

## NOTICE

THERE WILL BE NO EXECUTIVE COMMITTEE MEETING PRIOR TO NVTC'S JANUARY 8, 2004 BUSINESS MEETING BECAUSE OF THE EARLY 5:30 P.M. STARTING TIME OF THAT BUSINESS MEETING. THE NEXT EXECUTIVE COMMITTEE MEETING WILL BE AT 7:00 P.M. ON FEBRUARY 5, 2004.

PROPOSED REVISED ORDER OF  
JANUARY 8, 2004 NVTC AGENDA ITEMS

- 1 Oath for new commissioners
- 2 Minutes
- 3 Election of officers
- 4 Selection of NVTC representatives
- 5 NVTC signatories and pension trustees
- 6 Public hearing and approval of workprogram
- 11 Legislative items
- 17 VRE items including closed session
- 7 NVTC 40<sup>th</sup> anniversary
- 8 RFP for plan update
- 9 Amendments to employee benefits plan
- 10 NVTC draft FY 2005 budget
- 12 WMATA items
- 13 Regional transportation items
- 14 Web-based distribution of NVTC meeting materials
- 15 Contract for vanpool data
- 16 NVTC financial reports for November, 2003

**NVTC COMMISSION MEETING  
THURSDAY, JANUARY 8, 2003  
5:30 P.M.**

**NVTC CONFERENCE ROOM**

**AGENDA**

**PLEASE NOTE SPECIAL DATE AND STARTING TIME  
FOR THIS MEETING.**

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

Chairman McConnell will deliver the oath to new commissioners from Fairfax and Loudoun counties.

Recommended Action: Oath of office.

**2. Minutes of the NVTC Meeting of December 4, 2003.**

Recommended Action: Approval.

**3. Election of 2004 Officers and Oath of Office.**

NVTC's Executive Committee, serving as a nominating committee, has presented a slate of nominations for NVTC Chairman, Vice-Chairman and Secretary-Treasurer.

Recommended Action: Elect officers. Chairman McConnell will administer the oath of office to the newly elected officers. The new chairman will present a small gift to Chairman McConnell to honor her for her service.

**4. Selection of NVTC Representatives to Boards and Committees.**

NVTC commissioners serve on the WMATA, VRE and Virginia Transit Association Boards. NVTC also has standing Executive and Legislative committees, with the Executive Committee to also serve as an audit committee.

Recommended Action: Act on the recommendations of NVTC's jurisdictions to elect two principal and two alternate members of the WMATA Board. Elect three principals and at least one alternate to the VRE Operations Board. Elect two principals and at least three alternate members of the VTA Board. Executive Committee membership is determined by the NVTC By-Laws while the new NVTC Chairman will appoint the Chairman and members of the Legislative Committee.

#### **5. Designation of NVTC Signatories and Pension Trustees.**

Each year NVTC designates its new Secretary-Treasurer to join selected staff as signatories and pension trustees.

Recommended Action: Approve Resolution #997.

#### **6. Public Hearing on and Approval of NVTC's 2004 Workprogram.**

The draft workprogram has been available for review by the public for a month on NVTC's website and was carefully reviewed by local staff on November 25<sup>th</sup> and discussed on December 4<sup>th</sup> by the commission. Staff will provide a brief review of the proposed workprogram preceding a public hearing.

Recommended Action: After a public hearing and consideration of the comments made by the public, approve the workprogram for 2004 to be used to measure progress in meeting explicit goals and objectives during the year.

#### **7. Plans for NVTC's 40<sup>th</sup> Anniversary.**

The commission held its first meeting in September, 1964. NVTC's Executive Committee has discussed a menu of possible activities throughout the year and asked for a staff recommendation.

Recommended Action: Review the draft menu of activities and act on staff's recommendations.

#### **8. Request for Proposals for Consulting Assistance for NVTA's 2030 Transportation Plan Update.**

NVTA's Interim Technical Committee recommended, and NVTA accepted, a proposal to have NVTC procure a consultant for detailed analysis to help complete the 2030 update. VDOT funds will be used.

Recommended Action: Authorize NVTC staff to issue the RFP and return to the commission with a recommendation from a multi-jurisdiction selection committee for award of the contract.

**9. Amendments to NVTC's Section 457 Employee Benefit Plan.**

New Internal Revenue Service Regulations require NVTC to amend its existing 457 plan documents in order to comply.

Recommended Action: Approve Resolution #998.

**10. NVTC Draft FY 2005 Budget.**

A preliminary version was discussed in September, 2003 and forwarded to the jurisdictions. Action will be requested at the commission's February meeting. Budget expenditures and state and local contributions are virtually unchanged from FY 2004.

Discussion item.

**11. Legislative Items.**

Staff will describe recent activities prior to the start of the 2004 General Assembly session that affect NVTC's legislative agenda. Plans are in progress for VTA's Transit Appreciation Day in Richmond.

Discussion Item.

**12. WMATA Items.**

- A. Metro Board Digest for December, 2004.
- B. General Manager's Proposed FY 2005 Budget.
- C. Regional Mobility Planning Session.
- D. NVTC Requests.

Discussion Item.

**13. Regional Transportation Items.**

- A. Tech Talk.
- B. Award for Regional Transit Operators Group.

- C. Local Transit System Ridership Trend Line.
- D. Impact of National Economic Slowdown on Public Transportation.
- E. How Transit Benefits People Who Do Not Ride It.

Discussion Item.

**14. NVTC's New Web-Based Distribution of Meeting Materials.**

NVTC staff has alerted recipients of NVTC's agendas, minutes and other meeting materials that they are now available electronically. An e-mail is sent with the link to the web-site and materials can be printed individually or in their entirety with a single click. Commissioners will continue to receive mailed materials unless you indicate that you would prefer to receive only the email notification.

Information Item.

**15. Contract for Regional Vanpool Initiative Data Verification.**

NVTC is assisting in the procurement of a consultant to verify data for the new vanpool program. At WMATA's request, the due date for receipt of the proposals has been postponed.

Information Item.

**16. NVTC Financial Reports for November 2003.**

Information Item:

**17. VRE Items.**

- A. Report from the VRE Operations Board (with minutes from the meeting of December 19, 2003) and from the Acting Chief Operating Officer -- Information item.
- B. Amtrak Contract Extension-- Action Item/Resolution #999.
- C. VRE Budget for FY 2005 -- Action Item/Resolution #1000.
- D. Elimination of VRE Holiday Service -- Action Item/Resolution #1001.
- E. Closed Session (Section 2.2-3711 A.7 of the Code of Virginia) on a legal matter followed by action on Resolution #1002.

**MEMORANDUM**

**TO:** Chairman McConnell and NVTC Commissioners  
**FROM:** Rick Taube  
**DATE:** December 31, 2003  
**SUBJECT:** Oath of Office for New Commissioners

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Chairman McConnell will administer the following oath to new commissioners expected to join NVTC from Fairfax and Loudoun counties:

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

**MINUTES  
NVTC COMMISSION MEETING – DECEMBER 4, 2003  
NVTC CONFERENCE ROOM**

The meeting of the Northern Virginia Transportation Commission was called to order by Chairman McConnell at 8:10 P.M.

**Members Present**

David Albo  
William Bogard  
Sharon Bulova  
Gerald Connolly  
William D. Euille  
Jay Fiset  
Katherine K. Hanley  
Dana Kauffman  
Elaine McConnell  
Karen Rae  
Gary Reese  
David F. Snyder  
Mary Margaret Whipple  
Christopher Zimmerman

**Members Absent**

Paul Ferguson  
Ludwig Gaines  
William C. Mims  
Scott Silverthorne

**Staff Present**

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

Mrs. McConnell recognized Linda McMinimy, Executive Director of the Virginia Transit Association, who was present. Chairman McConnell also invited commissioners and staff to sign a get well card for Rhonda Gilchrest, NVTC's Secretary, who is recovering from surgery.

### Transit Innovations

Commissioner Chris Zimmerman gave a PowerPoint presentation about transit innovations in Madrid. He provided pictures of pedestrian-friendly improvements such as wide medians with trees and kiosks on safe sidewalks. Madrid has the fifth largest transit system in the world and features interconnected modes including above and below-ground rapid transit and regional commuter rail. In the last eight years significant improvements to the transit system have been accomplished, including a new rail line to the airport, a major suburban extension and a circumferential line.

Other innovations include plasma screens in stations, a downtown check-in zone for airport travelers, clean and helpful passenger information signs emphasizing connections and retailers in the transit stations. Madrid also has an effective mix of buses, including CNG, articulated and new Mercedes fuel cell powered vehicles.

### Minutes of NVTC's Meeting of November 6, 2003

On a motion by Commissioner Euille and a second by Commissioner Bulova, the commission unanimously adopted the minutes. Affirmative votes were cast by commissioners Albo, Bogard, Bulova, Connolly, Euille, Fissette, Hanley, Kauffman, McConnell, Rae, Reese, Snyder, Whipple and Zimmerman.

### NVTC's Audit Report for FY 2003

Scott Kalkwarf introduced Mensel Dean, the lead partner from PBGH, LLP and Mike Garber who conducted the annual audit. Mr. Garber explained the format of the audited statements and the various opinion letters. He noted that the statements received unqualified opinions. He also summarized the management letter which included three recommendations. He noted that it is his understanding that NVTC staff has already implemented the first recommendation and is working to accomplish the second. The third recommendation, that NVTC establish an audit committee, will be accomplished by having NVTC's existing Executive Committee fulfill that role.

On a motion by Commissioner Zimmerman and a second by Commissioner Euille, the commission unanimously authorized staff to forward the audit report to local, state and federal agencies, regulatory authorities, bondholders and others on the distribution list. Affirmative votes were cast by Commissioners Albo, Bogard, Bulova, Connolly, Euille, Fissette, Hanley, Kauffman, McConnell, Rae, Reese, Snyder, Whipple and Zimmerman.

### Interim Report on the Effectiveness of Free Bus Fares on Forecast Air Quality Code Red Ozone Alert Days.

Frank Spielberg of BMI-SG along with Rich Kuzmyak provided a PowerPoint presentation of the interim results. A copy of the executive summary was also provided and the full text of the report will be posted on NVTC's website by the end of the month. Following on-board bus surveys on Air Quality Code Red days during Summer, 2004 a final report will be completed.

A telephone survey completed in Summer, 2003 revealed only about four percent of respondents were strongly motivated to use the bus on such days but 38 percent had some awareness of that action being a desirable response on Code Red days. Unfortunately, some transit systems have provided incomplete ridership reports since the start of the program in 1998 so that a performance review of the overall program is not conclusive. For 2002 and 2003, however, ridership counts are better and results are improving, as measured in costs per ton removed of volatile organic compounds and oxides of nitrogen. For those two years, the program ranks in the middle of nationwide efforts to improve air quality on a cost per ton basis, although the costs are still relatively high compared to efforts in this region.

With the results of the 2004 survey and continuing improvements in ridership reporting the final report next year should provide a definitive performance evaluation.

### NVTC's 2004 Legislative Agenda

The chairman of NVTC's Legislative Committee, Kate Hanley, introduced the proposed agenda recommended by her committee and moved approval. Commissioner Bulova seconded. Mr. Taube reported that at the request of Mrs. Hanley, he had further examined the Virginia Code and verified that the commonwealth and counties have sovereign immunity for all functions, while cities have sovereign immunity for governmental but not proprietary functions. Accordingly, he had prepared revised language for the legislative agenda item describing improved protection from liability for transit systems.

Mrs. Hanley proposed an amendment that would add an item calling for supporting rail to Dulles defined as a single segment. Mr. Connolly seconded and the amendment passed with affirmative votes from commissioners Albo, Bogard, Bulova, Connolly, Euille, Fissette, Hanley, Kauffman, McConnell, Rae, Snyder, Whipple and Zimmerman. Delegate Reese abstained.

Delegate Albo proposed an amendment that would call for a constitutional amendment to protect the Transportation Trust Fund and prohibit diversion of financial assets in the fund for non-transportation uses. Such an amendment passed the House in the 2003 session but failed in the Senate. Mr. Euille seconded. The amendment passed with affirmative votes from commissioners

Albo, Bogard, Bulova, Connolly, Euille, Fiset, Hanley, Kauffman, McConnell, Reese, Snyder, Whipple and Zimmerman. Commissioner Rae abstained.

The main motion then was adopted with affirmative votes from commissioners Bogard, Bulova, Connolly, Euille, Fiset, Hanley, Kauffman, McConnell, Snyder, Whipple and Zimmerman. Commissioners Albo, Rae and Reese abstained.

Delegate Reese pointed out that the pre-filing deadline for bills is coming up in about five days and asked whether sponsors had been contacted for the items in NVTC's agenda. Senator Whipple stated that she would introduce NVTC's gas tax bill. Delegate Albo offered to undertake the tort reform item.

Commissioner Connolly stated that in describing NVTC's legislative agenda, revenue enhancements could usefully be referred to as user fee increases.

Mr. Taube invited the commissioners to examine Resolution #996, which endorses the Metro Matters Campaign to identify \$1.5 billion in required funding for WMATA. The Authority is seeking the endorsement of all of the area's local and regional governments and agencies. A copy of the Metro Matters brochure was provided for each commissioner. On a motion by Mrs. Hanley and a second by Mr. Euille, the resolution passed unanimously with affirmative votes by commissioners Albo, Bogard, Bulova, Connolly, Euille, Fiset, Hanley, Kauffman, McConnell, Rae, Reese, Snyder, Whipple and Zimmerman. A copy of the resolution is attached.

#### NVTC Transit Technology Performance Monitoring.

Mr. Taube described the recommendation, supported by local staff, of having NVTC staff undertake a demonstration of a web-based performance monitoring methodology that was recommended by consultants. The initial project to be evaluated is automated passenger counters on Falls Church's GEORGE buses.

On a motion by Commissioner Snyder and a second by Commissioner Whipple, the commission unanimously authorized staff to proceed with the demonstration. Affirmative votes were cast by commissioners Albo, Bogard, Bulova, Connolly, Euille, Fiset, Hanley, Kauffman, McConnell, Rae, Reese, Snyder, Whipple and Zimmerman.

#### NVTC Meeting Schedule for 2004.

Mr. Taube explained that there is a conflict with the January meeting date that falls on the 1<sup>st</sup>. The revised meeting date will be January 8<sup>th</sup> with the meeting to be held at 5:30 P.M. at NVTC. This will allow the public to appear for

a public hearing on NVTC's workprogram at a location with good access by transit. The meeting will conclude by 7:00 P.M. to permit members of the Northern Virginia Transit Authority to attend a meeting starting at 7:30 P.M. at the Northern Virginia Regional Commission.

Without objection, the 2004 meeting schedule was approved.

Mr. Zimmerman left the meeting and did not return.

#### Contract for Regional Vanpool Initiative Data Verification.

Mr. Taube explained that the deadline for responses to the request for proposals was extended for a month. The commission will be asked to act on the selection of a recommended firm at its January 8, 2004 meeting.

#### Year-End Review of NVTC Projects and Draft Workprogram for 2004.

Mr. Taube stated that this material is available now for review and discussion by commissioners and the public. It will be the subject of a public hearing at the January 8<sup>th</sup> meeting and in the meantime is posted on NVTC's website. There were no comments by commissioners.

#### WMATA Items.

Mr. Taube mentioned that among the discussion items mailed to commissioners was material on several bus routes originating in Maryland that the WMATA Board recently approved for abandonment. Mr. Ed Tennyson had provided copies of his public hearing testimony and followed up with a letter to NVTC Chairman McConnell. His letter questioned the methods used by WMATA staff to measure the performance of the routes. For example, he pointed out that the published fares on express routes N-11 and N-13 are \$2.50, but WMATA staff used an average fare of only 40-cents to calculate revenues from, and cost recovery ratios for, those routes.

Mr. Kauffman moved, with a second by Mrs. Bulova, that NVTC staff should forward Mr. Tennyson's letter to WMATA's Chief Executive, Richard White, to ask for a response. The motion carried unanimously with affirmative votes from commissioners Albo, Bogard, Bulova, Connolly, Euille, Fisette, Hanley, Kauffman, McConnell, Rae, Reese, Snyder and Whipple.

Mr. Snyder raised the issue of the WMATA Board's recent action to approve a revised snow emergency plan that would confine WMATA operations to underground segments when snow accumulates in excess of eight inches. Mr. Snyder emphasized that Orange Line service would not extend further west than Ballston under those circumstances. He asked if WMATA had considered bus bridges or other techniques to serve customers of above-ground segments.

Mrs. Hanley responded that the third rail is covered when snow reaches that depth and she believes WMATA would welcome specific ideas about how to improve their snow plan. Senator Whipple reminded the group about the significant investments that have been made by WMATA for prime movers and other snow and ice protection.

Mr. Snyder moved, with a second by Mr. Connolly, to ask WMATA to explain its new policy in more detail, including how it expects its customers to access the curtailed Metrorail system during a snow emergency, how many people would be affected, whether there are likely to be negative effects on customers and, if so, how these could be overcome? The vote in favor was unanimous, with affirmative votes from commissioners Albo, Bogard, Bulova, Connolly, Euille, Fissette, Hanley, Kauffman, McConnell, Rae, Reese, Snyder and Whipple.

#### Regional Transportation Items.

Mr. Kauffman passed out an excerpt from a Fairfax County board item proposed for action on December 8, 2003. The item included comments on the HOT lane proposal for the Beltway. The comments urged that better integrated connections for public transit should be provided. An example is direct bus access via ramps to allow express bus service between the existing and planned Metrorail stations in Franconia-Springfield, and Dunn Loring and Tysons Corner.

In response to a question from Mr. Euille, Mr. Kauffman noted that comments are due by the end of December, 2003.

#### Appointment of Nominating Committee for 2004 NVTC Officers.

Chairman McConnell announced that she intended to appoint NVTC's Executive Committee to serve as the nominating committee.

#### NVTC Financial Items for October, 2003.

There were no questions.

### VRE Items.

VRE Operations Board Chairman Sharon Bulova described several recent items of interest, including the fact that 10 VRE trains are at capacity, the recruiting of a new chief operating officer will begin soon, and the start of EZ Bus subscription bus service to the Burke Centre Station which may be the first of its kind in the world outside of Paris. Commissioners were invited to an opening ceremony at 10:00 A.M. on December 12, 2003.

Mrs. Bulova then moved approval of Resolution #995, which authorizes VRE staff to undertake a 2004 legislative agenda. Mrs. McConnell seconded. The vote in favor was unanimous, with affirmative votes from commissioners Albo, Bogard, Bulova, Connolly, Euille, Fisette, Hanley, Kauffman, McConnell, Rae, Reese, Snyder and Whipple.

### New Business

Commissioner Fisette asked about the status of the Dulles Rail project in light of the Herndon Town Council's recent action. Mrs. Hanley made the following observations:

- The governing bodies need to conduct public hearings in response to petitions from landowners representing at least 51 percent of the value of commercial land, and changes are not permitted to the proposals contained in the petition [Ms. Rae added that 51 percent of 70 percent of the value is needed];
- Herndon changed the petition by voting "no" unless the rail line is built initially to Herndon/Monroe;
- If the approach were modified to go initially to Herndon/Monroe, at least another year would be needed to redo the draft EIS and it is likely that the second segment would not qualify for federal funding;
- Further, at least 75 acres would be needed there for storage;
- Revenue collection from the new tax district needed to begin by January 1<sup>st</sup> to meet the financial plan projections so such a delay is critical;
- BRT would need to shut down for a year during the transition from buses to rail;
- The project Steering Committee has an agreement on financial shares so that it isn't possible to simply reduce Fairfax County's contribution.

Ms. Rae added that she believes it may be possible to get FTA to agree to allow the project to enter preliminary engineering with a local assurance of future funding, even if the tax district isn't actually in place.

Mr. Connolly mentioned that time is of the essence to enable the project to be funded in the upcoming TEA-21 reauthorization.

Farewell to Commissioners Hanley and Bogard.

Chairman McConnell thanked the two for their service to NVTC, especially in assuring quorums. Mrs. Hanley had attended 160 of 166 possible meetings in her 15-year tenure, had never missed a February meeting and at one point attended every meeting for five straight years.

Adjournment

Without objection, Chairman McConnell adjourned the meeting.

Approved this 8<sup>th</sup> day of January, 2004

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Elaine McConnell  
Chairman

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Paul Ferguson  
Secretary-Treasurer

Northern Virginia Transportation Commission  
Thursday, December 4, 2003

Meeting Summary

- Received presentations on transit innovations in Madrid by Commissioner Chris Zimmerman and on the interim results of an evaluation of the effectiveness of free bus fares on Air Quality Code Red Ozone Alert days by Frank Spielberg and Rich Kuzmyak.
- Authorized staff to forward the FY 2003 audited financial statements to the distribution list. NVTC's audit firm (PBGH LLP) was represented by lead partner Mensel Dean and Mike Garber who reported that they had provided an unqualified opinion. They also described three recommendations contained in their management letter.
- Approved NVTC's 2004 state and federal legislative agenda with two amendments and also adopted Resolution #996 to support WMATA's Metro Matters campaign.
- Approved the 2004 commission meeting schedule with the January meeting to occur at 5:30 P.M. on January 8<sup>th</sup> at NVTC.
- Directed staff to write to WMATA's Dick White to ask for a response to a letter from Mr. Ed Tennyson regarding methods of attributing revenue to bus routes being considered for abandonment, and other matters.
- Also asked staff to contact Mr. White to request a further explanation of WMATA's new snow emergency policy.
- Adopted Resolution #995 which approves VRE's 2004 state and federal legislative agenda.

## **RESOLUTION #995**

**SUBJECT:** VRE 2004 Legislative Agenda.

**WHEREAS:** VRE ridership growth continues to significantly outpace the national average;

**WHEREAS:** The preliminary VRE Strategic Plan has identified critical needs for VRE if it is to continue to meet projected ridership growth;

**WHEREAS:** The capital cost associated with these needs can best be met through obtaining additional discretionary federal capital funding; and

**WHEREAS:** VRE intends to advocate positions with Congress and the Virginia General Assembly that are supportive of the transportation policies of the Northern Virginia region's transportation commissions, authorities and local governments.

**NOW, THEREFORE BE IT RESOLVED** that the Northern Virginia Transportation Commission authorizes the VRE Acting Chief Operating Officer to actively pursue the VRE 2004 Legislative Agenda in cooperation with the Northern Virginia region's transportation commissions, authorities and local governments.

Approved this 4<sup>th</sup> day of December, 2003.

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Elaine McConnell  
Chairman

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Paul Ferguson  
Secretary-Treasurer

## **RESOLUTION #996**

**SUBJECT:** Support for Metro Matters Campaign for Critical WMATA Funding.

**WHEREAS:** The Washington Metropolitan Area Transit Authority (WMATA) was created in 1967 as an interstate compact agency and, by the terms of its enabling legislation, is an agency and instrumentality of the District of Columbia, State of Maryland, and the Commonwealth of Virginia;

**WHEREAS:** The agency was created to plan, finance, construct and operate a comprehensive mass transit system for the National Capital Region;

**WHEREAS:** WMATA has successfully completed and today operates a 103-mile Metrorail system and a 1500-bus Metrobus system;

**WHEREAS:** More than \$25 billion in economic development has occurred near the Metrorail stations;

**WHEREAS:** The Metrorail and Metrobus systems carry over a million trips on an average weekday;

**WHEREAS:** The Metrorail system carries nearly 20 percent of all rush-hour trips in the metropolitan area and 40 percent of rush-hour trips to the downtown core and removes more than 325,000 vehicles from the roadways every weekday;

**WHEREAS:** Half of Metrorail peak period riders are federal employees and more than 50 federal agencies or employment centers are located adjacent to Metrorail stations;

**WHEREAS:** The Metrorail system moves as many people each day as 1,400 miles of new traffic lanes;

Res. # 996

**WHEREAS:** The Washington metropolitan area is a “severe” non-attainment area for ozone and has consistently failed to meet EPA air quality standards;

**WHEREAS:** Continuing and expanded mass transit services are a critical part of the strategy to meet these air quality standards;

**WHEREAS:** The Metrorail and Metrobus systems have reached a point where major investments are needed to keep the system maintained and respond to the needs of increasing ridership and demand for transit services;

**WHEREAS:** The current value of the Metrorail system is \$24 billion,

**WHEREAS:** The WMATA system has a \$1.5 billion critical need over the next six years to protect, leverage, and secure this investment which promotes economic development, relieves traffic congestion and contributes to improved air quality; and

**WHEREAS:** This \$1.5 billion critical need includes \$516 million for system maintenance and replacement, \$625 million to buy 120 additional rail cars and support systems so that eight car trains can be operated to keep up with growing demand, \$171 million to buy 185 additional buses and related support facilities to meet customer demand, and \$150 million in critical infrastructure protection to secure the investment.

**NOW, THEREFORE BE IT RESOLVED** that the Northern Virginia Transportation Commission recognizes the critical role that the WMATA Metrorail and Metrobus systems play on a daily basis in the economic well being of the National Capital Region and contribute to enhancing the quality of life for its citizens; and

Res. # 996

**BE IT FURTHER RESOLVED** that NVTC endorses the need for a renewed partnership between the federal, state and local governments to meet WMATA's critical funding needs to preserve the WMATA mass transit system and fund system requirements that are needed to adequately meet the growing ridership needs in the National Capital Region.

Approved this 4<sup>th</sup> day of December, 2003.

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Elaine McConnell  
Chairman

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Paul Ferguson  
Secretary-Treasurer

**MEMORANDUM**

**TO:** Chairman McConnell and NVTC Commissioners  
**FROM:** Rick Taube  
**DATE:** December 31, 2003  
**SUBJECT:** Designation of NVTC Signatories and Pension Trustees

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After NVTC's new Secretary-Treasurer is elected, NVTC should adopt the attached resolution #997. The resolution will establish that the new officer is eligible to sign NVTC documents (including financial transactions) and to serve as a trustee of NVTC's Employees' Pension Trust.

**RESOLUTION #997**

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

**WHEREAS:** The Honorable \_\_\_\_\_ has been elected Secretary-Treasurer of NVTC for 2004; and

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

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

|                   |  |
|-------------------|--|
| Hon.              | Secretary-Treasurer                    |
| Richard K. Taube  | Executive Director                     |
| Scott C. Kalkwarf | Director of Finance and Administration |
| Coletia Turner    | Assistant Financial Officer            |

Approved this 8th day of January, 2004.

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Chairman

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Secretary-Treasurer

**MEMORANDUM**

**TO:** Chairman McConnell and NVTC Commissioners  
**FROM:** Rick Taube, Scott Kalkwarf, Jana Lynott, Adam McGavock and Kala Quintana  
**DATE:** December 31, 2003  
**SUBJECT:** Public Hearing on, and Approval of, NVTC's 2004 Workprogram

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Staff will describe highlights of progress on significant NVTC projects during the last half of the calendar year and introduce proposed new activities for 2004. This will be followed by a public hearing on the attached draft of NVTC's proposed workprogram for 2004. It has been available on NVTC's website for review by the public since early December. The commission will then be asked to approve the workprogram while taking into consideration comments of the public.

Attached for your review are the following project summaries:

Adam McGavock

- A. Regional SmarTrip Farebox Procurement
- B. NTD Data Collection
- C. ITS Evaluation
- D. GEORGE Falls Church Bus System
- E. Transit Performance Web-Site Database
- F. Regional Bus Shelters

Jana Lynott

- G. Air Quality Code Red Free Bus Fares
- H. Air Quality Code Red Free Bus Fares Evaluation Project
- I. VRE Emergency Parking Strategies
- J. Annual Transit Performance Update (with Adam McGavock)
- K. GIS Mapping and Analysis
- L. Transit Emergency Response and Contingency Planning

Kala Quintana

- M. Electronic Transit Schedules and Text Messaging
- N. NVTC Web-Site Development
- O. Legislative Initiatives
- P. Public Outreach

Scott Kalkwarf

Q. Motor Fuels Tax Audit Improvements

R. FY 2004 Transit Financial Assistance Allocation

S. FY 2005 State Grant Applications

Rick Taube

T. Northern Virginia Transit Funding Resource Guide

# **NVTC'S 2004 GOALS, OBJECTIVES AND WORKPLAN**

**PRELIMINARY: DECEMBER 4, 2003**

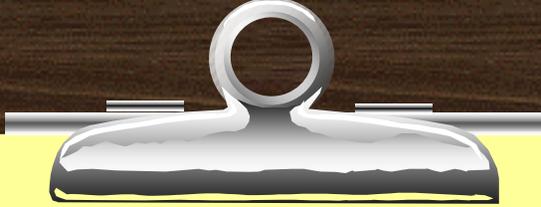
**2004 NVTC MEETING SCHEDULE**  
**[Meetings at 8:00 P.M. unless noted otherwise.]**

| <u>MONTH</u>             | <u>DATE</u> | <u>AGENDA</u>  |
|--------------------------|-------------|--|
| January<br>(5:30 P.M.)   | 8           | Elect officers. Select WMATA and VRE Board members, VTA representatives and NVTC Legislative Committee members. Conduct a public hearing and approve 2004 goals, schedule and workprogram. Approve FY 2005 VRE budget. Discuss draft NVTC FY 2005 budget. Approve plans for 40 <sup>th</sup> anniversary year. |
| February                 | 5           | Approve FY 2005 NVTC budget. Review progress on state and federal legislative agenda. Approve NVTC and VRE state grant applications.   |
| March                    | 4           | Review progress on state and federal legislative agenda. Review progress on WMATA budget for FY 2005.  |
| April                    | 1           | Progress report on NVTC projects. Final review of 2004 General Assembly session.   |
| May                      | 6           | Develop comments on WMATA FY 2005 budget.  |
| June                     | 3           | To be determined.  |
| July                     | 1           | Review progress on NVTC workprogram. Approve DRPT contracts for NVTC and VRE FY 2005 grants.   |
| August                   |             | No meeting   |
| September                | 2           | Forward preliminary NVTC FY 2006 budget to local jurisdictions.  |
| October                  | 7           | Approve FY 2004 NVTC and VRE audits.   |
| November<br>(7:30 P. M.) | 4           | Joint meeting with PRTC at Springfield Hilton to discuss legislation.  |
| December                 | 2           | Select NVTC Nominating Committee for 2005 officers. Approve legislative agenda for 2005. Review progress on 2004 goals and workprogram.  |

**NVTC EXECUTIVE COMMITTEE**  
**2004 MEETING SCHEDULE**

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

| <u>MONTH</u> | <u>DATE</u> | <u>Subject</u>  |
|--------------|-------------|---|
| January      | 8           | No meeting.   |
| February     | 5           | Legislative items. Review of NVTC and VRE FY 2004 grant applications.   |
| March        | 4           | Legislation.  |
| April        | 1           | To be determined.   |
| May          | 6           | To be determined.   |
| June         | 3           | To be determined.   |
| July         | 1           | Mid-year review of progress on workplan.  |
| August       |             | No meeting  |
| September    | 2           | Preliminary NVTC FY 2005 budget. Executive director performance review.   |
| October      | 7           | FY 2004 NVTC and VRE audits.  |
| November     | 4           | No meeting.   |
| December     | 2           | Select NVTC Nominating Committee for 2005 officers. Consider 2005 legislative agenda. Review progress on 2004 workprogram and preview 2005 workprogram. |



**NVTC Staff  
Accomplishments for 2003  
&  
Goals for 2004**





# **Kala Quintana Outreach**

## **Accomplishments for 2003**



- ✓ **Downloadable transit schedules for cell phones, PDA's, and handheld computers.**
  - ✓ Organized the expansion of electronic schedules to the remainder of Northern Virginia's jurisdictions.
  - ✓ Educated adjacent jurisdictions about further expansion.
  - ✓ PRTC is adding the service for their customers.
  - ✓ Metro is looking to expand it as well.
- ✓ **Legislative Transit Education Efforts in Richmond Jan' 03 and Capital Hill July' 03.**
  - ✓ Organized constituents and transit agencies for outreach effort in Richmond. Distributed 250 transit Education Kits to General Assembly members and their staffs.
  - ✓ Met with key congressional and senatorial staffers on the hill in conjunction with APTA's lobby day. Distributed information regarding transportation challenges in Northern Virginia.



# Outreach Goals for 2004



- **NVTC 40<sup>th</sup> Anniversary**
  - Use this milestone to draw attention to the challenges facing public transportation in Northern Virginia.
  - Road show meetings.
  - Reception on April 1, 2004 to recognize NVTC's accomplishments
- **Text Messaging**
  - Bring service to all NVTC jurisdictions.
  - Advertising campaign to promote text messaging and electronic schedules.
- **Legislative outreach**
  - Second Annual Transit Education Day to be held January 27, 2004 in Richmond.
- **NVTC web site**
  - Expansion and greater use of this tool.



## Adam McGavock – Significant Accomplishments for 2003

- ✓ **GEORGE bus** began revenue service in January.
- ✓ **GEORGE bus route and schedule changes address customer/resident concerns.**
- ✓ **GEORGE buses now maintain schedule.**
- ✓ **ITS Evaluation Project completed within \$105,000 budget**, final report provides methodology for monitoring performance data and evaluating success of ITS investments.
- ✓ **Secured DRPT grant** to purchase and operate SmarTrip Point-of-Sale network in Loudoun County.





# **Adam McGavock – Goals for 2004**



- **Completing an evaluation of the GEORGE bus demonstration**
- **Assisting the City of Falls Church with securing funds for the continuation of the GEORGE bus service, after the demonstration ends**
- **Completing the installation of 384 SmarTrip compatible fareboxes and garage computer systems for local transit systems in Northern Virginia**
- **Completing year one of the NTD Data Collection project, thereby securing an additional \$4 million in Federal funding for WMATA**
- **Demonstrating the effectiveness of the web-based process for monitoring performance data on transit-related ITS investments, using the GEORGE bus Automatic Passenger Counters as an example**



**Jana Lynott –**

**2003 Accomplishments**



- ✓ **Obtained agreement from six property owners to lease parking to VRE at Woodbridge, Brooke, Rolling Road, Broad Run, and possibly Manassas Park totaling 500 additional parking spaces identified for emergency need**
- ✓ **Organized and moderated a session on transit response for 3rd Annual Regional Incident Management Conference**
- ✓ **Convening and facilitating efforts to develop contingency plans for key NOVA Metrorail station areas**
- ✓ **Active participant on MWCOG's Emergency Transportation Work Group**
- ✓ **Watchdog for ensuring procedures for HOV lift restrictions are properly implemented**
- ✓ **Served on HOV task force leading to legislative proposals for new legislation**



## **Jana Lynott – Goals for 2004**

- **Serve as Contract Manager to oversee the consultant contract and budget for the NOVA 2020 Plan update**, helping to ensure that the new plan articulates a balanced transportation vision and that scarce transportation dollars are wisely spent.
- **Organize and lead contingency planning sessions.** NOVA transit operators and emergency response personnel will be better prepared to quickly respond to partial shutdowns of our transit network in a coordinated manner thanks to NVTC's leadership in convening the contingency planning sessions.
- With state grant funding assistance, **NVTC will help position our transit operators to effectively prepare for an aging population's mobility needs.**

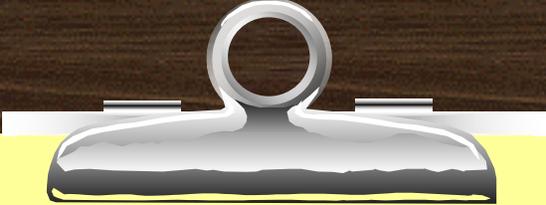


**Scott Kalkwarf --**

**Accounting Accomplishments 2003**



- ✓ **Determined the Department of Taxation was incorrectly deducting certain fees from the monthly Motor Vehicle Fuel Sales Tax** received by NVTC. This resulted in **refunds to NVTC jurisdictions of over \$81,000.**
- ✓ **By analyzing detailed monthly collection reports from the Department of Taxation, discovered unusual account activity** and communicated this to the MVFST Field Representatives, resulting in revenue reallocation among several jurisdictions.
- ✓ **Maintained NVTC's SAM formula allocating over \$80 million** in assistance received by NVTC during FY 2004 among the member jurisdictions.
- ✓ **Applied for over \$140 million in FY 2004 state operating and capital assistance** for Virginia's share of WMATA subsidies and local system needs.



## Scott Kalkwarf -- Goals for 2004



- **Work with the Department of Taxation** to develop fully the newly created MVFST position so it is most effective and to encourage the Department to quickly fill the position.
- **Continue regular meetings with the MVFST Field Representatives** to develop ideas for enhancing revenue collections and ways in which NVTC can assist in their audit and collection efforts.
- **Update NVTC's SAM** formula using the most recent available data and provide continual projections of available funds to jurisdiction staff.
- **Apply for FY 2005 state operating and capital assistance** by February 2<sup>nd</sup> using the best available WMATA budgets.

### **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 2004

### 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 frequent legislative alerts to commissioners and local staff during the session in a user-friendly format. Focus on transit funding.
3. Participate on the American Public Transportation Association's (APTA) legislative, policy, 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 make it more 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 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 before they are 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 and subsequent revisions (such as NVTA's 2030 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.
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 and use to 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. With project partners WMATA and Falls Church, continue GEORGE bus service in Falls Church to connect with the East and West Falls Church Metrorail stations. Work with Falls Church to obtain funding to continue the service after the demonstration ends. Complete a demonstration project evaluation report.
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 clearinghouse.
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 by inventorying bicycle racks available at park and ride lots served by transit and examining connections to bike trails. 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. Compile and publish annually lists of parking lots by jurisdiction with associated bus routes. Coordinate with and verify the accuracy of other sources of information on this subject, such as those provided by MWCOG and VDOT. Focus on documenting accurate transit connections. Work to accomplish transit-accessible parking supply and pricing in the region.
11. 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.
12. 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.
13. Coordinate marketing of the state-funded regional bus fare buy down program.
14. Assist Northern Virginia's transit systems in accessing 511 traveler information telephone systems and explore ways to provide toll free connections at reduced cost.

#### **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 February 1, 2004, 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. If asked, manage the procurement of a consultant to provide analyses for the NVTA 2030 update of Northern Virginia's Transportation Plan.
9. Manage, at the request of WMATA, the procurement of a consultant to determine vanpool use, with funds provided by VDOT.

## **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. Monitor the WMATA Board's new Task Force regarding 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. Assist the VRE Operations Board in recruiting.
6. As part of the VRE team, through negotiation with CSXT, Norfolk Southern and Amtrak, agree on multi-year access and operations contracts and 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 helping to design 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 completion 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. Work to preserve future transit rights-of-way (e.g. on I-66).
2. Work in support of NVTC's policies favoring HOV-3 on I-95/395. 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. With state and local governments, consider the benefits of implementing the improvements to I-95/395 HOV lanes contained in a recent report by BMI.
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. Assist in coordinating the transit, vanpool and ridesharing components of planning studies by MWCOCG, VDOT, DRPT, NVTA and others.
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. Use the data to assist DRPT in efforts it may pursue to examine performance standards.
10. Promote telework and examine proximate commuting (organized exchange of jobs) as 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. Written summaries will assist transit operators and MWCOG in its regionwide program.
12. Recognizing the aging population, perform 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.

## 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 and 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; and
  - 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.
  - j. Implement a new distribution method for NVTC's monthly meeting materials 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. Use NVTC's 40<sup>th</sup> anniversary during 2004 as a unifying theme to promote the effectiveness of transit and ridesharing and the need for additional transit funding. Complete scanning into NVTC's website all historical NVTC studies and research reports.
- 6. Continue the emphasis on educating the public about the transit funding crisis. Cooperate with WMATA in its Metro Matters campaign and engage the Board of Trade and other allies in promoting NVTC's message.
- 7. Assist in marketing ridesharing and carsharing innovations.

## END OF YEAR REPORT ON PROGRESS ON SIGNIFICANT NVTC PROJECTS

— DECEMBER, 2003 —

PROJECT NAME: Regional Electronic Fare Payment System (SmarTrip)

PROJECT MANAGER: Adam McGavock

DESCRIPTION OF PROJECT: The Regional Electronic Fare Payment System project (more commonly known as SmarTrip) involves the purchase and installation of 387 SmarTrip compatible fareboxes on the buses of Arlington County ART, Alexandria DASH, City of Fairfax CUE, Fairfax County Connector, Loudoun County Transit, and PRTC's OMNIRide and OMNILink. The project also includes the integration of SmarTrip payment with the VRE fare collection system. All local systems will be connected to the Regional Customer Service Center (RCSC) through garage computer systems communicating through a Data Network Concentrator. The fareboxes and garage computer systems are being purchased from Cubic Transportation Systems Inc. WMATA is also planning to purchase and implement a network of Point-of-Sale devices to sell and add value to SmarTrip cards at participating retail locations throughout the WMATA compact area. NVTC has secured DRPT funding to purchase and operate 19 Point-of-Sale devices in Loudoun and Prince William counties. The SmarTrip project also includes a contract with the IBI Group to provide technical assistance for the installation of the fareboxes, garage computers, and fare payment integration.

### MILESTONE ACCOMPLISHMENTS TO DATE:

NVTC executes contract with Cubic Transportation Systems – November 2001  
NVTC executes contract with IBI Group, Inc. – November 2001  
Loudoun County added to farebox and tech. assistance contracts – April 2002  
Completed WMATA First article testing – August 2002  
Began WMATA in service qualification testing – November 2002  
Completed garage inspections in Northern Virginia – April 2003  
Completed preliminary and final design review of equipment to be installed in Northern Virginia – April 2003  
Secured DRPT grant to purchase and operate POS network for PRTC and Loudoun – June 2003  
Participating in design review process for RCSC and DNC – July 2003

### MILESTONES REMAINING:

Completing design review process for RCSC and DNC – July 2003  
Farebox and garage installations in Northern Virginia – Summer 2004  
Data system integrity test – 2004  
Final acceptance – 2004

## PROJECT BUDGET STATUS:

Farebox purchase contract: \$5,081,589 (\$4,176,178 remaining) Funding from VDRPT grant of \$4,074,712, FTA grant of \$1,000,000 (with \$250,000 in matching VDRPT funds)

IBI Technical Asst. contract: \$284,184 (\$194,330 remaining) Funding from FTA grant of \$200,000 (with VDRPT matching funds of \$50,000) and VDRPT grant of \$34,184

## ISSUES:

Bringing together seventeen transit systems that operate in seventeen different localities across two states and the District of Columbia is a difficult process. Getting these systems and localities to agree on how to implement and administer an integrated fare payment system, customer service center, and financial clearing system is even more difficult. When you add the consultants, vendors, and contractors to this mix, it is not surprising that the project is a little bit behind schedule. However, we are confident that solutions will be found that are amenable to all parties involved, and that in the very near future, the Washington DC area will be home to the nation's first regionally integrated electronic fare payment system.

NVTC is working with WMATA and transit operators in Northern Virginia on several key elements of the SmarTrip implementation. The integration of SmarTrip functionality into the VRE fare payment system has proven to be the most complex and difficult aspect of this project. We are currently working with Cubic, VRE, and the IBI Group to finalize the details on several proposed solutions.

The extensive delays and lack of a firm schedule for the garage and farebox installations have also been problematic for the local systems. The WMATA ISQT has now been extended to a second garage (November 2003) and this additional ISQT will last for 60 days. At the end of that 60 day period, if there are no significant problems, there will be a 90 day "ramp up" period leading up to a full installation of the fareboxes on all WMATA buses. MTA has scheduled ISQT on their system for March of 2004, which would place their full system installation in the late spring of 2004, provided there are no problems with their ISQT. If the WMATA installation and MTA installation proceed as scheduled, the Northern Virginia fareboxes will be installed in the summer of 2004.

The issue that most concerns us at this time relates to the new card formats and software iterations that Cubic is proposing to install. The software that is being installed on the WMATA bus system is known as Nextfare 3. Cubic has informed Northern Virginia that we will be receiving the Nextfare 4 (an improved version of Nextfare 3) software system for our fareboxes and garage computers. Cubic is also planning on providing a new card format, which supports MTA's current requirements and future regional requirements. This card format is known as the Regional Transit Application (RTA.) It is the format that stores multiple pass products and allows the Fair Fares, autoloading, and other important features. Any system with Nextfare 4 (also being provided to MTA and being negotiated with WMATA) will be able to read this format as well as the current SmarTrip purse. However, the Nextfare 4 system that reads this

RTA format cannot simultaneously read current WMATA SmarTrip passes. Pass functionality is a critical issue for transit systems in Northern Virginia, as many of them accept WMATA passes. The region had discussed the short-term solution to providing a single card based pass using the type 3-64 SmarTrip pass "slots". However this may not be effective if there is a mix of Nextfare 3 and Nextfare 4 products deployed in the region. Current WMATA bus and rail passes that are readable by Nextfare 3 and WMATA rail are not readable by Nextfare 4 equipment. NVTC and WMATA staff are working together to make sure this functionality is preserved.

There was also the issue of maximum stored value on the SmarTrip card. WMATA has chosen a maximum stored value of \$200, due primarily to fraud concerns. VRE and PRTC would like to see a higher limit, because many of their monthly passes cost well over \$200. WMATA staff have informed NVTC that they are open to increasing the maximum stored value on SmarTrip cards.

There had been issues of how to address financial clearing during an interim period when fareboxes are installed on buses in Northern Virginia, but there is no clearinghouse. Due to the extensive delays in installing fareboxes, there is no longer any reason to expect an interim period, so this is no longer a concern.

END OF YEAR REPORT ON PROGRESS ON SIGNIFICANT  
NVTC PROJECTS

— DECEMBER, 2003 —

PROJECT NAME: NTD Data Collection

PROJECT MANAGER: Adam McGavock

DESCRIPTION OF PROJECT: In order to bring additional federal transit funding to the region, transit systems in Northern Virginia must complete the annual National Transit Database report. The National Transit Database report collects extensive information on all aspects of a transit system's existence, including operating statistics (trips, miles, hours, passenger miles,) financial information, safety statistics, staffing, and funding sources. Although the new online reporting system is an improvement, the task is still very time-consuming. The purpose of this project is to assist the local transit systems with the more complex aspects of completing their annual NTD reports.

The consulting team will put together sampling plans, collect ridership data, complete NTD reporting forms, and perform any other tasks as requested by the individual systems. Annual costs for this consulting assistance will be negotiated each year. Funding will come from a change in NVTC's subsidy allocation, which provides state aid funds "off the top" of NVTC's funding.

MILESTONE ACCOMPLISHMENTS TO DATE:

Proposals Evaluated and Contract Awarded - May 2003

Technical Advisory Committee assembled with representation from DRPT, Arlington, Alexandria, Fairfax County, Loudoun County, and the city of Fairfax. – June 2003

Kick-off meeting – June 2003

Create work plan for FY04 – July 2003

Negotiate price for FY04 work plan – July 2003

Compile stop lists and update routes – October 2003

MILESTONES REMAINING:

Repeat for subsequent years (three year contract with two year option)

PROJECT BUDGET STATUS:

George Hoyt and Associates contract: \$172,276 (\$163,481 remaining)

## ISSUES:

For smaller systems, such as ART or Loudoun County Transit, the completion of the NTD report is a burdensome task. They simply do not have the staff or the resources on hand to complete the NTD report without disrupting important aspects of their operation. Also, there is no direct financial incentive for these small systems to complete their reports. Federal funds are generated, but these funds go to WMATA rather than the local systems. In spite of this, it is still beneficial to the region for the local systems to complete their reports. Increased federal funding for WMATA means less financial burden on the local jurisdictions, which means more local money for transit. We have estimated that WMATA will receive an additional \$4.1 million in federal funding as a result of NTD reports from Northern Virginia transit systems, which more than balances the cost of this project.

In the early stages of the project, the consultant has been compiling stop lists, and updating route maps with Fairfax County. Data collection should begin by late November on Connector routes. The consultant has assisted the City of Fairfax with completing the necessary forms for filing the 2003 NTD submissions, and has begun the sampling process for the 2004 NTD. The consultant has also assisted Loudoun staff with completing some of the 2003 NTD filings.

## END OF YEAR REPORT ON PROGRESS ON SIGNIFICANT NVTC PROJECTS

— DECEMBER, 2003 —

PROJECT NAME: ITS Evaluation

PROJECT MANAGER: Adam McGavock

DESCRIPTION OF PROJECT: This purpose of this project is to document the applications of ITS (Intelligent Transportation Systems) operating in Northern Virginia, and provide a framework for evaluating the benefits of these ITS applications. The project consists of three major tasks: an inventory of existing ITS applications, a documentation of the effectiveness and benefits of these applications (achieved through interviews with vendors, system managers, and a passenger survey), and a final report that contains the results of the first two tasks plus an explanation of ways for NVTC to continue gathering information on ITS applications and measuring performance.

### MILESTONE ACCOMPLISHMENTS TO DATE:

Completed Task 1 – Inventory of existing ITS applications – 85 ITS applications documented in the region – January 2003

Completed Task 2 – Evaluating results of ITS applications via manager/vendor interviews and passenger survey

- 23 interviews conducted with managers or vendors associated with high profile ITS applications in the region – February, March 2003
- 14,000 passenger surveys distributed at 17 Metrorail stations in Northern Virginia, 2,292 completed surveys returned – April 2003

Task 3 – Final Report – August 2003

Presentation of final results to NVTC Board – September 2003

### MILESTONES REMAINING:

Continuing Evaluation Process

### PROJECT BUDGET STATUS:

Project budget: \$105,263, \$100,000 State funds, 5% local match (\$19,186 remaining)

ISSUES: The consultant has presented the final report to the board, and has received their approval to publish the final report. At this time, the consultant is still addressing comments from NVTC and local staff, and has not yet completed the final version of the report. The final version should be received by the middle of December. NVTC staff are working with the consultant to ensure that the final report addresses all comments and suggestions received.

NVTC staff are also requesting the board's permission to undertake a pilot evaluation to demonstrate the validity of the recommended ITS evaluation system. The pilot evaluation will look at the benefits provided by the Automatic Passenger Counting

systems on the GEORGE buses, using the forms recommended in the report. This will illustrate whether the proposed evaluation process is practical, what the future demands might be on project sponsors and whether the results of the process are likely to be worthwhile if expanded to additional projects in the future.

END OF YEAR REPORT ON PROGRESS ON SIGNIFICANT  
NVTC PROJECTS

— December, 2003 —

PROJECT NAME: City of Falls Church GEORGE Bus Service

PROJECT MANAGER: Adam McGavock

DESCRIPTION OF PROJECT: This project involves the purchase of four clean diesel buses for the GEORGE bus service in the city of Falls Church. The buses are equipped with state of the art, low-pressure exhaust gas re-circulation systems and particulate filters, which provide for dramatically reduced emissions. For example, the GEORGE buses will emit 50% less NOx than standard diesel buses, 80% less carbon monoxide, and 90% less particulate matter. The demonstration project also covers 18 months of operating costs for the GEORGE system, with WMATA providing the drivers, maintenance, and garage facilities. In addition, project funding will cover initial marketing and promotional expenses for the GEORGE service. Originally, there were plans to include a hybrid-electric bus in the GEORGE fleet, as a six-month demonstration. Unfortunately, the manufacturer of the hybrid buses (AVS) has declared bankruptcy, and will not be fulfilling its contractual obligation to provide a vehicle. NVTC has filed a claim against AVS and is awaiting a ruling from the bankruptcy court.

MILESTONE ACCOMPLISHMENTS TO DATE:

Start of Project - February 1997  
Secured final \$250,000 in 5309 funds for project - December 2002  
Purchased four Thomas 30 foot Clean Diesel Buses and four low pressure exhaust gas recirculation filters - December 2002  
Buses titled to WMATA - December 2002  
SmarTrip fareboxes installed at WMATA as part of ISQT at Arlington garage - December 2002  
Clever Devices Stop Annunciators and Automatic Passenger Counters installed at WMATA - December 2002  
First Low-pressure exhaust gas recirculation and particulate filters installed - January 2003  
Remaining EGR filters installed – April 2003  
Free fare service began December 15, 2002  
Revenue service began January 12, 2003  
Initial monthly ridership - 1,100 (January 2003)  
Current monthly ridership - 4,400 (September, 2003)

MILESTONES REMAINING -

Sign Operating Agreement with WMATA - As soon as WMATA presents an acceptable draft

Evaluation of routes and schedule, to be performed by WMATA personnel - ongoing  
Low-pressure EGR performance evaluation, to be conducted at WMATA - June 2004  
Final Project Evaluation - July 2004

Assist Falls Church with finding funding for GEORGE service after demo is completed -  
Now through August 2004

#### PROJECT BUDGET STATUS:

|                            |             |
|----------------------------|-------------|
| Capital funds expended:    | \$1,683,577 |
| Capital funds remaining:   | \$ 164,312  |
| Operating funds remaining: | \$1,132,000 |
| Total remaining funds:     | \$1,296,312 |

#### Capital funding Sources:

|                               |           |
|-------------------------------|-----------|
| 1998 Federal Grant            | \$390,879 |
| 1999 Federal Grant            | \$397,000 |
| 2001 Federal Grant            | \$202,673 |
| 1995 State Grant (VDOT/VARF)  | \$88,628  |
| 1998 State Grant (VDRPT/TEIF) | \$146,081 |
| Recovery from Manufacturer #2 | \$202,810 |
| NVTC In-Kind (Through FY 02)  | \$80,208  |
| WMATA In-Kind                 | \$100,000 |
| Falls Church Contributions    | \$12,814  |
| Recovery from Manufacturer #1 | \$62,484  |

#### Operating funding sources

|  |           |
|--|-----------|
| 1998 State Grant (VDRPT/TEIF)                              | \$101,431 |
| 1999 Federal Grant (CMAQ)                                  | \$564,000 |
| 1999 State Grant (VDRPT/TEIF)                              | \$310,900 |
| Falls Church Contributions @ \$40,000/year for three years | \$107,186 |
| Passenger Fare Revenue @\$15,000/year                      | \$30,000  |
| Recovery from Manufacturer #1                              | \$10,751  |
| Interest on Recovery #1& #2& Falls Church Contributions    | \$7,732   |

ISSUES: When the GEORGE buses began revenue service in January of 2003, it marked the end of a very difficult five-year process. The process of bringing neighborhood bus service to the city of Falls Church started with two unsuccessful attempts to use hybrid-electric buses from two different manufacturers, which led to protracted disputes over the performance failures of the hybrid buses, which then led to long and drawn out settlement processes. Finally, with additional funds secured through an earmark from Congressman Moran, NVTC was able to purchase the four

clean diesel buses that now provide reliable service to the neighborhoods of Falls Church.

In the initial six months of service, the GEORGE bus system was plagued with schedule problems and customer complaints. Certain segments of the routes traveled long stretches on narrow streets with 15 mph speed limits and speed bumps. By mid day, the buses were running as much as 30 minutes behind schedule, and this was causing drivers to speed on their routes in an attempt to catch up. The speeding brought complaints from residents and riders. There were also neighborhoods that did not want the buses on their streets, and complained frequently about the noise and vibrations caused by passing buses. WMATA, Falls Church, and NVTTC staff worked together to address these problems in July of 2003. The ridership records provided by the Clever Devices Automatic Passenger Counting systems proved to be an essential and powerful tool for this effort. Using these records, we were able to see which segments of the routes had little or no ridership. We could then match up these segments with segments of the route which created delays. Finally, we pinpointed areas of the route, which had received the most complaints from residents. Areas of the route which matched all three categories (little or no ridership, causing delay, residential complaints) were trimmed from the routes. The new routes are slightly shorter, but considerably faster. According to WMATA staff, schedule adherence is dramatically improved. City of Falls Church staff also report that complaints have dropped to almost zero.

## END OF YEAR REPORT ON PROGRESS ON SIGNIFICANT NVTC PROJECTS

— DECEMBER, 2003 —

PROJECT NAME: Transit Performance Database

PROJECT MANAGER: Adam McGavock

DESCRIPTION OF PROJECT: The Transit Performance Database provides monthly and/or annual performance data for transit systems operating in the NVTC jurisdictions. The database is accessible by the public through our NVTC website, and allows anyone to obtain performance information on these transit systems without having to make multiple calls, or disturb the transit system employees. Currently, the Transit Performance Database contains operating and revenue information for VRE, WMATA (Northern Virginia only), Alexandria DASH, Loudoun County Transit, Fairfax Connector, CUE, and GEORGE.

### MILESTONE ACCOMPLISHMENTS TO DATE:

Annual and/or monthly data on revenue miles, revenue hours, one-way passenger trips, passenger miles, and passenger revenues posted on website – January 2003

First update of monthly data – June 2003

Second update of monthly data – December 2003

### MILESTONES REMAINING:

Updates of annual performance data, to coincide with Annual Performance Update - yearly

Updates of monthly performance data (VRE, WMATA, DASH) – every six months

### PROJECT BUDGET STATUS:

Administrative function of NVTC, approximately 20 hours of staff time each quarter

### ISSUES:

There is a great variation among local transit providers on how much operating information they provide to the public. Some systems only provide information through NTD reports, which lag far behind in terms of publication (the most current data available at this time from the NTD site is FY 2001). Other systems, such as DASH and VRE, provide comprehensive data to the public on a monthly basis. Ideally, we would like to receive this level of detail from all of the systems in our jurisdictions. There are also difficulties with the WMATA ridership information for Northern Virginia. WMATA does not provide breakdowns of Metrorail ridership by jurisdiction, which means that these numbers have to be aggregated and estimated from system-wide reports. In

terms of Metrobus ridership, WMATA provides “highest average daily ridership” figures on a monthly basis for each of the bus routes operating in Northern Virginia. These provide a reasonable estimate of monthly Metrobus ridership in Northern Virginia. Recently, we have found that the route revenue analyses that are distributed to the JCC can provide an even more accurate estimate of monthly ridership, and we are attempting to use these as much as possible.

END OF YEAR REPORT ON PROGRESS ON SIGNIFICANT  
NVTC PROJECTS

— DECEMBER, 2003 —

PROJECT NAME: Bus Shelter Project

PROJECT MANAGER: Adam McGavock

DESCRIPTION OF PROJECT: The Northern Virginia regional bus shelter program is designed to facilitate the procurement and installation of bus shelters at highly utilized stops in the Northern Virginia area, using CMAQ funds provided in 1998. Participating jurisdictions/agencies include Arlington County, Fairfax County, Alexandria and the Potomac and Rappahannock Transportation Commission. These agencies met and agreed to complete independent procurements, as well as provide their portion of the required local match. The current funding of the project was estimated to provide approximately 45 shelters, at an average price of \$10,000 per shelter. NVTC was asked by DRPT to coordinate the local sharing of funds for this project, and to manage requests for reimbursement. Alexandria has obligated their \$150,000 in funding to construct seven bus shelters under contract with Wilbur Smith. Thus far they have billed \$32,954 to the grant. Fairfax has billed \$107,689 for the construction of eight bus shelters throughout the County.

MILESTONE ACCOMPLISHMENTS TO DATE:

City of Alexandria uses grant funds to construct seven bus shelters – January 2002  
Fairfax County uses grant funds the construction of eight shelters – June 2003

MILESTONES REMAINING:

Expenditure of the remaining grant funds prior to June of 2004

PROJECT BUDGET STATUS:

The project budget includes \$360,000 in CMAQ funds (administered by DRPT) and \$90,000 in local matching funds. Of these funds, \$309,357 remains.

The funds are allocated by jurisdiction as follows:

City of Alexandria:

|                |           |   |
|----------------|-----------|---|
| CMAQ funding   | \$120,000 |   |
| Matching funds | \$ 30,000 |   |
| TOTAL          | \$150,000 | <i>All City of Alexandria funds obligated,<br/>\$32,954 billed to grant</i> |

Arlington County:

|                |           |
|----------------|-----------|
| CMAQ funding   | \$120,000 |
| Matching funds | \$ 30,000 |
| TOTAL          | \$150,000 |

Fairfax County:

|                |           |   |
|----------------|-----------|---|
| CMAQ funding   | \$120,000 |   |
| Matching funds | \$ 30,000 |   |
| TOTAL          | \$150,000 | <i>\$107,689 in Fairfax County funds billed</i> |

ISSUES:

The first question everyone asks about this project is “why hasn’t all of this money been spent?” The grant funds have been available for almost three years, yet there is still a sizable portion that has not yet been spent. Why has it taken so long to spend this money?

The main problem is that the process of building shelters is very time-consuming. Most would probably consider the construction of a bus shelter to be a simple process, like putting up a tool shed. However, constructing a bus shelter is more complex than one would think. They require extensive engineering studies, land surveys, siting, and frequently require easements. In some ways, constructing a shelter is every bit as laborious as constructing a public building. This is why it has taken so long for most of this money to be used.

## END-OF-YEAR REPORT ON PROGRESS ON SIGNIFICANT NVTC PROJECTS

— December, 2003 —

PROJECT NAME: Air Quality Code Red Free Bus Fares

PROJECT MANAGER: Jana Lynott

### DESCRIPTION OF PROJECT:

As part of a continuing regional air quality improvement strategy, this project provides free bus service on forecast Air Quality Code Red Ozone Action Days as an enticement to travelers to take public transportation. Participating providers include Arlington Transit, DASH, Fairfax Connector, CUE, Loudoun County Transit, Virginia Regional Transportation Association, Falls Church George, and WMATA.

NVTC is responsible for administering the CMAQ funds received for this project. Since project inception in 1999, CMAQ funds totaling \$2,230,000 have been made available to NVTC.

### MILESTONE ACCOMPLISHMENTS TO DATE:

- Two forecast Code Red Days occurred this season (June 25 and 26, 2003).
- Invoices have been processed and reimbursements have been made to each of the transit providers.
- The NVTA is scheduled to approve the Interim Technical Committee's recommended list of FY 05 CMAQ and RSTP projects on December 11, 2003, which includes \$290,000 of additional CMAQ money for the project (\$270,000 for free fare reimbursement and \$20,000 in additional funds to complete the program evaluation).

### MILESTONES REMAINING:

Administer program during 2004 Ozone Season.

### PROJECT BUDGET STATUS:

The current project budget is \$726,334, of which \$709,125 is available for free fare reimbursements. Based on an estimated weekday average cost of \$80,000 per day, which takes into account the increased fares of our transit providers, we have sufficient funds to cover eight forecast Code Red Days. Approval of the FY05 CMAQ application would net sufficient funds for four additional forecast Code Red Days.

### ISSUES:

Some transit systems do not accurately count passengers on Air Quality Code Red days. Each transit system has been reminded of the importance of accurate counts, even though fares are free.

# END-OF-YEAR REPORT ON PROGRESS ON SIGNIFICANT NVTC PROJECTS

— December, 2003 —

PROJECT NAME: Air Quality Code Red Free Bus Fares Evaluation Project

PROJECT MANAGER: Jana Lynott

## DESCRIPTION OF PROJECT:

At the request of NVTC's Board members, staff obtained \$85,000 in the FY04 CMAQ grant to evaluate the effectiveness of offering free bus fares on Air Quality Code Red Days. This project is particularly timely given the challenges the region faces, both in meeting air quality requirements and addressing budget constraints. The evaluation includes a telephone survey targeted to the general population, an on-board bus survey of bus riders, and an analysis of emissions reductions.

## MILESTONE ACCOMPLISHMENTS TO DATE:

During the spring and summer of 2003, NVTC procured a consultant (BMI-SG) to evaluate the program's effectiveness through the administration of a telephone survey, on-board survey and assessment of emissions reductions resulting in use of the program. The telephone survey to test the public's general level of awareness was completed in August. The on-board survey was pre-tested on the first forecast Code Red Day of the season (June 25). Because the survey instrument was not complete on June 26, the second and last forecast Code Red Day of the season, the on-board survey could not be completed. The on-board bus survey was intended to assess whether free fares lead to ridership increases on days the promotion is offered. Origin and destination data obtained from respondents was to be used to estimate emissions reductions resulting from increased ridership on area buses.

The consultant has prepared an interim report based on the findings of the telephone survey and initial analysis of reported ridership gains provide a rough estimate of emissions reductions.

## MILESTONES REMAINING (proposed):

- Execute on-board survey on three Air Quality Code Red Days (Summer 2004)
- Analyze final survey results (Fall 2004)
- Complete final report (December 2004)

## PROJECT BUDGET STATUS:

\$42,843 of the \$80,000 consultant budget has been invoiced and paid.

## ISSUES:

The survey and associated logistics were not in place for the first Air Quality Code Red Day on June 25, 2003. At the January commission meeting, staff will recommend Commission approval of adding an additional \$20,000 of CMAQ funds to the consultant's contract to complete the on-board survey and emissions analysis in Summer 2004. The additional funds will cover the cost of designing a new sample, retraining survey workers, and final report preparation.

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## END-OF-YEAR REPORT ON PROGRESS ON SIGNIFICANT NVTC PROJECTS

— December, 2003 —

PROJECT NAME: VRE Emergency Parking Strategies

PROJECT MANAGER: Jana Lynott

### DESCRIPTION OF PROJECT:

Jana Lynott was asked in June 2003 to identify offsite, temporary emergency overflow parking that could be used by VRE's customers should a major incident such as 9-11 cause a surge in ridership. The goal was to identify additional parking near to Broad Run, Manassas, Manassas Park, Burke Center, and Rolling Road on the Manassas Line and Brooke and Woodbridge stations on the Fredericksburg Line. Parking lots that are not within walking distance of the station would be served by a shuttle bus service.

### MILESTONE ACCOMPLISHMENTS TO DATE:

- Windshield survey of seven station locations completed April 2003
- 14 property owners contacted
- Delivered a project briefing to the VRE Operations Board on June 20, 2003.
- Willing property owners have been identified for Woodbridge, Brooke, Rolling Road, Broad Run, and possibly Manassas Park.
- Lease drafted in July 2003.

### MILESTONES REMAINING:

- VRE legal counsel to review draft and finalize.
- VRE Board to approve leases.
- Shuttle service agreements will be secured.
- Will meet with VRE management to discuss Phase II work, which includes the exploration of longer term parking opportunities.

### PROJECT BUDGET STATUS:

NVTC has more than sufficient VRE funding projected to cover Ms. Lynott's continued work on this project.

### ISSUES:

Slow legal review of draft lease has prevented closure on initial contracts.

## END-OF-YEAR REPORT ON PROGRESS ON SIGNIFICANT NVTC PROJECTS

— December, 2003 —

PROJECT NAME: Annual Transit Performance Update

PROJECT MANAGER: Jana Lynott

### DESCRIPTION OF PROJECT:

NVTC publishes a comprehensive annual update of facts and figures on the state of the transit industry for Northern Virginia. The latest issue (number 18 in a series) includes information on transit services, the performance of high-occupancy vehicle lanes, and the latest summary information on carpooling, park-and-ride lot capacity, and priority bicycle and pedestrian projects.

### MILESTONE ACCOMPLISHMENTS TO DATE:

The 2003 issue of the Transit Performance Update was completed in March. NVTC features this document in an interactive format on its website. Reviewers can use internally embedded links to jump between sections of the report and other websites and use the keyword search capability. In addition to its usefulness to NVTC commissioners and the general public, this document is frequently referenced by transportation professionals doing background research for environmental impact studies and long-range planning, such as the preparation of DRPT's Needs Assessment and Six-Year Plan.

### MILESTONES REMAINING:

Work on the 2004 issue began Fall 2003. Publication anticipated February 2004.

### PROJECT BUDGET STATUS:

Project is fully funded under NVTC's Administrative Budget.

### ISSUES:

Collecting the performance data from each individual transit system and other regional agencies is time consuming and difficult, since the agencies use different reporting standards. Available data varies widely in detail and frequency and care is needed to ensure comparability. It has been especially difficult to design a process to record Metrorail and Metrobus ridership by Virginia passengers since WMATA publishes systemwide ridership. It has also been difficult to derive mode share data for specific Virginia commuting corridors from WMCOG's regionwide cordon counts. NVTC staff has requested a meeting with MWCOC's transportation data collection team to discuss needed improvements to the regional transit data collection effort.

## END-OF-YEAR REPORT ON PROGRESS ON SIGNIFICANT NVTC PROJECTS

— December, 2003 —

PROJECT NAME: GIS Mapping and Analysis

PROJECT MANAGER: Jana Lynott

### DESCRIPTION OF PROJECT:

NVTC is expanding its use of GIS mapping and analysis to a number of projects (see below). There are almost limitless possibilities for Geographic Information Systems applications related to the mission of NVTC. GIS allows visualization of information in new ways that reveal relationships, patterns, and trends not visible through standard analyses. Any planning problem that has some relationship to a geographic point could potentially benefit from GIS.

### MILESTONE ACCOMPLISHMENTS TO DATE:

- Included color GIS maps in the 2003 Annual Transit Performance Update for the first time in 18 years
- Identified and evaluated potential parking locations for the VRE emergency parking strategies project.
- Developed maps for a session on transit emergency response that Ms. Lynott moderated at the 2003 Regional Incident Management Conference.

### MILESTONES REMAINING:

Ms. Lynott is exploring with Scott Kalkwarf and the Virginia Department of Taxation auditors the feasibility of using GIS to geocode the locations of gas stations in the NVTC District and link this geographic data with the financial databases to be provided by the Department of Taxation. This will enable more accurate accounting of fuel tax revenues as it will allow NVTC to verify the jurisdiction of operation as reported by operators on their registration, identify unexplained changes in revenue, and reduce errors.

Additional maps will be included in the 2004 issue of the Annual Transit Performance Update.

Ms. Lynott will prepare area maps for use in NVTC's brownbag luncheon series with transit operators to develop contingency plans for major Metro Station closures (see following project description).

Should NVTC be successful in securing a State Grant Application for a study on the mobility needs of our regions aging population, GIS analysis will be used to identify vulnerable populations and understand evolving demographic patterns.

#### PROJECT BUDGET STATUS:

GIS mapping and analysis is absorbed within NVTC's administrative budget.

#### ISSUES:

NVTC is still waiting on an electronic database from the Department of Taxation before it can begin to assemble gas tax receipt information by geographic area.

As is the case for all GIS work, the greatest challenge is in building a library of compatible geographic data files that can be layered and analyzed simultaneously. The MWCOG, PRTC, and others have been helpful in providing free data. Work in this area is ongoing.

## END-OF-YEAR REPORT ON PROGRESS ON SIGNIFICANT NVTC PROJECTS

— December, 2003 —

PROJECT NAME: Transit Emergency Response and Contingency Planning

PROJECT MANAGER: Jana Lynott

### DESCRIPTION OF PROJECT:

At the urging of our member jurisdictions, NVTC staff has agreed to host a series of brownbag luncheons to develop contingency plans for key Metro Station closures in Northern Virginia. These plans will outline alternative staging areas for buses should the Metrorail station be shut down. Plans will include instruction on bus stop and signage and schedule information, public information, and supervision of operations to adjust to changing traffic patterns. Procedures for instituting a bus bridge will also be devised. In addition, participants will identify issues for regional discussion such as the retiming of traffic signals and parking enforcement. The final product will be a series of approximately five-page summary plans that outline the recommended contingency plan for each key station area. The product will be shared with the Regional Transit Operators Emergency Preparedness Group and MWCOG as input to its regional planning effort. NVTC will co-sponsor these sessions with the local jurisdiction containing the station area under discussion. NVTC will facilitate the discussions, keep a record of the discussions, and draft contingency plans. Representatives of NVTC member jurisdictions, local transit operators, WMATA, and MWCOG have been invited to participate in these discussions.

### MILESTONE ACCOMPLISHMENTS TO DATE:

The first luncheon was held on November 25, 2003, to review and refine the Pentagon Transit Center Contingency Plan.

### MILESTONES REMAINING:

Contingency plans will be developed over the next several months for Rosslyn, Ballston, West Falls Church, Vienna, King Street, Huntington, and Franconia-Springfield Metro Stations.

### PROJECT BUDGET STATUS:

DRPT awarded NVTC a grant of \$1000 to support this effort. Funds will be used to print large scale maps and supply beverages to participants.

### ISSUES:

None

## END-OF-YEAR REPORT ON PROGRESS ON SIGNIFICANT NVTC PROJECTS

— DECEMBER, 2003 —

PROJECT NAME: Electronic Transit Schedules & Electronic Text Messaging

PROJECT MANAGER: Kala Quintana

### DESCRIPTION OF PROJECT:

Convert NVTC jurisdictional bus and VRE schedules into an easy to access format that can be accessed and downloaded to both Personal Digital Assistants (PDA's), and Hand Held Computers, as well as cell phones with internet access. This value-added free service will be beneficial to Northern Virginia riders and could potentially attract more riders to the area's transit systems by placing the most up to date bus schedule information literally in the palm of their hand. The text messaging component has recently entered into the expansion project and has sparked significant interest by all jurisdictions. This will allow operators to communicate directly in "real time".

### MILESTONE ACCOMPLISHMENTS TO DATE:

1. Executed sole source contract with Redmon Group and forwarded schedules for VRE, DASH, Connector, CUE, GEORGE in early April. Working closely with Arlington County to develop a "hand-held technology" marketing campaign. Arlington County is investing \$50K in regional promotion which was to be launched July 1, 2003.
2. Met with JCC and gave presentation to DC and Maryland staffs on June 27, 2003. They expressed interest. I met with Jane Taylor, Director of Marketing at WMATA to expand the schedule downloads to Metro routes in DC and Maryland. They are in the process of getting the appropriate approval to implement the technology.
3. PRTC expanding this service to their jurisdiction in Spring, 2004.

### MILESTONES REMAINING:

1. Secure grant funding to market the technology to area residents.
2. Launch regional joint Marketing Campaign in Spring/Summer, 2004
3. If approved by the commission, secure funding and contract for Text Messaging expansion
4. If approved, Implement text messaging by Summer, 2004.

PROJECT BUDGET STATUS:

On budget. \$37,000 billed June 30, 2003 concurrent with VDRPT deadline.  
Remainder \$6,500 for schedule update and maintenance costs to be billed as needed.  
Project total: \$45,000.

ISSUES:

None at this time

END-OF-YEAR REPORT ON PROGRESS ON SIGNIFICANT  
NVTC PROJECTS

— DECEMBER, 2003 —

PROJECT NAME: NVTC Web Site Development

PROJECT MANAGER: Kala Quintana

DESCRIPTION OF PROJECT:

Update NVTC's website and transfer under the domain name:  
[www.thinkoutsidethecar.org](http://www.thinkoutsidethecar.org) thereby continuing to establish NVTC as "The leading source of information on public transportation issues in Northern Virginia."

MILESTONE ACCOMPLISHMENTS TO DATE:

1. Website is up and running as of February 6, 2003;
2. Key word search capability;
3. Easier site navigation and information is better organized;
4. Archived data and reports—approximately 50 newly scanned documents, archival photos and memorabilia dating from 1964 - 2003;
5. Enhanced Interactivity, radio interviews, commercials, brochures, ListServ, Contact form and request or information forms;
6. Special password protected area for MAC members, NVTC Board and staff.

MILESTONES REMAINING:

1. Will continue to archive historical data, maps, reports and photographs to store on the NVTC web site. Thus providing easier access to the information by staff, users and visitors and safely preserving and securing the information in perpetuity.
2. Creation of a web maintenance manual.
3. Continued updates and enhancements to the site as needed
4. Provide access to NVTC meeting materials on web with e-mail notification to save printing and mailing costs.

## PROJECT BUDGET STATUS:

Work has been completed at a cost of \$18,000. Ongoing maintenance will be included in NVTC's annual administrative budgets at \$3 - \$5,000 per year.

## ISSUES:

Keeping the "What's New" section current requires vigilance by staff. Measuring the number of site visits, collecting feedback from site users and spreading the word about the availability of the information on the site are ongoing challenges.

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END-OF-YEAR REPORT ON PROGRESS ON SIGNIFICANT  
NVTC PROJECTS

— DECEMBER, 2003 —

PROJECT NAME: Legislative Initiatives

PROJECT MANAGER: Kala Quintana

DESCRIPTION OF PROJECT: NVTC's Legislative Committee is chaired by the Hon. Kate Hanley, and consists of one member from each NVTC jurisdiction plus a member of the Virginia Senate and a member of the House of Delegates. Each year the commission adopts a legislative agenda and pursues it actively at the state and federal levels, including letters and personal contact with legislators. The commission also supports the work of the Virginia Transit Association and Rick Taube chairs VTA's Legislative Committee.

MILESTONE ACCOMPLISHMENTS TO DATE:

1. Kala Quintana co-chaired Transit Education Day in Richmond, VA on January 30, 2003: "We are the Faces of Public Transportation!"
  - a. Hosted nearly 50 attendees in Richmond;
  - b. Organized legislators to come and speak to the group;
  - c. Attendees visited with legislators and passed out information about the benefits of public transportation;
  - d. Held a rally on the grounds of the capitol;
  - e. Attendees and participating transit organizations were recognized on the House and Senate floors for our commitment to public transportation;
2. VTA Legislative Committee met in August and November, 2003.
3. Attended APTA Legislative Committee meeting and Lobby Day on July 22 & 23, 2003. Another is scheduled for December 5, 2003.
  - a. Met with staffers at the offices of Sen. Allen, Rep. Davis, Rep. Wolf, & Sen. Warner. Distributed NVTC legislative agendas and information packets to them.
4. Renewed and distributed passwords for Lobbyist-in-a-Box (VIPNet) to monitor legislation for the 2004 General Assembly Legislative session.

MILESTONES REMAINING:

- Transit Education Day planning for 2004 has begun.
- Enhancement and addition of legislative information to NVTC's web page before 2004 General Assembly session.

- Tracking reauthorization of TEA-21 and advocating favorable actions for transit.
- Advocating legislation affecting transportation issues in the 2004 legislative sessions

PROJECT BUDGET STATUS:

NVTC staff time totaling about 80 hours annually plus VTA membership dues of \$800. and access to Legislative Alert Service at \$600.00.

ISSUES:

Ongoing need for more funding for transit from state and federal partners.

## END-OF-YEAR REPORT ON PROGRESS ON SIGNIFICANT NVTC PROJECTS

— DECEMBER, 2003 —

PROJECT NAME: Public Outreach

PROJECT MANAGER: Kala Quintana

### DESCRIPTION OF PROJECT:

We continue to establish NVTC as "The leading source of information on public transportation issues in Northern Virginia" through the use of Press Releases; Submission of Op-Eds to area print media like the Washington Post and The Northern Virginia Journal; Letters to the Editor and columnists like Steve Eldridge and Dr. Gridlock; participation with the TAGS executive board; jurisdictional support for local outreach initiatives;

### MILESTONE ACCOMPLISHMENTS TO DATE:

- TV interviews
  - WJLA-7 and News Channel 8 Elaine McConnell on the CTB Hearings and NVTC's CTB testimony. (March 2003)
  - Viewpoint on NBC-4 with Mary Margaret Whipple
- Press Releases
  - NVTC Calls on the General Assembly (Jan 03)
  - New NVTC officers and Work Program for 2003 (Jan 03)
- Transportation Nuggets
  - Distributed CD to jurisdictions and Commissioners for use of facts on their web sites. (Spring 03)
- Gas Tax Brochure printed
  - Distributed to all Northern VA Gas station retailers as an education tool (Spring 03)
- Op-eds
  - Letter from NVTC on Census Data (April 03)
  - Letters to Dr. Gridlock

- HOV Violators—countering the perception that HOV doesn't work (Jan 03)
- HOV enforcement (March 03)
- Northern VA Journal
- Balanced Transportation Network (August 13, 2003)
- Series of two Articles on the Transportation Funding Crisis
  - Numerous articles bringing transportation issues to the attention of the public
    - Connection Newspapers
  - Numerous articles bringing attention to transportation related challenges.
    - Serve as a resource for statistics
    - TAGS Executive Board
      - Elected Secretary of the TAGS Board.
      - Assisted in the design of the TAGS brochure.
- Assist in Annual Breakfast in Springfield planning and implementation
  - TAGS Safety Breakfast at the NoVA Medical Education Campus October 31, 2003.
    - Chaired Marketing/Image development
      - Preparing survey for riders
      - Communications plan
    - Jurisdictional Support
      - Loudoun County
      - Informal Communication “Audit.”
        - Assistance in conducting informal communication audit.
    - Assistance in establishing an image, logo development and branding their service as “LC Transit”.
      - Arlington County
        - Arlington County contractor review panel.

- Assistance in selection of outreach support contractors
  - ATP (Arlington Transportation Partners)
  - CAP (Commuter Assistance Program)
- Expansion of Electronic Schedule downloads/PDA project.
  - Expansion of Text Messaging to Northern Virginia
- Reaching out to DATA and LINK to see if we can assist them in any fashion.
  - Presentations
    - CTB Presentation with Elaine McConnell
- JCC presentation on Electronic Schedule Project expansion to MD & VA
- CTB Presentation Hearing, Oakton High School (Vienna, VA) November, 2003.
- Sharon Bulova's presentation to the board on her community hearings regarding referendum feedback.

#### MILESTONES REMAINING:

- Educate the public about NVTC's legislative objectives.

#### PROJECT BUDGET STATUS:

NVTC staff utilized all available marketing funds from the VDRPT Marketing Grant. Outreach activities are now fully funded from NVTC's administrative budget.

#### ISSUES:

Will consider initiatives for Multicultural Outreach, continued promotion of new technologies in transit, bus fare buy downs for Route 1, as well as HOV and rideshare initiatives.

## END-OF-YEAR REPORT ON PROGRESS ON SIGNIFICANT NVTC PROJECTS

— DECEMBER, 2003 —

PROJECT NAME: Motor Vehicle Fuels Sales Tax Audit Improvements

PROJECT MANAGER: Scott Kalkwarf

DESCRIPTION OF PROJECT: The purpose of this ongoing project is to enhance the Motor Vehicle Fuels Sales Tax revenue (MVFAST) collected by NVTC on behalf of each member jurisdiction. This is accomplished in several ways, including NVTC's monitoring of MVFAST revenues, and meetings with MVFAST Field Representatives and Taxation Department staff. The annual yield of tax revenues is about \$20 million.

### MILESTONE ACCOMPLISHMENTS TO DATE:

- A working relationship has been established with the MVFAST Field Representatives through regular meetings and frequent communications. The meetings provide an opportunity for the Field Representatives to discuss audit and collection results as well as issues and obstacles they face while performing their daily tasks. These discussions include ways in which NVTC can assist the Field Representatives in being more effective and other ideas to maximize revenue collected.
- With the assistance of the MVFAST Field Representatives, NVTC recently developed and distributed a MVFAST brochure. The primary purpose of this brochure is to educate gas station owners of their responsibilities in collecting and remitting the tax.
- Established good contacts within senior management of the Department of Taxation and have communicated directly with Commissioner Thorson, most recently in May, 2003. At NVTC's request, the Department recently agreed to hire an additional employee for the MVFAST. The responsibilities of the new position will include maintaining an inventory of gas stations and registrants, and assisting the MVFAST Field Representatives with certain collection and inspection tasks.
- At NVTC's request, the Department of Taxation quickly filled a vacant MVFAST Field Representative position with an experienced auditor. Failure to quickly fill this position most likely would result in decreased tax collections.
- Due to analysis and repeated inquiries by NVTC, the Department of Taxation determined that it should not be deducting certain fees for new technology from the MVFAST revenue as has been done. Accordingly, \$81,000 in charges was recently refunded to NVTC. The fees were scheduled to increase dramatically starting with the June 2003 MVFAST payment had this error not been discovered.

- As a result of NVTC communications with Department of Taxation supervisory staff, Field Representatives now receive timely customized reports from the Department, where previously they could not. In addition, the Field Representatives are now required to report their time by task and audit result to their supervisors, where previously they were not.
- NVTC receives regular MVFST collection reports directly from the Department of Taxation which shows the detailed collection activity by month, taxpayer and jurisdiction. By analyzing these reports, NVTC is able to identify fluctuations and unusual activity for the MVFST Field Representatives to investigate further. This has resulted in the identification of revenue that was allocated incorrectly among jurisdictions.

#### MILESTONES REMAINING:

- NVTC is exploring the possibility of using GIS mapping capabilities to help analyze the revenue reporting of gas stations. The goal of this project is to increase the accuracy of station reporting by jurisdiction.
- NVTC is presently assisting the Department of Taxation in developing the detailed job responsibilities of the newly created position, and has offered to provide office space to this employee.
- By receiving detailed MFVST collection reports in electronic format, NVTC will be able determine unusual activity much more effectively. While the Department says they cannot presently provide this information because of migration to new computer systems, NVTC will continue to make this request.
- Regular meetings will continue to be held with Department of Taxation personnel to determine ways that MVFST collections can be enhanced.
- Increased contacts with local commissioners of revenue to assist in educating station owners and identifying new owners for outreach efforts.

#### PROJECT BUDGET STATUS:

Funding for this project is primarily from the NVTC general and administrative budget. Certain costs relating to the MVFST brochure are from the Marketing Program budget. Increased collections due to streamlined audit procedures accrue to NVTC's jurisdictions' trust accounts.

## ISSUES:

Department of Taxation staff has often been slow in responding to NVTC's requests, causing delays in implementing improvements. Through maintaining and improving the working relationship that has been established with the Field Representatives and other Department of Taxation staff, NVTC hopes to increase the level and speed of cooperation in the future.

## END-OF-YEAR REPORT ON PROGRESS ON SIGNIFICANT NVTC PROJECTS

— DECEMBER, 2003 —

PROJECT NAME: FY 2004 Transit Financial Assistance Allocation

PROJECT MANAGER: Scott Kalkwarf

DESCRIPTION OF PROJECT: Transit financial assistance received by NVTC on behalf of the member jurisdictions, is allocated using the Subsidy Allocation Model (SAM) and held in trust for the restricted use by the member jurisdictions individually to support the programs of their respective governments. The revenue received and allocated by the SAM includes state operating and capital assistance for the Virginia jurisdictions' share of the WMATA operating and capital subsidies, state operating and capital assistance for the Virginia local system's operating and capital needs, Metro Capital Improvement Program bond proceeds (MCIP), and Motor Vehicle Fuels Sales Tax revenue (MVFST).

The SAM formula is defined and established by NVTC board resolutions and the Code of Virginia. It is maintained and updated annually using the latest available budgeted and projected data for the upcoming fiscal year. Revenue recognized and received in a fiscal year is allocated by the SAM in effect for that fiscal year.

A SAM manual is maintained which includes for each fiscal year the detailed formula calculations, analysis of the component changes in the allocation percentages from the preceding year, the data sources including Metro and local budgeted operating and capital needs, projected MVFST revenue, and all other data needed to compute the formula. Also included in the manual are the historical allocation factors, NVTC board resolutions defining the formula, notes of MAC discussions regarding the formula, implementation steps and formula development and maintenance procedures.

Cash flow projections are prepared 45 days prior and again about 30 days prior to the due date of the quarterly WMATA subsidy billings. These projections allow the jurisdiction staff to plan the amount and type of trust fund balances available for the upcoming WMATA payment. In addition, quarterly statements of the actual trust fund activity is provided to the jurisdiction staff for their use and review.

### MILESTONE ACCOMPLISHMENTS TO DATE:

- Using preliminary and estimated data, a preliminary SAM formula for FY 2004 has been prepared allocating close to \$90 million in revenues estimated to be received in FY 2004 to the member jurisdictions. When rolling over the formula calculations from FY 2003 to FY 2004 the various calculations and data links have been reviewed to ensure accuracy in the formula calculations. The presentation of the revenue allocations and formula components was simplified

with the preparation of the FY 2003 formula finalized in August 2002. The FY 2004 preliminary calculation further simplifies the presentation.

- During FY 2003 reciprocal exchanges of allocated MCIP bond proceed balances have been made for several jurisdictions in return for other assistance revenues held in trust. These transactions are made to assist the jurisdictions in complying with federal arbitrage rebate rules.

#### MILESTONES REMAINING:

- The final SAM formula will be calculated in August 2003, and distributed to jurisdiction staff for their review. Once accepted, the formula will be used to allocate revenue received and recognized by NVTC during FY 2004 to the member jurisdictions. Reporting the projected and actual activity to the jurisdiction staff will continue during the fiscal year.

#### PROJECT BUDGET STATUS:

Costs relating to the FY 2004 transit financial assistance allocations are included in the NVTC general and administrative budget.

#### ISSUES:

The final SAM formula for each fiscal year is dependent upon the approved capital and operating budgets from WMATA and the local systems, the contracted state capital and operating assistance including amounts carried over from preceding fiscal years, actual MVFST revenue generated through June (received by NVTC in August), and the best projection of MVFST revenue for the upcoming fiscal year. Generally all of this data necessary for the final SAM formula is not available until August of each year.

The SAM formula itself is quite complex since it involves numerous hold harmless calculations that have been added over the years to help resolve concerns with the equity of the formula.

## END-OF-YEAR REPORT ON PROGRESS ON SIGNIFICANT NVTC PROJECTS

— DECEMBER, 2003 —

PROJECT NAME: FY 2005 State Grant Applications

PROJECT MANAGER: Scott Kalkwarf

DESCRIPTION OF PROJECT: NVTC applies for state capital and operating assistance on behalf of the member jurisdictions. This includes assistance for the Virginia jurisdictions' share of the WMATA operating and capital subsidies and assistance for the Virginia local systems' operating and capital needs. In addition, demonstration and technical assistance is often requested for NVTC projects. Upon approval by DRPT, NVTC enters into the project agreements as the grantee and recipient of the project funds.

NVTC also applies for capital and operating assistance on behalf of VRE. Upon approval by DRPT, NVTC enters into the project agreements as the grantee.

### MILESTONES ACCOMPLISHMENTS TO DATE:

- NVTC staff attended training sessions in using DRPT's Online Grant Administration program (OLGA).
- Notified jurisdiction staff to provide the local systems' operating and capital budgets to NVTC by January 20<sup>th</sup>.
- Requested that WMATA provide detailed FY 2005 budget information by January 20<sup>th</sup> including jurisdiction's operating subsidies by mode, detailed operating budgets by mode, jurisdiction's capital requirements by program, and detailed capital budgets including federal funding requirements.

### MILESTONES REMAINING:

- Calculate the jurisdiction's share of WMATA's operating revenue and expenses and categorize expenses according to the state operating assistance requirements.
- Calculate the jurisdiction's share of WMATA's capital budgets, including the federal share and type of assistance attributable to the jurisdiction's subsidies.
- Review operating and capital budgets submitted by jurisdiction staff.
- Determine the amount of assistance provided for WMATA capital subsidies in previous years available for carryover to the current fiscal year.
- Review the operating, capital and other assistance requests prepared by VRE.
- Prepare summaries of the operating, capital and other assistance to be requested and review this information with the Management Advisory Committee at the January meeting.
- Prepare the grant applications and submit to DRPT by the February 1<sup>st</sup> deadline.

- Calculate the jurisdiction's share of the actual FY 2003 WMATA operating expenses and submit the Certification of Operating Expenses to DRPT by February 1<sup>st</sup>.
- Review the actual FY 2003 local systems operating expenses and submit the Certification of Operating Expenses or verify that the certification was submitted for each system to DRPT by February 1<sup>st</sup>.
- Obtain commission approval for submitting assistance requests.
- Review and execute project agreements with DRPT in July 2004.
- Calculate the jurisdictions' share of WMATA's actual FY 2005 operating revenue and expenses and submit this information to DRPT in August 2005.

#### PROJECT BUDGET STATUS:

Costs relating to the FY 2005 state grant applications are included in the NVTC general and administrative budget.

#### ISSUES:

The operating and capital budgets from WMATA used to calculate the assistance requests are preliminary and the local subsidy requirements may change with the approved budget. Accordingly, the capital and operating assistance that NVTC requests may be different than the local subsidies billed by WMATA.

The assistance application deadline was moved from March 1<sup>st</sup> to February 1<sup>st</sup> beginning with the FY 2005 grant applications. The earlier that assistance applications are required to be filed, the greater the probability that actual needs will not match the assistance applied for.

## MID-YEAR REPORT ON PROGRESS ON SIGNIFICANT NVTC PROJECTS

— JULY, 2003 —

PROJECT NAME: Northern Virginia Transit Funding Resource Guide

PROJECT MANAGER: Rick Taube

DESCRIPTION OF PROJECT: This guidebook is designed to assist NVTC staff in one of the primary missions of the commission – promoting adequate funding for transit. The guide organizes potential funding sources by level of government and agency with suggestions about how best to seek funding for financial plans of transit projects, whether large or small. It is designed for government staff or citizens who wish to understand the broad array of financial resources available and can serve as a checklist for individuals attempting to secure such funding.

The first edition was completed in October 2001 including FY 2001 data on funds available from 14 federal agencies, and 50 separate programs. At the state level, DRPT and VDOT programs are described in detail. For the region, the forecast yields of new revenue sources are outlined. The local level of effort to fund transit is also detailed, which in Northern Virginia far exceeds other urbanized Virginia locations as well as suburban Maryland. An extensive discussion is provided of the complex array of funding sources from projects and beneficiaries, with emphasis on creative finance. For all of those sources, website and program manager telephone contact information is provided.

The revised edition with FT 2003 and 2004 data was completed in August, 2003. This edition lists almost 100 federal, state, regional, local and project-specific funding sources.

### MILESTONE ACCOMPLISHMENTS TO DATE:

- Revised edition complete.

### MILESTONES REMAINING:

- None

## PROJECT BUDGET STATUS:

Absorbed within NVTC's administrative budget.

## ISSUES:

Each funding source comes with its own set of restrictions that sometimes frustrate the intentions of project sponsors. Consequently, flexibility is needed in devising financial plans and project scopes so that both can be adjusted to respond to opportunities. Also, the subject is very broad and complex so that a reader without any knowledge of transit project funding may find the size of the guidebook to be daunting. When the revised multi-year federal reauthorization is completed (likely in calendar 2004), several of the programs may change and another revised edition of the resource guide may be needed.

**MEMORANDUM**

**TO:** Chairman McConnell and NVTC Commissioners  
**FROM:** Rick Taube and Kala Quintana  
**DATE:** December 31, 2003  
**SUBJECT:** Plans for NVTC's 40<sup>th</sup> Anniversary

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NVTC's first meeting was held in September, 1964; the commission's 40th anniversary occurs in 2004. Staff discussed alternatives for recognizing the occasion with NVTC's Executive Committee. Among the ideas discussed was a small celebration to which to invite former commissioners and other guests to reflect on the past, present and future of transit service and financing in Northern Virginia. In addition, outreach meetings could be held in NVTC's member jurisdictions to spotlight their transit achievements. Finally, with fund raising from potential private sector sponsors, NVTC might sponsor awards and events to continue to draw attention to the current transit funding crisis and the extraordinary mobility challenges for the future.

The Executive Committee asked staff to recommend to the commission a set of anniversary activities that could be accomplished at modest expense. Accordingly, the following are NVTC staff proposals for which commission approval is requested:

1) Anniversary Celebration Event

On April 1, 2003, NVTC would conduct a short (half hour) business meeting at the Old Town Hall in the city of Fairfax. Immediately following that meeting would be an event to which all former NVTC commissioners, other guests and the public would be invited to share recollections, view exhibits about NVTC's and public transit's past accomplishments (such as one of the original NVTC Shirley Highway demonstration buses), hear from a speaker looking out to the next four decades and enjoy refreshments. The event would be used to help increase awareness about the funding needs of transit systems in Northern Virginia. With modest awards and souvenirs, decorations, photography, printing and mailing invitations, preparation of an event program, and room rental and catering expenses for a crowd of about 150, the total cost is expected to be about \$10,000, as follows:

|  |              |
|--|--------------|
| • Miscellaneous printing (invitations, program exhibits) -----             | \$1,000      |
| • Mailing -----  | 50           |
| • Old Town Hall rental -----   | 490          |
| • Caterer (@ \$26 per person for 150 including service/ rental fees) ----- | 4,000        |
| • Beverages -----  | 500          |
| • Photographer -----   | 1,000        |
| • Gifts/souvenirs/program -----  | 1,000        |
| • Miscellaneous -----  | 1,000        |
| • Speaker expenses -----   | <u>1,000</u> |
|  | \$10,040     |

NVTC could try to absorb this cost through anticipated reduced spending within the commission's FY 2004 budget for personnel and other items.

For comparison, the annual joint meetings with PRTC cost about \$1,500 for mailing, room rental, sound equipment and refreshments, or about \$5,000 for the more elaborate transit expo in November, 2002.

One additional factor for the commission to consider is whether to ask staff to request private sector donations to defray part of the cost of awards and refreshments. A sample fund-raising letter is attached for your consideration.

## 2) Outreach Meetings

Beyond the event, NVTC may wish to undertake a series of outreach activities to mark the 40<sup>th</sup> anniversary. For example, NVTC could meet in the member jurisdictions to generate local interest in the accomplishments, current funding needs and future aspirations of the members' transit systems. NVTC meets regularly in Arlington and once a year in Fairfax County, but other meetings might be held as follows:

- February 5, 2004: Alexandria -- Focus on DASH
- March 4, 2004: Falls Church -- Focus on GEORGE
- April 1, 2004: City of Fairfax -- Celebration Event  
and Focus on CUE
- May 6, 2004: Loudoun County -- Focus on Loudoun Express

The expense for these outreach sessions would be minimal and covered within NVTC's marketing budget. If the commission is interested in pursuing this alternative, NVTC staff would work with local staff to determine if each local government is interested. Only if an invitation is forthcoming would NVTC conduct such a session and work cooperatively to generate public interest.

3) Additional Events

With co-sponsors, NVTC could promote greater understanding of the transit funding crisis that would leverage the commission's recognition of its 40<sup>th</sup> anniversary. Examples might include air quality rallies, Metro Matters promotions, time capsule ceremonies and awards for outstanding contributions to transit-oriented development. Specific budgets would be developed as co-sponsors were located for potential events.

[Sample NVTC fund-raising letter.]

Dear:

During 2004, the Northern Virginia Transportation Commission will recognize its 40<sup>th</sup> anniversary. We did not achieve our success alone, but rather through close partnerships and cooperation between the public and private communities. Accordingly, we are inviting you to be a part of our year-long celebration.

As you know, NVTC is a district consisting of six Northern Virginia local jurisdictions covering 1,000 square miles with a population of 1.5 million and growing. NVTC's 19-member board consists of state and local elected officials.

Among NVTC's primary responsibilities are managing approximately \$100 million annually for transit assistance, appointing Virginia's members of the Washington Metropolitan Area Transit Authority, initiating and co-owning the rapidly growing Virginia Railway Express commuter rail system, serving as a forum to anticipate and resolve regional issues, completing planning and construction projects, managing transit demonstrations, fostering transit technology innovations, and promoting public transit and ridesharing.

As can be seen from the enclosed brochure, NVTC is proud of its accomplishments from the past four decades and we're just getting started! This year we are holding several of our monthly meetings throughout the region to reach out to the public and friends of the commission. We are inviting speakers to share recollections and to help us shape the future of public transportation. If you have any suggestions for such presentations, please contact me.

We are having an anniversary event on April 1, 2004 at the Old Town Hall in the city of Fairfax. The event will feature memorabilia, recollections, and refreshments. We will be sending invitations to you in early March.

In the meantime, we are welcoming donations from sponsors, as illustrated on the attached form. Because we are entirely tax-payer supported, we hope to finance our celebration from donations so that our entire budget can continue to be spent supporting the region's growing transit services. All contributors will be recognized at our April 1<sup>st</sup> event.

Please feel free to contact me with any questions and we hope you will participate with us as we reflect on the past and work to improve transit services during the coming year.

Sincerely,

Richard K. Taube  
Executive Director

2004 Sponsor Opportunities

NVTC 40<sup>th</sup> Anniversary Celebration

- April 1, 2004 Event at Old Town Hall, Fairfax VA

Contributions for:

- Advertising page in souvenir program ----- \$ \_\_\_\_\_
  - Refreshments ----- \$ \_\_\_\_\_
  - Music ----- \$ \_\_\_\_\_
  - Rental of hall ----- \$ \_\_\_\_\_
  - Flowers, decorations ----- \$ \_\_\_\_\_
  - Photography ----- \$ \_\_\_\_\_
  - Memorabilia (pins, banners, plaques) ----- \$ \_\_\_\_\_
  - Awards (acrylic trophies) ----- \$ \_\_\_\_\_
  - General Purpose Contribution ----- \$ \_\_\_\_\_
- TOTAL \$ \_\_\_\_\_

NAME:  
POSITION TITLE:  
FIRM NAME:  
ADDRESS:

TELEPHONE:  
EMAIL:

Please return with check to NVTC at 4350 N. Fairfax Drive, Suite #720, Arlington, VA 22203.

**MEMORANDUM**

**TO:** Chairman McConnell and NVTC Commissioners  
**FROM:** Rick Taube and Scott Kalkwarf  
**DATE:** December 31, 2003  
**SUBJECT:** Amendments to NVTC's Section 457 Employee Benefit Plan

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Section 457 of the Internal Revenue Act allows certain public sector employers to establish tax-deferred trusts for employees. NVTC's plan is administered by the International City Managers Association Retirement Corporation (ICMA-RC). Employees can voluntarily contribute on a pre-tax basis to the plan (up to defined limits). NVTC makes no matching contributions.

ICMA-RC has notified NVTC staff that changes to IRS regulations make it necessary to amend the plan and trust agreement. Resolution #998 would accomplish this.

The attachment reviews the changes included in the new IRS regulations. They have no implications for NVTC's budget. A complete copy of ICMA-RC's 33-page plan and trust document is available to commissioners on request.

**RESOLUTION #998**

**SUBJECT:** Amendments to NVTC's Section 457 Employee Benefit Plan.

**WHEREAS:** The Northern Virginia Transportation Commission has established a Section 457 deferred compensation plan for its employees that serves the interest of NVTC by enabling it to provide reasonable retirement security for its employees, while permitting increased flexibility in managing its overall employee benefits package and thereby assisting in attracting and retaining competent personnel; and

**WHEREAS:** Amendments to the Internal Revenue Code have been enacted that require changes in the structure of, and allow enhancements to, the Section 457 plan.

**NOW, THEREFORE BE IT RESOLVED** that the Northern Virginia Transportation Commission hereby amends and restates the Section 457 deferred compensation plan in the form of the ICMA Retirement Corporation Deferred Compensation Plan and Trust; and

**BE IT FURTHER RESOLVED** that the assets of the plan shall be held in trust with NVTC's duly designated officers agreeing to serve as trustees for the exclusive benefit of the plan participants and their beneficiaries. The assets shall not be diverted to any other purpose. Indicia of the trustees' beneficial ownership of plan assets held in the Vantage Trust shall be held for the exclusive benefit of the plan participants and their beneficiaries.

Approved this 8th day of January, 2004.

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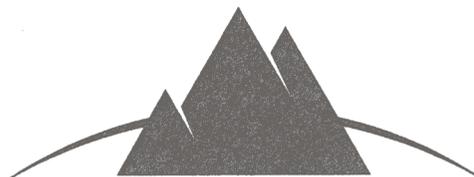
Chairman

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Secretary-Treasurer

**457** **Deferred  
Compensation  
Plan**

**PLAN & TRUST  
DOCUMENT**



**ICMA RETIREMENT CORPORATION**

The Public Sector Expert

**Attachment A: Overview of RC Model 457 Plan Document Changes**

**Note:** All changes made in accordance with the final 457 regulations issued July 11, 2003, are effective retroactively to January 1, 2002 (as specified by the regulations), unless noted otherwise.

As your 457 deferred compensation plan provider, ICMA-RC will take care of most additional administrative tasks associated with the regulatory changes, to the extent this is feasible.  
Our Employer Services Unit is available at 1-800-326-7272 to answer your questions.

**CONTRIBUTION PROVISIONS**

| Issue   | Pre-Regulations  | Post-Regulations   | Implications   | Employer Administrative Actions   | Plan Document Reference |
|---|--|--|--|---|-------------------------|
| <i>Deferral Agreement</i>   | Participants were required, under the Plan document, to enter or amend the Joinder Agreement governing Plan deferrals prior to the calendar month it was to become effective for compensation "not yet earned" as of that month. | Employee deferral agreements for 457 plans must now be in place prior to when compensation is <u>paid</u> , not before it is <u>earned</u> .<br><br>(See row immediately below for more details.)  | Enables the deferral of accumulated sick pay, vacation pay, and back pay.<br><br>(See row immediately below for more details.)   | Probably none. In general, employers will be in compliance with this rule as long as they ensure employees have agreed to defer prior to the first day of the month during which the first deferral is remitted to ICMA-RC.   | Sections 4.01, 4.02     |
| <i>Deferrals of Vacation Pay, Sick Pay, and Back Pay</i><br><br><i>(continued on next page)</i> | Plan did not permit deferral of accumulated vacation pay, sick pay, or back pay.   | Deferrals of accumulated vacation pay, sick pay, or back pay ("accumulated pay") are now specifically permitted subject to the following conditions:<br><br><ul style="list-style-type: none"> <li>▪ Participants must agree to contribute the accumulated pay prior to the date this pay becomes payable to the participant. (Participants do <u>not</u> have to make this election prior to the first day of the month it is payable.) Election can be made as late as the month of separation if certain conditions are met.</li> </ul> | Allows participants to make sizable contributions in the year of termination of employment assuming the conditions detailed under the "Post-Regulations" column are met.<br><br>Since the proposed 457 regulations were released in May 2002, many public employers began facilitating the deferral of accumulated pay by their employees into 457 plan accounts as a means of helping them build their tax-deferred savings. In addition, since the final regulations confirmed that participants may not defer accumulated pay that is paid after participants leave employment, | Consider adjusting administrative procedures associated with paying accumulated pay in order to facilitate employee deferrals of accumulated pay into their 457 plan accounts. According to the final 457 regulations, participants may not defer accumulated pay that is paid after they leave employment. For this reason, it is expected that employers will use a new administrative procedure in order to pay the accumulated pay of employees while they are still employed. Creative procedures employers are considering for this purpose are outlined in Appendix 1. | Section 5.03            |

**Attachment A: Overview of RC Model 457 Plan Document Changes**

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Our Employer Services Unit is available at 1-800-326-7272 to answer your questions.

**CONTRIBUTION PROVISIONS (CONTINUED)**

| Issue   | Pre-Regulations | Post-Regulations  | Implications   | Employer Administrative Actions | Plan Document Reference |
|---|-----------------|---|--|---------------------------------|-------------------------|
| <p><i>Deferrals of Vacation Pay, Sick Pay, and Back Pay (continued)</i></p> |                 | <ul style="list-style-type: none"> <li>▪ Participants may not defer accumulated pay that is paid after they leave employment. For example, if a participant terminates employment in January, but his/her accumulated pay is not paid until February, this accumulated pay may not be deferred into his/her 457 plan account in February. (After identifying this requirement in the proposed regulations, ICMA-RC urged the IRS to change its position on this issue, but despite our efforts, this restrictive rule was maintained.)</li> <br/> <li>▪ <i>Note: The final regulations do not address the deferral of severance pay, which the IRS appears to view differently than vacation pay, sick pay, or back pay. As a result, it appears that employers should not permit the deferral by participants of severance pay.</i></li> </ul> | <p>employers have been implementing or considering the implementation of new creative administrative procedures which would allow their employees to defer their accumulated leave. Please see the "Employer Administrative Actions" column for more information. It is anticipated that many employers will continue to facilitate this practice. However, in order to permit this, most employers will have to change their procedures associated with paying accumulated pay.</p> |                                 |                         |

**Attachment A: Overview of RC Model 457 Plan Document Changes**

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As your 457 deferred compensation plan provider, ICMA-RC will take care of most additional administrative tasks associated with the regulatory changes, to the extent this is feasible.  
Our Employer Services Unit is available at 1-800-326-7272 to answer your questions.

**CONTRIBUTION PROVISIONS (CONTINUED)**

| <b>Issue</b>  | <b>Pre-Regulations</b>  | <b>Post-Regulations</b>  | <b>Implications</b>  | <b>Employer Administrative Actions</b>   | <b>Plan Document Reference</b> |
|---|---|--|--|--|--------------------------------|
| <p><i>Contribution Limit</i></p> <p>(President Bush signed this change to the percentage limit into law last year as part of the Job Creation and Worker Assistance Act of 2002.)</p> | Contributions limited to the lesser of \$8,500 or 33 1/3 of Includible Compensation (equivalent of 25% of pre-deferral compensation). | The 457 plan contribution limit will now be the lesser of (1) a dollar amount in effect for that year (e.g., \$13,000 in 2004) or 100% of "includible" compensation. Includible Compensation no longer has to be reduced by pre-tax contributions to deferral plans [e.g., 401(k), 403(b), 457, 125 cafeteria plans]. Includible Compensation must only be reduced by mandatory pre-tax ("picked-up") employee 401 plan contributions. | Provides greater deferral opportunities for lower income participants.                                       | Probably none. Since employers were notified of this change to the contribution limit last year, it is believed that most have already implemented the necessary changes to their payroll systems. If not, payroll systems should be modified to apply 100% limit to gross compensation less any picked-up employee 401 plan contributions. (See "Post-Regulations" column.) | Sections 2.07, 2.17, 5.01      |
| <p><i>Catch-Up Contributions</i></p>  | Normal retirement age ("NRA") was required to be the same for all employees.  | Under a special rule, "qualified police and firefighters"* can designate a normal retirement age ("NRA") earlier than other plan participants, but no earlier than age 40. These individuals generally can designate an NRA without regard to the rules under their "basic plan" but not later than age 70 1/2.  | Formalizes ability of police and fire personnel to make catch-up contributions earlier than other employees. | Modify administrative procedures to ensure "qualified police and firefighters" are accommodated appropriately based on the final 457 regulations.  | Section 2.15                   |

\*This special rule is available to a "qualified police or firefighter" as defined under section 415(b)(2)(H)(ii)(I) of the Internal Revenue Code as a participant with "...at least 15 years of service...as a full-time employee of any police or fire department which is organized and operated by the State or political subdivision to provide police protection, firefighting services, or emergency medical services for any area within the jurisdiction of such State or political subdivision...".

**Attachment A: Overview of RC Model 457 Plan Document Changes**

**Note: All changes made in accordance with the final 457 regulations issued July 11, 2003, are effective retroactively to January 1, 2002 (as specified by the regulations), unless noted otherwise.**

As your 457 deferred compensation plan provider, ICMA-RC will take care of most additional administrative tasks associated with the regulatory changes, to the extent this is feasible.  
Our Employer Services Unit is available at 1-800-326-7272 to answer your questions.

**CONTRIBUTION PROVISIONS (CONTINUED)**

| Issue                         | Pre-Regulations  | Post-Regulations   | Implications  | Employer Administrative Actions  | Plan Document Reference |
|-------------------------------|--|--|---|--|-------------------------|
| <i>Catch-Up Contributions</i> | Participants permitted to use catch-up only once and were able to use unused deferrals from prior employers. | <p>457 plan participants may no longer use unused deferrals from a former employer's 457 plan to make normal catch-up contributions under their current employer's 457 plan.</p> <p>457 plan participants may use the normal catch-up provision under their current employer's plan (assuming sufficient unused deferrals are available under their current plan) despite the fact they used the catch-up provision under a former employer's plan.</p> <p>In situations where participants are working for multiple public sector employers during the same time period, they may make catch-up contributions under each employer's plan. However, the deferral amount cannot exceed the catch-up limit for a particular tax year and the total amount the participant can defer is determined using the plan that provides the participant with the largest catch-up opportunity. For example, if a 48 year old in 2003 participates in two 457 plans and has the following unused deferrals: (1) Plan A - \$10,000; (2) Plan B - \$7,000, he/she could defer a maximum of (1) \$22,000 under Plan A (\$12,000 normal contribution maximum plus \$10,000 in Plan A unused deferrals) or (2) \$19,000 under Plan B (\$12,000 normal contribution maximum plus \$7,000 in Plan B unused deferrals). However, the maximum he/she can defer in this situation for the 2003 tax year would be \$22,000.</p> | <p>Provide participants the opportunity to use catch-up provision with multiple employers. However, it limits the employee from using unused deferral from prior employment.</p> <p>Confirms that participants may maximize catch-up contributions.</p> | Ensure administrative procedures allow participants to maximize their catch-up contributions based on the final 457 regulations. | Section 5.02(b)         |

**Attachment A: Overview of RC Model 457 Plan Document Changes**

**Note:** All changes made in accordance with the final 457 regulations issued July 11, 2003, are effective retroactively to January 1, 2002 (as specified by the regulations), unless noted otherwise.

As your 457 deferred compensation plan provider, ICMA-RC will take care of most additional administrative tasks associated with the regulatory changes, to the extent this is feasible. Our Employer Services Unit is available at 1-800-326-7272 to answer your questions.

| CONTRIBUTION PROVISIONS (CONTINUED) |  |  |  |  |                         |
|-------------------------------------|--|--|--|--|-------------------------|
| Issue                               | Pre-Regulations  | Post-Regulations   | Implications   | Employer Administrative Actions  | Plan Document Reference |
| <i>"Age 50 Catch-Up"</i>            | "Age 50 catch-up" provision was signed into law as part of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). | <p>Confirms that participants age 50 or older can make additional contributions above the annual normal contribution limit.</p> <p>Confirms that during the three years ending prior to "normal retirement age", participants may contribute the greater of (1) the age 50 catch-up amount or (2) the normal catch-up amount.</p>  | Provides greater deferral opportunities for participants who have reached age 50.  | Modify administrative procedures to ensure participants may fully utilize the age 50 or normal catch-up contribution provision.  | Section 5.02(a)         |
| <i>"Sidecar" or Deemed IRAs</i>     | No specific provision relating to Deemed IRAs.   | Allows employers to permit employees to contribute through payroll deduction to a Traditional or Roth IRA that is a "sidecar" to the 457 plan. Participants investing in a Sidecar IRA may contribute up to the 457 plan contribution limit and then over and above up to the IRA contribution limit. For example, during 2003, a 457 plan participant under the age of 50 could contribute as much as \$12,000 to the 457 plan and another \$3,000 to a Sidecar IRA. Participants age 50 or older are able to make additional contributions by utilizing the "age 50 catch-up provision". | <p>Provides employers an additional employee benefit that could enhance their ability to attract and retain employees.</p> <p>A Sidecar IRA program also helps employers enhance their plan economics by growing the plan in three ways. First, employee contributions add to plan assets. Second, participants can roll outside assets into their Sidecar IRA accounts. Third, Sidecar IRAs help retain assets in the employer's plan.</p> <p>The combination of ICMA-RC's internet-based IRA Wizard and EZLink administration systems allow employers to offer Sidecar IRAs through their payroll systems without adding significantly to their administrative workload.</p> | <p>Determine whether Sidecar IRA will be made available to employees.</p> <p>Note: The Sidecar IRA provisions are included in the ICMA-RC model plan document so that employers who adopt the model plan document will be adopting the Sidecar IRA provisions. However, despite the fact that you adopt the Sidecar IRA provisions, if you do not want to make this feature available to your employees, you do not have to implement them. Please note that in order to implement a Sidecar IRA program, employers must use ICMA-RC's EZLink plan administration system.</p> <p>If the Sidecar IRA provision is implemented, employers should make necessary changes to payroll systems and procedures to remit contributions to ICMA-RC.</p> | Section 9               |

**Attachment A: Overview of RC Model 457 Plan Document Changes**

**Note: All changes made in accordance with the final 457 regulations issued July 11, 2003, are effective retroactively to January 1, 2002 (as specified by the regulations), unless noted otherwise.**

As your 457 deferred compensation plan provider, ICMA-RC will take care of most additional administrative tasks associated with the regulatory changes, to the extent this is feasible.  
Our Employer Services Unit is available at 1-800-326-7272 to answer your questions.

| <b>CONTRIBUTION PROVISIONS (CONTINUED)</b> |   |   |   |  |                                |
|--|---|---|---|--|--------------------------------|
| <b>Issue</b>                               | <b>Pre-Regulations</b>  | <b>Post-Regulations</b>   | <b>Implications</b>   | <b>Employer Administrative Actions</b>                                       | <b>Plan Document Reference</b> |
| <i>Excess Contributions</i>                | No specific provision relating to excess contributions. These amounts generally remained in the plan but were required to be taxed during the year of deferral. | Requires "excess deferrals" to be distributed "as soon as administratively possible" after the plan determines the amount is in excess. If excess deferrals are not distributed, the plan could be considered an "ineligible plan" and subject to taxation under the rules of Section 457(f).<br><br>The excess deferral amount is always taxed in the year it was contributed to the plan and earnings are taxed in the year the excess deferral is distributed. | Formalizes excess deferral remedy and makes more stringent than current practice. | Modify administrative procedures based on the new excess deferral provision. | Section 5.05                   |

**Attachment A: Overview of RC Model 457 Plan Document Changes**

**Note: All changes made in accordance with the final 457 regulations issued July 11, 2003, are effective retroactively to January 1, 2002 (as specified by the regulations), unless noted otherwise.**

As your 457 deferred compensation plan provider, ICMA-RC will take care of most additional administrative tasks associated with the regulatory changes, to the extent this is feasible.  
Our Employer Services Unit is available at 1-800-326-7272 to answer your questions.

**WITHDRAWALS PROVISIONS**

| <b>Issue</b>                 | <b>Pre-Regulations</b>  | <b>Post-Regulations</b>  | <b>Implications</b>   | <b>Employer Administrative Actions</b>   | <b>Plan Document Reference</b> |
|------------------------------|---|--|---|--|--------------------------------|
| <i>Loans</i>                 | ICMA-RC Plan document has permitted loans on the same terms since 1998.   | The proposed regulations confirm the availability of participant loans under Section 457 plans.  | Confirms a long-held ICMA-RC position that employers may elect to include a loan feature in their 457 plan.                         | None.  | Sections 8.01 and 8.03         |
| <i>Withdrawal Elections</i>  | Prior to the passage of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), 457 withdrawals were extremely restrictive.   | The regulations confirm that all 457 plan participants may change their payment dates/schedules. This includes participants who, prior to January 1 2002, were receiving benefit payments or who had previously established a beginning payment date.  | Provides 457 plan participants with the same withdrawal flexibility available to participants in 401(k) and other retirement plans. | None. ICMA-RC has implemented systems and operational changes necessary to accommodate this flexibility, effective January 1 2002. | Section 7.01                   |
| <i>Emergency Withdrawals</i> | The only examples specified for emergency withdrawals were financial hardship resulting from a sudden illness or accident of the participant or dependents or a loss of the participant's property due to casualty. | Additional examples of unforeseeable emergencies are provided in the final 457 regulations: <ul style="list-style-type: none"> <li>▪ imminent foreclosure of, or eviction from, primary residence</li> <li>▪ non-refundable deductibles and prescription medicine</li> <li>▪ funeral expense for a dependent (as defined in IRS Code Section 152(a))</li> <li>▪ the need to rebuild a home following damage to a home not otherwise covered by homeowners' insurance.</li> </ul> | Broadens and clarifies previously issued guidance and allows additional situations to qualify for emergency withdrawals.            | Make any necessary changes to administrative procedures to accommodate the additional qualifying emergency withdrawal situations.  | Section 7.06                   |

**Attachment A: Overview of RC Model 457 Plan Document Changes**

**Note: All changes made in accordance with the final 457 regulations issued July 11, 2003, are effective retroactively to January 1, 2002 (as specified by the regulations), unless noted otherwise.**

As your 457 deferred compensation plan provider, ICMA-RC will take care of most additional administrative tasks associated with the regulatory changes, to the extent this is feasible. Our Employer Services Unit is available at 1-800-326-7272 to answer your questions.

| WITHDRAWALS PROVISIONS (CONTINUED)                                      |  |   |   |   |                         |
|---|--|---|---|---|-------------------------|
| Issue   | Pre-Regulations  | Post-Regulations  | Implications  | Employer Administrative Actions   | Plan Document Reference |
| <i>Emergency Withdrawals</i>  | Emergency withdrawals could only occur as the result of a financial hardship <u>of a participant</u> .   | A participant's beneficiary may now take an emergency withdrawal on the same terms as applicable to the participant.  | Previously beneficiaries were not expressly permitted to take emergency withdrawals. Beneficiaries did however, have the ability to generally take withdrawals as desired. This provides beneficiaries the added flexibility of being able to take emergency withdrawals in situations where they are receiving periodic payments without having to alter their current payment stream. | Make any necessary changes to administrative procedures to accommodate a beneficiary's ability to take a emergency withdrawal.  | Section 7.06            |
| <i>Emergency Withdrawals</i>  | Home purchases and the payment of tuition were <u>not</u> considered eligible for emergency withdrawals except in extraordinary circumstances.   | Confirms that home purchases and the payment of tuition are <u>not</u> considered eligible for emergency withdrawals except in extraordinary circumstances. | Consistent with prior guidelines.   | None. The final regulations are consistent with previous guidance on this issue.  | Section 7.06            |
| <i>Divorce Situations – QDROs (Qualified Domestic Relations Orders)</i> | ICMA-RC's 457 Plan document has permitted QDROs under the rules applicable to 401(a) plan since the passage of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). | The law provides a formalized means for dealing with 457 assets in divorce situations.  | The regulations provide a formalized means for dealing with 457 assets in divorce situations.   | Probably none. Since employers were notified of this change after the enactment of EGTRRA in 2001, it is believed that most plan sponsors implemented the necessary administrative changes to accommodate these QDRO regulations. | Section 10.02           |

**Attachment A: Overview of RC Model 457 Plan Document Changes**

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As your 457 deferred compensation plan provider, ICMA-RC will take care of most additional administrative tasks associated with the regulatory changes, to the extent this is feasible. Our Employer Services Unit is available at 1-800-326-7272 to answer your questions.

**PORTABILITY PROVISIONS**

| <b>Issue</b>                             | <b>Pre-Regulations</b>  | <b>Post-Regulations</b>   | <b>Implications</b>   | <b>Employer Administrative Actions</b>   | <b>Plan Document Reference</b> |
|--|---|---|---|--|--------------------------------|
| <i>Plan-to-Plan Transfer</i>             | Plan-to-plan transfers between governmental 457(b) plans were limited to plans within the same state.                   | Plan-to-plan transfers between governmental 457(b) plans <u>are no longer limited</u> to plans within the same state.   | Provides individuals who move between public sector employers in different states the opportunity to consolidate their 457 retirement plan assets.  | Adjust administrative procedures to ensure individuals have the flexibility to transfer to and from any governmental 457(b) plan, regardless of the location of the plan.  | Section 6.10                   |
| <i>Plan-to-Plan Transfer</i>             | Transfers from governmental 457(b) plans to purchase service credits are not permitted.                                 | Governmental 457(b) plan assets may be transferred to governmental 401(a) defined benefit plans to purchase past service credit. In addition, transfers are not limited to plans within the same state.   | Provides individuals the flexibility to purchase past service credit under a defined benefit plan. Transfers are not limited to plans within the same state.  | Adjust administrative procedures to ensure individuals have the flexibility to transfer their 457 plan assets to purchase a past service credit in a defined benefit plan, regardless of the location of the plan. | Sections 6.10, 6.11            |
| <i>Plan-to-Plan Transfer</i>             | Transfers are not permitted between governmental and tax-exempt 457(b) plans.   | The regulations confirm that transfers are not permitted between governmental and tax-exempt 457(b) plans.  | Confirms past guidance.   | Probably none. It is believed that most employers have administrative procedures in place to ensure that 457 transfers are only permitted to and from governmental 457(b) plans and not tax-exempt 457 plans.      | Section 6.09, 6.11             |
| <i>Rollins From Terminated Employees</i> | Only current employees were permitted to roll assets from other employer plans and IRAs into the current employer plan. | To ensure it is the most flexible plan permitted by law, the ICMA-RC model 457 plan document has been amended to allow terminated employees to roll in assets from other retirement plans including IRAs in order to consolidate their retirement plan assets in your plan.<br><br><i>Note: ICMA-RC incorporated this amendment in response to requests from employers that wanted to accommodate their terminated employees' desire to consolidate their retirement plans assets. In addition, these employers recognized that allowing additional assets to roll into their plans would benefit their plans from an economic perspective.</i> | Allow terminated employees to consolidate their retirement plan assets. In addition, allows employers to accumulate additional assets in the 457 plans they offer, thus benefiting the plan from an economic perspective. | Approve rollover requests.<br><br>ICMA-RC will handle the majority of the administration associated with rollovers into your plan.   | Sections 2.16, 6.11            |

## Appendix 1

### Procedures to Facilitate the Deferral of Accumulated Vacation, Sick, and/or Back Pay Into 457 Plans

According to the final 457 regulations, participants may not defer accumulated vacation, sick and/or back pay ("accumulated pay") that is paid after they leave employment into their 457 plan accounts. For this reason, it is expected that employers will use a new administrative procedure in order to pay the accumulated pay of employees while they are still employed. Creative procedures employers are considering for this purpose are as follows:

**Approach A:** Pay the majority of each employee's accumulated pay while the employee is still employed and the remainder after the individual leaves employment. The portion paid after the individual leaves employment can then be used as an offset against the amount paid after employment in cases where there are any amounts "owed" by the employee to the employer.

**Approach B:** Pay the accumulated pay in a separate check on the last day of employment and send the final "regular" paycheck after the individual leaves employment. In cases where there are amounts "owed" by the employee to the employer, an offset could be made against the final "regular" paycheck after the individual leaves employment.

**Approach C:** As a condition for being able to defer accumulated pay into their 457 plan accounts, require participants to provide as much advance notice of termination as possible. Once notice is provided, begin paying portions of accumulated pay in periodic intervals in advance of the termination date. For example, if an employee provided three years advance notice of termination, pay up to one third of the participant's accumulated pay in each of the three final years of employment. (In this case, the employee would have the potential of being able to defer the accumulated pay under the normal catch-up provision for as many as three years.)

**Approach D:** Designate the end of the month as the employee's termination date regardless of the actual last day of work. This is analogous to employees being covered under their medical insurance through the last day of the month, regardless of actual last day of work. By using this approach, the employer would have more time to pay the accumulated pay and apply any offsets based on what the employee may "owe" the employer. Note: As an administrative policy, employers could require that employees that want to defer accumulated pay into their plans and whose last day of work falls near the end of a month to have an "official termination date" of the last day of the following month.

*Note: Under all of these approaches, it is beneficial for participants to leave employment in January or early during the year. This is because at that point, little to no deferrals have been made from "regular pay" and participant have the opportunity to maximize deferrals of their accumulated leave under the "fresh" contribution limit for that new year.*

**MEMORANDUM**

**TO:** Chairman McConnell and NVTC Commissioners  
**FROM:** Rick Taube and Scott Kalkwarf  
**DATE:** December 31, 2003  
**SUBJECT:** NVTC Draft FY 2005 Administrative Budget

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At its September, 2003 meeting the commission discussed the preliminary FY 2005 administrative budget and authorized staff to forward it to NVTC's member jurisdictions to assist in their budget preparations. Traditionally, NVTC discusses its budget again each January prior to formal action in February.

You will recall that the attached budget would hold local contributions to the same amount (\$310,000) as in FY 2004. Total expenditures also are virtually unchanged from the previous fiscal year. Each local jurisdiction is required by statute to pay a share of the budget that is proportional to the financial assistance received from NVTC. The requested shares are shown on page one of the budget.

**REVISED PRELIMINARY BUDGET**

**FISCAL YEAR  
2005**

**(July 1, 2004 – June 30, 2005)**

**September 4, 2003**

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**ESTIMATED FISCAL YEAR 2005 REVENUE**  
**Revised Preliminary**

|  | <b>FY 2003</b>       | <b>Approved</b>       | <b>Preliminary</b>    | <b>FY 2005-2004</b>      | <b>Percentage</b>    |
|--|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
|  | <b><u>Actual</u></b> | <b><u>Budget</u></b>  | <b><u>Budget</u></b>  | <b><u>Budget</u></b>     | <b><u>Change</u></b> |
|  |                      | <b><u>FY 2004</u></b> | <b><u>FY 2005</u></b> | <b><u>Increase</u></b>   |                      |
|  |                      |                       |                       | <b><u>(Decrease)</u></b> |                      |
| 1 Commonwealth of Virginia   | \$ 529,500           | \$ 654,800            | \$ 658,150            | \$ 3,350                 | 0.5%                 |
| 2 Alexandria   | 51,885               | 51,600                | 49,918                | (1,682)                  | -3.3%                |
| 3 Arlington  | 71,868               | 75,672                | 72,236                | (3,436)                  | -4.5%                |
| 4 City of Fairfax  | 5,143                | 5,973                 | 6,301                 | 328                      | 5.5%                 |
| 5 Fairfax County   | 166,789              | 160,694               | 166,577               | 5,883                    | 3.7%                 |
| 6 Falls Church   | 2,627                | 2,563                 | 2,602                 | 39                       | 1.5%                 |
| 7 Loudoun  | 11,688               | 13,497                | 12,366                | (1,131)                  | -8.4%                |
| Total Local Jurisdictions  | <u>310,000</u>       | <u>310,000</u>        | <u>310,000</u>        | <u>-</u>                 | <u>0.0%</u>          |
| 8 Total Commonwealth of Virginia<br>and Local Jurisdictions (Note 1) | 839,500              | 964,800               | 968,150               | 3,350                    | 0.3%                 |
| 9 Interest Earned  | 3,731                | 5,000                 | 5,000                 | -                        | 0.0%                 |
| 10 Project Chargebacks (Note 2)                                      | 66,464               | 100,000               | 90,000                | (10,000)                 | -10.0%               |
| 11 Project Grant Billings  | 24,468               | 30,000                | 15,000                | (15,000)                 | -50.0%               |
| 12 Appropriated Surplus (Note 3)                                     | 10,856               | 5,000                 | 20,000                | 15,000                   | 300.0%               |
| Total Revenue  | <u>\$ 945,019</u>    | <u>\$ 1,104,800</u>   | <u>\$ 1,098,150</u>   | <u>\$ (6,650)</u>        | <u>-0.6%</u>         |

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SCHEDULE OF FISCAL YEAR 2005 EXPENDITURES**  
**REVISED PRELIMINARY**

|  | <b>FY 2003</b>       | <b>Approved</b>       | <b>Preliminary</b>    | <b>FY05 - FY04</b>       |                          |
|--|----------------------|-----------------------|-----------------------|--------------------------|--------------------------|
|  | <b><u>Actual</u></b> | <b><u>Budget</u></b>  | <b><u>Budget</u></b>  | <b><u>Budget</u></b>     | <b><u>Percentage</u></b> |
|  |                      | <b><u>FY 2004</u></b> | <b><u>FY 2005</u></b> | <b><u>Increase</u></b>   | <b><u>Change</u></b>     |
|  |                      |                       |                       | <b><u>(Decrease)</u></b> |                          |
| <b><u>Personnel Costs</u></b>                    |                      |                       |                       |                          |                          |
| 1 Salaries (Note 4)                              | \$ 553,459           | \$ 636,400            | \$ 625,800            | \$ (10,600)              | -1.7%                    |
| 2 Temporary Employee Services                    | -                    | 1,000                 | 1,000                 | -                        | 0.0%                     |
| Total Personnel Costs                            | 553,459              | 637,400               | 626,800               | (10,600)                 | -1.7%                    |
| <b><u>Benefits</u></b>                           |                      |                       |                       |                          |                          |
| <i>Employer's Contributions</i>                  |                      |                       |                       |                          |                          |
| 3 FICA   | 40,796               | 45,700                | 44,900                | (800)                    | -1.8%                    |
| 4 Group Health Insurance (Note 5)                | 46,199               | 69,000                | 77,000                | 8,000                    | 11.6%                    |
| 5 Retirement (Note 6)                            | 48,221               | 57,000                | 52,500                | (4,500)                  | -7.9%                    |
| 6 Workmans & Unemployment Compensation           | 2,441                | 2,000                 | 2,000                 | -                        | 0.0%                     |
| 7 Life Insurance                                 | 3,394                | 3,300                 | 3,300                 | -                        | 0.0%                     |
| 8 Long Term Disability Insurance                 | 2,521                | 3,450                 | 3,450                 | -                        | 0.0%                     |
| Total Benefit Costs                              | 143,572              | 180,450               | 183,150               | 2,700                    | 1.5%                     |
| <b><u>Administrative Costs</u></b>               |                      |                       |                       |                          |                          |
| 9 Commissioners Per Diem (Note 7)                | 13,250               | 15,500                | 15,250                | (250)                    | -1.6%                    |
| <i>Rents:</i>                                    |                      |                       |                       |                          |                          |
| 10 Office Rent (Note 8)                          | 139,228              | 145,300               | 148,500               | 3,200                    | 2.2%                     |
| 11 Parking / Metrochek                           | 9,959                | 12,000                | 11,500                | (500)                    | -4.2%                    |
| <i>Insurance:</i>                                |                      |                       |                       |                          |                          |
| 12 Public Official Bonds                         | 3,043                | 3,700                 | 3,850                 | 150                      | 4.1%                     |
| 13 Liability and Property                        | 1,563                | 2,000                 | 2,000                 | -                        | 0.0%                     |
| <i>Travel:</i>                                   |                      |                       |                       |                          |                          |
| 14 Conference Registration (Note 9)              | 1,860                | 3,000                 | 3,000                 | -                        | 0.0%                     |
| 15 Conference Travel (Note 9)                    | 2,696                | 7,000                 | 5,500                 | (1,500)                  | -21.4%                   |
| 16 Local Meetings & Related Expenses (Note 10)   | 9,393                | 12,000                | 12,000                | -                        | 0.0%                     |
| 17 Training & Professional Development (Note 11) | 1,711                | 4,500                 | 4,500                 | -                        | 0.0%                     |

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SCHEDULE OF FISCAL YEAR 2005 EXPENDITURES**  
**REVISED PRELIMINARY**

|  |                      |                       |                       | <b>FY05 - FY04</b>       |                      |
|--|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
|  | <b>FY 2003</b>       | <b>Approved</b>       | <b>Preliminary</b>    | <b>Budget</b>            | <b>Percentage</b>    |
|  | <b><u>Actual</u></b> | <b><u>Budget</u></b>  | <b><u>Budget</u></b>  | <b><u>Increase</u></b>   | <b><u>Change</u></b> |
|  |                      | <b><u>FY 2004</u></b> | <b><u>FY 2005</u></b> | <b><u>(Decrease)</u></b> |                      |
| <b><u>Administrative Costs (continued)</u></b>   |                      |                       |                       |                          |                      |
| <i>Communication:</i>                            |                      |                       |                       |                          |                      |
|  | 11,237               | 13,950                | 13,800                | (150)                    | -1.1%                |
| 18 Postage                                       | 5,719                | 7,000                 | 7,000                 | -                        | 0.0%                 |
| 19 Telephone - LD                                | 1,458                | 1,950                 | 1,800                 | (150)                    | -7.7%                |
| 20 Telephone - Local                             | 4,060                | 5,000                 | 5,000                 | -                        | 0.0%                 |
| <i>Publications &amp; Supplies</i>               |                      |                       |                       |                          |                      |
|  | 20,739               | 24,500                | 24,500                | -                        | 0.0%                 |
| 21 Office Supplies                               | 4,850                | 5,300                 | 5,300                 | -                        | 0.0%                 |
| 22 Duplication (Note 12)                         | 12,647               | 13,200                | 13,200                | -                        | 0.0%                 |
| 23 Public Information                            | 3,242                | 6,000                 | 6,000                 | -                        | 0.0%                 |
| <i>Operations:</i>                               |                      |                       |                       |                          |                      |
|  | 19,543               | 23,150                | 23,500                | 350                      | 1.5%                 |
| 24 Furniture and Equipment (Capital) (Note 13)   | 6,691                | 8,250                 | 8,000                 | (250)                    | -3.0%                |
| 25 Repairs and Maintenance                       | 65                   | 1,000                 | 1,000                 | -                        | 0.0%                 |
| 26 Computer Operations (Note 14)                 | 12,787               | 13,900                | 14,500                | 600                      | 4.3%                 |
| <i>Other General and Administrative</i>          |                      |                       |                       |                          |                      |
|  | 6,019                | 6,350                 | 6,300                 | (50)                     | -0.8%                |
| 27 Subscriptions                                 | 56                   | 750                   | 500                   | (250)                    | -33.3%               |
| 28 Memberships                                   | 1,915                | 1,100                 | 1,200                 | 100                      | 9.1%                 |
| 29 Fees and Miscellaneous                        | 2,608                | 2,000                 | 2,300                 | 300                      | 15.0%                |
| 30 Advertising (Personnel/Procurement) (Note 15) | 1,440                | 2,500                 | 2,300                 | (200)                    | -8.0%                |
| <b>Total Administrative Costs</b>                | <b>238,678</b>       | <b>270,950</b>        | <b>272,200</b>        | <b>1,250</b>             | <b>0.5%</b>          |
| <b><u>Contracting Services</u></b>               |                      |                       |                       |                          |                      |
| 31 Auditing (Note 16)                            | 9,310                | 14,000                | 14,000                | -                        | 0.0%                 |
| 32 Consultants - Technical                       | -                    | 1,000                 | 1,000                 | -                        | 0.0%                 |
| 33 Legal   | -                    | 1,000                 | 1,000                 | -                        | 0.0%                 |
| <b>Total Contract Services</b>                   | <b>9,310</b>         | <b>16,000</b>         | <b>16,000</b>         | <b>-</b>                 | <b>0.0%</b>          |
| <b>Total Operating Program</b>                   | <b>\$ 945,019</b>    | <b>\$ 1,104,800</b>   | <b>\$ 1,098,150</b>   | <b>\$ (6,650)</b>        | <b>-0.6%</b>         |

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**Explanatory Notes to**  
**Revised Preliminary Fiscal Year 2005 Budget**

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

Each NVTC jurisdiction is assigned a share of the local portion of NVTC's administrative budget based on its share of revenue received by NVTC on behalf of jurisdictions from all sources in the previous year. This procedure is required by state statute and results in changes in contributions from one year to another that vary for each jurisdiction depending on relative shares of revenue received. The allocation in this FY 2005 budget is based on the FY 2004 Subsidy Allocation Model.

**2. Project Chargebacks**

This line consists primarily of charges for NVTC staff support for the VRE project and reimbursed from VRE's budget. For FY 2003, actual charge backs were well below the budgeted level (\$165,000), but recoveries for FY 2004 are expected to meet the budgeted amount. Actual recoveries were \$165,350 for FY 2001 and \$115,175 for FY 2002.

**3. Appropriated Surplus**

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

**4. Salaries**

Salaries for fiscal year 2005 are budgeted to include merit increases for the existing staff. Step increases for merit incentive raises are included up to 5%, but no cost of living adjustments are provided. Each 1% of merit increases costs approximately \$6,300. Merit increases within the budget amount are awarded at the discretion of the executive director. The 2005 budget includes nine staff positions, which is one less position than the 2004 approved budget.

**5. Group Health Insurance**

Experience over the past several years indicates accelerating cost of as much as 25 percent annually.

## **6. Retirement**

Employer pension contributions show a decrease from the FY 04 budget due primarily to the reduction of a staff position offset by anticipated salary increases. The calculations for the target benefit plan are based on the salaries projected for FY 2005.

## **7. Commissioners' Per Diem**

The statutory rate is \$50 per meeting. In FY 2003, two meetings were cancelled due to inclement weather. The budgeted amounts for FY 2004 and FY 2005 are based upon the regular meeting schedules.

## **8. Office Rent**

The administrative office lease was renewed during fiscal year 2001 for the period January 2001 through December 2010. Rent expense is budgeted based upon the fixed costs of the lease, with a provision for increases in common area expenses due to rising costs.

## **9. Conference Registration and Travel**

For conference registration and conference travel, FY 2003 actual amounts were well below the averages of the past several years. The FY 2004 and FY 2005 budgets are based upon prior year needs.

## **10. Local Meetings and Related Expenses**

NVTC hosts numerous regional meetings for the benefit of member jurisdictions. Costs of accommodating numerous meetings are the largest component of this line item, which also includes the costs of NVTC staff traveling to meetings elsewhere in the region. FY 2003 actual expenses were well below the \$12,000 average of the previous two years, and the amounts included in the FY 2004 and FY 2005 budgets approximate the actual amounts for FY 2001 and FY 2002.

## **11. Training and Professional Development**

Actual expenditures fluctuate with the changing needs of staff. For FY 2001, actual expenditures were \$4,800, which is greater than the budgeted amounts for FY 2004 and 2005.

## **12. Duplication**

Duplication costs are budgeted based upon a five year fixed price contract entered into during FY 2001. The duplication expense of paper and staples which are not included in the contract have been budgeted based upon estimated usage levels.

**13. Furniture and Equipment**

This budget category provides for the replacement and acquisition of office furniture and equipment, including computer hardware. It is expected that during FY 2005, several computers will need to be replaced or undergo major upgrades to support the operations of the commission.

**14. Computer Operating Expense**

Computer operating expenses include outside network consulting and services, software upgrades and supplies, and web hosting fees.

**15. Advertising (Personnel/Procurement)**

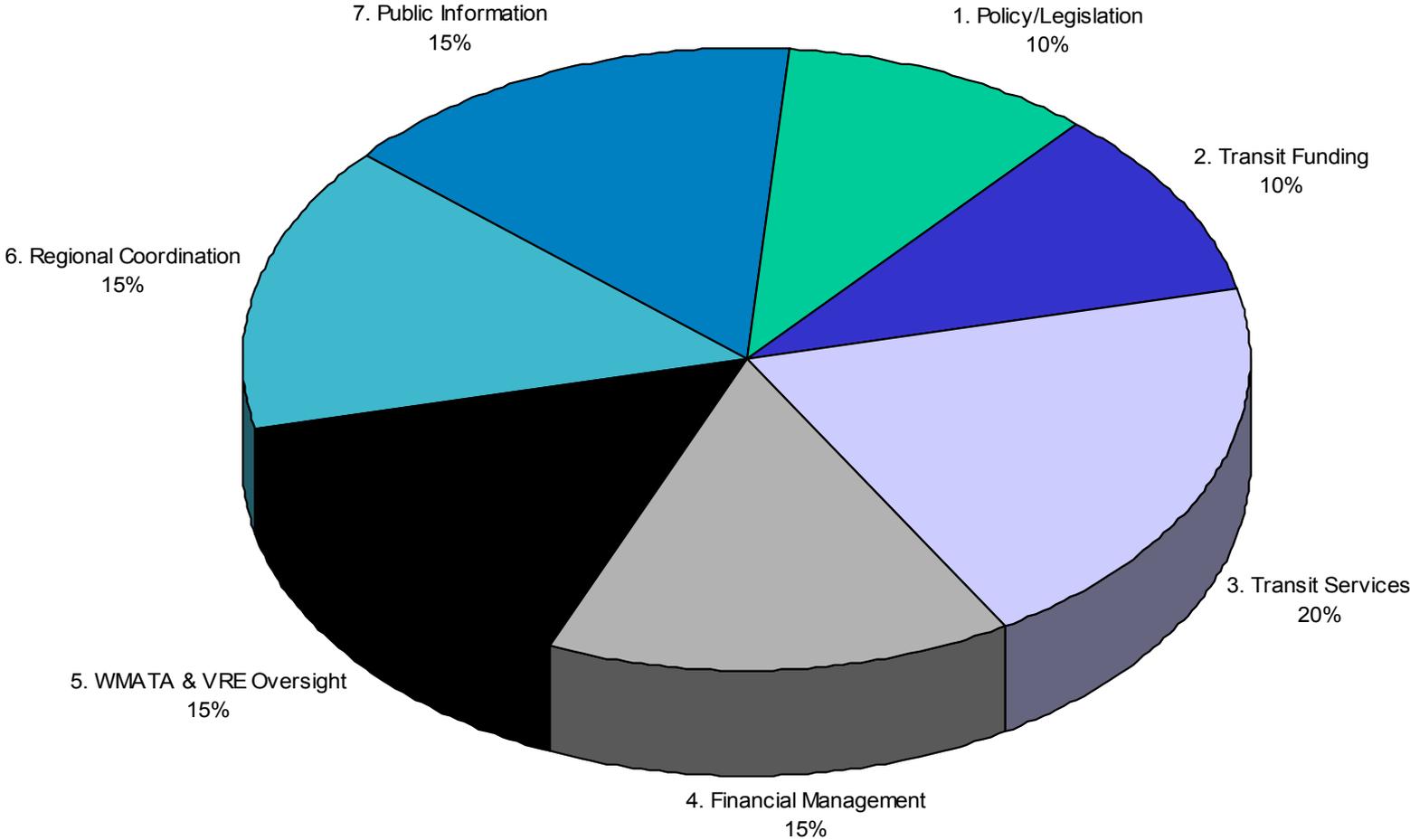
The FY 2005 budget includes a provision for personnel and procurement advertising. An average of prior year costs was used to develop the budgeted amount as this category fluctuates from year to year.

**16. Auditing**

The 2005 budget includes auditing fees according to the three-year contract with the present auditors plus a contingency for additional services.

# NVTC WORK PROGRAM FY 2005

(percent of employee hours)

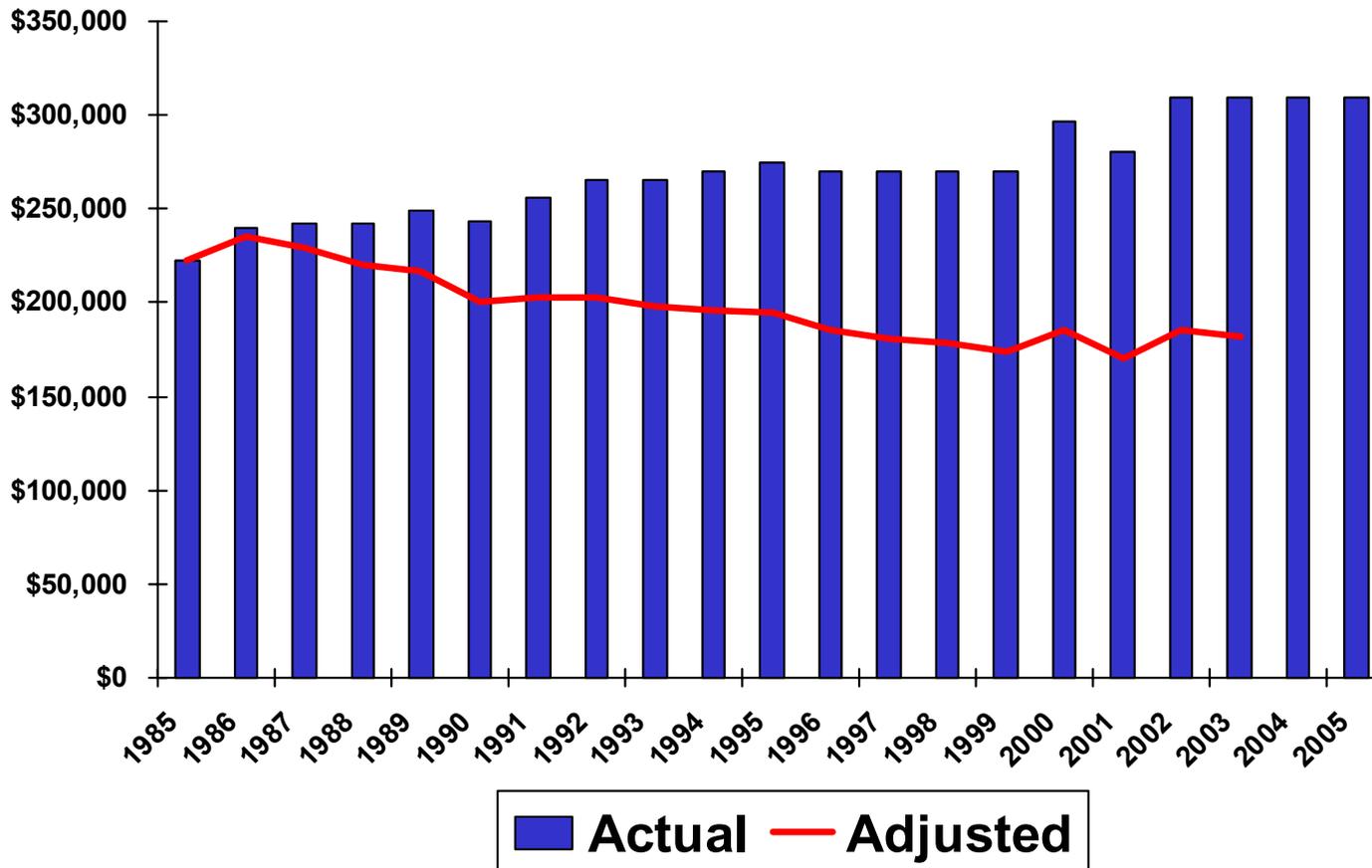


# NVTC

## Jurisdictional Contributions

### Actual vs. CPI Adjusted

(Base Period 1985)



**MEMORANDUM**

**TO:** Chairman McConnell and NVTC Commissioners  
**FROM:** Rick Taube and Kala Quintana  
**DATE:** December 31, 2003  
**SUBJECT:** Legislative Items

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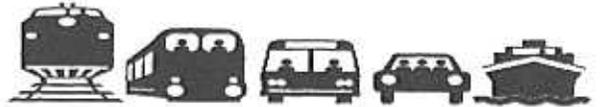
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The Virginia Transit Association will sponsor the second annual Transit Appreciation Day in Richmond on Tuesday, January 27, 2004 from about 9:30 A.M. to 3:00 P.M. The event will feature a rally, speakers and visits to General Assembly members. We expect a bus will be available for board members and staff who wish to join us. More details will be provided later in the month.

The Mobile Commuter Store will be used as a focal point for the rally and displays, with refreshments provided.

There is good news already from Richmond. VDOT Commissioner Shucet is recommending that CMAQ projects receive a full state match for the first time in FY 2005. This was an action item for VTA as well as NVTC. Recommended funding for the Transportation Efficiency Improvement Fund will also increase substantially.

An attachment from the American Public Transit Association describes the current status of several federal legislative items of interest, including FY 2004 appropriations, TEA-21 reauthorization, rail enhancements and transit commuter benefits. Other attachments cover APTA's efforts to restore leveraged leasing to the arsenal of transit finance weapons.



# Virginia Transit Association **UPDATE**

*News from the Virginia Transit Association — The Voice of Public Transportation in Virginia*

## 2004 Session VTA Legislative Update # I

December 17, 2003

### In the Midst of Tough Times, Good News in the Governor's Budget for Transit

- **Mass Transit Fund Increase of \$1 mil- FY05 and \$5 mil- FY06.**  
The Governor's tax package transportation proposal provides general funds to pay the debt service on FRANS (had been "taken off the top" of the Transportation Trust Fund). This frees up TTF funds for distribution through the regular formulas. These funds may be contingent on passage of this portion of the Governor's tax restructuring plan.
- **Increase in TEIF funds by \$1.1 million each year of the biennium.**
- **State will provide the match for CMAQ funds!!** This is a new policy, verified in a letter from Commissioner Shucet to DRPT. This change will not be found in the Governor's budget but will be seen in the VDOT budget. This is a significant policy change. It shows what can be done with an administration and a transportation leadership team that will encourage and support transit. You may recall that VTA suggested this change at the November Board meeting and included it in the 2004 Legislative Agenda. VTA pursued the issue with DRPT Director Karen Rae and also with Judy Connelly, CTB board member and Barbara Reese and Mary Lynn Tischer of VDOT. Ms. Rae presented the issue to Secretary Clement and Commissioner Shucet who agreed it was a change that could and should occur.
- **New funding for transit planning will be available to DRPT from the VDOT budget.**
- **Note for those of you who read the budget document, there are minor technical language cleanups in the DRPT section of the budget. Page 354- Item 483 B.2 allows the CTB to hold a system harmless from a reduction in state formula assistance "any transit system that *maintains* service levels from the previous year" Previous language had required a "*decrease*" in funds for hold harmless.**



# Washington Report

American Public Transportation Association  
(202) 496-4800

1666 K St., NW. Washington, DC 20006  
[www.apta.com](http://www.apta.com)

December 4, 2003

## FY 2004 Appropriations Update

The FY 2004 Transportation-Treasury Appropriations bill has been added to an omnibus appropriations package that includes six other unfinished bills and is scheduled for consideration when the House and Senate reconvene on December 9. In the meantime, transportation programs will continue to be funded at FY 2003 levels under a Continuing Resolution (CR) that expires on January 31. If Congress does not approve the omnibus appropriations bill the week of December 9, transit programs would continue to operate through January under the CR. Transit is funded at \$7.266 billion in FY 2004 under the omnibus appropriations bill.

Funding levels for the major transit programs in the omnibus bill are shown below:

| Program                            | FY 2003<br>Final<br>Appropriation (a)<br>(Millions) | FY 2004<br>House<br>Appropriation<br>(Millions) | FY 2004<br>Senate<br>Appropriation<br>(Millions) | FY 2004<br>Conference<br>Agreement (b)<br>(Millions) |
|------------------------------------|---|---|--|--|
| Total All Programs                 | 7,179.03  | 7,231.00  | 7,305.00   | 7,265.88   |
| Formula Total                      | 3,764.36  | 3,789.00  | 3,789.00   | 3,766.64   |
| UZA and Rural Formula              | 3,662.58  | 3,686.55  | 3,686.55   | 3,664.80   |
| Elderly and Disabled               | 90.06   | 90.65   | 90.65  | 90.12  |
| Clean Fuels                        | (c)   | (c)   | (c)  | (c)  |
| Alaska Railroad                    | 4.82  | 4.85  | 4.85   | 4.82   |
| Rural Transportation Accessibility | 6.90  | 6.95  | 6.95   | 6.91   |
| Capital Investment (d)             | 3,110.65  | 3,156.50  | 3,190.00   | 3,188.58   |
| New Starts (e)                     | 1,251.21  | 1,214.40  | 1,318.40   | 1,315.98   |
| Fixed-Guideway Modernization       | 1,206.51  | 1,214.40  | 1,214.40   | 1,199.39   |
| Bus and Bus Facilities (d)         | 652.93  | 727.70  | 657.20   | 673.20   |
| Planning                           | 72.50   | 73.00   | 73.00  | 72.57  |
| Research                           | 48.71   | 49.00   | 49.00  | 52.69  |
| Job Access and Reverse Commute     | 104.32  | 85.00   | 125.00   | 104.38   |
| University Centers                 | 5.96  | 6.00  | 6.00   | 5.96   |
| FTA Operations                     | 72.53   | 72.50   | 73.00  | 75.05  |

(a) Reflects FY 2003 government-wide across-the-board spending reduction of 0.65%.

(b) Reflects FY 2004 government-wide across-the-board spending reduction of 0.59%.

(c) Transferred to or allocated with Bus and Bus Facilities.

(d) Includes funds transferred from or allocated from Formula Clean Fuels.

(e) Excludes prior-year unobligated balances.

The Conference Report (108-401) on the omnibus appropriations bill essentially maintains the Transportation-Treasury Appropriations bill finalized by the House-Senate Conference Committee on November 12. Transit would be funded at \$7.266 billion, an increase of \$40 million over the Administration's request, and \$87 million over FY 2003 levels. The bill would fund Amtrak at \$1.218 billion; the highway program at \$32.8 billion; and aviation programs at \$13.9 billion. These amounts and those in the chart above reflect a .59 percent across-the-board reduction in most federal programs included in the omnibus Conference Report; transit funding was reduced by \$43 million as a result of the across-the-board reduction.

### **Special Provisions**

The Amtrak funding for the first time includes language providing \$59.6 million for directed services to be available to continue commuter rail operations should Amtrak cease operations; such funding would become available to Amtrak if unused by the 4<sup>th</sup> quarter. The Conference Report retains a provision from the Senate bill that would establish an FTA purchase pooling pilot program to allow transit systems to collaborate on bus procurements, and directs FTA to report to the Appropriations Committees on the program sixty days after contract award; contains language prohibiting transit systems from accepting advertising that promotes the legalization or medical use of controlled substances; permits FTA to allow operating assistance up to \$10 million to be used in UZAs over 200,000 in population for a transit provider with 25 or fewer vehicles for services for the elderly and persons with disabilities; directs the DOT Inspector General to report by March 1, 2004, on FTA's recent interpretations and exemptions under the Buy America program; and directs FTA to ensure the Committees by December 31, 2003, that the charter bus provisions continue to be carried out in accordance with the relevant provisions of federal transit law.

The text of the omnibus Conference Report is printed in the November 25 Congressional Record, which is available online on the THOMAS and GPO websites. Earmarks for New Starts, JARC, and the Bus and Bus Facilities program are available on the Government Affairs section of APTA's website at [www.apta.com](http://www.apta.com).

## **TEA 21 Reauthorization Update**

### **House T & I Committee Introduces \$375 Billion Bill**

As reported in APTA's November 20 Legislative Alert, the bipartisan leadership of the House Transportation and Infrastructure (T&I) Committee recently introduced a TEA 21 reauthorization bill that would authorize \$375 billion for the federal transit and highway programs over six years, with \$69.2 billion for the federal transit program (see chart below). The bill, H.R. 3550, is called "Transportation Equity Act: A Legacy For Users" (TEA LU). A brief overview of the bill follows, with more information available soon on the Government Affairs section of [www.apta.com](http://www.apta.com).

TEA LU includes significant funding increases for transit, providing \$4.2 billion more than APTA's reauthorization recommendations. Because the bill does not yet have a budget or revenue title, it does not include guaranteed funding or firewalls; committee members and staff have emphasized that highway and transit programs will be guaranteed - both the General Fund and Trust Fund components.

In an effort to fix an accounting problem resulting from the fact that the transit program is funded with both Trust Funds and General Funds, the bill would fund New Starts, Small Starts (see below), Research, and FTA Administrative Expenses from the General Fund, while all other programs would be funded from the Mass Transit Account of the Highway Trust Fund.

Annual funding levels authorized for the federal transit programs in TEA LU are:

| Program                             | FY 2004<br>(Millions) | FY 2005<br>(Millions) | FY 2006<br>(Millions) | FY 2007<br>(Millions) | FY 2008<br>(Millions) | FY 2009<br>(Millions) | Six-Years<br>(Millions) |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|
| Total All Programs                  | 8,200.00              | 9,700.00              | 10,900.00             | 12,200.00             | 13,400.00             | 14,800.00             | 69,200.00               |
| Formula Total                       | 4,428.50              | 5,249.75              | 5,908.75              | 6,623.50              | 7,282.50              | 8,053.00              | 37,546.00               |
| Urbanized Area Formula              | 3,563.03              | 4,268.20              | 4,832.63              | 5,433.53              | 6,011.39              | 6,666.66              | 30,775.46               |
| High Intensity Small Urbanized Area | 35.00                 | 38.00                 | 41.00                 | 44.00                 | 47.00                 | 50.00                 | 255.00                  |
| Rural Formula                       | 315.18                | 377.21                | 426.92                | 479.82                | 530.70                | 588.36                | 2,718.20                |
| Elderly and Disabled Formula        | 100.50                | 120.29                | 136.14                | 153.00                | 169.23                | 187.62                | 866.77                  |
| Rural Transp. Assistance (RTAP)     | 6.43                  | 7.70                  | 8.71                  | 9.79                  | 10.83                 | 12.01                 | 55.47                   |
| Clean Fuels Formula                 | 100.00                | 100.00                | 100.00                | 100.00                | 100.00                | 100.00                | 600.00                  |
| Alaska Railroad                     | 4.85                  | 4.85                  | 4.85                  | 4.85                  | 4.85                  | 4.85                  | 29.10                   |
| Rural Transportation Accessibility  | 10.00                 | 10.00                 | 10.00                 | 10.00                 | 10.00                 | 10.00                 | 60.00                   |
| Job Access and Reverse Commute      | 175.00                | 185.00                | 195.00                | 205.00                | 215.00                | 225.00                | 1,200.00                |
| New Freedoms Initiative             | 100.00                | 120.00                | 125.00                | 150.00                | 150.00                | 175.00                | 820.00                  |
| Transit in Parks Pilot Program      | 10.00                 | 10.00                 | 20.00                 | 20.00                 | 20.00                 | 20.00                 | 100.00                  |
| Nonmotorized Transportation Pilot   | 5.00                  | 5.00                  | 5.00                  | 10.00                 | 10.00                 | 10.00                 | 45.00                   |
| Bus Testing                         | 3.50                  | 3.50                  | 3.50                  | 3.50                  | 3.50                  | 3.50                  | 21.00                   |
| Capital Investment Total            | 3,526.00              | 4,171.00              | 4,687.00              | 5,246.00              | 5,762.00              | 6,364.00              | 29,756.00               |
| New Starts                          | 1,350.40              | 1,596.40              | 1,790.80              | 2,002.40              | 2,196.80              | 2,425.60              | 11,362.40               |
| Fixed-Guideway Modernization        | 1,350.40              | 1,596.40              | 1,790.80              | 2,002.40              | 2,196.80              | 2,425.60              | 11,362.40               |
| Bus and Bus Facilities              | 675.20                | 798.20                | 895.40                | 1,001.20              | 1,098.40              | 1,212.80              | 5,681.20                |
| Small Starts                        | 150.00                | 180.00                | 210.00                | 240.00                | 270.00                | 300.00                | 1,350.00                |
| Planning Total                      | 102.50                | 121.25                | 136.25                | 152.50                | 167.50                | 185.00                | 865.00                  |
| Metropolitan Planning               | 84.79                 | 100.30                | 112.71                | 126.15                | 138.56                | 153.03                | 715.53                  |
| State Planning                      | 17.71                 | 20.95                 | 23.54                 | 26.35                 | 28.94                 | 31.97                 | 149.47                  |
| Research Total                      | 66.00                 | 77.00                 | 84.00                 | 91.00                 | 98.00                 | 105.00                | 521.00                  |
| TCRP                                | 10.00                 | 12.50                 | 12.50                 | 15.00                 | 15.00                 | 15.00                 | 80.00                   |
| National Transit Institute          | 5.00                  | 5.00                  | 5.00                  | 5.00                  | 5.00                  | 5.00                  | 30.00                   |
| National Research                   | 33.00                 | 41.50                 | 48.50                 | 53.00                 | 60.00                 | 67.00                 | 303.00                  |
| Project Action                      | 4.00                  | 4.00                  | 4.00                  | 4.00                  | 4.00                  | 4.00                  | 24.00                   |
| Reports and Audits                  | 4.00                  | 4.00                  | 4.00                  | 4.00                  | 4.00                  | 4.00                  | 24.00                   |
| University Research                 | 10.00                 | 10.00                 | 10.00                 | 10.00                 | 10.00                 | 10.00                 | 60.00                   |
| FTA Operations                      | 77.00                 | 81.00                 | 84.00                 | 87.00                 | 90.00                 | 93.00                 | 512.00                  |

## New Programs

The bill would create new transit programs:

- A new program for *transit intensive urbanized areas* under 200,000 in population would grow from \$35 million a year to \$50 million a year. It would be funded through a set aside from the formula program and is nearly identical to APTA's reauthorization proposal.
- A *New Freedom Initiative program* would provide funding for people with disabilities for activities beyond those required by ADA. It would grow from \$100 million in FY 2004 to \$175 million in FY 2009. The New Freedom Initiative would be allocated using a formula based on the disabled population in a state, with 60% of the funds allocated to urbanized areas with populations larger than 200,000, 20% to states for use in urbanized areas of less than 200,000, and 20% to states for use in rural areas. The program contains language mandating coordination of transportation services with other federal human service programs.

- A new *Small Starts program* would be created, funded by a take down from the capital investment program. It would provide funding for smaller projects with a federal New Starts share of between \$25 million and \$75 million, including streetcar, trolley, bus rapid transit (BRT) (if more than half of the project includes exclusive right-of-way), and commuter rail projects. Funding would double over the life of the bill from \$150 million to \$300 million annually.
- The bill would also create a *Transit in the Parks pilot program*, designed to develop transit in National Parks with the goal of improving mobility and reducing congestion and pollution. It would be funded at \$10 million annually in FY 2004 and 2005 and \$20 million annually in subsequent years.

### **Other Provisions**

The bill would retain the New Starts federal share of 80%. The bill would significantly increase funding for the rural program from 6.5% to 8% of the transit formula program. Intercity bus facilities would be eligible as capital projects if the facility serves as a connector to public transportation. Security and emergency preparedness projects, including training and drill expenses, would be eligible for capital funding. New criteria are added to the formula of the Clean Fuels Grant program. The bill would require coordination between private, non-profit, and public transportation providers and other federal programs in JARC, the New Freedoms Initiative, and the Individuals with Special Needs/Disabilities program. The bill would add "safety and security management" to project management and oversight review requirements, and grant the Secretary some ability to permit transit systems complying with more than one DOT drug and alcohol testing to simplify the varying requirements. The bill also contains a provision that would allow transit agencies in urban areas reclassified as being larger than 200,000 in population after the 2000 census to continue to use formula funds for operating expenses in 2003 and 2004 at the same level as 2002. The bill would change all references in transit law from "transit" to "public transportation."

The bill would not change the Fixed-guideway Modernization formula to add an 8<sup>th</sup> tier as recommended in APTA's reauthorization proposal, but would distribute all additional funding under the existing 7<sup>th</sup> tier, which allocates funds on a 50-50 basis between "old" and "new" cities. APTA had recommended that new funds be distributed on a 60-40 basis between "old" and "new" cities. The bill would also strike language in the existing Fixed-guideway Modernization program that excludes rail lines in service after 1997; which means all rail lines in operation more than 7 years would be counted in the formula. The bill extends the current exemption from axle-weight limitations for transit buses through FY 2009, but does not expand the current exemption to inter-city buses.

### **Highway Program**

The bill would preserve the existing structure of the highway program, and would not change flexible funding provisions that permit highway funds to be used for transit projects. Funding for the Ferryboat program would rise to \$100 million in FY 2004 and receive annual increases to \$125 million in FY 2009.

### **Upcoming Action**

T&I Committee Chairman Don Young (R-AK) would like to approve the bill in Committee during February and move it to the House floor in mid-March. Funding remains a key issue; the House Ways and Means Committee, which has jurisdiction over tax issues, must weigh in before the bill is ready for the floor.

For further information on TEA LU, please visit the Committee's website at [www.house.gov/transportation](http://www.house.gov/transportation), or visit the Government Affairs section of the APTA website at [www.apta.com](http://www.apta.com), or contact Rob Healy at (202) 496-4811.

## **Senate Committee Introduces \$255 Billion Highway Title Reauthorization Bill**

On Wednesday, November 12, the Senate Environmental and Public Works (EPW) Committee approved a bill to reauthorize the highway title of TEA 21. The bill, the “Safe, Accountable, Flexible, and Efficient Transportation Equity Act (SAFETEA) of 2003” (S.1072), reflects the name of the Administration's TEA 21 reauthorization proposal. The bill maintains the funding flexibility of the highway title currently in TEA 21, and does not make major changes to the structure of the highway program.

### **Funding**

As noted in our October 31 Legislative Update, the EPW bill would authorize \$255 billion in funding for the highway program over the next six years; the table below shows program funding levels. As in the House T&I Committee's TEA-LU bill, the Committee did not designate how the increased funds would be raised; provide specific allocations to the states; or set a highway program minimum guaranteed rate of return, currently 90.5%. Committee leadership have indicated they intend to increase the minimum guaranteed rate of return from 90.5% to 95% by the end of the six-year bill.

### **Environmental Provisions**

The bill would make several changes to environmental provisions in current law. It would make changes to the frequency of required environmental reports, include new stakeholders and would designate the DOT as the lead agency for the environmental review process. Changes to conformity requirements would mandate that several criteria, such as population growth, employment, transit ridership and congestion be included in the development of travel and emissions models. The bill also creates a new Infrastructure Performance and Maintenance Program which targets funds to existing highway projects for system preservation, maintenance, or operational improvements that are already eligible under ISP, NHS, or STP.

### **Safety**

Concerning safety, the bill contains most of the language included in the Administration's SAFETEA proposal. The bill would provide new flexibility in the use of program funds, including making pedestrian safety projects eligible for CMAQ funding. The bill would eliminate the 10 percent set-aside in the STP program for safety and instead create a new fund, the Highway Safety Improvement Program (HSIP), dedicated to highway safety.

### **Planning**

The bill would make changes to the planning process. It would mandate that states include land use as a factor in developing projects, and add habitat and hydrological mitigation activities during construction. It provides that federal funds may be used to cover no more than 20 percent of environmental restoration and pollution abatement planning. An amendment by Senator John Warner (R-VA) increased the planning set aside to 1.5 percent from 1 percent, on the basis that 36 new MPOs would be created by the bill (with some Senators arguing that only 24 would be created).

## **Other Provisions, Maglev**

The bus axle weights exemption would be continued, made permanent, and extended to intercity buses. The bill adds new definitions of operating costs and operational improvements for which federal funds are eligible to be used; allows CMAQ funds to be used for systems management and operations, including for transit; and allows more STP funds to be used for regional operations collaboration. The bill contains a non contract authority authorization of \$2.5 billion over the six-year life of the bill to fund planning, design, and construction of eligible Magnetic Levitation (Maglev) projects; in addition, \$90 million in contract authority, from the highway account of the Highway Trust Fund, would be available for a Maglev deployment program over the life of the bill.

## **Changes in Committee Markup**

After the bill was introduced and before its markup by the full Committee, APTA wrote to the Committee in support of the bill but identified a few concerns about it. That November 10 letter is available on the Government Affairs section of [www.apta.com](http://www.apta.com). APTA expressed concern about the reduction in the section 130 railroad crossing safety program; in markup the reduction in railroad crossing program was eliminated and the program authorization was doubled to \$200 million a year. APTA also expressed concern that the bill appeared to assume authorization from the Mass Transit Account of \$75 million a year for a new Intermodal Passenger Facilities Program, noting that this was properly the jurisdiction of the Senate Banking Committee; in markup the reference to funding from the Mass Transit Account was deleted. APTA also commented on a new program permitting the collection of highway tolls for congestion relief, recommending that tolls so collected be eligible not just for highways but also for transit and other innovative activities such as station cars; the provision was taken out during markup. Finally, APTA noted that under the bill the Ferryboat Discretionary Program would be maintained at \$38 million year, and recommended that it be increased to \$75 million year; in markup the Committee maintained the program at the \$38 million level.

Other Committee actions during markup affecting transit -

- An amendment by Senator Lincoln Chafee (R-RI) amended the definition of the term transportation enhancement activity to include historic battlefields.
- An amendment by Senator Hillary Clinton (D-NY) maintained the present suballocation of STP funds; the bill had originally increased the share to rural areas and decreased it to urban areas.
- An amendment by Senator Tom Carper (D-DE) added passenger rail to the National Surface Transportation System Study.
- Two amendments by Senator Bob Graham (D-FL); one included the operation and maintenance of transit facilities as a purpose for which certain funds may be used; and one added MPOs to the stakeholder list in the planning process.
- An amendment by Senator Ron Wyden (D-OR) makes transit-oriented development eligible to receive funds as part of a \$35 million pilot project called the Transportation, Community, and System Preservation Program.

## **Upcoming Action**

EPW Committee leadership and most members want the bill passed and the reauthorization process completed before the current TEA 21 extension expires on February 29. The Senate Banking Committee, with jurisdiction over the transit title of the bill, has indicated it will not release its reauthorization proposal until they reach agreement with the Senate Finance Committee on how the bill will be financed. EPW and the Banking Committee must therefore complete negotiations on funding with the Senate Finance Committee, which has jurisdiction over tax law changes required to raise the necessary revenue. Several changes are likely to be made to the bill on the floor of the Senate, as Committee members indicated they will offer more amendments. Many of these EPW amendments will deal with environmental streamlining provisions, a key issue to many Committee members.

For more information on the EPW Committee's SAFETEA bill, please visit the Committee's website at <http://epw.senate.gov>. Further information, including the October 31 Legislative Update, is available in the Government Affairs section of the APTA website at [www.apta.com](http://www.apta.com), or contact Josh Fudge in APTA's Government Affairs Department at (202) 496-4810.

## **Rail Enhancement Legislation Introduced**

On November 25, a group of Senators introduced legislation that would authorize \$42 billion in spending over six years to improve high-speed rail corridors, provide additional funding for Amtrak, and improve freight mobility. The bill, the "American Railroad Revitalization, Investment, and Enhancement Act" or ARRIVE 21, would create a non-profit, public-private partnership that would issue \$30 billion in bonds to partially fund the program. The partnership would then award grants to states and to Amtrak for capital projects. A formula grant program would also provide funds to all states for capital projects, and an average of \$1.5 billion annually would be authorized for Amtrak's capital and operations expenses. For further information, please visit the Government Affairs section of the APTA website at [www.apta.com](http://www.apta.com), or contact Art Guzzetti at (202) 496-4814.

## **30 Transit Authorities to Share \$50 Million in Security Funds**

On November 13, the U.S. Department of Homeland Security announced the allocation of \$50 million from its FY 2004 appropriations bill in the form of grants to 30 public transit authorities across the country for security purposes. The transit systems were determined based upon the number of annual riders and overall track mileage. The transit grants are part of \$725 million in discretionary funding in the Fiscal Year 2004 Homeland Security Appropriations bill for the Urban Area Security Initiative, the high threat, high density urban areas grant program.

Transit authorities will be allowed to use the funds for purposes including physical barricades; area monitoring systems, such as video surveillance, motion detectors, thermal/IR imagery, and chemical/radiological material detection systems; integrated communications systems; and prevention, planning, training, and exercises. If not already completed, each transit system would be required to conduct an assessment and preparedness plan on which to base resource allocations by January 31, 2004. The funds, according to DHS, will be allocated to the states, which have until December 15th to apply for the funding.

The remaining program funds, \$675 million, are being allocated as grants through the states to 50 urban areas selected by the Department of Homeland Security to enhance their overall security and preparedness level. Transit authorities in the 50 urban areas are eligible to apply for these funds through their State Administrative Agency (SAA). All transit systems are also eligible to apply for \$1.7 billion in formula-based grants, and the \$500 million in law enforcement terrorism prevention grants for overtime expenses that go to the states.

The following are the allocations to transit agencies under this program, as announced by DHS on November 13:

|  |                 |
|--|-----------------|
| NY – MTA – NYC Transit                             | \$10,000,000.00 |
| Chicago – METRA                                    | \$3,034,969.91  |
| Washington, D.C. – WMATA                           | \$2,809,312.95  |
| New York – LIRR                                    | \$2,732,103.14  |
| New York – Metro-North                             | \$2,695,327.39  |
| Chicago Transit Authority                          | \$2,484,059.46  |
| Boston – MBTA                                      | \$2,122,121.24  |
| Los Angeles – Metrolink                            | \$1,982,809.18  |
| San Francisco – SF Bay Area Rapid Transit District | \$1,622,456.51  |
| Boston, MA – Mass. Transportation Bay Authority    | \$1,604,437.27  |
| Philadelphia – SEPTA                               | \$1,594,967.82  |
| Philadelphia – SEPTA Subway                        | \$1,530,683.33  |
| Atlanta – Metropolitan Atlanta Rapid Transit       | \$1,491,848.08  |
| NY – Port Authority of NY/NJ                       | \$1,257,150.82  |
| Maryland – MARC                                    | \$1,037,752.88  |
| Northern Indiana Commuter Trans District- NICTD    | \$800,000.00    |
| San Francisco – Caltrain                           | \$800,000.00    |
| Virginia – VRE                                     | \$800,000.00    |
| San Jose, CA – ACE                                 | \$800,000.00    |
| Los Angeles – LA County Metro Transportation       | \$800,000.00    |
| Miami – Tri-Rail                                   | \$800,000.00    |
| Miami – Miami – Dade Transit Agency                | \$800,000.00    |
| New Haven – Shoreline East                         | \$800,000.00    |
| Maryland DOT – Mass Transit Administration         | \$800,000.00    |
| San Diego – Coaster                                | \$800,000.00    |
| Seattle – Sound Transit                            | \$800,000.00    |
| Philadelphia – NJ – PATCO                          | \$800,000.00    |
| Cleveland – Greater Cleveland Regional Transit     | \$800,000.00    |
| Dallas – Trinity Railway Express                   | \$800,000.00    |
| NY – MTA – Staten Island Railway                   | \$800,000.00    |

These funds are in addition to the \$65 million in funds to transit systems provided by the FY 2003 Emergency Wartime Supplemental Appropriations bill earlier this spring. For more information on these programs, the list of urban areas, the list of the transit authorities, and the grant application used by the states, please visit the DHS website at <http://www.ojp.usdoj.gov/docs/fy04uasi.pdf>. For further information, visit the Government Affairs section of [www.apta.com](http://www.apta.com); or contact Tom Yedinak at (202) 496-4865.

## **Transit Leasing Provisions Update**

On November 26, the Treasury Department's Assistant Secretary for Tax Policy, Pamela F. Olson, wrote to Transportation Secretary Norman Mineta, asking that the U.S. Department of Transportation, until otherwise advised, no longer permit transit agencies to enter into tax-advantaged leasing transactions. On the same day, the FTA notified transit agencies with lease transactions under active review that it was suspending consideration of such transactions.

The Treasury letter was in response to the attention that has been focused on the use of leasing transactions by transit agencies and other public entities to generate revenue to meet capital needs. The Senate Finance Committee approved legislation (S. 1637) on October 2, 2003, that addresses trade issues and potential sanctions on U.S. made goods sold in European markets; among the revenue raisers in the bill are provisions that would effectively eliminate the ability of transit agencies to enter into such lease transactions. If these provisions are included in tax law, U.S. transit agencies and other public entities would no longer be able to lease finance their assets, depriving them of an effective, legitimate financing tool that has provided transit agencies and municipalities with an important source of funding for capital and operating purposes for more than 25 years. Senate Finance Chairman Charles Grassley further discouraged the approval of lease agreements when in a recent press release he said he would offer an amendment to the Committee-approved bill to make the prohibition on lease agreements effective November 18, 2003.

APTA has weighed in on this issue in a number of places: with the leadership of the House Ways and Means Committee and its staff; with House and Senate authorizing committee staff; and most recently via letters to Secretary Mineta and FTA Administrator Dorn urging them not to delay leasing transactions now pending before the FTA. A number of APTA-member transit systems have conveyed their concerns about the bill to their elected representatives in both Houses of the U.S. Congress. House Speaker Dennis Hastert recently stated that he opposes the Senate Finance Committee effort. APTA will continue to press the case on this issue when Congress returns next year. In the meantime, well-known tax lobbyist Ken Kies, head of a coalition in favor of continuing such leasing, will speak at APTA's Legislative Committee meeting on December 5. For further information, please visit the Government Affairs section of the APTA website at [www.apta.com](http://www.apta.com), or contact Rob Healy at (202) 496-4811.

## **Transit Benefits Bill Moves Forward**

Rep. James McGovern (D-MA) has introduced H.R. 2614, the Commuter Benefit Equity Act of 2003. Current law allows an employer to take a tax deduction by offering employees up to \$100 per month for transit passes and \$190 per month for parking. The bill would place transit on an equal footing with driving by increasing the monthly limit for both transit passes and parking to \$190. For further information, please visit the Government Affairs Section of the APTA website at [www.apta.com](http://www.apta.com), or contact Josh Fudge at (202) 496-4810.

## **Senate Workforce Investment Act Legislation Contains Coordination Language**

On November 14, the Senate approved amendments to legislation that would reauthorize the Workforce Investment Act (WIA). The bill, S. 1627, is titled the "Workforce Investment Act Amendments of 2003". The bill contains language that would require state and local agencies that administer WIA programs to describe how existing public transportation services would be used to provide transportation services to program clients. APTA staff worked with Congressional staff to include this language in the bill. The bill now faces a vote in the Senate in the next session. For further information, please visit the Government Affairs Section of the APTA website at [www.apta.com](http://www.apta.com), or contact Elissa Dodge at (202) 496-4827.

## **Energy Bill Shelved Until Next Year**

On November 22, the Senate failed to block a filibuster on the Conference Report of the comprehensive energy bill (H.R. 6). Action on the bill will be put off until next year, as the issue remains a top priority for President Bush and Congressional GOP leadership. Among many other things, the bill would have mandated increased amounts of renewable fuels, mostly ethanol, over the next 9 years; and added a new tax credit for ethanol producers. The bill included two pilot programs for which transit systems would have been eligible: a \$20 million competitive grant program for acquisition of alternative fueled vehicles, including public transportation buses; and a \$10 million program to fund 5 fuel cell transit bus demonstration projects. There will be efforts in the next session of Congress to move the energy bill. For further information, please visit the Government Affairs Section of the APTA website at [www.apta.com](http://www.apta.com), or contact Josh Fudge at (202) 496-4810.



AMERICAN  
PUBLIC  
TRANSPORTATION  
ASSOCIATION

November 24, 2003

The Honorable Norman Y. Mineta  
Secretary of Transportation  
U.S. Department of Transportation  
400 Seventh Street, S.W.  
Room 10200  
Washington, DC 20590

Dear Mr.  Secretary:

I write on behalf of the American Public Transportation Association (APTA), and its 1,500 member organizations, to urge the Department of Transportation not to delay the review of pending domestic leasing transactions involving transit assets now before the FTA. We have separately written FTA in this regard.

We recognize that a number of policy questions have been raised about the use of leasing transactions under the tax code, but ask that pending transit leasing transactions not be held up by FTA as these policy questions are considered by Congress and the IRS. From the perspective of the public transportation industry, domestic lease transactions have delivered real economic gains at a time when state and local resources are extremely limited. In recent years, public transportation systems have received net benefits in the \$700 million range from domestic lease transactions. These new revenue sources for the transit industry support and create jobs, and deliver real economic benefits around the country.

FTA and DOT for two decades have urged public transit systems to use innovative financing mechanisms such as leasing transactions to generate critical additional revenue. Moreover, it is our understanding that domestic lease transactions remain permissible under the tax code, and that each leasing transaction is registered with the IRS. It is our further understanding that the FTA's role in reviewing pending leasing transactions is to make certain that federally assisted assets are under the continuing control of the affected transit system, and that the transaction costs are not unreasonable. We have been told that the leasing transactions now pending with the FTA are no different from the forty or so other leasing transactions the FTA has approved over the past years.

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*Human Resources*

*Alan C. Wolkan*

*Business Membership*

President

*William W. Miller*

The Honorable Norman Y. Mineta  
November 24, 2003  
Page 2

Mr. Secretary, we respectfully urge the Department and FTA to expeditiously review the leasing transactions now before the FTA, so that much-needed resources may be made available at the local level for critical transit investments - investments that will deliver real economic benefits at the local level.

Please contact me if I can provide any further information. Thank you for your longstanding support of public transportation.

Sincerely yours,



William W. Millar  
President

WWM/cbo



DEPARTMENT OF THE TREASURY  
WASHINGTON

*Jamison*

ASSISTANT SECRETARY

November 26, 2003

The Honorable Norman Y. Mineta  
Secretary  
U.S. Department of Transportation  
400 Seventh Street, SW  
Washington, DC 20590

Dear Mr. Secretary:

We understand that certain corporations are engaging in transactions with municipalities and other state and local governmental units that the corporations assert permit them to claim Federal income tax deductions with respect to Federally-funded public transportation capital assets. We also understand that many of these transactions have been permitted by the Federal Transit Administration (FTA). As a legal matter, the structures of the transactions raise substantial questions about whether the asserted tax benefits are allowable. As a policy matter, the cost of these transactions to the Federal Treasury is significantly higher than the benefits to the municipalities. These and similar transactions should no longer be permitted by the Department of Transportation.

**Background and Description of a Typical SILO Transaction**

Certain corporations are now engaging in transactions known as "sale-in/lease-out" or "SILO" transactions. These transactions involve arrangements that vary little in substance from prior "lease-in/lease-out" or "LILO" transactions that the IRS concluded should not be respected for federal income tax purposes. The IRS and the Treasury Department "listed" or designated LILOs as abusive tax avoidance transactions and the IRS is challenging the validity of LILOs on audit and will challenge LILOs in court.

SILOs employ the same fundamental contractual arrangements as LILOs, but typically involve a service contract arrangement. In addition, certain corporations have entered into similar arrangements involving qualified technological equipment. In the typical SILO transaction, a U.S. corporate taxpayer simultaneously enters into a leveraged lease of a municipality's existing asset, and leases the property back to the municipality. For example, a corporation enters into a 99-year lease (the "head lease") for a \$100 million transportation asset (the "property"), which the corporation treats as a purchase for federal tax purposes because the head lease term is in excess of the property's useful life. The corporation simultaneously leases the property back (the "leaseback") to the municipality for 25 years. The leaseback term is less than 80 percent of the property's remaining useful life. At the conclusion of the 25-year leaseback term, the municipality has a buyout option, discussed below.

The corporation finances the \$100 million purported purchase price with a combination of an \$86 million nonrecourse loan and \$14 million of equity. The municipality simultaneously deposits \$96 million of the \$100 million it receives into accounts pledged for the benefit of the corporation and the lender. The \$96 million amount defeases the municipality's obligations under the leaseback and the buyout option. In other words, simultaneously with the head lease and leaseback transaction, the municipality pledges substantially all of the funds necessary to pay the municipality's rent due under the leaseback and to allow the municipality to exercise its buyout option at the end of the leaseback term. Thus, without any further cost or expenditure, the municipality may use the property for the entire leaseback term and reacquire all rights to the property at the end of that term. The \$96 million amount deposited by the municipality represents all of the corporation's nonrecourse borrowing and the corporation's \$14 million equity investment less a \$4 million amount that is in essence an accommodation fee received by the municipality for engaging in the transaction.

Upon expiration of the leaseback term, the municipality has an option to purchase the property for a predetermined price. Typically, one of the defeasance accounts established by the municipality will hold securities that mature on the buyout option date in the amount needed to fund the buyout price. If the municipality does not exercise the buyout option, the corporation has two alternatives. The corporation may take possession of the property. Alternatively, the corporation may require the municipality to locate a third party to enter into a service contract. If the municipality cannot locate a third party, the municipality will be in default unless it enters into the service contract. The practical effect of all of these arrangements for the property's disposition at the end of the leaseback term is that the municipality will exercise the defeased buyout option.

The corporation's position is that, for tax purposes, it owns the property. The corporation claims depreciation deductions equal to the property's \$100 million value. The corporation also claims interest deductions on the \$86 million loan, which substantially offset the rental income that the corporation receives under the leaseback. The present value of the corporation's \$35 million tax savings from depreciation deductions (representing its 35-percent tax rate multiplied by the \$100 million depreciable basis of the property) exceeds the \$4 million payment made to the municipality.

The transaction results in no change in the municipality's use or operation of, or beneficial interest in, the property. Given the defeasance accounts and the totality of the arrangements, there is no shifting of the benefits and burdens of ownership. Further, the transaction does not provide the municipality with any available funds other than the \$4 million fee for participating in the transaction. Consequently, the transaction has no apparent purpose other than shifting "tax ownership" of the property away from a tax-exempt entity (the municipality) to a taxable entity (the corporation), which then claims depreciation deductions of \$100 million.

### SILOs Have Questionable Legal Support

Sale-leaseback transactions are a time-honored method of raising capital to finance or refinance acquisition or construction. Generally, the substance of a transaction, not its form, governs its tax treatment. In Frank Lyon Co. v. United States, 435 U.S. 561, 573 (1978), the Supreme Court applied the doctrine of substance over form in determining that a transaction was, in substance, a sale-leaseback, rather than a financing.

Considering the totality of the transaction, SILOs are fundamentally different than the sale-leaseback transaction respected by the Court in Frank Lyon. Unlike the situation in Frank Lyon, SILOs do not provide available funds for financing or refinancing the construction or purchase of assets. Other than the accommodation fee paid to the municipality, none of the cash flows involved in a SILO are available for use by the municipality. In contrast, substantially all of the proceeds in the sale-leaseback at issue in Frank Lyon were used for construction of the lessee's new headquarters. In a SILO, the corporation (the purported owner of the leased property) is not at risk for its equity investment. The defeasance typically renders default risks remote and, even in the event of default, will not leave the corporation at risk for either repaying the loan balance or forfeiting the portion of its equity investment held in a defeasance account. On the other hand, the taxpayer in Frank Lyon bore the risk of the lessee's nonpayment of the rent, which could have forced the taxpayer to default on its recourse debt with respect to the leased property. In our view, the substance of the SILO arrangement thus does not represent a valid sale-leaseback.

Generally, a sale-leaseback will not be respected unless the "lessor retains significant and genuine attributes" of a traditional owner, including "the benefits and burdens of ownership." Coleman v. Commissioner, 16 F.3d 821, 826 (7th Cir. 1994) (citing Frank Lyon, 435 U.S. at 582-584). Unlike the corporation in a SILO, the taxpayer in Frank Lyon was at risk for its equity investment, which the Court viewed as a key factor supporting the form of a transaction as a transfer of the benefits and burdens of ownership in the sale-leaseback. In the typical SILO transaction, most of the corporation's equity investment is deposited in a defeasance account designed to ensure that the corporation will recoup those funds (plus an investment return on the funds) through either the municipality's exercise of the buyout option or the payments under the service contract. The buyout option and service contract arrangements, particularly when combined with defeasance and credit support, protect the corporation from loss and limit the potential for any profit.

The nature of the property makes it likely that the municipality will exercise its buyout option. For example, a municipal transportation authority is unlikely to permit property, such as a subway line, to be acquired by the corporation or any other private party. Moreover, it is unlikely that the municipality will allow the property to be operated by a private corporation because of practical considerations, such as immunity from liability and employment agreements, and other political constraints.

Based on these factors, among others, and notwithstanding the form of the transaction, the substance of the SILO's overall structure and cash flows represent a monetization of the tax benefits derived from the depreciation deductions claimed by the corporation on the municipality's property rather than productive leasing or financing activity. The fee paid to the municipality represents a fraction of the tax benefits realized by the corporation engaging in the transaction, which does not, in substance, own the municipal property.

In light of these concerns, the Treasury Department and the IRS are evaluating the SILO transaction and considering whether, and in what form, to issue published guidance. We will advise you of any developments in this regard. Until otherwise advised, we ask that the Department of Transportation no longer permit these and similar transactions, in whole or in part.

#### Proposed Legislation

As you are aware, legislation has recently been proposed in Congress that would specifically address SILOs. This proposal would provide certainty that the tax benefits from these transactions are not allowable and would end corporations' use of SILO transactions involving transportation infrastructure.

We appreciate your attention to this matter. If you have any questions or need anything further, please do not hesitate to contact us.

Sincerely,



Pamela F. Olson  
Assistant Secretary (Tax Policy)

**Table 6-3. Inventory of FTA-Reviewed Lease Transactions**

| Cross-Border Lease Transactions |                                       |                |                        |                  |             |                     |                    |
|---------------------------------|---------------------------------------|----------------|------------------------|------------------|-------------|---------------------|--------------------|
| Date                            | Property                              | Projected Term | Transaction Amount     | Transaction Type | Assets      | Net Benefit         | Percentage Benefit |
| Jun-88                          | MBTA, Boston                          | n/a            | \$28,000,000           | CBL-G            | Pax Railcar | \$1,000,000         | 3.6%               |
| Dec-88                          | MBTA, Boston                          | n/a            | \$28,500,000           | CBL-G            | Pax Railcar | \$1,000,000         | 3.5%               |
| Mar-90                          | LACTC, Los Angeles                    | n/a            | \$28,500,000           | CBL-J            | LRTs        | \$1,000,000         | 3.5%               |
| Jun-90                          | MTDB, San Diego                       | n/a            | \$52,339,825           | CBL-G            | LRTs        | \$1,653,607         | 3.2%               |
| Jul-90                          | NJT, Newark                           | n/a            | \$65,692,893           | CBL-D            | Locomot.    | \$2,765,805         | 4.2%               |
| Jan-91                          | BART, San Francisco                   | 2009           | \$180,000,000          | CBL-F            | Pax Railcar | \$6,294,344         | 3.5%               |
| May-91                          | Metro, Seattle                        | 1999           | \$38,365,836           | CBL-J            | Dual-Bus    | \$1,088,590         | 2.8%               |
| Jun-91                          | SRTD, Sacramento                      | n/a            | \$17,000,000           | CBL-G            | LRTs        | \$416,900           | 2.5%               |
| Nov-91                          | MDOT, Baltimore                       | 2009           | \$45,000,000           | CBL-D            | LRTs        | \$1,356,500         | 3.0%               |
| Jun-92                          | NJT, Newark                           | n/a            | \$20,000,000           | CBL-D            | Rebuilt CR  | \$653,729           | 3.3%               |
| Sep-92                          | SCRTD, Los Angeles                    | 2000           | \$70,000,000           | CBL-J            | Methan. Bus | \$1,902,897         | 2.7%               |
| Jun-93                          | NJT, Newark                           | n/a            | \$90,000,000           | CBL-D            | Rebuilt CR  | \$3,435,500         | 3.8%               |
| Dec-93                          | NJT, Newark                           | n/a            | \$86,290,000           | CBL-D            | Rebuilt CR  | \$3,401,500         | 3.9%               |
| Mar-94                          | RTD, Denver                           | 2002           | \$20,000,000           | JLL              | Buses       | \$372,012           | 1.9%               |
| Apr-94                          | NJT, New Jersey                       | 2002           | \$72,888,000           | JLL              | Buses       | \$3,471,335         | 4.8%               |
| Aug-94                          | RTD, San Jose                         | n/a            | \$19,685,575           | JLL              | Railcars    | \$580,532           | 2.9%               |
| May-95                          | MTDB, San Diego                       | n/a            | \$28,000,000           | JLL              | Railcars    | \$560,000           | 2.0%               |
| Jun-95                          | MTA/CDOT                              | n/a            | \$118,600,000          | CBL-G            | Railcars    | \$4,742,955         | 4.0%               |
| Jun-95                          | RTA, New Orleans                      | n/a            | \$17,000,000           | JLL              | Railcars    | \$600,000           | 3.5%               |
| Sep-95                          | MBTA, Boston                          | 2013           | \$34,100,000           | JLL              | Railcars    | \$852,500           | 2.5%               |
| Dec-96                          | NJT, New Jersey                       | 2004           | \$30,000,000           | JLL              | Railcars    | \$1,650,000         | 5.5%               |
| Dec-96                          | NJT, New Jersey                       | 2004           | \$51,600,000           | JLL              | Buses       | \$2,610,000         | 5.1%               |
| Apr-00                          | Valley Transit,<br>Santa Clara County | 2007           | \$55,580,000           | JOL              | 286 buses   | \$2,040,000         | 3.7%               |
| Aug-01                          | SamTrans,<br>San Mateo County         | 2008           | \$35,000,000           | JOL              | 145 Buses   | \$1,100,000         | 3.1%               |
|                                 |                                       |                | <b>\$1,232,142,129</b> |                  |             | <b>\$44,548,706</b> | <b>3.6%</b>        |

| Domestic Lease Transactions |                     |      |                        |             |                    |                      |                   |
|-----------------------------|---------------------|------|------------------------|-------------|--------------------|----------------------|-------------------|
| Date                        | Property            | Term | Amount                 | Type        | Assets             | Benefit              | Benefit           |
| Sep-94                      | NICTD, Indiana      | n/a  | \$23,500,000           | Pickle      | Railcars           | \$500,000            | 2.1%              |
| Aug-95                      | CTA, Chicago        | n/a  | \$831,000,000          | Pickle      | Railcars           | \$47,000,000         | 5.7%              |
| Sep-95                      | Bi-State, St. Louis | n/a  | \$59,000,000           | Pickle      | Railcars           | \$3,183,000          | 5.4%              |
| Oct-95                      | NJT, New Jersey     | n/a  | \$200,000,000          | Pickle      | Railcars           | \$10,200,000         | 5.1%              |
| Apr-96                      | NJT, New Jersey     | n/a  | \$125,000,000          | Lease/Lease | Rail Facility      | \$14,800,000         | 11.8%             |
| May-96                      | MBTA, Boston        | n/a  | \$147,000,000          | Lease/Lease | Railcars           | \$15,700,000         | 10.7%             |
| Aug-96                      | CTA, Chicago        | n/a  | \$141,000,000          | Lease/Lease | Rail Facility      | \$12,000,000         | 8.5%              |
| Oct-96                      | MBTA, Boston        | n/a  | \$117,000,000          | Lease/Lease | Railcars/loc       | \$5,300,000          | 4.5%              |
| Nov-96                      | PCJPB, Caltrain     | n/a  | \$107,000,000          | Lease/Lease | Railcars/loc       | \$3,911,450          | 3.7%              |
| Jan-97                      | MTA, New York       | n/a  | \$313,000,000          | Lease/Lease | Maint. Fac.        | \$20,098,513         | 6.4%              |
| Mar-97                      | MDTA, Miami         | n/a  | \$142,000,000          | Lease/Lease | Railcars/Fac.      | \$8,017,000          | 5.6%              |
| May-97                      | PAT Pittsburgh      | n/a  | \$100,000,000          | Lease/Lease | Railcars           | \$2,930,000          | 2.9%              |
| Jun-97                      | RTD, Denver         | n/a  | \$124,750,000          | Lease/Lease | Railcars/Fac       | \$6,290,000          | 5.0%              |
| Jun-97                      | Tri-Met, Portland   | n/a  | \$120,000,000          | Lease/Lease | Railcars/Fac       | \$7,800,000          | 6.5%              |
| Jul-97                      | DART, Dallas        | n/a  | \$123,000,000          | Lease/Lease | Railcars           | \$9,000,000          | 7.3%              |
| Aug-97                      | Bi-State, St. Louis | n/a  | \$105,200,000          | Lease/Lease | Maint. Facil.      | \$5,281,440          | 5.0%              |
| Nov-97                      | DART, Dallas        | n/a  | \$110,800,000          | Lease/Lease | Facilities         | \$5,800,000          | 5.2%              |
| Dec-97                      | Tri-Met, Portland   | n/a  | \$80,000,000           | Lease/Lease | 31 LRT             | \$5,740,000          | \$7.79 MIL. GROSS |
| Feb-98                      | NJT, New Jersey     | n/a  | \$230,000,000          | Lease/Lease | Railcars           | \$20,700,000         | 9.0%              |
| Apr-98                      | MBTA, Boston        | n/a  | \$219,000,000          | Lease/Lease | Engine Terminal    | \$30,700,000         | 14.0%             |
| Apr-98                      | CTA, Chicago        | n/a  | \$450,000,000          | Lease/Lease | Rail Line          | \$24,600,000         | 5.5%              |
| Aug-98                      | PAT, Pittsburgh     | n/a  | \$63,950,000           | Lease/Lease | Facilities/Garages | \$6,078,000          | 9.5%              |
| Aug-98                      | NJT, New Jersey     | n/a  | \$90,000,000           | Lease/Lease | Garages (4)        | \$7,450,000          | 8.3%              |
| Dec-98                      | WMATA, Wash. DC     | 2024 | \$576,820,000          | Lease/Lease | 214 Breda Cars     | \$37,724,028         | 9.03% gross ben.  |
|                             |                     |      | <b>\$3,485,520,000</b> |             |                    | <b>\$249,920,431</b> |                   |

CHAPTER 6: Repayment Sources and PAYGO Capital

**Table 6-3. Inventory of FTA-Reviewed Lease Transactions (continued)**

| Lease-to-Service Transactions |                           |                |                        |                   |                     |                      |                    |
|-------------------------------|---------------------------|----------------|------------------------|-------------------|---------------------|----------------------|--------------------|
| Date                          | Property                  | Projected Term | Transaction Amount     | Transaction Type  | Assets              | Net Benefit          | Percentage Benefit |
| Mar-98                        | New Orleans RTA           | n/a            | \$49,000,000           | Lease-Maintenance | Buses               | \$6,477,800          | 13.2%              |
| May-00                        | LACMTA, Los Angeles       | 2026           | \$162,800,000          | Lease-to-Service  | 72 Rapid Rail car   | \$11,600,000         | 7.1%               |
| Sep-00                        | DART, Dallas              | 2026           | \$172,000,000          | Lease-to-Service  | 53 LRT              | \$12,730,000         | 7.4%               |
| Oct-00                        | Houston Metro             | 2032           | \$225,240,000          | Lease-to-Service  | 7 Bus Facilities    | \$9,110,000          | 4.0%               |
| Oct-00                        | PCJPB, Caltrain           | 2027           | \$67,700,000           | Lease-to-Service  | 20 Commuter, 3 loco | \$6,130,000          | 9.1%               |
| Mar-01                        | MARTA, Atlanta            | 2029           | \$558,850,000          | Lease-to-Service  | Rapid Rail Cars     | \$35,000,000         | 6.3%               |
| May-01                        | Sound Transit, Seattle    | 2028           | \$146,200,000          | Lease-to-Service  | 58 Commuter 11 loco | \$5,250,000          | 3.6%               |
| Jul-01?                       | PCJPB, Caltrain           | 2028           | \$141,400,000          | Lease-to-Service  | 39 Commuter 13 loco | \$11,200,000         | 7.9%               |
| Jul-01?                       | Bi-State Devt., St. Louis | 2027-2035      | \$138,100,000          | Lease-to-Service  | LR Cars & Facility  | \$9,550,000          | 6.9%               |
| Jul-01?                       | LACMTA, Los Angeles       | 2037           | \$289,000,000          | Lease-to-Service  | Facilities          | \$14,400,000         | 5.0%               |
| Aug-01                        | LACMTA, Los Angeles       | 2028           | \$259,200,000          | Lease-to-Service  | 67 LRT              | \$21,072,960         | 8.1%               |
| Sep-01                        | SEPTA, Philadelphia       | n/a            | \$648,460,000          | Lease-to-Service  | 220 Rapid Rail cars | \$49,200,000         | 7.6%               |
| Dec-01                        | NJT, New Jersey           | 2013           | \$100,000,000          | Lease-to-Service  | up to 250 buses     | \$2,000,000          | 2.0%               |
| Dec-01                        | NJT, New Jersey           | n/a            | \$85,000,000           | Lease-to-Service  | 24 LRT              | \$5,360,000          | 6.3%               |
| Feb-02                        | BART, San Francisco       | 2019           | \$212,000,000          | Lease-to-S/QTE    | QTE                 | \$17,000,000         | 8.0%               |
| Feb-02                        | PCJPB, Caltrain           | 2027           | \$174,600,000          | Lease-to-Service  | 52 Commuter 13 loco | \$13,050,000         | 7.5%               |
|                               |                           |                | <b>\$3,380,550,000</b> |                   |                     | <b>\$222,652,960</b> | <b>6.6%</b>        |
|                               |                           |                | <b>\$8,098,212,129</b> |                   |                     | <b>\$517,122,097</b> | <b>6.4%</b>        |

**Key to abbreviations:**

- CBL-G = Cross-border Lease – Germany
- CBL-J = Cross-border Lease – Japan
- CBL-D = Cross-border Lease – Denmark
- CBL-F = Cross-border Lease – France
- JLL = Japan Leveraged Lease
- JOL = Japan Operating Lease
- Pickle = Domestic Lease
- Lease/Lease = Lease In/Lease Out
- Lease-Maintenance = Lease-Maintenance
- Lease-to-Service = Lease to Service
- QTE = Qualified Technological Equipment Lease (Form of Lease to Service)

Source: FTA.

**MEMORANDUM**

**TO:** Chairman McConnell and NVTC Commissioners  
**FROM:** Rick Taube  
**DATE:** January 8, 2004  
**SUBJECT:** Legislative Items

---

Five new legislative developments are summarized below:

- 1) New transportation district and related legislation;
- 2) Omnibus bill to clarify NVTC statutory references;
- 3) Draft NVTC gas tax bill;
- 4) NVTC letter regarding committee hearings on the Budget; and
- 5) Other bills of interest.

**New Transportation District**

PRTC is being briefed this evening on a proposal to establish a new transportation district that could include current PRTC members Stafford County and Fredericksburg and several other jurisdictions such as Spotsylvania and Caroline counties. Of particular interest is a bill introduced by Delegate Orrock (HB 146) to extend the two percent motor fuels tax currently levied within NVTC and PRTC jurisdictions to such new commissions. While details about the proposal are still sketchy, initially it seems that the proposal offers some opportunities as well as reasons for concern:

Potential Benefits:

- 1) Provides a funding mechanism to induce more participants to help pay for VRE.
- 2) May provide potential support from the General Assembly leadership for NVTC's motor fuel user fee increase.
- 3) Could extend to several additional jurisdictions an institutional structure to advocate better transit and more sources of state and federal funding.

Potential Problems:

- 1) May require renegotiation of the VRE Master Agreement with uncertain results for subsidy allocation and voting strength.
- 2) Amendments may lead to unforeseen consequences for NVTC's two percent gas tax statute and the transportation district act.
- 3) May lead to more competition for existing state and federal transportation funds.

**Omnibus Bill**

Staff of Legislative Services has shared a draft of a section referencing NVTC in an omnibus bill that attempts to simplify the Virginia Code. NVTC was created and modified over the years in a series of Acts of Assembly that are not part of the Code; this bill would codify the language in the acts and provide other clarifying changes.

A copy of the proposed new code section 15.2-4503.1 is attached for your information and reaction.

**NVTC Gas Tax**

Senator Whipple has a draft bill to increase NVTC's gas tax to four percent from two percent. NVTC Chairman McConnell had a meeting scheduled with Delegate Parrish to ask that he include this change in his statewide motor fuel user fee proposal, but the meeting was cancelled due to Delegate Parrish's illness. A copy of a letter describing the request is attached.

**NVTC Letter Regarding Committee Hearings on the Budget**

A letter is attached providing input from NVTC's approved legislative agenda for the Senate Finance and House Appropriations committees regarding the budget.

**Other Bills of Interest**

Among the pre-filed bills of interest are:

- HB 60 -- Increase state motor fuels tax by 6.5-cents per gallon (Del. Parrish).
- HB 89 -- Require electronic tolls on new HOV facilities (Del. Purkey).
- HB 151 -- Enforcement (including photo-enforcement) and penalties for violating HOT lane requirements (Del. Albo).
- SJ 18 -- Constitutional amendment requiring two-thirds vote to use TTF and HMOF funds for other purposes with proceeds to be repaid within four years (Sen. Howell).

Copies are available from staff on request.

fredericksburg  com

#1

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## Area transportation district eyed

December 18, 2003 1:14 am

By EDIE GROSS

Funds could be generated for road, transit projects

Stafford County and Fredericksburg may become the founding members of a local transportation district designed to generate more money for regional road and transit projects.

Right now, both communities are members of the Potomac and Rappahannock Transportation Commission, a group largely dominated by Northern Virginia localities.

As members of that group, both Fredericksburg and Stafford have the authority to levy a 2 percent gas tax. They use some of that money to support Virginia Railway Express, and most of the rest pays for local transportation projects.

Elected officials from both localities have discussed creating a local board. It would give Fredericksburg-area communities more control over how regional transportation dollars are spent, and it could allow other localities--like King George, Caroline and Spotsylvania counties--to levy their own gas taxes, supporters say.

"If we don't [organize locally], between Richmond and Washington, someone's going to eat us up," said Stafford Supervisor Bob Gibbons, a supporter of what is being called the Rappahannock Regional Transportation District.

Localities here could form the district without permission from the General Assembly. But they need to have lawmakers sponsor legislation giving members of the district the authority to levy the gas tax.

Del. Bobby Orrrock, R-Caroline, said he'd be willing to sponsor a bill like that if district members agreed to share the money for regional projects.

"I tried to make it extremely clear that if you're going for a de facto 'every local government gets to [tax] for its own local interests,' it's not happening," Orrrock said.

State Sen. Edd Houck, D-Spotsylvania, said he would support legislation only if he could be sure that "all of this is going toward some regional effort, some regional project, not just divvying up amongst themselves. Transportation needs do not know specific geographic boundaries."

If the legislation passes, communities that don't currently levy a gas tax could join the local transportation district and then decide for themselves if they want to have the tax. They would not need to return to the legislature for permission.

Local officials brought this idea up last year, but some communities were concerned they might have to give up too much money for regional projects without getting to address any local concerns. Estimates then indicated that if all five communities levied the 2 percent gas tax they could raise about \$4.2 million.

Steve Manster, executive director of the Rappahannock Area Development Commission, said members could support regional efforts, like the popular FREDericksburg Regional Transit bus system, and still have money left over for local projects.

Manster said yesterday he would begin drafting a plan for how the district would work. Fredericksburg and Stafford officials are expected to discuss the proposal over the next few months.

To reach EDIE GROSS: 540/374-5428 [egross@freelancestar.com](mailto:egross@freelancestar.com)

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042269448

**HOUSE BILL NO. 146**

Offered January 14, 2004

Prefiled December 30, 2003

*A BILL to amend and reenact §§ 58.1-1720, 58.1-1721, and 58.1-1724 of the Code of Virginia, relating to motor vehicle fuel sales tax in certain transportation districts.*

-----  
Patron-- Orrock-----  
Committee Referral Pending  
-----

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-1720, 58.1-1721, and 58.1-1724 of the Code of Virginia are amended and reenacted as follows:

§ 58.1-1720. Sales tax on fuel in certain transportation districts.

A. 1. There is hereby levied, in addition to all other taxes imposed on fuels subject to tax under Chapter 21 (§ 58.1-2100 et seq.) of this title, in every county or city which is a member of any transportation district in which a rapid heavy rail commuter mass transportation system operating on an exclusive right-of-way and a bus commuter mass transportation system are owned, operated or controlled, by an agency or a commission as defined in § 15.2-4502, or in any transportation district which is subject to § 15.2-4515 C and which is contiguous to the Northern Virginia Transportation District, a sales tax of two percent of the retail price of such fuels sold within such county or city.

2. *There is hereby levied, in addition to all other taxes imposed on fuels subject to tax under former Chapter 21 (§ 58.1-2100 et seq.) of this title, in every county or city that is a member of any transportation district created pursuant to § 15.2-4504 of which the City of Fredericksburg, and the Counties of Caroline and Spotsylvania are part of the membership, a sales tax of two percent of the retail price of such fuels sold within such county or city.*

As used in this section "retail sale" means a sale to a consumer or to any person for any purpose other than resale.

B. The tax imposed under this section shall be subject to the provisions of the Virginia Retail Sales and Use Tax Act (§ 58.1-600 et seq.), except that the exemption provided for motor vehicle fuels under § 58.1-609.13, and the bracket system provided in such act, shall not be applicable.

§ 58.1-1721. Reduction of local taxes.

In the first full fiscal year in which the tax is levied, the governing body of each county or city in which ~~such~~ the tax under subdivision A 1 of § 58.1-1720 is levied shall reduce the rate of its real estate tax, or its real estate and other locally levied taxes, in an amount that will reduce tax revenues in the following year by an amount equal to the amount which has been or would have been allocated by the local governing body to the county or city for rail and bus services but is, as a result of the imposition of this tax, paid by the Commission. As used in this section "allocated" shall mean the amount which a local governing body has agreed to pay or agrees would be an equitable share of the costs of rail and bus

service to be attributed to its jurisdiction.

The amount of the tax reduction shall be calculated by subtracting the amount collected at the reduced rates from the amount which would have been collected at the tax rates in effect for the tax year immediately prior to the year in which the rates are reduced. Such reduced rate shall not be raised during the entire tax year for which the tax rate is reduced, but may be raised subsequently.

§ 58.1-1724. Disposition of tax revenues.

All taxes paid to the Commissioner pursuant to this article, after subtraction of the direct costs of administration by the Department, shall be deposited in a special fund entitled the "Special Fund Account of the Transportation District of . . . . ." The amounts deposited in the special fund shall be distributed monthly to the applicable transportation district commission of which the county or city is a member~~to~~. *Revenues from the tax imposed under subdivision A 1 of § 58.1-1720 shall be applied to the operating deficit, capital and debt service of the mass transit system of such district or, in the case of a transportation district subject to the provisions of § 15.2-4515 C, to be applied to and expended for any transportation purpose of such district. In the case of a jurisdiction which, after July 1, 1989, joins a transportation district which was established on or before January 1, 1986, and is also subject to § 15.2-4515 C, the funds collected from that jurisdiction shall be applied to and expended for any transportation purpose of such jurisdiction. Revenues from the tax imposed under subdivision A 2 of § 58.1-1720 shall be applied to and expended for any transportation purpose of such district.* The direct costs of administration shall be credited to the funds appropriated to the Department.

2. That the provisions of this act shall become effective the later of July 1, 2004, or 60 days after creation of a transportation district pursuant to § 15.2-4504 of which the City of Fredericksburg, and the Counties of Caroline and Spotsylvania are part of the membership.

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**Legislative Information System**

#2

04 - 4870148

01/08/2004 12:52 AM ~~12/13/2002 8:25 AM~~

Ginny Edwards

SENATE BILL NO. \_\_\_\_\_ HOUSE BILL NO. \_\_\_\_\_

1        § 15.2-4503.1. Northern Virginia Transportation District and Commission.

2        There is hereby created the Northern Virginia Transportation District comprised of the

3 Counties of Arlington, Fairfax, Loudoun, and the Cities of Alexandria, Falls Church, and Fairfax

4 and such other county or city contiguous to the District that agrees to join the District.

5        There is hereby established the Northern Virginia Transportation Commission (the

6 "Commission") as an transportation commission pursuant to this chapter. The Commission

7 shall consist of five nonlegislative citizen members from Fairfax County, three nonlegislative

8 citizen members from Arlington County; one nonlegislative citizen member from the County of

9 Loudoun, two nonlegislative citizen members from the City of Alexandria, one member from

10 the City of Falls Church, one nonlegislative citizen member from the City of Fairfax, and the

11 Chairman of the Commonwealth Transportation Board or his designee to serve ex officio with

12 voting privileges. If a county or city contiguous to the District agrees to join the District, such

13 jurisdiction shall appoint one member to the Commission. Members from the respective

14 counties and cities shall be appointed by their governing bodies. The Commission shall also

15 include four members of the House of Delegates appointed by the Speaker of the House of

16 Delegates for terms coincident with their terms of office and two members of the Senate

17 appointed by the Senate Committee on Privileges and Elections for terms coincident with their

18 terms of office. Members may be reappointed to successive terms. All members shall be

19 citizens of the Commonwealth. Except for the Chairman of the Commonwealth Transportation

20 Board or his designee, all members of the Commission shall be residents of the localities

21 comprising the Transportation District.

22        § 15.2-4507. Members of transportation district commissions.

23        A. The ~~Any~~ transportation district commission created shall consist of the number of

24 members the component governments shall from time to time agree upon, or as may

25 otherwise be provided by law. The governing body of each participating county and city shall

26 appoint from among its members the number of commissioners to which the county or city is  
27 entitled; however, for those commissions with powers as set forth in subsection A of § 15.2-  
28 4515, the governing body of each participating county or city is not limited to appointing  
29 commissioners from among its members. In addition, the governing body may appoint from its  
30 number or otherwise, designated alternate members for those appointed to the commission  
31 who shall be able to exercise all of the powers and duties of a commission member when the  
32 regular member is absent from commission meetings. Each such appointee shall serve at the  
33 pleasure of the appointing body; however, no appointee to a commission with powers as set  
34 forth in subsection B of § 15.2-4515 may continue to serve when he is no longer a member of  
35 the appointing body. Each governing body shall inform the commission of its appointments to  
36 and removals from the commission by delivering to the commission a certified copy of the  
37 resolution making the appointment or causing the removal.

38 In the case of a transportation district, commonly known as the Potomac and  
39 Rappahannock Transportation Commission, which was established on or after July 1, 1986,  
40 and which includes more than one jurisdiction located within the Washington, D.C.,  
41 metropolitan area, ~~the~~ such commission shall also include two members of the House of  
42 Delegates and one member of the Senate of Virginia from legislative districts located wholly or  
43 in part within the boundaries of the transportation district. The members of the House of  
44 Delegates shall be appointed by the Speaker of the House for terms ~~of two years~~ coincident  
45 with their terms of office and the member of the Senate by the Senate Committee on Privileges  
46 and Elections for a term ~~of four years~~ coincident with his term of office; ~~however, the terms of~~  
47 ~~such members shall terminate if they no longer are members of their respective houses.~~ The  
48 members of the General Assembly shall be eligible for reappointment ~~so long as they remain~~  
49 ~~members of their respective houses.~~

50 In the case of the Transportation District Commission of Hampton Roads, ~~the~~ such  
51 commission shall also include one member of the House of Delegates and one member of the  
52 Senate, one of whom shall be a resident of the City of Hampton or the City of Newport News

53 and one of whom shall be a resident of the City of Chesapeake, the City of Norfolk, the City of  
54 Portsmouth, the City of Suffolk, or the City of Virginia Beach. The member of the House of  
55 Delegates shall be appointed by the Speaker of the House for a term ~~of two years~~coincident  
56 with his term of office and the member of the Senate shall be appointed by the Senate  
57 Committee on Privileges and Elections for a term ~~of four years~~coincident with his term of office.  
58 ~~The terms of such members shall terminate if they no longer are members of their respective~~  
59 ~~houses. The members of the General Assembly shall be eligible for reappointment so long as~~  
60 ~~they remain members of their respective houses and.~~ Appointments shall be made for any  
61 unexpired terms.

62 The Chairman of the Commonwealth Transportation Board, or his designee, shall be a  
63 member of the ~~each~~ commission, ex officio with voting privileges. The chairman of the  
64 Commonwealth Transportation Board may appoint an alternate member who may exercise all  
65 the powers and duties of the chairman of the Commonwealth Transportation Board when  
66 neither the chairman of the Commonwealth Transportation Board nor his designee is present  
67 at a commission meeting.

68 B. Any appointed member of a commission of a transportation district, commonly known  
69 as the Northern Virginia Transportation Commission, which was established prior to July 1,  
70 1986, and which includes jurisdictions located within the Washington, D.C., standard  
71 metropolitan statistical area, is authorized to serve as a member of the board of directors of the  
72 Washington Metropolitan Area Transit Authority (Chapter 627 of the Acts of Assembly of 1958  
73 as amended) and while so serving the provisions of § 2.2-2800 shall not apply to such  
74 member.

75 § 15.2-4510. Compensation and expenses of members.

76 The commission members shall receive no salary but shall be entitled to all reasonable  
77 and necessary expenses and the ~~per diem pay~~compensation allowed members of the  
78 Commonwealth Transportation Board for each day spent on their official duties pursuant to §§

79 2.2-2813 and 2.2-2825. Funding for the costs of the compensation and expenses of the  
80 members shall be paid by the commission.

81

January 06, 2004

The Honorable Harry J. Parrish  
Delegate for the 50<sup>th</sup> District  
Commonwealth of Virginia  
8898 Bond Court  
Manassas, Virginia 22110-4327

Dear Delegate Parrish:

We were so sorry to hear about your illness and wish you a very speedy recovery. We appreciate the fact that you had allowed time on your busy schedule for us to meet and hope this brief summary of what we wanted to discuss with you will be helpful to you in the upcoming General Assembly session.

First, we applaud your courageous intention to introduce legislation that will increase the statewide user fees on motor fuels. As explained in the attached NVTC legislative agenda, our commission favors a 10-cent increase. However, there is a very important component of any increase that we wish to emphasize. Under current procedures, public transit receives only two percent of the \$817 million collected statewide from the existing 17.5-cents per gallon motor fuel tax. If your bill were crafted to direct all of the new revenue from the additional fees to the Transportation Trust Fund (TTF), then statewide transit would receive 14.7 percent instead of two percent. Since NVTC and PRTC together capture 75 percent of statewide transit funding, on a 10-cent statewide user fee increase, the difference is \$45 million per year more state funds that would flow to this region to support the Virginia Railway Express, OmniLink and other transit systems. **Accordingly, we urge you to consider directing the proceeds from the increased motor fuel user fees entirely to the TTF as a means to help Northern Virginia's taxpayers receive full value.**

Our second request relates to the need for more flexible local funding for transit. As explained in the attachment, NVTC alone is receiving \$83 million less this year in state transit funding than the amount specified in the

The Honorable Harry J. Parrish  
January 6, 2004  
Page 2

state statutes. Even with a statewide motor fuel user fee increase, and even with our recommended approach of directing the entire increment to the TTF, transit systems in our region will remain shortchanged by the commonwealth. Our commission is asking for an increase to four percent in the existing two percent motor fuels tax in the NVTC district alone (not the PRTC district). **We are asking for your support of this increase, which is contained in a Senate bill to be introduced by Senator Whipple. Further, we ask that you incorporate this NVTC motor fuel user fee increase into your statewide motor fuel user fee bill so that your Finance Committee can consider all worthwhile motor fuel user fees in one legislative package.**

Third, we had hoped to learn from you how we could be most helpful in supporting your motor fuel user fee bill in the upcoming session.

We regret that we cannot discuss with you in person how important these proposals are to our metropolitan region and hence to the economic well-being of the entire commonwealth. But we know you to be a long-time supporter of VRE and an advocate of balanced transportation. We hope that the attachments will provide some facts to help you win approval of your bill. If we can provide any further information please contact either of us. In the meantime, we wish you a quick recovery and a very productive time in Richmond this year.

Our very best wishes to you.

Sincerely,

Elaine McConnell  
NVTC Chairman  
703-451-8873  
[springfield@fairfaxcounty.gov](mailto:springfield@fairfaxcounty.gov)

Rick Taube  
NVTC Executive Director  
703-524-3322  
[rick@nvtcd.org](mailto:rick@nvtcd.org)

12/16/03

**The Potomac News**

Prince William Co.  
Manassas and Manassas Park

# Parrish says tax plan goes the extra mile

## Fuel charge increase would fund roads

By SARI KRIEGER

skrieger@potomacnews.com

Manassas Delegate Harry J. Parrish, R-50th, has a plan to deliver the services his constituents have come to expect. And if his recently submitted bill passes by the Virginia legislature next year, motorists around the state may see an increase of 6 1/2 cents per gallon at the pumps.

"The last time the motor fuel

Warner must negotiate on taxes, lawmakers say. Page A2

tax was increased was in 1986," Parrish said.

While the state tax has stayed at 17.5 cents per gallon for gasoline and 16 cents for diesel fuel in the last 17 years, average vehicle

See PARRISH, Page A2



Dave Ellis/News & Messenger

**Delegate Harry J. Parrish, R-50th, says a six-and-a-half cent fuel tax increase is necessary for the state to pay for needed services.**

## PARRISH

Continued from Page A1

miles traveled increased by 79 percent and the buying power of revenue has decreased 40 percent, Parrish said. At the current rate, Parrish said the revenue will only pay for maintenance, not any new road projects.

This proposed extra revenue of just over \$300 million would fund many important services around the state, according to Parrish. Specifically in Manassas, funding would become available for delayed road projects, such as the grade separation of the railroad tracks and the intersection of Va. 28 and Wellington Road.

"That is very important for the safety of our citizens, especially for fire and rescue vehicles that might be delayed by a train when a house is burning down," Parrish said.

Also included in Parrish's bill is an increase for heavy vehicles. Parrish has maintained that his plan will still keep Virginia fuel prices competitive with surround-

ing states.

"I've gotten several pieces of e-mail from various citizens all over the Commonwealth of Virginia, and they are running two to one in favor (of the increase)," Parrish said.

During the past year, Parrish collaborated with Waynesboro Sen. Emmett W. Hanger, R-24th, to research this plan. Hanger criticized Gov. Mark R. Warner's recently released tax proposals that would eliminate the estate tax and sales tax on food. Hanger would rely more on income and sales tax and less on real estate taxes.

Warner's plan will not pass completely, Parrish said, specifically his 1 percent sales tax increase.

"I think it will be close to a half percent increase," Parrish said.

And while Parrish may find himself disagreeing with Warner, others in the Republican party may disagree with Parrish.

"We have a number of members that took office in 2002 that took a no-tax pledge," Parrish said.

Although there has been a \$230 million raise in user fees in the

past two years, many in and outside the party debate which increases are taxes and which are user fees. Taxes are applied to all residents, while fees are only charges to those who use the service or product. The proposed motor fuel tax is more like a user fee, according to Parrish.

But not everyone agrees.

"I have a great deal of respect for Delegate Parrish, but he is just flat wrong on this particular issue," said James Parmelee, president of the Northern Virginia Republican Political Action Committee. "They can call it a tax or a users fee or whatever they want to call it, but a rose by any other name ... and this one isn't so sweet. The fact that they want to call this a user's fee shows that our elected officials understand that taxes are a no no."

These two Republicans usually agree on many issues, Parmelee said, but the problem this time is that spending is too high. The state budget has increased by \$6 billion over the last five years, according to Parmelee, and any new tax proposals come as surprise.

"They want to tax everything and this is a shocking thing to come out of an election where anti-tax people did very well," Parmelee said. "When are they going to learn that taxes are too high."

The rhetoric coming from the right does not speak for most Republicans, Hanger said.

"I don't believe the state Republican Party now is actually speaking for the majority of the elected members of the legislature and that's an issue we need to deal with."

After over 50 years in local and state government, Parrish knows that taxes are a necessary evil to provide residents with a higher quality of life.

Parrish still has hope that the legislature will act in a bipartisan way to formulate the best plan for Virginia residents.

"All 140 members of the legislature want to do the best thing for the commonwealth and protect the interests of the people they represent," Parrish said.

Staff writer Sari Krieger can be reached at (703) 369-6751.

## Pump-Priming

AS VIRGINIA'S state lawmakers pack their bags for the ride to Richmond in a fortnight, Gov. Mark R. Warner (D) is ready and waiting with his complementary packages of measures to make tax burdens fairer and the budget more fiscally sound. While these proposals will be the center of legislative attention—and tension—in the weeks ahead, one tax not on the governor's menu but important to hopes for transportation improvements already is gaining more than a little bipartisan support, as it should.

With considerable support from members of the Northern Virginia delegation, proposals to increase the gasoline tax will be on the legislative calendars once again. Call them "user fees" if it makes the T-word-phobes feel any better, but an increase in this tax makes sense and ought to be enacted.

True, it's been only a little more than a year since Northern Virginia voters balked at a proposed half-cent regional increase in the sales tax to help pay for roads, bridges and transit improvements in the region. That proposal would have raised billions of dollars, enough to move

on some sorely needed projects. Raising the gas tax would bring in nowhere near as much: A 10-cent-a-gallon increase—the level supported by the Northern Virginia Transportation Commission as well as business groups and others who pressed for the sales tax increase—would yield an estimated \$70 million a year.

Still, as Elaine McConnell, a Republican supervisor in Fairfax County and NVTC chairwoman, said in an interview with the Associated Press last week, "We need more money . . . and it's got to come from somewhere." She said that because Northern Virginia continues to be shortchanged when it comes to state transportation funds, the region ought to get 60 percent of the money that would be raised by the gas tax increase. Del. Harry J. Parrish (R-Manassas), who chairs the House Finance Committee, has submitted legislation that would raise the gasoline tax by 6.5 cents a gallon. That would be a start, but given that Virginia hasn't raised the gas since 1986 and has the 12th-lowest state gasoline tax rate in the country, the 10-cent boost would not be unreasonable.

Wash Post 1/3/04

VIRGINIA

# Transportation proponents seek gas tax increase

By Michael W. Kahn  
ASSOCIATED PRESS

FAIRFAX — A little more than a year after Northern Virginia voters rejected a half-cent sales tax increase to pay for transportation improvements, there is talk of increasing another tax for the same cause.

In its 2004 legislative agenda, the Northern Virginia Transportation Commission calls for raising the gas tax by 10 cents, with all the money raised going to the Transportation Trust Fund. Of the \$70 million NVTC expects it would raise each year, the

commission wants 60 percent.

"We need money for our transportation needs, and it's got to come from somewhere," NVTC Chairwoman Elaine McConnell told the Associated Press in an interview. Calling transportation "our chief problem," Mrs. McConnell — who is also a Fairfax County supervisor — said the region has "not had sufficient money to do a lot" toward solving it. Along with congestion, there are also air quality concerns.

Mrs. McConnell was a big supporter of 2002's failed ballot referendum that would have in-

creased the region's sales tax from 4.5 percent to 5 percent. About \$5 billion would have been raised, with 41 percent of the new money earmarked for mass transit. Rejection, Mrs. McConnell said, has left the region with major traffic problems and little cash to alleviate them.

She said the region continues to be shortchanged by the state, which needs to realize "we're still the bread basket of Virginia and they need to help us."

Increasing the gas tax requires approval from Richmond, and Mrs. McConnell said it remains to be seen if someone will

"stick their neck out" to sponsor it. "How do we build roads without money?"

Del. Harry J. Parrish of Manassas, who chairs the House Finance Committee, has submitted legislation that would raise the gas tax by 6.5 percent per gallon. Several other influential GOP members have indicated a willingness to consider an increase.

Also on the commission's legislative agenda is convincing the state to mandate that Virginia Railway Express passenger trains are not pushed aside by freight operators on tracks owned by railroads to which the

state contributes money.

Most of VRE's tracks are owned by freight operators CSX and Norfolk Southern, which sometimes creates problems for VRE. On Dec. 18, a CSX derailment preventing some VRE trains from running and delayed them the next day when backed-up freight trains were given preference on the tracks.

McConnell said the commission is considering extending VRE to Richmond, but that the decision depends largely on the freight lines. "When we started it, I thought it would go to Richmond," she said. "We're building

farther and farther out now, and commuters they just crowd those highways, and poor old [Interstate] 95 has a real problem."

Extending Metrorail to Tysons Corner and Washington Dulles International Airport is also a project NVTC supports as part of its 2004 legislative agenda.

The state set up the NVTC nearly 40 years ago to plan Northern Virginia's transportation system.

Its directors come from Fairfax, Loudoun and Arlington counties, plus the cities of Alexandria, Fairfax and Falls Church.

FRIDAY, DECEMBER 26, 2003 \*

The Washington Times

**The Northern Virginia Journal**

Prince William Co.  
Manassas and Manassas Park

DATE: Dec. 8, 2003

**Commission pushing for tax hike**

By JOHN ROSSOMANDO  
*Journal staff writer*

The commission that oversees transit in Northern Virginia is advocating a change in the state constitution and a 2 percent hike in the gas tax in Northern Virginia.

The Northern Virginia Transportation Commission voted Thursday night to adopt a resolution urging the Virginia Legislature to pass a constitutional amendment outlawing the use of gasoline tax revenues for anything other than transportation.

Commission officials said this is the best option to ensure the public's trust if gas taxes are raised, a measure the group supports. Last year, Gov. Mark R. Warner, D, took money out of the trust fund and put it into the general fund to assist in the commonwealth's fiscal crisis, said state Sen. Mary Margaret Whipple, D-Fairfax County.

However, this could be an arduous process before becoming law, Whipple said.

"It needs to be passed in two successive sessions of the General Assembly, so if it passed this year, that would be considered the first passage," Whipple said. "It could not then be considered for two more years ... [and] presuming it was successful [in 2006] it could be on the ballot in the fall of 2006."

Despite the difficulty of getting the constitutional amendment passed, NVTC members are undeterred.

It's worth it if transportation is paid for with the intended gas tax dollars, said NVTC Commissioner David Snyder, who represents Falls Church. "[The public] should have assurances that is what it is going for."

Snyder's sentiments are shared by incoming Fairfax County Chairman and current NVTC Commissioner Gerald Connolly.

"We want to protect the trust fund from future raidings and send a signal with a constitutional amendment to prevent future raidings," Connolly said.

If the governor and General Assembly had showed discipline in the past in not taking from the trust fund, a constitutional amendment would not be necessary, but it is when the Legislature and governor have used the trust fund to balance the budget, Connolly said.

"Transportation money is a big fat target when you are trying to close a multi-billion dollar hole," he said.

The suggested constitutional amendment has even found support from the conservative anti-tax Virginia Institute for Public Policy, which has consistently opposed gas tax hikes.

"I am all for it, and we should never approve another increase in taxes for transportation without [the amendment]," said institute president John Taylor.

The NVTC resolution also backed a bill to be introduced by Whipple that will increase the gas tax in Northern Virginia, except Prince William County, the City of Manassas and Manassas Park, from 2 percent to 4 percent. Whipple estimates this could generate around \$200 million in additional transportation revenues.

January 08, 2004

Honorable Vincent F. Callahan  
Chairman, House Appropriations Committee  
P.O. Box 406  
Richmond, VA 23218

Dear Chairman Callahan:

We regret that a representative of our commission was unable to appear at your committee's public hearing on January 6, 2004 but we did want to alert you and your committee members to the budget concerns of the Northern Virginia Transportation Commission. The attachment summarizes our entire legislative agenda, including our key budgetary objectives for the 2004 General Assembly session.

Of primary importance is the provision of stable and reliable sources of state revenue to fund vital public transportation services. In Northern Virginia, \$83 million more is needed in state funding in FY 2004 alone to meet the commonwealth's statutory objectives for its existing transit assistance program. In the next six years, we are facing enormous additional unfunded capital needs in our region to keep our highly successful Metrorail, Metrobus, VRE and several local bus systems healthy and growing (e.g. \$1.5 billion for WMATA and at least \$191 million for VRE).

Governor Warner's budget maintains funding for transit and proposes to use General Funds to pay debt service on borrowing in anticipation of federal funds (FRANS). One objective of his tax restructuring plan is to stabilize the General Fund to reduce the need for transfers from the Transportation Trust Fund (TTF). These proposals are consistent with our commission's legislative agenda and we urge you to enact such provisions during this session.

Hon. Vincent F. Callahan  
January 8, 2004  
Page 2

In addition, we ask that you enact a statewide increase in motor fuel user fees of 10-cents per gallon with the proceeds directed to the TTF. We also ask you to enact an increase to four percent in NVTC's existing two percent motor fuel user fees.

We strongly believe that such actions are vital to protect the economic well-being of the commonwealth and to ensure that our public transit systems can continue to provide significant contributions to mobility, air quality, energy conservation and job access.

Thank you for the opportunity to share our views. If you have any questions, feel free to contact me.

Sincerely,

Richard K. Taube  
Executive Director

cc: Robert Vaughn, Staff Director

**MEMORANDUM**

**TO:** Chairman McConnell and NVTC Commissioners  
**FROM:** Rick Taube  
**DATE:** December 31, 2003  
**SUBJECT:** WMATA Items

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A. Metro Board Digest for December, 2003.

A copy of the report is attached for your information.

B. General Manager's Proposed FY 2005 Budget.

Excerpts are attached for your information.

C. Regional Mobility Planning Session.

As explained in the attached letter from Assistant General Manager Edward Thomas, WMATA intends to conduct a regional mobility planning initiative on January 9, 2004 as part of its regional mobility initiative. NVTC staff will participate.

D. NVTC Requests.

A copy of a December 9, 2003 NVTC letter to WMATA containing requests for information is attached. If a response is received before the meeting it will be provided as a "blue sheet item."



# METRO BOARD DIGEST

DECEMBER 2003

## Metro Installs New, Improved Signage for Station Elevators and Trains to Alert Customers to Priority Use for People with Disabilities and Seniors

Large, distinctive signs, which are easier to see and which clearly indicate that people with disabilities have priority in boarding, are now being installed on Metrorail station elevators. The message on the signs states, "Please let persons with disabilities and seniors board first - Thank you." The disability community expressed a desire to have signs included in elevators which clearly state that people with disabilities have priority in boarding ahead of people with luggage and strollers.

In addition to clarifying who has priority in boarding an elevator, the new signs display the elevator information phone number, 202-962-1212, and the number to call, 202-962-1825, if a shuttle bus is needed at a station where there is an elevator outage. Each new sign replaces four former signs, representing a significant cost savings. The new signs have more essential information for this segment of the riding population. All 200 elevators are expected to have the signs installed by the end of this year.

At the same time, Metrorail is installing larger, easier-to-see signs over the priority seats in the Breda modernized rail cars. The signs, situated well above the heads of passengers when seated, unequivocally indicate who has priority for sitting via the following message: "Priority Seating for Senior Citizens and People with Disabilities."

## Metro "Information Anytime" and "Off-Peak" Ridership Campaigns Kick Off

On November 11, Metro kicked off the "Information Anytime" campaign in *The Washington Post* to inform customers about their transportation choices and up-to-the-minute information available to them 24-hours-a-day, seven-days-a-week. Through this campaign, customers are learning more about how, when, and where to ride Metrobus and Metrorail when they use Metro's on-line, at [www.metroopensdoors.com](http://www.metroopensdoors.com), and telephonic RideGuide, as well as the 24-hour rail and bus route information voice recognition service, both available at 202-637-7000. The "Information Anytime" campaign will run through March 2004.

Eye-catching print advertising on the "Information Anytime" campaign is also appearing in such publications as *Express*, *El Tiempo*, *El Latino*, and *City Paper*. Additional media will include internet banner advertising, radio, and extensive advertising within the WMATA system, using space that had previously been reserved for non-profit groups.

While some Metrorail and Metrobus routes are near capacity during peak hours, both can accommodate additional passengers during off-peak weekdays and weekends. As a result, the "Off-Peak" campaign began with the promotion of off-peak ridership in conjunction with the Georgetown University basketball program. The "Off-Peak" campaign will officially begin in March. This campaign includes 10-second rotating

radio spots on WTEM, promoting destinations easily reached by Metrobus lines. In addition, at Georgetown University basketball games, MCI Center will promote the use of Metro in game programs, on game schedule cards, on screen at the MCI Center, and on PA announcements during games. The official start of the "Off-Peak" campaign will begin as the "Information Anytime" promotion wraps up in March.

### **Metro Offers Web Site Information Translated into Several Languages**

In keeping with our commitment to make information more accessible for our customers, Metro is launching another improvement to the Web site by providing information now in English on our site in several foreign languages. As of the week of December 8, the entire Web site at [www.metroopensdoors.com](http://www.metroopensdoors.com) can be read in French, German, Spanish, Chinese, Japanese, and Korean as part of a six-month test. Through the use of software that automatically translates the material as it is posted, users can access information on the Web site in the language of their choice. They simply go to the Home Page, click on the icon showing the flags of these countries, and follow the instructions for accessing information in their language.

### **Holidays Bring out the Best in Metro Employees**

Hundreds of Metro employees are getting into the holiday spirit by planning toy, food, and clothing drives; conducting fundraisers; and "adopting" families to provide for those in need. A sampling of the various activities employees are conducting follows:

- Employees at Metro's Shady Grove Communications shop participated in a fundraiser recently for a friend who was diagnosed with cancer and needed financial assistance. In addition to raising \$1,700, employees shaved their heads in further support of their friend who shaved hers after she began losing her hair due to the cancer treatments.

- Agents in Metro's Customer Information Call Center and Customer Assistance offices gathered food items to donate to families in need for the holiday season. The collected items went to 96.3 WHUR Radio's Project Harvest, 93.9 WKYS Radio's Hummer Harvest, the House of Ruth, and Greater Mount Calvary Holiness Church's project, "For Those in Need."
- At the Fourth Annual Safeway Feast of Sharing on November 26, Metro staff were on hand to provide the potential for those in need to keep food on the table in future months. They gave out employment opportunities information and information on bus and rail transportation services, Smart Benefits, SmartTrip cards, and more.
- The office of Procurement and Department of System Safety and Risk Protection are partnering by "adopting" a foster family in Washington, D.C. These employees will provide food and clothing for the family and toys for the children over the coming holidays.
- The Bus Maintenance department spearheaded a food drive for those in need. Before Thanksgiving, these employees collected nearly 500 pounds of food to donate to the Capital Area Food Bank. Bus Maintenance employees also provided Thanksgiving baskets for 12 families.
- Employees from the offices of Accounting, Payroll, and Budget will sponsor their annual holiday auction on December 22, with the proceeds going to the Whitman-Walker Clinic. Employees from these and other offices donate a variety of baked goods, crafts, services, and skills for the auction. As they did last year, these employees will sell a recipe book as part of the fund raising activity, featuring Metro employees' favorite recipes, at \$10 each. Last year, employees raised more than \$11,000 which was donated to the National Children's Medical Center.

- Greenbelt rail yard employees have adopted two families with a total of 13 members for whom they will donate wrapped gifts for the holidays. They have invited Metro employees to join them in this effort by providing a wrapped gift or toy or a monetary donation to provide these gifts to family members by December 17.
- "200 Cans in 2 Hours" is the name of the food drive Metro employees in the Department of Workforce Development and Diversity Programs (WDDP) sponsored on December 5, beginning at 2 p.m. The canned foods were donated to the Boys and Girls Club as part of the Project Harvest campaign. In addition, employees in this department adopted two families for the holiday season to provide them a holiday feast, clothing, gifts, and toys for children in the families. WDDP employees invited all Metro employees to visit their "Spread a Little Sunshine" board on the 7<sup>th</sup> floor of Metro headquarters where the "wish lists" of the family members were posted. Employees were asked to choose a gift that a family member desired and then attach the appropriate "sun" to the wrapped gift when it was returned to WDDP by December 17.
- Metrobus and Metrorail employees participated in the Annual Holiday Transit Decorating Contest on December 12. The top three best-decorated buses and rail cars from the various bus divisions and rail yards were selected by judges. Then, all the decorated Metrobuses and rail cars which participated in the contest were placed in service following the contest for as long as the decorations lasted.
- So far, Metro employees have dug deep into their pockets to donate a total of \$107,222.36 to the 2003 United Way Campaign. Contributions are still being received, and the final tally will be shared in next month's *Board Digest*.

### **Pentagon Metro Entrance Facility Receives Leadership in Energy and Environmental Design Certification**

The Pentagon Metro Entrance Facility earned the Leadership in Energy and Environmental Design (LEED) certification award from the U.S. Green Building Council in early December. In a ceremony attended by Metro Board member Chris Zimmerman, Renovation Program Manager Michael R. Sullivan accepted the certification on December 2 at the Pentagon. The Pentagon Metro Entrance Facility, completed in December 2002, received this certification because of the economical use of energy and water, the creative use of environmentally-preferred materials, and the protection of effective indoor environmental quality for occupants when the facility was being built. The facility provides a link for more than 35,000 people arriving everyday by public transportation to the world's largest office building. This facility is the first Department of Defense facility in the National Capital Region to receive LEED certification.

### **Civil Rights Office Participates in National Minority Enterprise Development Week Conference**

Several Civil Rights office staff members recently participated in the National Minority Enterprise Development Week Conference sponsored by the U.S. Department of Commerce's Minority Business Development Agency and the U.S. Small Business Administration's Office of Government Contracting. The conference was designed for minority and women-owned businesses to network with government agencies and other organizations to learn more about their programs and contracting opportunities. Civil Rights employees staffed a booth with information on Metro's Small Business and Local Preference Program and participated in a variety of workshops.

## Customer Service Spotlight

### Customer Writes to Thank MTPD Officer for Retrieving Her Wallet

NBC-TV 4 writer Carla Chandler recently wrote Metro to thank Metro Transit Police Officer Kenneth Frost for retrieving her lost wallet. While riding the Metrorail system in early November, she laid her wallet down while using a farecard machine in the Tenleytown-American University Metrorail station. As soon as she boarded the train, she realized that she had left her wallet. She retraced her route, arrived back at the Tenleytown-AU station, pushed an emergency call button on a pylon, explained what had happened, and Officer Frost immediately arrived with her wallet. While patrolling the area where Ms. Chandler had been, he explained, he spotted her wallet on the ground. A kid tried to grab the wallet, claiming it was his, but Officer Frost retrieved it first. When the youth's name did not correspond with the owner's name, he gave up trying to claim the wallet. Ms. Chandler ended her letter by writing, "I feel enormously lucky that my wallet was retrieved, and I just want you to know what a top-notch employee you have." So great was her appreciation at getting back her wallet that she offered a monetary reward to Officer Frost, and he said, rightly so, absolutely not.

A few weeks later, another customer, Linda Hill, left her expensive cell phone on a train. She too encountered Officer Frost who watched her belongings when she went back to the train to retrieve her phone. She was unsuccessful, so Officer Frost called the number repeatedly for the rest of the evening. When someone answered late that night, he asked the person to return the phone to the L'Enfant Plaza Metrorail station, called the station manager to request that he hold the phone for the owner, and the next morning told Ms. Hill where she could retrieve her phone. Ms. Hill said that she was thrilled to see someone like Officer Frost go above and beyond the call of duty. Officer

Frost received two commendations from MTPD Chief of Police Polly Hanson for his exemplary customer service.

## Events

- December 1-27 M Street, N.E., between 1<sup>st</sup> and 2<sup>nd</sup> streets, closed from 8 a.m. to 4 p.m. due to the construction of a bridge over M Street to carry Metrorail traffic once the future New York Avenue station is completed; during at least one week during this four-week period, M Street will be closed for continuous 24-hour periods.
- December 17 Official Kick-Off of the "Metro Is Accessible" project, beginning with a program at Metro headquarters on accessibility features on Metrobuses and in Metrorail for an audience of advocacy agencies and organizations for people with disabilities; ending with a demonstration of a low-floor bus with voice annunciator and a tour of the Gallery Place-Chinatown Metrorail station's accessibility features; 10 a.m. to 1 p.m.
- December 22 Metro Transit Police Class #62 graduation ceremony, featuring guest speaker June Jeffries, Assistant U.S. Attorney and lead prosecutor in the Marlon Francisco Morales trial, the MTPD officer killed in the line of duty two years ago; Metro headquarters' MTPD Training Room, 10 a.m.
- January 7 Department of System Safety and Risk Protection's Emergency Management Outreach with Metro Transit Police and the Department of Communications, Metro Center Metrorail station, 7:30 to 9 a.m.
- January 16 WMATA to host the annual Dr. Martin Luther King, Jr. Celebration at Metro headquarters between 8 a.m. and noon.
- January 26 "Metro Matters" Hearing, D.C. Council Committee on Public Service, City Council Chambers, 10 a.m.



*Fiscal 2005 Proposed Budget*

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*Fiscal 2005 Proposed  
Operating and Capital Budgets*

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*Budget Committee  
December 11, 2003*

(B)



FY04 – FY05 Revenue Budget:

|                                  |         |         |
|----------------------------------|---------|---------|
| Approved Budget Fiscal 2004..... |         | \$487.3 |
| FY04 Service Changes *           |         | \$0.5   |
| Amended FY04 Revenue             |         | \$487.8 |
| FY05 Changes:                    |         |         |
| Passenger Revenue                | \$8.5   |         |
| Non Passenger Revenue            | \$1.0   |         |
| Passenger Revenue Adjustment     | (\$4.2) |         |
| Interest Earnings Adjustment     | (\$1.5) |         |
| Advertising Revenue              | \$6.0   |         |
| Fiber Optic Revenue              | \$3.5   |         |
| Revenue Enhancements             | \$1.7   |         |
| subtotal FY05 changes            | \$15.0  |         |
| Proposed Budget Fiscal 2005..... |         | \$502.8 |

Board Approved Service Changes:

\* FY04 Service Changes: Columbia Pike \$0.5M revenue increase, MD Routes revenue change round to less than \$0.1M  
 FY05 Annualization net = \$0M, Columbia Pike \$0.1M revenue increase, MD Routes.(\$0.1M) revenue decrease



Expense Recap: Guidance Achieved  
Limit Expense to 7% Increase

| OPERATING EXPENSE (w/o Debt Service) |                            |          |           |
|--------------------------------------|----------------------------|----------|-----------|
| FY04 Amended Budget.....             |                            |          | \$872.8 * |
| <i>Recap:</i>                        |                            |          |           |
| Step 1                               | Maintain Current Sevices   | \$42.0   | 4.8%      |
| Step 2                               | Service Changes Identified | \$19.1   | 2.2%      |
| FY05 Proposed Budget.....            |                            |          | \$933.9   |
|                                      |                            | \$61.1   | 7.0%      |
|                                      |                            | Increase |           |

\* Includes FY04 service changes

**Budget Guidance Achieved: 7% Growth Limit**





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*Operating Budget Schedule*

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January 15, 2004 FY05 Operating Budget - Cost Containment and  
General Expense Review

January 29, 2004 FY05 Operating Budget - Review of Service Levels  
for Bus, Rail and Paratransit

February 12, 2004 FY05 Operating Budget - Review of Passenger & Non-Passenger Revenue  
FY05 Operating Budget - Review of Fare Policy Issues

February 26, 2004 Consideration of Public Hearings.

April 8, 2004 FY05 Operating Budget- Cost and Revenue Update

April 29, 2004 Submit FY05 Budgets to Jurisdictions for Comment

June 10, 2004 Review Jurisdictions' Comments on FY05 Budgets  
FY05 Operating Budget- Cost and Revenue Update  
Approve FY05 Budget for Submission to Board



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*Paratransit Budget Schedule*

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January 5, 2004 Initial meeting of Paratransit Task Force

January 15, 2004 Report on funding streams to Task Force

January 30, 2004 Report on current specialized transportation programs to Task Force

March 17, 2004 Task Force assessment of consultant reports

April 22, 2004 Findings and evaluations to Board Operations Committee



**Proposed FY 2005-2010 CIP - Funded Program**

(in millions \$)

(based on available funding)

|                                      | FY 2005         | FY 2006         | FY 2007         | FY 2008         | FY 2009         | FY 2010         | Total             |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|
| Infrastructure Renewal Program (IRP) | \$ 290.1        | \$ 315.4        | \$ 320.2        | \$ 305.3        | \$ 303.1        | \$ 320.1        | \$ 1,854.2        |
| System Access/Capacity Program (SAP) | 9.8             | 1.0             | 1.0             | 1.0             | 1.0             | 1.0             | 14.8              |
| System Expansion Program (SEP)       | 11.3            | 2.0             | 2.0             | 2.0             | 2.0             | 2.0             | 21.3              |
| <b>Total CIP</b>                     | <b>\$ 311.3</b> | <b>\$ 318.4</b> | <b>\$ 323.2</b> | <b>\$ 308.3</b> | <b>\$ 306.1</b> | <b>\$ 323.1</b> | <b>\$ 1,890.4</b> |

**Metro Matters - Unfunded Program**

(in millions \$)

(updated thru FY 2010)

|                              | FY 2005         | FY 2006         | FY 2007         | FY 2008         | FY 2009         | FY 2010         | Total             |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|
| IRP Shortfalls               |                 |                 |                 |                 |                 |                 |                   |
| 1st Urgent Priority          |                 |                 | \$ 55.0         | \$ 110.0        | \$ 110.0        | \$ 110.0        | \$ 385.0          |
| Additional Federal Shortfall | 21.5            | 23.0            | 24.4            | 25.8            | 28.1            | 30.1            | 152.9             |
| Subtotal                     | \$ 21.5         | \$ 23.0         | \$ 79.4         | \$ 135.8        | \$ 138.1        | \$ 140.1        | \$ 537.9          |
| SAP & SEP Shortfalls         |                 |                 |                 |                 |                 |                 |                   |
| 2nd Urgent Priority (Rail)   | 444.6           | 99.3            | 81.2            |                 |                 |                 | 625.1             |
| 3rd Urgent Priority (Bus)    | 22.3            | 26.2            | 64.1            | 29.3            | 29.1            |                 | 171.0             |
| Subtotal                     | \$ 466.9        | \$ 125.5        | \$ 145.3        | \$ 29.3         | \$ 29.1         | \$ -            | \$ 796.1          |
| Security Priority            | 53.0            | 74.0            | 23.0            |                 |                 |                 | 150.0             |
| <b>Total Metro Matters</b>   | <b>\$ 541.4</b> | <b>\$ 222.5</b> | <b>\$ 247.7</b> | <b>\$ 165.1</b> | <b>\$ 167.2</b> | <b>\$ 140.1</b> | <b>\$ 1,484.0</b> |

|                    |                 |                 |                 |                 |                 |                 |                   |
|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|
| <b>GRAND TOTAL</b> | <b>\$ 852.7</b> | <b>\$ 540.9</b> | <b>\$ 570.9</b> | <b>\$ 473.4</b> | <b>\$ 473.3</b> | <b>\$ 463.2</b> | <b>\$ 3,374.4</b> |
|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|



*Capital Budget Schedule*

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March 11, 2004 Review of Capital Improvement Program

April 29, 2004 Submit FY05 Budgets to Jurisdictions for Comment

June 10, 2004 Review Jurisdictions' Comments on FY05 Budgets  
Approve FY05 Budget for Submission to Board



**Fiscal 2005 Proposed Budget**

**Jurisdictional Shares - Including Debt Service**

| (\$M)                 | FY04<br>APPROVED* | FY05<br>0% | FY05<br>@ 2.6% ** | FY05<br>4.5% |
|-----------------------|-------------------|------------|-------------------|--------------|
| District of Columbia  | \$158.0           | \$155.5    | \$159.2           | \$161.9      |
| Montgomery County     | \$73.8            | \$75.6     | \$77.3            | \$78.6       |
| Prince Georges County | \$79.4            | \$80.3     | \$82.0            | \$83.3       |
| Maryland Total        | \$153.2           | \$155.8    | \$159.3           | \$161.8      |
| City of Alexandria    | \$17.2            | \$16.7     | \$17.2            | \$17.6       |
| Arlington County      | \$28.4            | \$28.0     | \$28.9            | \$29.6       |
| Fairfax City          | \$0.9             | \$0.9      | \$0.9             | \$0.9        |
| Fairfax County        | \$53.6            | \$54.4     | \$55.7            | \$56.7       |
| City of Falls Church  | \$1.2             | \$1.1      | \$1.2             | \$1.2        |
| Virginia Total        | \$101.3           | \$101.2    | \$104.0           | \$106.0      |
| Total WMATA Subsidy   | \$412.5           | \$412.5    | \$422.4           | \$429.8      |

FY04 to FY05 shifts due to effects of:

- 1) ADA Growth
- 2) Second half of the census change
- 3) New rail stations (Largo + NYA for 1/2 year)
- 4) New bus schedule & ridership update

\* Does not include service changes adopted in FY04

\*\* 1.5% plus Largo

**\$ Millions**



# Fiscal 2005 Proposed Budget

## Modal distribution of operating subsidy by jurisdiction

### FISCAL 2005 PROPOSED BUDGET SUMMARY OF STATE/LOCAL OPERATING REQUIREMENTS

*WITHIN GUIDANCE:*

**METROBUS OPERATING SUBSIDY**

|                            | DISTRICT OF COLUMBIA | MONTGOMERY COUNTY   | PRINCE GEORGE'S COUNTY | CITY OF ALEXANDRIA | ARLINGTON COUNTY    | FAIRFAX CITY     | FAIRFAX COUNTY      | FALLS CHURCH     | TOTAL                |
|----------------------------|----------------------|---------------------|------------------------|--------------------|---------------------|------------------|---------------------|------------------|----------------------|
| REGIONAL SUBSIDY           | \$79,462,182         | \$27,021,347        | \$30,009,925           | \$9,239,464        | \$14,223,431        | \$337,729        | \$22,486,148        | \$739,390        | \$183,519,613        |
| NON-REGIONAL               | \$18,811,443         | \$5,727,260         | \$11,954,682           | \$665,350          | \$0                 | \$0              | \$6,250,954         | \$0              | \$43,409,688         |
| <b>TOTAL BUS OPERATING</b> | <b>\$98,273,624</b>  | <b>\$32,748,607</b> | <b>\$41,964,607</b>    | <b>\$9,904,814</b> | <b>\$14,223,431</b> | <b>\$337,729</b> | <b>\$28,737,100</b> | <b>\$739,390</b> | <b>\$226,929,302</b> |
|                            | 43.3%                | 14.4%               | 18.5%                  | 4.4%               | 6.3%                | 0.1%             | 12.7%               | 0.3%             |                      |

**METRO RAIL OPERATING SUBSIDY**

|                             |                     |                     |                     |                    |                     |                  |                     |                  |                      |
|-----------------------------|---------------------|---------------------|---------------------|--------------------|---------------------|------------------|---------------------|------------------|----------------------|
| BASE ALLOCATION             | \$41,238,599        | \$22,624,682        | \$21,718,698        | \$5,646,525        | \$11,992,913        | \$368,731        | \$17,363,370        | \$328,034        | \$121,281,554        |
| MAX FARE SUBSIDY            | \$265,060           | \$2,122,290         | \$926,092           | \$106,315          | \$73,504            | \$40,548         | \$973,806           | \$12,251         | \$4,519,866          |
| <b>TOTAL RAIL OPERATING</b> | <b>\$41,503,659</b> | <b>\$24,746,973</b> | <b>\$22,644,790</b> | <b>\$5,752,839</b> | <b>\$12,066,418</b> | <b>\$409,279</b> | <b>\$18,337,176</b> | <b>\$340,286</b> | <b>\$125,801,419</b> |
|                             | 33.0%               | 19.7%               | 18.0%               | 4.6%               | 9.6%                | 0.3%             | 14.6%               | 0.3%             |                      |

**PARATRANSIT SUBSIDY**

|  |              |              |              |           |           |           |             |          |              |
|--|--------------|--------------|--------------|-----------|-----------|-----------|-------------|----------|--------------|
|  | \$11,811,194 | \$16,194,464 | \$13,787,930 | \$495,993 | \$566,925 | \$144,232 | \$6,496,210 | \$71,853 | \$49,568,800 |
|  | 23.8%        | 32.7%        | 27.8%        | 1.0%      | 1.1%      | 0.3%      | 13.1%       | 0.1%     |              |

**SUBTOTAL OPERATING SUBSIDY**

|  |               |              |              |              |              |           |              |             |               |
|--|---------------|--------------|--------------|--------------|--------------|-----------|--------------|-------------|---------------|
|  | \$151,588,478 | \$73,690,045 | \$78,397,327 | \$16,153,647 | \$28,856,773 | \$891,239 | \$53,570,485 | \$1,151,528 | \$402,299,521 |
|--|---------------|--------------|--------------|--------------|--------------|-----------|--------------|-------------|---------------|

**DEBT SERVICE**

|  |              |             |             |             |             |          |             |          |              |
|--|--------------|-------------|-------------|-------------|-------------|----------|-------------|----------|--------------|
|  | \$10,331,300 | \$4,857,500 | \$4,872,900 | \$1,418,200 | \$2,740,200 | \$46,700 | \$3,168,900 | \$38,500 | \$27,484,200 |
|--|--------------|-------------|-------------|-------------|-------------|----------|-------------|----------|--------------|

**TOTAL PROPOSED SUBSIDY**

|  |               |              |              |              |              |           |              |             |               |
|--|---------------|--------------|--------------|--------------|--------------|-----------|--------------|-------------|---------------|
|  | \$161,919,778 | \$78,557,545 | \$83,270,227 | \$17,571,847 | \$29,596,973 | \$937,939 | \$56,739,385 | \$1,190,028 | \$429,783,721 |
|--|---------------|--------------|--------------|--------------|--------------|-----------|--------------|-------------|---------------|

Modal subsidies based on overall 4.5% allowance for increase.  
Assumptions made on revenue increases / expense reductions based on FY04 approved modal distributions.



**FY 2005 CIP Funding Distribution**

| (in millions)                   | IRP             | SAP           | SEP            | Total           |
|---------------------------------|-----------------|---------------|----------------|-----------------|
| <b>Total Amount of Funding</b>  | <b>\$ 290.1</b> | <b>\$ 9.8</b> | <b>\$ 11.3</b> | <b>\$ 311.2</b> |
| <b>Funding Distribution</b>     |                 |               |                |                 |
| <b>Federal</b>                  | 162.5           | 2.4           | -              | 164.9           |
| <b>Local Contribution</b>       |                 |               |                |                 |
| DC                              | 36.5            | 0.6           | 0.7            | 37.8            |
| <b>Maryland</b>                 |                 |               |                |                 |
| Montgomery Co                   | 16.7            | 0.3           | 0.3            | 17.3            |
| Prince George's                 | 19.1            | 0.3           | 0.4            | 19.8            |
| MD/Federal                      |                 |               | 9.3            | 9.3             |
| Subtotal                        | 35.8            | 0.6           | 10.0           | 46.4            |
| <b>Virginia</b>                 |                 |               |                |                 |
| Alexandria                      | 4.4             | - 2/          | 0.1            | 4.5             |
| Arlington                       | 8.4             | 6.0           | 0.2            | 14.6            |
| Fairfax Co                      | 13.8            | 0.2           | 0.3            | 14.3            |
| Fairfax City                    | 0.2             | - 2/          | - 2/           | 0.2             |
| Falls Church                    | 0.3             | - 2/          | - 2/           | 0.3             |
| Subtotal                        | 27.1            | 6.2           | 0.6            | 33.9            |
| <b>Local Contribution Total</b> | <b>99.4</b>     | <b>7.4</b>    | <b>11.3</b>    | <b>118.1</b>    |
| <b>Other Funding Sources</b>    |                 |               |                |                 |
| Passenger Revenue               | 6.0 1/          |               |                | 6.0             |
| IGF                             | 1.5             |               |                | 1.5             |
| Refinance                       | 12.7            |               |                | 12.7            |
| Tax Advantage Lease             | 2.0             |               |                | 2.0             |
| Close Out                       | 6.0             |               |                | 6.0             |
| <b>Other Funding Total</b>      | <b>28.2</b>     |               |                | <b>28.2</b>     |
| <b>Total Source of Funding</b>  | <b>\$ 290.1</b> | <b>\$ 9.8</b> | <b>\$ 11.3</b> | <b>\$ 311.2</b> |

1/ For Vertical Transportation  
 2/ Less than \$100K  
 Budget and funding based on obligation schedule



Local subsidies including flex funds...

(in millions \$)

FY 2005

|                      | Non-Fed 1/     | Flexible      | Subtotal       | Credit 2/   | Total          |
|----------------------|----------------|---------------|----------------|-------------|----------------|
| District of Columbia | \$ 33.5        | \$ 3.0        | \$ 36.5        |             | \$ 36.5        |
| Montgomery           | 15.5           | 1.2           | 16.7           |             | 16.7           |
| Prince George's      | 17.2           | 1.9           | 19.1           |             | 19.1           |
| Maryland Total       | \$ 32.7        | \$ 3.1        | \$ 35.8        |             | \$ 35.8        |
| Alexandria           | 4.0            | 0.4           | 4.4            |             | 4.4            |
| Arlington            | 8.0            | 0.5           | 8.5            |             | 8.5            |
| Fairfax County       | 12.7           | 1.1           | 13.8           |             | 13.8           |
| Fairfax City 3/      | 0.2            | 0.0           | 0.2            |             | 0.2            |
| Falls Church 3/      | 0.3            | 0.0           | 0.3            |             | 0.3            |
| Virginia Total       | \$ 25.2        | \$ 2.0        | \$ 27.2        | \$ -        | \$ 27.2        |
| <b>Total</b>         | <b>\$ 91.4</b> | <b>\$ 8.1</b> | <b>\$ 99.5</b> | <b>\$ -</b> | <b>\$ 99.5</b> |

1/ Includes Local Match, Local Additional and Repairable

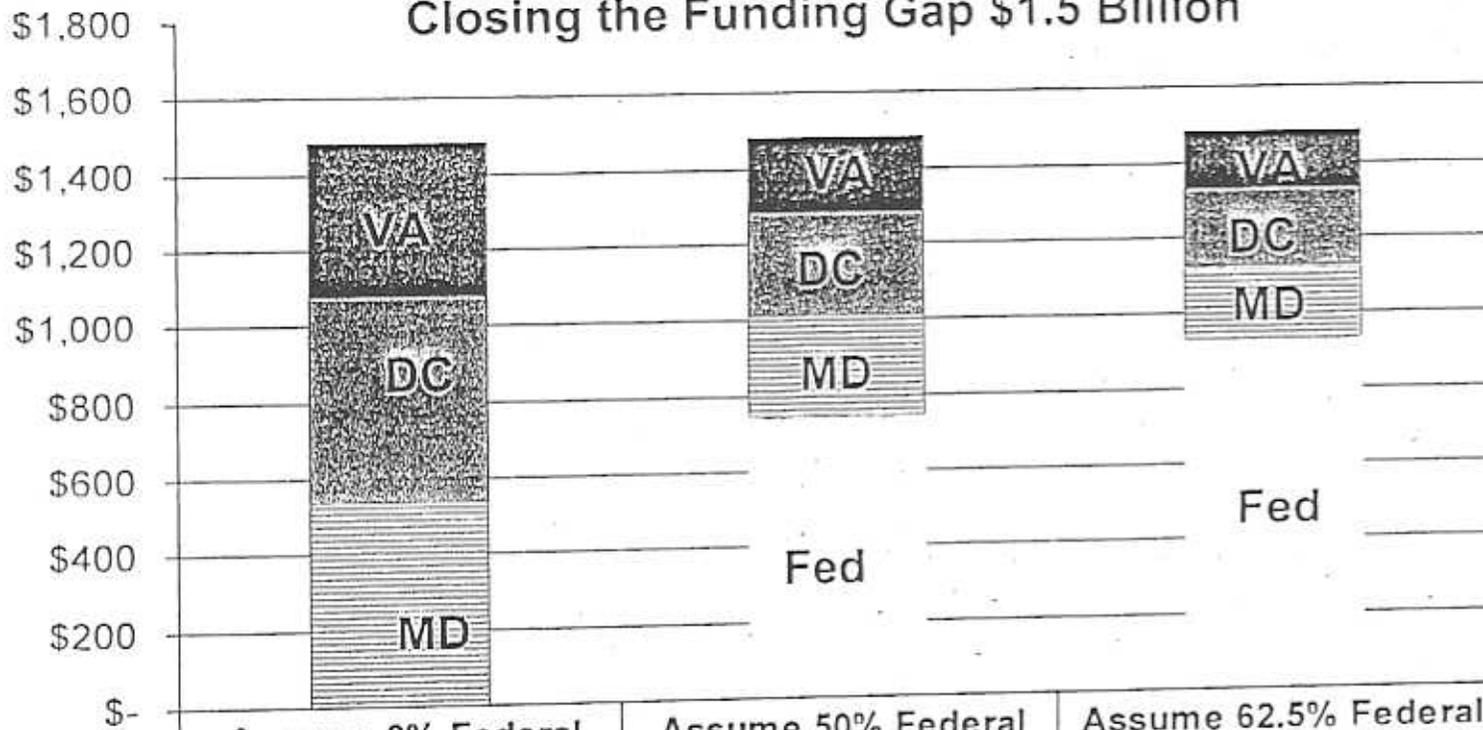
2/ FY 04 received in FY 03

3/ Figures less than \$100K not shown



Metro Matters: \$1484 billion gap will depend on the level of special federal participation (if any).

Closing the Funding Gap \$1.5 Billion



|         | Assume 0% Federal Share | Assume 50% Federal Share | Assume 62.5% Federal Share |
|---------|-------------------------|--------------------------|----------------------------|
| Total   | \$1,484                 | \$1,484                  | \$1,484                    |
| ■ VA    | 404                     | 202                      | 151                        |
| ▨ DC    | 544                     | 272                      | 204                        |
| ▧ MD    | 536                     | 268                      | 201                        |
| Federal | 0                       | 742                      | 928                        |

Jurisdictional share may decrease with 100% federal funding for security.



**Metro Matters Funding Gap**

Distributed by Jurisdiction – assumes zero federal funding

**IRP Shortfall**

| WMATA FY  | IRP Shortfall | DC       | Mont.   | PG       | Alex.   | Art.    | FFX City | FFX Co. | Fis Ch. | Total    |
|-----------|---------------|----------|---------|----------|---------|---------|----------|---------|---------|----------|
| 2005      | 21.5          | 7.9      | 3.5     | 4.4      | 0.97    | 1.67    | 0.03     | 2.93    | 0.06    | 21.5     |
| 2006      | 23.0          | 8.5      | 3.8     | 4.7      | 1.04    | 1.79    | 0.0      | 3.13    | 0.06    | 23.0     |
| 2007      | 79.4          | 29.3     | 13.0    | 16.2     | 3.6     | 6.2     | 0.1      | 10.8    | 0.2     | 79.4     |
| 2008      | 135.8         | 50.1     | 22.2    | 27.7     | 6.2     | 10.6    | 0.2      | 18.5    | 0.4     | 135.8    |
| 2009      | 138.1         | 51.0     | 22.6    | 28.2     | 6.3     | 10.8    | 0.2      | 18.8    | 0.4     | 138.1    |
| 2010      | 140.1         | 51.7     | 22.9    | 28.6     | 6.3     | 10.9    | 0.2      | 19.1    | 0.4     | 140.1    |
| 2005-2010 | \$ 537.9      | \$ 198.5 | \$ 88.0 | \$ 109.8 | \$ 24.4 | \$ 41.9 | \$ 0.6   | \$ 73.2 | \$ 1.5  | \$ 537.9 |

**185 Buses (SAP)**

| WMATA FY  | 185 Buses Shortfall | DC      | Mont.   | PG      | Alex.  | Art.    | FFX City | FFX Co. | Fis Ch. | Total    |
|-----------|---------------------|---------|---------|---------|--------|---------|----------|---------|---------|----------|
| 2005      | 22.3                | 8.3     | 3.2     | 5.1     | 1.02   | 1.52    | -        | 3.05    | 0.06    | 22.3     |
| 2006      | 26.2                | 9.8     | 3.8     | 6.0     | 1.20   | 1.79    | -        | 3.59    | 0.07    | 26.2     |
| 2007      | 64.1                | 24.0    | 9.3     | 14.6    | 2.9    | 4.4     | -        | 8.8     | 0.2     | 64.1     |
| 2008      | 29.3                | 11.0    | 4.2     | 6.7     | 1.3    | 2.0     | -        | 4.0     | 0.1     | 29.3     |
| 2009      | 29.1                | 10.9    | 4.2     | 6.6     | 1.3    | 2.0     | -        | 4.0     | 0.1     | 29.1     |
| 2010      | -                   | -       | -       | -       | -      | -       | -        | -       | -       | -        |
| 2005-2010 | \$ 171.0            | \$ 64.0 | \$ 24.7 | \$ 38.9 | \$ 7.8 | \$ 11.7 | \$ -     | \$ 23.4 | \$ 0.5  | \$ 171.0 |



**Metro Matters Funding Gap**

Distributed by Jurisdiction – assumes zero federal funding

**120 Rail Cars (SAP)**

| WMATA FY  | 120 Car Shortfall | DC       | Mont.    | PG       | Alex.   | Art.    | FFX City | FFX Co. | Fis Ch. | Total    |
|-----------|-------------------|----------|----------|----------|---------|---------|----------|---------|---------|----------|
| 2005      | 444.6             | 160.5    | 82.6     | 73.1     | 19.43   | 43.84   | 1.38     | 62.38   | 1.29    | 444.6    |
| 2006      | 99.3              | 35.8     | 18.4     | 16.3     | 4.34    | 9.79    | 0.3      | 13.93   | 0.29    | 99.3     |
| 2007      | 81.2              | 29.3     | 15.1     | 13.4     | 3.5     | 8.0     | 0.3      | 11.4    | 0.2     | 81.2     |
| 2008      | -                 | -        | -        | -        | -       | -       | -        | -       | -       | -        |
| 2009      | -                 | -        | -        | -        | -       | -       | -        | -       | -       | -        |
| 2010      | -                 | -        | -        | -        | -       | -       | -        | -       | -       | -        |
| 2005-2010 | \$ 625.1          | \$ 225.7 | \$ 116.1 | \$ 102.8 | \$ 27.3 | \$ 61.6 | \$ 1.9   | \$ 87.7 | \$ 1.8  | \$ 625.0 |

**Security**

| WMATA FY  | CIP Shortfall | DC      | Mont.   | PG      | Alex.  | Art.    | FFX City | FFX Co. | Fis Ch. | Total    |
|-----------|---------------|---------|---------|---------|--------|---------|----------|---------|---------|----------|
| 2005      | 53.0          | 19.6    | 8.7     | 10.8    | 2.40   | 4.13    | 0.06     | 7.21    | 0.15    | 53.0     |
| 2006      | 74.0          | 27.3    | 12.1    | 15.1    | 3.35   | 5.76    | 0.1      | 10.07   | 0.21    | 74.0     |
| 2007      | 23.0          | 8.5     | 3.8     | 4.7     | 1.0    | 1.8     | 0.0      | 3.1     | 0.1     | 23.0     |
| 2008      | -             | -       | -       | -       | -      | -       | -        | -       | -       | -        |
| 2009      | -             | -       | -       | -       | -      | -       | -        | -       | -       | -        |
| 2010      | -             | -       | -       | -       | -      | -       | -        | -       | -       | -        |
| 2005-2010 | \$ 150.0      | \$ 55.4 | \$ 24.5 | \$ 30.6 | \$ 6.8 | \$ 11.7 | \$ 0.2   | \$ 20.4 | \$ 0.4  | \$ 150.0 |



**Metro Matters Funding Gap**

Distributed by Jurisdiction – assumes zero federal funding

**IRP, SAP, OCC & Security Shortfall**

| WMATA FY  | CIP Shortfall | DC       | Mont.    | PG       | Alex.   | Arl.     | FFX City | FFX Co.  | Fis Ch. | Total      |
|-----------|---------------|----------|----------|----------|---------|----------|----------|----------|---------|------------|
| 2005      | 541.4         | 196.3    | 98.0     | 93.4     | 23.8    | 51.2     | 1.5      | 75.6     | 1.6     | 541.4      |
| 2006      | 222.5         | 81.5     | 38.1     | 42.1     | 9.9     | 19.1     | 0.4      | 30.7     | 0.6     | 222.4      |
| 2007      | 247.7         | 91.1     | 41.1     | 48.8     | 11.1    | 20.4     | 0.4      | 34.1     | 0.7     | 247.7      |
| 2008      | 165.1         | 61.1     | 26.5     | 34.4     | 7.5     | 12.6     | 0.2      | 22.5     | 0.5     | 165.3      |
| 2009      | 167.2         | 61.9     | 26.8     | 34.8     | 7.6     | 12.7     | 0.2      | 22.8     | 0.5     | 167.3      |
| 2010      | 140.1         | 51.7     | 22.9     | 28.6     | 6.3     | 10.9     | 0.2      | 19.1     | 0.4     | 140.1      |
| 2005-2010 | \$ 1,484.0    | \$ 543.6 | \$ 253.4 | \$ 282.1 | \$ 66.3 | \$ 126.9 | \$ 2.8   | \$ 204.7 | \$ 4.2  | \$ 1,484.0 |

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RECEIVED NOV 21 2003

November 21, 2003



Mr. Richard Taube  
Executive Director  
Northern Virginia Transportation Commission  
4350 N. Fairfax Drive  
Suite 720  
Arlington, VA 22203

Dear Mr. Taube:

One of my first actions as Assistant General Manager was to meet with transportation, planning, and economic development officials around the region and discuss the many challenges facing the Washington region. I want to thank you for your participation and hospitality in hosting those discussions with me and Denton Kent, the Washington Metropolitan Area Transit Authority's (WMATA) Director of Land Development. As we discussed, the region faces a number of challenges – traffic and subway congestion, air quality degradation, and funding shortfalls for an aging and growing regional transit system.

We are continually working to develop innovative solutions and partnerships that respond to these challenges. One of the initiatives is called the **"Metro Matters" Campaign**. This is a two-part strategy to increase awareness of our funding challenges, and to seek the support of advocates in this regard.

Another initiative, the **Regional Activity Center Demonstration Program**, is designed to demonstrate our commitment to improving regional mobility even in the face of our financial challenges. Subsequent to my meeting with you and your counterparts, I worked with WMATA's Chief Executive Officer, Richard White, in conceptualizing a planning initiative to show how transportation management strategies, when applied comprehensively, can provide tangible responses to our regional challenges and, at the same time, make a contribution to regional planning. Our Board approved this effort in the Project Development Program of our Fiscal 2004 Capital Budget. I want to thank each of our member jurisdictions and their transportation staffs for supporting the development and funding of the **Regional Activity Center Demonstration Program**.

More recently, our Board of Directors approved a **Bus Enhancement Program**. This is another planning activity to show how low-cost, easy-to-implement transportation management strategies can improve transit service and regional mobility. We will evaluate the effectiveness of the selected transportation management strategies and work with the Transportation Planning Board to fold the results into regional transportation planning efforts.

Washington  
Metropolitan Area  
Transit Authority

600 Fifth Street, NW  
Washington, DC 20001  
202/652-1234

By Metrorail:  
 Judiciary Square—Red Line  
 Gallery Place—Chinatown—  
 Red, Green, and  
 Yellow Lines  
 By Metrobus:  
 Routes D1, D3, D6, P6,  
 70, 71, 80, X2

A District of Columbia,  
Maryland and Virginia  
Transit Partnership

Page Two

We want to work with you to consolidate these two programs into a **Regional Mobility Initiative**, which recognizes that there is no single solution to solving the region's mobility crisis. Instead, a coordinated mobility program is needed to develop integrated packages of transit services, facilities, and supportive policies in activity centers and major corridors. Many of these strategies were recommended in the WMATA sponsored *Regional Bus Study (2000-2003)*, a comprehensive evaluation of bus services in the region and a plan to create a more integrated transit network of Metrobus, MetroRail and local bus systems.

One of the primary objectives of the *Regional Mobility Initiative* is to foster collaboration with the public and private sectors to identify priority needs and to work cooperatively in deploying management strategies. A 'Toolbox' of potential transportation management strategies should include:

- 1) *System management* strategies including service changes to improve the efficiency of bus service, enhanced customer facilities and parking, and implementation of bus priority treatments to improve bus operations on congested roadways;
- 2) *Demand management* strategies (transit benefits, parking pricing, reverse commuting and alternative work schedules) to increase transit use, reduce congestion and improve air quality;
- 3) *Transit service information* and marketing, especially improved bus maps and real time transit information; and
- 4) *Integration of transit service with land use* development, including improved pedestrian and bicycle access to bus stops and rail stations.

We are making arrangements to discuss the proposed *Regional Mobility Initiative* at a **Regional Mobility Planning Session** on Friday, **January 9, 2004**. We would like to exchange information on current national and local transportation management experiences and work with you in refining the work plan for the **Regional Mobility Initiative**. I recognize your busy schedule. However, I want to make a personal appeal for your participation in the planning session and invite your staff to attend as well.

We look forward to your participation in this important initiative. If you have any questions, please contact me at 202.962.2100. Please RSVP to [klmccoe@wmata.com](mailto:klmccoe@wmata.com).

Sincerely,



Edward L. Thomas  
Assistant General Manager  
Department of Planning and Strategic Programs

Enclosure

## Regional Mobility Planning Session

WMATA  
Jackson Graham Building  
600 Fifth Street, NW  
Washington, DC 20001

Friday, January 9, 2004  
9:30 AM to 1:30 PM

### Draft Agenda

- *Welcome and a Vision for the Future*, Richard White, CEO, WMATA
- *Purpose of the Regional Mobility Initiative*, Edward Thomas, AGM, Planning and Strategic Programs, WMATA
- *Overview of the Regional Activity Center Demonstration Program*, Thomas Harrington, Program Manager, Planning Innovations and Support, WMATA
- *Review of National Experience with Transportation Management Strategies*
- *Transportation Management Strategies Currently Being Implemented Around the Region*
- Lunch and Roundtable Discussion

## Regional Mobility Initiative (RMI) Regional Mobility Planning Session

WMATA Jackson Graham Building – Board Meeting Room  
Friday, January 9, 2004  
9:00 AM to 1:30 PM

### Draft Agenda

#### **9:00 – 10:15 Overview & Objectives for the Regional Mobility Initiative**

1. **Welcome and overview of agenda**, Richard Stevens, Director, Office of Business Planning and Project Development (5 min)
  
2. **Vision for the Future**, Richard White, General Manager and CEO, WMATA (10 min)  
*Discussion:*
  - *What we are trying to achieve today:*
    - *Consensus that we need a regional partnership (public & private) to address mobility crisis*
    - *Role for transit – needs to be integrated in all planning efforts, transit is the key to maintaining quality of life in the region*
    - *Request that region helps us scope out the Regional Mobility Initiative & develop the criteria we should use to identify the priority areas to target investments*
  - *Metro Matters Campaign – Need to build on our existing system*
  
3. **Purpose of the Regional Mobility Initiative**, Edward Thomas, Assistant General Manager, Planning and Strategic Programs, WMATA (15 min)  
*Discussion:*
  - *Congestion is pervasive: TTI and STPP rankings of regions*
  - *Background planning efforts – Regional Mobility Panel, Regional Bus Study (major findings – role of suburban travel markets, survey results), Core Capacity, 10-year CIP*
  - *Why we need a new approach, how this will benefit the region*
    - *Need to provide low-cost, easy-to-implement strategies to improve quality of transit service and achieve regional goals.*
    - *No single solution to solving the region's mobility crisis.*
    - *Role of transit in shaping land use & promoting economic development*
    - *Our short-term needs assessments can be used to guide the long-range Mobility & Accessibility study.*
  - *What we are currently working on:*
    - *Bus Enhancement Program – make the bus system as easy to use as the rail system.*

- *Role of demand management*
- *Overview of TPB Value Pricing Committee*
- *Regional Activity Center Demonstration Program – recognizes the land use connection and the emerging role of activity centers*

**4. Regional Planning Updates, Ron Kirby, Director, Transportation Planning, MWCOG/TPB (15 min)**

- COG CLRP
- COG Vision
- COG Scenario Planning
- COG Regional Activity Center Planning

**10:15-11:00**

**PANEL #1**

***What can be done to improve the way our transportation system operates?***

**Issues/Topics:**

- Severity of congestion – what are the impacts of the mobility crisis?
- Transportation System Management Approaches
- Washington Post Series & Survey Results, “The Road Ahead – Solutions for Now”
- Bus Enhancement Program; ex. Arlington County Pike Ride
- Bus maps and real-time information
- Programs or sources that may be available to support programs

**11:00 - 11:15 BREAK**

**11:15-12:00**

**PANEL #2**

***What are the supportive policies & programs that will encourage transit use & reduce congestion?***

**Issues/Topics:**

- Transportation Management Associations
- Employer-Based Commuting Programs
- Flexible Work Hours
- Transit Benefits & Pricing
- Land Use Connection

**12:00 – 1:00**

**Lunch & Keynote Speaker**

**1:00 – 1:30**

**Wrap-up and Next Steps**

1. **Overview of Regional Activity Center Demonstration Program**, Thomas Harrington, Program Manager, Planning Innovations and Support, WMATA (10 min presentation)  
*Discussion:*
  - *Purpose of the Activity Center Demonstration*
  - *Toolbox of Strategies*
    - *Demonstration program will evaluate effectiveness of bundling complementary facilities, management strategies & policies*
  - *Request that region helps us scope out the Regional Mobility Initiative, develop the criteria and make recommendations on priority areas to target investments.*
  
2. **Wrap-up discussion – what did we hear from the region today**, Richard Stevens, WMATA

# NVTC

Northern Virginia Transportation Commission

# NVTC

(D)

December 9, 2003

Mr. Richard A. White  
Chief Executive Officer  
and General Manager  
Washington Metropolitan Area Transit Authority  
600 Fifth Street, N.W.  
Washington, DC 20001

Dear Mr. *Rick* White:

At the December 4<sup>th</sup> meeting of the Northern Virginia Transportation Commission, commissioners reviewed the attached letter from a citizen, Ed Tennyson. The letter contains questions about the approach used by WMATA staff to report on the performance of Metrobus routes in the context of proposed abandonments. Because these questions pertain to the methods used to analyze bus service performance, and restructuring bus routes is a continuing issue for the entire WMATA transit district, our commissioners voted unanimously to request a response to Mr. Tennyson's questions.

Of primary importance to NVTC is the apparent use by WMATA staff of an average systemwide bus fare to attribute revenue and cost recovery ratios to individual routes. As Mr. Tennyson points out, it would seem that for express routes, such as N-11 and N-13, with published fares of \$2.50, WMATA's use of an average fare of 40-cents (which itself is 20 percent below the system average fare of 51-cents) would result in attributed fare revenues and cost recovery ratios well below those that would be reported if a fare close to the published amount were to be used.

Another point raised by Mr. Tennyson is also of special concern to our commissioners. They voted unanimously to ask you for a further explanation of WMATA's new snow policy in which Metrorail operations will be confined to underground segments when snow accumulates in excess of eight inches. Specifically, how does WMATA expect its customers to access the curtailed Metrorail system during such an emergency? Have you considered bus bridges or other techniques? How many customers will be affected? Are there negative impacts on customers, and if so, how can these negative impacts be addressed?



Mr. Richard A. White  
December 9, 2003  
Page 2

We appreciate your attention to our request and wish you and your staff all the best for the Holiday Season.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick", written in a cursive style.

Richard K. Taube  
Executive Director

cc: Hon. Bill Euille  
Hon. Kate Hanley  
Hon. Dana Kauffman  
Hon. Chris Zimmerman  
Hon. Dave Snyder  
Ed Tennyson  
Shiva Pant

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VIENNA, VA 22181-3220

REGISTERED  
PROFESSIONAL ENGINEER

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The Honorable Elaine McConnell,  
Chairman of the NVTC  
Northern Virginia Transportation Commission  
4350 North Fairfax Drive, suite 720  
Arlington, V A. 22203

November 29, 2003

Dear Chairman McConnell:

You and your Commission work diligently to cope with our severe transportation problems. It is disappointing in the extreme to read a staff report such as the one contained in your December 4th Agenda Item 10 concerning the abandonment of six MetroBus lines. No one can have confidence in WMATA with staff work like that and Board decisions that result. This is no way to resolve problems.

WMATA staff established four criteria to justify abandonment. They are:

**COST RECOVERY :** The 15 percent requirement is equitable enough, even generous, but the computations were faulted at the public hearings and in letters to General Manager White but there has been no response. Board Member Carleton Sickles was incredible when he learned that no one answered complaints, but no one has.

**PEAK LOAD FACTOR:** Half a seated load is also a reasonable measure, but the Public Hearing testimony requested fewer trips to increase the seated load. No staff response. Just abandon the service. Do not manage it for efficiency. Some routes were listed as not knowing the load factor. Who cares?

**AVERAGE WEEKDAY RIDERSHIP:** This is a wrong-headed criteria. The minimum of 400 weekday passengers is irrelevant. If the cost recovery and the peak load factors are satisfactory, what difference does the weekday total make? In Northern Virginia, the average route carries nothing like the stated 3,000 passengers.

**SUBSIDY PER PASSENGER:** This is also a wrong-headed criteria as the subsidy will vary with the length of the route. So will the Revenue-to-Cost ratio above. Even worse, the systemwide average subsidy is not \$ 1.46 per bus trip as stated, but was reported as \$ 2.31 in 2001. If WMATA needs another fare increase, it may be higher now.

Approximately 180 people took the time to come to the Public Hearings and 51 made the effort to testify. This demonstrates considerable public concern. Only

three people supported the curtailments generally and one of them admitted to being a political supporter of the Maryland Governor with no evidence of bus use. With 98.5 percent of the testimony in opposition, how can WMATA just brush it off? It makes a sham of the Public Hearing process.

It is true that Route B-11 is a triplication of other services and is redundant, so if Maryland does not want it, and most of it is in D.C. with some in Virginia, fine. The record is clear. It can and should be abandoned. No problem.

Not quite similarly, express Route N-7 is redundant but provides an extra fare premium service. Montgomery County, MD. and the Governor both want to cut the losses. Since it is not essential, maybe we have to accept their judgement.

On the other routes, both the staff work and the Board approval were grossly faulty. WMATA can not sustain public support with decisions like these.

While the staff claims Route 14 recovers only five (5) percent of its cost from the farebox, the record shows that staff credits only 51 cents of the \$ 2.50 fare to Route 14. There is no other place to credit it. Testimony estimated that the revenue credit should be \$ 1.87. Staff did not rebut that estimate. They just ignored the matter. This is totally unacceptable for a public agency. Why hold a Public Hearing? A fair credit of the fare people pay would raise the Revenue-to-Cost ratio to 18 percent, meeting the criteria for continuance. However, the peak load factor is far too low. Testimony suggested that most trips to Lakeforest be dropped as that area can be reached by the Bethesda trips with easy transfer to Route J-9. This would raise the load factor and the revenue to cost ratio to 30 per cent, system average. If we can't support bus service on the Beltway across the American Legion Bridge, why are we talking about other more extensive such bus routes? Staff reported no effort to respond to the testimony.

Similarly, only worse, Routes N-11 and N-13 have a \$ 2.50 fare but staff credited them with only 40 cents a ride and a seven (7) percent revenue-to-cost ratio. The testimony suggested that if an equitable share of their \$ 2.50 were applied to this route, the revenue-to-cost ratio would be 33 percent, better than system average. Staff ignored the issue. The Board must insist on better staff work. It was also testified that these Wilson Bridge routes do not stop for passengers in Marlow Heights or Temple Hills in the peak direction of travel. By refusing to stop, how can passengers be attracted? Before the six months extended trial operation is terminated, the service must be made accessible to people or WMATA is conducting a sham.

Route C--18 is not my concern but the refusal of staff to consider fewer trips to improve the performance indicators is of great concern. Diverting the funding to some other enterprise is not responsive to the testimony.

Added to these concerns are two others. WMATA shut down when a hurricane was predicted but never materialized. In all my years in public service, I do not recall such wanton disregard for the public service. One third of D.C. residents have no automobile. Hospitals, the Post Office and power plants still need shift workers. I appreciate the sincere concern for people on windy station platforms and it may be a good plan to curtail above ground service when wind reaches forty (40) miles per hour. The public should be forewarned, but wait for the shut down until the disaster is more certain to arrive.

The decision to shut down with more than eight inches of snow is also unheard of among responsible transit managements. Before I retired, we gave WMATA millions of dollars to buy diesel locomotives (prime movers) to plough and to heat the third rail to sustain service. When I was working in Milwaukee for two winters, we never shut down the electric railway even when everything else shut down. I was out mornings at 25 below. We lost a few motors, but we did not lose service. In Pittsburgh, years ago, rail service was added in snow to help timid drivers who gave up in favor of transit. In Philadelphia, I was assigned to the Snow Emergency Headquarters in major snow storms. When the transit operator announced they were suspending elevated train service, I countermanded them to no avail. It was the first time in about sixty years that snow had been permitted to interrupt service.

Once shut down, they could not restart it. I, personally, had to go out and walk in front of a test train, tramping down the snow in the automatic train stop area with my feet all the way from 46th Street to 69th Street. That permitted service to resume. I did not work for the operating company. They just gave up. It was too much trouble. That is not what people are paying for.

I am sorry to have to write this letter but I see things falling apart. We must arrest the decline before it goes too far.

We have terrible traffic problems, air pollution, mobility for some, and travel safety problems. We must cope with them. We have the third best transit system in the world. We must keep it that way. Money is not the problem here although it is necessary.

Very sincerely,

A handwritten signature in black ink, appearing to read "Ed Long", written in a cursive style.



Don Phillips  
*Potomac Pundit*

## Through storms, rain, and dark of night, we shut down

Railroads no longer are the transport mode of all seasons and conditions. Why?

**S**ome deeply held beliefs die hard. Take, for instance, the belief that railroads are the all-weather form of transportation. When planes can't fly, and snow shuts down the highways, the trains will get through. Right? Wrong.

I don't know exactly when the railroads turned the corner to become just another form of transportation that shuts down when snow falls or winds blow. But I do know that when I was younger, we lived with the assumption that at least the trains would get through. If the weather was bad enough to shut down the railroads, it was *really* bad.

There were spectacular exceptions, of course, but they made the news because they were so unusual. I remember decades ago hearing breathless news reports that a South-

ern Pacific train was stuck in a Sierra snowstorm, and that the Rio Grande narrow-gauge was sending in snow Cats to rescue crews stranded in a snowstorm. But for the most part, you could count on the railroads.

This subject came to mind with Hurricane Isabel. Here in the Washington area, we were in the eye of the storm. Thousands of us lost electric power, and many highways and city streets were under water for days. The city, even the federal government, basically shut down for two days.

Guess *why* the federal government shut down—because Washington's Metro transit system shut down early. Virginia Railway Express and Maryland's MARC commuter trains cancelled service. Since there was no public transportation, the city had to rely on autos for mobility, and there wasn't enough road capacity to transport everyone into town.

It was almost embarrassing. When Metro closed at 11 a.m. that Thursday, hardly a breath of wind had yet risen. The system closed not because it couldn't run, but because it was *afraid* it might not be able to get everyone home later in the day. Reasonable, you say?

Keep in mind that the reason given was *not* that the trains couldn't run in the expected afternoon winds (the worst of the storm didn't hit till nearly midnight), but that officials were afraid that patrons "might get blown off platforms." Alas, this is not a joke.

But forget about Metro. After all, it isn't a "real railroad." The question is why did VRE and MARC not run? And why did Amtrak cancel almost all its service except the North-

(cont.)

east Corridor (consistently the one exception to my point)? One can see cancellations south of Washington for a day or two because Virginia and North Carolina were hit hardest, but not for almost a week. And certainly the lines running down the peninsula to Norfolk and Hampton Roads should be temporarily shut down. But why did Amtrak cancel the *Lake Shore* and the *Capitol Limited*?

For once, you can't blame CSX. Perhaps stung by criticism for its embarrassing shutdowns over the past few years, CSX put resources in place and made clear it would do whatever necessary to keep passenger trains running.

**THE CULPRITS: FEWER MAINTENANCE PEOPLE, TREES INSTEAD OF WIRES ALONG TRACKS, SIGNALS UTILIZING COMMERCIAL ELECTRICITY, AND A LITIGIOUS MINDSET**

VRE's shutdown announcement actually praised CSX's attitude, and said it was purely a VRE decision based on the fear that a trainload of passengers might get stranded on the way home by downed trees or some such obstacle.

Norfolk Southern was its usual lovable, arrogant self. We'll run anything any time, NS said. I'm told that in one conference call, the NS representative had a stock answer to every question, the only three words he said: "Bring 'em on."

Taken as a whole, passenger railroading let us down. This now is a common occurrence. But why? How did we

get to this point? I've put a lot of thought into it, and it boils down to three items: people, infrastructure, and lawyers:

- **People:** There simply aren't enough railroad people any more. Railroads have honed their employment to the minimum size necessary to handle everyday operations and occasional local emergencies. There are no more huge reserves of maintenance people to summon during storms.

- **Infrastructure:** Look at any photo of mainline steam operations in the 1940s. Do you see any trees growing near the track? No. As a photographer, I know of many good photo locations (e.g., that spectacular B&O upgrade shot at Terra Alta, W.Va.) that now are overgrown with trees. In the old days, trees and brush were cut back from the railroad right-of-way, and signal systems mostly ran off batteries, not interruptible commercial power. Guess what closed most main lines during Isabel: fallen trees and signal outages.

- **Lawyers:** I could have called this "attitude." In every operational decision made at any railroad headquarters these days, a team of lawyers and politicians is in the room. Maybe not physically, but every operations officer asks: Will we be sued if we decide to run in adverse conditions and something happens? Will we be berated at a congressional or state legislative hearing? The legally safe thing to do is just shut down.

It may keep trains out of court, but let's not call it service.

*DON PHILLIPS writes this exclusive monthly column for TRAINS and covers transportation for the Washington Post.*

**MEMORANDUM**

**TO:** Chairman McConnell and NVTC Commissioners  
**FROM:** Rick Taube, Jana Lynott and Adam McGavock  
**DATE:** December 31, 2003  
**SUBJECT:** Regional Transportation Items

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A. Tech Talk

Please see the attached review of an interesting new transit technology know as SMRTam.

B. Award for Regional Transit Operators Group

NVTC is among the members of this regional transit operators group that engages in emergency response planning. Certificates of honor are being provided to recognize the group for its honorable mention in Montgomery County's "County Executive's Montgomery's Best Awards" competition. Jana Lynott represents NVTC on this transit group.

C. Local Transit System Ridership Trend Line.

Adam McGavock has completed the attached time line that shows clearly the substantial success of Northern Virginia's local bus systems and VRE in attracting riders since the first local system (DASH) began operations in 1984. From 753 average daily boardings in 1984, this set of transit operators carries 58,615 as of FY 2002.

D. Impact of National Economic Slowdown on Public Transportation.

Since mid-2001, unfavorable economic conditions have plagued the transportation sector and nationwide public transit ridership actually declined during the past year after six years of continuous increases. The attachment summarizes the results of a survey by the American Public

Transportation Association. Large urban transit systems (30+ million trips per year) were reported to have suffered the most, with 74 percent experiencing reduced peak period ridership, 59 percent reduced government funding, 63 percent reduced non-operating revenues, 80 percent increased insurance premiums and 63 percent increased budget deficits.

In response, 90 percent of the large transit systems cut administrative expenses, 68 percent delayed capital projects, 80 percent froze hiring, 74 percent reduced staff, and an alarming 39 percent deferred maintenance. Over 50 percent raised fares and 60 percent reduced service frequency.

#### E. Local Transit Benefits People Who Do Not Ride it

The American Public Transit Association has released another in its series of reports by Paul Weyrich and William Lind of the Free Congress Foundation expressing a conservative viewpoint. The paper focuses on three principal reasons for those who don't use transit to support transit nonetheless:

- 1) Transit reduces traffic congestion;
- 2) Transit is an option in an emergency;
- 3) Transit generates large increases in property values.

The authors promote rail transit over bus because in their view rail transit delivers greater and more assured benefits in those areas than does bus. They cite numerous studies about the induced demand from new highways. They also document environmental benefits from transit.

Copies of the report are available from NVTC staff or directly from APTA on its web-site ([www.apta.com](http://www.apta.com)).

## NVTC TECH TALK

--January 8, 2004--

### SMRTram

The idea of high frequency service via dedicated bus lanes in congested downtown areas is nothing new. Bus Rapid Transit (BRT) has been around since the 1970s, almost disappearing in the 1980s and 1990s, and is now re-emerging in selected applications. At first glance, one might think that the SMRTram system is just another BRT application, but this would be a mistake. The SMRTram system is similar to the traditional BRT model, but has several key differences and unique features which could make it an attractive alternative to a typical BRT application.

The core idea behind the SMRTram system is that of enhancing and extending pedestrian mobility. According to SMRTram, “in a downtown business and shopping district, pedestrians are only willing to walk, on average, about 1200 feet.” Parking facilities must be placed within this access

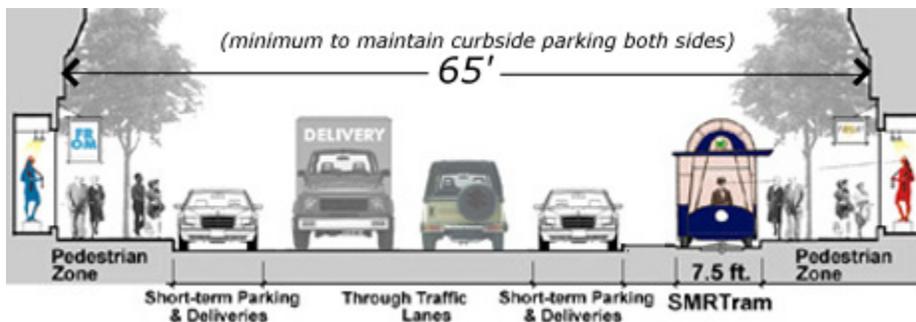


distance (in the most expensive and intrusive locations) and visitors must drive further into downtown areas to park, thereby adding to the congestion. SMRTram seeks to address this problem by extending the mobility of pedestrians, thereby allowing parking facilities to be located further away from congested downtown areas. Again, this is hardly a new idea, but the approach is somewhat innovative. SMRTram asserts

that “pedestrians simply are not going to use buses and shuttles that they have to wait for, that have inconsistent and undependable schedules, and that sit in local traffic congestion”. The SMRTram solution is to provide service with what they call “transparent convenience”, service that people will use repeatedly without even thinking about it, like one would use an elevator in a skyscraper.

To achieve this level of transparency, SMRTram offers five “Convenience Factors” that define their service:

- SMRTram operates in one dedicated bus lane 7.5 feet wide, which provides for continuous pedestrian movement, even in gridlocked traffic. The narrow width also allows for curbside parking and delivery on both sides of the street (where at least 65' of right-of-way exists).



- SMRTram uses short, consistent bi-directional headways. Using their exclusive “Bi-directional Coordination Technology”, the single narrow guideway accommodates trams moving in both directions at the same time. Short bypasses exist at each tramstop, allowing the trams to pass each other. The coordination provides for short (2.5 minute) headways and allows pedestrians at a tramstop to board a tram in either direction, without having to cross a busy street.
- SMRTram operates within the pedestrian context. The trams travel at a pedestrian-friendly 12mph, they are quiet and pollution free, the tram drivers are situated to be at eye-level with pedestrians, and the vehicles are low-floor and accessible to seniors, persons with disabilities, and persons with strollers. The vehicle’s “greenhouse” design, with glass covering nearly every surface, keeps passengers connected to the pedestrian space and retail environment. This last point could be especially important to retail merchants, who could be asked to help cover the costs of SMRTram service.



- SMRTram has a visible, fixed guideway, which allows pedestrians to see where the tram is going. This visual cue can encourage a “trust” in the system, as opposed to wondering if the system will bring you back where you started.
- Free and unlimited boardings on SMRTram provides for quick and easy boardings and reduced dwell times at stops. The lack of fare revenue could be offset by the use of parking surcharges, tax districts, or downtown user fees.

SMRTram has yet to be built or implemented at this time. The manufacturer, Village Technologies, estimates that it would take approximately 24-30 months to build the guideway, manufacture and deliver the streetcars, install the software, train operators, and implement the system. The proprietary component of the system is the Bi-directional Coordination Technology Control Logic, which has been patented by Village Technology. The trams are designed to use conventional “off the shelf” components, and could be built by any of several manufacturers. At this time, there is no cost information available.

For more information on the SMRTram system, you can visit the Village Technology website at <http://www.villagetechnology.com/tramover.html>



## COUNTY PARTNERSHIP AWARD

Regional Transit Operators Emergency Preparedness Group  
(Regional Transit Operators)

Department of Public Works and Transportation  
Division of Transit Services

In the wake of the tragedy of 9-11-01 and its concomitant gridlock and congestion, a strong partnership developed among the various jurisdictions and organizations that operate public transportation services in the Washington region. All transportation systems experienced severe gridlock and disruption that day, precipitated by the unanticipated early rush hour and massive numbers of workers leaving the central core of the region simultaneously. In addition, false reports of Metro stations closed and false reports of altered bus services complicated an already-challenged transportation system. The transit operators in the Washington region recognized very quickly that better communication structures and protocols, crossing traditionally rigid organizational boundaries, was imperative to moving the region's workers in an orderly and effective manner. Acting upon the desire to provide better, more coordinated service during periods of emergencies, the regional transit operators began meeting monthly. This group quickly grew from a bus operations only group to a group that includes all organizations providing transit service in the region, including Metrorail, the commuter railroads, and Amtrak. The group established itself as the Regional Transit Operators Emergency Preparedness Group and took the moniker, "Regional Transit Operators," for short.

The Regional Transit Operators immediately established protocols for communicating in emergencies and tested those protocols. Five (5) different primary and backup communication modes were established: landline, centralized conference calling capabilities, Nextel, email, and a "chat room" on the Web for communicating during emergencies when other means of communication were not available. Procedures were established for providing information to passengers on one central web page (WMATA.com). In this way, passengers can find out what level of service a system is providing by viewing both that system's web page as well finding the information on the web page of our region's largest transit provider, WMATA. These communication protocols have been tested in real-time many times, but most notably during the President's Day blizzard, when the Regional Transit Operators had many conference calls to coordinate level of service (Saturday, Sunday, weekday) and to discuss emergency operations and times of closing and opening due to the tremendous effects of the snowfall on the region's roads and railways. The result was a cohesive regional mass transit system providing accurate and timely information to passengers.

This Regional Transit Operators group also has been successful in helping forge the direction for COG's Emergency Evacuation Plan for the region. The Regional Transit Operators meet monthly with the region's traffic planners to coordinate

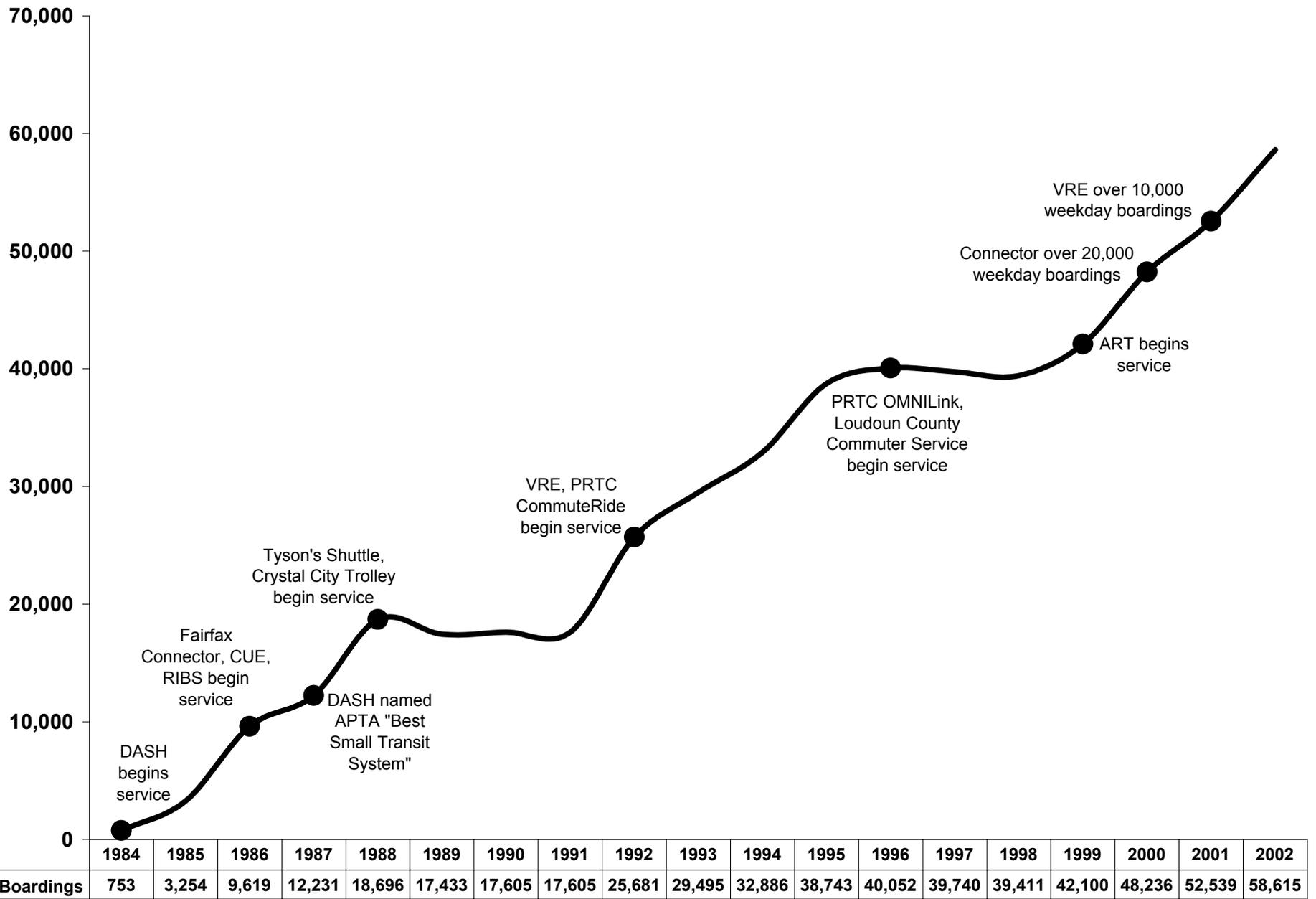
emergency plans and hone the region's ability to manage its traffic congestion during emergencies. There was unprecedented cooperation between the transit and traffic organizations during the preparations and decisions made during the Hurricane Isabel. This cooperation made decision making easier, as the transit staff had first-hand information on the roadway conditions, and the traffic technicians had first-hand information on the level of transit service planned to be provided. Round-the-clock conference calls using the RICCS (Regional Incident Command Center System) were instrumental in the ability of the region to open access so quickly to the transit systems and the roadways.

The members of this Regional Transit Operators group work together cooperatively and without the normal constrictions of organizational boundaries. They readily offer assistance to other transit systems in need and consistently work to stretch the envelope when it comes to furthering the region's ability to handle our emergencies, whether they are man-made or natural. They recognize that this region depends on its transit systems and feel strongly a commitment to provide the best approach for our passengers, because ultimately many of our passengers ride each others' systems. They know that the public expects us to work as hard as we can as fast as we safely can to move people to their destinations, most urgently in the midst of an emergency. They are a dedicated and committed group of people who have stretched and honed regional coordination and cooperation to do what's best for the public – get them safely home in an emergency and do it with the best information and coordination we can.

Partners to be recognized:

WMATA  
Arlington ART  
Fairfax Connector  
Alexandria DASH  
Fairfax CUE  
VDRPT  
NVTC  
Amtrak  
Prince George's The Bus  
COG  
VRE  
MARC  
MTA Commuter Bus  
PRTC  
Ride On  
Federal Transit Administration

## Average Weekday Boardings on Local Transit Systems in Northern Virginia, 1984-2002





# Impact of the National Economic Slowdown on Public Transportation



October 2003

## INTRODUCTION

The September 11, 2001 terrorist attacks and unfavorable economic conditions experienced across the United States since mid-2001 have taken a toll on all transportation sectors. Public transportation reported a ridership decline during the past 12 months after six straight years of continuous increases.

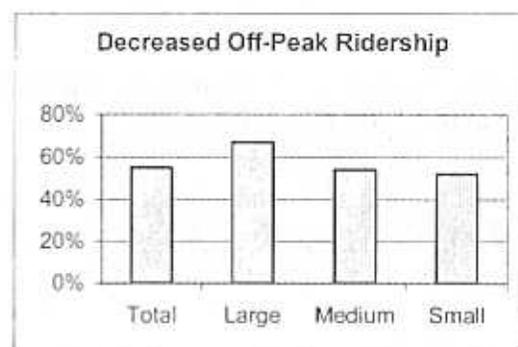
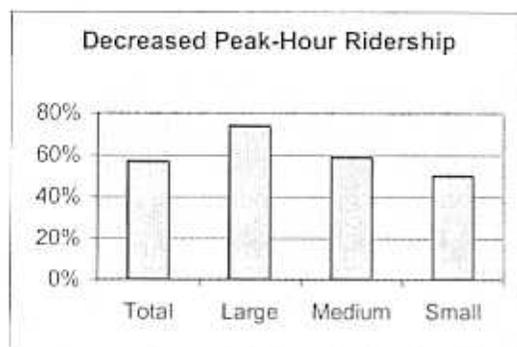
In August 2002, The American Public Transportation Association (APTA) conducted the first survey on its transit system members to determine the impact of this economic downturn on transit ridership and finance. This report is the second of such efforts. Questionnaires were sent to 350 transit agencies in the United States and Canada. As of August 1, 2003, 104 responses had been received, representing a response rate of 30%. The respondents included

- 22 large transit agencies (30 + million unlinked trips/year)
- 30 medium (5-30 million unlinked trips/year)
- 52 small (less than 5 million unlinked trips/year)

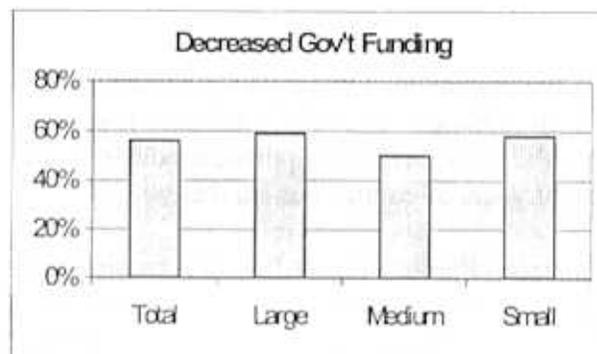
The survey shows that the economic downturn has produced substantial negative impacts on the transit industry. Principal findings are summarized below. Detailed comparison of the 2002 and 2003 surveys are shown in Exhibits 1 and 2.

## IMPACT

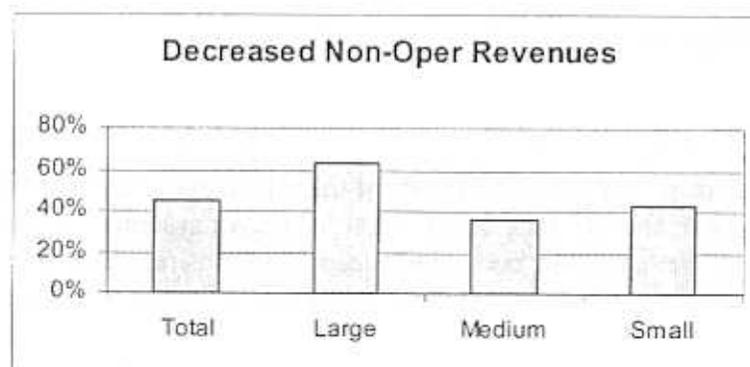
**Decreased Ridership.** Fifty-seven percent of the transit agencies reported ridership declines in both peak and off-peak hours. "Large" transit systems in urbanized areas suffered the most. Seventy-four percent of these properties reported ridership declines, while 59% of medium and 50% of small properties experienced a decline.



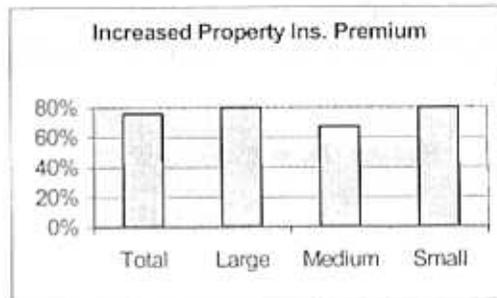
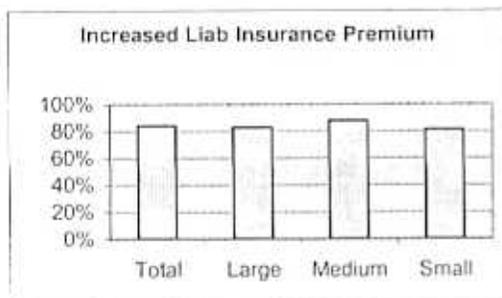
**Decreased Government Funding.** The problems for transit systems with decreased ridership and resulting drops in fare revenues are compounded by drops in state and local government contributions because of their own financial problems. Fifty-six percent of all reporting agencies showed a decrease in government funding during the past fiscal year. Fifty-nine percent 59 % of larger agencies reported government funding drops, compared to 50% and 58% for agencies of medium and smaller sizes, respectively.



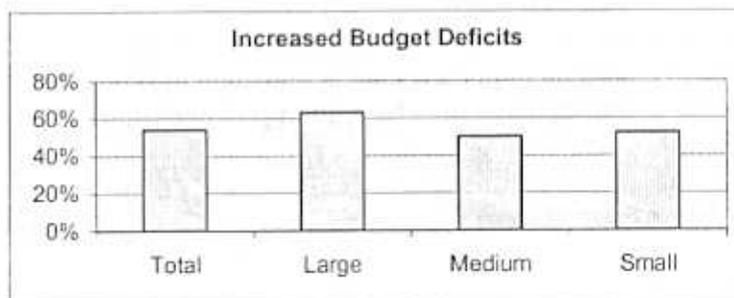
**Decreased Non-Operating Revenues.** Non-operating revenues, such as advertising revenues and interest earnings on short-term accounts, have also decreased for those systems that have such revenues. In this category, 63% of large systems reported a decrease while 36% and 43% of medium and small systems, respectively, experienced that trend.



**Increased Premiums for Property and Liability Insurance.** Insurance premiums appear to have been the highest cost increases experienced by the largest number of transit agencies. These occurred for both property and liability insurance. Eighty-four percent of the transit agencies showed liability insurance premium increases, and 76% reported raises in property insurance premiums. The average increases were 64% for property insurance premiums and 56 percent for liability insurance premiums. This trend will not stop, as three-quarters of the responding agencies predict the costs for both types of insurance will continue to increase in the future.



**Increased Budget Deficits.** All the above factors added to the unavoidable pressures on budgets of transit agencies. Even with substantial innovations and belt-tightening actions taken (see below), 54% of transit systems reported an increase in operating deficits. Because of larger ridership decreases, more large transit systems (63%) experienced increased deficits than medium and small systems (50% and 52%, respectively).

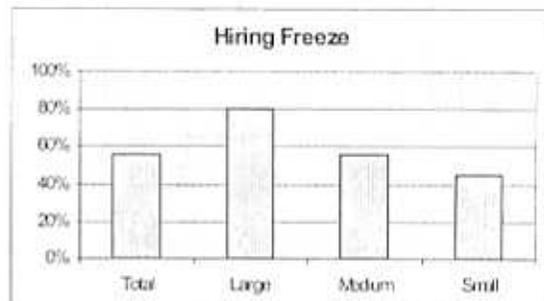
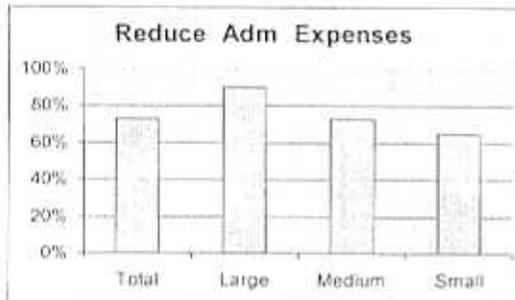


## ACTIONS TAKEN

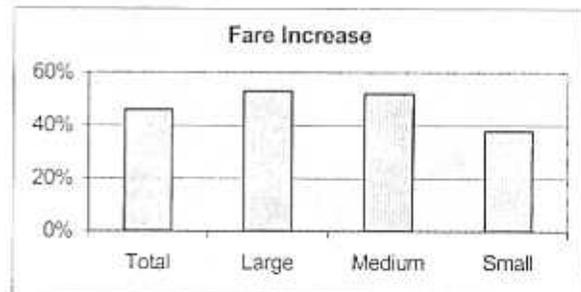
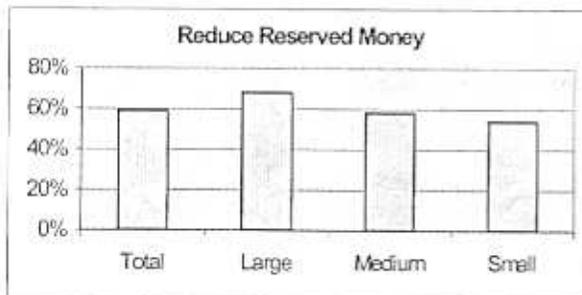
Facing drops in both fare revenues and government subsidies, transit systems have taken necessary actions. They have found ways to cut costs and increase revenues. Sometimes, they found it necessary to reduce services.

**Cost Reduction.** Administrative services suffered the most from cost reduction. Seventy-three percent (73%) of respondents have reduced their administrative costs. Sixty percent (60%) of systems have elected to delay their capital projects. Hiring freezes and staff reductions are next with over 50% of the transit agencies taking these steps. The last resort was to defer maintenance because of its potentially serious effects. Even so, 22% of transit respondents reported they had taken that route.

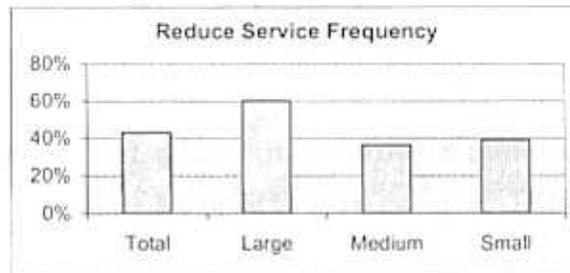
As expected, large transit systems that have experienced the greatest ridership decreases were forced to take more drastic actions. Ninety percent (90%) of these systems reported they had cut administrative expenses, 68% delayed capital projects, 80% froze hiring, 74% actually reduced staff, and 39% were forced to defer maintenance.



**Increase Revenues.** The fastest way to increase operating revenues is to dip into reserves. However, many transit systems have no reserve funds; still about 59% of all respondents reported doing so. Increasing fares is the next option. However, it tends to involve more approval processes and requires more time to implement. Furthermore, this may not be a viable option for many transit systems since they already instituted a fare increase in the previous year. Forty-six percent (46%) of transit systems have increased their fare, and the remainder expects it to happen in the future. The survey results indicate that some transit systems may have to implement more than one fare increase.



**Reduce Services.** When cutting expenses and increasing revenues are not sufficient to reduce increasing budget deficits, transit systems must resort to reducing services. Twenty-two percent (22%) reduced the fleet size and twice that, 44%, provided less frequent services. Fifty-two percent (52%) of the respondents reported that they have delayed the implementation of new services and 36% have abandoned certain route segments. Again, facing a steeper decrease in ridership, large systems took more drastic actions.



## CONCLUSION

The transit industry was heavily hit by corporate layoffs that resulted in reduced work-related transit trips. Fare revenues dropped, government funding decreased, and reduced dedicated tax revenues resulted in rising operating deficits. Transit systems have been forced to find means to deal with these problems. Cutting administrative expenses was first chosen by most transit systems. Fare increases and delayed implementation of new services were the next options. Service reductions, not a desirable solution for many systems, have already occurred and are expected to continue until economic conditions show notable gains.

## EXHIBIT 1

### Impact of Economic Slowdown on Public Transportation

August 2003

|          |  |          | 2003  |       |        |       |
|----------|--|----------|-------|-------|--------|-------|
|          |  |          | TOTAL | LARGE | MEDIUM | SMALL |
| IMPACTS  | 1. Ridership decline during peak hours       | Occurred | 57%   | 74%   | 59%    | 50%   |
|          |  | Expected | 30%   | 58%   | 19%    | 27%   |
|          | 2. Ridership decline during off-peak hours   | Occurred | 55%   | 67%   | 54%    | 52%   |
|          |  | Expected | 25%   | 45%   | 10%    | 28%   |
|          | 3. Property insurance premium increase       | Occurred | 76%   | 80%   | 67%    | 80%   |
|          |  | Expected | 68%   | 54%   | 68%    | 76%   |
|          | 4. Liability insurance premium increase      | Occurred | 84%   | 83%   | 88%    | 81%   |
|          |  | Expected | 78%   | 54%   | 79%    | 88%   |
|          | 5. Decline in income from dedicated taxes    | Occurred | 42%   | 59%   | 45%    | 32%   |
|          |  | Expected | 35%   | 27%   | 13%    | 57%   |
|          | 6. Decrease in state and local gov't funding | Occurred | 56%   | 59%   | 50%    | 58%   |
|          |  | Expected | 60%   | 45%   | 45%    | 76%   |
|          | 7. Decline in non-operating revenues         | Occurred | 45%   | 63%   | 36%    | 43%   |
|          |  | Expected | 34%   | 40%   | 21%    | 40%   |
|          | 8. Increase in operating budget deficit      | Occurred | 54%   | 63%   | 50%    | 52%   |
|          |  | Expected | 45%   | 54%   | 22%    | 55%   |
| INCR REV | 1. Increase fare                             | Occurred | 46%   | 53%   | 52%    | 38%   |
|          |  | Expected | 56%   | 69%   | 37%    | 62%   |
|          | 2. Take money from reserves                  | Occurred | 59%   | 68%   | 58%    | 54%   |
|          |  | Expected | 54%   | 40%   | 56%    | 59%   |
|          | 3. Implement transit tax ballot initiative   | Occurred | 14%   | 21%   | 18%    | 9%    |
|          |  | Expected | 27%   | 11%   | 37%    | 25%   |
|          | 4. Increase non-fare revenues                | Occurred | 27%   | 29%   | 32%    | 24%   |
|          |  | Expected | 41%   | 50%   | 35%    | 40%   |
| RE SERV  | 5. Reduce fleet size                         | Occurred | 22%   | 24%   | 21%    | 22%   |
|          |  | Expected | 26%   | 25%   | 28%    | 25%   |
|          | 6. Less frequency of services                | Occurred | 43%   | 60%   | 36%    | 39%   |
|          |  | Expected | 45%   | 46%   | 37%    | 49%   |
|          | 7. Abandonment of route segments             | Occurred | 36%   | 47%   | 38%    | 30%   |
|          |  | Expected | 44%   | 50%   | 32%    | 48%   |
|          | 8. Delay implementation of new services      | Occurred | 52%   | 63%   | 46%    | 50%   |
|          |  | Expected | 59%   | 64%   | 44%    | 65%   |
| CUT EXP  | 10. Cut administrative expenses              | Occurred | 73%   | 90%   | 73%    | 65%   |
|          |  | Expected | 69%   | 88%   | 59%    | 66%   |
|          | 11. Staff reduction                          | Occurred | 51%   | 74%   | 40%    | 48%   |
|          |  | Expected | 46%   | 73%   | 42%    | 39%   |
|          | 12. Hiring freeze                            | Occurred | 56%   | 80%   | 56%    | 45%   |
|          |  | Expected | 47%   | 64%   | 40%    | 44%   |
|          | 13. Defer maintenance                        | Occurred | 22%   | 39%   | 30%    | 8%    |
|          |  | Expected | 27%   | 33%   | 36%    | 17%   |
|          | 14. Delay capital projects                   | Occurred | 60%   | 68%   | 71%    | 51%   |
|          |  | Expected | 67%   | 73%   | 57%    | 70%   |

## EXHIBIT 2

Page 1

### NOTES ON THE 2002-2003 TRENDS (ALL TRANSIT SYSTEMS)

The distribution of the size of transit systems responding to the survey in 2002 and 2003 is relatively consistent, allowing for some comparison to be made between the two years.

1. Between 2002 and 2003, fewer transit systems reporting ridership declines in either peak hours (64% decreasing to 57%) as well as off peak hours (64% to 55%). This may be a sign that the economic recession is easing off.

2. More transit agencies apparently have experienced increases in insurance costs (62% to 76% for property insurance and 68% to 84% for liability insurance). Furthermore, the increases have been very large, averaging 64% and 56% for property and liability insurance, respectively.

3. The number of agencies with impacts on tax and government revenues appears not to have changed significantly from 2002 for transit agencies (as a group).

The number of agencies taking actions to alleviate the negative financial impact has increased substantially between 2002 and 2003.

4. More transit systems instituting a fare increase (37% in 2002 increasing to 46% in 2003)

5. More agencies are using up reserves to finance current expenses (46% to 59%)

6. More and more transit systems are reducing services, in terms of

- reducing fleet size (17% to 22%)
- Less frequent services (34% to 43%)
- Abandoning route segments (28% to 36%)
- Delaying implementation of new services (39% to 52%)

7. More transit agencies further cut expenses, freeze hiring or reduce staff

- Cut Administrative Expenses ( 55% to 73%)
- Reduce staff (34% to 51%)
- Freeze hiring (36% to 56%)

8. It is of major concern that the number of transit agencies forced to defer maintenance to save money has doubled that of 2002 (11% to 22%).

## EXHIBIT 2

### Page 2

#### Impact of Economic Slowdown on Public Transportation (Results of 2002 and 2003 Surveys Compared)

|          |  | 2002     |       |        |       | 2003  |       |        |       |     |
|----------|--|----------|-------|--------|-------|-------|-------|--------|-------|-----|
|          |  | TOTAL    | LARGE | MEDIUM | SMALL | TOTAL | LARGE | MEDIUM | SMALL |     |
| IMPACTS  | 1. Ridership decline during peak hours       | Occurred | 64%   | 74%    | 61%   | 62%   | 57%   | 74%    | 59%   | 50% |
|          |  | Expected | 12%   | 22%    | 13%   | 8%    | 30%   | 58%    | 19%   | 27% |
|          | 2. Ridership decline during off-peak hours   | Occurred | 64%   | 74%    | 58%   | 63%   | 55%   | 67%    | 54%   | 52% |
|          |  | Expected | 11%   | 22%    | 10%   | 8%    | 25%   | 45%    | 10%   | 28% |
|          | 3. Property insurance premium increase       | Occurred | 63%   | 78%    | 71%   | 53%   | 76%   | 80%    | 67%   | 80% |
|          |  | Expected | 32%   | 35%    | 35%   | 30%   | 68%   | 54%    | 68%   | 76% |
|          | 4. Liability insurance premium increase      | Occurred | 68%   | 70%    | 74%   | 63%   | 84%   | 83%    | 88%   | 81% |
|          |  | Expected | 33%   | 48%    | 26%   | 32%   | 78%   | 54%    | 79%   | 88% |
|          | 5. Decline in income from dedicated taxes    | Occurred | 45%   | 70%    | 58%   | 28%   | 42%   | 59%    | 45%   | 32% |
|          |  | Expected | 18%   | 22%    | 13%   | 18%   | 35%   | 27%    | 13%   | 57% |
|          | 6. Decrease in state and local gov't funding | Occurred | 54%   | 48%    | 52%   | 58%   | 56%   | 59%    | 50%   | 58% |
|          |  | Expected | 29%   | 17%    | 29%   | 33%   | 60%   | 45%    | 45%   | 76% |
|          | 7. Decline in non-operating revenues         | Occurred | 47%   | 61%    | 52%   | 40%   | 45%   | 63%    | 36%   | 43% |
|          |  | Expected | 19%   | 26%    | 13%   | 20%   | 34%   | 40%    | 21%   | 40% |
|          | 8. Increase in operating budget deficit      | Occurred | 51%   | 61%    | 48%   | 48%   | 54%   | 63%    | 50%   | 52% |
|          |  | Expected | 25%   | 26%    | 13%   | 32%   | 45%   | 54%    | 22%   | 55% |
| INCR REV | 1. Increase fare                             | Occurred | 37%   | 61%    | 32%   | 30%   | 46%   | 53%    | 52%   | 38% |
|          |  | Expected | 29%   | 22%    | 19%   | 37%   | 56%   | 69%    | 37%   | 62% |
|          | 2. Take money from reserves                  | Occurred | 46%   | 52%    | 48%   | 42%   | 59%   | 68%    | 58%   | 54% |
|          |  | Expected | 20%   | 17%    | 16%   | 23%   | 54%   | 40%    | 56%   | 59% |
|          | 3. Implement transit tax ballot initiative   | Occurred | 10%   | 4%     | 16%   | 8%    | 14%   | 21%    | 18%   | 9%  |
|          |  | Expected | n.a.  | n.a.   | n.a.  | n.a.  | 27%   | 11%    | 37%   | 25% |
|          | 4. Increase non-fare revenues                | Occurred | n.a.  | n.a.   | n.a.  | n.a.  | 27%   | 29%    | 32%   | 24% |
|          |  | Expected | 4%    | 4%     | 0%    | 5%    | 41%   | 50%    | 35%   | 40% |
| RE SERV  | 5. Reduce fleet size                         | Occurred | 17%   | 30%    | 19%   | 10%   | 22%   | 24%    | 21%   | 22% |
|          |  | Expected | 10%   | 13%    | 19%   | 3%    | 26%   | 25%    | 28%   | 25% |
|          | 6. Less frequency of services                | Occurred | 34%   | 48%    | 42%   | 25%   | 43%   | 60%    | 36%   | 39% |
|          |  | Expected | 27%   | 39%    | 19%   | 27%   | 45%   | 46%    | 37%   | 49% |
|          | 7. Abandonment of route segments             | Occurred | 28%   | 39%    | 39%   | 18%   | 36%   | 47%    | 38%   | 30% |
|          |  | Expected | 22%   | 30%    | 13%   | 23%   | 44%   | 50%    | 32%   | 48% |
|          | 8. Delay implementation of new services      | Occurred | 39%   | 35%    | 45%   | 38%   | 52%   | 63%    | 46%   | 50% |
|          |  | Expected | 37%   | 52%    | 29%   | 35%   | 59%   | 64%    | 44%   | 65% |
| CUT EXP  | 10. Cut administrative expenses              | Occurred | 55%   | 91%    | 52%   | 43%   | 73%   | 90%    | 73%   | 65% |
|          |  | Expected | 29%   | 48%    | 23%   | 25%   | 69%   | 88%    | 59%   | 66% |
|          | 11. Staff reduction                          | Occurred | 34%   | 57%    | 39%   | 23%   | 51%   | 74%    | 40%   | 48% |
|          |  | Expected | 19%   | 35%    | 13%   | 17%   | 46%   | 73%    | 42%   | 39% |
|          | 12. Hiring freeze                            | Occurred | 36%   | 48%    | 42%   | 28%   | 56%   | 80%    | 56%   | 45% |
|          |  | Expected | 17%   | 17%    | 10%   | 20%   | 47%   | 64%    | 40%   | 44% |
|          | 13. Defer maintenance                        | Occurred | 11%   | 22%    | 10%   | 7%    | 22%   | 39%    | 30%   | 8%  |
|          |  | Expected | 12%   | 13%    | 10%   | 13%   | 27%   | 33%    | 36%   | 17% |
|          | 14. Delay capital projects                   | Occurred | 42%   | 65%    | 42%   | 33%   | 60%   | 68%    | 71%   | 51% |
|          |  | Expected | 23%   | 39%    | 16%   | 20%   | 67%   | 73%    | 57%   | 70% |

## EXHIBIT 3



American Public Transportation Association

### IMPACT OF ECONOMIC SLOWDOWN ON PUBLIC TRANSPORTATION

*Last year, APTA conducted a survey to obtain information on the impact of the weakened economy on the ridership and finance of public transportation agencies. The resulting report, published in Passenger Transport, was distributed to members and repeatedly cited in numerous press articles and professional journals. This follow-up survey will be used to assist transit systems in their continuing search for means to minimize the negative impacts of this economic downturn. Your cooperation in responding to this survey at your earliest convenience before July 7, 2003 is greatly appreciated. We will send the resulting report to all those responding to the survey. Thank you.*

**A. Impacts of the Economic Slowdown:** Has your organization experienced any of the following impacts due to the economic downturn that began in Spring 2001, or do you project that any will occur in the next 6 to 12 months? (Please enter Yes/No, and the percent increase/decrease in the past 2 years *if known*):

|   | <b>Already Occurred</b> |                  | <b>Expect in Future</b> |
|---|-------------------------|------------------|-------------------------|
|   | <b>(Yes/No)</b>         | <b>(Percent)</b> | <b>(Yes/No)</b>         |
| 1. Ridership decline during peak hours            | _____                   | _____            | _____                   |
| 2. Ridership decline during off-peak hours        | _____                   | _____            | _____                   |
| 3. Property insurance premium increase            | _____                   | _____            | _____                   |
| 4. Liability insurance premium increase           | _____                   | _____            | _____                   |
| 5. Decline in income from dedicated taxes         | _____                   | _____            | _____                   |
| 6. Decrease in state and local government funding | _____                   | _____            | _____                   |
| 7. Decline in non-operating revenues              | _____                   | _____            | _____                   |
| 8. Increase in operating budget deficit           | _____                   | _____            | _____                   |
| 9. Other, please describe _____                   | _____                   | _____            | _____                   |

**B. Agency Responses to the Economic Slowdown:** Has your organization undertaken any of the following responses since the economic downturn began in Spring 2001, or do you project that any will be implemented in the next 6 to 12 months? (Please enter Yes/No to all that apply):

|   | <b>Already Implemented</b> | <b>Expect in Future</b> |
|---|----------------------------|-------------------------|
| <b>Increasing Revenues</b>                          |                            |                         |
| 1. Increase fare                                    | _____                      | _____                   |
| 2. Take money from reserves                         | _____                      | _____                   |
| 3. Implement transit tax ballot initiative          | _____                      | _____                   |
| 4. Increase non-fare revenues (describe in C below) | _____                      | _____                   |
| 5. Other: _____                                     | _____                      | _____                   |
| <b>Reducing Services</b>                            |                            |                         |
| 5. Reduce fleet size                                | _____                      | _____                   |
| 6. Less frequency of services                       | _____                      | _____                   |
| 7. Abandonment of route segments                    | _____                      | _____                   |
| 8. Delay implementation of new services             | _____                      | _____                   |
| 9. Other: _____                                     | _____                      | _____                   |
| <b>Cutting Expenses</b>                             |                            |                         |
| 10. Cut administrative expenses                     | _____                      | _____                   |
| 11. Staff reduction                                 | _____                      | _____                   |
| 12. Hiring freeze                                   | _____                      | _____                   |
| 13. Defer maintenance                               | _____                      | _____                   |
| 14. Delay capital projects                          | _____                      | _____                   |
| 15. Other: _____                                    | _____                      | _____                   |

**C. Comments** [Please insert or attach comments to elaborate on any of the above responses]

**D. Transit Agency Name** \_\_\_\_\_  
 Respondent Name: \_\_\_\_\_  
 Telephone: \_\_\_\_\_ E-mail: \_\_\_\_\_

*Return the survey by Monday July 7, 2003, to Dr. Larry Pham, Chief Economist, American Public Transportation Association, 1666 K Street N.W., Washington, D.C. 20006; or by fax to (202) 496-4326; or by e-mail to [lpham@apta.com](mailto:lpham@apta.com). A copy of this survey suitable for attaching to e-mail may be found at [http://www.apta.com/impact\\_survey.doc](http://www.apta.com/impact_survey.doc). For questions, please call Dr. Pham at (202) 496-4813.*

**MEMORANDUM**

**TO:** Chairman McConnell and NVTC Commissioners  
**FROM:** Rick Taube  
**DATE:** December 31, 2003  
**SUBJECT:** NVTC's New Web-Based Distribution of Meeting Materials

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NVTC staff has alerted recipients of NVTC's agendas, minutes and other meeting materials that they are now available electronically. An e-mail is sent with the link to the NVTC web-site ([www.thinkoutsidethecar.org](http://www.thinkoutsidethecar.org)) and materials contained in these pdf files can be viewed and/or printed using free Adobe Acrobat software. Items can be printed individually or in their entirety with a single click.

Commissioners will continue to receive mailed printed copies of the materials also, unless you specifically indicate that you would prefer to receive only the e-mail alert. Jurisdiction staff and members of the public who ask may continue to receive mailed printed copies too. Several printed copies will continue to be available at the NVTC meetings.

We anticipate that this new procedure should allow NVTC to reduce currently mailed printed copies by about 38 agendas, 16 agendas and minutes, and 35 full kits. Such reductions would translate into annual savings of about \$1781 for postage, \$250 for paper and envelopes and 33 staff hours copying and assembling. Overall savings would be valued at almost \$3,000 per year.

**MEMORANDUM**

**TO:** Chairman McConnell and NVTC Commissioners  
**FROM:** Richard K. Taube  
**DATE:** December 31, 2003  
**SUBJECT:** Contract for Regional Vanpool Initiative Data Verification

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For the second month, WMATA has requested that NVTC delay the due date for proposals to provide data verification for the regional vanpool initiative. No new date has been set pending notice from WMATA.

**MEMORANDUM**

**TO:** Chairman McConnell and NVTC Commissioners

**FROM:** Scott Kalkwarf and Colethia Turner

**DATE:** December 31, 2003

**SUBJECT:** NVTC Financial Reports for November, 2003

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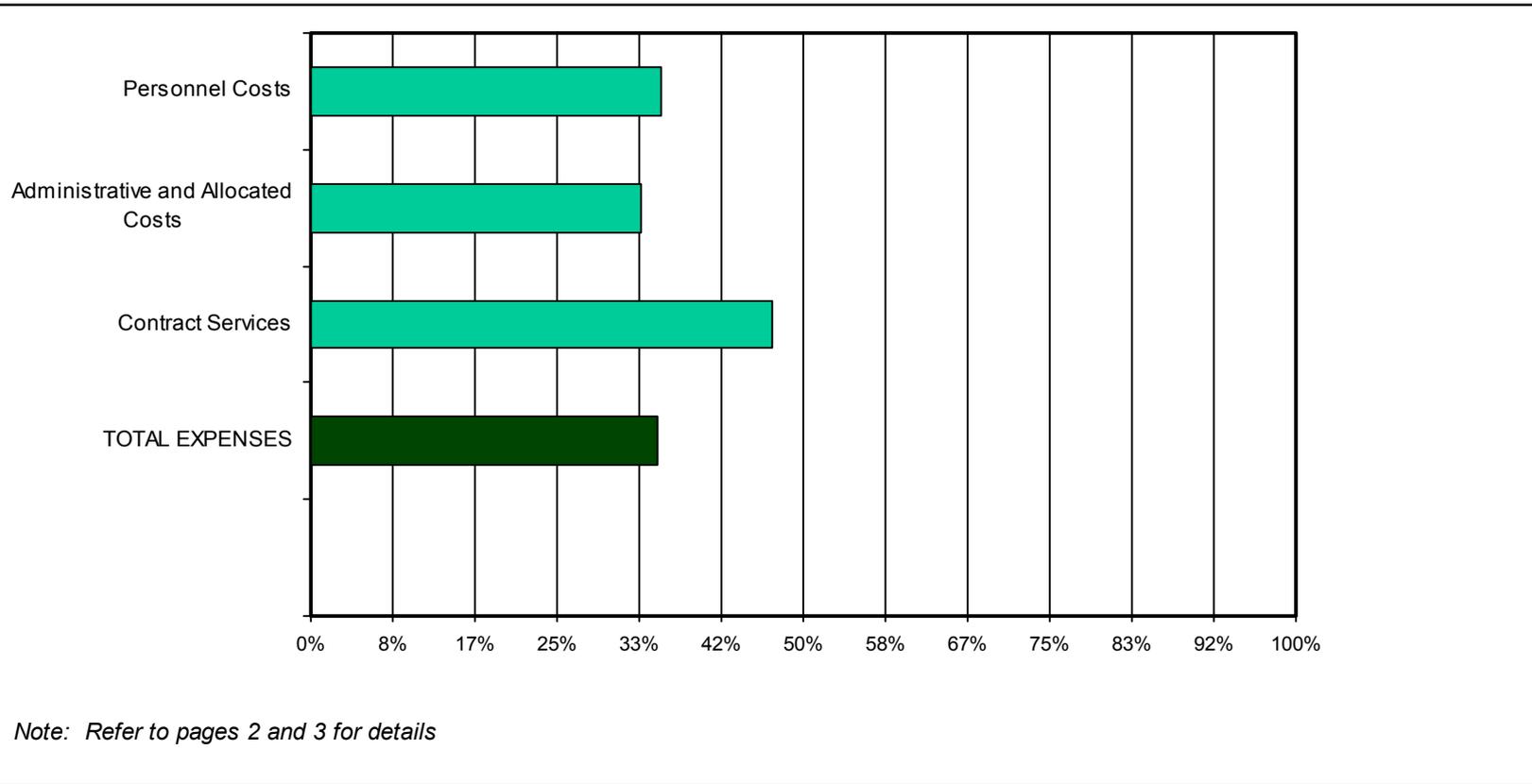
The November, 2003 financial reports are attached for your information.

# Northern Virginia Transportation Commission

Financial Reports

November, 2003

Percentage of FY 2003 NVTC Administrative Budget Used  
November, 2003  
(Target 41.67% or less)



**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**G&A BUDGET VARIANCE REPORT**  
**November, 2003**

|                                      | <u>Current<br/>Month</u> | <u>Year<br/>To Date</u> | <u>Annual<br/>Budget</u> | <u>Balance<br/>Available</u> | <u>Balance<br/>%</u> |
|--------------------------------------|--------------------------|-------------------------|--------------------------|------------------------------|----------------------|
| <u>Personnel Costs</u>               |                          |                         |                          |                              |                      |
| Salaries                             | \$ 64,869.42             | \$ 229,861.10           | \$ 636,400.00            | \$ 406,538.90                | 63.9%                |
| Temporary Employee Services          | -                        | -                       | 1,000.00                 | 1,000.00                     | 100.0%               |
| Total Personnel Costs                | 64,869.42                | 229,861.10              | 637,400.00               | 407,538.90                   | 63.9%                |
| <u>Benefits</u>                      |                          |                         |                          |                              |                      |
| Employer's Contributions:            |                          |                         |                          |                              |                      |
| FICA                                 | 3,762.38                 | 14,509.54               | 45,700.00                | 31,190.46                    | 68.3%                |
| Group Health Insurance               | 3,848.50                 | 21,390.41               | 69,000.00                | 47,609.59                    | 69.0%                |
| Retirement                           | 5,162.00                 | 21,615.00               | 57,000.00                | 35,385.00                    | 62.1%                |
| Workmans & Unemployment Compensation | (106.78)                 | 664.47                  | 2,000.00                 | 1,335.53                     | 66.8%                |
| Life Insurance                       | 262.84                   | 1,433.20                | 3,300.00                 | 1,866.80                     | 56.6%                |
| Long Term Disability Insurance       | -                        | 911.80                  | 3,450.00                 | 2,538.20                     | 73.6%                |
| Total Benefit Costs                  | 12,928.94                | 60,524.42               | 180,450.00               | 119,925.58                   | 66.5%                |
| <u>Administrative Costs</u>          |                          |                         |                          |                              |                      |
| Commissioners Per Diem               | 1,200.00                 | 4,800.00                | 15,500.00                | 10,700.00                    | 69.0%                |
| <b>Rents:</b>                        | <b>12,191.44</b>         | <b>61,270.38</b>        | <b>157,300.00</b>        | <b>96,029.62</b>             | <b>61.0%</b>         |
| Office Rent                          | 11,570.44                | 58,161.53               | 145,300.00               | 87,138.47                    | 60.0%                |
| Parking                              | 621.00                   | 3,108.85                | 12,000.00                | 8,891.15                     | 74.1%                |
| <b>Insurance:</b>                    | <b>25.70</b>             | <b>593.50</b>           | <b>3,700.00</b>          | <b>3,106.50</b>              | <b>84.0%</b>         |
| Public Official Bonds                | -                        | 250.00                  | 2,000.00                 | 1,750.00                     | 87.5%                |
| Liability and Property               | 25.70                    | 343.50                  | 1,700.00                 | 1,356.50                     | 79.8%                |
| <b>Travel:</b>                       | <b>1,241.41</b>          | <b>5,672.04</b>         | <b>26,500.00</b>         | <b>20,827.96</b>             | <b>78.6%</b>         |
| Conference Registration              | -                        | -                       | 3,000.00                 | 3,000.00                     | 100.0%               |
| Conference Travel                    | 75.45                    | 875.36                  | 7,000.00                 | 6,124.64                     | 87.5%                |
| Local Meetings & Related Expenses    | 1,165.96                 | 4,032.74                | 12,000.00                | 7,967.26                     | 66.4%                |
| Training & Professional Development  | -                        | 763.94                  | 4,500.00                 | 3,736.06                     | 83.0%                |
| <b>Communication:</b>                | <b>953.60</b>            | <b>3,970.45</b>         | <b>13,950.00</b>         | <b>9,979.55</b>              | <b>71.5%</b>         |
| Postage                              | 645.79                   | 2,109.83                | 7,000.00                 | 4,890.17                     | 69.9%                |
| Telephone - LD                       | 4.29                     | 215.48                  | 1,950.00                 | 1,734.52                     | 88.9%                |
| Telephone - Local                    | 303.52                   | 1,645.14                | 5,000.00                 | 3,354.86                     | 67.1%                |
| <b>Publications &amp; Supplies</b>   | <b>1,896.53</b>          | <b>7,361.64</b>         | <b>24,500.00</b>         | <b>17,138.36</b>             | <b>70.0%</b>         |
| Office Supplies                      | 117.51                   | 862.29                  | 5,300.00                 | 4,437.71                     | 83.7%                |
| Duplication                          | 993.12                   | 5,580.95                | 13,200.00                | 7,619.05                     | 57.7%                |
| Public Information                   | 785.90                   | 918.40                  | 6,000.00                 | 5,081.60                     | 84.7%                |

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**G&A BUDGET VARIANCE REPORT**  
**November, 2003**

|   | <u>Current<br/>Month</u> | <u>Year<br/>To Date</u>  | <u>Annual<br/>Budget</u>   | <u>Balance<br/>Available</u> | <u>Balance<br/>%</u> |
|---|--------------------------|--------------------------|----------------------------|------------------------------|----------------------|
| <b>Operations:</b>                      | <b>1,103.18</b>          | <b>5,680.29</b>          | <b>23,150.00</b>           | <b>17,469.71</b>             | <b>75.5%</b>         |
| Furniture and Equipment                 | -                        | 1,560.00                 | 8,250.00                   | 6,690.00                     | 81.1%                |
| Repairs and Maintenance                 | 58.70                    | 214.70                   | 1,000.00                   | 785.30                       | 78.5%                |
| Computers                               | 1,044.48                 | 3,905.59                 | 13,900.00                  | 9,994.41                     | 71.9%                |
| <b>Other General and Administrative</b> | <b>439.93</b>            | <b>1,702.75</b>          | <b>6,350.00</b>            | <b>4,647.25</b>              | <b>73.2%</b>         |
| Subscriptions                           | -                        | 48.00                    | 750.00                     | 702.00                       | 93.6%                |
| Memberships                             | 260.00                   | 674.00                   | 1,100.00                   | 426.00                       | 38.7%                |
| Fees and Miscellaneous                  | 179.93                   | 980.75                   | 2,000.00                   | 1,019.25                     | 51.0%                |
| Advertising (Personnel/Procurement)     | -                        | -                        | 2,500.00                   | 2,500.00                     | 100.0%               |
| <br>Total Administrative Costs          | <br><u>19,051.79</u>     | <br><u>91,051.05</u>     | <br><u>270,950.00</u>      | <br><u>179,898.95</u>        | <br><u>66.4%</u>     |
| <br><u>Contracting Services</u>         |                          |                          |                            |                              |                      |
| Auditing                                | -                        | 7,495.00                 | 14,000.00                  | 6,505.00                     | 46.5%                |
| 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>7,495.00</u>          | <u>16,000.00</u>           | <u>8,505.00</u>              | <u>53.2%</u>         |
| <br>Total Gross G&A Expenses            | <br><u>\$ 96,850.15</u>  | <br><u>\$ 388,931.57</u> | <br><u>\$ 1,104,800.00</u> | <br><u>\$ 715,868.43</u>     | <br><u>64.8%</u>     |

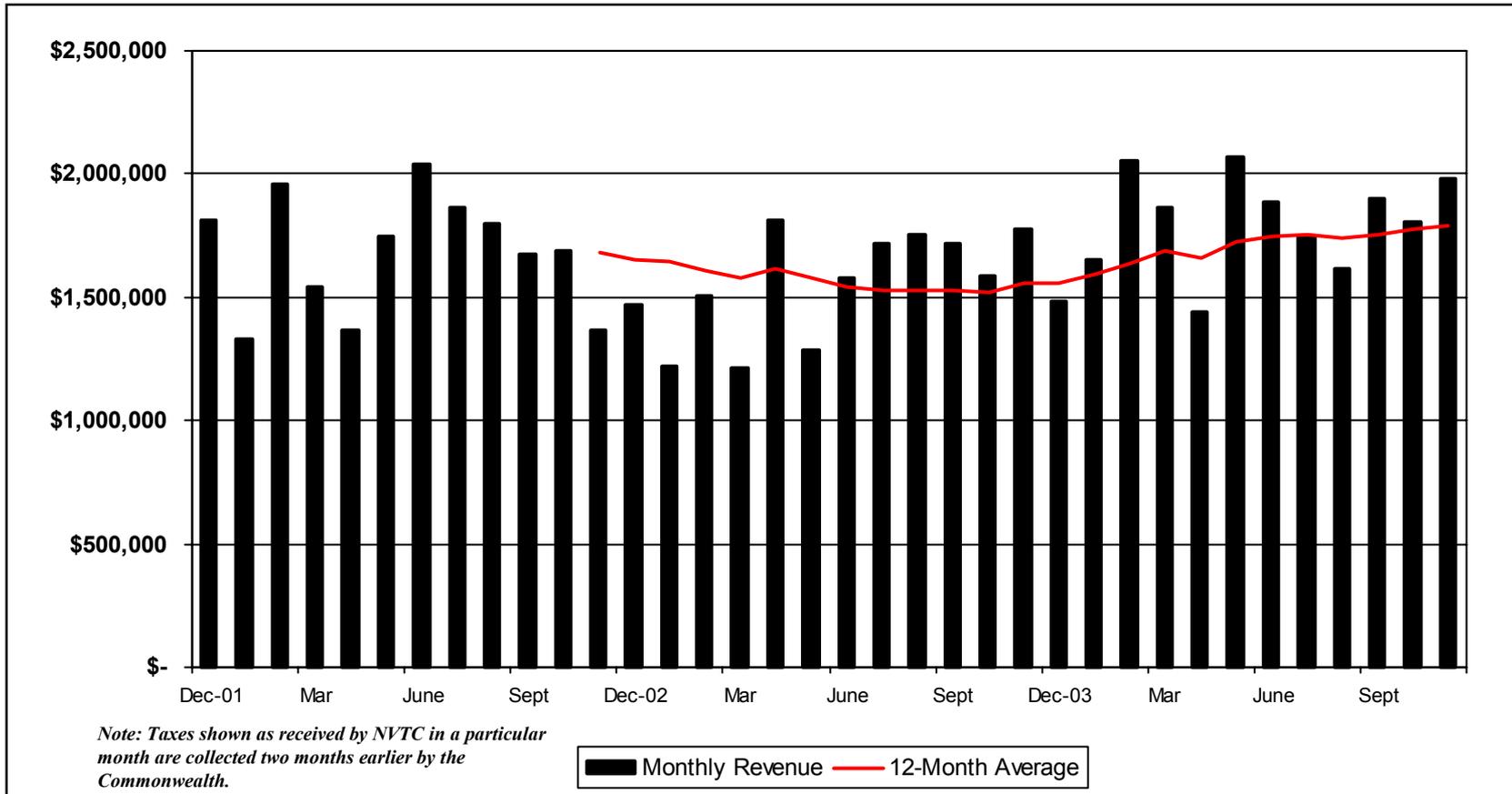
**NVTC  
RECEIPTS and DISBURSEMENTS  
November 2003**

| <u>Date</u>                              | <u>Payer/<br/>Payee</u> | <u>Purpose</u>                  | <u>Wachovia<br/>(Checking)</u> | <u>Wachovia<br/>(Savings)</u> | <u>VA<br/>LGIP</u>     | <u>VA<br/>SNAP</u> |
|--|-------------------------|---------------------------------|--------------------------------|-------------------------------|------------------------|--------------------|
| <b>RECEIPTS</b>                          |                         |                                 |                                |                               |                        |                    |
| 3  | DRPT                    | Code Red grant receipt          |                                |                               | \$ 6,427.00            |                    |
| 12                                       | Dept. of Taxation       | Motor Vehicle Fuels Sales tax   |                                |                               | 1,978,903.66           |                    |
| 14                                       | VMLP                    | Disability insurance dividend   |                                | 124.00                        |                        |                    |
| 17                                       | VRE                     | Reimbursement for staff support |                                | 6,321.81                      |                        |                    |
| 18                                       | DRPT                    | FTM/Admin grant receipt         |                                |                               | 4,267,394.00           |                    |
| 19                                       | FTA                     | SmarTrip grant receipt          |                                |                               | 1,366.00               |                    |
| 30                                       | Banks                   | November interest income        |                                | 7.35                          | 42,144.62              | 2.18               |
|  |                         |                                 | <u>-</u>                       | <u>6,453.16</u>               | <u>6,296,235.28</u>    | <u>2.18</u>        |
| <b>DISBURSEMENTS</b>                     |                         |                                 |                                |                               |                        |                    |
| 1-30                                     | Various                 | NVTC project and administration | (117,436.58)                   |                               |                        |                    |
| 3  | BMI                     | Code Red consulting             | (6,426.95)                     |                               |                        |                    |
| 6  | City of Fairfax         | Other capital                   |                                |                               | (20,553.47)            |                    |
| 6  | City of Fairfax         | Other operating                 |                                |                               | (102,961.27)           |                    |
| 20                                       | IBI Group               | SmarTrip consulting             | (1,706.94)                     |                               |                        |                    |
| 30                                       | Banks                   | November service fees           | (49.35)                        |                               |                        |                    |
|  |                         |                                 | <u>(125,619.82)</u>            | <u>-</u>                      | <u>(123,514.74)</u>    | <u>-</u>           |
| <b>TRANSFERS and Adjustments</b>         |                         |                                 |                                |                               |                        |                    |
| 17                                       | Transfer                | From LGIP to checking           | 30,000.00                      |                               | (30,000.00)            |                    |
| 25                                       | Transfer                | From LGIP to checking           | 40,000.00                      |                               | (40,000.00)            |                    |
|  |                         |                                 | <u>70,000.00</u>               | <u>-</u>                      | <u>(70,000.00)</u>     | <u>-</u>           |
| <b>NET INCREASE (DECREASE) FOR MONTH</b> |                         |                                 | <u>\$ (55,619.82)</u>          | <u>\$ 6,453.16</u>            | <u>\$ 6,102,720.54</u> | <u>\$ 2.18</u>     |

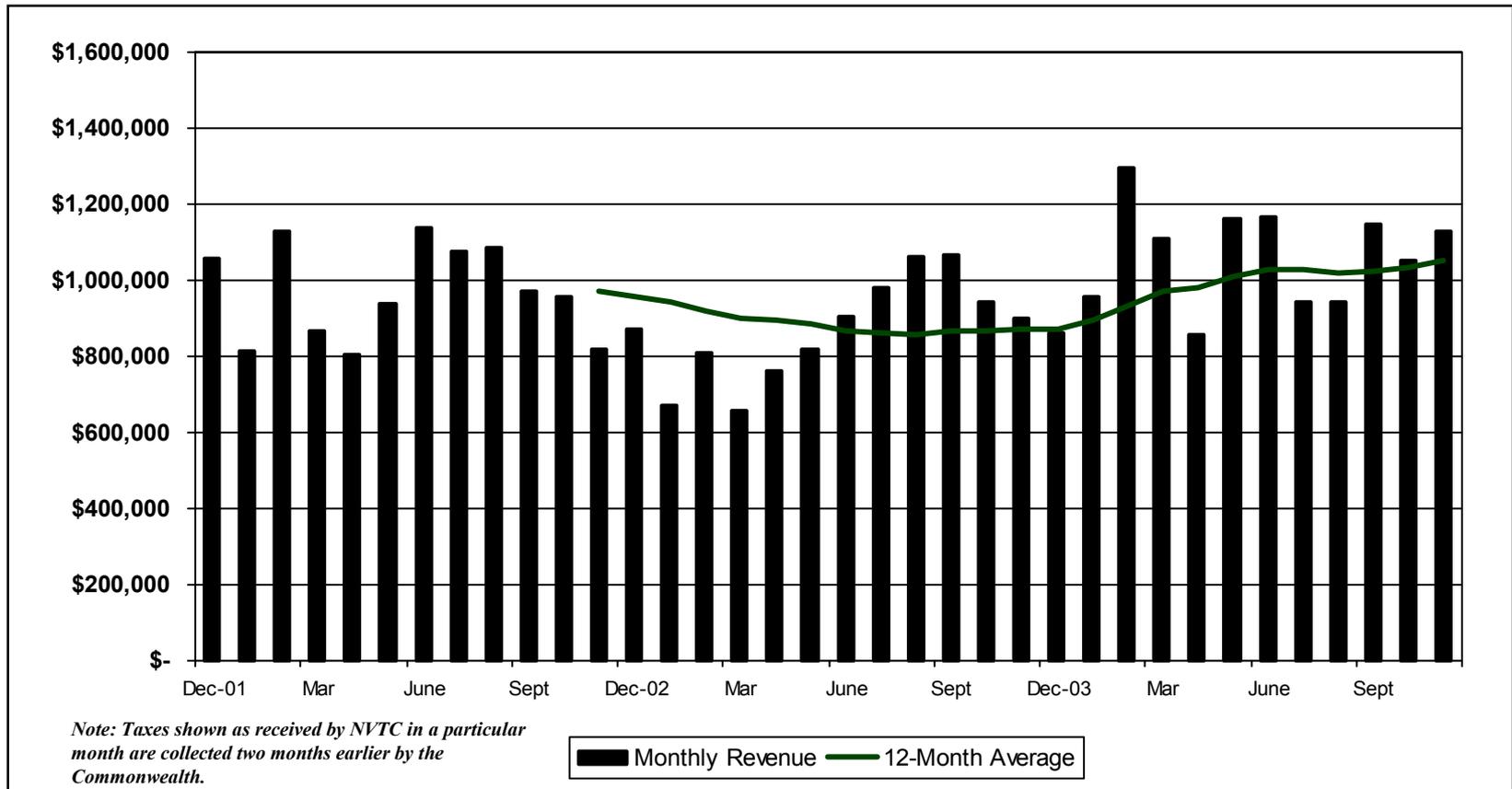
**NVTC  
INVESTMENT REPORT  
November 2003**

| <u>Type</u>   | <u>Rate</u> | <u>Balance<br/>10/31/03</u> | <u>Increase<br/>(Decrease)</u> | <u>Balance<br/>11/30/03</u> | <u>NVTC<br/>G &amp; A</u> | <u>Jurisdictions<br/>Trust Fund</u> | <u>Loudoun<br/>County</u> |
|---|-------------|-----------------------------|--------------------------------|-----------------------------|---------------------------|-------------------------------------|---------------------------|
| <b><u>Cash Deposits</u></b>                           |             |                             |                                |                             |                           |                                     |                           |
| 1st Union: NVTC Checking                              | N/A         | \$ 98,077.14                | \$ (55,619.82)                 | \$ 42,457.32                | \$ 42,457.32              | \$ -                                | \$ -                      |
| 1st Union: NVTC Savings                               | 0.13%       | 71,196.88                   | 6,453.16                       | 77,650.04                   | 77,650.04                 | -                                   | -                         |
| <b><u>Investments - State Pool</u></b>                |             |                             |                                |                             |                           |                                     |                           |
| Nations Bank - LGIP                                   | 1.09%       | 44,158,893.66               | 6,102,720.54                   | 50,261,614.20               | 494,648.58                | 34,523,589.01                       | 15,243,376.61             |
| <b><u>Investments --<br/>CTB Bond Proceeds</u></b>    |             |                             |                                |                             |                           |                                     |                           |
| VA State Non-Arbitrage Program<br>MCIP - 2001A Series | 1.04%       | 2,505.84                    | 2.18                           | 2,508.02                    | -                         | 2,508.02                            | -                         |
|   |             | <u>\$ 44,330,673.52</u>     | <u>\$ 6,053,556.06</u>         | <u>\$ 50,384,229.58</u>     | <u>\$ 614,755.94</u>      | <u>\$ 34,526,097.03</u>             | <u>\$ 15,243,376.61</u>   |

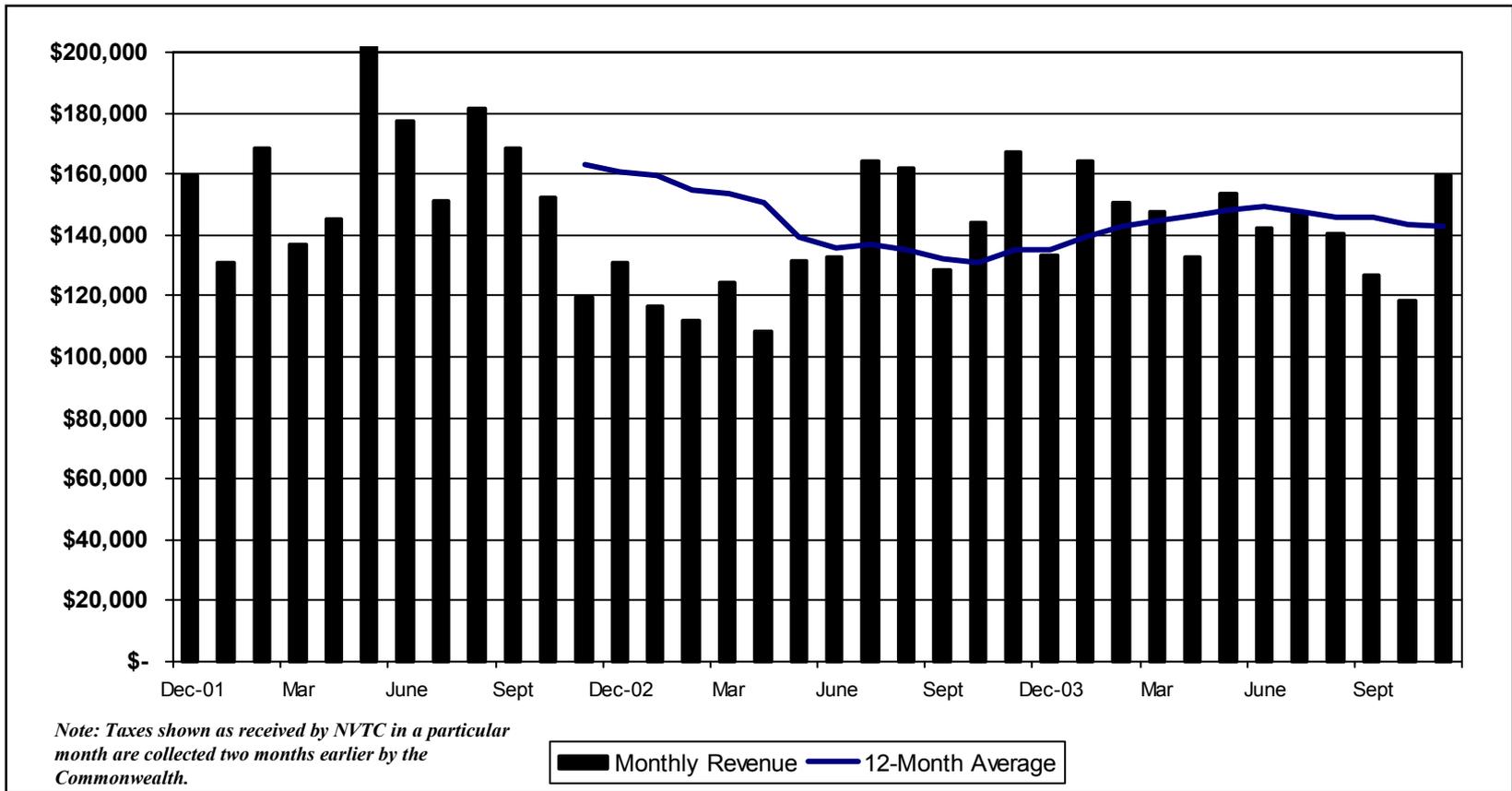
# NVTC MONTHLY GAS TAX REVENUE ALL JURISDICTIONS FISCAL YEARS 2001-2004



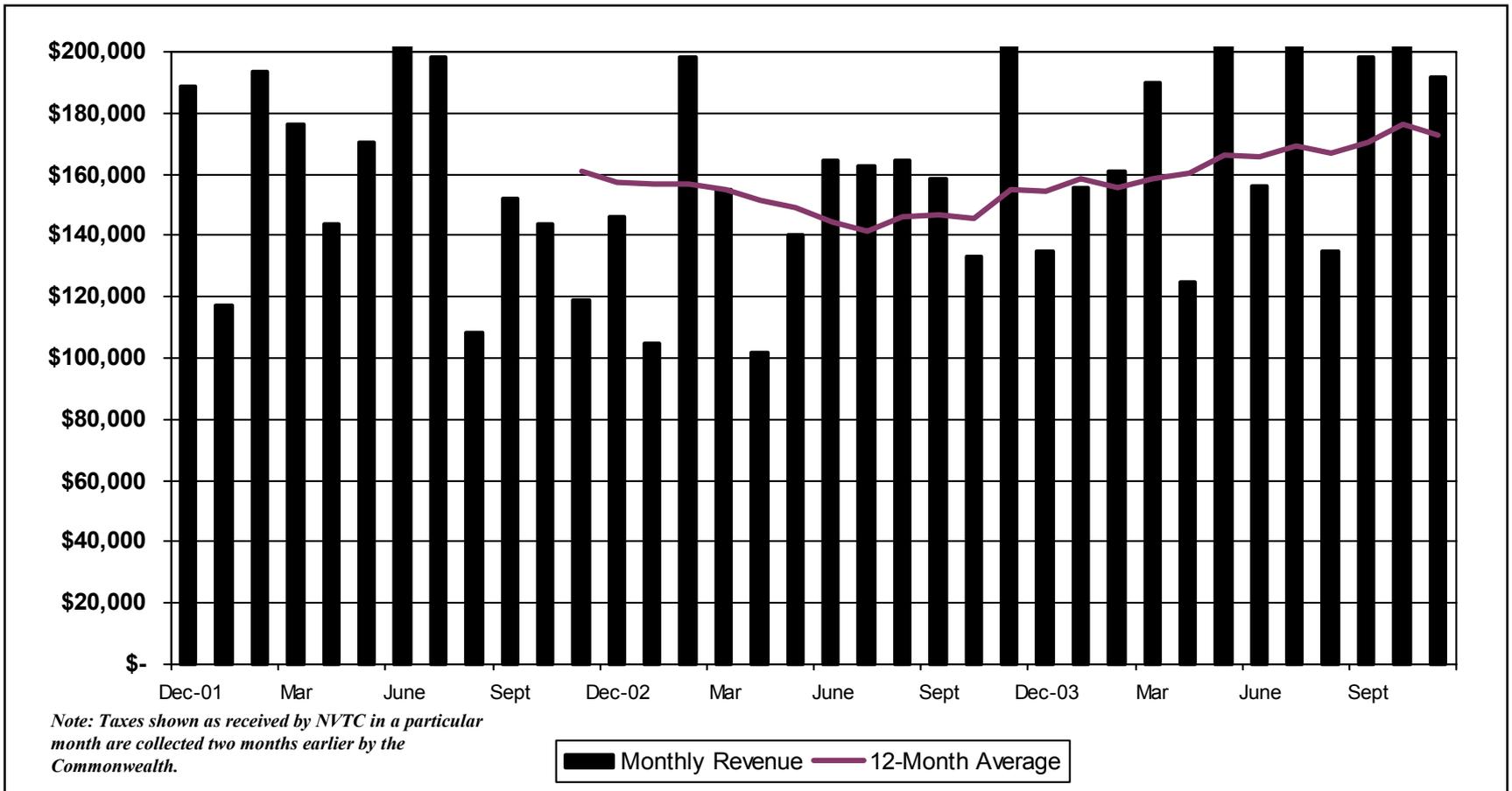
# NVTC MONTHLY GAS TAX REVENUE FAIRFAX COUNTY FISCAL YEARS 2001-2004



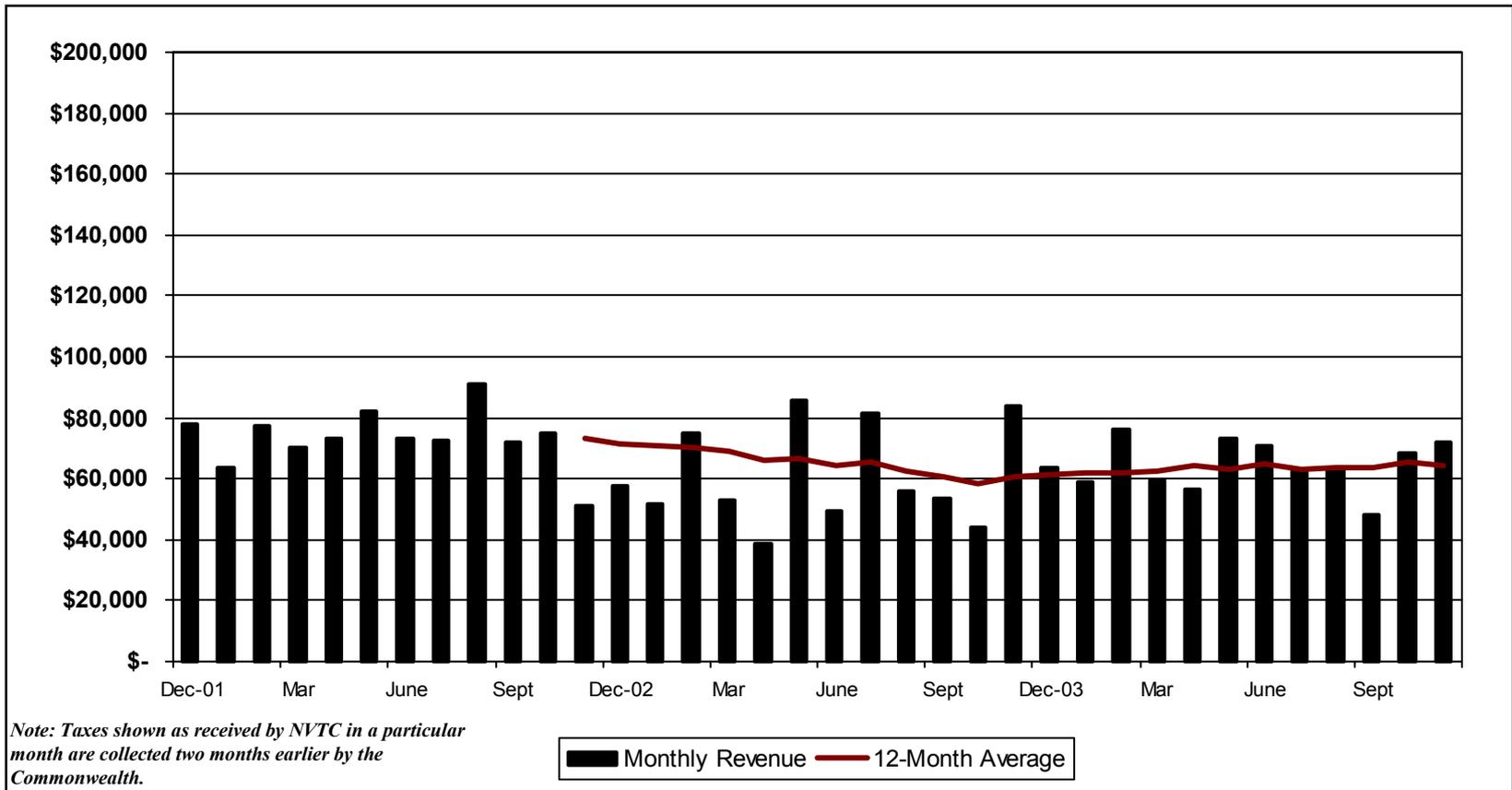
# NVTC MONTHLY GAS TAX REVENUE CITY OF ALEXANDRIA FISCAL YEARS 2001-2004



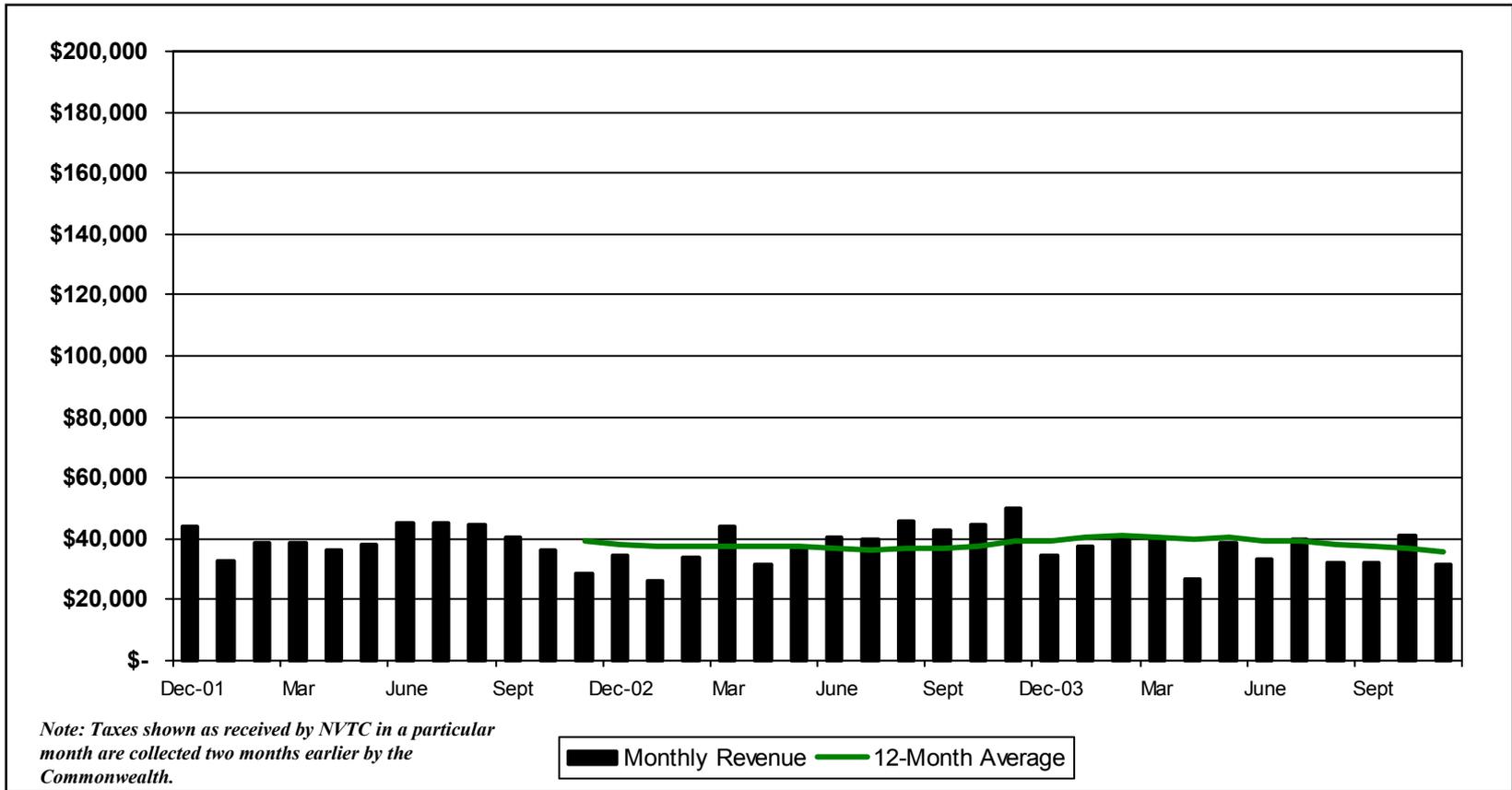
# NVTC MONTHLY GAS TAX REVENUE ARLINGTON COUNTY FISCAL YEARS 2001-2004



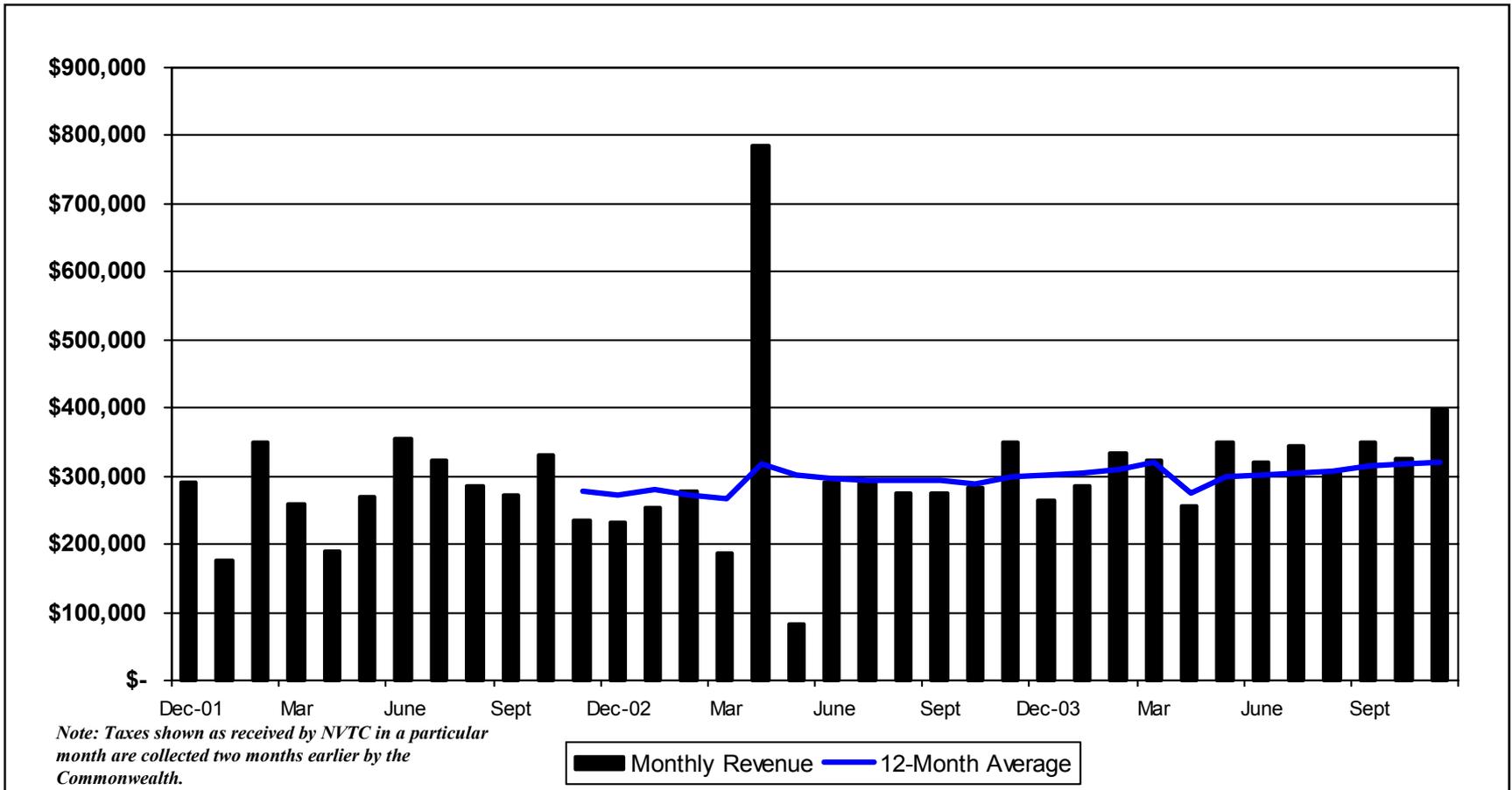
# NVTC MONTHLY GAS TAX REVENUE CITY OF FAIRFAX FISCAL YEARS 2001-2004



# NVTC MONTHLY GAS TAX REVENUE CITY OF FALLS CHURCH FISCAL YEARS 2001-2004



# NVTC MONTHLY GAS TAX REVENUE LOUDOUN COUNTY FISCAL YEARS 2001-2004



**MEMORANDUM**

**TO:** Chairman McConnell and NVTC Commissioners

**FROM:** Rick Taube

**DATE:** December 31, 2003

**SUBJECT:** VRE Items

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- A. Report from the VRE Operations Board (with minutes of the December 19, 2003 meeting) and from the Acting Chief Operating Officer -- Information Item.
- B. Amtrak Contract Extension -- Action Item/Resolution #999.
- C. VRE Budget for FY 2005 -- Action Item/Resolution #1000.
- D. Elimination of VRE Holiday Service -- Action Item/Resolution #1001.
- E. Closed Session (Section 2.2-3711 A.7 of the Code of Virginia) on a legal matter followed by action on Resolution #1002.

**Report from the VRE Operations Board and Acting Chief Operating Officer**

Minutes are attached from the Board meeting of December 19, 2003. Also attached are the report of the VRE Acting Chief Operating Officer and ridership results. A letter to Delegate Marshall on VRE expansion is included.



# CHIEF OPERATING OFFICER'S REPORT

December 2003

## DAILY RIDERSHIP

During November 2003 ridership grew by more than 1,200 passenger trips per day over what we experienced during November 2002. This again represents a very significant increase in ridership. However, with nearly 13 of the 24 peak trains already at or above capacity, we are hard pressed to stay up with the demand.

As an indication of the ever-increasing ridership one needs only to examine the growth from October to November of this year, where ridership grew by more than 273 riders.

Just a few short months ago it was a high water mark for us to eclipse 15,000 daily riders; now it is becoming more of the norm. During November we exceeded 15,000 average daily passenger trips nine times during the month. These numbers reflect a new trend as we embark on 16,000 daily riders, which on November 12<sup>th</sup> we crested with a ridership of 15,983.

| MONTHLY REVIEW OF RIDERSHIP            | AVERAGE DAILY RIDERS |
|--|----------------------|
| VRE November 2003 Average Daily Riders | 14,885               |
| VRE November 2002 Average Daily Riders | 13,602               |
| PERCENTAGE INCREASE                    | 9.4%                 |

Cumulatively, for the month of November, VRE made 247,363 passenger trips on only 17 service days. As a reminder, during November VRE operated the holiday schedule twice.

## ON-TIME PERFORMANCE

There were fewer delays in November than the past three months; however, on-time performance was less than what we would like to see as a monthly average. The November delays were primarily attributable to freight train interference. In particular, the one evening in November a CSX freight train broke down on the Quantico Bridge, which forced all evening passenger trains to be delayed. Additionally, weather played havoc with service during the month and we had a much higher rate of delays attributed to passenger handling and capacity loads. Otherwise, relationships remain very solid with our host railroads - CSX, NS, and

Amtrak - as we continue to collectively improve all train movements through the region during peak commuting hours and work through passenger crowding issues.

| MONTHLY ON-TIME PERFORMANCE                  | ON-TIME PERCENTAGE |
|--|--------------------|
| VRE November 2003 Fredericksburg OTP Average | 84%                |
| VRE November 2002 Manassas OTP Average       | 91%                |
| VRE NOV 2003 OVERALL ON-TIME PERFORMANCE     | 87.5%              |

A review of delays shows that we continue to still have residual problems in three primary areas - train interference, signal problems and mechanical issues. We'll continue to push to improve overall on-time performance. On a positive note, our cumulative delays for 2003 (year-to-date) still remain less than the delays we experienced in 2002 (year-to-date).

| November 2003 Train Delays | REASON                | TOTALS      | PERCENT |
|----------------------------|-----------------------|-------------|---------|
|                            | Signal/Switch Failure | 8           | 12%     |
|                            | Slow Orders           | 0           | 0%      |
|                            | M/W                   | 0           | 0%      |
|                            | Train Interference    | 31          | 46%     |
|                            | AMTRAK                | 5           | 16%     |
|                            | Freight               | 19          | 61%     |
|                            | VRE                   | 7           | 23%     |
|                            | Mechanical Failure    | 6           | 9%      |
|                            | Late Turn             | 4           | 6%      |
|                            | PAX Handling          | 7           | 10%     |
|                            | Weather               | 8           | 12%     |
|                            | Crew Related          | 1           | 1%      |
|                            | Other                 | 3           | 4%      |
| <b>TOTAL</b>               | <b>68</b>             | <b>100%</b> |         |

### VRE ADVANCING CORRIDOR IMPROVEMENTS

VRE is continuing to work closely with the Commonwealth and CSX to advance critical corridor improvements necessary for the expansion of VRE service, as well as to lay the foundation for potential higher speed intercity passenger rail service in Virginia.

Currently, VDRPT is finalizing the construction agreement with CSX on the six different design and engineering projects that comprise the lion's share of the corridor improvements. Upon

finalization of the DRPT/CSXT master construction agreement, the Arkendale interlocking, located in the Aquia area, will be one of the first projects to be constructed. It is expected that construction of the Arkendale interlocking will commence in the spring of next year.

The other element of the corridor improvement is, of course, Quantico Bridge. The final design for the bridge and civil work is expected to be completed by January, and construction to begin in June of next year. A progress meeting was held on December 10, 2003, to coordinate with CSXT and DRPT in order to finalize the construction documents. VRE is also working with Virginia Dominion Power and the Marine Corps Base to draft agreements that will allow for access to the site through surrounding property. A separate construction agreement between VRE and CSXT is also being drafted to address force account work to be completed by CSXT. It is expected that all agreements as well as environmental permitting will be finalized within the next few months to allow for construction to begin in the summer of next year.

## WOODBIDGE STATION

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VRE has been working with CSXT, DRPT and Prince William County to advance the Woodbridge VRE station improvement projects.

### Property Acquisition - work being managed by PWC staff

All parcels have been purchased and, with the exception of the Petrocci property, vacated. In addition, all structures have been demolished except the Petrocci building. Prince William County staff have decided to accept Petrocci's request for a 90-day extension to vacate the property. According to Joe Howard, this decision was made based on the fact that the other option, eviction, could take up to a year to accomplish. The extension was granted in early November, meaning he can remain on the property until early February of 2004.

Surface Parking - Joe Howard and Steve MacIsaac are currently negotiating this construction agreement and once executed, work can begin. In the meantime, VRE and PWC Public Works staff have been coordinating so that work can be scheduled as soon as the agreement is executed.

Kiss/Ride and Second Platform - For several months, we have been at a standstill on the second platform project due to stringent CSX design requirements. After reworking the design several times in order to allow for the future third track, a compromise was achieved that will allow the project to move forward. On December 10, 2003, VRE met with CSXT and DRPT to present several design options and discuss steps to move forward. VRE presented an option acceptable to all parties that addressed CSXT's design concerns and allowed for the future third track. The resolution will require a deviation from CSXT design standards and VRE has forwarded a formal request for CSXT sign off. Written approval is expected from CSXT shortly to allow for finalizing of the design documents. Upon receipt of such, VRE will finalize the design and

proceed with construction procurement.

### TREASURY ISSUES NEW POLICY ON DEFEASED LEASING

An issue that VRE has been closely following is tax-advantaged leasing, similar to those used by WMATA and other large transit agencies for acquisition of fleet. Congress and the Department of Treasury have also been reviewing such leasing transactions.

At the request of the Department of Treasury, and until further notice, the Federal Transit Agency (FTA) is suspending consideration of such transactions involving federally funded public transportation assets.

In a letter from the Assistant Secretary for Domestic Tax Policy, the Treasury Department has informed Transportation Secretary Mineta of its view regarding the types of tax-advantaged lease transactions that are under review. The letter set out a brief summary of the Treasury's concerns from both a legal and policy standpoint. In the letter, Treasury concluded that "these and similar transactions should no longer be permitted by the Department of Transportation."

In view of the strong concerns expressed by the Department of the Treasury, FTA is suspending consideration of requests to review the DOT issues associated with tax-advantaged leasing transactions involving federally funded public transportation assets.

We have become aware that a letter to this effect is being sent to grantees, such as our Northern Virginia public transportation partner, WMATA, that have pending transactions from FTA headquarters in Washington.

VRE continues to work with APTA to support the reinstatement of tax-advantaged leasing on behalf of all pending public transportation agencies (11 in total), as well as a possible avenue for VRE to pursue new railcars. Currently, APTA is advancing a challenge to the Treasury revocation based on existing tax law as cited in the IRS Code. Given the limited federal resources to support capital acquisition for fleet, any and all legal alternatives must remain in place for public transportation agencies.

### MANASSAS PARKING PERMIT RENEWALS

We recently notified Manassas line commuters that it was time to renew their commuter parking permit for 2004. There are several means for riders to get applications, either at the Manassas station platform, Manassas City Hall, or by visiting us on the web at [www.vre.org](http://www.vre.org).

The City of Manassas is now requiring verification of employment on the application. Also, riders will either need to have your employer sign the application or provide a copy of a company photo I.D. badge as part of the verification process.

Because of the procedural changes made by the City, parking permits will not be handed out at the train depot this year. Manassas City Hall was open until 8:30pm on Wednesday, December 10 strictly for issuance of 2004 permits. Applications may also be mailed or faxed to the City of Manassas.

### SANTA TRAINS

We are gearing up for another fantastic event with our 7<sup>th</sup> Annual Operation Lifesaver Santa Trains. This year we will be operating 10 trains from our Fredericksburg, Leeland Road, Woodbridge, Burke Centre, and Manassas stations. All of the trains, except 2 on the Manassas line, have completely sold out. We anticipate hosting over 6500 Virginians and their families.

This event has become a community effort. In addition to VRE staff, Operation Lifesaver volunteers, cub scouts, and school choral groups will help us bring the spirit of the season to our passengers.

Like past years, Santa will get some help giving toys to needy children as we turn these stations into drop off locations for new unwrapped toys. All presents will be donated to the Marine Corps Reserves Toys for Tots program. A Marine in dress blues will be at each station to accept these wonderful donations.

I will share more on the Santa trains with you at the upcoming Board meeting on the 19th.

### EZ BUS UPDATE

On December 12<sup>th</sup>, VRE, Fairfax County and the Commonwealth held a ceremonial event at the Burke Centre Station to christen this new and innovative transportation option for people living in Burke Centre. Secretary of Transportation Whitt Clement joined Chairman Bulova and Board Member Elaine McConnell and a crowd of about 50 people to initiate the service. Secretary Clement commended Fairfax County and VRE on trying the find ways to make commuting an option of choice, while helping on environment by reducing cold starts of automobiles.

The EZ Bus Subscription shuttle began on December 1, 2003. With much fanfare we saw very positive feedback from initial riders. As of print date, we have nearly 70 subscribers signed up for the service, and we are very hopeful that this "one of a kind" program will blossom and perhaps serve as a national model.

Funded by the Commonwealth and sponsored by Fairfax County, the bus is a hybrid between a shuttle and a subscription bus service. It is operating two routes, one north of the station and one south, and meets all trains, except #322, the first train of the morning.

## GALLERY UPDATE

VRE notified Sound Transit that we are canceling the lease on the first 6-car train set effective the end of January 2004, with the set being removed from service by the end of December. VRE also notified Sound Transit of our intent to cancel the lease on the second 6-car train set plus one locomotive, effective the end of April 2004. Gallery coaches will replace all Sounder train sets.

The last three TTA Gallery cars will be commissioned on December 17th to replace three Mafersa railcars on train #308. The NRC Gallery railcars will replace the four-car Sounder set on Train #328.

As for the Metra Gallery railcars, the first three rail cars should be on our property by January 1<sup>st</sup> and in service by the end of January. The second three railcars should make their way here by February 15th, and the next four railcars by February 29<sup>th</sup>.

We are still committed to having the last 20 go directly from Metra to a shop for rehabilitation by the end of February 2004.

## OMNIBUS BILL ADDS MORE MONEY FOR VRE

VRE gained additional funding through the final FY 2005 appropriation cycle. Thanks to the diligence of the entire Congressional delegation of Northern Virginia, VRE was able to recapture some monies in the Omnibus bill for the expansion of station parking within the VRE system.

Through the first phase of House and Senate submissions, VRE's line item in the two Appropriations bill stood at around \$4 million. After the initial mark up through the House, that number dipped to around \$1.5 million for completion of the Manassas parking deck.

VRE advanced several conversations with pertinent staffers from our Congressional delegation, and after the Omnibus bill was reported VRE's final appropriation jumped to \$3 million.

This funding comes at a critical time as VRE tries to find ways to fund additional parking capacity at almost every VRE station.

Again, VRE is very appreciative to Senators Allen and Warner, Congressmen Davis, Wolf, and Moran, and Congresswoman Davis for their tireless support of the VRE.

## VRE SELECTED BY DHS FOR SECURITY MONEY

The Department of Homeland Security recently notified VRE that it had been selected for inclusion in the FY 2005 budget slated for Urban Area Security Initiative (UASI) anti-terrorism grants. VRE will collect \$800,000 in funding to support greater mass transit security. Transit systems were selected based upon the number of annual riders and overall track mileage.

Funds may be used for preventive measures such as physical barricades, monitoring systems (video surveillance, motion detectors, thermal/IR imagery and chemical/radiological material detection), integrated communications systems and prevention planning, training and exercises.

We feel very proud to have been selected considering only twenty transit agencies in America were chosen to receive funding.

## TEA-LU INTRODUCED BY CHAIRMAN YOUNG

Don Young, R-Alaska, chairman of the House Transportation and Infrastructure Committee, recently rolled out a \$375 billion, six-year surface transportation reauthorization bill before Congress broke for recess.

The bill text in its completed version does not contain a revenue title, leaving unanswered for now the question of how the spending will be financed. Nonetheless, public transportation and highway stakeholders packed the hearing room in the Rayburn House Office Building to cheer the semi-unveiling.

The surface transportation bill pushed by the Bush administration would authorize \$247 billion, nearly \$128 billion less than Young's bill, which he named TEA-LU after his wife, Lula. The House bill would increase funding by 72 percent over the six-year total of the TEA-21 surface transportation law (PL 105-178) — the Transportation Equity Act for the 21st Century.

Young wants to pay for the bill by increasing the gas tax, an approach opposed by both the administration and the House GOP leadership.

The revenue title will be added by the Ways and Means Committee, which has jurisdiction over tax matters. Young said all options for funding — including the possibility of floating construction bonds — are on the table, but that he is "still pushing a user fee; we aren't calling it a tax increase."

The measure outlined Wednesday would guarantee each state a return on their highway taxes of at least 95 percent by 2009. The current guarantee is 90.5 percent.

Of the \$375 billion authorized by the bill, \$298.7 billion would be allocated for highways, \$69.2 billion would go to mass transit, and the rest would be dedicated to safety programs.

Young appealed to stakeholder groups in the audience to lobby for his \$375 billion bill, including the gas tax increase. "We expect a groundswell of support," he said.

To sweeten the deal, the committee released a chart showing how much each state could expect to receive in surface transportation funding, though Young said specific projects within each state would not be identified until later in the process.

He also outlined the schedule he expected the bill to follow, saying it should be marked up by the Transportation Committee in early February, by Ways and Means at the end of February and passed by the House in mid-March.

Even if Young's tentative timetable holds up, it would likely require Congress to pass another short-term extension of funding authority. The current one (PL 108-88) expires Feb. 29.

#### MAYORS' SUPPORT OF CHAIRMAN YOUNG – VRE SEEKING SIMILAR SUPPORT

Citing growing maintenance costs and demand for new transportation priorities and job creation, leaders of The U.S. Conference of Mayors (USCM) on November 6 pledged to support a \$375 billion funding level for highway and transit programs at an event with Chairman Don Young (R-AK), Ranking Member James Oberstar (D-MN), Subcommittee Chair Tom Petri (R-WI) and Subcommittee Ranking Member William Lipinski (D-IL), the four key leaders of the House Transportation and Infrastructure Committee.

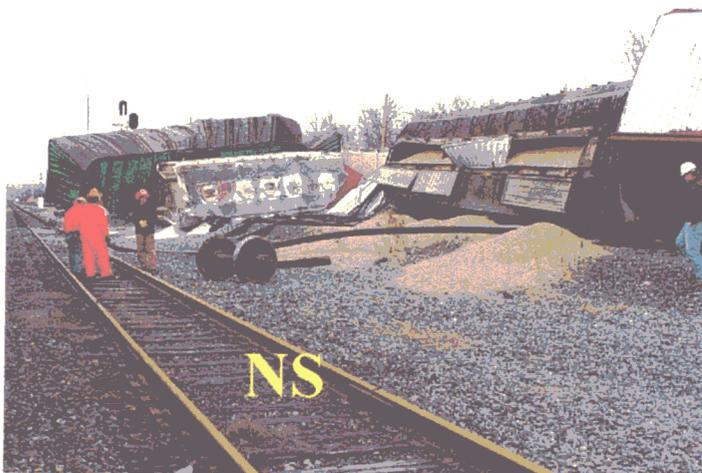
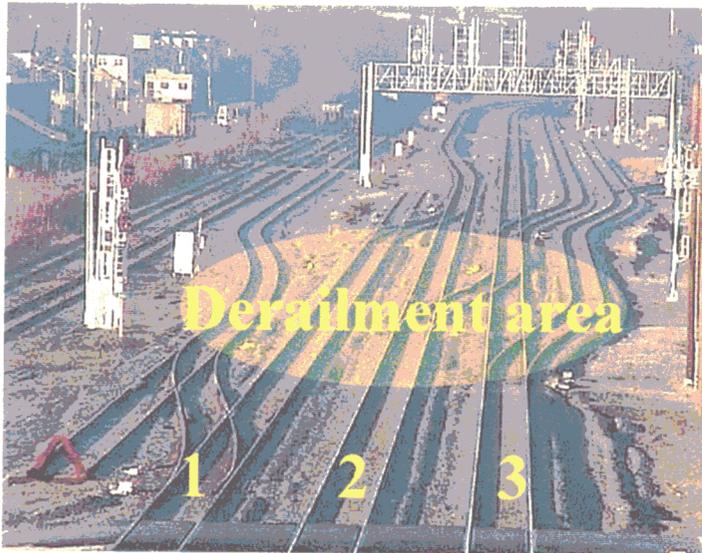
USCM President and Hempstead James Garner, Seattle Mayor Greg Nickels and other Conference leaders indicated the nation's mayors support a higher funding level because of the transportation needs at the local and level. Local governments own 75% of 4 million miles of highway and roads; over 50% of all bridges; and manage about 90% of the nation's transit systems. Also speaking were Akron Mayor Donald L. Plusquellic, who discussed the need for more local empowerment over regional transportation decisions, and Long Beach Mayor Beverly O'Neill, who recommended greater federal support for intermodal facilities like the Alameda Corridor project in order to handle growing freight traffic. These are issues that have been resonated often and loudly in our region as local elected officials have sought greater control of transportation initiatives and ways to better blend passenger rail and freight traffic through the corridor.

"The support of the Mayors is vital to our effort to provide the federal funding needed to address America's growing congestion and highway safety problems," noted Chairman Don Young (R-AK).

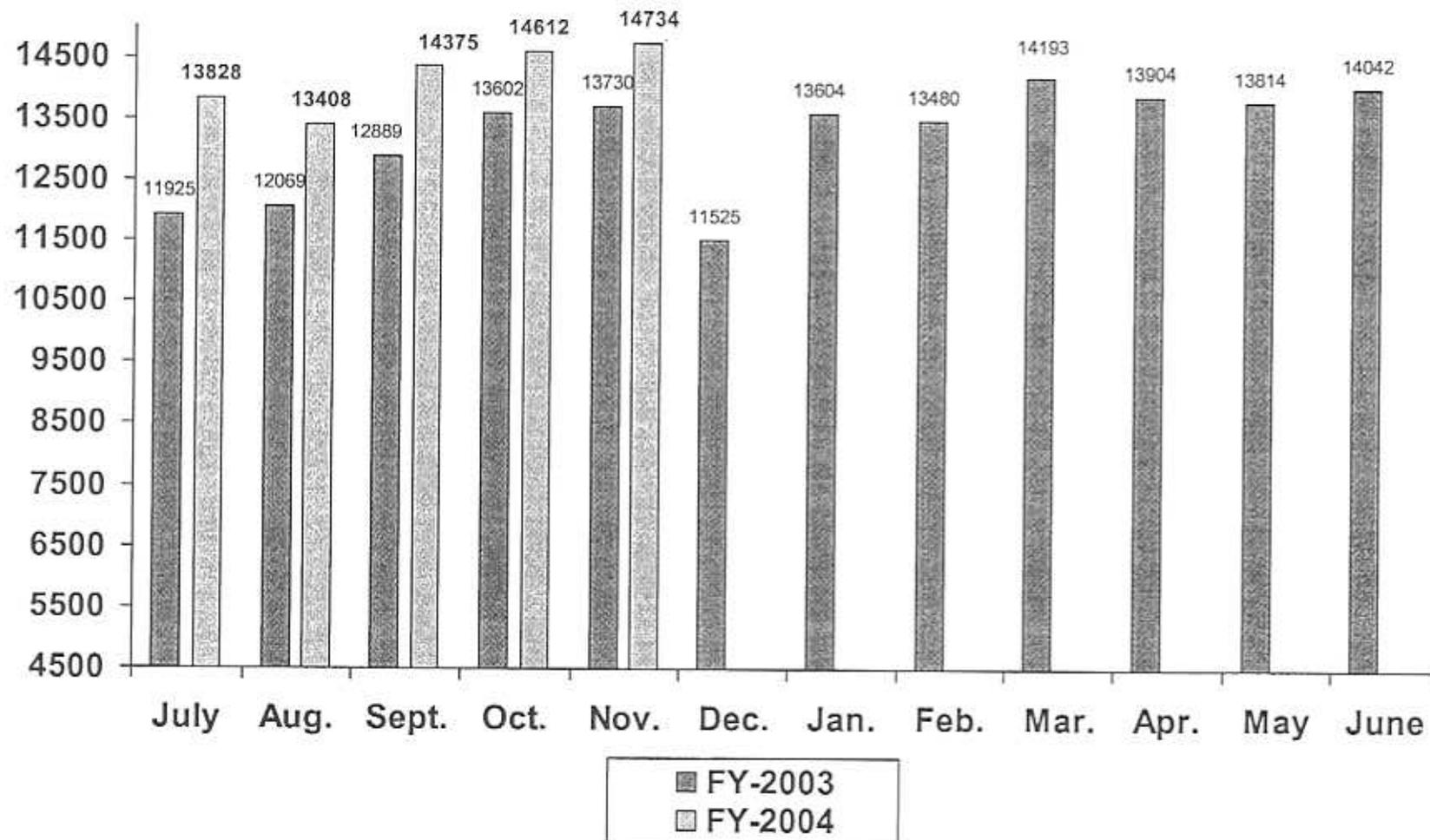
The House leaders noted mayors and other local elected officials are key to engaging members of Congress to successfully pass a \$375 billion, six-year transportation bill. VRE absolutely believes that this is true. At first glance, you'll see that 75 members of the House have already signed on as co-sponsors of Chairman Young's bill. That equates to about 18% of the House, which rises above all other levels of sponsorship for any other version of a Reauthorization bill currently in Congress.

# AF derailment, 5:43am, 12-18-03

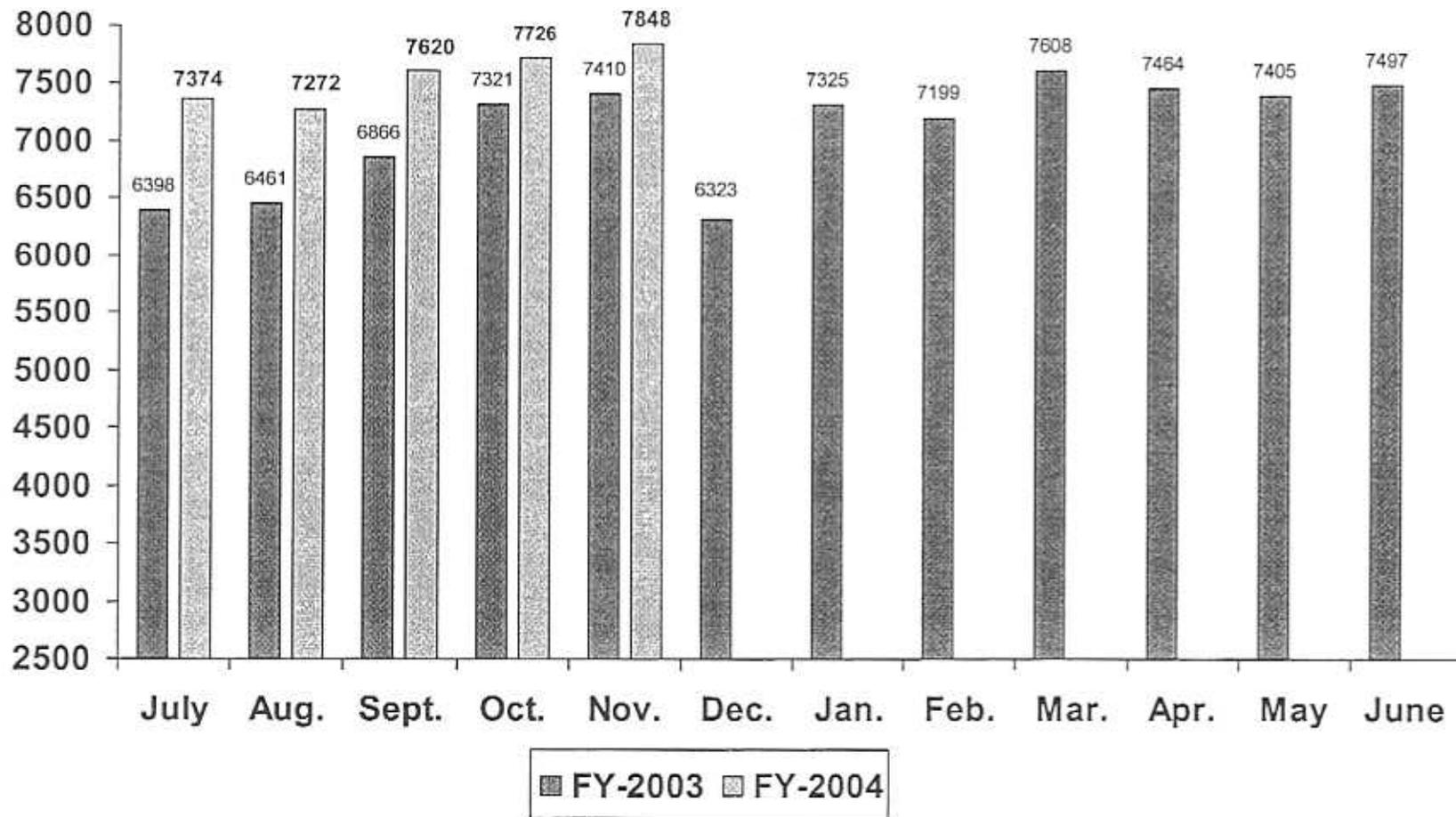
Q41016, 57-39, 5721' length, 8031 tons  
Northbound on #2



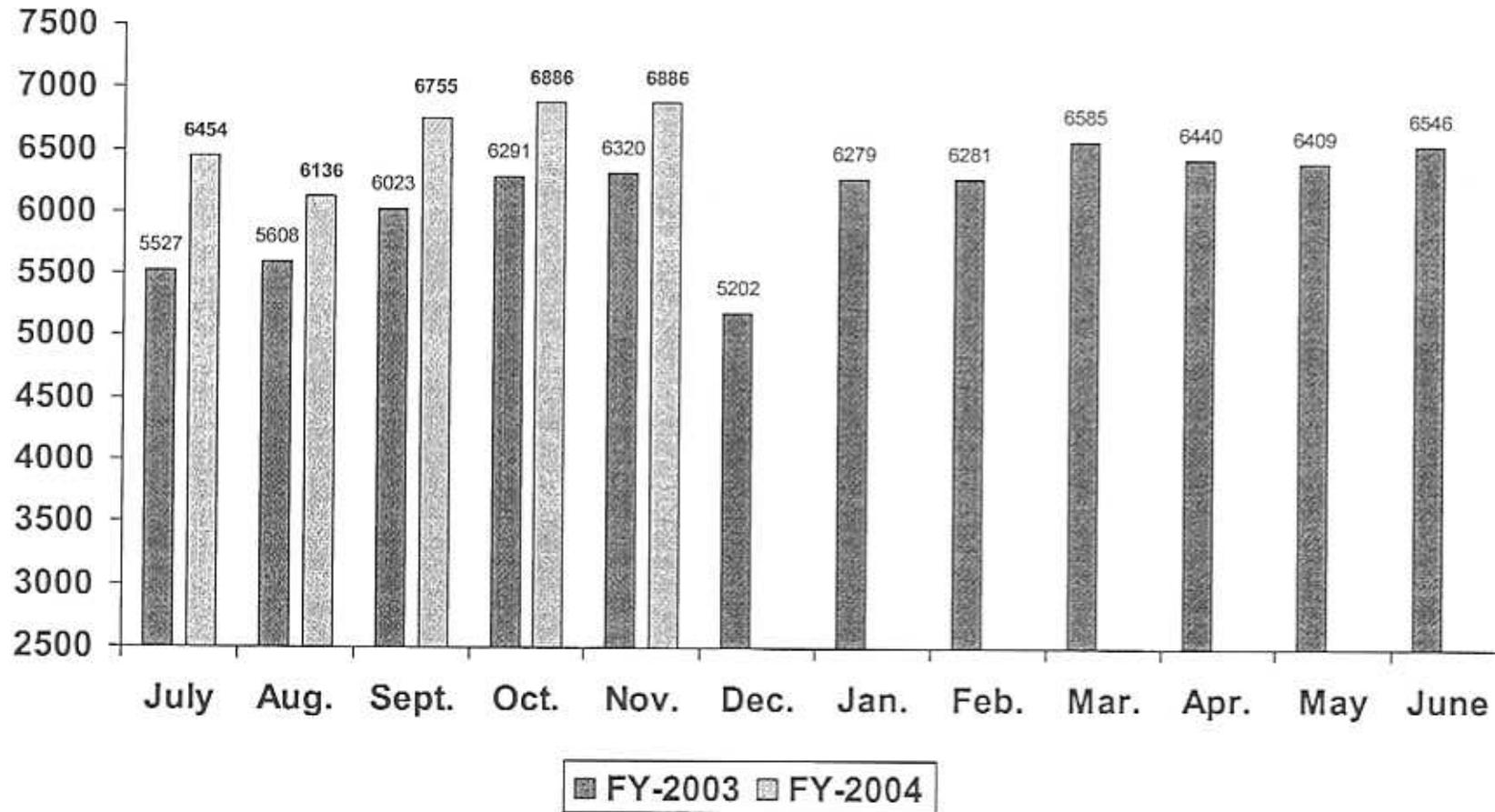
# VRE Total Average Daily Ridership



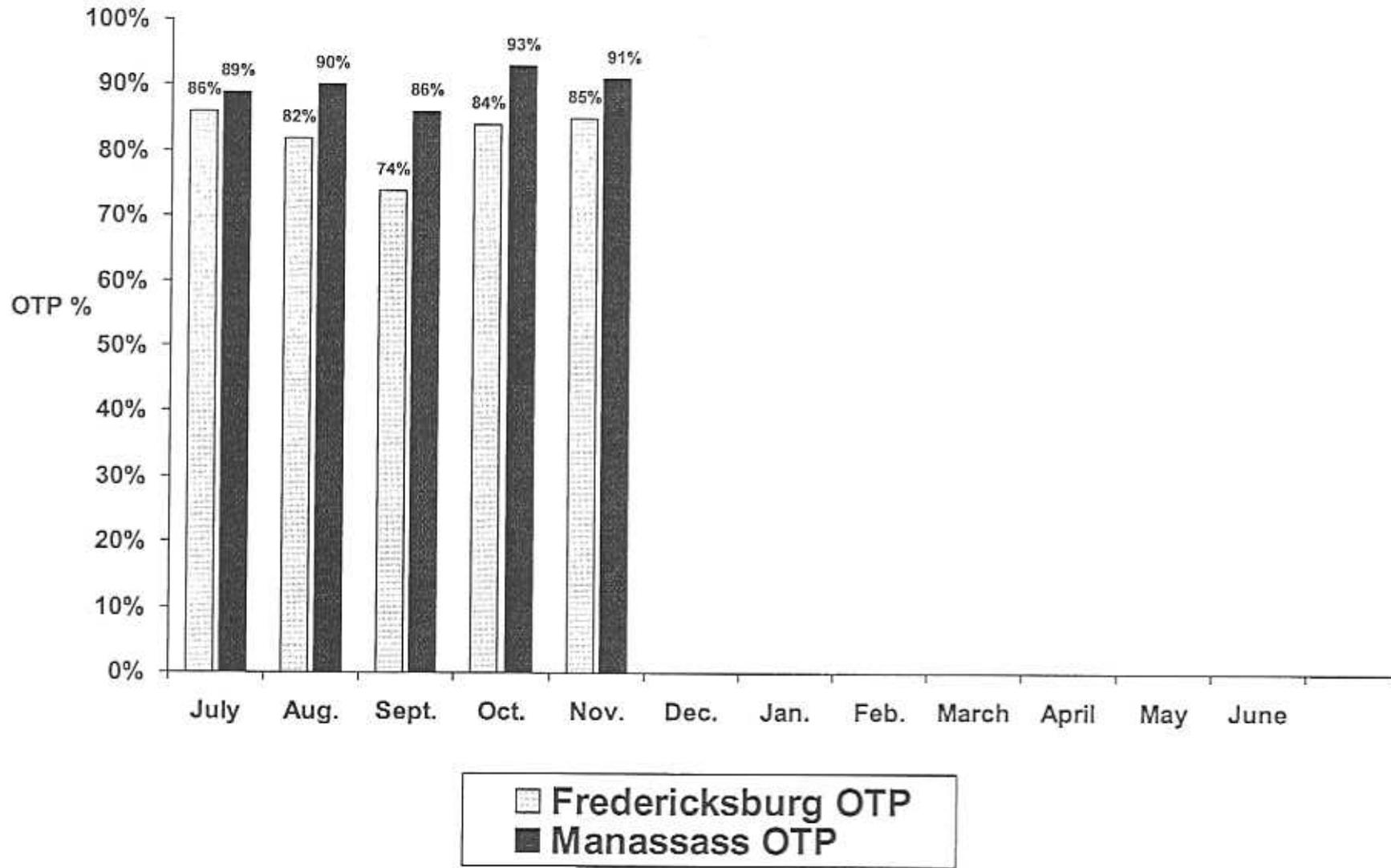
# VRE Average Daily Ridership Fredericksburg Line



# VRE Average Daily Ridership Manassas Line



# Average On-Time Performance FY-2004





# Virginia Railway Express

1500 King Street • Suite 202 • Alexandria, Virginia 22314-2730 • (703) 684-1001 • FAX (703) 684-1313  
Web Site: <http://www.vre.org> • E-Mail: [gotrains@vre.org](mailto:gotrains@vre.org)

December 9, 2003

Delegate Robert G. Marshall  
P.O. Box 421  
Manassas, VA 20108-0421

Dear Delegate Marshall:

In your meeting with Mark Roeber on November 25, 2003, you had several questions regarding the costs and projected ridership associated with the potential VRE extensions to Gainesville and Haymarket. I will attempt to address your questions, however, please keep in mind that this information is still in draft form as we continue to work toward the completion of our Phase 2 Strategic Plan.

First, I would like to address the costs. We broke the extension of rail service into two phases; Phase 1 would include rail service only to Gainesville, while Phase 2 would continue rail service to Haymarket. This division is due to the fact that passenger service could not extend past the US 29/Route 66 interchange until a grade separated crossing is constructed. This VDOT project is not funded in the state's six-year plan, so we do not have an anticipated time for completion. Keeping this in mind, the following tables estimate the costs of both phases, as outlined in VRE's draft Phase 2 Strategic Plan.

As the table below itemizes, the projected cost for Phase 1 ranges from \$54.6 – 69.6 million (2003 dollars). Phase 2 would require an additional \$53.3 – 68.3 million (again 2003 dollars).

## Capital Improvements Required for VRE Start-Up Service to Gainesville (Phase 1)

(All capital costs expressed in millions of 2003 dollars)

| Category            | Project  | Capital Cost Range |       |
|---------------------|--|--------------------|-------|
|                     |  | Low                | High  |
| Rail Infrastructure | Extend Springfield Runaround Track                             | \$0.6              | \$0.6 |
| Rail Infrastructure | Upgrade 'B' Line connection track on north leg of Manassas Wye | \$4.9              | \$4.9 |

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

- A Transportation Partnership -

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

|                     |  |               |               |
|---------------------|--|---------------|---------------|
| Rail Infrastructure | Extend 2 <sup>nd</sup> main track, install signal system, Manassas to Gainesville, approx. 8 mi. | \$20.4        | \$20.4        |
| Rail Infrastructure | Side track for local freight use in Gainesville vicinity   | \$2.3         | \$2.3         |
| Rail Infrastructure | Construct 2 <sup>nd</sup> main track, South leg of Manassas Wye                                  | \$1.4         | \$1.4         |
| Rail Infrastructure | Construct 3 <sup>rd</sup> main track, Manassas to Broad Run***                                   | --            | \$8.0         |
| Stations            | Two commuter stations, with double side platforms, surface parking                               | \$10.0        | \$10.0        |
| Yards               | Potential storage yard at Gainesville  | --            | \$7.0         |
| Rolling Stock       | One additional 6-car trainset  | \$15.0        | \$15.0        |
| <b>TOTAL COST</b>   |  | <b>\$54.6</b> | <b>\$69.6</b> |

\*\*\* Project could be deferred until in Phase 2. Included in cost estimates for both phases.

**Additional Capital Improvements Required for Full VRE Service to Haymarket  
(Phase 2)**

(All capital costs expressed in millions of 2003 dollars)

| Category            | Project   | Capital Cost Range |               |
|---------------------|---|--------------------|---------------|
|                     |   | Low                | High          |
| Rail Infrastructure | Extend 2 <sup>nd</sup> main track, install signal system, Gainesville to west end of Haymarket, approx. 3 mi.         | \$11.5             | \$11.5        |
| Rail Infrastructure | Haymarket station track   | \$1.8              | \$1.8         |
| Rail Infrastructure | 'B' Line siding extensions between Haymarket and Front Royal (including Allison and potentially additional locations) | \$6.0              | \$6.0         |
| Rail Infrastructure | Projects to improve operating speed for passenger and freight trains  | \$TBD              | \$TBD         |
| Stations            | Haymarket station, with single side platform, surface parking   | \$4.0              | \$4.0         |
| Yards               | Storage yard for 6 VRE trainsets at Haymarket, if not provided at Gainesville in Phase 1                              | --                 | \$7.0         |
| Rail Infrastructure | Construct 3 <sup>rd</sup> main track, Manassas to Broad Run, if not provided in Phase 1***                            | --                 | \$8.0         |
| Highway             | US 29 and SR 55 grade crossing elimination  | n.a.               | n.a.          |
| Rolling Stock       | Two additional 6-car trainsets  | \$30.0             | \$30.0        |
| <b>TOTAL COST</b>   |   | <b>\$53.3+</b>     | <b>\$68.3</b> |

\*\*\*Project could be completed in Phase 1. Included in cost estimates for both phases.

In addition, you asked about the federal share and capital match requirements, if these projects were to receive federal funding. Norfolk Southern has submitted a TEA-21 Reauthorization request for railroad infrastructure improvements that includes \$40 million for this portion of the railroad. If they were to receive the authorization, this would cover the bulk of the railroad infrastructure improvements, but not all. The following table outlines each component of the total project, potential funding responsibilities, and match requirements (assuming today's typical match ratio of 80 percent federal, 20 percent state and local match).

**Funding and Match Requirements for Full VRE Service to Gainesville/Haymarket**

(All capital costs expressed in millions of 2003 dollars)

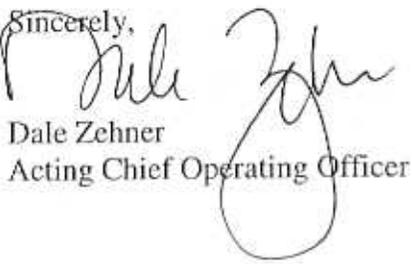
| Category            | Cost             | Potential Funding Responsibility | Potential Federal Share | Potential Match |
|---------------------|------------------|----------------------------------|-------------------------|-----------------|
| Rail Infrastructure | \$56.9           | NS/VRE                           | \$45.52                 | \$11.38         |
| Rolling Stock       | \$45.0           | VRE                              | \$36.0                  | \$9.0           |
| Stations/Parking    | \$14.0           | PWC                              | \$11.2                  | \$2.8           |
| Yard                | \$7.0            | VRE                              | \$5.6                   | \$1.4           |
| <b>Total</b>        | <b>\$ 122.90</b> |                                  | <b>\$ 98.32</b>         | <b>\$ 24.58</b> |

Finally, you requested information on ridership projections. Future incremental daily ridership from these extensions is estimated to range from 3,100 to 5,500 trips above projected ridership for the current system, depending on if both phases are completed or not. This translates to removing 1,300 to 2,300 cars off of I-66 during each morning and afternoon commute, assuming the regional average auto occupancy of 1.2 as reported by MWCOG. The equivalent air quality reduction would be approximately 0.07 – 0.13 tons of NOx per day and 0.03 – 0.05 tons of VOC per day. As you know, these benefits are especially important in a region that struggles with both air quality and congestion.

Finally, I would like to point out that all of the projects in each phase must be completed before service can start for that phase. For example, all of the projects in Phase 1 must be completed before any service can begin to Gainesville. Unfortunately, as of now, there is no funding identified for any of these projects.

We appreciate your interest in the Virginia Railway Express and its future potential. I hope this letter satisfactorily answers your questions. Should you need any further clarification, please do not hesitate to contact me directly at (703) 838-5411.

Sincerely,

  
 Dale Zehner  
 Acting Chief Operating Officer

cc: Sharon Bulova, Chairman, VRE Operations Board  
Michele McQuigg, Delegate  
Scott Lingamfelter, Delegate  
Sean Connaughton, Chairman, Prince William County Board  
Hilda Barg, Supervisor, Prince William County Board  
John Jenkins, Supervisor, Prince William County Board  
Maureen Caddigan, Supervisor, Prince William County Board  
Ruth Griggs, Supervisor, Prince William County Board  
Craig Gerhart, County Executive, Prince William County  
Al Harf, Executive Director, PRTC  
✓ Rick Taube, Executive Director, NVTC  
Steve MacIsaac, VRE Counsel  
Bill Schafer, Norfolk Southern

**Amtrak Contract Extension**

The current VRE operating agreement with Amtrak expires on January 31, 2004. An extension of the agreement for as long as 18 months is being sought to allow VRE to negotiate several matters that could lead to a 15-30 year access agreement for Washington Union Terminal. By January 8<sup>th</sup> staff will have either a proposed contract extension to be ratified by the commission or staff will ask the commission to delegate to the VRE Operations Board the authority to accept a contract extension at its January 16<sup>th</sup> meeting -- in order to meet the January 31<sup>st</sup> deadline.

The contract extension will likely require VRE to pay additional fees that are not included in VRE's FY 2004 or 2005 budgets, but VRE staff anticipates introducing several cost saving initiatives in the future that will provide sufficient funds to cover any acceptable increase in Amtrak fees.

**RESOLUTION #999**

**SUBJECT:** Amtrak Contract Extension.

**WHEREAS:** VRE's current operating agreement with Amtrak expires January 31, 2004; and

**WHEREAS:** VRE and Amtrak are negotiating a new contractual agreement that would provide VRE long term access to Washington Union Terminal; and

**WHEREAS:** In order to permit sufficient time to conclude negotiations on a new long term agreement, an extension agreement through June 30, 2005, has been proposed; and

**WHEREAS:** Amtrak is seeking increased fees for access during the extension period, and VRE and Amtrak have not yet reached agreement on those fees;

**NOW, THEREFORE BE IT RESOLVED** that the Northern Virginia Transportation Commission hereby authorizes VRE's Acting Chief Operating Officer to execute a short term contract extension through April 2, 2004, in order to reach agreement on an access fee for the extension period, with the understanding that additional changes may be approved by the commissions in the future that would apply retroactively to February 1, 2004.

Approved this 8th day of January, 2004.

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William Euille  
Chairman

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Gerry Connolly  
Secretary-Treasurer

VRE Budget for FY 2005

The VRE Operations Board recommends approval of Resolution #1000. This resolution approves VRE's FY 2005 and revised FY 2004 budgets and authorizes staff to forward these to the local jurisdictions, along with a six-year financial forecast. This procedure is mandated in the VRE Master Agreement.

For FY 2005, 32 trains will continue to operate with assumed average daily ridership of 15,000. A six percent fare increase is included but no increase in total local subsidies. A committee of local staff representing their chief administrative officers has worked with VRE for several months to help shape the budget. The final comments of the CAO Task Force are attached and VRE staff has provided a positive response to each of those comments.

## **RESOLUTION #1000**

**SUBJECT:** VRE Budget for FY 2005.

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

**WHEREAS:** The VRE Acting Chief Operating Officer has provided the VRE Operations Board with a revised FY 2004 budget and a proposed FY 2005 Operating and Capital Budget within the guidelines developed in concert with the jurisdictional chief administrative officers and the Board has authorized that budget to be forwarded to the commissions for approval; and

**WHEREAS:** The recommended budget is built on an average daily ridership of 15,000 and 32 trains with a six percent fare increase and no total local subsidy increase.

**NOW, THEREFORE BE IT RESOLVED** that the Northern Virginia Transportation Commission hereby adopts the revised FY 2004 and recommended FY 2005 VRE Operating and Capital Budget and directs staff to forward the FY 2005 budget to the local jurisdictions for inclusion in their budgets and appropriations in accordance with the Master Agreement;

**BE IT FURTHER RESOLVED** that NVTC authorizes the executive directors of both PRTC and NVTC to submit to the Transportation Planning Board of the National Capital Region and to the Federal Transit Administration or other federal agencies, the appropriate Transit Improvement Program and grant applications for FY 2004 and FY 2005;

RES. #1000

**BE IT FURTHER RESOLVED** that NVTC authorizes its executive director to submit to the commonwealth the approved budget as part of the FY 2005 state aid grant applications; and

**BE IT FURTHER RESOLVED** that NVTC accepts and will forward to its jurisdictions the six-year VRE financial forecast that is also a requirement of the Master Agreement.

Approved this 8th day of January, 2004.

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Chairman

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Secretary-Treasurer



# Virginia Railway Express

FY 2005 Budget  
And Revised FY 2004 Budget

*December 19, 2003*

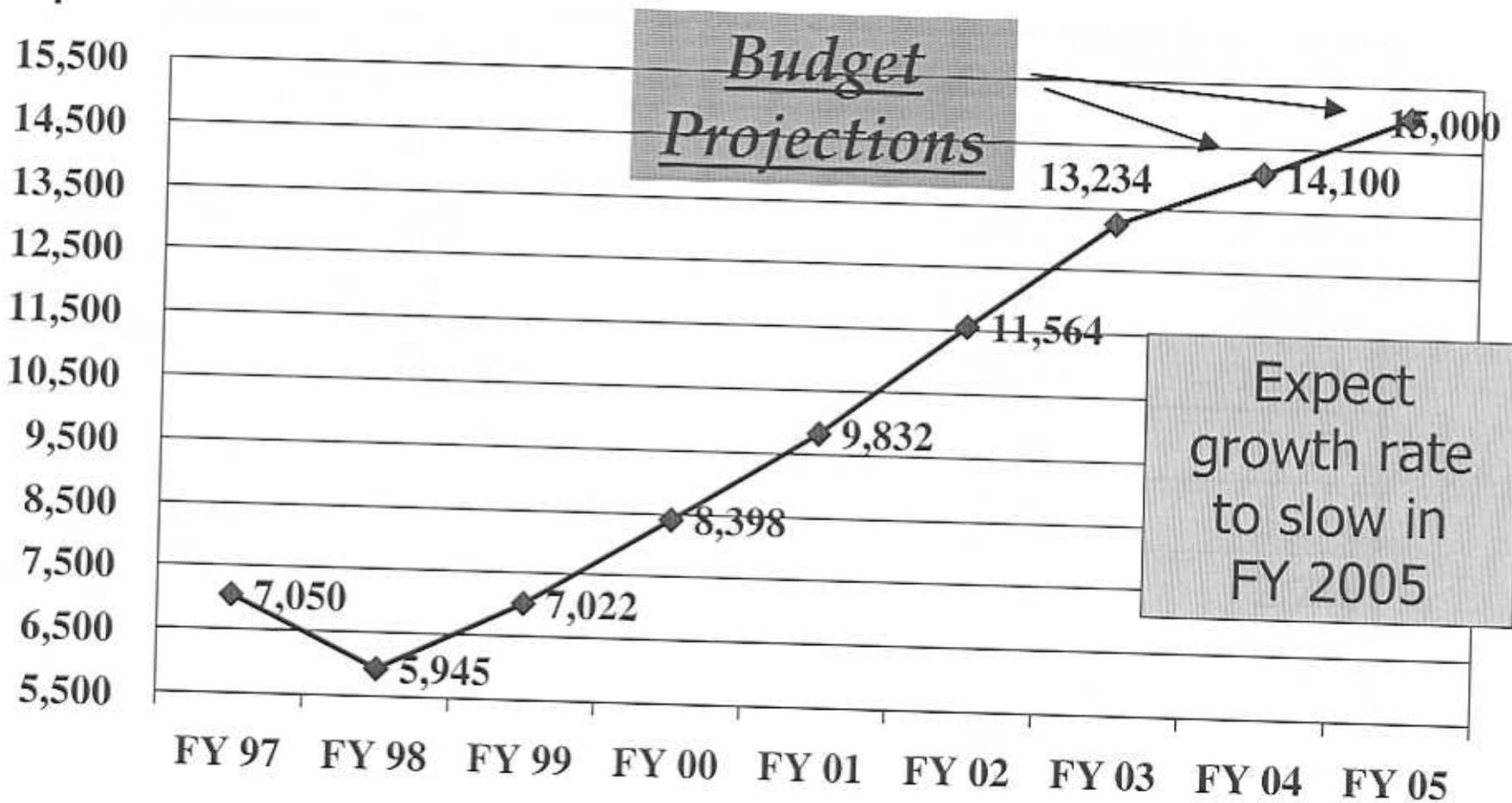


# FY 2005 Base Budget Assumptions

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- Service level constant – 32 trains
  - ✓ Average daily ridership increases from 14,100 to 15,000
  - ✓ Assumes sufficient seating and parking
- Fare increase of 6 percent
- No increase in local subsidy
- Focus on service quality & ridership increase
- Fully funded operating and capital budget

# Average Annual Daily Riders



# Where Do the Riders Come From

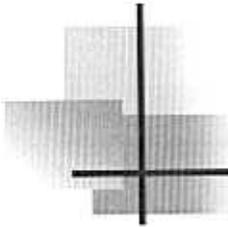
| Jurisdiction             | Passengers | Percent |
|--------------------------|------------|---------|
| Prince William County    | 2,463      | 32.3%   |
| Fairfax County           | 1,670      | 21.9%   |
| Stafford County          | 1,233      | 16.2%   |
| #4 → Spotsylvania County | 821        | 10.8%   |
| City of Manassas         | 385        | 5.1%    |
| City of Fredericksburg   | 241        | 3.2%    |
| #7 → Fauquier County     | 206        | 2.7%    |
| City of Manassas Park    | 235        | 3.1%    |
| All others               | 368        | 4.7%    |
| Total                    | 7,622      | 100.0%  |

## FY 2005 Sources of Funds

| Item          | Amount     | Percent |
|---------------|------------|---------|
| Fare Income   | 18,620,298 | 33.1%   |
| Local Subsidy | 6,353,002  | 11.3%   |
| Commonwealth  | 11,122,066 | 19.8%   |
| Federal       | 19,937,124 | 35.5%   |
| Other Income  | 156,510    | 0.3%    |
| Total         | 56,189,000 | 100.00% |

# FY 2005 Operating and Capital Expenditures

| Item                    | Amount            | Percent       |
|-------------------------|-------------------|---------------|
| Amtrak contract         | 13,290,091        | 23.7%         |
| Capital program         | 13,126,000        | 23.4%         |
| Debt payments           | 9,000,284         | 16.0%         |
| Access fees             | 7,251,905         | 12.9%         |
| Leases                  | 2,593,000         | 4.6%          |
| VRE Personnel Costs     | 2,878,165         | 5.1%          |
| Repairs and Maintenance | 1,960,500         | 3.5%          |
| Fuel                    | 1,224,000         | 2.2%          |
| All other               | 4,865,055         | 8.6%          |
| Total                   | <u>56,189,000</u> | <u>100.0%</u> |



# Capital Program

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- FY 2005 program of \$13,126,000
- Local match investment of \$1,575,120
- Projects
  - Parking expansion
  - Railcar rehabilitation
  - Station improvements per strategic plan
  - Fleet storage

# Budget Process

- VRE staff & CAO Task Force worked together August through final report
- Draft options presented to Finance Committee
- Final CAO Task Force meeting held December 2nd
- CAO Task Force report made six recommendations

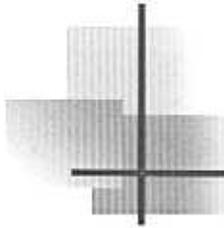
# ① VRE should implement the six percent fare increase proposed

- Fare increase is necessary to fund estimated operating costs
- Provides additional capital match for federal earmarks
- Without fare increase, capital projects would have to be deferred

## ② VRE should study surcharge for passengers using Amtrak trains

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- Will study opportunity
- Amtrak charges \$10 per VRE passenger—totals approximately \$900K per year
- Carry 250+ passengers per day
- Started preliminary planning for “step up” or “premium” ticket
- Could divert passengers to VRE trains
- An action plan will be brought to Board



## ③ VRE should aggressively pursue non-fare box revenues

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- Concur with recommendation
- Restraints on the amount of advertising - physical limitations, economic conditions
- Seeking other opportunities – will investigate options presented by jurisdictional staff

## ④ VRE should conduct study to determine fare evasion

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- No factual data exists to indicate significant fare evasion
- Monitor ridership and fare revenue closely
- Observe ticket inspections/citations
- Will explore means to quantify or better measure adherence to fare collection procedures

## ⑤ VRE should reexamine the Free Ride Certificate program

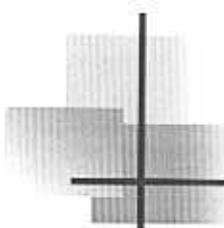
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- Costs between \$40K-\$60K per year
- Key customer service and retention tool
- Riders grown to expect FRCs
- Will document true cost and benefit including riders comments
- Make recommendation to retain program or alter in some fashion

## ⑥ VRE should consider eliminating service on certain holidays

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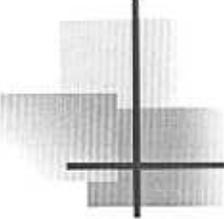
- Would save approximately \$75K per year
- Received 1,000 rider comments, 69% in favor
- Recommendation made to eliminate service effective January 1, 2004



## Revised FY 2004 Budget

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- No increase in revenues
- No net increase in expenses
- Individual budget lines adjusted
  - Increased station maintenance & security
  - Decreased Amtrak & marketing budgets



# Recommendations

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- Approve FY 2004 revised budget
- Approve FY 2005 proposed budget
- Forward FY 2005 proposed budget to Commissions with recommendation for approval
- Commissions forward budget to jurisdictions for appropriation



# Virginia Railway Express Operations Board

1500 King Street • Suite 202 • Alexandria, Virginia 22314-2730 • (703) 684-1001 • FAX (703) 684-1313  
Web Site: <http://www.vre.org> • E-Mail: [gotrains@vre.org](mailto:gotrains@vre.org)

## AGENDA ITEM 9-B ACTION ITEM

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

**FROM: DALE ZEHNER**

**DATE: DECEMBER 19, 2003**

**SUBJECT: REFERRAL OF THE REVISED FY 2004 AND RECOMMENDED  
FY 2005 VRE OPERATING AND CAPITAL BUDGET TO THE  
COMMISSIONS AND LOCALITIES**

### RECOMMENDATION:

The VRE Operations Board is being asked to adopt the revised FY 2004 budget and the recommended FY 2005 VRE Operating and Capital Budget and refer them to the Commissions for their consideration, and that the Commissions, in turn, refer these recommendations to the jurisdictions for their formal review and appropriation.

The budget assumes 15,000 average daily riders. The budget provides for a 6% fare increase to cover operations and no increase in local subsidy.

### BACKGROUND:

In accordance with the VRE Master Agreement, which outlines the process for annual budget approval, the preliminary FY 2005 VRE Operating and Capital Budget was submitted for review as an information item at the September VRE Operations Board meeting. This document follows the adopted guidelines of the Board, developed in concert with jurisdictional chief administrative officers. The major elements are:

- Continues the 32-train operation
- Projects average daily ridership of 15,000 passengers
- Recommends a 6% overall fare increase

### **- 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

- Recommends no overall increase in jurisdictional subsidies. Specific subsidy allocations are made based on a survey compiled by PRTC staff.
- Assumes that the level of State funding on a percentage basis will remain the same as FY 2004.
- Programs the following capital initiatives:
  - Broad Run parking - \$1.835 million
  - Rolling Road parking - \$1.06 million
  - Brooke parking - \$1 million
  - Platform extensions - \$1.636 million
  - Fleet storage - \$3.657 million
  - Rippon parking - \$1.619 million
  - Rolling stock modifications - \$945,000
  - Mafersa overhaul - \$256,000
  - Fleet expansion - \$543,000
  - Facilities infrastructure renewal - \$300,000
  - Security enhancements - \$75,000
- Known earmarks, capital match provided for within the 6% fare increase, for FY2005 include:
  - SmarTrip implementation - \$2 million
  - Station security - \$800,000
  - Parking, not fully matched - \$3 million

**DISCUSSION:**

The preliminary budget options were presented to the Operations Board Finance Committee at their September 17th meeting. Budget alternatives were presented as an Information Item to the Operations Board at the September meeting.

Additionally, the CAO Task Force met November 2nd to finalize their recommendations. The report of the Task Force is presented under separate cover.

**FISCAL IMPACT**

The operating budget for FY 2005 is fully funded through increased ridership and an increase in fares, while capital investment is supported by a portion of the fare increase and the subsidy provided by the local jurisdictions.

The budget allows VRE to remain focused on its primary goal of service quality with targeted marketing programs to sustain existing ridership levels, a state of good repair of facilities and equipment and improved rail service and parking.

Attached is the six-year financial forecast for the period FY 2005 through FY 2010. All other sources and uses of funds are estimated assuming increased service levels and fare increases in the outer years as shown in the forecast. The six-year financial forecast indicates that additional funding (local, state or other sources) will be required to match federal formula funds for the Capital Improvement Program (CIP) as well as to fund the match for potential federal monies obtained for strategic plan initiatives.

### CAO BUDGET TASK FORCE

The Chief Administrative Officers' Task Force report incorporates several specific recommendations for FY 2005. The Task Force is in general agreement with the FY 2005 budget proposals and VRE is in general agreement with the recommendations of the Task Force. Specific comments on the recommendations are as follows:

1. VRE should implement the six percent fare increase proposed.

The six percent fare increase is necessary to fully fund (in conjunction with local and state operating subsidies) the estimated operating costs in FY 2005 and provide additional capital match for federal earmarks, which will be received in FY 2005. Without the fare increase, capital projects would have to be deferred due to insufficient matching funds.

2. VRE should study the imposition of a surcharge for passengers electing to ride Amtrak trains.

Currently VRE pays Amtrak \$900,000 for VRE passengers who use selected Amtrak trains. The Amtrak charge is \$10 per passenger. Currently VRE passengers are not assessed an increased fare for use of Amtrak trains. VRE agrees in principle with the recommendation and has begun preliminary planning to develop a "step up" or "premium" ticket to recoup the additional costs from VRE passengers riding Amtrak trains. VRE staff estimates that an action plan can be developed by April 2004. After procedures and ticketing methods have been formulated, recommendations will be presented to the VRE Operations Board for approval. The FY 2005 budget does not assume any change in the cross-honoring agreement with Amtrak.

3. VRE should aggressively pursue non-farebox revenues.

VRE continues to seek methods to increase revenues from advertising and leasing of equipment. Advertising space is currently sold in railcars and on platforms. As additional railcars are acquired, advertising space will be made available. In addition, as economic conditions improve advertising revenue should increase with additional placement of

advertisement on VRE platforms. The FY 2005 budget projects the current level of non-farebox revenues.

4. VRE should conduct a study to determine the extent of fare evasion.

No factual data exists that indicates that VRE has significant fare evasion. VRE monitors monthly ridership and fare revenue to assure trends in total ridership and fare revenue track to the annual budget. In addition, VRE monitors ticket inspections and number of citations issued by train crews. Based on these established practices there is no evidence of significant fare evasion. However, in response to the CAO Budget Task Force recommendation, VRE will explore means to quantify or better measure adherence to fare collection procedures and inspections and examine if other cost-effective methods are available.

5. VRE should re-examine the free ride certificate (FRC) program.

The FRC program costs VRE between \$40K and \$60K per year. The program, which was adopted by the Operations Board to retain ridership, is a key customer service and retention tool for VRE. Customers have grown to expect FRCs when service is delayed more than 30 minutes. While VRE began collecting additional data on the FRC program due to a prior recommendation by the CAO Task Force, additional data must be collected and compiled to document the true benefit and cost to the program. As additional information is obtained (including rider comments), a recommendation will be made to the Board on whether to retain the FRC program in its present form or alter it in some fashion.

6. VRE should consider eliminating service on certain holidays.

VRE concurs with the CAO Task Force. The elimination of holiday service will save VRE approximately \$75,000 per year. VRE has received over 1,000 comments from riders regarding holiday service with 69% of responses unopposed to the elimination of holiday service. Due to this response, VRE is recommending to the Board that holiday service be terminated effective January 1, 2004. The FY 2005 does not include the expected savings.

### REVISED FY 2004 CAPITAL AND OPERATING BUDGET

The FY 2004 budget has been slightly revised. There is no net increase in budgeted expenditures, though there has been some reallocation internally to meet actual expected expenditures for the year. The ridership and fare revenue estimates are unchanged, as are the capital expenditures and Commonwealth grant estimates.

**TO: CHAIRMAN BULOVA AND THE VRE OPERATIONS BOARD**  
**FROM: DALE ZEHNER**  
**DATE: DECEMBER 19, 2003**  
**RE: REFERRAL OF THE REVISED FY 2004 AND RECOMMENDED**  
**2005 VRE OPERATING AND CAPITAL BUDGET TO THE**  
**COMMISSIONS AND LOCALITIES**

**RESOLUTION**  
**9B-12-2003**  
**OF THE**  
**VIRGINIA RAILWAY EXPRESS**  
**BOARD OF DIRECTORS**

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

**WHEREAS**, the VRE Acting Chief Operating Officer has provided the VRE Operations Board with the FY 2005 Operating and Capital Budget within the guidelines developed in concert with the jurisdictional chief administrative officers; and,

**WHEREAS**, staff recommends a budget built on an average daily ridership of 15,000 average daily riders and 32 trains; and,

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board does hereby recommend that the Commissions adopt the revised FY 2004 and recommended FY 2005 VRE Operating and Capital Budget and forward the FY 2005 budget to the local jurisdictions for inclusion in their budgets and appropriations in accordance with the Master Agreement; and,

**BE IT FURTHER RESOLVED THAT**, the VRE Operations Board does also recommend that the Executive Directors of both PRTC and NVTC submit to the Transportation Planning Board of the National Capital Region and to the Federal Transit Administration or other federal agencies, the appropriate Transit Improvement Program and grant applications for FY 2004 and FY 2005; and,

**BE IT FURTHER RESOLVED THAT**, the VRE Operations Board additionally recommends that the Executive Director of NVTC be authorized to submit to the Commonwealth the approved budget as part of the FY 2005 state aid grant applications.

## MISSION STATEMENT

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

### GOALS FOR FISCAL YEAR 2005

- Achieve at least a 55 percent operating ratio (cost recovery).
- Operate trains on time at least 95 percent of time.
- Achieve at least 15,000 average daily riders for FY 2005.

### PERFORMANCE MEASURES FOR FISCAL YEAR 2005

| MEASURE                      | PERFORMANCE MEASURE                     | TARGET |
|------------------------------|---|--------|
| Safety                       | Injuries to Passengers                  | 0      |
| On-Time Performance          | Percent On-time Each Month              | 95%    |
| Average Daily Seat Occupancy | Utilization of Available Seating        | 90%    |
| Operating Ratio              | Ratio of Fare Income to Operating Costs | 55%    |
| Ridership Growth             | Minimum Growth over Prior Year          | 6%     |

## BUDGET ASSUMPTIONS FOR FISCAL YEAR 2005

### Major Issues in FY 2005 Budget:

1. To sustain growth in service and ridership, additional operating funds are necessary over the FY 2004 level. Sources identified include the following:
  - a. Fare Increase
  - b. Increase in State operating funding
  - c. Increase in Federal formula funds for capital
  
2. A capital reserve must be established to provide matching funds for earmarked federal capital grants.

### Sources of Funding (\$ in thousands)

The budget shown below assumes the following:

- a. Fare revenue will be \$18.6 million
- b. Level of state capital and operating funding will be above the FY 2004 level.
- c. State funding for railroad access fees is programmed at \$5.8 million.
- d. Federal capital program increased from prior year to \$14.1 million.
- e. Local subsidy allocation:

|                          | FY2005              | FY2004              | Change      | % change |
|--------------------------|---------------------|---------------------|-------------|----------|
| Alexandria               | \$ 97,734           | \$ 93,080           | \$ 4,654    | 5%       |
| Arlington                | 142,992             | 136,183             | 6,809       | 5%       |
| Fairfax County           | 2,963,819           | 2,972,946           | (9,127)     | (0.3%)   |
| Fredericksburg           | 57,543              | 68,276              | (10,733)    | (15.7%)  |
| Manassas                 | 270,924             | 270,494             | 430         | 0.2%     |
| Manassas Park            | 149,757             | 129,178             | 20,579      | 15.9%    |
| Prince William<br>County | 2,061,008           | 1,956,546           | 104,462     | 5.3%     |
| Stafford County          | 609,222             | 726,297             | (117,075)   | (16.1%)  |
| <b>Total</b>             | <b>\$ 6,353,000</b> | <b>\$ 6,353,000</b> | <b>\$ -</b> | <b>-</b> |

### Uses of Funding (\$ in thousands)

Key assumptions implicit in determining the operating expense for all budget alternatives include the following:

- a. Free parking at all VRE stations.

- b. The return on investment of the insurance trust fund is estimated to be between 5.0% and 6.0% and no need for a contribution to the trust fund in FY 2005.
- c. Operation of 32 daily trains with an on-time performance of 95% or better.
- d. Continued incentive and performance agreements with AMTRAK.

**SOURCE AND USES OF FUNDS**

|                                  |    |        |
|----------------------------------|----|--------|
| Fare increase                    |    | 6%     |
| Subsidy increase                 |    | -0-    |
| Number of Trains                 |    | 32     |
| Number of Trips/Day              |    | 15,000 |
| <u>Sources (\$ in Thousands)</u> |    |        |
| Fare Income                      | \$ | 18,620 |
| Local Subsidy                    |    | 6,364  |
| State Operating Grant            |    | 5,440  |
| State Capital Grant              |    | 4,632  |
| Federal Capital Funding          |    | 14,136 |
| Additional SSTP Funding          |    | 5,802  |
| Other Income                     |    | 1,195  |
| Total Sources                    |    | 56,189 |
| <u>Uses (\$ In thousands)</u>    |    |        |
| Operating Expenses               | \$ | 31,540 |
| Debt Service                     |    | 9,000  |
| Equipment Lease Payments         |    | 1,800  |
| Federal Capital Program          |    | 13,390 |
| Reserve for capital match        |    | 459    |
| Total uses                       | \$ | 56,189 |

**Six-Year Financial Plan**

The final FY 2005 budget recommendation includes a six-year financial plan as required by the Master Agreement. The six-year financial plan was developed in conjunction with the VRE strategic plan and reviewed with CAO Budget Task Force during the fall of 2003. The financial plan is a critical component of the strategic plan. The strategic plan will provide a number of operating alternatives for the next ten years and the associated capital, operating, and local subsidy investments required for each alternative. The six-year financial plan presented in December 2003 uses data from the strategic plan and was coordinated with jurisdictional staffs and provides a realistic budget forecast for the next six years for a prudent operating scenario and corresponding investment obligations.

### Other Factors

- a. Fares: increase of \$2.3 million over the FY2004 level due to the increase in fares and continued growth in ridership.
- b. Local Subsidy: no increase
- c. Inflation: 2 percent
- d. Merit/COLA: 3 percent
- e. Major capital additions
  - Continued introduction of Gallery bi-level coaches
  - Commencement of parking lot expansions at Broad Run, Burke Centre, Manassas and improvements at Brooke
  - Continued capacity improvements to stations and railroad facilities

## VRE - FY 2005 Proposed Budget & FY2004 Revised Budget

|  | FY 2003 Actual    | FY 2004 Revised   | FY 2005 Proposed  |
|--|-------------------|-------------------|-------------------|
| <b>REVENUE</b>                                     |                   |                   |                   |
| <b>000 VRE - Non-Departmental</b>                  |                   |                   |                   |
| 4100 Passenger revenue                             | 15,048,262        | 16,305,112        | 18,620,298        |
| 4200 Equipment rentals & other                     | 292,086           | 142,780           | 103,200           |
| 4300 Local Jurisdictions                           | 5,534,554         | 6,123,632         | 6,123,632         |
| 4400 Contributing Jurisdictions                    | 218,336           | 229,258           | 240,721           |
| 4510 In-Kind Contributions                         | 457,149           | 0                 | 0                 |
| 4660 Federal grants                                | 15,766,059        | 17,522,212        | 19,937,124        |
| 4661 Virginia grants                               | 11,152,320        | 11,161,746        | 11,122,066        |
| 4700 Interest income - Bond/Project Funds          | 47,569            | 50,000            | 12,000            |
| 4710 Interest income - DSRF/Operating Reserve      | 40,240            | 50,000            | 30,000            |
| 4800 Interest income - Restricted funds            | 1,171,667         | 2,000,000         | 2,000,000         |
| <b>Total REVENUE</b>                               | <b>49,728,243</b> | <b>53,584,740</b> | <b>58,189,041</b> |
| <b>EXPENSES</b>                                    |                   |                   |                   |
| <b>000 VRE - Non-Departmental</b>                  |                   |                   |                   |
| 5900 Depreciation                                  | 5,837,560         | 0                 | 0                 |
| 6410 Insurance                                     | 2,579,343         | 2,000,000         | 2,000,000         |
| 7000 Budgeted CIP & Reserves                       | 0                 | 11,716,360        | 13,885,102        |
| 9200 Bond interest & financing costs               | 4,550,637         | 9,000,534         | 9,000,284         |
| 9750 Bond interest/financing costs & other costs   | -598,270          | 0                 | 0                 |
| <b>Total VRE - Non-Departmental</b>                | <b>12,369,270</b> | <b>22,716,894</b> | <b>24,885,386</b> |
| <b>001 Office of the Chief Operating Officer</b>   |                   |                   |                   |
| 5100 Salaries & benefits                           | 471,674           | 169,810           | 279,893           |
| 5200 Travel, training, & Employee expenses         | 62,409            | 29,500            | 30,900            |
| 5202 Board Member expenses                         | 2,000             | 4,500             | 4,500             |
| 5500 Legal and audit services                      | 125,988           | 100,000           | 100,000           |
| 6500 Consulting & Professional Services            | 501,448           | 260,000           | 250,000           |
| <b>Total Office of the Chief Operating Officer</b> | <b>1,163,519</b>  | <b>563,810</b>    | <b>665,293</b>    |
| <b>002 Administration</b>                          |                   |                   |                   |
| 5100 Salaries & benefits                           | 61,855            | 221,946           | 255,273           |
| 5200 Travel, training, & Employee expenses         | 13,346            | 4,500             | 4,500             |
| 5300 Communication & Other                         | 124,857           | 105,460           | 113,400           |
| 5700 Office administrative expenses                | 272,902           | 195,340           | 228,600           |
| <b>Total Administration</b>                        | <b>472,960</b>    | <b>527,246</b>    | <b>601,773</b>    |

## VRE - FY 2005 Proposed Budget

|  | FY 2003 Actual   | FY 2004 Revised  | FY 2005 Proposed |
|--|------------------|------------------|------------------|
| <b>003 Budget &amp; Finance</b>                          |                  |                  |                  |
| 5100 Salaries & benefits                                 | 458,954          | 473,298          | 489,691          |
| 5200 Travel, training, & Employee expenses               | 10,387           | 7,300            | 10,700           |
| 5500 Legal and audit services                            | 28,100           | 30,000           | 40,000           |
| 6150 Other repairs and maintenance                       | 0                | 2,000            | 0                |
| 6500 Consulting & Professional Services                  | 4,725            | 5,000            | 5,000            |
| 6800 Bank discounts & settlement fees                    | 878,483          | 684,665          | 701,000          |
| <b>Total Budget &amp; Finance</b>                        | <b>1,380,649</b> | <b>1,202,263</b> | <b>1,246,391</b> |
| <b>004 Marketing, Planning &amp; Public Affairs</b>      |                  |                  |                  |
| 5100 Salaries & benefits                                 | 642,568          | 721,862          | 732,979          |
| 5200 Travel, training, & Employee expenses               | 22,200           | 39,000           | 34,000           |
| 6150 Other repairs and maintenance                       | 49               | 0                | 0                |
| 6170 Bus Services  | 145,147          | 110,000          | 70,000           |
| 6400 Marketing & PR expenses                             | 612,127          | 580,000          | 590,000          |
| 6500 Consulting & Professional Services                  | 19,715           | 46,000           | 10,000           |
| <b>Total Marketing, Planning &amp; Public Affairs</b>    | <b>1,441,806</b> | <b>1,496,862</b> | <b>1,436,979</b> |
| <b>005 Facilities &amp; Equipment</b>                    |                  |                  |                  |
| 5100 Salaries & benefits                                 | 116,700          | 112,430          | 113,129          |
| 5200 Travel, training, & Employee expenses               | 26,728           | 15,000           | 27,000           |
| 6100 Contract operations & maintenance                   | 58,970           | 433,996          | 451,356          |
| 6150 Other repairs and maintenance                       | 779,577          | 40,000           | 724,500          |
| 6210 Utilities   | 274,217          | 137,500          | 273,000          |
| 6220 Fuel  | 1,156,996        | 1,081,561        | 1,200,000        |
| 6230 Materials & Supplies                                | 72,532           | 10,100           | 0                |
| 6300 Property leases & access fees                       | 1,780,967        | 2,259,000        | 1,800,000        |
| 6500 Contracted services                                 | 839,505          | 140,000          | 1,140,000        |
| <b>Total Facilities &amp; Equipment</b>                  | <b>5,106,190</b> | <b>4,229,587</b> | <b>5,728,985</b> |
| <b>006 Communications &amp; Information Technology</b>   |                  |                  |                  |
| 5100 Salaries & benefits                                 | 253,872          | 242,194          | 255,345          |
| 5200 Travel, training, & Employee expenses               | 28,012           | 20,000           | 24,000           |
| 5300 Communication & Other                               | 126,954          | 91,369           | 59,000           |
| 5700 Office administrative expenses                      | 149,710          | 50,000           | 50,000           |
| 6150 Other repairs and maintenance                       | 438,370          | 150,000          | 285,000          |
| 6200 Communications                                      | 246,192          | 214,000          | 197,000          |
| 6230 Materials & Supplies                                | 109,187          | 25,000           | 25,000           |
| <b>Total Communications &amp; Information Technology</b> | <b>1,352,298</b> | <b>792,563</b>   | <b>895,345</b>   |
| <b>007 PRTC</b>  |                  |                  |                  |
| 5101 Commissions--Salaries, benefits, indirect           | 285,617          | 198,750          | 236,087          |
| 5200 Travel, training, & Employee expenses               | 7,340            | 6,500            | 3,100            |
| <b>Total PRTC</b>  | <b>292,957</b>   | <b>205,250</b>   | <b>239,187</b>   |

## VRE - FY 2005 Proposed Budget

|  | FY 2003 Actual    | FY 2004 Revised   | FY 2005 Proposed  |
|--|-------------------|-------------------|-------------------|
| <b>008 NVTC</b>                                |                   |                   |                   |
| 5101 Commissions--Salaries, benefits, indirect | 74,738            | 25,879            | 89,500            |
| 5200 Travel, training, & Employee expenses     | 269               | 1,000             | 500               |
| 6500 Consulting & Professional Services        | 0                 | 63,121            | 0                 |
| <b>Total NVTC</b>                              | <b>75,007</b>     | <b>90,000</b>     | <b>90,000</b>     |
| <b>009 Amtrak</b>                              |                   |                   |                   |
| 6100 Contract operations & maintenance         | 12,764,286        | 12,844,599        | 13,226,091        |
| 6120 Railroad Payments                         | 0                 | 0                 | 0                 |
| 6210 Utilities                                 | 38,214            | 66,132            | 38,000            |
| 6220 Fuel                                      | 19,577            | 32,185            | 24,000            |
| 6300 Property leases & access fees             | 925,871           | 937,271           | 974,762           |
| <b>Total Amtrak</b>                            | <b>13,747,948</b> | <b>13,880,187</b> | <b>14,262,853</b> |
| <b>010 Norfolk Southern</b>                    |                   |                   |                   |
| 6100 Contract operations & maintenance         | 0                 | 0                 | 0                 |
| 6120 Railroad Payments                         | 16,857            | 20,800            | 21,000            |
| 6150 Other repairs and maintenance             | 461               | 0                 | 1,000             |
| 6300 Property leases & access fees             | 1,981,067         | 2,125,877         | 2,210,912         |
| <b>Total Norfolk Southern</b>                  | <b>1,998,385</b>  | <b>2,146,677</b>  | <b>2,232,912</b>  |
| <b>011 CSXT</b>                                |                   |                   |                   |
| 6100 Contract operations & maintenance         | 264,589           | 0                 | 0                 |
| 6120 Railroad Payments                         | 65,275            | 313,304           | 324,298           |
| 6300 Property leases & access fees             | 2,620,000         | 3,635,513         | 3,780,934         |
| <b>Total CSXT</b>                              | <b>2,949,863</b>  | <b>3,948,817</b>  | <b>4,105,232</b>  |
| <b>013 Operations &amp; Safety</b>             |                   |                   |                   |
| 5100 Salaries & benefits                       | 119,935           | 117,229           | 127,467           |
| 5200 Travel, training, & Employee expenses     | 19,136            | 6,500             | 11,250            |
| 6150 Other repairs and maintenance             | 153,063           | 200,000           | 0                 |
| <b>Total Operations &amp; Safety</b>           | <b>292,135</b>    | <b>323,729</b>    | <b>138,717</b>    |
| <b>014 Capital Programs</b>                    |                   |                   |                   |
| 5100 Salaries & benefits                       | 564,558           | 574,855           | 624,388           |
| 5200 Travel, training, & Employee expenses     | 26,568            | 23,000            | 19,000            |
| 6150 Other repairs and maintenance             | 779,516           | 850,000           | 950,000           |
| 6171 Parking Fees                              | 329,929           | 300,000           | 334,000           |
| 6210 Utilities                                 | 90,470            | 68,000            | 72,600            |
| 6230 Materials & Supplies                      | 33,073            | 45,000            | 60,000            |
| <b>Total Capital Programs</b>                  | <b>1,824,114</b>  | <b>1,860,855</b>  | <b>2,059,988</b>  |
| <b>050 Grant Supported Operations</b>          |                   |                   |                   |
| 5800 Recovery of capital labor                 | 0                 | -400,000          | -400,000          |
| <b>Total Grant Supported Operations</b>        | <b>0</b>          | <b>-400,000</b>   | <b>-400,000</b>   |
| <b>Total EXPENSES</b>                          | <b>44,467,100</b> | <b>53,584,740</b> | <b>58,189,041</b> |

PROPOSED  
CAPITAL IMPROVEMENTS PROGRAM  
FISCAL YEARS 2005 - 2010  
VIRGINIA RAILWAY EXPRESS

***DECEMBER, 2003***

## INTRODUCTION

The Virginia Railway Express (VRE) Capital Improvements Program (CIP) for Fiscal Years 2005 - 2010 is an integrated set of projects and programs that will improve passenger safety, operational efficiency, and expand capacity. The capital improvements described on the following pages are designed to attract more riders through greater reliability, faster operating speeds and improved station access. In addition to project descriptions, this document also provides information on historical trends, agency cooperation, and programming criteria.

The VRE capital planning process is informed by the results of the Strategic Plan. While work is well underway on the second phase of the Strategic Plan, Board approval of this exercise is not expected until after the budget is adopted. Therefore, while planning assumptions remain based on the first phase of the strategic plan, revised Phase II Strategic Plan cost estimates were used where applicable. Projects are included in the CIP as funded, partially funded, or unfunded. As the second phase of the Strategic Plan is approved by the Operations Board, resulting changes to the CIP will be incorporated as appropriate.

## VRE CIP Background and History

### **Policy Statement:**

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

### **Grant History:**

In 1994, VRE became eligible for annual federal funding from the Federal Transit Administration's program of Urbanized Area Formula grants (Section 5307 funds). The funding is restricted to capital projects and is based on VRE passenger miles and other formula factors. As VRE service and passengers increase, more Section 5307 funds will be appropriated to VRE. VRE also receives annual formula allocations of Rail Modernization funds (Section 5309), which are intended to maintain rail facilities and equipment in a state of good repair.

Funding for VRE projects has grown significantly, with well over double the amount of available funding in FY2005 than in FY1994. In addition, VRE has grown more successful in recent years obtaining both federal and state earmarks for capital projects. In FY03, VRE received nearly a million dollars as part of the Governor's Congestion Mitigation Initiative that supported several parking expansion initiatives.

## VRE CIP Cooperation

VRE CIP activities are performed by staff from the Virginia Railway Express (VRE), Northern Virginia Transportation Commission (NVTC), and Potomac and Rappahannock Transportation Commission (PRTC). Jurisdictional staff, railroad representatives, and Virginia Department of Rail and Public Transportation (VDRPT) staff also participate in planning and CIP programming. A CIP committee made up of staff from VRE, NVTC, PRTC, and VDRPT meets monthly to coordinate these activities.

### **Programming Process**

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

- ❖ Provide full funding for adopted CIP projects mandated by legislation.
- ❖ Provide full funding for adopted CIP projects required by agreements with railroads, localities, or related entities.
- ❖ Identify and fund projects that maintain facilities and rolling stock in a state of good repair.

Identify and fund projects that advance the VRE mission of increased riders while maintaining safety and reliability standards.

Identify and fund projects that improve operational efficiency and costs.

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

- NS and CSX Track and Signal Improvements
- VRE Passenger Facilities
- Yard Improvements
- Rolling Stock
- Administrative and System Projects

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

## CIP Document Organization

This year, the CIP text was reorganized to allow more information to be provided on active construction projects. These project descriptions now include a more detailed summary regarding budget, funding and schedule. Construction projects remain organized by project type. Administrative and/or on-going system projects are now grouped together at the end of the document. As in previous years, new projects are identified as such.

Project information is provided for all projects with funding programmed for FY05-09 as well as projects that were part of previous CIPs, but are not yet complete. While several of the projects are not fully funded, efforts to secure earmarks are ongoing. However, potential earmarks are not shown in this document until after they are fully allocated by the funding agency. A CIP funding history is provided in the *Virginia Railway Express Capital Improvement Program (FY03-FY10)*, located at the end of the document.

### NS and CSX Track and Signal Improvements

**Project:** Quantico Bridge

**Location:** Quantico, Virginia

**Description:** This project will construct a second railroad bridge at Quantico Creek, parallel to the existing crossing. The area within two miles of the bridge in either direction accounts for most delays to VRE trains as the Quantico crossing is the only segment of single track on the entire Fredericksburg line. As demonstrated in the capacity model simulation, removal of this bottleneck will greatly increase operating capacity on CSXT south of Woodbridge.

**Current Phase:**

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

**Schedule:** Final design to be completed by December 2003. Final project completion is expected in 2006.

**Budget:**

- Total estimated cost: \$25.2 million (includes \$2 million for North Possum Point interlocking)

- Total CIP budget: \$23.9 million

Funding Source: Funding is made up of federal and state earmarks, Commonwealth High Priority funds and state provided match.

### VRE Passenger Facilities

**Project:** Cherry Hill

Description: This project includes the development of the 13th station on VRE's Fredericksburg Line. The VRE station is part of a larger private development project on the Cherry Hill Peninsula. The facility will include a station house, parking and two platforms.

Current Phase:

- conceptual       preliminary planning       environmental  
 design/eng.       procurement       construction

Schedule: A preliminary station location report has been completed and work is underway with CSX to discuss operational issues associated with this station. Design is expected to begin in late 2004.

Budget:

- Total estimated cost: TBD
- Total CIP budget: \$6.5 million

Funding Source: Funding is made up of federal earmarks and VRE federal formula funds. The local match is provided for using state, local and private funds.

**Project:** Facilities Infrastructure Renewal

Description: As VRE ages, some of the original facilities are in need of repairs and/or maintenance. Affecting each station, this project ranges from minor repairs to facility rehabilitation.

Current Phase:

- conceptual       preliminary planning       environmental

design/eng.     procurement     construction

Schedule: While minor work is already underway, a procurement is being readied that will include location specific task assignments. Staff anticipates releasing this procurement in mid 2004.

Budget:

- Total estimated cost: TBD
- Total CIP budget: \$4.2 million

Funding Source: Funding is made up of VRE federal formula funds. Local match is being provided for using state and local funds.

**Project: Governor's Initiative Parking/Access Improvements**

Description: VRE received funding for parking and access improvements as part of Governor Warner's Congestion Mitigation Initiative. Projects were selected based on their ability to reduce congestion, improve air quality and be completed in a timely fashion. Funding received by VRE is being used to:

- expand and enhance parking (approximately 110 spaces) at the Manassas VRE station
- make improvements to Observation Road, adjacent to the Broad Run VRE station
- lease 320 parking spaces at the Rippon VRE station
- construct additional parking at the Broad Run station (up to 280 spaces)

Current Phase:

conceptual     preliminary planning     environmental  
 design/eng.     procurement     construction

Schedule: Work is underway for all elements of this project and is expected to be complete by the end of calendar year 2004.

Budget:

- Total estimated cost: 950,000
- Total CIP budget: 950,000

Funding Source: Funding is made up of state Public Transportation Improvement funds.

**Project: Future Parking Expansion Projects**

Description: As VRE ridership grows, passenger demand for parking continues to increase. As a result, parking expansion and enhancement projects are an important component of the VRE CIP. The following future parking projects are included for funding in the CIP. Additional detail will be added about these projects as work begins. Each project scope will ultimately include environmental, engineering/design and construction work.

- Broad Run Deck, 300 spaces
- Brooke, 300 spaces
- Deck at Manassas, Manassas Park or Broad Run, 300 spaces
- Fredericksburg, 300 spaces
- Rippon Deck, 700 spaces
- Rolling Road Deck, 300 spaces
- Woodbridge Garage, 460 spaces

Parking projects that have been initiated are discussed separately below and include individual schedule and budget information.

**Project: Parking Deck at Burke Centre**

Description: This project will construct up to 1,400 spaces at the Burke Centre station. A feasibility study was completed by Fairfax County in late 2003 and a citizen design task force has been initiated. Preliminary plans call for construction to occur on portions of the existing parking lot.

Current Phase:

- conceptual       preliminary planning       environmental  
 design/eng.       procurement       construction

Schedule: Next steps include procurement of a design and environmental consultant, with the expectation that design can be completed within two years. The final estimated project completion date is 2007.

Budget:

- Total estimated cost: \$25 million
- Total CIP budget: \$15.1 million

Funding Source: Funding is made up of federal earmarks, CMAQ and local match being provided by Fairfax County.

**Project: Parking Deck at Manassas**

Description: This project will construct approximately 320 spaces adjacent to the Manassas station. Property acquisition will be required.

Current Phase:

- conceptual       preliminary planning       environmental  
 design/eng.       procurement       construction

Schedule: Environmental work was completed in August, 2003 when FTA issued a Finding of No Significant Impact (FONSI). Design is currently underway and expected to be complete by the end of 2004 . The first in a series of stakeholders meetings was held in October of 2003. The estimated final project completion date is 2006.

Budget:

- Total estimated cost: \$5.4 million
- Total CIP budget: \$5.8 million

Funding Source: Funding is made up of state and federal earmarks, CMAQ/RSTP funding and local match being provided by the City of Manassas.

**Project: Platform and Canopy Extensions**

Description: As ridership grows, several platforms require extensions due to the need to run longer trains as well as accommodate the volume of people waiting on the platform. Canopies must also be expanded to allow for a covered waiting area for passengers and fare collection equipment.

Current Phase:

- conceptual       preliminary planning       environmental  
 design/eng.       procurement       construction

Schedule: Design work on the first canopy extension project, Burke Centre, is expected to begin in late 2003. Design work on the first platform extension project, Manassas Park, is scheduled to begin in early 2004 and be completed in 2005.

Budget:

- Total estimated cost: \$7.5 million
- Total CIP budget: \$7.5 million

Funding Source: Funding is made up of VRE federal formula funds. Local match is being provided for using state and local funds.

Project: **Quantico Station**

Description: This project involves making improvements to the existing station building located at the Quantico VRE Station. Renovations will enable a portion of the station to be leased out as well as provide an indoor passenger waiting area. The project is being conducted in two phases, remediation of lead based paint and asbestos, followed by renovation.

Current Phase:

- conceptual       preliminary planning       environmental  
 design/eng.       procurement       construction

Schedule: A contract for remediation is imminent and work will be completed by January 2004. Renovation design work is scheduled to continue over the winter, with a procurement issued in spring of 2004. The renovated station is expected to open by December of 2004.

Budget:

- Total estimated cost: \$1 million
- Total CIP budget: \$1.1 million

Funding Source: Funding is made up of federal and state earmarks as well as VRE federal formula funds. Local match is being provided for using state and local funds.

**Project: Woodbridge Surface Lot**

Description: This project will construct a 150 space surface lot adjacent to the Woodbridge garage.

Current Phase:

- conceptual     preliminary planning     environmental  
 design/eng.     procurement     construction

Schedule: This project is being constructed by Prince William County and is expected to be completed by mid 2004.

Budget:

- Total estimated cost: \$600,000
- Total CIP budget: \$600,000

Funding Source: Funding is made up of CMAQ funds with local match being provided by Prince William County.

**Project: Woodbridge Station Second Platform/Kiss&Ride and Right of Way Acquisition**

Description: This project will add a second passenger platform at the Woodbridge station in order to improve current scheduling flexibility and help reduce delays. Delays occur at this station due to congestion between north and south-bound VRE, Amtrak, and freight traffic using the same tracks. The project scope also includes property acquisition, in conjunction with Prince William County, of property needed for a kiss and ride lot and adjacent highway interchange.

Current Phase:

- conceptual     preliminary planning     environmental  
 design/eng.     procurement     construction

Schedule: Design is nearing completion following negotiations with CSX regarding track relocation, which could significantly impact project schedule and budget. Construction procurement expected to be issued in early 2004.

Budget:

- Total estimated cost: \$4 million
- Total CIP budget: \$4.1 million

Funding Source: Funding is made up of federal earmarks with local match being provided by Prince William County.

### Yard Improvements

Project: **Broad Run and Crossroads Yard Expansion/Maintenance Facilities**

Description: The existing rolling stock storage yards at the end of the Manassas and Fredericksburg lines will need to be expanded to accommodate additional rolling stock and performance of maintenance functions. Currently, the yard is overcrowded which makes moving or re-coupling the fleet both time and labor intensive. The project scope would also include track expansions, maintenance and car washing facilities. This project has been accelerated because VRE must perform a growing amount of fleet maintenance. This work is difficult to perform downtown as capacity is constrained. As a new fleet is not immanent, maintenance on the existing fleet will continue to rise. Furthermore, as additional vehicles procured by VRE will be used rather than new, increased fleet maintenance capabilities will be needed and can be achieved through this project. Cost savings opportunities exist if additional services can be performed in VRE owned outlying facilities.

Current Phase:

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

Schedule: TBD

Budget:

- Total estimated cost: \$50 million
- Total CIP budget: \$4.2 million

Funding Source: Funding is made up of VRE federal formula funds. Local match is being provided for using state and local funds.

**Project: Broad Run Pit Track**

Description: This project will add a 540-foot inspection pit to the Broad Run Yard, improving VRE's ability to perform maintenance functions at the yard.

Current Phase:

- conceptual       preliminary planning       environmental  
 design/eng.       procurement       construction

Schedule: Design work is currently underway with final project completion expected in 2004.

Budget:

- Total estimated cost: \$1.4 million
- Total CIP budget: \$1.4 million

Funding Source: Funding is made up of VRE federal formula funds. Local match is being provided for using state and local funds.

**Project: Emergency Power**

Description: This project will add emergency power to both outlying yards as well as the VRE administrative offices in Alexandria, Virginia. The yard component of the project includes new switches and panels at Broad Run and pit track power at Crossroads. These enhancements would provide improved operational and maintenance efficiency.

Current Phase:

- conceptual       preliminary planning       environmental  
 design/eng.       procurement       construction

Schedule: Generators are scheduled to be operational by mid 2004.

Budget:

- Total estimated cost: \$400,000
- Total CIP budget: \$462,000

Funding Source: Funding is made up of VRE federal formula funds. Local match is being provided for using state and local funds.

**Project: Mid-day Storage – Crescent**

Description: This project is pursuing opportunities to increase mid-day rolling stock storage in Washington, D.C. adjacent to Washington Union Terminal. Several locations are being considered as well as varying options for leasing and/or buying property.

Current Phase:

- conceptual     preliminary planning     environmental  
 design/eng.     procurement     construction

Schedule: TBD

Budget:

- Total estimated cost: \$40 million
- Total CIP budget: \$30 million

Funding Source: Funding is made up of VRE federal formula funds. Local match is being provided for using state and local funds.

**Project: Wayside Power, Broad Run**

Description: This project includes design and construction of additional wayside power at the Broad Run yard on Tracks 6, 7, and 8 as well as installation of drip pans and collection systems. Installation of wayside power provides electrical power directly from a power cable to the equipment, rather than using idling locomotives to provide power. Idling the locomotives increases wear and tear on the equipment as well as contributes to air and noise pollution.

Current Phase:

- conceptual     preliminary planning     environmental  
 design/eng.     procurement     construction

Schedule: Design has been completed and procurement documents are under development. The procurement is scheduled to be issued in 2004.

Budget:

- Total estimated cost: \$1 million
- Total CIP budget: \$1 million

Funding Source: Funding is made up of VRE federal formula funds. Local match is being provided for using state and local funds.

### Rolling Stock

Project: **Capital Fleet Expansion**

Description: As VRE's fleet ages and reaches the end of its useful life, additional equipment will be to be procured. Various options for capacity expansion will be considered, including financing options that would allow for the purchase of approximately 47 new cars and 18 locomotives.

Current Phase:

- conceptual       preliminary planning       environmental  
 design/eng.       procurement       construction

Schedule: TBD

Budget:

- Total estimated cost: \$141 million
- Total CIP budget: \$14.3 million

Funding Source: Funding is made up of federal earmarks and VRE federal formula funds. Local match is being provided for using state and local funds.

Project: **Gallery III**

Description: Due to growing ridership demand VRE acquired 35 used Gallery cars for renovation from Chicago's METRA. Thirty cars will be renovated for service following minor retrofit work.

Current Phase:

- conceptual       preliminary planning       environmental  
 design/eng.       procurement       construction

Schedule: The technical specification is currently being developed and is scheduled for release by the end of 2003, allowing award of the retrofit work to occur in early 2004.

Budget:

- Total estimated cost: TBD - based on level of retrofit.
- Total CIP budget: \$3.3 million

Funding Source: Funding is made up of Commonwealth VTA 200 funding. No local match is required.

Project:      **Locomotive HEP Overhaul**

Description: As the locomotive fleet ages, scheduled overhaul and maintenance work must be undertaken. The current phase of this project scope includes the overhaul of ten GP39 HEPs units.

Current Phase:

- conceptual       preliminary planning       environmental  
 design/eng.       procurement       construction

Schedule: Contract award was approved in November of 2003. Work is expected to be completed within fourteen months.

Budget:

- Total estimated cost: \$625,000
- Total CIP budget: \$625,000

Funding Source: Funding is made up of VRE federal formula funds. Local match is being provided for using state and local funds.

**Project: Mafersa Overhaul**

Description: The 38 Mafersa cars currently being operated by VRE have been in service for 11 years and are in need of a mid-life overhaul. While a mid-life overhaul is usually done after 10 years, these cars experience low mileage trips, therefore extending their operation.

Current Phase:

- conceptual       preliminary planning       environmental  
 design/eng.       procurement       construction

Schedule: Funding is scheduled to begin in 2005.

Budget:

- Total estimated cost: \$19 million
- Total CIP budget: \$19 million

Funding Source: Funding is made up of VRE federal formula funds. Local match is being provided for using state and local funds.

**Administrative and System Projects**

**1. Accounting Software –**

This project will replace the current financial accounting system. An upgrade will help staff more efficiently manage the increasing financial transactions that accompany growing ridership and projects. The project scope includes technical assistance in specification development, procurement and installation. Work is currently underway on specification development in order to allow for implementation by July of 2004 . *Budget: \$400,000*

**2. Bi-Level Acquisition –**

This project makes annual finance payments on the 13 bi-level Kawasaki railcars VRE purchased in 1995. The CIP programs an annual payment which represents the cost of financing this equipment over 20 years. *Annual payment in FY 2005 is \$2.1 million.*

### **3. Capital Project Contingency –**

Funding is allocated to capital projects on an as needed basis due to circumstances such as unforeseen site conditions. Funding is allocated among projects following approval from the CIP Committee. *Annual allocation in FY 2005 is \$287,000.*

### **4. Construction Management –**

Funding is used to provide construction management services that require more technical expertise not available on staff. Specific needs can include on-site management of construction projects with specific environmental or historical elements. *Annual allocation in FY 2005 is \$350,000.*

### **5. Fare Collection II (technical support and lease payments) –**

The new fare collection system was implemented in August of 2002. Work currently underway includes warranty work, final punch list items and annual lease payments. *Annual payment in FY 2005 is \$545,000.*

### **6. Fredericksburg Parking Lease Payments –**

This project funds ongoing lease payments to several small independent parking lots that were leased by VRE for passenger use. Annual lease payments are scheduled through FY06. *Annual payment in FY 2005 is \$44,000.*

### **7. Grant and Project Management –**

Funding allocated to this project supports staff grant work as well as project management. These expenses are capitalized into grants, reserving operating funds for the provision of service. *Annual allocation in FY 2005 is \$1.1 million.*

### **8. Rolling Stock Modifications –**

Project scope includes technical fieldwork that improves passenger travel and crew working conditions. Tasks may also include responding to requests for minor upgrades and safety mandates from the Federal Railroad Administration (FRA). Funding is allocated on an annual basis. *Annual allocation in FY 2005 is \$945,000.*

### **9. Security Enhancements –**

New to the federal grant appropriation last year, grantees must certify that at least 1% of funding received each fiscal year is being used for transit security projects. In addition, VRE has received earmark funding for these efforts.

VRE has elected to use this funding to support its security contract, which provides safety and security services for stations, parking lots and yards. *Annual allocation in FY 2005 is \$875,000.*

#### **10. SmarTrip –**

This project will implement SmarTrip functionality into VRE's fare collection system. This synchronization will allow VRE to be compatible with the regional transit system. *Current budget is \$3.2 million.*

#### **11. Sounder Lease –**

This project supports monthly rent on the lease of three train sets from Sound Transit. While funding is programmed through 2005, some units will be returned prior to that date based on the new Gallery equipment being put into service. *Current annual lease payment is \$1.6 million.*

#### **12. Strategic Planning Study, Phase II –**

The VRE Strategic Plan takes a comprehensive look at VRE's capital and operating future. Phase I outlined the short-term needs for station improvements, parking, train storage and rolling stock requirements. Phase II is continuing and updating the analysis, taking it to 2025. Results of the Phase II analysis will be presented to the VRE Operations Board in the first quarter of 2004. *Budget: \$860,000.*

#### **13. Track Lease/Improvements –**

Currently scheduled and proposed increases in commuter rail service have demonstrated the need for capitalized access. These improvements could include long-term leases, capital improvements and increased maintenance on the railroad tracks, stations, and terminals. This project occurs on an annual basis. *Annual allocation in FY 2005 is \$7.2 million.*

### **Unfunded Potential Projects**

As VRE's ridership continues to grow, capital needs have begun to outpace available resources. As a result, not all capital projects can be fully funded using just federal formula funds. While efforts continue to be made to seek funding from other sources, no funding is currently allocated to line extensions or run-through service to Maryland.

REPORT OF THE CHIEF ADMINISTRATIVE OFFICERS'  
VIRGINIA RAILWAY EXPRESS  
FY 2005 BUDGET REVIEW TASK FORCE

December 4, 2003

REPORT OF THE CHIEF ADMINISTRATIVE OFFICERS'  
FY 2005 VIRGINIA RAILWAY EXPRESS BUDGET  
REVIEW TASK FORCE

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REPORT OF THE CHIEF ADMINISTRATIVE OFFICERS'  
FY 2005 VIRGINIA RAILWAY EXPRESS BUDGET REVIEW TASK FORCE

December 4, 2003

I. PRIMARY RECOMMENDATIONS

The CAO Task Force has six primary recommendations for the FY 2005 VRE budget. They are:

1. VRE should implement the proposed six percent fare increase to ensure that funding is available to meet match requirements for federal grants and increasing operating costs.
2. VRE should study the imposition of a surcharge on passengers electing to ride Amtrak trains to recover all or a greater portion of the \$10 charge Amtrak collects for each VRE rider, regardless of distance traveled.
3. VRE should aggressively pursue non-fare box sources of revenue, such as advertising and vending machines on station platforms.
4. VRE should conduct a study, or present other empirical evidence, to determine if there is a problem with fare evasion on VRE trains.
5. VRE should reexamine the Free Ride Certificate Program to determine whether it is achieving its goal of customer retention, identify the associated revenue loss, and consider changes to the program to reduce revenue losses.
6. VRE should consider eliminating service for Columbus Day, Veterans Day, Martin Luther King Day and President's Day due to low ridership.

## II. DISCUSSION OF RECOMMENDATIONS

### Recommendation 1

#### Fare Increase

The CAO Task Force concurs with VRE that a six percent fare increase is necessary in FY 2005 for the following reasons:

- It provides \$960,000 of additional fare revenue over the current fare. This matches fare revenue to projected operating cost increases and also provides for a capital match for recently appropriated earmarks for SmarTrip (\$2 million in regional CMAQ funds) and Security (\$800,000 from the Homeland Security appropriation). Without the additional revenue generated by the six percent increase, existing capital projects will have to be deferred to provide match for these required projects.
- Ridership is not expected to increase at the rates experienced in previous years. Seating and station parking capacity constraints are anticipated to restrict ridership growth to approximately ten percent, rather than the eighteen percent seen in previous years. The fare increase will ensure adequate fare revenue to meet operating costs during FY 2005.
- Each additional two percent fare increase is equivalent to a five percent increase in local subsidy (\$320,000). With a six percent fare increase, the rider will bear more of the actual operating costs, and permits VRE's operating ratio to remain above 60 percent.
- The six percent increase establishes a higher revenue base upon which to build beyond FY 2005. This is especially important when viewing VRE's six-year needs. Because VRE is reaching capacity, substantial capital investments will be in the near future to accommodate ridership demand; these investments will require higher levels of matching funds.
- Finally, although this increase comes after a four percent fare increase in FY 2004, the increase will have a "limited impact on ridership". The demand for VRE is projected to continue to rise due to strong residential growth near VRE stations, strong employment growth in central business district, increasing congestion on the highways, and benefit increases expected from the Metrochek program.

## Recommendation 2

### Amtrak Passengers' Surcharge

VRE should study the imposition of a surcharge on passengers electing to ride Amtrak trains (cross-honoring) and present options to the VRE Operations Board by July 1, 2004 for recovering all or a greater portion of the \$10 charge Amtrak collects for each VRE rider, regardless of the distance traveled. The Amtrak contract provides that VRE will pay Amtrak \$10 per rider times the number of guaranteed seats or the actual number of VRE riders per month as determined by conductor's passenger counts, whichever is greater. This formula results in a minimum payment to Amtrak of approximately \$600,000 per year, regardless of whether anybody cross-honors between Amtrak and VRE. Currently, VRE is paying Amtrak approximately \$900,000 per year for cross-honoring based on actual passenger counts. It is estimated that by eliminating the cross-honoring program, \$300,000 could be saved from those passengers who use this service; however, \$600,000 would still need to be paid by VRE until a new contract is negotiated. A potential issue which needs consideration if this service is eliminated is, that a shift of this magnitude might require VRE to add a seventh car on some trains which already have all bi-level consists, resulting in additional crew expenses. The amount of the additional charge should be set at the point where it persuades a sufficient number of passengers to switch from Amtrak to VRE trains without causing VRE to exceed its existing six-car bi-level consist.

## Recommendation 3

### Non-fare Revenue Options

The CAO Task Force recommends that VRE should aggressively pursue non-fare box sources of revenue such as advertising and vending machines on their station platforms. The opportunity to place appropriate advertising in railcars should be explored during railcar refurbishments and in any specifications VRE develops for new railcars. The VRE Operations Board should consider setting a goal for advertising and other non-fare box sources of revenue as a percentage of operating revenue. This recommendation was also made by the CAO Task Force last year; however, only modest progress has been made to increase non-fare revenues.

## Recommendation 4

### Fare Evasion

VRE should conduct a study to determine if there is a problem with fare evasion and report back to the VRE Operations Board by July 1, 2004. The CAO Task Force recommends that VRE select a uniform sample of VRE trains for enhanced ticket enforcement and use the results to draw conclusions on the magnitude of the problem. The proof-of-payment system VRE uses has often been referred to as an honor system, but it operates the same way that parking meters do. Fines must be high enough (currently not less than \$150 nor more than \$250) and enforcement frequent enough to produce a fare evasion level which is acceptable. Depending on the

magnitude of the problem, it may be cost effective to hire fare enforcement officers to determine the level of fare evasion on VRE trains. These individuals would supplement the ticket checking responsibilities of the existing Amtrak conductors. This recommendation was also made last year, but a strategy has not been presented to the Operations Board or jurisdictional staff to review.

#### Recommendation 5

##### Free Ride Certificates

VRE should reexamine the Free Ride Certificate Program to determine whether it is achieving its goal of customer retention and identify the associated revenue loss. This revenue loss should be identified in VRE's monthly financial reports and an appropriate cost-recovery ratio established. Free Ride Certificates are issued to passengers on any train that arrives at a station 30 minutes or more behind schedule. Based on the results of the reexamination, VRE should consider making changes to the program to reduce the revenue loss, such as increasing the time delay from 30 to 40 minutes. This recommendation was made last year from the CAO Task Force, but little action was taken to study it.

#### Recommendation 6

##### Holiday Service Elimination

VRE should consider eliminating service for Columbus Day, Veterans Day, Martin Luther King Day and Presidents' Day. The present holiday service schedule for the day after Thanksgiving (which is a Federal work day) should be retained. Holiday service was initiated on October 11, 1999. At that time, it was estimated that the net additional expense of operating half the regular weekday service for the above four Federal holidays would be approximately \$27,000 per year. Approximately 70 percent of VRE's ridership works for the Federal government or the military. All the days being proposed for elimination of service are Federal holidays. VRE, however, carries only about 17 percent of the ridership of an average workday on these holidays. The very light traffic conditions on these days are a major contributor to low VRE ridership. Eliminating VRE service on these four holidays would achieve a cost savings of approximately \$110,000 per year. This amount would be offset by \$20,000 in loss revenue for a net savings of \$90,000.

### III. CAO BUDGET PROCESS

In January 1993, the Chief Administrative Officers (CAOs) of the Virginia Railway Express (VRE) jurisdictions established a process for reviewing VRE's annual budget proposals. Ultimately, the CAOs, the VRE Chief Operations Officer and the Executive Directors of the Northern Virginia Transportation Commission and Potomac and Rappahannock Transportation (the directors) and jurisdictional staff agreed to a process and schedule for reviewing VRE budgets.

This process generally includes meetings during July and August to discuss the jurisdictions' financial situations and provide the Chief Operations Officer with recommendations for jurisdictional subsidy levels. These meetings were held, and the proposed FY 2004 budget generally reflects the discussions at the meetings.

The process also includes a more detailed jurisdictional staff review of the Chief Operations Officers' budget proposal after it is presented to the Operations Board.

The VRE Chief Operating Officer presented the preliminary FY 2005 budget to the VRE Operations Board on September 19, 2003. This budget was referred to the local jurisdictions for review and comment. Since September, a staff task force, organized by CAOs of the VRE jurisdictions, has reviewed the preliminary budget and met with VRE staff, and Operation Board members of the VRE Finance Committee, to discuss it in detail. The directors have provided additional information regarding the budget which was helpful in the review.

This report includes the major questions presented to VRE staff from the task force members and the responses given. It also provides a summary of the jurisdictional staff's findings and recommendations for the FY 2005 budget. The following staff participated in the review:

Maria Mercedes-White, Alexandria  
James Hamre, Arlington County  
Tom Biesiadny, Fairfax County  
Michael Lake, Fairfax County  
Erik Nelson, Fredericksburg  
Dan Painter, Manassas Park  
Betsy Massie, Potomac and Rappahannock Transportation Commission  
Robert Leibbrandt, Jr., Prince William County  
Jeff Harvey, Stafford County  
Marcus Majors, Stafford County

## IV. QUESTION AND ANSWER DIALOGUE

The following are the major questions from the CAO Task Force regarding the FY 2005 budget to the VRE staff and their responses.

### Questions on FY 2005 VRE Budget

#### General

1. It is commendable that VRE is exploring various ways to reduce operating costs in a number of cost centers to minimize and offset operating expenses increases. One main recommendation which is encouraged, is to eliminate the Amtrak cross-honoring agreement altogether and begin charging those who want to ride VRE a \$10 surcharge.

*VRE is recommending some form of "premium ticket" for passengers who ride Amtrak. By implementing a \$10 surcharge VRE will either recoup the amount paid to Amtrak or encourage riders to ride VRE trains, thus avoiding the payment to Amtrak. The current contract with Amtrak has a minimum amount of \$600,000 payable regardless of the number of VRE passengers actually carried. Since the current payment to Amtrak has been approximately \$900,000 per year, the savings are effectively capped at \$300,000. However, since there will be revenues as well as savings, there will be some net benefit to VRE. There is no means to estimate the amount of this benefit, therefore the recommendation is that the estimated amount be reserved rather than applied to support an expense or expenses.*

2. Also, what's the status of the Café Cars? Can they be used as revenue generators (selling them) now?

*The café cars are configured for emergency use in the case of an evacuation of the city. At the moment there is no plan to either return them to revenue service or to dispose of the assets. There is a small remaining federal interest in the cars.*

#### Specific Questions

3. Virginia Grants: Is it realistic to expect \$1.8 million in grant aid from the State?

*Yes. This is a continuation of an existing multi-year commitment.*

4. Liability Insurance: Is this cost for liability insurance, \$2.0 million, a given?

*No, the figure used is an estimate inserted as a place holder. The insurance cost is borne entirely by the insurance trust fund and thus does not affect the*

*operating or capital budgets. The cost of insurance becomes relevant if the need should arise to recapitalize the fund. It is extremely unlikely that recapitalization would be needed in FY2005.*

5. Interest Expenses: What is the Interest Expense on Office Building @ \$76,000, and Other Interest Expense @ \$475,000?

*The expense for the office building is the debt service on the office condominium. The payment is \$60,000 per year plus a tax-exempt rate of interest (currently 1.3%, however the rate is variable). Other interest expense is primarily for the capital leases such as the fare collection system.*

6. Incentive Bonus: What is the incentive bonus of \$24,000 under Office of COO? Who is the overtime pay for in Office of COO of \$9,300? This was \$0 in FY 02 & 03.

*The incentive bonus is the bonus paid to VRE employees annually based on the guidelines drawn up by the Board and COO. In prior years the incentive and the overtime pay were buried in the salary lines. These elements of personnel costs have been broken out beginning in FY2004 to enhance management control.*

7. Legal Fees: Why are there two line items here? Is the \$100,000 budgeted for the VRE office or COO?

*The \$100,000 is the entire budget for VRE legal services. In previous years there were two legal services lines, however there was no definition as to what was chargeable to which and only one had a budget. Going forward, all legal services (including the retainer paid to Arlington County) will be consolidated to a single budget/expense line.*

8. Organizational Memberships and Dues: Can any savings be realized under this cost center from the budgeted \$75,000?

*The largest portion of this is the APTA dues, which are based on ridership. This is expected to increase slightly over FY2004 due to increases in the basis for the dues. Other memberships are very small, however we are examining this line to see if there are any organizations that may no longer be worth the expense.*

9. Marketing, Planning and Public Relations: Does the \$73,417 (10%) increase represent a new position in this area? Related to this issue; are there any new positions being proposed in the FY 05 budget? Can you provide an organizational chart of existing (FY 04) staffing and comparison FY 05 chart with cost differences if applicable?

*No new positions are proposed for FY2005. An organization chart for FY04/05 is*

*attached. Personnel cost differences reflect an estimate of a 2% cost of living adjustment and an average of 3% merit increases. As of FY2004, VRE's pay increases are no longer linked to Prince William County.*

10. Non-Local Travel – Market & Customer Service: Increased by \$7,000. Why?

*This budget line is not increased in the final draft of the FY2005 budget.*

11. Other Repairs & Maintenance: Where are the FY 04 YTD expenditures? Reason why they are not shown?

*The initial document did not fully reflect all grant funded expenses. In prior years those had been netted out. It is better budgeting and accounting to gross up expenses and revenues. The final budget will show both sides of the equation.*

12. Sounder Cars Lease: As the newly acquired Galleries come in service during FY 04, can a savings be realized by not using all of the budgeted \$1.8 million used for the lease of the Sounders?

*The funds used for the Sounder lease are capital funds provided by the State and cannot be used to offset other operating expenses. These funds will be reprogrammed to rolling stock improvements such as the necessary modifications to place the METRA cars in service.*

13. New Gallery Cars: Is there a line item here or elsewhere in the budget to refurbish/upgrade the new Galleries VRE just purchased? How much will this cost in FY 05?

*The funds to place the gallery cars in service will be budgeted in the rolling stock modification line in the capital budget. The amount cannot be determined at this time as the Board will be presented with various levels of modification once the bids are received under the procurement authorized by the Board in October. If higher-cost modifications are requested by the Board, funds may be reprogrammed from other projects to fund this project.*

#### State Aid

14. The CTB is expected to provide 80% of the funding for VRE track lease payments in FY 05. Since the access cost per mile is projected to increase by 4% annually, is the CTB prepared to fund these increases in FY 06 and beyond in the Transportation Improvement Program?

*We anticipate that the 80% funding will continue for the foreseeable future.*

15. What is the state capital match ratio for FY 05? How much is a 1% increase in

state capital match ratio worth in additional state revenue?

*The State capital match will not be known until after the FY2005 budget is approved. For planning purposes, we assume no change. Each 1% is worth approximately \$122,000 in capital funds.*

#### Operating Ratio

16. What is the operating ratio for alternatives 1, 2 and 3 in the FY 05 preliminary operating budget?

*1.8% budget – 73%*

*4.0% budget – 75%*

#### Six Year Financial Plan

17. When can the jurisdictions expect to receive VRE's 6 year financial plan? Time is needed to review the plan and assumptions and engage staff in discussions before it is presented to the Operations Board in December.

*The plan is to have this prepared in advance of the Operations Board meeting, approximately November 14<sup>th</sup>.*

#### Performance Measures

18. Please provide the following estimated Section 15 (National Transit Database) information for FY 2005. Also include the FY01, FY02 and FY 03 actuals and the FY 04 estimates.

|                                    |                   |
|------------------------------------|-------------------|
| <i>Passenger car revenue miles</i> | <i>334,786</i>    |
| <i>Passenger car revenue hours</i> | <i>68,065</i>     |
| <i>Passenger Miles</i>             | <i>95,724,408</i> |
| <i>Passenger Trips</i>             |                   |

Section 15 Operating expenses

*No estimates are available for FY2004.*

19. Please provide the FY 2003 actual results for the following VRE goals/performance measures adopted as part of the FY 2003 budget:

| <i>Goal/Performance Measure</i>                 | <i>Target</i> | <i>Actual</i> |
|---|---------------|---------------|
| <i>Percent On-time each Month</i>               | <i>95%</i>    | <i>92%</i>    |
| <i>Average Daily Seat Occupancy</i>             | <i>80%</i>    |               |
| <i>Injuries to Passengers</i>                   | <i>0</i>      | <i>0</i>      |
| <i>Minimum Ridership Growth over Prior Year</i> | <i>14%</i>    | <i>16.3%</i>  |
| <i>Operating Ratio</i>                          | <i>55%</i>    | <i>60%</i>    |

Provide an explanation for those goals/performance measures that did not meet targets. What was the on-time performance for the Manassas and Fredericksburg lines for FY 03?

|                            |            |
|----------------------------|------------|
| <i>Fredericksburg Line</i> | <i>86%</i> |
| <i>Manassas Line</i>       | <i>94%</i> |

*Adverse weather condition during the year led to heat restrictions during the summer, speed restrictions due to flash flood warnings in the fall and delays due to snow during the winter. The Fredericksburg line experienced greater disruptions of service than the Manassas line due to signal problems on several occasions.*

#### VRE Administrative/Operations

20. How much did VRE's operating budget for alternative 1, 2 and 3 increase over the FY 04 adopted?

*For the 4% and 6% options, the operating budget increased by 8.381%. For the 1.8% option the budget increased 7.28%. There will be some changes in the final proposal that will cause this percentage to change. It should be borne in mind that of the increases in the budget, 3% is due to budgeting for grant-funded expenses that had been netted against the grant funds in previous budgets.*

21. What is the track lease cost per mile budgeted for CSX and Norfolk Southern in FY 05? How much is budgeted for retroactive payments to CSX for track lease costs? Direct Services –CSX are really track retention costs. Shouldn't this amount be budgeted under track retention costs line item for consistency?

*CSX  
Norfolk Southern*

*The retroactive payments will be fully amortized before FY2005.*

22. How many full-time equivalent permanent positions (FTE's) were budgeted in the FY 2003 and FY 2004 adopted budgets. How many full-time equivalent

permanent positions are funded in the FY 2005 preliminary budget? Are any new positions being proposed in the FY 05 preliminary budget? If so, what is the justification for the position and the associated costs?

*33, no increase for FY2005*

23. What is VRE's current price for a gallon of diesel fuel and what price has been budgeted for FY 05? Is VRE participating in any future's contract?

*We currently pay \$0.91-\$0.97 per gallon. We are estimating \$0.95 for FY2005. VRE has used futures contracts effectively in the past and the fuel contract going forward allows for locking in prices at VRE's discretion.*

24. What merit/cost of living percentage is budgeted for FY 05?

*We assume a 2% cost of living and average 3% merit.*

25. Every 3 years the Virginia Municipal League and the Virginia Association of Counties negotiate very favorable electric service schedules with Virginia Power. Is it possible to negotiate a more favorable rate schedule with Virginia Power or Northern Virginia Electric Cooperative?

*VRE staff is aware of these contracts and will investigate if some or all of the facilities may qualify for riding the VML contract.*

26. During the course of each year a number of situations arise which force VRE to annul or cancel trains. The VRE preliminary budget, however, includes track lease cost funding for all budgeted trains. Since not all 8,000 trains will run, the budget for track lease costs should recognize this in the form of an adjustment similar to that used in Amtrak contract operations and maintenance.

*The estimate of \$15,000 in savings for annulled trains can be incorporated in the final budget.*

27. Every year there is turnover in employees resulting in some budget savings. Is any of this saving captured in the salary and benefit projections contained in the FY 05 preliminary budget?

*Yes, a 2% salary lapse is included in the personnel budget.*

28. PRTC and NVTC salaries in FY 05 for staff support decrease from the FY 04 adopted budget. Why then do fringe benefits increase over the FY 04 adopted budget?

*The NVTC amount needs to be increased for staff support. The percentage used for fringe benefits was increased between FY2004 and FY2005 based on information received from the Commissions' staff.*

29. The Commissions recently approved extending the lease on the three sets of Sounder cars through September 2004. With the acquisition of the Gallery cars does VRE need to use all of the \$1,800,000 in funding programmed in the sources and uses spreadsheet for the Sounder leases in FY 05?

*See response above.*

#### Federal Grants

30. VRE is currently pursuing earmarks in the FY 04 Federal appropriation bills (\$4 million for parking) as well as monies in the TEA-21 reauthorization (\$100 million for railcars, \$20 million for station platforms, \$30 million for parking). Is VRE pursuing any other federal or state initiatives that would require local capital match?

*Yes. VRE is seeking \$191,000,000 from TEA-3 for various projects and rolling stock. There may be additional State funding to provide match. In addition, there are \$8,000,000 in other earmarks in the FY2004 transportation appropriation that will require a 20% local match, some of which may be in-kind.*

#### Revenues

31. In its response to the FY 04 CAO task force recommendation that the Free Ride Certificate program be reexamined, VRE indicated that the Operations Board would be asked to reevaluate this program in the coming year. How much did the Free Ride Certificate program cost VRE in lost revenue in FY 03? Should VRE be handing out Free Ride Certificates and bearing the associated revenue loss for delays that are a result of factors outside VRE's control? The last year information was reported (FY 99) showed about 1% of the trips qualified for Free Ride Certificates.

*The previous estimate continues to be useful for planning purposes. Staff agrees that the program needs to be reevaluated. The Operations Board will be asked to consider various options before the beginning of FY2005, however the impact cannot be determined at this time.*

32. Last year in a response to the FY 04 CAO task force recommendation, VRE indicated that it would try and quantify the extent of fare evasion, determining if it is an issue and what cost-effective means are available to reduce evasion? What

has been accomplished in this area?

*In addition to the steps discussed last year, VRE is planning to implement a "secret shopper" program that will enable us to quantify the extent of ticket checking. The proposals to restructure fares to encourage a migration to monthly tickets will have the benefit of reducing evasion.*

33. VRE should give serious consideration to implementing a \$10 surcharge for VRE passengers electing to ride Amtrak trains (cross-honoring). At a minimum, the additional revenue would offset between \$250K and \$300K in Amtrak passenger charges; more if Amtrak could be persuaded to reduce or drop the minimum guarantee (about \$600K per year).

*VRE concurs with this observation*

34. Other revenues in the FY 05 preliminary budget (including advertising revenue) are a miniscule percentage of VRE's total operating revenues. Staff should continue to be encouraged to pursue all opportunities for non-fare box revenue. VRE's initiation of a pilot program of providing internet access on trains is an excellent example. Additional revenue in whatever form (e.g. vending machines on the platforms) helps.

*VRE concurs with this observation.*

35. How much additional fare revenue will result from fare increases of 6%, 4% and 1.8%?

*Each percentage increase results in approximately \$163,000 in additional revenue. Thus, the proposals result in \$293,000 (1.8%), \$652,000 (4%) and \$978,000 (6%).*

36. Please provide a breakdown of the \$234,032 in miscellaneous revenue collected in FY 03. The reforecast FY 03 budget projected only \$55,000.

*The largest portion of the miscellaneous revenue was a recovery from the insurance trust fund for three prior years' worth of reimbursements. This will not recur. The expected insurance reimbursement is \$35,000.*

### Capital Reserve

37. VRE set up a capital reserve in FY 04 of \$189,360 and proposes to fund \$474,222 capital reserve in FY 05. This money will presumably accumulate from year to year. How is this money going to be walled off from the operating budget so that it cannot be used for operating expenses? What mechanism will be used to ensure that this money is carried over and available to match federal grants from one

fiscal year to the next?

*The reserve will be subject to the budgetary discipline of the Board, similar to the use of fund balance in a county or city. No expenditures will come from the reserve without a resolution from the Board designating the expenditure, such as a capital match for earmarked funds. Unused balances will accumulate from year to year, if applicable, as designated net assets.*

### Insurance

38. It appears that insurance expenses (\$1,348,278) exceeded insurance trust investment income (\$1,171,667) in FY 03. The same was true in FY02. Is it realistic to assume that insurance trust investment income (\$2,000,000) will offset insurance expenses (\$2,000,000) in FY 05?

*See response above.*

39. Explanations of increases in department totals:

COO –

*\$100,000 was added to legal costs and other professional services to more accurately reflect actual expenses in prior years. The 1.8% scenario reduces that increase, leading to a decrease in the department budget from FY2004.*

Administration –

*The rental of storage space and office parking spaces had not been budgeted previously. In addition, dues and memberships for the organization are now accumulated in a single line in Administration.*

Facilities and Equipment –

*Approximately \$1.7 million in grant-funded expenses were not budgeted for in previous years. The FY2005 budget shows those expenses, though they will be offset by grant revenues. This is a more informative method of budgeting. The increase was partially offset by a decrease in equipment lease costs due to the pay-off of the lease on two locomotives.*

Capital Programs -

*The increase is partly due to the hiring of a civil engineer on the VRE staff the cost of which is offset from the PRTC staff support and partly due to a \$150,000 increase in budget for station maintenance. This latter is necessary due to the aging of VRE's facilities.*

# Typical Fare Changes

| Station  | Zone | Ticket   | Old Price | New Price | Increase Per Trip |
|----------|------|----------|-----------|-----------|-------------------|
| F'burg   | 9-1  | Monthly  | \$213.10  | \$225.90  | \$.32             |
|          | 9-1  | Ten-Ride | \$61.60   | \$65.30   | \$.37             |
| Manassas | 6-1  | Monthly  | \$175.85  | \$186.40  | \$.26             |
|          | 6-1  | Ten-Ride | \$50.90   | \$53.95   | \$.31             |
| W'bridge | 5-1  | Monthly  | \$163.50  | \$173.35  | \$.25             |
|          | 5-1  | Ten-Ride | \$47.25   | \$50.10   | \$.29             |
| Burke    | 4-1  | Monthly  | \$147.95  | \$156.85  | \$.22             |
|          | 4-1  | Ten-Ride | \$42.80   | \$45.40   | \$.26             |

**VIRGINIA RAILWAY EXPRESS  
ASSUMPTIONS FOR SIX-YEAR FORECAST  
-- FY 2005-2010 --**

**Purpose:**

- The forecast is an annual requirement of the VRE Master Agreement. It assembles anticipated sources and uses of funding, categorized by operations and capital. The resulting spreadsheet and assumptions are useful for identifying any funding shortfalls and testing the sensitivity of the results to alternative assumptions. All costs and revenues are expressed in 2004 dollars.

**Cost and Revenue Drivers:**

- Number of trains and average daily ridership are taken directly from VRE's Phase I Strategic Plan.

**Revenues:**

- Annual fare revenue is the product of average fare times average ridership for 250 service days. For FY 2005, the total agrees to the proposed budget. For future years, average fares are indexed at two percent. Other revenue items (advertising, equipment rental) are assumed to grow at four percent annually and interest income is assumed to grow at two percent.

**Costs:**

- Operating costs for FY 2005 are taken from the FY 2005 budget. In subsequent years, a base increase of five percent is assumed. However, in FY 2008, two trains are added on the Fredericksburg line, with an additional increase in crew costs of \$400,000 and fuel costs of \$100,000. In FY 2010, the same increases occur for the two additional trains added to the Manassas line.
- Access costs for FY 2005 are also taken from the FY 2005 budget, with an assumed four percent annual base increase. Again, with two additional Fredericksburg trains in FY 2008, access costs beginning in that year increase an additional \$315,000; in FY 2010 the additional Manassas trains add \$200,000 per year.

- Debt service and lease expenses are constant with no assumed additional borrowing.

**Operating Ratio:**

- The resulting operating ratio for each year exceeds the Master Agreement's mandate of 50 percent. The ratio is calculated using fare revenues divided by operating expenses.

**Capital Costs:**

- Capital costs for each year are taken directly from VRE's six-year Capital Improvement Program (CIP) and include projects for which funding is identified as well as some projects for which funding is not identified.

**State Grant Income:**

- State grants are used to help defray operating and capital costs. For operations, a rate of growth of three percent is assumed.
- For eligible debt service/leases, a conservative recovery rate of 40 percent is assumed (since this is the lowest actual rate in the last several years and applied most recently in FY 2004).
- For eligible non-federal capital, the same 40 percent rate is assumed.
- The state also provides an annual allocation of federal Surface Transportation Program funds sufficient to cover 80 percent of access costs. This is assumed to continue.

**Federal Grant Income:**

- Consistent with the assumptions in VRE's six-year CIP, it is assumed here that sources of federal funding (Section 5307 and 5309 transit formula programs, transit earmarks and Homeland Security grants) will be sufficient to cover 80 percent of the costs of the funded CIP base projects. However, unlike the CIP, the unfunded capital needs are also assumed in this six-year forecast to receive federal funding at 80 percent of costs. This assumption is made since the funded and unfunded capital projects are needed to provide sufficient capacity to achieve the ridership forecasts.

**Local Subsidies:**

- It is assumed that local subsidies are fixed at the FY 2005 amount.
- Local subsidies are applied first to cover any operating shortfalls and the remainder is applied to capital shortfalls.

**Additional Funding Needed:**

- With the above set of assumptions, VRE experiences a modest cumulative capital funding shortfall through FY 2008 that accelerates sharply in FY 2009 and beyond.
- The forecast capital shortfall is largely attributable to the assumption that local subsidies are fixed, since federal aid and state assistance are assumed to grow to maintain their current shares.
- Also, beginning in FY 2008, operating shortfalls materialize that can only be covered by assuming additional local subsidies.
- These results are dependent on the assumptions used. For example, access fees and other operating costs may increase more than assumed or state and federal aid may not be available as anticipated. These changes would make the forecast shortfalls even greater.

**SIX YEAR FORECAST  
WITH EXPANDED SERVICE LEVELS  
AND PHASE ONE STRATEGIC PLAN CAPITAL COSTS**

Six year plan - Fares indexed

|                                  | FY 05  | FY 06  | FY 07  | FY 08  | FY09   | FY10   |                      |
|----------------------------------|--------|--------|--------|--------|--------|--------|----------------------|
| <b>Number of Trains</b>          | 32     | 32     | 32     | 34     | 34     | 36     |                      |
| <b>Manassas Line</b>             | 18     | 18     | 18     | 18     | 18     | 20     |                      |
| <b>Fredericksburg Line</b>       | 14     | 14     | 14     | 16     | 16     | 16     |                      |
| <b>Average Daily Ridership</b>   | 15,000 | 15,200 | 15,400 | 15,900 | 16,250 | 16,600 | Average daily riders |
| <b>Average Fare Price</b>        | \$4.97 | \$5.06 | \$5.17 | \$5.27 | \$5.37 | \$5.48 | Indexed, 2% per year |
| <b>Potential Operating Ratio</b> | 76%    | 75%    | 73%    | 72%    | 72%    | 70%    |                      |

**Use of Funds for Operations**

|                                 |                   |                   |                   |                   |                   |                   |                            |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------------|
| <b>Operating Expenses</b>       | 24,551,750        | 25,779,338        | 27,068,304        | 28,921,720        | 30,367,806        | 32,386,196        | Increased base costs 5% pe |
| <b>Track Lease Expense</b>      | 7,251,905         | 7,541,981         | 7,843,660         | 8,472,407         | 8,811,303         | 9,363,755         | Increased base cost 4% per |
| <b>Debt Service Loan/Leases</b> | 9,000,284         | 9,000,284         | 9,000,284         | 9,000,284         | 9,000,284         | 9,000,284         | Assumes no add'l borrowing |
| <b>Total Operating Costs</b>    | <b>40,803,939</b> | <b>42,321,603</b> | <b>43,912,249</b> | <b>46,394,410</b> | <b>48,179,393</b> | <b>50,750,235</b> |                            |

**Sources of Funds For Operations**

|   |                    |                    |                    |                    |                    |                    |  |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--|
| <b>Fare Revenue</b>                                       | 18,620,298         | 19,245,940         | 19,889,160         | 20,945,610         | 21,834,810         | 22,751,200         |  |
| <b>Interest Income +2%</b>                                | 42,000             | 42,840             | 43,697             | 44,571             | 45,462             | 46,371             |  |
| <b>Other Income +4%</b>                                   | 103,200            | 107,328            | 111,621            | 116,086            | 120,729            | 125,559            |  |
| <b>State Operating Grant +3%</b>                          | 5,439,772          | 5,602,965          | 5,771,054          | 5,944,186          | 6,122,511          | 6,306,187          |  |
| <b>State Capital Grant - 40% of non-federal Loan/Leas</b> | 2,856,114          | 2,856,114          | 2,856,114          | 2,856,114          | 2,856,114          | 2,856,114          |  |
| <b>Federal Grants:</b>                                    |                    |                    |                    |                    |                    |                    |  |
| Access lease funding - SSTP                               | 5,801,524          | 6,033,585          | 6,274,928          | 6,777,925          | 7,049,043          | 7,491,004          |  |
| Federal operating funds                                   | 2,737,200          | 2,737,200          | 2,737,200          | 2,737,200          | 2,737,200          | 2,737,200          |  |
| Project Mgmt/Training                                     | 897,600            | 897,600            | 897,600            | 897,600            | 897,600            | 897,600            |  |
| <b>Total Operating Revenues</b>                           | <b>36,497,708</b>  | <b>37,523,572</b>  | <b>38,581,374</b>  | <b>40,319,291</b>  | <b>41,663,469</b>  | <b>43,211,235</b>  |  |
| <b>Surplus/(Deficit) for Operations</b>                   | <b>(4,306,231)</b> | <b>(4,798,031)</b> | <b>(5,330,875)</b> | <b>(6,075,119)</b> | <b>(6,515,924)</b> | <b>(7,539,000)</b> |  |
| <b>Local Subsidy</b>                                      | <b>6,353,002</b>   | <b>6,353,002</b>   | <b>6,353,002</b>   | <b>6,353,002</b>   | <b>6,353,002</b>   | <b>6,353,002</b>   |  |
| <b>Net subsidy available for capital match</b>            | <b>2,046,771</b>   | <b>1,554,971</b>   | <b>1,022,127</b>   | <b>277,883</b>     | <b>(162,922)</b>   | <b>(1,185,998)</b> |  |

**Use of Funds for Capital Program**

|                                    |                   |                   |                   |                   |                   |                    |  |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--|
| <b>Capital Cost Base Program</b>   | 13,126,000        | 14,047,000        | 14,898,000        | 15,795,000        | 16,814,000        | 17,813,000         |  |
| <b>Unfunded capital needs</b>      | 2,800,000         | 4,687,000         | 3,872,000         | 2,452,000         | 59,160,000        | 126,624,000        |  |
| <b>Total Capital Program Costs</b> | <b>15,926,000</b> | <b>18,734,000</b> | <b>18,770,000</b> | <b>18,247,000</b> | <b>75,974,000</b> | <b>144,437,000</b> |  |

**Sources of Funds for Capital Program**

|  |                   |                   |                   |                   |                   |                    |  |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--|
| <b>Federal Grants:</b>                                     |                   |                   |                   |                   |                   |                    |  |
| Federal funding - 80% of base program                      | 10,500,800        | 11,237,600        | 11,918,400        | 12,636,000        | 13,451,200        | 14,250,400         |  |
| Federal funding - 80% of unfunded needs                    | 2,240,000         | 3,749,600         | 3,097,600         | 1,961,600         | 47,328,000        | 101,299,200        |  |
| <b>Matching Funds</b>                                      |                   |                   |                   |                   |                   |                    |  |
| State Capital Grants - 40% of non-federal costs (base)     | 1,050,080         | 1,123,760         | 1,191,840         | 1,263,600         | 1,345,120         | 1,425,040          |  |
| State Capital Grants - 40% of non-federal costs (unfunded) | 224,000           | 374,960           | 309,760           | 196,160           | 4,732,800         | 10,129,920         |  |
| Net local subsidy available for capital match              | 2,046,771         | 1,554,971         | 1,022,127         | 277,883           | (162,922)         | (1,185,998)        |  |
| <b>Total Sources of Funding for Capital Program</b>        | <b>16,061,651</b> | <b>18,040,891</b> | <b>17,539,727</b> | <b>16,335,243</b> | <b>66,694,198</b> | <b>125,918,562</b> |  |

**Add'l funds required (excess) to fully fund Capital Prog.:**

|                            |                  |                |                  |                  |                   |                   |  |
|----------------------------|------------------|----------------|------------------|------------------|-------------------|-------------------|--|
| <b>Current fiscal year</b> | <b>(135,651)</b> | <b>693,109</b> | <b>1,230,273</b> | <b>1,911,757</b> | <b>9,279,802</b>  | <b>18,518,438</b> |  |
| <b>Cumulative</b>          |                  | <b>557,458</b> | <b>1,787,732</b> | <b>3,699,489</b> | <b>12,979,290</b> | <b>31,497,729</b> |  |

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

**SIX YEAR FORECAST  
WITH EXPANDED SERVICE LEVELS  
AND PHASE ONE STRATEGIC PLAN CAPITAL COSTS**

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Elimination of VRE Holiday Service

The VRE Operations Board recommends approval of Resolution #1001. This resolution authorizes staff to cease to operate VRE holiday service on Martin Luther King Day, Presidents' Day, Columbus Day and Veterans' Day. Net savings are expected to be more than \$75,000 annually. Prior to making this recommendation, extensive outreach to VRE customers was made and new marketing efforts were used to try to boost ridership on these days.

**RESOLUTION #1001**

**SUBJECT:** Elimination of VRE Holiday Service.

**WHEREAS:** At the request of the VRE Finance Committee, the VRE Operations Board asked staff to examine ways to generate meaningful cost savings;

**WHEREAS:** Staff suggested new policies that will bring significant benefit and cost savings;

**WHEREAS:** One of the suggestions was the elimination of VRE holiday service;

**WHEREAS:** The VRE Operations Board requested customer feedback to determine level of usage and customer benefits and staff received nearly 1,000 customer responses to-date;

**WHEREAS:** Nearly half of all respondents support the elimination of all holiday service and an additional 20% of the respondents support elimination of holiday service with the exception of the day after Thanksgiving; and

**WHEREAS:** Projected savings from eliminating all holiday service except the day after Thanksgiving total at least \$75,000 annually.

**NOW, THEREFORE BE IT RESOLVED** that the Northern Virginia Transportation Commission authorizes the VRE Acting Chief Operating Officer to eliminate all holiday service, except the day after Thanksgiving, beginning immediately.

Approved this 8th day of January, 2004.

\_\_\_\_\_

Chairman

\_\_\_\_\_

Secretary-Treasurer



# Virginia Railway Express Operations Board

1500 King Street • Suite 202 • Alexandria, Virginia 22314-2730 • (703) 684-1001 • FAX (703) 684-1313  
Web Site: <http://www.vre.org> • E-Mail: [gotrains@vre.org](mailto:gotrains@vre.org)

## AGENDA ITEM 9-C ACTION ITEM

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

**FROM: DALE ZEHNER**

**DATE: DECEMBER 19, 2003**

**RE: ELIMINATION OF HOLIDAY SERVICE**

### RECOMMENDATION:

The VRE Operations Board is being asked to authorize the Acting Chief Operating Officer to eliminate all holiday service, with the exception of the Day after Thanksgiving, which would remain as an operational service day.

### BACKGROUND:

VRE staff has been asked to find ways to incorporate meaningful reductions in cost. The elimination of holiday service was put to public comment in September. More than 1000 customers weighed in on the issue, 69% supported eliminating all holidays except the day after Thanksgiving. The Operations Board then discussed the issue at the October meeting and directed staff to try to find innovative ways to increase usage of the holiday service days with the hope of lessening the operating deficit.

In November, VRE staff made a concentrated effort to increase the ridership on the Day after Thanksgiving. In a coordinated effort with Alexandria Convention and Visitors Bureau, as well as the Pentagon City Mall, we attempted to add value to the VRE ticket by offering shopping incentives to those who rode the train.

The promotion to make the Day after Thanksgiving a "shopping train" went well and was well received by riders. However, after reviewing the ridership, the promotion does not appear to have created any extra rise in ridership over what

**- 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

we would have received had we done nothing. Ridership rose 9% to 2952 for November 29 over the prior year, resulting in an approximate \$13,000 operating loss for the day. Comparatively, the ridership for Veterans' Day, which received no promotion, rose 12% over the prior year and still operated at a loss of \$14,000. Unfortunately, the ridership still represents only approximately 20% of a normal mid-week day's ridership.

**FISCAL IMPACT:**

Elimination of holiday service, net of revenue, will save more than \$75,000 dollars. See chart below for detailed ridership and revenue information. (Note that, due to snow Presidents' Day, costs are not accounted for.)

|                             | 2003              | Ridership | Est. Revenue | Cost        | Loss/Profit   |
|-----------------------------|-------------------|-----------|--------------|-------------|---------------|
| Martin Luther King, Jr. Day | January 17, 2003  | 1751      | \$ 7,879.50  | \$27,402.52 | \$(19,523.02) |
| Presidents' Day             | February 17, 2003 | snow      | N/A          | \$27,402.52 | N/A           |
| Columbus Day                | 13-Oct-02         | 2574      | \$ 11,840.40 | \$27,402.52 | \$(15,562.12) |
| Veterans' Day               | 11-Nov-03         | 2722      | \$ 12,521.20 | \$27,402.52 | \$(14,881.32) |
| Day after Thanksgiving      | 28-Nov-03         | 2952      | \$ 13,579.20 | \$27,402.52 | \$(13,823.32) |
| Operating Loss              |                   |           |              |             | \$(63,789.77) |

Closed Session on a Legal Matter

To enter closed session:

Pursuant to the Virginia Freedom of Information Act (Section 2.2-3711A.7) of the Code of Virginia, the Northern Virginia Transportation Commission authorizes discussion in closed session concerning legal matters relating to settlement of a threatened lawsuit.

After the closed session:

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.

VRE's legal counsel will recommend action on Resolution #1002 which will be discussed first in closed session.

**RESOLUTION #1002**

**SUBJECT:** Settlement of a Threatened Lawsuit.

**WHEREAS:** VRE's legal counsel has been approached by legal counsel for a party threatening legal action against NVTC and PRTC;

**WHEREAS:** The potential claim is eligible for payment of a negotiated settlement from VRE's insurance trust managed by the Virginia Division of Risk Management;

**WHEREAS:** Legal counsel recommends that the commissions settle to avoid potentially greater costs of litigation.

**NOW, THEREFORE BE IT RESOLVED** that the Northern Virginia Transportation Commission authorizes VRE's legal counsel to work with the Virginia Division of Risk Management to settle the claim using funds available in VRE's insurance trust.

Approved this 8th day of January, 2004.

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Chairman

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Secretary-Treasurer