

## City of Alexandria, Virginia

## MEMORANDUM

DATE: MAY 2, 2007

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: VIRGINIA RAILWAY EXPRESS MASTER AGREEMENT AMENDMENT

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**ISSUE:** Amendment of the Virginia Railway Express (VRE) Master Agreement.

**RECOMMENDATION:** That City Council approve the attached resolution amending the VRE Master Agreement.

**DISCUSSION:** The VRE Master Agreement, originally adopted October 3, 1989, established the governance structure and subsidy allocation formulae for the VRE commuter rail system. Over the past year, the VRE Operations Board and member jurisdictions conducted an organizational and fiscal analysis that resulted in recommendations to revise the governance structure and subsidy allocation formulae. The proposed recommendations are required to be approved by all member jurisdictions. They would increase the City's representation on the VRE Operating Board, and would have no fiscal impact on the City.

Under the terms of the current Master Agreement, since 1989 the City and Arlington County have been "contributing jurisdictions," since a relatively small number of residents ride the system. Fairfax County, Prince William County, Stafford County, and the cities of Manassas, Manassas Park, and Fredericksburg are "participating jurisdictions" that produce the nearly all of the system's riders. In FY 2008, it is projected that VRE average daily ridership will be 7,295 with Alexandria having just 4 riders of that total. As a contributing jurisdiction, the City currently has no representative on the VRE Operations Board. The City's and Arlington County's annual subsidy payment amount is a small fixed contribution (currently, the City's annual subsidy is \$113,140), capped at five percent annual growth, as opposed to the percent share of the overall VRE subsidy that is calculated for each of the participating jurisdictions. Also, the City has had no obligation for VRE-issued debt, or tort-claim liability if VRE were sued.

The recommendations for amending the Master Agreement are to revise the Operations Board membership and the subsidy allocation formula for the participating jurisdictions. Under the amended agreement, the City's status and annual subsidy as a "contributing jurisdiction" would

not change. The City and Arlington County would receive one seat each on the Board, each jurisdiction with one-half of one vote due to weighted voting based on ridership. The attached Amendment A to the proposed resolution shows the proposed changes to the Master Agreement in more detail. These Master Agreement changes would not change the City's or Arlington's liabilities in regard to VRE-issued debt, or tort-claim liability.

In addition to amending the Master Agreement, the resolution would also approve adding to the VRE capital improvement program a set of projects listed in Attachment B. These projects have been identified by the VRE Operations Board as priority projects to be funded with non-subsidy revenues as such funds become available. They require the jurisdictions' approval to add to the VRE CIP, but would not have an impact on the City's annual operating contribution, nor the City's Capital Improvement Program.

Finally, this resolution would embrace the objective of the VRE Operations Board becoming completely autonomous or legally independent from the Northern Virginia Transportation Commission (NVTC) and the Potomac Rappahannock Transportation Commission (PRTC) by 2010 and agree to implement the actions necessary to achieve this action.

**FISCAL IMPACT:** The City's operating contribution is not changed by this action.

Attachment: Proposed Resolution Amending VRE Master Agreement (with attachments)

**STAFF:**

Mark Jinks, Deputy City Manager

Morgan Routt, Budget Analyst, OMB

James Maslanka, Division Chief, Transit Services

RESOLUTION NO. \_\_\_\_\_

**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  
BY THE CITY COUNCIL OF ALEXANDRIA**

1. That the City of Alexandria, Virginia hereby approves the proposed amendments to the VRE Master Agreement detailed in Attachment A

2. That the City of Alexandria, Virginia hereby approves the mitigation accommodation, adding projects to the VRE capital improvement program as detailed in Attachment B

3. That the City of Alexandria, 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.

ADOPTED: May 8, 2007

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WILLIAM D. EUILLE MAYOR

ATTEST:

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Jackie M. Henderson, CMC City Clerk

## 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><b>Jurisdiction</b></i>	<i><b>FY 2008 Ridership</b></i>	<i><b>Percentage of System Ridership</b></i>	<i><b>Number of Board Members</b></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
<b>Total</b>	<b>7295</b>		<b>12</b>

### 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
<b>Total</b>	<b>\$13,379,154</b>	<b>\$13,379,154</b>	<b>\$13,379,154</b>	<b>\$13,379,154</b>	<b>\$13,379,154</b>

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

**Attachment B – Mitigation Accommodation Projects**

<b>Jurisdiction</b>	<b>Project</b>	<b>Estimated Value Not to Exceed</b>
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
	<b>TOTAL</b>	<b>\$7,274,000</b>

RESOLUTION NO. 2228

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

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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  
BY THE CITY COUNCIL OF ALEXANDRIA, VIRGINIA

1. That the City of Alexandria, Virginia hereby approves the proposed amendments to the VRE Master Agreement detailed in Attachment A.

2. That the City of Alexandria, Virginia hereby approves the mitigation accommodation, adding projects to the VRE capital improvement program as detailed in Attachment B.

3. That the City of Alexandria, 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.

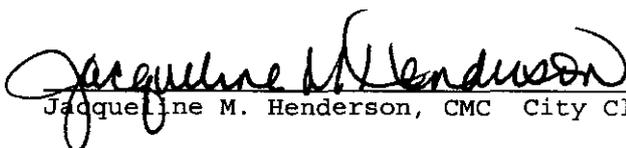
ADOPTED: May 8, 2007



WILLIAM D. EULLE

MAYOR

ATTEST:



Jacqueline M. Henderson, CMC City Clerk