

**NVTC COMMISSION MEETING
THURSDAY, DECEMBER 2, 2004
8:00 PM.**

NVTC CONFERENCE ROOM

AGENDA

1. Minutes of NVTC Meetings of October 7 and November 4, 2004.

Recommended Action: Approval.

2. FY 2004 NVTC Audited Financial Reports.

Auditors from PBGH will be present to discuss their findings with the commission.

Recommended Action: Authorize staff of NVTC to forward the audited financial reports to local, state and federal agencies, regulatory bodies, bond holders and other interested parties and to post the reports on NVTC's web-site.

3. NVTC and VRE State and Federal Legislative Agendas for 2005.

NVTC's Legislative Committee, chaired by Gerry Connolly, after meeting on November 30th will provide a recommended legislative agenda. The committee also reviewed VRE's proposed legislative agenda.

Recommended Action: Approve the committee's recommendations regarding NVTC's and VRE's agendas and forward NVTC's agenda to member jurisdictions and Northern Virginia's General Assembly and congressional delegations.

4. Draft NVTC Workprogram for 2005.

Commissioners are asked to review the draft and release it for public review.

Recommended Action: Authorize staff to post the draft on NVTC's website with a request for public comments and to announce a public hearing at NVTC's January 6, 2005 meeting prior to action on the final version.

5. Interim Report on NVTC's Metrorail Station Area Emergency Response Planning Sessions.

NVTC has been facilitating monthly meetings of transit providers and emergency responders to plan how to respond in an effective and coordinated manner to realistic scenarios at major Northern Virginia Metrorail stations. Staff will brief the commission on the initial results for two of these station areas—Rosslyn and Pentagon.

Discussion Item.

6. FY 2004 Northern Virginia Transit Ridership

NVTC staff compiled average weekday and annual ridership for Northern Virginia.

Discussion Item.

7. Transit Funding Fact Sheets

NVTC staff prepared summaries of the status of transit funding in Northern Virginia and statewide that should be helpful especially during the upcoming General Assembly session.

Discussion Item.

8. WMATA Items.

- A. Metro Board Digest for October and November, 2004.
- B. Metro Matters
- C. Improving Service Reliability and Customer Service.
- D. WMATA's Improved Websites
- E. Request for Report on the Metrorail Collision of November 3, 2004.
- F. Blue Ribbon Panel on Dedicated Sources of WMATA Funding.

Discussion Item.

9. Regional Transportation Items.

- A. Forecast Effects of Alternative Fuels and Better Efficiency on Gas Tax Receipts.
- B. Wendell Cox and LOWER: Washington Metro After a Quarter Century: Billions for Transit and More Congestion.
- C. Rail Transit in America: A Comprehensive Evaluation of Benefits.
- D. Paying the Price for Inadequate Roads in Virginia.
- E. Transportation Statistics Annual Report (September, 2004).
- F. Report to the Governor of the Commission on Rail Enhancement.
- G. VTrans 2025.
- H. Senate Finance Committee Staff Transportation Presentation.

Discussion Item.

10. NVTC Financial Reports for September and October, 2004.

Information Item.

11. VRE Items.

- A. Report from the VRE Operations Board (with minutes of the meeting of November 19,2004) and from VRE's CEO--
Information Item.
- B. CSX Force Account Services for the Quantico Creek Bridge Project—Action Item/ Resolution #1049.
- C. Modify Lease Agreement with RailWorld Locomotive Leasing LLC—Action Item/Resolution #1050.
- D. GEC IV Task Order for Fleet Maintenance Strategy and Yard Requirements—Action Item/Resolution #1051.
- E. Amended Award of Contract for Quantico Creek Bridge Construction Support—Action Item/Resolution #1052.
- F. Task Order for General Fleet Maintenance—
Action Item/Resolution #1053.
- G. Task Order for Administrative Services Related to Rolling Stock—
Action/Item/Resolution #1054.
- H. Emergency Procurement Policy—Action Item/Resolution #1055.

12. Announcement of NVTC Nominating Committee for 2005 Officers.

Chairman Euille will provide the names of the commissioners to serve as NVTC's nominating committee.

Information Item.

13. NVTC's 40th Anniversary Time Capsule.

To wrap up the celebration of NVTC's 40th anniversary, each NVTC transit system has been invited to submit items for the capsule.

Recommended Action. NVTC commissioners will be invited to seal the capsule.



A cake will be provided to commemorate the occasion.

MINUTES
NVTC COMMISSION MEETING – OCTOBER 7, 2004
NVTC CONFERENCE ROOM - ARLINGTON, VIRGINIA

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

Members Present

David Albo
Sharon Bulova
Gerald Connolly
Jeannemarie Devolites Davis
Adam Ebbin
William D. Euille
Paul Ferguson
Ludwig Gaines
Catherine M. Hudgins
Karen Rae (DRPT)
Gary A. Reese
Scott Silverthorne
Mick Staton
Mary Margaret Whipple

Members Absent

Jay Fisette
Timothy Hugo
Dana Kauffman
Elaine McConnell
David F. Snyder
Christopher Zimmerman

Staff Present

Rhonda Gilchrest
Jana Lynott
Scott Kalkwarf
Adam McGavock
Kala Quintana
Jennifer Straub (VRE)
Richard K. Taube
Dale Zehner (VRE)

Minutes of NVTC's Meeting of September 2, 2004

Without objection, the commission unanimously agreed to accept the minutes of September 2, 2004.

RFP for Consulting Assistance for NVTC's Senior Mobility Study

Mr. Taube explained that the commission is asked to authorize staff to issue a RFP for consulting assistance for survey and focus group research as well as for analysis of trends, costs and recommendations. State grant funds will cover 95 percent of the cost. A technical advisory panel, consisting of members from NVTC's jurisdictions and state and regional agencies, has reviewed the scope of work. Staff expects to return to the commission for award of a contract at the December 2, 2004 meeting.

Senator Whipple observed that the majority of seniors age 65 – 75 are still considerably mobile, while transportation issues are more intense for older seniors (75 years and up). She suggested that more resources be devoted to studying mobility for the 75+ age bracket. Mr. Taube stated that the technical committee also made this recommendation and this will be included in the focus of the study.

Mr. Staton stated that improved technology, such as the Internet, may be meeting some seniors' needs at home, thus reducing their travel needs. Jana Lynott stated that the scope of work is still being defined and staff will pass along commissioner's comments to the technical committee.

Mrs. Bulova arrived at 8:12 P.M.

Senator Whipple stated that she has found that many elderly people do not take taxis because they think it is too costly. She asked that the study look at educating seniors on the actual cost of using taxi service versus the cost of owning, maintaining and insuring an automobile. Mr. Ferguson also observed that some people are unaware that many of the localities subsidize transit for seniors.

Senator Whipple moved, with a second by Mr. Staton, to authorize staff to issue a RFP for consulting assistance for NVTC's Senior Mobility Study. The vote in favor was unanimous.

Mr. Ebbin arrived at 8:14 P.M. and commissioners Hudgins and Connolly arrived at 8:15 P.M.

Blue Ribbon Panel on Metro Funding

Mr. Taube reported that the Metropolitan Washington Council of Governments (MWCOCG) has formed a Blue Ribbon Panel along with the Federal City Council and Greater Washington Board of Trade. The first meeting was held on October 7th and the panel hopes to have a recommendation by December, 2004. In response to a question from Mrs. Whipple, Mr. Taube listed the members of the panel, chaired by Rudolph Penner from the Urban Institute.

Mr. Taube stated that NVTC received a letter from Ed Tennyson about the urgency of adequate WMATA funding. Mr. Tennyson pointed out an important benefit of Metro is that property tax rates have dropped considerably as Metrorail achieved success in Virginia.

Mrs. Whipple asked if WMATA has seriously looked into a letter of credit or equipment trust certificates as Mr. Tennyson suggested to fund the local share of the new railcars on option. Chairman Euille responded that it is all part of the Metro Matters funding, which has been agreed to by the jurisdictions, except Fairfax County and the District. Fairfax County is expected to act soon. The WMATA Board will formally adopt the Metro Matters funding initiative on October 21, 2004. WMATA staff member Shiva Pant stated that the WMATA Board has already authorized initiation of a letter of credit.

Virginia Constitutional Limits on Section 9(c) Revenue Bonds

Mr. Taube explained that staff was asked at the last meeting to examine the 9(c) debt limit. Article X, Section 9(c) of the Virginia Constitution describes debt for certain revenue producing projects. The General Assembly may, with a two-thirds vote, authorize debt secured by a pledge of net revenues derived from rates, fees or other charges (which must be expected to cover debt service) and by the full faith and credit of the commonwealth. Given the need for both project revenues and the full faith and credit of the commonwealth, these are known as "double-barrel" debt. The debt shall not be included in determining the commonwealth's limitation on general obligation debt for capital projects.

Mr. Taube stated that based on this research, NVTC staff has concluded that Section 9(c) debt is restricted to revenue-producing projects and is currently being used for certain higher education facilities, although 9(c) debt was issued to finance several transportation projects, such as the Dulles Toll Road, the Powhite Parkway and the Coleman Bridge. The 9(c) debt limit is unlikely to limit the amount of such debt since \$10 billion of unused capacity exists. The more significant hurdle to the use of 9(c) debt is that the financed projects must be expected to be self-supporting, and this effectively limits the use of 9(c) debt to funding toll facilities.

Mr. Taube stated that the 9(c) debt limit is only one of the facts considered in the commonwealth's policies and planning with regard to the maximum level of 9(c) debt. In order to maintain its coveted AAA bond rating, the commonwealth employs a debt capacity model. That conservative model uses a maximum target of no more than five percent of state revenues for tax-supported debt service over a 10-year horizon.

Today, most debt issued for transportation projects is 9(d) debt, which does not require a revenue source nor receive the full faith and credit of the commonwealth. Examples include subject-to-appropriation debt for Routes 28 and 58, FRANS, and the Metro Capital Improvement Bonds backed by recordation and telecommunication fees and received by NVTC. Much of this debt is ultimately secured by a subject-to-appropriation pledge of the Transportation Trust Fund.

Mr. Reese stated that at the present time the commonwealth has a plethora of HOT lanes projects throughout the state. He stated that he is not a fan of private HOT lanes because he believes that transportation is a core duty of government. Also, if private enterprises can come in and make money off of HOT lanes, then the proceeds won't be reinvested back into transportation. The commonwealth wouldn't be getting anything for the right-of-way and yet VDOT would be called upon to maintain the roads. He stated that the better thing to do would be to use 9(c) bonds to fund the projects. It is also important to de-couple the \$1.15 times annual revenues limit and to take a closer look at removing the debt capacity model restrictions. He asked that discussion of this issue continue with staff and bond counsel if counsel is willing to volunteer his or her time.

Delegate Albo arrived at 8:26 P.M.

Mr. Connolly stated his view on how to frame the issue. The state can't have it both ways. The state can't not use its resources for transportation but then condemn private firms using PPTA's for proposing to do it privately. He can't support the proposition that it is only a function of government and that the private sector shouldn't do it. Fairfax County has already supported the HOT lanes proposal, given the alternative of no new capacity on the Beltway. Ideally, the state needs to step up and take responsibility and make these important investments in transportation. Nonetheless, he isn't against examining and exploring Mr. Reese's proposal and it may be something NVTC wants to address in its Legislative Agenda. Chairman Euille agreed and stated that Alexandria is on record supporting HOT lanes, but he would not be opposed to fact finding, information gathering and discussion.

Presentation on the Dulles Corridor Metrorail Extension

Ms. Rae introduced Sam Carnaggio, DRPT's new project manager for the Dulles Corridor Metrorail extension. Mr. Carnaggio gave a brief overview of the project, which will be built in two phases.

Mr. Carnaggio reported that the project is off to a good start. Preliminary engineering will begin in two weeks. Approximately \$1.5 million has been budgeted for Phase 1. The Environmental Impact Statement (EIS) has already been submitted and FTA is reviewing it. FAA also has to approve it. Ms. Rae stated that quarterly progress reports prepared for CTB will be provided to NVTC.

Mr. Connolly asked if the preliminary engineering schedule could be done faster. Mr. Carnaggio replied that the preliminary engineering should be completed in 12 months, which is six months ahead of the original schedule. Ms. Rae stated that by Winter 2005 the full funding agreement should be completed, although there are two big unknowns, the federal reauthorization bill and the federal grant approval process.

Mr. Carnaggio stated that this project has political, business and community support. Although there are people with concerns, he hasn't seen any organized opposition to the project. Mr. Connolly stated that this could change. He did observe that in Fairfax County there is a great deal of support for the project. Ms. Hudgins stated that public support is very helpful for the ultimate success of the project.

Mr. Connolly stated that it would be helpful to have a summary of work already done, including the process and what was determined. He finds it amazing that recent newspaper editorials have questioned why buses weren't looked at as a solution, when in fact they were. It may be worth it for the project manager and DRPT staff to visit the editorial staff and provide them with correct information.

Closed Session

Mr. Ferguson moved, with a second by Ms. Bulova, the following motion to enter into closed session:

Pursuant to the Virginia Freedom of Information Act (Section 2.2-3711A.1 of the Code of Virginia), the Northern Virginia Transportation Commission authorizes a closed session concerning a personnel matter relating to the annual performance review of the executive director.

The vote in favor was cast by commissioners Albo, Bulova, Connolly, Ebbin, Euille, Ferguson, Gaines, Hudgins, Rae, Reese, Silverthorne, Staton and Whipple.

The commission went into closed session at 8:50 P.M. and returned to open session at 9:05 P.M. Jeannemarie Devolites Davis joined the meeting at that time.

Mr. Connolly moved, with a second by Mr. Ferguson, to approve the following certification:

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

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

The vote in favor was cast by commissioners Albo, Bulova, Connolly, Ebbin, Euille, Ferguson, Gaines, Hudgins, Rae, Reese, Silverthorne, Staton and Whipple.

Oath of Office for New Commissioner

Chairman Euille introduced Senator Jeannemarie Devolites Davis, who has been appointed to NVTC to replace Senator Mims. He administered the oath of office to Senator Devolites Davis. Commissioners welcomed her to NVTC.

Status of Federal SmarTrip Grant

Adam McGavock reported that NVTC received a telephone call from FTA staff concerning NVTC's grant that was abruptly cancelled. Staff provided FTA with additional information and will wait to hear a response from FTA.

Mr. Ferguson left the meeting at 9:08 P.M. and did not return.

NVTC Tech Talk – A Quick Primer on Smart Cards

Mr. McGavock reported that the installation of SmarTrip fareboxes on Metrobuses is complete but NVTC's farebox order is delayed pending completion of NextFare IV software by Cubic and testing at MTA in Maryland. The earliest current estimate for installations in Northern Virginia is August, 2005.

Mr. McGavock reported that smart cards are evolving rapidly along two different paths: limited use or disposable smart cards and full-featured smart cards. A limited use disposable smart card is just like a normal smart card in that it contains a chip and an antenna, but the card is made from paper stock rather

than hard plastic. Transit systems see the disposable smart card technology as a potential alternative to paper or mag stripe tickets, but most see the cost as prohibitive. Full-featured smart cards have a processor chip, which performs calculations using the data stored on the memory chip. In fact, the next generation of full-featured smart cards will have roughly the same processing power as a first generation Intel Pentium chip.

Transit Customer Communications Compendium

Mr. Taube reported that staff put together a compendium of methods and tools of communication with transit customers used by our local transit systems, including VRE.

Ms. Hudgins left the meeting at 9:16 P.M.

Legislative Items

Mr. Taube reported that on September 30th President Bush signed into law a Continuing Resolution that funds federal government programs, including the federal transit program, at fiscal year 2004 levels through November 20, 2004. TEA-21 was also extended for eight months through May 31, 2005.

WMATA Items

Sources of Funds for Metro Matters Obligations. At its last meeting, the commission asked staff to provide a chart showing sources of revenues to be used by each jurisdiction to meet their Metro Matters obligations. Commissioners were provided with a copy of this chart. Chairman Euille announced that the WMATA Board will formally adopt the local funding agreements for Metro Matters at its October 21st meeting. Mr. Connolly stated that Fairfax County has a bond referendum for the November 2nd election that will provide the county's share of Metro Matter funding.

FY 2004 Ridership Records. WMATA has reported a record breaking year for Metrorail ridership, reaching almost 190 million trips, with seven of the top 20 ridership days in history occurring in that year. Metrorail, Metrobus and Metro Access carried 337 million riders, almost four million more than the previous year, even though Metrobus ridership declined by about one percent primarily due to bad weather.

FY 2006 Budget Guidance. The WMATA Board has authorized budget guidance that reflects an initial shortfall of operating funds of \$41.7 million and suggests local subsidy increases of up to 10.4 percent with no fare increases. Similar increases are anticipated for FY 2007.

Regional Transportation Items

Virginia State Rail Plan. Mr. Taube reported that as part of the ongoing VTrans 2025 statewide multimodal plan, DRPT has completed a state rail plan. Cambridge Systematics, Inc. prepared the plan under contract with DRPT. The plan includes baseline data on system conditions and needs along with policy choices. Staff prepared a draft letter commenting about the plan.

Mr. Connolly moved, with a second by Mrs. Whipple, to authorize NVTC's chairman to send the letter to DRPT. The vote in favor was cast by commissioners Albo, Bulova, Connolly, Devolites Davis, Ebbin, Euille, Gaines, Rae, Reese, Silverthorne, Staton and Whipple.

2004 Urban Mobility Report. The 2004 Urban Mobility Report was prepared by the Texas Transportation Institute and provides an easily understood analysis of congestion and mobility issues nationwide. According to the report, congestion is worsening across the nation due to a lack of transportation funding, poor land-use planning, and ineffective highway management.

NVTC Financial Reports for August, 2004

Senator Whipple asked staff to consider revising estimates of how much revenue would result from a two percent increase of the gas tax, given the high gasoline costs this past year.

VRE Items

Report from the VRE Operations Board. Ms. Bulova urged commissioners to read the minutes of the September 17th Operations Board meeting.

Report on Railcar Procurement Strategy. Mr. Zehner gave a brief overview of VRE's procurement strategy, which includes an Up, Out and Add approach. "Up" is replacing all single level railcars with bi-level railcars, which will add additional capacity. Next VRE must go "out" by lengthening trains in existing schedules as soon as possible. VRE will "add" trains in the future, as MOU projects are completed. DRPT has been instrumental in helping get these projects completed. Ms. Bulova congratulated Ms. Rae and her staff for ironing out the problems with CSX using \$65.7 million for rail corridor improvements in the Washington-Richmond Corridor. Ms. Rae stated that she will provide the commission with a copy of a letter received by the Governor from CSX's chairman.

Adjournment

Mr. Connolly moved, with a second by Mrs. Whipple, to adjourn the meeting. The vote in favor was unanimous. Chairman Euille adjourned the meeting at 9:28 P.M.

Approved this second day of December, 2004.

William D. Euille
Chairman

Gerald Connolly
Secretary-Treasurer

**MINUTES
NVTC AND PRTC JOINT MEETING
NOVEMBER 4, 2004
SPRINGFIELD HILTON – SPRINGFIELD, VIRGINIA**

The joint meeting of the Northern Virginia Transportation Commission and the Potomac and Rappahannock Transportation Commission was called to order by NVTC Chairman Euille and PRTC Vice-Chairman Greenup at 7:45 P.M.

NVTC Members Present

Sharon Bulova
Adam Ebbin
William D. Euille
Paul Ferguson
Catherine Hudgins
Timothy Hugo
Dana Kauffman
Elaine McConnell
Karen Rae
Scott Silverthorne
Mary Margaret Whipple

NVTC Members Absent

David Albo
Gerald Connolly
Jeannemarie Devolites Davis
Jay Fiset
Ludwig Gaines
Gary A. Reese
David F. Snyder
Mick Staton
Christopher Zimmerman

NVTC Staff Present

Rhonda Gilchrest
Scott Kalkwarf
Jana Lynott
Adam McGavock
Kala Quintana
Richard K. Taube

NVTC Chairman Euille and PRTC Vice-Chairman Greenup welcomed everyone to the joint commission meeting. NVTC had a quorum.

Commuting in America III: Facts and Trends Influencing Public Transit's Future

Mr. Taube introduced two guest speakers, Alan Pisarski and Art Guzzetti. Mr. Pisarski is a consultant in transportation public policy, travel behavior analysis and statistics. He has measured transportation activities for almost 40 years and his creative use of Census and other data is second to none. His most famous work is the Commuting in America series. Mr. Guzzetti is a legislative director at APTA and has many years of experience working with APTA's President, Bill Millar, in helping the transit industry present its needs to Congress.

Mr. Pisarski gave his presentation on Census data and how it relates to this region's transportation infrastructure. In response to a question from Mrs. McConnell, Mr. Pisarski speculated that as jobs go out farther into the suburbs, these areas become viable places for commuting options. He stated that people are willing to go extraordinary distances for good paying jobs. Mrs. McConnell observed that Fairfax County is almost built out, but traffic will continue to keep on building as growth continues in the outer suburbs. Mr. Pisarski stated that the metropolitan Washington region is unique as the government is centrally located in D.C. and will not move out to the suburbs. People will continue to commute into D.C. and yet will have to go further out into the suburbs to find affordable housing.

Mr. Ferguson left the meeting and did not return.

Mr. Kauffman observed that in some areas, such as along Richmond Highway, Saturday mobility is as much a challenge as weekday rush hour mobility. Also, senior mobility is an issue. Mr. Pisarski stated that in regards to Saturday congestion, it is in many cases more severe than during rush hour. He stated that trends show that seniors have high levels of income and mobility, especially in this region.

Mr. Guzzetti highlighted a few themes, including that if people are given a good option, they will use public transportation. He stated that the region needs better data to make the best decisions. Transit often gets undercounted. He also reported on many successful transit funding referenda around the country in voting on November 2nd.

Transit Funding Needs in the Region—Sizing Them and Pursuing a Funding Solution

Al Harf, PRTC's Executive Director, gave a PowerPoint presentation on transit funding needs for the region. He stated that recent efforts to increase available funding for transit have failed, but there are clear signs that more transportation funding should be a priority of the General Assembly. Now is the time for the commissions to formulate legislative agendas to address transit needs and funding solutions.

Mrs. McConnell asked if every option listed as possible sources of funding (gas tax increase, regional sales tax, parking tax, regional income tax, etc.) were initiated, wouldn't the region still be short. Mr. Harf replied that if expenditures were stretched out over time, these sources of funding could cover funding needs to 2010.

Mrs. Bulova stated that it is important that the entire region has a united front when seeking General Assembly action. She suggested circulating the information in Mr. Harf's presentation among the jurisdictions.

Mr. Hugo asked practically what can be done this year in the General Assembly. He stated that he hopes that NVTC pursues legislation that would move insurance premium funds into the Transportation Trust Fund. Now is the time to strike while there is a surplus.

Senator Whipple announced that she will once again propose legislation that would increase the NVTC gas tax to four percent. The advantage is that it would bring 100 percent of the tax revenue back to the region for transit.

Senator Puller, a PRTC commissioner, stated that it's important to see all the proposals before making any endorsements.

VRE Items

Report from the VRE Operations Board. Mrs. Bulova commended the minutes of the October 15, 2004 VRE Operations Board meeting to commissioners.

Adjournment

Since the commission no longer had a quorum, the meeting was adjourned at 9:12 P.M.

Approved this second day of December, 2004.

William Euille
Chairman

Gerald Connolly
Secretary-Treasurer

MEMORANDUM

TO: Chairman Euille and NVTC Commissioners
FROM: Rick Taube and Scott Kalkwarf
DATE: November 24, 2004
SUBJECT: FY 2004 NVTC Audited Financial Reports

Representatives from NVTC's auditors, PBGH LLC, will be present to explain the results of the attached audit of NVTC's FY 2004 financial reports. Prior to the meeting, they will meet with NVTC's executive/audit committee to go over the results in detail.

Following discussion, the commission is asked to authorize staff of NVTC to forward the audited financial reports to federal agencies, regulatory bodies, bond holders, and other interested parties and to post the reports on NVTC's website.

**NORTHERN VIRGINIA
TRANSPORTATION COMMISSION**

**Financial and Compliance Reports
Year Ended June 30, 2004**

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
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INDEPENDENT AUDITORS' REPORT

To the Commissioners
Northern Virginia Transportation Commission

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of Northern Virginia Transportation Commission as of and for the year ended June 30, 2004, which collectively comprise Northern Virginia Transportation Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Northern Virginia Transportation Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of Northern Virginia Transportation Commission as of June 30, 2004, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 26, 2004 on our consideration of Northern Virginia Transportation Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis (pages 3 to 8) is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

PBGM, LLP

Harrisonburg, Virginia
August 26, 2004

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2004

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NORTHERN VIRGINIA TRANSPORTATION COMMISSION MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Northern Virginia Transportation Commission's (NVTC) financial performance provides an overview of NVTC's financial activities for the fiscal year that ended on June 30, 2004. Please read it in conjunction with the accompanying financial statements which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented include all of the activities of the NVTC which are part of the NVTC reporting entity using the integrated approach as prescribed by the Governmental Accounting Standards Board (GASB) Statement Number 34 and related statements.

The government-wide financial statements present the financial picture of NVTC from the economic resources measurement focus using the accrual basis of accounting. Excluded from these statements as required by GASB 34 are the activities of the jurisdiction trust funds, which are considered fiduciary funds and, therefore, not part of the primary government.

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

Government-Wide Financial Statements

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

Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of NVTC is improving or declining. Net assets are reported in three categories; net assets invested in capital assets, net assets that are restricted in use, and net assets that are unrestricted. The revenue supporting the activities and programs are classified under three broad categories: operating grants and contributions, capital grants and contributions, and charges for services. While NVTC receives grant revenue used ultimately for capital purposes, the revenue is classified as operating since it is passed through to other entities. Accordingly, NVTC does not report revenues under the capital grants and contributions category.

Fund Financial Statements

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

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

NVTC maintains two governmental funds: the General Fund and the Special Revenue Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for each of these funds. The General Fund includes the administrative, planning and project activities of NVTC. The Special Revenue Fund reports the intergovernmental revenue received by NVTC and allocated to the member jurisdictions by a formula maintained by NVTC. Once allocated, the funds are remitted to the fiduciary funds.

Fiduciary Funds. Fiduciary funds are used to account for resources held by NVTC for the benefit and restricted use of the programs of other governments. Additions to the fiduciary funds consist of revenue remitted from the Special Revenue Fund, recognition of deferred bond proceeds, and investment income. Deductions from the fiduciary funds are disbursements directed by the individual member jurisdictions for restricted purposes. The accounting methods used for fiduciary funds are much like that used for proprietary funds. The two statements included for the fiduciary funds are the statement of fiduciary net assets, and the statement of changes in fiduciary net assets.

Notes to the Financial Statements

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

Supplementary Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This management discussion and analysis is required to present information on a government-wide basis. Because of NVTC's unique structure, the discussion included in the fund analysis section provides information that may be more meaningful.

As noted earlier, net assets may serve as a useful indicator of a government's financial position. As shown below, total assets exceeded liabilities by \$253,378. A significant portion of NVTC's net assets totaling \$88,508 is restricted for the Falls Church Bus project. These net assets, consisting primarily of cash, are restricted because they have been accumulated for and are required to be used for this project. Net assets invested in capital assets of \$29,660 and unrestricted net assets of \$135,210 make up the balance of net assets. Please refer to the funds analysis for a discussion of the components and changes in the governmental activities.

Condensed Statements of Net Assets

	<u>June 30, 2004</u>	<u>June 30, 2003</u>	<u>Increase (Decrease)</u>
Current and other assets	\$ 554,426	\$ 817,489	\$ (263,063)
Capital assets	29,660	35,949	(6,289)
Total assets	584,086	853,438	(269,352)
Long-term liabilities outstanding	33,711	31,159	2,552
Other liabilities	296,997	645,686	(348,689)
Total liabilities	330,708	676,845	(346,137)
 Net assets:			
Invested in capital assets	29,660	35,949	(6,289)
Restricted	88,508	121,932	(33,424)
Unrestricted	135,210	18,712	116,498
Total Net Assets	\$ 253,378	\$ 176,593	\$ 76,785

The following table shows the revenues and expenses and the change in net assets of the governmental activities. For the fiscal year ending June 30, 2004, over \$86 million in revenues were reported, which is a decrease of about \$2 million from the previous year, and similar to the decrease in expenses. Net assets increased by \$76,785 from the previous year. A discussion of the key components of these changes is included in the funds analysis.

Changes in Net Assets

	<u>Fiscal Year Ended</u>		<u>Increase (Decrease)</u>
	<u>June 30, 2004</u>	<u>June 30, 2003</u>	<u>(Decrease)</u>
Revenues:			
Program revenues:			
Operating grants and Contributions	\$ 86,388,203	\$ 88,600,588	\$ (2,212,385)
Charges for services	7,410	4,555	2,855
General revenues:			
Interest Income	4,627	7,366	(2,739)
Total Revenue	86,400,240	88,612,509	(2,212,269)
Expenses:			
General and administration	800,646	759,014	41,632
Depreciation	14,244	8,295	5,949
Project costs	1,768,778	2,469,285	(700,507)
Payments to fiduciary funds	83,739,787	85,387,469	(1,647,682)
Total expenses	86,323,455	88,624,063	(2,300,608)
Increase (decrease) in net assets	76,785	(11,554)	88,339
Net assets, beginning of year	176,593	188,147	(11,554)
Net assets, end of year	\$ 253,378	\$ 176,593	\$ 76,785

FINANCIAL ANALYSIS OF THE REPORTING ENTITY'S FUNDS

Governmental Funds

General Fund. The general fund reports the project, planning and administrative activities of NVTC. The unreserved fund balance represents the net resources available for spending at the end of the fiscal year. A portion of the total fund balance is reserved for the Falls Church Bus project, as these resources have been accumulated for this purpose.

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

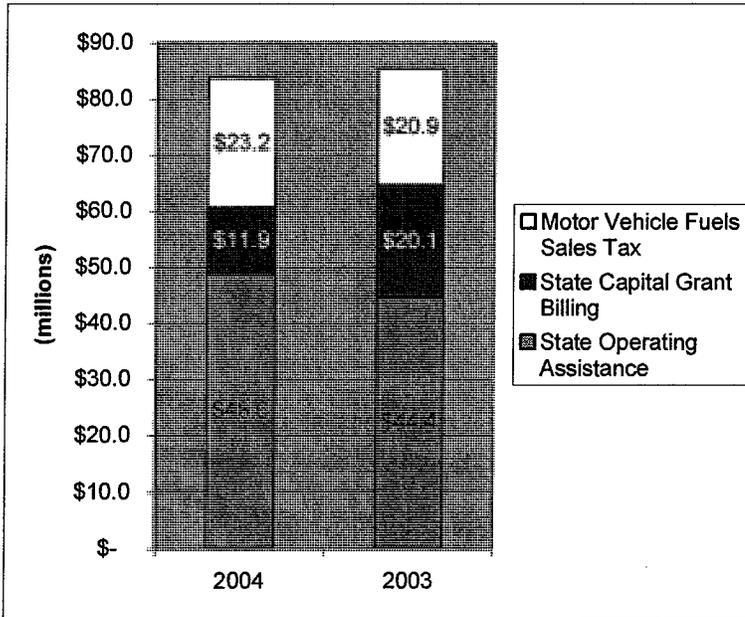
As of June 30, 2004 the General Fund had a total fund balance of \$279,732 of which \$191,224 was unreserved and \$88,508 was reserved for the Falls Church Bus project.

In terms of dollars expended, the SmarTrip Regional Integration project and the Falls Church Bus project were the most active during the fiscal year, making up 81% of the total \$1,768,778 direct project costs. In terms of project budgets, the SmarTrip program is by far the largest NVTC current project with outstanding maximum commitments of approximately \$3.6 million as of June 30, 2004. This multiyear project is funded using state, federal and local sources.

State and Federal funding sources for projects during the fiscal year totaled \$1,520,207. Other funding sources include local contributions of \$67,915, interest and operating revenue of \$8,948, and contributed expenses by NVTC of \$171,708. NVTC's contributed expenses consist primarily of payroll and payroll related costs.

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

Intergovernmental revenues decreased approximately \$1.6 million from FY 2003 to FY 2004. A comparison of the revenue by type between fiscal years follows:



Fiduciary Funds

The fiduciary funds are private purpose trust funds and consist of the jurisdiction trust fund and the Metro Capital Improvement Program (MCIP) escrow fund.

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

MCIP Escrow Fund. The MCIP escrow fund holds the MCIP bond proceeds received from the Commonwealth of Virginia. These proceeds and the investment income earned on the proceeds are restricted for Metro capital improvements. Revenue is not recognized until disbursements are made for the designated purpose, and accordingly the fund balance always equaled zero for this fund. During FY 2002 NVTC received \$16 million in bond proceeds which were allocated by the SAM percentages in effect during the fiscal year and transferred to the escrow fund where they were held in a Virginia State Non-arbitrage Program investment account until disbursed as directed by the member jurisdictions. During FY 2004 the MCIP fund was fully liquidated. Total proceeds received since inception of the program approximates \$114.9 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

NVTC's capital assets consist of office furniture, equipment, computer hardware and software. During the prior fiscal year NVTC developed a new website under the marketing program. The costs to develop this website have been capitalized, and were funded by state and local sources.

NVTC has issued debt to finance, in part, the construction and purchase of the capital assets of the Virginia Railway Express (VRE). The debt and related capital assets are not recognized on the financial statements of NVTC, but rather on those of VRE. Complete financial statements for VRE can be obtained from the Director of Finance and Administration of NVTC at 4350 N. Fairfax Drive, Suite 720, Arlington, VA 22203, or by email to nvtc@nvtcd.org.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of NVTC's finances for all those interested. If you have any questions about this report or need additional financial information, contact the Director of Finance and Administration, Northern Virginia Transportation Commission, 4350 N. Fairfax Drive, Suite 720, Arlington, Virginia 22203, or by email to nvtc@nvtcd.org.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

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**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET ASSETS**

June 30, 2004

ASSETS	Governmental Activities
Cash and cash equivalents	\$ 176,085
Accounts receivable:	
Commonwealth of Virginia grants	47,168
Virginia Railway Express	7,870
Advances, deposits and prepaid items	30,883
Restricted cash and cash equivalents	292,420
Capital assets:	
Office equipment and furniture	132,388
Less accumulated depreciation	(102,728)
Total assets	<u>584,086</u>
LIABILITIES	
Accounts payable	54,922
Accrued salaries	6,357
Deferred revenue	82,795
Project funds advanced	130,620
Compensated absences:	
Due within one year	22,303
Due in more than one year	33,711
Total liabilities	<u>330,708</u>
NET ASSETS	
Invested in capital assets	29,660
Restricted for:	
Projects	88,508
Unrestricted	135,210
Total net assets	<u>\$ 253,378</u>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF ACTIVITIES**

For the year ended June 30, 2004

	<u>Governmental Activities</u>		
	<u>Functions / Programs</u>		
	<u>Totals</u>	<u>Planning and Administrative</u>	<u>Jurisdiction Transit</u>
Expenses:			
General and administration	\$ 800,646	\$ 800,646	\$ -
Depreciation	14,244	14,244	-
Project costs	1,768,778	1,768,778	-
Payments to fiduciary funds	83,739,787	-	83,739,787
Total expenses	<u>86,323,455</u>	<u>2,583,668</u>	<u>83,739,787</u>
Program revenues:			
Operating grants and contributions	86,388,203	2,648,416	83,739,787
Charges for services	7,410	7,410	-
Net program expense	<u>72,158</u>	<u>\$ 72,158</u>	<u>\$ -</u>
General revenues:			
Interest income	<u>4,627</u>		
Change in net assets	76,785		
Net assets, beginning of year	<u>176,593</u>		
Net assets, end of year	<u>\$ 253,378</u>		

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2004

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 176,085
Accounts receivable:	
Commonwealth of Virginia grants	47,168
Virginia Railway Express	7,870
Advances, deposits and prepaid items	30,883
Restricted cash and cash equivalents	<u>292,420</u>
Total assets	<u><u>\$ 554,426</u></u>
LIABILITIES	
Accounts payable	\$ 54,922
Accrued salaries	6,357
Deferred revenue	82,795
Project funds advanced	<u>130,620</u>
Total liabilities	<u>274,694</u>
FUND BALANCES	
Reserved for:	
Projects	88,508
Unreserved	<u>191,224</u>
Total fund balances	<u>279,732</u>
Total liabilities and fund balances	<u><u>\$ 554,426</u></u>

Reconciliation of fund balance on the balance sheet for the governmental fund to the net assets of the governmental activities on the statement of net assets:

Fund balance - governmental fund	\$ 279,732
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources therefore are not reported in the funds. The cost of the assets is \$132,388 and the accumulated depreciation is \$102,728.	29,660
Compensated absences are liabilities not due and payable in the current period and therefore are not reported in the governmental fund.	<u>(56,014)</u>
	<u><u>\$ 253,378</u></u>

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2004

	<u>Major Funds</u>		<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	
Revenues:			
Intergovernmental revenues:			
Contributions:			
Commonwealth of Virginia	\$ 654,800	\$ -	\$ 654,800
Local jurisdictions	309,999	-	309,999
Grants:			
Federal	792,665	-	792,665
Commonwealth of Virginia	733,037	60,568,215	61,301,252
Motor vehicle fuel sales tax	-	23,171,572	23,171,572
Project chargebacks, Virginia Railway Express	90,000	-	90,000
Local project contribution	67,915	-	67,915
Interest income	4,627	-	4,627
Charges for services	7,410	-	7,410
Total revenues	<u>2,660,453</u>	<u>83,739,787</u>	<u>86,400,240</u>
Expenditures:			
Current:			
General and administration	799,094	-	799,094
Project costs	1,768,778	-	1,768,778
Payments to fiduciary funds	-	83,739,787	83,739,787
Capital outlay	7,955	-	7,955
Total expenditures	<u>2,575,827</u>	<u>83,739,787</u>	<u>86,315,614</u>
Change in fund balances	84,626	-	84,626
Fund balances at beginning of year	195,106	-	195,106
Fund balances at end of year	<u>\$ 279,732</u>	<u>\$ -</u>	<u>\$ 279,732</u>

Change in fund balances - total governmental funds \$ 84,626

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

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

Add - capital outlay	7,955
Deduct - depreciation expense	(14,244)

The change in compensated absences included in the expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (1,552)

Change in net assets of governmental activities \$ 76,785

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
June 30, 2004

	<u>Jurisdiction Trust Fund</u>
ASSETS	
Cash and cash equivalents	65,222,309
Commonwealth of Virginia grants receivable	2,450,289
Motor fuels sales tax receivable	<u>4,753,375</u>
Total assets	<u>72,425,973</u>
LIABILITIES	
Deferred grant revenue	<u>2,044,656</u>
Total liabilities	<u>2,044,656</u>
NET ASSETS	
Net assets held in trust for member jurisdictions	<u><u>70,381,317</u></u>

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the year ended June 30, 2004

	<u>Jurisdiction Trust Fund</u>	<u>MCIP Escrow Trust Fund</u>
Additions:		
Contributions from primary government Commonwealth of Virginia Metro Capital Improvement Program proceeds	\$ 83,739,787	\$ -
Investment income	-	3,483,349
	513,431	-
Total Additions	<u>84,253,218</u>	<u>3,483,349</u>
Deductions:		
Funds disbursed to WMATA:		
Metrorail capital	2,125,746	1,719,702
Metrobus capital	1,661,532	1,763,647
Metrorail operating	30,728,903	-
Metrobus operating	32,376,823	-
Metro debt service	7,412,500	-
Other funds disbursed:		
Other capital disbursements	2,381,218	-
Other operating disbursements	651,082	-
Total Deductions	<u>77,337,804</u>	<u>3,483,349</u>
 Change in net assets	 6,915,414	 -
 Net assets held in trust for member jurisdictions		
Beginning of year	63,465,903	-
End of year	<u>\$ 70,381,317</u>	<u>\$ -</u>

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

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NORTHERN VIRGINIA TRANSPORTATION COMMISSION NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-wide and Fund Financial statements

The government-wide financial statements (the Statement of Net Assets and the Statement of Activities) report only information of the governmental activities supported by intergovernmental revenues and excludes the fiduciary activities of NVTC.

The government-wide Statement of Activities is designed to report the degree to which the direct expenses of a given function are offset by program revenues. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. The Motor Vehicle Fuels Sales tax is reported as program revenue because the Commonwealth of Virginia, not the NVTC, has the authority to collect this tax.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

B. Government-wide and Fund Financial statements, continued

Separate fund financial statements are provided for governmental funds and fiduciary funds. The governmental funds are reported on balance sheets and statements of revenues, expenditures and changes in fund balances (fund equity). The fiduciary funds are reported on a statement of fiduciary net assets and statements of changes in fiduciary net assets. The fiduciary funds are not included in the government-wide statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

D. Fund Accounting

The financial activities are recorded in individual funds, each of which is deemed to be a separate accounting entity with a self-balancing set of accounts. Financial activities have been classified into the following major governmental and fiduciary funds:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

D. Fund Accounting, continued

1. Governmental Funds

General Fund – This fund accounts for all financial activities of NVTC not accounted for in other funds and includes project, planning and administrative activities.

Special Revenue Fund – This fund accounts for revenue from state capital grants, state operating grants, and motor vehicle fuels sales tax received from the Commonwealth of Virginia for NVTC member jurisdiction transit purposes. NVTC is required by statute to receive this revenue and allocate to the jurisdictions located within the transportation district based upon a formula developed and maintained by NVTC. Upon allocation, the revenue is transferred to a fiduciary fund where it is available for the jurisdictions' restricted use.

2. Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee capacity for the member jurisdictions. These funds are available to support the programs of the member jurisdictions, not the programs of the NVTC reporting entity.

Jurisdiction Trust Fund – The resources received from the Special Revenue Fund are invested and held in a fiduciary capacity for each member jurisdiction until such time as they are disbursed upon the instructions of the individual jurisdictions.

MCIP Escrow Fund – This fund reports the Metro Capital Improvement Program bond proceeds received from the Commonwealth of Virginia and held in a fiduciary capacity for each member jurisdiction for payment of capital subsidies to the Washington Metropolitan Area Transit Authority ("WMATA"). Proceeds and investment income earned are deferred until such funds are disbursed. During the current fiscal year, this fund was fully liquidated.

E. Budgeting

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

F. Capital Assets

NVTC's capital assets are accounted for at cost in accordance with the Commission's capitalization policy and depreciated using the straight-line method over the following estimated useful lives:

Computer hardware and software	3 years
Office equipment	5 - 10 years
Office furniture	7 - 10 years

G. Deferred Revenue

Grant revenue that has been received, but not yet earned, is recorded as deferred in the governmental and fiduciary funds. At the end of the current fiscal year, deferred revenue consists of reimbursable grant revenues received in advance of the related expenditures, as shown below:

	Governmental <u>Activities</u>	Fiduciary <u>Funds</u>	<u>Total</u>
Fiscal Year 2005 project grant funds	\$ 82,795	\$ -	\$ 82,795
VTA 2000 Metrorail Rolling Stock funds	-	2,044,656	2,044,656
	<u>\$ 82,795</u>	<u>\$ 2,044,656</u>	<u>\$ 2,127,451</u>

H. Indirect Expenditure Allocation

Charges for recovering indirect costs incurred in support of the Virginia Railway Express (VRE), such as allocations of employees' benefits and certain items of overhead are based on direct labor charges. No indirect costs are otherwise charged to NVTC projects.

I. Estimates

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

J. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are funds that are restricted for use by NVTC for the Falls Church Bus project and the SmarTrip project. The Falls Church Bus funds represent amounts contributed by the City of Falls Church and proceeds received from a performance bond with the understanding that they are to be used only for the payment of capital and operating needs of this project. The SmarTrip

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

J. Restricted Cash and Cash Equivalents, continued

funds have been contributed by a member jurisdiction to be used only for the costs resulting from a contract change order with the project vendor.

K. Compensated Absences

Vacation leave is granted to all employees and is earned based upon the length of employment. Employees with up to 10 years of service may carryover a maximum of 240 hours of accumulated leave while employees with 11 or more years of service may carryover a maximum of 320 hours of leave. The Executive Director may carryover a maximum of 360 hours of leave. The allowed accumulated leave earned, yet not paid has been recorded as a liability since the leave vests and an obligation to make payment exists if an employee terminates.

Sick leave may also be accumulated by employees. After five years of service NVTC employees are eligible to receive 25 percent of their accumulated sick leave, limited to \$5,000, upon separation. This amount has been recorded as a liability.

2. DEPOSITS AND INVESTMENTS

At June 30, 2004 cash and cash equivalents consisted of the following, at cost which approximates fair value:

	Governmental <u>Activities</u>	Fiduciary <u>Funds</u>	<u>Total</u>
Cash and overnight investments	\$ 162,477	\$ -	\$ 162,477
Local Government Investment Pool	<u>13,608</u>	<u>-</u>	<u>13,608</u>
	<u>176,085</u>	<u>-</u>	<u>176,085</u>
Restricted:			
Local Government Investment Pool	<u>292,420</u>	<u>65,222,309</u>	<u>65,514,729</u>
Total	<u>\$ 468,505</u>	<u>\$ 65,222,309</u>	<u>\$ 65,690,814</u>

Deposits: All cash of NVTC is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia* or covered by federal depository insurance.

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

2. DEPOSITS AND INVESTMENTS (continued)

The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The fair value of the position of the LGIP is the same as the value of the pool shares, i.e., the LGIP maintains a stable net asset value of \$1 per share.

Investments are categorized to give an indication of the level of risk assumed by NVTC at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by NVTC or its safekeeping agent in NVTC's name. Category 2 includes uninsured or unregistered investments for which the securities are held by the counterparty's trust department or safekeeping agent in NVTC's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or safekeeping agent but not in NVTC's name. NVTC does not hold any investments that are subject to categorization.

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004 was as follows:

	Beginning			Ending
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Governmental activities:				
Capital assets, being depreciated:				
Office equipment and furniture	\$ 124,433	\$ 7,955	\$ -	\$ 132,388
Less accumulated depreciation for:				
Office equipment and furniture	(88,484)	(14,244)	-	(102,728)
Governmental activities capital assets, net	<u>\$ 35,949</u>	<u>\$ (6,289)</u>	<u>\$ -</u>	<u>\$ 29,660</u>

Depreciation expense was charged to the Governmental activities, planning and administrative \$ 14,244

4. JOINT VENTURE - VIRGINIA RAILWAY EXPRESS

Pursuant to a Master Agreement signed in 1989, NVTC and the Potomac and Rappahannock Transportation Commission ("PRTC") jointly (as the "Commissions") own and operate the Virginia Railway Express ("VRE"). VRE provides commuter rail service on two railroad lines originating in Fredericksburg and Manassas, Virginia and terminating at Union Station, Washington, D.C. The service uses existing track of the CSX Transportation Corporation ("CSX"), and the Norfolk Southern Railway Company, under respective operating access agreements. Trains are operated and maintained pursuant to a Purchase of Services Agreement between Amtrak and the Commissions.

VRE is managed by the Commissions. Certain functions have been delegated to the VRE Operations Board, consisting of three commissioners appointed from each of NVTC and PRTC and one representative of the Commonwealth of Virginia's Department of Rail and Public Transportation. The system is not currently configured for fare revenues alone to produce positive net income. In addition to fares, the project is financed with proceeds from the Commuter Rail Revenue Bond issues, Federal and Commonwealth of Virginia grants, and local jurisdictional contributions based on a population/ridership formula that is supplemented by voluntary donations from contributing jurisdictions. Participating jurisdictions include the counties of Fairfax, Prince William, and Stafford; and the cities of Manassas, Manassas Park, and Fredericksburg, Virginia. Contributing jurisdictions include Arlington County and the City of Alexandria, Virginia.

Commuter Rail Revenue Bonds have been issued in the name of NVTC for the VRE project. This debt and the capital assets acquired with the debt are not recognized on the financial statements of NVTC, but rather on those of VRE. Following is a schedule of the bonds outstanding as of June 30, 2004 as reported by VRE:

\$37,625,000 Commuter Rail Revenue Refunding Bonds, series 1993; due in annual maturities of \$3,765,000 to \$5,065,000 through July 2010, plus semi-annual interest at 4.9% to 5.25%	\$ 30,660,000
\$23,000,000 Commuter Rail Revenue Bonds, series 1997; due in annual maturities of \$910,000 to \$2,115,000 through July 2017, plus semi-annual interest at 4.7% to 6.0%	18,555,000
\$31,700,000 Commuter Rail Revenue Refunding Bonds, series 1998; due in annual maturities of \$100,000 to \$6,555,000 through July 1, 2014, plus semi-annual interest at 4.3% to 5.375%	25,100,000
	<u>74,315,000</u>
Less unamortized:	
Deferred loss	(2,120,953)
Discount	(185,435)
(Premiums)	617,847
Total bonded debt	<u>\$ 72,656,459</u>

4. JOINT VENTURE - VIRGINIA RAILWAY EXPRESS (continued)

The 1993, 1997 and 1998 Series Bonds are payable from a pledge of revenues attributable to VRE, including government grants, local jurisdictional contributions and passenger revenue. A financial guaranty bond guarantees payments of each bond series. Mandatory debt service requirements consist of the following:

<u>Years Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Required</u>
2005	\$ 4,775,000	\$ 3,790,058	\$ 8,565,058
2006	5,010,000	3,550,539	8,560,539
2007	5,255,000	3,296,729	8,551,729
2008	5,520,000	3,027,016	8,547,016
2009	5,795,000	2,731,522	8,526,522
2010-2014	34,000,000	8,494,685	42,494,685
2015-2018	13,960,000	1,038,681	14,998,681
	<u>\$ 74,315,000</u>	<u>\$ 25,929,230</u>	<u>\$ 100,244,230</u>

Deferred bond costs, consisting of bond issuance costs and insurance premiums are shown net of premium accumulated amortization. These costs are amortized on a straight-line basis over the life of the bonds. Amortization of deferred bond costs, approximating \$56,982, is included in interest expense in 2004 and 2003, respectively.

The Indentures of Trust for the 1997 Commuter Rail Revenue Bonds required VRE to maintain a debt service reserve. During fiscal year 2000 VRE purchased a surety in substitution of the debt service reserve fund, releasing the proceeds from the reserve. The Indentures of Trust for the 1997 issue also require the maintenance of an operating reserve equivalent to one-third (33.3%) of annual budgeted operating expenses. As of June 30, 2004 and 2003, VRE designated \$15,916,621 and \$16,167,674 respectively of its cash, the restricted bond interest and principal funds, inventory and receivables as this operating reserve. The reserves represented 51.56% and 58.23% of budgeted operating expenses, respectively.

Funds are invested by the Trustee pursuant to the Indentures of Trust and are classified as restricted. Funds held by the Trustee as of June 30, 2004 and 2003, are as follows:

	<u>2004</u>	<u>2003</u>
Bond Interest Fund	\$ 1,968,456	\$ 2,065,441
Bond Principal Fund	4,887,991	4,560,419
Total Held by Trustee	<u>\$ 6,856,447</u>	<u>\$ 6,625,860</u>

4. JOINT VENTURE - VIRGINIA RAILWAY EXPRESS (continued)

Capitalized lease:

\$2,717,409 capitalized lease obligation due \$39,347
monthly, interest at 5.73%, maturing in 2009, collateralized
with a fare collection system with a carrying value of \$ 2,018,938
\$2,024,613

Financial information from VRE's fiscal year 2004 audited financial statements is shown below. Complete financial statements for VRE can be obtained from the Director of Finance and Administration of NVTC at 4350 N. Fairfax Drive, Suite 720, Arlington, VA 22203.

4. JOINT VENTURE - VIRGINIA RAILWAY EXPRESS (continued)

VIRGINIA RAILWAY EXPRESS STATEMENT OF NET ASSETS

June 30, 2004

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,448,522
Accounts receivable	5,929,238
Inventory	1,682,415
Prepaid expenses	<u>767,675</u>
Total current assets	<u>9,827,850</u>

Other Assets

Restricted cash and cash equivalents	22,270,530
Deferred bond costs, net	905,487
Capital assets (net of \$45,346,389 accumulated depreciation)	<u>135,342,388</u>
Total other assets	<u>158,518,405</u>
Total assets	<u>\$ 168,346,255</u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued liabilities	\$ 8,498,529
Deferred ticket sales revenue	648,112
Contract retainage	18,469
Current portion of capital lease obligations	365,987
Current portion of long-term debt	<u>4,835,000</u>
Total current liabilities	<u>14,366,097</u>

Non-current Liabilities

Capital lease obligations	1,652,951
Note payable	720,000
Bonds payable	67,851,459
Total non-current liabilities	<u>70,224,410</u>
Total liabilities	<u>84,590,507</u>

Net Assets

Invested in capital assets, net of related debt	59,916,991
Restricted for liability insurance plan	15,290,158
Restricted unspent debt proceeds	6,980,371
Unrestricted assets	<u>1,568,228</u>
Total net assets	<u>83,755,748</u>
Total liabilities and net assets	<u>\$ 168,346,255</u>

4. JOINT VENTURE - VIRGINIA RAILWAY EXPRESS (continued)

**VIRGINIA RAILWAY EXPRESS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
for the year ended June 30, 2004**

Operating revenues	\$ 17,117,885
Operating expenses	<u>37,438,289</u>
Operating loss before depreciation	(20,320,404)
Depreciation	<u>(6,595,698)</u>
Operating loss	<u>(26,916,102)</u>
Non operating revenues (expenses):	
Subsidies:	
Commonwealth of Virginia grants	7,453,276
Federal grants	6,226,445
Jurisdictional operating contributions	6,352,890
Capital grants and assistance:	
Commonwealth of Virginia grants	4,238,109
Federal grants	6,689,765
In-kind and other local contributions	3,143,319
Interest income:	
Operating funds	44,390
Insurance trust	837,583
Interest, amortization and other non operating expenses, net	<u>(4,323,776)</u>
Total non operating revenues, net	<u>30,662,001</u>
Change in net assets	3,745,899
Total net assets, beginning	<u>80,009,849</u>
Total net assets, ending	<u>\$ 83,755,748</u>

Under an agreement entered into between NVTC and VRE during the current fiscal year, project charge backs to VRE for staff support equals \$90,000 for the fiscal year, and amounts due from VRE equaled \$7,870 as of June 30, 2004.

5. PENSION PLAN

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

The plan is funded in amounts determined by an actuarial consultant. Employer contributions for the year ended June 30, 2004 totaled \$51,572 (12.2% of covered payroll). Required employee contributions for the year ended June 30, 2004 totaled \$9,893 (2.3% of covered payroll). Since 1994, participants have been required to contribute 2.0% of covered salary, not to exceed 50% of the aggregate gross annual contribution for benefits. NVTC contributes the balance of the cost of the Plan. NVTC's payroll for employees covered by the plan for the year ended June 30, 2004 was approximately \$423,000.

6. METRO CAPITAL IMPROVEMENT PROGRAM

The Virginia Commonwealth Transportation Board has issued five series of Revenue Bonds to finance transportation projects in Northern Virginia. Under the Metro Capital Improvement Program (MCIP), NVTC receives on behalf of the member jurisdictions the portion of bond proceeds which are designated for payment of capital costs incurred by WMATA. Since 1993 MCIP bond proceeds have financed over \$115 million of WMATA capital costs.

<u>Series</u>	<u>Principal</u>	<u>Investment Income</u>	<u>Expenditures Incurred</u>	<u>Unexpended</u>
1993	\$ 45,593,165	\$ 2,131,621	\$ 47,724,786	\$ -
1995	19,678,161	700,054	20,378,215	-
1996	20,328,674	510,161	20,838,835	-
1999A	13,300,000	418,920	13,718,920	-
2001A	16,000,000	378,266	16,378,266	-
Totals	<u>\$ 114,900,000</u>	<u>\$ 4,139,022</u>	<u>\$ 119,039,022</u>	<u>\$ -</u>

NVTC held these funds in trust for the local jurisdictions, which directed their disbursement. During the current fiscal year, the balance of the fund was fully expended.

7. OPERATING LEASES

NVTC leases office space under a 10-year agreement which expires December 31, 2010. Office rent under this lease totaled \$142,976 for the year ended June 30, 2004. The lease provides for an adjustment to the base rental for increases in basic costs. Escalation is limited to five percent per year in basic costs of building operation, maintenance and management and the actual increases in real estate taxes and electricity.

NVTC leases office equipment under a 60-month agreement which expires December 31, 2005. Monthly payments are fixed at \$993 per month. Payments under this lease totaled \$11,916 for the year ended June 30, 2004.

Future minimum lease payments required as of June 30, 2004 for the two operating leases are as follows:

Year Ended June 30,	
2005	\$ 154,668
2006	152,991
2007	151,444
2008	155,987
2009	160,667
2010 - 2011	<u>249,452</u>
Total	<u>\$1,025,209</u>

8. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

During fiscal year 2002 NVTC exercised an option included in a contract entered into by WMATA for equipment and services for the SmarTrip program. The option enabled NVTC to contract directly with the vendor on behalf of several transit systems for the Northern Virginia portion of the program, pursuant to the terms and conditions of the WMATA contract and additional terms and conditions negotiated with the vendor by NVTC. The maximum commitment outstanding under the terms of the agreement is \$3,429,751 as of June 30, 2004.

NVTC entered into a contract during fiscal year 2002 with a consulting firm to provide support service for the SmarTrip program. The maximum commitment outstanding under this agreement is \$173,823 as of June 30, 2004.

A combination of Federal and Commonwealth of Virginia Grants and local funds is available to finance substantially all of the NVTC contracted development of the SmarTrip program. During fiscal year 2004 the FTA terminated a grant agreement providing a portion of the funds for the support services contract. Because this contract contains a sufficiency of funding clause, NVTC is not liable for the amount of the contract in excess of available funding.

All expenditures relating to this program are expensed by NVTC, as the equipment becomes the property of the transit systems upon completion of the contract.

8. SIGNIFICANT COMMITMENTS AND CONTINGENCIES, continued

The Commissions have outstanding commitments on behalf of the VRE for construction of facilities and equipment. A combination of Federal and Commonwealth of Virginia grants will be used to finance these capital projects. The following is a summary of the more significant contractual commitments relating to VRE as of June 30, 2004:

Station and parking lots	\$ 1,534,082
Maintenance and layover yards	988,887
Track and signal improvements	497,906
Other administrative	1,213,391
	<u>4,234,266</u>

In August 2003 VRE entered into a banking services agreement with SunTrust bank. The agreement provides for up to \$1 million guidance line of credit maturing August 2004, including interest payable monthly on any outstanding balance at a rate of 30 day LIBOR plus 1%. The credit line is in the name of NVTC for the benefit of VRE.

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

9. Pending GASB Statements

At June 30, 2004 the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by NVTC. The statements which might impact NVTC are as follows:

GASB Statement 40, *Deposit and Investment Risk Disclosures*, an amendment of GASB Statement No. 3, requires certain disclosures of investments that are highly sensitive to interest rate risk and modifies custodial credit risk disclosures of Statement No. 3. The provisions of Statement No. 40 will be effective for periods beginning after June 15, 2004.

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* requires evaluation and reporting the effects of capital asset impairments and insurance recoveries when they occur. The provisions of Statement No. 42 will be effective for fiscal years beginning after December 15, 2004.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2004

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NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS BY JURISDICTION
JURISDICTION TRUST FUND
For the year ended June 30, 2004

	City of Alexandria	Arlington County	City of Fairfax	Fairfax County	City of Falls Church	Loudoun County	Totals
Additions:							
Contributions from primary government:							
Virginia General Assembly	\$ 10,318,352	\$ 16,330,443	\$ 1,151,824	\$ 32,273,724	\$ 493,872	\$ -	\$ 60,568,215
Motor Vehicle Fuels Sales Tax	1,892,125	2,262,084	790,095	12,946,483	864,356	4,416,429	23,171,572
Investment Income	18,823	94,317	33,136	186,322	12,602	168,231	513,431
Reciprocal exchange of MCIP funds	-	2	-	(2)	-	-	-
Total Additions	12,229,300	18,686,846	1,975,055	45,406,527	1,370,830	4,584,660	84,253,218
Deductions:							
Funds disbursed to WMATA:							
Metro rail capital	-	234,000	79,275	1,741,960	70,511	-	2,125,746
Metro bus capital	-	30,599	-	1,558,215	72,718	-	1,661,532
Metro rail operating	4,001,185	12,401,285	419,138	13,553,390	353,905	-	30,728,903
Metro bus operating	8,362,021	2,609,474	440,931	20,373,829	590,568	-	32,376,823
Metro debt service	1,418,200	2,740,200	46,700	3,168,900	38,500	-	7,412,500
Other funds disbursed:							
Other capital disbursements	-	-	301,218	2,080,000	-	-	2,381,218
Other operating disbursements	-	136,180	501,405	-	-	13,497	651,082
Total deductions	13,781,406	18,151,738	1,788,667	42,476,294	1,126,202	13,497	77,337,804
Change in net assets	(1,552,106)	535,108	186,388	2,930,233	244,628	4,571,163	6,915,414
Net assets held in trust for member jurisdictions							
Beginning of year	5,534,533	11,935,371	3,351,522	26,929,430	1,601,634	14,113,413	63,465,903
End of year	\$ 3,982,427	\$ 12,470,479	\$ 3,537,910	\$ 29,859,663	\$ 1,846,262	\$ 18,684,576	\$ 70,381,317

NORTHERN VIRGINIA TRANSPORTATION COMMISSION TRUST FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN DEFERRED METRO CAPITAL IMPROVEMENT
PROGRAM (MCIP) FUNDS BY JURISDICTION
MCIP ESCROW FUND

2001A Series

For the year ended June 30, 2004

	City of Alexandria	Arlington County	City of Fairfax	Fairfax County	City of Falls Church	Totals
Deferred MCIP proceeds, beginning of year	\$ 585,806	\$ 283,031	\$ 35,259	\$ 2,579,239	\$ -	\$ 3,483,335
Additions:						
Interest	-	2	-	12	-	14
Deductions:						
Metrorail capital	251,897	283,031	35,259	1,149,515	-	1,719,702
Metrobuss capital	333,909	-	-	1,429,738	-	1,763,647
Total deductions	585,806	283,031	35,259	2,579,253	-	3,483,349
Reciprocal exchange of Trust funds	-	(2)	-	2	-	-
Deferred MCIP proceeds, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF GENERAL, ADMINISTRATIVE AND PROJECT EXPENDITURES
GENERAL FUND
For the year ended June 30, 2004**

	<u>Total</u>	<u>General and Administrative</u>	<u>Projects</u>
Expenditures:			
Advertising	\$ 1,816	\$ 106	\$ 1,710
Capital purchases	7,955	7,955	-
Commissioners' per diem	12,800	12,800	-
Computer expense	5,781	5,181	600
Conference registration and training	1,868	1,868	-
Copier duplicating	12,616	12,616	-
Disability insurance	2,738	2,207	531
Employee group insurance	56,526	45,570	10,956
Employee retirement	53,997	43,531	10,466
Employer payroll taxes	38,657	31,165	7,492
Leave - annual, holiday, and sick	87,007	70,144	16,863
Legal and auditing	15,345	15,345	-
Memberships and subscriptions	1,401	1,401	-
Miscellaneous	9,823	9,823	-
Office supplies	2,908	2,908	-
Office rent	143,354	143,354	-
Other insurance	1,379	1,379	-
Parking	9,332	9,143	189
Postage and shipping	4,285	4,163	122
Project consultants & other project costs incurred	1,619,858	-	1,619,858
Public information	12,003	1,518	10,485
Public liability bonds	1,983	1,983	-
Salaries and wages	454,615	365,639	88,976
Telephone	4,915	4,806	109
Travel	12,865	12,444	421
	<u>\$ 2,575,827</u>	<u>\$ 807,049</u>	<u>\$ 1,768,778</u>

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

For the year ended June 30, 2004

	NOVA Transport. Update	Bus Shelter	ITS	Marketing	Falls Church Bus	Bus Data Collection	SmarTrip	Code Red	Totals
Revenues:									
Federal	\$ -	\$ -	-	\$ -	\$ 320,800	\$ -	\$ 471,865	-	\$ 792,665
Commonwealth of Virginia	-	53,289	-	7,600	213,062	102,671	296,720	54,200	727,542
Other revenue	-	-	-	-	8,948	-	67,915	-	76,863
NVTC match	10,499	-	6,108	80,206	40,061	2,048	21,296	11,490	171,708
Total revenue	10,499	53,289	6,108	87,806	582,871	104,719	857,796	65,690	1,768,778
Expenditures:									
Bus Purchase	-	-	-	-	25	-	-	-	25
Salaries and wages	6,360	-	4,102	51,645	4,293	1,332	13,917	7,327	88,976
Fringe benefits	3,273	-	1,998	27,016	2,328	716	7,093	3,884	46,308
Advertising	791	-	-	-	919	-	-	-	1,710
Computer	-	-	-	600	-	-	-	-	600
Consultants	-	-	-	-	-	102,671	21,837	51,866	176,374
Dues and memberships	-	-	-	-	-	-	-	-	-
Postage	-	-	-	-	-	-	-	122	122
Telephone	-	-	8	62	16	-	13	10	109
Travel	26	-	-	333	-	-	42	20	421
Parking	49	-	-	-	-	-	14	126	189
Public Information	-	-	-	8,150	-	-	-	2,335	10,485
Costs incurred	-	53,289	-	-	575,290	-	814,880	-	1,443,459
Total expenditures	10,499	53,289	6,108	87,806	582,871	104,719	857,796	65,690	1,768,778

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

Project Costs to Date - Active Projects

	NOVA Transport. Update	Bus Shelter	ITS	Marketing	Falls Church Bus	Bus Data Collection	SmarTrip	Code Red	Totals
Revenues:									
Federal	\$ -	\$ -	\$ -	\$ -	\$ 1,594,552	\$ 113,067	\$ 1,088,290	\$ -	\$ 2,795,909
Commonwealth of Virginia	-	165,803	100,000	217,001	504,150	257,409	773,346	1,528,655	3,546,364
Local	-	-	-	-	80,000	50,000	-	-	130,000
Other revenue	10,499	-	-	-	156,348	-	67,915	-	234,762
NVTC match	-	-	15,454	194,614	17,582	39,148	102,821	25,561	395,180
Total revenue	10,499	165,803	115,454	411,615	2,352,632	459,624	2,032,372	1,554,216	7,102,215
Expenditures:									
Bus Purchase	-	-	-	-	1,240,978	-	-	-	1,240,978
Capital Outlays	-	-	-	17,556	-	-	-	-	17,556
Salaries and wages	6,360	-	10,292	202,496	81,773	36,548	68,814	16,090	422,373
Fringe benefits	3,273	-	4,939	91,133	35,059	15,524	30,843	7,794	188,565
Advertising	791	-	144	354	10,557	852	377	652	13,727
Computer	-	-	-	4,364	-	-	-	-	4,364
Consultants	-	-	100,000	-	955	405,429	110,361	65,495	682,240
Dues and memberships	-	-	-	770	-	-	-	-	770
Legal	-	-	-	-	12,814	-	-	-	12,814
Postage	-	-	40	-	537	843	15	-	1,764
Telephone	-	-	32	248	525	18	96	30	949
Office supplies	-	-	-	187	-	-	-	-	187
Travel	26	-	-	2,886	7,516	350	1,298	20	12,096
Parking	49	-	7	196	604	60	277	196	1,389
Public information	-	-	-	91,425	-	-	-	3,161	94,586
Costs incurred	-	165,803	-	-	961,314	-	1,820,291	1,460,449	4,407,857
Total expenditures	\$ 10,499	\$ 165,803	\$ 115,454	\$ 411,615	\$ 2,352,632	\$ 459,624	\$ 2,032,372	\$ 1,554,216	\$ 7,102,215

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS
 For the year ended June 30, 2004

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2003</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2004</u>	<u>Cumulative Expenditures</u>
Northern Virginia Transportation Commission:									
Capital:									
Fiscal Year 2004	07/01/03	73004-14	\$ 11,582,798	\$ -	\$ 9,787,847	\$ 9,787,847	\$ 9,787,847	\$ -	\$ 9,787,847
Fiscal Year 2004	07/01/03	73004-15	3,250,648	-	833,778	833,778	833,778	-	833,778
Fiscal Year 2004	07/01/03	73004-16	17,600	-	-	-	-	-	-
Fiscal Year 2004	07/01/03	73004-17	20,000	-	-	-	-	-	-
Fiscal Year 2004	07/01/03	73004-18	620,000	-	-	-	-	-	-
Fiscal Year 2004	07/01/03	73004-19	200,000	-	-	-	-	-	-
Fiscal Year 2003	07/01/02	73003-07	4,116,243	-	33,000	33,000	33,000	-	4,116,243
Fiscal Year 2003	07/01/02	73003-08	6,122,054	-	26,900	26,900	26,900	-	1,120,864
Fiscal Year 2003	07/01/02	73003-09	6,000	5,880	5,880	-	-	-	5,880
Fiscal Year 2003	07/01/02	73003-10	200,000	-	-	-	-	-	-
Fiscal Year 2003	07/01/02	73003-11	263,500	-	-	-	-	-	-
Fiscal Year 2003	07/01/02	73003-12	30,000	-	-	-	-	-	-
Fiscal Year 2003	07/01/02	73003-19	3,216,095	-	1,074,623	1,074,623	1,074,623	-	3,216,095
Fiscal Year 2002	07/01/01	73002-07	3,737,008	-	157,271	157,271	157,271	-	3,737,008
Fiscal Year 2002	07/01/01	73002-10	28,000	-	-	-	-	-	-
Fiscal Year 2002	07/01/01	73002-23	40,000	-	-	-	-	-	-
Fiscal Year 2002	07/01/01	73002-24	102,400	-	-	-	-	-	8,194
Fiscal Year 2001	07/01/00	100-73001-23-2	2,855,915	76,182	76,182	-	-	-	2,839,915
Fiscal Year 2001	07/01/00	477-73001-27-1	18,167,740	330	330	330	330	-	18,167,740
Fiscal Year 2000	07/01/99	477-73000-5-2	14,111,239	43,860	43,860	-	-	-	14,105,471
Fiscal Year 1999	07/01/98	477-73099-4-2	16,164,076	8,314	8,314	-	-	-	15,766,149
Fiscal Year 1998	07/01/97	477-73098-3-2	17,066,834	4,684	4,684	-	-	-	16,990,756
Fiscal Year 1997	07/01/96	477-73097-2-2	15,903,391	48,959	48,959	-	-	-	15,889,623
FTM/Admin (Operating):									
Fiscal Year 2004	07/01/03	72004-18	49,411,940	-	46,941,334	49,411,940	49,411,940	2,470,606	49,411,940
Fiscal Year 2003	07/01/02	72003-19	44,945,217	2,247,265	2,247,265	-	-	-	44,945,217
VTA 2000:									
Fiscal Year 2004	07/01/03	87001-02	27,000,000	-	2,044,656	-	-	(2,044,656)	-
WMATA Rolling Stock Demonstration \ Experimental:									
Fiscal Year 2004	07/01/03	71004-40	48,545	-	-	-	-	-	-
SmartTrip POS Devices									
Fiscal Year 2003	07/01/02	71003-35	100,000	18,228	18,228	-	-	-	100,000
ITS Consulting									
Fiscal Year 2002	01/01/02	71002-47	47,500	1,549	5,696	4,147	4,147	-	20,968
SmartTrip Support Svcs									
Fiscal Year 2001	07/01/00	477-71001-37-7	152,000	21,195	22,335	7,600	7,600	6,460	152,000
Marketing	04/30/02	100-73501-51-1	4,074,712	-	292,571	292,571	292,571	-	752,376
SmartTrip Expansion									
Fiscal Year 2000	07/01/99	477-71000-52-1	21,850	-	5,166	5,166	5,166	-	21,850
Promotion & Operation:									
TEIF - Other:									
Fiscal Year 1999	07/01/98	477-71699-56-1	310,900	48,640	153,318	21,893	21,893	(82,795)	70,523
Electric Bus									
Fiscal Year 1998	07/01/97	477-71698-54-1	345,000	8,300	199,479	191,179	191,179	-	345,000
Urban Scholarship:									
Transit Contingency	11/24/03	N/A	1,140	-	329	329	329	-	329
Metro Capital Improvement Program:									
Series 2001A **	10/10/01	N/A	16,000,000	(3,483,335)	14	3,483,349	3,483,349	-	16,378,266
Subtotal - NVTIC			\$ 260,280,545	\$ (950,279)	\$ 64,032,019	\$ 65,331,913	\$ 65,331,913	\$ 349,615	\$ 218,784,032

** Grant Award does not include subsequent interest earnings on funds.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS, Continued
For the year ended June 30, 2004

Grant	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 06/30/03	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 06/30/04	Cumulative Expenditures
Virginia Railway Express									
Capital:									
Fiscal Year 2004	07/01/03	73004-20	\$ 4,825,414	\$ -	\$ 2,360,953	\$ 2,607,954	\$ 2,607,954	\$ 247,001	\$ 2,807,954
Fiscal Year 2003	07/01/02	73003-13	5,192,803	723,666	1,593,822	921,112	921,112	50,956	4,013,721
Fiscal Year 2002	07/01/01	73002-12	462,070	89,316	70,333	(18,983)	(18,983)	-	118,866
Fiscal Year 2001	07/01/00	477-73001-22-1	5,397,972	90,417	43,225	17,562	17,562	64,754	4,948,597
Fiscal Year 2000	07/01/99	477-73000-2-1	3,543,537	31,493	31,493	-	-	-	3,543,537
Fiscal Year 1999	07/01/98	477-73099-1-2	3,773,645	2,749	10,552	8,365	8,365	562	3,735,969
FTM/Admin (Operating):									
Fiscal Year 2003	7/1/2003	72004-19	5,830,562	-	5,539,028	5,830,562	5,830,562	291,534	5,830,562
Fiscal Year 2004	7/1/2002	73003-20	5,002,085	437,085	437,085	-	-	-	5,002,085
Priority Transportation Fund Projects:									
Fiscal Year 2001									
Capital Service Express	07/01/00	473-73001-50-1	10,000,000	813,044	2,196,501	1,757,131	1,757,131	373,674	7,142,662
VTA Transit Initiatives	07/01/00	100-73001-32-1	590,000	-	37,966	37,966	37,966	-	417,087
Quantico Creek Bridge	07/01/00	473-83001-1-3	240,000	-	126,665	126,665	126,665	-	180,829
Project Management	07/01/00	473-83001-1-3	240,000	-	126,665	126,665	126,665	-	180,829
Washington-Richmond	07/01/00	473-80001-1-3	210,000	-	-	-	-	-	45,093
High Priority Projects	07/01/00	473-80001-1-3	210,000	-	-	-	-	-	45,093
Other Special Projects:									
Fiscal Year 2003									
Woodbridge Station Platform	07/01/02	77503-01	250,000	-	40,347	40,347	40,347	-	40,347
Governor's Congestion Relief Prog.:	07/01/03	44504-15	950,000	-	-	-	-	-	-
Fiscal Year 2004 (various projects	07/01/03	44504-15	950,000	-	-	-	-	-	-
CTB High-Speed Rail Capital:	07/01/03	44504-15	950,000	-	-	-	-	-	-
Fiscal Year 2000									
Quantico Creek Bridge	04/01/00	478-73000-8-1	250,000	141,652	194,855	53,203	53,203	-	221,575
L'Entant Plaza	04/01/00	478-73000-3-1	300,000	-	-	-	-	-	292,816
Fiscal Year 2001	08/01/00	478-73000-26-1	600,000	-	-	-	-	-	523,379
AF Interlocking - Norfolk So.	08/01/00	478-73000-26-1	600,000	-	-	-	-	-	523,379
Washington-Richmond	08/01/00	478-73000-25-3	30,000	-	-	-	-	-	29,919
Corridor Assessment	08/01/00	478-73000-25-3	30,000	-	-	-	-	-	29,919
Fiscal Year 2003	7/1/2002	80001-09	24,824	-	-	-	-	-	-
L'Entant Plaza Area Study	7/1/2002	80001-09	24,824	-	-	-	-	-	-
Springfield Congestion Mitigation:	7/1/2002	80001-09	24,824	-	-	-	-	-	-
Fiscal Year 2000	07/16/99	477-77500-4-5	150,000	-	-	-	-	-	109,167
Leeland Lot Expansion	07/16/99	477-77500-4-5	150,000	-	-	-	-	-	109,167
Fredericksburg Lot	07/16/99	477-77500-5-5	150,000	-	-	-	-	-	113,077
Regional STP Fiscal Year 2003:	04/23/04	EN02-29-139	160,000	-	-	-	-	-	-
Burke Center Station Canopy	04/23/04	EN02-29-139	160,000	-	-	-	-	-	-
VTA 2000:									
Fiscal Year 2003	07/01/02	83001-04	4,137,000	-	-	-	-	-	-
Quantico Creek Bridge	07/01/02	83001-04	4,137,000	-	-	-	-	-	-
Technical Assistance:									
Fiscal Year 2003	7/1/2002	71003-42	100,000	-	-	-	-	-	-
I-66 Commuter Rail Study	7/1/2002	71003-42	100,000	-	-	-	-	-	-
Subtotal - VRE									
				2,329,422	12,682,825	11,381,884	11,381,884	1,028,481	38,917,242
Total State Assistance				\$ 312,450,457	\$ 76,714,844	\$ 76,713,797	\$ 76,713,797	\$ 1,378,096	\$ 257,701,274

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the year ended June 30, 2004

Federal CFDA Number	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/03	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/04	Cumulative Expenditures
<u>Northern Virginia Transportation Commission</u>								
Federal Transit Administration								
20.507	VA-90-0162	\$ 1,000,000	\$ -	\$ 454,394	\$ 454,394	\$ 454,394	\$ -	\$ 1,000,000
20.507	VA-26-7009	200,000	6,523	23,994	17,471	17,471	-	88,290
20.507	VA-03-0062	1,037,879	-	-	-	-	-	1,030,552
20.507	VA-90-0188	564,000	243,200	564,000	320,800	320,800	-	564,000
		<u>2,801,879</u>	<u>249,723</u>	<u>1,042,388</u>	<u>792,665</u>	<u>792,665</u>	<u>-</u>	<u>2,682,842</u>
Virginia Department of Rail and Public Transportation								
20.205	401-47099-1-1	1,825,000	151,273	204,624	54,200	54,200	849	1,528,654
20.205	47000-02	360,000	86,151	119,898	53,289	53,289	19,542	165,803
		<u>2,185,000</u>	<u>237,424</u>	<u>324,522</u>	<u>107,489</u>	<u>107,489</u>	<u>20,391</u>	<u>1,694,457</u>
		<u>4,986,879</u>	<u>487,147</u>	<u>1,366,910</u>	<u>900,154</u>	<u>900,154</u>	<u>20,391</u>	<u>4,377,299</u>
<u>Virginia Railway Express</u>								
Virginia Department of Rail and Public Transportation								
20.205	77501-02	447,500	134,709	161,648	151,139	151,139	124,200	447,500
20.505	401-41094-51-1	50,000	-	-	-	-	-	48,420
		<u>497,500</u>	<u>134,709</u>	<u>161,648</u>	<u>151,139</u>	<u>151,139</u>	<u>124,200</u>	<u>495,920</u>
		<u>\$ 5,484,379</u>	<u>\$ 621,856</u>	<u>\$ 1,528,558</u>	<u>\$ 1,051,293</u>	<u>\$ 1,051,293</u>	<u>\$ 144,591</u>	<u>\$ 4,873,219</u>

* Grant agreement terminated by the FTA effective June 7, 2004.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

COMPLIANCE SECTION

YEAR ENDED JUNE 30, 2004

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**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2004**

Federal Grantor/State Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
FEDERAL TRANSIT ADMINISTRATION		
<u>Direct payments:</u>		
<u>Federal Transit Administration</u>		
NVTC - SmarTrip Program	20.507	\$ 471,865
NVTC - Hybrid Electric Buses	20.507	320,800
		<u>792,665</u>
<u>Pass-through payments:</u>		
<u>Virginia Department of Rail and Public Transportation</u>		
NVTC - Code Red Program	20.205	54,200
NVTC - Bus Shelter Project	20.205	53,289
VRE - Springfield Interchange	20.205	151,139
		<u>258,628</u>
 Total Federal Awards Expended		 <u>\$ 1,051,293</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Note 1. Basis of Presentation

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

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

To the Commissioners
Northern Virginia Transportation Commission

We have audited the financial statements of Northern Virginia Transportation Commission, as of and for the year ended June 30, 2004, and have issued our report thereon dated August 26, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Northern Virginia Transportation Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

PBGH, LLP

Harrisonburg, Virginia
August 26, 2004

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Commissioners
Northern Virginia Transportation Commission

Compliance

We have audited the compliance of Northern Virginia Transportation Commission with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2004. Northern Virginia Transportation Commission's major Federal programs are identified in the Summary of Independent Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of Northern Virginia Transportation Commission's management. Our responsibility is to express an opinion on Northern Virginia Transportation Commission's compliance based on our audit.

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

In our opinion, Northern Virginia Transportation Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of Northern Virginia Transportation Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered Northern Virginia Transportation Commission's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

PBGM, LLP

Harrisonburg, Virginia
August 26, 2004

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2004

I. SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified: Yes No
 Reportable conditions identified that are
 not considered to be material weaknesses Yes None Reported
 Noncompliance material to financial statements noted Yes No

Federal awards:

Internal control over major programs:

Material weaknesses identified: Yes No
 Reportable conditions identified that are
 not considered to be material weaknesses Yes None Reported

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

Any audit findings disclosed that are required
 to be reported in accordance with section
 501(a) of Circular A-133? Yes No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.507	Urban Area Formula Grant

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

Auditee qualified as low-risk auditee? Yes No

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2004**

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

A. Reportable Conditions in Internal Control

None Reported

B. Compliance Findings

None

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2004**

The prior year single audit disclosed no findings in the Schedule of Findings and questioned Costs and no uncorrected or unresolved findings exist from prior audit's Summary Schedule of Prior Audit Findings.

MEMORANDUM

TO: Chairman Euille and NVTC Commissioners
FROM: Rick Taube
DATE: November 24, 2004
SUBJECT: NVTC and VRE State and Federal Legislative Agendas for 2005

NVTC's legislative committee will meet on November 30th to develop its recommended NVTC 2005 state and federal legislative agenda. A copy of their recommendations will be provided electronically to you prior to the commission's December 2nd meeting.

At the December 2nd commission meeting, VRE's legislative agenda recommended by the VRE Operations Board and reviewed by NVTC's legislative committee will be presented for approval along with NVTC's agenda. A copy of the VRE agenda is attached, together with the approved Virginia Transit Association agenda.



Virginia Railway Express Operations Board

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Web Site: <http://www.vre.org> • E-Mail: gotrains@vre.org

AGENDA ITEM 8-A ACTION ITEM

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: NOVEMBER 19, 2004

RE: APPROVAL OF VRE'S 2005 LEGISLATIVE AGENDA

RECOMMENDATION:

The VRE Operations Board is being asked to seek approval from the Commissions to authorize the Chief Executive Officer to pursue a legislative agenda that promotes the needs of the VRE on the state and federal levels for 2005.

BACKGROUND:

In 2001, VRE began regularly seeking discretionary federal funding for capital projects that address critical needs within the VRE system. These funds supplement standard federal formula funding we receive from the Federal Transit Administration.

On the State level, VRE, in concert with the Department of Rail and Public Transportation, has taken a more active role in advocating its needs with the Governor, the General Assembly, the Secretary of Transportation, and the Commissioner of the Commonwealth Transportation Board. Building on past successes, VRE wishes to continue solidifying these important relationships.

Much of the legislative agenda is formulated to compliment the findings of the ratified VRE Strategic Plan, which highlighted several "acute" capital needs for rolling stock, capital infrastructure and security and safety. VRE staff is recommending that VRE's legislative efforts for the upcoming calendar year

- A Transportation Partnership -

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

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

continue to position VRE to take full advantage of any possible funding for the following items:

1. Reauthorization of Transportation Equity Act

Transportation Equity Act for the 21st Century (TEA-21) was to have been reauthorized by Congress this summer; however, differing opinions in each Chamber of Congress and the Administration have led to an impasse this session. Congress has authorized an extension of the previous authorization until May 31, 2005, to ensure that highway and public transportation funding sources remain in place.

The Chief Executive Officer believes that VRE must continue to pursue funding for all elements of our Reauthorization package, which has the support of the Governor and Northern Virginia Congressional delegation, to sustain the basic business needs of the VRE operation. The following list highlights "critical needs" identified by the Strategic Plan. These projects were included in the approved FY 2005 CIP as ratified by the Operations Board and NVTA's 2005 program of priority projects.

- | | |
|----------------------------------|---------------|
| • 47 new high capacity rail cars | \$100 Million |
| • Tier-II Locomotive Acquisition | \$41 Million |
| • Parking Expansion | \$30 Million |
| • Platform Extensions/Additions | \$20 Million |

TOTAL REQUEST: \$191 MILLION

2. Expansion of Federal Participation

VRE continues to work Capitol Hill to explore and expand legislative opportunities. Through the legislative session, VRE staff worked with the Northern Virginia Congressional delegation to secure an earmark in the FY 2005 Transportation Appropriations bill based on identified capital needs for mid-day storage and parking expansion.

During the first session of the 109th Congress, we will turn our attention to seeking a discretionary earmark for mid-day storage and try to favorably position VRE for receipt of Homeland Security, economic stimulus, or transportation security funding measures that arise.

Additionally, VRE staff plans to continue conversations with Delegate Eleanor Holmes Norton regarding possible inclusion in the DC appropriations legislation for economic stimulus via the development of mid-day storage options for VRE.

3. National Capital Region/Homeland Security

VRE is continuing to communicate with the Assistant to the Governor for Commonwealth Preparedness, Department of Homeland Security, the Office of National Capital Coordination and Congress to advance the needs to further fortify and protect the infrastructure of the VRE.

The proposal to fund security cameras at each of the existing stations through earmarks to the states is being followed and coordinated with key Congressional and Executive Branch staff with the Governor on advancing VRE's security and emergency planning needs for the coming year.

Additionally, staff is actively communicating with Homeland Security staff to ensure that VRE's security needs are addressed in additional appropriations that fund rail and transportation precautionary measures.

4. Federal Liability Insurance Caps

VRE staff has been pursuing the issue of amending USC 49 to cap liability insurance for commuter rail operations. This comes as CSX continues to seek a \$500 million per incident liability insurance requirement as an element of a new access agreement. The \$500 million request is double the current liability coverage provided by VRE to CSX. CSX's request has been deemed excessive and unwarranted by the Commonwealth's Department of Risk Management.

In polling the industry, we have come to learn that other new start commuter operations are facing similar insurance demands by their host railroads. The Chief Executive Officer is working with American Public Transportation Association staff to develop a report intended for the Association's adoption and transmittal to Congress to try to legislate a liability exposure limit that would obviate the need for increased (and financially prohibitive) insurance coverage.

5. Virginia Legislative Session

Staff has identified several important issues that are germane to VRE, and that will surface in the General Assembly during the next session:

- o Maintaining federal assistance made available by the state for the rail access fees; and

- Protecting capital improvement monies set aside for the Richmond – Washington rail corridor; and
- Promoting increased allocations of transportation flex funds for transit; and
- Fully funding the state matching ratio for VRE capital projects at 95%; and
- Supporting the Commissions' efforts to seek additional state funding for transit, allied with the Commissions themselves and the Virginia Transit Association (VTA) on behalf of transit systems statewide.

Given the current budgetary and political situation within the Commonwealth, the Chief Executive Officer is recommending that staff continue to advance our positions and needs with the Office of the Governor, the General Assembly, and the Virginia Department of Rail and Public Transportation to keep both branches of the Commonwealth's government informed of VRE's funding requirements necessary to maintain the quality of service that is synonymous to the VRE.

FISCAL IMPACT:

There is no immediate funding requirement necessary for the implementation of the CY 2005 VRE Legislative Program. Based on the success of federal and/or state appropriations, some local match may be required in the future.

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD
FROM: DALE ZEHNER
DATE: NOVEMBER 19, 2004
RE: APPROVAL OF VRE'S 2005 LEGISLATIVE AGENDA

**RESOLUTION
8A-II-2004
OF THE
VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD**

WHEREAS, VRE has emerged as a vital and essential part of the traffic mitigation for the Northern Virginia and Metropolitan region; and,

WHEREAS, VRE ridership growth continues to significantly outpace the national average; and,

WHEREAS, the VRE Strategic Plan has identified certain critical needs for VRE if it is to continue to meet projected ridership growth; and,

WHEREAS, the capital cost associated with these needs can best be met through obtaining additional discretionary federal capital funding; and,

WHEREAS, VRE is strengthened by the support of the Governor and the NOVA Congressional delegation; all efforts will be made to advance full inclusion of the VRE Reauthorization package in the next Transportation Reauthorization bill; and,

WHEREAS, VRE has advocated positions with Congress and the Virginia General Assembly that are supportive to the transportation philosophy of the Northern Virginia region, as adopted by the respective Commissions and transit interests statewide as advocated by the Virginia Transit Association; and,

WHEREAS, given the critical demands now being placed on the entire VRE system, any and all efforts must be taken to find new monies to help local jurisdictions offset capital costs that VRE will incur as a result of increasing ridership; and,

WHEREAS, VRE has been successful in seeking discretionary federal appropriations during the past four legislative budget cycles for capital infrastructure improvements, as well as advancing its needs with the General Assembly; and,

WHEREAS, VRE seeks to promote its legislative positions during the upcoming calendar year on both the state and federal level, in coordination with the local jurisdictional and Commission staffs.

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby recommend that the Commissions authorize the Chief Executive Officer to actively pursue elements of the VRE 2005 Legislative Agenda.

Virginia Transit Association

2005 Legislative Agenda

Board Approved: November 12, 2004

The Immediate and Continuing Need for More State Transit Funding

VTrans 2025, the commonwealth's draft multimodal statewide surface transportation plan, shows total public transit capital needs from 2005-2025 in three scenarios. The middle scenario includes the entire Dulles Rail project and assumes conservatively that transit grows only as fast as vehicle miles traveled so as to maintain its current market share. For this middle scenario, statewide transit capital needs total \$15.8 billion (or \$608 million annually) in year of expenditure dollars. By comparison, the transit projects included in the Commonwealth Transportation Board's six-year program average only about \$200 million annually.

In VTrans 2025, estimates for the middle scenario total transit operating costs are \$12.5 billion for 2005-2025, or \$481 million annually. By comparison the actual total for the most recent fiscal year in CTB's program is \$470 million. Combined totals for capital and operating needs in VTrans 2025 are \$28.3 billion (\$1.1 billion annually).

Considering revenues reasonably expected to be available (largely by extrapolating historical trends) from federal, state and local sources, the unfunded portion of the transit capital needs in the middle scenario is shown in VTrans 2025 to be \$8.6 billion over the period, or \$411 million annually. Operating shortfalls total \$9.6 billion (\$455 million annually). **The combined statewide shortfall reported in VTrans 2025 is a stunning \$18.2 billion, or \$866 million annually.**

Currently the commonwealth provides only about \$114 million annually from 14.7 percent of Transportation Trust Fund (TTF) revenues for transit assistance, plus another \$35.5 million from other state and federal sources. This annual contribution of \$149.5 million is less than 15 percent of the commonwealth's transit needs as shown in VTrans 2025.

The \$114 million in FY 2005 from the Mass Transit Fund of the TTF does not come close to meeting the commonwealth's statutory target of 95 percent of eligible net transit capital and operating costs. **Even for the limited transit projects and operating costs included in the CTB's six-year program, the commonwealth would need another \$51.3 million in FY 2005 alone from the Mass Transit Fund to meet its 95 percent obligation for transit capital projects and another \$81.5 million for operations, totaling \$132.8 million. The fund needs to be more than twice its current size.**

The time is overdue to act to address this funding crisis. Statewide transit ridership since 1986, the last time transportation user fees were increased in Virginia, has grown 64 percent (to 161 million from 98 million passenger trips). Without more state assistance, transit can't continue to serve its existing passengers or expand into

new markets to help our communities meet congestion and clean air challenges, save fuel, provide job access, enhance mobility, and boost economic growth.

Whatever the exact shortfall amounts turn out to be and even if the VTrans 2025 estimates are off by an order of magnitude, the needs are undeniably enormous and immediate.

VTA's Legislative Proposals for Additional Funding for Public Transit

Given the enormous and growing state funding assistance deficit compared to transit's needs, VTA favors legislative proposals that will identify new stable and reliable revenues to fill the gap entirely and permanently. If that is not possible in this session, then bills that at least partially meet the commonwealth's obligations should be pursued. The following proposals are among those that VTA believes should be considered as the Governor and General Assembly enter the 2005 session.

1. Restore sufficient permanent funding to the Transportation Trust Fund (TTF) to meet the commonwealth's statutory 95 percent share of transit operating and capital costs (net of fares and federal assistance). This would require at least \$133 million annually (as of FY 2005) in new funds for the limited transit projects and eligible operating costs included in CTB's six-year program. Further, VTA supports a bill that will provide funds for the commonwealth's specific unfunded priority transit projects over the next several years and that is not restricted to the projects in CTB's current six-year program. This would require an additional \$411 million each year in new transit funds using the VTrans 2025 middle scenario, plus another \$455 million annually if unfunded operating costs are also included.
2. VTA also supports the use of unallocated state budget funds for one-time transit capital and operating initiatives, but emphasizes the critical need for a permanent transit funding solution.
3. If it is not possible for the commonwealth to meet its obligation for a permanent solution immediately, then establish this as a legislative objective with a process and schedule to achieve it (perhaps by creating a Blue Ribbon Panel).
4. Meet remaining VTA 2000 funding obligations for transit projects (e.g. \$9 million for WMATA railcars in FY 2006) and do not reduce any funding sources now used for transit.
5. At least until the commonwealth's 95 percent matching obligation is fulfilled, for new statewide transportation revenue sources not specifically assigned to transit, direct the proceeds into the TTF (of which transit receives a 14.7 percent

share) rather than directing such proceeds to the HMOF or new programs from which transit derives a smaller share.

6. Secure the funds in the TTF by adopting a constitutional amendment to prevent diversion of transportation funds to other uses.
7. At the same time statewide funding shortfalls are being addressed, VTA supports regional efforts to acquire new and increased revenue sources for public transit, including motor fuel user fees. This will allow local governments to maintain their levels of effort as the commonwealth corrects its own deficiencies.
8. In considering the recommendations of the recently convened Blue Ribbon Panel on Metro Funding for appropriate sources of dedicated funding, when the recommendations are released in early December, 2004, seek to apply such recommendations for dedicated funding to other transit systems in the commonwealth, as appropriate.

Additional Policy Positions

1. Moving people efficiently (rather than vehicles) should be the primary objective of the commonwealth's transportation policies and programs.
2. VTA recognizes that land use is a prerogative of Virginia local governments, and supports legislation that encourages state-funded transportation projects to be coordinated with those local governments through effective land use and multimodal transportation planning while providing safe pedestrian and bicycle access for transit users and others.
3. VTA supports legislation that would allow local jurisdictions located in clean air non-attainment areas to permit the transfer of development rights into districts well-served by mass transit.
4. Sufficient state agency funds should be budgeted to expand programs of free and discounted transit passes to all state employees to build on the success in Northern Virginia and take full advantage of federal tax incentives.
5. With increased levels of federal funding available for homeland security, the commonwealth should give transit security a high priority in allocating funds at its disposal.
6. VTA supports a technical correction restoring sales tax exemptions (equivalent to those available for the commonwealth's other transit systems) to four systems in the commonwealth that are not departments of local governments.

7. Recognizing the growing interest in high occupancy toll (HOT) lanes and the use of the Public Private Transportation Act (PPTA) as means to complete transportation projects that otherwise could not be funded, VTA urges (to the extent permitted by federal law) that transit operating and maintenance expenses be a priority use of toll revenues in excess of debt service; that public transit vehicles be exempt from tolls; and that through multimodal planning the new facilities include adequate access for and provision of public transit services.

8. VTA reiterates the need for a permanent transit funding solution, but pledges support for the Governor's Commission on Rail Enhancement for the 21st Century as it develops recommendations regarding future rail service and connections to local and regional transit systems. Recognizing the synergy between public transit and expanded commuter and intercity passenger rail, and with due regard for the lack of funding for existing transit programs, VTA favors an expanded state financial role in support of rail transportation, but urges that it be accomplished from new revenue sources that otherwise would not be available to transit. New rail programs should promote the success of transit systems through effective connections. Access to such new sources of state funding for freight railroads should only be provided if the private railroads provide matching funds and allow access for public passenger rail service on reasonable terms.



Legislative Alert November 22, 2004

Lame Duck Session Ends – Transit Funding Up 5.2 Percent!

Good News! Congress passed the Fiscal Year 2005 Omnibus Appropriations Act (H.R. 4818) on Saturday night by a vote of 60-35 in the Senate and 344-51 in the House. The measure combines nine pending FY 2005 appropriations bills, including the Transportation-Treasury bill. The bill initially provided \$7.708 billion in funding for the federal transit program but funding for all nine appropriations bills was reduced by a .83 percent across-the-board cut. The final total for transit in FY 2005 is thus \$7.644 billion, an increase of \$378 million or 5.2 percent over last year. This increase for transit comes despite the omnibus bill containing the “lowest increase (in overall funding) in a decade,” according to Senate Majority Leader Frist (R-TN). Until the bill is signed by the President, which is expected soon, transit programs will continue to be funded under a short-term Continuing Resolution that expires on December 3.

The Conference Report (House Report 108-792) is now available on the House Rules Committee website at <http://www.house.gov/rules/h4818divh.pdf>. APTA will provide more detailed information on new starts, bus, and JARC earmarks soon. The following figures for the major transit programs are a preliminary analysis of available information:

Program	FY 2004 Appropriation (Millions)	FY 2005 Appropriation (Millions)	Change FY 2004 to FY 2005 (Percent)
Total All Programs	7,265.88	7,644.02	5.2%
Formula Total	3,816.35	3,998.71	4.8%
Capital Investment	3,138.87	3,311.11	5.5%
New Starts	1,315.98	1,437.39	9.2%
Fixed-Guideway Modernization	1,198.39	1,204.32	.4%
Bus and Bus Facilities	623.50	669.40	7.4%
Planning & Research	125.26	126.94	1.3%
Job Access and Reverse Commute	104.38	123.96	18.8%
University Centers	5.96	5.95	-.001%
FTA Operations	75.05	77.35	3.1%

In addition to the transit program funding, the omnibus bill provides \$34.35 billion for the federal highway program and \$1.426 billion for the Federal Railroad Administration, including \$1.207 billion for Amtrak; \$19.3 million is provided for Next Generation High Speed rail, including \$3.1 million for high-speed rail corridor planning, and \$2 million for Maglev (all of these figures are after the .83 percent cut).

The omnibus appropriations bill does not appear to modify committee report language that accompanied both the House-passed and Senate Committee-passed bills pertaining to a number of topics. For specifics on the

report language, please see the APTA *Legislative Updates* from September 24 (Senate) and July 23 (House) on the Government Affairs section of www.apta.com. The bill expands authorization allowing cooperative procurement of major capital equipment to five pilot projects from the current three, as proposed in the Senate. There appears to be no change in the Senate report language calling for a report by the Department of Transportation's (DOT) Inspector General on the transit bus procurement process, or in the House report language regarding new starts evaluation criteria.

Please check the Government Affairs section of www.apta.com for further updates on the omnibus bill as information becomes available. For more information on the appropriations process, please contact Rob Healy at (202) 496-4811 or rhealy@apta.com.

MEMORANDUM

TO: Chairman Euille and NVTC Commissioners
FROM: Rick Taube and NVTC Staff
DATE: November 24, 2004
SUBJECT: Draft NVTC Workprogram for 2005

Attached is the draft NVTC workprogram and meeting schedule for 2005. Local staff has had an opportunity to examine the document. The commission is asked to authorize NVTC staff to release the document for public review and comment, including posting it on NVTC's website.

A public hearing on the workprogram will be scheduled at NVTC's January 6th meeting and the commission will be asked to approve the final version then.

There are no major new initiatives proposed for 2005 since staff is fully occupied in managing many on-going projects. One item of potential concern is the February 3rd meeting date, which apparently conflicts with VML Lobby Day in Richmond. Staff will contact commissioners to inquire about their likely availability on that day, recognizing that NVTC's quorum requirement shifts to 8 members during the General Assembly session with General Assembly members able to participate electronically.

NVTC'S 2005 GOALS, OBJECTIVES AND WORKPLAN

--DRAFT: November 9, 2004--

2005 NVTC MEETING SCHEDULE
[Meetings at 8:00 P.M.]

<u>MONTH</u>	<u>DATE</u>	<u>AGENDA</u>
January	6	Elect officers. Select WMATA and VRE Board members, VTA representatives and NVTC Legislative Committee members. Conduct a public hearing and approve 2005 goals, schedule and workprogram. Approve FY 2006 VRE budget. Discuss draft NVTC FY 2006 budget.
February	3	Approve FY 2005 NVTC budget. Review progress on state and federal legislative agenda. Approve NVTC and VRE state grant applications.
March	3	Review progress on state and federal legislative agenda. Review progress on WMATA budget for FY 2006.
April	7	Progress report on NVTC projects.
May	5	Approve comments on WMATA FY 2006 budget.
June	2	To be determined.
July	7	Review progress on NVTC workprogram. Approve DRPT contracts for NVTC and VRE FY 2006 grants.
August		No meeting
September	1	Forward preliminary NVTC FY 2007 budget to local jurisdictions.
October	6	To be determined.
November	3	Approve FY 2005 NVTC and VRE audits.
December	1	Select NVTC Nominating Committee for 2006 officers. Approve legislative agenda for 2006. Review progress on 2005 goals and workprogram and release draft 2006 workprogram for public review and comment.

NVTC EXECUTIVE COMMITTEE
2005 MEETING SCHEDULE

[All meetings 7:00 - 8:00 P.M. prior to NVTC meetings in small conference room.]

<u>MONTH</u>	<u>DATE</u>	<u>Subject</u>
January	6	
February	3	Legislative items. Review of NVTC and VRE FY 2005 grant applications.
March	3	Legislation.
April	7	To be determined.
May	5	To be determined.
June	2	To be determined.
July	7	Mid-year review of progress on workplan.
August		No meeting
September	1	Preliminary NVTC FY 2006 budget. Executive director performance review.
October	6	To be determined.
November	3	FY 2005 NVTC and VRE audits.
December	1	Select NVTC Nominating Committee for 2006 officers. Consider 2006 legislative agenda. Review progress on 2005 workprogram and preview 2006 workprogram.

NVTC MISSION STATEMENT

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

GOALS AND ACTIONS FOR 2005

1. DEVELOP POLICY AND ADVOCATE FAVORABLE LEGISLATION

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

Actions:

1. With the support of local staff, identify transit issues that require policy decisions and assemble data and perform policy analyses to facilitate those decisions (e.g. fare integration, development of new technology, service expansion, customer safety and system security). Work with local legislative liaisons to develop strategies for improved transit funding and to educate General Assembly members about Northern Virginia's transit needs.
2. Adopt a state and federal legislative agenda and work with local jurisdictions, Virginia Transit Association (VTA) and other groups, as appropriate, to implement the agenda and the supporting NVTC policies. Work with delegations in Richmond and in Washington D.C. as needed to promote NVTC's approved agendas. Provide legislative alerts to commissioners and local staff during the session. Focus on transit funding.
3. Participate on the American Public Transportation Association's (APTA) legislative and commuter rail committees to define and implement a federal legislative strategy as part of a broad, nationwide pro-transit coalition. Provide special assistance to areas contemplating new commuter rail service. Focus on improved public access to freight rail facilities. Seek opportunities to influence Congress on transit issues. Work with local and state staff for federal funding of the region's transit projects in the reauthorization of TEA-21.
4. Participate on VTA's executive, legislative and ad hoc committees to help define and implement an effective state legislative strategy for the transit industry and strengthen VTA as an organization and keep it responsive to Northern Virginia's concerns. Co-chair the annual Transit Day rally in Richmond and chair VTA's Legislative Committee.
5. Testify at the CTB's annual pre-allocation hearings on public transit funding priorities and at the Transportation Planning Board (TPB) and other hearings as appropriate. Advocate NVTC's policies including balanced transportation and stable and reliable funding.

2. SEEK AND ADVOCATE FUNDING

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

Actions:

1. Through NVTC's Management Advisory Committee, coordinate with WMATA and local transit systems potential CMAQ and RSTP transit project applications to be submitted to the Northern Virginia Transportation Authority (NVTA) each year. Apply for funds and prepare air quality analyses at the request of NVTC's jurisdictions (e.g. Air Quality Code Red free bus fares).
2. Produce financial projections and analyze alternative funding mechanisms to bridge the growing gap between transit operating and capital needs versus available financial resources. Actively participate in regional efforts to define public transit needs and identify funding sources, such as corridor studies, TPB's vision plan and related items such as the regional transportation funding adequacy report, and Northern Virginia's 2020 transportation plan update. Analyze funding proposals produced by those studies and identify policy issues for consideration by the commission.
3. Identify and seek to implement stable, reliable, permanent and dedicated funding sources for operating and capital expenses for WMATA, VRE and local transit systems. Safeguard the current sources of transit funding available to NVTC's local governments.
4. Organize improved information sharing between local governments and the Virginia Department of Taxation and more effective auditing to facilitate efficient collection of NVTC's two percent motor fuels tax and increased knowledge of taxpayer responsibility on the part of gas station owners. Use ArcView GIS tools to map databases of gas station locations to help monitor compliance by analyzing trends and deviations, using data to be supplied by the Department of Taxation. Provide office space for an administrative employee of the Department to assist in monitoring compliance. Employ database and spreadsheet models to identify unanticipated deviations for particular stations and jurisdictions.
5. Serve as the central point of contact for Northern Virginia transit system financial information. Periodically update NVTC's guidebook on sources of funding for transit projects. Work to make the detailed information in this guidebook more accessible. Identify and obtain funding for new transit projects that are recommended by NVTC's jurisdictions.

3. COORDINATE TRANSIT SERVICE

Goal: Work with all public and private transit providers to coordinate all transit service within Northern Virginia, with emphasis on understandable fares, convenient schedules, proper information, good customer service, efficient performance and access by disabled persons. Help to clarify roles of respective agencies and governments to avoid overlaps or gaps in jurisdiction. Work to improve the safe and orderly flow of people and goods, primarily by encouraging greater use of integrated public transit and ridesharing systems. Involve the public in identifying problems and solutions. Use NVTC's management advisory committee as a forum to work out cooperative solutions and keep local governments fully informed. Emphasize better bicycle and pedestrian access to transit facilities and services.

Actions:

1. Complete a demonstration project evaluation report for GEORGE bus service in Falls Church, including passenger survey data.
2. Work with local governments to coordinate collection and dissemination of performance data for FTA's National Transit Database reports. Collect performance data and create a shared database that uses NTD and other sources. Manage consultants to continue NTD data collection for all of Northern Virginia's transit systems and oversee collective funding of this work that brings significant federal revenues to this region.
3. In cooperation with the Virginia Department of Rail and Public Transportation (DRPT), implement the detailed workprogram for NVTC's grant-funded project to install compatible fare collection systems for WMATA, VRE, and local bus systems, using SmarTrip technology. Manage \$5 million local transit system procurement of SmarTrip-compatible fareboxes from WMATA's contract with Cubic/GFI and a separate contract for technical consulting on fare collection issues.
4. Manage a related contract with DRPT for SmarTrip point-of-sale devices for Loudoun County.
5. Publicize the success of WMATA's regional fare simplification and integration initiative and serve on the executive team implementing the regional SmarTrip customer service center/clearinghouse. Assist Northern Virginia's transit systems in planning for a regional test center.
6. Manage the region's ongoing CMAQ-funded program to provide free bus fares during forecast Air Quality Code Red Ozone alerts. Complete an ongoing consultant evaluation of the effectiveness of this program and recommend improvements if needed.

7. Assist transit systems in coordinating communications with customers, including establishing web-based text messaging via cellphones and other personal communications devices.
8. Continue an ongoing project to provide free electronic transit schedules to persons using personal digital assistants and pocket computers. Ensure that transit schedules are kept current, work to expand to the entire metropolitan region and report on performance.
9. Support the ongoing regional pedestrian safety initiative. Encourage bicycle and pedestrian use. Publicize and seek to expand "bike on rail" opportunities. Encourage all agencies to incorporate bike and pedestrian access at major transit centers and transfer locations. Assist VDOT in ensuring that the recommendations from its Northern Virginia Regional Bikeway and Trail Network study that focus on connections to transit are implemented. Support initiatives of such groups as the National Center for Bicycling and Walking and its Walkable Communities Workshops.
10. Assist NVTC jurisdictions, employers and transit operators in responding to job access and reverse commute opportunities by identifying funding and specific projects to demonstrate innovations.
11. In coordination with the affected jurisdictions, work to obtain funding to implement recommendations of NVTC's consultant study of Route 1 transit coordination in the Richmond Highway/ Jefferson Davis Highway corridor of Fairfax and Prince William counties. Cooperate with ongoing studies by VDOT and Fairfax County in this corridor.
12. Assist Northern Virginia's transit systems in monitoring progress on 511 traveler information telephone systems.

4. MANAGE GRANTS, CONTRACTS AND TRUST FUNDS

Goal: Facilitate the fair and equitable allocation of costs among governments, persons using transportation services and facilities and others who benefit. Manage grants fairly and effectively, according to state and federal laws and NVTC's policies. Invest trust fund assets prudently to maximize returns consistent with safety.

Actions:

1. Use NVTC's subsidy allocation model to incorporate the most recent WMATA and local budget information on transit costs, revenues and subsidies. Using NVTC's adopted allocation formula, determine each local government's share of NVTC assistance. Use their percentages to apportion shares of local contributions to NVTC's administrative budget. Maintain detailed spreadsheets to calculate NVTC's formula. Provide early estimates each year to assist local governments in budget planning.
2. Prepare and submit NVTC and VRE state grant applications (approximately \$80 million) due in February, 2005, using the new automated OLGA system.
3. Manage state grants to prepare proper billings, obtain timely reimbursements and file quarterly progress reports. Reprogram funds as needed, in consultation with NVTC's Management Advisory Committee, to be certain grant funds are spent on eligible projects within the state time limits.
4. Prepare timely and accurate quarterly cash flow forecasts of transit assistance sources and uses for NVTC's local jurisdictions. Assist local jurisdictions in spending promptly the proceeds of state bond issues.
5. Prepare financial reports for NVTC's annual audit. Manage a multi-year audit services contract. Accomplish an unqualified auditors' opinion and provide to the appropriate regulatory agencies. Develop and implement appropriate responses to concerns of auditors contained in management letters.
6. Maintain up-to-date compilations of state and federal grant regulations. Ensure staff is adequately trained in grant and project management and alerted to any changes in regulations. Maintain current procurement documents to facilitate prompt release of authorized requests for proposals and invitations for bids.
7. Promote NVTC as an effective grant-management agency to assist NVTC's jurisdictions. Approach other agencies to have NVTC apply for and manage such grants as CMAQ/ RSTP and TEIF.
8. As procurement officers, manage grant reimbursals for the consultant contract for the NVTA 2030 update of Northern Virginia's Transportation Plan, and assist the Interim Technical Committee in managing the work tasks, as requested.

9. Recognizing the aging population, manage grant-funded research on trends in this region, tied to recommendations for transit systems to take advantage of these evolving markets. Use ArcView GIS tools for analysis and to illustrate results and recommendations. Procure consulting assistance for surveying and analyses.

5. PROVIDE OVERSIGHT FOR WMATA AND VRE

Goal: Exercise leadership on issues pertaining to oversight of the WMATA and VRE systems, particularly budget and finance, to reduce costs and control the growth of local subsidies and fares while improving service quality. Effectively manage ongoing transit services for which NVTC is responsible and develop efficient management structures that facilitate regional cooperation and support.

Actions:

1. In January, appoint Virginia's two principal and two alternate members of the WMATA Board of Directors. Provide staff support to WMATA Board members. As needed, facilitate caucuses of Virginia's Board members and their staffs to develop consensus positions prior to committee and board meetings. Keep NVTC commissioners informed of pending WMATA Board decisions of regional significance.
2. Monitor the development of WMATA's budget. Provide recommendations to local jurisdictions and the WMATA Board, as appropriate.
3. Participate actively on WMATA's Jurisdictional Coordinating Committee.
4. Work with NVTC's MAC group to monitor WMATA's MetroAccess, focusing on cost sharing and performance issues.
5. As co-owner of VRE, with assets of \$169 million and annual operating/capital budgets of over \$50 million, appoint NVTC's three principals and one alternate member of the VRE Operations Board, maintain close communications with PRTC and VRE staff, coordinate presentation of action items to the VRE Board and commissions, and monitor ongoing operations for consistency with the Master Agreement and approved budgets, customer service quality and NVTC jurisdictions' interests.
6. Support the VRE team as it negotiates with DRPT, CSXT, Norfolk Southern and Amtrak to agree on multi-year access and operations contracts and to clarify and accomplish rail service priorities in the Richmond-Washington, DC corridor.
7. Support annual VRE customer service surveys each spring and ridership surveys each October, by reviewing the design of the survey, providing on-board survey personnel, and processing results, including zip code verification.
8. As agreed with VRE management, assist in implementation of VRE projects as well as in the implementation of the VRE strategic plan and other initiatives.

9. Assist VRE in determining the best means to integrate with the regional SmarTrip fare collection system.
10. Assist VRE in determining locations and obtaining contracts for temporary parking during emergencies.

6. SUPPORT COORDINATED REGIONAL EFFORTS

Goal: Support coordinated regional efforts to improve air quality, conserve energy, and integrate land use and transportation. Pursue new transit opportunities.

Actions:

1. Seek opportunities to act on NVTC's policy of preserving future transit rights-of-way (e.g. on I-66).
2. Monitor the implementation by VDOT and the Virginia State Police of revised and improved policies for lifting HOV restrictions during traffic emergencies with the involvement of WMATA and other transit operators. Support enhanced enforcement on all HOV facilities.
3. Participate in planning, preliminary engineering and environmental analysis for transit in the Dulles Corridor and other locations such as the Capital Beltway as requested by WMATA and/or DRPT. Serve on the Dulles Corridor Task Force and chair its ITS committee.
4. Advocate coordination of the transit, vanpool and ridesharing components of planning studies by MWCOG, VDOT, DRPT, NVTA and others, and provide data if applicable.
5. Assist NVTC commissioners who are members of NVTA, TPB, and other regional groups and provide data, responses, NVTC meeting summaries and recommendations to these organizations as appropriate.
6. Work to establish NVTC as the chief advocate of Intelligent Transportation Systems (ITS) investments for transit, not by competing for scarce funding but by conducting low-cost demonstrations, evaluating the results, and more actively encouraging all of NVTC's transit providers to adopt similar technologies. Examples include: web-based automated bus stop information signs; on-board bus stop enunciators; passenger counters; automated maintenance devices; and alternative fuel technologies. Promote joint procurements for uniformity and cost savings. Help educate the public.
7. Test a web-based process for evaluating the performance of transit ITS investments in this region. Consider implementing periodic customer surveys.

8. Develop information from research and other regions to help NVTA, WMATA and other transit organizations define lower-cost strategies for meeting congestion challenges in the short term using such mechanisms as exclusive transit lanes, bus rapid transit, priority lanes, queue jumping, jitneys, route-deviation transit, and real-time information devices. Publicize the results and work to achieve public acceptance. Work with the local jurisdictions to initiate appropriate demonstrations of these mechanisms.
9. From various published forecasts, plans and corridor studies, assemble mode split and other data to provide a convenient source of comprehensive transit market performance data. Use the data to encourage efficient transit management, expanded transit ridership and greater public awareness. Advocate statistically significant traffic counts by MWCOG/TPB of persons traveling in Northern Virginia's major corridors in both peak flow and reverse commute directions. Make this information available in user-friendly formats on NVTC's website.
10. Promote telework as a means to reduce peak period travel and conserve transit core capacity. Emphasize documentation of emissions benefits.
11. Assist transit systems, VDOT, DRPT, TPB, MWCOG and others in developing and testing coordinated regional emergency response plans. Focus on developing a unified transit position to facilitate these plans. Conduct a series of transit emergency response planning workshops to focus on key station areas in Northern Virginia. Considerations include bus re-routing, traffic signalization, signs, and communications. Provide written summaries to assist transit operators and MWCOG in its regionwide program.
12. Examine HOT lane proposals and other public-private initiatives and work to ensure adequate transit access and the use of toll revenues to help support transit operations.

7. DELIVER PUBLIC INFORMATION, MARKETING AND CUSTOMER SERVICE

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

Actions:

1. Serve as the central point of contact for the news media, interest groups and the general public for transit issues in Northern Virginia, making referrals to other transit agencies and local governments when appropriate. Initiate contacts with media representatives via calls and visits. Provide NVTC's reports, analyses and policies with easy to understand explanations of their content and significance. Help transit systems prepare to respond effectively to media and other public inquiries during emergencies and at other times by sponsoring seminars on best practices.
2. Provide the following resources to the public:
 - a. Maintain and improve NVTC's website, to focus on informing the public about opportunities to be involved in regional transit and ridesharing planning;
 - b. Distribute NVTC's brochure, reports and agendas to encourage more public involvement, again emphasizing easy-to-use web-based applications;
 - c. Publish electronically an annual NVTC Handbook to provide a detailed description of the commission's history, mission and accomplishments, including the commission's workprogram, policies and by-laws;
 - d. Link to other regional transit databases to provide information about regional transit services to better inform the public;
 - e. Maintain a transit system performance database;
 - f. Publish electronically NVTC's annual public transit performance update;
 - g. Prepare NVTC faxed/e-mailed alerts to persons wishing to be kept informed on some or all transit issues in Northern Virginia, with direct links to NVTC's website;
 - h. Distribute periodic "transit nuggets" with information about transit's success in a catchy format that can be posted on web-sites and used by transit advocates in educating the public;
 - i. Provide draft letters on NVTC's website for the use of citizens wishing to support NVTC's legislative and policy positions. Provide links to other groups supporting these positions; and

- j. Continue distribution of NVTC's monthly meeting materials primarily via NVTC's website with e-mailed notices.
- 3. Survey WMATA, VRE and local jurisdictions to compile innovative marketing activities, host coordination meetings, facilitate the Marketing and Outreach Specialists Consortium and report at least annually to the commission and jurisdictions.
- 4. Continue technical support for transit stores and Transportation Management Associations (e.g., serve on Boards of Directors and consultant selection committees). Assist with logo design, marketing, consultant selection, performance evaluation, fare collection, and customer service issues.
- 5. Look for opportunities to partner in order to stage events that will promote the effectiveness of transit and ridesharing and the need for additional transit funding.

MEMORANDUM

TO: Chairman Euille and NVTC Commissioners

FROM: Jana Lynott and Rick Taube

DATE: November 24, 2004

SUBJECT: Interim Report on NVTC's Metrorail Station Area Emergency Response Planning Sessions

Jana Lynott will brief commissioners on the series of workshops she is leading at which transit operators, police, fire, EMT and others examine key Metrorail station areas in Northern Virginia and cooperatively develop specific response plans. These plans are complete with GIS maps and bus staging areas, among other responses. The monthly workshops have proven to be very valuable in introducing key personnel to each other and in solidifying communications channels. Results are being shared with the region wide transit operators group meeting at WMATA, with MWCOC staff and with attendees at the annual regional emergency response conference each fall.

Ms. Lynott's presentation will emphasize initial findings for Rosslyn and the Pentagon.

MEMORANDUM

TO: Chairman Euille and NVTC Commissioners
FROM: Rick Taube and Adam McGavock
DATE: November 24, 2004
SUBJECT: FY 2004 Northern Virginia Transit Ridership

Three tables are attached for your review. The first two illustrate transit weekday and annual ridership in Northern Virginia for FY 2004 and FY 2003. The third shows the ridership trend for Northern Virginia's local bus systems and VRE since they began to enter service in the early 1980's. Data were provided by the systems themselves and are part of their submissions to the National Transit Database.

Overall transit ridership showed a healthy increase of three percent with some systems displaying sharp growth (e.g. VRE 10%, Loudoun County Transit 43% and ART 170%).

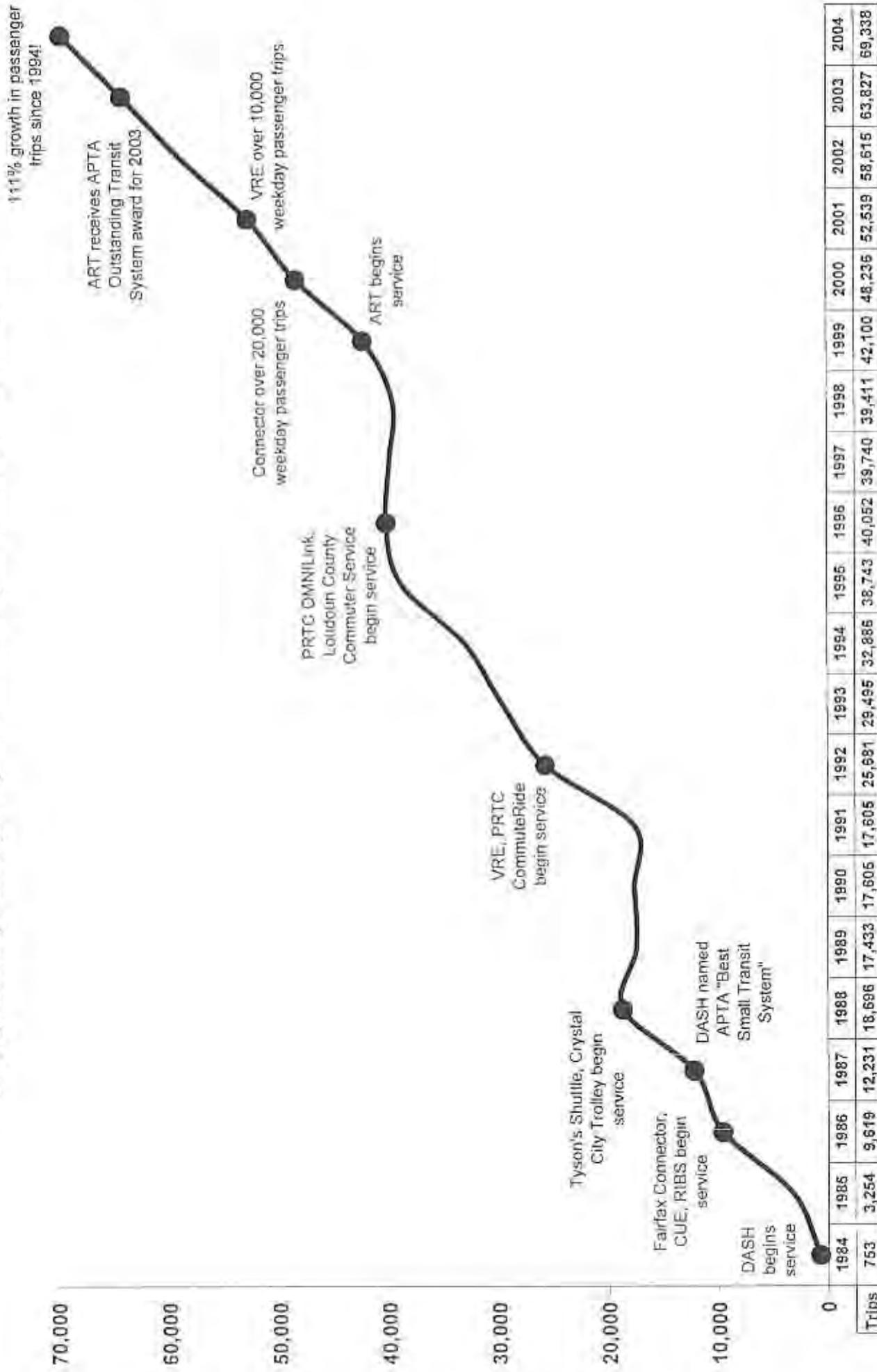
Figure 5: Northern Virginia Average Weekday and Annual Public Transit Passenger Trips, FY 2003 - 2004

System	Average Weekday Passenger Trips, FY 2003	Average Weekday Passenger Trips, FY 2004	Annual Passenger Trips, FY 2003	Annual Passenger Trips, FY 2004
<u>Metrorail Virginia</u>	282,070	294,258	83,529,741	87,817,948
<u>Metrobus Virginia</u>	71,470	65,381	20,855,658	19,190,908
<u>Fairfax Connector</u>	27,765	28,590	7,595,138	7,990,825
<u>DASH</u>	10,235	10,864	2,986,631	3,131,284
<u>VRE</u>	13,231	14,529	3,179,957	3,645,434
<u>PRTC Omni Ride</u>	4,639	5,185	1,182,996	1,251,316
<u>PRTC Omni Link</u>	2,547	2,450	649,405	604,586
<u>CUE</u>	3,282	3,438	925,000	985,500
<u>Loudoun County Transit</u>	1,152	1,642	281,829	392,901
<u>ART</u>	976	2,640	397,001	674,806
Total	417,367	428,977	121,583,356	125,685,507

Preliminary Northern Virginia Average Weekday Passenger Trips, FY 2003 - 2004

System	Average Weekday Passenger Trips, FY 2003	Average Weekday Passenger Trips, FY 2004	Percentage Growth, FY 2003 - FY 2004
<u>MetroRail Virginia</u>	282,070	294,258	4%
<u>MetroBus Virginia</u>	71,470	65,381	-9%
<u>Fairfax Connector</u>	27,765	28,590	3%
<u>DASH</u>	10,235	10,864	6%
<u>VRE</u>	13,231	14,529	10%
<u>PRTC Omni Ride</u>	4,639	5,185	12%
<u>PRTC Omni Link</u>	2,547	2,450	-4%
<u>CUE</u>	3,282	3,438	5%
<u>Loudoun County Transit</u>	1,152	1,642	43%
<u>ART</u>	976	2,640	170%
<i>Total</i>	417,367	428,977	3%

Average Weekday Passenger Trips on Northern Virginia Transit Systems*, 1984-2004



* Northern Virginia Transit Systems for 2004 include Alexandria DASH, Fairfax Connector, City of Fairfax CUE, VRE, PRTC OmniRide and OmnILink, Loudoun County Transit, and Arlington Transit (ART). Previous years may include data from RIBS, Tyson's Shuttle, Crystal City Shuttle, and Loudoun County Commuter Service. WMATA MetroRail and MetroBus data not included.

MEMORANDUM

TO: Chairman Euille and NVTC Commissioners

FROM: Rick Taube and Scott Kalkwarf

DATE: November 24, 2004

SUBJECT: Transit Funding Fact Sheets

Attached are several tables and figures illustrating the sources and uses of funds for Northern Virginia and statewide transit, both current and projected. This information is compiled by NVTC staff to support legislative advocacy for additional funding.

FY 2005 ACTUAL AND SHORTFALL STATE PUBLIC TRANSIT EXPENDITURES FROM THE VIRGINIA MASS TRANSIT FUND		
	--\$millions--	
	<u>Northern Virginia</u>	<u>Statewide</u>
CAPITAL		
Actual ¹	\$26	\$30
Shortfall ²	\$39	\$51
OPERATING		
Actual ³	\$61	\$84
Shortfall ⁴	\$61	\$82
TOTAL		
Actual ⁵	\$87	\$114
Shortfall ⁶	\$100	\$133

Source:

CTB FY 2005-2010 Six-Year Transportation Program and DRPT Spreadsheets

1. Actual state matching ratio of 38 percent.
2. Target state matching ratio of 95 percent versus actual of 38 percent.
3. Actual state matching ratio of 48 percent.
4. Target state matching ratio of 95 percent versus actual of 48 percent.
5. Combined weighted state matching ratio of 46 percent.
6. Target state matching ratio of 95 percent versus actual of 46 percent.

Note: The commonwealth provides additional statewide capital (\$24 million) and operating (\$11.5 million) funding from state and federal sources outside the MTF.

**Fiscal Year 2004 Northern Virginia Transportation Commission
Funding Sources for NVTC Jurisdictions' Transit Systems, WMATA and VRE
(Dollars in millions)
(See accompanying notes)**

Jurisdiction	WMATA OPERATING AND CAPITAL										
	Local Funds	NVTC Aid		Direct	Total	Federal Aid	Total Funds	% Local Funds	% Regional Funds	% State Funds	% Fed Funds
		Regional Gas Tax	State Aid	State Aid	State Aid						
Alexandria	\$ 10.0	\$ 1.8	\$ 8.0	\$ 1.1	\$ 9.1	\$ 6.4	\$ 27.3	36.6%	6.6%	33.3%	23.4%
Arlington	17.6	2.1	14.5	2.1	16.6	11.5	47.8	36.8%	4.4%	34.7%	24.1%
City of Fairfax	(0.1)	0.7	0.4	-	0.4	0.2	1.2	-8.3%	58.3%	33.3%	16.7%
Fairfax County	24.9	12.3	25.5	3.3	28.8	19.6	85.6	29.1%	14.4%	33.6%	22.9%
Falls Church	0.1	0.7	0.5	0.1	0.6	0.4	1.8	5.6%	38.9%	33.3%	22.2%
Loudoun County	-	-	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%
Fare & Other Revenue	52.5	17.6	48.9	6.6	55.5	38.1	163.7	32.1%	10.8%	33.9%	23.3%
	119.7	-	-	-	-	-	119.7	100.0%	0.0%	0.0%	0.0%
	\$ 172.2	\$ 17.6	\$ 48.9	\$ 6.6	\$ 55.5	\$ 38.1	\$ 283.4	60.8%	6.2%	19.6%	13.4%

Jurisdiction	LOCAL TRANSIT OPERATING AND CAPITAL										
	Local Funds	NVTC Aid		Direct	Total	Federal Aid	Total Funds	% Local Funds	% Regional Funds	% State Funds	% Fed Funds
		Regional Gas Tax	State Aid	State Aid	State Aid						
Alexandria	\$ 3.7	\$ -	\$ 2.3	\$ -	\$ 2.3	\$ -	\$ 6.0	61.7%	0.0%	38.3%	0.0%
Arlington	3.5	-	2.3	0.4	2.7	2.0	8.2	42.7%	0.0%	32.9%	24.4%
City of Fairfax	1.5	-	0.9	0.3	1.2	-	2.7	55.6%	0.0%	44.4%	0.0%
Fairfax County	14.0	-	9.6	7.5	17.1	1.9	33.0	42.4%	0.0%	51.8%	5.8%
Falls Church	-	-	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%
Loudoun County	(3.2)	4.1	-	5.9	5.9	-	6.8	-47.1%	0.0%	86.8%	0.0%
Fare & Other Revenue	19.5	4.1	15.1	14.1	29.2	3.9	56.7	34.4%	7.2%	51.5%	6.9%
	7.6	-	-	-	-	-	7.6	100.0%	0.0%	0.0%	0.0%
	\$ 27.1	\$ 4.1	\$ 15.1	\$ 14.1	\$ 29.2	\$ 3.9	\$ 64.3	42.1%	6.4%	45.4%	6.1%

Jurisdiction	VRE OPERATING AND CAPITAL										
	Local Funds	NVTC Aid		Direct	Total	Federal Aid	Total Funds	% Local Funds	% Regional Funds	% State Funds	% Fed Funds
		Regional Gas Tax	State Aid	State Aid	State Aid						
NVTC/PRTC Jurisdictions	\$ 6.4	\$ -	\$ -	\$ 11.7	\$ 11.7	\$ 12.9	\$ 31.0	20.6%	0.0%	37.7%	41.6%
	-	-	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%
Fare & Other Revenue	6.4	-	-	11.7	11.7	12.9	31.0	20.6%	0.0%	37.7%	41.6%
	17.1	-	-	-	-	-	17.1	100.0%	0.0%	0.0%	0.0%
	\$ 23.5	\$ -	\$ -	\$ 11.7	\$ 11.7	\$ 12.9	\$ 48.1	48.9%	0.0%	24.3%	26.8%

Jurisdiction	TOTAL OPERATING, CAPITAL AND VRE SUBSIDIES										
	Local Funds	NVTC Aid		Direct	Total	Federal Aid	Total Funds	% Local Funds	% Regional Funds	% State Funds	% Fed Funds
		Regional Gas Tax	State Aid	State Aid	State Aid						
Alexandria	\$ 13.7	\$ 1.8	\$ 10.3	\$ 1.1	\$ 11.4	\$ 6.4	\$ 33.3	41.1%	5.4%	34.2%	19.2%
Arlington	21.1	2.1	16.8	2.5	19.3	13.5	56.0	37.7%	3.8%	34.5%	24.1%
City of Fairfax	1.4	0.7	1.3	0.3	1.6	0.2	3.9	35.9%	17.9%	41.0%	5.1%
Fairfax County	38.9	12.3	35.1	10.8	45.9	21.5	118.6	32.8%	10.4%	38.7%	18.1%
Falls Church	0.1	0.7	0.5	0.1	0.6	0.4	1.8	5.6%	38.9%	33.3%	22.2%
Loudoun County	(3.2)	4.1	-	5.9	5.9	-	6.8	-47.1%	60.3%	86.8%	0.0%
NVTC/PRTC Jurisdictions	6.4	-	-	11.7	11.7	12.9	31.0	20.6%	0.0%	37.7%	0.0%
Fare & Other Revenue	78.4	21.7	64.0	32.4	96.4	54.9	251.4	31.2%	8.6%	38.3%	21.8%
	144.4	-	-	-	-	-	127.3	113.4%	0.0%	0.0%	0.0%
	\$ 222.8	\$ 21.7	\$ 64.0	\$ 32.4	\$ 96.4	\$ 54.9	\$ 395.8	56.3%	5.5%	24.4%	13.9%

Notes - Funding Sources for NVTC Jurisdictions' Transit Systems, WMATA and VRE

- **The purpose of the schedule is to show how the operating and capital needs of the local transit systems, Virginia's share of WMATA, and the VRE are funded.**
- State operating and capital assistance is allocated among the jurisdictions using NVTC's SAM factors in place for each fiscal year.
- State operating assistance is the actual amount contracted and recognized during a fiscal year.
- State operating assistance is allocated between WMATA and local systems using the percentage of WMATA operating subsidies and local system deficits to the total operating requirements.
- State capital assistance for WMATA is the actual amount invoiced and collected during the fiscal year. State capital assistance for local needs is the amount contracted for the fiscal year.
- Regional gas tax is the Motor Vehicle Fuels Sales tax collected during the fiscal year. For all jurisdictions except Loudoun County, the revenue is allocated using the gas tax percentages from NVTC's SAM in place for the fiscal year. For Loudoun County the actual revenue collected based upon the point of sale is recognized.
- The regional gas tax for Loudoun County is shown as a source of funds for their local systems, however the revenue may be used for any transportation purposes. For the other jurisdictions, regional gas tax may be used only for WMATA subsidies.
- Direct state aid is assistance that was not allocated by NVTC's SAM formula and that was not received by NVTC, but rather directly by the jurisdictions, WMATA and VRE. VTA funds received by WMATA are recognized as they are authorized for draw down by the jurisdictions. Direct state assistance for the local transit systems is the amount contracted or budgeted for the fiscal year.
- Federal aid is assistance received directly by the jurisdictions, WMATA and VRE, and includes federal funds administered by the state.
- WMATA capital and operating expenses are the subsidies actually billed during the fiscal year, plus the jurisdictions' respective share of federal assistance budgeted by WMATA. Local system deficits are based upon the fiscal year budgeted activities.
- Funding sources and the capital and operating expenses of VRE are those reported in the audited financials statements of VRE.

MEMORANDUM

TO: Chairman Euille and NVTC Commissioners
FROM: Rick Taube
DATE: November 24, 2004
SUBJECT: WMATA Items

A. Metro Board Digest for October and November, 2004.

The digests are attached for your information.

B. Metro Matters.

At its meeting of October 21, 2004, the Board approved the Metro Matters jurisdictional funding agreements and provided authority to exercise the options on 120 series 6000 railcars.

C. Improving Service Reliability and Customer Service.

WMATA staff presented the attached paper to the Board's Operations and Safety Committee on November 18th. It generated substantial board discussion. For example, the Board asked staff to return to ING to negotiate free rush hour bus fares as well as the free rail fares the company had offered as a special promotion.

D. WMATA's Improved Website.

The attached news release and advertising copy describes the new look at www.MetroOpensDoors.com which emphasizes the improved Metro Trip Planner and ability to download schedules to web-enabled PDA's or wireless phones.

E. Request for Report on the Metrorail Collision of November 3, 2004.

Commissioner Dave Snyder, in the attached e-mail, has requested a report from NVTC's WMATA Board members on the actions of the WMATA Board and management with respect to the events of November 3, 2004 and related operational issues. Board members will be invited to respond.

F. Blue Ribbon Panel on Dedicated Sources of WMATA Funding.

Selected materials are attached from the past two meetings on November 9 and 22, 2004. The next meeting will be November 30th and the final scheduled meeting is December 14, 2004.

(A)



October 21, 2004

MEMORANDUM FOR: Chairman and Members of the Board

SUBJECT: October Board Digest

Anacostia Light Rail Project To Break Ground Next Month

Metro and the District of Columbia will break ground for the Anacostia Corridor Light Rail Project on November 13 across the street from the Anacostia Metrorail station. This demonstration project, paid for by the District of Columbia, will include six station stops along a 2.7-mile stretch of the Anacostia River from Pennsylvania Avenue, SE, to Bolling Air Force Base. It also will include a maintenance facility at South Capitol Street and Firth Sterling Avenue. The Anacostia light rail line will bring public transportation to an area of the District of Columbia not served by Metrorail and will include a critical connection to the rail system. Metro anticipates starting light rail revenue service in Anacostia in fall 2006.

The groundbreaking will bring together members of Anacostia's residential and business communities, local leaders, including the mayor's office and the D.C. Council, members of Congress and other representatives from the Federal government. Invitees include D.C. Mayor Anthony Williams, U.S. Representative Eleanor Holmes Norton, D.C. Department of Transportation Director Dan Tangherlini and U.S. Representative Earl Blumenauer of Portland, Oregon.

**Washington
Metropolitan Area
Transit Authority**

600 Fth Street, NW
Washington, D.C. 20001
202/662-1234

By Metro:
Juliana Square Red Line
Gallery Place-Bridgman
Red Green and
Yellow Lines

A District of Columbia
Metrolink and Virginia
Rapid Rail Authority

New York Ave Station To Open On November 20

After nearly four years of construction, Metro is putting the finishing touches on the New York Ave-Florida Ave-Gallaudet U station. The station, Metro's first in-fill station, will open to the public on November 20 and is expected to serve 1,500 customers each weekday. The \$103.7 million in funding to build the station was made possible by an innovative partnership that includes the District of Columbia, federal government, private land owners and local businesses. Although the new station does not add miles to the current Metrorail system, it increases the total number of stations to 84.

The station opening next month will gather District of Columbia and federal officials, and members of local community, including students from the Perry School Community Center who created a mural for the station. Additional invitees to the station opening include D.C. Mayor Anthony Williams, U.S. Representative Eleanor Holmes Norton, D.C. Department of Transportation Director Dan Tangherlini, and Poet Laureate of the District of Columbia Dolores Kendrick.

Metro Meets Its New Neighbors

In anticipation of opening the Red Line's New York Ave-Florida Ave-Gallaudet U station on November 20 and the Blue Line's Largo Town Center and Morgan Boulevard stations on December 18, Metro continues to reach out to the neighboring communities. As the new stations clearly will impact Washington's NoMa (North of Massachusetts Avenue) district and Prince George's County's Largo neighborhood, we want to engage their residents, businesses and community groups as partners.

Last Saturday, October 16, we hosted a Community Day at the Giant grocery store adjacent to the Rhode Island Ave Metrorail station. We met members of the local community and distributed information on the upcoming station openings at New York Ave, Morgan Boulevard and Largo Town Center, as well as other Metro information such as system maps, timetables and safety information.

In November, we plan to do something similar in Prince George's County to promote the opening of the Largo Extension.

First Town Hall Meeting Set For November 16

Metro will hold its first town hall meeting on Tuesday, November 16, giving our customers an opportunity to voice their opinions and concerns about the region's transit system directly to the Board of Directors and Metro staff. The town hall meeting format provides an open forum for customers and is part of our ongoing efforts to engage customers in dialogue about a broad range of issues related to service, funding and long-term plans. Additionally, this format will enable us to articulate the unique challenges that face Metro and motivate our customers to advocacy.

The meeting will be preceded by an "open house" which will include exhibits on construction, ADA programs, funding issues, planned improvements in bus, rail, and escalator/elevator programs, and more. The open house will begin at 6 p.m. and the town hall program will start at 7 p.m. Bob Levey, senior vice president for development, Washington Hospital Center, and former *Washington Post* columnist, will moderate the session.

To alert the public about the our first town hall meeting, we will advertise in local, regional and ethnic newspapers including *The Washington Post*, *Express*, *East of the River*, *Washington Informer*, *Afro-American*, *La Nacion*, *El Tiempo Latino* and *Washington Hispanic*. We will produce an array of fliers and posters and distribute them in rail stations, bus bays, community centers, churches, libraries, schools and grocery stores. In addition, we plan to send notifications to our Metrocheck customers and to business, government, and community partners.

COG Panel Starts Work on Recommendations for Dedicated Metro Funding

Late last month, the Metropolitan Washington Council of Governments (COG) named the members of its panel that will examine dedicated funding options for Metro and convened panel meetings beginning October 7. COG assembled 13 people who have a knowledge of or background in transit, public finance, economics or political science to serve on the Metro Funding Panel.

Rudolph G. Penner, Senior Fellow at the Urban Institute, will serve as chair for the Metro Funding Panel. His fellow panel members include:

Chairman and Members of the Board

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Gus Bauman, of Counsel, Beveridge & Diamond; **Thomas M. Downs**, President and CEO, ENO Transportation Foundation; **James W. Dyke, Jr.**, Partner, McGuire Woods, LLP; **Nuria I. Fernandez**, Senior Vice President, Global Transportation at Earth Tech, Inc.; **J. Kenneth Klinge**, Principal, JKK Associates; **John E. Petersen**, Professor and Chair, School of Public Policy, George Mason University; **Dale Susan Rosenthal**, Senior Vice-President and CFO, Clark Construction Group, LLC.; **Major F. Riddick, Jr.**, President and CEO, Strategic Solutions Center; **Michael C. Rogers**, Executive Vice President, Corporate Services, MedStar Health; **Pauline A. Schneider**, Partner, Hunton & Williams; **Matthew S. Watson**, Administrative Judge, D.C. Contract Appeals Board and former D.C. Auditor; and **James A. Wilding**, Transportation Consultant and former President, Metropolitan Washington Airports Authority. **Mortimer L. Downey**, President of PB Consult, Inc., will serve as staff director. COG's National Capital Region Transportation Planning Board (TPB), the Brookings Institution and WMATA staff will provide additional support.

Prior to the October 19 meeting, the panel allowed members of the public to share their input about Metro's funding needs during a public comment period. The panel will meet again on November 9, November 30 and December 14.

The panel is sponsored by COG, the Greater Washington Board of Trade and the Federal City Council. The panel members are reviewing and analyzing Metro's current and future financial needs, as well as revenue sources used by other transit systems. The Metro Funding Panel is expected to issue a report with recommendations early next year.

Disability Community Learns How Metro is Accessible

On October 15, the Office of ADA Programs, the Metro is Accessible project and the D.C. Mental Retardation and Developmental Disabilities Administration held a Metro is Accessible forum at Metro headquarters. The event drew social workers, case managers, travel trainers, and program directors, as well as their clients, from agencies that regularly work with people with mental retardation and developmental disabilities.

The program showcased the accessibility and safety features of Metrobus and Metrorail, through presentations, a question and answer

session, and an opportunity for participants to board a low-floor Metrobus with the bus stop announcement system. The program aimed to encourage people with disabilities to use the fixed-route Metro system by highlighting its accessibility, safety, ease and affordability.

Yesterday, we participated in the Transportation Planning Board's (TPB) Disability Awareness Day, designed to raise awareness of the travel challenges faced by people with disabilities. TPB arranged elected officials and/or transit officials to take a trip using public transportation with a person having a disability. The teams later reported on the accessibility features and challenges of their trips at the "Access for All" press conference at COG headquarters. I rode with Patrick Sheehan, who chairs the WMATA Elderly & Disability Transportation Advisory Committee. The press conference highlighted the positive things that have been done to increase accessibility to public transit including bumpy tiles and bus stop announcements and identified areas that still need to be addressed including improving pedestrian access and making elevators and escalators more dependable.

Metro Honors Slain MTPD Officer Marlon F. Morales

On Monday, October 18, Metro honored MTPD Officer Marlon F. Morales at the U St/African American Civil War Memorial-Cardozo station. With members of the Morales family in attendance, MTPD unveiled a plaque bearing Officer Morales' likeness inside the station where he was shot in the line of duty. Officer Morales died three days later.

In June 2001, Morales stopped Walter Johnson for fare evasion at U Street. Johnson, in turn shot Morales and fled the station. Johnson was convicted of murder and sentenced to life in prison without parole earlier this year. In its 28-year history, two MTPD have been killed in the line of duty. Officer Harry Davis, Jr. was fatally shot in December 1993 while investigating a suspicious car.

Readying Largo Extension and New York Ave for Service Require Partial Blue and Red Line Shutdowns

Before we open the Morgan Boulevard and Largo Town Center stations on December 18 and New York Ave-Florida Ave-Gallaudet U station on November 20, we need to conduct essential track work operations that will require partial shutdowns on both the Blue and Red lines.

This weekend, October 22-24, Metro will work on the automatic train control system on the Blue Line. It will be the final cutover of train communications and signals, which once completed and tested will enable trains to service the two new stations. Over the weekend, Stadium-Armory station will be the last stop on the Blue Line. The Benning Road, Capitol Heights and Addison Road-Seat Pleasant stations will be closed. Metro will provide free shuttle bus service between Stadium Armory and all of the affected Blue Line stations.

On the Red Line, one final shutdown is necessary to complete critical track work in preparation for the new inline station at New York Avenue. Over the November 5-7 weekend, Red Line service will be suspended between Union Station and Fort Totten. With the Rhode Island Ave and Brookland-CUA stations closed, we will operate free shuttle buses and encourage customers to take the Green Line where possible.

For both shutdowns, Metro will keep customers informed about the track work through the Web site and Customer Information phone line, station signage, brochures, station and train announcements, and Passenger Information Display signs. In addition, Metro Information Persons (MIPs) will be in key stations to answer customer questions and direct them to shuttle buses or alternate train lines.

Construction Projects Begin at Ballston and White Flint

Last month Metro started two construction projects aimed at improving and expanding station access at the Ballston-MU Metrorail station and parking at the White Flint Metrorail station. The Ballston project will run through June 2006, and the White Flint parking garage is scheduled for completion in summer 2005.

A major station enhancement program got underway in Arlington County at Ballston station on the Orange Line to enhance access to the east end of the station and to meet growing ridership demands. The project includes installing three new elevators along Fairfax Drive and constructing an underground passageway connecting the new elevators on the south side of Fairfax Drive to the existing station entrance. Arlington County is sponsoring this \$10 million construction project to fulfill a plan adopted by the Arlington County Board to improve access to the Ballston-MU Metrorail station as the first phase of improvements of a sequenced plan approved by the County Board.

In Montgomery County at White Flint station, Metro began construction on a new six-level parking structure that will have 1,272 parking spaces. The \$13.7 million parking structure is part of a larger joint development project and will not have a Kiss & Ride area.

Upcoming Events

October 24

Metrorail early opening in support of the Army Ten-Miler road race. The race begins at 8 a.m. near the Pentagon; Metro will open at 6 a.m.

October 31

Metrorail early opening in support of the Marine Corps Marathon. The race begins at 8:30 a.m. near the Iwo Jima Memorial; Metro will open at 6 a.m.

November 3

Federal Transit Administration Quarterly Review meeting

November 4

COG NCR Emergency Preparedness Council meeting; 777 North Capitol Street, NE; COG Training Center, third floor; 2 to 4 p.m.

November 6

Annual WMATA/Fire Department Rodeo, with invited participants from the Alexandria, Arlington, District of Columbia, Fairfax, Montgomery County, and Prince George's Fire departments, at the Carmen E. Turner Training and Maintenance Facility

November 8

COG Regional Security Conference

November 13

Anacostia Light Rail demonstration project groundbreaking ceremony; a reception will follow on Metro property across the street from the Anacostia Metrorail station at Howard Road and Shannon Place, SE; 10 a.m. to noon

November 16

Metro Town Hall Meeting and Open House; [location to be determined]; 6 p.m. to 9 p.m.

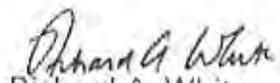
Chairman and Members of the Board

Page 8

November 20

New York Ave-Florida Ave-Gallaudet U Metrorail station opening; 10 a.m.

If you have any questions, please let me know. Thank you.



Richard A. White

General Manager and Chief Executive Officer

November 18, 2004

MEMORANDUM FOR: Chairman and Members of the Board

SUBJECT: November Board Digest

New York Ave Station To Open On Saturday

Metro will open the New York Ave-Florida Ave-Gallaudet U station to the public at 10 a.m. on Saturday, November 20. Metrorail's 84th station is our first in-fill station and it brings Red Line service to Washington D.C.'s NoMa (north of Massachusetts Avenue) district, an area undergoing an economic revitalization. Adjacent to the Metrorail station is the construction site of the future home of the Bureau of Alcohol, Firearms, Tobacco and Explosives. Joining the opening day celebration are D.C. Mayor Anthony Williams, D.C. Department of Transportation Director Dan Tangherlini, and other local and federal officials. The Dunbar High School marching band and students from the Perry School Community Center, who created a mural for the station, will share their community spirit as well.

To prepare our Red Line customers and help them adjust to having an additional station on our busiest rail line, we launched an awareness campaign. The campaign lets customers know about the new station and what that means for their Red Line commute, particularly during the first few weeks after the New York Ave-Florida Ave-Gallaudet U station opens. Key campaign messages include planning accordingly and allowing for extra time during their commutes, safely and quickly entering and exiting trains, and moving into the aisles to avoid crowding near the doors.

This information has been passed on to our customers through Take-Ones, which were distributed by Rail Supervisors at high volume stations like Metro Center, beginning November 12. In addition, the

awareness campaign includes new and innovative system and train announcements, news media outreach, and Web site postings.

Blue Line Extension Nears Completion: Two Stations Are Set To Open on December 18

The Blue Line Extension will open to the public on Saturday, December 18. The opening of the Morgan Boulevard and Largo Town Center stations extends the entire Metrorail system to 86 stations and 106.1 miles. The Blue Line also is the first Metrorail line to extend beyond the Capital Beltway in Prince George's County, Maryland. The Largo Town Center station will feature a 2,200-space parking facility. At Morgan Boulevard there will be 500 parking spaces and a rail car storage area for 36 Metrorail cars. The Morgan Boulevard and Largo Town Center stations are projected to serve 9,300 customers on weekdays.

The December 18 activities will begin at 9 a.m. with the dedication of the Morgan Boulevard Metrorail station and ceremonial ride to Largo Town Center Metrorail station. The opening day ceremony at Largo Town Center begins at 10 a.m. Local, state and federal officials will be on hand to participate in the festivities, including Maryland Governor Robert Ehrlich, Jr., Prince George's County Executive Jack Johnson and a number of Maryland congressional delegates.

Station Manager Customer Service Training Emphasizes the High Fives

Nearly every Metrorail station manager has completed a refresher customer service course, *High Five Customer Service Training for Station Managers*. The day-long, mandatory class emphasizes five basic principles: Meet and Greet; How May I Help; Stop, Listen, Think; Check Your Response; and Own Your Station. The program started in early October and will run through the end of the month when all 421 station managers will have taken the course.

Part and parcel with the training class, WMATA has initiated a recognition program for station managers who practice the customer service skills emphasized in the class. We are asking customers and employees to nominate top-notch station managers who they come across during their travels on Metrorail. "Give That Station Manager A High Five!" forms are available at station kiosks and on Metro's Web site at www.metroopensdoors.com. The forms are short and simply ask why a particular station manager deserves "a high five." We plan to

formally recognize a different station manager each week and award them with courtesy patches and photo displays at their stations.

Employees from throughout the Authority including rail transportation, operations planning and administrative support, organizational development, Americans with Disabilities Act programs, customer service and marketing helped develop the curriculum. A training instructor along with a station manager lead the class participants through discussions, exercises, role-plays, presentations and more. Participants learned specific criteria for performing the five basics on a daily basis, including offering to help seniors and people with disabilities, giving customers choices, using humor and keeping stations clean. The class covered topics such as maintaining a positive attitude, interpreting body language, listening, managing conflict and anger, and showing empathy. The course is intended to reinforce customer service and communications skills and brings together station managers so they can learn from each other.

Metrobus OCC Installs Real-time Traffic Cameras

The Bus Operations Control Center (BOCC) installed real-time traffic cameras that monitor traffic on the streets of Washington, D.C., Maryland and Virginia last month. The cameras will help bus supervisors, who often need to make quick decisions to reroute buses when an unexpected accident, street closure or other incident ties up traffic on existing bus routes. Knowing where traffic is at its worst and where it is flowing will improve our rerouting of buses and help buses stick as closely to schedules as possible. BOCC personnel view traffic in real-time video on wall-mounted 40-inch screens. The monitors show live views of main highways, secondary routes, congested areas, and bridges and tunnels, from more than 250 traffic cameras throughout the region.

The installation of the \$185,000-camera system was made possible by a technology grant from the Federal Transit Administration, and a public-private partnership with local departments of transportation, Metro and TrafficLand, the company that provides the high-speed video distribution system.

SmarTrip Card Usage on Metrobus Is On The Rise

Since the conversion of the entire Metrobus fleet to SmarTrip fareboxes in August, more and more customers are using the plastic, rechargeable smart cards to pay for their bus trips, transfer from rail to bus and transfer from bus to bus. Customers can also add value to their SmarTrip cards on the bus fareboxes using cash. In October, 10.08 percent of all Metrobus customers paid with SmarTrip cards, compared with 9.12 percent in September. Metrobus will closely monitor SmarTrip usage to see that meets its one-year usage goal of 15 percent. By next August, one full year after the completion of the SmarTrip farebox installation, Metrobus would like to have 15 percent of all customer trips paid for with SmarTrip cards.

SmarTrip card usage varies widely throughout the service area ranging from nearly 75 percent on some routes to 2 percent on others. Metrobus routes with high percentages of SmarTrip card users include the 11Y Mt. Vernon Express (74.76 percent), S93 West Falls Church Parking Lot Shuttle (68.57 percent), 12C Centreville North Line (66.23 percent), 12E Centreville South Line (63.85 percent) and W19 Indian Head Express Line (63.66 percent). Through the end of October, SmarTrip cards were used by more than one-third of customers on 31 Metrobus routes.

Metro To Offer A Behind the Scenes

Metro will host a Metro Behind the Scenes seminar on December 8. This is the second consecutive year that Metro is holding the seminar, which gives key mid- and upper-level executives of area workplaces the opportunity to learn more about the inner workings of WMATA, the region's largest transportation provider. Major areas of discussion include Metrorail's plan for significant snowstorms and the effect of significant snowstorms on Metrobus. Other topics to be discussed are system capacity and how it is affected during service disruptions, and customer communications.

Metro has invited a range of local companies and institutions, including Metrochek customers, hospitals, universities, cultural and tourist attractions and transportation providers to see Metro Behind the Scenes. The seminar will take place at Metro headquarters (time to be determined).

Metro Holds Procurement Fair For Small and Local Businesses

The Bladensburg Metrobus machine shop hosted a procurement fair for District of Columbia, Maryland and Virginia companies on October 20. At this vendor fair, Metro sought to accomplish two goals: find companies that manufactured typically hard-to-find parts and expand the vendor base of small local suppliers under the Board mandated Small Business and Local Preference program, which gives preference in the award of purchases less than \$100,000 to small businesses in the local area.

The vendor fair attracted three companies from the District of Columbia, 27 from Maryland and 16 from Virginia, for a total of 46 potential vendors. The attendees included General Machine Shop, Inc., Eastern Machine & Hydraulic, Choice Batteries, Central Armature Works, Inc., and Parts a la Carte. On display were more than 40 parts that Metro has had challenges in procuring for a variety of reasons including a lack of adequate specifications. The manufacturing companies were invited to examine these parts to determine whether they would be able to "reverse engineer" some of these products.

Employees from throughout the Authority participated in the procurement fair to explain to vendors about the Small Business and Local Preference program and becoming DBE certified, instruct new vendors about how invoices are processed, register vendors on site and introduce the APTA-sponsored electronic procurement system known as TransportMax. In addition, Metrobus employees gave tours of the Bladensburg facility and had a Flexible bus on display.

MTPD Begins *See it? Say it!* Campaign

Metro Transit Police started a new campaign aimed at increasing customer awareness to create and maintain a safe transit environment on November 1. The "See it? Say it!" campaign asks customers to keep an eye out for suspicious behavior, unusual activities, unattended items, smoke or odd odors and to report any of the above to an MTPD officer or Metro employee. As part of the campaign, MTPD officers, including Chief Polly Hanson handed out "See it? Say it!" cards to customers. The cards encourage our customers to report suspicious behaviors or activities to any Metro employee or police. The cards also direct

customers to visit the Metro Web site for additional safety-related and emergency preparedness information.

Metrobus Employees Host Halloween Event

Continuing a longstanding tradition of community service, Southern Avenue and Southeastern Metrobus division employees hosted the 14th annual Halloween "haunted" bus at Anacostia Metrorail station on Friday, October 29. They also gave out trick-or-treat bags filled with goodies and held a costume contest for children aged four to 12. Bus transportation and maintenance employees donate their own time, decorating skills, talent and money to outfit the bus and purchase treats for the children and residents of Southeast Washington, D.C.

Upcoming Events

November 20

New York Ave–Florida Ave–Gallaudet U Metrorail station opening; 10 a.m. to noon

November 22

Dedication of the Carlton S. Sickles Pedestrian Bridge connecting the Strathmore Arts Center with the WMATA parking structure at the Grosvenor-Strathmore Metrorail station; 11 a.m.

November 30

Metro Blue Ribbon Funding Panel meeting; COG training center; 5 p.m. to 7 p.m.

December 1

2004 Annual Employee Awards ceremony; National Transportation Safety Board auditorium; 490 L'Enfant Plaza, SW; L'Enfant Plaza Metrorail station; 1 p.m.

December 10

Annual Metrorail and Metrobus Holiday Decorating Contest; Greenbelt Rail Facility and Jackson Graham Building

Chairman and Members of the Board
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December 14

Metro Blue Ribbon Funding Panel meeting; COG training center; 7:30 a.m. to 9 a.m.

December 18

Blue Line Extension opening; Morgan Boulevard Metrorail station dedication and ceremonial ride; 9 a.m.; Largo Town Center Metrorail station opening ceremony; 10 a.m.

If you have any questions, please let me know. Thank you.

Richard A. White
General Manager and Chief Executive Officer

IMPACT ON FUNDING:

Budget: Metro Matters Program Element B - Railcars & Facilities
 Project Title: Vehicles - 120 rail car options
 Attachment 3B

Obligation Schedule:

	<u>FY05 & Prior</u>
6000 Series Base Contract:	\$129,191,458
Contract Modification under Metro Matters Program:	\$187,184,272
Total Contract Amount:	\$316,375,730
Other Obligations:	\$ 8,250,000
Remaining Balance:	\$ 53,058,542

Expenditure Schedule:

	Prior	FY05	FY06	FY07	FY08	FY09	FY10	FY11 & Beyond	Total Amount
Current Program	\$ 36.50M	\$ 42.50M	\$ 62.30M	\$ 1.90M	\$ 2.60M	\$ 0.00	\$ 0.00	\$ 2.80M	\$148.60M
This Action	\$ 0.00	\$ 27.91M	\$ 55.38M	\$101.15M	\$ 30.85M	\$ 8.50M	\$ 3.43M	\$ 1.86M	\$229.08M
Total Expenditures	\$ 36.50M	\$ 70.41M	\$117.68M	\$103.05M	\$ 33.45M	\$ 8.50M	\$ 3.43M	\$ 4.66M	\$377.68M

Program Budget Summary:

	Base of 62 Cars	Option of 120 Cars	Total of 182 Cars
Contract Awards	\$129.20M	\$187.18M	\$316.38M
Spare Parts	\$ 0.00	\$ 8.90M	\$ 8.90M
Program Management	\$ 4.50M	\$ 11.00M	\$ 15.50M
Program Administration	\$ 2.70M	\$ 6.20M	\$ 8.90M
Consulting Services	\$ 11.00M	\$ 6.00M	\$ 17.00M
Contingency	\$ 1.20M	\$ 9.80M	\$ 11.00M
Total	\$148.60M	\$229.08M	\$377.68M

Remarks:

*Funding is subject to Board approval of Metro Matters Funding Agreement and Amendment of the FY05 budget. This action reflects contract modification costs only, which includes the 120 rail car options, vehicle monitoring system, spare parts, project management, program administration, professional services, and contingency, design and all other costs necessary to complete the project.

(B)



Improving Service Reliability and Customer Service

Operations & Safety Committee
Washington Metropolitan Area Transit Authority
November 18, 2004





Background

- Ridership has increased 33 percent in the last seven years and is at an all-time high. Lately, our service reliability has been declining in certain areas, and our customers currently grade our bus/rail performance as a "C."
- Our customers tell us that reliability is the most important thing to them when they use Metro. As service reliability has declined, the level of customer complaints has increased.
- We will recommit ourselves to a back-to-basics program, focusing on safe, reliable and clean service, and improved customer service and outreach. We will hold all WMATA employees accountable for delivering greater service to our customers.



Background, continued

- Relief is on the way through capital improvements to be delivered under the Metro Matters Funding Agreement (FY 2005-2010), but customers will not begin to see these benefits for two to three years.
- Due to Metro's "Deficits by Design" – as emphasized in a recent Brookings Institution Report – a dedicated regional funding source is necessary to ensure that the system and its resources are adequately sustained beyond 2010.
- In the interim, we are putting together an aggressive new program to improve service reliability and enhance our customer service and communication efforts.
- Today, we are presenting you with the first steps of this new program, which are preliminary actions we can take within our approved FY05 budget.
- We'll have more details for you at our December 9 Budget Committee meeting, when we define our broader proposed FY 2006 programs and activities.



Purpose of Today's Discussion

- Outline programs to improve service reliability and customer service
- Outline an approach to conduct independent reviews to help improve WMATA's ability to meet current challenges
- Describe our preliminary customer service initiatives
 - Improve front-line service for station managers and police
 - Open new channels of communication with our customers
 - Provide better information and personal attention to customers during service disruptions
 - Simplify the process for fare problem resolution
- Define Next Steps



Service Reliability Initiatives

1. Modify internal work processes to improve support to our operating departments
2. Reorganize rail services to provide for geographic rail line ownership and accountability
3. Develop improved door dwell regimes, troubleshooting training for train operators, supervisors, and Operations Control Center (OCC) staff
4. Conduct independent reviews of WMATA reliability, safety and human factors performance
5. Work with leaders of WMATA's represented workforce to promote a sense of ownership, pride in customer service and requirements for accountability to the public we serve



Service Reliability Initiatives

1. Modify Internal Work Processes

We have defined key areas of internal support that will help to provide reliability improvements. Detailed work plans have been established and assignments made in the following areas:

- **Parts Quality and Availability**
 - Ensure that no rail car, bus, elevator, escalator or other equipment is out of service or ineligible for preventive maintenance for lack of parts
- **Hiring**
 - Establish hiring and recruiting plans that consider retirements, separations, promotions, transfers and new service expansion in order to determine hiring requirements
- **Training**
 - Review mandatory training requirements for their criticality and impact on workload throughout the organization
- **Material Safety Data Sheet (MSDS) Approvals**
 - Review and revise safety approval process for products to speed approvals
 - Identify and prioritize new products for testing and evaluation
- **Safety Certification**
 - Consistently provide timely review of safety certification plans and changes to address returning new and rehabilitated systems and facilities to service.
- **Dispatch 10 Best Technical Support Personnel**
 - Assign 10 best performers from outside the Operations Department to various offices within Operations to assist with critical technical support issues



Service Reliability Initiatives

2. Reorganize Rail Services to Provide for Geographic Rail Line Ownership and Accountability

- Create three line managers: One each for Red Line, Orange/Blue Lines, and Green/Yellow Lines
 - Make each manager responsible for customer service and train service end-to-end
 - Publish manager's name, photograph, and contact information in stations and on trains. Start customer call-back campaign for unsafe operations, rude behavior or failure to assist
 - Place responsibility and accountability for service closer to customers, and support it broadly.
- Provide customer-focused quality control
 - Customer Service Teams
 - Ride Quality Teams
 - Convert station and rail car cleaning to a customer service from a maintenance function



Service Reliability Initiatives

3. Develop Improved Troubleshooting Training for OCC

- Revised Troubleshooting Program to include
 - Refresh control and monitoring orientation
 - Use of Rail Major Delay Plan Handbook during major incidents
 - Troubleshooting techniques, rules and procedures
 - Operational communications, radio compliance and issuing commands
 - Signal and control systems
 - Physical characteristics of the system
- Incorporate troubleshooting into refresher class; duration is three days for Controllers, two days for Passenger Operations and staff
- All OCC personnel to complete new refresher course by late January 2005. Refresher required annually
- Effectiveness measured by reducing the frequency and length of delays and offloads; training course modified as needed



Service Reliability Initiatives

3. Develop Improved Door Dwell Regimes and Troubleshooting Training for Train Operators and Line Supervisors

- Implement standard door dwell regimes
 - Balance exit, entry and throughput demands
 - Provide consistent and somewhat longer dwells at high-volume stations
 - Provide platform supervisors to control passenger flow
- Troubleshooting focuses on most frequent failures: doors and brakes, resetting circuit breakers, cranking and blocking switches, etc.
- Revised troubleshooting training will be completed by November 2004 and incorporated into refresher. Refresher provided as shown below:
 - Quarterly: troubleshooting, manual operation, rolling brake tests, coupling and uncoupling
 - Semi-Annually: train isolation, revenue prep
 - Annually: interlocking ops and mode selector switching
- Hire five additional instructors to teach all refresher and troubleshooting skills at division and in the field



Service Reliability Initiatives

4. Conduct Independent Reviews

- Initiate external review of three key areas
 - Rail reliability and safety
 - Bus reliability and safety
 - Training and Human Factors
- Employ multiple avenues for review to minimize costs
 - Peer reviews by APTA
 - Professional consultant(s)
 - Industry professional associations
- Advance final recommendations and funding strategies at December 9 Budget Committee Meeting



Preliminary Customer Service Initiatives

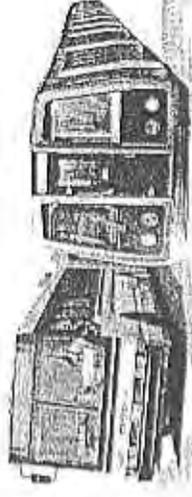
1. Improve front-line service for station managers and police
2. Open new channels of communication with customers
3. Provide better information about service disruptions
4. Simplify the process for fare problem resolution



Preliminary Customer Service Initiatives

1. Improve Front-line Service (Station Managers)

- Provide a new and Customized “High Five” Customer Service Training for station managers and supervisors
 - Prepare front-line personnel with five key customer service skills:
 1. Meet & Greet
 2. “How may I help you?”
 3. Stop, Listen, Think
 4. Check your responses
 5. Own your station
 - Course is designed around specific themes requiring group participation, role-playing, and teamwork
 - Variety of skills taught: listening, interpreting body language, conflict and anger management, maintaining positive attitude, etc.
 - Initial “High Five” training will be completed by end of November 2004 and will be incorporated into required bi-annual refresher training
 - Effectiveness measured by complaint and commendation rates, the Customer Environment Survey and Customer Comment Cards placed in the take-one racks; refresher training modified as required



Preliminary Customer Service Initiatives

1. Improve Front-line Service (Metro Transit Police)

- Pilot three innovative customer interaction training programs
 - Conflict Management
 - “Verbal Judo”
 - Dealing with Difficult People



Preliminary Customer Service Initiatives

1. Improve Front-line Service (Metro Transit Police)
 - Balance enforcement and customer expectations
 - Perform an evaluation of training, compliance, and policies and procedures
 - Convene a group of police officers and customers to gain an understanding of differences in approaches between the police and public on key issues
 - Develop consensus-driven strategies to effectively address conflicts, improve police-customer relations and the balance between enforcement and customer expectations
 - Advance final recommendations at December 9 Budget Committee meeting



Preliminary Customer Service Initiatives

2. Open New Channels of Communication with Customers

- Conduct Open House and Town Hall Meetings
- Develop regular Internet Chat Sessions where customers can ask questions of key WMATA staff and provide feedback on important issues. Launch will occur in mid-December, with regular chats beginning in early January
- Use www.metrodoors.com to tell our customers about the cause of major service disruptions and actions taken to restore service as soon as possible after a disruption
- Improve complaint resolution time, quality and completeness
- Replace the customer complaint tracking system to decrease response time to complaints and develop more actionable reports on service trends



Preliminary Customer Service Initiatives

3. Provide Better Information About Disruptions

- Improve delay information at all customer “touch points” by disseminating information through OCC to WMATA employees involved in communicating with the public during service disruptions.
 - Step One – Create intranet message board where key personnel can post incident updates
 - Step Two – Develop fuller web-based system for providing critical updates to key employees
- Make station and train announcements more informative to explain the service customers are experiencing.
- Deploy top managers and other staff to assist customers during major service disruptions.
- Improve timelines of e-alerts; access and usefulness of website information; and timelines of phone center information.
- Improve the use of existing tools such as “all call” capability for OCC to communicate directly with customers in trains.



Preliminary Customer Service Initiatives

4. Simplify the Process for Fare Problem Resolution

- Provide on-the-spot refunds in rail stations to customers who leave the rail system because of a major service delay
- Increase customers' convenience for SmarTrip and fare media purchase and use:
 - Place SmarTrip dispensers outside Metro Center Sales Outlet (recently completed)
 - Pilot bus pass sales through two of the Metro Center SmarTrip dispensers; expand to other locations based on success of pilot
 - Pilot on-the-spot replacement of lost or stolen SmarTrip cards at Metro Center Sales Outlet
 - Increase the number of SmarTrip-capable vendors in stations over the next two years



Special Joint Promotion Offer

- WMATA intends to proceed with providing our Metrorail customers with free rides during the a.m. peak on December 16, 2004, through a “Customer Appreciation” joint promotion by ING DIRECT (subject to Board indemnification approval).



Service Reliability and Customer Service Next Steps

- Immediately proceed with actions that can be implemented within existing budgetary resources.
- Review scope and methodology for external reviews.
- Identify one-time revenue sources (e.g., supplemental advertising revenues) and make recommendations for appropriate uses.
- Identify resource re-allocations required to align programs with budget capacity for needed customer service and relationship initiatives.
- Use the upcoming budget process to balance programmatic needs and available resources beginning with the December 9 FY 2006 budget submission to the Board's Budget Committee.



Spasyk; Linda Jackson; skylitecomm@yahoo.com; caspiazu@zgsgroup.com
 Cc: Cathy Asato; Chuma E. Mmaje; Lisa Farbetein; Lella
 Rashti-Deutschman; Nicholas C. Shears; Sydney E. Garriss; Steven
 Taubenkibel; Taryn U. McNeill
 Subject: News from Metro: Web Site Redesigned

** Proprietary **

Metro Web Site Dons a New Look

Metro unveiled a redesigned Web site featuring a fresh home page, page design and new color scheme at www.metroopensdoors.com last week. However, viewers to the Web site will benefit from more than just cosmetic changes: the redesign aims to enhance the usefulness and efficiency of the site and incorporates design features and functions for the region's Web savvy audience.

The revamped Web site provides simpler navigation to make finding information about Metro easier, faster and more convenient for customers. With just a few mouse clicks, customers can find anything from Metrorail and Metrobus fares, maps and schedules to service alerts, SmarTrip information and trip planning services. They can also get the latest Metro news from the home page.

"The Web site is a valuable resource for our customers and we redesigned it to make it easier and quicker for customers to find what they're looking for," said Leona Agouridis, Metro's assistant general manager for communications.

"Web site usage has grown rapidly over the past few years and we know that customers increasingly turn to the Web site for information about Metro, especially in times of severe weather, special events and service disruptions," said Syd Garriss, Metro's Web manager.

In just two years, Web site usage has more than doubled. Last month, the site recorded more than 4.5 million page views, compared with 3.5 million page views in September 2003 and 2.2 million in September 2002.

The Web site changes incorporate Volpe guidelines, which emphasize efficiency, clarity, consistency and organization. The Volpe Center provides transportation and logistics expertise to the U.S. Department of Transportation, other federal agencies and state, local, and international entities.

In addition, Metro has changed the name of The RideGuide to the Metro Trip Planner and has modified the service to improve efficiency. The Trip Planner offers the same function as The RideGuide, which was launched in 1999. The Trip Planner, renamed to more succinctly describe its function, plots a customer's travel itinerary using the starting point and destination. The service creates an average of 150,000

itineraries a week.

Since first launching the Web site in 1996, Metro has continually made improvements to meet customer needs, including increasing the site's band width to speed the viewing and downloading of large files such as bus maps in August 2003 and offering computerized translation services of Web pages into six languages beginning in December 2003.

##

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GET THE LOWDOWN ON DOWNLOADING BUS MAPS AND SCHEDULES.

The most popular routes now arrive at your web-enabled PDA or wireless phone. It's just one of the benefits you'll discover at Metro's improved web site. Log on and see what else is new, including the streamlined Trip Planner. Navigation is easier at MetroOpensDoors.com.



INFORMATION 202-637-7000



TTY 202-638-3780

MetroOpensDoors.com





GET THE LOWDOWN ON DOWNLOADING BUS MAPS AND SCHEDULES.

The most popular routes now arrive at your web-enabled PDA or wireless phone. It's just one of the benefits you'll discover at Metro's improved web site. Log on and see what else is new, including the streamlined Trip Planner. Navigation is easier at MetroOpensDoors.com.



INFORMATION 202-637-7000

M opens
metro doors

TTY 202-639-3780

MetroOpensDoors.com





Rick Taube

From: Kerrie Smith
Sent: Thursday, November 04, 2004 10:19 AM
To: Rick Taube
Subject: FW: Metro

-----Original Message-----

From: Snyder, David [mailto:dsnyder@aiaadc.org]
Sent: Thursday, November 04, 2004 10:15 AM
To: Kerrie Smith; Adam P. Ebbin (E-mail); Catherine M. Huggins (E-mail);
Christopher Zimmerman (E-mail); Dana Kauffman (E-mail); David Albo
(E-mail); Elaine McConnell (E-mail); Gary A. Reese (E-mail); Gerald E.
Connolly (E-mail); Karen Rae (E-mail); Ludwig Gaines (E-mail); Mick
Staton (E-mail); Scott Silverthorne (E-mail); Senator Jeannemarie A.
Devolites (E-mail); Senator Mary Margaret Whipple (E-mail); Sharon
Bulova (E-mail); Timothy D. Hugo (E-mail); William D. Scille (E-mail)
Subject: Metro

Because of a longstanding job related conflict, I will not be able to attend the meeting this evening. I do, however, request that NVTC receive a report from NVTC's Metro Board appointees on the activities of the Metro Board and management with respect to the events of yesterday (to the extent appropriate) and the operational issues that Dick White has mentioned in recent published accounts. I leave the form and timing of the report to our Board Members but do believe that a report in the near future is necessary. Just as local governments and the public have recently supported increased Metro funding, I am sure they would very much appreciate this information on operational matters. Thanks to all.

MATRIX FOR REVENUE SOURCE EVALUATION

	Access Fee	Competition Charges	Gas Tax	Value Capture	Parking Tax	Payroll Tax	Sales Tax
Source Specific							
Ease of Implementation	(+) New revenue collection mechanism required	(-) Major investment in system development and implementation (-) High implementation costs and claims from other purposes could result in low net yield to WMATA	(-) Will require a basis to allocate or a new mechanism (-) Substantial increase to existing Federal and state taxes needed to generate needed revenue (-) Long term future of the gas tax is uncertain as fuel systems change and fuel economy improves	(-) Complex mechanism to identify new development and allocate tax receipts (-) Could produce reasonable revenues after a long ramp-up period. Might require bonding	(-) New mechanisms to levy tax on both public and private facilities, enforcement problems in a cash business (+) Assuming collectability, a moderate level would generate significant revenues	(+) Ability to piggyback on existing mechanisms (+) Relatively low rate would provide significant revenues	(-) Ability to piggyback on existing mechanisms (+) Rates comparable to transit taxes in other metro areas would generate significant revenues.
Revenue Yield	(+) Substantial revenue generated at a reasonable tax level	(+) Once in place, would be very stable year-to-year	(?) Initial response less predictable, would be stable thereafter	(-) Very dependent on the development cycle and location of new development	(+) Likely to be stable once introduced—recognize that transit success will reduce revenues	(+) Relatively stable year-to-year although some impact of business cycles	(+) Relatively stable year-to-year, some impact of business cycles
Stability/Sustainability	(+) Once in place, would be very stable year-to-year	(?) Initial response less predictable, would be stable thereafter	(?) Will depend on the design of the tax structure, nature of exemptions—more study is needed	(+) Strong connection to those who have benefited from the WMATA investment	(?) Similar to the gas tax, the issue of reduced benefit will arise	(+) All those who work in the region benefit from WMATA service, equity will depend on design of the tax	(-) Connection to sales tax less clear, general concern about the regressive nature of the tax
Fairness/Equity	(?) Not clear where the impact of this source would fall	(?) Will depend on the design of the tax structure, nature of exemptions—more study is needed	(?) Motorists are beneficiaries of good travel to reduce congestion, but will still object to paying	(?) Potentially a discouragement to development, but tax-raising would make relatively neutral	(+) Possible positive consequences in reducing auto use, congestion, air pollution	(?) Possible encouragement to locate business elsewhere	(?) Possible redirection of purchases outside region, online, etc.
Unrelated Consequences	(-) Could be a negative factor for business location	(-) Could be a negative factor for business location	(?) No clear issues	(+) Not applicable to Federal investment, except indirectly through rented space	(+) Federal workers would be among those to pay	(+) Federal workers would pay the payroll tax	(?) No strong connection to Federal Government
Economic Efficiency	(+) Fee could be made applicable to federal owned or occupied spaces	(+) Federal workers would be among those paying	(-) No strong connection to Federal Government				
Federal Coverage	(+) Fee could be made applicable to federal owned or occupied spaces	(+) Federal workers would be among those paying	(-) No strong connection to Federal Government				
General							
Accountability	Any successful program will need to show how WMATA will be accountable for positive results						
Specificity	Any successful program will have to have specific content as to committed projects and initiatives						
Political Acceptance	Each feasible source will have to be analyzed as to the political issues and barriers to adoption						

- (-) Negative implications
- (?) Mixed or unknown
- (+) Positive implications
- * Seek input from Rudy Panter



WMATA Projected Shortfall Assuming No Special Federal Participation

	2006 (\$M)	2007 (\$M)	2008 (\$M)	2009 (\$M)	2010 (\$M)	2011 (\$M)	2012 (\$M)	2013 (\$M)	2014 (\$M)	2015 (\$M)	Total
Operating Shortfall	\$3.5	\$13.6	\$24.4	\$32.7	\$42.2	\$78.0	\$89.2	\$100.3	\$144.0	\$192.1	\$719.9
Capital Shortfall	\$0.0	\$0.0	\$84.2	\$84.2	\$84.2	\$328.5	\$439.0	\$303.7	\$266.9	\$264.9	\$1,855.6
Total Shortfall	\$3.5	\$13.6	\$108.6	\$116.9	\$126.4	\$406.5	\$528.2	\$404.0	\$410.9	\$457.0	\$2,575.5

Note: Excludes MetroAccess costs and includes operating costs for the Dulles Extension and Anacostia Light Rail. Operating shortfall data first in the Dedicated Funding Requirements table in WMATA Requests For Information document

**Preliminary Estimates of Potential WMATA Dedicated Revenue Sources Assuming No Special Federal Participation
(Current WMATA Compact Area)**

	Fee Level Required to Meet the Average Total Shortfall of \$320M	Fee Level Required to Meet the Average Capital Shortfall of \$230M
Access Fee ¹	\$0.65/square foot	\$0.47/square foot
Congestion Charging ²	\$7.67/car/day (\$1,918/year)	\$6.64/car/day (\$1,660/year)
Gas Tax ³	\$0.24/gallon	\$0.17/gallon
Land-Value Capture ⁴	Not achieved until 2037	Not achieved until 2030
Parking Tax ⁵	\$1.01/day (\$253/year)	\$0.74/day (\$185/year)
Payroll Tax ⁶	0.35% (\$125/employee/year)	0.25% (\$90/employee/year)
Sales Tax ⁷	0.55%	0.40%

Note: Average calculation based on years 2006 to 2015. 2006 and 2007 are considered outliers due to significantly lower shortfall requirements. By including 2006 and 2007 in the calculation the average total shortfall would be \$295M and the average capital shortfall would be \$185M. Excludes MetroAccess costs and includes operating costs for the Dulles Extension and Arlington Light Rail.

¹ Includes 395M square feet of federal (170M \$) and commercial (209M \$) space and hotels (15M \$) in areas that are broadly served by the Metrolink system. Fees are estimated to grow 2.88% annually based on historical inflation. New building equivalent to 1% annual growth assumed.

² Based on a hypothetical 15 square mile congestion zone in Washington D.C. An estimated 275,000 cars would be stopped once per weekday when entering the zone. Analysis includes 50% of DOT traffic counts to account for cars making multiple trips per day into the zone. An additional 10% reduction in traffic is assumed due to avoidance of the zone or increased use of public transportation. Estimates include an initial capital investment of approximately \$325M and \$300M in annual operating and maintenance costs. Investment and operating cost based on London experience. Revenues are estimated to grow 4.2% annually, which factors in rate increases and an annual increase in motorists.

³ Based upon a 2010 forecast of the annual vehicle miles of travel in the area and applying the estimated fuel economy for car/light trucks of 24 mpg, an estimated 1.3 billion gallons will be consumed. Assumes 325 days of vehicle use per year.

⁴ Assumes an average of \$1B in current land value within a 1/2 mile radius of Metrolink stations, a tax rate of \$1 per \$100 of assessed land value, and 30% of the incremental future property tax is captured and dedicated to WMATA. Tax revenue growth of 2.7% based on historical growth of the assessed property tax base in the Compact Area. This growth rate accounts for value appreciation of existing properties and new properties as well as new construction.

⁵ It is assumed that users will pay the fee. Based upon an analysis using the regional travel model, it is estimated that about 1.15 million commuter parking spaces will be utilized and pay the fee. The costs of increased transit service to accommodate the additional demand was estimated at about \$40 million per year, which reduces the net revenues. Additional revenue from increased transit service is estimated to be half of the associated cost, or \$20 million. Fees are estimated to grow 2.88% annually based on historical inflation.

⁶ Based on COG Round 6.3 total employment forecast for 2000 to 2015 for the Compact Area, averaging 1.4% annual growth. Employment is stratified into income categories based on median household income data for the Compact Area, obtained from the US Census. Individual's annual income below \$15,000 and above \$100,000 is not taxed. Annual income growth of 2.88% is assumed based on historical inflation.

⁷ Taxable sales base estimates based on historical tax revenue and tax base data from counties and cities in the WMATA Compact Area.

**Preliminary Estimates of Potential WMATA Dedicated Revenue Sources Assuming 50% Special Federal Participation
(Current WMATA Compact Area)**

	Fee Level Required to Meet the Average Total Shortfall of \$160M	Fee Level Required to Meet the Average Capital Shortfall of \$115M
Access Fee ¹	\$0.33/square foot	\$0.23/square foot
Congestion Charging ²	\$6.06/car/day (\$1,515/year)	\$5.52/car/day (\$1,380/year)
Gas Tax ³	\$0.12/gallon	\$0.09/gallon
Land-Value Capture ⁴	Not achieved until 2024	Not achieved until 2019
Parking Tax ⁵	\$0.54/day (\$135/year)	\$0.40/day (\$100/year)
Payroll Tax ⁶	0.17% (\$63/employee/year)	0.12% (\$45/employee/year)
Sales Tax ⁷	0.28%	0.20%

Note: Average calculation based on years 2008 to 2015. 2006 and 2007 are considered outliers due to significantly lower shortfall requirements. By including 2006 and 2007 in the calculation the average total shortfall would be \$130M and the average capital shortfall would be \$90M. Excludes MetroAccess costs and includes operating costs for the Dulles Extension and Annapolis Light Rail.

¹ Includes 395M square feet of federal (170M sf) and commercial (209M sf) space and hotels (16M sf) in areas that are broadly served by the Metrorail system. Fees are estimated to grow 2.88% annually based on historical inflation. New building equivalent to 1% annual growth assumed.

² Based on a hypothetical 15 square mile congestion zone in Washington D.C. An estimated 275,000 cars would be charged once per week-day when entering the zone. Analysis excludes 50% of DODT traffic counts to account for cars making multiple trips per day into the zone. An additional 10% reduction in traffic is assumed due to avoidance of the zone or increased use of public transportation. Estimates include an initial capital investment of approximately \$325M and \$300M in annual operating and maintenance costs. Investment and operating cost based on London experience. Revenues are estimated to grow 4.2% annually, which factors in rate increases and an annual increase in motorists.

³ Based upon a 2010 forecast of the annual vehicle miles of travel in the area and applying the estimated fuel economy for car-pooling trucks of 24 mpg, an estimated 1.3 billion gallons will be consumed. Assumes 325 days of vehicle use per year.

⁴ Assumes an average of \$18 in current land value within a 1/2 mile radius of Metrorail stations, a tax rate of \$1 per \$100 of assessed land value, and 30% of the incremental future property tax is captured and dedicated to WMATA. Tax revenue growth of 2.7% based on historical growth of the assessed property tax base in the Compact Area. This growth rate accounts for value appreciation of existing properties and new properties as well as new construction.

⁵ It is assumed that users will pay the fee. Based upon an analysis using the regional travel model, it is estimated that about 1.15 million commuter parking spaces will be utilized and pay the fee. The costs of increased transit service to accommodate the additional demand was estimated at about \$40 million per year, which reduces the net revenues. Additional revenue from increased transit services is estimated to be half of the associated cost, or \$20 million. Fees are estimated to grow 2.88% annually based on historical inflation.

⁶ Based on COG Round 0.3 total employment forecast for 2000 to 2015 for the Compact Area, averaging 1.4% annual growth. Employment is stratified into income categories based on median household income data for the Compact Area, obtained from the US Census. Individual's annual income below \$15,000 and above \$100,000 is not taxed. Annual income growth of 2.88% is assumed based on historical inflation.

⁷ Taxable sales base estimates based on historical tax revenue and tax base data from counties and cities in the WMATA Compact Area.

Preliminary Estimates of the Geographic Distribution of Potential WMATA Dedicated Revenue Sources
 (Current WMATA Compact Area)

	District of Columbia	Maryland	Virginia
Access Fee	58%	22%	20%
Congestion Charging		- Not Available -	
Gas Tax	9%	49%	42%
Land-Value Capture	41%	32%	27%
Parking Tax	20%	38%	42%
Payroll Tax	28%	36%	36%
Sales Tax	20%	32%	48%
WMATA FY05 Budget Allocation	38.1%	37.4%	24.5%

Geographic Distribution of Employees Subject to Payroll Tax

	DC	MD	VA	Total
Employee Place of Work ¹	28%	36%	36%	100%
Est. Employee Place of Residence ²	15%	45%	40%	100%

¹ Based on MWCOG data.

² Based on US Census data.

Compelling Case for WMATA

Executive Summary

The Washington Metropolitan Transit Authority (WMATA) benefits the \$290 billion Washington regional economy in a number of tangible and intangible ways. Improving the local tax base, stimulating high-value, transit-oriented development, improving regional productivity, and the overall quality of life. A brief summary of these benefits is provided below.

Impacts on State and Local Governments:

- WMATA services expand the state and local tax base with recurring and non-recurring taxes
- Reduce the need for highway construction
- WMATA services require funding from state and local operating and capital budgets

Impacts on the Business Community

- WMATA, particularly Metrorail, promotes high-value, transit-oriented development. Attracting jobs and housing to Metro station areas
- Metrorail and Metrobus improve accessibility to jobs
- WMATA substantially reduces congestion, saving businesses and employees over \$1.2 billion per year

Impacts on the Federal Government

- WMATA provides an affordable commuting for federal workers and attracting federal facilities to station areas
- Metrorail and Metrobus are critical links in the national capital region's security network and provide a model for the country on new transit security initiatives

Impacts on the Citizens and Visitors to the Region

- WMATA reduces congestion on the region's highways saving residents, Metro and non-Metro riders, approximately 35 hours in travel time per year and approximately 75 million gallons of gas per year.
- Metrorail and Metrobus improve regional air quality; reducing smog and ozone, volatile organic compounds (VOCs) and nitrogen oxides (NOx) Improves the health of the region by reducing sprawl by promoting transit use and transit-oriented development.

Background

The Washington Metropolitan Area Transit Authority's services are an integral part of the region's transportation network. With a replacement cost of approximately \$24 billion it is one of the largest single infrastructure projects in the region. It is also one of the few assets that truly bind the Washington region together. Over the past thirty years, WMATA's impact on the region has continued to grow. Over 1.1 million trips per day are made on the Metrobus and Metrorail systems, saving time for people on its vehicles, reducing congestion on the region's roadways, and improving air quality. Like every other transit property in the world WMATA requires public support to close the gap between passenger revenues and costs. However, it substantially expands the tax base of its sponsoring jurisdictions by stimulating high-value, property development and job growth around transit stations. Finally, WMATA is a critical link in the region's security system, offering a safe, fast means of evacuating the core. The benefits that WMATA provides transcend the users of its service. Even those never setting foot on a WMATA vehicle benefit from its services.

Beneficiary: State and Local Governments

WMATA impacts state and local governments in two primary ways. First, it expands the tax base by increasing the property value of land adjacent to Metrorail stations and sales and income taxes in funding jurisdictions. Second, it places a burden on state and local tax dollars, which must be used to pay the operating and capital costs of WMATA services.

Tax base generated by WMATA

Tax revenues to jurisdictions served by WMATA can be classified as both recurring and nonrecurring. Non-recurring sources of tax revenue include:

- Metrorail construction activities
- Permits for new development in station areas
- Sales of housing units.

Recurring tax revenues include:

- Sales at Metrorail station area office, retail and hotel developments
- Property taxes of residents and business locating near Metrorail station.
- Incomes earned at jobs located near Metrorail stations
- Income tax generated by Metro operations and maintenance

A 1994 study completed by KPMG Peat Marwick for the Northern Virginia Transportation Commission concluded that the tax revenues for the Commonwealth of Virginia linked to the Metrorail system yield an annual return

on investment of 12.4% for the Commonwealth. It estimated that between 1977 when the first station opened in Virginia and 2010 in Virginia alone, Metrorail will generate an estimated \$2.1 billion in tax revenues and 91,000 permanent jobs. The Urban Land Institute estimated that in Arlington County, development in two Metrorail corridors is concentrated on six percent of the land in the county but produces almost half of the county's tax revenue.

Beneficiary: Business Community

WMATA also has a strong impact on the business community. The Metrorail and Metrobus system stimulates substantial property development around the region; eliminates congestion, thereby lowering the cost of doing business; adds new jobs through construction and the provision of transit service; encourage transit oriented land-use; and improve homeland security.

Property Development

The presence of a Metro station encourages the highest and best use of land, a key factor in the development of the regional economy. Region-wide, Metro has already generated more than \$15 billion in increased value at station sites, and the Urban Land Institute estimates the Metrorail system will have contributed \$25 billion of commercial, office and retail growth by 2010. Between 1980 and 1990, 40% of the region's new retail and office space was built within walking distance of a Metrorail station. Additionally, average office rents near transit stations rose with ridership and joint development projects, adding more than three dollars per gross square foot to annual office rents. The National Association of Realtors notes that more and more Americans are choosing to live in locations that put them within easy walking distance of transit. Demographers estimate that as much as 30% of the demand for housing is for denser, walkable, mixed-use communities.

Investment in transit also promotes vital economic growth and development by revitalizing neglected neighborhoods and serving as a catalyst for new business partnerships between public agencies and private businesses. The New York Avenue in-fill station on Metrorail's Red Line is being developed through an equal partnership between the federal and DC governments and local businesses. The station will trigger significant new mixed-use development, revitalizing an underdeveloped and underserved part of DC.

Regional Economy

The local economy in which WAMTA operates has a gross regional product of \$290 billion, fourth highest in the United States.

Public transportation contributes to the region's economy in two fundamental ways: direct dollar investment, multiplied throughout the economy; and improved

transportation options, which create economic benefits for individuals, households, businesses and governments. Dollars invested in public transportation flow through all sectors of the economy and provide an economic stimulus far exceeding the original investment – as much as six dollars for every dollar invested.

In addition to directly stimulating the economy, investment in public transportation enhances mobility for businesses and households thereby providing increased mobility and access to opportunities. In fact, over the next 30 years accessibility to jobs by transit will increase throughout the region, while the number of jobs accessible by auto will decrease. Finally, businesses and employees benefit from the reduced time and cost of congestion that transit provides. According to the 2004 Texas Transportation Institute Urban Mobility Study the Washington region cost of congestion is valued at \$2.3 billion. However, \$1.2 billion per year in congestion costs are cut due to public transportation. In this region, the public transportation the cost in this region due to congestion would be \$3.5 billion instead of the \$2.3 billion.

Beneficiary: Federal Government

Facility Location

WMATA provides an important mobility service to federal employees. So much so that proximity to a Metro station now ranks high in determining the location of many institutions. The federal government has required that agencies looking to relocate must try to find new offices near Metro stations. Metro was built to serve many existing federal workplaces – the Capitol, the Pentagon, the National Institutes of Health, the Census Bureau in Suitland, and the cluster of departments at the Federal Triangle, L'Enfant Plaza, and the Southwest Federal Center. More recently other federal facilities have relocated to near Metro stations, including the US Patent and Trademark Office near the King Street station, the Internal Revenue Service at the New Carrollton station and the National Oceanic and Atmospheric Administration near the Silver Spring station. As a result, 47% of Metro's peak period riders are federal employees. This suggests that the federal government is the single largest beneficiary of WMATA.

Homeland Security

Metro provides essential capacity to the region's transportation network helping to ensure safe and secure travel in times of extraordinary need. Public transportation has shown its ability to serve in times of emergency, playing a critical role in maintaining basic access and mobility. Of the 83 Metrorail stations, 35 serve federal facilities; Metro is a key means of mobility for federal workers during emergencies. On September 11, 2001, WMATA moved hundreds of thousands of federal workers and other commuters safely from the core and provided buses to deploy police and to serve as shelters for rescue workers.

The *National Strategy for Homeland Security*, released in July 2002 by the Bush Administration, details a comprehensive plan to enhance America's "protection and reduce our vulnerability to terrorist attacks," including several Homeland Security initiatives that relate to WMATA's role as a national security asset. The national strategy seeks to:

Protect critical infrastructure and assets – The Homeland Security Strategy is intent on protecting "individual targets whose destruction could create local disaster or profoundly damage our Nation's morale or confidence." Nationally transit systems have been identified as potential targets.

Defend against catastrophic threats, including chemical, biological, radiological or nuclear contamination – WMATA has led the world in developing a chemical sensor system for the transit environment, working in partnership with the U.S. Departments of Transportation, Energy and Justice and the National Laboratories. This trail-blazing technology being installed in underground Metrorail stations has applicability across the nation and the world in enclosed spaces where large crowds gather.

Provide intergovernmental coordination – The national capitol region, home of the District of Columbia, two states, 17 local jurisdictions and the federal government, must have seamless decision-making and coordination to protect the many physical and symbolic assets in our nation's capital. WMATA stands ready to act as an integral partner in protecting the federal workforce, and other people in the region, as well as the critical transportation infrastructure, federal buildings and national monuments served by Metro.

Beneficiary: Citizens and Visitors to the Region

WMATA impacts the quality of life of the Washington region in a number of ways: reducing congestion and saving time, reducing pollution, and improving the health of the region.

Congestion

During peak travel periods, 18 percent of all person-trips in WMATA's service area, and 42 percent of all peak-period trips to the region's core, are made on transit. This level of transit use, the second highest in the country, saves time for all travelers and reduces delays on region's severely congested streets and highways. In addition, individual riders save money by not driving their vehicles.

The Washington DC Metropolitan Area is one of the worst in the nation with regard to traffic congestion. According to the Texas Transportation Institute

Urban Mobility Report, which reviews the levels of congestion in America's urban areas, travel in on area highways during the peak period took 50% longer than under free flow conditions, up from 27% in 1982. Thus a trip that should take 20 minutes under free flow conditions instead takes 30 minutes.

As a result of congestion, the average Washington commuter spends 67 hours in congestion, the third worst in the nation. This has grown three-fold since the study began in 1982, when the average annual congestion was 21 hours per commuter. However, without the region's public transportation system, the average commuter would spend 102 hours each year without the region's public transportation system. That's 35 hours, or 50% more time that would be spent in traffic were it not for this region's transit services. This indicates the importance of WMATA, both for WMATA customers as well as those who live in the region but do not use the system. The increasing trends in congestion indicate an urgent need to improve the region's transportation system. One important component of any improvement strategy is to accommodate more demand on transit.

According to Paul M. Weyrich and William S. Lind in their publication *Twelve Anti-Transit Myths: A Conservative Critique*, transit, in particular rail transit, relieves congestion because it attracts choice riders, people who would drive if the train or the bus were not there. 65% of Metrorail riders are considered to be choice riders. Surprisingly, over 42% of bus riders are choice riders. This is especially impressive considering the fact that the Washington region is one of the wealthiest in the nation, second only to San Francisco.

Air Quality

Nationally public transportation reduces annual emissions of the pollutants that create smog and ozone, volatile organic compounds (VOCs) and nitrogen oxides (NOx), by more than 70,000 tons and 27,000 tons respectively. Public transportation also reduces carbon monoxide (CO) emissions by nearly 745,000 tons annually and carbon dioxide (CO₂) by more than 7.4 million tons per year.

The 2004 Texas Transportation Institute Urban Mobility Study indicates that in 2002, the Washington DC region wasted 204 million gallons of fuel due to traffic congestion. This makes the region the seventh most wasteful in the nation and also contributes to significant emissions of pollutants into the region's air. In fact, The Washington region is a severe non-attainment area for ozone, which is created in large part by the emissions of idling vehicles stuck in traffic. In fact, passenger cars and light trucks account for over 50% of air pollution nationwide (APTA Benefits of Public Transportation September 2002). Metro's very existence reduces harmful vehicle emissions as more than 1.2 million daily Metrobus and Metrorail trips remove 350,000 cars from the local road system every day and save more than 75 million gallons of gasoline every year.

Metro's clean-fleet program uses ultra-low-sulfur diesel fuel and exhaust after-treatment devices on its diesel buses and recently upgraded 60 old diesel engines to current emissions standards. WMATA has also purchased compressed natural gas buses and will soon be purchasing hybrid-electric buses to ensure that the system minimizes its impact on the region's air quality.

Health Benefits

The health effects of pollution from vehicles can be severe and even life threatening, particularly to children, older adults and adults with respiratory illnesses. Air pollution claims 70,000 lives a year and the costs related to health damage from motor vehicle pollution is estimated to be between \$29 billion and \$530 billion (APTA Health report). However, for every passenger mile traveled, public transportation produces only a fraction of the harmful pollution of automobile traffic: 95% less carbon monoxide, 92% fewer volatile organic compounds and nearly half as much carbon dioxide and nitrogen oxides.

Metro also contributes to better public health by enabling transit-friendly, walkable communities that reduce reliance on motor vehicles and promote higher levels of physical activity. This benefit has recently received national attention in light of a new study by the American Journal of Health Promotion that identified a link between sprawl and obesity.

MEMORANDUM

TO: Chairman Euille and NVTC Commissioners
FROM: Rick Taube
DATE: November 24, 2004
SUBJECT: WMATA Items

A. Metro Board Digest for October and November, 2004.

The digests are attached for your information.

B. Metro Matters.

At its meeting of October 21, 2004, the Board approved the Metro Matters jurisdictional funding agreements and provided authority to exercise the options on 120 series 6000 railcars.

C. Improving Service Reliability and Customer Service.

WMATA staff presented the attached paper to the Board's Operations and Safety Committee on November 18th. It generated substantial board discussion. For example, the Board asked staff to return to ING to negotiate free rush hour bus fares as well as the free rail fares the company had offered as a special promotion.

D. WMATA's Improved Website.

The attached news release and advertising copy describes the new look at www.MetroOpensDoors.com which emphasizes the improved Metro Trip Planner and ability to download schedules to web-enabled PDA's or wireless phones.

E. Request for Report on the Metrorail Collision of November 3, 2004.

Commissioner Dave Snyder, in the attached e-mail, has requested a report from NVTC's WMATA Board members on the actions of the WMATA Board and management with respect to the events of November 3, 2004 and related operational issues. Board members will be invited to respond.

F. Blue Ribbon Panel on Dedicated Sources of WMATA Funding.

Selected materials are attached from the past two meetings on November 9 and 22, 2004. The next meeting will be November 30th and the final scheduled meeting is December 14, 2004.

(A)



October 21, 2004

MEMORANDUM FOR: Chairman and Members of the Board

SUBJECT: October Board Digest

Anacostia Light Rail Project To Break Ground Next Month

Metro and the District of Columbia will break ground for the Anacostia Corridor Light Rail Project on November 13 across the street from the Anacostia Metrorail station. This demonstration project, paid for by the District of Columbia, will include six station stops along a 2.7-mile stretch of the Anacostia River from Pennsylvania Avenue, SE, to Bolling Air Force Base. It also will include a maintenance facility at South Capitol Street and Firth Sterling Avenue. The Anacostia light rail line will bring public transportation to an area of the District of Columbia not served by Metrorail and will include a critical connection to the rail system. Metro anticipates starting light rail revenue service in Anacostia in fall 2006.

The groundbreaking will bring together members of Anacostia's residential and business communities, local leaders, including the mayor's office and the D.C. Council, members of Congress and other representatives from the Federal government. Invitees include D.C. Mayor Anthony Williams, U.S. Representative Eleanor Holmes Norton, D.C. Department of Transportation Director Dan Tangherlini and U.S. Representative Earl Blumenauer of Portland, Oregon.

**Washington
Metropolitan Area
Transit Authority**

600 Fth Street, NW
Washington, D.C. 20001
202-682-1234

By Metro:
Juliana Square Red Line
Gallery Place-Bridgman
Red Green and
Yellow Lines

A District of Columbia
Metrolink and Virginia
Rapid Rail Authority

New York Ave Station To Open On November 20

After nearly four years of construction, Metro is putting the finishing touches on the New York Ave-Florida Ave-Gallaudet U station. The station, Metro's first in-fill station, will open to the public on November 20 and is expected to serve 1,500 customers each weekday. The \$103.7 million in funding to build the station was made possible by an innovative partnership that includes the District of Columbia, federal government, private land owners and local businesses. Although the new station does not add miles to the current Metrorail system, it increases the total number of stations to 84.

The station opening next month will gather District of Columbia and federal officials, and members of local community, including students from the Perry School Community Center who created a mural for the station. Additional invitees to the station opening include D.C. Mayor Anthony Williams, U.S. Representative Eleanor Holmes Norton, D.C. Department of Transportation Director Dan Tangherlini, and Poet Laureate of the District of Columbia Dolores Kendrick.

Metro Meets Its New Neighbors

In anticipation of opening the Red Line's New York Ave-Florida Ave-Gallaudet U station on November 20 and the Blue Line's Largo Town Center and Morgan Boulevard stations on December 18, Metro continues to reach out to the neighboring communities. As the new stations clearly will impact Washington's NoMa (North of Massachusetts Avenue) district and Prince George's County's Largo neighborhood, we want to engage their residents, businesses and community groups as partners.

Last Saturday, October 16, we hosted a Community Day at the Giant grocery store adjacent to the Rhode Island Ave Metrorail station. We met members of the local community and distributed information on the upcoming station openings at New York Ave, Morgan Boulevard and Largo Town Center, as well as other Metro information such as system maps, timetables and safety information.

In November, we plan to do something similar in Prince George's County to promote the opening of the Largo Extension.

First Town Hall Meeting Set For November 16

Metro will hold its first town hall meeting on Tuesday, November 16, giving our customers an opportunity to voice their opinions and concerns about the region's transit system directly to the Board of Directors and Metro staff. The town hall meeting format provides an open forum for customers and is part of our ongoing efforts to engage customers in dialogue about a broad range of issues related to service, funding and long-term plans. Additionally, this format will enable us to articulate the unique challenges that face Metro and motivate our customers to advocacy.

The meeting will be preceded by an "open house" which will include exhibits on construction, ADA programs, funding issues, planned improvements in bus, rail, and escalator/elevator programs, and more. The open house will begin at 6 p.m. and the town hall program will start at 7 p.m. Bob Levey, senior vice president for development, Washington Hospital Center, and former *Washington Post* columnist, will moderate the session.

To alert the public about the our first town hall meeting, we will advertise in local, regional and ethnic newspapers including *The Washington Post*, *Express*, *East of the River*, *Washington Informer*, *Afro-American*, *La Nacion*, *El Tiempo Latino* and *Washington Hispanic*. We will produce an array of fliers and posters and distribute them in rail stations, bus bays, community centers, churches, libraries, schools and grocery stores. In addition, we plan to send notifications to our Metrocheck customers and to business, government, and community partners.

COG Panel Starts Work on Recommendations for Dedicated Metro Funding

Late last month, the Metropolitan Washington Council of Governments (COG) named the members of its panel that will examine dedicated funding options for Metro and convened panel meetings beginning October 7. COG assembled 13 people who have a knowledge of or background in transit, public finance, economics or political science to serve on the Metro Funding Panel.

Rudolph G. Penner, Senior Fellow at the Urban Institute, will serve as chair for the Metro Funding Panel. His fellow panel members include:

Chairman and Members of the Board

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Gus Bauman, of Counsel, Beveridge & Diamond; **Thomas M. Downs**, President and CEO, ENO Transportation Foundation; **James W. Dyke, Jr.**, Partner, McGuire Woods, LLP; **Nuria I. Fernandez**, Senior Vice President, Global Transportation at Earth Tech, Inc.; **J. Kenneth Klinge**, Principal, JKK Associates; **John E. Petersen**, Professor and Chair, School of Public Policy, George Mason University; **Dale Susan Rosenthal**, Senior Vice-President and CFO, Clark Construction Group, LLC.; **Major F. Riddick, Jr.**, President and CEO, Strategic Solutions Center; **Michael C. Rogers**, Executive Vice President, Corporate Services, MedStar Health; **Pauline A. Schneider**, Partner, Hunton & Williams; **Matthew S. Watson**, Administrative Judge, D.C. Contract Appeals Board and former D.C. Auditor; and **James A. Wilding**, Transportation Consultant and former President, Metropolitan Washington Airports Authority. **Mortimer L. Downey**, President of PB Consult, Inc., will serve as staff director. COG's National Capital Region Transportation Planning Board (TPB), the Brookings Institution and WMATA staff will provide additional support.

Prior to the October 19 meeting, the panel allowed members of the public to share their input about Metro's funding needs during a public comment period. The panel will meet again on November 9, November 30 and December 14.

The panel is sponsored by COG, the Greater Washington Board of Trade and the Federal City Council. The panel members are reviewing and analyzing Metro's current and future financial needs, as well as revenue sources used by other transit systems. The Metro Funding Panel is expected to issue a report with recommendations early next year.

Disability Community Learns How Metro is Accessible

On October 15, the Office of ADA Programs, the Metro is Accessible project and the D.C. Mental Retardation and Developmental Disabilities Administration held a Metro is Accessible forum at Metro headquarters. The event drew social workers, case managers, travel trainers, and program directors, as well as their clients, from agencies that regularly work with people with mental retardation and developmental disabilities.

The program showcased the accessibility and safety features of Metrobus and Metrorail, through presentations, a question and answer

session, and an opportunity for participants to board a low-floor Metrobus with the bus stop announcement system. The program aimed to encourage people with disabilities to use the fixed-route Metro system by highlighting its accessibility, safety, ease and affordability.

Yesterday, we participated in the Transportation Planning Board's (TPB) Disability Awareness Day, designed to raise awareness of the travel challenges faced by people with disabilities. TPB arranged elected officials and/or transit officials to take a trip using public transportation with a person having a disability. The teams later reported on the accessibility features and challenges of their trips at the "Access for All" press conference at COG headquarters. I rode with Patrick Sheehan, who chairs the WMATA Elderly & Disability Transportation Advisory Committee. The press conference highlighted the positive things that have been done to increase accessibility to public transit including bumpy tiles and bus stop announcements and identified areas that still need to be addressed including improving pedestrian access and making elevators and escalators more dependable.

Metro Honors Slain MTPD Officer Marlon F. Morales

On Monday, October 18, Metro honored MTPD Officer Marlon F. Morales at the U St/African American Civil War Memorial-Cardozo station. With members of the Morales family in attendance, MTPD unveiled a plaque bearing Officer Morales' likeness inside the station where he was shot in the line of duty. Officer Morales died three days later.

In June 2001, Morales stopped Walter Johnson for fare evasion at U Street. Johnson, in turn shot Morales and fled the station. Johnson was convicted of murder and sentenced to life in prison without parole earlier this year. In its 28-year history, two MTPD have been killed in the line of duty. Officer Harry Davis, Jr. was fatally shot in December 1993 while investigating a suspicious car.

Readying Largo Extension and New York Ave for Service Require Partial Blue and Red Line Shutdowns

Before we open the Morgan Boulevard and Largo Town Center stations on December 18 and New York Ave-Florida Ave-Gallaudet U station on November 20, we need to conduct essential track work operations that will require partial shutdowns on both the Blue and Red lines.

This weekend, October 22-24, Metro will work on the automatic train control system on the Blue Line. It will be the final cutover of train communications and signals, which once completed and tested will enable trains to service the two new stations. Over the weekend, Stadium-Armory station will be the last stop on the Blue Line. The Benning Road, Capitol Heights and Addison Road-Seat Pleasant stations will be closed. Metro will provide free shuttle bus service between Stadium Armory and all of the affected Blue Line stations.

On the Red Line, one final shutdown is necessary to complete critical track work in preparation for the new inline station at New York Avenue. Over the November 5-7 weekend, Red Line service will be suspended between Union Station and Fort Totten. With the Rhode Island Ave and Brookland-CUA stations closed, we will operate free shuttle buses and encourage customers to take the Green Line where possible.

For both shutdowns, Metro will keep customers informed about the track work through the Web site and Customer Information phone line, station signage, brochures, station and train announcements, and Passenger Information Display signs. In addition, Metro Information Persons (MIPs) will be in key stations to answer customer questions and direct them to shuttle buses or alternate train lines.

Construction Projects Begin at Ballston and White Flint

Last month Metro started two construction projects aimed at improving and expanding station access at the Ballston-MU Metrorail station and parking at the White Flint Metrorail station. The Ballston project will run through June 2006, and the White Flint parking garage is scheduled for completion in summer 2005.

A major station enhancement program got underway in Arlington County at Ballston station on the Orange Line to enhance access to the east end of the station and to meet growing ridership demands. The project includes installing three new elevators along Fairfax Drive and constructing an underground passageway connecting the new elevators on the south side of Fairfax Drive to the existing station entrance. Arlington County is sponsoring this \$10 million construction project to fulfill a plan adopted by the Arlington County Board to improve access to the Ballston-MU Metrorail station as the first phase of improvements of a sequenced plan approved by the County Board.

In Montgomery County at White Flint station, Metro began construction on a new six-level parking structure that will have 1,272 parking spaces. The \$13.7 million parking structure is part of a larger joint development project and will not have a Kiss & Ride area.

Upcoming Events

October 24

Metrorail early opening in support of the Army Ten-Miler road race. The race begins at 8 a.m. near the Pentagon; Metro will open at 6 a.m.

October 31

Metrorail early opening in support of the Marine Corps Marathon. The race begins at 8:30 a.m. near the Iwo Jima Memorial; Metro will open at 6 a.m.

November 3

Federal Transit Administration Quarterly Review meeting

November 4

COG NCR Emergency Preparedness Council meeting; 777 North Capitol Street, NE; COG Training Center, third floor; 2 to 4 p.m.

November 6

Annual WMATA/Fire Department Rodeo, with invited participants from the Alexandria, Arlington, District of Columbia, Fairfax, Montgomery County, and Prince George's Fire departments, at the Carmen E. Turner Training and Maintenance Facility

November 8

COG Regional Security Conference

November 13

Anacostia Light Rail demonstration project groundbreaking ceremony; a reception will follow on Metro property across the street from the Anacostia Metrorail station at Howard Road and Shannon Place, SE; 10 a.m. to noon

November 16

Metro Town Hall Meeting and Open House; [location to be determined]; 6 p.m. to 9 p.m.

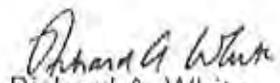
Chairman and Members of the Board

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November 20

New York Ave-Florida Ave-Gallaudet U Metrorail station opening; 10 a.m.

If you have any questions, please let me know. Thank you.



Richard A. White

General Manager and Chief Executive Officer

November 18, 2004

MEMORANDUM FOR: Chairman and Members of the Board

SUBJECT: November Board Digest

New York Ave Station To Open On Saturday

Metro will open the New York Ave-Florida Ave-Gallaudet U station to the public at 10 a.m. on Saturday, November 20. Metrorail's 84th station is our first in-fill station and it brings Red Line service to Washington D.C.'s NoMa (north of Massachusetts Avenue) district, an area undergoing an economic revitalization. Adjacent to the Metrorail station is the construction site of the future home of the Bureau of Alcohol, Firearms, Tobacco and Explosives. Joining the opening day celebration are D.C. Mayor Anthony Williams, D.C. Department of Transportation Director Dan Tangherlini, and other local and federal officials. The Dunbar High School marching band and students from the Perry School Community Center, who created a mural for the station, will share their community spirit as well.

To prepare our Red Line customers and help them adjust to having an additional station on our busiest rail line, we launched an awareness campaign. The campaign lets customers know about the new station and what that means for their Red Line commute, particularly during the first few weeks after the New York Ave-Florida Ave-Gallaudet U station opens. Key campaign messages include planning accordingly and allowing for extra time during their commutes, safely and quickly entering and exiting trains, and moving into the aisles to avoid crowding near the doors.

This information has been passed on to our customers through Take-Ones, which were distributed by Rail Supervisors at high volume stations like Metro Center, beginning November 12. In addition, the

awareness campaign includes new and innovative system and train announcements, news media outreach, and Web site postings.

Blue Line Extension Nears Completion: Two Stations Are Set To Open on December 18

The Blue Line Extension will open to the public on Saturday, December 18. The opening of the Morgan Boulevard and Largo Town Center stations extends the entire Metrorail system to 86 stations and 106.1 miles. The Blue Line also is the first Metrorail line to extend beyond the Capital Beltway in Prince George's County, Maryland. The Largo Town Center station will feature a 2,200-space parking facility. At Morgan Boulevard there will be 500 parking spaces and a rail car storage area for 36 Metrorail cars. The Morgan Boulevard and Largo Town Center stations are projected to serve 9,300 customers on weekdays.

The December 18 activities will begin at 9 a.m. with the dedication of the Morgan Boulevard Metrorail station and ceremonial ride to Largo Town Center Metrorail station. The opening day ceremony at Largo Town Center begins at 10 a.m. Local, state and federal officials will be on hand to participate in the festivities, including Maryland Governor Robert Ehrlich, Jr., Prince George's County Executive Jack Johnson and a number of Maryland congressional delegates.

Station Manager Customer Service Training Emphasizes the High Fives

Nearly every Metrorail station manager has completed a refresher customer service course, *High Five Customer Service Training for Station Managers*. The day-long, mandatory class emphasizes five basic principles: Meet and Greet; How May I Help; Stop, Listen, Think; Check Your Response; and Own Your Station. The program started in early October and will run through the end of the month when all 421 station managers will have taken the course.

Part and parcel with the training class, WMATA has initiated a recognition program for station managers who practice the customer service skills emphasized in the class. We are asking customers and employees to nominate top-notch station managers who they come across during their travels on Metrorail. "Give That Station Manager A High Five!" forms are available at station kiosks and on Metro's Web site at www.metroopensdoors.com. The forms are short and simply ask why a particular station manager deserves "a high five." We plan to

formally recognize a different station manager each week and award them with courtesy patches and photo displays at their stations.

Employees from throughout the Authority including rail transportation, operations planning and administrative support, organizational development, Americans with Disabilities Act programs, customer service and marketing helped develop the curriculum. A training instructor along with a station manager lead the class participants through discussions, exercises, role-plays, presentations and more. Participants learned specific criteria for performing the five basics on a daily basis, including offering to help seniors and people with disabilities, giving customers choices, using humor and keeping stations clean. The class covered topics such as maintaining a positive attitude, interpreting body language, listening, managing conflict and anger, and showing empathy. The course is intended to reinforce customer service and communications skills and brings together station managers so they can learn from each other.

Metrobus OCC Installs Real-time Traffic Cameras

The Bus Operations Control Center (BOCC) installed real-time traffic cameras that monitor traffic on the streets of Washington, D.C., Maryland and Virginia last month. The cameras will help bus supervisors, who often need to make quick decisions to reroute buses when an unexpected accident, street closure or other incident ties up traffic on existing bus routes. Knowing where traffic is at its worst and where it is flowing will improve our rerouting of buses and help buses stick as closely to schedules as possible. BOCC personnel view traffic in real-time video on wall-mounted 40-inch screens. The monitors show live views of main highways, secondary routes, congested areas, and bridges and tunnels, from more than 250 traffic cameras throughout the region.

The installation of the \$185,000-camera system was made possible by a technology grant from the Federal Transit Administration, and a public-private partnership with local departments of transportation, Metro and TrafficLand, the company that provides the high-speed video distribution system.

SmarTrip Card Usage on Metrobus Is On The Rise

Since the conversion of the entire Metrobus fleet to SmarTrip fareboxes in August, more and more customers are using the plastic, rechargeable smart cards to pay for their bus trips, transfer from rail to bus and transfer from bus to bus. Customers can also add value to their SmarTrip cards on the bus fareboxes using cash. In October, 10.08 percent of all Metrobus customers paid with SmarTrip cards, compared with 9.12 percent in September. Metrobus will closely monitor SmarTrip usage to see that meets its one-year usage goal of 15 percent. By next August, one full year after the completion of the SmarTrip farebox installation, Metrobus would like to have 15 percent of all customer trips paid for with SmarTrip cards.

SmarTrip card usage varies widely throughout the service area ranging from nearly 75 percent on some routes to 2 percent on others. Metrobus routes with high percentages of SmarTrip card users include the 11Y Mt. Vernon Express (74.76 percent), S93 West Falls Church Parking Lot Shuttle (68.57 percent), 12C Centreville North Line (66.23 percent), 12E Centreville South Line (63.85 percent) and W19 Indian Head Express Line (63.66 percent). Through the end of October, SmarTrip cards were used by more than one-third of customers on 31 Metrobus routes.

Metro To Offer A Behind the Scenes

Metro will host a Metro Behind the Scenes seminar on December 8. This is the second consecutive year that Metro is holding the seminar, which gives key mid- and upper-level executives of area workplaces the opportunity to learn more about the inner workings of WMATA, the region's largest transportation provider. Major areas of discussion include Metrorail's plan for significant snowstorms and the effect of significant snowstorms on Metrobus. Other topics to be discussed are system capacity and how it is affected during service disruptions, and customer communications.

Metro has invited a range of local companies and institutions, including Metrochek customers, hospitals, universities, cultural and tourist attractions and transportation providers to see Metro Behind the Scenes. The seminar will take place at Metro headquarters (time to be determined).

Metro Holds Procurement Fair For Small and Local Businesses

The Bladensburg Metrobus machine shop hosted a procurement fair for District of Columbia, Maryland and Virginia companies on October 20. At this vendor fair, Metro sought to accomplish two goals: find companies that manufactured typically hard-to-find parts and expand the vendor base of small local suppliers under the Board mandated Small Business and Local Preference program, which gives preference in the award of purchases less than \$100,000 to small businesses in the local area.

The vendor fair attracted three companies from the District of Columbia, 27 from Maryland and 16 from Virginia, for a total of 46 potential vendors. The attendees included General Machine Shop, Inc., Eastern Machine & Hydraulic, Choice Batteries, Central Armature Works, Inc., and Parts a la Carte. On display were more than 40 parts that Metro has had challenges in procuring for a variety of reasons including a lack of adequate specifications. The manufacturing companies were invited to examine these parts to determine whether they would be able to "reverse engineer" some of these products.

Employees from throughout the Authority participated in the procurement fair to explain to vendors about the Small Business and Local Preference program and becoming DBE certified, instruct new vendors about how invoices are processed, register vendors on site and introduce the APTA-sponsored electronic procurement system known as TransportMax. In addition, Metrobus employees gave tours of the Bladensburg facility and had a Flexible bus on display.

MTPD Begins *See it? Say it!* Campaign

Metro Transit Police started a new campaign aimed at increasing customer awareness to create and maintain a safe transit environment on November 1. The "See it? Say it!" campaign asks customers to keep an eye out for suspicious behavior, unusual activities, unattended items, smoke or odd odors and to report any of the above to an MTPD officer or Metro employee. As part of the campaign, MTPD officers, including Chief Polly Hanson handed out "See it? Say it!" cards to customers. The cards encourage our customers to report suspicious behaviors or activities to any Metro employee or police. The cards also direct

customers to visit the Metro Web site for additional safety-related and emergency preparedness information.

Metrobus Employees Host Halloween Event

Continuing a longstanding tradition of community service, Southern Avenue and Southeastern Metrobus division employees hosted the 14th annual Halloween "haunted" bus at Anacostia Metrorail station on Friday, October 29. They also gave out trick-or-treat bags filled with goodies and held a costume contest for children aged four to 12. Bus transportation and maintenance employees donate their own time, decorating skills, talent and money to outfit the bus and purchase treats for the children and residents of Southeast Washington, D.C.

Upcoming Events

November 20

New York Ave–Florida Ave–Gallaudet U Metrorail station opening; 10 a.m. to noon

November 22

Dedication of the Carlton S. Sickles Pedestrian Bridge connecting the Strathmore Arts Center with the WMATA parking structure at the Grosvenor-Strathmore Metrorail station; 11 a.m.

November 30

Metro Blue Ribbon Funding Panel meeting; COG training center; 5 p.m. to 7 p.m.

December 1

2004 Annual Employee Awards ceremony; National Transportation Safety Board auditorium; 490 L'Enfant Plaza, SW; L'Enfant Plaza Metrorail station; 1 p.m.

December 10

Annual Metrorail and Metrobus Holiday Decorating Contest; Greenbelt Rail Facility and Jackson Graham Building

Chairman and Members of the Board
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December 14

Metro Blue Ribbon Funding Panel meeting; COG training center; 7:30 a.m. to 9 a.m.

December 18

Blue Line Extension opening; Morgan Boulevard Metrorail station dedication and ceremonial ride; 9 a.m.; Largo Town Center Metrorail station opening ceremony; 10 a.m.

If you have any questions, please let me know. Thank you.

Richard A. White
General Manager and Chief Executive Officer

IMPACT ON FUNDING:

Budget: Metro Matters Program Element B - Railcars & Facilities
 Project Title: Vehicles - 120 rail car options
 Attachment 3B

Obligation Schedule:

	<u>FY05 & Prior</u>
6000 Series Base Contract:	\$129,191,458
Contract Modification under Metro Matters Program:	\$187,184,272
Total Contract Amount:	\$316,375,730
Other Obligations:	\$ 8,250,000
Remaining Balance:	\$ 53,058,542

Expenditure Schedule:

	<u>Prior</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11 & Beyond</u>	<u>Total Amount</u>
Current Program	\$ 36.50M	\$ 42.50M	\$ 62.30M	\$ 1.90M	\$ 2.60M	\$ 0.00	\$ 0.00	\$ 2.80M	\$148.60M
This Action	\$ 0.00	\$ 27.91M	\$ 55.38M	\$101.15M	\$ 30.85M	\$ 8.50M	\$ 3.43M	\$ 1.86M	\$229.08M
Total Expenditures	\$ 36.50M	\$ 70.41M	\$117.68M	\$103.05M	\$ 33.45M	\$ 8.50M	\$ 3.43M	\$ 4.66M	\$377.68M

Program Budget Summary:

	<u>Base of 62 Cars</u>	<u>Option of 120 Cars</u>	<u>Total of 182 Cars</u>
Contract Awards	\$129.20M	\$187.18M	\$316.38M
Spare Parts	\$ 0.00	\$ 8.90M	\$ 8.90M
Program Management	\$ 4.50M	\$ 11.00M	\$ 15.50M
Program Administration	\$ 2.70M	\$ 6.20M	\$ 8.90M
Consulting Services	\$ 11.00M	\$ 6.00M	\$ 17.00M
Contingency	\$ 1.20M	\$ 9.80M	\$ 11.00M
Total	\$148.60M	\$229.08M	\$377.68M

Remarks:

*Funding is subject to Board approval of Metro Matters Funding Agreement and Amendment of the FY05 budget. This action reflects contract modification costs only, which includes the 120 rail car options, vehicle monitoring system, spare parts, project management, program administration, professional services, and contingency, design and all other costs necessary to complete the project.

(B)



Improving Service Reliability and Customer Service

Operations & Safety Committee
Washington Metropolitan Area Transit Authority
November 18, 2004





Background

- Ridership has increased 33 percent in the last seven years and is at an all-time high. Lately, our service reliability has been declining in certain areas, and our customers currently grade our bus/rail performance as a "C."
- Our customers tell us that reliability is the most important thing to them when they use Metro. As service reliability has declined, the level of customer complaints has increased.
- We will recommit ourselves to a back-to-basics program, focusing on safe, reliable and clean service, and improved customer service and outreach. We will hold all WMATA employees accountable for delivering greater service to our customers.



Background, continued

- Relief is on the way through capital improvements to be delivered under the Metro Matters Funding Agreement (FY 2005-2010), but customers will not begin to see these benefits for two to three years.
- Due to Metro's "Deficits by Design" – as emphasized in a recent Brookings Institution Report – a dedicated regional funding source is necessary to ensure that the system and its resources are adequately sustained beyond 2010.
- In the interim, we are putting together an aggressive new program to improve service reliability and enhance our customer service and communication efforts.
- Today, we are presenting you with the first steps of this new program, which are preliminary actions we can take within our approved FY05 budget.
- We'll have more details for you at our December 9 Budget Committee meeting, when we define our broader proposed FY 2006 programs and activities.



Purpose of Today's Discussion

- Outline programs to improve service reliability and customer service
- Outline an approach to conduct independent reviews to help improve WMATA's ability to meet current challenges
- Describe our preliminary customer service initiatives
 - Improve front-line service for station managers and police
 - Open new channels of communication with our customers
 - Provide better information and personal attention to customers during service disruptions
 - Simplify the process for fare problem resolution
- Define Next Steps



Service Reliability Initiatives

1. Modify internal work processes to improve support to our operating departments
2. Reorganize rail services to provide for geographic rail line ownership and accountability
3. Develop improved door dwell regimes, troubleshooting training for train operators, supervisors, and Operations Control Center (OCC) staff
4. Conduct independent reviews of WMATA reliability, safety and human factors performance
5. Work with leaders of WMATA's represented workforce to promote a sense of ownership, pride in customer service and requirements for accountability to the public we serve



Service Reliability Initiatives

1. Modify Internal Work Processes

We have defined key areas of internal support that will help to provide reliability improvements. Detailed work plans have been established and assignments made in the following areas:

- **Parts Quality and Availability**
 - Ensure that no rail car, bus, elevator, escalator or other equipment is out of service or ineligible for preventive maintenance for lack of parts
- **Hiring**
 - Establish hiring and recruiting plans that consider retirements, separations, promotions, transfers and new service expansion in order to determine hiring requirements
- **Training**
 - Review mandatory training requirements for their criticality and impact on workload throughout the organization
- **Material Safety Data Sheet (MSDS) Approvals**
 - Review and revise safety approval process for products to speed approvals
 - Identify and prioritize new products for testing and evaluation
- **Safety Certification**
 - Consistently provide timely review of safety certification plans and changes to address returning new and rehabilitated systems and facilities to service.
- **Dispatch 10 Best Technical Support Personnel**
 - Assign 10 best performers from outside the Operations Department to various offices within Operations to assist with critical technical support issues



Service Reliability Initiatives

2. Reorganize Rail Services to Provide for Geographic Rail Line Ownership and Accountability

- Create three line managers: One each for Red Line, Orange/Blue Lines, and Green/Yellow Lines
 - Make each manager responsible for customer service and train service end-to-end
 - Publish manager's name, photograph, and contact information in stations and on trains. Start customer call-back campaign for unsafe operations, rude behavior or failure to assist
 - Place responsibility and accountability for service closer to customers, and support it broadly.
- Provide customer-focused quality control
 - Customer Service Teams
 - Ride Quality Teams
 - Convert station and rail car cleaning to a customer service from a maintenance function



Service Reliability Initiatives

3. Develop Improved Troubleshooting Training for OCC

- Revised Troubleshooting Program to include
 - Refresh control and monitoring orientation
 - Use of Rail Major Delay Plan Handbook during major incidents
 - Troubleshooting techniques, rules and procedures
 - Operational communications, radio compliance and issuing commands
 - Signal and control systems
 - Physical characteristics of the system
- Incorporate troubleshooting into refresher class; duration is three days for Controllers, two days for Passenger Operations and staff
- All OCC personnel to complete new refresher course by late January 2005. Refresher required annually
- Effectiveness measured by reducing the frequency and length of delays and offloads; training course modified as needed



Service Reliability Initiatives

3. Develop Improved Door Dwell Regimes and Troubleshooting Training for Train Operators and Line Supervisors

- Implement standard door dwell regimes
 - Balance exit, entry and throughput demands
 - Provide consistent and somewhat longer dwells at high-volume stations
 - Provide platform supervisors to control passenger flow
- Troubleshooting focuses on most frequent failures: doors and brakes, resetting circuit breakers, cranking and blocking switches, etc.
- Revised troubleshooting training will be completed by November 2004 and incorporated into refresher. Refresher provided as shown below:
 - Quarterly: troubleshooting, manual operation, rolling brake tests, coupling and uncoupling
 - Semi-Annually: train isolation, revenue prep
 - Annually: interlocking ops and mode selector switching
- Hire five additional instructors to teach all refresher and troubleshooting skills at division and in the field



Service Reliability Initiatives

4. Conduct Independent Reviews

- Initiate external review of three key areas
 - Rail reliability and safety
 - Bus reliability and safety
 - Training and Human Factors
- Employ multiple avenues for review to minimize costs
 - Peer reviews by APTA
 - Professional consultant(s)
 - Industry professional associations
- Advance final recommendations and funding strategies at December 9 Budget Committee Meeting



Preliminary Customer Service Initiatives

1. Improve front-line service for station managers and police
2. Open new channels of communication with customers
3. Provide better information about service disruptions
4. Simplify the process for fare problem resolution



Preliminary Customer Service Initiatives

1. Improve Front-line Service (Station Managers)

- Provide a new and Customized “High Five” Customer Service Training for station managers and supervisors
 - Prepare front-line personnel with five key customer service skills:
 1. Meet & Greet
 2. “How may I help you?”
 3. Stop, Listen, Think
 4. Check your responses
 5. Own your station
 - Course is designed around specific themes requiring group participation, role-playing, and teamwork
 - Variety of skills taught: listening, interpreting body language, conflict and anger management, maintaining positive attitude, etc.
 - Initial “High Five” training will be completed by end of November 2004 and will be incorporated into required bi-annual refresher training
 - Effectiveness measured by complaint and commendation rates, the Customer Environment Survey and Customer Comment Cards placed in the take-one racks; refresher training modified as required



Preliminary Customer Service Initiatives

1. Improve Front-line Service (Metro Transit Police)

- Pilot three innovative customer interaction training programs
 - Conflict Management
 - “Verbal Judo”
 - Dealing with Difficult People



Preliminary Customer Service Initiatives

- 1. Improve Front-line Service (Metro Transit Police)**
 - Balance enforcement and customer expectations
 - Perform an evaluation of training, compliance, and policies and procedures
 - Convene a group of police officers and customers to gain an understanding of differences in approaches between the police and public on key issues
 - Develop consensus-driven strategies to effectively address conflicts, improve police-customer relations and the balance between enforcement and customer expectations
 - Advance final recommendations at December 9 Budget Committee meeting



Preliminary Customer Service Initiatives

2. Open New Channels of Communication with Customers

- Conduct Open House and Town Hall Meetings
- Develop regular Internet Chat Sessions where customers can ask questions of key WMATA staff and provide feedback on important issues. Launch will occur in mid-December, with regular chats beginning in early January
- Use www.metrodoors.com to tell our customers about the cause of major service disruptions and actions taken to restore service as soon as possible after a disruption
- Improve complaint resolution time, quality and completeness
- Replace the customer complaint tracking system to decrease response time to complaints and develop more actionable reports on service trends



Preliminary Customer Service Initiatives

3. Provide Better Information About Disruptions

- Improve delay information at all customer “touch points” by disseminating information through OCC to WMATA employees involved in communicating with the public during service disruptions.
 - Step One – Create intranet message board where key personnel can post incident updates
 - Step Two – Develop fuller web-based system for providing critical updates to key employees
- Make station and train announcements more informative to explain the service customers are experiencing.
- Deploy top managers and other staff to assist customers during major service disruptions.
- Improve timelines of e-alerts; access and usefulness of website information; and timelines of phone center information.
- Improve the use of existing tools such as “all call” capability for OCC to communicate directly with customers in trains.



Preliminary Customer Service Initiatives

4. Simplify the Process for Fare Problem Resolution

- Provide on-the-spot refunds in rail stations to customers who leave the rail system because of a major service delay
- Increase customers' convenience for SmarTrip and fare media purchase and use:
 - Place SmarTrip dispensers outside Metro Center Sales Outlet (recently completed)
 - Pilot bus pass sales through two of the Metro Center SmarTrip dispensers; expand to other locations based on success of pilot
 - Pilot on-the-spot replacement of lost or stolen SmarTrip cards at Metro Center Sales Outlet
 - Increase the number of SmarTrip-capable vendors in stations over the next two years



Special Joint Promotion Offer

- WMATA intends to proceed with providing our Metrorail customers with free rides during the a.m. peak on December 16, 2004, through a “Customer Appreciation” joint promotion by ING DIRECT (subject to Board indemnification approval).



Service Reliability and Customer Service Next Steps

- Immediately proceed with actions that can be implemented within existing budgetary resources.
- Review scope and methodology for external reviews.
- Identify one-time revenue sources (e.g., supplemental advertising revenues) and make recommendations for appropriate uses.
- Identify resource re-allocations required to align programs with budget capacity for needed customer service and relationship initiatives.
- Use the upcoming budget process to balance programmatic needs and available resources beginning with the December 9 FY 2006 budget submission to the Board's Budget Committee.



Spasyk; Linda Jackson; skylitecomm@yahoo.com; caspiazu@zgsgroup.com
 Cc: Cathy Asato; Chuma E. Mmaje; Lisa Farbetein; Lella
 Rashti-Deutschman; Nicholas C. Shears; Sydney E. Garriss; Steven
 Taubenkibel; Taryn U. McNeill
 Subject: News from Metro: Web Site Redesigned

** Proprietary **

Metro Web Site Dons a New Look

Metro unveiled a redesigned Web site featuring a fresh home page, page design and new color scheme at www.metroopensdoors.com last week. However, viewers to the Web site will benefit from more than just cosmetic changes: the redesign aims to enhance the usefulness and efficiency of the site and incorporates design features and functions for the region's Web savvy audience.

The revamped Web site provides simpler navigation to make finding information about Metro easier, faster and more convenient for customers. With just a few mouse clicks, customers can find anything from Metrorail and Metrobus fares, maps and schedules to service alerts, SmarTrip information and trip planning services. They can also get the latest Metro news from the home page.

"The Web site is a valuable resource for our customers and we redesigned it to make it easier and quicker for customers to find what they're looking for," said Leona Agouridis, Metro's assistant general manager for communications.

"Web site usage has grown rapidly over the past few years and we know that customers increasingly turn to the Web site for information about Metro, especially in times of severe weather, special events and service disruptions," said Syd Garriss, Metro's Web manager.

In just two years, Web site usage has more than doubled. Last month, the site recorded more than 4.5 million page views, compared with 3.5 million page views in September 2003 and 2.2 million in September 2002.

The Web site changes incorporate Volpe guidelines, which emphasize efficiency, clarity, consistency and organization. The Volpe Center provides transportation and logistics expertise to the U.S. Department of Transportation, other federal agencies and state, local, and international entities.

In addition, Metro has changed the name of The RideGuide to the Metro Trip Planner and has modified the service to improve efficiency. The Trip Planner offers the same function as The RideGuide, which was launched in 1999. The Trip Planner, renamed to more succinctly describe its function, plots a customer's travel itinerary using the starting point and destination. The service creates an average of 150,000

itineraries a week.

Since first launching the Web site in 1996, Metro has continually made improvements to meet customer needs, including increasing the site's band width to speed the viewing and downloading of large files such as bus maps in August 2003 and offering computerized translation services of Web pages into six languages beginning in December 2003.

##

Lisa Farbstein
Office of Media Relations, 2G-04
Washington Metropolitan Area Transit Authority
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(202) 962-1051
fax: (202) 962-2897



GET THE LOWDOWN ON DOWNLOADING BUS MAPS AND SCHEDULES.

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M opens
metro doors

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Rick Taube

From: Kerrie Smith
Sent: Thursday, November 04, 2004 10:19 AM
To: Rick Taube
Subject: FW: Metro

-----Original Message-----

From: Snyder, David [mailto:dsnyder@aiaadc.org]
Sent: Thursday, November 04, 2004 10:15 AM
To: Kerrie Smith; Adam P. Ebbin (E-mail); Catherine M. Huggins (E-mail);
Christopher Zimmerman (E-mail); Dana Kauffman (E-mail); David Albo
(E-mail); Elaine McConnell (E-mail); Gary A. Reese (E-mail); Gerald E.
Connolly (E-mail); Karen Rae (E-mail); Ludwig Gaines (E-mail); Mick
Staton (E-mail); Scott Silverthorne (E-mail); Senator Jeannemarie A.
Devolites (E-mail); Senator Mary Margaret Whipple (E-mail); Sharon
Bulova (E-mail); Timothy D. Hugo (E-mail); William D. Scille (E-mail)
Subject: Metro

Because of a longstanding job related conflict, I will not be able to attend the meeting this evening. I do, however, request that NVTC receive a report from NVTC's Metro Board appointees on the activities of the Metro Board and management with respect to the events of yesterday (to the extent appropriate) and the operational issues that Dick White has mentioned in recent published accounts. I leave the form and timing of the report to our Board Members but do believe that a report in the near future is necessary. Just as local governments and the public have recently supported increased Metro funding, I am sure they would very much appreciate this information on operational matters. Thanks to all.

MATRIX FOR REVENUE SOURCE EVALUATION

	Access Fee	Competition Charges	Gas Tax	Value Capture	Parking Tax	Payroll Tax	Sales Tax
Source Specific							
Ease of Implementation	(+) New revenue collection mechanism required	(-) Major investment in system development and implementation (-) High implementation costs and claims from other purposes could result in low net yield to WMATA	(-) Will require a basis to allocate or a new mechanism (-) Substantial increase to existing Federal and state taxes needed to generate needed revenue (-) Long term future of the gas tax is uncertain as fuel systems change and fuel economy improves	(-) Complex mechanism to identify new development and allocate tax receipts (-) Could produce reasonable revenues after a long ramp-up period. Might require bonding	(-) New mechanisms to levy tax on both public and private facilities, enforcement problems in a cash business (+) Assuming collectability, a moderate level would generate significant revenues	(+) Ability to piggyback on existing mechanisms (+) Relatively low rate would provide significant revenues	(-) Ability to piggyback on existing mechanisms (+) Rates comparable to transit taxes in other metro areas would generate significant revenues.
Revenue Yield	(+) Substantial revenue generated at a reasonable tax level	(+) Once in place, would be very stable year-to-year	(?) Initial response less predictable, would be stable thereafter	(-) Very dependent on the development cycle and location of new development	(+) Likely to be stable once introduced—recognize that transit success will reduce revenues	(+) Relatively stable year-to-year although some impact of business cycles	(+) Relatively stable year-to-year, some impact of business cycles
Stability/Sustainability	(+) Once in place, would be very stable year-to-year	(?) Initial response less predictable, would be stable thereafter	(?) Will depend on the design of the tax structure, nature of exemptions—more study is needed	(+) Strong connection to those who have benefited from the WMATA investment	(?) Similar to the gas tax, the issue of reduced benefit will arise	(+) All those who work in the region benefit from WMATA service, equity will depend on design of the tax	(-) Connection to sales tax less clear, general concern about the regressive nature of the tax
Fairness/Equity	(?) Not clear where the impact of this source would fall	(?) Will depend on the design of the tax structure, nature of exemptions—more study is needed	(?) Motorists are beneficiaries of good travel to reduce congestion, but will still object to paying	(?) Potentially a discouragement to development, but tax-raising would make relatively neutral	(+) Possible positive consequences in reducing auto use, congestion, air pollution	(+) Possible encouragement to locate business elsewhere	(?) Possible redirection of purchases outside region, online, etc.
Unrelated Consequences	(-) Could be a negative factor for business location	(-) Could be a negative factor for business location	(?) No clear issues	(+) Not applicable to Federal investment, except indirectly through rented space	(+) Federal workers would be among those to pay	(+) Federal workers would pay the payroll tax	(?) No strong connection to Federal Government
Economic Efficiency	(+) Fee could be made applicable to federal owned or occupied spaces	(+) Federal workers would be among those paying	(-) No strong connection to Federal Government				
Federal Coverage	(+) Fee could be made applicable to federal owned or occupied spaces	(+) Federal workers would be among those paying	(-) No strong connection to Federal Government				
General							
Accountability	Any successful program will need to show how WMATA will be accountable for positive results						
Specificity	Any successful program will have to have specific content as to committed projects and initiatives						
Political Acceptance	Each feasible source will have to be analyzed as to the political issues and barriers to adoption						

- (-) Negative implications
- (?) Mixed or unknown
- (+) Positive implications
- * Seek input from Rudy Panter



WMATA Projected Shortfall Assuming No Special Federal Participation

	2006 (\$M)	2007 (\$M)	2008 (\$M)	2009 (\$M)	2010 (\$M)	2011 (\$M)	2012 (\$M)	2013 (\$M)	2014 (\$M)	2015 (\$M)	Total
Operating Shortfall	\$3.5	\$13.6	\$24.4	\$32.7	\$42.2	\$78.0	\$89.2	\$100.3	\$144.0	\$192.1	\$719.9
Capital Shortfall	\$0.0	\$0.0	\$84.2	\$84.2	\$84.2	\$328.5	\$439.0	\$303.7	\$266.9	\$264.9	\$1,855.6
Total Shortfall	\$3.5	\$13.6	\$108.6	\$116.9	\$126.4	\$406.5	\$528.2	\$404.0	\$410.9	\$457.0	\$2,575.5

Note: Excludes MetroAccess costs and includes operating costs for the Dulles Extension and Anacostia Light Rail. Operating shortfall data first in the Dedicated Funding Requirements table in WMATA Requests For Information document

**Preliminary Estimates of Potential WMATA Dedicated Revenue Sources Assuming No Special Federal Participation
(Current WMATA Compact Area)**

	Fee Level Required to Meet the Average Total Shortfall of \$320M	Fee Level Required to Meet the Average Capital Shortfall of \$230M
Access Fee ¹	\$0.65/square foot	\$0.47/square foot
Congestion Charging ²	\$7.67/car/day (\$1,918/year)	\$6.64/car/day (\$1,660/year)
Gas Tax ³	\$0.24/gallon	\$0.17/gallon
Land-Value Capture ⁴	Not achieved until 2037	Not achieved until 2030
Parking Tax ⁵	\$1.01/day (\$253/year)	\$0.74/day (\$185/year)
Payroll Tax ⁶	0.35% (\$125/employee/year)	0.25% (\$90/employee/year)
Sales Tax ⁷	0.55%	0.40%

Note: Average calculation based on years 2006 to 2015. 2006 and 2007 are considered outliers due to significantly lower shortfall requirements. By including 2006 and 2007 in the calculation the average total shortfall would be \$295M and the average capital shortfall would be \$185M. Excludes MetroAccess costs and includes operating costs for the Dulles Extension and Arlington Light Rail.

¹ Includes 395M square feet of federal (170M \$) and commercial (209M \$) space and hotels (15M \$) in areas that are broadly served by the Metrolink system. Fees are estimated to grow 2.88% annually based on historical inflation. New building equivalent to 1% annual growth assumed.

² Based on a hypothetical 15 square mile congestion zone in Washington D.C. An estimated 275,000 cars would be stopped once per weekday when entering the zone. Analysis includes 50% of DDOT traffic counts to account for cars making multiple trips per day into the zone. An additional 10% reduction in traffic is assumed due to avoidance of the zone or increased use of public transportation. Estimates include an initial capital investment of approximately \$325M and \$300M in annual operating and maintenance costs. Investment and operating cost based on London experience. Revenues are estimated to grow 4.2% annually, which factors in rate increases and an annual increase in motorists.

³ Based upon a 2010 forecast of the annual vehicle miles of travel in the area and applying the estimated fuel economy for car/light trucks of 24 mpg, an estimated 1.3 billion gallons will be consumed. Assumes 325 days of vehicle use per year.

⁴ Assumes an average of \$1B in current land value within a 1/2 mile radius of Metrolink stations, a tax rate of \$1 per \$100 of assessed land value, and 30% of the incremental future property tax is captured and dedicated to WMATA. Tax revenue growth of 2.7% based on historical growth of the assessed property tax base in the Compact Area. This growth rate accounts for value appreciation of existing properties and new properties as well as new construction.

⁵ It is assumed that users will pay the fee. Based upon an analysis using the regional travel model, it is estimated that about 1.15 million commuter parking spaces will be utilized and pay the fee. The costs of increased transit service to accommodate the additional demand was estimated at about \$40 million per year, which reduces the net revenues. Additional revenue from increased transit service is estimated to be half of the associated cost, or \$20 million. Fees are estimated to grow 2.88% annually based on historical inflation.

⁶ Based on COG Round 6.3 total employment forecast for 2000 to 2015 for the Compact Area, averaging 1.4% annual growth. Employment is stratified into income categories based on median household income data for the Compact Area, obtained from the US Census. Individual's annual income below \$15,000 and above \$100,000 is not taxed. Annual income growth of 2.88% is assumed based on historical inflation.

⁷ Taxable sales base estimates based on historical tax revenue and tax base data from counties and cities in the WMATA Compact Area.

**Preliminary Estimates of Potential WMATA Dedicated Revenue Sources Assuming 50% Special Federal Participation
(Current WMATA Compact Area)**

	Fee Level Required to Meet the Average Total Shortfall of \$160M	Fee Level Required to Meet the Average Capital Shortfall of \$115M
Access Fee ¹	\$0.33/square foot	\$0.23/square foot
Congestion Charging ²	\$6.06/car/day (\$1,515/year)	\$5.52/car/day (\$1,380/year)
Gas Tax ³	\$0.12/gallon	\$0.09/gallon
Land-Value Capture ⁴	Not achieved until 2024	Not achieved until 2019
Parking Tax ⁵	\$0.54/day (\$135/year)	\$0.40/day (\$100/year)
Payroll Tax ⁶	0.17% (\$63/employee/year)	0.12% (\$45/employee/year)
Sales Tax ⁷	0.28%	0.20%

Note: Average calculation based on years 2008 to 2015. 2006 and 2007 are considered outliers due to significantly lower shortfall requirements. By including 2006 and 2007 in the calculation the average total shortfall would be \$130M and the average capital shortfall would be \$90M. Excludes MetroAccess costs and includes operating costs for the Dulles Extension and Annapolis Light Rail.

¹ Includes 395M square feet of federal (170M sf) and commercial (209M sf) space and hotels (16M sf) in areas that are broadly served by the Metrorail system. Fees are estimated to grow 2.88% annually based on historical inflation. New building equivalent to 1% annual growth assumed.

² Based on a hypothetical 15 square mile congestion zone in Washington D.C. An estimated 275,000 cars would be charged once per week-day when entering the zone. Analysis excludes 50% of DODT traffic counts to account for cars making multiple trips per day into the zone. An additional 10% reduction in traffic is assumed due to avoidance of the zone or increased use of public transportation. Estimates include an initial capital investment of approximately \$325M and \$300M in annual operating and maintenance costs. Investment and operating cost based on London experience. Revenues are estimated to grow 4.2% annually, which factors in rate increases and an annual increase in motorists.

³ Based upon a 2010 forecast of the annual vehicle miles of travel in the area and applying the estimated fuel economy for car-pooling trucks of 24 mpg, an estimated 1.3 billion gallons will be consumed. Assumes 325 days of vehicle use per year.

⁴ Assumes an average of \$18 in current land value within a 1/2 mile radius of Metrorail stations, a tax rate of \$1 per \$100 of assessed land value, and 30% of the incremental future property tax is captured and dedicated to WMATA. Tax revenue growth of 2.7% based on historical growth of the assessed property tax base in the Compact Area. This growth rate accounts for value appreciation of existing properties and new properties as well as new construction.

⁵ It is assumed that users will pay the fee. Based upon an analysis using the regional travel model, it is estimated that about 1.15 million commuter parking spaces will be utilized and pay the fee. The costs of increased transit service to accommodate the additional demand was estimated at about \$40 million per year, which reduces the net revenues. Additional revenue from increased transit services is estimated to be half of the associated cost, or \$20 million. Fees are estimated to grow 2.88% annually based on historical inflation.

⁶ Based on COG Round 0.3 total employment forecast for 2000 to 2015 for the Compact Area, averaging 1.4% annual growth. Employment is stratified into income categories based on median household income data for the Compact Area, obtained from the US Census. Individual's annual income below \$15,000 and above \$100,000 is not taxed. Annual income growth of 2.88% is assumed based on historical inflation.

⁷ Taxable sales base estimates based on historical tax revenue and tax base data from counties and cities in the WMATA Compact Area.

Preliminary Estimates of the Geographic Distribution of Potential WMATA Dedicated Revenue Sources
 (Current WMATA Compact Area)

	District of Columbia	Maryland	Virginia
Access Fee	58%	22%	20%
Congestion Charging		- Not Available -	
Gas Tax	9%	49%	42%
Land-Value Capture	41%	32%	27%
Parking Tax	20%	38%	42%
Payroll Tax	28%	36%	36%
Sales Tax	20%	32%	48%

WMATA FY05 Budget Allocation

38.1%

37.4%

24.5%

Geographic Distribution of Employees Subject to Payroll Tax

	DC	MD	VA	Total
Employee Place of Work ¹	28%	36%	36%	100%
Est. Employee Place of Residence ²	15%	45%	40%	100%

¹ Based on MWCOG data.

² Based on US Census data.

Compelling Case for WMATA

Executive Summary

The Washington Metropolitan Transit Authority (WMATA) benefits the \$290 billion Washington regional economy in a number of tangible and intangible ways. Improving the local tax base, stimulating high-value, transit-oriented development, improving regional productivity, and the overall quality of life. A brief summary of these benefits is provided below.

Impacts on State and Local Governments:

- WMATA services expand the state and local tax base with recurring and non-recurring taxes
- Reduce the need for highway construction
- WMATA services require funding from state and local operating and capital budgets

Impacts on the Business Community

- WMATA, particularly Metrorail, promotes high-value, transit-oriented development. Attracting jobs and housing to Metro station areas
- Metrorail and Metrobus improve accessibility to jobs
- WMATA substantially reduces congestion, saving businesses and employees over \$1.2 billion per year

Impacts on the Federal Government

- WMATA provides an affordable commuting for federal workers and attracting federal facilities to station areas
- Metrorail and Metrobus are critical links in the national capital region's security network and provide a model for the country on new transit security initiatives

Impacts on the Citizens and Visitors to the Region

- WMATA reduces congestion on the region's highways saving residents, Metro and non-Metro riders, approximately 35 hours in travel time per year and approximately 75 million gallons of gas per year.
- Metrorail and Metrobus improve regional air quality; reducing smog and ozone, volatile organic compounds (VOCs) and nitrogen oxides (NOx) Improves the health of the region by reducing sprawl by promoting transit use and transit-oriented development.

Background

The Washington Metropolitan Area Transit Authority's services are an integral part of the region's transportation network. With a replacement cost of approximately \$24 billion it is one of the largest single infrastructure projects in the region. It is also one of the few assets that truly bind the Washington region together. Over the past thirty years, WMATA's impact on the region has continued to grow. Over 1.1 million trips per day are made on the Metrobus and Metrorail systems, saving time for people on its vehicles, reducing congestion on the region's roadways, and improving air quality. Like every other transit property in the world WMATA requires public support to close the gap between passenger revenues and costs. However, it substantially expands the tax base of its sponsoring jurisdictions by stimulating high-value, property development and job growth around transit stations. Finally, WMATA is a critical link in the region's security system, offering a safe, fast means of evacuating the core. The benefits that WMATA provides transcend the users of its service. Even those never setting foot on a WMATA vehicle benefit from its services.

Beneficiary: State and Local Governments

WMATA impacts state and local governments in two primary ways. First, it expands the tax base by increasing the property value of land adjacent to Metrorail stations and sales and income taxes in funding jurisdictions. Second, it places a burden on state and local tax dollars, which must be used to pay the operating and capital costs of WMATA services.

Tax base generated by WMATA

Tax revenues to jurisdictions served by WMATA can be classified as both recurring and nonrecurring. Non-recurring sources of tax revenue include:

- Metrorail construction activities
- Permits for new development in station areas
- Sales of housing units.

Recurring tax revenues include:

- Sales at Metrorail station area office, retail and hotel developments
- Property taxes of residents and business locating near Metrorail station.
- Incomes earned at jobs located near Metrorail stations
- Income tax generated by Metro operations and maintenance

A 1994 study completed by KPMG Peat Marwick for the Northern Virginia Transportation Commission concluded that the tax revenues for the Commonwealth of Virginia linked to the Metrorail system yield an annual return

on investment of 12.4% for the Commonwealth. It estimated that between 1977 when the first station opened in Virginia and 2010 in Virginia alone, Metrorail will generate an estimated \$2.1 billion in tax revenues and 91,000 permanent jobs. The Urban Land Institute estimated that in Arlington County, development in two Metrorail corridors is concentrated on six percent of the land in the county but produces almost half of the county's tax revenue.

Beneficiary: Business Community

WMATA also has a strong impact on the business community. The Metrorail and Metrobus system stimulates substantial property development around the region; eliminates congestion, thereby lowering the cost of doing business; adds new jobs through construction and the provision of transit service; encourage transit oriented land-use; and improve homeland security.

Property Development

The presence of a Metro station encourages the highest and best use of land, a key factor in the development of the regional economy. Region-wide, Metro has already generated more than \$15 billion in increased value at station sites, and the Urban Land Institute estimates the Metrorail system will have contributed \$25 billion of commercial, office and retail growth by 2010. Between 1980 and 1990, 40% of the region's new retail and office space was built within walking distance of a Metrorail station. Additionally, average office rents near transit stations rose with ridership and joint development projects, adding more than three dollars per gross square foot to annual office rents. The National Association of Realtors notes that more and more Americans are choosing to live in locations that put them within easy walking distance of transit. Demographers estimate that as much as 30% of the demand for housing is for denser, walkable, mixed-use communities .

Investment in transit also promotes vital economic growth and development by revitalizing neglected neighborhoods and serving as a catalyst for new business partnerships between public agencies and private businesses. The New York Avenue in-fill station on Metrorail's Red Line is being developed through an equal partnership between the federal and DC governments and local businesses. The station will trigger significant new mixed-use development, revitalizing an underdeveloped and underserved part of DC.

Regional Economy

The local economy in which WAMTA operates has a gross regional product of \$290 billion, fourth highest in the United States.

Public transportation contributes to the region's economy in two fundamental ways: direct dollar investment, multiplied throughout the economy; and improved

transportation options, which create economic benefits for individuals, households, businesses and governments. Dollars invested in public transportation flow through all sectors of the economy and provide an economic stimulus far exceeding the original investment – as much as six dollars for every dollar invested.

In addition to directly stimulating the economy, investment in public transportation enhances mobility for businesses and households thereby providing increased mobility and access to opportunities. In fact, over the next 30 years accessibility to jobs by transit will increase throughout the region, while the number of jobs accessible by auto will decrease. Finally, businesses and employees benefit from the reduced time and cost of congestion that transit provides. According to the 2004 Texas Transportation Institute Urban Mobility Study the Washington region cost of congestion is valued at \$2.3 billion. However, \$1.2 billion per year in congestion costs are cut due to public transportation. In this region, the public transportation the cost in this region due to congestion would be \$3.5 billion instead of the \$2.3 billion.

Beneficiary: Federal Government

Facility Location

WMATA provides an important mobility service to federal employees. So much so that proximity to a Metro station now ranks high in determining the location of many institutions. The federal government has required that agencies looking to relocate must try to find new offices near Metro stations. Metro was built to serve many existing federal workplaces – the Capitol, the Pentagon, the National Institutes of Health, the Census Bureau in Suitland, and the cluster of departments at the Federal Triangle, L'Enfant Plaza, and the Southwest Federal Center. More recently other federal facilities have relocated to near Metro stations, including the US Patent and Trademark Office near the King Street station, the Internal Revenue Service at the New Carrollton station and the National Oceanic and Atmospheric Administration near the Silver Spring station. As a result, 47% of Metro's peak period riders are federal employees. This suggests that the federal government is the single largest beneficiary of WMATA.

Homeland Security

Metro provides essential capacity to the region's transportation network helping to ensure safe and secure travel in times of extraordinary need. Public transportation has shown its ability to serve in times of emergency, playing a critical role in maintaining basic access and mobility. Of the 83 Metrorail stations, 35 serve federal facilities; Metro is a key means of mobility for federal workers during emergencies. On September 11, 2001, WMATA moved hundreds of thousands of federal workers and other commuters safely from the core and provided buses to deploy police and to serve as shelters for rescue workers.

The *National Strategy for Homeland Security*, released in July 2002 by the Bush Administration, details a comprehensive plan to enhance America's "protection and reduce our vulnerability to terrorist attacks," including several Homeland Security initiatives that relate to WMATA's role as a national security asset. The national strategy seeks to:

Protect critical infrastructure and assets – The Homeland Security Strategy is intent on protecting "individual targets whose destruction could create local disaster or profoundly damage our Nation's morale or confidence." Nationally transit systems have been identified as potential targets.

Defend against catastrophic threats, including chemical, biological, radiological or nuclear contamination – WMATA has led the world in developing a chemical sensor system for the transit environment, working in partnership with the U.S. Departments of Transportation, Energy and Justice and the National Laboratories. This trail-blazing technology being installed in underground Metrorail stations has applicability across the nation and the world in enclosed spaces where large crowds gather.

Provide intergovernmental coordination – The national capitol region, home of the District of Columbia, two states, 17 local jurisdictions and the federal government, must have seamless decision-making and coordination to protect the many physical and symbolic assets in our nation's capital. WMATA stands ready to act as an integral partner in protecting the federal workforce, and other people in the region, as well as the critical transportation infrastructure, federal buildings and national monuments served by Metro.

Beneficiary: Citizens and Visitors to the Region

WMATA impacts the quality of life of the Washington region in a number of ways: reducing congestion and saving time, reducing pollution, and improving the health of the region.

Congestion

During peak travel periods, 18 percent of all person-trips in WMATA's service area, and 42 percent of all peak-period trips to the region's core, are made on transit. This level of transit use, the second highest in the country, saves time for all travelers and reduces delays on region's severely congested streets and highways. In addition, individual riders save money by not driving their vehicles.

The Washington DC Metropolitan Area is one of the worst in the nation with regard to traffic congestion. According to the Texas Transportation Institute

Urban Mobility Report, which reviews the levels of congestion in America's urban areas, travel in on area highways during the peak period took 50% longer than under free flow conditions, up from 27% in 1982. Thus a trip that should take 20 minutes under free flow conditions instead takes 30 minutes.

As a result of congestion, the average Washington commuter spends 67 hours in congestion, the third worst in the nation. This has grown three-fold since the study began in 1982, when the average annual congestion was 21 hours per commuter. However, without the region's public transportation system, the average commuter would spend 102 hours each year without the region's public transportation system. That's 35 hours, or 50% more time that would be spent in traffic were it not for this region's transit services. This indicates the importance of WMATA, both for WMATA customers as well as those who live in the region but do not use the system. The increasing trends in congestion indicate an urgent need to improve the region's transportation system. One important component of any improvement strategy is to accommodate more demand on transit.

According to Paul M. Weyrich and William S. Lind in their publication *Twelve Anti-Transit Myths: A Conservative Critique*, transit, in particular rail transit, relieves congestion because it attracts choice riders, people who would drive if the train or the bus were not there. 65% of Metrorail riders are considered to be choice riders. Surprisingly, over 42% of bus riders are choice riders. This is especially impressive considering the fact that the Washington region is one of the wealthiest in the nation, second only to San Francisco.

Air Quality

Nationally public transportation reduces annual emissions of the pollutants that create smog and ozone, volatile organic compounds (VOCs) and nitrogen oxides (NOx), by more than 70,000 tons and 27,000 tons respectively. Public transportation also reduces carbon monoxide (CO) emissions by nearly 745,000 tons annually and carbon dioxide (CO₂) by more than 7.4 million tons per year.

The 2004 Texas Transportation Institute Urban Mobility Study indicates that in 2002, the Washington DC region wasted 204 million gallons of fuel due to traffic congestion. This makes the region the seventh most wasteful in the nation and also contributes to significant emissions of pollutants into the region's air. In fact, The Washington region is a severe non-attainment area for ozone, which is created in large part by the emissions of idling vehicles stuck in traffic. In fact, passenger cars and light trucks account for over 50% of air pollution nationwide (APTA Benefits of Public Transportation September 2002). Metro's very existence reduces harmful vehicle emissions as more than 1.2 million daily Metrobus and Metrorail trips remove 350,000 cars from the local road system every day and save more than 75 million gallons of gasoline every year.

Metro's clean-fleet program uses ultra-low-sulfur diesel fuel and exhaust after-treatment devices on its diesel buses and recently upgraded 60 old diesel engines to current emissions standards. WMATA has also purchased compressed natural gas buses and will soon be purchasing hybrid-electric buses to ensure that the system minimizes its impact on the region's air quality.

Health Benefits

The health effects of pollution from vehicles can be severe and even life threatening, particularly to children, older adults and adults with respiratory illnesses. Air pollution claims 70,000 lives a year and the costs related to health damage from motor vehicle pollution is estimated to be between \$29 billion and \$530 billion (APTA Health report). However, for every passenger mile traveled, public transportation produces only a fraction of the harmful pollution of automobile traffic: 95% less carbon monoxide, 92% fewer volatile organic compounds and nearly half as much carbon dioxide and nitrogen oxides.

Metro also contributes to better public health by enabling transit-friendly, walkable communities that reduce reliance on motor vehicles and promote higher levels of physical activity. This benefit has recently received national attention in light of a new study by the American Journal of Health Promotion that identified a link between sprawl and obesity.

MEMORANDUM

TO: Chairman Euille and NVTC Commissioners

FROM: Rick Taube

DATE: November 24, 2004

SUBJECT: Regional Transportation Items

A. Forecast Effects of Alternative Fuels and Better Efficiency on Gas Tax Receipts.

Research by Cambridge Systematics for the Transportation Research Board [as reported in Roads and Bridges (Oct. 15, 2004)] concluded that alternative fueled vehicles powered by fuels such as hydrogen, electricity and natural gas have a very low probability of capturing appreciable shares of the U.S. automobile fleet by 2020. Regarding fuel efficiency increases, if Congress were to act to reverse the current trend (a gradual decrease), the effect would be gradual because it takes about 12 years for the current fleet to turn over.

Accordingly, the report notes that gasoline consumption will increase by 19 percent between 2000 and 2010 and by 37 percent from 2000 to 2020. Average annual yields from the federal gasoline tax of 18.4 cents per gallon will be \$4.2 billion more by 2010 than in 2000. Yields from the 24.3 cents per gallon federal diesel fuel tax will be up by \$3.6 billion per year by 2010 compared to 2000.

A different study by Booz Allen Hamilton, as reported in the Wall Street Journal (October 14, 2004 at D-3), concluded that hybrid automobiles will reach 20 percent of the market by 2010. This is because the \$3-5,000 extra cost will be offset in only five years by gas savings (at prices near \$2 per gallon) and tax rebates. If these hybrid engines grow as fast as air bags and anti-lock brakes when they were introduced, hybrids could capture 80 percent of the market by 2015.

B. Wendell Cox and LOWER: Washington Metro After a Quarter Century: Billions for Transit and More Congestion.

There he goes again. Serial transit critic Wendell Cox has released another screed that blames growing traffic congestion on Metrorail and offers the unsupported assertion that “the problem in Washington is that so many planned freeways were cancelled.” Mr. Cox’s “research” is featured in a media release from Ken Reid, a Dulles rail project opponent, who also attacks Fairfax County’s November 2, 2004 bond referendum. Copies of both documents are attached.

Mr. Cox’s dubious conclusions include:

- Investments were made in Metrorail. The region still has traffic congestion. Therefore, “...the real story in Washington is how little difference Metro has made...”
- Single occupant vehicles have increased their market share to the core over two carefully selected time periods. Therefore, “...Metrorail’s impact has been virtually absent.”

For a self-proclaimed “transit expert” many of Mr. Cox’s assertions are stunningly off the mark. For example, he opines that “...transit is about down town and the core—the pre-automobile city and nothing more.” He ignores heavy reverse commuting on Metrorail, (32,000 weekday morning peak trips to Northern Virginia’s non-core stations) effective neighborhood feeder bus service in the suburbs, and heavy current use of BRT-level bus service in the Dulles Corridor (15,000 person trips each weekday). He states that at the metropolitan level, Metro’s impact is virtually absent. NVTC’s own study by KPMG Peat Marwick reports on the economic benefits of Metrorail, and nowhere does Mr. Cox mention the clean air or fuel savings benefits attributable to Metrorail, nor the \$1.2 billion annual reduced costs for auto drivers from congestion relief as calculated by the Texas Transportation Institute.

Without Metrorail, the region would need many more lanes of freeway and supporting infrastructure than could ever be built to accommodate current Metrorail passengers. In fact, Mr. Cox cites MWCOG data that shows transit peak morning commuting trips to the core by Metrorail (136,000) comprise 29.1 percent of such total trips. Metrorail, Metrobus, commuter bus and rail combined (186,200) are 39.9 percent of the total. If those 186,200 persons taking daily transit trips were instead to use automobiles, gridlock would be too mild a term for the consequence.

Mr. Cox asserts, again without support, that, “The bad news is that transit has taken few cars off the road, because most of Metro’s ridership has come from buses and carpool passengers.” There is likely some market interaction between carpooling and Metrorail. For example, in the early 1990’s when the I-66 HOV restrictions were lowered to HOV-2 from HOV-3, WMATA reports that Metrorail experienced a seven percent ridership decline (which has since been overcome through overall growth in Metrorail demand). It is also true that Metrobus service is typically restructured as new Metrorail segments are opened to avoid wasteful parallel service (although with crowding on the Orange Line some new parallel Metrobus service is being reinstated). But such obvious market relationships and the MWCOG data cited by Mr. Cox do not justify his claim that “most” of Metrorail’s ridership comes from other transit and carpools.

Mr. Reid compounds these mistakes by applying Mr. Cox’s region-wide assertions to the specific case of the Dulles Corridor. In COG/TPB’s recent core cordon counts, single occupant vehicle use in Virginia (as opposed to the entire metropolitan area) does not conform to the patterns highlighted by Mr. Cox. Transit and carpooling are showing growth here. Also, ridership in the Dulles Corridor by 2050, when the economic growth benefits of the project have fully matured, are far greater than the figures cited by Mr. Reid for 2025.

In conclusion, in contrast to assertions made by Mr. Cox and Mr. Reid, investments in transit yield healthy dividends in relief of traffic congestion, cleaner air, fuel savings, access to jobs and economic growth. Although effective transit is not inexpensive, transit has a vital role to play together with ridesharing and telecommuting, in this region’s balanced transportation system. Transit is not a panacea and does not cure all of the region’s ills. But properly measured in the corridors in which transit investments have been made, transit’s performance justifies the continued confidence of the region’s citizens.

C. Rail Transit in America: A Comprehensive Evaluation of Benefits

Todd Litman of the Victoria Transport Policy Institute has completed a report dated October 8, 2004, that evaluates rail transit performance in major U.S. cities. In cities, including the Washington, D.C., area, that have large rail systems, there are significantly higher per capita transit ridership, lower per capita auto ownership and mileage, less traffic congestion (reduced by half), lower traffic death rates, lower consumer expenditures on transportation, all compared to cities without rail transit service.

The executive summary of the report is attached for your information. The author concludes that the benefits result from rail's ability to help create more accessible land use patterns and more diverse transport systems. He estimates that the rail systems in these large cities cost about \$12.5 billion in annual public subsidy (capital and operating expenses minus fares). But the corresponding benefits include \$19.4 billion in annual congestion savings; \$8.0 billion in road cost savings; \$12.2 billion in parking cost savings; \$22.6 billion in consumer cost savings; totaling \$68 billion. The author mentions other benefits he did not quantify, including increased economic development, business activity and tax revenues; community redevelopment; mobility for non-drivers; community livability; and public health.

Copies of the full report are available on the APTA website or from NVTC staff.

D. Paying the Price for Inadequate Roads in Virginia

The executive summary of this study is attached. The report examines the cost to motorists in reduced safety, lost time and increased vehicle wear, and was completed by The Road Information Program (TRIP) in October, 2004. TRIP estimates statewide losses due to the lack of desirable safety features, inadequate highway and bridge capacity and poor pavement conditions totaling \$4.4 billion statewide each year. This averages \$2,131 per driver in the Washington, D.C. area. Of this amount \$1.5 billion statewide is due to congestion delays, or \$1,278 per driver in this region.

While this study does not address transit needs, it does reinforce the findings of the Texas Transportation Institute's 2004 Urban Mobility Report that determined congestion-related costs to automobile drivers in the Washington, D.C. metropolitan area would be \$3.5 billion annually, but are reduced by a third to about \$2.3 billion due to this regions investments in an effective transit system. The remaining congestion costs per peak auto traveler are \$1,212 (very close to the \$1,278 calculated by TRIP).

E. Transportation Statistics Annual Report (September, 2004).

The Bureau of Transportation Statistics (USDOT) has just released its annual STAR document. It contains a wide variety of informative national transportation performance indicators.

For example, based on the 2001 National Household Travel survey, nationwide the average person takes four local trips per day totaling 40

miles. While men and women take an equal number of trips, men travel greater distances (43 versus 35 miles per day).

The average cost of owning and operating an automobile has grown to 51-cents per mile (in constant 2000 dollars) in 2002 from 45-cents in 1992. The average household spent \$7,371 on vehicles, gas and motor oil and other vehicle expenses in 2002, compared to \$4,938 in 1992, an increase of \$2,433, or 49 percent. Other transportation expenditures (transit, airplane) grew to \$389 from \$290, or 34 percent.

Average transit fares per passenger mile have actually declined to 17-cents in 2002 from 18-cents in 1992. During that same decade, transit passenger miles grew to 45,945 billion in 2002 from 37,153 billion in 1992, or 24 percent. Transit ridership grew to 9,017 billion unlinked trips in 2002 from 7,696 million in 1992, or 17 percent.

Considering total government expenditures on transportation, federal, state and local levels spent \$167.5 billion in 2000, up from \$131.3 billion in 1990. In 2000, 62.1 percent was for highways and 19.3 percent for transit. Of the \$167.5 billion total in 2000, \$55.5 billion was for highway infrastructure and \$8.5 billion for transit.

F. Report to the Governor of the Commission on Rail Enhancement for the 21st Century in the Commonwealth of Virginia.

The commission, chaired by Sharon Bulova, met in Richmond on November 16, 2004 to review its draft final report. Recommendations are due to the Governor by December 1st. Excerpts from the draft are attached for your information.

NVTC has provided detailed comments to the rail commission. NVTC's draft legislative agenda reiterates the position of NVTC, primarily with respect to the need to avoid diverting existing transit resources to benefit private freight railroads. NVTC's legislative agenda also emphasizes the responsibilities of those freight railroads to protect the public interest if they are to benefit from new state funding.

Among the many goals for the rail system cited by the commission are increases in capacity along interstate corridors, expansion of VRE and establishing the Trans Dominion Express intercity passenger service. Recommendations include the use of DRPT and CTB to initiate the recommendations while creating a new Rail Advisory Board; including freight and passenger rail in state and regional planning processes; and pursuing dedicated funding for rail enhancements.

On the subject of funding the commission is recommending:

Pursue dedicated and sustained funding mechanisms for rail enhancements with the goal of making funds available for leveraging through public-private partnerships, matching federal funds and/or servicing debt. The commission recommends and urges that this be a new source of funding, one that does not detract from the already modest funding allocated to transit in the commonwealth.¹

Elsewhere it is suggested that such a dedicated source might include a new container fee or gas tax increase.

The commission does acknowledge the responsibilities of private freight railroads receiving public funds:

When applicable, freight rail companies benefiting from the investment of public funds through a public/private partnership should be expected to provide added capacity and/or reliability for commuter and/or passenger rail entities using their tracks.²

The commission would broaden the responsibilities of planning entities to include railroads:

In the Northern Virginia 2020 Transportation Plan process, a great deal of time was spent by VDOT staff and elected leaders in Northern Virginia to find ways to improve the severe congestion along the I-95 highway corridor. No examination was made to explore whether reduction of several rail choke points in the same corridor could divert a portion of the through-truck traffic, or how a shared freight/highway bypass might have improved transportation in the corridor.³

¹ Draft Commission Report at 34.

² Ibid. at 32.

³ Ibid.

Finally, the commission is very supportive of VRE:

Working with the partner transportation commissions (Northern Virginia and Potomac and Rappahannock) and local participating jurisdictions, expand the Virginia Railway Express to accommodate increased ridership and demand, to improve service, and to expand coverage both within its existing transportation commission boundaries and beyond.⁴

G. VTrans 2025.

The 136-page final report is dated November 17, 2004. It is available at www.vtrans.org.

The report makes a very clear call for more revenues and greater support of public transit:

- User fees and taxes must be increased; new sources of funding, such as indexing fuel taxes to inflation and greater use of tolling and general funds must be considered.
- As new revenues become available, state support for public transit should be increased.
- The state should not bias the local choice of transit versus roadways by the way in which it funds the modes. Level the playing field.
- The commonwealth should model the impact of development on transportation and vice versa and address the conflict that arises from the separation of authority for transportation and land use.
- Establish a commission to make specific recommendations on how to meet the long-term funding needs.

Chapter 7 is devoted to multimodal investment networks (MIN) that include projects that depend on each other, could be substituted for each other or are multimodal. While single mode plans will continue to exist (and indeed VTrans 2025 needs estimates are in effect an amalgamation of single-mode estimates without trade-offs), increased consideration will be given to implementing high-priority multimodal solutions in the form of MIN's.

⁴ Ibid. at 33.

Total needs for all modes are projected to total \$203.2 billion over 20 years, including \$15.7 billion for “transit” capital and \$19.4 billion for “transit” operations (transit, rail and transportation demand management) in the middle scenario in which transit grows to match VMT (2% annually), and up to \$50 billion for capital/operating in the fully integrated scenario.

Regarding forecast adequacy of funding, highways fall short by roughly 50 percent (\$74.2 billion) over 20 years; rail freight needs are lumped in with transit and transportation demand management with a shortfall up to \$30.7 billion (\$1.5 billion annually). Total shortfalls for all modes are \$108 billion (\$5.4 billion per year).

Potential state sources to meet the shortfalls include \$57 million annually per 1-cent gas tax increase; \$208 million annually for a one-percent increase in the motor vehicle sales tax and \$6 million per \$1 increase in vehicle registration fees.

H. Senate Finance Committee Staff Transportation Presentation

A detailed 107-page briefing was provided to the committee by its staff and available at [http://leg3.state.va.us/quickplace/sfe2004/main.nsf/\\$defaultview/ACB36765996](http://leg3.state.va.us/quickplace/sfe2004/main.nsf/$defaultview/ACB36765996).

The material is packed with informative (and scary) information, much of it from VTrans 2025, about the shortfalls of transportation funding and what that means for the future. Examples include:

- A one-time cash infusion into the TTF of \$100 million would generate \$14.7 million for transit (with Northern Virginia receiving about 75 percent or \$11 million) and about \$80 million for highway construction districts, allocated by unpaved, primary, secondary and urban roads (Northern Virginia’s total would be about 17 percent or \$13.6 million).
- Since FY 1992, \$589 million has been taken from the TTF for the General Fund. So far, \$538 million has been repaid. Since FY 1992, \$547 million in General Fund dollars “promised” for transportation were not appropriated by the General Assembly. For example, insurance premium fees of \$106.5 million were appropriated for the TTF in FY 2003 but not in FY 2004 or 2005.

An appendix describing statewide and Northern Virginia funding is attached for your information. Many of the themes sounded by VTA and NVTC have been acknowledged and incorporated into this material.



Rick Taube

From: Alfred Harf [aharf@omniride.com]

Sent: Monday, October 18, 2004 10:20 AM

To: Rick Taube; dtyeryar@pwcgov.org; rieibbrandt@pwcgov.org; Tom Blaser (Tom Blaser); rcanizales@pwcgov.org; dfenton@pwcgov.org; Brett Shorter; dzehner@vre.org; Betsy Massie; Eric Marx; Joyce Embrey; Sheila Larson

Subject: Emailing; index

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Alternative fuels, better efficiency will have gradual effect on Trust Fund

October 15, 2004

Neither alternative fuels nor advances in fuel efficiency are likely to erode fuel tax revenue in the near future, according to a report by Cambridge Systematics.

The report, prepared for the National Cooperative Highway Research Program of the Transportation Research Board, examined the potential impacts to the Highway Trust Fund of alternative fuels, hybrid vehicles and potential changes in fuel efficiency.

The report noted that gasoline consumption is forecast to increase 19% between 2000 and 2010 and by 37% between 2000 and 2020. "The gasoline tax, at 18.3 cents per gallon (plus 0.1 cents for leaking underground storage tanks) will yield more than \$4.2 billion more per year by 2010 than 2000." Diesel fuel usage is projected to increase by 52% between 2000 and 2010, and the 24.3-cent per gallon diesel tax "will yield more than \$3.6 billion more per year by 2010 than in 2000."

The biggest threat to future highway revenues--increased consumption of ethanol fuels--is eliminated

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with the President's approval of the corporate tax bill conference agreement.

According to the study, other "alternative fueled vehicles that are powered by fuels such as hydrogen, pure electricity, natural gas and other uncommon fuels" have very low or extremely low probability of entering vehicle fleets by 2020.

Regarding the impact of increased fuel efficiency eroding Highway Trust Fund income, the report notes that although fuel economy for light-duty vehicles increased between 1975 and 1985, there has been a gradual decrease in fuel economy in ensuing years. Should Congress increase fuel economy standards, or automakers improve efficiency voluntarily, impacts on the Highway Trust Fund would be gradual since it takes approximately 12 years for a turnover in the vehicle fleet.

The report does note that a "supply shock" in the availability of fuel could increase pressure for increased fuel economy standards, generating a cumulative impact on the Trust Fund over time.

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The Public Purpose

Number 84 • October 2004

WASHINGTON METRO AFTER A QUARTER CENTURY: BILLIONS FOR TRANSIT & MORE CONGESTION

By Wendell Cox

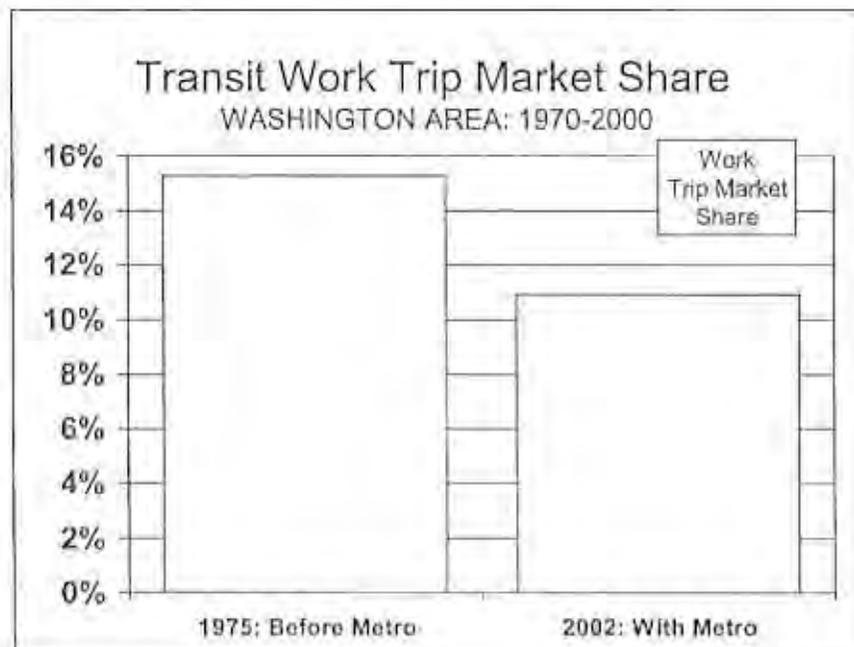
As anyone who understands urban transport knows, transit is about downtown and the core — the pre-automobile city and nothing more. From Paris to Portland, Phoenix and Perth, transit is capable of providing automobile competitive service virtually only to and sometimes within the core of urban areas. It is why virtually no suburban edge cities have significant transit work trip market shares.

No US urban area has built more new high-quality urban rail than Washington, DC, which spent \$10 billion,¹ most of it from national taxpayers, on a more than 100 mile system. Of course, it would be unfair to have expected Washington's "Metro" subway to have made a difference in area-wide traffic, since, as noted above, transit is about downtown. Predictably, at the metropolitan area level, Metro's impact has been virtually absent. In 1970, before the first section of the system opened, the Census Bureau reported that 15.3 percent of area workers used transit to get to work. By 2000, transit's work trip market share number had dropped 29 percent, to 10.9 percent. Perhaps even more astounding is the fact that Census data indicated a five percent reduction in actual work trip usage from 1990 to 2000, a period during which the system was expanded more than 25 percent.

Over the past 20 years, traffic in the Washington area has become the fourth worst in the nation, following only Los Angeles (which has opened a metro, light rail and commuter rail), San Francisco (where BART has made no difference) and Chicago (with the nation's second most extensive rail system). The problem in Washington is that so many planned freeways were cancelled. In Houston, where capacity has been built to keep up with demand, traffic is better than in 1986, and the area has improved to 10th worst traffic in the nation from having been the worst in 1985.

However, the real story in Washington is how little difference Metro has made, even in travel to downtown. For more than a quarter century, the metropolitan planning organization ("WASCHCOG") has been counting the way people enter the downtown area in the morning (cordon count). The first counts were taken in 1975, the year before Metro's first section opened.

¹ The inflation-adjusted cost is not available, but would be much higher due to excessive cost escalation.

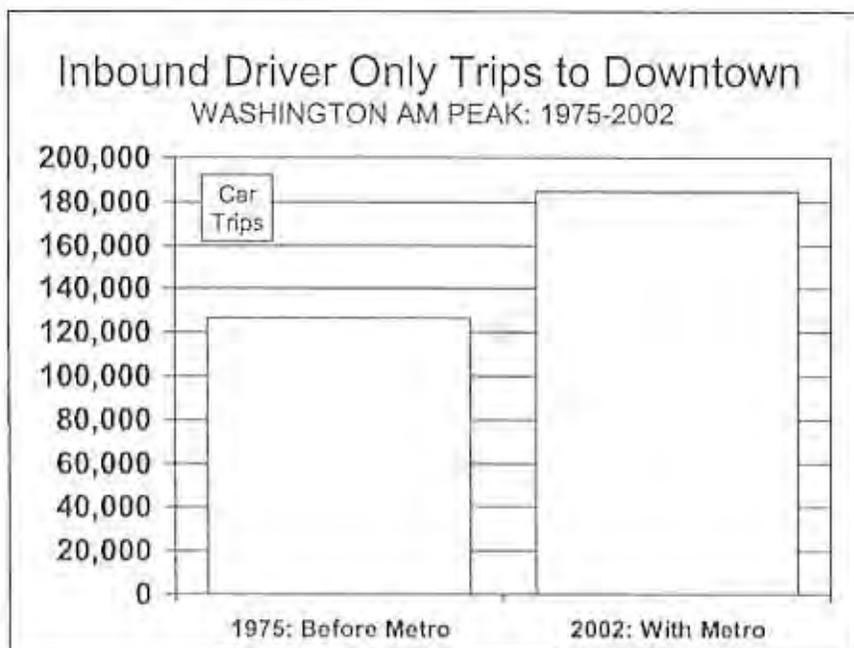


There is good news and there is bad news. The good news is that more people ride transit to downtown than before. The bad news is that transit has taken few cars off the road, because most of Metro's ridership has come from buses and car pool passengers. Metro's principal impact may well have been to *increase* the share of single-occupant commuters driving downtown, by taking away their former car pool passengers.

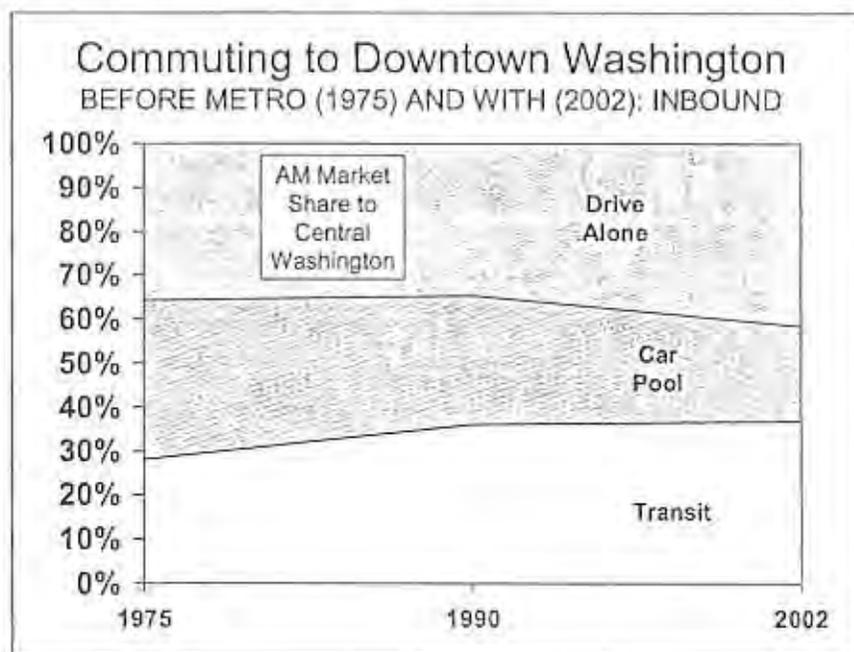
- The share of people sharing rides (transit and car pooling) *declined* 9.2 percent from 1975 to 2002.
- The share of people driving alone *increased* 16.5 percent from 1975 to 2002. Each morning nearly 60,000 more driver only cars enter the downtown area than before Metro was opened.

With the substantial Metro expansion that occurred since 1990, it might be expected that recent trends would be better. Not so. Virtually all of the transit and car pooling loss has occurred since 1990. The data is slightly less grim when the new Virginia Rail Express and expanded MARC (Maryland commuter rail) and commuter bus services are added in.

From 1990 to 2002, the share of single-occupant vehicle commuting to central Washington rose 17.9 percent. While there is no immediate data on the extent of congestion, it seems fair to suggest that traffic to downtown Washington is considerably worse than it was before, since virtually no additional roadway capacity has been provided. On a daily basis, more than 33,000 additional cars entered the downtown area with only a driver. Counting return trips, it is estimated that 66,000 new single-occupant automobile trips have been added since 1990, during peak hours alone. This is more than the total daily ridership of the new light rail lines in Houston, Minneapolis and Southern New Jersey combined.



The lesson is clear. \$10 billion and the latest rail transit technology are not sufficient to reduce traffic congestion even to the single destination where the promise was the greatest. But has the lesson been learned? Of course not. Local officials are making plans to proceed with a \$3.3 billion² extension to Dulles Airport. Promotional literature predictably implies that the new rail line will reduce traffic congestion. But it will not. Their very own Environmental Impact Statement says it. One useful reform in the next transportation reauthorization bill would be to subject transit operators and planning agencies to "truth in advertising" regulations.



² Based upon experience in Washington and elsewhere, this figure could easily double.

A summary of the data from the WASHCOG central area cordon counts follows:

PERSON TRIPS: 1975-2002					
Excludes Commuter Rail and Commuter Bus (No 1975 data)					
Person Trips	1975	1990	2002	Change 1975-2002	Change 1990-2002
WMATA Bus	99,500	52,900	27,100	-72.8%	-48.8%
Metro Rail	0	104,200	136,100		30.6%
Transit: Total	99,500	157,100	163,200	64.0%	3.9%
Auto: Single Occupant	126,300	151,400	184,600	46.2%	21.9%
Auto: Car Pool	128,200	128,600	96,200	-25.0%	-25.2%
Auto: Total	254,500	280,000	280,800	10.3%	0.3%
Total	354,000	437,100	444,000	25.4%	1.6%
Total Automobiles	180,800	201,800	224,800	24.3%	11.4%

MARKET SHARE: 1975-2002					
Excludes Commuter Rail and Commuter Bus (No 1975 data)					
Market Share	1975	1990	2002	Change 1975-2002	Change 1990-2002
WMATA Bus	28.1%	12.1%	6.1%	-78.3%	-49.6%
Metro Rail	0.0%	23.8%	30.7%		28.6%
Transit: Total	28.1%	35.9%	36.8%	30.8%	2.3%
Auto: Single Occupant	35.7%	34.6%	41.6%	16.5%	20.0%
Auto: Car Pool	36.2%	29.4%	21.7%	-40.2%	-26.4%
Auto: Total	71.9%	64.1%	63.2%	-12.0%	-1.3%
Total	100.0%	100.0%	100.0%		

MULTIPLE OCCUPANT V. SINGLE OCCUPANT: 1975-2002

Excludes Commuter Rail and Commuter Bus (No 1975 data)

Person Trips	1975	1990	2002	Change 1975-2002	Change 1990-2002
Multiple-Occupancy (Transit & Car Pools)	227,700	285,700	259,400	13.9%	-9.2%
Auto: Single Occupant	126,300	151,400	184,600	46.2%	21.9%
Total	354,000	437,100	444,000	25.4%	1.6%

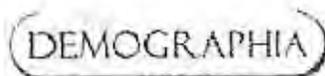
Market Share	1975	1990	2002	Change 1975-2002	Change 1990-2002
Multiple-Occupancy (Transit & Car Pools)	64.3%	65.4%	58.4%	-9.2%	-10.6%
Auto: Single Occupant	35.7%	34.6%	41.6%	16.5%	20.0%
Total	100.0%	100.0%	100.0%		

MULTIPLE OCCUPANT V. SINGLE OCCUPANT: 1990-2002

Includes Commuter Rail and Commuter Bus

Person Trips	1990	2002	Change 1990-2002
Multiple-Occupancy (Transit & Car Pools)	300,300	282,400	-6.0%
Single-Occupancy Automobiles	151,400	184,600	21.9%
Total	451,700	467,000	3.4%

Market Share	1990	2002	Change 1990-2002
Multiple-Occupancy (Transit & Car Pools)	66.5%	60.5%	-9.0%
Single-Occupancy Automobiles	33.5%	39.5%	17.9%
Total	100.0%	100.0%	



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From: Ken Reid

To: [dulles alternatives](#)

Sent: Tuesday, October 19, 2004 2:15 PM

Subject: NEWS: Metro offers no congestion relief, commuter market share down 29%: study

<!--[if lvm]--><!--[endif]-->



FOR
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Contact: Chris Walker, LOWER Chairman, (703) 648-0900

Or Ken Reid, (703) 779-8777

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METRO REALLY DOESN'T MATTER

Metro's commuter share declines, especially to downtown D.C

Report casts doubt on wisdom of Dulles Rail extension, spending more for transit than roads

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10/22/04

RESTON, VA -- While Metro brags about increased ridership on its trains, a new study shows that its share of the commuting load in the D.C. area only has increased by 1% from 1990 to 2002, and its overall work-trip share has dropped 29% since 1975.

In addition, the October 2004 study by internationally recognized transportation consultant Wendell Cox shows more people driving alone to downtown D.C. than use of Metro, where one would expect the reverse. The report was released here today at a news conference sponsored by **Landowners Opposing Wasteful Expenditures on Rail (LOWER)** <http://www.dullesfreeway.org/>

Cox wrote: "The share of people driving alone increased 16.5 percent from 1975 to 2002. Each morning nearly 60,000 more driver-only cars enter the downtown area than before Metro was opened."

The study is just more evidence why spending \$4 billion to bring Metrorail to Dulles and Loudoun County is a bad idea, and questions why some Northern Virginia politicians want to spend more on Metro than highways, for example, the Nov. 2 transportation bond referendum in Fairfax.

Cox noted that in 1975, before Metrorail even began, about 15% of commuters used buses and carpools to get to downtown D.C. By 2002, the data shows, this dropped to 10.9%.

Overall, from 1990 to 2002, mass transit for rush-hour work-based trips increased from 35.9% to 36.8% -- only a 1% difference.

However, the share of single-occupant vehicles going into central Washington rose 17.9 percent, Cox added. "While there is no immediate data on the extent of congestion, it seems fair to suggest that traffic to downtown Washington is considerably worse than it was before, since virtually no additional roadway capacity has been provided."

On a daily basis, Cox said more than 33,000 additional cars entered the downtown area with only a driver. Counting return trips, it is estimated that 66,000 new single-occupant automobile trips have been added since 1990, during peak hours alone.

Cox found that much of the reason for this is that the Washington Metropolitan Area Transit Authority (WMATA) has taken away passengers from buses and carpools. He noted that market share for buses -- which are much cheaper to operate than rail -- dropped 49.6% since 1990 while rail ridership jumped 28.6%. This is so because as rail is extended, Metro cancels bus service.

He noted that it cost \$10 billion to build the 103-mile Metrorail system, but that "the latest rail transit technology [is not] sufficient to reduce traffic congestion even to the single destination [D.C.] where the promise was the greatest." Cox noted the D.C. area ranks No. 4 in congestion.

Cox's study focused on commuter trips between the suburbs and downtown. Suburb to suburb trips and non-commuter trips, which predominate even during rush hour, have a 3% transit passenger mile market share, a much lower percentage than that for downtown commuters. Despite these low percentages, planners are recommending more money for transit than for roads.

Cox said D.C. area politicians have not learned the lesson, noting "officials are making plans to proceed with a \$3.3 billion extension to Dulles Airport.

"Promotional literature predictably implies that the new rail line will reduce traffic congestion. But it will not," he wrote. "Their very own Environmental Impact Statement says it. One useful reform in the next transportation reauthorization bill would be to subject transit operators and planning agencies to

'truth in advertising' regulations."

Dulles Rail actually could cost \$4 billion because of \$700 million in financing costs. Additional subsidies of \$110 million per year would be required to operate the system when built. These subsidies would come from tripling tolls on the Dulles Toll Road and raising business taxes in the Dulles Corridor, making it the most expensive location in Virginia to do business. Virginia and WMATA are only seeking to extend rail to Wiehle Avenue in the first phase, which would cost at least \$1.5 billion.

LOWER Chairman Christopher Walker pointed out at a news conference that another example of politicians misallocating money to combat congestion is the Nov. 2 referendum in Fairfax County in which voters are being asked to give \$110 million to Metro but only \$50 million in highways.

He provided data showing that Fairfax's five rail stations attract about 41,000 boardings a day, but more than 1 million people live in Fairfax County, and more and more D.C. residents are moving away from the "inner core" of D.C. and its suburbs, thus making rail transit unviable. "Private vehicles registered in Fairfax account for 20 million Fairfax passenger miles per day, versus 250,000 passenger miles for daily Fairfax rail trips, for a ratio of 80:1. Yet rail is scheduled to receive most of Fairfax's transportation money in the next decade. Overall transit share, including bus and commuter rail, is only 3% of Fairfax passenger-miles. This is why local congestion is so bad and will get worse."

Walker continued, "recent research has shown that heavy rail commuters are mostly white collar with high paying jobs downtown. They are subsidized by lower income residents with local lower paying jobs. Subsidies are therefore regressive and bad social policy. The subsidies involved are extensive. A report on the proposed extension of the San Francisco BART line from Millbrae to downtown San Jose demonstrates a total cost of \$100 per ride, only 5% or so of which is farebox recovery. \$95 per ride comes from subsidies. The economics of the Dulles Rail project are similar."

The Dulles Rail project, in fact, only is projected to add 3% ridership to the WMATA system as a whole, while adding 40% to the total cost of the system. More riders currently car-pool or "slug" along the Shirley Highway-- 44,000 per day-- than will constitute new riders for Dulles Rail-- 30,000 per day, in 2025. "Here is a tried and true method of meeting rush hour transit demand that costs the taxpayer nothing, and it has been snubbed by our politicians because there is no pork involved," he said, referring to the refusal of Metro and Virginia Department of Rail and Public Transportation to examine slugging and HOT lanes for the Dulles Corridor.

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Cox' study, *"Washington Metro After a Quarter Century: Billions for Transit and More Congestion,"* is based on data from the Metropolitan Washington Council of Governments. The full report and tables can be found at <http://www.publicpurpose.com/utx-wtn.htm>

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LOWER represents owners of commercial property in the Dulles Corridor and Tysons Corner. LOWER seeks market-based solutions to mass transit, such as high-occupancy toll lanes, variable pricing, bus rapid transit and carpooling.

For copies of the source data from WashCOG, and the complete press kit handed out today, contact Ken Reid, kreid@fdainfo.com, or call 703 779-8777

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Rail Transit in America: A Comprehensive Evaluation of Benefits



Todd Litman
Victoria Transport Policy Institute

Rail Transit In America

A Comprehensive Evaluation of Benefits

8 October 2004

Todd Litman
Victoria Transport Policy Institute

Abstract

This report evaluates rail transit benefits based on a comprehensive analysis of transportation system performance in major U.S. cities. It finds that cities with large, well-established rail systems have significantly higher per capita transit ridership, lower average per capita vehicle ownership and annual mileage, less traffic congestion, lower traffic death rates, lower consumer expenditures on transportation, and higher transit service cost recovery than otherwise comparable cities with less or no rail transit service. This indicates that rail transit systems provide economic, social and environmental benefits, and these benefits tend to increase as a system expands and matures. This report discusses best practices for evaluating transit benefits. It examines criticisms of rail transit investments, finding that many are based on inaccurate analysis.

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Executive Summary

This study investigates the impacts of rail transit on urban transportation system performance. For this study, U.S. cities were divided into three categories:

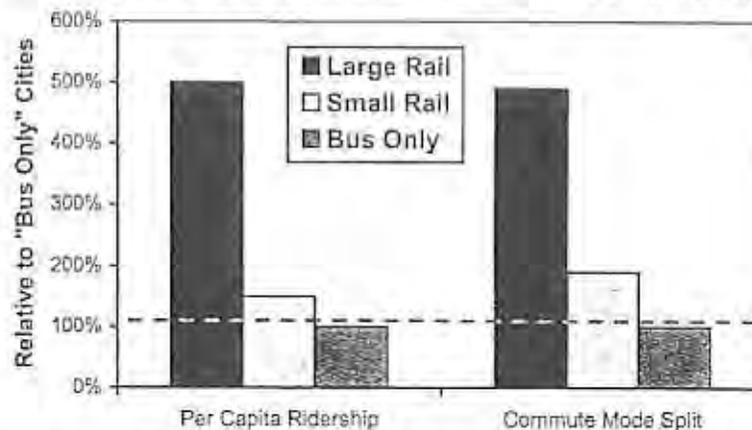
1. *Large Rail* – Rail transit is a major component of the transportation system.
2. *Small Rail* – Rail transit is a minor component of the transportation system.
3. *Bus Only* – City has no rail transit system.

When these groups are compared, Large Rail cities are found to have significantly better transport system performance. Compared with Bus Only cities, Large Rail cities have:

- 400% higher per capita transit ridership (589 versus 118 annual passenger-miles).
- 887% higher the transit commute mode split (13.4% versus 2.7%).
- 36% lower per capita traffic fatalities (7.5 versus 11.7 annual deaths per 100,000 residents).
- 14% lower per capita consumer transportation expenditures (\$448 average annual savings).
- 19% smaller portion of household budgets devoted to transportation (12.0% versus 14.9%).
- 21% lower per capita motor vehicle mileage (1,958 fewer annual miles).
- 33% lower transit operating costs per passenger-mile (42¢ versus 63¢).
- 58% higher transit service cost recovery (38% versus 24%).

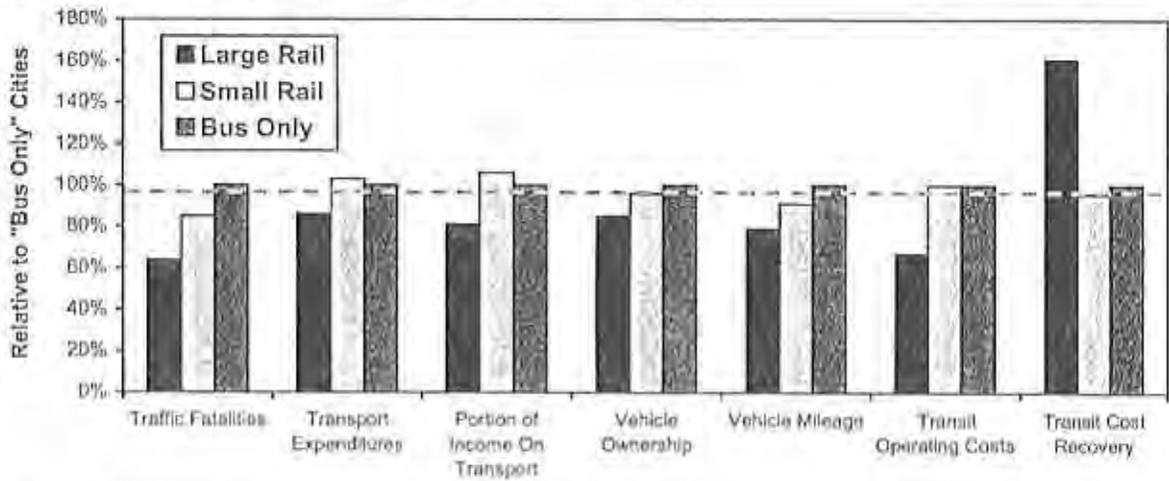
Figures ES-1 and ES-2 illustrate these benefits.

Figure ES-1 Transit Ridership and Commute Mode Split Comparison



This graph shows the far higher rates of transit ridership and transit commute mode split in "Large Rail" cities. The dashed line at 100% indicates "Bus Only" city values.

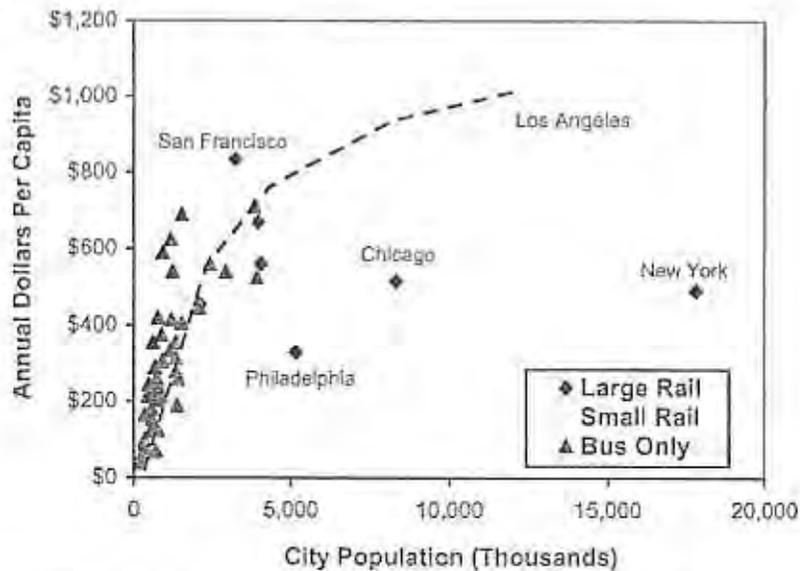
Figure ES-2 Transportation Performance Comparison



This graph compares different categories of cities by various performance indicators. The dashed line at 100% indicates "Bus Only" city values.

These benefits cannot be attributed entirely rail transit. They partly reflect the larger average size of Large Rail cities. But taking size into account, cities with large, well-established rail transit systems still perform better in various ways than cities that lack rail systems. These benefits result from rail's ability to help create more accessible land use patterns and more diverse transport systems.

Figure ES-3 Congestion Costs



In 'Bus Only' and 'Small Rail' cities, congestion costs tend to increase with city size, as indicated by the dashed curve. But Large Rail cities do not follow this pattern. They have substantially lower congestion costs than comparable size cities. As a result, New York and Chicago have about half the per capita congestion delay of Los Angeles.

Although Large Rail cities have higher per capita congestion costs, this occurs because congestion tends to increase with city size. Taking city size into account, rail transit turns out to significantly reduce per capita congestion costs, as indicated in Figure ES-3. Matched pair analysis indicates that Large Rail cities have about half the per capita congestion costs as other comparable size cities.

U.S. rail transit services require about \$12.5 billion annual public subsidy (total capital and operating expenses minus fares), about an extra \$90 per Large Rail city resident. However, economic benefits more than repay these subsidies: rail transit services are estimated to provide \$19.4 billion in annual congestion cost savings, \$8.0 billion in roadway cost savings, \$12.1 billion in parking cost savings, \$22.6 billion in consumer cost savings, and \$5.6 billion in traffic accident cost savings. Rail transit also tends to provide economic development benefits, increasing business activity and tax revenues. It can be a catalyst for community redevelopment. Additional, potentially large benefits include improved mobility for non-drivers, increased community livability and improved public health.

This study critiques studies which imply that rail transit is ineffective. It finds that their analysis is often incomplete, inaccurate, and biased. It examines various factors that could offset rail transit benefits, including the possibility that transit oriented development is harmful to consumers, that new rail systems cannot achieve significant benefits, that apparent benefits of rail actually reflect other factors such as city size, and that bus transit can provide equal benefits at less cost.

This study indicates that rail transit is particularly important in large, growing cities. Large cities that lack well-established rail systems are clearly disadvantaged compared with large cities that do in terms of congestion costs, consumer costs and accident risk. Rail transit can be a cost effective investment in growing cities, provided it is supported with appropriate transport and land use policies. Large cities with newer and smaller rail systems have not yet achieved the full potential benefits of rail transit, but, if their rail systems continue to develop with supportive public policies, their benefits should increase over time.

This analysis does not mean that every rail transit project is cost-effective, or that rail is always better than bus or highway improvements. It attempts to provide a fair and balanced evaluation of the advantages and disadvantages of each mode, and identify situations in which each is most appropriate. This study concludes that rail transit provides significant benefits, particularly if implemented with supportive transport and land use policies. In many situations, rail transit is the most cost effective way to improve urban transportation.



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For Immediate Release
Thursday, October 7, 2004

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INADEQUATE ROADS AND HIGHWAYS COST
REGION'S AVERAGE MOTORIST
APPROXIMATELY \$2,100 PER YEAR

Substandard roads and highways cost the average Washington metro area driver \$2,131 per year in cost of serious traffic accidents, longer delays and increased vehicle wear.

Eds.: Washington, DC regional data is included in Addendum A of the report.

WASHINGTON - Driving on substandard roads and highways costs the average Washington area motorist approximately \$2,100 per year in diminished safety, longer delays and increased wear and tear on vehicles, according to a new report released today by The Road Information Program (TRIP), a national transportation nonprofit research organization based in Washington, D.C.

The report found that the average driver in the Washington metro region loses approximately \$1,278 annually in lost time and fuel due to traffic congestion, spends an additional \$353 annually in vehicle maintenance costs as a result of driving on roads in poor condition and spends an additional \$500 in the costs of serious traffic accidents, related partly to inadequate road design.

According to TRIP, one-quarter - 25 percent - of major roads in the Washington, DC metropolitan region have pavements in poor condition and the average amount of traffic per-highway lane-mile in the region has increased by 21 percent since 1990. The result of the increased travel on the region's roads is that motorists in the region now spend an additional 29 hours - approximately three and a half working days - commuting to work than in 1990 and rush hour trips in the region now take 50 percent longer to complete than trips during non-rush hours.

The TRIP report also found that an average of 298 people have been killed annually in traffic accidents in the region over the last five years. Highway experts have found that roadway design is a significant factor in approximately one-third of fatal traffic accidents.

"The TRIP report underscores the fact that our area's motorists are being penalized by an inadequate transportation system, which costs people time, money and diminished safety. But the needed road and highway improvements that could save time and money and improve safety will require a significant boost in transportation funding," said Bob Grow, director of government relations at the Greater Washington Board of Trade. "Increases in local, state and federal transportation funding are needed to help address our transportation problems."

"The high costs associated with the region's inadequate roads are a sign of an aging and overburdened roadway system that needs to be adequately maintained, repaired and funded," added William M. Wilkins, TRIP's executive director.

The Washington, DC regional transportation data was provided by TRIP in conjunction with the release of a new TRIP report on the costs to Virginia motorists of inadequate roads and highways. Data for the Washington metro area covers the District of Columbia, Northern Virginia and the region's Maryland suburbs.

Additional TRIP findings include:

- The average commute in the Washington, DC metro area increased from 28.2 minutes in 1990 to 31.7 minutes in 2000, according to the U.S. Census, primarily as a result of increased traffic congestion.
- Highway improvements such as removing roadside obstacles, adding or improving medians, wider lanes, wider and paved shoulders, upgrading roads from two lanes to four lanes and better road markings and traffic signals can reduce traffic fatalities and accidents, while improving traffic flow and relieving congestion.
- The current federal surface transportation legislation, the Transportation Equity Act for the 21st Century (TEA-21) expires on May 31, 2005. Congress has extended the legislation several times since September 2003. It is a key source of funding for road and bridge improvement and public transportation in the area.

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PAYING THE PRICE FOR INADEQUATE ROADS IN VIRGINIA

THE COST TO MOTORISTS IN REDUCED SAFETY,
LOST TIME AND INCREASED VEHICLE WEAR

OCTOBER 2004

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Founded in 1971, The Road Information Program (TRIP)® of Washington, DC is a nonprofit organization that researches, evaluates and distributes economic and technical data on highway transportation issues. TRIP is sponsored by insurance companies, equipment manufacturers, distributors and suppliers; businesses involved in highway engineering, construction and finance; labor unions; and organizations concerned with an efficient and safe highway transportation network.

Executive Summary

Virginia's extensive network of roads and bridges allows the state's 7.3 million residents to safely and freely travel while enabling businesses to efficiently serve their customers. However, continued growth in Virginia's population and travel is straining the capacity of the state's transportation system and causing further deterioration.

Making needed improvements to Virginia's roads and bridges is crucial to providing a safer, smoother, more efficient transportation system that will save motorists money and time while improving the economic livelihood of the entire state.

Deteriorated roads and bridges, a lack of desirable roadway safety features and increasing traffic congestion are costing motorists in the form of accident costs, travel delays and vehicle operating costs.

In addition, as Virginia's manufacturing, industrial and retail businesses become less dependent upon stockpiled inventories and more dependent on "just-in-time" delivery of goods and services, the state must provide a reliable, integrated transportation system in order to be competitive in both the North American and global marketplace and to attract job-producing businesses to the state.

This report looks at road and bridge conditions, traffic safety and congestion levels in Virginia, as well as the cost to motorists who drive on inadequate roads.

Sources of information for this study include the U.S. Department of Transportation (DOT), Federal Highway Administration (FHWA), the U.S. Census Bureau, the National Highway Traffic Safety Administration (NHTSA), the Texas Transportation Institute (TTI) and the Federal Highway Administration's National Bridge Inventory (NBI).

Key findings of the report include:

TRIP estimates that Virginia's roadways that lack desirable safety features, have inadequate capacity to meet travel demands or have poor pavement conditions cost the state's drivers approximately \$4.4 billion annually in the form of traffic accidents, additional vehicle operating costs and congestion-related delays. TRIP estimates that the annual cost of inadequate roadways is \$2,131 per average driver in the Washington D.C. metro area, \$1,032 in the Richmond area, \$874 in the Roanoke area, \$1,290 in the Hampton Roads area and \$684 per average urban driver living elsewhere in the state.

- Traffic accidents and fatalities in which roadway design was an important factor cost Virginia motorists approximately \$1.7 billion annually, including medical costs, lost economic and household productivity, property damage and travel delays. Annual roadway design-related safety costs are estimated at \$336 per Virginia driver.

- Traffic congestion in Virginia costs licensed drivers \$1.5 billion annually in delays and wasted fuel. Annual traffic congestion costs per average driver are \$1,278 in the Washington D.C. metro area, \$281 in the Richmond area, \$546 in the Hampton Roads area and \$248 in the Roanoke area. The annual congestion cost for urban Virginia drivers not residing in the five major urban areas is \$100.
- Driving on roads in need of repair costs Virginia's motorists \$1.2 billion annually in extra vehicle operating costs, including accelerated vehicle depreciation, additional repair costs and increased fuel consumption and tire wear. Additional annual vehicle operating costs per motorist are estimated to be \$353 in the Washington D.C. metro area, \$415 in the Richmond area, \$408 in the Hampton Roads area and \$290 in the Roanoke area. Drivers in other urban areas of Virginia pay an additional \$248 due to driving on roads in need of repair.
- Costs would likely be lower for motorist who drive infrequently or do not travel during peak weekday morning and evening rush hours.

Pavement conditions on more than one-fourth of Virginia's major roads were rated in poor or mediocre condition. In addition, more than a quarter of the state's bridges are in need of repair or improvement.

- Approximately nine percent of Virginia's major roads were rated in poor condition in 2002, the latest year for which data is available, and are in need of resurfacing or reconstruction. An additional 18 percent of the state's major roads were rated in mediocre condition in 2002.
- Roads rated poor are badly cracked or broken. In some cases, poor roads can be resurfaced, but often are too deteriorated and must be reconstructed.
- Approximately nine percent of Virginia's bridges – 20 feet or longer – were structurally deficient in 2003, the latest year for which data is available.
- A bridge is structurally deficient if there is significant deterioration of the bridge deck, supports or other major components. Bridges that are structurally deficient are sometimes posted for lower weight or are closed if they are found to be unsafe.
- Approximately 17 percent of Virginia's bridges – 20 feet or longer – were functionally obsolete in 2003, the latest year for which data is available.
- Bridges that are functionally obsolete no longer meet current highway design standards, often because of narrow lanes, inadequate underclearances or poor alignment.

Steady population growth has resulted in increased vehicle travel on Virginia's transportation system, resulting in growing urban traffic congestion and longer commute times.

- Virginia's population increased by 18 percent from 1990 to 2002, from 6.2 million residents to 7.3 million residents.
- Vehicle travel in Virginia increased by 29 percent between 1990 and 2002, from 60.2 billion vehicle miles of travel (VMT) to 77.5 billion VMT. Vehicle travel in Virginia is projected to increase by another 40 percent by 2020, to 108 billion vehicle miles of travel.
- Thirty-four percent of Virginia's urban highways were congested in 2002, the latest year for which data is available, carrying traffic volumes that resulted in significant rush hour delays. Urban traffic congestion in Virginia has increased since 1995, when 31 percent of the state's urban highways were considered congested.
- Commute times in Virginia have increased since 1990, primarily as a result of increased traffic congestion. The average daily one-way commute increased from 24 minutes in 1990 to 27 minutes in 2000. As a result, the typical commuter in Virginia now spends on average an additional 25 hours a year in traffic – the equivalent of more than three working days – than in 1990.

Improving safety features on Virginia's roads and highways would result in a decrease in fatal traffic accidents.

- An average of 921 people were killed each year in motor vehicle accidents in Virginia from 1999 through 2003 – an average of approximately one fatality every 10 hours.
- There are three key factors associated with fatal vehicle accidents: driver behavior, vehicle design and roadway design. It is estimated that roadway design is an important factor in one-third of fatal traffic accidents.
- Highway improvements such as adding lanes, removing obstacles, adding or improving medians, widening lanes, widening and paving shoulders, improving intersection design, and better road markings and traffic signals can reduce traffic fatalities and vehicle accidents.
- The Federal Highway Administration has found that every \$100 million spent on needed highway safety improvements will result in 145 fewer traffic fatalities over a 10-year period.

The quality of a region's transportation system is an important factor in where businesses and industries decide to locate, expand or downsize. A modern transportation system is of critical importance if Virginia is to capitalize on economic development opportunities.

- Businesses have responded to improved communications and greater competition by moving from a push-style distribution system, which relies on low-cost movement of

bulk commodities and large-scale warehousing, to a pull-style distribution system, which relies on smaller, more strategic and time-sensitive movement of goods.

- Ninety-four percent of the \$123 billion worth of commodities delivered annually to and from sites in Virginia are transported on the state's highways.
- Commercial trucking in Virginia is projected to increase by 51 percent by 2020.

A significant increase in federal, state and local transportation funding would allow Virginia to accelerate key transportation projects and improve conditions and service statewide. If transportation funding remains at current levels, however, many critical highway and public transit improvements will be delayed and traffic congestion will get worse, hampering Virginia's economic development.

- The current federal surface transportation legislation, the Transportation Equity Act for the 21st Century (TEA-21) expires on May 31, 2005. It is a key source of funding for road and bridge improvement and public transportation in Virginia.
- Transportation funding at the state level is also critical. The Virginia Commonwealth Transportation Board recently adopted a six-year improvement program at a funding level \$1 billion lower than the 6-year plan adopted in the previous year, leaving little or no growth in new highway improvements.
- The Virginia Commonwealth Transportation Board allocated \$6.3 billion to study, design or build transportation projects – including highway construction, rail and public transit – between 2004 and 2009. This marks a 15 percent decrease from the \$7.4 billion approved for 2003 to 2008. As a result, funding will be delayed for many needed projects now in the planning stages, preventing them from moving forward to the construction phase.

(F)

Introduction

In order to serve citizens and businesses effectively, Virginia's future transportation network will require increased reliance on passenger and freight rail. Recognizing this requirement, Governor Mark R. Warner formed the Governor's Commission on Rail Enhancement for the 21st Century to examine the future of rail infrastructure in Virginia.

Establishment. The Commission was established through Executive Order 71 (2004) from Governor Warner on May 18, 2004 and is in full force and effect until May 17, 2005. It is composed of eight members appointed by the Governor, including a chairman as designated by the Governor. In addition, the Secretary of Transportation and the Secretary of Commerce and Trade, or their designees, and the Director of the Department of Rail and Public Transportation serve as ex-officio members of the Commission.

Members:

Chair: The Honorable Sharon Bulova, Member, Fairfax County Board of Supervisors
Richard L. Beadles, Director, Virginia Rail Policy Institute
James C. "Jim" Bishop, Jr., former Executive Vice President, Norfolk Southern
Willie E. Lanier, Jr., Senior Vice President, Wachovia Securities
Harry T. Lester, Rector, Eastern Virginia Medical School
The Honorable John Mason, former Mayor, City of Fairfax
Dr. French H. Moore, Jr., retired
The Honorable Meredith M. Richards, Vice Mayor, City of Charlottesville

Ex-Officio Members:

The Honorable Whittington W. Clement, Secretary of Transportation
The Honorable Michael J. Schewel, Secretary of Commerce & Trade
The Honorable Jody Wagner, State Treasurer
Karen J. Rae, Director, Department of Rail and Public Transportation

Charge of the Commission. The purpose of this Commission is to examine the future of rail transportation in the Commonwealth, including the consideration of a rail authority. The Commission is also charged to provide leadership on freight and passenger rail issues, policies and needs, and to examine options for leveraging private and public funding for rail service and infrastructure across the Commonwealth.

The Executive Order further directs the Commission to review the Virginia State Rail Plan, factoring the results of the Plan into its recommendations for enhancing rail service and infrastructure in the Commonwealth, review Senate Bill 413 (2004) and make recommendations regarding the structure, authority and funding of a rail transportation development authority, including innovative financing options and to make such other recommendations to the Governor as may be appropriate. Recommendations to the Governor are due by December 1, 2004.

General Approach to Commission's Work

Background material/study

During the first Commission meeting, Virginia Transportation Secretary Whitt Clement discussed the Executive Order and expressed, on behalf of the Governor, his optimism for the success of the Commission's charge to find ways for rail (both passenger and freight) to become a more integral part of the Commonwealth's transportation solutions. He emphasized the success of the Virginia Railway Express (VRE), the findings of the Virginia Rail Plan and the reports by the *VTrans2025* Committee as significant guideposts for strategic planning.

Key studies and materials reviewed during Commission meetings include the Virginia Rail Plan presentations, SB413, the I-81 Marketing Study, the Rail Authority Presentation, State Rail Programs Survey, Model State Information Chart and An Overview of Commonwealth Debt.

In addition to public outreach efforts, numerous items were also made available on the DRPT website for public review and comment.

Meetings

Four Commission meetings have been held on the following dates: July 19, September 1, October 6 and November 3, 2004. In addition to Commission members, meeting attendees and speakers have included representatives from Albemarle Corporation, Alliance for Community Choice, Amtrak, Association of Railway Patrons, Buckingham Branch shortline, CSX, Chesapeake & Albemarle short line, Chesapeake Western short line, City of Fredericksburg, City of Norfolk, City of Richmond, Commonwealth Railway, Eastern Shore shortline, Greater Norfolk Corporation, Greater Richmond Chamber of Commerce, Lynchburg Regional Chamber of Commerce, McGuire Woods, Norfolk & Portsmouth Beltline, Norfolk Southern, NVTC, OMNIRIDE, Port of Richmond Commission, Rail Solutions, Virginia Senate Finance Committee, North Carolina & Virginia short line, Shenandoah Valley short line, Winchester & Western short line, Virginia Conservation Network, Virginia Department of Transportation, Virginia Resource Authority, Virginia Railway Express, Virginia Southern short line, Virginians For High Speed Rail, Virginia Port Authority and Virginia Transit Association, among others.

Public session

Participants of the public comment session, held at the beginning of the November 3rd meeting, expressed enthusiasm for the Commission's charge and provided valuable insight into the public's hopes and concerns relative to the future of rail in the Commonwealth. Public comments validated the need to identify reliable, sustainable funding sources for future freight and passenger rail transportation and specified that these funding sources must be new sources. Additionally, some comments supported the creation of a Virginia Rail Authority. Specific interests included, among others, securing alternative transit options for the elderly, providing additional means for the rapid transport of military and homeland security materials, improving interstate commerce through enhanced freight operations as well as improving the safety and flow of highway traffic. See **appendix x** for more detailed information on public comments.

Concept development.

The following are general steps that were followed in this process:



Constraints and study exclusions. In order to respond to Governor Warner's charge in a timely manner, the Commission focused primarily on the topics of freight and intercity rail. Although commuter rail, light rail and metro (WMATA) were excluded, the Commission recognizes that these are integral elements of multimodal transportation in the Commonwealth. These areas have been addressed through the VTrans 2025 initiative.



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Transportation Board Approves Blueprint for Shaping the Future of Transportation in Virginia
Funding remains key challenge to transportation improvements

RICHMOND – The Commonwealth Transportation Board (CTB) approved today Virginia’s long-range transportation plan called VTrans 2025. It is Virginia’s planning effort to create a more integrated, convenient and efficient transportation system that incorporates all modes including highway, transit, rail, air, pedestrian, port and bicycle facilities.

“The 2025 vision for the Commonwealth is a transportation system that is safe, strategic and seamless,” said Transportation Secretary Whitt Clement. “Before we can realize this vision, however, the state must adopt policies that ensure adequate investment in the transportation network. Currently, the gap between needs and investment is growing at a distressing rate.”

According to the VTrans 2025 report, transportation needs for all modes over the 2005-2025 period are expected to exceed \$203 billion. Best estimates of available revenues are \$95 billion, resulting in unmet needs exceeding \$108 billion.

By 2014, state highway funds will be insufficient to match federal highway funds, preventing the state from making full use of available federal dollars and reducing the overall amount of funds. By 2018, all of state construction funds will be used for maintenance. Federal highway funds will have to be used for maintenance beginning in 2019, further decreasing the funds available for construction purposes. For highways alone, a minimum of \$925 million per year is needed to prevent transfers of construction dollars to the maintenance fund.

Clement added, “Although investment in transportation is crucial, we must continue to seek new ways to be more efficient and effective in how we use our limited transportation dollars. VTrans2025 identifies policies and procedures that will help guide Virginia through the next 20 years.”

The report identifies the need to:

- Increase transportation revenues, increase support for transit and establish a sustainable source of funding for rail.

- [Comm](#)
- [Travele](#)
- [Road](#)
- [Trav](#)
- [High](#)
- [Help](#)
- [High](#)
- [Vehi](#)
- [Lane](#)
- [Sma](#)
- [Driv](#)
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- Improve the alignment of transportation and land-use decision-making by considering state versus local roles and legislatively address the transportation/land-use conflict.
- Give priority to projects that connect travel modes and incorporate transit, pedestrian, bike, and rail-friendly design features in major reconstruction and new construction projects.
- Use objective criteria for all modes to measure and compare the merits of proposed projects.
- Establish a Commission to make specific recommendations on how to meet the Commonwealth's long-term transportation funding needs and address other legislative issues.

The General Assembly directed the CTB to develop a multimodal long-range transportation plan with a statewide focus. Clement established the VTrans2025 team made up of the four state transportation agencies. The public also participated in developing the plan through a series of meetings.

With CTB approval of the plan, it will go to Gov. Mark Warner and the General Assembly.

The report is available online at www.vtrans.org.

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Transit

State Assistance for Transit Increases 3.3 percent over the FY 2006 – FY 2010 Period

ESTIMATED REVENUES FOR RAIL AND PUBLIC TRANSPORTATION IMPROVEMENT PROGRAM (in Millions)						
	FISCAL YEARS					
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Mass Transit Trust Fund	\$116.1	\$123.8	\$128.4	\$132.2	\$136.7	\$139.8
Rail Procurement	4.0	4.0	3.0	3.0	3.0	3.0
TEIF	3.0	3.0	3.0	3.0	3.0	3.0
Rail Preservation	3.0	3.0	3.0	3.0	3.0	3.0
Statewide STP Funds for Transit	9.6	9.9	10.0	10.3	10.5	10.8
Minimum Guarantee Funds for Transit	8.3	8.5	8.6	8.9	9.1	9.3
TOTAL REVENUES	\$144.0	\$152.2	\$156.0	\$160.4	\$165.3	\$168.9
% growth from prior year		5.7%	2.5%	2.8%	3.1%	2.2%

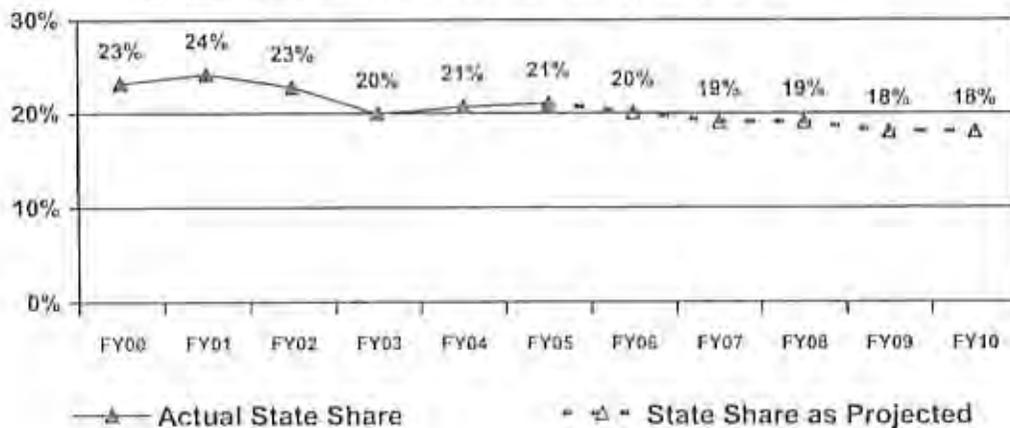
Source: DRPT

- Despite the modest increases, state funding for transit services lags behind the statutory commitment. At issue is if transit service can expand services to either match the annual 2.0 percent growth in Vehicle Miles Traveled or even outpace VMT

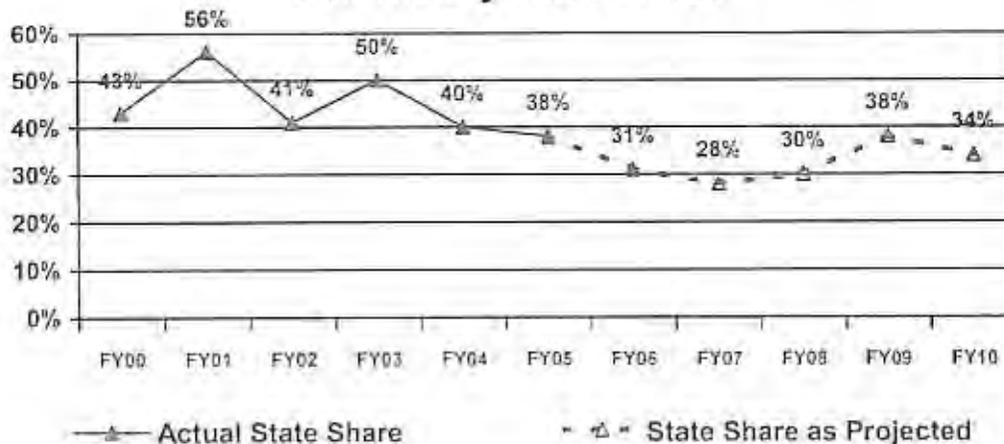
growth. If transit loses "market share", then there will be even greater pressure on state roads.

- § 58.1-638 A.4. of the *Code of Virginia* authorizes the state to provide financial assistance to local providers for both operating and capital expenses up to a maximum of 95.0 percent of the nonfederal portion of the local providers' total costs.

State Share of Transit Total Operating Expenses - Five Year History and Outlook



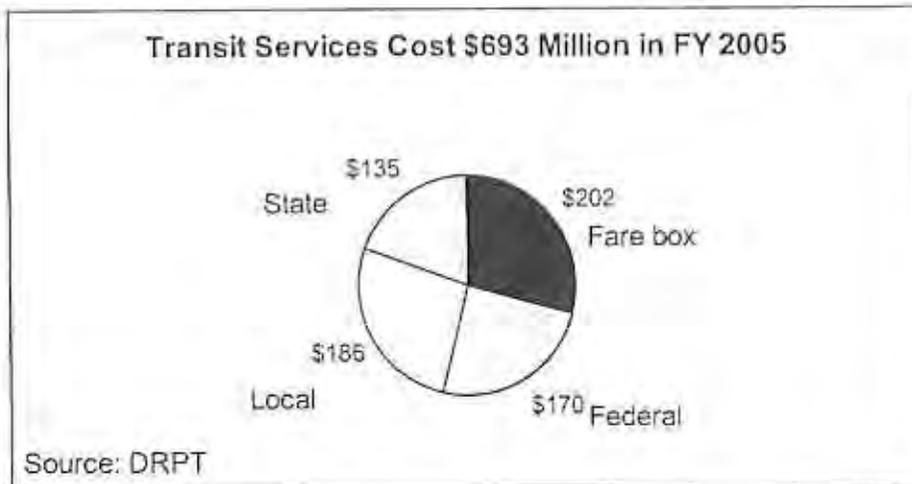
State Share of Transit Capital Expenses - Five Year History and Outlook



COSTS TO ACHIEVE 95.0 PERCENT SUPPORT (in Millions)			
Item	FY 2005	FY 05 Supplement	New FY 2005 Total
Financial Aid for Operating Expenses	\$83.8	\$90.2	\$174.0
Financial Aid for Capital Expenses	\$29.6	\$48.3	\$77.9

Source: DRPT

- Local and federal governments pay more for transit than does the state. The portion paid by transit users is the largest revenue source. Without more state or federal support, the long-term fiscal outlook for transit will require service reductions, higher fares and levels of local dollars, or both.



Federal and state policies favor roads over transit . . .

- The contrast between the policies governing new road construction and new transit projects is striking:
 - Transit matching rates restrict federal dollars to 50.0 percent of a project's cost. For highway construction, federal matching rates range from 80.0 percent to 90.0 percent, depending on whether the road is an interstate.
 - Transit projects require congressional sponsorship. New roads do not.
 - To receive a federal transit grant, local governments must demonstrate a financial capability to operate and maintain the facility.
 - Because local governments have to put a significant portion of local dollars into a project, transit projects compete with other local spending priorities – police, fire and education.
 - New road construction requires an extensive environmental impact study. New transit projects require, in addition to the environmental study, impact analyses on employment, financial plans, cost effectiveness studies, and annual evaluation reports.
- The effect of these differences can skew transportation decisions toward highway choices even when transit is the better choice.

A Closer Look at Northern Virginia and Hampton Roads . . .

- In FY 2005, Northern Virginia received 90.0 percent of the state's funding for capital assistance and 72.2 percent of the operating assistance. Hampton Roads' share of the capital and operating funds were 1.0 percent and 3.0 percent, respectively.

Northern Virginia Profile

- Transit in Northern Virginia is more than the Washington Metropolitan Area Transit Authority (WMATA or Metro). Fairfax County's bus fleet numbers 172 vehicles. The other jurisdictions also provide bus service.
- Over 70.0 percent of all statewide transit ridership is in Northern Virginia.
- But, the dominating transit provider is Metro.
 - Metro is the 4th largest transit system in the country. Its rail system is the second largest with 103 miles of track and 83 stations. The Metro bus system is the 5th largest in the country with some 1450 buses and over 160,000 daily bus miles. In FY 2004, average weekday ridership on the rail and bus systems was 652,578 and 502,971, respectively. Metro employs about 10,000 workers.
 - Between FY 1997 and FY 2002, rail ridership increased by 26.0 percent while bus ridership increased by 25.0 percent.
 - Metro has a special relationship with the federal government in that 42.0 percent of the rail stations are

located near or at federal facilities and 47.0 percent of peak riders are federal workers.

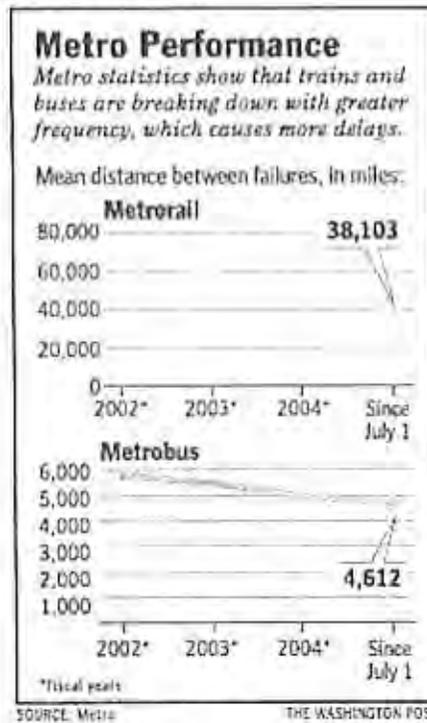
- Metro's presence in Virginia is important with almost 30 miles of rail and 20 stations. (These figures do not include the Dulles project.)
 - Virginia riders make up 31.0 percent of the weekday rail users and 17.0 percent of the weekday bus users, servicing commuters in Alexandria, Arlington, Falls Church, and both the City and County of Fairfax.
 - Metro's economic impact in Virginia is substantial. Metro stations take up about 7.0 percent of Arlington's land, but comprise some 47.0 percent of the county's tax base.
- In FY 2004, Virginia paid for about 12.0 percent of Metro's operating budget and 9.0 percent of the agency's capital budget.
 - Of these amounts, the state paid about 40.0 percent of the operating expenses and 37.0 percent of the capital expenses. Local governments paid the remaining portions of Virginia's share.

Metro's Finances are Strained and Service Levels are Affected

- Metro's fares make up a larger portion of its budget than those of other systems. On a national level, 38.0 percent of major transit agencies' budgets are covered by the fare box. For Metro, fares cover 57.0 percent of expenses – rail fares comprise 75.0 percent of the rail budget and bus fares make up 30.0 percent of the bus system's budget.
 - In order to encourage ridership, Metro did not raise fares from 1995 through 2002. Instead, the authority relied on

cost containment actions and maintenance and capital deferrals.

- However, fares were raised in 2003 and 2004. Metro projects a drop in 14,000 rail and 3,200 bus riders.
- Unlike other major transit systems in the country, Metro has very little dedicated tax revenue – 1.6 percent.
- Because of maintenance and capital deferrals, service has suffered, leading to rail car breakdowns, increased operating costs, and bus overcrowding.



- The problems are particularly related to jammed rail car doors, rail car brakes and HVAC systems.

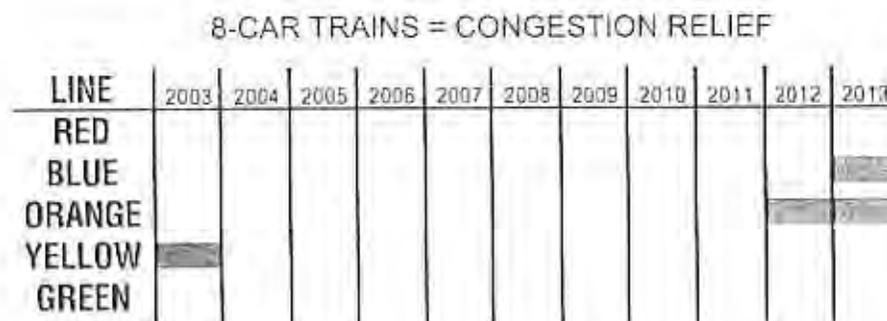
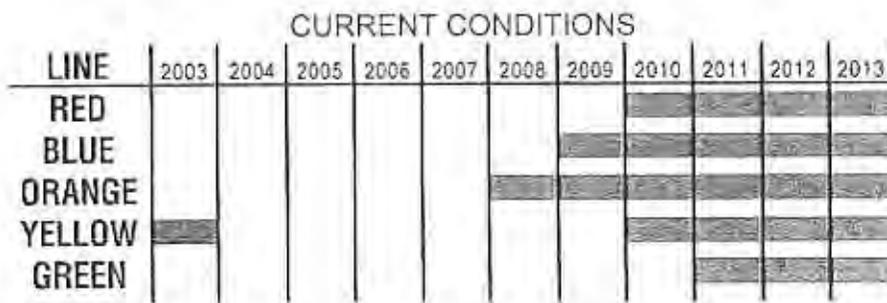
Metro Matters

- Metro is seeking \$1.5 billion from its partners over the next 6-years through 2010. This infusion of money will address

immediate capital needs but not operating shortfalls or system expansion.

- The funding priorities to be met include:
 - System rehabilitation program (\$525.0 million);
 - Rail car capacity program (\$601.0 million);
 - Bus capacity program (\$172.0 million); and
 - Improved Security (\$144.0 million).
- Metro is pushing the federal government to contribute \$400.0 million for the project.
- The predicament that Metro finds itself is that it has reached the capacity limits based on current assets. However, Metro is using only 58.0 percent of its design capacity.
 - Metro is running trains with 4-6 cars when the system was designed to accommodate 8-car trains.

WARNING: Transit Congestion Ahead



- The Yellow, Blue and Orange lines serve Virginia. The chart shows unmanageable congestion levels for the Blue line in 2009, for the Yellow line in 2010, and for the Orange line in 2008.

Metro Matters Virginia Funding Requirements

	2005	2006	2007	2008	2009	2010	Total
ALEXANDRIA	\$ 4.55	\$ 5.85	\$ 6.28	\$ 7.31	\$ 7.92	\$ 8.78	\$ 40.70
FALLS CHURCH	\$ 8.72	\$ 11.47	\$ 12.31	\$ 14.32	\$ 15.53	\$ 17.21	\$ 79.56
CITY OF FAIRFAX	\$ 0.18	\$ 0.26	\$ 0.27	\$ 0.32	\$ 0.35	\$ 0.38	\$ 1.76
FAIRFAX COUNTY	\$ 14.22	\$ 18.35	\$ 19.69	\$ 22.90	\$ 24.83	\$ 27.52	\$ 127.49
FALLS CHURCH	\$ 0.29	\$ 0.37	\$ 0.40	\$ 0.46	\$ 0.50	\$ 0.56	\$ 2.58
 VIRGINIA SUBTOTAL	\$ 27.95	\$ 36.30	\$ 38.95	\$ 45.31	\$ 49.13	\$ 54.45	\$ 252.09

Metro Matters does not resolve Metro's long-term funding needs – either operating or capital.

- The lack of dependable and reliable funding could determine whether or not the Dulles expansion ever takes place.
- In approving the first engineering phase of the Dulles project, the Federal Transit Administration stated in its letter to the Department of Rail and Public Transportation:
 - "Financial concerns related to WMATA's ability to maintain the existing Metrorail and Metrobus systems and to meet future operational capacity needs must be addressed before the project could be approved to advance into Final Design."

MEMORANDUM

TO: Chairman Euille and NVTC Commissioners
FROM: Scott Kalkwarf and Colethia Turner
DATE: November 24, 2004
SUBJECT: NVTC Financial Reports for September and October, 2004.

The financial reports are attached for your information.

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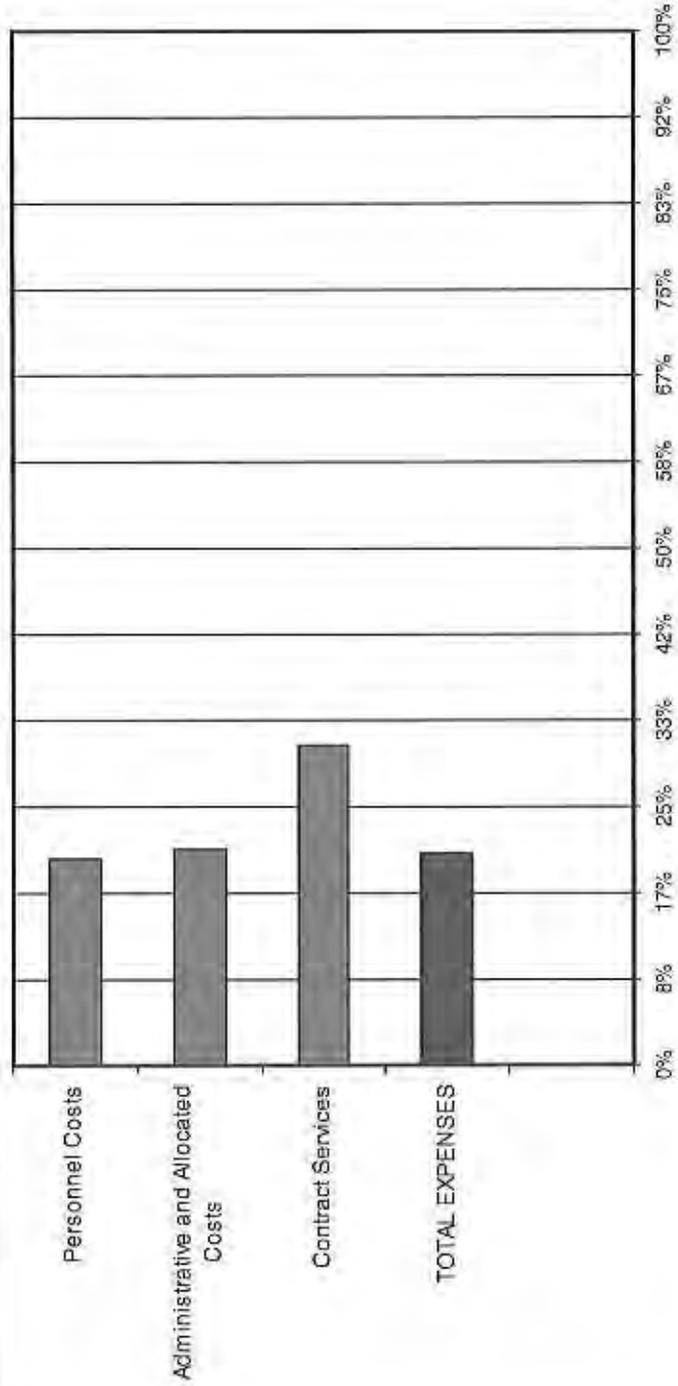
The financial reports are attached for your information.

Northern Virginia Transportation Commission

Financial Reports

September, 2004

Percentage of FY 2005 NVTC Administrative Budget Used
 September, 2004
 (Target 25% or less)



Note: Refer to pages 2 and 3 for details

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
G&A BUDGET VARIANCE REPORT
September, 2004

	<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	\$ 44,535.38	\$ 122,478.24	\$ 625,800.00	\$ 503,321.76	80.4%
Temporary Employee Services	-	-	1,000.00	1,000.00	100.0%
Total Personnel Costs	44,535.38	122,478.24	626,800.00	504,321.76	80.5%
<u>Benefits</u>					
Employer's Contributions:					
FICA	2,581.09	9,198.73	44,900.00	35,701.27	79.5%
Group Health Insurance	5,146.32	15,609.74	77,000.00	61,390.26	79.7%
Retirement	4,293.00	12,880.10	52,500.00	39,619.90	75.5%
Workmans & Unemployment Compensation	113.44	1,116.37	2,000.00	883.63	44.2%
Life Insurance	268.56	559.87	3,300.00	2,740.13	83.0%
Long Term Disability Insurance	244.37	664.27	3,450.00	2,785.73	80.7%
Total Benefit Costs	12,646.78	40,029.08	183,150.00	143,120.92	78.1%
<u>Administrative Costs</u>					
Commissioners Per Diem	1,000.00	2,250.00	15,250.00	13,000.00	85.2%
<i>Rents:</i>					
Office Rent	14,109.65	39,254.15	160,000.00	120,745.85	75.5%
Parking	1,915.00	2,795.00	11,500.00	8,705.00	75.7%
<i>Insurance:</i>					
Public Official Bonds	23.80	721.40	3,850.00	3,128.60	81.3%
Liability and Property	-	650.00	2,000.00	1,350.00	67.5%
	23.80	71.40	1,850.00	1,778.60	96.1%
<i>Travel:</i>					
Conference Registration	945.30	2,380.57	25,000.00	22,619.43	90.5%
Conference Travel	-	-	3,000.00	3,000.00	100.0%
Local Meetings & Related Expenses	-	-	5,500.00	5,500.00	100.0%
Training & Professional Development	945.30	2,380.57	12,000.00	9,619.43	80.2%
	-	-	4,500.00	4,500.00	100.0%
<i>Communication:</i>					
Postage	1,055.06	1,921.09	13,800.00	11,878.91	86.1%
Telephone - LD	600.00	679.69	7,000.00	6,320.31	90.3%
Telephone - Local	90.28	175.36	1,800.00	1,624.64	90.3%
	364.78	1,066.04	5,000.00	3,933.96	78.7%
<i>Publications & Supplies</i>					
Office Supplies	1,404.90	4,297.50	24,500.00	20,202.50	82.5%
Duplication	370.80	503.16	5,300.00	4,796.84	90.5%
Public Information	1,034.10	3,794.34	13,200.00	9,405.66	71.3%
	-	-	6,000.00	6,000.00	100.0%

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
G&A BUDGET VARIANCE REPORT
September, 2004

	<u>Current Month</u>	<u>Year To Date</u>	<u>Annual Budget</u>	<u>Balance Available</u>	<u>Balance %</u>
<i>Operations:</i>	1,044.22	4,668.19	23,500.00	18,831.81	80.1%
Furniture and Equipment	-	2,339.75	8,000.00	5,660.25	70.8%
Repairs and Maintenance	-	-	1,000.00	1,000.00	100.0%
Computers	1,044.22	2,328.44	14,500.00	12,171.56	83.9%
<i>Other General and Administrative</i>	195.38	2,178.34	6,300.00	4,121.66	65.4%
Subscriptions	-	-	500.00	500.00	100.0%
Memberships	-	1,232.00	1,200.00	(32.00)	-2.7%
Fees and Miscellaneous	195.38	470.38	2,300.00	1,829.62	79.5%
Advertising (Personnel/Procurement)	-	475.96	2,300.00	1,824.04	79.3%
40th Anniversary	-	-	-	-	0
Total Administrative Costs	<u>19,778.31</u>	<u>57,671.24</u>	<u>272,200.00</u>	<u>214,528.76</u>	<u>78.8%</u>
	<u>Contracting Services</u>				
Auditing	5,000.00	5,000.00	14,000.00	9,000.00	64.3%
Consultants - Technical	-	-	1,000.00	1,000.00	100.0%
Legal	-	-	1,000.00	1,000.00	100.0%
Total Contract Services	<u>5,000.00</u>	<u>5,000.00</u>	<u>16,000.00</u>	<u>11,000.00</u>	<u>68.8%</u>
 Total Gross G&A Expenses	<u>\$ 81,960.47</u>	<u>\$ 225,178.56</u>	<u>\$ 1,098,150.00</u>	<u>\$ 872,971.44</u>	<u>79.5%</u>

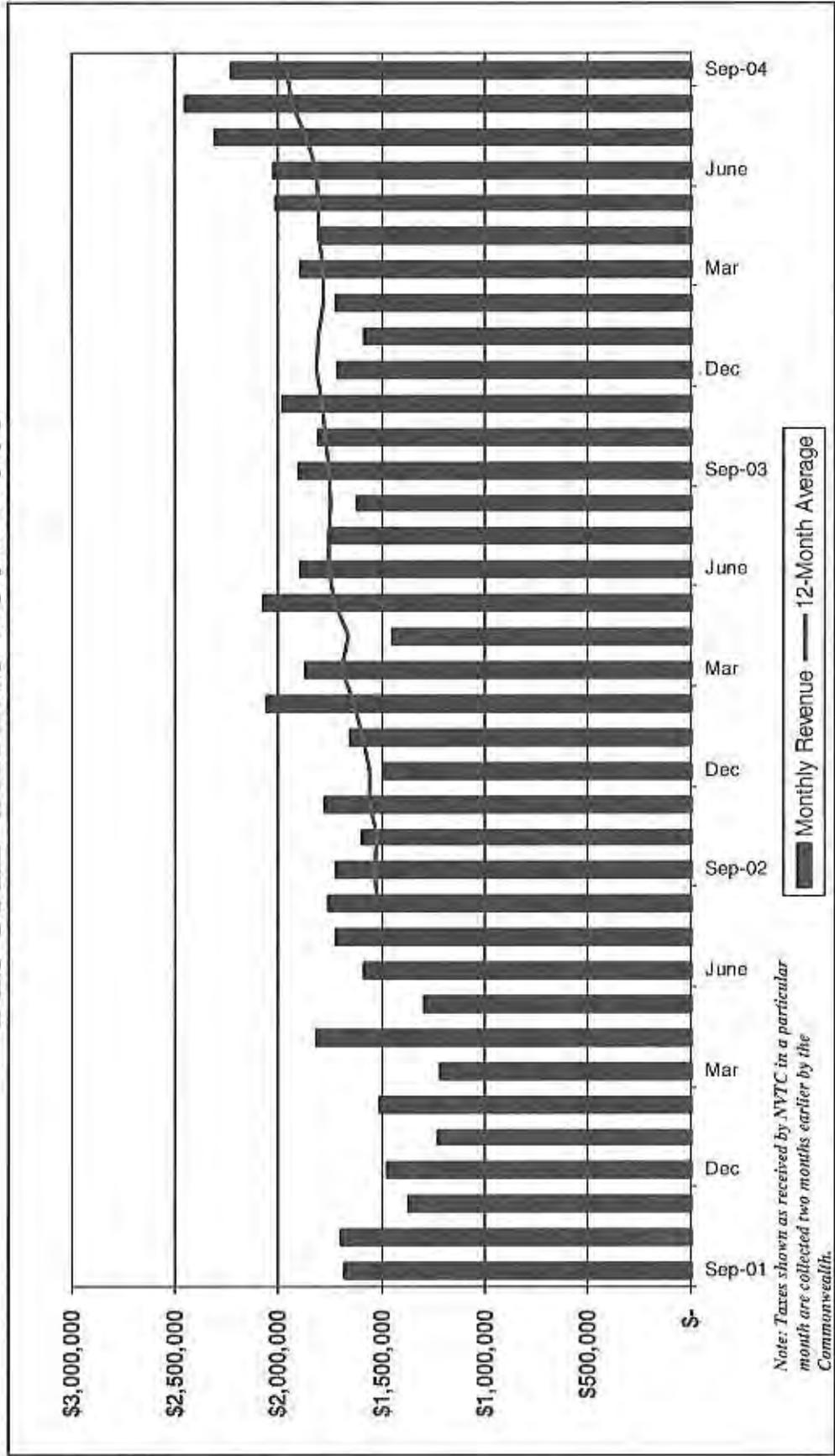
NVTC
RECEIPTS and DISBURSEMENTS
September, 2004

<u>Date</u>	<u>Payer/ Payee</u>	<u>Purpose</u>	<u>Wachovia (Checking)</u>	<u>Wachovia (Savings)</u>	<u>VA LGIP</u>	<u>VA SNAP</u>
RECEIPTS						
1	VRE	Reimbursement for staff support		\$ 7,783.50		
8	Loudoun	G&A contribution			3,091.50	
10	DRPT	Capital grant receipt			325,837.00	
10	DRPT	FTM/Admin grant receipt			2,470,606.00	
10	Dept. of Taxation	Motor vehicle fuels sales tax			2,228,957.50	
13	Staff	Reimbursement of expenses		54.91		
15	DRPT	Capital grant receipt			147,379.00	
16	DRPT	FTM/Admin grant receipt			4,460,949.00	
16	DRPT	Code Red grant receipt			7,689.00	
16	DRPT	Capital grant receipt			15,605.00	
16	DRPT	Falls Church bus grant receipt			67,040.00	
16	DRPT	Capital grant receipt			2,827,051.00	
30	City of Alexandria	G&A contribution		12,479.50		
30	Staff	Reimbursement of expenses		75.83		
30	Banks	September interest income		32.94	76,805.02	
			<u>-</u>	<u>20,426.68</u>	<u>12,631,010.02</u>	<u>-</u>
DISBURSEMENTS						
1-30	Various	NVTC project and administration	(75,806.62)			
8	Loudoun	G&A contribution			(3,091.50)	
16	George Hoyt	Consulting - Bus Data project	(14,299.02)			
16	BMI	Consulting - Code Red project	(7,689.40)			
30	Wachovia Bank	September service fees	(53.08)	(0.32)	-	
			<u>(97,848.12)</u>	<u>(0.32)</u>	<u>(3,091.50)</u>	<u>-</u>
TRANSFERS						
3	Transfer	From savings to checking	25,000.00	(25,000.00)		
17	Transfer	From savings to checking	45,000.00	(45,000.00)		
30	Transfer	From LGIP to checking	50,000.00		(50,000.00)	
			<u>120,000.00</u>	<u>(70,000.00)</u>	<u>(50,000.00)</u>	<u>-</u>
NET INCREASE (DECREASE) FOR MONTH			<u>\$ 22,151.88</u>	<u>\$ (49,573.64)</u>	<u>\$ 12,577,918.52</u>	<u>\$ -</u>

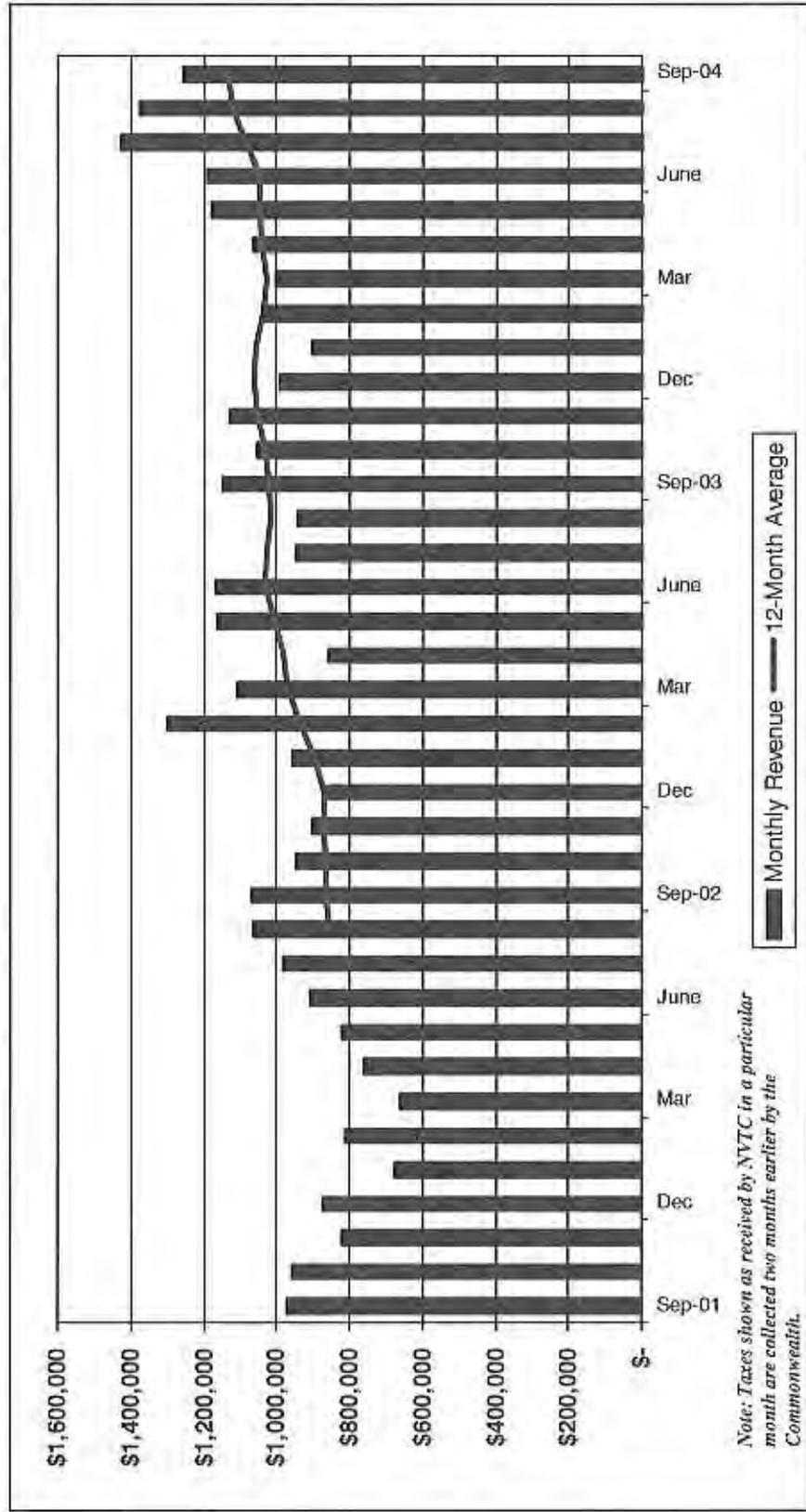
**NVTC
INVESTMENT REPORT
September, 2004**

<u>Type</u>	<u>Rate</u>	<u>Balance 8/31/2004</u>	<u>Increase (Decrease)</u>	<u>Balance 9/30/2004</u>	<u>NVTC G & A</u>	<u>Jurisdictions Trust Fund</u>	<u>Loudoun County</u>
<u>Cash Deposits</u>							
Wachovia: NVTC Checking	N/A	\$ 10,484.65	\$ 22,151.88	\$ 32,636.53	\$ 32,636.53	-	-
Wachovia: NVTC Savings	0.65%	100,038.64	(49,573.64)	50,465.00	50,465.00	-	-
<u>Investments - State Pool</u>							
Nations Bank - LGIP	1.59%	52,674,414.87	12,577,918.52	65,252,333.39	934,607.69	45,147,998.34	19,169,727.36
		<u>\$ 46,380,968.96</u>	<u>\$ 12,550,496.76</u>	<u>\$ 65,335,434.92</u>	<u>\$ 1,017,709.22</u>	<u>\$ 45,147,998.34</u>	<u>\$ 19,169,727.36</u>

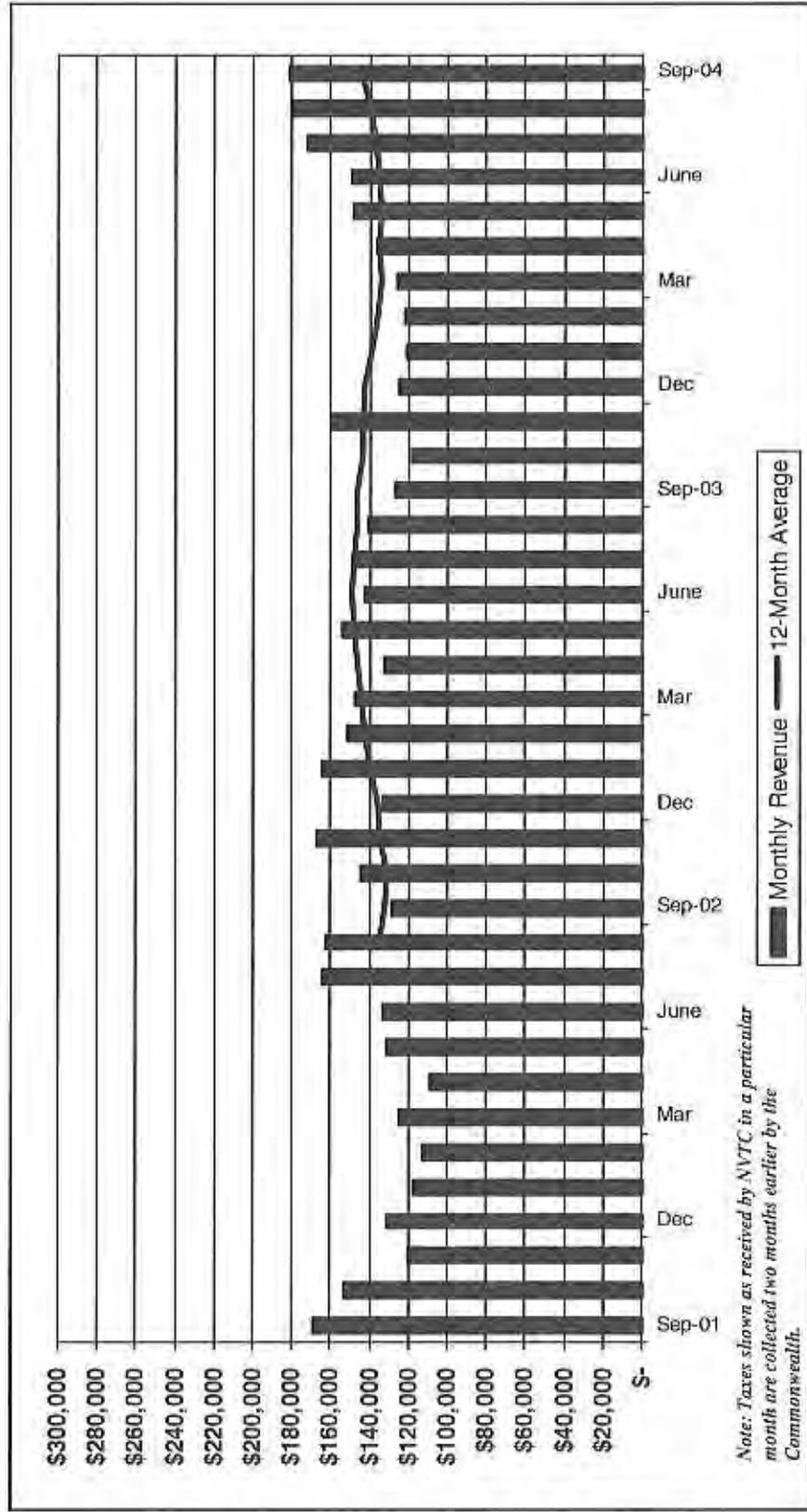
NVTc MONTHLY GAS TAX REVENUE ALL JURISDICTIONS FISCAL YEARS 2002-2005



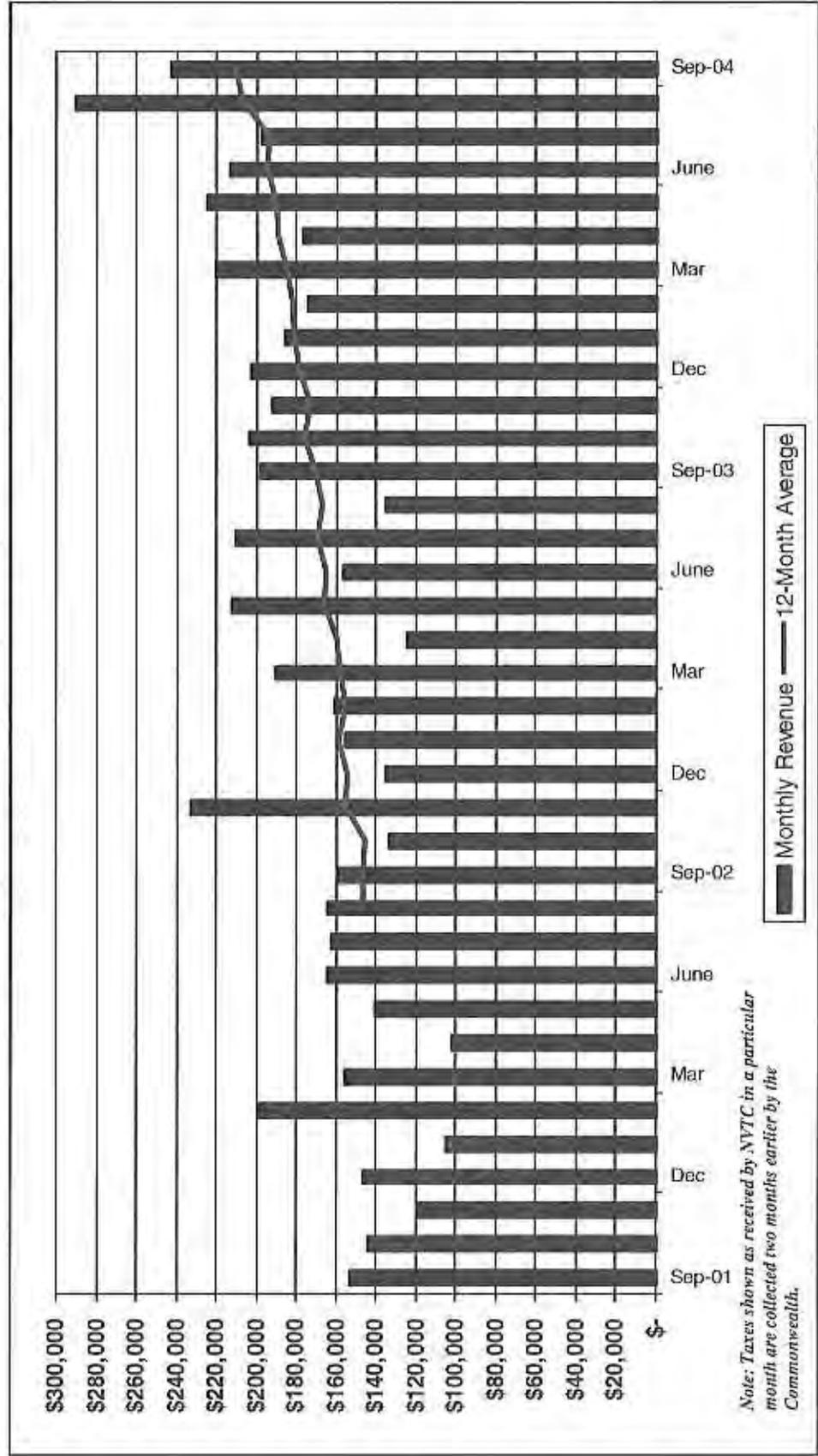
NVTc MONTHLY GAS TAX REVENUE FAIRFAX COUNTY FISCAL YEARS 2002-2005



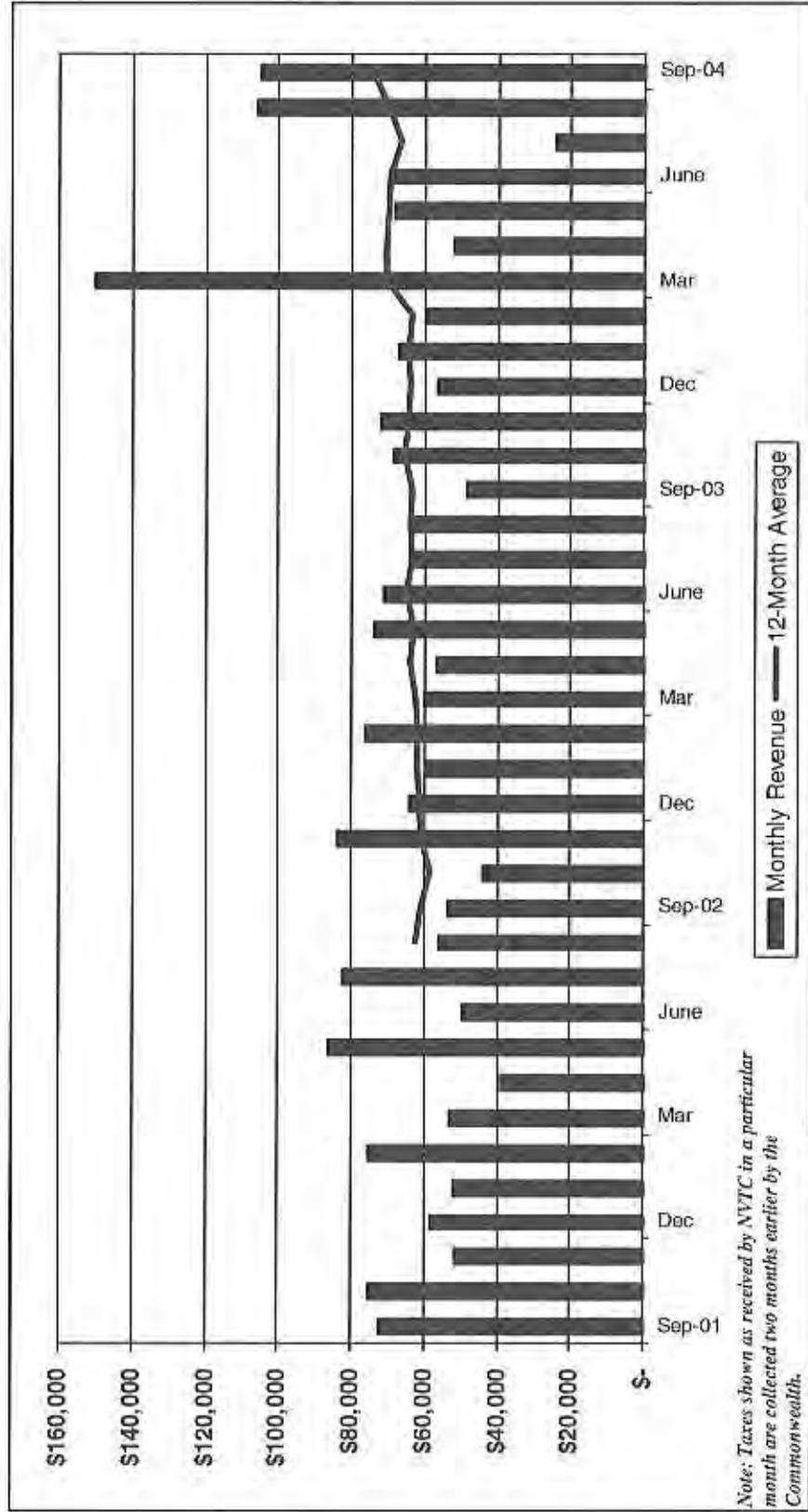
NVTc MONTHLY GAS TAX REVENUE CITY OF ALEXANDRIA FISCAL YEARS 2002-2005



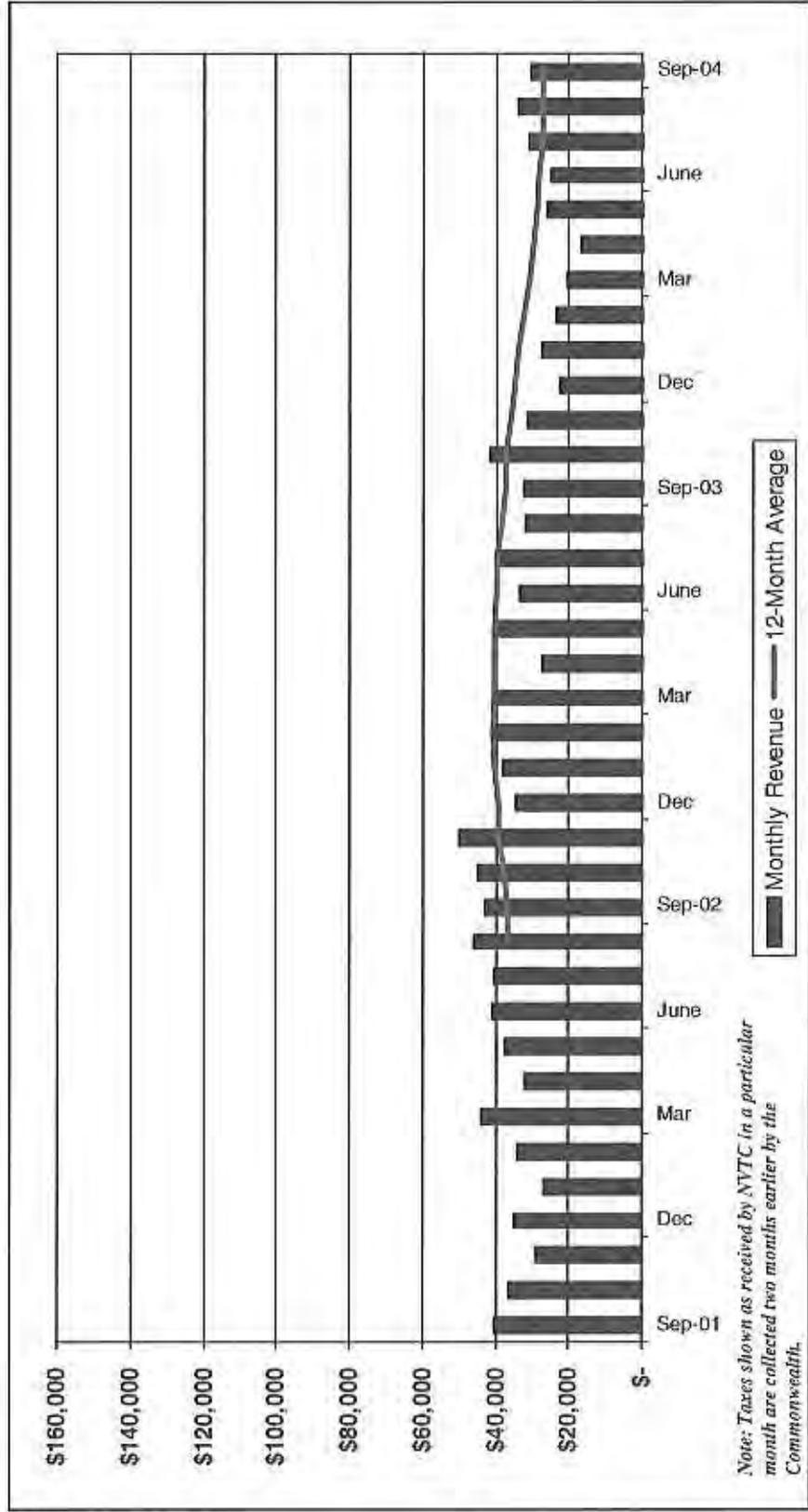
NVTc MONTHLY GAS TAX REVENUE ARLINGTON COUNTY FISCAL YEARS 2002-2005



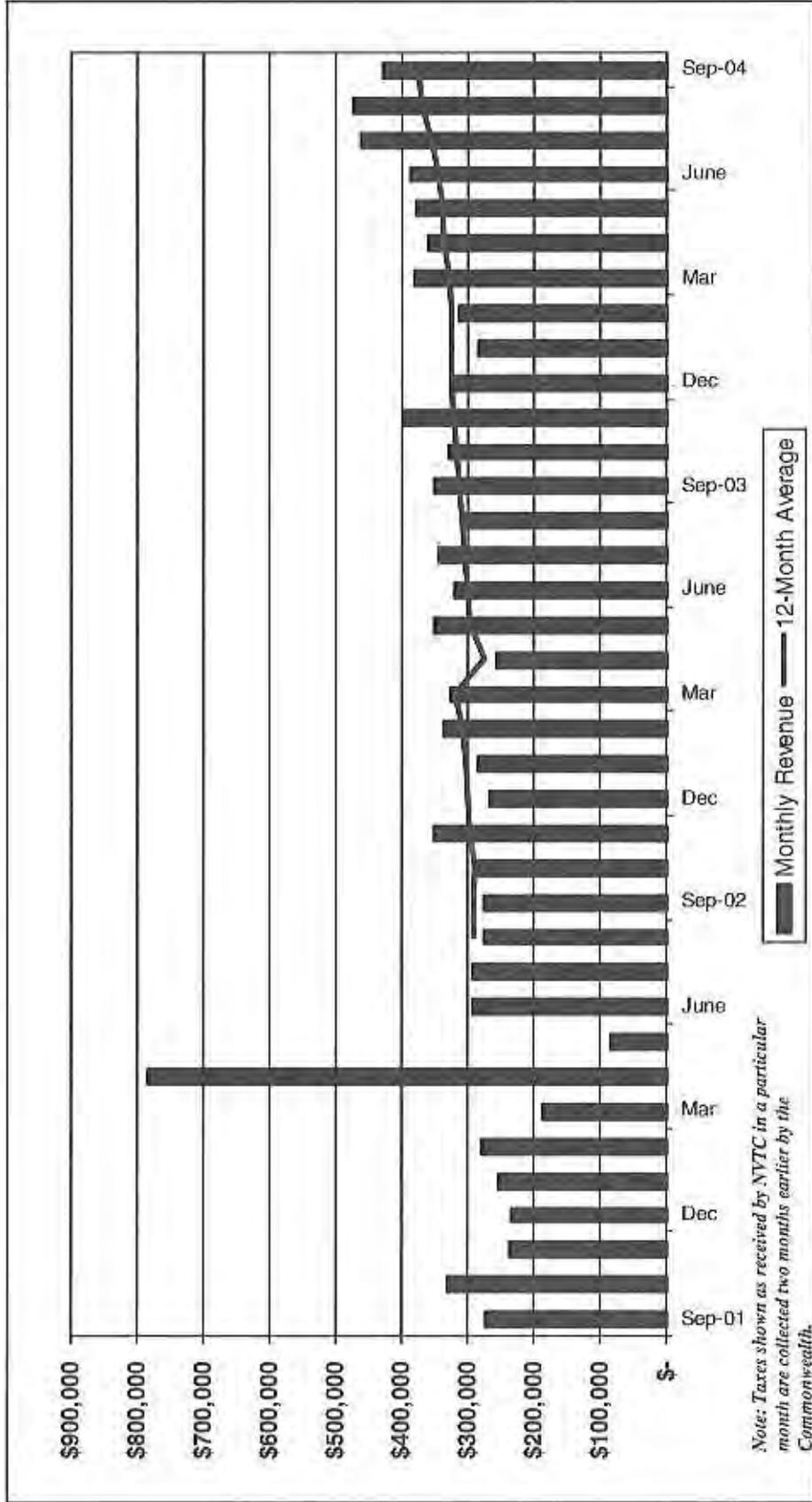
NVTc MONTHLY GAS TAX REVENUE CITY OF FAIRFAX FISCAL YEARS 2002-2005



NVTc MONTHLY GAS TAX REVENUE CITY OF FALLS CHURCH FISCAL YEARS 2002-2005



NVTc MONTHLY GAS TAX REVENUE LOUDOUN COUNTY FISCAL YEARS 2002-2005

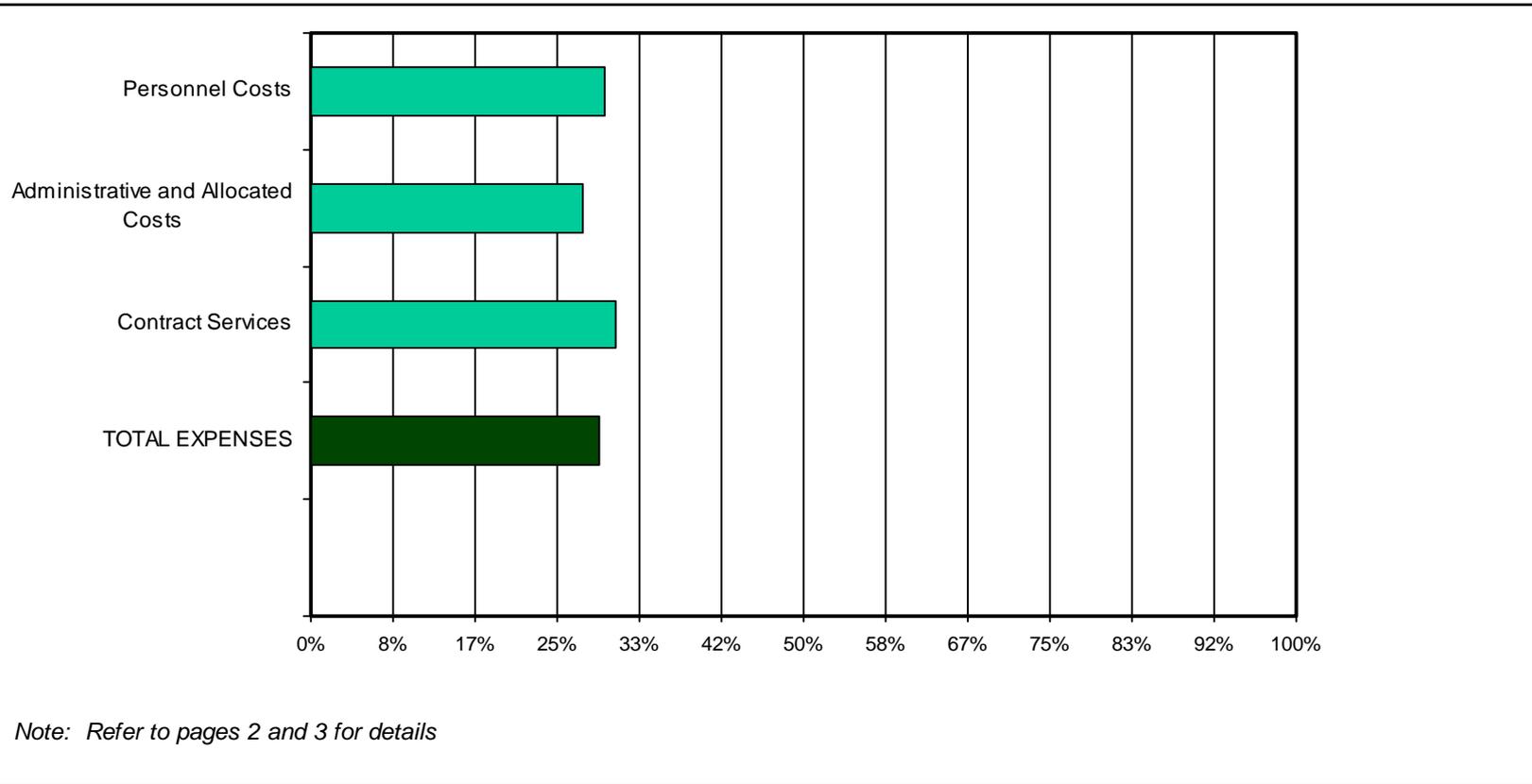


Northern Virginia Transportation Commission

Financial Reports

October, 2004

Percentage of FY 2005 NVTC Administrative Budget Used
October, 2004
(Target 33.33% or less)



NORTHERN VIRGINIA TRANSPORTATION COMMISSION
G&A BUDGET VARIANCE REPORT
October, 2004

	<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	\$ 66,986.13	\$ 189,464.37	\$ 625,800.00	\$ 436,335.63	69.7%
Temporary Employee Services	-	-	1,000.00	1,000.00	100.0%
Total Personnel Costs	66,986.13	189,464.37	626,800.00	437,335.63	69.8%
<u>Benefits</u>					
Employer's Contributions:					
FICA	3,772.25	12,970.98	44,900.00	31,929.02	71.1%
Group Health Insurance	6,134.24	21,743.98	77,000.00	55,256.02	71.8%
Retirement	1,814.00	14,694.10	52,500.00	37,805.90	72.0%
Workmans & Unemployment Compensation	107.13	1,223.50	2,000.00	776.50	38.8%
Life Insurance	-	559.87	3,300.00	2,740.13	83.0%
Long Term Disability Insurance	227.16	891.43	3,450.00	2,558.57	74.2%
Total Benefit Costs	12,054.78	52,083.86	183,150.00	131,066.14	71.6%
<u>Administrative Costs</u>					
Commissioners Per Diem	1,300.00	3,550.00	15,250.00	11,700.00	76.7%
<i>Rents:</i>					
Office Rent	12,695.57	51,949.72	160,000.00	108,050.28	67.5%
Parking	400.00	3,195.00	11,500.00	8,305.00	72.2%
<i>Insurance:</i>					
Public Official Bonds	-	650.00	2,000.00	1,350.00	67.5%
Liability and Property	226.80	298.20	1,850.00	1,551.80	83.9%
<i>Travel:</i>					
Conference Registration	-	-	3,000.00	3,000.00	100.0%
Conference Travel	-	-	5,500.00	5,500.00	100.0%
Local Meetings & Related Expenses	699.56	3,080.13	12,000.00	8,919.87	74.3%
Training & Professional Development	95.00	95.00	4,500.00	4,405.00	97.9%
<i>Communication:</i>					
Postage	682.07	2,603.16	13,800.00	11,196.84	81.1%
Telephone	280.42	960.11	7,000.00	6,039.89	86.3%
Telephone - LD	72.33	247.69	1,800.00	1,552.31	86.2%
Telephone - Local	329.32	1,395.36	5,000.00	3,604.64	72.1%
<i>Publications & Supplies</i>					
Office Supplies	85.18	588.34	5,300.00	4,711.66	88.9%
Duplication	993.12	4,787.46	13,200.00	8,412.54	63.7%
Public Information	-	-	6,000.00	6,000.00	100.0%

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
G&A BUDGET VARIANCE REPORT
October, 2004

	<u>Current Month</u>	<u>Year To Date</u>	<u>Annual Budget</u>	<u>Balance Available</u>	<u>Balance %</u>
<i>Operations:</i>	119.95	4,788.14	23,500.00	18,711.86	79.6%
Furniture and Equipment	-	2,339.75	8,000.00	5,660.25	70.8%
Repairs and Maintenance	-	-	1,000.00	1,000.00	100.0%
Computers	119.95	2,448.39	14,500.00	12,051.61	83.1%
<i>Other General and Administrative</i>	191.60	2,369.94	6,300.00	3,930.06	62.4%
Subscriptions	-	-	500.00	500.00	100.0%
Memberships	-	1,232.00	1,200.00	(32.00)	-2.7%
Fees and Miscellaneous	191.60	661.98	2,300.00	1,638.02	71.2%
Advertising (Personnel/Procurement)	-	475.96	2,300.00	1,824.04	79.3%
40th Anniversary	-	-	-	-	0
Total Administrative Costs	<u>17,088.85</u>	<u>74,760.09</u>	<u>272,200.00</u>	<u>197,439.91</u>	<u>72.5%</u>
<u>Contracting Services</u>					
Auditing	-	5,000.00	14,000.00	9,000.00	64.3%
Consultants - Technical	-	-	1,000.00	1,000.00	100.0%
Legal	-	-	1,000.00	1,000.00	100.0%
Total Contract Services	<u>-</u>	<u>5,000.00</u>	<u>16,000.00</u>	<u>11,000.00</u>	<u>68.8%</u>
 Total Gross G&A Expenses	 <u>\$ 96,129.76</u>	 <u>\$ 321,308.32</u>	 <u>\$ 1,098,150.00</u>	 <u>\$ 776,841.68</u>	 <u>70.7%</u>

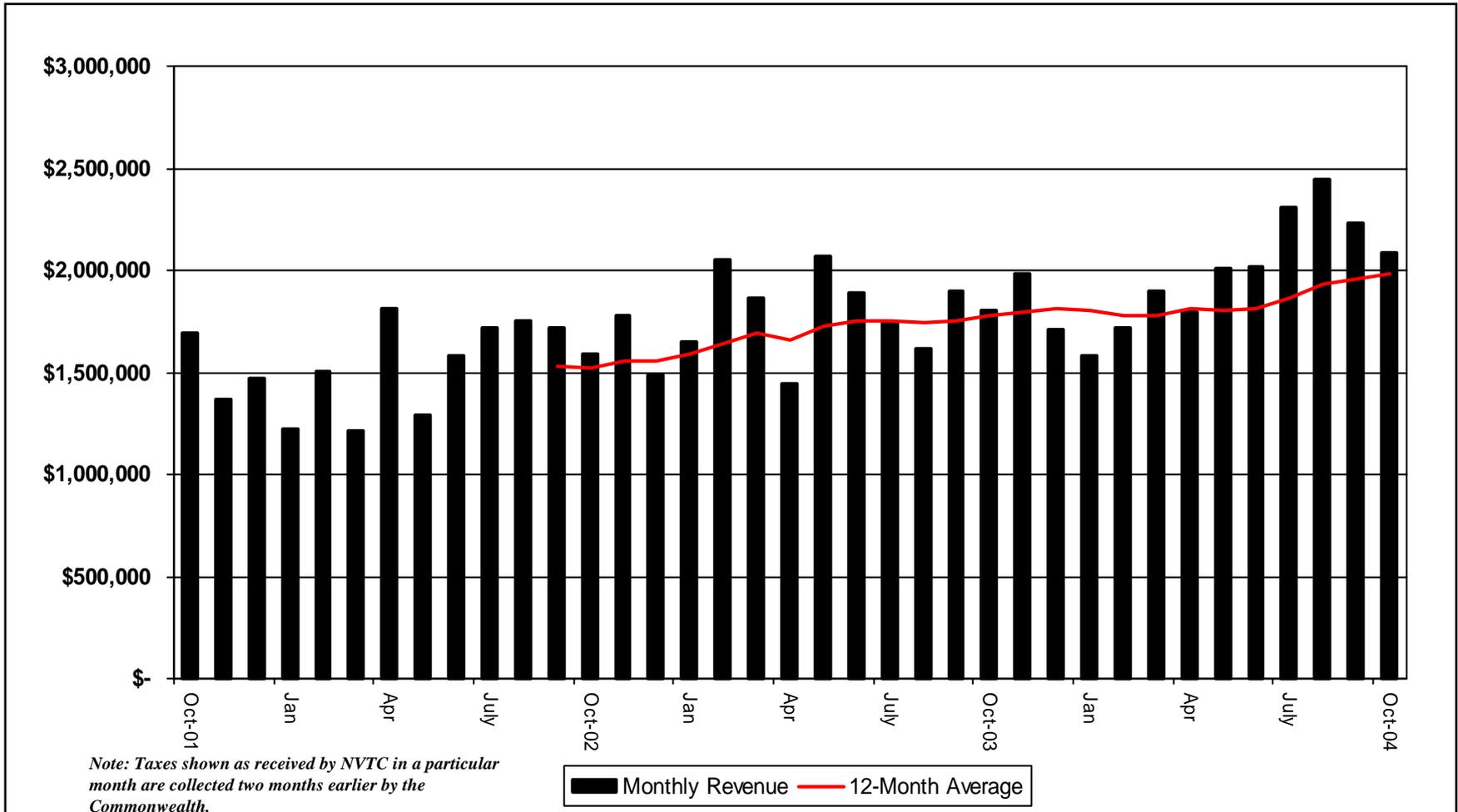
NVTC
RECEIPTS and DISBURSEMENTS
October, 2004

<u>Date</u>	<u>Payer/ Payee</u>	<u>Purpose</u>	<u>Wachovia (Checking)</u>	<u>Wachovia (Savings)</u>	<u>VA LGIP</u>	<u>VA SNAP</u>
RECEIPTS						
1	DRPT	VTA Metrorail rolling stock grant receipt			\$ 979,476.00	
4	Arlington County	G&A contribution		\$ 18,059.50		
12	Dept. of Taxation	Motor vehicle fuels sales tax receipt			2,089,592.64	
19	DRPT	FTM/Admin grant receipt			4,460,949.00	
19	DRPT	Bus stop shelter project grant receipt			98,790.00	
19	DRPT	Capital grant receipt			3,218,942.00	
28	DRPT	Capital grant receipt			7,803.00	
31	Banks	October interest income		47.21	72,556.19	
			<u>-</u>	<u>18,106.71</u>	<u>10,928,108.83</u>	<u>-</u>
DISBURSEMENTS						
1-31	Various	NVTC project and administration	(122,744.96)			
1	WMATA	Rail capital subsidy			(1,870,891.00)	
1	WMATA	Bus operating subsidy			(8,570,299.00)	
1	WMATA	Rail operating subsidy			(7,463,589.00)	
1	WMATA	Bus capital subsidy			(421,922.00)	
1	WMATA	Debt service			(1,853,125.00)	
1	WMATA	Falls Church bus net operating			(83,800.36)	
7	City of Fairfax	Other capital			(36,650.47)	
20	Arlington County	Bus shelter costs incurred	(98,790.00)			
19	George Hoyt	Consulting - bus data	(20,486.22)			
27	BMI	Consulting - code red	(2,180.44)			
31	Wachovia Bank	October service fees	(37.55)	(15.32)		
			<u>(244,239.17)</u>	<u>(15.32)</u>	<u>(20,300,276.83)</u>	<u>-</u>
TRANSFERS						
15	Transfer		90,000.00		(90,000.00)	
19	Transfer		20,486.22		(20,486.22)	
20	Transfer		98,790.00		(98,790.00)	
28	Transfer		40,000.00	(40,000.00)		
			<u>249,276.22</u>	<u>(40,000.00)</u>	<u>(209,276.22)</u>	<u>-</u>
NET INCREASE (DECREASE) FOR MONTH			<u>\$ 5,037.05</u>	<u>\$ (21,908.61)</u>	<u>\$ (9,581,444.22)</u>	<u>\$ -</u>

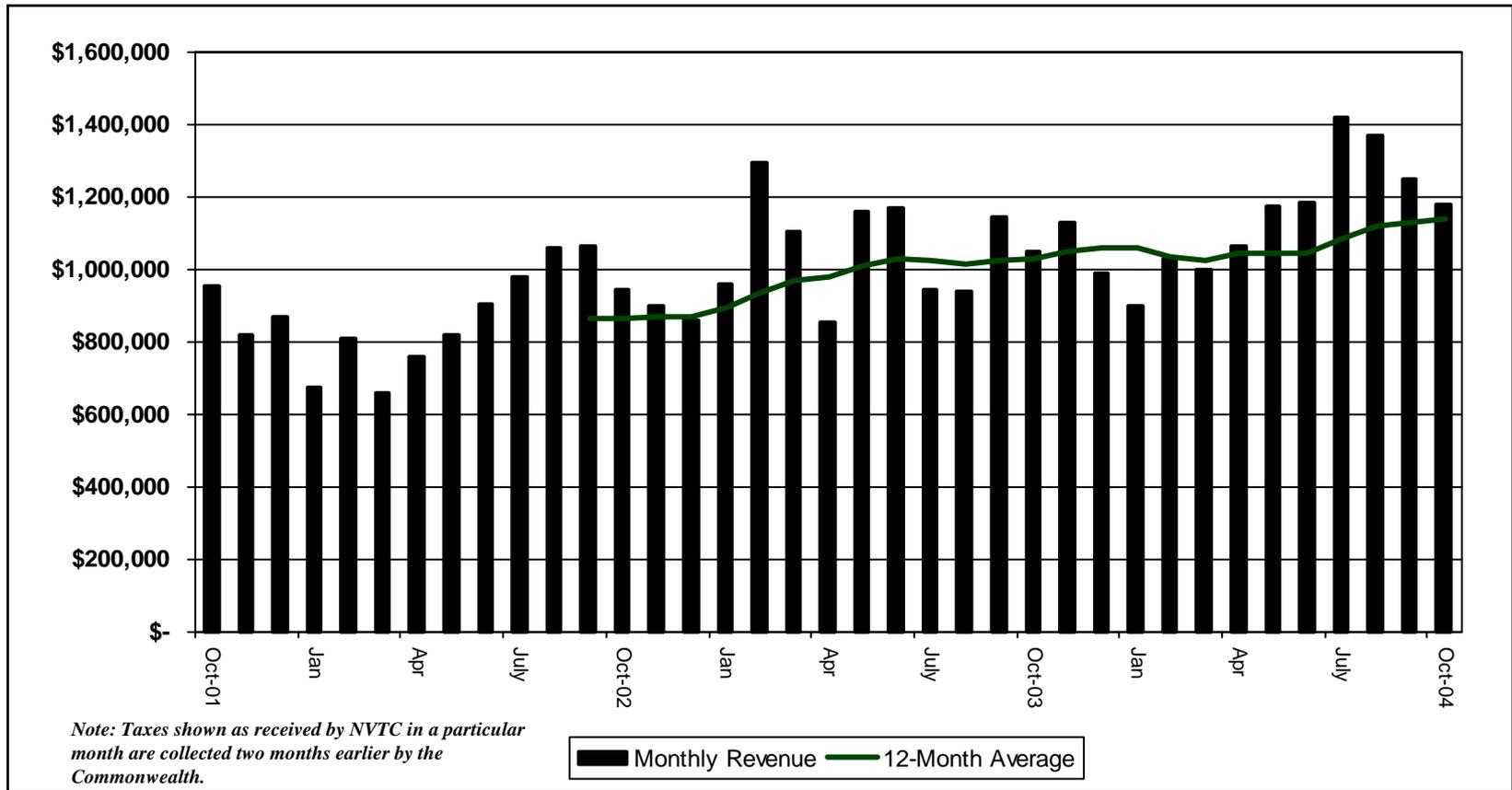
**NVTC
INVESTMENT REPORT
October, 2004**

<u>Type</u>	<u>Rate</u>	<u>Balance 9/30/2004</u>	<u>Increase (Decrease)</u>	<u>Balance 10/31/2004</u>	<u>NVTC G & A</u>	<u>Jurisdictions Trust Fund</u>	<u>Loudoun County</u>
<u>Cash Deposits</u>							
Wachovia: NVTC Checking	N/A	\$ 32,636.53	\$ 5,037.05	\$ 37,673.58	\$ 37,673.58	-	-
Wachovia: NVTC Savings	0.94%	50,465.00	(21,908.61)	28,556.39	28,556.39	-	-
<u>Investments - State Pool</u>							
Nations Bank - LGIP	1.69%	65,252,333.39	(9,581,444.22)	55,670,889.17	761,979.95	35,284,300.72	19,624,608.50
		<u>\$ 46,380,968.96</u>	<u>\$ (9,598,315.78)</u>	<u>\$ 55,737,119.14</u>	<u>\$ 828,209.92</u>	<u>\$ 35,284,300.72</u>	<u>\$ 19,624,608.50</u>

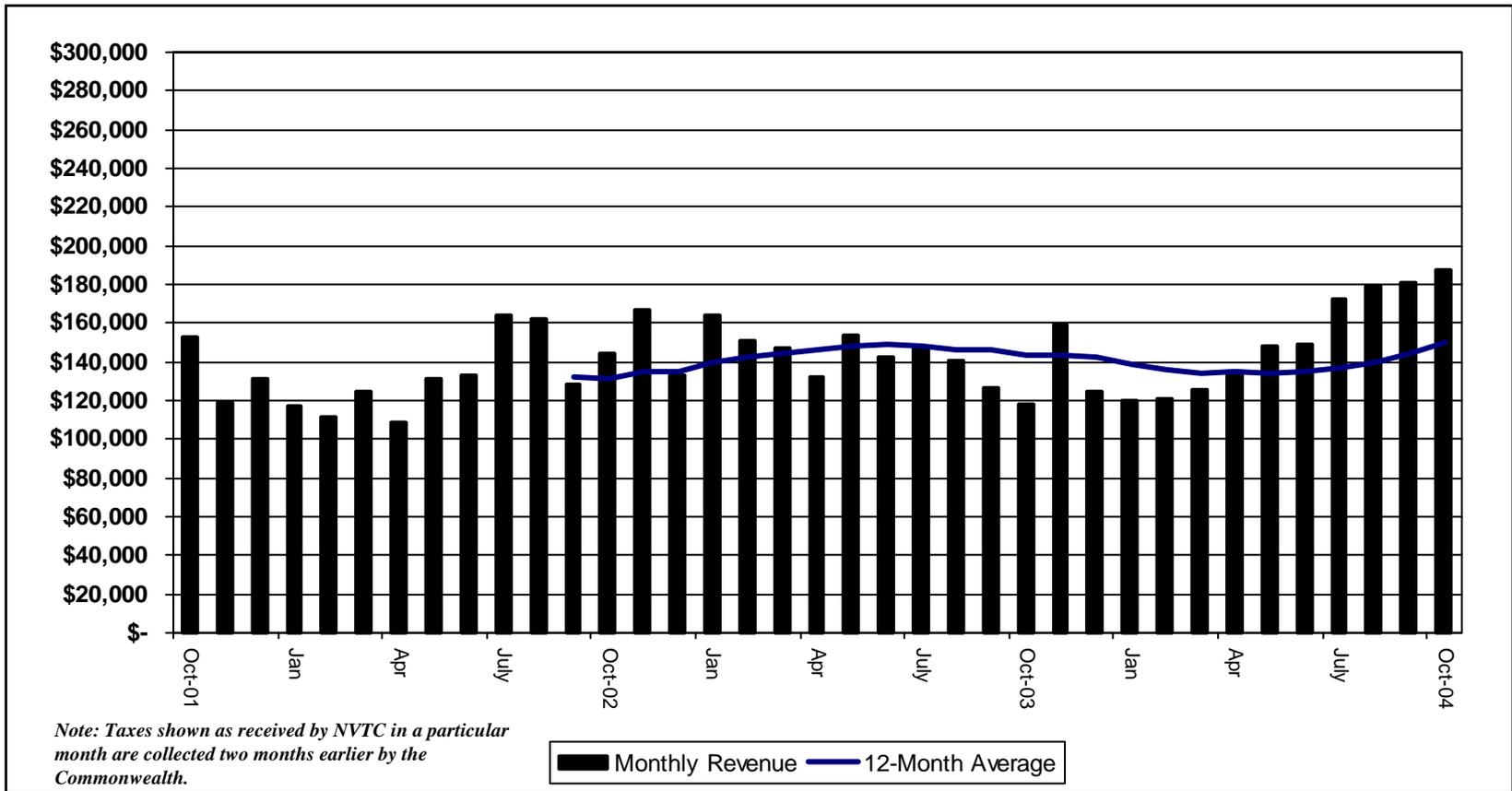
NVTC MONTHLY GAS TAX REVENUE ALL JURISDICTIONS FISCAL YEARS 2002-2005



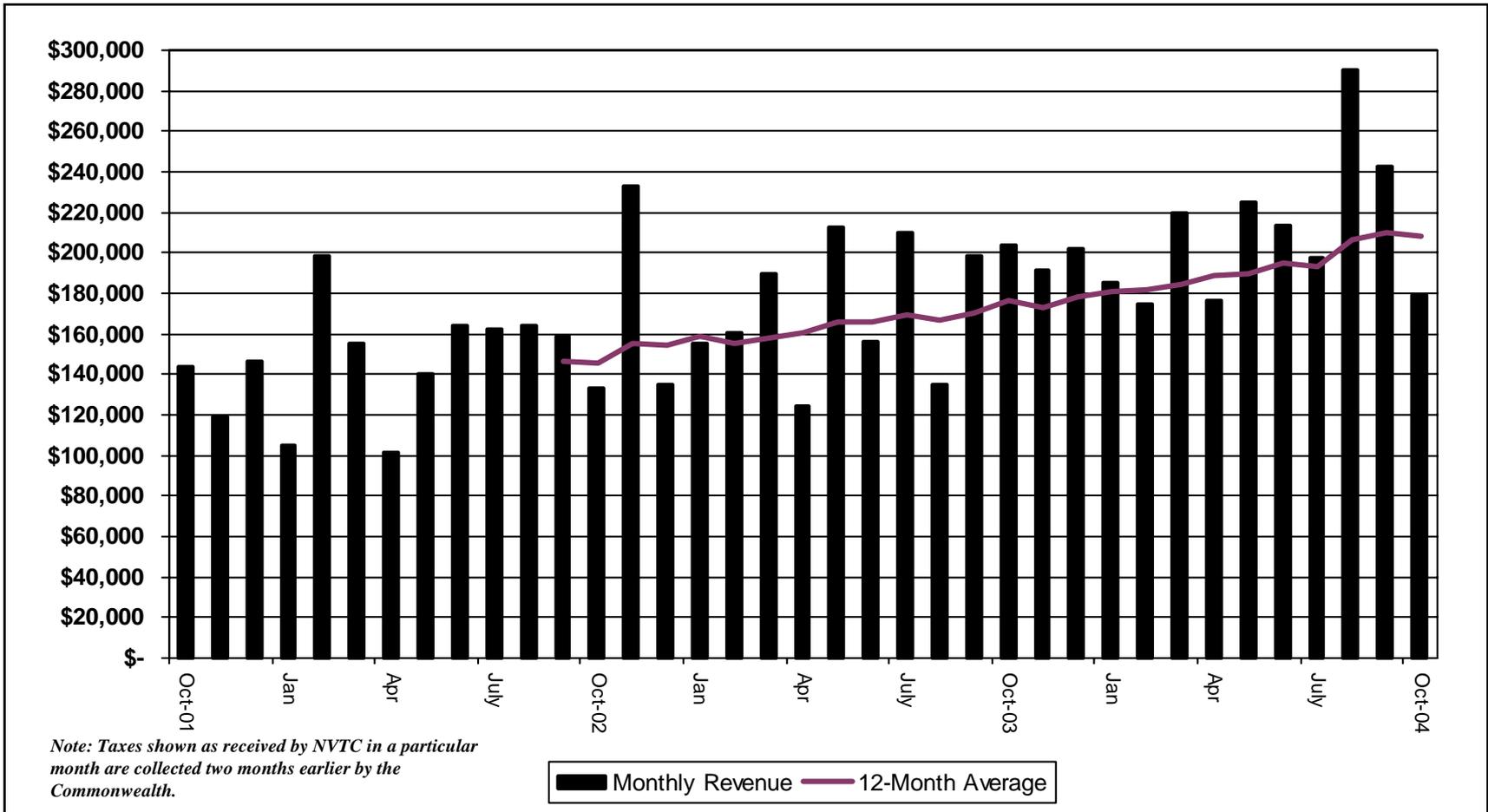
NVTC MONTHLY GAS TAX REVENUE FAIRFAX COUNTY FISCAL YEARS 2002-2005



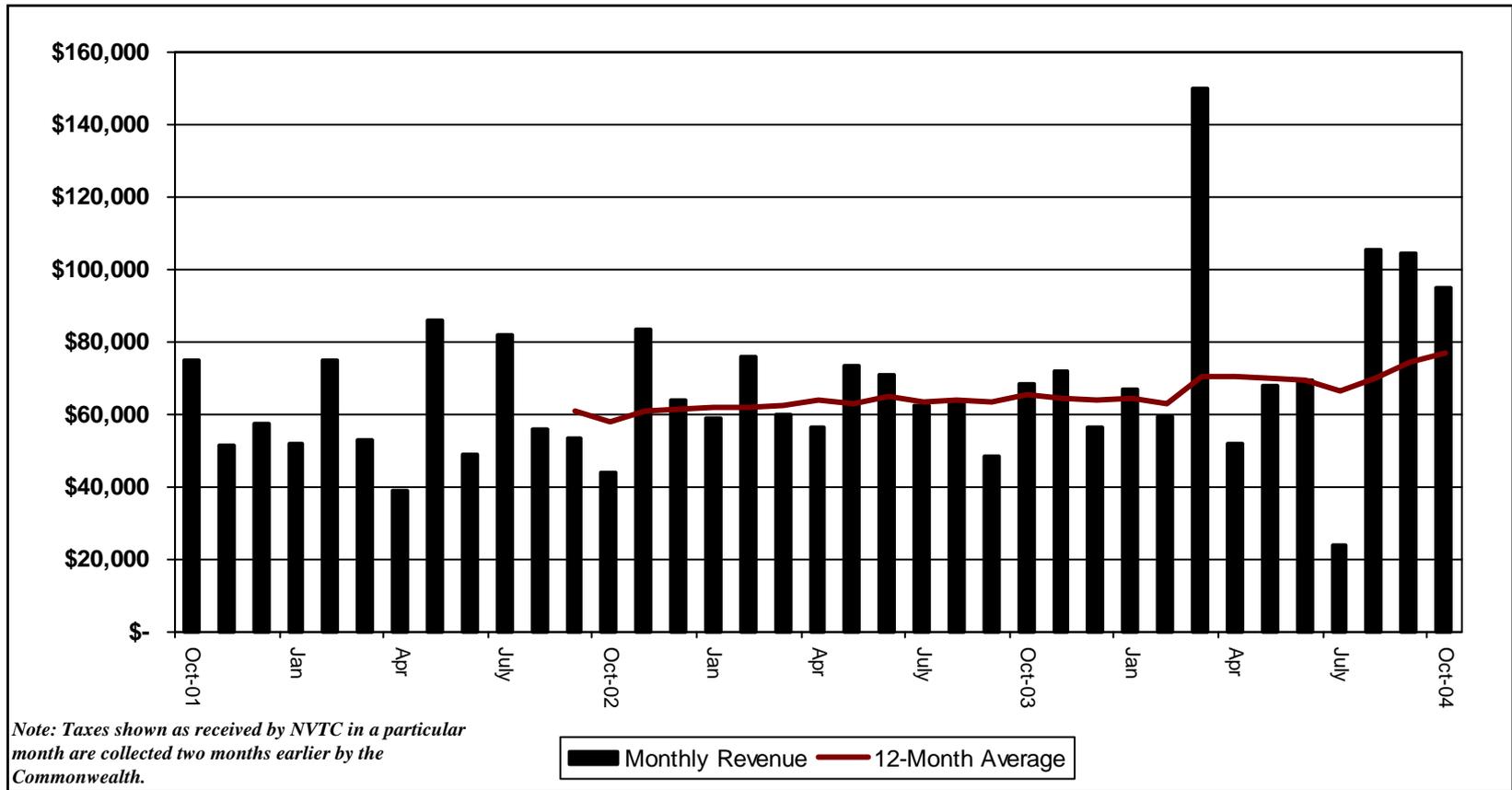
NVTC MONTHLY GAS TAX REVENUE CITY OF ALEXANDRIA FISCAL YEARS 2002-2005



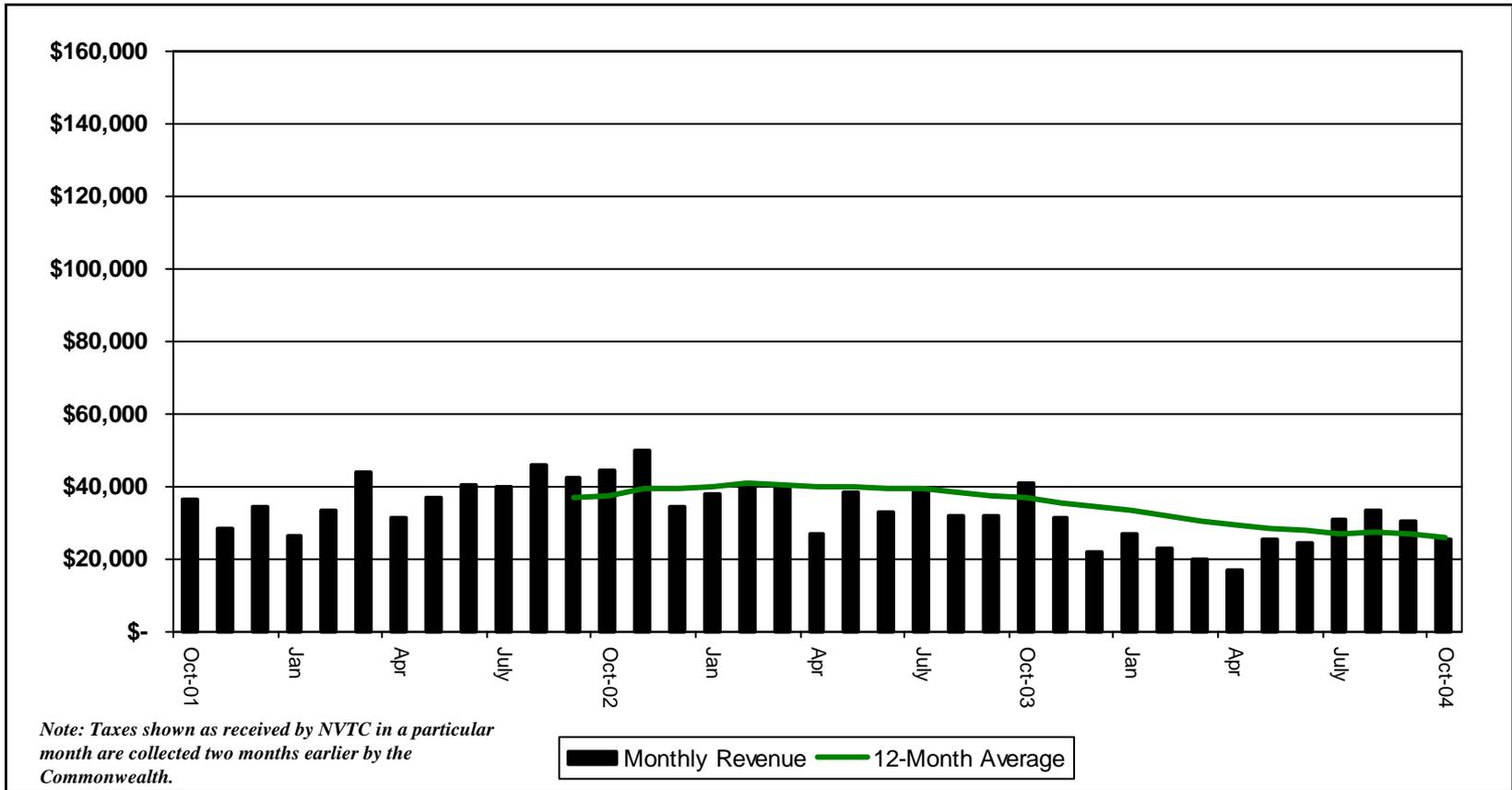
NVTC MONTHLY GAS TAX REVENUE ARLINGTON COUNTY FISCAL YEARS 2002-2005



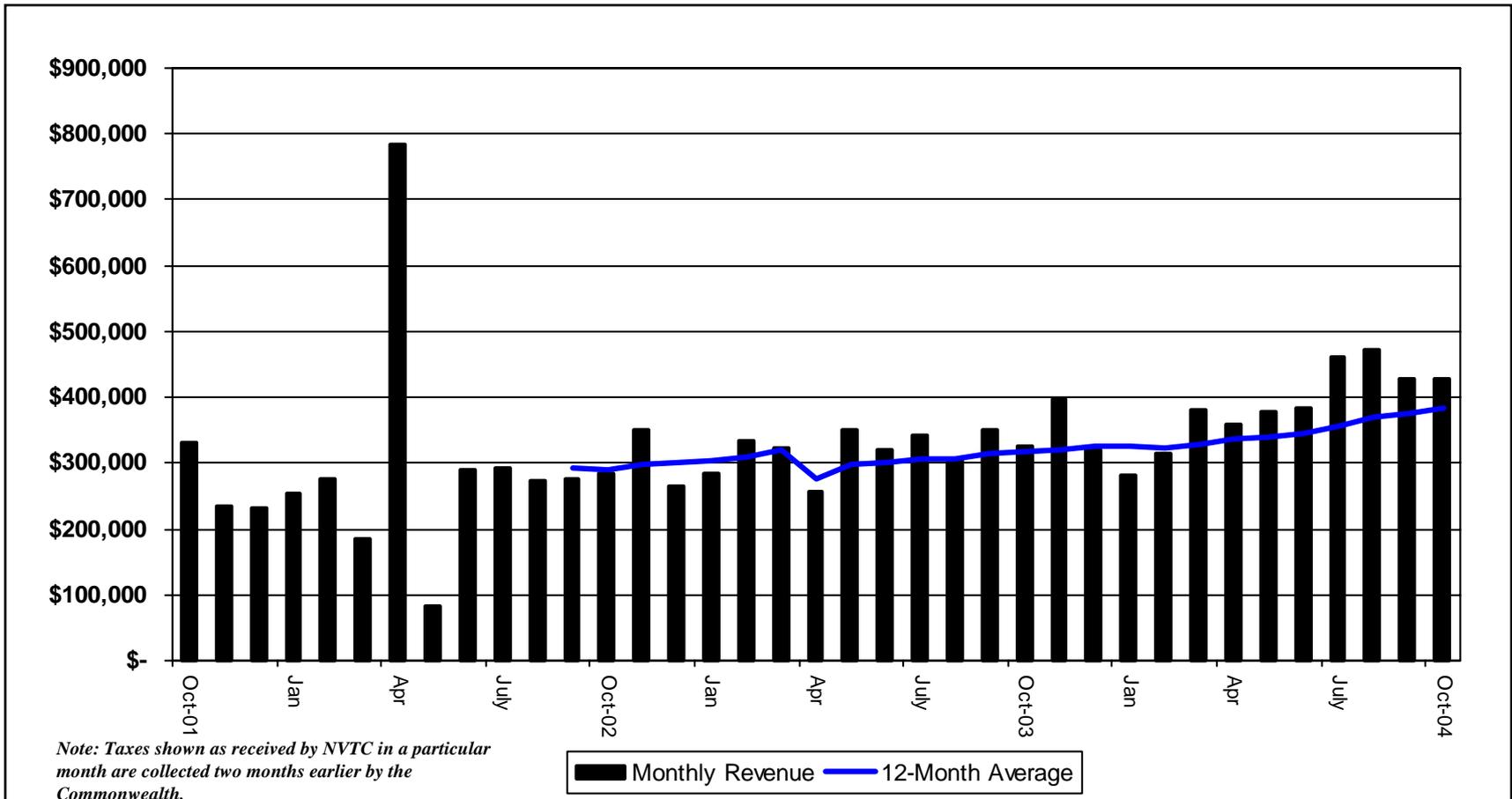
NVTC MONTHLY GAS TAX REVENUE CITY OF FAIRFAX FISCAL YEARS 2002-2005



NVTC MONTHLY GAS TAX REVENUE CITY OF FALLS CHURCH FISCAL YEARS 2002-2005



NVTC MONTHLY GAS TAX REVENUE LOUDOUN COUNTY FISCAL YEARS 2002-2005



MEMORANDUM

TO: Chairman Euille and NVTC Commissioners
FROM: Rick Taube
DATE: November 24, 2004
SUBJECT: VRE Items.

- A. Report from the VRE Operations Board (with minutes of the meeting of November 19, 2004) and from VRE's CEO—Information Item.
- B. CSX Force Account Services for the Quantico Creek Bridge Project—Action Item/ Resolution #1049.
- C. Modify Lease Agreement with RailWorld Locomotive Leasing LLC—Action Item/Resolution #1050.
- D. GEC IV Task Order for Fleet Maintenance Strategy and Yard Requirements—Action Item/Resolution #1051.
- E. Amended Award of Contract for Quantico Creek Bridge Construction Support—Action Item/Resolution #1052.
- F. Task Order for General Fleet Maintenance—Action Item/Resolution #1053.
- G. Task Order for Administrative Services Related to Rolling Stock—Action Item/Resolution #1054.
- H. Emergency Procurement Policy—Action Item/Resolution #1055.

Report from the VRE Operations Board and CEO

Attached for your information are copies of the minutes of the VRE Board meeting of November 19, 2004, together with the CEO's report and ridership and train utilization tables. Also attached are articles of interest.



CHIEF EXECUTIVE OFFICER'S REPORT

November 2004

OCTOBER RIDERSHIP

Ridership continues to outpace last year's numbers. At 15,153, the average daily ridership is up 4% over October 2003, with a more significant increase of 5.5% occurring on the Manassas line.

MONTHLY REVIEW OF RIDERSHIP	AVERAGE DAILY RIDERS
VRE October 2004 Average Daily Riders	15,153
VRE October 2003 Average Daily Riders	14,612
PERCENTAGE INCREASE	4%

Our growing ridership continues to challenge our capacity. Half of all peak trains are currently at or near capacity. While the number of over-subscribed trains declined slightly on the Manassas line since September, the number increased on the Fredericksburg line. Riders on the Manassas line seem to have taken advantage of trains that are less than full and spread out a bit. However, the opposite has occurred on the Fredericksburg line, with passengers having shifted towards more crowded trains. As parking lots continue to fill earlier and earlier, we expect to see specific morning trains become more full.

ON-TIME PERFORMANCE

On time performance continues to be the "tale of two lines" with the less freight traveled Manassas Line outpacing the Fredericksburg line in on-time performance.

MONTHLY ON-TIME PERFORMANCE	ON-TIME PERCENTAGE
VRE October 2004 Fredericksburg OTP Average	76%
VRE October 2004 Manassas OTP Average	94%
OCTOBER 2004 OVERALL ON-TIME PERFORMANCE	85%

Manassas

On-time performance on the Manassas line continues to be steady at 93% for October. Despite this, there are two trains that continue to operate below 90%. These trains have been mostly affected by other train traffic and high passenger dwell times.

Fredericksburg

On-time performance continues to be a struggle on the Fredericksburg line with trains averaging only 76% on-time for the month of October. Only three trains have performed at 90% on-time or better. Five trains have operated at or below 70% on-time. These trains have had a myriad of different causes for their delays over the month. The majority of these delays were due to other train traffic, heavy passenger loads, and CSX switch and signal problems. However, the second half of October did see a significant increase in on-time performance. We are continuing to work with Amtrak and CSX to ensure that this trend continues.

OPERATION LIFESAVER SANTA TRAINS

The holidays wouldn't be the same without a ride on the VRE Operation Lifesaver Santa Trains. On December 11, for the eighth consecutive year, VRE will host Santa Claus as he takes a break from his important North Pole work to ride the rails with hundreds of good boys and girls from the Washington Metro areas. This event not only celebrates the holidays, but also helps VRE advocate the importance of rail safety as part of Operation Lifesaver's Look, Listen and Live Campaign.

Three trains will leave from Fredericksburg, two from Leeland, four from Manassas, one from Woodbridge, and two from Burke Centre. Excursions will last approximately one hour. Invitations to attend are being mailed to all Board Members; if you would like tickets, please contact Wendy Lemieux in my office.

MID-DAY STORAGE UPDATE

Last month I shared with all of you the response we received from President Dave Gunn at Amtrak about our request to use the now abandoned mail tracks. While the answer was not as positive as we had hoped, it did open the door for further discussion. DRPT has agreed to participate in these important negotiations. At this time, though, no initial meeting date has been set. I will continue to forward more information as we work with Amtrak and DRPT on this important component to our service.

SPOTSYLVANIA UPDATE

As we discussed last month, I was invited to brief the Board of Supervisors of Spotsylvania County on October 26th on what joining VRE would mean to the County. In addition, I discussed three potential options for VRE. The board was very receptive to the briefing and

asked a number of questions. Mr. Gibbons also attended and discussed Stafford County's experience with VRE.

On Election Day November 2nd, the Committee of 500 (C500) dispatched volunteers to polling places in Spotsylvania County to conduct an unscientific survey of Spotsylvania residents to gauge their interest in joining VRE.

One thousand eight hundred and forty surveys were returned. Fifty-seven percent of those who filled out and mailed back the survey indicated a willingness to pay a 2 percent special gas tax to allow Spotsylvania County to join the Virginia Railway Express. Forty-two percent opposed that plan.

Fifty-three percent of respondents said they are ready to pay a 2-cent-per-gallon gas tax if the money is strictly channeled to road improvements in Spotsylvania. Thirty-five percent opposed any sort of additional gas tax. The full survey and results can be found on the Internet at www.committee500.org

C500 didn't have enough volunteers to cover every polling station in the county. However, the results are encouraging. I will continue to work with the Operations Board and the members of the Spotsylvania Board in hopes of bringing VRE to Spotsylvania.

NEW LOOK FOR VRE RIDERS GUIDE



VRE has recently updated its marketing collateral with a more industrial, down-to-earth appearance. This style not only updates our "look" for the first time in five years, but also gives us a fresh impression in the eyes of our customers. Currently, we have changed our Rider's Guide and Pocket Schedules to the new style. As we run out of brochures and need to reprint them, we will slowly migrate all of our literature to this new look.

CAB CAR PROCUREMENT UPDATE

The procurement of 11 cab cars, approved by the Operations Board in September to replace the Mafersa cab cars sold to Connecticut, is well on its way. After completing internal and legal review, the request for proposals was posted on the VRE website in late October with proposals due by December 30, 2004. If all goes according to plan, VRE will need to make its decision on a new cab car contractor in January 2005 and plans to have all eleven cab cars in full operation by June 2006.

The award of this contract shall be based upon the entire proposal to deliver all 61 cars. However, at the time of contract award, VRE will order only 11 cab cars. VRE has up until April 28, 2006 to exercise the option to order the balance of the cars.

JOINT AGENCY EMERGENCY RESPONSE DRILL

On Saturday, October 23rd, Dave Snyder headed up VRE's annual emergency response drill. With the help of approximately 80 volunteers, we transformed the VRE Broad Run/Manassas Airport station into the site of a simulated, devastating terrorist attack, with a "crashed" airplane, a partially "destroyed" train, dozens of "injured" passengers, and countless emergency responders working non-stop to stabilize the situation.



The drill brought emergency response teams from both fire/rescue and law enforcement, with representatives from not only the local jurisdictions but also from the FBI Joint Terrorism Task Force (JTTF), the National Transportation Safety Board, the Federal Railroad Administration, and Virginia State Police. All were given the opportunity to test federal and local state command systems, and emergency personnel had their first opportunity to work on VRE's "newest" fleet of cars, the 40-year-old bi-level coaches recently purchased from Chicago. The cars, which had never been used in emergency drills before, provided a great way for medical and emergency teams to learn their layout and design under test circumstances rather than in a real emergency.

The annual drill, with varying venues and circumstances, always provides a great deal of "lessons learned" for the participants. On November 13th, a debriefing was held at the Manassas Fire House, with a final report being generated thereafter.

TOYS FOR TOTS

VRE will hold its 9th annual Toys for Tots drive onboard trains December 16, 2004. VRE passengers are a very bighearted group giving generous gifts and cash to needy boys and girls in our area. Through their efforts we are able to make thousands of holidays merrier!

As you may remember, last year's CSX derailment near Alexandria disrupted the 2003 drive, so we are hoping for a less eventful day this year. VRE also will be collecting toys at all Santa Train stations again this year. This recent addition to our Santa Train excursions has proven to be a winning combination – Santa, Trains and toys!

APTA CEO MEETING

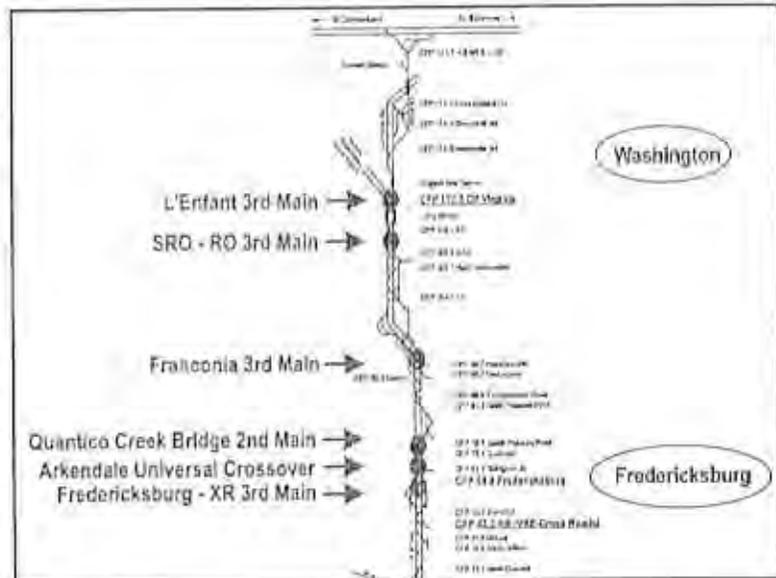
In early October, I represented VRE at the Rail CEO meeting at the APTA conference. These meetings, which are designed to bring commuter rail CEO's together to discuss common issues,

gave me an opportunity to discuss issues such as rail safety and security, fare systems, status of coach procurements and new ADA access regulations with other commuter rail executives.

Of special interest during the conference was a forum on new ADA access rules and how they apply to new platforms and platform renovations. This is of particular interest to VRE as we design the permanent Manassas Park platform extension and seek funds to extend others. We continue to closely monitor the discussion about ADA requirements.

MOU ARKENDALE INTERLOCKING KICKOFF MEETING

Last week, Sirel Mouchantaf and Dave Snyder represented VRE at the construction kickoff meeting for the Arkendale Interlocking Project. Representatives from CSX, VDRPT and VRE came together to finalize the construction details prior to beginning actual design and construction. This project, expected to cost approximately \$5.6 million, will begin in late 2004 and will be completed by the fall of 2005.



CSX MOU Projects In VRE Territory

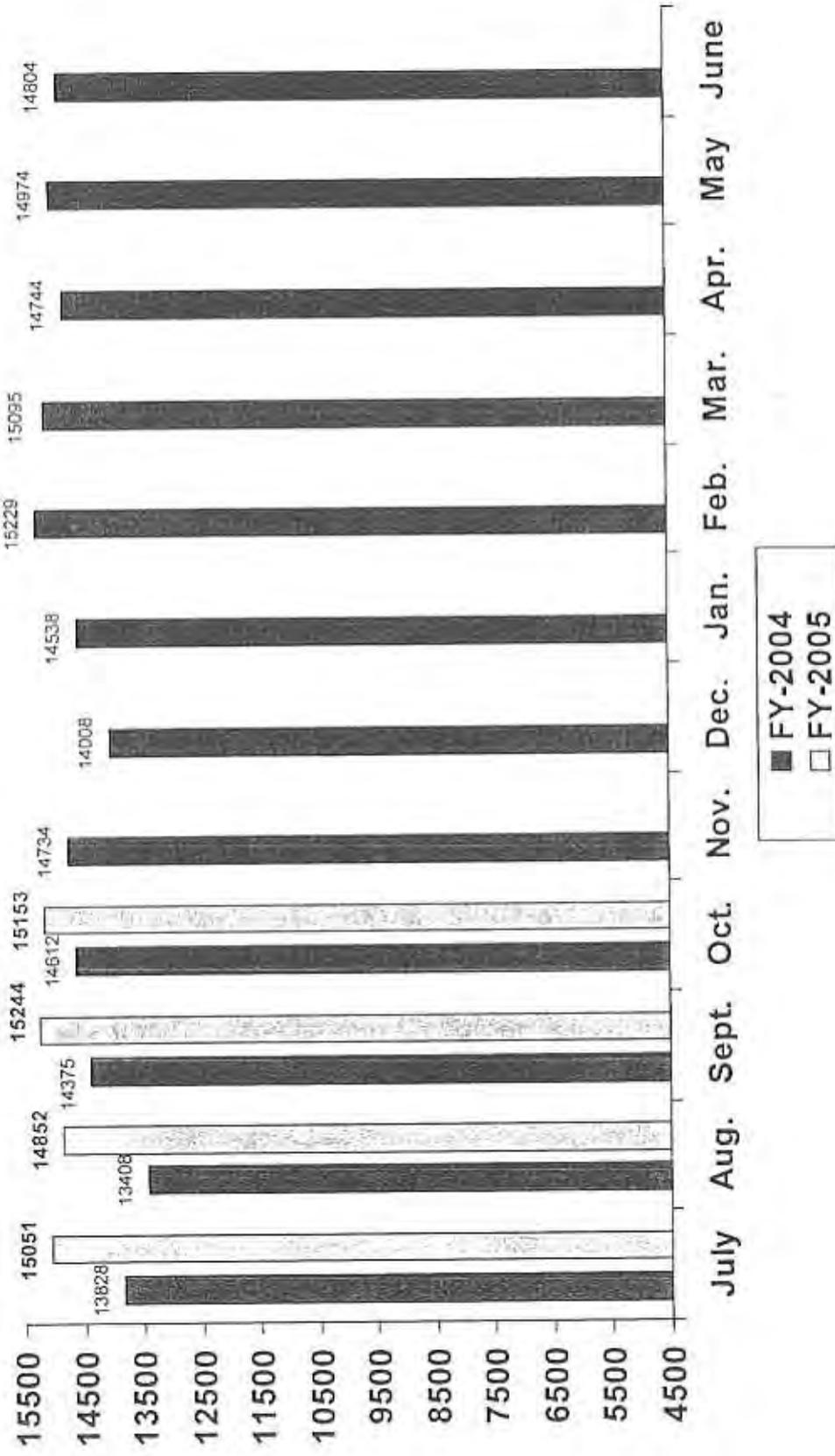
The purpose of the new Arkendale interlocking, located in Stafford County between the Quantico Station and Brooke Station, is to provide VRE and freight railroads more flexibility in switching between the two mainline tracks. Currently, in this area, there is more than 19 miles of track between interlockings, which severely limits the movement of trains between tracks. Should problems occur in this stretch, dispatchers cannot manage them easily and often trains wait until the problems clear to proceed.

This is the first of seven priority MOU projects managed by VDRPT to begin work. Our thanks to Director Rae and her staff for the tremendous effort to get this process started.

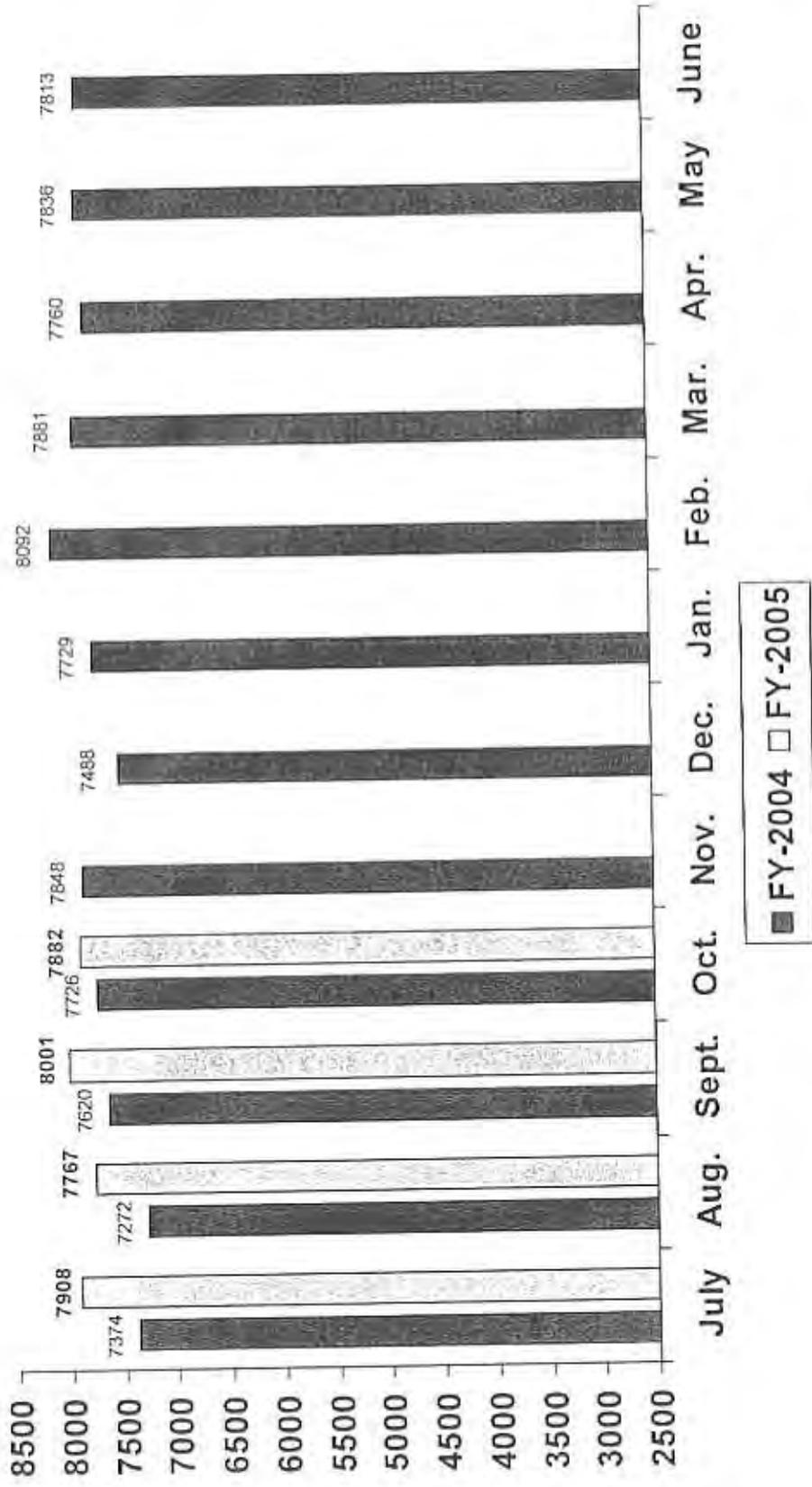
DOGS ON TRAINS

VRE continues to have bomb detection dogs on trains as part of our overall security program. Last month, the dogs and their handlers were onboard VRE trains approximately every ten days, either at the Alexandria or Crystal City Stations. Our continued thanks to the Virginia State Police who have been instrumental in making this happen. Passengers and crew continue appreciate this short intrusion that makes their commute safer.

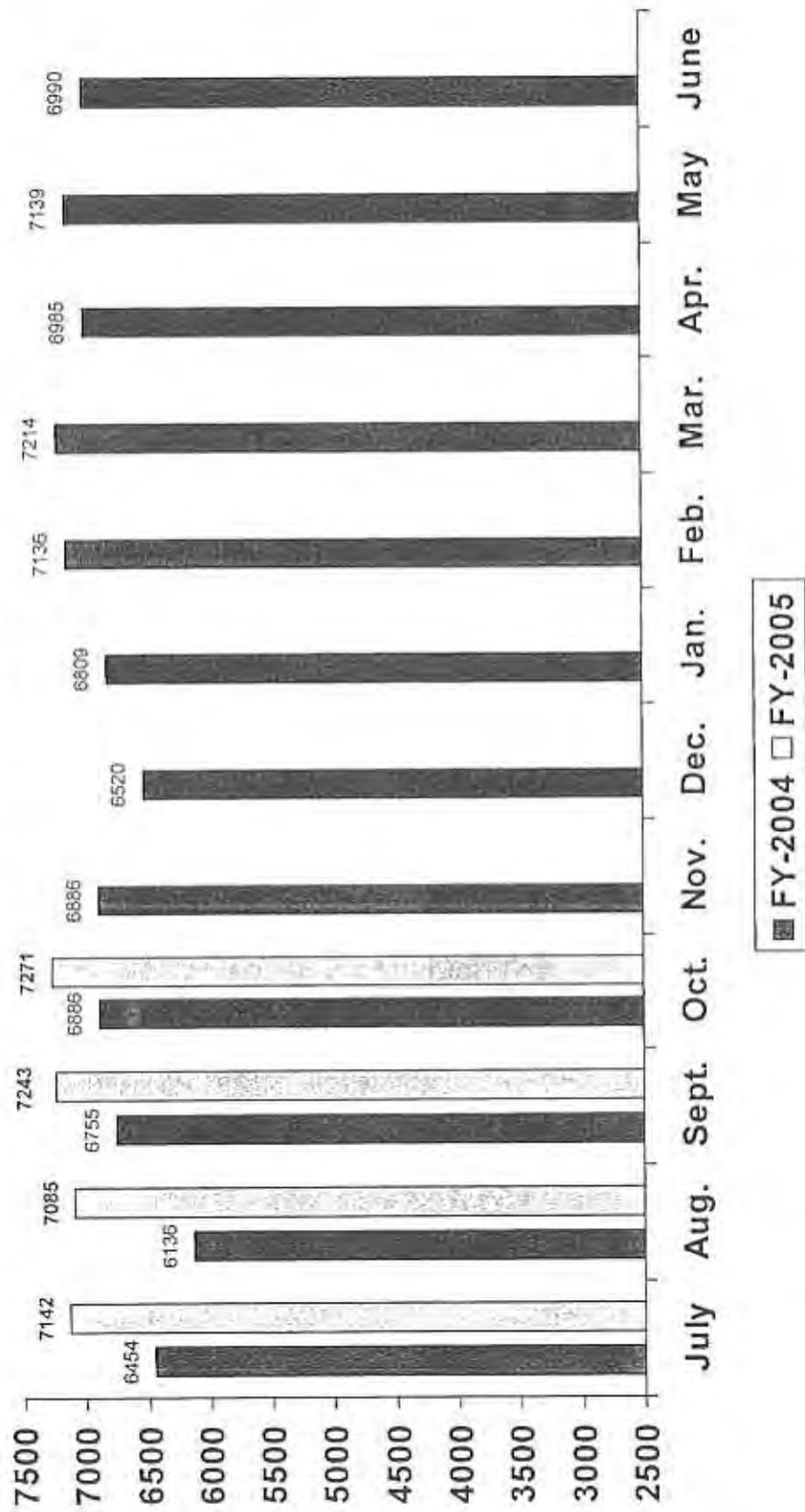
VRE Total Average Daily Ridership



VRE Average Daily Ridership Fredericksburg Line

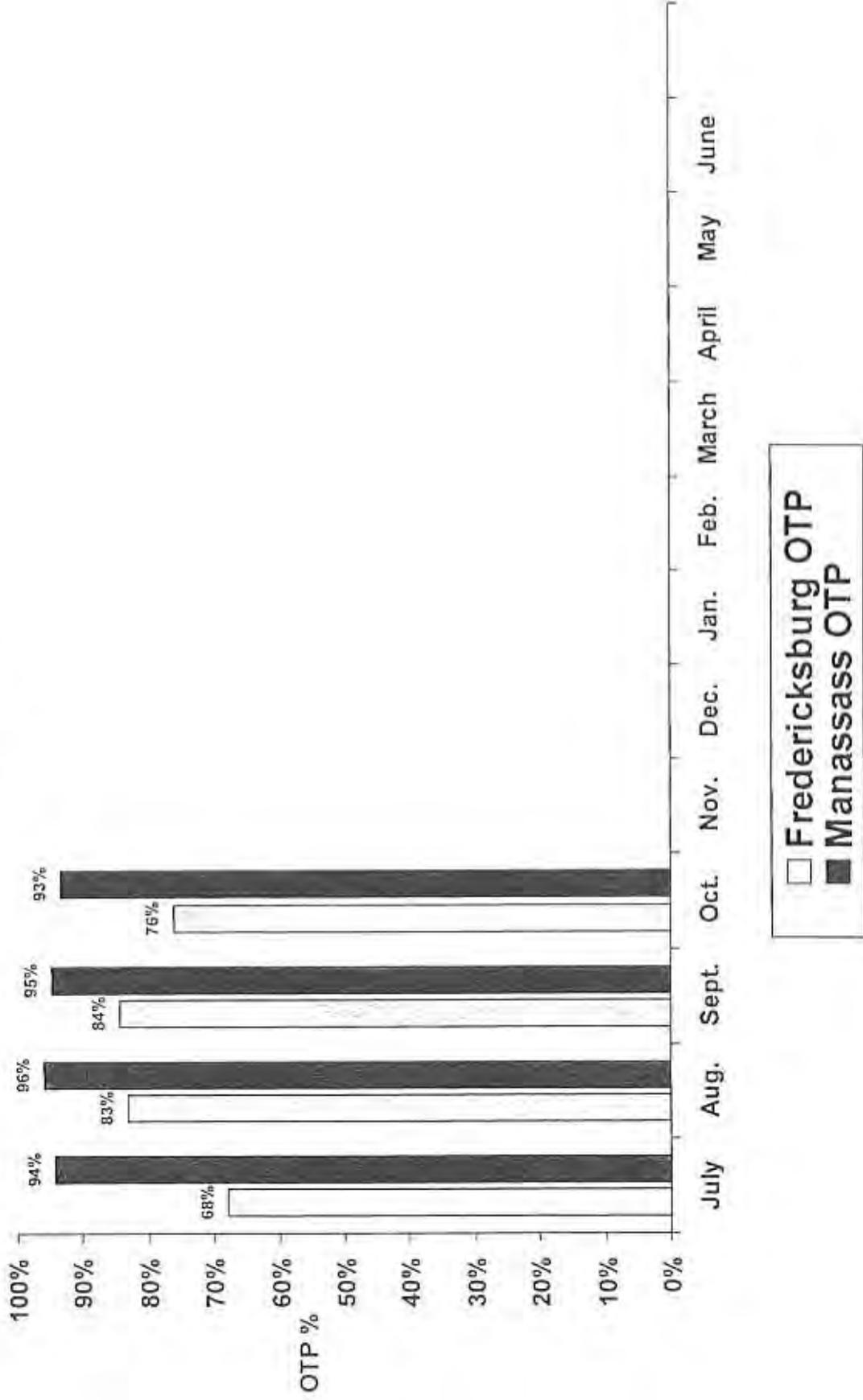


VRE Average Daily Ridership Manassas Line



Average On-Time Performance

FY-2005





Print this Page

[Return to story](#)

VRE tries once more

October 27, 2004 1:09 am

By EDIE GROSS

If Spotsylvania County joins the Virginia Railway Express, the gas tax used to pay for the service would generate an additional \$2 million a year for road projects, VRE officials told county supervisors yesterday.

Spotsylvania officials have cited gas tax in the past as a reason not to join VRE, which started providing train service to commuters in July 1992.

Supervisors didn't want to tax the entire driving population to subsidize a minority of residents who ride the train.

But according to figures provided by VRE, most of the tax revenues would support transportation projects other than train service.

If Spotsylvania joins VRE, the 2 percent gas tax required to support the service would raise about \$2.5 million there, said VRE Chief Executive Officer Dale Zehner.

Spotsylvania would pay about \$503,000 of that to VRE and another \$50,000 to the Potomac and Rappahannock Transportation Commission, one of the two boards that oversees VRE.

The rest--nearly \$2 million, or 80 percent of the tax revenues--would remain in Spotsylvania for other transportation projects.

"So it would be benefiting people who don't even ride VRE," said Supervisor Vince Onorato.

Stafford County, a founding member of VRE, has netted nearly \$1.2 million annually from its gas tax in recent years.

The county has used that money to expand FRED bus service, build a new interchange at Interstate 95 and Mountain View Road (State Route 627) and pave unpaved roads, said Stafford Supervisor Bob Gibbons, a VRE board member who attended yesterday's workshop.

Stafford also plans to use some of that money to widen U.S. 17 from I-95 up to GEICO, he said.

"It's been a good blessing for us," Gibbons said. "It's been a very integral part of our transportation"

program.

VRE carries about 7,550 passengers each morning from Manassas and Fredericksburg to points north. Twenty percent of them hail from communities that do not subsidize the rail service, including 12 percent, or 928 passengers, from Spotsylvania.

There are eight "member" communities that subsidize VRE, including Stafford and Fredericksburg. Spotsylvania has more riders each day than five of those eight.

Ninety-two percent of commuters who board the trains in Fredericksburg actually live in Spotsylvania, Zehner said. Parking lots in the city and Stafford are overcrowded.

According to Zehner, it would cost Spotsylvania between \$6.5 million and \$11.5 million to build a train station--probably near the Lee's Hill subdivision, where VRE trains are stored overnight already--improve railroad tracks and build a 1,000-space parking lot.

That money can come from a variety of sources, including federal and state agencies, though they'd probably require some local match, Zehner said.

If Spotsylvania doesn't want to join VRE, perhaps the county could simply contract with VRE to provide train service, said Zehner.

He didn't know how much that service might cost since it's never been done that way. And without joining, Spotsylvania wouldn't be able to assess the 2 percent gas tax so it would need to find another source of money to build a train station, he said.

Spotsylvania also wouldn't have any say in the operations of VRE under that scenario.

Spotsylvania supervisors made no decisions yesterday, but like many localities, they are grappling with transportation challenges in the wake of reduced state funds.

Supervisor Emmitt Marshall said he still wasn't crazy about imposing a gas tax.

"This is a good way of taking the General Assembly off the hook for not doing what they should be doing, when local governments have to find a way to build roads or maintain roads," he said.

That may be the case, said Supervisor Bob Hagan, but communities have to look for solutions.

"Like we say, you can either point fingers or do something," Hagan said. "That's the choice we're continually faced with."

To reach EDIE GROSS: 540/374-5428 egross@freelancestar.com

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VRE Facility Ownership and Maintenance

Station	Facility Name	Owner	Pavement	Drainage	Lights	Landscape	Snow Removal
Alexandria	Station - West Side	City of Alexandria					
	East Platform	VRE	N/A	VRE	Maintenance provided by Amtrak	N/A	VRE
Backlick Road	Station	N/A			No VRE Parking		
	Parking	VRE			Maintenance provided by VRE		
Brooke	Station	Fairfax County	FFX	FFX	FFX	FFX	FFX
	Main Lot	VRE			Maintenance provided by VRE		
Burke Centre	Station	Stafford County	VDOT	VRE	VRE	VRE	VDOT
	Parking	VRE			Maintenance provided by VRE		
Broad Run	Station	Fairfax County	FFX	FFX	FFX	FFX	FFX
	Parking	VRE			Maintenance provided by VRE		
Crystal City	Station	PWC	VDOT	VRE	VRE	VRE	VDOT
	Parking	VRE			Maintenance provided by VRE		
Franconia/Springfield	Station	N/A			No VRE Parking		
	Parking	VRE			Maintenance provided by VRE		
	Second Platform	Metro Garage only - N/A			No VRE Parking (Metro garage only)		
	Elevator - East	VRE			Maintenance provided by VRE		
Fredericksburg	Elevator - West	VRE			Maintenance provided by VRE		
	Station	METRO (VRE MAINTAINS)			Maintenance provided by VRE		
Landon	Station	CSX			City provides maintenance		
	LOT A	Tommy Mitchell	T. Mitchell	T. Mitchell		T. Mitchell	T. Mitchell
	LOT B	City of Fredericksburg	CITY	CITY		CITY	CITY
	LOT C	Fairchild	Fairchild	VRE	Fairchild	Fairchild	Fairchild
	LOT D	Jon Wilson	Wilson	VRE	Wilson	Wilson	Wilson
	LOT E	Albertine	VRE	VRE	VRE	VRE	VRE
	LOT F	Thomas J. Weck Company	AFM	AFM	AFM	AFM	AFM
	LOT G	VRE	VRE	VRE	VRE	VRE	VRE
	LOT H	New City Fellowship	Fellowship	Fellowship	Fellowship	Fellowship	Fellowship
	Station	VRE			Maintenance provided by VRE		
L'Enfant	Main Lot	Stafford County	VDOT	VRE	VRE	VRE	VDOT
	Station	VRE			Maintenance provided by VRE		
Lorton	Station	N/A			No VRE Parking		
	Main Lot	VRE			Maintenance provided by VRE		
Manassas City	Station	Fairfax County	FFX	FFX	VDOT	VRE	FFX
	Profler Lot	Developer			Developer provides maintenance		
	Station	City of Manassas			City provides maintenance		
	Second Platform	VRE			Maintenance provided by VRE		
Manassas Park	Third Platform	VRE			Maintenance provided by VRE		
	Main Lot, Depot	City of Manassas	CITY	CITY	CITY	CITY	CITY
Quantico	West/Prince William	City of Manassas	CITY	CITY	CITY	CITY	CITY
	Main/Prince William	City of Manassas	CITY	CITY	CITY	CITY	CITY
Rippon	ABC Lot	City of Manassas	CITY	CITY	CITY	CITY	CITY
	Station	VRE			Maintenance provided by VRE		
Union Station	Main Lot	City of Manassas Park	VRE	VRE	VRE	VRE	VRE
	Expansion Lot	VRE			Maintenance provided by VRE		
Woodbridge	Station	CSX			Maintenance provided by VRE		
	Main Lot (original)	PWC			Maintenance provided by VRE		
	Navy Lot	Navy			Maintenance provided by Navy		
	Second lot (south end)	VRE			Maintenance provided by VRE		
Woodbridge	Station	VRE			Maintenance provided by VRE		
	Elevator	VRE	N/A	N/A	N/A	N/A	N/A
Woodbridge	Main Lot	PWC	VDOT	VRE	VRE	VRE	VDOT
	Leased Lot	Hazel Land	VRE	VRE	VRE	VRE	VRE
Woodbridge	Station	VRE			Maintenance provided by VRE		
	Main Lot	Fairfax County	FFX	FFX	FFX	FFX	FFX
Woodbridge	Fellowship Church	Church			FFX Lease from Church		
	Station	AMTRAK			Maintenance provided by Amtrak		
Woodbridge	Parking	N/A			No VRE Parking		
	Station	PWC			Maintenance provided by VRE		
Woodbridge	Parking Garage	PWC	VRE/VDOT (Access Rd)	VRE	VRE	VRE	VRE/VDOT (Access Rd)
	Surface Lot	VRE			Maintenance provided by VRE		

Question # 1: How would you rate the current Board of Supervisors efforts to manage (population) growth and achieve a 2% growth rate?

		Responses as a per cent of total surveys returned (1840)							
NUMBER OF RESPONSES BY DISTRICT	Berkeley (381)	Livingston (221)	Courtland (136)	Chancellor (230)	Salem (443)	Lee Hill (317)	Battlefield (112)	COUNTY AVERAGE	
Good - they are making progress	23.9	24.9	21.3	30.0	20.7	26.8	30.5	24.8	
Not Good - I don't see any difference	40.5	43.9	45.6	40.0	41.5	42.9	40.0	41.8	
I don't think it is a problem to start with	8.6	10.0	5.1	5.7	8.3	2.8	4.5	6.8	
It's too early to tell	25.3	21.3	24.3	25.7	24.6	25.2	25.0	25.6	

Question # 2: Would you support an election process where half of the Supervisors would run for reelection every two years instead of the current system where the entire board runs for election every four years?

		Responses as a per cent of total surveys returned (1840)							
NUMBER OF RESPONSES BY DISTRICT	Berkeley (381)	Livingston (221)	Courtland (136)	Chancellor (230)	Salem (443)	Lee Hill (317)	Battlefield (112)	COUNTY AVERAGE	
Yes, I'd like to see half of the board run for election every two years	71.3	79.2	73.5	75.7	74.5	72.5	67.0	73.6	
No, keep the current system where the entire board runs every four years	27.6	20.0	24.3	25.7	24.6	26.5	33.0	24.6	

Question # 3: Currently, Spotsylvania County does not provide uniform countywide 24/7 ambulance service that fully meets national and state standards for response times. To be able to afford the additional staffing to fully meet standards, which would you support?

		Responses as a per cent of total surveys returned (1840)							
	NUMBER OF RESPONSES BY DISTRICT	Berkeley (381)	Livingston (221)	Courland (136)	Chancellor (230)	Salem (443)	Lee Hill (317)	Battlefield (112)	COUNTY AVERAGE
	Increase taxes to pay for fully staffing 24/7 service throughout the county	33.4	31.2	40.4	37.0	36.3	38.5	37.5	35.9
RESPONSE	Charge Fees for ambulance service but waive fees for those who cannot afford or whose insurance would not reimburse them	35.8	41.2	41.2	37.8	36.8	35.0	42.9	37.6
	Continue existing service with <u>no</u> increase in <u>taxes</u> and <u>no</u> ambulance fees	30.2	27.6	18.4	25.2	12.6	24.9	20.5	25.3

Question # 4: Would you support Spotsylvania joining with Stafford and Fredericksburg and enact it's own 2% gas tax to bring VRE to the county? The tax would also provide the county with an additional 2 million dollars a year to improve county roads.

Responses as a per cent of total surveys returned (1840)									
NUMBER OF RESPONSES BY DISTRICT	Berkeley (381)	Livingston (221)	Courtland (136)	Chancellor (230)	Salem (443)	Lee Hill (317)	Battlefield (112)	COUNTY AVERAGE	
Yes, I support the 2% gasoline tax for VRE and county road improvements	52.5	52.9	52.9	59.1	58.4	66.2	51.8	57.2	
No, I oppose the 2% gasoline tax for VRE and county road improvements	45.9	46.6	44.9	41.3	41.1	33.4	49.1	42.2	

Question # 5: Would you support an increase in county taxes to go into a dedicated fund for road improvements in congested areas of Spotsylvania County?

Responses as a per cent of total surveys returned (1840)									
NUMBER OF RESPONSES BY DISTRICT	Berkeley (381)	Livingston (221)	Courtland (136)	Chancellor (230)	Salem (443)	Lee Hill (317)	Battlefield (112)	COUNTY AVERAGE	
Yes - 2 cent increase that would generate about 1.5 million per year	49.3	53.4	56.6	58.3	54.6	52.6	49.1	53.3	
Yes - 5 cent increase that would generate about 4.5 million per year	7.1	8.1	14.0	13.3	11.3	14.5	16.0	11.3	
No - I do not support any tax increase to pay for road improvements	42.6	38.5	27.9	31.3	32.7	33.1	34.8	35.3	



**VIRGINIA RAILWAY
EXPRESS**

**OPERATIONS BOARD
MEMBERS**

JOHN D. JENKINS
CHAIRMAN

ELAINE MCCONNELL
VICE CHAIRMAN

JOHN GRZEJKA
SECRETARY

DANA KAUFFMAN
TREASURER

HILDA BARG

SHARON BULOVA

**MAUREEN S.
CADDIGAN**

WALLY COVINGTON

ROBERT GIBBONS

WILLIAM GREENUP

KAREN RAE

**CHRISTOPHER
ZIMMERMAN**

DALE ZEHNER
CHIEF EXECUTIVE
OFFICER

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MINUTES

**VRE OPERATIONS BOARD MEETING
PRTC HEADQUARTERS – PRINCE WILLIAM COUNTY, VIRGINIA
NOVEMBER 19, 2004**

MEMBERS PRESENT	JURISDICTION
Sharon Bulova (NVTC)	Fairfax County
Robert Gibbons (PRTC)	Stafford County
John Grzejka (PRTC)	City of Manassas
John D. Jenkins (PRTC)	Prince William County
Dana Kauffman (NVTC)	Fairfax County
Alan Tobias	VDRPT

MEMBERS ABSENT	JURISDICTION
Elaine McConnell (NVTC)	Fairfax County

ALTERNATES PRESENT	JURISDICTION
Hilda Barg (PRTC)	Prince William County
Wally Covington (PRTC)	Prince William County
William Greenup (PRTC)**	City of Fredericksburg/VHSRDC
Christopher Zimmerman (NVTC)	Arlington County

ALTERNATES ABSENT	JURISDICTION
Maureen Caddigan (PRTC)	Prince William County

STAFF AND GENERAL PUBLIC	
Tamara Ashby – VRE	Betsy Massie – PRTC staff
Anna Gotthardt – VRE	Sirel Mouchantaf – VRE
Alfred Harf – PRTC staff	Dick Peacock – citizen
Ann King – VRE	Mark Roeber – VRE
Mike Lake – Fairfax DOT	Jennifer Straub – VRE
Bob Liebbrandt – Prince William County	Rick Taube – NVTC staff
Wendy Lemieux – VRE	Lezlie Ungaro – VRE staff
Steve MacIsaac – VRE counsel	Dale Zehner – VRE
Marcus Majors – Stafford County	
April Maguigad – VRE	

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

Chairman Jenkins called the meeting to order at 9:33 A.M. Following the Pledge of Allegiance, roll call was taken.

Approval of the Agenda

Mr. Gibbons moved, with a second by Mr. Grzejka, to approve the amended agenda. The vote in favor was cast by Board Members Bulova, Gibbons, Grzejka, Jenkins, Kauffman, Tobias and Zimmerman.

Minutes of the October 15, 2004, VRE Operations Board Meeting

Mr. Grzejka moved, with a second by Mr. Gibbons, to approve the minutes. The vote in favor was cast by Board Members Bulova, Gibbons, Grzejka, Jenkins, Kauffman, Tobias and Zimmerman.

Chairman's Report

Chairman Jenkins reported that the VRE Audit and Finance Committee met this past week and it's now time to do an evaluation of the Chief Executive Officer. He directed Mr. Zehner to present a report on the status of the goals and objectives included in his employment contract. The Audit and Finance Committee will review it and make a recommendation to the Operations Board. Chairman Jenkins stated that it is anticipated that the committee will review the report and a closed session will be convened at the December Operations Board meeting.

Chief Executive Officer's Report – 6

Mr. Zehner reported that the new railcar specification was posted and a pre-bid meeting was held on November 15th with 25 people attending. Proposals are due by December 30, 2004.

Mr. Zehner gave a briefing on the meeting with the Spotsylvania County Board of Supervisors on October 26th about the county joining VRE. At that meeting, Mr. Gibbons gave a compelling presentation to the Spotsylvania Board on the benefits of VRE and revenues from the gas tax. On election day, exit polling was done by a citizens group to find out if people would like to see the County join VRE and pay a two percent gas tax. Approximately 57 percent of those polled were in favor. Mr. Zehner also noted that while at the Fredericksburg Chamber of Commerce Transportation Symposium, he spoke with Hap Connors, the Spotsylvania County Transportation Chairman. Mr. Connors reported that the County would do a statistical survey asking residents a number of questions about VRE and the two percent gas tax. If the results are positive, a recommendation may be made to the County Board.

[Mr. Greenup joined the discussion at 9:40 A.M.]

Mr. Greenup stated that he also attended the Fredericksburg Chamber of Commerce transportation forum in which Spotsylvania joining VRE was favorably discussed.

In addition, Mr. Gibbons reported that FAMPO also discussed VRE at its last meeting. He commented that Fauquier County continues to be interested in joining VRE. He stated that some county board members didn't understand the credit that the county would receive in improving air quality by joining VRE. They now have a better understanding. Mr. Grzejka stated that there is renewed interest from Fauquier citizens for the County to join VRE. Mr. Gibbons added that he thought this would lend itself to others, such as Culpeper and Madison wanting to join as well.

Mr. Zehner announced that VRE's Operation Lifesaver Santa Trains will run on December 11, 2004, for the eighth consecutive year. This event not only celebrates the holidays, but also helps VRE advocate the importance of rail safety as part of the Operation Lifesaver's Look, Listen and Live Campaign. VRE has come to a tentative agreement with Warner Brothers to join in the event as part of their Polar Express movie publicity. Warner Brothers would make a donation to Toys for Tots and donate coloring books, bookmarks and large candy canes. In response to a question from Ms. Barg, Mr. Zehner stated that three trains will leave from Fredericksburg, two from Leeland, four from Manassas, one from Woodbridge, and two from Burke Centre. Excursions will last approximately one hour. Ms. Barg also thanked Mr. Zehner and Ms. King for coming to give a presentation at her recent citizens meeting.

VRE Riders' Comments – 7

Dick Peacock stated that it is good news that the transportation bond referendum passed in Fairfax County with 78% support and Arlington County with 81%. He stated that he appreciates the improvements being made at the Manassas station, which will make it more pedestrian friendly. He is pleased to hear that Spotsylvania County is interested in joining VRE and that the Governor is doing more to help transportation. It is important to realize that VRE has had no serious injuries and no fatalities in its twelve years of operation.

Mr. Gibbons stated that VDOT has finally admitted that VRE service takes an equivalent of one lane of traffic off the roads.

Approval of VRE's 2005 Legislative Agenda – 8A

Mr. Zehner reported that the VRE Operations Board is being asked to seek approval from the Commissions to authorize VRE's CEO to pursue a legislative agenda that promotes the needs of VRE on the state and federal levels for 2005. Resolution #8A-

11-2004 would accomplish this. Mr. Zehner stated that Mr. Harf and Mr. Taube reviewed the legislative agenda and made comments.

Mr. Zehner explained that much of the legislative agenda is formulated to compliment the findings of the approved VRE Strategic Plan, which highlighted several acute capital needs for rolling stock, capital infrastructure and security and safety. The legislative agenda has five components: 1) Reauthorization of TEA-21 (seeking \$191 million); 2) Expansion of Federal Participation; 3) National Capital Region/Homeland Security; 4) Federal Liability Insurance Caps; and 5) Virginia Legislative Session.

Ms. Bulova stated that she has been chairing the Rail Commission for the 21st Century. The Commission has concluded with a report, which includes a recommendation to amend legislation on the Rail Preservation and Development Fund, which is a depository of funds that can be used for the preservation of rail lines. The recommended amendment would be to require that there be matching funds from private railroads when this money is used. In response to a question from Chairman Jenkins, Ms. Bulova stated that it would not be premature to inform jurisdictional liaisons about this needed legislation. She stated that Secretary Clement actually made this suggestion for the amendment. Chairman Jenkins asked Board members to brief the jurisdictional legislative liaisons about this matter and to see if a local member would sponsor the legislation. Mr. Tobias stated that a copy of the Commission's approved recommendations will be posted on VDRPT's website by the end of next week.

On a motion by Ms. Barg, and a second by Ms. Bulova, the Board unanimously approved the resolution. The vote in favor was cast by Board Members Bulova, Gibbons, Grzejka, Jenkins, Kauffman, Tobias and Zimmerman.

Authorization to Adopt an Emergency Procurement Policy –8B

Mr. Zehner stated that Resolution #8B-11-2004 would recommend that the Commissions approve a VRE Emergency Procurement Policy. He explained that purchases made by VRE that exceed the CEO's authority of \$30,000 are brought before the Operations Board/Commissions for approval. If a purchase over \$30,000 needs to be made, staff must wait until the next Operations Board/Commission meeting cycle in order to receive approval. Currently, there is no exception for emergencies, which have and will continue to occur as part of VRE's operating environment. Consequently, staff is recommending an emergency procurement policy, which would allow purchases to be made in excess of \$30,000 without prior Operations Board/Commission approval in the event of emergencies, subject to certain conditions.

Mr. Zimmerman asked for a scenario where this policy would be beneficial. Ms. Barg suggested a minor derailment where damage was done to railcars and would require immediate action. Mr. Zehner stated that he envisions that it would be associated with some type of emergency in the operation of VRE service.

Mr. Zimmerman stated that given that there are emergencies that need to be acted on quickly, there are two sources of delays—the requirements of the normal procurement in the bid process and the requirement of the authorization by the governing body. State law provides for waiving of the bid requirements in emergencies, but there is a different issue of waiving the oversight by the governing body. He expressed the view that most actions should be signed off on by the governing body. Chairman Jenkins stated that the Audit and Finance Committee reviewed this recommendation. PRTC already has a similar policy in place. This policy would require that the Operations Board Chairman approve any action taken by the CEO and if the Chairman was not available the Vice-Chairman would then be called. As Chairman, Mr. Jenkins stressed that his first response would be to try to get the Board together to take action, but if an immediate response was necessary, it would be up to the Chairman to approve the action and then report to the Board on what transpired.

Ms. Barg stated that in the event of a terrorist attack over a holiday period, many of the Board would be out of town and unavailable to hold a meeting. She expressed her support for this policy because it is important that VRE have the ability to act should an emergency arise. Ms. Bulova stated that this policy seems reasonable except the definition of “emergency” needs to be clarified, such as catastrophic destruction of equipment. Mr. Maclsaac stated that this is an area carved out by law. The real problem that can arise is that procurement officers can declare emergencies more than actually needed. There are fairly narrow constraints on what would constitute an emergency. He reassured the Board that he is very aware of what is going on and would be able to lend assistance in what qualifies as a true emergency. It would need to be evaluated on a case-by-case basis and, therefore, there is no easy way to define it. Mr. Maclsaac explained that the least amount of money should be spent to bring operations to a stable level.

Ms. Bulova asked if Mr. Maclsaac was comfortable with the policy and resolution. Mr. Maclsaac replied that this is fairly routine among jurisdictions and other organizations. Realistically, VRE needs this policy. Mr. Kauffman suggested a friendly amendment to add to the resolution the wording “after consultation with legal counsel.” That way the Chairman and legal counsel would be involved.

Ms. Barg moved, with a second by Ms. Bulova, to approve the resolution, including Mr. Kauffman’s wording addition “after consultation with legal counsel.” The vote in favor was cast by Board Members Bulova, Gibbons, Grzejka, Jenkins, Kauffman and Tobias. Mr. Zimmerman abstained and Mr. Covington expressed his opposition to the motion.

Authorization to Amend the Previous Authorization for Award of the Quantico Creek Bridge Construction Support Services Contract – 8C

Mr. Zehner explained that Resolution #8C-11-2004 would recommend that the Commissions amend the previous authorization amount for the award of a construction support services contract for the Quantico Creek Bridge Project from \$1 million to an

amount not to exceed \$1.2 million. This would put all service support for the bridge under one contract.

Ms. Barg moved, with a second by Ms. Bulova, to approve the resolution. The vote in favor was cast by Board Members Bulova, Gibbons, Grzejka, Jenkins, Kauffman, Tobias and Zimmerman.

[Mr. Grzejka left the room at 10:15 A.M.]

Authorization to Award a Task Order Under the GEC IV Contract for the Review and Analysis of Access Provisions to the Washington Union Terminal – 8D

Mr. Zehner explained that this action came before the Board last month and was referred to the Commissions for approval, although a final price was not yet known for the task order. At the November 4th Joint Commission meeting, neither commission had a quorum, so there was no action taken. As the price is now known and is within the Board's authority, approval is recommended. Resolution #8D-11-2004 would authorize the CEO to award a task order to DMJM Harris for the review and analysis of the Washington Union Terminal (WUT) access provisions proposed by Amtrak, in an amount not to exceed \$87,993, plus a 15 percent contingency of \$13,198, for a total of \$101,191.

Ms. Barg moved, with a second by Mr. Covington, to approve the resolution.

Mr. Kauffman asked when it comes to negotiating with Amtrak, does Amtrak have the final say or is it Congress. Mr. Zehner answered that Mr. Gunn has made the final decisions in most matters relating to VRE issues.

Mr. Gibbons asked who actually owns Union Station. Mr. MacIsaac replied that the terminal itself is owned by a private entity, but the National Railroad Passenger Corporation owns railroad infrastructure, including platforms and waiting areas. Mr. Kauffman asked if there are other avenues of pressure that can be applied to Amtrak.

Mr. Zehner noted that political pressure could be brought to bear on the negotiations if Amtrak was capricious or deliberate in their attempts to rebuff these negotiations, but he sensed that may not be the case in that this proposal was much better than the first.

[Mr. Grzejka returned to the discussion at 10:18 A.M.]

The Board then voted on the motion and it passed. The vote in favor was cast by Board Members Bulova, Gibbons, Grzejka, Jenkins, Kauffman, Tobias and Zimmerman.

Authorization to Issue a Task Order to STV, Inc. for General Fleet Maintenance – 8E

Mr. Zehner reported that Resolution #8E-11-2004 would recommend that the Commissions authorize VRE's CEO to issue a task order to STV, Inc. for General Fleet Maintenance from January 1, 2005, to July 31, 2005. The task order will be authorized in an amount not to exceed \$533,720, which includes a 10 percent contingency.

On a motion by Mr. Zimmerman and a second by Ms. Barg, the Board unanimously approved the resolution. The vote in favor was cast by Board Members Bulova, Gibbons, Grzejka, Jenkins, Kauffman, Tobias and Zimmerman.

Authorization to Issue a Task Order to STV, Inc. for General and Administrative Services – 8F

Mr. Zehner stated that Resolution #8F-11-2004 would recommend that the Commissions authorize him to issue a task order to STV for General and Administrative services related to rolling stock for calendar year 2005 for an amount not to exceed \$438,103, which includes a 10 percent contingency. Funds are available in VRE's capital budget.

Chairman Jenkins stated that the resolution needs to be amended to include that staff will provide a quarterly report to the Audit and Finance Committee.

Ms. Barg moved, with a second by Ms. Bulova, to approve the amended resolution. The vote in favor was cast by Board Members Bulova, Gibbons, Grzejka, Jenkins, Kauffman, Tobias and Zimmerman.

Authorization to Issue a Task Order to STV, Inc. to Perform Periodic Inspections on VRE Gallery Cars – 8G

Mr. Zehner explained that federal standards require that railcars receive a thorough inspection of the air brake system every 180 days or the equipment cannot be operated. Amtrak has been asked to develop a proposal to perform this work. However, due to uncertainty over price, schedule and ability to perform this work, VRE is also requesting authorization to award a task order to STV for this work. If Amtrak is able to provide a competitive estimate which also meets VRE's schedule, work will be awarded to Amtrak as part of the existing operations and maintenance contract. If Amtrak is unresponsive or the price and/or schedule is not attractive, work will be awarded to STV. Resolution #8G-11-2004 would authorize the CEO to issue a Task Order to STV, Inc. to perform periodic inspections on VRE's Gallery cars during calendar year 2005. The task order would not exceed \$133,920, plus a 10 percent contingency, for a total of \$147,312. This amount includes labor, parts and freight charges.

On a motion by Ms. Barg, and a second by Mr. Zimmerman, the Board unanimously approved the resolution. The vote in favor was cast by Board Members Bulova, Gibbons, Grzejka, Jenkins, Kauffman, Tobias and Zimmerman.

Authorization to Adopt a Policy on Transit-Oriented Development – 8H

Mr. Zehner reminded Board Members that last month staff brought a transit-oriented development (TOD) policy to the Board for approval. The item was deferred so that Board members could get additional information about the policy and provide comments. VRE staff redistributed the policy to jurisdictional staff and clarified the language regarding the role of the jurisdictions and VRE in land use policy. A change was made to the policy statement itself so that jurisdictional comprehensive plans are taken into account at the initial stage of project discussions. Resolution #8H-11-2004 would approve the TOD policy.

Ms. Bulova asked what language is different in the resolution. Ms. Ashby responded that the revised policy includes language that makes it clear that VRE will support jurisdictional land use decisions, including compact, mixed-use development around the stations “when it is consistent with jurisdictional comprehensive plans.” It is the intent that developers be in contact with the jurisdictions first before approaching VRE about development.

Mr. Gibbons stated that Stafford County Board of Supervisors will not support this at this time and it should be part of a comprehensive plan. Ms. Bulova stated that this action is consistent with Fairfax County’s comprehensive plans, with the understanding that this has been vetted with the local jurisdictions.

Ms. Bulova moved, with a second by Ms. Barg, to approve the Resolution.

Chairman Jenkins stated that this policy would not be in conflict with any local land use powers. It is not intrusive and cannot direct jurisdictions to do anything. It does not modify any jurisdictional comprehensive plans. Mr. Zimmerman stated that this policy simply helps jurisdictions in the process.

The Board then voted on the motion and it passed. The vote in favor was cast by Board Members Bulova, Gibbons, Grzejka, Jenkins, Kauffman, Tobias and Zimmerman.

Authorization to Establish a Reserve Fund –8I

Mr. Zehner reported that the Operations Board is being asked to establish a Reserve Fund and authorize the initial funding of \$5 million into the Reserve Fund. Resolution #8I-11-2004 would accomplish this. He explained that in August 2004, the Operations Board approved a reserve policy. The money in the fund will be invested according to VRE’s investment policy approved by the Board at its September 2004 meeting.

Revenue generated from the investments will be used to replenish the Reserve Fund as necessary. Funding of the Reserve Fund will be provided from the sale of Mafersa coaches to Connecticut DOT.

Mr. Zimmerman moved, with a second by Mr. Kauffman, to approve Resolution #81-11-2004. The vote in favor was cast by Board Members Bulova, Gibbons, Grzejka, Jenkins, Kauffman, Tobias and Zimmerman.

Presentation of VRE Parking Status – 9A

Mr. Zehner gave a presentation on the status of VRE's parking lots.

VRE's Freedom of Information Act Policy – 9B

Mr. Zehner explained that at the last meeting, Mr. Gibbons requested a copy of VRE's Freedom of Information Act Policy. The policy was provided to the Board.

Summary of VRE's Facilities Management Plan – 9C

Mr. Zehner stated that staff compiled a summary of VRE's facilities management plan, including who provides which operations and maintenance services. In addition to the Master Agreement, supplemental parking agreements were executed with those jurisdictions charging for parking in 1998 when parking charges were eliminated. As a result, most of these jurisdictions receive additional operations and maintenance services from VRE. VRE will continue to monitor cost savings opportunities in the next year, including integration in-house.

[Board Members Covington and Barg left the meeting at 11:01 and 11:03 A.M., respectively.]

Mr. Kauffman thanked the staff for the thorough and complete report.

Nominating Committee for VRE Officers – 9D

Chairman Jenkins announced that the following Board Members are appointed to serve on the Nominating Committee: Ms. Barg, Ms. Bulova, Mr. Gibbons and Mr. Grzejka. Mr. Grzejka, who has advised the Board that he will not be returning in 2005 as a VRE Board Member, agreed to be the Chairman of the Nominating Committee. The Nominating Committee will provide nominations to the Board at the December 2004 meeting for a vote and ratification. Installation of the new officers will take place at the January 2005 VRE Operations Board meeting.

Adjournment

On a motion by Ms. Bulova and a second by Mr. Gibbons, the Board unanimously agreed to adjourn. Chairman Jenkins adjourned the meeting at 11:05 A.M.

Approved this 17th day of December, 2004.

John Jenkins
Chairman

John Grzejka
Secretary

CERTIFICATION

This certification hereby acknowledges that the minutes for the November 19, 2004, Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.

Rhonda Gilchrest

Rhonda Gilchrest

CSX Force Account Services for Quantico Creek Bridge

The VRE Operations Board recommends approval of Resolution #1049. This resolution authorizes VRE's CEO to enter into an agreement with CSXT to undertake track improvements for the Quantico Creek Bridge Project. The maximum cost is \$4,671,000, including contingency, using state and federal grants. CSXT requires that it perform this work to design and construct the track signal system for the bridge and the new interlocking at North Possum Point.

RESOLUTION #1049

SUBJECT: CSX Force Account Services for Quantico Creek Bridge.

WHEREAS: In order to alleviate the bottleneck condition at Quantico Creek, a new mainline track bridge over Quantico Creek must be constructed;

WHEREAS: The Virginia Railway Express, in collaboration with CSXT and DRPT, has completed the design for a new double track bridge over Quantico Creek; and

WHEREAS: In order for the bridge project to be completed, CSX Transportation requires that certain portions of the work be performed under its direct supervision.

NOW, THEREFORE BE IT RESOLVED the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to enter into an agreement with CSX Transportation for construction associated with the Quantico Creek Bridge Project at a price not to exceed \$4,671,000 including contingencies.

Approved this 2nd day of December, 2004.

William Euille
Chairman

Gerald Connolly
Secretary-Treasurer



Virginia Railway Express Operations Board

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AGENDA ITEM 9-A ACTION ITEM

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: OCTOBER 15, 2004

RE: AUTHORIZATION TO ENTER INTO AN AGREEMENT WITH CSX
TO PROVIDE FORCE ACCOUNT SERVICES ASSOCIATED WITH
THE QUANTICO CREEK BRIDGE PROJECT

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions authorize the VRE Chief Executive Officer to enter into an agreement with CSX Transportation to provide work related to track construction associated with the Quantico Creek Bridge Project. This agreement commits VRE to reimburse CSX Transportation for expenses incurred including contingencies in the amount of not more than \$4,671,000.

BACKGROUND:

As required in the MOU with CSX Transportation and in order to alleviate the bottleneck condition at Quantico Creek, a new mainline track bridge over Quantico Creek must be constructed. Design for the bridge has been completed and the construction contract was awarded in July as authorized at the May Operations Board meeting.

In order for the bridge project to be completed, CSX Transportation requires that certain portions of the work be performed under its direct supervision (force account work). Under the force account scope, CSX will provide track materials and design and construct the track signal system for the bridge and the new interlocking at North Possum Point just north of the Quantico Creek.

Board action is required at this time to enter into an agreement with CSX Transportation to provide work related to track construction associated with the Quantico Creek Bridge Project.

FISCAL IMPACT:

Funds for the construction phase of this project are included in VRE's Capital Improvement Program (CIP) as part of the Quantico Bridge project. Funding is made up of FY 2001, 2002 and 2003 federal and state grants. Local match is being provided by the Virginia Department of Rail and Public Transportation.

Modify Lease Agreement with RailWorld Locomotive Leasing LLC.

VRE's Operations Board recommends approval of Resolution #1050. This resolution authorizes VRE's CEO to modify an existing lease with RailWorld Locomotive Leasing LLC to add one locomotive at a price not to exceed \$76,650, annually, for a term of two years plus an option for two additional years. This transaction will provide a replacement for a locomotive that suffered a "catastrophic failure" on August 27, 2004. Funds are available in VRE's FY 2005 operating budget.

RESOLUTION #1050

SUBJECT: Modify Lease Agreement with RailWorld Locomotive Leasing LLC.

WHEREAS: VRE is seeking to modify an existing lease with RailWorld to add one EMD F-40 locomotive to replace the one that suffered a catastrophic engine failure; and

WHEREAS: VRE currently leases two other F-40 locomotives from RailWorld and is building a parts inventory to support this type of locomotive.

NOW, THEREFORE BE IT RESOLVED the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to modify an existing lease agreement with RailWorld Locomotive Leasing LLC to add one locomotive at a price not to exceed \$76,650 per unit annually, with a term of two years and an option for two additional years.

Approved this 2nd day of December, 2004.

William Euille
Chairman

Gerald Connolly
Secretary-Treasurer



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AGENDA ITEM 9-B ACTION ITEM

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: OCTOBER 15, 2004

**RE: AUTHORITY TO MODIFY A LEASE AGREEMENT WITH
RAILWORLD LOCOMOTIVE LEASING, LLC. TO ADD THE
LEASE OF ONE EMD LOCOMOTIVE**

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions authorize the VRE Chief Executive Officer to modify an existing lease agreement with RailWorld Locomotive Leasing, LLC to add one locomotive at a price not to exceed \$76,650 per unit annually. The lease agreement would be for a term of two years with an option for two additional years.

BACKGROUND:

VRE currently leases two locomotives from RailWorld. Until recently, a third locomotive of the same type was also being leased. That locomotive, V31, was under lease since May of 2000. On August 27, 2004, it suffered a catastrophic failure to its main engine and was removed from the VRE lease. VRE must replace this unit as it is needed for revenue service. As such, RailWorld is now proposing to replace the engine in that locomotive and upgrade the unit to make it equivalent to the other two engines leased by VRE. This unit, following engine replacement and acceptance by VRE mechanical advisors will be guaranteed to meet all manufacturer specifications for a price of \$76,650 annually (\$210 per day) for a period of two years with a two-year option to extend.

FISCAL IMPACT:

Funding is provided in the FY 2005 Operating Budget.

GEC IV Task Order for Fleet Maintenance Strategy and Yard Requirements

VRE's Operations Board recommends approval of Resolution #1051. This resolution authorizes VRE's CEO to award a task order to Parsons Brinckerhoff Quade and Douglas under VRE's fourth General Engineering Contract to develop a detailed fleet maintenance strategy. The report will include the necessary associated physical improvements at VRE's yards. The cost will not exceed \$279,400 of CIP federal grant funds, including a 10 percent contingency.

RESOLUTION #1051

SUBJECT: GEC IV Task Order for Fleet Maintenance Strategy and Yard Requirements.

WHEREAS: VRE's fleet is growing and pressure from Amtrak to move the maintenance functions to the outlying yards is mounting;

WHEREAS: It is necessary for VRE to have a detailed fleet maintenance plan that includes yard requirements; and

WHEREAS: Parsons, Brinckerhoff, Quade and Douglas (PBQ&D) completed a high level analysis of these issues as part of the Phase 2 VRE Strategic Plan and is uniquely qualified to do this more detailed analysis.

NOW, THEREFORE BE IT RESOLVED the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to award a task order to PBQ&D for the development of a detailed fleet maintenance strategy and associated yard requirements, with the cost not to exceed \$254,000 plus a 10 percent contingency of \$25,400, for a total of \$729,400.

Approved this 2nd day of December, 2004.

William Euille
Chairman

Gerald Connolly
Secretary-Treasurer

AGENDA ITEM 9-F
ACTION ITEM

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: OCTOBER 15, 2004

RE: AUTHORIZATION TO AWARD A TASK ORDER UNDER THE GEC IV CONTRACT FOR THE DEVELOPMENT OF A DETAILED FLEET MAINTENANCE STRATEGY AND ASSOCIATED YARD REQUIREMENTS

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to award a task order to Parsons, Brinkerhoff, Quade and Douglas (PBQ&D) for the development of a detailed fleet maintenance strategy and associated yard requirements. This task order is being requested in an amount not to exceed \$254,000, plus a 10 percent contingency of \$25,400, for a total of \$279,400.

BACKGROUND:

As VRE's fleet grows, and pressure to move the fleet maintenance functions to the outlying yards mounts, it becomes increasingly necessary to have a detailed maintenance plan for VRE. This task will provide additional concept development and costing work that will be helpful in identifying the appropriate and necessary level of investment in these facilities, defining specific fleet storage and investment projects for the CIP, and quantifying the benefits of the projects and the costs of not implementing or deferring them.

PBQ&D completed a high level analysis of these issues as part of the Phase 2 Strategic Plan. As such, they are uniquely qualified to do this more detailed analysis.

FISCAL IMPACT:

Funds for the project are included in VRE's Capital Improvement Program (CIP) as part of the capital fleet expansion project. Funding is through a FY 2003 federal grant. The local match is provided for using state and local funds.

Amended Award of Contract for Quantico Creek Bridge Construction Support

The VRE Operations Board recommends approval of Resolution #1052. This resolution amends a previous action to increase a new contract up to \$1,200,000 from \$1,000,000. But since the original contract is being closed out with unexpended funds, there is no change to the total budget for the combined contracts. Details are included in the attached memorandum.

RESOLUTION #1052

SUBJECT: Amended Contract for Quantico Bridge Support.

WHEREAS: Pursuant to the memorandum of understanding with CSXT, and in order to alleviate the railroad bottleneck at Quantico Creek, a new railroad bridge over Quantico Creek must be constructed;

WHEREAS: On July 1, 2004 the commissions authorized the Chief Executive Officer to award a construction support services contract for an amount not to exceed \$1,000,000; and

WHEREAS: Ralph Whitehead and VRE are now opting to close a previous design contract with unspent funds and amending the new contract at a higher value.

NOW, THEREFORE BE IT RESOLVED the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to increase the previously authorized construction support services contract with Ralph Whitehead from \$1,000,000 to an amount not to exceed \$1,200,000, while retaining unspent funds from the previous contract for no change in the total project budget.

Approved 2nd day of December, 2004.

William Euille
Chairman

Gerald Connolly
Secretary-Treasurer



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AGENDA ITEM 8-C ACTION ITEM

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD
FROM: DALE ZEHNER
DATE: NOVEMBER 19, 2004
RE: AUTHORIZATION TO AMEND THE PREVIOUS AUTHORIZATION
FOR AWARD OF THE QUANTICO CREEK BRIDGE
CONSTRUCTION SUPPORT SERVICES CONTRACT

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions amend the previous authorization amount for the award of a construction support services contract for the Quantico Creek Bridge Project from \$1,000,000 to an amount not to exceed \$1,200,000.

BACKGROUND:

As required in the MOU with CSX Transportation, and in order to alleviate the railroad bottleneck at Quantico Creek, a new railroad bridge over Quantico Creek is currently under construction. In order to insure that quality standards and overall contract compliance are met, full-time onsite construction monitoring and inspection was required from an outside firm. On June 18, 2004 and July 1, 2004, the Operations Board and Commissions authorized the VRE Chief Executive Officer to award the construction support services contract to a qualified firm prior to the actual selection and negotiations. This approval was required prior to completing negotiations with the successful proposer (Ralph Whitehead) due to the project schedule and lack of Board/Commission meeting in July/August.

Ralph Whitehead was under contract with PRTC/VRE since October of 1998, when a contract was executed for Quantico Bridge design, engineering and limited construction phase support services. During negotiations for the new

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construction support services contract, consideration was given to using all remaining authority in the 1998 contract prior to billing on the new contract.

After reviewing the terms of both contracts, it was decided that some terms and conditions, such as pay rates, were not conducive to this approach. As a result, Ralph Whitehead and VRE are opting to close out the original contract in favor of amending the new contract authorization at a higher value. As such, VRE staff is recommending increasing the contract authorization from \$1,000,000 to an amount not to exceed \$1,200,000. There is no change to the total budget amount for this project.

FISCAL IMPACT:

Funds for the construction phase of this project are included in VRE's Capital Improvement Program (CIP) as part of the Quantico Bridge project. Funding is made up of FY 2001, 2002 and 2003 federal and state grants. Local match is being provided by the Virginia Department of Rail and Public Transportation.

Task Order for General Fleet Maintenance

The VRE Operations Board recommends approval of Resolution #1053. This resolution authorizes a task order to STV, Inc. for general fleet maintenance from January 1 through July 31, 2005. The amount is up to \$533,720, including a 10 percent contingency. After July 31, Amtrak is expected to assume these responsibilities using subcontractors. Funds are available in VRE's FY 2005 operating budget.

RESOLUTION #1053

SUBJECT: Task Order for General Fleet Maintenance

WHEREAS: VRE requires maintenance services beyond those Amtrak is able to provide;

WHEREAS: The VRE Mechanical Engineering Consultant Is capable of performing these services; and

WHEREAS: STV requires a task order to initiate this work.

NOW, THEREFORE BE IT RESOLVED the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to issue a task order to STV, Inc. for General Fleet Maintenance in an amount not to exceed \$485,200 plus a 10 percent contingency of \$48,520 for a total of \$533,720 for the period of January 1 through July 31, 2005.

Approved 2nd day of December, 2004.

William Euille
Chairman

Gerald Connolly
Secretary-Treasurer



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AGENDA ITEM 8-E ACTION ITEM

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD
FROM: DALE ZEHNER
DATE: NOVEMBER 19, 2004
RE: AUTHORIZATION TO ISSUE A TASK ORDER TO STV, INC. FOR
GENERAL FLEET MAINTENANCE

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to issue a task order to STV, Inc. for General Fleet Maintenance from January 1, 2005 to July 31, 2005. The task order will be authorized in an amount not to exceed \$485,200, plus a 10% contingency of \$48,520, for a total of \$533,720.

BACKGROUND:

In June of 2004, the Commissions authorized VRE's Chief Executive Officer to issue a task order to STV for general fleet maintenance through December 31, 2004. The proposed task order, like the preceding one, is designed to permit STV to manage immediate maintenance issues, such as evaluating and correcting failures, as well as completing limited long-term preventative projects that Amtrak is unable to perform. Under this task order, general maintenance services will be provided for the period of January 1, 2005 to July 31, 2005, after which time Amtrak proposes to assume such responsibilities at the Virginia yards, using subcontractors.

FISCAL IMPACT:

Funding will be drawn from the FY 2005 Operating Budget.

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Task Order for Administrative Services Related to Rolling Stock.

The VRE Operations Board recommends approval of Resolution #1054. This resolution authorizes a task order to STV for general and administrative services related to rolling stock. Activities within this task order must be specifically requested by VRE staff and cannot be billed by STV without such requests. VRE's Audit and Finance Committee has requested quarterly reports from staff on such G&A activities. The task order amount in this case is \$438,103, including contingency, with grant funds designated for this purpose in VRE's approved CIP.

RESOLUTION #1054

SUBJECT: Task Order for Administrative Services Related to Rolling Stock.

WHEREAS: STV is required by VRE to provide general and administrative services for rolling stock including technical input and preparation of reports;

WHEREAS: STV may not bill without express authorization from VRE staff.

NOW, THEREFORE BE IT RESOLVED the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to issue a task order to STV, Inc. for General and Administrative services related to rolling stock through calendar year 2005, in an amount not to exceed \$398,275, plus a 10 percent contingency of \$39,828, for a total of \$438,103; and

BE IT FURTHER RESOLVED THAT VRE'S CEO should report quarterly to VRE's Audit and Finance Committee on activities in this and other G&A task orders.

Approved 2nd day of December, 2004.

William Euille
Chairman

Gerald Connolly
Secretary-Treasurer



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AGENDA ITEM 8-F ACTION ITEM

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: NOVEMBER 19, 2004

**RE: AUTHORIZATION TO ISSUE A TASK ORDER TO STV, INC. FOR
GENERAL AND ADMINISTRATIVE SERVICES**

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to issue a task order to STV for General and Administrative services related to rolling stock for calendar year 2005. The task order will be authorized in an amount not to exceed \$398,275 plus a 10% contingency of \$39,828 for a total of \$438,103.

BACKGROUND:

In June of 2004, the Board authorized VRE's Chief Executive Officer to issue a task order to STV for general and administrative services. Tasks billed to this project include general research requests, attendance at monthly progress meetings, preparation of monthly project progress reports, and exploratory work on technical issues. That authority expires December 31, 2004. This task order will permit STV to perform the same functions through calendar year 2005.

FISCAL IMPACT:

Funding is available from the Rolling Stock Modification project in VRE's capital budget. Funding is made up of FY 2003 federal grants. Local match is being provided using state and local funds.

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Emergency Procurement Policy

The VRE Operations Board recommends approval of Resolution #1055. This resolution authorizes a policy to be followed when emergency procurements are required. It establishes conditions that must be met by VRE's CEO to justify any action under this policy. For example, advance notice must be given to VRE's Chairman and his/her concurrence received after consultation with VRE's legal counsel, in addition to after the fact action by the full board or commissions.

RESOLUTION #1055

SUBJECT: VRE Emergency Procurement Policy.

WHEREAS: VRE's Chief Executive officer has spending authority in an amount not to exceed \$30,000;

WHEREAS: All purchases of more than \$30,000 require prior Operations Board/Commission approval without exception;

WHEREAS: Emergencies arise that could necessitate a purchase on an expedited basis in excess of \$30,000; and

WHEREAS: Purchases made on an emergency basis must comply with the full disclosure requirements of the Virginia Public Procurement Act.

NOW, THEREFORE BE IT RESOLVED the Northern Virginia Transportation Commission authorizes a VRE Emergency Procurement Policy as follows:

- The Operations Board Chairman (or Vice Chairman in the Chairman's absence) after consultation with VRE's legal counsel must concur that an emergency is present warranting the exception;
- All Operations Board members need to be immediately advised of the purchase as an informational matter;
- The Operations Board/Commission would be asked to formally approve the purchase, after-the-fact, at its next regularly scheduled meeting; and

- Notification requirements must be adhered to as detailed in the Virginia Public Procurement Act (2.2-4303F) when this exception is made:

In case of emergency, a contract may be awarded without competitive sealed bidding or competitive negotiation; however, such a procurement shall be made with such competition as is practicable under the circumstances. A written determination of the basis for the emergency and for the selection of a particular contractor shall be included in the contract file. The public body shall issue a written notice stating that the contract is being awarded on an emergency basis, and identifying that which is being procured, the contractor selected, and the date on which the contract was or will be awarded. This notice shall be posted in a designated public area or published in a newspaper of general circulation on the day the public body awards or announces its intention to award the contract, whichever comes first, or as soon thereafter as practicable. Public notice may also be published on the Department of General Services' central electronic procurement website and other appropriate websites.

Approved 2nd day of December, 2004.

William Euille
Chairman

Gerald Connolly
Secretary-Treasurer



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AGENDA ITEM 8-B ACTION ITEM

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: NOVEMBER 19, 2004

**RE: AUTHORIZATION TO ADOPT EMERGENCY PROCUREMENT
POLICY**

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions approve a policy on emergency procurement.

BACKGROUND:

Purchases made by VRE that exceed the Chief Executive Officers' authority of \$30,000 are brought before the Operations Board/Commissions for approval. If a purchase over \$30,000 needs to be made, staff must wait until the next Operations Board/Commission meeting cycle in order to receive approval. Currently, there is no exception for emergencies, which have and will continue to occur as part of an operating environment. Therefore, VRE staff is recommending the following emergency procurement policy. This policy would allow purchases to be made in excess of \$30,000 without prior Operations Board/Commission approval in the event of emergencies, subject to the following conditions:

- The Operations Board Chairman (or the Vice Chairman in the Chairman's absence) must concur that an emergency is indeed present warranting the exception;
- All Operations Board members would need to be immediately advised of the purchase as an informational matter; and

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- The Operations Board/Commission would be asked to formally approve the purchase, after-the-fact, at its next regularly scheduled meeting; and
- Notification requirements must be adhered to as detailed in the Virginia Public Procurement Act (§2.2-4303 F) when this exception is made.

In case of emergency, a contract may be awarded without competitive sealed bidding or competitive negotiation; however, such a procurement shall be made with such competition as is practicable under the circumstances. A written determination of the basis for the emergency and for the selection of a particular contractor shall be included in the contract file. The public body shall issue a written notice stating that the contract is being awarded on an emergency basis, and identifying that which is being procured, the contractor selected, and the date on which the contract was or will be awarded. This notice shall be posted in a designated public area or published in a newspaper of general circulation on the day the public body awards or announces its intention to award the contract, whichever comes first, or as soon thereafter as practicable. Public notice may also be published on the Department of General Services' central electronic procurement Web site and other appropriate Web sites.

Commission approval is being sought so that emergency purchases over the authority of the Operations Board can be included in this policy. PRTC has recently enacted the same policy for the purpose of handling emergencies using appropriate safeguards to avoid abuses.

FISCAL IMPACT: No fiscal impact.