Agenda Item 8-A
Action Item

To: Chairman Cook and the VRE Operations Board
From: Doug Allen
Date: April 17, 2015
Re: Authorization to Modify VRE’s Tariff

Recommendation:

The VRE Operations Board is asked to authorize the Chief Executive Officer to amend VRE’s tariff to increase fares by 4 percent and increase the cost of Amtrak Step-Up tickets from $3 to $5 beginning July 1, 2015, without any change to the current ticket discount structure. Amendments are contingent on all jurisdictions adopting their FY 2016 Budget and including funding for the recommended VRE budget.

Background:

During the FY 2016 budget process, VRE staff recommended a fare increase of up to 4 percent. The Operations Board referred the FY 2016 Budget to the Commissions on December 19, 2014 for subsequent referral to the jurisdictions for their formal review and adoption, along with directing the CEO to get public comment on the proposed fare increase. VRE proposed an across the board increase of up to 4 percent, without any change to the current ticket discount structure, and an increase in cost of the Step-Up ticket from $3 to $5 per ticket. Public hearings were held in Washington, D.C., Crystal City, Burke, Woodbridge, Manassas, Stafford and Fredericksburg.

The fare increase was recommended primarily due to increased operating costs associated with Positive Train Control (PTC), increased costs for train operations, and scheduled increased costs for track access, along with reductions in State
Operating Assistance and no jurisdictional subsidy increase. In addition, plans are in place to open the Spotsylvania station and add an additional Fredericksburg Line train in summer 2015. The cost of Step-Up tickets is proposed to be increased due to the loss of the Commonwealth’s $2 subsidy per ticket, which expired December 31, 2014 concurrent with the opening of the I-95 HOT lanes.

The public comment period began on February 18, 2015 and ran through March 12, 2015. Comments were received via e-mail and through public hearings. The hearings were attended by 35 people (7 Fredericksburg, 6 L’Enfant, 4 PRTC, 9 Manassas, 6 Crystal City, 2 Burke and 1 Stafford). During the public hearings, there was general acceptance of the need for the proposed fare increase as riders understood the need to balance the budget through a fare increase. However, some participants stated their opposition to the fare increase as it is a direct out-of-pocket expense increase for them. In addition to comments received at the public hearings, 61 emails were received. Public comments received via email were varied, but were predominantly in opposition to the proposed fare increase.

A summary of the comments received is shown below:

<table>
<thead>
<tr>
<th>Summary of Comments</th>
<th>Number of Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commented that the need to increase fares was understandable</td>
<td>11</td>
</tr>
<tr>
<td>Negative comments on proposed increased fare</td>
<td>35</td>
</tr>
<tr>
<td>Expressed concerns that fare increase should be used to improve on-time performance, services or capacity needs</td>
<td>13</td>
</tr>
<tr>
<td>Concerned about the decrease/limited federal commuter tax benefit and how it impacts affordability of VRE and/or likelihood to explore alternative commuting mode(s) due to fare increase</td>
<td>29</td>
</tr>
</tbody>
</table>

Note: Summary of comments here do not equate to the total number of people who attended the hearings and/or submitted e-mails. Not all citizens who attended hearings made comments and some who made comments by e-mail touched upon more than one topic.

Per VRE’s Major Service Change/Fare Change Policy, staff analyzed the proposed fare increase and found no disparate impact based on race, color or national origin; or disproportionate burden on low-income populations.

After reviewing the comments, VRE staff is recommending fares be increased 4 percent and the cost of Amtrak Step-Up tickets be increased from $3 to $5. Reduced fares for seniors and persons with disabilities have also been recalculated per federal requirements. A change is not being recommended to the existing ticket discount structure. Attached are revised fare tables, summary comments from the public hearings, email correspondence, and a memorandum on the Major Service Change/Fare Change Policy analysis.
**Fiscal Impact:**

It is anticipated that the fare increase will generate $1.1 million in additional fare revenue in FY 2016.
Virginia Railway Express
Operations Board
Resolution
8A-04-2015

Authorization to Modify VRE’s Tariff

WHEREAS, during the FY 2016 budget process, the VRE Operations Board authorized a proposed fare increase of up to 4 percent and an increase in the cost of Amtrak Step-Up tickets from $3 to $5; and,

WHEREAS, as part of the FY 2016 VRE budget, VRE must increase revenue to cover increasing costs; and,

WHEREAS, fares were last raised July 1, 2013; and,

WHEREAS, VRE staff conducted an analysis of the proposed fare increase and found no disparate impact based on race, color, or national origin; or disproportionate burden on low-income populations; and,

WHEREAS, VRE staff recommends this increase be accomplished through an across the board increase in fares with no change or modification to the current ticket discount structure; and,

WHEREAS, VRE staff conducted public hearings in Washington, DC, Crystal City, Burke, Woodbridge, Manassas, Stafford and Fredericksburg on the proposed fare increase and has reported the comments received from the public via the hearings and through emails to the Operations Board with a summary of comments; and,

WHEREAS, if adopted by all jurisdictions as part of their FY 2016 budgets, the fare increase will become effective July 1, 2015;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to amend the VRE Fare Tariff by increasing fares by 4 percent with no changes in the discount fare structure, and increasing the cost of Amtrak Step-Up tickets by $2.

Approved this 17th day of April, 2015

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John C. Cook
Chairman

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Paul Smedberg
Secretary