



Northern Virginia Transportation Authority
The Authority for Transportation in Northern Virginia

Thursday, June 25, 2015
6:00pm
3040 Williams Drive, Suite 200
Fairfax, VA 22031

MEETING MINUTES

I. Call to Order Chairman Nohe

- Chairman Nohe called the meeting to order at 6:16pm.

II. Roll Call Ms. Speer, Clerk

- Voting Members: Chairman Nohe; Mayor Euille; Chairman Bulova; Supervisor Letourneau; Mayor Parrish; Mayor Silverthorne; Council Member Rishell; Delegate Rust; Miss Bushue; Mr. Garczynski.
- Non-Voting Members: Ms. Cuervo; Ms. Mitchell.
- Staff: Monica Backmon (Executive Director); Michael Longhi (CFO); Keith Jasper (Program Coordinator); Sree Nampoothiri (Program Coordinator); Peggy Teal (Assistant Finance Officer); Camela Speer (Clerk); various jurisdictional staff.

III. Minutes of the May 28, 2015 Meeting

- Chairman Bulova moved approval of the May 28, 2015 minutes; seconded by Mayor Euille. Motion carried with eight (8) yeas and two (2) abstentions [with Mayor Parrish and Mr. Garczynski abstaining as they were not at the May 28 meeting].

Consent Agenda

- V. Project Agreement for Loudoun County–Regional Funding 107-20351 (Loudoun County Parkway VA Route 607, US 50 to Creighton Rd)**
- VI. Project Agreement for Loudoun County–Regional Funding 107-20461 (Belmont Ridge Road VA Route 659, Truro Parish Road to Croson Lane)**
- VII. Project Agreement for Loudoun County –Regional Funding 107-10611 (Acquisition of 4 Transit Buses)**
- VIII. Project Agreement for Arlington County–Regional Funding 013-90381 (Glebe Road Corridor Intelligent Transportation System (ITS) Improvements)**

- IX. Project Agreement for Arlington County–Regional Funding 013-90421 (Route 244 Columbia Pike Multimodal Street Improvements)**
 - X. Project Agreement for Arlington County–Regional Funding 013-60621 (Ballston-MU Metrorail Station West Entrance)**
 - XI. Approval of Debt Policy Update** Chairman York, Chair, Finance Committee
 - XII. Approval of Financial Advisor Agreement**
Chairman York, Chair, Finance Committee
 - XIII. Approval of Employee Disability Insurance**
Chairman York, Chair, Finance Committee
 - XIV. Approval of CMAQ/RSTP Reallocation Request from City of Alexandria**
Ms. Dominguez, Chair, JACC
- Chairman Bulova moved approval of the consent agenda to include the specific motions in items V – XI & XIII – XIV, and made a substitute motion for item XII moving approval of the proposed three year agreement with Public Financial Management, Incorporated for financial advisor services as a rider to Prince William County’s May 18, 2007 contract, as modified, and authorize the Chief Financial Officer to sign the agreement on behalf of NVTA in a form approved by legal counsel; seconded by Mayor Parrish. Motion carried unanimously.

Presentation

- IV. Transform I-66**
The Honorable Aubrey L. Layne, Jr., Secretary of Transportation
- Secretary Layne addressed the Authority on the State’s plans for the I-66 outside the Beltway and updated the Authority on the I-66 inside the Beltway Study. Secretary Layne noted several key points in his presentation to the Authority regarding I-66 outside the Beltway stating that the State would like to partner with the Authority in funding this project. As part of his presentation,
 - Mayor Euille inquired as to what data VDOT has that individuals would change their mode of transportation by the conversion of HOV-2 to HOV-3 or independent HOT lanes. Secretary Layne responded that they are working to improve the traffic modeling and this is a question they are continuing to look at. He pointed out that in both the I-66 Inside the Beltway and Outside the Beltway projects, multimodal solutions are included, noting that these projects must include a very robust transit component. He added that one of the

reasons the State wants the toll revenues to stay in the corridor is that there will be unintended consequences and there should be revenues available to address those consequences.

- Mayor Euille asked how this will be relative to transit uses and impact. Secretary Layne responded that the State is looking at how to get better capacity movement of goods, services and people. He added that the State does not have the answer, but that part of the solution is to have robust transit options.
- Supervisor Letourneau stated that many residents of Loudoun County have hybrids with the clean special fuel license plates and have built their lives around this ability. He asked if the Commonwealth has considered grandfathering existing special fuel plates, acknowledging an understanding of not allowing new access or new users. Secretary Layne responded that they have considered this, but have not changed their minds yet. He explained that those cars still use the highways and while the State has not made a decision yet, regardless of the type of vehicle, the road usage is the same. He added that the State rebated the hybrid vehicle tax. Supervisor Letourneau noted that the reason the original transportation bill had the hybrid vehicle tax in it was to compensate for lost revenue. Secretary Layne confirmed this and added that the tax has been removed, so whether through an abatement of the toll or through some other way of incentivizing, the State is looking into this.
- Supervisor Letourneau expressed concern that these vehicles will use other roads that do not have the capacity. He stated that the owners of hybrid cars bought the hybrids to get access to the HOV roads to get to work. Now, if they have to pay, they will go off onto other roads, unless there are other options available. Secretary Layne responded that this depends on the traffic modeling. He noted that there are currently toll violators inside the Beltway and if the lanes are changed to HOT, those violators will be paying unless they are HOV. Some models show that due to the capacity, vehicles will come off the other roads and onto I-66. Secretary Layne added that there may be a long term impact and that this is an issue for both I-66 inside and outside the Beltway.
- Supervisor Letourneau clarified that the Commonwealth wants the toll revenues to stay in the corridor and that they will go to the Northern Virginia Transportation Commission (NVTC) (for the I-66 Inside the Beltway project) for programming purposes, not the NVTA. Secretary Layne responded that NVTC was selected because the localities that are impacted are members inside the Beltway of NVTC. Supervisor Letourneau noted that the Loudoun user has to pay tolls on the Greenway, the Dulles Toll Road and now on I-66. Secretary Layne responded that it is the State's intention to keep the revenues in Northern Virginia, noting that how the corridor is defined and where the funds go are yet to be determined. Supervisor Letourneau concluded that Loudoun residents will pay more tolls than any other constituents and that this is an astronomical burden. Secretary Layne responded that the other side is that this is putting more people through the roadway. He added that the parochialism is always going to exist, but that we need to determine what we

are trying to accomplish. He concluded that how the funds are distributed is really a regional issue, but they need to stay here to address any unintended consequences and for the benefit of the corridor.

- Delegate Rust commented that some roadways have a condition built in that when the capacity drops to a certain level, clean fuel vehicles no longer get to use them. He asked if this would be the same on I-66. Secretary Layne suggested the State needs to consider this and that this is the first time he has heard of this. He stated that the State is open to suggestions, this is a work-in-progress and they are trying to figure out what makes sense as they look at the total benefits of this corridor.
- Secretary Layne concluded his presentation with these highlights:
 - ✓ Toll revenues after expenses or net toll revenues collected in the corridor should stay in the corridor under a publically financed option.
 - ✓ A robust transit component must be a part of the solution.
 - ✓ Need to be significant revenues from tolling. The State projects at present value \$350 million [in net toll revenue] over the term (40 years) of the project, coming back into the corridor.
 - ✓ State has not made a decision on procurement type.
 - ✓ If this is a public procurement it will require up to \$600 million in upfront investment. A private concession would require substantially more upfront investment.
 - ✓ Asked the Authority to consider investing in this project with the State with two criteria:
 - No risk put on the NVTa. The revenue risk, if done publicly, would remain with the Commonwealth of Virginia.
 - Excess toll revenues believed to be available over this term would come to the NVTa to be used in the corridor as the NVTa determines.
 - ✓ This project will need to be submitted for HB 2 for scoring and would need to go through the NVTa process, HB 599, to be eligible for NVTa regional revenues.
 - ✓ Anticipate next spring/summer there would need to be an agreement to fund, if the NVTa is willing to participate in this with the Commonwealth.
 - ✓ Much more work to do in developing the project including public outreach and procurement.
- Mr. Garczynski suggested it would be appropriate for the Secretary to explain what the Commonwealth is going through with the procurement process and timeline. Secretary Layne reviewed the procurement process. He noted that HB 1886 refined the P3 procurement, requiring that prior to entering into a contract, the Secretary of Transportation must recertify that this is in the best interest of the public. There is also a finding of public interest that has to be affirmed by the new advisory committee, made up of two members of the legislature, two members of the Commonwealth Transportation Board (CTB), one member from the VDOT, one member from Secretary Brown's finance office and one member from the Secretary of Transportation's office. If it is determined that it is in the best interest to do a P3 procurement, the advisory

committee will be called into session and will complete a process to affirm that they believe it is in the best interest of the public to enter a P3 procurement.

- Chairman Bulova asked for clarification on P3. Secretary Layne responded that this would be a Public-Private Partnership, not a public procurement. He added that if this is done as a public procurement, the Executive Branch will work through the agencies of the Department of Rail and Public Transportation (DRPT) and VDOT. It is the Executive Branch that will recommend the procurement. Under any scenario, construction risk will be passed on to a third party, meaning the private sector will build the roads. Operational and maintenance risk will also be passed on to a third party. The discussion is about whether the financial risk of the traffic revenue or the financing is passed on to a third party, and if this is in the taxpayers' best interest.
- Secretary Layne stated that the State has developed a term sheet based on comparing various public financed options to a typical P3 transaction, acknowledging that the term sheet may change upon further review. He added that the State is continuing to explore the public financed options as the project is developed and in the interim, have developed a term sheet. Currently five teams have reviewed the term sheet and are interested in further discussions with the State. If these five teams state that they can deliver this project as developed by the State, the Secretary will make a recommendation that it is believed to be in the best interest of the public to explore a P3 procurement and the Advisory Committee will be called in and asked for qualifications for the process. It is expected that the procurement recommendation will be made by the end of the year. Secretary Layne added that there is no preconceived notion or decision to go one way or the other. He stated the State will not negotiate on the project that needs to be delivered, adding that several recent P3 projects did not end up being delivered as originally planned. He stated that this is not a viable project without a robust multimodal solution.
- Mayor Euille commented that he likes the process. He asked if the project will move forward if the NVTa is not an investment partner. Secretary Layne responded that believes it would happen, but that there might not be the available money upfront. He added that it would take all the State's transportation money for the next six or seven years to fund this. The CTB, under the new guidelines, must be briefed on the terms of a deal before they vote to allocate money. It would be difficult to convince the CTB to allocate all the statewide monies to one project in the next six or seven years. Mr. Garczynski added, especially if it is in Northern Virginia.
- Mayor Euille asked who would operate the rapid transit bus service and how VDOT will pay for it. Secretary Layne responded that the preliminary term sheet states that the concessionaire is not asked to provide this service, although they may be interested in doing so. He noted that this is open for discussion, but certain standards would have to be met. Ms. Mitchell added that the current discussion assumes that revenues generated from the toll revenue stream would provide a monetary contribution to provide to existing public operators, like the Fairfax County Connector, the Potomac and Rappahannock Transportation Commission (PRTC), the Virginia Railway

Express (VRE) or some combination, the funds to operate the service. She also noted that in discussion with private providers, while the State has indicated an openness to new and innovative ideas, it is currently assumed this will be enhanced services provided by public operators.

- Delegate Rust expressed his appreciation to Secretary Layne and suggested he is doing the right thing. He noted that the Secretary mentioned sharing the risk and added that is one of the biggest things the Authority needs to consider. He stated that if traffic projections are off even a little, it could be a huge risk to whomever is responsible (carrying the risk). Secretary Layne stated that the Commonwealth fully realizes that if this is publically financed the Commonwealth will take all the risk. He noted that there is value to transferring the risk. Secretary Layne stated that the three main risks are construction, operations management and finance. He is comfortable that the construction and operations management risks will be passed on, regardless of the procurement. He added that he is aware that there is a financial risk and that this evaluation was necessary to know what the value of this project is in negotiations. Secretary Layne noted that this is a \$2 billion project. He added that he would be happy to share the risk, but only if it is arranged in such a way as to make sense for the taxpayer. He noted that there are also some policy decisions that must be considered. It is a stated policy of the Commonwealth that it would like to increase HOV usage. He added that allowing clean fuel vehicles an exception to the tolls reduces revenues and if the State is taking the risk, he wants to protect the revenue stream. He concluded that he would not ask the NVTA to assume any risks.
- Chairman Bulova suggested that Chairman Nohe will recommend that jurisdictional staff review some of the scenarios for this complicated set of projects. She noted that the State is currently analyzing whether P3 procurement is right, whether the project should be publicly or privately financed and making a business case for which one is better for the taxpayers. Secretary Layne responded that this is assuming the State delivers the project it wants. Chairman Bulova added that the bottom line is that the project that is desired has a major transit component. She asked if the private sector wants to fund, build and operate the project and assume the risk, would they also have to assure the same level of transit. She suggested there is uncertainty as to whether this can happen, or if a partner can be found to do this. Chairman Bulova also stated that the other option is for the project to be publically financed and the State would need upfront money to proceed under this option. She clarified that the Secretary is looking for ways to find funding and is interested in discussing with the NVTA whether we can be that partner. She noted the benefit would be the revenues that would be achieved through the tolling. Secretary Layne clarified that this would be excess revenue after the transit is paid for. Chairman Bulova continued that the Authority will need to do some financial calculations as to how this would work for us. She added that the concern is using NVTA money for a project that is unanticipated when there are so many other projects in line. She noted that the private sector would have a concern about what else is built in the corridor, whereas if it is

public sector, there would be more flexibility as to what else can be done to alleviate traffic within the corridor. Secretary Layne responded that the reason for a robust transit component is to reduce traffic on the roads. He added that this is typically why P3 agreements limit excess HOV access or other competing facilities, and rightly so as they are taking the risk and need to protect their revenue stream. He noted that the term sheet states that the only competing facility the State will agree not to do is to not build out Metro for ten years and that the chances of this being built out in ten years is unlikely. He stated that the State will not agree to change any other competing facilities. He added that the State does not have unlimited resources, but due to recent legislation, they do have some resources to add and organizations with whom to partner.

- Supervisor Letourneau asked where the multimodal users are coming from and suggested that outside the beltway traffic is being dispersed to various places, therefore how can you effectively use transit to get people to this huge variety of destinations? He asked what sort of data there is and how effective these multimodal solutions will be. Ms. Mitchell responded that a technical consulting team has been using the regional travel demand model to look at travel patterns, origins and destinations as the basis for planning the transit services that will carry the most people and where the demand exists. She added that some of the proposed services include point-to-point commuter bus services and services that connect with the Metro system. She noted that this corridor is serving people going to a lot of different places, but that there is a strong demand for multimodal services and when paired with a managed lanes concept provides the additional capacity for different users looking for different ways to get to different places.
- Supervisor Letourneau asked if the NVTA does fund this, would it be all jurisdictions or certain jurisdictions that benefit the most, concluding this was likely an Authority question. He also asked if State funds would include Federal funds. Secretary Layne responded it does encompass State and Federal funds.
- Chairman Bulova clarified that if this is a publically financed project, the State is looking at a combination of funding sources. Secretary Layne confirmed there would be a combination of funding. She further clarified the State is not asking the NVTA to fund the project in its entirety. Secretary Layne responded that this would be partnering with the State in combination with other funding sources.
- Chairman Bulova asked if funding from HB 2313 could be part of this. Secretary Layne responded it could.
- Chairman Bulova noted that due to the size of this project, the NVTA concern would be about funding I-66 at the expense of other projects. She added that the NVTA receipt and utilization of the revenue piece could help to counter that expense. Secretary Layne responded that that would be the intent.
- Delegate Rust noted that revenues that come to the NVTA would only be the excess revenues after everything was paid for and this could be a long time. Secretary Layne responded that this may not be the case, that the revenue

models show excess revenues between \$5-8 million a year and could start pretty soon after the opening of the road.

- Chairman Bulova noted that the revenues could be used to service debt for a bond and then it would not have so much of an impact on the overall revenue.
- Miss Bushue questioned if it would just be the road widening that would be done through a P3. Secretary Layne responded it would be the whole project. Miss Bushue asked how the transit piece fits into the business model for the concession. Secretary Layne responded that the business model is that transit is taking revenues away from either requiring upfront funding from the public or less profits for them.
- Miss Bushue asked for clarification that the transit piece will be part of the P3 plan. Secretary Layne replied that the term sheet includes transit and it will be financed as part of the P3 deal, otherwise the CTB will have to pay for it all.
- Miss Bushue asked if the concessionaire is going to take over the transit, will it be an availability payment. Secretary Layne responded that the tolling of the roadway can support the transit and the excess revenues in a publically financed option.
- Miss Bushue asked for clarification that the State is getting interest from private capital. Secretary Layne responded that so far five teams have requested to meet. He reiterated that a multimodal solution is necessary for I-66 to be successful and that therefore this may not be a sole source solution.
- Miss Bushue clarified that the plan will definitely have a transit piece and it may or may not be a P3 solution. Secretary Layne responded that that is correct. Ms. Mitchell added that the key is that the revenue stream will fund transit capital costs, 100% of the long term overhead costs, as well as the majority of long term capital replacement costs. She noted that regardless of how it is operated, the revenue stream from toll revenues is assumed to pay for the transit. Secretary Layne noted that the State does not have enough money to pay all the transit if they just build HOT lanes. Therefore, the transit cannot be delivered if it is not covered substantially in the deal.
- Chairman Nohe thanked the Secretary for his presentation.
- Secretary Layne stated that he will make himself available to address the Authority again, or to work with staffs to explore this more.
- Chairman Nohe summarized.
 - ✓ State wants to build this road and it will include a significant transit component.
 - ✓ Want all the revenues to stay in this region.
 - ✓ Whether a design/build or a P3, the State is going to request that the NVTa be a partner of some type and the magnitude is yet to be defined.
 - ✓ Don't know the method of procurement, the design or the cost. Secretary Layne responded that they have a ballpark, but do not know exactly.
- Chairman Nohe stated the Authority formed a committee to facilitate the discussions between members and appropriate NVTa and State staff.
- Chairman Nohe directed Ms. Backmon to look at several issues.
 - ✓ What is the impact of whatever money the State asks for on other priority projects? He noted some of these projects are complimentary to I-66.

- ✓ If this involves debt financing, how does this impact our relationship with bond agents?
- ✓ Need to understand what our risk is. If the benefit to the Authority is the backend revenue and this revenue stream is fluctuating it will have a cash flow impact for the NVTA.
- ✓ Need to understand what the impact is on existing projects and existing transit systems.
- ✓ How does this tie in with the TransAction update when we will not have the update completed until after the FY2017 funding round? He noted this project has not been through HB 2 or HB 599, and currently there are only pieces of the project that we can fund. How do we focus our investment on the pieces that are in TransAction? He added that the pieces in TransAction are some pretty significant pieces of the project. He suggested this discussion needs to happen at the JACC so that jurisdictional staff can report to the Authority, the County Boards and the City Councils.
- Secretary Layne designated Deputy Secretary Donohue as the working contact for the NVTA. He pointed out that the State did not want to come to the Authority at the last minute, wanted to allow time to work through this process. He added that the State is willing to share their models to help the Authority make these decisions.

Discussion/Information

XV. Finance Committee Report Chairman York, Chair, Finance Committee

- Chairman Bulova gave a brief update on the Finance Committee, highlighting:
 - ✓ Recommended the Financial Advisor Agreement to the Authority for approval.
 - ✓ Recommended the Debt Policy Update, mainly to update to current situations, to the Authority for approval.
 - ✓ Recommended Employee Disability Insurance to the Authority for approval.
 - ✓ Operating budget is consistent with expectations.

XVI. Monthly Revenue Report Mr. Longhi, CFO

- Mr. Longhi updated the Authority on the status of the FY2015 revenues. He noted there is a small positive trend in our revenues to our estimate, so in good shape through the rest of the year.

XVII. Operating Budget Report Mr. Longhi, CFO

- No verbal report.

ADDED ITEM: Personnel Committee Report

Mayor Parrish, Chair, Personnel Committee

- Mayor Parrish reported that the Committee had met in closed session and had a long and good discuss Ms. Backmon. He stated that if Ms. Backmon succeeds here at the NVTA, we all succeed and added when she succeeds, we all succeed. He requested that Ms. Backmon review the materials she was requested to prepare for the Personnel Committee meeting.
- Ms. Backmon reviewed the highlights of the Authority's accomplishments in a little under two years.
 - ✓ Adopted an FY2014 Program.
 - ✓ Adopted an FY2015-16 Program.
 - ✓ Total amount programmed for 68 projects is \$535 million.
 - ✓ Total amount programmed for FY2014-16 plus 30% revenues is \$705 million.
 - ✓ 2014 Inaugural Annual Report was published.
 - ✓ Groundbreaking for Route 28. Members and public were pleased and there was positive feedback.
 - ✓ Working collaboratively with the State regarding the HB 599 process and working with DRPT regarding the test transit projects in preparation for the Call for Projects in September for FY2017.
 - ✓ Established an Advisory Panel to guide discussions regarding transportation contingencies and reserves.
 - ✓ Implemented podcasts of the Authority meetings on the website to hear meetings verbatim.
 - ✓ Established policy for projects that have not advanced to getting approved Standard Project Agreements. This will be revisited when the full six year program is implemented.
- Ms. Backmon reviewed the goals identified for fiscal year and calendar year 2016.
 - ✓ Five year strategic plan to address the question "What does the Authority want to be when it grows up?" She noted the Authority has a lot of power under its enabling legislation and we want to start framing that discussion and laying the groundwork for what we want to be.
 - ✓ July 14 is the groundbreaking for the PRTC Western Maintenance and Bus Storage Facility.
 - ✓ FY2017 Program.
 - ✓ Approve TransAction Update contract award at July meeting. This is the first long range plan done since the passage of HB 2313.
- Ms. Backmon thanked the Authority for the collaboration with NVTA staff, members and jurisdictional and agency staff.
- Mayor Parrish highly recommended, based on the work of the Personnel Committee, the continued employment of Ms. Backmon.
- Mayor Parrish acknowledged the NVTA staff for its hard work. He noted that each staff member wears a lot of hats and that the work done so far by the NVTA has been outstanding.

- Mayor Parrish requested the ability to review a pay recommendation for Ms. Backmon and present it to the Authority at its July meeting.
- Chairman Bulova added that the Committee discussed the great work Ms. Backmon has done. She noted that everyone is impressed with how Ms. Backmon stepped into this brand-new job and has done an outstanding job. Chairman Bulova added that Ms. Backmon has a great staff that she has prepared and groomed and that she is a presence in the region. She added that if anyone had any hesitation in the beginning hiring process, Ms. Backmon has hit the ball out of the stadium and has done an outstanding job.

XVIII. Executive Director's Report

Ms. Backmon, Executive Director

- Ms. Backmon noted that the CTB approved the weighting for the HB 2 process. The ratings are:
 - ✓ Congestion Mitigation – 45%
 - ✓ Land Use – 20%
 - ✓ Accessibility – 15%
 - ✓ Environmental Quality – 10%
 - ✓ Safety – 5%
 - ✓ Economic Development – 5%
- Ms. Backmon introduced Mr. Nampoothiri as the Authority's new Program Coordinator. She noted that he had worked for an MPO in the New York area.
- Chairman Nohe commented on the HB 2 measurements. He noted that the HB 2 congestion measurement is 45% as opposed to the Authority measurement of 30%. He suggested that as we look at the FY2017 project selection, the Authority needs to look at the selection criteria to make sure these processes nestle together nicely. Ms. Backmon responded that there will be a Project Implementation Working Group (PIWG) meeting in July to discuss the selection criteria for approval by the Authority prior to the Call-for-Projects for FY2017.

XIX. Chairman's Comments

- Mr. Garczynski stated that next month at the CTB there will be a report on origins and destinations of river crossings. He suggested it will be a lot of data and it is uncertain where it will lead. He indicated he would ensure the Authority members get a copy of the report that has been two years in the making.

XX. Adjournment

- Meeting adjourned at 7:29pm.