

**AGENDA ITEM 9-A**  
**INFORMATION ITEM**

**TO: CHAIRMAN KAUFFMAN AND THE VRE OPERATIONS BOARD**

**FROM: DALE ZEHNER**

**DATE: FEBRUARY 16, 2007**

**RE: GOVERNANCE DISCUSSION**

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At the NVTC meeting on February 1, a resolution was approved that adopted and forwarded the two VRE budgets and governance issue to the NVTC jurisdictions for action.

At the PRTC meeting on February 7, an amended resolution was adopted that included language asking the Operations Board to examine comments and alternative proposals made by member jurisdictions. The resolution is attached with the amendments noted. These modifications were based on concerns voiced by Stafford and Fredericksburg which are outlined in the issue paper also attached.

Stafford and Fredericksburg would like to have an opportunity at the February Operations Board meeting to discuss their proposal.

**PRTC  
PROPOSED AMENDED RESOLUTION**

**WHEREAS**, the VRE Master Agreement requires that the Commissions transmit to the participating and contributing jurisdictions (“member jurisdictions”) no later than February 1 of each year an approved annual budget and a request to budget and appropriate their respective jurisdictional subsidy as set forth in the budget; and

**WHEREAS**, the VRE Master Agreement provides that the participating jurisdictions will be requested by the Commissions to budget, and thereafter appropriate, their entire share of the costs of commuter rail service as such share is calculated in accordance with the formula in the VRE Master Agreement, specifically, that 90 percent of the total costs be determined by the number of the jurisdiction's residents riding commuter rail and 10 percent of the costs be determined by total population of each participating jurisdiction; and

**WHEREAS**, in February, 2006, the VRE Operations Board initiated analysis of VRE’s governance structure and subsidy allocation formula; and

**WHEREAS**, the VRE Operations Board has recommended that the Board be expanded to include all member jurisdictions with board seats proportionate to system ridership and weighted voting proportionate to jurisdictional subsidy; and

**WHEREAS**, the VRE Operations Board has also recommended that the VRE Master Agreement be amended to allocate the jurisdictional subsidy based on system ridership only rather than the current 90% system ridership and 10% population formula; and

**WHEREAS**, this amendment to the subsidy formula is proposed to be phased in over four years; and

**WHEREAS**, the proposed changes require approval of an amendment to the VRE Master Agreement by the Commissions and each of the member jurisdictions; and

**WHEREAS**, the proposed changes to the VRE Master Agreement relating to the degree of autonomy the VRE Operations Board has, weighted voting on the Operations Board, and consideration for those localities assuming a greater burden as a result of non-member jurisdictional riders require further discussion among the member jurisdictions before amendments to the VRE Master Agreement can be finally agreed upon.

**NOW, THEREFORE, BE IT RESOLVED THAT** the Potomac and Rappahannock Transportation Commission hereby adopts the revised FY 2007 and

recommended FY 2008 VRE Operating and Capital Budget and directs that the recommended FY 2008 VRE budget be forwarded to each of the participating and contributing jurisdictions with a request that, in accordance with the VRE Master Agreement, they each include in their respective FY 2008 budgets their proportionate share of the VRE costs as set forth in the aforesaid FY 2008 VRE budget and thereafter appropriate such shares in the manner set forth in the VRE Master Agreement; and

**BE IT FURTHER RESOLVED THAT** the Potomac and Rappahannock Transportation Commission does hereby:

(1) adopt and forward to the member jurisdictions an alternate FY 2008 VRE Operating and Capital Budget which budget:

(a) reflects the proposed change to the subsidy formula whereby total VRE costs are allocated among the member jurisdictions based on the number of the jurisdiction's residents riding commuter rail, as phased in over a four year period (FY 2008 through FY 2011), and

(b) is effective contingent upon approval by the Commissions and all member jurisdictions of amendments to the VRE Master Agreement pertaining to Operations Board membership and the issues outlined above.

(2) subject to the aforesaid contingency, request the member jurisdictions to include in their respective FY 2008 budgets, in accordance with the VRE Master Agreement, their proportionate share of the VRE costs as set forth in the aforesaid alternate FY 2008 VRE budget, in lieu of the initially recommended FY 2008 budget, and to thereafter appropriate such shares in the manner set forth in the VRE Master Agreement; and

**BE IT FURTHER RESOLVED THAT,** the Potomac and Rappahannock Transportation Commission does hereby authorize the Executive Directors of both PRTC and NVTC to submit to the Transportation Planning Board of the National Capital Region and to the Federal Transit Administration or other federal agencies, the appropriate Transit Improvement Program and grant applications for FY 2007 and FY 2008; and

**BE IT FURTHER RESOLVED THAT,** the Potomac and Rappahannock Transportation Commission does hereby authorize the Executive Director of NVTC to submit to the Commonwealth the approved budget as part of the FY 2008 state aid grant applications; and

**BE IT FURTHER RESOLVED THAT,** the Potomac and Rappahannock Transportation Commission does hereby request that the VRE Operations Board examine

the proposed changes to the VRE Master Agreement and all comments and alternative proposals made by member jurisdictions, and report to the Commissions the results of the Operations Board's examination and its recommendations.

Stafford County's and City of Fredericksburg's  
Response to VRE "Governance" Recommendations

Both Stafford County and Fredericksburg are committed to the regional effort in making VRE a successful commuter rail operation. We support efforts to make changes in governance to ensure that the participating localities get a full and fair voice in the operation of VRE and also support changes in the subsidy allocation as long as it achieves the stated goal of fairness. For this reason Stafford and Fredericksburg are putting forward proposals that we feel meet our common goals.

1. **Weighted vote based on subsidy** — the “subsidy-based” approach as drafted creates the unintended consequence of enabling Prince William County and Fairfax County to prevail in a “split vote” situation even if all other member jurisdictions are opposed. The original proposal on weighted voting was carefully conceived to insure that no fewer than three members were in agreement to bring about a result. An adjustment that restores this aim should be made (e.g., a change to the “60%” standard or a further stipulation in addition to the 60% standard or a return to ridership as the determining factor in weighting the vote).
  
2. **Non-Member jurisdictional riders** — Stafford and Fredericksburg take issue with the position that non-member jurisdictional riders have no differential impact on the member jurisdictions. Some members are affected disproportionately because of the heavy incidence of traffic and parking demands and associated, adjoining neighborhood sensitivities. While crediting 100% of the non-member passenger revenues (“system revenue”) to the most affected jurisdictions has been shown to be impractical (since, for example, Fredericksburg would end up paying no subsidy), some accommodation is warranted, be it in the form of a portion of the system revenue or a mitigation project funded by all the VRE members as part of VRE’s CIP.

Plausible mitigation projects might include participation in the improvements/repairs to the Fredericksburg station, assistance to Stafford in the expansion of parking at the Brooke Station and/or improvements to the Leeland Station. Mitigation accommodations would continue until such time as the non-member jurisdictions join VRE.

3. **Autonomy of the VRE Operations Board** — while there is an adopted, phased “delegation of authority” plan designed to give the VRE Operations Board greater autonomy over time, the plan even when fully implemented provides for the two commissions to retain significant decision-making authority over VRE matters, that potentially could result in the commissions thwarting the will of the VRE Operations Board. The VRE budget is a prime case in point. The fact that the decision-making process at the “commission” level differs from the VRE Operations Board is antithetical to one of the aims

of the “VRE Operations Board governance” recommendations – insuring that decision-making mirrors the relative significance of each member -- diluting the meaningfulness of these recommendations.

Stafford County and the City of Fredericksburg want to see the commissions’ prerogative to overrule the VRE Operations Board phased out, beyond what the approved “delegation of authority” plan now envisions in its ultimate state. This is in keeping with these two jurisdictions’ intention to become a wholly separate urbanized area (from NOVA) with more than 200,000 residents, consisting of all three jurisdictions now comprising the Fredericksburg urbanized area plus Caroline and King George Counties, which the 2010 census should make possible.

To these ends, Stafford and Fredericksburg want all the VRE member governments to commit to working towards the goal of giving the VRE Operations Board control of its operations and budget by 2010.