

SUMMARY MINUTES
DULLES CORRIDOR COMMITTEE
MEETING OF SEPTEMBER 18, 2013

Mr. Davis chaired the September 18 Dulles Corridor Committee Meeting, calling it to order at 10:45 a.m. A quorum was present: Mr. Chapman, Mr. Conner, Mr. Gates, Mr. Griffin, Ms. Hall, Ms. McConnell, Mr. McDermott, Ms. Merrick, Mr. Session, Ms. Wells, Mr. Williams and Mr. Curto, *ex officio*, were present. Ms. Lang was also present.

Dulles Corridor Metrorail Project Phase 1 Monthly Cost Summary. Pat Nowakowski, Executive Director of the Metrorail Project, reported that \$13.6 million had been spent in July 2013, bringing total expenditures up to \$251.8 billion. The total project budget forecast remained at \$2.905 billion.

In response to an inquiry at the June Committee Meeting, Mr. Nowakowski reviewed the four different methods where contingency funds would be used – change orders, directive letters, contract adjustment/allowance item, and project management. He then addressed the change order process – 1) reach agreement and identify scope of change; 2) develop cost estimates; 3) negotiate final change order; and 4) approve and process contract modification.

Ms. Hall expressed concern about the increase in the budget authorization compared to the original budget for the Phase 1 Project. She noted that all of the budget line items had increased and inquired whether that occurrence was a normal one. Ms. Hall inquired whether the increase in the original budget authorization had resulted from one of the methods Mr. Nowakowski provided in his explanation on how contingency funds are used. Additionally, Mr. Potter and Mr. Nowakowski provided specific examples of contingency fund use in the day's presentation to address Ms. Hall's concern. Mr. Nowakowski noted that the monthly report he presented on the use of contingency funds represented funds used and deducted from remaining contingency funds and included in individual budget line items where the money is expended and the cost incurred.

Mr. Davis asked if the same level of contingencies is expected in Phase 2 as Phase 1. Mr. Nowakowski stated that to be in compliance with the Transportation Infrastructure Finance and Innovation Act (TIFIA) guidelines to receive a TIFIA loan, a larger amount of contingency funds are required to be reserved for Phase 2. Mr. Potter noted that because less

challenges are expected in Phase 2, a lower contingency fund had been initially proposed. He stated that staff is working closely with the Department of Transportation to address the Phase 2 contingency fund requirements.

Mr. Nowakowski reported that \$413 million in contingency funds had been used through July 2013 and that approximately \$10.5 million in contingency funds had been used in June. Contingency used or obligated through June 2013 totaled \$402.5 million, with \$49.3 million unobligated. Mr. Nowakowski reported that the expected substantial completion date for Phase 1 is November 2013.

Mr. Nowakowski reviewed the pre-revenue service activities that the Authority is required to perform to achieve substantial completion, including: 1) cutover at silver/orange lines junction; 2) finish stations; 3) complete testing; 4) schedule additional work activities; 5) conduct system performance documents; 6) transfer documents; and 7) safety/security certification. He then reviewed the Washington Metropolitan Area Transit Authority's start-up activities: 1) final safety/security certification; 2) personnel familiarization; 3) operate simulated service; 4) conduct emergency drills; and 5) acceptance. Mr. Potter noted that in accordance with MPA 21, concurrence is needed from the FTA prior to revenue service beginning.

Information Paper on the Toll Collections Overview on the Dulles Toll Road (DTR). Chris Browne, Vice President and Airport Manager, provided information about staff's procurement request related to the revenue collection system used on the DTR that the Committee would consider later that day. Mr. Browne noted that the DTR is a traditional tolling facility designed primarily for cash collections; E-ZPass had subsequently been added. He reviewed payment options, highway speeds, toll collection equipment and violation enforcement processes for traditional, open road, and all-electronic tolling facilities. Mr. Browne reported that all collection systems have 1) a primary purpose to collect, manage and audit toll revenue; 2) integrated components that offer specialized tolling, software and commercial equipment; 3) supporting infrastructure, including communications, electrical and other equipment layout; and 4) critical functions to address reliability, availability and adaptability. He reviewed the components of the DTR Toll Collection System, including lane levels, plaza/host, communications, and interfaces with the customer service center. Mr. Browne reported that the Toll Collection System is outdated and cannot accommodate new technologies and growth.

A substantial amount of maintenance is required due to the equipment's age and non-electronic collection needs. Additionally, most of its components require proprietary service by Transcore, LP. Mr. Browne noted that the DTR Toll Collection System has very limited redundancy and back up capabilities, which causes him great concern. The vast majority of DTR users are commuters, most of whom use E-ZPass; nearly 20 percent of the DTR users pay their tolls using cash. Historically, once a legacy toll facility migrated to an all-electronic toll collection process, half of the cash paying customers are lost and do not convert to electronic collection. Mr. Browne reported that a methodical migration plan is critical to protect the revenue stream. He then reviewed the recommended action plan, which would be discussed as part of the next agenda item that the Committee would consider. Management and Directors discussed the process to acquire the required transponders to use E-ZPass, as well as customer benefits associated with it.

Mr. Williams referenced the violations that had occurred on the Dulles Toll Road in 2012; the approximate 1 percent level of toll violations had been the lowest in the country.

Recommendation to Award a Sole Source Contract for the Routine and On-Call Hardware and Software Maintenance of the Dulles Toll Road Toll Collection System. Mr. Browne presented the staff recommendation to award the sole-source contract to Transcore, LP of Ashburn, VA, the incumbent contractor. In addition to the on-call hardware and software maintenance, the contract would also include the enhancement of various operational equipment needed to support the Dulles Toll Road. Mr. Browne noted that the contract term would be a two-year base with one single-year option.

Mr. Browne reported that the Virginia Department of Transportation had acquired the DTR Toll Collection System as part of a competitive bid in 1996. The Authority had inherited the DTR Toll Collection System as a result of the transfer. Mr. Browne noted that Transcore, LP has proprietary rights to the system software and hardware configuration and has been maintaining it since its acquisition. Without this procurement, the reliability and operational effectiveness of the DTR Revenue Control System would be at risk. Specifications are currently being developed for the procurement of a new system, which would include requirements for a new non-proprietary toll collection system. The planned enhancements would be a part of the future competitively procured system.

As required by the Contracting Manual, the notice of the intended award had been posted to the Authority website; no potential bidders had responded.

Mr. Browne reported that the total contract value for each year of the base term and the single option year is approximately \$10.5 million. He noted that the conversion cost for the 19 E-ZPass lanes and Host computer upgrade total is almost \$6 million, which is provided for in the DTR's Capital Improvement Program budget.

The Committee unanimously approved the recommendation to award a sole source contract to Transcore, LP for the routine and on-call hardware and software maintenance of the Dulles Toll Road Toll Collection System.

July and August 2013 Financial Reports – Dulles Corridor Enterprise. Mark Adams, Deputy Chief Financial Officer, noted that financial reports for July and August 2013 had been provided. Mr. Adams provided information on the August results. At 66.7 percent through the year, year-to-date Toll Road revenues had been \$84.7 million, which had reflected an increase of 23.3 percent from the same period in 2012. Year-to-date Toll Road transactions for August had decreased 1.9 percent from the same period in 2012. Mr. Adams noted that toll transactions are 2.9 percent higher than the amount forecasted for 2013; electronic toll collections had increased 4.8 percent for a total of 80.7 percent.

Mr. Adams reported that Toll Road expenditures of \$16.8 million year-to-date had decreased 4.1 percent from the year before.

The meeting was thereupon adjourned at 11:50 a.m.