

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION**

JOINT MEETING

**THURSDAY, NOVEMBER 4, 2004
7:30 P.M.**

SPRINGFIELD HILTON
6550 Loisdale Road
Springfield, Virginia, 22150-1801

AGENDA

- 1. Welcome: NVTC Chairman Euille and PRTC Vice-Chairman Greenup.**
- 2. Presentation: Commuting in America III: Facts and Trends Influencing Public Transit's Future—Alan Pisarski
Additional Comments—Art Guzzetti, American Public Transportation Association.**
- 3. Group Discussion: Transit Funding Needs in the Region—Sizing Them and Pursuing a Funding Solution.**
- 4. VRE Items.**
 - A. Report from the VRE Operations Board (including minutes of the October 15, 2004 meeting) and the VRE CEO—Information Item.
 - B. CSX Force Account Services for the Quantico Creek Bridge Project—Action Item/ Resolution #1049.
 - C. Modify Lease Agreement with RailWorld Locomotive Leasing LLC—Action Item/Resolution #1050.

- D. GEC IV Task Order for Access to Washington Union Terminal—Action Item/Resolution #1051.
- E. GEC IV Task Order for Fleet Maintenance Strategy and Yard Requirements—Action Item/Resolution #1052.

MEMORANDUM

TO: Chairman Euille and NVTC Commissioners
Vice Chairman Greenup and PRTC Commissioners

FROM: Rick Taube and Al Harf

DATE: October 28, 2004

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

Alan Pisarski will share his path breaking research with the commissions, with additional comments by Art Guzzetti of the American Public Transportation Association. A copy of Mr. Pisarski's very impressive resume is attached for your information. As can be seen, he has measured transportation activities for almost forty years and his creative use of Census and other data is second to none.

His most famous work is the Commuting in America series, with the third such study to be completed soon. His ability to analyze commuting trends and willingness to report the consequences without "sugar coating" can be of great value to policy makers seeking to chart an effective course for the future.

Mr. Pisarski, who is a resident of the Lake Barcroft area in Fairfax County, has agreed to waive his appearance fee and commissioners should appreciate this unique opportunity to hear from an expert with such a well-established international reputation.

Art Guzzetti is a legislative director at APTA and has many years of experience working with APTA's President, Bill Millar, in helping the transit industry present its needs to Congress. He will follow up Mr. Pisarski's presentation with a brief description of how the Commuting in America series can be useful to the transit industry.

Resume'

Alan E. Pisarski

Some Products

Favorite Links

Resume'

As an independent consultant, services are provided to clients in areas related to transport policy, planning, analysis and data development.

THIS IS A
COMMERCIAL
FOR MY
CONSULTING
SERVICES

For almost 40 years Alan E. Pisarski has been involved in the national transportation policy scene, from vantage points at the original Tri-State Transportation Commission in New York, the Metropolitan Washington COG, the Office of the Secretary, U.S. DOT, or in a personal consulting capacity. In his work he has measured the transportation activities of our nation from the metropolitan, state, national and international levels. In the U.S. DOT he organized the major travel surveys of the nation and designed and managed the U.S. transportation statistical system under the Assistant Secretary for Policy, establishing programs that are still the basis of much of the U.S. transportation statistical system today. He has benefited greatly throughout his career from having had the privilege of working with many of the best people in the profession.

As a consultant in transportation public policy, travel behavior analysis and statistics his clients include all of the major transportation associations, most of the countries statistical agencies, including the new Bureau of Transportation Statistics. Outside the U.S. his clients have included the World Bank, AID, The European Tourism Commission and the World Tourism Organization. He has conducted seminars in travel and tourism around the world for more than 100 countries; and is the author of an international standard classification of tourism activities promulgated by the UN.

His work related to transportation, particularly commuting and travel behavior, has been reviewed, discussed and quoted in all of the major national news magazines, and newspapers, appearing often on major national radio and television network programs, including "Good Morning America," ABC Nightly News," "Nightline," and "20/20," discussing national transportation topics, and recently served as content advisor to a three hour NPR public television series on transportation. His works have been translated into at least eight languages. He is perhaps best known for his major studies of American commuting patterns produced for a consortium of public interest groups, entitled "*Commuting in America*" and "*Commuting in America II*."

Mr. Pisarski's TRB participation spans 30 years, having chaired four Committees and served on two others. He presently serves as Chair of the Committee on National Transportation Data Requirements and Programs, and the Committee on Transportation History, and is the past chair of the Group 5 Council. He also serves on the Editorial Boards of the Journal of Transportation and Statistics, of the Bureau of Transportation Statistics, and of Transportation Quarterly of the Eno Transportation Foundation. Internationally, he has represented the U.S. on the United Nation's Group of Experts in Transport Statistics and served on the UN's Expert Group in Statistical Classification Systems. He has degrees in Economics and

Sociology and is a resident of Lake Barcroft Virginia.

[Alan E. Pisarski](#) | [Some Products](#) | [Favorite Links](#) | [Resume'](#)

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MEMORANDUM

TO: Vice Chairman Greenup and PRTC Commissioners
Chairman Euille and NVTC Commissioners

FROM: Al Harf and Rick Taube

DATE: October 28, 2004

SUBJECT: Group Discussion: Transit Funding Needs in the Region—Sizing Them and Pursuing a Funding Solution

Following a brief staff PowerPoint presentation, and as a prelude to preparing and adopting the respective 2005 legislative agendas of NVTC, PRTC and VRE, commissioners have an opportunity to reflect together on the status of transit needs and funding in Northern Virginia. Several reference documents are available to inform that discussion. They include:

- 1) The draft 2005 legislative agenda of the Virginia Transit Association, which addresses state-wide transit needs and funding solutions;
- 2) A PowerPoint presentation of WMATA's current funding crisis and a description of the Blue Ribbon Panel on Dedicated Sources of Metro Funding that is due to report in December, 2004. [This is relevant for both commissions since WMATA's \$1.2 billion operating and capital budget, plus its enormous unfunded capital needs, so far exceeds --by a factor of at least 12-- the combined budgets of the region's other bus systems and VRE. Without solving WMATA's funding crisis no other system will prosper.]
- 3) Information about a proposal by several Northern Virginia legislators to claim the current Virginia budget surplus for transportation and to use existing insurance premium tax revenues as the basis to support up to \$5 billion of new projects through bonding.
- 4) A draft PowerPoint presentation from NVTC staff summarizing how transit is funded in this region, mentioning unfunded needs and offering

projections of the yields of several potential sources of funding both statewide and regional.

- 5) An analysis of the results of the November, 2002 transportation funding referendum in Northern Virginia by NVTC staff (excerpts are attached and the complete documents are available at: [http://www.thinkoutsidethecar.org/pdfs/REF_DFT COMPLETE 9-7-04.pdf](http://www.thinkoutsidethecar.org/pdfs/REF_DFT_COMPLETE_9-7-04.pdf) (154-page report) and [http://www.thinkoutsidethecar.org/pdfs/REF_DFT Presentation 9 7 04.pdf](http://www.thinkoutsidethecar.org/pdfs/REF_DFT_Presentation_9_7_04.pdf) (55-page PowerPoint Executive Summary). This document presents 35 reasons that the referendum failed and proposes a 22-step process for implementing a successful referendum, if a referendum is selected as a last resort after trying more direct solutions.

**State Legislative Agenda for the 2005 Virginia General Assembly
Session**

Virginia Transit Association

--October 12, 2004—
--Revised: October 22, 2004--

DRAFT

Please provide comments to:

Rick Taube
Executive Director
Northern Virginia Transportation Commission
703-524-3322 x105
rick@nvtdc.org

The Immediate and Continuing Need for More State Transit Funding

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

In VTrans 2025, estimates for the middle scenario total transit operating costs are \$12.5 billion for 2005-2025, or \$481 million annually. By comparison the actual total for the most recent fiscal year in CTB's program is \$410 million. Combined totals for capital and operating needs in VTrans 2025 are \$28.3 billion (\$1.1 billion annually).

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

But even this enormous total may not tell the entire story since Northern Virginia's eight transit systems have shown (using similar assumptions and listing specific projects) their combined capital funding shortfall to be \$438 million annually (over the next six years); this is even more than the \$411 million unfunded statewide annual total in VTrans 2025.

Currently the commonwealth provides only about \$116 million annually from 14.7 percent of Transportation Trust Fund revenues for transit assistance, plus another \$24 million from other state and federal sources. This annual contribution of \$140 million is only about a tenth of the commonwealth's transit needs as shown in VTrans 2025, and does not come close to meeting the commonwealth's statutory target of 95 percent of eligible net transit capital and operating costs. **Even for the limited transit projects and operating costs included in the CTB's six-year program, the commonwealth would need another \$78 million in FY 2005 alone to meet its 95 percent obligation for transit capital projects and another \$90.3 million for operations, totaling \$168.3 million.**

The General Assembly is overdue to act to address this funding crisis. Statewide transit ridership since 1986, the last time transportation user fees were

increased in Virginia, has grown 64 percent (to 161 million from 98 million passenger trips). Without more state assistance, transit can't continue to serve its existing passengers or expand into new markets to help congested urban areas meet clean air challenges, save fuel, provide job access and boost economic growth.

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

VTA's Legislative Proposals for Additional Funding for Public Transit

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

1. Restore sufficient permanent funding to the Transportation Trust Fund (TTF) to meet the commonwealth's statutory 95 percent share of transit operating and capital costs (net of fares and federal assistance). This would require at least \$168 million annually in new funds for the limited transit projects and eligible operating costs included in CTB's six-year program. Further, VTA supports a bill that will provide funds for the commonwealth's specific unfunded priority transit projects over the next several years and that is not restricted to the projects in CTB's current six-year program. This would require an additional \$411 million each year in new transit funds using the VTrans 2025 middle scenario, plus another \$455 million annually if unfunded operating costs are also included. VTA also supports the use of surplus state budget funds for transit, but as part of a permanent solution and not only a one-time expedient.
2. If it is not possible for the commonwealth to meet this obligation immediately then establish this as a legislative objective with a process and schedule to achieve it (perhaps by establishing a Blue Ribbon Panel).
3. Meet remaining VTA 2000 funding obligations for transit projects (e.g. \$9 million for WMATA railcars in FY 2006) and do not reduce any funding sources now used for transit.
4. At least until the commonwealth's 95 percent matching obligation is fulfilled, for new statewide transportation revenue sources not specifically assigned to transit, direct the proceeds into the TTF (of which transit

receives a 14.7 percent share) rather than directing such proceeds to the HMOF or new programs from which transit derives a smaller share.

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

Additional Policy Positions

1. Moving people efficiently (rather than vehicles) should be the primary objective of the commonwealth's transportation policies and programs.
2. VTA recognizes that land use is a prerogative of Virginia local governments, and supports legislation that encourages state-funded transportation projects to be coordinated with those local governments through effective land use and multimodal transportation planning while providing safe pedestrian and bicycle access for transit users and others.
3. Sufficient state agency funds should be budgeted to expand programs of free and discounted transit passes to all state employees to build on the success in Northern Virginia and take full advantage of federal tax incentives.
4. With increased levels of federal funding available for homeland security, the commonwealth should give transit security a high priority in allocating funds at its disposal.
5. VTA supports the continuation of sales tax exemptions for four systems in the commonwealth that are not departments of local governments.
6. Recognizing the growing interest in high occupancy toll (HOT) lanes and the use of the Public Private Transportation Act (PPTA) as means to complete transportation projects that otherwise could not be funded, VTA urges (to the extent permitted by federal law) that transit operating and

maintenance expenses be a priority use of toll revenues in excess of debt service; that public transit vehicles be exempt from tolls; and that through multimodal planning the new facilities include adequate access for and provision of public transit services.

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

Washington Metropolitan Area Transit Authority

WMATA Performance And Funding Requirements Update

Richard A. White
General Manager/CEO

Expenditure Planning Board

September 15, 2004

The Problem

1. Metro is seriously overcrowded
2. Due to funding shortfalls, Metro is deferring necessary capital investments that keep existing assets in a “state of good repair”
3. Metro’s service performance has been steadily declining in the last couple of years
4. The region will suffer if Metro continues to remain on ‘life support’

Metro is Seriously Overcrowded

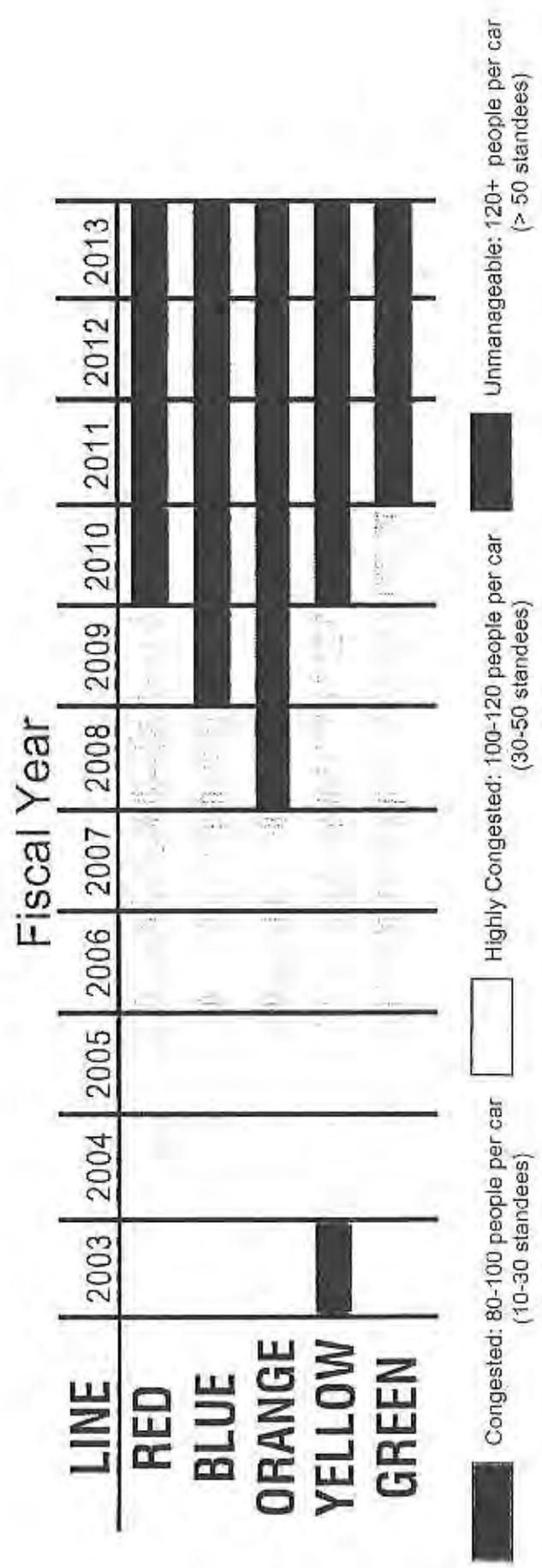
Recent Ridership Increases

- Metrorail carried more than 17,649,000 customer trips during June – the busiest month in our 28-year history. This total is 6.5% above June 2003.
- Average weekday ridership in June was 706,600 passenger trips, the first time in Metro history that average weekday ridership exceeded 700,000 passenger trips per weekday.
- Metrorail ridership has grown steadily and has increased by more than 30% over the past 8 years for an average annual growth of 3.8%
- Metrobus ridership reached a plateau and averages about 510,000 passenger trips daily after having grown about 25% since 1997
- Transit use into regional core has grown in past few years to 42% of all person trips during the AM peak period

Metro is Seriously Overcrowded

Metrorail Crowding

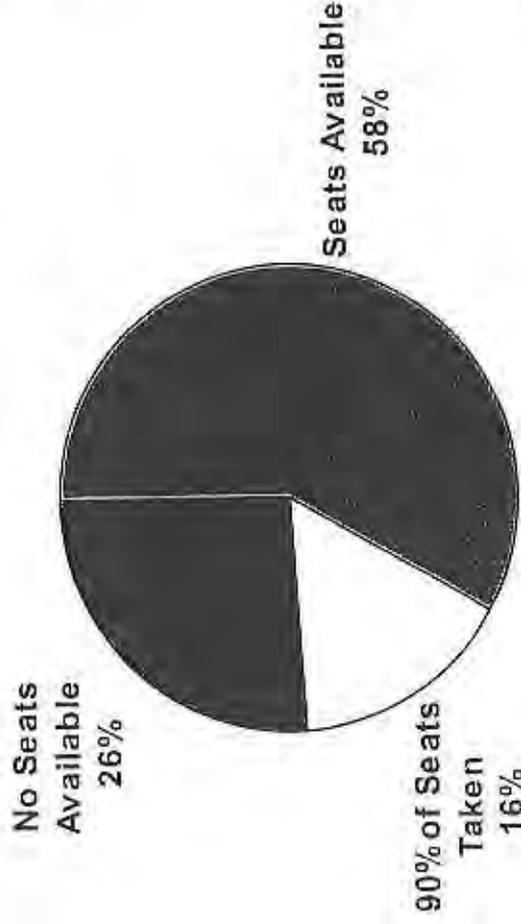
Metrorail's Worsening Crowding Problem



Metro is Seriously Overcrowded

Metrobus Crowding

Average Weekday
Ridership Congestion



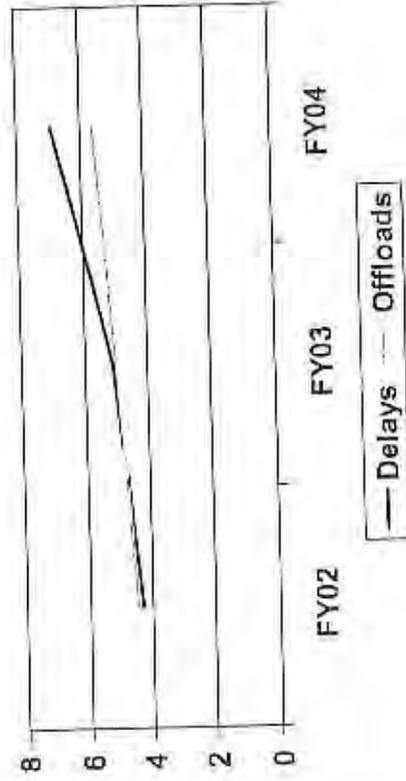
- Approximately 42% of Metrobus riders have difficulty obtaining a seat every day:
 - About 132,600 passengers experience no seat availability on their bus
 - Another 82,000 passengers have limited to no seat availability
- Projected growth in ridership will increase crowding conditions

Metro is Deferring Capital Investments Moving Toward a State of Good Repair

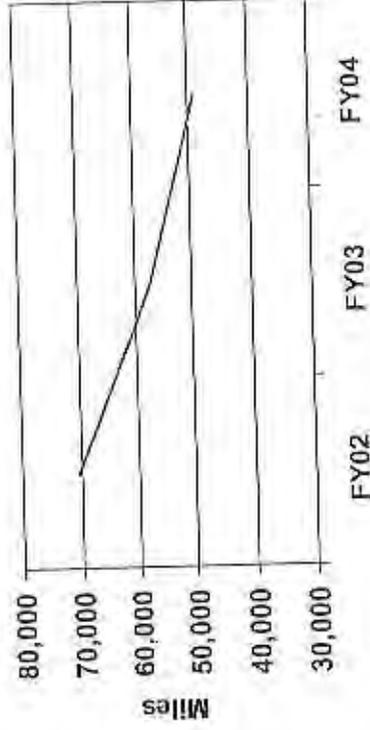
- Independent consultant evaluation identified system needs as:
 - Costs, lifecycles, in-service dates, condition and system inventory
 - These factors feed into the systems' long-term needs
- **State of Repair**
 - Like-New: The general inventory of the asset does not yet require significant investment
 - Good Repair: The general inventory of the asset is functional, though in some instances requires increasing investment
 - Under-Invested: The general inventory of the asset is in a state of degradation due to insufficient investment, age, use and other factors
- **Generally, significant elements of the WMATA system are sliding into a state of under-investment**
 - 60% of WMATA Metrorail system is more than 20 years of age

Service Performance is Declining Rail Service Reliability

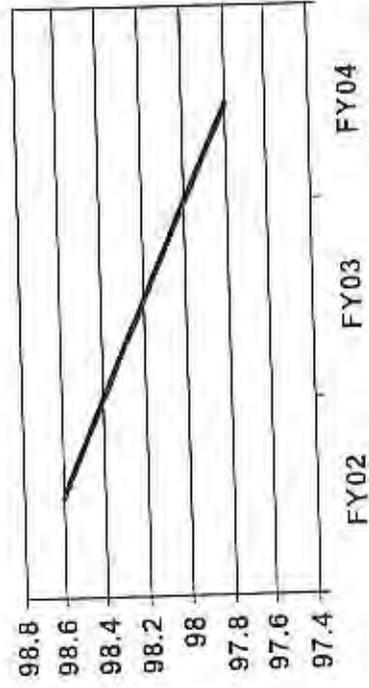
Delays and Offloads per Weekday



Mean Distance Between Failures



Service Reliability Index

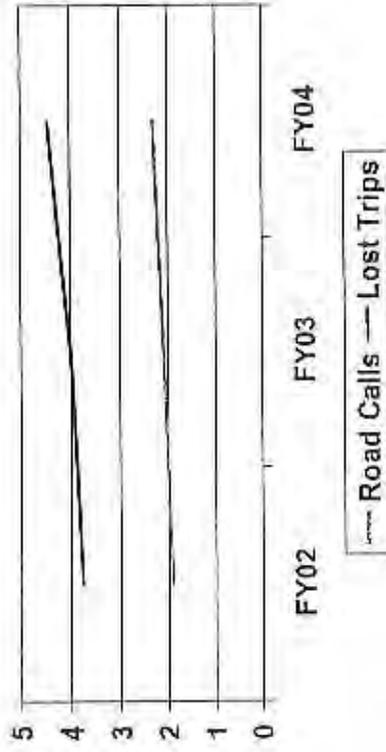


- Trains are overcrowded and disinvested
- Trends must be reversed to maintain and attract ridership

Service Performance is Declining

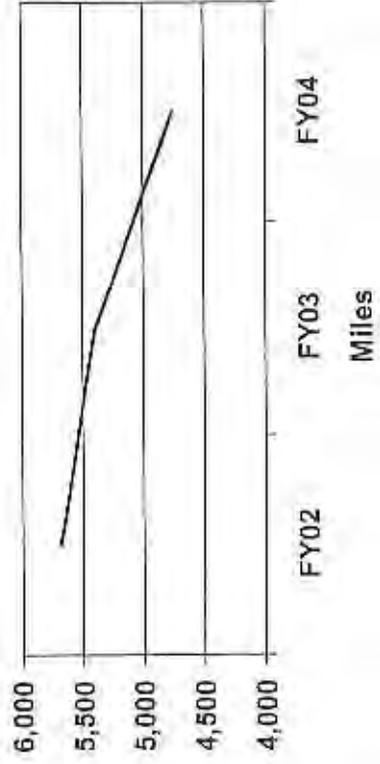
Bus Service Reliability

Incidents Per 1,000 Trips



- Buses are overcrowded
- Storage capacity is lacking in areas of growth
- Maintenance facilities are old

Mean Distance Between Failures



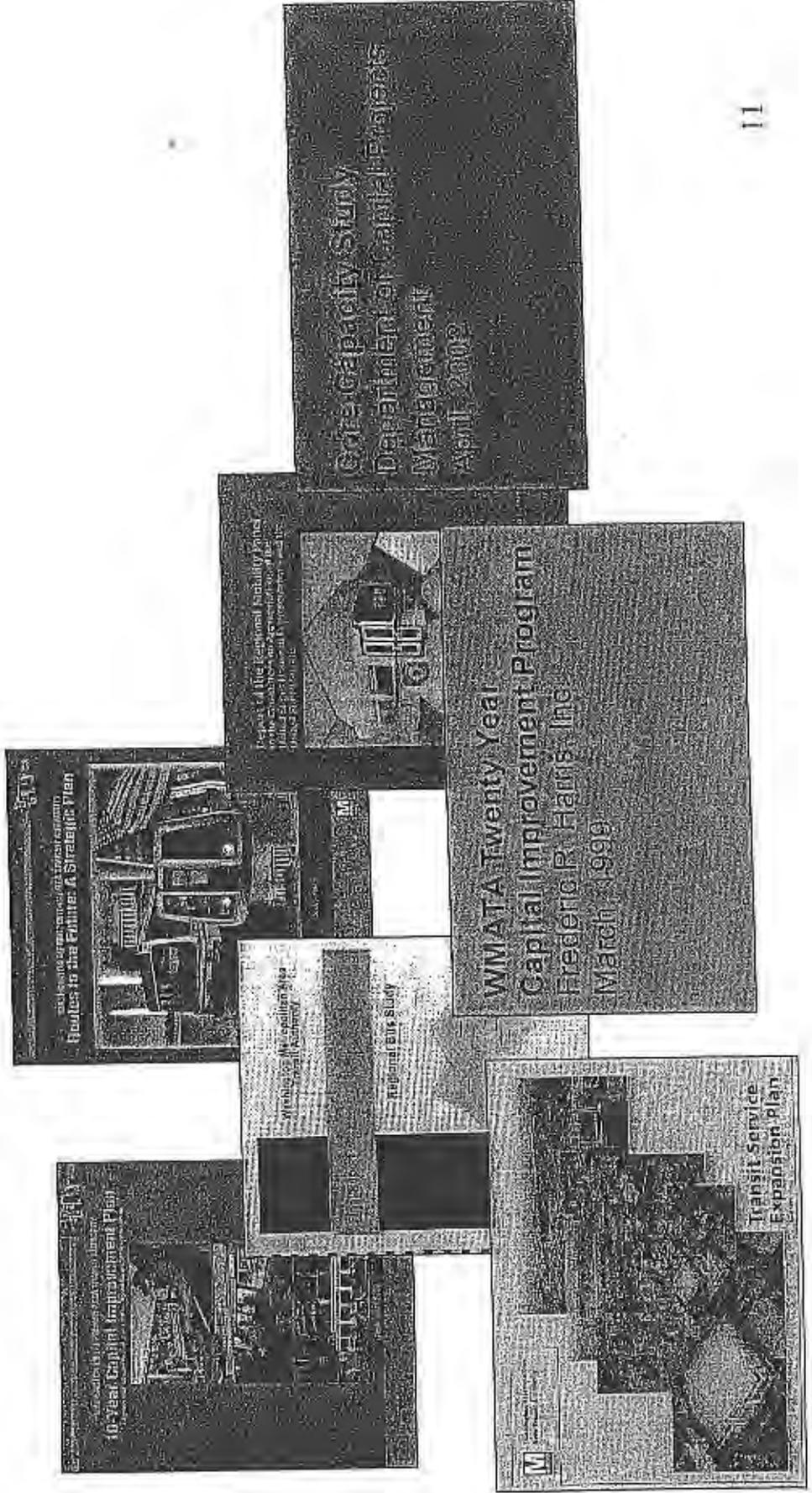
The Region will Suffer if Metro Does Metro Helps Reduce Congestion

- **Average Washington commuter spends 67 hours in congestion (3rd worst in the nation)**
 - Would be 102 hours (50% higher) without the region's public transportation system
- **Public transportation cuts Washington commuting costs by \$1.2 billion per year (about half) and saves 35 hours of delay per commuter (about half)**
 - Washington area is the 5th best in the nation at reducing delay by using transit

The Region will Suffer if Metro Does Metro Helps the Region

- **Metro removes more than 10 tons of pollutants from the region's air**
- **Over 350,000 cars removed from streets and highways**
 - 80 million gallons of gasoline saved
 - Equivalent capacity of 1,400 lane miles, or 11.5% of the region's lane-miles
- **Approximately \$25 billion in development near Metro Stations**
- **More than 50 federal agencies and employment centers located near Metro Stations**
 - 47% of peak riders are federal employees
- **COG Modeling**
 - Capacity Constraint on Metrorail modeled in the CLRP shows increased VMT and emissions without adequate transit capacity
 - Land Use and transportation changes in Mobility and Accessibility Study will not show benefits if Metro ridership is constrained due to insufficient capacity

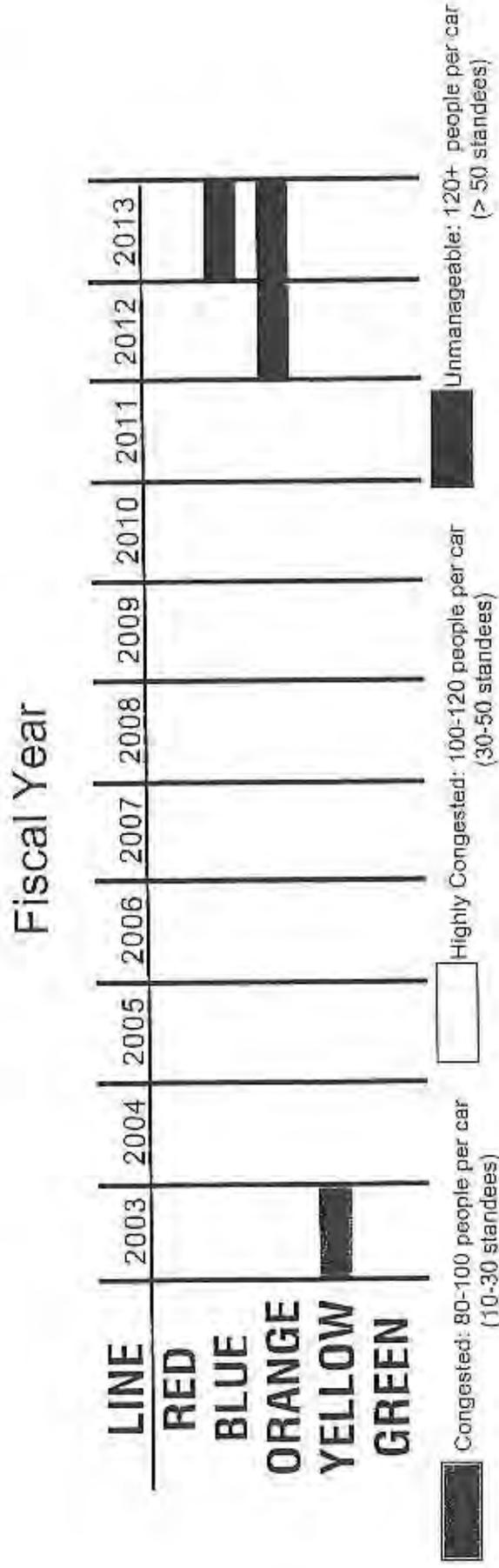
Metro has fully assessed its operating, capital rehabilitation and expansion needs.



WMATA Board Adopted Capital Improvement Plans

- Ten-year, \$12.2 billion Capital Improvement Plan (CIP) adopted by WMATA Board in November 2002. Included:
 - Infrastructure Renewal (IRP): (\$3.3 billion) “must do”
 - System Access and Capacity (SAP): (\$2.9 billion) “need to do”
 - System Expansion (SEP): (\$6.0 billion) “should do”
- Current funding proposal (i.e. Metro Matters) is the six-year, priority based, affordable version of the 10-year CIP (\$3.3 billion). It solves only part of the overall problem.
- Metro Matters would fund the “bare bones” urgent unfunded “must do” capital priorities and a limited amount of additional rail and bus capacity “need to do”
- Addresses rail and bus capacity problems through 2012, but does not address longer term needs
- Metro Matters does not allow for fixed guideway expansions
- Projects in the CLRP (Dulles, Bi-County Transitway, Corridor Cities Transitway) may not advance if FTA determines the region does not have the financial capacity to maintain existing transit services

Metro Matters Rail Car Program (120 Rail Cars)



- **Impacts**
 - Relieves overcrowding for approximately four years
 - Provides adequate capacity to absorb projected growth through 2012.

Metro Matters Bus Program (185 Buses)

- **Alleviates passenger crowding on 18% of Metro's bus routes**
- **Provides for a replacement bus garage with added capacity in Northern Virginia**
- **Institutes a passenger amenities program to**
 - Enhance bus stops and shelters
 - Provide for real-time passenger information
- **Implements traffic signal priority systems and other runningway improvements to reduce travel time and improve service reliability**

Total Needs vs. Bare Bones Funding

	10-Year CIP (FY 2004 – 2013)	Metro Matters (FY 2005 – 2010)
Infrastructure Rehabilitation	Yes	Yes
Increase in bus capacity	460 buses	185 buses
Bus ridership growth	46%	18%
Increase in rail capacity	300 cars	120 cars
Rail ridership growth	38%	15%
8-car trains	75%	33%
Accommodates demand until	2018	2012
System expansion	Yes	No

• Metro Matters only helps rail crowding and bus crowding for approximately four years (i.e. 2008 timeframe) – additional funding and a new agreement will be necessary before the current jurisdictional agreement expires!

How will Metro Matters be Funded?

- Transition to a “pay-as-you-go” or expenditure based capital budget and leverage existing available funding
 - Implies a sustained funding commitment beyond the six-year timeframe (FY2011 and beyond)
- Use short term and long term debt service to meet cash flow requirements and smooth jurisdictional payments
- Assumes \$260 million of additional Federal funding and a ramp-up of state and local funding to fully fund program

WMATA Has No Dedicated Operating Funds

- Recent report by the Brookings Institution reveals that the method of funding for WMATA is unlike almost every other major transit system

Dedicated Funding Levels	WMATA	National Average
Capital	0%	52%
Operating	2%	33%
State and Local General Funds		
Capital	33%	8%
Operating	35%	19%

- WMATA receives virtually no dedicated funding
 - WMATA is dependent in a disproportionately high way on state and local government general fund revenues
 - WMATA's passengers pay an extremely high share of WMATA's operating costs – over 50% versus 33% national average
 - WMATA will have considerable difficulty in the future unless there is a dedication of funding directly to WMATA, either on a regional or sub-regional basis

Future Funding Blue Ribbon Panel

- **Regional support for a Blue Ribbon Panel to discuss dedicated funding for Metro**
 - Northern Virginia Transportation Authority (NVTA) resolution on July 8
 - WMATA Board resolution on August 19
 - COG Board resolution on September 8
- **Blue Ribbon Panel will be composed of representatives from**
 - State and local governments, transit stakeholders, user populations, or the transportation and public finance interests
 - Regional interests (COG, Board of Trade, Federal City Council)
 - Chair from Professional/Academic arena
 - Federal government – ex officio
- **Recommendations by mid-December to coincide with 2005 Maryland and Virginia legislative sessions**

Conclusions

- **Metro is at crossroads: we are successful, but we are aging**
- **Maintaining an aging system in a good state of repair, relieving overcrowding and improving service reliability are top priorities**
- **The region has much at stake in protecting its \$9 billion investment in Metro (\$24 billion replacement value)**
- **The Metro Matters 6-year program is “bare bones” and will buy only about four years of time before these problems repeat themselves**
- **Greater and more permanent funding support is needed as soon as possible**



COMMONWEALTH OF VIRGINIA
HOUSE OF DELEGATES
RICHMOND

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COMMITTEE ASSIGNMENTS
PRIVILEGES AND ELECTIONS
TRANSPORTATION
GUIDANCE

September 14, 2004

For Additional Information:
Delegate Tim Hugo
Julie Dime, Legislative Aide
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Prioritizing Virginia's Surplus by Investing in Transportation
Northern Virginia Republican Lawmakers Unveil Transportation Proposal

Fairfax, Virginia (September 14) Delegate Tim Hugo, along with thirteen Northern Virginia Republican lawmakers today announced plans to pursue legislation to set up a revolving trust fund that would enable the Commonwealth to leverage trust fund dollars to jump-start critical transportation improvements and provide over \$5 billion over the next 20 years for road and transit construction.

One of the core government responsibilities that was not able to be addressed during the 2004 session was transportation funding. Since then many business and community leaders have been increasing their calls for policymakers to address transportation.

"I believe we have a real opportunity to get something done on Transportation," stated Delegate Hugo. "It's time to start taking action on what we have been talking about doing for years."

Joining lawmakers today are representatives from several Northern Virginia business groups such as, the Fairfax County Chamber of Commerce, the Greater Washington Board of Trade, the Northern Virginia Transportation Alliance, Northern Virginia Technology Council and the Dulles Area Transportation Alliance who support this important transportation proposal.

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Northern Virginia Transportation Press Conference
September 14, 2004
10:00 a.m. at the Tower Club

Background:

- Under the Virginia Transportation Act of 2000, one third of the insurance premium taxes should have been deposited into the Priority Transportation Fund.
- Yet, in the recent state budget, increased transportation funding was *not* provided.
- The Governor in his introduced budget included the deposit – approximately \$270 million over the two-year period.
- The funding was not included in the final passed budget.
- Current estimates are that the full three thirds of the insurance premium money would generate approximately \$780 million.
- Current estimate is that the July 2004-February 2005 period will result in an additional \$700 million surplus of state revenue.

Today's Transportation Proposal:

- The Commonwealth is running a large surplus (approximately \$700 million). Succinctly, the surplus revenue will be prioritized into transportation construction spending.
- Previous General Assembly sessions have voted to move one-third of the money into the Priority Transportation Fund. Today, we are proposing that all insurance premium monies be moved to this fund. This will provide a continuous revenue stream to fund critical transportation needs in Virginia.
- This legislation will set up a revolving trust fund that would enable the Commonwealth to leverage trust fund dollars to jump-start critical transportation improvements and provide over \$5 billion over the next 20 years for road and transit construction.

Supporting Legislators:

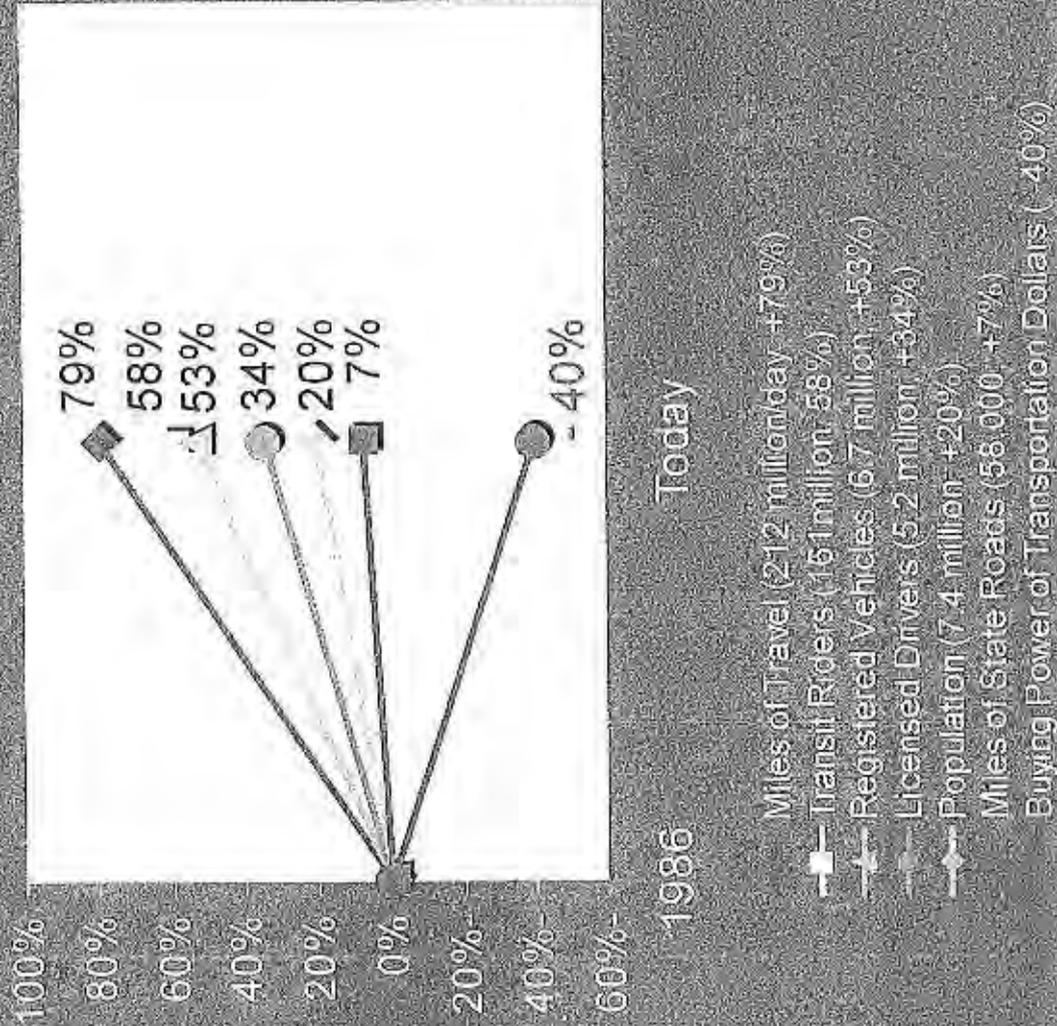
- Callahan, Parrish, Albo, Lingamfelter, Rust, Reese, McQuigg, Black, Marshall, May, Frederick, Hugo, Mims, Cuccinelli, DeVolites-Davis, O'Brien.

Supporting Organizations:

- Fairfax County Chamber of Commerce, the Greater Washington Board of Trade, Northern Virginia Transportation Alliance,, Northern Virginia Technology Counsel, and the Dulles Area Transportation Alliance.

Demand Up; Supply Down

Transportation Trends Since 1986



- Miles of Travel (212 million/day) +79%
- ▲ Transit Riders (16.1 million) +58%
- ◆ Registered Vehicles (6.7 million) +53%
- Licensed Drivers (5.2 million) +34%
- ◆ Population (7.4 million) +20%
- ◆ Miles of State Roads (56,000) +7%
- Buying Power of Transportation Dollars (-40%)

News Clips September 15, 2004

N.VA. REPUBLICANS BACK BONDS FOR TRANSPORTATION
Plan Starts Early Maneuvering for Assembly Session

By Steven Ginsberg
Washington Post Staff Writer
Wednesday, September 15, 2004; Page B01

A group of Republican legislators from Northern Virginia announced a plan yesterday to borrow billions to finance roads and rail in the state, the first such proposal for a 2005 General Assembly session that lawmakers say will be dominated by efforts to raise money for transportation.

Backers said they released their plan yesterday, a full four months before the legislature meets, because they wanted to lay claim to what they say will be a \$700 million budget surplus and to build momentum behind their idea.

"Taxpayers will enjoy a \$700 million surplus," said Del. David B. Albo (Fairfax), one of the architects of the plan. "We want to make sure that money goes to transportation."

The proposal outlined yesterday probably will be joined by several others before lawmakers meet in January. Senate Finance Committee Chairman John H. Chichester (R-Stafford) has promised a proposal, and House Speaker William J. Howell (R-Stafford) has appointed a committee of GOP delegates to come up with ideas. Gov. Mark R. Warner (D) has said he is working to come up with a plan, while leading Democrats support raising gas taxes and fees to fund new projects.

Environmental leaders will have a conference Saturday to talk about their approach to solving transportation problems, with an eye toward the General Assembly session. "What we'd like them to do is have a more principled approach toward identification of priorities and to be focused on developing meaningful measures of performance," rather than just searching for new revenue, said Chris Miller, president of the Piedmont Environmental Council.

In recent years, lawmakers have addressed deficiencies in every major state function other than transportation. In the spring, state leaders raised sales taxes and other taxes by \$1.5 billion to increase funding for schools, public safety and health care.

Meanwhile, the state's transportation budget has diminished, and planned projects have been cut. Transportation officials have turned to the private sector and to tolls as ways to fund some projects, but there is widespread agreement among planners and lawmakers that the state's ability to build roads and rail will atrophy unless a lot more money becomes available.

"We've been very generous" to other needs, said Del. L. Scott Lingamfelter (R-Prince William), a supporter of yesterday's plan. "Now it's time to shift our attention. Here's the message: It's now transportation's turn."



Funding Public Transit in Northern Virginia

-- DRAFT --

October 28, 2004

NVTC's Message

- Public transit is vital to the quality of life of Northern Virginia's citizens and boosts the economy of the *entire* commonwealth.
- State statutes call for strong state funding support of public transit, but a lack of sufficient funds means the state has failed to meet its obligation.



NVTC's Message

- Local governments have been compelled to shoulder much of the commonwealth's responsibilities, but doing so unfairly strains property tax-funded local budgets and hurts this region compared to other parts of the commonwealth.
- Given accelerating transit needs identified in the commonwealth's multi modal plan, the lack of state funds for transit has reached a crisis stage.



Northern Virginia's Transit Systems



Public Transit Ridership is Strong and Growing

- FY 2003 total average weekday passenger trips in Northern Virginia = 417,367
- FY 2003 annual ridership = 121,406,886
- Transit produces substantial mode shares in peak hours on Northern Virginia's major commuting corridors (e.g. over 60% on I-66 inside the beltway).



**Northern Virginia Average Weekday and Annual
Public Transit Passenger Trips, FY 2002 – 2003**

System	Average Weekday Passenger Trips, FY 02	Average Weekday Passenger Trips, FY 03	Annual Passenger Trips, FY 02	Annual Passenger Trips, FY 03
Metrorail Virginia	275,325	282,070	80,008,842	83,529,741
Metrobus Virginia	74,676	71,470	21,781,277	20,855,658
Fairfax Connector	24,765	27,765	6,831,313	7,595,138
DASH	9,330	10,235	2,736,719	2,986,631
VRE	12,327	13,231	2,735,025	3,179,957
PRTC OmniRide	3,798	4,639	938,778	1,182,996
PRTC OmniLink	2,355	2,547	590,182	649,405
CUE	3,250	3,282	919,877	925,000
Loudoun County Transit	838	1,152	212,102	281,829
ART	837	976	251,869	220,531
Total	407,501	417,367	117,005,984	121,406,886

Benefits of Transit Use

- According to the American Public Transportation Association (APTA), each person switching to transit from a private automobile saves 76 pounds of harmful pollutants in a single year. For FY 2003, transit riders in Northern Virginia saved almost 8,000 tons.
- APTA reports that each person using transit instead of driving to work saves 273 gallons of gasoline a year. For Northern Virginia total savings for FY 2003 are 57 million gallons.



Benefits of Transit Use

- The Texas Transportation Institute reports that traffic congestion would cost the Washington, DC metropolitan area over \$3 billion annually in lost time and wasted fuel, but previous investments in transit reduce this “congestion tax” by \$1.2 billion (as of 2002).
- For the period 1995-2010, analysis by KPMG Peat Marwick for NVTCC found that the Commonwealth of Virginia’s investments in Metrorail are spurring transit-friendly development, creating over 90,000 permanent professional jobs, yielding state tax revenues in excess of investments of \$1.2 billion and generating an astounding 19.2 percent annual rate of return.



How Public Transit Costs are Allocated and Funded

- Federal, state, regional and local governments and customers share the costs. Some private sector involvement (joint development, Dulles public-private partnership).
- Transit systems send bills to local governments as “funders of last resort” for their remaining net subsidies.
- Local governments are often forced to issue General Obligation Bonds funded by general revenues (property taxes), or to cut service and raise fares.



How Public Transit Costs Are Allocated and Funded

- As of FY 2004, statewide total costs of transit systems were funded using 30 percent system revenues (fares), 26 percent local funds, 24 percent federal funds, and 20 percent state funds.



How Public Transit Costs Are Allocated and Funded

- In Northern Virginia, local bus systems are paid for primarily by local governments with some state aid typically through NVTC (or directly for Loudoun County and PRTC). No federal aid is used (except PRTC).
- VRE uses a combination of federal (39%), state (19%) and local (11%) subsidies and fare revenues (33%). VRE subsidy shares for participating jurisdictions for its \$56 million annual capital and operating budget are based on a formula of 90 percent ridership and 10 percent by jurisdiction of residence.



How Public Transit Costs Are Allocated and Funded

- For its \$1.3 billion annual operating and capital budget as of FY 2005, WMATA is covering about 42% from system revenues, 45% from non-federal subsidies and the rest from federal funds.
- WMATA has many different formulas for allocating net subsidy requirements for Metrobus (regional vs. non-regional routes), Metrorail, Metro Access, Revenue Bond Debt Service, Infrastructure Renewal Program, System Access/Capacity Program and System Expansion Program.
- Northern Virginia's share of these WMATA subsidies is about \$144 million in FY 2005.



The Commonwealth Should Be Providing More Transit Funding

- In Virginia, state transit assistance is provided from 14.7 percent of the Transportation Trust Fund (TTF), totaling about \$116 million annually as of FY 2005, plus limited discretionary grants using federal and other state funds totaling about \$24 million in FY 2005.
- State statutes specify a 95 percent share of net transit operating and capital costs to come from the TTF.
- Actual state shares for FY 2005 from the TTF are 43 percent of net transit operating costs and 38 percent of net transit capital costs, versus the 95 percent for both.



The Commonwealth Should Be Providing More Transit Funding

- As a result, actual state TTF assistance to NVTC (\$81 million expected in FY 2005) falls far short (\$100 million under funded in FY 2005; \$83 million in FY2004) of meeting the 95 percent obligation.
- Additional state-directed funding not from the TTF for NVTC transit systems includes \$9 million for Metrorail cars and \$6 million for track leases in FY2005.



The Commonwealth Should Be Providing More Transit Funding

- Given the state shortfalls, local and regional funds of NVTC jurisdictions and transit customers paid 73% of operating and capital costs not covered by federal transit subsidies as of FY 2004, with state TTF funds covering only 27%.
- In neighboring Maryland, virtually all of the transit costs not covered by fares and subsidies are paid by the state.



The Commonwealth Should Be Providing More Transit Funding

- For the transit projects in Virginia's statewide six-year plan, \$168.3 million more would be needed in FY 2005 alone for the commonwealth to meet its 95 percent matching obligation for capital and operations.
- And the statewide funding shortfalls, serious as they are, show an incomplete picture since the transit projects included in the CTB's approved program fall far short of reflecting the realistic needs in each t.



Accelerating Transit Needs Are Unfunded

- Record ridership is straining public transit capacity. For example, by 2008, Metrorail's Orange Line will go from being highly congested to being unmanageably crowded (120 + people per car with 50 +standing).
- In October, 2004, Northern Virginia's local governments formally committed to provide to WMATA local funds for railcars and other critical capital needs identified in the *Metro Matters* campaign. Non-federal requirements are \$252 million through 2010 and \$259 million 2011-2025 for *Metro Matters* alone, over and above WMATA's capital needs. Also, sharp increases in operating expenses are forecast.



Accelerating Transit Needs Are Unfunded

- WMATA's 10 year CIP requires \$12.2 billion, \$6 billion for expansion and \$6.2 billion for refurbishment and capacity.
- *Metro Matters* would cover only \$3.3 billion.



Accelerating Transit Needs Are Unfunded

- *Metro Matters* local funding agreements assume new federal funding of \$260 million in the next four years plus \$144 million for security needs, but Congress has not yet acted.
- While WMATA's local governments are compelled to act first, their federal and state funding partners must quickly meet *their* responsibilities.



Accelerating Transit Needs Are Unfunded

- Maryland's state government is absorbing Maryland's entire share of *Metro Matters*, while NVTC's local governments must bear the lion's share of Virginia's commitment.
- VRE's draft six-year financial plan also shows large and growing shortfalls for rail cars and operations.
- Virginia's ongoing VTRANS 2025 multimodal plan has ominous projections for the future of Northern Virginia's transit systems that go far beyond the current needs of WMATA and VRE.



Accelerating Transit Needs Are Unfunded

- VTrans 2025's middle scenario with transit ridership growing at the same rate as VMT (which doubles transit ridership by 2025) including some transit facility modernization and a limited number of new routes (e.g. Dulles phases I & II) would yield unfunded transit capital needs in Northern Virginia of approximately \$261 million and operating needs of \$204 million annually through 2025.



Accelerating Transit Needs Are Unfunded

- Even the enormous unfunded needs documented in VTrans 2025 do not tell the entire story.
- COG/TPB's February 2004 Time to Act gives project-specific transit needs estimates for Northern Virginia that far exceed both the CTB's six-year program and VTrans 2025.
- This source shows unfunded capital needs of \$438 million annually, compared to only about \$40.3 million annually in the six-year program (as of FY05) and \$261 million annually in the VTrans 2025 middle scenario.



A Bleak Picture

- While the state's existing program shortchanges NVTC's jurisdictions by \$100 million annually for capital and operations (and growing) in TTF funds, unfunded transit needs exist in Northern Virginia of at least a half billion dollars annually just to maintain transit's current market share.



Local Governments Are Scrambling to Pick up the State's Tab

- From FY 2001 through FY 2004 payments for transit in Northern Virginia using local funds have grown by 41 percent while state TTF aid grew by only 15 percent.
- According to the Virginia Department of Rail and Public Transportation's most recent estimate in FY 2000, Northern Virginia's per capita payments for transit using local funds are at least four times larger than any other locality in the commonwealth.



Local Governments Are Scrambling to Pick up the State's Tab

- To meet *Metro Matters* obligations, many of NVTC's governments are issuing general obligation bonds. Without a dedicated source of funding beyond NVTC's inadequate two percent motor fuel tax (yielding less than \$20 million annually for WMATA), general revenues (property taxes) must be used for debt service.
- The additional cost to Northern Virginia's jurisdictions for the final *Metro Matters* package is up to \$73.5 million more through 2025 than if such a dedicated source of funding offered the opportunity for a pay-as-you-go approach.



Possible New Regional Sources of Annual Funding for Northern Virginia Transit

- Smoke and mirrors won't get the job done, with unfunded needs of at least a half billion dollars annually.
- The Blue Ribbon panel on Metro Funding is due to report on dedicated funding for WMATA in December, 2004 and several tentative legislative proposals have also been advanced for the Virginia General Assembly's 2005 session.
- For purposes of discussion, some combination of regional and state funding sources that would serve to relieve the unacceptable burden on local property taxpayers, might include:



Possible New Regional Sources of Annual Funding for Northern Virginia Transit

(Rough Estimates of Northern Virginia Yields)

- NVTC one percent gas tax increase = \$11 million
- One half (0.5) cent regional sales tax = \$100 million
- One percent regional income tax = \$500 million
- Parking tax of \$5 per space = \$100 million
- Payroll tax of \$85 per employee = \$100 million
- 75-cents per mile HOT lane fees for SOV's = \$100 million
- “Head Tax” of \$188 on 1.6 million residents = \$300 million



Possible New Statewide Sources of Annual Funding for Northern Virginia Transit

(Yields to NVTC)

- 1-cent per gallon statewide gas tax to TTF = \$4.2 million
- 1 percent increase statewide vehicle titling tax all to TTF = \$13.2 million
- \$1 statewide vehicle registration fee increase all to TTF = \$600,000
- 0.5-cent statewide sales tax all to TTF = \$44.1 million
- Shift all insurance premium taxes to TTF = \$31.8 million
- Shift transit's share of the TTF to 29.7% from 14.7% = \$70.5 million



Conclusions

- The unmet needs for transit funding are real and growing.
- The commonwealth is not meeting its obligations.
- NVTC's local governments cannot continue to meet transit needs alone without *new dedicated funding sources*.
- The General Assembly should confront the crisis and act *now* to provide a lasting



For Further Information

- Go to www.thinkoutsidethecar.org with a keyword search feature.
 - *Northern Virginia Transit Resource Guide* (August, 2003);
 - *NVTC Handbook* (2004);
 - *The November, 2002 Transportation Funding Referendum in Northern Virginia: Issues and Recommendations Relating to Public Transit Funding in Northern Virginia – Where Do We Go From Here? Draft* (September 7, 2004)





**THE NOVEMBER, 2002 TRANSPORTATION FUNDING
REFERENDUM IN NORTHERN VIRGINIA:
ISSUES AND RECOMMENDATIONS RELATING TO
PUBLIC TRANSIT FUNDING IN NORTHERN VIRGINIA**

Draft for Discussion

September 7, 2004

What is the Problem?



- **Transportation congestion is getting much worse in Northern Virginia as growth of vehicle miles traveled (49 percent since 1990) far exceeds lane miles (9 percent).**
- **Air quality and sprawl remain serious concerns.**
- **Available funding falls short of needs.**
- **WMATA lacks a dedicated source of funding.**
- **VTRANS 2025, the commonwealth's ongoing multimodal plan, estimates unfunded public transit needs for Northern Virginia alone as at least a third of a billion dollars annually to barely maintain current services with ridership growing only as fast as population.**
- **To attack congestion and meet clean air needs using public transit we need \$1.2 billion in new annual funding.**

What the Commission Asked:



- **What contributed to the defeat of the November, 2002 referendum in Northern Virginia (half cent sales tax to generate \$2.75 billion over 20 years for bonded projects plus \$2.25 billion for pay-as-you-go projects) which was defeated 55 to 45 percent in Planning District 8?**
- **What lessons are available from referendum experiences elsewhere?**
- **What steps would lead to a successful future public transit funding referendum in Northern Virginia?**
- **Where do we go from here?**

The Draft Staff Report:

- Is available at

http://www.thinkoutsidethecar.org/pdfs/REF_DFT_COMP_9-7-04.pdf



The Draft Staff Report:

- **Describes the Northern Virginia transportation Authority and referendum legislation**
- **Shows the referendum results using GIS maps**
- **Lists 35 reasons for its defeat, organized into groups:**
 - Tactics
 - Distrust of governments and elected officials
 - Other priorities are important
 - Not a local responsibility
 - Issues with taxes
 - More smart growth

The Draft Staff Report:

- **Reports survey and focus group feedback**
- **Gives results and lessons from referendums elsewhere**
- **Analyzes several possible features of a future successful referendum:**
 - Smart growth**
 - Transit-only**
 - Smaller region**
 - Base revenues for each affirmative jurisdiction**
 - Tax relief**
 - Timing**
 - Creating the project list**
 - Grass roots involvement**
 - Managing the campaign**

The Draft Staff Report:

- After other funding alternatives are tried, provides 21 draft recommendations for crafting a successful future referendum, with tasks for NVTa, General Assembly, local governments and the CTB over a two-year period leading to a vote in November, 2006.
- Concludes with several appendices including an extensive bibliography and precinct-specific GIS maps of referendum results by jurisdiction.



Findings:

- **Referendums for regional tax increases are much harder to pass than local bond referendums. Many attempts may be needed before succeeding. A referendum is a last resort.**
- **Therefore, General Assembly action to enact needed taxes or earmark new revenues from existing taxes, is greatly preferred. Even requiring concurring action by local governments for a new revenue source is much easier than a referendum.**
- **If a referendum is necessary, the earliest feasible date is November, 2006.**

Findings:

- **Given the apparent level of dissatisfaction among voters with sprawl, if a referendum is labeled pro-sprawl it has little chance of success.**
- **A referendum within NVTTC's district for transit funding only would be likely to pass.**
- **Projects on the referendum list have stalled except for toll financed highway/HOV and local general fund-bonded transit.**

The Ballot Question:

Question

“Shall an additional sales and use tax of one-half of one percent be imposed in Arlington County, Fairfax County, Loudoun County, Prince William County, the City of Alexandria, the City of Fairfax, the City of Falls Church, the City of Manassas, and the City of Manassas Park, with the revenues to be used solely for regional transportation projects and programs as specified in Chapter 853 of the Acts of Assembly of 2002?”

Result

A favorable vote on the question in *Northern Virginia* (the counties of Arlington, Fairfax, Loudoun, and Prince William, and the cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park) would authorize the Northern Virginia Transportation Authority to issue debt in a principal amount not exceeding \$2,800,000,000 for specified transportation projects, and to pay the interest and principal of such debt with the additional revenues generated by an increase of one-half of one percent in the sales and use tax in that region.

The Project List:



1. Dulles Corridor Transit (local share)\$350 Million
2. I-66 Improvements & Rail Extension(I-495-Route 15)...\$300 Million
3. I-95/395 Improvements and Transit Improvements.....\$250 Million
4. Route 1 Transit Improvements (Arlington/Alexandria)..\$75 Million
5. Route 1 Transit Improvements (Fairfax/Prince William)\$150 Million
6. Route 28 Improvements (Loudoun/Fairfax).....\$50 Million
7. Route 28 Improvements (Prince William).....\$50 Million
8. 1-495 Improvements & Transit Improvements.....\$200 Million
9. Fairfax County Parkway.....\$125 Million
10. Gallows Road/Route 29 Improvements.....\$25 Million
11. Tri-County/Loudoun Parkway.....\$100 Million
12. VRE New Railcar Purchase.....\$100 Million
13. Eisenhower Valley Highway & Transit Improvements...\$25 Million

The Project List:



- 14. **Route 234 Bypass/Route 659 Relocated.....\$50 Million**
- 15. **Metrorail IRP.....\$250 Million**
- 16. **Secondary System Improvements (includes unpaved roads)\$150 Million**
- 17. **Urban System Improvements.....\$100 Million**
- 18. **Route 7 Improvements (Fairfax/Falls Church).....\$80 Million**
- 19. **Route 7 Improvements (Loudoun).....\$100 Million**
- 20. **Regional Transit Capital.....\$75 Million**
- 21. **Alexandria Transit Capital and Facilities.....\$25 Million**
- 22. **Route 50/Columbia Pike Improvements.....\$25 Million**
- 23. **Columbia Pike/Route 7 Transit Improvements.....\$75 Million**
- 24. **Rail Safety Improvements (Manassas Grade Separations).....\$20 Million**
- 25. **Transit Operational Costs.....(Up to 15% of excess \$ each year)**

Northern Virginia Transportation Authority:

- Created by 2001 and 2002 General Assembly
- Referendum funds were to flow to NVTA
- In preparing the long range transportation plan and adopting policies and priorities, NVTA shall be guided by performance-based criteria (i.e. travel time, delays, connectivity, safety, air quality, moving people, cost-effectiveness.)
- Now updating TCC's 2020 plan to 2030 with 40 percent of budget for public involvement.

Referendum Act:

- **Lists \$2.8 billion of specific projects eligible for bonding (about 40 percent for transit).**
- **Anticipates \$140 million annually by FY 2005 and \$5 billion by 2023 including interest and five percent assumed annual revenue growth.**
- **Can pay for defined projects up to 35 years and beyond (lengthy sunset).**
- **Up to 15 percent of excess funds each year for transit operating costs.**

Referendum Act:

- **Each local government must maintain its own transportation funding effort at FY 2002 level (local maintenance of effort).**
- **The new sales tax revenue will not be used to calculate or reduce the share of federal, state or local revenues otherwise available to the region (hold harmless).**
- **NVTA must report annually on allocation and expenditure of funds and on the use of funds to relieve traffic congestion and improve air quality (accountability).**



Referendum Results:

- Lost 55 to 45% region wide.
- Persuading 24,235 persons (out of 485,822 votes cast) to vote “yes” instead of “no” would have passed the referendum.
- Converting half of the “no” votes to “yes” votes in the only three jurisdictions that favored the referendum would have passed it.
- Areas close to Metrorail generally had much higher levels of support.

Figure 2**Official Results****Vote Totals-Regional Bond Issue-Northern Virginia (More Information)**

<u>Locality</u>	<u>Yes</u>	<u>No</u>	<u>Votes Cast</u>	<u>Precincts Reporting</u>
<u>Arlington County</u>	28,842 50.7%	28,027 48.3%	56,869	48 of 48 100.00%
<u>Fairfax County</u>	122,259 45.6%	146,146 54.4%	268,405	220 of 220 100.00%
<u>Loudoun County</u>	18,386 36.3%	32,268 63.7%	50,654	54 of 54 100.00%
<u>Prince William County</u>	23,378 40.5%	34,374 59.5%	57,752	62 of 62 100.00%
<u>Alexandria City</u>	17,211 50.7%	16,761 49.3%	33,972	26 of 26 100.00%
<u>Fairfax City</u>	2,757 44.3%	3,470 55.7%	6,227	8 of 8 100.00%
<u>Falls Church City</u>	2,427 56.5%	1,866 43.5%	4,293	7 of 7 100.00%
<u>Manassas Park City</u>	542 41.9%	753 58.1%	1,295	2 of 2 100.00%
<u>Manassas City</u>	2,875 45.2%	3,480 54.8%	6,355	7 of 7 100.00%
District Totals:	218,677 45.01%	267,145 54.99%	485,822	434 of 434



Sales Tax Referendum

Northern Virginia
November 5, 2002

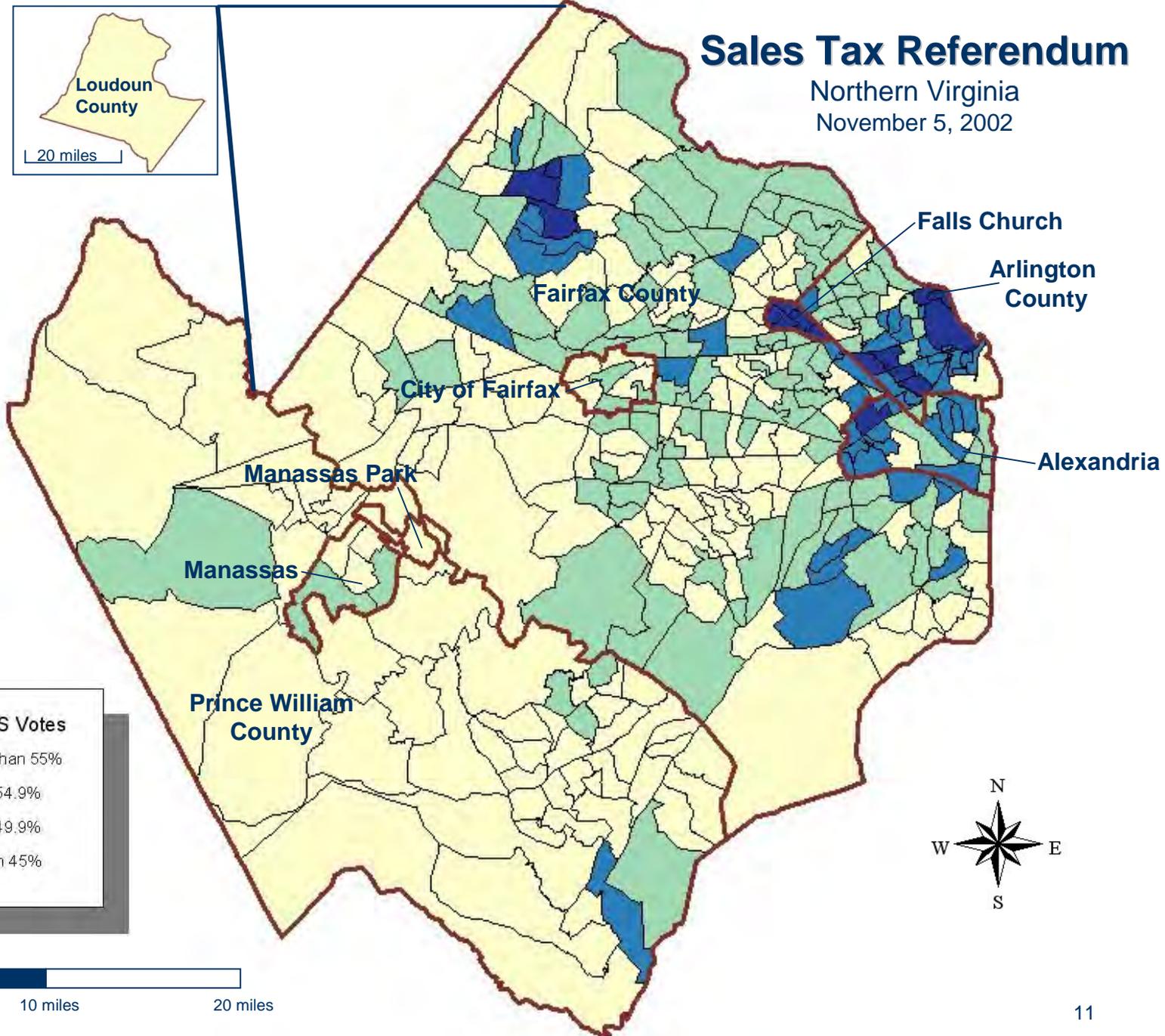
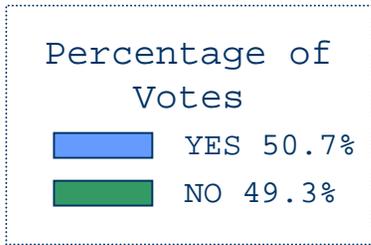
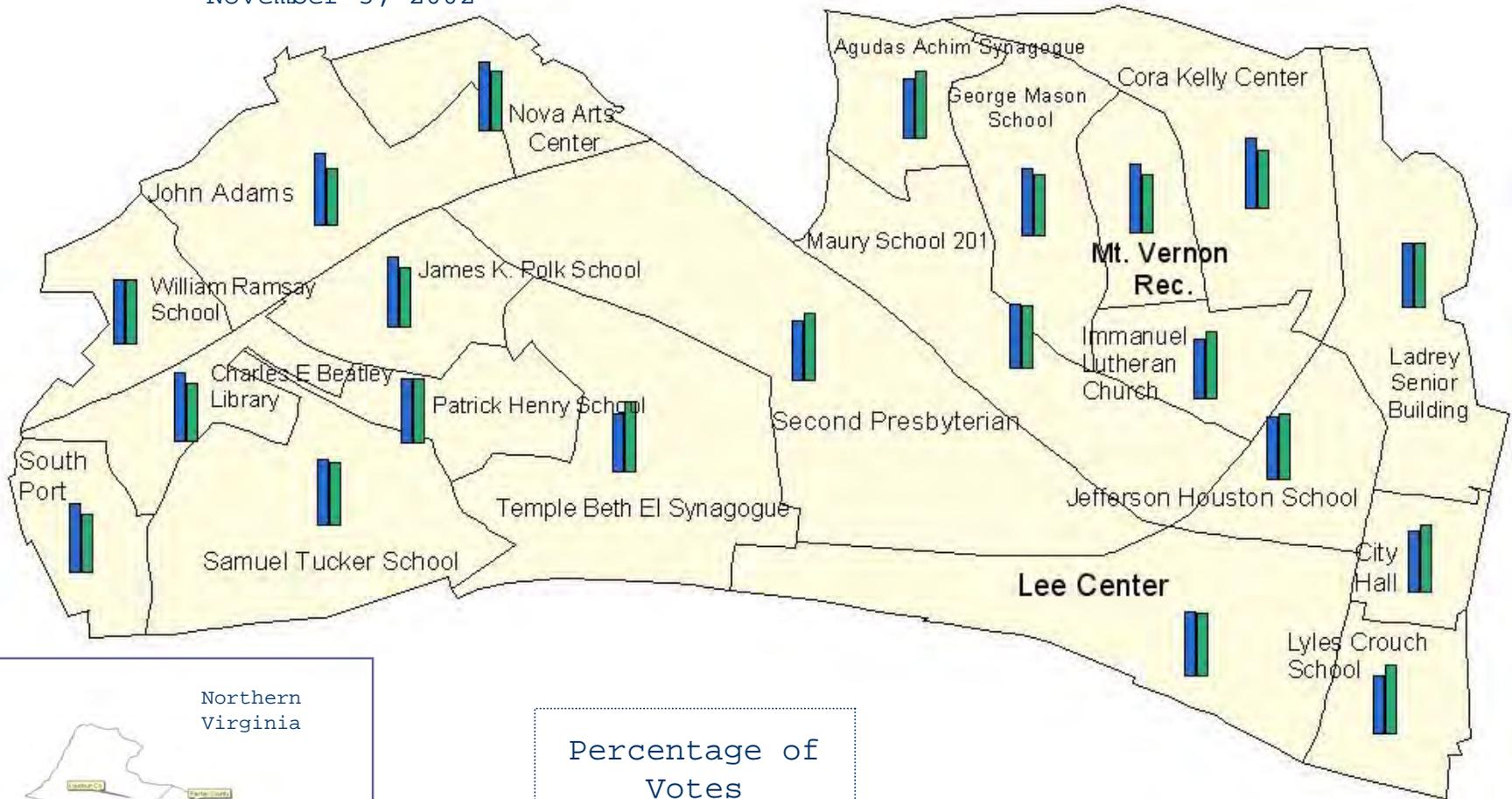


Figure 3

Sales Tax Referendum

Alexandria

November 5, 2002

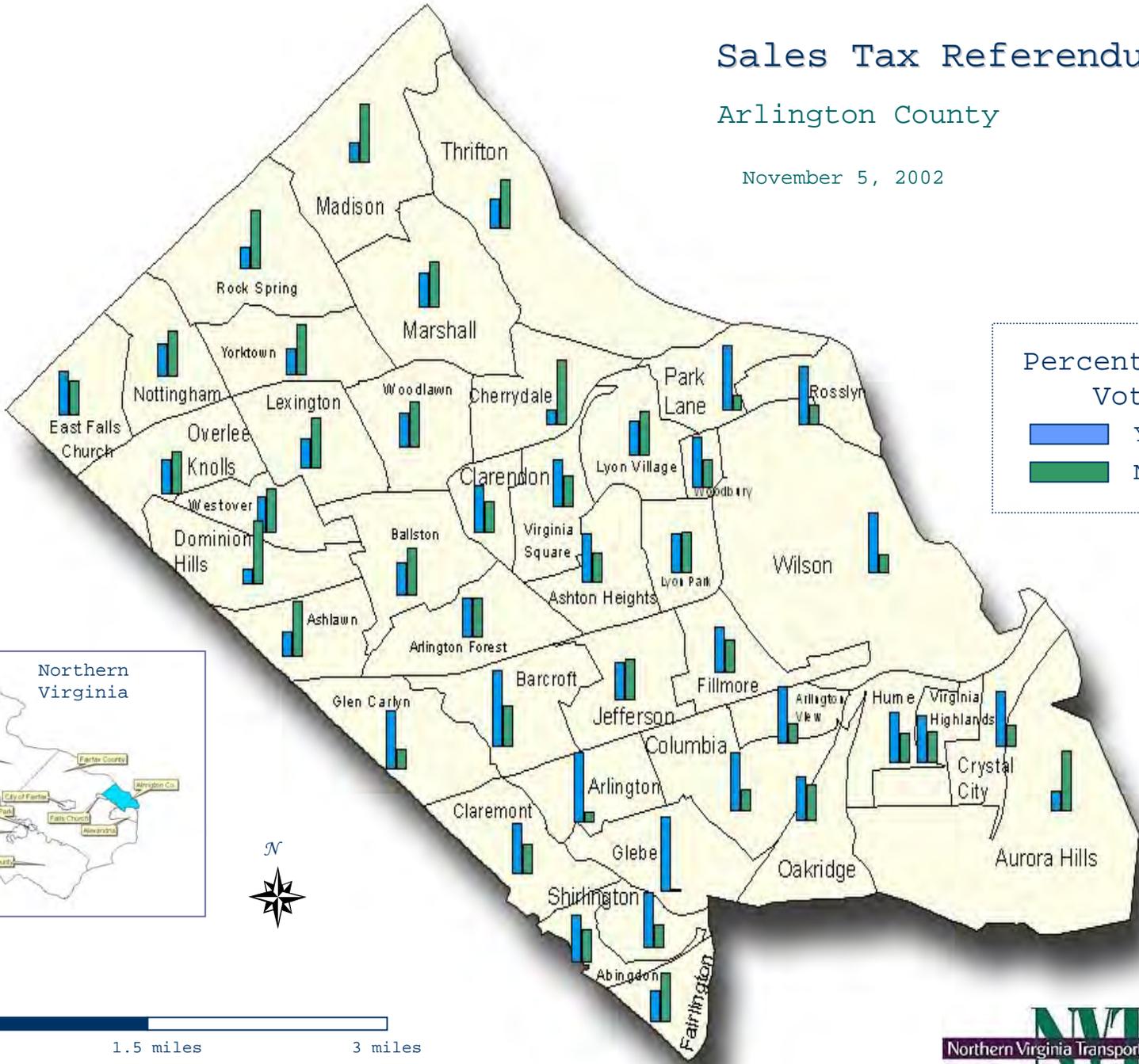


Sales Tax Referendum

Arlington County

November 5, 2002

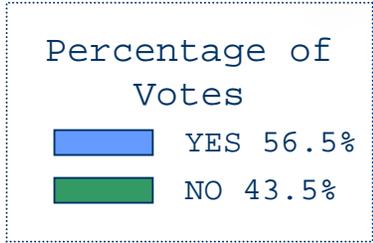
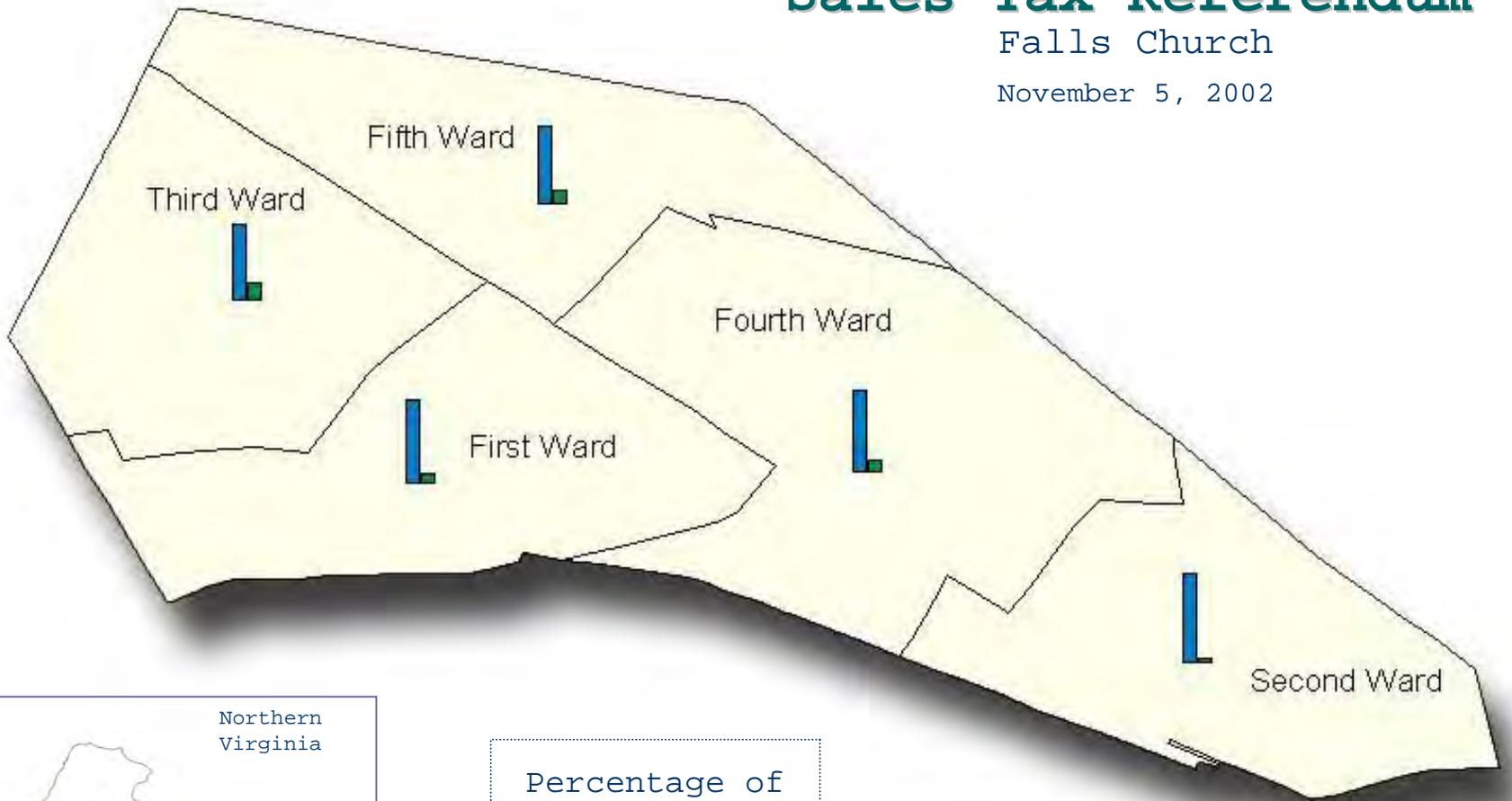
Percentage of
Votes



Sales Tax Referendum

Falls Church

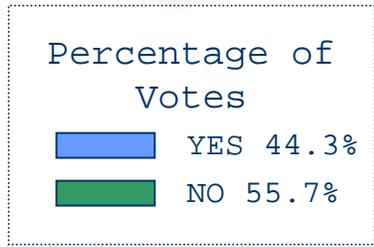
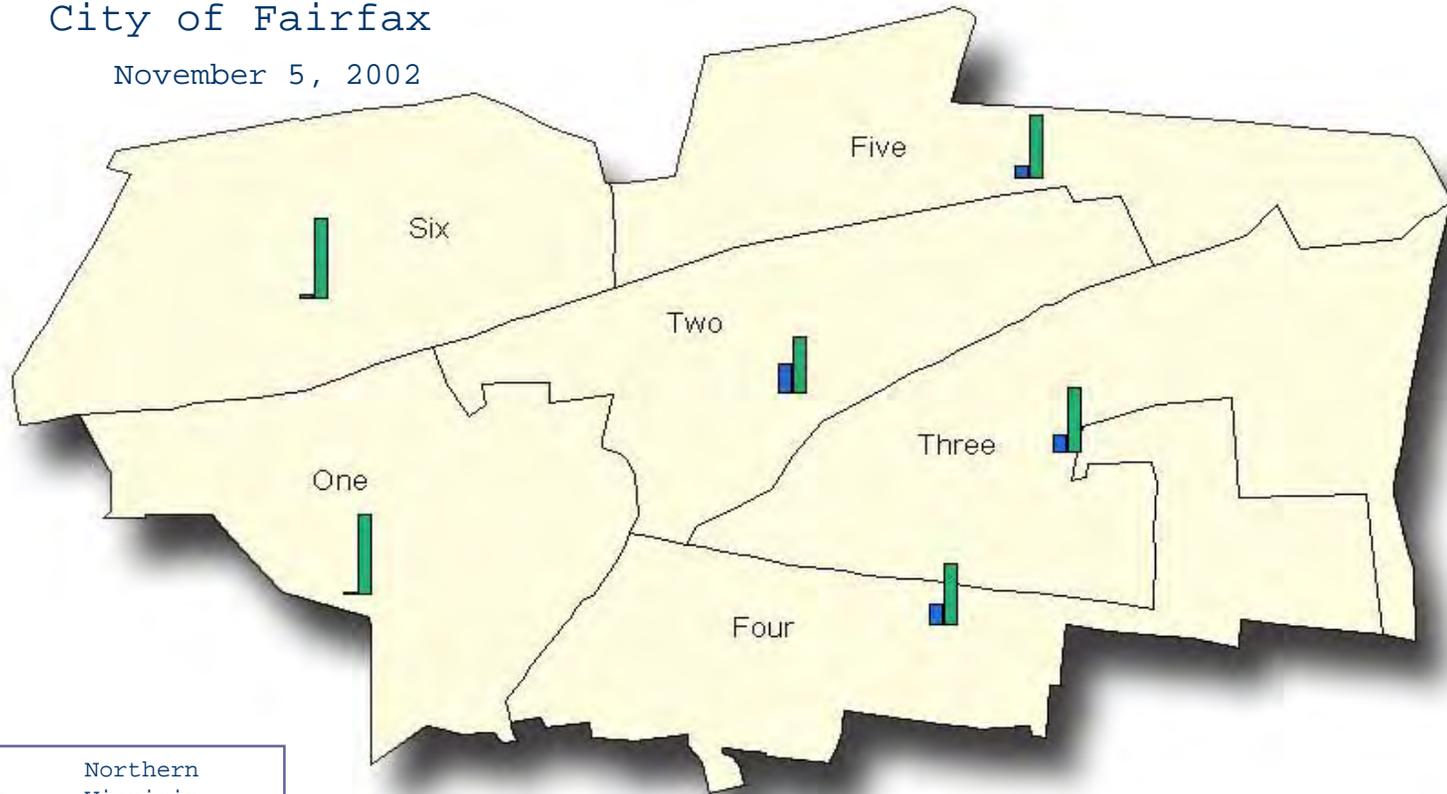
November 5, 2002



Sales Tax Referendum

City of Fairfax

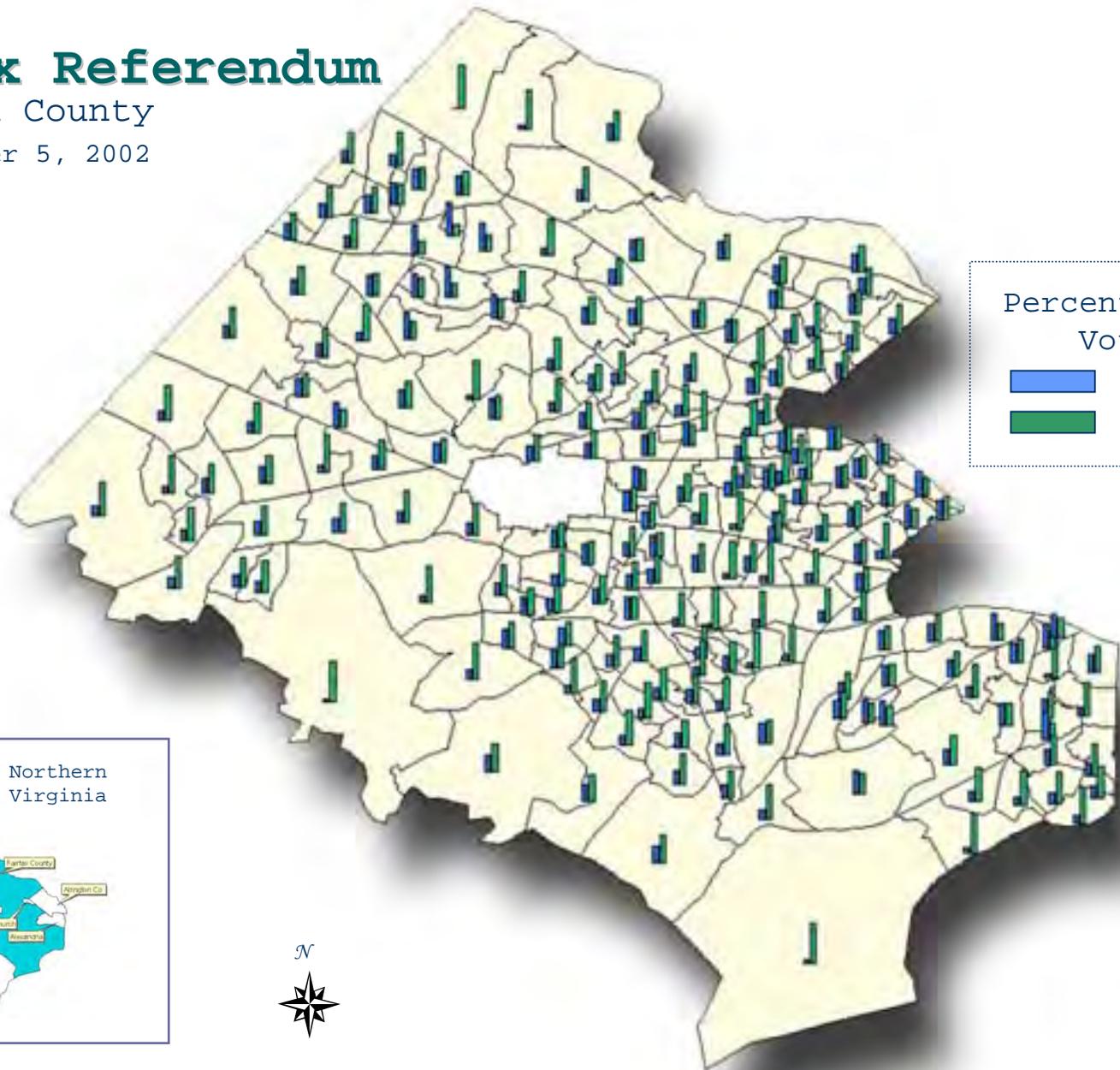
November 5, 2002



Sales Tax Referendum

Fairfax County

November 5, 2002



Sales Tax Referendum

Fairfax County Supervisory Districts

November 5, 2002

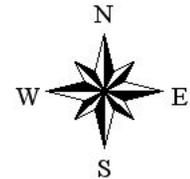
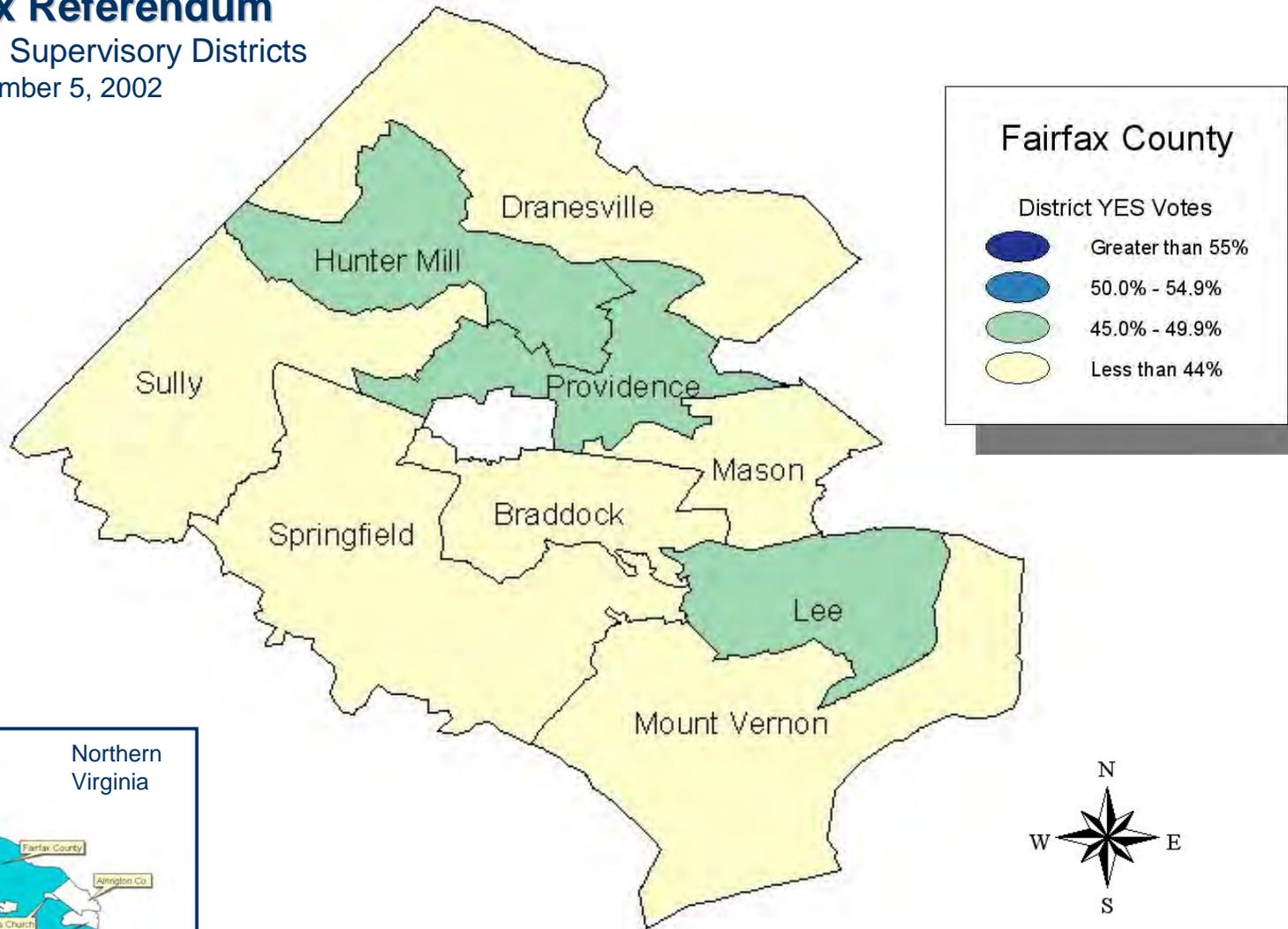


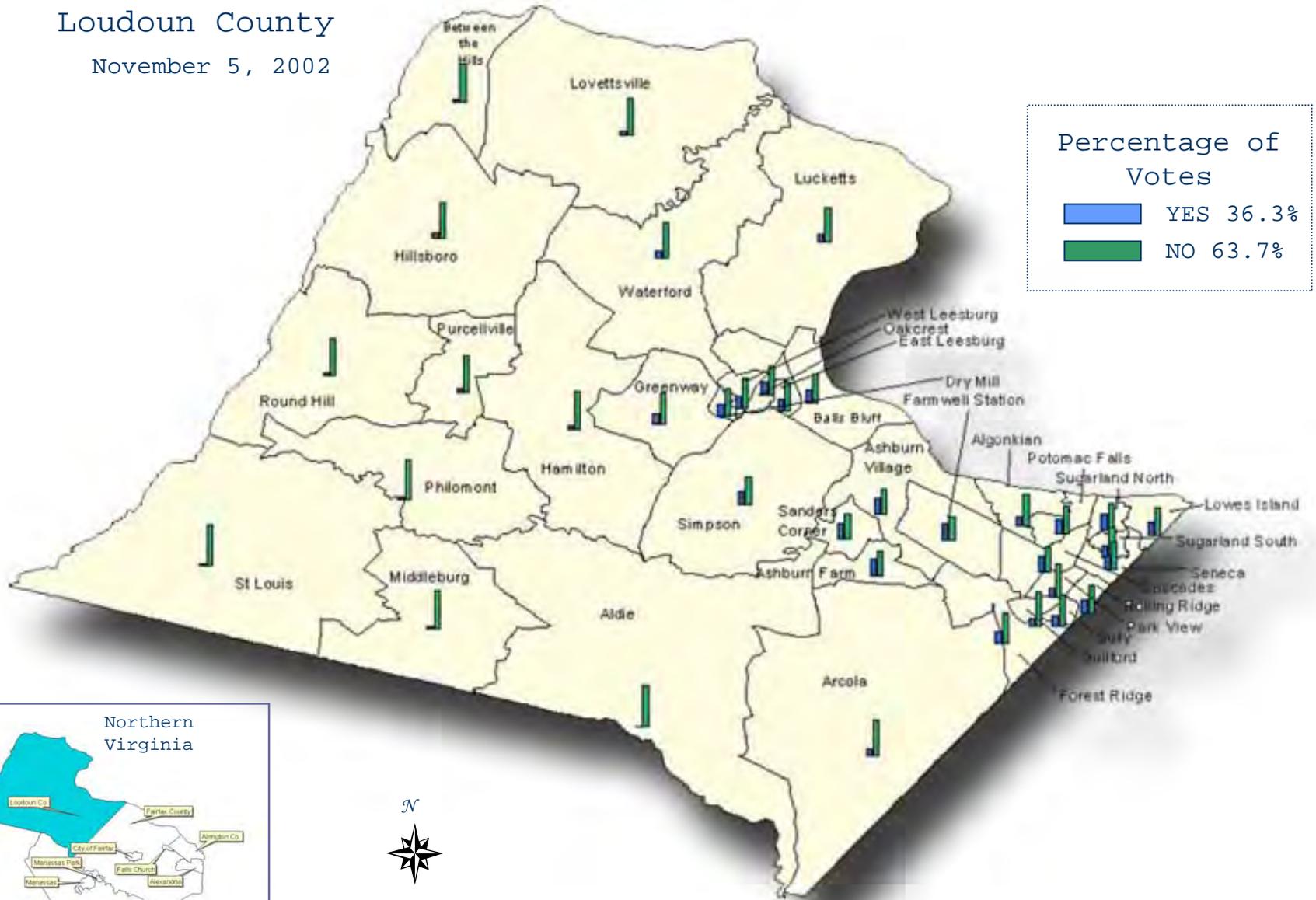
Figure 4

Sales Tax Referendum

Loudoun County

November 5, 2002

Percentage of
Votes



35 Reasons For Defeat:

Tactics

- 1) General Assembly should have acted to levy the tax. Since the public has less understanding of the complexities and resents being asked, its first impulse is to say “no”.**
- 2) Most referendums fail the first time. Nine of 11 from 1987-1997 that ultimately passed had failed at least once.**
- 3) Too broad a geographic region. It did much better inside the beltway.**

35 Reasons For Defeat:

- 4) Poor timing of the election (more or less voter turnout if paired with another election cycle).**
- 5) Lack of skill in selling the referendum to the public (needed clear message).**
- 6) Not enough time to educate the public about transportation needs and delay in starting the campaign.**

35 Reasons For Defeat:

- 7) “Distorted” facts unanswered. For example, was the tax a half-cent or an 11 percent increase? Would a new western bypass be funded by NVT A?**
- 8) Distrust of a new, unknown entity (NVT A) that would set priorities for the funds not earmarked for specific projects. While the referendum failed, local bond issues for roads and transit continue to pass (e.g. Prince William County in November, 2002), suggesting more voter trust of their own local governments.**

35 Reasons For Defeat:

Distrust of Governments

- 9) **Distrust of new NVTAs.**
- 10) **Fear of diverting funds geographically (e.g. to Fairfax County) or modally (e.g. to highways).**
- 11) **Distrust of VDOT.**
- 12) **Fear of diversion of existing funds to the rest of the commonwealth.**

35 Reasons for Defeat:

- 12) Concern that local jurisdictions would disrupt regional priorities.**
- 13) Concern about the “trust us” approach for the \$2.2 billion of revenues not dedicated to listed projects.**
- 14) Lack of respect for endorsements of most elected officials and many interest groups while being tempted by promises of some elected officials that state funds were readily available.**
- 15) Need for a short sunset on any new tax.**

35 Reasons for Defeat:

Other Priorities Are Important

- 16) **Education, public safety, etc. all deserve attention. Transportation shouldn't be singled out.**
- 17) **A combined transportation/education referendum with local flexibility is needed.**

35 Reasons for Defeat:

It Shouldn't Be a Local Responsibility

- 18) **Northern Virginia already pays more than its fair share (e.g. four times as much in local funding for transit as any other area in the commonwealth).**
- 19) **This is a state responsibility. Either raise statewide revenues or change the formulas to benefit Northern Virginia.**
- 20) **Regional traffic congestion is caused also by Maryland and D.C. commuters. They need to be part of the solution along with the federal government.**
- 21) **State Transportation Trust Fund money has been diverted in the past. Pay it back before raising taxes for transportation.**

35 Reasons for Defeat:

Issues with Taxes

- 22) **No new taxes are needed since government is too big and fast growing. Existing revenues could be reallocated.**
- 23) **Bonding hurts future generations. Virginia has a traditional fiscally conservative pay-as-you-go approach.**
- 24) **The proposed tax increase is too large and not affordable.**
- 25) **The proposed sales tax is regressive and lower income persons don't benefit proportionally. Use a different tax (e.g. gasoline) or fees (e.g. tolls).**

35 Reasons for Defeat:

We Need More Smart Growth

- 26) **Lacks specific emphasis on smart growth so that spending will only create more sprawl.**
- 27) **Too many highway and HOV projects.**
- 28) **A half-cent sales tax is a drop in the bucket for the region's total needs. Don't settle for a half loaf since congestion will get worse anyway.**
- 29) **Traffic congestion can't ever be cured so don't raise taxes but do apply tolls and fees.**
- 30) **Large developers will benefit most and contributed too heavily to push the referendum.**

35 Reasons For Defeat:

- 31) The needs are not urgent. Wait and see what happens.**
- 32) Failure to show specifically what positive results will come from building the projects using objective performance measures.**
- 33) NIMBY reactions to one or more projects on the list.**
- 34) Projects costs overestimated and other revenues underestimated generates too large a discretionary fund for NVTAs and others.**
- 35) No net improvement in air quality.**

2003 Virginia Voter Survey:

- **Smart growth agenda is popular in Northern Virginia according to Virginia League of Conservation Voters:**
 - Building more roads won't solve congestion and the real solution to congestion is stopping sprawl, better planning and managed growth(74%);**
 - Support adequate public facilities ordinances (76%);**
 - Support impact fees on new development (83%);**
 - Want state support to help local governments adopt smart growth (82%);**
 - Most important issue is sprawl/traffic/environment (68%);**
 - Quality of life will deteriorate over next five years with current growth and land use policies (65%).**

2003 House of Delegates District 53 Survey:

- **Give more authority to local governments to tie growth to adequacy of transportation and schools (81%);**
- **Growth/development too fast (71%);**
- **If taxes had to be raised to meet school, transportation and health care needs, use:**
 - Sales tax (39%)
 - Income tax (21%)
 - Gas tax of 20-30 cents per gallon (17%)
- **Projects Favored:**
 - Rail to Tysons (88%)
 - Rail to Dulles (87%)
 - Rail to Centreville (85%)

Prince William County Citizen Satisfaction Surveys:

- **Annual polls since 1993.**
- **90% + satisfaction with overall county services.**
- **Sharply declining satisfaction with:**
 - Growth (48.7% as of 2004)**
 - Planning/land use (49.8%)**
 - Getting around the county (45.7%)**

Braddock District Workshops:

- **2003 community dialogue on transportation and land use.**
- **Several recommendations for funding:**
 - Annual status reports
 - Firewalls to prevent diversion
 - Air quality as criterion.
- **Recommendations for legislation:**
 - Developers to “front end” supporting infrastructure
 - “Up plan” incentives around Metrorail and “down plan” elsewhere
 - Prevent raids on TTF
- **Recommendations for land use:**
 - Spider web transit system
 - Neighborhood shuttles and bike trails
 - Protect watersheds and purchase land contiguous to parks
 - Let local governments control referendum trust funds while NVTa prioritizes projects.

Lessons From Other Referendums:

- **Several published sources review successes and failures around the United States for the past several years.**
- **APTA's Center for Transportation Excellence conducts periodic workshops (next in April, 2005) and lists lessons, including:**
 - Go to voters more than once if necessary**
 - External factors (e.g. economy) are often influential**
 - Grass roots support with professional management works best**
 - List specific projects**
 - Focus on immediate gains**
 - Keep the issues simple**
 - Find local champions**
 - Achieve regional balance**
 - Show accountability**
 - Demonstrate adequate funding**

Lessons From Other Referendums:

- **The Surface Transportation Policy Project recommends:**
 - Broad public involvement in developing the initial ballot measure;**
 - Specific projects with earmarked funding;**
 - Favor gas taxes (indexed for inflation);**
 - Include coordinated land use planning and growth management with incentives;**
 - Prefer regional administration versus state;**
 - Match those who benefit with those who pay.**

Smart Growth Features:

- **Identify target reductions in overall VMT and per capita VMT;**
- **Link revenues with achieving land use targets at state and local levels;**
- **Use effective models (such as Arlington) to link street redesign with transit investment;**
- **Measure success in achieving targets for VMT reduction; transit, pedestrian, bicycle and carpool mode share increase; reduced air pollution; and reduced land consumption;**
- **Develop and apply statewide model of potential sprawl in each county and test alternative land use/transportation scenarios;**

Smart Growth Features:

- **Don't rely on flawed existing plans for project selection (e.g. TPB's CLRP, NVTAs 2020 Plan);**
- **CTB should pass through more federal funds for local allocation;**
- **Avoid "poison pills" such as an outer beltway;**
- **Fix Virginia's PPTA to include more public input and curbs on sprawl;**
- **Bring the smart growth community to the table early to plan the referendum.**

Draft NVTC Staff Recommendations for Discussion:

- **First try other funding alternatives.**
- **Then 21 recommendations listed by category:**
 - Gather information and plan**
 - Build public trust in NVT**
 - Develop a consensus project list and revenue source**
 - Test additional referendum features with the public**
 - Conduct NVT campaign**
 - Pursue General Assembly strategy**
 - Encourage CTB actions**
 - Undertake local government actions**

Gather Information and Plan:

1) DRPT/VDOT should provide funding (\$10 to \$20,000) for MWCOG to update consultant research on the yields of various regional taxes in Northern Virginia. Alternatively, the new Blue Ribbon Panel on Metro Funding should arrange for these estimates for the entire region.

2) NVRTA should commission public opinion research regarding new sources of regional funding for transportation, and priorities for transportation projects and policies. Several bare bones surveys could be accomplished at \$6,000 each for 300 five-minute telephone interviews with cross tabs.

Gather Information and Plan:

3) After exhausting other funding alternatives, NVT A should consider strategies and timetables for obtaining approval from the General Assembly for a referendum to be held in November, 2006, and work in cooperation with the Blue Ribbon Panel on Metro Funding. Decide whether NVT A can be successful in overcoming voter concerns or whether more direct involvement of local governments is needed.

4) The initial prototypes of the referendum could consist of two principal alternatives for discussion:

A.Large Region/Multimodal Project List

B.Small Region/Transit Only

Presumably results of public discussion of projects and revenue sources plus polling would help to identify the better choice.

Build Public Trust in NVTA:

5) While NVTA was created primarily to boost regional transportation solutions and overcome what some called local parochialism that stalled implementation of major new projects, much of the public apparently distrusts regional institutions. NVTA should begin publishing an annual transportation performance report card using objective measures and should publicize its own policies for setting priorities based on performance criteria.

6) NVTA should clarify for the public that VDOT will not be making the project selection and will only be involved in design/construction/project management if NVTA selects them using published criteria in competition with the private sector.

Develop a Consensus Project List and Revenue

Source:

7) NVRTA should use the ongoing update of its regional transportation plan to 2030 and VTRANS 2025 to educate and involve the public extensively in determining a prioritized project list for the referendum with the input of all interested parties. This public involvement process should determine the type of project list most likely to succeed with voters (i.e. transit versus highways, specific versus general descriptions, one fixed list or multiple voter options). For example, if many voters fear that public funds spent on new highways is wasteful, NVRTA could pledge to develop funding agreements for any such projects that maximize tolls, fees and value capture and utilize selection criteria such as air quality improvement and sprawl avoidance.

Develop a Consensus Project List and Revenue

Source:

- 8) In developing the project list with the general public and all interested groups, NVT A should calculate and publicize the specific benefits of alternatives (air quality, mobility, economic, reduced VMT, enhanced transit mode share, pedestrian/bicycle access) so the final recommended list can be evaluated objectively and paired with appropriate revenue sources. Present value analysis of bonding versus pay as you go financing should also be provided.
- 9) All proposals should include substantial smart growth components, including at a minimum such features as transit-oriented development, congestion pricing and tax-increment/value capture financing, as well as assistance for maintenance and operations and local streets. Calculated benefits should include reduction of sprawl and air pollution. Just as federal authorizing legislation now combines transportation and air quality (ISTEA and TEA-21), the referendum could include funding for green spaces together with transportation projects.

Test Additional Referendum Features

With the Public:

- 10) **NVTA should consider a referendum that would provide base revenues for individual jurisdictions adopting the referendum (say a quarter cent of a half-cent regional sales tax.)**
- 11) **NVTA should consider some tax relief in the referendum (shifting to a new regional sales tax and away from local property tax) using value capture to make up the difference (say allowing an eighth cent of the sales tax to replace property taxes after the first five years as smart growth benefits appear).**
- 12) **NVTA should consider corridor combinations of projects in the referendum to emphasize connections and reduced sprawl in order to minimize NIMBY reactions.**
- 13) **Agreements for funding signed by local governments (as WMATA now does) using the new revenues could be mandated. These corridor trusts for funding may reduce public fear of diverted revenues away from the list and the region. Further, local governments could be designated to receive the funds and hold them in trust until billed by NVTA for the projects. NVTA might even consider an independent financial review board for further oversight.**

Conduct NVTA Campaign:

- 14) When NVTA has determined the project list and revenue source for the referendum, it should activate a well-financed campaign, presumably headed by its own executive director, to win public support for General Assembly authorization of the referendum and eventual passage by the public of the referendum question. Transit riders would be a valuable ally in this effort.**
- 15) The referendum campaign should look for public “hot buttons” such as possible links to elderly/disabled transportation, security, neighborhood connections and reduced sprawl. The issues have to be simplified and conveyed in images (e.g. cars off the road, share a lap on crowded railcars).**

Pursue General Assembly Strategy:

- 16) Consult with General Assembly leaders and the Governor about the need for a regional referendum versus statewide or regional tax increases (or earmarking growth of revenue from existing sources) enacted directly by the General Assembly. A two percent gas tax increase in Northern Virginia would be roughly equivalent to a quarter-cent regional sales tax. If it is determined a regional referendum is needed, NVTa should seek initial 2005 General Assembly authorization for the November, 2006 referendum and return in January, 2006 for authorization of the project list, tax type, tax amount and ballot language.**
- 17) If the General Assembly fails to act in 2005, local governments should consider local advisory referendums prior to the 2006 session.**
- 18) Also, NVTa should urge the General Assembly to adopt legislation to make the existing TTF a true trust fund to assuage fears of diversion of state funds away from transportation and this region.**
- 19) NVTa should encourage the General Assembly to enact legislation that will support smart growth (e.g. adequate public facilities ordinances), and provide incentives for environmentally friendly transportation choices (e.g. employer tax credits for transit commuter benefits).**

Encourage CTB actions:

20) The Commonwealth Transportation Board should adopt an explicit policy to support General Assembly action to guarantee that state funds will not be diverted from Northern Virginia if the region increases its level of funding. In implementing the Multimodal Investment Network concepts in VTRANS 2025, CTB should consider the results of the investments on sprawl, air quality and other performance measures such as those to be used by NVT A in evaluating its project list. CTB should also agree to use discretionary funding wherever possible to provide allocations to local governments seeking to fund public transit and local street improvements for enhanced connections to combat sprawl.

Undertake Local Government Actions:

- 21) NVTAs and local governments should adopt resolutions pledging to adhere to the published project lists and to use the new funds to the maximum possible extent to promote improved multimodal connections and reduce sprawl. The referendum legislation could require, as a last resort if polling indicates the need, that future project lists be approved by local governments as well as NVTAs, or even be subjected to another voter referendum (say in 20 to 35 years).**

Suggested Next Steps:

- **Discuss the report at the November 4, 2004 joint NVTC meeting with PRTC.**
- **Share the report with other agencies and interest groups for comment (NVTA, Coalition for Smarter Growth, AAA, Greater Washington Board of Trade, etc.)**
- **Offer assistance to the new Blue Ribbon Panel on Metro Matters.**
- **Use the report to develop NVTC's 2005 legislative agenda.**

MEMORANDUM

TO: Chairman Euille and NVTC Commissioners
FROM: Rick Taube
DATE: October 28, 2004
SUBJECT: VRE Items

- A. Report from the VRE Operations Board (including minutes of the October 15, 2004 meeting) and the VRE CEO—Information Item.
- B. CSX Force Account Services for the Quantico Creek Bridge Project—Action Item/ Resolution #1049.
- C. Modify Lease Agreement with RailWorld Locomotive Leasing LLC—Action Item/Resolution #1050.
- D. GEC IV Task Order for Access to Washington Union Terminal—Action Item/Resolution #1051.
- E. GEC IV Task Order for Fleet Maintenance Strategy and Yard Requirements—Action Item/Resolution #1052.
- F. Special Report on Accommodating Growing Ridership—Information Item.

Report from the VRE Operations Board and CEO

Attached for your information are copies of the VRE Board meeting of October 15, 2004, together with the CEO's report and ridership and train utilization tables. Also attached are several letters and articles of interest.



**VIRGINIA RAILWAY
EXPRESS**

**OPERATIONS BOARD
MEMBERS**

**JOHN D. JENKINS
CHAIRMAN**

**ELAINE MCCONNELL
VICE CHAIRMAN**

**JOHN GRZEJKA
SECRETARY**

**DANA KAUFFMAN
TREASURER**

HILDA BARG

SHARON BULOVA

**MAUREEN S.
CADDIGAN**

WALLY COVINGTON

ROBERT GIBBONS

WILLIAM GREENUP

KAREN RAE

**CHRISTOPHER
ZIMMERMAN**

**DALE ZEHNER
CHIEF EXECUTIVE
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MINUTES

**VRE OPERATIONS BOARD MEETING
PRTC HEADQUARTERS – PRINCE WILLIAM COUNTY, VIRGINIA
OCTOBER 15, 2004**

MEMBERS PRESENT	JURISDICTION
Sharon Bulova (NVTC)	Fairfax County
Robert Gibbons (PRTC)**	Stafford County
John Grzejka (PRTC)	City of Manassas
John D. Jenkins (PRTC)	Prince William County
Dana Kauffman (NVTC)	Fairfax County
Alan Tobias	VDRPT

MEMBERS ABSENT	JURISDICTION
Elaine McConnell (NVTC)	Fairfax County

ALTERNATES PRESENT	JURISDICTION
Hilda Barg (PRTC)	Prince William County
Wally Covington (PRTC)**	Prince William County
William Greenup (PRTC)	City of Fredericksburg/VHSRDC
Christopher Zimmerman (NVTC)**	Arlington County

ALTERNATES ABSENT	JURISDICTION
Maureen Caddigan (PRTC)	Prince William County

STAFF AND GENERAL PUBLIC	
Tamara Ashby – VRE	Betsy Massie – PRTC staff
George Billmyer – citizen	Sirel Mouchantaf – VRE
Raynetta Cross – VRE	Dick Peacock – citizen
EB Easter – VRE	Winston Phillips—VDRPT
Alfred Harf – PRTC staff	Mark Roeber – VRE
Ann King – VRE	Jennifer Straub – VRE
Mike Lake – Fairfax DOT	Rick Taube – NVTC staff
Bob Liebbrandt – Prince William County	Lezlie Ungaro – VRE staff
Wendy Lemieux – VRE	Dale Zehner – VRE
Marcus Majos – Stafford County	

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

Chairman Jenkins called the meeting to order at 9:30 A.M. Following the Pledge of Allegiance, roll call was taken.

Minutes of the September 17, 2004 VRE Operations Board Meeting

Mr. Grzejka moved, with a second by Ms. Bulova, to approve the minutes. The vote in favor was cast by Board Members Bulova, Greenup, Grzejka, Jenkins, Kauffman and Tobias.

Chairman's Report

Chairman Jenkins stated that he recently had the opportunity to ride a morning train from Rippon Station to Union Station. It was a very good ride, with no overcrowding. He encouraged Board Members to ride VRE when they have a chance because it is a good way to meet the passengers.

[Mr. Gibbons arrived at 9:33 A.M.]

Chief Executive Officer's Report – 6

Mr. Zehner reported that ridership is averaging around 15,300 daily passenger trips. Ridership continues to grow but it is leveling off. Systemwide on-time performance is averaging 90 percent, with 95 percent for the Manassas Line and 85 percent for the Fredericksburg Line.

Mr. Zehner reported that on Columbus Day VRE conducted a customer service workshop for crews and engineers. VRE brought in a special speaker, Lisa Ford, who gave an excellent presentation on customer service in the difficult environment of overcrowding. Mr. Zehner also gave a presentation about VRE and its future direction.

Mr. Zehner announced that he signed the contract to sell the Mafersa railcars to the Connecticut DOT. Fifteen railcars have been shipped and VRE has already received payment. An additional 11 railcars should be shipped by the end of the month. VRE is retaining seven cab cars for the next two years.

Mr. Zehner also stated that the new railcar specifications are complete and have been reviewed by VRE's legal counsel. Mr. Zehner and Mr. Maclsaac will review it again before it is sent to potential bidders.

Mr. Zehner reported that Virginia's Secretary of Transportation sent a letter to Amtrak concerning VRE obtaining mid-day storage space previously used by Amtrak for mail service. Mr. Gunn has referred the matter to Amtrak's Finance Department to structure a deal and it is expected that VRE should receive a positive response from Amtrak.

Mr. Zehner stated that VDRPT had a meeting in Richmond on October 14th to discuss the MOU projects with CSX. He stated that Ms. Rae has done an excellent job kick-starting these projects. Board members were provided with a copy of a letter sent by CSX's CEO to Governor Warner. Mr. Tobias reported that the insurance issues with CSX have been resolved. The meeting was at CSX's request and issues concerning the MOU projects were discussed. VDRPT has agreed in concept to changes that were proposed by CSX as they are worthwhile changes that will make railroad traffic operations more efficient. The question still remains how these changes will affect costs, although some changes may save money. One project is an extension of the third track from Fredericksburg south to Crossroads Yard. The Arkendale project is expected to begin mid-November. Eighty percent of this project's costs will be for signal work.

Mr. Tobias stated that there are still some issues with CSX over the scheduling of the projects. Third track work at L'Enfant can't take place at the scheduled time, so other projects may have to be moved forward in the schedule. VDRPT will work with CSX to make sure that project delays don't interfere with VRE being able to add additional service. He concluded that the meeting was very positive and progress should be evident soon. The downside is that these projects could impact VRE service and coordination between CSX and VRE will be important to minimize delays.

Mr. Gibbons asked why the Dahlgren signal work is tied to the Arkendale project. Mr. Tobias explained that the existing crossovers are at Dahlgren and Quantico. The difference between these two points is Arkendale, where the new crossover will be installed.

Mr. Zehner explained that staff has been in contact with Henry Connors, Jr., Chairman of the Spotsylvania County's Transportation Committee regarding potential options for the county joining VRE. Spotsylvania County's Administrator has invited Mr. Zehner to speak to the County's Board of Supervisors on October 26th. Mr. Zehner has asked Mr. Maclsaac to accompany him to the meeting. Chairman Jenkins stated that he won't be able to attend the meeting. Mr. Zehner stated that this will be an informational meeting and he doesn't expect any decisions to be made.

Mr. Gibbons stated that the Fredericksburg region has become its own air quality region (Spotsylvania, Stafford and Fredericksburg) and Spotsylvania cannot meet their air quality commitment without joining VRE.

[Mr. Covington joined the discussion at 9:42 A.M.]

Mr. Zehner announced that the Master Agreement Survey is scheduled for October 20, 2004. Staff from VRE, NVTC and PRTC are participating.

Mr. Zehner reported that VRE has received a letter from Don LeMond, from the Division of Risk Management, informing VRE that it will need to put additional funds in the

insurance trust fund. The fund balance is currently at \$15.4 million and it shouldn't go below \$14 million. Next year's insurance payment, expected to be paid in June or July, is predicted to be about \$3.5 million. Mr. Zehner will arrange a meeting with Mr. LeMond to discuss this issue and will also work with the CAO Task Force.

Mr. Gibbons asked for a written summary of on-time performance.

VRE Riders' Comments – 7

George Billmyer stated that he is glad to hear that CSX is not going to require VRE's insurance costs be increased. One thing that might help would be to have the Commonwealth legislate a legal cap for claims. He is also glad to see Transit Oriented Development (TOD) as part of today's agenda. It's becoming widespread across the country, including projects in Denver, Las Vegas and New Jersey.

Dick Peacock complimented Mr. Zehner on identifying the single most defining issue VRE faces as being the problem of mid-day storage. He is pleased to hear that a positive response from Amtrak is forthcoming. He asked if Amtrak would be willing to rent space on the utility track currently being used to store right-of-way equipment. He expressed his opinion that VRE is a wonderful system and it is doing well. He stated that hopefully insurance rates won't increase too much, since VRE has an excellent safety record—no serious injuries or deaths in 12 years.

Consent Agenda Items – 8

Mr. Tobias asked to removed Agenda Item #8E "Authorization to Award a Task Order under the GEC IV Contract for the Review and Analysis of Access Provisions to Washington Union Terminal" and Mr. Kauffman asked that Agenda Item #8C "Authorization to Amend the MOU with Manassas Park to Allow VRE to Assume Maintenance of Two Parking Lots" be removed.

Ms. Barg moved, with a second by Mr. Grzejka, to approve the following Consent Agenda items:

- Resolution #8A-10-2004: Authorization to Issue a RFP for a Contract for Locomotive Repairs.
- Resolution #8B-10-2004: Authorization to Issue a Task Order to STV, Inc. to Perform COT&S (Air Brake Inspections) on NRC Gallery Railcars.
- Resolution #8D-10-2004: Authorization to Solicit Proposals for Available Lease Space at the Woodbridge VRE Station.

The vote in favor was cast by Board Members Bulova, Gibbons, Grzejka, Jenkins, Kauffman and Tobias.

Authorization to Amend the MOU with Manassas Park to Allow VRE to Assume Maintenance of Two Parking Lots – 8C

Mr. Zehner explained that Resolution #8C-10-2004 would authorize the VRE Chief Executive Officer to amend the agreement with the City of Manassas Park to allow VRE to assume maintenance of both parking facilities at the Manassas Park station. He explained that the MOU parking agreement between Manassas Park and VRE requires the City to operate and maintain, at VRE's cost and expense, the 300 space parking facility owned by the City as well as the 300 space parking facility owned by VRE. Manassas Park currently provides this maintenance using its own forces and bills VRE on an annual basis.

Mr. Zehner stated that in an effort to consolidate maintenance efforts and preserve the same level of service as at other stations, VRE approached the City and requested that the maintenance be turned over to VRE. The City has agreed to this change. The amendment to the MOU has been reviewed by VRE's legal counsel. During the last fiscal year, VRE paid the City \$11,902 to cover the costs of operations and maintenance. Accepting maintenance responsibilities through VRE's current maintenance contractor is expected to cost approximately \$55,000 per year, which includes daily cleaning, landscaping, task order work and snow removal. While at an increased cost, this change is recommended as it will not only improve the quality of maintenance but also the speed at which repairs and maintenance can be performed. Funding for this work is included in the FY 2005 operating budget.

Mr. Kauffman asked how VRE normally handles maintenance of parking lots. Mr. Zehner replied that it is handled differently depending on which jurisdiction the parking lot is located. Jennifer Straub stated that Fairfax County does its own maintenance by a contractor; Prince William County and Stafford have VRE and VDOT performing maintenance and Manassas does it's own. It's literally different for each parking lot.

Mr. Kauffman asked if VRE ever looked into a policy of consistent maintenance to have a certain standard for all the lots. Mr. Zehner stated that the issue for Manassas Park was that staff did not feel that the standard was being met since there were many complaints from riders. Therefore, VRE requested taking it over. Currently this is the only station that has a problem.

Mr. Kauffman asked if money could be saved by having parking maintenance of all lots be under VRE. Chairman Jenkins reminded the Board that it was originally all under MOU's with the jurisdictions. He stated that VRE could look at these MOU's. Ms. Barg stated that she doesn't have a problem with this as long as it doesn't affect the Master Agreement. Chairman Jenkins stated that it is his understanding that it was individual

MOU's with each jurisdiction and not tied to the Master Agreement. He asked staff to look into this further and return back to the Board.

Mr. Kauffman moved, with a second by Ms. Barg, to approve Resolution #8C-10-2004. The vote in favor was cast by Board Members Bulova, Gibbons, Grzejka, Jenkins, Kauffman and Tobias.

Authorization to Award a Task Order Under the GEC IV Contract for the Review and Analysis of Access Provisions to Washington Union Terminal – 8E

Mr. Zehner explained that the VRE Operations Board is being asked to authorize him to award a task order for the review and analysis of the Washington Union Terminal (WUT) access provisions proposed by Amtrak.

Mr. Taube asked for clarification that Resolution #8E-10-2004 would recommend that the Commissions provide this authorization. The name of the firm recommended for award and the contract amount would be provided to the commissions. In response to a question from Chairman Jenkins, Mr. Zehner stated that there are budgeted funds for this work at a price range of \$100,000 - \$200,000. Chairman Jenkins asked that the resolution be modified to reflect that the Board would be recommending that the Commissions authorize award of the contract.

Ms. Bulova moved, with a second by Ms. Barg, to approve amended Resolution #8E-1-2004. The vote in favor was cast by Board Members Bulova, Gibbons, Grzejka, Jenkins, Kauffman and Tobias.

Authorization to Enter Into an Agreement with CSXT To Provide Force Account Services Associated with the Quantico Creek Bridge Project – 9A

Mr. Zehner reported that Resolution #9A-10-2004 would recommend that the Commissions authorize the VRE Chief Executive Officer to enter into an agreement with CSX Transportation to provide work related to track construction associated with the Quantico Creek Bridge Project. The agreement would commit VRE to reimburse CSXT for expenses incurred including contingencies in the amount not to exceed more that \$4,671,000.

Mr. Zehner explained that CSXT requires that certain portions of the work be performed under its direct supervision (force account work). CSX will provide track materials and design and construct the track signal system for the bridge and the new interlocking at North Possum Point just North of the Quantico Creek. Funds for the construction phase of the project are included in VRE's CIP. Mr. Zehner explained that this agreement needs to be entered into now, although the actual work probably won't start for another year.

Ms. Barg moved, with a second by Ms. Bulova, to approve the resolution. The vote in favor was cast by Board Members Bulova, Gibbons, Grzejka, Jenkins, Kauffman and Tobias.

Authority to Modify a Lease Agreement with RailWorld Locomotive Leasing, LLC. To Add the Lease of One EMD Locomotive – 9B

Mr. Zehner explained that VRE currently leases two locomotives from RailWorld. Until recently, a third locomotive of the same type was also being leased. That locomotive, V31, was under lease since May, 2000. In August it suffered a catastrophic failure to its main engine and was removed from the VRE lease. VRE must replace this unit, as it is needed for revenue service. RailWorld has proposed to replace the engine in that locomotive and upgrade the unit to make it equivalent to the other two engines leased by VRE. This unit, following engine replacement and acceptance by VRE mechanical advisors, will be guaranteed to meet all manufacturer specifications for a price of \$76,650 annually (\$210 per day) for a period of two years with a two-year option to extend. Resolution #9B-10-2004 would recommend that the Commissions authorize the VRE Chief Executive Officer to modify an existing lease agreement with RailWorld Locomotive Leasing, LLC to add one locomotive at a price not to exceed \$75,650 per unit annually.

Ms. Barg moved, with a second by Ms. Bulova, to approve the resolution. The vote in favor was cast by Board Members Bulova, Gibbons, Grzejka, Jenkins, Kauffman and Tobias.

Authorization to Purchase Yokes and Supporting Parts for Gallery I Cars – 9C

Mr. Zehner stated that the Operations Board is being asked to authorize the Chief Executive Officer to purchase yokes and supporting parts for the Gallery I cars from Columbus Steel Castings for an amount not to exceed \$55,000, which includes a 10 percent contingency. Resolution #9C-10-2004 would accomplish this.

Mr. Zehner explained that two of the required parts for the Gallery I cars are no longer being manufactured and subsequently require a special production run. Following the solicitation of pricing proposals from three manufacturing candidates, only one was responsive, Columbus Steel Castings. That company (previously known as Buckeye Steel) was the original equipment manufacturer for the subject parts.

On a motion by Ms. Bulova and a second by Mr. Grzejka, the Board unanimously approved the resolution. The vote in favor was cast by Board Members Bulova, Gibbons, Grzejka, Jenkins, Kauffman and Tobias.

Authorization to Enter into an Agreement with Kato U.S.A. for Use of the VRE Logo in Production of Model Train Cars and Locomotives – 9D

Mr. Zehner stated that KATO U.S.A. is a manufacturer of quality model railroad equipment and is interested in obtaining VRE's permission to use the VRE logo and paint scheme for production of model train cars and locomotives. In exchange for the right to use the VRE logo, an in-kind royalty of the quantity of any and all model train cars produced by KATO using the VRE logo will be provided to VRE. In response to a question from Ms. Bulova, Mr. Zehner stated that there may be revenue realized (about \$3,900) or VRE could receive five percent of the production run. VRE proposed and KATO agreed to provide VRE the right to audit production records of KATO, U.S.A.

Resolution #9D-10-2004 would authorize the VRE Chief Executive Officer to enter into an agreement with KATO U.S.A. for the use of the VRE logo on their model rail cars and locomotives.

Ms. Bulova moved, with a second by Mr. Grzejka, to approve the resolution. The vote in favor was cast by Board Members Bulova, Gibbons, Grzejka, Jenkins, Kauffman and Tobias.

Authorization to Adopt a Transit Oriented Development Policy – 9E

Mr. Zehner explained that the Operations Board is being asked to approve a policy of transit oriented development (TOD) at VRE stations. Resolution #9E-10-2004 would accomplish this.

Mr. Zehner explained that during the development of VRE's Phase 2 Strategic Plan, the Board indicated that promoting TOD around VRE stations is an important goal for VRE as an organization. Since then, several developers have approached VRE staff regarding TOD projects around the stations. VRE has been working with the jurisdictions to assess these proposals. A policy would help clarify VRE's position in these situations and steer VRE during the development process. It would provide a set of overarching policy guidelines with which to evaluate private proposals and ensure the best development possible. The policy would also guide developers and encourage them to submit proposals consistent with both the jurisdictions' comprehensive plans and VRE's stated policy. The principles of the policy are consistent with goals outlined in the comprehensive plans of VRE's member jurisdictions. He stated that staff from NVTTC, PRTC and Fairfax, Prince William and Stafford Counties reviewed VRE's proposed policy.

Mr. Kauffman stated that based on experience from WMATA's TOD policy, over the past five years there have been four iterations of the policy. The one constant that seems to arise is a reminder of the primacy of the local governing bodies in land use. To avoid problems he suggested adding a last sentence to the resolution "VRE recognizes that the governing bodies of local jurisdictions have the final say in land use

decisions.” Ms. Barg asked if this isn’t already being done. The business community is already working with local governments, especially Prince William County. The county has provided in the comprehensive plan for the development around VRE stations. She expressed her opinion that this action is not needed because it’s already being done. Chairman Jenkins explained that Mr. Kauffman’s request basically says that the jurisdictions are already doing it. Mr. Covington expressed his concern and probably won’t vote for it because this Board doesn’t need to jump into this issue. Ms. Bulova stated that if VRE doesn’t have a policy, VRE could be challenged at a future date. She stated that she favors having a policy to make it clear.

In response to a question from Ms. Barg, Mr. Zehner gave a hypothetically situation where a policy would be a good thing to have. He stated that most developers don’t have a lot of commuter rail experience.

In response to another question by Ms. Barg, Mr. Zehner stated that Prince William County staff reviewed VRE’s proposed policy and recommended some changes. Tamara Ashby explained that part of the policy is to point to the jurisdictions saying that VRE supports TOD in concept but the developer must work with the jurisdictions.

Mr. Kauffman stated that this policy makes VRE a stakeholder. Developers will look out for their best interest.

Mr. Kauffman moved, with a second by Ms. Bulova, to approve the resolution, with the following sentence added to the end of the resolution: “VRE recognizes that the governing bodies of local jurisdictions have the final say in land use decisions.”

Ms. Bulova made it clear that VRE is not making recommendations for land use decisions. Mr. Gibbons expressed his concerns and stated that it should go to the elected bodies to endorse. He would like to see action delayed until next month to allow it to go to the jurisdictions. Chairman Jenkins stated that it has already been to the jurisdictions. Mr. Gibbons replied that it only went to staff and not to the elected officials.

Mr. Gibbons moved, with a second by Ms. Barg, to defer action that’s on the table until next meeting, in order to have it reviewed by elected officials. Mr. Kauffman stated that he is willing to withdraw his original motion. Mr. Gibbons also withdrew his motion.

Chairman Jenkins directed staff to bring this item back to the Board next month and directed Board members to go back to their respective Boards and discuss the issue.

Authorization to Award a Task Order Under the GEC IV Contract for the Development of a Detailed Fleet Maintenance Strategy and Associated Yard Requirements – 9F

Mr. Zehner stated that the resolution needs to be amended to reflect that the Board is being asked to recommend the Commissions authorize the Chief Executive Officer to

award a task order to Parsons, Brinckerhoff, Quade and Douglas (PBQ&D) for the development of a detailed fleet maintenance strategy and associated yard requirements at an amount not to exceed \$254,000, plus a 10 percent contingency, for a total of \$279,400. Amended Resolution #9F-10-2004 would accomplish this.

He explained that as VRE's fleet grows and pressure to move the fleet maintenance functions to the outlying yards mounts, it becomes increasingly necessary to have a detailed maintenance plan. Funds for the project are included in VRE's CIP.

Mr. Gibbons stated that he would like to know the fixed costs of moving maintenance to the yards. Mr. Zehner explained that this is the first step in the process to determine the cost since PBQ&D will look at what needs to be done to the yards (facilities and structures) to move the maintenance. Mr. Zehner stated that he could provide the other component of the cost, maintenance man-hours, when contract negotiations are completed with Amtrak. Mr. Zehner stated he would brief the Board when all the relevant information has been gathered.

[Mr. Zimmerman arrived at 10:21 A.M.]

On a motion by Ms. Barg and a second by Ms. Bulova, the Board unanimously approved the amended resolution. . The vote in favor was cast by Board Members Bulova, Gibbons, Grzejka, Jenkins, Kauffman, Tobias and Zimmerman.

Other VRE Business

Mr. Gibbons asked if there is a policy as to how to submit agenda items for inclusion in the Board meeting agenda. He stated that Stafford County has two acres to expand parking at the Leeland Road Station. Chairman Jenkins stated that any member of the Board or staff can submit an item to the Chairman or the Chief Executive Officer. Mr. Zehner requested that additional items be submitted two weeks prior to the meeting.

Adjournment

Without objection, Chairman Jenkins adjourned the meeting at 10:25 A.M.

Approved this 19th day of November, 2004.

John Jenkins
Chairman

John Grzejka
Secretary

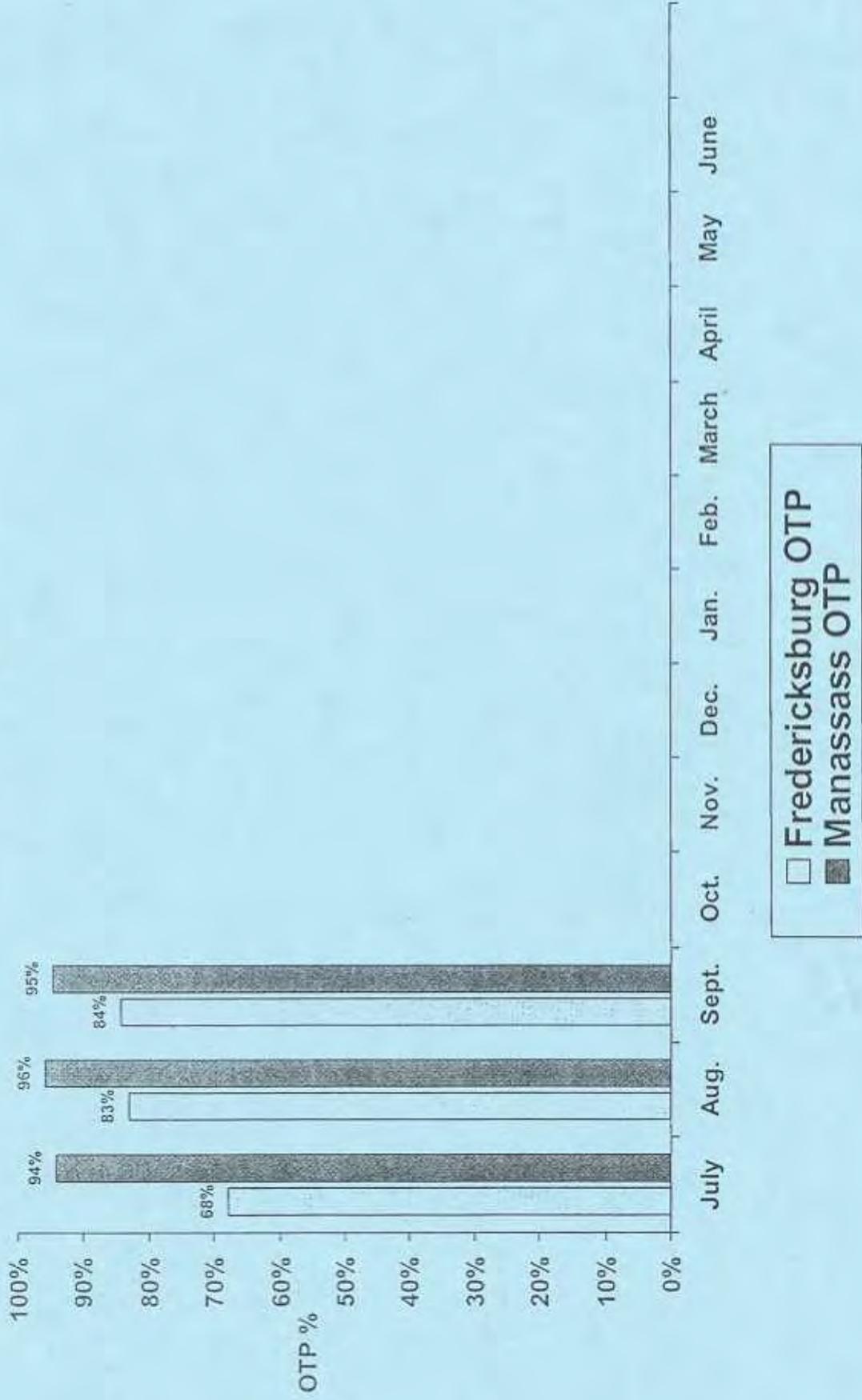
CERTIFICATION

This certification hereby acknowledges that the minutes for the October 15, 2004, Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.

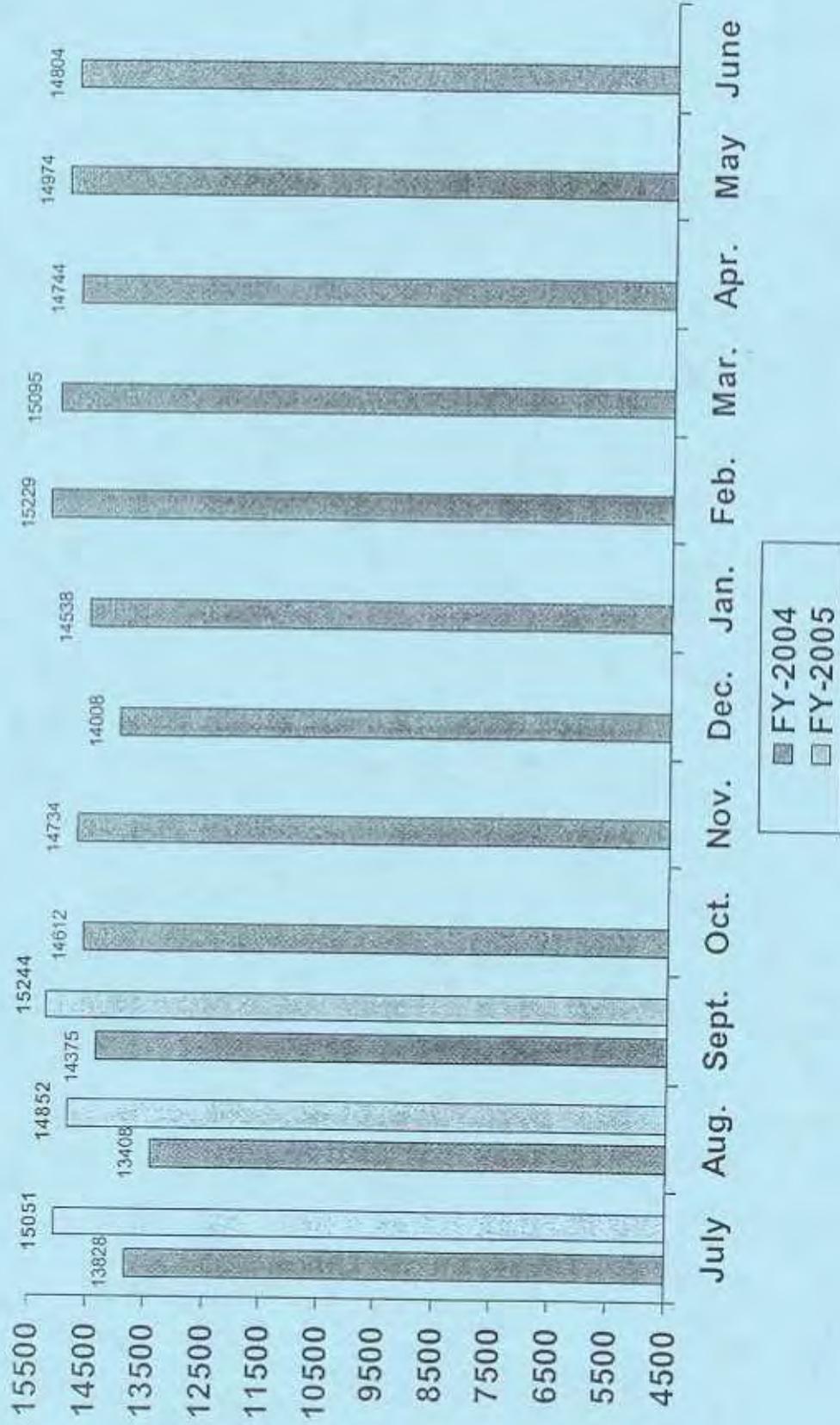
Rhonda Gilchrest

Rhonda Gilchrest

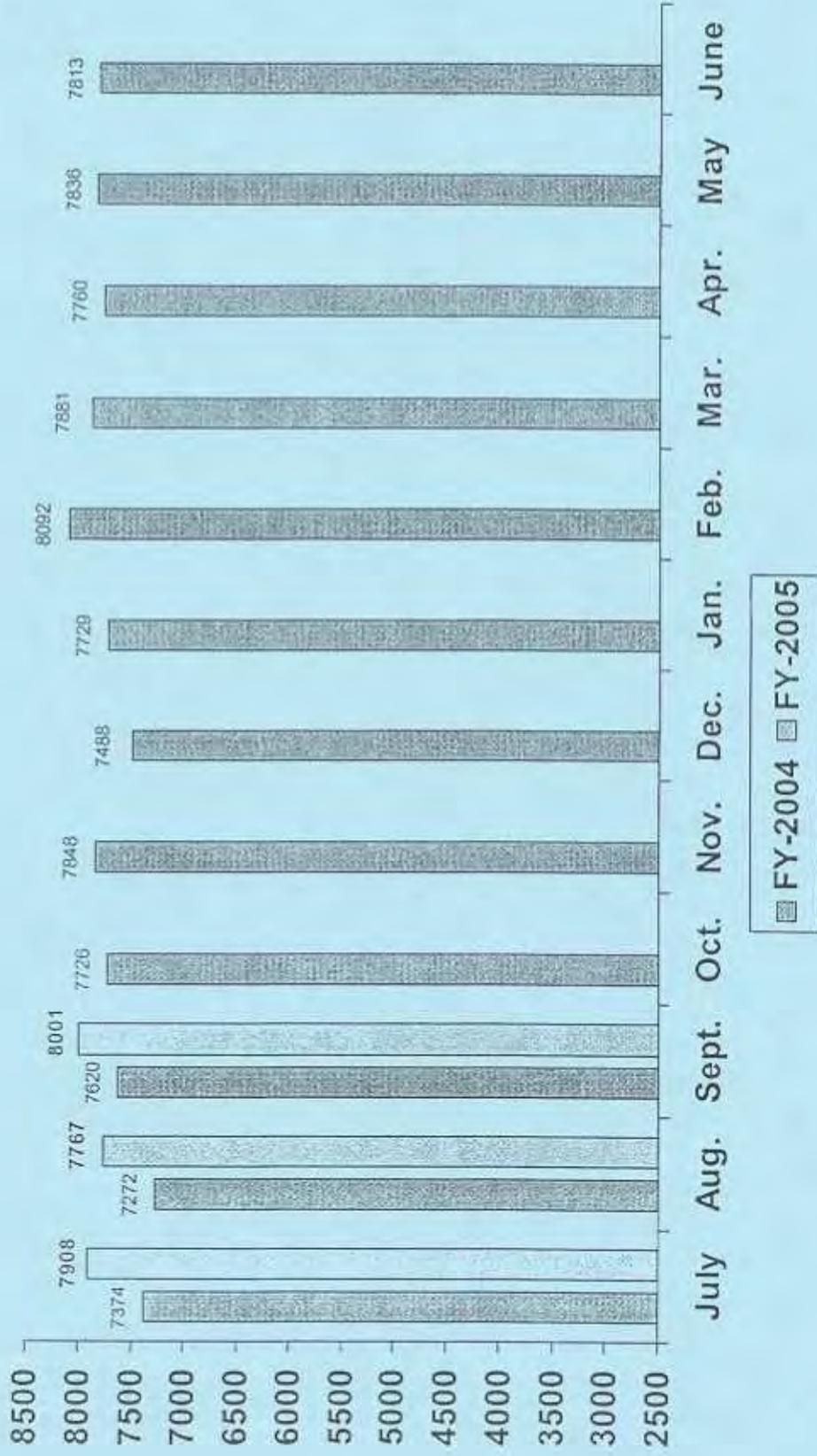
Average On-Time Performance FY-2005



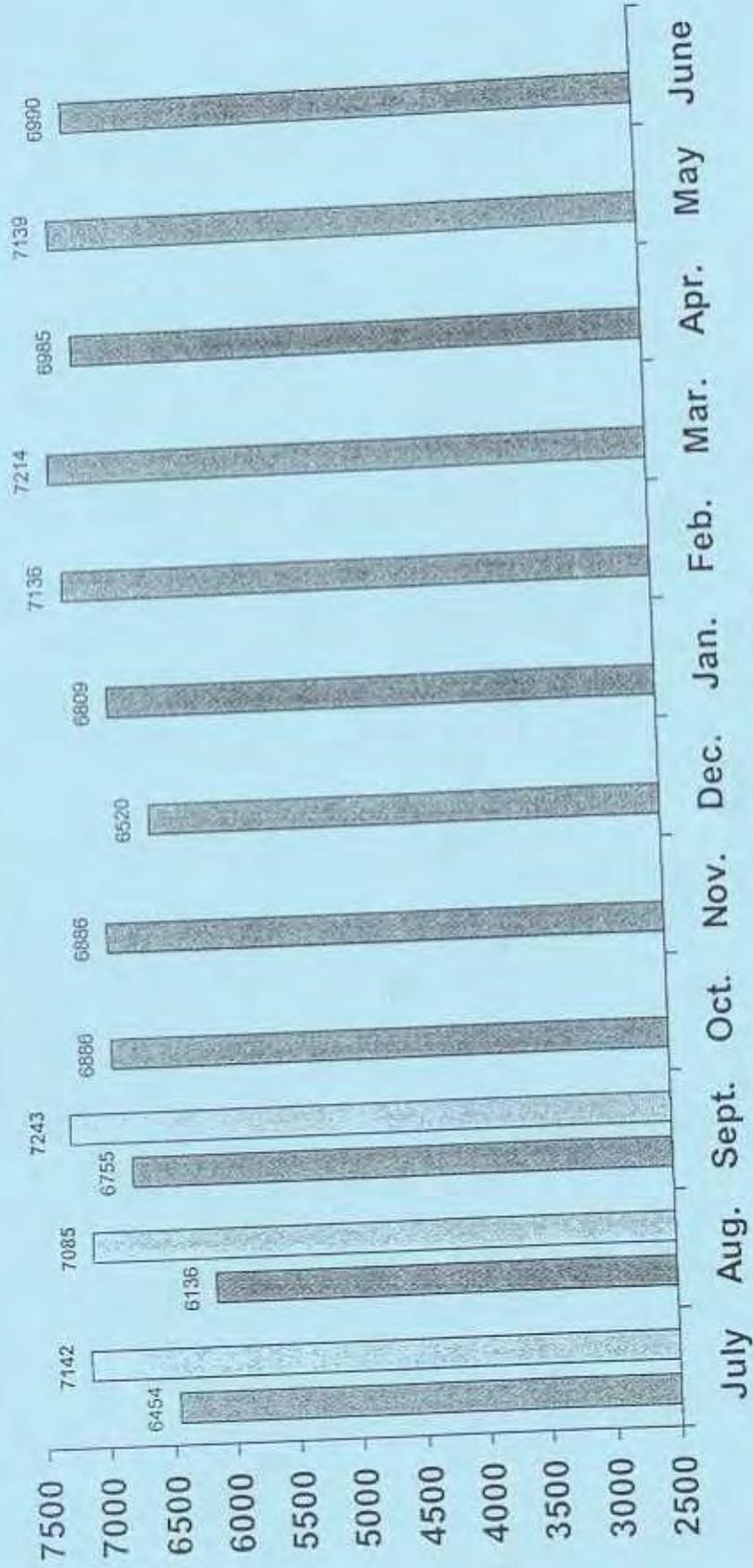
VRE Total Average Daily Ridership



VRE Average Daily Ridership Fredericksburg Line



VRE Average Daily Ridership Manassas Line



FY-2004 FY-2005



CHIEF EXECUTIVE OFFICER'S REPORT

October 2004

SEPTEMBER RIDERSHIP

Ridership has continued to grow during September 2004, even though nearly half of our peak trains are at or near capacity. Average daily ridership eclipsed September 2003 ridership numbers with an average of 15,300 trips per day. This equates to nearly 1,000 more daily riders on our trains than we had only one year ago. This continues the upward trend in ridership and is represented by significant jumps in our monthly averages. During September, we exceeded 15,000 average daily passenger trips fourteen times and 16,000 twice.

MONTHLY REVIEW OF RIDERSHIP	AVERAGE DAILY RIDERS
VRE September 2004 Average Daily Riders	15,300
VRE September 2003 Average Daily Riders	14,375
PERCENTAGE INCREASE	6.5%

Cumulatively, for the month of September, VRE made 336,600 passenger trips. Again, this is significantly higher than previously recorded September ridership numbers, and one of the highest monthly totals on record at VRE.

ON-TIME PERFORMANCE

On time performance for September continues to improve after most of the summer suffered through delays related to heat restrictions and weather conditions. The Manassas Line trains, at 95 percent on-time, continued to significantly outperform the Fredericksburg Line trains. The Fredericksburg Line continued to be weighed down by delays and was on time 85 percent of the time in September.

MONTHLY ON-TIME PERFORMANCE	ON-TIME PERCENTAGE
VRE September 2004 Fredericksburg OTP Average	85%
VRE September 2004 Manassas OTP Average	95%
VRE SEPT 2004 OVERALL ON-TIME PERFORMANCE	90%

The critical difference from previous months is that the principal cause for delays in September, especially on the Fredericksburg line, was the combination of switch and signal failures and

continued interference from freight trains. Almost 14 percent of all train delays we experienced during the month were a result of freight trains. These figures speak to a larger problem that we continue to address by working with VDRPT and CSX officials to make necessary improvements to the infrastructure in the corridor to reduce crowding. These infrastructure improvements, as outlined in the MOU, are designed to increase capacity on the system and will reduce the continual problems with switches and signals that seem to routinely cause difficulty to our operation. As cited below, the Quantico Bridge project, which is being managed by VRE, is under way and on schedule.

September 2004 Train Delays	REASON	TOTALS	PERCENT
	Signal/Switch Failure	11	22%
	Slow Orders	2	3%
	M/W	1	2%
	Train Interference	15	25%
	AMTRAK	5	33%
	Freight	8	53%
	VRE	2	14%
	Mechanical Failure	9	15%
	Late Turn	1	2%
	PAX Handling	2	3%
	Weather	13	22%
	Crew Related	0	0%
Other	3	5%	
TOTAL	59	100%	

Another leading cause of delays during September was the weather. The area was pounded with several heavy storms (affects of the many hurricanes last month). These delays are seen more frequently on the Fredericksburg line, accounting for as much as 30 percent of the delays.

As I have stated previously, VRE's on-time performance is one of the chief means by which our service is judged. On time performance is crucial to our continued customer satisfaction and system growth. We continue to work not only on the corridor improvements, but also with CSX management on ways to keep all trains on schedule. I believe that is evident in the increase in on-time performance we have seen these past few months.

QUANTICO BRIDGE

A preconstruction meeting was held on August 31, 2004 to kick off the construction phase of the Quantico Creek Bridge project. The general contractor (Abernathy Construction) began

construction mobilization activities during the second week of September 2004, and will continue to prepare the site for construction through the first part of October.

At their September 28, 2004 meeting, the Virginia Marine Resources Commission approved a permit modification that will allow the Contractor to access the site by building a stone causeway, therefore, dredging less materials. This alternate method of constructing the bridge will actually reap cost savings by reducing the amount of environmental impact and mitigation.

Currently, VRE is finalizing an agreement with CSX Transportation to perform work incidental to the bridge project. This agreement will incorporate the scope of work to be provided by CSXT, such as flagging, signal work, supplying track materials and construction of the North Possum Point interlocking. The majority of the force account work will not be required for months to come. Therefore, the VRE will finalize the agreement well before the start of CSXT provided construction efforts.

CTB PRESENTATION

On September 15th, I made a presentation before Secretary Clements, Deputy Secretary Davis, DPRT Director Rae and members of the Commonwealth Transportation Board in Fredericksburg regarding VRE. The CTB meeting had been called by the Secretary to solicit commentary from those regional transportation partners.

The focal point of my presentation was on current ridership demands on the extraordinary growth VRE has experienced in recent years, coupled with the pressing needs facing VRE if we are to continue to meet demand for our service. A clear and concise message of capital needs, as illustrated and supported by the Commonwealth and our local jurisdictions through the reauthorization process, was presented. The CTB was very receptive to the service that VRE provided, and many of the questions from the Secretary and Board centered on what things could be done to help continue the success of VRE.

CUSTOMER COURTESY CAMPAIGN



As our trains grow more crowded, instances of discourteous behavior are on the rise. Quite often we hear from passengers frustrated by their fellow riders who are less than polite. Our courtesy campaign this fall is aimed at giving riders a true visual of what behaviors their fellow passengers find irksome. Produced on a modest budget, we have joined forces with one of VRE's talented passengers, who created several humorous cartoons to show passengers at their worst behavior. These cartoons are then published in Commuter Weekly, on station posters, and on the VRE website with a small snippet describing the behavior. Examples include queuing, loud music through headphones, and

having feet on seats.

JOINT AGENCY EMERGENCY RESPONSE DRILL

VRE will be hosting its annual emergency drill on Saturday, October 23 in conjunction with regional first responders. This year the drill will take place at our Broad Run station, and will simulate an incident involving a train and an airplane. The purpose of the emergency drill is to perform a test of emergency response capabilities, and to better educate emergency responders to the protocols of our equipment.

TRAFFIC IN REGION GETTING WORSE

Last month the 2004 Urban Mobility Report, published by the Texas Transportation Institute (TTI), was released and its findings illustrated what everyone in this area already knows – traffic is getting worse. The study highlighted that traffic is consuming more hours of the day, and affecting more travelers and shipments of goods than ever before.

Among the findings, the TTI study found that the average annual delay time per peak period traveler climbed from 16 hours in 1982 to 46 hours in 2002. Though the study found that Southern California remained the leader in congested highways, it did note that the Washington, DC metropolitan region was also blanketed with severe traffic congestion – placing it third on the list again this year.

The report also measured such things as mobility-improvement contributions made by public transportation. The study concluded that without public transportation, nationwide travel delays would increase by 32%, and cost residents and businesses an additional \$20 billion in lost time and fuel. So that nearly a lane and a half of traffic we remove from I-66 and I-95 daily during peak drive time really is making a tangible difference for this region.

FY 2005 APPROPRIATIONS BILL

Last week Congress approved a Continuing Resolution (CR) to assure the continuation of funding for all non-DOD federal agencies. The unfortunate thing about these CR funds for the federal agencies, such as the Department of Transportation, is that funding remains at the current FY 2004 level. In addition, CR's do not include any specific earmarks, as is included in the FY 2005 appropriations measure.

This particular CR is set to expire on November 20, so Congress will have to return to session after the election. At that time, Congress will either opt to simply pass another CR, rolling the matter into the new year, or decide to address the individual appropriation bills or a large multi-agency omnibus bill during the November session. Much of this will be determined by the results of the election, so we'll have to wait and see what course of action Congress takes on funding in November.

REAUTHORIZATION PUSHED AGAIN

On September 30th, Congress passed an eight-month TEA 21 short term extension bill. The bill authorizes funding for highway, and transit programs through May 31, 2005. There had been much discussion in the days prior to the vote that Congress would opt for another short term extension with the thought of addressing a six-year bill during the lame duck session after the election, but the likelihood of that now appears very slim. Thus, the passage of a new reauthorization bill in 2004 is effectively dead.

The eight-month extension is generally a carryover of previous extensions and once again, does not include any earmarked projects. On a more positive note, it does extend the budgetary firewalls and funding guarantees for one year. It authorizes \$24.5 billion for highways and \$5.2 billion for transit. Basically, these funding levels are on par with those from the FY 2004 cycle.

Congress is back in session this week (October 4) for a few final days before adjourning for the November election. Given the movement of this extension and the CR issued for transportation funding, no one should expect any further action on DOT appropriations, reauthorization bills, or the transit security bill.



Virginia Railway Express

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

October 5, 2004

Henry Connor, Jr.
Chairman, Transportation Committee
County of Spotsylvania
13705 General Slocum Court
Fredericksburg, VA 22407

Dear Chairman Connor:

In response to the recent communication between the Virginia Railway Express and members of the Spotsylvania County Board of Supervisors, the Spotsylvania County Transportation Committee, as well as the County Administrator, I have prepared the following white paper on issues raised at the previous Transportation Committee meeting. The paper attempts to address the concerns expressed regarding Spotsylvania County's possible inclusion in the Virginia Railway Express system. In addition, in this letter I want to address a specific concern I have regarding our Spotsylvania ridership and parking.

As you may be aware, for the past twelve years Virginia Railway Express has been one of the most successful commuter rail operations in America, providing high quality public transportation for Northern and Central Virginia regions. Our goal is to ensure that all of our riders reach their appointed destinations safely, reliably, and efficiently. With the rapid growth in the past four years, VRE is now at capacity with both seats and parking. We are working to add seats by lengthening trains and increasing service when we are able, both of which require the acquisition of rolling stock with a funding plan involving all participating jurisdictions. However, stations and parking expansions have traditionally been funded by each jurisdiction on its own, recognizing that such investments are largely for the benefit of the "host" jurisdiction rather than the system at-large.

Currently, 92% percent of the people boarding at Fredericksburg are Spotsylvania residents. In the last five years, we have increased the number of parking spaces at the Fredericksburg station by 560 spaces. We have no funding available to increase the parking in Fredericksburg any further, and the City of Fredericksburg has made it clear that it will not support further parking expansion. This position reflects strong neighborhood sentiment in the vicinity of the Fredericksburg station that current parking accommodations are straining the area street system and any additional parking would be detrimental to the community.

- 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

Chairman Henry Conner
October 5, 2004
Page Two

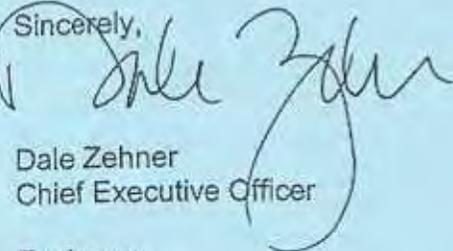
We continue to receive inquiries from Spotsylvania residents who want to ride VRE but are prevented from doing so by the lacking of available parking at the Fredericksburg station. We believe demand for VRE will continue to grow in the Fredericksburg and Spotsylvania areas and the only way to meet the continuing demand is to provide a VRE station in Spotsylvania County. The attached paper outlines potential methods for accomplishing this.

As you may know, VRE has wide reaching benefits for Northern and Central Virginia. We remove the equivalent of one lane of traffic each peak period from I-66 and I-95. Every trip a Spotsylvania resident takes on VRE removes approximately 60 miles of vehicle travel that would have otherwise occurred on I-95 and Route 1. This in turn reduces congestion on those roads and the arterials that feed them, while at the same time improving air quality.

Over time, we have seen countless successes and tremendous growth in our ridership, particularly in jurisdictions such as Spotsylvania County. I believe that an extension of VRE service into Spotsylvania County, made possible by a partnership between Spotsylvania County and the local jurisdictions currently sponsoring VRE, would be a "win-win" for all parties.

It is my hope that the attached paper will address the issues raised by the Board, the Committee, and the Administrator, but should any additional information be needed, please do not hesitate to contact either Mark Roeber or myself. We look forward to future discussions on this matter and to what will hopefully be a long and successful transportation relationship.

Sincerely,



Dale Zehner
Chief Executive Officer

Enclosure

cc: Alfred Harf, Executive Director, PRTC
Richard Taube, Executive Director, NVTC
Stephen A. MacIsaac, Esquire

POTENTIAL METHODS TO ACQUIRE VIRGINIA RAILWAY EXPRESS SERVICE

The eight jurisdictions that are currently part of VRE service contribute financial support and participate in the governance of the VRE system through two regional, multi-jurisdictional transit commissions. The eight jurisdictions are members of either the Northern Virginia Transportation Commission (NVTC) or the Potomac and Rappahannock Transportation Commission (PRTC). These commissions were created by the member local jurisdictions as permitted by the Commonwealth's Transportation District Act (§15.2-4500) and both receive the proceeds of a two percent local motor fuels tax on all fuel sold within their borders as a result of a provision in the Commonwealth's tax code (§58.1-1720). For NVTC's member jurisdictions, the two percent gas tax is entirely reserved for WMATA. In all of the cities and counties comprising PRTC, this levy raises a surplus of funds beyond what is currently needed for VRE; these funds are available for a variety of transportation projects (such the *FRED* system in Fredericksburg).

Should Spotsylvania County decide to join in VRE service, the County can choose from three alternatives, which are listed below.

1. Spotsylvania County could join the Potomac & Rappahannock Transportation Commission.

- A two percent motor fuels tax would automatically begin to be levied on motor fuel sold in Spotsylvania County
- The County would become a member of the PRTC governing body (requiring an amendment to the PRTC founding ordinance) and would participate in the PRTC appointment process to the VRE Operations Board. That process requires PRTC to annually appoint three VRE Operations Board voting members from among the PRTC members supplemented by alternates as PRTC sees fit.
- Spotsylvania County would assume its obligation for PRTC's administrative expense and for VRE's local operating subsidy in accordance with §15.2-4500, the PRTC Founding Ordinance, and the VRE Master Agreement. PRTC's administrative expense is allocated by law based on the proportionate fuel tax yields of each member jurisdiction. VRE's local operating subsidy is allocated by the VRE Master Agreement using a formula that weights the residency of riders at 90% and jurisdictional population at 10%.
- Spotsylvania County's projected motor fuels tax yield is expected to be substantially greater than the combined PRTC/VRE financial obligation, leaving net revenues available for the County to use as it sees fit for allowable transportation purposes. Conservative fuel tax revenue projections based on per capita yields in existing member jurisdictions

indicate that the annual yield in Spotsylvania would amount to about \$2.6 million per year.

- In contrast, Spotsylvania's financial obligation to PRTC and VRE (based on the FY 2005 budget and the use of the foregoing motor fuels tax projection) is \$50,000 and \$503,000, respectively, leaving over two million dollars of net revenue for the County to use for other transportation purposes.
- No legislative action on the part of the Commonwealth is required to join an existing commission.

2. Spotsylvania County could "purchase" VRE service in a "contract service" agreement negotiated with PRTC and NVTC.

- Such a "contract service" agreement would provide for the extension of VRE service to Spotsylvania County (Crossroads) under terms and conditions the parties negotiate – from the commissions' perspective, such terms and conditions could likely include:
 - A commitment by Spotsylvania County to bear a prescribed cost for the operation, calculated with consideration for the additional cost VRE would bear for this service and an allowance for the shared use of VRE's capital assets (e.g., trains).
 - Spotsylvania County bearing the capital costs associated with the extension as outlined above.
- Spotsylvania County would have no governing privileges on PRTC or VRE under a "contract services" agreement, and no PRTC administrative expense obligation. Nor would Spotsylvania County have a two percent motor fuels tax revenue stream to meet its VRE obligations because there would be no such tax in this alternative.
- No legislative action on the part of the Commonwealth is required to initiate contract service.

3. Spotsylvania also has the option to create its own transportation commission with or without other jurisdictions, with a statutory amendment to the Commonwealth's tax code permitting a two percent motor fuels tax to be levied in the third district. In this case there are two possible courses of action for implementing VRE service in Spotsylvania County:

- A "contract services" agreement as described above without representation on VRE's Operations Board, payable from the County's newly legislated two percent motor fuels tax; or

- A change to the VRE governing structure in which three commissions rather than the two as at present have appointment and governing privileges over VRE.
- The latter is the most complicated because it would necessitate a change to the VRE Master Agreement. A change to the VRE Master Agreement requires the unanimous assent of the signatories, and to date the signatories have been very reticent to entertain such changes.

VRE INITIAL COSTS, CAPITAL PROJECTS, & IMPROVEMENTS FUNDING

The "start-up capital costs" of VRE expansion to Spotsylvania County include the construction of a rail station and parking facility, as well the installation of a rail track siding leading to the station and a crossover north of the station. These costs mirror those that were incurred by member jurisdictions when service was established in 1992, and can be considered 40-year investments.

The initial costs to the County of expanding VRE could be offset by seeking public funds (state or federal) or by working to acquire proffers and support from local developers who would benefit from supporting additional transit options in Spotsylvania.

Capital Projects Required for VRE Service to Spotsylvania County (2003 Dollars)

Item	Description	Est. Cost
Construction of a basic station	Basic stations designs include at least a 600 foot platform, a 200 foot canopy partially covering the platform, lighting fixtures, benches, and other hardware.	\$2.5 million
Surface parking lot	1,000 space parking lot. Spotsylvania would also have the option, depending on land costs/availability, to build a parking deck or surface lot. A parking deck has a cost of roughly \$15,000 per space whereas a surface lot costs approximately \$5,000 a space.	\$5 million
Railroad infrastructure	Railroad siding and associated switches and crossovers. Length would be determined by distance of the proposed station from the main rail line.	\$4 million
	Estimated Total Cost	\$11.5 million

ANNUAL COSTS AND LOCAL SUBSIDIES FOR VRE

The annual costs of VRE service are primarily constituted by the expense of VRE operations: salaries, facilities, maintenance of the VRE system, and servicing financing for capital projects and major system improvements.

The cost of VRE service to jurisdictions is determined by first assessing the projected financial needs of VRE. Then, this cost is apportioned between the individual member jurisdictions through a formula that takes into account:

- The county's or city's population (given a 10% weight)
- The numbers of riders from that jurisdiction (given a 90% weight)
- And the "imputed fare revenue offset amount" (which credits more-distant counties and cities such as Spotsylvania by accounting for the greater distance and higher ticket cost that passengers from that farther municipality incur)

Based upon ridership figures from the most recent VRE ridership survey (October 2003), Spotsylvania's share of VRE operations cost would be approximately \$503,000 a year (assumes FY 2005 budgeted costs). With VRE's expansion into Spotsylvania, the number of Spotsylvania riders would increase due to growth in the county's commuting population and the easier access to VRE that a Spotsylvania extension would provide. Therefore, Spotsylvania's share of the VRE operations cost would grow with ridership growth.

INITIAL DEBT, SUBSEQUENT EXPANSION DEBT, AND SPOTSYLVANIA COUNTY'S RESPONSIBILITIES

Spotsylvania's responsibility for any debt incurred by the founding jurisdictions would have to be negotiated with the Commissions. However, future debt and financing for system needs (railcars, storage, etc.) will be assumed jointly by VRE's member jurisdictions. Often major system projects are largely financed by federal and state grants, earmarked funds, and other case-specific allocations. Necessary matching funds (*i.e.*, the 20% match necessary for federal earmarks) are borne jointly by the participating jurisdictions.



500 Water Street
Jacksonville, Florida 32202
(904) 366-5210
(904) 359-1216 (Fax)

Michael J. Ward
Chairman, President
Chief Executive Officer

October 6, 2004

The Honorable Mark R. Warner
Governor
Commonwealth of Virginia
P.O. Box 1475
Richmond, VA 23318

Dear Governor Warner:

The issue of unspent state rail funds in the Washington to Richmond rail corridor came to your attention last week. Your statement suggests a high level of concern to expeditiously move the projects forward. As with most public issues, the facts and details surrounding these projects are very complex.

I was encouraged to find out today that we have reached agreement on all the outstanding issues and have forwarded a signed copy of the documents to VDRPT. I want to stress that despite the frustration about the length of time it has taken to complete the many steps needed to get to this point, we have negotiated in good faith throughout the process.

This agreement was the first of its kind for CSX, and many of the terms and conditions have set precedent that should make our business dealings easier in the future. Most importantly, now that we have a master construction agreement in place, we can cover new projects under the master agreement for the foreseeable future without having our lawyers split hairs over the vast majority of the terms and conditions that have contributed to the delays.

I can assure you that CSX is committed to learning from this experience and will work together with you to improve the process from both sides. We want to work together in the future for the good of both parties. However, it's also important to know that CSX has issues separate and apart from this agreement that also need to be discussed in the context of our relationship moving forward.

My travels take me to Washington on a regular basis, and perhaps the next step is to stop off in Richmond and meet personally with you to establish a common set of expectations and set the tone for our relationship. Our meeting could be followed by more in-depth discussions with senior representatives from CSX and the Commonwealth. I have asked Ellen Fitzsimmons, our Executive Vice President and one of the most senior officers in the company, to lead the CSX team.

The Honorable Mark R. Warner
October 6, 2004
Page 2

I sincerely hope this gives you a clear signal that we are committed to strengthening the positive and productive relationship that has existed between CSX and the Commonwealth for many years. Rob Shinn has spoken very highly of you on many occasions and I look forward to establishing a mutually beneficial relationship that we both can embrace for many years to come.

With best regards,

cc: Whitt Clement
Karen Rae

A handwritten signature in cursive script that reads "Michael".



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Temperature: 47.6 °F
 Wind: NNE at 0.0 mph
 Rain today: 0.00 in
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 Wednesday, Oct 13, 2004

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The Free Lance-Star

State upset over CSX delay on rail upgrades

State officials upset over CSX's failure to begin rail improvements between Richmond and Washington

By THE ASSOCIATED PRESS

Date published: 10/1/2004

RICHMOND--Gov. Mark R. Warner and other state officials expressed exasperation yesterday over CSX Corp.'s delays in breaking ground on \$65.7 million in rail improvements that the General Assembly authorized four years ago.

"What is surprising and frustrating is the reluctance of CSX to make this more of a priority, because there are other viable rail projects in Virginia that could make ample use of \$65.7 million in a time of limited state transportation resources," Warner said in a statement.

The state funding would help ease rail traffic between Richmond and Washington, a heavily traveled and often congested corridor. State rail officials said they could not explain why CSX had not begun the work, since the improvements benefit not only Virginia Railway Express and Amtrak passengers but also the railroad's freight customers.

"We're talking four years to get something going, and that just seems like too much time," said Karen Rae, director of the Virginia Department of Rail and Public Transportation.

Before the work can start, Virginia and CSX officials must agree on several issues, including the additional liability coverage the railroad wants the state to assume. Jacksonville, Fla.-based CSX also says it has been dealing with widespread damage from recent hurricanes and tropical storms in the Southeast.

"People who would otherwise be able to focus on this particular issue have in fact had to work on problems caused" by the storms, Bob Sullivan, a spokesman for the railroad, said yesterday.

The funding would pay for several crossover improvements along the 100 miles of track between Richmond and Washington. In some areas, such as Franconia and possibly Fredericksburg, a third track would be built to help

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ease congestion.

North of Fredericksburg, only one railroad track crosses Quantico Creek, causing major backups daily for VRE, Amtrak and freight.

VRE hired a contractor this summer to build a second crossing, paid for with \$26 million in state and federal funds, but hang-ups with CSX have stalled the project.

After the upgrades are finished, the tracks will be able to accommodate four more VRE commuter trains, another Amtrak train and up to 15 additional freight trains, Rae said.

Local communities and state governments have a history of battling CSX over the condition of its facilities.

Stafford County Supervisor Kandy Hilliard has been after CSX for years to fix two bridges. One, a deteriorating span on Brooke Road, has occasionally dropped chunks of concrete onto cars traveling beneath it.

The other, a section of Courthouse Road that travels over CSX tracks, is in such poor condition that heavy vehicles--garbage trucks, moving vans and the like--are prohibited from traveling into the neighborhood beyond the bridge.

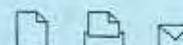
Fredericksburg officials have repeatedly asked CSX to take better care of the four railroad bridges that cross over Charles, Princess Anne, Caroline and Sophia streets. Former City Councilman Joe Wilson once had the city send a chunk of fallen concrete from one of those bridges to CSX headquarters.

And in Alexandria, the City Council posted CSX's office number on large signs near the crumbling King Street bridge before the company--tired of all the phone calls--contributed money for the bridge's rehabilitation.

In Delaware last year, the state transportation department closed three CSX bridges that carried cars over railroad tracks because officials deemed them unsafe. In Charleston, W.Va., officials negotiated with CSX for seven years before the company agreed to help fix a bridge ramp in 1998.

Staff Writer Edle Gross contributed to this report.

Date published: 10/1/2004



Local News Updates:

- Town curbs prayers
(Wednesday, 01:09, The Free Lance-Star)
- Search for boy intensifies
(Wednesday, 01:09, The Free Lance-Star)
- Sniper ruling no bar to trial
(Wednesday, 01:09, The Free Lance-Star)
- Enrollments rise
(Wednesday, 01:08, The Free Lance-Star)
- Police, Marines search Spotsylvania for missing boy
(Tuesday, 23:40, The Free Lance-Star)
- Search continues for missing 3 year old

AP News Updates:

- VP Candidates Slug It Out Over Iraq, Jobs
- Report May Undercut Bush's Iraq Rationale
- AP: Iran Takes Steps to Enrich Uranium
- U.S., Iraqi Forces Seal Off Insurgents
- Congress Speeds Up 9/11 Legislation Vote
- Israelis, American Win Nobel for Chemistry
- Comic Rodney Dangerfield Dies at Age 82

CSX Force Account Services for Quantico Creek Bridge

The VRE Operations Board recommends approval of Resolution #1049. This resolution authorizes VRE's CEO to enter into an agreement with CSXT to undertake track improvements for the Quantico Creek Bridge Project. The maximum cost is \$4,671,000, including contingency, using state and federal grants. CSXT requires that it perform this work to design and construct the track signal system for the bridge and the new interlocking at North Possum Point.

RESOLUTION #1049

SUBJECT: CSX Force Account Services for Quantico Creek Bridge.

WHEREAS: In order to alleviate the bottleneck condition at Quantico Creek, a new mainline track bridge over Quantico Creek must be constructed;

WHEREAS: The Virginia Railway Express, in collaboration with CSXT and DRPT, has completed the design for a new double track bridge over Quantico Creek; and

WHEREAS: In order for the bridge project to be completed, CSX Transportation requires that certain portions of the work be performed under its direct supervision.

NOW, THEREFORE BE IT RESOLVED the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to enter into an agreement with CSX Transportation for construction associated with the Quantico Creek Bridge Project at a price not to exceed \$4,671,000 including contingencies.

Approved this 4th day of November, 2004.

William Euille
Chairman

Gerald Connolly
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

AGENDA ITEM 9-A ACTION ITEM

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: OCTOBER 15, 2004

**RE: AUTHORIZATION TO ENTER INTO AN AGREEMENT WITH CSX
TO PROVIDE FORCE ACCOUNT SERVICES ASSOCIATED WITH
THE QUANTICO CREEK BRIDGE PROJECT**

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions authorize the VRE Chief Executive Officer to enter into an agreement with CSX Transportation to provide work related to track construction associated with the Quantico Creek Bridge Project. This agreement commits VRE to reimburse CSX Transportation for expenses incurred including contingencies in the amount of not more than \$4,671,000.

BACKGROUND:

As required in the MOU with CSX Transportation and in order to alleviate the bottleneck condition at Quantico Creek, a new mainline track bridge over Quantico Creek must be constructed. Design for the bridge has been completed and the construction contract was awarded in July as authorized at the May Operations Board meeting.

In order for the bridge project to be completed, CSX Transportation requires that certain portions of the work be performed under its direct supervision (force account work). Under the force account scope, CSX will provide track materials and design and construct the track signal system for the bridge and the new interlocking at North Possum Point just north of the Quantico Creek.

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4350 North Fairfax Drive, Suite 720
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(703) 524-3322

- A Transportation Partnership -

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

Board action is required at this time to enter into an agreement with CSX Transportation to provide work related to track construction associated with the Quantico Creek Bridge Project.

FISCAL IMPACT:

Funds for the construction phase of this project are included in VRE's Capital Improvement Program (CIP) as part of the Quantico Bridge project. Funding is made up of FY 2001, 2002 and 2003 federal and state grants. Local match is being provided by the Virginia Department of Rail and Public Transportation.

Modify Lease Agreement with RailWorld Locomotive Leasing LLC.

VRE's Operations Board recommends approval of Resolution #1050. This resolution authorizes VRE's CEO to modify an existing lease with RailWorld Locomotive Leasing LLC to add one locomotive at a price not to exceed \$76,650, annually, for a term of two years plus an option for two additional years. This transaction will provide a replacement for a locomotive that suffered a "catastrophic failure" on August 27, 2004. Funds are available in VRE's FY 2005 operating budget.

RESOLUTION #1050

SUBJECT: Modify Lease Agreement with RailWorld Locomotive Leasing LLC.

WHEREAS: VRE is seeking to modify an existing lease with RailWorld to add one EMD F-40 locomotive to replace the one that suffered a catastrophic engine failure; and

WHEREAS: VRE currently leases two other F-40 locomotives from RailWorld and is building a parts inventory to support this type of locomotive.

NOW, THEREFORE BE IT RESOLVED the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to modify an existing lease agreement with RailWorld Locomotive Leasing LLC to add one locomotive at a price not to exceed \$76,650 per unit annually, with a term of two years and an option for two additional years.

Approved this 4th day of November, 2004.

William Euille
Chairman

Gerald Connolly
Secretary-Treasurer



Virginia Railway Express Operations Board

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AGENDA ITEM 9-B ACTION ITEM

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: OCTOBER 15, 2004

**RE: AUTHORITY TO MODIFY A LEASE AGREEMENT WITH
RAILWORLD LOCOMOTIVE LEASING, LLC. TO ADD THE
LEASE OF ONE EMD LOCOMOTIVE**

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions authorize the VRE Chief Executive Officer to modify an existing lease agreement with RailWorld Locomotive Leasing, LLC to add one locomotive at a price not to exceed \$76,650 per unit annually. The lease agreement would be for a term of two years with an option for two additional years.

BACKGROUND:

VRE currently leases two locomotives from RailWorld. Until recently, a third locomotive of the same type was also being leased. That locomotive, V31, was under lease since May of 2000. On August 27, 2004, it suffered a catastrophic failure to its main engine and was removed from the VRE lease. VRE must replace this unit as it is needed for revenue service. As such, RailWorld is now proposing to replace the engine in that locomotive and upgrade the unit to make it equivalent to the other two engines leased by VRE. This unit, following engine replacement and acceptance by VRE mechanical advisors will be guaranteed to meet all manufacturer specifications for a price of \$76,650 annually (\$210 per day) for a period of two years with a two-year option to extend.

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Woodbridge, Virginia 22192
(703) 583-7782

FISCAL IMPACT:

Funding is provided in the FY 2005 Operating Budget.

GEC IV Task Order for Access to Washington Union Terminal

VRE's Operation Board recommends approval of Resolution #1051. This resolution authorizes VRE's CEO to award a task order from the fourth General Engineering Contract to DMJM Harris for review and analysis of provisions proposed by Amtrak for long-term access to Washington Union Terminal. Funds not to exceed \$101,191 are available in VRE's FY 2005 operating budget.

RESOLUTION #1051

SUBJECT: GEC IV Task Order for Access to Washington Union Terminal.

WHEREAS: Amtrak has agreed to negotiate a long-term (30-year) agreement with VRE for access to facilities in Washington Union Terminal and mid-day storage of VRE trainsets within the terminal;

WHEREAS: Amtrak has proposed a modified cost allocation methodology and updated the basis for its actual costs, for the purpose of calculating the VRE access and storage fee; and

WHEREAS: Analysis of the new methodology is necessary before VRE continues the negotiations with Amtrak.

NOW, THEREFORE BE IT RESOLVED the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to award a task order to DMJM Harris for the review and analysis of the Washington Union Terminal access provisions proposed by Amtrak in an amount not to exceed \$101,191, including a 15 percent contingency.

Approved this 4th day of November, 2004.

William Euille
Chairman

Gerald Connolly
Secretary-Treasurer

CONSENT AGENDA ITEM 8-E
ACTION ITEM

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: OCTOBER 15, 2004

**RE: AUTHORIZATION TO AWARD A TASK ORDER UNDER THE
GEC IV CONTRACT FOR THE REVIEW AND ANALYSIS OF
ACCESS PROVISIONS TO WASHINGTON UNION TERMINAL**

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to award a task order to DMJM Harris for the review and analysis of the Washington Union Terminal (WUT) access provisions proposed by Amtrak. This task order is being requested in an amount not to exceed \$87,993, plus a 15 percent contingency of \$13,198, for a total of \$101,191.

BACKGROUND:

Amtrak has agreed to negotiate a long-term (30 year) agreement with VRE for access to facilities in Washington Union Terminal and mid-day storage of VRE trainsets within the terminal. Based on the analysis authorized by the Operations Board last year, Amtrak has proposed a modified cost allocation methodology and updated the basis for its actual costs, for the purpose of calculating the VRE access and storage fee.

To adequately assess the proposed change in access fees by Amtrak, an analysis is required to determine the fairness and reasonableness of the Amtrak proposal. The proposed task order to complete this work has several elements:

1. Audit the proposed cost allocation and back-up data provided by Amtrak, identifying items that are inappropriate or miscalculated.
2. Based on current industry standards and practice, identify and evaluate alternative cost allocation methods and cost drivers and provide an alternative cost allocation method if appropriate.
3. Perform cost sensitivity analyses with respect to future conditions that might change the cost of running the terminal or change the relative usage of terminal facilities among the users.
4. Document findings and attend a limited number of review meetings with VRE and Amtrak staff.

The consultant will have a draft report by December 31, 2004. This analysis is necessary to continue the negotiations with Amtrak.

FISCAL IMPACT:

Funds for this project are included in VRE's Operating Budget.

GEC IV Task Order for Fleet Maintenance Strategy and Yard Requirements

VRE's Operations Board recommends approval of Resolution #1052. This resolution authorizes VRE's CEO to award a task order to Parsons Brinckerhoff Quade and Douglas under VRE's fourth General Engineering Contract to develop a detailed fleet maintenance strategy. The report will include the necessary associated physical improvements at VRE's yards. The cost will not exceed \$279,400 of CIP federal grant funds, including a 10 percent contingency.

RESOLUTION #1052

SUBJECT: GEC IV Task Order for Fleet Maintenance Strategy and Yard Requirements.

WHEREAS: VRE's fleet is growing and pressure from Amtrak to move the maintenance functions to the outlying yards is mounting;

WHEREAS: It is necessary for VRE to have a detailed fleet maintenance plan that includes yard requirements; and

WHEREAS: Parsons, Brinckerhoff, Quade and Douglas (PBQ&D) completed a high level analysis of these issues as part of the Phase 2 VRE Strategic Plan and is uniquely qualified to do this more detailed analysis.

NOW, THEREFORE BE IT RESOLVED the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to award a task order to PBQ&D for the development of a detailed fleet maintenance strategy and associated yard requirements, with the cost not to exceed \$254,000 plus a 10 percent contingency of \$25,400, for a total of \$279,400.

Approved this 4th day of November, 2004.

William Euille
Chairman

Gerald Connolly
Secretary-Treasurer

AGENDA ITEM 9-F
ACTION ITEM

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: OCTOBER 15, 2004

**RE: AUTHORIZATION TO AWARD A TASK ORDER UNDER THE
GEC IV CONTRACT FOR THE DEVELOPMENT OF A DETAILED
FLEET MAINTENANCE STRATEGY AND ASSOCIATED YARD
REQUIREMENTS**

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to award a task order to Parsons, Brinkerhoff, Quade and Douglas (PBQ&D) for the development of a detailed fleet maintenance strategy and associated yard requirements. This task order is being requested in an amount not to exceed \$254,000, plus a 10 percent contingency of \$25,400, for a total of \$279,400.

BACKGROUND:

As VRE's fleet grows, and pressure to move the fleet maintenance functions to the outlying yards mounts, it becomes increasingly necessary to have a detailed maintenance plan for VRE. This task will provide additional concept development and costing work that will be helpful in identifying the appropriate and necessary level of investment in these facilities, defining specific fleet storage and investment projects for the CIP, and quantifying the benefits of the projects and the costs of not implementing or deferring them.

PBQ&D completed a high level analysis of these issues as part of the Phase 2 Strategic Plan. As such, they are uniquely qualified to do this more detailed analysis.

FISCAL IMPACT:

Funds for the project are included in VRE's Capital Improvement Program (CIP) as part of the capital fleet expansion project. Funding is through a FY 2003 federal grant. The local match is provided for using state and local funds.

MEMORANDUM

TO: Chairman Euille and NVTC Commissioners
Vice Chairman Greenup and PRTC Commissioners

FROM: Rick Taube and Al Harf

DATE: October 28, 2004

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

Alan Pisarski will share his path breaking research with the commissions, with additional comments by Art Guzzetti of the American Public Transportation Association. A copy of Mr. Pisarski's very impressive resume is attached for your information. As can be seen, he has measured transportation activities for almost forty years and his creative use of Census and other data is second to none.

His most famous work is the Commuting in America series, with the third such study to be completed soon. His ability to analyze commuting trends and willingness to report the consequences without "sugar coating" can be of great value to policy makers seeking to chart an effective course for the future.

Mr. Pisarski, who is a resident of the Lake Barcroft area in Fairfax County, has agreed to waive his appearance fee and commissioners should appreciate this unique opportunity to hear from an expert with such a well-established international reputation.

Art Guzzetti is a legislative director at APTA and has many years of experience working with APTA's President, Bill Millar, in helping the transit industry present its needs to Congress. He will follow up Mr. Pisarski's presentation with a brief description of how the Commuting in America series can be useful to the transit industry.

Resume'

Alan E. Pisarski

Some Products

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Resume'

As an independent consultant, services are provided to clients in areas related to transport policy, planning, analysis and data development.

THIS IS A
COMMERCIAL
FOR MY
CONSULTING
SERVICES

For almost 40 years Alan E. Pisarski has been involved in the national transportation policy scene, from vantage points at the original Tri-State Transportation Commission in New York, the Metropolitan Washington COG, the Office of the Secretary, U.S. DOT, or in a personal consulting capacity. In his work he has measured the transportation activities of our nation from the metropolitan, state, national and international levels. In the U.S. DOT he organized the major travel surveys of the nation and designed and managed the U.S. transportation statistical system under the Assistant Secretary for Policy, establishing programs that are still the basis of much of the U.S. transportation statistical system today. He has benefited greatly throughout his career from having had the privilege of working with many of the best people in the profession.

As a consultant in transportation public policy, travel behavior analysis and statistics his clients include all of the major transportation associations, most of the countries statistical agencies, including the new Bureau of Transportation Statistics. Outside the U.S. his clients have included the World Bank, AID, The European Tourism Commission and the World Tourism Organization. He has conducted seminars in travel and tourism around the world for more than 100 countries; and is the author of an international standard classification of tourism activities promulgated by the UN.

His work related to transportation, particularly commuting and travel behavior, has been reviewed, discussed and quoted in all of the major national news magazines, and newspapers, appearing often on major national radio and television network programs, including "Good Morning America," ABC Nightly News," "Nightline," and "20/20," discussing national transportation topics, and recently served as content advisor to a three hour NPR public television series on transportation. His works have been translated into at least eight languages. He is perhaps best known for his major studies of American commuting patterns produced for a consortium of public interest groups, entitled "*Commuting in America*" and "*Commuting in America II*."

Mr. Pisarski's TRB participation spans 30 years, having chaired four Committees and served on two others. He presently serves as Chair of the Committee on National Transportation Data Requirements and Programs, and the Committee on Transportation History, and is the past chair of the Group 5 Council. He also serves on the Editorial Boards of the Journal of Transportation and Statistics, of the Bureau of Transportation Statistics, and of Transportation Quarterly of the Eno Transportation Foundation. Internationally, he has represented the U.S. on the United Nation's Group of Experts in Transport Statistics and served on the UN's Expert Group in Statistical Classification Systems. He has degrees in Economics and

Sociology and is a resident of Lake Barcroft Virginia.

[Alan E. Pisarski](#) | [Some Products](#) | [Favorite Links](#) | [Resume'](#)

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MEMORANDUM

TO: Vice Chairman Greenup and PRTC Commissioners
Chairman Euille and NVTC Commissioners

FROM: Al Harf and Rick Taube

DATE: October 28, 2004

SUBJECT: Group Discussion: Transit Funding Needs in the Region—Sizing Them and Pursuing a Funding Solution

Following a brief staff PowerPoint presentation, and as a prelude to preparing and adopting the respective 2005 legislative agendas of NVTC, PRTC and VRE, commissioners have an opportunity to reflect together on the status of transit needs and funding in Northern Virginia. Several reference documents are available to inform that discussion. They include:

- 1) The draft 2005 legislative agenda of the Virginia Transit Association, which addresses state-wide transit needs and funding solutions;
- 2) A PowerPoint presentation of WMATA's current funding crisis and a description of the Blue Ribbon Panel on Dedicated Sources of Metro Funding that is due to report in December, 2004. [This is relevant for both commissions since WMATA's \$1.2 billion operating and capital budget, plus its enormous unfunded capital needs, so far exceeds --by a factor of at least 12-- the combined budgets of the region's other bus systems and VRE. Without solving WMATA's funding crisis no other system will prosper.]
- 3) Information about a proposal by several Northern Virginia legislators to claim the current Virginia budget surplus for transportation and to use existing insurance premium tax revenues as the basis to support up to \$5 billion of new projects through bonding.
- 4) A draft PowerPoint presentation from NVTC staff summarizing how transit is funded in this region, mentioning unfunded needs and offering

projections of the yields of several potential sources of funding both statewide and regional.

- 5) An analysis of the results of the November, 2002 transportation funding referendum in Northern Virginia by NVTC staff (excerpts are attached and the complete documents are available at: [http://www.thinkoutsidethecar.org/pdfs/REF_DFT COMPLETE 9-7-04.pdf](http://www.thinkoutsidethecar.org/pdfs/REF_DFT_COMPLETE_9-7-04.pdf) (154-page report) and [http://www.thinkoutsidethecar.org/pdfs/REF_DFT Presentation 9 7 04.pdf](http://www.thinkoutsidethecar.org/pdfs/REF_DFT_Presentation_9_7_04.pdf) (55-page PowerPoint Executive Summary). This document presents 35 reasons that the referendum failed and proposes a 22-step process for implementing a successful referendum, if a referendum is selected as a last resort after trying more direct solutions.

**State Legislative Agenda for the 2005 Virginia General Assembly
Session**

Virginia Transit Association

--October 12, 2004—
--Revised: October 22, 2004--

DRAFT

Please provide comments to:

Rick Taube
Executive Director
Northern Virginia Transportation Commission
703-524-3322 x105
rick@nvtdc.org

The Immediate and Continuing Need for More State Transit Funding

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

In VTrans 2025, estimates for the middle scenario total transit operating costs are \$12.5 billion for 2005-2025, or \$481 million annually. By comparison the actual total for the most recent fiscal year in CTB's program is \$410 million. Combined totals for capital and operating needs in VTrans 2025 are \$28.3 billion (\$1.1 billion annually).

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

But even this enormous total may not tell the entire story since Northern Virginia's eight transit systems have shown (using similar assumptions and listing specific projects) their combined capital funding shortfall to be \$438 million annually (over the next six years); this is even more than the \$411 million unfunded statewide annual total in VTrans 2025.

Currently the commonwealth provides only about \$116 million annually from 14.7 percent of Transportation Trust Fund revenues for transit assistance, plus another \$24 million from other state and federal sources. This annual contribution of \$140 million is only about a tenth of the commonwealth's transit needs as shown in VTrans 2025, and does not come close to meeting the commonwealth's statutory target of 95 percent of eligible net transit capital and operating costs. **Even for the limited transit projects and operating costs included in the CTB's six-year program, the commonwealth would need another \$78 million in FY 2005 alone to meet its 95 percent obligation for transit capital projects and another \$90.3 million for operations, totaling \$168.3 million.**

The General Assembly is overdue to act to address this funding crisis. Statewide transit ridership since 1986, the last time transportation user fees were

increased in Virginia, has grown 64 percent (to 161 million from 98 million passenger trips). Without more state assistance, transit can't continue to serve its existing passengers or expand into new markets to help congested urban areas meet clean air challenges, save fuel, provide job access and boost economic growth.

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

VTA's Legislative Proposals for Additional Funding for Public Transit

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

1. Restore sufficient permanent funding to the Transportation Trust Fund (TTF) to meet the commonwealth's statutory 95 percent share of transit operating and capital costs (net of fares and federal assistance). This would require at least \$168 million annually in new funds for the limited transit projects and eligible operating costs included in CTB's six-year program. Further, VTA supports a bill that will provide funds for the commonwealth's specific unfunded priority transit projects over the next several years and that is not restricted to the projects in CTB's current six-year program. This would require an additional \$411 million each year in new transit funds using the VTrans 2025 middle scenario, plus another \$455 million annually if unfunded operating costs are also included. VTA also supports the use of surplus state budget funds for transit, but as part of a permanent solution and not only a one-time expedient.
2. If it is not possible for the commonwealth to meet this obligation immediately then establish this as a legislative objective with a process and schedule to achieve it (perhaps by establishing a Blue Ribbon Panel).
3. Meet remaining VTA 2000 funding obligations for transit projects (e.g. \$9 million for WMATA railcars in FY 2006) and do not reduce any funding sources now used for transit.
4. At least until the commonwealth's 95 percent matching obligation is fulfilled, for new statewide transportation revenue sources not specifically assigned to transit, direct the proceeds into the TTF (of which transit

receives a 14.7 percent share) rather than directing such proceeds to the HMOF or new programs from which transit derives a smaller share.

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

Additional Policy Positions

1. Moving people efficiently (rather than vehicles) should be the primary objective of the commonwealth's transportation policies and programs.
2. VTA recognizes that land use is a prerogative of Virginia local governments, and supports legislation that encourages state-funded transportation projects to be coordinated with those local governments through effective land use and multimodal transportation planning while providing safe pedestrian and bicycle access for transit users and others.
3. Sufficient state agency funds should be budgeted to expand programs of free and discounted transit passes to all state employees to build on the success in Northern Virginia and take full advantage of federal tax incentives.
4. With increased levels of federal funding available for homeland security, the commonwealth should give transit security a high priority in allocating funds at its disposal.
5. VTA supports the continuation of sales tax exemptions for four systems in the commonwealth that are not departments of local governments.
6. Recognizing the growing interest in high occupancy toll (HOT) lanes and the use of the Public Private Transportation Act (PPTA) as means to complete transportation projects that otherwise could not be funded, VTA urges (to the extent permitted by federal law) that transit operating and

maintenance expenses be a priority use of toll revenues in excess of debt service; that public transit vehicles be exempt from tolls; and that through multimodal planning the new facilities include adequate access for and provision of public transit services.

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

Washington Metropolitan Area Transit Authority

WMA TA Performance And Funding Requirements Update

Richard A. White
General Manager/CEO

Examination Planning Board

September 15, 2004

The Problem

1. Metro is seriously overcrowded
2. Due to funding shortfalls, Metro is deferring necessary capital investments that keep existing assets in a “state of good repair”
3. Metro’s service performance has been steadily declining in the last couple of years
4. The region will suffer if Metro continues to remain on ‘life support’

Metro is Seriously Overcrowded

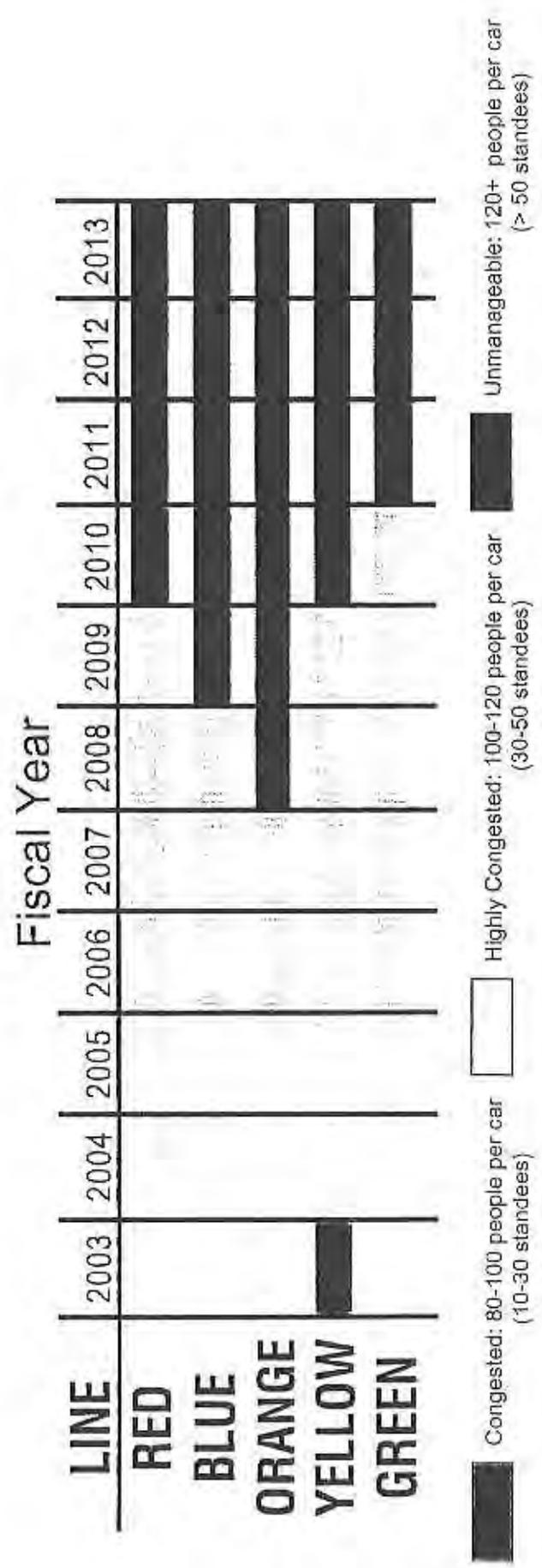
Recent Ridership Increases

- Metrorail carried more than 17,649,000 customer trips during June – the busiest month in our 28-year history. This total is 6.5% above June 2003.
- Average weekday ridership in June was 706,600 passenger trips, the first time in Metro history that average weekday ridership exceeded 700,000 passenger trips per weekday.
- Metrorail ridership has grown steadily and has increased by more than 30% over the past 8 years for an average annual growth of 3.8%
- Metrobus ridership reached a plateau and averages about 510,000 passenger trips daily after having grown about 25% since 1997
- Transit use into regional core has grown in past few years to 42% of all person trips during the AM peak period

Metro is Seriously Overcrowded

Metrorail Crowding

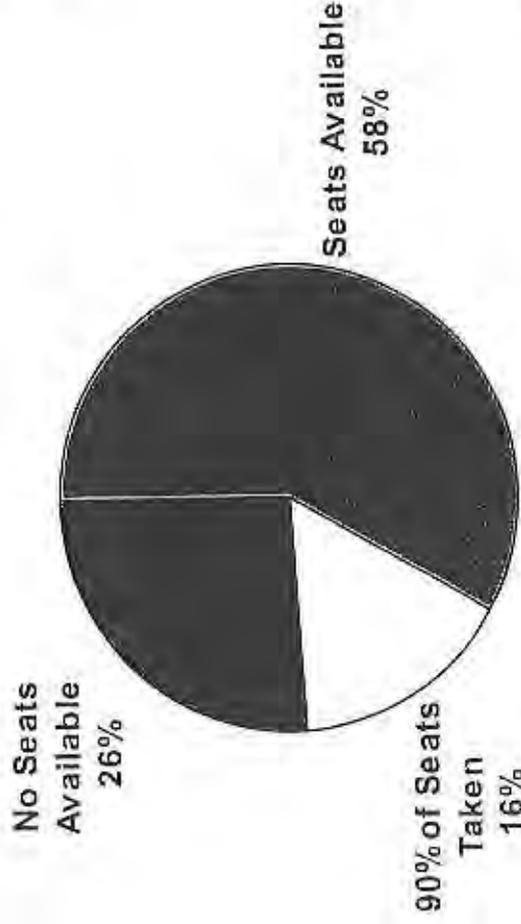
Metrorail's Worsening Crowding Problem



Metro is Seriously Overcrowded

Metrobus Crowding

Average Weekday
Ridership Congestion



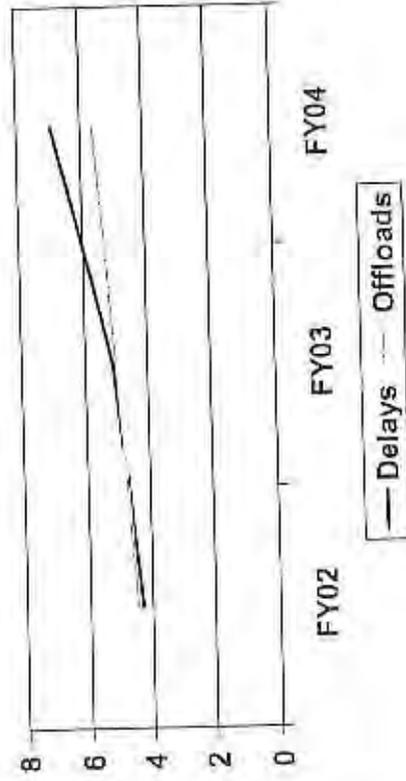
- Approximately 42% of Metrobus riders have difficulty obtaining a seat every day:
 - About 132,600 passengers experience no seat availability on their bus
 - Another 82,000 passengers have limited to no seat availability
- Projected growth in ridership will increase crowding conditions

Metro is Deferring Capital Investments Moving Toward a State of Good Repair

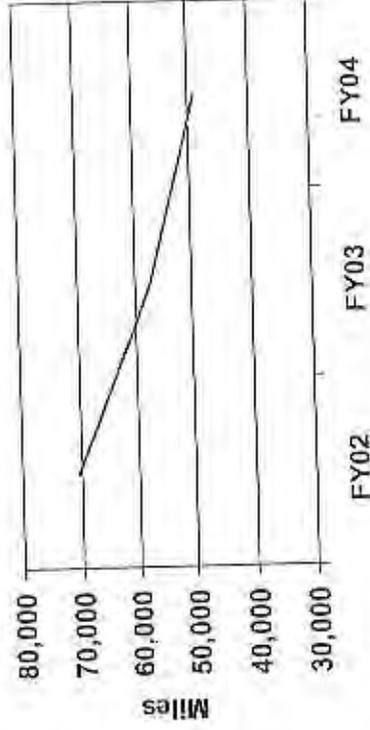
- Independent consultant evaluation identified system needs as:
 - Costs, lifecycles, in-service dates, condition and system inventory
 - These factors feed into the systems' long-term needs
- **State of Repair**
 - Like-New: The general inventory of the asset does not yet require significant investment
 - Good Repair: The general inventory of the asset is functional, though in some instances requires increasing investment
 - Under-Invested: The general inventory of the asset is in a state of degradation due to insufficient investment, age, use and other factors
- **Generally, significant elements of the WMATA system are sliding into a state of under-investment**
 - 60% of WMATA Metrorail system is more than 20 years of age

Service Performance is Declining Rail Service Reliability

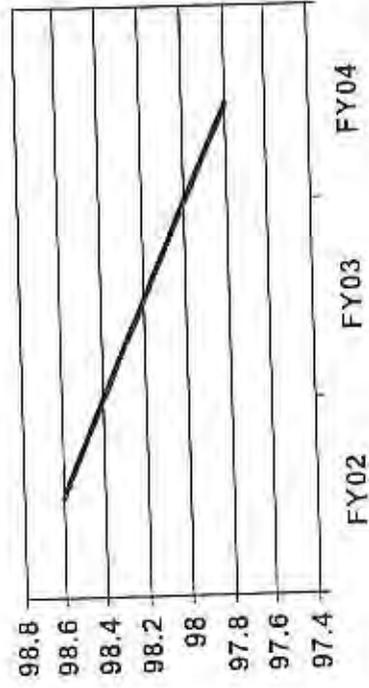
Delays and Offloads per Weekday



Mean Distance Between Failures



Service Reliability Index

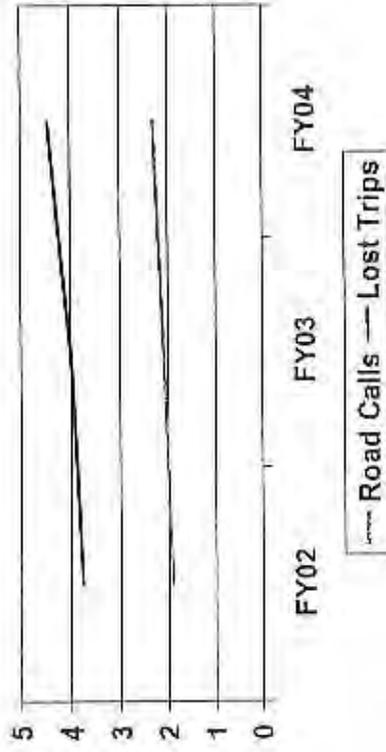


- Trains are overcrowded and disinvested
- Trends must be reversed to maintain and attract ridership

Service Performance is Declining

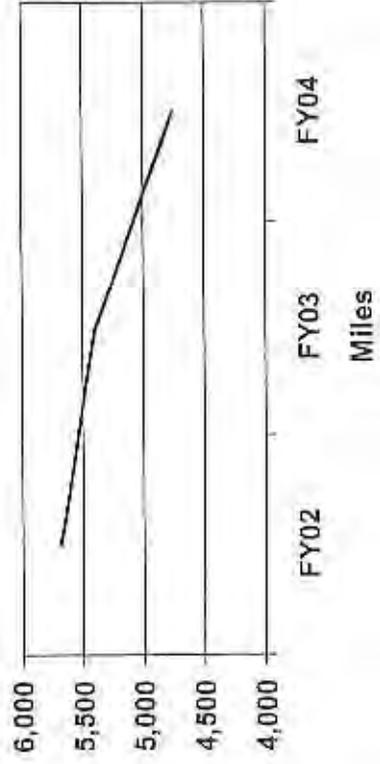
Bus Service Reliability

Incidents Per 1,000 Trips



- Buses are overcrowded
- Storage capacity is lacking in areas of growth
- Maintenance facilities are old

Mean Distance Between Failures



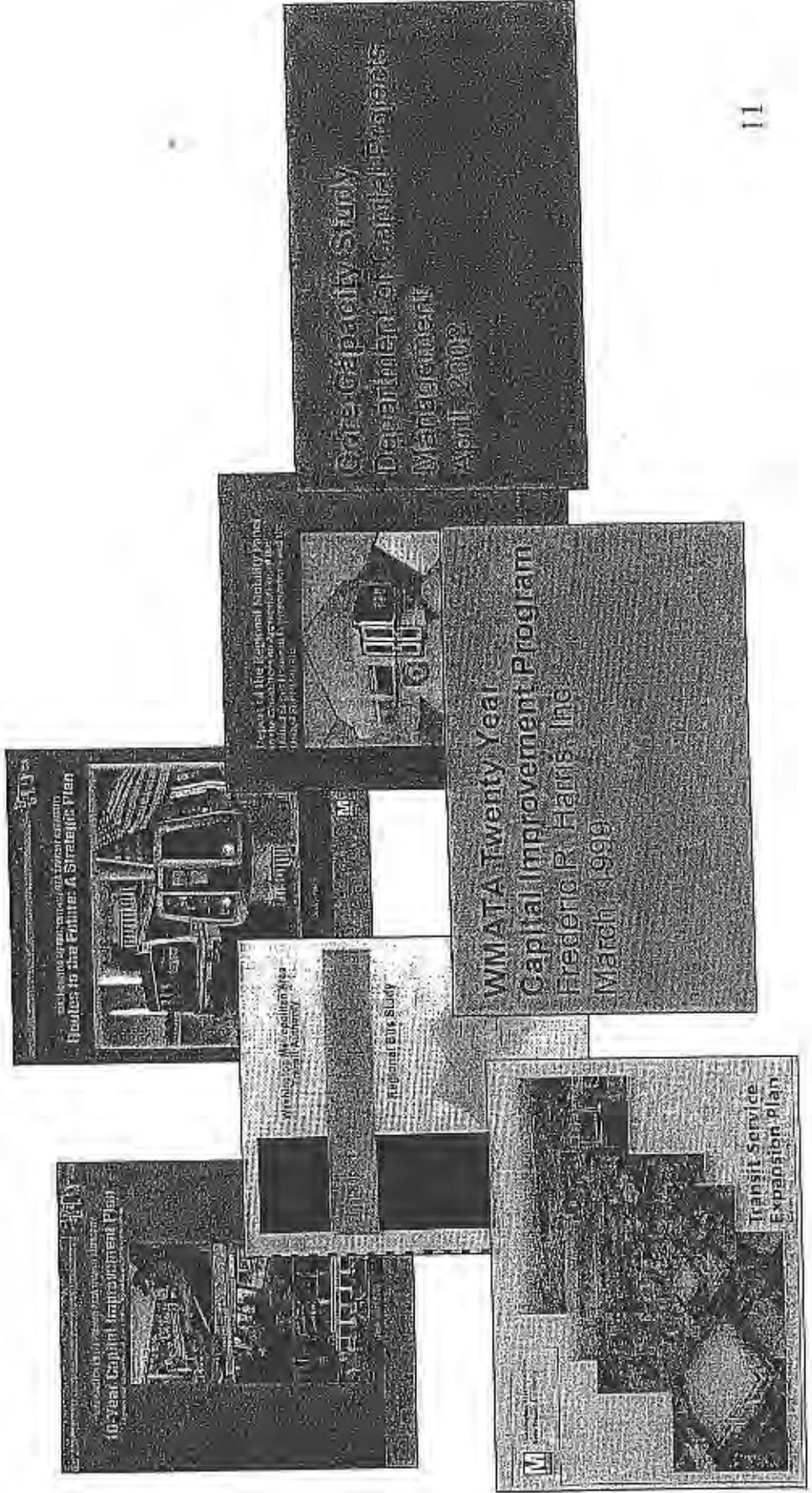
The Region will Suffer if Metro Does Metro Helps Reduce Congestion

- **Average Washington commuter spends 67 hours in congestion (3rd worst in the nation)**
 - Would be 102 hours (50% higher) without the region's public transportation system
- **Public transportation cuts Washington commuting costs by \$1.2 billion per year (about half) and saves 35 hours of delay per commuter (about half)**
 - Washington area is the 5th best in the nation at reducing delay by using transit

The Region will Suffer if Metro Does Metro Helps the Region

- **Metro removes more than 10 tons of pollutants from the region's air**
- **Over 350,000 cars removed from streets and highways**
 - 80 million gallons of gasoline saved
 - Equivalent capacity of 1,400 lane miles, or 11.5% of the region's lane-miles
- **Approximately \$25 billion in development near Metro Stations**
- **More than 50 federal agencies and employment centers located near Metro Stations**
 - 47% of peak riders are federal employees
- **COG Modeling**
 - Capacity Constraint on Metrorail modeled in the CLRP shows increased VMT and emissions without adequate transit capacity
 - Land Use and transportation changes in Mobility and Accessibility Study will not show benefits if Metro ridership is constrained due to insufficient capacity

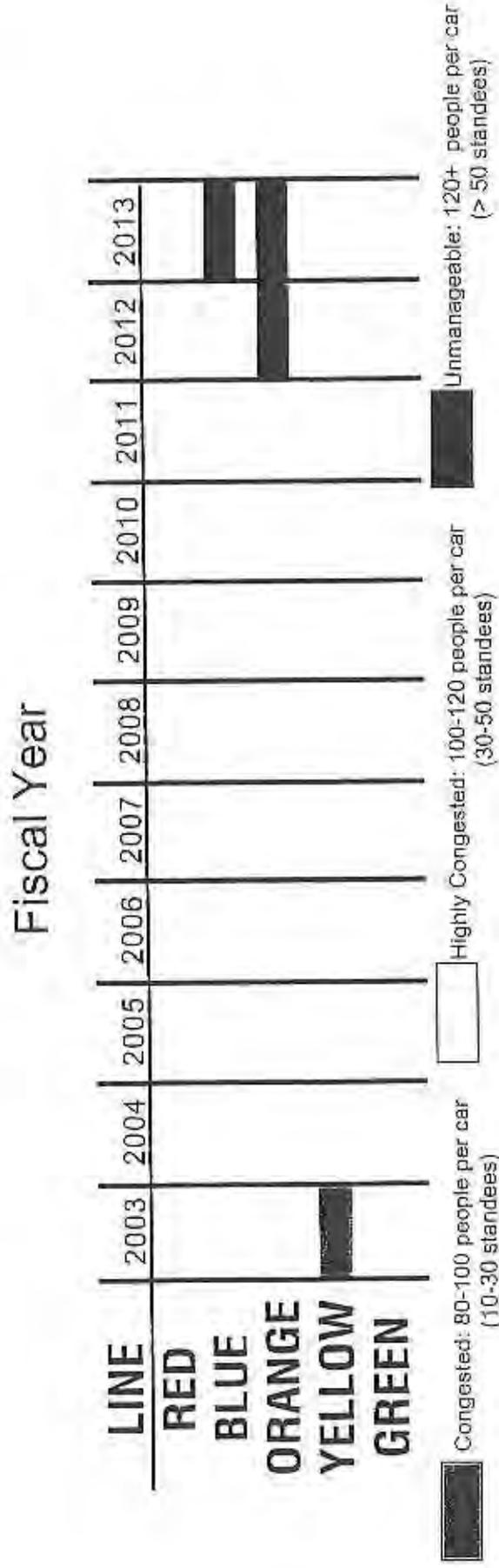
Metro has fully assessed its operating, capital rehabilitation and expansion needs.



WMATA Board Adopted Capital Improvement Plans

- Ten-year, \$12.2 billion Capital Improvement Plan (CIP) adopted by WMATA Board in November 2002. Included:
 - Infrastructure Renewal (IRP): (\$3.3 billion) “must do”
 - System Access and Capacity (SAP): (\$2.9 billion) “need to do”
 - System Expansion (SEP): (\$6.0 billion) “should do”
- Current funding proposal (i.e. Metro Matters) is the six-year, priority based, affordable version of the 10-year CIP (\$3.3 billion). It solves only part of the overall problem.
- Metro Matters would fund the “bare bones” urgent unfunded “must do” capital priorities and a limited amount of additional rail and bus capacity “need to do”
- Addresses rail and bus capacity problems through 2012, but does not address longer term needs
- Metro Matters does not allow for fixed guideway expansions
- Projects in the CLRP (Dulles, Bi-County Transitway, Corridor Cities Transitway) may not advance if FTA determines the region does not have the financial capacity to maintain existing transit services

Metro Matters Rail Car Program (120 Rail Cars)



- Impacts
 - Relieves overcrowding for approximately four years
 - Provides adequate capacity to absorb projected growth through 2012.

Metro Matters Bus Program (185 Buses)

- **Alleviates passenger crowding on 18% of Metro's bus routes**
- **Provides for a replacement bus garage with added capacity in Northern Virginia**
- **Institutes a passenger amenities program to**
 - Enhance bus stops and shelters
 - Provide for real-time passenger information
- **Implements traffic signal priority systems and other runningway improvements to reduce travel time and improve service reliability**

Total Needs vs. Bare Bones Funding

	10-Year CIP (FY 2004 – 2013)	Metro Matters (FY 2005 – 2010)
Infrastructure Rehabilitation	Yes	Yes
Increase in bus capacity	460 buses	185 buses
Bus ridership growth	46%	18%
Increase in rail capacity	300 cars	120 cars
Rail ridership growth	38%	15%
8-car trains	75%	33%
Accommodates demand until	2018	2012
System expansion	Yes	No

• Metro Matters only helps rail crowding and bus crowding for approximately four years (i.e. 2008 timeframe) – additional funding and a new agreement will be necessary before the current jurisdictional agreement expires!

How will Metro Matters be Funded?

- Transition to a “pay-as-you-go” or expenditure based capital budget and leverage existing available funding
 - Implies a sustained funding commitment beyond the six-year timeframe (FY2011 and beyond)
- Use short term and long term debt service to meet cash flow requirements and smooth jurisdictional payments
- Assumes \$260 million of additional Federal funding and a ramp-up of state and local funding to fully fund program

WMATA Has No Dedicated Operating Funds

- Recent report by the Brookings Institution reveals that the method of funding for WMATA is unlike almost every other major transit system

Dedicated Funding Levels	WMATA	National Average
Capital	0%	52%
Operating	2%	33%
State and Local General Funds		
Capital	33%	8%
Operating	35%	19%

- WMATA receives virtually no dedicated funding
 - WMATA is dependent in a disproportionately high way on state and local government general fund revenues
 - WMATA's passengers pay an extremely high share of WMATA's operating costs – over 50% versus 33% national average
 - WMATA will have considerable difficulty in the future unless there is a dedication of funding directly to WMATA, either on a regional or sub-regional basis

Future Funding Blue Ribbon Panel

- **Regional support for a Blue Ribbon Panel to discuss dedicated funding for Metro**
 - Northern Virginia Transportation Authority (NVTA) resolution on July 8
 - WMATA Board resolution on August 19
 - COG Board resolution on September 8
- **Blue Ribbon Panel will be composed of representatives from**
 - State and local governments, transit stakeholders, user populations, or the transportation and public finance interests
 - Regional interests (COG, Board of Trade, Federal City Council)
 - Chair from Professional/Academic arena
 - Federal government – ex officio
- **Recommendations by mid-December to coincide with 2005 Maryland and Virginia legislative sessions**

Conclusions

- **Metro is at crossroads: we are successful, but we are aging**
- **Maintaining an aging system in a good state of repair, relieving overcrowding and improving service reliability are top priorities**
- **The region has much at stake in protecting its \$9 billion investment in Metro (\$24 billion replacement value)**
- **The Metro Matters 6-year program is “bare bones” and will buy only about four years of time before these problems repeat themselves**
- **Greater and more permanent funding support is needed as soon as possible**



COMMONWEALTH OF VIRGINIA
HOUSE OF DELEGATES
RICHMOND

TIM HUGO
POST OFFICE BOX 892
CENTREVILLE, VIRGINIA 20122
FORTIETH DISTRICT

COMMITTEE ASSIGNMENTS
PRIVILEGES AND ELECTIONS
TRANSPORTATION
GUIDANCE

September 14, 2004

For Additional Information:
Delegate Tim Hugo
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(703) 569-1201
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Prioritizing Virginia's Surplus by Investing in Transportation
Northern Virginia Republican Lawmakers Unveil Transportation Proposal

Fairfax, Virginia (September 14) Delegate Tim Hugo, along with thirteen Northern Virginia Republican lawmakers today announced plans to pursue legislation to set up a revolving trust fund that would enable the Commonwealth to leverage trust fund dollars to jump-start critical transportation improvements and provide over \$5 billion over the next 20 years for road and transit construction.

One of the core government responsibilities that was not able to be addressed during the 2004 session was transportation funding. Since then many business and community leaders have been increasing their calls for policymakers to address transportation.

"I believe we have a real opportunity to get something done on Transportation," stated Delegate Hugo. "It's time to start taking action on what we have been talking about doing for years."

Joining lawmakers today are representatives from several Northern Virginia business groups such as, the Fairfax County Chamber of Commerce, the Greater Washington Board of Trade, the Northern Virginia Transportation Alliance, Northern Virginia Technology Council and the Dulles Area Transportation Alliance who support this important transportation proposal.

###

Northern Virginia Transportation Press Conference
September 14, 2004
10:00 a.m. at the Tower Club

Background:

- Under the Virginia Transportation Act of 2000, one third of the insurance premium taxes should have been deposited into the Priority Transportation Fund.
- Yet, in the recent state budget, increased transportation funding was *not* provided.
- The Governor in his introduced budget included the deposit – approximately \$270 million over the two-year period.
- The funding was not included in the final passed budget.
- Current estimates are that the full three thirds of the insurance premium money would generate approximately \$780 million.
- Current estimate is that the July 2004-February 2005 period will result in an additional \$700 million surplus of state revenue.

Today's Transportation Proposal:

- The Commonwealth is running a large surplus (approximately \$700 million). Succinctly, the surplus revenue will be prioritized into transportation construction spending.
- Previous General Assembly sessions have voted to move one-third of the money into the Priority Transportation Fund. Today, we are proposing that all insurance premium monies be moved to this fund. This will provide a continuous revenue stream to fund critical transportation needs in Virginia.
- This legislation will set up a revolving trust fund that would enable the Commonwealth to leverage trust fund dollars to jump-start critical transportation improvements and provide over \$5 billion over the next 20 years for road and transit construction.

Supporting Legislators:

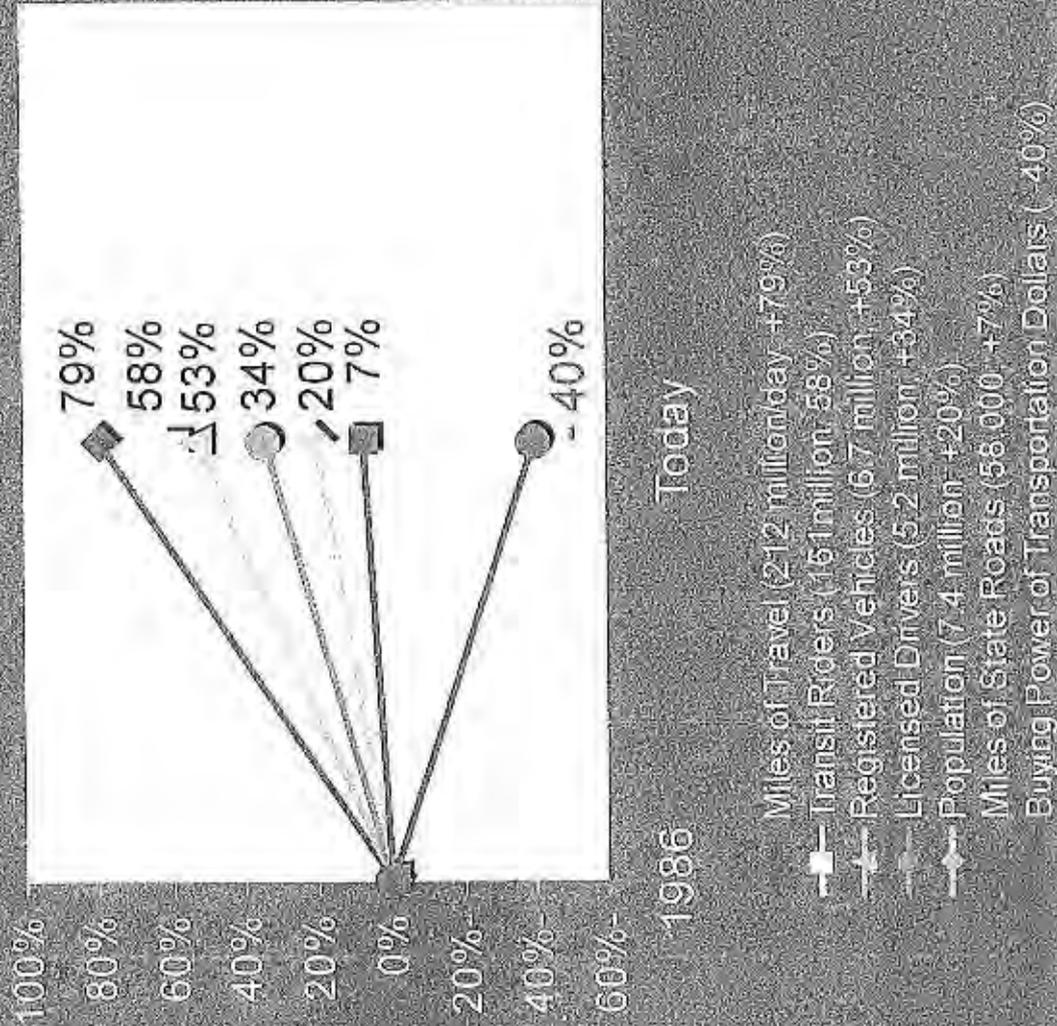
- Callahan, Parrish, Albo, Lingamfelter, Rust, Reese, McQuigg, Black, Marshall, May, Frederick, Hugo, Mims, Cuccinelli, DeVolites-Davis, O'Brien.

Supporting Organizations:

- Fairfax County Chamber of Commerce, the Greater Washington Board of Trade, Northern Virginia Transportation Alliance,, Northern Virginia Technology Counsel, and the Dulles Area Transportation Alliance.

Demand Up; Supply Down

Transportation Trends Since 1986



- Miles of Travel (212 million/day) +79%
- Transit Riders (16.1 million) +58%
- Registered Vehicles (6.7 million) +53%
- Licensed Drivers (5.2 million) +34%
- Population (7.4 million) +20%
- Miles of State Roads (56,000) +7%
- Buying Power of Transportation Dollars (-40%)

News Clips September 15, 2004

N.VA. REPUBLICANS BACK BONDS FOR TRANSPORTATION
Plan Starts Early Maneuvering for Assembly Session

By Steven Ginsberg
Washington Post Staff Writer
Wednesday, September 15, 2004; Page B01

A group of Republican legislators from Northern Virginia announced a plan yesterday to borrow billions to finance roads and rail in the state, the first such proposal for a 2005 General Assembly session that lawmakers say will be dominated by efforts to raise money for transportation.

Backers said they released their plan yesterday, a full four months before the legislature meets, because they wanted to lay claim to what they say will be a \$700 million budget surplus and to build momentum behind their idea.

"Taxpayers will enjoy a \$700 million surplus," said Del. David B. Albo (Fairfax), one of the architects of the plan. "We want to make sure that money goes to transportation."

The proposal outlined yesterday probably will be joined by several others before lawmakers meet in January. Senate Finance Committee Chairman John H. Chichester (R-Stafford) has promised a proposal, and House Speaker William J. Howell (R-Stafford) has appointed a committee of GOP delegates to come up with ideas. Gov. Mark R. Warner (D) has said he is working to come up with a plan, while leading Democrats support raising gas taxes and fees to fund new projects.

Environmental leaders will have a conference Saturday to talk about their approach to solving transportation problems, with an eye toward the General Assembly session. "What we'd like them to do is have a more principled approach toward identification of priorities and to be focused on developing meaningful measures of performance," rather than just searching for new revenue, said Chris Miller, president of the Piedmont Environmental Council.

In recent years, lawmakers have addressed deficiencies in every major state function other than transportation. In the spring, state leaders raised sales taxes and other taxes by \$1.5 billion to increase funding for schools, public safety and health care.

Meanwhile, the state's transportation budget has diminished, and planned projects have been cut. Transportation officials have turned to the private sector and to tolls as ways to fund some projects, but there is widespread agreement among planners and lawmakers that the state's ability to build roads and rail will atrophy unless a lot more money becomes available.

"We've been very generous" to other needs, said Del. L. Scott Lingamfelter (R-Prince William), a supporter of yesterday's plan. "Now it's time to shift our attention. Here's the message: It's now transportation's turn."



Funding Public Transit in Northern Virginia

-- DRAFT --

October 28, 2004

NVTC's Message

- Public transit is vital to the quality of life of Northern Virginia's citizens and boosts the economy of the *entire* commonwealth.
- State statutes call for strong state funding support of public transit, but a lack of sufficient funds means the state has failed to meet its obligation.



NVTC's Message

- Local governments have been compelled to shoulder much of the commonwealth's responsibilities, but doing so unfairly strains property tax-funded local budgets and hurts this region compared to other parts of the commonwealth.
- Given accelerating transit needs identified in the commonwealth's multi modal plan, the lack of state funds for transit has reached a crisis stage.



Northern Virginia's Transit Systems



Public Transit Ridership is Strong and Growing

- FY 2003 total average weekday passenger trips in Northern Virginia = 417,367
- FY 2003 annual ridership = 121,406,886
- Transit produces substantial mode shares in peak hours on Northern Virginia's major commuting corridors (e.g. over 60% on I-66 inside the beltway).



**Northern Virginia Average Weekday and Annual
Public Transit Passenger Trips, FY 2002 – 2003**

System	Average Weekday Passenger Trips, FY 02	Average Weekday Passenger Trips, FY 03	Annual Passenger Trips, FY 02	Annual Passenger Trips, FY 03
Metrorail Virginia	275,325	282,070	80,008,842	83,529,741
Metrobus Virginia	74,676	71,470	21,781,277	20,855,658
Fairfax Connector	24,765	27,765	6,831,313	7,595,138
DASH	9,330	10,235	2,736,719	2,986,631
VRE	12,327	13,231	2,735,025	3,179,957
PRTC OmniRide	3,798	4,639	938,778	1,182,996
PRTC OmniLink	2,355	2,547	590,182	649,405
CUE	3,250	3,282	919,877	925,000
Loudoun County Transit	838	1,152	212,102	281,829
ART	837	976	251,869	220,531
Total	407,501	417,367	117,005,984	121,406,886

Benefits of Transit Use

- According to the American Public Transportation Association (APTA), each person switching to transit from a private automobile saves 76 pounds of harmful pollutants in a single year. For FY 2003, transit riders in Northern Virginia saved almost 8,000 tons.
- APTA reports that each person using transit instead of driving to work saves 273 gallons of gasoline a year. For Northern Virginia total savings for FY 2003 are 57 million gallons.



Benefits of Transit Use

- The Texas Transportation Institute reports that traffic congestion would cost the Washington, DC metropolitan area over \$3 billion annually in lost time and wasted fuel, but previous investments in transit reduce this “congestion tax” by \$1.2 billion (as of 2002).
- For the period 1995-2010, analysis by KPMG Peat Marwick for NVTCC found that the Commonwealth of Virginia’s investments in Metrorail are spurring transit-friendly development, creating over 90,000 permanent professional jobs, yielding state tax revenues in excess of investments of \$1.2 billion and generating an astounding 19.2 percent annual rate of return.



How Public Transit Costs are Allocated and Funded

- Federal, state, regional and local governments and customers share the costs. Some private sector involvement (joint development, Dulles public-private partnership).
- Transit systems send bills to local governments as “funders of last resort” for their remaining net subsidies.
- Local governments are often forced to issue General Obligation Bonds funded by general revenues (property taxes), or to cut service and raise fares.



How Public Transit Costs Are Allocated and Funded

- As of FY 2004, statewide total costs of transit systems were funded using 30 percent system revenues (fares), 26 percent local funds, 24 percent federal funds, and 20 percent state funds.



How Public Transit Costs Are Allocated and Funded

- In Northern Virginia, local bus systems are paid for primarily by local governments with some state aid typically through NVTC (or directly for Loudoun County and PRTC). No federal aid is used (except PRTC).
- VRE uses a combination of federal (39%), state (19%) and local (11%) subsidies and fare revenues (33%). VRE subsidy shares for participating jurisdictions for its \$56 million annual capital and operating budget are based on a formula of 90 percent ridership and 10 percent by jurisdiction of residence.



How Public Transit Costs Are Allocated and Funded

- For its \$1.3 billion annual operating and capital budget as of FY 2005, WMATA is covering about 42% from system revenues, 45% from non-federal subsidies and the rest from federal funds.
- WMATA has many different formulas for allocating net subsidy requirements for Metrobus (regional vs. non-regional routes), Metrorail, Metro Access, Revenue Bond Debt Service, Infrastructure Renewal Program, System Access/Capacity Program and System Expansion Program.
- Northern Virginia's share of these WMATA subsidies is about \$144 million in FY 2005.



The Commonwealth Should Be Providing More Transit Funding

- In Virginia, state transit assistance is provided from 14.7 percent of the Transportation Trust Fund (TTF), totaling about \$116 million annually as of FY 2005, plus limited discretionary grants using federal and other state funds totaling about \$24 million in FY 2005.
- State statutes specify a 95 percent share of net transit operating and capital costs to come from the TTF.
- Actual state shares for FY 2005 from the TTF are 43 percent of net transit operating costs and 38 percent of net transit capital costs, versus the 95 percent for both.



The Commonwealth Should Be Providing More Transit Funding

- As a result, actual state TTF assistance to NVTC (\$81 million expected in FY 2005) falls far short (\$100 million under funded in FY 2005; \$83 million in FY2004) of meeting the 95 percent obligation.
- Additional state-directed funding not from the TTF for NVTC transit systems includes \$9 million for Metrorail cars and \$6 million for track leases in FY2005.



The Commonwealth Should Be Providing More Transit Funding

- Given the state shortfalls, local and regional funds of NVTC jurisdictions and transit customers paid 73% of operating and capital costs not covered by federal transit subsidies as of FY 2004, with state TTF funds covering only 27%.
- In neighboring Maryland, virtually all of the transit costs not covered by fares and subsidies are paid by the state.



The Commonwealth Should Be Providing More Transit Funding

- For the transit projects in Virginia's statewide six-year plan, \$168.3 million more would be needed in FY 2005 alone for the commonwealth to meet its 95 percent matching obligation for capital and operations.
- And the statewide funding shortfalls, serious as they are, show an incomplete picture since the transit projects included in the CTB's approved program fall far short of reflecting the realistic needs in each t.



Accelerating Transit Needs Are Unfunded

- Record ridership is straining public transit capacity. For example, by 2008, Metrorail's Orange Line will go from being highly congested to being unmanageably crowded (120 + people per car with 50 +standing).
- In October, 2004, Northern Virginia's local governments formally committed to provide to WMATA local funds for railcars and other critical capital needs identified in the *Metro Matters* campaign. Non-federal requirements are \$252 million through 2010 and \$259 million 2011-2025 for *Metro Matters* alone, over and above WMATA's capital needs. Also, sharp increases in operating expenses are forecast.



Accelerating Transit Needs Are Unfunded

- WMATA's 10 year CIP requires \$12.2 billion, \$6 billion for expansion and \$6.2 billion for refurbishment and capacity.
- *Metro Matters* would cover only \$3.3 billion.



Accelerating Transit Needs Are Unfunded

- *Metro Matters* local funding agreements assume new federal funding of \$260 million in the next four years plus \$144 million for security needs, but Congress has not yet acted.
- While WMATA's local governments are compelled to act first, their federal and state funding partners must quickly meet *their* responsibilities.



Accelerating Transit Needs Are Unfunded

- Maryland's state government is absorbing Maryland's entire share of *Metro Matters*, while NVTC's local governments must bear the lion's share of Virginia's commitment.
- VRE's draft six-year financial plan also shows large and growing shortfalls for rail cars and operations.
- Virginia's ongoing VTRANS 2025 multimodal plan has ominous projections for the future of Northern Virginia's transit systems that go far beyond the current needs of WMATA and VRE.



Accelerating Transit Needs Are Unfunded

- VTrans 2025's middle scenario with transit ridership growing at the same rate as VMT (which doubles transit ridership by 2025) including some transit facility modernization and a limited number of new routes (e.g. Dulles phases I & II) would yield unfunded transit capital needs in Northern Virginia of approximately \$261 million and operating needs of \$204 million annually through 2025.



Accelerating Transit Needs Are Unfunded

- Even the enormous unfunded needs documented in VTrans 2025 do not tell the entire story.
- COG/TPB's February 2004 Time to Act gives project-specific transit needs estimates for Northern Virginia that far exceed both the CTB's six-year program and VTrans 2025.
- This source shows unfunded capital needs of \$438 million annually, compared to only about \$40.3 million annually in the six-year program (as of FY05) and \$261 million annually in the VTrans 2025 middle scenario.



A Bleak Picture

- While the state's existing program shortchanges NVTC's jurisdictions by \$100 million annually for capital and operations (and growing) in TTF funds, unfunded transit needs exist in Northern Virginia of at least a half billion dollars annually just to maintain transit's current market share.



Local Governments Are Scrambling to Pick up the State's Tab

- From FY 2001 through FY 2004 payments for transit in Northern Virginia using local funds have grown by 41 percent while state TTF aid grew by only 15 percent.
- According to the Virginia Department of Rail and Public Transportation's most recent estimate in FY 2000, Northern Virginia's per capita payments for transit using local funds are at least four times larger than any other locality in the commonwealth.



Local Governments Are Scrambling to Pick up the State's Tab

- To meet *Metro Matters* obligations, many of NVTC's governments are issuing general obligation bonds. Without a dedicated source of funding beyond NVTC's inadequate two percent motor fuel tax (yielding less than \$20 million annually for WMATA), general revenues (property taxes) must be used for debt service.
- The additional cost to Northern Virginia's jurisdictions for the final *Metro Matters* package is up to \$73.5 million more through 2025 than if such a dedicated source of funding offered the opportunity for a pay-as-you-go approach.



Possible New Regional Sources of Annual Funding for Northern Virginia Transit

- Smoke and mirrors won't get the job done, with unfunded needs of at least a half billion dollars annually.
- The Blue Ribbon panel on Metro Funding is due to report on dedicated funding for WMATA in December, 2004 and several tentative legislative proposals have also been advanced for the Virginia General Assembly's 2005 session.
- For purposes of discussion, some combination of regional and state funding sources that would serve to relieve the unacceptable burden on local property taxpayers, might include:



Possible New Regional Sources of Annual Funding for Northern Virginia Transit

(Rough Estimates of Northern Virginia Yields)

- NVTC one percent gas tax increase = \$11 million
- One half (0.5) cent regional sales tax = \$100 million
- One percent regional income tax = \$500 million
- Parking tax of \$5 per space = \$100 million
- Payroll tax of \$85 per employee = \$100 million
- 75-cents per mile HOT lane fees for SOV's = \$100 million
- “Head Tax” of \$188 on 1.6 million residents = \$300 million



Possible New Statewide Sources of Annual Funding for Northern Virginia Transit

(Yields to NVTC)

- 1-cent per gallon statewide gas tax to TTF = \$4.2 million
- 1 percent increase statewide vehicle titling tax all to TTF = \$13.2 million
- \$1 statewide vehicle registration fee increase all to TTF = \$600,000
- 0.5-cent statewide sales tax all to TTF = \$44.1 million
- Shift all insurance premium taxes to TTF = \$31.8 million
- Shift transit's share of the TTF to 29.7% from 14.7% = \$70.5 million



Conclusions

- The unmet needs for transit funding are real and growing.
- The commonwealth is not meeting its obligations.
- NVTC's local governments cannot continue to meet transit needs alone without *new dedicated funding sources*.
- The General Assembly should confront the crisis and act *now* to provide a lasting



For Further Information

- Go to www.thinkoutsidethecar.org with a keyword search feature.
 - *Northern Virginia Transit Resource Guide* (August, 2003);
 - *NVTC Handbook* (2004);
 - *The November, 2002 Transportation Funding Referendum in Northern Virginia: Issues and Recommendations Relating to Public Transit Funding in Northern Virginia – Where Do We Go From Here? Draft* (September 7, 2004)





**THE NOVEMBER, 2002 TRANSPORTATION FUNDING
REFERENDUM IN NORTHERN VIRGINIA:
ISSUES AND RECOMMENDATIONS RELATING TO
PUBLIC TRANSIT FUNDING IN NORTHERN VIRGINIA**

Draft for Discussion

September 7, 2004

What is the Problem?



- **Transportation congestion is getting much worse in Northern Virginia as growth of vehicle miles traveled (49 percent since 1990) far exceeds lane miles (9 percent).**
- **Air quality and sprawl remain serious concerns.**
- **Available funding falls short of needs.**
- **WMATA lacks a dedicated source of funding.**
- **VTRANS 2025, the commonwealth's ongoing multimodal plan, estimates unfunded public transit needs for Northern Virginia alone as at least a third of a billion dollars annually to barely maintain current services with ridership growing only as fast as population.**
- **To attack congestion and meet clean air needs using public transit we need \$1.2 billion in new annual funding.**

What the Commission Asked:



- **What contributed to the defeat of the November, 2002 referendum in Northern Virginia (half cent sales tax to generate \$2.75 billion over 20 years for bonded projects plus \$2.25 billion for pay-as-you-go projects) which was defeated 55 to 45 percent in Planning District 8?**
- **What lessons are available from referendum experiences elsewhere?**
- **What steps would lead to a successful future public transit funding referendum in Northern Virginia?**
- **Where do we go from here?**

The Draft Staff Report:

- Is available at

http://www.thinkoutsidethecar.org/pdfs/REF_DFT_COMP_9-7-04.pdf



The Draft Staff Report:

- **Describes the Northern Virginia transportation Authority and referendum legislation**
- **Shows the referendum results using GIS maps**
- **Lists 35 reasons for its defeat, organized into groups:**
 - Tactics
 - Distrust of governments and elected officials
 - Other priorities are important
 - Not a local responsibility
 - Issues with taxes
 - More smart growth

The Draft Staff Report:

- **Reports survey and focus group feedback**
- **Gives results and lessons from referendums elsewhere**
- **Analyzes several possible features of a future successful referendum:**
 - Smart growth**
 - Transit-only**
 - Smaller region**
 - Base revenues for each affirmative jurisdiction**
 - Tax relief**
 - Timing**
 - Creating the project list**
 - Grass roots involvement**
 - Managing the campaign**

The Draft Staff Report:

- After other funding alternatives are tried, provides 21 draft recommendations for crafting a successful future referendum, with tasks for NVTAs, General Assembly, local governments and the CTB over a two-year period leading to a vote in November, 2006.
- Concludes with several appendices including an extensive bibliography and precinct-specific GIS maps of referendum results by jurisdiction.



Findings:

- **Referendums for regional tax increases are much harder to pass than local bond referendums. Many attempts may be needed before succeeding. A referendum is a last resort.**
- **Therefore, General Assembly action to enact needed taxes or earmark new revenues from existing taxes, is greatly preferred. Even requiring concurring action by local governments for a new revenue source is much easier than a referendum.**
- **If a referendum is necessary, the earliest feasible date is November, 2006.**

Findings:

- **Given the apparent level of dissatisfaction among voters with sprawl, if a referendum is labeled pro-sprawl it has little chance of success.**
- **A referendum within NVTTC's district for transit funding only would be likely to pass.**
- **Projects on the referendum list have stalled except for toll financed highway/HOV and local general fund-bonded transit.**

The Ballot Question:

Question

“Shall an additional sales and use tax of one-half of one percent be imposed in Arlington County, Fairfax County, Loudoun County, Prince William County, the City of Alexandria, the City of Fairfax, the City of Falls Church, the City of Manassas, and the City of Manassas Park, with the revenues to be used solely for regional transportation projects and programs as specified in Chapter 853 of the Acts of Assembly of 2002?”

Result

A favorable vote on the question in *Northern Virginia* (the counties of Arlington, Fairfax, Loudoun, and Prince William, and the cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park) would authorize the Northern Virginia Transportation Authority to issue debt in a principal amount not exceeding \$2,800,000,000 for specified transportation projects, and to pay the interest and principal of such debt with the additional revenues generated by an increase of one-half of one percent in the sales and use tax in that region.

The Project List:



1. Dulles Corridor Transit (local share)\$350 Million
2. I-66 Improvements & Rail Extension(I-495-Route 15)...\$300 Million
3. I-95/395 Improvements and Transit Improvements.....\$250 Million
4. Route 1 Transit Improvements (Arlington/Alexandria)..\$75 Million
5. Route 1 Transit Improvements (Fairfax/Prince William)\$150 Million
6. Route 28 Improvements (Loudoun/Fairfax).....\$50 Million
7. Route 28 Improvements (Prince William).....\$50 Million
8. 1-495 Improvements & Transit Improvements.....\$200 Million
9. Fairfax County Parkway.....\$125 Million
10. Gallows Road/Route 29 Improvements.....\$25 Million
11. Tri-County/Loudoun Parkway.....\$100 Million
12. VRE New Railcar Purchase.....\$100 Million
13. Eisenhower Valley Highway & Transit Improvements...\$25 Million

The Project List:



- 14. **Route 234 Bypass/Route 659 Relocated.....\$50 Million**
- 15. **Metrorail IRP.....\$250 Million**
- 16. **Secondary System Improvements (includes unpaved roads)\$150 Million**
- 17. **Urban System Improvements.....\$100 Million**
- 18. **Route 7 Improvements (Fairfax/Falls Church).....\$80 Million**
- 19. **Route 7 Improvements (Loudoun).....\$100 Million**
- 20. **Regional Transit Capital.....\$75 Million**
- 21. **Alexandria Transit Capital and Facilities.....\$25 Million**
- 22. **Route 50/Columbia Pike Improvements.....\$25 Million**
- 23. **Columbia Pike/Route 7 Transit Improvements.....\$75 Million**
- 24. **Rail Safety Improvements (Manassas Grade Separations).....\$20 Million**
- 25. **Transit Operational Costs.....(Up to 15% of excess \$ each year)**

Northern Virginia Transportation Authority:

- Created by 2001 and 2002 General Assembly
- Referendum funds were to flow to NVTA
- In preparing the long range transportation plan and adopting policies and priorities, NVTA shall be guided by performance-based criteria (i.e. travel time, delays, connectivity, safety, air quality, moving people, cost-effectiveness.)
- Now updating TCC's 2020 plan to 2030 with 40 percent of budget for public involvement.

Referendum Act:

- **Lists \$2.8 billion of specific projects eligible for bonding (about 40 percent for transit).**
- **Anticipates \$140 million annually by FY 2005 and \$5 billion by 2023 including interest and five percent assumed annual revenue growth.**
- **Can pay for defined projects up to 35 years and beyond (lengthy sunset).**
- **Up to 15 percent of excess funds each year for transit operating costs.**

Referendum Act:

- **Each local government must maintain its own transportation funding effort at FY 2002 level (local maintenance of effort).**
- **The new sales tax revenue will not be used to calculate or reduce the share of federal, state or local revenues otherwise available to the region (hold harmless).**
- **NVTA must report annually on allocation and expenditure of funds and on the use of funds to relieve traffic congestion and improve air quality (accountability).**



Referendum Results:

- Lost 55 to 45% region wide.
- Persuading 24,235 persons (out of 485,822 votes cast) to vote “yes” instead of “no” would have passed the referendum.
- Converting half of the “no” votes to “yes” votes in the only three jurisdictions that favored the referendum would have passed it.
- Areas close to Metrorail generally had much higher levels of support.

Figure 2**Official Results****Vote Totals-Regional Bond Issue-Northern Virginia (More Information)**

<u>Locality</u>	<u>Yes</u>	<u>No</u>	<u>Votes Cast</u>	<u>Precincts Reporting</u>
<u>Arlington County</u>	28,842 50.7%	28,027 48.3%	56,869	48 of 48 100.00%
<u>Fairfax County</u>	122,259 45.6%	146,146 54.4%	268,405	220 of 220 100.00%
<u>Loudoun County</u>	18,386 36.3%	32,268 63.7%	50,654	54 of 54 100.00%
<u>Prince William County</u>	23,378 40.5%	34,374 59.5%	57,752	62 of 62 100.00%
<u>Alexandria City</u>	17,211 50.7%	16,761 49.3%	33,972	26 of 26 100.00%
<u>Fairfax City</u>	2,757 44.3%	3,470 55.7%	6,227	8 of 8 100.00%
<u>Falls Church City</u>	2,427 56.5%	1,866 43.5%	4,293	7 of 7 100.00%
<u>Manassas Park City</u>	542 41.9%	753 58.1%	1,295	2 of 2 100.00%
<u>Manassas City</u>	2,875 45.2%	3,480 54.8%	6,355	7 of 7 100.00%
District Totals:	218,677 45.01%	267,145 54.99%	485,822	434 of 434



Sales Tax Referendum

Northern Virginia
November 5, 2002

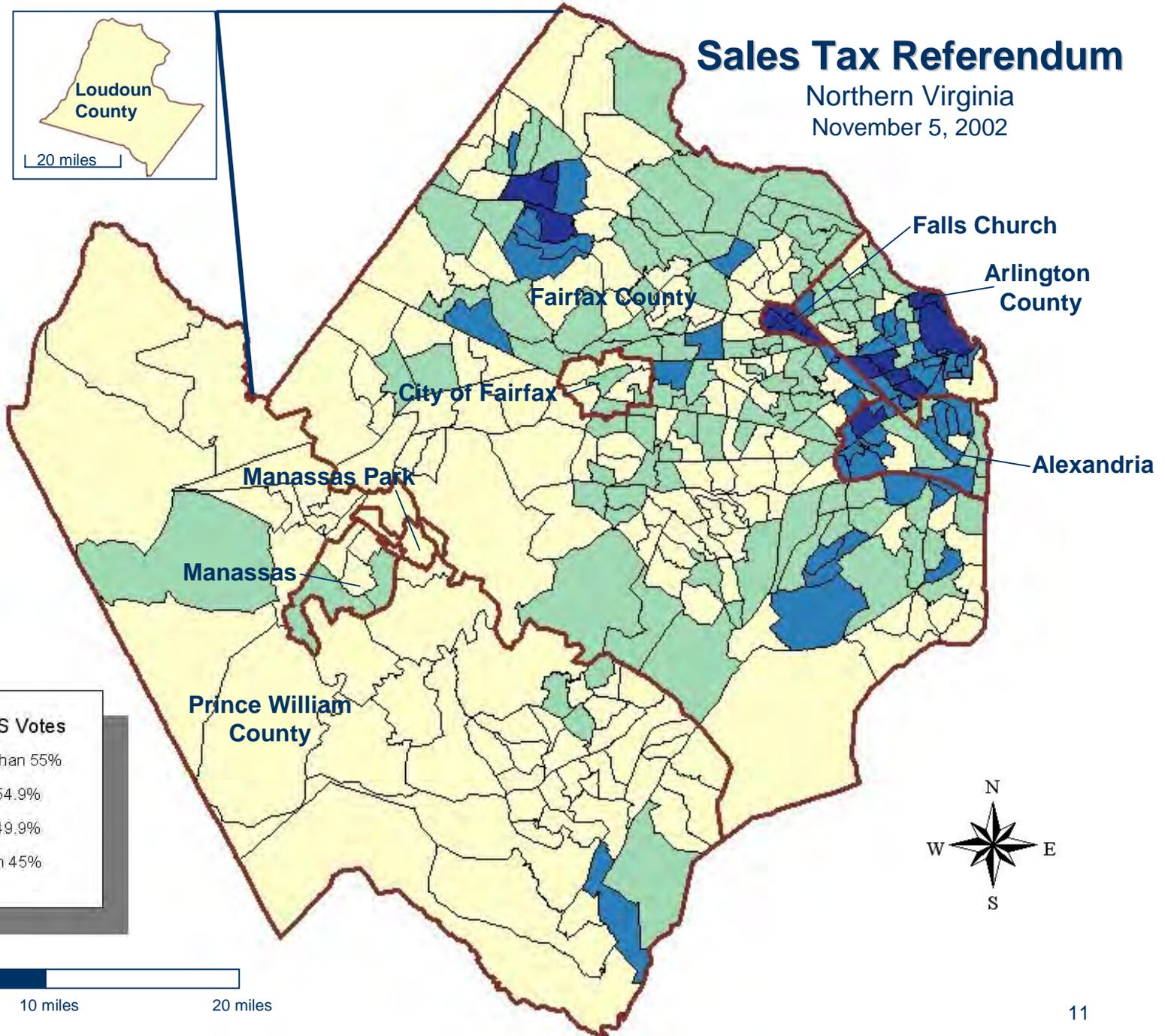


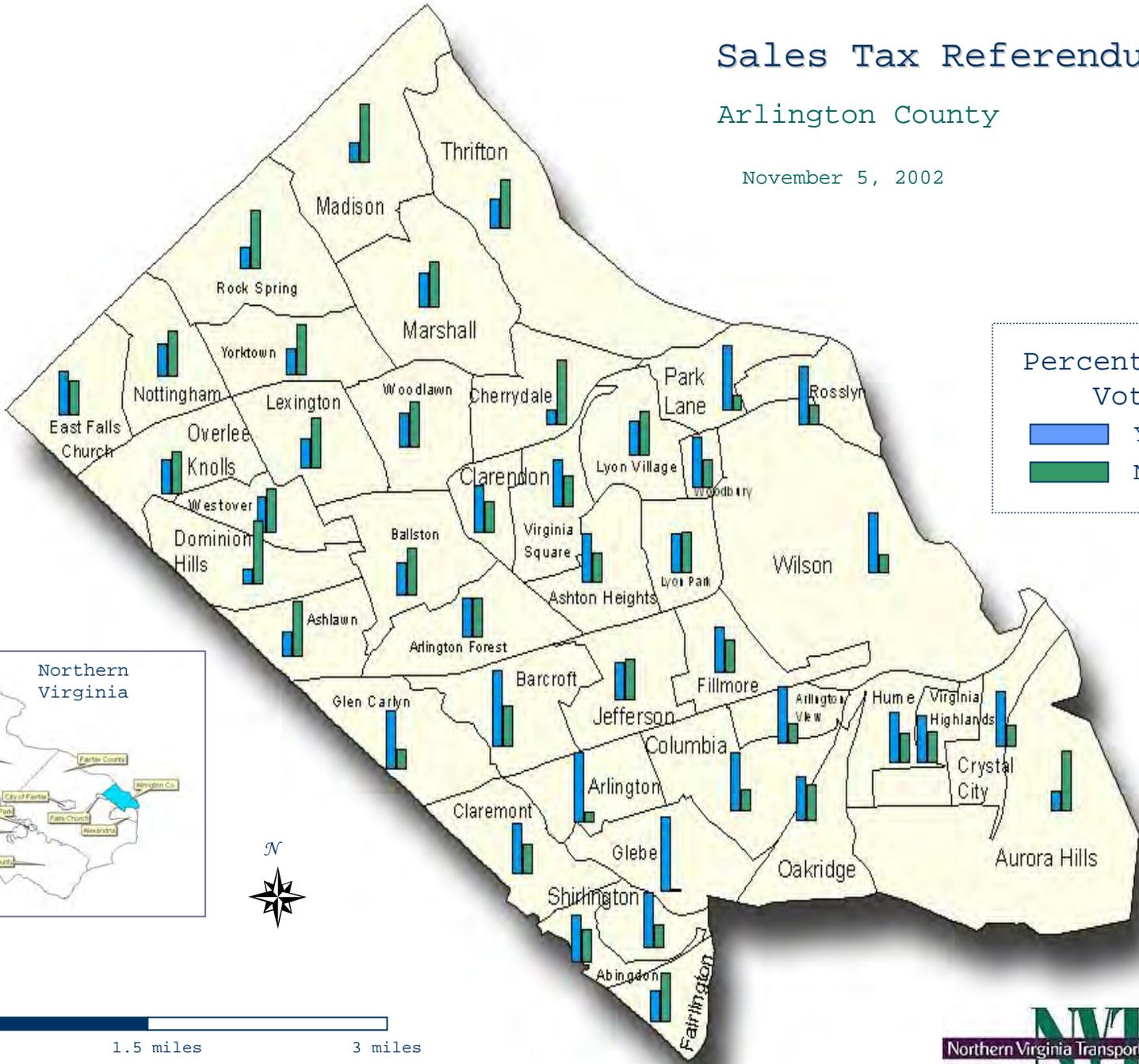
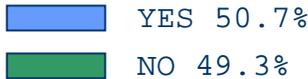
Figure 3

Sales Tax Referendum

Arlington County

November 5, 2002

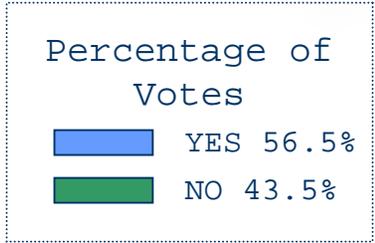
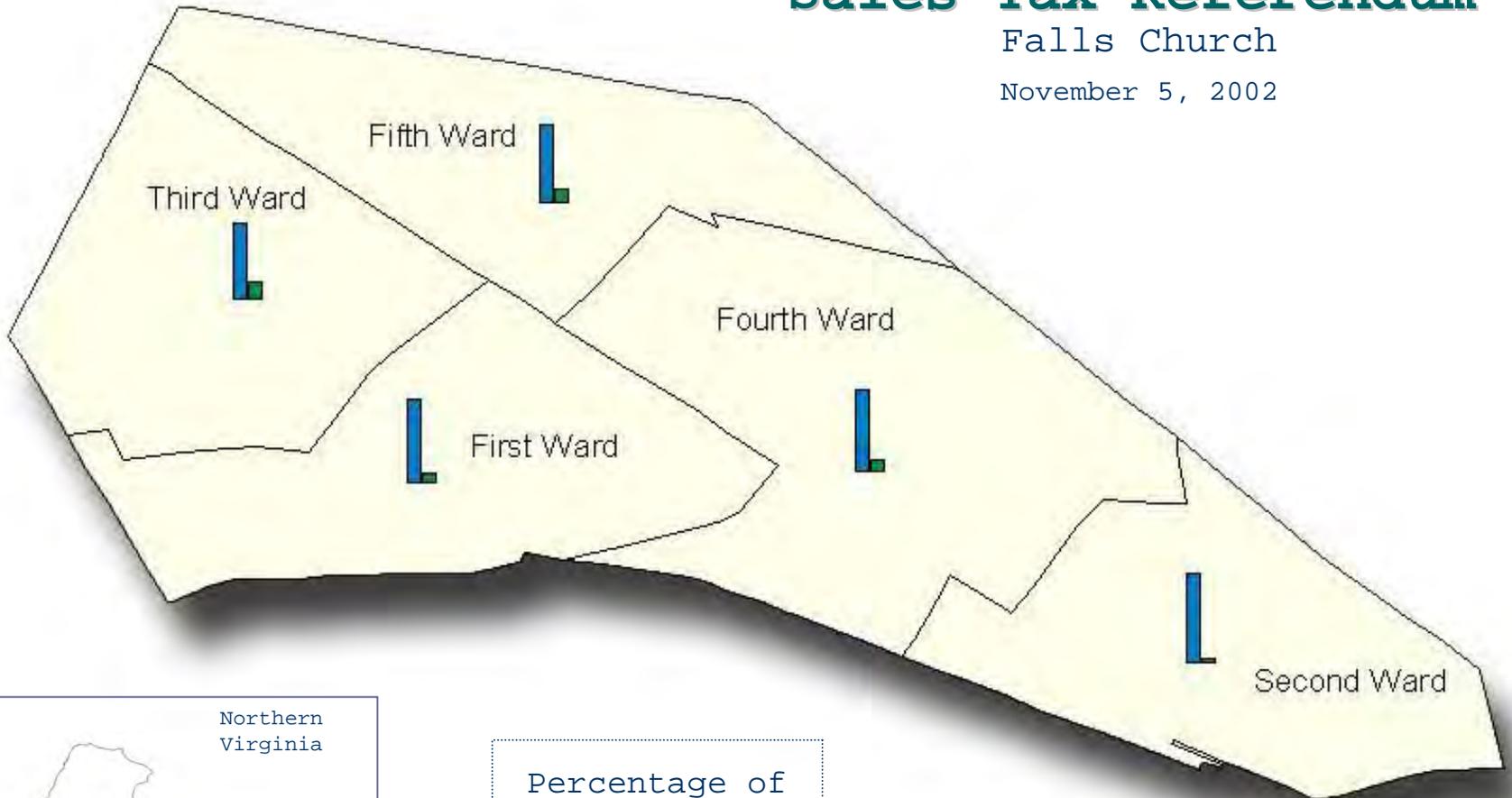
Percentage of
Votes



Sales Tax Referendum

Falls Church

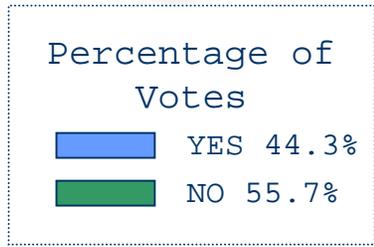
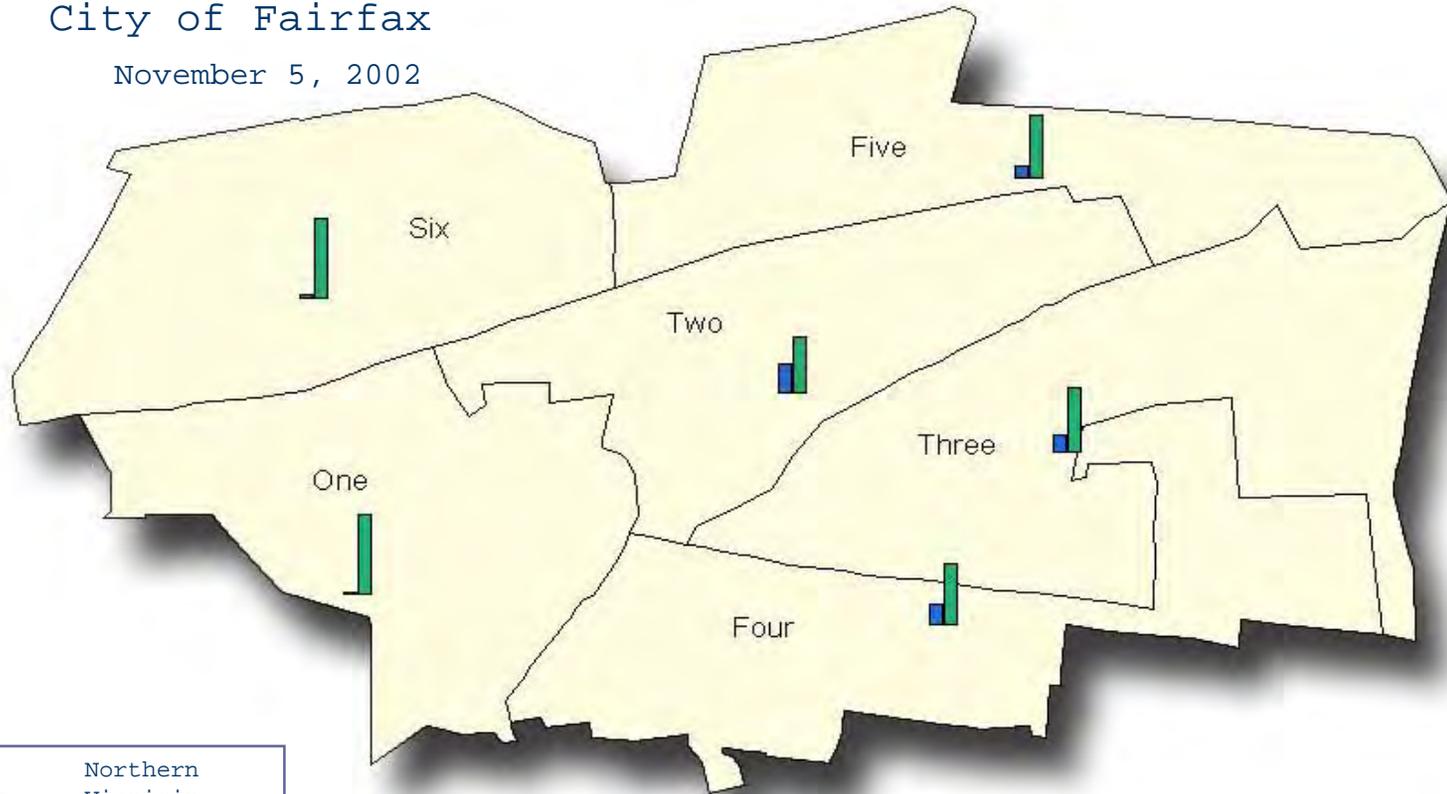
November 5, 2002



Sales Tax Referendum

City of Fairfax

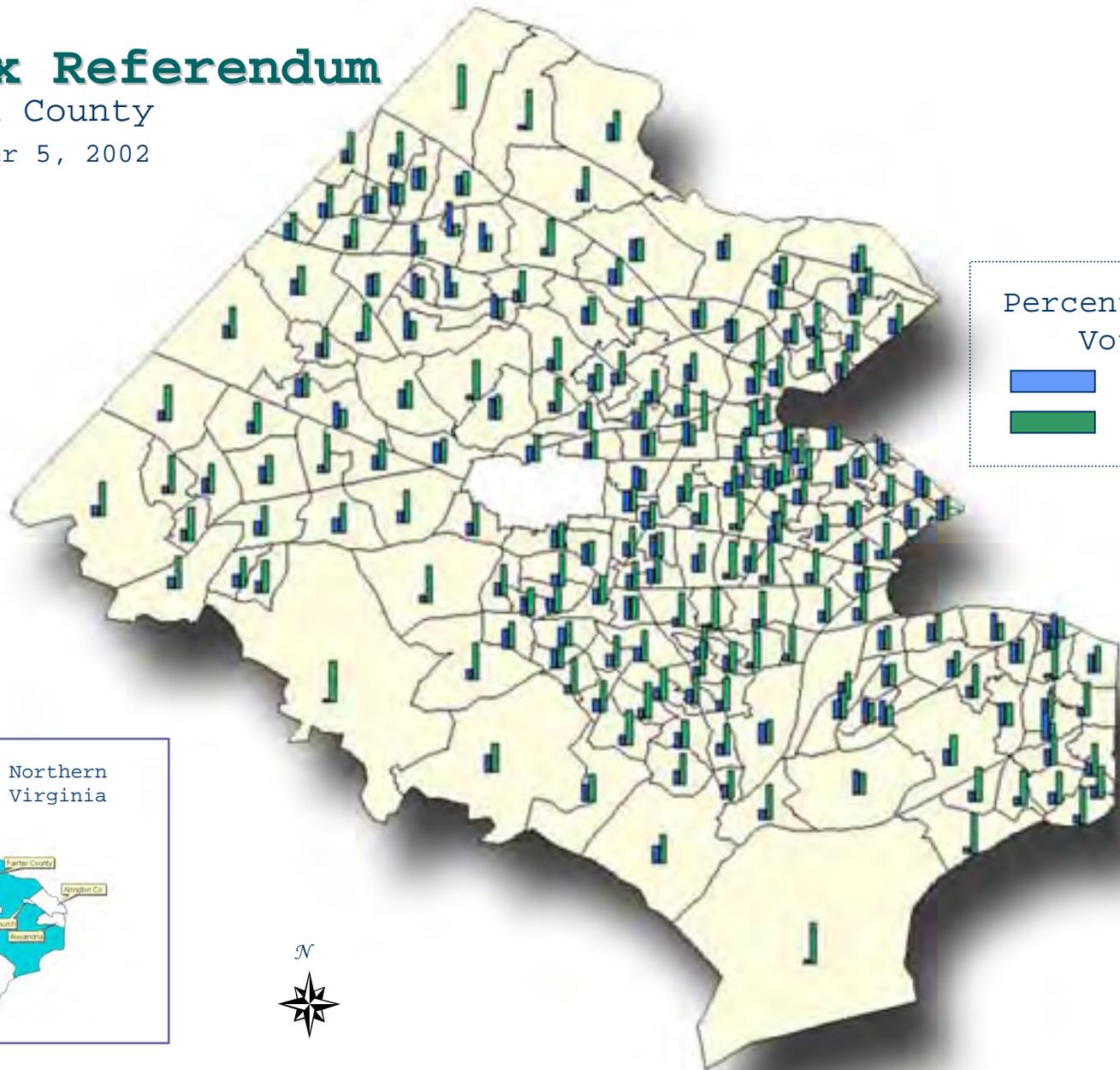
November 5, 2002



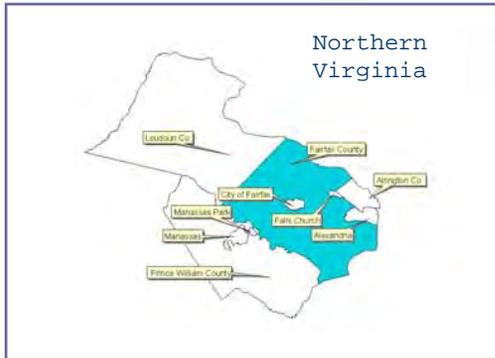
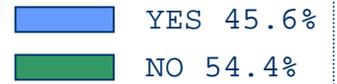
Sales Tax Referendum

Fairfax County

November 5, 2002



Percentage of
Votes



Sales Tax Referendum

Fairfax County Supervisory Districts

November 5, 2002

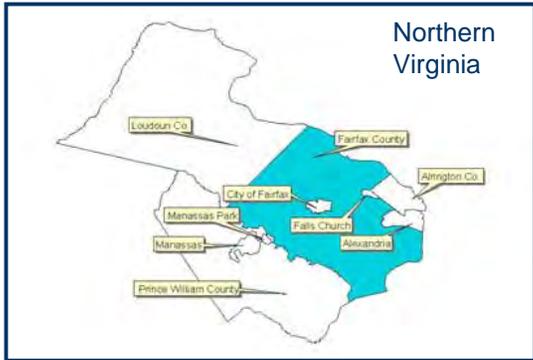
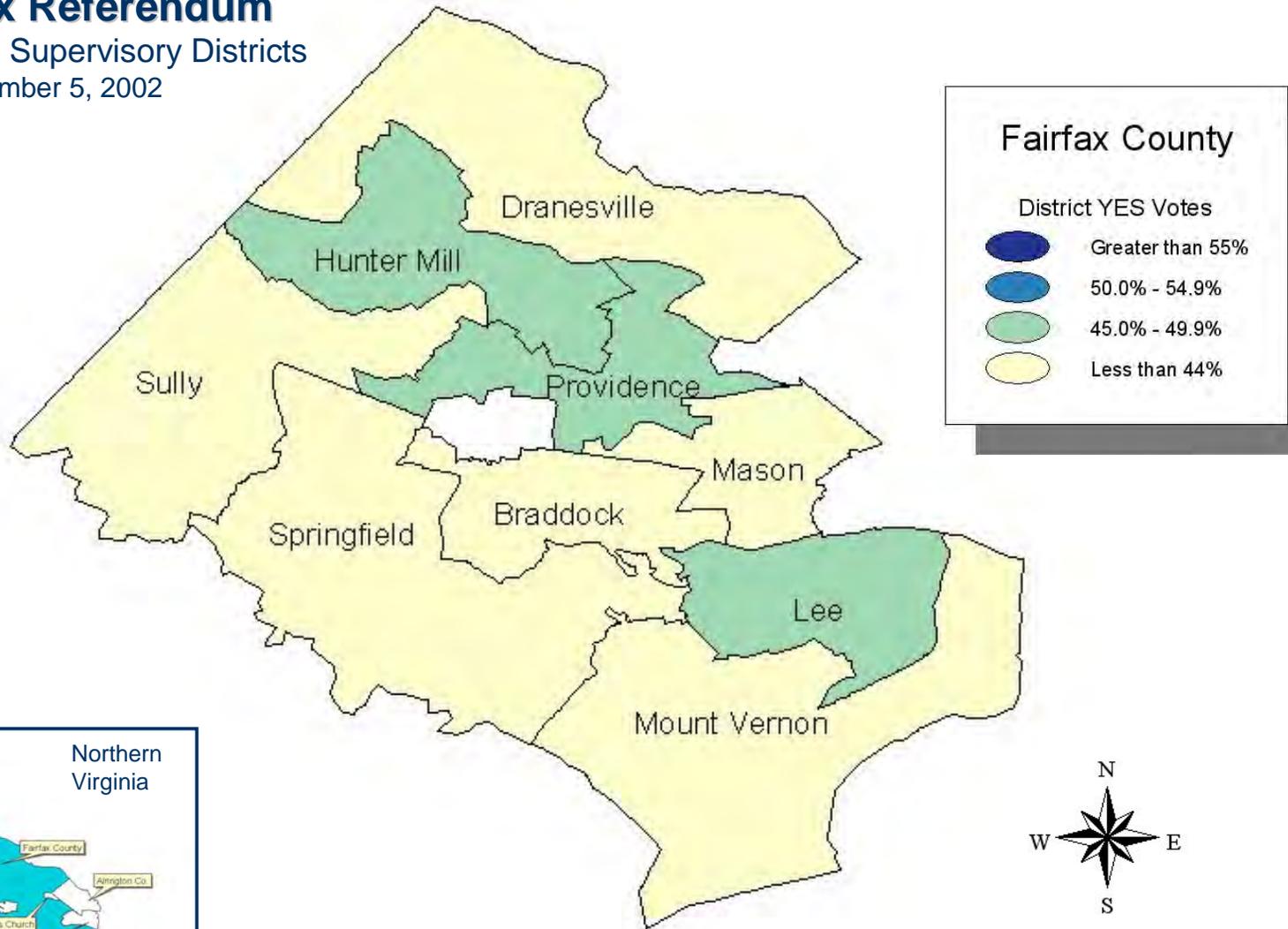


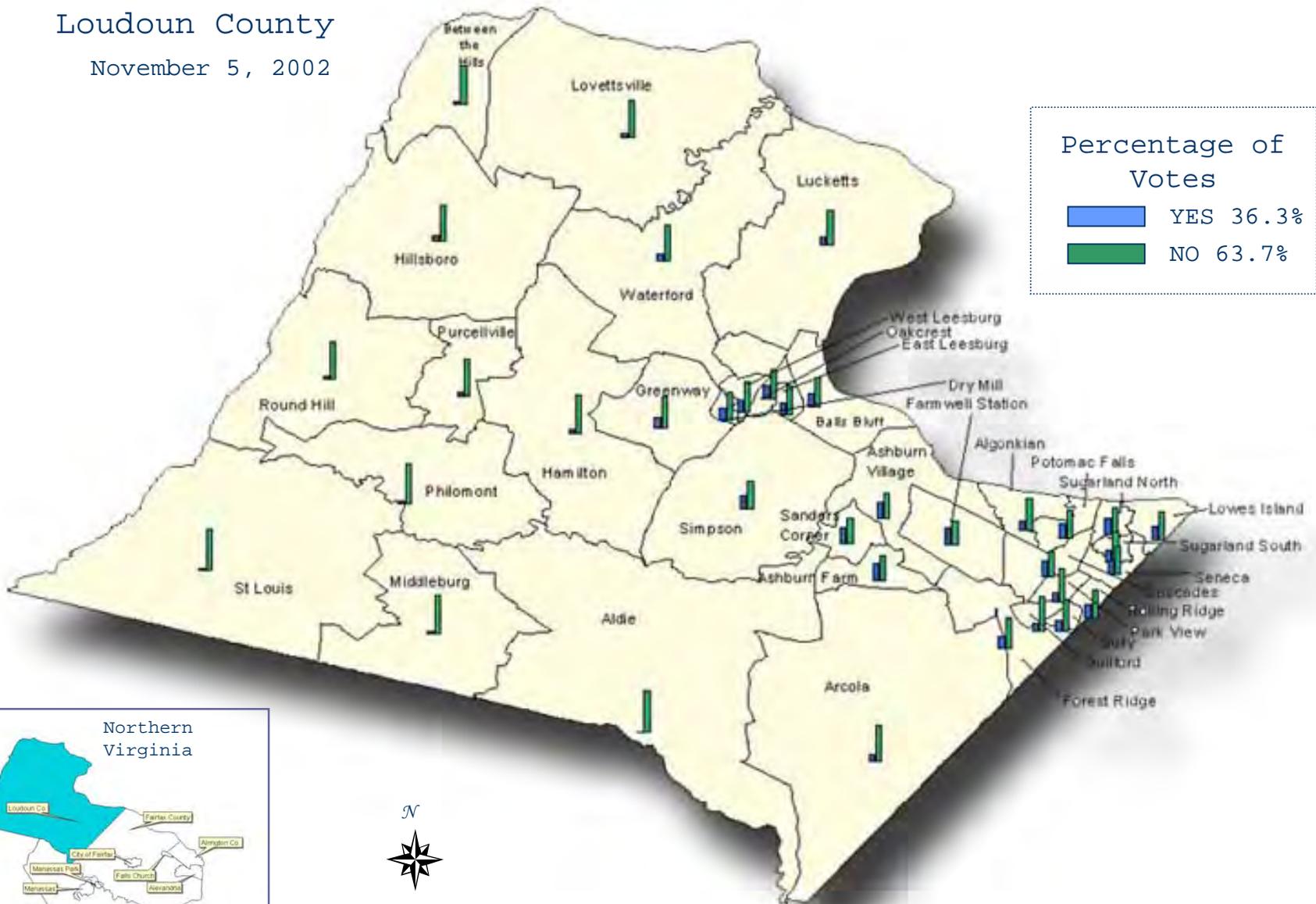
Figure 4

Sales Tax Referendum

Loudoun County

November 5, 2002

Percentage of
Votes



35 Reasons For Defeat:

Tactics

- 1) General Assembly should have acted to levy the tax. Since the public has less understanding of the complexities and resents being asked, its first impulse is to say “no”.**
- 2) Most referendums fail the first time. Nine of 11 from 1987-1997 that ultimately passed had failed at least once.**
- 3) Too broad a geographic region. It did much better inside the beltway.**

35 Reasons For Defeat:

- 4) Poor timing of the election (more or less voter turnout if paired with another election cycle).**
- 5) Lack of skill in selling the referendum to the public (needed clear message).**
- 6) Not enough time to educate the public about transportation needs and delay in starting the campaign.**

35 Reasons For Defeat:

- 7) “Distorted” facts unanswered. For example, was the tax a half-cent or an 11 percent increase? Would a new western bypass be funded by NVT A?**
- 8) Distrust of a new, unknown entity (NVT A) that would set priorities for the funds not earmarked for specific projects. While the referendum failed, local bond issues for roads and transit continue to pass (e.g. Prince William County in November, 2002), suggesting more voter trust of their own local governments.**

35 Reasons For Defeat:

Distrust of Governments

- 9) **Distrust of new NVTAs.**
- 10) **Fear of diverting funds geographically (e.g. to Fairfax County) or modally (e.g. to highways).**
- 11) **Distrust of VDOT.**
- 12) **Fear of diversion of existing funds to the rest of the commonwealth.**

35 Reasons for Defeat:

- 12) Concern that local jurisdictions would disrupt regional priorities.**
- 13) Concern about the “trust us” approach for the \$2.2 billion of revenues not dedicated to listed projects.**
- 14) Lack of respect for endorsements of most elected officials and many interest groups while being tempted by promises of some elected officials that state funds were readily available.**
- 15) Need for a short sunset on any new tax.**

35 Reasons for Defeat:

Other Priorities Are Important

- 16) **Education, public safety, etc. all deserve attention. Transportation shouldn't be singled out.**
- 17) **A combined transportation/education referendum with local flexibility is needed.**

35 Reasons for Defeat:

It Shouldn't Be a Local Responsibility

- 18) **Northern Virginia already pays more than its fair share (e.g. four times as much in local funding for transit as any other area in the commonwealth).**
- 19) **This is a state responsibility. Either raise statewide revenues or change the formulas to benefit Northern Virginia.**
- 20) **Regional traffic congestion is caused also by Maryland and D.C. commuters. They need to be part of the solution along with the federal government.**
- 21) **State Transportation Trust Fund money has been diverted in the past. Pay it back before raising taxes for transportation.**

35 Reasons for Defeat:

Issues with Taxes

- 22) **No new taxes are needed since government is too big and fast growing. Existing revenues could be reallocated.**
- 23) **Bonding hurts future generations. Virginia has a traditional fiscally conservative pay-as-you-go approach.**
- 24) **The proposed tax increase is too large and not affordable.**
- 25) **The proposed sales tax is regressive and lower income persons don't benefit proportionally. Use a different tax (e.g. gasoline) or fees (e.g. tolls).**

35 Reasons for Defeat:

We Need More Smart Growth

- 26) **Lacks specific emphasis on smart growth so that spending will only create more sprawl.**
- 27) **Too many highway and HOV projects.**
- 28) **A half-cent sales tax is a drop in the bucket for the region's total needs. Don't settle for a half loaf since congestion will get worse anyway.**
- 29) **Traffic congestion can't ever be cured so don't raise taxes but do apply tolls and fees.**
- 30) **Large developers will benefit most and contributed too heavily to push the referendum.**

35 Reasons For Defeat:

- 31) The needs are not urgent. Wait and see what happens.**
- 32) Failure to show specifically what positive results will come from building the projects using objective performance measures.**
- 33) NIMBY reactions to one or more projects on the list.**
- 34) Projects costs overestimated and other revenues underestimated generates too large a discretionary fund for NVTa and others.**
- 35) No net improvement in air quality.**

2003 Virginia Voter Survey:

- **Smart growth agenda is popular in Northern Virginia according to Virginia League of Conservation Voters:**
 - Building more roads won't solve congestion and the real solution to congestion is stopping sprawl, better planning and managed growth(74%);**
 - Support adequate public facilities ordinances (76%);**
 - Support impact fees on new development (83%);**
 - Want state support to help local governments adopt smart growth (82%);**
 - Most important issue is sprawl/traffic/environment (68%);**
 - Quality of life will deteriorate over next five years with current growth and land use policies (65%).**

2003 House of Delegates District 53 Survey:

- **Give more authority to local governments to tie growth to adequacy of transportation and schools (81%);**
- **Growth/development too fast (71%);**
- **If taxes had to be raised to meet school, transportation and health care needs, use:**
 - Sales tax (39%)
 - Income tax (21%)
 - Gas tax of 20-30 cents per gallon (17%)
- **Projects Favored:**
 - Rail to Tysons (88%)
 - Rail to Dulles (87%)
 - Rail to Centreville (85%)

Prince William County Citizen Satisfaction Surveys:

- **Annual polls since 1993.**
- **90% + satisfaction with overall county services.**
- **Sharply declining satisfaction with:**
 - Growth (48.7% as of 2004)**
 - Planning/land use (49.8%)**
 - Getting around the county (45.7%)**

Braddock District Workshops:

- **2003 community dialogue on transportation and land use.**
- **Several recommendations for funding:**
 - Annual status reports
 - Firewalls to prevent diversion
 - Air quality as criterion.
- **Recommendations for legislation:**
 - Developers to “front end” supporting infrastructure
 - “Up plan” incentives around Metrorail and “down plan” elsewhere
 - Prevent raids on TTF
- **Recommendations for land use:**
 - Spider web transit system
 - Neighborhood shuttles and bike trails
 - Protect watersheds and purchase land contiguous to parks
 - Let local governments control referendum trust funds while NVTa prioritizes projects.

Lessons From Other Referendums:

- **Several published sources review successes and failures around the United States for the past several years.**
- **APTA's Center for Transportation Excellence conducts periodic workshops (next in April, 2005) and lists lessons, including:**
 - Go to voters more than once if necessary
 - External factors (e.g. economy) are often influential
 - Grass roots support with professional management works best
 - List specific projects
 - Focus on immediate gains
 - Keep the issues simple
 - Find local champions
 - Achieve regional balance
 - Show accountability
 - Demonstrate adequate funding

Lessons From Other Referendums:

- **The Surface Transportation Policy Project recommends:**
 - Broad public involvement in developing the initial ballot measure;**
 - Specific projects with earmarked funding;**
 - Favor gas taxes (indexed for inflation);**
 - Include coordinated land use planning and growth management with incentives;**
 - Prefer regional administration versus state;**
 - Match those who benefit with those who pay.**

Smart Growth Features:

- **Identify target reductions in overall VMT and per capita VMT;**
- **Link revenues with achieving land use targets at state and local levels;**
- **Use effective models (such as Arlington) to link street redesign with transit investment;**
- **Measure success in achieving targets for VMT reduction; transit, pedestrian, bicycle and carpool mode share increase; reduced air pollution; and reduced land consumption;**
- **Develop and apply statewide model of potential sprawl in each county and test alternative land use/transportation scenarios;**

Smart Growth Features:

- **Don't rely on flawed existing plans for project selection (e.g. TPB's CLRP, NVTAs 2020 Plan);**
- **CTB should pass through more federal funds for local allocation;**
- **Avoid "poison pills" such as an outer beltway;**
- **Fix Virginia's PPTA to include more public input and curbs on sprawl;**
- **Bring the smart growth community to the table early to plan the referendum.**

Draft NVTC Staff Recommendations for Discussion:

- **First try other funding alternatives.**
- **Then 21 recommendations listed by category:**
 - Gather information and plan**
 - Build public trust in NVT**
 - Develop a consensus project list and revenue source**
 - Test additional referendum features with the public**
 - Conduct NVT campaign**
 - Pursue General Assembly strategy**
 - Encourage CTB actions**
 - Undertake local government actions**

Gather Information and Plan:

1) DRPT/VDOT should provide funding (\$10 to \$20,000) for MWCOG to update consultant research on the yields of various regional taxes in Northern Virginia. Alternatively, the new Blue Ribbon Panel on Metro Funding should arrange for these estimates for the entire region.

2) NVRTA should commission public opinion research regarding new sources of regional funding for transportation, and priorities for transportation projects and policies. Several bare bones surveys could be accomplished at \$6,000 each for 300 five-minute telephone interviews with cross tabs.

Gather Information and Plan:

3) After exhausting other funding alternatives, NVTa should consider strategies and timetables for obtaining approval from the General Assembly for a referendum to be held in November, 2006, and work in cooperation with the Blue Ribbon Panel on Metro Funding. Decide whether NVTa can be successful in overcoming voter concerns or whether more direct involvement of local governments is needed.

4) The initial prototypes of the referendum could consist of two principal alternatives for discussion:

A. Large Region/Multimodal Project List

B. Small Region/Transit Only

Presumably results of public discussion of projects and revenue sources plus polling would help to identify the better choice.

Build Public Trust in NVTA:

5) While NVTA was created primarily to boost regional transportation solutions and overcome what some called local parochialism that stalled implementation of major new projects, much of the public apparently distrusts regional institutions. NVTA should begin publishing an annual transportation performance report card using objective measures and should publicize its own policies for setting priorities based on performance criteria.

6) NVTA should clarify for the public that VDOT will not be making the project selection and will only be involved in design/construction/project management if NVTA selects them using published criteria in competition with the private sector.

Develop a Consensus Project List and Revenue

Source:

7) NVTa should use the ongoing update of its regional transportation plan to 2030 and VTRANS 2025 to educate and involve the public extensively in determining a prioritized project list for the referendum with the input of all interested parties. This public involvement process should determine the type of project list most likely to succeed with voters (i.e. transit versus highways, specific versus general descriptions, one fixed list or multiple voter options). For example, if many voters fear that public funds spent on new highways is wasteful, NVTa could pledge to develop funding agreements for any such projects that maximize tolls, fees and value capture and utilize selection criteria such as air quality improvement and sprawl avoidance.

Develop a Consensus Project List and Revenue

Source:

- 8) In developing the project list with the general public and all interested groups, NVTAs should calculate and publicize the specific benefits of alternatives (air quality, mobility, economic, reduced VMT, enhanced transit mode share, pedestrian/bicycle access) so the final recommended list can be evaluated objectively and paired with appropriate revenue sources. Present value analysis of bonding versus pay as you go financing should also be provided.
- 9) All proposals should include substantial smart growth components, including at a minimum such features as transit-oriented development, congestion pricing and tax-increment/value capture financing, as well as assistance for maintenance and operations and local streets. Calculated benefits should include reduction of sprawl and air pollution. Just as federal authorizing legislation now combines transportation and air quality (ISTEA and TEA-21), the referendum could include funding for green spaces together with transportation projects.

Test Additional Referendum Features

With the Public:

- 10) **NVTA should consider a referendum that would provide base revenues for individual jurisdictions adopting the referendum (say a quarter cent of a half-cent regional sales tax.)**
- 11) **NVTA should consider some tax relief in the referendum (shifting to a new regional sales tax and away from local property tax) using value capture to make up the difference (say allowing an eighth cent of the sales tax to replace property taxes after the first five years as smart growth benefits appear).**
- 12) **NVTA should consider corridor combinations of projects in the referendum to emphasize connections and reduced sprawl in order to minimize NIMBY reactions.**
- 13) **Agreements for funding signed by local governments (as WMATA now does) using the new revenues could be mandated. These corridor trusts for funding may reduce public fear of diverted revenues away from the list and the region. Further, local governments could be designated to receive the funds and hold them in trust until billed by NVTA for the projects. NVTA might even consider an independent financial review board for further oversight.**

Conduct NVRTA Campaign:

- 14) When NVRTA has determined the project list and revenue source for the referendum, it should activate a well-financed campaign, presumably headed by its own executive director, to win public support for General Assembly authorization of the referendum and eventual passage by the public of the referendum question. Transit riders would be a valuable ally in this effort.**
- 15) The referendum campaign should look for public “hot buttons” such as possible links to elderly/disabled transportation, security, neighborhood connections and reduced sprawl. The issues have to be simplified and conveyed in images (e.g. cars off the road, share a lap on crowded railcars).**

Pursue General Assembly Strategy:

- 16) **Consult with General Assembly leaders and the Governor about the need for a regional referendum versus statewide or regional tax increases (or earmarking growth of revenue from existing sources) enacted directly by the General Assembly. A two percent gas tax increase in Northern Virginia would be roughly equivalent to a quarter-cent regional sales tax. If it is determined a regional referendum is needed, NVTa should seek initial 2005 General Assembly authorization for the November, 2006 referendum and return in January, 2006 for authorization of the project list, tax type, tax amount and ballot language.**
- 17) **If the General Assembly fails to act in 2005, local governments should consider local advisory referendums prior to the 2006 session.**
- 18) **Also, NVTa should urge the General Assembly to adopt legislation to make the existing TTF a true trust fund to assuage fears of diversion of state funds away from transportation and this region.**
- 19) **NVTa should encourage the General Assembly to enact legislation that will support smart growth (e.g. adequate public facilities ordinances), and provide incentives for environmentally friendly transportation choices (e.g. employer tax credits for transit commuter benefits).**

Encourage CTB actions:

20) The Commonwealth Transportation Board should adopt an explicit policy to support General Assembly action to guarantee that state funds will not be diverted from Northern Virginia if the region increases its level of funding. In implementing the Multimodal Investment Network concepts in VTRANS 2025, CTB should consider the results of the investments on sprawl, air quality and other performance measures such as those to be used by NVT A in evaluating its project list. CTB should also agree to use discretionary funding wherever possible to provide allocations to local governments seeking to fund public transit and local street improvements for enhanced connections to combat sprawl.

Undertake Local Government Actions:

- 21) NVTAs and local governments should adopt resolutions pledging to adhere to the published project lists and to use the new funds to the maximum possible extent to promote improved multimodal connections and reduce sprawl. The referendum legislation could require, as a last resort if polling indicates the need, that future project lists be approved by local governments as well as NVTAs, or even be subjected to another voter referendum (say in 20 to 35 years).**

Suggested Next Steps:

- **Discuss the report at the November 4, 2004 joint NVTC meeting with PRTC.**
- **Share the report with other agencies and interest groups for comment (NVTA, Coalition for Smarter Growth, AAA, Greater Washington Board of Trade, etc.)**
- **Offer assistance to the new Blue Ribbon Panel on Metro Matters.**
- **Use the report to develop NVTC's 2005 legislative agenda.**



Potomac and Rappahannock
Transportation Commission

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

Background paper to prompt discussion at
the NVTTC – PRTC joint meeting

November 4, 2004



Purpose



Potomac and Rappahannock
Transportation Commission

- Transportation investment needs in NOVA region dwarf available resources
- Recent efforts to increase available funding have failed but there are clear signs that more transportation funding is a priority of the General Assembly
- Now is the time for formulating a legislative agenda
- Should be shaped by the understanding of funding shortfall and lessons learned from past efforts



Needs vs. Prevailing Levels of Transit Investment

- NOVA's transit needs sized in *Time to Act analysis* done for Wash COG in early 2004
- Capital and operating costs through 2010 are over \$900M/year* and \$450M/year, respectively, or \$1.35B/year all told
- By contrast, NOVA's most recent annual expenditures for capital and operations are \$150M and \$300M, respectively, or \$450M all told.
- Accordingly, total needs are \$900M/year more than current annual expenditures (\$1.35B vs. \$450M, or three times)

*Includes \$3 billion for Dulles or \$500 million / year



Where We Are and How We Got There – Federal Side

- Federal reauthorization likely to be delayed until 2005
 - Haggling about magnitude of funding
 - Senate @ \$318B (\$56.5B for transit)
 - House @ \$283B (\$51.5B for transit)
 - Administration @ \$256B (\$45.8B for transit)
 - Highway side of bill is the major bone of contention (“minimum guarantee”)
- While the Senate bill is preferred because of its magnitude, even the House’s constitutes a sizable funding increase
 - TEA-21 provided \$41B for transit
 - Would increase by \$10.5B under House bill or 25.6% increase



Where We Are and How We Got There – State Side



- Failed regional bond referendum in 2002
- Increased funding proposals scuttled in last General Assembly session
 - Education and transportation were both vying for increased state funding
 - Combined needs were beyond reach in seeking compromise between Senate and House
- Transportation funding is “center stage” as next session looms
 - NOVA House Republicans have proposed a one-time debt financing plan yielding \$5 billion
 - Senator Chichester objects to further debt financing, preferring “pay-as-you-go” approach without general fund dependency
 - Administration also reportedly readying a “pay-as-you-go” proposal
 - Transportation interest groups and the business community are angling for a motor fuels or sales tax increase dedicated to transportation
 - TTF “lock-box” proposals are also likely
 - Regional taxing measures are also likely to be proposed (extending reach of existing 2% fuels tax to other jurisdictions; increasing the tax to 4%)



Increasing State Transit Assistance – How Much?



- Wash COG's Time to Act makes compelling case for substantially increased transit investment and NVTC's Funding Public Transit in Northern Virginia report quantifies excessive burden of existing transit expense being borne by local governments
- Local governments' excessive burden
 - State statute specifies that state share should amount to 95% of eligible costs
 - Actual state share is 43% and 38% for FY 2005 for existing operating and capital, respectively
 - CTB's current approved FY 2005 program short-changes NOVA by \$65 million for operations and \$41 million for capital (95% vs. prevailing ratios), let alone needs beyond prevailing funding levels
- Magnitude of shortfall
 - Total capital and operating needs are \$900M/year more than most recent year's funding level
 - At best, federal funding increase will amount to \$250M/year, meaning \$650M/year of increase must come from non-federal sources



Funding Possibilities – No Holds Barred



- Host of state tax and fee increase options are conceivable, statewide or regionally
- Wariness about referenda in light of failed regional referendum
 - NVTC report details reasons for failure and lessons learned
- While choice of options is prerogative of the General Assembly, yields from representative options are instructive
- Ensuing slides provide this to prompt further discussion



Possible Regional Sources of Funding for NOVA Transit (Northern Virginia Annual Yields)

- NVRTC/ PRTC 1% gas tax increase = \$15 million
- One half (0.5) cent regional sales tax = \$100 million
- One percent regional income tax = \$500 million
- Parking tax of \$5 per space = \$100 million
- Payroll tax of \$85 per employee = \$100 million
- 75-cents per mile HOT lane fees for SOV's = \$100 million
- "Head Tax" of \$188 on 1.6 million residents = \$300 million



Possible Statewide Sources of Funding for NOVA Transit (Northern Virginia Annual Yields)

- 1-cent per gallon statewide gas tax to TTF = \$4.2 million
- 1 percent increase statewide vehicle titling tax all to TTF = \$13.2 million
- \$1 statewide vehicle registration fee increase all to TTF = \$600,000
- 0.5-cent statewide sales tax all to TTF = \$44.1 million
- Shift all insurance premium taxes to TTF = \$31.8 million
- Shift transit's share of the TTF to 29.7% from 14.7% = \$70.5 million



Discussion

MEMORANDUM

TO: Chairman Euille and NVTC Commissioners

FROM: Rick Taube

DATE: October 28, 2004

SUBJECT: VRE Items

- A. Report from the VRE Operations Board (including minutes of the October 15, 2004 meeting) and the VRE CEO—Information Item.
- B. CSX Force Account Services for the Quantico Creek Bridge Project—Action Item/ Resolution #1049.
- C. Modify Lease Agreement with RailWorld Locomotive Leasing LLC—Action Item/Resolution #1050.
- D. GEC IV Task Order for Access to Washington Union Terminal—Action Item/Resolution #1051.
- E. GEC IV Task Order for Fleet Maintenance Strategy and Yard Requirements—Action Item/Resolution #1052.
- F. Special Report on Accommodating Growing Ridership—Information Item.

Report from the VRE Operations Board and CEO

Attached for your information are copies of the VRE Board meeting of October 15, 2004, together with the CEO's report and ridership and train utilization tables. Also attached are several letters and articles of interest.



**VIRGINIA RAILWAY
EXPRESS**

**OPERATIONS BOARD
MEMBERS**

**JOHN D. JENKINS
CHAIRMAN**

**ELAINE MCCONNELL
VICE CHAIRMAN**

**JOHN GRZEJKA
SECRETARY**

**DANA KAUFFMAN
TREASURER**

HILDA BARG

SHARON BULOVA

**MAUREEN S.
CADDIGAN**

WALLY COVINGTON

ROBERT GIBBONS

WILLIAM GREENUP

KAREN RAE

**CHRISTOPHER
ZIMMERMAN**

**DALE ZEHNER
CHIEF EXECUTIVE
OFFICER**

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Web Site:
<http://www.vre.org>

MINUTES

**VRE OPERATIONS BOARD MEETING
PRTC HEADQUARTERS – PRINCE WILLIAM COUNTY, VIRGINIA
OCTOBER 15, 2004**

MEMBERS PRESENT	JURISDICTION
Sharon Bulova (NVTC)	Fairfax County
Robert Gibbons (PRTC)**	Stafford County
John Grzejka (PRTC)	City of Manassas
John D. Jenkins (PRTC)	Prince William County
Dana Kauffman (NVTC)	Fairfax County
Alan Tobias	VDRPT

MEMBERS ABSENT	JURISDICTION
Elaine McConnell (NVTC)	Fairfax County

ALTERNATES PRESENT	JURISDICTION
Hilda Barg (PRTC)	Prince William County
Wally Covington (PRTC)**	Prince William County
William Greenup (PRTC)	City of Fredericksburg/VHSRDC
Christopher Zimmerman (NVTC)**	Arlington County

ALTERNATES ABSENT	JURISDICTION
Maureen Caddigan (PRTC)	Prince William County

STAFF AND GENERAL PUBLIC	
Tamara Ashby – VRE	Betsy Massie – PRTC staff
George Billmyer – citizen	Sirel Mouchantaf – VRE
Raynetta Cross – VRE	Dick Peacock – citizen
EB Easter – VRE	Winston Phillips—VDRPT
Alfred Harf – PRTC staff	Mark Roeber – VRE
Ann King – VRE	Jennifer Straub – VRE
Mike Lake – Fairfax DOT	Rick Taube – NVTC staff
Bob Liebbrandt – Prince William County	Lezlie Ungaro – VRE staff
Wendy Lemieux – VRE	Dale Zehner – VRE
Marcus Majos – Stafford County	

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

Chairman Jenkins called the meeting to order at 9:30 A.M. Following the Pledge of Allegiance, roll call was taken.

Minutes of the September 17, 2004 VRE Operations Board Meeting

Mr. Grzejka moved, with a second by Ms. Bulova, to approve the minutes. The vote in favor was cast by Board Members Bulova, Greenup, Grzejka, Jenkins, Kauffman and Tobias.

Chairman's Report

Chairman Jenkins stated that he recently had the opportunity to ride a morning train from Rippon Station to Union Station. It was a very good ride, with no overcrowding. He encouraged Board Members to ride VRE when they have a chance because it is a good way to meet the passengers.

[Mr. Gibbons arrived at 9:33 A.M.]

Chief Executive Officer's Report – 6

Mr. Zehner reported that ridership is averaging around 15,300 daily passenger trips. Ridership continues to grow but it is leveling off. Systemwide on-time performance is averaging 90 percent, with 95 percent for the Manassas Line and 85 percent for the Fredericksburg Line.

Mr. Zehner reported that on Columbus Day VRE conducted a customer service workshop for crews and engineers. VRE brought in a special speaker, Lisa Ford, who gave an excellent presentation on customer service in the difficult environment of overcrowding. Mr. Zehner also gave a presentation about VRE and its future direction.

Mr. Zehner announced that he signed the contract to sell the Mafersa railcars to the Connecticut DOT. Fifteen railcars have been shipped and VRE has already received payment. An additional 11 railcars should be shipped by the end of the month. VRE is retaining seven cab cars for the next two years.

Mr. Zehner also stated that the new railcar specifications are complete and have been reviewed by VRE's legal counsel. Mr. Zehner and Mr. Maclsaac will review it again before it is sent to potential bidders.

Mr. Zehner reported that Virginia's Secretary of Transportation sent a letter to Amtrak concerning VRE obtaining mid-day storage space previously used by Amtrak for mail service. Mr. Gunn has referred the matter to Amtrak's Finance Department to structure a deal and it is expected that VRE should receive a positive response from Amtrak.

Mr. Zehner stated that VDRPT had a meeting in Richmond on October 14th to discuss the MOU projects with CSX. He stated that Ms. Rae has done an excellent job kick-starting these projects. Board members were provided with a copy of a letter sent by CSX's CEO to Governor Warner. Mr. Tobias reported that the insurance issues with CSX have been resolved. The meeting was at CSX's request and issues concerning the MOU projects were discussed. VDRPT has agreed in concept to changes that were proposed by CSX as they are worthwhile changes that will make railroad traffic operations more efficient. The question still remains how these changes will affect costs, although some changes may save money. One project is an extension of the third track from Fredericksburg south to Crossroads Yard. The Arkendale project is expected to begin mid-November. Eighty percent of this project's costs will be for signal work.

Mr. Tobias stated that there are still some issues with CSX over the scheduling of the projects. Third track work at L'Enfant can't take place at the scheduled time, so other projects may have to be moved forward in the schedule. VDRPT will work with CSX to make sure that project delays don't interfere with VRE being able to add additional service. He concluded that the meeting was very positive and progress should be evident soon. The downside is that these projects could impact VRE service and coordination between CSX and VRE will be important to minimize delays.

Mr. Gibbons asked why the Dahlgren signal work is tied to the Arkendale project. Mr. Tobias explained that the existing crossovers are at Dahlgren and Quantico. The difference between these two points is Arkendale, where the new crossover will be installed.

Mr. Zehner explained that staff has been in contact with Henry Connors, Jr., Chairman of the Spotsylvania County's Transportation Committee regarding potential options for the county joining VRE. Spotsylvania County's Administrator has invited Mr. Zehner to speak to the County's Board of Supervisors on October 26th. Mr. Zehner has asked Mr. Maclsaac to accompany him to the meeting. Chairman Jenkins stated that he won't be able to attend the meeting. Mr. Zehner stated that this will be an informational meeting and he doesn't expect any decisions to be made.

Mr. Gibbons stated that the Fredericksburg region has become its own air quality region (Spotsylvania, Stafford and Fredericksburg) and Spotsylvania cannot meet their air quality commitment without joining VRE.

[Mr. Covington joined the discussion at 9:42 A.M.]

Mr. Zehner announced that the Master Agreement Survey is scheduled for October 20, 2004. Staff from VRE, NVTC and PRTC are participating.

Mr. Zehner reported that VRE has received a letter from Don LeMond, from the Division of Risk Management, informing VRE that it will need to put additional funds in the

insurance trust fund. The fund balance is currently at \$15.4 million and it shouldn't go below \$14 million. Next year's insurance payment, expected to be paid in June or July, is predicted to be about \$3.5 million. Mr. Zehner will arrange a meeting with Mr. LeMond to discuss this issue and will also work with the CAO Task Force.

Mr. Gibbons asked for a written summary of on-time performance.

VRE Riders' Comments – 7

George Billmyer stated that he is glad to hear that CSX is not going to require VRE's insurance costs be increased. One thing that might help would be to have the Commonwealth legislate a legal cap for claims. He is also glad to see Transit Oriented Development (TOD) as part of today's agenda. It's becoming widespread across the country, including projects in Denver, Las Vegas and New Jersey.

Dick Peacock complimented Mr. Zehner on identifying the single most defining issue VRE faces as being the problem of mid-day storage. He is pleased to hear that a positive response from Amtrak is forthcoming. He asked if Amtrak would be willing to rent space on the utility track currently being used to store right-of-way equipment. He expressed his opinion that VRE is a wonderful system and it is doing well. He stated that hopefully insurance rates won't increase too much, since VRE has an excellent safety record—no serious injuries or deaths in 12 years.

Consent Agenda Items – 8

Mr. Tobias asked to removed Agenda Item #8E "Authorization to Award a Task Order under the GEC IV Contract for the Review and Analysis of Access Provisions to Washington Union Terminal" and Mr. Kauffman asked that Agenda Item #8C "Authorization to Amend the MOU with Manassas Park to Allow VRE to Assume Maintenance of Two Parking Lots" be removed.

Ms. Barg moved, with a second by Mr. Grzejka, to approve the following Consent Agenda items:

- Resolution #8A-10-2004: Authorization to Issue a RFP for a Contract for Locomotive Repairs.
- Resolution #8B-10-2004: Authorization to Issue a Task Order to STV, Inc. to Perform COT&S (Air Brake Inspections) on NRC Gallery Railcars.
- Resolution #8D-10-2004: Authorization to Solicit Proposals for Available Lease Space at the Woodbridge VRE Station.

The vote in favor was cast by Board Members Bulova, Gibbons, Grzejka, Jenkins, Kauffman and Tobias.

Authorization to Amend the MOU with Manassas Park to Allow VRE to Assume Maintenance of Two Parking Lots – 8C

Mr. Zehner explained that Resolution #8C-10-2004 would authorize the VRE Chief Executive Officer to amend the agreement with the City of Manassas Park to allow VRE to assume maintenance of both parking facilities at the Manassas Park station. He explained that the MOU parking agreement between Manassas Park and VRE requires the City to operate and maintain, at VRE's cost and expense, the 300 space parking facility owned by the City as well as the 300 space parking facility owned by VRE. Manassas Park currently provides this maintenance using its own forces and bills VRE on an annual basis.

Mr. Zehner stated that in an effort to consolidate maintenance efforts and preserve the same level of service as at other stations, VRE approached the City and requested that the maintenance be turned over to VRE. The City has agreed to this change. The amendment to the MOU has been reviewed by VRE's legal counsel. During the last fiscal year, VRE paid the City \$11,902 to cover the costs of operations and maintenance. Accepting maintenance responsibilities through VRE's current maintenance contractor is expected to cost approximately \$55,000 per year, which includes daily cleaning, landscaping, task order work and snow removal. While at an increased cost, this change is recommended as it will not only improve the quality of maintenance but also the speed at which repairs and maintenance can be performed. Funding for this work is included in the FY 2005 operating budget.

Mr. Kauffman asked how VRE normally handles maintenance of parking lots. Mr. Zehner replied that it is handled differently depending on which jurisdiction the parking lot is located. Jennifer Straub stated that Fairfax County does its own maintenance by a contractor; Prince William County and Stafford have VRE and VDOT performing maintenance and Manassas does it's own. It's literally different for each parking lot.

Mr. Kauffman asked if VRE ever looked into a policy of consistent maintenance to have a certain standard for all the lots. Mr. Zehner stated that the issue for Manassas Park was that staff did not feel that the standard was being met since there were many complaints from riders. Therefore, VRE requested taking it over. Currently this is the only station that has a problem.

Mr. Kauffman asked if money could be saved by having parking maintenance of all lots be under VRE. Chairman Jenkins reminded the Board that it was originally all under MOU's with the jurisdictions. He stated that VRE could look at these MOU's. Ms. Barg stated that she doesn't have a problem with this as long as it doesn't affect the Master Agreement. Chairman Jenkins stated that it is his understanding that it was individual

MOU's with each jurisdiction and not tied to the Master Agreement. He asked staff to look into this further and return back to the Board.

Mr. Kauffman moved, with a second by Ms. Barg, to approve Resolution #8C-10-2004. The vote in favor was cast by Board Members Bulova, Gibbons, Grzejka, Jenkins, Kauffman and Tobias.

Authorization to Award a Task Order Under the GEC IV Contract for the Review and Analysis of Access Provisions to Washington Union Terminal – 8E

Mr. Zehner explained that the VRE Operations Board is being asked to authorize him to award a task order for the review and analysis of the Washington Union Terminal (WUT) access provisions proposed by Amtrak.

Mr. Taube asked for clarification that Resolution #8E-10-2004 would recommend that the Commissions provide this authorization. The name of the firm recommended for award and the contract amount would be provided to the commissions. In response to a question from Chairman Jenkins, Mr. Zehner stated that there are budgeted funds for this work at a price range of \$100,000 - \$200,000. Chairman Jenkins asked that the resolution be modified to reflect that the Board would be recommending that the Commissions authorize award of the contract.

Ms. Bulova moved, with a second by Ms. Barg, to approve amended Resolution #8E-1-2004. The vote in favor was cast by Board Members Bulova, Gibbons, Grzejka, Jenkins, Kauffman and Tobias.

Authorization to Enter Into an Agreement with CSXT To Provide Force Account Services Associated with the Quantico Creek Bridge Project – 9A

Mr. Zehner reported that Resolution #9A-10-2004 would recommend that the Commissions authorize the VRE Chief Executive Officer to enter into an agreement with CSX Transportation to provide work related to track construction associated with the Quantico Creek Bridge Project. The agreement would commit VRE to reimburse CSXT for expenses incurred including contingencies in the amount not to exceed more that \$4,671,000.

Mr. Zehner explained that CSXT requires that certain portions of the work be performed under its direct supervision (force account work). CSX will provide track materials and design and construct the track signal system for the bridge and the new interlocking at North Possum Point just North of the Quantico Creek. Funds for the construction phase of the project are included in VRE's CIP. Mr. Zehner explained that this agreement needs to be entered into now, although the actual work probably won't start for another year.

Ms. Barg moved, with a second by Ms. Bulova, to approve the resolution. The vote in favor was cast by Board Members Bulova, Gibbons, Grzejka, Jenkins, Kauffman and Tobias.

Authority to Modify a Lease Agreement with RailWorld Locomotive Leasing, LLC. To Add the Lease of One EMD Locomotive – 9B

Mr. Zehner explained that VRE currently leases two locomotives from RailWorld. Until recently, a third locomotive of the same type was also being leased. That locomotive, V31, was under lease since May, 2000. In August it suffered a catastrophic failure to its main engine and was removed from the VRE lease. VRE must replace this unit, as it is needed for revenue service. RailWorld has proposed to replace the engine in that locomotive and upgrade the unit to make it equivalent to the other two engines leased by VRE. This unit, following engine replacement and acceptance by VRE mechanical advisors, will be guaranteed to meet all manufacturer specifications for a price of \$76,650 annually (\$210 per day) for a period of two years with a two-year option to extend. Resolution #9B-10-2004 would recommend that the Commissions authorize the VRE Chief Executive Officer to modify an existing lease agreement with RailWorld Locomotive Leasing, LLC to add one locomotive at a price not to exceed \$75,650 per unit annually.

Ms. Barg moved, with a second by Ms. Bulova, to approve the resolution. The vote in favor was cast by Board Members Bulova, Gibbons, Grzejka, Jenkins, Kauffman and Tobias.

Authorization to Purchase Yokes and Supporting Parts for Gallery I Cars – 9C

Mr. Zehner stated that the Operations Board is being asked to authorize the Chief Executive Officer to purchase yokes and supporting parts for the Gallery I cars from Columbus Steel Castings for an amount not to exceed \$55,000, which includes a 10 percent contingency. Resolution #9C-10-2004 would accomplish this.

Mr. Zehner explained that two of the required parts for the Gallery I cars are no longer being manufactured and subsequently require a special production run. Following the solicitation of pricing proposals from three manufacturing candidates, only one was responsive, Columbus Steel Castings. That company (previously known as Buckeye Steel) was the original equipment manufacturer for the subject parts.

On a motion by Ms. Bulova and a second by Mr. Grzejka, the Board unanimously approved the resolution. The vote in favor was cast by Board Members Bulova, Gibbons, Grzejka, Jenkins, Kauffman and Tobias.

Authorization to Enter into an Agreement with Kato U.S.A. for Use of the VRE Logo in Production of Model Train Cars and Locomotives – 9D

Mr. Zehner stated that KATO U.S.A. is a manufacturer of quality model railroad equipment and is interested in obtaining VRE's permission to use the VRE logo and paint scheme for production of model train cars and locomotives. In exchange for the right to use the VRE logo, an in-kind royalty of the quantity of any and all model train cars produced by KATO using the VRE logo will be provided to VRE. In response to a question from Ms. Bulova, Mr. Zehner stated that there may be revenue realized (about \$3,900) or VRE could receive five percent of the production run. VRE proposed and KATO agreed to provide VRE the right to audit production records of KATO, U.S.A.

Resolution #9D-10-2004 would authorize the VRE Chief Executive Officer to enter into an agreement with KATO U.S.A. for the use of the VRE logo on their model rail cars and locomotives.

Ms. Bulova moved, with a second by Mr. Grzejka, to approve the resolution. The vote in favor was cast by Board Members Bulova, Gibbons, Grzejka, Jenkins, Kauffman and Tobias.

Authorization to Adopt a Transit Oriented Development Policy – 9E

Mr. Zehner explained that the Operations Board is being asked to approve a policy of transit oriented development (TOD) at VRE stations. Resolution #9E-10-2004 would accomplish this.

Mr. Zehner explained that during the development of VRE's Phase 2 Strategic Plan, the Board indicated that promoting TOD around VRE stations is an important goal for VRE as an organization. Since then, several developers have approached VRE staff regarding TOD projects around the stations. VRE has been working with the jurisdictions to assess these proposals. A policy would help clarify VRE's position in these situations and steer VRE during the development process. It would provide a set of overarching policy guidelines with which to evaluate private proposals and ensure the best development possible. The policy would also guide developers and encourage them to submit proposals consistent with both the jurisdictions' comprehensive plans and VRE's stated policy. The principles of the policy are consistent with goals outlined in the comprehensive plans of VRE's member jurisdictions. He stated that staff from NVTTC, PRTC and Fairfax, Prince William and Stafford Counties reviewed VRE's proposed policy.

Mr. Kauffman stated that based on experience from WMATA's TOD policy, over the past five years there have been four iterations of the policy. The one constant that seems to arise is a reminder of the primacy of the local governing bodies in land use. To avoid problems he suggested adding a last sentence to the resolution "VRE recognizes that the governing bodies of local jurisdictions have the final say in land use

decisions.” Ms. Barg asked if this isn’t already being done. The business community is already working with local governments, especially Prince William County. The county has provided in the comprehensive plan for the development around VRE stations. She expressed her opinion that this action is not needed because it’s already being done. Chairman Jenkins explained that Mr. Kauffman’s request basically says that the jurisdictions are already doing it. Mr. Covington expressed his concern and probably won’t vote for it because this Board doesn’t need to jump into this issue. Ms. Bulova stated that if VRE doesn’t have a policy, VRE could be challenged at a future date. She stated that she favors having a policy to make it clear.

In response to a question from Ms. Barg, Mr. Zehner gave a hypothetically situation where a policy would be a good thing to have. He stated that most developers don’t have a lot of commuter rail experience.

In response to another question by Ms. Barg, Mr. Zehner stated that Prince William County staff reviewed VRE’s proposed policy and recommended some changes. Tamara Ashby explained that part of the policy is to point to the jurisdictions saying that VRE supports TOD in concept but the developer must work with the jurisdictions.

Mr. Kauffman stated that this policy makes VRE a stakeholder. Developers will look out for their best interest.

Mr. Kauffman moved, with a second by Ms. Bulova, to approve the resolution, with the following sentence added to the end of the resolution: “VRE recognizes that the governing bodies of local jurisdictions have the final say in land use decisions.”

Ms. Bulova made it clear that VRE is not making recommendations for land use decisions. Mr. Gibbons expressed his concerns and stated that it should go to the elected bodies to endorse. He would like to see action delayed until next month to allow it to go to the jurisdictions. Chairman Jenkins stated that it has already been to the jurisdictions. Mr. Gibbons replied that it only went to staff and not to the elected officials.

Mr. Gibbons moved, with a second by Ms. Barg, to defer action that’s on the table until next meeting, in order to have it reviewed by elected officials. Mr. Kauffman stated that he is willing to withdraw his original motion. Mr. Gibbons also withdrew his motion.

Chairman Jenkins directed staff to bring this item back to the Board next month and directed Board members to go back to their respective Boards and discuss the issue.

Authorization to Award a Task Order Under the GEC IV Contract for the Development of a Detailed Fleet Maintenance Strategy and Associated Yard Requirements – 9F

Mr. Zehner stated that the resolution needs to be amended to reflect that the Board is being asked to recommend the Commissions authorize the Chief Executive Officer to

award a task order to Parsons, Brinckerhoff, Quade and Douglas (PBQ&D) for the development of a detailed fleet maintenance strategy and associated yard requirements at an amount not to exceed \$254,000, plus a 10 percent contingency, for a total of \$279,400. Amended Resolution #9F-10-2004 would accomplish this.

He explained that as VRE's fleet grows and pressure to move the fleet maintenance functions to the outlying yards mounts, it becomes increasingly necessary to have a detailed maintenance plan. Funds for the project are included in VRE's CIP.

Mr. Gibbons stated that he would like to know the fixed costs of moving maintenance to the yards. Mr. Zehner explained that this is the first step in the process to determine the cost since PBQ&D will look at what needs to be done to the yards (facilities and structures) to move the maintenance. Mr. Zehner stated that he could provide the other component of the cost, maintenance man-hours, when contract negotiations are completed with Amtrak. Mr. Zehner stated he would brief the Board when all the relevant information has been gathered.

[Mr. Zimmerman arrived at 10:21 A.M.]

On a motion by Ms. Barg and a second by Ms. Bulova, the Board unanimously approved the amended resolution. . The vote in favor was cast by Board Members Bulova, Gibbons, Grzejka, Jenkins, Kauffman, Tobias and Zimmerman.

Other VRE Business

Mr. Gibbons asked if there is a policy as to how to submit agenda items for inclusion in the Board meeting agenda. He stated that Stafford County has two acres to expand parking at the Leeland Road Station. Chairman Jenkins stated that any member of the Board or staff can submit an item to the Chairman or the Chief Executive Officer. Mr. Zehner requested that additional items be submitted two weeks prior to the meeting.

Adjournment

Without objection, Chairman Jenkins adjourned the meeting at 10:25 A.M.

Approved this 19th day of November, 2004.

John Jenkins
Chairman

John Grzejka
Secretary

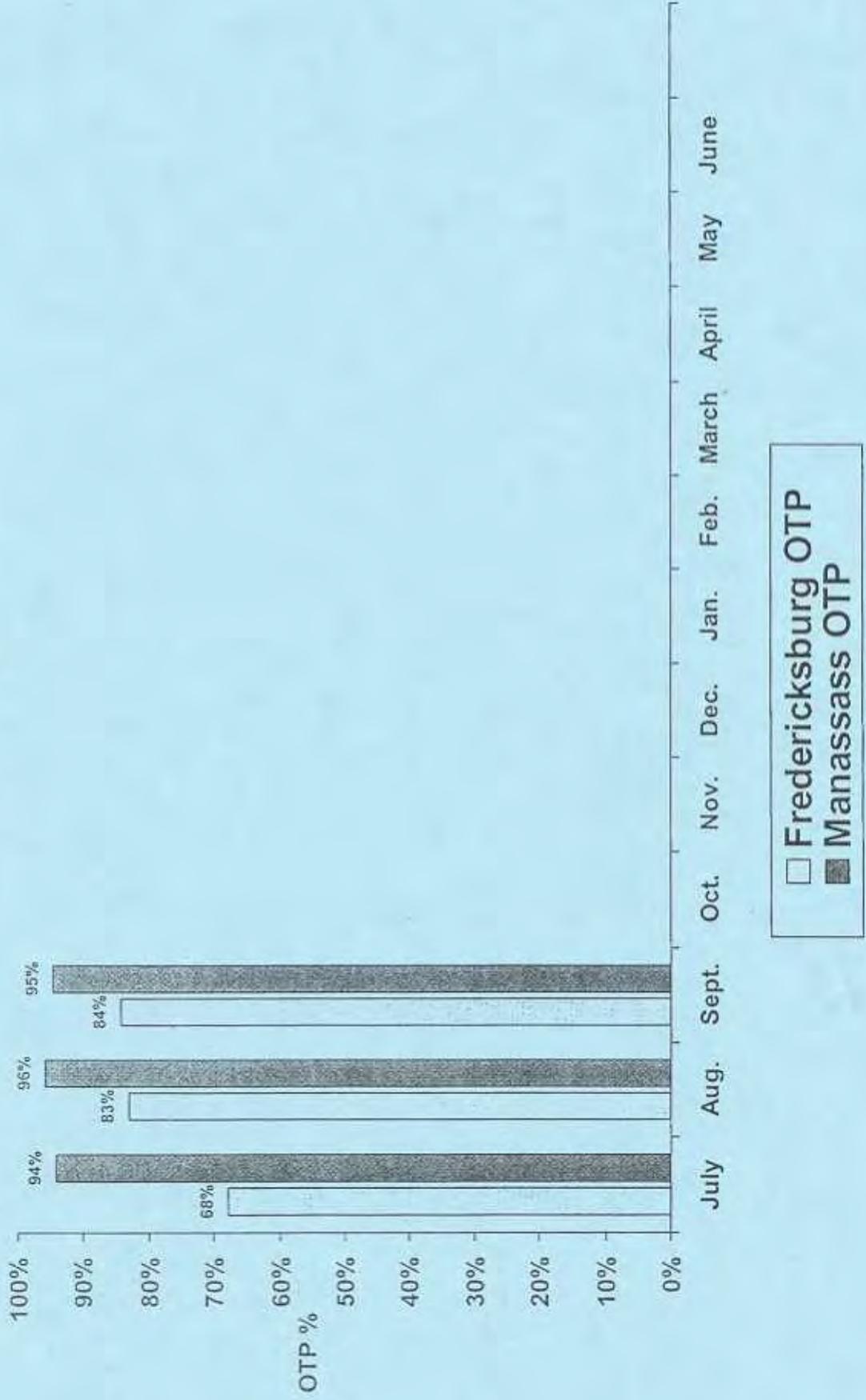
CERTIFICATION

This certification hereby acknowledges that the minutes for the October 15, 2004, Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.

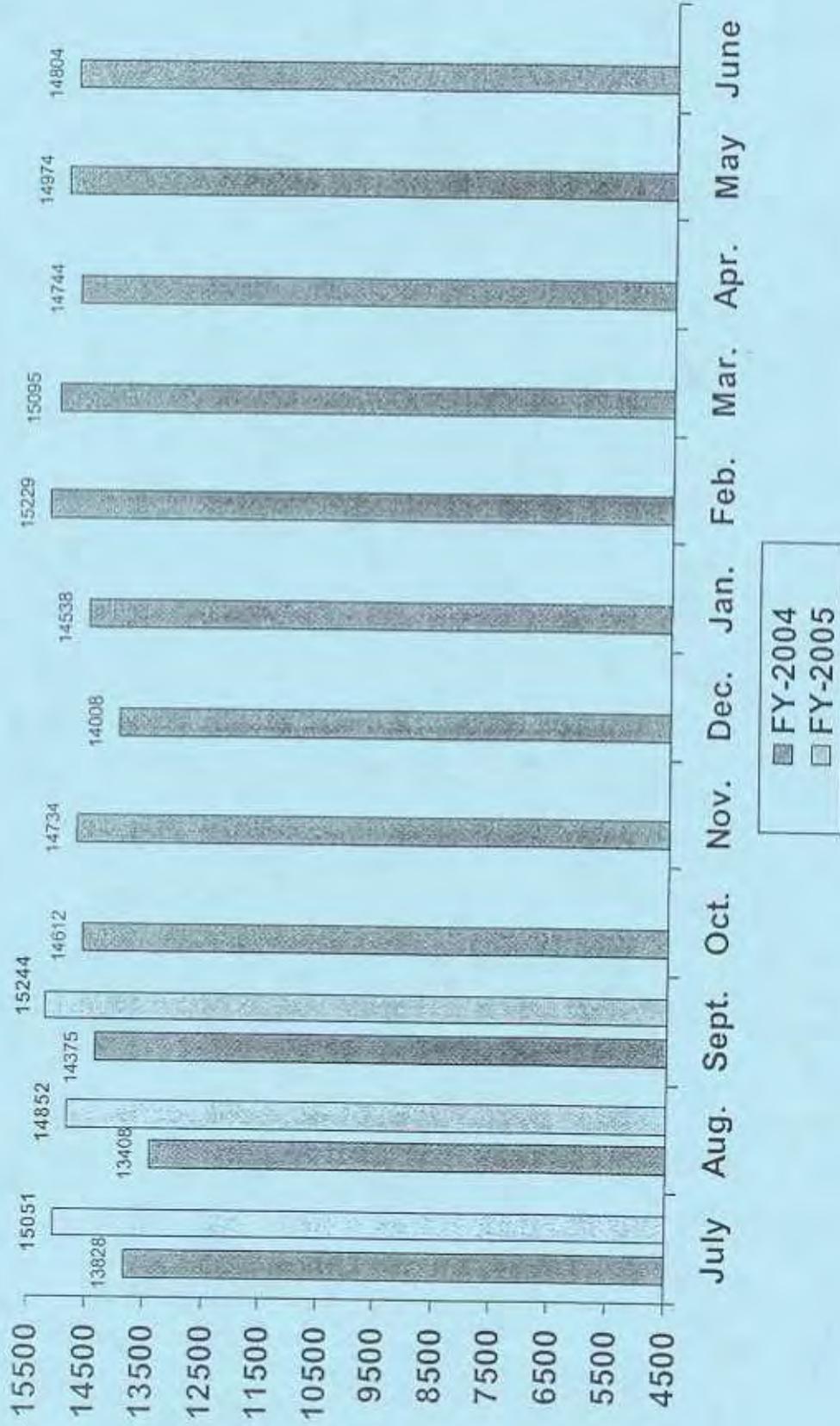
Rhonda Gilchrest

Rhonda Gilchrest

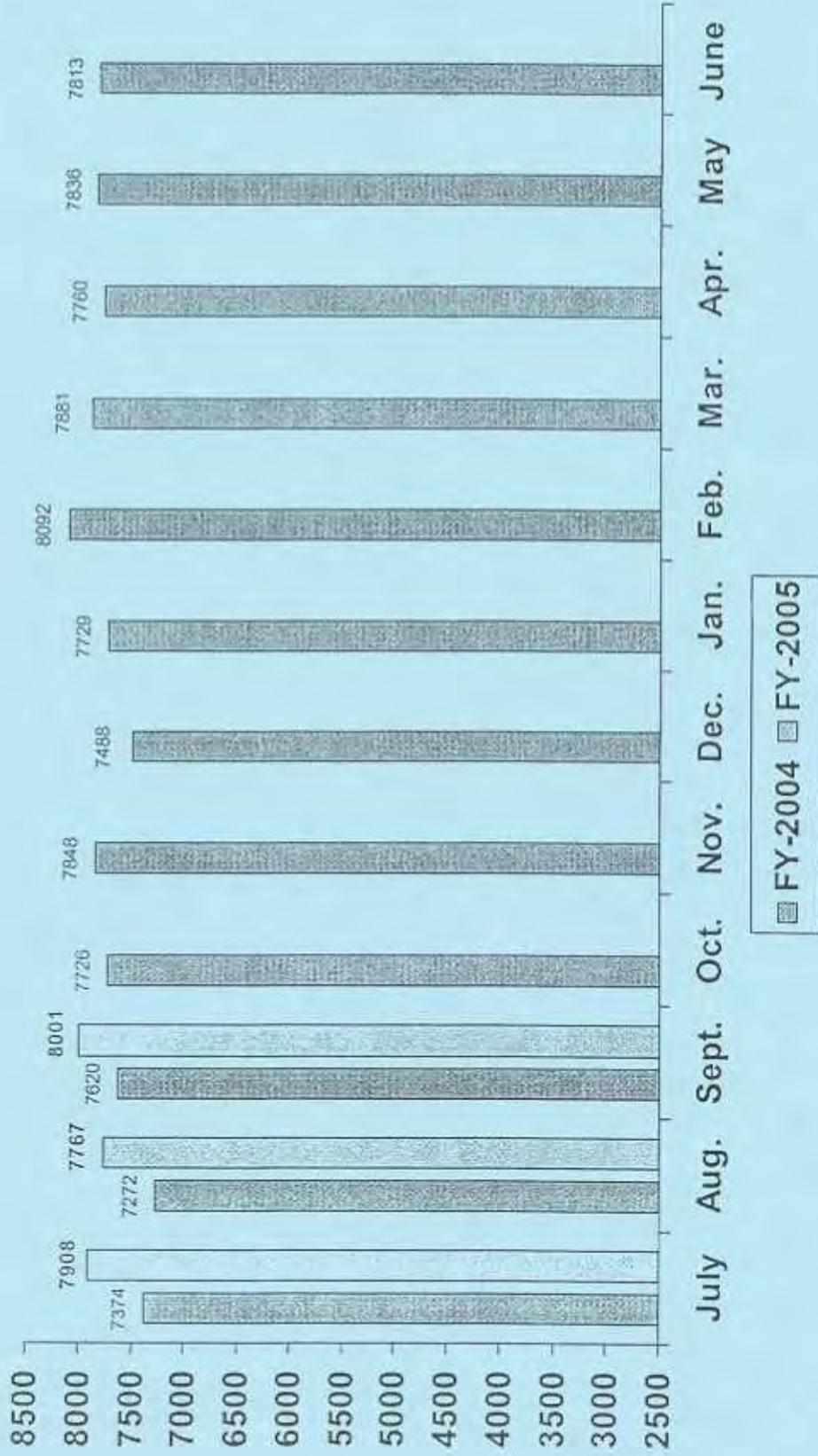
Average On-Time Performance FY-2005



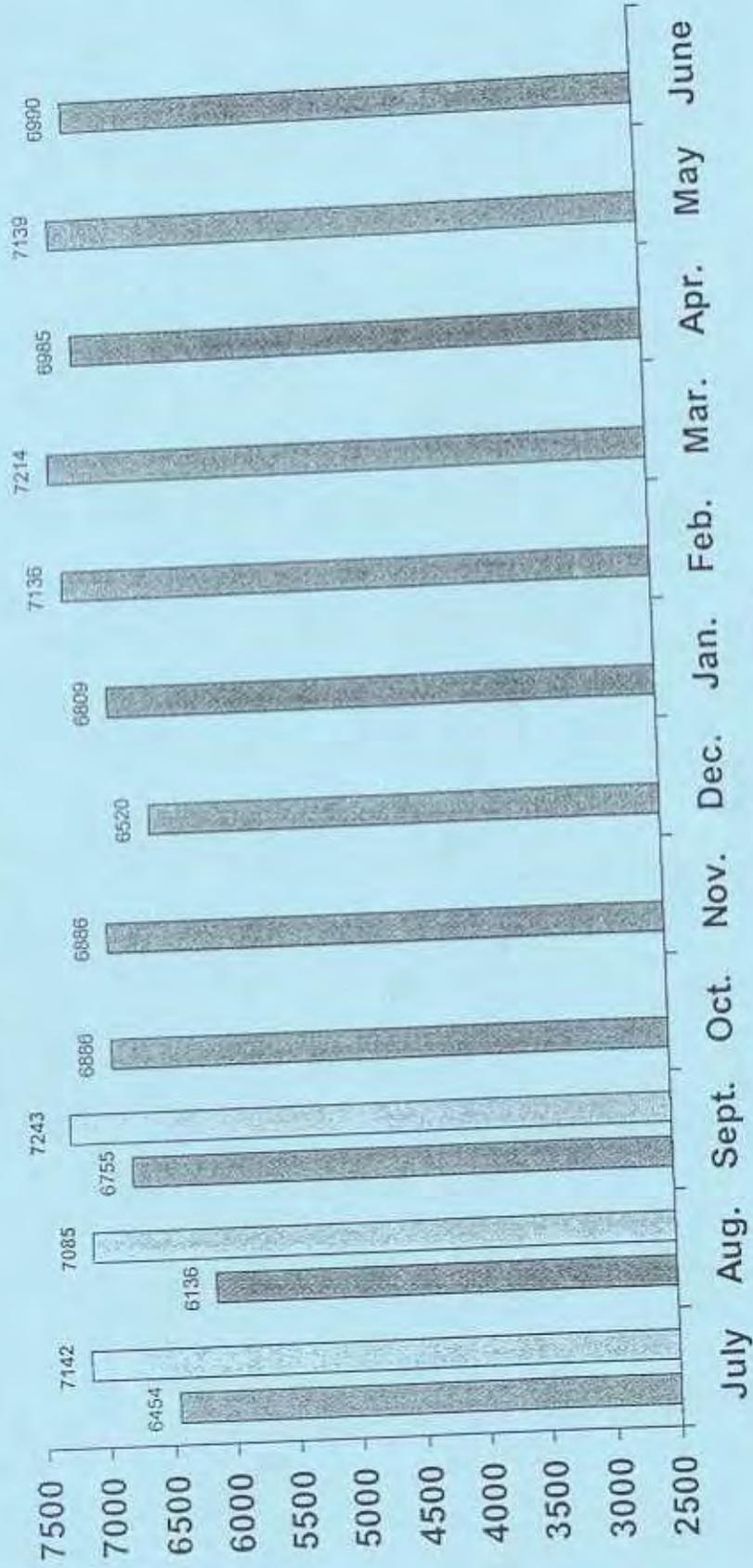
VRE Total Average Daily Ridership



VRE Average Daily Ridership Fredericksburg Line



VRE Average Daily Ridership Manassas Line



FY-2004 FY-2005



CHIEF EXECUTIVE OFFICER'S REPORT

October 2004

SEPTEMBER RIDERSHIP

Ridership has continued to grow during September 2004, even though nearly half of our peak trains are at or near capacity. Average daily ridership eclipsed September 2003 ridership numbers with an average of 15,300 trips per day. This equates to nearly 1,000 more daily riders on our trains than we had only one year ago. This continues the upward trend in ridership and is represented by significant jumps in our monthly averages. During September, we exceeded 15,000 average daily passenger trips fourteen times and 16,000 twice.

MONTHLY REVIEW OF RIDERSHIP	AVERAGE DAILY RIDERS
VRE September 2004 Average Daily Riders	15,300
VRE September 2003 Average Daily Riders	14,375
PERCENTAGE INCREASE	6.5%

Cumulatively, for the month of September, VRE made 336,600 passenger trips. Again, this is significantly higher than previously recorded September ridership numbers, and one of the highest monthly totals on record at VRE.

ON-TIME PERFORMANCE

On time performance for September continues to improve after most of the summer suffered through delays related to heat restrictions and weather conditions. The Manassas Line trains, at 95 percent on-time, continued to significantly outperform the Fredericksburg Line trains. The Fredericksburg Line continued to be weighed down by delays and was on time 85 percent of the time in September.

MONTHLY ON-TIME PERFORMANCE	ON-TIME PERCENTAGE
VRE September 2004 Fredericksburg OTP Average	85%
VRE September 2004 Manassas OTP Average	95%
VRE SEPT 2004 OVERALL ON-TIME PERFORMANCE	90%

The critical difference from previous months is that the principal cause for delays in September, especially on the Fredericksburg line, was the combination of switch and signal failures and

continued interference from freight trains. Almost 14 percent of all train delays we experienced during the month were a result of freight trains. These figures speak to a larger problem that we continue to address by working with VDRPT and CSX officials to make necessary improvements to the infrastructure in the corridor to reduce crowding. These infrastructure improvements, as outlined in the MOU, are designed to increase capacity on the system and will reduce the continual problems with switches and signals that seem to routinely cause difficulty to our operation. As cited below, the Quantico Bridge project, which is being managed by VRE, is under way and on schedule.

September 2004 Train Delays	REASON	TOTALS	PERCENT
	Signal/Switch Failure	11	22%
	Slow Orders	2	3%
	M/W	1	2%
	Train Interference	15	25%
	AMTRAK	5	33%
	Freight	8	53%
	VRE	2	14%
	Mechanical Failure	9	15%
	Late Turn	1	2%
	PAX Handling	2	3%
	Weather	13	22%
	Crew Related	0	0%
Other	3	5%	
TOTAL	59	100%	

Another leading cause of delays during September was the weather. The area was pounded with several heavy storms (affects of the many hurricanes last month). These delays are seen more frequently on the Fredericksburg line, accounting for as much as 30 percent of the delays.

As I have stated previously, VRE's on-time performance is one of the chief means by which our service is judged. On time performance is crucial to our continued customer satisfaction and system growth. We continue to work not only on the corridor improvements, but also with CSX management on ways to keep all trains on schedule. I believe that is evident in the increase in on-time performance we have seen these past few months.

QUANTICO BRIDGE

A preconstruction meeting was held on August 31, 2004 to kick off the construction phase of the Quantico Creek Bridge project. The general contractor (Abernathy Construction) began

having feet on seats.

JOINT AGENCY EMERGENCY RESPONSE DRILL

VRE will be hosting its annual emergency drill on Saturday, October 23 in conjunction with regional first responders. This year the drill will take place at our Broad Run station, and will simulate an incident involving a train and an airplane. The purpose of the emergency drill is to perform a test of emergency response capabilities, and to better educate emergency responders to the protocols of our equipment.

TRAFFIC IN REGION GETTING WORSE

Last month the 2004 Urban Mobility Report, published by the Texas Transportation Institute (TTI), was released and its findings illustrated what everyone in this area already knows – traffic is getting worse. The study highlighted that traffic is consuming more hours of the day, and affecting more travelers and shipments of goods than ever before.

Among the findings, the TTI study found that the average annual delay time per peak period traveler climbed from 16 hours in 1982 to 46 hours in 2002. Though the study found that Southern California remained the leader in congested highways, it did note that the Washington, DC metropolitan region was also blanketed with severe traffic congestion – placing it third on the list again this year.

The report also measured such things as mobility-improvement contributions made by public transportation. The study concluded that without public transportation, nationwide travel delays would increase by 32%, and cost residents and businesses an additional \$20 billion in lost time and fuel. So that nearly a lane and a half of traffic we remove from I-66 and I-95 daily during peak drive time really is making a tangible difference for this region.

FY 2005 APPROPRIATIONS BILL

Last week Congress approved a Continuing Resolution (CR) to assure the continuation of funding for all non-DOD federal agencies. The unfortunate thing about these CR funds for the federal agencies, such as the Department of Transportation, is that funding remains at the current FY 2004 level. In addition, CR's do not include any specific earmarks, as is included in the FY 2005 appropriations measure.

This particular CR is set to expire on November 20, so Congress will have to return to session after the election. At that time, Congress will either opt to simply pass another CR, rolling the matter into the new year, or decide to address the individual appropriation bills or a large multi-agency omnibus bill during the November session. Much of this will be determined by the results of the election, so we'll have to wait and see what course of action Congress takes on funding in November.

REAUTHORIZATION PUSHED AGAIN

On September 30th, Congress passed an eight-month TEA 21 short term extension bill. The bill authorizes funding for highway, and transit programs through May 31, 2005. There had been much discussion in the days prior to the vote that Congress would opt for another short term extension with the thought of addressing a six-year bill during the lame duck session after the election, but the likelihood of that now appears very slim. Thus, the passage of a new reauthorization bill in 2004 is effectively dead.

The eight-month extension is generally a carryover of previous extensions and once again, does not include any earmarked projects. On a more positive note, it does extend the budgetary firewalls and funding guarantees for one year. It authorizes \$24.5 billion for highways and \$5.2 billion for transit. Basically, these funding levels are on par with those from the FY 2004 cycle.

Congress is back in session this week (October 4) for a few final days before adjourning for the November election. Given the movement of this extension and the CR issued for transportation funding, no one should expect any further action on DOT appropriations, reauthorization bills, or the transit security bill.



Virginia Railway Express

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October 5, 2004

Henry Connor, Jr.
Chairman, Transportation Committee
County of Spotsylvania
13705 General Slocum Court
Fredericksburg, VA 22407

Dear Chairman Connor:

In response to the recent communication between the Virginia Railway Express and members of the Spotsylvania County Board of Supervisors, the Spotsylvania County Transportation Committee, as well as the County Administrator, I have prepared the following white paper on issues raised at the previous Transportation Committee meeting. The paper attempts to address the concerns expressed regarding Spotsylvania County's possible inclusion in the Virginia Railway Express system. In addition, in this letter I want to address a specific concern I have regarding our Spotsylvania ridership and parking.

As you may be aware, for the past twelve years Virginia Railway Express has been one of the most successful commuter rail operations in America, providing high quality public transportation for Northern and Central Virginia regions. Our goal is to ensure that all of our riders reach their appointed destinations safely, reliably, and efficiently. With the rapid growth in the past four years, VRE is now at capacity with both seats and parking. We are working to add seats by lengthening trains and increasing service when we are able, both of which require the acquisition of rolling stock with a funding plan involving all participating jurisdictions. However, stations and parking expansions have traditionally been funded by each jurisdiction on its own, recognizing that such investments are largely for the benefit of the "host" jurisdiction rather than the system at-large.

Currently, 92% percent of the people boarding at Fredericksburg are Spotsylvania residents. In the last five years, we have increased the number of parking spaces at the Fredericksburg station by 560 spaces. We have no funding available to increase the parking in Fredericksburg any further, and the City of Fredericksburg has made it clear that it will not support further parking expansion. This position reflects strong neighborhood sentiment in the vicinity of the Fredericksburg station that current parking accommodations are straining the area street system and any additional parking would be detrimental to the community.

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(703) 524-3322

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

Chairman Henry Conner
October 5, 2004
Page Two

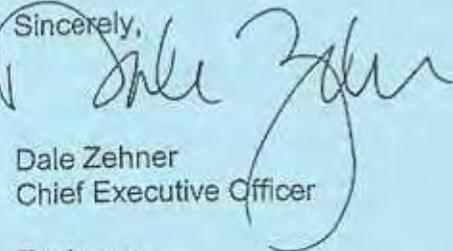
We continue to receive inquiries from Spotsylvania residents who want to ride VRE but are prevented from doing so by the lacking of available parking at the Fredericksburg station. We believe demand for VRE will continue to grow in the Fredericksburg and Spotsylvania areas and the only way to meet the continuing demand is to provide a VRE station in Spotsylvania County. The attached paper outlines potential methods for accomplishing this.

As you may know, VRE has wide reaching benefits for Northern and Central Virginia. We remove the equivalent of one lane of traffic each peak period from I-66 and I-95. Every trip a Spotsylvania resident takes on VRE removes approximately 60 miles of vehicle travel that would have otherwise occurred on I-95 and Route 1. This in turn reduces congestion on those roads and the arterials that feed them, while at the same time improving air quality.

Over time, we have seen countless successes and tremendous growth in our ridership, particularly in jurisdictions such as Spotsylvania County. I believe that an extension of VRE service into Spotsylvania County, made possible by a partnership between Spotsylvania County and the local jurisdictions currently sponsoring VRE, would be a "win-win" for all parties.

It is my hope that the attached paper will address the issues raised by the Board, the Committee, and the Administrator, but should any additional information be needed, please do not hesitate to contact either Mark Roeber or myself. We look forward to future discussions on this matter and to what will hopefully be a long and successful transportation relationship.

Sincerely,



Dale Zehner
Chief Executive Officer

Enclosure

cc: Alfred Harf, Executive Director, PRTC
Richard Taube, Executive Director, NVTC
Stephen A. MacIsaac, Esquire

POTENTIAL METHODS TO ACQUIRE VIRGINIA RAILWAY EXPRESS SERVICE

The eight jurisdictions that are currently part of VRE service contribute financial support and participate in the governance of the VRE system through two regional, multi-jurisdictional transit commissions. The eight jurisdictions are members of either the Northern Virginia Transportation Commission (NVTC) or the Potomac and Rappahannock Transportation Commission (PRTC). These commissions were created by the member local jurisdictions as permitted by the Commonwealth's Transportation District Act (§15.2-4500) and both receive the proceeds of a two percent local motor fuels tax on all fuel sold within their borders as a result of a provision in the Commonwealth's tax code (§58.1-1720). For NVTC's member jurisdictions, the two percent gas tax is entirely reserved for WMATA. In all of the cities and counties comprising PRTC, this levy raises a surplus of funds beyond what is currently needed for VRE; these funds are available for a variety of transportation projects (such the *FRED* system in Fredericksburg).

Should Spotsylvania County decide to join in VRE service, the County can choose from three alternatives, which are listed below.

1. Spotsylvania County could join the Potomac & Rappahannock Transportation Commission.

- A two percent motor fuels tax would automatically begin to be levied on motor fuel sold in Spotsylvania County
- The County would become a member of the PRTC governing body (requiring an amendment to the PRTC founding ordinance) and would participate in the PRTC appointment process to the VRE Operations Board. That process requires PRTC to annually appoint three VRE Operations Board voting members from among the PRTC members supplemented by alternates as PRTC sees fit.
- Spotsylvania County would assume its obligation for PRTC's administrative expense and for VRE's local operating subsidy in accordance with §15.2-4500, the PRTC Founding Ordinance, and the VRE Master Agreement. PRTC's administrative expense is allocated by law based on the proportionate fuel tax yields of each member jurisdiction. VRE's local operating subsidy is allocated by the VRE Master Agreement using a formula that weights the residency of riders at 90% and jurisdictional population at 10%.
- Spotsylvania County's projected motor fuels tax yield is expected to be substantially greater than the combined PRTC/VRE financial obligation, leaving net revenues available for the County to use as it sees fit for allowable transportation purposes. Conservative fuel tax revenue projections based on per capita yields in existing member jurisdictions

indicate that the annual yield in Spotsylvania would amount to about \$2.6 million per year.

- In contrast, Spotsylvania's financial obligation to PRTC and VRE (based on the FY 2005 budget and the use of the foregoing motor fuels tax projection) is \$50,000 and \$503,000, respectively, leaving over two million dollars of net revenue for the County to use for other transportation purposes.
- No legislative action on the part of the Commonwealth is required to join an existing commission.

2. Spotsylvania County could "purchase" VRE service in a "contract service" agreement negotiated with PRTC and NVTC.

- Such a "contract service" agreement would provide for the extension of VRE service to Spotsylvania County (Crossroads) under terms and conditions the parties negotiate – from the commissions' perspective, such terms and conditions could likely include:
 - A commitment by Spotsylvania County to bear a prescribed cost for the operation, calculated with consideration for the additional cost VRE would bear for this service and an allowance for the shared use of VRE's capital assets (e.g., trains).
 - Spotsylvania County bearing the capital costs associated with the extension as outlined above.
- Spotsylvania County would have no governing privileges on PRTC or VRE under a "contract services" agreement, and no PRTC administrative expense obligation. Nor would Spotsylvania County have a two percent motor fuels tax revenue stream to meet its VRE obligations because there would be no such tax in this alternative.
- No legislative action on the part of the Commonwealth is required to initiate contract service.

3. Spotsylvania also has the option to create its own transportation commission with or without other jurisdictions, with a statutory amendment to the Commonwealth's tax code permitting a two percent motor fuels tax to be levied in the third district. In this case there are two possible courses of action for implementing VRE service in Spotsylvania County:

- A "contract services" agreement as described above without representation on VRE's Operations Board, payable from the County's newly legislated two percent motor fuels tax; or

- A change to the VRE governing structure in which three commissions rather than the two as at present have appointment and governing privileges over VRE.
- The latter is the most complicated because it would necessitate a change to the VRE Master Agreement. A change to the VRE Master Agreement requires the unanimous assent of the signatories, and to date the signatories have been very reticent to entertain such changes.

VRE INITIAL COSTS, CAPITAL PROJECTS, & IMPROVEMENTS FUNDING

The "start-up capital costs" of VRE expansion to Spotsylvania County include the construction of a rail station and parking facility, as well the installation of a rail track siding leading to the station and a crossover north of the station. These costs mirror those that were incurred by member jurisdictions when service was established in 1992, and can be considered 40-year investments.

The initial costs to the County of expanding VRE could be offset by seeking public funds (state or federal) or by working to acquire proffers and support from local developers who would benefit from supporting additional transit options in Spotsylvania.

Capital Projects Required for VRE Service to Spotsylvania County (2003 Dollars)

Item	Description	Est. Cost
Construction of a basic station	Basic stations designs include at least a 600 foot platform, a 200 foot canopy partially covering the platform, lighting fixtures, benches, and other hardware.	\$2.5 million
Surface parking lot	1,000 space parking lot. Spotsylvania would also have the option, depending on land costs/availability, to build a parking deck or surface lot. A parking deck has a cost of roughly \$15,000 per space whereas a surface lot costs approximately \$5,000 a space.	\$5 million
Railroad infrastructure	Railroad siding and associated switches and crossovers. Length would be determined by distance of the proposed station from the main rail line.	\$4 million
	Estimated Total Cost	\$11.5 million

ANNUAL COSTS AND LOCAL SUBSIDIES FOR VRE

The annual costs of VRE service are primarily constituted by the expense of VRE operations: salaries, facilities, maintenance of the VRE system, and servicing financing for capital projects and major system improvements.

The cost of VRE service to jurisdictions is determined by first assessing the projected financial needs of VRE. Then, this cost is apportioned between the individual member jurisdictions through a formula that takes into account:

- The county's or city's population (given a 10% weight)
- The numbers of riders from that jurisdiction (given a 90% weight)
- And the "imputed fare revenue offset amount" (which credits more-distant counties and cities such as Spotsylvania by accounting for the greater distance and higher ticket cost that passengers from that farther municipality incur)

Based upon ridership figures from the most recent VRE ridership survey (October 2003), Spotsylvania's share of VRE operations cost would be approximately \$503,000 a year (assumes FY 2005 budgeted costs). With VRE's expansion into Spotsylvania, the number of Spotsylvania riders would increase due to growth in the county's commuting population and the easier access to VRE that a Spotsylvania extension would provide. Therefore, Spotsylvania's share of the VRE operations cost would grow with ridership growth.

INITIAL DEBT, SUBSEQUENT EXPANSION DEBT, AND SPOTSYLVANIA COUNTY'S RESPONSIBILITIES

Spotsylvania's responsibility for any debt incurred by the founding jurisdictions would have to be negotiated with the Commissions. However, future debt and financing for system needs (railcars, storage, etc.) will be assumed jointly by VRE's member jurisdictions. Often major system projects are largely financed by federal and state grants, earmarked funds, and other case-specific allocations. Necessary matching funds (*i.e.*, the 20% match necessary for federal earmarks) are borne jointly by the participating jurisdictions.



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(904) 359-1216 (Fax)

Michael J. Ward
Chairman, President
Chief Executive Officer

October 6, 2004

The Honorable Mark R. Warner
Governor
Commonwealth of Virginia
P.O. Box 1475
Richmond, VA 23318

Dear Governor Warner:

The issue of unspent state rail funds in the Washington to Richmond rail corridor came to your attention last week. Your statement suggests a high level of concern to expeditiously move the projects forward. As with most public issues, the facts and details surrounding these projects are very complex.

I was encouraged to find out today that we have reached agreement on all the outstanding issues and have forwarded a signed copy of the documents to VDRPT. I want to stress that despite the frustration about the length of time it has taken to complete the many steps needed to get to this point, we have negotiated in good faith throughout the process.

This agreement was the first of its kind for CSX, and many of the terms and conditions have set precedent that should make our business dealings easier in the future. Most importantly, now that we have a master construction agreement in place, we can cover new projects under the master agreement for the foreseeable future without having our lawyers split hairs over the vast majority of the terms and conditions that have contributed to the delays.

I can assure you that CSX is committed to learning from this experience and will work together with you to improve the process from both sides. We want to work together in the future for the good of both parties. However, it's also important to know that CSX has issues separate and apart from this agreement that also need to be discussed in the context of our relationship moving forward.

My travels take me to Washington on a regular basis, and perhaps the next step is to stop off in Richmond and meet personally with you to establish a common set of expectations and set the tone for our relationship. Our meeting could be followed by more in-depth discussions with senior representatives from CSX and the Commonwealth. I have asked Ellen Fitzsimmons, our Executive Vice President and one of the most senior officers in the company, to lead the CSX team.

The Honorable Mark R. Warner
October 6, 2004
Page 2

I sincerely hope this gives you a clear signal that we are committed to strengthening the positive and productive relationship that has existed between CSX and the Commonwealth for many years. Rob Shinn has spoken very highly of you on many occasions and I look forward to establishing a mutually beneficial relationship that we both can embrace for many years to come.

With best regards,

cc: Whitt Clement
Karen Rae

A handwritten signature in cursive script that reads "Michael".



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 Rain today: 0.00 in
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A publication of
The Free Lance
 Wednesday, Oct 13, 2004

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State upset over CSX delay on rail upgrades

State officials upset over CSX's failure to begin rail improvements between Richmond and Washington

By THE ASSOCIATED PRESS

Date published: 10/1/2004

RICHMOND--Gov. Mark R. Warner and other state officials expressed exasperation yesterday over CSX Corp.'s delays in breaking ground on \$65.7 million in rail improvements that the General Assembly authorized four years ago.

"What is surprising and frustrating is the reluctance of CSX to make this more of a priority, because there are other viable rail projects in Virginia that could make ample use of \$65.7 million in a time of limited state transportation resources," Warner said in a statement.

The state funding would help ease rail traffic between Richmond and Washington, a heavily traveled and often congested corridor. State rail officials said they could not explain why CSX had not begun the work, since the improvements benefit not only Virginia Railway Express and Amtrak passengers but also the railroad's freight customers.

"We're talking four years to get something going, and that just seems like too much time," said Karen Rae, director of the Virginia Department of Rail and Public Transportation.

Before the work can start, Virginia and CSX officials must agree on several issues, including the additional liability coverage the railroad wants the state to assume. Jacksonville, Fla.-based CSX also says it has been dealing with widespread damage from recent hurricanes and tropical storms in the Southeast.

"People who would otherwise be able to focus on this particular issue have in fact had to work on problems caused" by the storms, Bob Sullivan, a spokesman for the railroad, said yesterday.

The funding would pay for several crossover improvements along the 100 miles of track between Richmond and Washington. In some areas, such as Franconia and possibly Fredericksburg, a third track would be built to help

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ease congestion.

North of Fredericksburg, only one railroad track crosses Quantico Creek, causing major backups daily for VRE, Amtrak and freight.

VRE hired a contractor this summer to build a second crossing, paid for with \$26 million in state and federal funds, but hang-ups with CSX have stalled the project.

After the upgrades are finished, the tracks will be able to accommodate four more VRE commuter trains, another Amtrak train and up to 15 additional freight trains, Rae said.

Local communities and state governments have a history of battling CSX over the condition of its facilities.

Stafford County Supervisor Kandy Hilliard has been after CSX for years to fix two bridges. One, a deteriorating span on Brooke Road, has occasionally dropped chunks of concrete onto cars traveling beneath it.

The other, a section of Courthouse Road that travels over CSX tracks, is in such poor condition that heavy vehicles--garbage trucks, moving vans and the like--are prohibited from traveling into the neighborhood beyond the bridge.

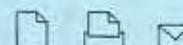
Fredericksburg officials have repeatedly asked CSX to take better care of the four railroad bridges that cross over Charles, Princess Anne, Caroline and Sophia streets. Former City Councilman Joe Wilson once had the city send a chunk of fallen concrete from one of those bridges to CSX headquarters.

And in Alexandria, the City Council posted CSX's office number on large signs near the crumbling King Street bridge before the company--tired of all the phone calls--contributed money for the bridge's rehabilitation.

In Delaware last year, the state transportation department closed three CSX bridges that carried cars over railroad tracks because officials deemed them unsafe. In Charleston, W.Va., officials negotiated with CSX for seven years before the company agreed to help fix a bridge ramp in 1998.

Staff Writer Edle Gross contributed to this report.

Date published: 10/1/2004



Local News Updates:

- Town curbs prayers
(Wednesday, 01:09, The Free Lance-Star)
- Search for boy intensifies
(Wednesday, 01:09, The Free Lance-Star)
- Sniper ruling no bar to trial
(Wednesday, 01:09, The Free Lance-Star)
- Enrollments rise
(Wednesday, 01:08, The Free Lance-Star)
- Police, Marines search Spotsylvania for missing boy
(Tuesday, 23:40, The Free Lance-Star)
- Search continues for missing 3 year old

AP News Updates:

- VP Candidates Slug It Out Over Iraq, Jobs
- Report May Undercut Bush's Iraq Rationale
- AP: Iran Takes Steps to Enrich Uranium
- U.S., Iraqi Forces Seal Off Insurgents
- Congress Speeds Up 9/11 Legislation Vote
- Israelis, American Win Nobel for Chemistry
- Comic Rodney Dangerfield Dies at Age 82

CSX Force Account Services for Quantico Creek Bridge

The VRE Operations Board recommends approval of Resolution #1049. This resolution authorizes VRE's CEO to enter into an agreement with CSXT to undertake track improvements for the Quantico Creek Bridge Project. The maximum cost is \$4,671,000, including contingency, using state and federal grants. CSXT requires that it perform this work to design and construct the track signal system for the bridge and the new interlocking at North Possum Point.

RESOLUTION #1049

SUBJECT: CSX Force Account Services for Quantico Creek Bridge.

WHEREAS: In order to alleviate the bottleneck condition at Quantico Creek, a new mainline track bridge over Quantico Creek must be constructed;

WHEREAS: The Virginia Railway Express, in collaboration with CSXT and DRPT, has completed the design for a new double track bridge over Quantico Creek; and

WHEREAS: In order for the bridge project to be completed, CSX Transportation requires that certain portions of the work be performed under its direct supervision.

NOW, THEREFORE BE IT RESOLVED the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to enter into an agreement with CSX Transportation for construction associated with the Quantico Creek Bridge Project at a price not to exceed \$4,671,000 including contingencies.

Approved this 4th day of November, 2004.

William Euille
Chairman

Gerald Connolly
Secretary-Treasurer



Virginia Railway Express Operations Board

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AGENDA ITEM 9-A ACTION ITEM

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: OCTOBER 15, 2004

**RE: AUTHORIZATION TO ENTER INTO AN AGREEMENT WITH CSX
TO PROVIDE FORCE ACCOUNT SERVICES ASSOCIATED WITH
THE QUANTICO CREEK BRIDGE PROJECT**

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions authorize the VRE Chief Executive Officer to enter into an agreement with CSX Transportation to provide work related to track construction associated with the Quantico Creek Bridge Project. This agreement commits VRE to reimburse CSX Transportation for expenses incurred including contingencies in the amount of not more than \$4,671,000.

BACKGROUND:

As required in the MOU with CSX Transportation and in order to alleviate the bottleneck condition at Quantico Creek, a new mainline track bridge over Quantico Creek must be constructed. Design for the bridge has been completed and the construction contract was awarded in July as authorized at the May Operations Board meeting.

In order for the bridge project to be completed, CSX Transportation requires that certain portions of the work be performed under its direct supervision (force account work). Under the force account scope, CSX will provide track materials and design and construct the track signal system for the bridge and the new interlocking at North Possum Point just north of the Quantico Creek.

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Board action is required at this time to enter into an agreement with CSX Transportation to provide work related to track construction associated with the Quantico Creek Bridge Project.

FISCAL IMPACT:

Funds for the construction phase of this project are included in VRE's Capital Improvement Program (CIP) as part of the Quantico Bridge project. Funding is made up of FY 2001, 2002 and 2003 federal and state grants. Local match is being provided by the Virginia Department of Rail and Public Transportation.

Modify Lease Agreement with RailWorld Locomotive Leasing LLC.

VRE's Operations Board recommends approval of Resolution #1050. This resolution authorizes VRE's CEO to modify an existing lease with RailWorld Locomotive Leasing LLC to add one locomotive at a price not to exceed \$76,650, annually, for a term of two years plus an option for two additional years. This transaction will provide a replacement for a locomotive that suffered a "catastrophic failure" on August 27, 2004. Funds are available in VRE's FY 2005 operating budget.

RESOLUTION #1050

SUBJECT: Modify Lease Agreement with RailWorld Locomotive Leasing LLC.

WHEREAS: VRE is seeking to modify an existing lease with RailWorld to add one EMD F-40 locomotive to replace the one that suffered a catastrophic engine failure; and

WHEREAS: VRE currently leases two other F-40 locomotives from RailWorld and is building a parts inventory to support this type of locomotive.

NOW, THEREFORE BE IT RESOLVED the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to modify an existing lease agreement with RailWorld Locomotive Leasing LLC to add one locomotive at a price not to exceed \$76,650 per unit annually, with a term of two years and an option for two additional years.

Approved this 4th day of November, 2004.

William Euille
Chairman

Gerald Connolly
Secretary-Treasurer



Virginia Railway Express Operations Board

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AGENDA ITEM 9-B ACTION ITEM

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: OCTOBER 15, 2004

**RE: AUTHORITY TO MODIFY A LEASE AGREEMENT WITH
RAILWORLD LOCOMOTIVE LEASING, LLC. TO ADD THE
LEASE OF ONE EMD LOCOMOTIVE**

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions authorize the VRE Chief Executive Officer to modify an existing lease agreement with RailWorld Locomotive Leasing, LLC to add one locomotive at a price not to exceed \$76,650 per unit annually. The lease agreement would be for a term of two years with an option for two additional years.

BACKGROUND:

VRE currently leases two locomotives from RailWorld. Until recently, a third locomotive of the same type was also being leased. That locomotive, V31, was under lease since May of 2000. On August 27, 2004, it suffered a catastrophic failure to its main engine and was removed from the VRE lease. VRE must replace this unit as it is needed for revenue service. As such, RailWorld is now proposing to replace the engine in that locomotive and upgrade the unit to make it equivalent to the other two engines leased by VRE. This unit, following engine replacement and acceptance by VRE mechanical advisors will be guaranteed to meet all manufacturer specifications for a price of \$76,650 annually (\$210 per day) for a period of two years with a two-year option to extend.

FISCAL IMPACT:

Funding is provided in the FY 2005 Operating Budget.

GEC IV Task Order for Access to Washington Union Terminal

VRE's Operation Board recommends approval of Resolution #1051. This resolution authorizes VRE's CEO to award a task order from the fourth General Engineering Contract to DMJM Harris for review and analysis of provisions proposed by Amtrak for long-term access to Washington Union Terminal. Funds not to exceed \$101,191 are available in VRE's FY 2005 operating budget.

RESOLUTION #1051

SUBJECT: GEC IV Task Order for Access to Washington Union Terminal.

WHEREAS: Amtrak has agreed to negotiate a long-term (30-year) agreement with VRE for access to facilities in Washington Union Terminal and mid-day storage of VRE trainsets within the terminal;

WHEREAS: Amtrak has proposed a modified cost allocation methodology and updated the basis for its actual costs, for the purpose of calculating the VRE access and storage fee; and

WHEREAS: Analysis of the new methodology is necessary before VRE continues the negotiations with Amtrak.

NOW, THEREFORE BE IT RESOLVED the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to award a task order to DMJM Harris for the review and analysis of the Washington Union Terminal access provisions proposed by Amtrak in an amount not to exceed \$101,191, including a 15 percent contingency.

Approved this 4th day of November, 2004.

William Euille
Chairman

Gerald Connolly
Secretary-Treasurer

CONSENT AGENDA ITEM 8-E
ACTION ITEM

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: OCTOBER 15, 2004

**RE: AUTHORIZATION TO AWARD A TASK ORDER UNDER THE
GEC IV CONTRACT FOR THE REVIEW AND ANALYSIS OF
ACCESS PROVISIONS TO WASHINGTON UNION TERMINAL**

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to award a task order to DMJM Harris for the review and analysis of the Washington Union Terminal (WUT) access provisions proposed by Amtrak. This task order is being requested in an amount not to exceed \$87,993, plus a 15 percent contingency of \$13,198, for a total of \$101,191.

BACKGROUND:

Amtrak has agreed to negotiate a long-term (30 year) agreement with VRE for access to facilities in Washington Union Terminal and mid-day storage of VRE trainsets within the terminal. Based on the analysis authorized by the Operations Board last year, Amtrak has proposed a modified cost allocation methodology and updated the basis for its actual costs, for the purpose of calculating the VRE access and storage fee.

To adequately assess the proposed change in access fees by Amtrak, an analysis is required to determine the fairness and reasonableness of the Amtrak proposal. The proposed task order to complete this work has several elements:

1. Audit the proposed cost allocation and back-up data provided by Amtrak, identifying items that are inappropriate or miscalculated.
2. Based on current industry standards and practice, identify and evaluate alternative cost allocation methods and cost drivers and provide an alternative cost allocation method if appropriate.
3. Perform cost sensitivity analyses with respect to future conditions that might change the cost of running the terminal or change the relative usage of terminal facilities among the users.
4. Document findings and attend a limited number of review meetings with VRE and Amtrak staff.

The consultant will have a draft report by December 31, 2004. This analysis is necessary to continue the negotiations with Amtrak.

FISCAL IMPACT:

Funds for this project are included in VRE's Operating Budget.

GEC IV Task Order for Fleet Maintenance Strategy and Yard Requirements

VRE's Operations Board recommends approval of Resolution #1052. This resolution authorizes VRE's CEO to award a task order to Parsons Brinckerhoff Quade and Douglas under VRE's fourth General Engineering Contract to develop a detailed fleet maintenance strategy. The report will include the necessary associated physical improvements at VRE's yards. The cost will not exceed \$279,400 of CIP federal grant funds, including a 10 percent contingency.

RESOLUTION #1052

SUBJECT: GEC IV Task Order for Fleet Maintenance Strategy and Yard Requirements.

WHEREAS: VRE's fleet is growing and pressure from Amtrak to move the maintenance functions to the outlying yards is mounting;

WHEREAS: It is necessary for VRE to have a detailed fleet maintenance plan that includes yard requirements; and

WHEREAS: Parsons, Brinckerhoff, Quade and Douglas (PBQ&D) completed a high level analysis of these issues as part of the Phase 2 VRE Strategic Plan and is uniquely qualified to do this more detailed analysis.

NOW, THEREFORE BE IT RESOLVED the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to award a task order to PBQ&D for the development of a detailed fleet maintenance strategy and associated yard requirements, with the cost not to exceed \$254,000 plus a 10 percent contingency of \$25,400, for a total of \$279,400.

Approved this 4th day of November, 2004.

William Euille
Chairman

Gerald Connolly
Secretary-Treasurer

AGENDA ITEM 9-F
ACTION ITEM

TO: CHAIRMAN JENKINS AND THE VRE OPERATIONS BOARD

FROM: DALE ZEHNER

DATE: OCTOBER 15, 2004

**RE: AUTHORIZATION TO AWARD A TASK ORDER UNDER THE
GEC IV CONTRACT FOR THE DEVELOPMENT OF A DETAILED
FLEET MAINTENANCE STRATEGY AND ASSOCIATED YARD
REQUIREMENTS**

RECOMMENDATION:

The VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to award a task order to Parsons, Brinkerhoff, Quade and Douglas (PBQ&D) for the development of a detailed fleet maintenance strategy and associated yard requirements. This task order is being requested in an amount not to exceed \$254,000, plus a 10 percent contingency of \$25,400, for a total of \$279,400.

BACKGROUND:

As VRE's fleet grows, and pressure to move the fleet maintenance functions to the outlying yards mounts, it becomes increasingly necessary to have a detailed maintenance plan for VRE. This task will provide additional concept development and costing work that will be helpful in identifying the appropriate and necessary level of investment in these facilities, defining specific fleet storage and investment projects for the CIP, and quantifying the benefits of the projects and the costs of not implementing or deferring them.

PBQ&D completed a high level analysis of these issues as part of the Phase 2 Strategic Plan. As such, they are uniquely qualified to do this more detailed analysis.

FISCAL IMPACT:

Funds for the project are included in VRE's Capital Improvement Program (CIP) as part of the capital fleet expansion project. Funding is through a FY 2003 federal grant. The local match is provided for using state and local funds.