



ARLINGTON COUNTY, VIRGINIA

County Board Agenda Item Meeting of May 8, 2007
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DATE: May 8, 2007

SUBJECT: Amendment to the Virginia Railway Express (VRE) Master Agreement

C. M. RECOMMENDATION:

Adopt the attached Resolution approving the proposed amendments to the VRE Master Agreement

ISSUES: Should the County Board approve the proposed amendments to the VRE Master Agreement?

SUMMARY: The Northern Virginia Transportation District Commission (NVTC) and the Potomac and Rappahannock Transportation District Commission (PRTC), the “Commissions,” jointly own and operate the VRE. The Master Agreement for the Provision of Commuter Rail Services in Northern Virginia (Master Agreement) is the foundation document for the VRE service, and includes as parties NVTC, PRTC, Arlington, Fairfax, Prince William and Stafford counties, and the cities of Alexandria, Manassas, Manassas Park, and Fredericksburg. All VRE jurisdictions, with the exception of Arlington and Alexandria, annually appropriate a subsidy to the VRE based on a ridership population formula. Arlington and Alexandria are not part of the formula but rather make an annual contribution based on a fixed amount that is escalated each year by 5%. There is only one train stop in Arlington, located in Crystal City.

While NVTC and PRTC are the bodies principally responsible for VRE, a subcommittee of the two Commissions called the Operations Board has been charged with increasing amounts of authority over day to day operational decisions. The Operations Board is made up of three representatives from each Commission, and a representative of the Secretary of Transportation. In February 2006, the Operations Board of VRE initiated an analysis of VRE’s governance structure and subsidy allocation. This analysis recommended changing the annual subsidy formula to one based on ridership alone, and an expansion of the Operations Board so that all VRE member jurisdictions had representation based on ridership with weighted voting proportionate to the subsidy. On April 5, 2007, the Commissions approved a series of proposed amendments to the Master Agreement that would change the composition of and voting on the Operations Board and revise the subsidy formula over a four year phase-in period as detailed in the attached Resolution.

County Manager: _____
County Attorney: _____
Staff:

With the amendments proposed to the Master Agreement, Arlington County would have one voting member on the Operations Board and, based on the amount of its subsidy, would have a weighted vote equal to one half a vote. Arlington County's contribution to VRE would continue to be based on the annual contribution as currently calculated, and therefore there would be no change for the County. All of the County's contributions to VRE are financed with state grants.

To date, Fairfax County, Stafford County, Manassas Park, and Fredericksburg have adopted the proposed resolution. The remaining VRE jurisdictions are anticipated to act later this month. If the resolution is approved by all jurisdictions, an amended Master Agreement will be brought back to the County Board for formal approval and execution.

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

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

The County's contribution is a fixed amount originally based on the start up budget from 1990. The Master Agreement allows the contributing jurisdictions' contributions to be increased 5 percent per year. In FY 2007, the County's contribution to VRE is \$157,649 which represents approximately 1.8 percent of the total VRE's operating expenses. The County's contribution for FY 2008 is \$165,532 which represents a five percent increase calculated every year based on the Master Agreement. In FY 2008, the VRE formula is 90 percent system ridership and 10 percent population; by the fourth year, the formula will be based 100 percent on system ridership.

DISCUSSION: Since the inception Arlington County has subsidized the VRE's operating expenses; no subsidy has been provided for the capital investment. In the current Master Agreement, the County contributes a fixed amount every year that is increased by 5 percent annually. The County's contribution in FY 2007 is \$157,649 and the estimated contribution in

FY 2008 will be \$165,532. All County contributions are funded with state grants managed by NVTC.

The proposed amendments to the VRE Master Agreement will allow Arlington County to add a voting member to the Operations Board.

FISCAL IMPACT: The action the County Board is taking today will not increase the County's contribution to VRE; moreover, the contributions are funded from grants from the state.

RESOLUTION

WHEREAS, the Northern Virginia Transportation District Commission (“NVTC”) and the Potomac and Rappahannock Transportation District Commission (“PRTC,” and, together with NVTC, the “Commissions”) jointly operate the Virginia Railway Express (the “VRE”) commuter rail service in Northern Virginia pursuant to the Master Agreement dated as of October 3, 1989, as amended (the “Master Agreement”); and,

WHEREAS, in February, 2006, the VRE Operations Board, with participation of all VRE member jurisdictions, initiated analysis of alternate VRE governance structures and subsidy allocation formulae; and

WHEREAS, the Commissions has previously adopted and forwarded to member jurisdictions an alternate FY 2008 VRE Operating and Capital Budget, which reflected this proposed change to the subsidy formula, and was effective contingent upon approval of the aforesaid amendments to the Master Agreement; and

WHEREAS, on April 5, 2007, the Commissions approved a series of proposed amendments to the Master Agreement that would change the composition of and voting on the Operations Board and revise the subsidy formula over a four year phase-in period as detailed in Attachment A; and

WHEREAS, on April 5, 2007, the Commissions also approved a mitigation accommodation developed by the Operations Board, with the participation of all VRE member jurisdictions, to address the impacts on member jurisdictions affected by non-member jurisdictional riders; and

WHEREAS, the mitigation accommodation involves inclusion of the projects listed in Attachment B in the VRE capital improvement program to be funded by various resources and to be initiated at the earliest possible date; and

WHEREAS, amendments to the Master Agreement reflecting the changes detailed in Attachment A will be brought back before the Commissions and jurisdictions for formal approval; and

WHEREAS, on April 5, 2007, the Commissions further committed to continuing to explore and identify steps necessary for the VRE to attain independent status and/or full autonomy.

NOW, THEREFORE, BE IT RESOLVED THAT the County Board of Arlington County, Virginia hereby approves the proposed amendments to the VRE Master Agreement detailed in Attachment A; and

BE IT FURTHER RESOLVED THAT the County Board of Arlington County, Virginia hereby approves the mitigation accommodation, adding projects to the VRE capital improvement program as detailed in Attachment B; and

BE IT FURTHER RESOLVED THAT the County Board of Arlington County, Virginia hereby (1) embraces the objective of a fully autonomous VRE Operations Board or, in the alternative, a legal entity independent of the two Commissions by 2010; and (2) agrees to implement on an expedited basis actions, identified by legal counsel and approved by the Commissions, as necessary to achieve this objective that can be done by purely administrative means; and (3) agrees to diligently pursue other actions, identified by legal counsel and approved by the Commissions, as necessary that require external approvals, e.g. approvals by the Commissions and all member jurisdictions, and statutory changes.

Attachment A – Proposed Changes to the Master Agreement

Membership

- Operations Board expanded to include all member jurisdictions.
- All seats on Operations Board to be elected officials, except DRPT Director.
- Board seats to be proportionate to ridership based on the annual ridership survey, as shown below.
 - 25% or more of total system ridership = 3 members, 3 alternates
 - 15% – 24% of total system ridership = 2 members, 2 alternates
 - Less than 15% of total system ridership = 1 member, 1 alternate
 - Arlington and Alexandria = 1 member, 1 alternate each
 - Director of DRPT = 1 member

<i>Jurisdiction</i>	<i>FY 2008 Ridership</i>	<i>Percentage of System Ridership</i>	<i>Number of Board Members</i>
Fairfax	1478	20.3%	2
Fredericksburg	204	2.8%	1
Manassas	347	4.8%	1
Manassas Park	201	2.8%	1
Prince William	2232	30.6%	3
Stafford	1309	17.9%	2
Alexandria	4	0.1%	1
Arlington	0	0%	1
Other	1520	20.9%	0
Total	7295		12

Weighted voting

- Proportionate to annual jurisdictional subsidy with each Board member casting an individual vote based on a prorata share of their jurisdictional percentage of subsidy.
- An affirmative weighted vote must receive support from five (5) jurisdictions that also must collectively constitute 60% of the total annual jurisdictional subsidy.
- For the purposes of weighted voting, Arlington and Alexandria will each receive 0.5 votes which can be cast independently or as a full vote on behalf of both jurisdictions.
- The jurisdictional minimum required for weighted voting would increase by one for every two jurisdictions that newly join VRE.

Subsidy

- Annual jurisdictional subsidy will be based on system ridership rather than the 90% system ridership and 10% population formula.
- The subsidy allocation formula will be phased in over four years as shown below.

Jurisdiction	FY 2008 90/10 Formula	FY 2008 with First Year Phasing	Year 2*	Year 3*	100% Ridership Year 4*
Alexandria	\$113,140	\$113,140	\$113,140	\$113,140	\$113,140
Arlington	\$165,532	\$165,532	\$165,532	\$165,532	\$165,532
Fairfax County	\$4,999,777	\$4,700,508	\$4,401,238	\$4,101,968	\$3,802,698
Fredericksburg	\$314,232	\$330,713	\$347,194	\$363,675	\$380,155
Manassas	\$627,365	\$655,077	\$682,789	\$710,501	\$738,213
Manassas Park	\$339,650	\$359,574	\$379,498	\$399,423	\$419,347
Prince William County	\$4,504,312	\$4,624,876	\$4,745,440	\$4,866,004	\$4,986,568
Stafford County	\$2,315,147	\$2,429,735	\$2,544,324	\$2,658,913	\$2,773,502
Total	\$13,379,154	\$13,379,154	\$13,379,154	\$13,379,154	\$13,379,154

*Note - future subsidy will fluctuate based on operating costs.

Attachment B – Mitigation Accommodation Projects

Jurisdiction	Project	Estimated Value Not to Exceed
Stafford	Preliminary engineering, environmental analysis and property acquisition for additional parking at Brooke	\$800,000
Fredericksburg	Fredericksburg station repairs, enhancements and federal grant match	\$1,474,000
Manassas	Further funding of City/VRE parking deck	\$2 million
Manassas Park	Canopy extension	\$1 million
Prince William	Gainesville-Haymarket preliminary analysis or other project	\$2 million
	TOTAL	\$7,274,000