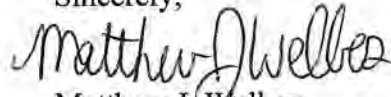
- Washington, D.C. (including Maryland (MD) and Virginia (VA) apportionments)
- Aberdeen-Bel Air South-Bel Air North, MD
- Baltimore, MD
- MD Statewide Apportionment - specific apportionment of funds allocated at the Governor's discretion to:
 - Cumberland, MD
 - Frederick, MD
 - Hagerstown, MD
 - Lexington Park-California-Chesapeake Ranch Estates, MD
 - Salisbury, MD

- Waldorf, MD
 - Westminster-Eldersburg, MD
- Richmond, VA
- Roanoke, VA
- Virginia Beach, VA
- VA Statewide Apportionment - specific apportionment of funds allocated at the Governor's discretion to:
 - Blacksburg, VA
 - Bristol, VA
 - Charlottesville, VA
 - Fredericksburg, VA
 - Harrisonburg, VA
 - Kingsport, TN (VA apportionment only)
 - Lynchburg, VA
 - Staunton-Waynesboro, VA
 - Williamsburg, VA
 - Winchester, VA

The individual fund recipients – formally, FTA “designated recipients” – in your jurisdictions will receive a letter with specific details regarding the withholding of funds. It is important to note that the formula funds are being withheld, not forfeited. The funds will once again be available when FTA certifies an SSOP for Metrorail.

Safety is the Department's highest priority, and while FTA has engaged in robust safety oversight of Metrorail, that oversight is temporary and is ultimately a State and District responsibility. The future safety of the system requires that Virginia, Maryland, and the District of Columbia complete their work on a federally compliant SSOP without further delay. FTA staff members will continue to work diligently with your staff to ensure that a federally-compliant SSOP is in place as soon as possible, after which the withheld formula funds will be released.

Sincerely,



Matthew J. Welbes

cc: Phil Mendelson, Chairman, Council of the District of Columbia; Thomas V. (Mike) Miller, President, Maryland Senate; J.B. Jennings, Minority Leader, Maryland Senate; Michael Busch, Speaker, Maryland House of Delegates; Nicholas R. Kipke, Minority Leader, Maryland House of Delegates; Thomas K. Norment, Jr., Majority Leader, Virginia State Senate; Richard L. Saslaw, Minority Leader, Virginia State Senate; William J. Howell, Speaker, Virginia House of Delegates; David J. Toscano, Minority Leader, Virginia House of Delegates

Enclosure: Funding Allocation Chart

FTA funds withheld from DC-MD-VA due to the absence of a State Safety Oversight Program

Amounts based on Further Continuing and Security Assistance Appropriations Act, 2017 (Pub. L. 114–254) for the period from October 1, 2016 through April 28, 2017. When a full year of funding is appropriated, additional funds could be withheld.

State	Urbanized Area	Designated Recipients	Urbanized Area Grant Program Apportionment	Amount Withheld (5%)	Amount available to Urbanized Areas after withholding		Notes
DC	Washington, DC-VA-MD	Washington Metropolitan Area Transit Authority (WMATA); Maryland Transit Administration (MTA); Potomac and Rappahannock Transportation Commission (PRTC)	\$104,189,761	\$5,209,488	\$98,980,273		The funds are apportioned by FTA to the entire urbanized area. The three designated recipients listed have a local agreement that determines the amount each recipient will receive.
MD	Baltimore, MD	Maryland Transit Administration (MTA)	\$38,258,909	\$1,912,945	\$36,345,964		
MD	Aberdeen-Bel Air South-Bel Air North, MD	Maryland Transit Administration (MTA)	\$1,811,535	\$90,577	\$1,720,958		
MD	MD Statewide Apportionment	Maryland Transit Administration (MTA)	\$7,135,068	\$356,753	\$6,778,314		The small urbanized areas in Maryland are listed below.
VA	Virginia Beach, VA	Hampton Roads Transit (HRT)	\$10,117,669	\$505,883	\$9,611,786		
VA	Richmond, VA	Greater Richmond Transit Company (GRTC) and the City of Petersburg	\$6,744,437	\$337,222	\$6,407,215		The funds are apportioned by FTA to the entire urbanized area. The two designated recipients listed have a local agreement that determines the amount each recipient will receive.
VA	Roanoke, VA	Greater Roanoke Transit Company (GRTC)	\$1,546,929	\$77,346	\$1,469,583		
VA	VA Statewide Apportionment	Virginia Department of Rail and Public Transportation (VDRPT)	\$8,114,504	\$405,725	\$7,708,779		The small urbanized areas in Virginia are listed below.
TOTAL			\$177,918,812	\$8,895,941	\$169,022,871		

Statewide Apportionment Detail Information

Urbanized Areas in Maryland Statewide Apportionment		\$7,135,068	\$356,753	\$6,778,314	The state governor determines how the statewide apportionment is distributed among the urbanized areas listed. These are urbanized areas with population greater than 50,000 and less than 200,000.
Cumberland, MD-WV-PA Frederick, MD Hagerstown, MD-WV-PA Lexington Park-California-Chesapeake Ranch Estates, MD	Salisbury, MD-DE Waldorf, MD Westminster-Eldersburg, MD				
Urbanized Areas in Virginia Statewide Apportionment		\$8,114,504	\$405,725	\$7,708,779	The state governor determines how the statewide apportionment is distributed among the urbanized areas listed. These are urbanized areas with population greater than 50,000 and less than 200,000.
Blacksburg, VA Bristol-Bristol, TN-VA Charlottesville, VA Fredericksburg, VA Harrisonburg, VA	Kingsport, TN-VA Lynchburg, VA Staunton-Waynesboro, VA Williamsburg, VA Winchester, VA				



Commonwealth of Virginia
General Assembly
RICHMOND

February 13, 2017

The Honorable Elaine Chao
Secretary of Transportation
U.S. Department of Transportation
1230 New Jersey Avenue, S.E.
Washington, D.C. 20590

Dear Madam Secretary,

We read with regret the letter of February 10, 2017 from the executive director of the Federal Transit Administration to the Governors of Virginia and Maryland, and the Mayor of Washington, D.C. related to withholding certain transit funds from the three jurisdictions.

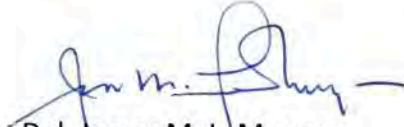
As elected representatives of the people of Virginia, we are keenly aware of the essential need for public safety generally, and for the need to improve safety of the Washington Metropolitan Area Transit Authority (WMATA) Metrorail system. For this reason, representatives of the three jurisdictions worked with a sense of urgency and successfully drafted the common text of the Metro Safety Compact, which must be approved in identical form by the three jurisdictions to take effect. The three jurisdictions did so to comply with the February 8, 2016 directive from FTA to establish a State Safety Oversight Program, which specified a February 9, 2017 deadline.

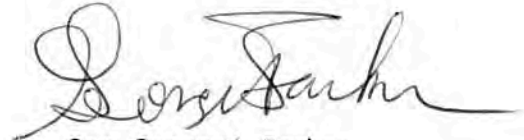
Apparently, the FTA was not aware at the time of its February 8, 2016 directive that the Virginia legislature is in session for only a few weeks a year starting each January. February 8, 2016 was long passed the deadline for introducing legislation for what was left of the 2016 session. We understand that representatives of Virginia pointed out to FTA some time ago that the February 9, 2017 deadline would fall in the middle of the 2017 General Assembly session, which started January 11, 2017.


The text of the Metro Safety Compact drafted by the three jurisdictions in 2016 was introduced in the Virginia House of Delegates and the Virginia Senate last month at the beginning of the 2017 session as H.B. 2136 and S.B. 1251, respectively. These bills have already passed each house of origin. We have every expectation they will be submitted to Governor McAuliffe by the end of this month to be signed into law. If we could accelerate this process we would, but we hope you recognize that the General Assembly of Virginia is proceeding as fast as possible within the bounds specified in the Constitution of Virginia.

We therefore find it unreasonable that FTA withhold statewide transit funds for Virginia. We respectfully request that you suspend the February 10, 2017 FTA decision, at least as it applies to Virginia, while Virginia continues to make its best efforts to enact the Metro Safety Commission and take the necessary follow up steps to make it operational. Moreover, we call your attention to the need to consider revisions to the 50-year old WMATA Compact. We urge you to take the lead in bringing the three jurisdictions together to do so. In our view, the WMATA Compact's limitations not only leave WMATA's long-term financial stability in doubt, but contributed to the safety problems that initiated the need for the forthcoming Metro Safety Commission.



Sincerely,

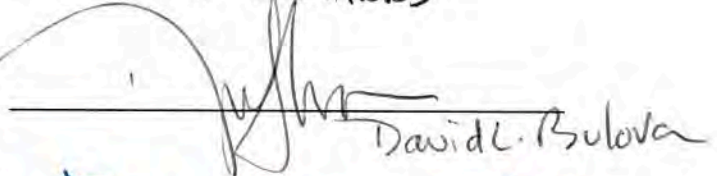

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Chief Patron H.B. 2136

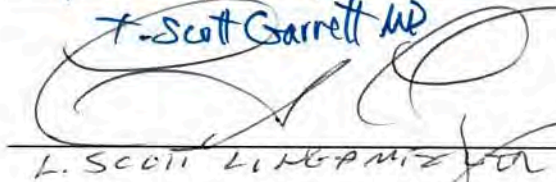

Sen. George L. Barker
Chief Patron S.B. 1251

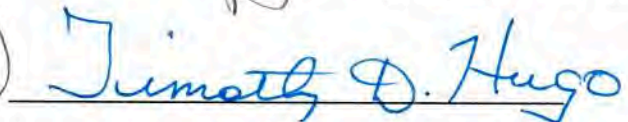

David B. Albo

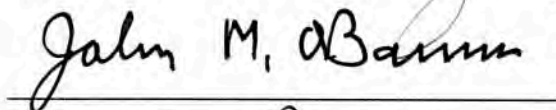

JASON MIYARES


T. Scott Garrett MD

T. Scott Garrett MD


David L. Bulova


L. Scott Lippman


Timothy D. Hugo



John M. Abarn


Ron Villanueva



Christopher Weaver


MARK KEAN

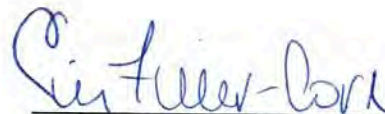

Betsy B. Carr

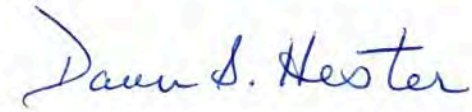

Vivian E. Watts



Mark D. Lichner



Kenneth A. Blum



Patrick Hope


EILEEN FILLER-CORN


Dawn S. Hester



MARCUS SIMON


John J. Bell

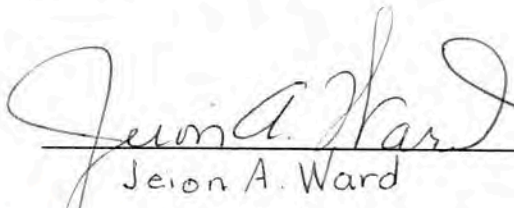

Joseph C. Lindsey



Paul Krizek



KATHLEEN MURPHY

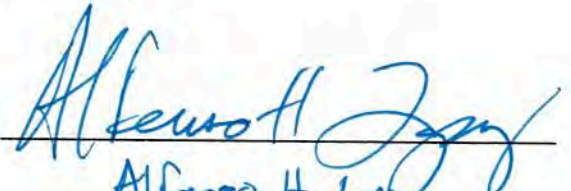

JAMES McQUINN


Roslyn Tyler


Jeion A. Ward

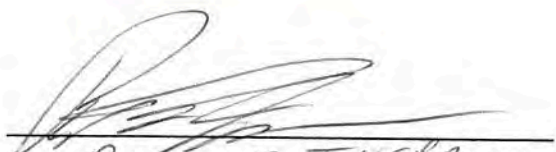

David J. Toscano


Richard (R.P.) Sullivan, Jr.


Alfonso H. Lopez

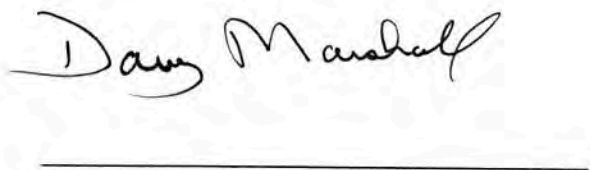

Les R. Adams


Christopher T. Head

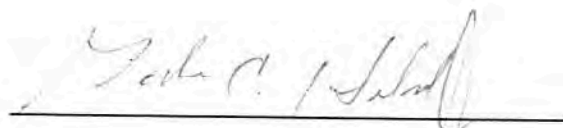

Riley E. Ingkham

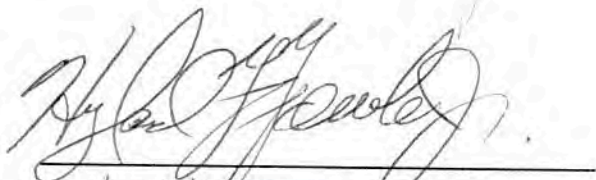

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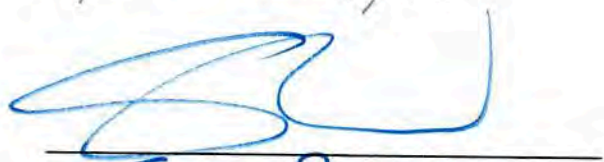

Larry RO


Dave Marshall


Mark Decker


John C. Salas

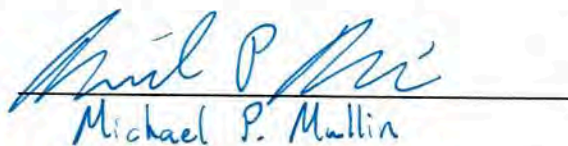

Hyland F. Fowler, Jr.


Sam Rasoul


Lashrecce D. Aird


C.E. CLIFF HAYES, JR


JEFF BOURNE


Michael P. Mullin

J. B. Bardo

Mark H. Levine
MARK H. LEVINE

Kaye Kory
KAYE KORY

Richard A. Bue

Thomas A. Green
Thomas A. Green

S. Chris Jones
S. Chris Jones

Stephen E. Heretick
STEPHEN E. HERETICK

Larry Berg
Larry Berg

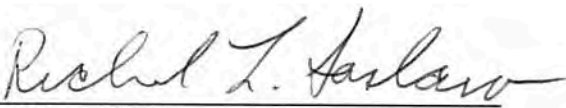
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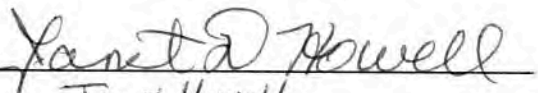
J. Randall Minchen
J. Randall Minchen, 10th District

William J. Howell
William J. Howell

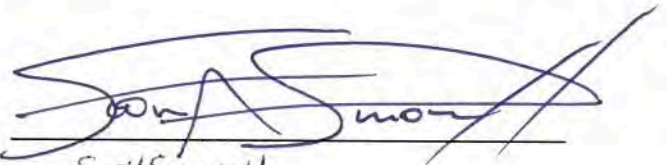
David J. Rock

Robert D. Marshall


Richard Saslaw

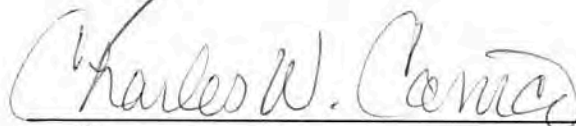

Janet Howell

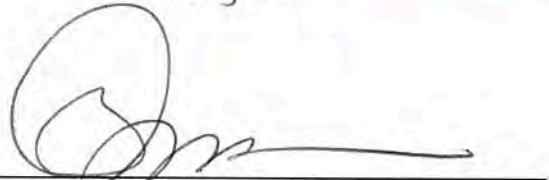

Barbara Favola


Scott Saravell



Richard Black


Jill Vogel

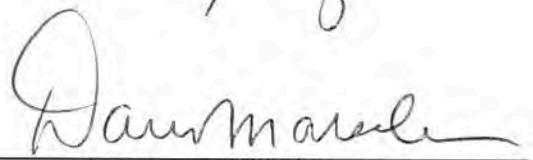

Charles Carrico



Bryce Reeves

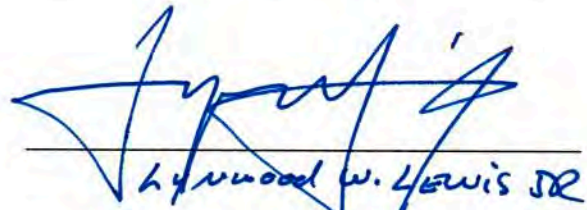

Glen Sturtevant



William Stanley


John Petersen


DAVID MARSDEN

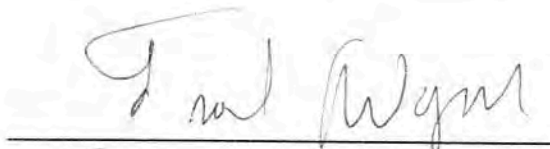

Adam P. Ebbin

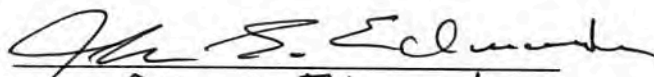

Howard W. Lewis Jr

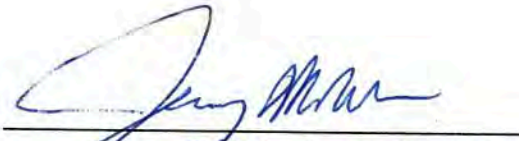

Jennifer Weston

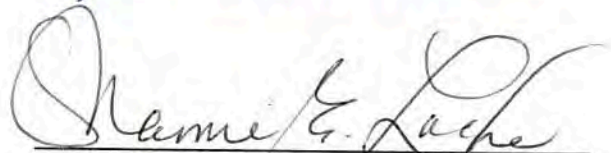

Rosy R. Dance

Linell Spruill S.
Linell Spruill, Jr.


Frank Wagner


John S. Edwards


Steven M. Pike


Mamie E. Locke

Mark J. Peake
MARK J. PEAKE


William Western

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TO: Chairman McKay and NVTC Commissioners

FROM: Kate Mattice and Rhonda Gilchrest

DATE: February 23, 2017

SUBJECT: Virginia Railway Express (VRE)

A. VRE CEO Report and Minutes

At the March meeting, VRE CEO Doug Allen will update the Commission on VRE activities. The [VRE CEO February 2016 Report](#) and the [Minutes of the February 17, 2017 Operations Board Meeting](#) are attached.

B. Positive Train Control Update

Mr. Allen will give an update on the status of Positive Train Control (PTC) in advance of the federal December 31, 2018 deadline. VRE's implementation of PTC has been done in close coordination with the host railroads (CSX Transportation and Norfolk Southern). To date, VRE has completed the following major project implementation milestones:

- Submittal of a revised PTC Implementation Plan as required by the Fixing America's Surface Transportation (FAST) Act
- Installation of the WRE I-ETMS® on-board equipment on all VRE locomotives and cab control cars
- Procurement of a 3rd party provider of a Hosted Back Office Service
- Development of training programs for operations and maintenance staff
- Survey for wayside Wi-Fi hotspots for software updates and crew initializations

VRE's focus for the first half of 2017 is on the project kick-off for the Hosted Back Office Service, procurement and installation of Wi-Fi hotspots; and training of operations and maintenance staff. Field qualification testing with the host railroads is currently scheduled for later in 2017.

C. DRPT's Report on VRE's 2040 System Plan Review

At the February 17th Operations Board meeting, DRPT Chief of Rail Pete Burrus gave a [presentation on DRPT's report to the General Assembly on VRE's 2040 System Plan Review](#). Virginia HB30 (2016 Session) instructed the Commonwealth Transportation Board's Rail Committee to review VRE's System Plan 2040 and other long-range

planning efforts. In consultation with the CTB Rail Committee, DRPT conducted the review and submitted it to the General Assembly. Key findings of the report conclude VRE's concern regarding its long-term financial challenges are founded.

VRE staff is in the process of summarizing the report and will use this valuable information as it coordinates a legislative strategy for the 2018 General Assembly Session. A more detailed presentation on DRPT's report will be given at a future meeting.

CEO REPORT

FEBRUARY 2017



OUR MISSION

The Virginia Railway Express, a joint project of the Northern Virginia Transportation Commission and the Potomac Rappahannock Transportation Commission, will provide safe, cost-effective, accessible, reliable, convenient, and customer responsive commuter-oriented rail passenger service. VRE contributes to the economic vitality of its member jurisdictions as an integral part of a balanced, intermodal regional transportation system.



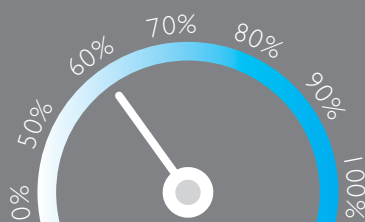
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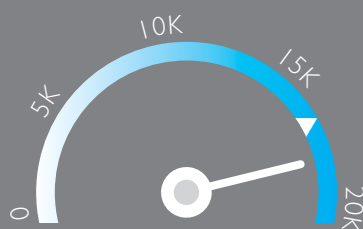
Virginia Railway Express | 1500 King Street, Suite 202 | Alexandria, VA 22314 | 703.684.1001 | www.vre.org

SUCCESS AT A GLANCE



PARKING UTILIZATION

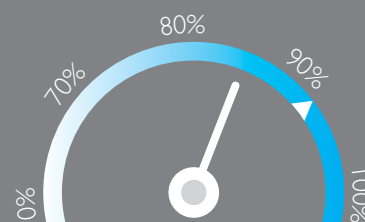
The total number of parking spaces used in the VRE system during the month, divided by the total number of parking spaces available.



AVERAGE DAILY RIDERSHIP

The average number of boardings each operating day inclusive of Amtrak Step-Up boardings but excluding "S" schedule operating days.

▲ Same month, previous year.



ON-TIME PERFORMANCE

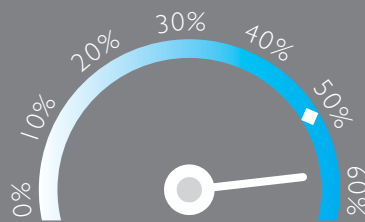
Percentage of trains that arrive at their destination within five minutes of the schedule.

▲ Same month, previous year.



SYSTEM CAPACITY

The percent of peak hour train seats occupied. The calculation excludes reverse flow and non-peak hour trains.



OPERATING RATIO

The monthly operating revenues divided by the monthly operating expenses, which depicts the percent of operating costs paid by riders.

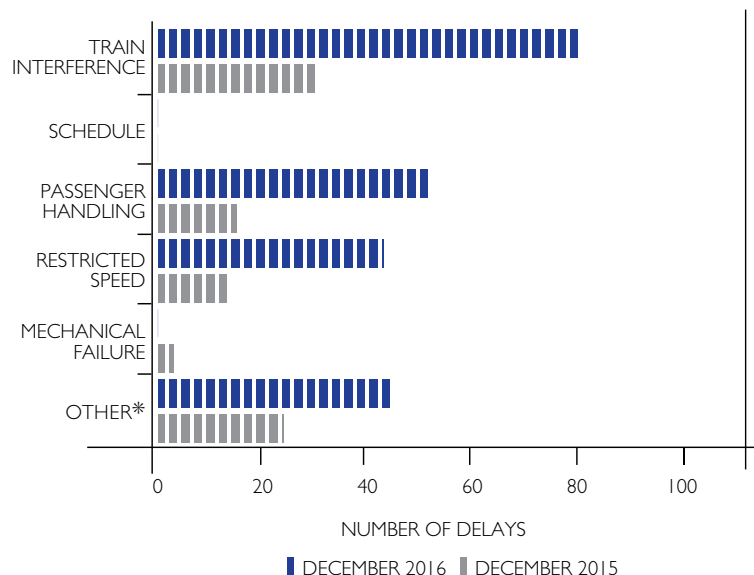
◆ Board-established goal.

ON-TIME PERFORMANCE

OUR RECORD

	December 2016	November 2016	December 2015
Manassas Line	88%	88%	97%
Fredericksburg Line	82%	82%	87%
System Wide	85%	85%	92%

REASONS FOR DELAYS



* Includes those trains that were delayed due to late turns, weather, signal/switch failures and maintenance of way.

In December, VRE operated 581 trains with 87 arriving over five minutes late to their final destinations. There were 35 late trains on the Manassas Line and 52 trains on the Fredericksburg Line, resulting in an 85% on-time performance rate. This is below the 90% on-time performance goal.

Congestion caused by ongoing infrastructure improvements along both lines continue to be the main cause of delays. For example, on the morning of December 8th, a freight train experienced an emergency situation south of Quantico and had to be inspected before VRE Fredericksburg Line trains were allowed to pass. Those late trains, when they were able to resume service, had to share the same tracks as the Manassas Line trains past Alexandria, which caused those trains to be late as well. Another major disruption along the line occurred on the morning of December 14th, when Union Station had switch issues and delayed all morning trains on both lines into the District of Columbia. Another major incident causing significant delays occurred on the morning of December 6th when a Fredericksburg Line train struck a disabled vehicle on the tracks north of Brooke Station.

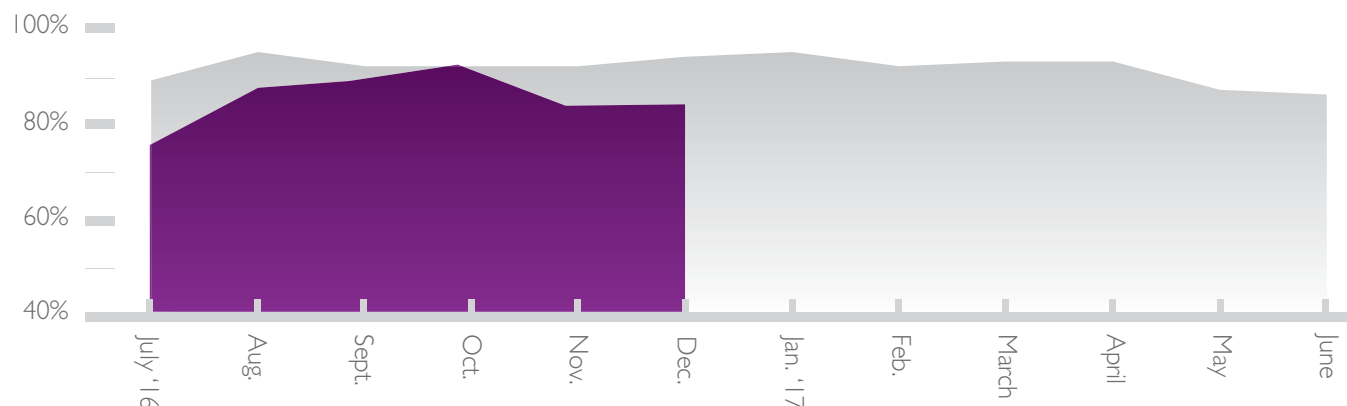
LATE TRAINS

	System Wide			Fredericksburg Line			Manassas Line		
	Oct.	Nov.	Dec.	Oct.	Nov.	Dec.	Oct.	Nov.	Dec.
Total late trains	54	94	87	30	55	52	24	39	35
Average minutes late	24	21	24	28	22	29	19	20	17
Number over 30 minutes	15	19	21	5	13	15	10	6	6
Heat restriction days / total days	0/20	0/20	0/21	—	—	—	—	—	—

ON-TIME PERFORMANCE

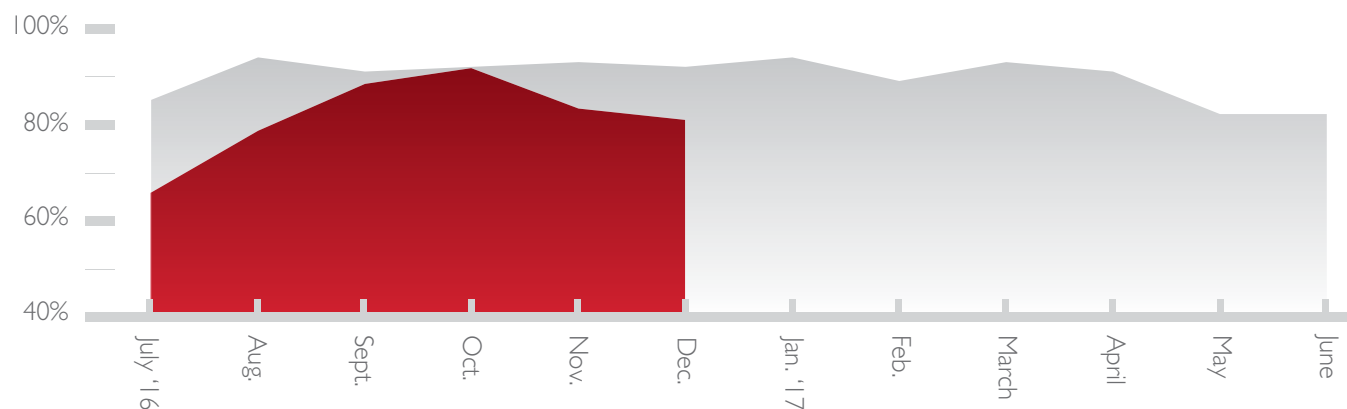
VRE SYSTEM

BOTH LINES ■ Current Stats ■ 3-Year Rolling Average

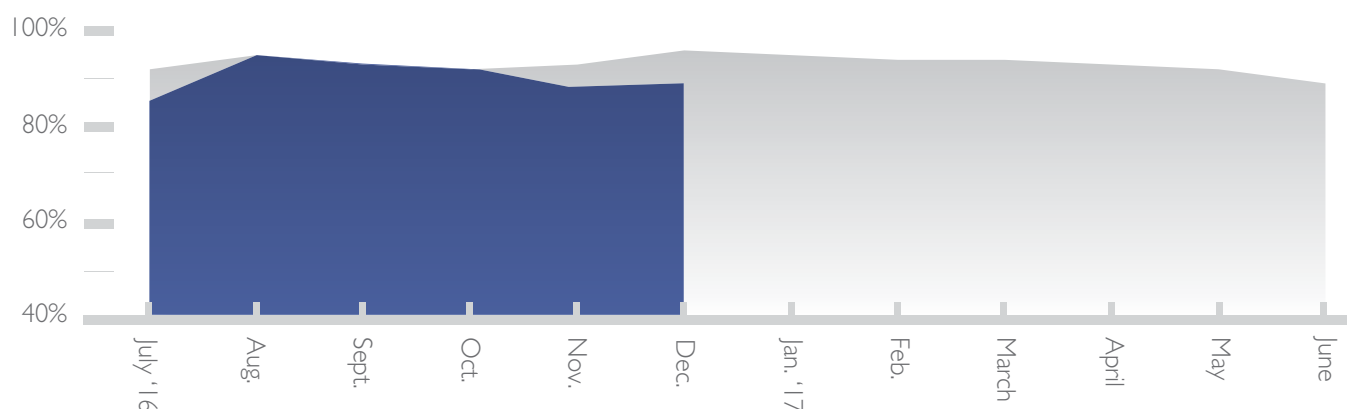


ON-TIME PERFORMANCE BY LINE

FREDERICKSBURG LINE ■ Current Stats ■ 3-Year Rolling Average



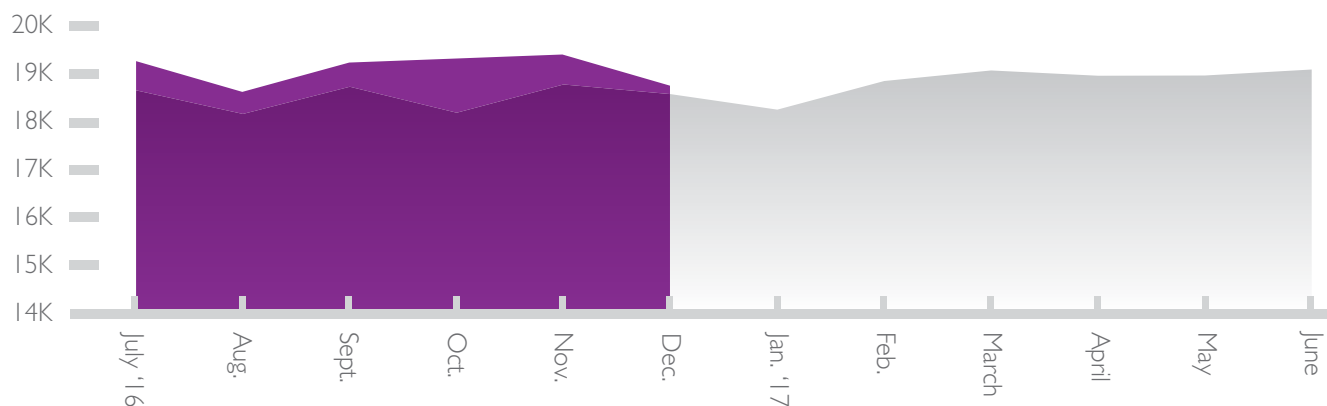
MANASSAS LINE ■ Current Stats ■ 3-Year Rolling Average



AVERAGE DAILY RIDERSHIP

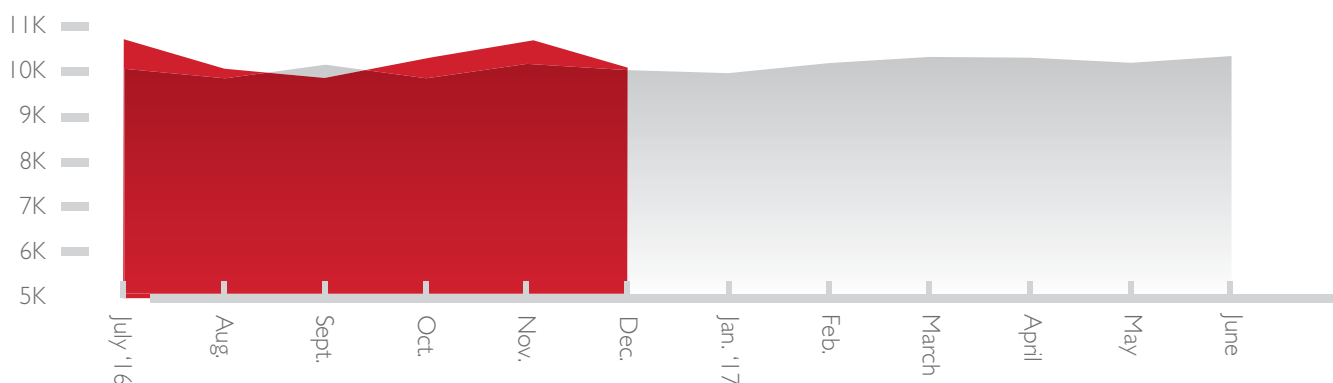
VRE SYSTEM

BOTH LINES ■ Current Stats ■ 3-Year Rolling Average

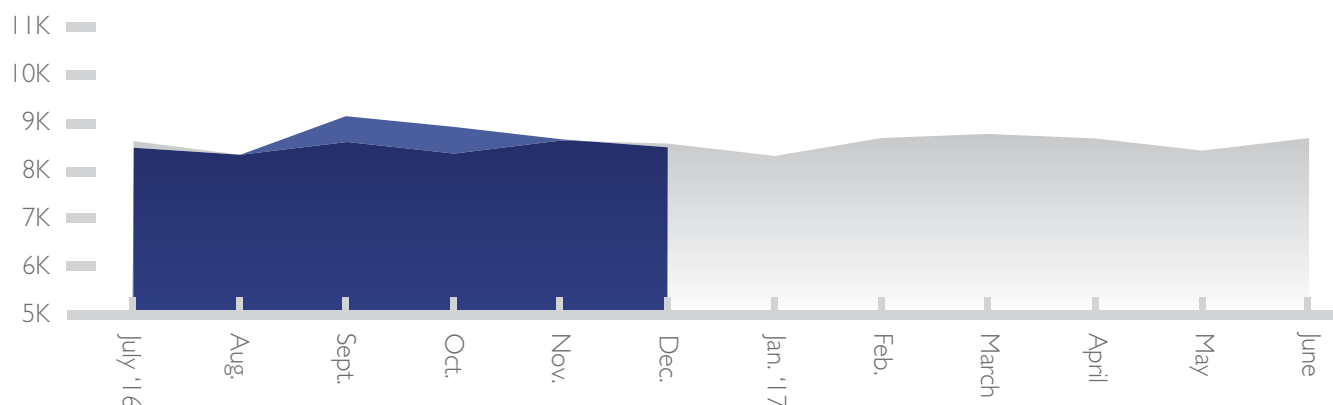


AVERAGE DAILY RIDERSHIP BY LINE

FREDERICKSBURG LINE ■ Current Stats ■ 3-Year Rolling Average



MANASSAS LINE ■ Current Stats ■ 3-Year Rolling Average



RIDERSHIP UPDATES

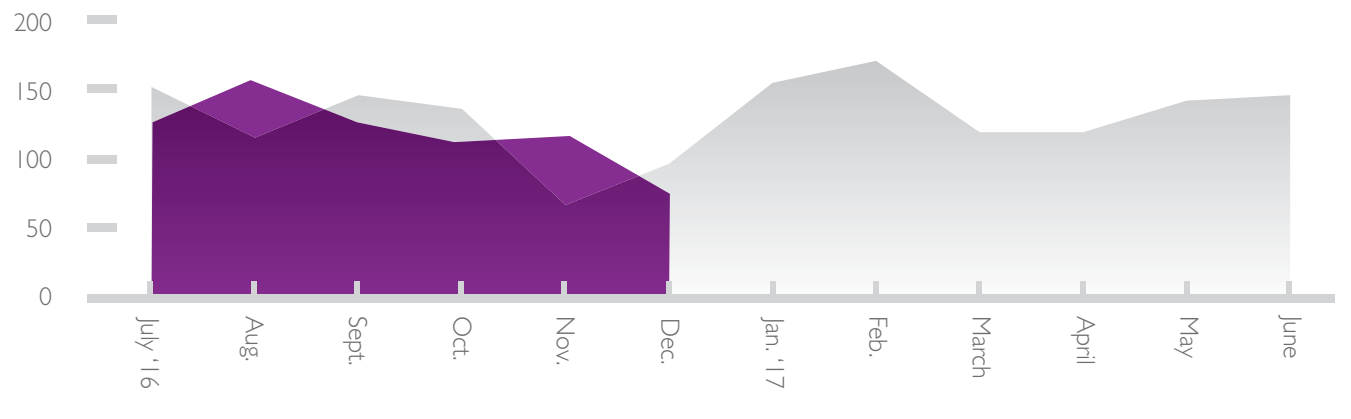
December average daily ridership was approximately 18,900 rides which is slightly less than November (19,500) but a significant increase over last December, which was 17,800 average daily rides. The drop off from November to December is normal due to the reduced holiday service schedules and official government holidays. Increases over last year's December ridership numbers may be attributed to the addition of a Fredericksburg Line round-trip route shortly after the opening of the Spotsylvania station November 2015. There were approximately 600 more riders on the Fredericksburg Line this December. In addition, new riders trying and staying with VRE due to WMATA's SafeTrack program continues to contribute to increased ridership.

December 2016 December 2015

Monthly Ridership	348,258	302,447
Average Daily Ridership	18,864	17,791
Full Service Days	16	17
"S" Service Days	5	5

SUMMONSES ISSUED

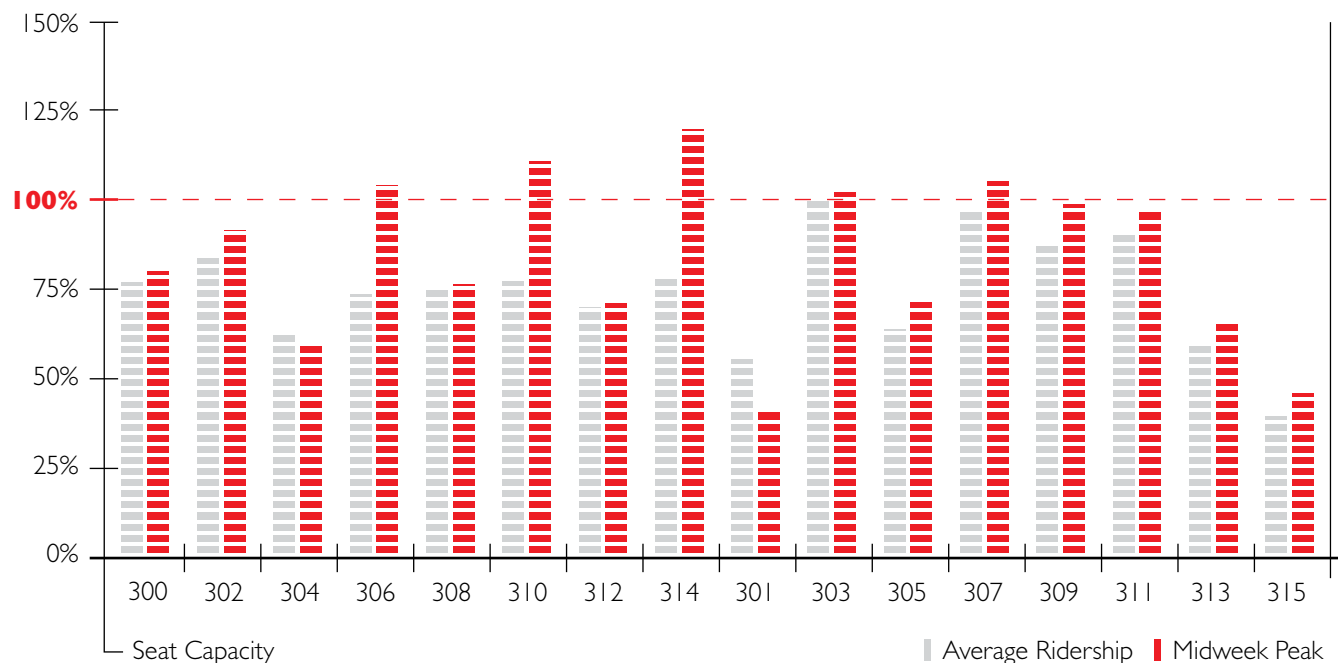
BOTH LINES ■ Current Stats ■ FY 2016



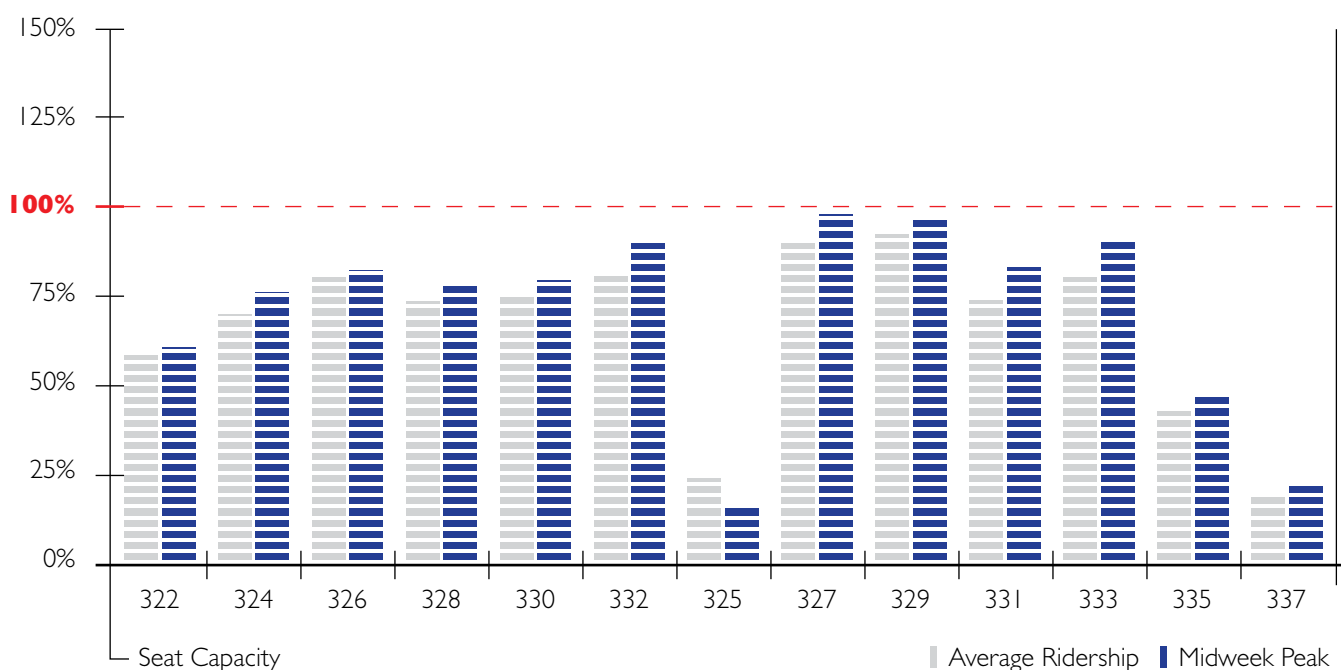
There were no summons court actions in the month of December.

TRAIN UTILIZATION

FREDERICKSBURG LINE

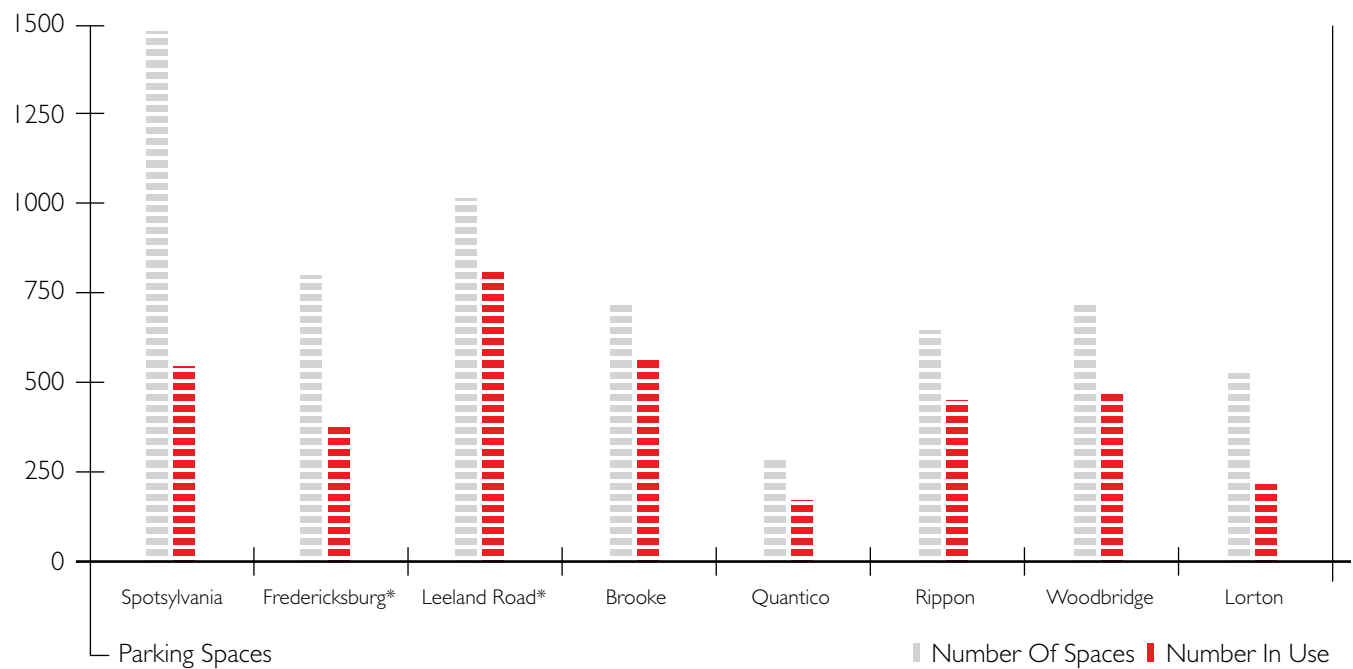


MANASSAS LINE



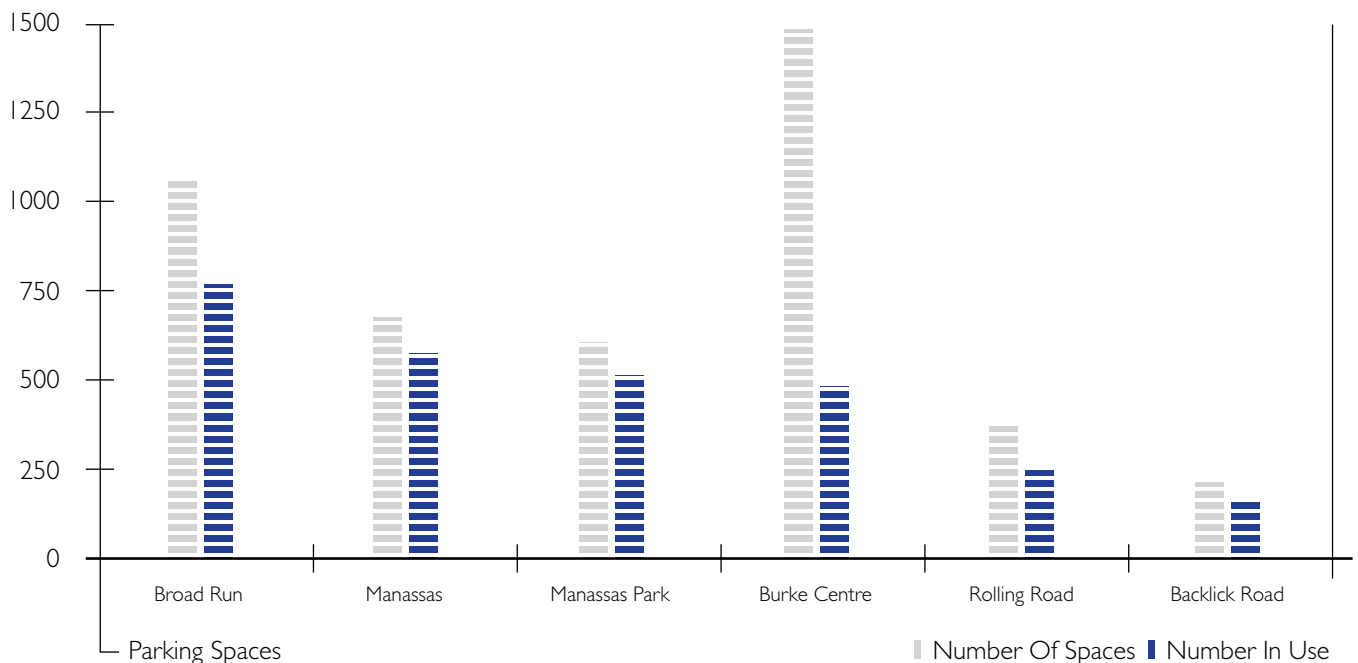
PARKING UTILIZATION

FREDERICKSBURG LINE



*Denotes stations with overflow parking available that is now being included in final counts

MANASSAS LINE



DECEMBER 2016 FINANCIAL REPORT

A copy of the December 2016 Operating Budget Report is below.

Fare income through the first six months of FY 2017 was \$1,652,939 above the budget – a favorable variance of 8.5%. Revenue through the sixth month of FY 2017 is up 14.3% compared to the same period in FY 2016. Revenue for the period was impacted by increased ridership over previous projections.

The operating ratio is 58%. Our budgeted goal ratio for FY 2017 is 50%.

A summary of the financial results (unaudited) follows, including information on the major revenue and expense categories.

Additionally, please be aware that this December 2016 Financial Report reflects the amended budget adopted at the December 2016 Operations Board meeting.

FY 2017 OPERATING BUDGET REPORT MONTH ENDED DECEMBER 31, 2016

	CURR. MO. ACTUAL	CURR. MO. BUDGET	YTD ACTUAL	YTD BUDGET	YTD \$ VARIANCE	YTD % VARIANCE	TOTAL FY17 BUDGET
OPERATING REVENUE (\$)							
Passenger Ticket Revenue	3,357,294	3,258,765	21,050,349	19,397,410	1,652,939	8.5%	38,950,000
Other Operating Revenue	1,910	16,733	161,354	99,602	61,752	62.0%	200,000
Subtotal Operating Revenue	3,359,204	3,275,498	21,211,703	19,497,012	1,714,691	8.8%	39,150,000
Jurisdictional Subsidy (1)	-	-	8,798,262	8,798,262	-	0.0%	12,847,417
Federal/State/Other	2,611,272	3,273,588	15,375,621	15,743,267	(367,645)	-2.3%	31,479,730
Jurisdictional Subsidy Appn. from Res.	-	-	-	-	-	0.0%	377,000
Interest Income	20,351	2,092	76,177	12,450	63,727	511.8%	25,000
Total Operating Revenue	5,990,827	6,551,177	45,461,763	44,050,991	1,410,772	3.2%	83,879,147
OPERATING EXPENSES (\$)							
Deptml. Operating Expenses	5,461,678	6,425,656	36,813,871	39,528,926	2,715,055	6.9%	77,152,278
Debt Service	559,925	559,573	3,359,703	3,357,435	(2,268)		6,714,870
Other Non-Deptml. Expenses	-	-	-	-	-		12,000
Total Operating Expenses	6,021,603	6,985,228	40,173,574	42,886,361	2,712,787	6.3%	83,879,147
NET INC. (LOSS) FROM OPS (\$)	(30,775)	(434,051)	5,288,189	1,164,630	4,123,559	-	-
CALCULATED OPERATING RATIO	-	-	58%	49%	-	Goal	50%

(1) Total jurisdictional subsidy is \$17,250,240. Portion shown is attributed to Operating Fund only.



CAPITAL PROJECTS UPDATES

**AS OF JANUARY 6, 2017*

Slope stabilization and grading work at the south end of the Quantico Creek bridge.

L'ENFANT (NORTH) STORAGE TRACK

VRE and CSXT are working together to prepare a section of track North of L'Enfant Station for additional train storage. CSXT added a stub-end storage track just north of the VRE L'Enfant Station several years ago. To prepare the track for storage capability, CSXT is installing powered switches and signaling at both ends of the track, while VRE is constructing the appliances needed to supply power to a VRE train laying over on the track during the midday. In September, Pepco completed the installation of the conduit necessary to provide power to the CSXT signals and VRE switchgear.

Pepco has installed cable and must install a final conduit to the meter boxes which will complete their work. DDOT has inspected the initial conduit and cabling. During testing of the switchgear apparatus, an additional connection was identified as a requirement to allow for the full operation. Final testing is required.

CSXT is in the process of installing the signal and switch reconfigurations. The L'Enfant (North) Storage Track is expected to be available for service in the first quarter of 2017.

L'ENFANT (SOUTH) STORAGE TRACK

During 2016, CSXT modified their main line tracks south of the VRE L'Enfant Station in order to operate taller "double-stack" freight trains. The taller trains began operating on December 23, 2016 when the CSXT Virginia Avenue Tunnel was opened to rail traffic. A temporary track was installed during construction to provide an extra track to maintain operations. Once CSXT completed their track work, CSXT and VRE agreed to leave the temporary track used during their track work in place and convert it into 1,350 feet of midday storage for VRE trains, or as a lay-off track for emergencies. VRE will be able to store up to two trainsets midday on the storage track.

VRE has tasked a General Engineering Consultant for Design Services: Track, Structures, and Signals, with the design of wayside power appliances for trains during layover. The design is underway; 90 percent plans were submitted and reviews by VRE and CSXT were completed. Following the reviews, a different location for the Pepco connection was identified and the design has been adjusted and submitted to Pepco for their review. Bi-weekly calls between VRE staff and CSXT are ongoing in an effort to coordinate technical reviews and refine project details. Pending Pepco comments and completion of the final design and construction, the L'Enfant (South) Storage Track is expected to be available for service by mid-year 2017.

QUANTICO STATION IMPROVEMENTS

VRE has initiated several improvements needed at the Quantico Station, including the extension of the existing platform, the addition of an island platform, and the construction of a pedestrian bridge. The project is being developed in conjunction with the DRPT-CSXT Arkendale to Powell's Creek Third Track Project. It will take 6 months to complete final design. It will take 24-30 months to construct retaining walls, track, and the station elements. The projected in-service date for all of the improvements is mid-2020.

LORTON PLATFORM EXTENSION

The Lorton Platform Extension Project will lengthen the existing platform to accommodate eight-car trains. The CSXT Construction Agreement (that includes the Right of Entry for the project) was executed at the end of May. In August, the contractor cleared the trees to prepare for the Fiber Optic Relocation, which consists of utility location and construction layout staking. With the availability of CSXT Flaggers last September, the Fiber Optic Relocation was able to begin on September 22 and was completed in October, 2016. VRE issued a Notice to Proceed (NTP) to the platform extension contractor on November 2 and continues to coordinate construction access with the Fairfax County Department of Transportation.

"PENTA-PLATFORMS" STATION IMPROVEMENTS

The Penta-Platforms Project will add capacity to the CSXT RF&P Subdivision by extending platforms and/or adding second platforms at five VRE Fredericksburg Line stations to service up to 8-cars when fully constructed. Future platform expansions will also be planned to accommodate 10 car trains. For the Franconia-Springfield Station, both existing platforms will be extended. For the Lorton, Rippon, Brooke, and Leeland Stations, all existing platforms will be extended, a new second platform will be added, and a new grade-separated pedestrian access point will be created at each location.

A GEC task order for design services is currently underway with NTP issued August 4, 2016. The design effort is being coordinated with the future third track DC2RVA study and an accelerated third track project as part of the Atlantic Gateway initiative near the Franconia-Springfield and Lorton Stations. VRE is coordinating flagging services with CSXT to support on-going surveying and geotechnical field work. A fieldwork kickoff meeting was held in December with the GEC team. Recurring project meetings and teleconference calls have been scheduled in an effort to continue collaboration among engineering and planning efforts. Preliminary engineering for the Franconia-Springfield and Lorton stations is anticipated to be complete in May 2017, while preliminary engineering efforts for the Franconia-Springfield and Lorton stations is anticipated to be complete in May 2017, while preliminary engineering efforts for Rippon, Brooke, and Leeland are anticipated to be completed by August 2018.

ARKENDALE TO POWELL'S CREEK THIRD TRACK PROJECT

VRE and DRPT are collaborating on the installation of 11 miles of new third track between Arkendale and Powell's Creek on the CSX Transportation RF&P Subdivision. The project is moving forward with earthwork, retaining wall work, new structures (as needed) and corresponding track and signal work after several years of design and project preparations. Third track construction has continued with attention given to final Potomac Shores configuration, refined Quantico scope and the negotiation of contractual responsibilities among major stakeholders.

LONG BRIDGE FEASIBILITY AND ENVIRONMENTAL STUDIES

The Long Bridge across the Potomac River is a major railroad bottleneck for the Eastern Seaboard and is the primary constraint limiting VRE's ability to operate more trains. The purpose of this project is to provide additional railroad capacity across the Potomac River.

VRE is currently collaborating with the District Department of Transportation (DDOT), the Virginia Department of Rail and Public Transportation (DRPT), the Federal Railroad Administration (FRA) and CSX Transportation (CSXT), the bridge owner, on development activities to potentially expand the crossing.

The Request for Proposals (RFP) for Phase III, which is for an Environmental Impact Statement (EIS) under the National Environmental Policy Act (NEPA), will document and disclose potential impacts and benefits of expanding and/or replacing Long Bridge, and Notice to Proceed (NTP) is expected in January 2017. VRE will provide support to tasks related to environmental and engineering assessments along with service planning scenarios to create a strong foundation for the upcoming EIS effort.

ROLLING ROAD PLATFORM EXTENSION

This project focuses on extending the existing platform at Rolling Road Station in Fairfax County to accommodate longer trains and provide associated canopy modifications. Extending the platform will allow full-length trains to platform all their doors at Rolling Road, allowing passengers to board and exit the train at a much quicker pace. The proposed expansion project will occur entirely within the Norfolk Southern right-of-way, which cuts down on potential environmental and community impacts. The contractor continues to make progress in reviewing existing conditions in terms of utilities and structures. NS will be providing flagging protection so that the survey team can conduct work to inform the design process. In October, VRE received the Basis of Design Report from the contractor, and the two parties have been in collaboration to review the report and the progress to date.

MIDDAY STORAGE FACILITY

VRE must replace space leased from Amtrak for train storage in the Ivy City Coach Yard before the current lease agreement expires starting in July 2018. Opportunities for midday storage of VRE rolling stock in the District of Columbia are presently limited. The purpose of the current project is to acquire property, conduct the necessary environmental clearance activities, and design and construct a permanent midday storage facility for VRE equipment. VRE has identified a tract of land adjacent to the Ivy City Yard along New York Avenue as a potential site for acquisition to replace the current storage. VRE continues to collaborate with key stakeholders to advance and coordinate the design of the facility. These include Amtrak, DRPT, the District of Columbia, and the U.S. Department of Transportation. In addition, bi-weekly coordination meetings with the contractor have begun to further refine initial project start-up activities, including project management tasks, stakeholder engagement, and real estate acquisition strategies to support project development.

GAINESVILLE HAYMARKET EXTENSION

The Gainesville Haymarket Extension (GHX) Study is analyzing several options to expand capacity at the end of the Manassas line, including a potential 11-mile expansion of VRE service through Gainesville and to the general vicinity of the town of Haymarket. Phase A, the planning and alternatives analysis, is complete. The results of Phase A have been shared with stakeholder committees and the general public to gain their feedback.

The VRE Operations Board will select which VRE expansion alternative(s) should be advanced for further investigation in Phase B of the study, which includes environmental evaluation consistent with the National Environmental Policy Act (NEPA) and preliminary engineering design. The alternatives under consideration include a VRE extension with a terminus at Haymarket, Gainesville or Innovation. Additionally, there is also an expansion alternative that does not build an extension; rather, it expands current Manassas Line service by relocating the Broad Run station and increasing the size of the Broad Run yard. A decision by the Operations Board was deferred at their December 2016 meeting to allow Prince William Board of County Supervisors to reach a consensus regarding which VRE expansion alternative they would like to see further evaluated.

MANASSAS PARK STATION PARKING EXPANSION

VRE is in the process of developing a new parking structure at the Manassas Park Station. The VRE Manassas Park station parking lot is typically full before the last train leaves the station in the morning, and additional parking is necessary to meet the needs of riders. Due to lack of space in the existing lot, VRE riders sometimes park on nearby streets or in a City-owned parking lot, and then walk over a grade-crossing to access the station. The problem is expected to worsen as ridership at this station is projected to grow with new development near the station and enhanced VRE service on the Manassas Line. VRE is currently working to identify the best solution to solve these issues.

Since project kick-off in July 2016, the project team has evaluated historical data and conducted field observations to identify the current parking demand at the station, and project the number of spaces that will be needed here in the year 2040. The study concluded that by 2040, there will be a need for 560 additional parking spaces. The project team also evaluated six potential sites in the vicinity of the station for suitability for construction of a parking facility. A site evaluation workshop with VRE staff and the City Council was held on Oct 11, 2016. Public outreach on the preferred site was conducted, including a Town Hall meeting held at the Manassas Park City Hall on November 1, 2016. Feedback received showed general concurrence with VRE's recommendation to locate a parking garage on the Bays Site, a site currently owned by the City. The City Council formally endorsed this recommendation at their meeting on November 15, 2016. An Alternatives Analysis report is being developed to document data analyzed and decisions made in this phase of the project. This phase is anticipated to be complete in Feb 2017. The next phase will involve developing NEPA documentation and preliminary engineering for the parking garage at the Bays Site.

CRYSTAL CITY STATION EXPANSION

Crystal City is the second busiest station in the VRE system. However, the existing station was built in the early 90's and is not adequate for future operations. The platform is only 400 feet long and serves one track. The longer VRE trains now have 8 cars, and require a 750-foot platform. In the future, the station should be served by two tracks to remove a bottleneck and expand operational capacity in the most heavily trafficked part of the CSXT RF&P Subdivision. This project will also improve the safety and reliability of the system.

The current project will involve a number of tasks, including: identifying the factors that will contribute to the success of the Crystal City station through stakeholder and public outreach; selecting an ideal location for the new VRE Crystal City station based on the railroad geometry and access to destinations in the Crystal City area; advancing the preferred alternative into preliminary engineering; and identifying environmental issues that will need to be addressed in the next phase.



The platform at Crystal City station is crowded as the train pulls in on a typical weekday afternoon.

A new island platform with two platform edges will be designed at the location of the existing Crystal City Station or further south. Designs will be coordinated with the future four-track configuration currently being designed by the Virginia Department of Rail and Public Transportation's DC to Richmond VA (DC2RVA) project. Two grade-separated access points will be provided between the platform and the street. The project will also enhance local and regional connectivity by optimizing multimodal access, especially to Metrorail, Crystal City, Potomac Yard Transitway, local buses and shuttles, taxi stand or kiss-and-ride areas, and bicycle and pedestrian facilities. Notice to proceed was provided in December 2016. Project completion is anticipated in June 2017.

FACILITIES UPDATE

The following is a status update of VRE facilities projects:

Completed projects:

N/A for the current period

Projects scheduled to be completed this quarter:

1. Installation of mesh panel ceiling at Woodbridge Station west tower to eliminate pigeon issue
2. Replacement of broken glass pane in Woodbridge west elevator
3. Assistance with coordination of Featherstone Wildlife Refuge access stair and ramp construction at Rippon Station (under construction)
4. Canopy roof and gutter replacement at Leeland Road Station (pending CSX flagman availability)
5. Replacement of broken glass pane at Fredericksburg Station (Work initiated by City of Fredericksburg. Pending delivery of glass panel.)
6. Installation of pathfinder signs for Spotsylvania Station
7. Installation of monitoring wells on two outfall drainage pipes at Broad Run Yard to allow for accurate discharge sampling for VPDES General Permit compliance (pending DEQ approval)
8. Installation of exhaust fan in Alexandria Headquarters kitchen

Projects scheduled to be initiated this quarter:

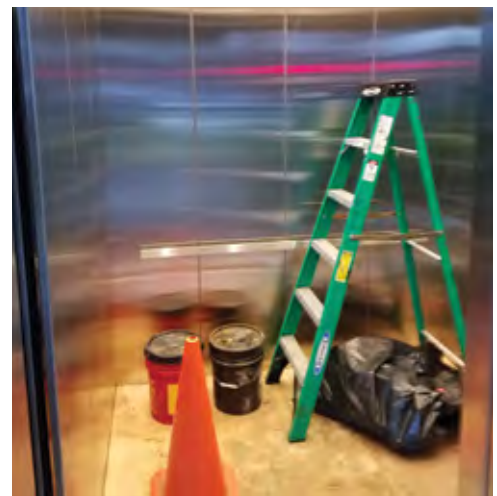
1. Development of specifications for Woodbridge east elevator modernization project
2. Repairs to fascia and soffit at Woodbridge Station east building
3. Replacement of name/address Braille signage at all stations
4. Installation of inter-track warning signs at various stations
5. Replacement of tactile warning strips at various stations

Ongoing projects:

1. Replacement of platform lighting at L'Enfant Station
2. Development of design of platform concrete rehabilitation at Fredericksburg Station
3. Elevator modernization project, underway at Franconia-Springfield Station and Rippon Station (work at Rippon station nearing completion)
4. Design of emergency generator at Woodbridge Station west elevator/stair tower
5. Installation of utility power status remote monitoring at various stations



Featherstone Wildlife Refuge Access Stair and Ramp Construction at Rippon Station



Rippon Station Elevator Modernization Project Nearing Completion

UPCOMING PROCUREMENTS

- Replacement of Tactile Warning Strips at Station Platforms
- Automated Parking Count System
- Automated Passenger Count System
- Purchase of Passenger Elevators
- Construction of the Lifecycle Overhaul and Upgrade Facility
- Construction Management Services for the Lifecycle Overhaul and Upgrade Facility
- Information Technology Services
- Program Management Services
- Graphic Design Services
- Purchase of Replacement Railcar Batteries
- Purchase of Rebuilt Locomotive Air Compressors
- Delivery of MP36 Locomotive Diesel Oxidation Catalyst Elements
- Purchase and Delivery of Replacement Locomotive Shock Absorbers
- Passenger Railcar Truck Overhaul Services

PROJECTS PROGRESS REPORT

AS OF JANUARY 6, 2017

PASSENGER FACILITIES

PROJECT	DESCRIPTION	PHASE					
		CD	PD	EC	RW	FD	CN
Union Station Improvements (Amtrak/VRE Joint Recapitalization Projects)	Station and coach yard improvements of mutual benefit to VRE and Amtrak.	◆	◆	◆	N/A	◆	●
Alexandria Station Improvements	Pedestrian tunnel to METRO and eliminate at-grade track crossing.	◆	◆	●	N/A	●	—
	Modify Slaters Lane Interlocking and East Platform for passenger trains on Track #1.	◆	◆	◆	N/A	●	—
	Extend East Platform and elevate West Platform.	◆	◆	◆	N/A	◆	—
Franconia-Springfield Station Improvements	◆ Extend both platforms and widen East Platform for future third track.	◆	●	●	N/A	—	—
Lorton Station Improvements	Extend existing platform.	◆	◆	◆	N/A	◆	●
	◆ Construct new second platform with pedestrian overpass.	◆	●	●	N/A	—	—
Rippon Station Improvements	◆ Extend existing platform, construct new second platform with pedestrian overpass.	◆	●	●	N/A	—	—
Potomac Shores Station Improvements	New VRE station in Prince William County provided by private developer.	◆	◆	◆	N/A	■	—
Quantico Station Improvements	Extend existing platform, construct new second platform with pedestrian overpass.	◆	◆	◆	N/A	■	—
Brooke Station Improvements	◆ Extend existing platform, construct new second platform with pedestrian overpass.	◆	●	●	N/A	—	—
Leeland Road Station Improvements	◆ Extend existing platform, construct new second platform with pedestrian overpass.	◆	●	●	N/A	—	—
Spotsylvania Station Improvements	New VRE station in Spotsylvania County near the Crossroads MSF.	◆	◆	◆	N/A	◆	◆
Manassas Park Parking Expansion	Parking garage to increase parking capacity by 1,100 spaces.	●	—	—	N/A	—	—
Rolling Road Station Improvements	Extend existing platform.	●	—	—	N/A	—	—
Crystal City Station Expansion	Alternative analysis and conceptual design for new island platform.	●	—	—	N/A	—	—
Broad Run Station Improvements	Parking garage to increase parking capacity by 900 spaces.	◆	◆	■	N/A	—	—

PHASE: CD – Conceptual Design PD – Preliminary Design EC – Environment Clearance RW – Right of Way Acquisition
 1 Total project cost estimate in adopted FY2017 CIP Budget
 2 Does not include minor (< \$50,000) operating expenditures
 * \$2,181,630 authorization divided across five “Penta-Platform” program stations

ESTIMATED COSTS (\$)					COMPLETION		STATUS	
Total	Funded	Unfunded	Authorized	Expended ²	Percent	Date		
3,201,176	3,201,176	–	1,451,176	574,706	75%	2nd QTR 2017	●	Work resumed in April, 2016, and is anticipated to be completed in the second quarter of 2017.
10,021,865	10,021,865	–	2,450,624	1,931,995	51%	3rd QTR 2017	●	60% Comments under review.
7,000,000	7,000,000	–	467,500	4,574	5%	3rd QTR 2017	●	Design work has begun and anticipated for completion in January 2017.
2,400,000	400,000	2,000,000	–	–	5%	3rd QTR 2017	●	Design work on East Platform only. West Platform elevation funded.
13,000,000	13,000,000	–	–	25,463	5%	2nd QTR 2020	●	Preliminary engineering is anticipated to be complete in May 2017.
2,500,000	2,500,000	–	–	410,351	16%	3rd QTR 2018	●	Fiber Optic relocation completed week of October 14, 2016. Proceeding with Pre-construction.
16,140,000	16,140,000	–	*	38,544	5%	2nd QTR 2020	●	Preliminary engineering is anticipated to be complete in May 2017.
16,633,535	16,633,535	–	*	23,169	5%	4th QTR 2021	●	Preliminary engineering is anticipated to be completed by August 2018.
No costs for VRE. Station being developed by private developer					25%	4th QTR 2017	■	On hold pending resolution of Arkendale to Powell's Creek Third Track Project issues.
9,500,000	9,500,000	–	–	–	10%	4th QTR 2019	■	On hold pending resolution of Arkendale to Powell's Creek Third Track Project issues.
14,650,000	9,264,300	5,385,700	*	19,238	5%	4th QTR 2021	●	Preliminary engineering is anticipated to be completed by August 2018.
14,000,000	9,264,300	4,735,700	*	19,846	5%	4th QTR 2021	●	Preliminary engineering is anticipated to be completed by August 2018.
3,422,500	3,422,500	–	3,901,886	3,620,313	99%	1st QTR 2017	●	Project complete. Proceeding with close-out.
19,600,000	2,500,000	17,100,000	182,142	139,619	10%	2nd QTR 2018	●	NTP issued in July, 2016. Alternatives Analysis report is being finalized.
2,000,000	2,000,000	–	442,900	27,551	8%	3rd QTR 2020	●	Basis of Design Report under review.
400,000	400,000		278,767		5%	2nd QTR 2017	●	NTP Issued December 2016.
24,420,000	12,998,282	11,421,718	2,031,263	393,120	30%	TBD	■	NEPA documents submitted to FTA for review.

FD – Final Design

CN – Construction

STATUS:



Completed



Underway



On Hold



Part of the "Penta-Platform" program

TRACK AND INFRASTRUCTURE

PROJECT	DESCRIPTION	PHASE					
		CD	PD	EC	RW	FD	CN
Hamilton-to-Crossroads Third Track	2¼ miles of new third track with CSXT design and construction of signal and track tie-ins.	◆	◆	◆	N/A	◆	◆

MAINTENANCE AND STORAGE FACILITIES

Broad Run Yard Train Wash	New train wash facility to be added to the Broad Run MSF.	◆	◆	◆	N/A	◆	■
L'Enfant North Storage Track and Wayside Power	Conversion of existing siding into a midday train storage track.	◆	◆	◆	N/A	◆	●
L'Enfant South Storage Track and Wayside Power	Conversion of CSXT Temporary Track to VRE Storage Track (1,350 feet) and Associated Signal Work and Wayside Power.	◆	◆	◆	N/A	◆	●
Lifecycle Overhaul and Upgrade Facility	New LOU facility to be added to the Crossroads MSF.	◆	◆	◆	N/A	◆	■
Crossroads Maintenance and Storage Facility Land Acquisition	Acquisition of 16.5 acres of land, construction of two storage tracks and stormwater retention and new access road.	◆	N/A	N/A	●	N/A	N/A
Midday Storage	New York Avenue Storage Facility: Planning, environmental and preliminary engineering.	◆	●	●	●		

ROLLING STOCK

Passenger Railcar Procurement	Acquisition of 29 new railcars (15 received • 14 being built).	◆	N/A	N/A	N/A	◆	●
Positive Train Control	Implement Positive Train Control for all VRE locomotives and control cars.	◆	N/A	N/A	N/A	◆	●

PLANNING, COMMUNICATIONS AND IT

Gainesville-Haymarket Extension	NEPA and PE for an 11-mile extension of VRE service over the NS B-Line to I-66 near Haymarket.	◆	●	●	—	—	—
Mobile Ticketing	Implementation of a new mobile ticketing system.	◆	N/A	N/A	N/A	◆	●

PHASE: CD – Conceptual Design PD – Preliminary Design EC – Environment Clearance RW – Right of Way Acquisition

1 Total project cost estimate in adopted FY2017 CIP Budget

2 Does not include minor (< \$50,000) operating expenditures

ESTIMATED COSTS (\$)					COMPLETION		STATUS	
Total	Funded	Unfunded	Authorize	Expended ²	Percent	Date		
32,500,000	32,500,000	—	32,823,227	29,205,342	98%	4th QTR 2016	●	Project complete. Close-out pending.
2,494,711	307,513	2,187,198	307,513	174,875	55%	TBD	■	Design 90% complete; on hold pending FTA review.
4,283,618	4,283,618	—	4,207,057	1,706,560	80%	1st QTR 2017	●	Power construction 90% complete. Pepco work will be followed by CSX signal installation.
3,965,000	3,965,000	—	2,937,000	1,386,438	10%	2nd QTR 2017	●	90% plans were submitted in October and are under review by VRE and CSXT.
35,100,000	22,500,000	—	3,146,000	2,060,026	60%	1st QTR 2018	■	Design 100% complete. On hold pending county zoning action.
2,950,000	2,950,000	—	2,950,000	76,767	75%	2nd QTR 2017	●	Completed cultural resources report. Submission of CE to FTA and county zoning action pending.
88,800,000	88,800,000	—	2,883,272	68,482	10%	4th QTR 2017	●	Developing design options and CE. Identifying real estate requirements and acquisition strategy.
75,264,693	75,264,693	—	72,296,772	36,994,353	49%	4th QTR 2018	●	8 cars received in FY 2015. 7 cars have been received in FY 2016 and 5 cars scheduled to be received in FY 2017.
10,553,000	10,553,000	—	7,980,877	7,273,633	80%	4th QTR 2018	●	Onboard installations ongoing.
617,791,163	5,885,163	611,906,000	4,865,112	2,108,091	15%	3rd QTR 2022	●	Planning underway: travel demand analysis/ridership projection, alternatives analysis, public outreach and conceptual engineering.
3,510,307	3,510,307	—	3,510,627	1,575,307	50%	1st QTR 2017	●	Integration with S&B system complete. Mobile now accounts for about 12% of monthly revenue and more than 25% of all tickets sold.

FD – Final Design CN – Construction ◆ Completed ● Underway ■ On Hold



VIRGINIA RAILWAY EXPRESS

1500 KING STREET, SUITE 202 • ALEXANDRIA, VA 22314 • 703.684.1001

VRE.ORG





**Virginia Railway
Express**

Paul Smedberg
Chairman

Maureen Caddigan
Vice-Chairman

Katie Cristol
Secretary

Paul Milde
Treasurer

Sharon Bulova
John C. Cook
John D. Jenkins
Matt Kelly
Jennifer Mitchell
Suhas Naddoni
Martin Nohe
Pamela Sebesky
Gary Skinner
Bob Thomas

Alternates

Ruth Anderson
Pete Burrus
Hector Cendejas
Libby Garvey
Jeanine Lawson
Jeff McKay
Wendy Maurer
Paul Trampe
Billy Withers
Mark Wolfe

Doug Allen
Chief Executive Officer

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

MINUTES

VRE Operations Board Meeting PRTC Headquarters – Prince William County, Virginia February 17, 2017

Members Present	Jurisdiction
John C. Cook (NVTC)	Fairfax County
Katie Cristol (NVTC)	Arlington County
John D. Jenkins (PRTC)*	Prince William County
Matt Kelly (PRTC)	City of Fredericksburg
Paul Milde (PRTC)	Stafford County
Martin Nohe (PRTC)	Prince William County
Pamela Sebesky (PRTC)	City of Manassas
Gary Skinner (PRTC)	Spotsylvania County
Paul Smedberg (NVTC)	City of Alexandria
Bob Thomas (PRTC)	Stafford County

Members Absent	Jurisdiction
Sharon Bulova (NVTC)	Fairfax County
Maureen Caddigan (PRTC)	Prince William County
Jennifer Mitchell	DRPT
Suhas Naddoni (PRTC)	City of Manassas Park

Alternates Present	Jurisdiction
Ruth Anderson (PRTC)	Prince William County
Pete Burrus	DRPT
Libby Garvey (NVTC)*	Arlington County

Alternates Absent	Jurisdiction
Hector Cendejas (PRTC)	City of Manassas Park
Jeanine Lawson (PRTC)	Prince William County
Jeff McKay (NVTC)	Fairfax County
Wendy Maurer (PRTC)	Stafford County
Paul Trampe (PRTC)	Spotsylvania County
Billy Withers (PRTC)	City of Fredericksburg
Mark Wolfe (PRTC)	City of Manassas

Staff and General Public	
Doug Allen – VRE	Scott Kalkwarf – NVTC
Monica Backmon – NVTA	John Kerins – Keolis
Donna Boxer – VRE	Cindy King – VRE
Alex Buchanan – VRE	Mike Lake – Fairfax County
James Davenport – Prince William DOT	Lezlie Lamb – VRE
Paul Dean – VRE	Bob Leibbrandt – Prince William County
Greg Deibler – VRE	Steve MacIsaac – VRE legal counsel
John Duque – VRE	Diana Marquez-Benz – VRE
Rhonda Gilchrest – NVTC	Eric Marx – PRTC
Chris Henry – VRE	Matthew McDermott – Amec Foster Wheeler
Tom Hickey – VRE	Lynn Rivers – Arlington County
Gerri Hill – VRE	Joe Swartz – VRE
Christine Hoeffner – VRE	Ciara Williams – DRPT
Pierre Holloman – City of Alexandria	Detrius Williams – VRE

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

Chairman Smedberg called the meeting to order at 9:04 A.M. Following the Pledge of Allegiance, Roll Call was taken.

Approval of the Agenda – 3

Chairman Smedberg stated the Agenda is amended to move Agenda Item #9C “Gainesville-Haymarket Extension Study Update” to immediately following the action items. He also noted a Closed Session is not needed. There were no objections.

Mr. Kelly moved, with a second by Mr. Milde, to approve the Amended Agenda. The vote in favor was cast by Board Members Anderson, Burrus, Cook, Cristol, Kelly, Milde, Nohe, Sebesky, Skinner, Smedberg and Thomas.

Approval of the Minutes of the January 27, 2017 Operations Board Meeting – 4

Mr. Milde moved, with a second by Mr. Skinner, to approve the Minutes. The vote in favor was cast by Board Members Burrus, Cook, Cristol, Kelly, Milde, Nohe, Skinner and Smedberg. Ms. Anderson, Ms. Sebesky and Mr. Thomas abstained.

Chairman’s Comments – 5

Chairman Smedberg welcomed a new Board Member, Pamela Sebesky, who serves on the Manassas City Council and is replacing Mr. Way on the Operations Board. He also welcomed Ruth Anderson, who serves on the Prince William County Board of Supervisors and has been appointed to serve as an Alternate on the Operations Board. She sat in for Ms. Caddigan.

Chief Executive Officer’s Report – 6

Mr. Allen gave an update on recent security and safety initiatives for January. VRE worked closely with Amtrak to provide safe service for the Presidential Inauguration activities. VRE staff also met with Norfolk Southern’s safety division to discuss safety issues. Mr. Allen reported on-time performance (OTP) for the month of January was 94 percent (96 percent on the Manassas Line and 93 percent on the Fredericksburg Line). Average Daily Ridership was strong at 19,900, which is a 10 percent increase compared to the same time last year.

[Mr. Jenkins arrived at 9:09 A.M.]

Mr. Allen invited Board Members to participate in the next scheduled Board Member Orientation on March 3rd or other ones being regularly scheduled in the future. He also introduced two new employees: Cindy King, Marketing Administrator, and Diana Marquez-Benz, Revenue Accountant.

Mr. Allen reported on February 8th he and Mr. Dalton met with Charles “Wick” Moorman, the new President and Chief Executive Officer of Amtrak, to discuss projects of interest to VRE, including mid-day storage and the Alexandria King Street Station. In response to a question from Chairman Smedberg, Mr. Allen stated the King Street Station is owned by

Amtrak (it was later confirmed the station is owned by the City of Alexandria and leased by Amtrak).

Mr. Allen stated staff is monitoring General Assembly legislation. He thanked Mr. Cook for accompanying him to meet with legislators to discuss the importance of VRE's long-term viability. Mr. Allen reported the Federal Transit Administration has announced it will withhold Section 5307 grant funds from Virginia until the Metro Safety Commission (MSC) is created, which will impact VRE funding. The General Assembly is currently considering legislation to create the MSC.

Mr. Jenkins announced the passing of Michele McQuigg, Prince William County's Clerk of the Circuit Court, on February 15, 2017. She had also served on the Prince William County Board of Supervisors and the Virginia House of Delegates.

Chairman Smedberg recognized the arrival of Libby Garvey, an Arlington County Board Member, who is a new Alternate on the VRE Operations Board. He invited her to the table. (She participated in the discussion but did not vote.)

VRE Riders' and Public Comment – 7

There were no comments.

Recommend Approval of Rail Enhancement Fund Applications and Authorization of Funds from Capital Reserves as Required Match – 8A

Mr. Allen asked the Operations Board to recommend approval of the submission of two rail Enhancement Fund (REF) applications. The first application is for L'Enfant Station Improvements and Fourth Track in the amount of \$3,180,000 and the second is for the Crystal City Station Improvements in the amount of \$1,010,000. Resolution #8A-02-2017 would recommend this as well as authorize the use of funds from capital reserves in the amount of \$303,000 as match to the REF grant for the Crystal City project.

Ms. Cristol moved, with a second by Mr. Milde, to approve Resolution #8A-02-2017.

Ms. Cristol stated she is happy to see the Crystal City Station project moving forward and asked for more information about the design phase. Mr. Hickey gave an overview of the design process. He explained the preliminary engineering and NEPA study for both locations are included in this design phase, which will be followed by the final design and construction phase. Funding strategies for the construction phase have yet to be identified. Mr. Nohe observed this action will use VRE capital reserve funds to advance a design study to the next stage of the project to the 30 percent level.

The Board then voted on the motion and it passed. The vote in favor was cast by Board Members Anderson, Cook, Cristol, Jenkins, Kelly, Milde, Nohe, Sebesky, Skinner, Smedberg and Thomas. Mr. Burrus abstained.

Authorization to Amend the Contract for Security Services – 8B

Chairman Smedberg stated the Operations Board is being asked to authorize the Chief Executive Officer to amend the current contract with SOS Security LLC of Parsippany, New Jersey for security services with an authorized amount of \$1,546,226, increasing the authorization by \$755,000 for a new total amount not to exceed \$2,301,226. Resolution #8B-02-2017 would accomplish this.

Mr. Allen explained these security services are needed for a wide variety of reasons, including making sure there is adequate security coverage at the storage yards, for active construction, and at project locations. In response to a question from Mr. Milde, Mr. Allen explained the increase in costs reflects an increase in needed security as a result of new construction. In response to a question from Mr. Skinner, Mr. Deibler stated this action is adding value to the current contract and is not a new procurement. New Horizons Security of Manassas, Virginia is VRE's current security contractor and has been recently acquired by SOS Security LLC.

Mr. Jenkins moved, with a second by Ms. Cristol, to approve Resolution #8B-02-2017. The vote in favor was cast by Board Members Anderson, Burrus, Cook, Cristol, Jenkins, Kelly, Milde, Nohe, Sebesky, Skinner, Smedberg and Thomas.

Authorization to Issue an MEC VI Task Order for the Cab Control Car Holding Brake Modification –8C

Chairman Smedberg stated the Operations Board is being asked to authorize the CEO to issue a Task order to STV, Inc., under the MEC VI Contract to support VRE with the installation of the Cab Control Car Holding Brake Modification in the amount of \$107,232, plus a 10 percent contingency of \$10,723, for a total amount not to exceed \$117,955. Resolution #8C-02-2017 would authorize this.

Mr. Milde moved, with a second by Mr. Skinner, to approve Resolution #8C-02-2017. The vote in favor was cast by Board Members Anderson, Burrus, Cook, Cristol, Jenkins, Kelly, Milde, Nohe, Sebesky, Skinner, Smedberg and Thomas.

Gainesville-Haymarket Extension Study Update –9E

Mr. Allen gave a brief status of what has transpired since the last VRE Operations Board meeting. VRE staff has met with Supervisors Nohe and Lawson, as well as Prince William County staff. Even though there has been acquisition of potential sites for the Broad Run Alternative, he stated VRE staff has determined there is still a viable site option at the current station site, although there could be additional costs, more needed coordination with Norfolk Southern, and land use issues.

Mr. Nohe stated in his view if this decision were easy, it would be the Gainesville extension. But there are major hurdles to overcome. The Prince William County Board needs to decide how the County wants to proceed. He is confident the County Board will make a decision soon, but he is less confident about what the decision will be. He explained the variables that create the challenges for Prince William County in making the decision of the two options. He hopes Prince William County staff can bring a recommendation to the County

Board at its March 7th meeting with action requested at the March 14th meeting, so it can be brought to the VRE Operations Board for its March 17th meeting.

Mr. Milde stated he will not be present for the March 17th meeting but he would vote against any option other than an extension to Gainesville, even though it will be more expensive. The I-66 and I-95 corridors will continue to grow.

Mr. Skinner asked about the timeline. Mr. Allen stated the first priority for either option (Broad Run Alternative or Gainesville extension) is to seek Norfolk Southern's approval.

The Board then had a lengthy discussion about funding options and challenges. Mr. Cook stated he does not pretend the answer is easy. He stated it might be helpful to hear from the state on funding. Mr. Burrus stated VRE has had a very successful ranking in the Smart Scale application process for platform improvements. However, the Smart Scale program has its fiscal limitations because there is only so much funding and a lot of transportation demand across the Commonwealth. For a perspective on federal funding challenges, Virginia's federal FASTLANE \$1.4 billion application for the Atlantic Gateway project included \$495 million in rail projects, but only received \$45 million for rail projects. He observed multiple funding sources for either GHX option will be needed for a project of this size.

Mr. Cook asked if funding is used to continue to study a Gainesville extension and then in the future determine VRE cannot acquire the needed funding, is it too late to shift back to the Broad Run Alternative option. He stated he would like to see a timeline of decision points and their ramifications. He also observed there are still funding challenges for operating costs associated with a Gainesville extension. He asked what assurances Prince William County can give that it can meet those funding obligations. It affects VRE and the other jurisdictions because there is a lot of funding at stake.

Ms. Anderson asked for staff to explain why the Gainesville-Haymarket extensions would not be considered competitive for New Starts funding. Mr. Allen explained the federal government uses a combination of criteria regarding ridership and land use potential. FTA is interested in extension projects that carry high volumes of daily riders. VRE carries a smaller number of people, but over longer distances. A VRE extension to Gainesville-Haymarket would not compete well with other New Starts projects. The Broad Run Alternative option would likely compete well for federal Core Capacity funding.

Briefing by DRPT on CTB Review of VRE 2040 Plan and Financial Plan – 9B

Mr. Burrus stated Virginia House Bill 30 instructed the Commonwealth Transportation Board's Rail Committee to review the VRE System Plan 2040 and other long-range planning efforts. In consultation with the CTB Rail Committee, DRPT conducted the review and submitted a report to the General Assembly. Mr. Burrus stated the scope of the review was estimating methodology, long-term service costs, and assumptions on funding resources. He reviewed the key findings:

- VRE's methodology is consistent with industry standards and regional growth expectations.

- VRE's system is poised to see significant gains in ridership by 2040 proportional to the investments made per the plan.
- VRE operating expense levels fall within industry norms.
- VRE has maintained 50 percent farebox recovery ratios.
- VRE fare structure is comparable to other systems.
- Additional analysis is needed to determine potential for changes to VRE's fare structure.
- VRE System Plan 2040 projects five percent biennial growth. Strategic Financial Forecast reduced this to three percent.
- Approximately nine percent of riders come from outside jurisdictions.
- State operating subsidies have been flat and VRE is assuming no growth for this source of revenue.
- Assuming state revenue growth consistent with the CPI would help VRE's operations funding challenges.

Mr. Burrus stated the report concludes VRE's concern regarding its long-term financial challenges are founded. The report calls for VRE to further study fare elasticity and to pursue higher growth in local subsidies. The state subsidy should maintain growth with CPI for operations. The full implementation of System Plan 2040 could have a significant positive effect on traffic volumes in the I-95 and I-66 corridors. He stated existing VRE ridership provides service levels similar to about 36 miles of interstate capacity, worth up to \$5.4 billion. VRE's Natural Growth Scenario provides service levels similar to approximately 58 lane miles of interest which could be valued as high as \$5.5-\$8.7 billion. The full implementation of VRE's System Plan 2040 benefit could equate to as much as 96 lane miles of travel demand today which could be valued as high as \$9-\$14 billion. In comparison, the projected capital cost for VRE's System Plan 2040 is \$4.1 billion. The cost to close the funding gap (\$15.5 million annually by 2040) is far less than just the construction of a mile of interstate in the I-66 corridor (\$95 million per mile).

Mr. Skinner observed in regards to increased jurisdictional subsidies, low gas prices are impacting gas tax revenues and there will be a point when some jurisdictions' subsidies will be more than the revenue they receive.

Mr. Cook thanked Mr. Burrus for this presentation. He stated it would be helpful for staff to look at an annual two percent fare increase and two percent subsidy increase compared to the current three percent every other year. He stated it is also unrealistic for the state to flat line its contribution for operating funds, so he is glad to see this addressed in the report. He asked if these changes could close the \$15 million gap over time.

Mr. Allen noted the report confirms riders are paying their fair share of the costs. Currently, VRE's farebox recovery is 58 percent, which is one of the highest in the country. The report also confirms the jurisdictions are doing their share. VRE service is in Corridors of Statewide Significance (COSS) and this study demonstrates the legitimate reason to ask the state to help with more funding.

Ms. Cristol thanked DRPT for validating VRE's argument for the need for additional funding. This report will be valuable as VRE prepares for the 2018 General Assembly

Session. Mr. Milde stated this study would also be helpful to make the argument for gas tax floor legislation. Mr. Burrus noted the study did not address this legislation.

Mr. Skinner asked for an electronic version of the report. Mr. Jenkins asked for the House document number for future reference and documentation. Mr. Allen stated staff plans to summarize the findings of the report in the next several months and will provide that information as well. Chairman Smedberg suggested using this information in conjunction with VRE's 25th anniversary. VRE has a great history and a great story—this study validates it.

Mr. Skinner asked about evaluating fare elasticity. Mr. Burrus explained it is complicated and will require a regional approach. He encouraged VRE to use expert technical support.

[Mr. Milde left the meeting at 10:46 A.M.]

VRE Positive Train Control (PTC) Implementation Plan Update – 9A

Mr. Allen reported VRE has been working to implement its Positive Train Control (PTC) requirements prior to the December 31, 2018 federal deadline with close coordination with the host railroads. VRE has installed the on-board PTC equipment on all VRE locomotives and cab control cars; procured a third-party provider for Hosted Back Office Service; developed training programs for operations and maintenance staff; submitted a revised PTC Implementation Plan; and surveyed for wayside Wi-Fi hotspots for software updates and crew initializations.

In response to a question from Mr. Skinner, Mr. Allen stated the primary focus is to procure and install Wi-Fi hotspots to support PTC, which will be completed before the first half of 2017, and then determine the capacity for providing Wi-Fi for passengers.

Ms. Cristol asked what happens if VRE has met all its PTC requirements, but the host railroads do not meet the deadline. Mr. Allen responded he does not see this happening since the host railroads are tracking to meet the deadline. Mr. Deibler stated VRE will receive a system safety certification by the Federal Railroad Administration.

VRE Operations Board Committee Assignments – 9C

Chairman Smedberg noted the written report lists the members of the various VRE committees, including the CEO Evaluation Committee, Capital Committee, and Audit Committee. Ms. Cristol is the new Chair of the Capital Committee.

Spending Authority Report – 9D

Mr. Allen stated the written report includes one reportable expenditure, which is a Purchase Order for \$57,500 to Fredericksburg Limousine for Passenger Shuttle Services at the Franconia-Springfield VRE Station to provide temporary shuttle service necessary due to elevator repairs on the Metro side of the station pedestrian bridge.

Operations Board Members Time – 11

Mr. Kelly stated FAMPO has set up a special committee to review the Smart Scale process because of significant concerns about changing rules during the application process and how congestion is evaluated. One question that impacts VRE is why projects in Spotsylvania County supporting VRE are not rated based on their overall impact to the entire system, which goes beyond jurisdictional lines. He stated committee recommendations are expected in April.

Mr. Kelly also noted Smart Scale projects in the southern jurisdictions could be in potential conflict with other projects in the north, such as the Gainesville-Haymarket Extension. Speaking for the smaller jurisdictions, Mr. Kelly stated the cities have seen reductions in funding for transportation and for maintenance of the roads. More and more transportation funds are being used to maintain their roads.

Adjournment

On a motion by Mr. Nohe and a second by Ms. Cristol, Chairman Smedberg adjourned the meeting at 10:56 A.M.

Approved this 17th day of March 2017.

Paul C. Smedberg
Chairman

Katie Cristol
Secretary

CERTIFICATION

This certification hereby acknowledges that the minutes for the February 17, 2017 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.



Rhonda Gilchrest

**Virginia Railway Express
Operations Board**

**Resolution
8A-02-2017**

**Recommend Approval of Rail Enhancement Fund Applications for
L'Enfant Station Improvements and Fourth Track and Crystal
City Station Improvements and Authorization of Funds from
Capital Reserves as Required Match**

WHEREAS, VRE System Plan 2040 recommends expanding the L'Enfant and Crystal City stations and the addition of a fourth main line track from the Virginia (VA) interlocking in Washington, DC to the AF interlocking in Alexandria, VA in conjunction with expansion of the Long Bridge over the Potomac River to expand railroad capacity and improve operational reliability and flexibility; and,

WHEREAS, the VRE L'Enfant Station Improvements/LE to VA 4th Track and the Crystal City Station Improvements must be designed in coordination with the ongoing Long Bridge expansion project being undertaken by the District of Columbia Department of Transportation and the Commonwealth's Atlantic Gateway initiative; and,

WHEREAS, the two VRE projects are eligible for funding through the Virginia Rail Enhancement Fund (REF) discretionary grant program; and,

WHEREAS, an REF application was submitted on February 1, 2017 for each project that identified the VRE Capital Reserve as the source of the local match; and,

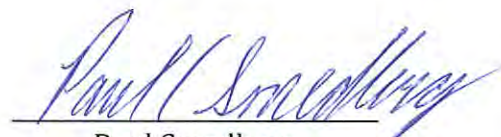
WHEREAS, the REF application for the Crystal City Station Improvements required an additional allocation from the VRE Capital Reserve in the amount of \$303,000;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby recommend the Commissions approve the submission of Rail Enhancement Fund (REF) applications for L'Enfant Station Improvements and Fourth Track in the amount of \$3,180,000 and Crystal City Station Improvements in the amount of \$1,010,000; and,

BE IT FURTHER RESOLVED THAT, the VRE Operations Board does hereby authorize the use of additional funds from the Capital Reserve in the amount of \$303,000, as match to the REF grant for the Crystal City project.

Approved this 17th day of February 2017


Katie Cristol
Secretary


Paul Smedberg
Chairman

**Virginia Railway Express
Operations Board**

**Resolution
8B-02-2017**

Authorization to Amend the Contract for Security Services

WHEREAS, the VRE Operations Board approved the current Security Services Contract with New Horizons Security LLC of Manassas, VA (now SOS Security LLC of Parsippany, NJ) (VRE 014-003) on October 18, 2013, for a period not to exceed five years, for an amount not to exceed \$1,546,226; and,

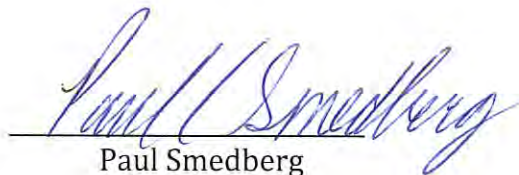
WHEREAS, the scope of security services has increased to provide uninterrupted security coverage at the Broad Run Maintenance and Storage Facility and project sites; and,

WHEREAS, it is projected the expenditures under this contract will reach the contract's current authorization limits by the end of April 2017;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to amend the current contract with SOS Security LLC of Parsippany, NJ for security services to increase the authorization by \$755,000, for a total amount not to exceed \$2,301,226.

Approved this 17th day of February 2017


Katie Cristol
Secretary


Paul Smedberg
Chairman

**Virginia Railway Express
Operations Board**

**Resolution
8C-02-2017**

**Authorization to Issue an MEC VI Task Order for the
Cab Control Car Holding Brake Modification**

WHEREAS, VRE has a Task Order Contract with STV, Inc. for Mechanical Engineering Services; and,

WHEREAS, VRE has a need to improve the Holding Brake design on VRE's fleet of cab control cars; and,

WHEREAS, STV, Inc. developed the design, identified the necessary parts, and installed the magnet valve on a pilot cab car through a previous task order; and,

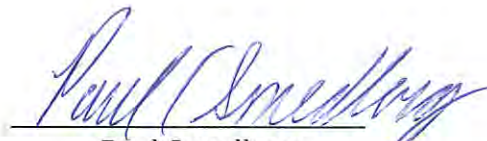
WHEREAS, the pilot test is complete and proof of design has been validated; and,

WHEREAS, STV, Inc. will install the modification on the remaining cab control cars;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to issue a Task Order to STV, Inc. under the MEC VI Contract, to support VRE with the installation of the Cab Control Car Holding Brake Modification on the remaining 20 cab control cars in the amount of \$107,232, plus a 10% contingency of \$10,723, for a total amount not to exceed \$117,955.

Approved this 17th day of February 2017


Katie Cristol
Secretary


Paul Smedberg
Chairman

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VRE Long Range Service Plan & Financial Analysis Review

December 6, 2016 – as presented to CTB Rail Committee

Peter Burrus
Chief of Rail

2016 Acts of
Assembly
House Bill 30

The CTB Rail Committee shall review the LRP and financial analysis of VRE:

- The long-term financial viability
- Their ability to maintain appropriately costed-services
- VRE's impact on traffic volumes on the I-66/95/395 CoSS



Deadline –
November 15, 2016



Analysis

Plans

- VRE System Plan 2040
- VRE Strategic Financial Forecast

Review

- Estimating methodology
- Long-term service costs
- Assumptions on funding resources



Key Findings

Estimating methodology



Ridership Projections

Long-term service costs



Operations & Maintenance Costs

Assumptions on funding resources



Farebox Revenues



Local Jurisdiction Subsidies



State Operating Subsidies



Key Findings



1. Methodology is consistent with industry standards and regional growth expectations.
2. VRE's system is poised to see significant gains in ridership by 2040 proportional to the investments made per the plan.

Key Findings



1. VRE operating expense levels fall within industry norms.
2. VRE has maintained 50% farebox recovery ratios.

Key Findings



Estimating methodology

Ridership Projections

Long-term service costs

Operations & Maintenance Costs

Assumptions on funding resources

Farebox Revenues

Local Jurisdiction Subsidies

State Operating Subsidies

1. VRE fare structure is comparable to other systems.
2. Additional analysis is needed to determine potential for changes to fare structure.

Key Findings



Estimating methodology

Ridership Projections

Long-term service costs

Operations & Maintenance Costs

Assumptions on funding resources

Farebox Revenues

Local Jurisdiction Subsidies

State Operating Subsidies

1. VRE System Plan 2040 projected 5% biennial growth. Strategic Financial Forecast reduced this to 3%.
2. VRE should pursue greater growth through its Operations Board.
3. Approximately 9% of Riders come from outside jurisdictions.

Key Findings



1. State operating subsidies have been flat and VRE is assuming no growth for this source of revenue.
2. Assuming state revenue growth in line with the CPI would help VRE's operations funding challenges.



Conclusions

Long-Term Financial Viability:

- VRE concerns regarding the agency's long term financial challenges are founded.
 - Farebox Recovery – study elasticity
 - Local Subsidy – pursue higher growth in contributions
 - State Subsidy – maintain growth with CPI for operations

Conclusions

Ability to maintain appropriately costed services:

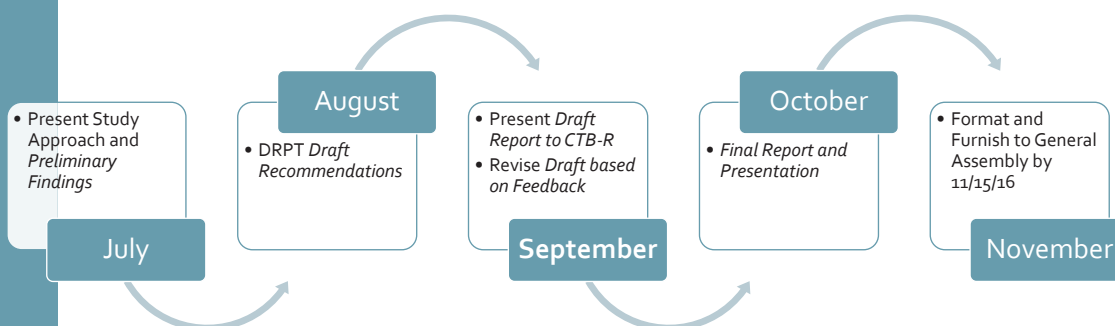
- VRE has demonstrated the ability to provide appropriately costed, efficient services that would attract increasing levels of ridership.

Impact on traffic volumes on I-66/95/395:

- The full implementation of System Plan 2040 could have a significant positive effect on traffic volumes in the I-95 and I-66 corridors.



Schedule



REPORT OF THE

DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION

The Virginia Railway Express 2040 System Plan Review Report

TO THE GENERAL ASSEMBLY OF VIRGINIA



HOUSE DOCUMENT NO.

**COMMONWEALTH OF VIRGINIA
RICHMOND
2016**



VRE 2040 System Plan Review

Final Report

December 2016

December 7, 2016

The Honorable Aubrey L. Layne, Jr.
Secretary of Transportation
Post Office Box 1475
Richmond, Virginia 23218

The Honorable Chris S. Jones, Chairman
House Appropriations Committee
General Assembly Building, Room 948
Richmond, Virginia 23219

The Honorable Thomas K. Norment, Co-Chair
Senate Finance Committee
General Assembly Building, Room 626
Richmond, Virginia 23219

The Honorable Emmett W. Hanger, Co-Chair
Senate Finance Committee
General Assembly Building, Room 326
Richmond, Virginia 23219

The Honorable Ronald A. Villanueva, Chairman
House Transportation Committee
General Assembly Building, Room 503
Richmond, Virginia 23219

The Honorable Charles W. Carrico, Chairman
Senate Transportation Committee
General Assembly Building, Room 330
Richmond, Virginia 23219

Dear Chairmen,

Attached for your review is the requested report as required by Item 436 Subsection N of the 2016 Acts of Assembly. It directs the Commonwealth Transportation Board's rail subcommittee to:

"...review the long range service plan and financial analysis of Virginia Railway Express and assess the conclusions of that analysis with respect to the long-term financial viability of the service, their ability to maintain appropriately costed-services to maintain and expand market share, and the Virginia Railway Express's impact on traffic volumes on the Interstate 66 and Interstate 95/395 corridors of statewide significance. The Board shall consult with interested stakeholders and report its findings to the Secretary of Transportation, and the Chairmen of the House Committees on Appropriations and Transportation and the Senate Committees on Finance and Transportation no later than November 15, 2016."

Sincerely,

Jennifer Mitchell

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EXECUTIVE SUMMARY

Virginia House Bill 30 (HB30) instructed the Commonwealth Transportation Board's Rail Committee (CTB Rail Committee) to review the Virginia Railway Express (VRE) System Plan 2040 and other long range planning efforts to determine:

- Long-term financial viability of the service;
- Ability to maintain appropriately costed-services to sustain and expand market share;
- VRE's impact on traffic volumes on the Interstate 66 and Interstate 95/395 corridors of statewide significance.

As part of their planning, VRE has supplemented System Plan 2040, with a Strategic Financial Forecasting (SFF) effort. Through this exercise the agency identified a significant funding need to meet operational plans by 2040. In consultation with the CTB Rail Committee, the Department of Rail and Public Transportation (DRPT) conducted a review of VRE's System Plan 2040 and the SFF planning and forecasting efforts. This report finds that concerns regarding a future funding gap are justifiable, and a threat to maintaining VRE's ability to keep up with future growth in the I-95 and I-66 corridors. The executive summary provides a more concise version of the findings and recommendations discussed in more detail throughout this report.

Ridership

- VRE has experienced steady ridership growth over the past two decades.
- Ridership tripled from just fewer than 6,000 in fiscal year 1993 to 19,000 in fiscal year 2013, showing VRE service fills a demonstrated need.¹
- Ridership has remained above 19,000 in 2014-2015.
- Ridership is expected to grow at an annual rate of 2 percent through 2020, 1.9 percent from 2020 to 2030, and about 1 percent from 2030 to 2040.

The review of the 2040 plan finds VRE's ridership projections are consistent with regional growth expectations and utilize accepted forecasting methodology. The system is poised to see significant gains in ridership by 2040 – proportional to the level of investment in their system.

Operation & Maintenance Costs

- VRE's cost escalation assumptions are in line with historical data and assume lower cost associations that align with low inflation rates over the past decade.
- VRE's Operating Expense per Vehicle Revenue Hour (\$985.91) is close to the national average (\$913.89).
- VRE's Operating Expense per Unlinked² Passenger Trip (\$14.84) is below the national average (\$21.59).

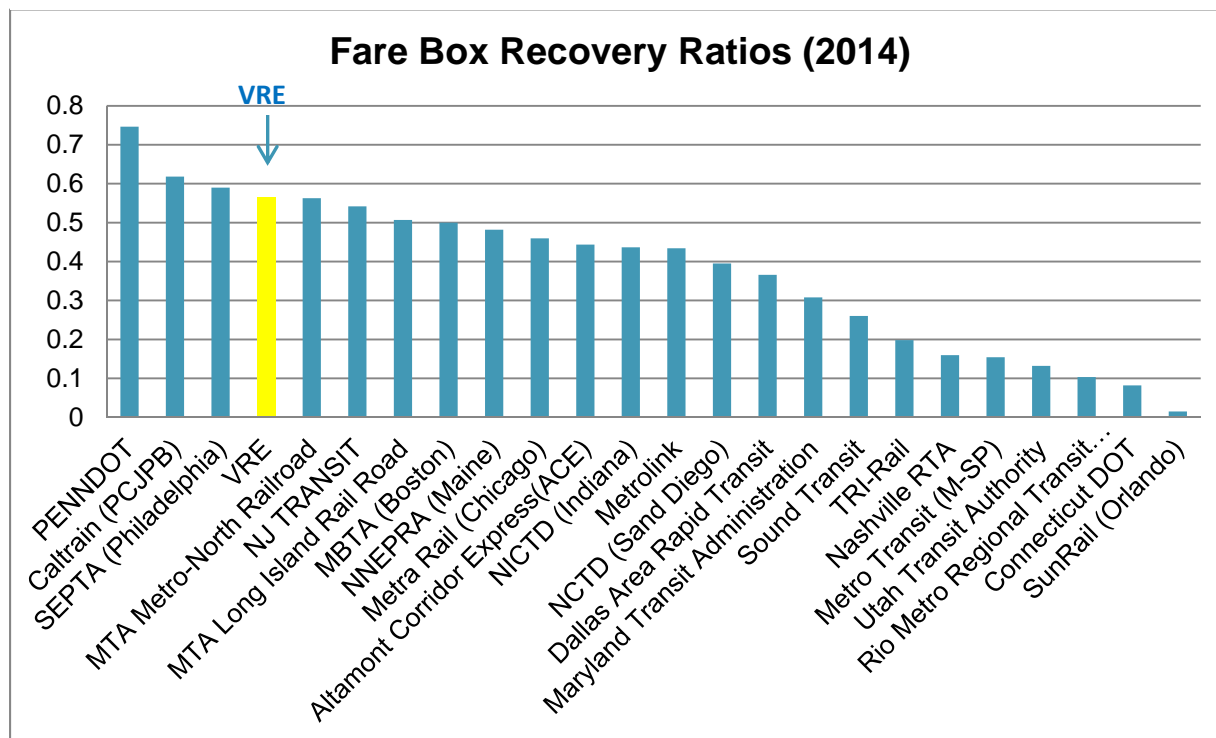
¹ <http://www.vre.org/vre/assets/File/2040%20Sys%20Plan%20VRE%20finaltech%20memo%20combined.pdf>

VRE's current O&M costs fall within industry norms and the service maintains a strong farebox recovery ratio which, given cost comparisons with the national average, indicates an efficiently provided service. While the current costs structure and projected growth is reasonable, the growth of these costs is expected to exceed revenues in the future.

Farebox Revenues

- VRE's farebox recovery ratio is greater than 50 percent and compares favorably with other systems. This ratio along with increasing levels of ridership indicates that VRE is providing appropriately costed-services.
- VRE assumes a 3 percent biennial growth in farebox revenues in the SFF, compared to the original System Plan 2040 5 percent biennial growth assumption. The three percent assumption is more in line with historical growth.
- The three percent fare revenue growth assumption is a significant contributor to the SFF projection that O&M expenses will outpace revenues
- When adjusted for regional income, VRE's average fare price places in the middle third compared against 23 commuter rail agencies reported in the American Public Transportation System's 2015 database.
- This ranking may indicate some flexibility to increase fares in the future; however fare elasticities are related to congestion, gas prices, and other factors such as High-Occupancy Toll lanes. Additional analysis is required to justify a fare increase and understand the impact to overall

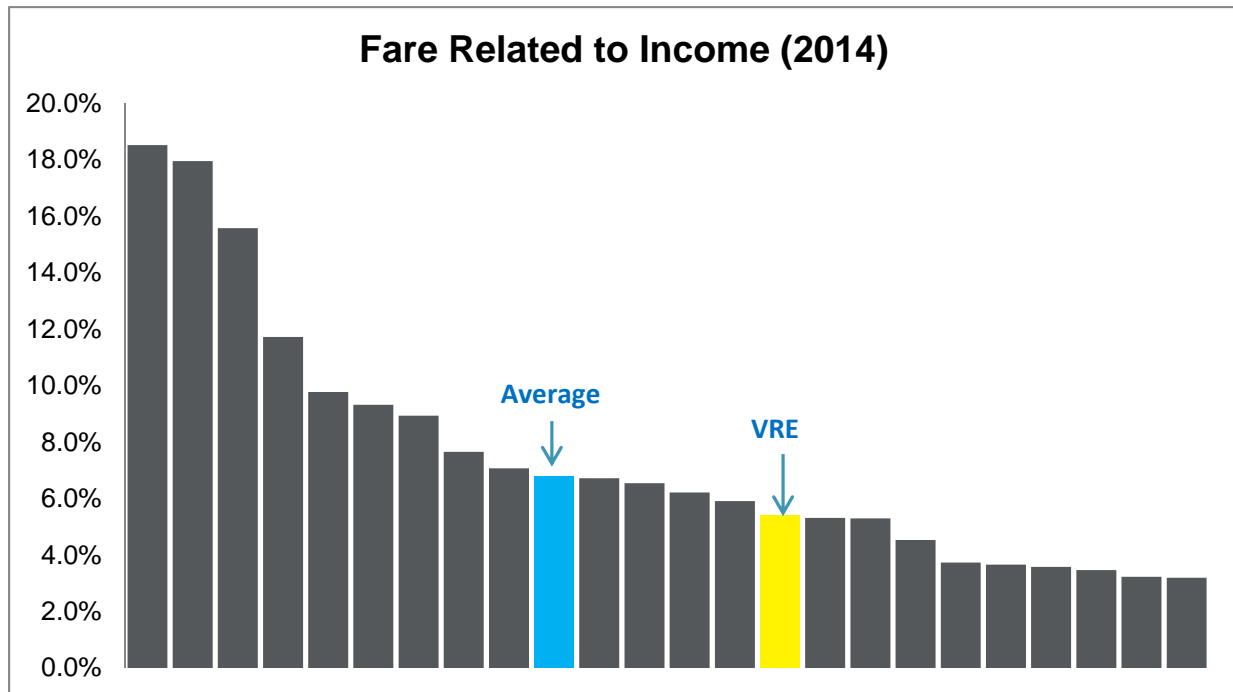
Figure 1: Fare Box Recovery Ratios (2014)



² <https://www.transit.dot.gov/ntd/ntd-data> Note: Unlinked passenger trip is a term that refers to boardings. If a person were to travel from Fredericksburg to L'Enfant Plaza and then switch trains to go from L'Enfant Plaza to Manassas, that would count as two UPT. In other contexts that journey would count as one "trip".

ridership.

Figure 2: Fare Related to Income (2014)



Local Jurisdiction Operating Subsidies

- Growth in local jurisdiction's subsidies has not kept pace with the growth in operating expenses. VRE has reflected this fact in their revenue assumptions.

While the System 2040 Plan assumed 5 percent growth biennially from local jurisdiction subsidies, the agency's 3 percent revised assumption reflects recent trends. **VRE should continue to pursue increased local jurisdiction support through its Operations Board to achieve revenue growth that keeps pace with expense growth.**

State Operating Subsidies

- VRE's assumptions hold state funding levels constant going forward.
- Approximately 9 percent of VRE ridership is from localities not contributing to VRE operations; it is clear that VRE provides a service of both regional and statewide significance.
- Ridership tripled from just fewer than 6,000 in fiscal year 1993 to 19,000 in fiscal year 2013, showing VRE service fills a demonstrated need.³

State revenues have fluctuated from year to year, but on average have remained constant. **Maintaining growth in state operating subsidies consistent with the Consumer Price Index (CPI) would help mitigate VRE's operating funding challenges.**

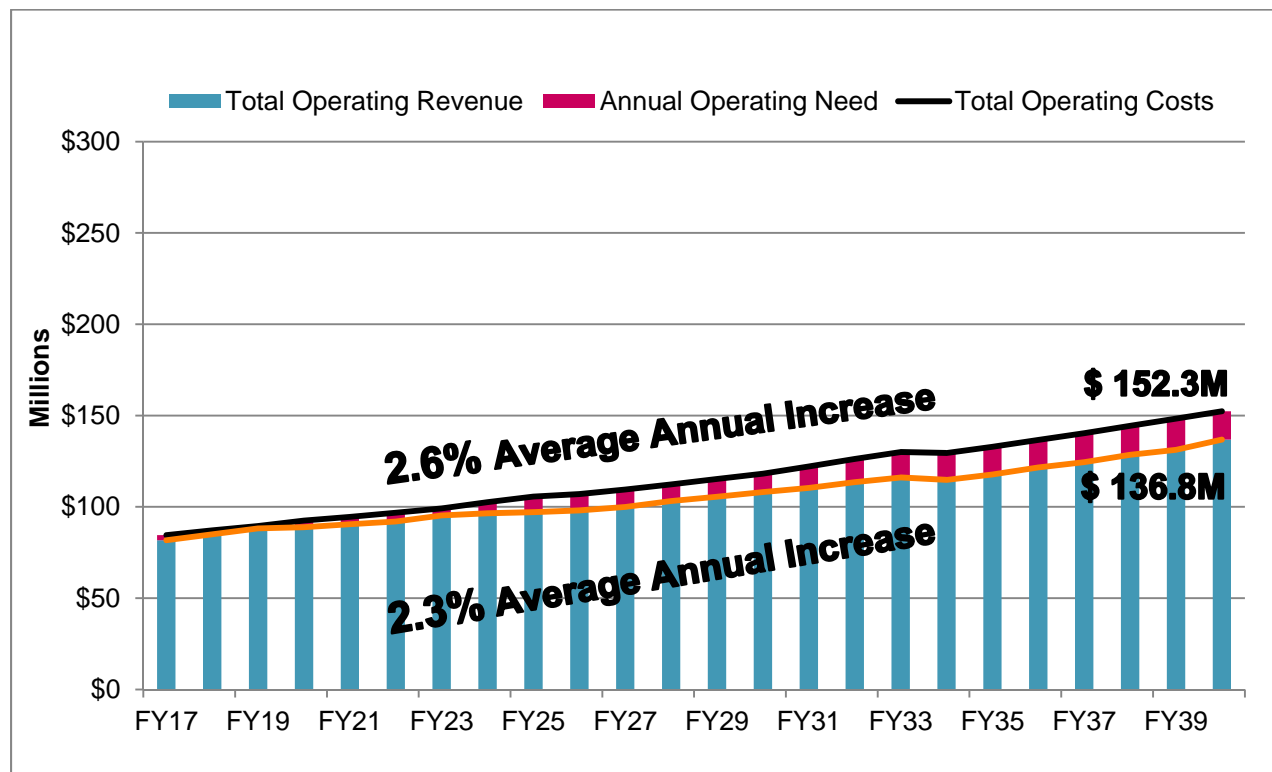
³ <http://www.vre.org/vre/assets/File/2040%20Sys%20Plan%20VRE%20finaltech%20memo%20combined.pdf>

Long-Term Financial Viability Assessment

- VRE's concerns regarding the long-term financial viability of the service are founded.
- Just to accommodate the Natural Growth scenario (projected to be 31,100 daily riders by 2040), a proportional level of investment would require as much as \$3.2B in capital funding of which \$806M is funded, \$1.5B is potentially funded \$871M is unfunded. The need for additional annual operating funds would rise to \$15.5M by 2040.

The pending depletion of Capital Projects Revenue (CPR) bond funds threatens even existing levels of capital funding. Currently CPR funds provide a large portion of the Commonwealth's matching percentage. These funds are scheduled to run out following FY2019. If a new source of funding is not found to support the Commonwealth's on-going participation under SB1140, by FY2020 state transit revenues will only meet approximately 10% of the total need.

Figure 3: Annual Operating Need - Natural Growth Scenario



While some of VRE's specific forecasting assumptions would benefit from further analysis and refinement, the current analysis is sufficiently robust to conclude refinements will not change the underlying dynamic of the system requiring capital and operating funding beyond what is currently available. **From the review, it is clear that additional capital and operating funding is needed to maintain and expand the VRE system.**

Impact on Interstates 66, 95, and 395

- Through avoided highway construction and highway maintenance costs, VRE provides an alternative transportation option to congested highway travel, which has economic benefits to the Commonwealth.
- VRE's existing ridership provides service levels similar to 36 lane miles of interstate which could be valued as high as \$3.4-5.4B based upon costs estimates for the I-66 Corridor Improvements Program.
- VRE's Natural Growth scenario provides service levels similar to approximately 58 lane miles of interstate which could be valued as high as \$5.5-8.7B.
- The full implementation of System Plan 2040 could have a significant positive effect on traffic volumes in two Corridors of State-wide Significance (CoSS): I-95 and I-66.
- This benefit equates to as much as 96 lane miles of travel demand today which could be valued as high as \$9-14B.
- In comparison, the projected capital cost for VRE's System Plan 2040, which will provide a similar service level to 96 lane miles of interstate, is \$4.1B.
- The capital investments required for the System Plan 2040 build out would also benefit freight users and allow additional Amtrak services; therefore it is reasonable to assume VRE would not be the only agency responsible the total cost of \$4.1B.
- The cost to close the funding gap (\$15.5M annually by 2040) is far less than just the construction of a mile of interstate in the I-66 corridor (\$95M/mile).

*Existing VRE service
is equivalent to
about 36 miles of
interstate capacity,
worth up to \$5.4B.*

Improving mobility in the I-66 corridor and I-95 corridor is about moving people and has financial benefits to the Commonwealth. Congested roadways lead to significant economic costs. The costs associated with traffic congestion typically include delays and uncertainties in expected trip times, along with fuel consumption. The Texas A&M Transportation Institute reports that the annual cost of congestion due to these factors in the U.S. in 2014 was approximately \$160B while the figure for the Washington urban area was approximately \$4.6B. As significant as these numbers are, they do not include additional costs that can also be considered as part of the full cost of congestion such as: emissions, (environmental cost), accidents (safety cost), and vehicle operations (maintenance cost), which could be as much as \$2.5B. If these costs were included, minimizing congestion along I-66 and I-95 would have an even greater value to the Commonwealth. Additionally, due to the extensive amount of adjacent development and residential neighborhoods, it is unlikely that I-66 or I-95 could feasibly be expanded to accommodate the capacity that VRE provides.

VRE provides considerable complementary capacity to two highly-congested corridors of statewide significance, both of which provide tremendous economic benefits for the Commonwealth. VRE does this at a price competitive to the cost of building additional lanes miles. In addition, VRE investments avoid significant negative consequences like extended NEPA processes, ROW acquisition, loss of tree canopy, and increased delay times for SOV users due to accidents.

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INTRODUCTION/BACKGROUND

Purpose & Approach

In 2016, the Virginia General Assembly adopted House Bill 30 (HB30), which contained the following directive for the Commonwealth Transportation Board (CTB):

The Commonwealth Transportation Board's rail subcommittee shall review the long range service plan and financial analysis of Virginia Railway Express and assess the conclusions of that analysis with respect to the long-term financial viability of the service, their ability to maintain appropriately costed-services to maintain and expand market share, and the Virginia Railway Express's impact on traffic volumes on the Interstate 66 and Interstate 95 / 395 corridors of statewide significance. The Board shall consult with interested stakeholders and report its findings to the Secretary of Transportation, and the Chairmen of the House Committees on Appropriations and Transportation and the Senate Committees on Finance and Transportation no later than November 15, 2016. (HB30 (Chapter 780), Part 1, Item 436, N)

In response to the General Assembly's request, the Commonwealth Transportation Board Rail Committee (CTB-R) tasked the Department of Rail and Public Transportation (DRPT) to perform the required review. This report provides a summary of DRPT's review and analysis.

To address the questions raised by HB30, DRPT:

- Reviewed System Plan 2040 ridership projections and assumptions;
- Reviewed System Plan 2040 financial assumptions related to system costs and revenues; and
- Formulated findings with CTB Rail Committee members.

Virginia Railway Express Overview

Virginia Railway Express (VRE), a regional commuter rail service, is a joint project between two state transportation commissions – the Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportation Commission (PRTC), both of which are represented on the VRE Operations Board. VRE service began in 1993, with daily operations and capital costs funded through fare revenues, along with local, state, and Federal sources.⁴

VRE operates two rail lines that begin in Washington, DC and diverge after VRE's Alexandria station. The 54-mile Fredericksburg Line operates from Washington, DC to Fredericksburg, VA and the 35-mile Manassas Line operates from Washington, DC to Manassas, VA.⁵ The Fredericksburg line continues on CSX-owned track, following Interstate 95 (I-95) and the Potomac River until terminating five miles south of downtown Fredericksburg in Spotsylvania County.⁶ This line has 13 existing stations and one additional station at Potomac Shores that is scheduled to open in 2017. VRE operates 14 trains each day on the Fredericksburg line, carrying 11,000 riders a day, with a one-way trip scheduled to take 84

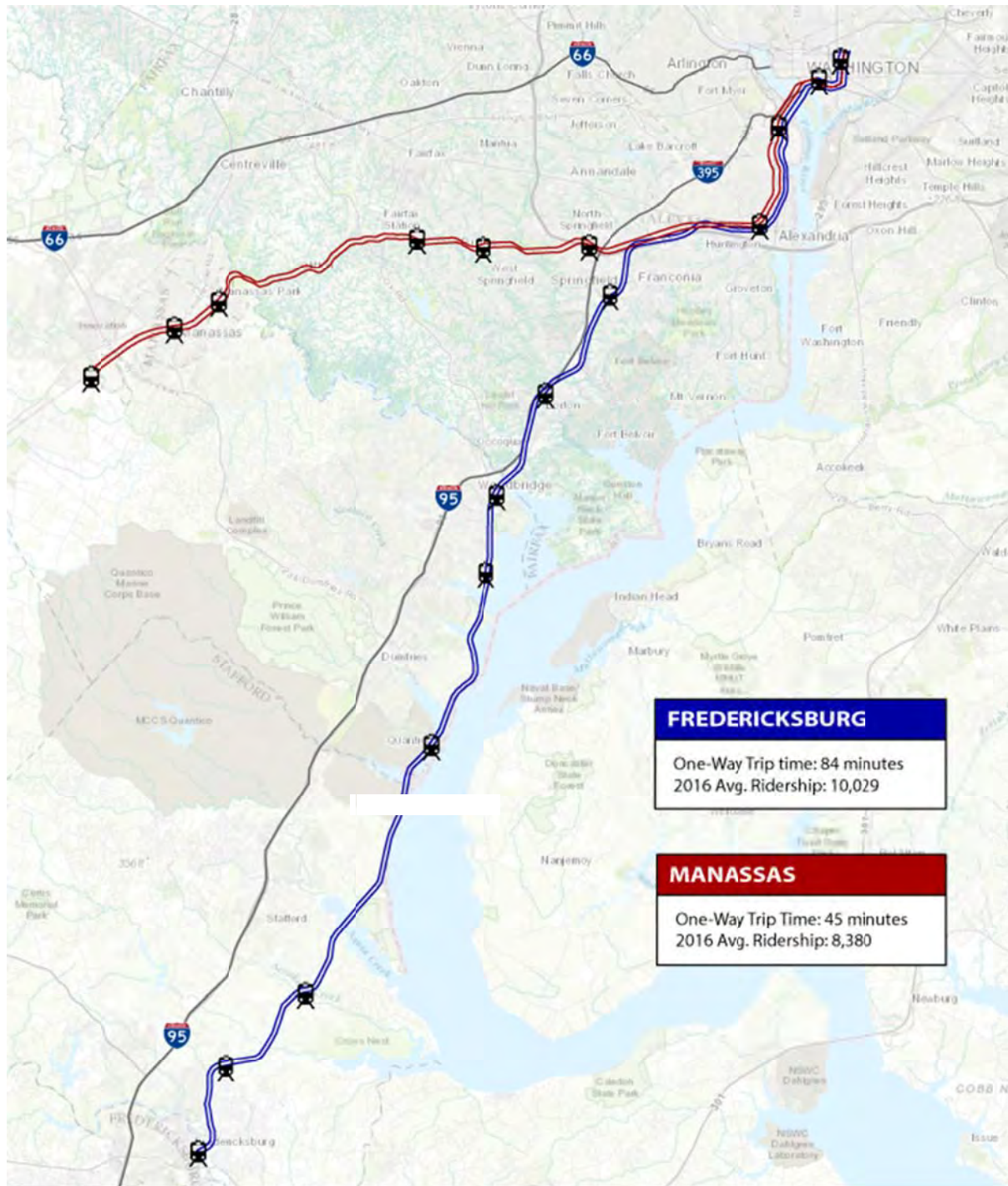
⁴ <http://www.vre.org/vre/assets/File/VRE-Chronology.pdf>

⁵ http://www.vre.org/vre/assets/File/gainesvillehaymarket/Final_AA_Report.pdf

⁶ http://www.vre.org/vre/assets/File/gainesvillehaymarket/Final_AA_Report.pdf

minutes.⁷ The Manassas Line runs west from Alexandria to parallel Interstate 66 (I-66) into the cities of Manassas Park and Manassas.⁸ The Manassas line's 16 trains per day carry approximately 9,000 riders, stopping at 10 stations. A one-way trip is scheduled to take 45 minutes.⁹

Figure 4: VRE System Map



⁷ http://www.vre.org/vre/assets/File/gainesvillehaymarket/Final_AA_Report.pdf

⁸ http://www.vre.org/vre/assets/File/gainesvillehaymarket/Final_AA_Report.pdf

⁹ http://www.vre.org/vre/assets/File/gainesvillehaymarket/Final_AA_Report.pdf

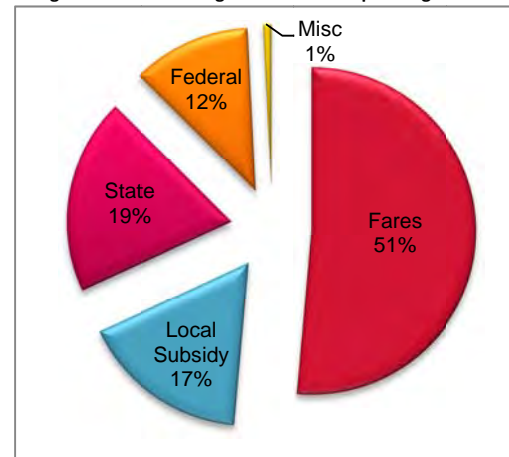
Service on both lines operates weekdays - Inbound trains to Washington, DC depart during the morning peak periods from 5:00 AM to 8:00 AM; and outbound trains depart Washington, DC during the evening peak periods from 4:00 PM to 7:00 PM. VRE's current agreement with its host railroads (CSX and Norfolk Southern) does not allow VRE to operate on weekends.

Funding Overview

Operating Funds

Operating funds for VRE come from user fares and local jurisdiction subsidies as well as state and federal sources. VRE has a record of strong farebox performance, recovering over 50 percent of operating costs from fares. This recovery ratio places VRE as 4th highest nationally for commuter rail systems¹⁰. Local jurisdiction subsidies are based largely upon the VRE Master Agreement. Generally, each jurisdiction within Northern Virginia Transportation Commission (NVTC) and Potomac and Rappahannock Transportation Commission (PRTC) contribute to VRE based upon ridership from that jurisdiction. Of the areas within the Commission footprints, Arlington County and the City of Alexandria do not participate based upon the Agreement's ridership formula; however, they do provide a subsidy. Additionally, Loudoun County and the Cities of Fairfax and Falls Church do not provide any subsidy. Counties outside of the NVTC and PRTC footprints¹¹ also do not provide any subsidy, although some of their residents do use the system. According to a 2010 survey by VRE, between 8 and 9 percent of riders come from jurisdictions currently not providing an annual subsidy payments.

Figure 5: FY 2017 Budget - Sources of Operating Funds



State operating funding for VRE is provided by the Commonwealth of Virginia through DRPT. Operating funds include annual appropriations from the Mass Transit Trust Fund for general operating support which are paid on a matching basis, as well as specific support for the payment of track access fees paid to Class 1 Railroads for use of their tracks. Federal operating funds are primarily through the Surface Transportation Program (now called the Surface Transportation Block Grant program or STBG under FAST Act) with a small amount of funding coming from other federal formula programs. Figure 5 summarizes the sources of VRE operating funds for FY 2017.

¹⁰ <https://www.transit.dot.gov/ntd/ntd-data>

¹¹ NVTC is composed of Arlington, Fairfax and Loudoun Counties and the Cities of Alexandria, Falls Church and Fairfax. PRTC is composed of Prince William, Stafford and Spotsylvania Counties and the Cities of Manassas, Manassas Park and Fredericksburg.

Capital Funding

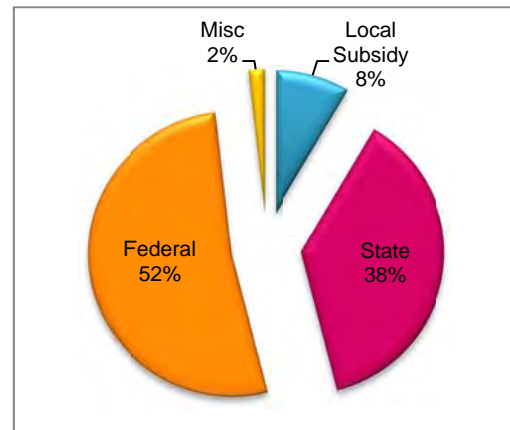
In the Commonwealth of Virginia, local capital dollars are supplemented by three primary sources: direct Commonwealth funding, regionally allocated funds and federal funds.

Direct Commonwealth transit capital funding is provided under the SB1140 tiered funding approach that applies to transit systems statewide. Currently, under SB1140 and guidelines established by the Transit Service Delivery Advisory Committee (TSDAC), Virginia House Bill 2313 (HB2313) funds can be applied to the non-federal capital share at levels of 17 percent (Tier 3), 34 percent (Tier 2), and up to 68 percent (Tier 1).

House Bill 2313 (HB2313) provides funds for regional transportation priorities. Of HB 2313 - generated funds, 70 percent are administered and competitively allocated by the Northern Virginia Transportation Authority (NVTA). As a result, it is expected that VRE, local, or NVTA revenue sources will be available to match federal and/or state sources for planned projects that fall within the NVTA area. VRE projects outside of the NVTA area would not be eligible for these funds.

Federal formula funds under the Federal Transit Administration's (FTA) 5307 and 5337 programs are administered through DRPT and serve as another annual source of federal capital funding to VRE with PRTC serving as the grantee. The chart on the previous page summarizes the sources of VRE capital funds for FY 2017.

Figure 6: FY 2017 Budget - Sources of Capital Funds



System Plan 2040

In response to growing demand for its services, VRE completed an updated system plan in early 2014. System Plan 2040 identifies a number of measures to expand system capacity and describes a logical sequence of VRE service expansion in different phases. The investments in the plan are grouped into three phases, all to be completed by 2040:

- **Phase 1** (Maximizing VRE Service with Existing Railroad Agreements) consists of projects that can be accomplished by 2020. The projects are presently a part of VRE's FY2015-20 Capital Improvement Program (CIP) and will maximize current capacity and service, as allowed by CSX and NS railroad agreements, including plans to:
 - Lengthen existing peak trains to add seats;
 - Add an additional round trip on each of the Manassas and Fredericksburg lines;
 - Increase station parking; and
 - Improve station facilities to accommodate longer trains.
- **Phase 2** lasts from 2021-2030 and includes projects to relieve capacity for VRE's key bottlenecks, such as the Long Bridge crossing of the Potomac River. These projects will allow for improved long-term system capacity through additional peak hour trains and the Gainesville-Haymarket extension.
- **Phase 3** lasts from 2031 to 2040 and includes higher-cost capital projects to facilitate continued ridership growth, such as completion of triple tracking the CSX main line between Alexandria and Spotsylvania.

The planned projects correspond to other service improvements over the three phases. As noted within the capital improvement discussion, Phase 1 would increase service and peak capacity within existing railroad agreements. Phase 2 would expand beyond existing railroad agreements and extend to new travel markets by adding reverse direction peak period trains on both lines and adding mid-day and evening trains with bi-hourly frequency. Phase 3 as described in the plan would increase mid-day and evening trains to hourly frequency, and add weekend service and run-through service with the Maryland commuter rail system, MARC. However, while weekend service was included in System Plan 2040 and reviewed as part of this exercise, the VRE Board has subsequently determined that weekend service will not be feasible in the foreseeable future and therefore the agency is not pursuing the addition of weekend service to its operations.

Phases 2 and 3 are often grouped together because they contain medium and longer-term plans which package multiple capital and service improvements together to take advantage of operating efficiencies and the capacity generated by the major railroad infrastructure investment programs. It is important to note that these major capital improvements, most notably the Long Bridge in Phase 2 and triple tracking along the Fredericksburg line in Phase 3, will add railway capacity that will not only benefit VRE's operations, but will also contribute to the reliability and efficiency of other users in the corridor such as CSX, Amtrak and future higher speed rail service.

Table 1: System Plan 2040 Capacity Investments by Phase

	Phase 1 2015-2020	Phase 2 2021-2030	Phase 3 2031-2040
Stations			
Platform lengthening	✓	✓	✓
Second platform at existing stations	✓	✓	✓
Parking expansion	✓	✓	✓
New stations	✓	✓	
Rolling Stock			
Additional passenger coaches and locomotives	✓	✓	✓
Yards and Shops			
Increase storage at Crossroads and Broad Run yards and at Washington Union Terminal	✓	✓	✓
Storage yard on Gainesville-Haymarket branch		✓	
Equipment maintenance facility expansion	✓		
VRE Service Extension			
11 miles from Manassas to Gainesville and Haymarket on Norfolk Southern rail line		✓	
Capacity in Long Bridge Corridor			
4-track mainline between Washington DC and Alexandria to handle heaviest service density		✓	
Replace or expand existing 2-track Long Bridge across the Potomac River		✓	
Reconfigure VRE stations at L'Enfant, Crystal City, and Alexandria for bi-directional service		✓	
CSX Fredericksburg Line Capacity			
Triple track remaining Fredericksburg Line segments between Franconia-Springfield and Fredericksburg	✓	✓	✓
4 th track at critical locations			✓

Potential Benefits of Plan Implementation

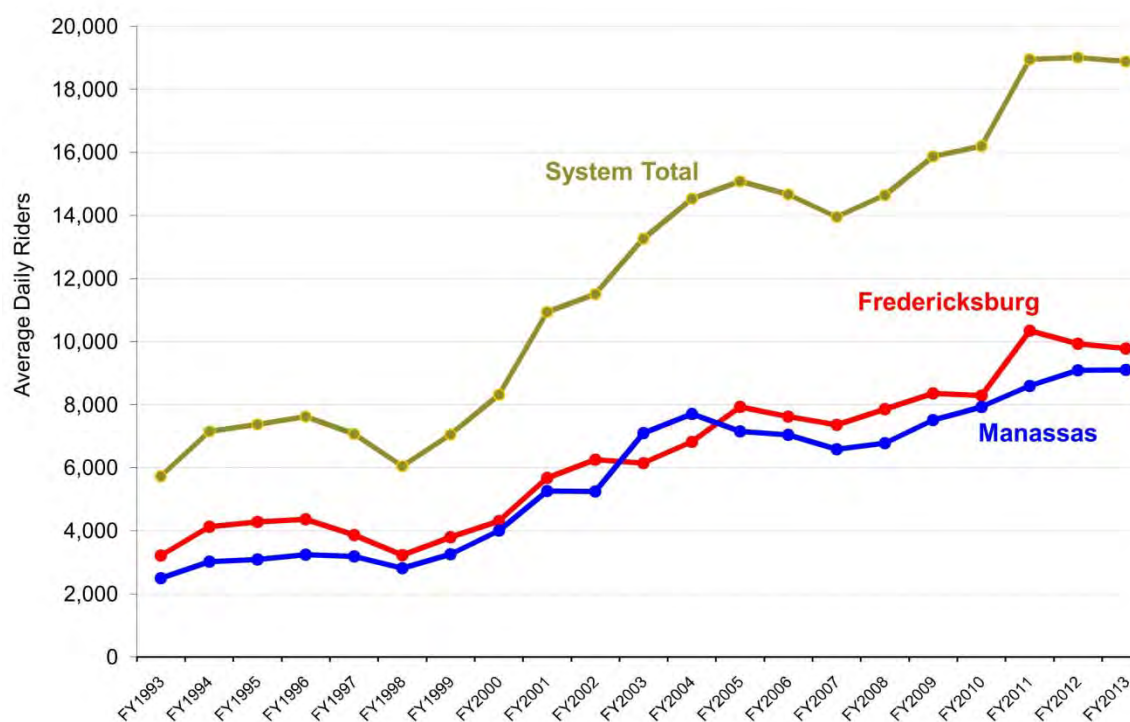
VRE has seen steady ridership growth over the past two decades. Average daily ridership more than tripled from just under 6,000 in fiscal year 1993 to around 19,000 in fiscal year 2013, showing that VRE service fills a demonstrated need.¹² Ridership levels have remained above 19,000 during 2014 and 2015. Based upon VRE's projections, the major components of all three phases of System Plan 2040 will allow the system to increase ridership levels while maintaining similar levels of efficiency as indicated by ridership levels, use of the rail facilities, and cost (farebox) recovery ratio. Table 2 shows VRE's projections.

¹² <http://www.vre.org/vre/assets/File/2040%20Sys%20Plan%20VRE%20finaltech%20memo%20combined.pdf>

Table 2: Summary of Effect of Packages on VRE Efficiency

VRE Scenario	Ridership	Rail facility efficiency	Cost recovery ratio
Short-Term Improvements to add capacity within existing agreements (Phase 1)	+30%	Similar to current	Improved
Gainesville-Haymarket Extension (Phase 2)	+10-20%	Similar to current	Improved
Medium and Longer-Term Service Improvements (Phase 2 and 3)	+75-125%	Improved vs. current	Maintainable over 50%

Figure 7: VRE Weekday Trips by Line, FY 2000-2013¹³



In addition to these efficiency claims, VRE posits that implementing System Plan 2040 will provide passenger capacity equivalent to two traffic lanes in two Virginia Corridors of Statewide Significance (CoSS; I-95 and I-66). These claims will be further discussed in the section on Ridership Analysis.

Also, as noted in System Plan 2040, railroad capacity improvements will benefit all rail users:

...the railroad capacity investments will benefit not only VRE but also the Commonwealth of Virginia and Amtrak, by enabling expansion of regional and intercity passenger service, and the freight railroads. It is expected that VRE would only be responsible for a portion of the total capital cost to expand the railroad capacity and other beneficiaries of the capacity expansion would also pay a share of the cost.

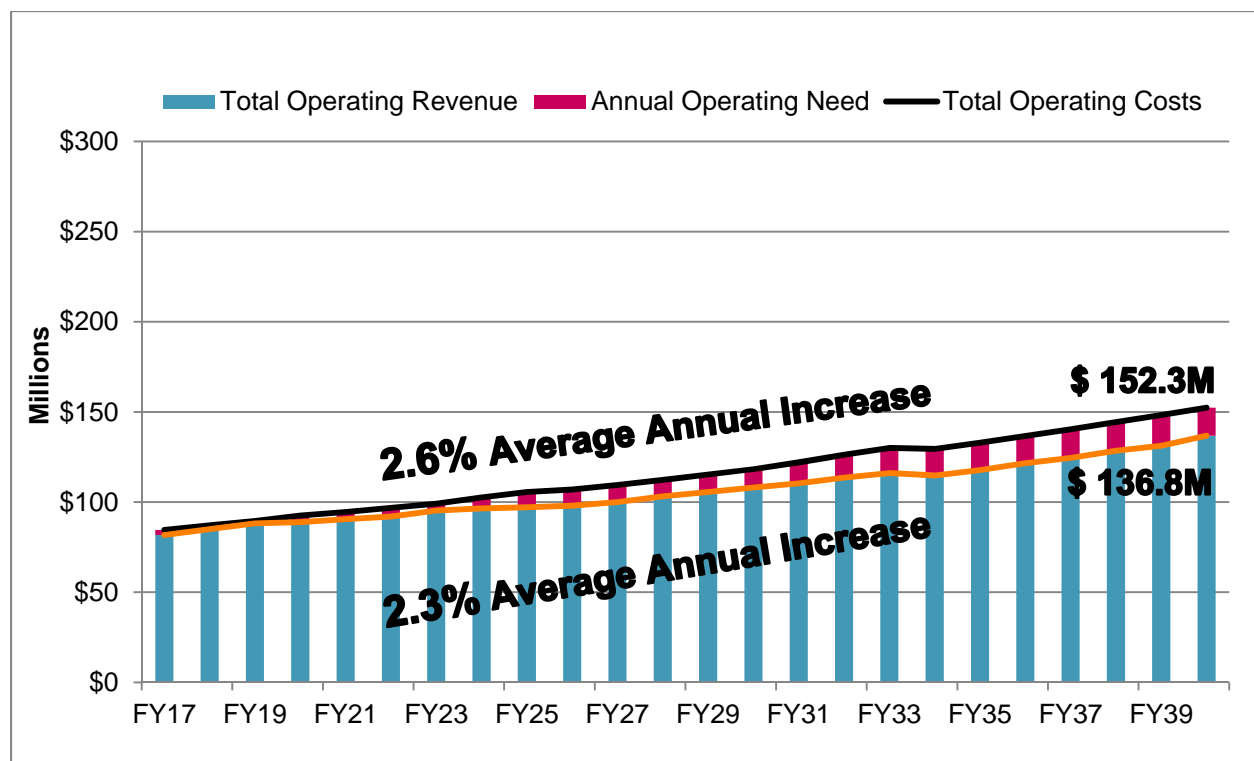
¹³ VRE System Plan 2040 Study

Financial Outlook

To plan for the future, VRE recently developed a long-term Strategic Financial Forecast (SFF) to supplement System Plan 2040. The SFF is a tool used by VRE to generate and examine the financial consequences of different scenarios. These scenarios range from full implementation of System Plan 2040 on the high end to a “Financially Constrained” model on the low end. By evaluating these various scenarios through the forecasting model, VRE intends to show the potential operating and capital requirements of the scenario. Summary results of the SFF effort were provided to DRPT for analysis as part of the overall effort related to HB30.

A primary objective of this analysis is to evaluate the long-term financial viability of VRE’s operations. It is important to note that the agency itself maintains that its financial outlook is extremely challenged. Regardless of the scenario evaluated, the SFF effort indicates VRE’s operating expenses are projected to increase faster than current revenue sources, thereby creating a need for enhanced or new sources of operating funding to maintain service on the system. As noted elsewhere in this report, VRE has generally recovered 50 percent or more of its operating expenses from fares paid by users. VRE anticipates that this level of farebox recovery will be maintained; however, the other sources of operating revenue that VRE receives (federal, state and local subsidies) are not projected to grow at a rate that will sustain the funding level required to continue to cover the other half of operating costs. The projected inability of federal, state and local subsidies to account for ~50 percent of operating expenses will ultimately result in operating deficits. Expense items that are projected to grow more quickly than revenues are contracted train operations and track access fees.

Figure 8: Annual Operating Need - Natural Growth Scenario



VRE's "Financially Constrained" scenario provides the clearest indication of this need. Under the assumptions for this scenario, it is assumed that no additional revenue is available for the system beyond minimal levels of increased fares and local government subsidies (3 percent biennially) and that service is modified to prevent operating deficits. Given these assumptions, VRE projects that the system would ultimately wind down operations by 2033, potentially diverting thousands of daily trips from rail to the I-66 and I-95/395 corridors as the agency is forced to repeatedly cut operating expenses to match more slowly growing revenues. Intended to provide forecasts over an approximate 25 year horizon (2040), the assumptions included in the SFF are made at a high level and general in nature. Therefore, the results of these scenarios should be considered with that in mind. The next section of this report will discuss the assumptions underlying the *2040 System Plan* and the SFF and provide a more in-depth look at the SFF and its scenarios to evaluate VRE's claims relative to its financial outlook.

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ANALYSIS

This analysis of *System Plan 2040* and SFF focuses on evaluating three elements: ridership forecasting, service cost assumptions, and revenue forecasting.

Ridership Forecasting Review

Ridership forecasting serves as a key foundational element for System Plan 2040 and the SFF. Ridership forecasts factor into projecting the system's future costs, revenues, and benefits. Due to the importance of these elements in understanding VRE's outlook, the analysis first examined the methodology and results of the ridership forecasts developed for System Plan 2040. While VRE continues to update its ridership forecasts, the review focuses on the most complete forecast available—the one prepared for System Plan 2040, and is consistent with assumptions for the SFF. The review was conducted at two levels:

- Overall forecasting methodology and underlying assumptions
- Ridership results in terms of general reasonableness and sensitivity to different service attributes

Each component of the aforementioned service improvements would have a positive impact on the system ridership. VRE's approach quantifies these impacts in an incremental fashion using simplified and technically defensible sketch planning methods. In any ridership forecasting method, there will always be uncertainties associated with underlying assumptions. For example, forecasted population and employment may not materialize as expected. There could be an unexpected upturn or downturn in the regional economy that could affect transit demand. It is also possible the assumed levels of service improvement may not take place due to various reasons, such as funding issues.

To account for these uncertainties, VRE assumed both conservative parameters and modestly aggressive parameters to estimate lower bound and upper bound ridership estimates. The most likely estimates are somewhere in the middle of the reported range. This type of approach in which a range of potential ridership is identified, as opposed to an absolute number, is highly recommended in the forecasting industry and endorsed by the FTA.

Ridership Forecasting Methodology and Underlying Assumptions

Transit planning studies involving line-haul systems use regional travel demand models as the basis of forecasting rail ridership. Frequently forecasts for commuter rail systems augment their ridership analysis with additional models. For VRE's System Plan, the initial analysis applied the Metropolitan Washington Council of Governments (MWCOC) travel model to estimate ridership for different phases. However, not surprisingly, it was found that the MWCOC model was not calibrated against existing MARC and VRE ridership and therefore substantially underestimated actual ridership on those services. For this reason, an alternative (sketch planning) approach was adopted by VRE to forecast ridership for the different phases.

The alternative approach adopted relies upon analyzing underlying service improvements planned for the different phases while also examining the schedule, infrastructure, and rolling stock assumptions used in the ridership analysis to assess consistency with VRE's long-term plans. Based on a discussion with VRE, DRPT's review clarified and confirmed the assumptions used in VRE's System Plan, particularly relating to hours of operation, train run times, layover times, level of Amtrak and freight service, Long Bridge capacity, commuter parking expansion, and Union Station's capacity to handle the projected ridership.¹⁴

Ridership Results

The sketch planning approach VRE used in estimating future rail demand was specifically designed to provide an order of magnitude of potential ridership to assist in conceptual planning. Accordingly, DRPT's review of ridership results was conducted at an equivalent level.

Seven sources of ridership growth were identified in VRE's System Plan 2040. This review looks at each component of the analysis to assess the soundness of the methodology.

- Natural growth attributable to demographic and land use growth
- Increased frequency (20-minute and 15-minute headway service)
- Skip-stop service
- Gainesville-Haymarket extension service
- Reverse peak service
- Off-peak hourly service
- Weekend ridership

Natural Growth

The natural growth in VRE ridership is growth attributable to the region's population and employment growth through the forecast period. This growth is more specifically tied to the projected increase in population in counties within the VRE commuter shed, as well as to the projected employment levels in the District of Columbia. System Plan 2040 assumes VRE ridership will grow at an annual rate of about 2 percent during the 2010-2020 timeframe, 1.9 percent during 2020 to 2030, and about 1 percent during 2030 to 2040. This assumption holds that in the absence of major service improvements, the current VRE commute mode share would continue into all study years. In reality, the future year mode shares may actually increase as the region's highway system becomes more congested due to demographic growth; if this were to occur, the initial estimate may actually be somewhat conservative (low).

As part of this analysis, DRPT independently summarized the population growth rates for an eight-mile buffer area around VRE rail alignments, using the demographic data contained in MWCOC's population and employment forecasts, Version 8.14. Though not identical, DRPT's estimated growth rates proved to be about the same as those used in VRE's System Plan. **Considering VRE's Systems Plan 2040 is a high level planning study, VRE's estimate of ridership attributable to Natural Growth is valid, even though there are slight changes in recent projections of MWCOC's growth rates.**

¹⁴ VRE Manager of Project Development Christine Hoeffner on June 22nd, 2016

Increased Frequency (15-min and 20-min headway service)

The average peak period headway on the existing schedule for Fredericksburg is 22.85 minutes and for Manassas it is 27.5 minutes. VRE's plan for Phase 2 and Phase 3 includes providing more frequent trains in the peak direction by reducing peak headways to 20 minutes and 15 minutes, respectively. The ridership increase associated with such headway reductions was estimated by applying headway elasticities to the base ridership. The elasticity value (-0.40) used by VRE is consistent with industry standards.¹⁵ **Therefore, the estimated ridership increase attributable to improved headways is reasonable.**

Skip-Stop Service

To estimate the effect of skip-stop service, the analysis for System Plan 2040 assumed varying amounts of travel time savings for passengers traveling from the outer and middle areas of the Fredericksburg line and from the middle areas of the Manassas line. On average, 8 percent time savings is estimated for passengers on the Fredericksburg line and 5 percent savings on the Manassas line. The ridership increase associated with the travel time savings was computed through the application of travel time elasticity. Based on the results reported, the implied travel time elasticity is -0.40. This value is consistent with empirical data. **DRPT reviewed the magnitude of travel time savings for each VRE line, the weighted average time savings, and the resulting increase in passengers and concluded they are reasonable.**

Reverse Peak Service

Reverse peak service would be successful only if there are sufficient employment opportunities within walking distances from the rail stations or if frequent and convenient transit connections to/from employment centers to/from the rail station are available. MWCOC's land use forecasts indicate the growth in employment in outer areas along VRE lines is about 72 percent between 2010 and 2040. Strong employment growth in certain areas such as Fort Belvoir, Marine Corps Base Quantico, Potomac Shores Development, Fredericksburg City, Prince Williams County Innovation Business District, and George Mason University Campus provides opportunities to increase reverse commuter trips. MWCOC's employment forecasts were used as the starting point for the reverse peak estimates. The total reverse trips attracted to the employment centers described above were taken from MWCOC model and the current VRE mode share was applied to compute the potential number of reverse trips. In general, the magnitude of reverse peak trips on most U.S. commuter rail systems is small, ranging from 5 to 10 percent. In this case, the total number of reverse peak trips is estimated 2,800 (approximately five percent) for 2040. **Reverse peak trips are projected to comprise approximately 5 percent of the line ridership and appear reasonable in comparison to other commuter rail systems.**

Off-Peak Hourly Service

Off-peak hourly service, especially during midday & evening, offers greater flexibility to passengers who choose to work schedules outside of the typical 9AM to 5PM window. The ridership estimate for this category is based on the experience of MARC and Caltrain systems for midday and evening passengers.

¹⁵ Victoria Transport Policy Institute (vtpi.org) and TRB's 2003 Transit Capacity and Quality of Service Manual, 2nd Edition.

Additional VRE ridership from off-peak hourly service is estimated to be about 2,550 passengers per day per line in 2040. The methodology relies heavily on the predicted response of commuters to hourly service. It ignores non-work trips that could take advantage of the hourly off-peak service. **DRPT believes the estimated ridership increase for off-peak hourly service may be overstated for work trips. However, if we include non-work trips also, then the estimated ridership appears reasonable.**

Weekend Ridership

The transit travel market for weekend trips is mostly made up of trips to special events, such as sporting events and conventions, museums, restaurants, and theaters. As the nation's capital, Washington, D.C. contains a large numbers of museums, national monuments, restaurants and theaters which draw several thousand trips a day to downtown core. By offering convenient and frequent train service, VRE has the opportunity to add a substantial number of riders during weekend days. Weekend ridership was estimated on the basis of empirical data available from the MARC system. MARC started weekend service on the Penn Line in December 2014, carrying 4,100 passengers per weekend. Four months later, in March, MTA reported carrying 6,500 passengers on weekends, up more than 50 percent, totaling about 26 percent of the average weekday riders on the Penn Line. MARC currently offers a fairly high level of service on weekends: nine round trips on Saturday and six on Sunday. Weekend service was included in System Plan 2040 and reviewed as part of this exercise. However, VRE has subsequently determined that weekend service will not be feasible in the foreseeable future and therefore the agency is not pursuing the addition of weekend service to its operations. If weekend service were pursued, the estimated 5,400 weekend trips by 2040 translate to about 10 percent of total weekday ridership. If we assume a modest level of service on weekends, then this estimate of 5,400 may be slightly high, but achievable.

Overall Reasonableness of Ridership Forecasts and Verification of Key Claims

To understand and verify the overall reasonableness of VRE's System Plan 2040 ridership projections, DRPT reviewed the historical growth in VRE ridership. As stated previously, VRE has had steady ridership growth, which has more than tripled over the past two decades, growing from just under 6,000 weekday daily riders per year in fiscal year 1993 to around 19,000 weekday daily riders in fiscal year 2013.

A significant portion of this increase occurred during the past 10 to 12 years, during which VRE implemented modest service expansions that included new rolling stock, expanded station platforms and parking, new equipment maintenance facilities at each storage yard, and completion of railroad infrastructure improvements. This observed ridership impact indicates there is significant latent demand in both Manassas and Fredericksburg corridors that could respond favorably to service improvements.

As shown in Table 3, Phase 1 of System Plan 2040 incorporates several relatively low cost improvements that have great potential to attract ridership. Since more than 90 percent of VRE passengers access the system through Park-and-Rides, an immediate expansion in parking and station infrastructure facilities has the potential to draw additional ridership. Providing additional and longer trains will ensure comfortable load factors can be maintained on long commutes on the VRE lines. As demonstrated earlier, the ridership response relative to such service improvements has been properly quantified through the use of industry approved ridership estimation methodologies.

Therefore, an increase of 6,000 trips in Phase 1 is reasonable and achievable, provided all the planned improvements are completed fully and the projected growth in the study area's population and Washington, D.C.'s downtown employment materialize.

Table 3: Planned Service Improvements and Infrastructure Expansion for the VRE System

Infrastructure & Service Improvements	2013	Phase 1 2014-2020	Phase 2 & 3 2031-2040
Total weekday ridership	19,000	25,000	Up to 50,000
Incremental ridership	-	6,000	18,000
Service Levels	26 min /37 min AM/PM peak headway	-More trains -Longer train -More parking -Station expansion	-15 min peak service -30 min reverse peak service -Hourly off-peak service
Station and parking expansion		X	X
Rolling stock & yard expansion		X	X
Gainesville-Haymarket extension			X
Long Bridge expansion			X
Fredericksburg 3rd track		X	X

Source: VRE System Plan 2040

Phases 2 and 3 of System Plan 2040 incorporate several significant improvements to attract different travel markets. The most important is the reduction in peak service headway to 15 minutes. At 15-minutes headways, the commuter rail is approaching a light rail level of service with four to five times the capacity of light rail. At such a high frequency, on time performance tends to become less of a factor for commuting passengers because they know if they miss a train, another train would be arriving shortly. High frequency service also provides more flexibility to passengers regarding their arrival and departure times. Combining high frequency service with reverse peak trains and hourly service during off-peak periods provides a significantly more attractive transportation option compared to the heavily congested I-95 and I-66 corridors.

Therefore, an increase of 18,000 to 20,000 trips attributable to Phase 2 and 3 service and infrastructure improvements is reasonable and achievable, provided supporting infrastructure, such as commuter parking, track improvements, and station expansion are completed fully.

Given this finding, this review concludes that System Plan 2040 will allow the agency to increase its capture of travelers within the region. DRPT also extended the ridership analysis to evaluate VRE's claim that expansion under System Plan 2040 would have a significant effect on the CoSS of I-95 and I-66. As mentioned earlier, the ridership forecasts were not developed using the regional travel model. Therefore, the impact of VRE service improvements on I-95 and I-66 could not be obtained directly from the travel model. However, based on some simple assumptions regarding freeway capacity, DRPT was able to equate VRE's passenger carrying capacity to highway capacity.

As shown in Table 4, the VRE system would be capable of transporting about 7,000 passengers per hour to downtown Washington, D.C. during the morning rush period in 2040. The carrying capacity of a modern freeway can range as high as 2,300 cars per hour per lane. (Most freeways operate at levels below 2,000 cars per hour per lane, making this a conservative exercise). DRPT's analysis shows roughly three freeway lanes ($7,000 / 2,300 = \sim 3$ lanes) would be needed to provide the same person-carrying

capacity as VRE in 2040 over an average trip length of about 32 miles. **In other words, the passenger miles traveled on the VRE system during the morning rush hour would be roughly equal to the person miles travelled on approximately 96 lane miles (32 x 3) of freeway in one hour.**

Table 4: Comparison of Person Carrying Capacity- VRE versus Freeways

2040 Ridership statistics (projected)		Freeway Parameters	Freeway Capacity
Weekday ridership	50,000	Capacity of freeway lane	2,300 vehicles per hour
Inbound ridership	25,000	Average auto occupancy	1.15
AM Peak period ridership (apply 85% of inbound ridership)	21,000	Persons carried per lane per hour	2,650
AM peak hour ridership (assume 3 hour AM peak)	7,000	Number of lane capacity needed to carry 7,000 VRE passengers	3 lanes
Average trip length on VRE system	32 miles	Average trip length on freeways (assume same as VRE)	32 miles
Passenger miles carried during AM rush hour	224,000	Number of lane miles needed	32 x 3 = 96 lane miles
		Number of persons miles traveled in 96 lane miles	254,400

Source: HDR Engineering

While the 96 lane miles of passenger capacity provided by the full 2040 Plan build-out is rather large, the benefits of the existing service are also significant. Current weekday ridership is approximately 19,000 passengers, or 38 percent of the projected 2040 ridership. Therefore, the current service provides a proportional benefit of approximately 36 lanes miles, which is roughly the distance from Haymarket to the Potomac River on I-66.

Without an appropriate level of engineering and analysis of the specific areas for expansion, it is difficult to put an estimate on the cost to implement 96 lane miles of expansion in the combined I-66 and I-95 corridors. These corridors operate in heavily developed areas and as such provide a myriad of variables that would need to be examined to produce even a planning level estimate. Nonetheless, a general idea of the potential cost of this level of expansion can be obtained by extrapolating from estimates prepared for the I-66 Corridor Improvements program (CIP). While not strictly a widening project, the I-66 CIP is representative of the level of investment likely needed to provide enhanced capacity in the I-66 and I-95 corridors. The estimate provided in VDOT's draft term sheet indicates that 22-miles of widening and multi-modal improvements will cost between \$2.1 and \$3.3B in current year dollars. This equates to approximately \$95M-\$150M per mile. While it is difficult to create a direct mile-for-mile, lane-for-lane equivalency for the improvements being pursued in the I-66 corridor, extrapolating the I-66 budget over 96 miles (approximately 4.3 times) would produce a capital budget of \$9-14B. Similarly, replacing the approximately 36 lane miles of capacity currently provided by VRE's service could cost \$3.4-5.4B. It is important to reiterate that these estimates do not reflect any level of engineering for a direct replacement of VRE's current or future capacity. Rather, they provide a very basic point of reference and order of magnitude for comparing interstate expansion for commuter rail service in northern Virginia. A significant level of additional engineering should be conducted to provide the type of direct comparison between alternative improvements in interstate or rail capacity that is needed to inform a capital investment decision of this magnitude.

VRE's ability to provide this capacity during peak periods represents a significant benefit to the Commonwealth in the form of reduced congestion. This reduction would occur along two CoSS (I-95 and I-66) where peak period congestion poses a serious challenge to northern Virginia, one of the Commonwealth's main economic engines.

Congested roadways lead to significant economic costs. The costs associated with traffic congestion typically include delays and uncertainties in expected trip times, along with increased fuel consumption. The Texas A&M Transportation Institute reports that the annual cost of congestion due to these factors in the U.S. in 2014 was approximately \$160B with congestion in the Washington urban area alone totaling approximately \$4.6B.¹⁶ As significant as these numbers are, they do not include additional costs that can also be considered as part of the full cost of congestion such as: emissions, (environmental cost), accidents (safety cost), and vehicle operations (maintenance cost). If these costs were included, minimizing congestion along I-66 and I-95 would have an even greater value to the Commonwealth. An additional impact to note when comparing rail capacity to interstate expansion in northern Virginia would be the cost of right-of-way acquisition. Right-of-way acquisition would almost certainly require the use of eminent domain, resulting in schedule and cost impacts that are difficult to estimate. Additionally, potential impacts to adjacent neighborhoods, wetlands, tree canopy and other natural features could have very high costs and/or require costly and extensive mitigation measures.

While the brief analysis above indicates the potential for a significant contribution to congestion mitigation by VRE system expansion, a better understanding of the corridor's travel demand dynamics is needed for DRPT and the CTB to fully understand the impacts of VRE system expansion. One particular factor that will have an increasing impact in these corridors is the increased presence of high occupancy toll (HOT) lanes in the I-95 corridor and the introduction of new HOT lane operations on I-66. A recent working paper examining the effects of HOT lanes in Los Angeles indicates transit ridership in corridors parallel to new HOV/HOT lanes may drop by approximately 4.8 percent. Additional study in this area is needed to determine the impact of toll levels and other factors. The existing HOT lanes on I-495 and I-95 opened in 2012 and 2014, respectively. As these operations become more firmly established, they can provide data that will be useful to this analysis and helpful in understanding the potential dynamics associated with planned new HOT lanes in the corridors. Once these factors can be better understood, a more thorough analysis of the potential congestion mitigation associated with VRE service can be obtained.

In sum, VRE's projected ridership levels are reasonable and growing ridership could provide a significant positive impact on congestion levels along CoSS I-95/395 and I-66.

Long-Term Service (O&M) Costs Review

Understanding VRE's on-going service or operations and maintenance (O&M) costs is a key component of assessing long-term financial viability. As part of System Plan 2040, VRE prepared estimates for future O&M costs. Some changes were made by VRE from System Plan 2040 to the SFF effort which will form the basis of VRE's long-term financial planning going forward. Both assumptions are discussed herein.

¹⁶ 2015 URBAN MOBILITY SCORECARD. The Texas A&M Transportation Institute and INRIX August 2015.

The objective of the O&M Costs review is to evaluate the estimating processes and assumptions for reasonableness. The review was conducted at two levels:

- Overall cost estimation methodology
- O&M cost assumptions and estimates in terms of general reasonableness

Primary documentation reviewed for this task included the following:

- Virginia Railway Express System Plan 2040 Study, Parsons Brinckerhoff, February 2014
- Virginia Railway Express System Plan 2040 Preliminary Operations Analysis, Parsons Brinckerhoff, August 2014

Supporting documentation (covering the SFF) reviewed included the following:

- Strategic Financial Forecasting Presentation to the VRE Operations Board, February 19, 2016
- Strategic Financial Forecasting Presentation to the VRE Operations Board, September 18, 2015
- VRE Financial Plan Report, July 1, 2016
- VRE Financial Plan Scenario Descriptions, July 1, 2016

O&M Cost Estimation Methodology

O&M cost estimates were developed for each System Plan 2040 service scenario (Phase 1, Phase 2, and Phase 3) using a fully allocated cost model. Forecasted future unit cost estimates were derived from escalating the base year via:

- Historic costs/growth
- Contractual levels
- General inflation/CPI
- Industry sources such as the Association of American Railroads (AAR)
- Capital costs per VRE Planning estimates

A cost allocation model assumes that each expense incurred by a transit system is “driven” by a key supply variable such as revenue hours, train miles, or peak cars. Each budget expense item is assigned a supply variable, and then divided by the value of the supply variable for that year to develop unit costs. The resulting formula is then used to produce cost estimates for alternative service scenarios.

The System Plan 2040 O&M cost model was built using VRE’s fiscal-year 2013 budget data as the baseline upon which incremental costs for each service scenario were developed. Fiscal-year 2013 budget line items were allocated to one of six supply variables to develop unit costs. Quantities for each cost-driving supply input were produced based on the operating plans for each future service scenario and applied to the corresponding unit costs to arrive at the total estimated O&M cost.

Findings

The fully-allocated cost model approach is consistent with industry standards for forecasting O&M costs for existing transit modes. This approach is suitable in a long-range planning application, such as the 2040 System Plan, where the stated objective is to estimate relative change in operating cost for each service scenario against baseline costs. VRE caveats its O&M cost estimates by stating that the costs are

not to be used for budget estimating purposes, but rather to estimate relative changes in cost based on service level, as previously noted. As such, it is necessary for VRE to undertake a more rigorous O&M costing exercise for near term expenses to validate the near term budgetary implications of each scenario. The SFF was developed starting in February 2015 to provide another tool for examining future O&M costs relative to the System Plan 2040 service scenarios and the current fiscal and operating environment. While the SFF is a valuable tool for VRE's financial planning, additional near term analyses to support the use of the SFF for near term planning may be needed.

Assessing the Reasonableness of the O&M Cost Assumptions and Estimates

The 2016 SFF model builds upon System Plan 2040. Overall, System Plan 2040 showed more aggressive cost growth assumptions than the 2016 SFF effort. Cost escalation assumptions input into the System Plan 2040 O&M cost model are summarized in Table 5, along with the assumptions input into the 2016 SFF model. To validate these figures, historical National Transit Database (NTD) data and budget was reviewed for fiscal years 2010 to 2014. According to this review, cost increase assumptions are in-line with historical data for the system or when appropriate (i.e. fuel costs) with national data. Given recent trends (past five to ten years) of low inflation and fuel prices, the decision to utilize lower cost increase assumptions for the SFF versus System Plan 2040 is a defensible approach.

Table 5: O&M Cost Escalation Assumptions

Cost Element	System Plan 2040	Strategic Financial Forecast	Notes
Track Access Fees	3.5% annual increase	CSX - 4% annual increase (contractual) NS – 3% annual increase (based on AAR growth rate) Amtrak – 3% annual increase (avg.)	AAR = Association of American Railroads
O&M Contractor Fee	3.5% annual increase	2% annual increase, driven by CPI	Contract references CPI
“Other” Expenses	3.5% annual increase	2% annual increase, driven by CPI (incl. facilities maintenance)	Also provided by contract operator
Equipment Operations	3.5% annual increase	3% annual increase (based on AAR)	
Fuel Cost	3.5% annual increase	4% annual increase	NTD fuel cost increased ~ 3.8%/ year

Source: VRE System Plan 2040, Strategic Financial Forecast

It should again be noted that planning level assumptions appropriate for a 20 year or greater horizon may not be reasonable for shorter time periods (e.g. general inflation, fuel costs). While the cost growth rates for the SFF were adjusted downward, they are still well above current levels. For instance, whereas the annual CPI growth rate (inflation) for the past two years has been less than one percent, the SFF assumes an annual inflation rate of two percent. When a broader look at historical data (over the past decade) is conducted, an average annual rate of inflation based upon the CPI is approximately 1.7 percent, indicating that an assumption of two percent annual CPI growth is reasonable for the planning period (2040) for which the forecast is being prepared. It is important to note again that long-range forecasting poses particular challenges which must be acknowledged. While the assumption provided by

VRE is reasonable and in-line with professional standards and methodologies, all forecasts pose some degree of risk. The impact of capital investments on operating expenses are an additional factor to consider when projecting future costs. VRE's analysis assumes that the capital investments required to maintain a state of good repair such as vehicle replacement are made in a timely fashion. If this does not occur, operating expenses could increase.

The basis for O&M cost estimates and the methodology for projecting future O&M cost estimates is reasonable and provides a sound basis for evaluating VRE's long-term financial viability. Additionally, VRE's actual and forecasted O&M costs are reasonable and, on this measure, the agency is providing services at an appropriate cost. To further verify the appropriateness of the agency's operating costs, VRE's Operating Expense per Vehicle Revenue Hour (\$985.91) was compared against peer jurisdictions. This analysis found that VRE is within 8 percent of the average (\$913.89) of those peer jurisdictions. VRE's Operating Expense per Unlinked Passenger Trip (\$14.84) was also compared against peer jurisdictions and found that VRE is well below the average (\$21.59).¹⁷ Finally, as the discussion on farebox recovery (below) will indicate, **VRE's strong farebox recovery ratio further indicates that the agency is efficiently providing service at an appropriate cost.**

Revenue Assumptions Review

VRE derives revenues from user (fares), local, state and federal sources. The assumptions for these revenues will be reviewed below. While not all specific sources under these categories will be discussed, the sources that are reviewed account for over 98 percent of operating revenues.

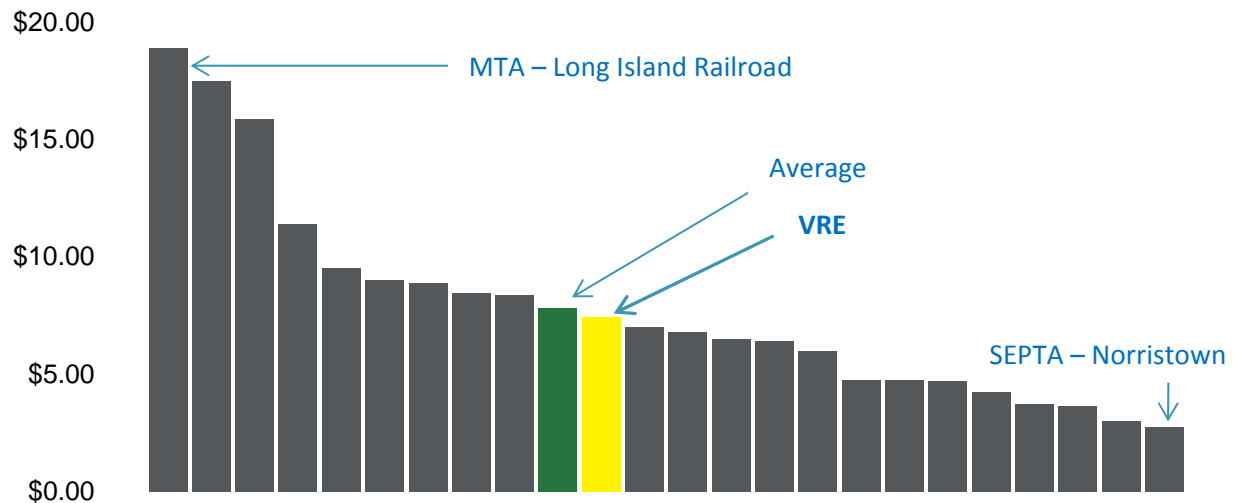
Farebox

The farebox recovery rate of a transit system indicates the proportion or percent of O&M expenses recovered from farebox revenues. As discussed above, VRE has historically performed well by this metric, achieving a farebox recovery rate of over 50 percent. A high farebox recovery rate can be indicative of an efficient operation that is carrying appropriate ridership levels while maintaining appropriate O&M costs. It can also be indicative of a high fare structure. VRE has indicated that, according to a study released by the Chicago Transit Authority (CTA), VRE's average fare is the second highest of seven systems cited in the study.

To evaluate VRE's claim, DRPT looked at NTD's 2014 data on commuter rail lines. An average was estimated based upon agency information. Using this methodology VRE's fare ranks near the middle, with the 10th highest average fare out of 23 commuter rail systems reported in the 2014 NTD. However, when regional average household incomes are taken into account, VRE falls to the 14th highest fare structure. Furthering this analysis, VRE places 4th for farebox recovery when the farebox revenue-to-overall income ratio is applied, indicating that VRE's high recovery rate is more likely attributed to its relative efficiency as opposed to having a relatively onerous fare structure. **The assertion that VRE's farebox recovery ratios are driven by an efficient operation is supported strongly by the fact that per NTD data, VRE maintains a lower operating subsidy per passenger mile than many of its peer systems.**

¹⁷ <https://www.transit.dot.gov/ntd/ntd-data> Note: Unlinked passenger trip is a term that refers to boardings. If a person were to travel from Fredericksburg to L'Enfant Plaza and then switch trains to go from L'Enfant Plaza to Manassas, that would count as two UPT. In other contexts that journey would count as one "trip".

Figure 9: 23 Average Fares of Peer Systems (not adjusted for income)



System Plan 2040 assumed farebox growth of five percent biennially (every other year). This estimate was lowered to three percent biennially for the SFF. While this reduced assumption is consistent with VRE’s actual fare increases over the past decade and does provide a more conservative forecast of revenues, it is also a significant contributor to the SFF’s projection that O&M expenses will outpace revenues.

The favorable comparison of VRE’s fare structure to peer systems indicates that some room for increased fares may exist. When discussing fare rate increases, VRE has generally cited concerns over the effects that larger increases could have on ridership. If fares are raised too rapidly, ridership could suffer significantly. Even with increased fares, significant losses in ridership would likely result in reduced total fare revenues. Lower overall farebox revenue could force VRE to make service cuts and/or otherwise degrade service. This would result in a cycle of decreasing ridership that would see the system’s operating balance degrade more rapidly. While there is the potential for this dynamic, **additional analysis of fare structure could give VRE a more complete understanding of the potential impact of various potential fare structures and fare growth assumptions.**

A fare analysis should consider: stakeholder views, the elasticity of ridership based upon fare levels, the impact of potential fare structures on transit dependent populations, and whether the effects of potential fare structures are in-line with the overall transportation goals of the state and region. Additionally, future fare analysis should consider the impact of federal transit benefits on fare affordability and ridership – for instance, the effects of the recent increase of the monthly transit benefit cap from \$130 to \$255. Finally, the impact of potential fare structures should be evaluated to determine the potential impact on vehicular congestion levels in the region, in particular on the two CoSS, I-95 and I-66. A fare structure that decreases ridership could also exacerbate roadway congestion levels.

Even with the recommendation for additional analysis of potential fare structures, the overall conclusion is made that **VRE’s farebox performance and outlook indicates the agency is efficiently providing an appropriately costed service.**

Local Jurisdiction Operating Subsidies

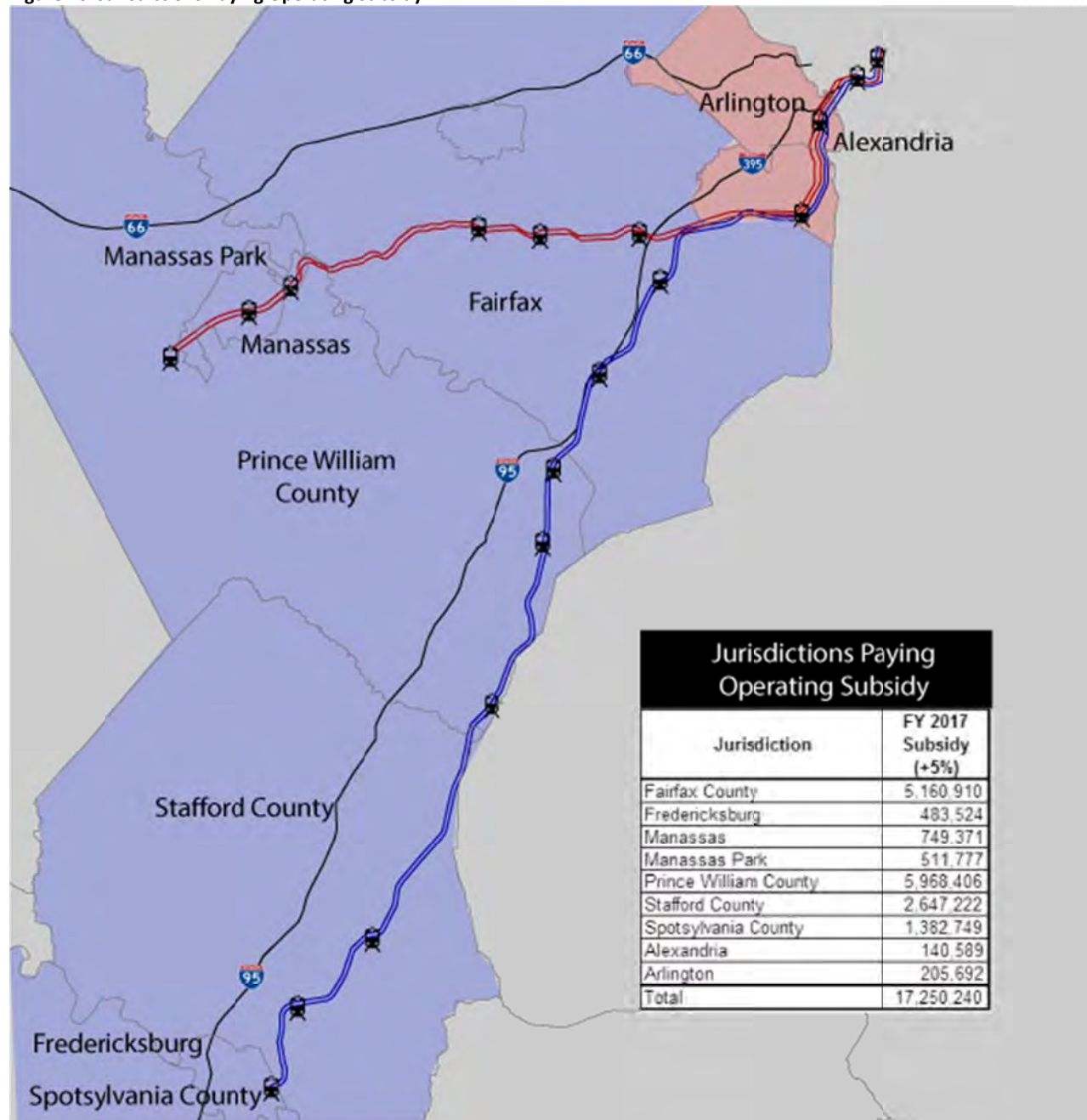
Similar to the farebox assumptions, System Plan 2040 assumed 5 percent biennial increases in local jurisdiction subsidies and this assumption was reduced to 3 percent biennially in the SFF analysis. Again, while this reduction provides a more conservative forecast of revenues, it is also a significant contributor to the SFF's projection that O&M expenses will outpace revenues. Therefore, the reasonableness of this assumption should be examined.

Based upon information provided by VRE, annual local jurisdiction funding changes have varied widely over the past 16 years. The total local subsidy provided by all jurisdictions over that period has experienced annual increases as high as 52 percent and has seen decreases of as much as 5 percent. However, it should be noted that the recent trend (from 2009 to 2016) sees changes in a much narrower range that can best be described as flat to a slight decrease. During the past 8 years, local jurisdiction subsidies have ranged from a low of \$15.9M to a high of \$17.3M, with approximately two-thirds of these amounts for operating support. The FY 2017 budget includes \$17.25M in local jurisdiction subsidies with \$14.7M in operating support. The \$14.7M in local operating subsidies accounts for 17 percent of all operating expenses.

VRE has indicated that the recent local funding dynamic is attributable to affordability issues as local jurisdictions attempt to balance their budgets and address competing priorities. VRE has also noted that the volatility associated with this funding source is itself another source of risk for the system. For these reasons, VRE argues that it is prudent to assume a modest but steady increase for jurisdictional contributions while investigating other sources of revenue.

DRPT is sensitive to local budgetary constraints and recognizes that local governments have many competing policy objectives. **This review finds VRE's assumption for local jurisdictional subsidies is reasonable as a base line. Beyond this baseline, VRE's financial forecasting and discussions with its Operations Board should consider a range of potential subsidy increases. Other potential state and federal sources of operating funding for VRE face similar constraints and will be forced to make similarly difficult decisions.**

Figure 10: Jurisdictions Paying Operating Subsidy



State Operating Subsidies (including Access Fee Subsidies)

Over the ten-year period of 2006 through 2015, operating subsidies to VRE from the Commonwealth ranged from \$7M to \$10.5M. Over this same period, total operating support (including subsidies for track access fees paid to CSX, NS and Amtrak), ranged between a low of \$10.8M in 2008 and a high of \$19.3M in 2014. The FY 2017 Budget includes \$14.7M (19 percent of operating expenses) from all sources with support from the state with \$9M for direct operating subsidies and the remainder predominantly going towards track access fee support. As with local jurisdictional subsidies, the trend towards declining and now flat funding levels from the Commonwealth is indicative of competing budget priorities and constrained resources. For this reason, VRE's SFF incorporates a conservative estimate for operating

grants from the Commonwealth. The SFF assumes 0 percent growth for direct operating subsidies or approximately \$9M per year for the entire forecast period (2040). Given the Commonwealth's financial constraints, this assumption is reasonable as a base case. **If state operating subsidies maintain growth in line with CPI growth it could help mitigate VRE's operating funding challenges going forward.**

Access fees for use of Class I (CSX, NS and Amtrak) railroad tracks have historically been funded through a variety of state grants and federal pass through grants with the total amount of these grants equaling approximately 84 percent of total fees. These funds are administered by DRPT and DRPT has indicated that this level of funding will decrease beginning in 2021, ultimately declining to 50 percent of access fees for the period of 2026-2040. **VRE's SFF indicates that the agency has incorporated this funding dynamic, and this analysis concludes the SFF accurately reflects DRPT's projected funding levels.**

Federal Operating Funding

Federal operating support flows to VRE through the Surface Transportation Program (now called the Surface Transportation Block Grant program or STBG under FAST Act) with a small amount of funding coming from other federal formula programs. The total amount of federal operating support for FY2017 is \$8.9M, or approximately 12 percent of operating expenses.

Operating Funding Outlook

The net effect of the above operating revenue outlook when combined with the long term costs discussed in the previous section is projected to lead to operating deficits for VRE by 2030 and have an average operating shortfall over the forecast period (through 2040) of \$13.7M per year. The following charts show the sources of operating funds for FY2017 (fully funded at \$75.8M) and for 2040 with implementation of the full system plan (\$257.2M total operating budget, deficit indicated):

Figure 11: FY 2017 Budget - Sources of Operating Funds

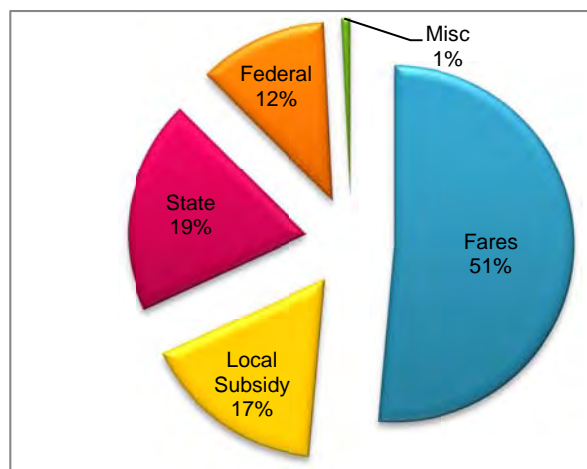
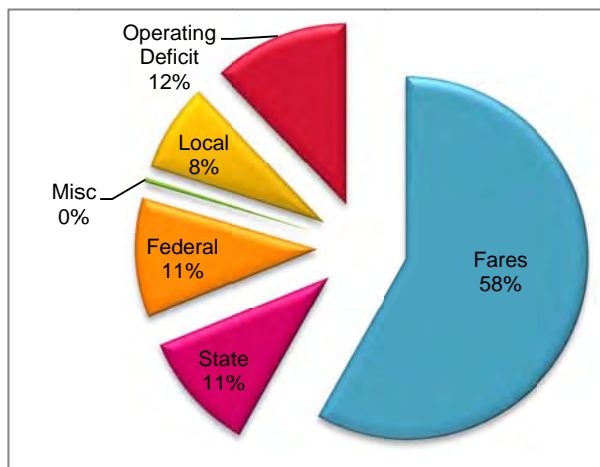


Figure 12: FY 2040 Operating Budget - Projected Sources of Funds



Federal Capital Funding

The primary sources of federal funding are the FTA's 5307 (Urbanized Area) and 5337 (State of Good Repair) programs. Similar to local and state funding sources, these funds have been flat in recent years, with the anticipated amount of funds for 2017 equaling those received in 2016. Based upon this, VRE's SFF assumes zero growth for these sources. In consideration of recent trends, as well as of the general

outlook provided by the FAST Act, **VRE's federal formula funding assumptions are reasonable.** Naturally, these sources of funds should be monitored, particularly leading up to the expiration of the FAST Act authorization in 2020.

In addition to federal formula funding, federal discretionary grant programs are a potential source of funding for capital projects. The Commonwealth was recently awarded a grant through USDOT's Fostering Advancements in Shipping and Transportation for the Long-term Achievement of National Efficiencies (FASTLANE) program for the Atlantic Gateway suite of projects. The \$165M award was the largest for the program and represents approximately 20 percent of all FASTLANE program dollars. The Atlantic Gateway project included a variety of multimodal capital improvements including enhancements to I-95, I-395 and the CSX rail corridor. Included in the application as part of the rail improvements were \$70M towards the rehabilitation and expansion of the Long Bridge. While the Long Bridge project will also benefit the DC2RVA higher speed rail project and existing operations for Amtrak and CSX, it is also a necessary component of VRE's 2040 Plan. The Commonwealth's successful application represents a promising template for future efforts. Key elements of this template are its multi-modal nature and its positive benefits for the movement of both goods and people in the corridor. While the FASTLANE award is a significant achievement for the Commonwealth, the limits of programs such as FASTLANE and TIGER (Transportation Investment Generating Economic Recovery program originally enacted as part of the American Recovery and Reinvestment Act of 2009) should be noted. As an indication of these limits, the FASTLANE program funded less than 8 percent of requested funding in 2016. The program received 212 applications requesting a total of \$9.8B and awarded just over \$759M in funds. The TIGER program also typically awards less than 10 percent of requested funding. Other FTA grant programs such as New Starts/Small Starts and Core Capacity are also potential sources of capital project funding. While these programs generally provide larger award levels than FASTLANE or TIGER, they are similarly competitive and oversubscribed. In conclusion, while federal discretionary grant programs can be an important source of funding, the limited amount of dollars allocated to these programs and their highly competitive nature make it difficult to predict potential future funding from these sources.

Capital Funding Outlook

Per the SFF, the sum of capital improvements required is \$4.1B. The core components of this requirement include VRE's agreement via a memorandum of understanding with CSX to construct a third main line track from Fredericksburg to Washington, D.C. This cost includes the replacement and expansion of the Long Bridge across the Potomac River and also includes the renewal and replacement of rolling stock over the plan period. VRE's SFF analysis indicates that the agency may be able to fund approximately \$2.8B of the \$4.1B total using projected funds from a combination of federal formula programs like CMAQ, through NVTAF funds derived from HB 2313, and other funds including DRPT transit capital dollars. It should be noted that currently only six of VRE's nine member jurisdictions are also part of NVTAF. NVTAF funds are limited to projects within the authority's area. The NVTAF's member jurisdictions are located within the boundaries of the Commonwealth's Planning District 8. The Authority includes the counties of Arlington, Fairfax, Loudoun and Prince William; and the cities of Alexandria, Fairfax, Falls Church, Manassas and Manassas Park. This restriction prevents NVTAF dollars

from being used for shared VRE capital projects that may be physically located in the non-NVTA jurisdictions.

While VRE's SFF indicates the potential to fund over 80 percent of the System Plan 2040 capital budget, the current six-year capital improvement program shows that approximately \$499M of \$2.1B projects have allocated funding, leaving the rest unfunded, with yet to be determined funding sources or pending a future allocations from a funding authority. Of these projects, several are eligible for funding under Smart Scale or via NVTA's TransAction 2040. VRE has stated that the funded projects will prioritize passenger safety, state of good repair, and regulatory requirements. While these priorities are rightfully maintained, the net effect is that System Plan 2040 expansion plans generally become unfunded or yet to be determined projects, limiting the system's ability to grow to meet the demand anticipated by the plan.

One of the key drivers in the CIP funding is the availability of state provided matching funds that allow VRE to leverage federal formula capital funds. The CIP currently incorporates these funds under SB1140's Tier 2 funding level (34 percent participation). While this funding source is of great value to VRE, it does restrict the timing of the availability of these matching funds, extending the funding period for projects when compared to a scenario where the Commonwealth provides a larger match. A related and urgent capital funding dynamic is the pending depletion of Capital Projects Revenue (CPR) bond funds. Currently CPR funds provide a large portion of the Commonwealth's matching percentage. These funds are scheduled to run out following FY2019 reducing the funding available for all three tiers. If a new source of funding is not found to support the Commonwealth's on-going participation under SB1140, by FY2020 state transit revenues will only meet approximately 10% of the total need.

In examining VRE's capital budgeting outlook as previously described, DRPT recognizes the agency's challenges. While plausible sources for the majority of the capital need can be identified, most of these sources are yet to be allocated and/or are subject to a competitive, discretionary process. This situation is not atypical for major transportation (or more specifically transit) capital projects around the country. DRPT recommends that VRE continue to advance key projects into the project development process and take other steps to ensure the maximum potential for success in pursuing FTA discretionary funds and other competitive funds such as those under HB2313 from the NVTA.

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CONCLUSION

VRE's Approach

In recognition of the challenges faced, VRE has determined it will pursue a “Natural Growth Scenario” as developed for the SFF as its base strategy and the agency will also continue to pursue both capital and operating funding to achieve full implementation of System Plan 2040. The Natural Growth Scenario implements some of the Phase 1 System Plan 2040 improvements, including: lengthened trains and platforms to maintain present service levels with growing ridership, needed corridor capacity improvements such as Long Bridge, maintenance of existing peak and non-peak operations, plus one additional trip on the Fredericksburg line. It maintains the general assumptions for cost escalation and revenue growth. As such, DRPT supports the assumptions with the caveats and exceptions previously noted.

Under the Natural Growth Scenario, ridership would increase to an estimated 31,100 per day or approximately 60 percent of the full System Plan 2040 projections. Based upon a crude calculation, the system could then be expected to achieve roughly 60 percent of the benefits discussed for the full System Plan 2040. To achieve this scenario, VRE would need to identify approximately \$871M in capital funding and an average of \$9.3M per year in additional operating dollars. During the pursuit of the Natural Growth Scenario, VRE will work with its partners to further develop its funding sources.

Maintaining Appropriately Costed Services / Expanding Market Share

VRE has been providing appropriately costed services. Provided with the needed capital and operating funding, VRE has demonstrated the ability to provide appropriately costed, efficient services that attract increasing levels of ridership. The agency has achieved a high level of farebox recovery charging reasonable fares. While VRE's reasonable fares may provide some ability for upward adjustment, changes to fare policy alone will not be able to address VRE's additional funding needs.

Long-Term Financial Viability Assessment

As previously noted, this review generally finds the basis of analysis conducted by VRE through System Plan 2040 and SFF exercises to be reasonable. However, this report identified some areas where further investigation into the assumptions is advisable, particularly in the areas of fare policy and local jurisdiction subsidies. Although further investigation will better inform the discussion, it does not guarantee findings in these areas will alter the overall financial outlook for VRE; additional capital and operating funding is needed to maintain and grow the system. Without additional funding beyond current anticipated levels, VRE will face challenges to its long-term financial viability. Just to accommodate the Natural Growth Scenario, currently the recommended path by the VRE Board of Directors, up to \$3.2B in capital funding could be required to accommodate the projected 31,100 daily riders. Currently \$806M in capital needs is funded, and \$1.5B in additional funding potentially funded through identified revenue sources, however, \$871M is the unfunded capital need.

The Natural Growth Scenario will require an additional \$15.5 Million annually to maintain expanded operations – a fraction of the cost to construct an additional mile of interstate in the I-66 corridor. While slight increases to the assumptions for fares and local subsidies are not likely to eliminate this requirement, they may lessen it and make a more manageable gap and provide for a more productive discussion among all stakeholders. For capital funding, this review finds that VRE is effectively utilizing available sources and pursuing additional federal and state discretionary funding. VRE should maintain this approach and continue to advance projects to maximize their potential eligibility and competitiveness for future federal discretionary dollars.

Impact on Interstates 66, 95, and 395

As noted above, full build out of System Plan 2040 would result in service levels equivalent to 96 lane miles of interstate. Adding 96 lane miles within the highly developed and congested northern Virginia areas that is traversed by I-66, I-95 and I-395 could incur greater costs than expanding VRE. VRE's current estimate for the capital improvements included in the 2040 System Plan is \$4.1B, which includes costs for projects that will benefit freight and allow additional Amtrak services, and therefore VRE would only be responsible for a portion of that total cost.

While not a direct comparison, the 22-mile I-66 Corridor Improvements Program is expected to cost as much as \$3.3B. This equates to approximately \$95M-\$150M per mile. Similar improvements to I-66 inside the Beltway and to the I-95/I-395 corridor could easily result in a total budget number for highway improvements greater than VRE's capital plan. While it is difficult to create a direct mile-for-mile, lane-for-lane equivalency for the improvements being pursued in the I-66 corridor, extrapolating the I-66 budget over 96 miles would produce a capital budget of \$9-14B.

Using these same I-66 corridor numbers to look at the present situation, replacing the approximately 36 lane miles of capacity currently provided by VRE's service could cost as much as \$3.4-5.4B. Likewise, VRE's Natural Growth scenario provides service levels similar to approximately 58 lane miles of interstate which could be valued as high as \$5.5-8.7. It is also important to note that due to the likely severe impacts on adjacent neighborhoods, it may simply not be feasible to construct the number of lanes required to replace the capacity provided by VRE and meet growing travel demand. Put another way, given the high levels of development adjacent to the interstates, acquiring sufficient land for additional interstate right-of-way may not be practicable.

Avoided highway construction and highway maintenance costs, VRE provides an alternative transportation option to congested highway travel, which has economic benefits to the Commonwealth. In addition, congested roadways lead to significant economic costs. The costs associated with traffic congestion typically include delays and uncertainties in expected trip times, along with fuel consumption. The Texas A&M Transportation Institute reports that the annual cost of congestion due to these factors in the U.S. in 2014 was approximately \$160B while the figure for the Washington urban area was approximately \$4.6B. As significant as these numbers are, they do not include additional costs that can also be considered as part of the full cost of congestion such as: emissions, (environmental cost), accidents (safety cost), and vehicle operations (maintenance cost), which could be as much as \$2.5B. If these costs were included, minimizing congestion along I-66 and I-95 would have an even greater value to the Commonwealth.

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Agenda Item #8: Economic Value of High Capacity Transit in Northern Virginia



TO: Chairman McKay and NVTC Commissioners

FROM: Kate Mattice and Dan Goldfarb, PE

DATE: February 23, 2017

SUBJECT: Economic Value of High Capacity Transit in Northern Virginia

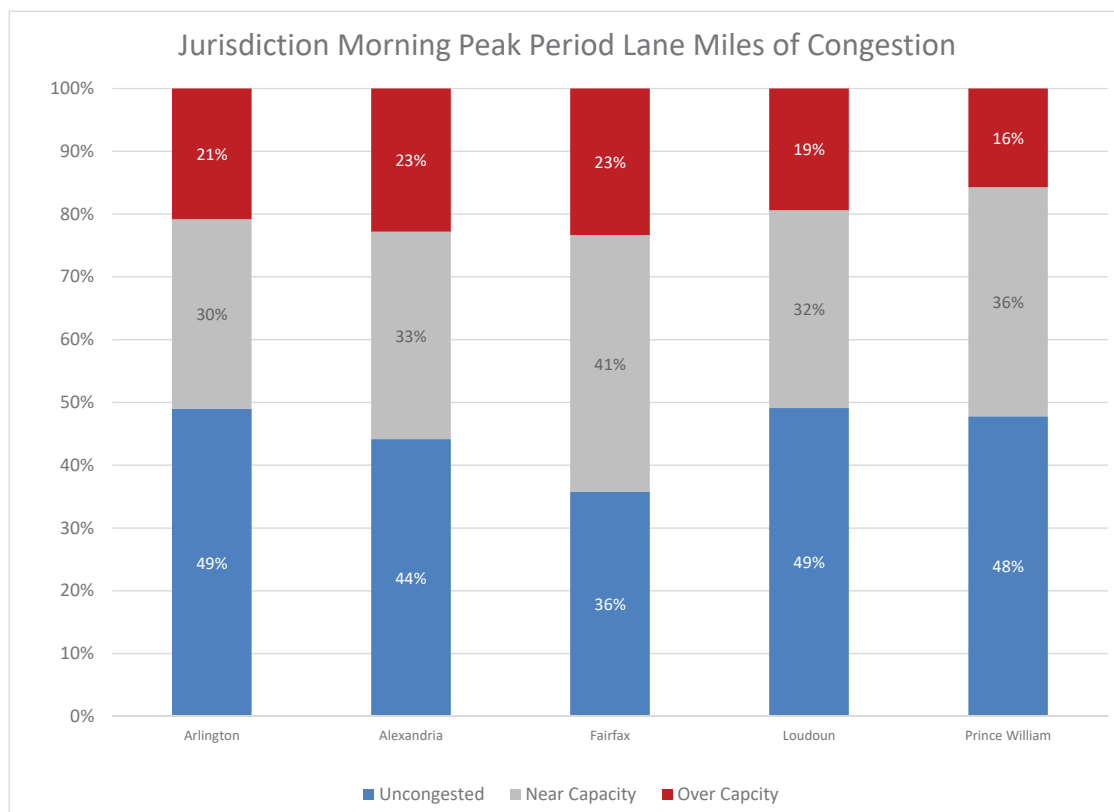
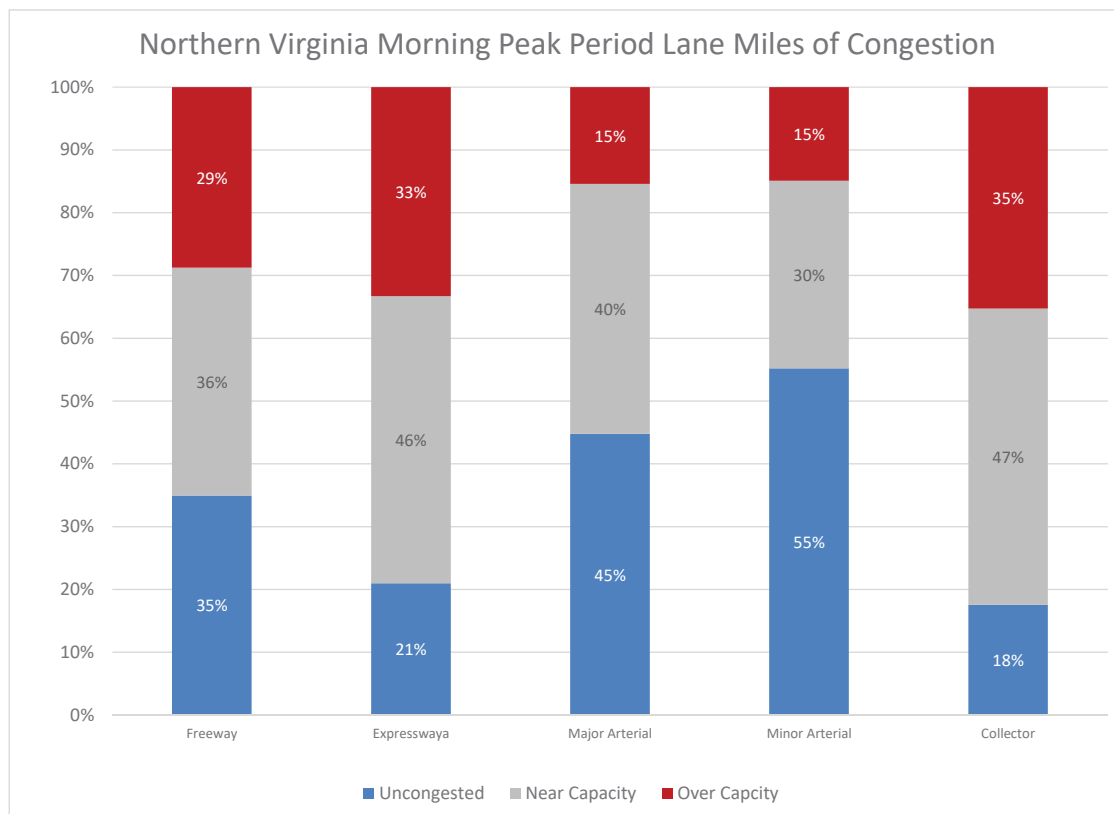
NVTC staff recently completed the definition of baseline data to use in its work to evaluate the economic value of high capacity transit in Northern Virginia. This milestone is important as it will be used to quantify the impact of changes in the land use and transportation network as a result of reducing or eliminating high quality transit.

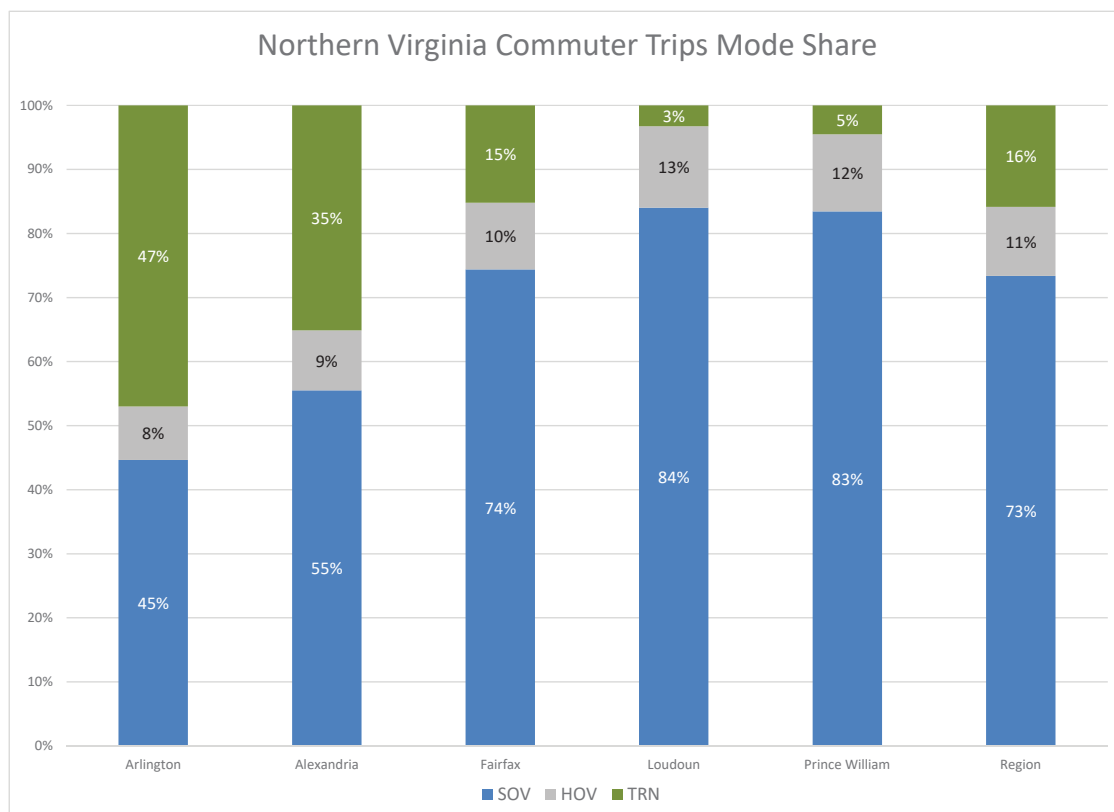
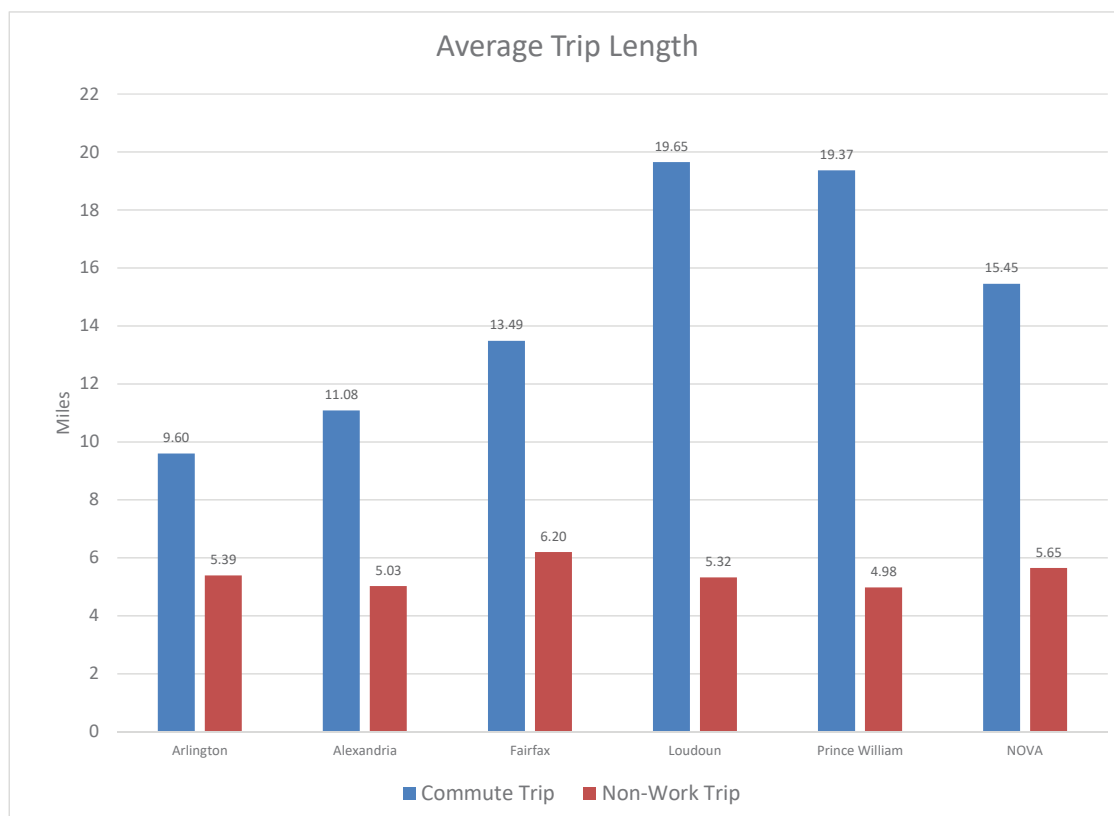
The following charts present the baseline conditions, which reflect congestion levels in the current year. The goal of the modeling will be to balance the land use with the transportation network, minus the high capacity modes in Northern Virginia. The regional level of congestion will be the primary match goal, with the secondary goal being the jurisdiction level.

Background

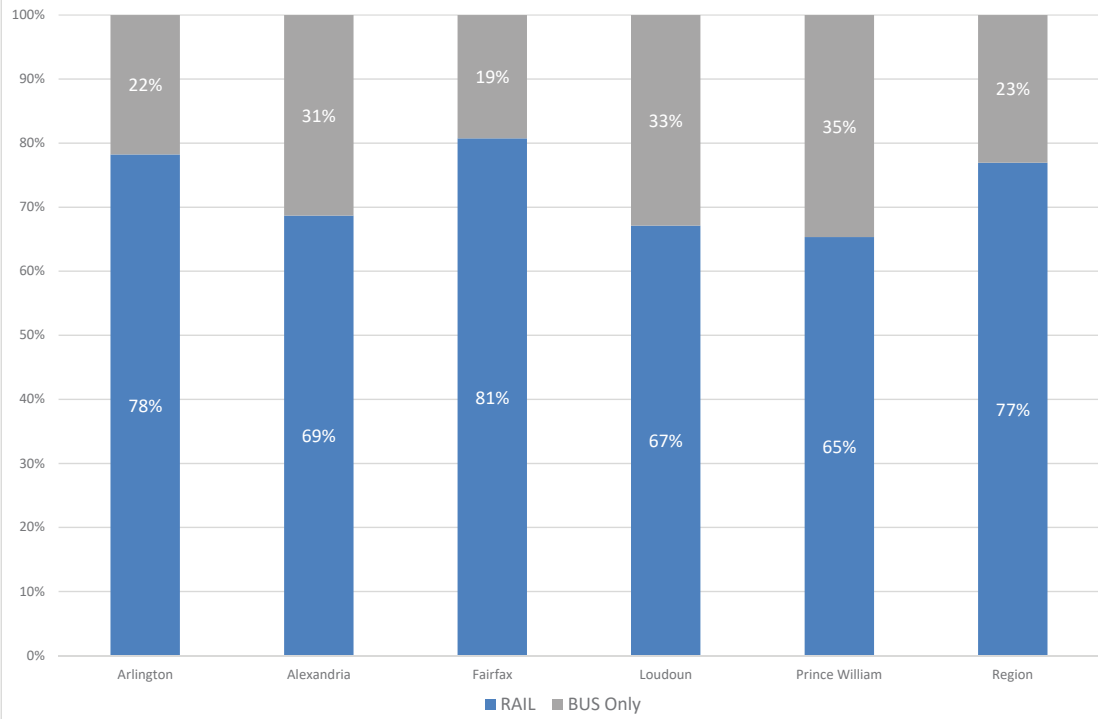
The objective of NVTC's study is to quantify the value and worth that high capacity transit modes operating in Northern Virginia bring to the Commonwealth. NVTC is evaluating how high capacity transit modes impact land development and the resulting state revenues that are generated. The primary focus is on heavy rail, but commuter rail will also be included in this analysis.

NVTC will use the regional travel demand forecast model to determine the amount of land use that could be supported with only the current highway and bus network. The study will involve evaluating the transportation system with the Metro heavy rail and VRE commuter rail removed from the Northern Virginia network. The study will then hold to the existing level of highway congestion as a baseline, and the model will be run without heavy rail and commuter rail in Northern Virginia. Through an iterative process the study will evaluate rebalancing the land use, both households and jobs, until the current level of congestion that exist on the highway network today is reached. The congestion will be measured in terms of congested lane miles during the peak period as well as the distribution of the commuter (i.e., home base work) trip length distance.





Northern Virginia Commuter Trips Transit Mode Share Split



Agenda Item #9: NVTCFY 2017 2nd Quarter Ridership Report



TO: Chairman McKay and NVTC Commissioners

FROM: Kate Mattice and Andrew D'huyvetter

DATE: February 23, 2017

SUBJECT: NVTC FY2017 2nd Quarter Ridership Report

The following chart details ridership for the second quarter of FY2017, the second full quarter of SafeTrack, for Northern Virginia's transit systems:

Ridership in Virginia by System 2nd Quarter FY 2017			
System	FY16 Q2	FY17 Q2	Percent Change FY16-FY17
Arlington Transit (ART)	712,677	814,723	14.3%
Alexandria DASH	1,006,517	954,623	-5.2%
Fairfax County Connector	2,275,181	2,127,151	-6.5%
Fairfax City CUE	179,261	163,395	-8.9%
Loudoun County Transit (LCT)	429,451	421,918	-1.8%
PRTC Omni Ride & Omni Link	692,011	619,820	-10.4%
Virginia Railway Express (VRE)	1,040,239	1,088,157	4.6%
Metrobus	5,042,811	4,659,231	-7.6%
Metrorail	24,841,766	21,680,659	-12.7%
Total	36,219,914	32,529,677	-10.2%

Average Weekday Ridership in Virginia 2nd Quarter FY 2017				
System	October FY17	November FY17	December FY17	FY17 Q2
Metrorail	285,360	267,900	238,178	263,813
Metrobus	68,975	64,641	59,453	64,356

Attached is a [detailed breakdown of ridership by Metrorail station in Virginia for the second quarter of FY2017](#).

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**Metrorail Ridership by Station in Virginia
2nd Quarter FY2017**

Line/Station	Year	October	November	December	Q2 Total	Percent Change FY16-17
Silver						
Greensboro	FY16	54,145	49,209	47,885	151,239	-0.3%
	FY17	58,580	50,799	41,440	150,820	
McLean	FY16	82,101	73,786	71,074	226,961	-3.6%
	FY17	83,111	75,372	60,350	218,834	
Spring Hill	FY16	56,545	54,394	49,670	160,609	-0.8%
	FY17	60,877	53,362	45,102	159,341	
Tysons Corner	FY16	180,420	168,916	182,671	532,007	-7.0%
	FY17	175,617	163,711	155,322	494,650	
Wiehle-Reston East	FY16	409,643	358,593	359,911	1,128,147	-13.4%
	FY17	370,426	330,833	275,290	976,548	
Total Silver Line	FY16	782,854	704,898	711,211	2,198,963	-9.0%
	FY17	748,611	674,077	577,504	2,000,192	
Orange						
Dunn Loring	FY16	203,436	184,033	183,679	571,147	-34.1%
	FY17	97,099	153,846	125,292	376,237	
West Falls Church	FY16	133,388	121,574	120,432	375,393	28.7%
	FY17	294,573	107,658	81,042	483,273	
Vienna	FY16	516,595	465,266	465,022	1,446,883	-41.2%
	FY17	149,529	388,301	313,090	850,920	
Total Orange Line	FY16	853,418	770,872	769,133	2,393,424	-28.5%
	FY17	541,200	649,805	519,424	1,710,429	
Silver/Orange						
Ballston	FY16	568,165	498,304	477,595	1,544,064	-16.8%
	FY17	469,547	439,546	375,826	1,284,919	
Clarendon	FY16	239,883	210,512	211,179	661,574	-15.5%
	FY17	203,578	188,321	167,228	559,127	
Court House	FY16	363,923	316,595	304,568	985,086	-11.5%
	FY17	321,053	298,853	251,598	871,503	
East Falls Church	FY16	231,817	189,772	189,312	610,902	-6.8%
	FY17	221,005	185,479	163,060	569,544	
Rosslyn	FY16	778,343	627,784	586,551	1,992,678	-12.0%
	FY17	668,461	587,759	496,924	1,753,144	
Virginia Square	FY16	198,203	173,471	167,764	539,438	-11.3%
	FY17	175,395	164,774	138,174	478,343	
Total	FY16	2,380,335	2,016,439	1,936,969	6,333,742	-12.9%
	FY17	2,059,038	1,864,732	1,592,810	5,516,580	

Line/Station	Year	October	November	December	Q2 Total	Percent Change FY16-17
Blue						
Arlington Cemetery	FY16	93,782	52,184	61,448	207,414	-1.8%
	FY17	91,388	54,581	57,628	203,597	
Franconia	FY16	388,357	328,520	340,504	1,057,381	-17.0%
Springfield	FY17	309,313	287,217	280,934	877,464	
Van Dorn	FY16	163,705	140,997	142,865	447,566	-11.9%
	FY17	143,598	130,585	120,294	394,477	
Total	FY16	645,845	521,700	544,816	1,712,361	-13.8%
	FY17	544,299	472,383	458,856	1,475,538	
Yellow						
Eisenhower Avenue	FY16	85,111	70,856	71,612	227,578	-10.0%
	FY17	80,607	64,922	59,190	204,719	
Huntington	FY16	379,719	330,429	333,474	1,043,621	-6.8%
	FY17	347,448	325,696	300,016	973,160	
Total	FY16	464,829	401,284	405,085	1,271,199	-7.3%
	FY17	428,055	390,619	359,206	1,177,880	
Blue/Yellow						
Braddock Road	FY16	237,242	209,842	208,049	655,132	-9.9%
	FY17	210,912	198,366	180,826	590,104	
Crystal City	FY16	630,597	515,471	486,197	1,632,265	-10.0%
	FY17	548,928	487,020	432,634	1,468,581	
King Street	FY16	442,235	372,995	370,661	1,185,891	-11.2%
	FY17	387,027	345,567	320,964	1,053,558	
National Airport	FY16	399,827	366,109	323,664	1,089,601	-9.0%
	FY17	364,328	338,266	288,844	991,439	
Pentagon	FY16	721,013	604,794	608,967	1,934,774	-8.8%
	FY17	633,649	590,279	540,130	1,764,058	
Pentagon City	FY16	734,865	632,292	677,944	2,045,101	-6.0%
	FY17	672,877	618,826	630,196	1,921,899	
Total	FY16	3,165,780	2,701,503	2,675,481	8,542,764	-8.8%
	FY17	2,817,720	2,578,324	2,393,594	7,789,638	
Total Virginia Stations	FY16	8,293,061	7,116,697	7,042,695	22,452,453	-12.4%
	FY17	7,138,923	6,629,940	5,901,394	19,670,257	

TO: Chairman McKay and NVTC Commissioners

FROM: Kate Mattice

DATE: February 23, 2017

SUBJECT: Executive Director Report

A. Executive Director Newsletter

NVTC's [Executive Director Newsletter](#) provides updates on specific NVTC projects and programs and highlights items of interest at the federal and state levels and among partners such as the Transportation Planning Board and the Northern Virginia Transportation Authority.

This month's newsletter includes a look at the importance of partnerships and provides updates on WMATA, including the FTA's decision to withhold funding to VA, DC and MD pending certification of the Metro Safety Commission; federal and state legislation; and fare collection technology efforts.

B. Financial Items for January 2017

The [Financial Items for January 2017](#) are provided for your information.

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Infrastructure – the underpinnings of an organization or system – has dominated the headlines of late. While rails and roads serve as the framework for our local transit network, it is partnerships that help fortify the foundation upon which NVTC is built. Our organization's recent focus on increasing partnerships and building coalitions allows us to share our message with new audiences and expand our geographic reach. Partnerships also provide us with new insights and ways of approaching concerns on a regional basis. And, they give NVTC an opportunity to share its expertise more broadly, contributing to a greater understanding of transit's challenges and opportunities here in Northern Virginia.

In meeting with organizations – such as the [Federal City Council](#), [Northern Virginia Transportation Alliance](#) and [Virginia Transit Association](#) – NVTC is positioning itself to provide greater value, especially to the business community, in finding solutions to pressing topics, such as the need for dedicated and sustainable transit funding.

Billed as a candid discussion of transportation issues across modes, a mid-February brainstorming session sponsored by the [Greater Washington Partnership](#) (GWP) explored existing challenges and potential solutions. I and a handful of other transportation executives – including [WMATA's](#) GM/CEO Paul Wiedefeld and [MWCOC's](#) Executive Director Chuck Bean – shared our thoughts with GWP staff. Similar roundtables were held in Richmond and Baltimore. The GWP, a self-described team of civic-minded CEOs, has “advancing infrastructure solutions that strengthen regional mobility and improve quality of life” as one of its four goals.

With both MWCOC and NVTC examining the value that transit brings to the region, Chuck Bean and I have been meeting to coordinate work, avoid duplication of effort, and develop consistent messaging. [MWCOC's study is regional in scope](#), whereas NVTC's focuses on Northern Virginia. Results of the two studies, due out later this year, will demonstrate the importance of identifying new long-term sources of revenue for transit.

These partnerships are beginning to bear fruit. In the coming months and years, the sharing of resources, knowledge and expertise among these business, nonprofit and government organizations will harvest support for a stronger transportation network, one in which transit plays a key role. NVTC's participation is essential to ensuring that the interests of Northern Virginia are well represented.

~ **Kate Mattice**
Executive Director

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NVTC@novatransit.org
www.novatransit.org



Key Dates

Mar. 2	NVTC Monthly Meeting
Mar. 7-16	VRE Public Hearings on Proposed Fare Increases
Mar. 7	Transit Capital Project Revenue Advisory Board Meeting
Mar. 9	NVTA Monthly Meeting
Mar. 15	TPB Monthly Meeting
Mar. 14-15	CTB Monthly Meeting
Mar. 17	VRE Monthly Meeting
Mar. 31	TSDAC Meeting
Apr. 5	General Assembly Reconvenes

Transform 66 March Update

A communications package that will brand NVTC's Transform 66 Multimodal Project is under design. The package will include a new name, tagline and logo, all compatible with VDOT's rebranding of I-66 Inside the Beltway. NVTC expects to launch the brand in April.

Public information staff representing [the initial Transform 66 Multimodal grantees](#) are collaborating with NVTC on a June kick-off event. Designed to highlight these new commuter choices, the event will feature informational displays and hands-on activities. Look for an invitation later this spring.



Transform 66 Multimodal will be the topic of a roundtable discussion at the [Virginia Transit Association's annual conference](#). NVTC is coordinating the session, which will spotlight TDM, express bus service, bus stop improvements and park-and-ride lot construction. The May 24-25 conference is at The Hilton Crystal City.

To date, eight of the 10 Standard Component Agreements, which authorize funding and stipulate obligations under Transform 66 Multimodal, have been signed. The remaining agreements are awaiting jurisdictional review, approval by jurisdictional boards, or final execution.

Fare Collection Technology Improvements Move Ahead

A visit to WMATA's fare collection lab gave NVTC a firsthand look at how new Driver Control Units (DCU) will integrate with existing bus fareboxes. Because it is essential that the DCUs being developed by Cubic be compatible with fareboxes now in use by ART, Fairfax Connector, CUE, DASH and Loudoun County Transit, NVTC is working closely with WMATA. NVTC plans to visit each transit agency to survey bus fleets for potential mounting and installation issues with the proposed equipment.

In order to purchase equipment for the farebox upgrades, NVTC is working to secure capital assistance funds from the Department of Rail and Public Transportation. WMATA's DCU contracts will include a rider giving regional partners the same pricing, terms and conditions as WMATA.

While the focus of the fare payment project has been on the DCU, given the immediate need for functional fareboxes, off-board payment remains of interest to the City of Alexandria and Arlington County. To identify

opportunities for the joint procurement of off-board payment technologies, NVTC is monitoring MTA's Purple Line and WMATA's off-board fare collection plans.



Patricia Happ (left), NVTC's transit planning and programs manager, visits the WMATA fare collection lab with members of the technical consultant team.



The Voice of Public Transportation in Virginia

Save the Date!

VTa 2017 Conference and Expo

May 23-24

The Hilton Crystal City

FTA Withholds Funds Pending Certification of Metro Safety Commission

The Federal Transit Administration is holding back 5 percent, or about \$8.9 million, of transit funding for D.C., Maryland and Virginia until a new Metro Safety Commission (MSC) is certified. WMATA, VRE and transit systems in Richmond, Roanoke and Hampton Roads are among those affected. The states and D.C. had been given until Feb. 9 to create the new safety oversight

agency. That date was called unreasonable in a letter sent by Virginia Del. Jim LeMunyon ([HB2136](#) sponsor) and Sen. George Barker ([SB1251](#) sponsor) to U.S. Transportation Secretary Elaine Chao asking her to suspend the FTA's decision. MSC legislation, which has been signed by D.C., continues to move through the two state legislatures.

WMATA Implements Cost-Cutting Measures

In advance of the WMATA Board's anticipated March FY2018 budget discussions, the transit agency announced changes designed to cut costs. Metro expects to save \$1 million annually by reducing its call center's hours and \$2 million through controls on absenteeism.

New call center hours were triggered by a five-year decline in call volume as customers moved to electronic channels for information. As of March 1, 2017, the call center will operate weekdays from 7 a.m.-8 p.m and weekends from 8 a.m.-6:30 p.m.

A six percent rise in absenteeism - from 171,019 days of sick and unpaid leave in FY2015 to 181,422 days in FY2016 - led to an internal review that identified more

than 100 employees who were on extended leave beyond the time limits required by collective bargaining agreements, policy, or law. Among the changes also effective March 1:








- Supervisors can approve no more than two days of unexcused absences without pay
- Within a one-year period, progressive discipline up to and including termination applies to excessive absences
- Supervisors and Managers are now "at will" employees who may be terminated for abuse of policy
- Metro's internal Office of Medical Services will provide reviews and approval by medical professionals of sick leave and doctors' notes.

Safetrack Surge 13 to Begin March 4

SafeTrack's final Virginia surge will run from March 4 through April 9. Blue and Yellow line trains will continuously single track between Braddock Road and Huntington/Van Dorn Street significantly reducing service. Surge 13 will be completed in three phases.

NVTC is coordinating NoVa's SafeTrack response, holding calls so that stakeholders can gain clarity on issues and provide feedback. These calls allow transit providers to modify service to ensure that residents have travel options as Metro works to repair its tracks.

2017 SafeTrack Surges

Date	Stations Affected	Lines Affected	Service Status
Thru February 28	Rosslyn-Pentagon		Line segment shutdown
March 4 - April 1	Braddock Road-Huntington/Van Dorn St.	 	Continuous single tracking
April 2-9			Continuous single tracking
April-May TBA	Greenbelt – College Park		Continuous single tracking
May-June TBA	Minnesota Ave – New Carrollton		Continuous single tracking
June TBA	Shady Grove – Twinbrook		Continuous single tracking

Vanpools Provide Funding for WMATA

The [Vanpool Alliance](#) was created to increase vanpool ridership in Northern Virginia, while generating additional transportation funds for the region. Those funds come from the Federal Transit Administration when vanpool operators submit data for the National Transit Database. NVTC receives approximately half of these funds – projected to be about \$1.4 million in FY2018 and over \$2.0 million in FY2019 – which is earmarked for Metro. The George Washington Regional Commission (GWRC) and the Potomac and Rappahannock Transportation Commission (PRTC) share the remaining funds. The Vanpool Alliance is a public-private partnership between NVTC, GWRC, PRTC, the Virginia Department of Rail and Public Transportation and vanpool operators.

In a February 21 briefing to NVTC's Management Advisory Committee (MAC) about the program, Vanpool Program Manager Joe Stainsby spoke of the benefits of the program and addressed an amendment to clarify language in the Memorandum of Understanding that is on the Commission's consent agenda. In addition to bringing more federal funds to the region, the Vanpool Alliance reduces traffic congestion, lowers commuting costs and improves air quality. It matches commuters who live and work in the same general region with vanpool operators. Because vanpools can use express, HOT and HOV lanes, commutes are faster and more predictable.



NVTC Among 221 Arlington “Champions” Offering Commuting Options

Noting that Arlington County has one of the lowest drive-alone commuter rates in Virginia, Larry Filler recognized NVTC and 220 other organizations as Champions at a breakfast in early February. Filler, bureau chief of the county's Commuter Services, noted that the low rate is a product of employers and property managers creating an environment that encourages transit, carpooling, biking and walking.

[Arlington Transportation Partners](#) (ATP) recognizes Champions in a tiered system, awarding bronze, silver, gold or platinum status based on a participant's offerings. ATP ensures that each employer and property continues, year after year, to promote and support alternatives, which include teleworking, to single-occupancy commuting in order to receive IRS transit benefits.

Keynote speaker Robert Thomson, The Washington Post's Dr. Gridlock, light-heartedly lamented the success of the ATP Champions program, calling it a threat to his continued employment. Thomson, the self-described “Dear Abby” of traffic, proceeded to share his frustration in responding to commuter questions. “Tell them that the nuclear summit is in D.C. or the Pope is in town, and they don't ask for the best method of travel. They ask for a detour.” Far too many people in the National Capital Region, he said, have little if any experience riding Metro.

Thomson's comments underscore the challenges that transportation demand management (TDM) organizations, such as ATP, face in convincing commuters to try transit. ATP, as well as Loudoun County's TDM program, will soon have additional resources to help in that effort through NVTC's [Transform 66 Multimodal Project](#).



Karen Finucan Clarkson (left), communications and outreach manager and Patricia Happ (right), transit planning and programs manager, accept NVTC's Bronze Champion award..

Legislative Round Up

Federal

In a move designed to signal the Federal Transit Administration (FTA) that the region takes Metrorail's safety issues seriously, U.S. Sen. Tim Kaine (D-VA) and Rep. Steny Hoyer (D-MD) introduced a joint resolution ([S.J. Res. 22](#) and [H.J. Res. 76](#)) granting their states and Washington, D.C. "the consent and approval of Congress" to establish a Metro Safety Commission (MSC). The legislation was introduced six days after FTA withheld millions in transit funding from Richmond to Baltimore because the jurisdictions missed the deadline to create the federally mandated safety oversight panel. Congress was to have given its approval after identical legislation had been passed by all three jurisdictions but instead expedited action, in part to pressure Virginia and Maryland lawmakers. D.C. to pass and sign MSC legislation.

Metro would get an additional \$750 million in federal funds under a bill ([H.R. 1140](#)) mandating changes to the transit agency's governance structure and labor contracts. Introduced by U.S. Rep. John Delaney (D-MD), the legislation cuts the Metro Board from 16 to nine members, each of whom must have specific professional skills or experience. It also mandates unspecified changes to Metro's collective bargaining agreements. Such changes would require legislative action by Virginia, Maryland and D.C. Were the jurisdictions not to act, the bill requires that Congress withdraw its approval of the Metro Compact. In order for Metro to qualify for \$75 million annually over 10 years, which is in addition to the current \$150 million annually provided by the federal government, each of the three jurisdictions would have to contribute an additional \$25 million a year.

State

All bills have now crossed over and committee action is complete. Action is now on the floor. Remaining before the General Assembly is finalization of the budget and reconciliation of bills that are in dispute.

NVTC did not initiate the introduction of any bills this session but did follow some closely, such as those establishing a regional gas tax floor and a Metro Safety Commission (MSC). Both the House ([HB 2136](#)) and Senate ([SB 1251](#)) MSC bills now contain enactment language directing the Secretary of Transportation and NVTC to jointly review the 1966 WMATA Compact and consider potential changes. Both bills await floor action. Neither will be signed by the Governor until April to allow time to make changes if Maryland amends its bill. The Virginia bills are designed to become law immediately upon signing by the Governor.

A floor on the regional gas tax will wait until next year. [HB2130](#) (Levine) was defeated in a House Finance Subcommittee. [SB1092](#) (Petersen) was rolled into [SB1456](#) (Wagner), which passed the Senate floor 26-12 before being tabled in the House Finance Committee. As it was a voice vote, no delegates went on the record against the bill, which received broad support from road builders and chambers of commerce.

One House budget item [names NVTC as part of the WMATA Compact review team](#). Another [budget item calls upon VDOT to work with Fairfax County](#) on a replacement of the bridge over Route 1 included in the [Atlantic Gateway project](#). Twelve House and Senate members will reconcile all budget differences and present a final conference report to be voted on before Sine Die on February 25.

Around Town: Headlines about NVTC Jurisdictions & Partners



[Vision Zero: Alexandria Working to Eliminate Traffic-Related Deaths](#)



[New commuter bus options from Loudoun County to DC](#)

[Loudoun Supervisors Briefed on Projected Metrorail Costs](#)



[Plan set for badly needed Arlington Memorial Bridge repairs](#)



[Redesign Coming to Clarendon Circle](#)

[Ground Broken on Lee and Glebe Intersection Upgrade](#)

[Nestle to move HQ to Rosslyn, relocate hundreds of jobs](#)

Virginia Railway Express Fare Increase



A proposed 3 percent fare increase for VRE riders will be the focus of eight public hearings in March. The cost of an Amtrak Step-up ticket is also slated to rise from \$5 to \$7. Revenue generated by the new fares would help cover increased

operating costs. If adopted, the fares would take effect in July. Written comments will be accepted through March 17. Comments may be mailed to VRE Public Comment, 1500 King Street, Suite 202, Alexandria, VA 22314; emailed to public-comment@vre.org; or faxed to 703-684-1313.



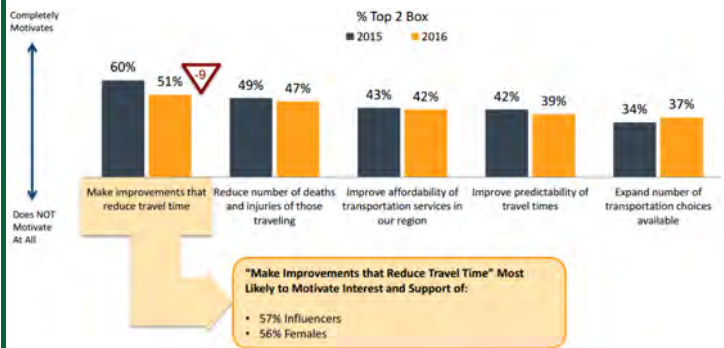
Northern Virginia Transportation Authority



Northern Virginians are more positive about the region's transportation infrastructure than they were in 2015, according to a survey by the Northern Virginia Transportation Authority (NVTa). Nearly 70 percent of Northern Virginians believe the region is doing a "good job" maintaining the quality of transportation infrastructure, up from 43 percent.

The increase is notable because Northern Virginians view gridlock as the factor that most degrades their quality of life. A third of respondents said reducing traffic congestion was their top concern, followed by affordable housing, job creation and crime.

Transportation Improvements that Motivate Residents' Interest & Support



Transportation Planning Board Grants



NVTC jurisdictions are eligible to apply for technical assistance to jump-start transit, pedestrian and biking projects under the Transportation/Land-Use Connections Program. Technical assistance is available in amounts up to \$60,000 for planning and \$80,000 for design. Among the projects that TPB is encouraging are those supporting Metrorail, bus rapid transit, streetcar/light rail, and commuter rail stations. Applications are due April 3.



4000-Series Rail Cars Removed from Service



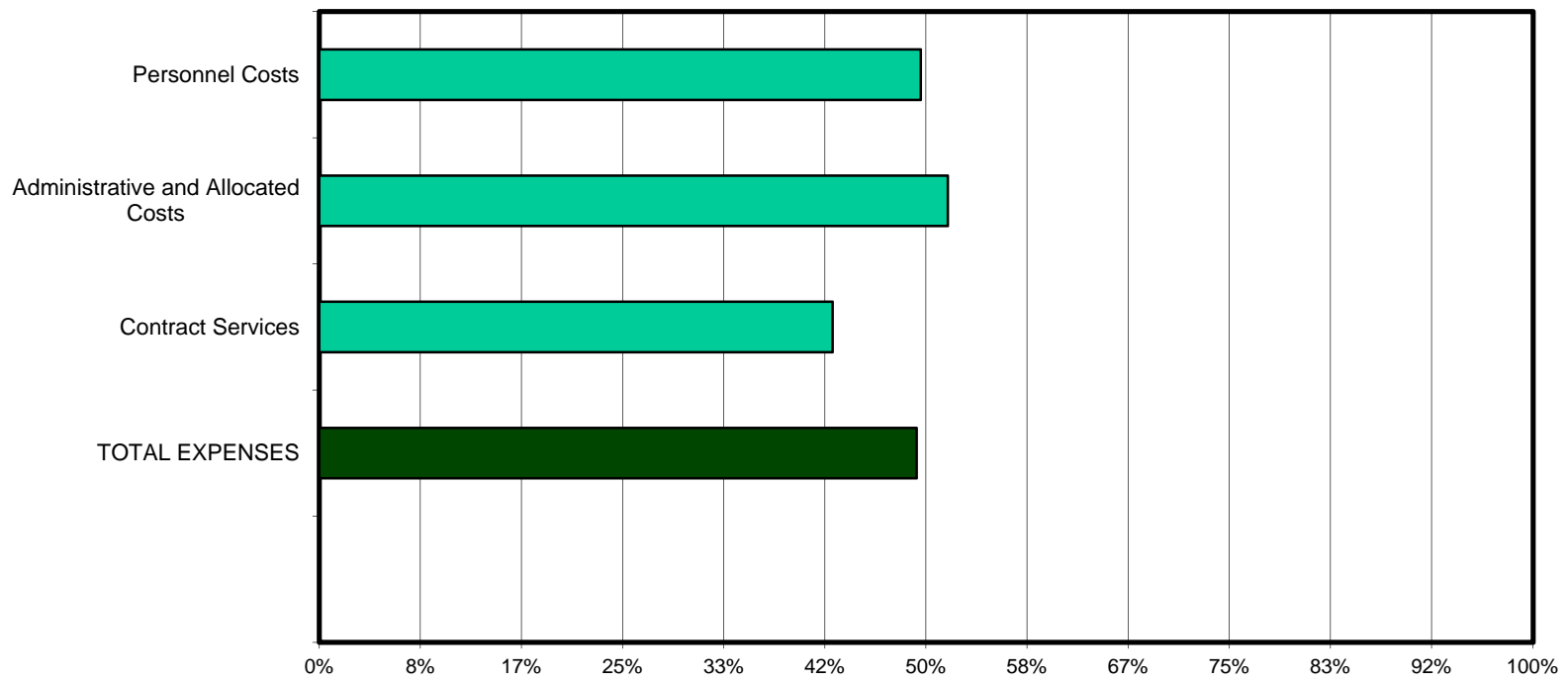
Metro began retiring its 4000-series rail cars in mid-February. They are the agency's least reliable, traveling an average of only 27,259 miles between delays. By contrast, the 6000-series, are nearly four times more reliable, traveling more than 103,000 miles between delays. Metro has been in the process of retiring its oldest railcars, the 1000-series, since February 2016, as new 7000-railcars arrive. More than half of the 1000-series fleet has been retired to date.



Northern Virginia Transportation Commission

Financial Reports
January, 2017

Percentage of FY 2017 NVTC Administrative Budget Used
January 2017
(Target 58.34% or less)



Note: Refer to pages 2 and 3 for details

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
G&A BUDGET VARIANCE REPORT
January, 2017

	<u>Current Month</u>	<u>Year To Date</u>	<u>Annual Budget</u>	<u>Balance Available</u>	<u>Balance %</u>
<u>Personnel Costs</u>					
Salaries and Contract Wages	\$ 87,628.96	\$ 705,264.73	\$ 1,352,000.00	\$ 646,735.27	47.8%
Temporary Employee Services	-	-	-	-	
Total Personnel Costs	<u>87,628.96</u>	<u>705,264.73</u>	<u>1,352,000.00</u>	<u>646,735.27</u>	<u>47.8%</u>
<u>Benefits</u>					
Employer's Contributions:					
FICA	6,276.21	44,037.32	90,300.00	46,262.68	51.2%
Group Health Insurance	7,208.24	45,822.47	139,500.00	93,677.53	67.2%
Retirement	9,474.00	60,174.00	145,000.00	84,826.00	58.5%
Workmans & Unemployment Compensation	1,726.87	3,230.78	4,900.00	1,669.22	34.1%
Life Insurance	311.06	2,268.41	5,300.00	3,031.59	57.2%
Long Term Disability Insurance	472.28	3,194.28	6,400.00	3,205.72	50.1%
Total Benefit Costs	<u>25,468.66</u>	<u>158,727.26</u>	<u>391,400.00</u>	<u>232,672.74</u>	<u>59.4%</u>
<u>Administrative Costs</u>					
Commissioners Per Diem	1,550.00	7,250.00	9,800.00	2,550.00	26.0%
<i>Rents:</i>	<i>18,596.42</i>	<i>131,304.13</i>	<i>239,600.00</i>	<i>108,295.87</i>	<i>45.2%</i>
Office Rent	17,611.42	123,736.32	223,400.00	99,663.68	44.6%
Parking & Transit Benefits	985.00	7,567.81	16,200.00	8,632.19	53.3%
<i>Insurance:</i>	<i>410.00</i>	<i>4,207.35</i>	<i>5,800.00</i>	<i>1,592.65</i>	<i>27.5%</i>
Public Official Bonds	100.00	1,400.00	2,000.00	600.00	30.0%
Liability and Property	310.00	2,807.35	3,800.00	992.65	26.1%
<i>Travel:</i>	<i>1,742.55</i>	<i>14,470.61</i>	<i>29,300.00</i>	<i>14,829.39</i>	<i>50.6%</i>
Conference / Professional Development	550.00	7,513.34	17,000.00	9,486.66	55.8%
Non-Local Travel	476.55	1,685.33	2,300.00	614.67	26.7%
Local Travel, Meetings and Related Expenses	716.00	5,271.94	10,000.00	4,728.06	47.3%
<i>Communication:</i>	<i>451.13</i>	<i>6,173.15</i>	<i>15,700.00</i>	<i>9,526.85</i>	<i>60.7%</i>
Postage	-	996.69	2,000.00	1,003.31	50.2%
Telephone and Data	451.13	5,176.46	13,700.00	8,523.54	62.2%
<i>Publications & Supplies</i>	<i>633.31</i>	<i>6,650.04</i>	<i>11,600.00</i>	<i>4,949.96</i>	<i>42.7%</i>
Office Supplies	60.64	1,608.34	2,500.00	891.66	35.7%
Duplication and Paper	572.67	4,294.90	8,600.00	4,305.10	50.1%
Public Information	-	746.80	500.00	(246.80)	-49.4%

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
G&A BUDGET VARIANCE REPORT
January, 2017

	<u>Current Month</u>	<u>Year To Date</u>	<u>Annual Budget</u>	<u>Balance Available</u>	<u>Balance %</u>
<i>Operations:</i>	427.95	3,918.82	22,900.00	18,981.18	82.9%
Furniture and Equipment (Capital)	-	40.00	11,500.00	11,460.00	99.7%
Repairs and Maintenance	-	66.00	1,000.00	934.00	93.4%
Computer Operations	427.95	3,812.82	10,400.00	6,587.18	63.3%
<i>Other General and Administrative:</i>	591.75	4,024.54	9,000.00	4,975.46	55.3%
Subscriptions	-	-	-	-	0.0%
Memberships	79.67	557.69	1,800.00	1,242.31	69.0%
Fees and Miscellaneous	512.08	3,466.85	5,600.00	2,133.15	38.1%
Advertising (Personnel/Procurement)	-	-	1,600.00	1,600.00	100.0%
Total Administrative Costs	<u>24,403.11</u>	<u>177,998.64</u>	<u>343,700.00</u>	<u>165,701.36</u>	<u>48.2%</u>
<u>Contracting Services</u>					
Auditing	-	21,525.00	22,000.00	475.00	2.2%
Contract Services and Support	3,000.00	47,716.10	155,000.00	107,283.90	69.2%
Legal	2,916.67	20,416.69	35,000.00	14,583.31	0.0%
Total Contract Services	<u>5,916.67</u>	<u>89,657.79</u>	<u>212,000.00</u>	<u>122,342.21</u>	<u>57.7%</u>
 Total Gross G&A Expenses	<u><u>\$ 143,417.40</u></u>	<u><u>\$ 1,131,648.42</u></u>	<u><u>\$ 2,299,100.00</u></u>	<u><u>\$ 1,167,451.58</u></u>	<u><u>50.8%</u></u>

NVTC
RECEIPTS and DISBURSEMENTS
January, 2017

Payer/			Wells Fargo	Wells Fargo	VA LGIP	
Date	Payee	Purpose	(Checking)	(Savings)	G&A / Project	Trusts
RECEIPTS						
3	Alexandria	G&A contribution		\$ 9,461.50		
9	DRPT	Capital grants receipts - Arlington				105,760.00
9	VRE	Staff support		7,089.13		
10	FTA	Grant receipt - Falls Church			11,815.00	
12	DRPT	Operating assistance - WMATA				9,053,095.00
12	DRPT	Grant receipt - Alexandria			41,409.00	
18	FTA	Grant receipt - Alexandria			165,635.00	
31	Banks	Interest earnings		1.52	728.91	86,221.76
			-	16,552.15	219,587.91	9,245,076.76
DISBURSEMENTS						
1-31	Various	G&A expenses	(124,634.20)			
3	WMATA	Metrobus operating				(23,139,776.00)
3	WMATA	Metroaccess operating				(3,101,277.00)
3	WMATA	Metrorail operating				(14,075,964.00)
3	WMATA	CIP FY17 funding				(1,722,158.00)
3	WMATA	Project development				(102,000.00)
6	Falls Church	Costs incurred			(2,954.00)	
6	Falls Church	Other capital				(68,325.00)
10	Falls Church	Costs incurred			(11,815.00)	
19	Alexandria	Costs incurred			(207,044.00)	
27	DRPT	Capital grants - FY14 & FY15 reconciliation				(1,962,170.00)
31	Banks	Service fees	(66.13)	(20.64)		
			(124,700.33)	(20.64)	(221,813.00)	(44,171,670.00)
TRANSFERS						
10	Transfer	From LGIP to checking	150,000.00		(150,000.00)	
			150,000.00	-	(150,000.00)	-
NET INCREASE (DECREASE) FOR MONTH			\$ 25,299.67	\$ 16,531.51	\$ (152,225.09)	\$ (34,926,593.24)

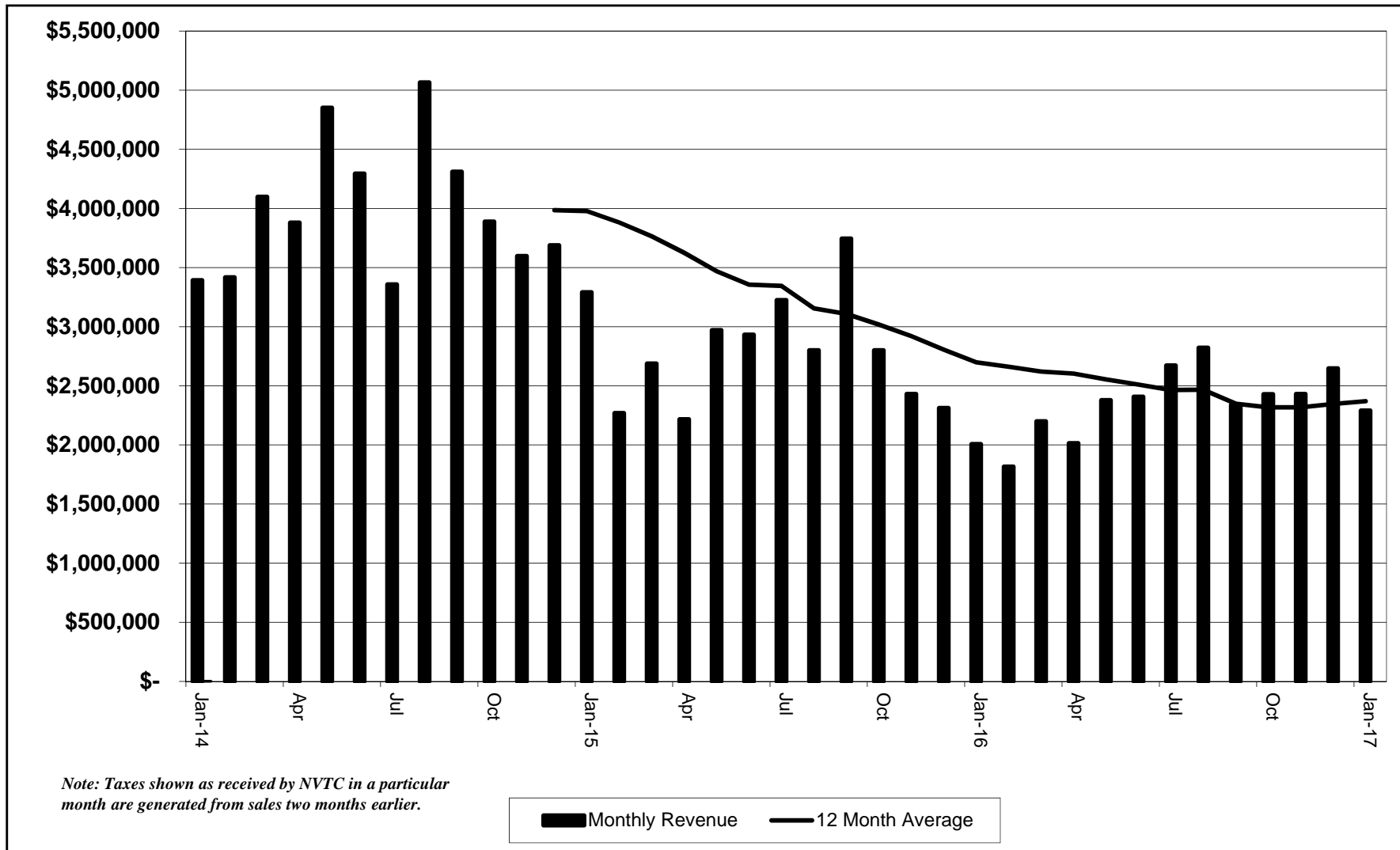
**NVTC
INVESTMENT REPORT
January, 2017**

<u>Type</u>	<u>Rate</u>	<u>Balance 12/31/2016</u>	<u>Increase (Decrease)</u>	<u>Balance 1/31/2017</u>	<u>NVTC G&A/Project</u>	<u>Jurisdictions Trust Fund</u>	<u>Loudoun Trust Fund</u>
<u>Cash Deposits</u>							
Wells Fargo: NVTC Checking	N/A	\$ 54,533.47	\$ 25,299.67	\$ 79,833.14	\$ 79,833.14	\$ -	\$ -
Wells Fargo: NVTC Savings	0.200%	75,387.89	16,531.51	91,919.40	91,919.40	-	-
<u>Investments - State Pool</u>							
Bank of America - LGIP	0.806%	161,526,870.95	(35,078,818.33)	126,448,052.62	1,005,901.43	105,389,072.37	20,053,078.82
		<u>\$ 161,656,792.31</u>	<u>\$ (34,946,562.92)</u>	<u>\$ 126,619,805.16</u>	<u>\$ 1,177,653.97</u>	<u>\$ 105,389,072.37</u>	<u>\$ 20,053,078.82</u>

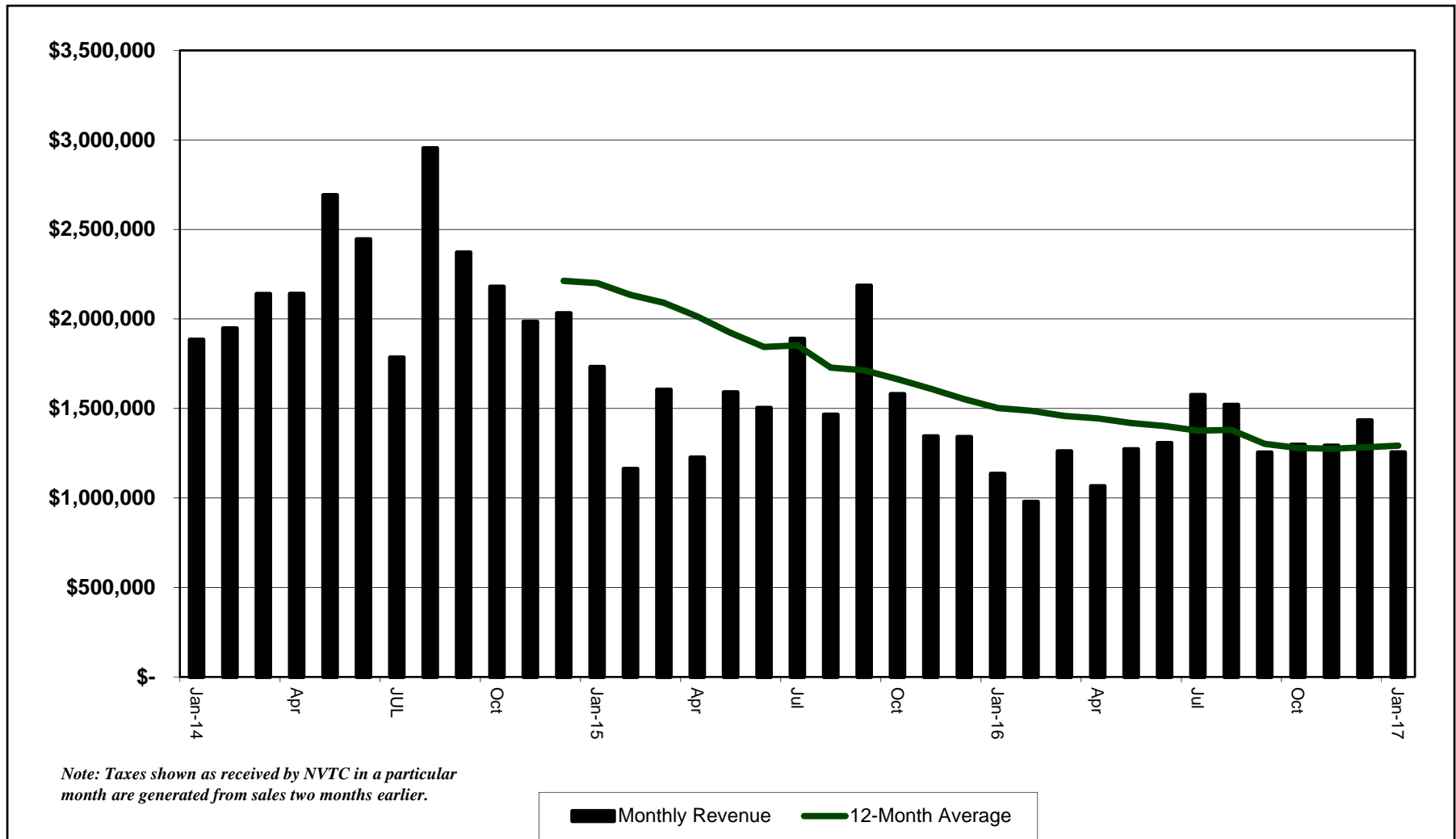
NVTC MONTHLY GAS TAX REVENUE

ALL JURISDICTIONS

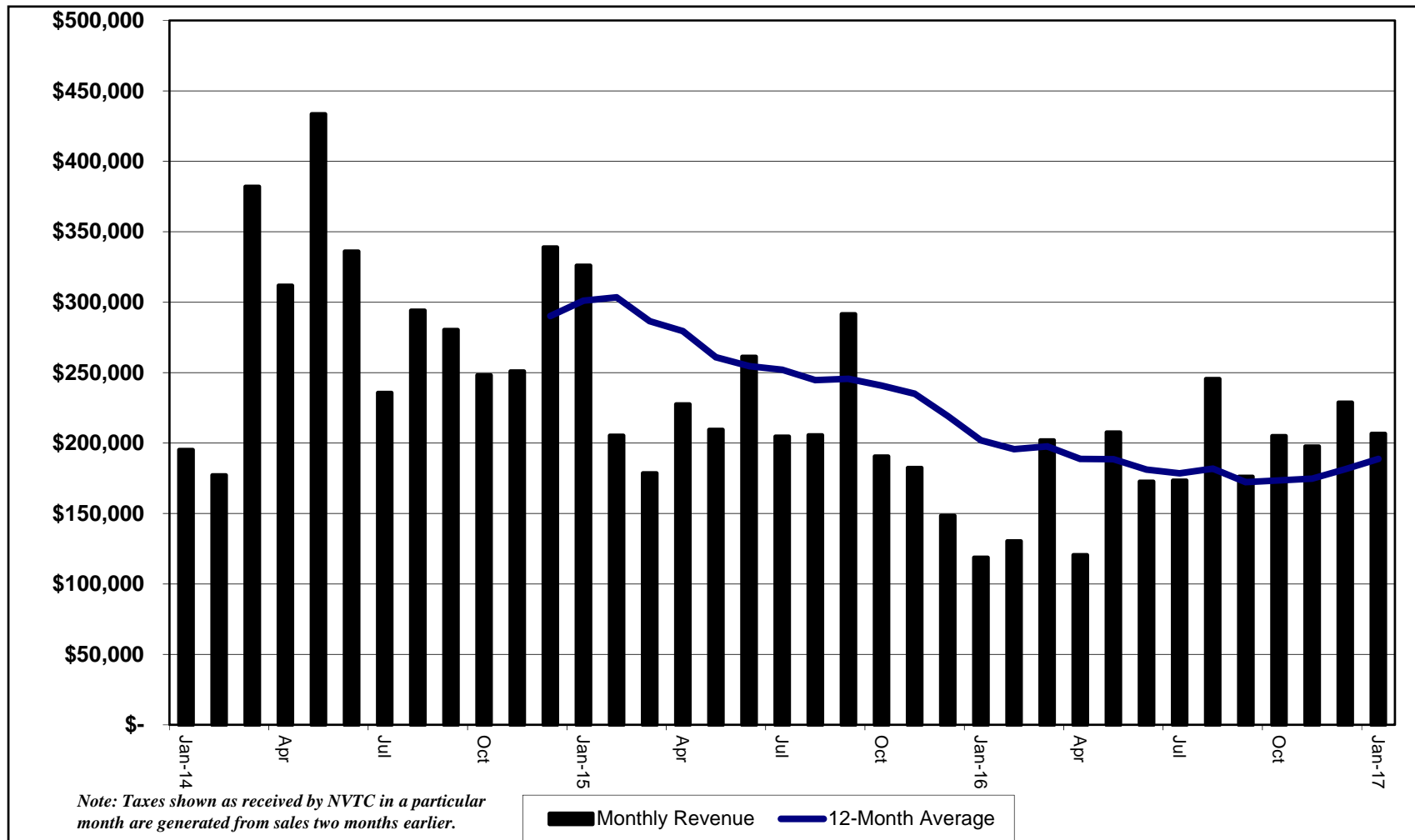
FISCAL YEARS 2014-2017



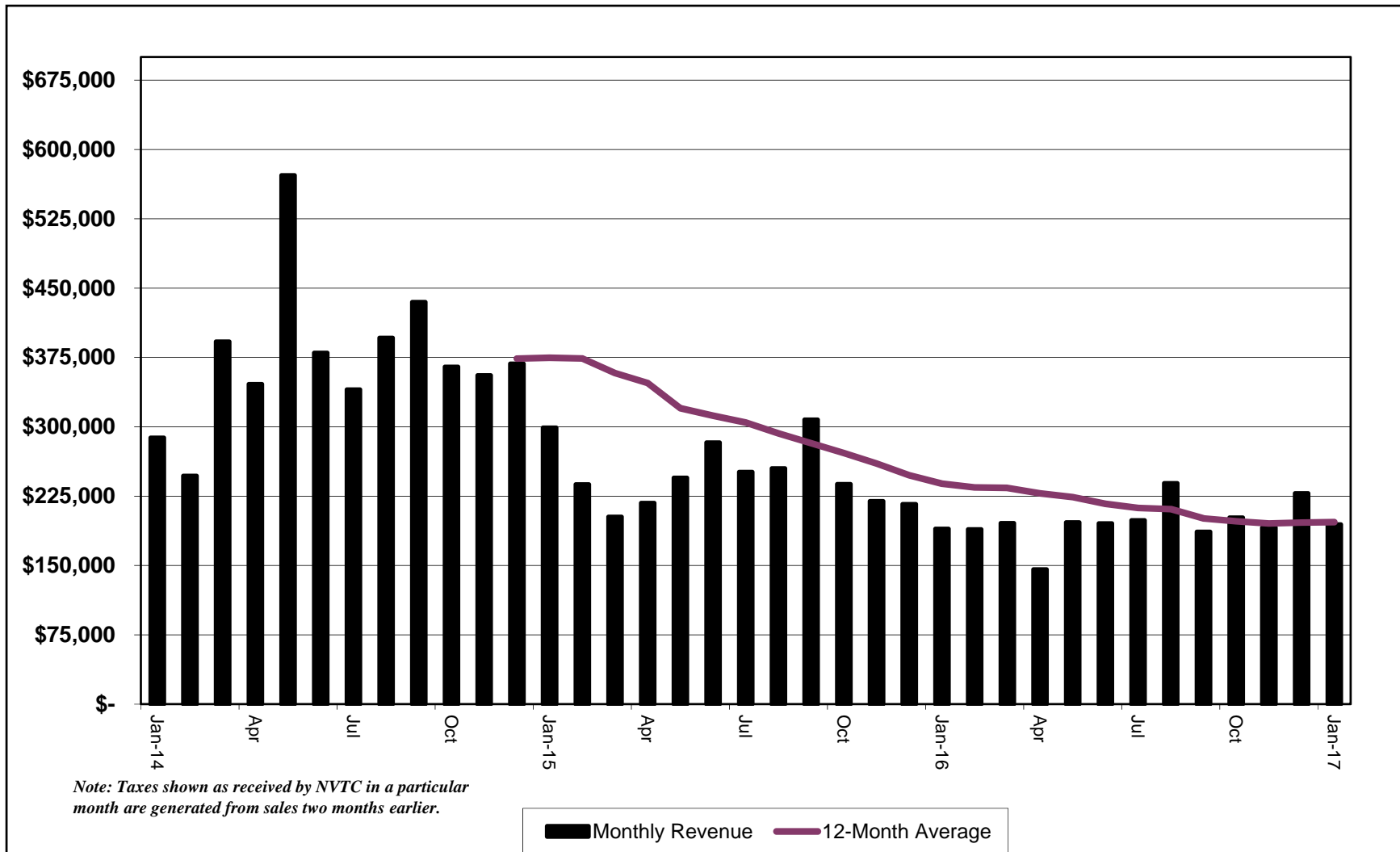
NVTC MONTHLY GAS TAX REVENUE FAIRFAX COUNTY FISCAL YEARS 2014-2017



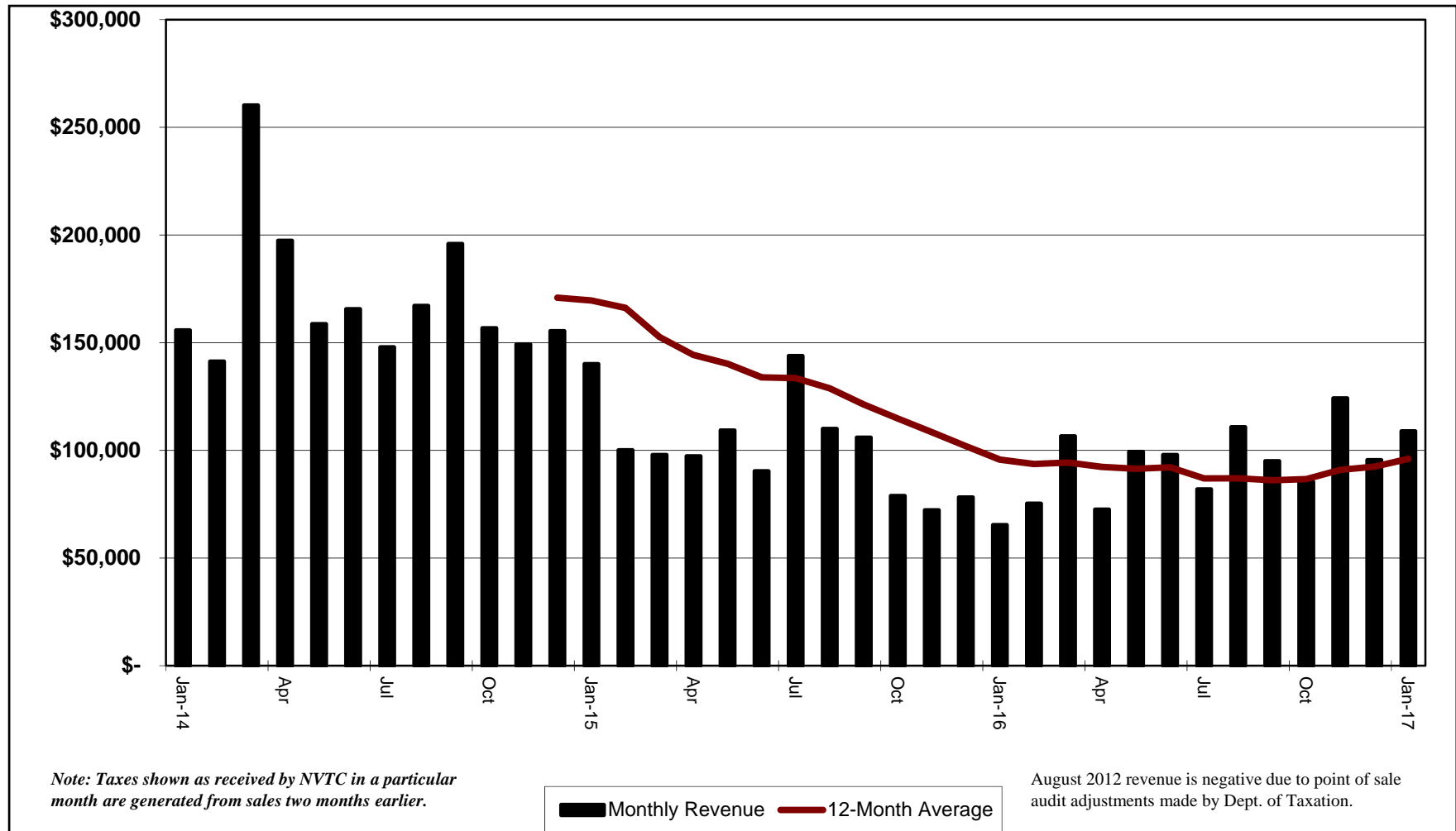
NVTC MONTHLY GAS TAX REVENUE CITY OF ALEXANDRIA FISCAL YEARS 2014-2017



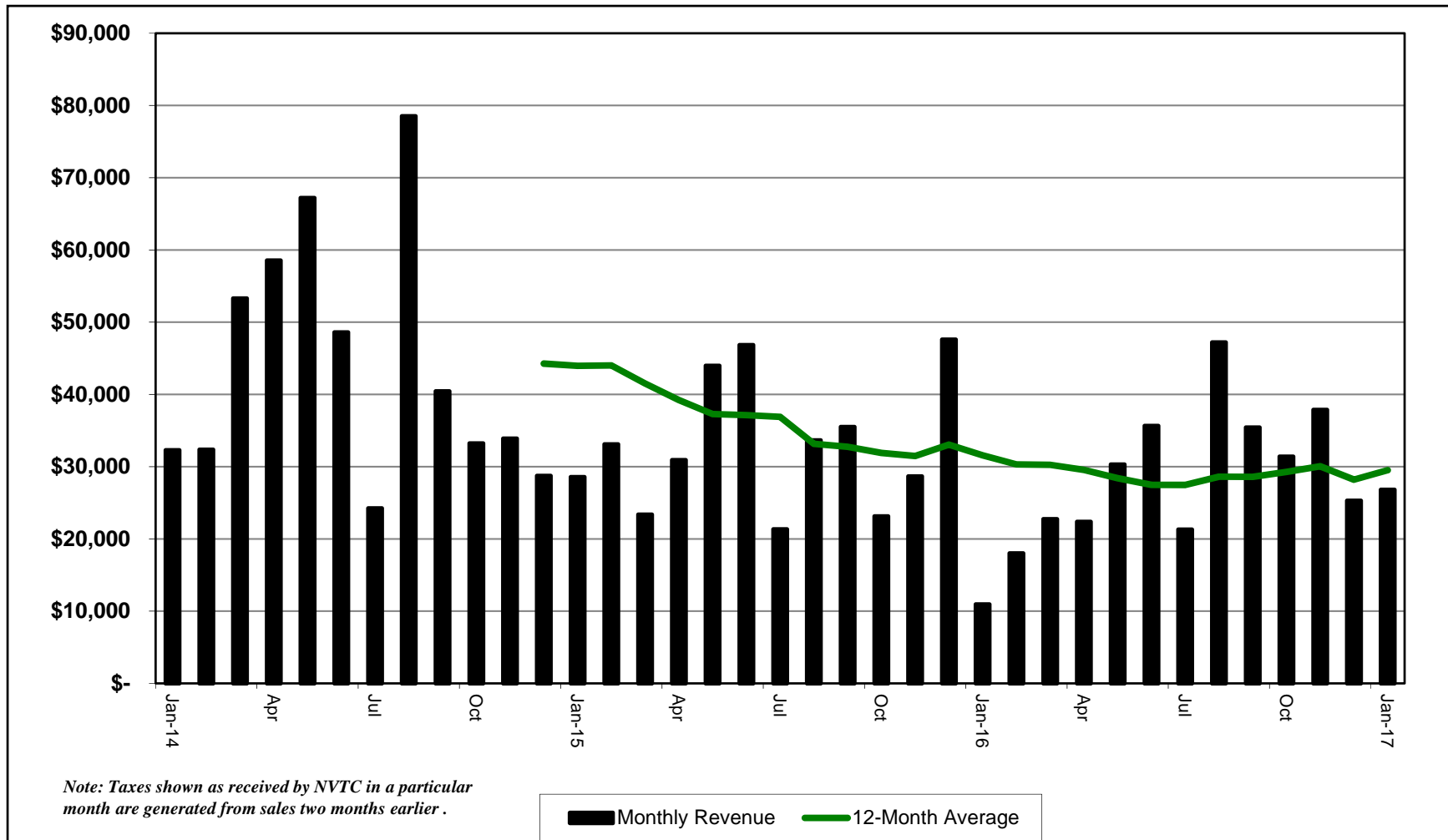
NVTC MONTHLY GAS TAX REVENUE ARLINGTON COUNTY FISCAL YEARS 2014-2017



NVTC MONTHLY GAS TAX REVENUE CITY OF FAIRFAX FISCAL YEARS 2014-2017



NVTC MONTHLY GAS TAX REVENUE CITY OF FALLS CHURCH FISCAL YEARS 2014-2017



NVTC MONTHLY GAS TAX REVENUE LOUDOUN COUNTY FISCAL YEARS 2014-2017

