

MINUTES
NVTC COMMISSION MEETING – DECEMBER 6, 2007
NVTC CONFERENCE ROOM – ARLINGTON, VIRGINIA

The meeting of the Northern Virginia Transportation Commission was called to order by Secretary-Treasurer Zimmerman at 8:21 P.M.

Members Present

David Albo
Chip Badger
Sharon Bulova
Gerald Connolly
Adam Ebbin
Paul Ferguson
Jay Fisette
Catherine M. Hudgins
Dana Kauffman
Dan Maller (alternate, city of Falls Church)
Elaine McConnell
Scott Silverthorne
Paul Smedberg
Mary Margaret Whipple
Christopher Zimmerman

Members Absent

Eugene Delgaudio
Jeannemarie Devolites Davis
William D. Euille
Joe May
Thomas Rust
David F. Snyder

Staff Present

Rhonda Gilchrest
Scott Kalkwarf
Steve Maclsaac (VRE)
Adam McGavock
Elizabeth Rodgers
Jennifer Straub (VRE)
Richard K. Taube
Dale Zehner (VRE)

NVTC Minutes of November 1, 2007 Meeting

Mr. Connolly moved, with a second by Mr. Smedberg, to approve the minutes. The vote in favor was cast by commissioners Badger, Bulova, Connolly, Ferguson, Fiset, Hudgins, Kauffman, Maller, McConnell, Silverthorne, Smedberg, Whipple and Zimmerman.

FY 2007 NVTC and VRE Audited Financial Statements

Mr. Kalkwarf introduced Mike Garber and Dwight Burbaker from NVTC's audit firm, PBGH, LLP. Mr. Garber reported that they met with the Executive Committee and provided a more detailed report. PBGH, LLP is the audit firm for NVTC, PRTC and VRE. Mr. Garber stated that NVTC received an unqualified audit and did not receive a management letter. There were no audit adjustments needed. In response to a question from Mr. Connolly, Mr. Garber stated that NVTC received a very clean audit.

Mr. Connolly moved, with a second by Mrs. McConnell, to accept the audit statement and authorize staff to provide the audited financial statements and associated audit reports to a distribution list of regulatory agencies, bond holders and interested individuals, to post them on the respective NVTC and VRE websites and to provide links to those web locations to reduce copying and mailing costs. The vote in favor was cast by commissioners Badger, Bulova, Connolly, Ferguson, Fiset, Hudgins, Kauffman, Maller, McConnell, Silverthorne, Smedberg, Whipple and Zimmerman.

VRE Items

Report from the VRE Operations Board and VRE's Chief Executive Officer. Mr. Zehner announced that this upcoming Saturday (December 8th) is the Santa Train, which has been an annual VRE event for the last 12 years. He invited commissioners to contact VRE staff if they would like tickets. Mrs. Bulova stated that the Santa Train is very popular and her office is one of the locations where people can buy tickets and tickets sell out within the first hour.

Mr. Zehner stated that VRE ridership continues to increase and is up three percent compared to last year at this time. November is the fifth consecutive month that ridership has increased. He also reported that VRE recently completed the MOU with Kettler Corporation, which is the developer for Cherry Hill. The MOU allows VRE to match up rail enhancement funds to start the project (which will provide a third track from Arkendale to Cherry Hill and build a station at Cherry Hill). Mr. Kauffman stated that it would be helpful for the VRE Operations Board to have a discussion about the Cherry Hill station in light of the competing interests for BRAC jobs.

Delegate Albo arrived at 8:30 P.M.

Amendments to VRE's Insurance Fund Agreement and Agreement for the Management of the Liability Insurance Plan. Mr. Taube reminded commissioners that a summary of the final changes was emailed to them yesterday. Mrs. Bulova stated that the VRE Board recommends approval of Resolution #2083, which would authorize VRE's CEO to amend the two agreements. The amendments clarify the intent of the commissions to provide coverage for specific incidents involving currently named freight railroads.

In response to a question from Mr. Zimmerman, Mr. Badger responded that DRPT is not opposed to this action.

Mrs. Bulova moved, with a second by Mrs. McConnell, to approve the resolution (copy attached). The vote in favor was cast by commissioners Albo, Badger, Bulova, Connolly, Ferguson, Fisette, Hudgins, Kauffman, Maller, McConnell, Silverthorne, Smedberg, Whipple and Zimmerman.

Delegation of Authority to the VRE Operations Board. Mrs. Bulova reported that the VRE Operations Board recommends approval of Resolution #2084, which would adopt the final phase of a delegation of authority plan, as amended, from the commission to the VRE Operations Board. The revised plan would take effect on July 1, 2008. The plan would allow the VRE Board to approve expenditures of any amount (the current limit is \$1 million) as long as the item is in the approved budget. There are, however, several actions reserved for the commissions in the Master Agreement and in the amended delegation plan, including the following:

- Amendments to the Master Agreement
- Hiring and termination of the Chief Executive Officer
- State and federal grant applications
- Approval of legislative agenda
- Approval of strategic plan
- Sale or purchase of real property and equipment in the commissions' names
- Other major policies such as terms for new entrants
- Other actions reserved for the commissions by the Master Agreement, such as approving annual budgets/six-year financial plans.

Mr. Connolly stated that he supports the motion; however, it is important to note that by approving this item, the commission is in no way giving up its right to call up any item for review. Mr. MacIsaac explained that there is a process for the commissions to do so. Mr. Connolly stated that the commission does not want to be surprised by issues. In the end, the commissions are ultimately

responsible. Mr. MacIsaac stated that the commissions could revoke the delegation of authority at any time. Mr. Zimmerman stated that NVTC should receive periodic reports. Mrs. Bulova reviewed the process in more detail, in which NVTC and PRTC executive directors have an opportunity to review the VRE Operations Board agendas, the agenda will be available to the public, and Mr. Zehner will continue to attend the commission meetings to provide updates.

The commission then voted on the motion and it passed. The vote in favor was cast by commissioners Albo, Badger, Bulova, Connolly, Ferguson, Fiset, Hudgins, Kauffman, Maller, McConnell, Silverthorne, Smedberg, Whipple and Zimmerman.

FY 2009 VRE Budget Issues. Mrs. Bulova reported that at its last meeting the VRE Operations Board considered a presentation from VRE's CEO regarding the FY 2009 budget. There is an anticipated budget shortfall, which is the result of increased fuel costs, purchase of locomotives, and other factors. The Operations Board discussed a VRE staff proposal that would finance the FY 2009 VRE budget in part with a direct contribution of \$25 million from NVTA to be spent primarily on restoring the insurance trust (\$6.6 million), procuring new locomotives (\$16 million), adding new train service to both lines (\$1.2 million) and the balance to be used within the NVTA jurisdictions for capital improvements (\$700,000). A majority of the VRE Operations Board agreed with the recommendation and asked staff to prepare a letter to the NVTA jurisdictions to that effect. The Board also asked that the issue be discussed by the commissions. This approach would provide that no fare increase would be needed. VRE staff has prepared two separate budgets, one with the \$25 million and one without.

Mr. Connolly stated that the NVTA jurisdiction attorneys have made the point that there is not an earmark for VRE in the statute, although there is a direction. There is a hierarchy of needs to be met. Although unlikely, if the economy plummets, there's no guarantee that money would go to Metro or VRE. NVTA attorneys also have concerns that VRE's approach would be a technical violation of the statute because the funds would benefit non-NVTA jurisdictions. Finally, this is to be decided by NVTA and has not been delegated to VRE. Mrs. Bulova stated that the VRE Operations Board understands this but felt that the board had the responsibility to say how the funds would be used.

Senator Whipple stated that it is likely that the transportation legislation (HB3202) will be revisited this year during the General Assembly session. It was the definite intent of HB3202 legislation that \$50 million would go to Metro and \$25 million to VRE. The bonding limits may need to be changed if Metro and VRE funds are in jeopardy. Delegate Albo stated that it was his understanding that the funds would be used for capital improvements. Using the funds for insurance is not very palatable. Mrs. Bulova agreed but stated that VRE is being pressed by the Division of Risk Management to restore the insurance trust fund.

Mrs. Bulova acknowledged that by applying the funds systemwide for the insurance trust fund and locomotives, there would be a benefit to non-NVTA members. The Operations Board felt that the purpose of VRE is to take cars off the road and provide a mass transit option for the region. Mr. Zimmerman stated that on the one hand, it would be silly to say that VRE needs to spend the money in a way that absolutely no one who lives in a non-NVTA jurisdiction would benefit. On the other hand, there is the question of how the NVTA funding affects the relative shares of jurisdictions for their VRE subsidies.

In response to a question from Mr. Fisette, Mr. Maclsaac provided his interpretation of the NVTA statute, which carves out the 40 percent split that goes back to the NVTA jurisdictions, with the next distribution going for debt service, and the next providing \$50 million to Metro and \$25 million to VRE. Mr. Zimmerman stated that there is absolutely nothing that suggests that NVTA will bond out everything so there would be no money left for Metro and VRE. Mr. Connolly stated that if the economy stalls, it could be an issue. Mr. Zimmerman stated that he does not think that a modest drop in revenues will reduce the earmark. To some degree, this is a financial management issue. It is also a technical question, but it is not a problem requiring the legislation to be rewritten. He does not want people thinking that the \$25 million is not going to be there for VRE. It is fair, however, to look at how the \$25 million will be spent.

Delegate Ebbin arrived at 9:00 P.M. and joined the discussion.

In response to a question from Mr. Zimmerman, Mr. Connolly stated that it is his understanding that the estimate of benefit to non-NVTA jurisdictions would be \$1.3 million under VRE's proposed use of the funds. Mr. Zehner stated that when the two versions of the budget are compared, it would lower Stafford and Fredericksburg's subsidy by \$1.3 million. Mr. Connolly stated that this is what the attorneys object to since it is basically transferring money from those that have to pay the taxes within NVTA jurisdictions to non-NVTA members who are not paying the taxes. Mr. Zimmerman stated that this is a fair concern and there should be a way to account for the funds and not cross subsidize.

Mr. Connolly stated that he accepts Mrs. Bulova's argument that there would be a general benefit to NVTA members even though it ultimately also benefits non-NVTA members as well. This rationale may be compelling, but he warned that the attorneys feel strongly that it is not consistent with the statute. Mr. Maclsaac stated that the statute is not clear on the "to benefit" issue, because it only states that it is to benefit NVTA jurisdictions. He agreed that an argument can be made that it is up to NVTA to determine what "benefit" means.

Mr. Zimmerman stated that the fact that Stafford County's VRE bill goes down as a result is a different issue than if a Stafford rider benefits from extra locomotives. Mrs. McConnell stated that it is important to look at Metro's history. Metro would not be here today if the region did not work together to support it .

Mr. Zehner stated that VRE staff must submit a budget to the Operations Board by December 21, 2007. There will be two versions—one with the NVTA funding and one without. There also may be a way to accommodate some of the concerns made during this discussion. Mr. Connolly stated that it is important to do it right, because NVTA needs to protect itself from lawsuits.

Mr. Taube stated that NVTA has an adopted process that was followed in the beginning in which NVTA jurisdictional staff and VRE staff met to discuss these budget issues and to work together to reach consensus. However, the process got off track. Now, two competing versions of financing the VRE budget with HB 3202 funds are being proposed. There may still be ways to reach a compromise. For example, to be certain that the funds primarily benefit NVTA jurisdictions, the locomotives (\$16 million of the \$25 million) can be put into service on the Manassas Line and could operate within NVTA jurisdictions. Consequently, much of the problem could be mitigated.

Mr. Zimmerman suggested that the attorneys continue to work on this issue and staff should report back to NVTC at the next meeting.

NVTC's and VRE's 2008 State and Federal Legislative Agendas

Mr. Taube stated that the commission is asked to approve the following: 1) NVTC's Legislative Agenda with authorization for NVTC's chairman to transmit the agenda to member governments and appropriate state and federal elected officials, 2) the media release and summary brochure; 3) updated maps of General Assembly districts in Northern Virginia depicting transit systems serving the districts and showing the state funding shortfalls for each transit system; and 4) VRE's Legislative Agenda.

In response to a question from Mr. Zimmerman, Mr. Taube stated that NVTC's and VRE's legislative agendas are consistent with each other. Vice Chairman Zimmerman observed that it would make sense to include VRE's legislative items within the NVTC Legislative Agenda.

Mr. Connolly moved, with a second by Mr. Smedberg, to approve the legislative package. The vote in favor was cast by commissioners Albo, Bulova, Connolly, Ebbin, Ferguson, Fiset, Hudgins, Kauffman, Maller, McConnell, Silverthorne, Smedberg, Whipple and Zimmerman. Mr. Badger abstained.

FY 2007 Northern Virginia Transit Ridership

Mr. Taube explained that each year NVTC staff compiles ridership and other performance information from the transit systems operating in this district. For consistency, data are used from the official reports these systems submit to the National Transit Database (NTD). However, NVTC works with WMATA to determine the numbers of Metrorail and Metrobus customers traveling in Virginia, since WMATA files NTD data only for its entire system.

Mr. Taube stated that overall public transit ridership increased slightly in FY 2007 compared to FY 2006. However, both VRE and Metrorail ridership went down during FY 2007. Mr. Kauffman observed that Metrorail ridership went down 432,000 riders at the outlying stations. Mr. Kauffman stated that some of the reasons for the decline could be that the high service costs and poor service conditions. Shiva Pant of WMATA staff stated that the access points are saturated with limited bus service and limited parking. Mr. Zimmerman observed that 1,634 people are on the waiting list for reserved parking, but only 25 people are on the list for Vienna. Mr. Zimmerman asked Mr. Pant to provide a station by station break down of the reserved parking wait list. Mr. Connolly stated that fare and parking fee increases could accelerate the declining ridership trend.

There were no objections to staff posting this information on NVTC's website and issuing a media release to publicize the favorable results.

Draft NVTC Work Program for 2008

Mr. Taube stated that the commission is asked to authorize staff to post the draft work program on its website together with the announcement of a public hearing to be held at the January 3, 2008 meeting. Local staff reviewed the document in November and their comments have been considered. Commissioners with comments should contact NVTC staff.

Mr. Connolly moved, with a second by Mr. Smedberg, to authorize staff to post the draft work program on NVTC's website with an announcement of a public hearing during NVTC's January 3, 2008 meeting. The vote in favor was cast by commissioners Albo, Badger, Bulova, Connolly, Ebbin, Ferguson, Fisette, Hudgins, Kauffman, Maller, McConnell, Silverthorne, Smedberg, Whipple and Zimmerman.

Metro Items

Fare Increase Public Hearing. Mr. Taube stated that Metro faces a significant budget shortfall in FY 2009 and the WMATA General Manager proposed a fare increase to take effect in FY 2008 to help close the gap. Various Metro Board members have proposed alternative ways to raise more revenue.

The Board ultimately approved a series of six public hearings for November 13-15 on a proposal that included significant increases in peak period Metrorail fares and parking charges and very moderate increases in Metrobus fares (only for those not using SmarTrip cards).

Mr. Kauffman stated that the bottom line is that there are tough deliberations ahead at the December 16th WMATA Board meeting. The current proposal has a significant impact on the outlying jurisdictions, including Fairfax and Prince George's counties. If WMATA does not act now, there could be more significant fare increases later on or services could be cut. Mr. Zimmerman added that it may be necessary to try to make the best of a bad fare proposal package because there will be consequences from not doing anything at all. Mrs. Hudgins stated that by adopting one of these proposals now, it can solve this year's problems, but it won't solve long term issues without a multi-year index of scheduled fares increases for the future. Mr. Connolly stated that his understanding is that the maximum cash fare increase for a Metrobus rider would be \$0.20 (no increase with SmarTrip) but a suburban rider who parks his car and takes Metro, which is what we want them to do to get more cars off the roads, would experience a maximum fare increase of \$2.25 (parking and Metro). There is an equity issue. He expressed his concern that an unintended consequence of the significant cost increase is to discourage riders from the outlying jurisdictions from using Metro.

Mrs. Hudgins stated an answer needs to be found as to why ridership is declining from the outlying jurisdictions. People living in these areas have to be really dedicated to be regular Metrorail riders with the current conditions and fares. The question is then why would we want to increase these fares even more and discourage riders from taking Metro. Mr. Kauffman expressed his concern that if there is a compromise based on unjustifiable optimistic assumptions, it will result in a funding gap and then it will be necessary to go back to the public with another fare increase in the near future. That would be unacceptable. He would rather see Metro "take it on the chin now" rather than later.

Mr. Maller stated that Metro is very important to Falls Church. There is a concern that ridership is declining at the East and West Falls Church stations. He stated that a missing element in the fare proposal discussion is economic sensitivity. Metro is a business and riders can choose between Metro and driving their cars. There are costs associated with both. He asked if there have been any projections made in the increased costs to drivers associated with the NVTA fees. Mr. Connolly stated that the decrease in ridership for the outlying jurisdictions may be a small decrease, but that it decreased at all is bucking a trend, which has been unbroken for quite some time. Secondly, it occurs at a time when gas prices are skyrocketing, which is usually a time when people move to transit.

Metrorail 2007 Passenger Survey. Mr. Taube stated that the survey results show from FY 2002 through FY 2007 residents of NVTC's five compact jurisdictions increased their trips on Metrorail by just over four percent. D.C. had the largest increase at 17 percent, while Maryland compact jurisdictions grew by 8.5 percent. Virginia non-compact jurisdictions grew by 14 percent. The survey results show the trend of lower ridership growth in the outlying jurisdictions.

Regional Transportation Items

NVTA Administrative Actions. At its November 8th meeting, NVTA approved: brochures explaining new taxes and fees; the six-year program process and recommendations; FY 2009 CMAQ/STP allocations; directions to staff regarding the 2008 NVTA legislative agenda; and negotiations for office/space in the city of Fairfax.

Economic Impact of WMATA. Mr. Taube gave a presentation at Virginia's Annual Transportation Conference on November 8, 2007, showing the economic value of investments in public transit to the Washington Metropolitan region, the commonwealth of Virginia and Northern Virginia. A copy was provided to commissioners.

Draft Response to FAMPO. NVTA has drafted a response to the Fredericksburg Area Metropolitan Planning Organization regarding several requests to share federal transit funds. The response invites FAMPO to submit project requests to TPB but now notes several factors that would be considered in determining whether to grant such requests. It also specifies that currently all expected federal funds have been allocated to projects already included in the CLRP. However, NVTA board members requested further changes to the letter. TPB may be asked to discuss the new version at its December 19th meeting.

Parking Experiment in San Francisco. A two-year experiment is planned in San Francisco to apply market prices to metered parking spaces in high demand areas. An audit report to the Board of Supervisors predicted the current \$30 million annual revenue would climb to \$150 million with such pricing, better enforcement and tighter controls on the use of disability placards.

Electric Car Power Grid. This article explains the plans of a software entrepreneur, Shai Agassi, to bring about the mass adoption of electric cars by providing a dense network of on-demand charging stations. He has raised \$200 million for the project so far. His proposed electric recharge grid would tap into the existing power grid using software that identifies and allocates excess capacity. He also plans to provide switching stations for longer trips in which drivers can quickly exchange batteries to receive fully charged versions. He also plans to manufacture electric cars.

Dulles Corridor Rail Association Survey. The Dulles Corridor Rail Association has sponsored a public opinion poll which found 93 percent of Northern Virginians favor the Metrorail extension in the corridor and 86 percent from the entire Metropolitan Washington region favor it.

Transit Trouble in Chile. While Metrorail occasionally receives sharp criticism for poor performance, the situation in Santiago, Chile is bordering on chaos. Months after a redesign of the city's transportation system was announced, a class action lawsuit as been filed and Chile's congress is investigating. At issue is the increased number of transfers required and a lack of advance public outreach. As a result, auto traffic has increased by 20 percent.

Briefing on I-95/395 Transit/TDM Study

Mr. Taube announced that the consultants requested that the presentation be postponed to the January meeting.

NVTC Financial Report for October, 2007

The financial report was provided to commissioners. They had no questions or comments.

Announcement of Nominating Committee for NVTC's 2008 Officers

Mr. Zimmerman announced that Chairman Snyder appointed the Executive Committee to serve as the Nominating Committee. Election of officers will occur at NVTC's January 3, 2008 meeting.

Ceremony for Departing Commissioners

Mr. Zimmerman stated that several commissioners will be leaving NVTC at the end of the year including Paul Ferguson, Dana Kauffman, Elaine McConnell and Jeannemarie Devolites Davis. Mr. Zimmerman presented them with awards for their service to NVTC and thanked them for their many years of dedication to NVTC and the region. A photo is attached.

Adjournment

Without objection, Mr. Zimmerman adjourned the meeting at 10:00 P.M.

Approved this 3rd day of January, 2008.

William D. Euille
Chairman

Gerald E. Connolly
Secretary-Treasurer